

IVC-MEITAR

TECH REVIEW

H1 2021

Presented by IVC Research Center
and Meitar Law Offices

July 2021



MEITAR | LAW OFFICES | מֵיטָר | עוֹרְבֵי דִין

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IVC-Meitar Tech Review

Our 5 Insights for H1/2021

Israeli tech attracts investors while money is available for deployment:

- \$6.52 billion invested in 230 Israeli tech deals in Q2/2021, another strong quarter for the Israeli tech funding.
- Capital raising in H1/2021 (\$11.9 billion) exceeds capital raised for all 2020 (\$10.3 billion).

US investors show dominance, not only in growth rounds:

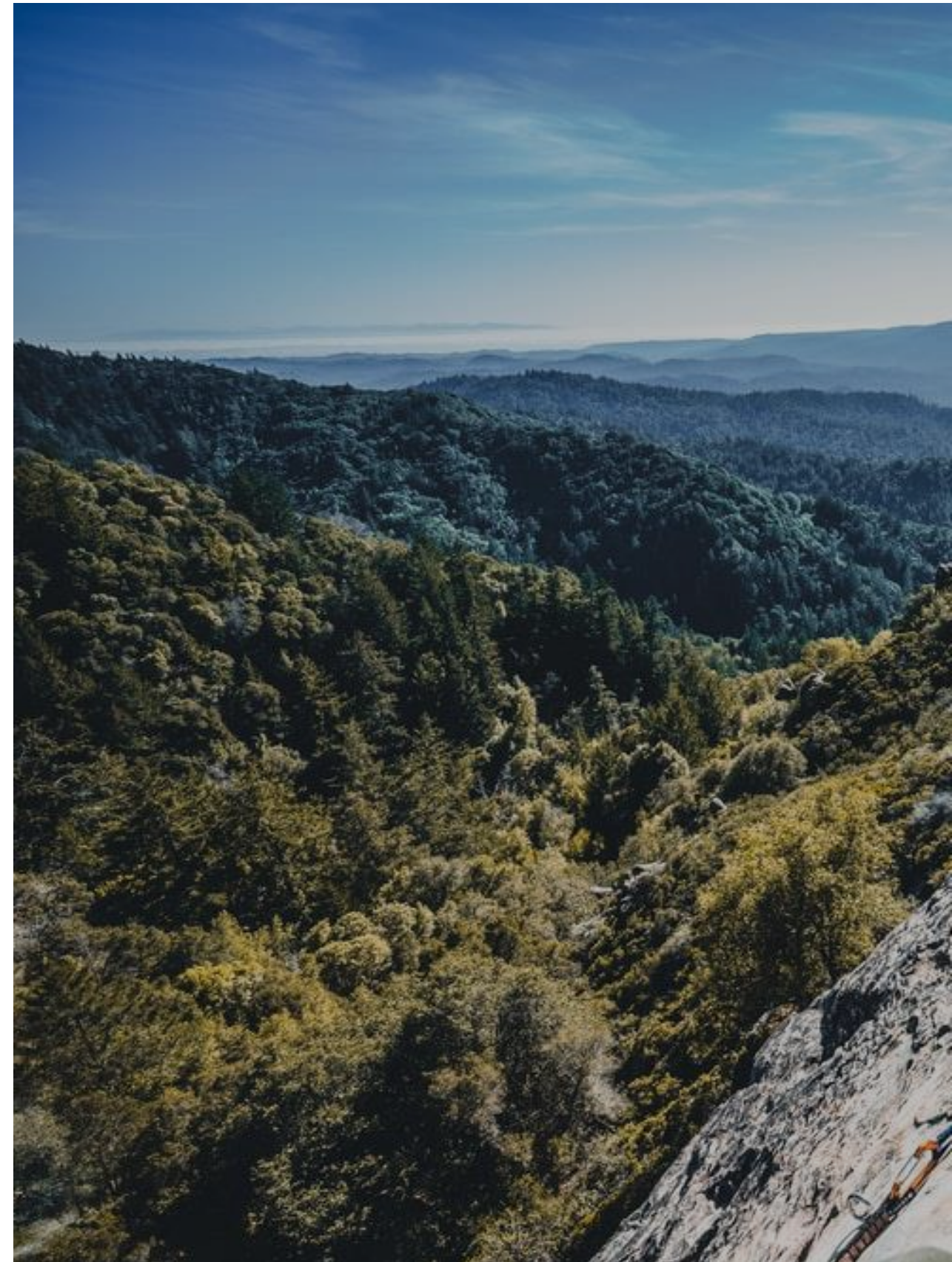
- Israeli investor participation in investments in Q2/2021 reached a new historical record, but foreign investors (mainly US) still dominate (in deal numbers and amount invested).
- Historically, US investors dominated growth rounds, but we are now also seeing their increased presence in early rounds.

Israeli tech continues its maturity and growth:

- 38 \$100M+ investment deals in H1/2021 are responsible for nearly 50% of the total amount raised and only 9.5% of the total number of deals—demonstrating yet again the growth of the Israeli tech market.

M&A motivation focused on inorganic growth of mature companies:

- In H1/2021, increased liquidity in capital markets as well as growth investments has led to slower M&A activity as a means to an exit. As a result, we expect to see an accelerating trend of private companies deploying the funds raised and expanding their business through acquisitions.





Public markets demonstrate maturity of Israeli tech and investor patience and belief in tech companies realizing value

- 48 IPOs (including de-SPAC transactions) closed in H1/2021 on TASE, Wall Street and LSE, more than any previous record, and raised a total value of \$8.42 billion.
- The Israeli TASE was responsible for the largest number of tech IPOs during this period, but only 12% of the total amounts raised; nonetheless, an opportunity in Israel for technology companies of certain valuations to go public in Tel Aviv.
- 12 companies went public in the US during H1/2021, through IPO and de-SPAC, raising an aggregate amount of \$7.41 billion, and with an aggregate market value of \$57.9 billion.

ISRAELI TECH INVESTMENTS

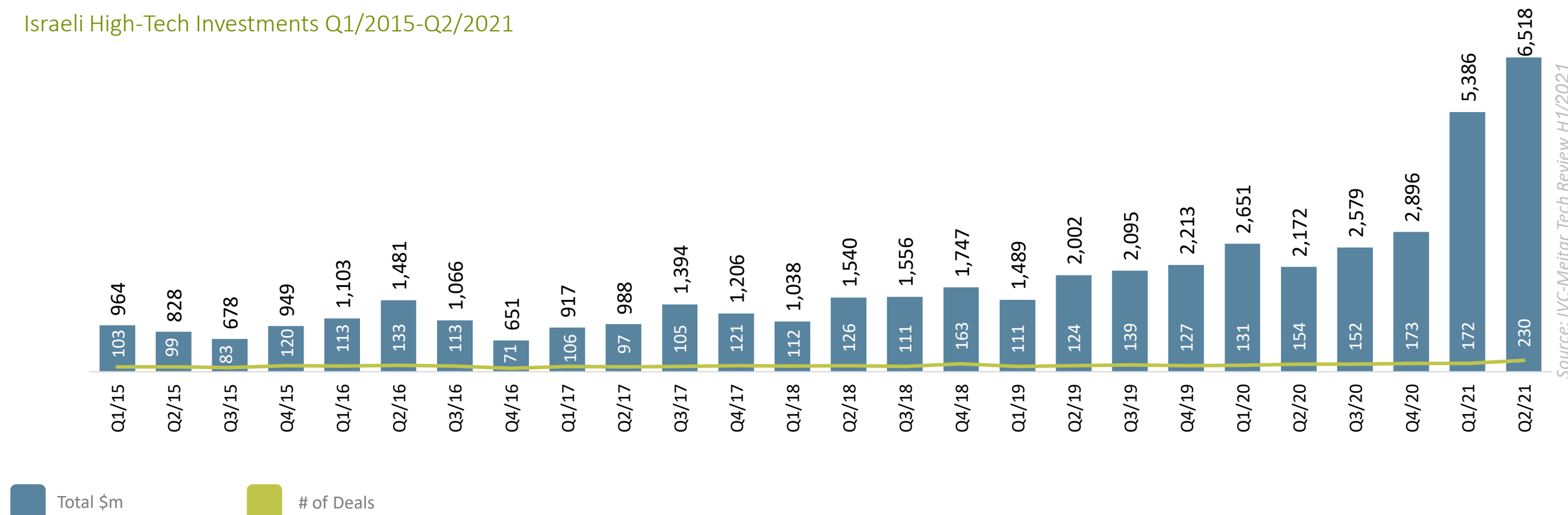
H1 2021



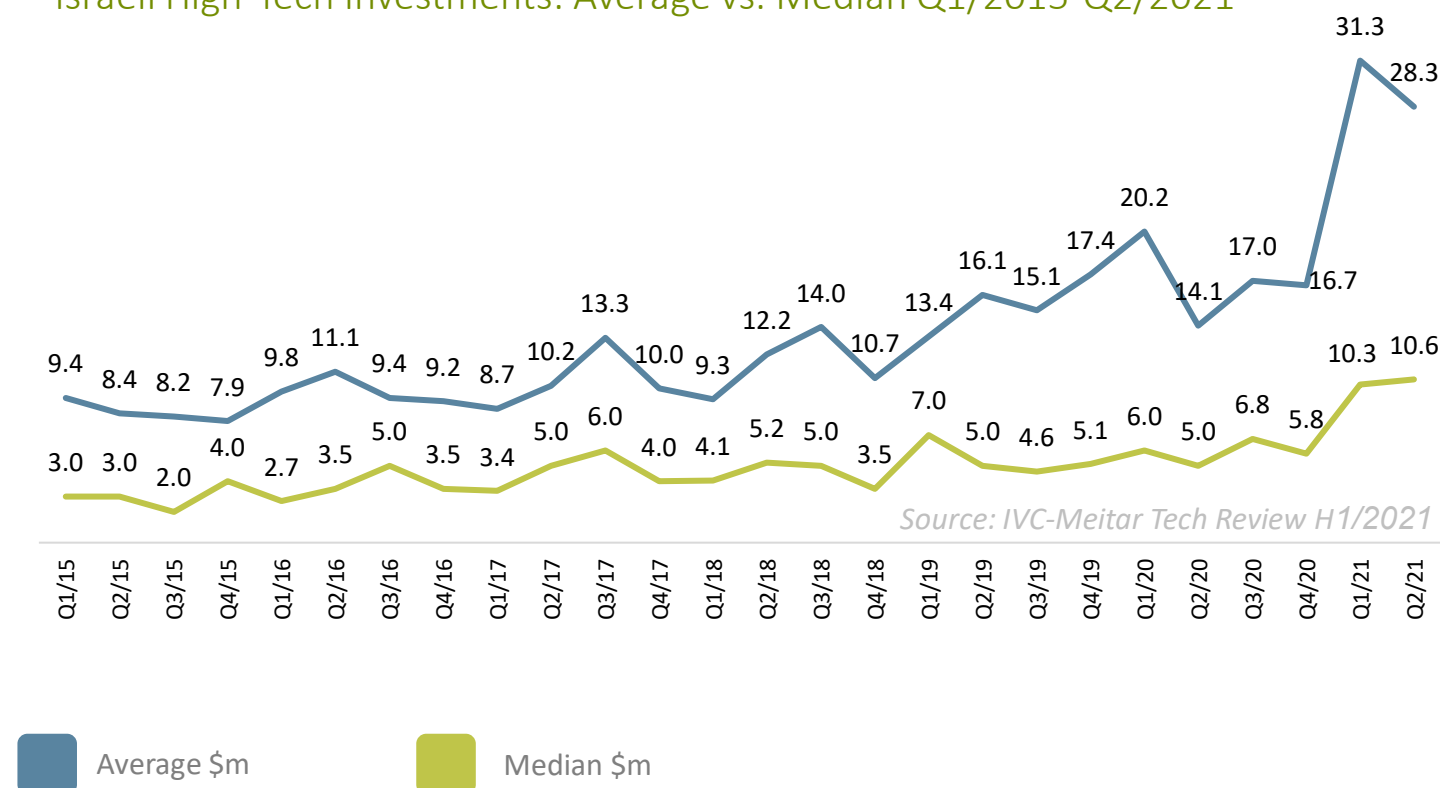
Israeli High-Tech Investments | Q1/2015-Q2/2021

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Israeli High-Tech Investments Q1/2015-Q2/2021



Israeli High-Tech Investments: Average vs. Median Q1/2015-Q2/2021



In Q2/2021, Israeli high-tech companies enjoyed a continued upsurge in capital raising, with 230 deals adding up to a record \$6.52 billion. Similar to the previous quarter, the exceptional number of 18 deals over \$100 million each, accounted for 45% of the total capital raised in Q2/2021.

The average and median figures maintained their high positions, as in Q1 this year, with an increase in deals under \$100 million.

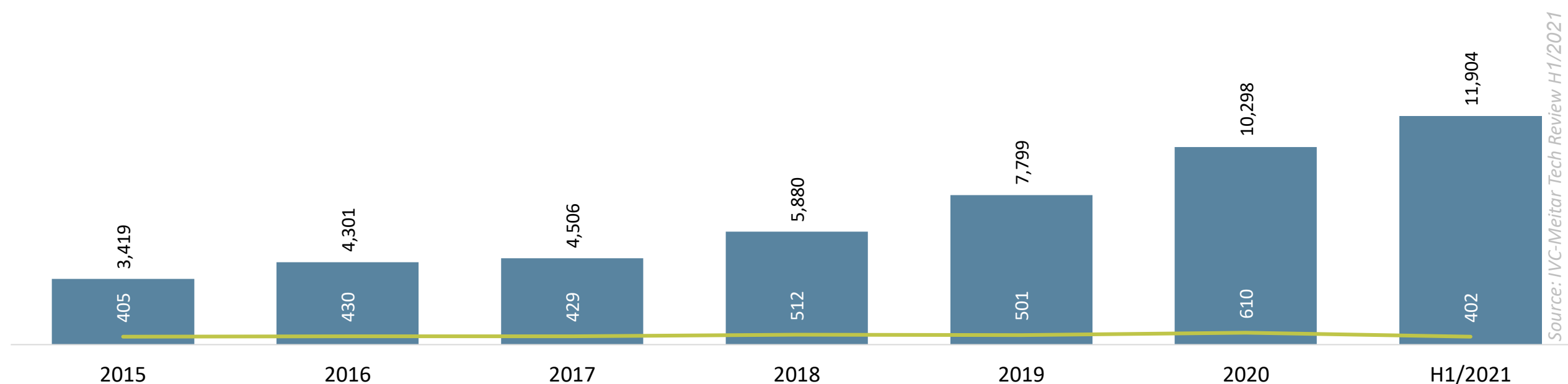
Israeli High-Tech Investments | 2015-H1/2021

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H1/21



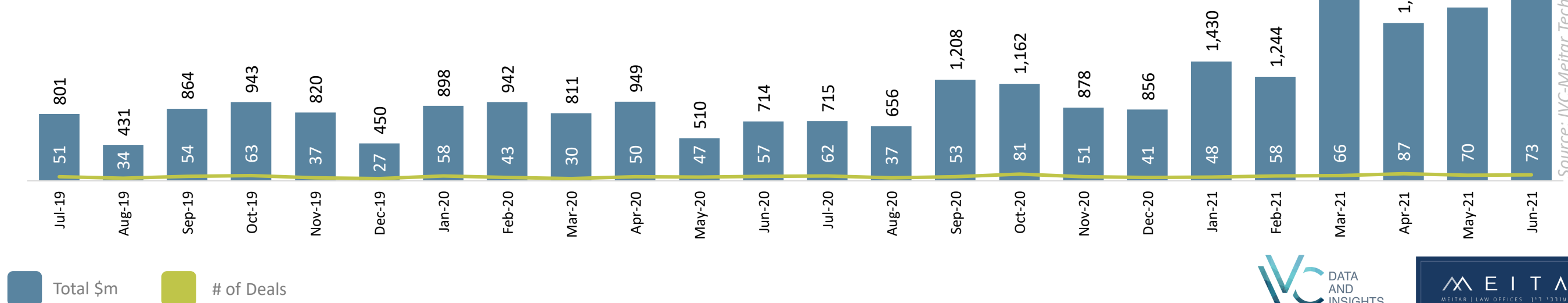
The first half of 2021 registered a record capital amount raised by Israeli high-tech companies – \$11.9 billion – more than previous annual figures, while the exceptional, high number of deals – 38 deals over \$100 million each – accounted for 50% of the total capital raised in H1/2021.



■ Total \$m
 ■ # of Deal

More deals per month were made since March 2021, 66% share of the record annual number of deals in 2020.

Israeli High-Tech Investments Jul/2019-Jun/2021

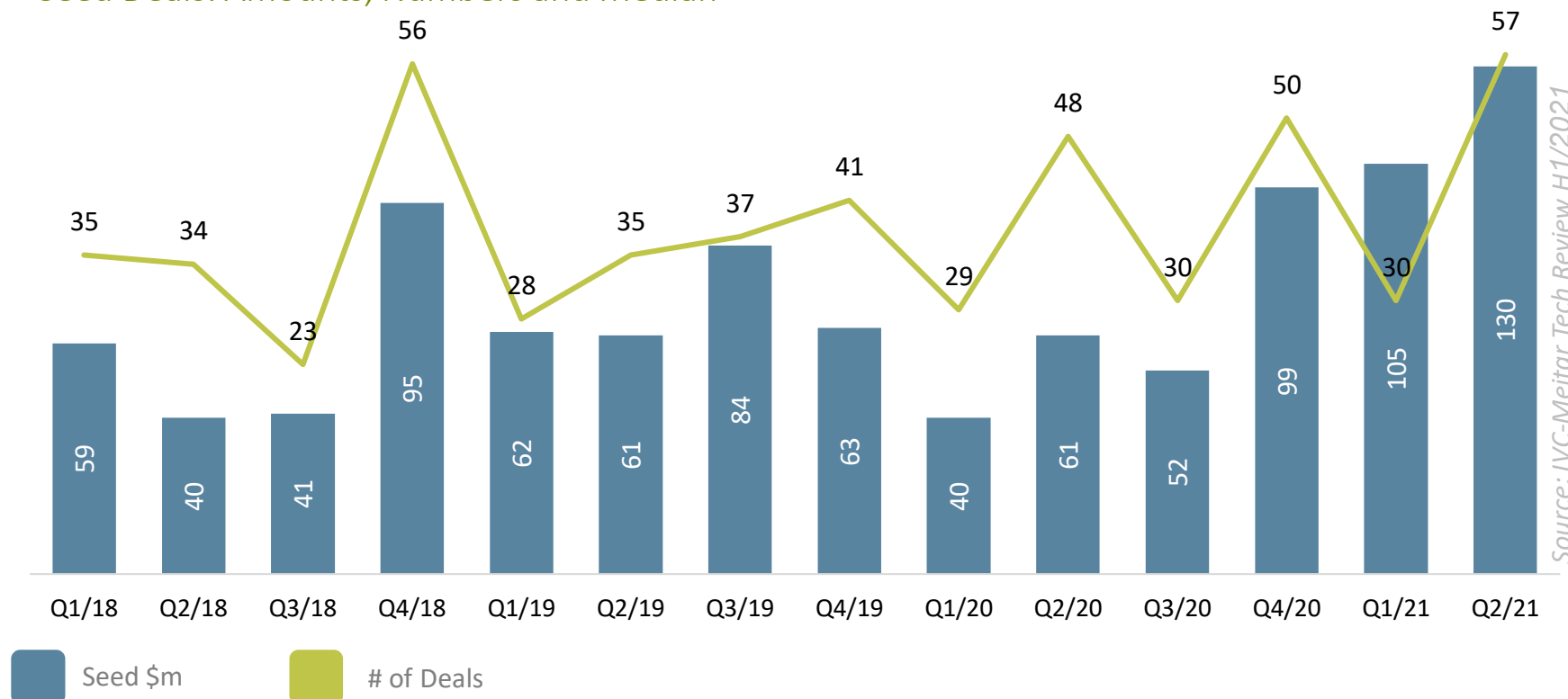


■ Total \$m
 ■ # of Deals

Early Rounds Investments | Q1/2015-Q2/2021

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Seed Deals: Amounts, Numbers and Median

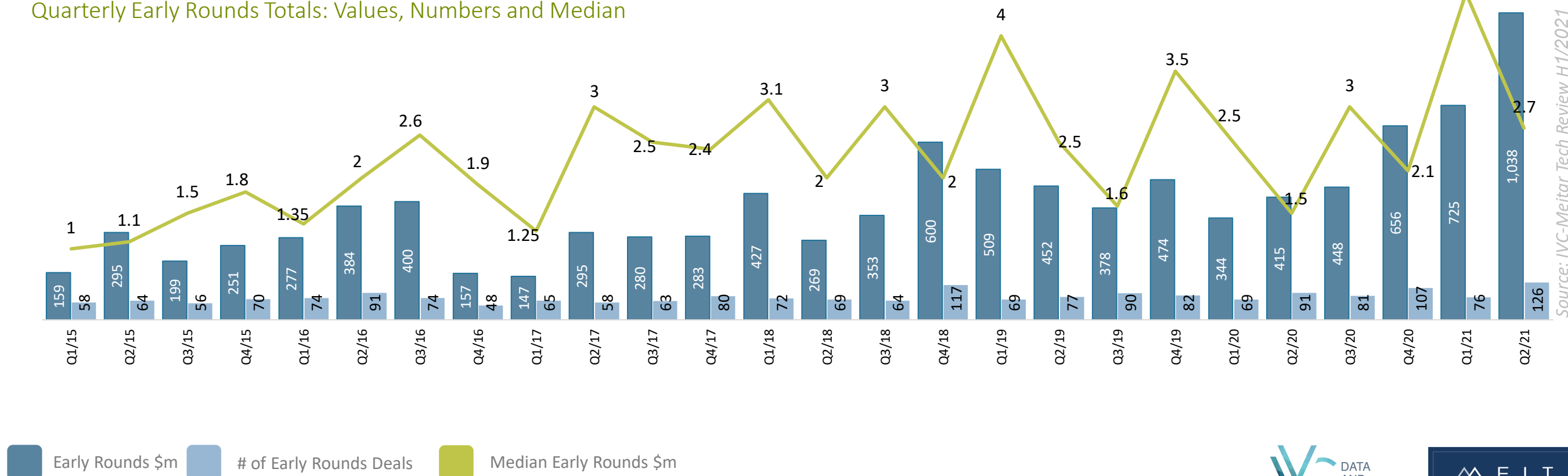


Q2/21



The new highs in tech funding were apparent in all round types during Q2. Early rounds (Seed + A rounds) investment volume and investment numbers continued to climb last quarter.

Quarterly Early Rounds Totals: Values, Numbers and Median

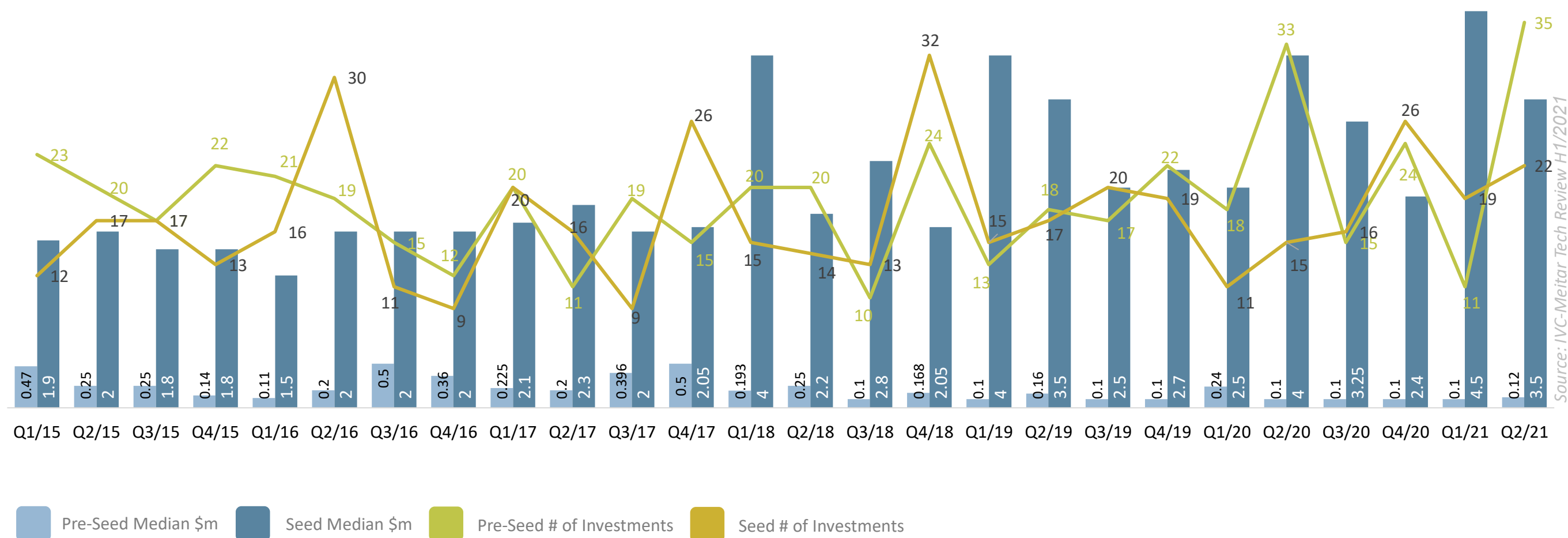


Pre-Seed + Seed Investments | Q1/2015-Q2/2021

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- Splitting Seed rounds into Pre-seed and Seed categories reveals substantial participation of more sophisticated investors (VCs, PEs, investment companies, etc.) in Seed rounds (see [Methodology](#)).
- Since Q4/2020, the numbers of those investors have returned to pre-pandemic levels and higher.

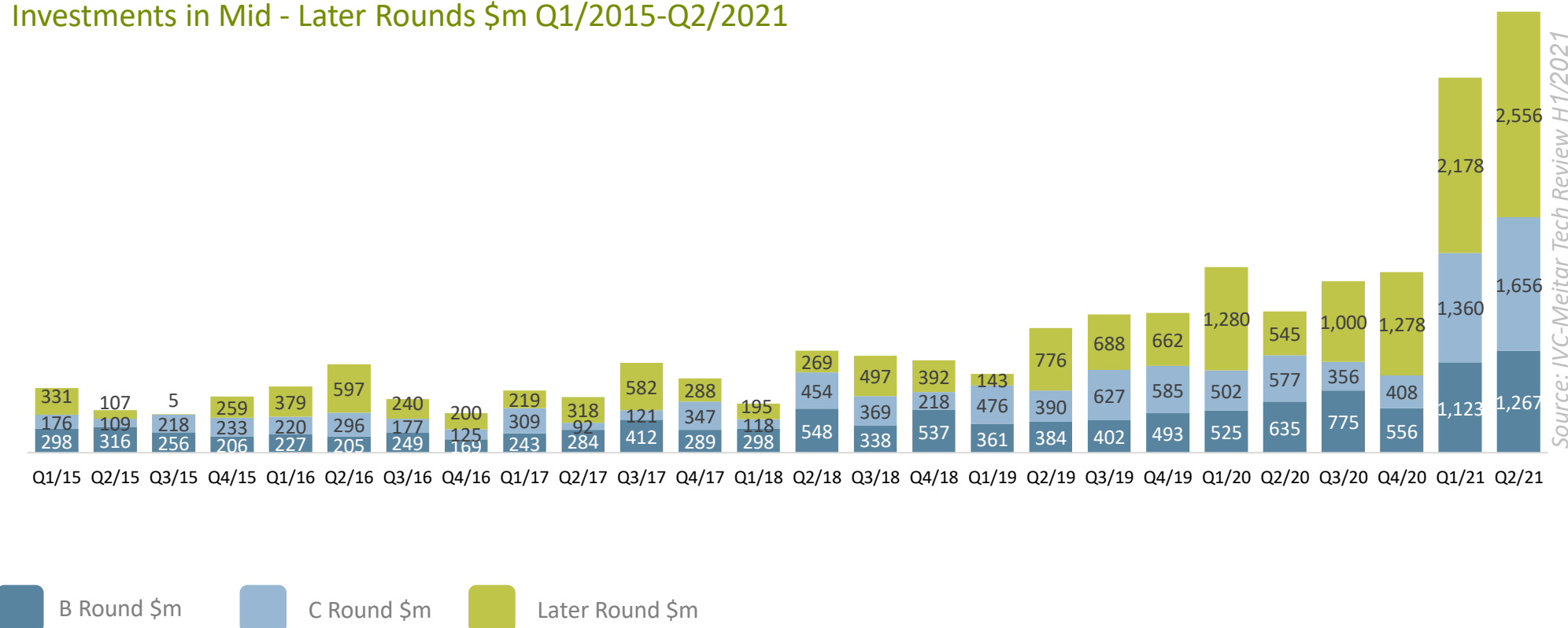
Pre-Seed & Seed Deals: Amounts, Numbers and Median



Investments in Later Rounds | Q1/2015-Q2/2021

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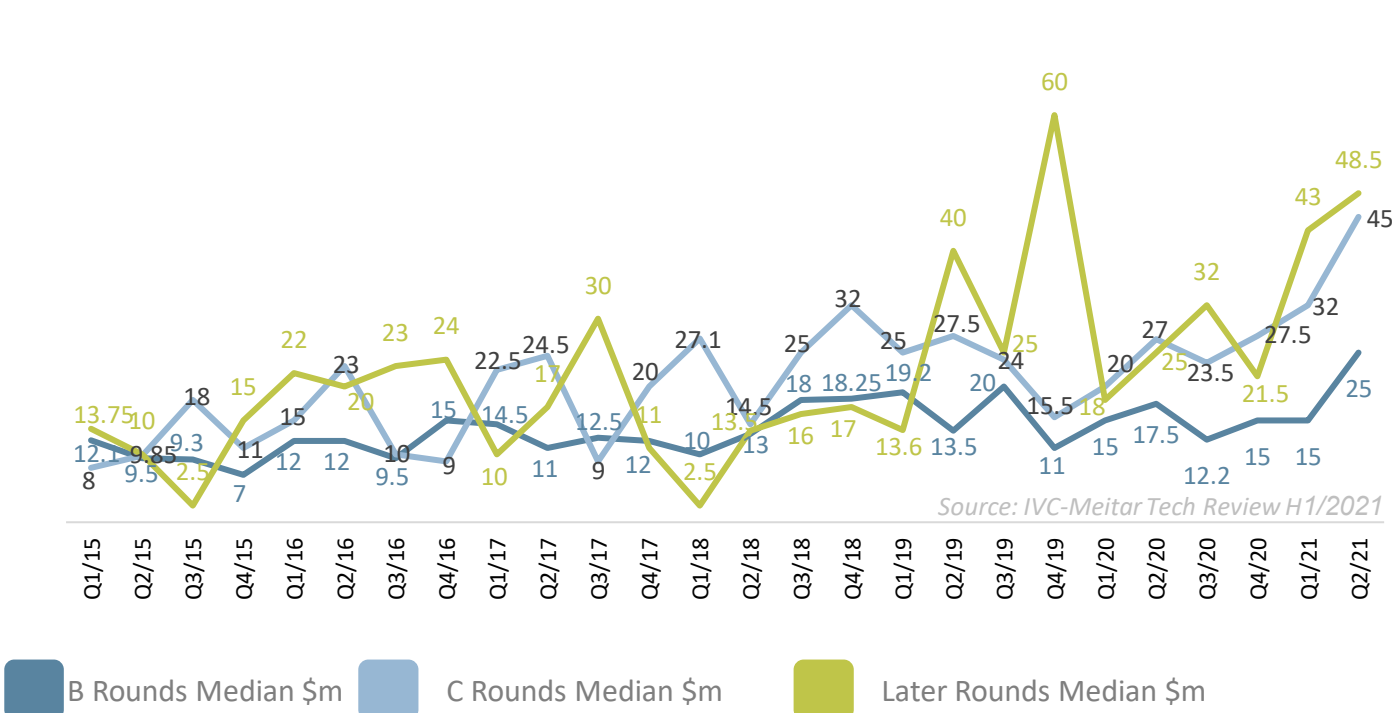
Investments in Mid - Later Rounds \$m Q1/2015-Q2/2021



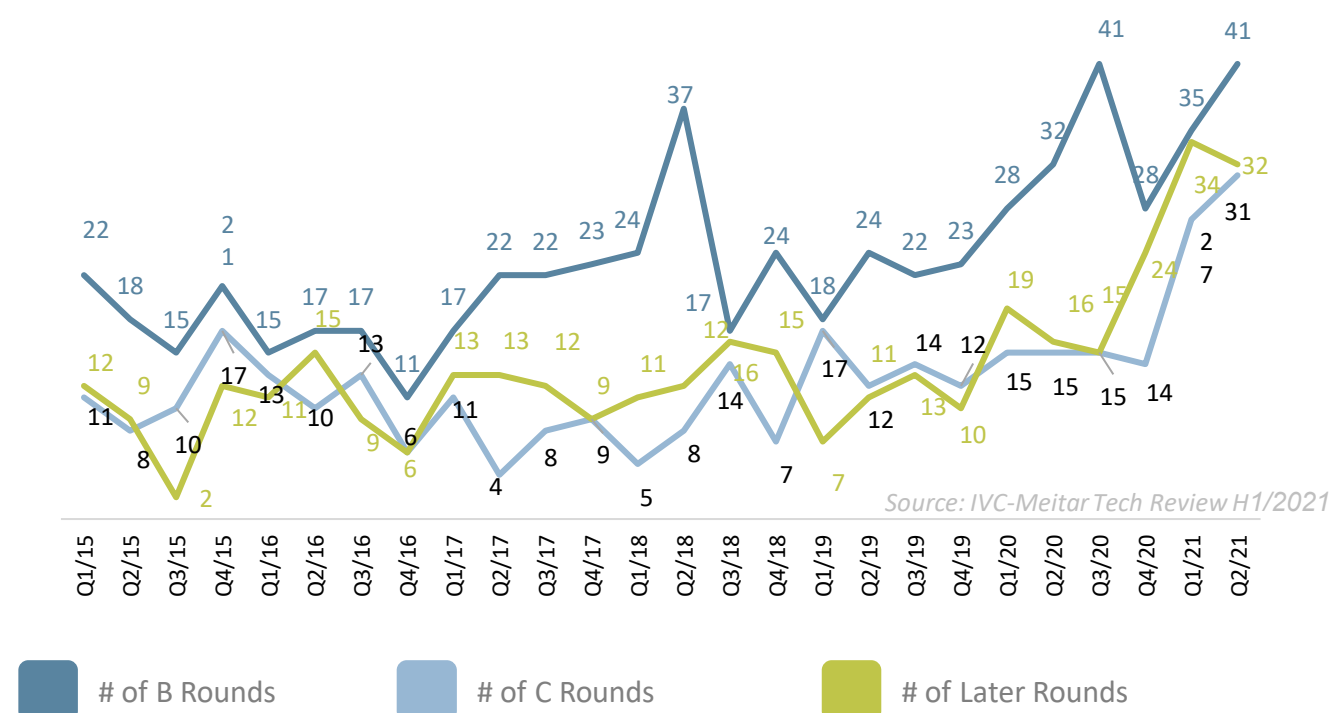
In Q2/2021, B and later rounds continued the uptrend from the previous quarter – an increase of 18% in total capital raised in these rounds altogether.

The number of deals has increased somewhat in the course of the two past years, while median deal figures imply the actual increase in capital financing of mid and later rounds per deal throughout H1/2021.

Median \$m in Mid - Later Rounds Q1/2015-Q2/2021



of Deals in Mid - Later Rounds Q1/2015-Q2/2021

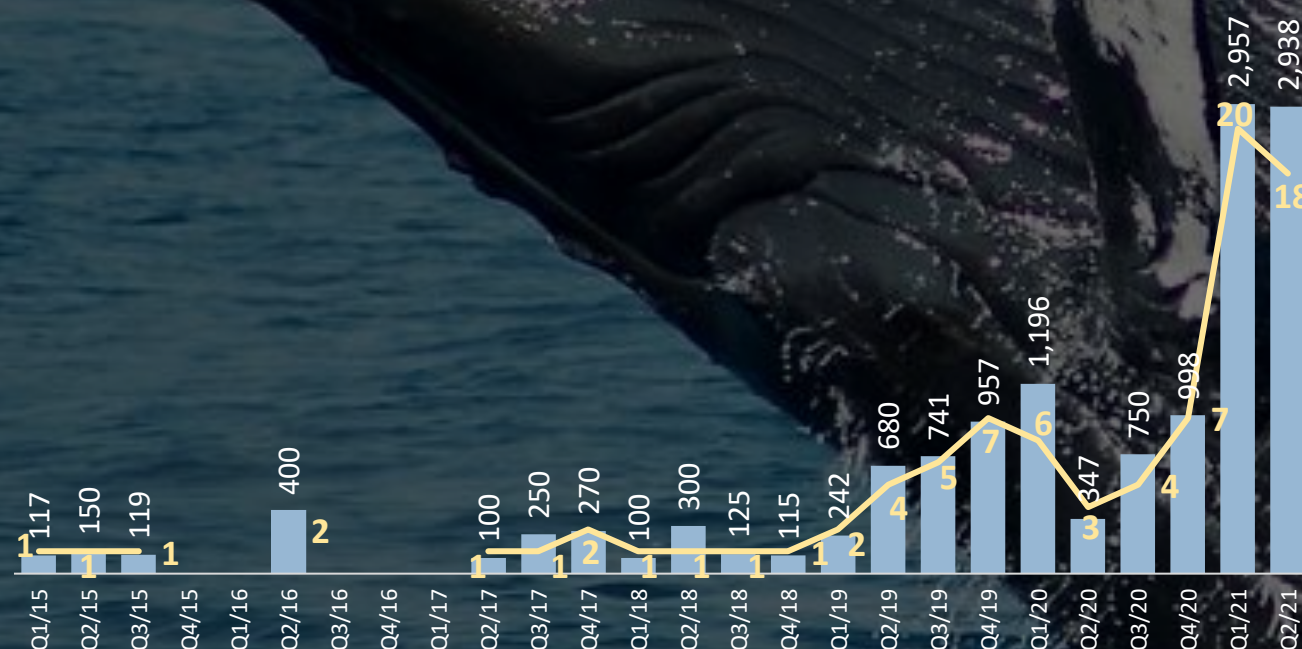


Largest Deals | Q1/2015-Q2/2021

P -11

In the course of the first half of 2021, many more companies succeeded to raise more than \$50 million per deal – 79 entire deals, compared to 47 and 39 such deals over the entire 2020 and 2019, respectively. The major upsurge happened in deals over \$100 million.

Deals Over \$100m | Q1/2015-Q2/2021



Source: IVC-Meitar Tech Review H1/2021

Deals Over \$50m | Q1/2015-Q2/2021



Source: IVC-Meitar Tech Review H1/2021

Capital \$m >\$100m # of Deals >\$100m

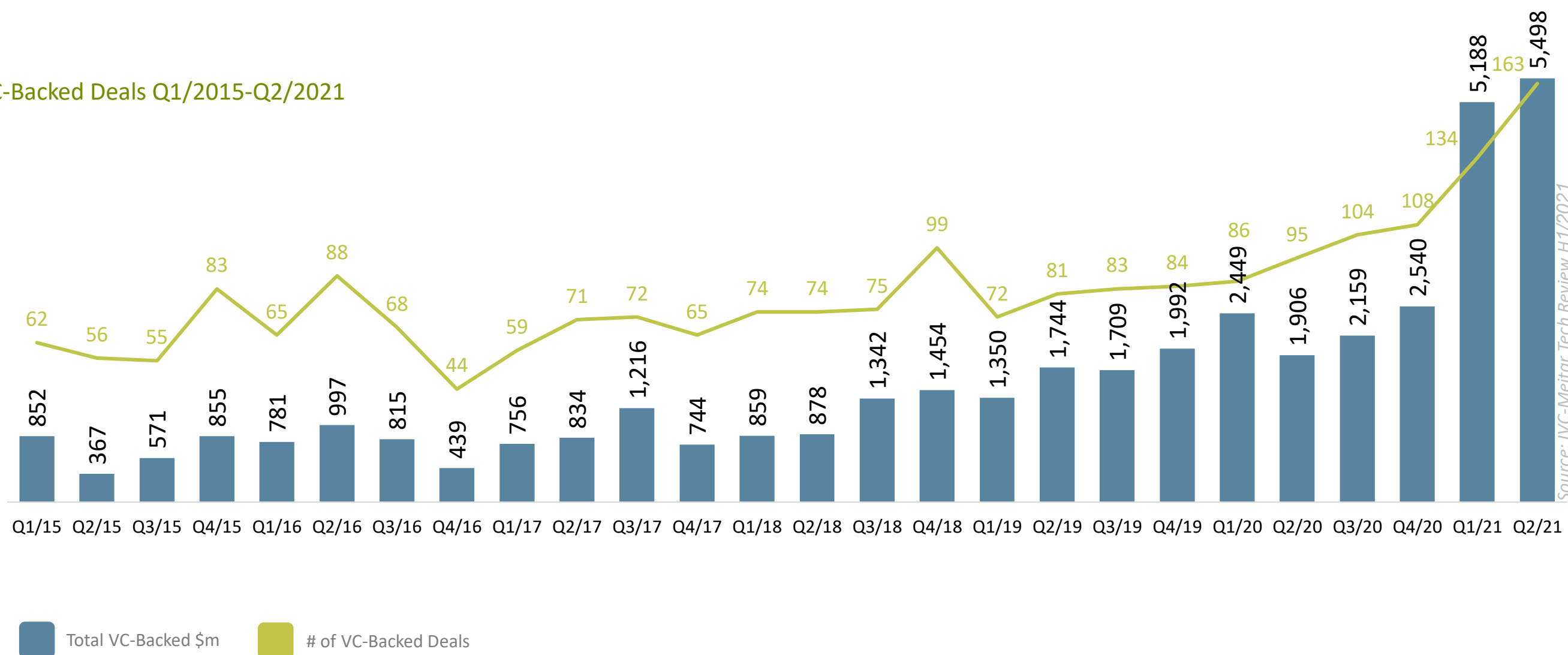
Capital \$m >\$50m # of Deals >\$50m

VC-Backed Deals | Q1/2015-Q2/2021

P -12

VC funds joined more Israeli high-tech deals in H1/2021, continuing the positive trend of previous years in VC-backed deal making. This half-year reached a record \$10.69 billion and has surpassed 2020's annual figure of \$9.1 billion.

VC-Backed Deals Q1/2015-Q2/2021

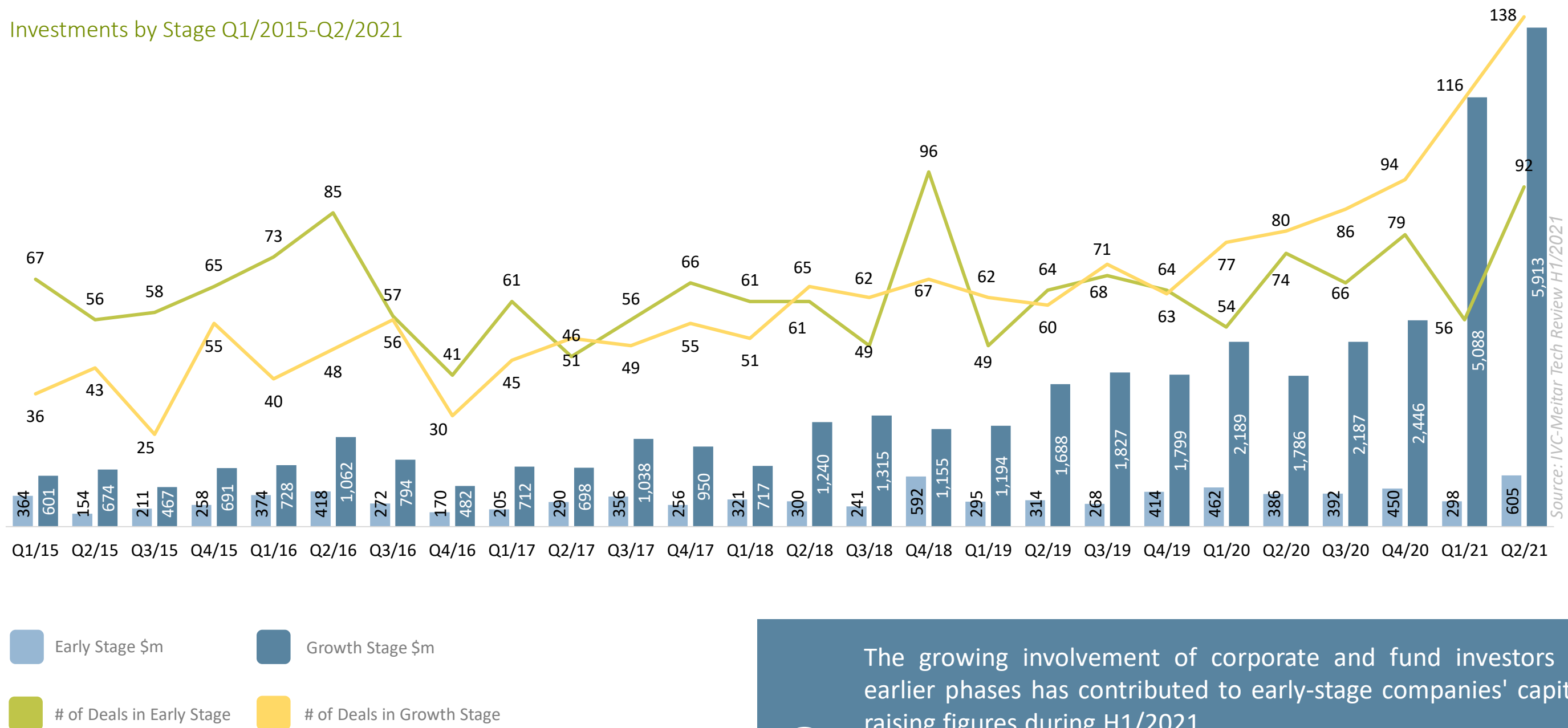


*Deals where at least one VC fund (Israeli or Foreign) was involved

Investments by Stages | Q1/2015-Q2/2021

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Investments by Stage Q1/2015-Q2/2021



The growing involvement of corporate and fund investors at earlier phases has contributed to early-stage companies' capital raising figures during H1/2021.

Growth stage companies continued to enjoy an increase in capital intake, peaking in Q2/2021, an uptrend that reflects the maturity of the Israeli high-tech market.

Selected Top Investments | Q2/2021

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IT & Enterprise
Software**\$320m**Enterprise
Application

Revenue growth

IT & Enterprise
Software**\$300m**

Business Analytics

Revenue Growth

IT & Enterprise
Software**\$300m**

Software Security

Revenue Growth

IT & Enterprise
Software**\$300m**Enterprise
Applications

Revenue Growth

IT& Enterprise
Software**\$250m**

Business Analytics

Revenue Growth

IT & Enterprise
Software**\$250m**

Business Analytics

Revenue Growth

IT & Enterprise
Software**\$210m**

Software Security

Revenue Growth

Communications

\$208mMobile
Infrastructure

Revenue Growth

IT & Enterprise
Software**\$175m**

Software Security

Revenue Growth

IT & Enterprise
Software**\$168m**Enterprise
Applications

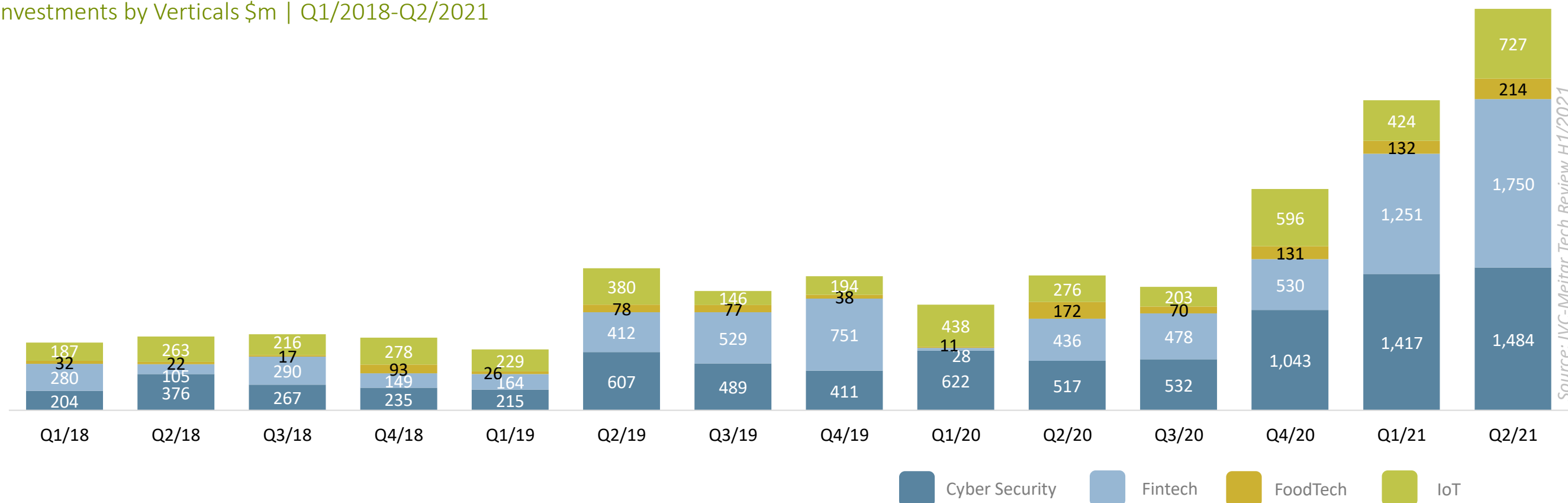
Revenue Growth

Source: IVC-Meitar Tech Review H1/2021

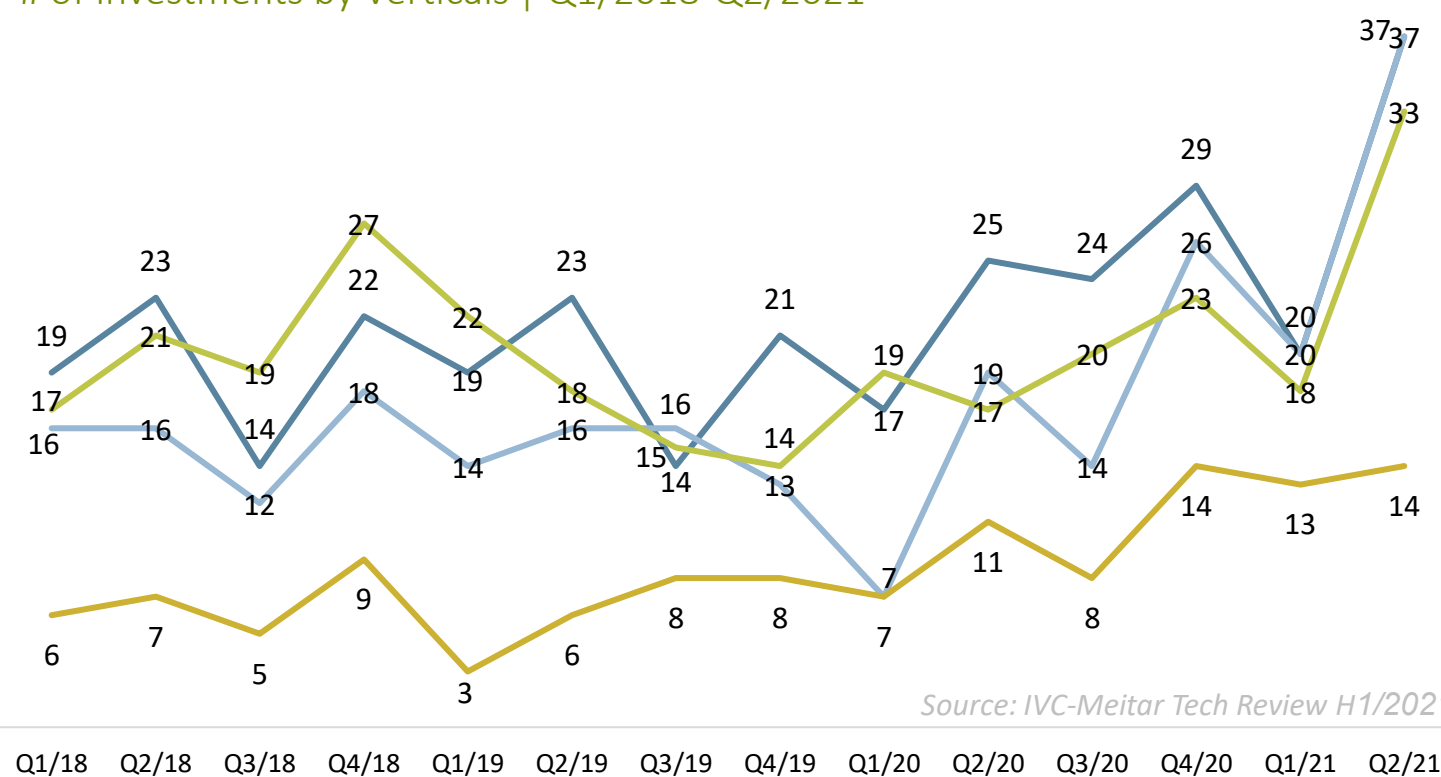
Investments in Selected Verticals | Q1/2018-Q2/2021

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Investments by Verticals \$m | Q1/2018-Q2/2021



of Investments by Verticals | Q1/2018-Q2/2021



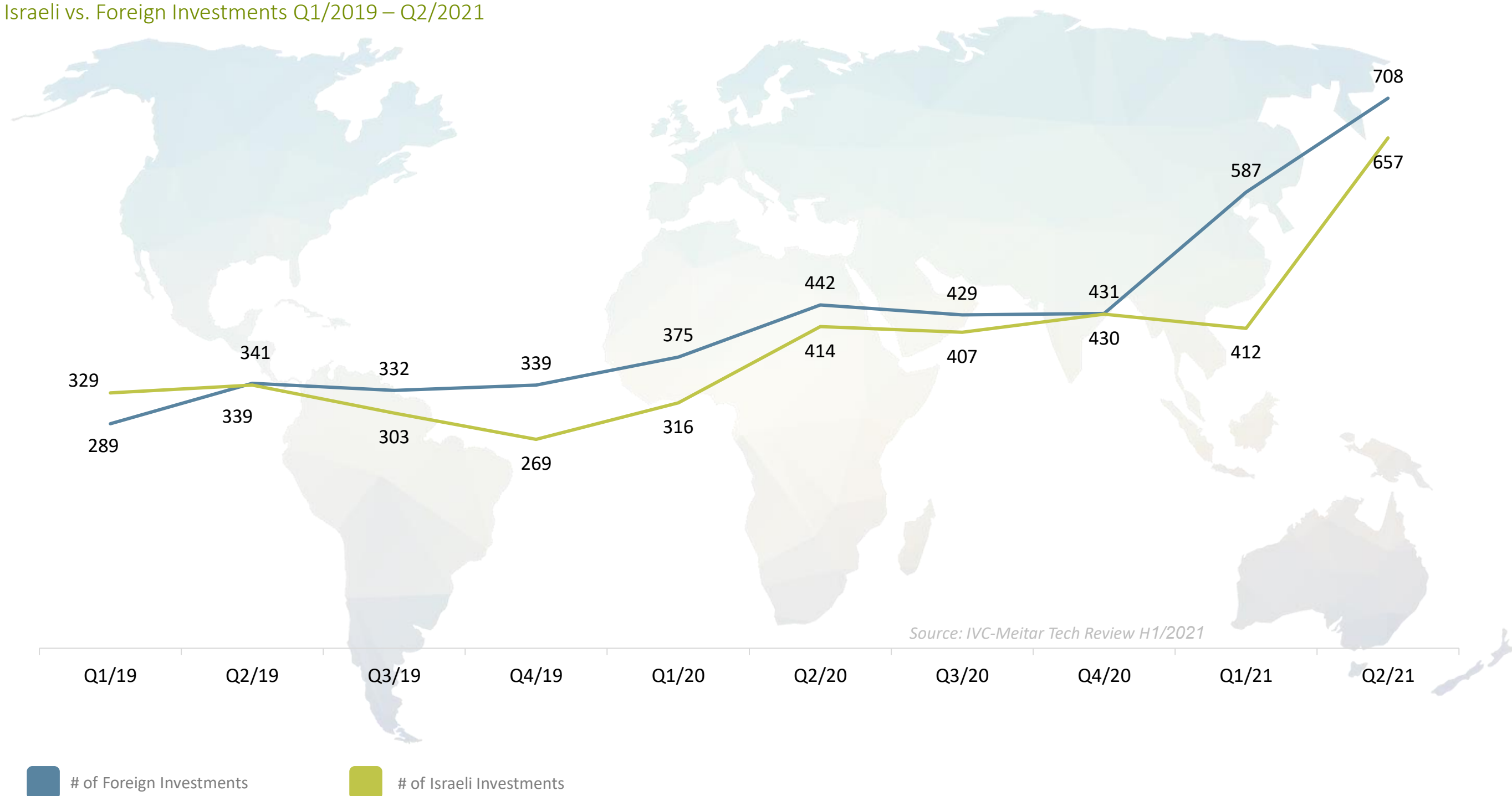
In Q2/2021, Foodtech companies maintained their highest position in capital raising, while Cyber, Fintech and IOT enjoyed more deal making and larger capital intake.

Israeli vs. Foreign Investments | Q1/2015-Q2/2021

P -16

In Q2/2021, Israeli investors took a much more active approach, making more investments than the quarterly average, as foreign investors continued to increase their contributions to Israeli companies' fund raising throughout H1/2021.

Israeli vs. Foreign Investments Q1/2019 – Q2/2021

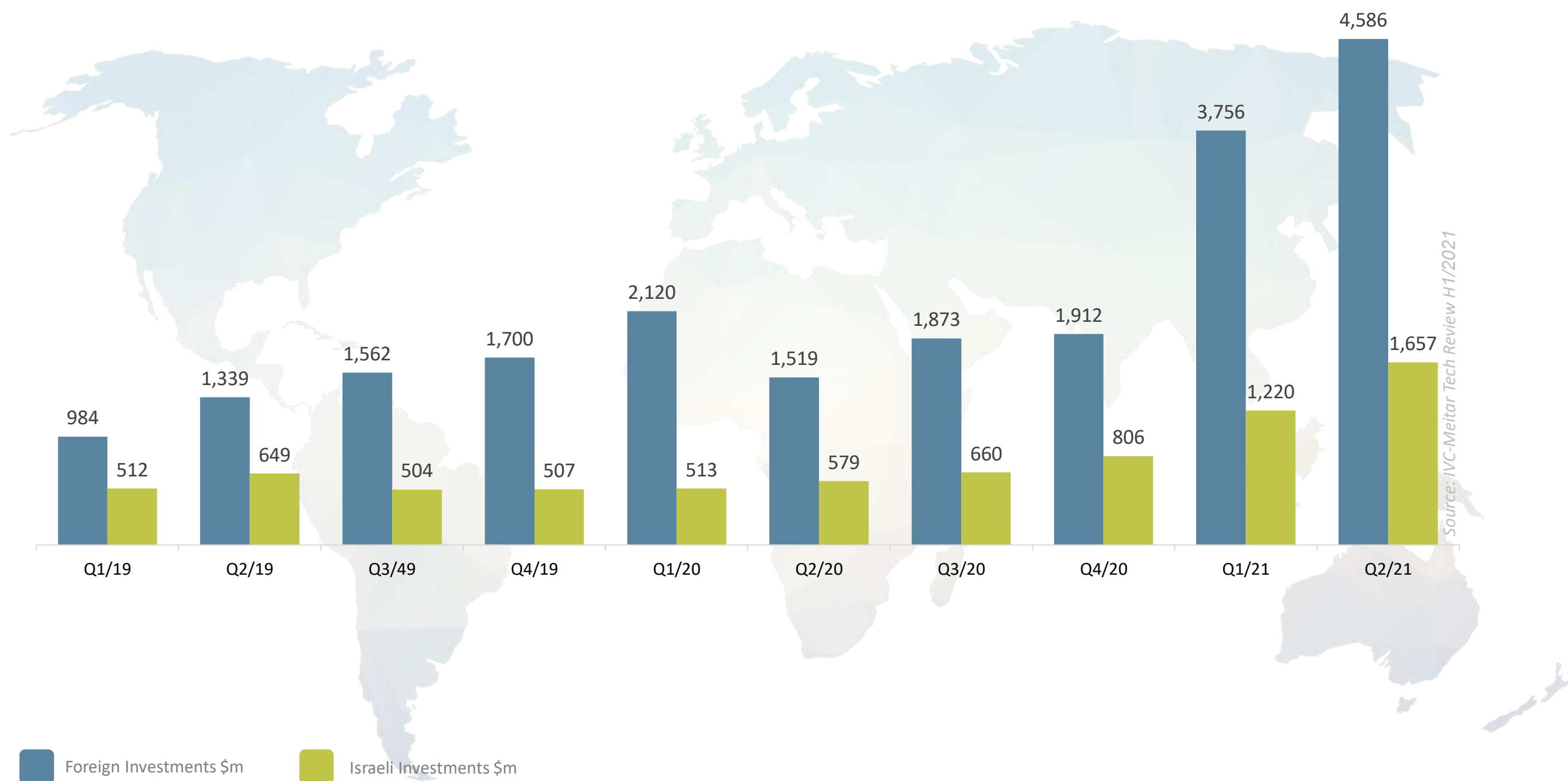


*Excluding Undisclosed Investments Activity

Israeli vs. Foreign Investments | Q1/2015-Q2/2021

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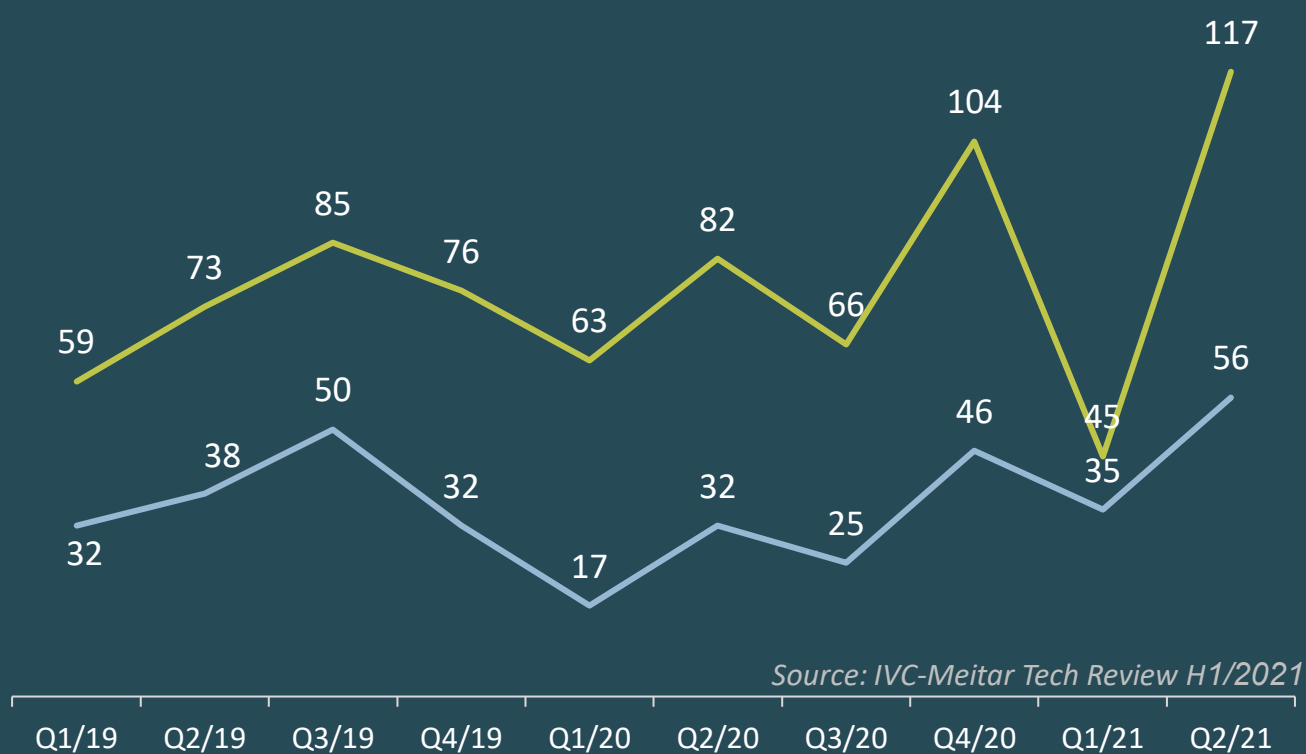
Israeli vs. Foreign Investments \$m Q1/2019 – Q2/2021



*Excluding Undisclosed Investments Activity

Israeli vs. Foreign Investments by Round | Q1/2015-Q2/2021

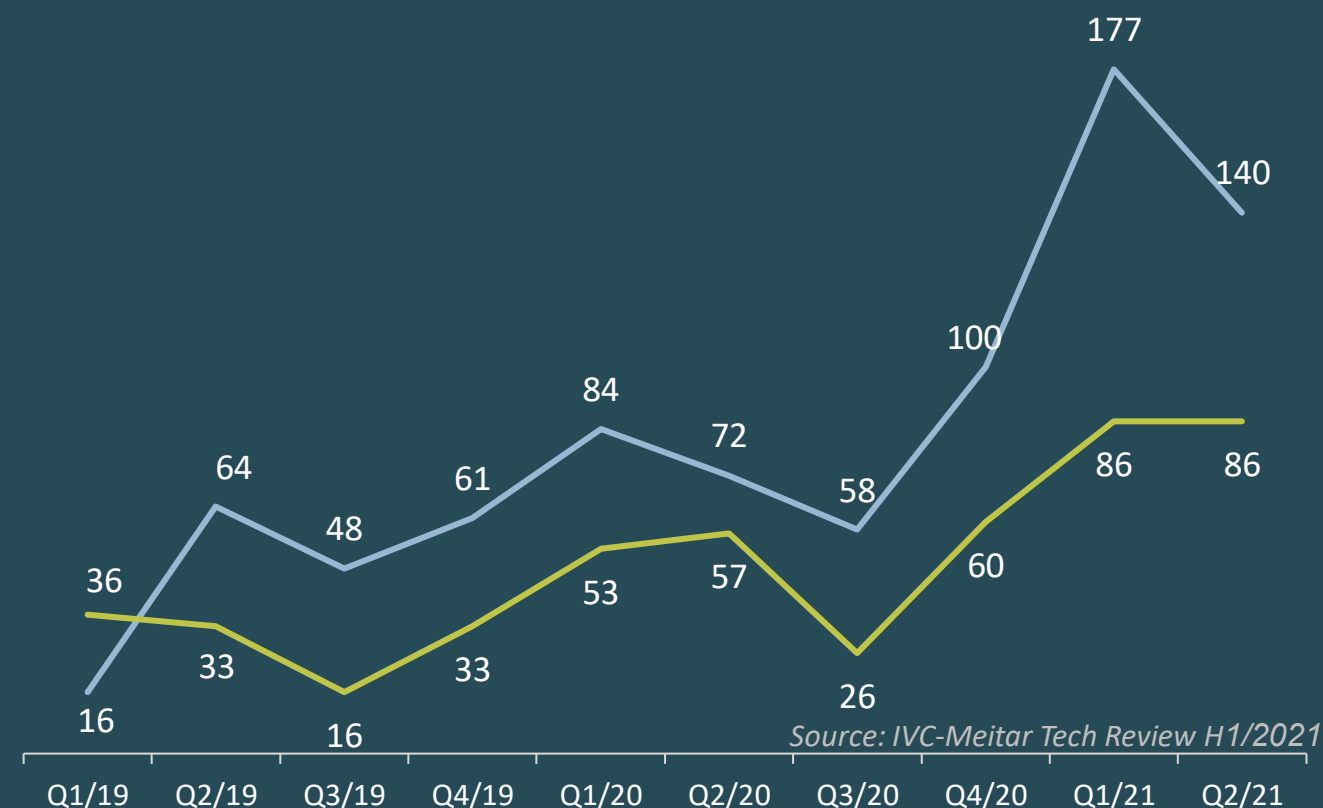
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Israeli vs. Foreign Investments in Seed Rounds: # of Investments
Q1/2019 – Q2/2021

Foreign Investments in Seed Rounds



Israeli Investments in Seed Rounds

Israeli vs. Foreign Investments in Later Rounds: # of Investments
Q1/2019 – Q2/2021

Foreign Investments in Later Rounds



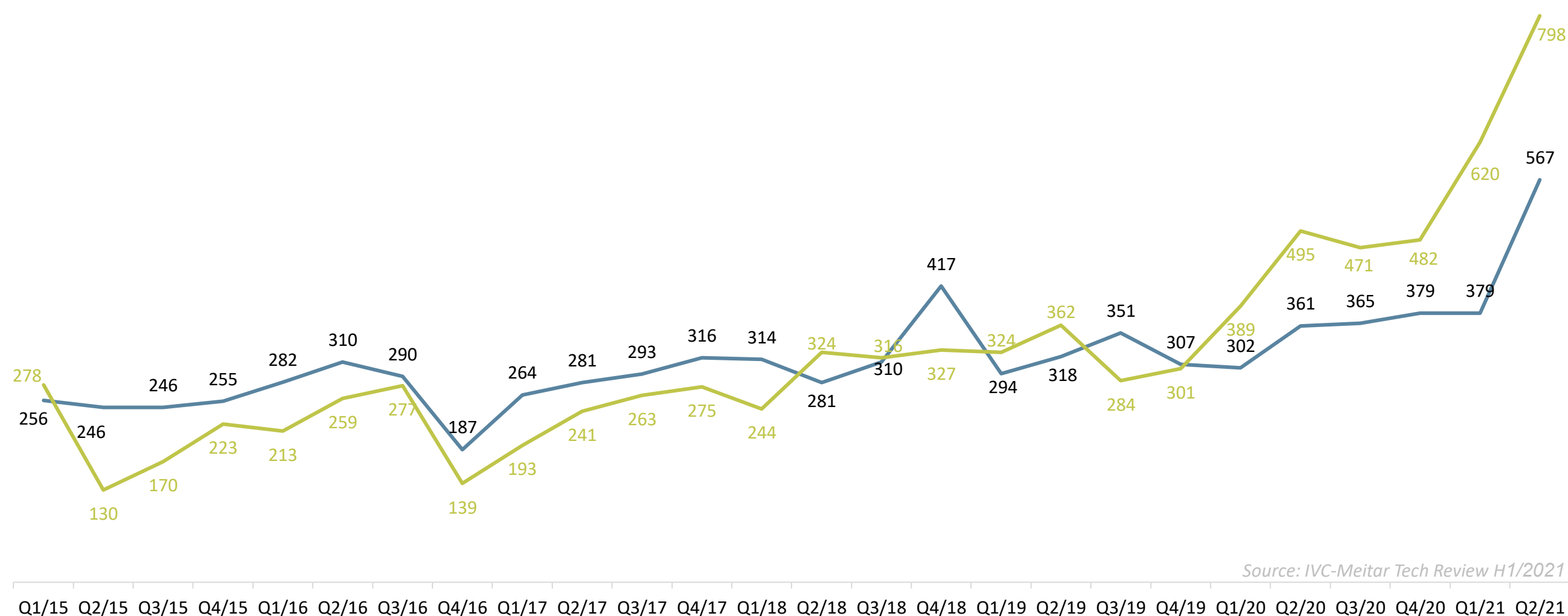
Israeli Investments in Later Rounds

*Excluding Undisclosed Investments Activity

First vs. Follow-on Investments | Q1/2015-Q2/2021

P -19

In Q2/2021, more first investments were made in Israeli high-tech companies, in line with the growth in number of involved investors. Follow-on investments peaked this quarter, continuing the growth trend from the last period.



■ # of First Investments ■ # of Follow-on Investments

ISRAELI TECH EXITS

H1 2021

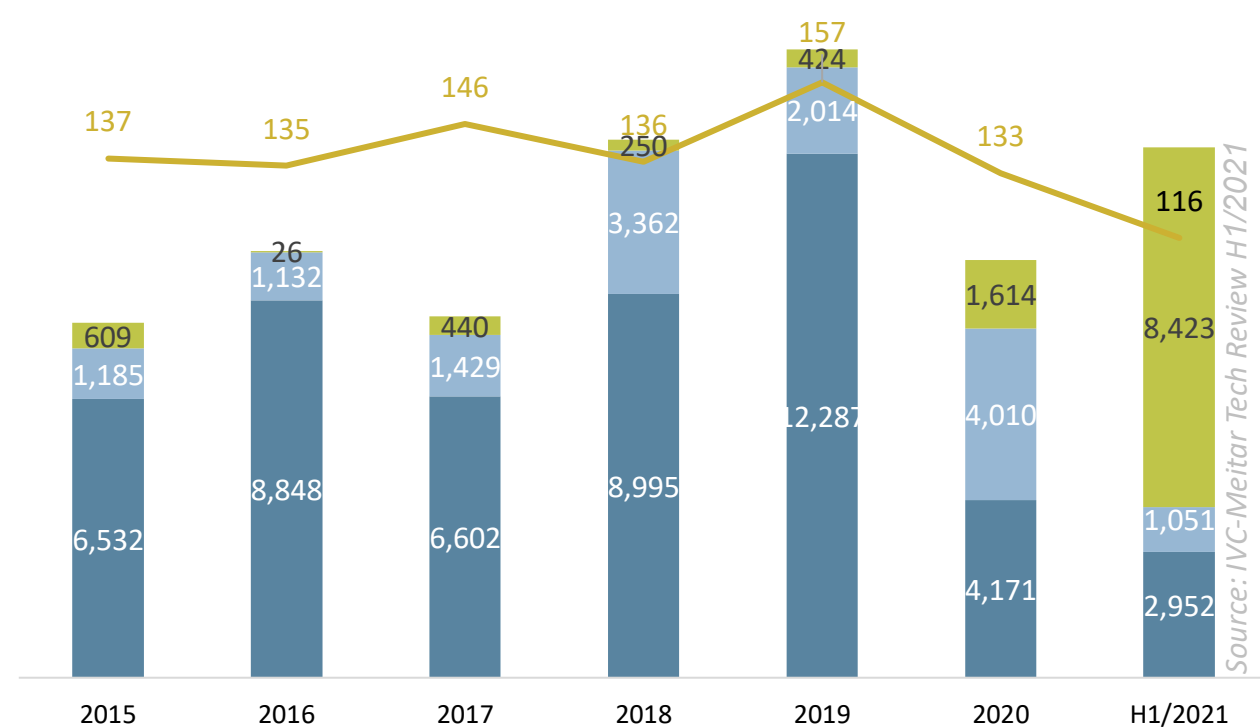


Israeli High-Tech Exits (M&As, Buyouts, IPOs) | 2015-H1/2021

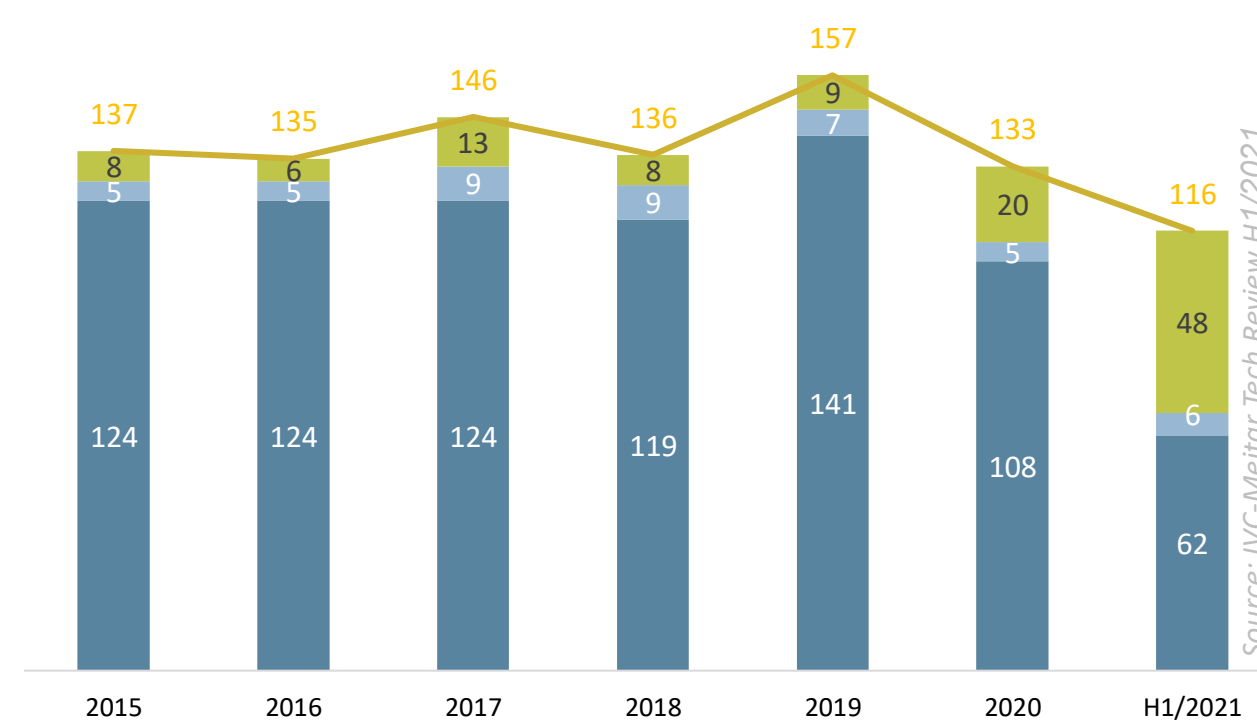
P -21

The US capital market was the real story of H1/2021, representing a shift – at least for the moment – in the Israeli tech liquidation preferences. Exceptionally high activity in IPO deal making defined this half year, with more than double the number of offerings from 2020. While this level of capital inflow by exits has been seen before, as in 2019, it's uniqueness this time is that there are no outlier M&A deals, like Mellanox in 2019 or Mobileye in 2017.

Israeli High-Tech Exits by Type \$m 2015-H1/2021 under \$5b



of Israeli High-Tech Exits by Type 2015-H1/2021 under \$5b



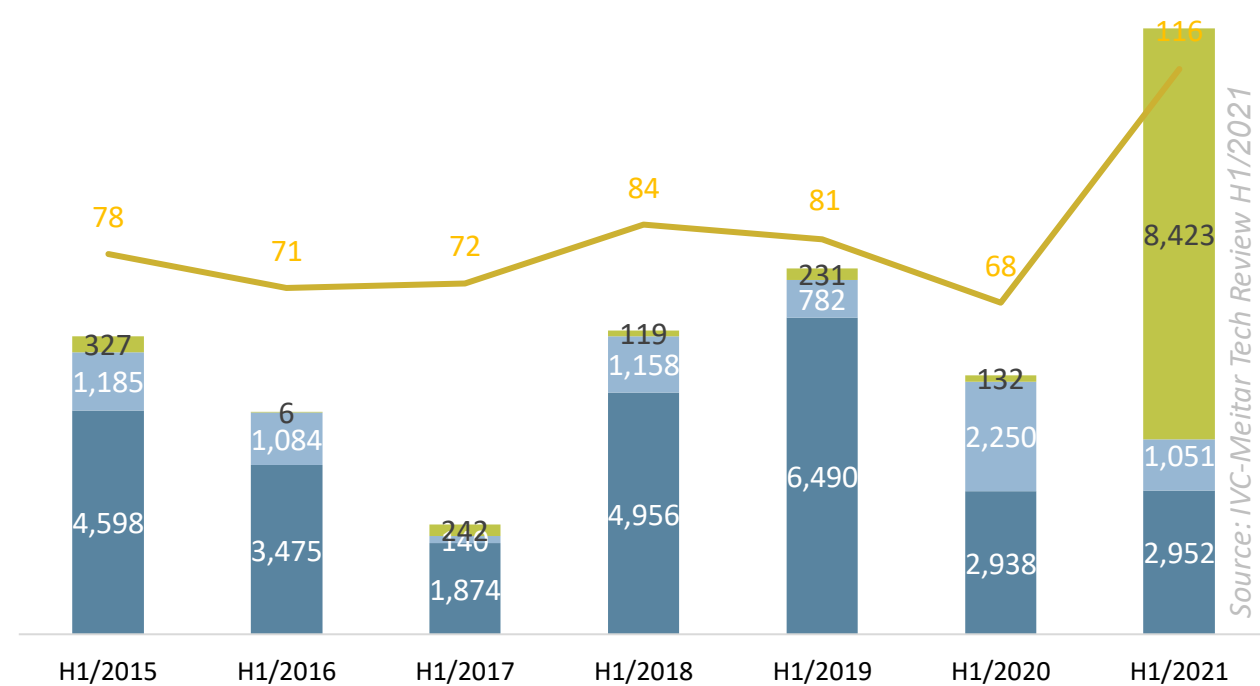
■ M&As Amount \$m
 ■ Buyout Amount \$m
 ■ IPOs Amount \$m
 ■ # of Exits

■ # of M&As
 ■ # of Buyout
 ■ # of IPOs
 ■ # of Exits

Israeli High-Tech Exits (M&As, Buyouts, IPOs) by Half-Year Period | H1/2015-H1/2021

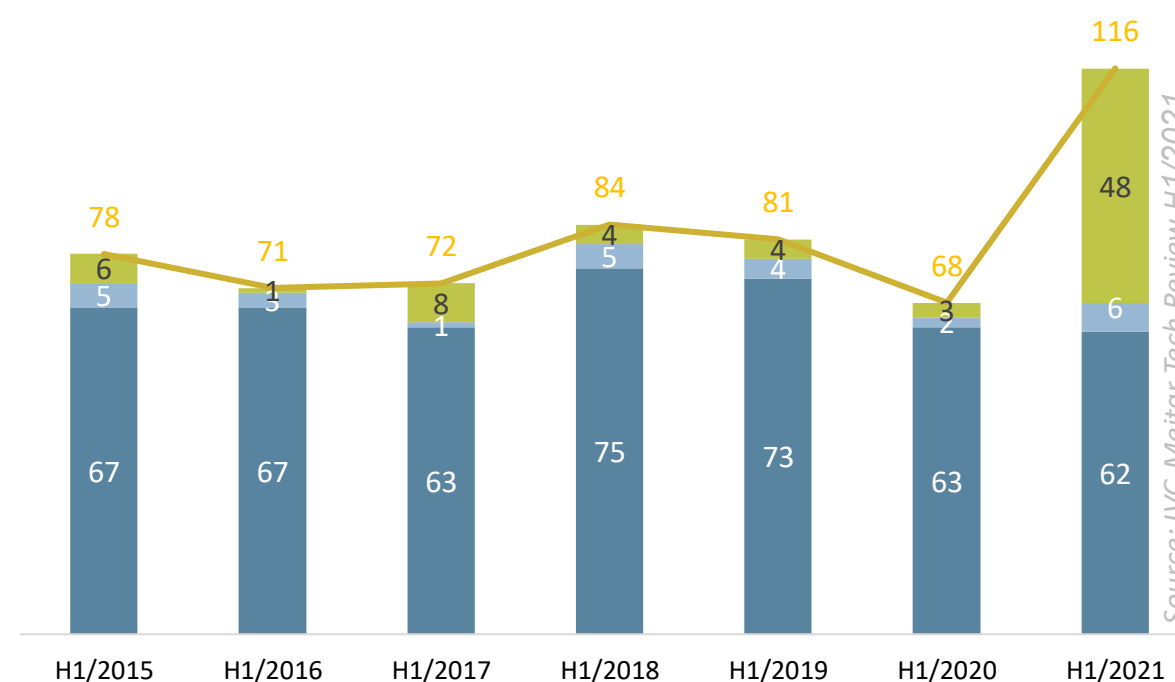
P -22

Israeli High-Tech Exits by Type \$m H1/2015-H1/2021 under \$5b



M&As Amount \$m Buyout Amount \$m IPOs Amount \$m # of Exits

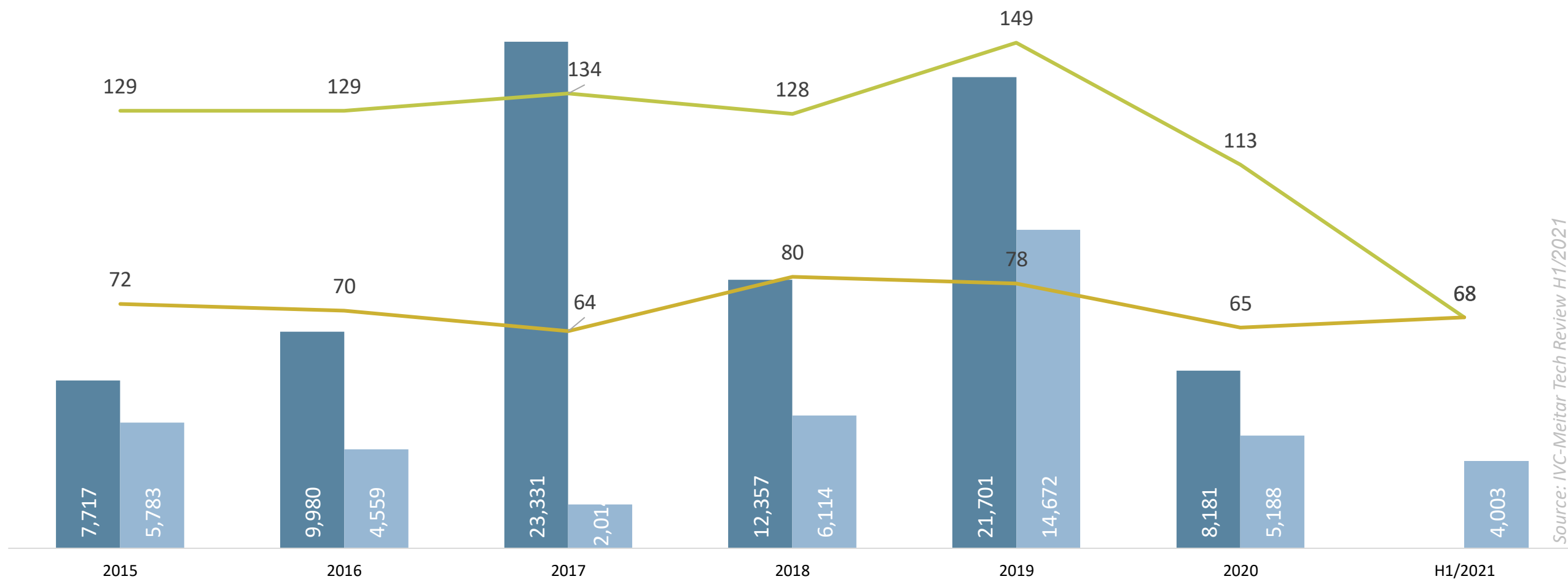
of Israeli High-Tech Exits by Type H1/2015-H1/2021 under \$5b



of M&As # of Buyout # of IPOs # of Exits

Israeli High-Tech M&As | 2015-H1/2021: Annual + H1

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M&As Amount \$m
 H1 M&As Amount \$m
 # of M&As
 H1 # Of M&As

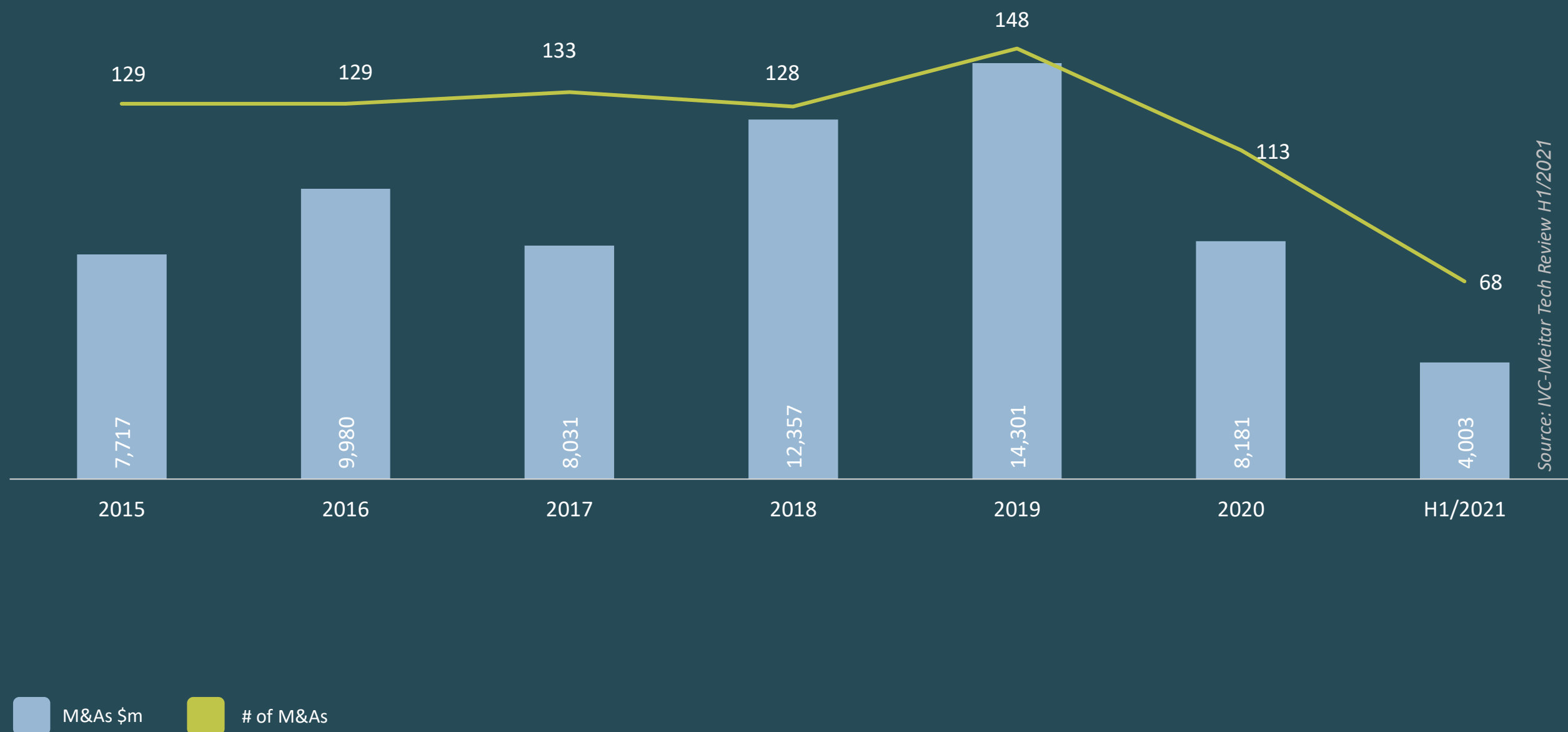


While Israeli high-tech M&As didn't return to the historic levels in H1/2021, the shift we saw in the last 6 months towards IPOs (especially via Wall Street) compensates for that.

*Including M&As and Buyouts

Israeli High-Tech M&As * Excluding Deals Over \$5B | 2015-H1/2021

P -24



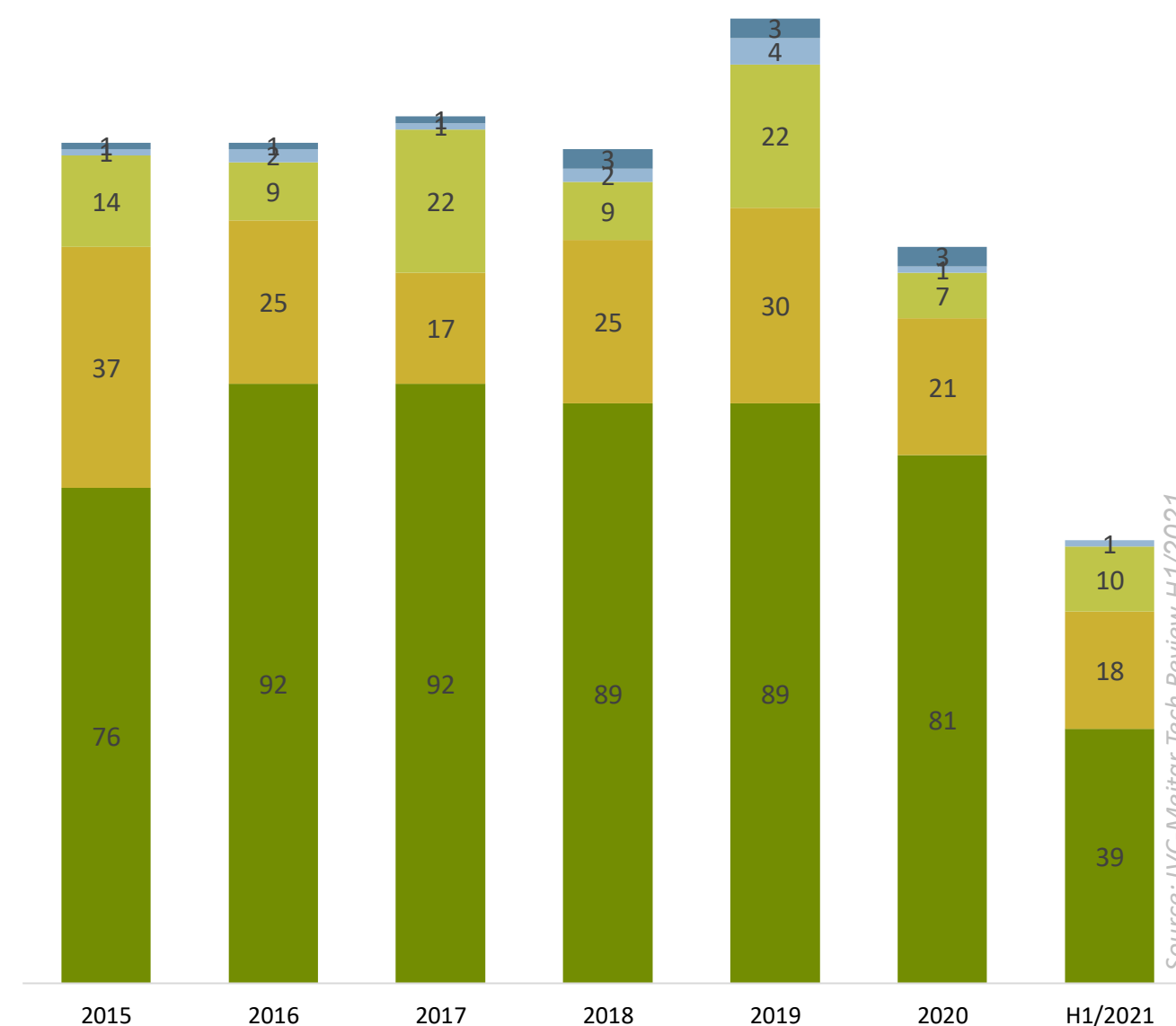
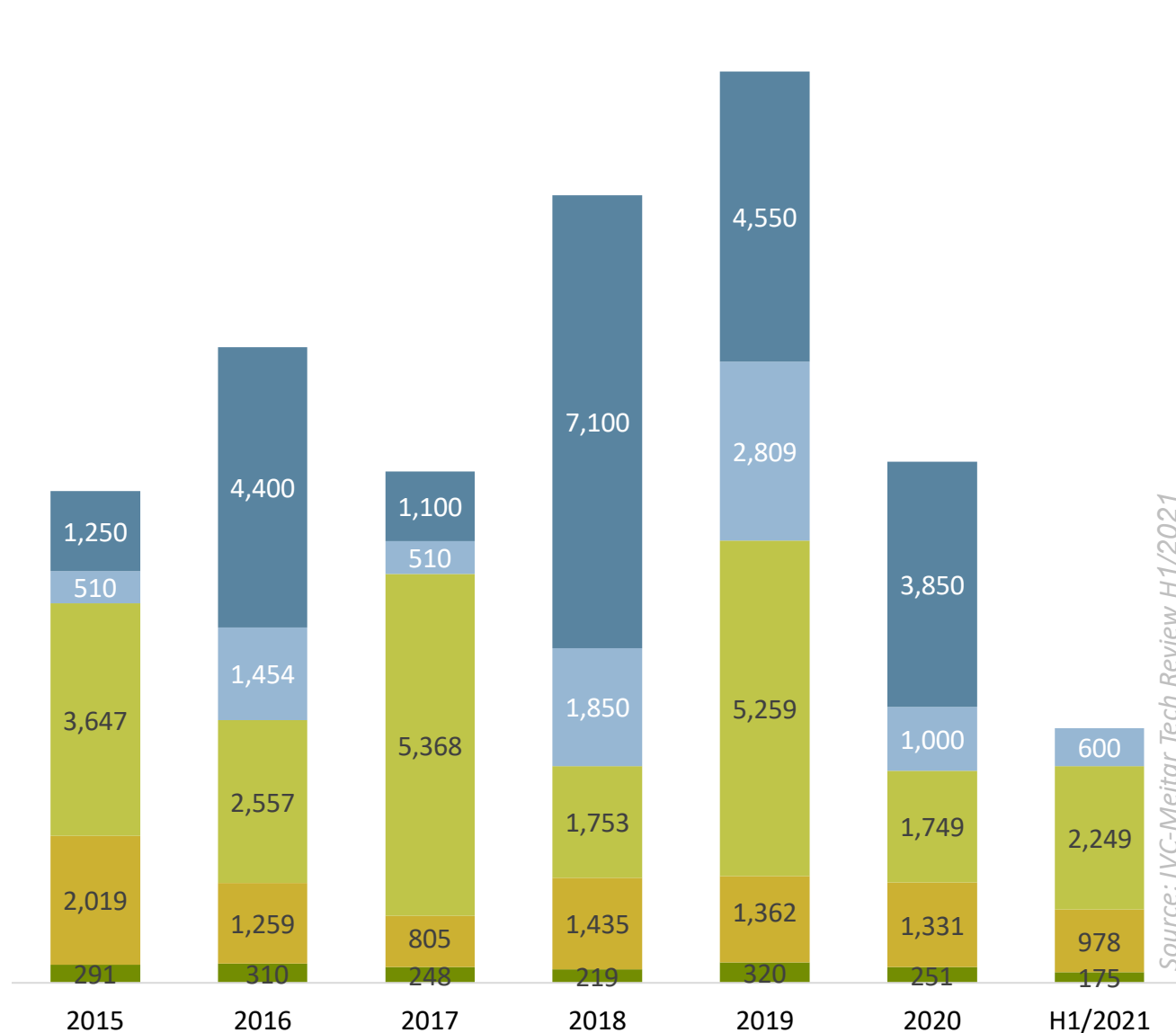
*Including M&As and Buyouts

Israeli High-Tech M&As by Deal Size <\$5b | 2015-H1/2021

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Israeli High-Tech M&As by Deal Size \$m 2015-H1/2021

of Israeli High-Tech M&As by Deal Size 2015-H1/2021



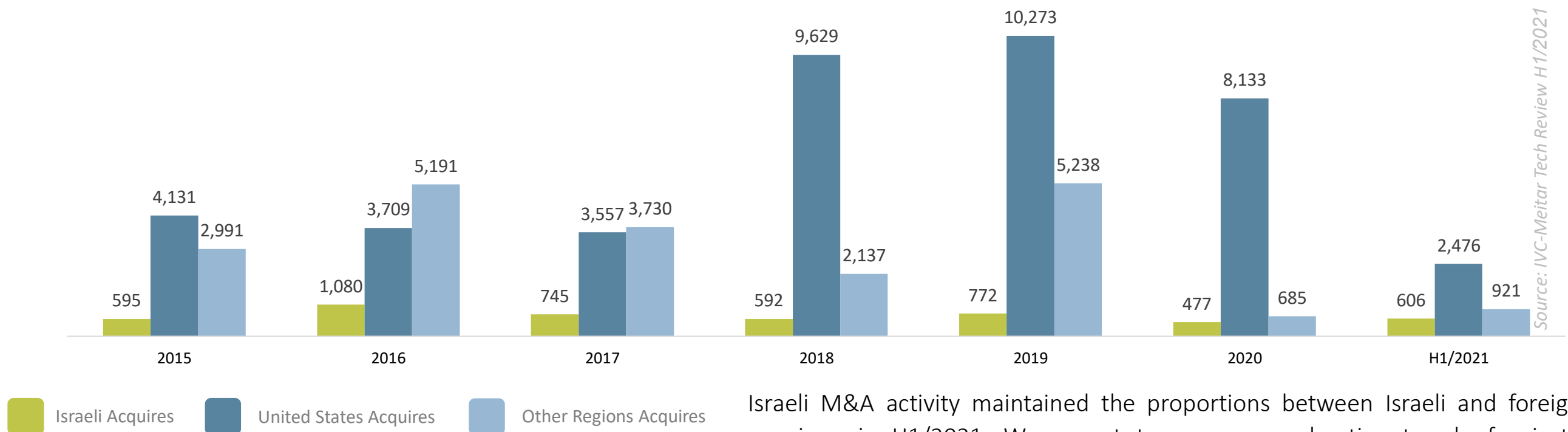
■ <\$20m
 ■ \$20M-\$100m
 ■ \$100m-\$500m
 ■ \$500m-\$1000m
 ■ >\$1000m

*Including M&As and Buyouts

Israeli High-Tech M&As by Acquirer Country* | 2015-H1/2021

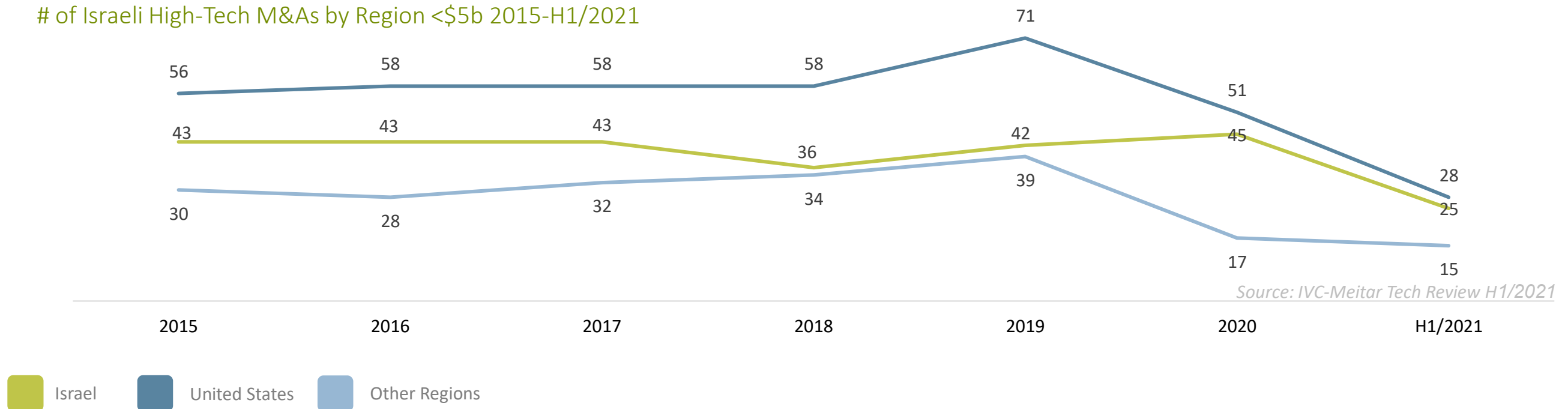
P -26

Israeli High-Tech M&As by Region \$m <\$5b 2015-H1/2021



Israeli M&A activity maintained the proportions between Israeli and foreign acquirers in H1/2021. We expect to see an accelerating trend of private companies expanding their business and deploying capital raised in acquisitions.

of Israeli High-Tech M&As by Region <\$5b 2015-H1/2021



*Some M&A deals involved more than one acquirer

*Including M&As and Buyouts

Selected Top M&As | H1/2021

P -27



Internet | Social Networks

Acquired by
Francisco Partners

\$600m



IT &Enterprise SW | Security

Acquired by
JFrog

\$300m



Cleantech | Agrotech

Acquired by
Valmont

\$300m



Life Sciences | Medical devices

Acquired by
Olympus Corp.

\$250m



IT & Enterprise SW | Design & Dev
Tools

Acquired by
Thoma Bravo

\$250m



IT & Enterprise SW | Security

Acquired by
Nuvei

\$250m



Internet | e-Commerce

Acquired by
Walmart

\$200m



Internet | Internet Applications

Acquired by
PayPal

\$200m



Communications | Wireless Apps

Acquired by
EMK Capital

\$150m



Internet | Online Advertising

Acquired by
Kape

\$149m

Source: IVC-Meitar Tech Review H1/2021

ISRAELI TECH CAPITAL MARKETS

H1 2021



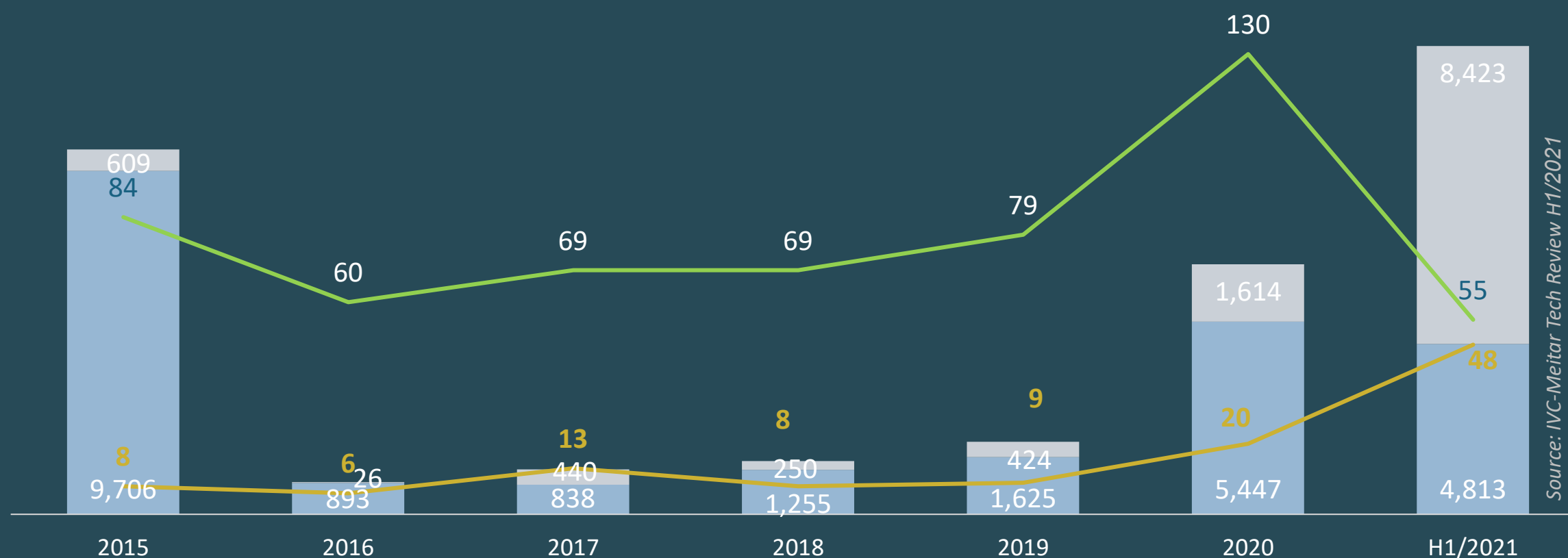
Israeli High-Tech Public Companies Offerings | 2015-H1/2021

P -29

Israeli high-tech activity in public markets in H1/2021 has noticeably increased, both in Initial Public Offerings (whether through straightforward IPOs or de-SPAC mergers) and in follow-on deals. Out of 48 IPO exits, 7 SPAC deals totaled \$2.41 billion in capital intake in the first half of 2021.

Out of **48** IPO exits → **7 SPAC** deals totaled **\$2.41 billion** in capital intake in the first half of 2021.

Israeli High-Tech Public Activity 2015-H1/2021



■ Follow-on Public Offering \$m
 ■ IPOs \$m
 ■ # of Follow-on Public Offerings
 ■ # of IPOs

* Including: IPOs, Follow-ons (including registered direct), PIPEs, equity and debt

Leading Israeli High-Tech Public Companies Offerings | H1/2021

P -30

Wall Street Stock Exchange



NASDAQ GS

Capital Intake \$m
2,160
Post Valuation \$m
13,000



NYSE

Capital Intake \$m
1,330
Post Valuation \$m
9,000



NASDAQ GS

Capital Intake \$m
630
Post Valuation \$m
6,800



NASDAQ GS

Capital Intake \$m
431.25
Post Valuation \$m
3,600



NASDAQ GS

Capital Intake \$m
287
Post Valuation \$m
2,560



NYSE

Capital Intake \$m
176
Post Valuation \$m
1,630

TASE Stock Exchange



Capital Intake \$m
205
Post Valuation \$m
930



Capital Intake \$m
95
Post Valuation \$m
446



Capital Intake \$m
60
Post Valuation \$m
300



Capital Intake \$m
52
Post Valuation \$m
202



Capital Intake \$m
50
Post Valuation \$m
146



Capital Intake \$m
50
Post Valuation \$m
242.5

SPAC Deals



Capital Intake \$m
850
Post Valuation \$m
11,100



Capital Intake \$m
750
Post Valuation \$m
3,300



Capital Intake \$m
260
Post Valuation \$m
2,600



Capital Intake \$m
250
Post Valuation \$m
1,400



Capital Intake \$m
141
Post Valuation \$m
1,400



Capital Intake \$m
140
Post Valuation \$m
1,500



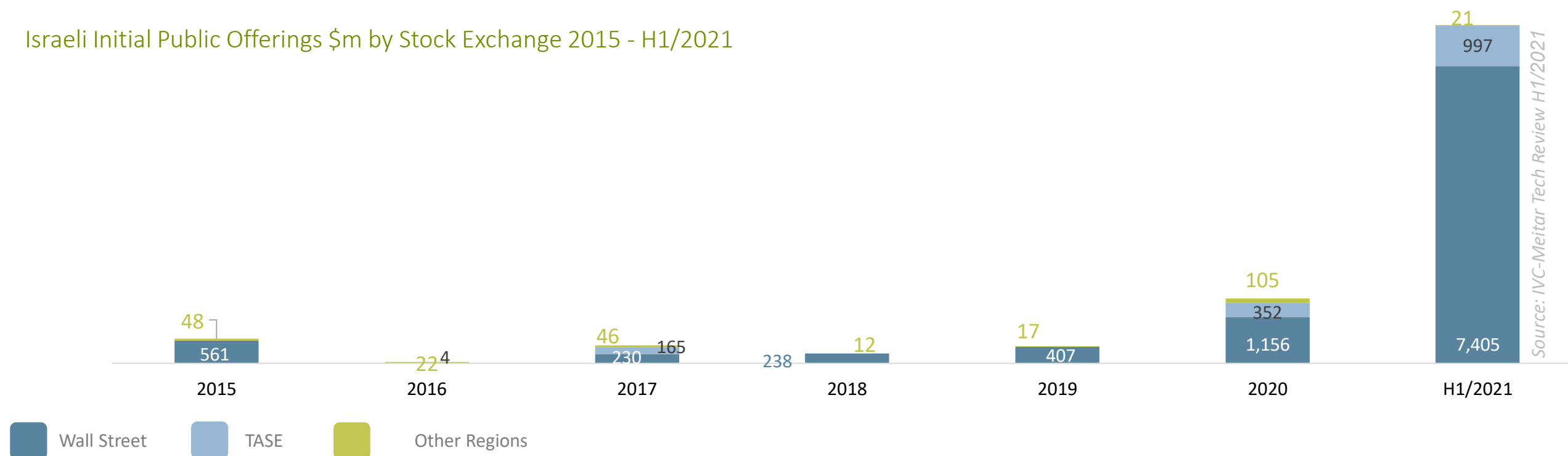
Capital Intake \$m
21
Post Valuation \$m
92

Source: IVC-Meitar Tech Review H1/2021

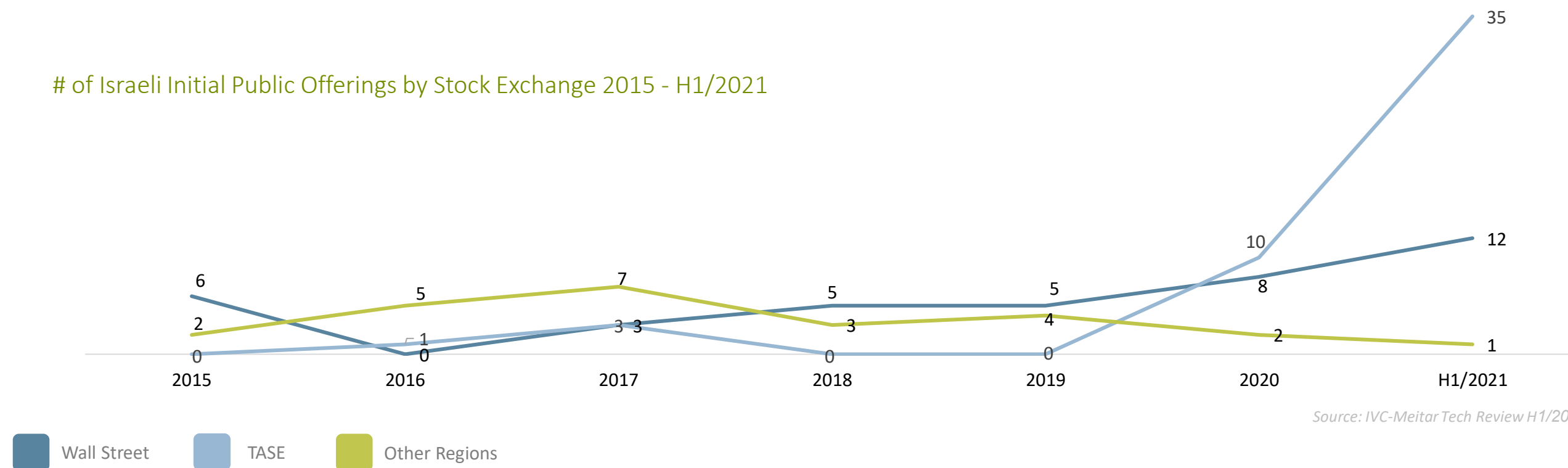
Israeli High-Tech Public Companies Offerings by Stock Exchange | 2015 – H1/2021

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Israeli Initial Public Offerings \$m by Stock Exchange 2015 - H1/2021



of Israeli Initial Public Offerings by Stock Exchange 2015 - H1/2021

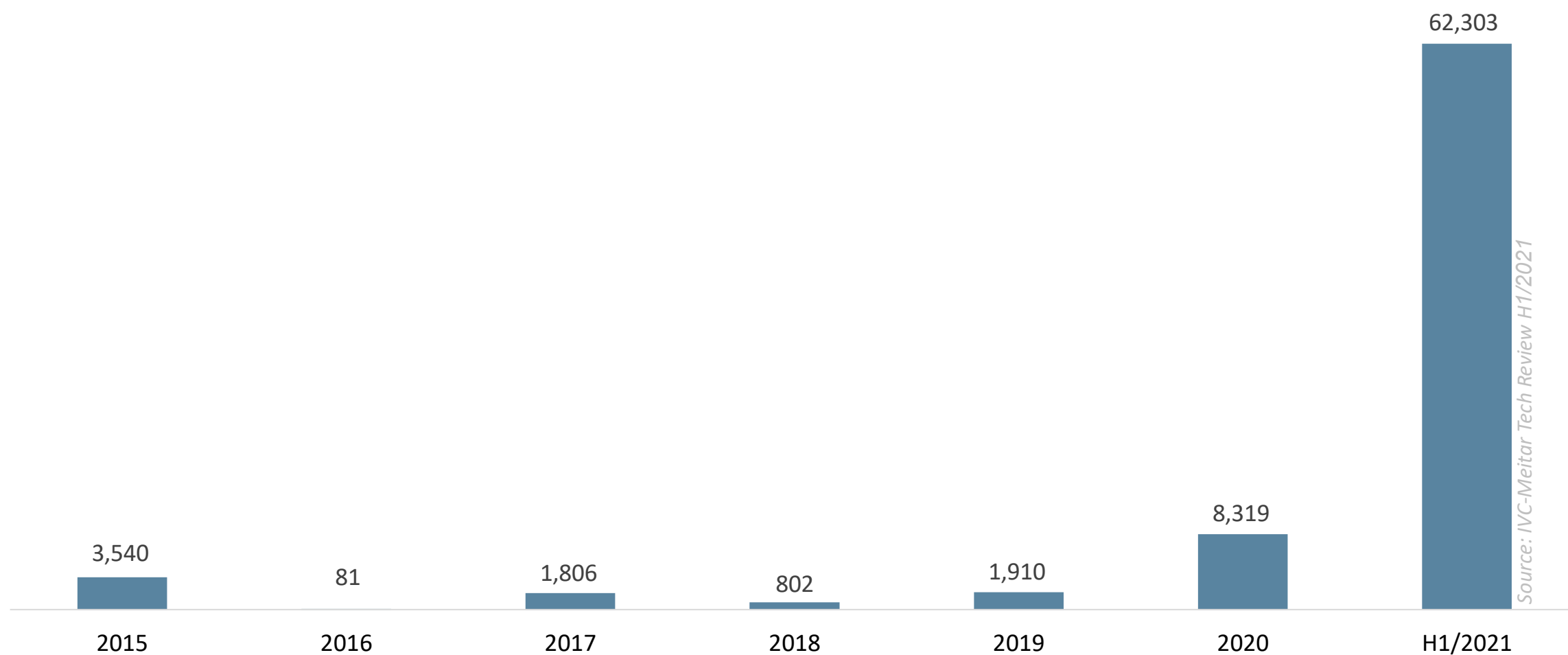


48 IPOs were completed in H1/2021, much higher than any historical record. TASE was responsible for the largest number of tech IPOs during this period, accounting for 12% of total amounts raised in such offerings, and creating an opportunity for Israeli technology companies — of certain valuations — to go public in Tel Aviv.

Israeli High-Tech IPOs Post-Valuations | 2015-H1/2021

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Israeli Initial Public Offerings Post-Valuation \$m 2015 - H1/2021

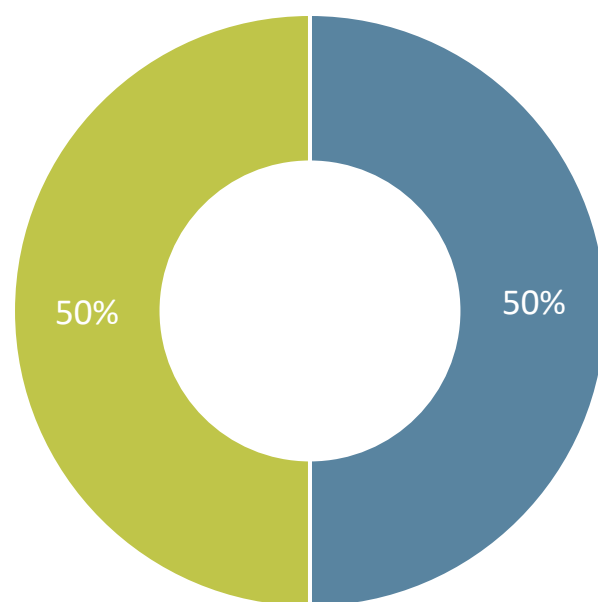


*IPOs and de-SPAC Offerings

Israeli High-Tech Initial Public Offerings & SPACs on Wall Street | 2015 – H1/2021

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of Israeli Initial Public Offerings vs. SPAC Offerings on Wall Street (%) H1/2021

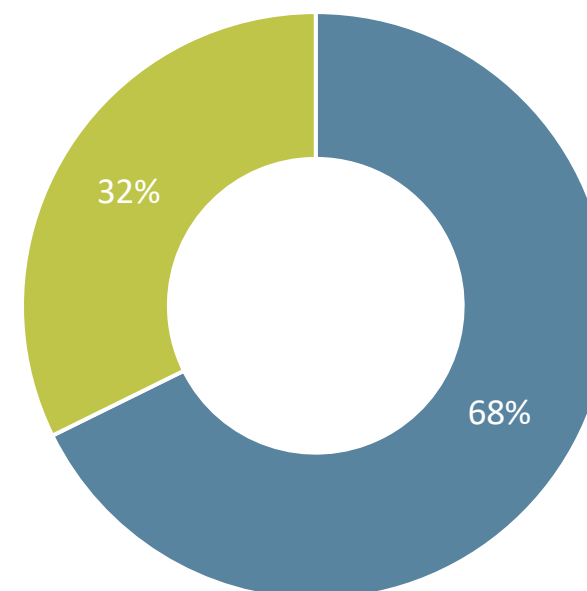


Source: IVC-Meitar Tech Review H1/2021

of IPOs (%)

of SPACs (%)

Proceeds Raised in Israeli Initial Public Offerings vs. SPAC Offerings on Wall Street \$m (%) H1/2021



Source: IVC-Meitar Tech Review H1/2021

IPOs \$m (%)

SPACs \$m (%)

* Including: IPOs, Follow-ons (including registered direct), PIPEs, equity and debt

Methodology

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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 data base.

This report summarizes activities of Israeli and Israel-related high-tech companies between 2015-Q2/2021. "Israel-related" refers to a company which is not incorporated in Israel but has senior Israeli management

Up-to-date information is available to IVC Industry Analytics subscribers.

The report is based on data last updated on June 30th.

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 958 investors of which 127 were Israeli VC funds and 831 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

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Methodology – Exits

Our Exit 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 Israel related high-tech companies between 2015-Q2/2021.

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



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/>



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.

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The Authors



[Shira Azran](#)

Partner, Meitar | Law Offices
sazran@meitar.com



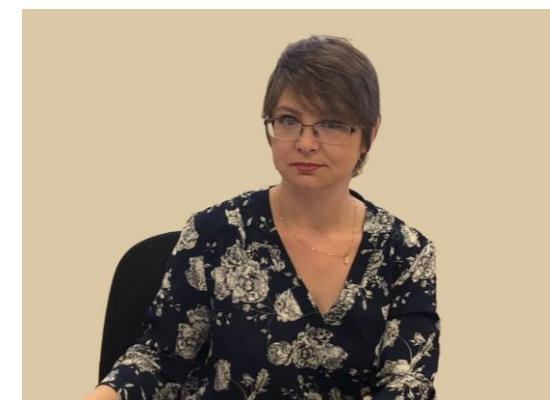
[Itay Frishman](#)

Partner, Meitar | Law Offices
itayf@meitar.com



[Mike Rimon](#)

Partner, Meitar | Law Offices
mrimon@meitar.com



[Marianna Shapira](#)

Research Director, IVC
marianna@ivc-online.com



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Contact Us

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Contact Us

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Marianna Shapira
Senior Research Analyst

Lian Swirsky
*Head of Marketing and
Business Development*

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

Meitar Law Offices
lians@meitar.com
www.meitar.com
+972-(0)3-610-3100





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