



# VENTURE CAPITAL REPORT

JUN 2023



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01

**SAUDI ARABIA  
ECONOMIC  
OVERVIEW**



# Strengths of Saudi Arabia Economy

## General Economic Information 2022



GDP (current)

**4,156**  
billion SAR



Unemployment rate

**4.8%**  
Overall

**8.0%**  
National



Credit to the Private Sector

**14%**



Government Debt

**32.5%**  
(%GDP)



Population

**34.110**  
millions



Exchange rate

**3.750**  
SAR/\$



Government Expenditure

**41%**  
(%GDP)



Broad Money change

**8.3%**



FDI (%GDP)

**0.8%**



CPI

**3.3%**

The Saudi economy witnessed a period of high growth during the five years leading up to 2019. After the Covid pandemic, it regained its strength with a real GDP growth of 8.76% in 2022 (YoY). According to the World Bank's expectations, it will accelerate strongly starting from 2023, pushed by the following factors:

Key oil producer of OPEC, vast proven oil reserves

Large financial resources

Economic diversity and reform efforts to attract foreign investments

Growing population fueling domestic demand

Rising government support for tourism

Net creditor

Large financial asset base and strong foreign exchange reserves

Long-standing fixed exchange USD/SAR



Saudi Arabia economy registered a significant growth becoming at the top of the MENA region and one of the twenty largest economies in the world.

Compared to 2020, KSA has made highly recognized efforts by improving its international ranking becoming among the top 30 countries in 12 indicators in 2021.

KSA advanced 16 places in the capitalization market index (in percentage of GDP), to be ranked 6th.

KSA also ranked 3rd in the index of Ease of protecting minority investors (this came as a result of Saudi Arabia's keenness to enhance the rights of minority shareholders in related party transactions and in corporate governance).

## Strengths

Indicator name	Saudi Arabia Rank/130	
	2021	Advance compared to 2020
Tertiary enrolment, % gross	29	+3
Research and development (R&D)	26	+1
Global corporate R&D investors, top 3, mn US\$	22	0
QS university ranking, top 3	24	+7
ICT access	28	+3
Electricity output, GWh/mn pop.	12	0
Ease of protecting minority investors	3	0
Market capitalization, % GDP	6	+16
Trade, diversification, & market scale	29	0
Domestic market scale, bn PPP\$	17	0
State of cluster development & depth	8	+5
Global brand value, top 5,000, % GDP	19	0

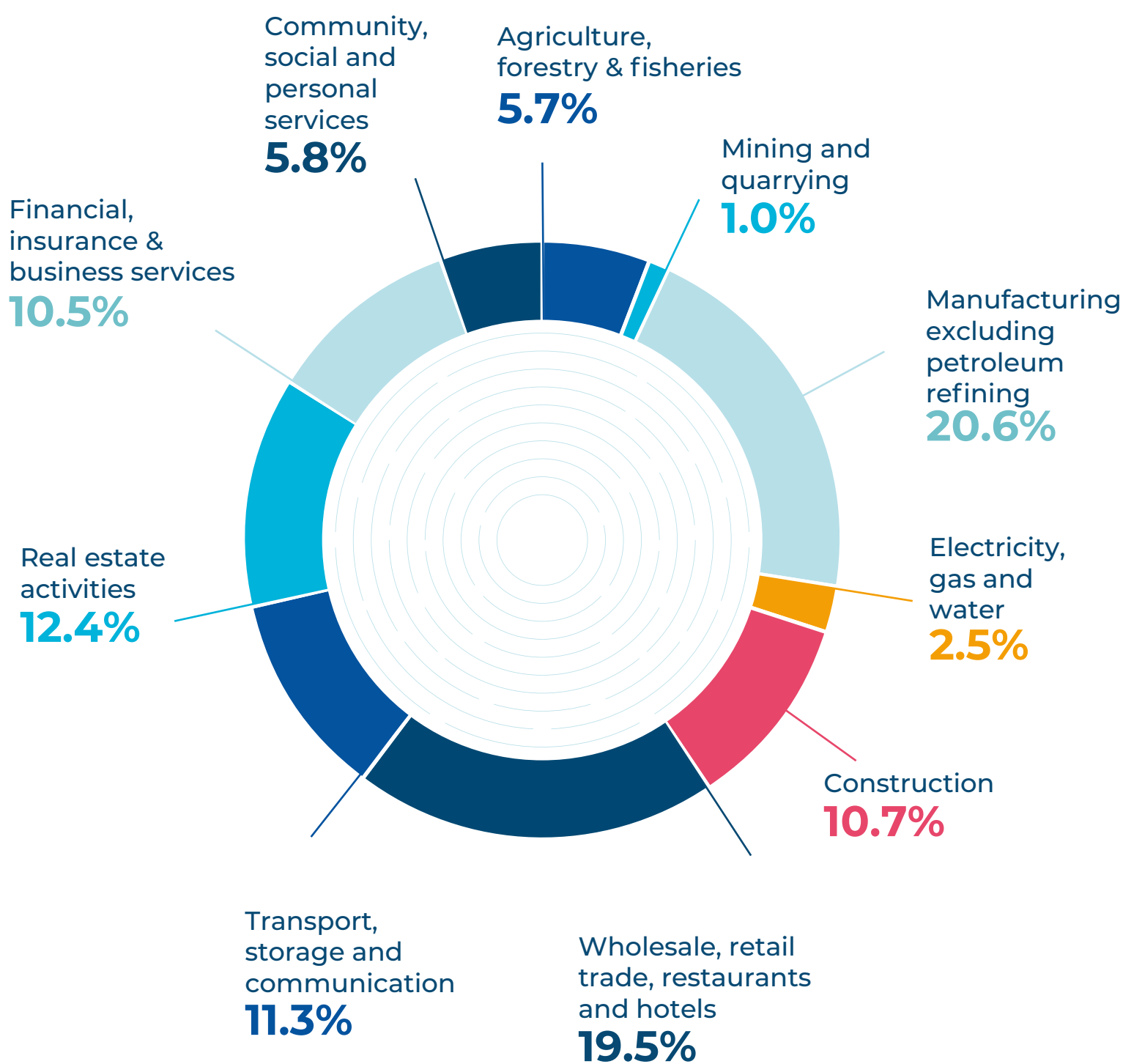
| Sources: GSTAT Data. IMF Country Report No. 21/149. Global Innovation Index 2020, 2021

# Sectors contribution to non oil GDP

Manufacturing sector continued to be the highest contributor to Non-Oil GDP with 20.6% in 2022. It was followed by Wholesale, Retail trade, Restaurants, and Hotels (19.5%) and Real Estate services (12.4%).

Financial, insurance and business services sector, which include **Venture Capital and Private Equity** activities, represent 10.5% of the Saudi Non-Oil GDP and is ranked 6th.

Contribution to Non Oil GDP by economic activity in 2022



| Sources: GSTAT, GDP and National Accounts, 2022

# Innovation performance

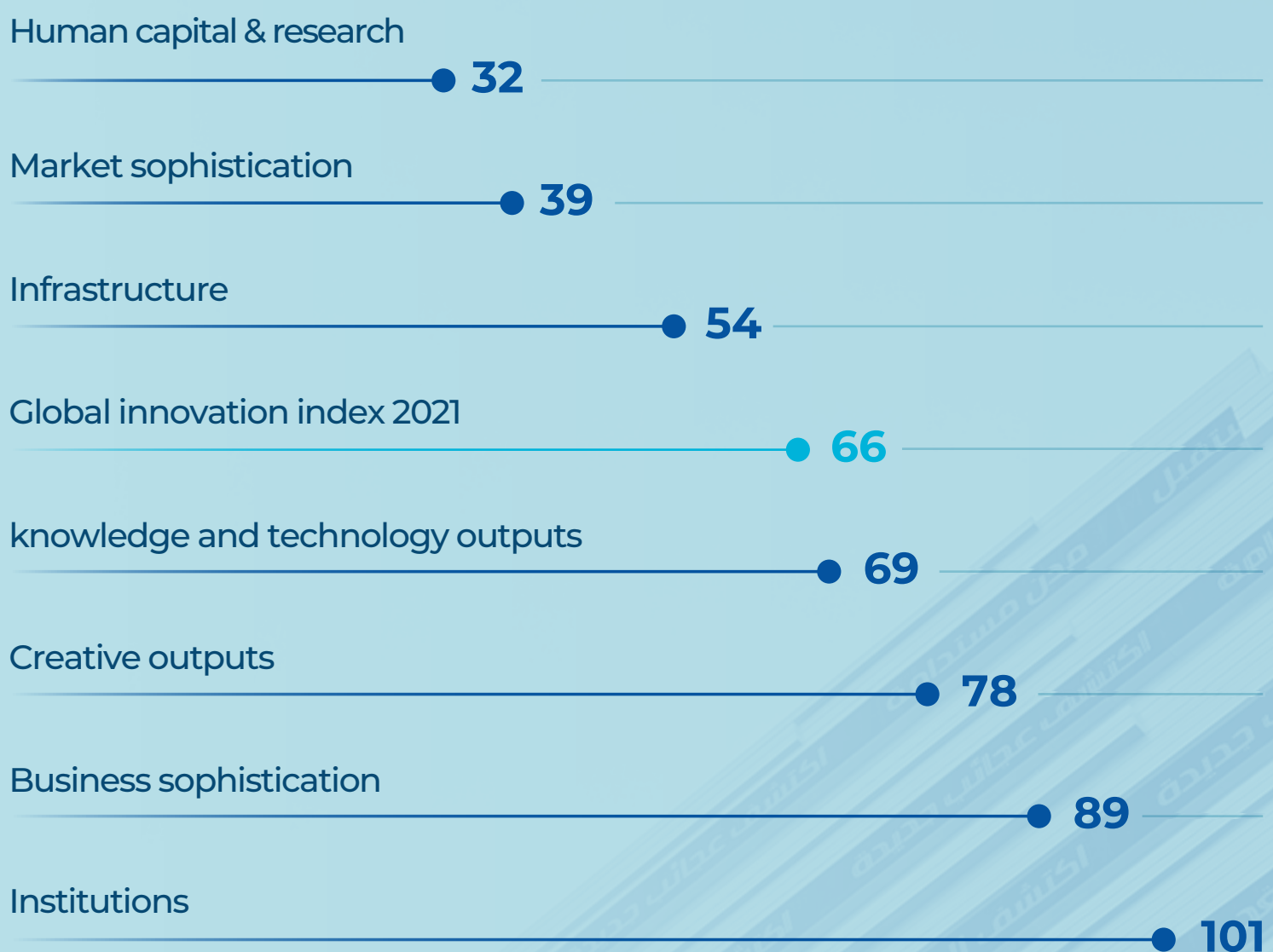
The Global Innovation Index (GII) is published by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations. Recognizing that innovation is a key driver of economic development, the GII aims to provide an innovation ranking and rich analysis referencing around 130 economies. Over the last decade, the GII has established itself as both a leading reference on innovation and a “tool for action” for economies that incorporate the GII into their innovation agendas.

The Index is a ranking of the innovation capabilities and results of world economies. It measures innovation based on criteria that include (1) institutions, human capital and research, infrastructure, credit, investment, linkages; (2) creation, absorption and diffusion of knowledge; & (3) creative outputs.

The GII has two sub-indices: the Innovation Input Sub-Index & the Innovation Output Sub-Index, and seven pillars, each consisting of three sub-pillars.

The Global Innovation Index (GII) ranks world economies according to their innovation capabilities. Consisting of roughly 80 indicators, grouped into innovation inputs and outputs, the GII aims to capture the multi-dimensional facets of innovation.

## The seven GII pillar rank for Saudi Arabia



▼▼ Saudi Arabia performs below the high-income group average in all GII pillars.

▲▲ Saudi Arabia performs above the regional average in three pillars, namely: Human capital and research; Infrastructure; and, Market sophistication.

| Source: WIPO, The Global Innovation Index.



Saudi Arabia performs better in innovation inputs than innovation outputs in 2021.

This year Saudi Arabia ranks 59th in innovation inputs, lower than both 2019 and 2020.

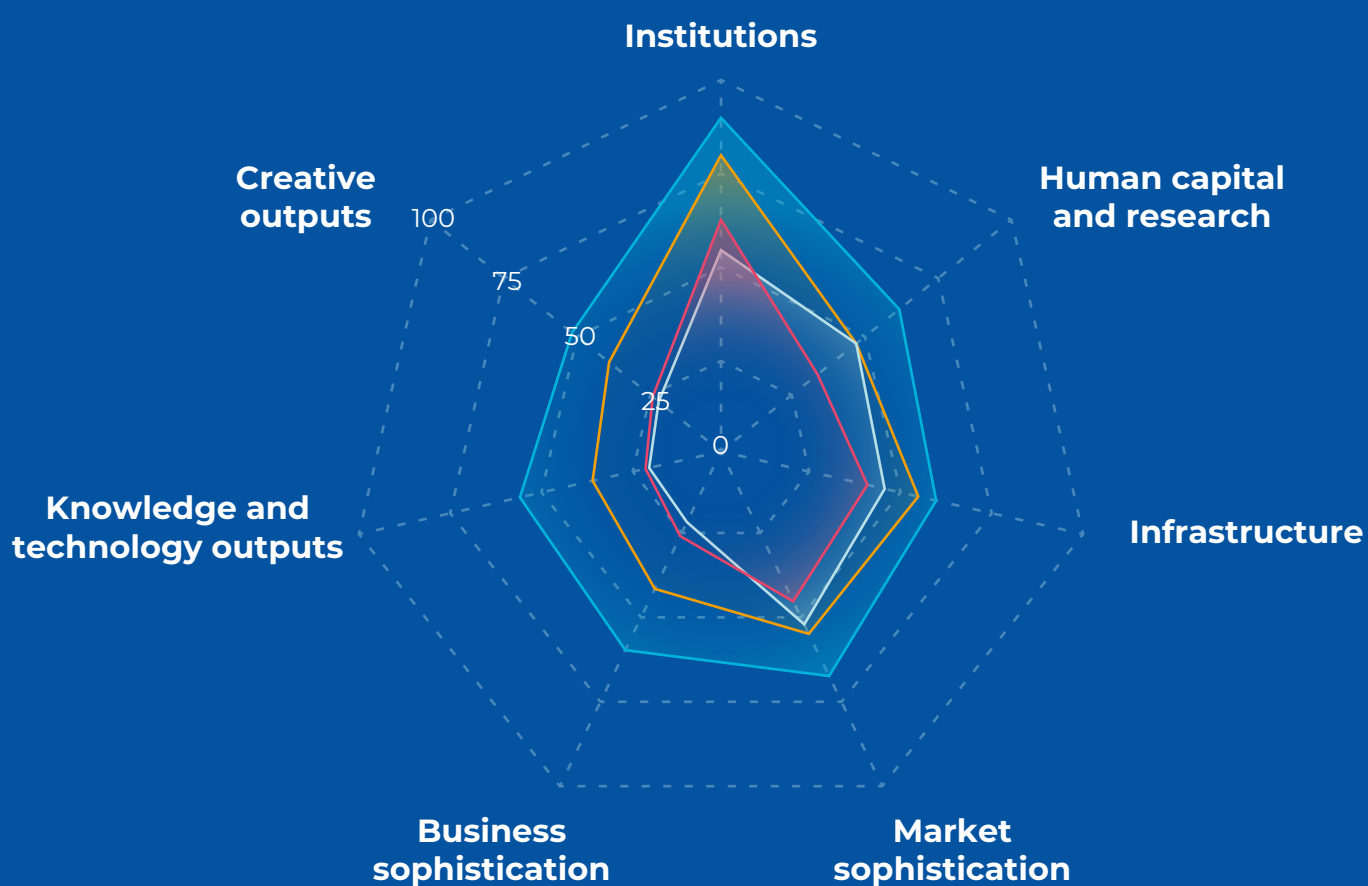
As for innovation outputs, Saudi Arabia ranks 72nd. This position is higher than both 2019 and 2020.

Saudi Arabia ranks 44th among the 51 high-income group economies.

Saudi Arabia ranks 6th among the 19 economies in Northern Africa and Western Asia.

Saudi Arabia performs best in Human capital and research and its weakest performance is in Institutions.

### The seven GII pillar scores for Saudi Arabia



— Saudi Arabia    — High income    — Northern Africa and Western Asia    — Top 10

### Saudi Arabia ranking (2019-2021)

	GII	Innovation inputs	Innovation outputs
2021	66	59	72
2020	66	50	77
2019	68	49	85

Source: WIPO, The Global Innovation Index.

# Venture Capital/Private Equity Global Attractiveness

## VC/PE Key Performance Score 2021

Indicator	Rank/125	Score/100
<b>Saudi Arabia VC/PE Global Attractiveness Index 2021</b>	<b>37</b>	<b>61.4</b>
Sub-Indicators	Rank/125	Score/100
<b>1. Economic Activity</b>	<b>27</b>	<b>83.2</b>
1.1. Size of the Economy (GDP)	18	64.0
1.2. Expected Real GDP Growth	109	94.4
1.3. Unemployment	62	95.2
<b>2. Depth of Capital Market</b>	<b>28</b>	<b>72.6</b>
2.1. Size and Liquidity of the Stock Market	22	73.9
2.2. Total Trading Volume	21	85.0
2.3. IPOs and Public Issuing Activity	36	48.8
2.4. M&A Market	41	53.7
2.5. Debt and Credit Market	14	90.8
2.6. Bank Non-Performing Loans	32	98.1
<b>3. Taxation</b>	<b>82</b>	<b>87.1</b>
3.1. Tax Incentives and Administrative Burden	82	87.1
<b>4. Investor Protection and Corporate Governance</b>	<b>37</b>	<b>77.3</b>
4.1. Quality of Corporate Governance	72	65.0
4.2. Security of Property Rights	25	92.0
4.3. Quality of Legal Enforcement	38	77.5
<b>5. Human and Social Environment</b>	<b>33</b>	<b>40.6</b>
5.1. Education and Human Capital	36	12.8
5.2. Labor Regulations	33	74.7
5.3. Bribing and Corruption	44	69.9
<b>6. Entrepreneurial Opportunities</b>	<b>76</b>	<b>43.4</b>
6.1. Innovation	67	35.4
6.2. Scientific and Technical Journal Articles	28	65.9
6.3. Burdens of Starting and Running a Business	105	87.6
6.4. Simplicity of Closing a Business	123	17.3
6.5. Corporate R&D	39	43.5

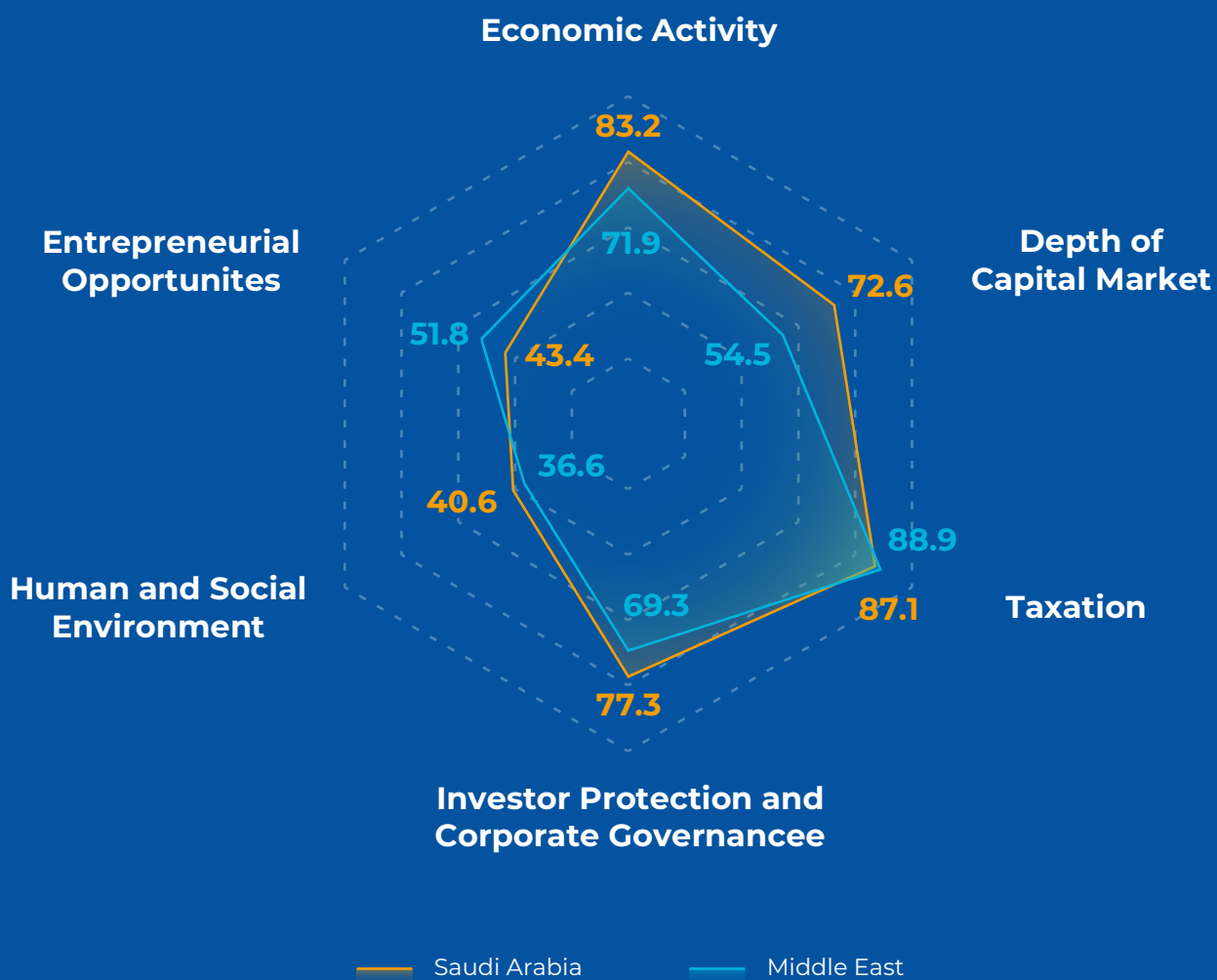
| Sources: IESE Business School, University of Navarra, <https://blog.iese.edu/vcpeindex/>

Venture Capital/Private Equity Global Attractiveness Index is a composite measure that benchmarks the attractiveness of 125 countries to receive institutional VC and PE allocations.

It summarizes factors that shape national VC and PE markets into one single composite measure. These factors are derived from the research on the topic that are grouped into six sub-headings or “key drivers” of country attractiveness for investors in VC and PE assets: 1. Economic Activity, 2. Depth of Capital Market, 3. Taxation, 4. Investor Protection and Corporate Governance, 5. Human and Social Environment, and 6. Entrepreneurial Culture and Deal Opportunities.

This index guides institutional investors to solve the problem of where to allocate their capital. It provide the requisite information for international VC and PE allocation decisions, and it can facilitate this process and support the initial due diligence stage.

### VC/PE Key Performance Score



Saudi Arabia ranked 37th among 125 countries on the Venture Capital and Private Equity index in the 2021, by having 61.4 score.

It ranked 27th on the Economic Activity factor and 28th on the Depth of Capital Market criterion, with scores that exceed those of the Middle East countries.

It is also worth mentioning that “Debt and Credit Market” was listed as one of the key attractiveness factors in the Saudi economy, since Saudi Arabia is placed among the top 15 countries in the world. It signifies the fast-paced growth of the VC/PE industry in Saudi Arabia, which reflects the collective efforts of key stakeholders in developing a competitive VC and PE ecosystem.

| Sources: IESE Business School, University of Navarra, <https://blog.iese.edu/vcpeindex/>



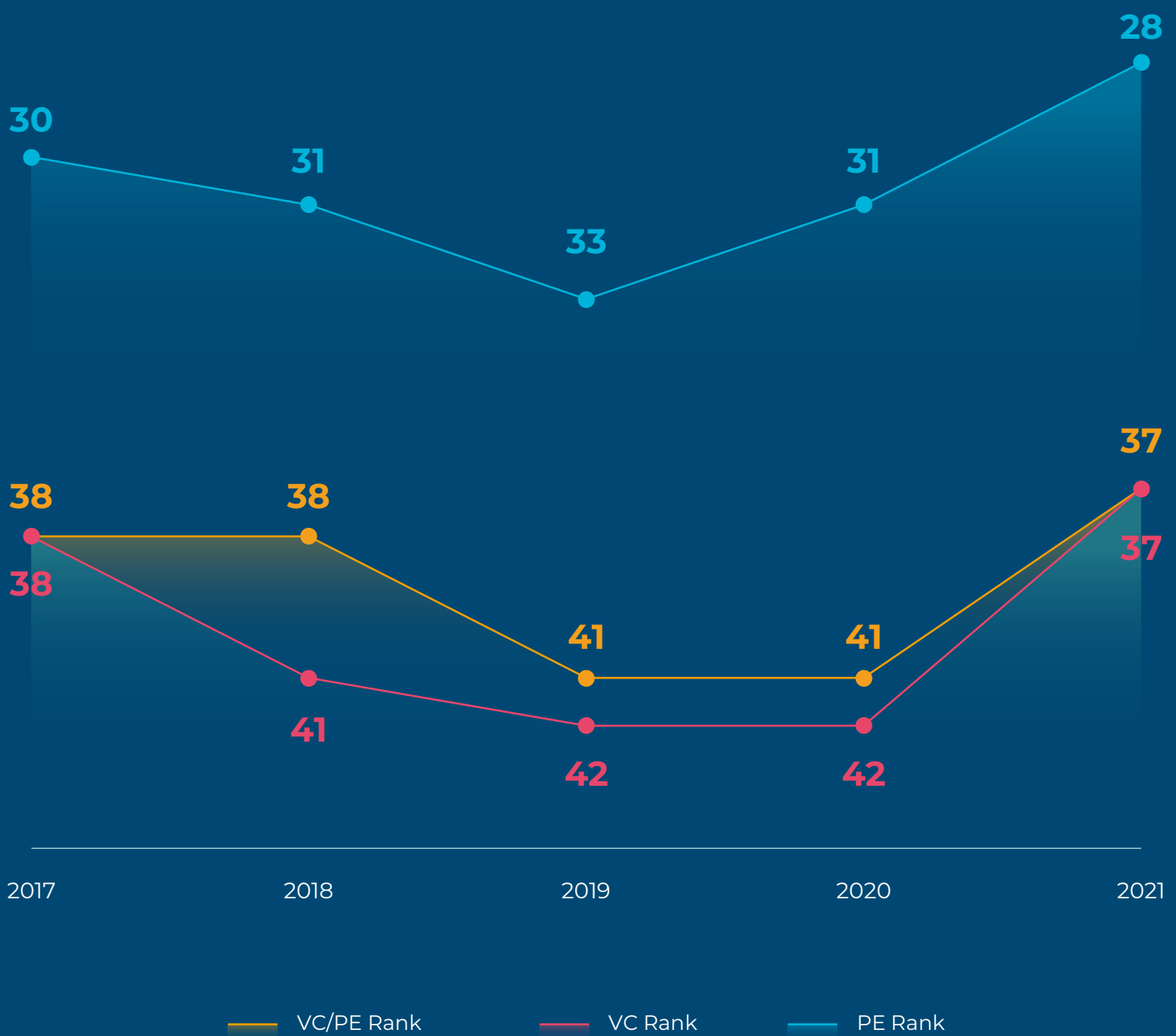
## Country comparison

To account for differences with respect to the two market segments, VC vs. PE, the graph below shows the recent evolutions of three related indices. The first one combines both segments (VC/PE), the second focuses on early stage VC and the third index on later stage PE.

In 2021, Saudi Arabia has gained ranking positions both in VC attractiveness and in PE attractiveness, compared to previous years ranks.

Over the past five years, Saudi Arabia has ranked higher in PE performance than in VC Performance.

### Historical performance, 2017-2021



Sources: IESE Business School, University of Navarra, <https://blog.iese.edu/vcpeindex/>

The Exhibit below shows the country ranks 2021 (ordinate) and the historic rank changes 2018-2021 (abscissa - positive to the right and negative to the left) between the two indices.

It provides interesting insights and reveals strong increases of VC and PE attractiveness for certain countries, and downgrades for others. It allows insights from interpreting the four quadrants of the graph (Unattractive/Weakly attractive/Moderately attractive/Highly attractive).

Saudi Arabia, as well as the countries in the lower right quadrant of the exhibit, are considered **highly attractive investment hosts**. They experienced a high level maturity to support VC and PE transactions in 2021 compared to 2018.

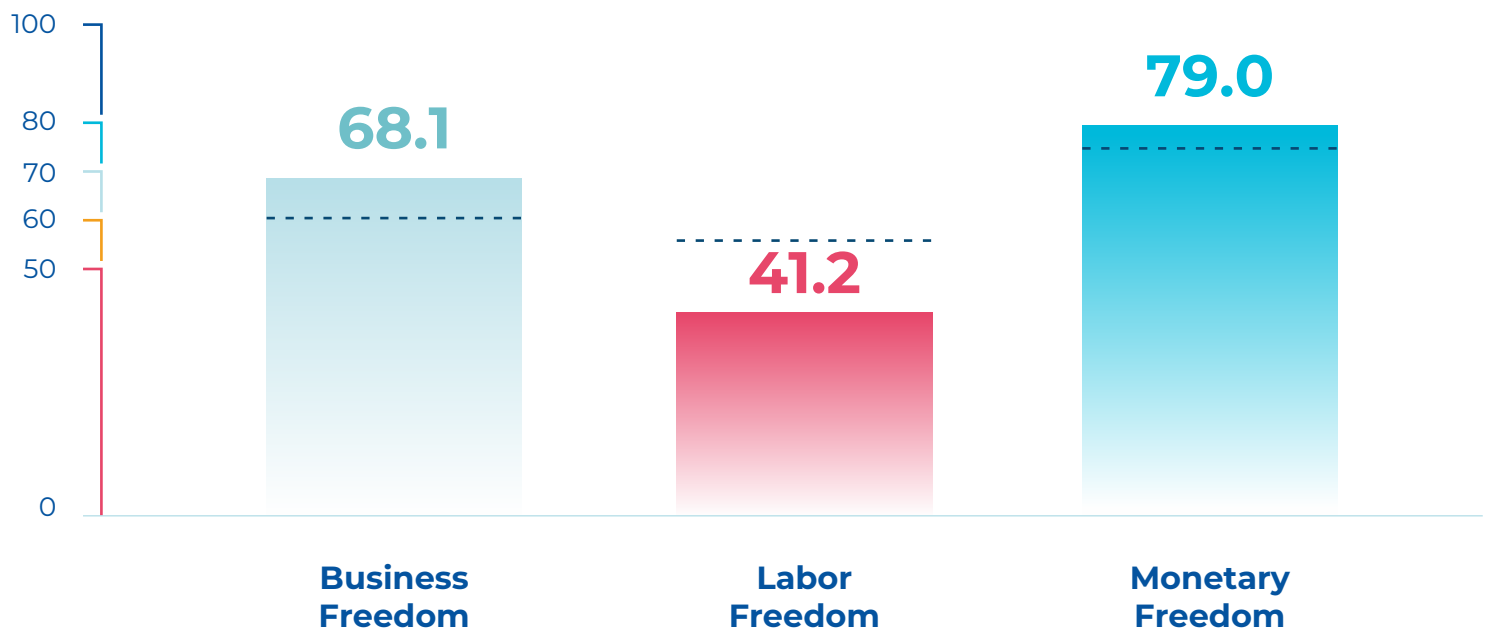
Consequently, Saudi Arabia remains one of the most important GCC countries in which there is a convenient climate for business and investment.



Source: DRC analysis

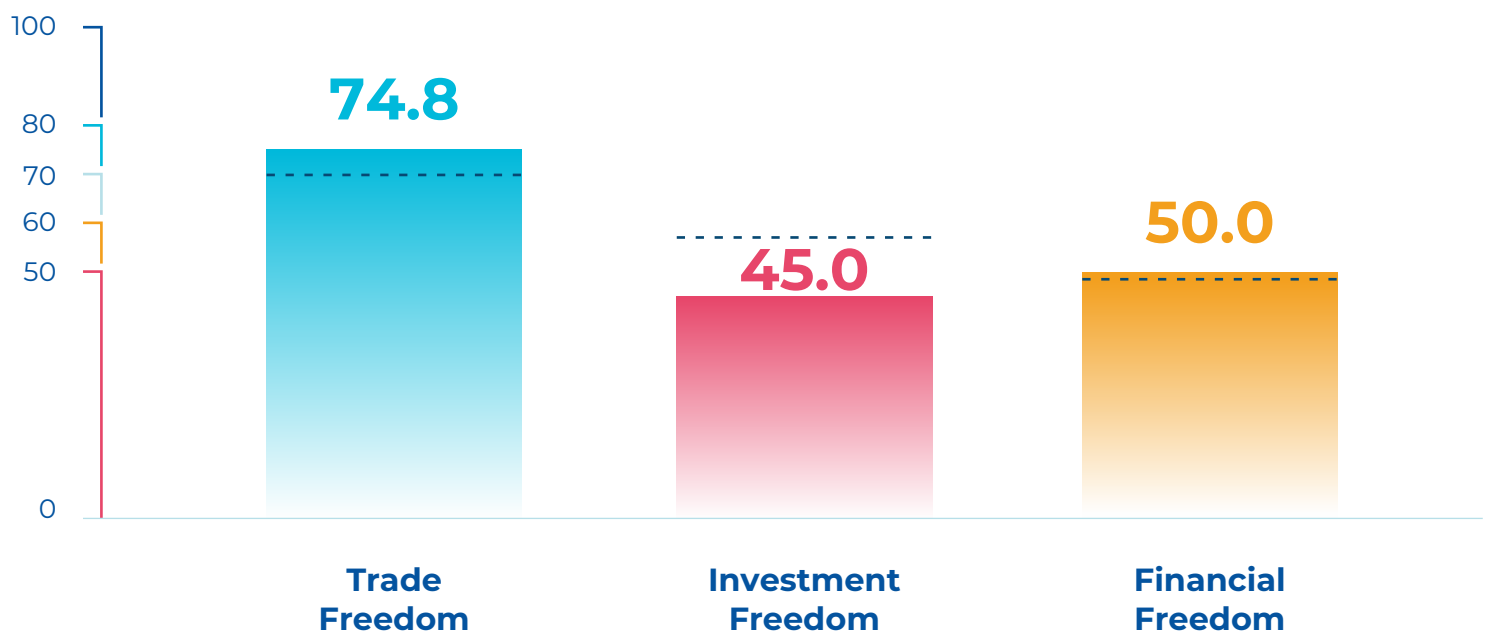
# Business freedom indicators

## Regulatory Efficiency



A new initiative to attract multinational companies was announced in 2021. Reforms have allowed more women to enter the workforce, but private businesses have been subject to disruptions from “Saudization” policies requiring them to employ a quota of Saudi workers.

## Open Markets



Saudi Arabia has three preferential trade agreements in force. The trade-weighted average tariff rate is 5.1%, and 143 nontariff measures are in effect. Regulatory reforms have been made to allow foreign investors to own controlling stakes in firms. The financial sector, which offers a range of financing options, has undergone gradual transformation with limits eased on foreign investment in financial services.

| Source: Index of Economic Freedom, 2022



# Financial Sector Development Program

On April 24th, 2017, the Saudi Council of Economic and Development Affairs launched 10 delivery programs to realize Vision 2030. The most prominent of these programs is the Financial Sector Development Program (FSDP) that aims to go through 3 main objectives:



1 Create a diversified and effective financial services sector;

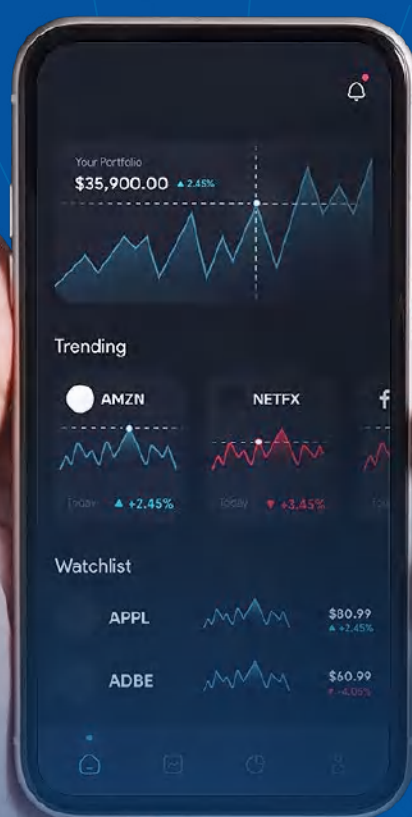


2 Support the development of the national economy;

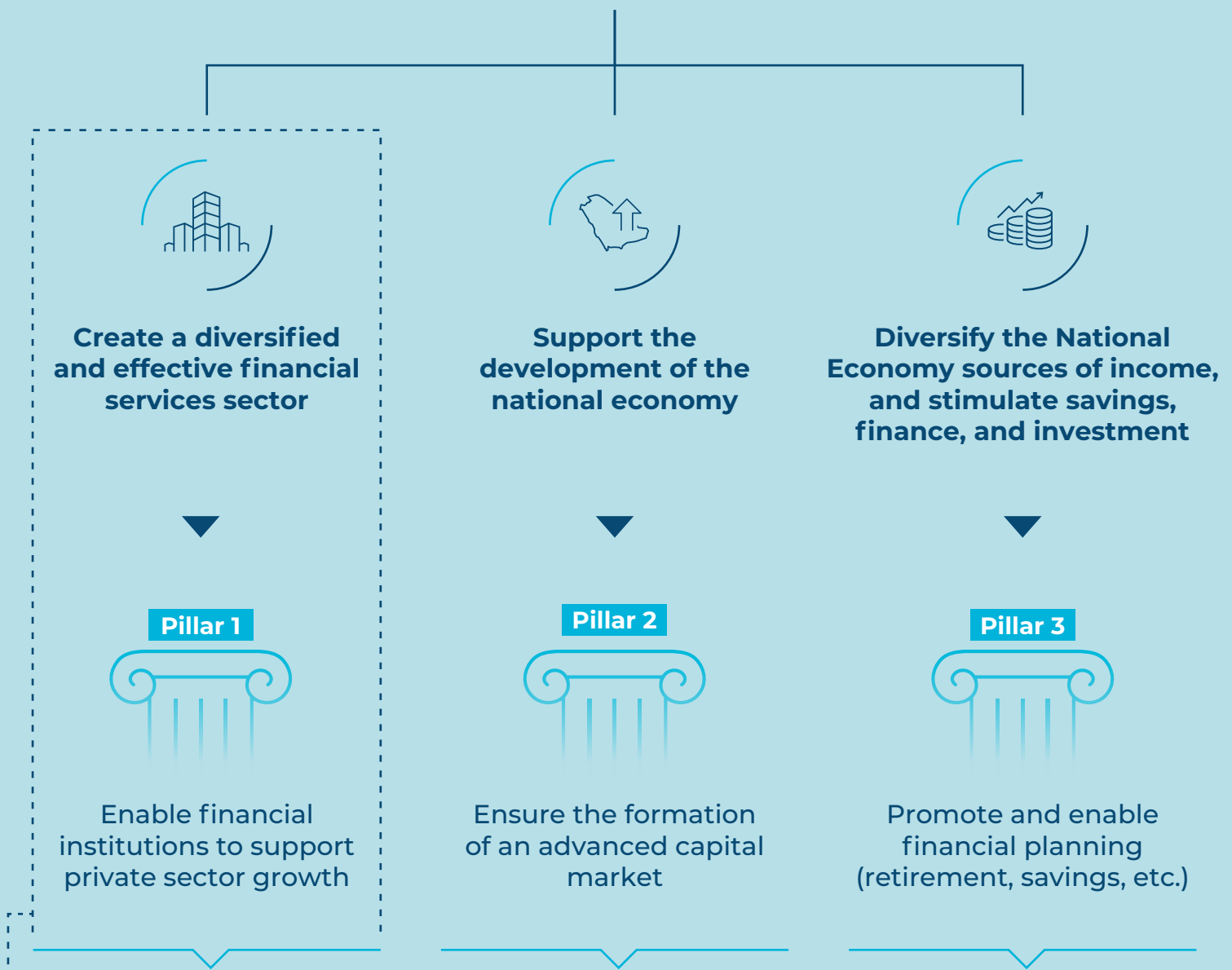


3 Diversify the National Economy sources of income, and stimulate savings, finance, and investment.

The first objective of the FSDP, matches with the first pillar of the strategic objectives of the Saudi Vision 2030 which is enabling financial institutions to support private sector growth. The program aims to further diversify alternative sources of available funding, especially for specific economic segments (e.g., start-ups, entrepreneurs, NGOs), the program emphasize the growth of private equity, venture capital, financing investment funds, and endowments. Thus, the value of investments in private equity and venture capital, grows from SAR 9,304bn in 2019 to SAR 9,879bn in 2021. It expected to reach SAR 11,404bn in 2025.



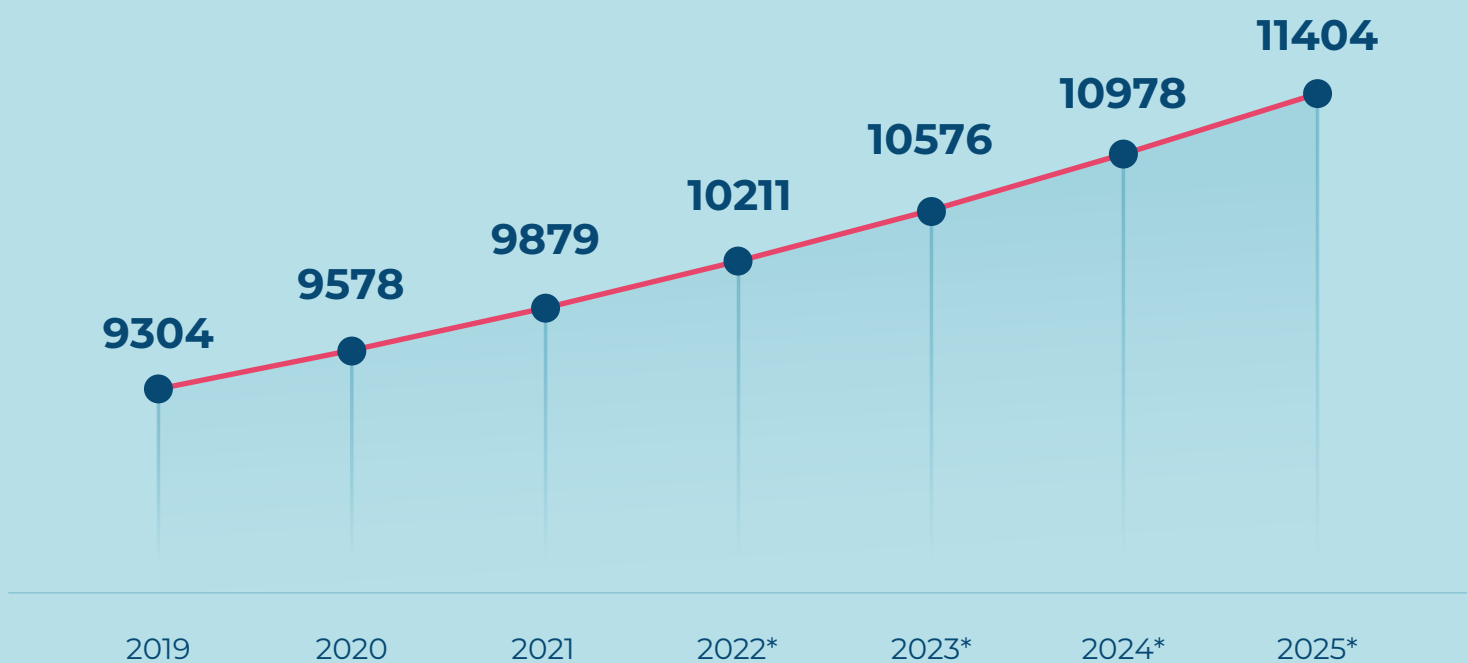
# FSDP objectives



## Strategic objectives of Vision 2030

Private equity, venture capital, financing investment funds, and endowments

Value of investments in private equity and venture capital (SAR bn)



\* Prediction

| Source: Financial Sector Development Program, Program Charter 2021.



02

**SAUDI  
ENTREPRE-  
NEURSHIP  
ECOSYSTEM**



# Global Model of Entrepreneurship Ecosystem

## Ecosystem Components

The Isenberg approach places entrepreneurship at the center of the framework, which is an effective way to identify various stakeholder contributions such as government, private sector, investors, banks, entrepreneurs, universities, research centers, students, accountants and lawyers. KSA’s entrepreneurship ecosystem is relatively new, 36 support institutions were created during the period 2011-2015, and it increased to more than 100 by the end of 2022.

The major (not exhaustive) contributors to the Saudi Arabia’s Entrepreneurship Ecosystem are listed by domains.





## Finance

### Financial Capital

- Microloans
- Angel investors, friends, family,
- Zero-stage venture capital
- Venture capital funds
- Private equity
- Public Capital markets
- Debt

### Success stories

- Visible successes
- Wealth for funders
- International Reputation

### Societal Norms

- Tolerance to risk, mistakes, failure
- Innovation, creativity, experimentation
- Social status of entrepreneur
- Wealth creation
- Ambition...



## Culture



## Human Capital

### Labor

- Skilled and Unskilled
- Serial entrepreneurs
- Later generation family

### Educational Institutions

- General degrees (professional and academic)
- Specific entrepreneurship trainings

### Early customers

- Early adopters for proof of concept
- Expertise in productizing
- Reference customer
- First reviewers
- Distribution channels

### Networks

- Entrepreneur's networks
- Diaspora networks
- Multinational corporations
- Distribution channels



## Markets

**Source:** Isenberg, D.J. (2011). The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurships, The Babson Entrepreneurship Ecosystem Project, 1(781), pp. 1-13.



Component 1

# Policy

## Government



## Leadership



Source: DRC analysis



Component 2

## Finance

### Banks



### Funds



### Macro-loans



Source: DRC analysis





Component 2

# Finance



Source: DRC analyzes



Component 2

## Finance

### Private Equity Funds

ALPHA CAPITAL  ألفا  
العالية



GCC ASIA GROWTH FUND

### Business Angels

  
شبكة المستثمرين الأفراد  
Angel Investors Network

WOMEN SPARK

  
عقال  
OQAL

  
فلك  
FALAK ANGELS

منجم المستثمر  
INVESTORS MINE 

RAI

| Source: DRC analysis



Component 3

# Markets

## Professional Networks



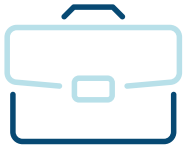
## Professional and trade associations



## Forums



Source: DRC analysis



Component 3

## Markets

### Initiatives



nusaned

A SABIC INITIATIVE FOR 2030 VISION

### Platforms



تجار  
TOJJAR

فرصة  
FORSAH

أطوار  
ATWAR

زاد  
ZADD

بحر  
BAHR

آبواب  
APPWEB

إمداد  
EMDAD



كنفا  
KANAF

### Associations



| Source: DRC analysis





Component 4

# Human Capital

## Workforce



## Entrepreneurship education and training



## Higher education entrepreneurship ecosystem



## Science and technology cities and valleys



Source: DRC analysis



Component 4

# Human Capital

## Incubators & accelerators



Source: DRC analysis



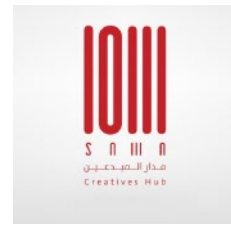
Component 4

# Human Capital

## Entrepreneurship centers & institutes at universities



## Co-working spaces



## Private sector



| Source: DRC analysis



Component 5

# Culture

## Media



## Events organizers



## Forums



| Source: DRC analysis





Component 6

## Supports

### Institutional Support



المؤسسة العامة للتدريب التقني والمهني  
Technical and Vocational Training Corporation



| Source: DRC analysis

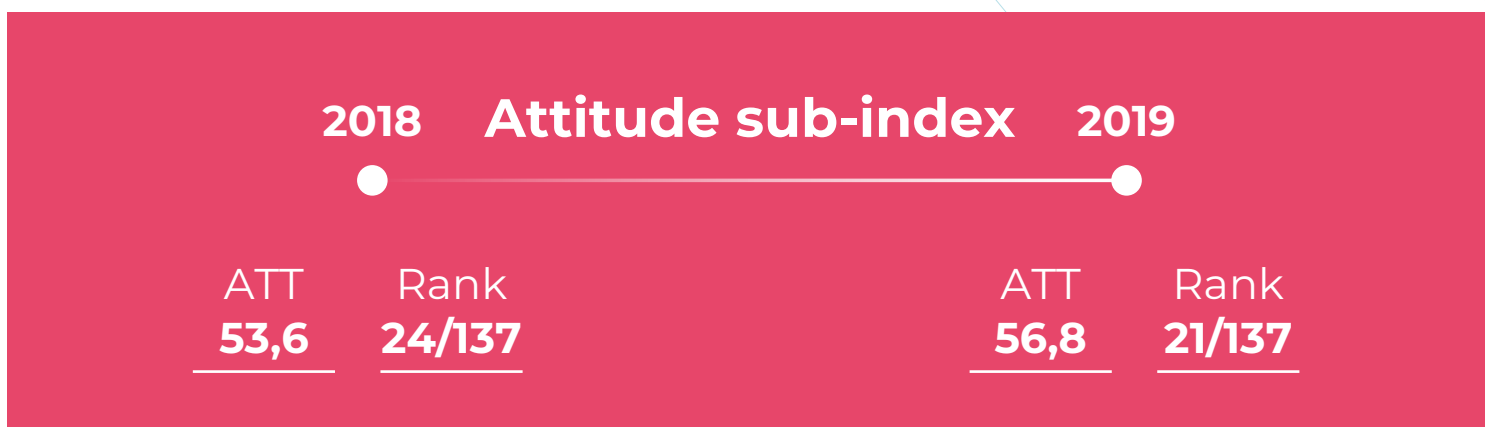
# Saudi Arabia Ecosystem Performance

The Global Entrepreneurship Index (GEI) is an annual index that measures the health of entrepreneurship ecosystem. It reflects a mix of attitudes, resources, abilities and aspirations prevailing social and economic infrastructure of the local population. The infrastructure includes aspects such as broadband connectivity and the transport links to external markets. This creates 14 pillars, used to measure the quality and dynamics of national/regional entrepreneurship ecosystem.

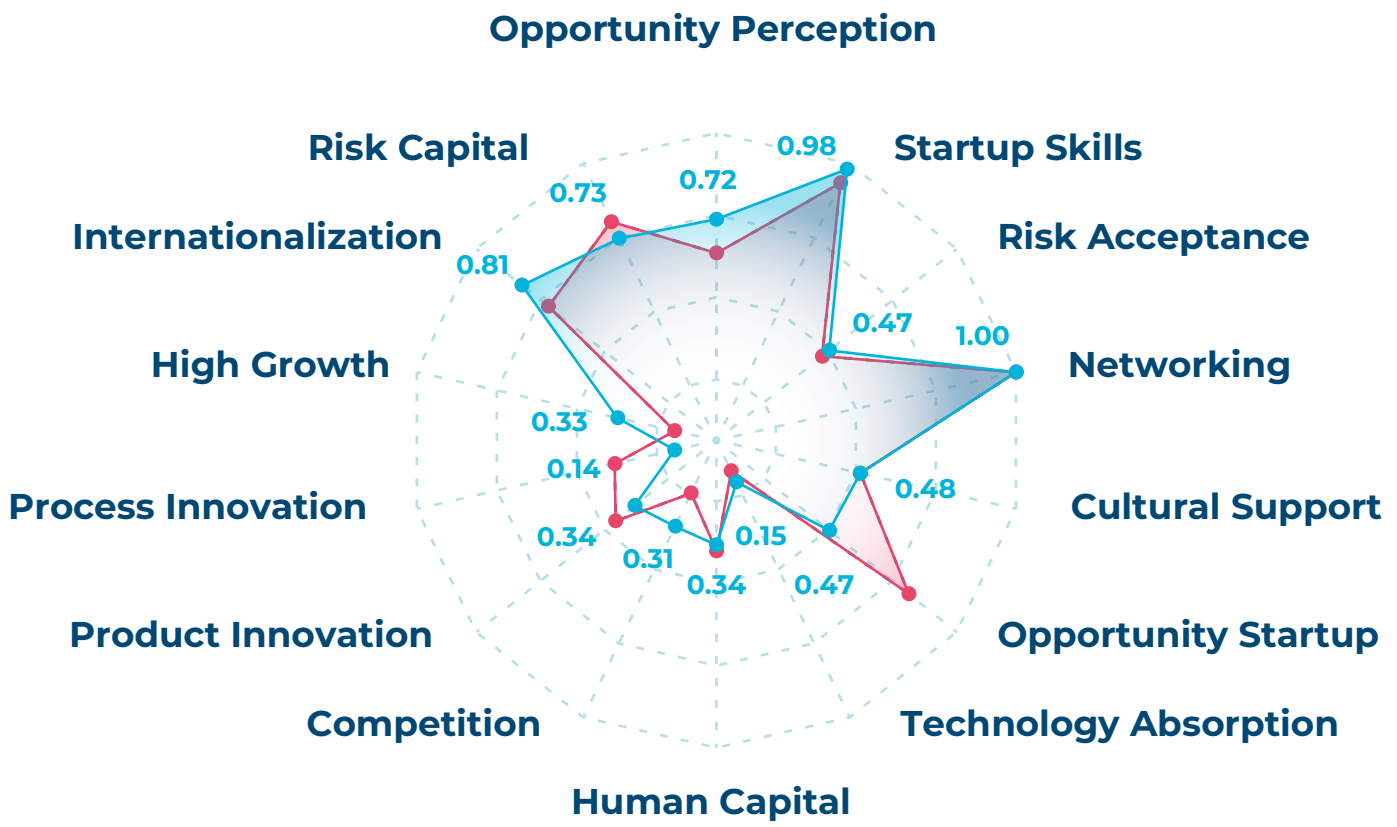
In the last published report (2019), the Saudi GEI reached the score of 42,1/100, and ranked 42nd in the overall Index, advancing three places comparing to 2018. Besides their high entrepreneurial performance, Saudi Arabia places 21st among the top 25 countries Attitude Sub-Index, just behind France and Germany.

The Global Entrepreneurship and Development Institute (GEDI), revealed that the Saudi Arabia entrepreneurial “Attitude” pillars play a promising role in the Saudi entrepreneurship ecosystem, especially the “Startup Skills” and “Networking” pillars. This means that, the Saudi entrepreneurs toward recognizing opportunities, accepting the risks associated with a business startup, and having the skills to successfully launch businesses.

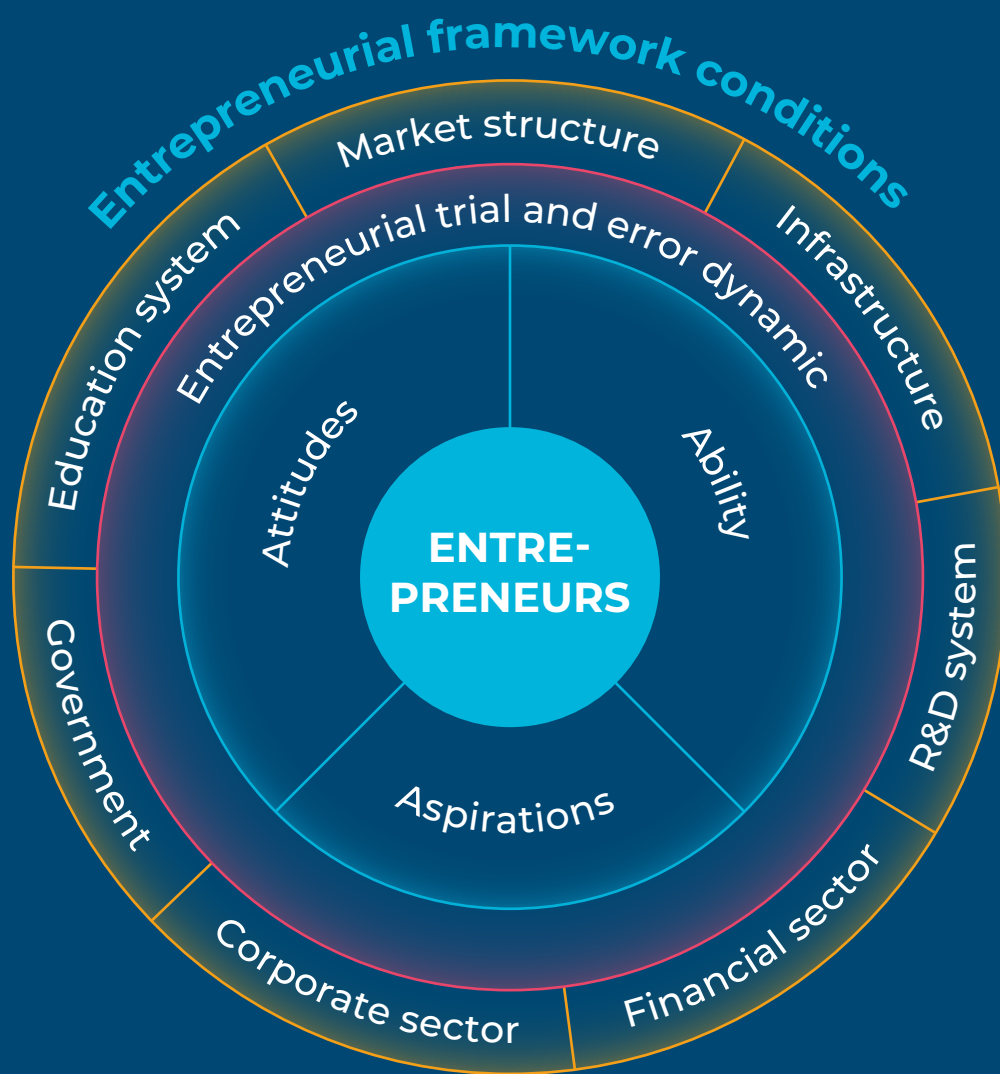
Although the entrepreneurial “Abilities” pillars appear as shortcomings in the Saudi GEI, especially the "Technology Absorption" and "Competition" pillars. Furthermore, Saudi entrepreneurial “Aspiration” pillars principally the "High Growth" and the "Internationalization" are considered to be the main advantage of forming the Saudi GEI score.



# Saudi Arabia Ecosystem Performance



— GEI 2018 — GEI 2019



Source: The Global Entrepreneurship and Development Institute, GEDI, GEI 2018 and 2019 reports.



03

**VENTURE  
CAPITAL  
INVESTORS  
IN SAUDI  
ARABIA**



# Distribution by type and by region

Type	Number of organizations	Number of Investments	Number of lead investments	Number of Exits	Number of Portfolios
Pure Venture Capital	36	523	194	28	401
VC & Micro VC	5	16	6	4	14
VC & Private Equity	7	31	20	1	30
VC & Government Office	2	36	25	14	33
VC & Accelerator/ Incubator	2	89	12	0	58
Others VC	2	13	6	2	13
<b>Total</b>	<b>54</b>	<b>708</b>	<b>263</b>	<b>49</b>	<b>549</b>

At the end of 2022, the number of Venture Capital organizations in Saudi Arabia reached 54 firms, of which 36 are pure venture capital that deal with equity only. They have the ability to grant large financings to startups looking to fund growth in high-risk areas such as technology, biotechnology and clean technologies.

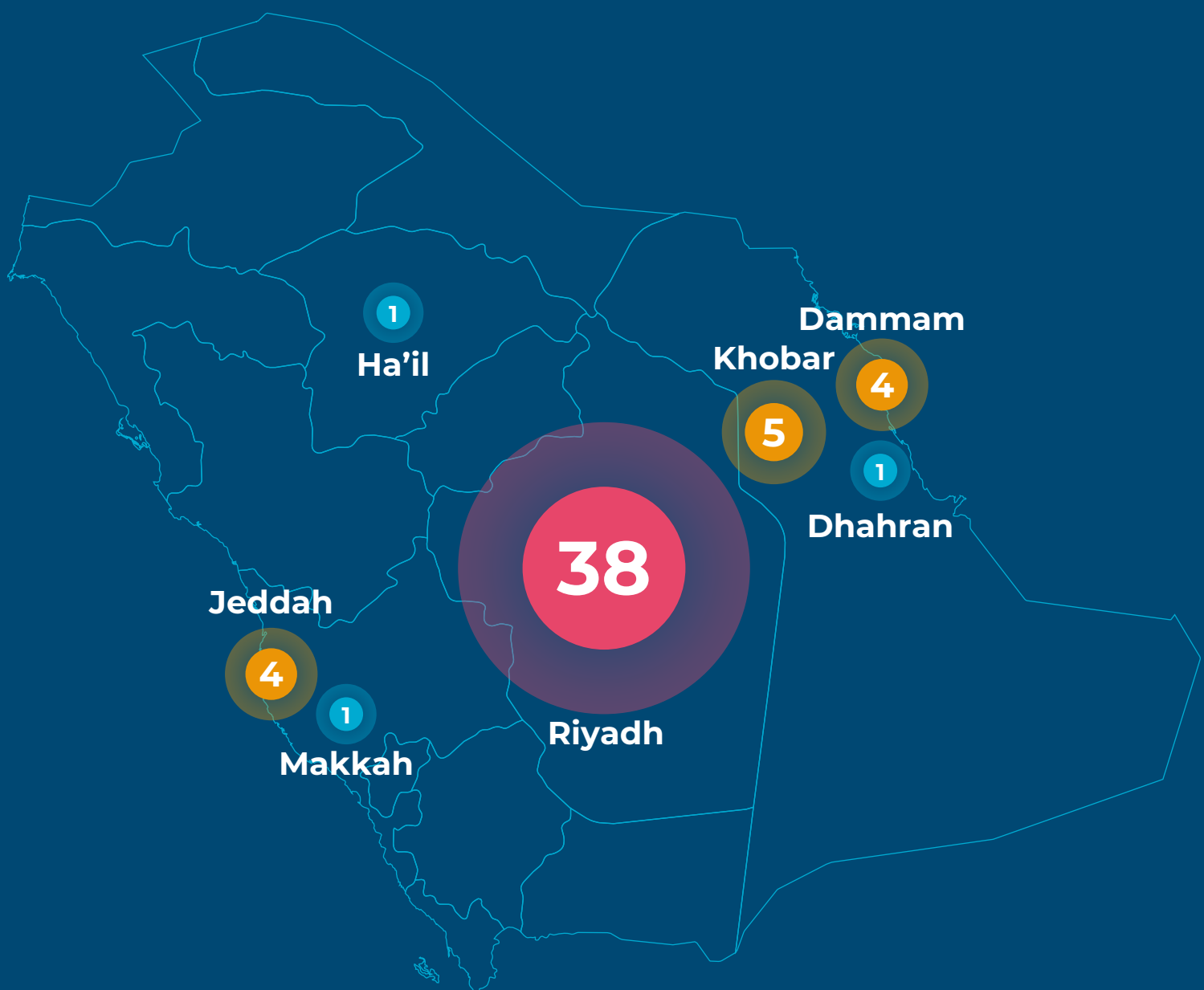
The rest of the firms have, in addition to Venture Capital functions, other types of financing capabilities. Five of them also play the role of Micro VC that invest money to seed early-stage emerging companies with amounts of finance that is typically less than that of traditional venture. Seven other firms, are a private equity VC that can invest in already established and mature companies and use both cash and debt in their investment. Two organizations are a Government office VC (Saudi Arabia's Public Investment Fund and SABIC Ventures). Two other organizations are an Accelerators/Incubators VC (KAUST Innovation Fund and SURE International Technology), that seeks to speed up the development and market establishment of a proven venture.

| Source: DRC analysis

Pure VCs represent 67% of the overall Saudi VC firms, and they funded 523 investment operations, that involved 194 lead investments and realized 28 exits.

The geographic distribution of Venture Capital firms in Saudi Arabia, shows that the headquarters are extremely concentrated in Riyadh region. Riyadh is the dominant center for VC, accounting for nearly 70% (38/54) of total global VC firms, followed by Ash Sharqiyyah region (Eastern Province) with roughly 19% (5 in Khobar, 4 in Dammam and one in Dhahran).

### Number of investors by region (2022)



Source: DRC analysis

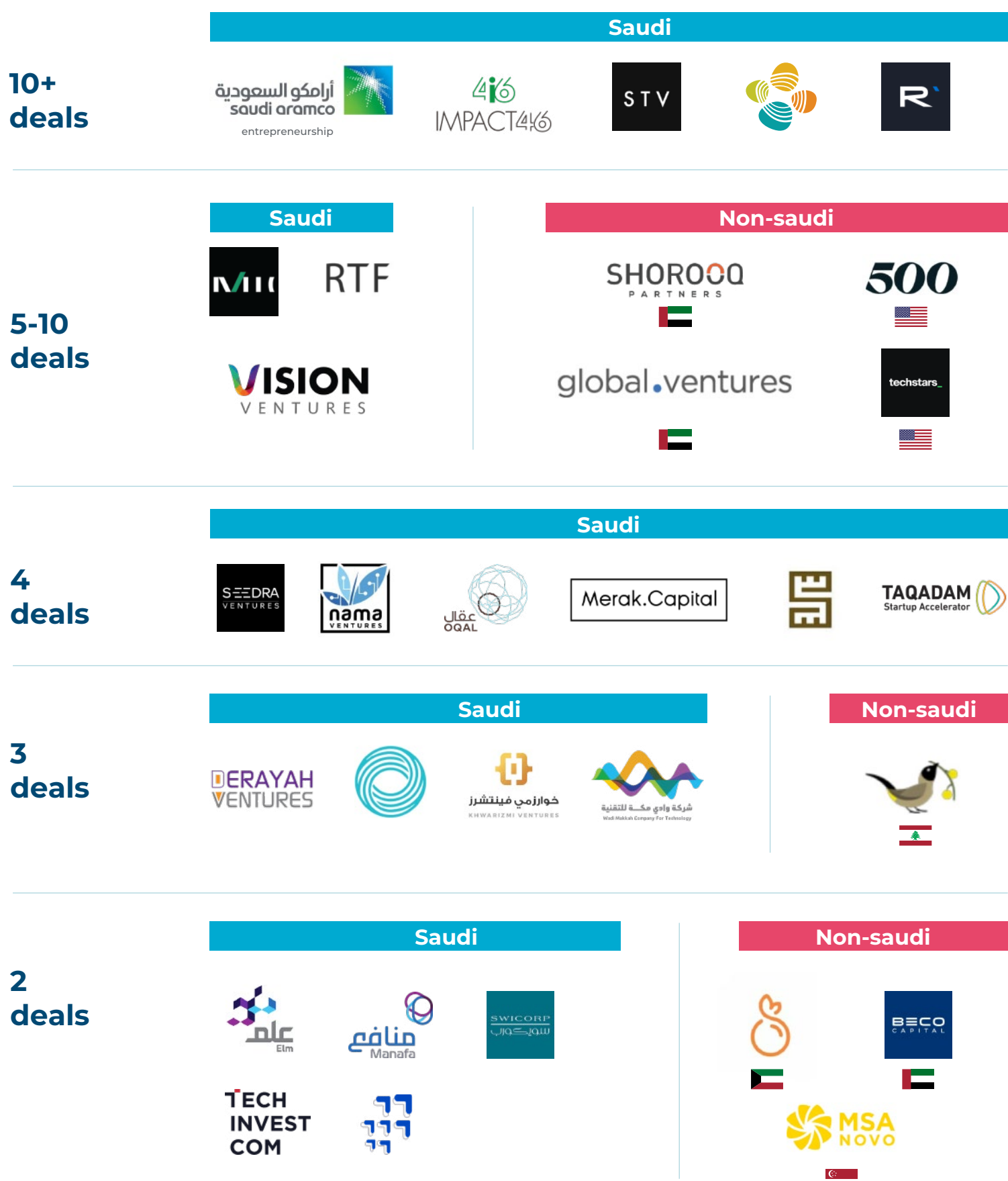
# Most Active lead VC Investors until 2022

A total of 23 local (include public VCs: Saudi Aramco Entrepreneurship and KAUST) and 8 foreign investors financed Saudi-based Startups and supported two or more deals until 2022.

The year 2022, also saw record-high participation from 3 private Saudi investors, with more than 10 deals. IMPACT46, tops the list of active ones with 19 deals that it financed on its own or in partnership with other investors, followed by Raed Ventures and STV with 14 and 13 deals respectively.

In 2022, Saudi Capital owners are growing in number and size compared to 2021. The number of foreign investors has also increased, especially US and UAE venture capital firms.

Until 2022, Global 500 and Shorooq Partners join the Saudi market of venture capital and participated in the financing of six deals each.



Source: DRC analysis

# Top 5 venture capital investors from 2010 to 2022

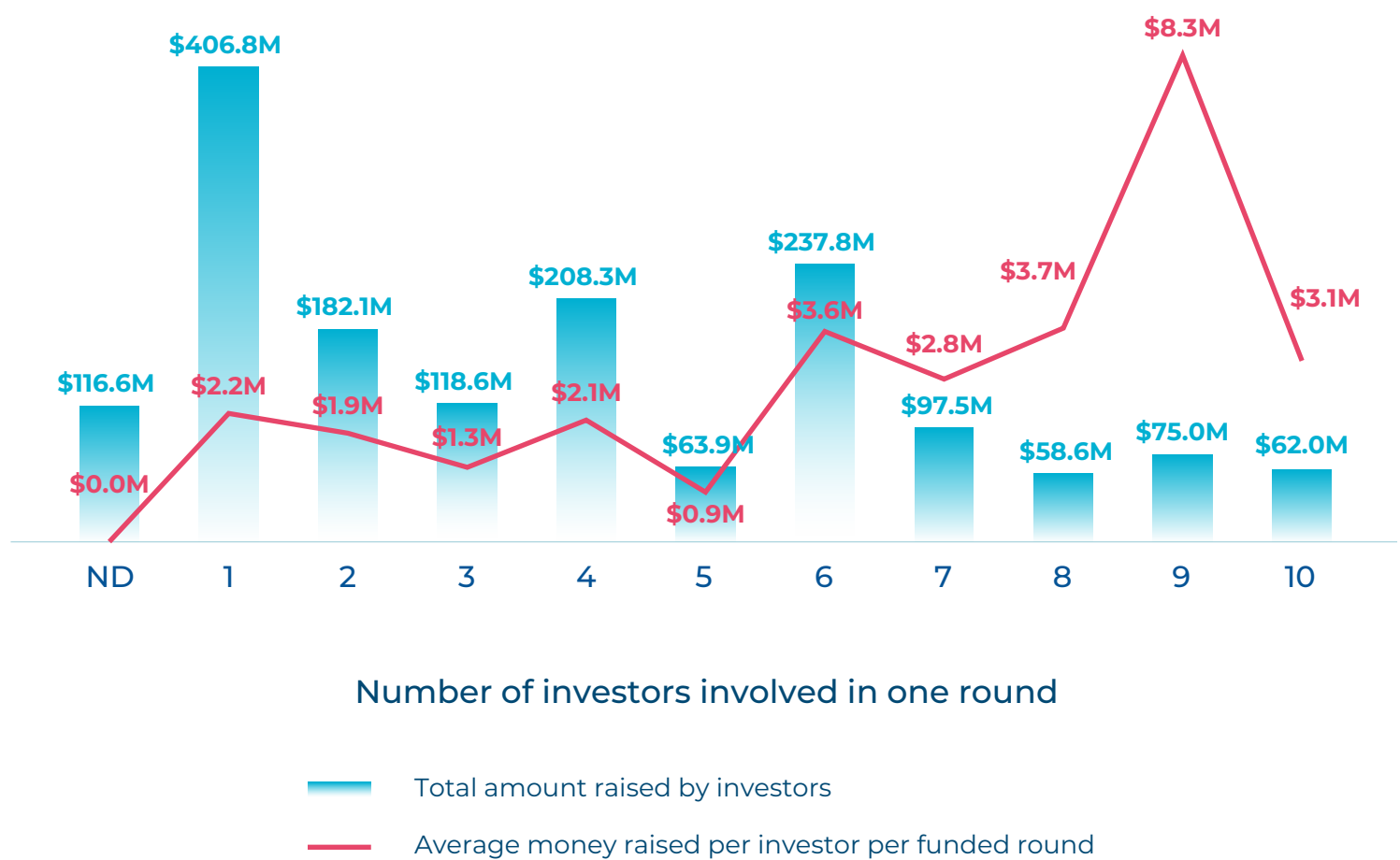
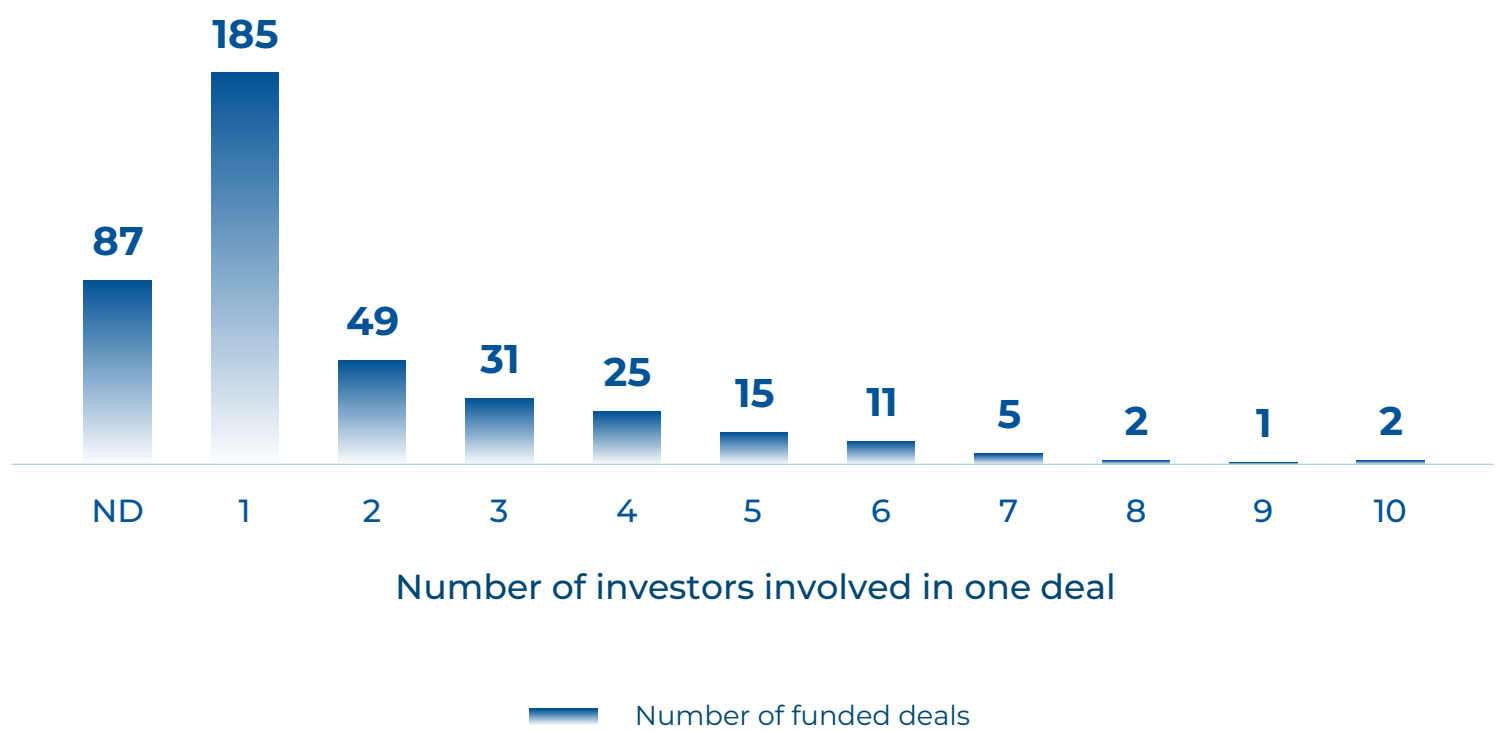


	VISION VENTURES	R	المرقاة OQAL	4i6 IMPACT4i6	STV
<b>Number of investments</b>	87	57	42	41	38
<b>Number of lead investments</b>	17	22	5	22	23
<b>Amount of single investments</b>	\$14.48M	\$0M	\$3.28M	\$78.4M	\$0M
<b>Amount of investments with partnership</b>	\$234.6M	\$213.3M	\$7.3M	\$219.4M	\$453.2M
<b>Number of portfolios</b>	44	37	33	29	26
<b>Number of exists</b>	4	3	1	2	1
<b>Number of Employees</b>	9	14	205	56	16

Source: DRC analysis



# Investors involved in one deal (2010-2022)



The total number of funded deals during the period 2010 to 2022 reached 413 deals and exceed \$1.62bn.

From 2010 to 2022, 185 or 45% of deals were funded by a single investor. The rest of the deals were co-financed by more than one investor. Individual financing amounted to \$406.8M, at a rate of \$2.2M for each investor.

The highest financing for a single deal was \$75M, in which 9 investors contributed, at a rate of \$8.3M for each investor.

| Source: DRC analysis



04

**VENTURE  
CAPITAL  
ACTIVITY  
IN SAUDI  
ARABIA**



4-1

**VENTURE CAPITAL  
TOTAL  
INVESTMENTS**

# Funded deals (2010-2022)

## Take-off period

- 1- Emergence of sectors such as Fintech and SaaS increased investor interest
- 2- VC focus on fewer investment but with a high amounts

## Covid-19 Impact

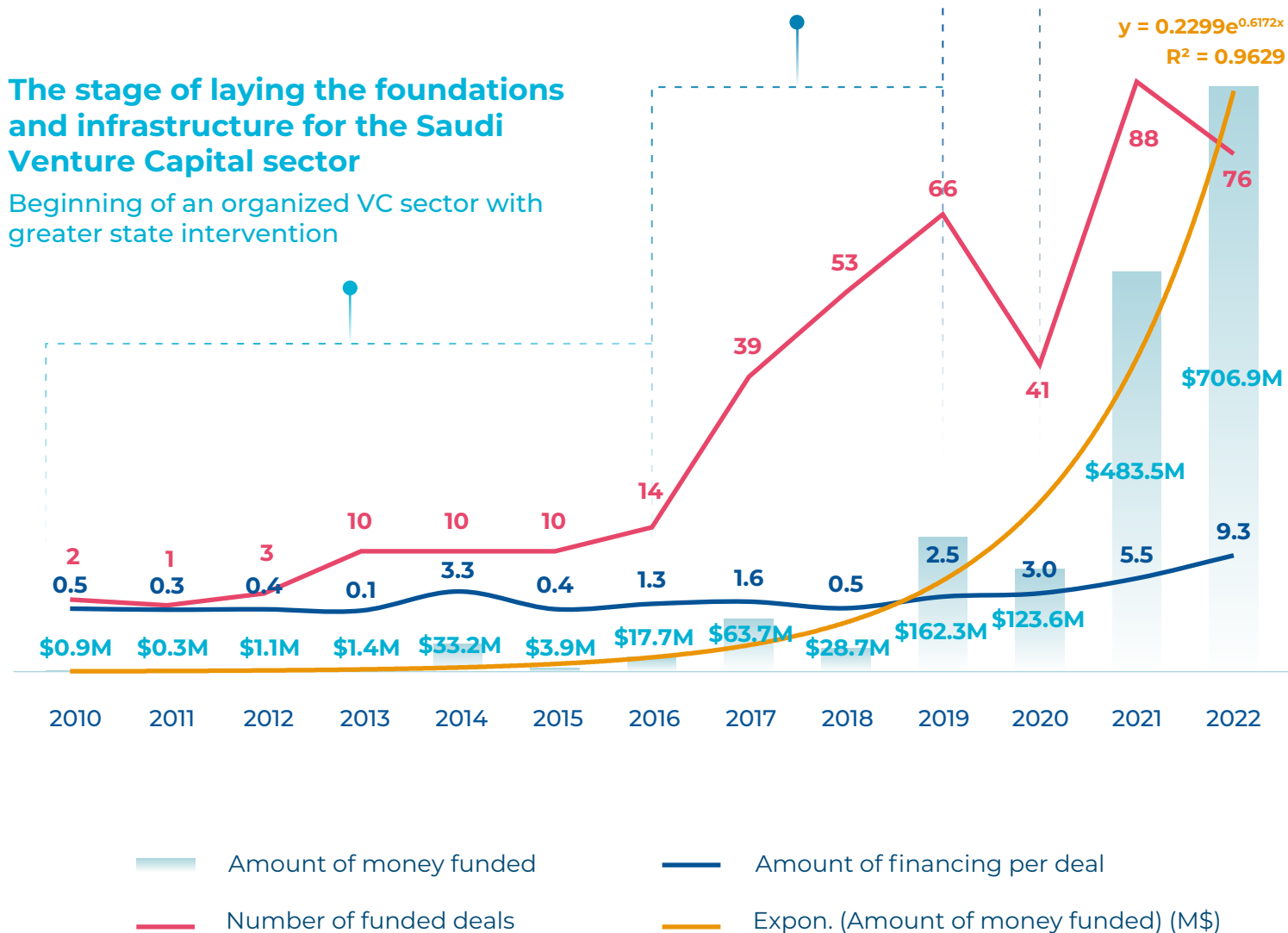
Circumstantial decline due to COVID 19

## The Saudi Venture Capital growth stage

- 1- Rapidly evolving start up environment investors feel positive about the expansion and scaling of first generation start ups
- 2- New VCs competing for investments in Saudi Arabia
- 3- VC focus on doing more deals and building initial portfolio

## The stage of laying the foundations and infrastructure for the Saudi Venture Capital sector

Beginning of an organized VC sector with greater state intervention



The funds delivered by VCs companies reached its peak in 2022 at \$706.9M.

The money raised per deal also rose continuously, and it reached about \$9.3M in 2022.

Although the number of funded deals decreased from 88 in 2021 to 76 in 2022, but the value of financing increased by 46.2%. This was because the amount of financing per deal increased by 69%.

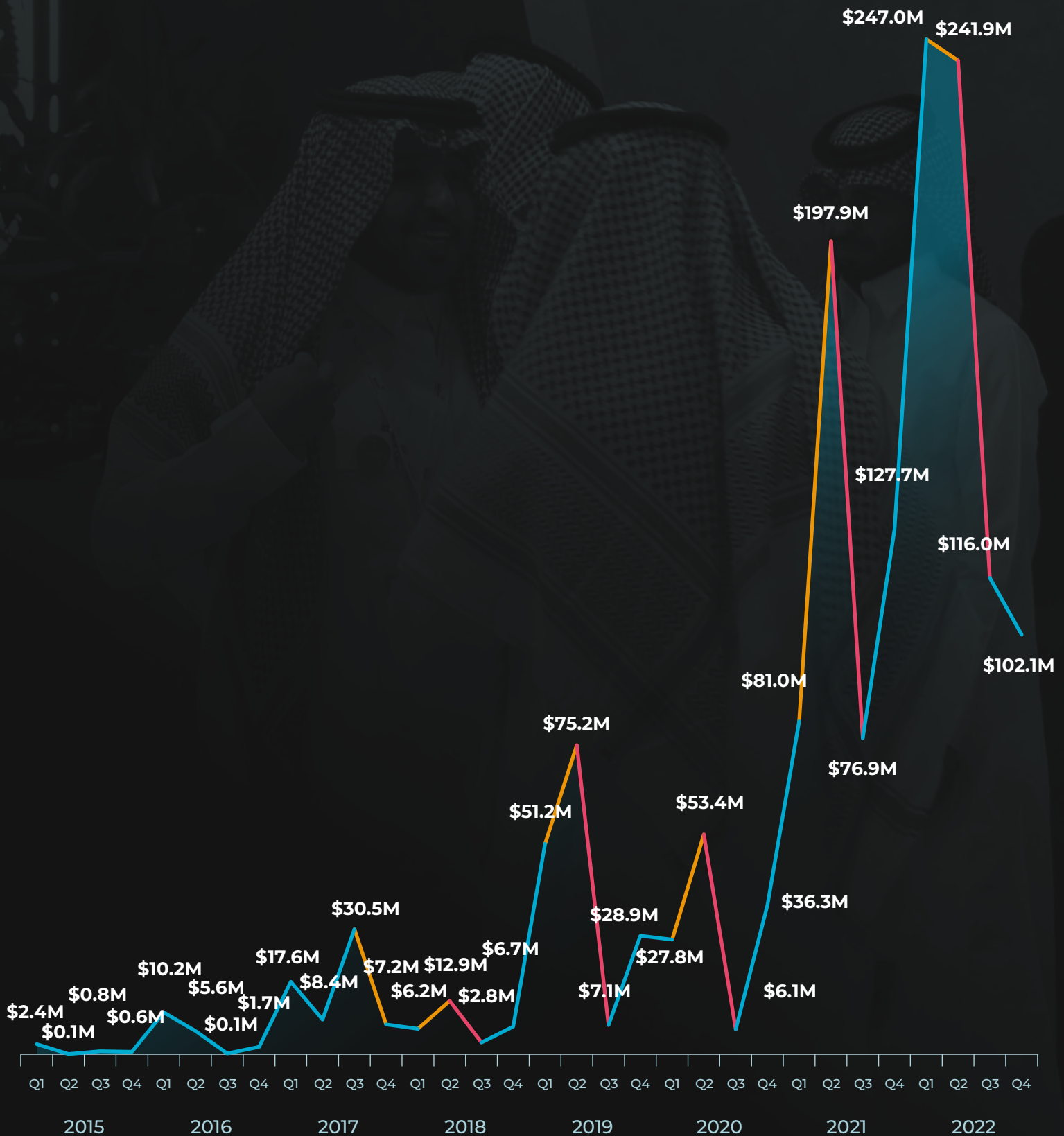
The Saudi VC sector has witnessed exponential growth over the period 2010-2022 ( $y = 0.2299e^{0.6172x}$ ). It is expected that the total of funding will exceed \$1bn by the end of 2023 .

| Source: DRC analysis



# The quarterly money funding

## Cyclic evolution of quarterly money funding

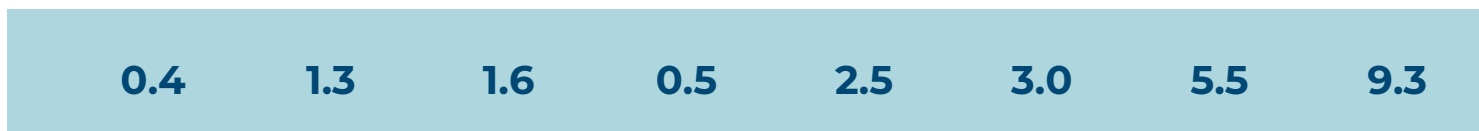
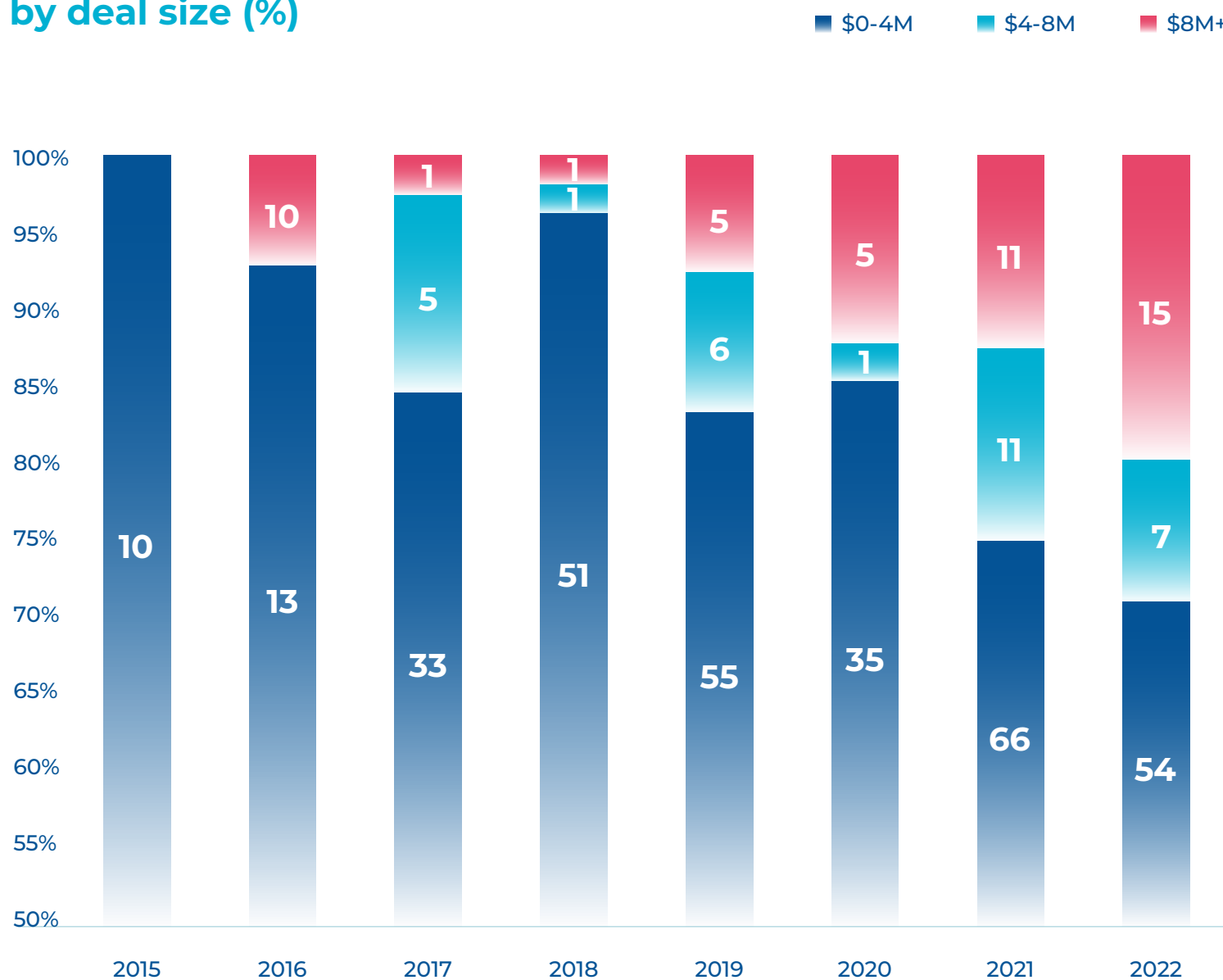


It can be noted that the quarterly VC financing in Saudi Arabia took a cyclical shape during the past five years 2018-2022. The value of financing usually declines in the third quarter (Summer: red line) compared to the previous quarters of each year, and then rises again in the fourth quarter.

Source: DRC analysis

# VC investments by deal size

## Split of VC investments by deal size (%)



### Average deal size (M\$)


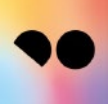



There was a sustained increase in the average deal size since 2018. In 2022, it reached \$9.3M, driven by the increase in the share of technology sectors.

Deals under \$4M still dominate startup financing by VC firms. But, their percentage has decreased from 100% in 2015 to almost 71% in 2022.

Conversely, financing of more than \$8M gradually took over from 2019. In 2022, 10 more operations were recorded than in 2019, having together represented almost 19.7% of the total.






| Source: DRC analysis

# Top startups that received more than \$8M funding in 2022

#	1	2	3	4	5
					
<b>Name</b>	Foodics	Tamara	Zid dj	Nana	Master Works
<b>Location</b>	Riyadh	Riyadh	Riyadh	Riyadh	Riyadh
<b>Sector</b>	Data analytics & Business Intelligence	FinTech	E-Commerce	E-Commerce	Data analytics & Business Intelligence
<b>Announcing date</b>	20/04/2022	22/08/2022	17/10/2022	02/02/2022	01/03/2022
<b>Key Investors</b>	Endeavor Catalyst, Prosus, Sanabil, Sequoia Capital India, STV, Vision Ventures	Coatue, Endeavor Catalyst, Sanabil, Shorooq Partners	Arzan Venture Capital, Elm, Endeavor Catalyst, Global Ventures, Impact46, MSA Novo, Saudi Aramco Energy Ventures	Faith Capital, FIM Partners, Impact46, Jahez International Company, Middle East Venture Partners (MEVP), Quencia Capital, STV, Sunbulah Group	Merak Capital
<b>Funding Type</b>	Series C	Series B	Series B	Series Unknown	Private Equity
<b>Money Raised (in \$M)</b>	170.0	100.0	50.0	50.0	40.0
<b>Funding stage</b>	Late	Early	Early	Late	Private Equity
<b>Number of funding rounds</b>	5	5	3	6	1
<b>Number of employees</b>	706	270	223	517	214

| Source: DRC analysis






# Top startups that received more than \$8M funding in 2022

#	6	7	8	9	10
					
<b>Name</b>	HyperPay	Lean Technologies	Retailo Technologies	MANAFA Capital	Red Sea Farms
<b>Location</b>	Riyadh	Riyadh	Riyadh	Riyadh	Ha'il
<b>Sector</b>	FinTech	FinTech	Data analytics & Business Intelligence	FinTech	AgTech
<b>Announcing date</b>	26/05/2022	20/01/2022	01/02/2022	28/12/2022	25/04/2022
<b>Key Investors</b>	AB Ventures LP, Amwal Capital Partners, Mastercard	Henrique Dubugras, Human Capital, Jameel Investment Management Company, Jeff Immelt, Liberty City Ventures, Michael Ovitz, Outliers Venture Capital, Raed Ventures, Sequoia Capital India, Shorooq Partners	500 Global, Abercross Holdings, AgFunder, Agility Ventures, Arzan Venture Capital, Aujan Group Holding, Graphene Ventures, Mentors Fund, Shorooq Partners, Tech Invest Com	Saudi Aramco Entrepreneurship Ventures, STV	KAUST Innovation Fund, OlsonUbben, Saudi Aramco Entrepreneurship Ventures, Savola Group
<b>Funding Type</b>	Series Unknown	Series A	Series A	Series A	Series A
<b>Money Raised (in \$M)</b>	36.8	33.0	29.0	28.0	18.5
<b>Funding stage</b>	Late	Early Stage Venture	Early Stage Venture	Early Stage Venture	Late
<b>Number of funding rounds</b>	4	4	6	2	6
<b>Number of employees</b>	74	82	349	30	49

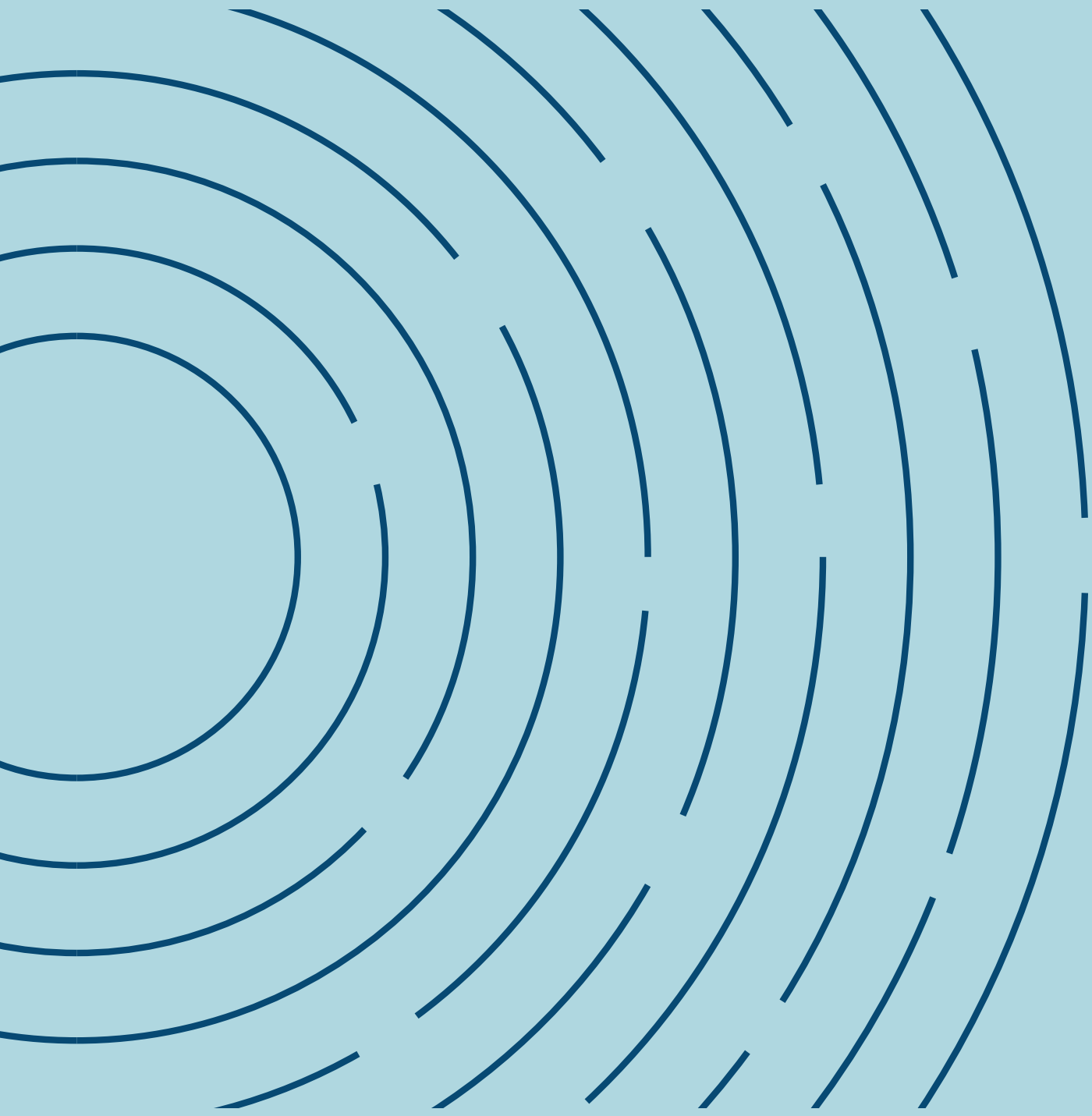
| Source: DRC analysis



# Top startups that received more than \$8M funding in 2022

#	11	12	13	14	15
					
<b>Name</b>	ELEVATUS	Mozn	ZenHR	Sahaby	Quant Data & Analytics
<b>Location</b>	Riyadh	Riyadh	Riyadh	Riyadh	Riyadh
<b>Sector</b>	Enterprise Software	Data analytics & Business Intelligence	Information Technology	Food and Beverage	Data analytics & Business Intelligence
<b>Announcing date</b>	21/09/2022	03/02/2022	04/10/2022	23/03/2022	03/02/2022
<b>Key Investors</b>	Global Ventures, otf Jasoor Ventures, Saudi Aramco Entrepreneurship Ventures	Global Founders Capital , Raed Ventures, Shorooq Partners, Sukna Ventures, VentureSouq	Endeavor Catalyst, Rua Growth Fund	Awaed Investment Company	Raed Ventures, SEEDRA Ventures, Steven Tannock, VentureSouq
<b>Funding Type</b>	Series A	Series A	Seed	Seed	Series A
<b>Money Raised (in \$M)</b>	10.5	10.0	10.0	8.6	8.0
<b>Funding stage</b>	Early Stage Venture	Early Stage Venture	Seed	Seed	Early Stage Venture
<b>Number of funding rounds</b>	3	1	1	1	4
<b>Number of employees</b>	29	45	160	10-50	43

| Source: DRC analysis



4-2

**VENTURE CAPITAL  
INVESTMENTS BY  
STAGE**

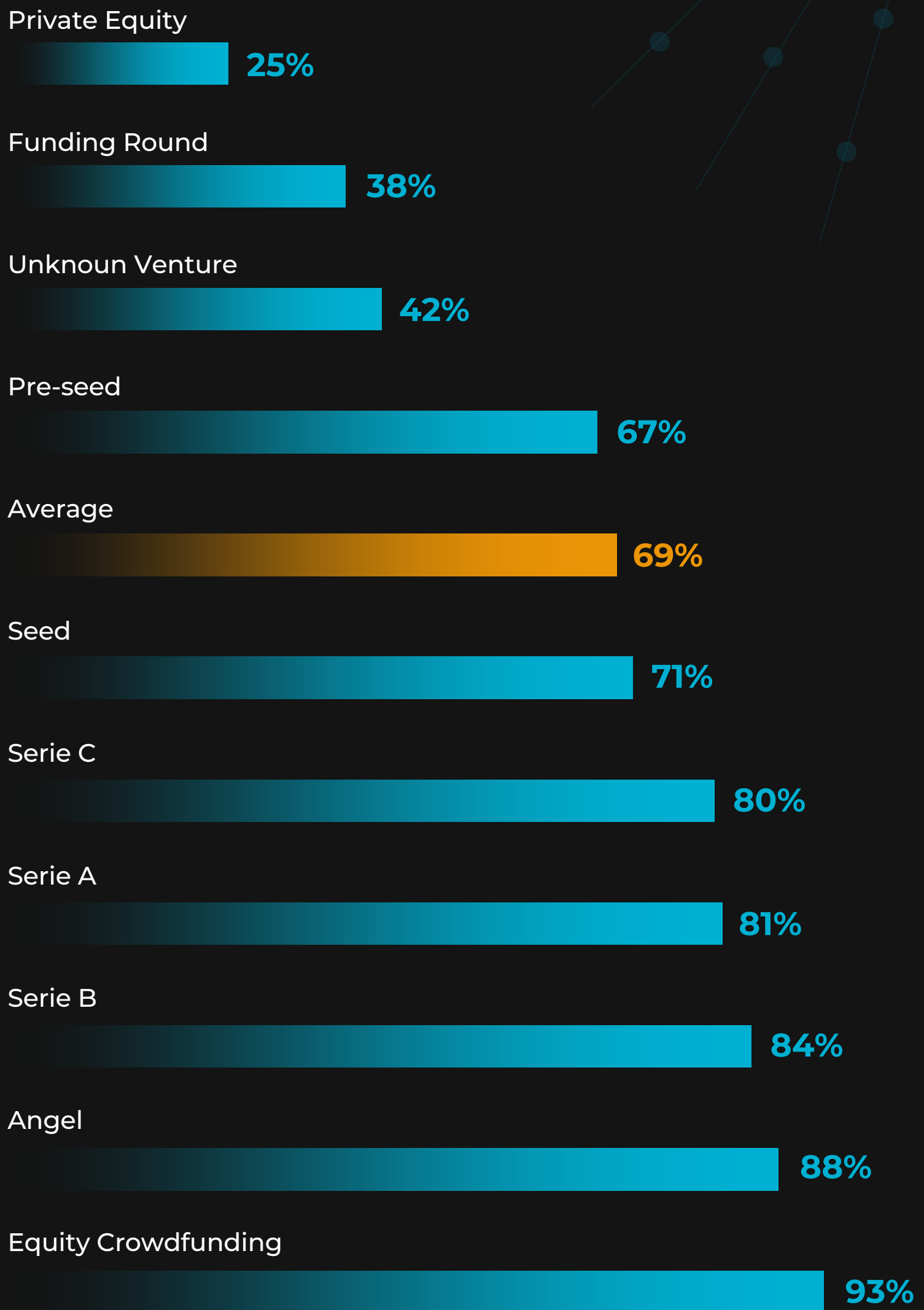
# Number of Funded-Unfunded deals by stage (2010-2022)

Funded-unfunded Deals by Stage



Source: DRC analysis

## Acceptance rate: Funded deals/Announced deals (%)



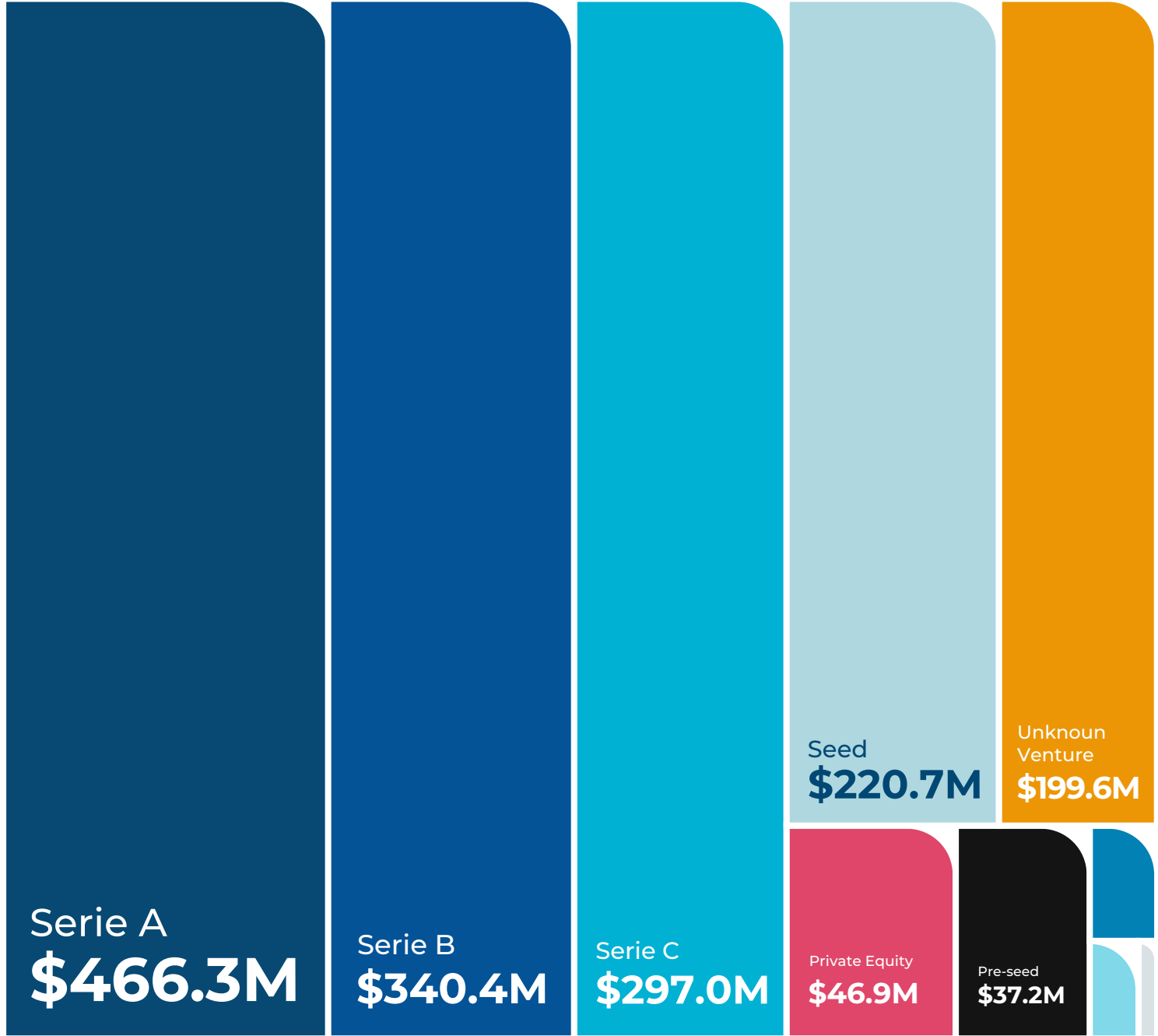
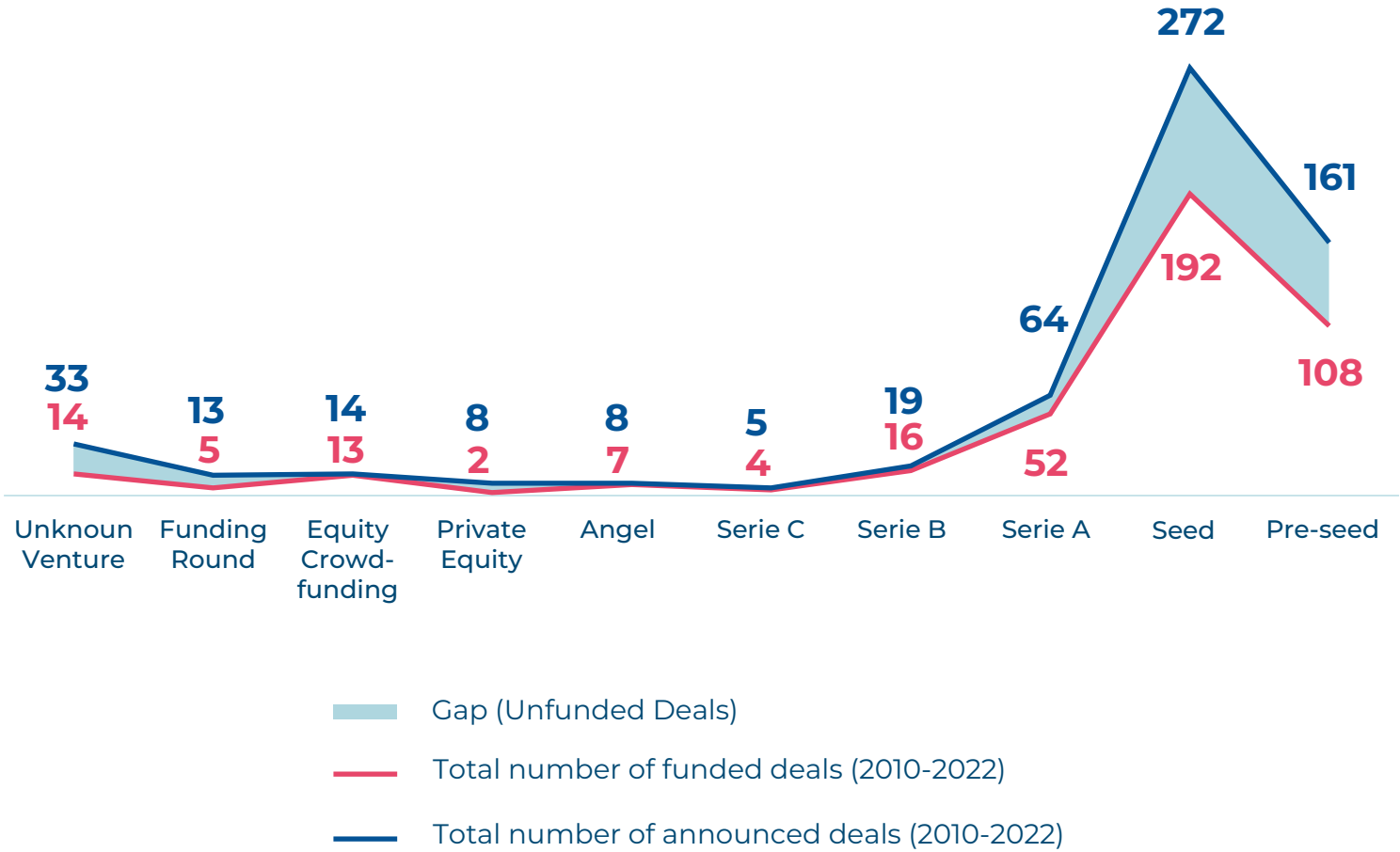
Among 597 funding deals announced by startups during the period 2010-2022, 413 received the requested funding, with average acceptance rate funding of 69% (413/597).

The most funded deals were concentrated in stages pre-seed and seed, which represent 73% of the total funded deals.

| Source: DRC analysis

# Funding allocation by stage (2010-2022)

Gap by stage



Source: DRC analysis



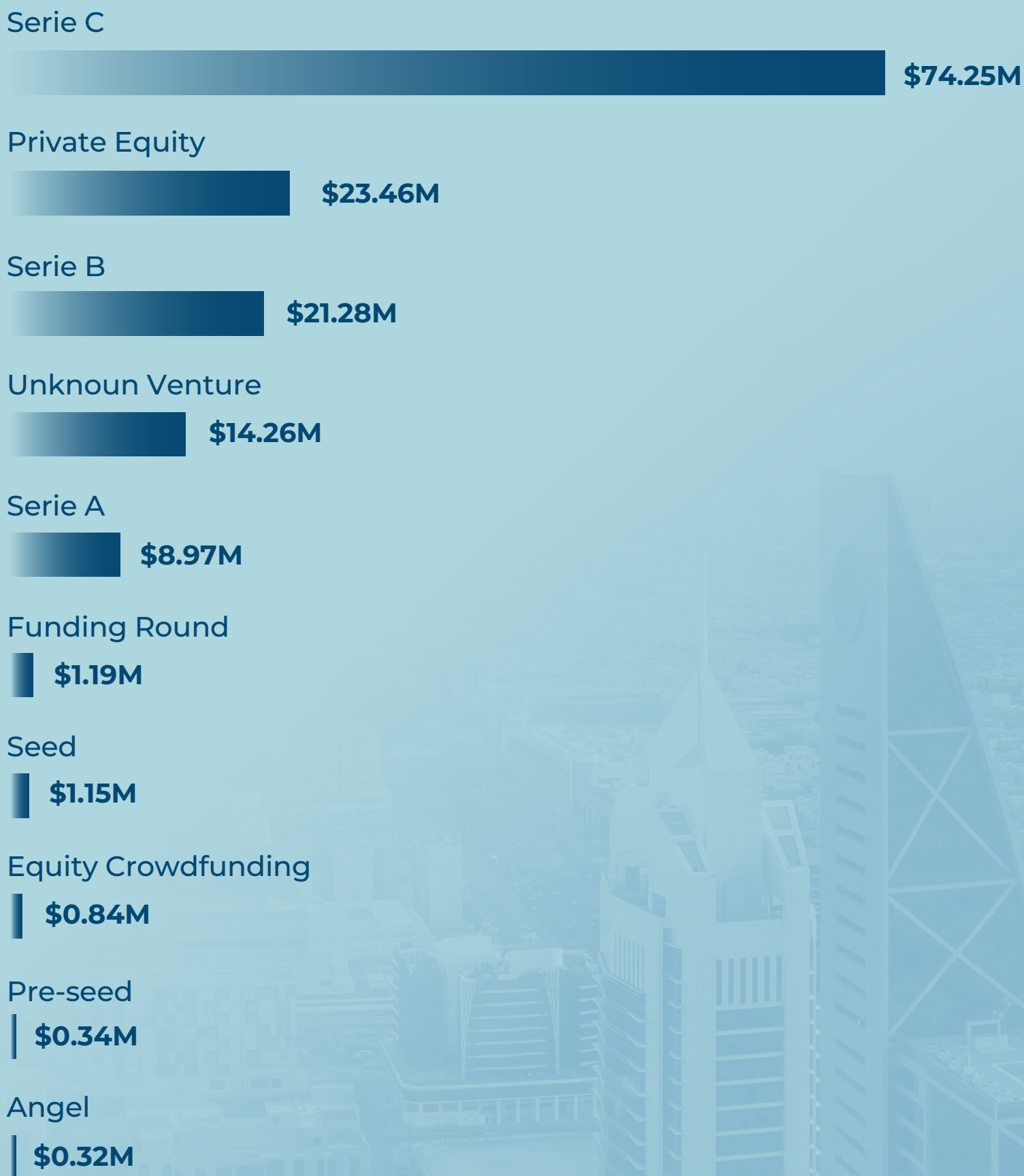
The gap between the number of announced and funded deals in Seed and Pre-seed stages is higher than the rest of the growth stages of startups. In fact, more than 80% of announcement deals for Series A, B and C were captured by investors.

At the same time, Series A, B and C attracted the highest amounts of investments with \$1103.7M, representing 67.8% of the total funds for the period 2010-2022.

The funding per deal for Series A, B and C exceed \$8.9M. However, it was less than \$1.2M and \$0.5M for Seed and Pre-seed, respectively.

The characteristics of the Saudi Venture Capital market are similar to comparative global markets. In these markets, it is quite normal that the early stages have more deals with less amounts compared to the later stages.

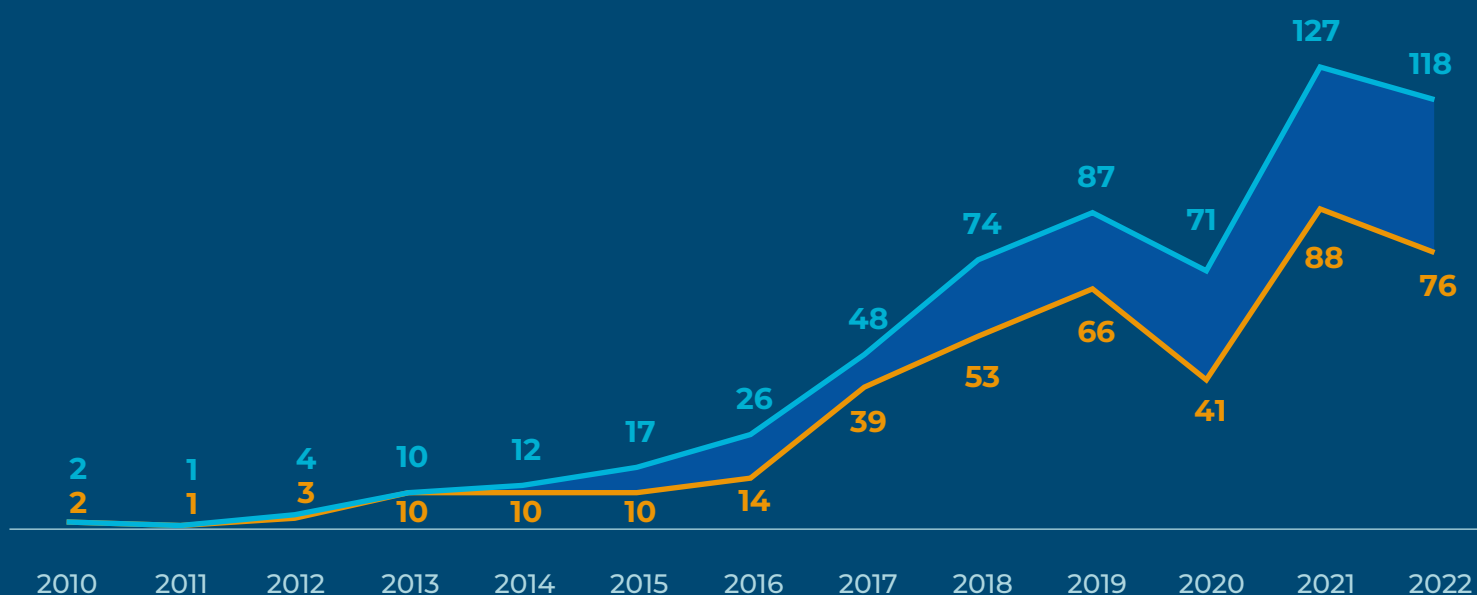
### Funding per Deal



Source: DRC analysis

# Gap between number of announced and funded deals by stage over time

All stages included



Pre-seed



Seed



Serie A



Serie B

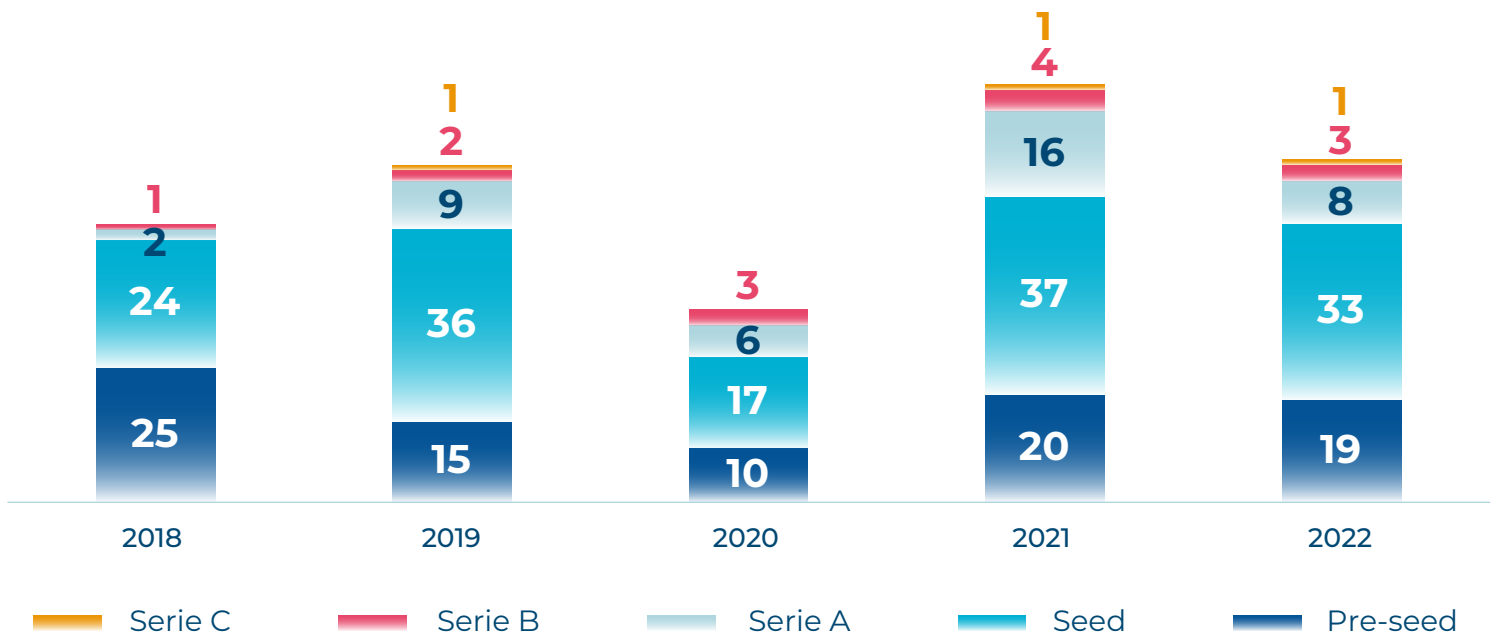


— Announced deals — Funded deals — Gap

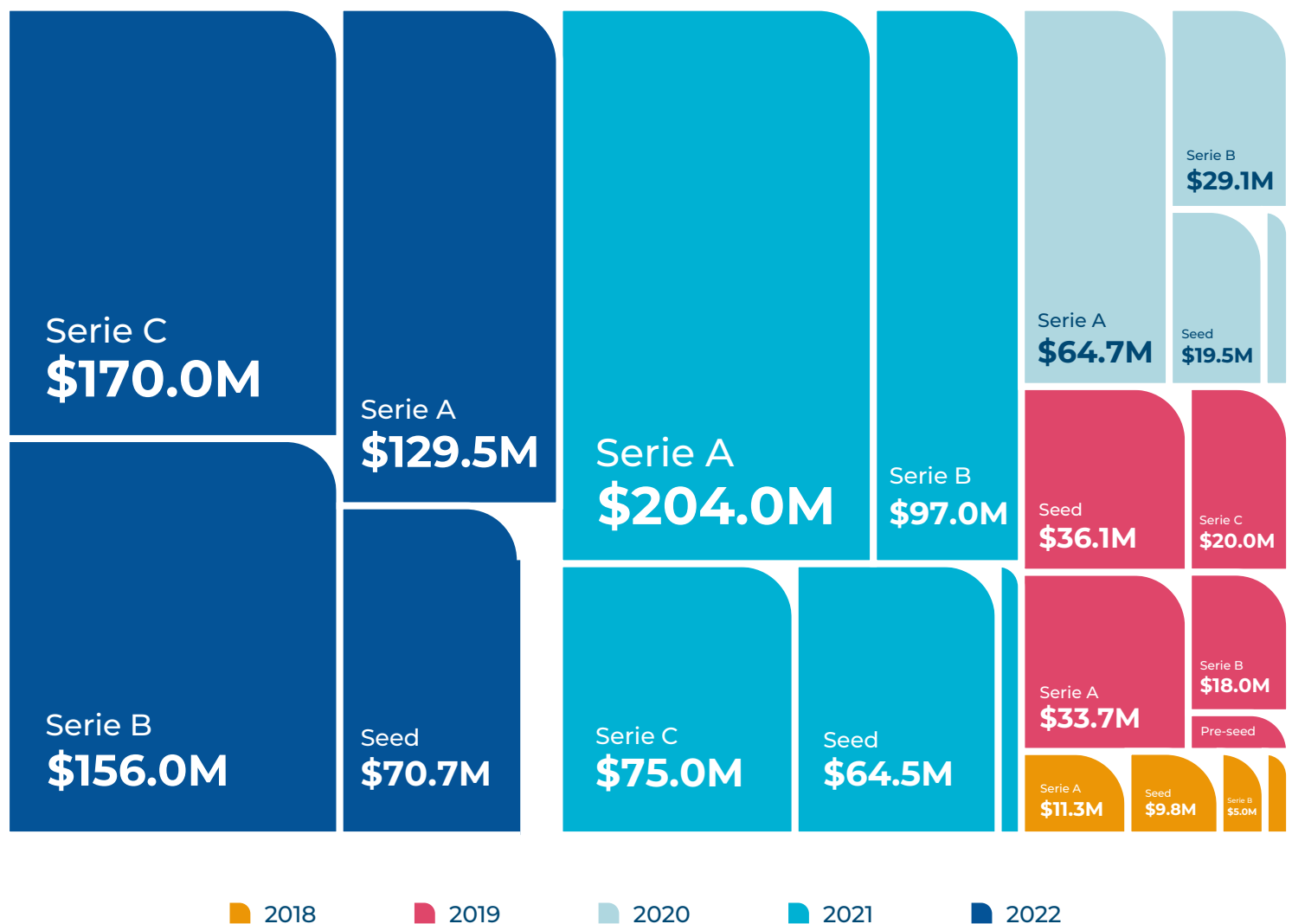
Source: DRC analysis

# Comparison of funded deals by stage (2018-2022)

### Number of funded deals by stage



### Amount of funded deals by stage



Pure Venture Capital activities witnessed a remarkable development during the period 2018-2022, recording an average annual growth of 109% (The amount of funded deals grows from \$28.6M in 2018 to \$541.7M in 2022).

The years 2021 and 2022 were particularly distinguished in terms of the amount of funds allocated for all stage types.

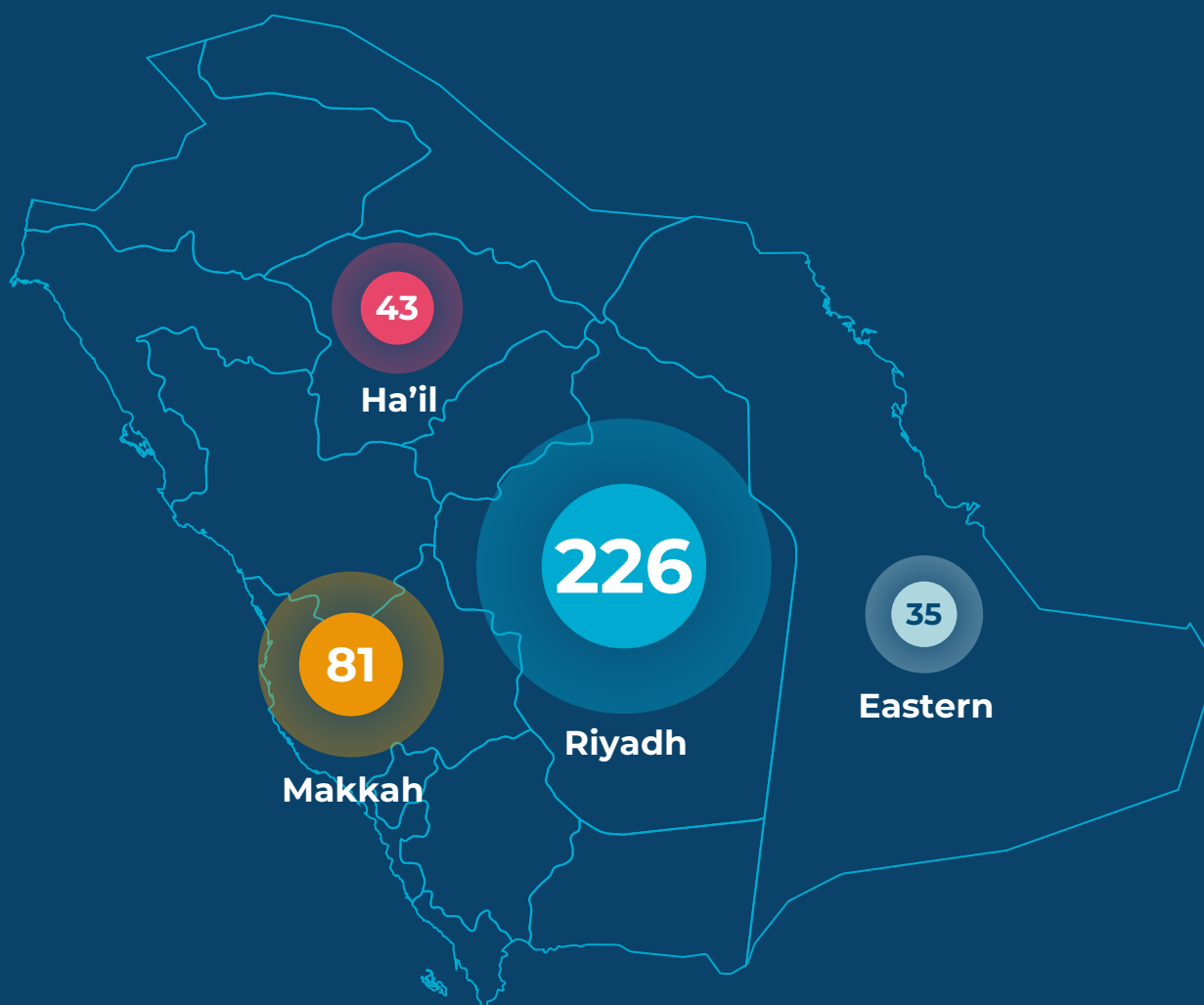
Source: DRC analysis



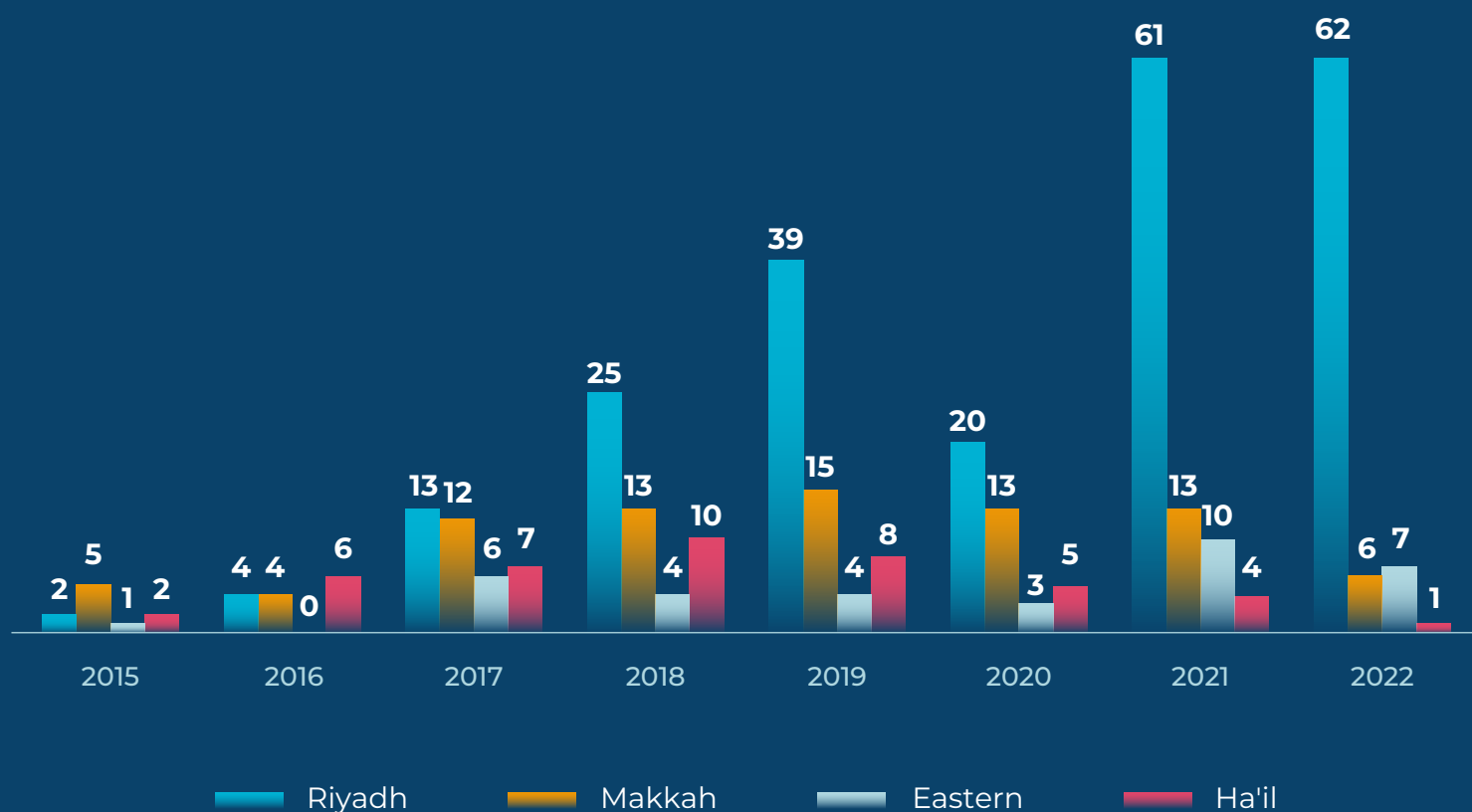
4-3

**VENTURE CAPITAL  
INVESTMENTS BY  
REGION**

# Number of funded deals (2015-2022)



Number of deals by region (2015-2022)



Venture Capital activities are located in four major regions: Riyadh (226 deals), Makkah (81), Eastern province (35) and Ha'il (43).

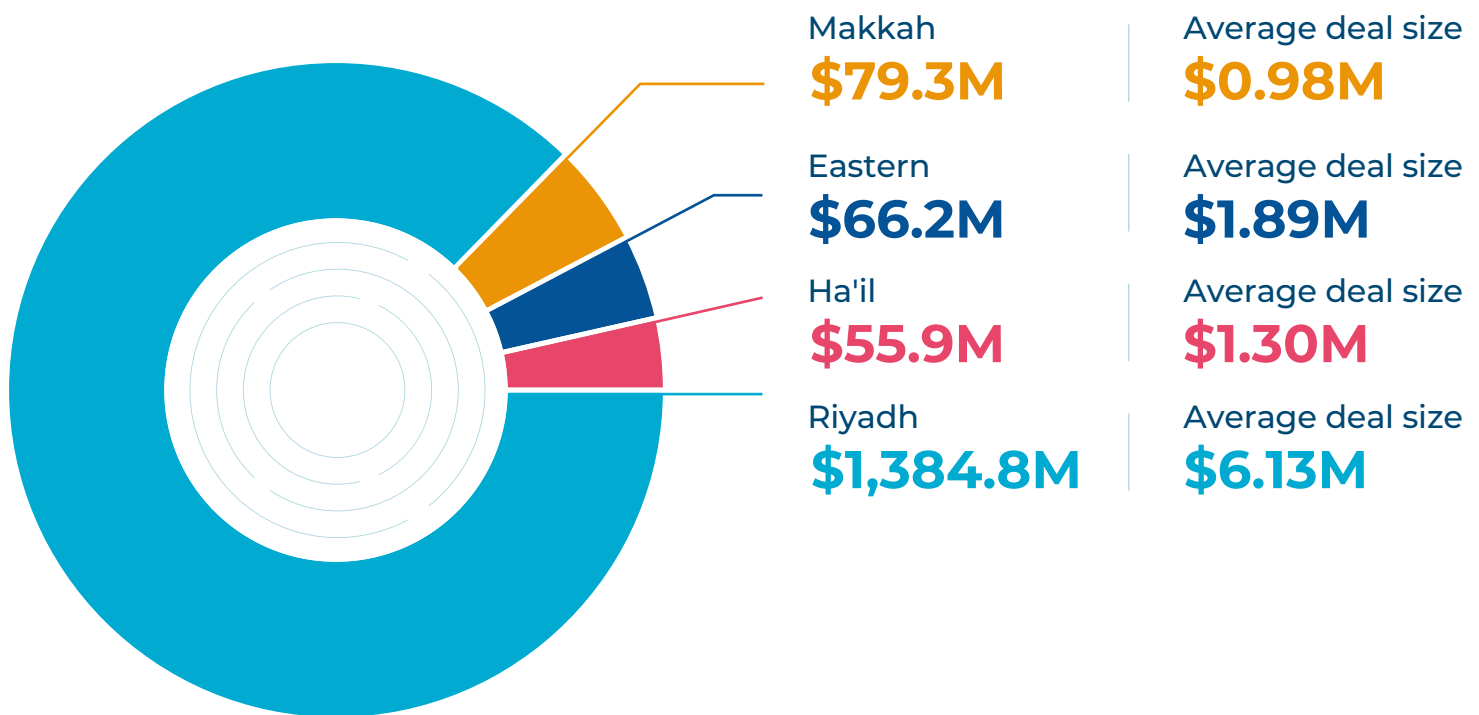
Since 2017, the geographic distribution of funded deals is almost the same with a dominance of Riyadh region.

Source: DRC analysis

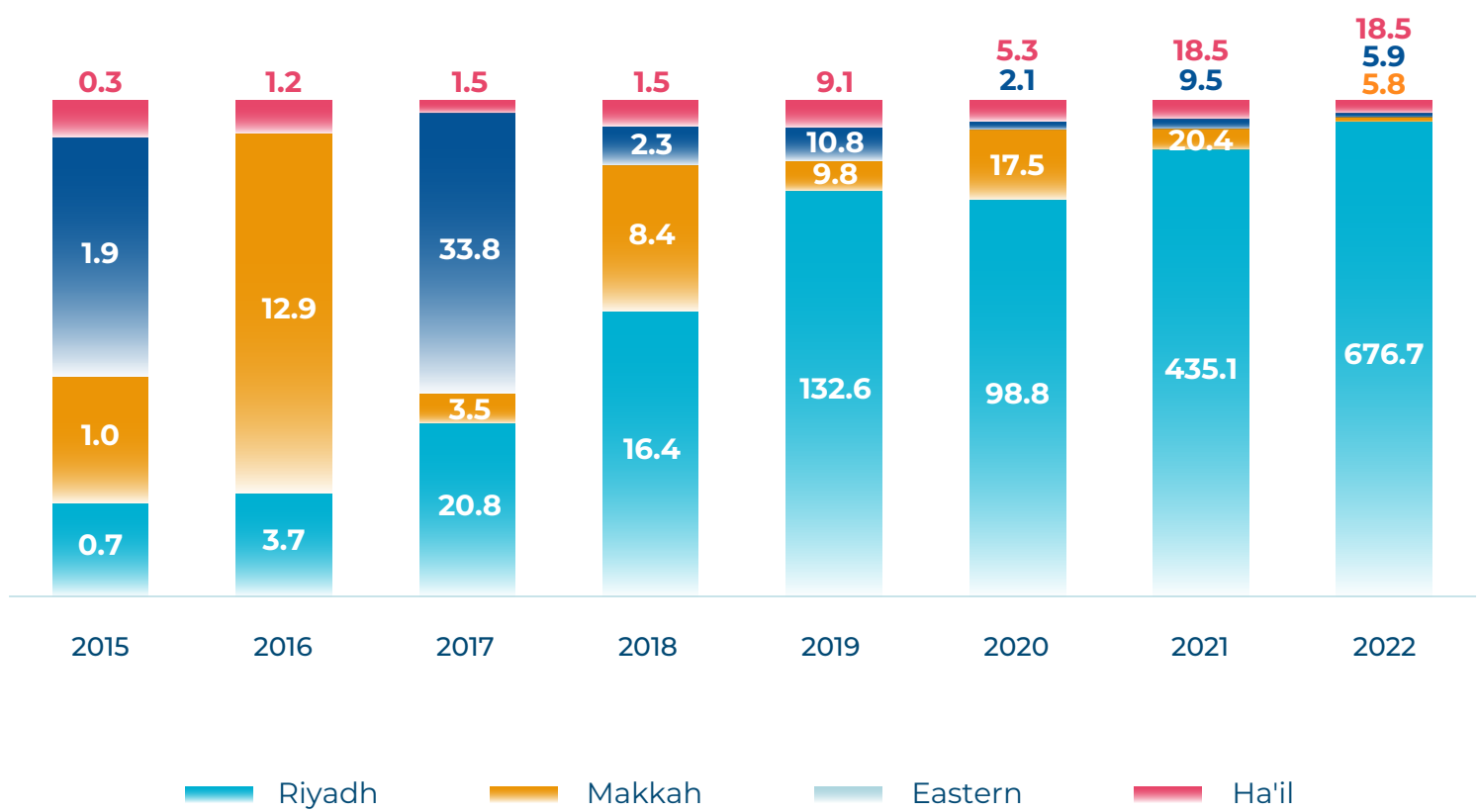


# Amount of funding

## Total money raised by region (2015-2022)



## Money raised by region (M\$)



During the period 2015-2022, Saudi venture capital financings were concentrated in Riyadh region with about \$1.4bn, representing 87.1% of the total money raised, and with an average deal size of about \$6.13M.

The share of the Riyadh region in the total Saudi venture capital financing increased speedily from 18% in 2015 to 95% in 2022, resulting in its share growing at an annual rate of 166% for the same period.

Source: DRC analysis

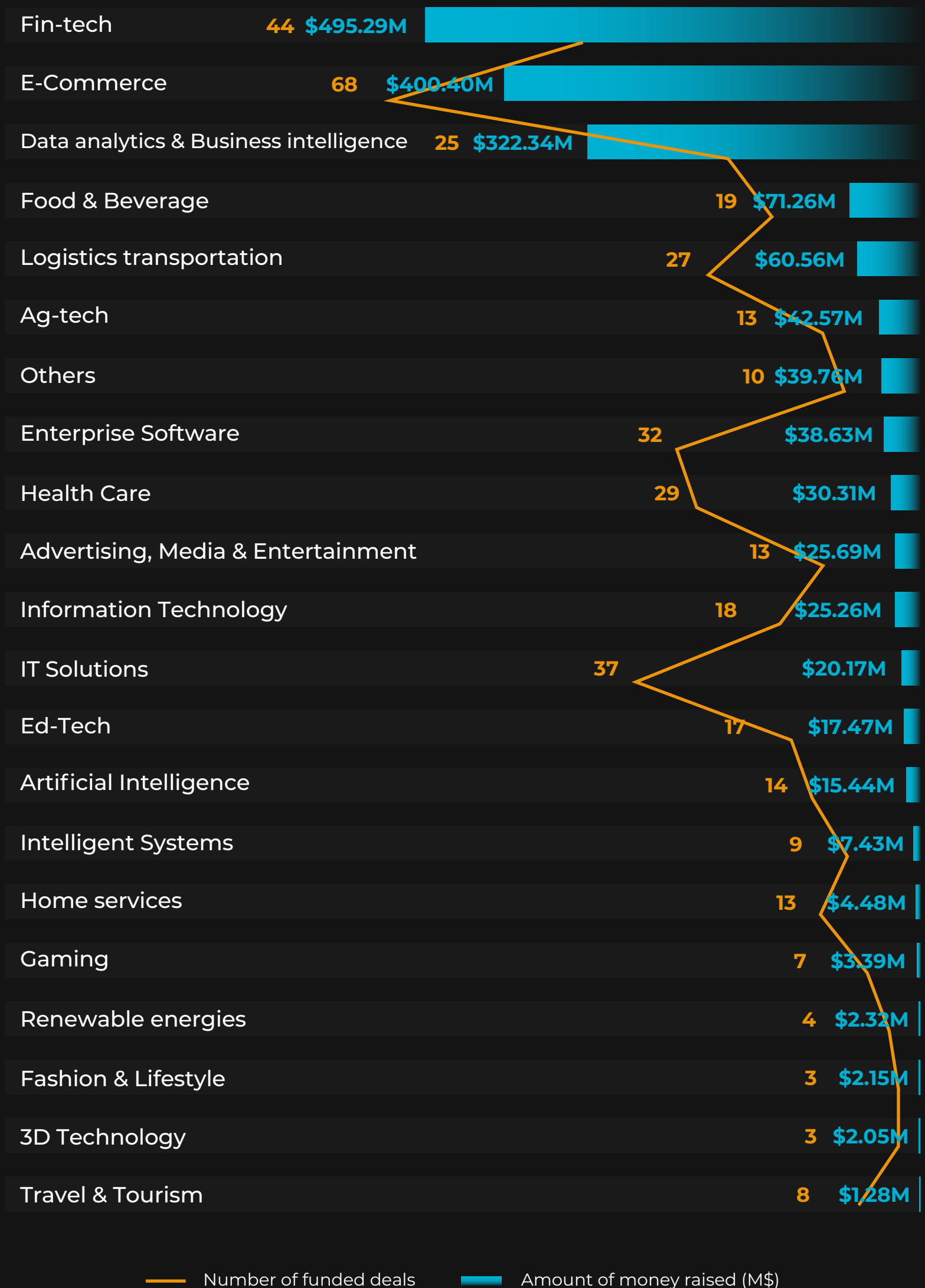


4-4

**VENTURE CAPITAL  
INVESTMENTS BY  
SECTOR**

# Number of funded deals and amounts

2010-2022

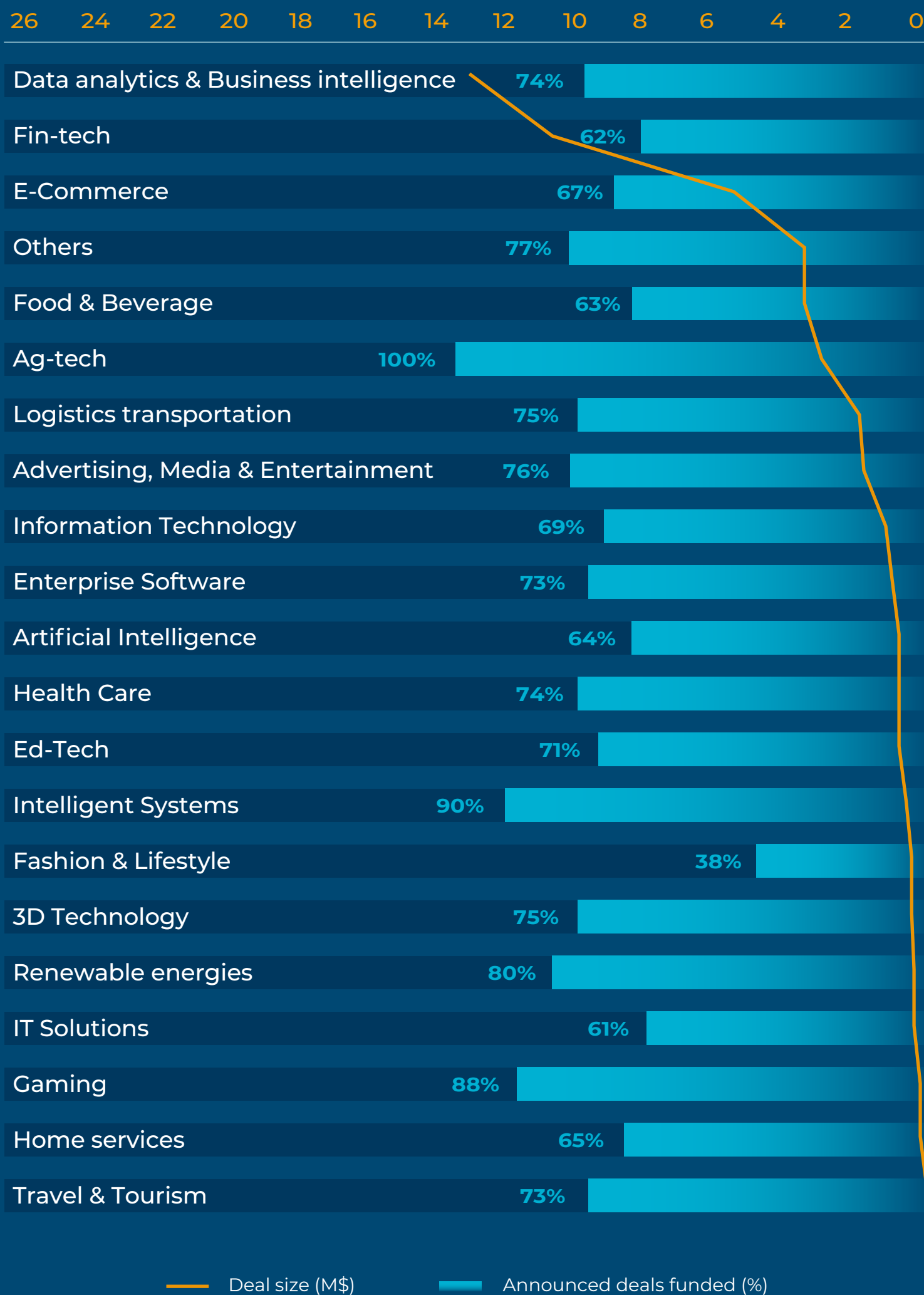


During 2010-2022, three sectors received ~75% of VCs investment; Fin-Tech attracted the maximum investment with \$495.3M (or 30.4%) for just 44 deals.

Source: DRC analysis

# Funded deals and money raised per deal

2010-2022



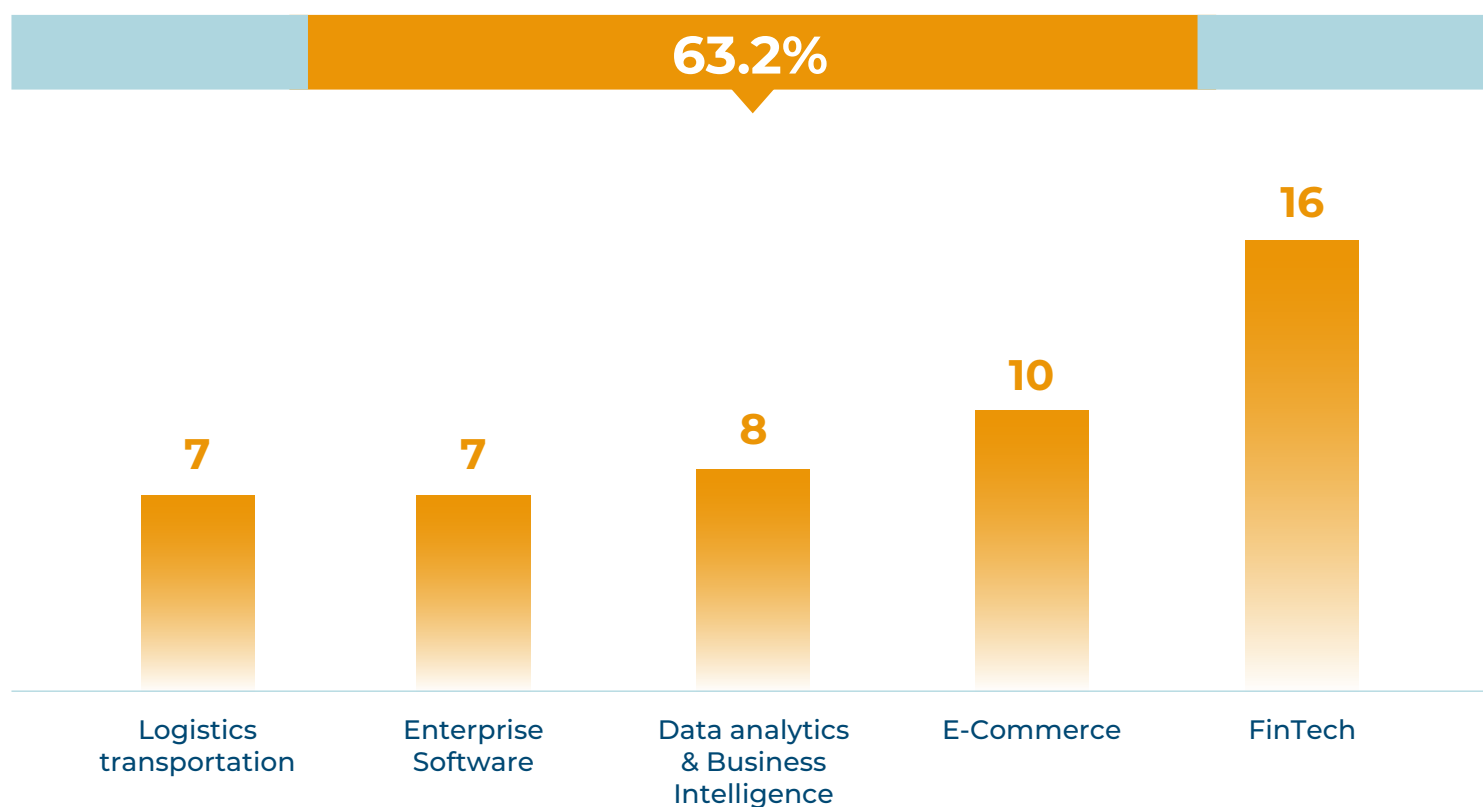
In Ag-Tech sector, all announced deals during the period 2010-2022 was funded by investors. While, only 38% of announced deals in Fashion & Lifestyle sector was funded during the same period.

Data analytics & Business Intelligence sector has the highest average deal size of \$12.9M. Fin-Tech and E-commerce were ranked 2nd and 3rd with \$11.3M and \$5.9M, respectively.

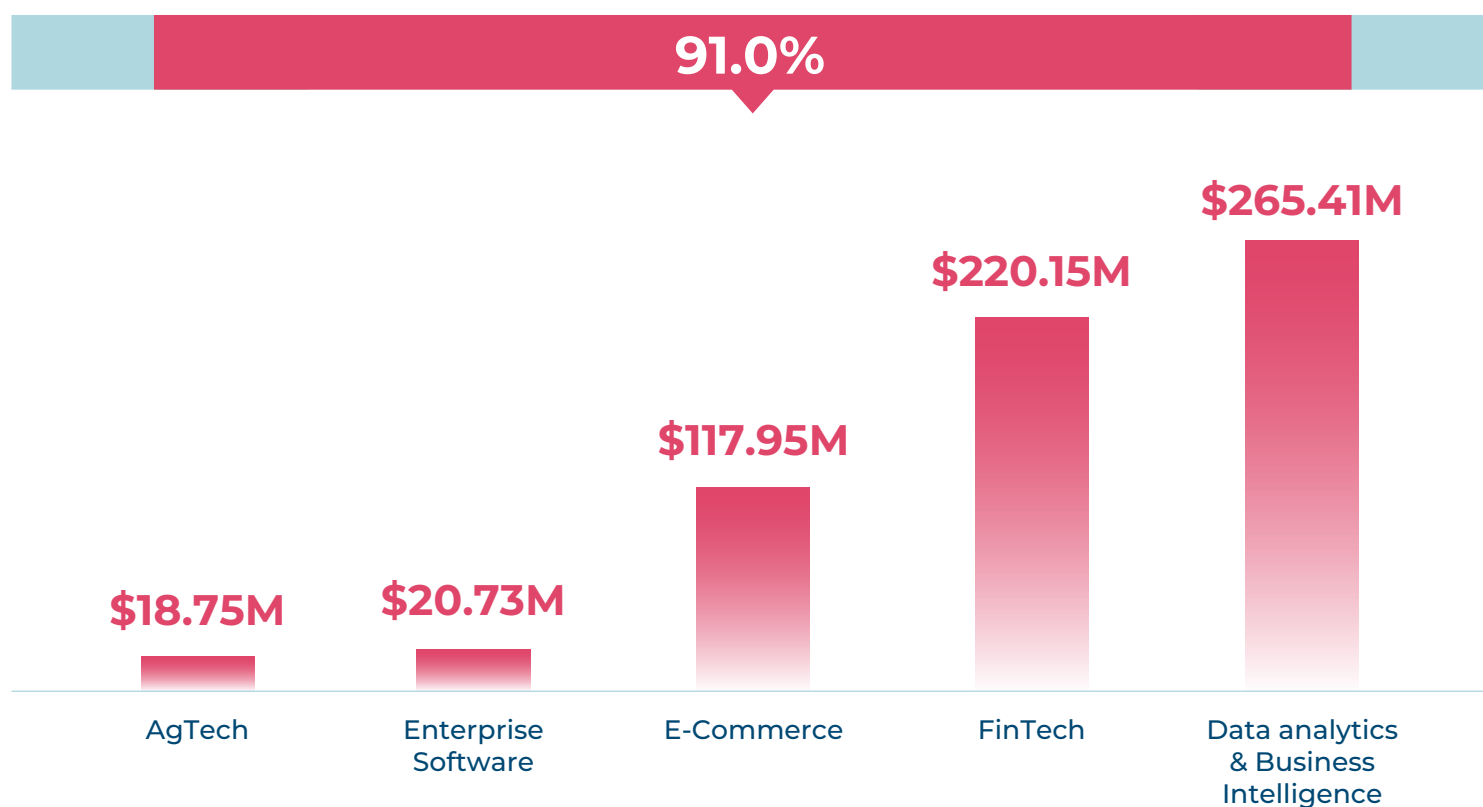
Source: DRC analysis

# Top five sectors in 2022

## Number of funded deals in Top 5 Sectors (2022)



## Money raised in Top 5 sectors (2022)



## In 2022

Five sectors have monopolized 63.2% of the total number of funded deals.

Five sectors have monopolized 91% of the total money raised by startups.

Four sectors simultaneously ranked within the top five sectors in terms of number of funded deals and money raised.

| Source: DRC analysis



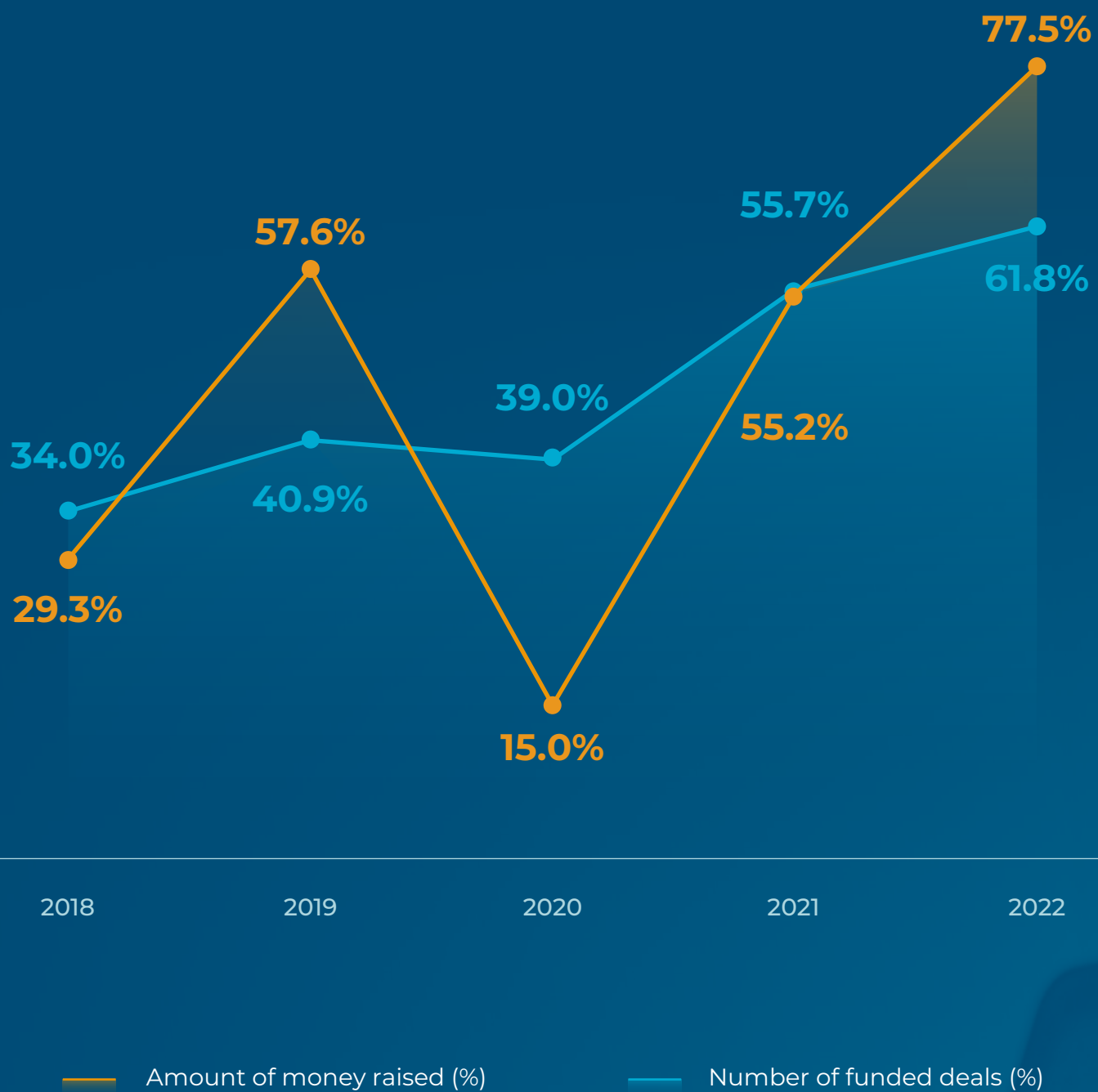


05

**VENTURE  
CAPITAL  
INVESTMENTS  
IN TECHNOLOGY  
SECTOR**

# Technology sector weight in VC industry

## Technology Sector vs. All sectors



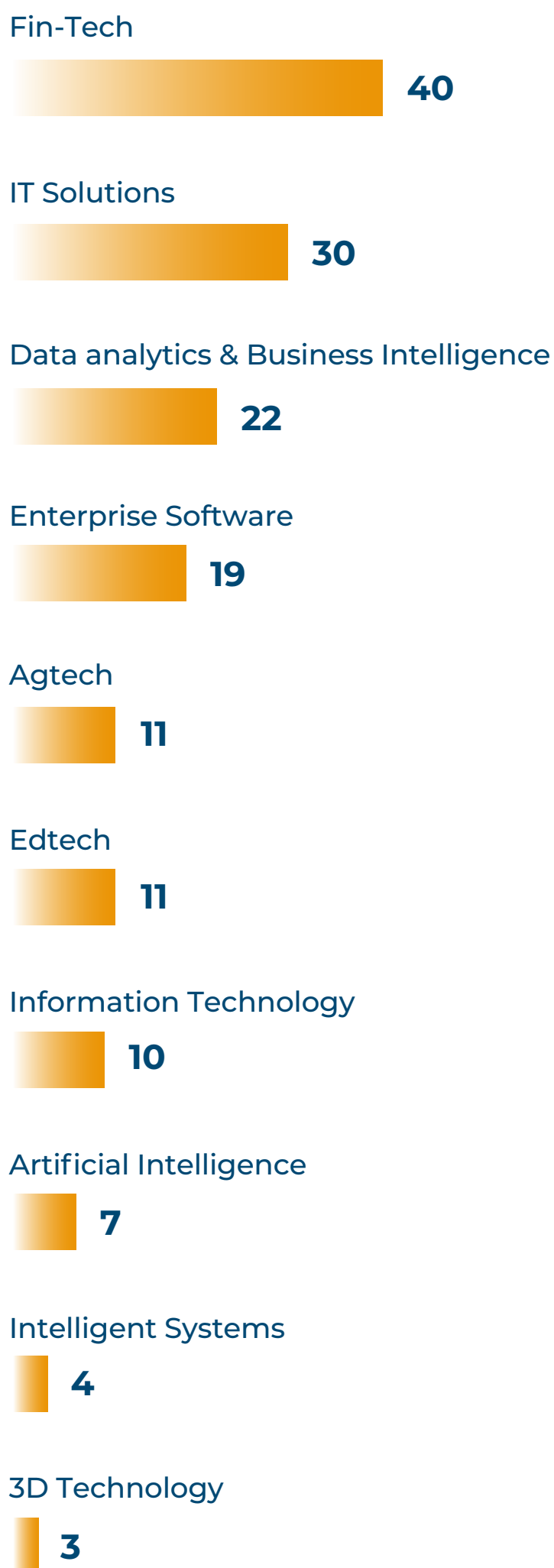
The share of the technology sector in the total number of transactions financed and the total amounts allocated by venture capital to startups has increased strongly following the covid-19 crisis.

61.8% of the total number of funded deals and 77.5% of the financing allocated by venture capitalists in 2022, were reserved for startups in technology domains.

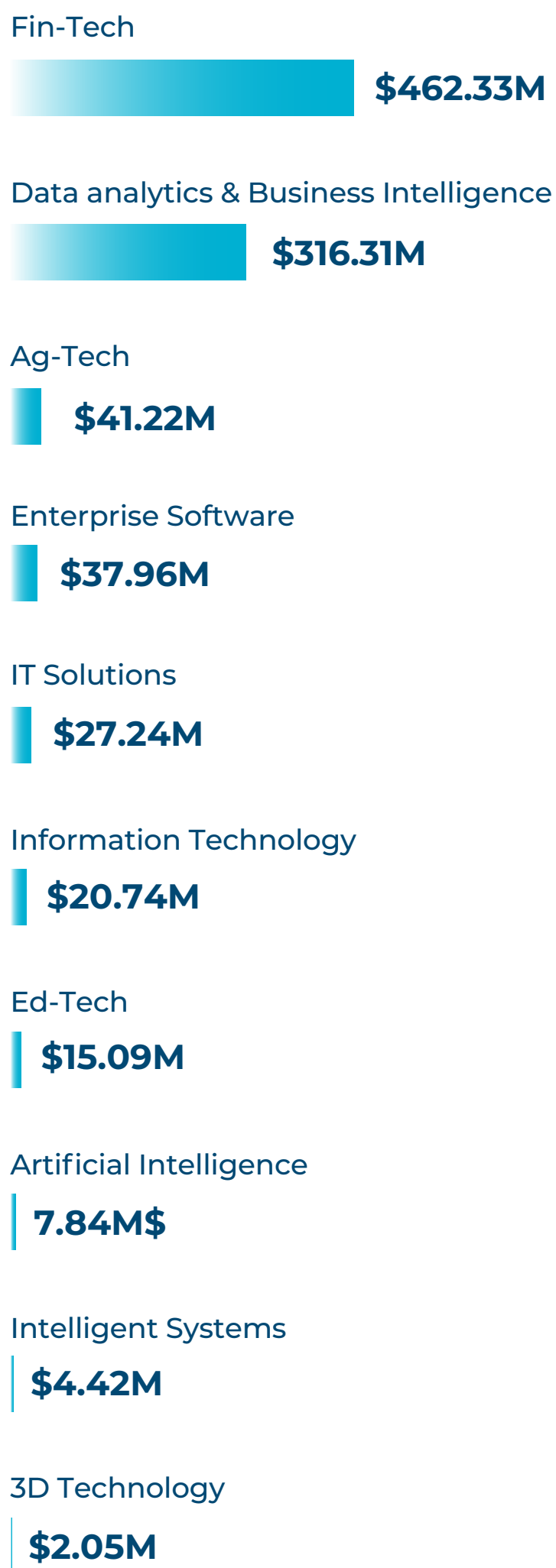
Source: DRC analysis

# Number of funded deals and amounts

## Number of funded deals (2018-2022)



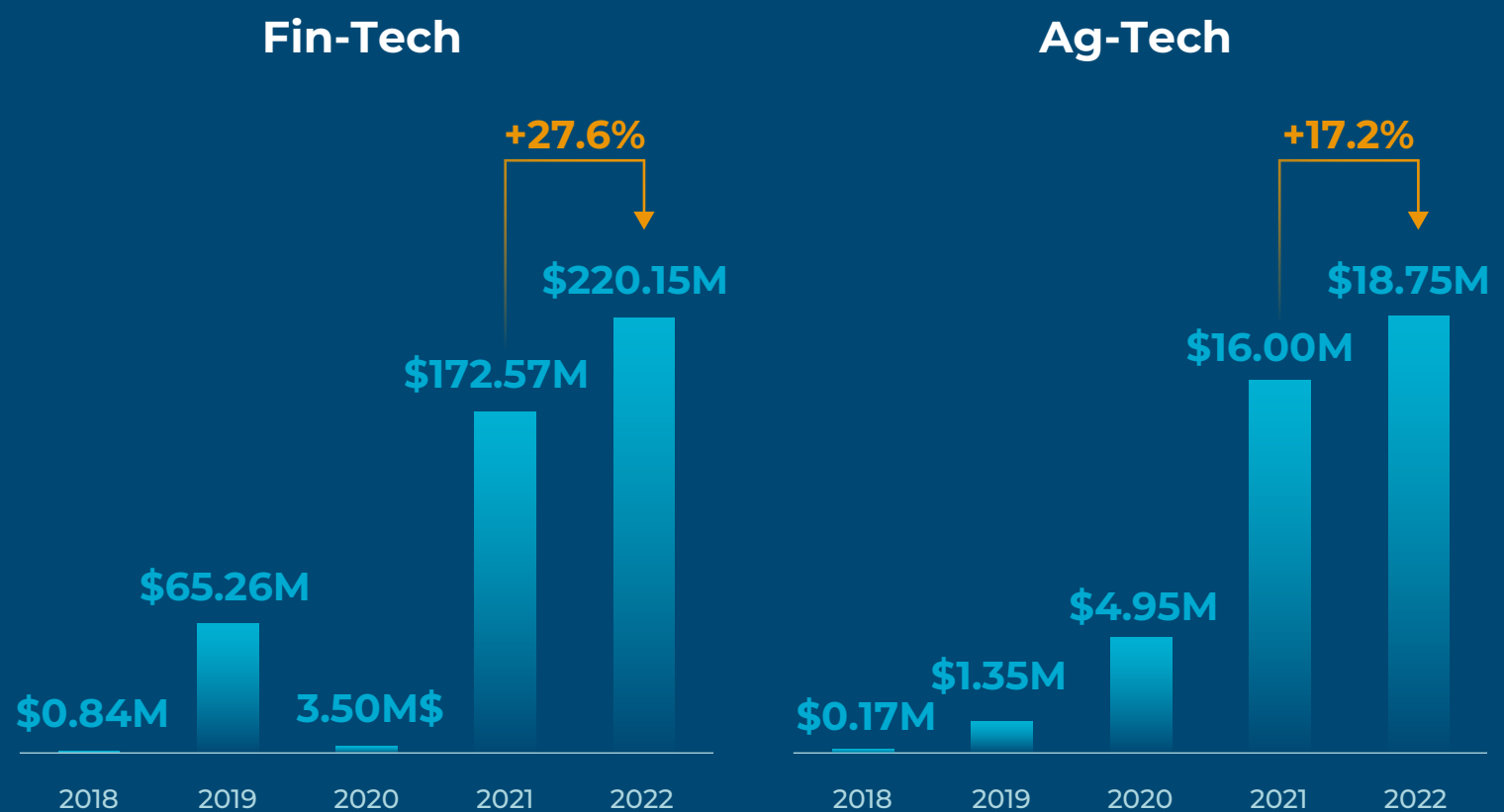
## Total amount raised (M\$) 2018-2022



During the period 2018-2022, Fin-Tech sector has the largest number of funded deals and the highest amount of money raised.

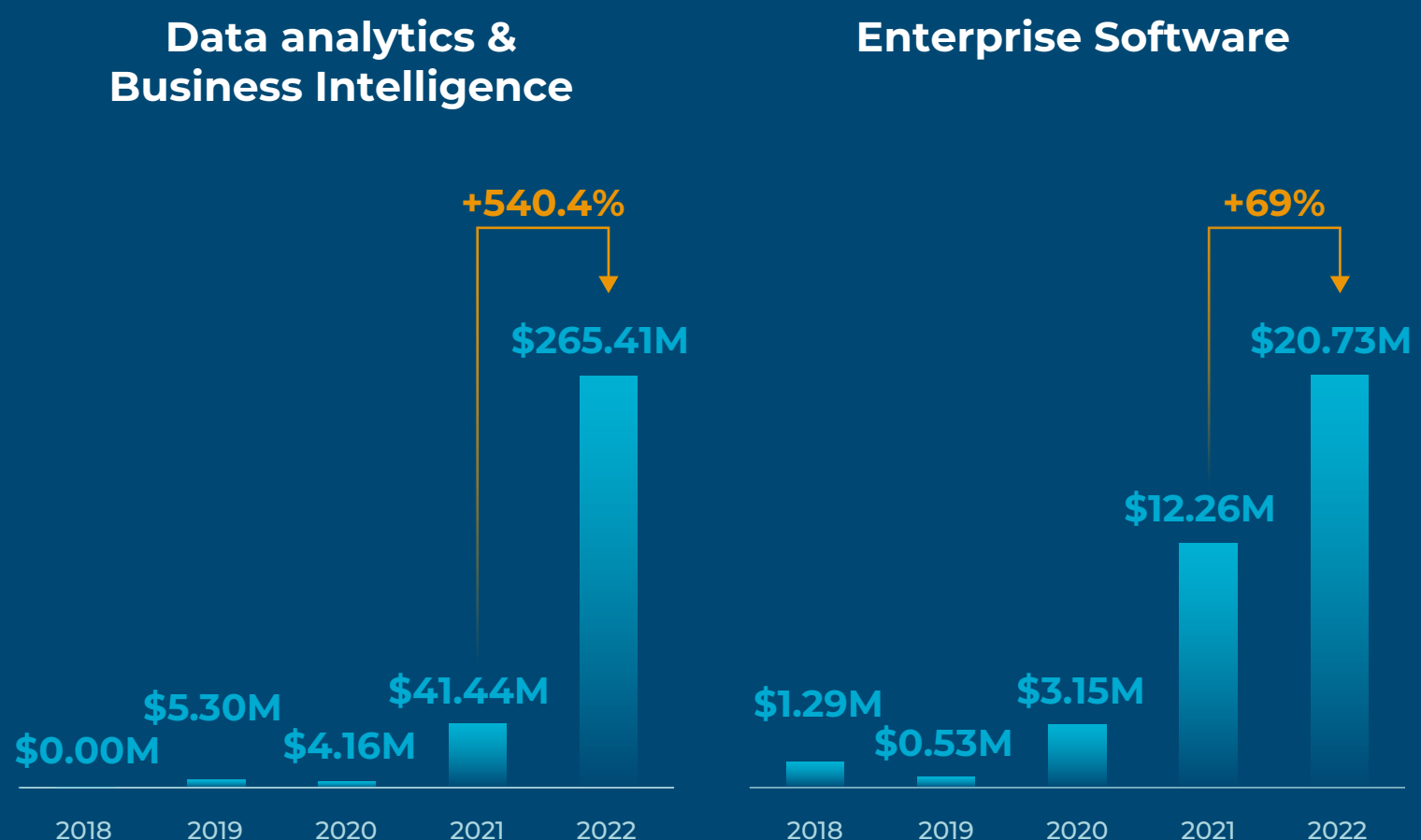
| Source: DRC analysis

# Growth of the money raised to the top four technology sector



The data analytics and business intelligence industry witnessed a steep rise in VC investments over the past year. Their amount has more than quintupled in 2022 vs. 2021. It was driven by increase in number of deals and higher deal sizes.






The total deals value in Enterprise Software sector increased by 69% in 2022 vs. 2021. While the money raised in Fin-tech and Ag-tech sectors grow at 27.6% and 17.2% respectively.



Source: DRC analysis

# Top 15 startups in technology sector

Detailed information about the top 15 Startups in technology sector that received more than \$10M as total funding 2010-2022.






#	1	2	3	4	5
					
<b>Name</b>	Tamara	Foodics	HyperPay	Retailo Technologies	Master Works
<b>Sector</b>	FinTech	Data analytics & Business Intelligence	FinTech	Data analytics & Business Intelligence	Data analytics & Business Intelligence
<b>Startup Description</b>	Tamara offers a buy now, pay later platform that enables customers to pay in instalments.	Foodics is a restaurant management system that manages sales, transactions, inventory, employee schedules, and customer relationships.	Payment Gateway, PSP, Online Payment, Fintech	Retailo Technologies is an online B2B marketplace that aims to technologically supercharge retail supply chain in the MENAP region.	Master Works offers business intelligence, data management, performance management, data strategy, software and consulting services.
<b>Location</b>	Riyadh	Riyadh	Riyadh	Riyadh	Riyadh
<b>Lead Investors</b>	Checkout.com	Prosus, Sanabil	Mastercard	Graphene Ventures	Merak Capital
<b>Total Funding Amount (in \$M)</b>	215.6	198.0	50.5	45.0	40.0
<b>Number of Funding Rounds</b>	5	5	4	6	1
<b>Number of employees</b>	270	706	74	571	214

Source: DRC analysis



# Top 15 startups in technology sector






Detailed information about the top 15 startups in technology sector that received more than \$10M as total funding 2010-2022.

#	6	7	8	9	10
					
<b>Name</b>	Red Sea Farms	Lean Technologies	MANAFA Capital	PayTabs	Rasan
<b>Sector</b>	AgTech	FinTech	FinTech	FinTech	FinTech
<b>Startup Description</b>	Red Sea Farms is an agriculture technology company enabling the commercial farming of produce using primarily salt water.	Lean Technologies is a FinTech startup that develops a platform to provide access to consumer financial data.	MANAFA is an investment marketplace for innovative businesses regulated by the Saudi Capital Market Authority	PayTabs is an online, mobile, social & next generation payment processing powerhouse for merchants & super merchants to grow their business.	Rasan is an insure-tech company that provides technical solutions to insurance brokerage and financial services sector.
<b>Location</b>	Ha'il	Riyadh	Riyadh	Ash Sharqiyah	Riyadh
<b>Lead Investors</b>	Saudi Aramco Entrepreneurship Ventures, Savola Group	Sequoia Capital India	Saudi Aramco Entrepreneurship Ventures, STV	Saudi Aramco	Impact46
<b>Total Funding Amount (in \$M)</b>	38.8	36.5	29.1	25.3	24.0
<b>Number of Funding Rounds</b>	6	4	2	2	1
<b>Number of employees</b>	49	82	30	157	87

Source: DRC analysis

# Top 15 startups in technology sector

Detailed information about the top 15 startups in technology sector that received more than \$10M as total funding 2010-2022.

#	11	12	13	14	15
					
<b>Name</b>	Noon - The Social Learning Platform	Quant Data & Analytics	ELEVATUS	ZenHR	Mozn
<b>Sector</b>	EdTech	Data analytics & Business Intelligence	Enterprise Software	Information Technology	Data analytics & Business Intelligence
<b>Startup Description</b>	Noon (Noon Academy previously) is loved by 10+ million students in 8 countries. Our goal is to impact 50 million students by 2023.	Quant is a Saudi consultancy which provides Data Science, AI and BI services and SaaS products.	Elevatus is a leading tech company that offers an award-winning hiring platform and futuristic video interviewing software	ZenHR is a cloud-based Human Resources Management System (HRMS) designed to serve everyone from SME to Enterprise customers in MENA market	Mozn is the market leader in enterprise AI technologies that empower organizations, with a focus on Arabic NLU and Finance intelligence.
<b>Location</b>	Riyadh	Riyadh	Riyadh	Riyadh	Riyadh
<b>Lead Investors</b>	500 Global	Raed Ventures, VentureSouq	Global Ventures, Saudi Aramco Entrepreneurship Ventures	Rua Growth Fund	Raed Ventures
<b>Total Funding Amount (in \$M)</b>	21.6	19.2	10.5	10.0	10.0
<b>Number of Funding Rounds</b>	3	4	3	1	1
<b>Number of employees</b>	468	43	29	160	100

Source: DRC analysis

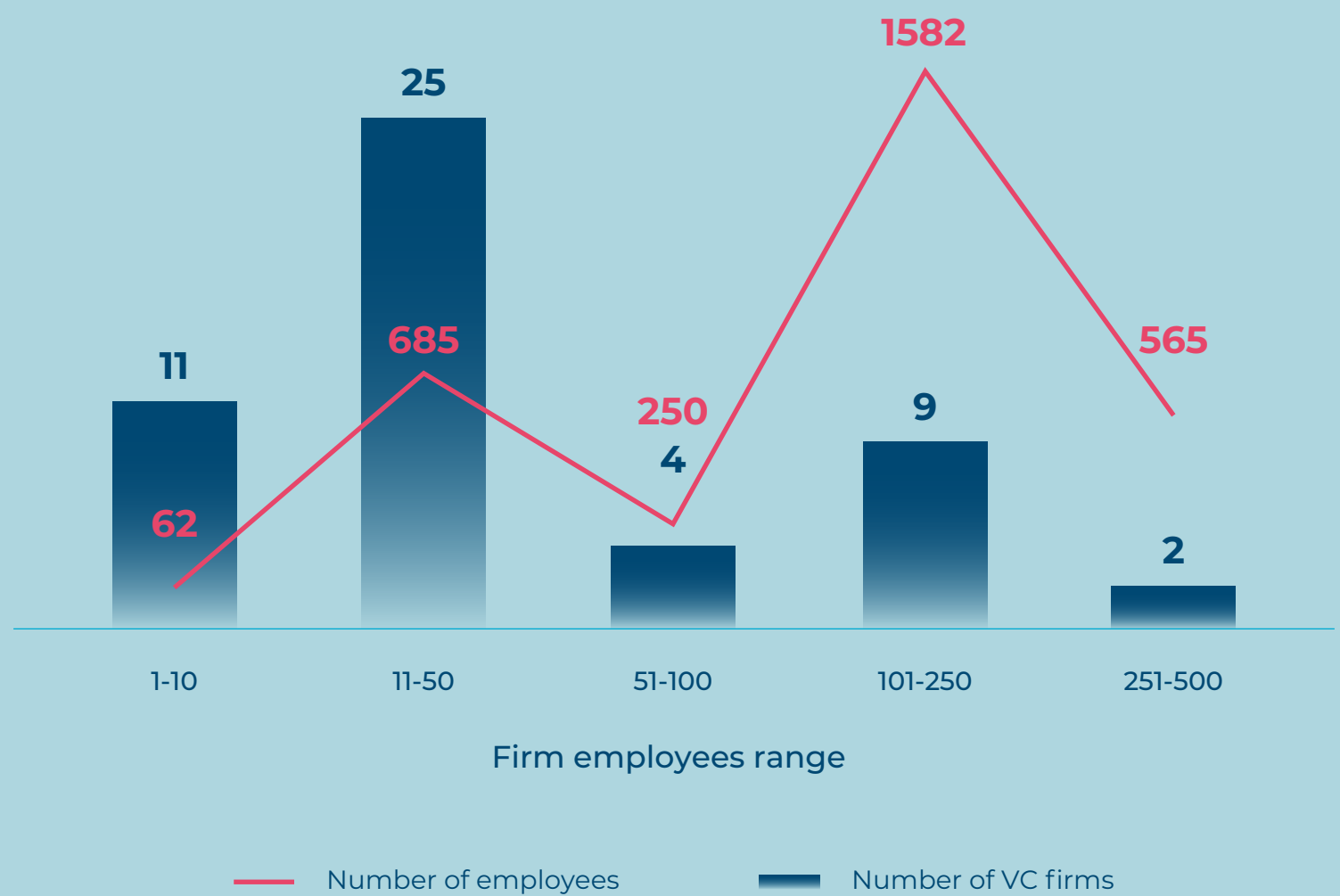


06

**CONTRIBUTION  
OF THE VENTURE  
CAPITAL  
SECTOR TO THE  
EMPLOYMENT**

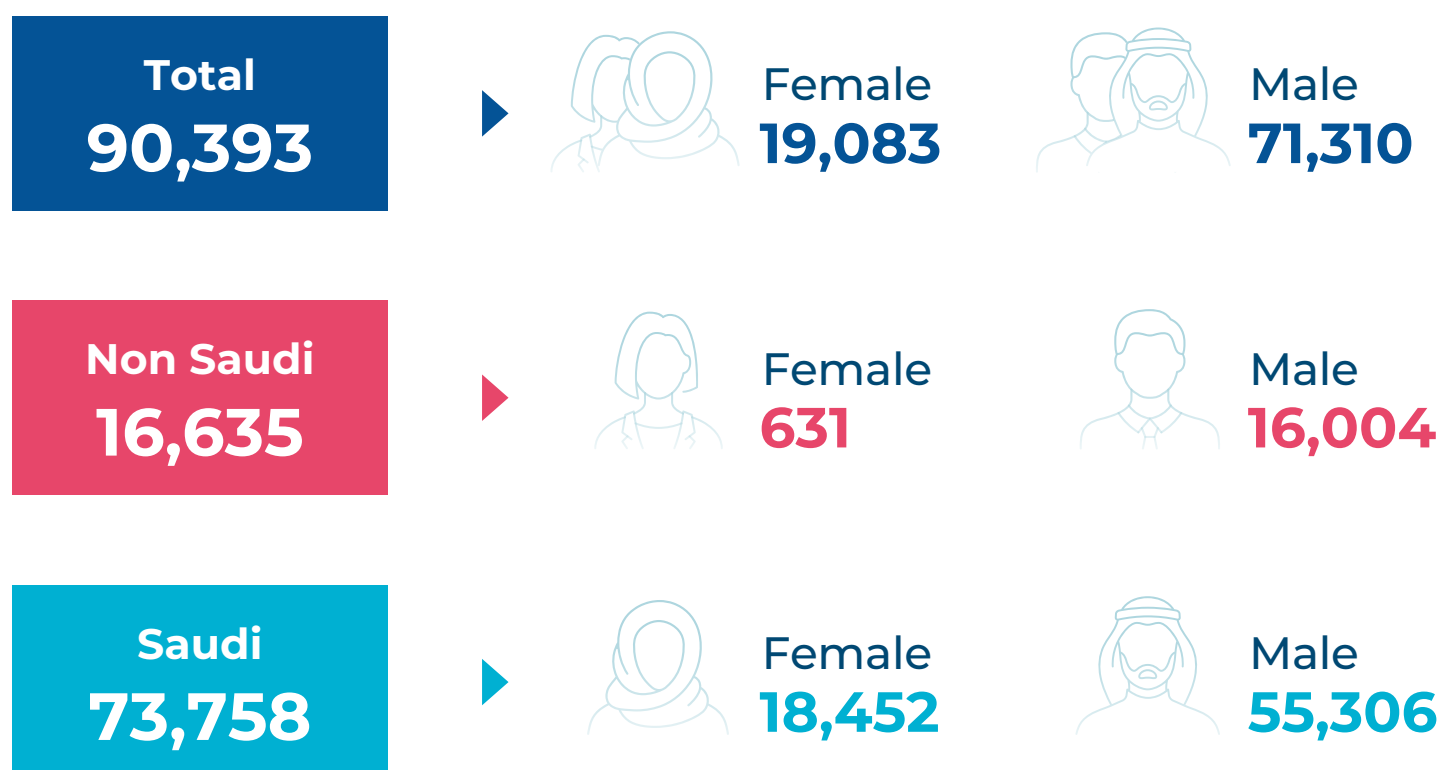
# Employment in Saudi private VC firms, 2022

Employees range	Number of VC firms	Number of employees	%	Employee per firm
1-10	11	62	2.0%	5.6
11-50	25	685	21.8%	27.4
51-100	4	250	8.0%	62.5
101-250	9	1582	50.3%	175.8
251-500	2	565	18.0%	282.5
<b>Total</b>	<b>51</b>	<b>3144</b>	<b>100%</b>	<b>61.6</b>



Source: DRC analysis

## Number of employees in Saudi financial and insurance sector 2022 Q3



| Source: GASTAT



**3,144**

Total number of employees in Saudi private VC firms



**3.5%**

Contribution of VC firms to the employment in financial and insurance sector (2022 Q3)

The Saudi Venture Capital sector contributes directly and indirectly to job creation. The direct contribution lies in the number of jobs that are created in venture capital firms, to carry out all the day-to-day services and tasks in the company. While the indirect contribution to the jobs created lies in the many other economic activities that have received Venture Capital funding.

At the end of 2022, the number of Saudi private VCs has reached 51 firms. It has employed around 3,144 employees. 50.3% of this workforce works in 9 medium-sized companies (101 to 250 workers). While, two large companies employ 18% of the total employees in the VCs sector.

Since it employed 3,144 employees, the Saudi venture capital sector contributes 3.5% of the total workforce in the financial and insurance sector in the third quarter of 2022, numbering 90,393 employees.

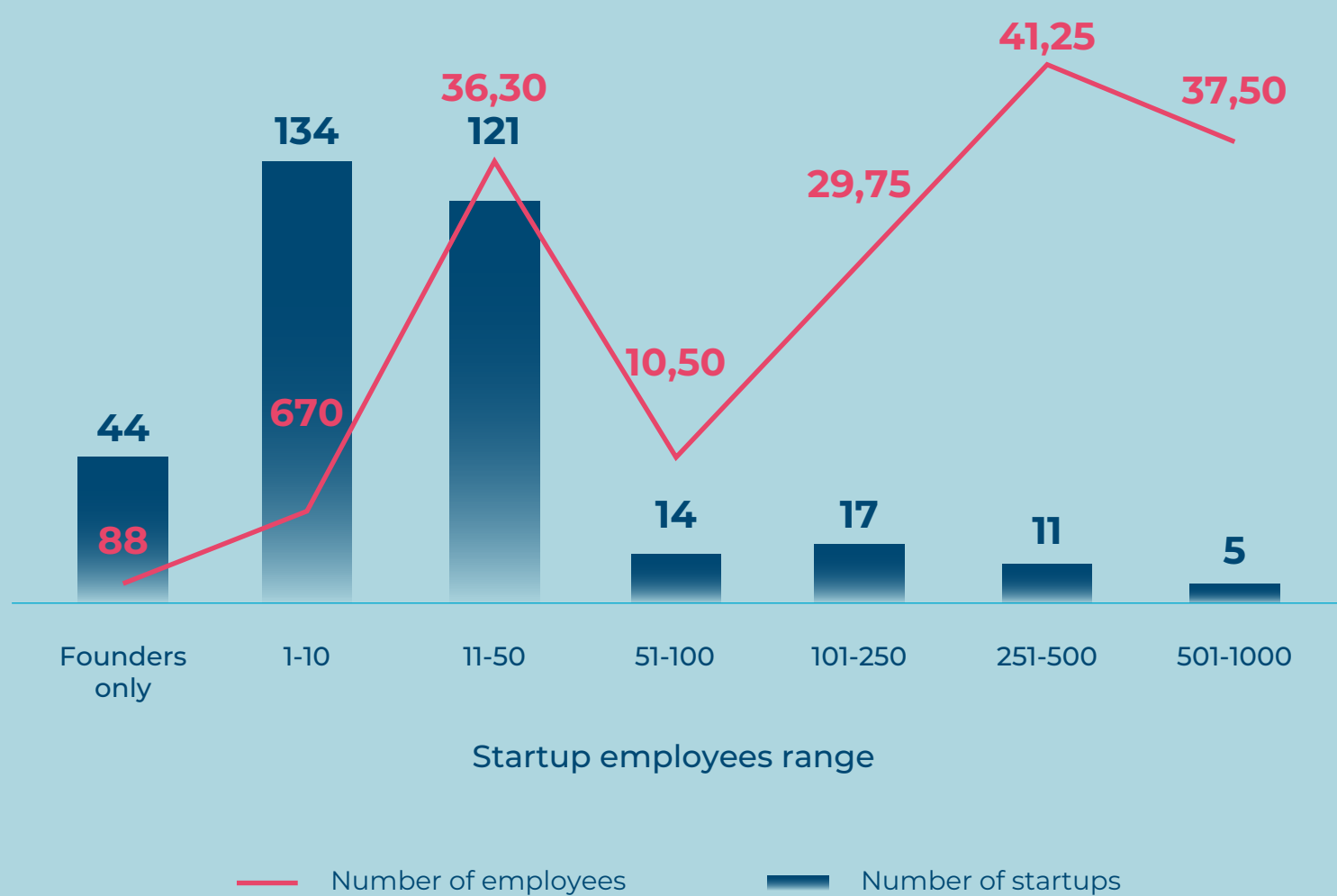
| Source: DRC analysis



# Employment in startups funded by VCs firms, 2022

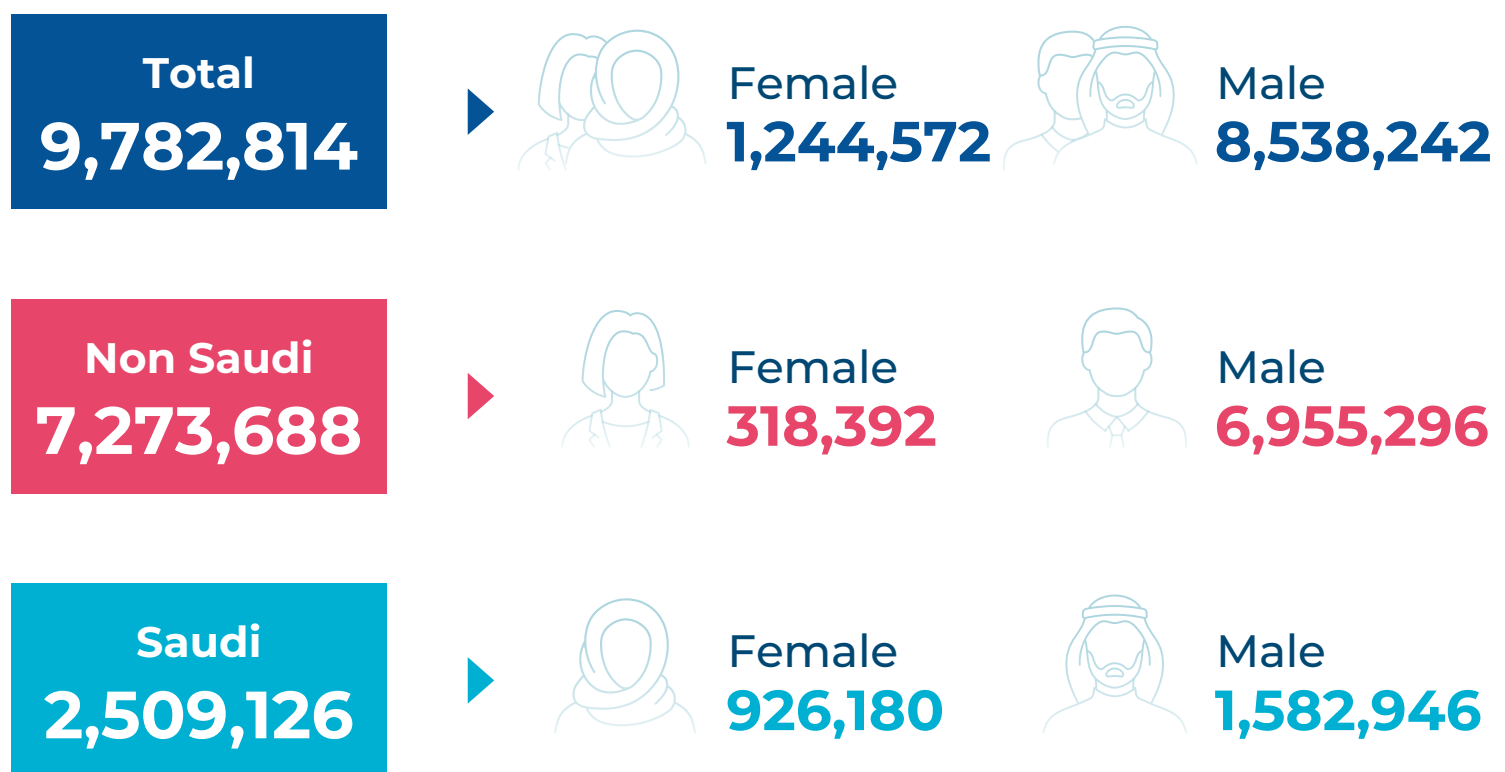
Startup employees range	Number of startups	Mid-range	Number of employees*
Founders only	44	2	88
1-10	134	5	670
11-50	121	30	3,630
51-100	14	75	1,050
101-250	17	175	29,75
251-500	11	375	41,25
501-1000	5	750	37,50
<b>Total</b>	<b>346</b>		<b>16,288</b>

\* Number of employees = Number of startups × Mid-range



| Source: DRC analysis

## Number of workers in all Saudi sectors 2022 Q3



| Source: GASTAT



**16,288**

Number of employees in startups funded by VCs



**0.2%**

Employment generated directly and indirectly by the VCs firms (2022 Q3)

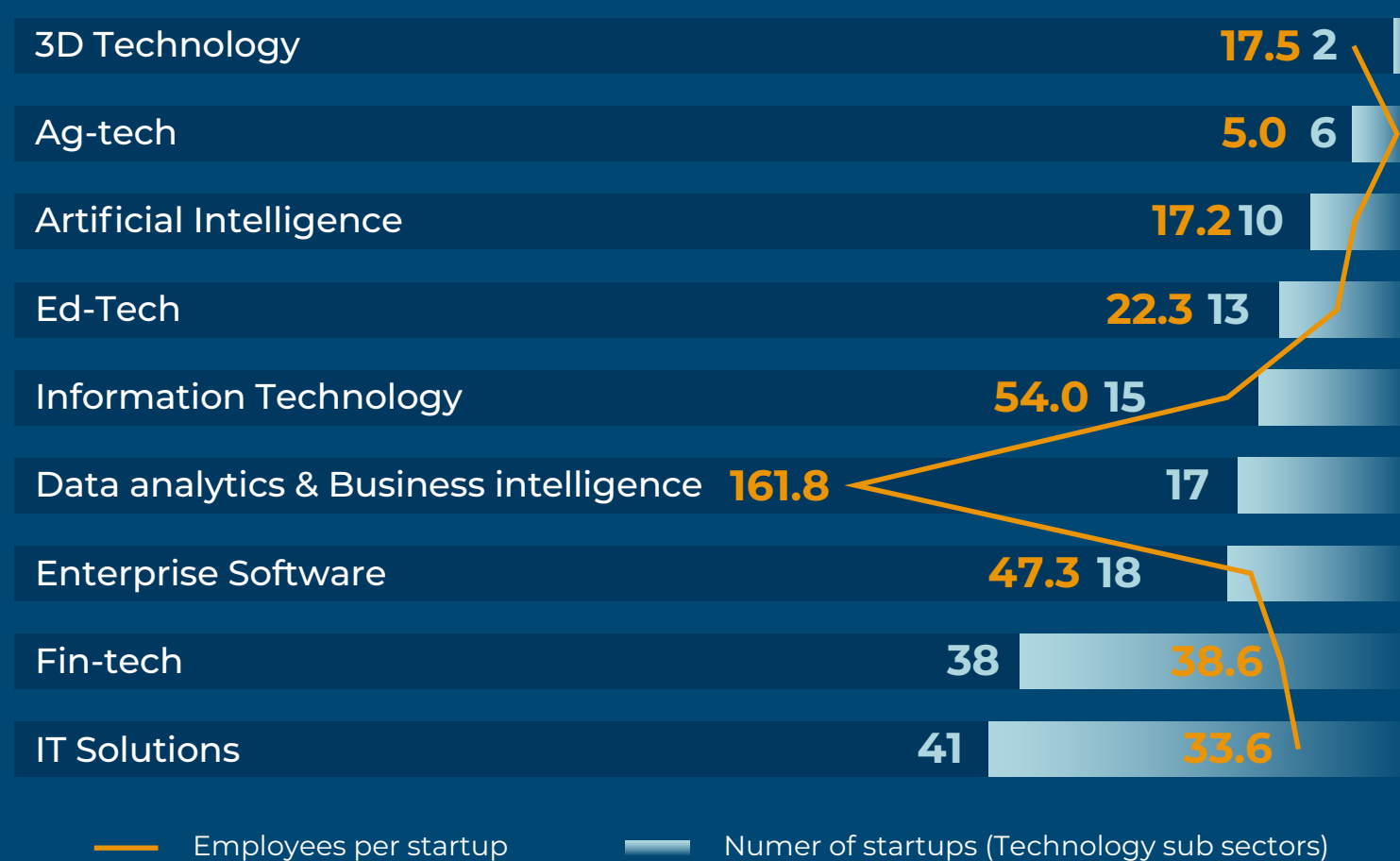
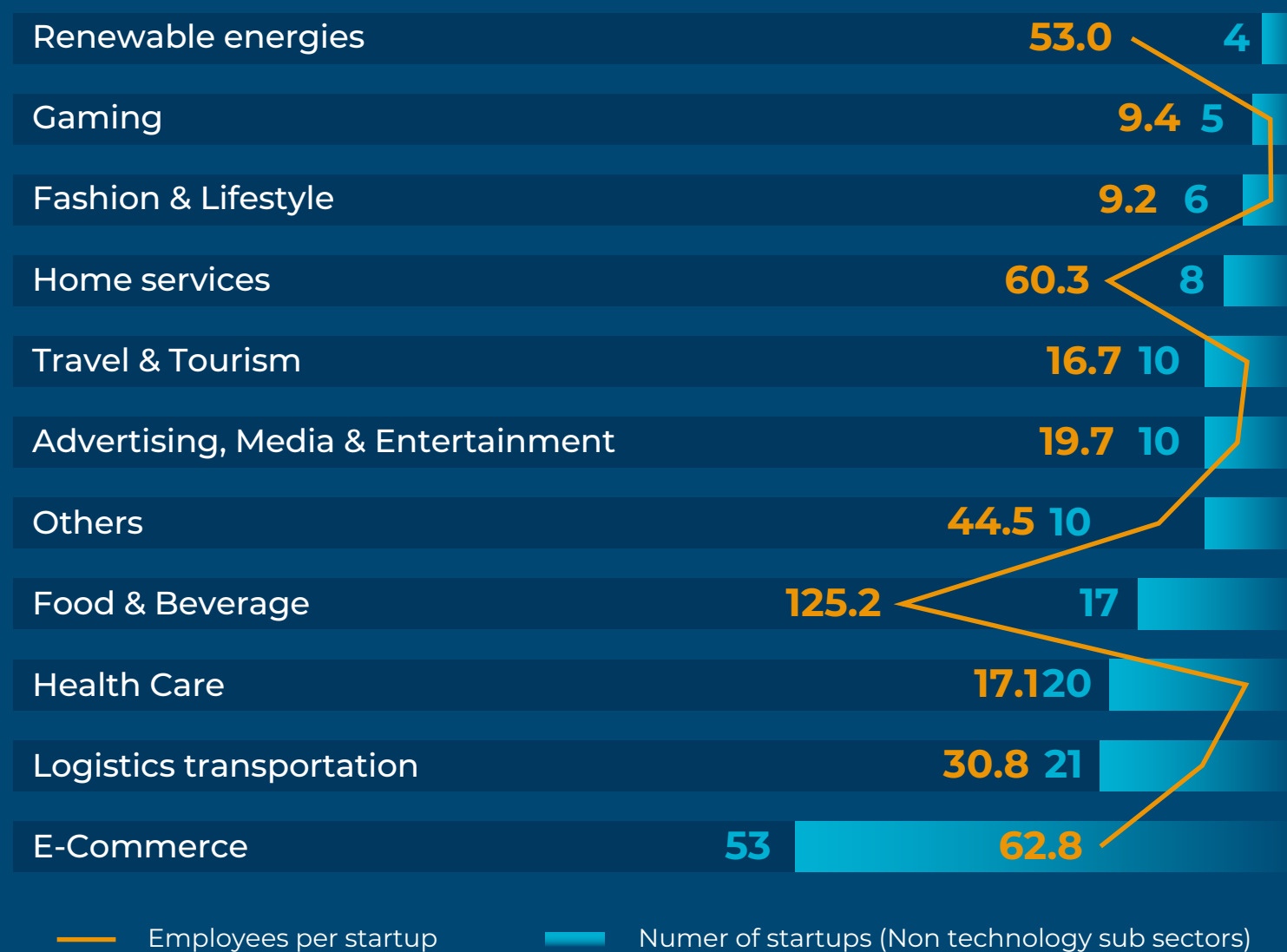
$(16,288+3,144)/9,782,814 = 0.2\%$

VC firms have funded many startups. It has indirectly contributed to job creation in these companies. At the end of 2022, the number of startups reached 346, and they employed about 16,288 employees.

The total employment generated directly and indirectly by the VCs firms, reached at the end of 2022 about 19,432 jobs (3,144 jobs in VCs firms + 16,288 jobs in startups). This represents 0.2% of the total number of workers in all Saudi Arabia economic sectors.

| Source: DRC analysis

# Employment in startups by sub-sector in 2022



Startups specialized in E-commerce are the most employed non technology companies with 3,331 employees, which represents 20.5% of the total number of workers in overall startups.

Startups specialized in Data Analytics and Business Intelligence are the most employed technology companies with 161.8 employees per startup, and it represents 17.4% of the total number of workers in overall startups.

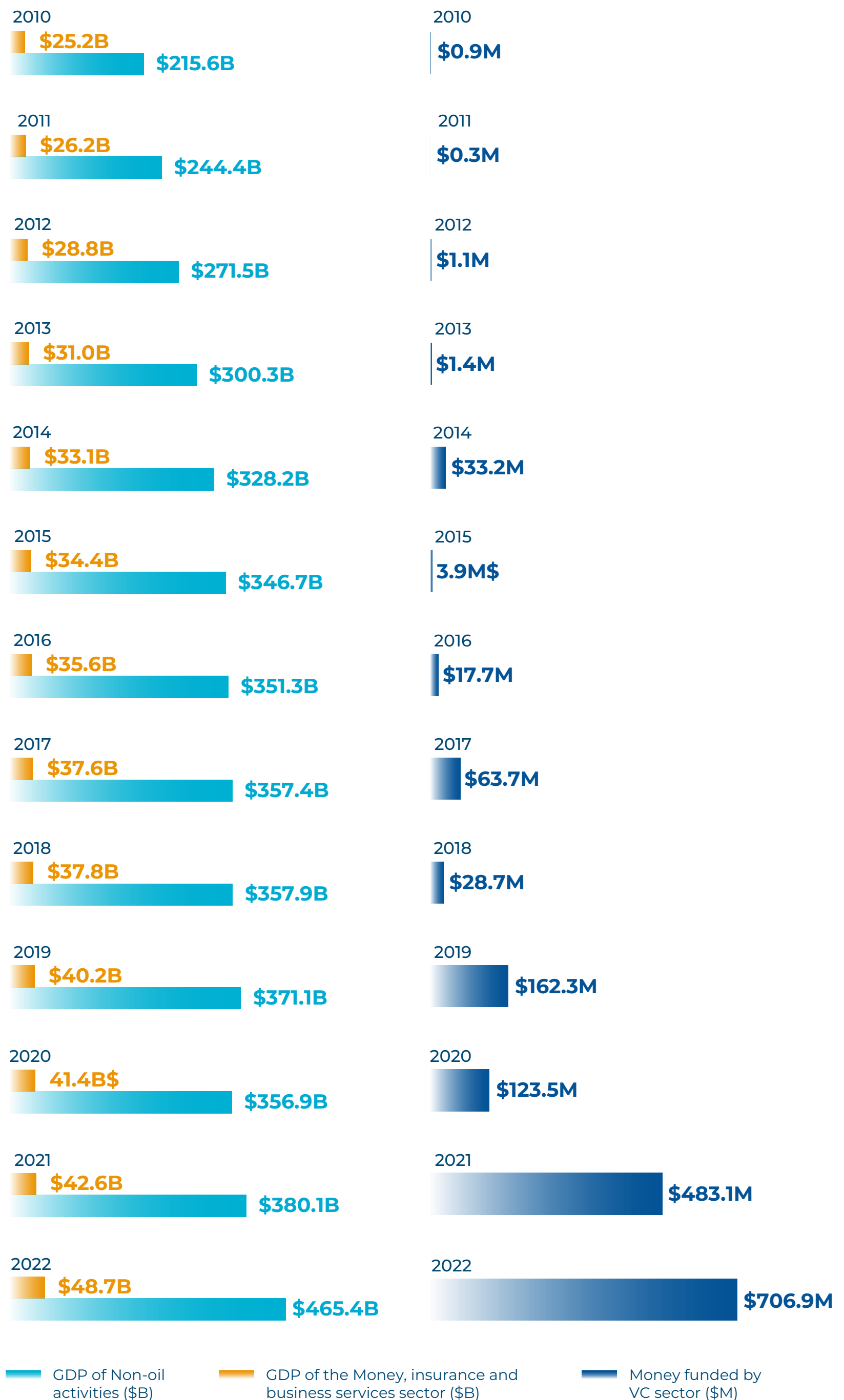
| Source: DRC analysis



07

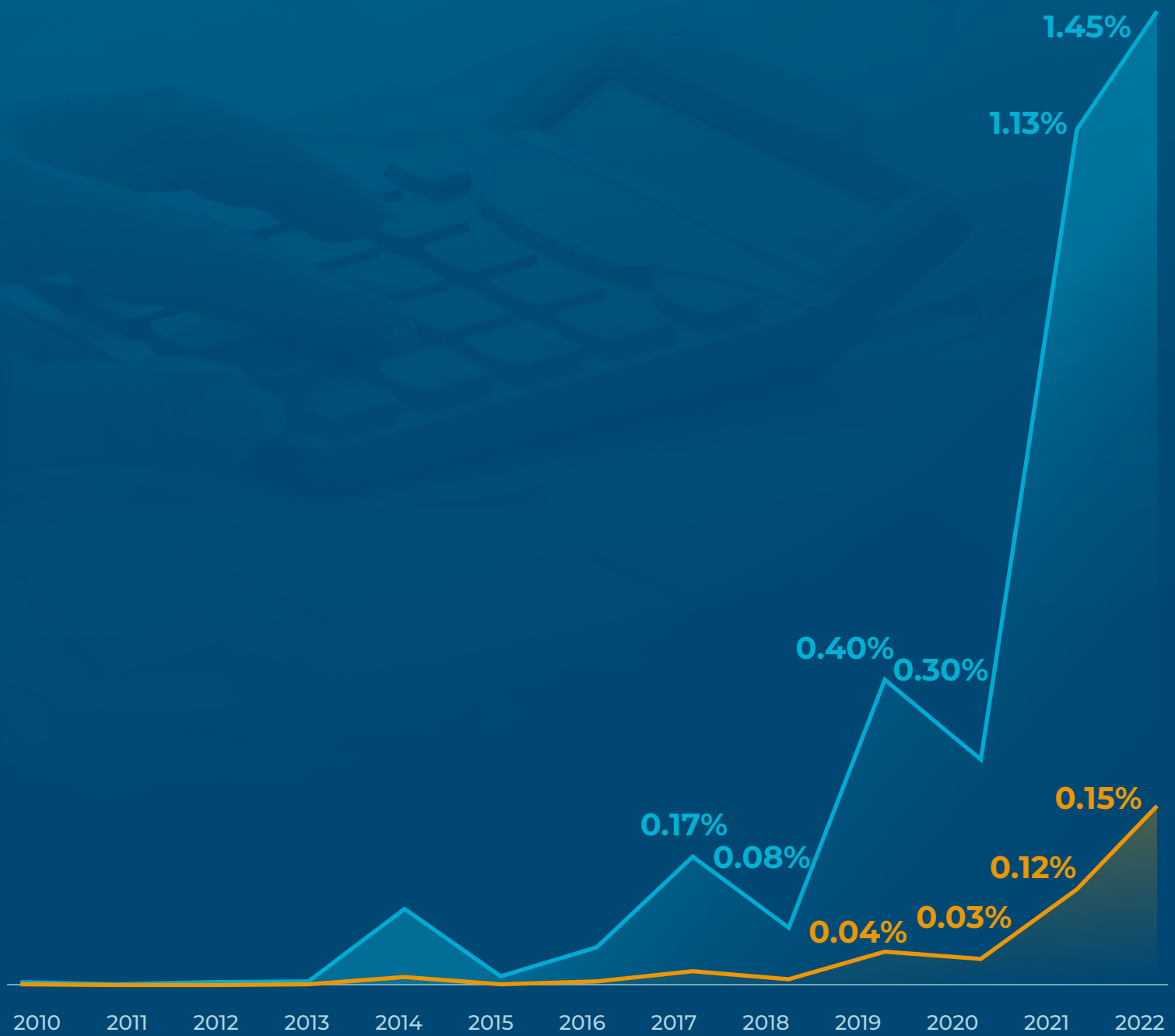
**THE RELATIVE  
SIZE OF VENTURE  
CAPITAL FUNDING**

# Comparison to GDP of sectors



Source: GASTAT, National Accounts





— Money funded by VC sector in percentage of the GDP of Money, insurance and business services sector  
 — Money funded by VC sector in percentage of the GDP of the Non-oil sector



**0.15%**

Money funded by VCs in percentage of the Non-Oil GDP 2022.



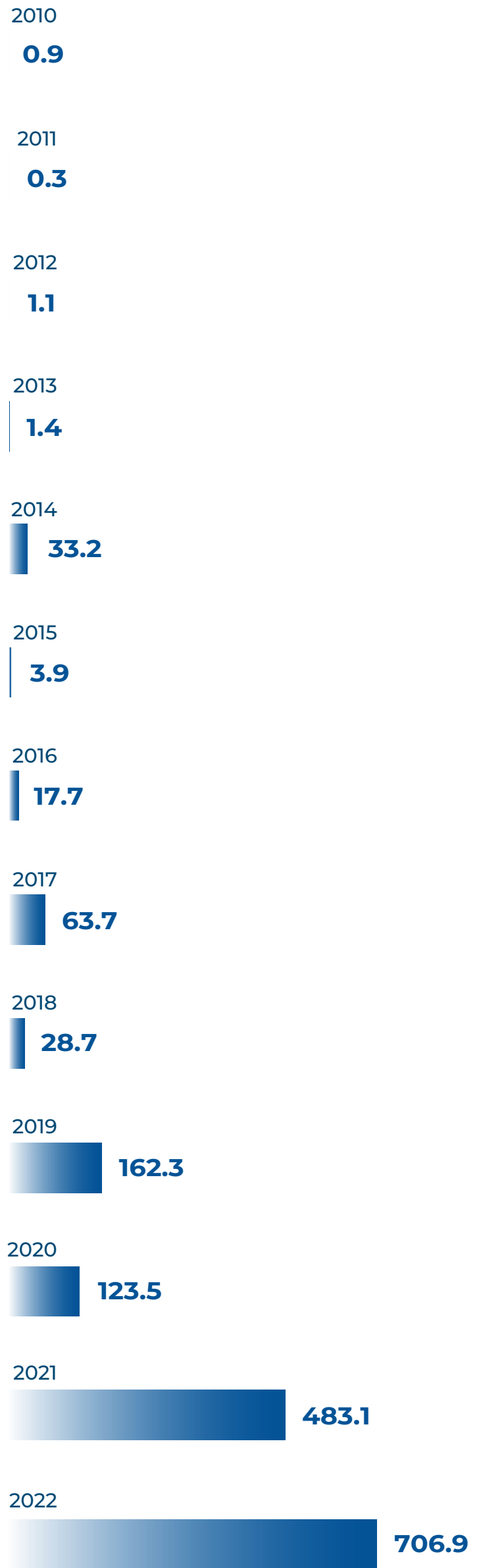
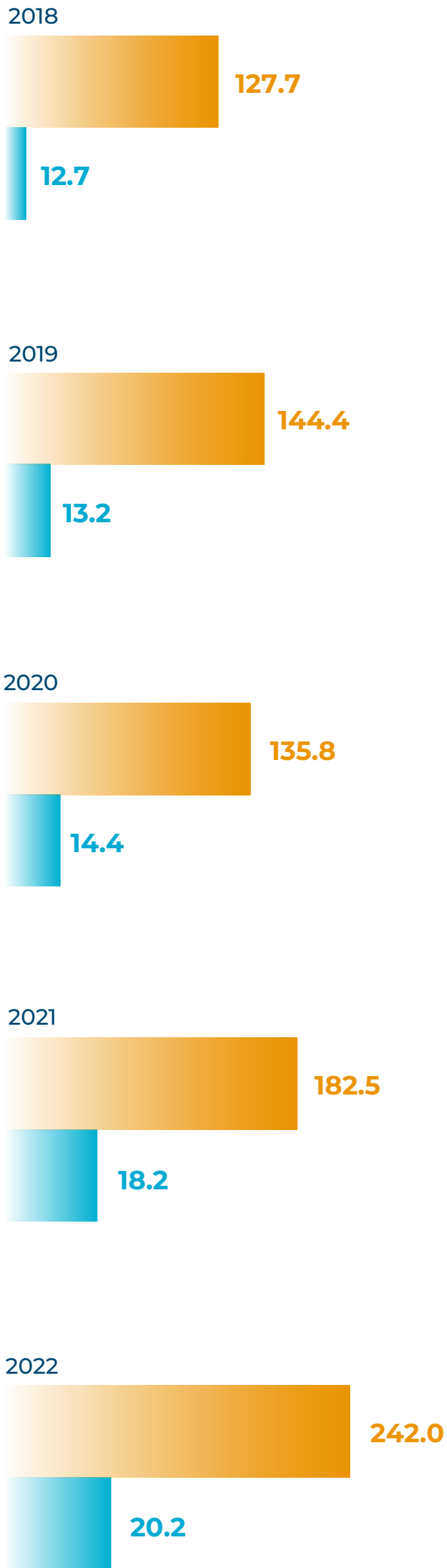
**1.45%**

Money funded by Venture Capital in percentage of the GDP of the Money, Insurance and Business services sector in 2022

The volume of financing provided by venture capital firms increased significantly during the period 2010-2022, reaching 0.15% of the Non-Oil GDP in 2022. This percentage rises to 1.45% when compared with the GDP of the Money, Insurance and Business services sector.

Source: DRC analysis

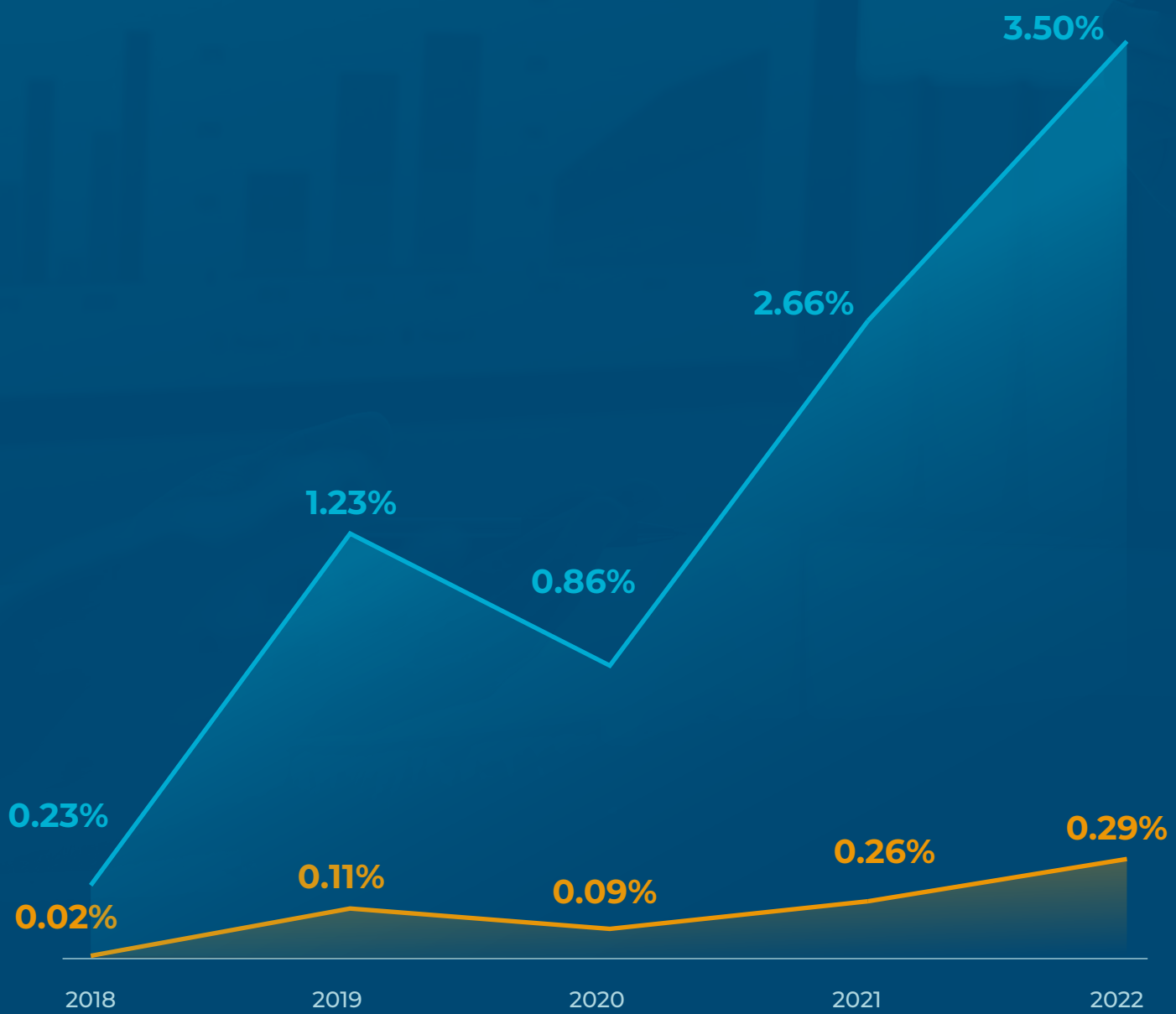
# Comparison to Companies Credit and Private Investment



■ Finance Companies' Credit in \$Bn  
■ Private investment in \$Bn

■ Money funded by VC sector (\$M)

**Source:** GASTAT, National Accounts & SCB, Statistical Report



— Money funded by VC sector in percentage of Finance Companies' Credit  
 — Money funded by VC sector in percentage of the Private Investment



**0.29%**

Money funded by Venture Capital in percentage of the Finance Companies' Credit in 2022



**3.50%**

Money funded by Venture Capital in percentage of the Private Investment in 2022

The volume of financing provided by venture capital firms increased significantly during the period 2018-2022, reaching 0.29% of the Finance Companies' Credit in 2022. This percentage rises to 3.50% when compared with the Private Investment in 2022.

Source: DRC analysis



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**METHODOLOGY  
AND DATA  
SOURCES**

## Data sources:

Three main data sources are used to built the current report:













- 1 Saudi Central Bank (SCB) for data related to Saudi National accounts.  
<https://www.sama.gov.sa/>
- 2 General Authority for Statistics (GASTAT) for data related to employment in Saudi Arabia.  
<https://www.stats.gov.sa/>
- 3 Crunchbase for data related to the Venture Capital industry: Investors, Companies, Funding Rounds:  
<https://www.crunchbase.com/home>.

We have conditionally used various reports and publication from other specialized agencies and portals:

- 4 Rocket Reach, ZoomInfo, Pitchbook, Signal Hire, Apollo.io, and Websites of VCs for data related to the number of employees in VC firms
- 5 Other references are mentioned in the report.

## Selection criteria:

Data was downloaded from crunchbase with respect to the following criteria:

- 1 **Investors:**
  -  Headquarters location: **Saudi Arabia**
  -  Period: **from 2010 to 2022**
  -  Date of retrieving data: **01/15/2023**
  -  Investors type: **Venture Capital**
- 2 **Companies:**
  -  Headquarters location: **Saudi Arabia**
  -  Period: **from 2010 to 2022**
  -  Date of retrieving data: **01/15/2023**
  -  Last funding type: **Pre-seed, Seed, Series A, Series B, Series C, Venture-Series Unknown, Angel, Private Equity, Equity Crowdfunding.**
- 3 **Funding rounds:**
  -  Headquarters location: **Saudi Arabia**
  -  Period: **from 2010 to 2022**
  -  Date of retrieving data: **01/15/2023**
  -  Investment type: **Pre-seed, Seed, Series A, Series B, Series C, Venture-Series Unknown, Angel, private Equity, Equity Crowdfunding, Funding Round**

## Assumptions and general observations:

Undisclosed rounds are totally excluded from the analysis.

Three Public Private Equity transactions are excluded from the analysis because of their huge amounts that can distorts the analysis of VCPE industry:

Public PE round	Amount	Date of Announcement
Aramco Oil Pipelines	12.4B\$	04/09/2021
Almosafer	1B\$	09/26/2022
Saudi Tabreed	264.6M\$	12/21/2022



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**ABOUT DRC**



# ABOUT DRC

## WHO WE ARE:

DRC is a joint-stock consulting company founded in 2014, specialized in Market Research and Data Analysis with international expertise and local talent. We take pride in our unique capabilities, innovative approach, adoption of state-of-the-art technologies and deep cultural understanding to serve as a trusted advisor to our clients.

DRC extends coverage across Saudi; headquartered in Riyadh with operation offices in Western, Eastern regions, and UAE. We are committed to creating sustainable value for our clients and stakeholders as an active contributor to the national 2030 Vision.

## Main Offering



1

### Market Research

Research services as a whole journey, with high quality and internationally accepted methodologies



2

### Advanced Analytics

Advanced products and services in the field of data processing and analysis with the best practices and latest technologies



3

### Consulting Services

Consulting services in various fields through our experts in the subject matter, providing an added value to our clients

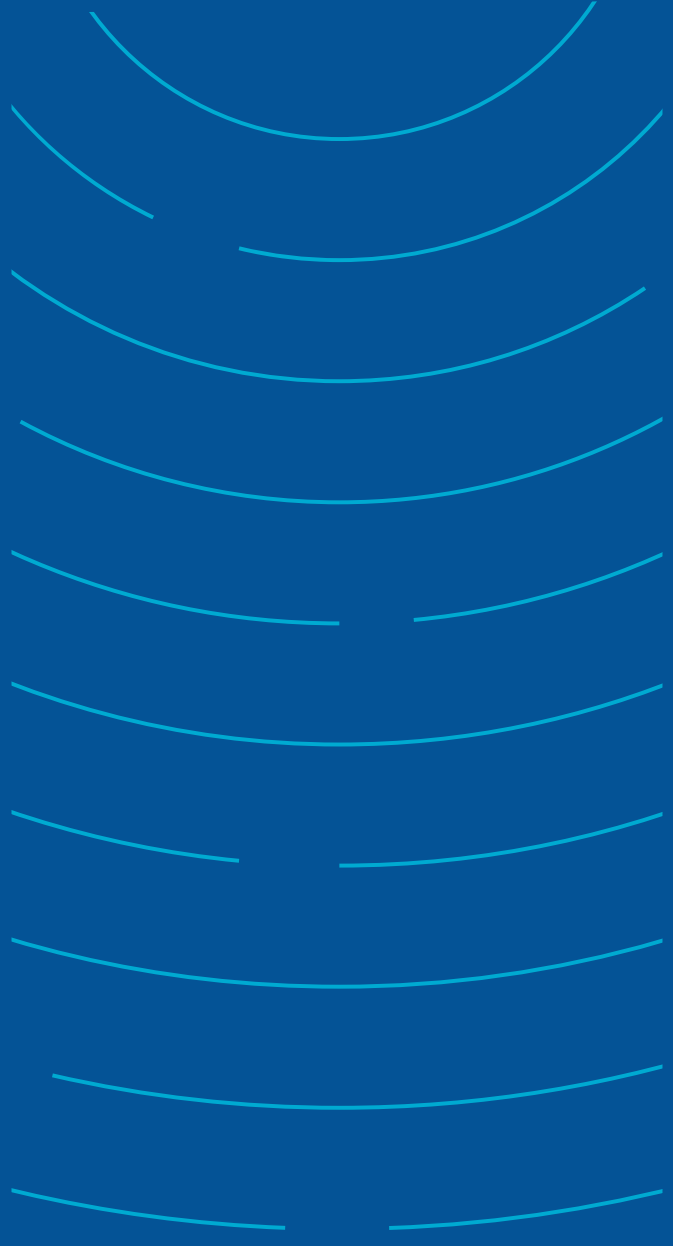
## Our Affiliates



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**THANK YOU**

**DRC**<sup>®</sup>