



Israeli Tech Review

Q1/2022

April 2022

■ Highlights

[Israeli Tech Investments](#)

- 5 Israeli High-Tech Investments Q1/2015-Q1/2022
- 6 Israeli Tech Investments: Median/Average
- 7 Israeli Tech Investments: Monthly 2019-Q1/2022
- 8 Early Investments & Pre-Seed + Seed Investments
- 9 Later Funding by Rounds
- 11 Mega-Deals Financing
- 12 VC-Backed Deals
- 13 Investments by Stages
- 14 Selected Top Deals Q1/2022
- 15 Investments in Selected Verticals
- 17 Israeli vs. Foreign Investments
- 19 Israeli vs. Foreign Investments: Round Type
- 20 First vs. Follow-on Investments

[Israeli Tech Exits](#)

- 22 Israeli High-Tech Exits (M&As, Buyouts, IPOs)
- 23 Israeli High-Tech Exits Under \$5b
- 24 Israeli High-Tech M&As by Deal Size
- 25 Israeli High-Tech M&As by Acquirer Country
- 26 Selected Top M&As

[Israeli Tech In Capital Markets](#)

- 28 Israeli High-Tech Public Companies Offerings

[Methodology](#)

[About](#)

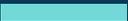
[Contact Us](#)

Q1/2022: Israeli Tech Big Picture

- Q1/2022 provides a first glimpse into the Israeli tech scene under the new financial order: higher interest rates; geopolitical tensions; accelerating inflation; recession fears; and a brutal collapse in investment sentiment for tech.
- Given all of the above, it is astonishing to see Israeli tech investment numbers and amounts hold firm: Israeli start-ups raised \$5.6 billion during Q1 – a 3% increase Y/Y – in 212 financing rounds. More importantly, those impressive numbers come after 5 months of a downtrend in monthly investment amounts.
- Mega-rounds of over \$100m each were the main driver behind 2021 high valuations as well as being a leading indicator regarding the industry sentiment. In Q1/2022, mega-deals continued to play a major role in capital allocation. They accounted for 44% of the total amount of capital raised.
- On the exits front, just 7 companies went public through IPOs in Q1/2022, down considerably from the numbers we saw in 2021. In the current financial climate, it's difficult to predict when IPOs will return as an attractive liquidation preference for Israeli start-up companies.
- The high correlation between the Nasdaq Index and amounts invested in Israeli tech set off an alarm with local tech investors. Their concern is that after a significant correction in late growth public companies, the valuation of privately held start-ups will follow. With the correction now in its fifth month – and in some cases even a year – this has yet to happen.



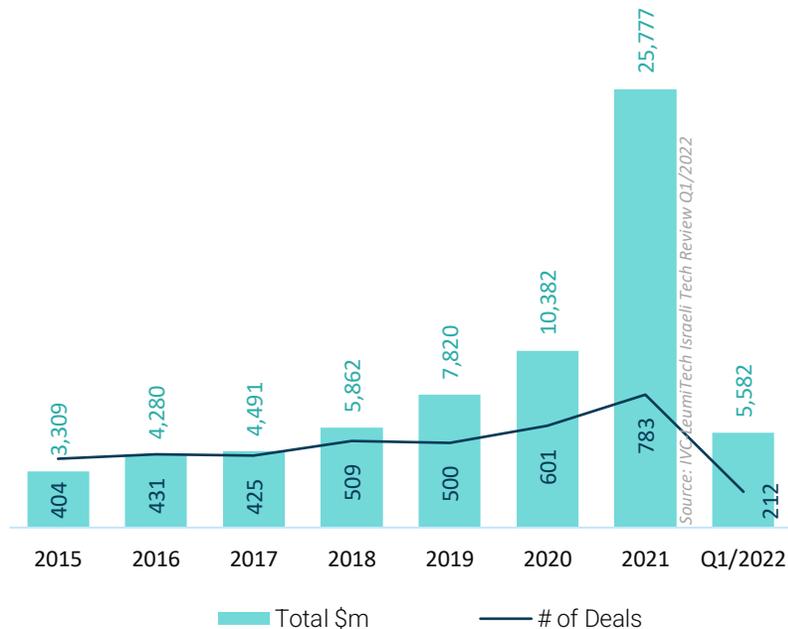
ISRAELI TECH INVESTMENTS Q1 / 2022



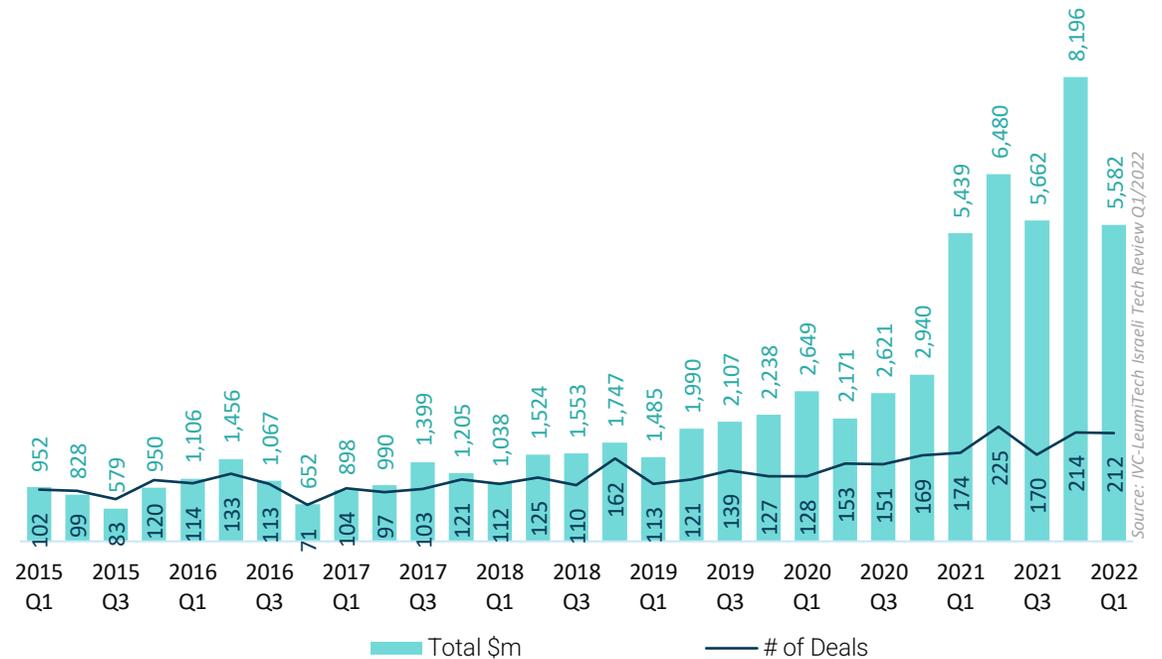
Israeli High-Tech Investments | Q1/2015–Q1/2022

The first three months of 2022 have demonstrated a certain cooldown after the robust activity in Israeli high-tech capital raising of October–December 2021. The first quarter has summed up to a solid \$5.58 billion raised in 212 financing rounds by Israeli high-tech companies. It is still some 14% below the quarterly average figures recorded in 2021.

Israeli High-Tech Investments 2015-Q1/2022



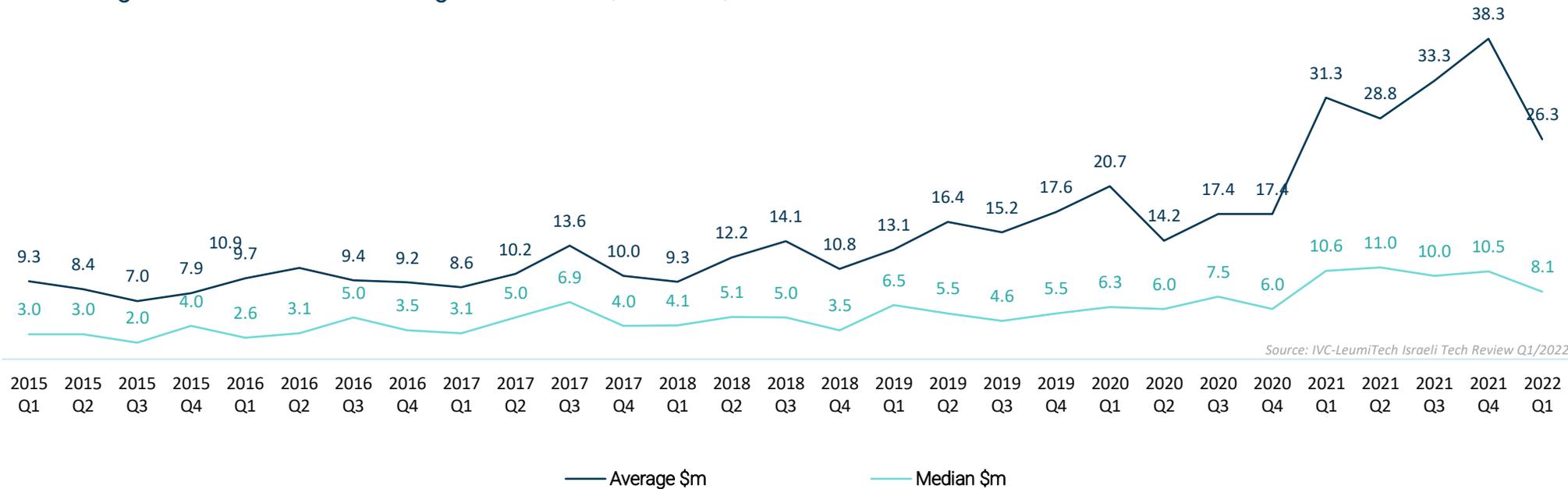
Israeli High-Tech Investments Q1/2015-Q1/2022



Israeli High-Tech Investments | Q1/2015–Q1/2022

Average and median figures declined in Q1/2022, indicating a certain slowdown in mega-round deal making. Confirmation of this is the greater number of transactions, some of them with lesser amounts this quarter, than the quarterly average for 2021.

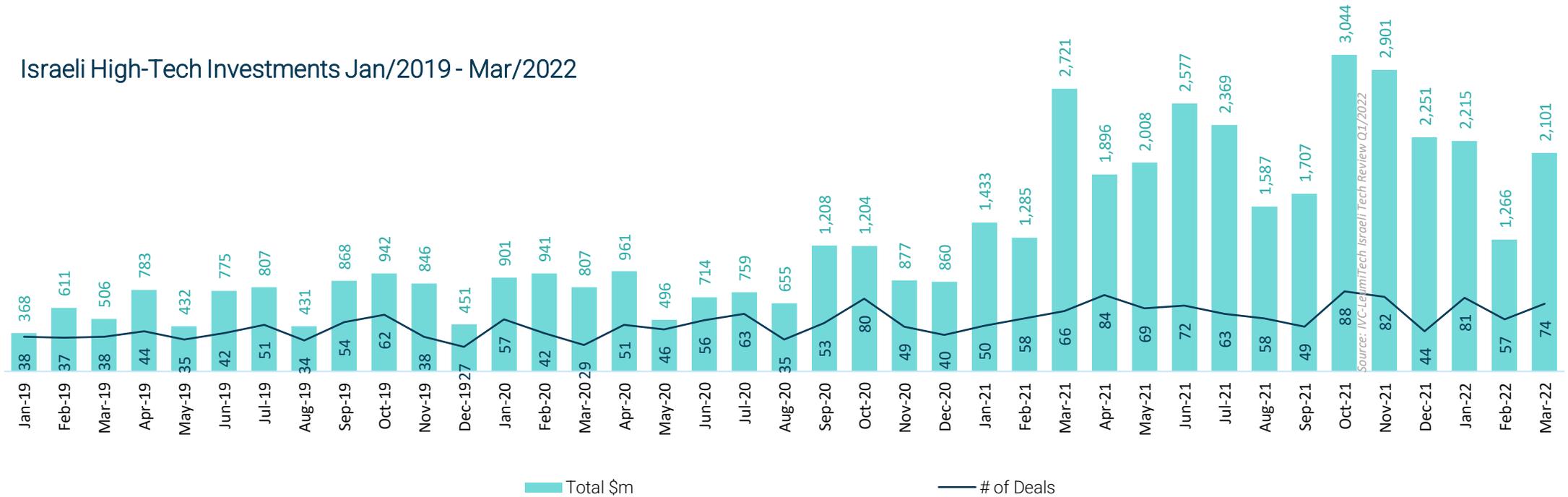
Israeli High-Tech Investments Average vs. Median Q1/2015-Q1/2022



Israeli High-Tech Investments | 2019 –2022 – Monthly Data

Activity from November 2021 to February 2022 shows evidence of a slowdown. The downward trend accelerated in February; however, there was a rebound in March, with 2.1 billion raised in 74 deals. It remains to be seen whether March signals the end of the correction in tech funding or is only “a dead cat bounce” to be followed by a longer downtrend.

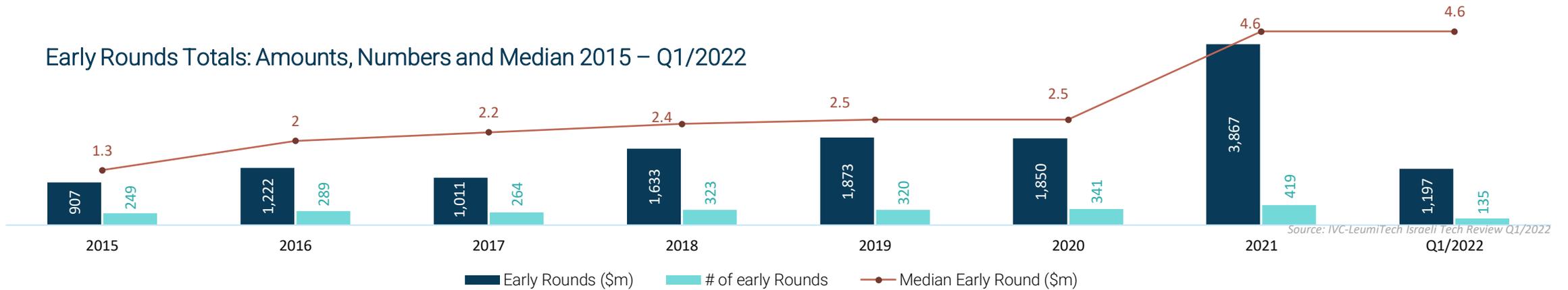
Israeli High-Tech Investments Jan/2019 - Mar/2022



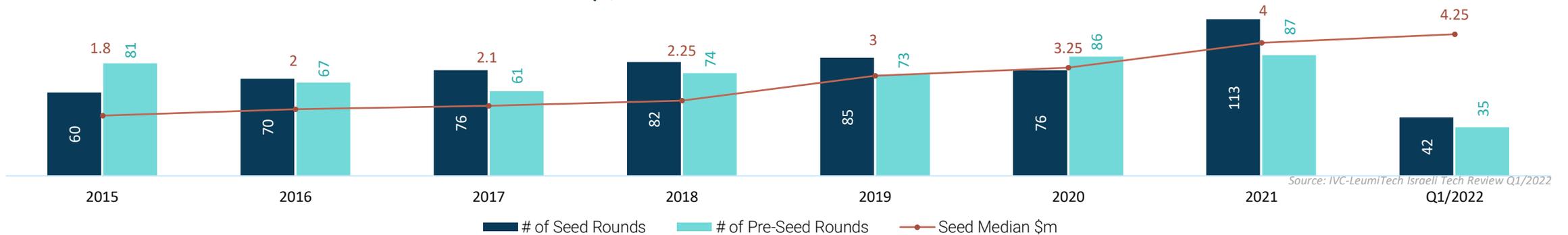
Early Round Financing & Pre-seed + Seed Investments | 2015 – Q1/2022

- 135 early rounds in Q1/2022 amounted to \$1.2b, with a higher pace than in 2021. Median seed deals continued to rise, while pre-seed numbers (see IVC Methodology), remained muted.

Early Rounds Totals: Amounts, Numbers and Median 2015 – Q1/2022



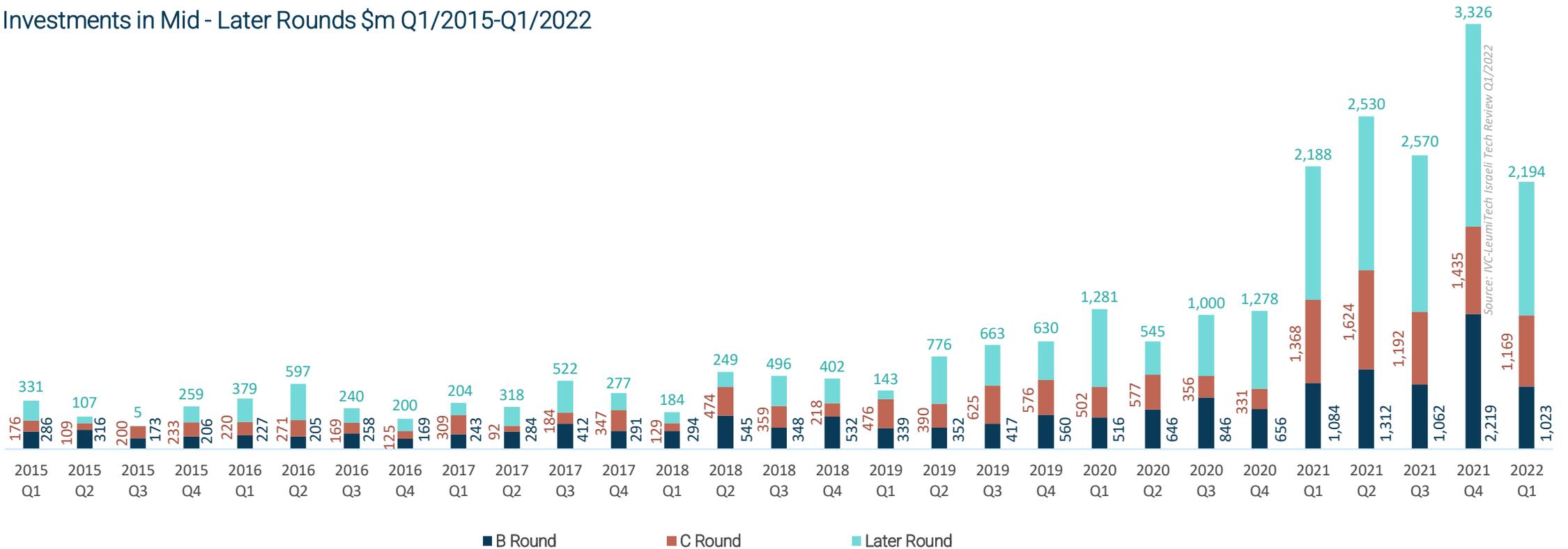
Pre-Seed & Seed Deals: Numbers and Median 2015 – Q1/2022



Later Funding by Rounds | Q1/2015 – Q1/2022

In Q1/2022, later funding (C and later rounds) accounted for 79% of total capital raised, down from the quarterly average of 2021, which remained at 85% for later capital raising series.

Investments in Mid - Later Rounds \$m Q1/2015-Q1/2022



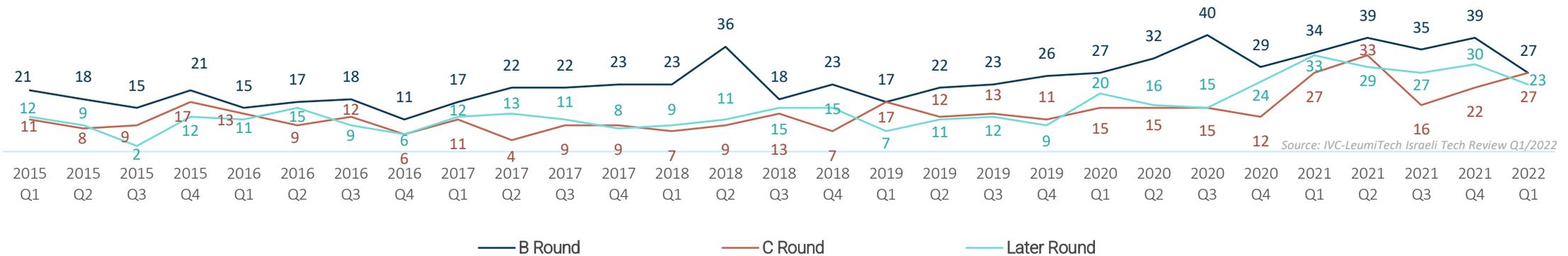
Source: IVC-LeumiTech Israeli Tech Review Q1/2022

Later Funding by Rounds | Q1/2015 – Q1/2022

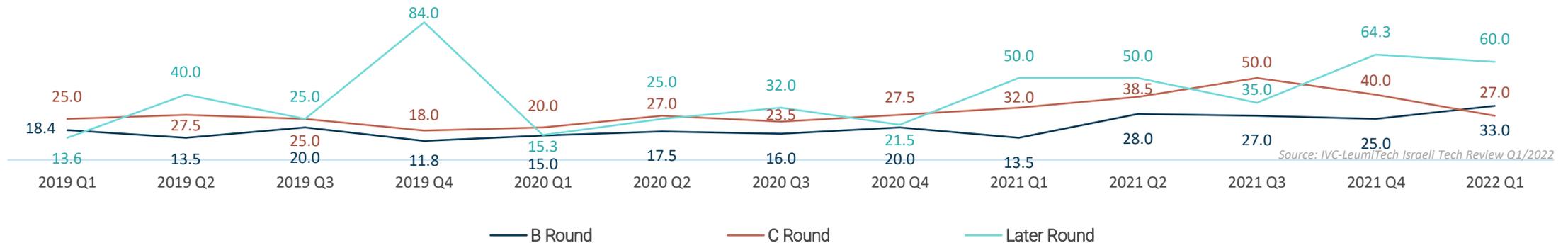
Only 23 later rounds were made in Q1/2022, compared to 30 such quarterly rounds on average in 2021.

In total, Q1/2022 results pointed to a certain slowdown in later funding compared to the quarterly figures of 2021.

of Deals in Mid - Later Rounds Q1/2015 - Q1/2022



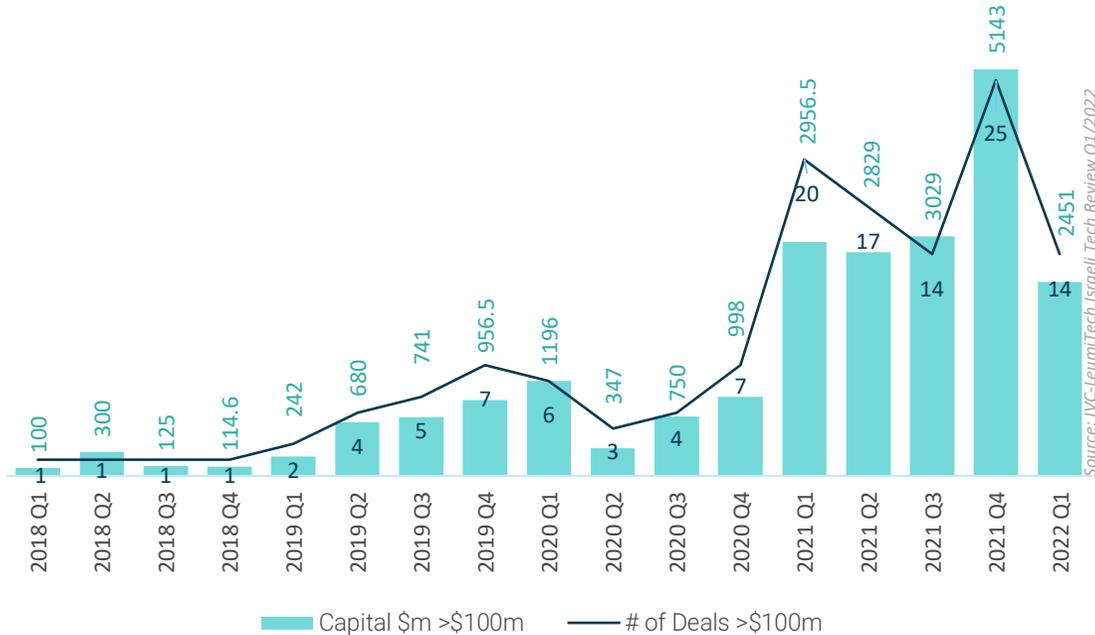
Median \$m in Mid - Later Rounds Q1/2019 - Q1/2022



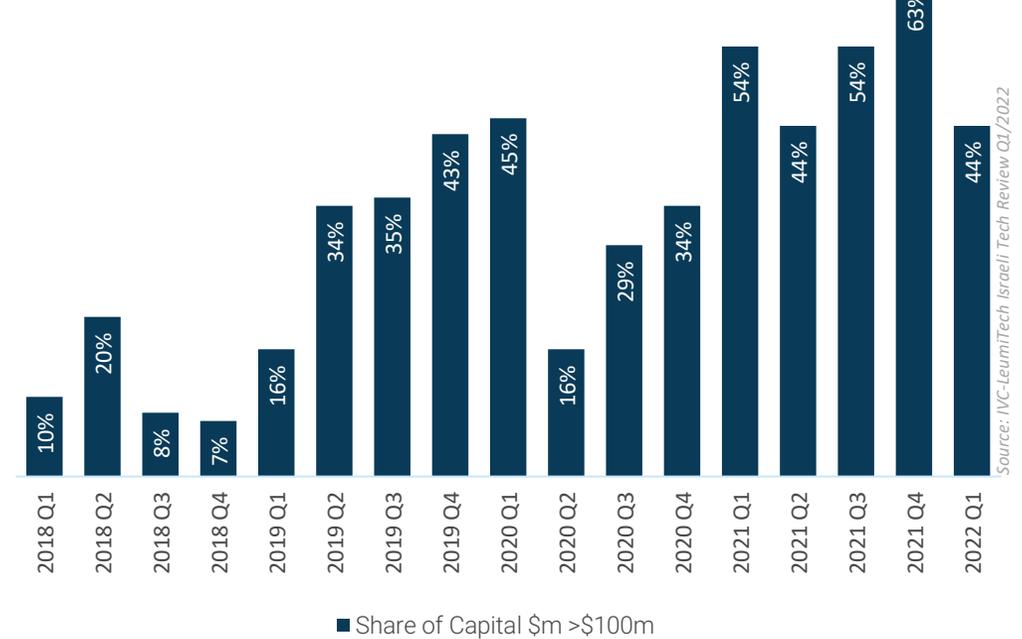
Mega-Deals Financing | Q1/2018 – Q1/2022

- Mega-rounds of over \$100m were present in Q1/2022, although down from the exceptional Q4/2021, yet in line with the first three quarters of the previous year. The percentages of mega rounds out of the total decreased compared to last year's Q3/Q4 but remain high in historical comparison.

Deals Over \$100m Q1/2018-Q1/2022

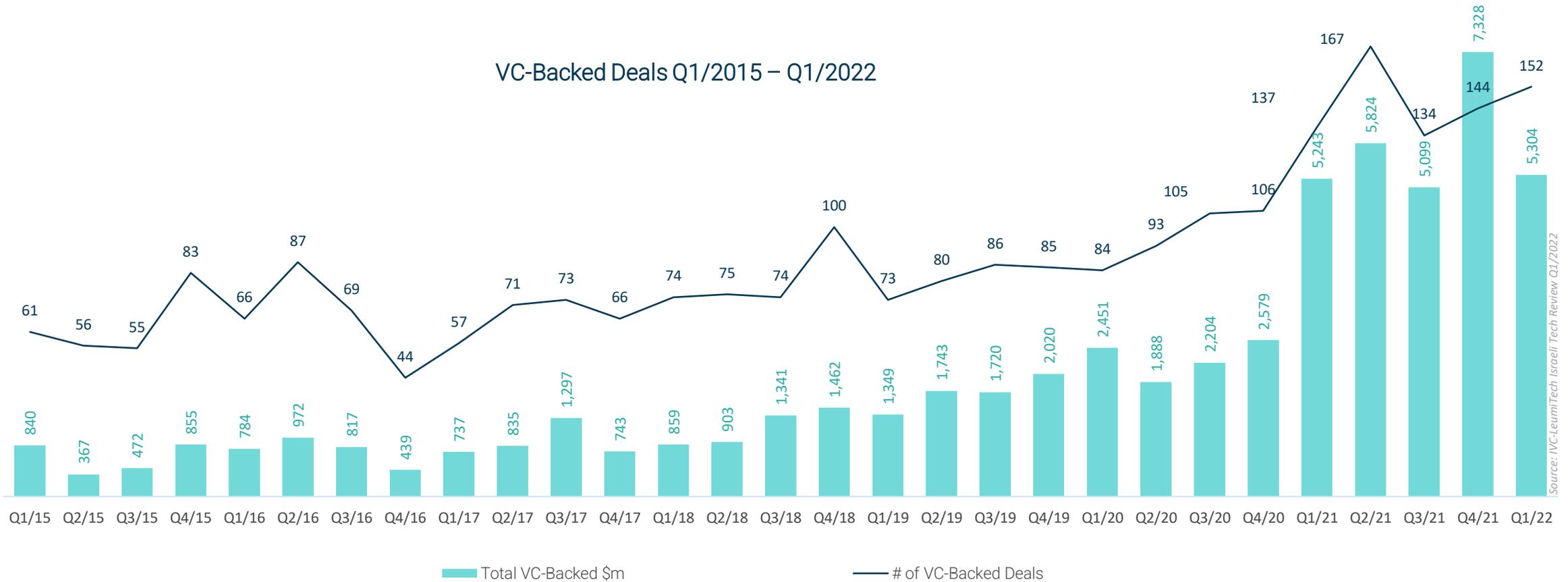


Share of Deals Over \$100m Q1/2018-Q1/2022



VC-Backed Deals | Q1/2015 – Q1/2022

In the first quarter of 2022, VC-backed deals continue the uptrend since 2016 and captured 95% of all capital raised.

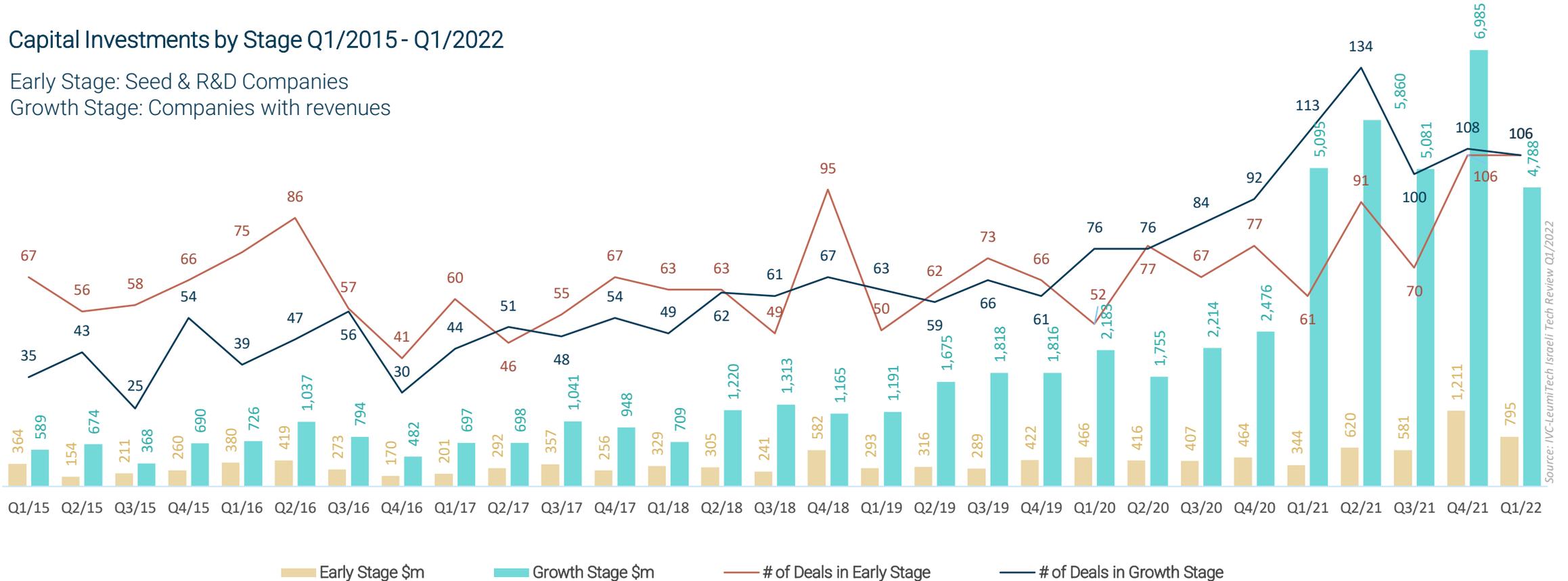


Investments by Stages | Q1/2015 – Q1/2022

- In Q1/2022, figures showed that while the number of deals in early and late stage companies might compare to the previous record quarter, the amounts raised were lower.

Capital Investments by Stage Q1/2015 - Q1/2022

Early Stage: Seed & R&D Companies
 Growth Stage: Companies with revenues



Source: IVC-LeumiTech Israeli Tech Review Q1/2022

Selected Top Investments | Q1 2022

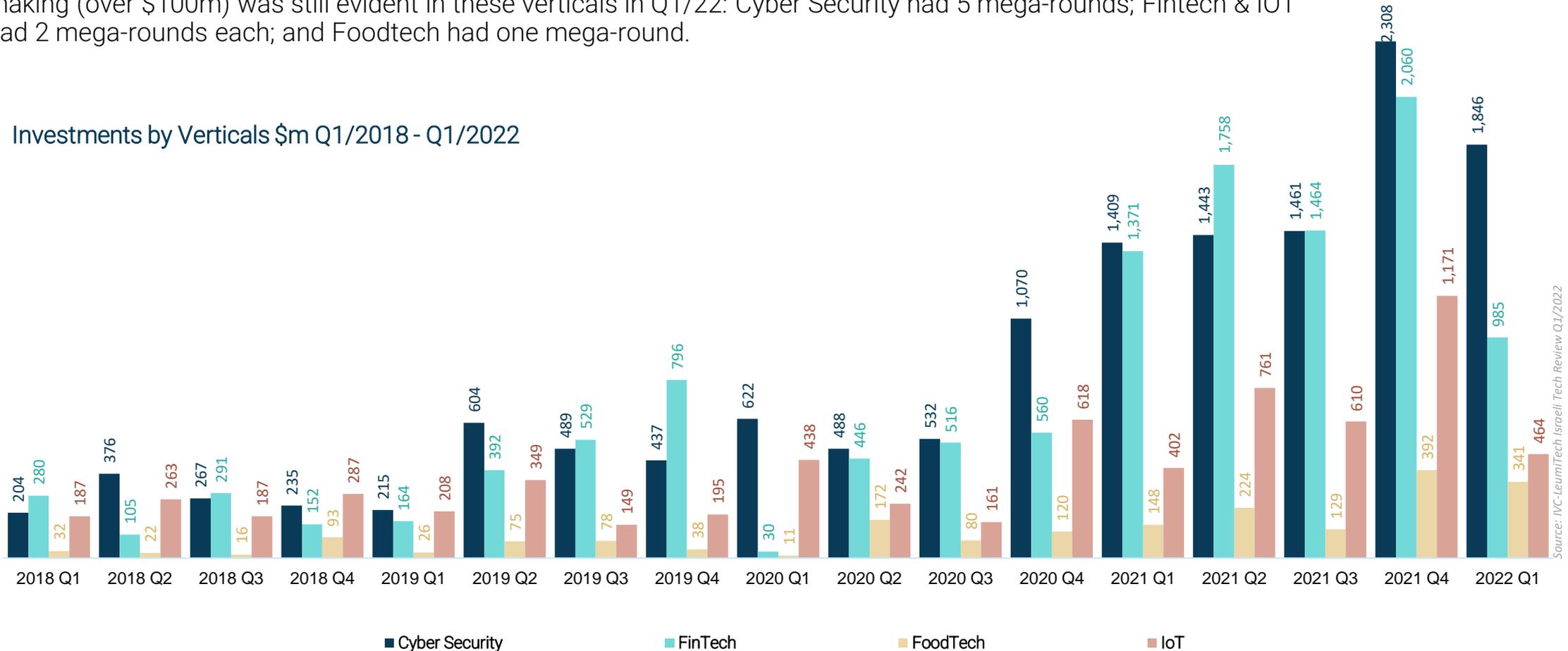
Company name	Sector	Sub-Sector	Round	\$m
Fireblocks	IT & Enterprise Software	Security	Later Round	450
Veev Group	Miscellaneous Technologies	Industrial Technologies	Later Round	400
Axonius Solutions	IT & Enterprise Software	Security	Later Round	200
BigPanda MS	IT & Enterprise Software	Design & Development Tools	Later Round	190
RapidAPI	IT & Enterprise Software	Design & Development Tools	Later Round	150
CHEQ AI Technologies	Internet	Online Advertising	C Round	150
Salt Security	IT & Enterprise Software	Security	Later Round	140
Redefine Meat	Miscellaneous Technologies	Industrial Technologies	B Round	135
Island	IT & Enterprise Software	Security	B Round	115
ImmPACT Bio	Life Sciences	Biotechnology	B Round	111
Capitolis Technologies	IT & Enterprise Software	Business Analytics	Later Round	110
WSC Sports Technologies	Internet	Content Delivery Platforms	Later Round	100
Firebolt Analytics	IT & Enterprise Software	Business Analytics	C Round	100
Placer.ai	IT & Enterprise Software	Business Analytics	C Round	100

Source: IVC-LeumiTech Israeli Tech Review Q1/2022

Investments by Tech Verticals | Q1/2018 – Q1/2022

In Q1/2022, capital raising in leading tech verticals reflected the slowdown in Israeli high-tech funding. Mega-deals making (over \$100m) was still evident in these verticals in Q1/22: Cyber Security had 5 mega-rounds; Fintech & IOT had 2 mega-rounds each; and Foodtech had one mega-round.

Investments by Verticals \$m Q1/2018 - Q1/2022

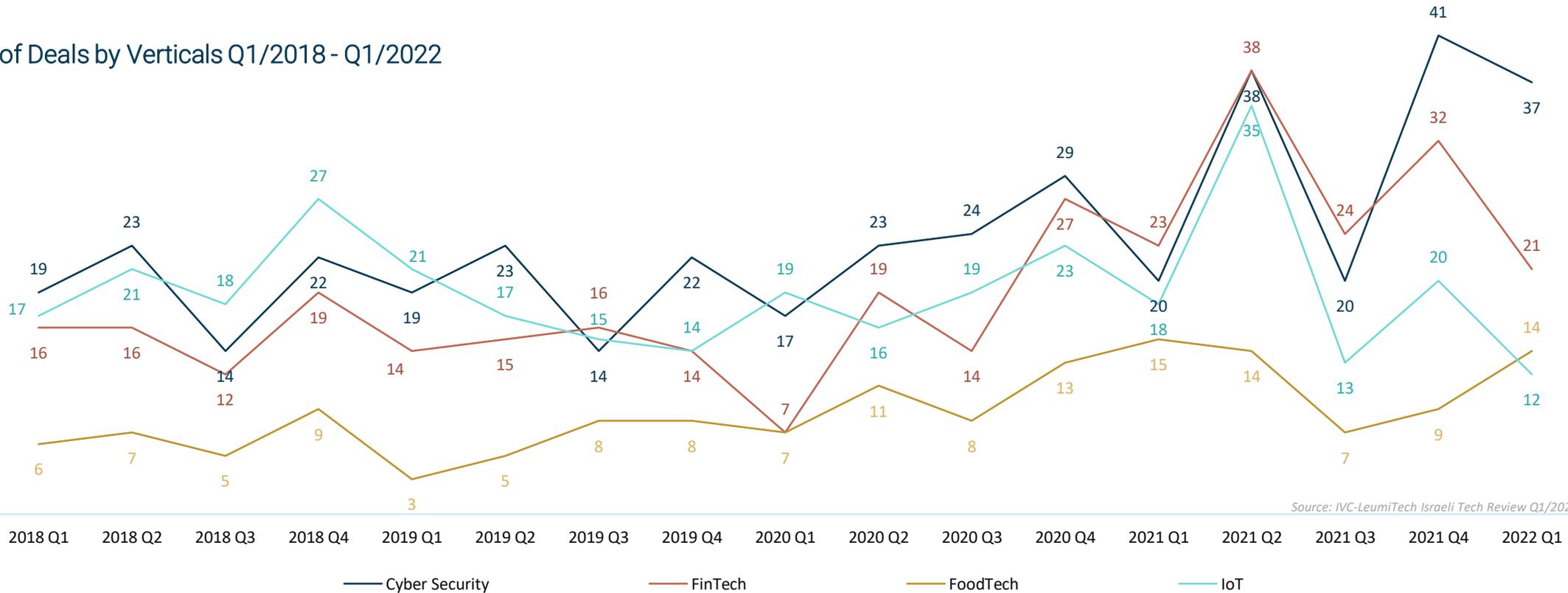


Source: IVC-LeumiTech Israeli Tech Review Q1/2022

Investments by Tech Verticals | Q1/2018 – Q1/2022

The most prominent deal in Q1/2022 as well as the top deal in Cyber Security was Fireblocks at \$450 million; Axonius Solutions (\$200m) ranked second in Cyber Security; CHEQ AI (\$150m) made another successful deal in Cyber Security.

of Deals by Verticals Q1/2018 - Q1/2022



Source: IVC-LeumiTech Israeli Tech Review Q1/2022

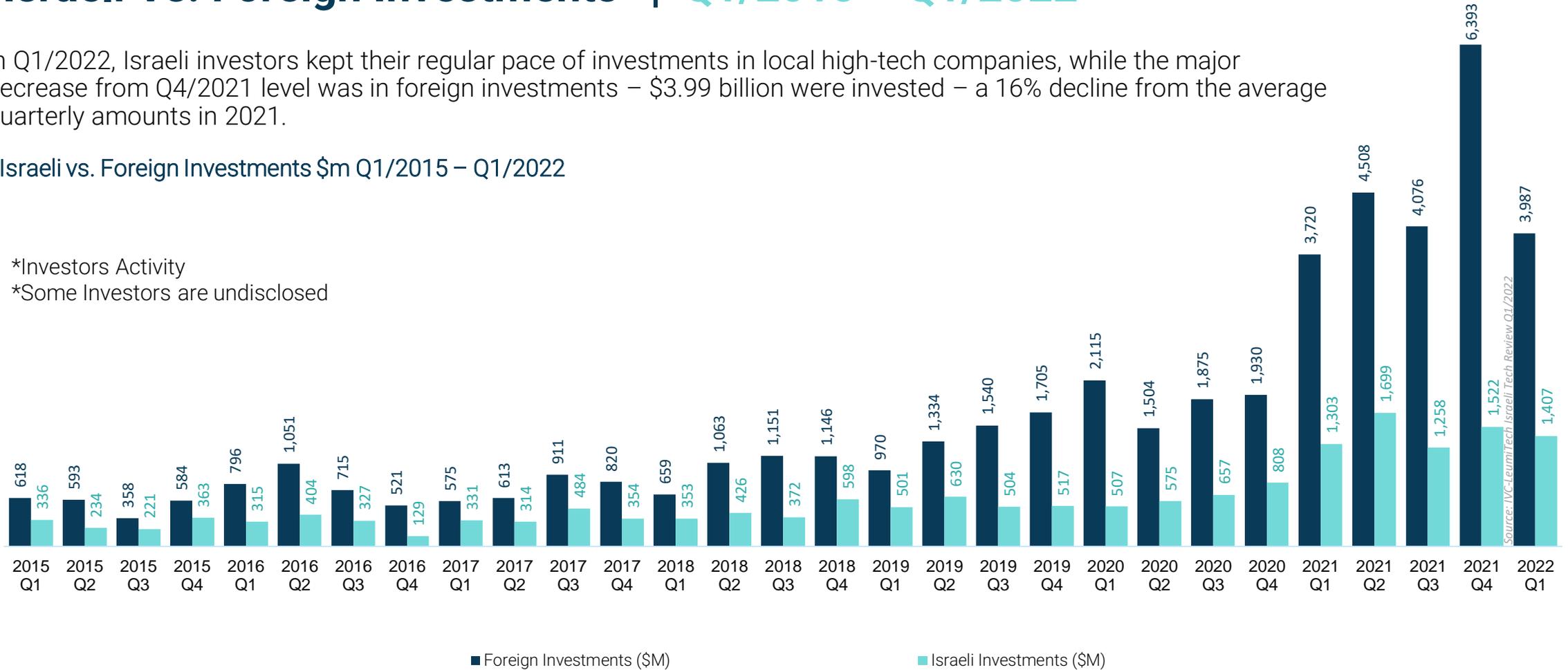
Israeli Vs. Foreign Investments* | Q1/2015 – Q1/2022

In Q1/2022, Israeli investors kept their regular pace of investments in local high-tech companies, while the major decrease from Q4/2021 level was in foreign investments – \$3.99 billion were invested – a 16% decline from the average quarterly amounts in 2021.

Israeli vs. Foreign Investments \$m Q1/2015 – Q1/2022

*Investors Activity

*Some Investors are undisclosed



Source: IVC-LeumiTech Israeli Tech Review Q1/2022

Israeli Vs. Foreign Investments* | Q1/2015 – Q1/2022

In the last quarters, foreign investments pattern has changed, following a steady growth till Q2/2021. Israeli investments continued their slow upward pace from Q4/2021.

of Israeli vs. Foreign Investments Q1/2015 – Q1/2022



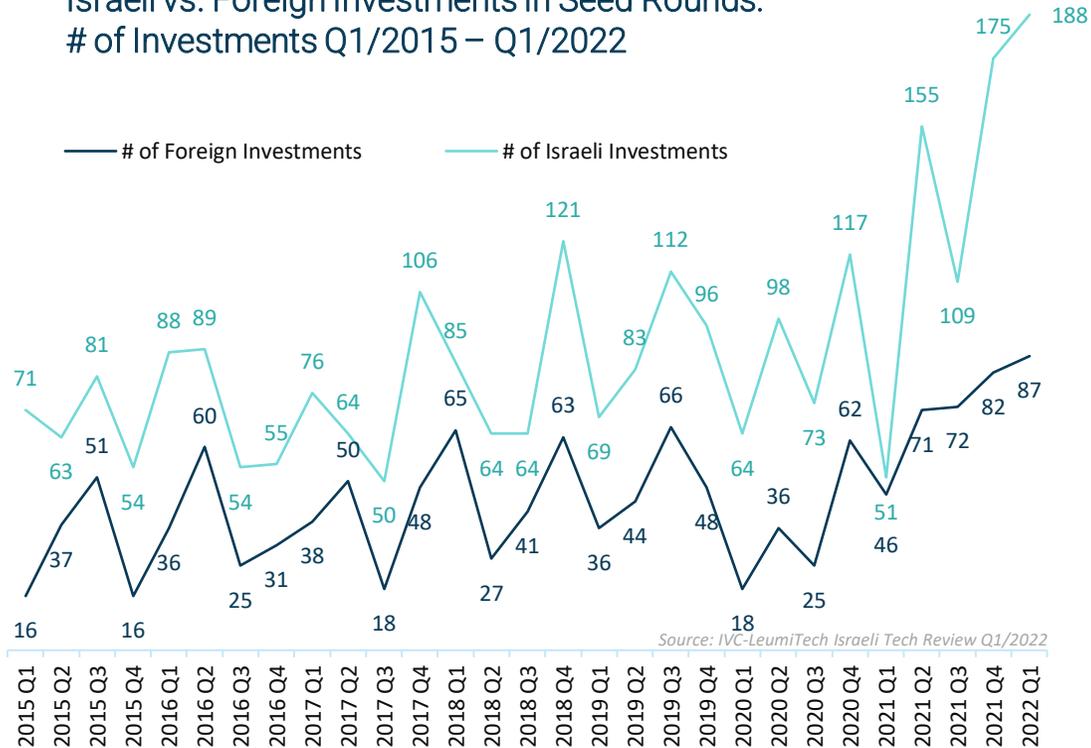
Source: IVC-LeumiTech Israeli Tech Review Q1/2022

*Investors Activity | *Some Investors are undisclosed

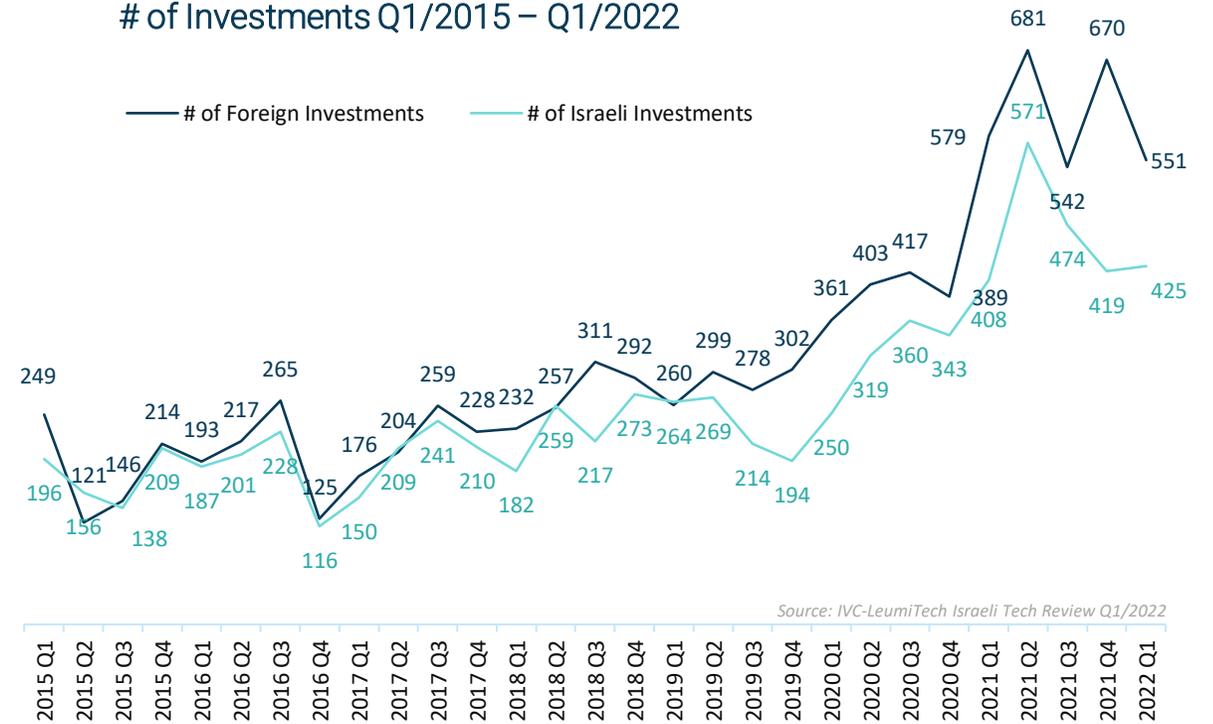
Israeli Vs. Foreign Investments by Round Type* | Q1/2015 – Q1/2022

Both Israeli and foreign investors maintained their activity patterns in seed rounds. However, a decline in the number of investments in later rounds by Israeli investors has been ongoing since Q2/2021, and noted in the last few months in foreign investors activity.

Israeli vs. Foreign Investments in Seed Rounds:
of Investments Q1/2015 – Q1/2022



Israeli vs. Foreign Investments in Later Rounds:
of Investments Q1/2015 – Q1/2022

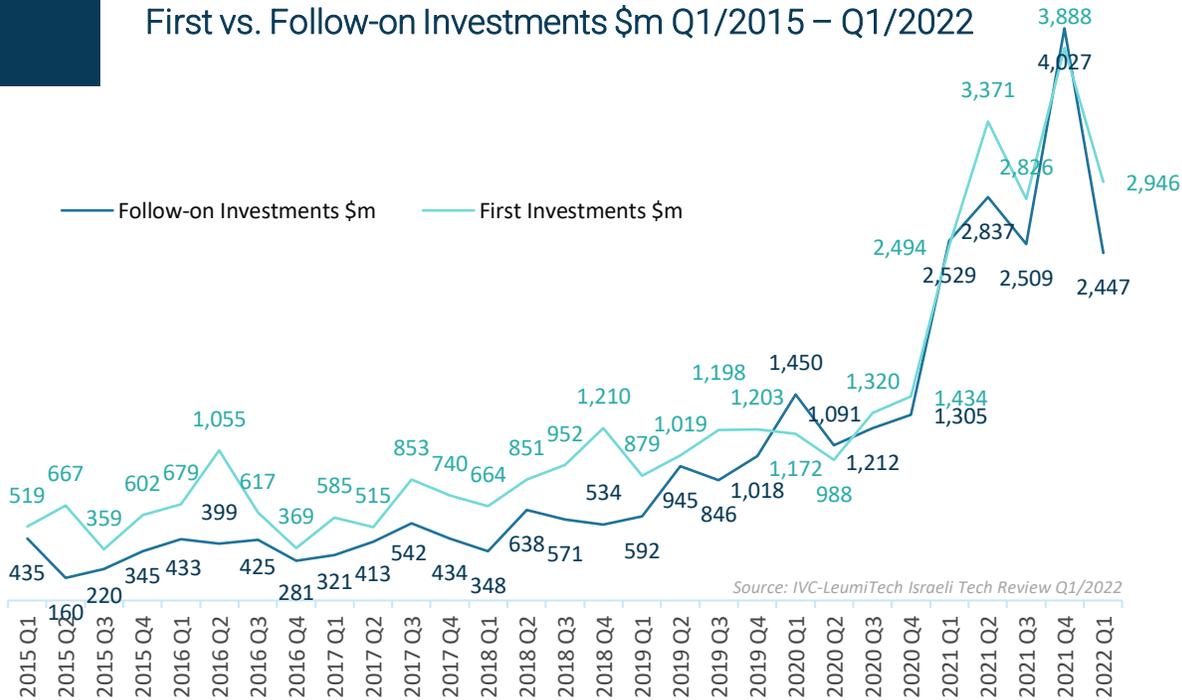


*Investors Activity | *Some Investors are undisclosed

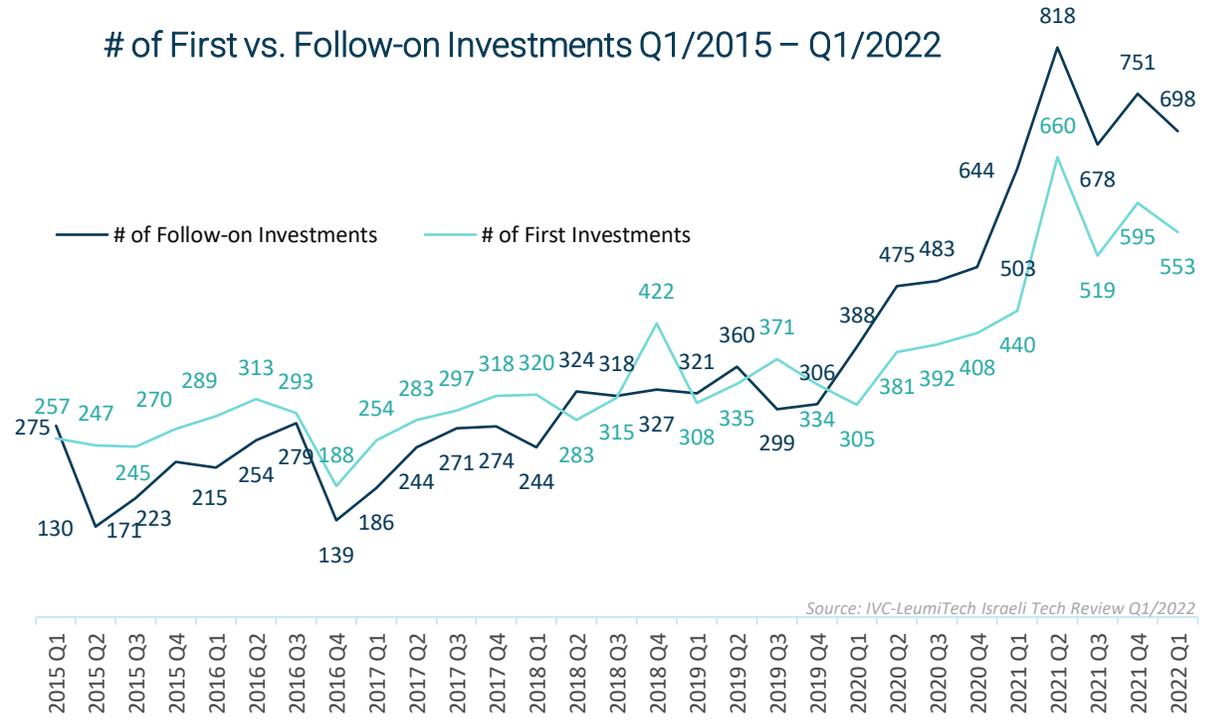
First Vs. Follow-on Investments* | Q1/2015 – Q1/2022

The number of first and follow-on investments kept their pace throughout the past quarters. Both first and follow-on investments declined in accordance.

First vs. Follow-on Investments \$m Q1/2015 – Q1/2022



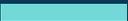
of First vs. Follow-on Investments Q1/2015 – Q1/2022



*Investors Activity | *Some Investors are undisclosed



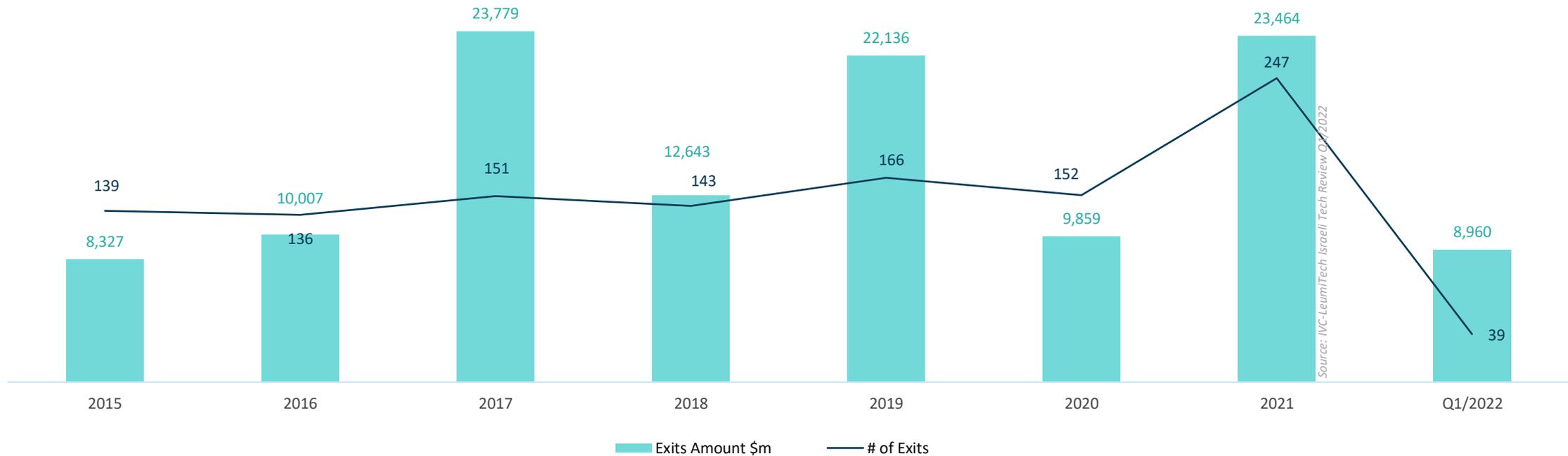
ISRAELI TECH EXITS Q1 / 2022



Israeli High-Tech Exits (M&As, Buyouts, IPOs) | 2015 – Q1/2022

The first quarter of 2022 saw 39 Israeli high-tech exit proceeds totaling \$8.96 billion. The amount was driven up by the exceptional acquisition of Tower Semiconductor by Intel for \$5.8 billion.

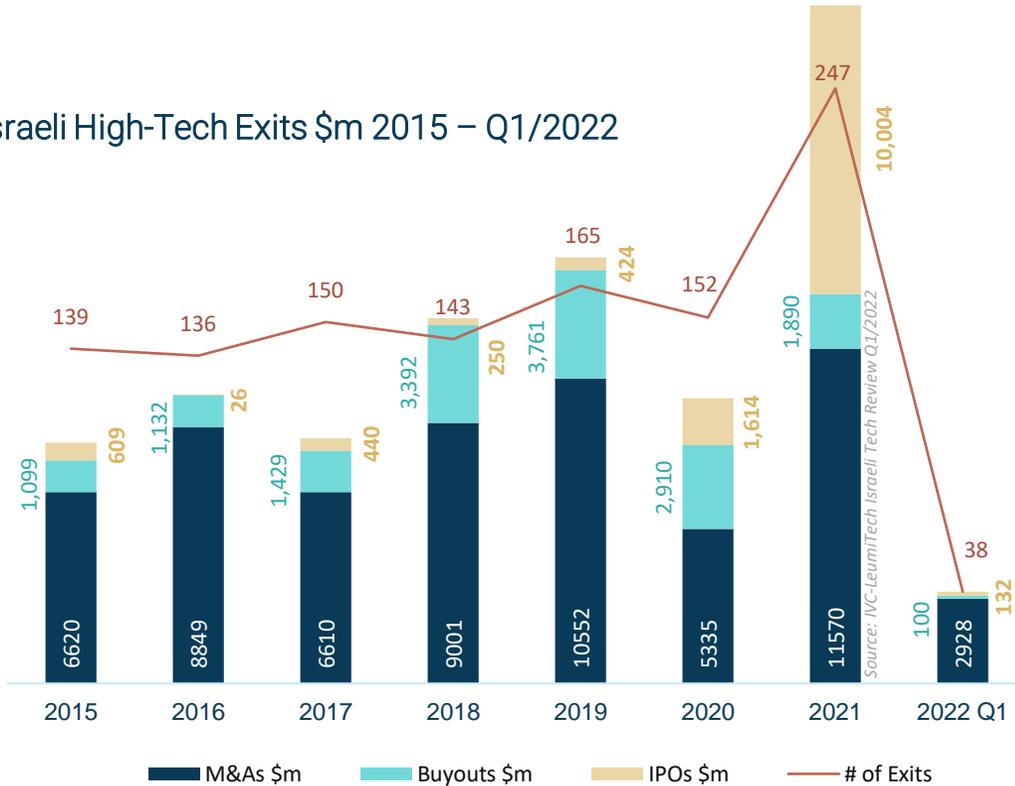
Israeli High-Tech Exits 2015 – Q1/2022



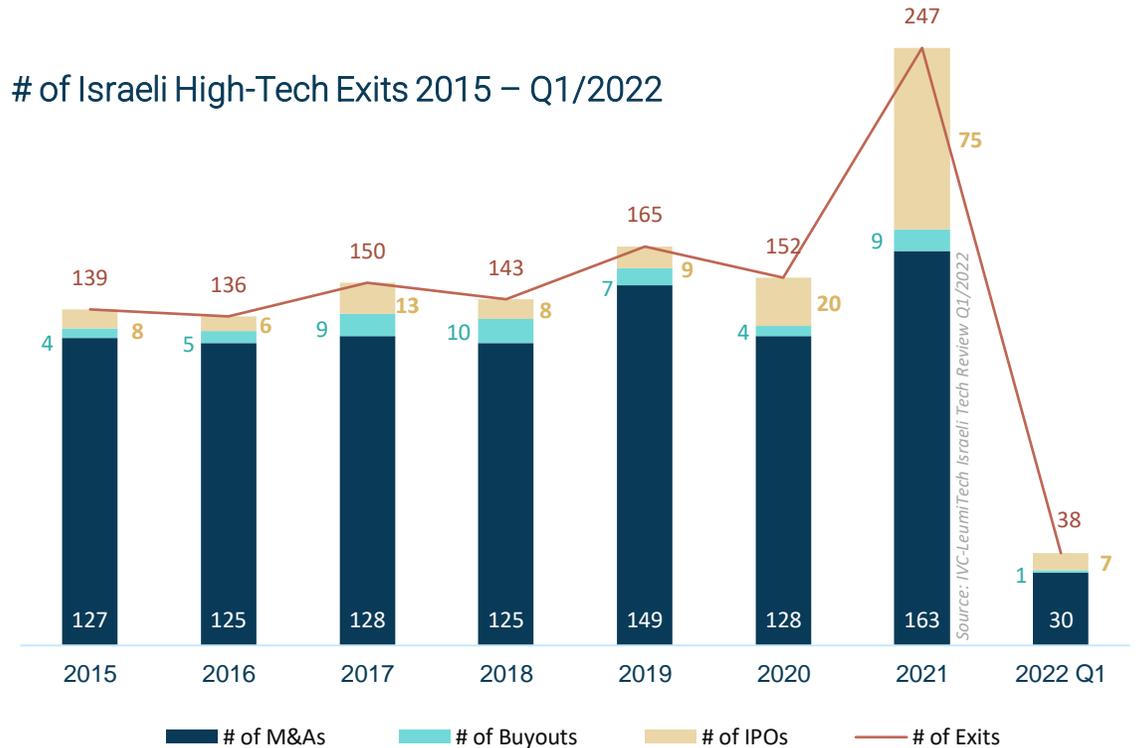
Israeli High-Tech Exits (M&As, Buyouts, IPOs) | 2015 – Q1/2022

Excluding exceptional acquisitions of over \$5 billion, 38 Israeli high-tech exits amounted to \$3.16 billion in capital proceeds in Q1/2022. Following very robust exit activity in 2021, the beginning of this year showed a slowdown, especially in the number of IPOs.

Israeli High-Tech Exits \$m 2015 – Q1/2022



of Israeli High-Tech Exits 2015 – Q1/2022

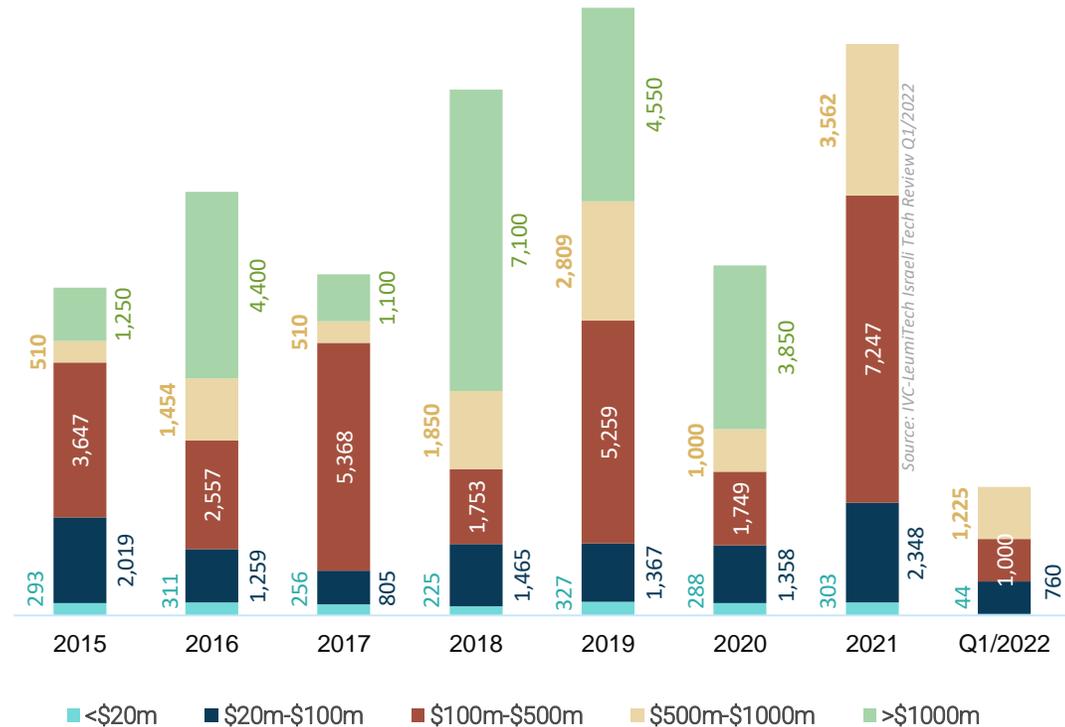


* Including IPOs, M&As & Buyouts | * Exits under \$5B

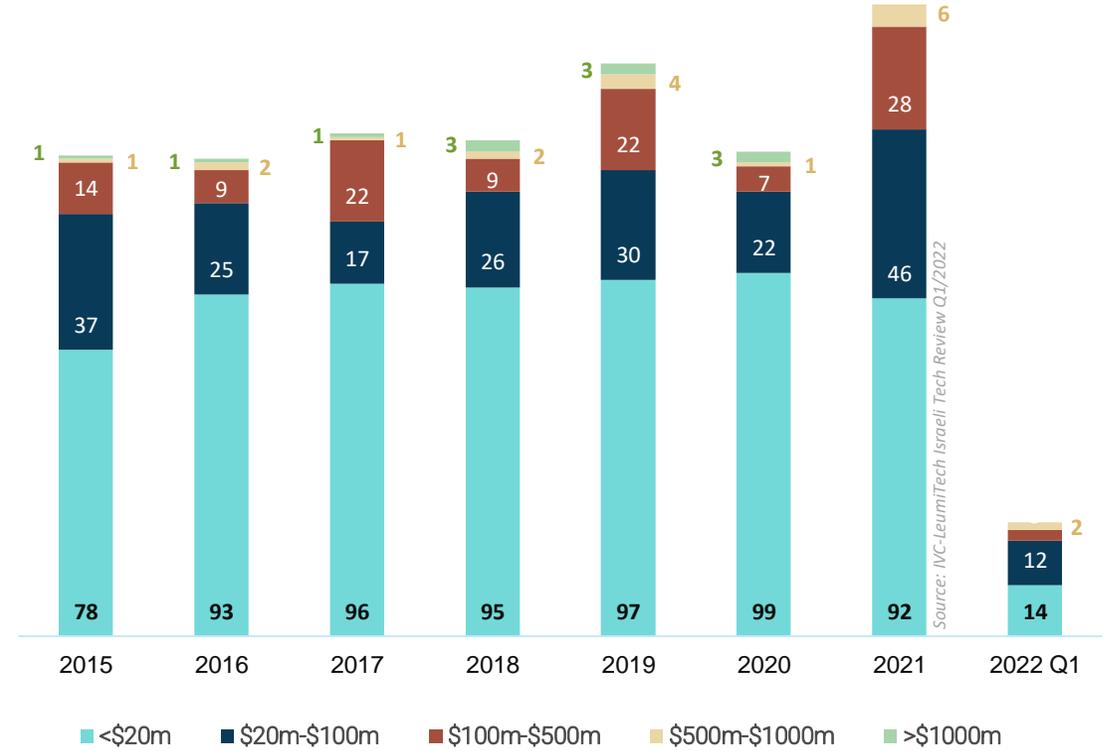
Israeli High-Tech M&As by Deal Size | 2015 – Q1/2022

31 M&A deals were made in Q1/2022. As an IPO route seems less beneficial to entrepreneurs and investors right now, we might see more M&As later on this year (than in 2020 – 2021), as the major liquidation option.

Israeli High-Tech M&As by Size \$m 2015 – Q1/2022



Israeli High-Tech M&As by Size # of Deals 2015 – Q1/2022



* M&As & buyouts under \$5B

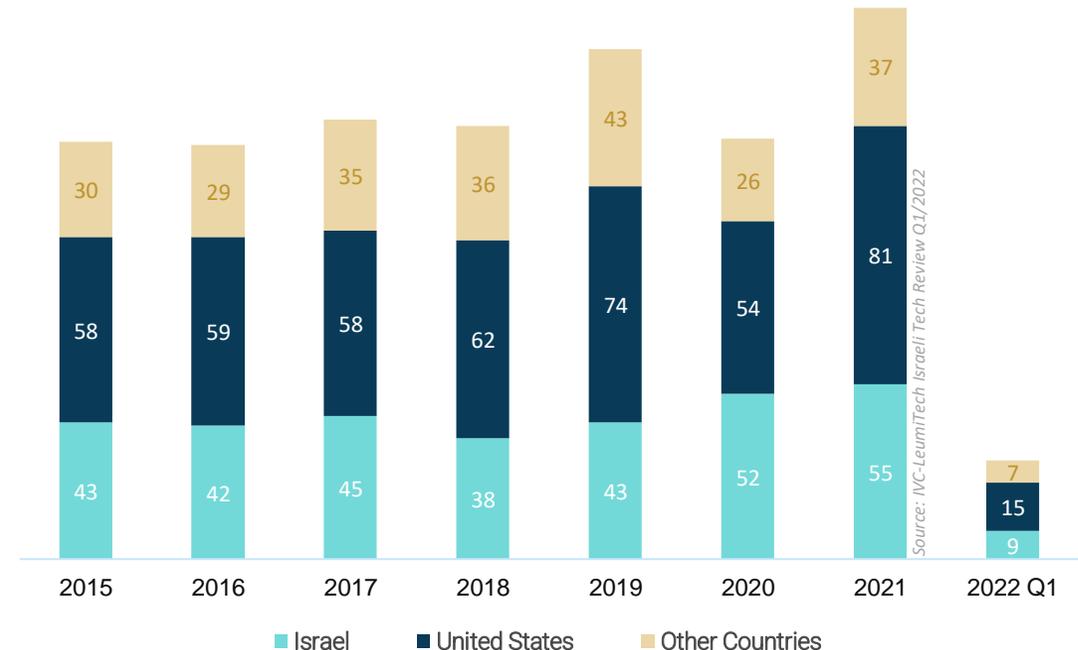
Israeli High-Tech M&As by Acquirer Country* | 2015 – Q1/2022

In 2020 and 2021 more Israeli tech companies became acquirers as larger amounts were raised for strategic purposes. In case the valuation multiples will decrease this year, we might witness more Israeli companies making strategic acquisitions.

Israeli High-Tech M&As by Acquirer \$m 2015 – Q1/2022



Israeli High-Tech M&As by Acquirer: # of Deals 2015 – Q1/2022



* M&As & buyouts under \$5B

Selected Top M&As | Q1/2022

	Semiconductors		by
	\$5800m		

	Life Sciences		by
	\$350m		

	Life Sciences	Unnamed Chinese private equity firm	by
	\$100m		

	Software		by
	\$650m		

	IT & Enterprise Applications		by
	\$150m		

	Internet		by
	\$80m		

Source: IVC-LeumiTech Israeli Tech Review Q1/2022

	Internet		by
	\$575m		

	IT & Enterprise Applications		by
	\$100m		

	IT & Enterprise Applications		by
	\$80m		

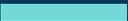
CYARX	IT & Enterprise Applications		by
	\$500m		

	IT & Enterprise Applications		by
	\$100m		


10 M&As
 summed up
 to **\$8.5B**

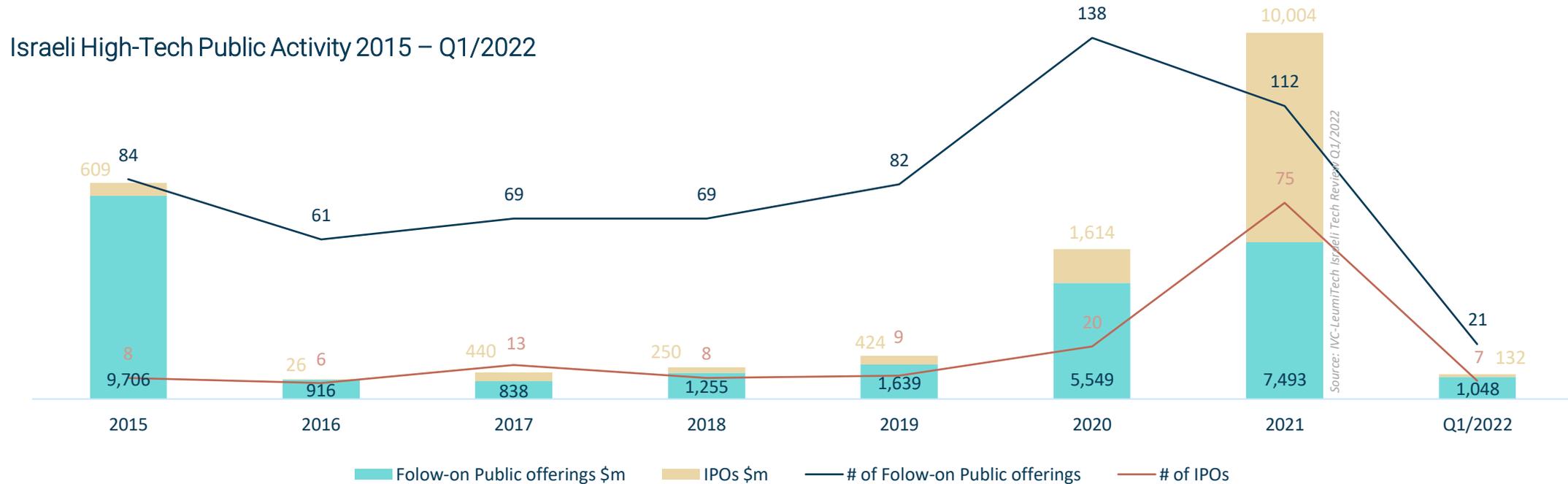


ISRAELI TECH IN CAPITAL MARKETS Q1/2022



Israeli High-Tech Public Companies Offerings | 2015 – Q1/2022

Following an impressive 2021, the number of public offerings (IPOs and secondaries) decreased drastically in Q1/2022 - with just 7 IPOs - totaling \$1.05 billion. The largest IPO was made by ImageSat International raising \$66 million on TASE. Only one SPAC IPO was made in Q1/2022 – Alpha Tau Medical, which performed a SPAC deal with Healthcare Capital on NASDAQ.



* Including: IPOs, Follow-ons (including registered direct), PIPEs, Equity and Debt

Methodology | General

- This report contains information derived from the IVC-Online Database. Deal numbers and values may vary across our reports due to continuous updates of historical numbers in the IVC database.
- This report summarizes activities of Israeli and Israel-related high-tech companies between 2015-Q1/2022.

Methodology | Investments

- This report reviews capital raised by Israeli tech companies from Israeli and foreign venture capital funds as well as other investors, such as investment companies, corporate investors, incubators and angels.
- Reported data presents the investments activity IVC collects from reliable media sources, and direct reports gathered by IVC's information specialists team. In order to compare the data to previous periods, the data in IVC's database are normalized to include only the known published data for each quarter or year.
- Projected data covers the gap in knowledge about Seed companies' activity. Since most of the information about Seed companies comes to light 12 to 24 months after the closing took place, the projected data shows the reported data multiplied by a constant (factor) that helps to understand the real impact of activity in Seed companies over the long run. [READ MORE HERE.](#)

"Israel-related" refers to a company which is not incorporated in Israel but has senior Israeli management and founders.

- Up-to-date information is available on www.ivc-online.com .

- The report is based on data from 908 investors of which 122 were Israeli VC funds and 786 were other entities.
- The term 'Early-Stage Companies' refers to high-tech companies in the process of development and not yet offering products to the market.
- The report covered total investments in the Israeli venture capital sector, including both VC-backed rounds where at least one investor participating in the round was a VC fund, as well as deals not backed by venture capital funds.
- The report includes amounts received by each company directly, including direct transactions performed between company shareholders.
- Most companies fall within more than one technology cluster, therefore the data regarding tech clusters should be viewed separately per cluster.

Methodology | Exits

- Our Exits Report historically referred to “Exits” as including M&A, Buyouts and IPO. This report is now dedicating a separate chapter for IPOs, as part of the Public Capital Market activity.
- The report summarizes M&As of Israeli and Israel-related high-tech companies in merger & acquisition deals, as well as buyouts performed by private equity and financial investors in Israeli and Israeli related high-tech companies between 2015-Q1/2022.

Methodology | Capital Markets

- numbers and proceeds are extracted from public records.
- Registered direct deals and Follow-On Deals are bundled together.
- Primary transactions (both IPOs and follow-ons) include any secondary offerings consummated therewith.
- PIPE deals are analyzed as part of public Israeli high-tech companies’ capital markets activity section

About IVC

Founded in 1997, IVC Research Center is the leading data source and business information company in Israel's high-tech industry.

We help our clients understand the market, make connections and identify opportunities with access to the latest news, trends and developments.

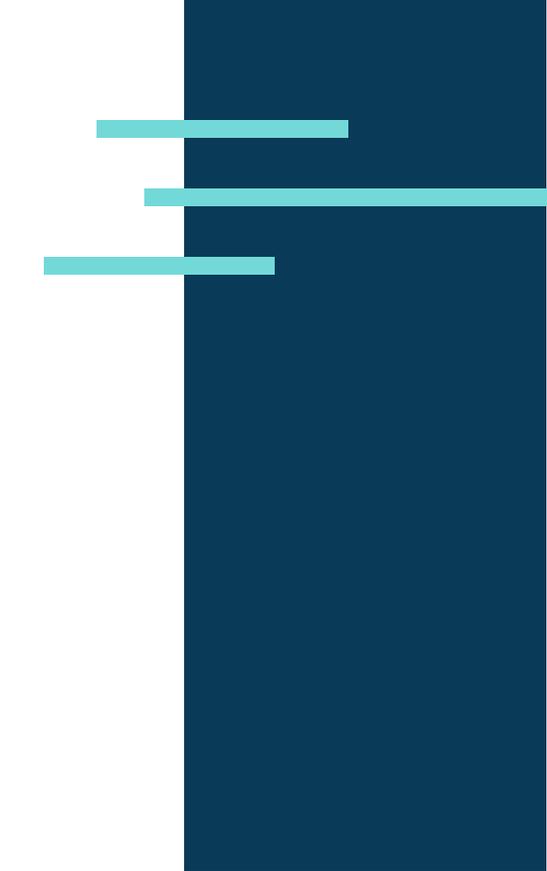
From venture capital and private equity funds to industry leading companies and emerging startups across Israel's varied high-tech sectors, we cater to the varied business information needs that make up the Israeli high-tech ecosystem. We bring more than 20 years of experience of gathering and analyzing data, serving the IVC community. Our dedicated team of industry researchers and analysts has deep knowledge and hands-on experience working with Israel's high-tech sector.

Our management, professional sales and marketing teams drive IVC's commitment to excellence and client service. We enable a wide range of local and global clients, including entrepreneurs, local and foreign investors of all types and service providers such as lawyers and accountants, to get to know the Israeli high-tech ecosystem better

www.ivc-online.com

(Registered Database #366723)





About LeumiTech

LeumiTech, the banking arm of Leumi Group, specializes since 2014 in banking for high-tech companies and servicing companies from early stage through fast growing to giant corporates. We provide a comprehensive, personalized, tech-specific banking products and financing services as part of our complete solution for all of our clients' financial needs. Such services include high-tech credit expertise, hedging and investment tech center and access to global and local ecosystems.

With dedicated high-tech teams, LeumiTech provides a financial home for the Israeli high-tech industry.

www.leumitech.com

LEUMI**T**TECH



Contact Us



Marianna Shapira

Research Director & Author
IVC Research Center
marianna@ivc-online.com
www.ivc-online.com
+972-(0)73-212-2339

Tal Bashan

VP Marketing
LeumiTech
tal.bashan@BankLeumi.co.il
www.leumitech.com
+972-(0)76-885-7789





2022

Copyrights

The information contained in this report is derived from IVC-Online - the IVC Research Center Ltd. ("IVC") Database.

This report is copyrighted, no part of the material in this report (including, but not limited to text, content, and images) may be reproduced, republished or utilized in any form or by any means without the explicit and prior written consent of IVC.

