



MAGNiTT | SVC

FY 2023
SAUDI ARABIA
VENTURE CAPITAL REPORT

MAGNiTT Report, Sponsored by SVC

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01 Key Stakeholders Takeaways

Key Stakeholders Takeaways

Ammar Alkhudairy

Chairman,
SVC



The Kingdom's leading position in the VC scene in the region for the first time and crossing the \$1Bn mark for the second year, despite the decline witnessed in regional and global VC markets, comes as a result of the economic development witnessed by the Kingdom with the support of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and His Royal Highness the Crown Prince, Prince Mohammed bin Salman Al Saud, through the launch of many governmental initiatives to stimulate the VC and startups ecosystem within the Saudi Vision 2030 programs, and the development of the legislative and regulatory environment for the ecosystem, in addition to the emergence of active investors from the private sector as well as innovative entrepreneurs.

SVC is one of the most important VC market makers in Saudi Arabia, as the company was established for the purpose of stimulating and sustaining financing for startups and SMEs from pre-Seed to pre-IPO through investment in funds and co-investment in startups and SMEs. To achieve that, SVC's strategy was developed meticulously based on regional and global working models. Due to the dynamic evolution of the Saudi VC ecosystem, SVC's strategy is reviewed routinely to ensure that equity funding gaps are minimized, and the private investors are properly stimulated.

We are proud that SVC's strategy contributed to the development of the VC ecosystem in the Kingdom, as it was ranked fourth in the region in terms of the amount of VC funding in 2018 (the year SVC was launched), to become the top country in the region in 2023. We, at SVC, are committed to continue leading the development of the VC ecosystem in Saudi Arabia through stimulating private investors to provide support in turn for startups and SMEs to be capable of fast and high growth, leading to diversifying the national economy and achieving the goals of the Saudi Vision 2030.

Dr. Nabeel Koshak

CEO and Board Member,
SVC



The steady growth witnessed by the Saudi VC ecosystem during the past few years, which led to achieving a new record of VC funding in 2023 and becoming the most funded market in the MENA region, is a historic achievement and a result of the country's pursuit to achieving the Saudi Vision 2030 and its commitment to fostering entrepreneurship and stimulating investment in startups. This is demonstrated by the launch of several initiatives and programs that contributed to the evolution of the VC ecosystem in Saudi Arabia at an unprecedented pace.

Capturing the highest share of total VC funding in MENA in 2023 confirms the attractiveness of the Saudi market, enhances its competitive environment, and consolidates the strength of the Kingdom's economy as the largest economy in MENA.

SVC plays a crucial part in stimulating the VC investment from the private sector to sustain and foster the steady growth of the VC ecosystem in the kingdom. SVC's strategy, since its inception in 2018, contributed to increasing the number of investors in Saudi startups, encouraging existing and new financial companies to establish VC funds, and motivating regional and global funds to invest in Saudi startups. Accordingly, the funding deployed into Saudi Arabian startups grew 21X to a record-high of \$1.4Bn in 2023 versus \$65M in 2018, the year SVC was launched.

We, at SVC, have no doubt that this is only the beginning towards a more prosperous future and are committed to further stimulate the VC ecosystem in Saudi Arabia by launching required investment programs and products that are developed based on the analysis of ecosystem's needs and following regional and global working models.

Key Stakeholders Takeaways

Nora Alsarhan

Chief Investment Officer,
SVC



In 2023, the venture capital ecosystem in Saudi Arabia reached unprecedented remarkable heights, marking a significant milestone in the Kingdom's VC ecosystem narrative. For the first time, Saudi Arabia positioned itself at the forefront of the MENA region in terms of total venture capital funding, demonstrating a robust 33% YoY growth. This achievement is even more commendable considering the global market turmoil and macroeconomic challenges faced worldwide. As the Kingdom surpasses the USD1 billion mark for the second consecutive year, reaching USD1.4 billion in VC funding, it's clear that we are witnessing the emergence of a vibrant, innovative, and resilient entrepreneurial landscape.

At SVC, we view these accomplishments not as a peak, but as the foundation for even greater aspirations. Our vision extends beyond regional leadership; we aim for Saudi Arabia to become a pivotal global player in the venture capital ecosystem. Our entrepreneurs are poised to compete on the world stage, attract international investors, and establish Saudi Arabia as a global hub for startups. This is the time for Saudi-based entrepreneurs to capitalize on unique regional tailwinds and the government's ambitious vision, establishing startups that not only thrive locally but shape the future of the regional and global market. The journey has just begun, and we are merely scratching the surface of what is possible. As we continue to foster an environment of innovation and growth, the horizon looks promising for Saudi Arabia to become a beacon of entrepreneurial success worldwide.

Qusai Alsaif

CEO,
Saudi Venture Capital and Private Equity Association



Saudi Arabia's tech titans are rising. 2023 witnessed a remarkable surge in VC activity, defying early challenges and propelling the Kingdom's innovation ecosystem to new heights. This year marked a pivotal year for Saudi tech. Witness the surge that powered Rewaa, Tamara, Tabby, Floward, Nana, and countless others. At Sadu Capital, we're committed to fueling this growth, and as VCPEA CEO, I see a clear path for the Saudi ecosystem to reach its full potential. Our vibrant economy lays the foundation for even greater expansion in the years to come. I'm confident this is just the beginning of a transformative era for Saudi tech, and we're poised to be at the forefront.

Omar Almajdouie

Founding Partner,
Raed Ventures



The Saudi tech ecosystem is witnessing a remarkable transformation, positioning the country as a leading hub for technological innovation in the region. Notably, Saudi Arabia has ascended to the top rank in terms of funding size for startups. This surge in funding is drawing a growing number of entrepreneurs to either establish new ventures or relocate their existing startups to the Kingdom. Recognizing this trend, the Saudi government is actively reforming regulations to facilitate a smoother integration of non-Saudi founders into the local business landscape. These regulatory enhancements are complemented by highly attractive incentives aimed at encouraging relocation to Saudi Arabia. These incentives include financial benefits, support services, and a more entrepreneur-friendly business environment. This proactive approach by the government underscores its commitment to fostering a thriving, diverse tech ecosystem within the country.

02 Executive Summary



Saudi Arabia ranks first across MENA for the first time in 2023 for total funding in Venture Capital, crossing the \$1Bn mark for the second year.

The Kingdom's VC ecosystem aggregated a record-breaking \$1,383M in capital deployed in 2023, up by 33% compared to 2022. This pushed the country's contribution to the MENA region's total funding from 30% in 2022 to 52% in 2023.



Despite a 20% YoY reduction in the number of deals, Saudi Arabia increased its rank to 2nd most transacted MENA country in 2023.

The Kingdom now accounted for 26% of total deals across MENA in 2023, rising from 22% a year earlier. Reflecting the impact of the MEGA deals, the average deal size in the country rose by a yearly 73% from \$7.4M in 2022 to \$12.8M in 2023.



MEGA deals stood at an all-time high of \$879M across four deals in 2023, reporting a triple-digit annual growth of 138% from 2022.

The deals closed by BNPL startups Tamara and Tabby and E-Commerce/Retail startups Floward and Nana captured 77% of all MENA mega deals (\$100M+) in 2023, up from a share of 33% in 2022.



FinTech leads as the industry of choice for investors in the Kingdom for deals and capital deployed, amassing \$704M across 30 deals in 2023.

E-Commerce/Retail saw rising interest and landed second in deals and funding. The industry accounted for two of the four MEGA rounds and three of the top five deals closed in Saudi Arabia in 2023.



The Kingdom recorded a growing funding gap versus its MENA peers in 2023, the only country in MENA's top 3 that saw YoY growth in investments.

Dating back five years, the gap between the UAE and Saudi Arabia in funding was \$502M, whereas in 2023, the gap increase for Kingdom was \$692M. In terms of transactions, dating back five years the gap between the UAE and Saudi Arabia was 53 for the Emirates, whereas in 2023 it narrowed down to 33 deals.



114 investors backed Saudi-based startups in 2023, nearly on par with the 116 investors in 2022.

Around 56% of those investors reigned down from the Kingdom. In comparison, the MENA region saw a 30% YoY decrease in the number of investors with only 45% coming from outside the region in 2023.



Exit activity in the Kingdom remained relatively stable in 2023, with 9 M&A transactions compared to 10 in the previous year.

While Q1 did not record any exits for Saudi-based startups, the remainder of the year picked up the pace with at least two exits per quarter. The Kingdom came second in exit activity in the MENA region after the UAE.

03 Funding Evolution

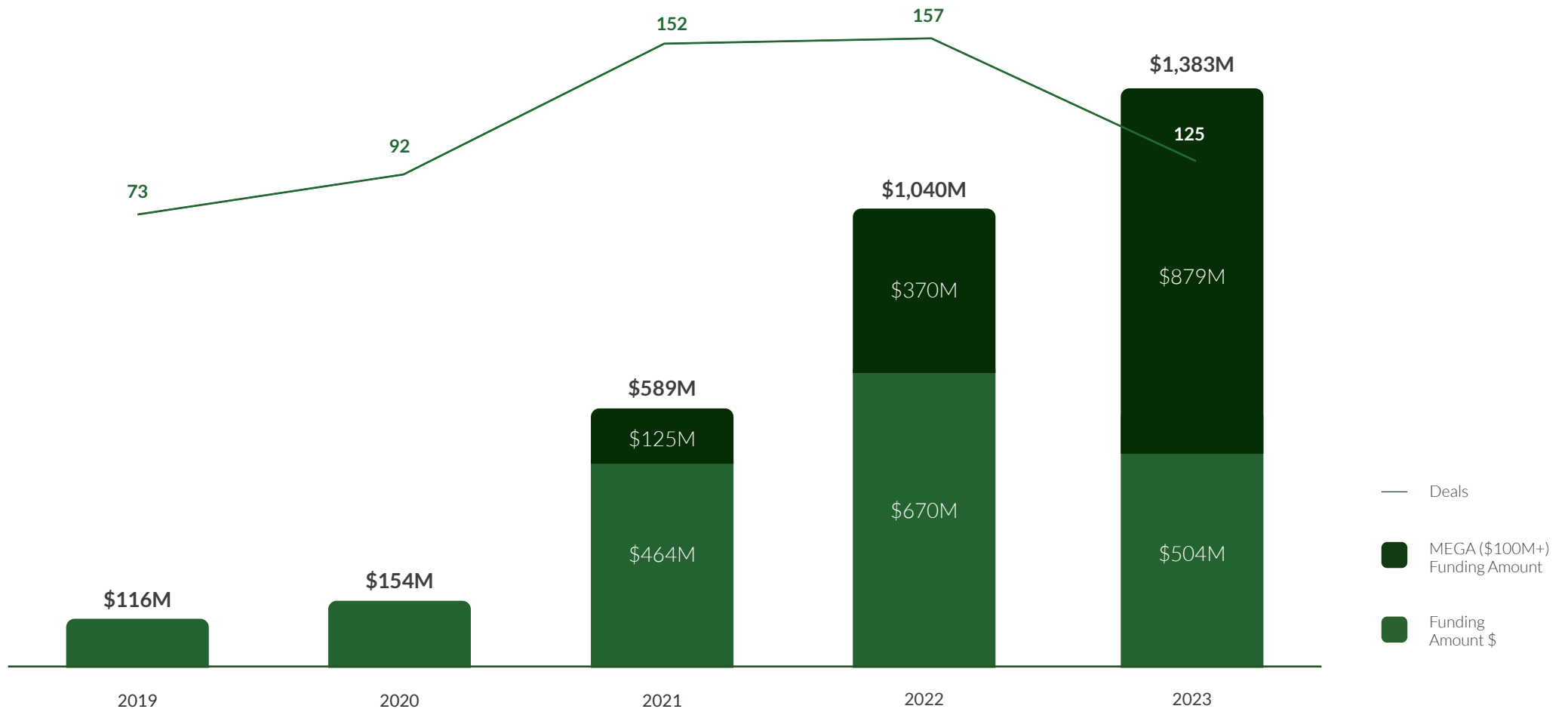
Yearly Funding Evolution | 2019 - 2023

Saudi Arabia surpassed the \$1Bn mark for the second consecutive year as funding in the Kingdom's venture capital market rose by 33% YoY to \$1.38Bn.

- Venture capital funding in Saudi Arabia has grown consistently since 2019, posting a 5YR CAGR of 86% in 2023.

- The number of deals, which had grown consistently for five years, fell by an annual 20% in 2023. At the same time, \$100M+ deals stood at four, an all-time high for the Kingdom.

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



04 Country Breakdown

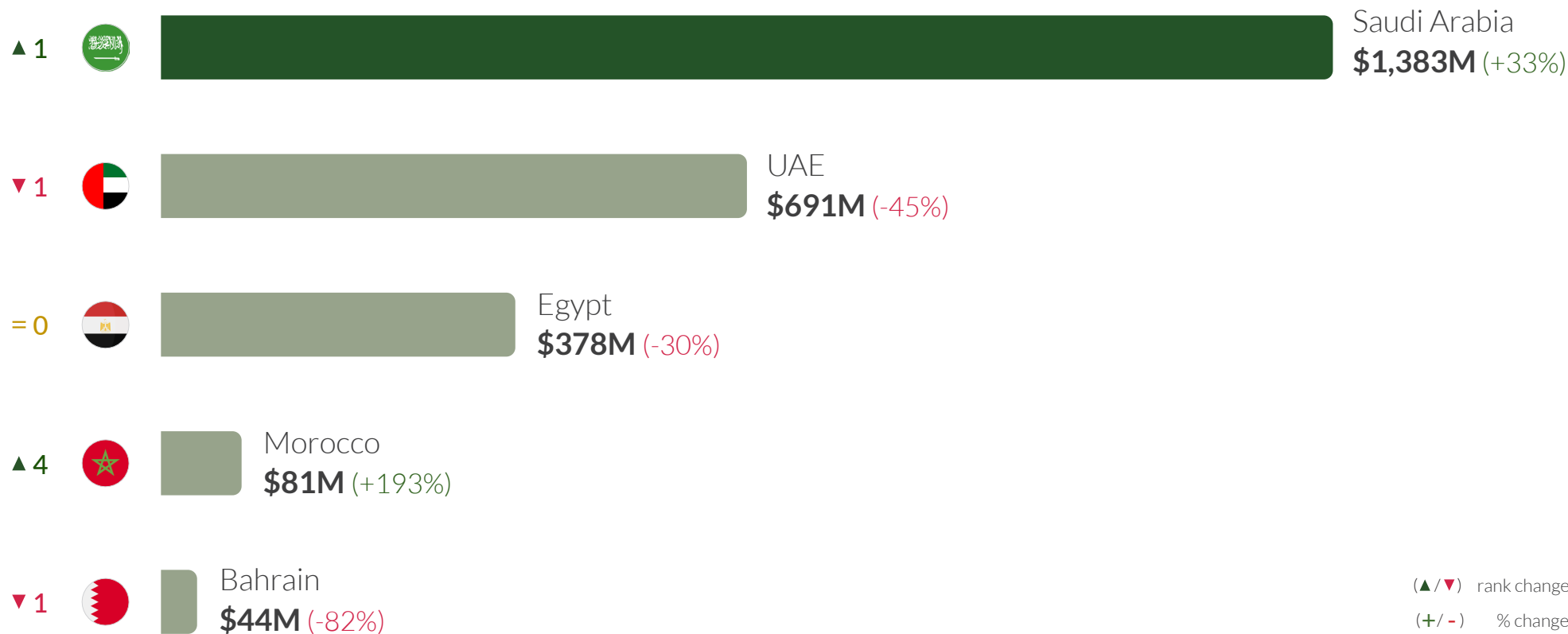
2023 MENA Country Comparison | By Funding

The Kingdom now ranks first across the MENA region in total funding for the first time, with a 33% growth YoY versus the MENA region's decline of 23%.

- Saudi Arabia contributed to 52% of the MENA region's total capital deployed, partly attributed to \$879M from four MEGA deals investments.

- The Kingdom widened its funding gap with the UAE from a surplus of \$228M for the Emirates in 2022 to \$692M in favor of Saudi Arabia in 2023.

Top countries by total funding (\$) in MENA in 2023



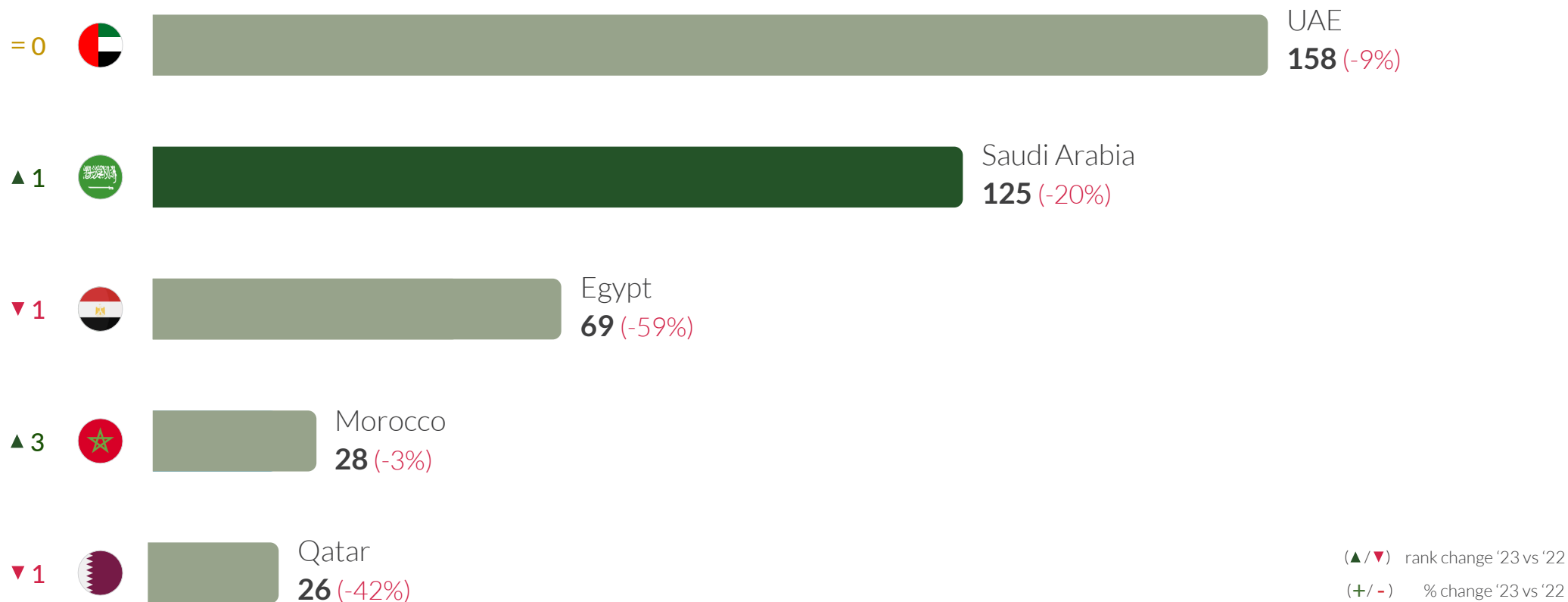
2023 MENA Country Comparison | By Deals

Saudi Arabia increased its rank to second position in terms of the number of transactions, now accounting for 26% of MENA's deals.

- Mirroring global and regional trends, the Kingdom saw an annual 20% retreat in transactions in 2023 versus the MENA decline of 34%.

- Egypt, which surpassed the Kingdom by 12 deals in 2022, fell short of the Kingdom by 56 deals in 2023.

Top countries by total number of deals (#) in MENA in 2023



05 Industry Breakdown

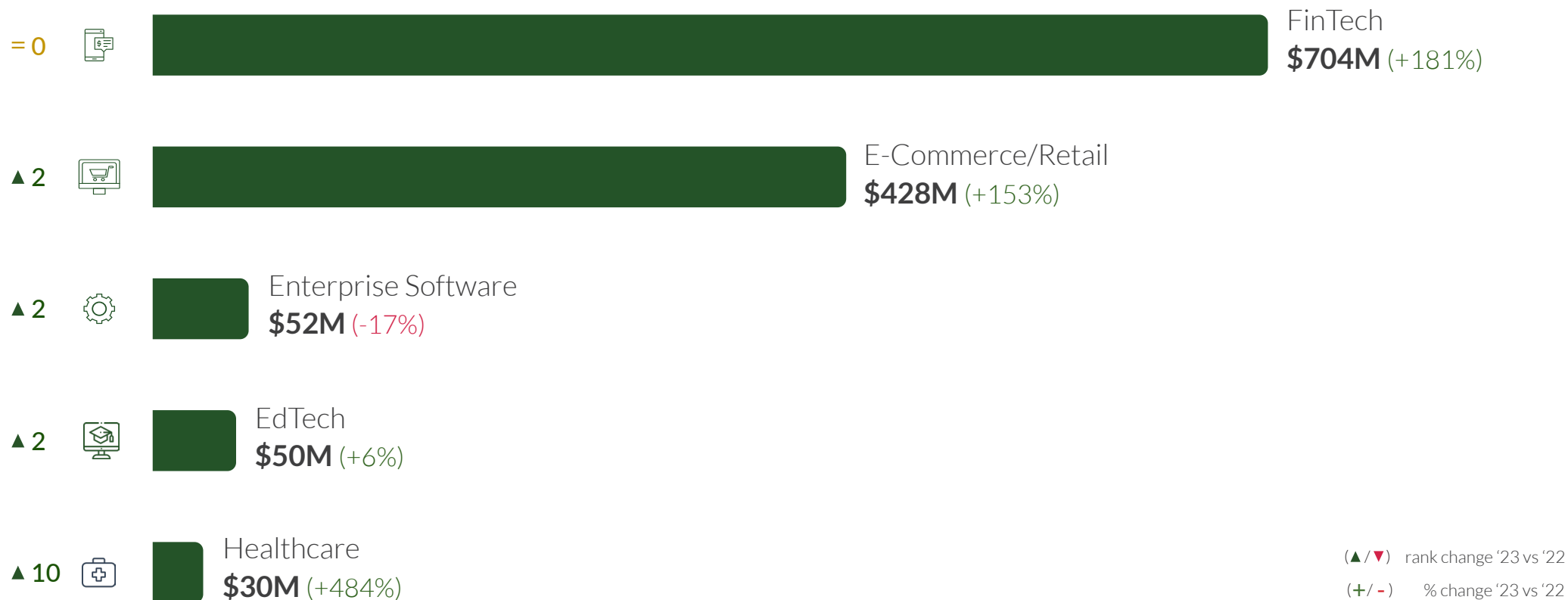
2023 Saudi Arabia Industry Comparison | By Funding

FinTech ranked first among industries in the Kingdom, contributing to 51% of the country's capital deployed driven by Tabby and Tamara's MEGA rounds.

- E-Commerce/Retail captured an impactful share of 31% and posited itself as a burgeoning force across the Kingdom's industries supported by Floward and Nana's MEGA deals.

- Removing these Mega Deal investments, FinTech and E-commerce/ Retail both saw more investment than the following three industries combined.

Top industries by total funding (\$) in Saudi Arabia in 2023



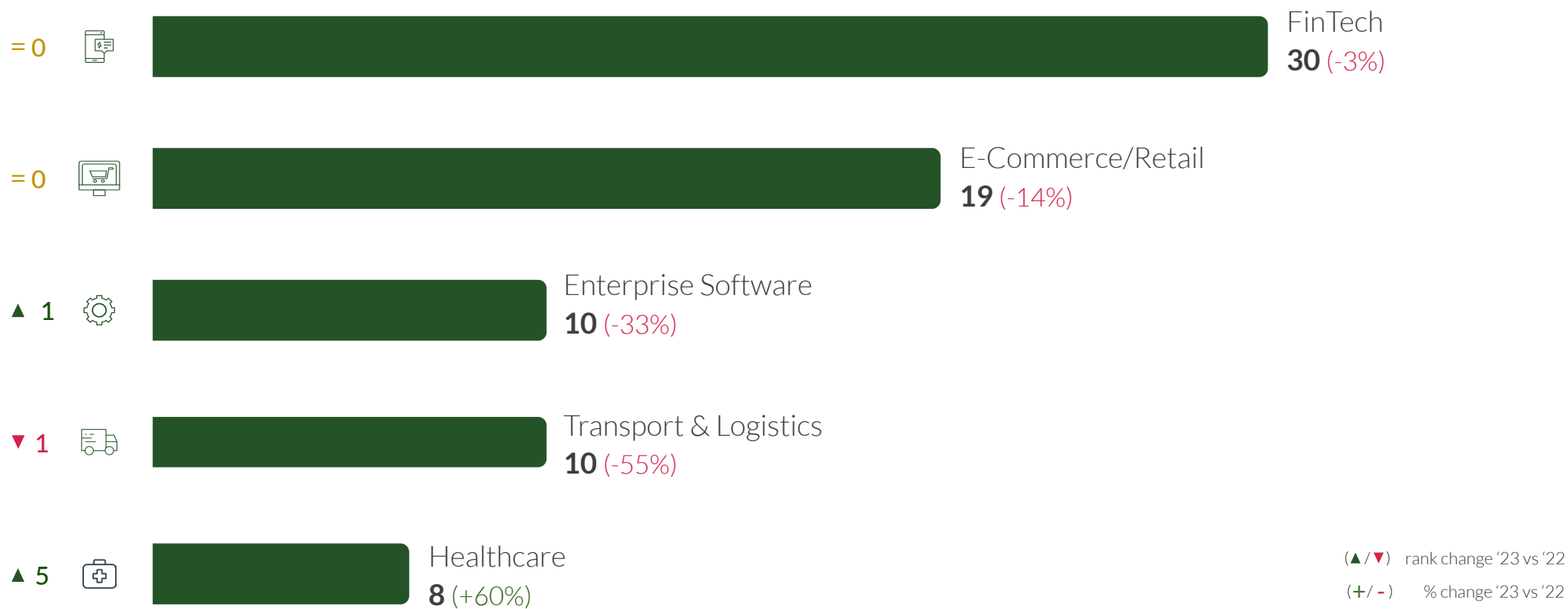
2023 Saudi Arabia Industry Comparison | By Deals

FinTech retained its position as Saudi Arabia's most transacted industry, capturing 24% of the country's total deals and remaining almost flat compared to 2022.

- Amongst the top five industries, Transport & Logistics saw slower activity and reported the most significant decline of 55% YoY.

- The Kingdom's top five industries captured 62% of the country's total deals in 2023, compared to 58% in the previous year.

Top industries by number of deals (#) in Saudi Arabia in 2023































06 Investment Analysis

2023 Disclosed Funding in Saudi-based Startups | Top 5 Deals

67% of total capital deployed in the Kingdom in 2023 was concentrated in the top 5 deals compared to 45% in 2022.

- FinTech and E-Commerce/Retail accounted for all 5 of the largest investments in the Kingdom in 2023.

- Tabby Series "D", Tamara, Floward, and Nana's Series "C" took 4 of the top 5 rounds across the whole of MENA and accounted for 77% of MEGA deals across the MENA region.

	Company	Amount Raised	Funding Stage	Month	Industry	Investors
1	 tamara	\$340M	Series C	Dec	FinTech	    
2	 tabby*	\$250M	Series D	Dec	FinTech	        
3	 FLOWARD فلوورد	\$156M	Series C	Feb	E-commerce/Retail	 
4	 نعناع	\$133M	Series C	Feb	E-commerce/Retail	    
5	 Sary	\$50M	Undisclosed	Jan	E-commerce/Retail	 

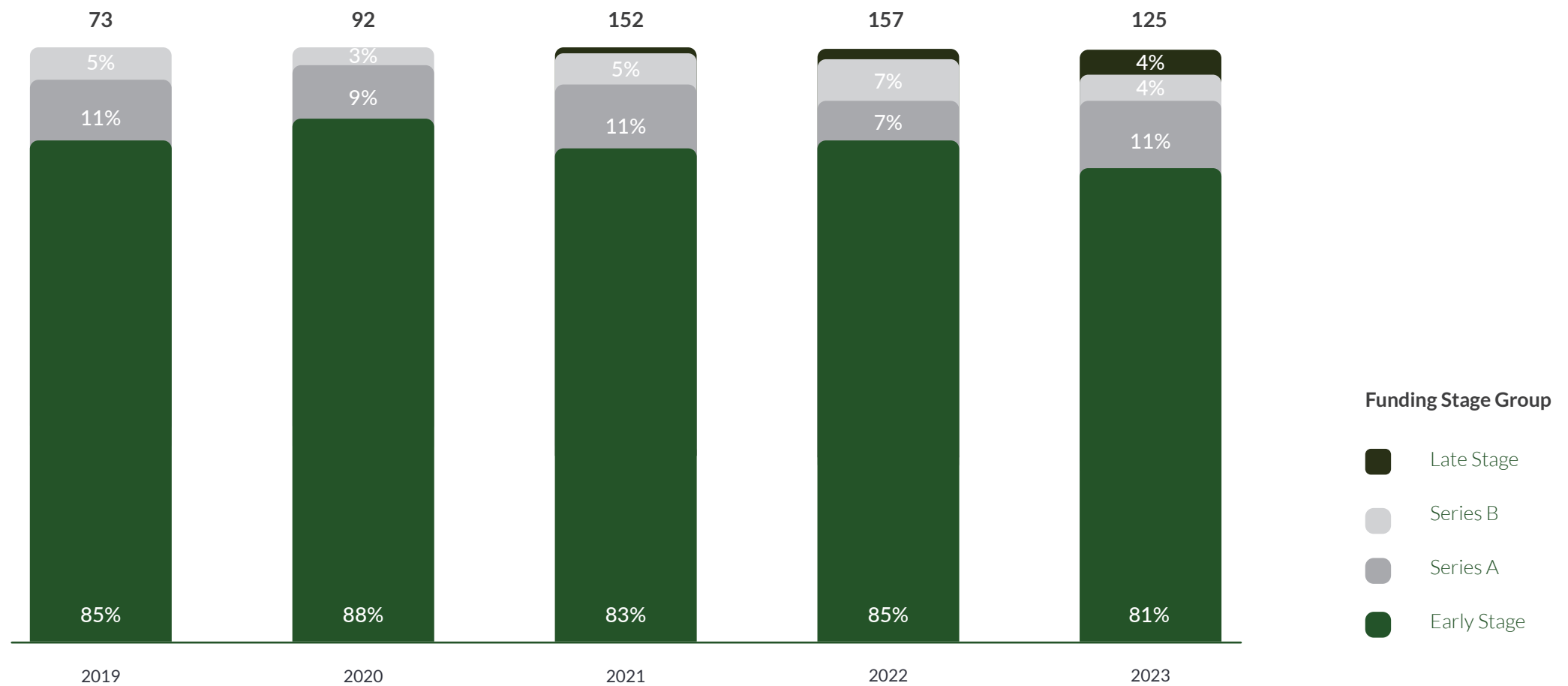
2023 Saudi Arabia VC Funding | By Stage

Early-stage deals (Pre-SEED to Pre-Series “A”) continued to capture the lion’s share of transactions in the Kingdom, accounting for 81% of all deals.

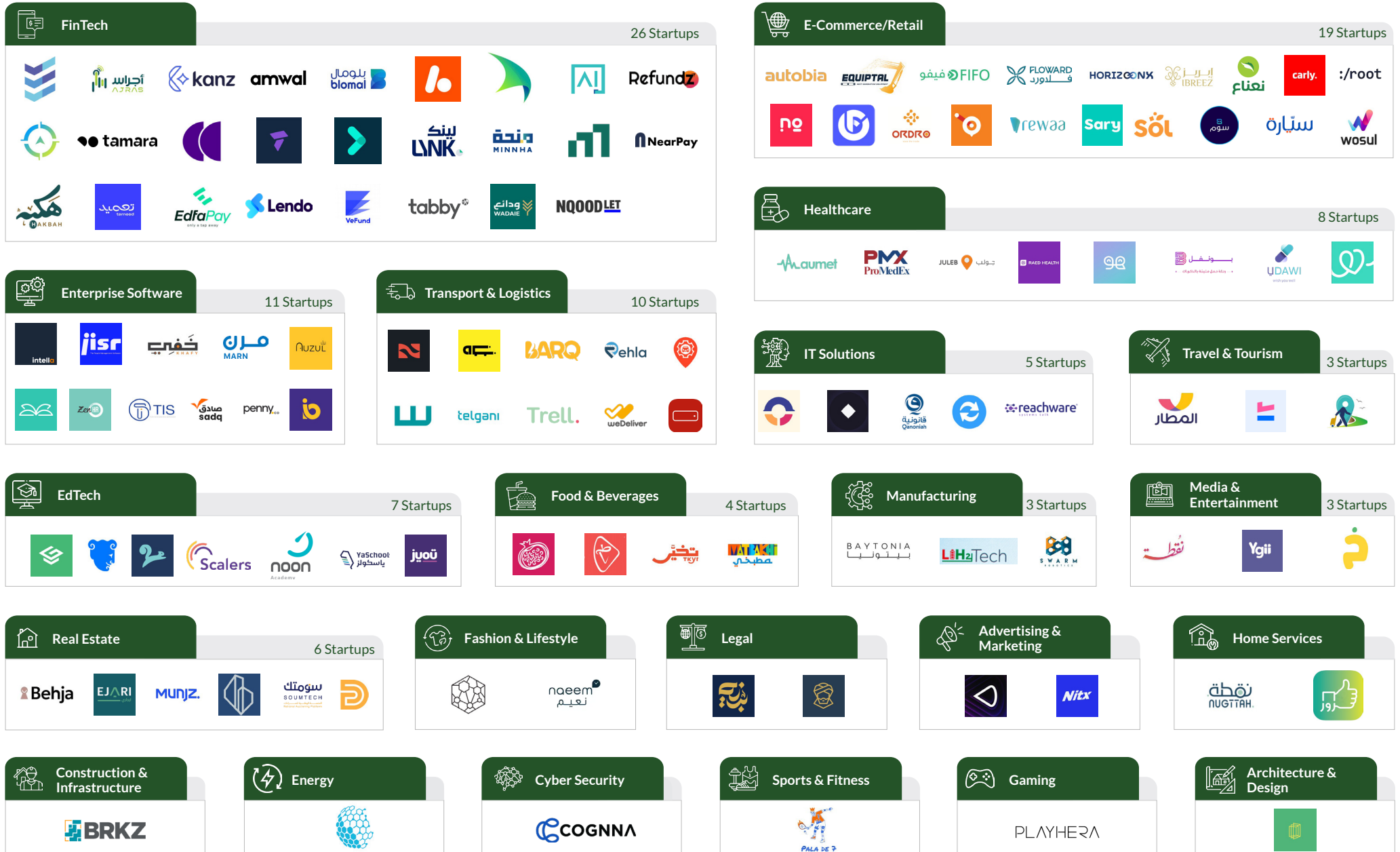
- Across MENA, similarly, early-stage transactions accounted for (86%) while accounting for similar proportions in the UAE (84%) and Egypt (90%).

- The share of late-stage rounds increased by 3PP to 4% in 2023 with 4 MEGA deals closed across Series “C” and “D”.

Yearly VC deals in Saudi Arabia by stage (%)



2023 Saudi-Based Funded Startups

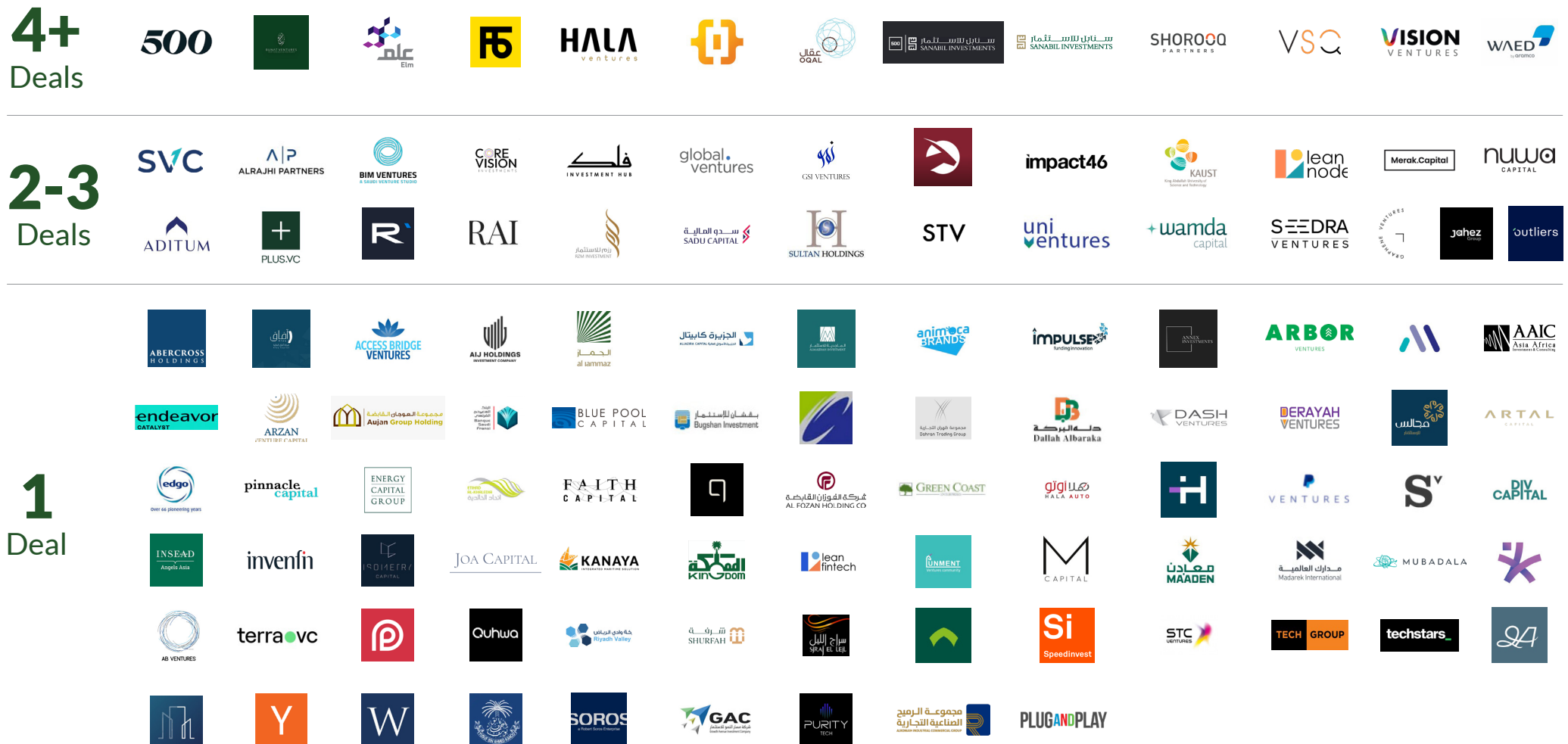


2023 Active Investors | By # of Investments

The investor landscape in the Kingdom remained healthy relative to the overall MENA region, with unique investors at 114 in 2023 compared to 116 in 2022.

- Saudi-based investors reflected a rising interest in the country's ecosystem, with their share of total investors up by 6PP to 56% in 2023.
- The participation of international investors mimicked that of the MENA region, which decreased by 2PP to 19% in 2023.

Investors by number of investments in Saudi-based startups in 2023



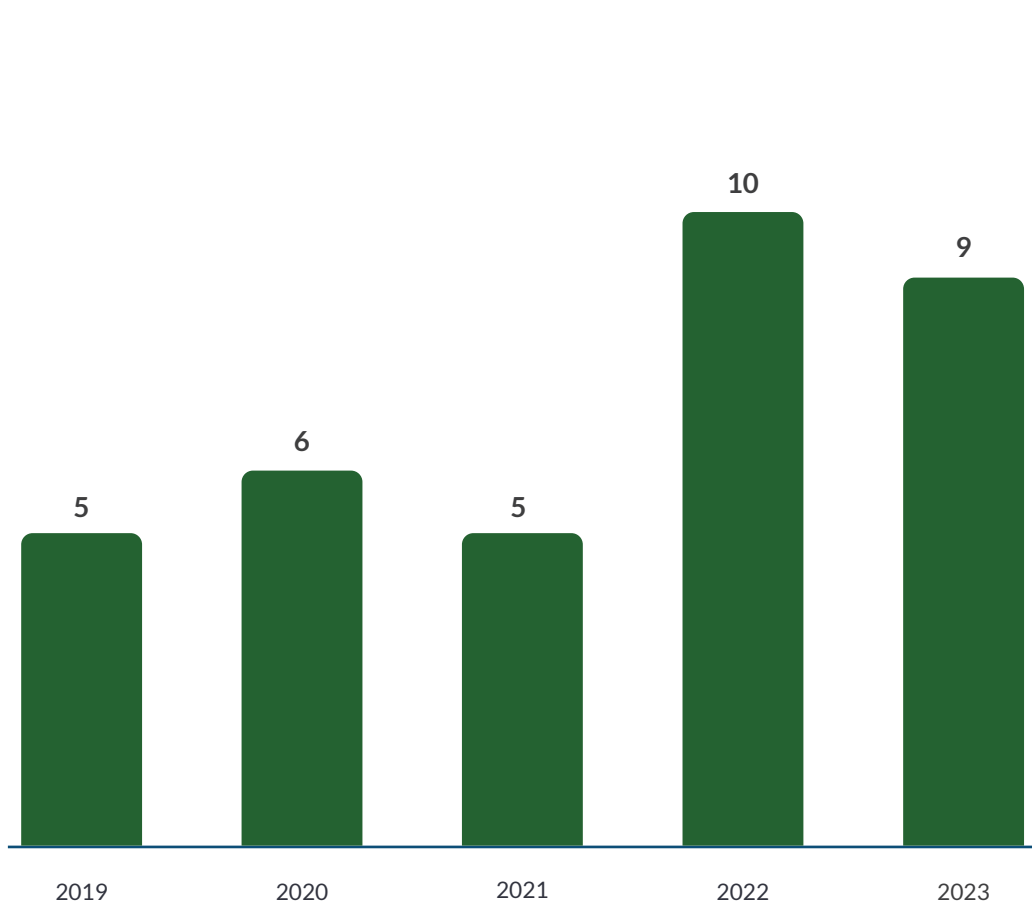
07 Exit Evolution

Saudi Arabia Exit Evolution | 2019 - 2023

Exits in the Kingdom in 2023 stood at 9, falling short of 1 transaction compared to 2022, yet near all-time highs.

- Saudi Arabia accounted for 21% of MENA's M&A transactions in 2023, ranked second after the UAE.
- Delivery Hero's acquisition of HungerStation in a \$297M deal was among the most notable ones.

5YR Exit Evolution in Saudi Arabia



Exits in 2023

Acquired	Month	Acquirer
	Dec	
	Oct	CASHIN
	Aug	iot²
	July	
	July	
	June	
	June	
	May	
DirectFN	May	

08 Key Highlights

2023 - Highlights



Saudi Central Bank, Capital Market Authority, Fintech Saudi

The Saudi Central Bank and the Capital Market Authority launched “Makken Fintech” program by Fintech Saudi, which aims to empower 150 fintech startups over a period of 3 years, which directly contributes to enhancing the growth journey of the fintech sector. This strategic initiative comes as part of Fintech Saudi’s participation in achieving the strategic goals of the Fintech Strategy within the Financial Sector Development Program and Vision 2030.



Venture Capital & Private Equity Association, SVC

The Saudi Venture Capital & Private Equity Association and SVC launched three programs to develop the VC and PE ecosystem in Saudi Arabia, targeting fund managers (GPs) and fund investors (LPs). The programs covered topics, such as management of venture capital funds, management of private equity funds, and investment in private funds. The programs were launched in partnership with experts from Stanford Graduate School of Business, Harvard Business School and Insead Business School.



MCIT, Center of Digital Entrepreneurship “CODE”

The Center of Digital Entrepreneurship “CODE” of MCIT launched the “Tech Founders” training program, which is one of The Multiverse programs. The program aims to develop the skills of founders of tech startups and empower them with leadership, executive, and technical skills.



FinTech Saudi

Fintech Saudi concluded the third cohort of the “Fintech Accelerator” program, which lasted for 3 months, during which support was provided to 10 fintech startups. The enrolled startups succeeded in raising SAR 44 million of investments during their participation period.



MCIT, NTDP

SparkLabs Saudi Arabia accelerator program was launched with support from the National Information Technology Development Program. The program seeks to catalyze Saudi Arabia’s transformation into one of the world’s most dynamic and innovative startup ecosystems.



Saudi Federation for Cybersecurity, Programming and Drones

The second edition of the world’s fastest growing cybersecurity event “Black Hat” was launched by the Saudi Federation for Cybersecurity, Programming & Drones. The event featured the participation of experts, investors, and cybersecurity innovators from major global companies, who shared their expertise through more than 600 hours of content over three days.



Jada

Jada Fund of Funds launched the 4th edition of “The Emerging Fund Manager”. This edition covered topics, such as venture capital, private debt, and venture debt. The program was launched in partnership with experts from London Business School, Stanford Graduate School of Business, and Insead Business School.



Misk Foundation

Misk Entrepreneurship, part of Mohammed Bin Salman Foundation (Misk), concluded the 8th cohort of the Misk Accelerator, a seed-stage accelerator for tech startups offering an intensive 12-week program aimed to accelerate startups’ growth and expansion in the Kingdom of Saudi Arabia.

09 About SVC

About SVC

SVC is an investment company (\$2.3 billion AUM) established in 2018 and is a subsidiary of the SME Bank, one of the development banks affiliated with the National Development Fund.

SVC aims to stimulate and sustain financing for startups and SMEs from pre-Seed to pre-IPO through investment in funds and co-investment in startups and SMEs. Since inception, SVC has backed 50 Private Capital (Venture Capital, Private Equity, Venture Debt, Private Debt) Funds that supported 600+ Startups and SMEs.

1. Investment in Funds

1.1 - VC Funds							Accelerator and Startup Studio Funds			

1.2 - Venture Debt Funds	1.3 - Private Equity Funds	1.4 - Private Debt Funds

2. Co-Investment in Startups and SMEs

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 SVC at svc.com.sa

10 About MAGNiTT

About MAGNiTT

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

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



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

32,000
Startups

11,000
Investment Firms

16,000
Funding Rounds

9,000
Founders

900
Exits

4,000
Investors

We Are The Reference For



Gulf Business

Bloomberg



Entrepreneur

crunchbase news



Khaleej Times

+wamda



ARAB NEWS



TECHINASIA



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 4th 2024**. 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/startups. 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

The logo for SVC, featuring the letters 'SVC' in a bold, white, sans-serif font. The letter 'V' is stylized with a white arrow pointing upwards and to the right, integrated into its right vertical stroke.

SVC

svc.com.sa

 [@svcsa](#)

 [@svc_sa](#)

The logo for MAGNITT, featuring the word 'MAGNITT' in a bold, white, sans-serif font. The letter 'M' is stylized with a white exclamation mark inside its left vertical stroke.

MAGNITT

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