Jada جدا
شركة صندوق الصناديق
Fund of Funds Company

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VC Valuation in MENA:
A 2025 Reality Check

Introduction

A 2025 survey of 32 MENA-focused venture capital fund managers provides a detailed view of how valuations, sector preferences, liquidity conditions, and investment practices have evolved. Collectively, these managers have invested in more than one thousand companies, giving the findings both depth and operational relevance.

The survey was conducted among managers within Jada's portfolio and reflects perspectives formed through regular portfolio valuation reviews, active deal making, and direct engagement across Saudi and the wider region. The results point to a market that is no longer overheated, increasingly selective, and steadily maturing.

01

Survey Respondents

Fund Size and Geographic Focus

All respondents identify primarily as venture capital (VC) investors. Roughly half manage funds between $30 million and $130 million in assets, while more established managers or those with international operations oversee significantly larger pools of capital.

Saudi Arabia remains the dominant investment focus, followed by the wider GCC. A smaller group of managers reported selective exposure to Africa, USA, and Asia, typically through opportunistic or exploratory investments rather than core allocation strategies.

Fund Formation Over Time

Fund formation data highlights how quickly the regional ecosystem has developed. Between 2009 and 2014, only four funds were launched by survey participants, and these early vehicles were not primarily MENA focused. Momentum began to build in 2015 and accelerated after 2017, a year often associated with greater regional visibility following Amazon's acquisition of Souq.com.

Survey respondents also point to the catalytic role of sovereign-backed initiatives. The launch of investment programs by the Public Investment Fund and the establishment of Jada Fund of Funds, as well as other publicly supported funds such as SVC, helped normalize institutional capital participation in venture markets.

Fund launches peaked in 2021, before slowing during the global reset. Activity resumed in 2023 and 2024, with eight new funds launched by survey respondents, despite a broader decline in headline venture funding volumes.

02

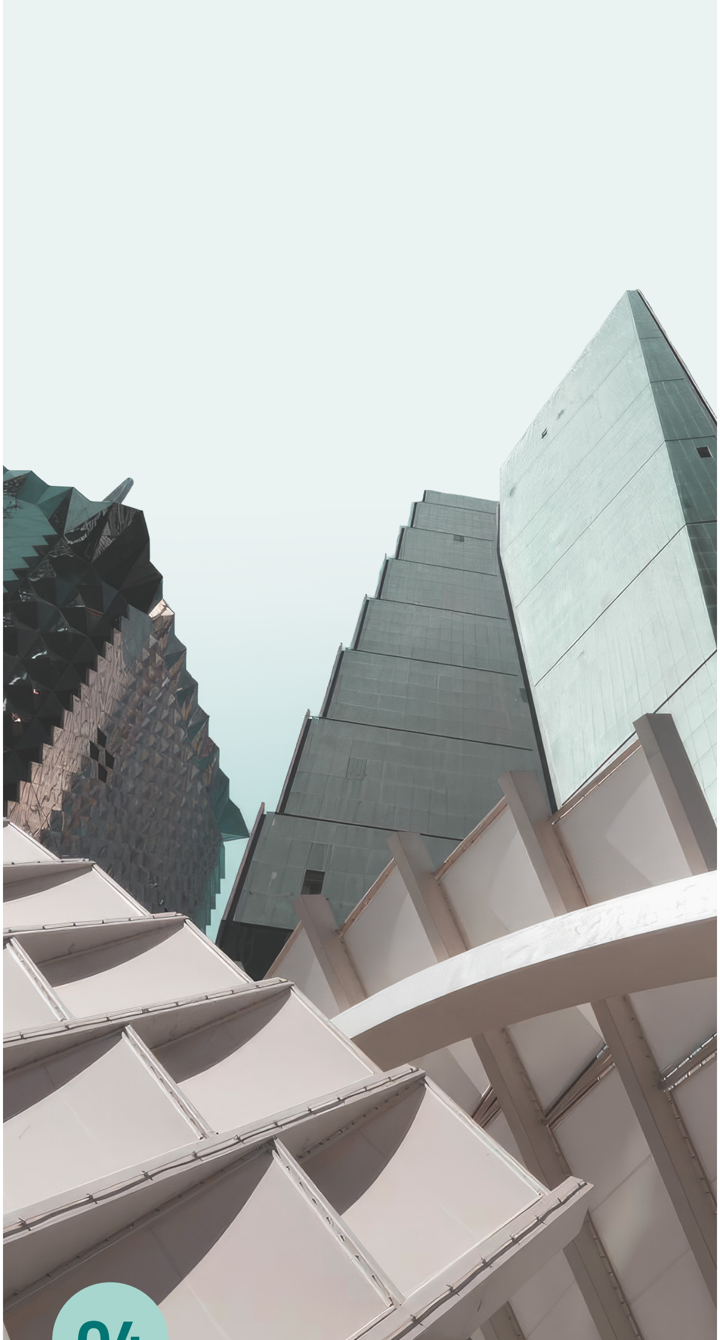
Valuations by Sector

Investor Sector Focus

FinTech, e-commerce, and SaaS continue to dominate investor attention, accounting for up to 60% of all sectors focus responses on the survey. This aligns closely with reported deal data, where these sectors represent more than half of total deal value and a large share of transaction volume.

PropTech and AI each captured ~10% percent of sector focus. PropTech stands out for having the highest average deal size in the region, supported by a limited number of large transactions. AI, by contrast, accounts for a relatively high number of deals but lower transaction values, reflecting prudent capital deployment.

HealthTech remains a consistent area of interest, spanning digital health, biotech, consumer health, and medical technology. EdTech did not rank among the top focus areas, although several larger Saudi based financings in late 2024 and early 2025 suggest renewed momentum.



03

Valuation Sentiment Since 2023

Overall Direction

When asked to compare current valuations with those at the end of 2023, up to 75% of respondents reported that valuations had risen either modestly or significantly. The remaining respondents observed modest declines. This split underscores the uneven nature of recovery and the importance of sector and stage level analysis.

Compared with late 2024, sentiment remains positive but more measured, suggesting that the sharp rebounds seen immediately after the downturn have given way to steadier normalization.

Differences by Funding Stage

Survey responses show a clear distinction between stages. Nearly 60% of respondents believe Series A and Series B valuations are higher than in 2023.

Pre-seed and seed valuations, however, are viewed as largely unchanged over the same period.

04

How Valuations Are Set

Preferred Metrics

Comparable transactions and revenue multiples remain the most widely used valuation tools among Saudi-based venture managers, consistent with findings from earlier regional studies. Precedent round pricing has gained additional acceptance, particularly where recent, well-structured rounds exist in similar markets or sectors.

EBITDA multiples are increasingly referenced when earnings are stable and measurable, typically at later stages. Discounted cash flow analysis, while standard in corporate finance, remains largely absent from early-stage venture valuation maybe due to the lack of predictable cash flow.

05

Exit Conditions

Perceptions of Exits

Views on exits are positive and improving. Nearly 70% of respondents reported significant or modest improvements in the exits environment since 2023, while others observed no change to mild deterioration. The overall picture is one of gradual progress rather than a full reopening of exit markets.

Expected Exit Channels

Secondary transactions emerged as the most frequently cited exit route. These transactions allow founders, employees, and early investors to achieve partial liquidity without relying on acquisitions or public listings. Respondents generally view the growth of secondaries as constructive, though they note the importance of maintaining valuation discipline.

M&A and regional IPOs also feature prominently. According to the Saudi Exchange, 32 IPOs were completed on the main market and 54 on Nomu between early 2024 and September 2025, reinforcing the relevance of public markets as an exit path.

06

Looking Ahead

Key Risks to Valuation Growth

The most frequently cited risks are limited exit routes and limited follow-on funding. Without clear pathways to liquidity or the ability to support winners through subsequent rounds, valuation growth can stall.

Other concerns include the possibility of valuations reverting to long term averages after periods of strength and risks related to macro factors and interest rates.

Conclusion

The 2025 survey of Saudi Arabia VC managers paints a picture of a market that is moving toward greater stability. Valuations have improved since 2023. FinTech, e-commerce, and SaaS continue to anchor the ecosystem, with PropTech and AI gaining attention under different risks and return profiles.

Valuation practices are becoming more standardized. Revenue multiples and comparable transaction valuation methods remain dominant, while EBITDA multiples and precedent rounds have gained some adherents. Discounted cash flow, useful for established, late-stage companies, did not enter the VC valuation conversation.

Exit options are broadening. Most of the survey respondents felt that exit channels had improved by a small but meaningful margin, and secondaries were cited most often as the top expected exit channel for 2025, in addition to regional IPOs.

The survey results suggest a venture market that is increasingly disciplined, resilient, and aligned with long-term development objectives.

Disclaimer:

This report has been prepared by Fund of Funds Company (Jada) for informational purposes only. The data, findings, and opinions presented are derived from survey responses provided by fund managers in the MENA region as of July 2025. While Jada believes the information to be accurate as of the survey date, no representation or warranty is made as to its accuracy, completeness, or reliability. This report does not constitute investment, legal, tax, or accounting advice. Readers should consult professional advisors before making investment decisions. Past performance is not indicative of future results.

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