



ISRAELI TECH REVIEW



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Israeli High-Tech Ecosystem In Perspective



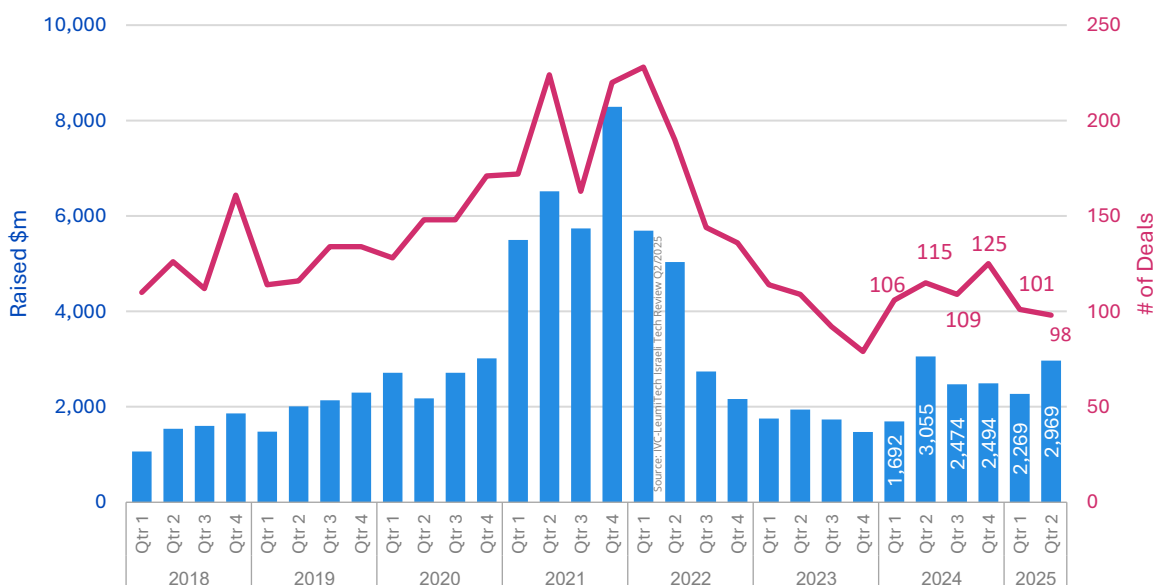
Tech Ecosystem Perspective

Israeli tech has reached the halfway point of 2025, still navigating an uncertain environment shaped by both persistent regional pressures and new global shocks.

Viewed as an extension of 2024, the first half of the year reflects more continuity than change. The country's economy remains in wartime mode. Tech companies continue to face recurring calls for reserve duty, fragile international relationships, and increasingly cautious investors. Global capital remains available but comes at a higher risk premium.

While these geopolitical challenges are no longer new, the markets, both public and private, have learned to adapt. The real disruption this quarter came from outside the region: the introduction of new U.S. tariffs. The policy shift injected a fresh dose of uncertainty into global markets. For economies tied to Western trade flows, the implications are far-reaching.

Israeli High-Tech Capital Raising Q1/2018 – Q2/2025



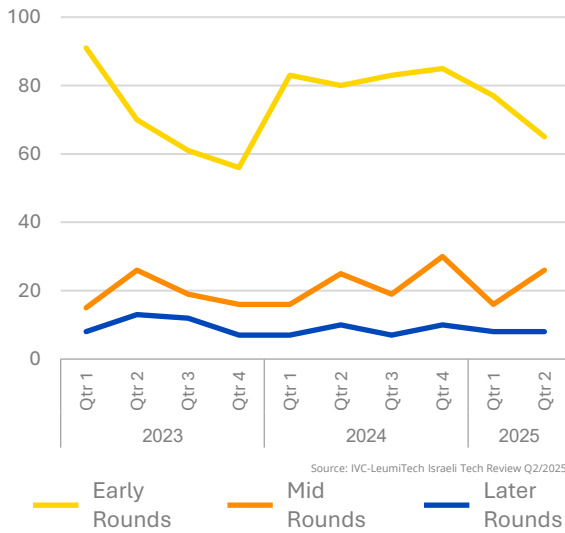
This tension is visible in Israeli tech funding. Capital invested in startups has continued to grow, but the number of deals has declined to levels last seen at the end of 2023.

The contraction is most pronounced in early-stage rounds, particularly in seed and Series A rounds. Startups without established backers are finding it harder to raise funds. In contrast, later-stage companies are faring better, especially those with existing VC support.

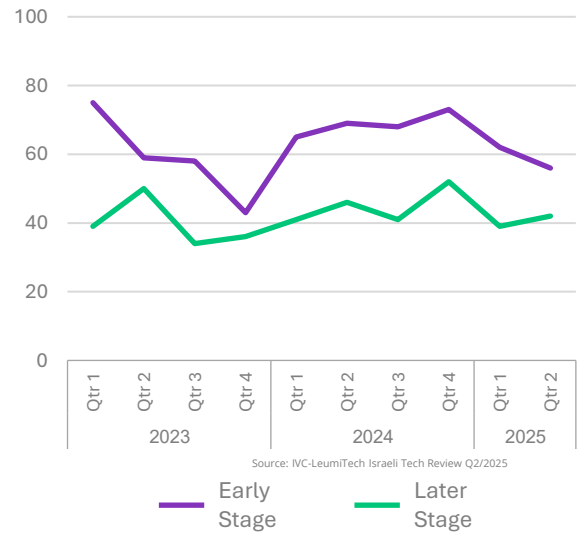


Tech Ecosystem Perspective

of Rounds by Round Type

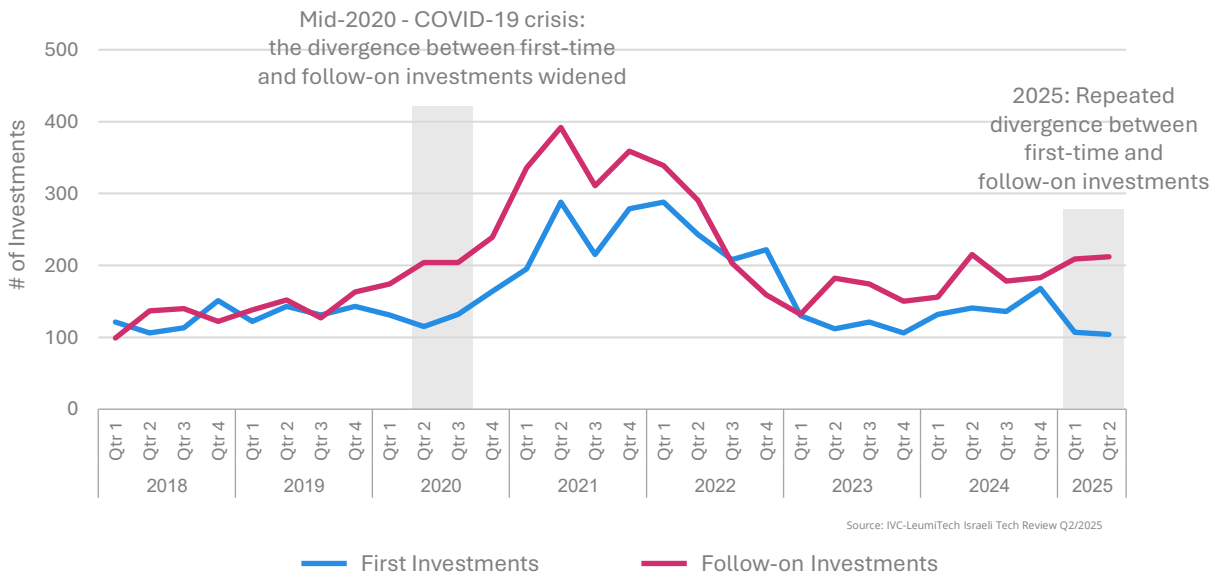


of Rounds by Company Stage



One of the clearest indicators of current investor sentiment is the breakdown between first-time and follow-on investments. Up until late 2019, both categories moved in tandem.

Israeli High-Tech Capital Raising





Tech Ecosystem Perspective

Since mid-2020, however, their trajectories have diverged. This divergence widened in Q2, echoing behavior last seen in early 2020 at the onset of the COVID-19 crisis. Today's pattern again shows VCs prioritizing support for existing portfolio companies over taking new risks. If history is any guide, this stance may shift quickly.

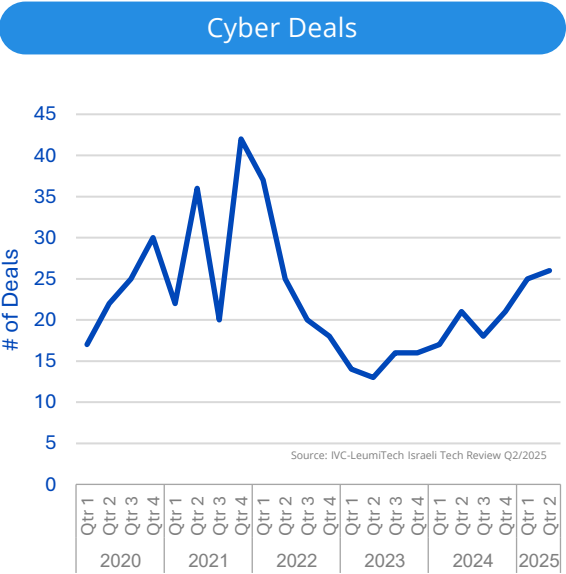
Cyber security remains the dominant vertical in the local ecosystem. During the pandemic-fueled boom of Q2 2020 to Q2 2022, Israeli Cyber companies closed more than 250 deals. That momentum slowed in the following two years, with deal volume nearly halved during the normalization period.

Even so, Cyber continues to attract more capital than any other tech sector in Israel. The flood of investment between 2020 and 2022 saw dozens of companies raise billions of dollars. But that wave of funding now invites scrutiny. As AI steals the spotlight, some investors are questioning Cyber's long-term appeal—and whether those heavy investments will yield the expected returns.

Investor caution is visible in the rise of ex-unicorn companies whose valuations have fallen below the \$1 billion mark. (IVC Analytics subscribers can view the updated list) The concern is not unfounded: many of the most-hyped companies of the pandemic era now face tougher questions around performance, growth, and exit paths.

Still, signs of upside remain. The expected

\$32 billion acquisition of Wiz by Google has re-energized the market and underscored the continued strategic value of Cyber assets. Supporting that view, new analysis from IVC shows a substantial 69% correlation between capital raised and eventual M&A value across Israeli tech over the last decade. Cyber exits follow the same pattern.





Tech Ecosystem Perspective

Investments \$m vs Exits \$m



The analysis is based on the record of completed M&A deals of companies with disclosed investment totals from the last decade, suggesting a clear relationship between input and outcome. However, one caveat remains: the effects of inflated investments made during the 2020–2022 peak won't be evident for several years. If the correlation holds, those years could produce significant wins for the ecosystem.



Israeli High-Tech Investments

Israeli High-Tech Investments

Israeli tech companies raised \$2.97 billion in 98 deals during Q2 2025.

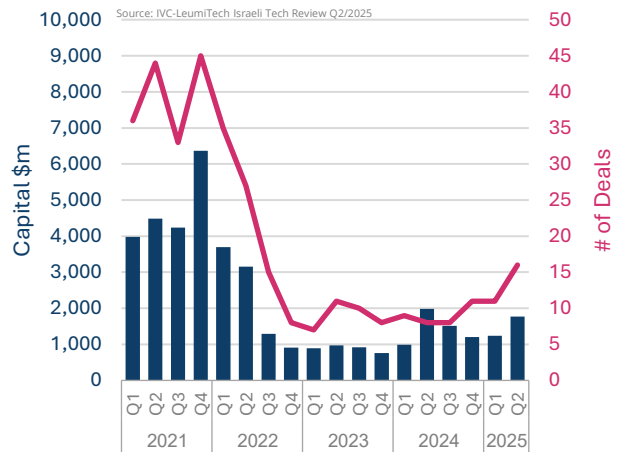
Five major deals, each exceeding \$100 million, accounted for 44% of the total amount raised.

Three rounds, exceeding \$200 million, led the capital raising in Q2/2025: Cyera (\$540 million), *AI21 Labs (\$300m), and Cato Networks (\$239m).

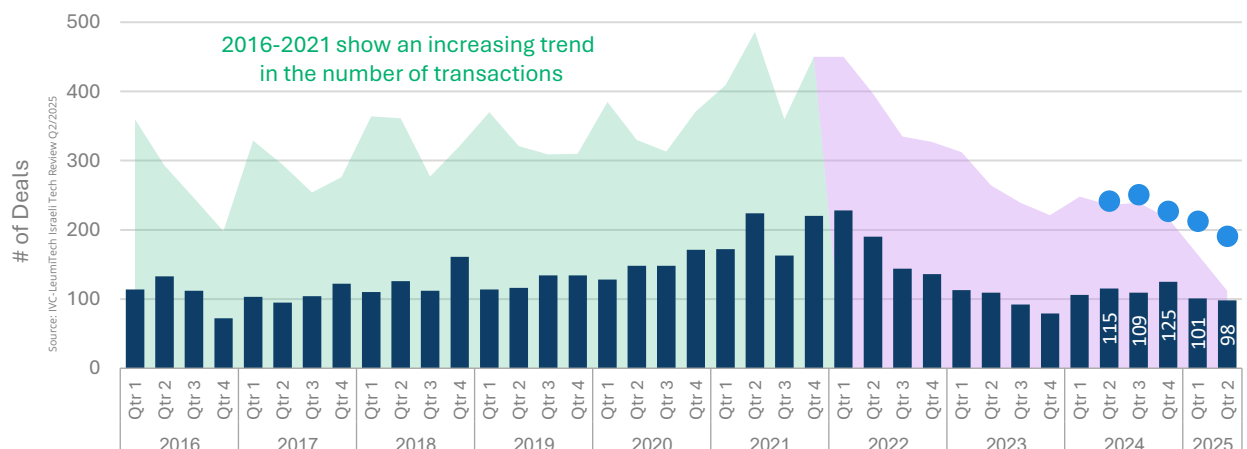
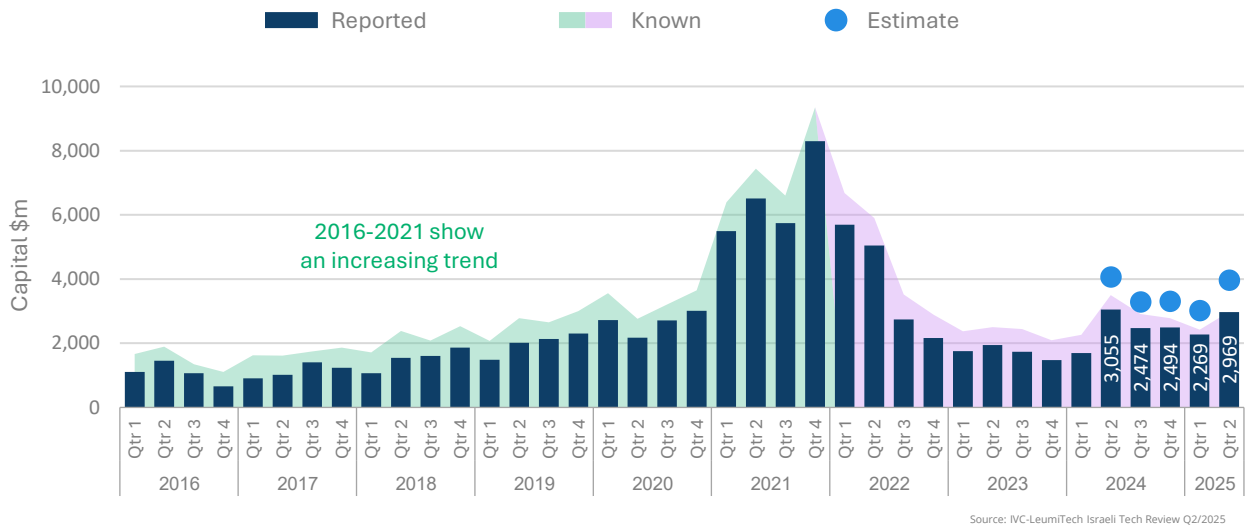
Based on IVC's methodology, we estimate that the total amount raised is nearly \$4 billion across 191 deals. We expect to confirm the final figure within 18 to 24 months. (IVC methodology)

* AI21 Labs deal might still be in process

Deals over \$50m



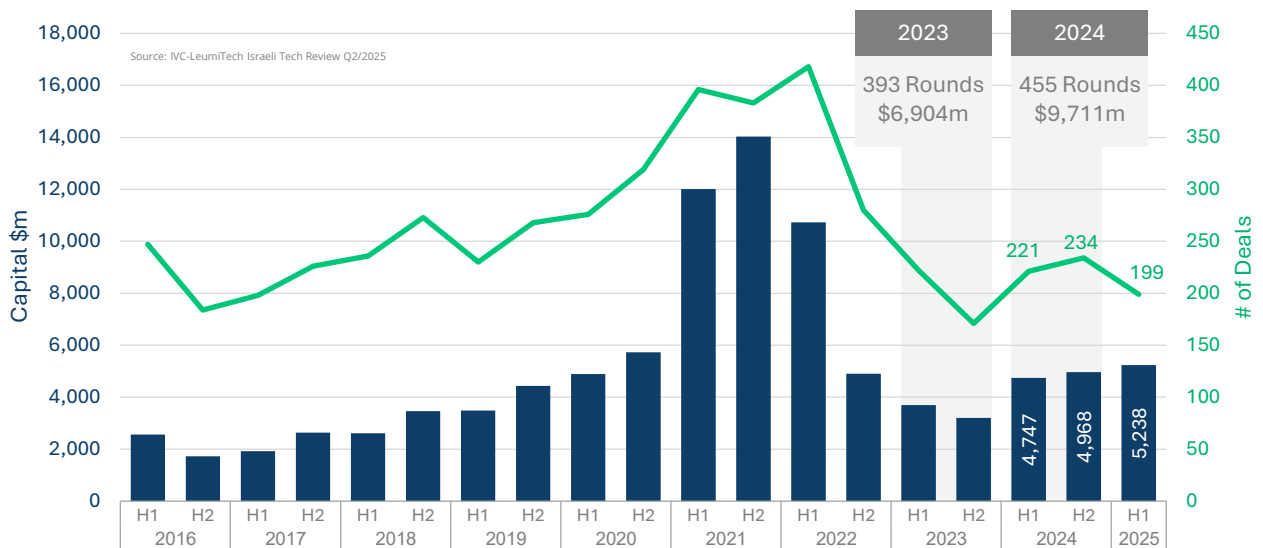
Israel High-Tech Capital Investments: Estimations



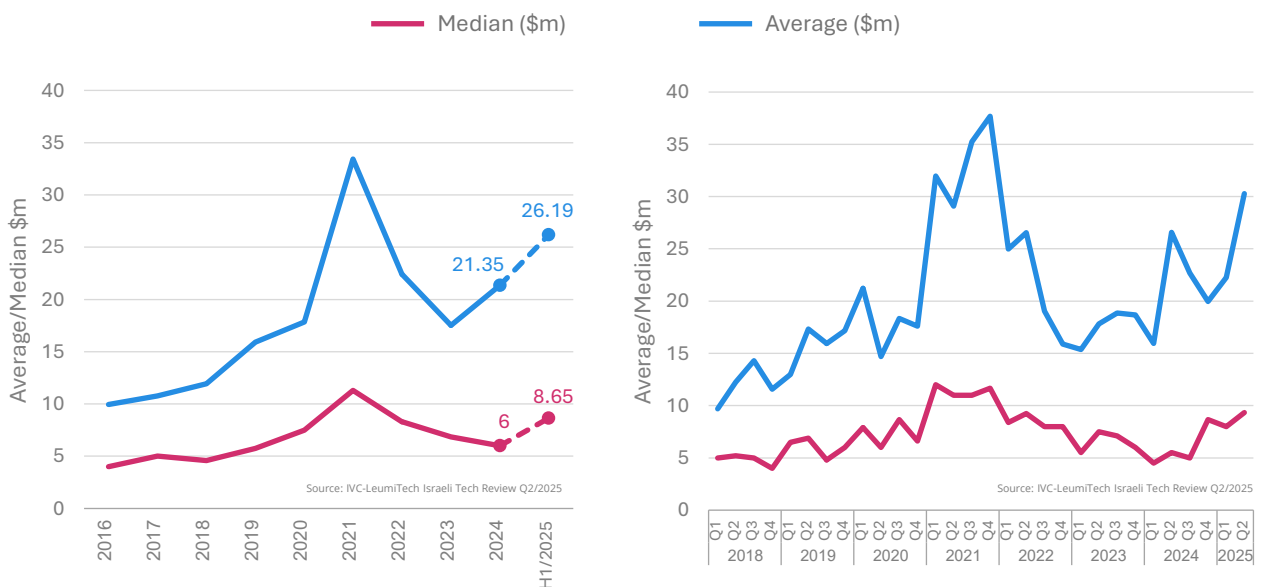
Israeli High-Tech Investments

The first half of 2025 has ended on a positive note, surpassing the \$5 billion threshold for the first time since the second half of 2022, when 200 deals collectively accounted for \$5.23 billion.

Israel High-Tech Capital Investments – Half-Year



Tech Investments: Average vs. Median \$m

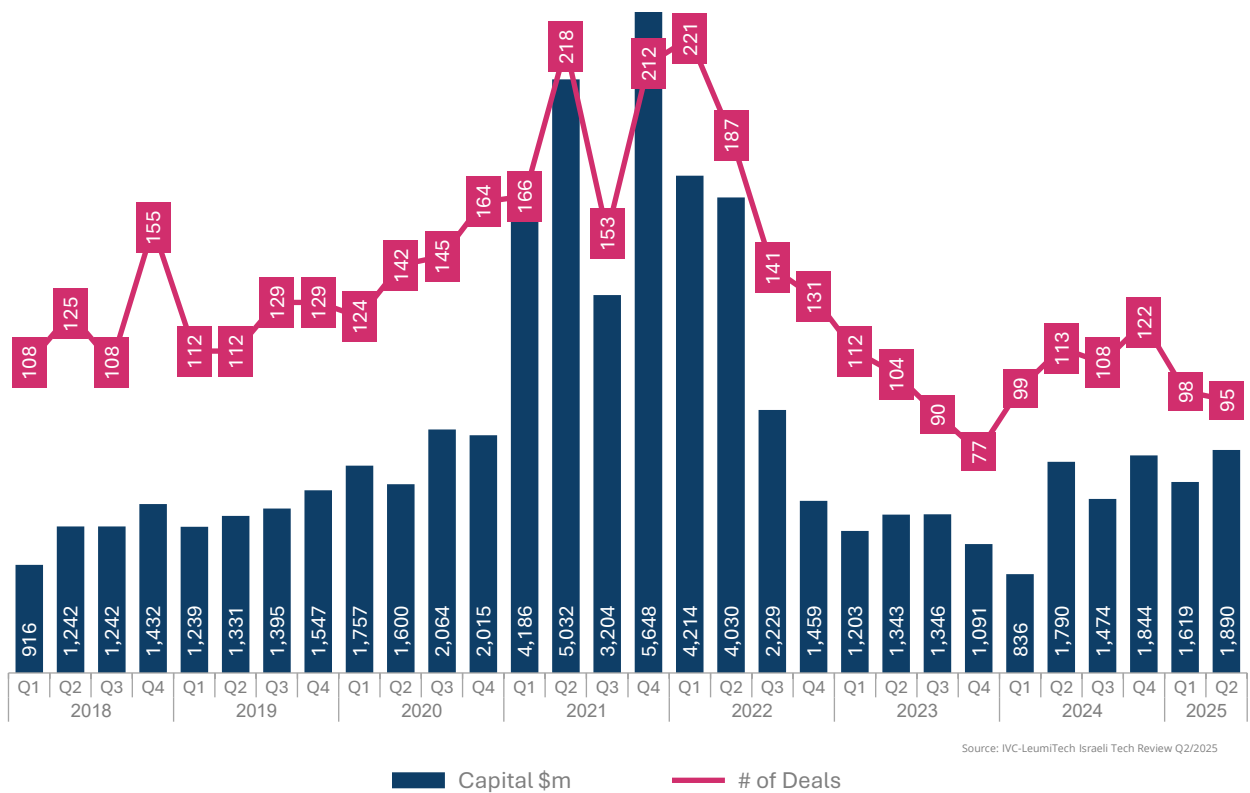


Israeli High-Tech Investments Excluding Outliers

In the last few years, Israeli high-tech capital raising has involved a few mega-rounds, some of which could be disruptive to the understanding of the patterns.

Excluding the rounds that are above the threshold of 2.5 standard deviations from the mean (or 1% of the total number of rounds) could help determine the real trend in the latest quarters.

Israeli High-Tech Investments Excluding Outliers



Capital Raising in Mega Rounds

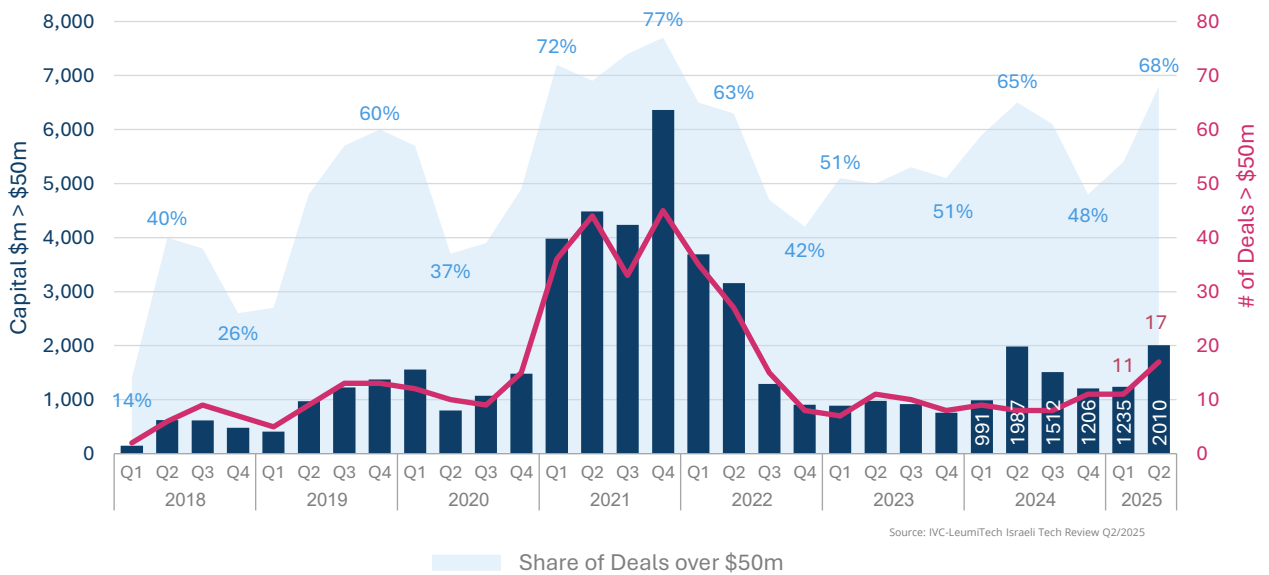
In Q2/2025, Israeli high-tech companies closed 17 rounds over \$50 million each, valued at \$2 billion, the highest figures since Q3/2022.

They accounted for 68% of the total capital raised this quarter. The reason for this large number of deals is the unusually high volume of

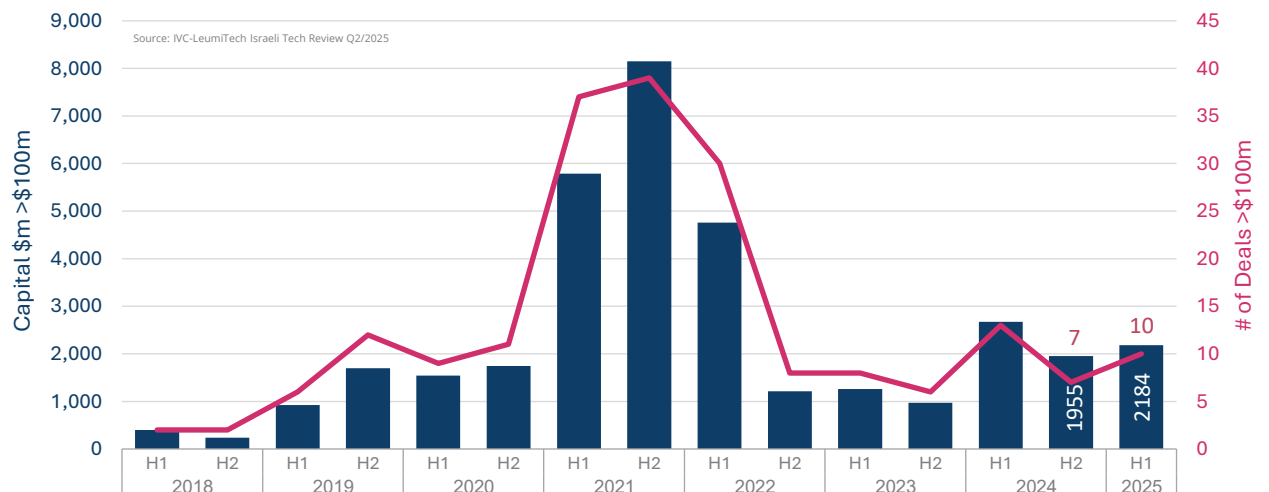
big deals, each valued between \$50 million and \$100 million.

In H1/2025, Mega-rounds, over \$100m each, continue to stabilize.

Deals over \$50m



Deals over \$100m

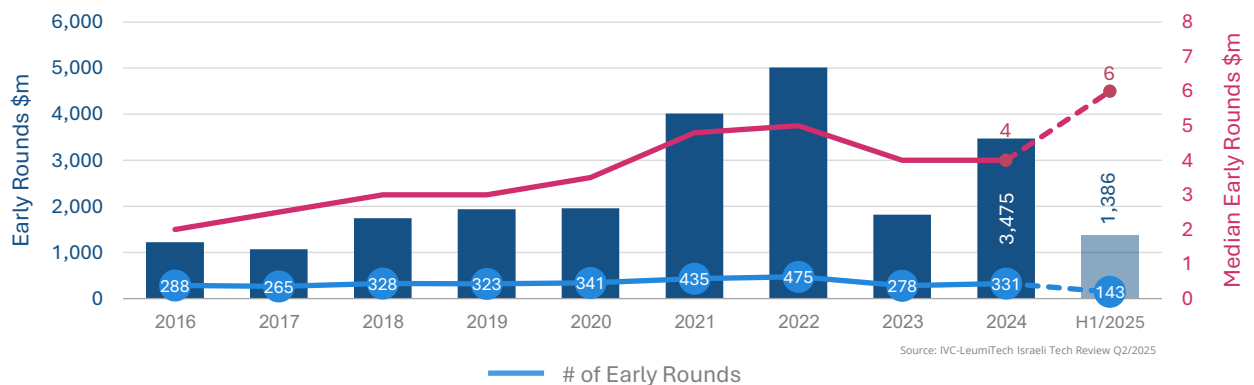
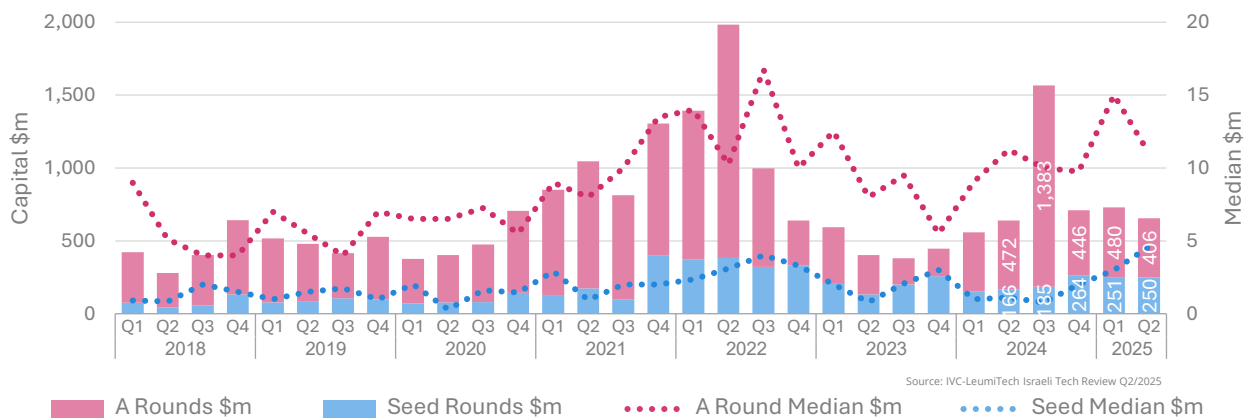


Early Rounds

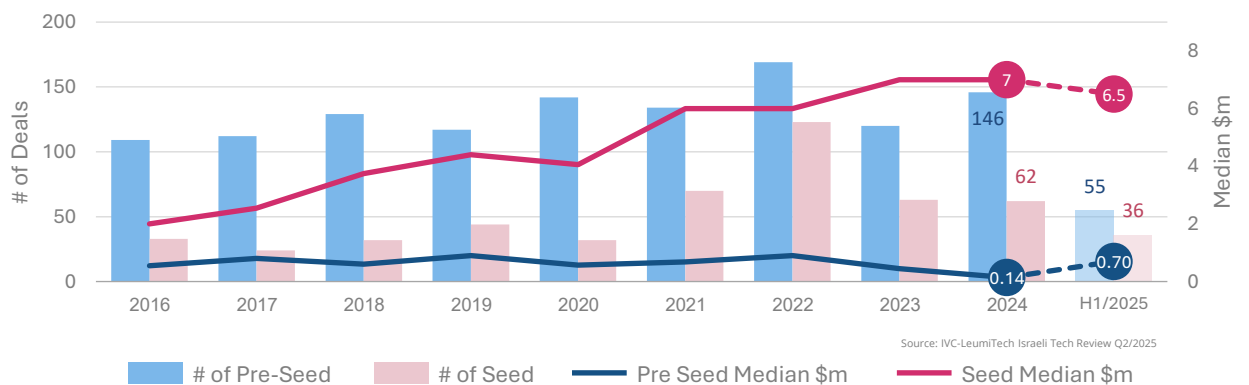
Early-round numbers showed some softness over the last six months.

Both the amounts and the number of deals have been declining since Q4/2024.

Early Rounds Capital (Seed + A rounds)



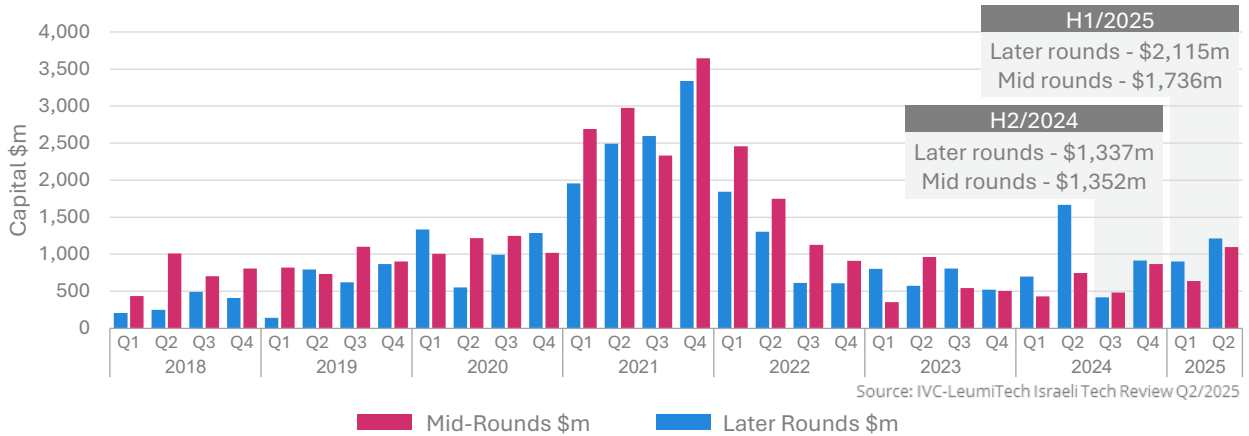
Number and Median \$m of Pre-Seed & Seed Deals 2016 – H1/2025



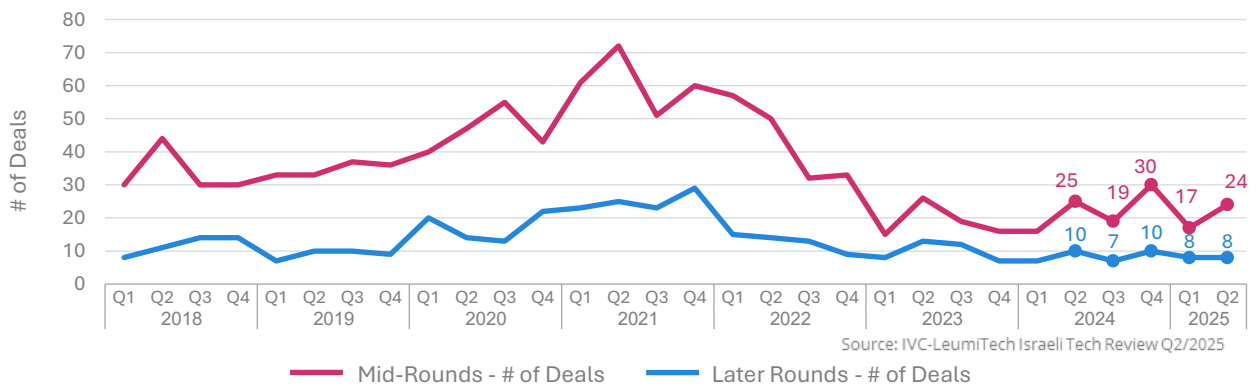
Mid-Later Rounds

The mid and later-round amounts kept growing in Q2/2025. The median amount of mid-rounds reached a new record in Q2/2025.

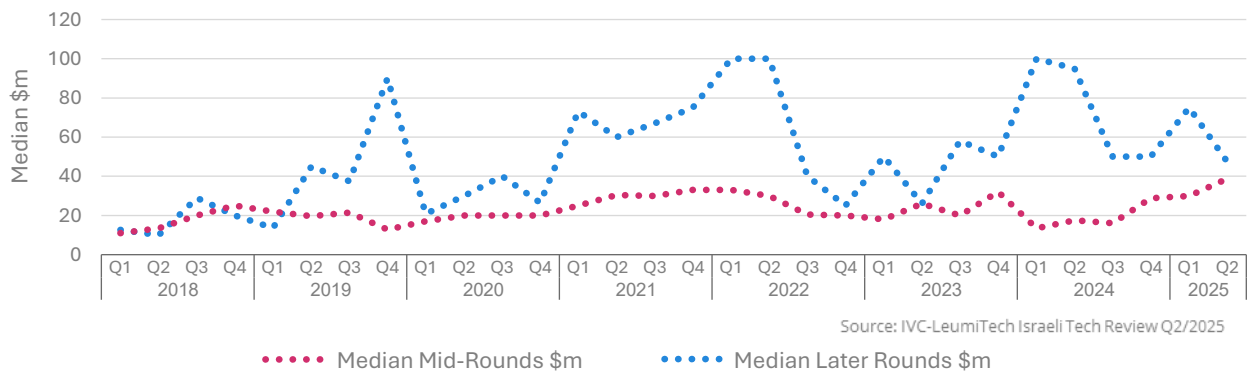
Mid-Later Rounds: Capital \$m



Mid-Later Rounds: # of Deals

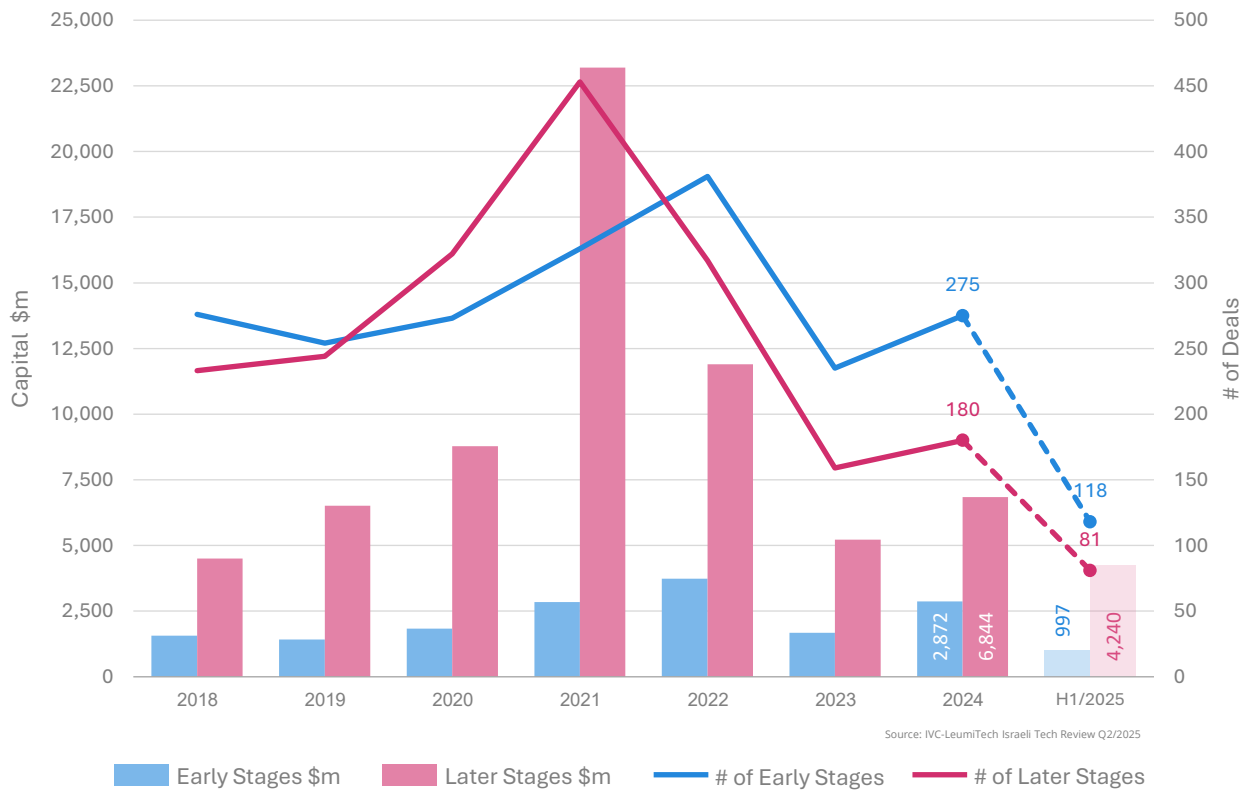


Mid-Later Rounds: Median \$m



Capital Raising by Companies Stages

Early vs Later Stage Capital Raising 2018 – H1/2025



H1/2025 Selected Top Investments


CYERA

1

Cyera Ltd.
Software
Later Round

540 \$m

AI21labs

2

AI21 Labs Ltd.
Software
Later Round

* AI21 Labs deal might
still be in process

300 \$m


Island

3

Island Technology Inc.
(Quantum Machines)
Software
Later Round

250 \$m

Rapyd

4

Rapyd Financial
Technologies Ltd.
Software
Later Round

250 m\$

CATO
NETWORKS

5

Cato Networks Ltd.
Software
Later Round

239 \$m

QM QUANTUM
MACHINES

6

QM Technologies Ltd.
(Quantum Machines)
Hardware & Industrial
C Round

150 \$m


**FORSIGHT
ROBOTICS**

7

ForSight Robotics Ltd.
Medical Devices
B Round

125 \$m


cybereason

8

Cybereason Labs Ltd.
Software
Later Round

120 \$m

CLASSIQ

9

Classiq Technologies Ltd.
Software
C Round

110 \$m

DREAM

10

Dream Security Ltd.
Software
B Round

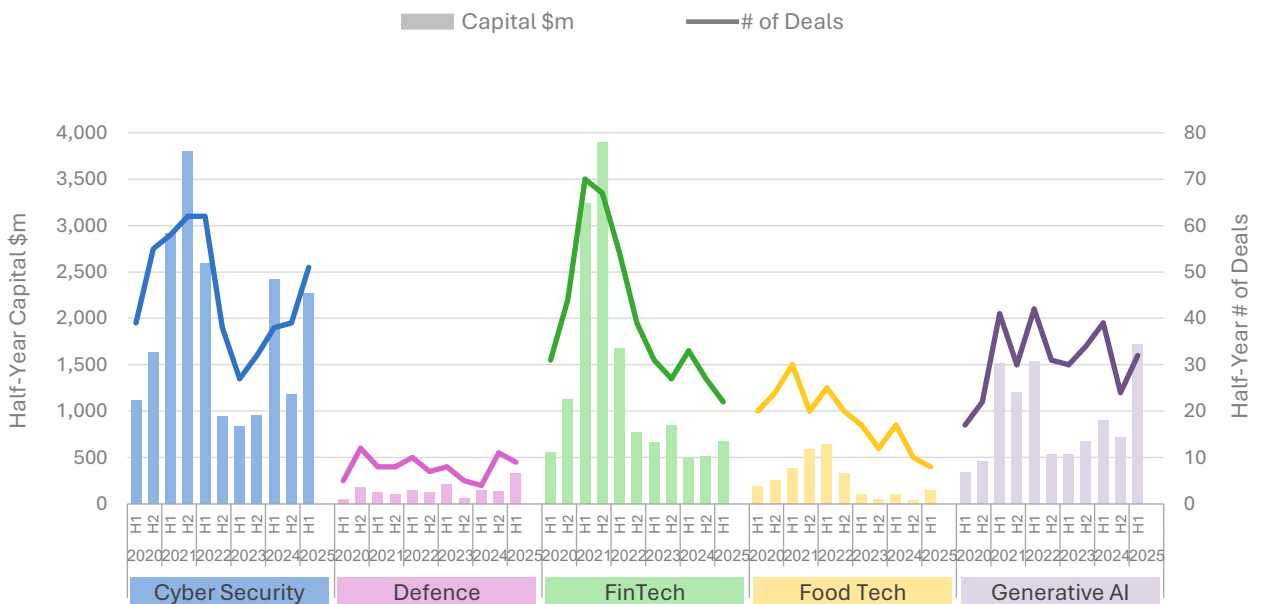
100 \$m

Technology Verticals

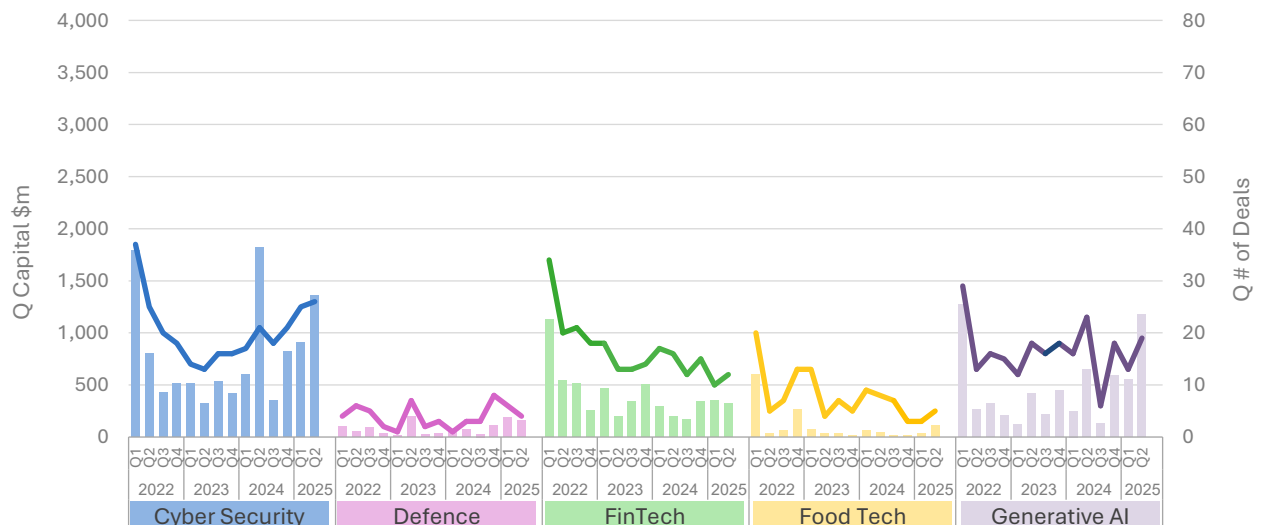
The Cyber security and Generative AI tech verticals were the most dominant in the first six months of 2025.

Besides those two verticals, the Defense Tech companies received more attention in the last quarter, and the deal amounts increased.

Investments by Tech Verticals



Source: IVC-LeumiTech Israeli Tech Review Q2/2025



Source: IVC-LeumiTech Israeli Tech Review Q2/2025

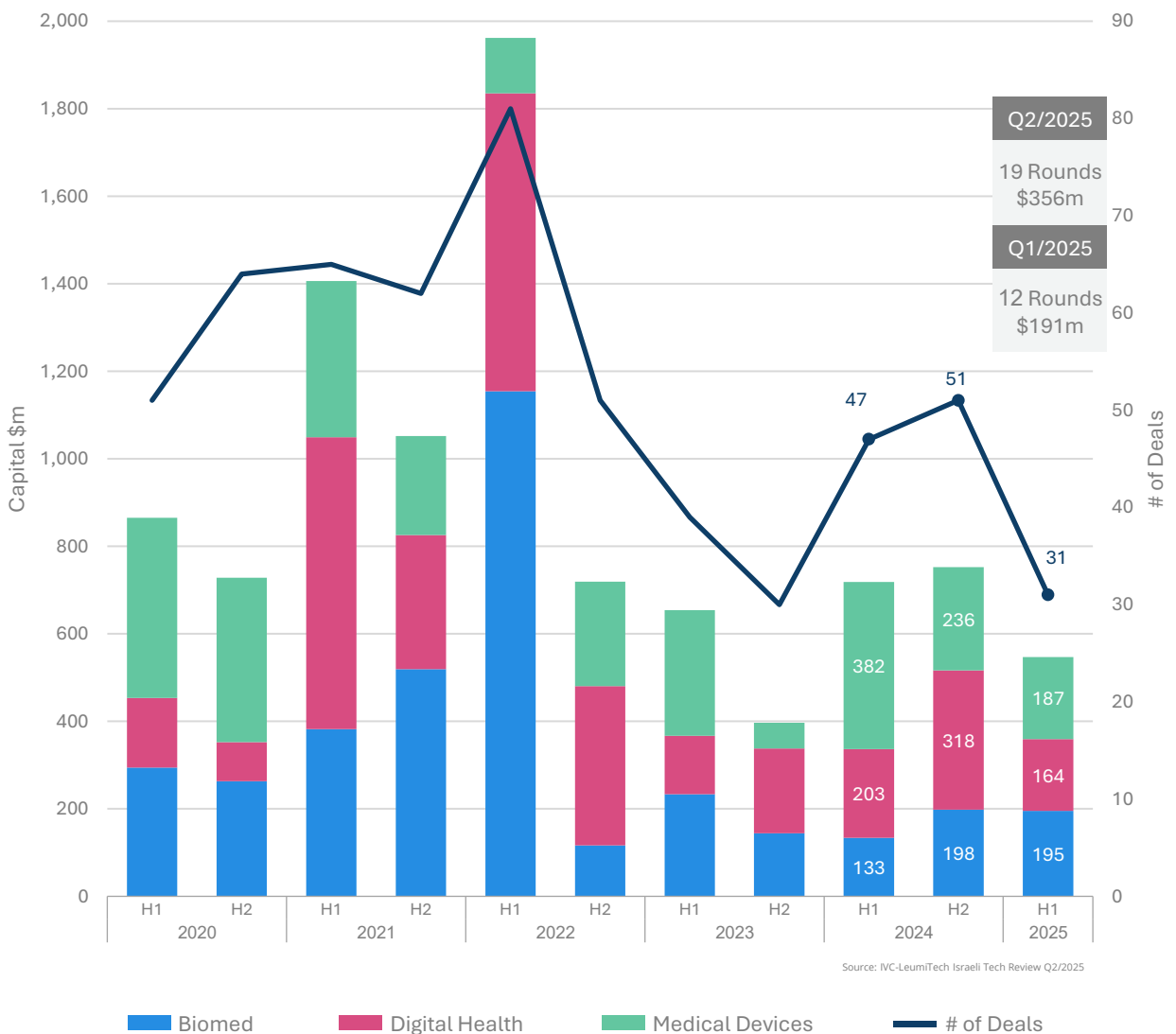
Israeli High-Tech Life Science

Israeli life science capital raising in H1/2025 has weakened from H2/2024, with a 23% decrease in capital and a 37% decrease in the number of deals.

Still, in Q2 2025, life sciences had a stronger quarter, with more deals in biomed and digital health, compared to Q1/2025.

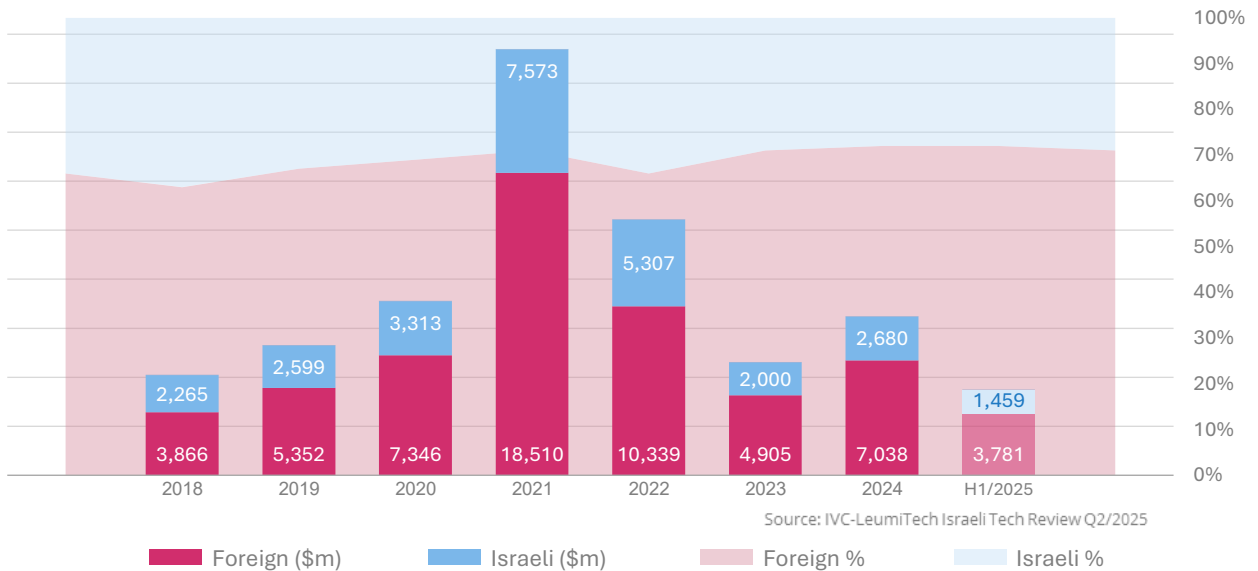
Only two medical device companies raised capital in Q2/2025: Foresight Robotics (\$125m) and PhaseV (\$50m).

Israel Life Science Capital Raising (Medical Devices, Biomed, Digital Health)

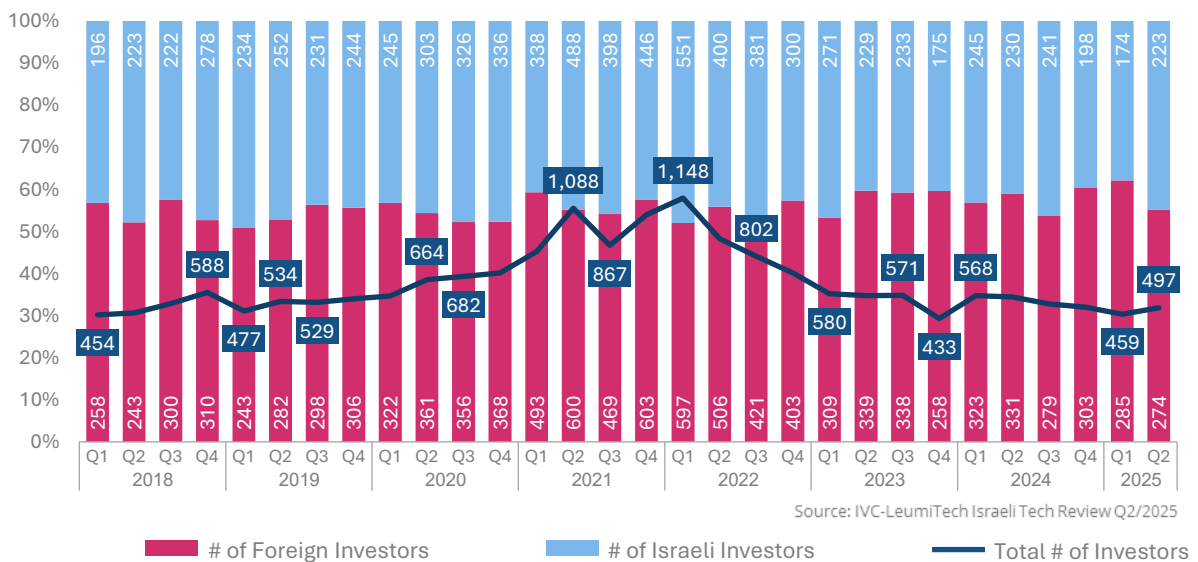


Israeli vs Foreign Investors Activity

Israeli vs Foreign Investments ^{1, 2, 3}



of Investors - Israeli vs Foreign ^{1, 2, 3}



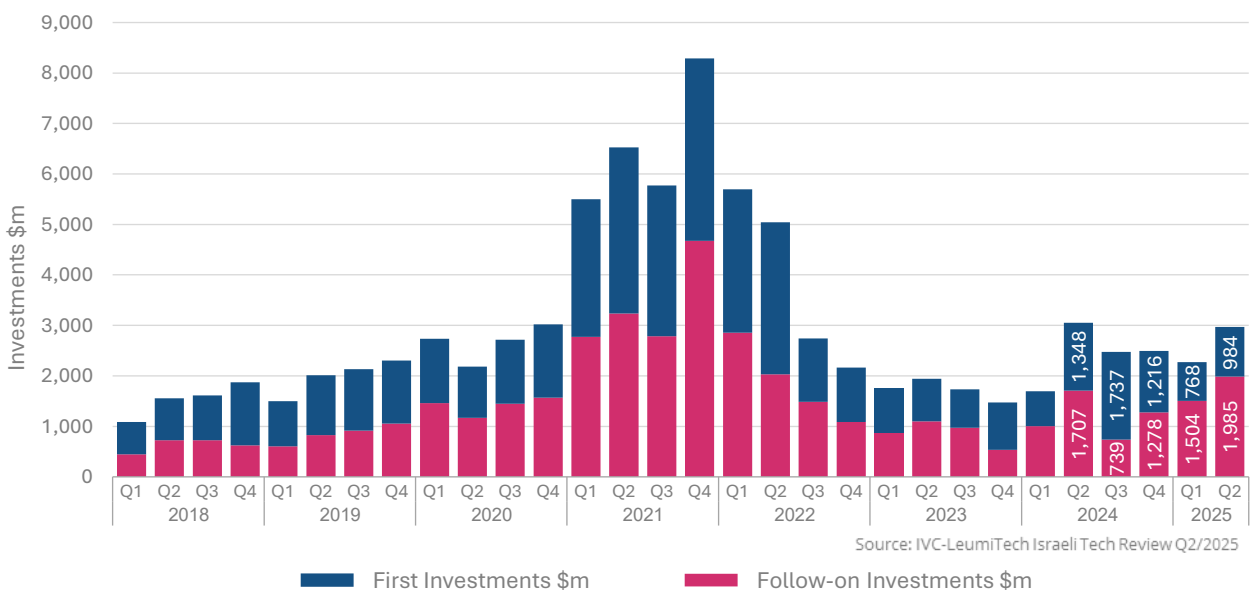
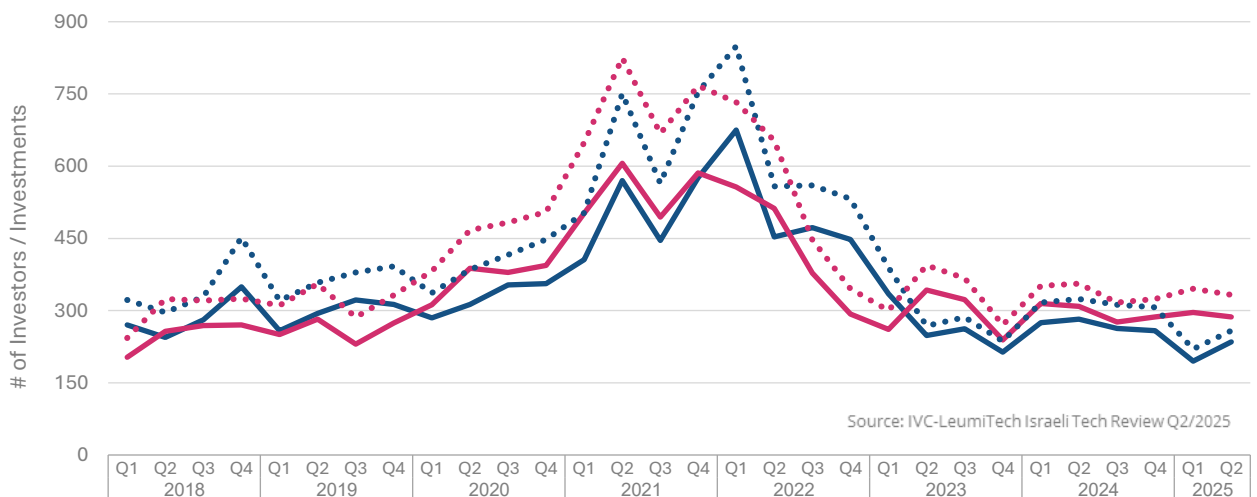
Notes: 1) Some Investors were undisclosed. 2) Investments performed by Investor HQ Region. 3) The amounts are based on IVC's investors activity model, on average, at 95% accuracy.

First vs Follow-on Investments

Investors' sentiment for new investments (first investments) has weakened during H1/2025, while the support in their portfolio's companies – follow-on investments – is in a positive trend.

During Q2/2025, the first investment trend for all investor types improved; however, for VCs (as shown in this report summary on page 4), the pattern remains negative.

First vs. Follow-on Investments ^{1, 2}

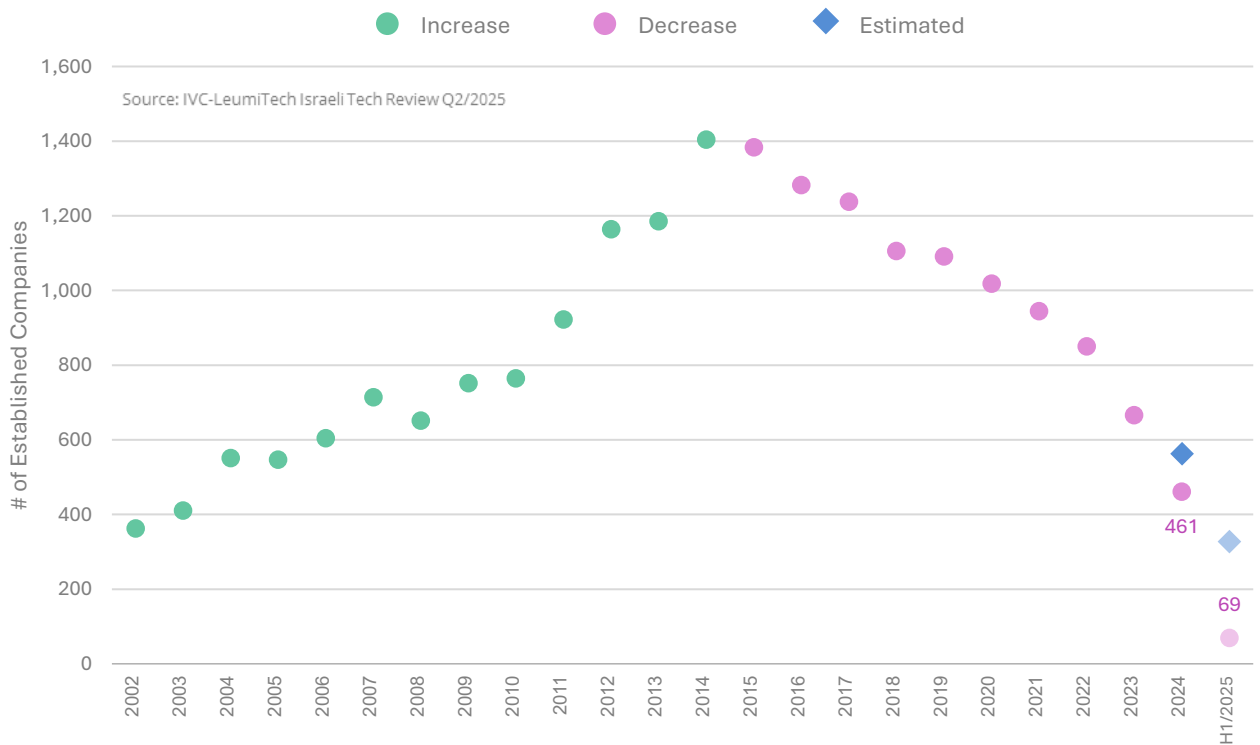


Notes: 1) Some Investors were undisclosed. 2) The amounts are based on IVC's investors activity model, on average, at 95% accuracy.

New Israeli High-Tech Companies

IVC estimates that 300–350 new companies were established in the first half of 2025, following nearly 600 new companies in 2024.

of New Israeli High-Tech Companies





Israeli High-Tech Exits

Israeli High-Tech Exits

In the first half of 2025, Israeli high-tech exits totaled \$5.55b. The \$2.5b acquisition of Melio by Xero significantly increased the overall exit value.

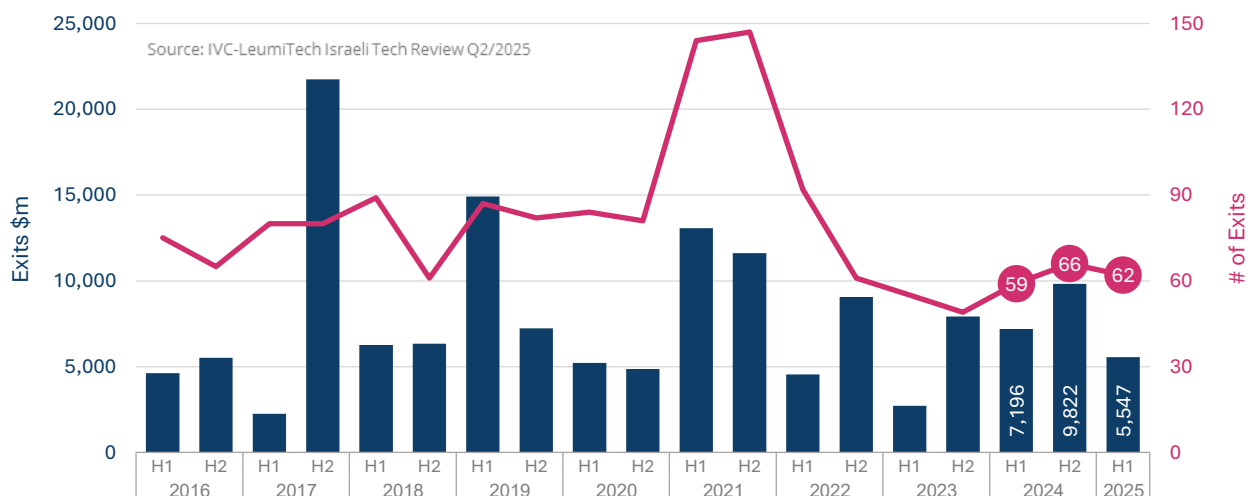
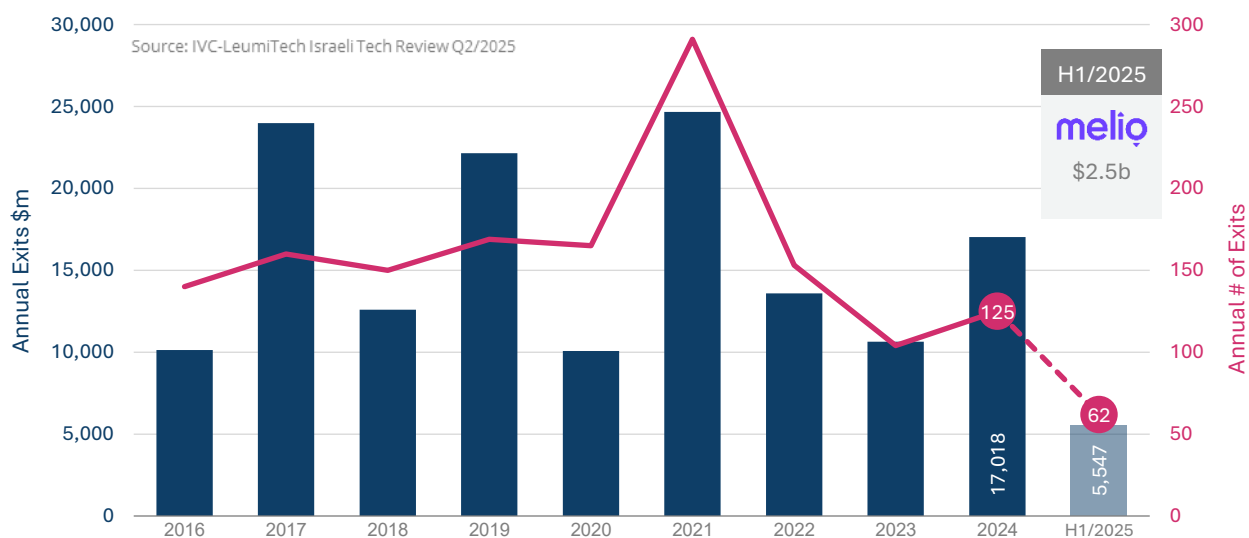
The underlying activity remained modest, with 62 exits, a slight decline from H2/2024, but an uptrend following the 2023 lows.

The figure is still below the pre-2021 half-year average of around 80 exits.

Google announced the acquisition of Wiz for \$32b in the first quarter; ERGO announced the acquisition of Next Insurance for \$2.6b; however, the acquisitions are not yet completed.

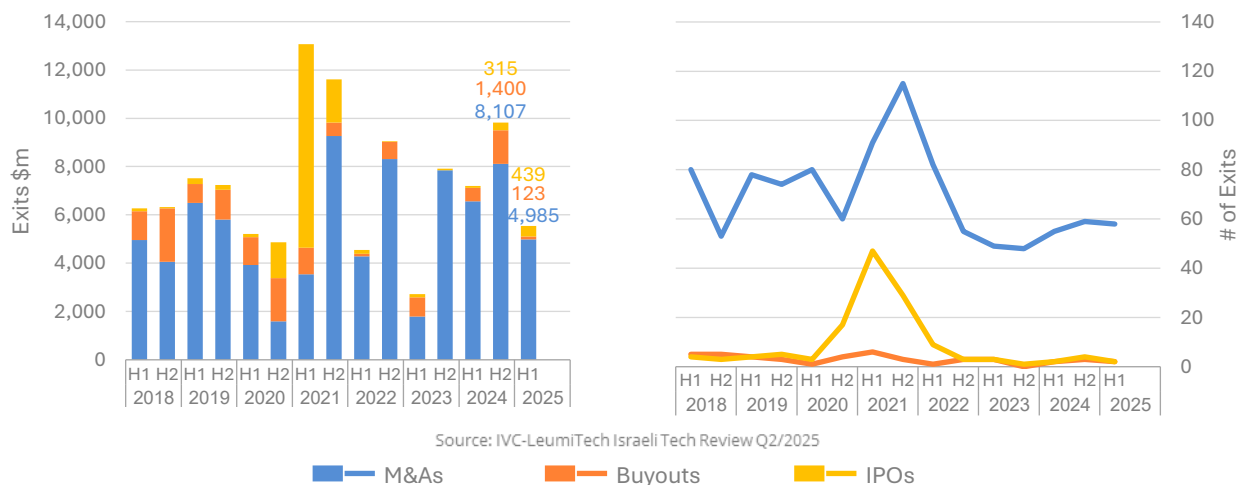
Notably, two IPOs occurred in Q2/2025, following no initial public offerings in Q1/2025.

Israeli High-Tech Exits (M&As, Buyouts, IPOs)

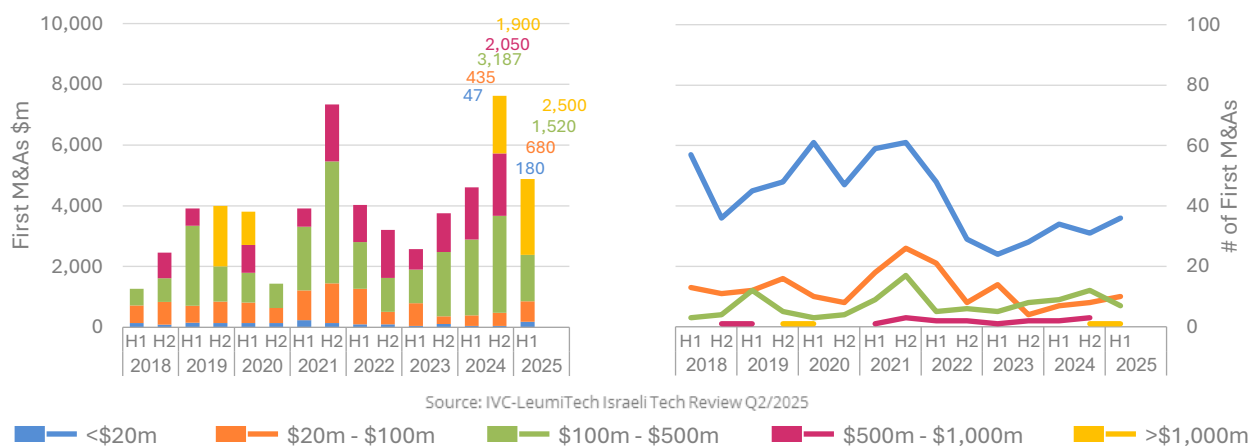


Exits under \$5b Analysis

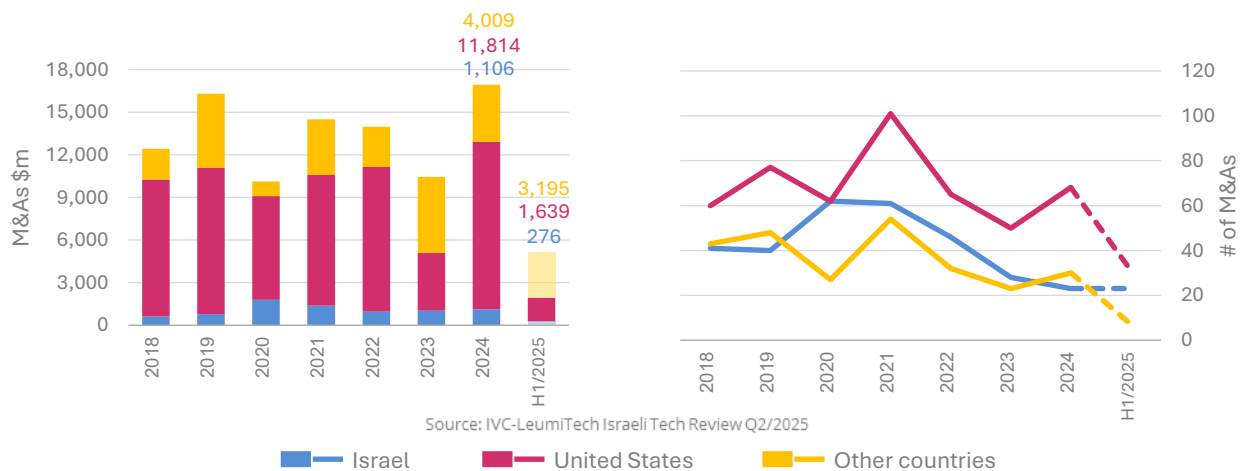
Exits Under \$5b - by Type



First M&As Under \$5b - by Deal Size ¹



M&As Under \$5b - by Acquirer Country



Notes: 1) First exit refers to the first time a startup goes through an exit process (M&A, IPO, or Buyout).

Top Israeli High-Tech Exits H1 2025

melio by **xero**
New Zealand

Qtr 2 Software 2,500 \$m

INFINIDAT by **Lenovo**
Hong Kong

Qtr 1 Software 500 \$m

etoro IPO **Nasdaq**
USA

Qtr 2 Software 403 \$m

SoniVie by **Boston Scientific**
USA

Qtr 1 Medical Devices 360 \$m

Alteryx by **Chainalysis**
USA

Qtr 1 Software 160 \$m

VULCAN. by **tenable**
USA

Qtr 1 Software 150 \$m

anyVISION. by **metropolis**
USA

Qtr 1 Software 125 \$m

OTORIO by **ARMIS.**
USA

Qtr 1 Software 120 \$m

APEX SECURITY by **tenable**
USA

Qtr 2 Software 105 \$m

endostream by **kaneka**
Japan

Qtr 1 Medical Devices 100 \$m

spot by **flexera**
USA

Qtr 1 Software 100 \$m

suridata by **FORTINET**
USA

Qtr 2 Software 100 \$m

VERITI by **CHECK POINT**
Israel

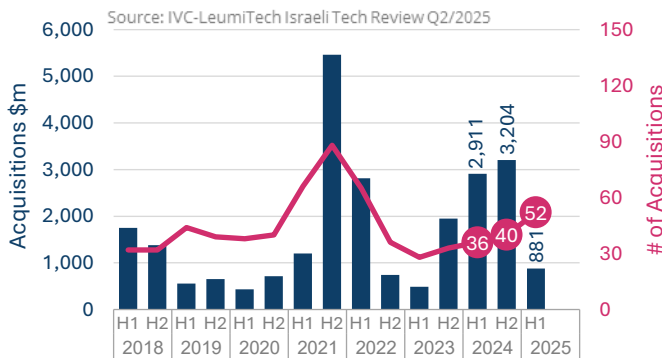
Qtr 2 Software 100 \$m

Israeli High-Tech Acquirers Activity

In the first half of 2025, Israeli tech acquirers completed 52 acquisitions, the highest since 2021, but with a relatively modest disclosed deal value of \$881 million.

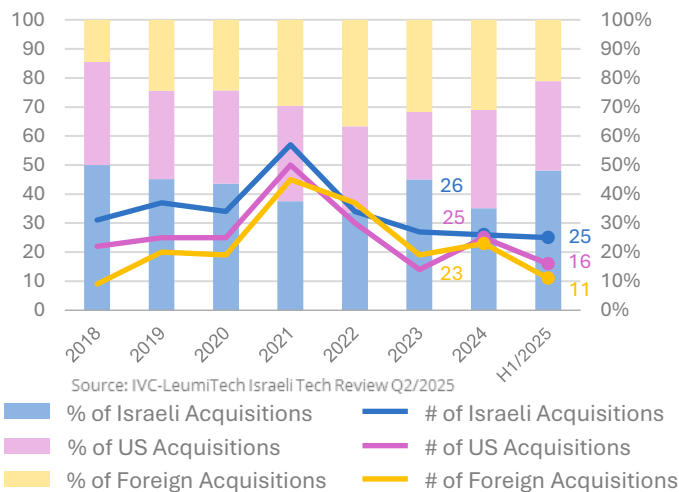
This contrast highlights a shift in the M&A landscape: while activity is picking up after the 2022–2023 downturn, most deals are smaller in size.

Israeli High-Tech Acquirers Activity



Regionally, 2025 marks a strong pivot back to local targets, with 50% of acquisitions in H1 being of Israeli companies — the highest share since 2020.

of Acquisitions by Acquired Company Region



Top Acquisitions H1/2025



USA



Software

165 \$m



Israel



Software

120 \$m



Israel



Software

100 \$m



Israel



Software

80 \$m



France



Software

65 \$m



UK



Software

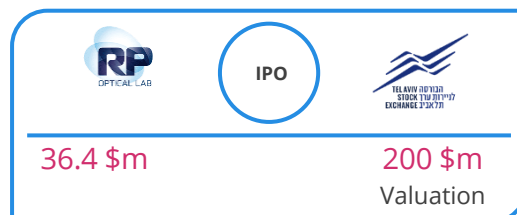
58 \$m

Israeli High-Tech Public Offerings

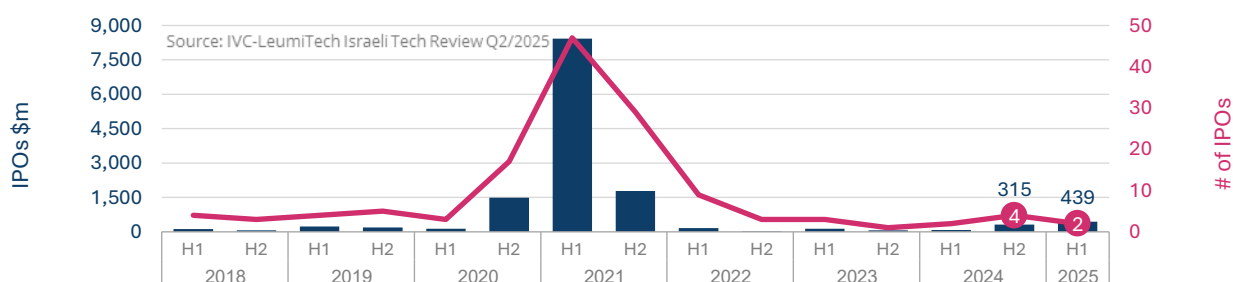
IPO activity in Israel's high-tech sector remained limited in H1/2025, with only two companies going public, following six IPOs in 2024.

Despite the low volume, the scale of the offerings in H1/2025 was unusual.

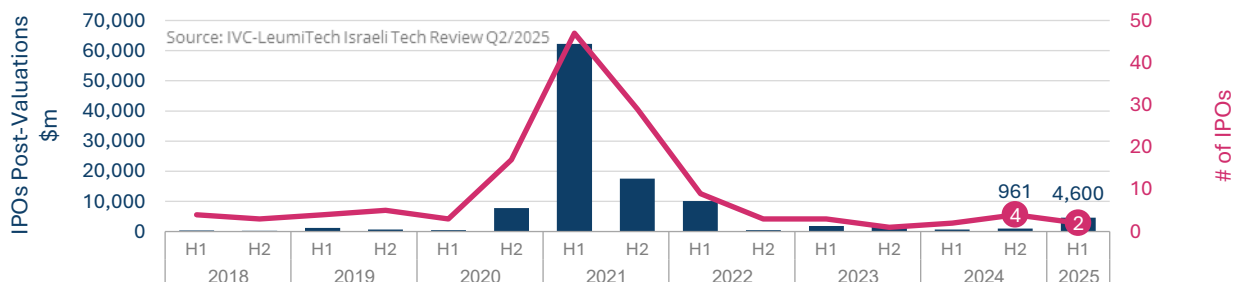
The standout was eToro, which went public on NASDAQ with a post-IPO valuation of \$4.4 billion, making it one of the largest Israeli IPOs in recent years.



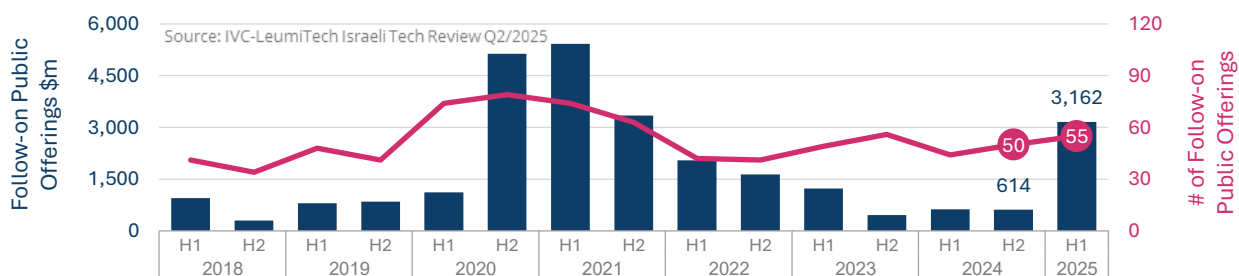
IPOs Under \$5b



IPOs Under \$5b Post-Valuations



Israeli Public Follow-on Offerings





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 – Q2/2025. "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.

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 501 investors of which 99 were Israeli VC funds and 402 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.



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

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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.

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