

H1 2022 — Saudi Arabia

Venture Capital Report

MAGNiTT



MAGNiTT report,
sponsored by
**Saudi Venture
Capital (SVC)**

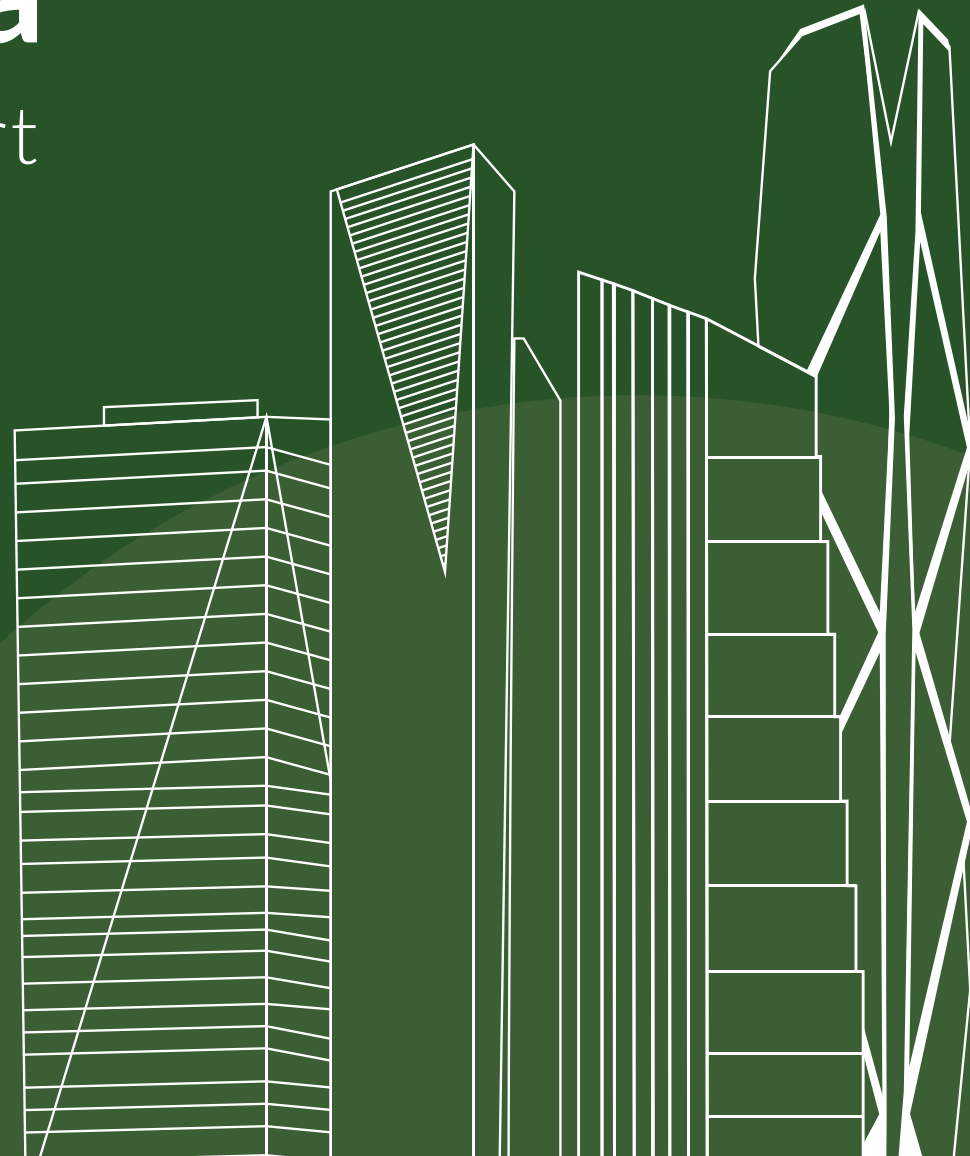


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Key Stakeholders Takeaways



Khaled Alsuraisry

Head of Co-Investment in Startups,
SVC

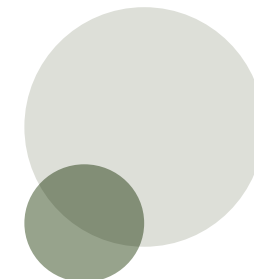
It is all starting to come together for the Saudi ecosystem. Exits are being materialized, investors across the globe are flocking to the market and regulations are continuously changing to accommodate disruptive startups, all signaling for a breeding ground for startups that is Saudi Arabia. The recent availability of Venture Debt and the increasing number of high-quality accelerators provide crucial components to an ever-growing ecosystem. We at SVC envisage this growth to continue its acceleration, fueled by amazing founders, seasoned investors, and boundless government support.



Sarah AlSaleh

Investment Partner,
Outliers Venture Capital

Saudi Arabia continues to serve as a driving force for the regional ecosystem's rapid growth. A new generation of founders is emerging; leveraging tailwinds and unique insights to build locally-inspired companies with global ambitions. While 2022 brought rockier macroeconomic conditions and microeconomic shifts, we believe in the power of long-term partnerships. We don't have a crystal ball to predict what's next, but we're certain we will continue to partner with and support Saudi and the regions' outlier founders who are leveraging technology, building enduring businesses, and maximizing non-zero-sum outcomes.



Basmah Alsinaidi

Managing Partner,
IMPACT46

Reflecting back on the first half of 2022 the ecosystem presented many uplifting acquisition deals (Hala acquires Fresh, & Foodics acquires POSRocket, & 4 more) providing an encouraging behavior of local consolidations being made in the region. Going forward as we witness the global market turmoil, I'm reassured to see that local startups are reflecting on their path to profitability, and gearing towards a sustainable approach to drive growth and pave their own exit path, supported by Jahez's encouraging local IPO success story. We at IMPACT46 continue to have faith in local startups to disrupt the market and provide a valuable contribution to the economy. We remain on the lookout for like-minded founders who want to create together the next exit story.

Key Stakeholders Takeaways



Yousef AlYousefi

Managing Partner,
S3 Ventures

The entire business community in the Kingdom is embracing the digital revolution. Large corporates and investors alike recognize the critical role of ventures in the development of the digital ecosystem. These phenomena combined with the massive rise in local and global investor interest, a shortage in talent, and the strong desire of established corporates to participate call for innovative solutions that are designed to unlock further potential in the KSA venture capital ecosystem. At S3 Ventures, we aim to build bridges between startup studios, large corporates, and investors to boost the quantity and quality of early-stage startups in the Kingdom. Combining the agility and accumulated experience of entrepreneurs with corporate underutilized strengths would contribute to making the KSA startup ecosystem more value-adding and globally connected.



Ivo Detelinov

General Partner,
Hambro Perks Oryx Fund

Saudi Arabia is an exciting VC market and we are all privileged participants. A record \$548M was raised across 139 Saudi transactions in 2021, while Saudi deal funding in 2022 “runrates” \$1B. While the increase in deal funding should be celebrated, the capital providers, along with Tech founders now embark on the next stage of the ecosystem’s growth – “bringing Saudi Arabia abroad.” This includes objectives such as highlighting the attractiveness of the Kingdom to foreign investors, and co-investing with international VCs while bringing Saudi Tech companies abroad. For VCs and Tech founders alike, it is no longer sufficient to grow a Tech company regionally. We are seeing higher ambition in the ecosystem, and this is a reason for a bigger celebration.



Ben Harburg

Managing Partner,
MSA NOVO

Saudi Arabia is a hidden gem among all global startup ecosystems. The largest market in a high-growth underpenetrated region with global leading key indicators like ARPU and online time spend, it is one of the most compelling markets for regional and global startups to address. Led by a crop of outstanding entrepreneurs who honed their skills in regional leading, first wave startups like Carreem, we are seeing unprecedented deal flow originating from Saudi Arabia. These companies have the potential to not only be national champions, but regional consolidators. Buffered by enlightened regulatory regimes, active synergistic sovereigns/corporates, and stable financial support, the future is very bright for this ecosystem.

Executive Summary



Saudi Arabia saw new Half-Yearly record funding in H1 2022

The Saudi Arabian VC market saw a record funding of \$584M in H1 2022 after observing a 244% increase compared to H1 2021 and surpassing total funding in full-year 2021



The Kingdom sees an increase in capital deployed despite a YoY deal decline

The VC ecosystem in KSA continues its 3-consecutive half-year funding growth despite recording a 7% decline in total transactions over H1'22 compared to H2'21



F&B was the leading industry in H1 2022 driven by Saudi's 2nd ever Mega Round (\$100M+)

KSA-based Tech startup and F&B platform aggregator Foodics closed Saudi's 2nd ever Mega Round and it's largest funding round to date in a \$170M Series C investment led by Prosus and Sanabil Investments



Fintech leads industries by deals while F&B raises lion's share of capital

Paralleling similar trends observed across MENA, Fintech was the industry of choice by number of deals in KSA, accounting for 22% of total transactions in H1'22, while F&B aggregated 32% of total capital investment



Saudi ranks 2nd-largest VC market in MENA by total funding and total transactions

While Saudi Arabia was able to surpass Egypt to become the second-most active VC market in MENA by total transactions, the Kingdom was able to maintain its position as the second-most funded market in MENA after the UAE over H1 2022



Record number of 88 investors backed Saudi-based startups in H1 2022

The KSA VC ecosystem observed a new record participation of investors, surpassing FY 2021 by 12%, with 58% of active investors in H1 2022 based in KSA

01

**FUNDING
EVOLUTION**

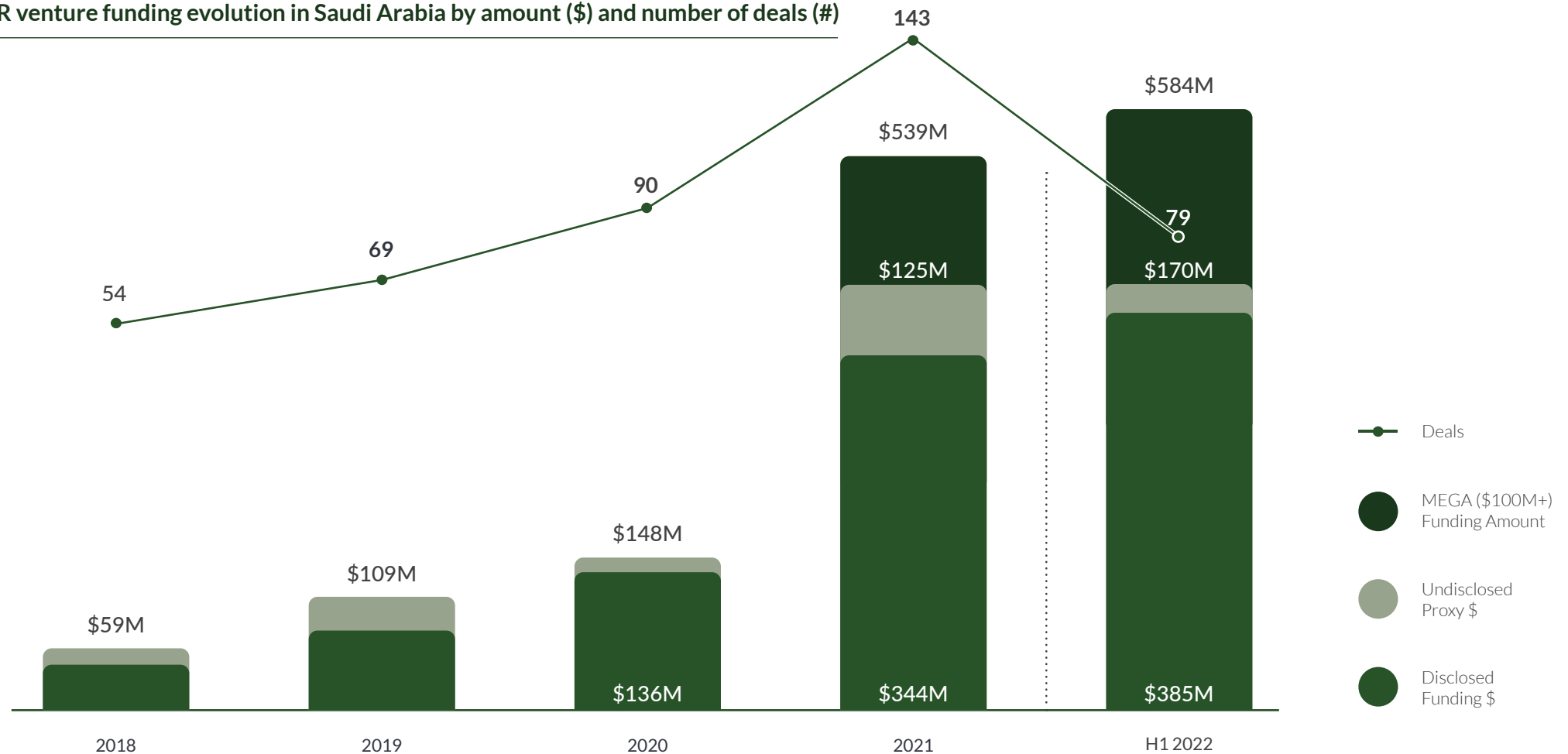


Yearly Funding Evolution | 2018 - 2022

Saudi Arabia saw a new record half-year in funding to surpass FY 2021 by 8% despite closing only 55% of total transactions

- Reaching 55% of FY 2021 transaction record, the Saudi VC market was able to raise \$584M in investment, surpassing FY 2021 funding by 8%
- The \$170M Mega Round by Foodics was the 2nd Mega Deal (\$100M+), 2nd Series C, and the largest round, to ever be recorded in KSA, accounting for 31% of total H1'22 funding

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

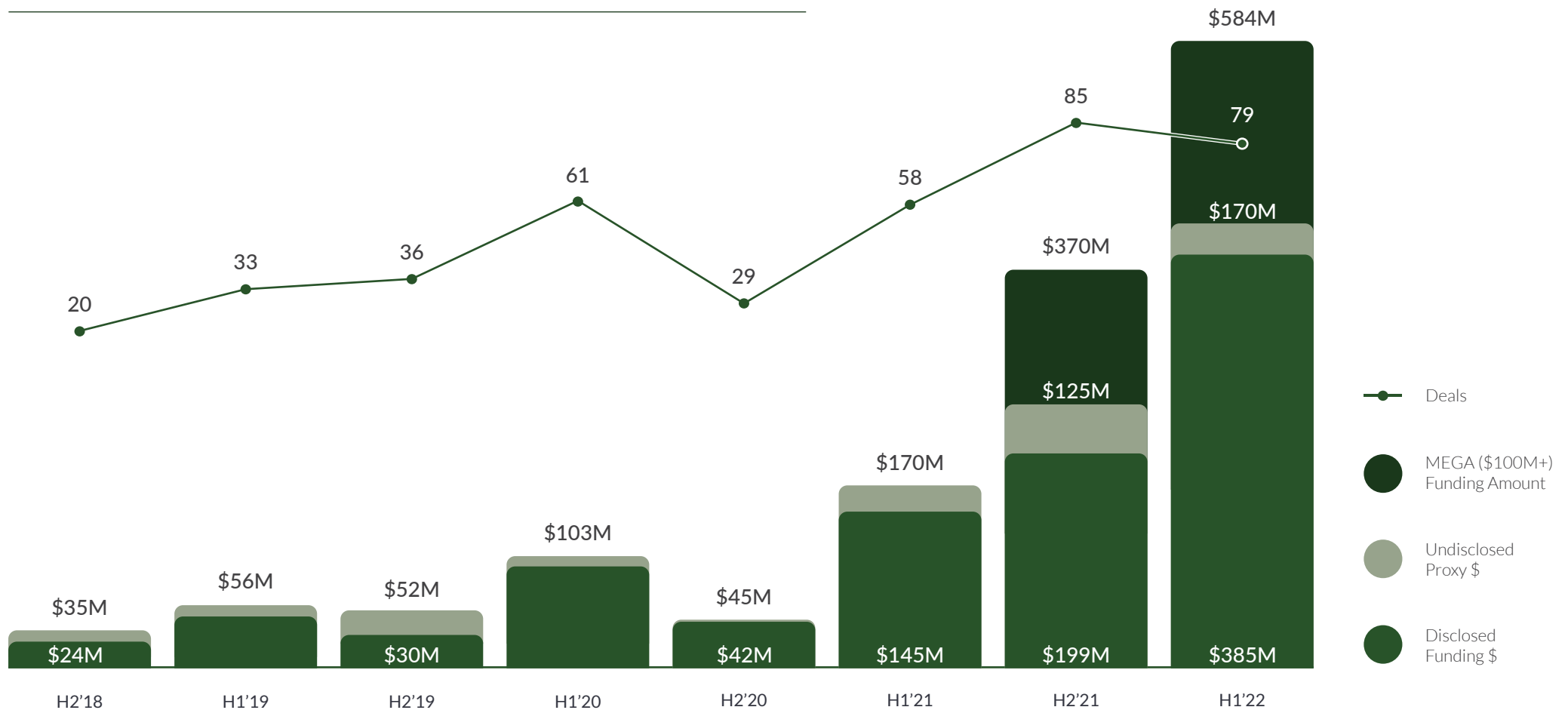


Half-Year Funding Evolution | H1 2018 - H1 2022

H1 2022 was a record half-year in particular as the period saw VC investment reach an all-time high

- Saudi Arabia finished H1 2022 with 3 consecutive half-year periods of growth in VC funding after observing a 244% YoY increase in funding compared to H1'21
- Despite H1'22 observing record capital investment, a 7% decline in total deals compared to H2'21 breaks the consecutive half-yearly deal incline

Half-year venture funding in Saudi Arabia by amount (\$) and number of deals (#)



02

COUNTRY BREAKDOWN



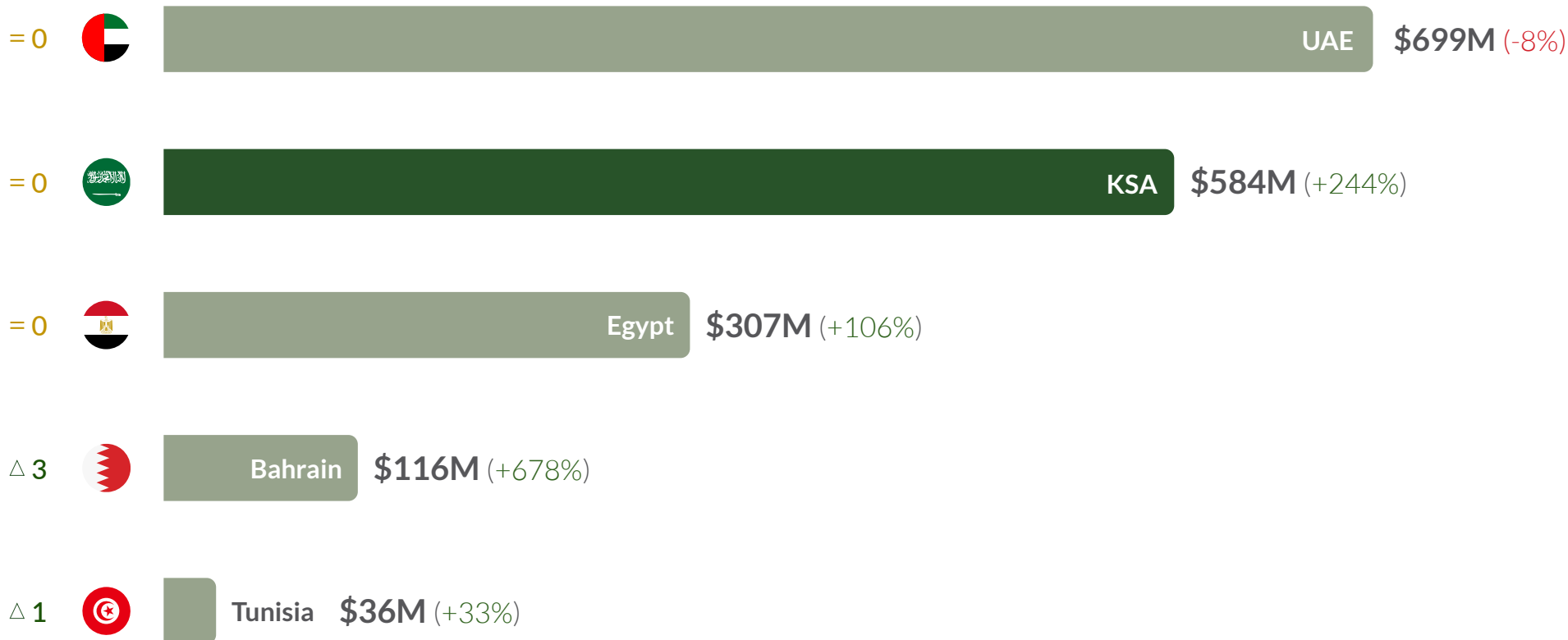
H1 2022 - MENA Country Comparison - By Funding

The KSA was able to maintain its position for the 3rd consecutive half year as the second-most funded geography in MENA

- Saudi Arabia observed the second-largest funding growth in MENA's top 5 markets over H1 2022 driven by Foodics' Mega Deal, which alone was equivalent to the full H1'21 funding in KSA
- Saudi Arabia catches up to the UAE decreasing funding gap from 77% in H1'21 to 16% by the end of H1 2022

Top countries by total funding (\$) in MENA in H1 2022

△ ▽ rank chg vs '21YTD + - % chg vs '21YTD



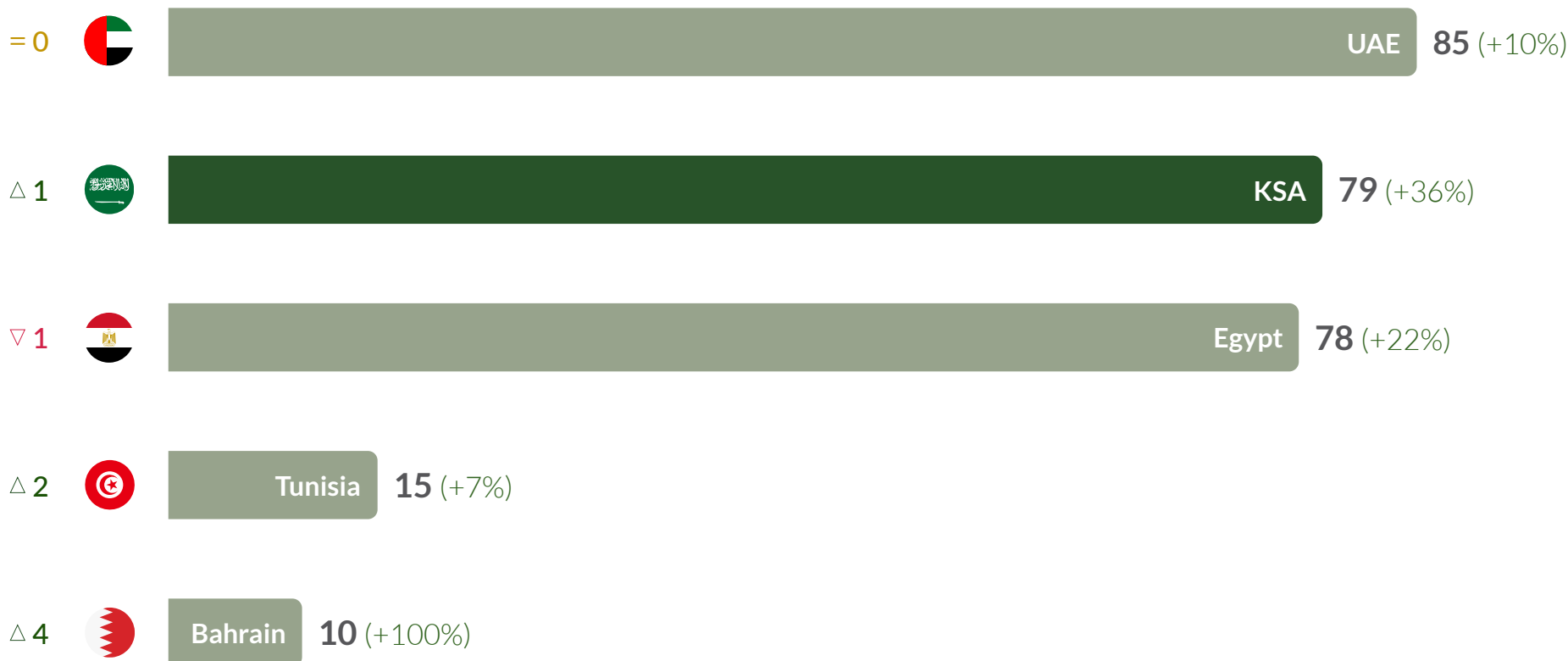
H1 2022 - MENA Country Comparison - By Deals

KSA was the second-most transacting EVM in MENA over H1 2022

- Observing a 36% YoY increase in total transactions compared to H1'21 the KSA VC market surpassed Egypt by # deals
- While both geographies observed a dip in funding activity over Q2'22, the deal gap between UAE & KSA decreased from a 15 deal-difference in H1'21 to only 6 deals in H1 2022

Top countries by number of deals (#) in MENA in H1 2022

△ ▽ rank chg vs '21YTD + - % chg vs '21YTD



03

INDUSTRY BREAKDOWN



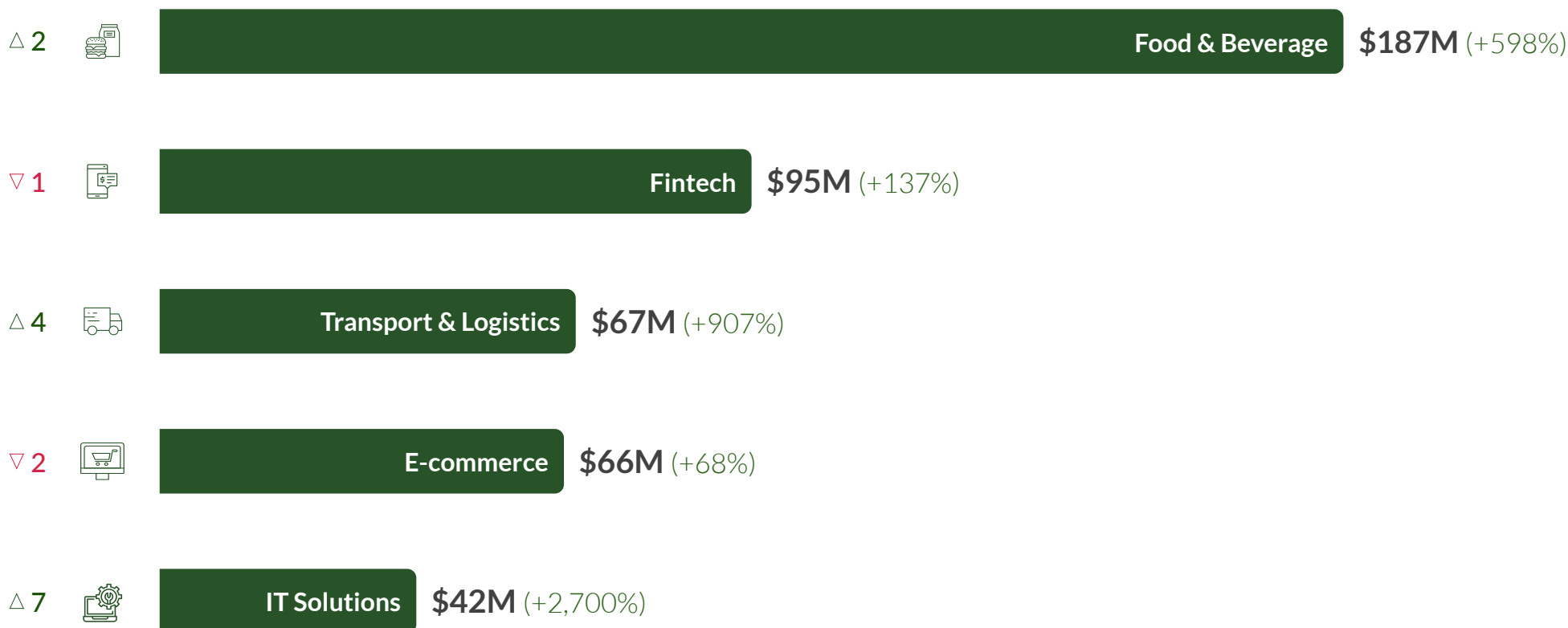
H1 2022 - Saudi Arabia Industry Comparison - By Funding

The F&B industry took the funding lead, while Fintech and Transport & Logistics follow suit

- All funding in Top 5 Tech industries was mainly driven by the largest deal in each sector
- Saudi's Top 5 deals raised lion's share of capital in their respective industries including Foodics (90% of F&B funding), Nana (75% of E-commerce funding), and TruKker (69% of T&L Funding)

Top industries by total funding (\$) in Saudi Arabia in H1 2022

△ ▽ rank chg vs '21YTD + - % chg vs '21YTD



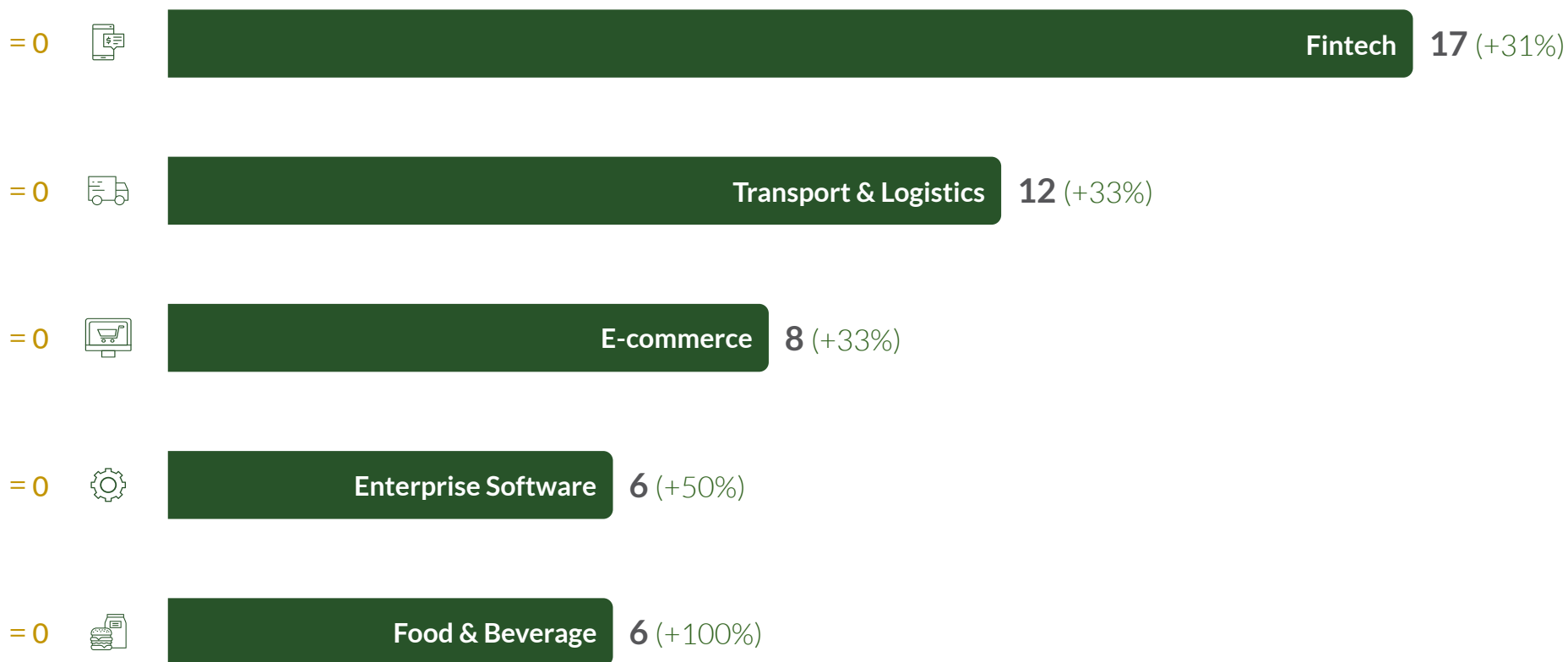
H1 2022 - Saudi Arabia Industry Comparison - By Deals

FinTech ranked first by deals closed in H1 2022 accounting for 22% of total transactions registered in Saudi Arabia

- With boosted private/public support for local FinTech innovation, FinTech startups in KSA continue to grow with 17 deals recorded over H1'22
- All Top 5 Tech industries observed a YoY growth in deals compared to H1'21, signaling honed focus and investor interest in Tech disruption

Top industries by number of deals (#) in Saudi Arabia in H1 2022

△ ▽ rank chg vs '21YTD + - % chg vs '21YTD



04





























**TOP FUNDING
ROUNDS**



Top 5 Disclosed Funding Rounds in Saudi-Based Startups in H1 2022

60% of capital deployed in Saudi Arabia over H1 2022 was concentrated in the top 5 disclosed rounds with FinTech and T&L topping the charts

- The top 5 disclosed deals in KSA accounted for 60% of total capital compared to 92% in the UAE, 43% in Egypt, and 32% across MENA
- Foodics's \$170M Series C round along with Nana's \$50M fundraise rank amongst the top 5 funding rounds in MENA over H1'22

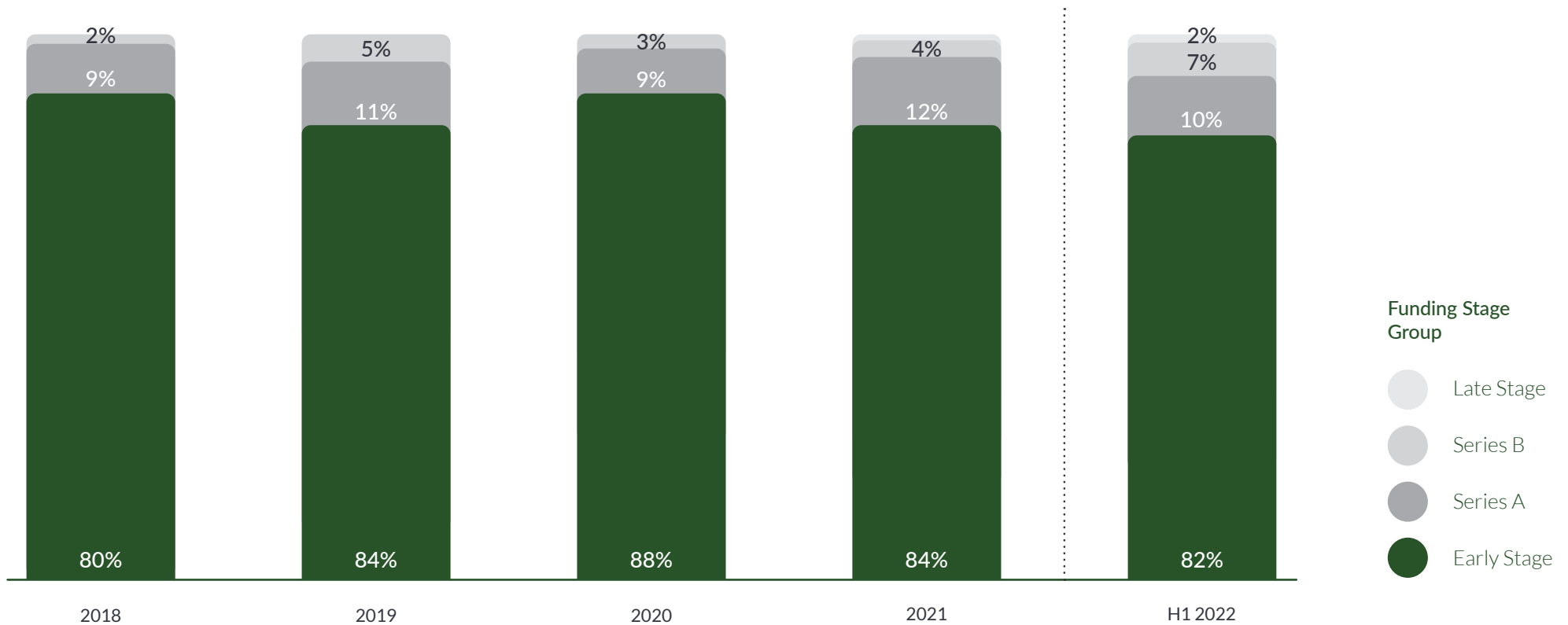
		Amount Raised	Funding Stage	Month	Industry	Select Investors
1		\$170M	Series C	April	Food & Beverage	  SEQUOIA   
2		\$50M	Undisclosed	February	E-commerce	        
3		\$46M	Series B	February	Transport & Logistics	    
4		\$40M	Series A	March	IT Solutions	
5		\$37M	Undisclosed	May	Fintech	  

H1 2022 - Saudi Arabia VC Funding By Stage

While KSA breaks FY 2021 records, more than 80% of total deals were closed in Early-Stage (Pre-SEED- Pre-Series A)

- Early-Stage deals aggregated the lion's share of deals in KSA (82%) which remains healthy compared to peer EVMs like the UAE (57%) and Egypt (68%)
- A 3PP increase in Series B deal share compared to FY'21 was crowned by remarkable rounds including T&L startup TruKker and SaaS startup Lucidya

Yearly VC deals in Saudi Arabia by stage (%)



Saudi-Based Startups That Received Funding in H1 2022



LUCIDYA

FOODICS®

resal



QUANT
 DATA & ANALYTICS



FUNDING
 SOUQ

ELEVATUS



Daily mealz™

BARQ

ALGooru

TRUKER



Lendo



Taffi

penny.co

retailo



bonat



A Z O M

lalaa



sanad cash



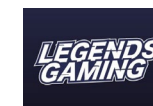
LAMAA
 EMPOWERING OPPORTUNITIES

klean
 SMART CLEANING

squadib
 Teams by Ibtikar

CREATIVE

TALPEDIA
 Business Driven .. People Focused



DOUK

Saudi-Based Startups That Received Funding in H1 2022

Deal
 ديل

VIA MOZN

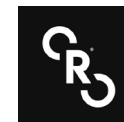
تماول
 Tamawal

Sifi

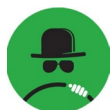
طرود
 Torod

EdfaPay
 only a tap away

Mandobk



master works
 turning data into assets



عقاريتو
 Aqarito



سوم

قوافل
 Qawafel

أرلب
 ARIB

برنت هب
 printhub

SAHABY

DARENT

SPIDERS

Tygo

Kaya



LAWAZEM

SPOILZ
 Gaming Together!

MKHDOM
 logistics services



iStoria

Cloud Shelf
 eFulfillment Solutions

AMUSED

دراهم
 Drahim

Siolla.

SWEATER
 سويتير

aksbha
 اكسبها .com

شمس المدادر
 shams almadar

Aynola™

supplyfied
 سبلايفيد

إبانة
 Ebanat

Aleena

H1 2022 - Active Investors

With a new record of 88 active investors, the KSA market welcomes 12% more investors in H1 2022 than in full-year 2021

- With the KSA investor ecosystem showing the usual KSA-based investor dominance (58%), the 5 most active investors in Saudi Arabia over H1'22 were all based in KSA
- Saudi Arabia also welcome a 2PP increase in international investor participation to make for 20% of total active investors in H1'22 compared to 41% in Egypt and 51% in the UAE

Investors by number of investments in Saudi-based startups in H1 2022



H1 2022 - Highlights



Saudi Central Bank, Capital Market Authority (CMA) and Financial Sector Development Program (FSDP)

The Council of Ministers approved the FinTech Strategy, which is in line with the supreme directive for the Kingdom of Saudi Arabia to be among the leading countries in the field of fintech, with Riyadh becoming a global tech hub. This strategy is included as a new pillar within the Saudi Vision 2030's Financial Sector Development Program (FSDP).



Venture Capital & Private Equity Association

The Saudi Venture Capital & Private Equity Association published a study, in collaboration with AON, on the compensation packages and incentives and their impact on attracting talent in the venture capital and private equity sector.



SDAIA

Saudi Data & AI Authority (SDAIA), in cooperation with Small and Medium Enterprises General Authority (Monsha'at) and "Elm" Company, has launched "Rowad Package" initiative. The initiative aims to support entrepreneurs from different sectors, companies and start-up enterprises in the Kingdom by facilitating the process of verifying individual customers' data which is done by electronically linking with the National Information Center (NIC) databases.



FinTech Saudi

FinTech Saudi officially opened the FinTech Center (Hub), to be the home of the fintech ecosystem in Saudi Arabia, by providing a physical space that provides the fintech community with an opportunity to communicate, collaborate and innovate.



Misk Foundation

Misk Entrepreneurship in partnership with Plug and Play launched its 3rd 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.



MCIT, Saudi Federation for Cybersecurity, Programming and Drones

Saudi Arabia hosted LEAP, the global technology platform, with the participation of more than 500 speakers from 80 countries and 1,500 innovators and start-ups from around the world. This technology platform is organized by the Ministry of Communications and Information Technology and the Saudi Federation for Cybersecurity, Programming and Drones, and contributes at boosting the Kingdom's technology position and its digital regional and global leadership.



Ministry of Commerce, CMA

The Council of Ministers approved the new companies law, which stimulates and develops the commerce ecosystem and empowers the private sector. The new companies law reduced the regulatory requirements and procedures for startups and SMEs, and created enabling mechanisms for entrepreneurs and VC & PE investors, as well as the option to issue shares to employees to attract and motivate talent.



Monsha'at

The Small and Medium Enterprises General Authority (Monsha'at) organized the Global Entrepreneurship Congress (GEC) in collaboration with the Global Entrepreneurship Network (GEN). Hosting GEC in Riyadh came following the Kingdom's first ranks in the indicators of "Availability of Good Opportunities to Start a Business", "Ease of Starting a Business", "Entrepreneurs' Response to the Pandemic" and "The Kingdom's Government Response to the Pandemic" among 45 states from around the world.



Jada, Ministry of Investment Saudi Arabia (MISA)

Jada Fund of Funds, in partnership with the Ministry of Investment of Saudi Arabia (MISA), launched "Catalyze Saudi" platform during a three-day conference and opened the doors for global fund managers to connect and collaborate with Saudi based innovative startups and VCPE ecosystem stakeholders.



National Technology Development Program (NTDP)

The National Technology Development Program (NTDP) launched the "Empowerment of Accelerators" initiative, as the fifth initiative of the program, which aims to support and enable entrepreneurs to come up with distinctive business models, increase the deal flow of quality tech startups and create jobs by stimulating local and international accelerators located in Saudi Arabia and encourage them to adopt a set of quality standards based on international best practices.

05

**ABOUT
SVC**



About SVC

Saudi Venture Capital (SVC) is a Government VC (\$1 billion AUM) established in 2018 by Monshaat as part of the Financial Sector Development Program (FSDP) for the primary goal of stimulating and sustaining financing for startups and SMEs from pre-seed to pre-IPO through the investment in funds and co-investment in startups.

Since inception, SVC has backed 30 funds and 5 angel investor groups that invested in 401 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

**“Passion Provides Purpose,
But Data Drives Decisions”**

MAGNiTT is a platform that empowers decision makers through access to the most comprehensive and accurate data on startups and venture investments across Emerging Venture Markets.

We Help

- Startups find the right investors
- Investors connect with founders
- Sales Managers identify and contact leads
- Researchers track investments and trends
- Governments conduct market research
- Consultants prepare their presentations
- Marketeers reach their target audience

Our Data*

STARTUPS

23,000+

INVESTORS & ENABLERS

6,500+

FUNDING ROUNDS

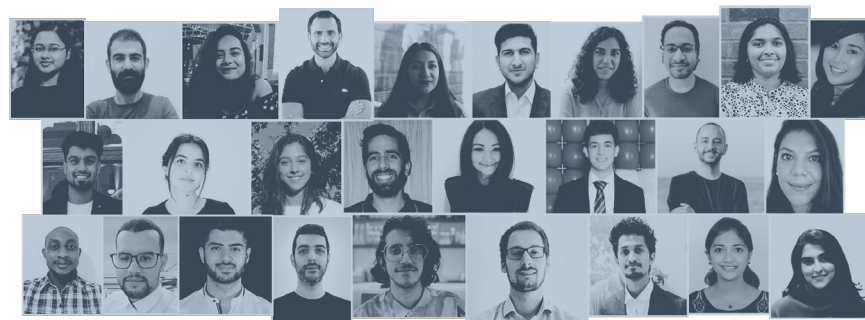
9,500+

EXITS

350+

**As of June 2022*

The Team



“Emerging Venture Markets are often under-served from a data perspective. Our solution aims to provide deep, localized, and relevant insights to our stakeholders on the markets that matter to them.”

Philip Bahoshy | MAGNiTT CEO & Founder

Business Solutions

Data Access

Interested in gaining access to the latest and most comprehensive data on the Emerging Venture Market startup space? Track and identify companies, investors and funding rounds using our 4 extensive directories.

Research Tools

Looking to identify key trends by country, sector or investment habits? Access our repository of 130+ research reports and use 20+ integrated analytics charts to export your data in real time for your presentations.

Startup Resources

Starting a fundraise? Use our tools for your fundraising lifecycle, from scoping the competition, identifying potential investors, applying to over 100+ Investors using our investment tool and announcing your fundraise through MAGNiTT.

Marketing Outreach

Looking to get your initiative in front of the people who matter? Access the full strength of our marketing team to support the planning, strategy and execution of your campaigns.

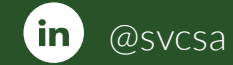
Discover our tailored enterprise solutions

Reach out on: sales@magnitt.com 



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