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Groq Eyes \$300M-\$500M Raise at \$6B Valuation for Saudi Deal

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US semiconductor startup Groq is making waves again in the tech investment world. The company has recently approached investors to raise between \$300 million and \$500 million at a valuation of up to \$6 billion, according to sources cited by The Information. This move comes as Groq looks to fulfill a significant deal it secured with Saudi Arabia earlier this year.

Groq, known for its artificial intelligence (AI) chips, signed a deal with Saudi Arabia in February involving up to \$1.5 billion in potential funding from the kingdom's Public

Investment Fund (PIF), according to reports. This deal is reportedly focused on deploying Groq's AI inference chips and building AI capabilities in Saudi Arabia, though the exact scope remains undisclosed, a clear indication of the country's growing interest in AI technology and the startup's rising prominence in this space.

The new funding round is seen as a critical step for Groq to meet the demands of this partnership. According to sources, Groq's Saudi partnership could help the company generate significant revenue, but the \$500 million figure for 2025 has not been confirmed and remains speculative. For a startup that is still growing rapidly, this represents a significant boost and a strong vote of confidence in Groq's technology and market potential.

This isn't Groq's first big fundraising effort. In August last year, the company raised \$640 million in a Series D funding round. That round was led by heavyweight investors including Cisco Investments, Samsung Catalyst Fund, and BlackRock Private Equity Partners. At the time, this funding pushed Groq's valuation to \$2.8 billion, meaning the company's value has more than doubled in less than a year.

Groq's journey reflects the accelerating race in the semiconductor industry, especially in the AI sector. With the increasing demand for AI chips that power everything from cloud computing to autonomous vehicles, startups like Groq are capturing significant investor attention. The ability to secure large contracts with international partners like Saudi Arabia shows how Groq is positioning itself as a key player on the global stage.

While Groq has not commented publicly on these latest funding talks, the information circulating among investors points to an exciting growth phase ahead. If the company secures the \$300 million to \$500 million it is targeting, it will have even more resources to develop and scale its technology, further strengthening its foothold in the competitive AI chip market.

In summary, Groq's recent moves highlight the dynamic and fast-evolving world of AI semiconductors. With a substantial partnership in Saudi Arabia and ambitious funding plans, Groq is gearing up for a transformative year. For investors and industry watchers, the company's progress will be an important story to follow as AI continues to reshape technology and business worldwide.

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