SAVCA
SOUTHERN AFRICAN VENTURE CAPITAL AND PRIVATE EQUITY ASSOCIATION

2025 VENTURE CAPITAL INDUSTRY SURVEY

INSIGHTS INTO THE SOUTHERN AFRICAN VENTURE CAPITAL INDUSTRY COVERING THE 2024 CALENDAR YEAR

Research Partner: VS Nova

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MOMENTUM WITH MEANING:
ELEVATING AFRICA'S VENTURE FUTURE

Nicola Gubb, Interim Executive Director, SAVCA

As we reflect on the state of venture capital in Southern Africa at the close of 2024, a compelling story of resilience, evolution, and quiet momentum emerges.

Despite global economic uncertainties and constrained exit environments, our region's VC ecosystem has demonstrated remarkable tenacity – growing by 24.4% year-on-year to reach a record R13.35 billion in active investments across 1,325 deals. Behind these numbers lies the story of a maturing market, more sophisticated capital deployment, deeper investor networks, and an encouraging shift toward early-growth stage funding, especially Series A, which speaks to a growing confidence in scalable local innovation.

Tech leads, but the ecosystem must follow

The technology sector continues to lead the way, accounting for nearly two-thirds of total investment. Yet, we're seeing encouraging signals from other critical areas such as healthtech. Regional hubs, particularly the Western Cape and Gauteng, remain vital, with notable growth also coming from beyond South Africa's borders, reflecting the pan-African potential of our startups.

While 2024 marked the lowest exit activity on record, this challenge is not without opportunity. Limited exits and follow-on funding remain barriers, but they also underscore the urgent need to build a more robust and connected ecosystem. From policy reform to stronger corporate VC participation and deeper pools of later-stage capital, the path forward is clear.

The heart behind the capital

What excites me most, however, is the people behind the capital. The increased presence of women-led and a sustained presence of black-led funds, the growth in B-BBEE-compliant fund managers, and the continued commitment to transformation are all signals of a sector not just growing in size but maturing in character.

We still have much ground to cover. However, if 2024 has shown us anything, it's that Southern Africa's venture capital sector is steadily shifting gears from promise to performance. I remain deeply optimistic about the future we're building together.

Let this report serve not only as a snapshot of where we are, but as a call to action for where we can go.

Acknowledgments

Thank you to all our members and ecosystem partners who participated in this survey. Your continued engagement forms the backbone of this important work.

A special thanks to VS Nova, our research partner, for your continued excellence and collaboration. Your work has once again enabled us to produce a data-rich report that showcases the power and potential of venture capital in shaping the future.

We look forward to building on this momentum together in 2025 and beyond.

SAVCA

The Southern African Venture Capital and Private Equity Association (SAVCA) is the industry association and public policy advocate for private equity and venture capital in Southern Africa. SAVCA members represent in excess of R237 billion in assets under management through circa 230 members that represent the private capital ecosystem.

SAVCA promotes the sector by engaging with regulators and legislators on a range of matters affecting the industry; providing relevant and insightful thought leadership and research on aspects that impact the industry; offering training and capacity building opportunities to stakeholders in the ecosystem; and by creating meaningful networking opportunities for industry players, investors and capital seekers..

Website: www.savca.co.za | **X (formerly Twitter):** @SAVCAssociation

VS NOVA

VS Nova is a South African based management consultancy. Our business offering is centred on strategy, research and advisory services.

Proudly championing private equity and venture capital

SAVCA is proud to represent an industry exemplified by its dynamic and principled people, and whose work is directed at supporting economic growth, development and transformation.

SAVCA was founded in 1998 with the guiding purpose of playing a meaningful role in the Southern African venture capital and private equity industry. Over the years we've stayed true to this vision by engaging with regulators and legislators, providing relevant and insightful research on aspects of the industry, offering training on private equity and venture capital, and creating meaningful networking opportunities for industry players.

We're honoured to continue this work on behalf of the industry.

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HIGHLIGHTS

SOUTH AFRICA VENTURE CAPITAL (VC) HIGHLIGHTS

At the end of 2024, the SA VC asset class had…

R13.35 bn invested in

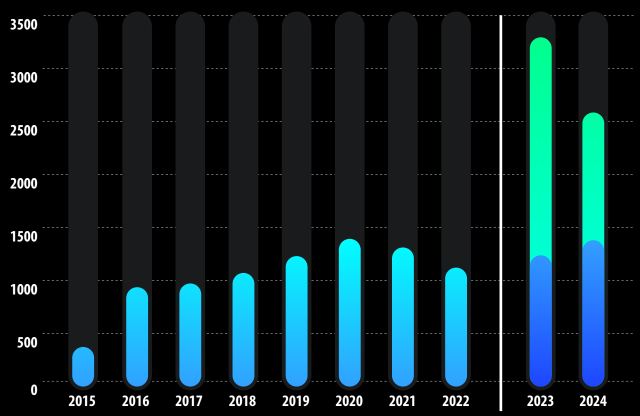
1,325 active deals

Up 24.0% from 2023

The annual SAVCA VC Survey analyses deal activity of venture capital and similar early-stage investments into mainly South African businesses. It is based on data sourced from various types of fund managers, including SAVCA members active in the VC asset class. The data is reported on in calendar years and cover the full spectrum of investor types, ranging from individuals and angel investors, to corporations and government.

The 2025 SAVCA VC survey reports on all active deals up to year-end 2024.

2024 Investment Activity…



R3.29 bn to startups*

R2.62 bn equity deals:

- **R1.40 bn VC Fund Managers**
- **R1.22 bn Co-Investors**

R0.67 bn debt (VC FMs)

222 deals into 110 entities, up 17.0% from 94 in 2023

65.9% of deals
3x next sector
Top 3: Software, FinTech & Online Markets

Health (20.0%) is only other growth sector

52.0% of deals W/Cape
Non-SA 14.6%

Shift towards **early-growth VC**

Exits severely **constrained**

80.8% deals by **Independents**

41.7% one **black** founder or more

42.1% one **female** founder or more

R0.73 bn committed, not deployed

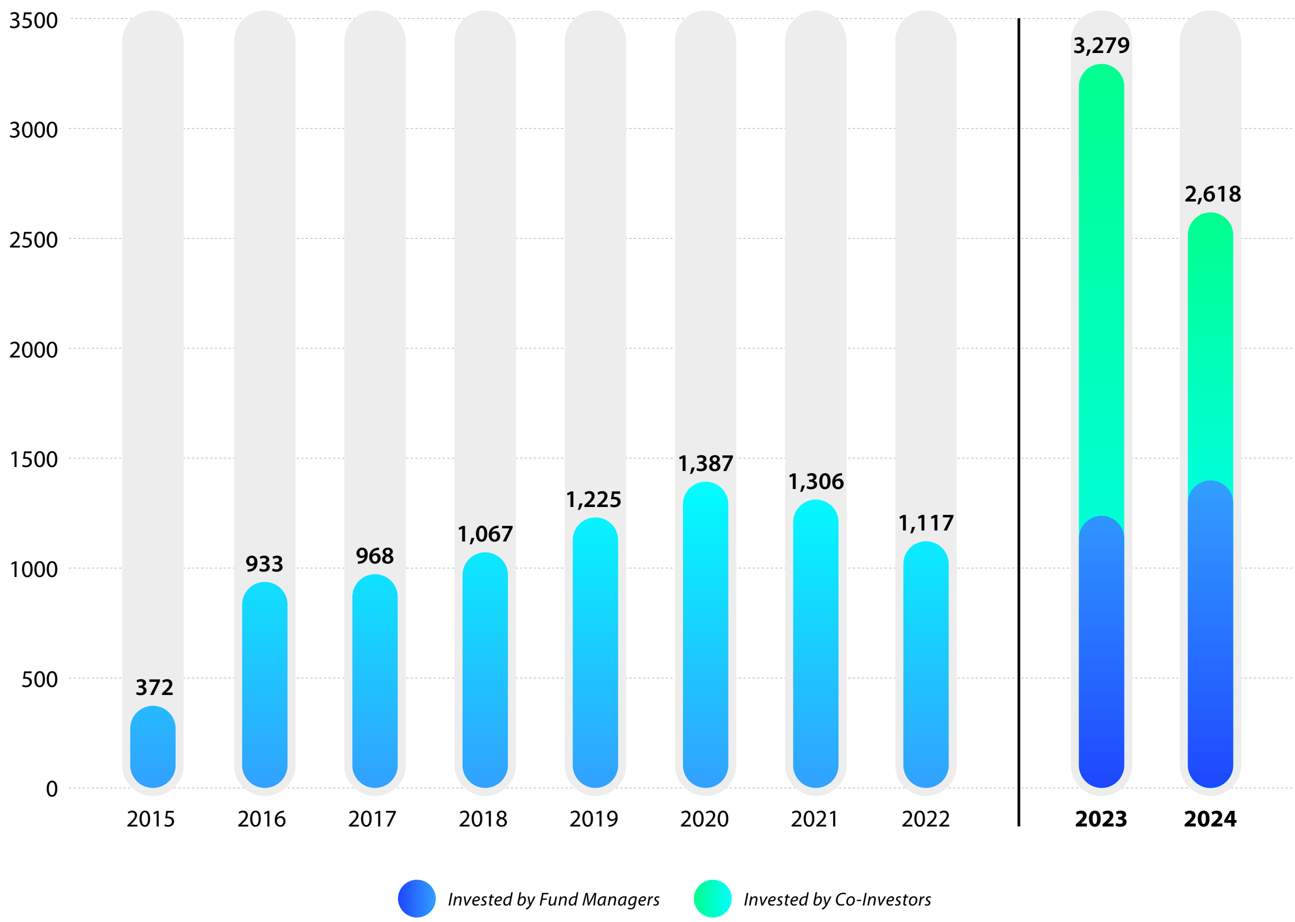
More than **R3.75 bn** dry powder

1

ANNUAL INVESTMENT ACTIVITY

1 ANNUAL INVESTMENT ACTIVITY[1]

Figure 1a *Investments per year, by value (in ZAR million)*



- Investment activity in 2024 comprised 222 rounds in contrast to 184 in 2023, outperforming previous years by a considerable margin. However, the total value of equity deals was less than the figures recorded for 2023 (R2.62 bn in 2024, down 20.2% from R3.28 bn in 2023).

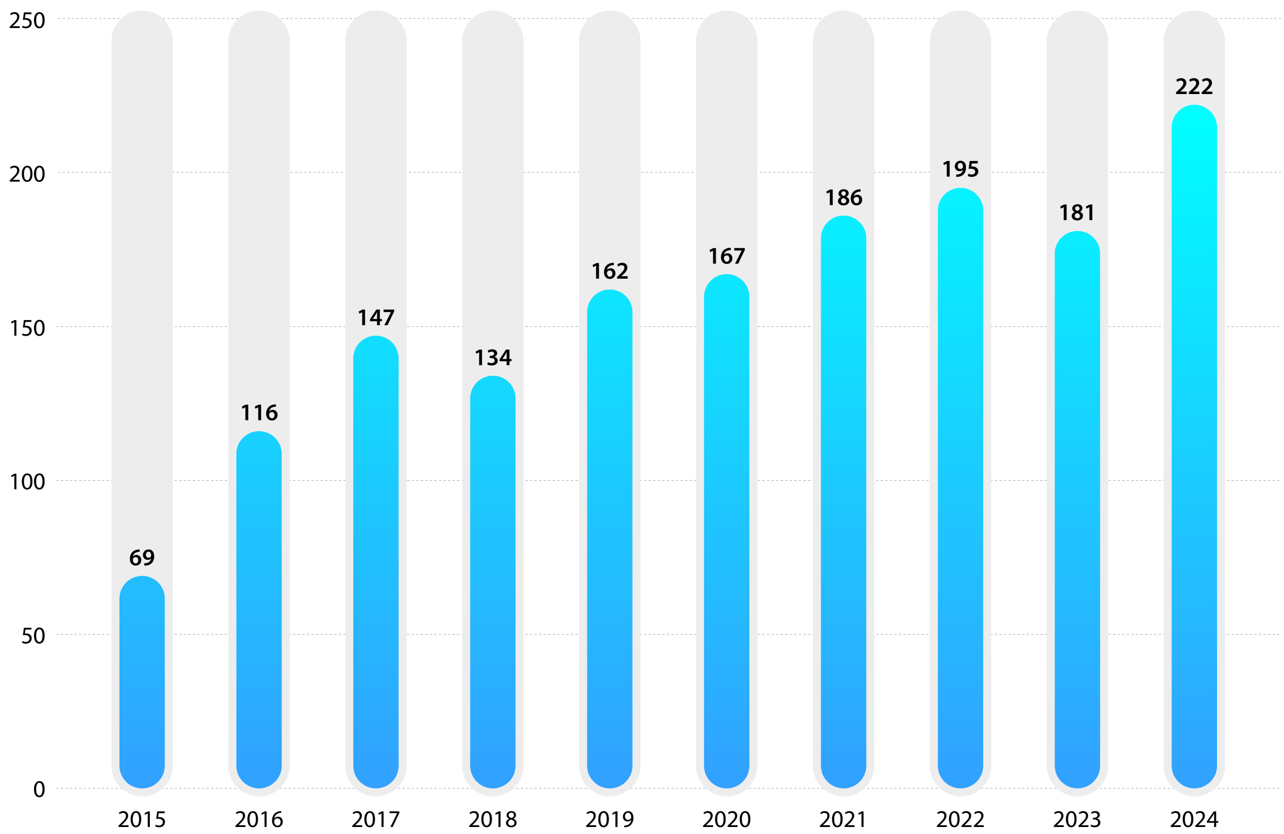
- VC fund managers, the primary survey respondents, have been steadily increasing annual investment, both in capital and number of deals, with a substantial increase in the last few years due to co-investment activity. Data about co-investment activity is supplied by the primary respondents, based on additional investors (i.e. co-investors) active in their respective deals.

- More co-investors were involved in 2024 in general, albeit without the few significant co-investment rounds of magnitude reported in 2023. The above graph shows the portion of co-investor capital in comparison to that invested by the primary fund managers.

- This year's survey is the first where fund managers reported debt advanced to investments alongside equity. The subsequent total capital made available to startups by VC investors and their co-investors amounted to R3.29 bn (R2.62 bn in equity deals of which R1.22 bn was co-investment capital, and R0.67 bn debt).

[1] *Investment figures in this report - including annual totals – are based on equity deals and exclude debt, unless explicitly indicated otherwise. This is to allow for annual comparison with previous years, as debt is only included in the survey alongside equity starting this year."*

Figure 1b *Investments per year, by number of deals*



- 2024 saw the highest number of individual deals reported since the first SAVCA VC survey in 2010, amounting to 222 individual rounds.
- The number of entities that received investment increased similarly by 17.0% from 94 individual companies in 2023, to 110 in 2024.

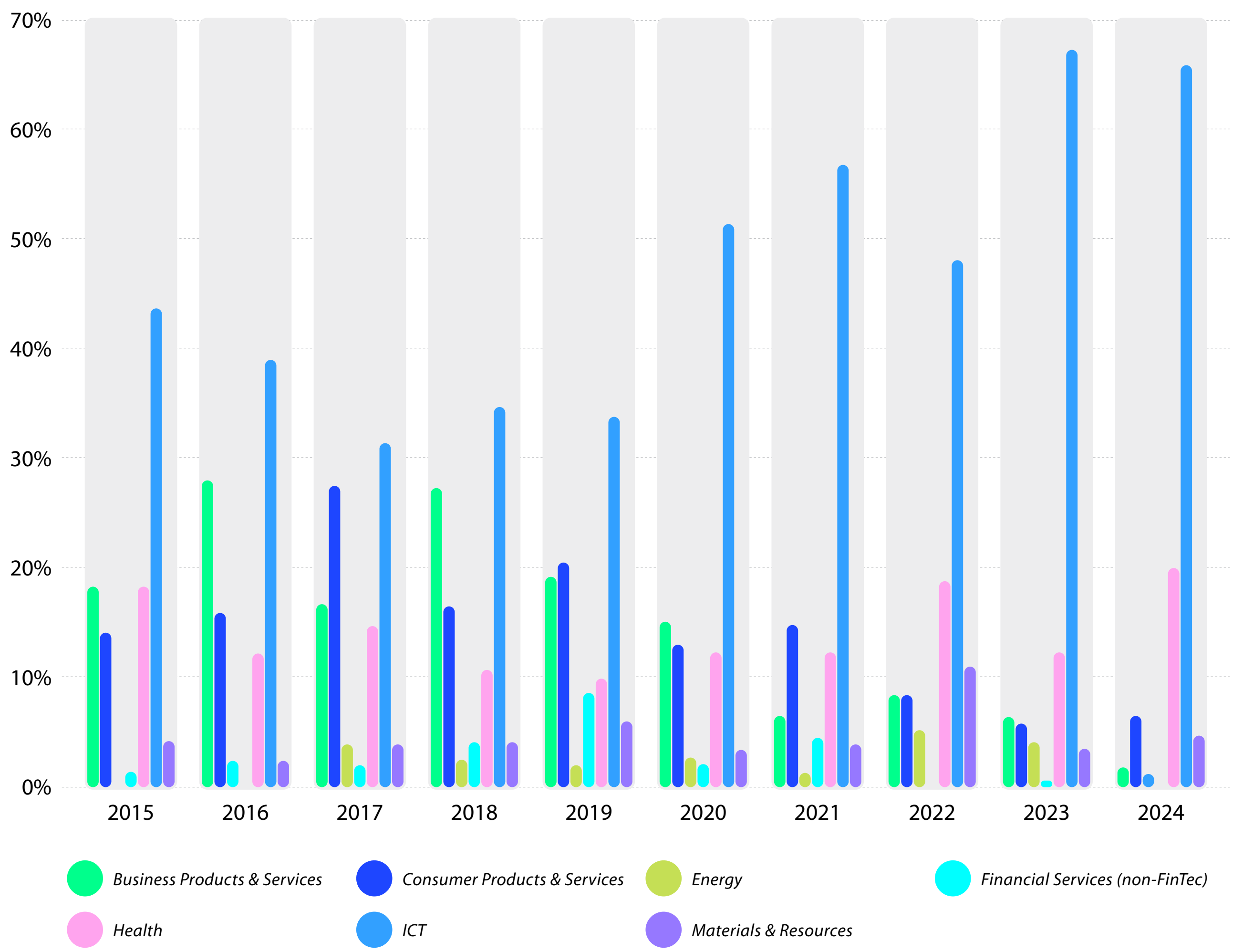
2 INVESTMENTS BY PRIMARY SECTOR[2], LAST TEN YEARS (% OF TOTAL COST)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business Products & Services	18.3%	28.0%	16.7%	27.3%	19.2%	15.1%	6.5%	8.4%	6.4%	1.8%
Consumer Products & Services	14.1%	15.9%	27.5%	16.5%	20.5%	13.0%	14.8%	8.4%	5.8%	6.5%
Energy	0.0%	2.4%	3.9%	2.5%	2.0%	2.7%	1.3%	5.2%	4.1%	1.2%
Financial services (non-FinTech)	1.4%	0.0%	2.0%	4.1%	8.6%	2.1%	4.5%	0.0%	0.6%	0.0%
Health	18.3%	12.2%	14.7%	10.7%	9.9%	12.3%	12.3%	18.8%	12.3%	20.0%
ICT	43.7%	39.0%	31.4%	34.7%	33.8%	51.4%	56.8%	48.1%	67.3%	65.9%
Materials & Resources	4.2%	2.4%	3.9%	4.1%	6.0%	3.4%	3.9%	11.0%	3.5%	4.7%

[2] *The sector scheme used by the National Venture Capital Association of the USA (NVCA) comprises seven primary sectors (Business Products & Services, Consumer Products & Services, Energy, Financial Services (non-ICT), ICT and Materials & Resources). The sub-categories in the scheme are extensive, with only those relevant to the South African market as selected by respondents, shown in the graphs and tables.*

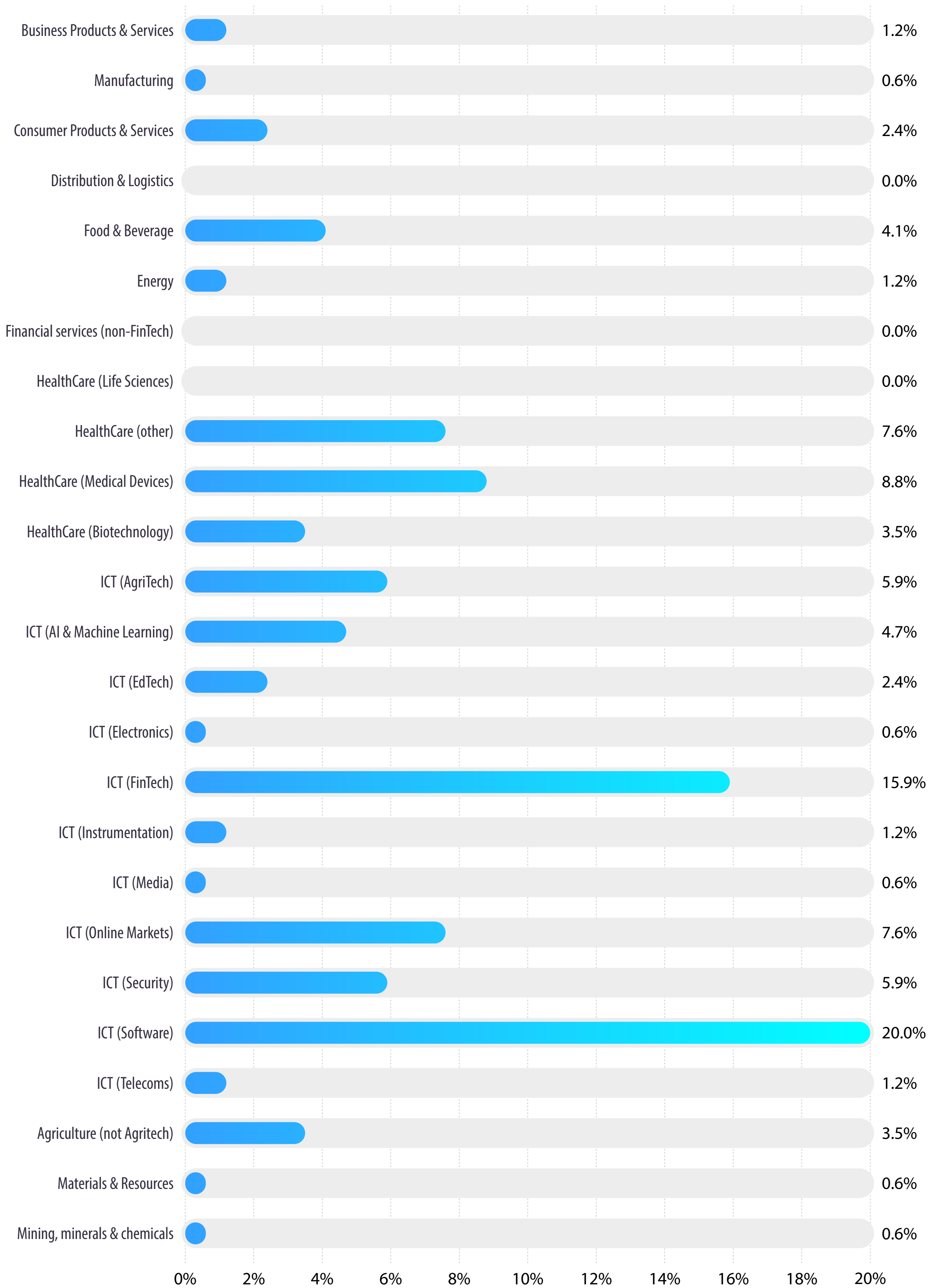
- The above table groups investment activity by primary sectors, based on a percentage of total cost of investments per year.
- The ICT sector (65.9% by value in 2024 down from its peak of 67.3% in 2023), three times the size of the next sector remains the dominant investment area, followed by Health. As previously stated, Health is the only other sector besides ICT to show continued growth.
- 2024 marked a consolidation around both these sectors, while Business Services, Energy, and Financial Services saw significant decline. The South African preferences for technology-based ventures, coupled with a local focus on health investments, reflects global VC investment trends of driving digitisation and addressing the demand for post-pandemic healthcare innovation.
- Consumer Products & Services have remained relatively stable in the last three years (6.5% in 2024, 5.8% in 2023 and 8.4% in 2022) but has been decreasing since 2019 (20.5%). This may be attributed to startups placing greater emphasis on developing foundational technologies for external use, rather than pursuing direct commercialisation. Such deals are categorised by the respondents as ICT rather than Consumer or Business Products & Services. Examples include FinTech companies, FinTech being a subsector of ICT, developing the technology that enable products and services for large financial services institutions, locally and abroad.
- Health, which includes biotechnology, life sciences and medical devices (20.0% in 2024) showed a strong resurgence, up from 9.9% in 2019 and 12.3% in 2023. 2024 marks its highest share since 2015, indicating renewed focus and investment in health focused startups.
- 2024 reflects a maturing, digitally focused ecosystem with strong activity in health innovation. However, the lack of diversification and the disappearance of some previously significant sectors may raise long-term sustainability concerns for the broader investment landscape.

Figure 2 *Investments by primary sector , last ten years (% of total cost)*



3 COST OF INVESTMENTS BY SECTOR (% OF TOTAL COST)

Figure 3 *Sector allocation based on number of deals concluded in 2024*



- The sector allocation for 2024 outlined in the previous graph is expanded on in more detail for the sake of annual comparison.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business Products & Services	8.5%	13.4%	7.8%	19.0%	13.9%	11.0%	1.9%	7.8%	6.4%	1.2%
Manufacturing	9.9%	14.6%	8.8%	8.3%	5.3%	4.1%	4.5%	0.6%	0.0%	0.6%
Consumer Products & Services	9.9%	7.3%	16.7%	9.1%	9.9%	6.2%	8.4%	2.6%	1.2%	2.4%
Distribution & Logistics	0.0%	0.0%	0.0%	2.5%	4.0%	2.7%	3.9%	5.8%	1.8%	0.0%
Food & Beverage	4.2%	8.5%	10.8%	5.0%	6.6%	4.1%	2.6%	0.0%	2.9%	4.1%
Energy	0.0%	2.4%	3.9%	2.5%	2.0%	2.7%	1.3%	5.2%	4.1%	1.2%
Financial services (non-FinTech)	1.4%	0.0%	2.0%	4.1%	8.6%	2.1%	4.5%	0.0%	0.6%	0.0%
HealthCare (Life Sciences)	2.8%	1.2%	0.0%	0.0%	0.0%	4.8%	0.6%	0.0%	1.8%	0.0%
HealthCare (other)	8.5%	4.9%	6.9%	5.0%	4.6%	5.5%	6.5%	0.6%	1.8%	7.6%
HealthCare (Medical Devices)	5.6%	6.1%	5.9%	4.1%	4.6%	0.7%	0.0%	7.1%	4.7%	8.8%
HealthCare (Biotechnology)	1.4%	0.0%	2.0%	1.7%	0.7%	1.4%	5.2%	11.0%	4.1%	3.5%
ICT (AgriTech)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%
ICT (AI & Machine Learning)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%
ICT (EdTech)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.7%	0.6%	3.5%	2.4%
ICT (Electronics)	4.2%	1.2%	3.9%	2.5%	2.6%	2.1%	0.6%	4.5%	2.9%	0.6%
ICT (FinTech)	5.6%	9.8%	8.8%	11.6%	13.2%	16.4%	16.8%	14.9%	16.4%	15.9%
ICT (Instrumentation)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
ICT (Media)	4.2%	3.7%	2.0%	0.8%	0.7%	3.4%	1.3%	0.6%	0.6%	0.6%
ICT (Online Markets)	11.3%	7.3%	1.0%	3.3%	4.0%	2.7%	5.8%	3.9%	11.1%	7.6%
ICT (Security)	1.4%	2.4%	2.9%	1.7%	1.3%	3.4%	0.6%	1.9%	0.6%	5.9%
ICT (Software)	11.3%	8.5%	7.8%	14.9%	10.6%	19.9%	18.7%	18.2%	31.0%	20.0%
ICT (Telecoms)	5.6%	6.1%	4.9%	0.0%	1.3%	3.4%	3.2%	3.2%	1.2%	1.2%
Agriculture (not Agritech)	4.2%	2.4%	3.9%	2.5%	6.0%	3.4%	1.3%	3.9%	2.3%	3.5%
Materials & Resources	0.0%	0.0%	0.0%	1.7%	0.0%	0.0%	2.6%	7.1%	1.2%	0.6%
Mining, minerals & chemicals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%

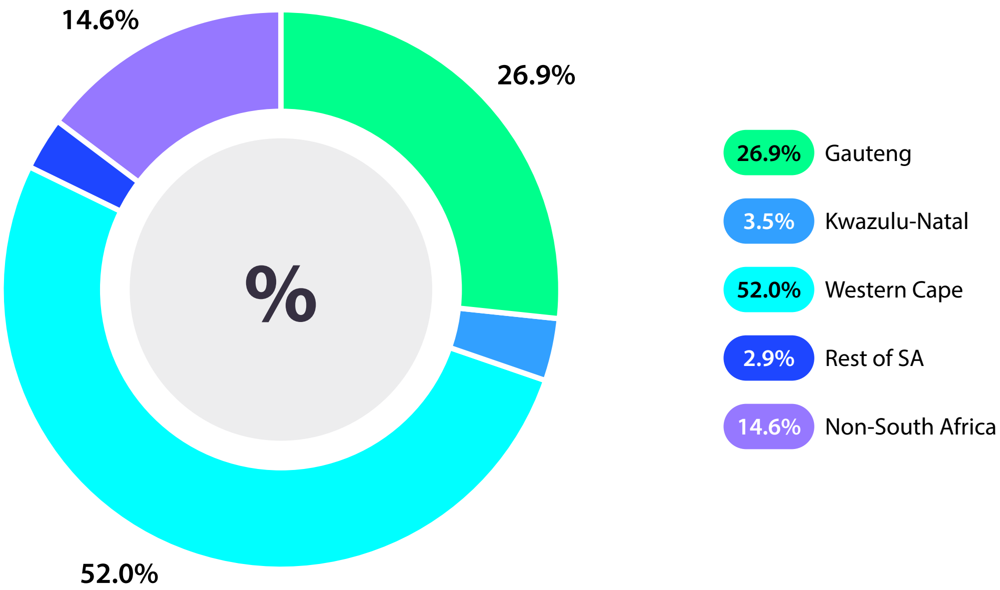
- ICT is driven by a broad range of sub-sectors with Software (20.0%), FinTech (15.9%) and Online Markets (7.6%) making up the top three performers in 2024 (highlighted green in the above table).

- Business Products and Services at 1.8% in 2024 is joined by Energy, and Financial Services in seeing major investment drop-offs (highlighted red in the above table). This is a departure from earlier years (2015 to 2019) where there was a more balanced sector allocation, with 2024 the least diversified year, heavily skewed toward ICT and Health.

- This needs to be contextualised as the diversification loss did not necessarily take capital away from these sectors, but rather the significant growth in inflows of capital into the VC asset-class targeted new opportunities in ICT and Health startups, skewing the overall distribution towards these two sectors.

4 BUSINESS LOCATION OF INVESTEE COMPANIES

Figure 4 *Business location of investee companies by number of deals concluded*

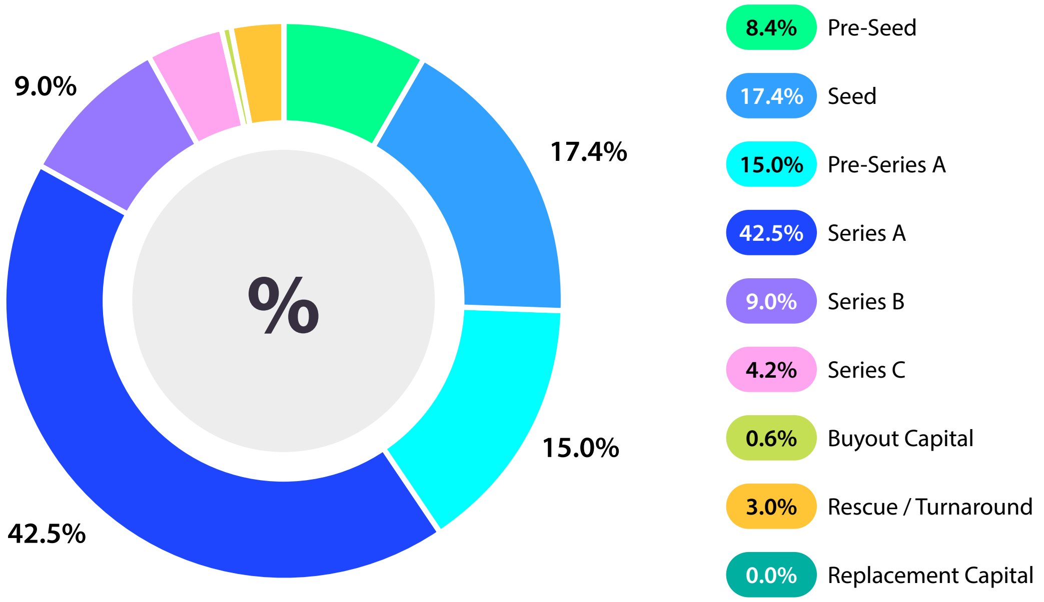


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gauteng	21.9%	37.0%	39.8%	41.7%	37.1%	31.7%	53.8%	19.7%	27.9%	26.9%
Kwazulu-Natal	2.7%	8.7%	7.8%	4.2%	0.7%	2.4%	0.6%	0.6%	1.1%	3.5%
Western Cape	74.0%	46.7%	43.7%	45.8%	46.9%	53.9%	36.7%	76.4%	54.2%	52.0%
Rest of SA	1.4%	2.2%	5.8%	6.7%	6.3%	1.2%	1.9%	2.5%	3.9%	2.9%
Non-South Africa	0.0%	5.4%	2.9%	1.7%	9.1%	10.8%	7.0%	0.6%	12.8%	14.6%

- Western Cape still dominates with 52.0% of deals, its highest share since 2022. Gauteng saw a drop in investment activity to 26.9%, down from 27.9% in 2023, and well below its 2020 high (53.8%).
- Non-South Africa sees a significant spike to 14.6%, its highest ever after 2023 (12.8%). This is encouraging as it demonstrates the globalisation of South African startups, expanding into foreign markets on the back of local early-stage capital, in many instances helped further through co-investment from foreign based investors.
- KwaZulu-Natal increased slightly to 3.5%, while the Rest of SA remained marginal at 2.9%.
- The South African startup ecosystem, also evidenced from the early-stage investment activity reported by fund managers, is still primarily concentrated in the Western Cape and Gauteng.

5 CONTRIBUTION BY STAGE OF THE DEAL

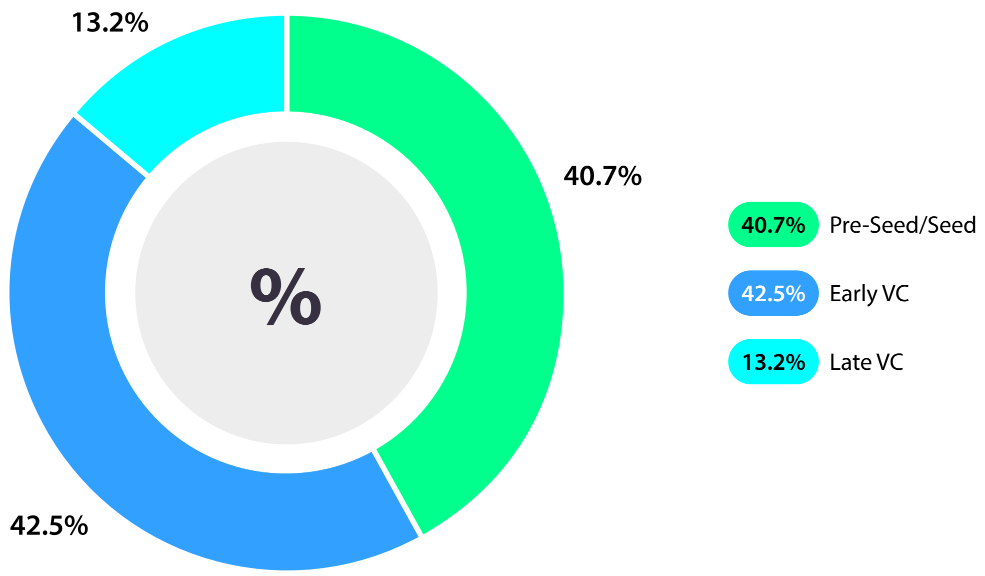
Figure 5a *Contribution by stage of the deal as a % of all deals done in the year*



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pre-Seed	0.0%	0.0%	0.0%	2.7%	0.0%	1.4%	2.4%	15.5%	14.0%	8.4%
Seed	3.8%	19.4%	18.0%	9.3%	11.4%	19.7%	30.8%	15.5%	37.4%	17.4%
Pre-Series A	23.1%	21.0%	23.6%	44.0%	28.5%	27.2%	28.4%	31.0%	13.4%	15.0%
Series A	19.2%	11.3%	19.1%	13.3%	12.2%	15.6%	14.2%	22.4%	19.6%	42.5%
Series B	53.8%	48.4%	32.6%	25.3%	41.5%	35.4%	21.9%	10.9%	12.3%	9.0%
Series C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	1.1%	4.2%
Buyout Capital	0.0%	0.0%	3.4%	2.7%	4.1%	0.7%	1.2%	0.0%	0.6%	0.6%
Rescue / Turnaround	0.0%	0.0%	3.4%	1.3%	0.8%	0.0%	0.6%	0.6%	0.0%	3.0%
Replacement Capital	0.0%	0.0%	0.0%	1.3%	1.6%	0.0%	0.6%	1.1%	1.7%	0.0%

- In 2024, South African venture capital appears to be shifting toward early-growth stage funding (Series A), indicating a maturing ecosystem with fewer bets on nascent startups. Pre-Series A and Pre-Seed funding has declined, showing reduced early-stage risk appetite. Late-stage and non-VC capital remains limited.
- 42.5% of investments in 2024 went to Series A, a dramatic increase from 19.6% in 2023 and the highest proportion in any year, suggesting a significant maturation of the startup ecosystem, with more companies reaching early-growth stages worthy of larger rounds.
- Pre-Series A dropped sharply to 15.0% in 2024, down from 31.0% in 2022, and 13.4% in 2023.
- Seed and Pre-Seed exhibit a lower investment focus in 2024 compared to previous years, with Seed rounds up 14.0% up from 2023 to 17.4%, but still below its 2021 peak of 30.8%. Pre-Seed fell to 8.4%, down 14.0% in 2023 and significantly lower than its 2022 high of 15.5%
- Series C saw a modest increase to 4.2%, suggesting a few late-stage deals but no strong momentum.
- Non-VC Capital, being buyout, turnaround and replacement capital make up just 3.6% in 2024 which is historically low and consistent with a VC-dominant funding environment.

Figure 5b *Stage preferences grouped into Early to Late VC categories*



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pre-Seed/Seed	26.9%	40.3%	41.6%	56.0%	39.8%	48.3%	61.5%	62.1%	64.8%	40.7%
Early VC	19.2%	11.3%	19.1%	13.3%	12.2%	15.6%	14.2%	22.4%	19.6%	42.5%
Late VC	53.8%	48.4%	32.6%	25.3%	41.5%	35.4%	21.9%	13.8%	13.4%	13.2%

- The above table is a different view of the same investment stages, grouped into Pre-Seed/Seed, early VC and late VC. Note that the total percentages per year don't add up to 100% because values for non-VC capital (buyout, turnaround and replacement capital) are not included.
- It shows that investors are favouring early-growth (Series A) over both early-formation and late-stage bets.
- This could be a function of the ecosystem entering a consolidation phase, focusing on startups with validated business models and strong growth potential. It mirrors a diversified VC ecosystem with the locus of investment activity in the middle stages, with the locus of investment activity leaning towards earlier stages, and late-stage lacking growth multiples needed to drive investor ambitions.
- A change in line with the move to mid to late-stage investing is possible, as a pure debt play would not be the ideal source of capital for seed to early stage investments, especially as cash-flow generation is expected to be a big issue for any debt funding considerations.

6 NOTABLE INVESTMENT ACTIVITY INSIGHTS

Survey respondents were asked to offer views about investment preferences and notable global practices.

6A VENTURE DEBT

- Venture Debt refers to loans offered to early-stage, high-growth companies with existing venture capital backing (e.g. banks or private capital) to provide liquidity to a business for the period between equity funding rounds. Venture debt includes convertible notes, mezzanine, private bonds, and direct lending when they occur in isolation. Only pure debt deals are considered as Venture Debt. Mixture of equity and debt is seen as part of Venture Capital, not as Venture Debt.

- Venture Debt is increasingly used to fund early-stage activity around the globe, and VC Fund Managers were asked to indicate the use of venture debt as an option for funding startups in South Africa.

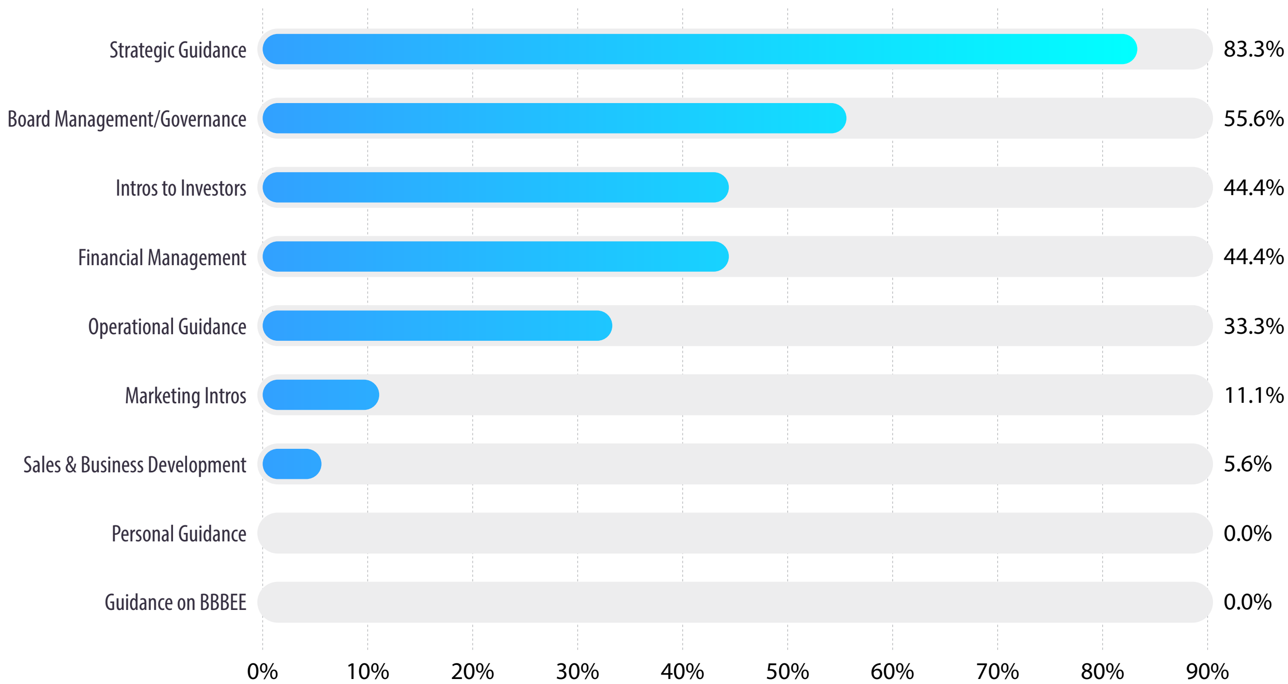
- It appears that while venture debt is being utilised by some South African VC investors and their portfolio companies, it is not yet a universally adopted financing method among the respondents. A significant majority (72% of responses) have not used venture debt in their deals.

- For those who have used it, the amounts vary considerably, from R13 million to R200 million. The data points to a promising or niche adoption of venture debt in South Africa with most investors still relying on traditional equity or other financing mechanisms.

6B. ADVICE

- The data highlights the types of advice that South African early-stage VC investors consider most valuable to their portfolio companies. A clear pattern emerges, indicating a strong focus on strategic, operational, and governance aspects, alongside crucial financial and fundraising support.

Figure 6b *Advice offered*[3]



[3] *Note that the percentages in the graph don't add up to 100% because respondents were given the choice to select all applicable options from those available.*

- Strategic Guidance was selected most frequently, appearing in almost every response. This encompasses high-level direction on business model, market positioning, growth strategies, competitive landscape, and long-term vision. It suggests that investors play a critical role in helping companies define and execute their overall path to success.

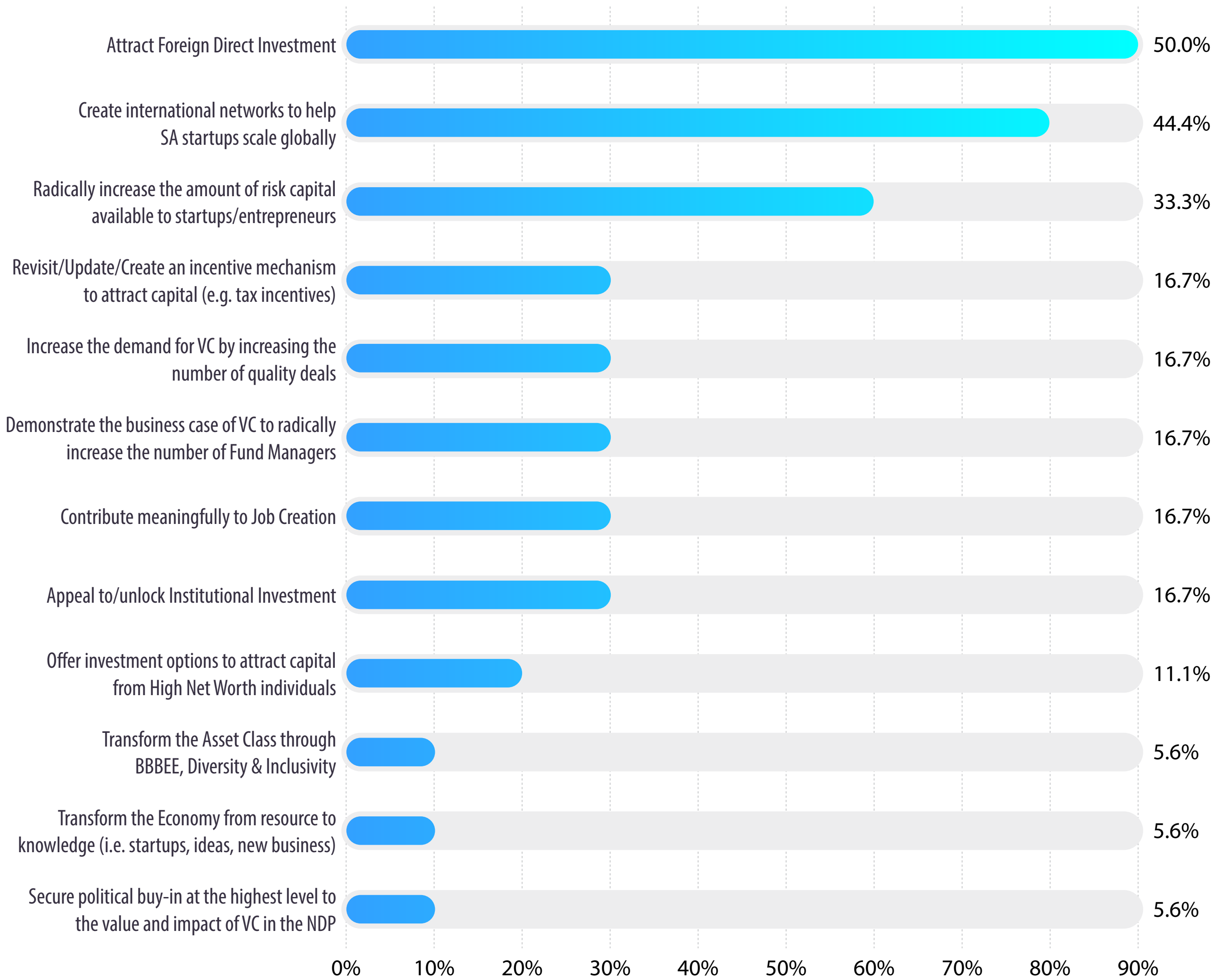
- The second most rated advice is Board Management/Governance, indicating that investors actively contribute to establishing and/or improving the structure and processes by which the company is directed and controlled. This includes advice on board composition, roles and responsibilities, legal and compliance, and decision-making frameworks.

- Operational guidance, introductions to other investors and guidance on financial management, although not rated as high as the first two types of advice, are all important fields of advice selected as significant value-add to investee companies.

6C NORTH STAR

- VC Fund Managers were asked, distinct from their own internal motivators, what they consider should be the crucial medium-term objectives of the South African VC ecosystem, especially in so far as its role and impact on the future of South Africa.

Figure 6c *What should be our North Star?*



- Based on the responses the majority points towards the goal of attracting foreign direct investment and creating international networks to drastically increase the amount of risk capital available to startups and entrepreneurs.
- Doing so would require interventions to address the observation that South Africa has sufficient capital, yet local institutional investors remain hesitant to back venture capital. This reality hinders international investors that are used to institutional capital being a major driver of VC investment.
- Respondents stated that given the limited local market for tech startups, building pathways to global markets is essential. Others point to the observation that VC has already created substantial youth employment, underscoring the need for broader, more collaborative participation from private and public stakeholders.
- Others suggest the need to increase the number of quality deals and diversifying investment sources through interventions and incentives to swiftly increase the number of fund managers, as doing so would provide more channels for deploying capital.

> ***In essence, the North Star is not just about making money for investors, but about strategically growing the pool of available risk capital to fuel a vibrant startup ecosystem that, in turn, drives job creation, economic diversification, and global competitiveness for South Africa.***

6D WHAT SHOULD SAVCA DO?

Fund Managers were asked to comment on the role they want SAVCA to play.

Four main trends were identified from a range of comments and suggestions on strengthening the South African VC ecosystem.

1

Data & Benchmarking:
Gather more data on why private capital invests (or doesn't) in VC.
Collect and publish data on fund exit multiples and IRRs to create performance benchmarks, especially for emerging managers.
Use data to understand the impact of international vs local exits.

2

Policy & Regulation:
Avocate for VC-friendly policies and investment incentives.
Push for standardised investment documents, similar to NVCA templates, to streamline dealmaking.

3

Awareness & Impact:
Raise public awareness about the role and track record of VC in boosting national imperatives such as job creation and economic growth.
Raise investor awareness about VC as a viable investment opportunity.

4

Use surveys to highlight:
The ratio of local to offshore capital raised.
VC's role in job creation, economic growth, and attracting foreign investment.

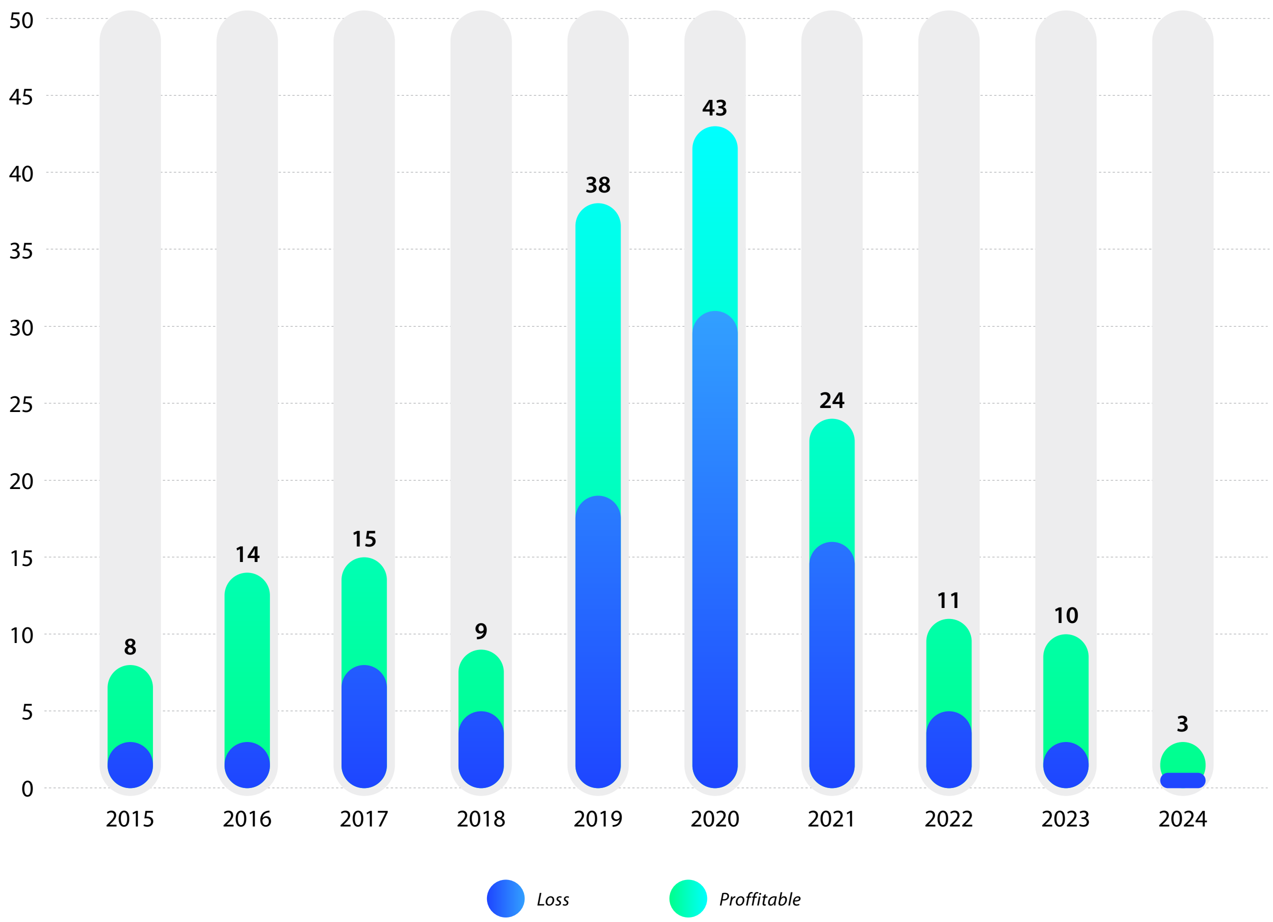
2

EXITS

7 NUMBER OF EXITS REPORTED PER YEAR

- 2024 recorded the lowest exit activity ever reported by respondents; three exits, down from seven in 2023. Two of the exits were highly profitable.
- Exit activity is a function of the investment life-cycle, and given that a large portion of deals are still in the early-stages, it is to be expected to have relatively low exit activity. Fund managers were nevertheless asked in the survey to comment on the low exit activity in general, especially 2024.
- The most cited hindrance to exit activity for early-stage VC investors in South Africa is limited exit options available. This is compounded by the absence of follow-on early-stage VC options which requires the first investor to stay invested longer.
- This highlights a lack of later-stage funding that could either facilitate a secondary sale or allow the company to grow to a size attractive to larger acquirers or IPOs.
- It is not only about a possible lack of buyers, as regulatory hurdles including friction in exiting due to exchange control and perceived local economic/market risks greatly increase transaction and opportunity costs.

Figure 7 *Number of exits reported per year*



- The above limitations are compounded by a perceived lack of follow-on funding, an underdeveloped broader VC ecosystem meaning that the first investor must set aside capital and be around for multiple follow-on rounds, and a potential mismatch with local corporate and PE acquisition capabilities. This not only restricts exits but decreases the number of new deals as a portion of available capital is ring-fenced for follow-on rounds.
- Macroeconomic instability and local regulatory considerations such as B-BBEE also play a role in further restricting the exit landscape. While some believe it's simply a matter of time for companies to mature, the prevalent views point to systemic issues within the South African market that are making it challenging for early-stage investors to realise returns through exits.

3

FUND MANAGER INSIGHTS

8 FUND MANAGER AND CO-INVESTOR INSIGHTS

The prevalence of co-investments into deals reported by VC fund managers has seen a tremendous increase in recent surveys. Respondents are asked to include information about deals where other investors co-invest alongside the fund manager.

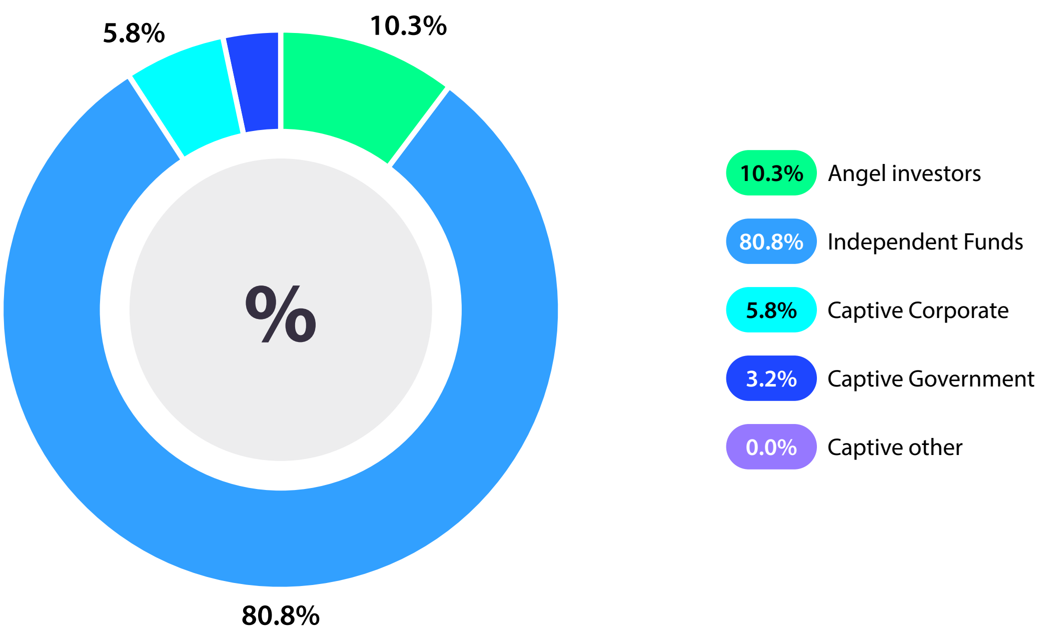
2024 is the first year in which information about such co-investors have been analysed in more detail. The next section complements insights regarding fund managers active in the South African VC ecosystem with insights about their co-investor counterparts.

The section distinguishes clearly between fund managers and co-investors where the former are the primary respondents surveyed, and information about the latter is based on data supplied by the primary respondents. Co-investors include corporate venture capital, venture capital firms, development finance institutions as well as angels. Such investors are based not only in South Africa with many co-investors operating from different corners of the globe.

8.1 CONTRIBUTION BY FUND MANAGER

- In 2024, Angel Investors showed a notable rebound in contribution based on both the number of deals (10.3%) and deal value (10.3%) compared to the very low percentages seen from 2021-2023. While not reaching their 2015-2016 highs in terms of deal numbers, their deal value contribution in 2024 is the highest since 2017.
- 2024 is a record-breaking year for Independent Funds. Their contribution based on the number of deals (80.8%) and especially deal value (85.2%) is significantly higher than any other year shown, indicating a strong dominance in the investment landscape.
- Contribution from Captive Corporate entities in 2024 (5.8% by number of deals, 3.2% by deal value) is at its lowest point in the entire dataset, representing a significant decline from previous years, particularly when compared to 2023.

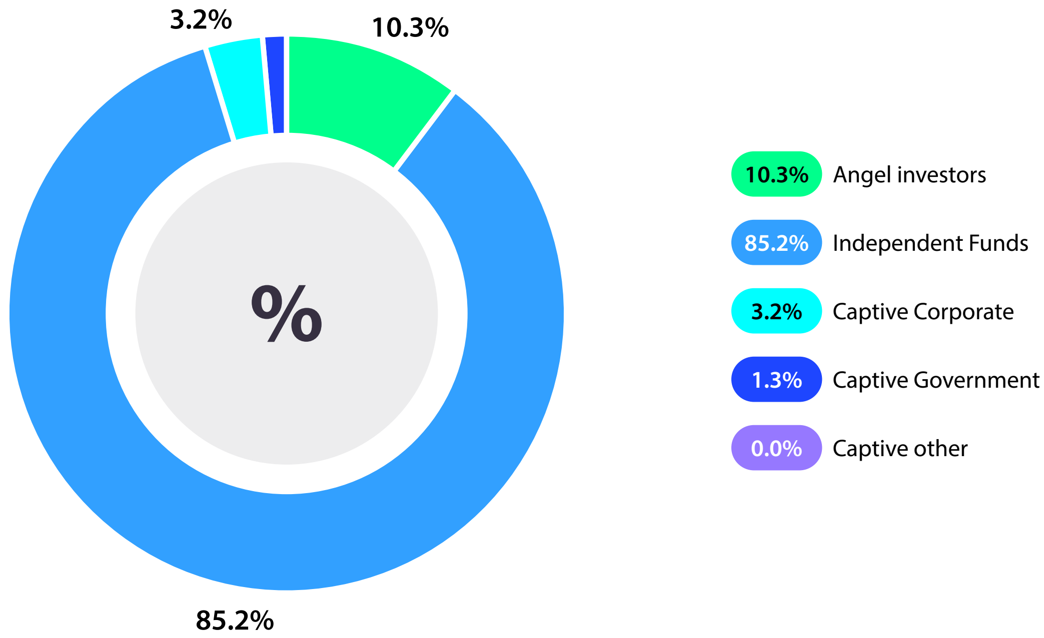
Figure 8.1a *Contribution by fund manager type, based on number of deals*



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Angel investors	36.8%	34.3%	29.2%	7.8%	9.3%	10.4%	0.6%	2.1%	4.7%	10.3%
Independent Funds	23.5%	38.1%	56.9%	65.6%	74.2%	69.5%	82.3%	84.9%	62.4%	80.8%
Captive Corporate	10.3%	10.5%	4.4%	8.9%	7.3%	13.4%	10.5%	12.5%	19.5%	5.8%
Captive Government	29.4%	17.1%	9.5%	16.7%	7.3%	3.0%	6.1%	0.5%	1.3%	3.2%
Captive other	0.0%	0.0%	0.0%	1.1%	2.0%	3.7%	0.6%	0.0%	12.1%	0.0%

- Independent Funds dominate with 80.8% of deals, continuing their leading trend since 2018.
- Angel Investors jump to 10.3%, showing renewed early-stage interest (highest since 2019).
- Captive Corporate dropped to 5.8%, from 19.5% in 2023.
- Captive Government contributes only 3.2%, but government is increasingly more prominent as a co-investor in many deals, including backup funder in local VC Fund of Funds.

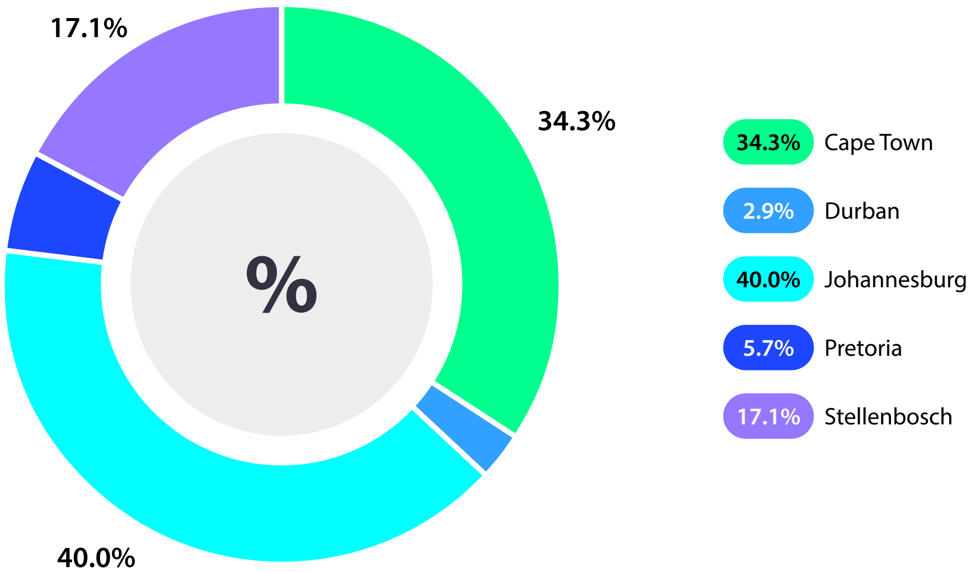
Figure 8.1b *Contribution by fund manager type, based on deal value*



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Angel investors	15.0%	6.9%	9.0%	2.2%	4.6%	2.2%	0.0%	4.4%	5.3%	10.3%
Independent Funds	17.8%	42.4%	55.7%	56.0%	65.8%	39.9%	49.9%	67.6%	45.4%	85.2%
Captive Corporate	21.4%	31.5%	15.7%	22.8%	16.4%	39.6%	44.3%	21.8%	42.4%	3.2%
Captive Government	45.7%	19.1%	19.6%	17.0%	8.7%	9.9%	5.4%	6.2%	0.1%	1.3%
Captive other	0.0%	0.0%	0.0%	1.9%	4.5%	8.4%	0.3%	0.0%	6.9%	0.0%

- Independent Funds again lead with 85.2%, their highest share in the decade.
- Angel Investors rose significantly to 10.3% in 2024 (previously 5.3% in 2023).
- Captive Corporate fell sharply to 3.2% from 42.4% in 2023.
- Independent Funds clearly dominate both deal volume and value.

Figure 8.1c *Fund manager head office location*



- The distribution of fund managers follows the same pattern as that of startups, being concentrated mainly in Gauteng and the Western Cape. Johannesburg (Gauteng) and Cape Town (Western Cape) account for the overwhelming majority of deal flow activity being the administrative regional cities of both provinces.
- A large number of Western Cape deals were done in 2024 by fund managers based in Johannesburg, with said fund managers accounting for the largest portion of VC investment activity in 2024.
- This is evident in the head office location of fund managers (40.0% in Johannesburg, 34.3% in Cape Town), the value of deals in 2024 (44.3% in Johannesburg, 34.3% in Cape Town) and the number of deals (47.6% in Johannesburg, 30.6% in Cape Town).
- This seems to contradict the earlier data (see section 4) which saw Western Cape head-quartered investees receiving the lion's share of deals (52.0% in 2024). It indicates a substantial trend in 2024, whereby Johannesburg-based fund managers did deals in the Western Cape.

Figure 8.1d *Fund manager number of deals by head office location*

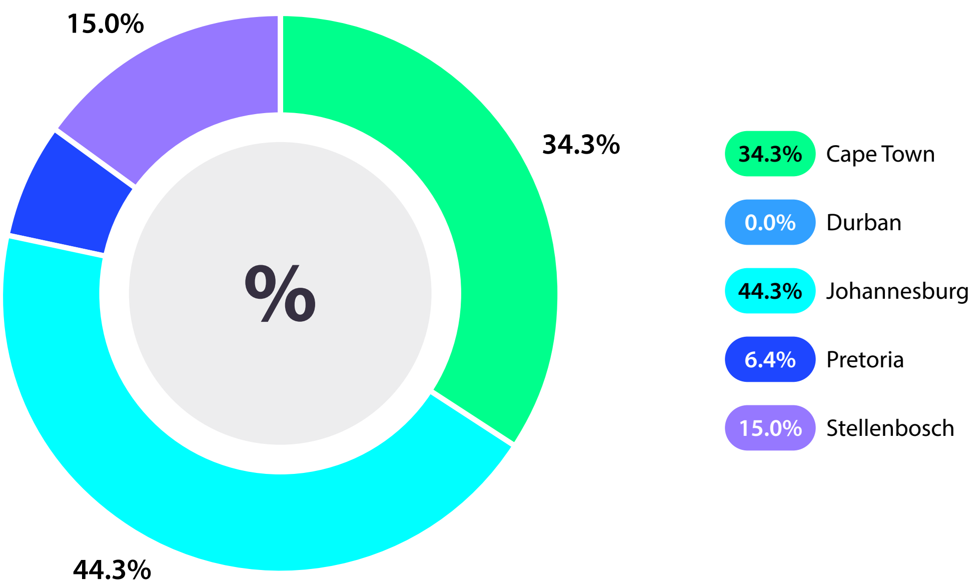
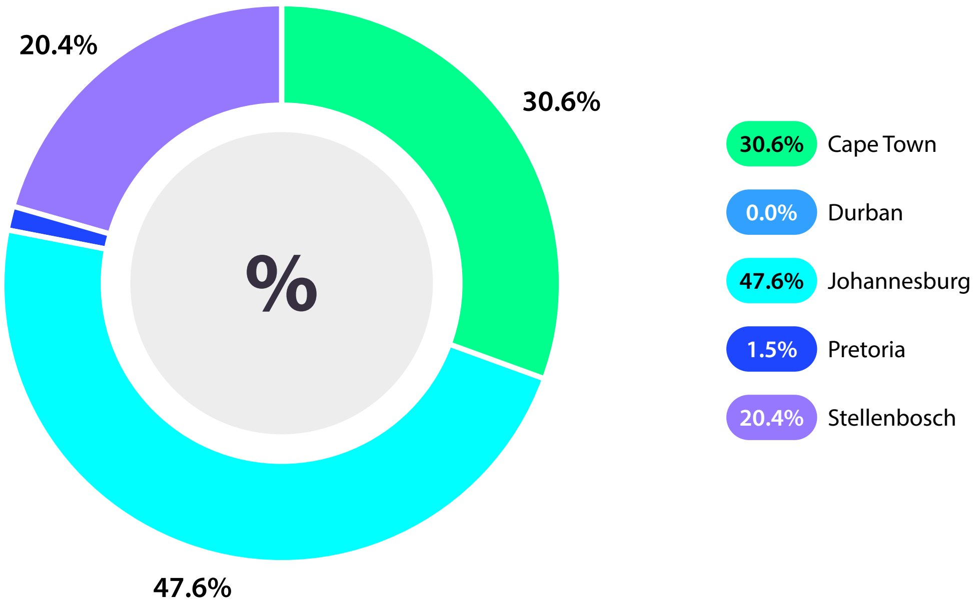


Figure 8.1e *Fund manager deal value by head office location*



8.2 CO-INVESTORS HEAD OFFICE LOCATION

- The following table outlines the investment activity of co-investors in 2024, based on the values as a percentage of totals.

Location	By Geographic Location	By Number of Deals	By Value of Deals
Cape Town	5.0%	1.9%	2.0%
Durban	1.7%	1.9%	0.3%
Johannesburg	35.0%	29.6%	20.5%
Rest of SA	5.0%	7.4%	1.8%
Africa (other)	8.3%	11.1%	13.9%
Australasia	1.7%	1.9%	0.0%
China	6.7%	7.4%	1.1%
Europe	13.3%	11.1%	36.4%
UK	11.7%	14.8%	13.4%
USA	10.0%	11.1%	10.5%
Other	1.7%	1.9%	0.0%

- International co-investors participated in more deals overall than local South African investors (40.8% local and 59.2% international), contributing almost 75.3% of the value of co-investment deals reported for 2024.
- Despite doing fewer deals, international VCs contributed three times more capital than local investors, mainly due to much larger average deal sizes than their South African peers.

- Europe (36.4%) accounts for the largest grouping of co-investors by value of deals done followed by Africa (outside South Africa) (13.9%) and the UK (13.4%).
- Johannesburg dominates local co-investment activity (29.6% by number and 20.5% by value). However, despite making up four in ten deals, local investors contribute only a quarter of all capital.
- The data supports the observation that international VCs are key to scaling as their larger deal sizes and growth-stage capital are critical to take on global markets.

Figure 8.2a *Co-investor head office location*

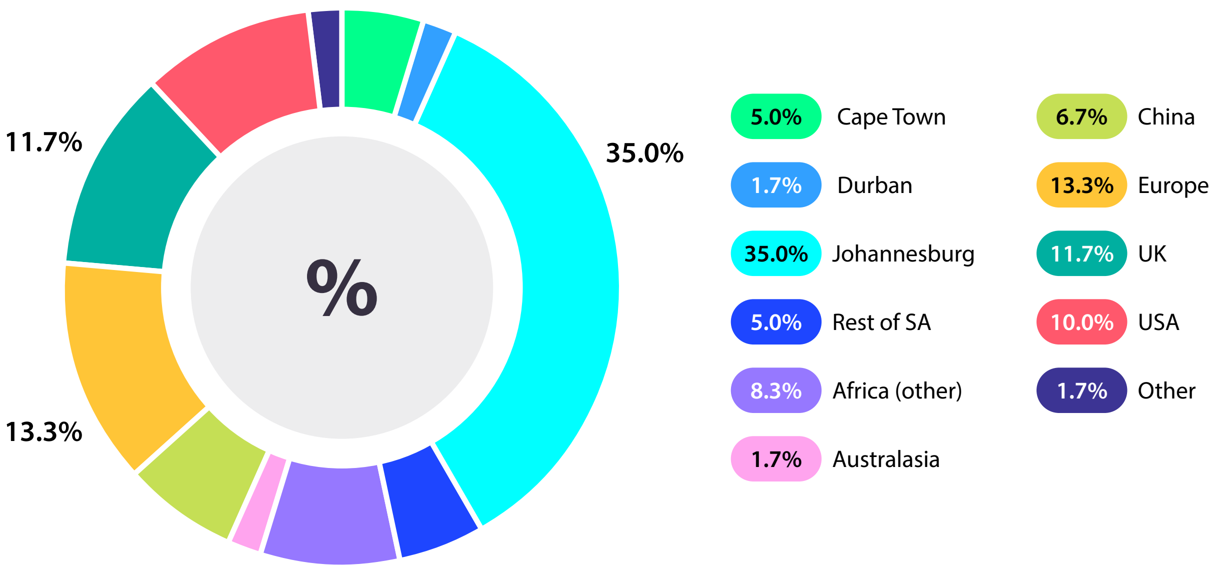


Figure 8.2b *Co-investor number of deals by head office location*

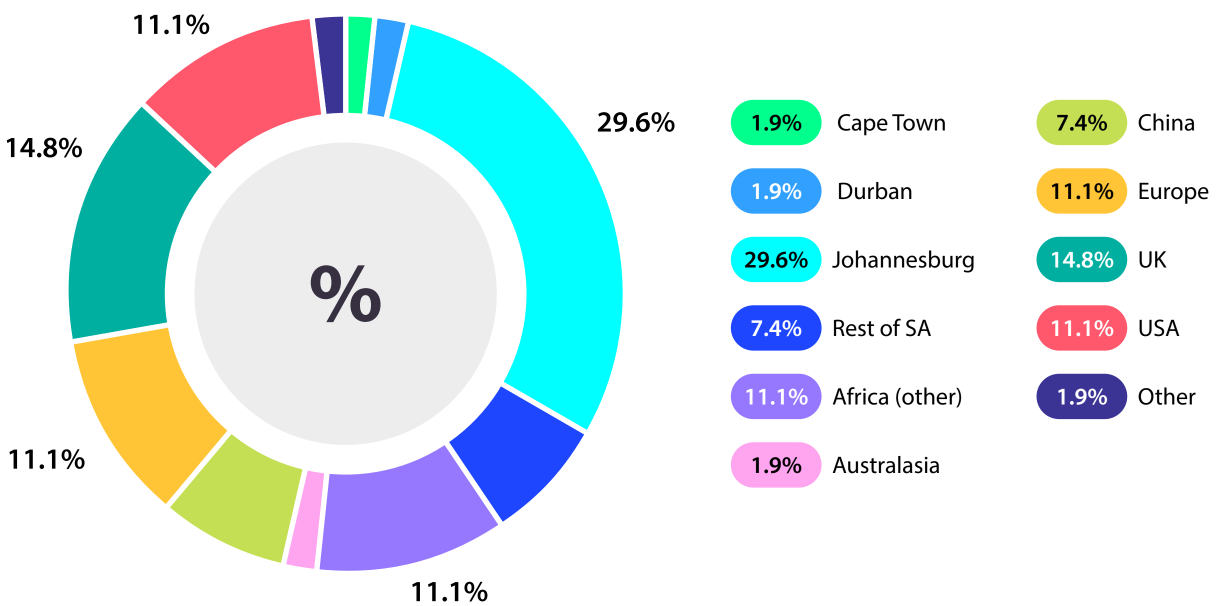
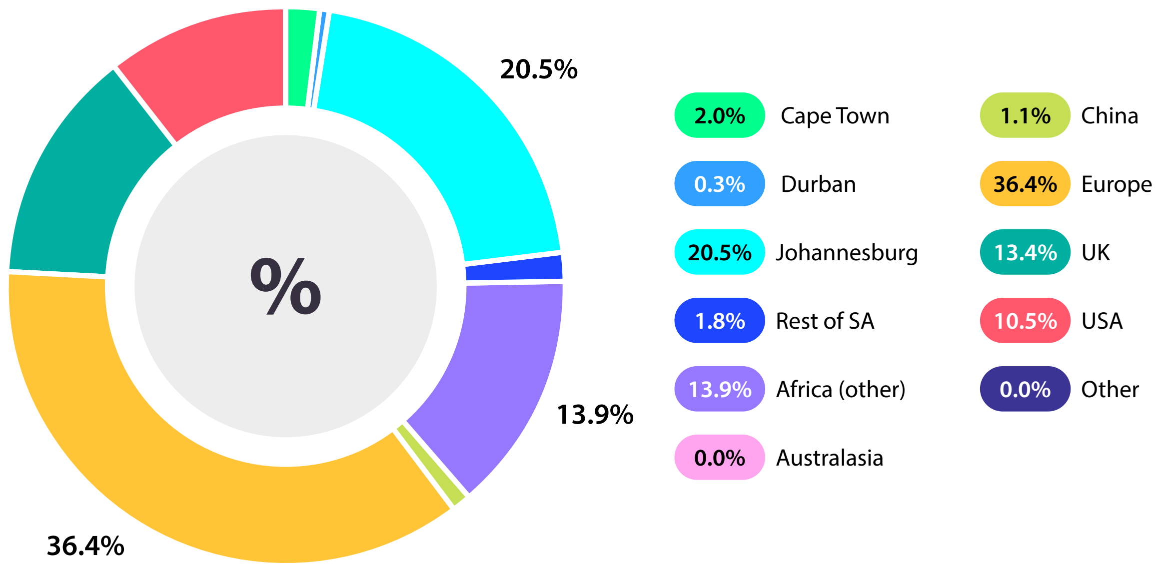


Figure 8.2c *Fund manager deal value by head office location*



8.3 CONTRIBUTION BY CO-INVESTOR TYPE

Investor Type	By Number of Deals	By Value of Deals
Captive (corporate)	33.9%	27.6%
Captive (government)	1.8%	0.7%
Captive (other)	3.6%	4.7%
DFI	7.1%	18.1%
Independent	50.0%	38.7%
Other	3.6%	10.3%

- Independent investors, like their South African peers, account for 50.0% by number of deals in comparison to other co-investor types, and the highest share of deal value at 38.7%.
- Corporate investors, many of which are targeted by local SA investors for access to supply chains and global markets, make up the second largest category (33.9% by number and 27.6% by value of deals done in 2024).
- DFIs (Development Finance Institutions) were involved in 7.1% deals, but had a greater value impact (18.1%), investing larger amounts often into growth or impact-focused ventures.

Figure 8.3a *Contribution by co-investor type, based on number of deals*

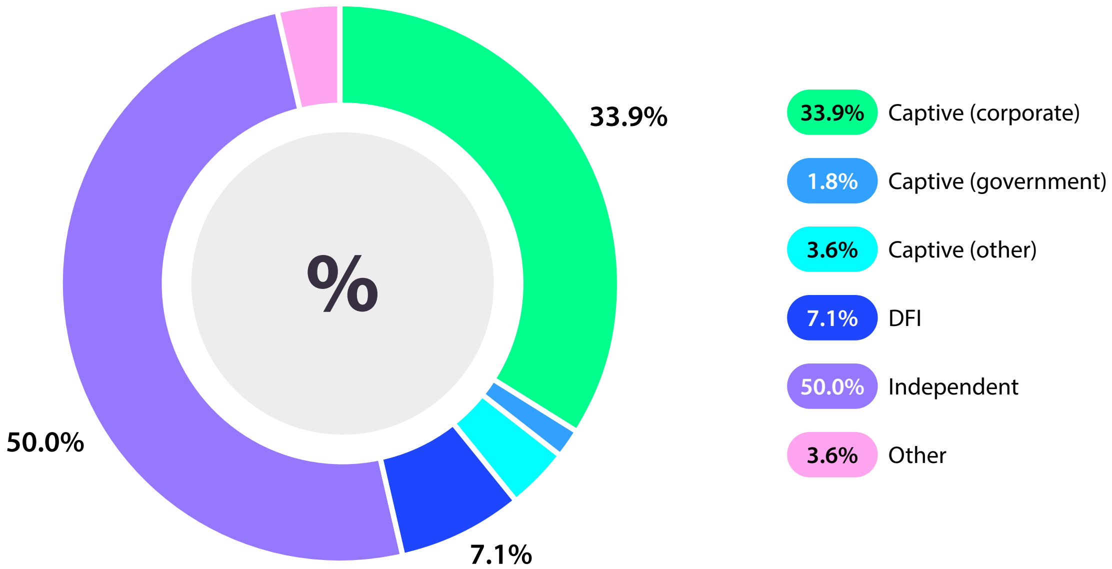
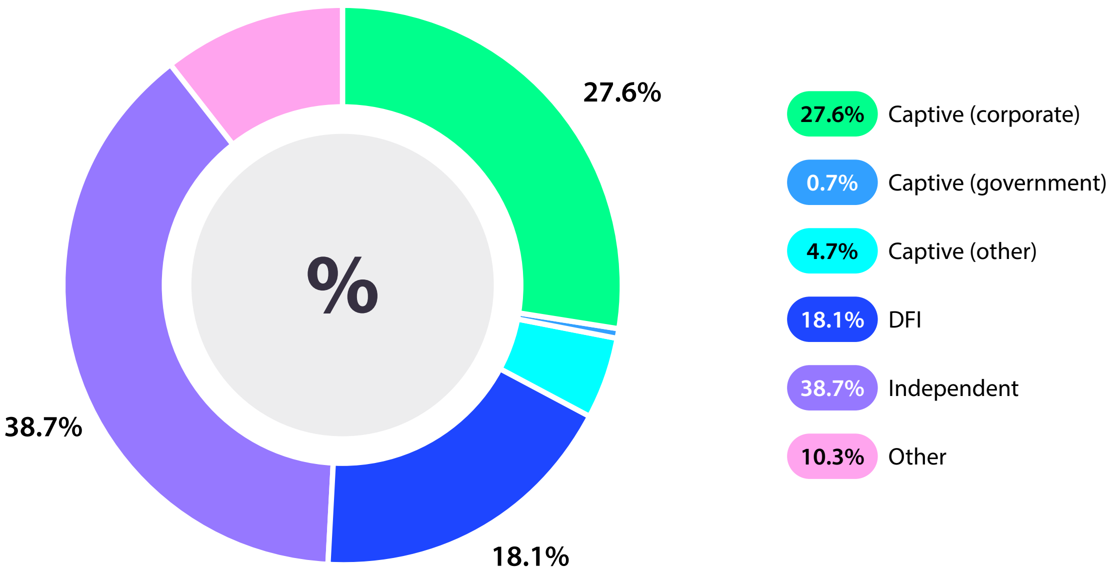
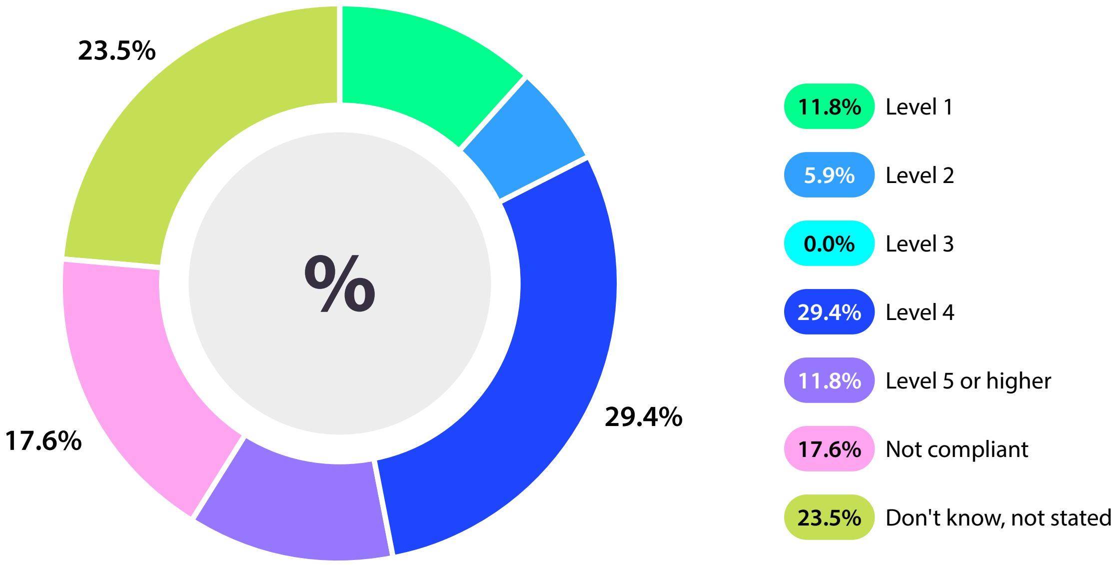


Figure 8.3b *Contribution by co-investor type, by deal value*



9 FUND MANAGER B-BBEE COMPLIANCE STATUS

Figure 9 *Fund Manager B-BBEE compliance status (% of total)*



- Fund management teams operate with limited investment staff, with the average team size being less than five investment professionals.
- Notable demographic attributes based on the sample from active fund managers include:
  - 21.1% teams had a female CEO, with two funds lead by a black female CEO.
  - 42.1% of fund managers reported at least one female founder, with three fund managers reporting an all-female ownership.
  - 41.7% of the respondents had at least one black founder, with two fund managers being 100% black owned.

10 INSIGHTS INTO SOURCES OF CAPITAL

10A FUNDRAISING ACTIVITY

- The survey respondents raised more than R2.18 bn during the 2024 calendar year of which R0.73 bn was committed but not yet deployed. Capital raised to date (including 2024 and prior years) but not committed and not deployed amounted to R3.75 bn.
- One in three fund managers raised capital for their own ring-fenced VC fund, being most preferred option for capital raising. This was followed by capital raised for deployment via own balance sheet, and others raising capital on a deal-by-deal basis.
- 76.5% raised capital from South Africa, with Europe (17.6%) the second largest fund-raising source.

Figure 10b *Purpose of funds raised*

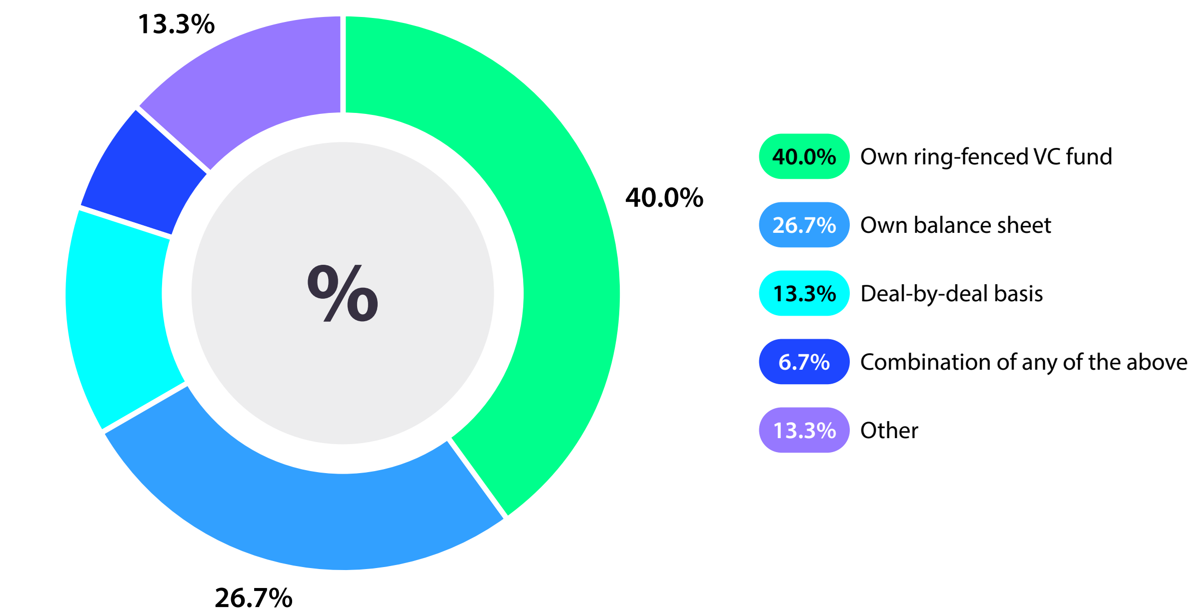
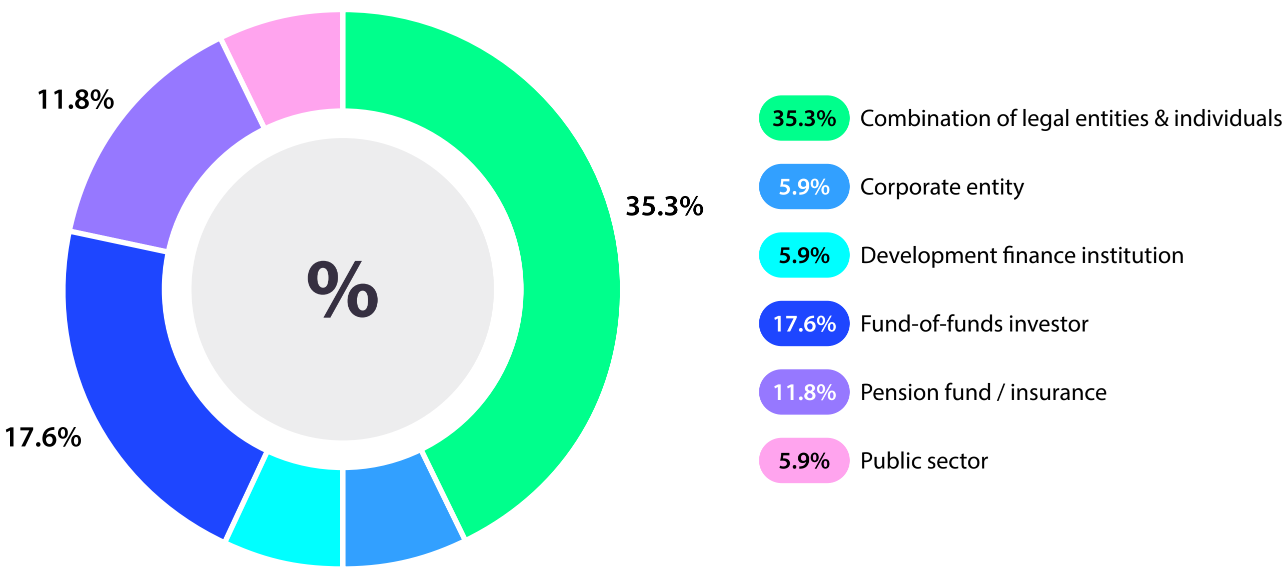


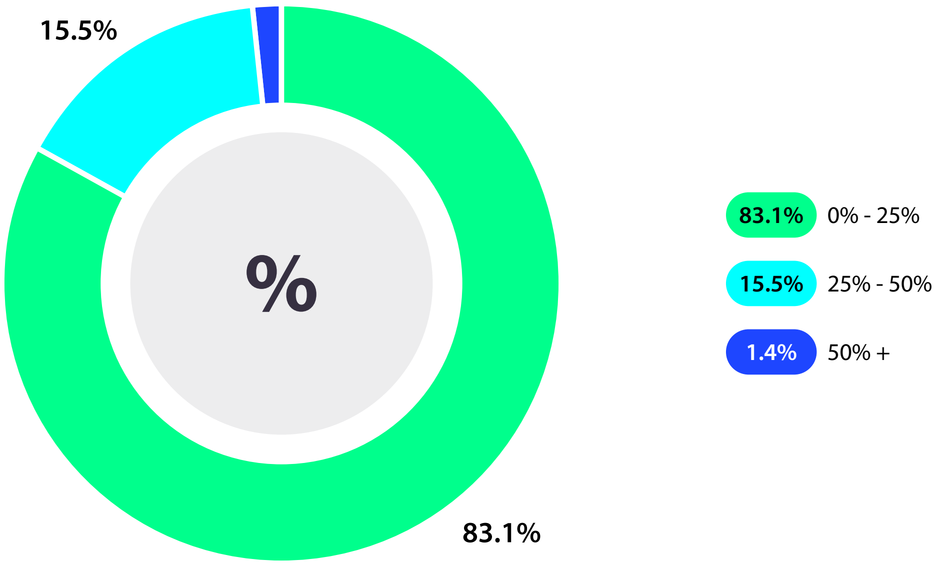
Figure 10c *Sources of funds raised by investors*[4]



[4] *Note that the percentages in the graph don't add to 100% because of the option to select 'Other' (not shown).*

11 INSIGHTS INTO EQUITY PREFERENCES

Figure 11 *Equity preferences for deals done in 2024*



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
0% - 25%	53.8%	39.1%	57.8%	73.2%	56.0%	80.9%	84.2%	82.0%	79.0%	83.1%
25% - 50%	30.8%	53.1%	21.7%	16.1%	20.2%	15.7%	10.5%	16.0%	18.0%	15.5%
50% +	15.4%	7.8%	20.5%	10.7%	23.8%	3.4%	5.3%	2.0%	3.0%	1.4%

- In 2024, 83.1% of VC deals involved equity stakes of 0 to 25%, continuing the upward trend from 2018 (73.2%) through to 2020 to 2023 (ranging from 79% to 84.2%).
- This reflects a marked departure from earlier years like 2015 and 2016, where only 53.8% and 39.1% of deals respectively fell into this category.
- South African VC investors have clearly moved toward taking smaller, less dilutive equity stakes based on the ten-year view. This shift aligns the local venture ecosystem with international norms and reflects increasing competition for deals, maturity of founders, and a more sophisticated VC environment. The increased use of debt in the funding mix will similarly contribute to lower equity stakes, as debt is non-dilutive.
- In 2024, the dominance of the 0 to 25% stake range points to a healthier balance of power between investors and entrepreneurs, fostering better long-term partnerships and founder retention.


INDUSTRY
AWARDS
7TH
NOVEMBER
2025
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4

CLASSIFICATIONS & DEFINITIONS

- Venture Capital (VC) is financing that investors provide to businesses, in the start-up and early growth phases, that they believe have long-term, high-growth potential. These are deals predominantly funded by equity. For start-ups which don't have access to capital markets, venture capital is an essential source of funding. The associated risk is typically high for investors.
- The need for VC stems from the specific requirements of such businesses, and from the value-add role that experienced VC fund managers can play in structuring, supporting, and nurturing those businesses.
- VC is not limited to investments in high-technology type businesses, but also extends to other sectors where above-average growth and associated returns may be found. In such instances, high-growth returns are underpinned by other factors such as access to large untapped markets; differentiators such as exclusive operating licences; or comparable enablers that give the investments substantial advantages over their peers. High-tech businesses nevertheless remain a primary source of high-growth returns for VC investors. New investment vehicles and regulatory incentives, as well as emerging market opportunities across the continent, continue to broaden the type of VC investors active in the asset class, as well as the business focus and sectors where investments are made.
- The following categories of venture capital were used in this SAVCA VC Industry Survey, with the descriptions of each updated in this year's survey to better align with international terminology:
    - **Pre-Seed:** Funding mostly in the form of grant money. This earliest stage of funding comes so early in the process that it is not generally included among the rounds of funding at all.
    - **Seed capital:** Funding provided before the investee company has started mass production/distribution with the aim to complete research, product definition, or product design, also including market tests and creating prototypes. This funding would not be used to start mass production/distribution.
    - **Pre-Series A:** A mid-round between Seed and Series A, provided to a company that has achieved some traction in the market, and now needs capital to prove that the business fulfils a specific market need. In South Africa, Pre-Series A involves deals where the startup is not yet big enough to enable a Series A round and typically involves a 10% to 25% equity stake. Referred to in previous surveys as Start-up capital.
    - **Series A:** Post-revenue, companies with proven market relevance that need capital to take a strong strategy for turning the business into a successful, profitable enterprise. This was referred to in previous surveys as Later-stage capital. Equity ranges between 10% and 15%.
    - **Series B:** A type of private equity investment (often a minority investment involving less than 10% equity) in relatively mature companies that are primarily looking for capital to expand and improve operations or enter new markets to accelerate the growth of the business. This was referred to in previous surveys as Growth capital.
    - **Buyout capital:** Financing provided to acquire a company, typically purchasing majority, or controlling stakes.
    - **Rescue/Turnaround:** Financing made available to an existing business, which has experienced financial distress, with a view to re-establishing prosperity.
    - **Replacement capital:** Minority stake purchased from another private equity investment organisation, or from another shareholder or shareholders.
- This SAVCA VC Industry Survey used the following VC investor classifications, which include:
    - **Angel Investors:** High-net-worth individuals who inject funding for start-ups in exchange for ownership equity or convertible debt.
    - **Captive Funds:** Funds in which one shareholder contributes most of the funding, typically where a corporate or parent organisation allocates funds to the Captive Fund from its own internal resources. Captive Funds may be subsidiaries of, or divisions within, financial institutions or industrial companies.
    - **Captive Government:** Funds primarily sourced from a government department or public body (also referred to as public sector in the survey).
    - **Captive Corporate:** Funds primarily sourced from a corporate entity such as a listed company.
    - **Captive Other:** Funds sourced from other sources such as family offices.
    - **Independent Funds:** Funds managed by fund managers in which third party investors are the main source of capital and no investor holds a majority stake.

5

PARTICIPANTS

The list of firms that participated in the SAVCA VC survey are listed below. Only firms that have given consent have been listed.

4Di Capital*
AngelHub Ventures (Hlayisani Capital)*
Anza Fund Manager
Crossfin Ventures (Pty) Ltd
Digital Africa Ventures
E Squared Investments (Pty) Ltd*
Edge Growth Ventures (Pty) Ltd*
Endeavor South Africa – Harvest Funds
Equate Advisory
Grindstone Accelerator
Grindstone Ventures*
HAVAIC*
Hlayisani Capital*
Horizen Partners
IDF Capital*
Kingson Capital Partners*
KNF Ventures*
Knife Capital*
Norrsken22
OneBio Pty Ltd*
SA SME Fund*
Savant Capital*
Savant Fund Manager
Savant Venture Fund*
Silvertreebrands
Startupbootcamp AfriTech
Stocks and Strauss Fund Manager (Pty) Ltd
The University Technology Fund
Venture Capitalworks Fund I

* *SAVCA Full Members*

SOURCE OF INFORMATION

OBJECTIVES AND METHODOLOGY

- This SAVCA VC Industry Survey process entailed gathering and processing data through questionnaires and interviews with VC fund managers and other investors conducting VC type investments.

- The approach to this survey was similar to the bottom-up methodology used in previous SAVCA VC Industry Surveys using verifiable data and information about completed VC deals.

Information excluded from survey data:

- The VC asset class globally is comprised of VC-type deals made by both individuals and firms. Much of the actual deal flow is not publicly known, as there are limited regulatory and similar formal processes to require disclosure of investment activity by VC investors /fund managers. This is even more so given that individual investors operating in their personal capacity drive a large proportion of the VC asset class. Many investors, especially private individuals prefer to operate anonymously. There is also a substantial number of unreported deals facilitated by independent fund managers, where the details of these deals are not disclosed due to strict confidentiality limitations enacted on such fund managers by their respective investors. Data obtained through surveys of any VC asset class does not therefore reflect the full extent of VC investment activity within a region.

- Known investors active in the Southern African VC industry, in addition to those listed on the SAVCA Members Directory, include Angel Investors, corporate investors, enterprise development agencies, and government backed institutions such as those within the ambit of the DSBD and the TIA.

- Deals that entail no equity risk are excluded from this survey.

- Deals that entail equity securitisation have been excluded, such as those that focus primarily on real estate acquisition, property investments, and buying up land for development and agricultural purposes.

Graphs and calculation of totals

Not all respondents supply complete responses for each attribute in the survey, with some for example omitting details on sector classification, location and stage of the deal. For this reason, totals in some graphs may vary from the actual total of transactions in the full dataset as graphs are generated using only those records with complete details to report on the attribute in question.

About SAVCA
The Southern African Venture Capital and Private Equity Association (SAVCA) is the industry association and public policy advocate for private capital in Southern Africa. SAVCA members represent in excess of R237 billion in assets under management through circa 230 members that represent the private capital ecosystem.

SAVCA promotes Southern African private equity, private debt, and venture capital by engaging with regulators and legislators on a range of matters affecting the industry; providing relevant and insightful thought leadership and research on aspects that impact the industry; offering training and capacity building opportunities to stakeholders in the ecosystem; and by creating meaningful networking opportunities for industry players, investors and capital seekers.

Website: www.savca.co.za | **X (formerly Twitter):** @SAVCAssociation

About VS Nova
VSNova is a South African based management consultancy. Our business offering is centred on strategy, research and advisory services.

SAVCA
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