



IVC-MEITAR ISRAELI TECH REVIEW Q3 2021

October 2021





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Highlights | Q1-Q3/2021

- Israeli high-tech capital raising soars to \$17.8 billion in Q1–Q3/2021: A leap of 71% over annual 2020 figures; \$5.89 billion in Q3.
- In addition to headline record amounts, deal numbers reach a new record. According to IVC's estimation, projected 2021 deal numbers (p. 6) will reach 1800 deals, a 33% gain over 2020.
- Exceptional number of rounds—53 (each over \$100m)—totaling \$9 billion, 51% of total in Q1-Q3/2021. 114 deals exceeding \$50 million each compared to 145 such deals for the whole period of 2015–2020.
- Follow-on investments continue to climb to almost 60% of total number of investments compared to 56% over the whole of 2020
- Number of early rounds reaches 85% of annual 2020 figure, with capital raised in Q1–Q3/2021 surpassing entire 2020 amount by 35% and Israeli investors leading this upward trend
- Israeli high-tech exits skyrocket to \$18.92 billion in Q1–Q3/2021 – up 92% from the annual 2020 results, mostly due to surge of IPOs with 65 deals (36% of all exits) and \$9.78 billion (52% of total proceeds), leading exits to their peak in this period.





ISRAELI TECH INVESTMENTS Q1-Q3/2021



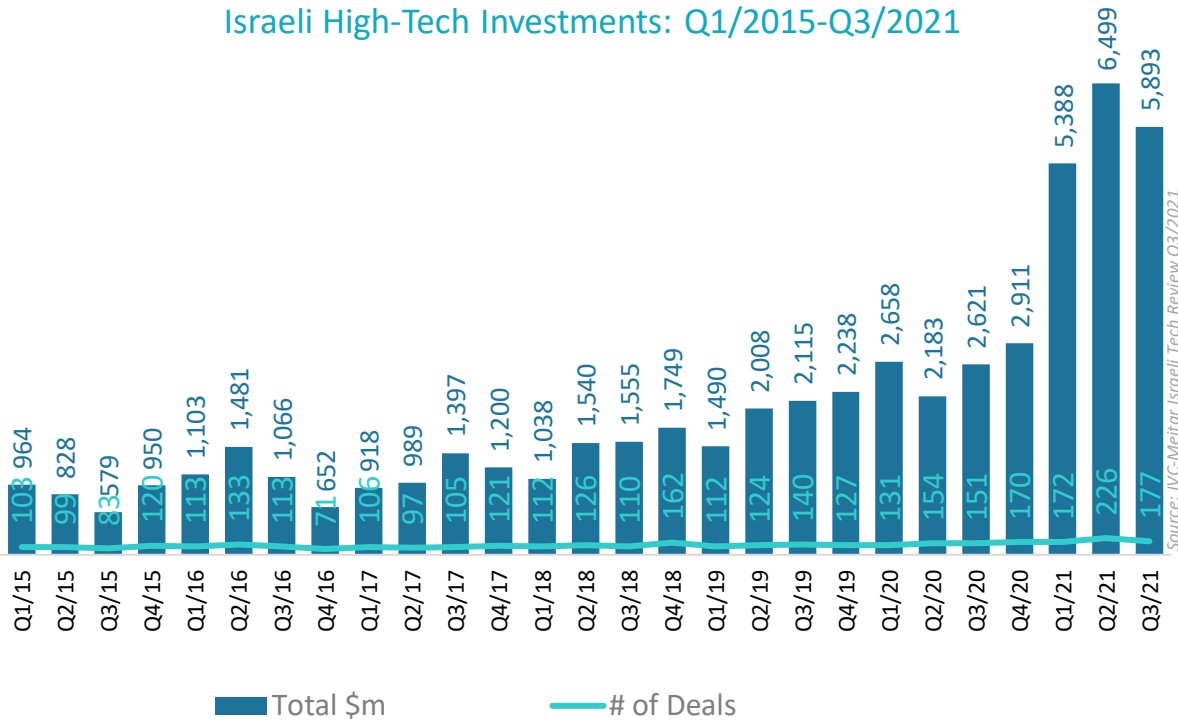
Israeli High-Tech Investments | Q1/2015 – Q3/2021



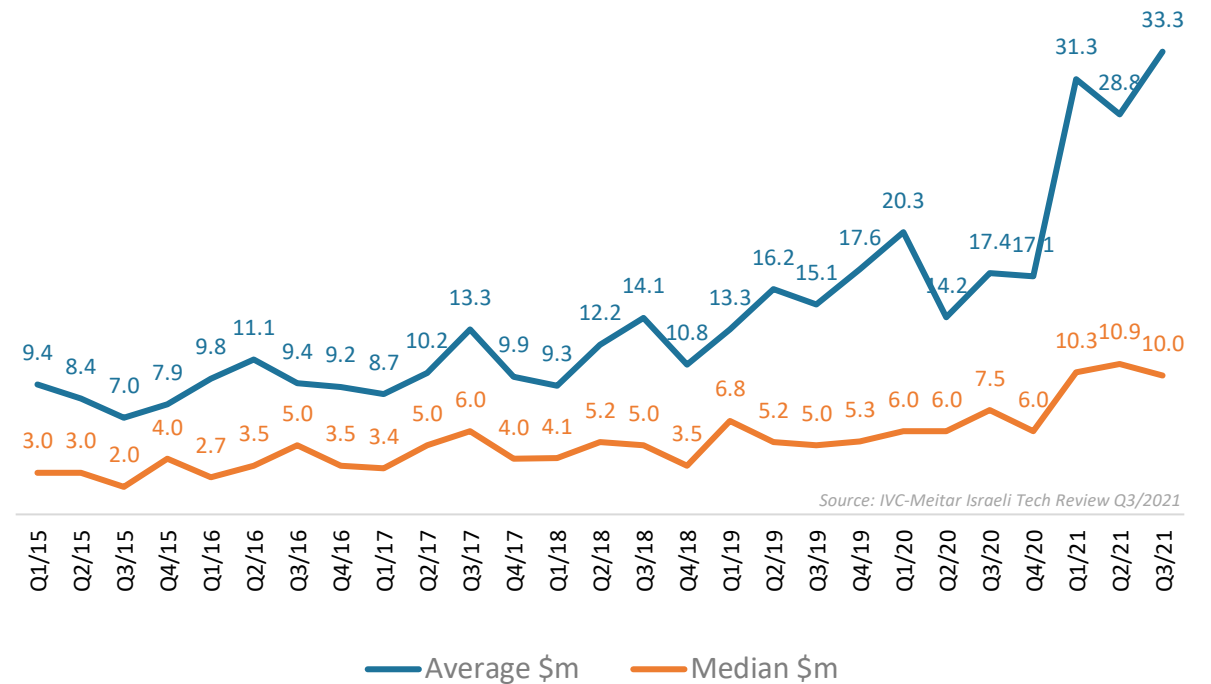
Israeli high-tech capital raising continues to attract larger capital in Q3/2021 – \$5.9 billion in 177 deals – an apparent increase from the quarterly \$2.3 billion average raised in two past years.

The high median figure of \$10 million and a continued increase in quarterly average volume ensured that mega deals determined capital raising over Q1–Q3/2021 and is expected to continue this year. Marking the current period is larger number of deals of over \$50 million – more than twice the average in 2020.

Israeli High-Tech Investments: Q1/2015-Q3/2021

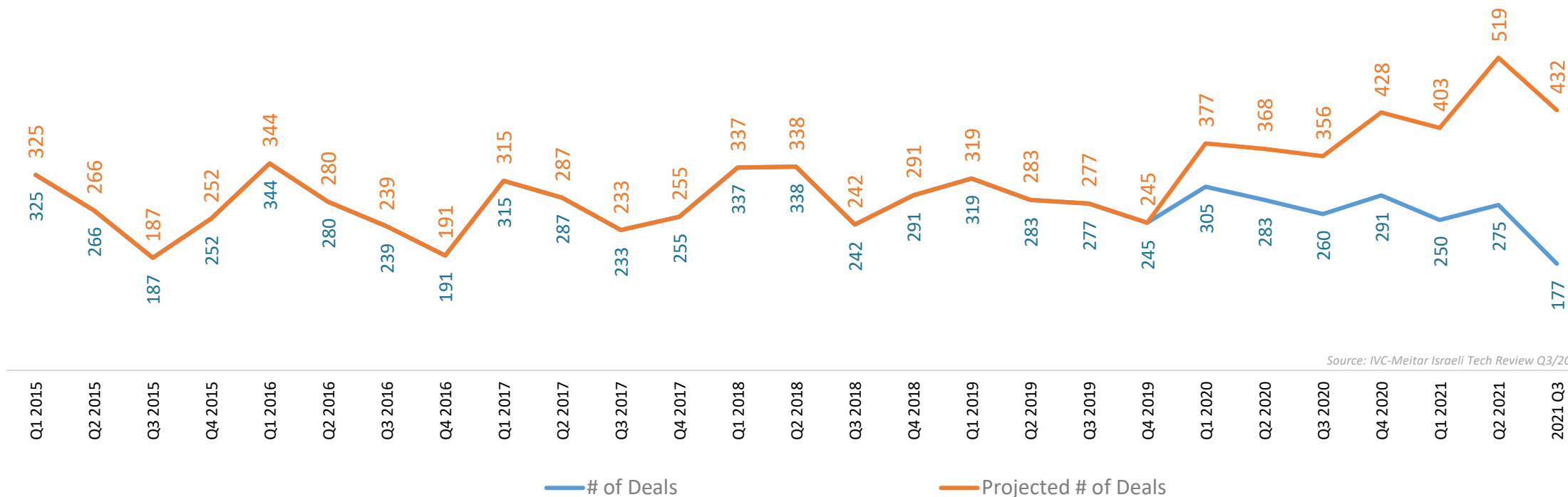


Israeli High-Tech Investments: Average vs. Median Q1/2015-Q3/2021



Israeli High-Tech Investments: Projected vs Current # of Deals* | 2015 – Q3/2021

While the capital raised by Israeli high-tech companies in the first three quarters of 2021 captured the big headlines, the number of deals in 2021 also made outstanding progress. After years of steady growth per quarter, projected deal numbers – an estimated value of the real number of investments considering the late appearance of early round deals – have surged. If the pace continues, the overall number of deals this year could reach nearly 1800.



Source: IVC-Meitar Israeli Tech Review Q3/2021

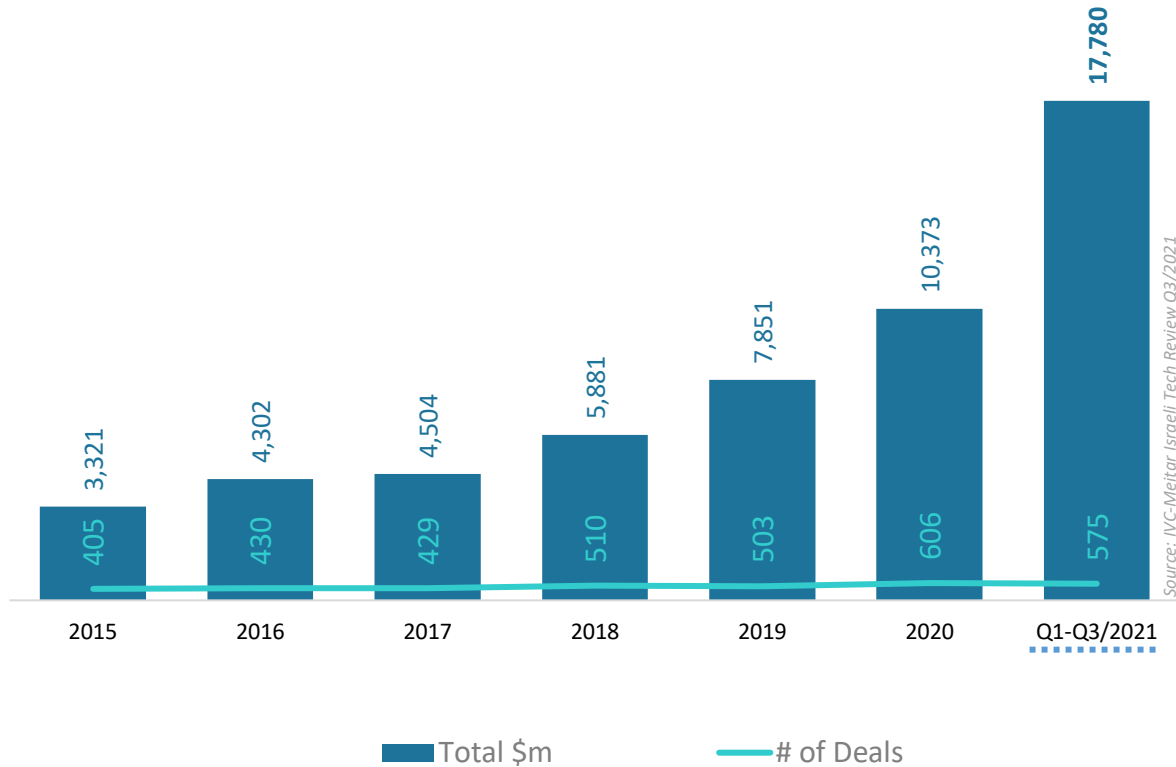
 * See our methodology for details

Israeli High-Tech Investments | 2015 – Q1-Q3/2021

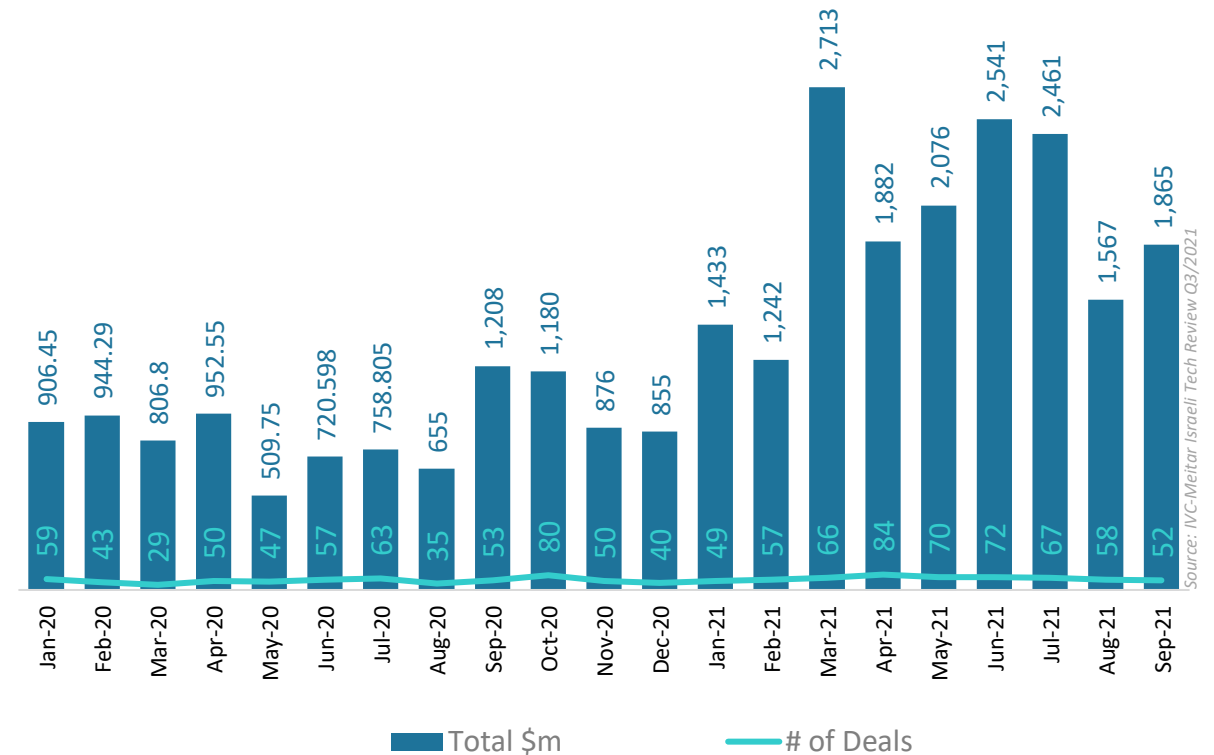


Capital raised by Israeli high-tech companies in the first three quarters of 2021 surpassed the historical annual figures with a record \$17.78 billion invested in 575 deals. This upward trend since March 2021, has led to a monthly average of \$1.98 billion for Q1–Q3/2021 compared to \$864 million monthly average in 2020.

Israeli High-Tech Investments: 2015-Q3/2021



Israeli High-Tech Investments: Jan/2020-Sep/2021



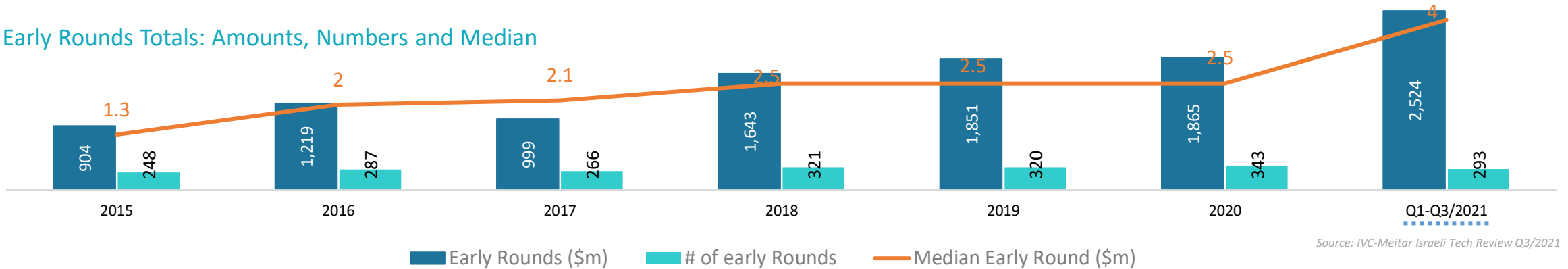
Pre-Seed + Seed Investments | 2015-Q1-Q3/2021



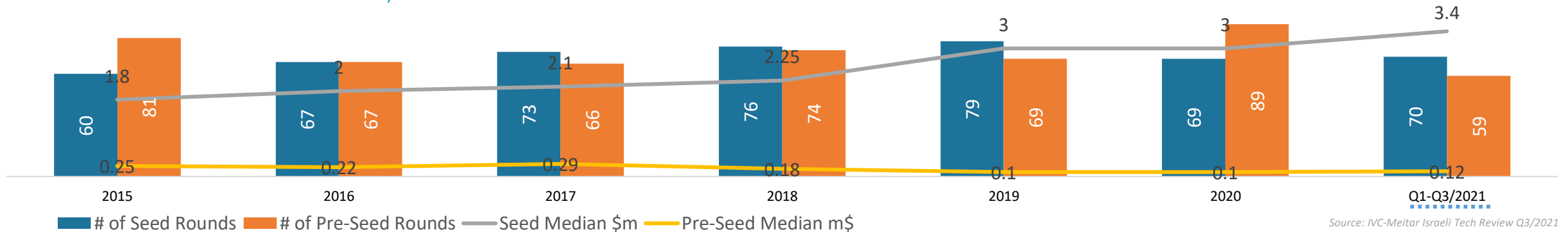
Early round investment (seed + A round) deal making moved higher in Q1–Q3/2021, while capital investment volume continued to climb. The overall amounts in Q1–Q3/2021 already surpass 2020 amounts for both seed and A round deals.

The median amounts of seed deals almost doubled in 2015–Q3/2021, thanks to increased participation from institutional investors in Israeli seed and first rounds. On the other hand, the pre-seed median remains unchanged over this period ([See Methodology](#))

Early Rounds Totals: Amounts, Numbers and Median



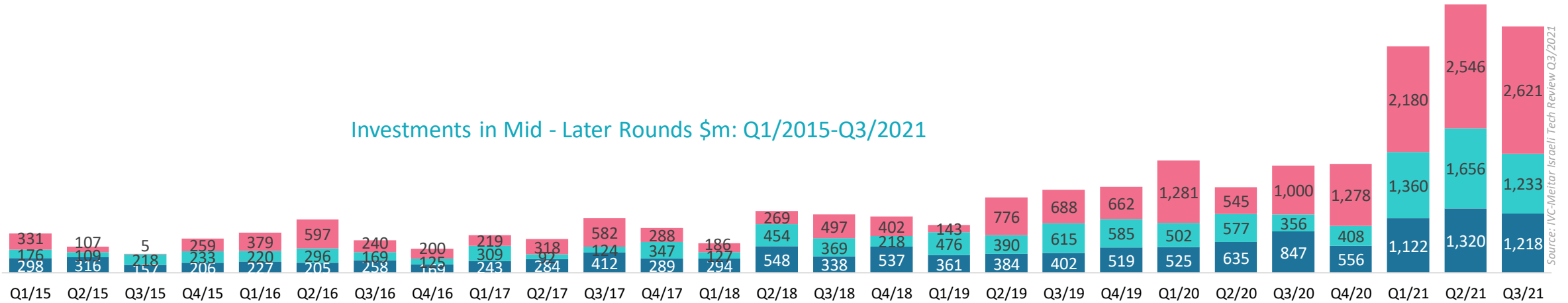
Pre-Seed & Seed Deals: Amounts, Numbers and Median



Investments by Rounds | Q1/2015 – Q3/2021



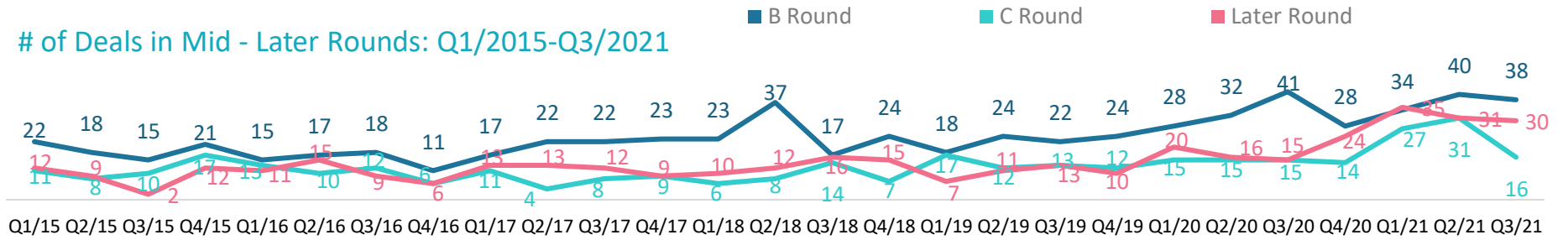
Investments in Mid - Later Rounds \$m: Q1/2015-Q3/2021



Source: IVC-Meitar Israeli Tech Review Q3/2021

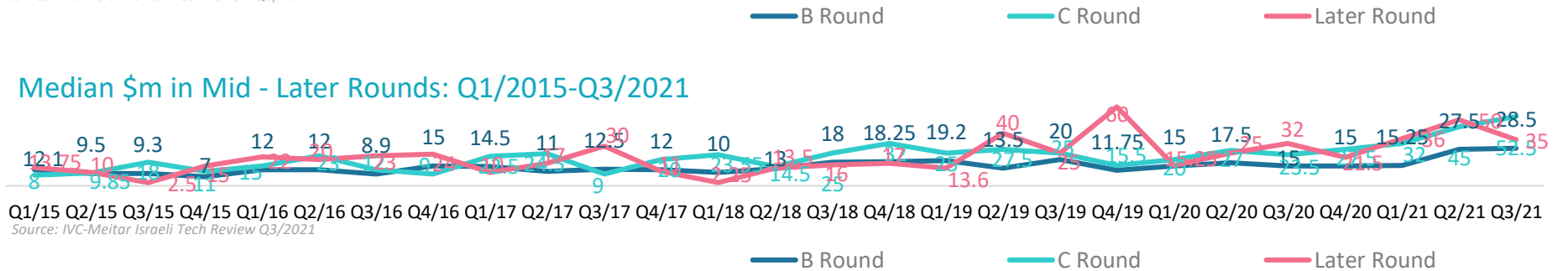
The higher pace of investing in mid – later funding rounds continued in Q3. The uptrend of quarterly round numbers was disrupted in C rounds for the first time since Q4/2018, while B rounds and later financing numbers followed the pattern.

of Deals in Mid - Later Rounds: Q1/2015-Q3/2021



Source: IVC-Meitar Israeli Tech Review Q3/2021

Median \$m in Mid - Later Rounds: Q1/2015-Q3/2021



Source: IVC-Meitar Israeli Tech Review Q3/2021



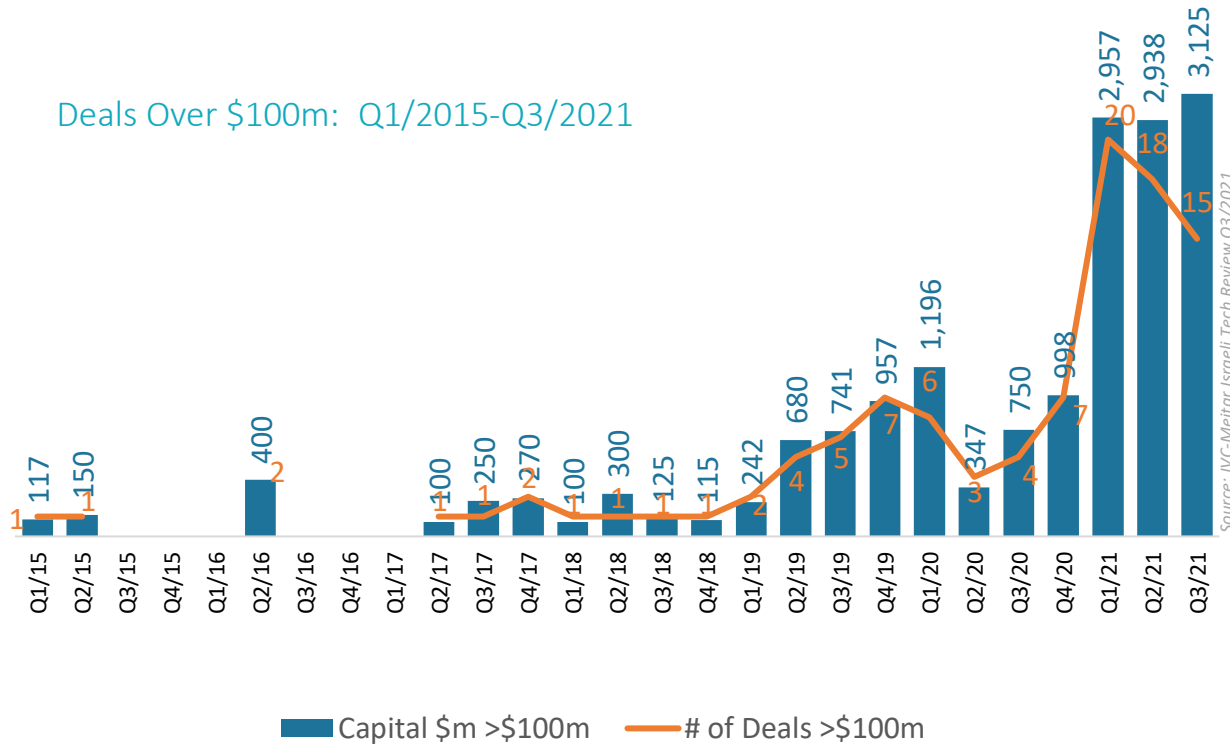
Largest Deals | Q1/2015 – Q3/2021



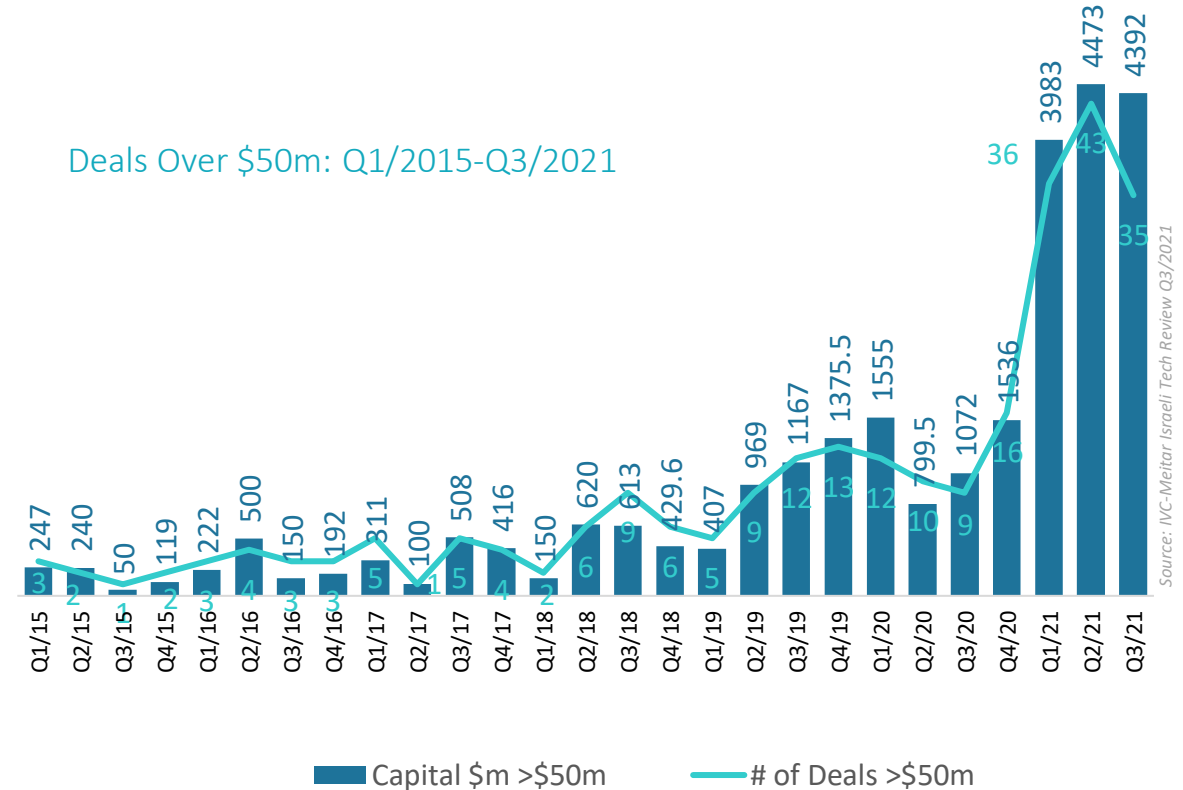
The third quarter continued the high pace of mega deal making (over \$100m), responsible for a 53% share of the quarterly capital, compared to the 31% quarterly average share of such deals in 2020. As expected, the number of mega deals did not maintain the Q1 levels, and it remains to be seen if there is a change in the trend.

In total, mega deals accounted for 51% of total capital raised in Q1–Q3/2021. 38 deals over \$50 million closed quarterly, compared to an average of 12 deals in 2020.

Deals Over \$100m: Q1/2015-Q3/2021



Deals Over \$50m: Q1/2015-Q3/2021

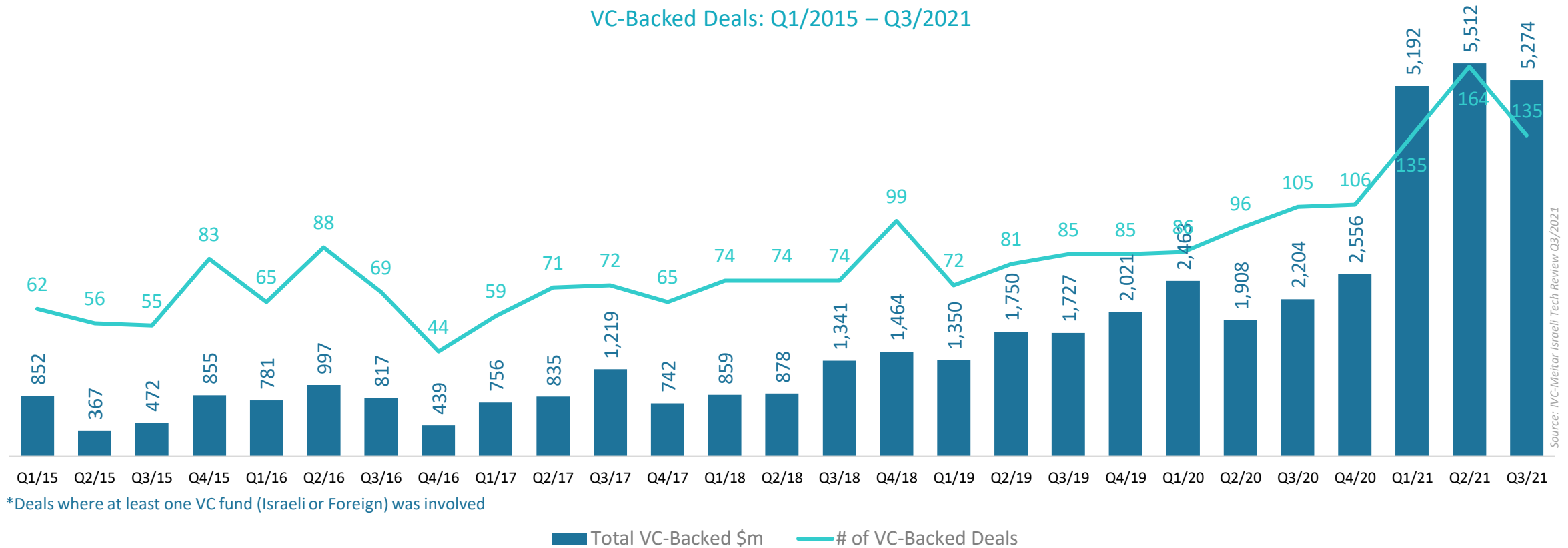


VC-Backed Deals | Q1/2015 – Q3/2021



VC-backed deals continued their growth trend, accounting for 76% of all deals in Q3/2021 and contributed 90% of the quarter's total invested capital. 2021 is on the path to be a record year in the level of VC participation in Israeli tech.

VC-Backed Deals: Q1/2015 – Q3/2021



Source: IVC-Meitar Israeli Tech Review Q3/2021

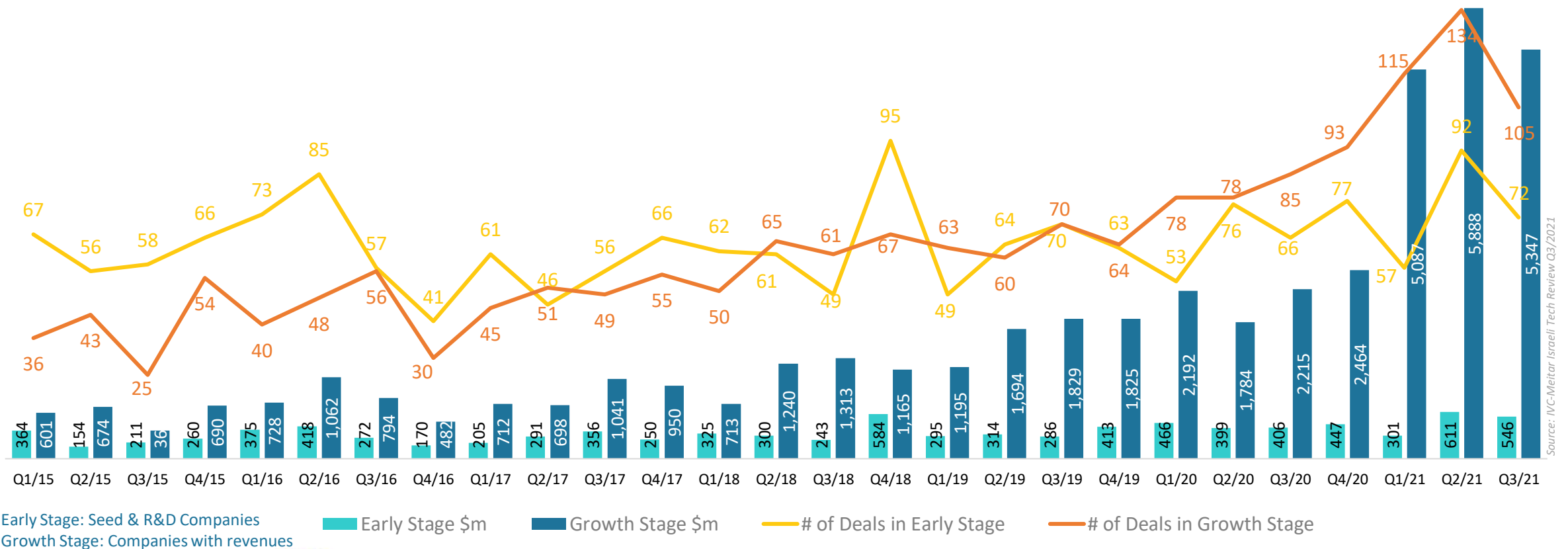


Investments by Stages | Q1/2015 – Q3/2021



After almost five years, Q3/2021 was the first quarter to show a meaningful downturn in the number of deals in growth stage companies. While the numbers are still record high, it remains to be seen whether this drop is just a one-time event or signals the beginning of a change in investors' preferences.

Capital Investments by Stage: Q1/2015-Q3/2021

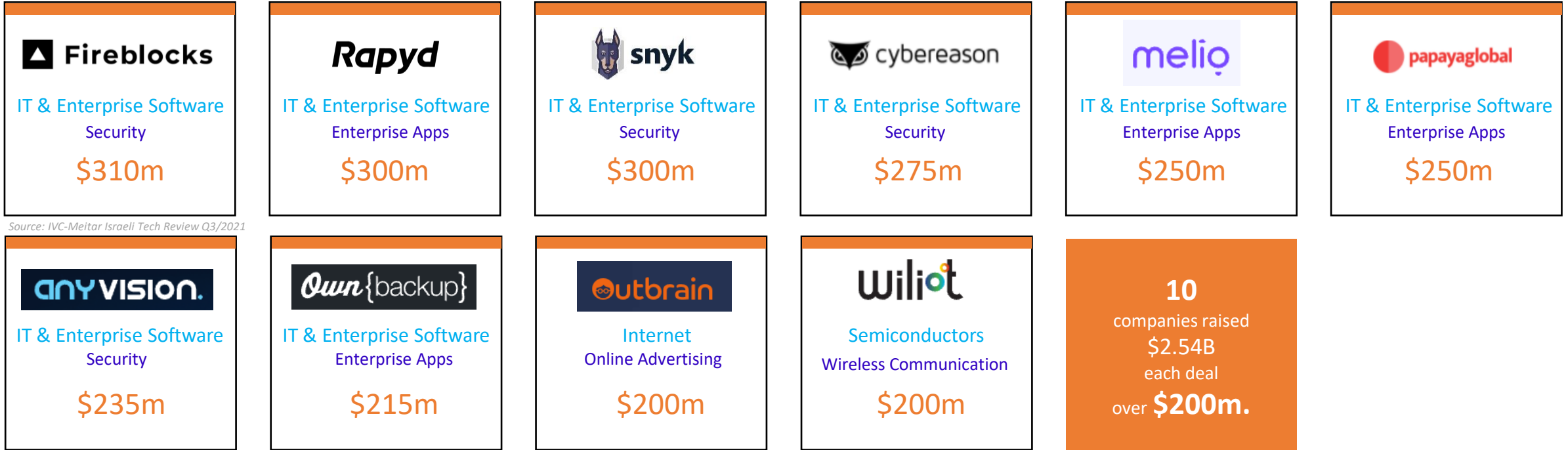


Source: IVC-Meitar Israeli Tech Review Q3/2021

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



Selected Top Investments | Q3 2021



Source: IVC-Meitar Israeli Tech Review Q3/2021

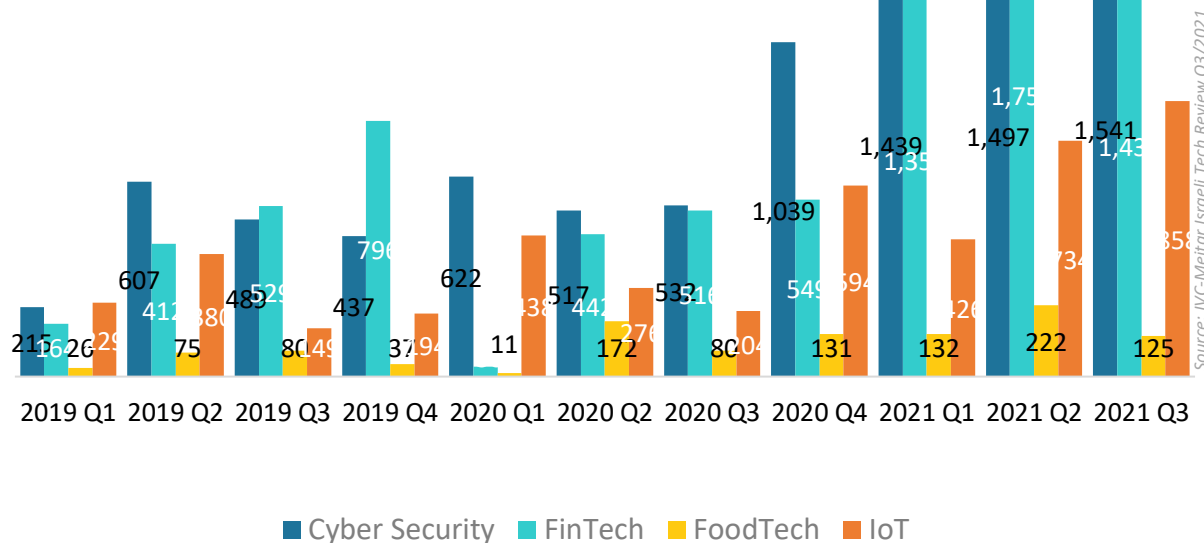


Investments in Selected Verticals | Q1/2019 – Q3/2021

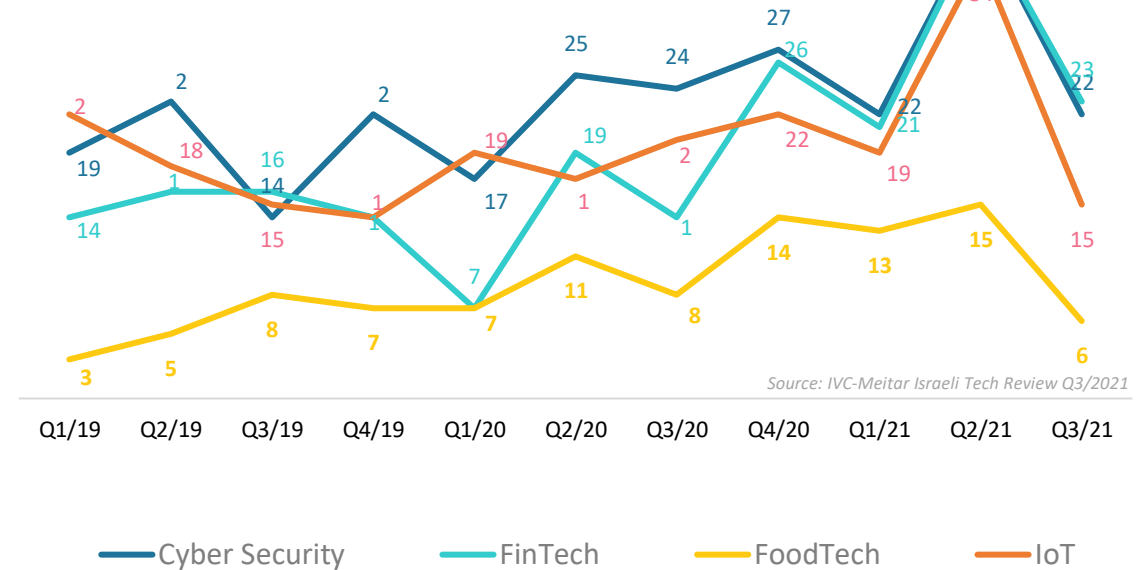


The amounts raised by Cyber Security, Fintech, IoT and FoodTech companies peaked in Q2/2021, with the number of deals in those verticals declining in Q3. The Cyber and Fintech clusters captured 50% of the total volume for the quarter. Two mega rounds in IoT companies – Wiliot & AnyVision – contributed to the upsurge in vertical funding during Q3/2021.

Investments by Verticals \$m: Q1/2019-Q3/2021



of Deals by Verticals: Q1/2019-Q3/2021

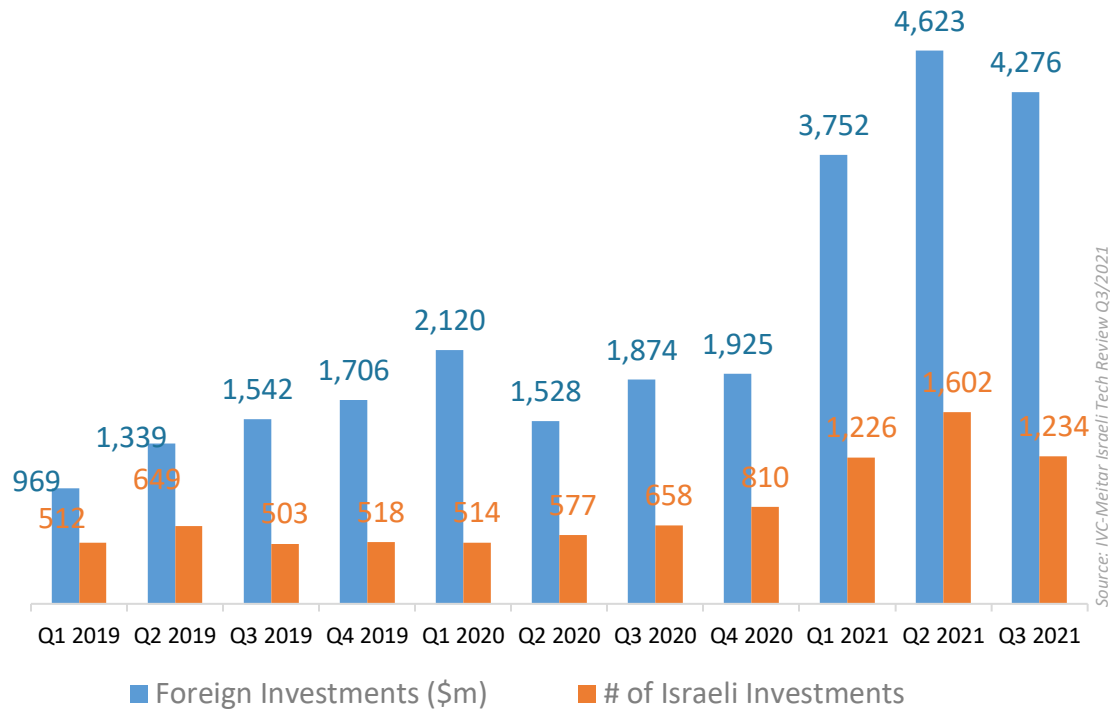


Israeli vs. Foreign Investments | Q1/2019 – Q3/2021

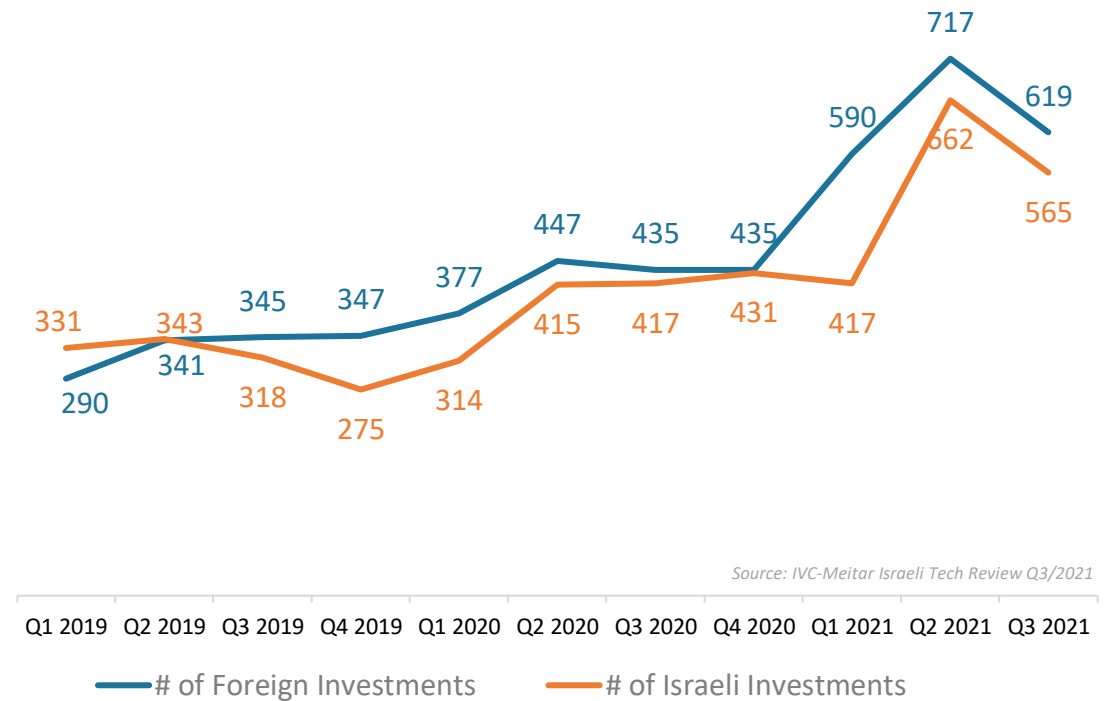


Israeli and foreign investors have kept a stable course of activity during the first quarters of 2021, increasing their investments gradually after a slight decrease in foreign investor participation during Q2 – Q4/2020.

Israeli vs. Foreign Investments \$m: Q1/2019 – Q3/2021



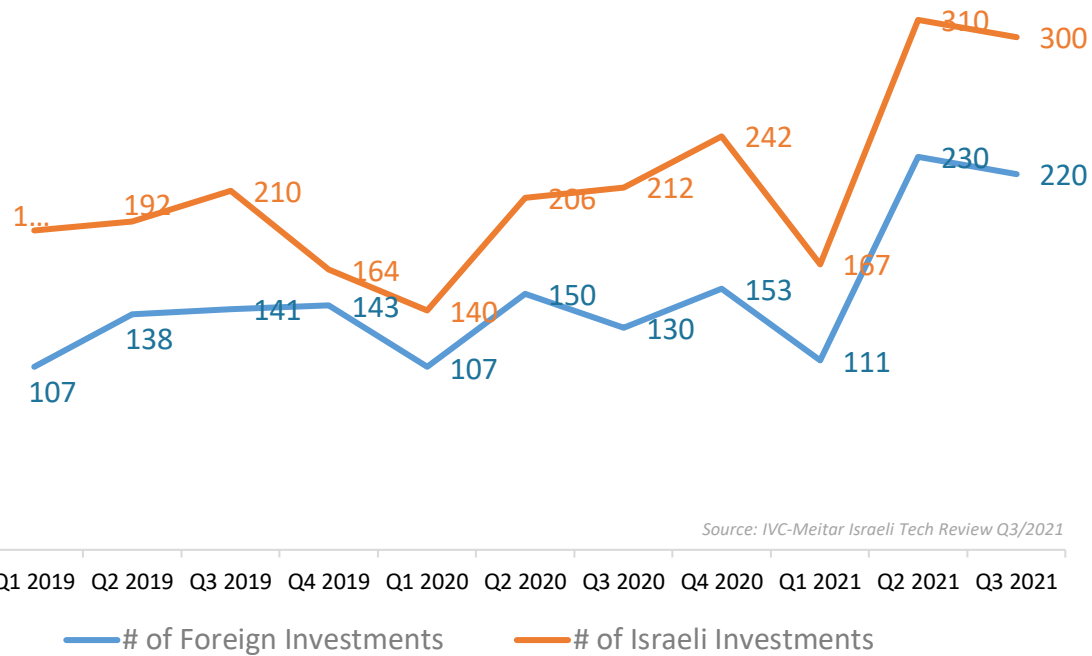
Israeli vs. Foreign Investments: Q1/2019 – Q3/2021



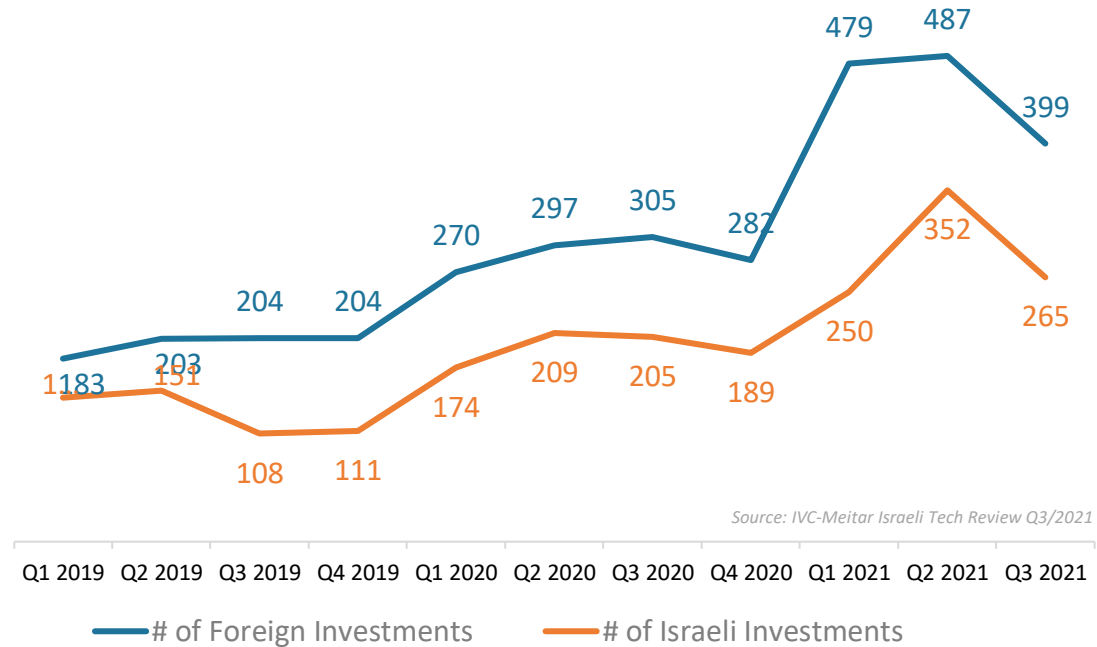
Israeli vs. Foreign Investments by Round Type | Q1/2019 – Q3/2021



Israeli vs. Foreign Investments in Seed Rounds:
of Investments Q1/2019 – Q3/2021



Israeli vs. Foreign Investments in Later Rounds:
of Investments Q1/2019 – Q3/2021

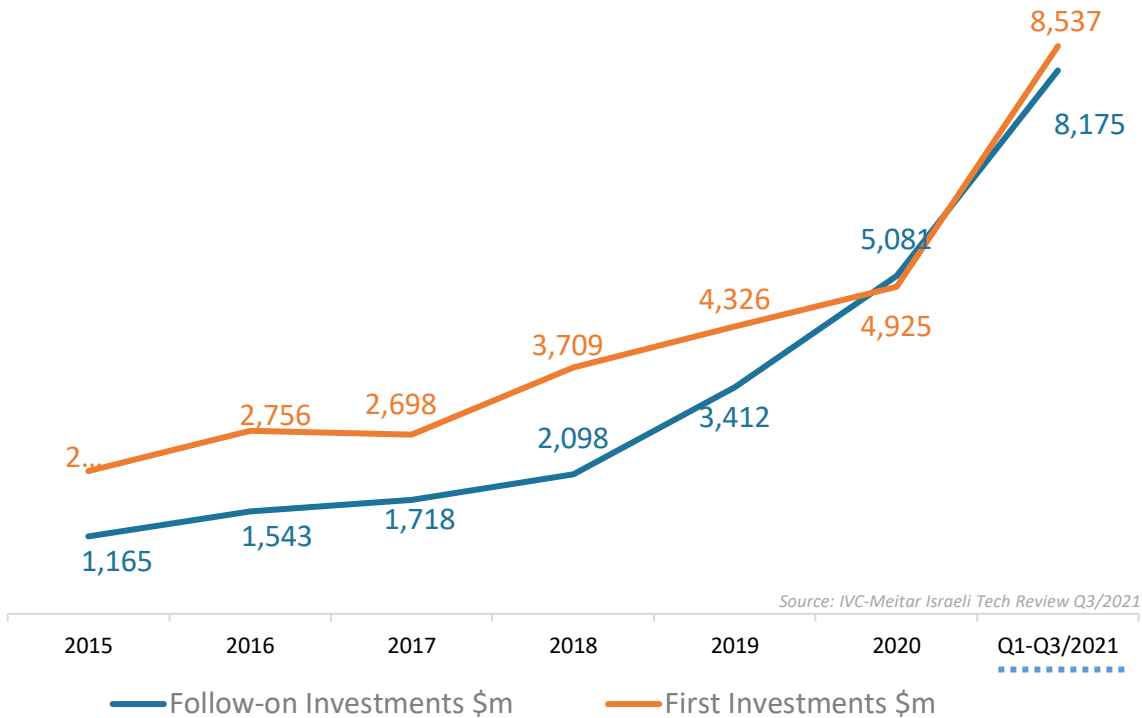


First vs. Follow-on Investments | Q1/2019 – Q3/2021

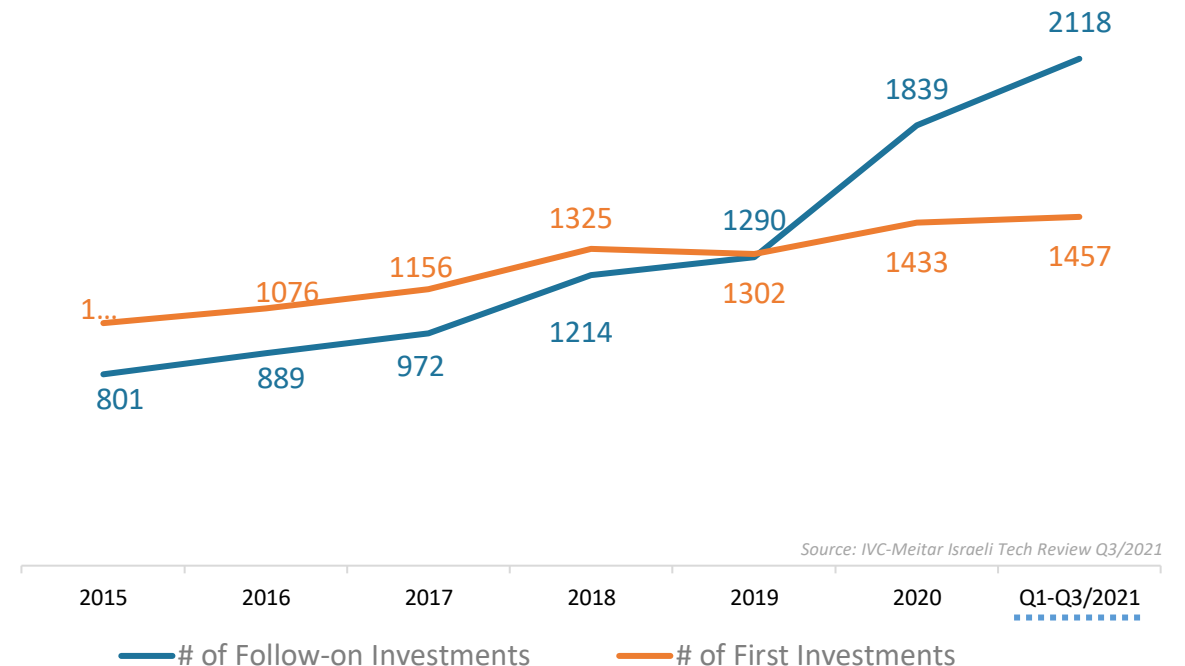


Starting in 2020, follow-on investments have supplied larger amounts and higher numbers to Israeli tech, which traditionally veered toward early-round investments. The gap between the numbers of follow-on vs. first-time investments will probably widen as long as new Unicorns are regularly revealed.

First vs. Follow-on Investments \$m: 2015 till Q1-Q3/2021



of First vs. Follow-on Investments: 2015 till Q3/2021





ISRAELI TECH EXITS Q1-Q3/2021

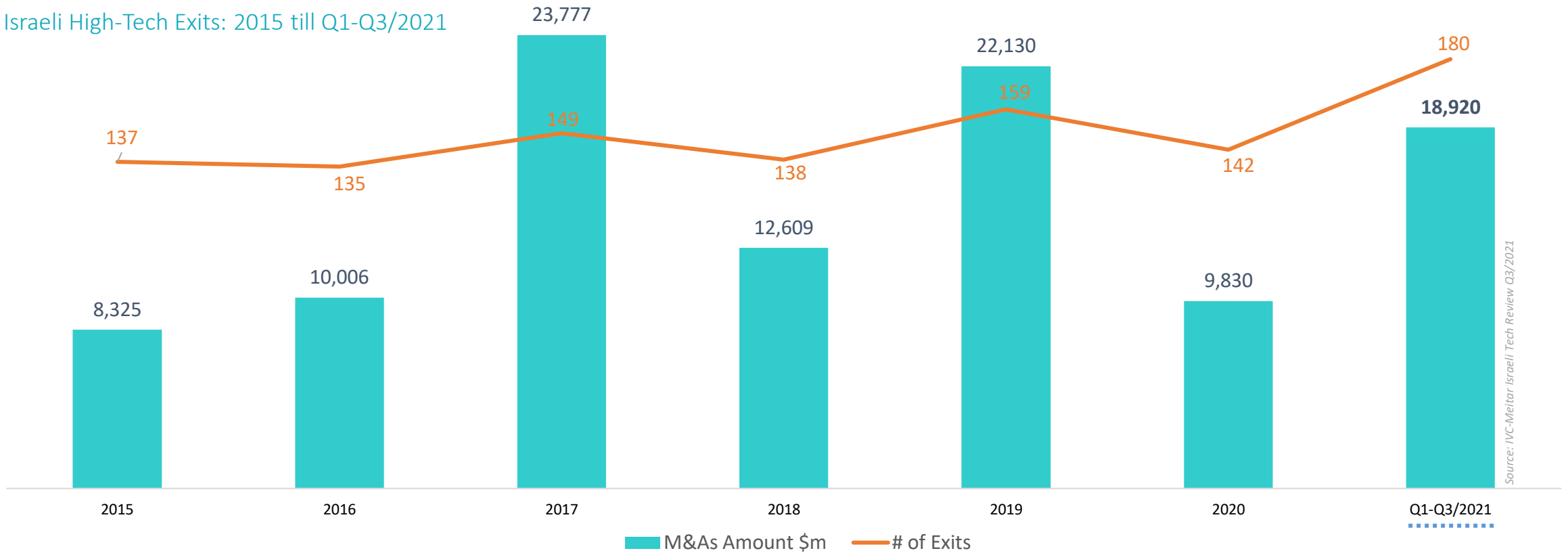


Israeli High-Tech Exits (M&As, Buyouts, IPOs) | 2015 till Q1-Q3/2021



Israeli high-tech exits' proceeds peaked in Q1–Q3/2021, approaching the record figures in 2017 and 2019, when two exceptional acquisitions elevated the total exits proceeds – Mobileye acquired by Intel for \$15.3 billion and Mellanox acquired by NVIDIA for \$7.4 billion.

Israeli High-Tech Exits: 2015 till Q1-Q3/2021

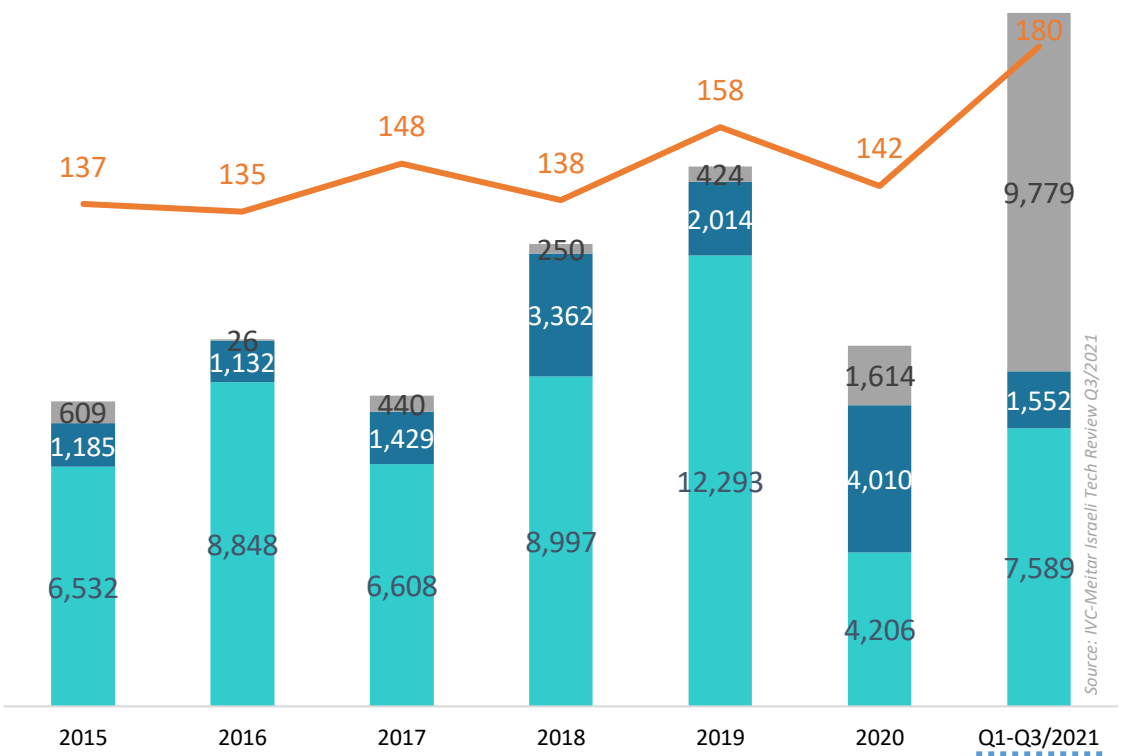


Israeli High-Tech Exits (M&As, Buyouts, IPOs) | 2015 till Q1-Q3/2021

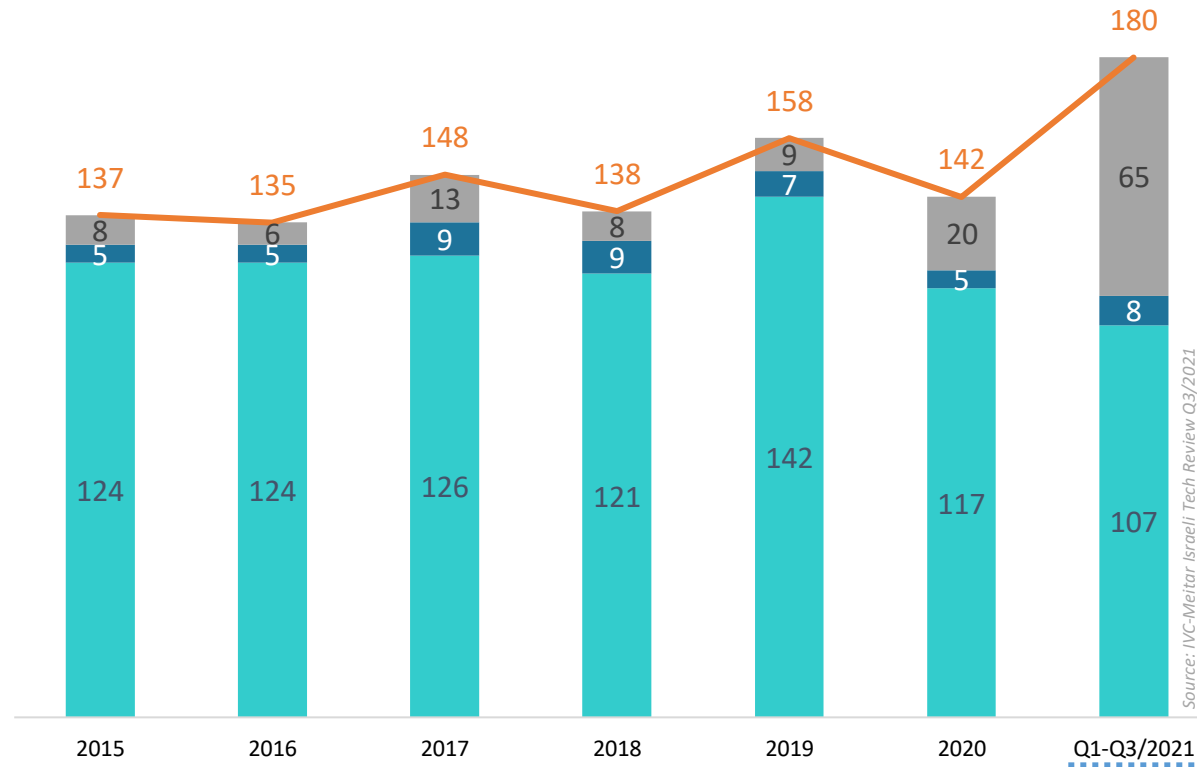


For the first time in history Israeli high-tech IPO activity surpassed M&A proceeds and accounted for 52% share of total capital proceeds in Q1-Q3/2021, leading total exits to the record achievements.

Israeli High-Tech Exits \$m: 2015 till Q1-Q3/2021



of Israeli High-Tech Exits: 2015 till Q1-Q3/2021



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

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

* Including IPOs, M&As & Buyouts

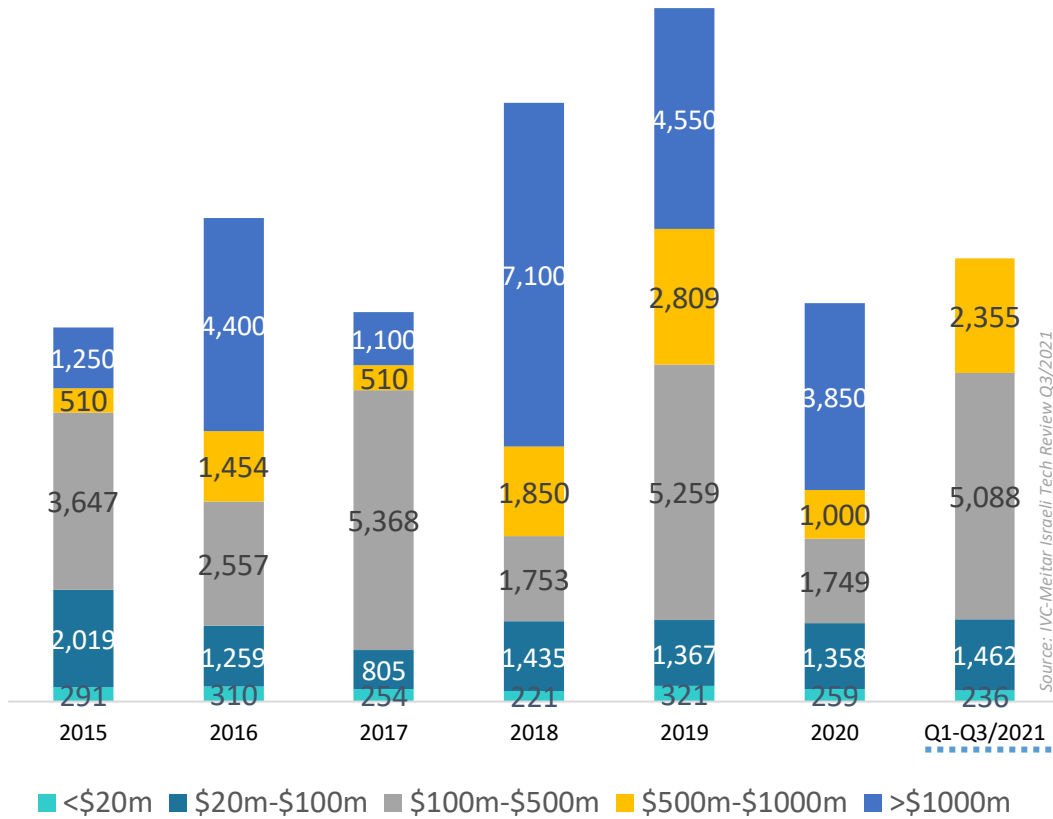
* Exits under \$5b

Israeli High-Tech M&As by Deal Size <\$5b | 2015 till Q1-Q3/2021

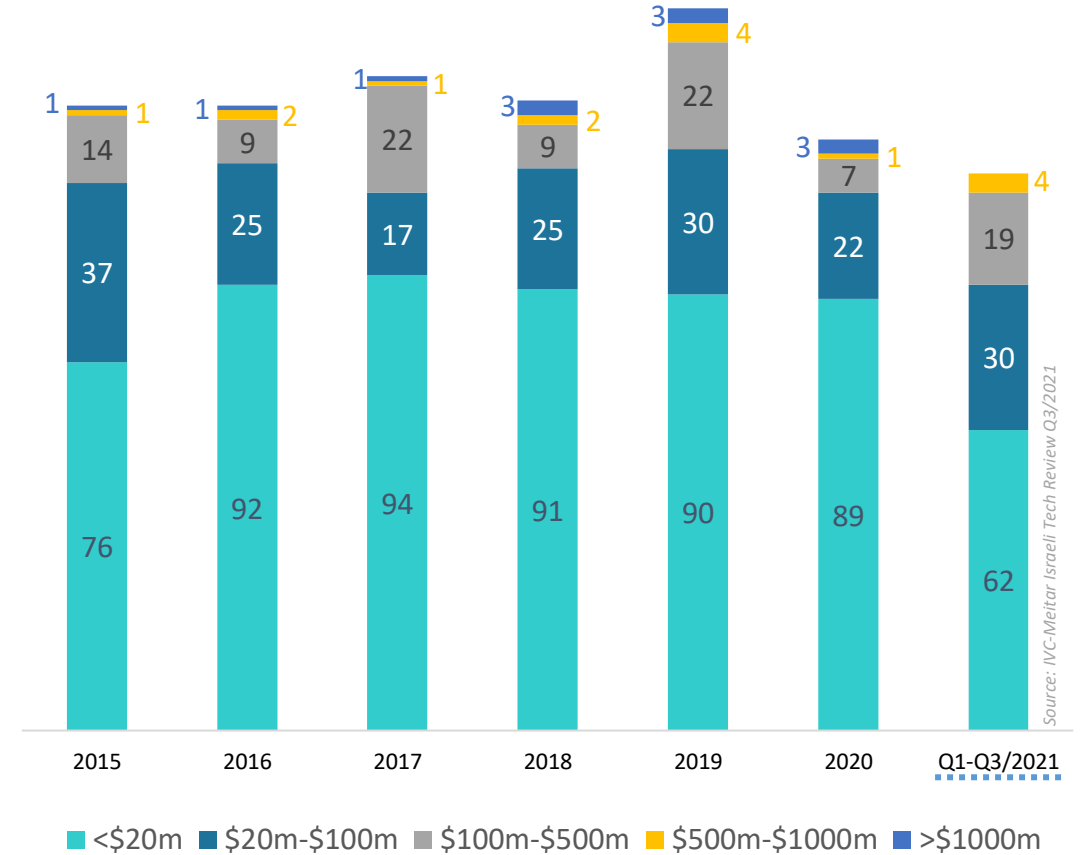


In Q1–Q3/2021, M&A proceeds have approached annual 2020 results, with the majority of this year’s proceeds (56%) from deals in \$100m to \$500m range. M&A numbers this period thus far remain proportionally similar to the same period in 2018–2019, with proceeds 29% higher than in the first three quarters of 2020, which were affected by COVID-19.

Israeli High-Tech M&As by Size \$m: 2015 till Q1-Q3/2021



Israeli High-Tech M&As by Size: # of Deals: 2015 till Q1-Q3/2021



* M&As & buyouts under \$5b

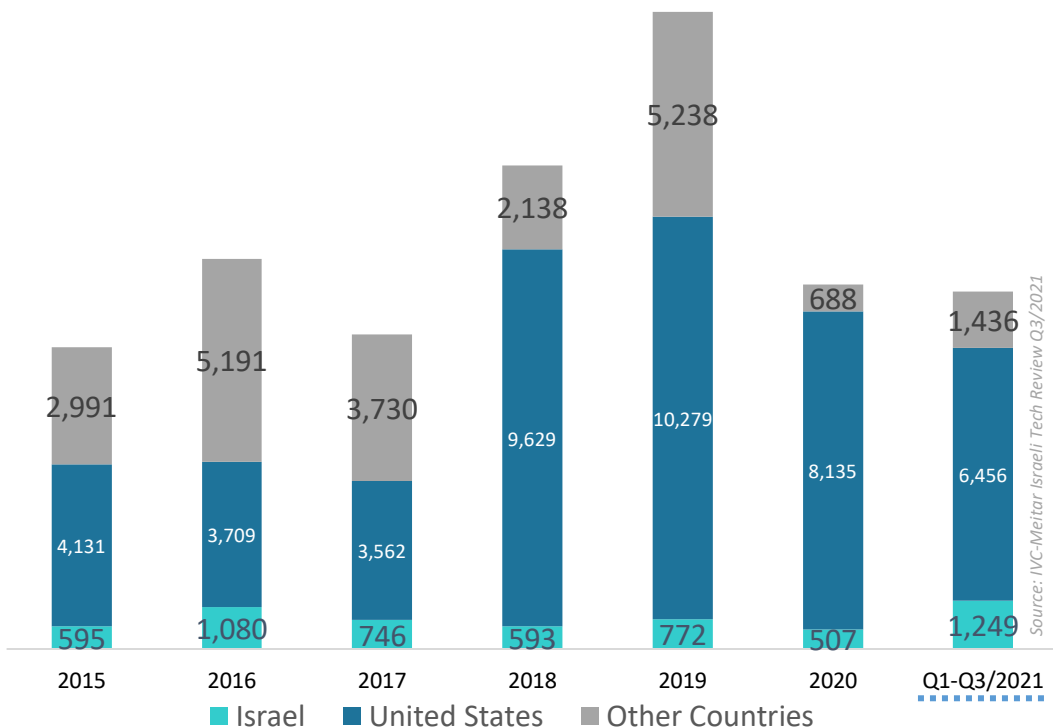


Israeli High-Tech M&As by Acquirer Country* | 2015 till Q1-Q3/2021

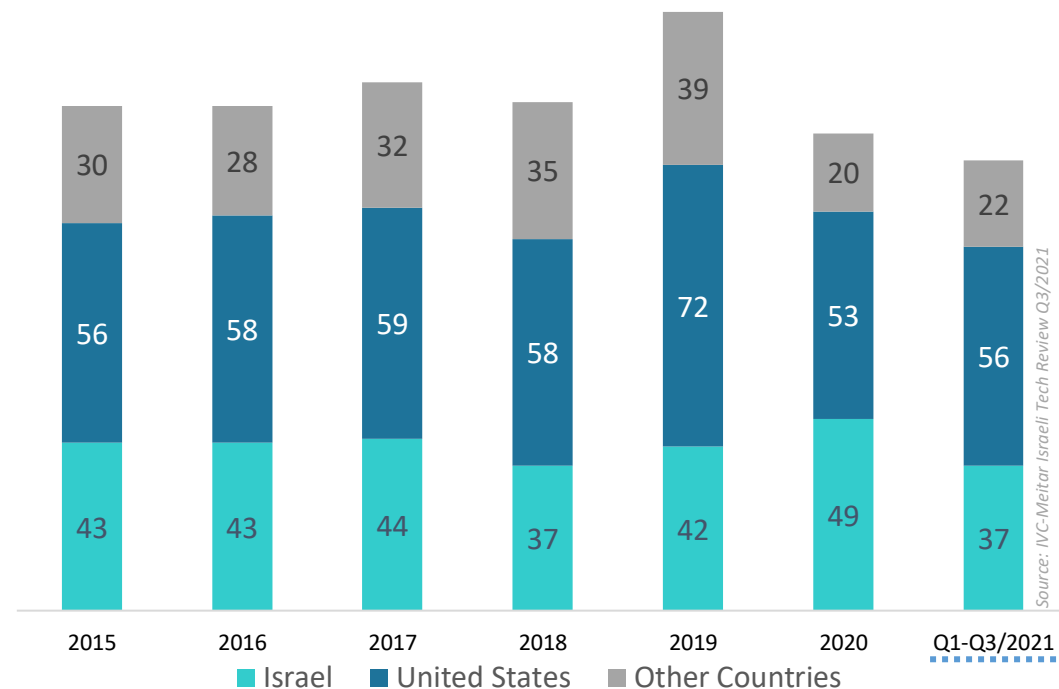


In Q1-Q3/2021, 49% of all Israeli high-tech M&A transactions were made by US acquirers, the highest share so far, while Israeli acquirers took more cautious approach, with 32% share, as compared to 40% of total number of M&As in 2020. In capital volume, the first three quarters of 2021 have already reached the 2020 figure, therefore building up the expectations for the annual results that will surpass this landmark.

Israeli High-Tech M&As by Acquirer \$m: 2015 till Q1-Q3/2021



Israeli High-Tech M&As by Acquirer: # of Deals: 2015 till Q1-Q3/2021



* M&As & buyouts under \$5b





Top Israeli High-Tech M&As | Q3 2021



IT & Enterprise Software
Security
\$600m
Acquired by
Akamai




Semiconductors
Wireless Communications
\$580m
Acquired by
Synaptics

AFFECTLAYER
IT & Enterprise Software
Enterprise Apps
\$575m
Acquired by
ZoomInfo



IT & Enterprise Software
Enterprise Apps
\$500m
Acquired by
Cisco



Communications
Broadcast
\$500m
Acquired by
Carlyle




IT & Enterprise Software
Security
\$400m
Acquired by
Rapid7


Source: IVC-Meitar Israeli Tech Review Q3/2021



IT & Enterprise Software
Enterprise Apps
\$374m
Acquired by
HPE



Internet
Online Entertainment
\$300m
Acquired by
Voodoo



IT & Enterprise Software
Enterprise Apps
\$275m
Acquired by
Check Point



Life Sciences
Digital Health
\$200m

10 M&As
Summed up to
\$4.3B – 47% of total
each deal
over **\$200m**





ISRAELI TECH IN CAPITAL MARKETS Q1-Q3/2021

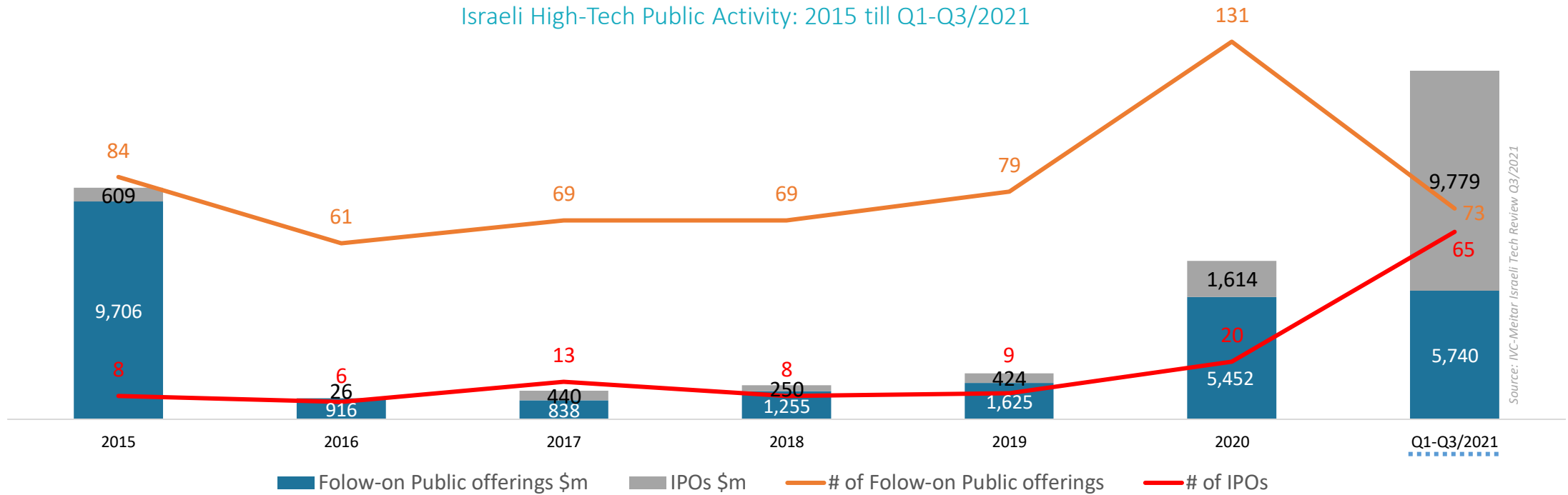


Israeli High-Tech Public Companies Offerings | 2015 till Q1-Q3/2021



In Q3/2021, 17 Israeli high-tech companies raised \$1.36 billion in IPO transactions – 14% of all IPO volume in 2021 till now. The two most prominent IPOs this quarter were made on Wallstreet: Riskified with \$418m raised valued at \$3.3b and REE Automotive raising \$288m, valued at \$3.1b post transaction.

Israeli High-Tech Public Activity: 2015 till Q1-Q3/2021



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

Israeli High-Tech IPOs by Stock Exchange | 2015 till Q1-Q3/2021

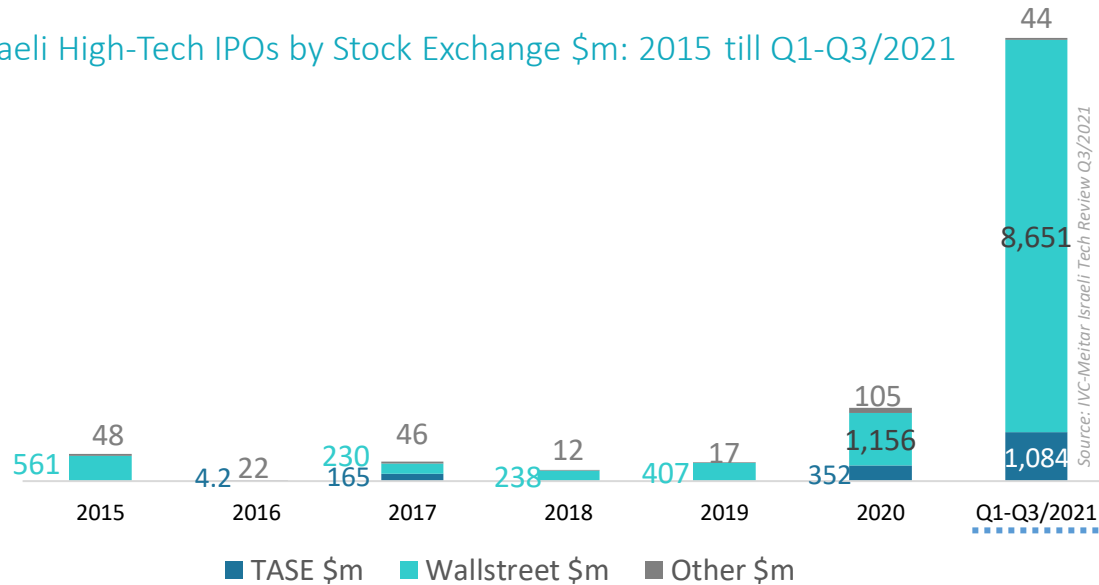


Israeli Stock Exchange woke up from slumber in 2021, when 42 Israeli high-tech companies chose to make an IPO exits on TASE. This adds up to the 20 IPO exits on Wallstreet and some other regions – advancing to the record figures in Q1-Q3/2021. The third quarter slowed down a bit, still above the averages of previous years.

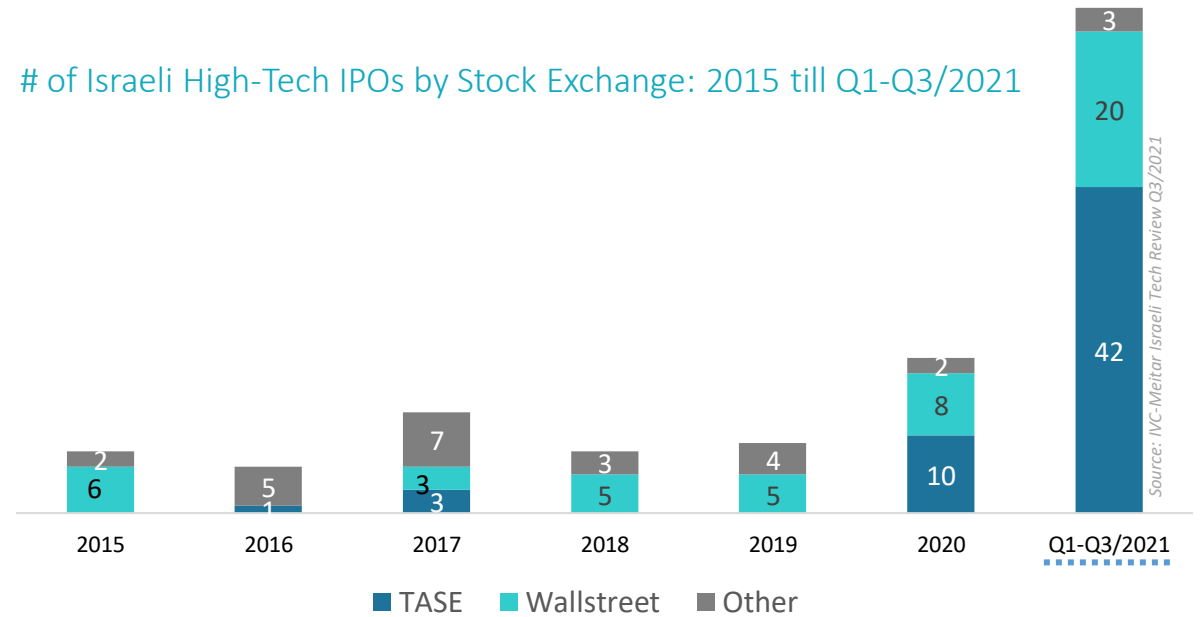
Leading IPOs in Q3/2021:



Israeli High-Tech IPOs by Stock Exchange \$m: 2015 till Q1-Q3/2021



of Israeli High-Tech IPOs by Stock Exchange: 2015 till Q1-Q3/2021

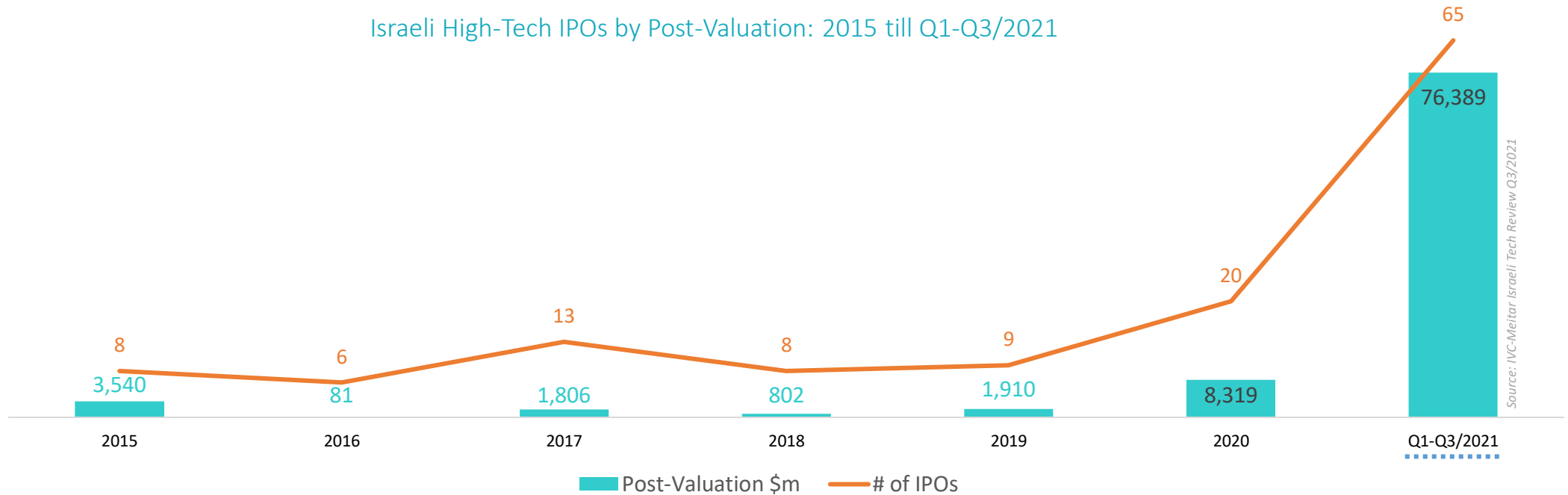


Israeli High-Tech IPOs by Post-Valuation | 2015 till Q1-Q3/2021



Israeli high-tech companies that chose to join capital markets were valued rather high post IPO transactions in Q1-Q3/2021. The two outstanding companies to note this year were Playtika valued at \$13 billion and IronSource valued at \$11 billion.

Israeli High-Tech IPOs by Post-Valuation: 2015 till Q1-Q3/2021



Source: IVC-Meitar: Israeli Tech Review Q3/2021

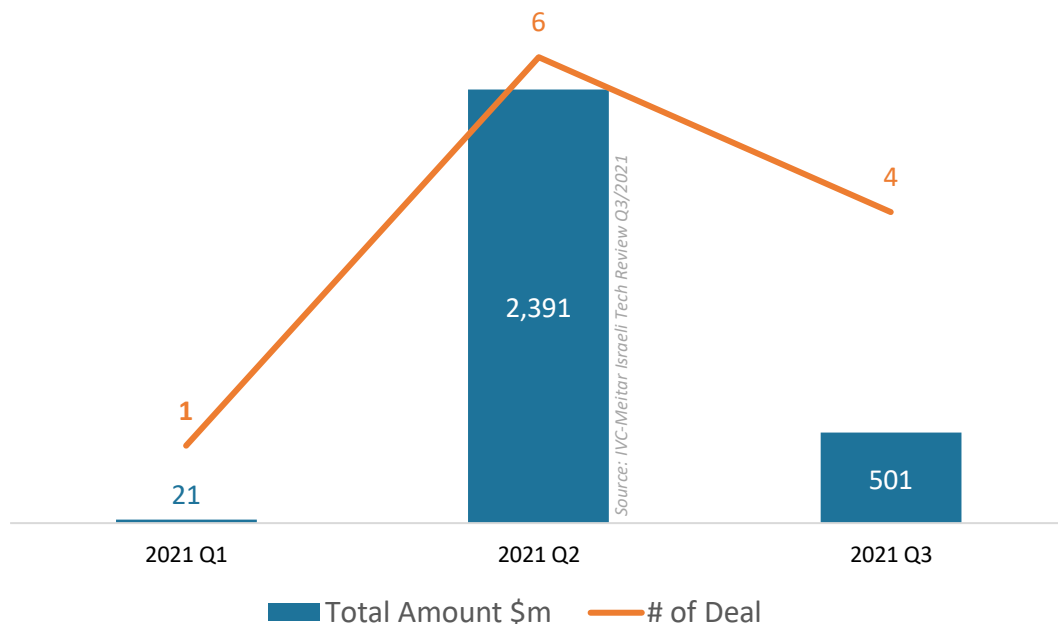


Israeli High-Tech IPOs – SPAC Deals | Q1-Q3/2021



In Q1-Q3 2021, eleven Israeli high-tech companies preferred to go for SPAC IPO proceeds raising \$2.91 billion or 30% share of total IPO values in this period. The majority of companies were in life science raising \$1.26 billion (43% of total capital volume) on capital markets.

Israeli High-Tech IPOs – SPAC Deals Q1-Q3/2021



Source: IVC-Meitar Israeli Tech Review Q3/2021





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 data base.
- This report summarizes activities of Israeli and Israel-related high-tech companies between 2015-Q3/2021. "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 September 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 specialist 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 610 investors of which 113 were Israeli VC funds and 497 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 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-Q3/2021.

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.





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)

www.ivc-online.com



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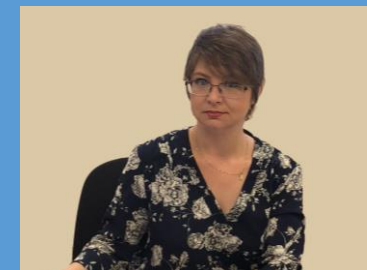
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2021

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