

December
— 2025

Building a Sustainable Exit Infrastructure in [Saudi Arabia](#)

A Strategic Guidance for Founders
and Investors

SVC

 VENTURE CAPITAL
AND PRIVATE EQUITY
ASSOCIATION

01

Introduction: Building a Pathway for Startup Exits in Saudi Arabia

- Exit Preparedness as a Systemic Lever
- Aligning Exit Strategy with Vision 2030

02

Understanding the Global Exit Landscape

- Saudi Arabia and MENA: A Growing but Still Developing Exit Market
- Timelines, Structures, and the Nature of Modern Exits

03

Exit-Readiness Challenges in the Saudi Ecosystem

- Limited Secondary Market Infrastructure
- Gaps in Foundational Exit-Readiness Standards
- Misaligned Stakeholder Expectations
- Early-Stage Formation Depth and Pipeline

04

Investor Role in Enabling Exit Outcomes

- Identifying Exit Pathways Early
- Encouraging Structured Governance
- GP-Led Continuation Vehicles

05

Saudi and Global Case Studies

- Saudi Arabia: A Nascent and Developing Exit Landscape
- Global: Invoice2Go- From Platform Crisis to Profitable Exit
- Global: NewView Capital- Engineering Secondaries for Value Creation

06

Policy, Legal, and Market Enablers

- Regulatory and Market Reforms Enabling Exits

07

Exit Planning Framework and Best Practices

- For Policymakers and Ecosystem Builders
- For Venture Investors
- For Founders
- For Government-Backed Investor and Funds-of-Funds

1.

Introduction:

Building a Pathway for Startup Exits in Saudi Arabia

In any successful entrepreneurial and investment ecosystem, the ability for founders and investors to exit through acquisition, IPO, or secondary share sales underpins the long-term success of both the investors and companies themselves. **Exits are the moments when value is realized, capital is returned, and incentives are validated for all stakeholders.**

In Saudi Arabia, the conversation around startup exits is now entering a new phase. Over the past five years, the Kingdom has made major investments in early-stage innovation: funding accelerators, increasing venture capital deployment, launching new government initiatives, and incentivizing startup formation. In H1 2025, Saudi Arabia recorded seven M&A exits, up from two in H1 2024, with five of these led by domestic acquirers.¹ The Kingdom's modern venture ecosystem began to take shape within the past 5–6 years, accelerated by the establishment of anchor institutions such as the Saudi Venture Capital Company (SVC) and Jada Fund of Funds. The status of Saudi Arabia compares with more mature markets like the UAE or Egypt where exit cycles have had more than a decade to mature. While absolute exit volumes are in their early stages, formalized secondary markets are very nascent in Saudi Arabia, with regulatory frameworks for secondary offerings only recently proposed; existing secondary share sales among listed companies are rare, leaving founders and early investors reliant on IPOs or strategic M&A for liquidity.²

¹ Saudi Venture Capital Company (SVC) and MAGNITT. Saudi Arabia Venture Capital Report – H1 2025. Riyadh: SVC, 2025. <https://svc.com.sa/en/reports/>.

² Reuters, "Saudi Arabia Considers Regulatory Framework for Follow-on Share Offerings – CMA," February 20, 2024, <https://www.reuters.com/world/middle-east/saudi-arabia-considers-regulatory-framework-follow-on-share-offerings-cma-2024-02-20/>

To address these constraints, the Capital Market Authority (CMA) has amended listing rules to lower thresholds and expand Saudi Exchange's Nomu (the Parallel Market);³ the new Companies Law now allows both local and foreign founders to incorporate directly in Saudi Arabia without offshore structures.⁴ The National Technology Development Program (NTDP) has launched expansion-stage support, e.g., the Bridge Initiative, to fund export readiness, M&A advisory, IP commercialization, and other growth tools.⁵ **While exits remain fewer in absolute terms, Saudi Arabia has recently surpassed the UAE and Egypt in total venture funding, capturing 56% of regional capital and 37% of all deals in H1 2025, suggesting that exit maturity could accelerate faster than the historical paths of its regional peers.**⁶

Recent IPOs and strategic M&A offer evidence that the ecosystem is widening its exit channels. For example, in May 2024, Rasan Information Technology Co., a pioneering insurance technology platform, became the first Insurtech to list on Saudi Arabia's main market (TASI).

³Saudi Exchange. "Saudi Exchange Announces Key Changes to Listing Rules for Debt Instruments." Saudi Exchange / CMA announcement, November 13, 2024. <https://www.arqaam.com/en/market-news/saudi-exchange-announces-key-changes-to-listing-rules-for-debt-instruments-1769108>

⁴Kingdom of Saudi Arabia. Companies Law (Royal Decree No. M/132 dated 1 Dhul-Hijjah 1443H / June 30, 2022). Riyadh: Bureau of Experts at the Council of Ministers, 2022. Effective January 19, 2023.

⁵National Technology Development Program (Saudi Arabia). "Bridge Initiative." Accessed September 19, 2025. <https://www.ntdp.gov.sa/en/initiative/bridge>.

⁶Saudi Venture Capital Company (SVC) and MAGNiTT. Saudi Arabia Venture Capital Report – H1 2025. Riyadh: SVC, 2025. <https://svc.com.sa/en/reports/>.

Exit Preparedness as a Systemic Lever

For Saudi Arabia to transition from startup formation to a scalable innovation economy, it must develop the institutional, behavioral, and financial structures that underpin well-designed exits. Internationally, specialized M&A advisory firms now engage with venture-backed startups earlier in their growth journeys, providing sector-specific expertise well before exit events are imminent.⁷ At the same time, structured secondary-share programs, such as liquidity windows or company-led tenders, increasingly offer early stakeholders opportunities to realize value outside of traditional IPOs or full acquisitions.⁸ Initial signs are emerging in the Kingdom: the Saudi Exchange has announced reforms to Nomu to ease investor eligibility requirements and stimulate post-listing liquidity.⁹ Venture builders like Nomad have incubated subsidiaries such as MachineTalk, which was acquired by IoT Squared. Investors such as Sanabil are increasingly incorporating exit pathways into their deal structures via pre-IPO and non-dilutive funding instruments.¹⁰ Globally, similar practices are visible: for example, SoftBank's Vision Fund and other large venture firms have deployed late-stage/pre-IPO capital to prepare companies for public exits rather than waiting for M&A alone.¹¹

⁷Reuters. "Tech M&A Advisory Firm AXOM Hires Morgan Stanley's Black for Software Dealmaking." Reuters, March 12, 2025. <https://www.reuters.com/technology/tech-ma-advisory-firm-axom-hires-morgan-stanleys-black-software-dealmaking-2025-03-12/>

⁸Global Venturing, "Corporates Sell Older Startups on Secondary Market to Make Way for New AI Investments," July 1, 2025, <https://globalventuring.com/corporate/secondaries/ai-investment-secondary-market/>

⁹Saudi Exchange. "CMA Approves Enhancements to Nomu – Parallel Market to Boost Investor Participation and Liquidity." Press Release, March 27, 2025. <https://www.saudiexchange.sa/wps/portal/saudiexchange/about-saudi-exchange/exchange-media-centre/press-release/press-release-details/...>

¹⁰Wamda. "iot squared Acquires Machinestalk to Solidify Position in Saudi Market." August 13, 2023. <https://www.wamda.com/2023/08/iot-squared-acquires-machinestalk-solidify-position-saudi-market>.

¹¹TechCrunch. "SoftBank and the Late-Stage Venture Capital J-Curve." February 8, 2021. <https://techcrunch.com/2021/02/08/softbank-and-the-late-stage-venture-capital-j-curve/>.

The challenge of building consistent, repeatable exit pathways is not unique to Saudi Arabia. In Singapore, Catalist, launched in 2007, serves as a sponsor-supervised growth board for SMEs. In 2024 it recorded four listings, and regulators convened a review group to recommend equity-market reforms aimed at improving liquidity and listings.¹² In Canada, the federal government's Venture Capital Catalyst Initiative (VCCI), launched in 2017, has helped stimulate venture activity and foster exit pathways. By H1 2025, disclosed Canadian VC exits totaled US\$814 million, of which secondaries represented US\$680 million, or 84% of total value. Notably, no IPOs were recorded in this period, underscoring how secondary transactions have become a critical liquidity mechanism for Canadian investors and founders.¹³ The mix of global exits in H1 2025, dominated by secondaries rather than IPOs, illustrates how non-IPO liquidity can sustain recycling when public windows narrow. In Australia, secondary-market liquidity proved vital: in 2024, ASX-listed firms raised US\$23.8 billion across 1,271 follow-on transactions, placing ASX first globally by transaction volume for the seventh consecutive year.¹⁴ This deep secondary market provides investors with reliable post-listing liquidity, allowing venture-backed firms to recycle capital and supporting continued confidence in IPOs as a viable exit pathway. This depth in follow-ons creates credible post-listing liquidity, which in turn supports IPO confidence for growth companies.

¹²Conyers. SGX Mainboard & Catalist Public Companies Report – H1 2025. Singapore: Conyers, August 1, 2025. <https://www.conyers.com/publications/view/sgx-mainboard-catalist-public-companies-report-h1-2025/>

¹³ Canadian Venture Capital and Private Equity Association (CVCA). H1 2025 Canadian Market Overview. Toronto: CVCA, July 2025. <https://central.cvca.ca/research>

¹⁴<https://www.asx.com.au/blog/listed-at-asx/asx-capital-markets-2024-review-and-2025-outlook>.

Aligning Exit Strategy with Vision 2030

Saudi Arabia's Vision 2030 outlines a national roadmap for economic diversification, private-sector expansion, and establishing a globally competitive innovation economy. Under its strategy to increase SME contribution from 20% to 35% of GDP by 2030, the Kingdom has built a layered institutional infrastructure to support entrepreneurs, spanning financial, non-financial, and policy support. On the financial side, Saudi Arabia has established a layered set of capital institutions to support startups, including SVC, Jada, and the Social Development Bank under the National Development Fund. These are among the most prominent anchors, though not the only initiatives¹⁵. On the non-financial side, ecosystem-building efforts include both government and non-government entities such as Monsha'at's SME advisory and training programs¹⁶, MISK Foundation's entrepreneurship tracks¹⁷, and the National Technology Development Program (NTDP)¹⁸, all of which aim to strengthen early-stage formation and scaling. But funding and support alone do not complete the cycle: what gets funded must eventually be exited.

¹⁵Kingdom of Saudi Arabia. Vision 2030: Overview and Strategic Objectives. Accessed July 2025. <https://www.vision2030.gov.sa/en>

¹⁶Monsha'at. "About Monsha'at." General Authority for Small and Medium Enterprises. Accessed August 13, 2025. <https://www.monshaat.gov.sa/en/about>

¹⁷MISK Foundation. Entrepreneurship Programs. Riyadh: MISK, 2025. <https://misk.org.sa/programs/entrepreneurship>

¹⁸National Technology Development Program (NTDP). About NTDP. Riyadh: NTDP, 2025. <https://ntdp.gov.sa>



Long-term success is predicated on a startup ecosystem capable of moving funds, talent, and opportunities rapidly from one venture to the next. To realize Vision 2030's SME growth targets¹⁹, these early-stage interventions must be paired with equally robust exit infrastructure, ensuring that the capital and capacity built today translate into sustainable returns and reinvestment tomorrow. **Therefore, this effort cannot be only about only chasing unicorns; it must be about designing repeatable exit infrastructure through which any viable startup can return capital in a smart, timely, and aligned way.**

2.

Understanding the Global Exit Landscape

To understand the importance of exit preparedness in Saudi Arabia, it's necessary to understand the realities of how, when, and where exits happen globally and how that compares to regional dynamics in MENA and within the Kingdom itself. While headlines may celebrate unicorn IPOs or flashy acquisitions, actual exit markets are more complex, slower-moving, and increasingly shaped by secondaries, partial exits, and multi-year holding periods.

Globally, the exit landscape has shifted dramatically in recent years. Global IPOs peaked in 2021—about 3,000 listings raising US\$608 billion—before a >70% YoY contraction by mid-2022 as rates rose and valuations reset. Median time-to-IPO lengthened to ~11.4 years in the U.S.²⁰ M&A has become the dominant path to liquidity, especially in high-growth sectors like fintech, SaaS, and digital health. However, overall exit times for acquisitions lengthened from about 4.5 years in 2005 to almost 6.3 years in 2024 – an increase of 40%.²¹ Global venture-backed acquisitions totaled US\$50 billion in Q2 2025 alone, the second-highest quarterly total since 2021.²² In software, median acquired-company revenue was US\$101.7 million, while median deal value was US\$5.9 million—evidence that most exits are modestly sized.²³

¹⁹ Kingdom of Saudi Arabia. Vision 2030: Overview and Strategic Objectives. Accessed July 2025. <https://www.vision2030.gov.sa/en>

²⁰ Jay Ritter, IPO Statistics, University of Florida, 2025 update. <https://site.warrington.ufl.edu/ritter/files/IPO-Statistics.pdf>

²¹ Private Equity List Blog. "Average Time to Exit Venture Capital Explained. June 2, 2024. <https://blog.private-equitylist.com/average-time-to-exit-venture-capital/>

²² Crunchbase News. "Global venture M&A value hits \$50 billion in Q2 2025." Crunchbase, July 8, 2025. <https://news.crunchbase.com/venture/global-funding-climbs-q2-2025-ai-ma-data/>.

²³ SaasRise, The SaaS M&A Report 2025, accessed July 2025, <https://www.saas-rise.com/blog/the-saas-m-a-report-2025>

The venture secondary market has also matured, reaching US\$155 billion in 2024, a nearly 40% increase from 2023, with renewed pricing strength as LP-led deals traded at an average 13.3% discount to NAV.²⁴ As U.S. venture capitalist Hunter Walk explains, “Secondary is quickly becoming primary for early stage VCs,” underscoring how sales of existing equity are now an accepted, strategic tool rather than a red flag.²⁵















²⁴ Campbell Lutyens. Full-Year 2024 Secondary Market Overview Report. London: Campbell Lutyens, February 13, 2025. https://campbell-lutyens.com/media/rjvd4h34/campbell-lutyens_full-year-2024_secondary-market-overview-report-vf.pdf.

²⁵ Hunter Walk, “Praise Our Lord for Secondary Markets,” Medium, March 2023, <https://hunterwalk.medium.com/praise-our-lord-for-secondary-markets-because-selling-shares-is-now-an-essential-part-of-seed-897f3975fee7>

Saudi Arabia and MENA: A Growing but Still Developing Exit Market




Compared to mature ecosystems, the MENA region is still at an early stage in producing consistent and engineered exits. In H1 2025, Saudi Arabia recorded seven M&A exits, up sharply from just two in H1 2024, underscoring that absolute volumes remain modest but are beginning to accelerate.

M&A Activity in Saudi Arabia in H1 2025

Acquired	Date	Industry	Founding Years to Exit	Acquirer/ New Entity
 SEEDS KSA	June	EdTech	1	 iSchool®
 ShopUp sary	April	E-commerce/Retail	7	 SILQ
 miran	April	Sports & fitness	6	 welves
 إعلانات سلة salla ads مستقبل الإعلانات الذكية	February	Advertising and Marketing	3	 سلة salla
 Pubbles	February	Media & Entertainment	4	 MUSH SOCIAL
 moola	February	FinTech	2	 T2 Business Simplified
 عارة	January	Advertising and Marketing	1	 YALLA. SPONSOR

²⁶ Saudi Venture Capital Company (SVC) and MAGNiTT. Saudi Arabia Venture Capital Report – H1 2025. Riyadh: SVC, 2025

Notable transactions include the IPOs of Rasan, the Kingdom's first Insurtech listing, Jahez, which became the first food-delivery platform to list on Nomu in early 2022, and Nice One, Saudi's first e-commerce unicorn to reach Tadawul's Main Market, as well as Drahim's sale of its payments business to Al Rajhi Bank. Together, these cases illustrate that Saudi Arabia is rapidly diversifying its exit pathways across IPOs and strategic acquisitions. Given that Saudi's institutional framework dates to 2018, the present uptick in exit activity is consistent with the expected maturity curve.²⁶

Alongside IPOs such as **jahez**, **rasan**, and  **نايس ون** NICE ONE, other exit modes are beginning to emerge.  **دراهم** Drahim's 2024 sale of its fintech platform to  **مصرف الراجحي** alrajhi bank followed deliberate pre-sale restructuring and regulator-aligned product design. CEO Sultan Al Khayal described the deal as “a testament to the success of the Saudi Central Bank's experimental regulatory environment and the Capital Market Authority's FinTech Lab, which have paved the way for startups to build innovative solutions that contribute to the Financial Sector Development Program's goals.”²⁷ These transactions, profiled in greater detail in the case study section, illustrate how deliberate operational design, from governance housekeeping to targeted market positioning, is beginning to shorten the path to liquidity in the Kingdom. **Taken together, they signal that Saudi Arabia is building exit capacity across multiple sectors and deal types. Yet the relative scarcity of such examples underscores how much room remains before these outcomes become routine.**

²⁶ Saudi Venture Capital Company (SVC) and MAGNiTT. Saudi Arabia Venture Capital Report – H1 2025. Riyadh: SVC, 2025

²⁷ Al Rajhi Bank. “Al Rajhi Bank Completes Strategic Acquisition of Drahim App.” Press Release, September 3, 2024. <https://www.alrajhibank.com.sa/en/About-alrajhi-bank/Media-Center/2024/Drahim>.

The broader Saudi ecosystem remains constrained by structural limitations: few strategic acquirers (e.g. large commercial organizations) with formal in-house corporate development teams; reliance on the Nomu exchange as a go-to IPO venue; and the relative absence of a functional secondary market.^{28 29} In these respects, the Kingdom mirrors where Southeast Asia stood a decade ago: a phase of strong public-sector backing, abundant early-stage capital, but underdeveloped exit infrastructure.

Over the past ten years, Southeast Asia has expanded its base of corporate acquirers by encouraging cooperation between large corporations and startups, improved capital market access, and introduced secondary mechanisms that helped deepen liquidity and accelerate distributions. Indonesia's arc is particularly illustrative. Indonesia's OSS (2018) simplified incorporation and licensing; the 2020 Omnibus Law introduced risk-based licensing, replaced the negative list with a priority investment list, and eased certain foreign-ownership limits—measures that lowered entry barriers and helped unlock IPO and M&A activity.^{30 31} Though challenges remained, such as capital restrictions on foreign VC firms and inconsistent governance practices, these reforms helped unlock both IPO and M&A activity in Indonesia.

²⁸ Zainab Fattah, "Middle East Funding Gaps Risk Delaying Startups' IPO Ambitions," Bloomberg, May 22, 2025, <https://www.bloomberg.com/news/articles/2025-05-22/middle-east-funding-gaps-risk-delaying-startups-ipo-ambitions>

²⁹ Arab News. "Saudi Arabia's Nomu Hosts 28 IPOs in 2024, Raising SAR 1.1 Billion." January 4, 2025. <https://www.arabnews.com/node/2605015/business-economy>.

³⁰ "Indonesia Easy-Business Reforms, OSS System," Queen Law Firm, February 2025. <https://www.queenlawyers.com/2025/02/>

³¹ Robert Siegel, Susan Cherry, Chris Kontz, Winston Xu, and Amit Seru, *Ajaib: An Emerging Market Unicorn* (Dossier for Finance 207, Stanford Graduate School of Business, December 15, 2024).

Timelines, Structures, and the Nature of Modern Exits

Even in mature markets, exits often take years, and in the current environment they are taking longer. Higher interest rates, tighter capital markets, and increased buyer due diligence since 2022 have lengthened deal cycles compared to the 2018–2021 period of abundant liquidity.³² Across sectors, time from founding to exit often spans 6–10 years, with faster categories (e.g., payments) exiting sooner and other verticals on the longer end. **Higher interest rates since 2022 have extended diligence and holding periods.**³³

Equally important is deal structure. Modern exits are rarely a simple all-or-nothing event. Startups may offer tender offers to de-risk early equity holders without capping upside. Acquirers structure earn-outs, earn-in stock payments, or milestone-triggered equity vesting. Even Nomu-based IPOs tend to have limited liquidity compared to primary exchanges.

³² PitchBook Data, Inc. Q2 2024 Global M&A Report. July 2024. <https://pitchbook.com/news/reports/q2-2024-global-ma-report>

³³ “Ilya Strebulaev, “How Long Does It Take Startups to Exit?” LinkedIn post, [July 2025] https://www.linkedin.com/posts/ilyavcand-pe_how-long-does-it-take-startups-to-exit-activity-7341162793011695616-cdby/#:~:text=Ilya%20Strebulaev%20Cool%20stuff.,to%2010%20years%20to%20exit.&text=Respectfully—this%20data%20tells%20part,a%20misleading%20proxy%20for%20success.

3.

Exit-Readiness

Challenges in the Saudi
Ecosystem

Saudi Arabia's VC market has grown impressively in deal volume, but exit-readiness remains a central challenge. **Without the underlying operational and market infrastructure to support liquidity events, headline deals risk being isolated wins rather than repeatable outcomes.** For a sustainable exit environment, challenges must be addressed in order of criticality.

Limited Secondary Market Infrastructure

Saudi Arabia is developing the nascent secondary mechanisms that mature ecosystems use to provide interim liquidity and recycle capital. Interviews with local VCs and GPs suggest that while secondary share transactions are increasing in visibility, they remain rare among Saudi startups.³⁴ An AGC-funded survey of MENA funds found that even when they occur, secondary transactions in the region trade at average discounts of ~20 percent to prior primary rounds, **a sign of limited demand and constrained buyer competition.** Without this infrastructure, startups are forced to time growth plans around narrow IPO or M&A windows rather than optimizing for readiness throughout their lifecycle.

³⁴ The National, "Why Saudi Arabia is emerging as key exit market for start-ups," October 27, 2024.

Gaps in Foundational Exit-Readiness Standards

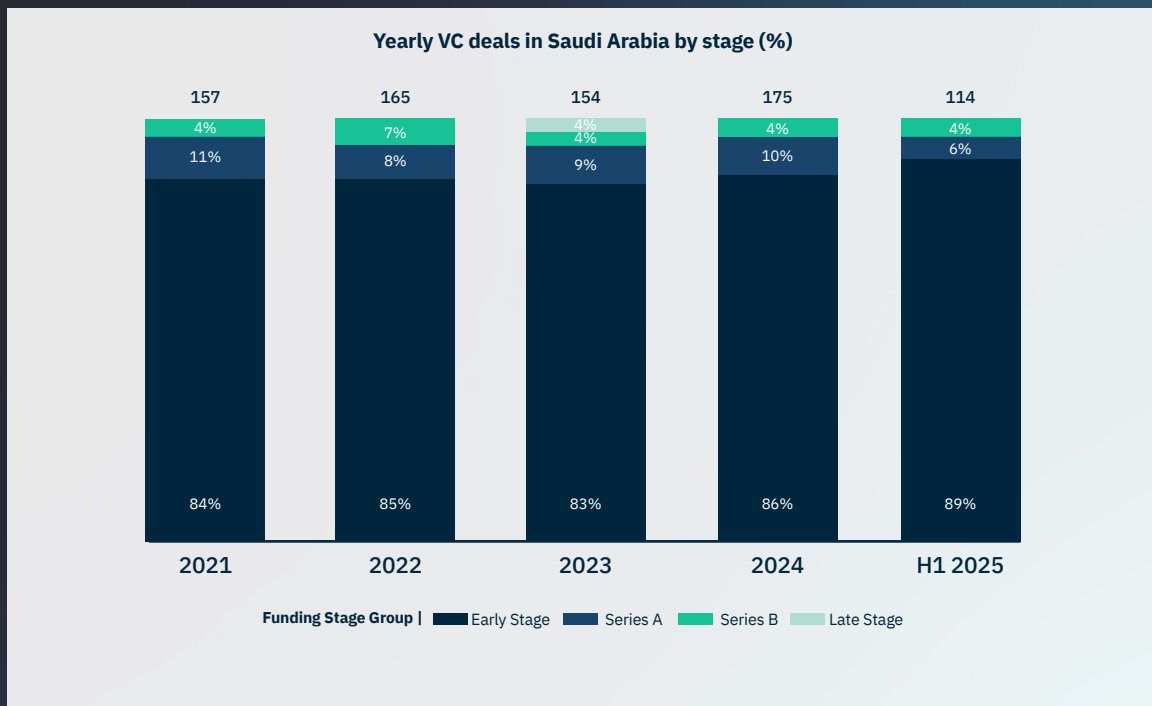
Exit-readiness is not a single milestone but a continuous operational standard. Recent reporting shows that many Saudi startups still face friction around issues such as compliance, ownership documentation, and governance alignment, which are all essential for M&A or IPO diligence.³⁵³⁶ This deficit is simply structural rather than aspirational; some founders and early investors can be incented to focus on valuation optics and fundraising velocity over building institutional-grade discipline.

³⁵ Arab News. "How KSA Is Blending Compliance and Innovation to Boost Startup Growth." Arab News, August 8, 2025. <https://www.arabnews.com/node/2611908/business-economy>

³⁶ Daleel News. "Tech Startup Boom in Saudi Arabia: Regulatory Transformation." Daleel News, August 12, 2025.

Misaligned Stakeholder Expectations

In Saudi Arabia, most capital remains concentrated in the earliest stages, with 89 percent of deals in H1 2025 occurring before Series A.³⁷



³⁷ Saudi Arabia Venture Capital Report H1 2025. Riyadh: MAGNiTT, 2025, p.19

This early-stage skew incentivizes founders **to prioritize fundraising momentum and rapid scale over considering smaller, earlier liquidity events**. More broadly, GPs globally are observing delay in exit activity and holding periods increasing, especially when valuations and regulatory barriers are high.³⁸

In more mature venture ecosystems like Silicon Valley, reputation functions as a powerful deterrent against opportunistic behavior. Investors who are seen as deliberately prolonging negotiations to force lower valuations risk losing access to high-quality deal flow, damaging relationships with co-investors, and impairing their fundraising prospects.³⁹ In younger ecosystems, where these reputational guardrails are weaker, acquirers and investors can be more willing to delay transactions to secure lower prices, even when those deals would be value-accretive for all stakeholders.

³⁸ Bain & Company. Global M&A Report 2024. Boston: Bain & Co., 2024

³⁹ Vladimir Atanasov, Vladimir Ivanov, and Kate Litvak, "Do VCs Lose Their Reputation? Evidence from Litigation against Venture Capitalists," *Journal of Finance* 67, no. 3 (2012): 1129–1166, <https://doi.org/10.1111/j.1540-6261.2012.01744.x>.

In 2024, MENA saw 701 M&A deals valued at approximately US\$92.3 billion, a 7% increase in deal value year-on-year.⁴⁰ While this reflects a growing deal ecosystem, many of the transactions skew large, cross-border, or involve mature industries. Without clear, accessible exit pathways for smaller and mid-stage firms, founders may overextend in pursuit of scale, expecting returns that remain hard to realize. In H1 2025, sub-US\$50 million deals fell to just 14% of MENA PE transactions as deals larger than US\$100 million grew, concentrating liquidity in large tickets and leaving many mid-stage ventures under-exited.⁴¹

Early-Stage Formation Depth and Pipeline

While startup formation in Saudi Arabia has accelerated since 2018, the ecosystem's exit funnel is still maturing. Strengthening this pipeline requires continued support of the pre-seed and seed activity, alongside scaling programs that prepare more startups for Series B and beyond, where acquisition and secondary opportunities typically emerge.

⁴⁰ EY MENA Insights. MENA M&A Insights 2024. "701 deals totaling US\$92.3 billion in 2024" as reported in "MENA M&A activity rises 3 % in 2024 to 701 deals, totaling US\$92.3 billion," Finance Middle East, February 26, 2025. <https://www.financemiddleeast.com/news/mena-ma-activity-rises-3-in-2024-to-701-deals-totalling-92.3-billion>

⁴¹ "Saudi Arabia Leads MENA Private Equity Market in H1 2025 Amid Decline in Regional Deals," Khaleej Mag (reporting MAGNITT), July 29, 2025. <https://khaleejmag.com/business/saudi-arabia-leads-mena-private-equity-market-in-h1-2025-amid-decline-in-regional-deals>

4.

Investor Role

in Enabling Exit Outcomes

In a developing exit environment like Saudi Arabia, **investors must provide more than capital**. They must play the role of exit architects/coaches as well. Industrializing a culture of consistent exits requires more than a keen eye for market signals, but proactive entity design as well. Investors must embed exit thinking from the first check to the final board approval, shaping trajectories that deliver liquidity.

Identifying Exit Pathways Early

Seasoned VCs begin planning for strategic M&A, structured secondaries, or IPOs as early as Series A or B through explicit exit scenario mapping. By modeling valuation triggers, buyer archetypes, deal structures, and timing, investors reduce uncertainty and broaden strategic options. A well-planned exit process defines profit timing and method, aligning incentives and reducing risk.⁴² For sophisticated investors, thinking about exit pathways begins at the moment an initial investment decision is made. For Saudi Arabia, adopting similar tools would not just follow precedent, but proactively fill a growing gap in exit infrastructure. As Saudi VC shifts toward later-stage deals, structured liquidity tools will grow in importance. Currently, few Saudi founders see exits as a function of product lifecycle architecture. Investors can change this by framing multiple exit paths, coaching portfolio companies to pursue flexibility over unicorn aspirational rigidity.

⁴²IdealVDR. "Venture Capital Exit Strategy: Key Approaches, Best Practices, and ..." IdealVDR Blog, accessed 2025. "A well-planned exit process ... defines profit timing and method."

Encouraging Structured Governance

Even when exits become feasible, misaligned governance structures can prevent them from materializing. Common issues include super-voting share classes that concentrate decision-making power and distort shareholder control, vaguely defined or inconsistently drafted drag-along provisions that fail to guarantee a smooth exit process, and disproportionate board representation that entrenches insider influence, all of which can create stalemates at the worst possible moment.⁴³

Global advisory reports frequently **cite cultural misalignment**, including differences in governance norms and decision-making styles, as among the **top failure drivers in M&A integrations**.⁴⁴ While region-specific research is limited, commentary from Middle East–focused analysts at PwC note that governance challenges and institutional weaknesses can similarly complicate transactions across MENA.⁴⁵ This challenge is not unique to Saudi Arabia or the MENA region, however. For example, in Indonesia, investors faced parallel issues. Despite formal laws, weak governance norms led to elevated risk premiums and heavier oversight in venture deals.⁴⁶ In other cases, this can lead to founder–investor standoff or fire sales that undercut value and morale. A mature exit environment requires early alignment on what an agreeable outcome looks like. Without baseline trust in board practice and financial discipline, even high-potential companies are often priced as risky bets or fail to translate traction into liquidity. These challenges are true in many developing entrepreneurial ecosystems.

⁴³ Morningstar Sustainalytics, “Shareholder Democracy and the Challenge of Dual-Class Share Structures,” January 23, 2025; Wilson Sonsini Goodrich & Rosati, “How to Navigate the Decision of Exercising Drag-Along Rights During an M&A Process,” September 27, 2022; Harvard Law School Forum, “Shareholder Democracy and the Challenge of Dual-Class Share Structures,” February 11, 2025.

⁴⁴ Deloitte. Culture of M&A: A Study of Culture in Mergers and Acquisitions. Deloitte Insights, 2020. <https://www2.deloitte.com/us/en/pages/mergers-and-acquisitions/articles/mergers-and-acquisitions-culture.html>

⁴⁵ PwC Middle East. Family Business Survey 2023: The Path Ahead for MENA Family Firms. PwC, 2023. <https://www.pwc.com/m1/en/publications/family-business-survey-2023.html>.

⁴⁶ Robert Siegel, Susan Cherry, Chris Kontz, Winston Xu, and Amit Seru, Ajaib: An Emerging Market Unicorn (Dossier for Finance 207, Stanford Graduate School of Business, December 15, 2024)

Exits are built over time through governance, discipline, and capital architecture. Investors must enforce audit readiness, clean cap tables, IP assignment compliance, and standardized board protocols. **These are not distractions for entrepreneurs and employees. Rather, they signal strategic depth to acquirers and regulators.**

GP-Led Continuation Vehicles

One emerging tool for extending the runway of promising but illiquid assets is the GP-led continuation vehicle. This secondary market structure allows a general partner (GP) to transfer one or more portfolio companies from an existing fund into a newly formed continuation fund. Existing limited partners (LPs) are offered the choice to sell their stake in the company for cash, roll their interest into the new vehicle, or even a combination of these options, while the GP retains management control and long-term exposure. Well-known venture capital firms such as NEA and Insight Partners closed large continuation funds in 2024. In the developing Southeast Asia market, Tim Burroughs notes that continuation vehicles are finally gaining traction only after ecosystems recognize the need for structured options in Series B/C liquidity gaps.⁴⁷

⁴⁷ Burroughs, Tim. "Asia Secondaries: Can Continuation Vehicles Find a Home in Venture Capital?" Mergermarket, September 2024. <https://ionanalytics.com/insights/mergermarket/asia-secondaries-can-continuation-vehicles-find-a-home-in-venture-capital/>.

How It Works

- ▶ The GP identifies a company or group of companies with strong fundamentals but a longer-than-expected path to exit.
- ▶ A new continuation fund is created and capitalized by secondary investors.
- ▶ LPs in the original fund can either take liquidity by selling their stake to the continuation fund's investors or reinvest by rolling their interest forward.
- ▶ The GP continues to manage the company within the new fund until a suitable exit is achieved.

Benefits

- ▶ **For LPs:** Provides liquidity without waiting for a traditional M&A or IPO.
- ▶ **For GPs:** Retains exposure to high-potential companies and avoids forced sales at inopportune times.
- ▶ **For Companies:** Removes short-term exit pressure, allowing management to focus on operational improvements, strategic positioning, and market timing

Cons

- ▶ **For LPs:** : Liquidity may come at a discount to NAV, raising concerns about fair value.⁴⁸
- ▶ **For GPs:** Valuation conflicts and scrutiny from LPs can create reputational risks.⁴⁹
- ▶ **For Companies:** Continuation funds may provide liquidity for investors without adding fresh growth capital.⁵⁰

⁴⁸ Setter Capital. "Secondary Private Market Deal Volume Surges Past \$100B in H1 2025." MarketsGroup, July 2025. <https://www.marketsgroup.org/news/secondary-private-market-deal-volume-surges-past-100b-in-h1-2025>.

⁴⁹ Michelle Celarier, "Are Continuation Funds Losing Their Allure?" Institutional Investor, August 20, 2024. <https://www.institutionalinvestor.com/article/2dnkx56cahb3iopfs1pmo/corner-office/are-continuation-funds-losing-their-allure>

⁵⁰ Axios. "Why Venture Capital Is Riding a Trend of Continuation Funds." May 7, 2024. <https://www.axios.com/2024/05/07/venture-capital-continuation-funds>.

Market Context

According to Lazard, the global secondaries market hit a record US\$152 billion in 2024, with GP-led secondaries accounting for nearly half (US\$72 billion), a sharp increase over 2023.⁵¹ Although continuation vehicles do not inject operating capital directly, they reset investor timelines and often attract reinvestment from new backers. This realigns incentives around long-term value creation and can be a powerful alternative when companies are stuck in mid-stage stagnation. While the primary transaction involves ownership transfer between investors rather than direct company funding, continuation vehicles can still benefit portfolio companies by extending the time horizon for value creation and, in some cases, providing follow-on investment from incoming investors.

Exit Impediment	Actions to Mitigate
Limited secondary market infrastructure	Encourage startup collaboration with large strategic partners on products and services at early stages in company development; create more liquidity options such as GP-led continuation vehicles and secondary platforms; build corporate development capacity within large Saudi firms
Lack of exit-readiness standards	Identify exit pathways early for startups; reduce regulatory friction in M&A and IPO processes
Misaligned stakeholder expectations	Encourage structured and professional governance at a company's earliest days
Early-stage formation depth and pipeline	Grow scaling programs to help companies move from Seed/Series A to Series B

⁵¹ Lazard. Secondary Market Report 2024. February 2025. <https://www.lazard.com/perspective/secondary-market-report-2024>.

5.

Saudi and Global Case Studies

Taken together, the following cases illustrate that Saudi Arabia is no longer waiting for its ‘first exit.’ The ecosystem is now producing a spectrum of real outcomes — IPOs, M&A spinouts, and minority stake sales — echoing the diversification already underway in mature markets.

Saudi Arabia: A Nascent and Developing Exit Landscape

Saudi Arabia’s startup ecosystem has begun producing notable exits, spanning IPOs, strategic minority investments, and corporate acquisitions. While liquidity pathways remain limited and M&A channels are still developing, the last three years have yielded instructive cases that reflect growing sophistication in deal preparation and execution.

jahez

The story of Jahez illustrates both the potential and limitations of IPOs in the Saudi context. Founded in 2016, Jahez successfully listed on Nomu in January 2022, barely five years after launch. The IPO was oversubscribed nearly 39 times by institutional investors, generating significant media attention and propelling the company to a SAR 9 billion valuation.⁵² But this was not simply a case of timing or hype. In the years leading up to the listing, Jahez invested heavily in governance, operational auditing, and investor relations. It secured external audits, institutional backers, and strong internal controls to meet the disclosure expectations of public markets. After its IPO, Jahez expanded regionally into Bahrain and Kuwait, and acquired a majority stake in the Qatari delivery platform Snoonu. The IPO prospectus explicitly warned of reduced secondary liquidity.⁵³ For founders and investors, the takeaway is clear: IPOs can deliver access to capital and visibility, but in the absence of liquid secondary markets, they must be paired with careful exit planning.

⁵²“Food delivery platform Jahez to debut on Saudi’s parallel market on Jan. 5,” Arab News, January 3, 2022, updated January 4, 2022, <https://arab.news/4fpgx>

⁵³Capital Market Authority (Saudi Arabia). Jahez International Company Prospectus (Nomu), sec. 3.6. Riyadh: CMA, 2022



Similarly, Nice One, a beauty e-commerce platform, became the first Saudi e-commerce unicorn to list on Tadawul's Main Market in January 2025, raising about SAR 1.21 billion at SAR 35 per share for 34,650,000 offered shares. Institutional orders were oversubscribed 139.4x and retail demand was covered about 7.5x.⁵⁴



Another instructive case is Rasan Information Technology, which in 2024 became the first Saudi Insurtech to go public. The offering comprised 22,740,000 shares at SAR 37, raising SAR 841 million; institutional book-building was covered 129.1x and the retail tranche was covered 12.8x.⁵⁵



Portfolio builders such as Nomad have demonstrated that disciplined governance, early adoption of robust financial and operational standards, and strategic subsidiary spinouts can produce acquisition-ready companies. Notable examples include the sale of IoT-focused MachineTalk and the divestiture of Nomad's digital marketing arm to a leading domestic group, both prepared through strong board oversight and readiness for buyer due diligence.



Similarly, Drahim successfully spun out and sold its payments solutions business to Al Rajhi Bank in 2024, a transaction enabled by deliberate pre-sale restructuring, early alignment on buyer requirements, and a clear regulatory compliance profile. In the e-commerce enablement space, Salla's 2024 sale of a significant minority stake to Investcorp, following its acquisition of digital marketing firm What Play (Solid Ads), consolidated core capabilities ahead of a potential public listing.⁵⁶ This illustrates how minority transactions can function as staged liquidity events while setting the stage for eventual IPO readiness.⁵⁷

⁵⁴ Saudi Exchange. "Nice One Announces Final Offer Price." December 16, 2024. https://www.saudiexchange.sa/Resources/fsPd-f/16996_350_2024-12-16_00-43-49_en.pdf.

⁵⁵ "Saudi Arabia's Rasan Information Technology Prices IPO at Top of Range." May 22, 2024. <https://www.reuters.com/markets/deals/saudi-arabias-rasan-information-technology-prices-ipo-top-range-2024-05-22/>.

⁵⁶ "Investcorp Invests in Salla, Saudi Arabia's Leading SaaS E-Commerce Enablement Platform." Investcorp, March 4, 2024. Reports that Investcorp led a \$130 million pre-IPO growth round in Salla, alongside Sanabil and STV.

⁵⁷ Interview with Salla executive, 1550 Carroll St, Otter.ai transcript, 0:07–17:37; Investcorp. "Investcorp Invests in Salla." March 2024. <https://www.investcorp.com/investcorp-invests-in-salla/>.

Collectively, these cases illustrate a spectrum of emerging exit models: IPOs, strategic acquisitions, and minority stake sales. Each path carries trade-offs and exposes key challenges, particularly the absence of structured secondary sales or continuation vehicles. Expanding this middle layer will require deliberate action from ecosystem leaders. On the policy side, the Capital Market Authority (CMA) and Tadawul could accelerate efforts to establish regulated secondary platforms, providing a compliant route for shareholder liquidity and employee share transfers. Already, the CMA has issued a draft regulatory framework for secondary offerings, proposing requirements such as a CMA-authorized advisor, book-building, and disclosure rules designed to increase transparency and liquidity.⁵⁸ In parallel, the CMA proposed reforms to Nomu aimed to ease investor eligibility criteria and broaden market participation, further addressing liquidity bottlenecks.⁵⁹ At the market-building level, government-backed funds and leading VCs could co-launch Saudi-focused continuation vehicles, while large corporates such as STC (through its Tali Ventures unit) and Aramco (via Wa'ed and Aramco Ventures) are already increasing investment activity, showing readiness to play a more active role in strategic acquisitions and minority growth transactions.⁶⁰

Together, these initiatives would build the infrastructure to make exit pathways more predictable, repeatable, and aligned with Vision 2030's goals. These examples reinforce a central insight: exit-readiness is not a binary condition but a function of governance, market positioning, financial and market evolution, and long-term capital planning. Whether through disciplined restructuring (Invoice2Go), targeted secondary funding and board-level engagement (NewView/ScienceLogic), or Saudi-specific IPO and M&A trajectories (Drahim, Nomad, Salla), each example illustrates the importance of aligning investor intent, founder behavior, and operational discipline. For Saudi Arabia, these stories provide replicable models that highlight both the diversity of viable exit paths and the institutional scaffolding required to support them.

⁵⁸ Capital Market Authority (Saudi Arabia). "The Capital Market Authority Calls for Public Consultation on the Draft Regulatory Framework to Regulate Secondary Offerings." CMA. Accessed July 2025. https://www.cma.gov.sa/en/Market/NEWS/pages/CMA_N_3447.aspx

⁵⁹ "CMA Proposes Easing Investor Criteria for Nomu to Boost Participation, Liquidity." Arab News, March 27, 2025. <https://www.arabnews.com/node/2594895/business-economy>.

⁶⁰ "Aramco Expands Global Venture Capital Program with \$4 Billion Funds Injection." Zawya, February 2025. <https://www.zawya.com/en/press-release/companies-news/aramco-expands-global-venture-capital-program-with-4bln-funds-injection-ypziq9nj>.

Global: Invoice2Go – From Platform Crisis to Profitable Exit

Founded in 2002 by Australian developer Chris Strode, Invoice2Go offered simple invoicing tools for small businesses and scaled quickly following App Store success. By 2014, Accel had invested, installing Greg Waldorf as CEO to lead U.S. expansion and growth efforts.

But technical debt threatened its trajectory. In 2016–17, the team initiated a full re-platforming of the product. The effort required de-featuring the platform and shifting users to a new version before feature parity was reached. But the strategy, dubbed “No Go Back,” resulted in mass user dissatisfaction, app store ratings collapsed, and stunted growth.⁶¹

Despite severe product and morale setbacks, the company made critical decisions that enabled recovery:

- ▶ **Stabilizing with Discipline:** Waldorf reduced headcount, increased prices, and prioritized higher-revenue users, achieving profitability in 2018.
- ▶ **Securing Investor Alignment and Governance Support:** With backing from Accel and strong board engagement, Invoice2Go was able to reassert governance discipline, clean up internal systems, and stage capital-efficient growth. This level of oversight and financing support mirrored the kinds of investor behaviors needed to engineer eventual liquidity.

⁶¹ Invoice2Go. E-627 Invoice2Go 011618 Clean.pdf and E700 - Invoice2Go 012520.pdf. Internal Case Materials from Robert Siegel, 2018–2020.

- ▶ **Rebuilding Talent and Team Structure:** New, more experienced, heads of product and design were hired to restore user focus and rebuild cross-functional squads.
- ▶ **Shifting to Engagement Metrics:** Moving from ARPU-centric KPIs to user engagement and active user metrics realigned priorities toward customer value.
- ▶ **Global Expansion with Local Anchoring:** Most pertinent to Saudi firms is how Invoice2Go grew beyond its home market. As the company expanded into the U.S. to drive growth and secure funding, it maintained a significant operational and engineering presence in Australia. This distributed approach enabled Invoice2Go to tap into global capital and customers while retaining cost efficiencies and continuity in its core team. For emerging-market startups like those in Saudi Arabia, this model demonstrates that internationalizing go-to-market functions does not require abandoning domestic infrastructure. Anchoring key capabilities locally can preserve cohesion, reduce overhead, and enhance resilience during scale.

The Invoice2Go case shows that a company's recovery is possible post-crisis if investors and leadership embrace disciplined restructuring, reframe the organizational mission, and pursue strategic global expansion. By establishing a presence in the U.S. while maintaining key operations in Australia, Waldorf and his team positioned the company to access larger markets. This dual-anchor model allowed Invoice2Go to access capital and customers abroad while preserving operational continuity at home. This approach ultimately contributed to a successful acquisition by Bill.com in 2021 for US\$625 million. For Saudi Arabia, the case highlights a key lesson: firms can achieve international scale and exit readiness while retaining domestic capabilities, provided expansion is pursued with discipline and intentionality.

⁶² Invoice2Go. E-627 Invoice2Go 011618 Clean.pdf and E700 - Invoice2Go 012520.pdf. Internal Case Materials from Robert Siegel, 2018–2020.

Global: NewView Capital – Engineering Secondaries for Value Creation

NewView Capital was born from a structural challenge facing large VC firms: overloaded portfolios and insufficient attention to mid-performing startups. In 2018, Ravi Viswanathan launched NewView by acquiring 31 mid-stage companies from NEA, creating a US\$1.35 billion fund to manage them with deeper operational support.⁶³

⁶³ NewView Capital. E793 NewView Capital – May 13 2022.pdf. Stanford GSB Case Study, 2022.

ScienceLogic, one of the companies in that basket, exemplifies the success of this approach:

- ▶ **Constructive Capital:** NewView provided follow-on funding and helped execute a secondary tender for employees holding soon-to-expire stock options.
- ▶ **Operational Engagement:** NewView's partners sat on the company's Board and worked closely with management on funnel diagnostics and shifted SaaS KPI tracking toward high-impact metrics like CAC and LTV.⁶⁴
- ▶ **Exit-Driven Focus:** Through proactive alignment and practical support, NewView enabled ScienceLogic to raise US\$105 million from Silver Lake in 2021 and continue scaling, preserving exit potential while avoiding premature pressure to sell.⁶⁵

This model offers Saudi Arabia a vital insight. When backed by operational excellence and a management-aligned philosophy, GP-led secondaries and portfolio buyouts can breathe new life into mid-stage ventures while unlocking early liquidity. For Saudi funds, GP-led tools can extend hold periods on high-potential assets while offering interim DPI.

⁶⁴ NewView Capital. E793 NewView Capital — May 13 2022.pdf. Stanford GSB Case Study, 2022.

⁶⁵ NewView Capital. E793 NewView Capital — May 13 2022.pdf. Stanford GSB Case Study, 2022.

6.

Policy, Legal, and Market Enablers

Saudi Arabia can further strengthen its ecosystem by enhancing shareholder rights clarity, reinforcing governance transparency requirements across growth-stage firms, and building mechanisms that encourage post-listing liquidity.⁶⁶ Initiatives such as Tadawul's Listing Documents & Resources portal already provide issuers with practical guidance,⁶⁷ and recent adjustments to Nomu have lowered barriers for smaller high-growth companies. These changes make the platform more accessible to SMEs and scale-ups, and include reducing the minimum market capitalization requirement from SAR 40 million to SAR 10 million, lowering listing fees, and allowing companies with shorter operating track records or alternative ownership structures to qualify for listing thereby.⁶⁸ Continued measures to deepen market-maker participation and broaden the pool of active institutional investors could ensure that companies not only reach listing but also sustain healthy trading volumes thereafter.

These legal measures reduce friction in M&A and IPO processes and increase investor confidence. In this regard, the roles of regulators such as the Capital Market Authority (CMA) and relevant government ministries, along with market operators like the Saudi Exchange (Tadawul), will be pivotal in ensuring that exit pathways are accessible, credible, and aligned with global best practice

⁶⁶ World Bank and International Monetary Fund. *Developing Government Bond Markets: A Handbook*. Washington, DC: World Bank, 2001. Accessed August 14, 2025. <https://hdl.handle.net/10986/37787>.

⁶⁷ Saudi Exchange. "Listing Documents & Resources." Accessed August 14, 2025. <https://www.saudiexchange.sa/wps/portal/saudiexchange/listing/become-an-issuer/listing-documents-resources>.

⁶⁸ "CMA Proposes Easing Investor Criteria for Nomu to Boost Participation, Liquidity." Arab News, March 27, 2025.

Some elements are already partially implemented in peer markets and could be adapted locally. In the UAE, the Abu Dhabi Global Market has introduced regulated Private Financing Platforms to facilitate supervised private share transactions.⁶⁹ Saudi Arabia does not yet have a dedicated regulated secondary platform for venture-backed shares, although the Capital Market Authority issued a Draft Regulatory Framework to Regulate Secondary Offerings in the Parallel Market in July 2023, which could serve as a foundation.⁷⁰

Adapting and localizing such mechanisms could bridge Saudi Arabia's liquidity gap for founders, early investors, and employees. A regulated secondary platform, paired with robust governance and disclosure requirements, would expand mid-stage exit options beyond the narrow IPO and M&A windows currently available. This would also strengthen investor confidence by introducing transparent, rule-based processes for private share transfers, reducing the risk of undervaluation or opportunistic acquisitions. These reforms build on momentum already visible in deals like Rasan's IPO and Drahim's strategic sale, ensuring that such outcomes become routine rather than exceptional.

⁶⁹ Abu Dhabi Global Market. "Regulatory Framework for Private Financing Platforms." Financial Services Regulatory Authority, September 2018. <https://www.adgm.com/media/announcements/adgm-launches-new-private-financing-platform>

⁷⁰ Capital Market Authority (Saudi Arabia). Draft Regulatory Framework to Regulate Secondary Offerings in the Parallel Market (Nomu). Riyadh: CMA, July 2023.

7.

Exit Planning

Framework and Best Practices

Saudi Arabia's startup ecosystem has made undeniable progress over the past five years. Government-backed venture initiatives, private fund formation, and rising founder ambition have laid the groundwork for innovation-led growth. But ecosystems do not mature through inputs alone. Their sustainability depends on outputting consistent liquidity events that recycle capital, reward risk, and reinforce success.

As we've detailed, other markets have walked this path before. Singapore's equity incentives and IPO-readiness initiatives helped drive a 59 percent year-on-year surge in average daily securities trading value, lifting it to levels not seen since March 2020.⁷¹ Canada's Venture Capital Catalyst Initiative (VCCI) has stimulated over US\$837 million billion in fundraising by venture funds and catalyzed US\$1.9 billion in investments into nearly 400 companies.⁷² Australia's export-led tech strategy has produced a US\$570 billion market capitalization among its public tech companies, while tech startups backed by venture capital have grown from under 1 billion AUD to more than 70 billion AUD over the past decade.⁷³

By expanding on these initiatives and drawing from tested approaches in peer markets, policymakers and ecosystem builders can unlock new liquidity pathways, strengthen investor confidence, and accelerate the Kingdom's progress toward Vision 2030's innovation and diversification goals.

⁷¹ SGX Group. "SGX Group's April Volumes Powered by Five-Year-High Stock-Market Activity." Media Centre, May 13, 2025. <https://www.sgxgroup.com/media-centre/20250513-sgx-groups-april-volumes-powered-five-year-high-stock-market>.

⁷² Innovation, Science and Economic Development Canada. Performance Metrics for VCCI 2017 – December 31, 2023. Government of Canada, March 19, 2025. <https://ised-isde.canada.ca/site/sme-research-statistics/en/venture-capital-catalyst-initiative/performance-metrics-vcci-2017-december-31-2023>

⁷³ Tech Council of Australia. Turning Australia into a Regional Tech Hub. August 2022. https://techcouncil.com.au/wp-content/uploads/2022/08/Turning-Australia-into-a-regional-tech-hub_Report-2022.pdf.

For Policymakers and Ecosystem Builders

- ▶ **Advance secondary market regulation to enable compliant share transfers and employee liquidity.** Comparable frameworks, such as Singapore's Private Market Program under SGX and Abu Dhabi Global Market's Private Financing Platform, have demonstrated that structured secondary mechanisms can expand mid-stage liquidity while maintaining investor safeguards.^{74 75}
- ▶ **Strengthen Nomu as a growth-stage IPO venue through incremental adjustments.** Recent CMA reforms lowered free-float requirements and streamlined disclosure processes, and Tadawul's guidance portal provides practical resources for issuers. Continued fine-tuning, such as enhancing market-maker activity, would further broaden access for smaller high-growth firms.⁷⁶
- ▶ **Build corporate development capacity among large Saudi firms to expand regional M&A activity.** Evidence from Canada's Venture Capital Catalyst Initiative shows how public-private partnerships helped mobilize US\$1.8 billion and spurred domestic acquisition capacity. Encouraging large Saudi corporates to create in-house M&A teams or partner with regional accelerators can play a similar role in strengthening local acquisition pipelines.⁷⁷

⁷⁴ Singapore Exchange (SGX). SGX Private Market Program. Accessed August 2025. <https://www.sgx.com>.

⁷⁵ Abu Dhabi Global Market (ADGM). Private Financing Platform Guidelines. ADGM, 2022. <https://www.adgm.com>.

⁷⁶ "CMA proposes easing investor criteria for Nomu to boost participation, liquidity," Arab News, March 26, 2025, <https://arab.news/j7be>

⁷⁷ Business Development Bank of Canada (BDC), Venture Capital Catalyst Initiative, accessed September 20, 2025, <https://www.bdc.ca/en/bdc-capital/venture-capital/ecosystem-support/financial-programs/venture-capital-catalyst-initiative>

For Venture Investors

- ▶ **Embed exit planning and readiness preparation into portfolio engagement** starting at Series A. Conduct quarterly exit-readiness reviews, incentivize governance improvements, and educate founders on structured options like earn-outs and continuation vehicles.⁷⁸
- ▶ **Practice constructive intervention** with underperforming companies. When results fall short of fund-returning potential, investors must pursue de-risking, recapitalization, or targeted M&A rather than abandon founders or push for premature selloffs.
- ▶ **Model realistic DPI targets** for LPs. Build capital-return forecasts that align with the liquidity profile of the Saudi market and educate limited partners on the importance of secondary pathways.

For Founders

- ▶ **Founders benefit from treating exit literacy as a core competency.** Founders should aim to understand the mechanics of liquidity, from liquidation preferences and control provisions to the nuances of M&A and secondary sales.
- ▶ **Design cap tables for flexibility.** Avoid ownership structures that give too much control to a small group of shareholders too early, create hidden ownership claims, or grant special voting powers that can make future transactions more difficult. Balanced equity structures make it easier to attract investors and negotiate exit.

⁷⁸ Tackroom Capital, "Navigating Successful Exits: A Strategic Guide for VCs and Founders," <https://www.tackroomcapital.com/en/blog/navigating-successful-exits-a-strategic-guide-for-vcs-and-founders>

For Government-Backed Investors and Funds-of-Funds

- ▶ **Link future capital commitments to actual cash returned, not just paper gains.** Measuring performance through distributions to paid-in capital (DPI) rather than valuations (TVPI) helps ensure capital is recycled in sync with the ecosystem's maturity curve, rather than overextended on unrealized marks.⁷⁹
- ▶ **Support continuation vehicles and secondary platforms.** These tools offer non-binary outcomes and allow high potential but illiquid companies to remain viable while still returning capital.

Growth in ecosystem infrastructure (legal, financial, and behavioral) will drive a culture of exit readiness that will positively reinforce the entrepreneurial ecosystems. Ultimately, exit readiness is not just a private-sector concern; it is a national imperative aligned with Vision 2030's ambition to build a thriving, innovation-driven economy.

⁷⁹ Carta, "For venture fund LPs, DPI is 'the metric that rules them all,'" October 10, 2024, <https://carta.com/data/vc-dpi-2024>



Saudi Venture Capital Company

SVC is an investment company established in 2018 and is a subsidiary of the SME Bank, part of the National Development Fund (NDF).

SVC aims to stimulate and sustain financing for startups and SMEs from pre-Seed to pre-IPO, positioning itself as a market maker through investments in funds and direct investments in startups and SMEs. Since inception, SVC has backed 65 Private Capital Funds (Venture Capital, Private Equity, Venture Debt, Private Debt) that supported 1,000+ Startups and SMEs.



Venture Capital and Private Equity Association

An entity that supports venture capital and private equity established by a resolution issued by the Saudi Council of Ministers in 2019 to integrate expertise and professionalism in addressing the challenges faced by investment fund managers, angel investors, and start-ups.

By coordinating meetings with relevant stakeholders, reviewing and improving regulations in the sector, improving the legislative environment, and increasing awareness through quality training programs and discussion sessions that highlight its promising prospects and future directions; In addition, the association seeks to provide exclusive features that increase the attractiveness of attracting more innovative investments and stimulate taking a bold and sustainable step towards the venture capital and private equity sector.

About the Author



Robert E. Siegel
Lecturer in Management
Stanford Graduate School of Business

Robert E. Siegel has spent his career at the intersection of academia, innovation, operations, and entrepreneurship. As a Lecturer in Management at Stanford Graduate School of Business, he teaches courses on leadership, innovation, and entrepreneurial strategy. Robert brings deep experience from both the business and academic worlds, having authored over 115 business case studies used at top universities and contributed significantly to research on how organizations grow and adapt in a fast-changing world.

Robert is a Venture Partner at Piva Capital, and a General Partner at XSeed Capital. Previously, he was the General Manager at GE Security, overseeing a \$350 million global division, and co-founded Weave Innovations, a digital imaging company later acquired by Kodak. He sits on the boards of several companies including HERE Technologies and Avocado. He also holds four patents related to digital imaging and compression.

His work extends beyond the classroom and boardroom. He is the author of two best-selling books: *The Systems Leader* and *The Brains and Brawn Company*. Robert also served as lead researcher for Intel co-founder Andy Grove's bestseller *Only the Paranoid Survive* and has won multiple Case Centre Awards for his contributions to entrepreneurship education.

SVC



**VENTURE CAPITAL
AND PRIVATE EQUITY
ASSOCIATION**