

2022 MENA

# Venture Debt

Investment Report

MAGNiTT report, powered by  
**SHUAA Capital**

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*"Whilst equity capital continues to play a key role, venture debt is becoming an increasingly important component of the capital stack for founders looking to fund growth."*

**"Despite operating against a backdrop of increasing global macroeconomic headwinds, the start-up ecosystem across MENA continues to attract both international and regional investors. In 2022 to date, the VC market deployed USD 3.1 billion in funding across 575 deals, compared with USD 2.9 billion across 675 deals in 2021. Whilst equity capital continues to play a key role, venture debt is becoming an increasingly important component of the capital stack for founders looking to fund growth."**

Globally, markets continue to tackle high levels of inflation, as supply chains are further disrupted by geo-political tensions, with key economies turning their focus to policies of aggressive interest rate rises. The ripple effect on valuations within the Venture Capital space has been significant, forcing founders to materially dilute their shareholdings in order to raise equity capital. As such, entrepreneurs have been turning their attention to alternative sources of non-dilutive capital to support the growth of their businesses. In addition

to venture debt can also offer a flexible solution to growth funding due to its versatility with respect to duration and terms. It has therefore become a crucial part of the startup's funding journey and we expect this trend to continue over the foreseeable future.

This report highlights the role venture debt has played in MENA over the past five years and the support it has provided to start-ups operating in the region. We break down the fundraising achieved by country and industry, as well as summarise the key takeaways from the ecosystem. As the VC market continues to mature in MENA, we expect founders will increasingly look towards venture debt as a strategic tool to fuel growth, which will further contribute to the sustainability of the start-up environment and the broader prospects of the region.

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**Natasha Hannoun**  
Head of Debt at SHUAA Capital





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# Ecosystem Insights



**Michael Truschler**

CEO and Co-Founder,  
Flexxpay

“ Venture debt is suitable for companies that have raised several rounds of equity, are on a strong growth trajectory and want to reduce their average cost of the capital to fund operations. It is typically used to extend your runway or to achieve certain milestones. Venture debt models exist with and without warrants.



**Talal Bayaa**

CEO and Co-Founder,  
Bayzat

“ As our business matured, venture debt became an attractive funding option for us. Not only is it non-dilutive, but working with experienced partners with a good track record also meant that the process of raising venture debt was more efficient and much faster than raising an equity round.



**Philip Johnston**

Co-CEO and Co-Founder,  
Opontia

“ Venture debt was a great choice as a funding vehicle for Opontia as it allowed us access to growth capital but without the typical dilution.



**Khaled Talhouni**

Founder & Managing Partner,  
Nuwa Capital

“As the startup funding ecosystem develops and matures in the region, so should the funding solutions available for startups. Availability of private credit and/or venture debt is critical to the development of efficient capital solutions for early stage companies to grow. As equity funding for MENA startups went from c. \$800M in 2019 to \$2.6B in 2021, venture debt should naturally follow suit and grow in line with the growth of equity funding and reach a roughly 1:3 ratio to equity as it is in other more developed markets.



**David Hayers**

Head of Venture Debt,  
Hambro Perks

“As venture debt is accretive to, rather than a replacement for, venture capital, venture debt engenders an increase in capital to companies at a critical time in their development. Not only does the presence of venture debt indicate a degree of capital sophistication in a market but it also helps create a thriving business angel network. This is because venture debt enables founders to fund the growth of their businesses whilst not suffering equity dilution.



**Nathan Kwon**

Principal & Korea Head,  
Shorooq Partners

“Availability of diverse financing options comprises a key piece in our ecosystem's continued maturity. From the founders' perspective, venture debt offers non-dilutive capital to reach that next growth milestone for a strong priced round. For the investors, the instrument's fast distribution cycle and additional downside protection make for an attractive way to diversify their portfolios.



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## Executive Summary



## VENTURE DEBT FUNDING REACHED A RECORD LEVEL IN 2021

Venture debt funding in 2021 stood at 18x its 2020 levels, highlighting an increased interest in debt capital as a funding tool.



## THE UAE ACCOUNTED FOR 50% OF TOTAL VENTURE DEBT FUNDING BETWEEN 2018 AND 2022

In 2021, venture debt funding in the UAE reached \$269M across 16 deals accounting for nearly half the venture debt funding and number of deals reported between 2018 and 2022 in the region.



## FINTECH WAS THE LEADING INDUSTRY FOR VENTURE DEBT FUNDING BETWEEN 2018 AND 2022

FinTech accounted for 61% of total funding and 33% of the total number of deals between 2018 and 2022.



## 2022 SAW THE FIRST VENTURE DEBT FUNDING MEGA DEAL

UAE-based Tabby raised \$100M in venture debt in 2022, becoming the first startup to close a MEGA deal with venture debt.



## TOP 5 DEALS ACCOUNTED FOR AROUND 50% OF TOTAL VENTURE DEBT FUNDING BETWEEN 2018 AND 2022

The top five venture debt deals closed by Tabby, TruKKer, Pure Harvest and STARZPLAY accounted for \$275M, half of the venture debt reported between 2018 and 2022 across only 15% of the total deals.



## 26 INVESTORS BACKED VENTURE DEBT DEALS CLOSED BETWEEN 2018 AND 2022

Beyond Capital, Partners for Growth and Contact Financial Holding participated in at least three venture debt deals each between 2018 and 2022.





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## Funding Evolution

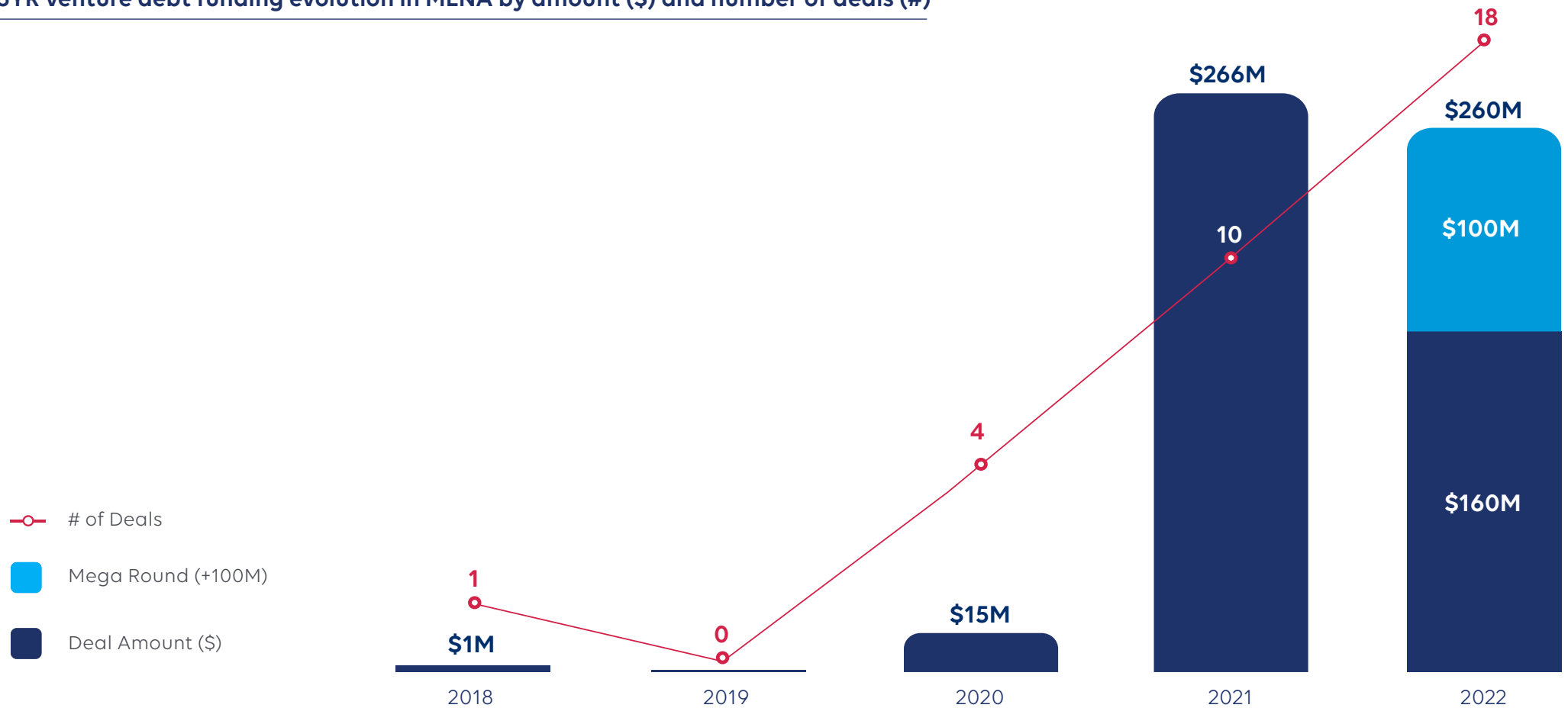
# VENTURE DEBT FUNDING EVOLUTION | 2018-2022

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Interest in venture debt funding was heightened in 2021 and 2022.

- 2021 was the best performing year for venture debt funding with \$266M raised, around 49% of total funding reported between 2018 and 2022.
- 2022 was on track to achieve the same levels as 2021, across more transactions. This implied a reduction in average transaction size from \$26.6M in 2021 to \$14.4M in 2022.

## 5YR venture debt funding evolution in MENA by amount (\$) and number of deals (#)





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## Country Breakdown

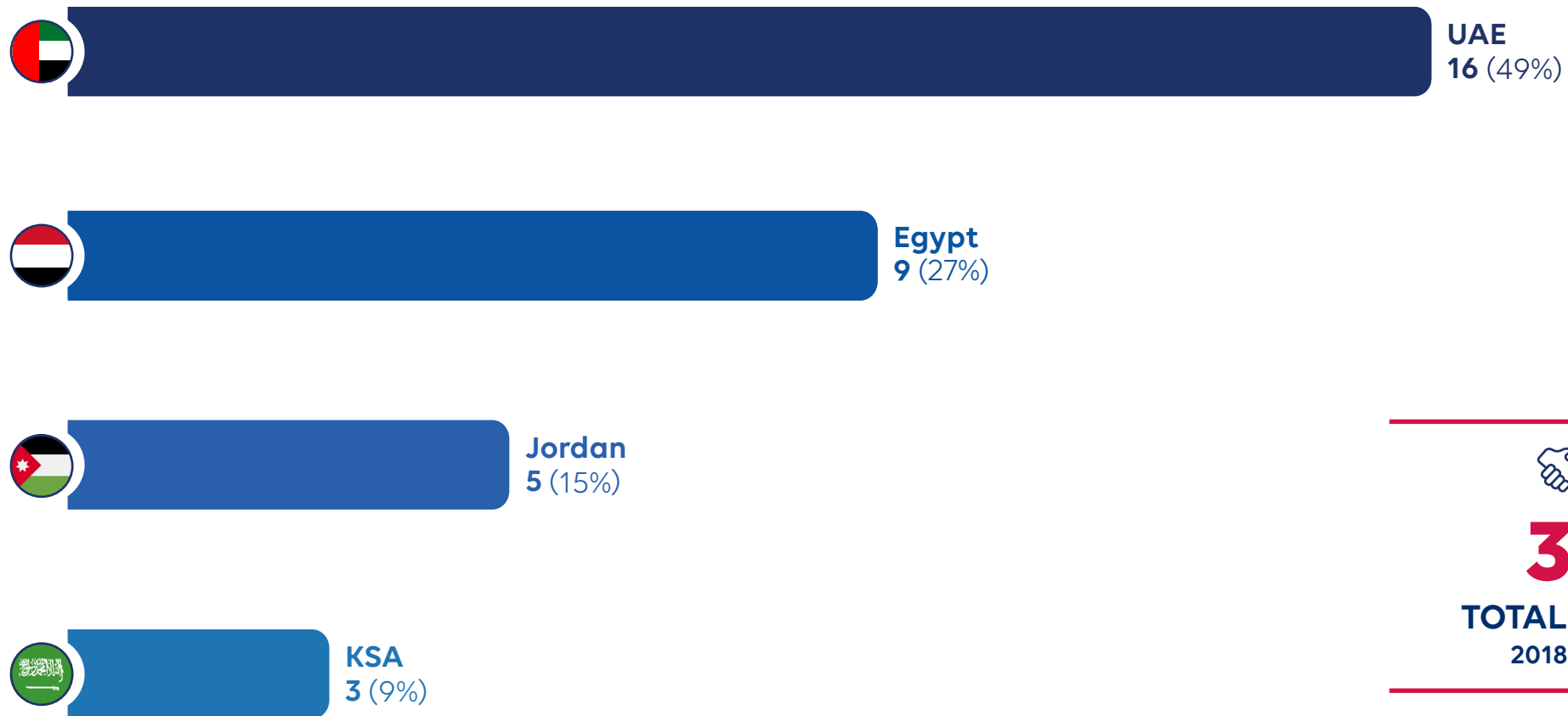
# VENTURE DEBT FUNDING MENA COUNTRY COMPARISON | BY DEALS

5

Venture debt deals in the MENA region were concentrated across the top four countries.

- UAE-based startups closed 16 venture debt deals between 2018 and 2022, taking over a share of 49%. One of those deals, Pure Harvest Smart Farms' \$50M deal, was led up by SHUAA Capital.
- Average transaction size reported its highest level in KSA with \$51.7M, while the lowest was reported in Jordan with \$5.8M.

## Top countries by number of deals (#) in MENA in 2018-2022





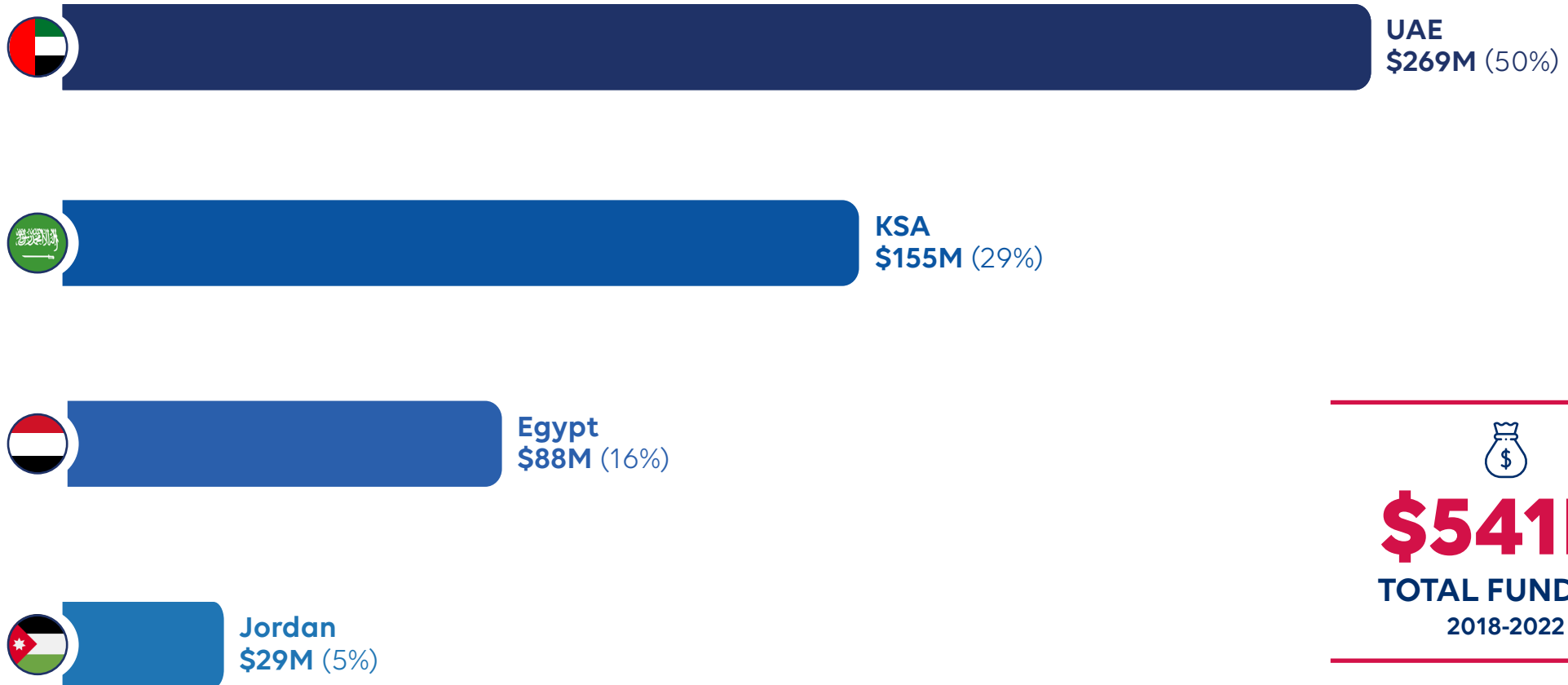
# VENTURE DEBT FUNDING MENA COUNTRY COMPARISON | BY FUNDING

5

The UAE was the most funded market through venture debt with a share of 50% of total venture debt funding between 2018 and 2022.

- With 37% of its total funding coming from a single MEGA deal, UAE still managed to top other countries in venture debt funding even after removing the MEGA deal impact.
- Saudi Arabia ranked second in funding, accounting for a share of 29% of total funding with only three deals.

## Top countries by total value of venture debt funding (\$) in MENA in 2018-2022





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# Industry Breakdown

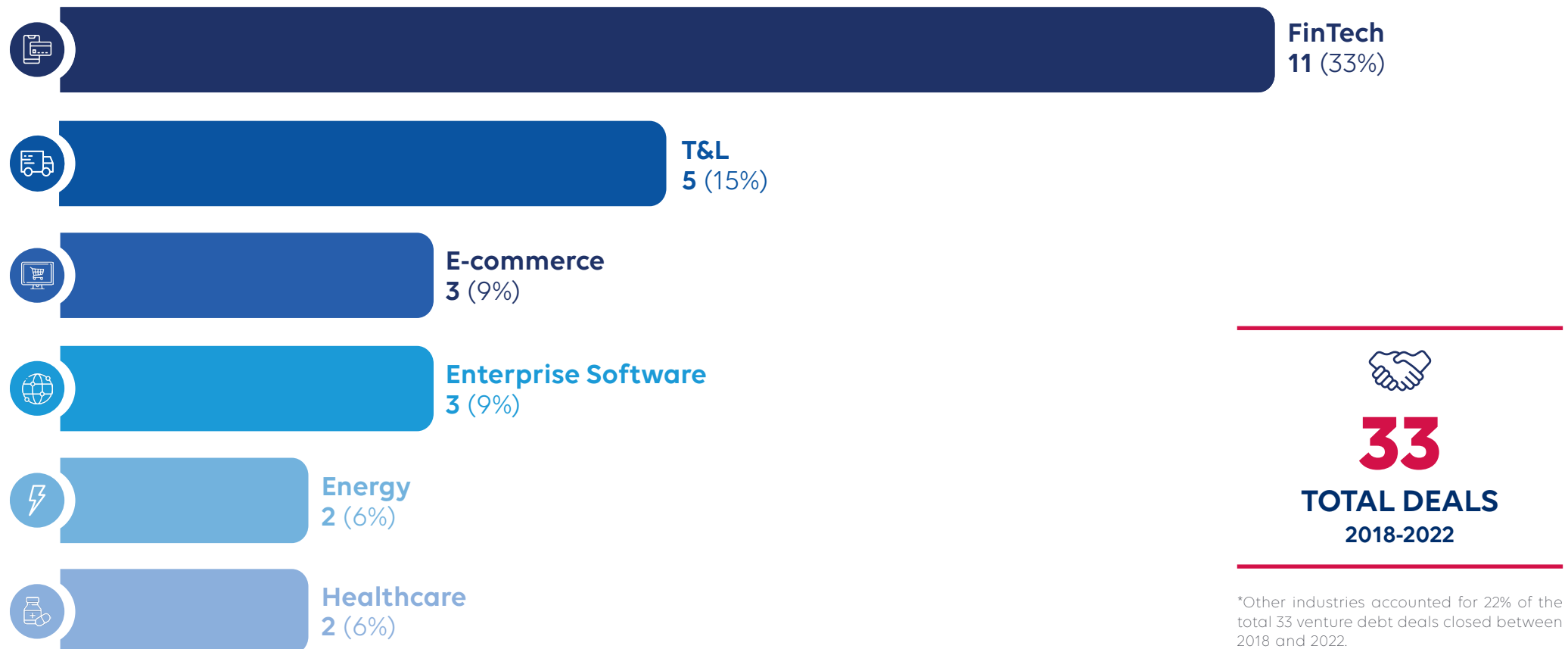
# VENTURE DEBT FUNDING MENA INDUSTRY COMPARISON | BY DEALS

6

FinTech was the industry of choice for venture debt between 2018 and 2022 by number of deals, whilst Energy and Healthcare made it to the top five.

- Similar to the general trend in MENA, FinTech ranked first by venture debt deals in 2018-2022 with deals accounting for 33% of total deals.
- With venture debt funding remaining relatively nascent to the region, Energy and Healthcare ranked among the top five with only two deals each.

## Top Industries by number of deals (#) in MENA in 2018-2022\*



# VENTURE DEBT FUNDING MENA INDUSTRY COMPARISON | BY FUNDING

6

FinTech startups raised 61% of all venture debt invested between 2018 and 2022.

- FinTech, Transport & Logistics and E-Commerce remain industries of choice, however, Agriculture paved its way to the top three following \$50M venture debt deal closed by Pure Harvest Smart Farms and to which SHUAA Capital and Shorooq Partners were investors.
- STARZPLAY's \$25M deal which came as one of the top five venture debt deals closed between 2018 and 2022 drove Media & Entertainment to the top five industries by venture debt funding.

## Top industries by total value of venture debt funding (\$) in MENA in 2018-2022







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# Top Funding Rounds

# MENA'S TOP 5 VENTURE DEBT FUNDING ROUNDS | 2018-2022

7

51% of the venture capital funding deployed between 2018 and 2022 was concentrated in the top five deals.

- The \$100M Mega Deal closed by Tabby drove 19% of the venture debt raised in the MENA region between 2018 and 2022.
- While the top five largest venture debt funding rounds in the MENA region were above \$20M, the average round size stood at nearly \$16M.

		Amount Raised	Funding Stage	Year Raised	Industry	Country
1		\$100M	Undisclosed	2022	FinTech	UAE
2		\$50M	Series B	2022	T&L	KSA
3		\$50M	Undisclosed	2021	FinTech	UAE
4		\$50M	Bridge	2021	Agriculture	UAE
5		\$25M	Undisclosed	2021	Media & Entertainment	UAE

# MENA-BASED VENTURE DEBT FUNDED STARTUPS | 2018-2022

7

actera**group**

**AUGUSTUS**  
media

*Amina's*  
NATURAL SKIN CARE ®

**BAYZAT**

بلنك  
**blnk**

**Carzami**

cashew

**eon**  
aligner

**FlexxPay**

kamā

**KarmSolar**  
كرم للطاقة الشمسية

خزنة  
**KHAZNA**

**WVA**

**ONEORDER**

**Opontia**

**pawame**

**postpay**

**Pure**  
HARVEST  
SMART FARMS

**PYLON**

**Quiqup**

**retailo**

**Sehteq**

**STARZPLAY**

**tabby**

**tamara**

**trella**

**TRUKKER**

**UDENZ**

# MENA'S MOST ACTIVE INVESTORS IN VENTURE DEBT FUNDING | 2018-2022

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As the interest in venture debt funding reported a rise over the past two years, the number of investors touched 26.

- The share of international (Non-MENA) investors increased from 20% in 2021 to 47% in 2022. This reflects the rising interest in venture debt as a method of financing.
- Beyond Capital, Partners for Growth and Contact Financial Holding represented some of the most common venture debt contributors over the period.

## Investors by number of venture debt investments in MENA in 2018-2022

6

DEALS

**PFG** | PARTNERS  
for GROWTH

2-3

DEALS

 **beyond**  
capital

**Contact**

lendable

 **SHUAA**

 **ATALAYA**

 **بنك الاتحاد**  
Bank al Etihad



**capital**  
bank

 **checkout.com**

 **بنك دبي التجاري**  
Commercial Bank of Dubai

**DFC** | U.S. International  
Development  
Finance Corporation

1

DEAL



 **البنك الأردني الكويتي**  
JORDAN KUWAIT BANK  
"More than just a bank"

 **المشرق**  
mashreq



**MARS**  
MARS CAPITAL

 **PROPARCO**  
GROUPE AFD

 **QNB**  
AL AHLI

**Ruya Partners**

**SHOROCQ**  
PARTNERS



**ALMA**





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**About  
SHUAA**

# ABOUT SHUAA

SHUAA Capital is a leading asset management and investment banking platform



## 42 Years

of creating value and delivering sustainable



## Strong Network

facilitating deal flow between key markets



## Supported

by healthy balance sheet and solid fundamentals

## Segment Offering

### Asset Management

#### Public Markets

Publicly listed securities investments and funds

#### Private Markets

Private equity investments and funds

#### Real Estate

Vertically and horizontally integrated platform across the value chain

#### Debt

Specialist platform focused on private debt and

### Investment Banking

#### Advisory

Strategic advisory services and capital market solutions

#### Markets

Sales & trading platform primarily focused on FICC

#### Investment Management

Global execution, brokerage and custody services

### Products & Offerings

#### Open-Ended Funds

#### Bespoke Discretionary

#### Portfolios

#### Closed-Ended Funds

#### Alternative Debt & Financing

#### Investment Management & Custody Services

#### M&A Advisory Services

#### Direct & Co-Investments Capital

#### Market Offerings

## Investment Philosophy



Value creation forms the foundation of our investment philosophy



Our opportunistic approach maximizes focus on optimal risk-adjusted returns



Alignment of interest through complete transparency and trust

# ABOUT SHUAA

## Investment Banking

We pride ourselves on our innovative approach to structuring solutions for complex situations and above all the quality of work we deliver. We operate as an integrated investment bank across our advisory and capital markets platform which allows us to respond to factors affecting value and funding risks for our clients.

### Advisory

Full range of advisory services to financial sponsors, corporate institutions and family offices covering MA, restructuring and capital markets.

### Markets (Sales & Trading)

Equities and fixed income trading desk providing access to international and Middle East markets as well as access to market commentary and analysis.

### Investment Management

Regulated platform allowing clients to consolidate all their regional and international investments under one account to trade seamlessly across multiple markets and asset classes.

## Debt Investments

Our Debt platform provides alternative finance solutions across multiple private debt strategies and sectors to regional corporates and asset owners through our Shari'a compliant funds and discretionary mandates.

### Real Estate & Asset Backed Lending

Capital solutions for performing and distressed real estate companies and projects, both under construction and completed.

### Venture Debt

Non-dilutive capital, tailor-made for founders looking to fuel expansion and scale-up in the GCC region.

### Alternative Lending

Solutions for borrowers undergoing turnaround situations, in need of capital for expansion or experiencing financial distress; including secondary loan purchases from financial institutions and banks.

## Public & Private Markets

Our platform provides several solutions (such as funds, co-investment vehicles and discretionary portfolios) for investing in public and private markets with a value investing framework and a focus on special situations investing.

### Public Markets

Differentiated and unique investments in public equities and debt in UAE, GCC and global markets via our managed funds and discretionary portfolios.

### Private Markets

Investments in private companies across venture, growth, buyout, special situations and credit.

### Crossover Strategies

A blend of public and private market investment opportunities through our permanent capital vehicles that deploy long term patient capital in strong cash flow generating and often relatively less-liquid investments.

## Recent Transactions



Listing on Nasdaq via a SPAC merger  
**USD \$258M**  
February 2022



Debt Buyout and de-listing  
**USD \$1,170M**  
January 2021



Reverse merger with Pal Cooling  
**USD \$700M**  
May 2019



Senior secured Sukuk listed on LSE  
**USD \$300M**  
January 2022



Senior secured Sukuk listed on LSE  
**USD \$135M**  
August 2019



Sukuk offering unsecured notes  
**USD \$135M**  
November 2018

## Select Portfolio



## Select Portfolio





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**About  
MAGNiTT**



# ABOUT MAGNITT

## The number one platform for verified venture capital data in the Middle East, Africa, Pakistan, and Turkey

MAGNiTT, an enterprise **SaaS solution provider** headquartered in the Dubai International Financial Centre (DIFC), is the number one source of verified investor, start-up, and funding data in the Middle East, Africa, Pakistan, and Turkey (MEAPT)



MAGNiTT's software helps its subscribers identify the right investment opportunities through its 32,000-strong database, allowing you to conduct market research, identify leads, and create impactful data-led presentations.



MAGNiTT aids decision-making by providing real-time dashboards allowing subscribers to generate in-depth reports, track and monitor trends, and identify business critical insights within the venture capital industry.



MAGNiTT has become the region's largest source of venture capital data and analytics and is the reference for worldwide media, including The Wall Street Journal, Bloomberg, World Economic Forum, The Financial Times, Al Arabiya, and The National.



Organisations including big tech, investors, governments, and consulting firms rely on MAGNiTT every day to inform their venture capital decisions and increase their competitive advantage.

[Contact Us](#) get access to more insights and speak to our team for a demo

### MAGNiTT 's Data

25,000  
Startups

7,000  
Investment Firms

10,000  
Funding Rounds

6,700  
Founders

600  
Exits

2,000  
Investors

### We Are The Reference For

العربية  
alarabiya

Gulf Business

Bloomberg

CNN

Entrepreneur

crunchbase news

The  
National

Khaleej Times

+wamda

WORLD  
ECONOMIC  
FORUM

ARAB NEWS

TC  
TechCrunch

TECHINASIA

THE WALL STREET JOURNAL  
WSJ

FT  
FINANCIAL  
TIMES



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## 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 process for inclusion in its analytic reports.

## Data is the foundation of thriving entrepreneurship ecosystems.

### Proprietary

Startups and institutions list their proprietary information on their funding amount, stage, date, and investors directly onto the MAGNiTT platform. All funding data is validated through a rigorous process. To ensure comprehensiveness in the data, on a quarterly basis a follow-up with verified funding institutions on MAGNiTT occurs, requesting details on all their investments, including stage, amount, date, and other co-investors. This includes, and is not limited to, VCs, CVCs, angel groups, accelerators, university funds and family offices for MAGNiTT's focus geographies.

### Public

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

### Engineering Data

Where information is incomplete or undisclosed, proprietary algorithms that tap into MAGNiTT's databases are used to create estimates for undisclosed data with factors including but not limited to the year of funding, location of the startup, stage of investment and the company's industry.

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, accelerator programmes, or Angel investors. Where disclosed Angel investments are made at early stages these deals are included once verified.

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

**Exits:** M&A and IPOs are treated as exits: excluded from funding data but included in exit data. Exit types that are excluded from this report are buyouts and secondary rounds.

**Transaction date:** Where provided the date of the transaction is based on the closing date of the round. Where this is unavailable, it is recorded as the announced date per public record.

**Data lags:** The data contained in this report comes directly from MAGNiTT, reported as of **January 2nd 2023**. 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 the funding institution 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 it has none of the above 3rd party reference

**Country HQ:** In each of our venture reports, the location for which the data analysis is based on the startup's HQ as chosen and verified by the startup 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

**Primary Industry:** In each of our venture reports, the industry by which the data is analysed is based on the startup's Primary Industry (main operational focus) as chosen and verified by the startup and reflected on the MAGNiTT platform. When analysing a particular industry, our research does not include:

- Startups whose secondary focus is that industry

**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 [data@magnitt.com](mailto:data@magnitt.com) and we can work together to ensure your firm's investment data is up to date



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