

ISRAELI TECH REVIEW Q1 2024

VC DATA AND INSIGHTS & **LEUMI** TECH

Index

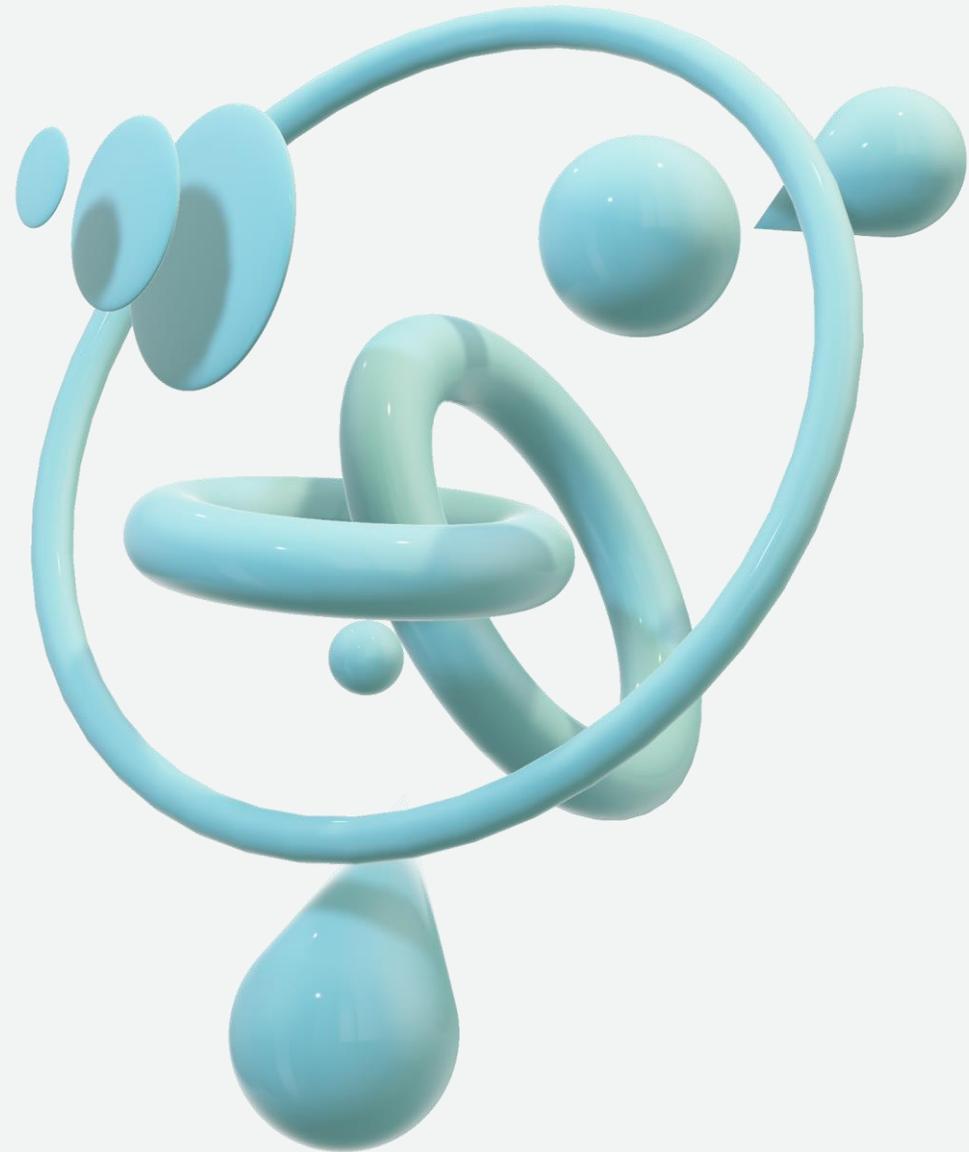
Israeli Tech Investments

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Israeli Tech Exits

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Q1/2024 Israeli Tech Highlights



Special Analysis: Early Rounds Investments

The data in Q1 was unique. The reason is not the numbers – we have seen these levels multiple times in the past. The exception relates to the pattern: After 8 successive quarters of downtrend, the number of deals changed course dramatically (see the graphs on page 10) and began climbing. As this analysis shows, the reason was related mainly to early round deals in the last quarter.

It is hard to say whether this change in the trend is an evidence of a bigger change on the horizon or is just an outlier in a continuing descent. However, the drivers of this uptick were of all types: local and foreign, VCs and Private Investors, in first and follow-on investments.

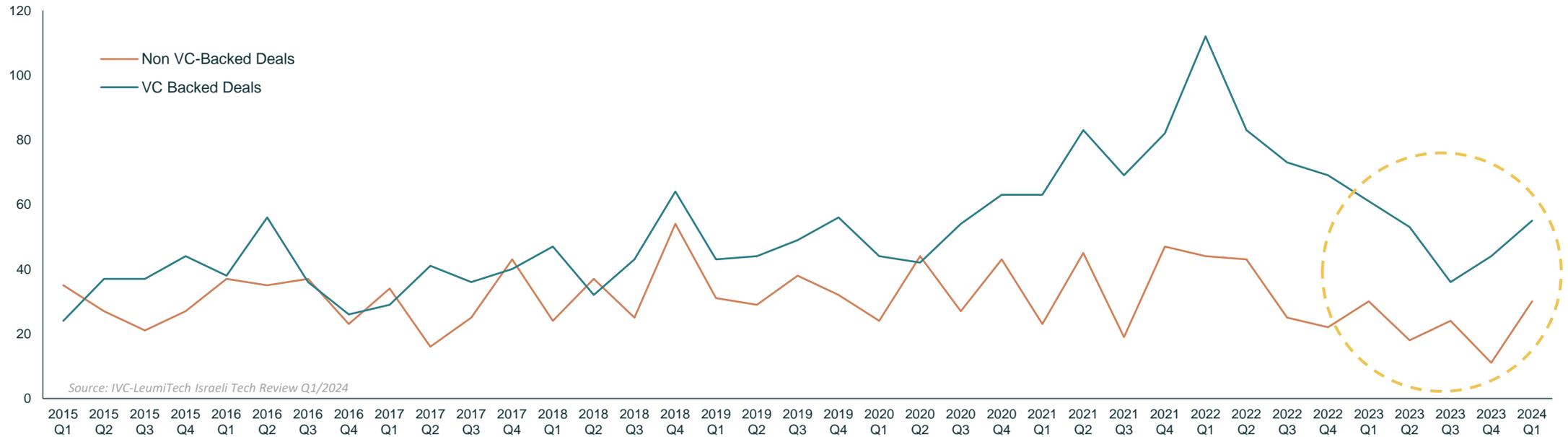
After six months of war, rising geopolitical tension, and uncertainty in the local political arena, the presence of investors and their ability to cope with local risk assets is better than expected.

► Number and Share of Early Rounds Q1/2015-Q1/2024



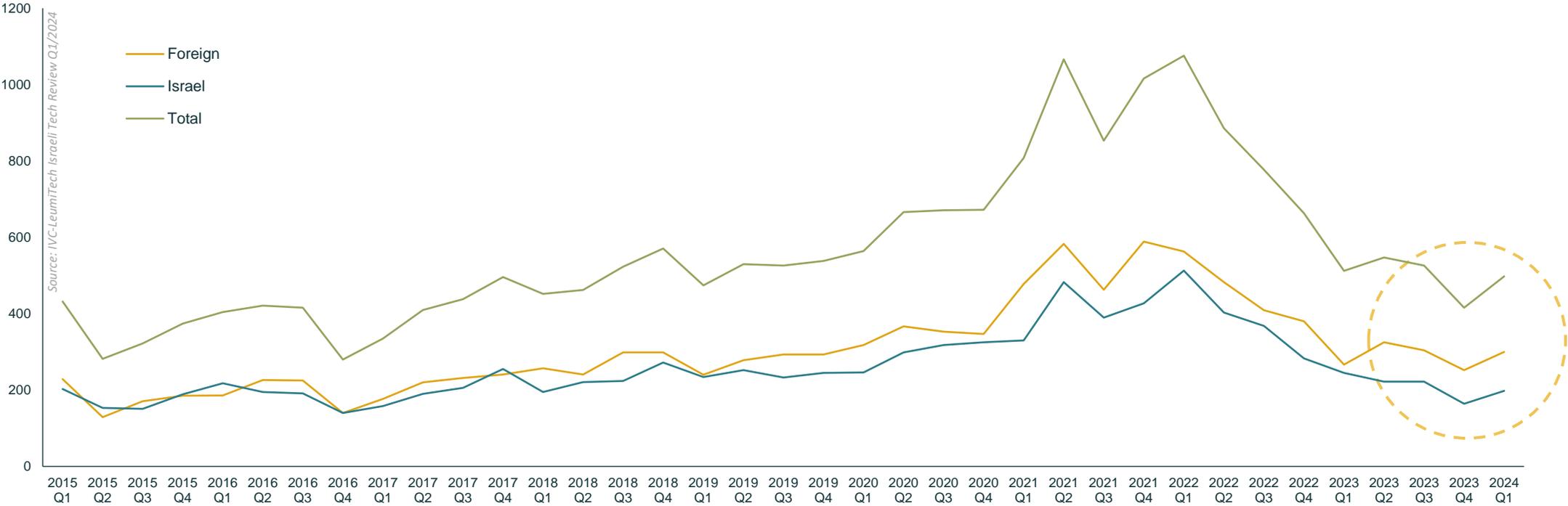
VC Backed And Non-VC Backed: After 2 Years, Did They Return To Proceed In Tandem?

► # Of Early Rounds Deals: VC-Backed Vs. Non VC-Backed Q1/2015-Q1/2024

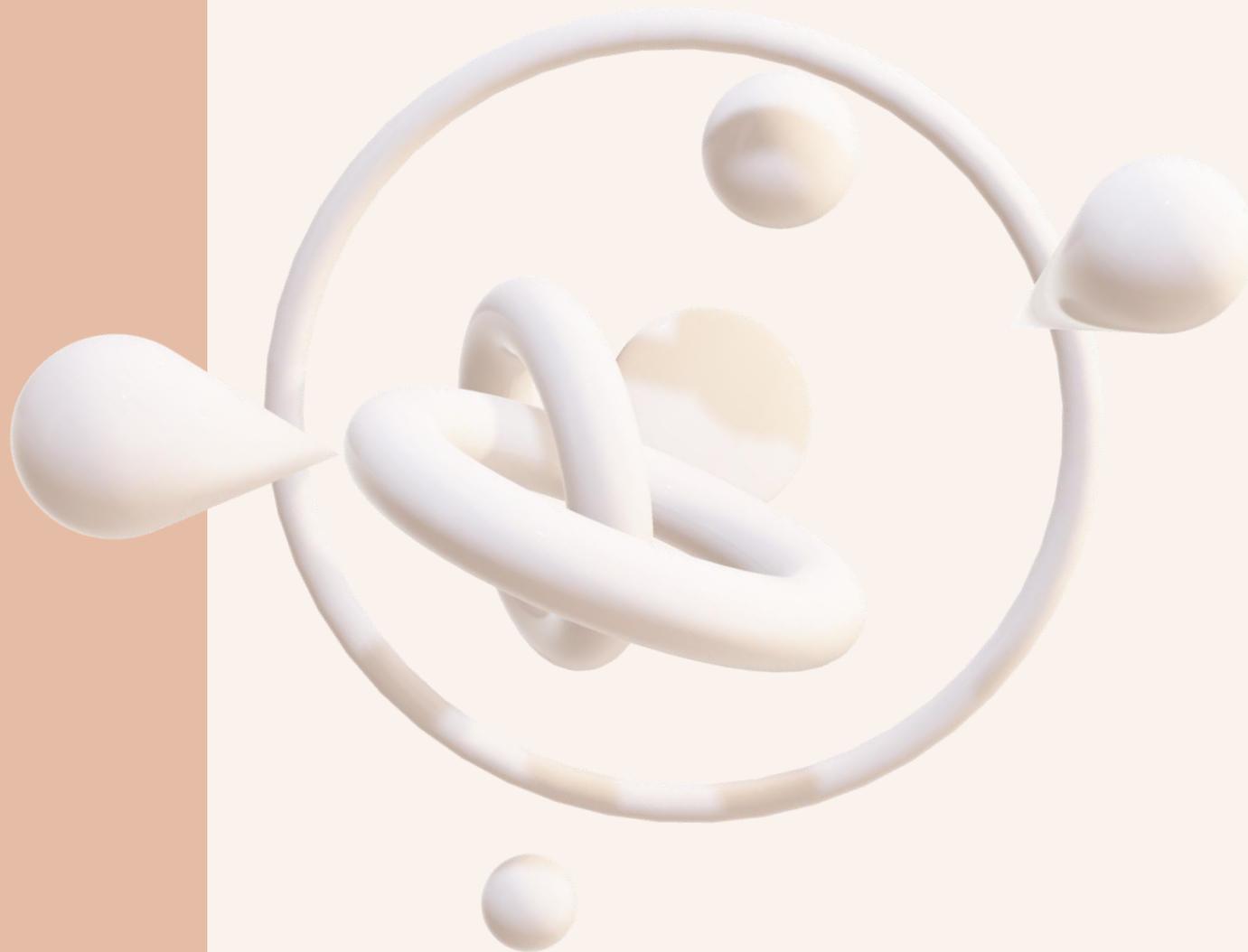


Investors' Region: After 2 Years, The number of Local & Foreign Investors moved up

► # Of Investors In Early Rounds By Region Q1/2015-Q1/2024



Q1/2024
Israeli
High-Tech
Investments



Israeli High-Tech Investments

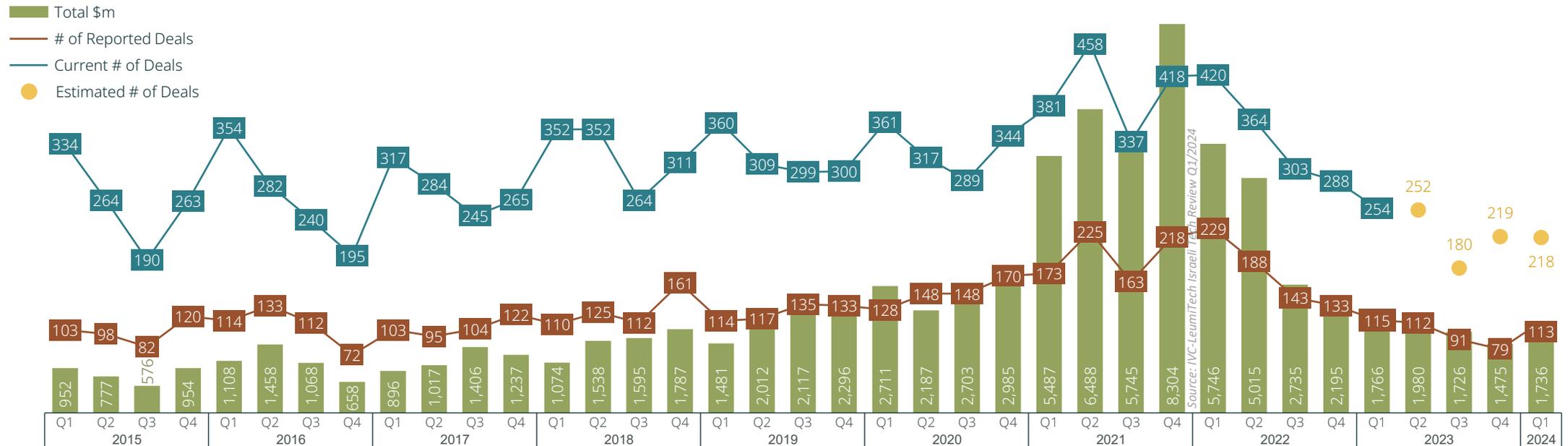
The number of deals in Q1/2024 rose to Q1-Q2 2023 levels, up from the weaker H2/2023. More seed rounds made in Q1/2024 than in each of the three previous quarters in 2023.

Quarterly amount reached \$1.74b, just 1% below the Q1/2023 amount, but 70% below the record \$5.75b in Q1/2022. Driving the quarterly amount were seven deals over \$100m each – capturing 49% of the total capital for the quarter.

The number of deals in Q1/2024 reached 113. This is the first reversal of the downtrend in number of deals since Q1/2022.

While our methodology hasn't changed, for greater transparency about these trends, we have attached our estimations for the current deal numbers of the last quarters in the graph below. See our [methodology](#) for more details.

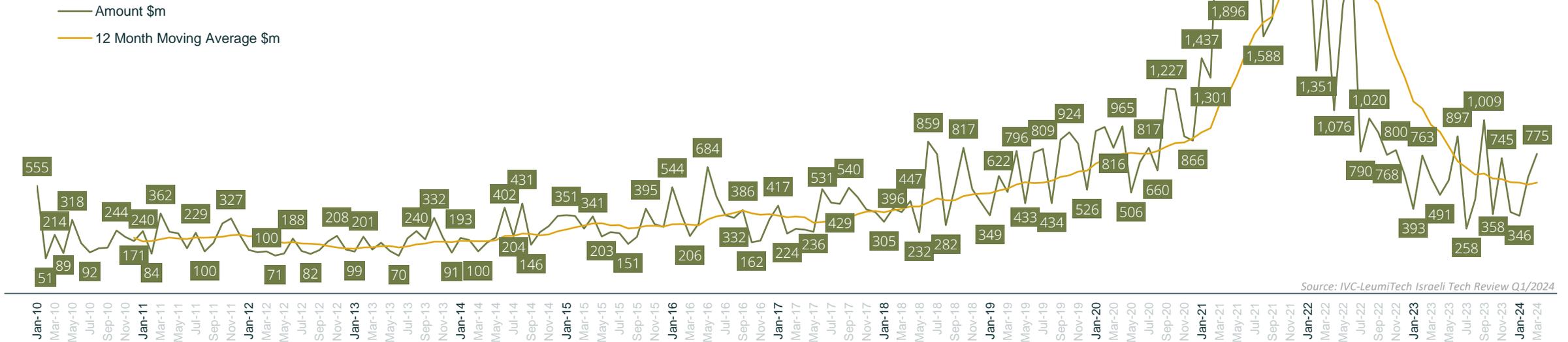
Israeli High-Tech Investments Q1/2015 – Q1/2024



Monthly Investment Amounts With 12 Month Moving Average

March 2024 was especially successful, mostly due to 4 mega deals (over \$100m each), that summed up to \$500m. The 12-month moving average demonstrates stabilization in the downtrend for capital raising.

▶ Monthly Investments \$m with 12 Month Moving Average 1/2010-3/2024



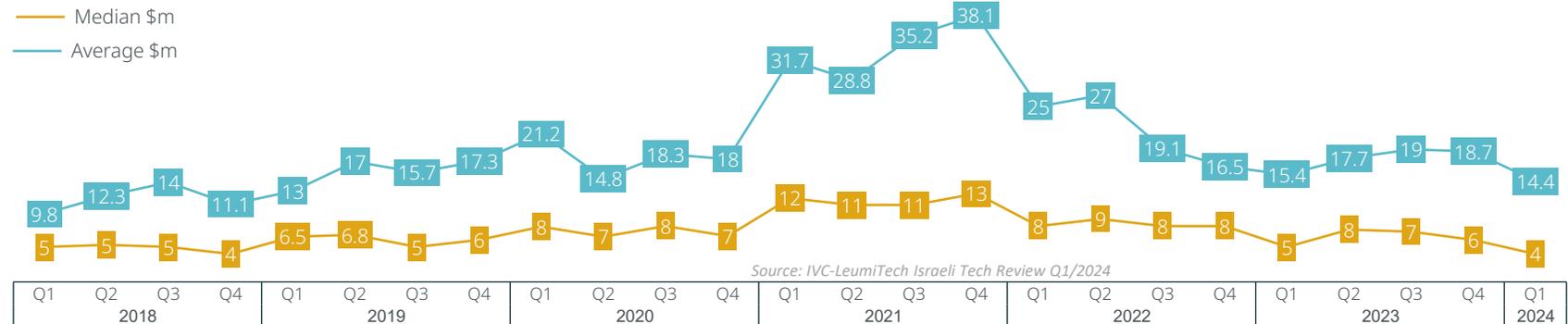
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Israeli High-Tech Investments

Excluding deals of over \$100m from the analysis reveals an obvious decrease in Israeli high-tech capital raising volume. Q1/2024 numbers were significantly down from Q1/2022 and Q1/2023, yet at the levels we saw in 2018/2019. However, the number of rounds was up from the last two quarters of 2023.

This increase was noticeable mostly in seed rounds (49% of deals under \$50m), which raise lower amounts, and influenced the slowdown in average and median trends.

Tech Investments: Average vs. Median Q1/2018 – Q1/2024



* Excluding Hailo Deal

Israeli High-Tech Investments under \$100m Q1/2018 – Q1/2024



Israeli High-Tech Unicorns

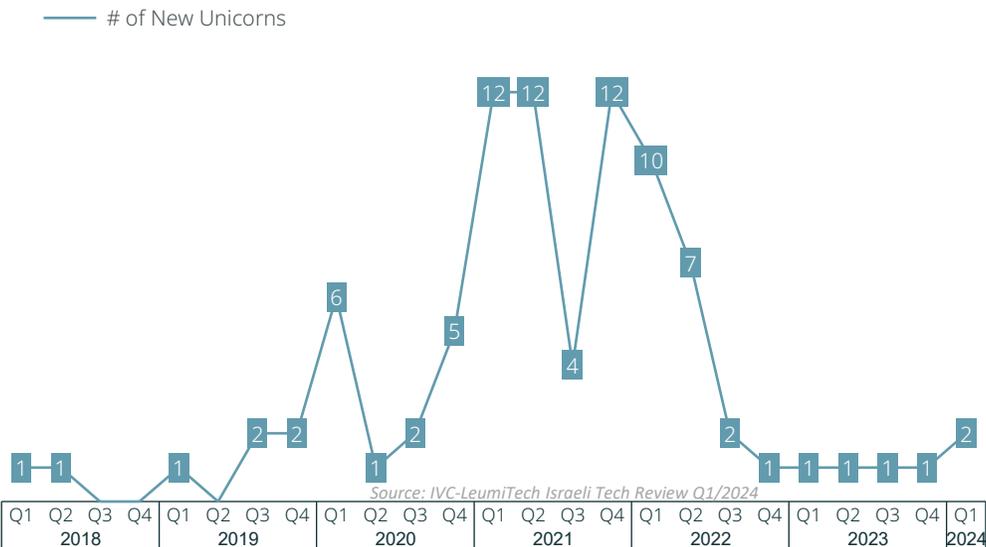
Q1/2024 saw the creation of two new unicorns: Pro Sportority (digital media) and Cyera (Software Security).

Five unicorns raised funds in the first quarter of 2024, raising capital volume that accounted for 33% of the total quarterly amount. Axonius Solutions (Software Security) attracted the highest amount of \$200m.

► Unicorns Capital Raising Q1/2018 – Q1/2024



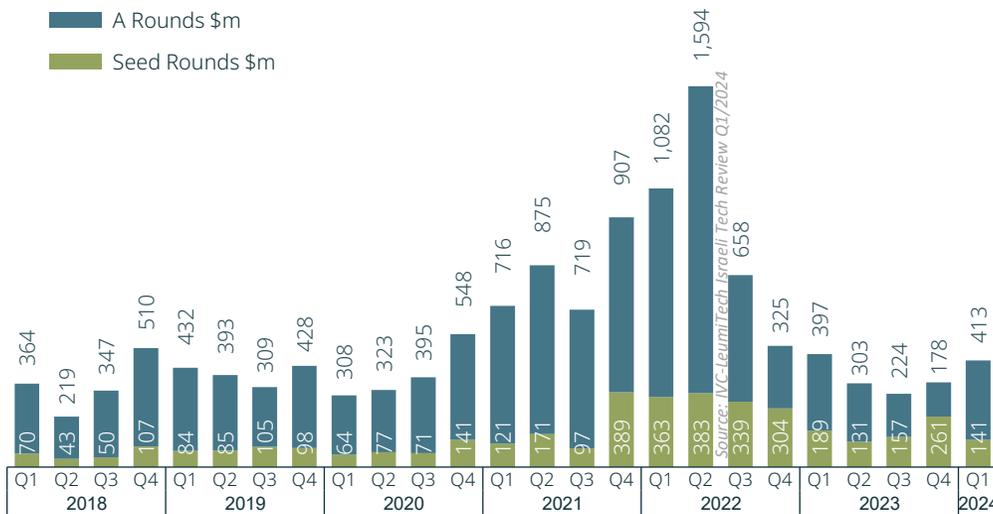
► # of New Unicorns by Valuation Date Q1/2018 – Q1/2024



Early Rounds Totals: Amounts, Numbers and Median

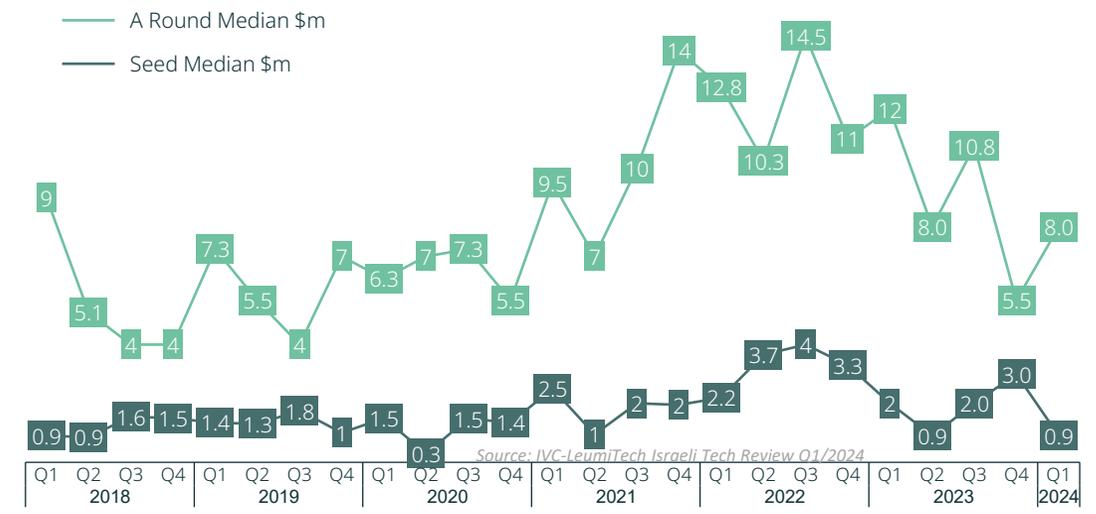
Quarterly capital volume (\$554m) in early rounds in Q1/2024 was similar to Q1/2023 levels. In Q1/2024, A rounds capital was up 57% from a quarterly average of \$277m in 2023, with 34 deals performed.

▶ Early Rounds Capital: Seed* & A Rounds \$m Q1/2018 – Q1/2024



*Seed Rounds include Pre-Seed figures

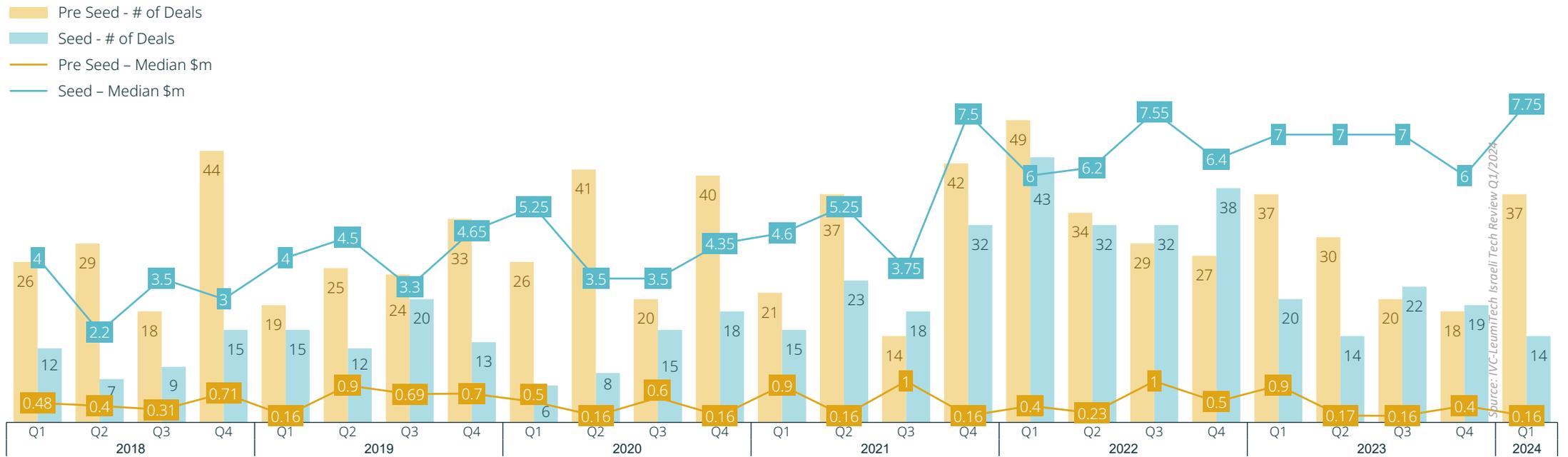
▶ Early Rounds Median: Seed* & A Rounds \$m Q1/2018 – Q1/2024



*Seed Rounds include Pre-Seed figures

Pre-Seed & Seed Deals: Numbers and Median

► Number and Median \$m of Pre-Seed & Seed Deals Q1/2018 – Q1/2023



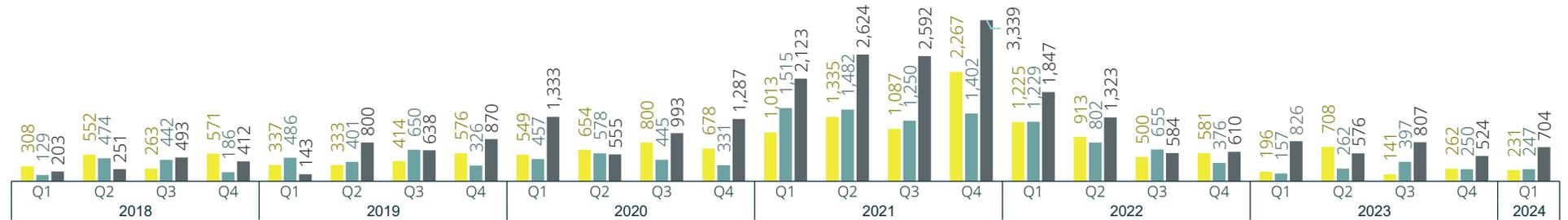
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Investments in Mid - Later Rounds

In Q1/2024, mid to later rounds attracted \$1.18bn, while seven mega deals, which raised \$856m, were responsible for the lion's share of that income.

Mid - Later Rounds \$m Q1/2018 - Q1/2024

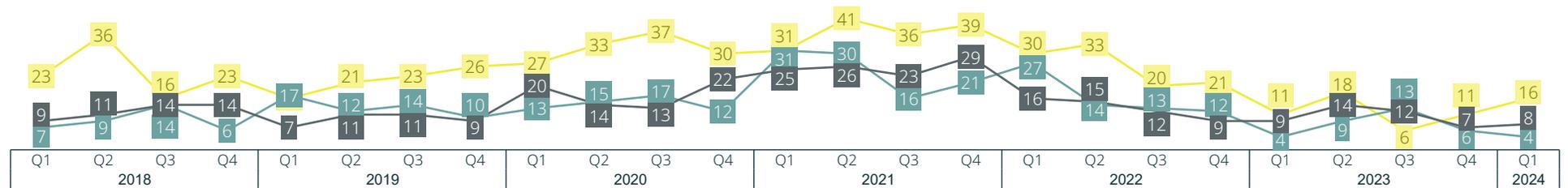
■ B Rounds \$m
■ C Rounds \$m
■ Later Rounds \$m



Source: IVC-LeumiTech Israeli Tech Review Q1/2024

of Mid-Later Rounds Deals Q1/2018 - Q1/2024

— # of B Rounds
— # of C Rounds
— # of Later Rounds



Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Mid-Later Rounds Median \$m Q1/2018 - Q1/2024

■ Median B Rounds \$m
■ Median C Rounds \$m
■ Median Later Rounds \$m

* Excluding Hailo Deal



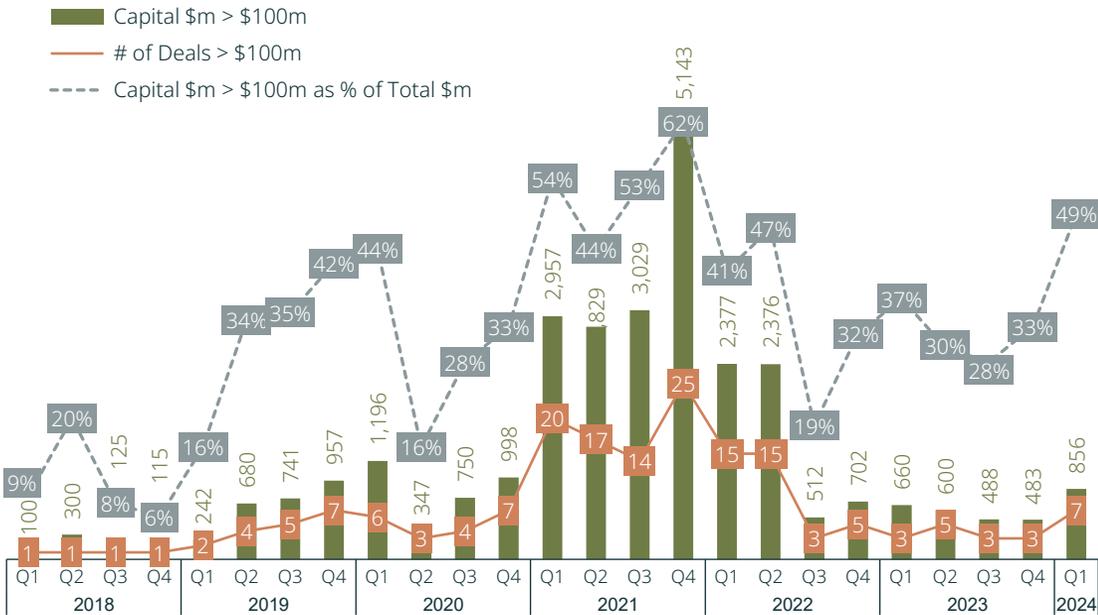
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Capital Raising by Deal Size

In Q1/2024, deals over \$50m have continued the same slow pace since the second half of 2022.

Seven mega deals (over \$100m each) accounted for 49% of the quarterly capital, led by Axonius Solutions with \$200m.

Deals over \$100m Q1/2018 - Q1/2024



Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Deals over \$50m Q1/2018 - Q1/2024



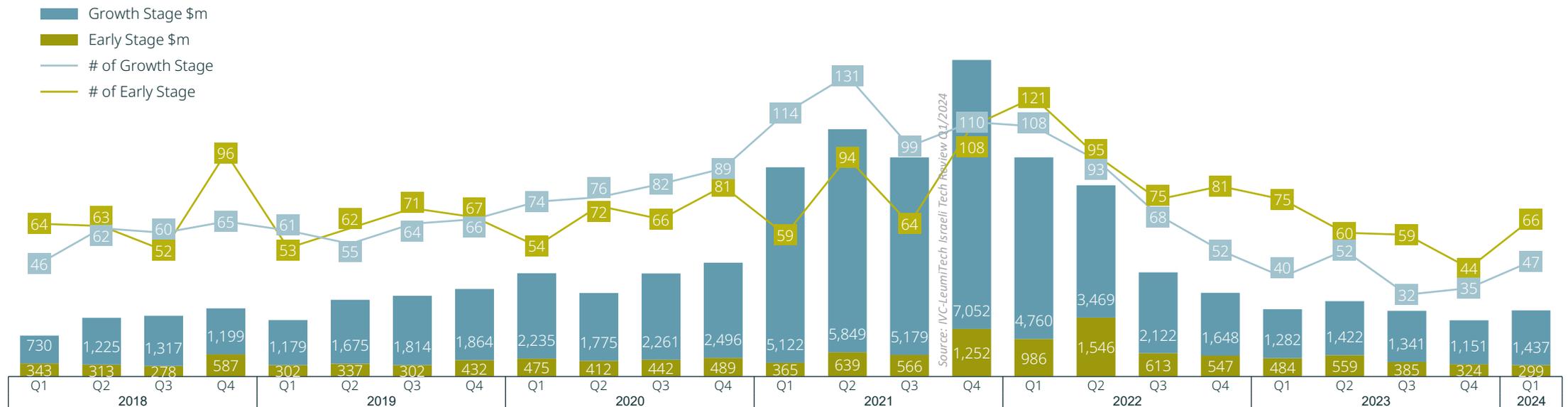
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Capital Investments by Operational Stage

In Q1/2024, early-stage companies increased their activity with 66 deals, a positive change from the last three quarters. This was not supported by capital volume growth, as the major increase in numbers was the result of 51 deals in seed companies.

Growth companies also had a better start in 2024, with 47 deals, as compared to 40 deals quarterly average in 2023.

Capital Raising by Stage Q1/2018 – Q1/2024



Q1/2024 Selected Top Investments

9
rounds

over
\$50m
each

Total Capital Volume
\$991m



1

Axonius Solutions Ltd.
Software // Security
Revenue Growth
Later Round

\$200m



2

Impulse Dynamics Ltd.
Life Sciences // Medical Devices
Revenue Growth
Later Round

\$136m



3

Hailo Technologies Ltd.
Semi // Semi
Revenue Growth
C Round

\$120m



4

Coronet Cyber Security Ltd. (Coro)
Software // Security
Revenue Growth
Later Round

\$100m



5

FundGuard Inc.
Software // Data & Analytics
Revenue Growth
C Round

\$100m



6

Claroty Ltd.
Software // Security
Revenue Growth
Later Round

\$100m



7

Pro Sportorty Ltd. (Minute Media)
Software // Digital Media & Entertainment
Revenue Growth
Later Round

\$100m



8

Exodigo Ltd.
Software // Miscellaneous Software
Revenue Growth
A Round

\$75m



9

BigID Ltd.
Software // Security
Revenue Growth
Later Round

\$60m

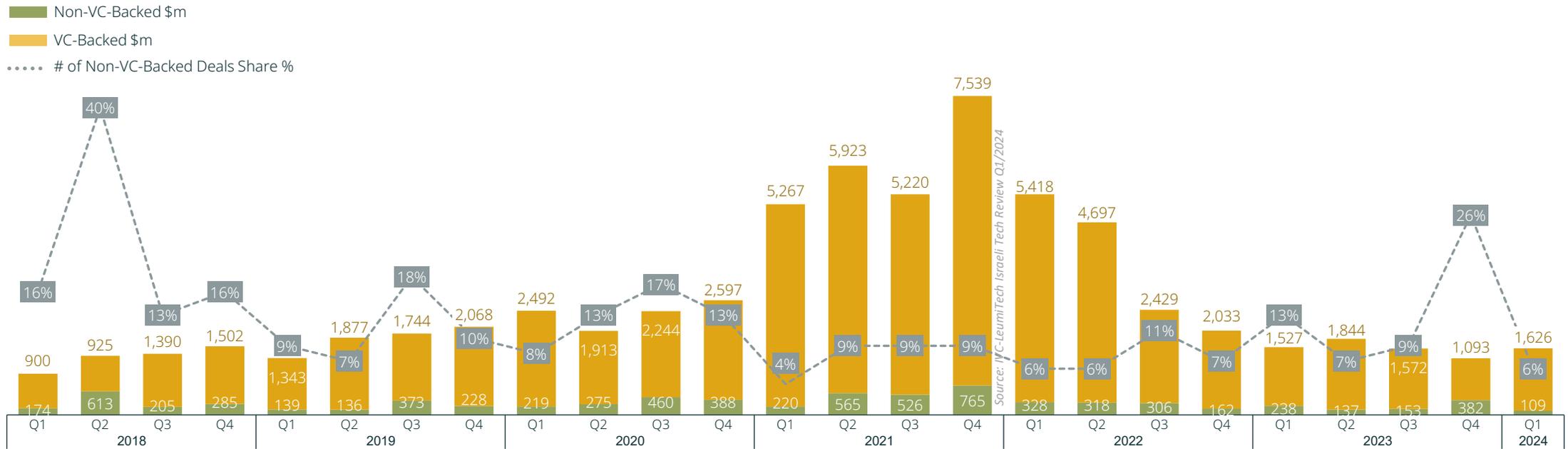
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

VC-Backed Deals

In Q1/2024, VC-backed deals attracted \$1.63b – slightly over the \$1.5b quarterly average of 2023, still notably below the \$3.64b average of 2022.

Non-VC-backed deals grew in number, as compared to the three previous quarters, while the capital volume raised was not influential.

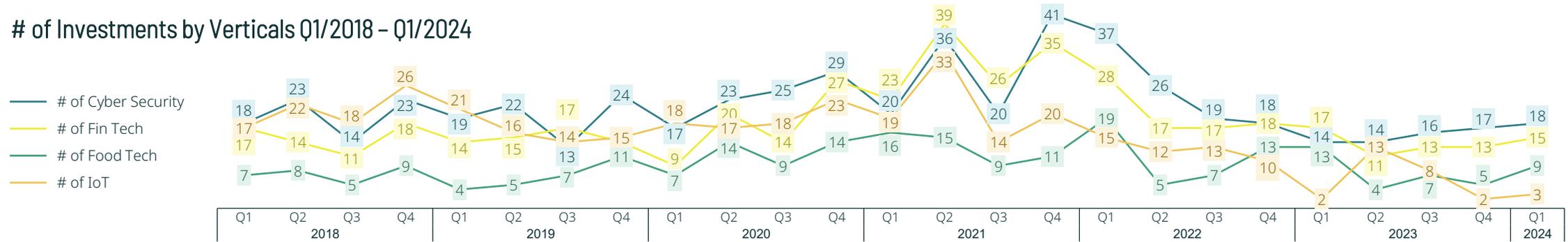
VC-Backed Deals Q1/2018– Q1/2024



Investments by Verticals

Cyber topped with a quarterly \$630m for the first time since H2/2022, due to three mega-rounds totaling \$400m. Axionius Solutions, with \$200m, led in both Cyber and IoT verticals. Fintech was somewhat down, with one mega-round of \$100m raised by FundGuard.

of Investments by Verticals Q1/2018 – Q1/2024



*Each company may belong to more than one tech vertical

Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Investments by Verticals \$m Q1/2018 – Q1/2024



*Each company may belong to more than one tech vertical

Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Israeli vs. Foreign Investments

In Q1/2024, foreign investments in Israeli high-tech maintained quarterly levels of the second half of 2023, while Israeli investments accelerated in the beginning of 2024, but were still below the investment numbers of the first half of 2023.

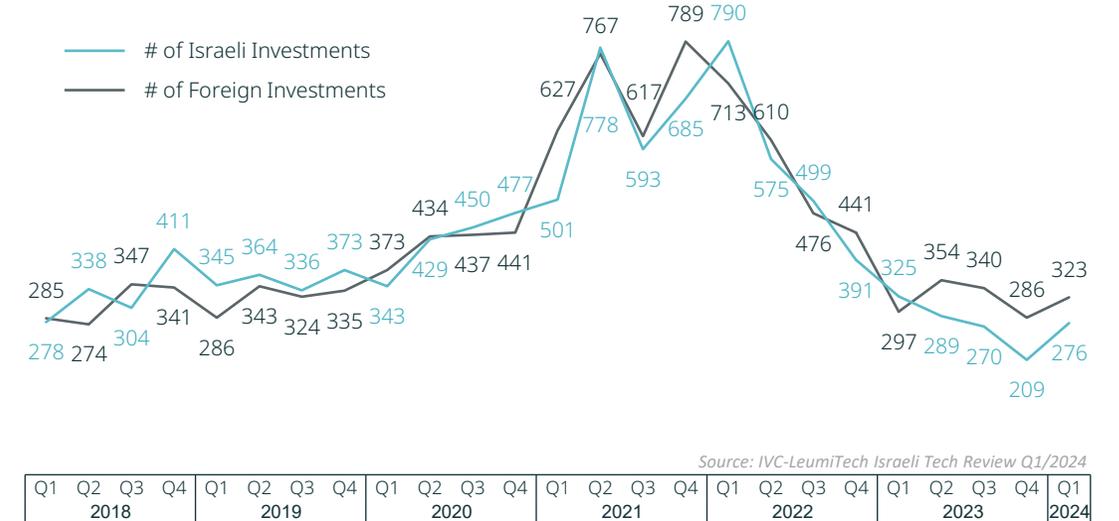
▶ Israeli vs. Foreign Investments \$m Q1/2018 - Q1/2024



*Some Investors were undisclosed
**Investments performed by Investor Region

Source: IVC-LeumiTech Israeli Tech Review Q1/2024

▶ Israeli vs. Foreign: # of Investments Q1/2018 - Q1/2024



*Some Investors were undisclosed
**Investments performed by Investor Region

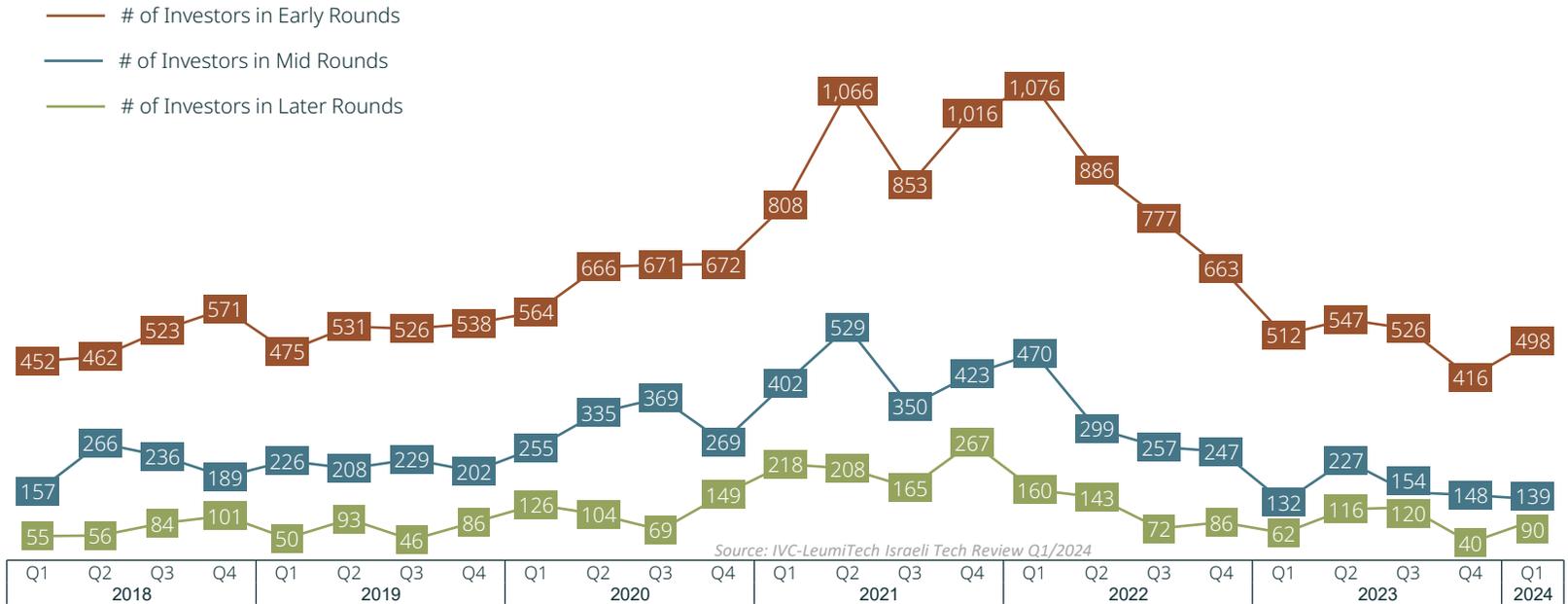
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Investors by Round Type

In line with the behavior patterns revealed in capital raising by round type, more investors were involved in early rounds, as opposed to mid-later rounds, where investor behavior shows a continued decline.

Later rounds performed better than in Q4/2023, with the total of 7 mega-deals involving more investors.

► # of Investors by Round Types Q1/2018 – Q1/2024

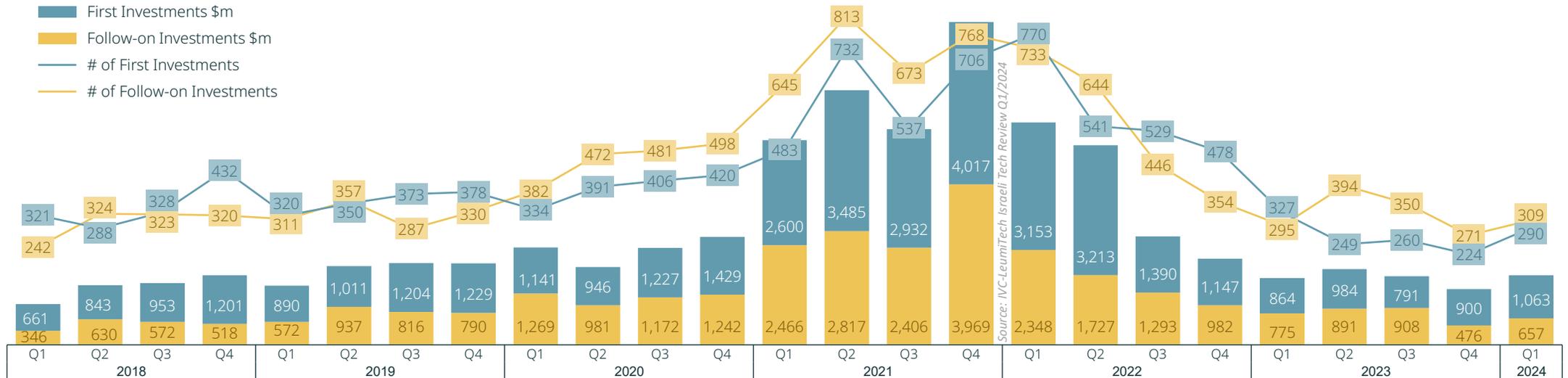


*Some Investors were undisclosed

First vs. Follow-on Investments

In Q1/2024, first investments increased, mostly in early – mid rounds. A deeper analysis shows the majority of first investments made by Israeli investors, in line with the investor analysis discussed earlier.

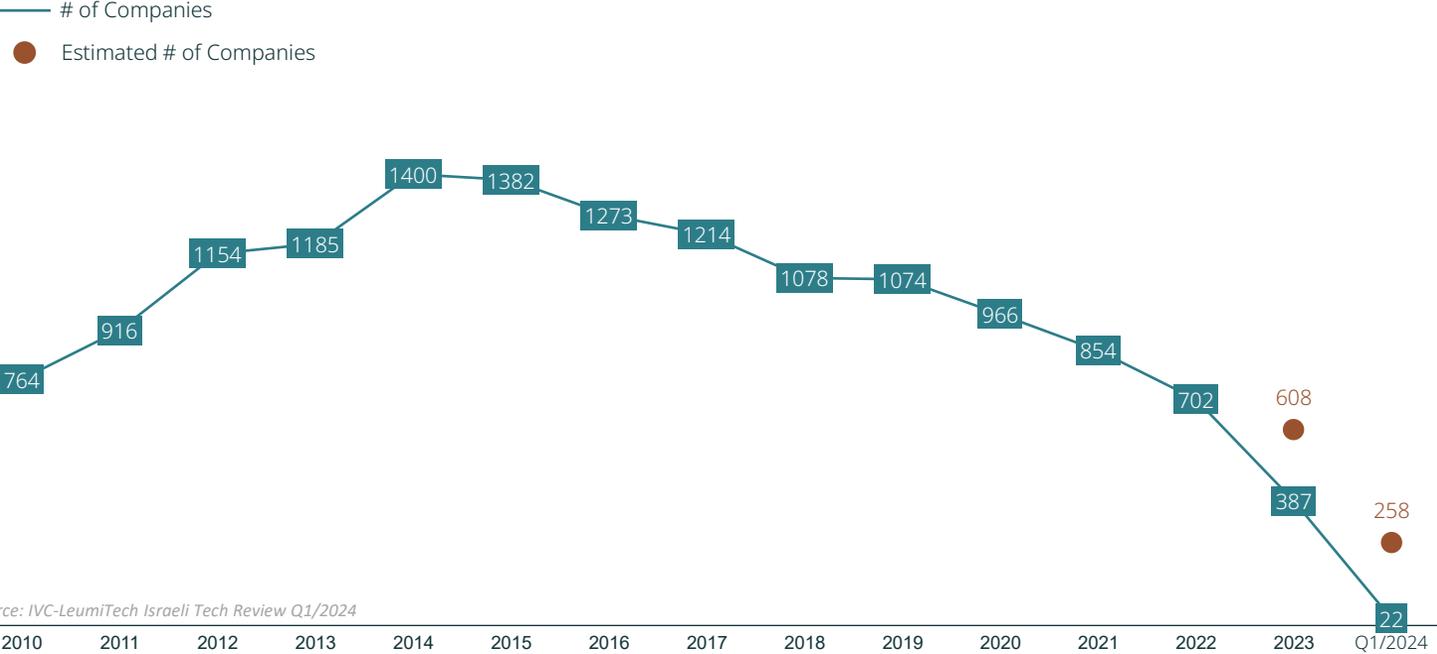
► First Vs. Follow-on Investments Q1/2018 – Q1/2024



*Some Investors were undisclosed

New Companies: Known and Estimation

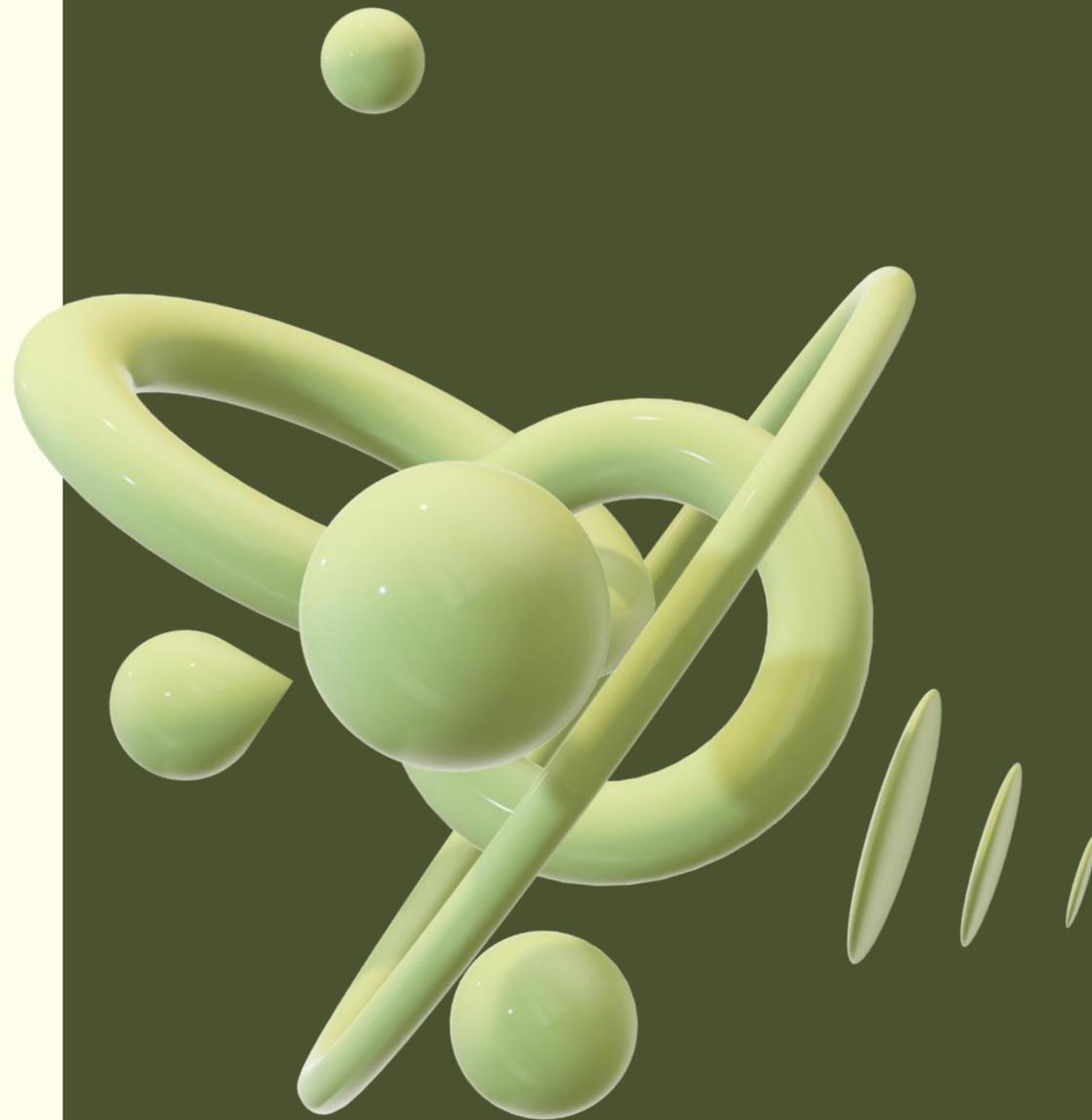
of Israeli High-Tech Companies by Established Year Q1/2002 - Q1/2024



Source: IVC-LeumiTech Israeli Tech Review Q1/2024

Just 22 companies were established thus far in 2024. However, our model suggests that the estimated number of newly established companies in Q1/2024 should be around 250 (which will be revealed in the next 12 - 24 months) following the estimated 600 companies established in 2023 (see our [Methodology](#) for more details).

Q1/2024 Israeli High-Tech Exits

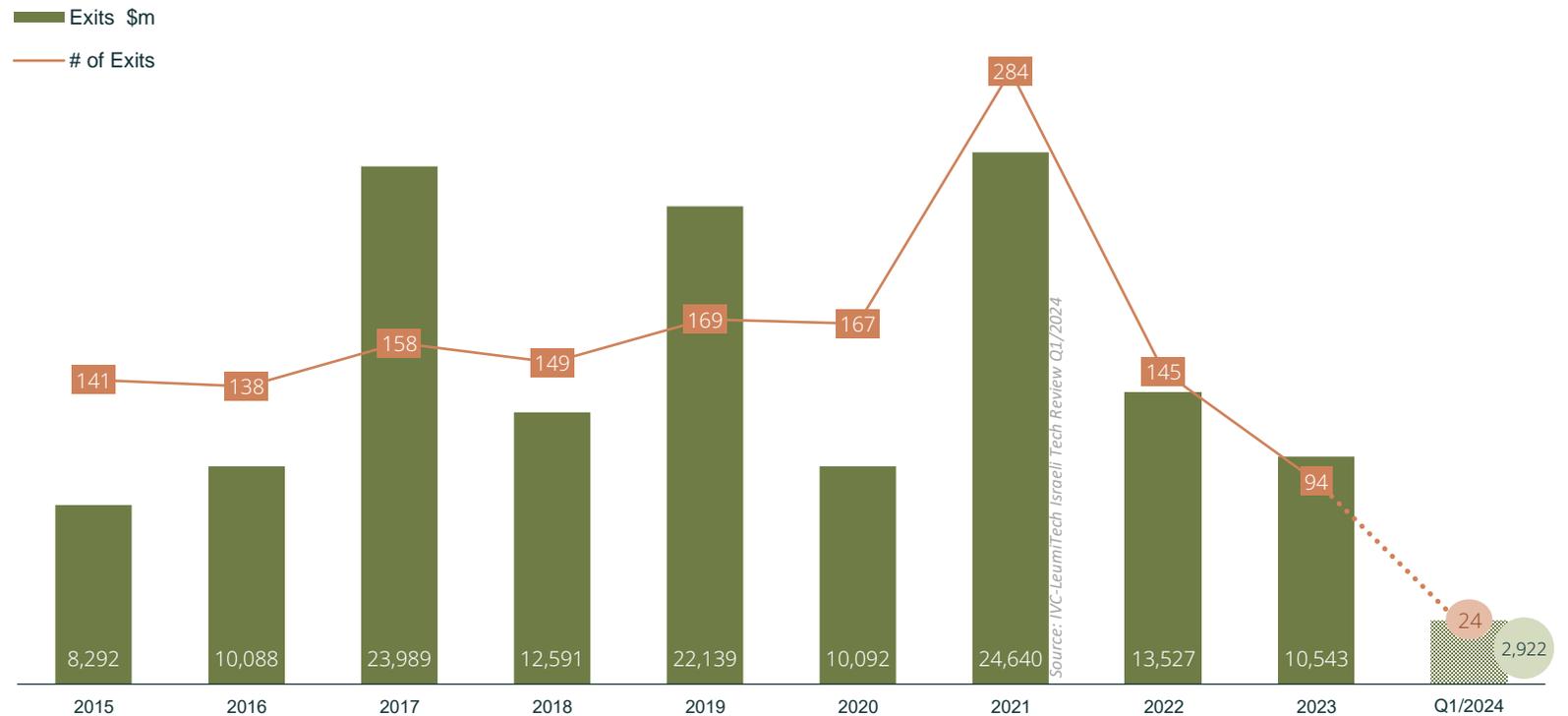


Israeli High-Tech Exits

As global public markets are less attractive and remain challenging for companies, M&As would probably be a preferable vehicle for Israeli high-tech exits this year. No Israeli high-tech IPOs were registered in Q1/2024.

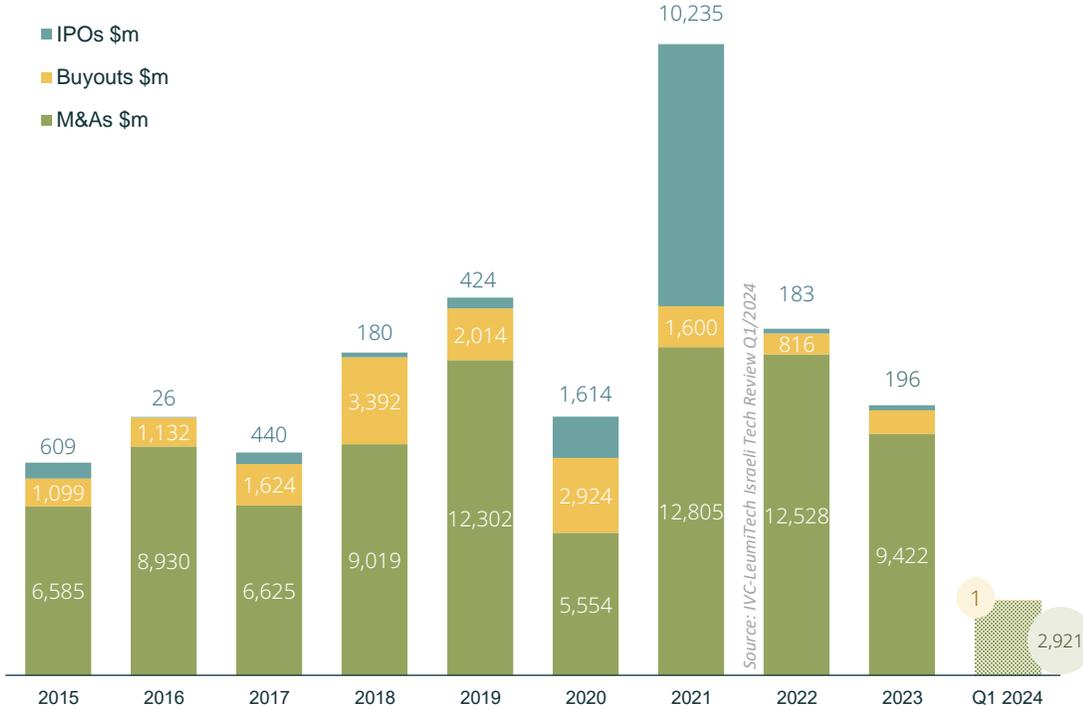
In Q1/2024, the number of exits was 20% below the quarterly average of 30 exits in the period 2022–2023. Capital proceeds, however, were close to the \$3b quarterly averages in the years 2022–2023.

Israeli High-Tech Exits (M&As, Buyouts, IPOs) 2015 - Q1/2024



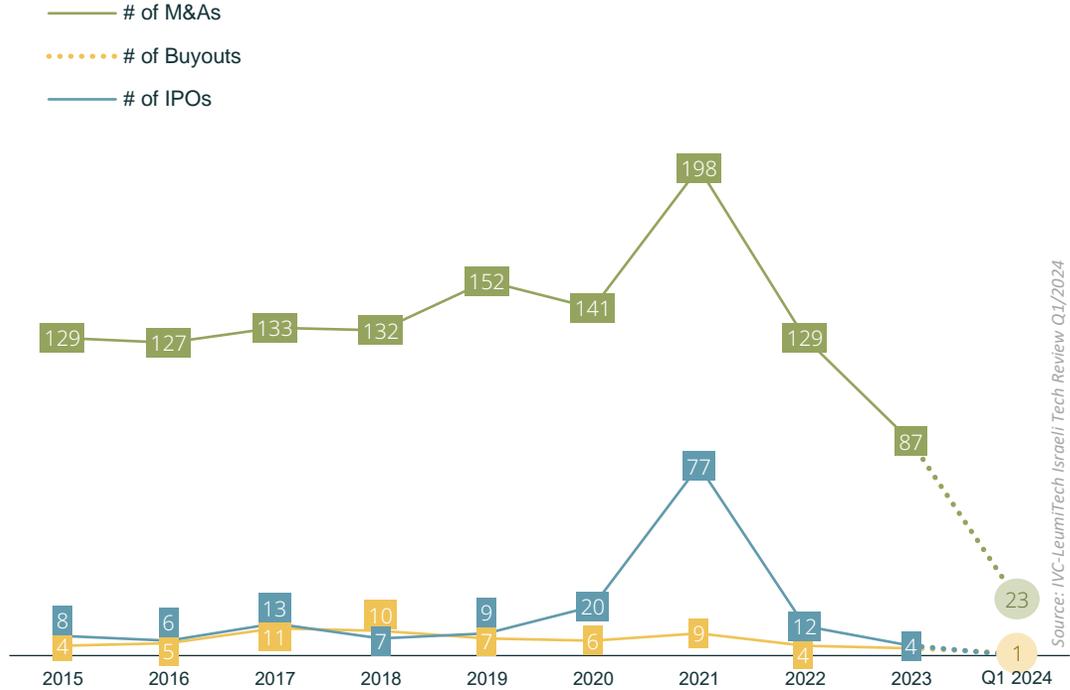
Israeli High-Tech Exits

Exits by Type \$m 2015 - Q1/2024



* Exits under \$5B

of Exits by Type 2015 - Q1/2024



* Exits under \$5B

Top M&As Q1/2024

RESIDENT by  **ASHLEY**

United States

\$1000m

 **Avalor** by  **zscaler™**

United States

\$350m

 **Gem** by  **WIZ***

Israel

\$350m

 **TARO** by  **SUN PHARMA**

Other Country

\$348m

*expected to close in Q2/2024

Source: IVC-LeumiTech Israeli Tech Review Q1/2024

 **HiredScore** by  **workday.**
(HiredEdu Ltd.)

United States

\$300m

FLOW. by  **CROWDSTRIKE**

United States

\$210m

gamida  **Cell** by  **HIGHTBRIDGE**
CAPITAL MANAGEMENT LLC

United States

\$105m

*expected to close in Q2/2024

Israeli High-Tech Acquirers Activity

In Q1/2024, Israeli high-tech companies kept acquisitions at a moderate pace, with \$858m, targeting mostly foreign markets, as in 2023.

Four mega acquisitions were made this quarter, all by Israeli software companies. Capital proceeds of these mega M&As amounted to \$700m – 82% of total acquisition proceeds made by Israeli high-tech companies.

▶ Top Acquisitions Q1/2024

Gem by WIZ*
Israel
350 M\$

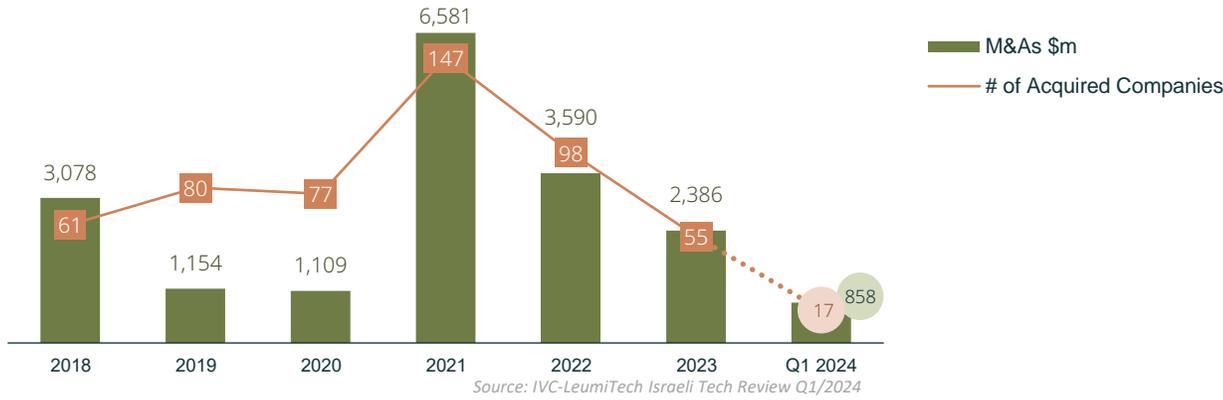
STN VIDEO by minute media
(Pro Sportorty Ltd.)
Canada
150 M\$

payspace by deel.
South Africa
100 M\$

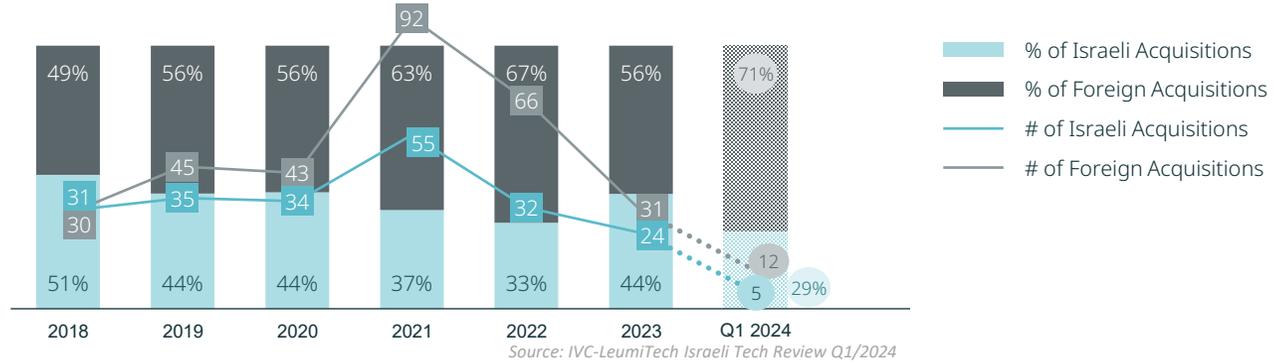
PingSafe™ by Sentinel LABS
United States
100 M\$
*expected to close in Q2/2024

Source: IVC-LeumiTech Israeli Tech Review Q1/2024

▶ Israeli High-Tech Acquirers Activity 2018 – Q1/2024

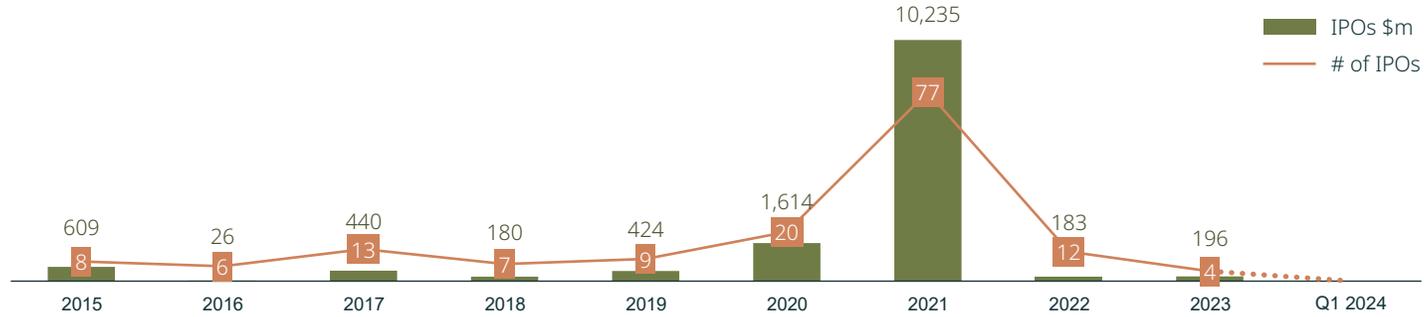


▶ Israeli High-Tech Acquirers Activity by Acquired Company Region 2018 – Q1/2024



Israeli High-Tech Companies Public Offerings

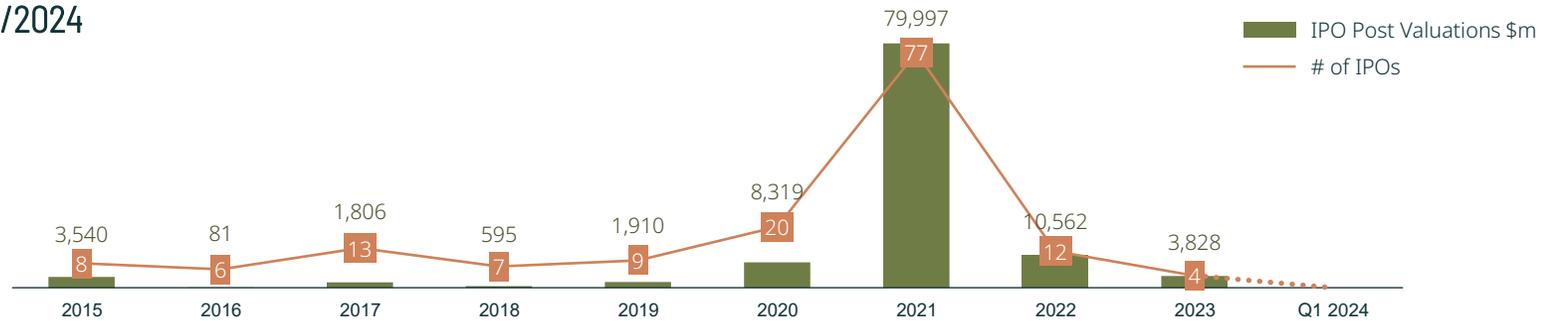
IPOs 2015 - Q1/2024



Source: IVC-LeumiTech Israeli Tech Review Q1/2024

*IPOs under \$5B
 **Including SPAC deals

IPOs Valuations 2015 - Q1/2024



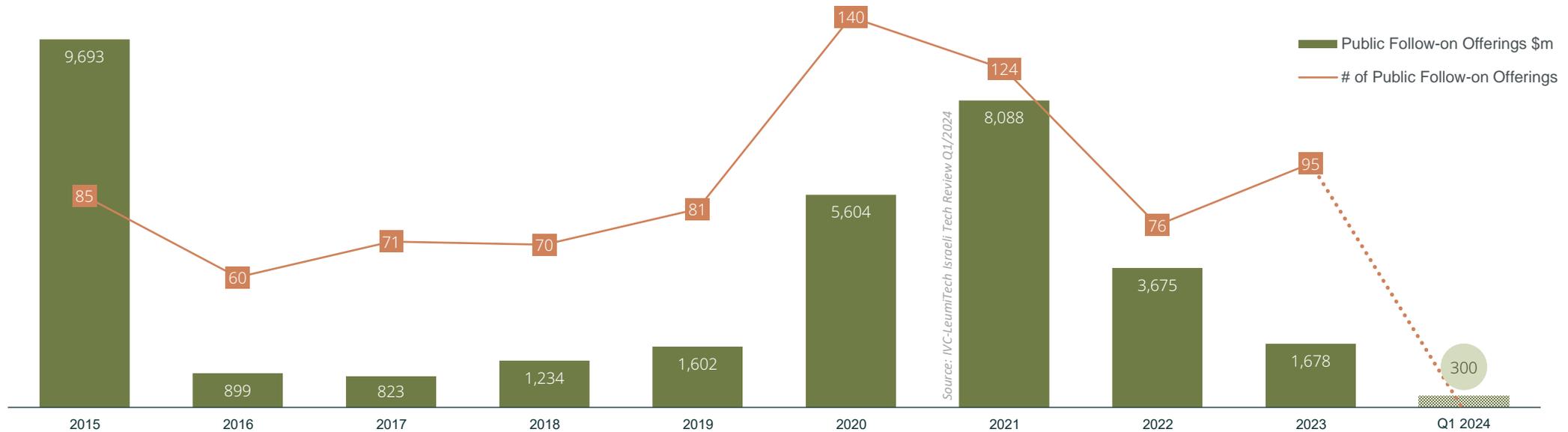
Source: IVC-LeumiTech Israeli Tech Review Q1/2024

*IPOs under \$5B
 **Including SPAC deals

Israeli High-Tech Follow-on Public Offerings

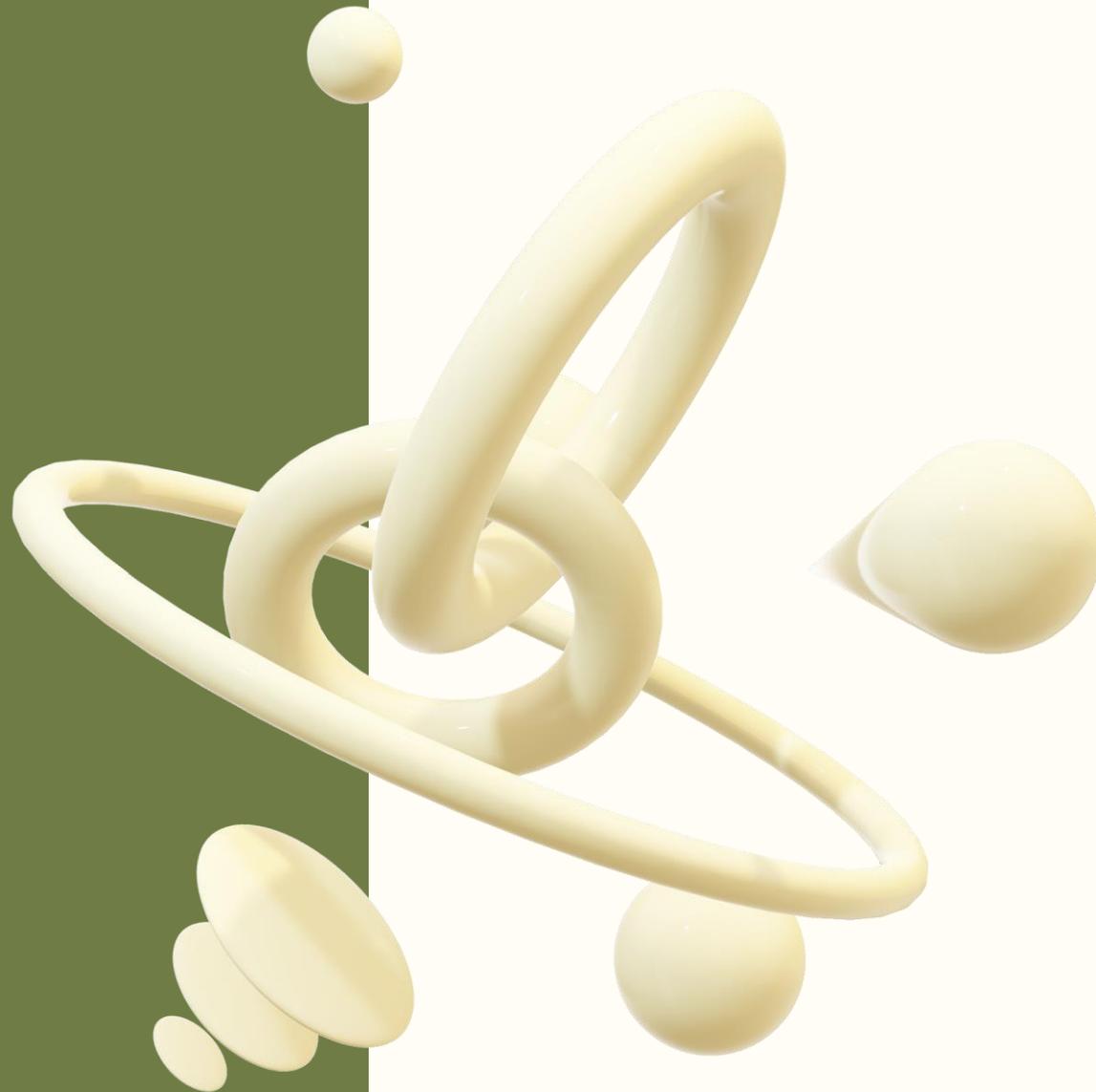
In Q1/2024, public Israeli high-tech companies netted \$300m in 19 public offerings.

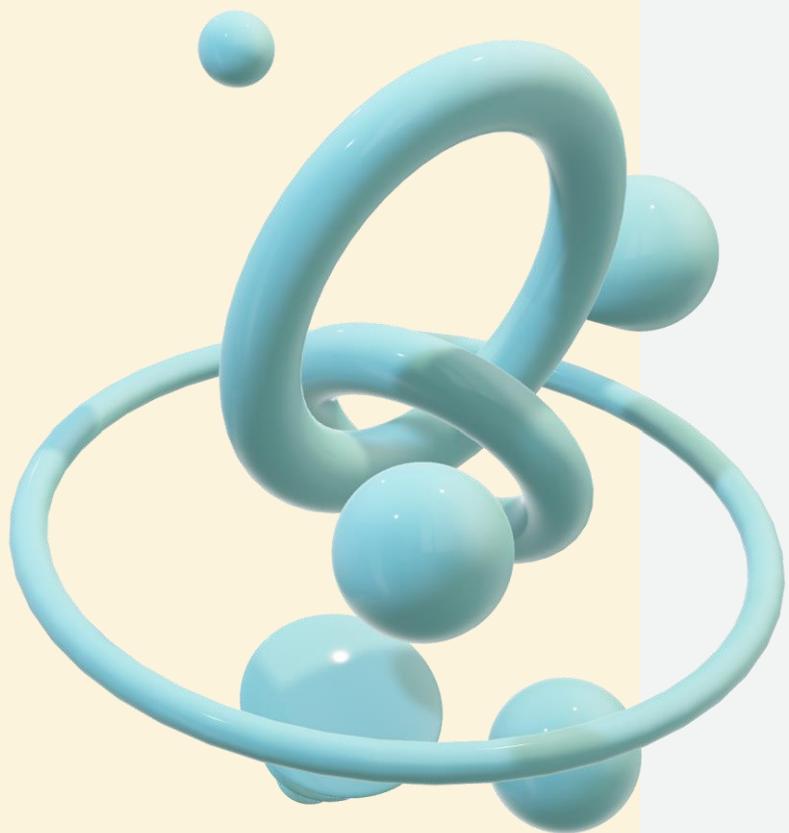
▶ Israeli Public Follow-on Offerings 2015 – Q1/2024



* Excluding IPOs

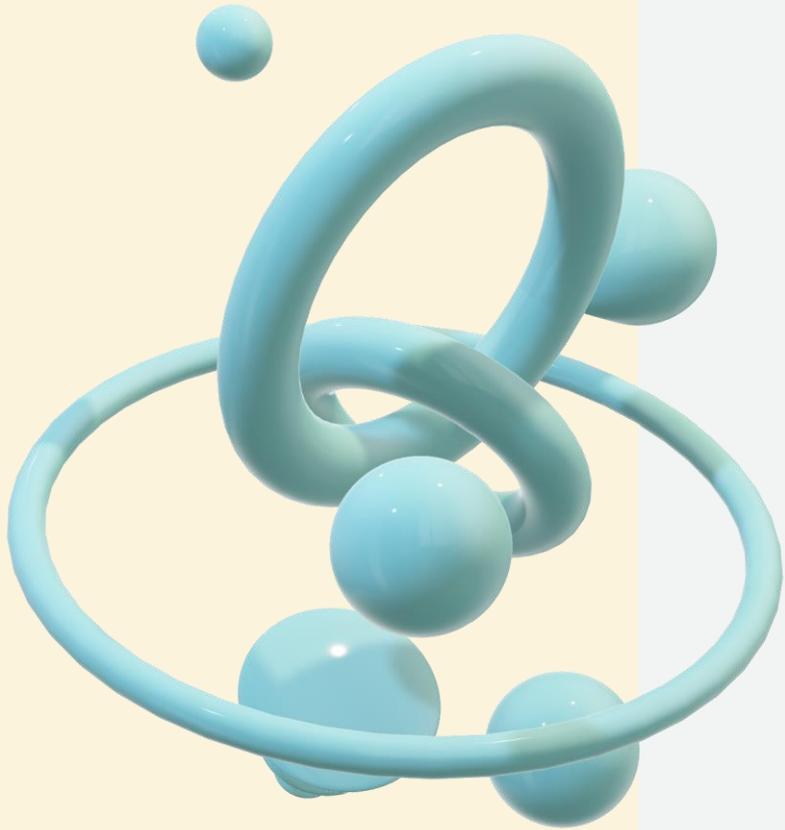
2024 Methodology





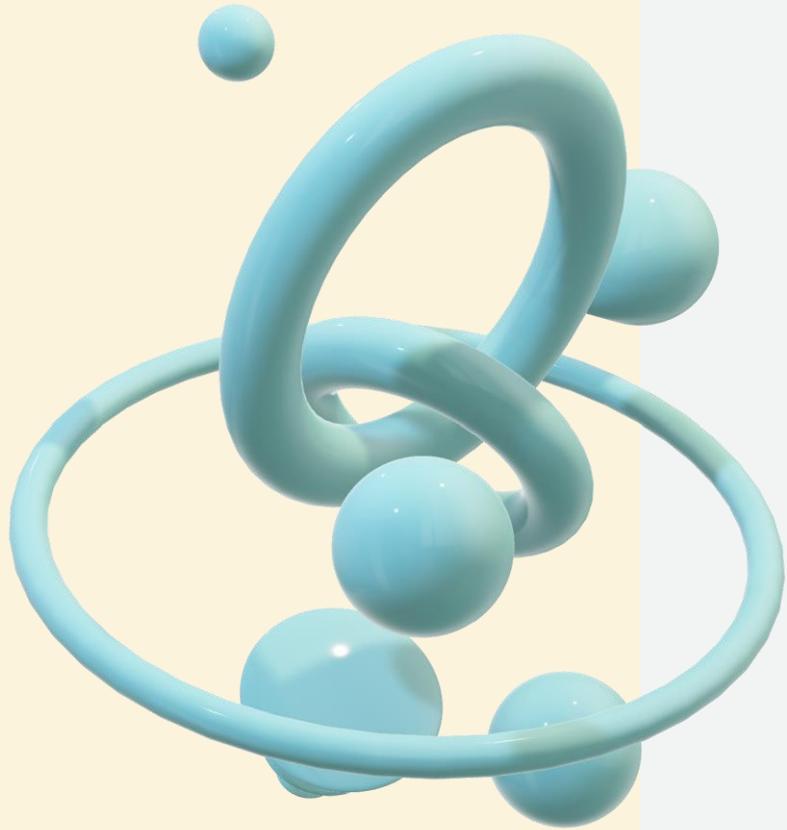
Methodology | General

- This report contains information derived from the IVC-Online Database. Deal numbers and valuations 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 – Q1/2024.
"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

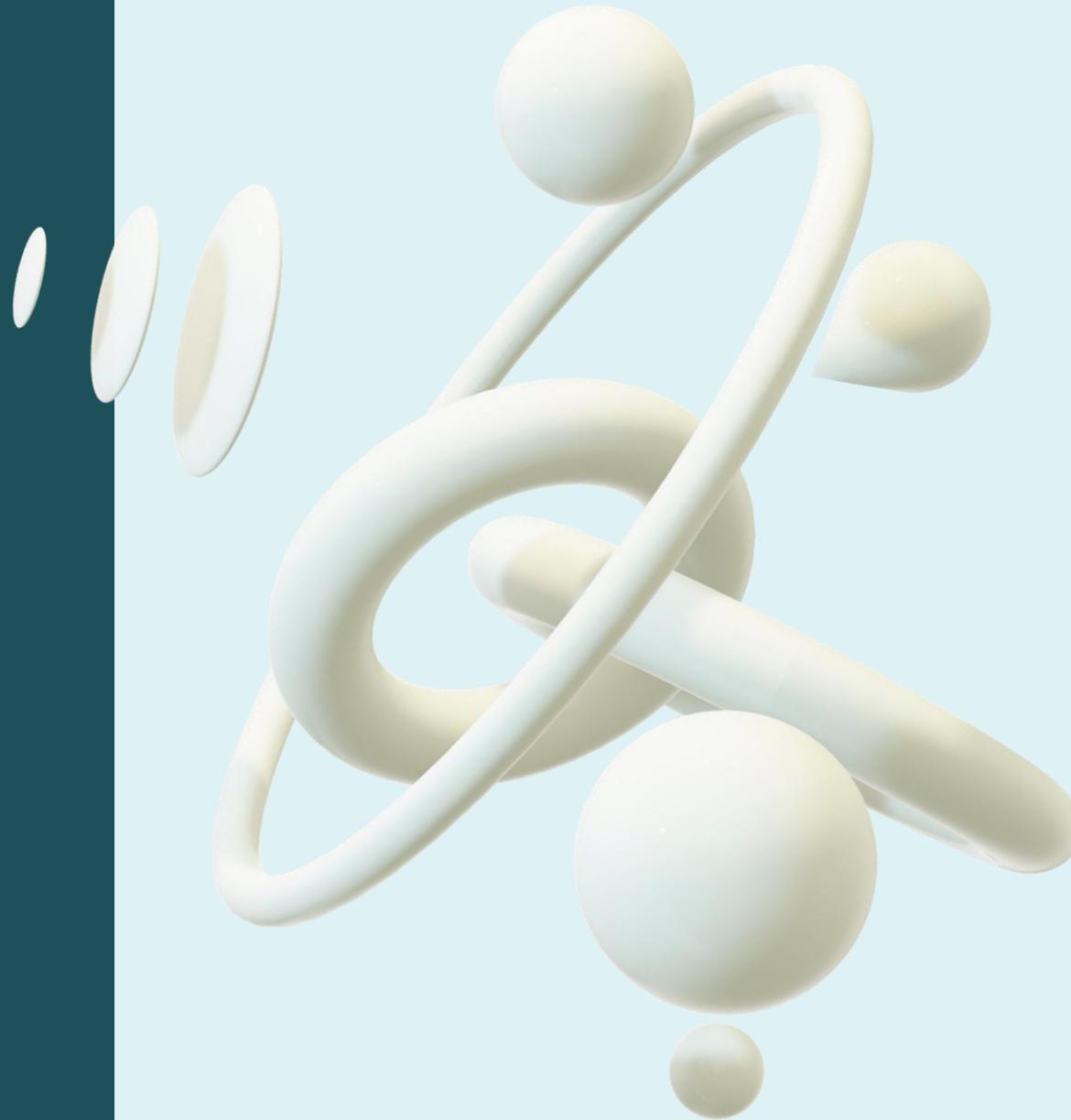
- This report reviews capital raised by Israeli tech companies from Israeli and foreign venture capital funds as well as from other investors, such as investment companies, corporate investors, incubators and angels.
- Reported data presents the investments activity IVC collects from reliable media sources, 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 497 investors of which 70 were Israeli VC funds and 427 were other entities.



Methodology | Investments

- 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.

About



About IVC

IVC 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, data 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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About LeumiTech

LeumiTech, the banking arm of Leumi Group, specializes since 2014 in banking for high-tech companies and VC Funds, servicing companies from early stage through fast growing to giant corporates. We provide a comprehensive, personalized, tech-specific banking products and specialized loans 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



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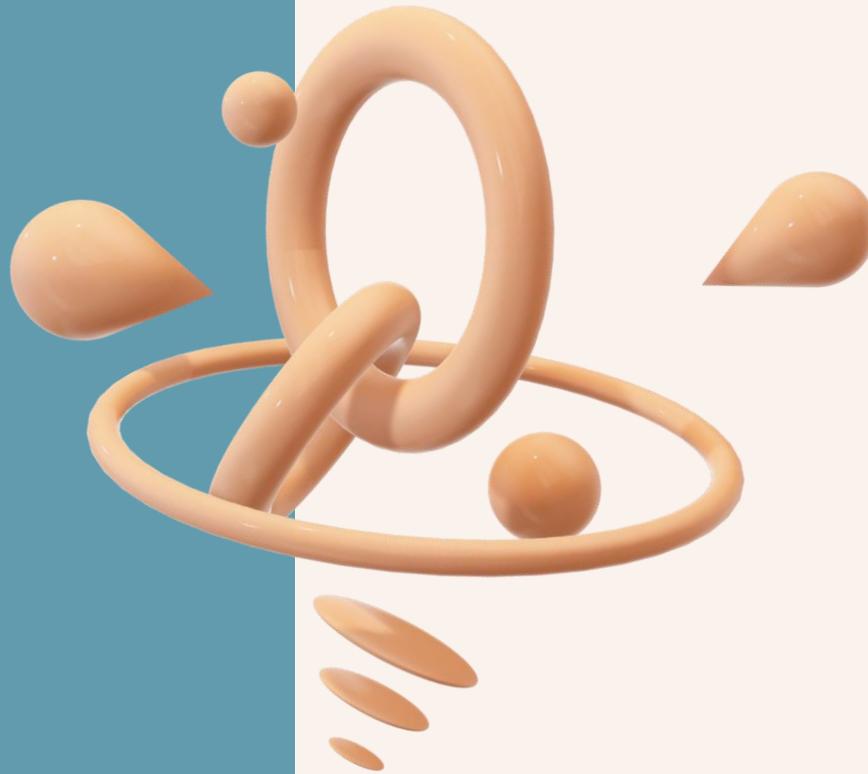
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