

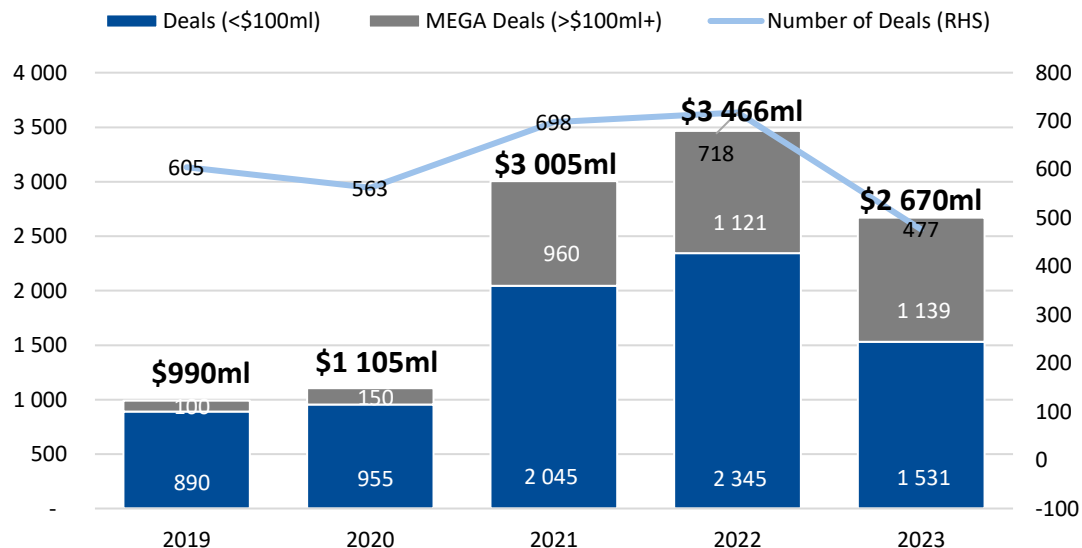


GCC Renaissance: Tapping Rising Investment Opportunities

Part 6: Venture Capital Market

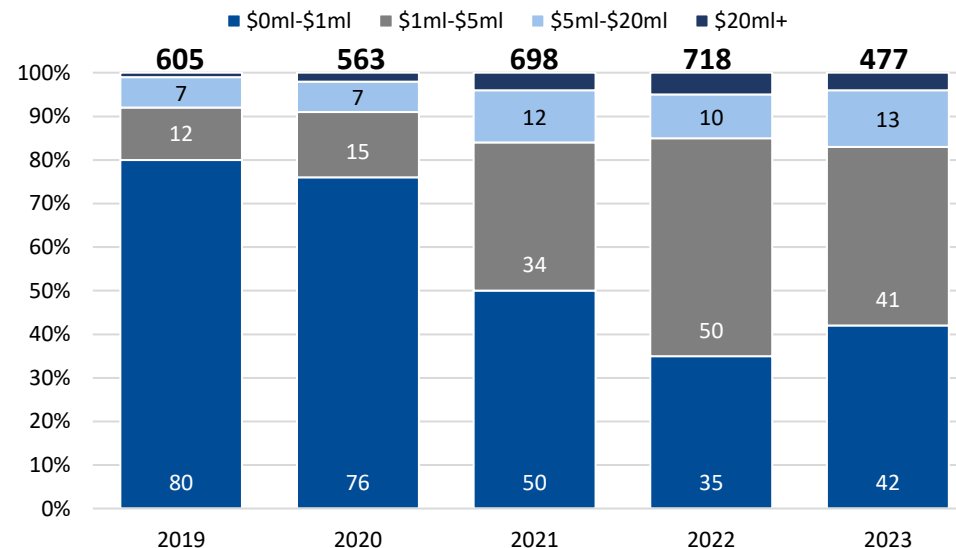
Reflecting the global trend and cautious investor sentiment, ME funding size declined by 23% in 2023 compared to 2022, with more allocation of \$0-1ml per deal

ME funding evolution



- Amid a worldwide economic deceleration, the ME experienced its **lowest transaction volume in 2023 since 2020**, with a 23% year-on-year decrease in funding, influenced by **careful investor sentiment**.
- Following two quarters without any mega deals, Q3 2023 marked the closure of significant transactions, with **Tabby and Tamara securing deals surpassing \$100ml**. Q42023 concluded as the most robust quarter, surpassing the performance of Q42022.

ME round size evolution by deals, %

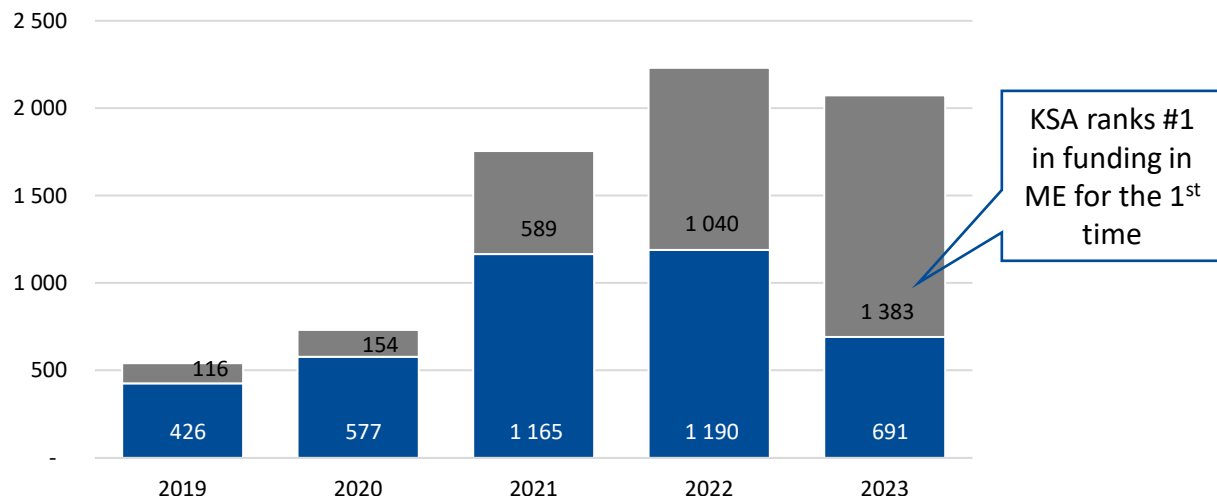


- \$0-\$1ml round size was consistently declining since 2019 prompting an **increased investors appetite for larger fund allocations**.
- \$1-5ml round allocations per deals took place in every second transaction**. The increase of larger round sizes (\$5-10ml) could be an effect of raising funds by startups at later growth stages and high valuations.
- In 2023 due to **market conditions and cautious investor approach** the share of \$0-1ml round size funding increased by 7 percent points.

KSA and UAE are the most active countries in the ME based on fund size and deal number in venture capital allocation

KSA and UAE funding comparison, \$ml

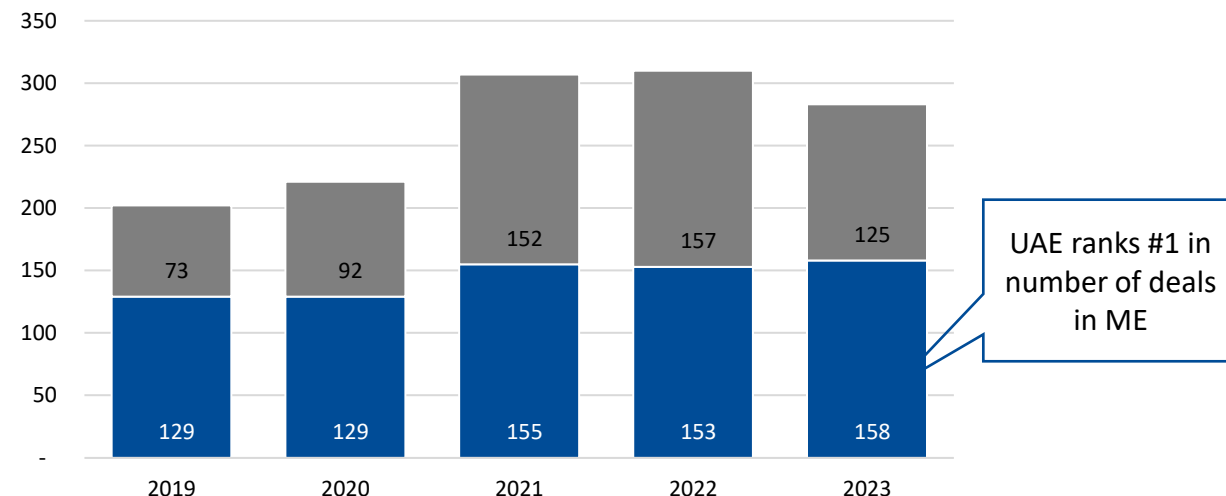
■ UAE ■ KSA



- **KSA ranks #1 in terms of funding** across ME for the first time, accounting for 52% of ME capital deployed, driven in part by **4 mega deals across FinTech and e-Commerce**.
- Bahrain actively participates in VC market and was among top 5 countries of ME region in terms of funding, with total amount of \$250ml over 5-year period, including \$44ml in 2023.

KSA and UAE deal number comparison

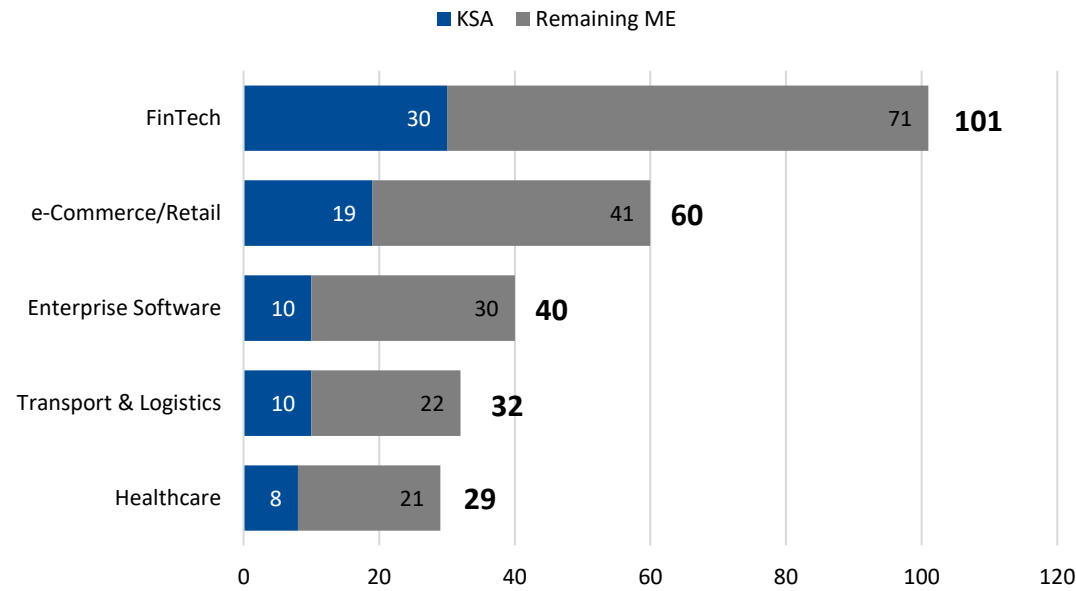
■ UAE ■ KSA



- **UAE ranks #1 in terms of number of deals in 2023**, accounting for 33% of ME deals.
- The overall decline of number of transactions in 2023 among top 5 countries (UAE, KSA, Egypt, Morocco, Qatar) was 27%, with the largest decrease in Egypt by 59% (69) and Qatar 42% (26).
- In **KSA early-stage deals** (Pre-SEED to Series A) **captured 81%** of number of deals, 11% Series A, 4% Series B, and 4% late stage. **84% of UAE** deals also allocated to early-stages.

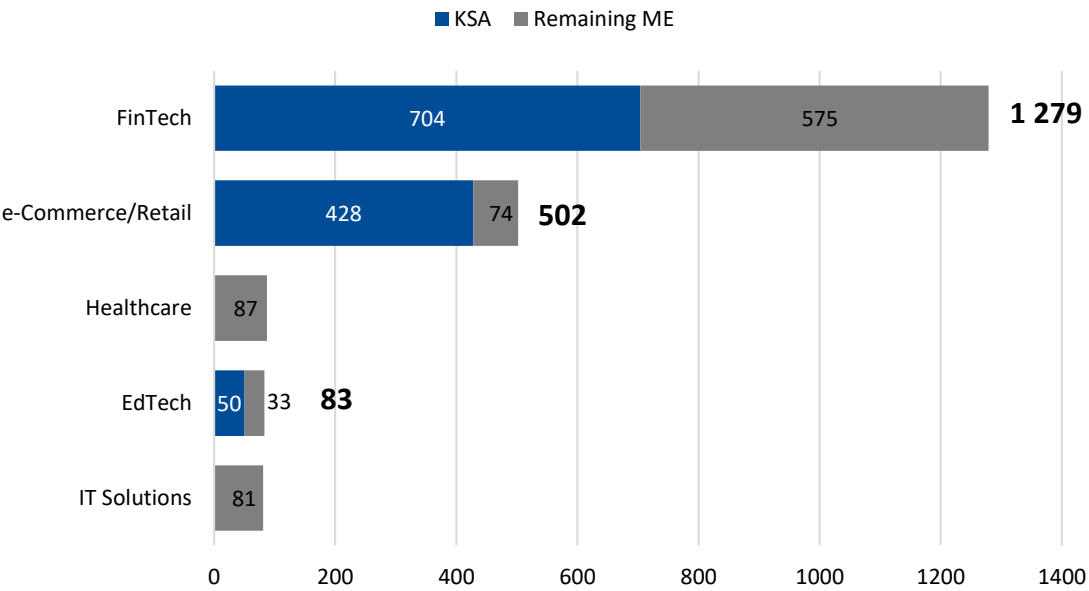
FinTech and e-commerce/retail sectors lead the charts in terms of funding size and deal numbers in 2023

ME Industry top 5 Sectors by Deal number in 2023, #



- Overall, **the most popular sectors take 55%** of the total number of ME deals in 2023. **KSA takes 29% of deals** in top 5 sectors across ME region.
- KSA allocates larger tickets on average to startups compared to other ME countries** (FinTech: KSA \$14,3ml per deal, others \$8ml; e-commerce: KSA \$8,2ml, others \$1,8ml). This is excluding mega deal allocations.

ME Industry top 5 sectors by Funding in 2023, \$ml



- Top 5 sectors in terms of funding take 76%** of total funding allocated in the ME in 2023, showing a significant concentration in technology.
- While the **KSA allocated 58%** of overall funding of ME in top 5 sectors.
- 4 out of 5 top deals in term of funding in the ME are headquartered in the KSA** (Tamara FinTech \$340ml, Tabby FinTech \$250ml, Floward e-Commerce \$156ml, Nana e-Commerce \$133ml).