



Tech - Start Up Investments Round Up

Tracking the funding space in MENA
Region

Q1 2022

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May , 2022

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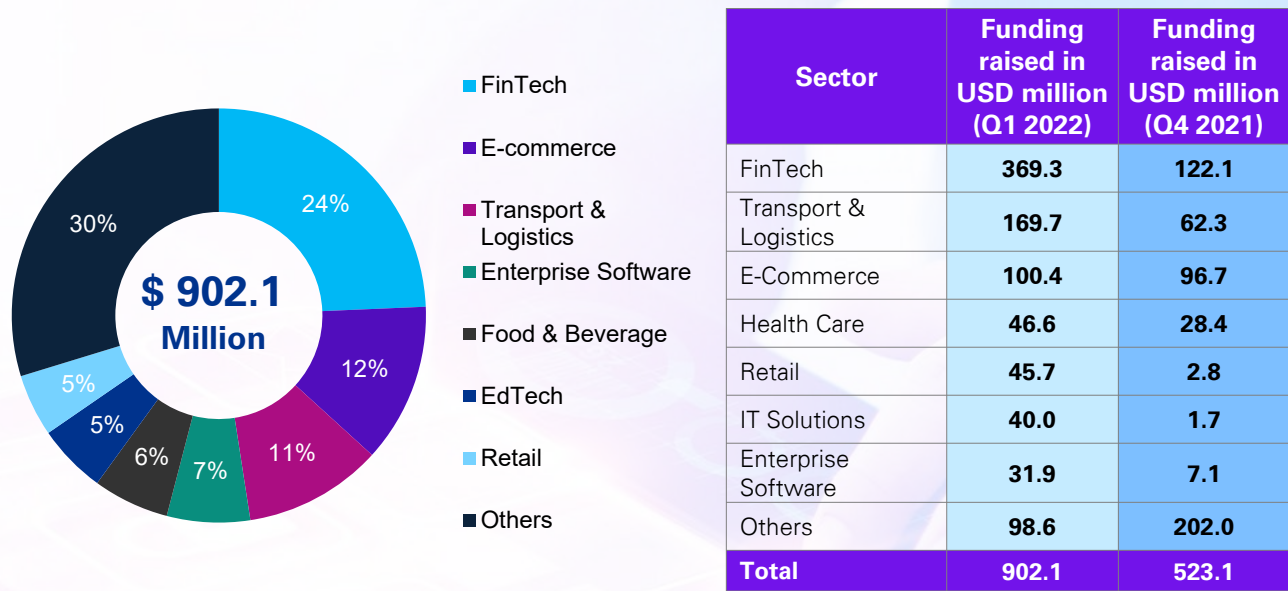
Overview of Tech – Startup Investments in MENA region



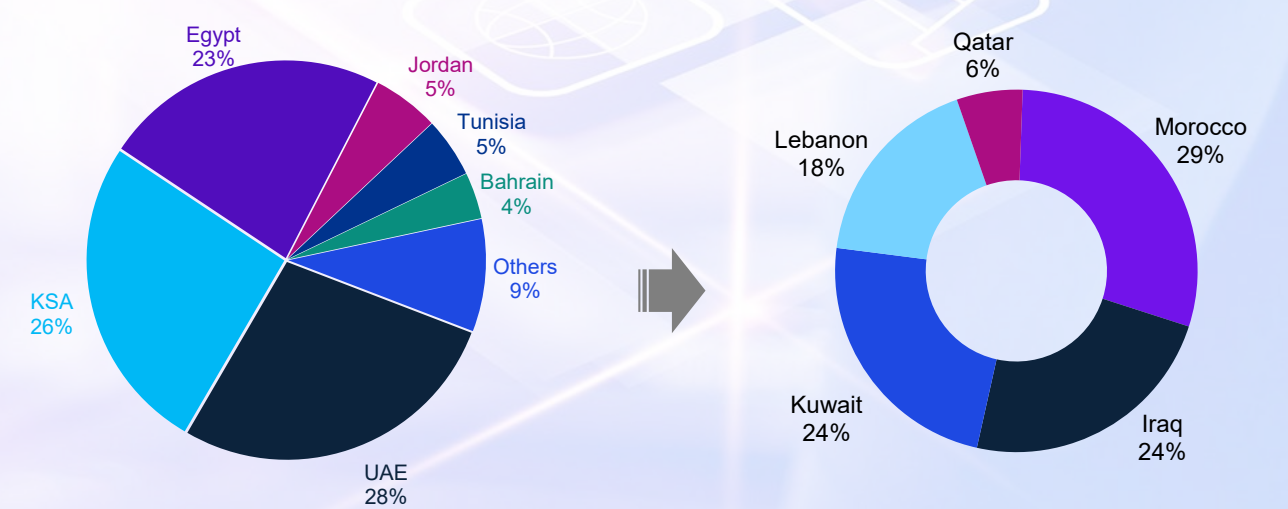
Tech – Startup Investments in the region – Q1 2022

Funding Snapshot

Sector wise distribution of funding raised in the region during Q1 2022



Country wise distribution of funding raised in the region during Q1 2022



Source: Magnitt, KPMG Research
1 Region refers to MENA
MENA region consists of GCC countries such as Qatar, Saudi Arabia, United Arab Emirates, Kuwait, Oman and Bahrain along with Egypt, Lebanon, Tunisia, Morocco, Jordan and Iraq. Funding refers to deal announcements in technology – start up space in the defined region.

Top startup investments in the region ¹

#	Start Up	Sector	Country	Amount and Funding Stage	Investors
1	Spendwisor	FinTech	Qatar	\$35 million, Committed Debt Financing round	Gem Global yields (GEM)
2	Rain	FinTech	Bahrain	\$ 110 million, Series B	Global Founders Capital, Kleiner Perkins, Coinbase, Paradigm, Cadenza Capital Management, Middle East Venture Partners (MEVP), CMT Digital Ventures, JIMCO (Jameel Investment Management Co.)
3	TruKKer	Transport & Logistics	UAE	\$96 million, Series B	Mars Growth Capital, Partners for Growth, ADO, STV, Mubadala Ventures, Shorooq Partners, Riyadh Taqnia Fund (RTF)
4	Tabby	FinTech	UAE	\$54 million, Series B	STV, Sequoia Capital India, Arbor Ventures, Mubadala Ventures, Global Founders Capital
5	Nana	E-Commerce	KSA	\$50 million, Undisclosed	FIM Partners, STV, Quencia Capital, Faith Capital, Jahez, Impact 46, Sunbulah Group, Middle East Venture Partners (MEVP).
6	Altibbi.com	Health Care	UAE	\$44 million, Series B	Foundation Holdings, Hikma Ventures, Global Ventures, DASH Ventures
7	Master Works	IT Solutions	KSA	\$40 million, Series A	Merak Capital
8	Lean Technologies	FinTech	KSA	\$33 million, Series A	Shorooq Partners, Outliers Venture Capital, JIMCO (Jameel Investment Management Co.), Raed Ventures, Sequoia Capital, Liberty City Ventures

Source: Magnitt, KPMG Research

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Top startup investments in the region¹

#	Start Up	Sector	Country	Amount and Funding Stage	Investors
9	Retailo Technologies	Retail	KSA	\$29 million, Series A	Graphene Ventures, 500 Global, Tech Invest Com, Mentors Fund, Shorooq Partners, Abercross Holdings, Arzan VC, AgFunder, Agility Ventures
10	Brimore	E-Commerce	Egypt	\$25 million, Series A	IFC - International Finance Corporation, Endure Capital, Fawry, Flourish Ventures, Endeavor Catalyst, Algebra Ventures, Disruptech, Khwarizmi Ventures, Vision Ventures

“The MENA region start-ups continue to attract global and regional investors as the region welcomed noticeable funding to define its fast-growing start up ecosystem in 2022.

The region has raised \$902 million in the first quarter of 2022, which has increased by 72% as compared to the previous quarter (Q4 2022) with 185 transactions. The Fintech, Transport & Logistics and Ecommerce sector continue to receive robust interest from investors which collectively accounted for almost 71% in terms of funding amount in Q1 2022.”



Nizar Hneini
Partner, Advisory
Head of Digital and Innovation
KPMG in Qatar

Source: Magnitt, KPMG Research

¹ Region refers to MENA

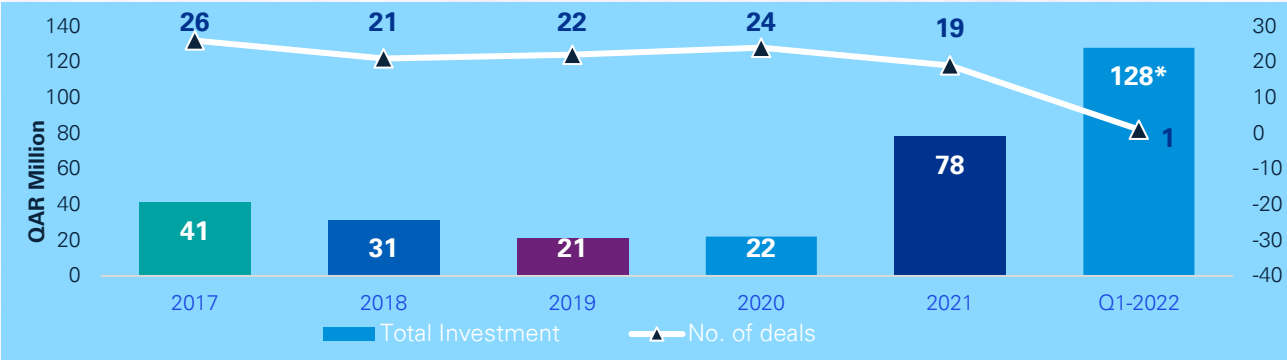
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A look at Qatar's Startup Ecosystem



Qatar Focus

Qatar tech-start up investments snapshot (2017 – Q12022)



It is debt commitment of ~USD 35(QAR 128mn).

Qatar tech-start up investments snapshot in YTD Q1-2022*



“ Qatar has witnessed one the biggest deals during this quarter with the mobile payment fintech startup, Spendwisor securing debt commitment of ~USD 35 from Gem Global Yields Company (GEM), which will support its ambitious future plans. The funding was an increase to its existing facility, which reflects investor trust in the company. ”

Karthik Jagadeesan
Associate Director,
Advisory
KPMG Qatar

Top 5 tech-start up deals in Qatar (YTD Q1-2022)

Rank	Company	Industry	Deal Amount	Deal Type	Lead Investor
1	Spendwisor	Fintech	\$ 85 million (QAR 310 million)	Debt Financing	Led by Gem Global Yields (GEM)
2	Snoonu	Delivery Services	\$5 million, (QAR 18.2 million)	Series A	Led by its strategic partner Qatar Development Bank (QDB) with participation from multiple investors.
3	Else Labs Inc	Food & Beverages	\$3 million, (QAR 10.9 million)	Series A	Undisclosed.
4	SkipCash	FinTech	\$1.92 million (QAR 7 million)	Seed	Funding was led by a group of private Qatari investors.
5	E-butler	Home Services	\$1.5 million (QAR 5.5 million)	Pre-series A	Undisclosed

Source: Magnitt, KPMG Research

Startup in focus

Because of the high smartphone penetration and high proportion of youth in Qatar, contactless payments were a developing trend even before the pandemic. However, since the pandemic, every industry has to adopt a digital-first approach as customers prioritize COVID-19 safety measures. In just a few months, the crisis drove the contactless payment options to become a popular alternative to cash.

One of the mobile payment app, Spendwisor aims to revolutionize the retail industry through digital transformation and reshape the retail environment through innovative business-to-customer marketing. In this edition, we get candid with Mr. Safarudheen Farooq, Co-Founder and CEO – Spendwisor

“ We are creating a Tesla moment in the Fintech industry by providing a single digital platform for retailers to accept payments and run marketing campaigns using the payment data, thus turning the payment platform into a powerful digital marketing media to reach the customers directly.¹ ”



Safarudheen Farook
Co-Founder and CEO,
Spendwisor

what is Spendwisor? What do you do?

Spendwisor is a Fintech (Financial Technology) and SaaS (Software as a Service) company. As a Fintech, we operate as PayFac (Payment facilitator) and merchant aggregator. Being a PayFac/merchant aggregator company, we allow all sorts of merchants, especially MSMEs, to accept card payments (credit/debit) using our digital infrastructure and mobile applications (mobile wallet and mobile POS). It's an alternative to the traditional merchant service provider.

As a SaaS company, we provide an innovative loyalty program as a service to all our merchants. Our multi-tenant loyalty program as a service built into our mobile POS platform helps all our merchants run personalized loyalty programs to engage and retain their customers without investing in a stand-alone software, reducing the overall cost of running loyalty programs.

1. Source: Wamda Article
Interview with Mr. Safarudheen Farooq

What Problem you are trying to solve with Spendwiser Platform?

Two industry-wide problems that we are trying to address through the Spendwiser platform:

- Non-targeted marketing fees and misaligned incentive programs run by the retail industry do not get them to meet the desired customers acquisition and retention objectives.
- MSME (micro-small-medium enterprises) in the MENA region is still predominantly cash-driven and secluded from the mainstream financial ecosystem (30m+ untapped merchants)

How is Spendwiser different than all the other App startup companies out there today?

Flipping the script on digital marketing, Spendwiser converts 100% of marketing money to sales. We are the only payment service provider in the ME region to combine,

- An innovative payment platform (digital wallet with a mobile PoS solution) with
- A sticky loyalty program (loyalty program as a service) and
- A customer-centric marketing platform for merchants to Market Now Pay later (MNPL) with 100% marketing to sales conversion.
- Additional features to be launched include a loyalty points exchange platform, B2B commerce marketplace, etc.

How is the competitive space for a business like yours in Qatar and in the wider region ?

The fintech space in Qatar is competitive, but a mass consumer adaption to a particular fintech brand has not occurred yet. As a result, there is a massive gap in the market in providing the right value proposition by competitors that triggers mass adaption. We aim to close this gap by creating an ecosystem for the retailer to become optimally efficient, where customers save money and businesses are profitable.

In the MENA region, 80% of the retail transactions are still happening in cash, which is a massive opportunity to convert those cash payments into digital payments. Since the market opportunity is humongous, multiple players can co-exist and serve particular segments.

Can you tell us a bit about Qatar's regulations and support for the fintech sector?

Qatar's national Fintech strategy and the new Payment Service Provider (PSP) license by Qatar Central Bank (QCB) helped facilitate the setup and growth of local FinTech's. In addition, it provided a favorable business environment to launch and grow in Qatar.

What is the biggest challenge you face in Qatar and what could be done to address such challenges?

A positive and vibrant Venture capital (VC) ecosystem is still missing in Qatar; the well knows VC brands across the globe had a very minimal engagement in the Qatar market. The small market size might be one factor for their absence, which is an obstacle for fintech to obtain the initial and growth capital required to create a positive impact. Fintechs, in particular, need heavy funding from the early stages to make a massive impact in the market.

A collaborative effort from all the stakeholders in the startup ecosystem is required to attract and create a vibrant VC ecosystem.

Congratulations on your latest fund raise of US\$ 35 million from GEM ? Can you please tell us more about how do you intend to utilize such funding

With the additional \$35 Million funding in the Shares Subscription Facility from Global emerging markets, our anchor investors will help us to fuel our expansion plans to Turkey, Tunisia, and Kuwait.

A guide to growing your business



A guide to growing your business - Choosing a Legal Structure



An appropriate legal structure provides an important foundation for your startup.

Choosing the most appropriate legal structure is an important decision that establishes a foundation to support the company's growth and operational effectiveness as it matures.

In addition to limiting potential liability and helping you develop appropriate tax strategies, the right legal structure can help your company safeguard its intellectual property, attract outside investors, and reduce potential disputes as your venture moves through later stages of its lifecycle.

There are different types of legal structures, each offering distinct advantages and potential drawbacks to growth stage companies. Evaluating your options carefully is important because it's easier and more cost-effective to make the correct choice early, instead of revising your legal structure later.

Given the potential challenges of making the best choice, and the importance your legal structure can play in your company's success, it's important to obtain appropriate legal, financial, and tax advice about your options.

Choosing a Legal Structure

Company structures – One of the first decisions startups have to make is the appropriate corporate structure. Creating your company as an independent entity can help founders shield their personal assets from potential liability claims, protect intellectual property, and provide tax benefits.

To form a company, consider following steps

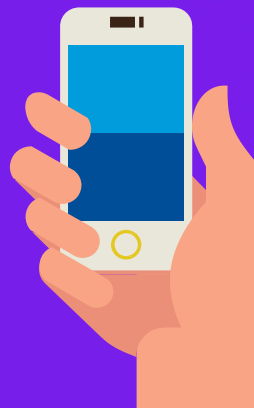
1	Decide whether a limited liability company (LLC) or corporation is best suited for your company. Angel investors and VCs generally prefer to invest in corporations, but there may be advantages to forming an LLC in some circumstances.
2	Review tax considerations with a professional adviser. In broad terms, corporate taxes are due at the entity and shareholder levels, while an LLC may choose to pass taxes through to its owners.
3	Conduct trademark and registration searches to be sure your desired company name is not being used by an organization offering similar products or services.
4	Enlist an attorney to help with the incorporation requirements and related documentation that will need to be filed with the state in which you incorporate (which may not necessarily be the location where your company is based).
5	Work with your advisers to determine whether, and how, equity will be offered to employees.
6	Consider your growth plans and exit strategy, and discuss with your advisers whether those factors can affect your initial legal structure decisions.

Source: KPMG

Trending stories

Tech startups

- 1. Qatar is witnessing sharp rise in number of startups and investments. Investors are showing huge interest in such startups as technology-based businesses are growing.** Founder Institute (FI) organized a webinar entitled '**Startup Funding in Qatar with Doha Tech Angels: How to Raise Money**' which shed light on startup funding in Qatar.
- 2. Qatar Investment Authority invests in Checkout.com's \$1 billion Series D round** Qatar Investment Authority (QIA) has contributed to the \$1 billion Series D round raised by Checkout.com at a valuation of \$40 billion. Checkout.com offers a full-stack online platform that simplifies payments processes for global enterprise merchants.
- 3. Tabby raises \$54 million from Sequoia Capital India and STV** UAE-based buy now pay later (BNPL) tabby, has raised \$54 million led by Sequoia Capital India and STV, with additional participation from existing investors Arbor Ventures, Mubadala Investment Capital and Global Founders Capital (GFC).
- 4. Saudi Sary expands to Pakistan with investment in B2B e-commerce Jugnu** Saudi Arabia-based e-commerce platform Sary, has expanded to Pakistan, by leading the investment round in Pakistan-based B2B e-commerce platform Jugnu's \$22.5 million Series A round.
- 5. SWVL debuts on Nasdaq, sets initial offer price at \$9.95 per share** UAE-based mobility startup SWVL, has completed its SPAC merger with Queen's Gambit Growth Capital and began trading on the US NASDAQ with an initial offer price of \$9.95 per share. It currently operates in 16 countries and has acquired three startups to date and is the second Middle East-based tech startup to list on the NASDAQ via a SPAC after Anghami.



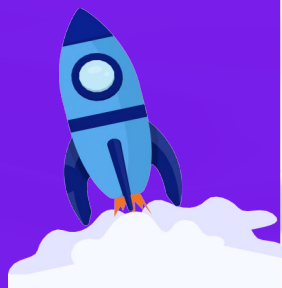
Venture capitals

- 6. New \$150m UAE-India fund aims to create 10 \$1bn start-ups by 2025** The fund will also act as a catalyst for providing a process for developing early-stage start-ups in India and the UAE into viable global ventures and making them attain the unicorn level.
- 7. Saudi Aramco launches \$1 billion Prosperity7 Ventures fund** Saudi Arabia's Aramco has launched Prosperity7 Ventures, a \$1 billion global VC fund, with a long-term view to supporting the development of next-generation technologies and business models that will bring prosperity and positive impact on a vast scale.
- 8. Dubai's Shuaa Capital establishes GCC's largest venture debt fund** Shuaa Capital has established the Gulf Cooperation Council's largest venture debt fund with \$250 million as it bids to beef up businesses across the region.



Incubators and accelerators

- 9. TASMU Digital Valley boosts Qatar's startup ecosystem.** TASMU Digital Valley (TDV) launched the TDV accelerator Proof-of-Concept (POC) programme to identify the best-suited support needed for startups in the acceleration stage.
- 10. Dammam Valley launches BioTech Startups Programme** to develop the biotechnology sector in Saudi Arabia. The programme aims to encourage the establishment of startups in biotechnology through investment, foster communication with startups in the sector around and the world and enable talent to tackle existing challenges.



Source: Crunchbase The Peninsula, Magnitt, TechCrush, Wamda, Waya, Arabian Business Arab news, Gulf Times, KPMG Research

About KPMG in Qatar

KPMG has had a presence in Qatar for over 40 years. We opened for business here in 1978 and are now one of the largest and most established professional services firms in the country. Our 350+ professionals are led by 9 Qatar-based partners.

We recruit the best and brightest from around the world and currently employ over 30 different nationalities.

KPMG in Qatar is an independent member firm affiliated to KPMG International, along with a network of global member firms.

KPMG member firms operate in 145 countries, collectively employing more than 236,000 people, serving the needs of business, governments, public-sector agencies, not-for-profits and through member firms' audit and assurance practices, the capital markets.

KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviors both professionally and personally.

We lead with a commitment to quality and consistency across our global network, bringing a passion for client success and a purpose to

serve and improve the communities in which member firms operate. In a world where rapid change and unprecedented disruption are the new normal, we inspire confidence and empower change in all we do.

Industry focus across Qatar

To enhance the services that we offer, many of our consultants specialize in a particular field or industry. KPMG was the first of the 'Big Four' firms to establish global, industry-focused networks which help us to provide an informed perspective on the latest trends and issues affecting our clients' businesses. In Qatar, we have professionals across most of the country's key sectors, all of whom are active members of our global networks.

Our industry groups include:

- Government
- Energy and Natural Resources
- Financial Services
- Media, Telecommunications and Technology
- Infrastructure and PPP
- Building, Construction and Real Estate
- Family-owned Businesses and Small and Medium-sized Enterprises

40+

years working with some of Qatar's most prestigious businesses and organizations

350+

Professional staff based in Qatar

145

KPMG member firms operate in 145 countries

Audit

Tax

Advisory

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