



**2021**

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**EMERGING VENTURE MARKETS REPORT**

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**MAGNITT**

Middle East & North Africa - Turkey - Pakistan

# A BRAVE NEW WORLD

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*“As we look to scale across Emerging Venture Markets (EVMs), with inherently different attributes to those of more developed startup ecosystems like the US and Europe, our goal is to track, analyse, and compare data from startup ecosystems with similarities”*



What a rollercoaster year it has been! Exactly one year ago, when we published MAGNiTT’s 2019 Annual Venture Report, I stood on stage and predicted that - barring war or natural disaster - we would see \$1BN invested in MENA’s startups in 2020. We saw neither war nor natural disaster, instead, a global pandemic that changed the world.

## PUSHING THE BOUNDARIES

It has been a difficult year for all of us in many ways, and it is likely that the impact of the pandemic will continue to affect the global population as well as the macro-economic outlook for our region long into 2021. But 2020 was also a transformative year. For entrepreneurship ecosystems across Emerging v Markets (EVMs), a term we now use to identify startup ecosystems that are quickly developing, it was 12 months where decades of evolution happened. In fact, 2020 was a tipping point for the venture-backed technology startups across MENA, Turkey and Pakistan that we track and cover. As a matter of necessity, digital adoption hurdles were rapidly overcome in industries that saw unprecedented surges in demand. More than ever before, we witnessed how technology is solving new day-to-day challenges of social distancing for both consumers and businesses. This fundamental shift in business-as-usual has had the side-effect of growing addressable markets and creating more opportunities for tech solutions, especially those that can scale across borders. Governments embraced the importance of tech companies, many of whom were able to overcome challenges that traditional SMEs were not able to weather. We’re seeing founders, investors, governments, and enablers capitalizing on these opportunities and working to solve the pain-points of the ‘new normal,’ as venture-backed startups look set to play a key role in national economies, employment, and GDP returns in the immediate future.

## WHY “EMERGING VENTURE MARKETS”

2020, despite its challenges, has been a defining year for us at MAGNiTT. We survived the pandemic, doubled the size of the team, have materially grown our database, and expanded beyond MENA for the first time to cover Turkey and Pakistan as part of our geographical expansion strategy. I would like to take this opportunity to thank our team for their dedication and resilience in the face of adversity. As we look to scale across Emerging Venture Markets, with inherently different attributes to those of more developed startups ecosystems like the US and Europe, our goal is to track, analyse, and compare data from startup ecosystems with similarities to create a tool that will provide real-time intelligence to this community and its stakeholders.

At our office we have a phrase on our wall that states: ‘Passion provides purpose, but data drives decisions’. In 2020, I believe this rings true more than ever. We are continually driven by the belief that data is the key driver to smart decision making. With this core value, we aim to service investors, government officials, founders, and corporate analysts to take more informed decisions and policies in 2021 and beyond.

## DATA IN ACTION

Allow me to briefly show you just one example of this data in action. Incidentally, my bold prediction in 2019 was correct: In 2020, MENA-based startups saw \$1BN+ invested. On the surface, this is a positive indicator. But the incorporation of more data-points paints a more nuanced picture: This amount was invested in fewer startups. Against the backdrop of pandemic uncertainty, investors tended to skew towards larger investments in later-stage startups, clearly at the expense of smaller-tickets in earlier stage companies. Two data points that I would like to highlight are 1) that pre-seed investments made up 46% of all investments in 2019, while in 2020 this number dropped to 28% and 2) that the total number of startups invested as part of an accelerator program, those traditionally participating in offline programs, dropped by 42% in 2020. How this particular shift will affect the startup pipeline for investors in the next 12 months, is something that the entire entrepreneurship ecosystem needs to consider and plan for now.

As you read this report, or any of our reports, you will come across a multitude of data-driven insights, aggregated from thousands of startup investments amounting to \$6BN+ (to-date) from across MENA, Pakistan, and Turkey that are relevant to you in varying degrees. This is a pivotal moment for all of us, and we would like to invite you to build this data into your decisions in 2021.



**NEW MAGNiTT FEATURE!**  
Our first interactive report with  
clickable charts to our data  
Keep an eye for this icon

**Philip Bahoshy**

CEO and Founder at MAGNiTT

# A look back at our 2020 MENA predictions

## 01. MORE THAN \$1BN TO BE INVESTED IN MENA-BASED STARTUPS

We predicted that barring a geo political event or natural catastrophe we would see \$1BN of investments. Nobody anticipated a world wide pandemic, but in a sign of continued growth, 2020 saw a record of just over \$1BN invested in MENA-based startups. However, to put this into context, this was against a record H1 of funding with sizable rounds such as EMPG's \$150M Series E, Kitopi's \$60M Series B, and Zezeeta's \$40M Series D. H2 saw a different story, with funding at historic lows for their equivalent quarters over 3 years as we saw the onset of the impact of COVID-19.



## 02. ANOTHER RECORD YEAR FOR EXITS

2020 saw the number of exits plummet to only 13 acquisitions (-58%), with a total disclosed value of \$361M. This drop may have been a symptom of the negative effect of the COVID-19 crisis. Startups may have been unwilling to get acquired at lower valuations, while others had to re-adjust strategies to a new operational landscape. We did, however, see a major exit take place in 2020 with Instashop's \$360M acquisition by Delivery Hero, a Berlin-based multinational online food-delivery company.



## 03. MORE VENTURE-BACKED INTERNATIONAL STARTUPS WILL SET UP SHOP IN MENA

In a year where travel has been heavily restricted, mobility of startups has been a challenge. Despite that, Government entities across the region have taken this opportunity to create incentive programs for international startups to scale to the region. In Saudi Arabia, for example, MISA rolled out a program to issue licenses for startups looking to set up in the Kingdom. In Dubai, the DIFC set up an innovation license to encourage international FinTechs to move to the freezone. While in Abu Dhabi Hub71 and ADGM have continued to create incentive programs for international startups to scale to the region. The full impact of these programs is likely only to be seen once a sense of normality returns to travel.



## 04. MORE FAILURES OF VENTURE-BACKED STARTUPS

Intensified by COVID-19, the predicted trend of an increased number of failures came true. There is currently difficulty in gauging accurately how many startups have failed due to a lack of publicly available information, but in Q1 2021 we will be releasing a startup activity status to track moving forwards failed ventures. What is clear is we have seen more publicly announced closures than any previous year including the likes of AWOK, Sprii and The Modsit, all in the E-Commerce space.



## 05. MORE INTERNATIONAL INVESTORS AND ACQUIRERS OF MENA-BASED STARTUPS

Despite the challenges of cross border meetings in 2020, we saw a slight increase in the number of international investors in MENA based startups year over year with a 3% increase. Despite the reduction in exits we did see international acquirers, with InstaShop, the largest exit of the year by Delivery Hero.



# MAGNiTT Premium Reports

Access the most comprehensive research and keep track of upcoming report launches



## 2021 MENA Venture Investment Report

Looking to understand what happened in the MENA venture landscape? Access our annual report to deep dive into venture investments and acquisitions across MENA including a 5 year trend analysis and review of the 5 most active ecosystems.

[ACCESS FULL REPORT](#)



## 2021 MENA Industry Venture Report

Are you looking at trends within a particular industry or doing a market review of a sector? We will be launching a new deep dive analyzing investments across the most active sectors with a break down by deal type, ticket size and sub sectors.

**COMING SOON | FEBRUARY 2021**



Access all 3 reports with

**MAGNiTT Pro**  
for **only \$799**

[GET STARTED](#)



## 2021 MENA Venture Investor Ranking Report

Are you looking to fundraise or find a co-investor? We are launching a new report with a full ranking of all investors in MENA based startups with a ranking of deal activity by stage, industry and geography in 2020.

**COMING SOON | FEBRUARY 2021**

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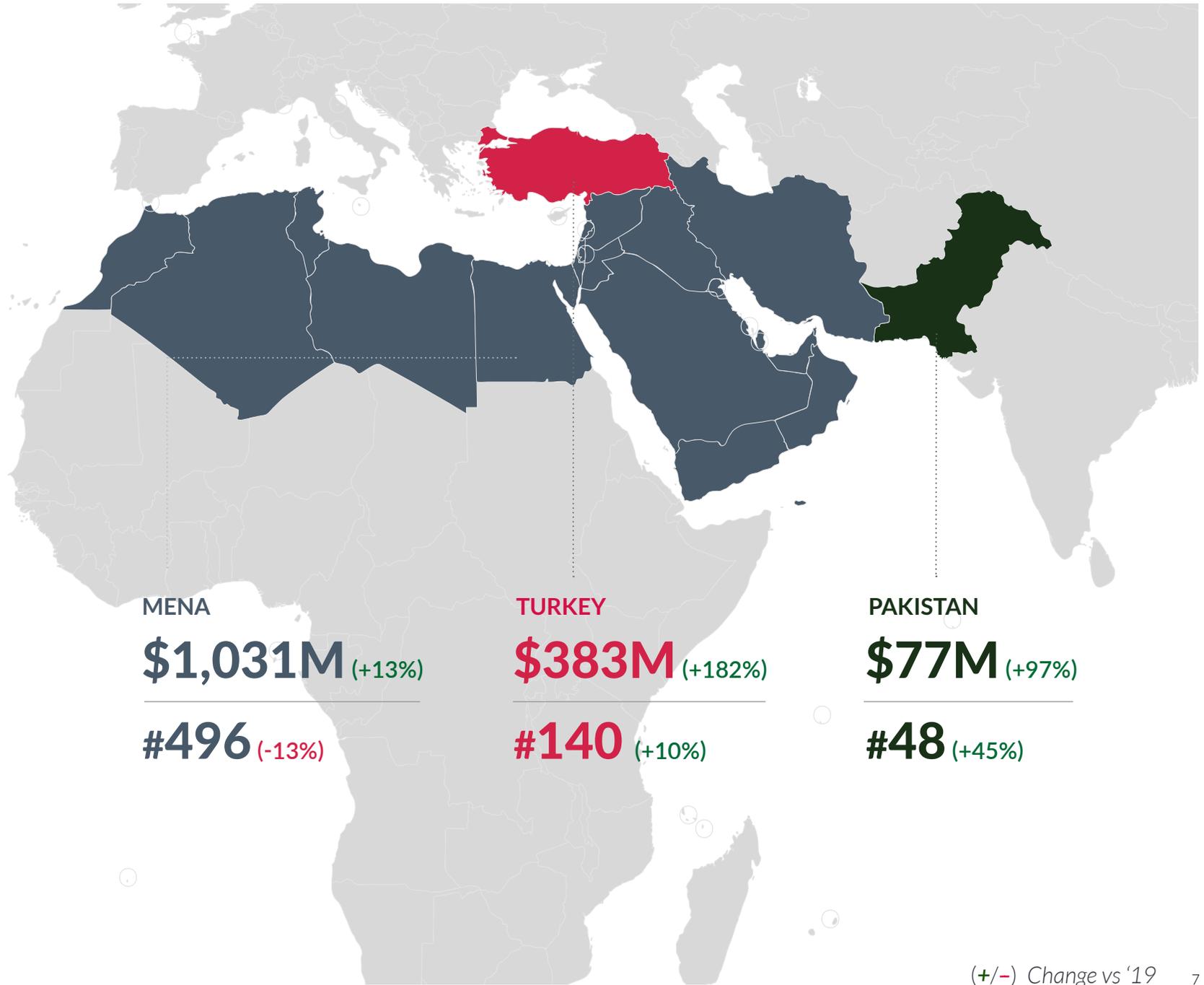
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01.

# MENAPT Overview



# MENAPT 2020 Funding Overview



Map Source: pakistan.gov.pk

Source: MAGNiTT

# MENAPT Executive Summary

## 01. Funding increased YoY across many MENAPT countries in line with global trends

Despite the challenges faced by the COVID 19 pandemic, venture funding across Emerging Venture Markets saw positive growth year over year, with record levels of investment in MENA, Turkey and Pakistan (when excluding the CarFirst investment in 2018).

## 02. Levels of investment deals, however, differed across geographies

The MENA region saw a 13% drop in transactions versus 2019, whereas Turkey saw an increase of 10% and Pakistan saw a surge in investment deals, up 45% year over year.

## 03. MENA venture funding broke the \$1BN level for the first time on record

Thanks to a strong H1 and large investments in EMPG (\$150M), Kitopi (\$60M) and Vezeeta (\$40M) the Middle East and North Africa region broke through the psychological barrier of a billion dollars of funding for the first time since tracking venture capital investments.

## 04. Turkey saw a record level of investment at \$383M

Despite the number of deals remaining relatively flat, the Turkish venture capital scene saw a mega deal of \$130M invested in a Series E round in Vivense. Turkey also saw an 86% increase in its underlying venture funding, excluding mega deals, showing continued growth in 2020.

## 05. Pakistan is showing strong signals of growth as an emerging startup hub

With a 45% increased deal flow and a 97% increase in funding, Pakistan saw a record level of investments as it has seen increased interest from local, regional as well as international players in its Pakistani startups.



### INTERACTIVE CHARTS

Click on this icon throughout the report to access our underlying data



## The International Perspective

“2021 will be the tipping point for entrepreneurship in MENA. It’s the culmination of years of work throughout the ecosystem by key stakeholders, most especially the Founders. Deal flow is healthy and getting stronger every day, there’s more capital available than ever, and there’s an intense hunger to see the region diversify away from historical GDP drivers and become a leading knowledge economy.”

### Courtney Powell

Chief Operating Officer at  
500 Startups



*When asked about predictions for the region: “Firstly, the growth we’ve seen will continue as the region itself grows. Secondly, that the pandemic will force both businesses and consumers into greater and greater levels of digitization of their lives and work. Thirdly, that the vaccine, when distributed, will unlock a new economic boom in the region. Fourthly, that all of the digitization and new working and living practices from the pandemic will be ‘backed-in’ to the new economic reality.”*

### Mike Butcher - MBE

Editor-at-large at TechCrunch

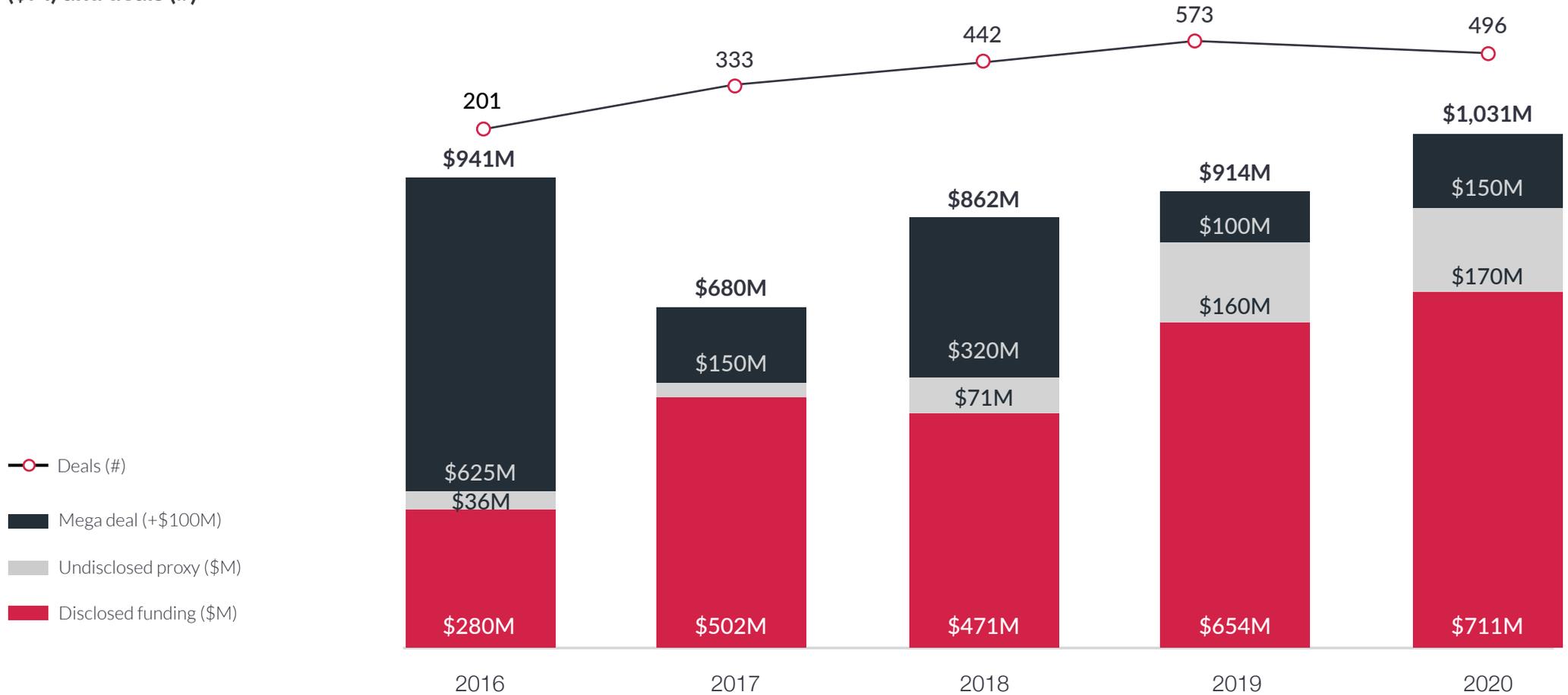


# MENA 5YR Venture Funding Trend

MENA venture capital funding crossed the **\$1BN** threshold in 2020 for the first time, **13%** up from 2019. Total deal count was down by **13%** to 496 transactions, with later stage rounds trending up

- This funding increase was driven in part by the **\$150M** Series E round of EMPG, the largest investment in 2020
- Later stage deals (\$500K-\$3M) increased by **52%**, while the number of Pre-Seed rounds (<\$100K) halved YoY

MENA 5 year chart by amount (\$M) and deals (#)



Source: MAGNiTT

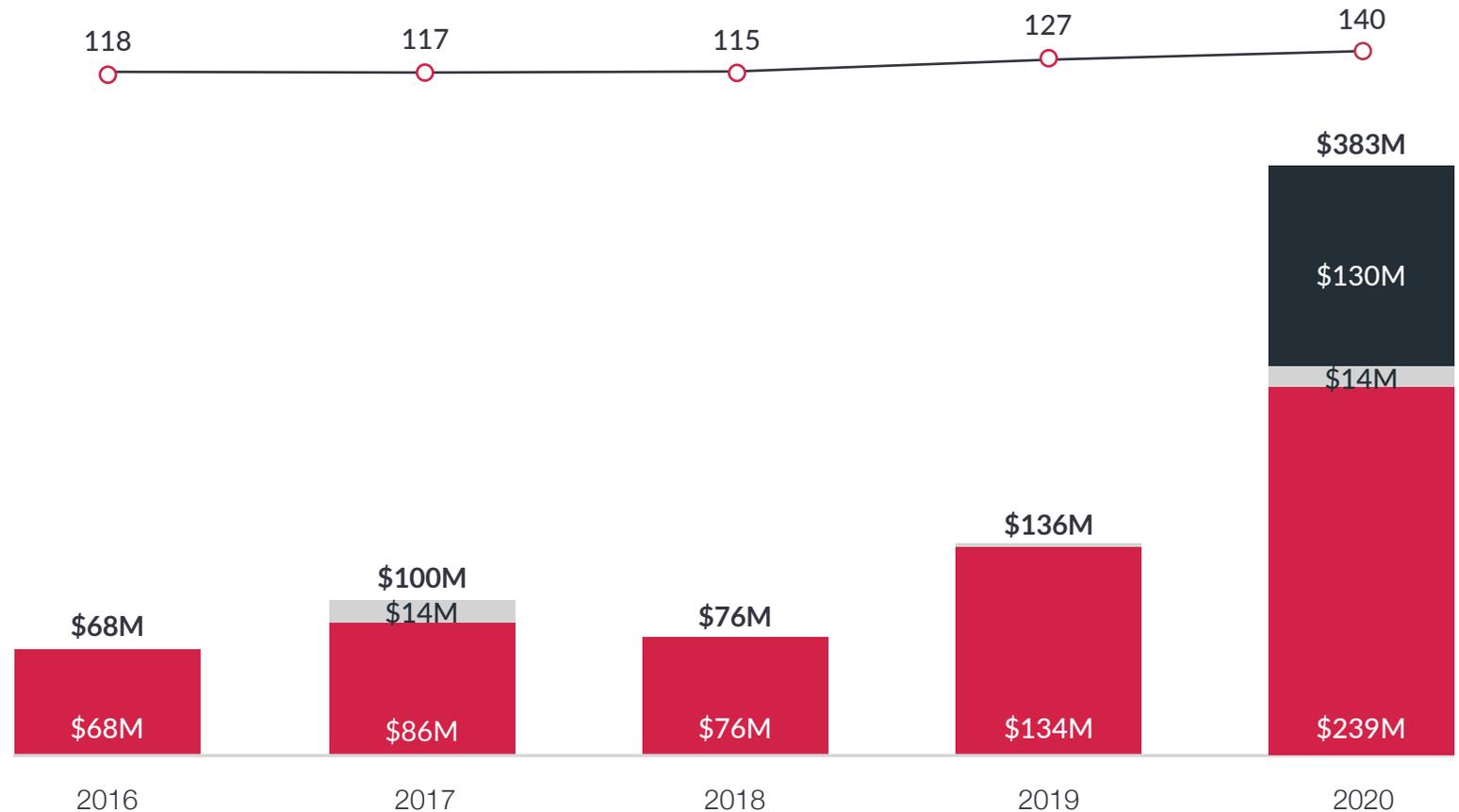
[CLICK THE CHART FOR MORE DATA](#)

# Turkey 5YR Venture Funding Trend

The Turkish startup ecosystem saw a large inflow of **\$383M** in VC funding, almost triple when compared to 2019 (\$136M). Total number of deals also went up **10%** to **140** transactions

- **75%** of all capital invested in 2020 was attributed to the top -10 deals
- The mega deal in 2020 was attributed to a **\$130M** Series E investment in Vivense

Turkey 5 year chart by amount (\$M) and deals (#)



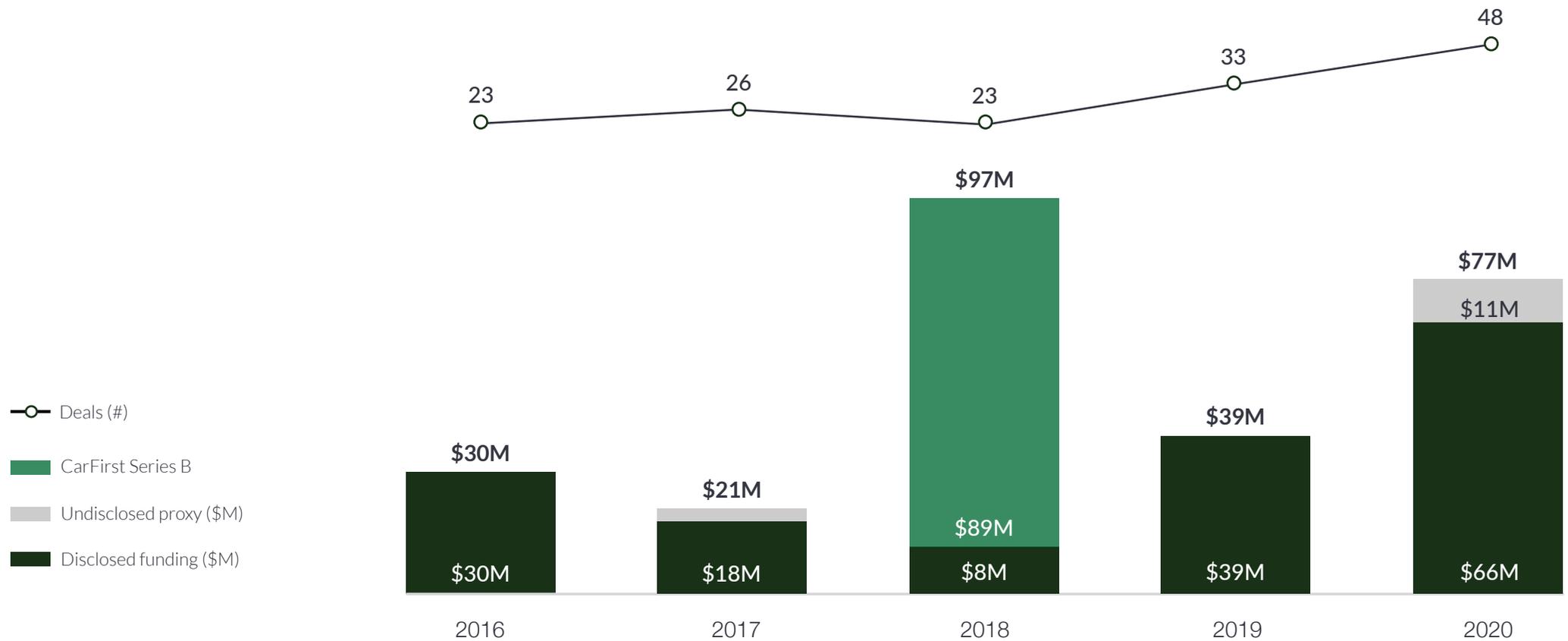
- Deals (#)
- Mega deal (+\$100M)
- Undisclosed proxy (\$M)
- Disclosed funding (\$M)

# Pakistan 5YR Venture Funding Trend

VC funding in Pakistan was up 97% to \$77M. Total number of deals reached a new record at 48 transactions in 2020 up 45% from 2019

- 2020 saw a record high level of VC funding for Pakistan when excluding the \$89M CarFirst round in 2018
- 45% of funding came from a \$22M Series A raised by Airlift Technologies and \$13M Series B raised by Bykea

Pakistan 5 year chart by amount (\$M) and deals (#)



Source: MAGNiTT

[CLICK THE CHART FOR MORE DATA](#) 12

# Our Predictions for Emerging Venture Markets in 2021

## 01. INVESTMENTS: EGYPT SURPASSED BY **SAUDI ARABIA**

Saudi Arabia will surpass Egypt by total number of investments and total capital deployed in 2021 in venture funding

## 02. MENA REGION IN 2021 **NO MEGA DEALS**

There will be no mega deals of \$100M plus across the MENA region in 2021

## 03. HIGHEST INVESTMENTS **Q4 2021**

As 2021 hits its stride in H2, Q4 2021 will be a record quarter of investments across all Emerging Venture Markets as we see the tail of COVID-19

## 04. LARGEST FUNDING GROWTH **PAKISTAN**

Pakistan is likely to see the largest growth rate of total funding as it continues its strong growth trajectory

## 05. SE ASIA TO DRIVE **RECORD EXITS**

As startups consolidate and international startups see arbitrage opportunities, 2021 will be year of record exits coming from SE Asia

## The Investors' Perspectives

“2020 was such a wild year! After a brief pause in Feb/March, new investments in venture capital came roaring back in May/June and stayed strong through the 2nd half of the year, particularly in emerging markets with more mature VC ecosystems (e.g. Latin America, SE Asia). In this regard, I think MENA – like Sub-Saharan Africa – was a bit slower to “come back” from the initial pause, but is starting to make that comeback now. On the entrepreneur side, we saw tons of great companies launching and growing during 2020, and expect many of them to get funded during the first half of 2021.”

### Allen Taylor

Managing Director at  
Endeavor Catalyst



“I believe the region needs no less than \$2BN to \$3BN of new investments every year for the next 5 years to get the ecosystem to realize its full potential... Venture funding is available, but COVID-19 tells us all how important it is to not only think of GMV/Top line growth at any cost, but to improve margins and understand resilience in its deepest sense, which requires mature founders and a deep team.”

### Fadi Ghandour

Exec. Chairman at Wamda Group  
and Co-Founder at Aramex



02.

# MENA Deep Dive



# MENA Executive Summary

## Venture Funding

2020 saw a record of **\$1BN+** invested in MENA-based startups, a **+13%** increase year-over-year (YoY), thanks to a record H1 of venture funding. This capital, however, was deployed across fewer investments, with the total number of deals down by **-13%** YoY.

TOTAL FUNDING

**\$1,031M**

TOTAL # OF DEALS

**496**

AVERAGE INVESTMENT SIZE

**\$2.1M**

## Geographic Trends

While the UAE maintained its leading position with **56%** of funding allocated to its startups, KSA registered **55%** increase in total funding deployed to Saudi startups (\$152M), reversing the slow down trend seen across the rest of MENA.



RANKED 1ST BY \$ OF FUNDING

**UAE**

RANKED 1ST BY # OF DEALS

**UAE**

LARGEST INCREASE % OF FUNDING

**BAHRAIN**

## Sector Trends

Although E-Commerce deals dropped by **23%**, total funding into the sector went up by **24%** to **\$162M**. Both F&B and Healthcare more than tripled its total funding to **\$122M** and **\$72M** respectively, a sign of the impact from COVID-19.

1ST RANKED BY \$ OF FUNDING

**E-Commerce**

1ST RANKED BY # OF DEALS

**E-Commerce**

LARGEST INCREASE % OF FUNDING

**Healthcare**



### 2021 MENA Venture Investment Report

Access the annual report to deep dive into venture investments and acquisitions across MENA including a 5 year trend analysis a review of the 5 most active ecosystems.

**ACCESS FULL REPORT**



# MENA's Government Perspectives

"We believe that 2021 will be a pivotal year in the startups ecosystem, not only in Dubai but the wider region. Dubai has been a leader in developing the venture capital space, and while COVID has had its challenges, we have seen resilience and adoption of technology as key to the growth of our economy. 2021 will be a year in which we see further strengthening of our position as a leading city that attracts startups, innovators and investors alike globally."

"Through its many programs, ventures and innovation ecosystems, such as the Dubai Future Accelerators, AREA 2071 and the Dubai Future District, Dubai is committed to creating a strong infrastructure for startups to set up, grow and scale across the region. With the lion's share of funding going to UAE based startups, we have seen many historical success stories and provided a track recorded for further investment in the future. We are also keen to open opportunities for international VC to set up in Dubai to further foster venture growth for the region."

## HE Khalfan Belhouf

Chief Executive Officer at  
Dubai Future Foundation



"Monsha'at has played a key role in supporting the VC industry in Saudi Arabia through a number of initiatives which aim to support start-up growth, incentivize investment in promising sectors, as well as fill the financing gap in the industry. The Saudi Venture Capital Company (SVC) was instrumental in attracting regional and international asset managers, as well as incentivizing local players to invest in the venture capital space. This year, we witness an increasing appetite of VC investors towards innovative digital solutions that assist in overcoming obstacles presented by COVID-19, especially in later stages. To date, the initiative has committed more than SAR 757m through 17 investment funds and invested in more than 145 startups. The company has also invested directly in 36 deals under the co-investment program with institutional and angel investors."

## Eng. Saleh Al-Rasheed

Governor of Small and Medium  
Enterprises General Authority

(Monsha'at)

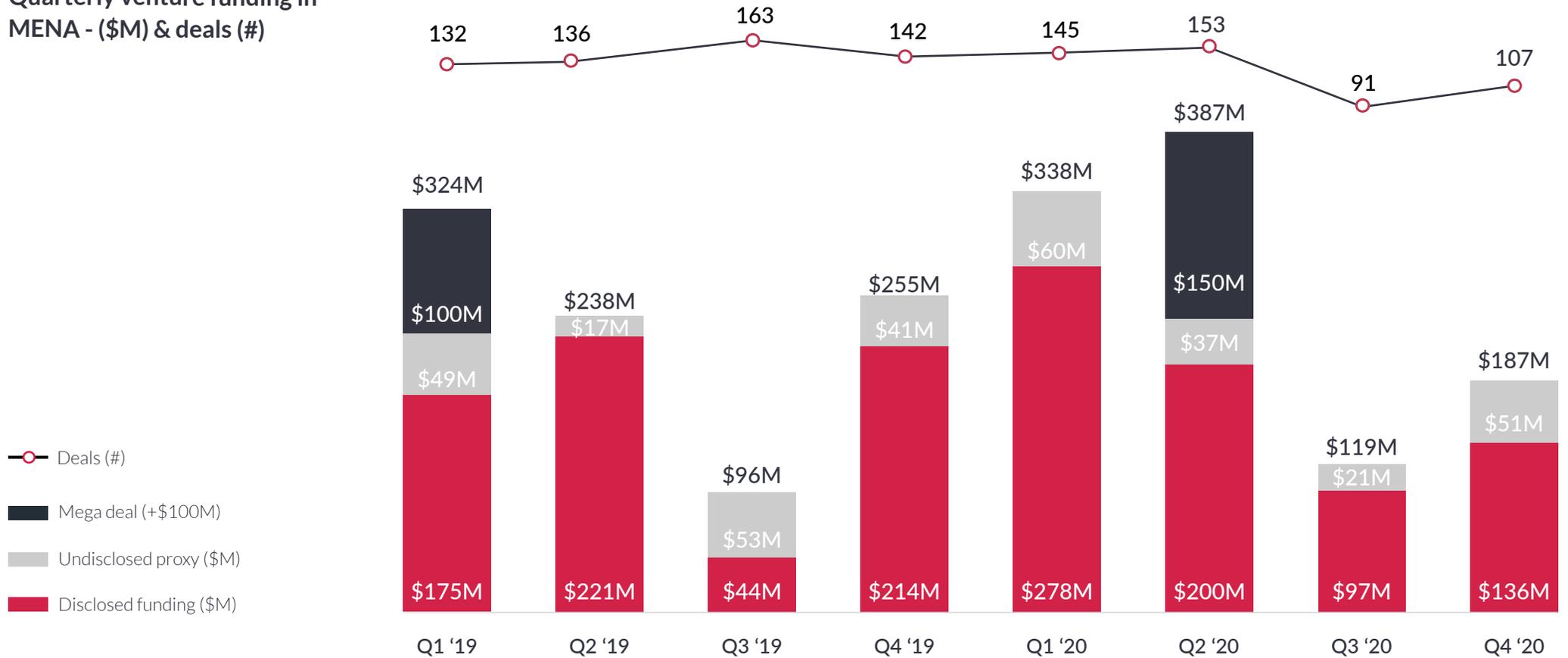


# MENA Quarterly Funding Evolution

In Q3 '20 we witnessed the impact of COVID-19 with an 8 quarter low of **91** transactions. Q4 '20 showed slow signs of a recovery with a **57%** uptick in total funding during the last 3 months of 2020

- 2020's record funding was driven by H1 '20, with H2 '20 funding **58%** lower than the first 6 months of the year
- Compared to H2 '19, total funding and number of deals in H1 '20 were down by **13%** and by **35%**, respectively

Quarterly venture funding in MENA - (\$M) & deals (#)

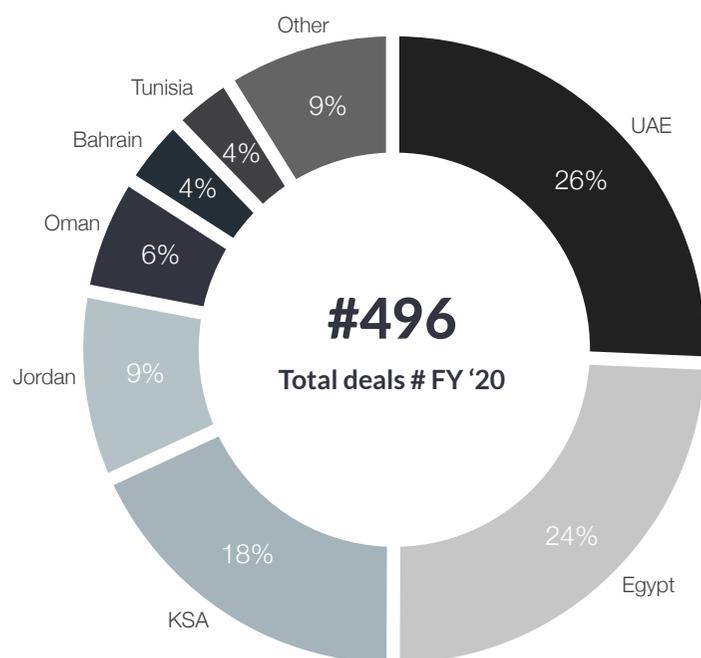


# MENA Country Deals Comparison

The three main innovation hubs of the UAE, Egypt and Saudi Arabia, accounted for **68%** of total deals disclosed in 2020, with KSA registering the highest increase in deal flow, up **35%**

- Jordan, Oman and Bahrain were the only **3** countries to see an increase in country rank
- Lebanon saw their deals drop by **64%** to **16**, falling out of the top 7 MENA country deal ranking in 2020

**Country % share of total deals in 2020**



**Country deal comparison FY 19 vs FY 20**

Rank	Rank change	Country	Absolute YoY change	% Deal Share change
1.	=0	UAE	-17%	-1%
2.	=0	Egypt	-10%	+1%
3.	=0	KSA	+35%	+6%
4.	Δ1	Jordan	+18%	+2%
5.	Δ3	Oman	+23%	+2%
6.	Δ1	Bahrain	-33%	-1%
7.	▽1	Tunisia	-47%	-2%

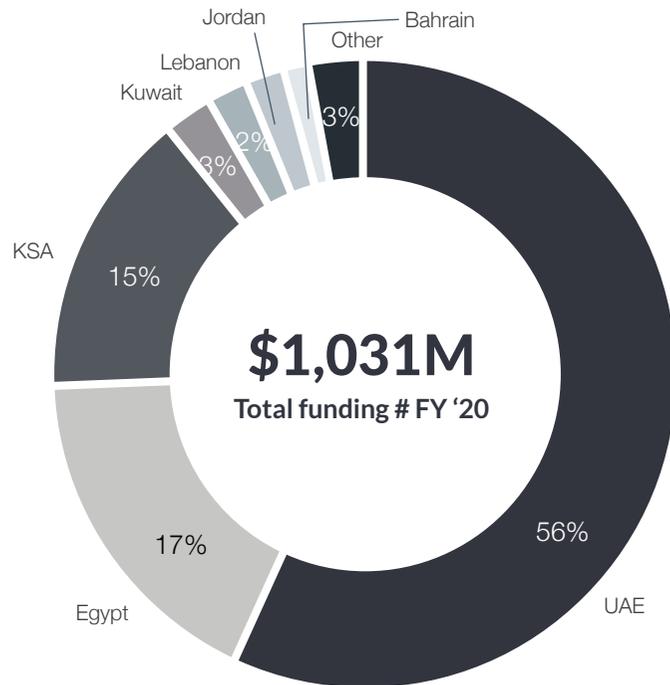


# MENA Country Funding Comparison

While the UAE maintained its leading position in funding with 56% of VC investment, Bahrain (+200%), Saudi Arabia (+55%) and Egypt (+31%) registered the highest increases YoY in 2020

- With a 5% YoY uptick, total funding in UAE startups went up to **\$579M** in 2020
- KSA narrowed the gap with Egypt with the largest increase in % of funding share, up 4% to a total of **\$152M**

Country % share of funding amounts in 2020



Country funding comparison FY 19 vs FY 20

Rank	Rank change	Country	Absolute YoY change	% Funding Share change
1.	= 0	UAE	+5%	-4%
2.	= 0	Egypt	+31%	+2%
3.	= 0	KSA	+55%	+4%
4.	Δ 2	Kuwait	-14%	-1%
5.	▽ 1	Lebanon	-34%	-2%
6.	▽ 1	Jordan	-38%	-2%
7.	Δ 1	Bahrain	+200%	+1%

## MENA Investors' Perspectives

“Saudi Arabia is witnessing an increase in the quality and quantity in the deal flow of startups. More venture capital funds and angel investor groups are arising. I am thrilled by the distinguished entrepreneurs that are creating fast-growth and scalable startups. Despite the slowdown of COVID-19, Saudi Arabia saw a record increase in VC funding (55%) in 2020, compared to 2019. On the regulatory and legal fronts, the recent update of the Capital Market Institutions Regulations as well as the expected launch of the new Companies Law and the updated Investment Funds Regulations in 2021 will definitely play a crucial role in the further development of the VC ecosystem.”

### Nabeel Koshak - PHD

CEO at Saudi Venture Capital Company (SVC)



“Contrary to 2020 being a challenging year for the entire world, it was a spectacular year for technology startups. 2020 saw many rising stars in the FinTech, Education, Healthcare, Gaming, Logistics, E-Commerce industries which are by design leveraged on scaling up through technology. We saw many of our portfolio companies make huge leaps in growth and in fundraising ... I believe the future holds more for technology startups in Egypt, particularly as funds are finding their way to the Egyptian ecosystem from all over the world. It is a very healthy sign and I believe 2021 will be another phenomenal year for the startup ecosystem in Egypt and the entire MENA Region.”

### Marie-Therese Fam

Managing Partner at Flat6Labs

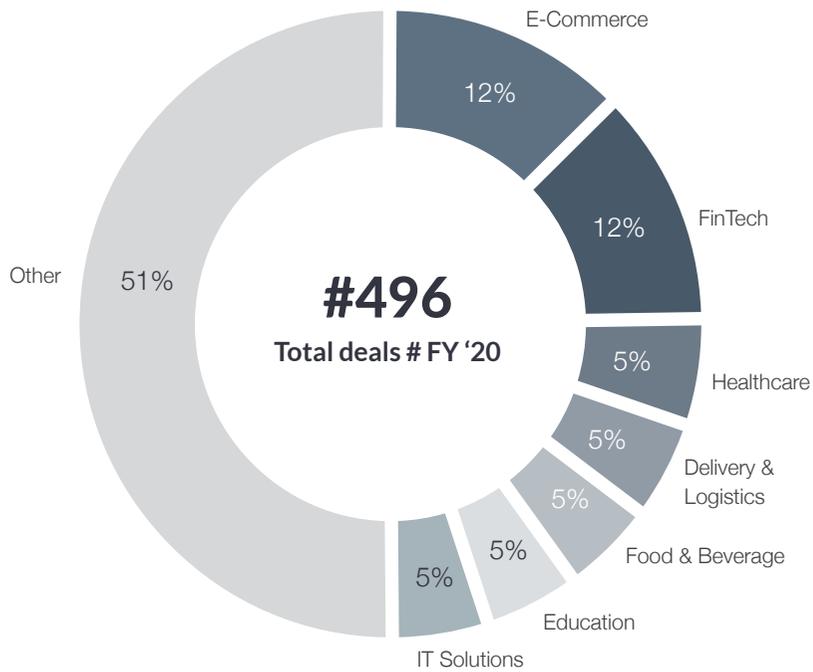


# MENA Industry Deals Comparison

COVID-19 has had a clear impact on industry focus with E-Commerce, Fintech, Healthcare and Delivery & Logistics, all which have seen increased demand in 2020, receiving the most transactions

- Although E-Commerce deals dropped **23%**, total funding into the sector increased by **24%** to **\$162M**
- With **25** deals registered in Delivery & Logistics, the sector increased 8 ranks up to 4th position

Industry % share of total deals in 2020



Industry deal comparison FY 19 vs FY 20

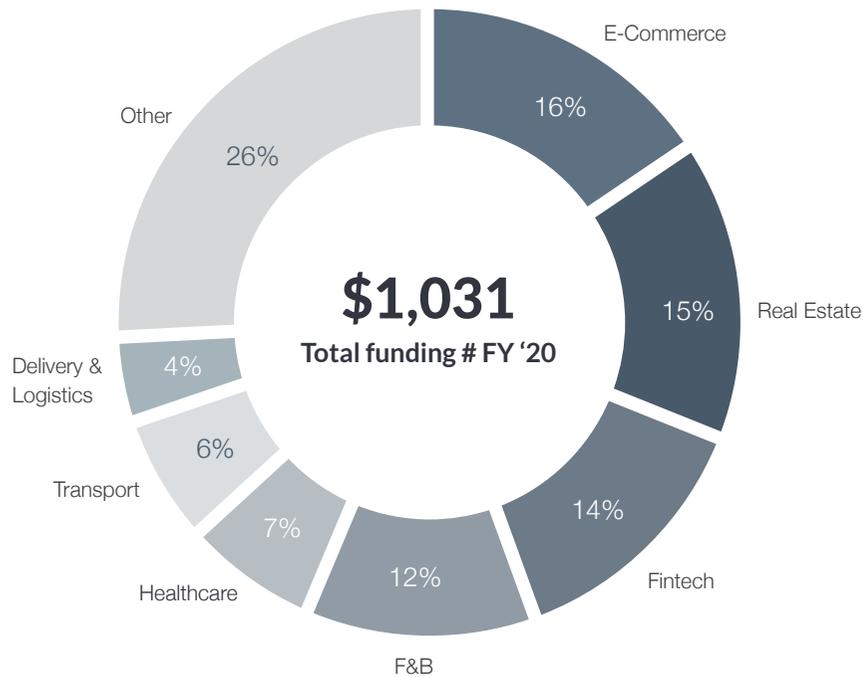
Rank	Rank change	Industry	Absolute YoY change	% Deal Share change
1.	= 0	E-Commerce	-23%	-1%
2.	= 0	FinTech	-20%	-1%
3.	Δ 3	Healthcare	-10%	=0%
4.	Δ 8	Delivery & Logistics	67%	+2%
5.	Δ 2	F&B	-8%	=0%
6.	▽ 2	Education	-34%	-1%
7.	▽ 4	IT Solutions	-38%	-2%

# MENA Industry Funding Comparison

While total number of deals went down, total funding trended up across the top 5 industries, with Healthcare and Food & Beverage registering the largest increases

- F&B more than tripled its total funding to **\$122M**, driven by Kitopi's **\$60M** & Sweetheart Kitchen **\$18M** rounds
- Healthcare's funding went up to **\$72M**, with the large rounds registered in Vezeeta (**\$40M**) & Okadoc (**\$10M**)

Industry % share of total funding in 2020



Industry funding comparison FY 19 vs FY 20

Rank	Rank change	Industry	Absolute YoY change	% Funding Share change
1.	= 0	E-Commerce	+24%	+1%
2.	Δ 1	Real Estate	+54%	+4%
3.	▽ 1	FinTech	+19%	+1%
4.	Δ 6	F&B	+265%	+8%
5.	Δ 8	Healthcare	+280%	+5%
6.	▽ 2	Transport	-32%	-4%
7.	= 0	Delivery & Logistics	+3%	=0%

# MENA Investor Ranking

In 2020, a total of **243** investors participated in at least one funding round in MENA, with international funds accounting for **22%** of all active investment institutions

- The number of active investors remained relatively stable (**3%** increase) YoY in MENA
- The number of international investors increased from **51** in 2019 to **54** in 2020

## # of Deals

## Funding Institutions

**10+**  
DEALS



**5-9**  
DEALS



**3-4**  
DEALS



# MENA Top 5 Funding Rounds

In MENA the Top 5 deals in 2020 accounted for almost a third of total funding (31%). All 5 deals took place in H1 2020, further highlighting the impact of COVID-19 on growth stage (\$10M+) deals in H2 2020

- UAE startups accounted for 3 out of the top 5 largest investment deals in 2020
- In terms of sector funding in Growth stage, **29%** went to Real Estate, **15%** to F&B and **10%** to E-Commerce

	HQ LOCATION	FUNDING ROUND	STAGE	MONTH	SELECT INVESTORS
1	 	\$150.0M	Series E	April	
2	 	\$60.0M	Series B	February	     
3	 	\$40.0M	Series D	February	  
4	 	\$36.5M	Series A	June	
5	 	\$35.0M	Series C	February	  



03.

# Turkey Deep Dive

# Turkey Executive Summary

## Venture Funding

2020 saw multiple larger deals (\$10M+) in Turkey, with the top 5 rounds accounting for **63%** of all capital invested in Turkish startups in 2020.

TOTAL FUNDING

**\$ 383M**

TOTAL # OF DEALS

**140**

AVERAGE INVESTMENT SIZE

**\$ 2.7M**

## Geographic Trends

In comparison, the MENA's most developed ecosystem, the UAE recorded **\$579M** in funding in **129** deals in 2020, while Egypt, which is comparable to Turkey in population-size recorded **\$179M** in **120** deals.



**RANKED 1ST  
BY # OF DEALS**

ACROSS MENA  
COUNTRIES

## Sector Trends

Similar to the MENA region, as a result of COVID-19, Turkey saw the highest funding in E-Commerce as an industry, with other impacted sectors such as Healthcare and Delivery & Transport both going up 2 ranks by number of deals.

RANKED 1ST BY  
\$ OF FUNDING

**E-Commerce**

RANKED 1ST BY  
# OF DEALS

**IT Solutions**

LARGEST INCREASE  
% OF FUNDING

**Education**

## The Turkish Perspective

“COVID-19 has been a catalyst for rapid technological change driven by the shift in consumer and enterprise behavior from the status quo; increasing the appetite for experimentation and reducing adoption hurdles especially in FinTech, Retail, Healthcare and Education. We are seeing accelerated interest in disruptive FinTech and Turkey is paving the way for transforming into a FinTech hub. Overall the world is becoming a digital pro-forma, and with access to the necessary capital, Turkish entrepreneurs and startups will be able to leverage that.”

**Cenk Bayrakdar**  
Managing Director at Revo Capital

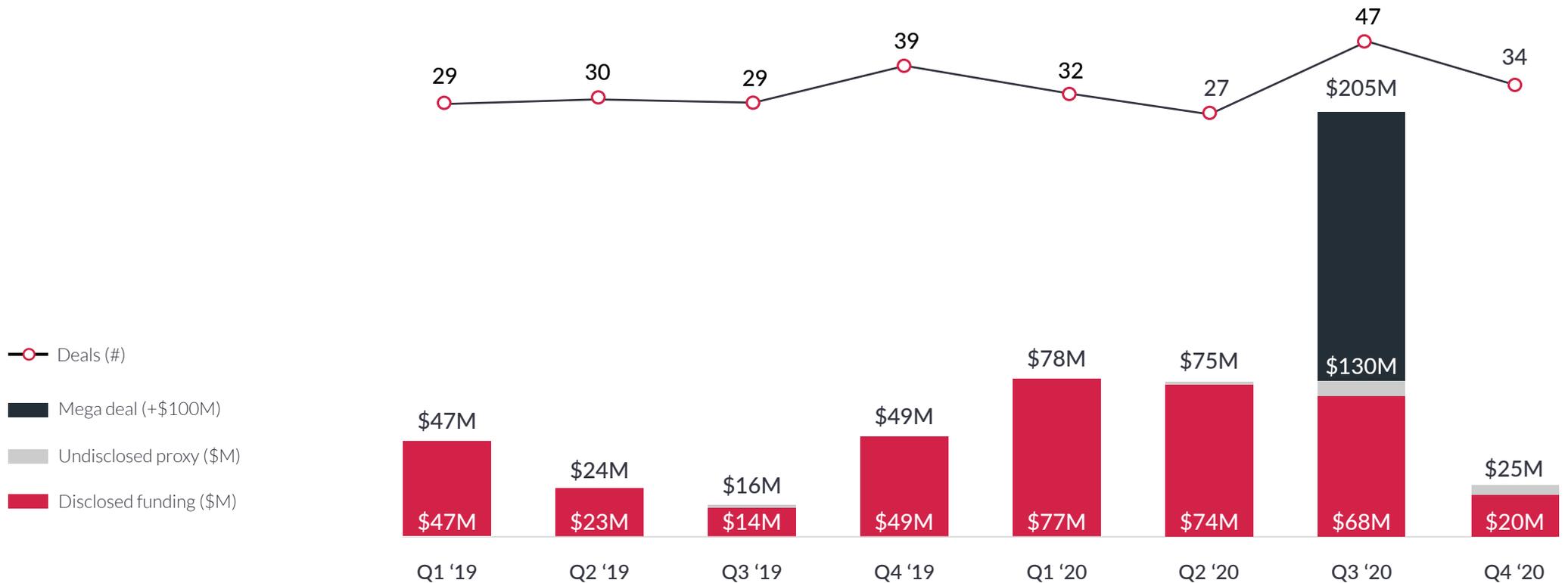


# Turkey Quarterly Funding Evolution

Against the backdrop of COVID-19, 2020 was a very strong year for Turkey, although the positive trend was reversed in Q4 '20, with a **96%** decline in invested venture capital, compared to Q4 '19

- Excluding Vivense's **\$130M** deal in Q3, Turkey's total VC funding crossed the **\$75M** threshold for 3 quarters
- In contrast, in Q4 '20 the largest deals were Figopara (**\$4.6M**), Ekmob (**\$3.2M**) and Delivers.ai (**\$2.6M**)

Quarterly venture funding in Turkey - (\$M) & deals (#)



Source: MAGNiTT

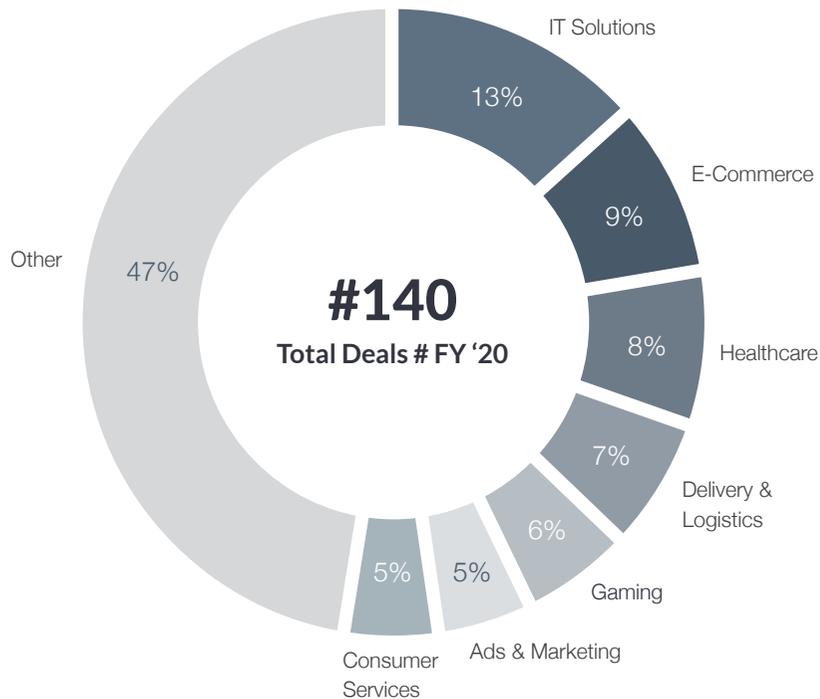
[CLICK THE CHART FOR MORE DATA](#) 29

# Turkey Industry Deals Comparison

As COVID-19 bypassed many adoption hurdles for the digital transformation of businesses, IT Solutions overtook E-Commerce by number of deals, while Healthcare and Delivery & Logistics went up 2 ranks each

- IT Solutions, Healthcare and Delivery & Logistics alone accounted for **30%** of all deals
- With **11** transactions, Healthcare saw the largest absolute increase in funding to **\$16M**

**Industry % share of total deals in 2020**



**Industry deals comparison FY 19 vs FY 20**

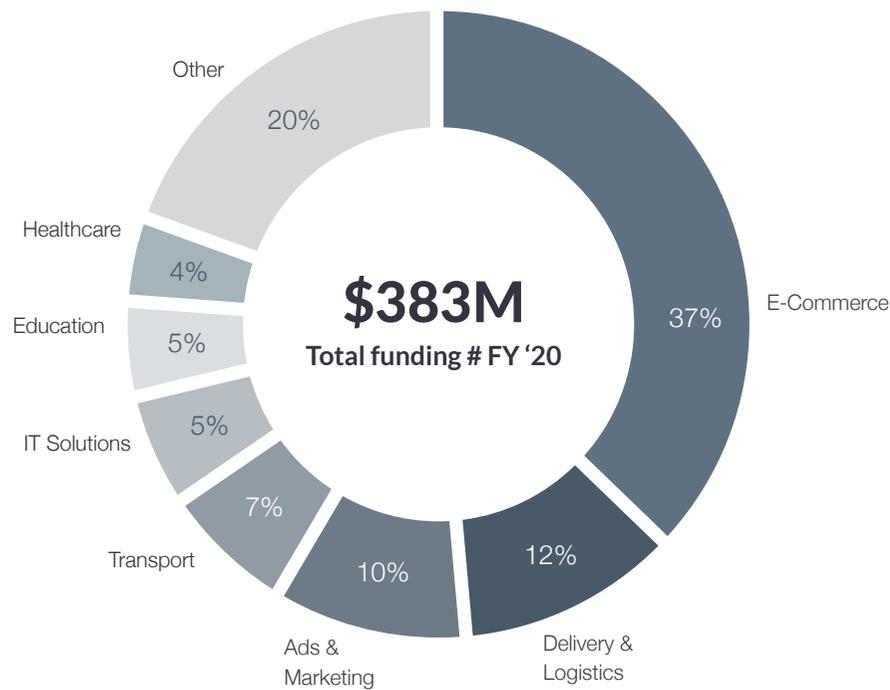
Rank	Rank change	Industry	Absolute YoY change	% Deal Share change
1.	Δ 2	IT Solutions	+64%	+4%
2.	= 0	E-Commerce	-13%	-3%
3.	Δ 3	Healthcare	+175%	+5%
4.	Δ 1	Delivery & Logistics	+100%	+3%
5.	▽ 1	Gaming	+14%	+0%
6.	Δ 1	Ads & Marketing	+133%	+3%
7.	▽ 3	Consumer Services	=0%	-1%

# Turkey Industry Funding Comparison

2020 marked a trend where startup investors relocated capital away from earlier-stage investments towards later-stage deals, a key reason for the exponential increase in funding in some key sectors

- Delivery & Logistics gained 9 positions to rank 2nd, in part driven by Getir's **\$38M** investment round
- Codeway's **\$16M** deal was behind the 20x increase of funding allocated to Education tech

Industry % share of total funding in 2020



Industry funding comparison FY 19 vs FY 20

Rank	Rank change	Industry	Absolute YoY change	% Funding Share change
1.	= 0	E-Commerce	+262%	+8%
2.	Δ 9	Delivery & Logistics	+1,437%	+9%
3.	Δ 11	Ads & Marketing	+1,539%	+8%
4.	Δ 1	Transport	+213%	+1%
5.	▽ 3	IT Solutions	+84%	-3%
6.	Δ 14	Education	+1,794%	+4%
7.	Δ 5	Healthcare	+491%	+2%

# Turkey Investor Ranking

Only 6 investors out of 64 participated in 5-9 Turkish investment rounds, although the majority (58%) of allocated capital was in one specific venture in 2020

- 500 Startups and Wamda Capital were the most active non-Turkish funds with 4 & 2 deals, respectively
- Teknasyon & TechOne Venture Capital registered 7 deals each, topping the rank of most active Turkish investors

## # of Deals

## Funding Institutions

**5-9**  
DEALS



**3-4**  
DEALS



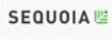
**2**  
DEALS



# Turkey Top 5 Funding Rounds

Top 5 rounds accounted for **63%** of all invested capital in Turkish startups in 2020 in comparison to the **31%** attributed to the top 5 deals across MENA startups

- However, similar to MENA all of the top 5 investment rounds were made during the first 7 months of the year
- Top 5 investments were made across all stages, from Codeway's **\$16M** Seed to Vivense's **\$130M** Series E

		<u>FUNDING ROUND</u>	<u>STAGE</u>	<u>MONTH</u>	<u>SELECT INVESTORS</u>
1		\$130M	Series E	July	
2		\$38M	Series A	January	
3		\$32M	Series C	June	   
4		\$25M	Series B	July	Undisclosed
5		\$16M	Seed	January	Undisclosed



04.

# Pakistan Deep Dive



# Pakistan Executive Summary

## Venture Funding

In a sign of continued growth for Pakistan, 2020 saw **\$77M** invested in Pakistan-based startups, a **97%** increase year-over-year. In a record for Pakistan, deals increased significantly, to **48** startup investment transactions up **45%**.

TOTAL FUNDING

**\$77M**

TOTAL # OF DEALS

**48**

AVERAGE INVESTMENT SIZE

**\$1.6M**

## Geographic Trends

Pakistan's record high transactions reversed the overall trend in MENA where the number of deals, on average, was down **13%** in 2020. On the other hand, consistent with other emerging markets like Turkey, the increase in funding amount was mainly attributed to the country's top 5 deals, which, in Pakistan, accounted for **64%** of all funding, and in Turkey **63%**.



**RANKED 5TH  
BY # OF DEALS**

ACROSS MENAPT  
COUNTRIES

## Sector Trends

Transport, an industry that is popular for venture investment in countries with large populations, overtook E-Commerce in Pakistan by total funding, climbing 3 spots in the ranking while accounting for **28%** of capital invested. In addition, E-Commerce ranked first by # of deals (**33%**), followed by FinTech (**11%**).

RANKED 1ST BY  
\$ OF FUNDING

**Transport**

RANKED 1ST BY  
# OF DEALS

**E-Commerce**

LARGEST INCREASE  
% OF FUNDING

**Transport**



## The Pakistani Perspective

“2020 proved that follow-on capital would flow to Pakistan quickly for startups that execute well. Airlift raised a large round, \$12M, within just 7 months of us leading their initial rounds. Bykea raised a \$13M series B round, led by Prosus. Many top VCs including First Round Capital, Prosus, Global Founders Capital, Village Global, Quiet Capital, GFC, YCombinator, Pioneer Fund have invested in Pakistan in 2020. We expect this trend to accelerate in 2021, as Pakistan crosses the 100M broadband subscribers milestone. We’re focused on bringing the Pakistani diaspora, aka Wapistanis, back to the country to help the startup ecosystem in its next phase of growth.”

### Aatif Awan

Founder & Managing Partner at Indus Valley Capital

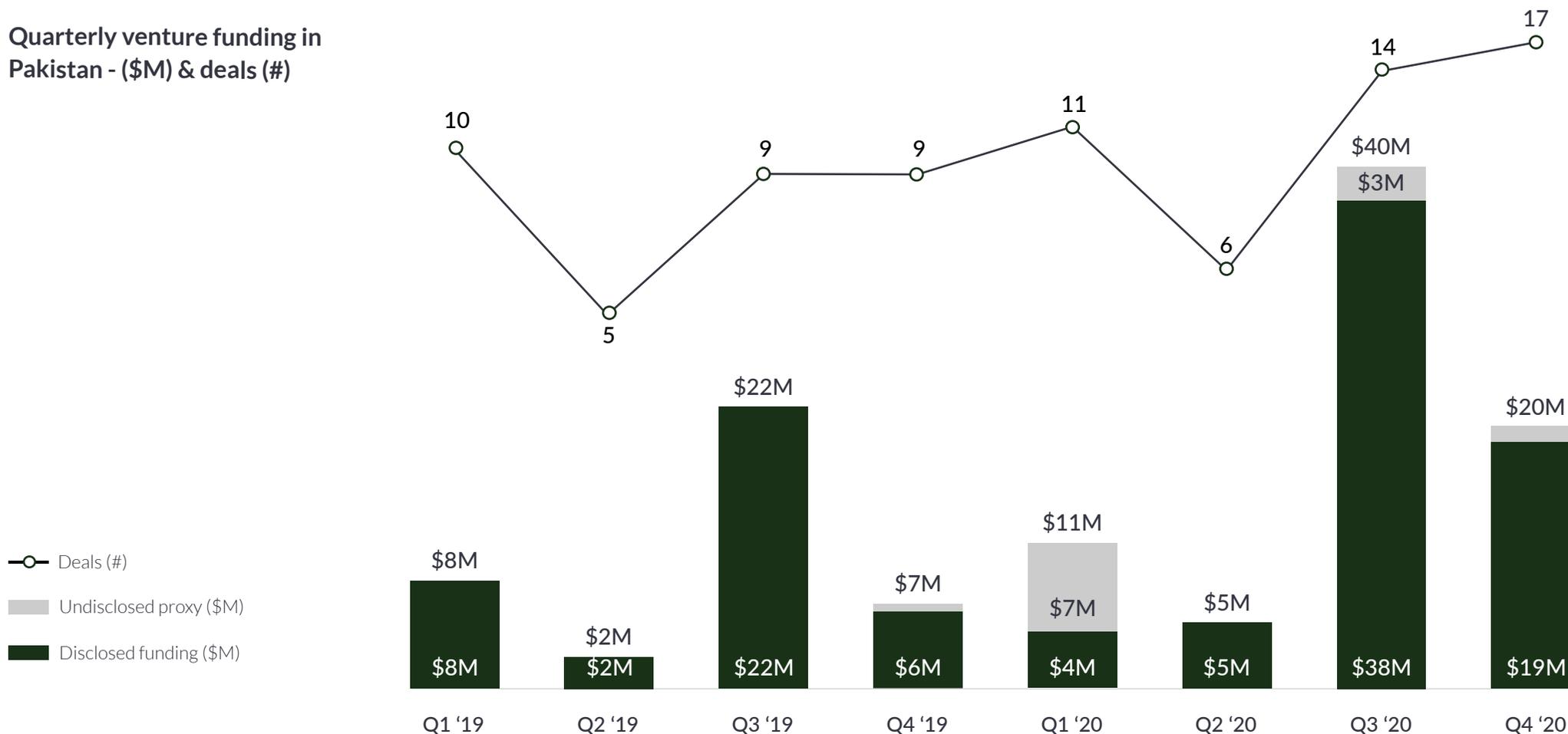


# Pakistan Quarterly Funding Evolution

In a positive sign for the Pakistani ecosystem, despite COVID-19, VC funding and deals were up across all quarters, compared to 2019. Q3 '20 led the way for funding with \$40M invested

- Q3 '20's record-high VC investment, was mostly due to \$22M Airlift Technologies and \$13M Bykea deals
- In Q4, all 17 deals were at Early Stage, with the largest round being Healthcare Tech MEDZnMORE (\$2.6M)

Quarterly venture funding in Pakistan - (\$M) & deals (#)



Source: MAGNiTT

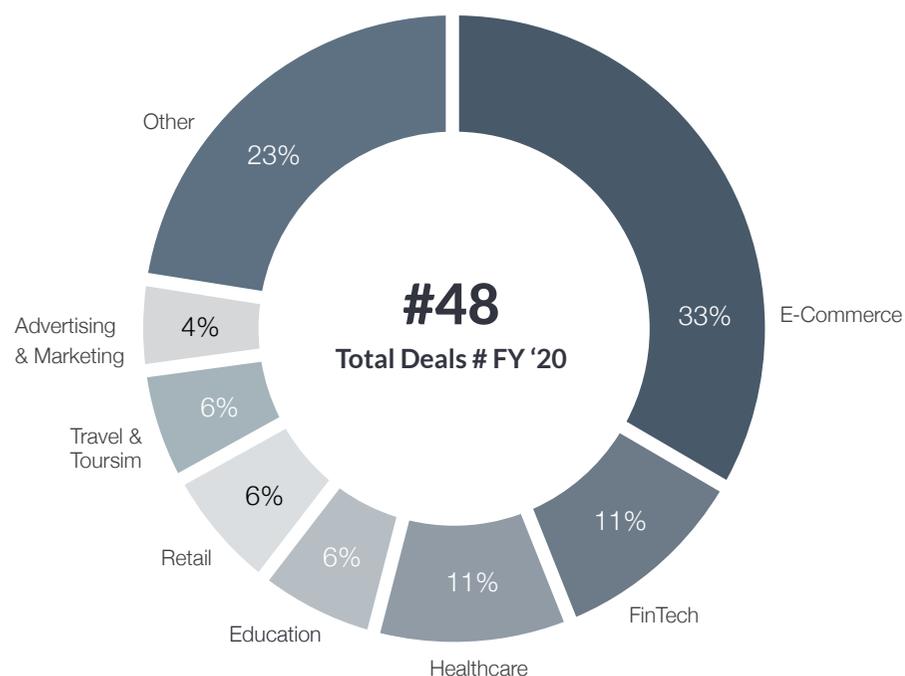
[CLICK THE CHART FOR MORE DATA](#) 37

# Pakistan Industry Deals Comparison

Similar to the MENA region, COVID-19 impacted industries led the way in Pakistan with E-Commerce, FinTech, Healthcare and Education startups seeing the most transactions

- E-Commerce as in other Emerging Venture Markets led the ranking with a total of **16** deals registered in 2020
- Healthcare and FinTech accounted for **5** deals each, while **3** rounds were registered in Education tech

**Industry % share of total deals in 2020**



**Industry deals comparison FY 19 vs FY 20**

Rank	Rank change	Industry	Absolute YoY change	% Deal Share change
1.	= 0	E-Commerce	+167%	+15%
2.	= 0	FinTech	+25%	-2%
3.	Δ 15	Healthcare	=0%	+10%
4.	▽ 0	Education	+50%	=0%
5.	Δ 13	Retail	-	+6%
6.	Δ 12	Travel & Tourism	-	+6%
7.	▽ 3	Ads & Marketing	-100%	-2%

(-) No disclosed deals in 2019

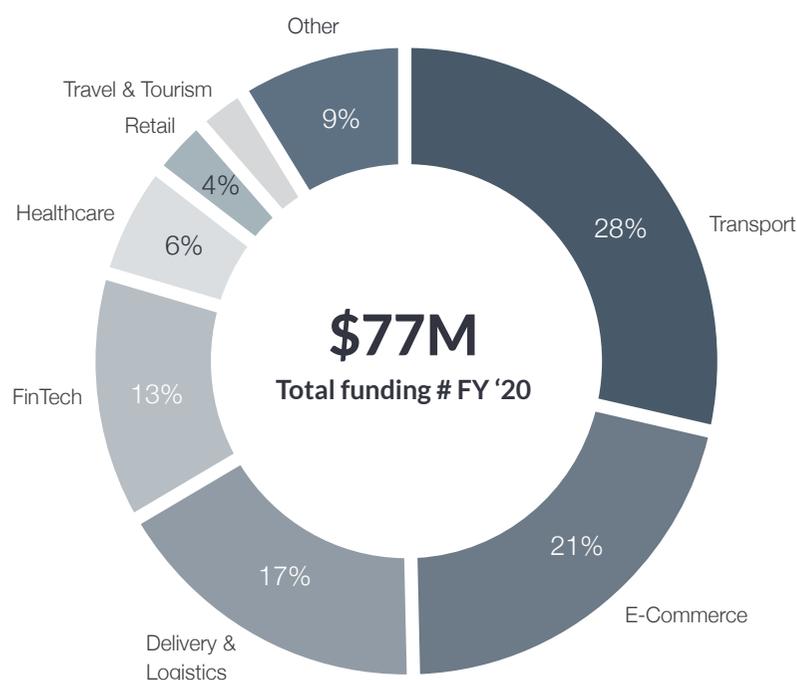


# Pakistan Industry Funding Comparison

In terms of VC funding, Transport, Delivery & Logistics, FinTech as well as E-Commerce trended up in Pakistan, with Healthcare, Retail and Travel & Tourism appearing for the first time in top 7

- Transport's increase in funding was driven in part by Arilift's **\$22M** Series A round
- E-Commerce ventures raised a total of **\$17M**, led by Tajir Pakistan (**\$1.8M**) and Bazaar Technologies (**\$1.3M**)

**Industry % share of total funding in 2020**



**Industry funding comparison FY 19 vs FY 20**

Rank	Rank change	Industry	Absolute YoY change	% Funding Share change
1.	Δ 3	Transport	+440%	+18%
2.	▽ 1	E-Commerce	+34%	-10%
3.	= 0	Delivery & Logistics	+128%	+2%
4.	Δ 1	FinTech	+179%	+4%
5.	Δ 13	Healthcare	-	+6%
6.	Δ 12	Retail	-	+4%
7.	Δ 11	Travel & Tourism	-	+2%

(-) No disclosed deals in 2019



# Pakistan Investor Ranking

A total of **45** investors participated in at least one deal in Pakistan-based startups in 2020 with Karavan being the most active with **6** disclosed deals

- The most active international investors were Shorooq Partners and Y Combinator, participating in **3** deals each
- From a total of **45** active investors, a vast majority (**78%**) participated in one investment in 2020

## # of Deals

## Funding Institutions

**6**  
DEALS



**3-4**  
DEALS



INDUS VALLEY CAPITAL



SARMAYACAR



Y Combinator



**1-2**  
DEALS



# Pakistan Top 5 Funding Rounds

With a total funding of **\$49M**, similar to Turkey (63%) the top 5 deals in Pakistan accounted for 64% of all capital deployed in Pakistani startups in 2020

- Only two out of **48** deals crossed the **\$10M** threshold: Airlift Technologies (**\$22M**) and Bykea (**\$13M**)
- Unlike MENA and Turkey all 5 of the top funding rounds took place in H2 '20

		<u>FUNDING ROUND</u>	<u>STAGE</u>	<u>MONTH</u>	<u>SELECT INVESTORS</u>
1		\$22M	Series A	July	
2		\$13M	Series B	September	
3		\$9M	Series A	December	
4		\$2.6M	Seed	October	Undisclosed
5		\$2.3M	Pre-Seed	October	



05.

# About Us

# ABOUT MAGNiTT

**“Passion Provides Purpose, But Data Drives Decisions”**

MAGNiTT is a platform that empowers decision makers through access to the most comprehensive and accurate data on startups and venture investments across Emerging Venture Markets.

## We help:

- Startups** find the right investors
- Investors** connect with founders
- Sales Managers** identify and contact leads
- Researchers** track investments and trends
- Governments** conduct market research
- Consultants** prepare their presentations
- Marketeers** reach their target audience

## Our Data\*

### STARTUPS

**16,000+**

### INVESTORS & ENABLERS

**3,200+**

### FUNDING ROUNDS

**5,500+**

### EXITS

**175+**

\*As of Dec 2020

## The Team



“Emerging Venture Markets are often under-served from a data perspective. Our solution aims to provide deep, localized, and relevant insights to our stakeholders on the markets that matter to them.”

Philip Bahoshy | MAGNiTT CEO & Founder

## Our Solutions:

### Data Access

Interested in gaining access to the latest and most comprehensive data on the Emerging Venture Market startup space? Track and identify companies, investors and funding rounds using our 4 extensive directories.

### Research Tools

Looking to identify key trends by country, sector or investment habits? Access our repository of 130+ research reports and use 20+ integrated analytics charts to export your data in real time for your presentations.

### Startup Resources

Starting a fundraise? Use our tools for your fundraising lifecycle, from scoping the competition, identifying potential investors, applying to over 100+ Investors using our investment tool and announcing your fundraise through MAGNiTT.

### Marketing Outreach

Looking to get your initiative in front of the people who matter? Access the full strength of our marketing team to support the planning, strategy and execution of your campaigns.

Choose the **right Solution** for you and unlock the **FULL power of MAGNiTT!**

**CLAIM YOUR FREE TRIAL TODAY** 

# MAGNiTT

## Methodology

MAGNiTT's proprietary database and software provides access to data from multiple sources: user-submitted data verified by MAGNiTT, aggregated public information, data engineered by MAGNiTT. All non-engineered data is verified and curated with an extensive manual process for inclusion in its analytic reports.

### PROPRIETARY

Startups and institutions list their proprietary information on funding amount, stage, date, and investors directly onto the MAGNiTT platform. All funding data is validated through a strict process. To ensure comprehensiveness in the data, on a quarterly basis a follow-up with all registered and verified funding institutions on MAGNiTT occurs, requesting details on all their investments, including stage, amount, date, and other co-investors. These include VCs, angel groups, accelerators, university funds and family offices for MAGNiTT's focus geographies

### PUBLIC

We undertake daily gathering of public announcements and press releases on the venture funding landscape across MAGNiTT's focus geographies.

### ENGINEERED DATA

Proprietary algorithms that tap into MAGNiTT's databases are used to create estimates for undisclosed data with factors including but not limited to year of funding, location of startup, stage of investment and the company's industry. This helps portray a more accurate representation of the full picture.

## Data is the foundation of thriving entrepreneurship ecosystems

MAGNiTT encourages you to review the methodology and definitions employed to better understand the numbers presented in this report. If you have any questions about the definitions or methodological principles used, reach out to MAGNiTT directly.

### Below is an outline of the approach and criteria used in MAGNiTT's research analysis

**What is included:** Equity financing into private companies. Funding rounds included must be to VC-backed companies. VC-backed companies are defined as companies that have received funding at any point from: venture capital firms, corporate venture arms, or Angel investors. Where disclosed Angel investments are made at early stage these deals are included once verified.

**Excludes:** It excludes debt or other non-equity funding, lending capital, grants and ICOs.

**Exits:** Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

**Data lags:** The data contained in this report comes directly from MAGNiTT, reported as of January 4th 2021. Data lags are most pronounced at the earliest stages of venture activity. The data aggregated for these rounds during the latest quarter, specifically with seed funding, increases significantly after the end of that quarter.

**Verified Rounds:** To ensure accuracy and confidence in our data, MAGNiTT undertakes a verification process for each funding round based on the following process:

- Direct confirmation with firm or investor
- Validated if there is a 3rd party source for the investment round from credible media sources or press releases.
- Various regulatory filings where applicable
- A round is not verified if added by a startup and has no 3rd party reference

**Country HQ:** In each of our venture reports, the location by which the data is analysed is based on the startup's HQ as chosen and verified by them and reflected on the MAGNiTT platform. When analysing a particular geography, our research does not include:

- Investments in startups from diaspora founders
- Funding for startups who have their main HQ outside of our coverage with only a subsidiary or branch in that country

**Historical changes:** We continue to improve historical data as we further verify our data sets and expand by geography while reaching out to new funding Institutions. Continued improvements in our technology and data operations will lead to more accurate and comprehensive data sets on the platform for our research analysis.

- ▶ All underlying data from the report is available online via [magnitt.com/funding-rounds](https://magnitt.com/funding-rounds). For more info please visit [magnitt.com](https://magnitt.com) or contact [support@magnitt.com](mailto:support@magnitt.com)
- ▶ If you feel your firm has been underrepresented, please send an email to [support@magnitt.com](mailto:support@magnitt.com) and we can work together to ensure your firm's investment is data up-to-date

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