



IVC-MEITAR

ISRAELI TECH REVIEW 2021

JANUARY 1st - DECEMBER 20th, 2021

HIGHLIGHTS

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2021: HIGHLIGHTS

- 2021 was an exceptional year not only in terms of coping with global COVID-19 impact that started in 2020, but also marked extraordinary times for the Tech arena: we are coming to expect the unexpected due to the growing equity flow on the Israeli high-tech market.
- In Israel, local start-ups raised \$25.6b during 2021 – a leap of almost 150% from 2020 – in 773 financing rounds. Q4/2021 saw investment amounts of \$8b in 206 deals, an impressive closure to the year.
- It was an extraordinary year for exits as well. IPOs appear to have become the new default for many start-ups this year, with 75 IPOs, 23 on Wall Street.
- M&As didn't fall short this year, with 163 deals totaling \$12b, perhaps the most active year ever for Israeli exits.
- Israeli high-tech companies successfully continued their activity on global capital markets as well, in 2021.

2021: WILL IT LAST?

- In our view, these impressive numbers are not the industry's “new normal.” These numbers are the outcome of a “new reality.”
- Deep-pocketed global financial players and more mature and innovation-savvy markets have contributed to the Israeli Tech growth sector's steep gains over the Start-Up arena. This year's report shows that growth stage numbers have risen hugely from 2015 to 2021, while those for early-stage companies haven't changed much.
- Are the valuations we're seeing sustainable? While the future remains untold, we are seeing a certain correction on Wall Street over the last few months, effecting also companies that went public during 2020–2021. This may affect valuations of growth companies seeking an IPO; however, we do not expect it to significantly affect the technology industry in Israel and its attractiveness to investors.
- Nevertheless, high growth companies will find more money to deploy in order to move faster. These companies' financial and operational matrices have more in common with public companies than with the traditional start-ups, and as such, will attract the same kind of liquidity suppliers we once saw solely in public markets.
- 2021 was the year of the SPACs, the special financial vehicles that raise money for future deals (Blank Check). Thirteen Israeli companies chose to go public via this route last year on Wall Street. However, with the SEC calling for [tougher regulatory procedures](#), the motivation to use this vehicle could be reduced substantially.

ISRAELI TECH INVESTMENTS

Q1-Q4 / 2021

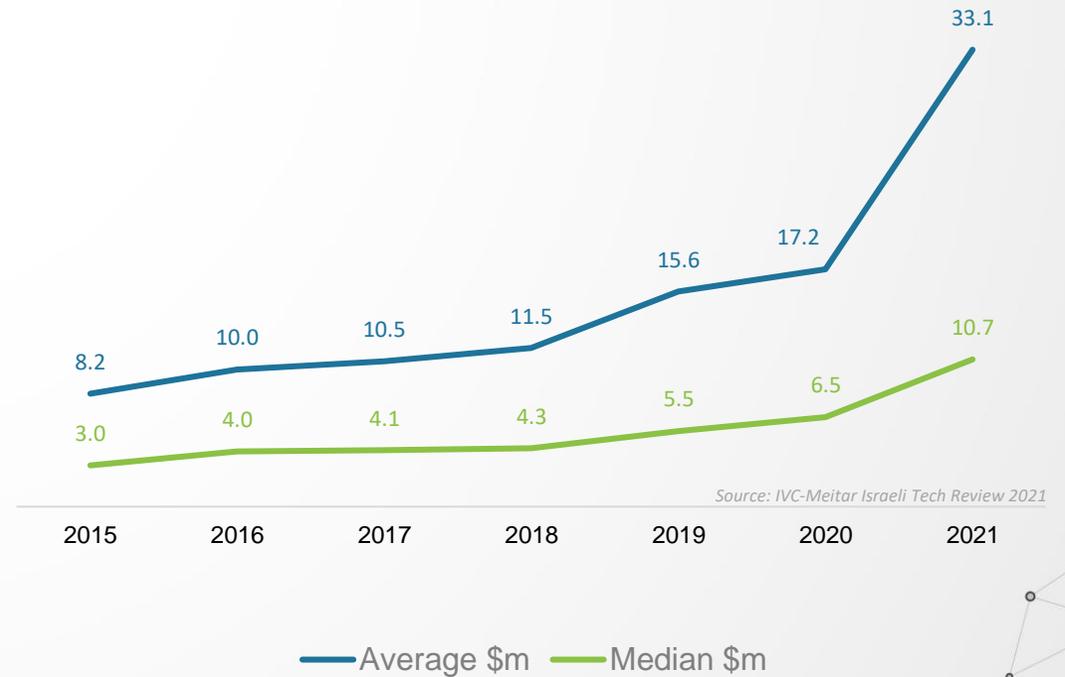
ISRAELI HIGH-TECH INVESTMENTS | 2015–2021

Israeli high-tech capital raising in 2021 has reached a new record, with \$25.6 billion raised in 773 deals – a 146% increase from the amount raised last year and 28% more deals.

Israeli High-Tech Investments 2015-2021



Israeli High-Tech Investments Average vs. Median 2015-2021



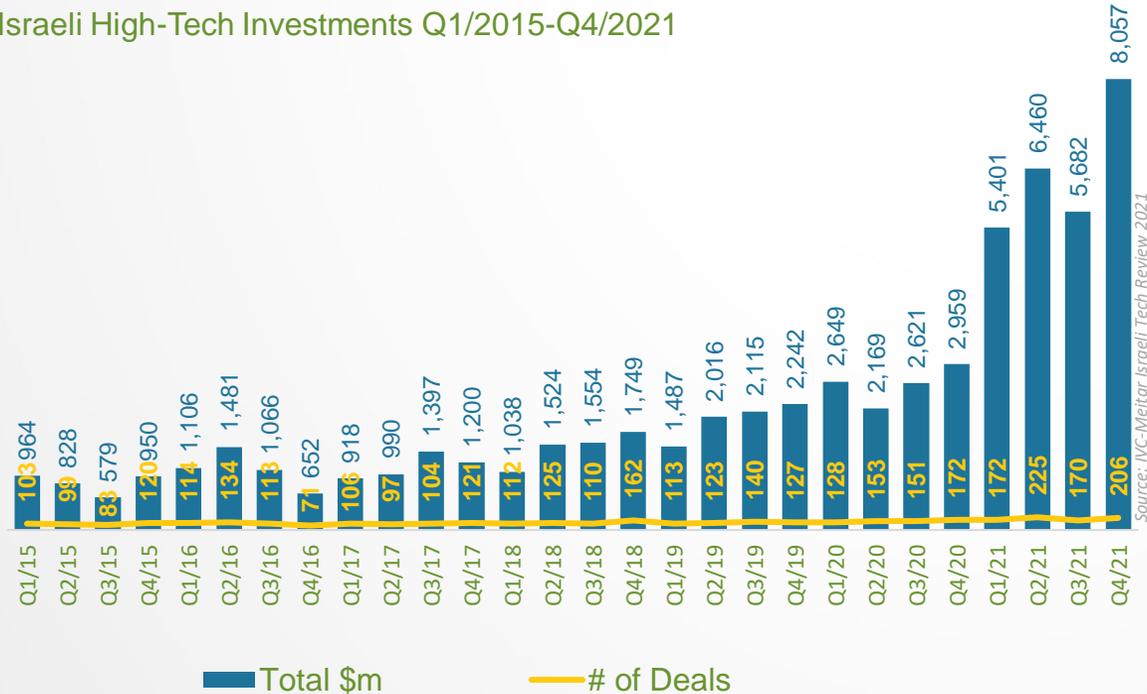
ISRAELI HIGH-TECH INVESTMENTS | Q1/2015 – Q4/2021

The last quarter of 2021 has shown strong capital raising activity results, reaching a record of \$8 billion in 206 transactions.

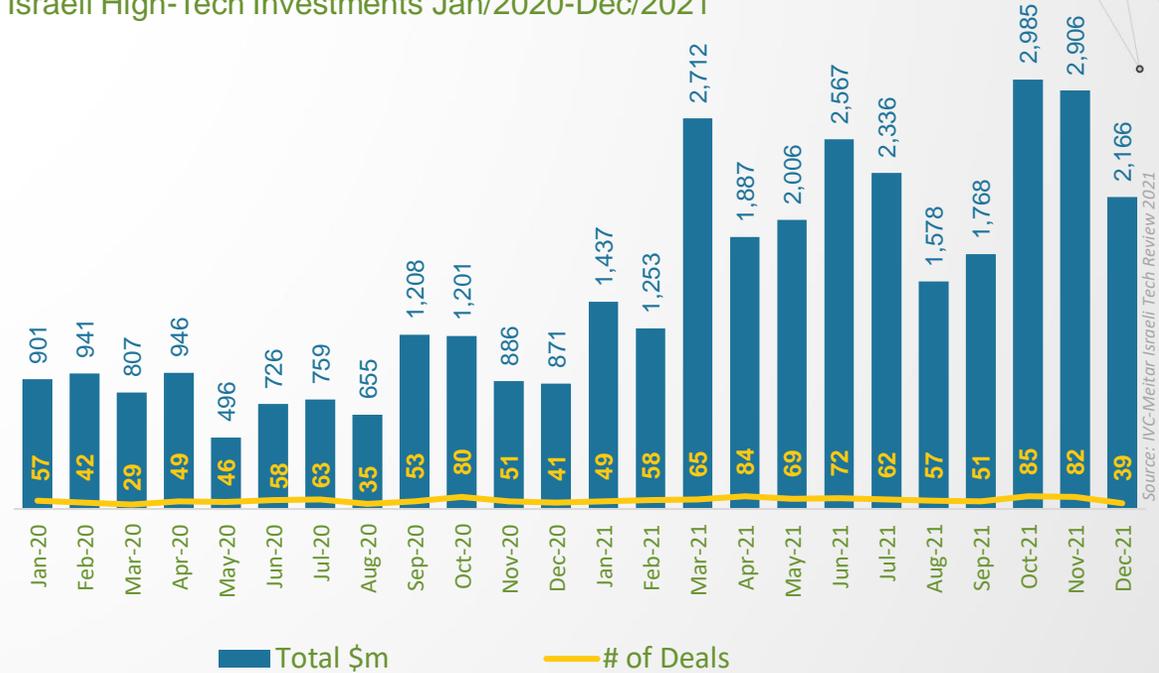
Both average and median amounts have continued to climb through 2021, peaking in Q4, marking an especially steep upward trend for companies in revenue stages.

On a monthly scale, 2021 marks a notable milestone in Israeli high-tech capital raising, when financial activity not just recovered following COVID-19 negative impact in 2020, but increased its pace notably, presenting record figures in the course of this year.

Israeli High-Tech Investments Q1/2015-Q4/2021



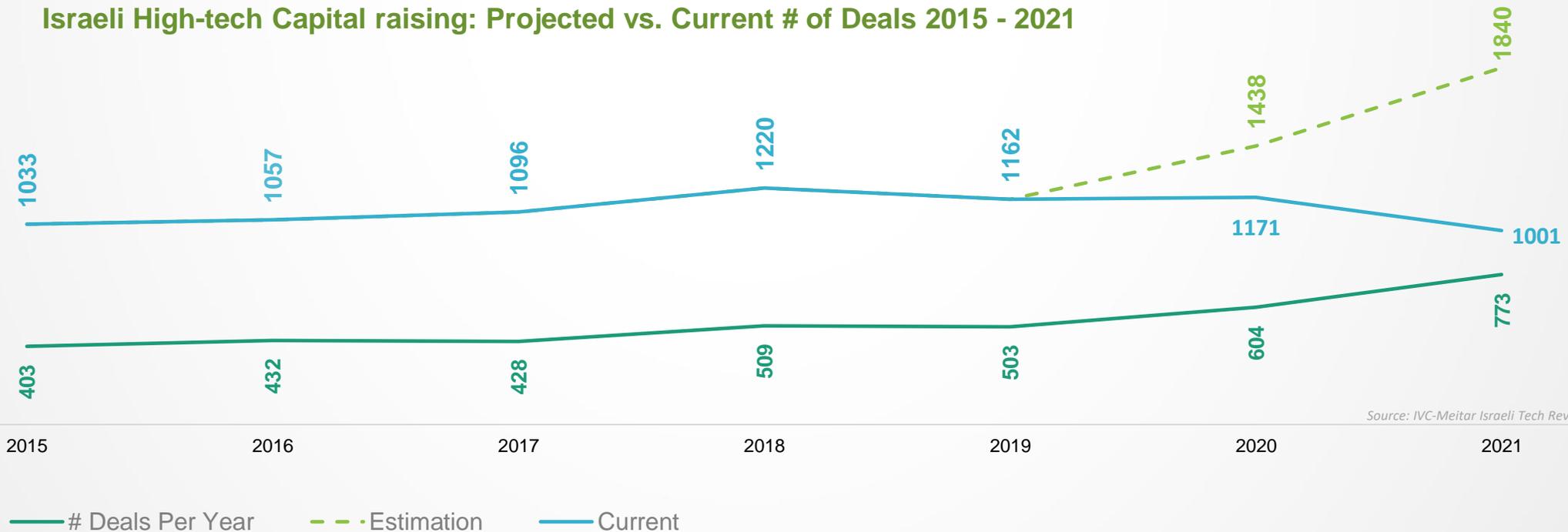
Israeli High-Tech Investments Jan/2020-Dec/2021



ISRAELI HIGH-TECH INVESTMENTS: PROJECTED VS CURRENT # OF DEALS* | 2015 – 2021

While the amounts in 2021 are drawing most of the attention, deal numbers are no less important for validating investment community sentiments. The projected number of deals for 2021 – which estimates the total number of deals after 24 months (see [IVC Methodology](#)) – is nearing 1850, much higher than the range seen in the previous decade.

Israeli High-tech Capital raising: Projected vs. Current # of Deals 2015 - 2021



Source: IVC-Meitar Israeli Tech Review 2021

* See our methodology for details

EARLY ROUND FINANCING & PRE-SEED + SEED INVESTMENTS | 2015 - 2021

This year, early rounds attracted a substantial \$3.69 billion, just 14% of the total capital in 2021, but nevertheless, 97% higher than last year. Median early round amounts were driven up in 2021, marking a renewed period of positive investment trends. The elevated amounts didn't appear in the pre-seed numbers (see IVC Methodology), following the lower investors' appetite for risk.

Early Rounds Totals: Amounts, Numbers and Median 2015 - 2021

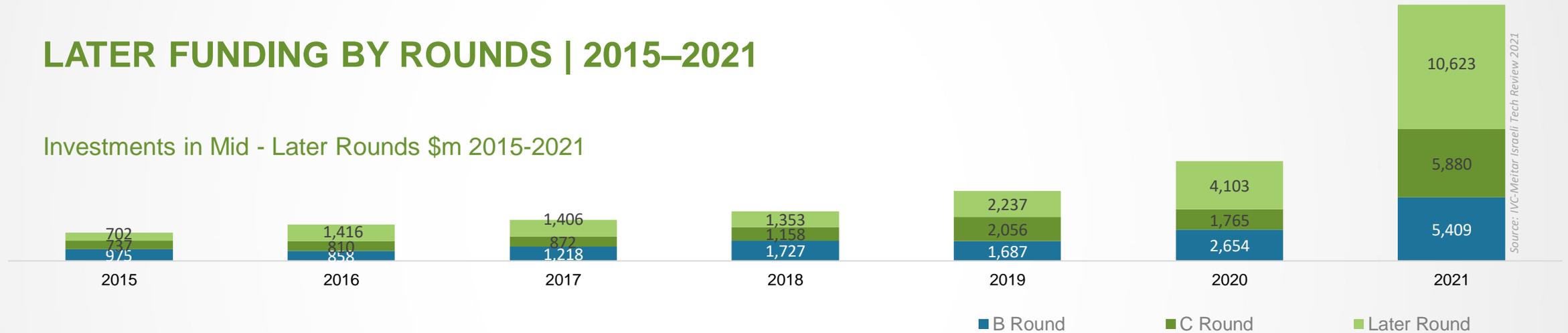


Pre-Seed & Seed Deals: Numbers and Median 2015 - 2021



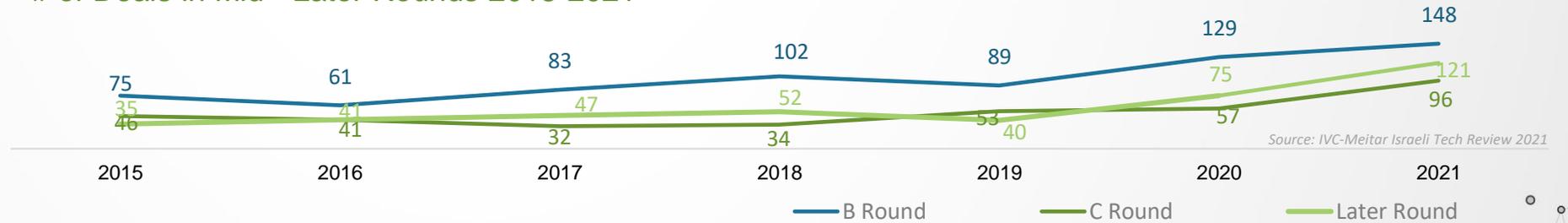
LATER FUNDING BY ROUNDS | 2015–2021

Investments in Mid - Later Rounds \$m 2015-2021



Later funding (C and later rounds) accounted for most of the capital raised in 2021 – 65% of total capital. There was a 44% increase in the number of transactions in C and later financing rounds in 2021 compared to 2020. Median amounts in 2021 were elevated due to greater number of mega-deals in these financing series.

of Deals in Mid - Later Rounds 2015-2021



Median \$m in Mid - Later Rounds 2015-2021

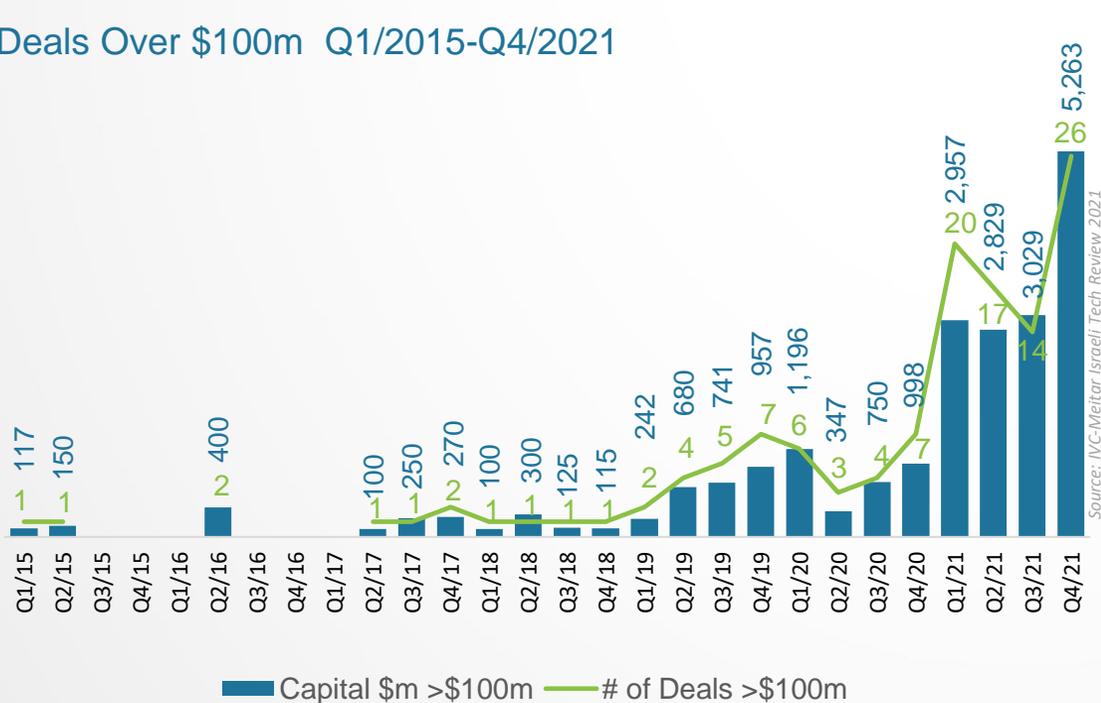


MEGA-DEALS FINANCING | Q1/2015 – Q4/2021

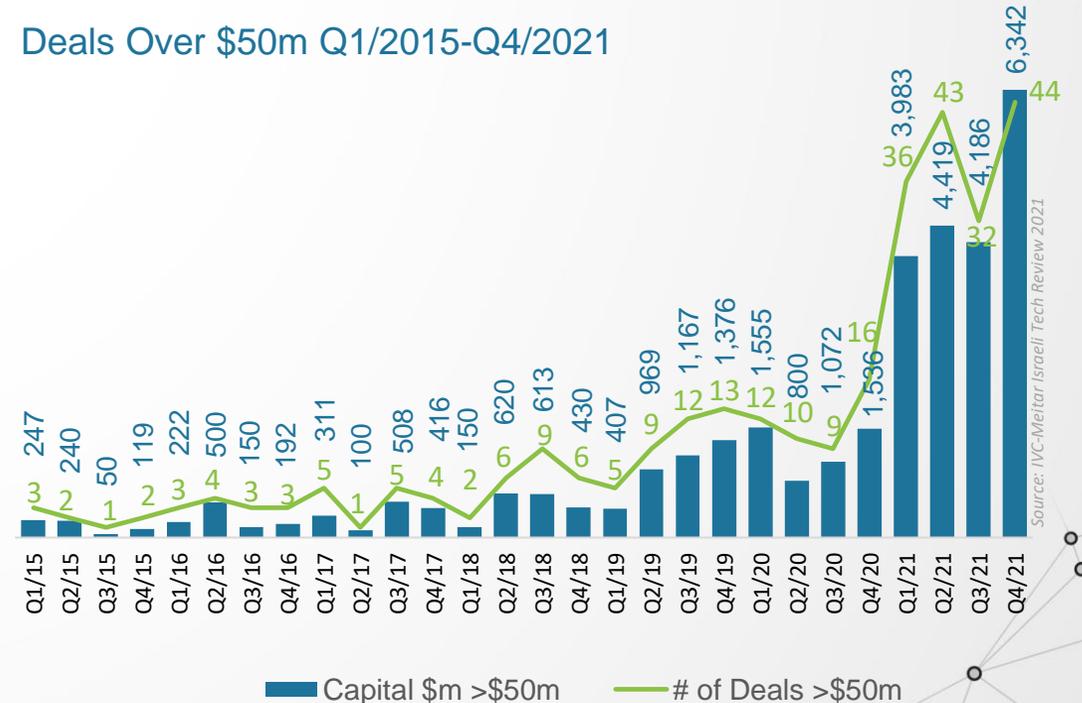
Mega-deals drove all capital intake to record amounts in 2021, with 155 deals over \$50 million each, responsible for \$18.93 billion raised – comprising 74% of total capital raised this year. This is a drastic upturn from the gradual increase noted in 2019–2020, with 39 and 47 such deals, respectively.

This year saw 77 mega-deals over \$100 million each, compared to 18 and 20 such deals in 2019 and 2020, respectively. These \$100m plus mega-deals summed up to \$14 billion – 55% of the total capital raised in 2021. The fourth quarter was especially rich in mega-rounds – with top 26 deals raising 37% of all capital raised this year in such deals.

Deals Over \$100m Q1/2015-Q4/2021

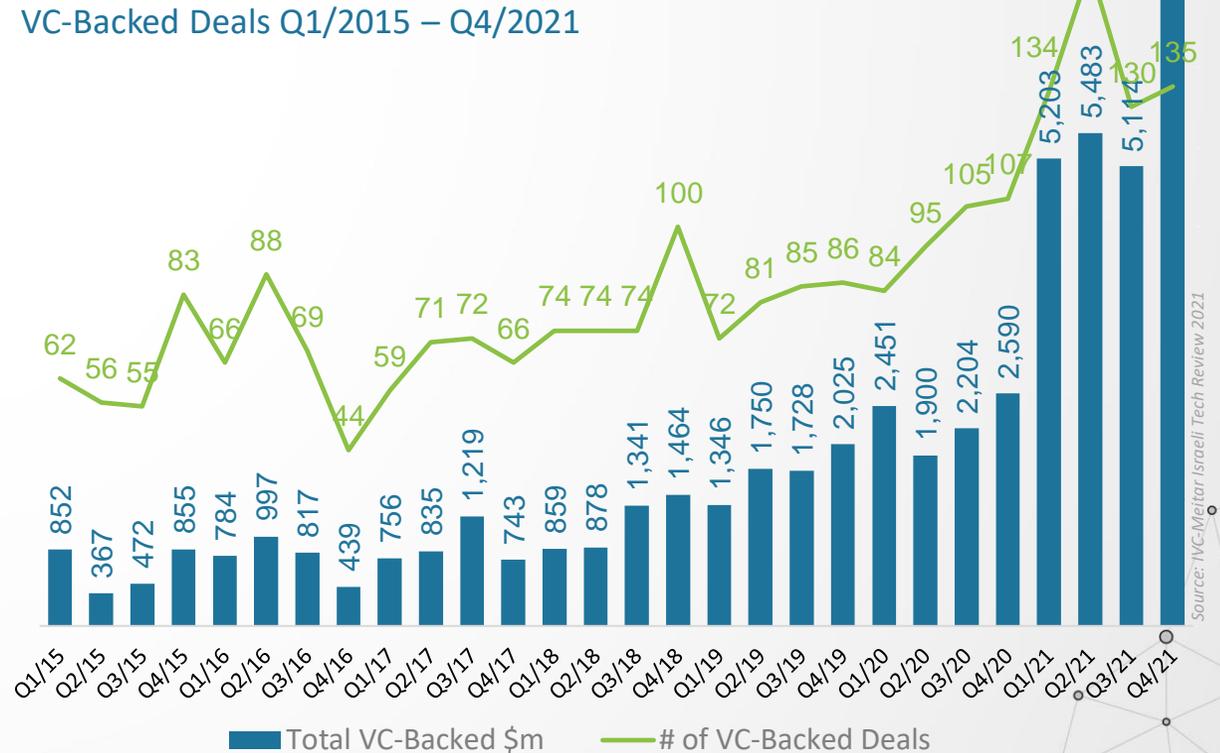
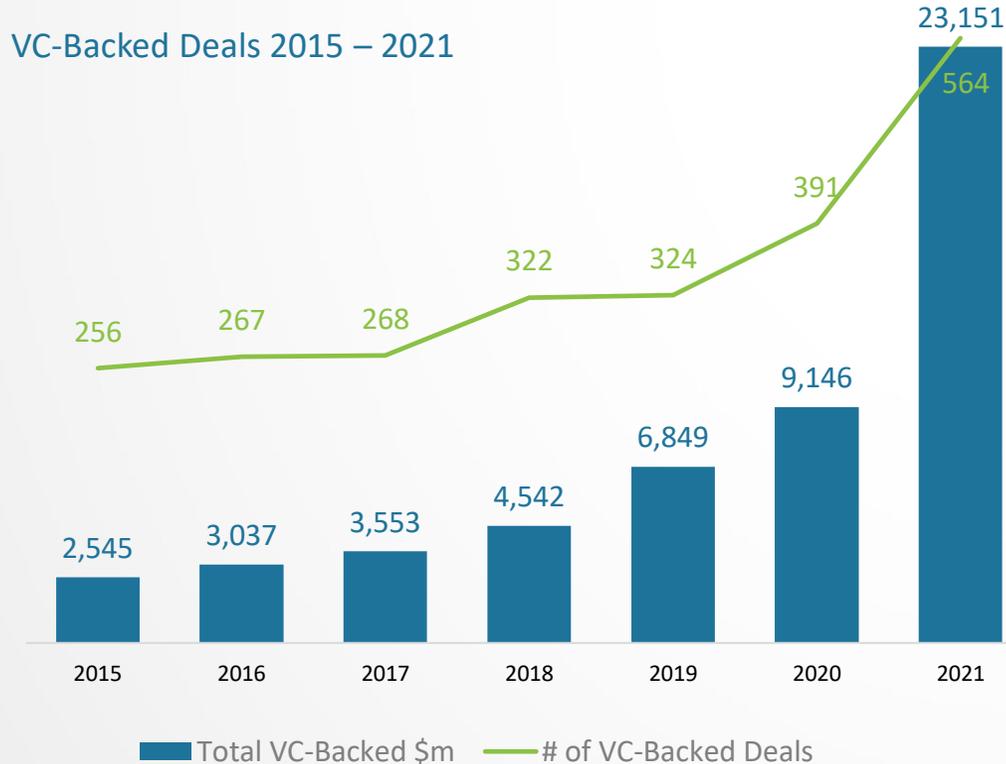


Deals Over \$50m Q1/2015-Q4/2021



VC-BACKED DEALS | 2015–2021

VC-backed deals continued to climb higher in 2021, emphasizing the importance of venture capital to the local ecosystem. However, a decline in the number of VC-backed deals in the last two quarters is something we haven't witnessed since 2019. It remains to be seen if this is just a part of the global pattern (a short-lived decline in the cycle every 12 - 16 quarters).

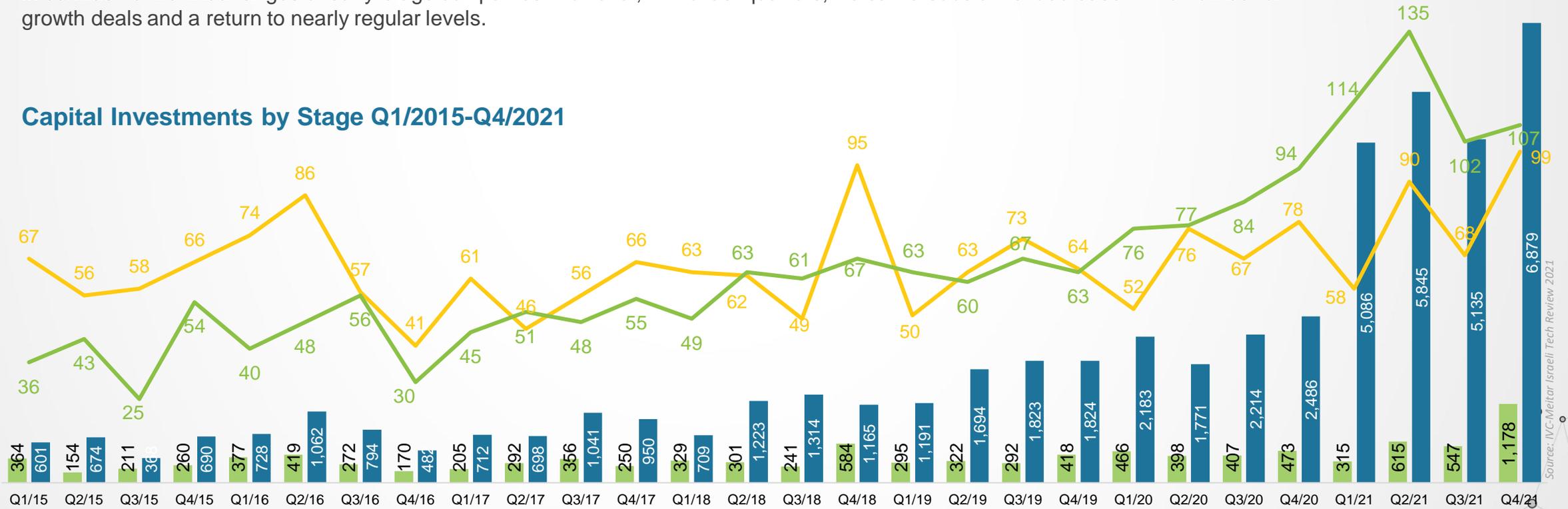


*Deals where at least one VC fund (Israeli or Foreign) was involved

INVESTMENTS BY STAGES | Q1/2015–Q4/2021

Growth stage companies (companies with revenues) are drawing an increasingly larger share of capital allocation in the last two years, in contrast to the fixed ranges of early-stage companies. However, in the last quarters, we saw a substantial decrease in the number of growth deals and a return to nearly regular levels.

Capital Investments by Stage Q1/2015-Q4/2021



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

■ Early Stage \$m
 ■ Growth Stage \$m
 — # of Deals in Early Stage
 — # of Deals in Growth Stage

Source: IVC-Meitar Israeli Tech Review 2021

SELECTED TOP INVESTMENTS | 2021

	IT & Enterprise Software	\$425m		IT & Enterprise Software	\$320m		IT & Enterprise Software	\$300m
	IT & Enterprise Software	\$400m		IT & Enterprise Software	\$310m		IT & Enterprise Software	\$300m
	IT & Enterprise Software	\$400m		IT & Enterprise Software	2 Deals of \$300m each		IT & Enterprise Software	\$300m
	Cleantech	\$320m		IT & Enterprise Software	\$300m	<div style="background-color: #76b82a; color: white; padding: 10px; text-align: center;"> <p>11 companies raised \$4B each deal \$300m and over</p> </div>		

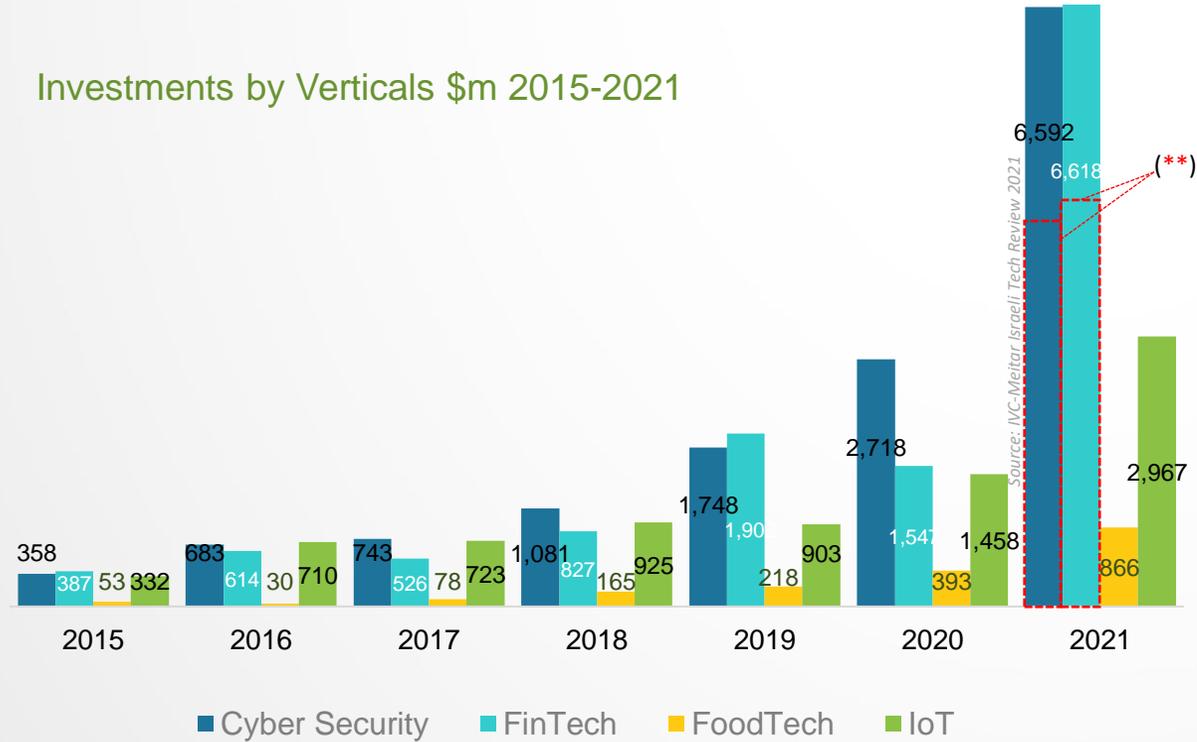
Source: IVC-Meitar Israeli Tech Review 2021

INVESTMENTS IN SELECTED VERTICALS | 2015–2021

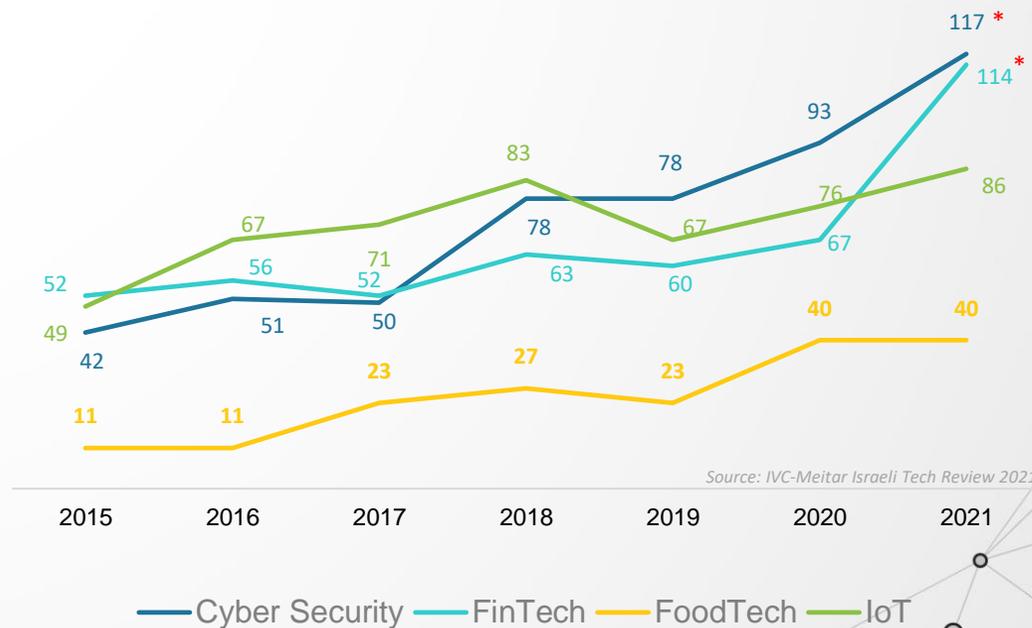
In 2021, Cyber Security and Fintech enjoyed record capital intake; 23 financing rounds (Cyber Security*) and 21 deals (Fintech*) attracted more than \$100m each, respectively. These compared to just 8 and 5 deals of similar size in 2020. Cyber security deals over \$100m accounted for 66% of total capital volume in this vertical (**), and Fintech deals accounted for 70% of all vertical capital volume (**). IoT vertical figures showed notable improvement in 2021, while FoodTech trends have grown steadily over the years, with the largest amount raised this year.

The largest deals in Cyber Security were Claroty (\$400m) and Fireblocks (\$310m); Deel (\$425m) and Celsius Network (\$400m) topped capital raising in Fintech; record FoodTech deals were Future Meat Technologies (\$320m) and Aleph Farms (\$105m).

Investments by Verticals \$m 2015-2021



of Deals by Verticals 2015-2021



*23/21 mega deals (over \$100m each)

ISRAELI VS. FOREIGN INVESTMENTS* | 2015–2021

In 2021, foreign investments surpassed all past results with a record amount of \$18.64b – 73% of total capital, compared to \$7.44b (72%) and \$5.56b (71%) in 2020 and 2019, respectively. The number of investments by foreign and Israeli investors has continued to rise in 2021, while the gap in the number of investments between the two groups has continued to grow as well.

Israeli vs. Foreign Investments \$m 2015 – 2021



of Israeli vs. Foreign Investments 2015 – 2021

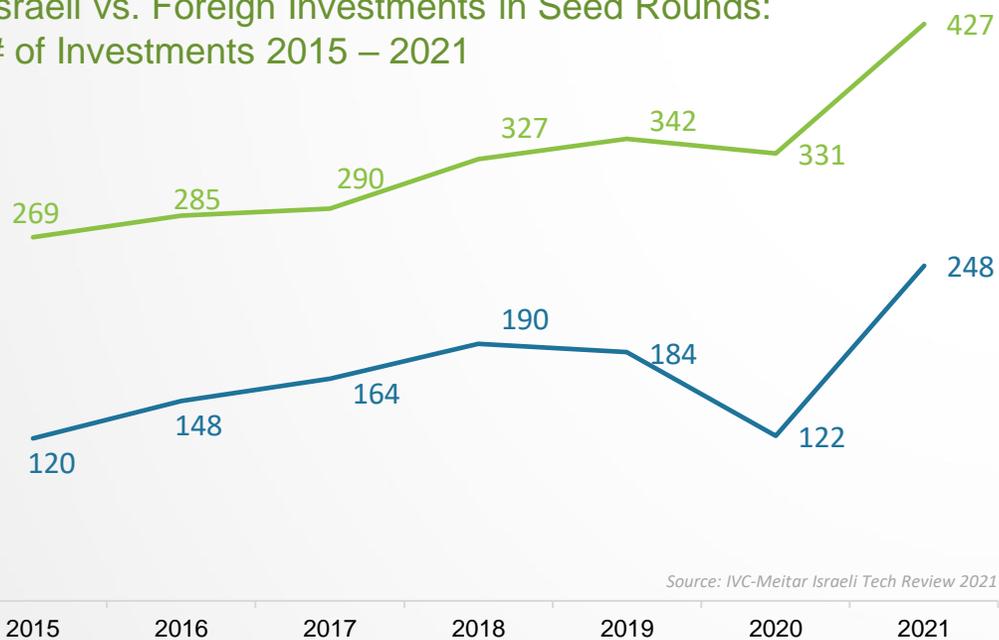


*Investors Activity | *Some Investors are undisclosed

ISRAELI VS. FOREIGN INVESTMENTS BY ROUND TYPE* | 2015–2021

Following a brief slowdown in seed investments in 2020, seed investors have not only recovered their activity, but increased their investments, especially Israeli investors. Investments in later rounds didn't experience any slowdown as well in 2021, showing a stable trend of continued growth in the number of investments by both Israeli and foreign investors.

Israeli vs. Foreign Investments in Seed Rounds:
of Investments 2015 – 2021



Source: IVC-Meitar Israeli Tech Review 2021

Israeli vs. Foreign Investments in Later Rounds:
of Investments 2015 – 2021



Source: IVC-Meitar Israeli Tech Review 2021

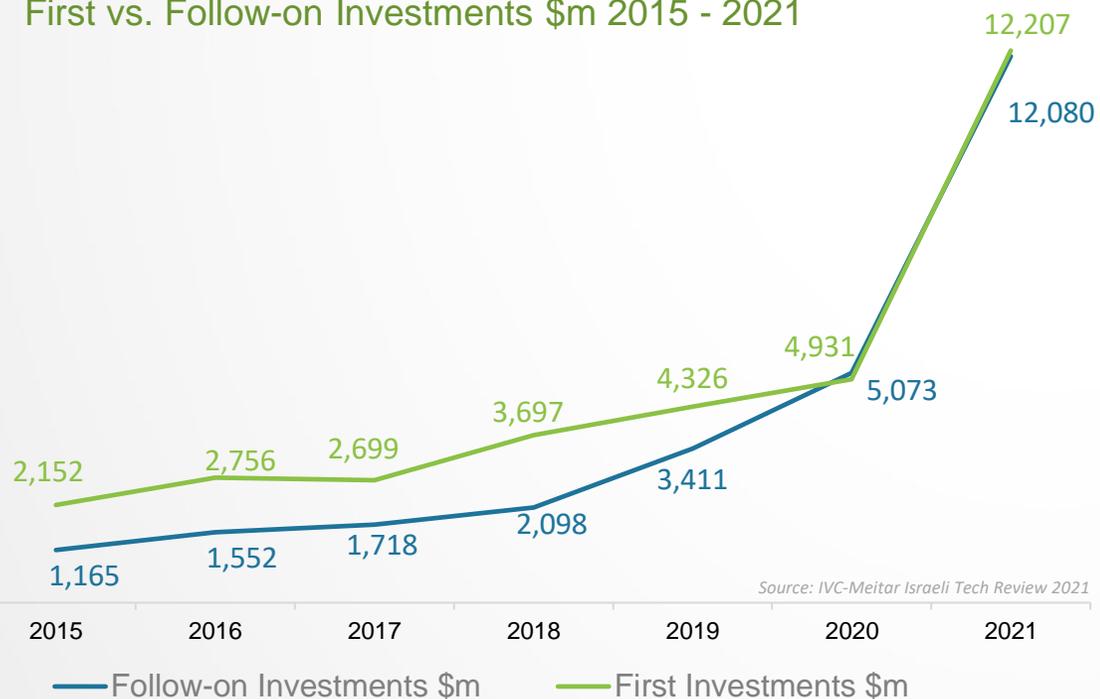
— # of Foreign Investments — # of Israeli Investments

*Investors Activity | *Some Investors are undisclosed

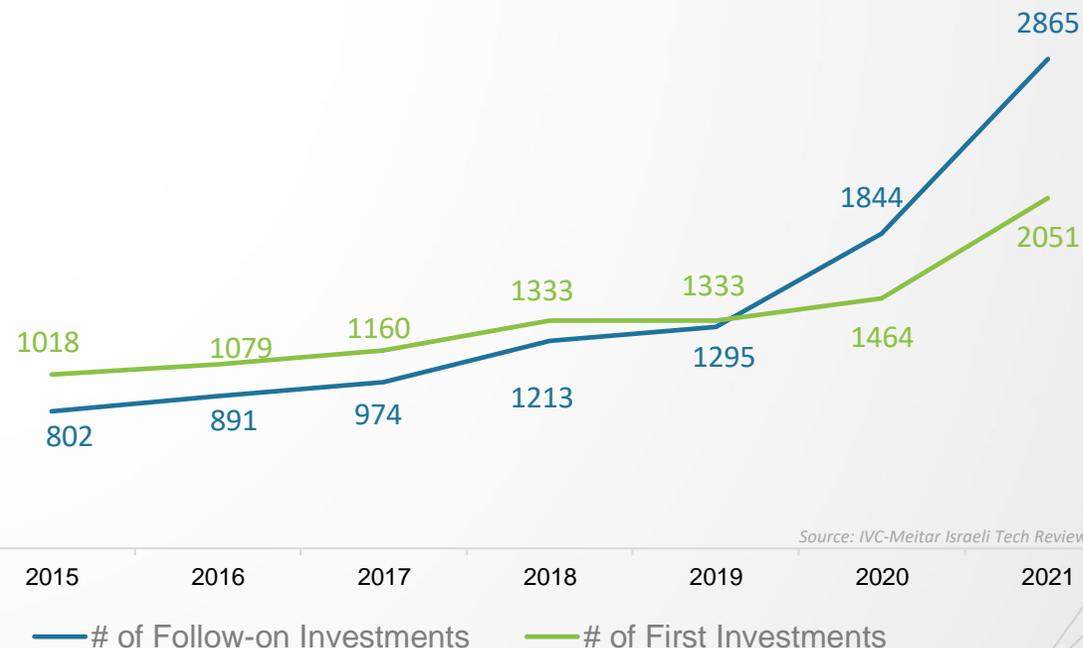
FIRST VS. FOLLOW-ON INVESTMENTS* | 2015–2021

Both first and follow-on investments continued their upward trends from 2020, remaining close in capital amounts, while the gap in the number of investments continued to increase with follow-on investments capturing a 58% share of the total compared to 56% in 2020, when the pattern switched.

First vs. Follow-on Investments \$m 2015 - 2021



of First vs. Follow-on Investments 2015 - 2021



*Investors Activity | *Some Investors are undisclosed

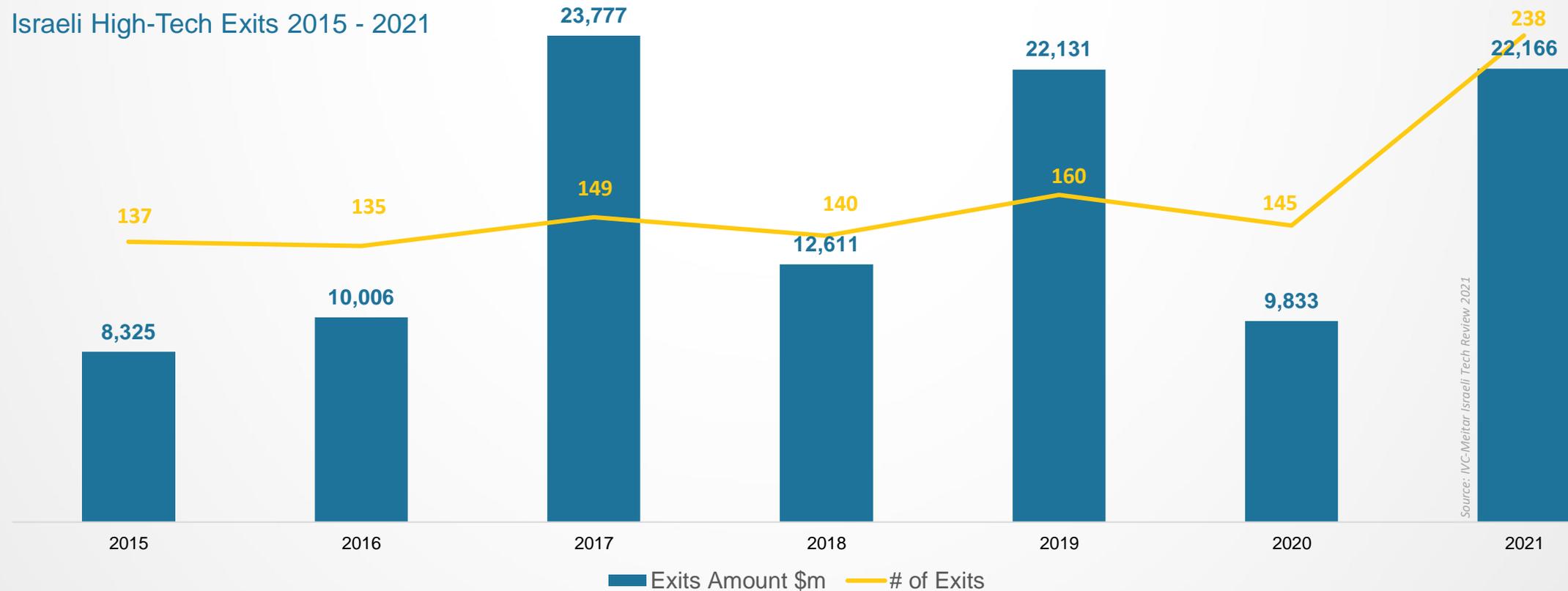
ISRAELI TECH EXITS

2021

ISRAELI HIGH-TECH EXITS (M&As, BUYOUTS, IPOs) | 2015 - 2021

This year has been a banner year for Israeli high-tech exits, with 238 deals totaling \$22.2b, (without mega, outlier deals, as happened in 2017 and 2019), and a variety of exit types. 2021 was the year the Israeli tech investors and deal makers have long expected.

Israeli High-Tech Exits 2015 - 2021

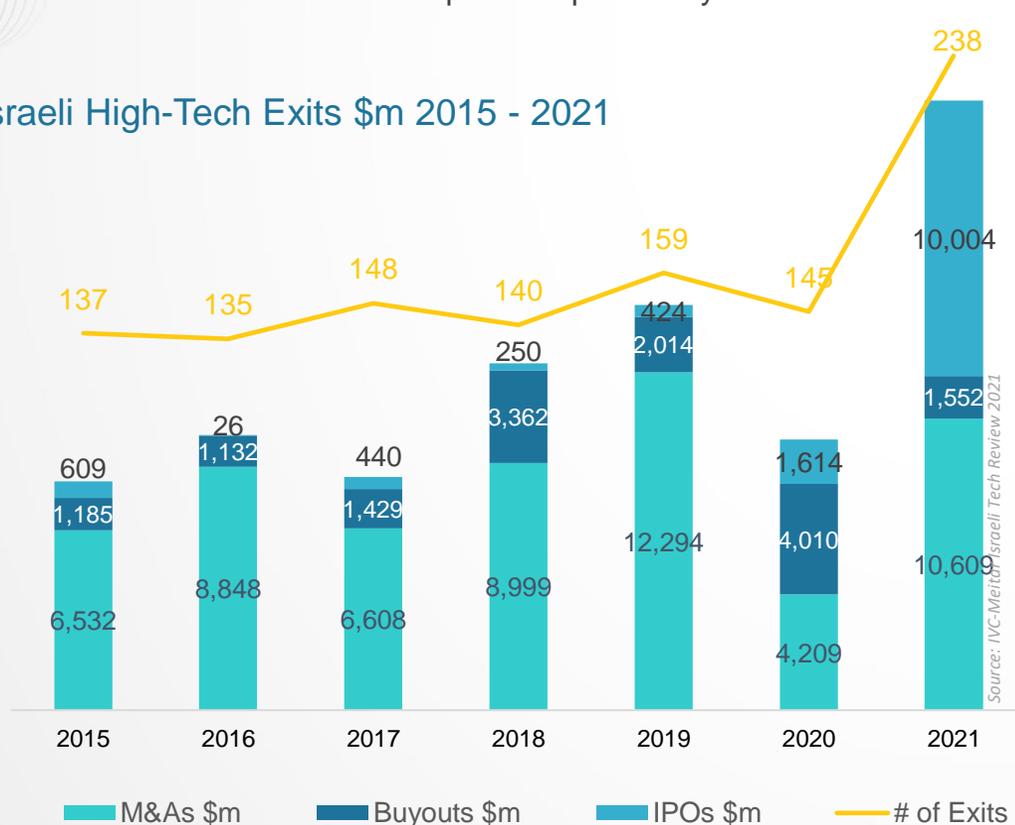


Source: IVC-Meitar Israeli Tech Review 2021

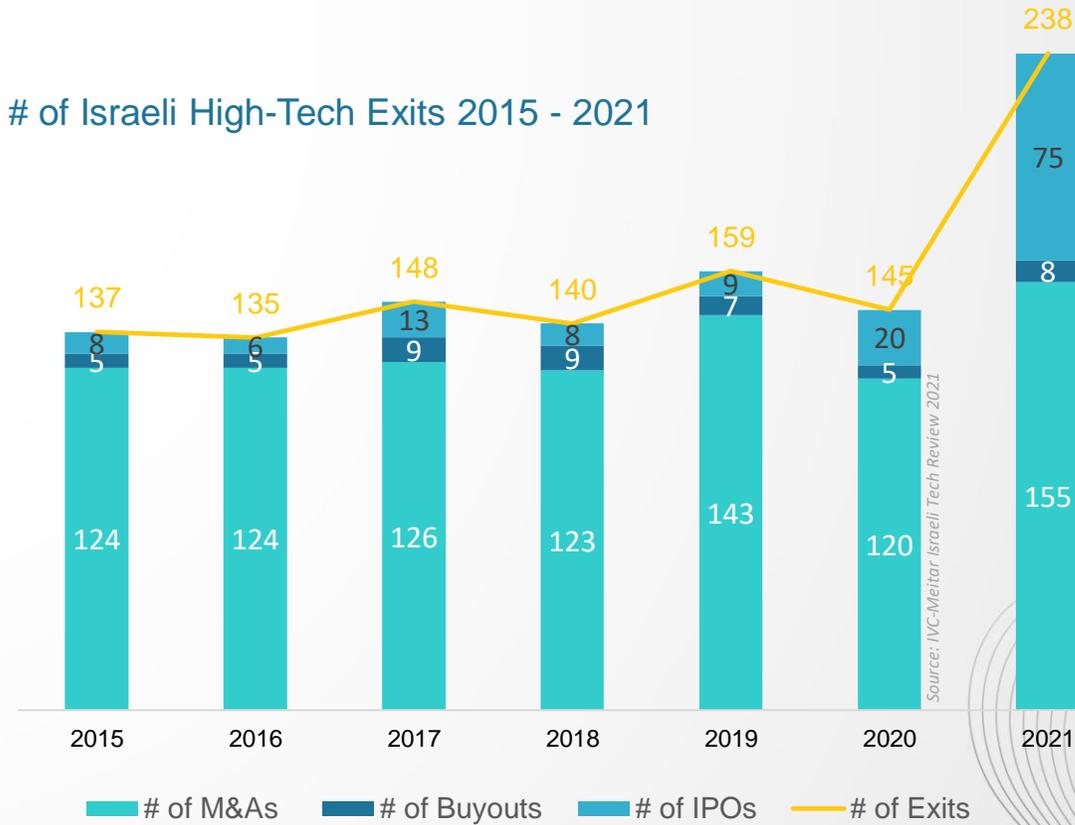
ISRAELI HIGH-TECH EXITS (M&As, BUYOUTS, IPOs) | 2015-2021

Excluding deals over \$5b, but containing the split among various deal types, 2021 capital proceeds saw almost 50% from IPOs, while the number of M&As also didn't fall short compared to previous years.

Israeli High-Tech Exits \$m 2015 - 2021



of Israeli High-Tech Exits 2015 - 2021



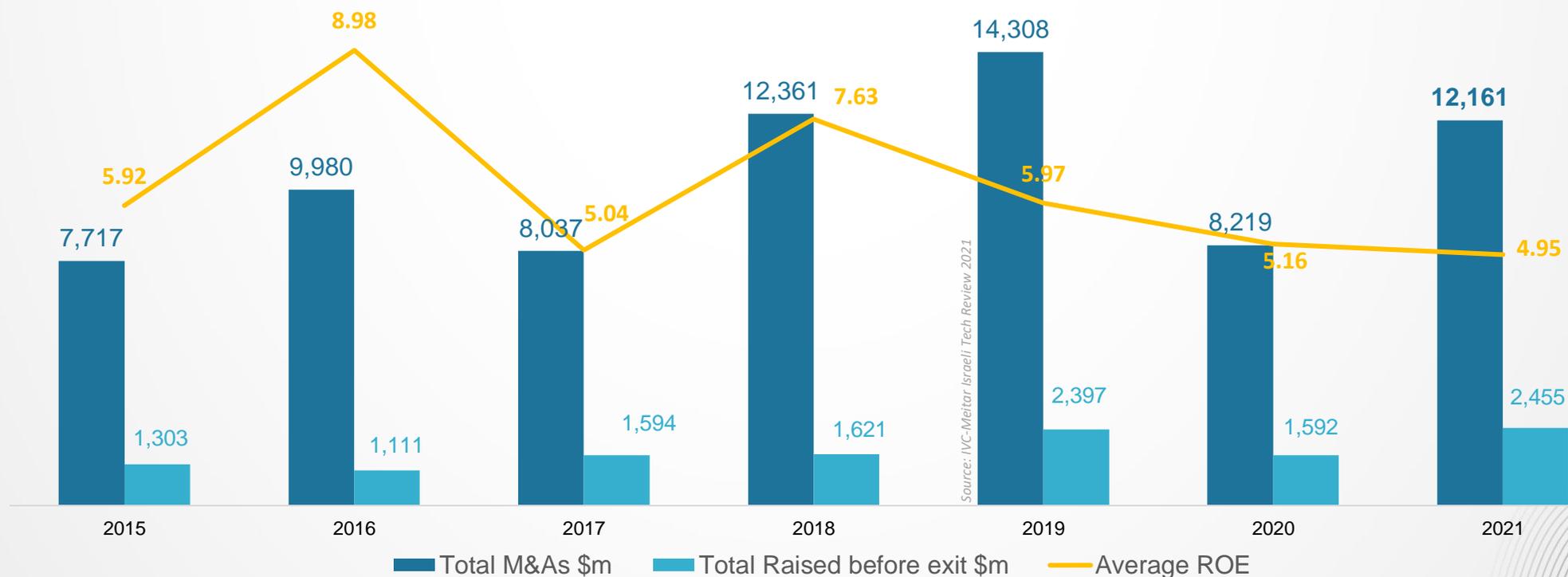
* Including IPOs, M&As & Buyouts

* Exits under \$5B

ISRAELI HIGH-TECH M&As - MULTIPLES | 2015 - 2021

The record amounts that were raised during the last 3 years contributed to low Multiples in M&A transactions - the value in the transaction divided by the overall investments in the company – marked potentially modest Returns On Equity (ROE) investments for investors in these years.

Israeli High-Tech M&As - Multiples 2015 - 2021

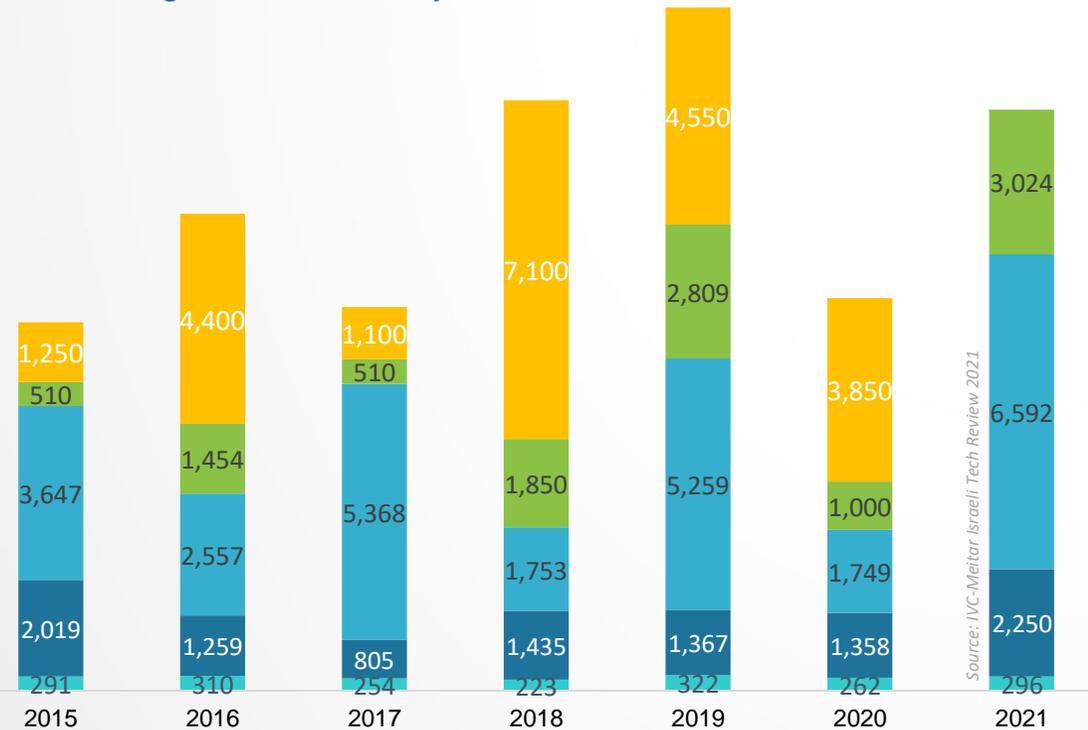


* M&As & buyouts under \$5b

ISRAELI HIGH-TECH M&As BY DEAL SIZE <\$5B | 2015-2021

Proceeds from M&A deals in the \$100m to \$500m range reached 54% in 2021. The notable change in M&A activity was in relatively small deals – in \$20m to \$100m range – with 44 deals during 2021, significantly higher than the annual number of deals in this range in the period between 2015–2020.

Israeli High-Tech M&As by Size \$m 2015 - 2021



Israeli High-Tech M&As by Size # of Deals 2015 - 2021



<\$20m \$20m-\$100m \$100m-\$500m \$500m-\$1000m >\$1000m

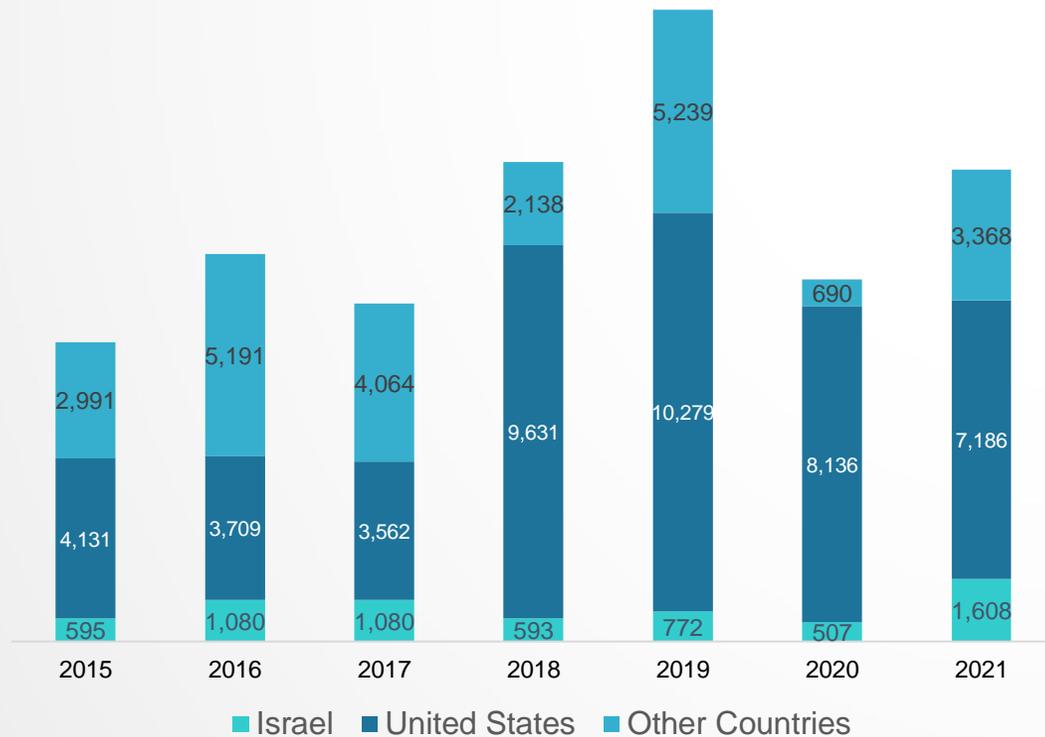
<\$20m \$20m-\$100m \$100m-\$500m \$500m-\$1000m >\$1000m

* M&As & buyouts under \$5B

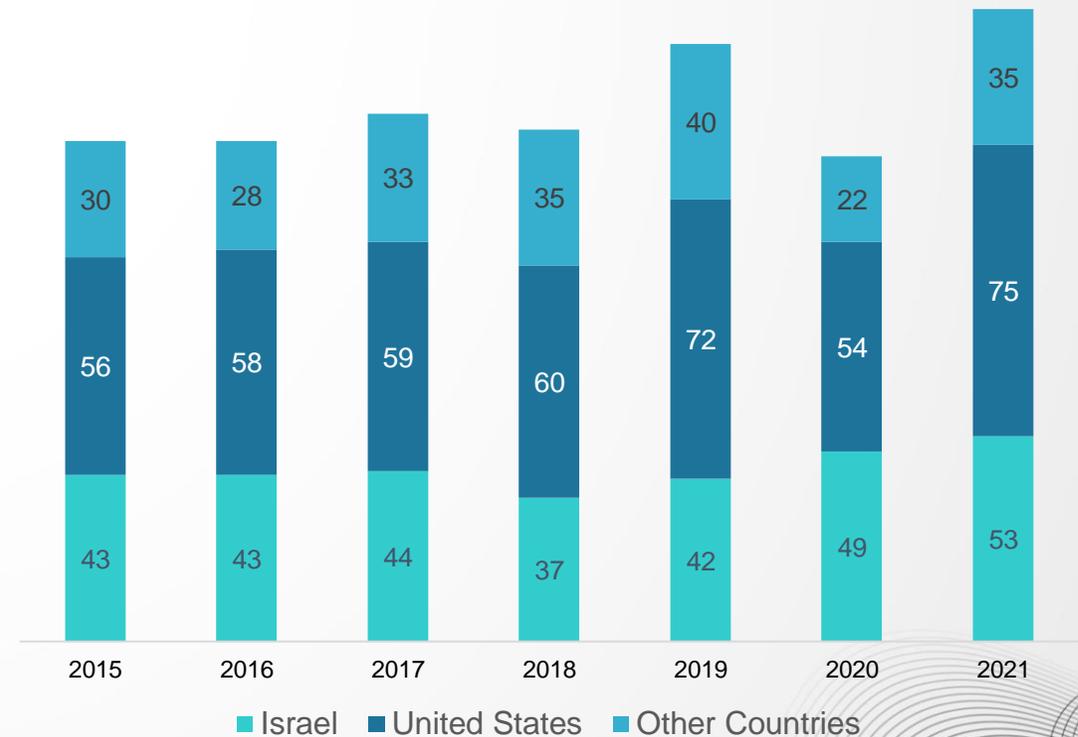
ISRAELI HIGH-TECH M&As BY ACQUIRER COUNTRY* | 2015-2021

In 2021, more Israeli companies were acquired, the majority of acquirers were headquartered in US and their acquisitions were valued at 59% of total M&A capital proceeds.

Israeli High-Tech M&As by Acquirer \$m 2015 - 2021



Israeli High-Tech M&As by Acquirer: # of Deals 2015 - 2021



* M&As & buyouts under \$5b

SELECTED TOP M&As | 2021

	Security \$700m	By: 
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	Wireless Communication \$549m	By: 
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 <small>a Hewlett Packard Enterprise company</small>	Enterprise Applications \$374m	By: 
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	Social Networks \$600m	By: 
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	Broadcast \$500m	By: 
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 <small>Wireless Communications</small>	Wireless Communication \$315m	By:  <small>BIG IDEAS FOR EVERY SPACE</small>
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	Security \$600m	By: 
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Source: IVC-Meitar Israeli Tech Review 2021

	Enterprise Applications \$500m	By: 
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	Enterprise Applications \$575m	By: 
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 <small>A RAPID7 COMPANY</small>	Security \$400m	By: 
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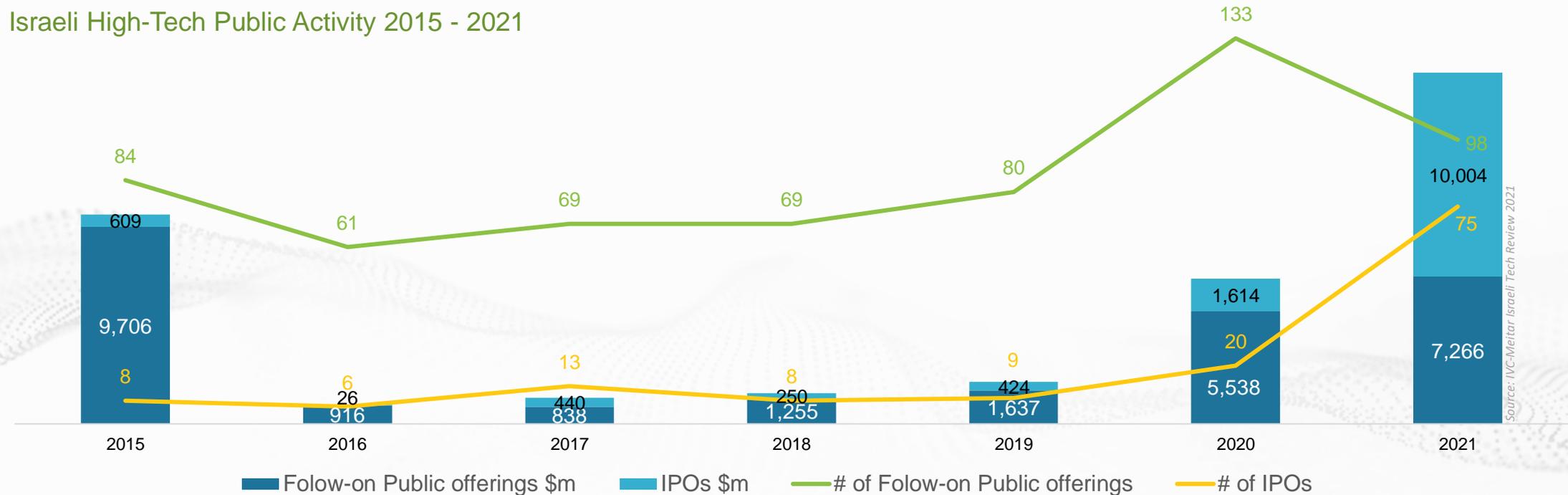
10 M&As
Summed up to
\$5.1B
most deals **\$500m** and over

ISRAELI TECH IN CAPITAL MARKETS 2021

ISRAELI HIGH-TECH PUBLIC COMPANIES OFFERINGS | 2015 - 2021

While the number and amounts of IPOs have risen in 2021 to all-time highs, the number of follow-on public offerings (mainly PIPE deals) have decreased compared to 2020, still above the average ranges of 2015–2019. The IPO proceeds wave in 2021 was similar to international tech companies' activity all over the world after benefiting from the available liquidity and the hyped environment in the capital markets.

Israeli High-Tech Public Activity 2015 - 2021



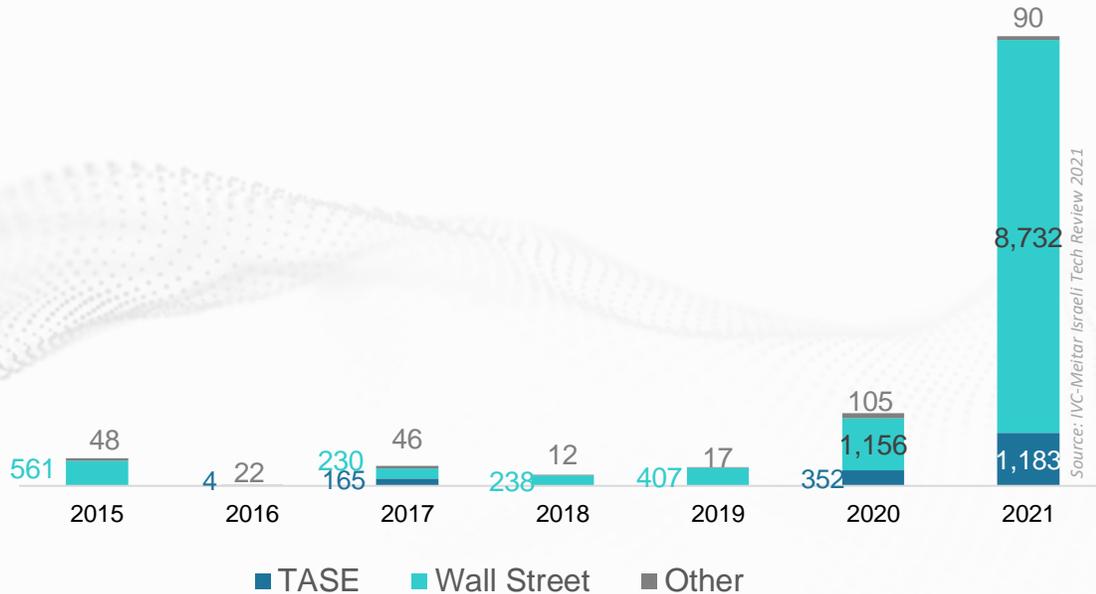
* Including: IPOs, Follow-ons (including registered direct), PIPEs, Equity and Debt

ISRAELI HIGH-TECH IPOs BY STOCK EXCHANGE | 2015-2021

The Tel Aviv Stock Exchange woke up from its slumber in 2021, when 48 Israeli high-tech companies chose to make IPO exits on TASE. Added to the 23 IPOs on Wall Street and some other regions brings overall incoming amounts from initial public offerings to over \$10b in 2021.

Israeli High-Tech IPOs by Stock Exchange \$m 2015 - 2021

of Israeli High-Tech IPOs by Stock Exchange 2015 - 2021



SELECTED TOP IPOs | 2021



\$2160m



\$630m



\$287m



\$1330m



\$431.3m



\$260m



\$850m



\$418.4m



\$750m



\$288m

Source: IVC-Meitar Israeli Tech Review 2021

10 IPOs
Recorded at \$7.4b
47% captured 2 deals over
\$1b each

ISRAELI HIGH-TECH IPOs BY POST-VALUATION | 2015-2021

Although the new public arrival tech companies saw a major correction since March 2021, the overall valuation for companies that chose to go public was impressive. Three outstanding companies to note this year were Playtika valued at \$13 billion, IronSource valued at \$11 billion and SentinelOne valued at \$9 billion.

Israeli High-Tech IPOs by Post-Valuation 2015 - 2021

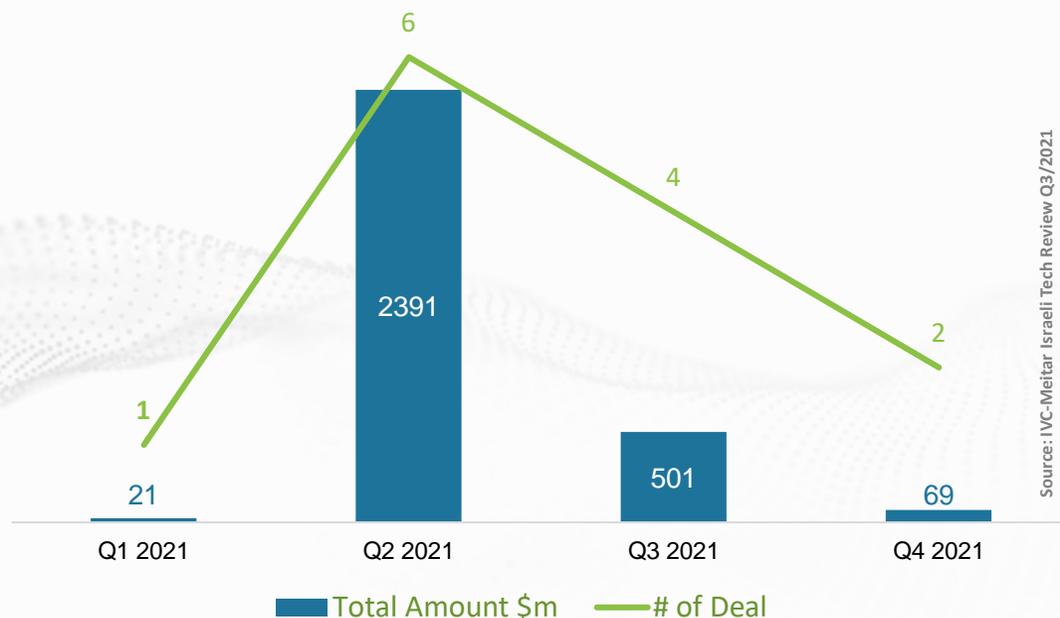


Source: IVC-Meitar Israeli Tech Review 2021

ISRAELI HIGH-TECH IPOs – SPAC DEALS | Q1-Q4/2021

Thirteen Israeli high-tech companies preferred to go for SPAC IPOs in 2021, raising \$2.91 billion. Most of the companies that made a SPAC deal saw their valuations shrink substantially during the months that followed.

Israeli High-Tech IPOs – SPAC Deals 2021



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-Dec 20th 2021. "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.

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](#).
- The report is based on data from 2397 investors of which 216 were Israeli VC funds and 2181 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 2015-2021.

METHODOLOGY – CAPITAL MARKETS

- Deal 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

Meitar Law Offices is Israel's leading international law firm and the undisputed leader in the technology sector. The firm's Technology Group numbers over 120 seasoned professionals who specialize in representing technology companies, cooperating with attorneys from complementary practice areas, such as taxation, intellectual property and labor law, and dozens of attorneys from other practice areas.

Meitar has played a significant role in the majority of the largest and most prominent transactions recorded in the Israeli technology sector, including mergers and acquisitions and public offerings on foreign stock exchanges.

The firm is uniquely qualified to work with companies throughout their entire corporate "life cycle". The firm advises clients from their initial establishment through raising seed capital to successful exit.

Alongside emerging companies, Meitar represents high growth companies, and has represented the majority of the Israeli technology companies that have carried out initial public offerings in the US, as well as a diverse range of multinational companies from the US, China and Europe.

The firm represents most of the major venture capital funds active in the Israeli technology sector, and played an active role in formation of some of the most successful and well-known funds in the industry.

Meitar is unique among Israel's largest law firms in the number of partners who have worked for major international law firms in the US and elsewhere. The firm maintains close working relationships with leading firms from around the world to provide our international and Israeli clients with the highest level of service and quality – in line with the finest law firms from across the globe.

<http://meitar.com/>



ABOUT

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.

(Registered Database #366723)

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