

2022

MAGNiTT

الشركة السعودية للاستثمار الجريء
Saudi Venture Capital Company

SAUDI ARABIA VENTURE CAPITAL REPORT

MAGNiTT report, sponsored by
Saudi Venture Capital (SVC)

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Key Stakeholders Takeaways



Haifa Bahaian

Chief Legal Officer,
SVC

The Saudi Arabian venture capital market has been evolving at a very fast pace, especially on the regulatory and legal fronts. The issuance of the new Saudi Companies Law by the Ministry of Commerce and the Investment Funds Regulations by the Capital Market Authority is a very important step in developing the ecosystem and helping entrepreneurs and local fund managers. As Saudi Venture Capital (SVC) is closely working with the entrepreneurs and fund managers, we are able to observe the issues they face and communicate the same to the regulators to help in the development of the relevant laws and regulations.



Ahmad Alnaimi

General Partner,
STV

A record year of funding signals a tipping point in KSA's venture capital. With growth only set to further accelerate and the Kingdom getting closer to its fair share of VC investment (in-line with its G20 stature). As builders, investors, and regulators, we are planting the seeds for the next generation of tech unicorns as well as reaping the rewards from the seeds that have been sown over the past years. At STV, we are in the fortunate position to start taking some of our portfolio companies public, which will fundamentally change the dynamics of both public and private markets. I can't wait to see what the future holds.



Bedy Yang

Managing Partner,
500 Global

500 Global has witnessed an increase in the quality of startups and talent pool in Saudi Arabia over the past few years. We have the privilege of working with founders, co-investors, corporates, mentors and policy makers to help advance the country's startup ecosystem. We are proud to share that more than 50 startups have graduated from the Sanabil 500 MENA Seed Accelerator program and have been actively investing in early-stage startups in the region. Startups are maturing, and we are also thrilled to see our portfolio companies Foodics and TruKker among the top 5 disclosed funding rounds in the first half of 2022.

Key Stakeholders Takeaways



Shane Shin

Founding Partner,
Shorooq Partners

Shorooq Partners has been strongly focusing on early-stage investments in the Kingdom of Saudi Arabia for the past five years. As such, our conviction in Saudi's VC ecosystem growth remains extremely optimistic driven by the country's young population, accelerated adoption of digital solutions, talented entrepreneurs as well as visionary government initiatives that are boosting Saudi's economy across all angles. We also believe that local Saudi companies are uniquely positioned for expansion into other MENA countries because they are disrupting the largest economy in the region, proving product-market-fit in a dynamic market, and growing amidst an unprecedented journey and support driven by the government's Vision 2030.



Allen Taylor

Managing Partner,
Endeavor Catalyst

2022 was a break-out year for the venture capital ecosystem in Saudi Arabia. Our fund invests globally across 40+ markets and this was the first year ever that the Saudi market cracked our own "Top 10" of most active VC markets -- right up there with Brazil, Indonesia and others. We made 5 new growth-stage investments in the country this year and saw several of our existing portfolio companies -- Unifonic, Foodics, TruKker, Eyewa and others -- raise significant growth rounds. As we celebrate our first decade of supporting founders in KSA with Endeavor, I am very much looking forward to the next 10 years!



Saed Nashef

Founding Partner,
Raed Ventures

The trifecta of a vast market with high per-capita GDP, an increasingly efficient environment for risk capital formation, and a growing list of public-sector initiatives supporting tech entrepreneurship under Vision 2030 makes Saudi Arabia a rising star among global startup ecosystems. Today, ambitious founders recognize that KSA is the place to be for building transformative companies that may shape the future of our region. At Raed Ventures, we've seen phenomenal progress since we started investing in KSA in 2015. As the ecosystem matures further it will become more self-sufficient. More startups and startup investments will complete their entire lifecycle locally, spinning the flywheel even faster and helping realize the full potential of tech entrepreneurship in the Kingdom.

Executive Summary



2022 was a record year for funding in Saudi Arabia with close to \$1Bn of Investment

The Kingdom aggregated \$987M in funding in 2022 recording a 72% increase compared to 2021



Saudi Arabia accounted for 23% of the total deals in MENA

The VC ecosystem ranked third in terms of total transactions in MENA in 2022 after observing a 3% decline compared to the year before



Saudi Arabia marked 2022 as a record year for Mega Rounds recording three \$100M+ rounds

Reflecting signs of a maturing ecosystem, the Kingdom recorded three Mega Deals closed by F&B startup Foodics, FinTech Tamara, and T&L startup TruKker accounting for 37% of the total capital deployed



FinTech led the charts for funding and the total number of deals

FinTech was the industry of choice for investors by the number of deals as well as total funding in Saudi Arabia, accounting for 24% of the funding with \$239M raised across 28 deals



Saudi Arabia maintains its position in the top three markets of MENA by funding and the total number of deals

Saudi Arabia remains the second-most funded and the third-most transacted market in MENA



A record number of 104 investors backed Saudi-based startups in 2022

2022 becomes a record year for Investor participation in Saudi Arabia surpassing 2021 numbers by 30% with 104 investors backing Saudi-based startups



Saudi Arabia recorded the highest number of exits in 2022

Following the general trend in MENA, 2022 saw the highest M&A activity for the Kingdom with 10 exits



01

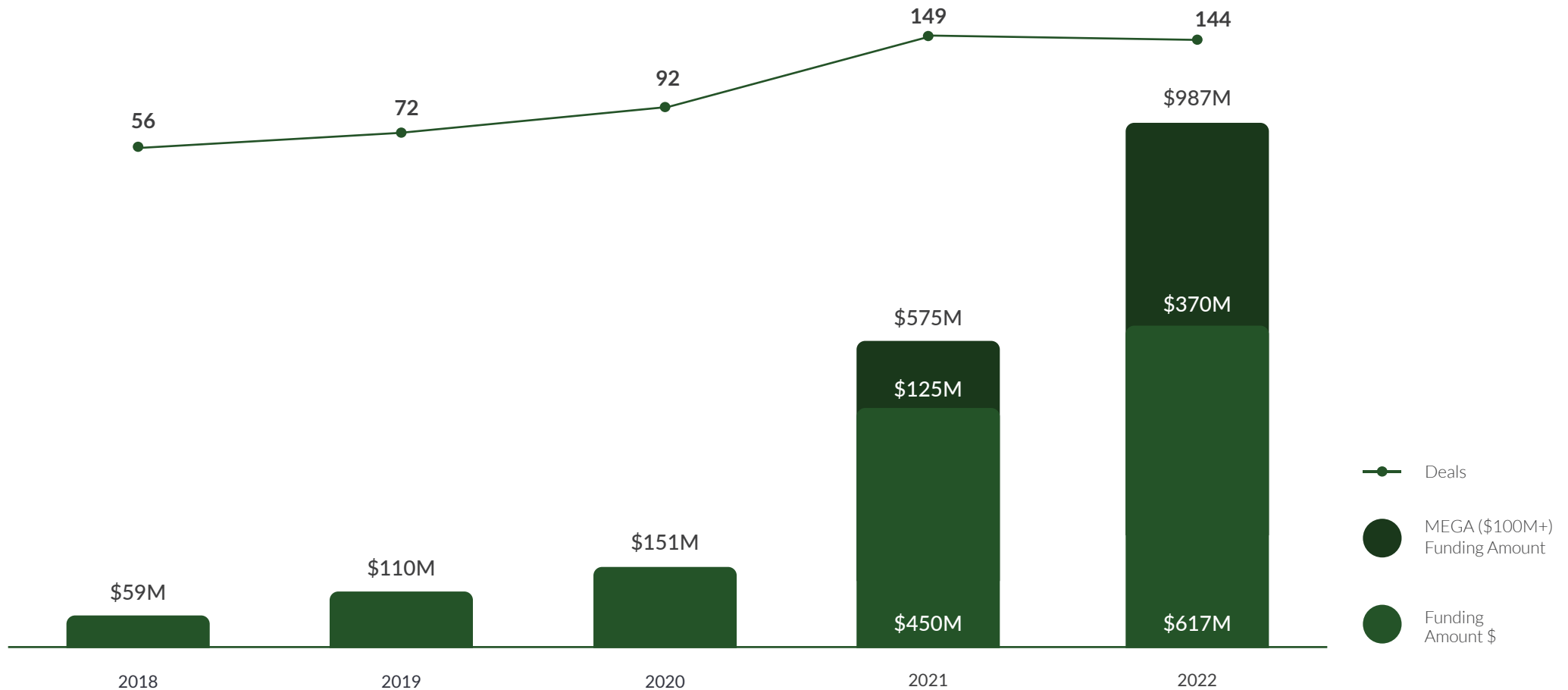
FUNDING
EVOLUTION

Yearly Funding Evolution | 2018 - 2022

Saudi Arabia saw record-high VC activity as funding increased by 72% compared to 2021 while closing 97% of last year's deals

- Nearing the \$1Bn mark, Saudi Arabia raised \$987M in funding in 2022 across 144 deals with \$100M+ rounds accounting for 37% of the total funding
- The Kingdom recorded three Mega Deals, \$170M Series C by Foodics, \$100M Series B by FinTech Tamara, and \$100M Series C by TruKker

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





02

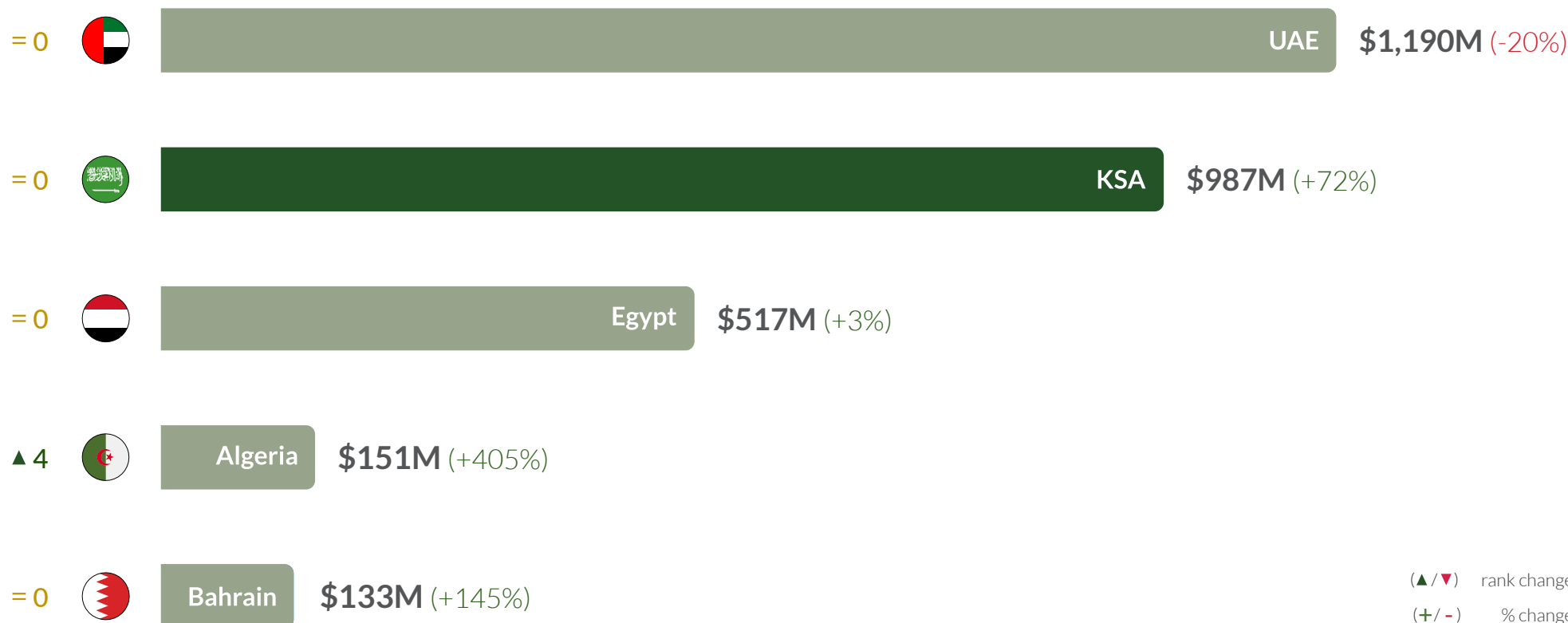
COUNTRY
BREAKDOWN

2022 - MENA Country Comparison | By Funding

Saudi Arabia kept its position as the second most funded geography across the Middle East & North Africa

- Raising \$987M in funding, Saudi Arabia accounted for 31% of the total capital deployed in the MENA region
- The Kingdom reduced the funding gap difference with the UAE from \$917M in 2021 to \$203M in 2022

Top countries by total funding (\$) in MENA in 2022

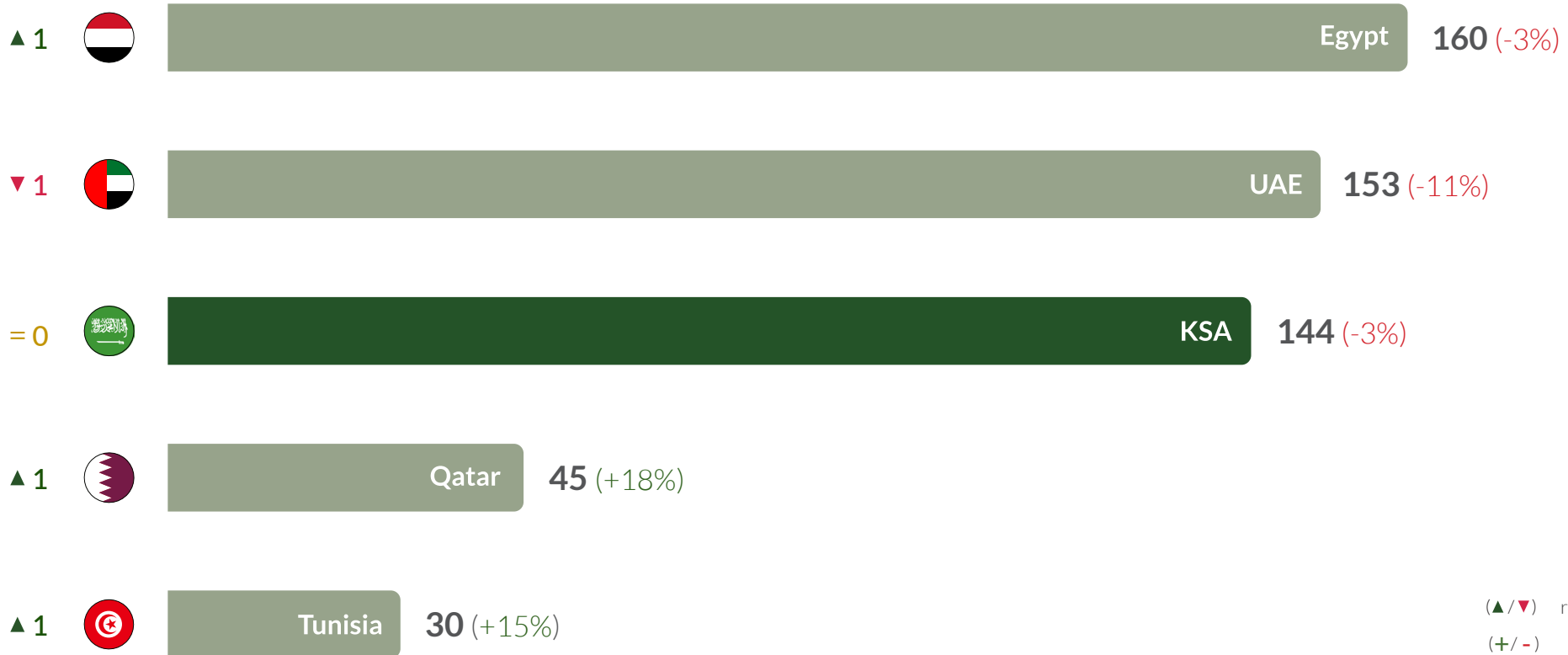


2022 - MENA Country Comparison | By Deals

Saudi Arabia accounted for 23% of the total deals in MENA making it the third most transacted market in the region

- Recording a decline in transactions for the first time since 2017, Saudi Arabia closed 144 deals falling short by five deals of 2021's number
- The difference in transactions recorded by the UAE and Saudi Arabia reduced to just nine deals compared to 23 in 2021

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



(▲/▼) rank change '22 vs '21

(+/-) % change '22 vs '21



03

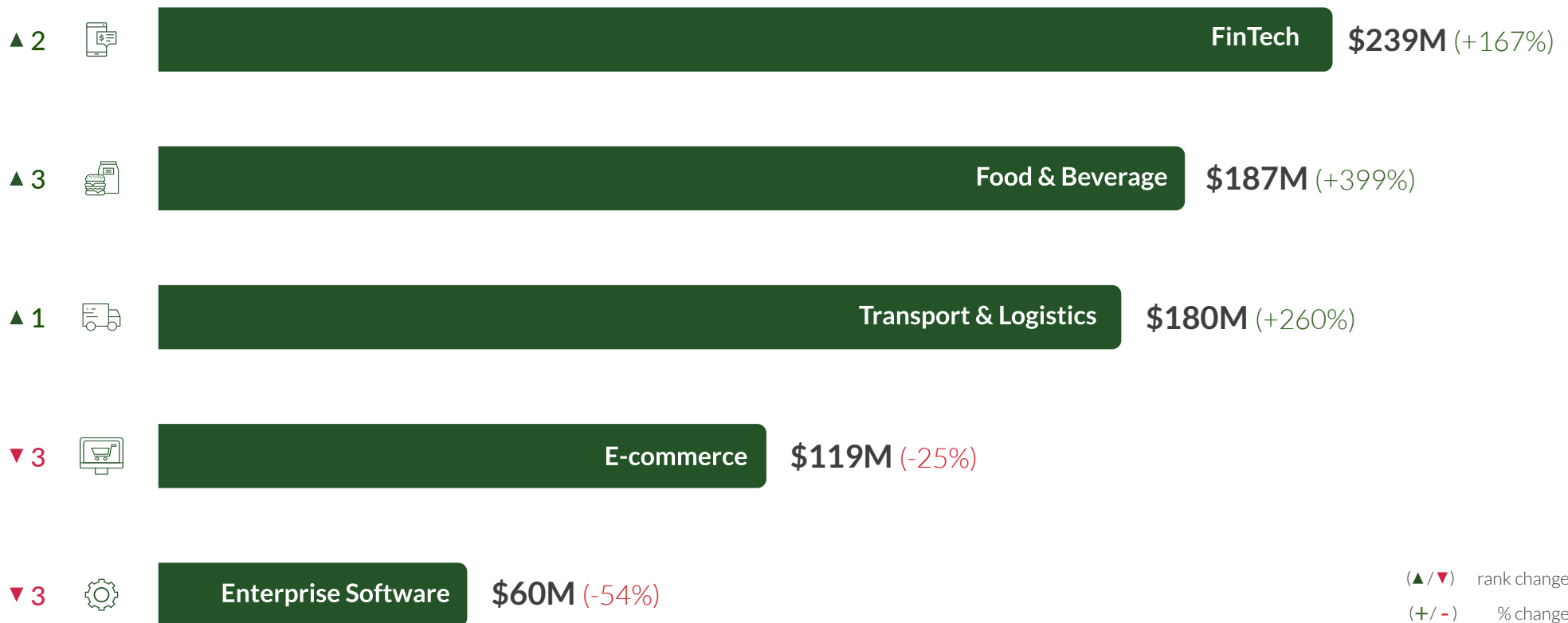
**INDUSTRY
BREAKDOWN**

2022 - Saudi Arabia Industry Comparison | By Funding

With a 167% increase in funding, FinTech jumped two spots in 2022 to become the most funded industry in Saudi Arabia, mirroring its peer MENA markets

- Surpassing EdTech and E-commerce, the top two industries in 2021, FinTech became the leading industry in 2022 with \$239M raised
- F&B remained in the top three supported by F&B startup Foodics' \$170M Series B round

Top industries by total funding (\$) in Saudi Arabia in 2022



(▲/▼) rank change '22 vs '21

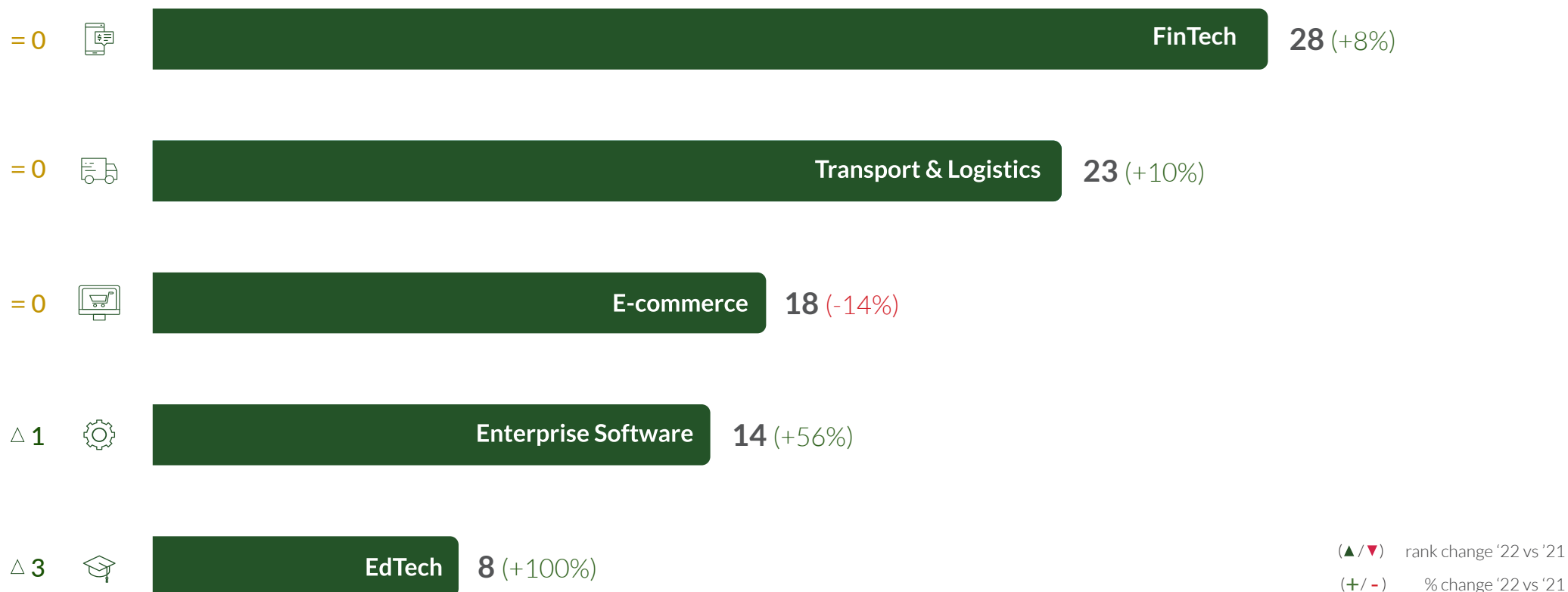
(+/-) % change '22 vs '21

2022 - Saudi Arabia Industry Comparison | By Deals

FinTech ranked first by deals closed over 2022 accounting for 19% of the total transactions observed in Saudi Arabia

- With initiatives being introduced by the Saudi Central Bank and Capital Market Authority to boost financial technology, FinTech startups recorded 28 investments in 2022
- Enterprise Software and EdTech have recorded significant growth with the latter registering double the number of deals it saw in 2021

Top industries by number of deals (#) in Saudi Arabia in 2022









































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INVESTMENT &
EXIT ANALYSIS

2022 - Disclosed Funding Rounds in Saudi-based Startups | Top 5 Deals

50% of the total capital deployed in Saudi Arabia over 2022 was concentrated in the top five rounds

- The three Mega Deals accounted for 37% of the total funding in Saudi Arabia and 42% of Mega Deal transactions across MENA
- Foodics' \$170M Series C round ranked as the third-largest funding round in MENA in 2022

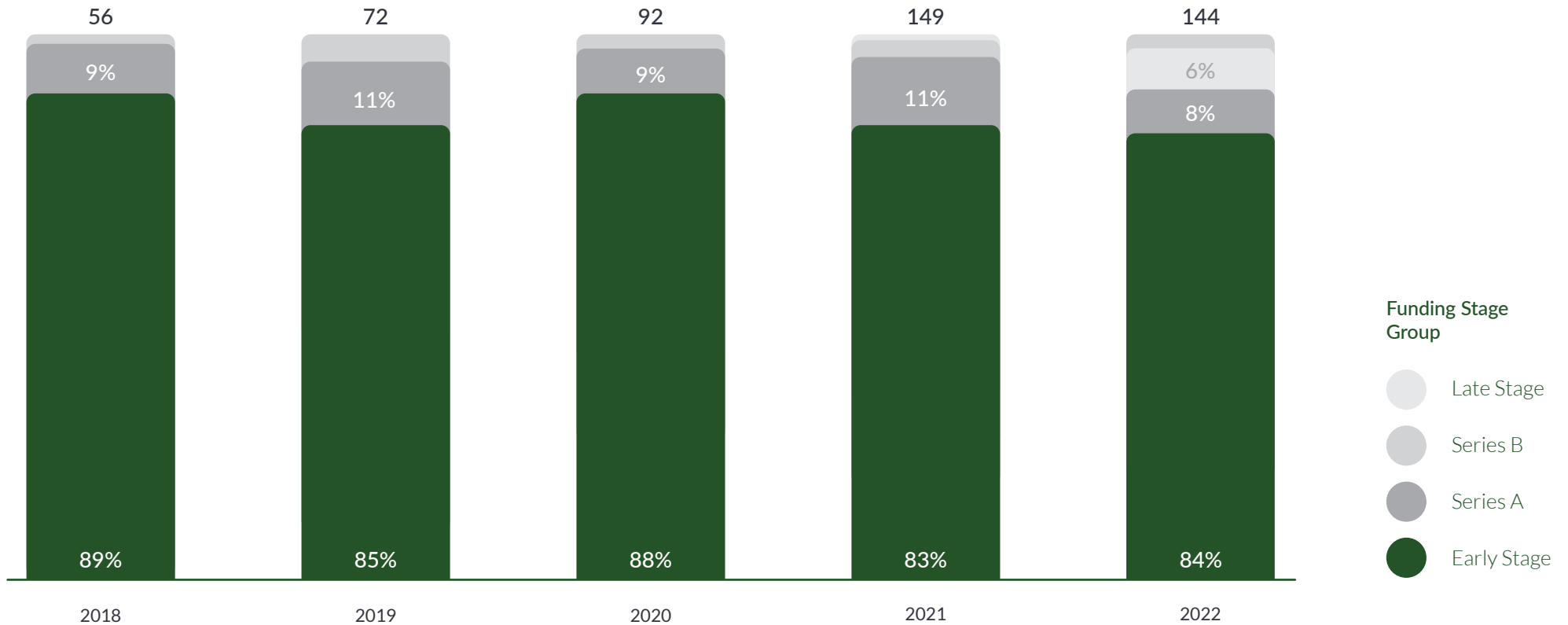
		Amount Raised	Funding Stage	Month	Industry	Select Investors
1		\$170M	Series C	April	Food & Beverage	     
2		\$100M	Series C	September	Transport & Logistics	      
3		\$100M	Series B	August	FinTech	     
4		\$50M	Undisclosed	February	E-commerce	     
5		\$50M	Series B	October	E-commerce	     

2022 - Saudi Arabia VC Funding | By Stage

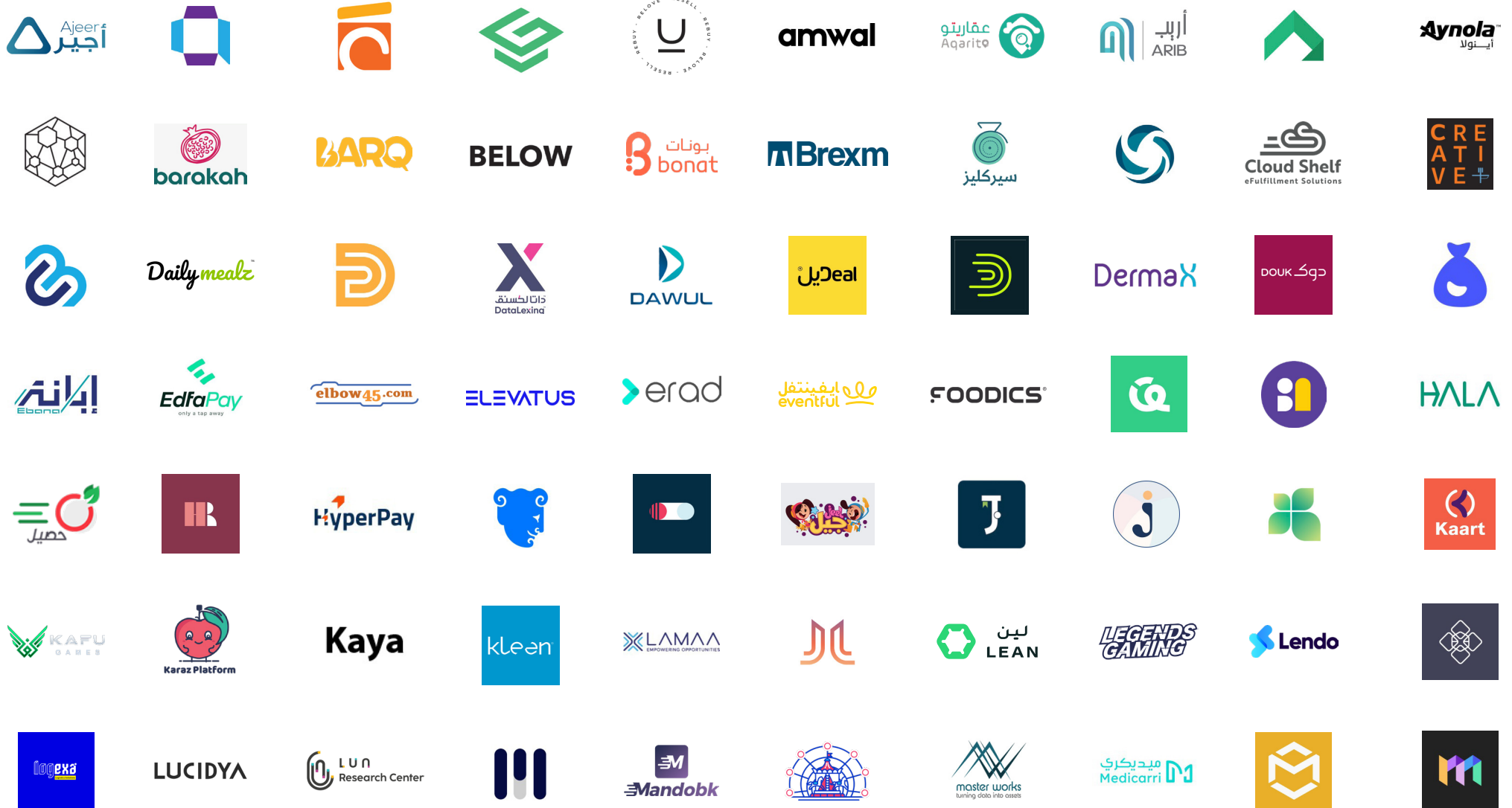
With Saudi Arabia closing 144 deals in 2022, 84% of the deals were closed at the Early-Stage (Pre-SEED to Pre-Series A)

- Early-Stage deals secured the lion's share of deals in Saudi Arabia (84%), similar to its peer MENA markets UAE (79%) and Egypt (88%)
- Series B saw a 3PP increase driven by rounds recorded by the likes of Foodics and Tamara while the share of Series A deals dipped to 8%

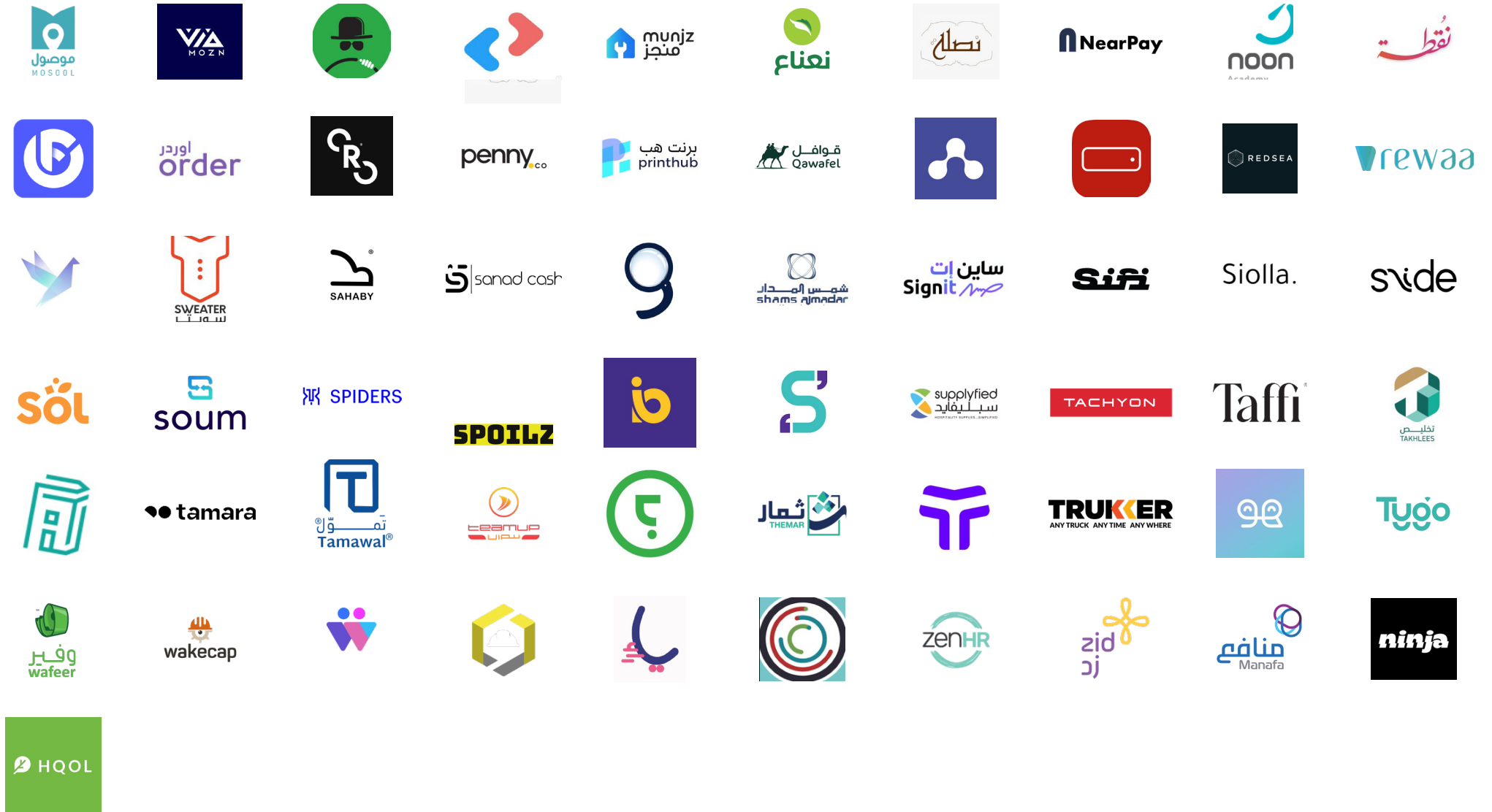
Yearly VC deals in Saudi Arabia by stage (%)



2022 - Saudi-Based Funded Startups | (1/2)



2022 - Saudi-Based Funded Startups | (2/2)



2022 - Active Investors | By # of Investments

With a record 104 investors, Saudi Arabia saw 30% more investors in 2022 than in 2021

- Similar to 2021, the majority of the investors (79%) hailed from Saudi Arabia with four of the five most active investors being Saudi-based
- 500 Global, Sanabil 500, and Impact 46 were among the Kingdom's most active backers with 500 Global and Sanabil 500 participating in 13 deals each

Investors by number of investments in Saudi-based startups in 2022

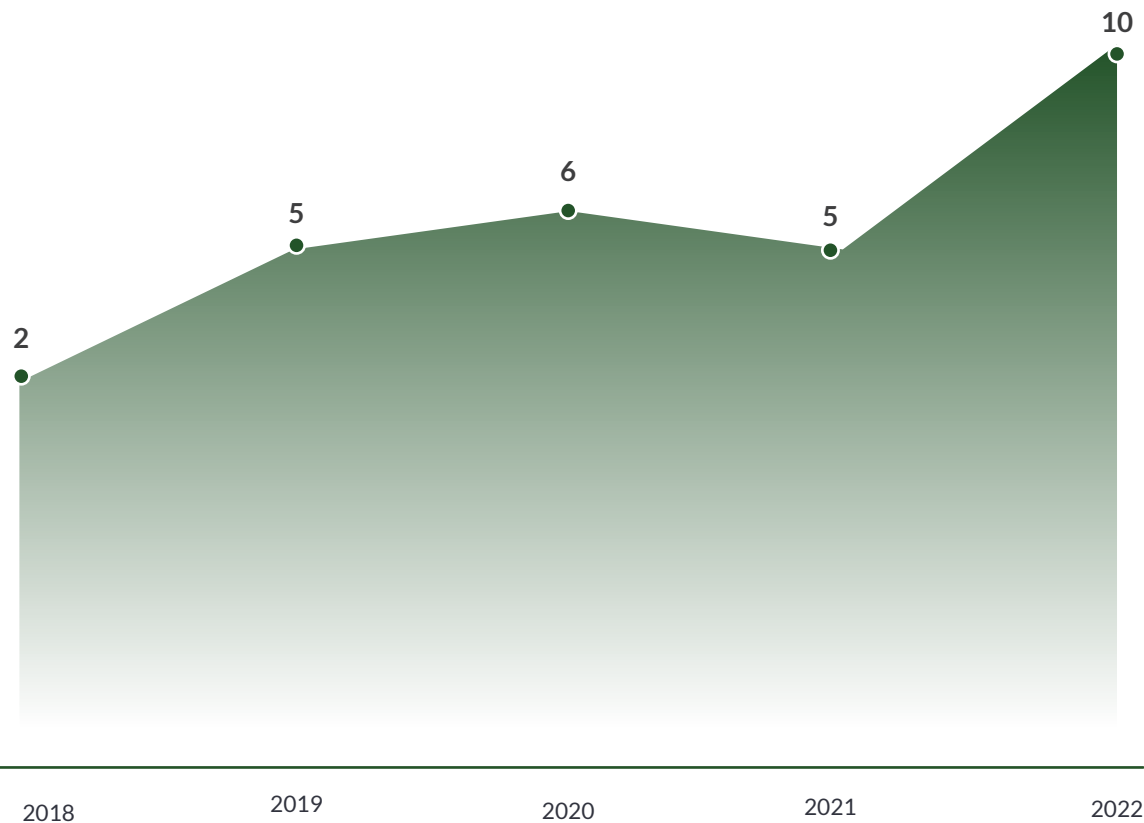


Saudi Arabia Exit Evolution | 2018 - 2022

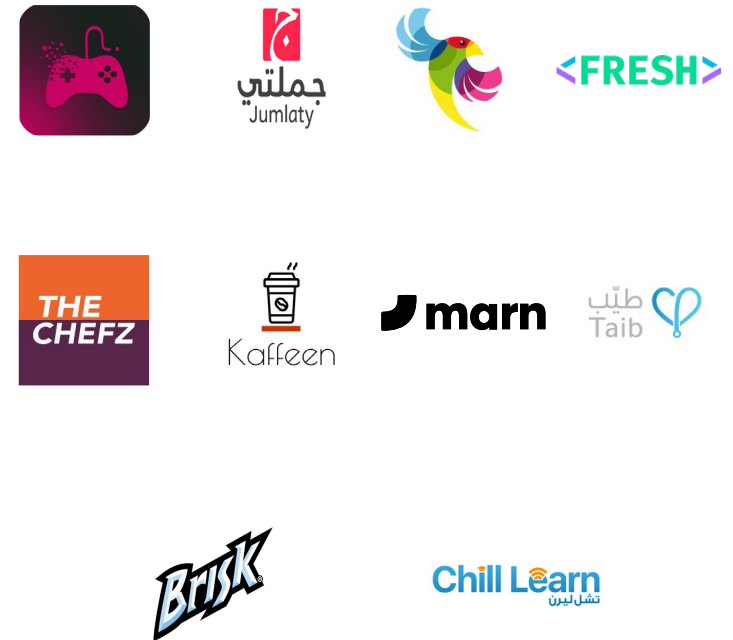
Saudi Arabia recorded double the number of exits in 2022 compared to the year before

- With 10 exits, Saudi Arabia continued to rank at number three in terms of M&A activity accounting for 14% of all MENA exits
- Jahez recorded two acquisitions while a number of cross market acquisitions were also recorded with UAE-based ventures acquiring KSA-based startups

5Yr Exit Evolution in Saudi Arabia



Exits in 2022



2022 - Highlights



Saudi Central Bank, Financial Sector Development Program

SAMA announced the issuance of the Open Banking Framework as one of the key outputs of the Open Banking Program, which is one of the initiatives of the Fintech Strategy, one of the pillars of the Financial Sector Development Program (FSDP) under Saudi Vision 2030. The framework includes a comprehensive set of legislation, regulatory guidelines and technical standards based on international best practices to enable banks and fintech startups to provide open banking services in the Kingdom



MCIT

MCIT launched the third edition of the "Tech Champions Program", an acceleration program for three sectors, providing entrepreneurs with the necessary tools and support, as well as access to market and investors. MCIT also launched "The Multiverse Program", which enables entrepreneurs and investors to access the most thriving tech ecosystems around the world including Silicon Valley. It also supports startups to scale to global markets



Saudi Federation for Cybersecurity, Programming and Drones

The Tuwaiq Academy of the Saudi Federation for Cybersecurity, Programming and Drones announced the launch of 20 bootcamps in professional technical fields and in partnership with major international technology companies, led by Amazon, Huawei, Alibaba and others. The bootcamps offer the trainees the opportunity to develop their technical skills and abilities



FinTech Saudi

Fintech Saudi released its fourth Annual Report 2021/2022, providing an overview of the fintech industry in Saudi Arabia over the last year. In addition to shedding light on the fintech strategy, innovation in financial markets, and the expected boom of digital banks in the Kingdom



Misk Foundation

Misk Entrepreneurship in partnership with Plug and Play launched its 4th cohort of the Misk Accelerator, a seed-stage accelerator for tech startups. It also announced season two of "Misk Startup School" of rich masterclasses by top global entrepreneurs from the US and MENA region



Venture Capital & Private Equity Association, Jada

Jada Fund of Funds, in partnership with the Saudi Venture Capital & Private Equity Association launched the 5th edition of "The Emerging Fund Manager" for venture capital, presented by Professor Robert Siegel of Stanford Graduate School of Business. The 6th edition of the program for private equity was also launched, presented by Professor Florin Vasvari of London Business School.



Ministry of Commerce, CMA

The Ministry of Commerce and the Capital Market Authority (CMA) announced publishing the Draft Implementing Regulations of the New Companies Law for public consultation, pursuant to the issuance of the New Companies Law. The Draft aims to facilitate the legal requirements to promote the business environment and support investment, to contribute to attracting foreign and domestic investment and to provide sustainable financing resources.



Monsha'at

The Small and Medium Enterprises General Authority (Monsha'at) announced that the number of continuous training programs through the "Monshaat Academy" has reached 100 training programs that were carefully developed based on the needs of entrepreneurs in various sectors. The training programs aim to improve their access to investors and markets, manage existing projects and increase their competitiveness.



National Development Fund, SME Bank

The SME Bank, one of the development banks affiliated with the National Development Fund, started its official operations to increase financing provided to startups and SMEs through enhancing the contributions of financial institutions in providing innovative financing solutions to startups and SMEs to sustain the development of this vital sector



National Technology Development Program (NTDP)

The National Technology Development Program launched "MVPlab" to support and enable innovative technology founders to develop their projects, accelerate growth and launch technology business models, which aims to create 1,000 tech startups in partnership with several partners in the entrepreneurial field



05

ABOUT
SVC

About SVC

Saudi Venture Capital (SVC) is a Government VC (\$1.5 billion AUM) established in 2018 for the primary goal of stimulating and sustaining financing for startups and SMEs from pre-seed to pre-IPO through the investment in VC and PE funds and co-investment in startups.

Since inception, SVC has backed 31 funds and 5 angel investor groups that invested in 525 startups and SMEs.

1 Investment in Funds

1.1 - VC Funds



1.2 - Accelerator and Startup Studio Funds



1.3 - Venture Debt Funds



1.4 - Private Equity Funds



2 Co-Investment in Startups

2.1 - Angel Co-Investment in Startups

Co-investing in startups along with angel investors through the following approved angel investor groups:



2.2 - Institutional Co-Investment in Startups

Co-investing in startups along with institutional investors (i.e., fund managers), when there is an equity financing gap or to catalyze later stage investments for strategic or financially-driven objectives.

Learn more about Saudi Venture Capital (SVC) at svc.com.sa



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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

TE
TechCrunch

TECHINASIA

THE WALL STREET JOURNAL
WSJ

FT
FINANCIAL
TIMES



MAGNiTT Methodology | Equity

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 year of funding, location of 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 from 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 is analysed 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. For more info please visit magnitt.com or contact support@magnitt.com

▶ If you feel your firm has been underrepresented, please send an email to data@magnitt.com and we can work together to ensure your firm's investment data is up-to-date



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