Q1 2025

MENA
Venture Investment

Abridged Report
for Press Outreach

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Q1 2025 MENA Venture Investment Premium Report

The report covers the performance of the Venture Capital space in the Middle East and North Africa (MENA) markets in Q1 2025, highlighting key trends and insights on funding, transactions, valuations, investor dynamics and more.

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Executive Summary

MENA Venture Investment Summary Q1 2025

Fueled by late-2024 rate cuts across the GCC and sovereign-backed capital, MENA's VC ecosystem defied regional slowdowns in Q1 2025

How Did MENA's VC Market Perform Amid Global Volatility in Q1 2025?

MENA's VC ecosystem defied the trend seen in emerging venture market, which reported their lowest level since Q4 2017. Total venture funding in MENA reached $678M in Q1 2025, rising 58% YoY and surpassing all quarters of 2024, despite a 21% drop in deal count to 133 transactions. This rebound was underpinned by late 2024 interest rate cuts across the GCC, which helped improve investor sentiment and liquidity heading into 2025, alongside continued sovereign fund activity and Q1 ecosystem catalysts like LEAP 2025. These tailwinds fueled a sustained rise in non-MEGA deal (<$100M) funding, which grew for the fourth consecutive quarter (+19% QoQ), and a slight MEGA deal funding growth led by Tabby's $160M Series E, the region's sole MEGA deal.

What Were the Key Trends in Transactions and Valuations?

Q1 2025 marked a clear shift in capital allocation toward later Series A and B startups. The share of $0M–$1M ticket size deals dropped 8PP YoY to 31%, its lowest level in five years. Conversely, deals in the $5M–$20M and $20M+ ranges rose 4PP and 3PP YoY, respectively, reflecting the increase in Series A and B funding.

Valuations also saw upward movement across the board. The median deal size grew 33% YoY to $2.0M, with all stages posting double-digit growth. Notably, Series B median deal sizes soared 367% YoY, driven by substantial rounds such as Ula.me and Merit Incentives. This mirrors a broader shift seen across emerging markets, where capital is flowing into startups with more robust financial and operational profiles.

Which Countries and Sectors Drove Regional Growth?

KSA continued to lead MENA, capturing $391M across 54 deals, and accounting for 58% of total funding and 41% of transactions. The Kingdom saw an 87% YoY increase in non-MEGA funding, and a 437% rise in Series A and B funding, supported by rounds from Ula.me and Merit Incentives ($28M each). The UAE ranked second with $206M across 47 deals, driven by a 9x YoY increase in Series A and B activity, including The Applied AI Company ($55M), NymCard ($33M), and Zension ($30M).

Sector-wise, FinTech continued to dominate MENA, securing $384M (+362% YoY), equivalent to 57% of total MENA funding. Even when excluding Tabby's MEGA round, non-MEGA FinTech funding rose 170% YoY to $224M, marking its second-best quarter ever. FinTech also led in volume, accounting for 30% of deals, with notable activity in Payment Solutions and Lending, which saw deal counts grow 44% and 200% YoY, respectively.

What's the Outlook for MENA in 2025?

With improving macro signals, easing inflation, and renewed LP confidence, MENA was poised for continued growth. However, trade tensions and high global interest rates remain potential obstacles. The reality is MENA's performance will be highly skewed towards how Saudi Arabia and the UAE are impacted by the Tariff and indirect macroeconomic challenges that come off the back of them. The region's record M&A activity (+163% YoY) and rising IPO pipeline are setting the stage for improved exit activity, a key enabler for future fundraising cycles, assuming that uncertainty doesn't hinder this growth.

Strategic VC activity in Q1 2025 was buoyed by over a dozen ecosystem events, such as LEAP and Step Dubai, where billions in VC and tech investments were announced. The rise of regional funds—like Suhail Ventures, 500 MENA L.P., and Foundation Ventures II—alongside sovereign-backed commitments from Jada, SVC, and QIA, continue to strengthen local capital markets and bridge funding gaps across growth stages.

MENA Q1 2025 Venture Snapshot

(brackets represent Q1 2025 vs Q1 2024 % change)

$678M
Total Funding (+58%)

133
Total Deals (-21%)

$160M
MEGA Deals (+23%)

175
Total Investors (-9%)

$2.0M
Mean Deal Size (+33%)

21
Total Exits (+163%)

05

Funding & Deal Evolution

Despite the high levels of fear and uncertainties due to recent the US tariff announcements, MENA VC activity in Q1'25 outperformed global and regional trends

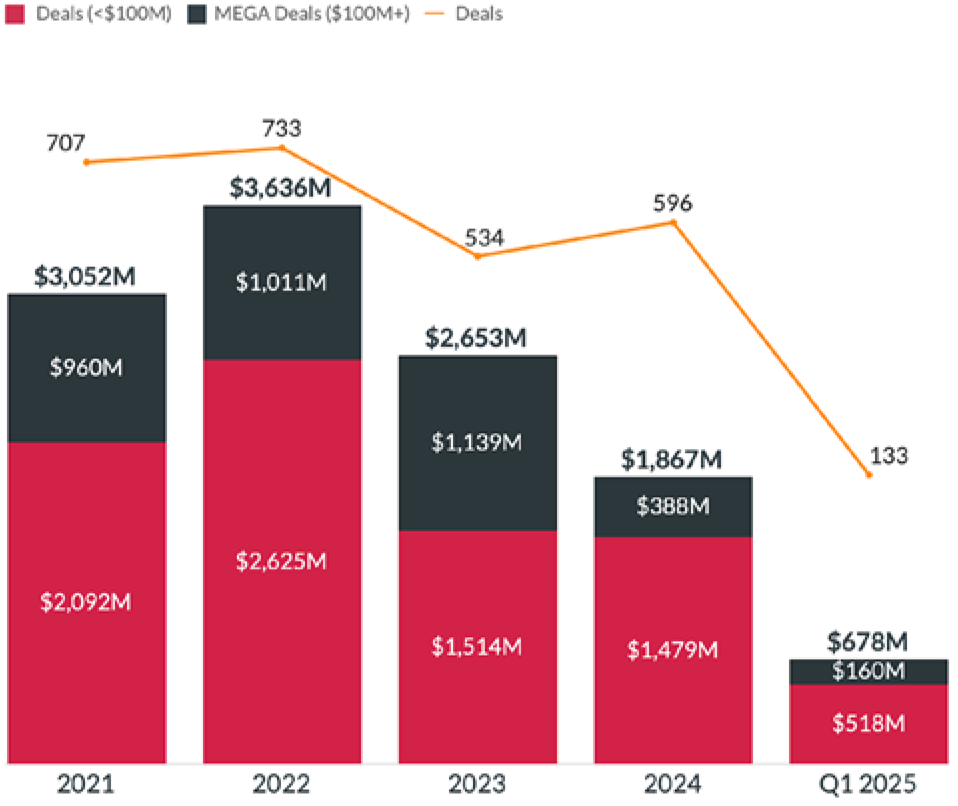
Following a cautious 2024, Q1 2025 opened with improving macro sentiment and a surge of ecosystem activity in MENA. Interest rate cuts totaling 100bps by the Fed and GCC central banks toward the end of 2024, alongside high-profile initiatives—such as LEAP 2025, record sovereign fund activity, and new VC fund launches—laid the groundwork for a region-wide rebound.

MENA recorded $678M in funding (+58% YoY), surpassing all quarters in 2024. Deal count on the other hand declined 21% YoY to 133 deals, yet this level of activity remains solid in comparison to regional peers. Saudi Arabia led with $392M and 55 deals, and FinTech retained its crown as the top sector—driven by Tabby's $160M round and a 4th straight quarter of non-MEGA deal growth. Meanwhile, M&As hit an all-time quarterly high of 21 deals (+163% YoY), and signs of IPO recovery further underscored improving exit visibility.

In comparison to MENA, Southeast Asia saw its funding drop by 65% YoY and deal count fall to its lowest level in 8 years. Strong LP participation, policy alignment, and improving exit visibility continue to position the region as a bright spot in global VC. However, emerging concerns around US tariffs could introduce headwinds to VC and M&A momentum in the coming months.

MENA Annual Funding & Deal Evolution

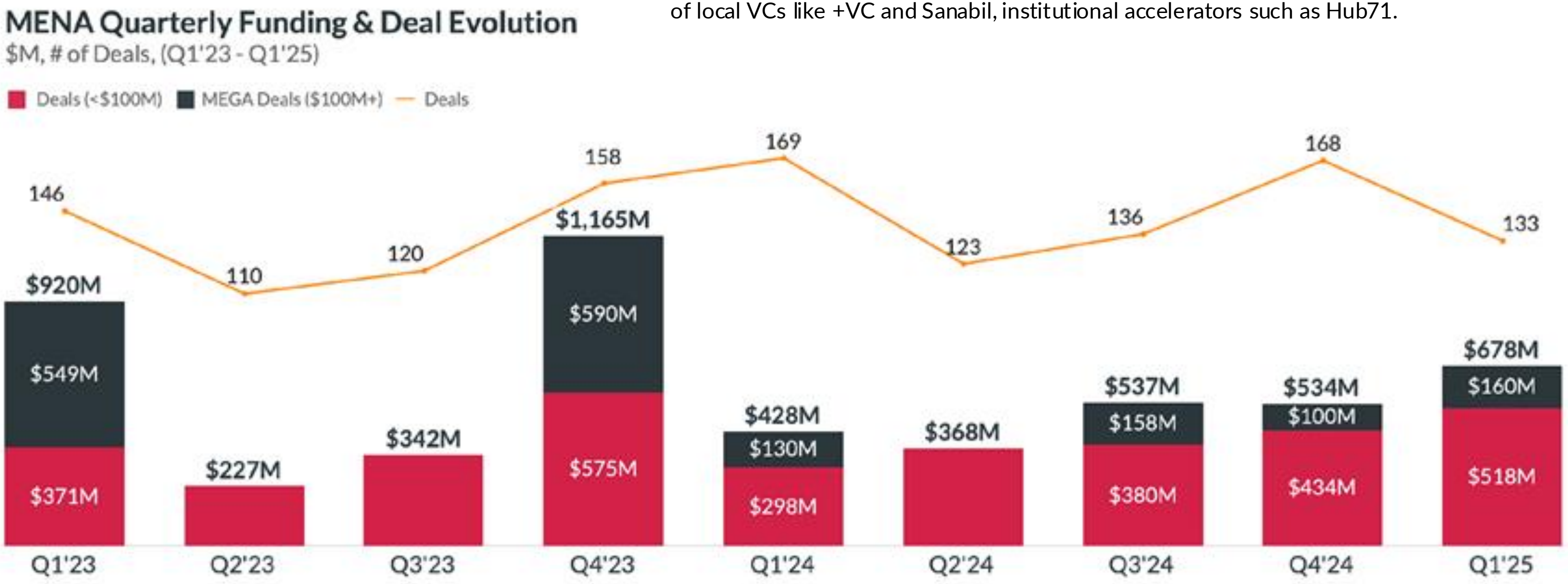
$M, # of Deals, (2021 - Q1 2025)



Q1'25 saw its total funding increase by 56% QoQ, surpassing the funding levels of all the previous four quarters of 2024

While this was partly driven by the rise in MEGA deals funding rising from $100M in Q4'24 to $160M in Q1'25, the key driver was the underlying non-MEGA deals funding which has been rising for the past 4 quarters in a row reporting a 19% QoQ increase in Q1'25. Activity in Series A and B was robust in Q1'25, reporting a 50% QoQ increase.

After two quarters of rising deal count, transactions declined by 21% QoQ in Q1'25 driven by a 22% QoQ drop in Seed and Pre-Seed deals. Despite this decline in deal count, transactions remained 24% above their lowest quarterly deal count in the past 5 years, contrasting with SEA and Africa were Q1'25 marked a record low quarter of transactions in the past 5 years, highlighting MENA's robust early stage pipeline thanks to a growing base of local VCs like +VC and Sanabil, institutional accelerators such as Hub71.



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Transaction Analysis

The share of deals in the $0M-$1M range continue to decline amid a shift of focus towards Series A and B deals

Amid a cautious and risk-off environment, the share of deals in the $0M-$1M ticket sizes declined to 31% in Q1'25, down 8PP from Q1'24 and 10PP from the previous quarter. This marked the second lowest quarterly share of deals in this size in the last 5 years.

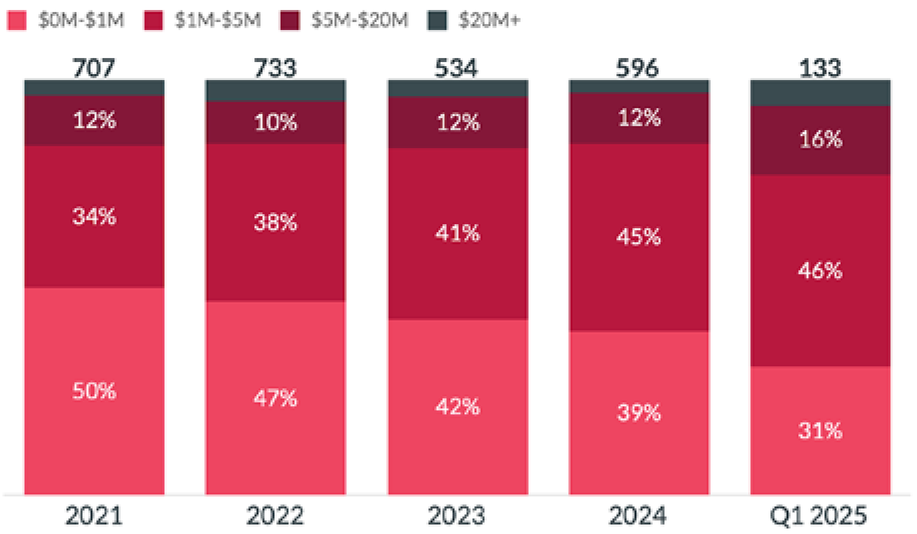
On the other hand, the share of $5M-$20M and $20M+ deals saw YoY increases of 6PP and 4PP, respectively. This is a reflection of the increased investments seen in Series A, Pre-Series A and Series B investments in Q1'25, which increased by 31% QoQ to 17 deals. Meanwhile, the $1M-$5M reported a 5PP YoY decline in share, yet it still remained the most dominant ticket size accounting for 46% of all deals.

% Change in Q1 2025 vs. Q1 2024

$20M+	+3PP
$5M-$20M	+4PP
$1M-$5M	+1PP
$0M-$1M	-8PP

MENA Deal Share by Round Size

% Share, # of Deals, (2021 - Q1 2025)



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Geographical Trends

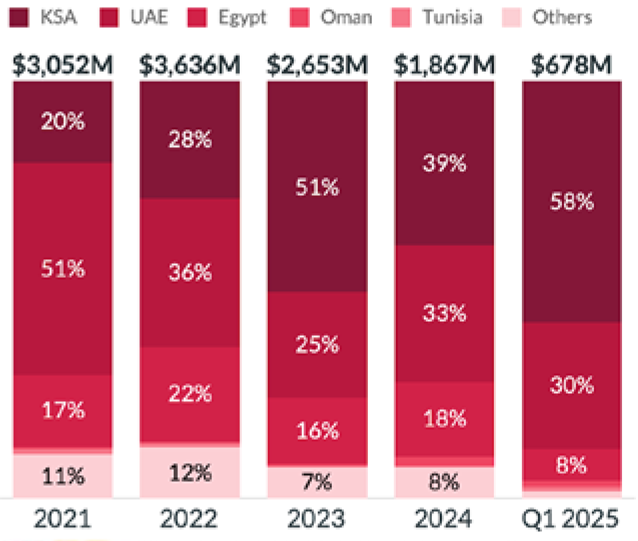
All the top 5 countries in MENA saw YoY rise in funding, with Saudi Arabia capturing the lion's share of total funding

Saudi Arabia's funding rose 53% YoY to $391M—nearly twice that of the UAE—boosting its regional share to 58%. This growth was fueled by an 87% YoY increase in non-MEGA funding, reaching $235M, propelled by a 437% rise in Series A and B funding, including $28M rounds by Ula.me and Merit Incentives. KSA's dominance in MENA acts as a testament to the success of government initiatives and SWFs FoF programs in making Saudi Arabia the leading hub for startups and VCs.

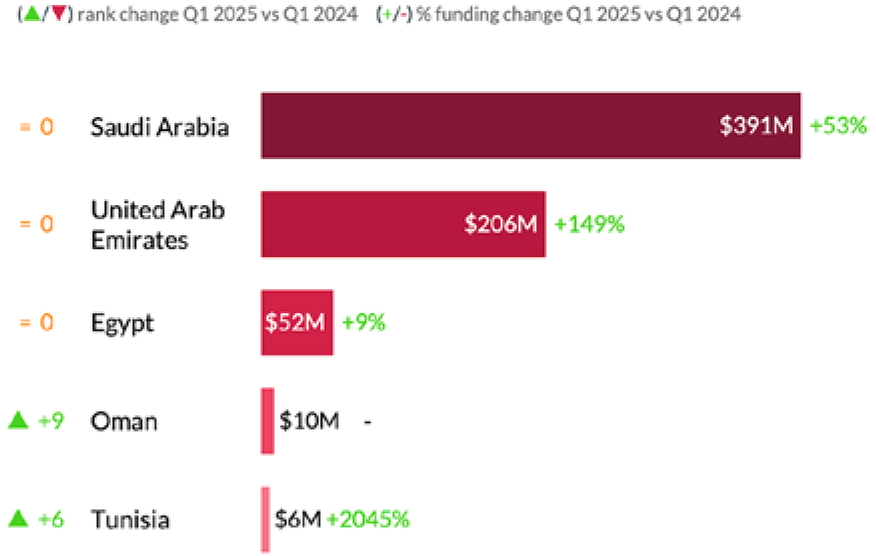
The UAE ranked second with $206M, reporting a 149% YoY increase. This was also driven by the surge in Series A and B investments which increase by 9x from $14M in Q1'24 to $128M in Q1'25 (the highest since Q1'22) thanks to The Applied AI Company ($55M), NymCard ($33M) and Zension ($30M). Together, KSA and the UAE alone drove 88% of the regions total funding.

Evolution of Countries

by % Share, Funding (2020 - Q1 2025)



MENA Funding Evolution by Country



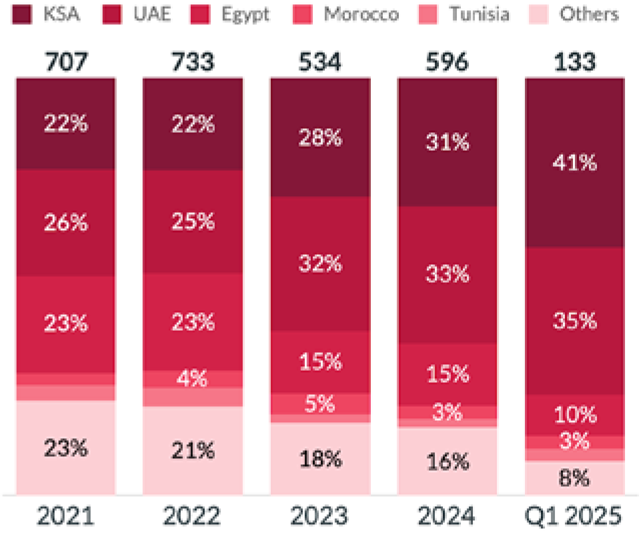
Deal activity remained subdued across MENA with Saudi Arabia leading, making up 41% of all deals

All three major markets in MENA, Saudi, the UAE and Egypt saw YoY decline in deal count in Q1'25, in line with the trends seen in global VC activity. Saudi Arabia climbed up a spot to become the most transacted country across MENA in Q1'25 accounting for a record 41% of total deals. KSA saw the smallest YoY decline among the UAE and Egypt driven by a strong pipeline of early-stage (Pre-Seed to Pre-Series A) transactions which saw a 14% YoY rise in deal count.

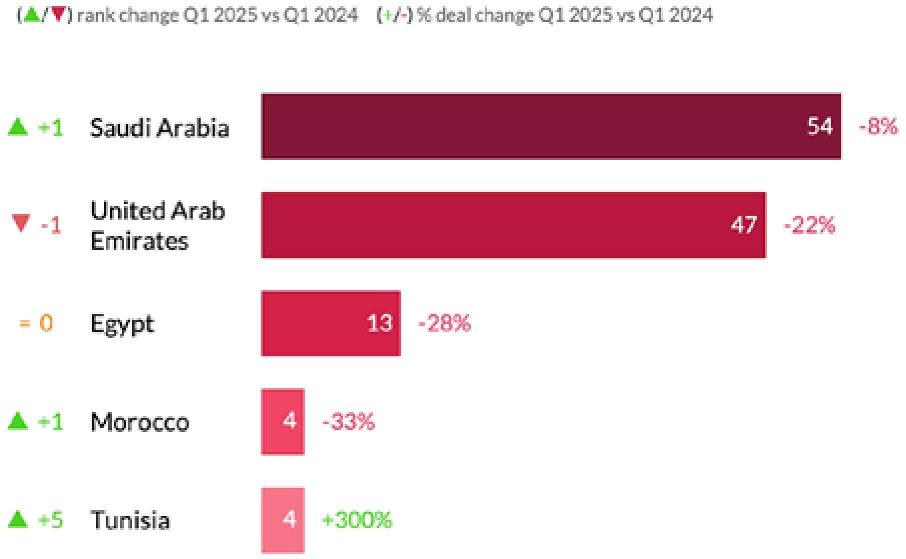
The UAE ranked second with 47 deals, reporting a 22% YoY decline. Unlike Saudi Arabia, the UAE saw its early stage deals pullback by 34% YoY as the number of its early stage investors declined by 41% YoY from 80 unique investors in Q1'24 to 47 in Q1'25. Meanwhile, Tunisia's deal count rose 300% YoY, highlighting the growing traction in digital infrastructure.

Evolution of Countries

by % Share, Deals (2020 - Q1 2025)



MENA Deal Evolution by Country



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Industry Trends

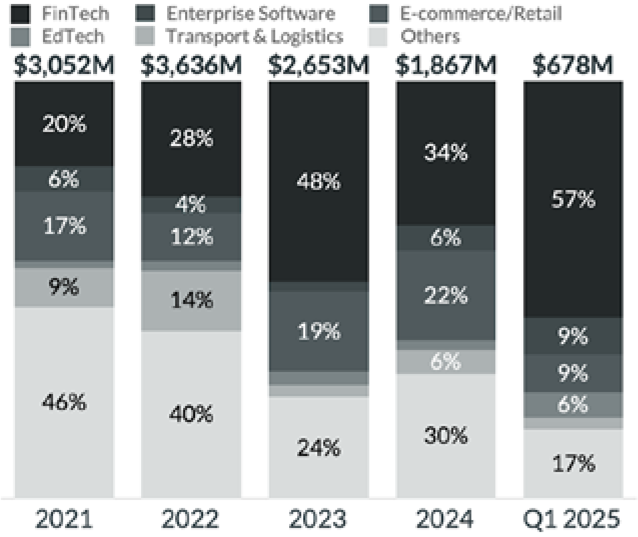
FinTech funding soared 362% YoY to $384M, capturing 57% of MENA's total funding as E-commerce slowed down

FinTech remained MENA's funding powerhouse in Q1'25, surging 362% YoY, led by Tabby's $160M MEGA deal. Excluding MEGA rounds, FinTech still ranked first, with non-MEGA funding up 170% YoY to $224M—its second-best quarter ever and fourth consecutive quarterly increase—driven by strong demand for scalable digital finance solutions.

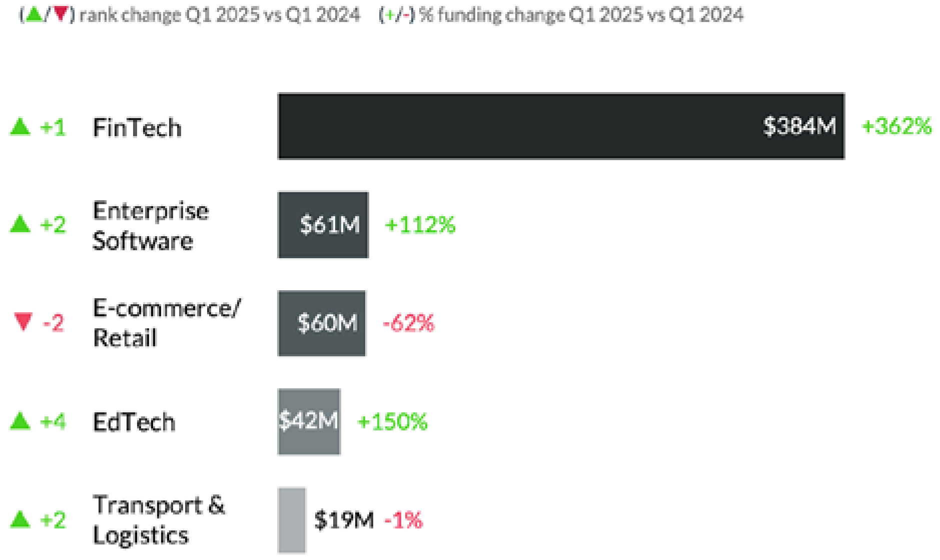
Enterprise Software rose to the second most funded sector with a 112% YoY increase, fueled by Merit Incentives ($28M) and Qeen.ai ($10M), which made up 62% of its funding. EdTech also increased by 150% YoY, led by Ula.me's $28M deal. Meanwhile, E-commerce funding dropped 62% YoY due to a lack of MEGA deals, though its non-MEGA funding rose 136%.

Evolution of Industries

by % Share, Funding (2021 - Q1 2025)



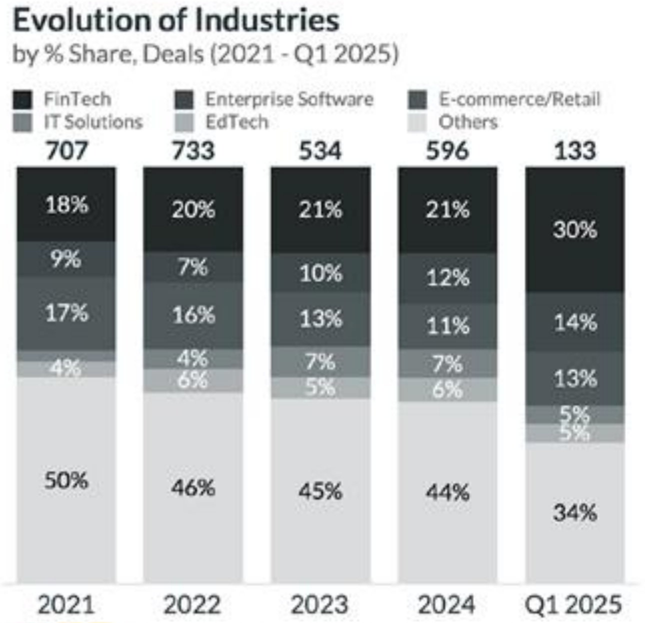
MENA Funding Evolution by Industry

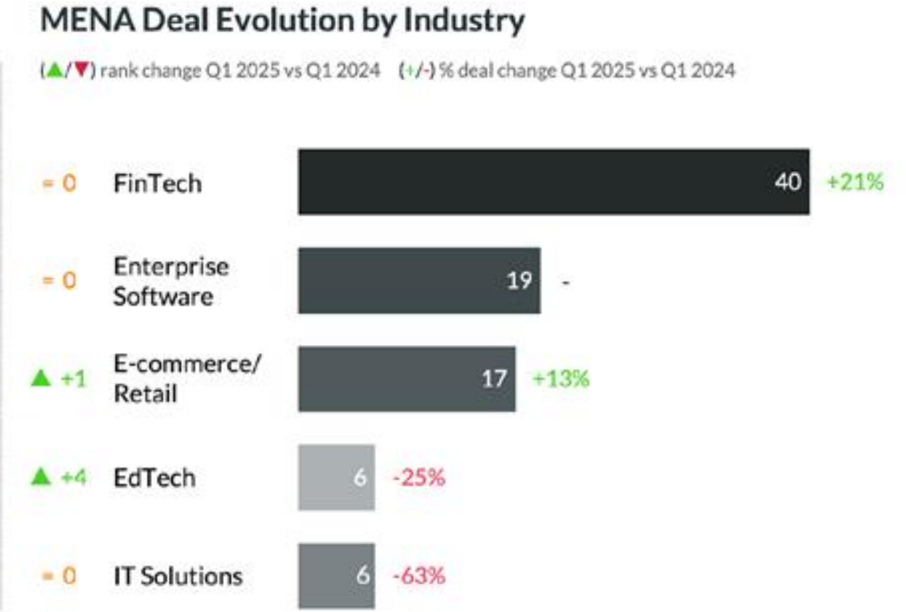


FinTech continued to rank as the most transacted industry in MENA recording the biggest YoY rise in deal count

FinTech also ranked as the most transacted industry in Q1'25, accounting for 30% of all MENA deals recording the largest YoY increase in deal count (+21% YoY). Payment Solutions and Lending were among the FinTech sub-industries to see the biggest YoY growth of 44%, and 200% YoY in deals, respectively. Notably, 35% of FinTech deals were in the $5M+ ticket size, marking a 24PP increase from Q1'24, highlight the stronger maturity and scale in the region's FinTech pipeline.

Enterprise Software held its position as MENA's second most active sector, driven mainly by the UAE and KSA which made up 49% and 26% of total deals, respectively. Productivity Apps led the sub-sector, recording 6 deals—its highest ever in both volume and funding—highlighting rising demand for scalable SaaS and automation tools aligned with regional digital transformation agendas.





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Top Deals & Investors

MENA Q1 2025 Investor Snapshot

(brackets represent Q1 2025 vs Q1 2024 % change)

57%

% of top 10 deals of Total Funding (+8PP)

KSA (5 deals)

Country with most top 10 deals

7 deals

Average # of investments by top 10 most active investors by deal count

FinTech (4 deals)

Industry with most top 10 deals

Blue Pool Capital & Hassana Investment Company ($53.3M)

Leading investor by estimated capital deployed

+VC (18 deals)

Leading investor by total number of deals

FinTech and Local Investors Drive MENA's Capital Deployment in Q1'25

1

Top 10 deals made up 57% of MENA funding in Q1’25, signaling late-stage momentum
Top deals increased their share from 49% in Q1’24 to 57% in Q1’25, indicating a concentration in larger, later-stage rounds. KSA accounted for 5 of MENA’s top 10 deals, down from 7 last year, but still leading the region amid continued state-backed VC initiatives.

2

FinTech remained the dominant sector, securing 3 of MENA’s largest deals in Q1’25
FinTech led deal activity in MENA, capturing 3 of MENA’s top 10 deals. Despite global macroeconomic pressures, FinTech continues to attract capital by solving foundational financial access challenges, a trend also seen across SEA and Africa.

3

+VC ranked as MENA’s most active investor by deal count in Q1’25, closing 18 deals across the region
+VC closed twice the deals of the second-ranked investor, Hub71. Saudi firms made up half of the top 10 investors by deal count, highlighting their pivotal role in early-stage support. Meanwhile, Endeavor Catalyst led in FinTech deals with 4 deals.

4

Blue Capital and Hassana led funding by capital deployed, each investing $53.3M in Tabby’s MEGA deal
STV and Wellington Management followed, also backing Tabby with $26.7M each. Excluding MEGA deals, Waed Ventures led with $17M. Five of the top 10 were Saudi-based, showcasing the influence of sovereign-backed capital in driving regional co-investments.

5

MENA saw fewer international capital leaders than SEA and Africa, highlighting strong local funding pools
Only 4 of MENA’s top 10 investors by capital deployed were international, versus 8 in SEA and 9 in Africa. Local investment companies and corporates drove funding in Q1’25, reflecting the region’s deepening capital reserves and shift toward homegrown growth strategies.

11

M&A Trends

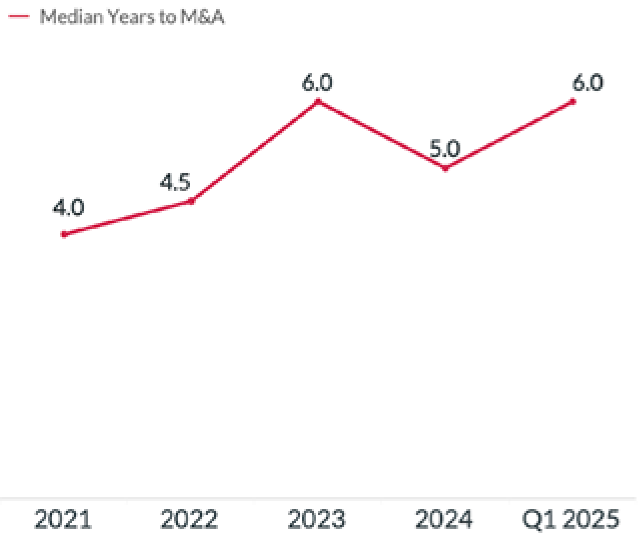
Against the backdrop of improving macro conditions pre-US tariffs announcement, MENA saw a new record high of M&A deals in Q1'25

M&A activity in MENA soared by 163% YoY to a record 21 deals in Q1'25—the highest ever for a single quarter—driven by pre-tariff optimism, easing inflation, and positive monetary signals. However, with new US tariffs unfolding, rising uncertainty may dampen deal appetite in the coming months.

SEA and Africa also saw M&A rebounds, recording 10 deals each (+25% and +233% YoY, respectively), but MENA remained the most active region by volume. This highlights the region's lead in liquidity events and ecosystem maturity, though future momentum may hinge on how macro headwinds evolve. Meanwhile, the median time to M&A has lengthened—rising from 4 years in 2021 to 5–6 years in 2023 and 2024. This upward trend reflects how tighter macro conditions have made it more difficult for early-stage startups to exit, pushing acquisition timelines further out.

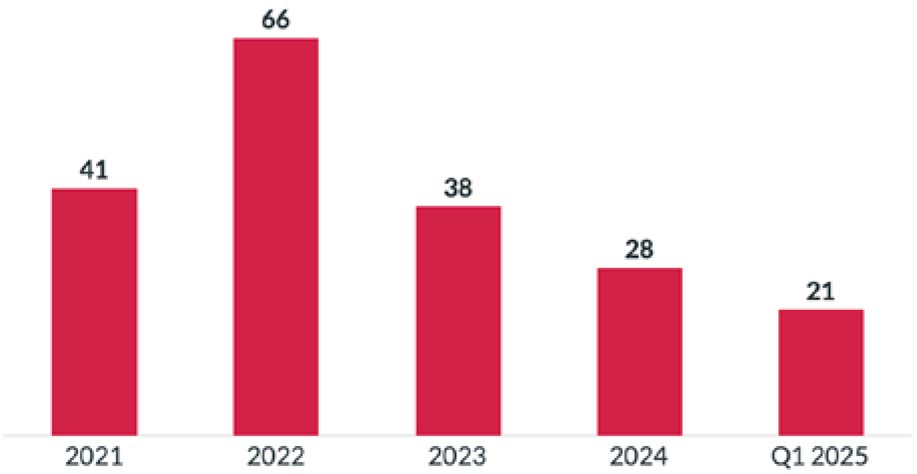
MENA Median Years to M&A

of Years, (2021 - Q1 2025)



MENA M&A Evolution

of M&As, (2021 - Q1 2025)



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Methodology

MAGNiTT Methodology

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 programs, 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 3, 2025. 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 analyzed is based on the startup's HQ as chosen and verified by the startup and reflected on the MAGNiTT platform. When analyzing 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 analyzed 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 analyzing 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 information 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

About MAGNiTT

About MAGNiTT

Data means trust and trust means data.

With data on over 33,200 startups, 23,000 funding rounds, and 1,250 exits in the Middle East, Africa, and Southeast Asia, MAGNiTT is the trusted source of verified venture capital data in emerging venture markets. Our readily accessible and up-to-date data enables our clientele to make informed decisions about opportunities and risks in EVMs, giving them a competitive edge over peers.

MAGNiTT Data

33,200
Startups

13,000
Investment Firms

23,000
Funding Rounds

1,250
Exits

10,500
Founders

6,900
Investors

The Problem

Despite booming VC activity in the emerging venture markets, there is a critical missing piece: reliable, verifiable data on venture-backed startups. As a result, investors, policymakers, consultants, and other stakeholders struggle to assess opportunities and risks in these markets. Without accurate data to inform the decision-making, we're all missing out on the next best thing.

Enter MAGNiTT: The Solution

Venture Capital and Private Equity data gap

Our data and analytics platform helps our clientele – whether you are a policymaker, investor, consultant, or ecosystem stakeholder – in making these impactful decisions with verified information about 33k+ venture-backed companies in emerging venture markets. Our database has everything you need to stay ahead of the curve, all in one place, empowering you to conduct market research, due diligence, spot trends, and craft winning presentations and investment pipelines. The cherry on top is our 1-on-1 analyst hours offering live insights into policies, competition, emerging trends, and industry performance.

We are the Reference for

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