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VENTURE CAPITAL INDUSTRY SURVEY

2026

INSIGHTS INTO THE SOUTHERN AFRICAN VENTURE CAPITAL INDUSTRY COVERING THE 2025 CALENDAR YEAR

Research Partner: VS Nova

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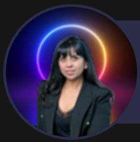

This report is produced and funded by SAVCA, in partnership with VS NOVA, which conducted the independent research.

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FROM THE DESK OF THE CEO

FOREWORD

As we reflect on the state of venture capital in Southern Africa in 2026, a picture emerges of an ecosystem that continues to mature, not through rapid expansion alone, but through increasing sophistication, stronger collaboration and a growing focus on building companies over the long term.

While overall capital deployment moderated from the exceptional levels recorded in 2024, investment activity remained historically strong. South African venture capital investors completed more than 200 funding rounds during the year, continued to expand their active portfolios, and increasingly supported existing portfolio companies through successive follow-on investments. Collectively, these findings point to an ecosystem that is evolving from one primarily focused on funding startups to one increasingly focused on scaling them.

This year's survey also challenges several widely held perceptions about venture capital in Southern Africa. The findings suggest that capital availability is no longer the ecosystem's primary constraint. Respondents reported approximately R3.45 billion available for future deployment, while qualitative feedback consistently highlighted the need for stronger investment-ready deal flow, improved later-stage funding pathways and more viable exit opportunities. In many respects, the challenge has shifted from attracting capital to deploying it effectively.

As SAVCA broadens its strategic focus to strengthen the full private capital ecosystem, including venture capital, private equity, private credit, private infrastructure and impact investing, these findings provide an important baseline for understanding how early-stage capital fits within the wider continuum of private capital required to support businesses throughout their growth journey.

These conclusions resonate with broader international perspectives. While capital is increasingly available, the real challenge is ensuring that it finds the right investment opportunities, structures and partnerships. The findings of this report suggest that South Africa's venture capital ecosystem is approaching a similar stage of development and demonstrating early signs of maturity.

One of the most encouraging developments reflected in this year's survey is the continued improvement in the quality and breadth of data reported by participating fund managers. This is particularly evident among managers who also report to public sector and fund-of-funds investors, where reporting standards have become increasingly robust.

While this represents meaningful progress, further improvements remain essential. As venture capital increasingly seeks to attract domestic institutional investors and international capital, the industry must continue to strengthen the completeness, consistency and accuracy of the information it reports; not only on financial performance and realised returns, but also on the broader economic and social impact of venture capital investments. High-quality, credible data is becoming an increasingly important enabler of institutional confidence and will play a critical role in demonstrating the long-term value of the asset class.

The next phase of growth will require continued collaboration across the ecosystem. Improving exit pathways, unlocking greater participation from domestic institutional investors, strengthening the pipeline of investment-ready businesses and maintaining an enabling policy environment will all be critical if the industry is to realise its full potential.

This report provides more than a snapshot of investment activity. It reflects an ecosystem that is steadily strengthening its foundations and moving towards greater maturity. While important challenges remain, there is growing evidence that South African venture capital is becoming an increasingly important driver of innovation, entrepreneurship and long-term economic growth.

We look forward to building on this momentum together in 2026 and beyond.

ACKNOWLEDGEMENTS

Thank you to all our members and ecosystem partners who participated in this survey. Your continued support and willingness to share data make this report possible and contribute to a stronger, more transparent venture capital ecosystem.

A special thank you to VS Nova, our research partner, for its continued professionalism, analytical rigour and commitment to producing robust, evidence-based insights into the South African venture capital market.

Together, we hope this report not only informs decision-makers, investors and policymakers, but also contributes to the continued growth and global competitiveness of Southern Africa's venture capital ecosystem.

Anusha Naidu
CEO, SAVCA


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OVERVIEW

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 2026 SAVCA VC survey reports on all active deals up to year-end 2025.

1 SOUTH AFRICAN VC CONTINUES TO MATURE

The South African venture capital ecosystem continues its steady maturation, characterised by institutional participation, active portfolio support, technology-enabled innovation and increasing collaboration.

Active portfolio increased to
1,529
investments

Approximately
R15.45bn
assets under management

Active portfolio increased through
212
investment rounds in 2025

2 INVESTMENT REMAINS HISTORICALLY STRONG

Although deployment moderated from 2024's record levels, investment activity for 2025 remains well above historical norms.

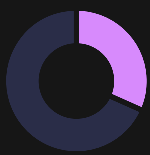
R2.48bn
deployed

R2.23bn
equity

R0.247bn
debt

3 THE ECOSYSTEM IS INCREASINGLY FOLLOW-ON DRIVEN

VC fund managers increasingly supporting their existing portfolios as seen in the uptick in successive funding rounds.



31.7%
follow-on*

91
companies receiving 212 funding rounds in 2025

Average
2.3
funding rounds per company

** Successive capital is primarily follow-on investment into existing portfolio companies, with secondary transactions currently representing only a small share of activity. This is expected to become more prominent as the South African VC market matures.*

4 INVESTMENT IS CONCENTRATED ACROSS THE SEED-TO-SERIES A CONTINUUM

The ecosystem is maturing through portfolio progression rather than shifting towards later-stage investment.

58.2%
Pre-seed/Seed

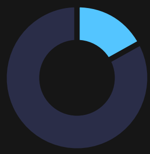
30.8%
Early VC

Broad exposure from
Pre-Seed to Series C

5 TECHNOLOGY CONTINUES TO DOMINATE INNOVATION

Venture capital remains concentrated in technology-enabled businesses and healthcare innovation.

62.7%
ICT



17.1%
Health

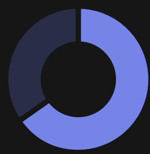
Technology Enablement | Digital & AI

6 CAPITAL IS AVAILABLE (TO SOME), BUT UNEVENLY DISTRIBUTED

Significant differences between larger and smaller fund managers, with available capital concentrated among a relatively small number of firms.

R2.4bn
(55.2%) uncommitted and immediately available capital

R4.3bn
Dry Powder with R1.9bn (44.8%) committed, not deployed



65.5%
uncommitted capital held by three fund managers

7 SOUTH AFRICAN VC EXHIBITS REALISED RETURNS CHARACTERISTICS COMPARABLE TO MORE MATURE INTERNATIONAL ECOSYSTEMS

For every R1.00 invested into exited deals, the reported portfolio has returned R2.45 in realised cash proceeds – generating R2.91bn of net realised value creation before fund-level costs, fees and taxes.

226
realised exits analysed

R4.9bn
realised proceeds from fully disclosed deals

2.45x
realised MOIC

8 SOUTH AFRICAN VC CONTINUES TO CREATE MEASURABLE IMPACT

Venture capital is delivering its strongest measurable impact through business growth.

1x
new job for every
3.2
employees at time of investment

71.1%
increased employment

Changes in ownership and leadership diversity have been more gradual

Continued progress in fund manager diversity

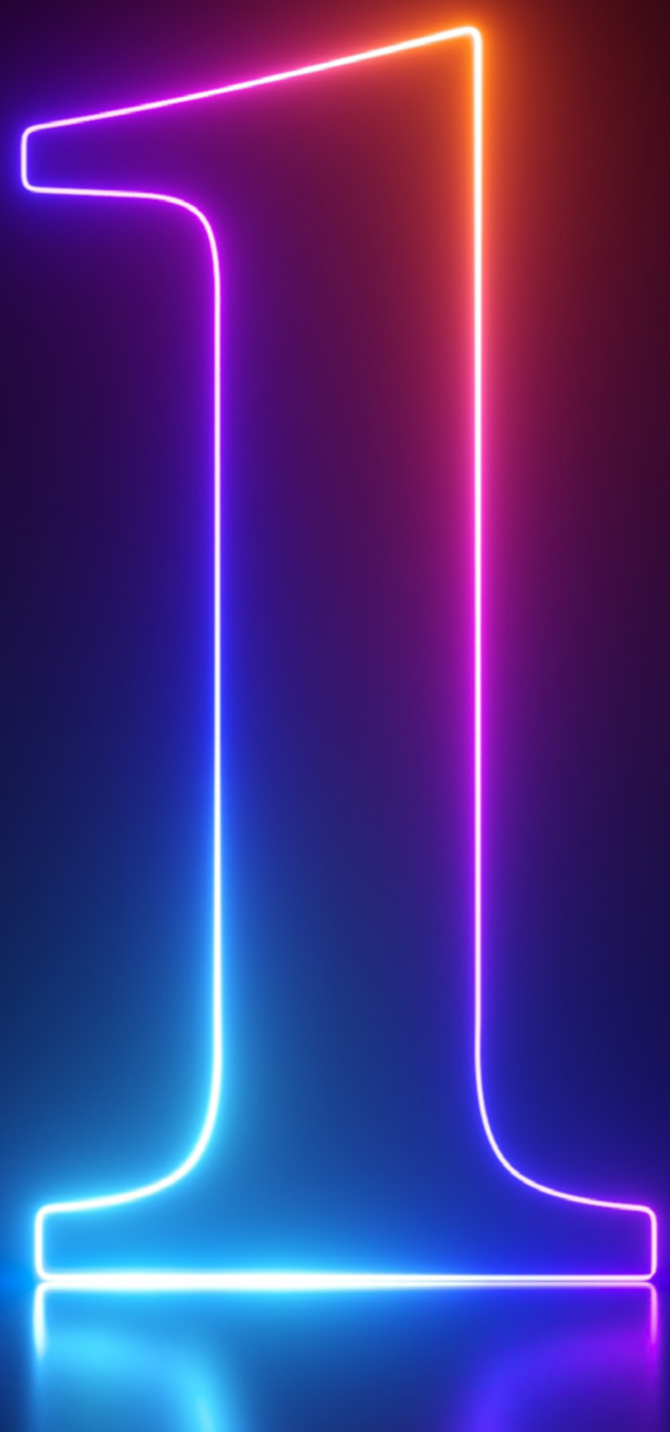
9 LOOKING AHEAD

The next phase of growth is about building a mature venture market: creating exit-ready companies, unlocking institutional capital and translating demonstrated returns into future investment.

Strong Growth in
Fund-of-Fund
capital & options

Maturing pipeline of
Exit-ready Startups

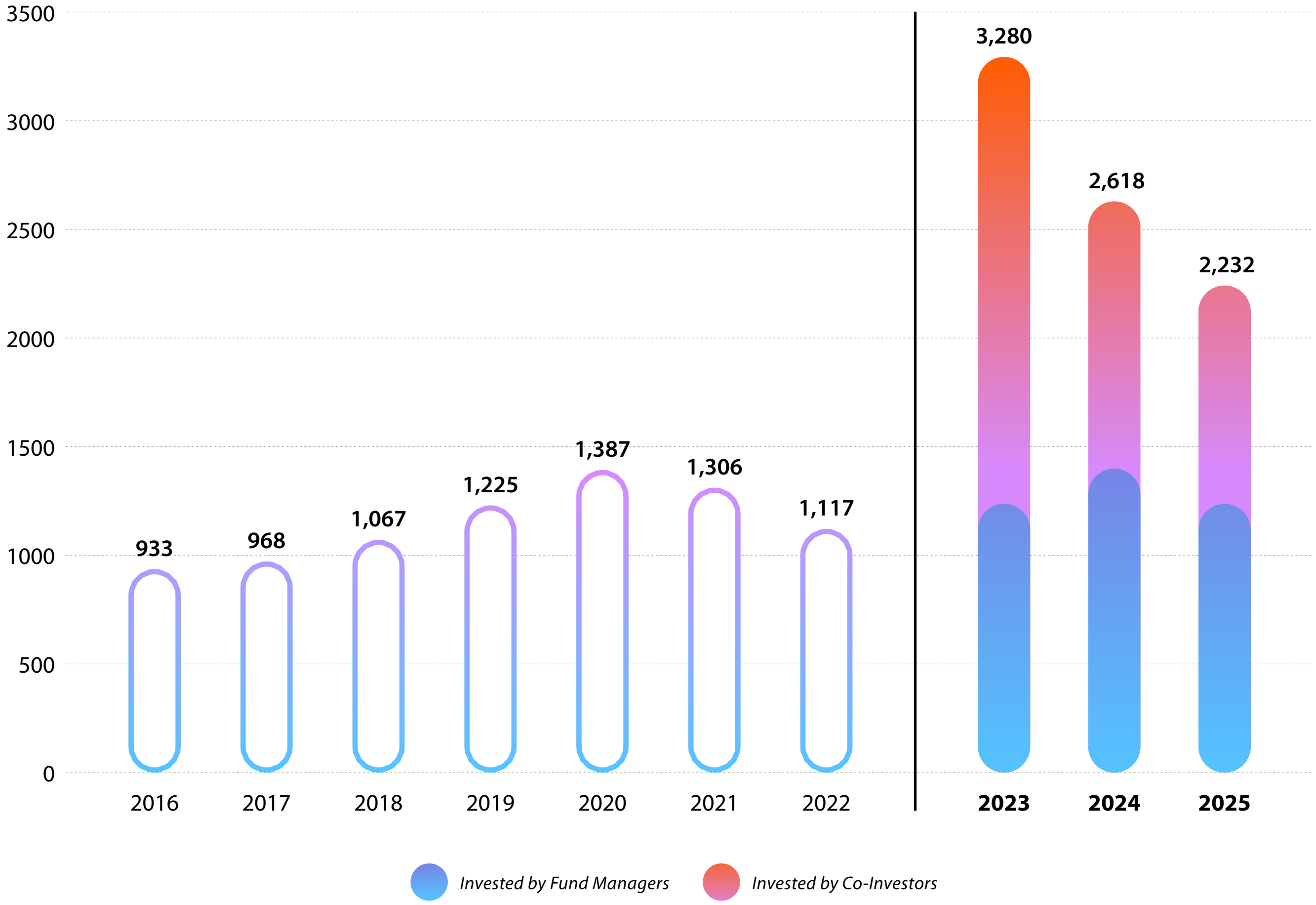
Institutional Capital
targeted to unlock future investment capital



ANNUAL INVESTMENT ACTIVITY

1 ANNUAL INVESTMENT ACTIVITY

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



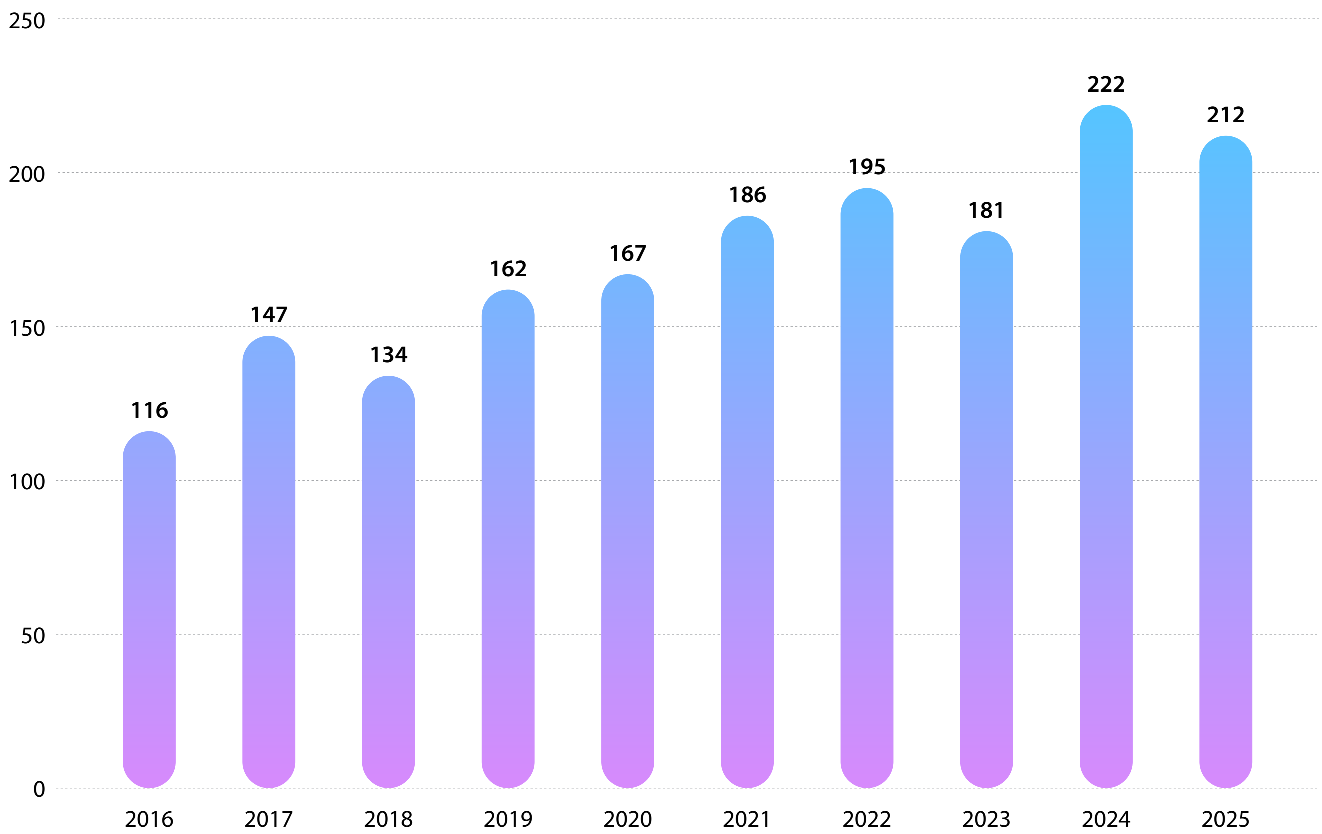
- Early-stage investment increased steadily from R933 million in 2016, reached a new level with R3.28 billion in 2023, before moderating to R2.62 billion in 2024 and R2.23 billion in 2025. Despite the moderation, annual investment remains around double pre-2023 levels, with cumulative assets under management reaching R15.45 billion in 2026, up from R13.35 billion a year earlier.

- The above graph captures syndicated investment activity reported by respondent fund managers, including capital from additional investors participating in the same funding rounds. Co-investment reached unprecedented levels from 2023, reflecting increased collaboration both between South African fund managers with strategic and international co-investors.

- Co-investors contributed 62.4% of total capital in 2023, declining to 46.6% in 2024 and 44.8% in 2025. This reflects both a greater funding contribution by respondent fund managers and the exceptional impact of several large, later-stage Series C co-investment rounds recorded in 2023.

- Compared with last year's survey, overall capital deployment has weakened but remains well above historical norms. This year's survey recorded R2.48 billion deployed to startups, comprising R2.23 billion in equity (of which 44.8% (R1.00 billion) was provided by co-investors and 55.2% (R1.23 billion) by fund managers) and R251.8 million in debt.

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



- Investment activity remained historically strong in 2025, with 212 early-stage deals concluded, following the record 222 deals in 2024. Annual deal activity has almost doubled from 116 deals in 2016, demonstrating sustained growth in the number of startups backed by South African VC investors despite lower average deal values than in 2023[1].

- While investment rounds remained high, capital was deployed across fewer companies. Despite large number of local deals annually going to early investment stages (see also figure 5b: Stage preferences grouped into Early to Late VC categories), this increase in capital concentration reflects a notable shift in global VC investment, with capital concentrated into fewer, but stronger deals. Such concentration is further strengthened locally with fund managers deploying follow-on capital to support existing portfolio companies through successive funding rounds, as companies mature towards commercial scale and eventual exit.

- After a record 222 deals into 110 companies in 2024, activity remained robust in 2025 with 212 deals, but these were concentrated across just 91 companies. This narrower distribution of investment provides further evidence of capital being directed towards a smaller pool of businesses.

[1] *Note: Early-stage pipeline development*

- *South Africa's highest-risk pre-seed funding was historically enabled through grants and incentives such as those provided by the Technology Innovation Agency and the Department of Trade, Industry and Competition through programmes such as the Support Programme for Industrial Innovation (SPII) and THRIP (a programme to incentivise and support university-industry collaboration on innovation projects that in some instances lead to VC backed university spin-outs), supporting companies before they became investable by private capital.*
- *This continues today, with TIA remaining an important provider of early-stage pipeline support, while VC managers and ecosystem partners increasingly operate incubators, accelerators and venture-building programmes to develop future investment opportunities. Supported by the State, DFI and private-sector capital such as the SA SME Fund, examples include Grindstone, Founders Factory Africa, AlphaCode Incubate, Endeavor, E Squared Investments and Launch Africa Ventures, performing a pipeline development role similar to internationally recognised programmes such as Y Combinator and Techstars.*
- *As with international best-practice, the SAVCA survey records deals involving such companies only once an equity investment or capital transaction occurs, meaning early pipeline development involving in-kind support and grants without equity is largely not reflected in the reported investment statistics.*

- The data further reflects South Africa's integrated VC model where a first-round investor often remains the primary funder for several rounds due to the absence of later-stage options. Fund managers build, develop and mature the same companies through to exit, meaning today's syndicated later-stage investments largely represent businesses first backed by those very same investors five to ten years ago.

2 INVESTMENTS BY PRIMARY SECTOR, LAST TEN YEARS (% BY NUMBER OF DEALS)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business Products & Services	28.0%	16.7%	27.3%	19.2%	15.1%	6.5%	8.4%	6.4%	1.8%	2.1%
Consumer Products & Services	15.9%	27.5%	16.5%	20.5%	13.0%	14.8%	8.4%	5.8%	6.5%	7.3%
Energy	2.4%	3.9%	2.5%	2.0%	2.7%	1.3%	5.2%	4.1%	1.2%	8.8%
Financial services (non-FinTech)	0.0%	2.0%	4.1%	8.6%	2.1%	4.5%	0.0%	0.6%	0.0%	0.5%
Health	12.2%	14.7%	10.7%	9.9%	12.3%	12.3%	18.8%	12.3%	20.0%	17.1%
ICT	39.0%	31.4%	34.7%	33.8%	51.4%	56.8%	48.1%	67.3%	65.9%	62.7%
Materials & Resources	2.4%	3.9%	4.1%	6.0%	3.4%	3.9%	11.0%	3.5%	4.7%	1.6%

- The above table groups investment activity by primary sectors[2], based on a percentage of total number of investments per year.

- ICT (Information & Telecommunication Technologies) remained the dominant sector, accounting for 62.7% of all deals in 2025[3]. This reflects a continuation of the trend observed since 2020, with ICT consistently accounting for more than half of annual venture capital deals.

- Health remained the second-largest sector, representing 17.1% of deals in 2025, continuing its consistently strong performance over the past decade and reflecting its importance as a strategic innovation priority for both the public and private sectors[4].

- Energy increased to 8.8% of deals in 2025, its highest share over the ten-year period, largely driven by a small number of highly syndicated transactions in 2025, rather than a broad-based increase in energy deals in general.

- Business Products & Services continued its long-term decline, falling from 28.0% of deals in 2016 to 2.1% in 2025. This reflects a shift towards technology-enabled business models, leveraging technology – especially artificial intelligence (AI) – as the primary driver of innovation, productivity and economic transformation. AI – although still shown as a sub-category of ICT – in mature VC markets like the US and UK is not seen anymore as a separate business category as it permeates every part of the investment landscape. Increasingly, South African startups develop software, AI, fintech, cybersecurity and other digital solutions that are adopted by banks, telecommunications operators, retailers and industrials, positioning startups as innovation partners within corporate value chains rather than stand-alone service providers[5].

2 *The sector scheme used by the 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 report.*

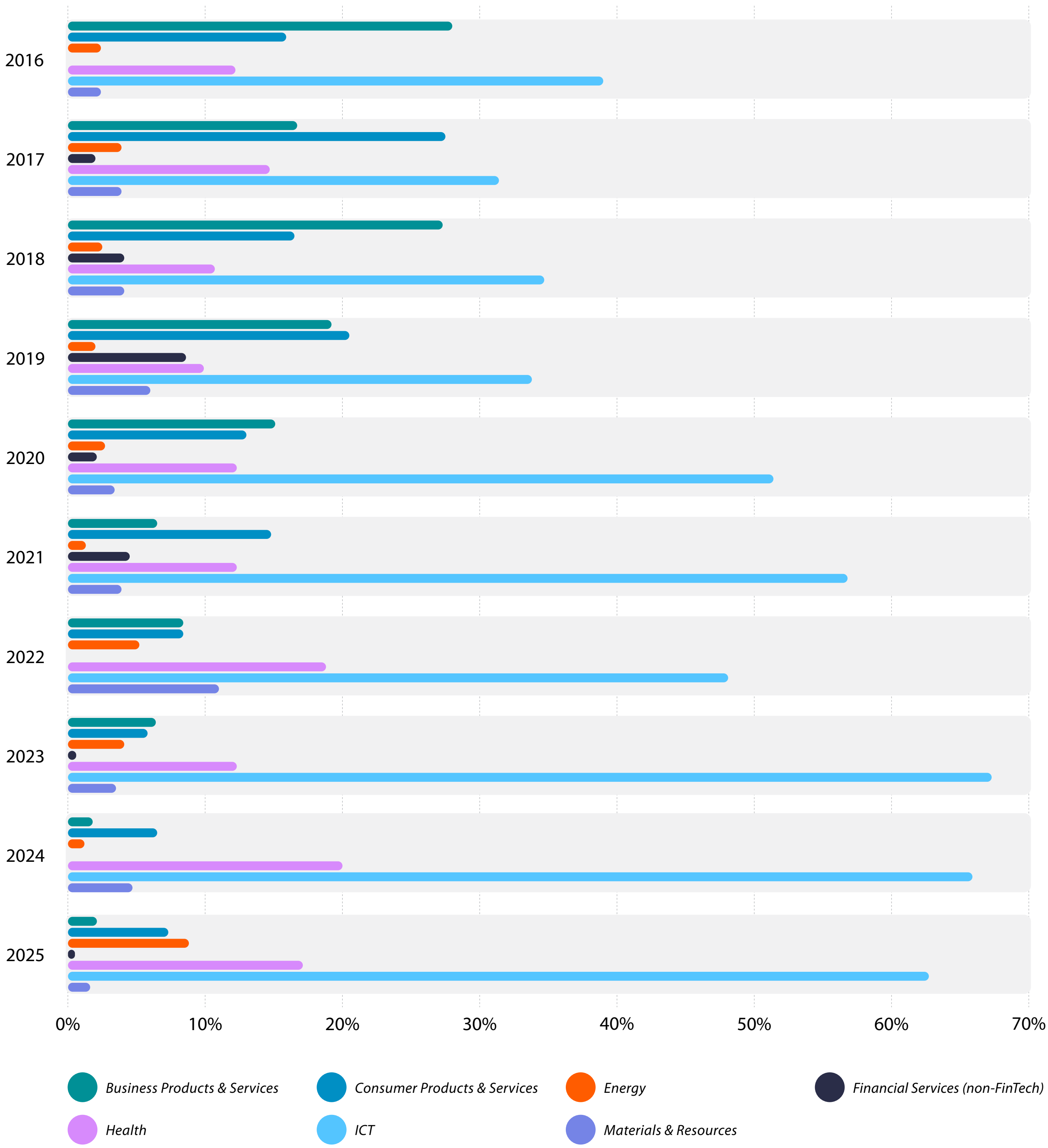
3 *ICT is the largest venture capital sector in most mature VC markets, including the US and Europe, reflecting the scalability, capital efficiency and cross-sector applicability of digital technologies. The prominence of ICT in South Africa is therefore consistent with global venture capital investment patterns rather than indicating sectoral over-concentration.*

4 *Health is a clear South African priority for both public and private investment. It is identified in the 2019 White Paper on Science, Technology and Innovation and the National Development Plan, while also attracting sustained VC investment in digital health, biotech, life sciences and medical technologies.*

5 *SA startup business models have increasingly evolved from attempting to deliver business services to developing the digital technologies that enable them, with many such businesses now appropriately classified under ICT. Within ICT, similar shifts can be seen, with activities previously considered as 'Software' development, evolving to take on the sector classification of the application, such as 'FinTech' or 'PropTech'.*

- Consumer Products & Services also declined over the decade, although less sharply, accounting for 7.3% of deals in 2025, compared with peaks of over 20% in earlier years.
- Financial Services (non-FinTech) and Materials & Resources remained relatively small investment categories, accounting for 0.5% and 1.6% of deals respectively in 2025, while the overall sector allocation remained relatively diversified for a market of South Africa's size[6].

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



[6] *Despite the prominence of ICT, the South African venture capital market continues to support investment across a broad range of sectors, including Health, Energy, Consumer Products & Services, Business Products & Services, Financial Services and Materials & Resources. This level of sectoral diversification is notable given the relatively small size of the domestic venture capital market.*

EDGE IMPACT FUND (EIF)

CATALYTIC DEBT FOR AFRICAN SCALE-UPS

About EIF

The Edge Impact Fund (EIF) is a growth-stage impact fund managed by Edge Growth Ventures, providing catalytic debt and hybrid capital to high-impact, technology-enabled businesses in South Africa and other select African regions. EIF enables businesses to scale using flexible, non-dilutive funding solutions.

What Is Catalytic Debt?

Catalytic Debt is flexible, non-dilutive capital structured around a business's cashflow profile, designed to support growth, complement equity and unlock additional funding.

EDGE GROWTH

EDGE IMPACT FUND

Funding Solutions

- Term Loans
- Working Capital Finance
- Venture Debt
- Convertible Loans
- Revenue-Based Finance

Target Companies

- Series A–C technology-enabled businesses
- R20m+ annual revenue
- Predictable or recurring revenue
- Strong unit economics and clear path to profitability/ post profit
- Clear intent to use funds for growth
- South African focus but open to investments in companies across the rest of Africa, with a particular focus on Kenya and the broader East Africa region.
- R20m-R60m ticket size

Ideal Use Cases

- Extend runway with minimal equity dilution
- Fund working capital or expansion
- Bridge to next funding round
- Support customer acquisition and scaling

Sector Focus

- Fintech
- Healthtech
- Edtech
- Greentech
- Other impact-aligned sectors

Why EIF?

- Non-dilutive or minimally dilutive capital
- Flexible structuring
- 15+ year track record
- Expertise across debt, equity and hybrid instruments

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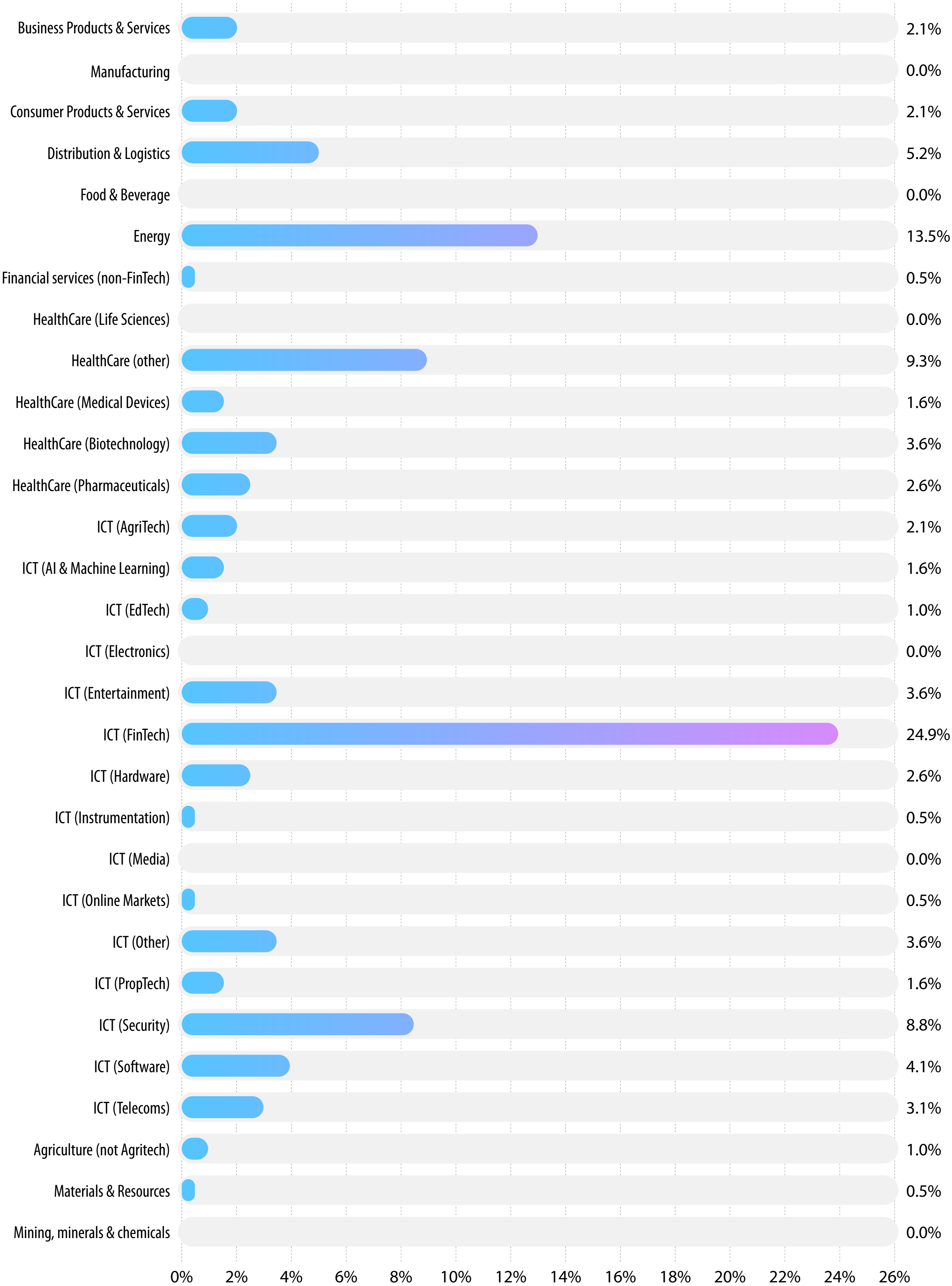
3 INVESTMENTS BY SECTOR (% BY NUMBER OF DEALS)

Figure 3 *Sector allocation based on number of deals concluded in 2025*



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1. Business Products & Services	13.4%	7.8%	19.0%	13.9%	11.0%	1.9%	7.8%	6.4%	1.2%	2.1%
1.1 Manufacturing	14.6%	8.8%	8.3%	5.3%	4.1%	4.5%	0.6%	0.0%	0.6%	0.0%
2. Consumer Products & Services	7.3%	16.7%	9.1%	9.9%	6.2%	8.4%	2.6%	1.2%	2.4%	2.1%
2.1 Distribution & Logistics	0.0%	0.0%	2.5%	4.0%	2.7%	3.9%	5.8%	1.8%	0.0%	5.2%
2.3 Food & Beverage	8.5%	10.8%	5.0%	6.6%	4.1%	2.6%	0.0%	2.9%	4.1%	0.0%
3. Energy	2.4%	3.9%	2.5%	2.0%	2.7%	1.3%	5.2%	4.1%	1.2%	13.5%
4. Financial services (non-FinTech)	0.0%	2.0%	4.1%	8.6%	2.1%	4.5%	0.0%	0.6%	0.0%	0.5%
5. HealthCare (Life Sciences)	1.2%	0.0%	0.0%	0.0%	4.8%	0.6%	0.0%	1.8%	0.0%	0.0%
5. HealthCare (other)	4.9%	6.9%	5.0%	4.6%	5.5%	6.5%	0.6%	1.8%	7.6%	9.3%
5.1 HealthCare (Medical Devices)	6.1%	5.9%	4.1%	4.6%	0.7%	0.0%	7.1%	4.7%	8.8%	1.6%
5.4.1 HealthCare (Biotechnology)	0.0%	2.0%	1.7%	0.7%	1.4%	5.2%	11.0%	4.1%	3.5%	3.6%
5.4.5 HealthCare (Pharmaceuticals)										2.6%
6. ICT (AgriTech)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	2.1%
6. ICT (AI & Machine Learning)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	1.6%
6. ICT (EdTech)	0.0%	0.0%	0.0%	0.0%	0.0%	9.7%	0.6%	3.5%	2.4%	1.0%
6. ICT (Electronics)	1.2%	3.9%	2.5%	2.6%	2.1%	0.6%	4.5%	2.9%	0.6%	0.0%
6. ICT (Entertainment)										3.6%
6. ICT (FinTech)	9.8%	8.8%	11.6%	13.2%	16.4%	16.8%	14.9%	16.4%	15.9%	24.9%
6. ICT (Hardware)										2.6%
6. ICT (Instrumentation)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	0.5%
6. ICT (Media)	3.7%	2.0%	0.8%	0.7%	3.4%	1.3%	0.6%	0.6%	0.6%	0.0%
6. ICT (Online Markets)	7.3%	1.0%	3.3%	4.0%	2.7%	5.8%	3.9%	11.1%	7.6%	0.5%
6. ICT (other)										3.6%
6. ICT (PropTech)										1.6%
6. ICT (Security)	2.4%	2.9%	1.7%	1.3%	3.4%	0.6%	1.9%	0.6%	5.9%	8.8%
6. ICT (Software)	8.5%	7.8%	14.9%	10.6%	19.9%	18.7%	18.2%	31.0%	20.0%	4.1%
6.1 ICT (Telecomms)	6.1%	4.9%	0.0%	1.3%	3.4%	3.2%	3.2%	1.2%	1.2%	3.1%
7. Agriculture (not Agritech)	2.4%	3.9%	2.5%	6.0%	3.4%	1.3%	3.9%	2.3%	3.5%	1.0%
7. Materials & Resources	0.0%	0.0%	1.7%	0.0%	0.0%	2.6%	7.1%	1.2%	0.6%	0.5%
7. Mining, minerals & chemicals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%

- Investment continued to concentrate within specialist technology verticals[7]. FinTech increased to 24.9% of all deals (2024: 15.9%), its highest level over the decade, while Cybersecurity increased to 8.8% (2024: 5.9%). Conversely, the broad Software category declined from 20.0% to 4.1% as businesses were increasingly classified according to their technology application[8] rather than generic software development.

- Within ICT, FinTech (39.7% of ICT deals in 2025), ICT Security (14.0%) and AgriTech (10.7%) were the three largest sub-sectors, together accounting for 64.5% of ICT deals in 2025.

- Investment remained broadly diversified across healthcare sub-sectors. HealthCare (other) increased to 9.3% (2024: 7.6%), while Biotechnology remained stable at 3.6%. Medical Devices declined from 8.8% to 1.6%, indicating that the elevated activity recorded in 2024 was not sustained.

- Energy increased to 13.5% of deals (2024: 1.2%), its highest share over the ten-year period.

- Historically, energy has featured only marginally in early-stage VC, as the sector typically requires larger capital investments than traditional venture funding. The 2025 increase was driven by a handful of Series A and late pre-Series A investments in energy technology businesses, attracting significant local and international co-investment.

- Traditional consumer investment continued to decline, with Consumer Products & Services accounting for 2.1% of deals and Food & Beverage recording no reported investments during 2025. By contrast, Distribution & Logistics increased to 5.2%, suggesting growing demand for technology-enabled logistics and supply-chain solutions.

- Business Products & Services remained subdued at 2.1% of deals, continuing the long-term decline from 28.0% in 2016 as startups increasingly develop technology platforms rather than conventional business service models.

- Materials & Resources and Financial Services remains niche investment categories. Materials & Resources represented 0.5% of deals, while Financial Services (non-FinTech) accounted for 0.5%, reflecting the continued dominance of FinTech within ICT rather than traditional financial services.

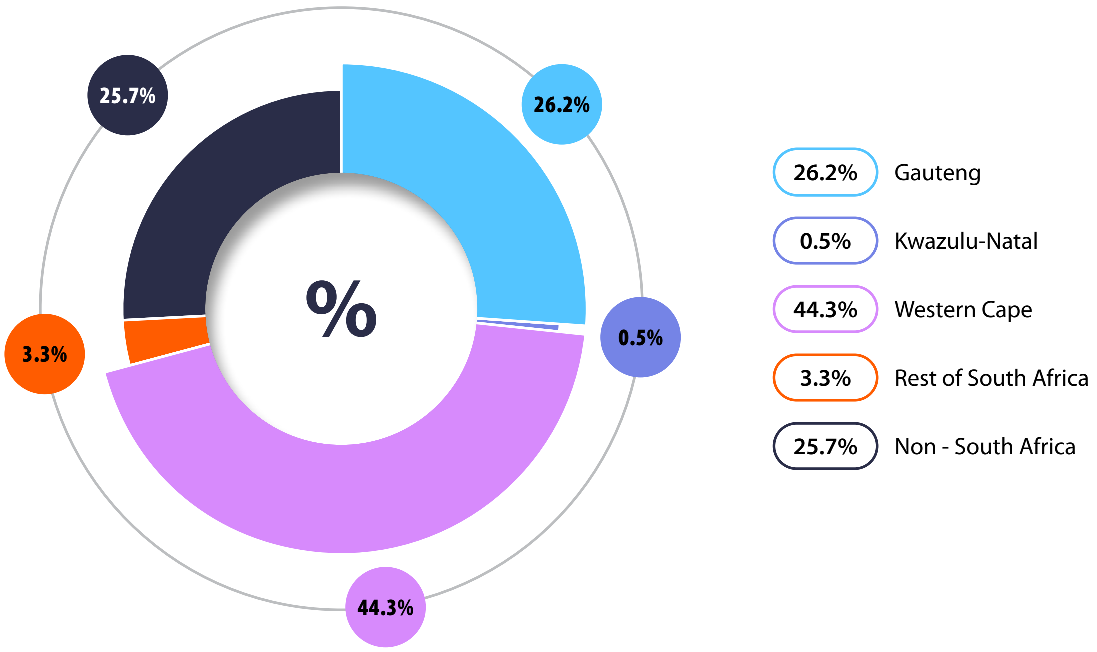
4 BUSINESS LOCATION OF INVESTEE COMPANIES (BY NUMBER OF DEALS CONCLUDED)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Gauteng	37.0%	39.8%	41.7%	37.1%	31.7%	53.8%	19.7%	27.9%	26.9%	26.2%
Kwazulu-Natal	8.7%	7.8%	4.2%	0.7%	2.4%	0.6%	0.6%	1.1%	3.5%	0.5%
Western Cape	46.7%	43.7%	45.8%	46.9%	53.9%	36.7%	76.4%	54.2%	52.0%	44.3%
Rest of SA	2.2%	5.8%	6.7%	6.3%	1.2%	1.9%	2.5%	3.9%	2.9%	3.3%
Non-South Africa	5.4%	2.9%	1.7%	9.1%	10.8%	7.0%	0.6%	12.8%	14.6%	25.7%

[7] *The survey does not separately classify investments as "deep tech" commonly associated with the commercialisation of public funded intellectual property such as spinouts from universities and science councils like the CSIR . This is consistent with international venture capital reporting practice (e.g. PitchBook, NVCA and Invest Europe), where deep-tech companies are generally classified according to their end-market sector (such as ICT, Health, Energy or AgriTech) rather than under a standalone "deep tech" category. Accordingly, science- and R&D-intensive ventures are captured within the reported sectors but cannot be separately quantified from the survey data.*

[8] *Several additional sub-categories are displayed for 2025 to improve reporting granularity as respondents classified businesses according to their specific technology application (e.g. PropTech, Hardware and Entertainment) rather than broader software categories. This enhances classification precision without affecting comparability at the primary sector level (i.e. ICT).*

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



- The Western Cape remains the leading startup hub in 2025, accounting for 44.3% of reported deals. While down from 52.0% in 2024, it continues to record the largest share of deals over the ten-year period, notwithstanding the exceptional 76.4% recorded in 2022.
- Gauteng accounted for 26.2% of reported deals in 2025, broadly unchanged from 26.9% in 2024. Although well below its peak of 53.8% in 2021, Gauteng has consistently reported around one-quarter of deals over the past three years.
- Non-South African headquartered companies increased to 25.7% of reported deals in 2025[9], the highest proportion recorded over the ten-year period and up from 14.6% in 2024.
- These transactions typically combined South African capital with international co-investment through holding companies or entities established in the target markets. The increase also reflects the investment activity of a small number of South African-based fund managers with pan-African investment mandates.
- KwaZulu-Natal accounted for 0.5% of reported deals in 2025, down from 3.5% in 2024, while the Rest of South Africa represented 3.3%, broadly consistent with previous years.
- Despite the increase in non-South African headquartered companies, the South African venture ecosystem remains highly concentrated[10], with the Western Cape and Gauteng together accounting for 70.5% of all reported deals in 2025.

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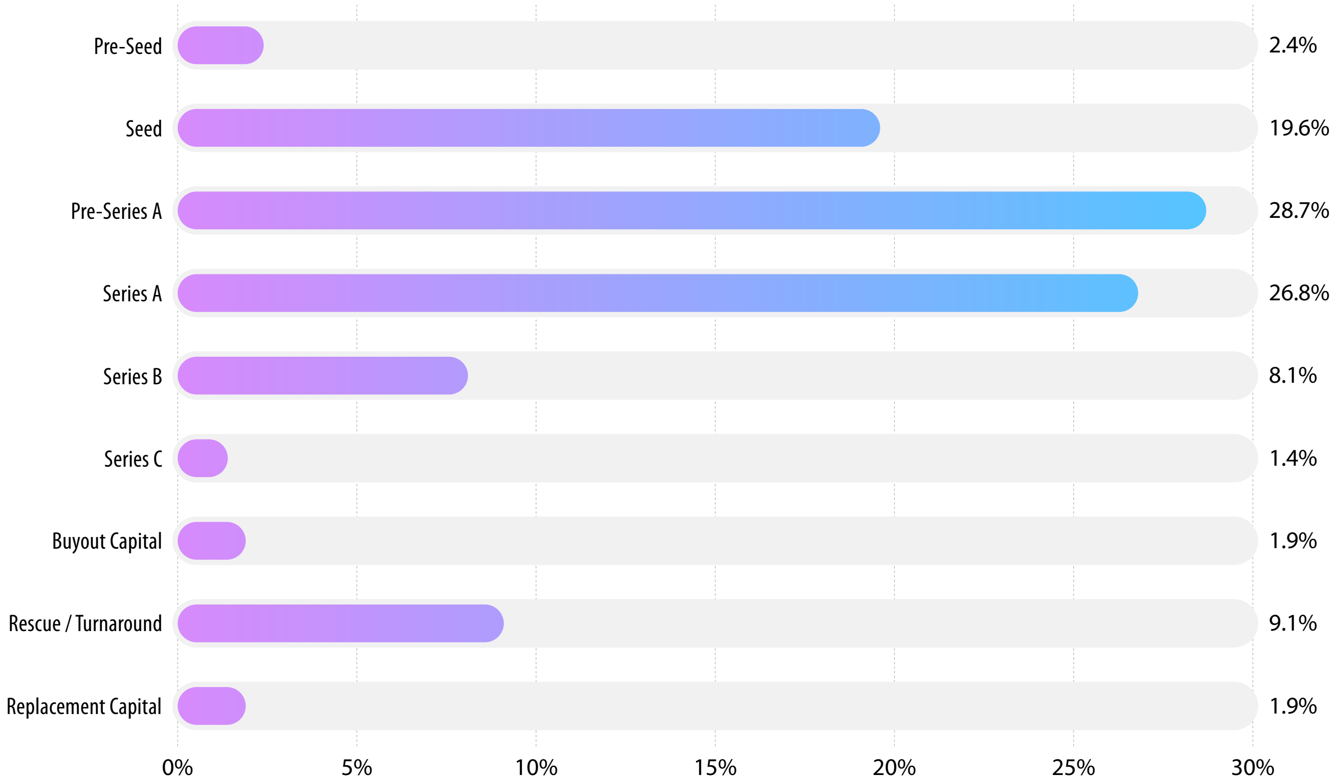
[9] *The increase in non-South African headquartered companies should not be interpreted solely as investment outside South Africa. It also reflects the continued internationalisation of South African startups, many of which establish overseas headquarters or holding companies as they scale internationally while retaining significant operations and product development in South Africa.*

[10] *The concentration of venture capital investment in the Western Cape and Gauteng is consistent with global experience, where venture capital clusters around established entrepreneurial ecosystems. Venture capital typically follows, and subsequently reinforces, these ecosystems rather than creating them.*

5 CONTRIBUTION BY STAGE OF THE DEAL (AS A % OF ALL DEALS DONE IN THE YEAR)

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



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-Seed	0.0%	0.0%	2.7%	0.0%	1.4%	2.4%	15.5%	14.0%	8.4%	2.4%
Seed	19.4%	18.0%	9.3%	11.4%	19.7%	30.8%	15.5%	37.4%	17.4%	19.6%
Pre-Series A	21.0%	23.6%	44.0%	28.5%	27.2%	28.4%	31.0%	13.4%	15.0%	28.7%
Series A	11.3%	19.1%	13.3%	12.2%	15.6%	14.2%	22.4%	19.6%	42.5%	26.8%
Series B	48.4%	32.6%	25.3%	41.5%	35.4%	21.9%	10.9%	12.3%	9.0%	8.1%
Series C	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	1.1%	4.2%	1.4%
Buyout capital	0.0%	3.4%	2.7%	4.1%	0.7%	1.2%	0.0%	0.6%	0.6%	1.9%
Rescue / Turnaround	0.0%	3.4%	1.3%	0.8%	0.0%	0.6%	0.6%	0.0%	3.0%	9.1%
Replacement capital	0.0%	0.0%	1.3%	1.6%	0.0%	0.6%	1.1%	1.7%	0.0%	1.9%

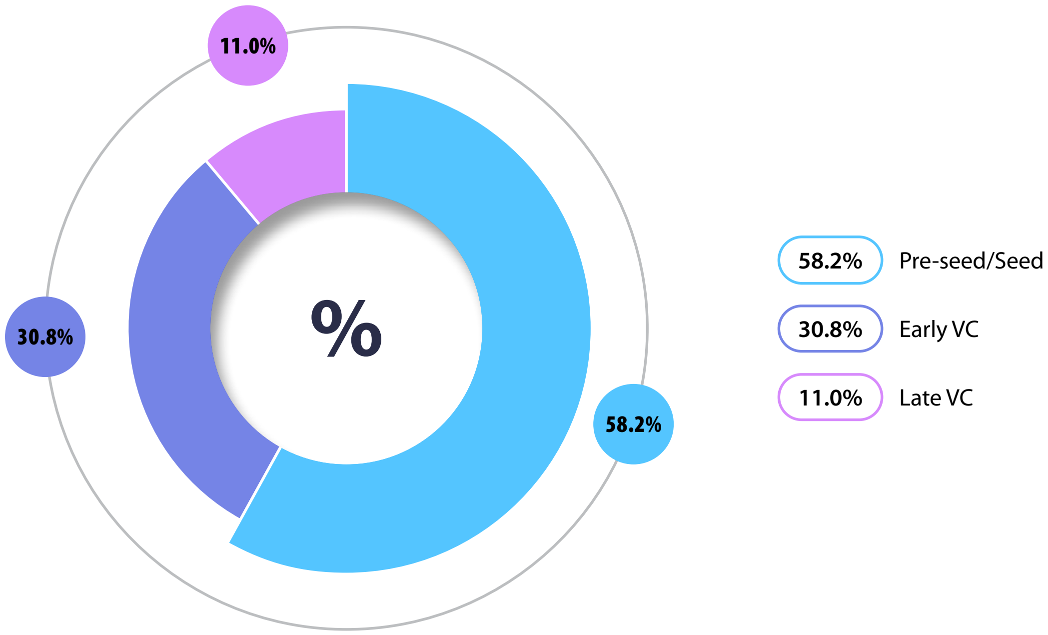
- Pre-Series A accounted for the largest share of reported deals in 2025 (28.7%), up from 15.0% in 2024 and broadly in line with levels observed between 2019 and 2022, indicating renewed investment activity immediately prior to institutional Series A rounds.
- Series A represented 26.8% of reported deals in 2025, down from the record 42.5% in 2024 but remaining the second-highest proportion recorded over the ten-year period. Together, Pre-Series A and Series A accounted for 55.5% of all reported deals, highlighting the continued concentration of investment in companies progressing through the early-growth phase.

- Seed investment increased modestly to 19.6% in 2025 (from 17.4% in 2024), while Pre-Seed declined to 2.4%, its lowest level since 2021, reflecting the continued emphasis of surveyed VC fund managers on investing beyond the earliest stages of company formation[11].

- Series B (8.1%) and Series C (1.4%) remained comparatively limited, although this largely reflects the relatively small number of companies in South Africa that have progressed to these stages.

- Rescue / Turnaround capital increased to 9.1% of reported deals in 2025, the highest proportion in the time series, while Buyout (1.9%) and Replacement capital (1.9%) remained limited.

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



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-seed/Seed	40.3%	41.6%	56.0%	39.8%	48.3%	61.5%	62.1%	64.8%	40.7%	58.2%
Early VC	11.3%	19.1%	13.3%	12.2%	15.6%	14.2%	22.4%	19.6%	42.5%	30.8%
Late VC	48.4%	32.6%	25.3%	41.5%	35.4%	21.9%	13.8%	13.4%	13.2%	11.0%

- The above table is a different view of the same investment stages, grouped into pre-seed/seed, early VC and late VC, based on the number of deals reported.

- South African VC investors remain firmly invested in the earliest institutional funding stages with Pre-Seed/Seed accounting for 58.2% of reported deals in 2025, up from 40.7% in 2024 and consistent with most years since 2021.

- Early VC (Series A) represented 30.8% of deals in 2025, down from the record 42.5% in 2024 but still well above historical levels, suggesting a rebalancing after an exceptional 2024 rather than a reversal of the ecosystem's maturation.

[11] *The relatively low proportion of Pre-Seed investments should not be interpreted as a weakening early-stage pipeline. Many fund managers increasingly source investment-ready companies from accelerators, incubators, angel investors and other ecosystem partners, or stimulate such through own funded initiatives as alluded to earlier, allowing institutional VC capital to focus on Seed, Pre-Series A and Series A investments.*

- Late VC declined to 11.0% of reported deals, continuing its long-term decline. While South Africa continues to face a limited pool of dedicated domestic growth-stage capital, this decline is consistent with the apparent slowdown in exit activity observed globally, with investors and portfolio companies seemingly willing, or having to remain private for longer.
- Overall, the data points to a maturing VC ecosystem, with investment remaining concentrated across the Seed-to-Series A continuum as more startups progress through successive funding rounds supported by follow-on investment.

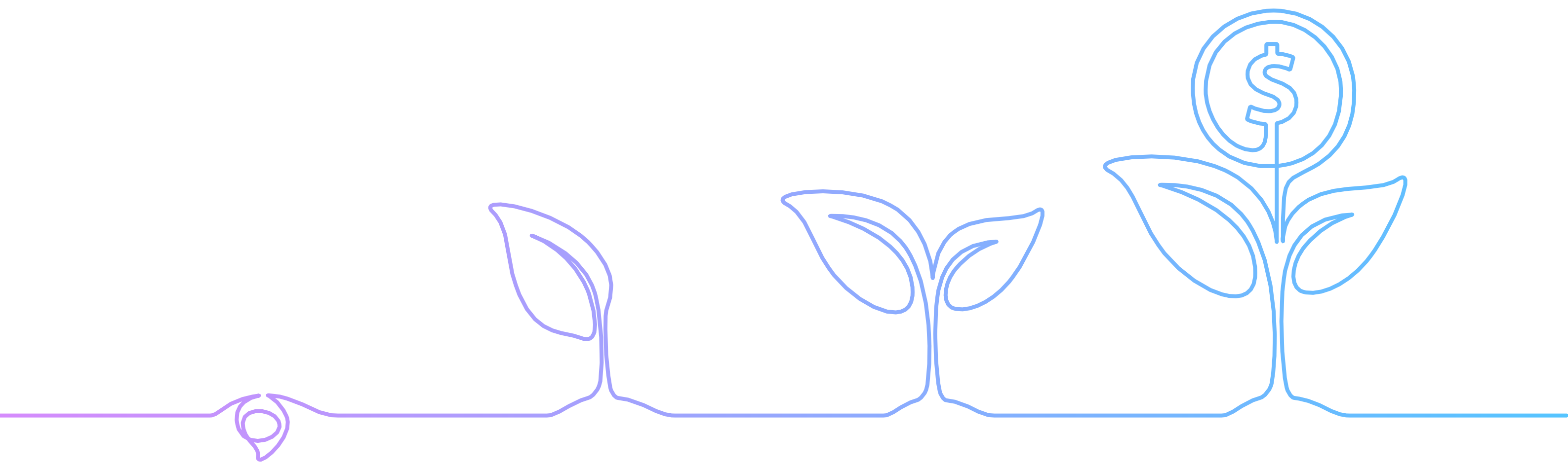
6 NOTABLE INVESTMENT ACTIVITY INSIGHTS

In addition to collecting portfolio investment data, participating fund managers were surveyed on selected investment preferences and emerging trends observed within the venture capital market.

Responses were received from 21 fund managers investing through 44 early-stage funds; being mostly the same fund managers and number of respondents surveyed in 2025. Collectively, these respondents accounted for all deals reported in the 2025 survey and represents approximately 83% of the total investment value captured in the underlying deal dataset (approximately R960 million of R1.16 billion invested), indicating a high degree of representativeness by both deal activity and capital deployed.

6A. VENTURE DEBT

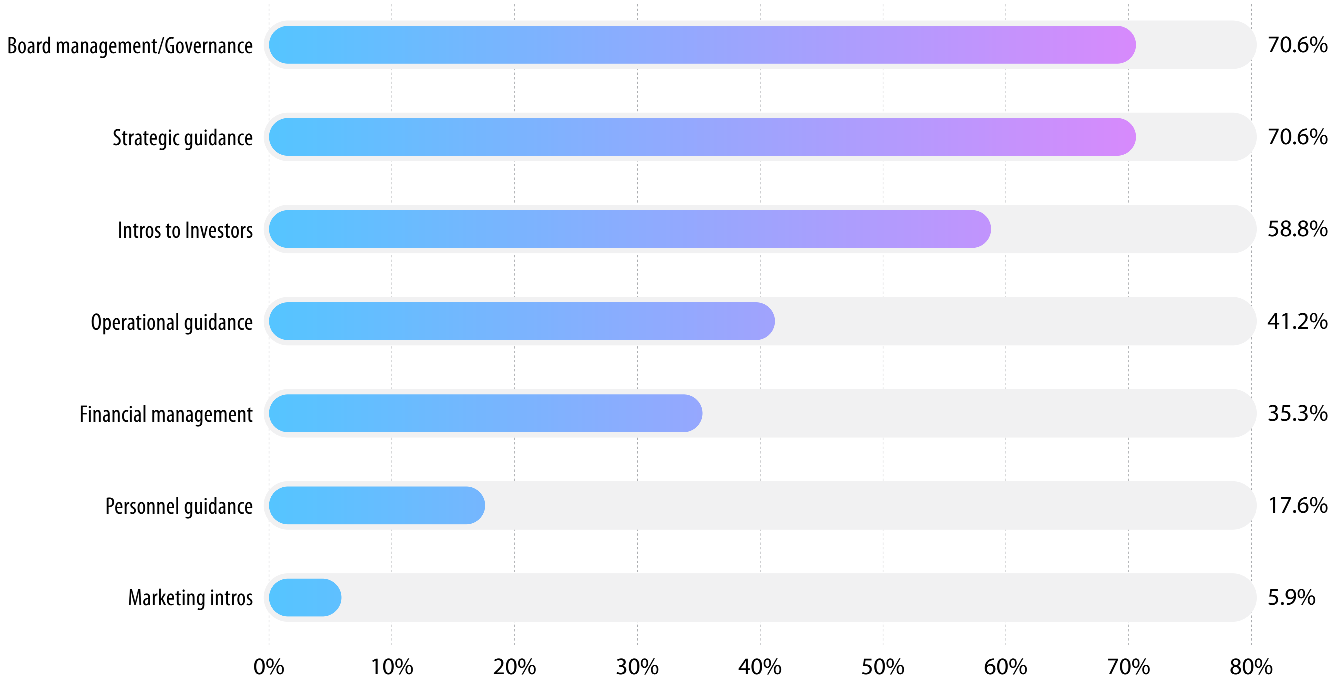
- Venture Debt remains a minority financing instrument, although there are signs of gradual adoption. 41.2% of respondents reported some Venture Debt activity, while 58.8% reported none. This compares with 72.0% reporting no Venture Debt use in the previous survey, suggesting modest growth in adoption from a relatively small sample.
- Some respondents reported using Venture Debt alongside their own equity investments, while others indicated that portfolio companies had raised Venture Debt independently from third-party providers.
- Reported Venture Debt amounts vary considerably, ranging from R2 million to R224 million, indicating that the instrument is being used across transactions of very different sizes.
- Most disclosed transactions remain relatively modest. Excluding the R224 million outlier, reported amounts range from R2 million to R35 million, with a median of approximately R7.2 million, suggesting Venture Debt is generally used as supplementary growth capital.
- Overall, the findings broadly mirror last year's conclusions. Venture Debt remains a niche financing instrument, with equity still the dominant funding source. However, the higher proportion of respondents reporting Venture Debt activity suggests the instrument is gradually gaining traction as a complementary source of capital for venture-backed companies.
- Globally, venture investors are making increasing use of convertible debt for early-stage financings, allowing capital to be deployed ahead of a priced equity round while deferring valuation and reducing investment risk. This trend is particularly evident in US venture markets, where convertible instruments such as SAFEs and convertible notes are widely used for seed-stage investments.



6B ADVICE

- The data highlights the types of advice that South African early-stage VC investors consider most valuable to their portfolio companies.

Figure 6b *Advice offered*

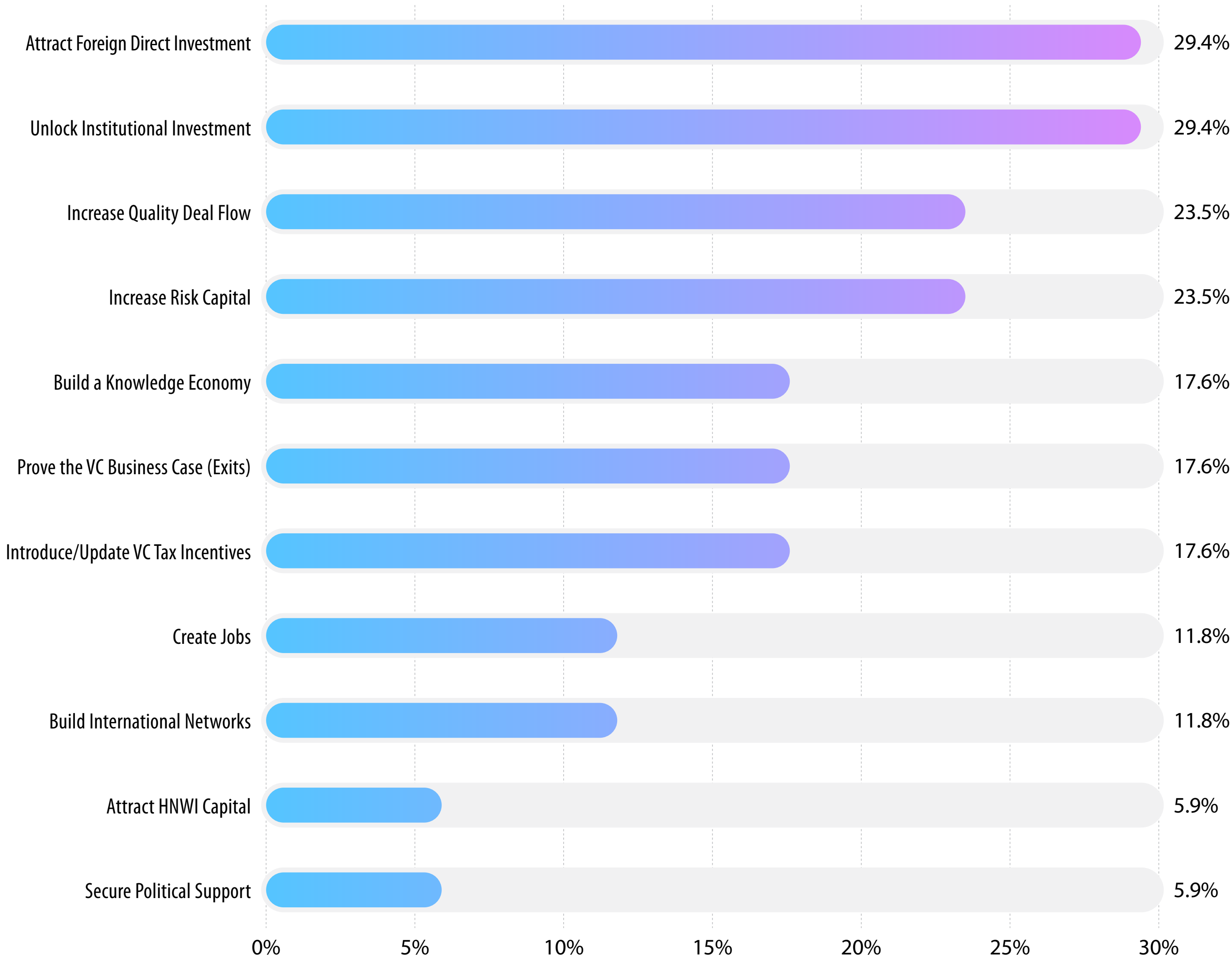


- South African early-stage VC investors view their role as extending well beyond capital, with the greatest value placed on strategic guidance, governance and facilitating access to finance.
- Strategic guidance and Board Management/Governance were jointly ranked highest, each selected by 70.6% of respondents. This indicates that investors primarily act as strategic partners, helping founders shape growth strategies, strengthen governance and prepare businesses for scale.
- Introductions to investors ranked third (58.8%), highlighting the importance of VC firms in connecting portfolio companies with follow-on funding and broader investment networks, increasingly internationally in nature.
- Operational guidance (41.2%) and financial management (35.3%) remain important forms of support, helping companies improve execution, financial controls and business performance as they grow.
- Personnel guidance (17.6%) and marketing introductions (5.9%) were selected less frequently, suggesting these are more specialised forms of support provided where required.
- Overall, the findings closely align with reporting by the US National Venture Capital Association, Invest Europe, and AVCA all of which characterise venture capital as an active investment model where investors create value primarily through strategic advice, governance, access to capital and business networks, rather than through passive financial investment alone.

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. The same was asked in the 2025 survey.

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



- Proving the VC model through exits has become the dominant theme. Compared with 2025, respondents place greater emphasis on demonstrating strong realised returns as the foundation for attracting new capital, rather than simply increasing the number of fund managers.

- Attracting FDI remains a strategic priority, but the industry has gained a clearer understanding of the challenge. This was a major discussion theme during the VC Vision Workshop (October 2025), where survey findings on FDI were explored in depth. Fund managers consistently highlighted the difficulty of attracting international LPs to South Africa, and the practical challenge of structuring funds that simultaneously satisfy the very different mandates and expectations of local versus foreign investors.

- As a result, greater focus has shifted towards unlocking local institutional capital. SAVCA in supporting the SASME Fund and Endeavor conducted ground-breaking research into South African VC exits covering exits from 2000 to date. Insights from this research aim to strengthen the investment case for institutional investors, alongside engagement with investment consultants and other capital allocators. The objective is to provide strong evidence of VC performance to institutional and long-term capital allocators in evaluating VC allocation as part of a diversified investment portfolio.

- Quality deal flow remains fundamental. The level of reported undeployed capital suggests that capital availability is not the primary industry constraint; rather, the concentration of that capital among a small number of fund managers limits its accessibility across the market. Together, the quantitative and qualitative evidence suggests that the industry's primary challenge is becoming less one of capital availability and increasingly one of converting investment appetite into investment-ready businesses, appropriate funding pathways and successful exits.

- Respondents continue to emphasise that increasing the number of investment-ready, scalable businesses is essential to attracting more venture capital and improving long-term returns. At an industry level, the reported level of undeployed capital suggests that the primary constraint is not the aggregate availability of capital, but the supply of quality, investable deal flow, notwithstanding the concentration of available capital among a relatively small number of fund managers.

- Of this dry powder, 44.8% has already been committed but not yet deployed, while 55.2% remains available for new investment opportunities. The headline figure should however, be interpreted in context, as 67.0% of reported dry powder is concentrated among the three largest respondents.

- Policy reform remains a high priority. Tax incentives, simpler regulation and stronger government support remain a priority for key enablers of capital formation. SAVCA is playing a leading role in this domain through its support and partnership with industry bodies such as SiMODiSA and the SA Startup Act Movement.

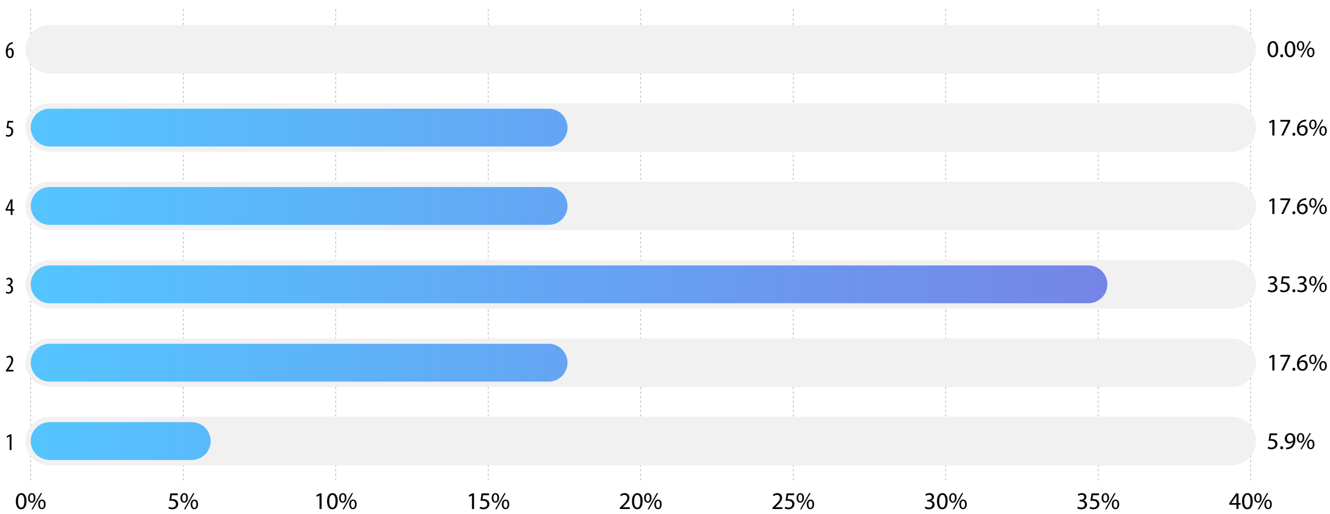
- Economic transformation remains the long-term North Star. Venture capital is seen as a catalyst for shifting South Africa towards a knowledge-based economy, with innovation, competitiveness and job creation as the ultimate outcomes.

- The South African VC ecosystem appears to be reaching a similar stage of development, where the challenge is increasingly less about attracting interest in Africa, and more about converting investment appetite into scalable, investment-ready businesses and successful exits.

6D INDUSTRY OUTLOOK FOR THE NEXT 36 MONTHS

Fund Managers were asked to rate their outlook for the industry over the next three years.

Figure 6d(1) *Outlook for raising capital for the next three years*



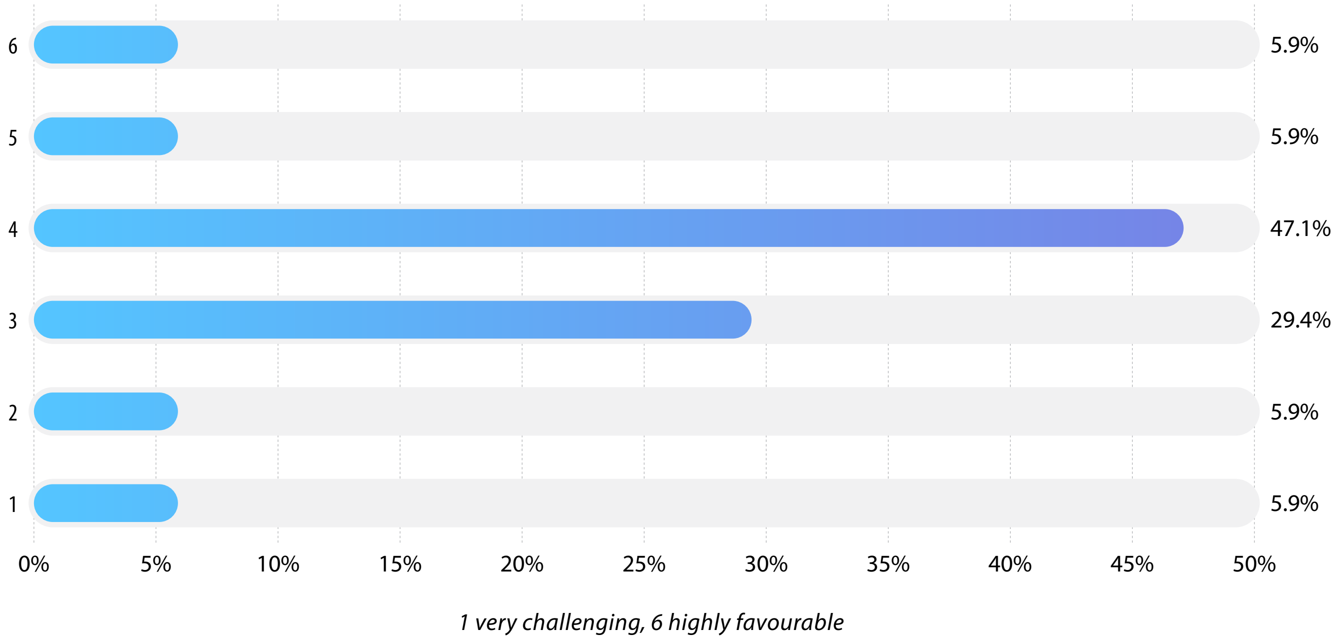
1 very challenging, 6 highly favourable

- Fundraising sentiment remains cautious, with most respondents expecting conditions to remain challenging rather than strongly favourable over the next 12 to 36 months.

- This reinforces the study's broader finding that, while fundraising and exits remain ongoing challenges, the availability of capital is not the primary constraint.

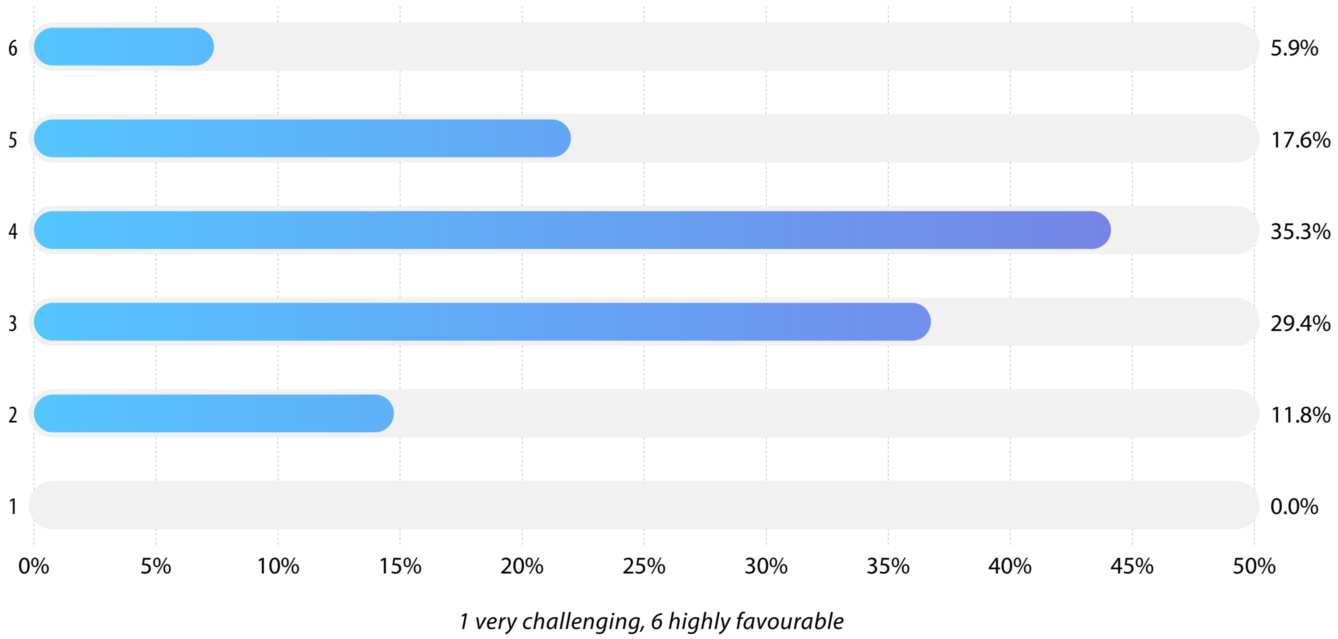
- As outlined above, aggregate dry powder figures should be interpreted with caution, as they do not necessarily reflect the capital readily accessible for new investment opportunities.

Figure 6d(2) *Outlook for fund management operating conditions for the next three years*



- Respondents were more optimistic about fund management operating conditions than fundraising, with most expecting stable or improving conditions.
- This suggests confidence in fund managers' operational resilience despite continued external market challenges.

Figure 6d(3) *Overall VC outlook for the next three years*



- Respondents expressed a cautiously positive outlook for the South African VC industry, with most expecting conditions to remain stable or improve.
- Taken together, this year's survey findings, the sustained growth in assets under management and investment activity over the past five years, and respondents' outlook, reinforce the view that the South African VC ecosystem continues to mature despite challenging fundraising conditions and ongoing exit constraints.

6E WHAT SHOULD SAVCA DO?

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

The 2026 responses suggest that the industry's priorities have become more focused and implementation-oriented than in 2025. A concise set of insights would be:

1

The industry's primary ask remains better data and benchmarking. This builds directly on last year's recommendations, with respondents now calling for richer, anonymised datasets, more granular segmentation (e.g. pure VC vs impact VC), and benchmarking of deployment, exits and returns.

2

Significant progress has been made on performance data. SAVCA's work on the VC exits performance study directly addresses last year's call for credible returns data and should now be translated into an ongoing industry benchmark and "single source of truth" for VC performance.

3

The focus has shifted from awareness to institutional adoption. Rather than general promotion of VC, respondents want SAVCA to use the evidence base to engage pension funds, asset consultants and other capital allocators, positioning VC as a credible institutional asset class.

4

Respondents emphasise implementation over strategy. Several simply call for the industry to implement the goals and objectives identified in the 2025 survey, refined during the VC Vision workshop held in 2025, suggesting there is broad alignment on direction and that execution should now become the priority.

5

Continuous industry engagement remains important. Respondents encourage SAVCA to refine future surveys through ongoing consultation, ensuring that emerging issues are captured and data quality continues to improve.

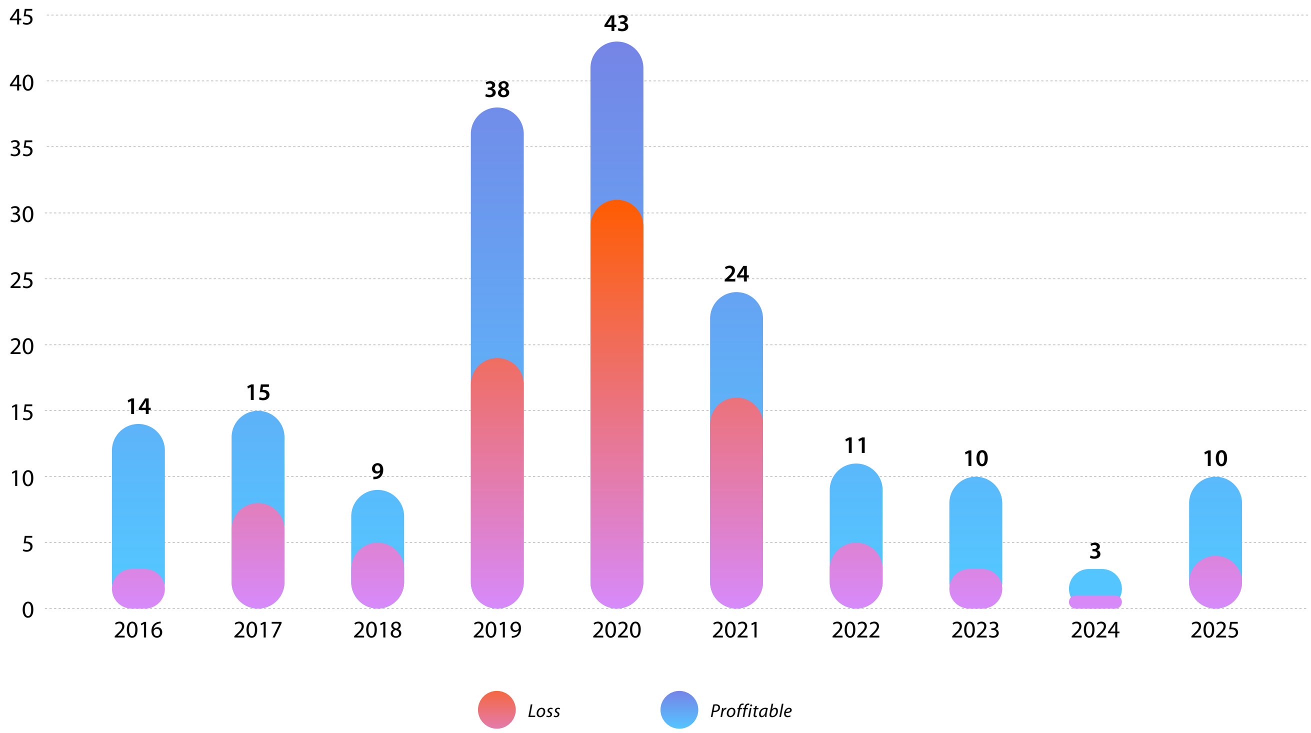
Overall, the feedback suggests that SAVCA has listened to many of the 2025 recommendations. The emphasis is now less on identifying what is needed and more on leveraging improved data, robust performance evidence and coordinated advocacy to unlock institutional capital and strengthen the ecosystem.

EXITS

7 NUMBER OF EXITS REPORTED PER YEAR

- The exit and performance review referenced in earlier sections, following the 2025 VC Vision workshop and initiative taken by SAVCA, Endeavor and the SA SME Fund, provides a detailed analysis of exits and performance across the history of the South African venture capital asset class.
- The following section draws on exit data from this year's survey, supplemented with notable insights from the exit and performance review displayed on the next page.
- Exit activity improved in 2025, with 6 profitable exits and 4 loss-making exits reported, compared with 2 profitable exits and 1 loss-making exit in 2024.
- The six profitable exits returned R281.2 million to investors on R99.3 million invested into the same transactions, with exit yielding a net positive return despite being a partial exit. The remaining four investments reported as lossmaking (R28.8 million at time of investment) resulted in a cumulative loss of R16.8 million in the year.
- The recent slowdown in South African exits mirrors broader global trends, reflecting more challenging exit markets and startups and investors willing to wait longer.
- In South Africa, mirroring also the rest of the continent, the key constraint appears to be the limited number of viable exit routes rather than simply the number of exits achieved.
- With most venture-backed exits occurring through trade sales and no established IPO pathway for early-stage companies, exit optionality remains constrained.
- The recent pattern suggests the industry is currently in a late portfolio maturation ("prior-to-exit") phase, with stronger exit activity likely as investments from recent deployment cycles reach maturity.
- Although secondary transactions are becoming increasingly prominent in mature venture markets, they remain relatively limited in South Africa due to the historical absence of a sufficiently deep and tiered venture capital ecosystem. As the market matures, secondaries are likely to become a more important source of liquidity and an increasingly relevant metric to monitor.

Figure 7 *Number of exits reported per year*



- Respondents were also asked to comment on their view on exit activity in general. Key themes emerging from their feedback included:
  - Limited exit opportunities remain a dominant constraint, with respondents consistently highlighting a shortage of viable exit pathways. While this may appear to contrast with the number of exits reported in the Exits & Performance review, the findings are not inconsistent.
  - The exit review points to the structural lack of follow-on early-stage and growth capital from new investors, with fund managers often having to participate in multiple follow-on investment rounds themselves. In the absence of viable IPO mechanisms, and the still emergent use of secondaries, this extends holding periods as companies remain privately funded for longer before reaching a final exit event.
  - The ecosystem is still maturing, with many respondents believing that a larger cohort of businesses will become exit-ready over the next few years.
  - Overall sentiment is cautiously optimistic, with respondents expecting exit activity to strengthen as the ecosystem matures and a broader pipeline of investable, exit-ready companies develops.

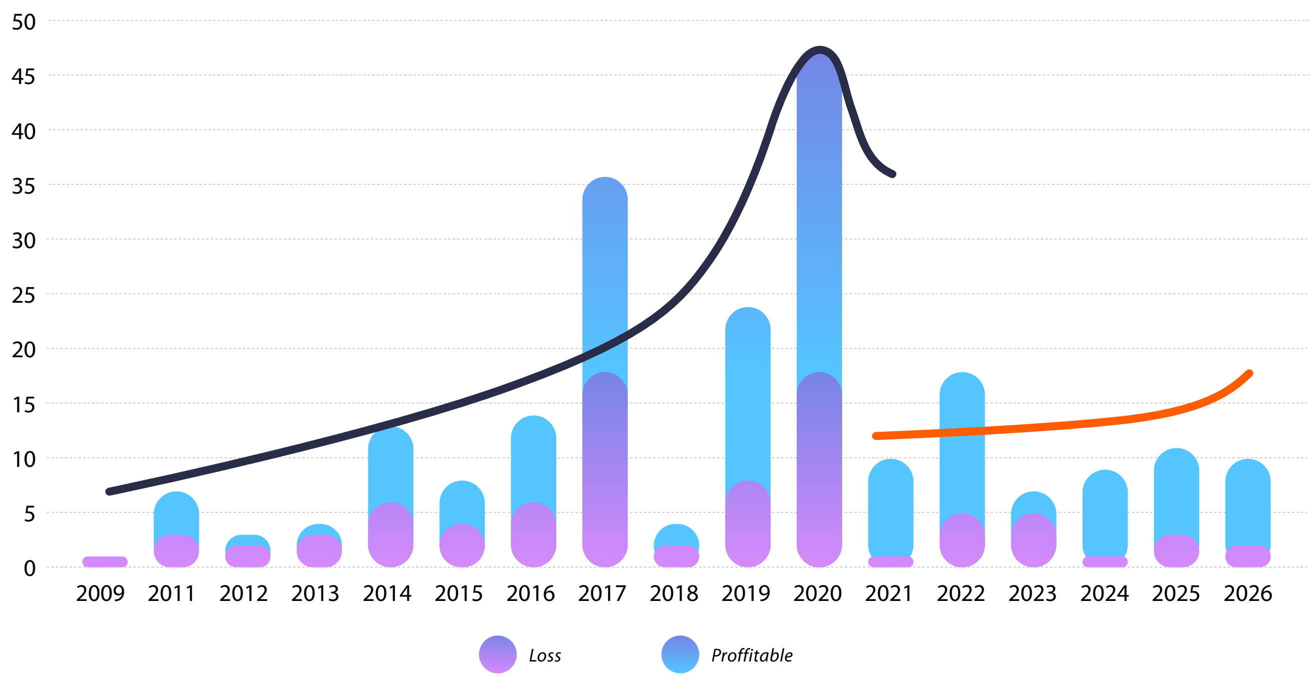
7B Insights from the 2026 SA VC Exits & Performance Review

This section draws on responses from the 2026 SAVCA Venture Capital Survey, incorporating historical data reported since early 2000s on investments made from then onwards. Because fund managers have historically been constrained in sharing complete exit and performance data, largely due to investor confidentiality and non-disclosure agreements, a challenge also observed in the SAVCA Private Equity Survey, this research triangulates exit information from multiple sources to improve completeness and reliability.

The analysis is supplemented by a dedicated exit survey conducted alongside the 2026 SAVCA VC Survey, which requested comprehensive historical exit data from participating fund managers. This resulted in a more complete exit dataset by capturing transactions that had not been reported in earlier surveys or previously disclosed.

Where duplicate records existed, information provided in 2026 was treated as the authoritative source. The research also incorporates insights from the 2026 Endeavor Exit case studies. While Endeavor reports the full enterprise or equity value realised at exit, this study reports only the exit value attributable to the reporting fund manager's equity stake in the underlying investment. This triangulation supports the overall reliability of the survey data, while recognising that many VC exits remain private.

Figure 7b(1) *Exit Activity based on deals where an Exit Outcome was reported by the fund manager*[12]



[12] *The above graph is based on data for the 2026 Exit and Performance review, using responses where the fund manager indicated an exit outcome (profitable, break-even, loss, write-off). Values may differ in some years from those reported in earlier SAVCA VC survey reports because the 2026 review obtained additional data from respondents that may not have participated in earlier SAVCA surveys.*

The review of publicly reported exits involved a significant proportion of listed companies, regulated financial institutions, or internationally recognised venture capital firms as acquirers or investors. While this does not independently verify the transaction values reported in the survey, it provides additional confidence that many reported exits occurred within transactions subject to legal due diligence, financial reporting requirements, external audit, and, in many cases, securities market disclosure obligations.

7B(1) Exit Activity based on deals where an Exit Outcome was reported by the fund manager

- Exit activity indicates that a first venture capital cycle reached maturity between 2017 and 2019, followed by a temporary acceleration in 2020 as fund managers actively managed and consolidated portfolios during the COVID-19 period.
- SAVCA investment data suggests the emergence of a second investment cycle from 2019 onwards, characterised by a marked increase in new deal activity. As these investments mature, the first wave of related exits is beginning to emerge from 2024 onwards.
- Profitable exits take the longest, and are not normally distributed.
- Companies held for 8 to 14 years generated some of the largest outcomes, including the highest multiples, although a handful of investments produced exceptionally large exits within just 1 to 4 years.
- Losses happen much earlier. Loss exits cluster heavily between 0 and 4 years.
- Break-even exits are the quickest.
- Write-offs are generally recognised relatively early, although a few remain in portfolios for much longer before finally being written off.

7B(2) SA VC Asset Class Performance Overview

- 1,142 underlying portfolio companies received capital across the 2016 to 2025 vintages, with 177 realised exits completed to date.
- Based on historical exit patterns (2012 onwards), a comparable number of exits are expected as portfolios mature.
- Observing the trend in deals-per-entity, the apparent backlog reflects longer holding periods and limited follow-on funding options, resulting in investors remaining invested for longer.

Year	Capital Invested (R bn)	Investment Deals	Entities Funded	Exits Reported
2016	933	116	113	14
2017	968	147	143	15
2018	1067	134	130	9
2019	1225	162	142	38
2020	1387	167	120	43
2021	1306	186	129	24
2022	1117	195	70	11
2023	3280	181	94	10
2024	2618	222	110	3
2025	2232	212	91	10

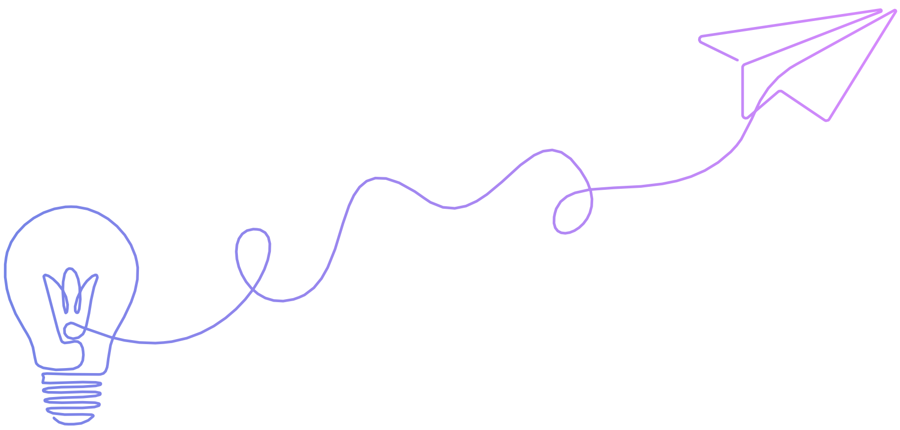
7B(3) Returns based on available data

The analysis in this section is based on realised investments for which participating fund managers reported an investment amount, an exit amount, and the corresponding exit outcome.

- The majority of realised exits generated a positive return.
- Losses and write-offs occurred at levels consistent with the expected risk profile of venture capital investing.
- The median realised investment generated a modest positive return.
- Aggregate realised exit proceeds substantially exceeded invested capital.
- Exit returns exhibited the power-law distribution characteristic of venture capital. The ten largest realised exits generated approximately two-thirds of total exit proceeds while representing just over half of the invested capital, highlighting the disproportionate contribution of a small number of exceptional investments to overall fund performance.
  - Exceptional outlier investments generated realised returns of between 70x and 120x invested capital.
  - A number of additional investments achieved strong realised returns in the 10x to 15x range, contributing meaningfully to overall portfolio performance.
  - The majority of successful exits delivered more moderate realised returns of approximately 2x to 5x, forming the long tail typical of venture capital portfolios.

Total invested capital	R 2,014bn
Total realised cash returned	R 4,926bn
Net wealth created	R 2,921bn
Capital-weighted realised MOIC	2.45x

*For every **R1.00 invested** in exited deals, the reported portfolio has returned R2.44 in realised cash proceeds – **generating R2.92bn** of net realised value creation before fund-level costs, fees and taxes[13].*



[13] *The reported realised returns are conservative, as they exclude profitable exits for which respondents confirmed a successful outcome but did not provide an exit value. Consequently, aggregate exit proceeds are likely understated, and the calculated capital-weighted realised MOIC should be interpreted as a lower-bound estimate of realised investment performance.*

FUND MANAGER INSIGHTS

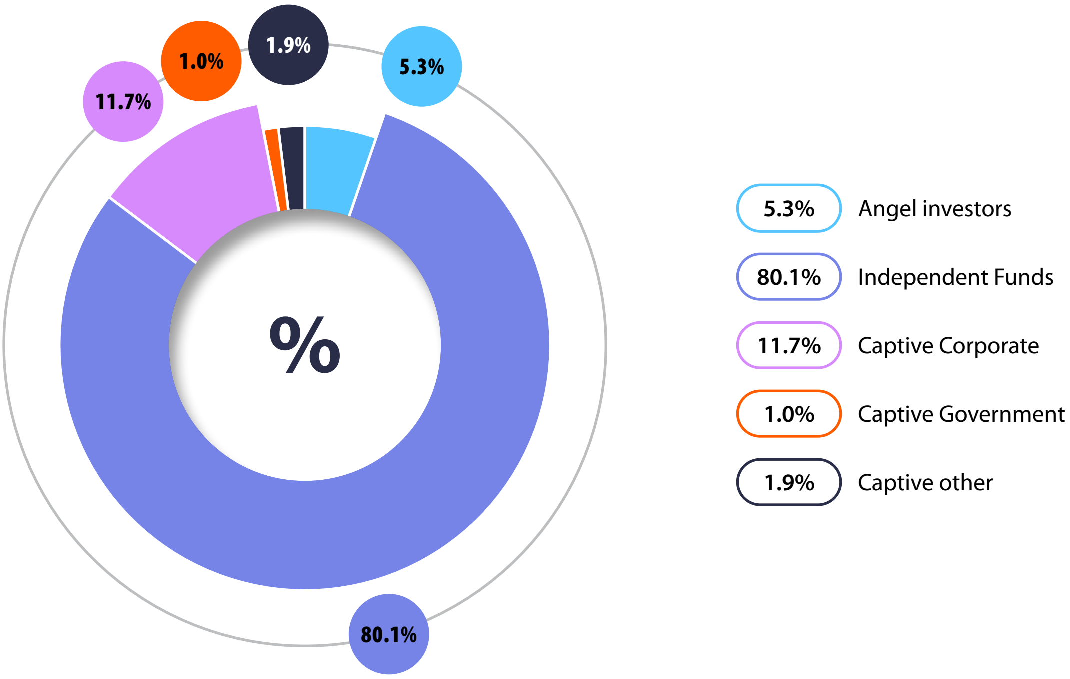
8 FUND MANAGER AND CO-INVESTOR INSIGHTS

As co-investment activity has continued to play a significant role in the South African VC ecosystem, this section builds on the analysis first introduced in the 2025 report. It complements the profile of surveyed VC fund managers by examining the co-investors participating alongside them in reported deals.

While fund managers are the primary survey respondents, information on co-investors is drawn from respondent-reported deal data and includes venture capital firms, corporate venture capital investors, development finance institutions, angel investors, and other investors from both South Africa and abroad.

8.1 CONTRIBUTION BY FUND MANAGER

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



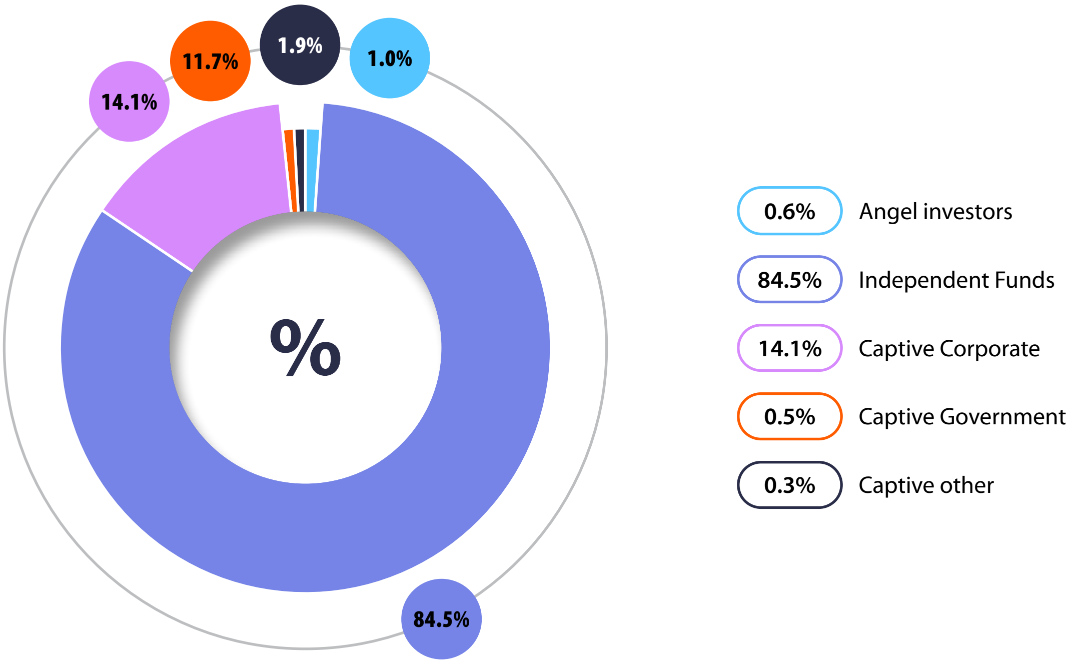
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Angel investors	34.3%	29.2%	7.8%	9.3%	10.4%	0.6%	2.1%	4.7%	10.3%	5.3%
Independent Funds	38.1%	56.9%	65.6%	74.2%	69.5%	82.3%	84.9%	62.4%	80.8%	80.1%
Captive Corporate	10.5%	4.4%	8.9%	7.3%	13.4%	10.5%	12.5%	19.5%	5.8%	11.7%
Captive Government	17.1%	9.5%	16.7%	7.3%	3.0%	6.1%	0.5%	1.3%	3.2%	1.0%
Captive other	0.0%	0.0%	1.1%	2.0%	3.7%	0.6%	0.0%	12.1%	0.0%	1.9%

- Independent VC funds, being funds managed by fund managers in which third party investors are the main source of capital and no one investor holds a majority stake, continue to dominate the South African market, accounting for 80.1% of all reported deals in 2025, broadly in line with 2024 (80.8%) and reflecting a sustained trend since 2021. Many of these managers raise capital from a range of institutional and private investors.

- Captive corporate investors increased their activity in 2025, participating in 11.7% of deals, up from 5.8% in 2024 and more consistent with historical levels. These represent investment vehicles backed by a single corporate parent.

- Angel investor participation declined to 5.3% of deals in 2025, from 10.3% in 2024[14]. The survey's angel investor data is primarily sourced from a small group of regular survey participants investing in a personal capacity rather than through independent VC funds. Angel co-investment alongside fund managers is analysed separately in the following section.
- Dedicated public sector VC fund activity remains limited, accounting for just 1.0% of deals in 2025. Such funds include those involving instruments of the South African government such as the DSTI Innovation Fund, as well as public entities that invest of own balance sheets and/or raising capital from various sources, including the South African government.
- This continues the post-2020 trend following the reduced prominence of dedicated government investment vehicles previously operated by organisations such as the IDC[15] and the DTIC.
- The public sector, either through government instruments or institutions such as the PIC continues to play an important indirect role through both direct and fund-of-funds programmes and as a co-investor alongside private fund managers.
- Other captive investors, including family offices and similar single-source investment vehicles, represented 1.9% of deals in 2025, remaining a relatively small but recurring component of the ecosystem.

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



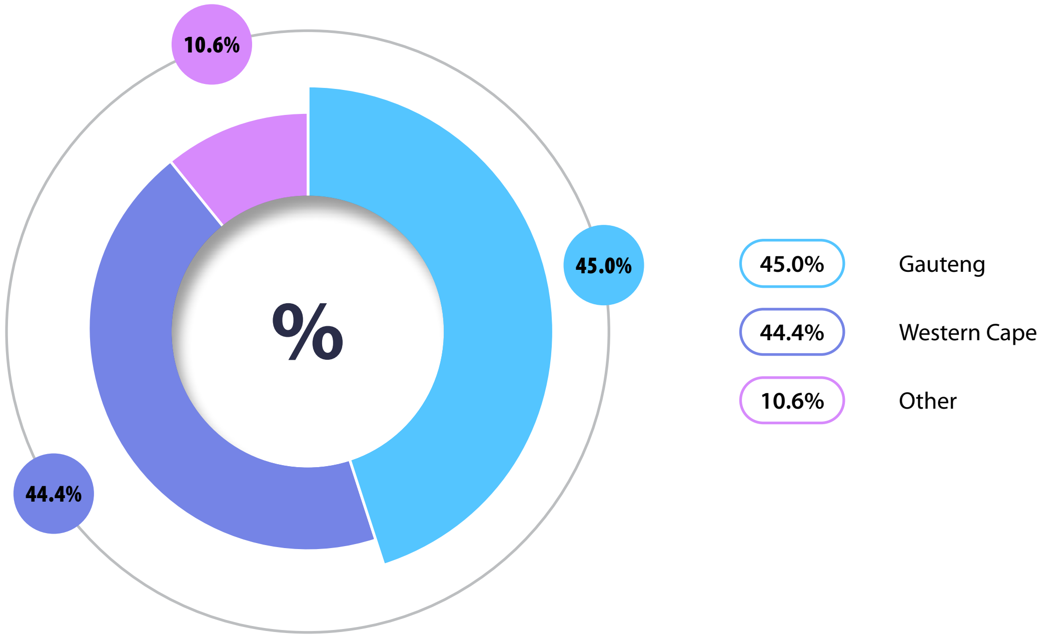
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Angel investors	6.9%	9.0%	2.2%	4.6%	2.2%	0.0%	4.4%	5.3%	10.3%	0.6%
Independent Funds	42.4%	55.7%	56.0%	65.8%	39.9%	49.9%	67.6%	45.4%	85.2%	84.5%
Captive Corporate	31.5%	15.7%	22.8%	16.4%	39.6%	44.3%	21.8%	42.4%	3.2%	14.1%
Captive Government	19.1%	19.6%	17.0%	8.7%	9.9%	5.4%	6.2%	0.1%	1.3%	0.5%
Captive other	0.0%	0.0%	1.9%	4.5%	8.4%	0.3%	0.0%	6.9%	0.0%	0.3%

14 *The amount of investment activity and capital contributed by Angel Investors – private individuals not compelled by regulation to disclose investment activity, and many preferring to remain anonymous - is estimated to be considerably larger than represented in the annual SAVCA report, with some international benchmarks putting angel deal numbers on par with that reported by institutional investors.*

15 *The IDC during COVID re-distributed early-stage deals formerly managed through its IDC New Industries Fund to its broader sector portfolios, choosing to manage portfolios based on sectors rather than stage of the deals, and where the focus shifted from equity and high-risk deals to credit and business development support. The notable difference in this shift is the change of intent towards long-term credit support, rather than investing mainly for equity returns.*

- The value-based analysis closely mirrors the deal count analysis, with independent VC funds accounting for 84.5% of total capital invested in 2025, almost unchanged from 85.2% in 2024.
- Captive corporate investors represented 14.1% of investment value, exceeding their 11.7% share of deals, indicating participation in relatively larger funding rounds.
- Angel investors accounted for just 0.6% of investment value, despite participating in 5.3% of deals, reflecting their focus on smaller, early-stage investments.

Figure 8.1c *Fund manager head office location*



- Cape Town remained South Africa's leading venture capital hub, with 49.2% of participating fund managers deploying 44.4% of total investment value.
- Stellenbosch accounted for 11.9% of participating fund managers and 10.6% of total investment value.
- Johannesburg represented 38.9% of participating fund managers yet deployed 45.0% of total investment value, indicating participation in larger funding rounds.
- The distribution of fund managers broadly mirrors the location of startups. The Western Cape accounted for 61.1% of fund managers (Cape Town and Stellenbosch combined) and 44.3% of funded startups.
- Gauteng hosted 38.9% of fund managers, compared with 26.2% of funded startups, while 25.7% of startups were headquartered outside South Africa, reflecting the increasing regional focus of South African VC funds.
- Overall, the data highlights a strong concentration of both fund managers and startup activity in the Western Cape and Gauteng, reinforcing their position as South Africa's primary venture capital and innovation hubs.

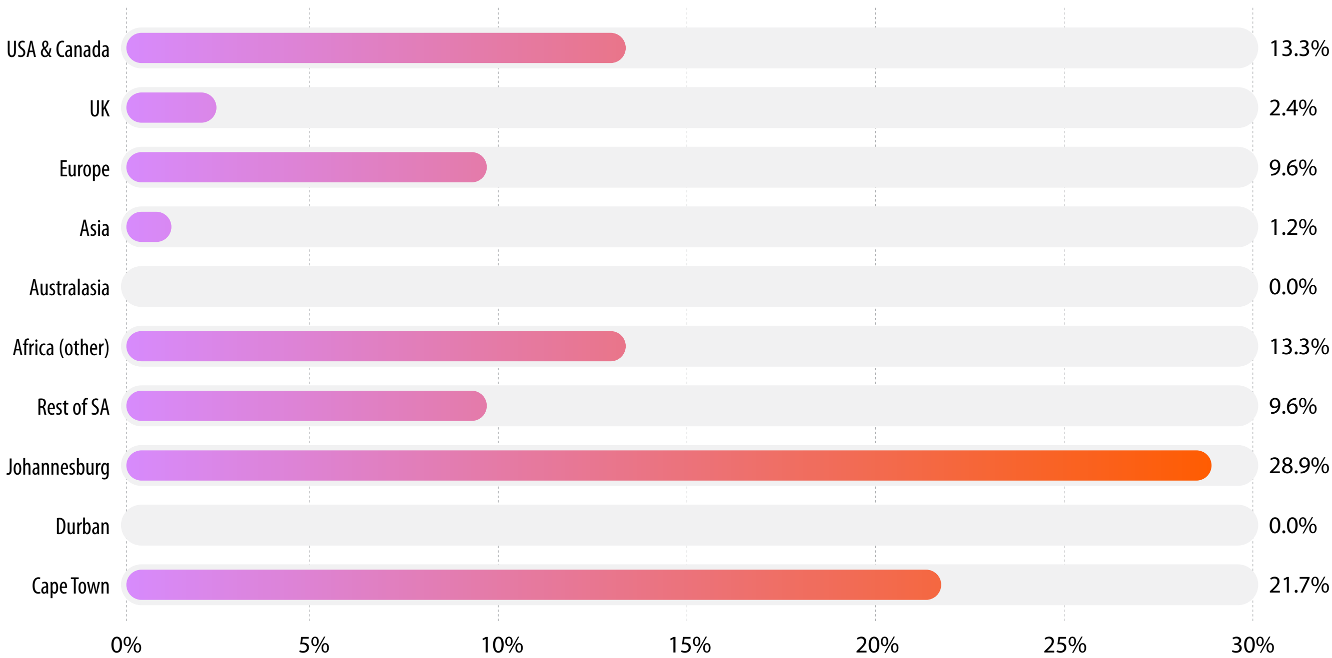
8.2 CO-INVESTORS HEAD OFFICE LOCATION

- The following table outlines the investment activity of co-investors in 2025, based on the values as a percentage of totals.

Location	By Number of Deals
Cape Town	21.7%
Durban	0.0%
Johannesburg	28.9%
Rest of SA	9.6%
Africa (other)	13.3%
Australasia	0.0%
Asia	1.2%
Europe	9.6%
UK	2.4%
USA & Canada	13.3%

- Johannesburg-based co-investors participated in 28.9% of co-investments, followed by Cape Town (21.7%) and the rest of South Africa (9.6%).
- International co-investors accounted for 39.8% of co-investments, comprising Africa (13.3%), USA & Canada (13.3%), Europe (9.6%), the UK (2.4%) and Asia (1.2%), highlighting the strong international reach of South African VC syndicates.
- Compared with fund managers, co-investors were considerably more geographically diverse. While participating fund managers were concentrated in Cape Town, Johannesburg and Stellenbosch, almost 40% of co-investment participation originated outside South Africa.
- The findings reinforce the role of South African fund managers as lead investors, leveraging broad domestic and international co-investor networks to mobilise capital and deliver the strategic value-add and ecosystem additionality discussed earlier in the report.

Figure 8.2 *Co-investor deals by head office location*



8.3 CONTRIBUTION BY CO-INVESTOR TYPE

Investor Type	By Number of Deals	By Value of Deals
Captive (corporate)	26.5%	34.6%
Captive (government)	2.4%	0.1%
Captive (other)	6.0%	0.6%
DFI	1.2%	0.2%
Independent	55.4%	64.2%

- Independent investors likewise dominated co-investment activity similar to their fund manager peers, participating in 55.4% of co-investments and contributing 64.2% of co-investment value, highlighting the central role of independent VC firms in investment syndicates.
- Captive corporate investors accounted for 26.5% of co-investments and 34.6% of co-investment value, making them the second-largest co-investor group.
- Their larger share of investment value reflects participation in bigger, later-stage rounds. The profile of corporate co-investors evident from the brands and corporate names featured in the data further suggests they provide strategic market access, distribution channels and industry partnerships that help startups scale into domestic and international markets.
- Development finance institutions (DFIs) were involved in 1.2% of co-investments and contributed 0.2% of investment value, suggesting that, in 2025, their role was primarily through supporting VC funds rather than direct deal-level co-investment.

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

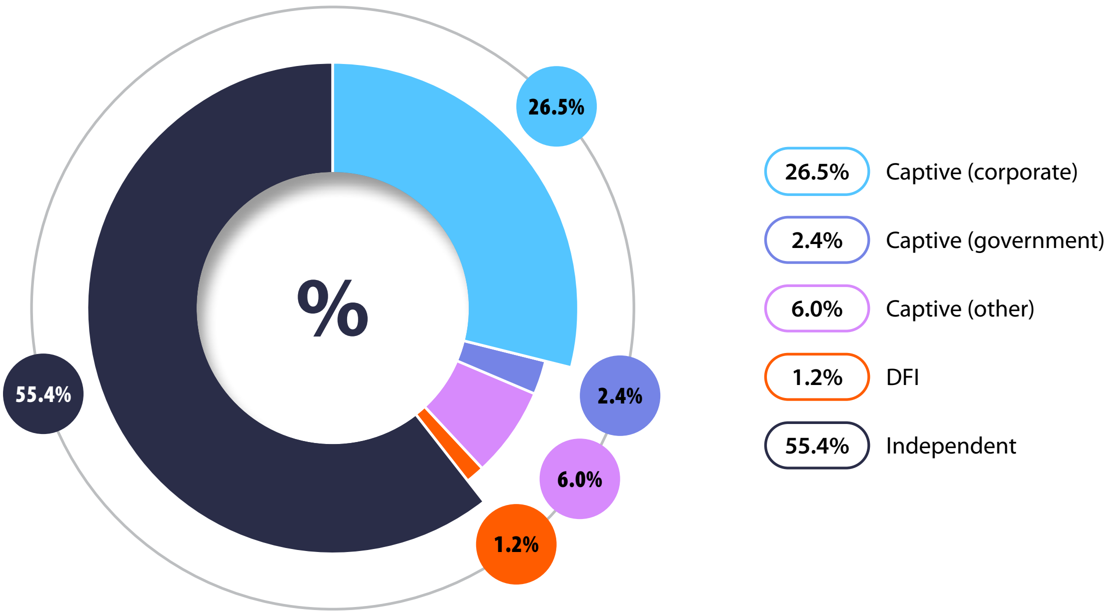
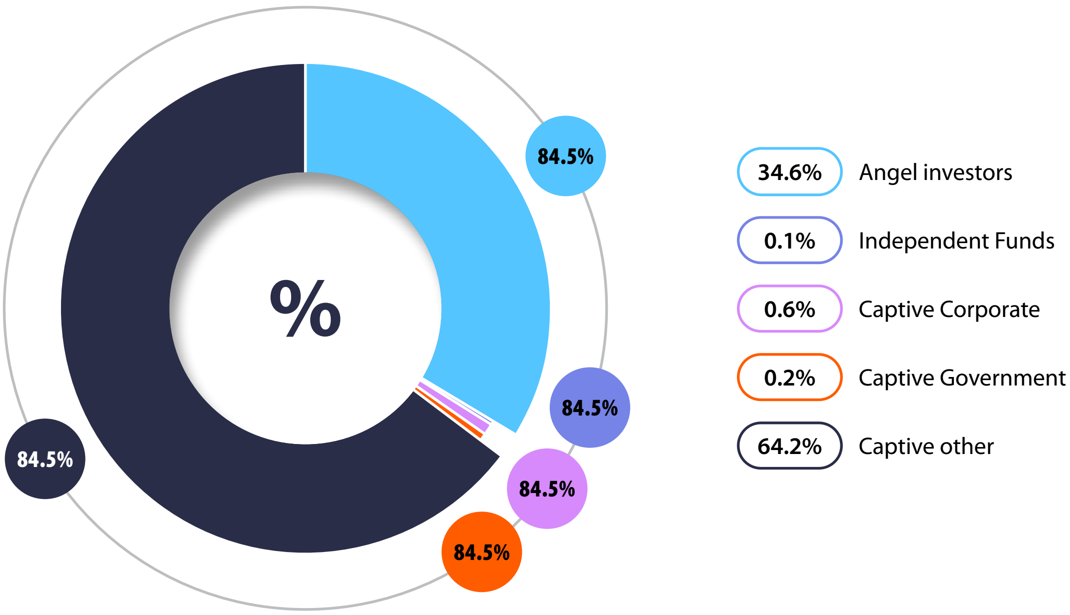
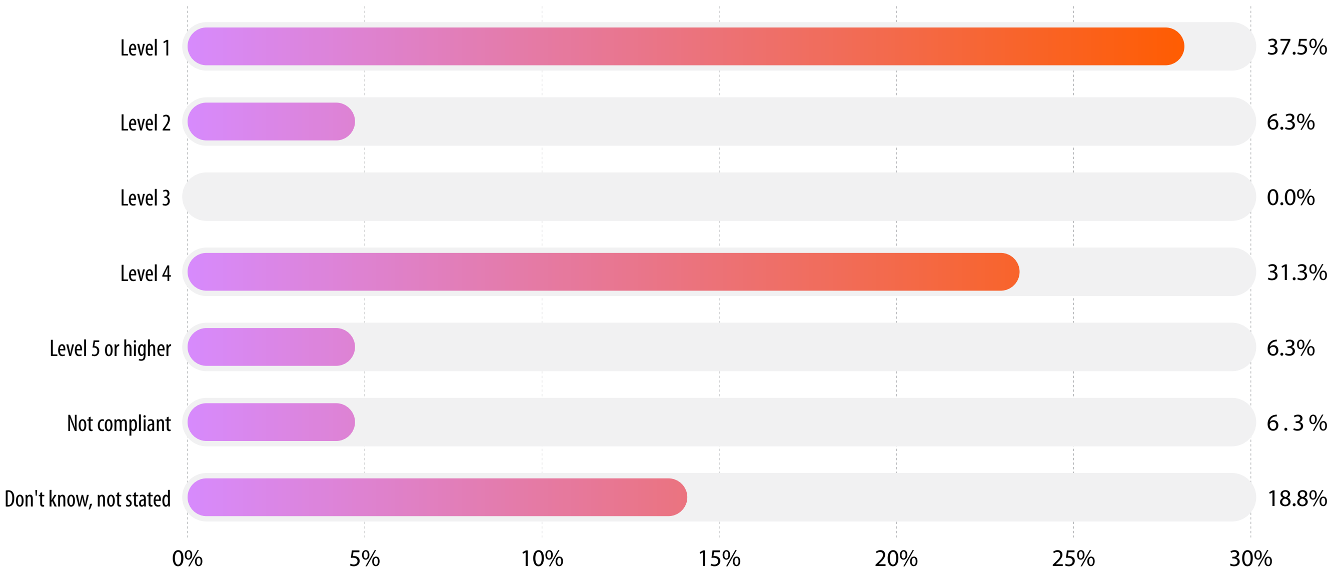


Figure 8.3b Contribution by co-investor type, based on value of deals



9 FUND MANAGER B-BBEE COMPLIANCE STATUS

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



- Comparisons should be interpreted with caution, as year-on-year differences may reflect changes in the respondent sample as well as underlying industry trends, even though there was substantial overlap between the fund managers that participated in both surveys.
- Compared with 2024, respondents reported stronger B-BBEE credentials, higher female CEO representation, and greater female and black founder diversity.
- Overall, the findings suggest continued progress in fund manager transformation alongside sustained employment impact within portfolio companies.

9.1 FUND MANAGER DIVERSITY AND INCLUSION

- Fund manager diversity continues to strengthen, although senior leadership remains uneven.
- B-BBEE transformation improved noticeably, with Level 1 contributors increasing from 11.8% to 37.5% based on responses in 2024 and 2025.
- Non-compliant respondents declined also from 17.6% to 6.3% in 2025.
- Female and black founder representation increased.
  - 75.0% of responding fund managers were B-BBEE Level 1, 2 or 4, including 37.5% at Level 1.
  - 43.1% of Management teams were non-white.
  - 31.3% of fund managers had a female CEO.
  - 58.8% of fund managers had at least one female founder, with 17.6% being entirely female founded.
  - 52.9% had at least one black founder, with 23.5% being entirely black founded.

9.2 PORTFOLIO COMPANY WORKFORCE AND IMPACT FOLLOWING VC INVESTMENT

The following section reviews data where many of the respondents, evidenced also from earlier sections in this report, sourced capital from fund-of-fund investors.

- Their reporting is noticeably more comprehensive, particularly among managers receiving public or development funding, with more complete data on workforce demographics, diversity and job creation[16].
  - Portfolio companies generated one new job for every 3.2 employment positions held at time of investment.
  - The workforce comprised 22.4% black employees, 17.3% women, 30.4% youth (under 35), and 0.3% persons with disabilities, highlighting particularly strong youth employment but limited disability inclusion.
- Venture capital investment in South Africa is seemingly delivering its strongest measurable impact through business growth, followed by job creation, while changes in ownership and leadership diversity have been more gradual:
  - 71.1% of portfolio companies increased employment following investment.
  - 8.9% reported improved black ownership.
  - 8.5% reported improved black management representation.
- Job creation remains one of the most important measures of the long-term economic impact of venture capital and a key reason why governments support high-growth startups.
- Employment outcomes should, however, be interpreted in the context of the survey's focus on early-stage technology investments, where business capability and product development typically precede larger-scale employment growth as companies scale.

[16] *As institutional investors, DFIs and impact-focused funders are expected to provide the Lion's share of venture capital funding over the next decade, local fund managers should continue strengthening their impact measurement and reporting capabilities. Comprehensive reporting on diversity, ESG and socio-economic outcomes is likely to become an increasingly important requirement for securing both fund-of-funds and direct investment capital.*

10A FUNDRAISING ACTIVITY

- Fund-of-funds investors in 2025 were the largest source of capital, contributing 26.4% of total investment value, followed by combinations of legal entities (23.4%) and combinations of legal entities and individuals (19.3%), highlighting the importance of institutional and syndicated funding.
- Corporate entities (12.6%) and impact funds (12.3%) each accounted for a significant share of capital raised, together contributing around a quarter of total investment value.
- Public sector funding represented 3.6% of total capital, possibly hiding the significant role that government plays, investing not only in the development of the eco-system, investing primarily through fund-of-funds structures rather than direct investment.
- Direct investments from individual angels, family offices and families remained limited, together accounting for just 1.4% of total investment value, reflecting their focus on smaller investments.
- Development finance institutions did not directly contribute capital to reported investments in 2025, although many continue to support the ecosystem indirectly through investments into VC funds and fund-of-funds vehicles.
- South African investors remained the largest source of capital, backing 67.7% of deals and contributing 51.0% of total investment value.
- International capital was concentrated in larger funding rounds, with foreign and mixed South African-foreign funding sources contributing 46.3% of total investment value, despite accounting for only 24.2% of deals.

Figure 10 *Cost of deals by funding source of capital*

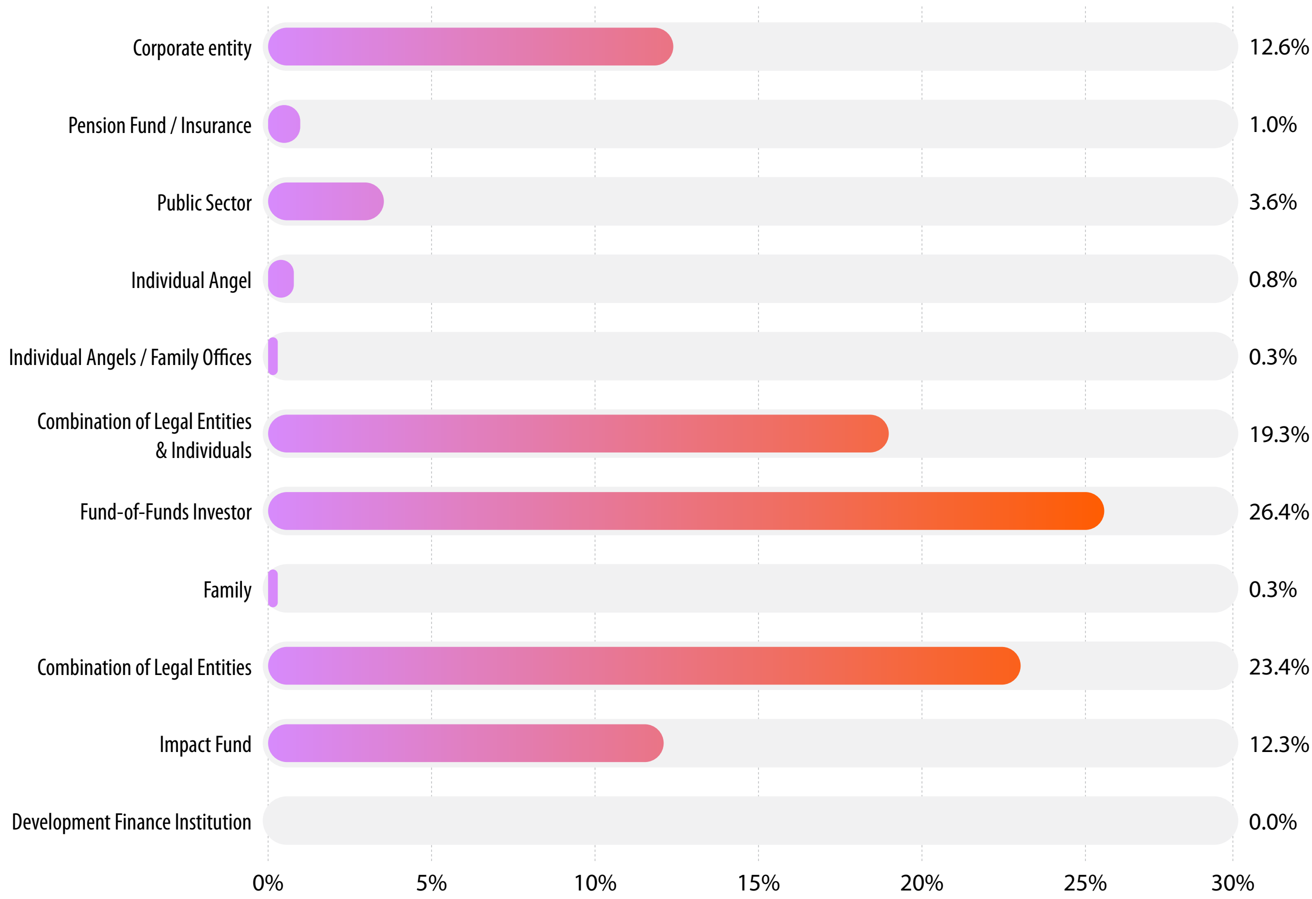
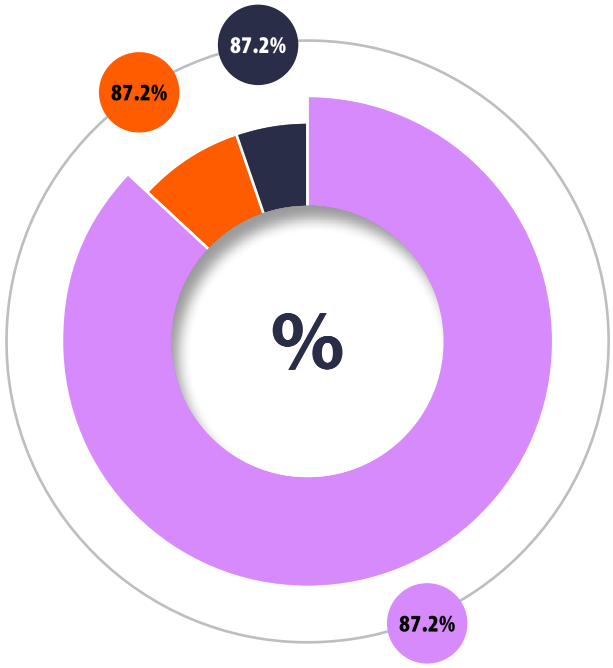


Figure 11 *Contribution by co-investor type, based on number of deals*



87.2%	Captive (corporate)
7.7%	Captive (government)
5.1%	Captive (other)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0% - 25%	39.1%	57.8%	73.2%	56.0%	80.9%	84.2%	82%	79%	83.1%	87.2%
25% - 50%	53.1%	21.7%	16.1%	20.2%	15.7%	10.5%	16%	18%	15.5%	7.7%
50% +	7.8%	20.5%	10.7%	23.8%	3.4%	5.3%	2%	3%	1.4%	5.1%

- Small minority stakes dominated, with most disclosed follow-on investments acquiring only 1 to 10% additional equity and new investments typically taking 10 to 20% positions.
- As seen in previous years, minority stakes have become the market norm[17], with more than 80% of reported transactions below 25% in every year since 2021.
- Minority investing in 2025 reached a decade high, with 87.2% of transactions involving stakes below 25%; 48.1 percentage points higher than in 2016.
- Larger minority stakes (30 to 36%) were concentrated in Pre-Series A investments, where higher ownership is more common.
- Majority stakes were the exception, largely driven by rescue, turnaround and buyout transactions rather than traditional venture capital investments.
- Although some disclosed transactions recorded 0% additional equity, these appear to relate to follow-on, secondary or structured investments where no incremental ownership was acquired despite capital deployment and therefore do not alter the broader conclusion that equity investing remains overwhelmingly focused on minority positions.

[17] *The findings align with venture capital practice, where investors generally seek influence rather than control, preserving founder incentives and room for future fund-raising.*

VENTURE CAPITAL

VENTURE CAPITAL 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 without access to capital markets, venture capital is an essential source of funding. 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 the SAVCA VC Industry Survey, with the descriptions of each updated this year's survey to better align with international terminology:

  - **Pre-Seed:** Funding mostly in the form of grant money. This stage of funding comes in 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 implement a targeted 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 looking for primarily 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 investor or from another shareholder or shareholders.

- The SAVCA VC Industry Survey uses the following VC investor classifications:

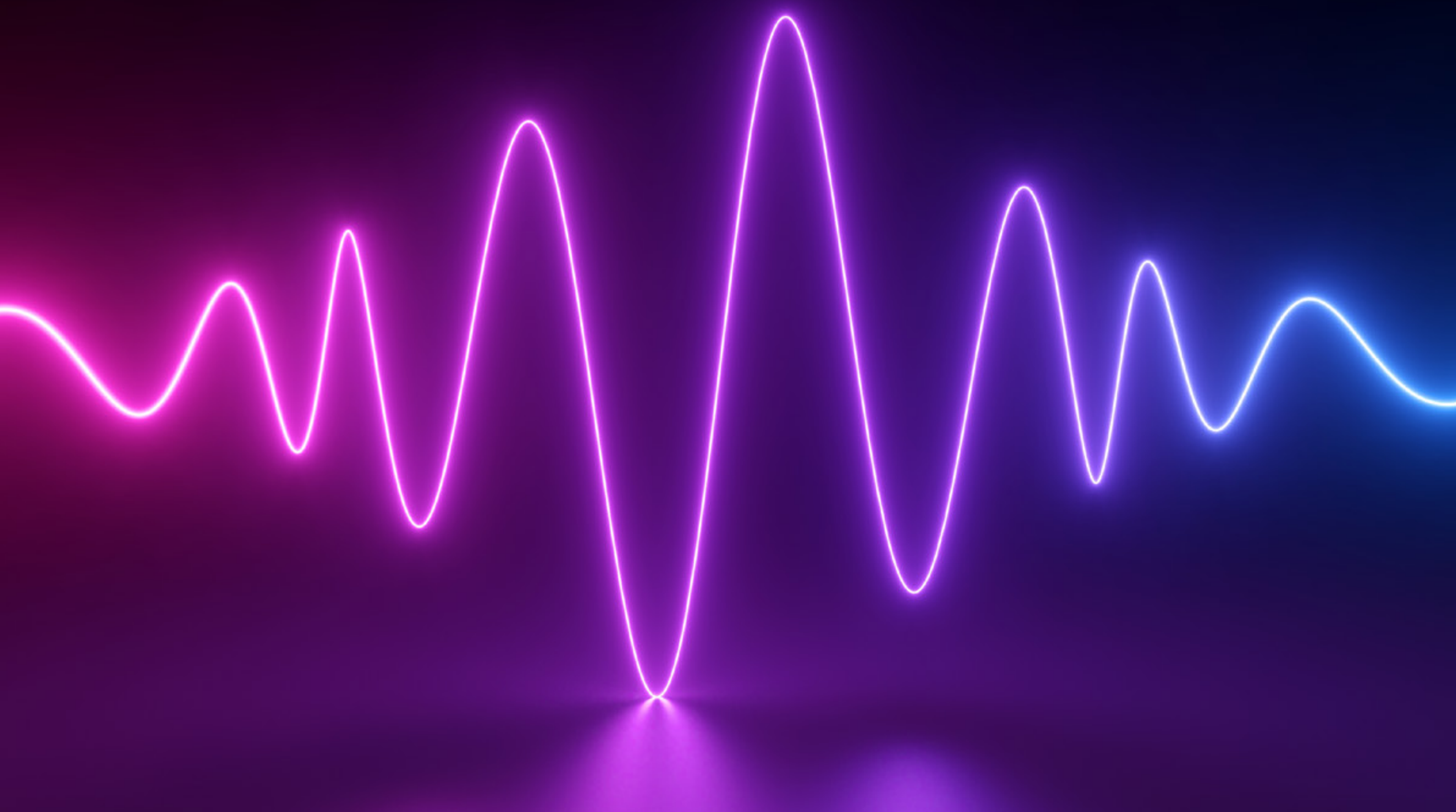
  - **Angel Investors:** High net-worth individuals who inject funding for start-ups in exchange for ownership equity or convertible debt.
  - **Captive Funds:** Funds in which one shareholder contributes most of the funding, typically where a corporate or parent organisation allocates funds to the Captive 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 one investor holds a majority stake.

PARTICIPANTS

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

27four Investment Managers*
4Di Capital*
AlphaCode Venture Partners
AngelHub Ventures (Hlayisani Capital)*
Anza Fund Manager*
Conducive Capital
Crossfin Ventures (Pty) Ltd
Edge Growth Ventures (Pty) Ltd*
Endeavor South Africa - Harvest Funds*
E Squared Investments (Pty) Ltd*
Grindstone Accelerator
Grindstone Ventures*
Growthway Ventures*
Grovest*
Fireball Capital Pty Ltd*
HAVAIC*
Hlayisani Capital*
Horizen Partners
IDF Capital*
Invenfin*
KNF Ventures*
Knife Capital*
Launch Africa
Norrsken22*
OneBio Pty Ltd*
Platform Investment Partners (Pty) Ltd
SA SME Fund*
Savant Capital*
Savant Fund Manager*
Savant Venture Fund*
Secha Capital Partners*
Startupbootcamp AfriTech
Stocks and Strauss Fund Manager (Pty) Ltd*
The University Technology Fund

* *SAVCA Full Members*



SOURCES OF INFORMATION

- 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.

- The survey's primary value is as a consistent longitudinal dataset, enabling trends and relative performance to be assessed over time. This approach is consistent with established international VC datasets such as Invest Europe, NVCA and PitchBook, which use standardised definitions, structured data collection and validation.

- As VC is not subject to mandatory reporting in South Africa, the survey relies on confidential submissions from participating fund managers. SAVCA applies consistent definitions and validation checks, and reports only aggregated results. Participating funds represent a substantial share of institutional VC activity.

- Cross-country comparisons are indicative but meaningful where methodologies are aligned. Comparable definitions, professional respondents and validation processes mean residual reporting limitations are likely to be broadly similar across markets, supporting relative comparisons even where absolute figures may contain some measurement error.

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 SA Venture Capital and Private Equity Association (NPC) ("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

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

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