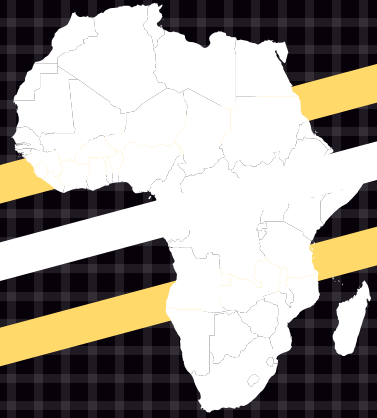


AFRICA INVESTMENT REPORT

2021 ©



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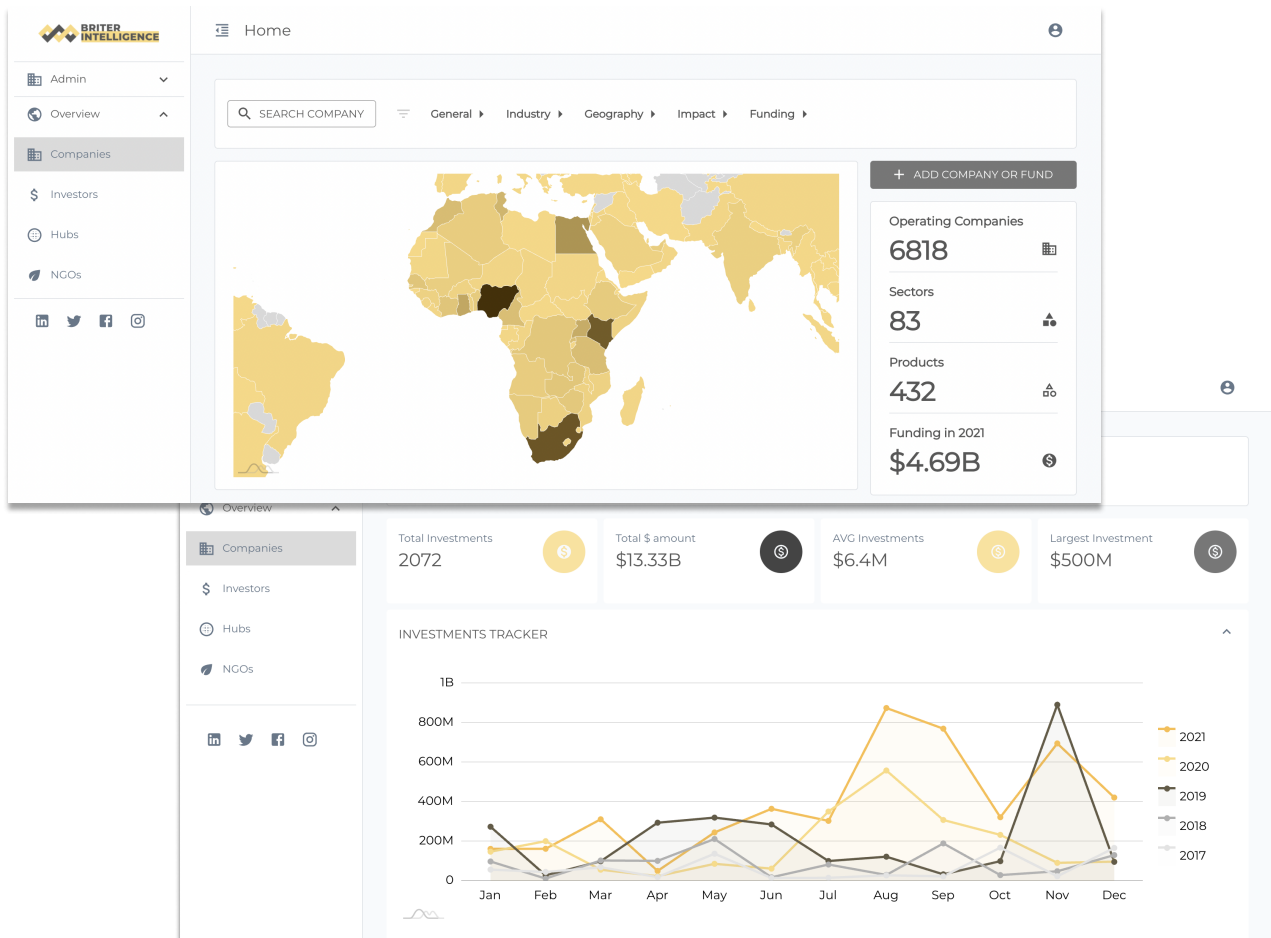
Briter Bridges is a leading research and intelligence company focused on underserved markets. With presence across Europe and Africa, Briter is a go-to insights provider for private and public organisations, from governments to corporates and development finance institutions. With over a hundred publications, to date, Briter has released the largest collection of visual reports showcasing Africa's innovation ecosystem and its investment landscape. In June 2020, Briter launched Intelligence, Africa's fastest-growing market intelligence platform, which provides an interactive tool for analysis, research, and ecosystem-activity tracking.

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AFRICA INVESTMENT REPORT

2021



4.9

\$ billion in **total estimated funding***

4.65

\$ billion in announced, disclosed **funding***

300

\$ million in **undisclosed deals** (not comprehensive, based on data provided by investors to Briter Intelligence)

2x

ca. **announced M&A's** yearly growth | **32 / 17**

740+

announced deals, **2.5x** more than **2019**

3.1

\$ billion in new funds announced since 2019

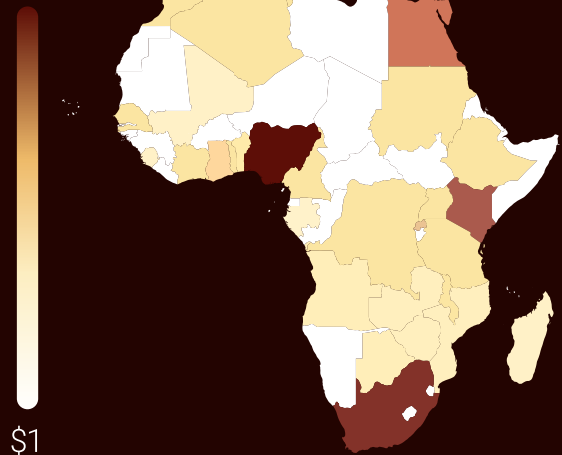
6%

at least, of total funding was **debt finance**

*Figure excludes **33%** of **740+ deals announced**, including **28** acquisitions, as their values remain **undisclosed**.

Recipient countries**

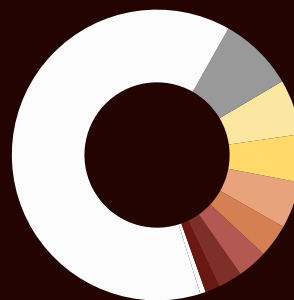
\$1.5B



** Based on main African office country

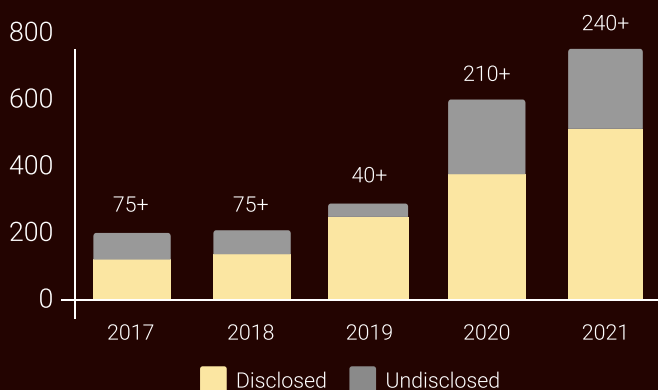
Sector breakdown

Top sectors, 98% of total volume

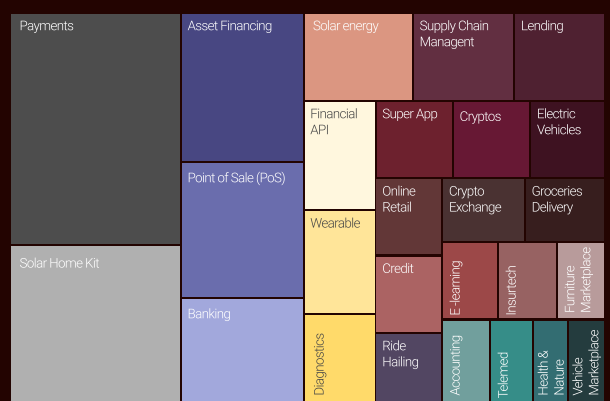


- 62% Fintech
- 8% Health & Biotech
- 7% Logistics
- 5% Education
- 5% Cleantech
- 4% Agriculture
- 3% E-commerce
- 3% Mobility
- 2% Data & Analytics

Growing deal activity by numbers



Trending products



FOREWORD

Awakening. The growing acknowledgement that the African continent is a vastly underexplored market is evidently reaching the mainstream, shifting the narrative from that of a 'Hopeless Continent' to one where infrastructural and service gaps become something entrepreneurs can work on and devote resources to. As the world learns to integrate COVID-19 into daily routines, work is retrieving as usual and the interest in harnessing the business potential in Africa proves to be stronger and more intentional than it's been in the past. 2021 was a year of recognition, where the newly-available resources and the increasing number of international investors shifting mandates to include Africa met hundreds of promising entrepreneurs to support. As the continent enters the agendas of public and private sector organisations worldwide, the media, funders, corporates, artists, and intellectuals are all mobilising to both seize opportunities and project a revised idea of the state of possible across the continent. In this light, Africa's startup ecosystems, despite still capturing a relatively limited share of the overall economy, boast the ability to work as catalysts for investment appetite, creating anticipation and attracting new names and brands. Approaching \$5 billion in known funding in 2021, especially after nearly twenty-four months since the COVID-19 pandemic began, is a clear sign that Africa is undergoing tangible changes, and the increasing presence of local exits and returns is shaping the continent's attractiveness.

Surely, when put in perspective, liquidity and access to finance remain challenging for several early-stage entrepreneurs, but the last half-decade has witnessed the gradual appearance of alternative sources of capital and support. While growth-stage financing this year was significantly spurred by US and overseas investors through a few supersized deals and acquisitions, local funds are quickly filling the gap and 2021 alone saw hundreds of angel investor networks, accelerators, and 'seed' funding vehicles being set up across the continent. Briter's annual *Africa Investment Report* aims at supporting activities, debates, and promoting more informed decision-making by providing an independent source of data and insights, which builds on extensive analysis and interaction with hundreds of stakeholders operating across the continent.



Dario Giuliani

Director | Briter Bridges Ltd.

METHODOLOGY AND DISCLAIMER

Africa Investment Report is an annual publication that provides an overview of financial flows across Africa's innovative ecosystems each year. In order to ensure quality and reliability, the research combines Briter Intelligence data and information provided directly by investors and founders to Briter Bridges' team. Over sixty funds contributed to the production of this research. Primary data collection is almost solely based on direct reporting from organisations. Secondary data collection includes a variety of sources, such as press releases, websites, and news.

When analysing data, defining the boundaries to access information is a matter of utmost importance. This research identifies 5 'layers' of data on investment in Africa can be sourced from:

1. Announced disclosed funding information;
2. Announced undisclosed funding information;
3. Unannounced funding information directly provided by investors;
4. Unannounced funding information directly provided by founders;
5. Unknown unknowns, i.e. the activity that remains publicly undocumented.

This report includes mentions to the known value of undisclosed funding, with the intention to provide a total figure that can more accurately reflect the real amount of investment happening across the continent. This report leverages disclaimers and foot notes to incentivise critical analysis and avoid zero-sum conclusions, by specifying differences (and inconsistencies) in methodologies, such as the way 'round stages' are defined. For instance, the following companies are considered as 'outliers' and may have operations beyond Africa and the total funding they raised need to be read as potentially including geographies outside of the African continent:

1. Zepz (SendWave and WorldRemit) - e.g. \$292 million raised in 2021;
2. Zipline - e.g. \$250 million raised in 2021;
3. Andela - e.g. \$200 million raised in 2021;
4. Tala - e.g. \$145 million raised in 2021;
5. Frontier Car Group - e.g. \$400 million raised in 2019;
6. Branch - e.g. \$170 million raised in 2019.

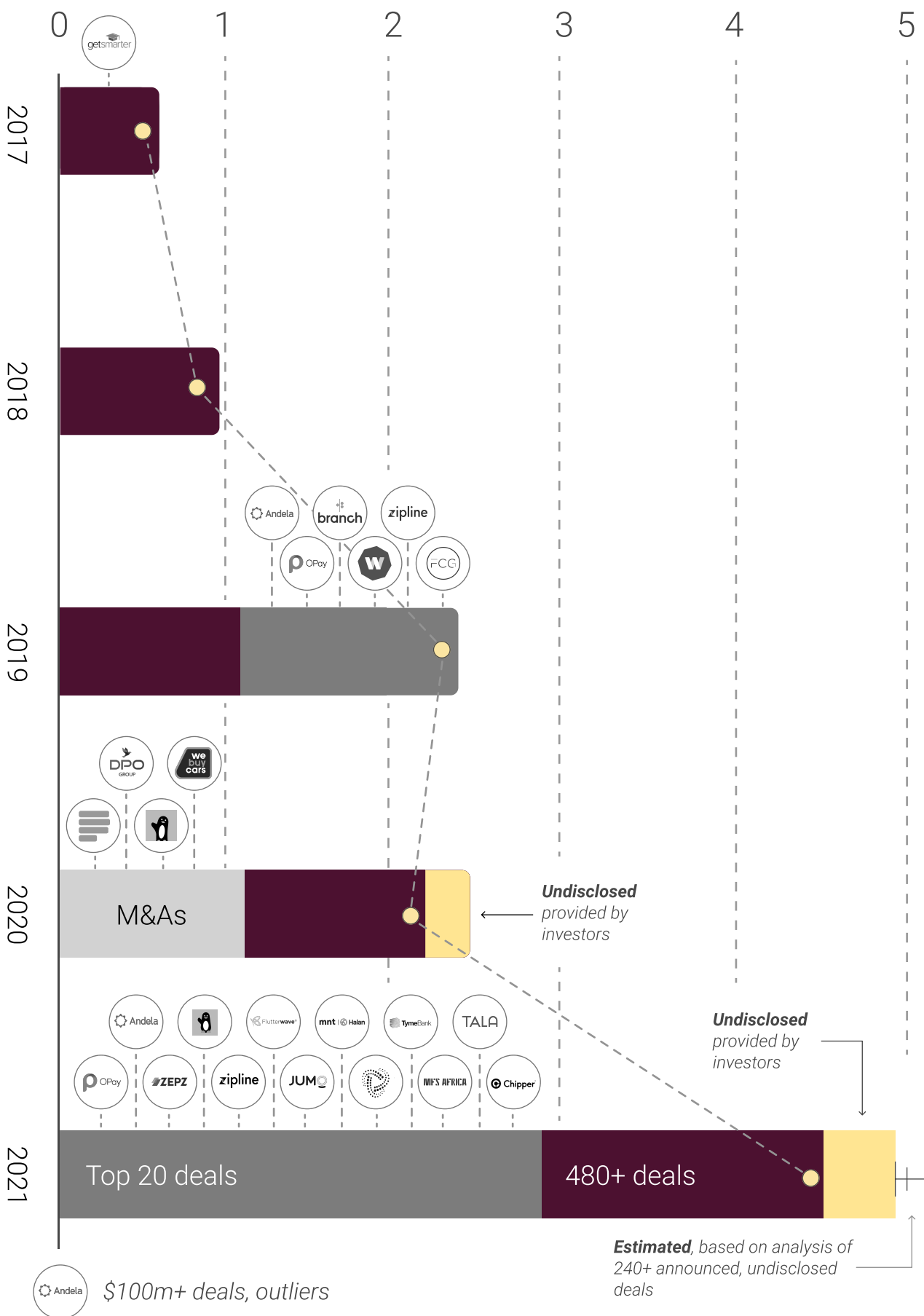
Their presence in the funding amount is highlighted throughout the report for clarity, e.g. in the historical analysis. The key purpose of this research is to drive better decision-making through the creation of reliable market insights.



5 YEAR HISTORICAL OVERVIEW

Total funding by year (2017 - 2021), \$ billion

Includes disclosed, undisclosed, and estimates, \$100m+ deals and acquisitions.





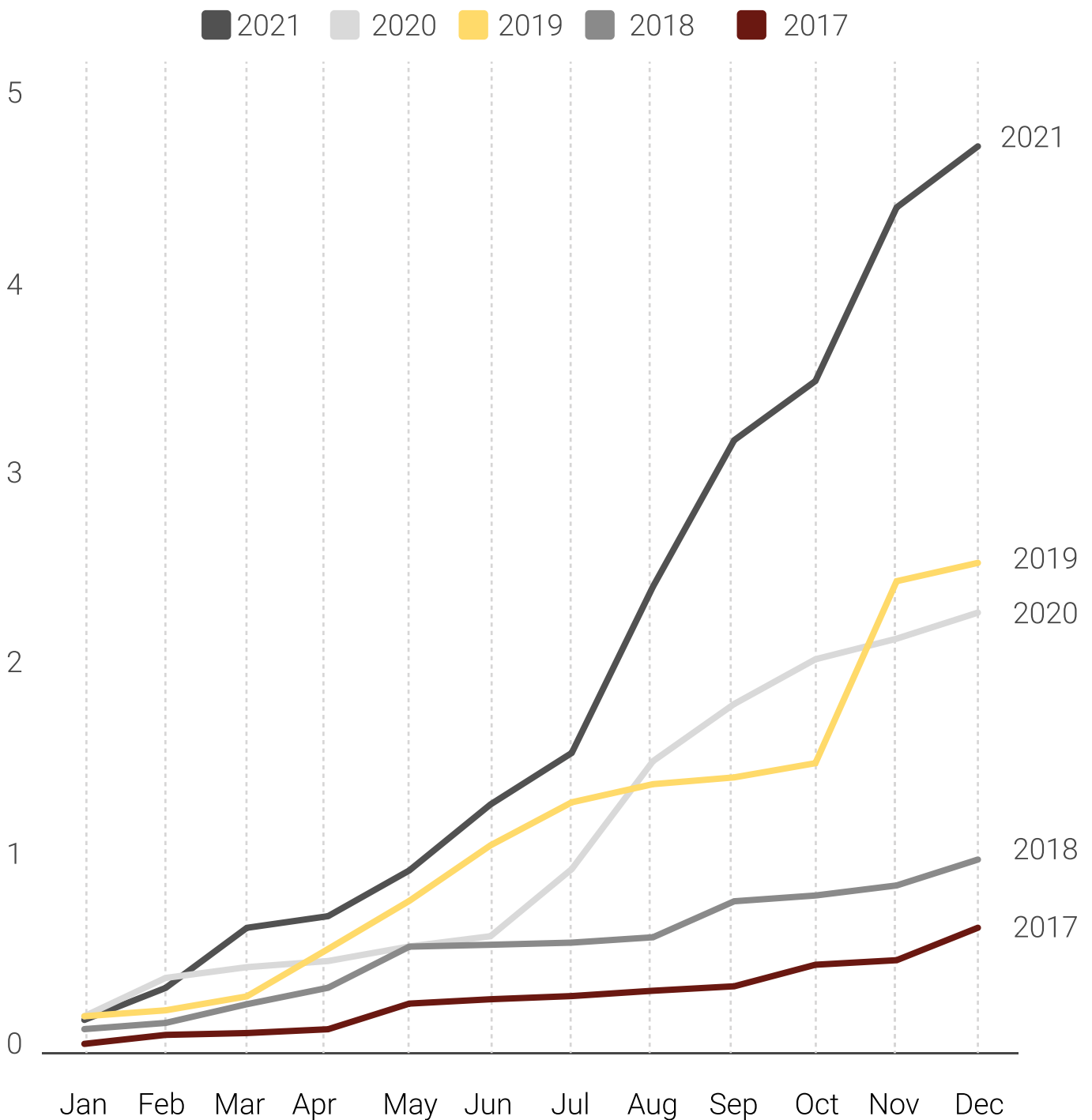
HOW MUCH WAS INVESTED?

2x growth in total volume since 2020

25% growth in announced deals recorded since 2020

Monthly total by deal size, historical analysis

Excludes undisclosed deals. Includes outliers.

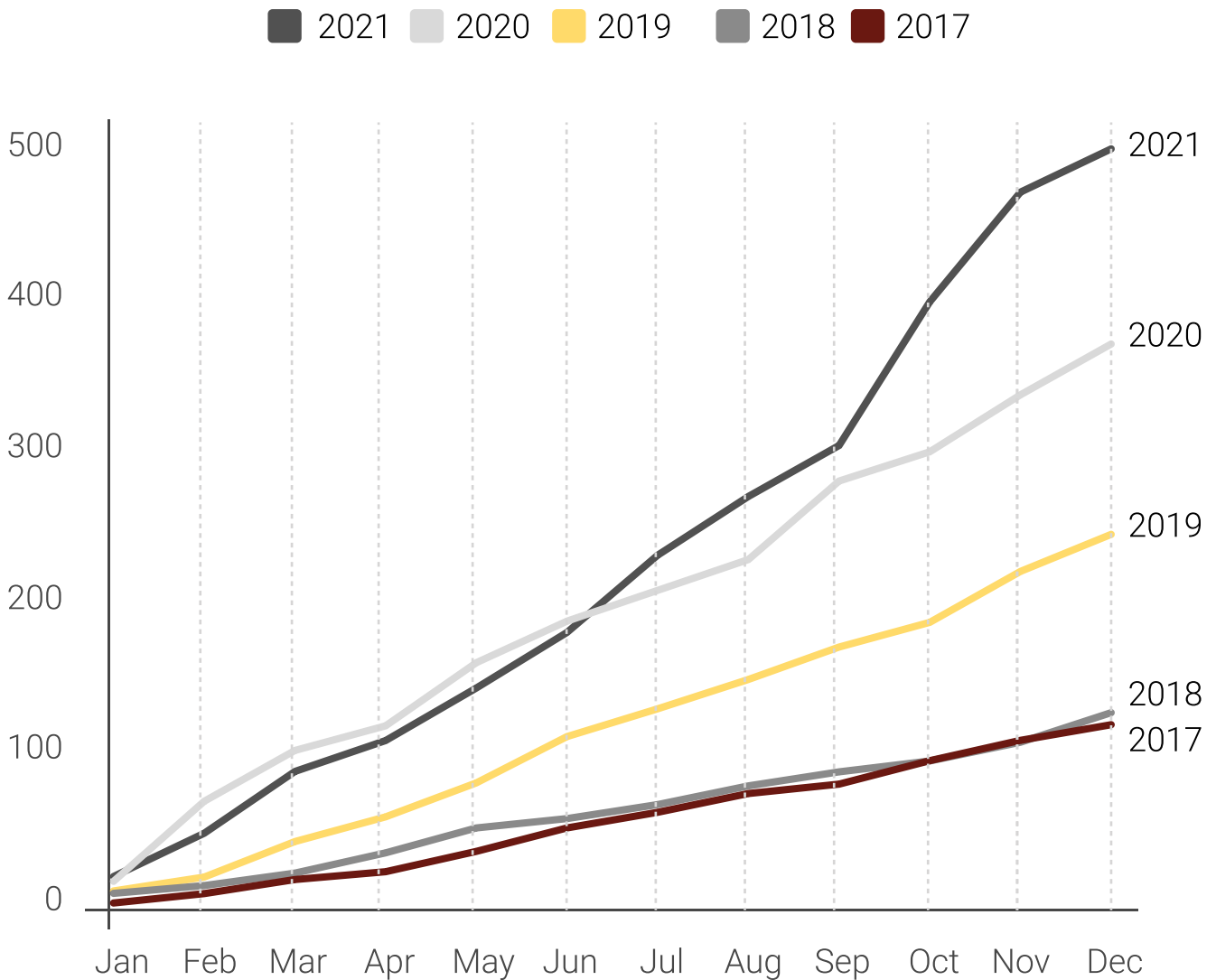




HOW MUCH ACTIVITY?

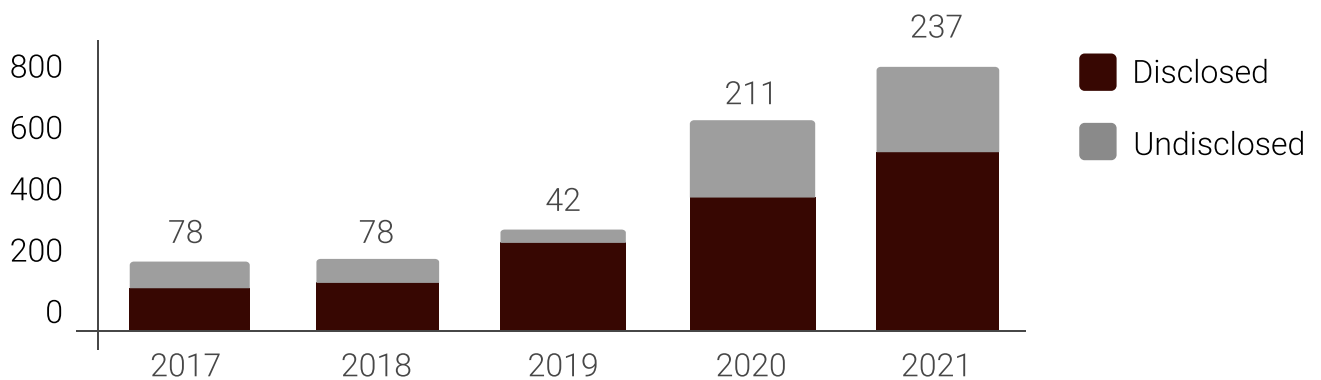
Funding activity, number of deals

Disclosed funding only. **Excludes** undisclosed deals.



Undisclosed and disclosed deals ratio

Number of announced* deals, by year. **Includes** disclosed and undisclosed.

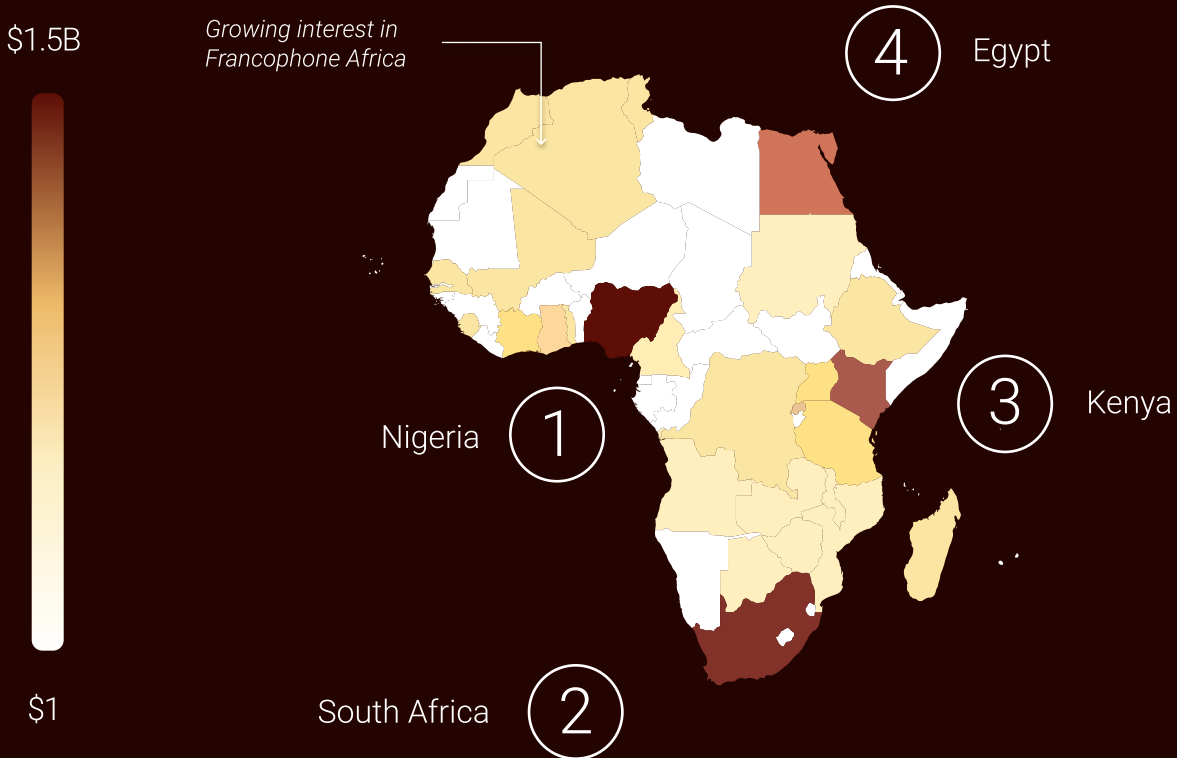


*The number increases significantly when factoring in unannounced deals.

WHERE WAS THE FUNDING FOCUSED?

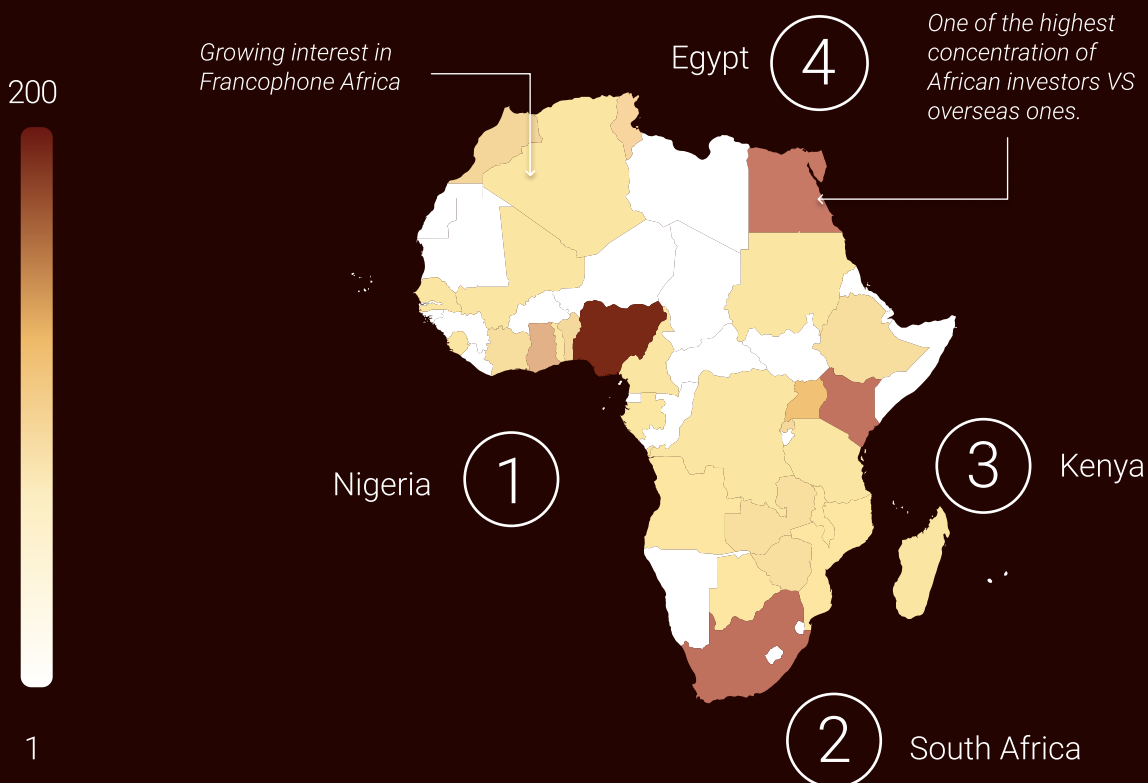
Total volume, by main Africa Office

Disclosed funding only (incl. \$100m+); **Excludes** undisclosed, announced.



Number of deals by country.

Includes undisclosed, announced deals.





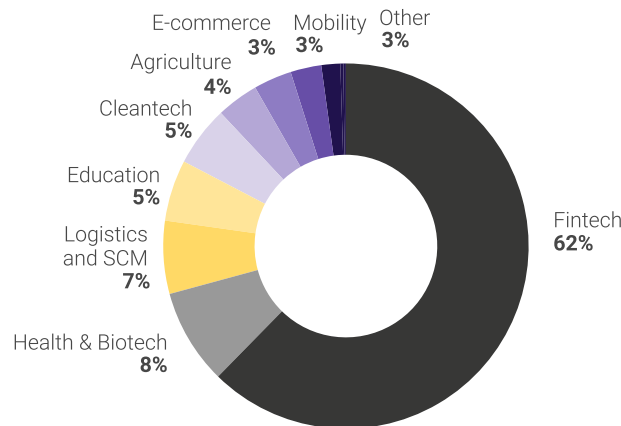
FINTECHS, FINTECHS EVERYWHERE

Financial technology companies continue to capture the largest share of funding on the continent, capturing almost two thirds of total funding into technology companies operating across Africa. The trend remains similar when factoring out deals above \$50 million - fintechs still capture over 40% of total invested. The dominance of financial technology is not only limited to volume but extends to overall funding activity. **What else?** We broke down the data to exclude respectively \$100m+ deals and fintech from the equation. Logistics and energy follow by volume of funding, but the most recent wave of digitisation - perhaps boosted by COVID-19 - is propelling sectors such as e-commerce, agriculture, and healthcare.

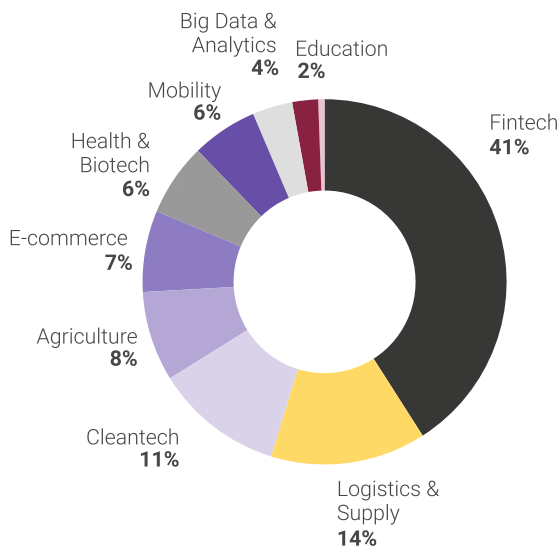
62% of total funding goes to fintechs

2/3 of all \$50m+ deals are in fintech

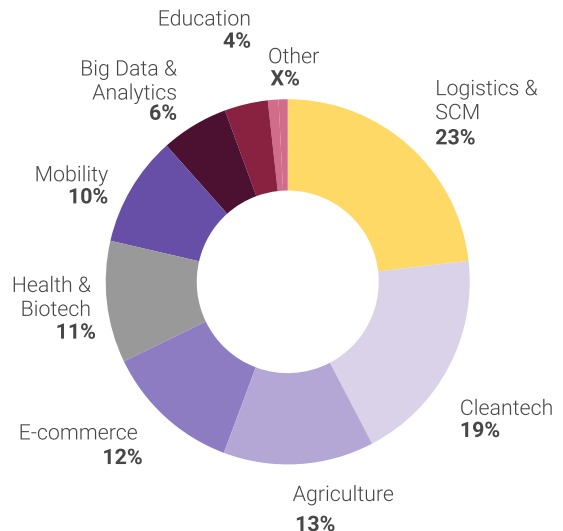
Sector breakdown, total funding, including outliers (\$100m+)



Sector breakdown, total funding, excluding outliers (\$100m+)



Sector breakdown, total funding, without 100m deals, excl. fintech

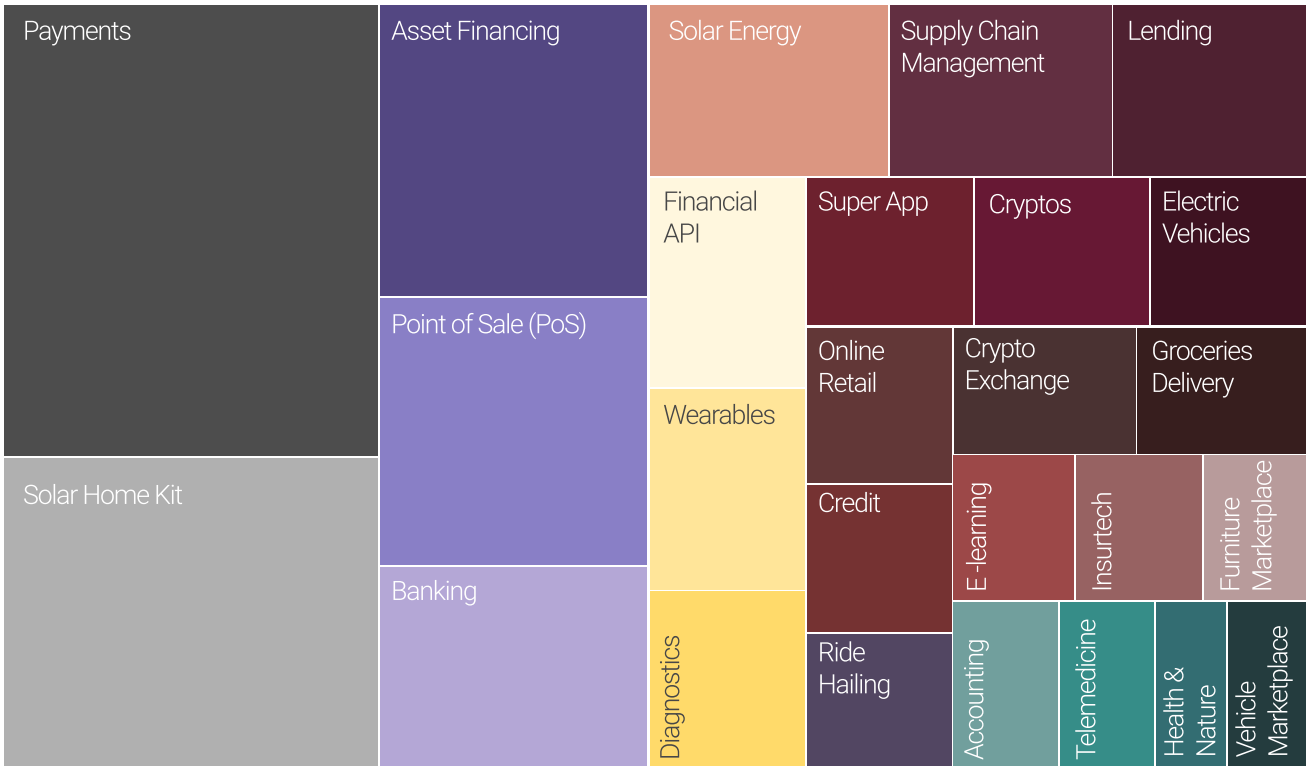




MOST FUNDED PRODUCTS

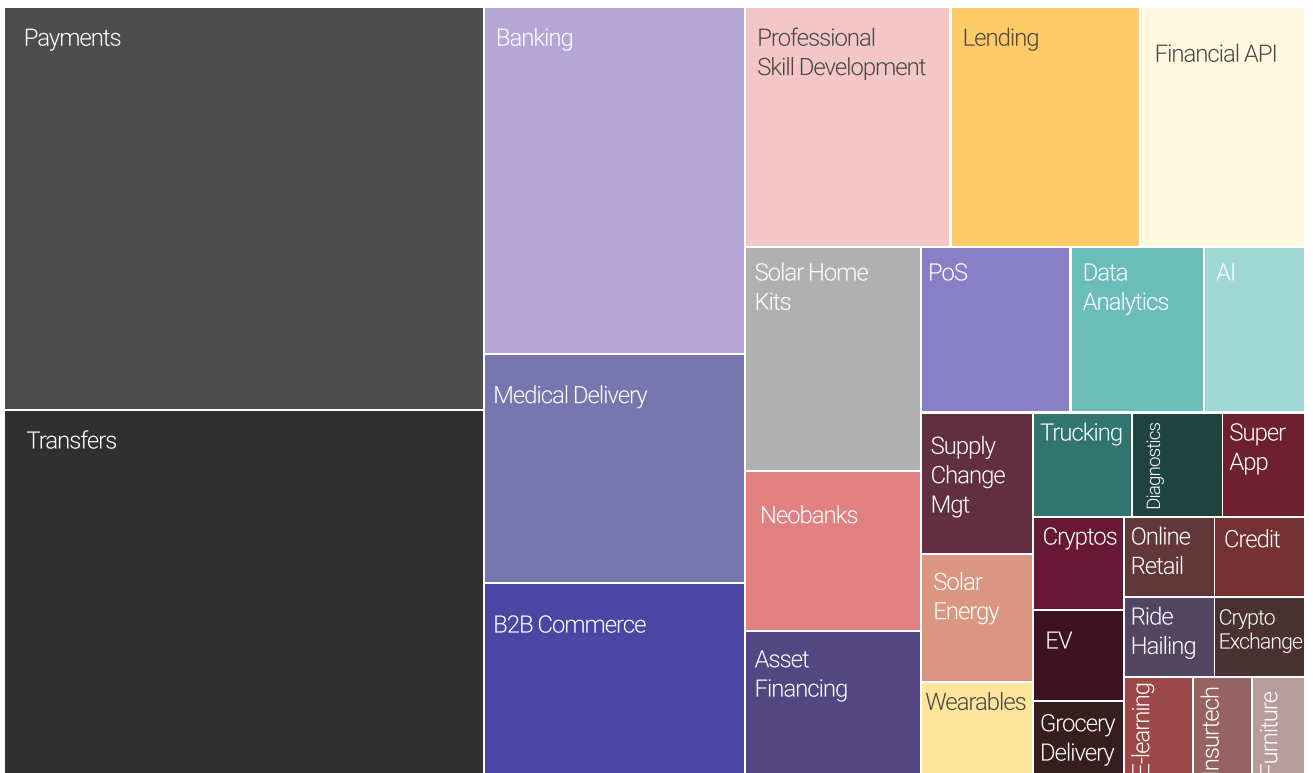
Top trending products by volume

Excludes \$100m+, and Sama (treated as sector outlier)



Top trending products by volume

Includes fintech and \$100m+ deals



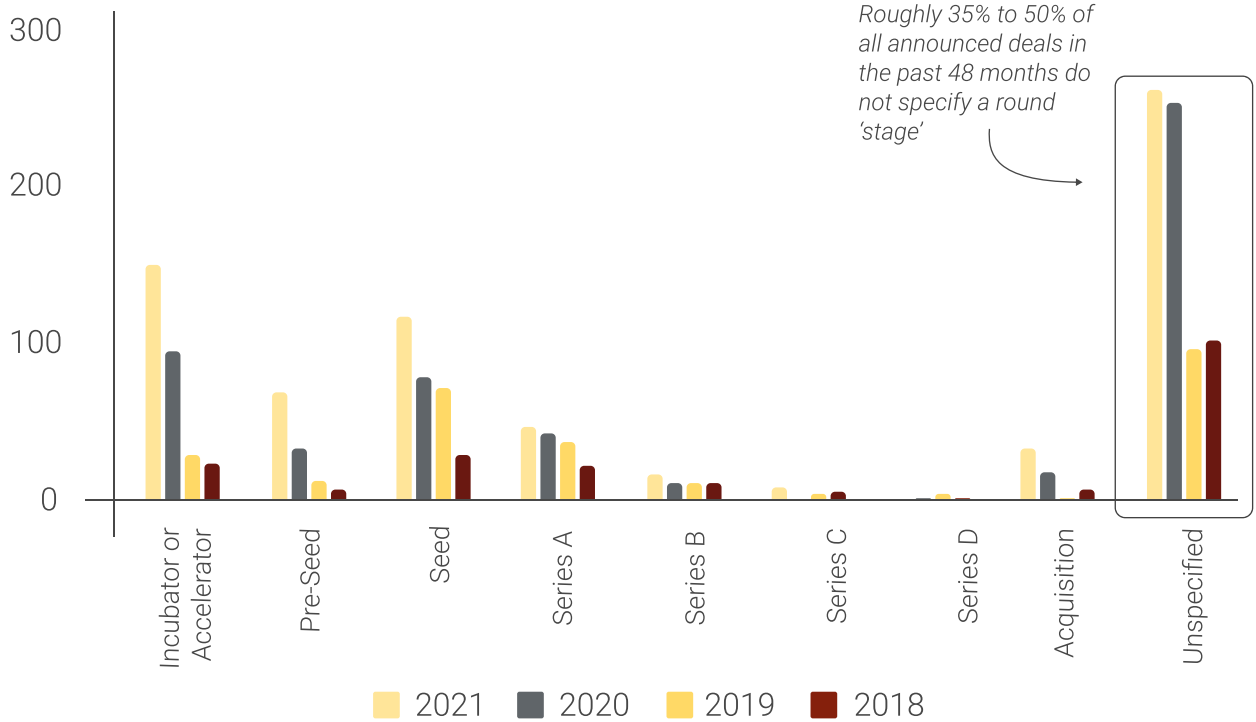


ACTIVITY BY ROUND RANGES AND STAGES

Our [Africa Investment Report 2020](#) already highlighted the presence of inconsistencies in the adoption of 'stage' methodology and, over the past 4 years, *unspecified* rounds amounted to up to half of all announced rounds. To provide a more accurate overview of funding allocation, the Figures below analyse respectively the proportion of unspecified rounds on each year's total number, and organise rounds by ticket size range.

Number of rounds by stage

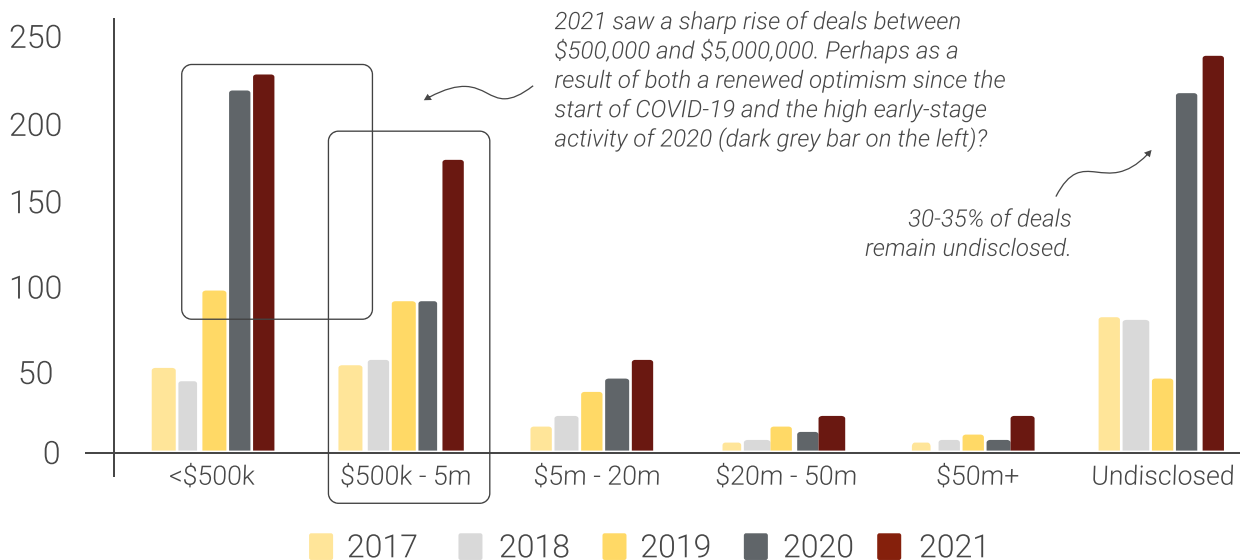
Includes unspecified transactions



Number of rounds by deal size range

Includes undisclosed transactions

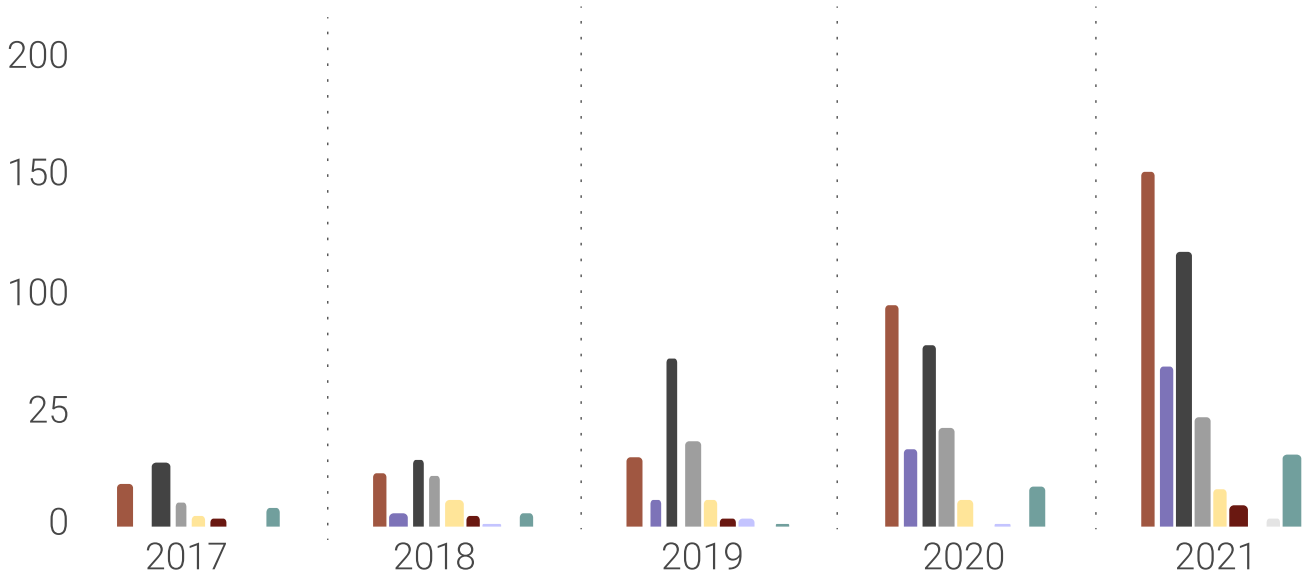
A striking spike in deals between \$500 thousands and \$5 million indicates the growing number of resources allocated to companies in stages equivalent to Seed and Series A.





Deals by stage, historical analysis

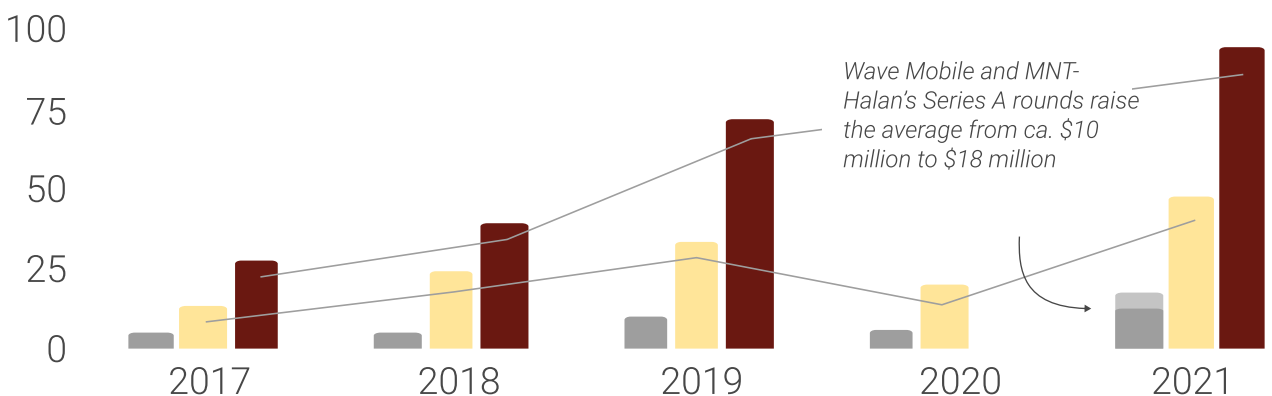
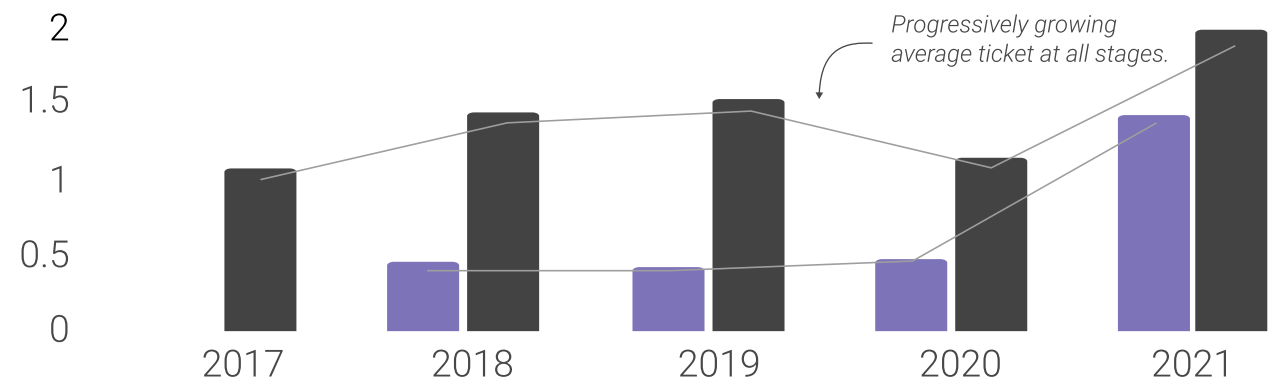
Disclosed and undisclosed funding, USD million. **Excludes** unspecified stages.



Average deal size by stage

Disclosed funding only, USD million

- Incubator or Accelerator
- Pre-Seed
- Seed
- Series A
- Series B
- Series C
- Series D
- Series E
- Acquisition





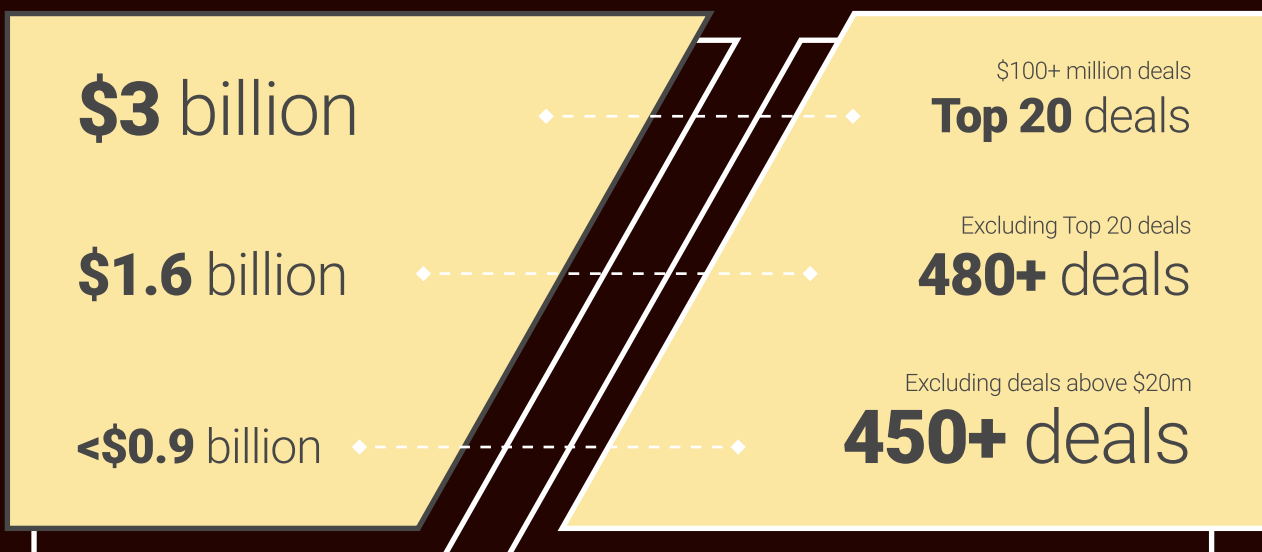
INVESTMENT LANDSCAPE IN PERSPECTIVE

\$4.65 billion

500+ companies

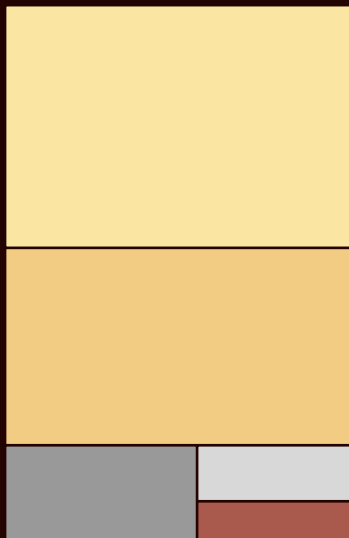
4% of all deals add to over **65%** of total funding.

Excluding **\$20m+** deals, **450+** rounds add up to less than **\$1 billion**.

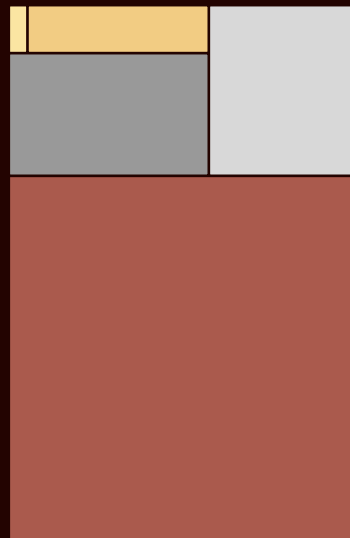


Number of deals vs % of total funding volume

Number of deals



Size of deals



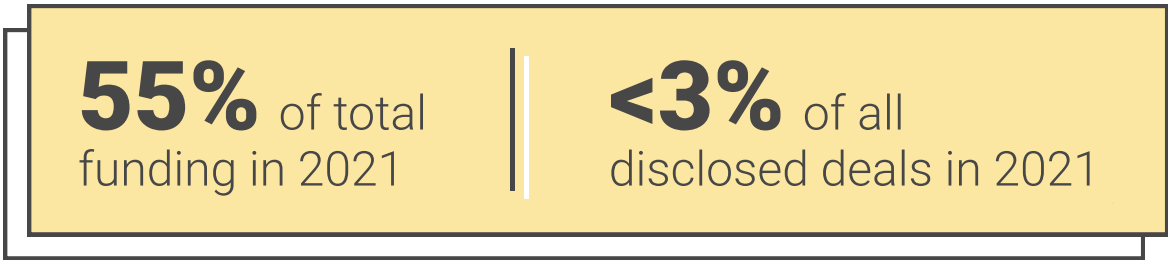
- < \$500k
- \$500k - \$4.9 million
- < \$5 - 19.9 million
- \$20 - \$49.9 million
- \$50+ million

4% of all deals capture over **65%** of total volume.



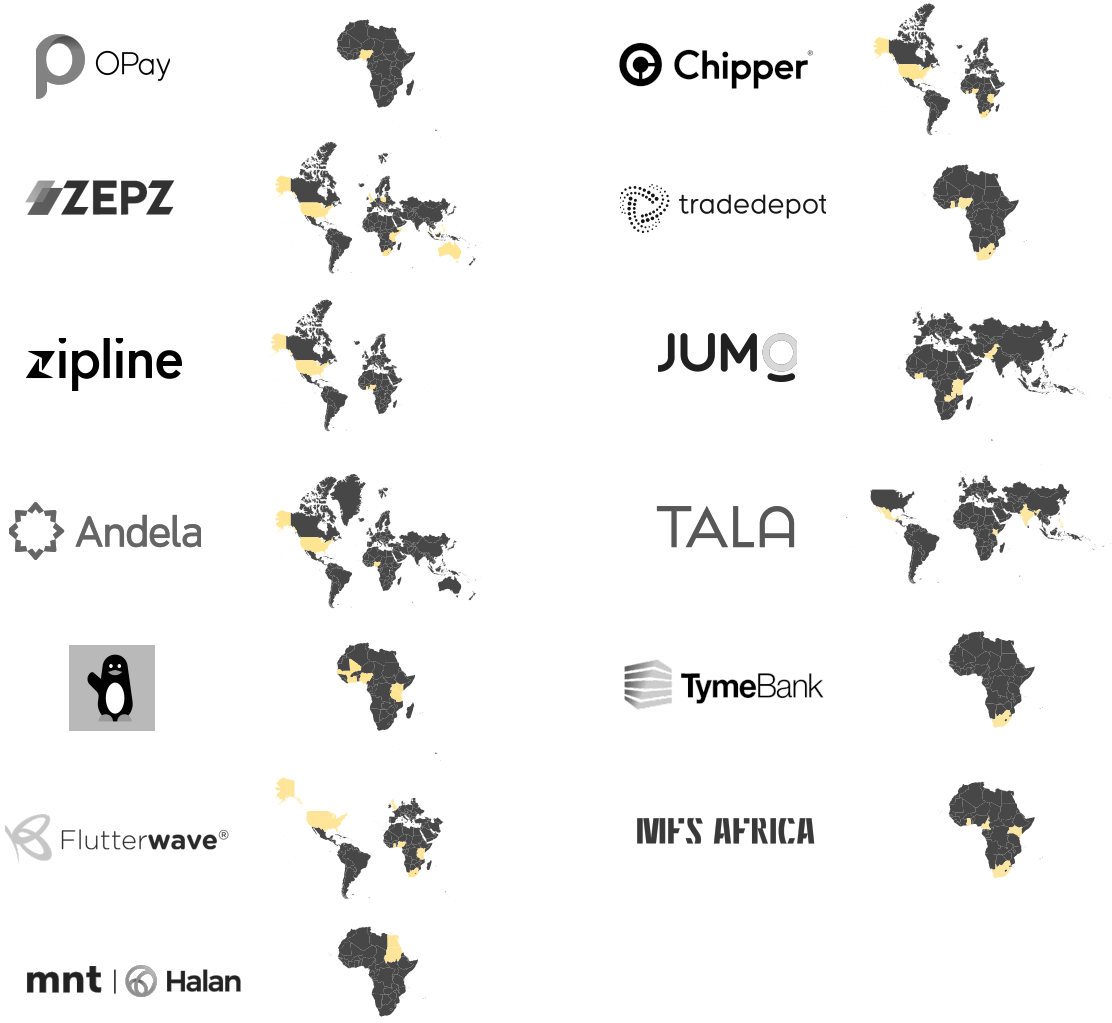
TOWARDS A NORMALISATION OF MEGA DEALS

It's not everyday that you hear people claiming hundred million dollar business opportunities in Africa. Yet, after a gradual increase over the past few years, 2021 saw the highest number of single, non-M&A deals above \$100 million. Although highly concentrated in a few cases, only representing less than **3%** of total disclosed, announced deals, yet capturing over **55%** of total disclosed funding, this investment size carries significant weight and acts as a pull factor for several investors.



Companies raising \$100 million in single rounds in 2021*

Some of these rounds involved companies that are operational beyond Africa. The visual maps below provide a geographical overview of the countries of operations of companies that raised over \$100 million in 2021.



*Latest updates on companies' geographical expansions may not be reflected in the maps above.



DEBT AS VIABLE FINANCING ROUTE

A growing, less newsworthy market in Africa is that of debt financing. Leading funders such as Lendable and development finance institutions ranging from the FMO to the IFC have been providing debt for years but the number of companies choosing debt over, or in addition to, equity is growing. This is especially the case for revenue-making companies or those with a proven model. The list below explores some of the names that resorted to debt financing this year.

In 2021, at least **6%**, of total disclosed funding was **debt financing**.

Examples of companies raising debt financing rounds

2021

Logistics, B2B commerce



Renewables



Electric Vehicles



Asset Financing



Marketplace



Marketplace



Trucking



Payments, Mobile Money



Smart Farming, IoT



Digital Banking



Renewables



SME Management



2020

Payments



Lending





NEW FUNDS LAUNCHED

At least **\$2.8 billion** is the value of funds* set up since **2019**. Dry powder is abundant, but the market is also becoming highly competitive as international investors often can afford expensive deals.

Fund name	Size (million)
4DX	\$60.0
AFEX	\$100.0
Algebra Ventures	\$15.0
Alitheia	\$100.0
Ascent	\$100.0
Atlantica ventures	\$50.0
Cairo Angels Syndicate	\$5.0
Convergence Partners	
First Check Africa	
Flat6labs (Anava Seed Fund)	\$10.0
Flat6Labs Egypt	\$13.2
GIZ Egypt	
Goodwell investments	\$60.0
Google	\$50.0
Grindstone ventures	\$6.5
GSMA (Digital Urban Services)	
Harvest Fund II	\$8.0
Hlayisani Growth Fund	\$23.8
Jua kickstarter Fund	\$2.0
Kalon Venture Partners	\$17.5
MAGIC Fund	\$30.0
Samurai Incubate	\$18.4
Savannah Fund	\$25.0
Sawari Ventures	\$63.8
Slow Fund	
The Africa Renewable Energy Fund II	\$145.0
The African Enterprise Challenge Fund (AECF)	\$1.2
The Catalyst (ABAN + Afrilabs)	
Ventures Platform	\$40.0

*The list is not 100% comprehensive as several funds deploy capital in Africa despite not specifically declaring regional mandates.

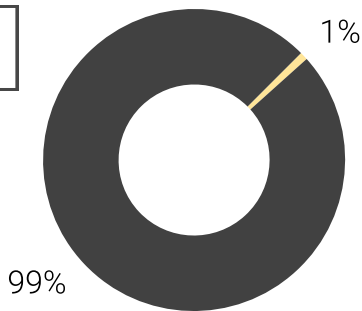


A BULLISH, HOMEGROWN M&A MARKET

Africa's startup M&A market in 2021, despite being almost twice as active than last year, with **33** acquisitions compared to **17** known deals in 2020, accounted for a smaller percentage of total capital flows compared last year, when almost **50%** of investments consisted of acquisitions, e.g. WorldRemit's deal into Wave, Stripe's acquisition of Paystack. A particular characteristic of this year's activity was the presence of several Africa-Africa startup transactions (see below), which indicates the rise of homegrown market consolidation. While disclosed acquisitions accounted for about half of total known investment in 2020, this year, it amounted to less than **1%**, although several undisclosed, high-profile transactions could likely raise this figure to **3-4%**.

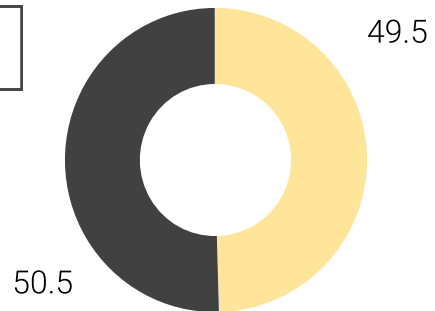
33 disclosed acquisitions	<1% of total disclosed funding*	\$100m+ est. market size
----------------------------------	---	---------------------------------

2021



Estimated \$ multi-million undisclosed acquisitions

2020



Examples of Africa's startup-startup deals



Acquired
Acquirer



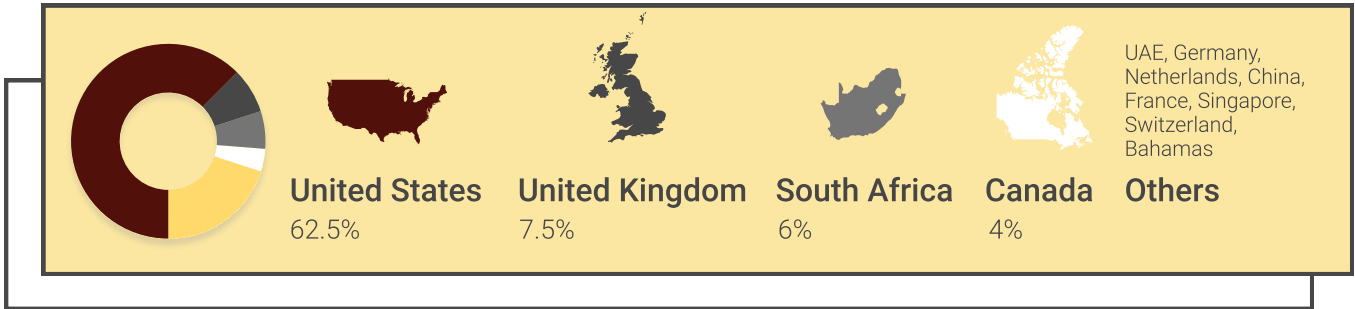
Acquired
Acquirer



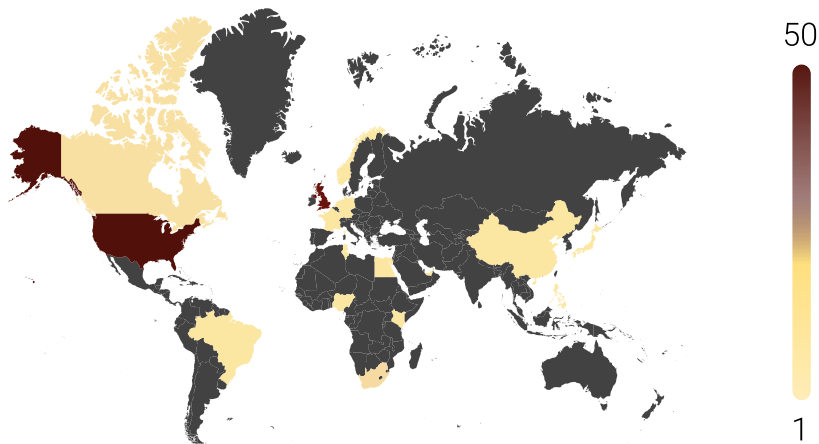


WHERE'S GROWTH CAPITAL COMING FROM?

The **top 20 deals** of 2021 captured **65%** of total volume deployed on the continent. A diagnostics of the investors behind these deals in 2021 shows that the vast majority are from the United States and the United Kingdom. South Africa and Mauritius are the top two African countries headquartering investors involved in these types of deals. A growing number of Asian players, especially corporates, such as Softbank, Tencent, and Toyota, are increasingly leading or taking part in large rounds.



Core countries of origin of late-stage investors

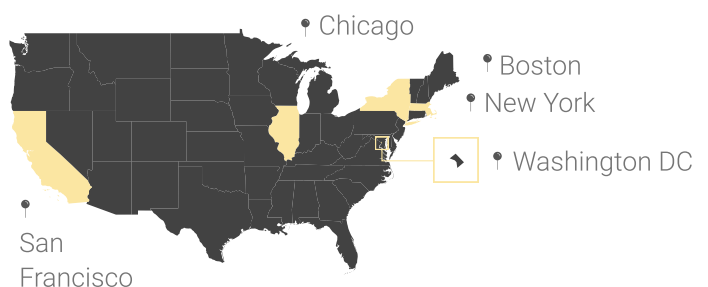


Which investors funded the top 20 deals?



Top US investors' cities

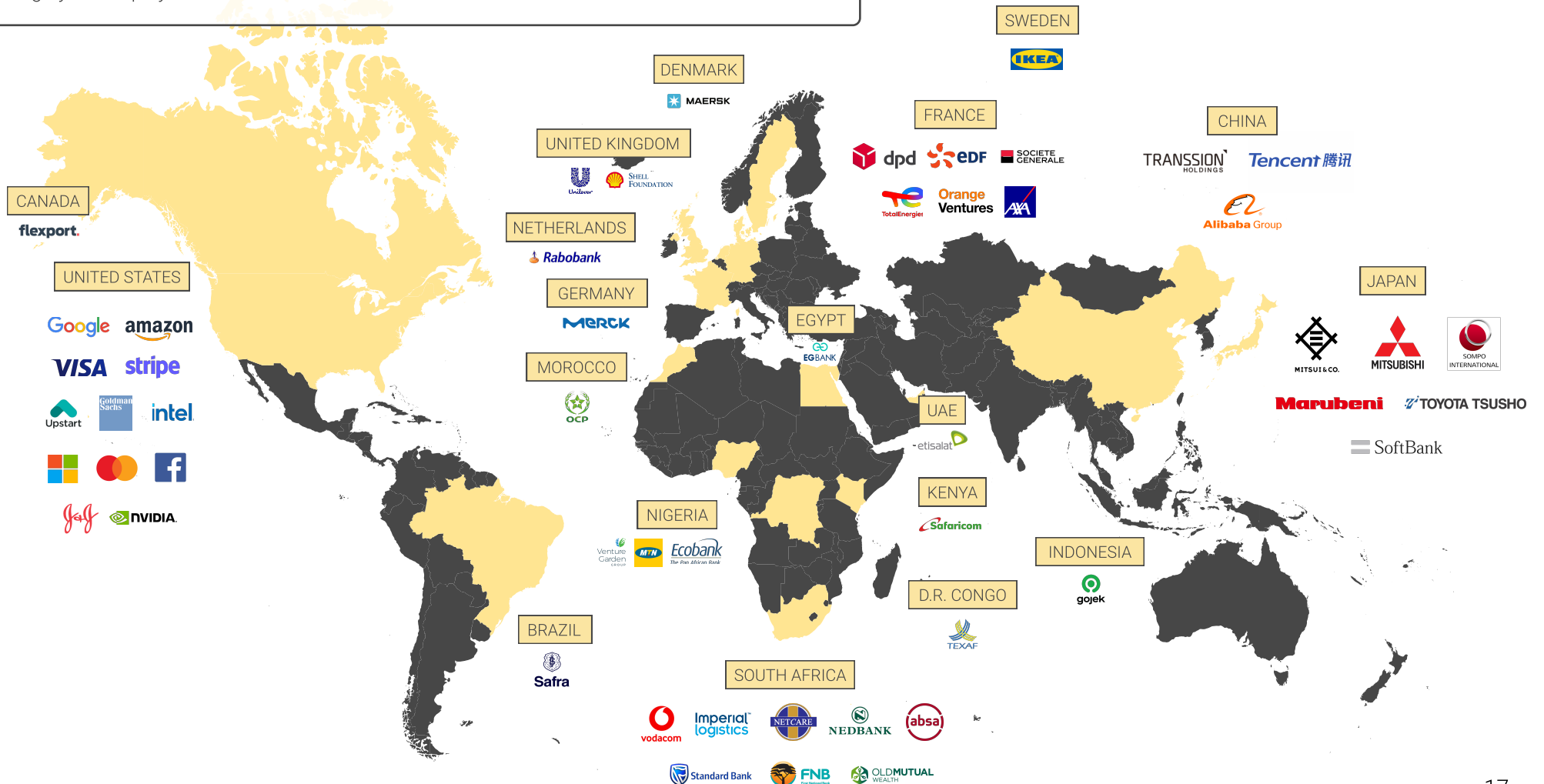
Investors from the United States are largely concentrated in five states: California, Massachusetts, Illinois, New York, and Washington D.C, with San Francisco and Silicon Valley, New York City, Boston, Chicago, and Washington D.C. being the core headquarter cities.



CORPORATE VENTURE AND INNOVATION

The growing investment appetite towards Africa's entrepreneurs has resulted in the rise of corporate venture funds and corporate innovation initiatives interested in harnessing the skills, networks, and technologies developed by local companies in a variety of sectors. These often take the form of foundations, tech-focused or impact investment vehicles, and CSR-related programmes. Energy, logistics, FMCG and financial services are the core recipient of corporate interest. The United States, Japan, South Africa, and France present highly active players.

50+ corporates investing in startups across Africa



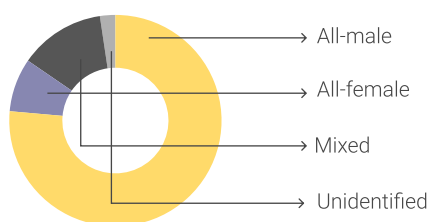


HOW MUCH FUNDING GOES TO WOMEN?

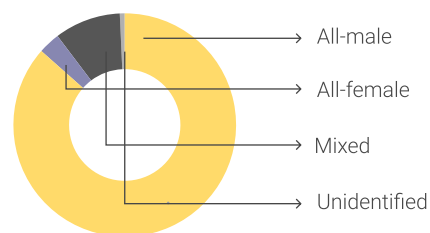
Funding distribution overview

Funding to African startups is primarily secured by all-male teams. All-female co-founded teams raised just **8.2%** of deals and **3.2%** total values, based on Briter Intelligence data since 2013.

Breakdown by n. of deals

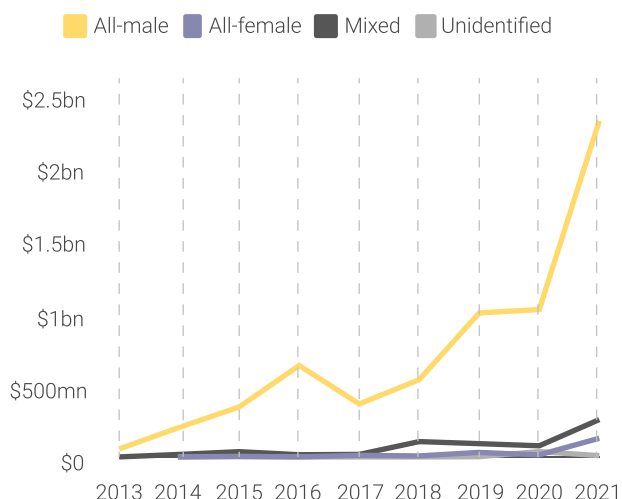


Breakdown by deal value (disclosed only)



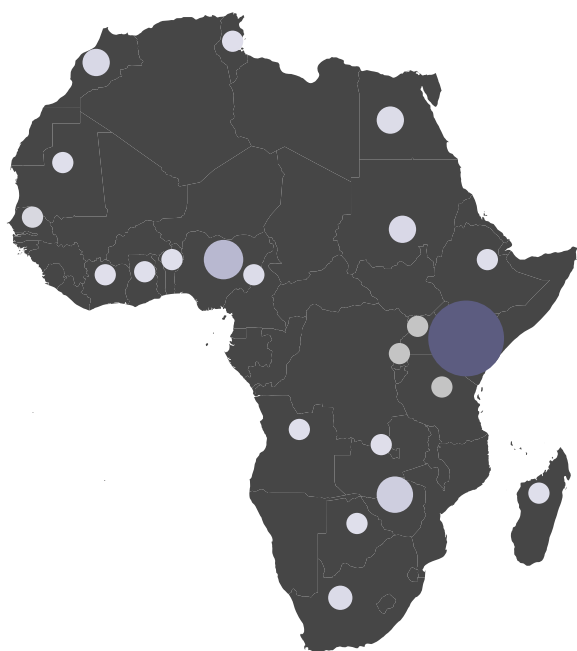
**Figures exclude \$100 million+ deals, so as to even out the visualisation and show a more representative picture of funding to the region.

Gender breakdown by value, historical analysis



Although investment activity into startups in Africa has increased significantly in recent years, it has disproportionately done so to all-male led companies.

Geographical distribution of all-female teams

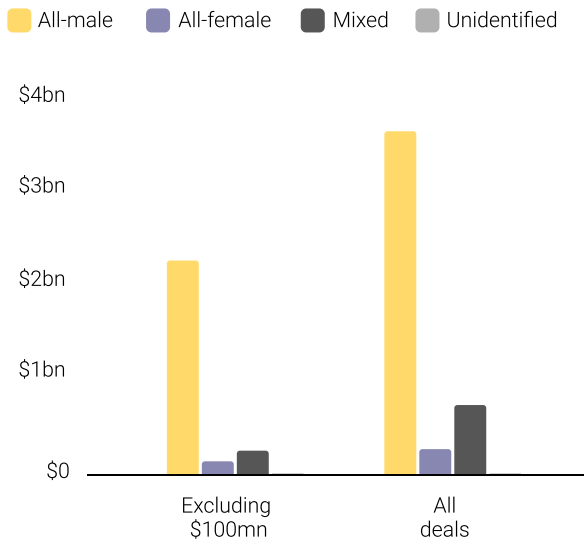


For both all-male and all-female teams, the data suggests that the vast majority of the biggest investments are allocated to companies registered or incorporated outside the continent.

Looking at **African main offices** of each company, Kenya is the top funded country for all-female teams, including for instance women's health e-commerce platform Kasha. If however, the registered HQ or city of incorporation is considered, the United States tops the list.



Gender breakdown by deal value



Similar to last year, all-male companies capture the vast majority of funding volumes in both total numbers and value in 2021.

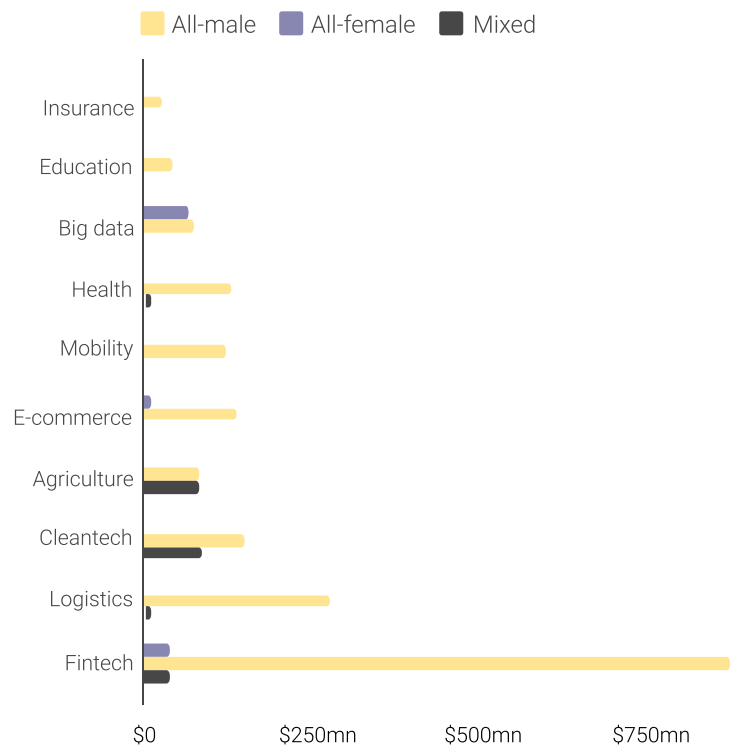
When including \$100 million deals, the funding allocated to all-female teams more than doubles, largely driven by Tala, a fintech company operating in Kenya and other emerging markets, headquartered in the United States, and led by Founder and CEO Shivani Siroya, that raised a staggering \$145 million in 2021.

Even when excluding companies that have at some point over the last 8 years raised a single round over \$100 million, the distribution of funding by demographic group is similarly skewed.

Sector distribution by value

Out of the **top 10 funded sectors** in 2021, fintech remains by far the best performing sector for all-male teams. If the \$100 million deals had been included, this would also be the case for all-female teams.

Although fintech shoots ahead with a big lead for all-male teams with and without the \$100 million deals, with the exclusion applied, Gro Intelligence's Series B meant that big data and analytics received the single biggest investment for all-female teams, and cleantech and agriculture ranks highest for mixed teams.



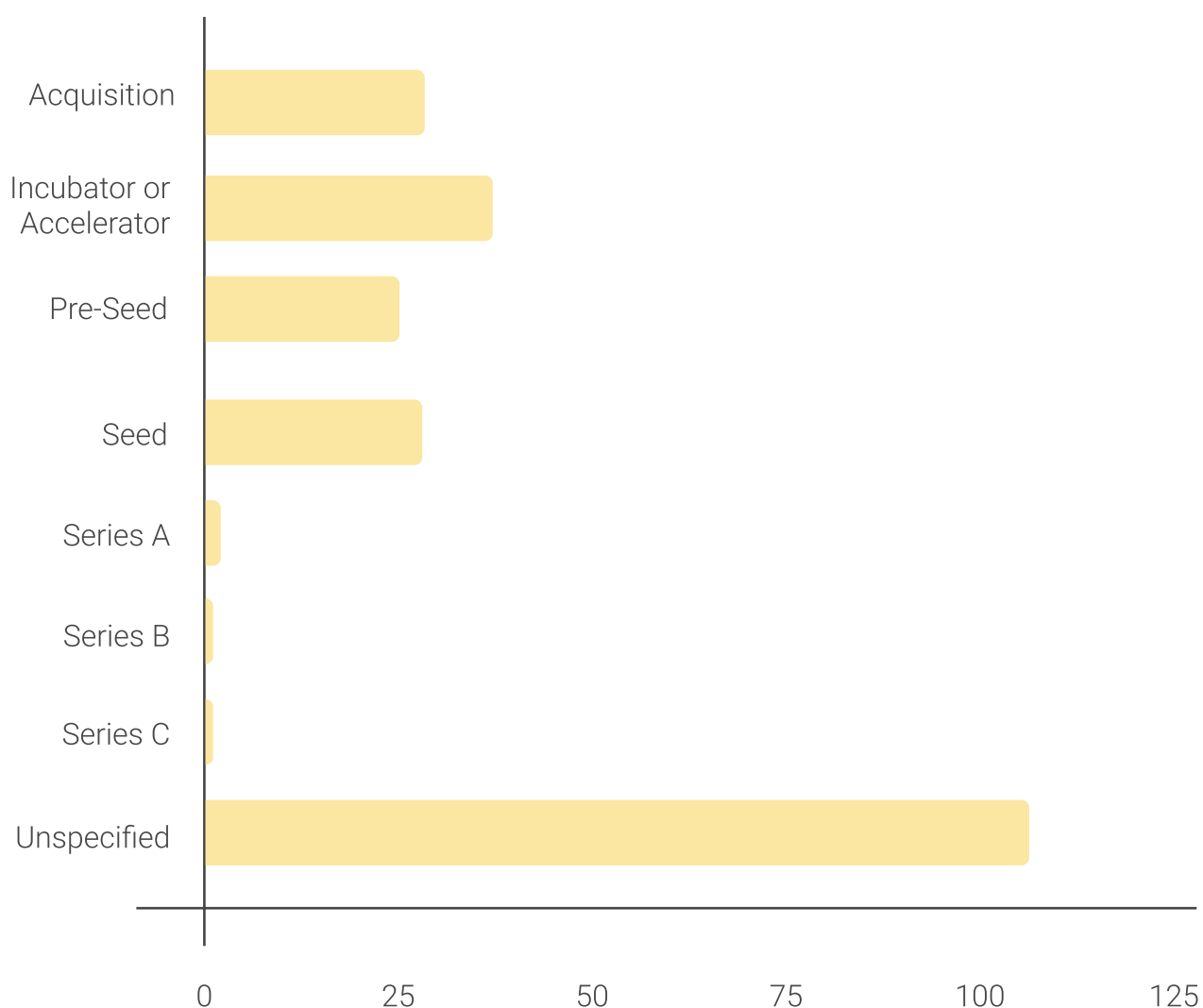


BALLPARK ANALYSIS OF ANNOUNCED UNDISCLOSED

Between **35** and **50%** of all announced deals over the past 5 years (2017 - 2021) remain undisclosed. This does not only apply to early-stage rounds, but also to acquisition and growth capital injections, e.g. from private equity funds.

In 2021 alone, over **200** announced transactions, out of **740+**, did not have their valued disclosed. We modelled based on existing data on statistical mean and mode by stage and knowledge of previous funding a certain company may have raised.

35% of all deals | **240+** deals announced in 2021 without disclosed amount may add \$100 million





SIZING THE OPPORTUNITY

This is a speculative analysis aimed at assessing the potential size of the market and opportunity based on each company's fundraising activity to date. Some of the companies mentioned below have already successfully exited, while others may have ceased or shifted operations, so the total funding is not an indicator that should be used as a universal measure of business performance. The authors acknowledge that companies' fundraising and acquisition journeys may vary on a case by case basis.

**Early
landscape**

900+ companies
raised up to **\$500,000**

↳ Eligible* for Seed within 12-18 months

**Seed
landscape**

300+ companies raised
between **\$500,000** and **\$5 million**

↳ Eligible* for Series A within 12-18 months

**Growth
landscape**

175+ companies raised
between **\$5** and **\$49 million**

↳ Eligible* for Series B+ within 12-18 months

**Unicorn
landscape**

40+ companies
raised above **\$50 million**

↳ Unicorns and 'soonicorn', eligible for IPO, acquisitions, or further scale funding

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