



GREENFIELD
CULTIVATING GROWTH.

Q4 2023 IN REVIEW

of the ISRAELI TECH ECOSYSTEM

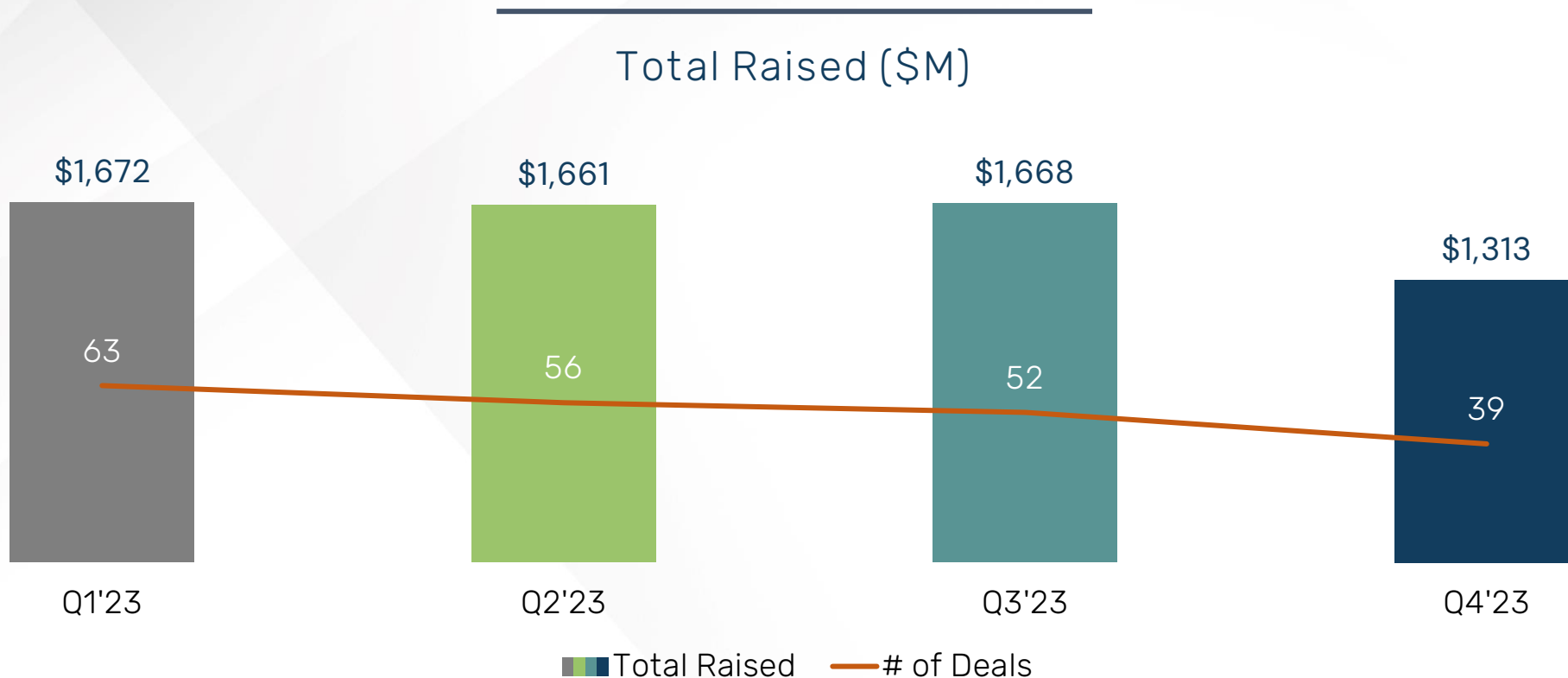


Executive Summary

We are excited to share with you our review of **2023** in the Israeli Tech Ecosystem.

Greenfield Partners extends its congratulations to the **207** companies that raised capital this year, totaling **\$6.38** billion in funding.

Additionally, we join the ecosystem in welcoming Israel's newest unicorns of this past year AI21 Labs, BioCatch & Lendbuzz.



The State of the Israeli Venture Market



Stabilizing Forces in the Private Sector

- After a two-year global downturn, the private sector is showing signs of stabilization, marking a potential long-term trend reversal.



No Slowdown in Israeli Innovation

- The Israeli startup ecosystem continues to exhibit robust funding activities in Q4, undeterred by the current geopolitical climate.
- While public funding announcements have decreased periodically, underlying venture climate remains strong



M&A Activity on the Rise

- Notable uptick in M&A transactions, particularly in the Cybersecurity sector, signals a resurgence in exit market liquidity.



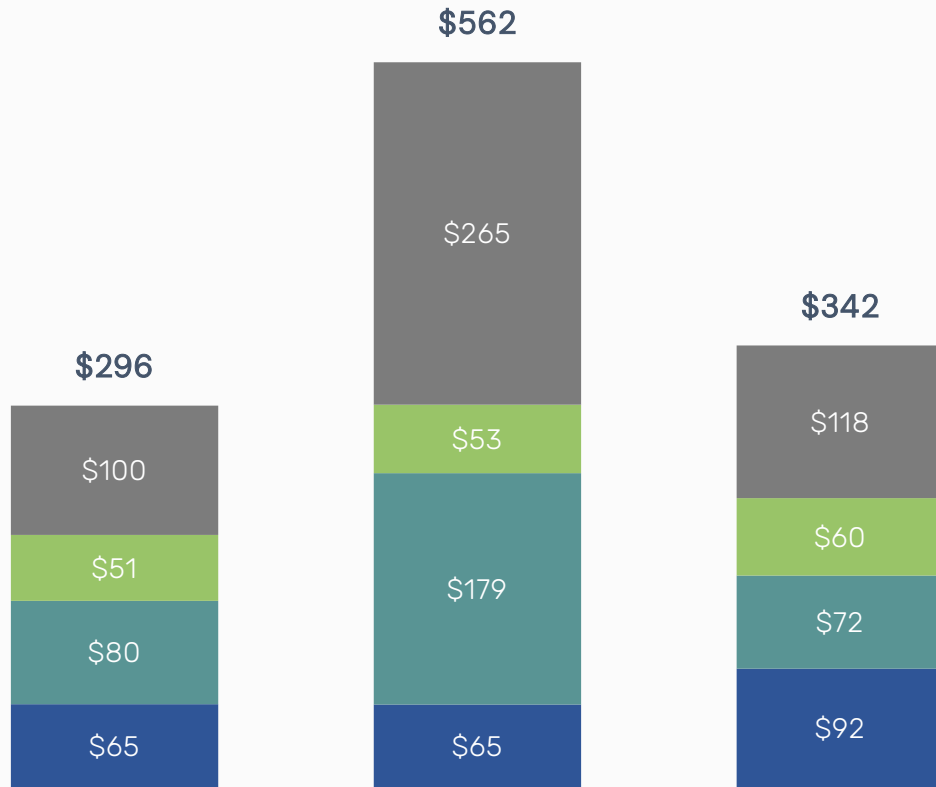
Bullish Sentiments in Public Markets

- Improved public market valuations are beginning to echo in the private sector, potentially catalyzing increased investment activities.



Q4 2023 Breakdown – By The Numbers

Total Raised By Round Size (\$M)



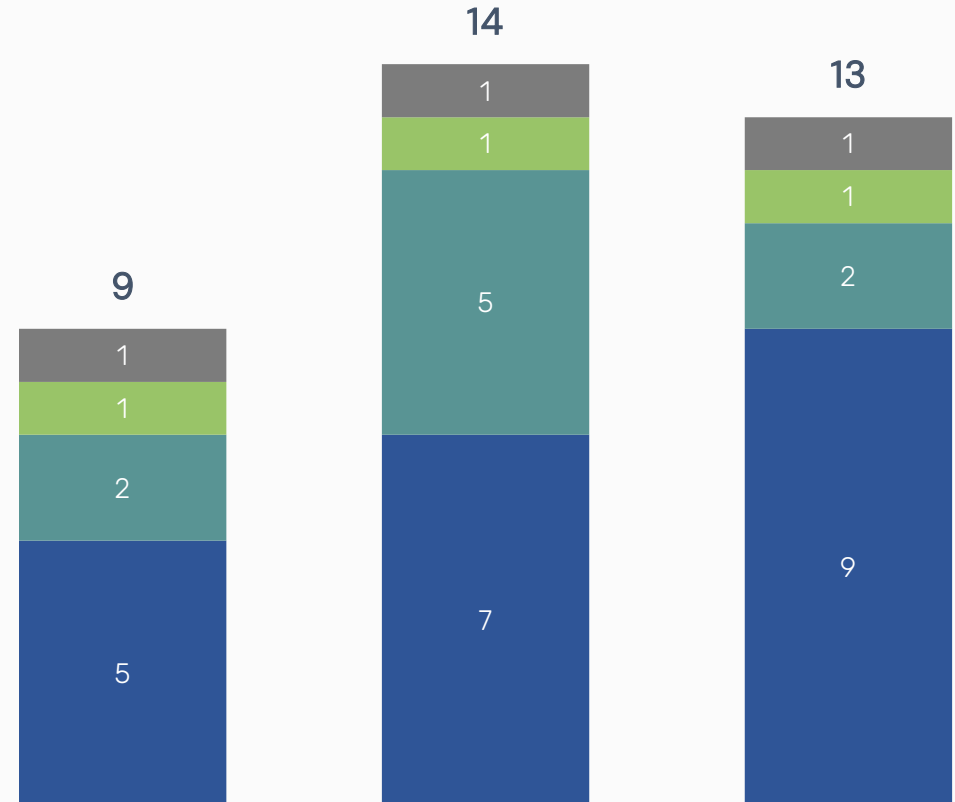
Oct-2023

Nov-2023

Dec-2023

■ < \$25M ■ \$25 - 50M ■ \$50 - 100M ■ > \$100M

of Deals By Round Size



Oct-2023

Nov-2023

Dec-2023

■ < \$25M ■ \$25 - 50M ■ \$50 - 100M ■ > \$100M



Year Of Stabilization In Funding Volume, With Temporary Slowdown In Q4 Attributed To Geo-political Environment With Many Large Size Funding Rounds Unannounced

Preceding 12 Months:
Q4'22 vs. Q4'23

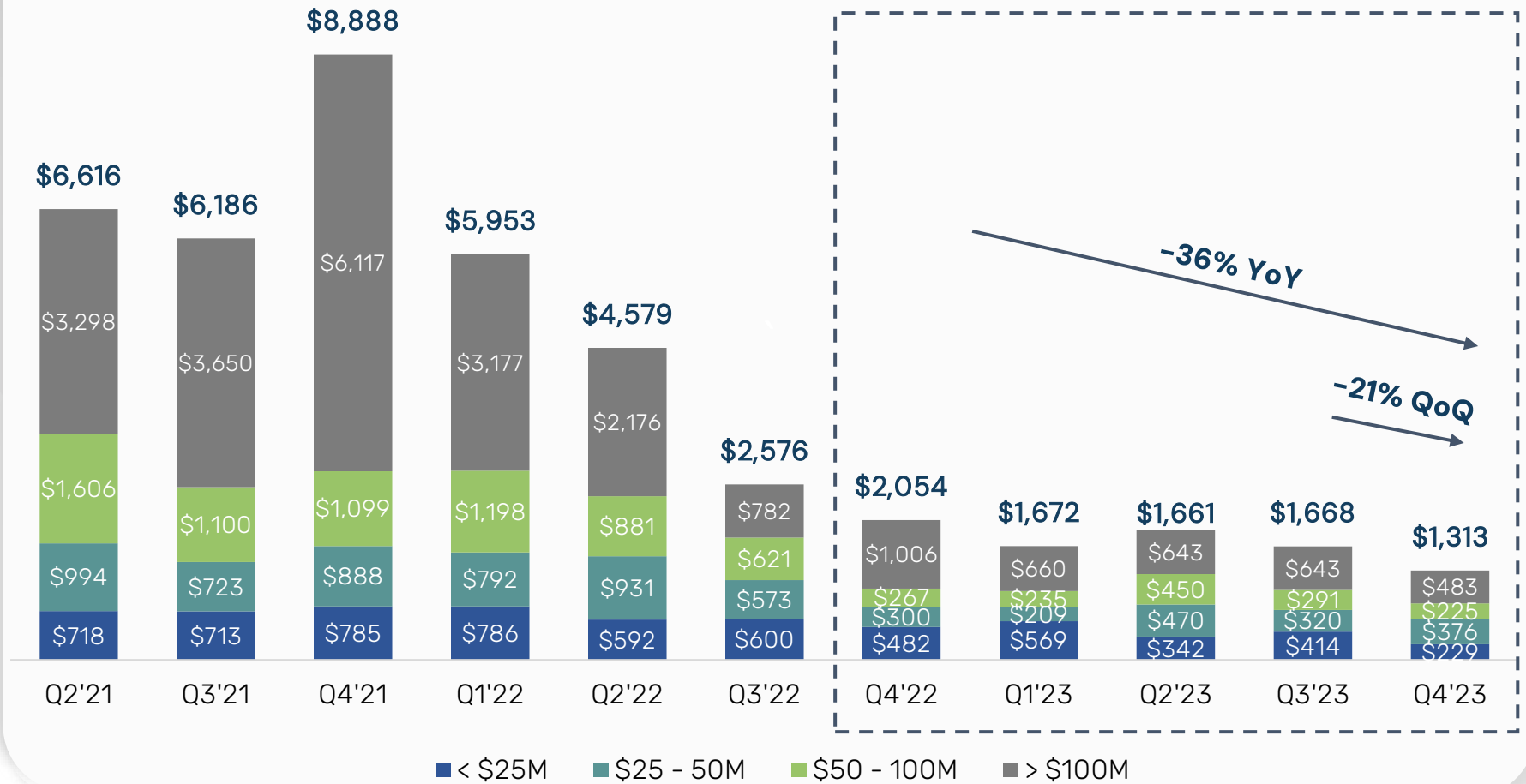
36%

decline

As of Q4'2023, **\$6.3B** was raised in the preceding twelve months compared to **\$15.1B**, which was raised in the preceding twelve months as of Q4'2022

\$6.31B	2023		
\$15.1B	2022	(58%)	✓
\$27.5B	2021	(77%)	✓
\$8.6B	2020	(27%)	✓
\$8.2B	2019	(23%)	✓

Total Raised By Round Size (\$M)



Note: Does not include investments through IPOs and SPACs.



Despite Funding Environment, Early-Stage Deals Show Resilience, Even as Larger Funding Rounds Continue to Decline in Volume

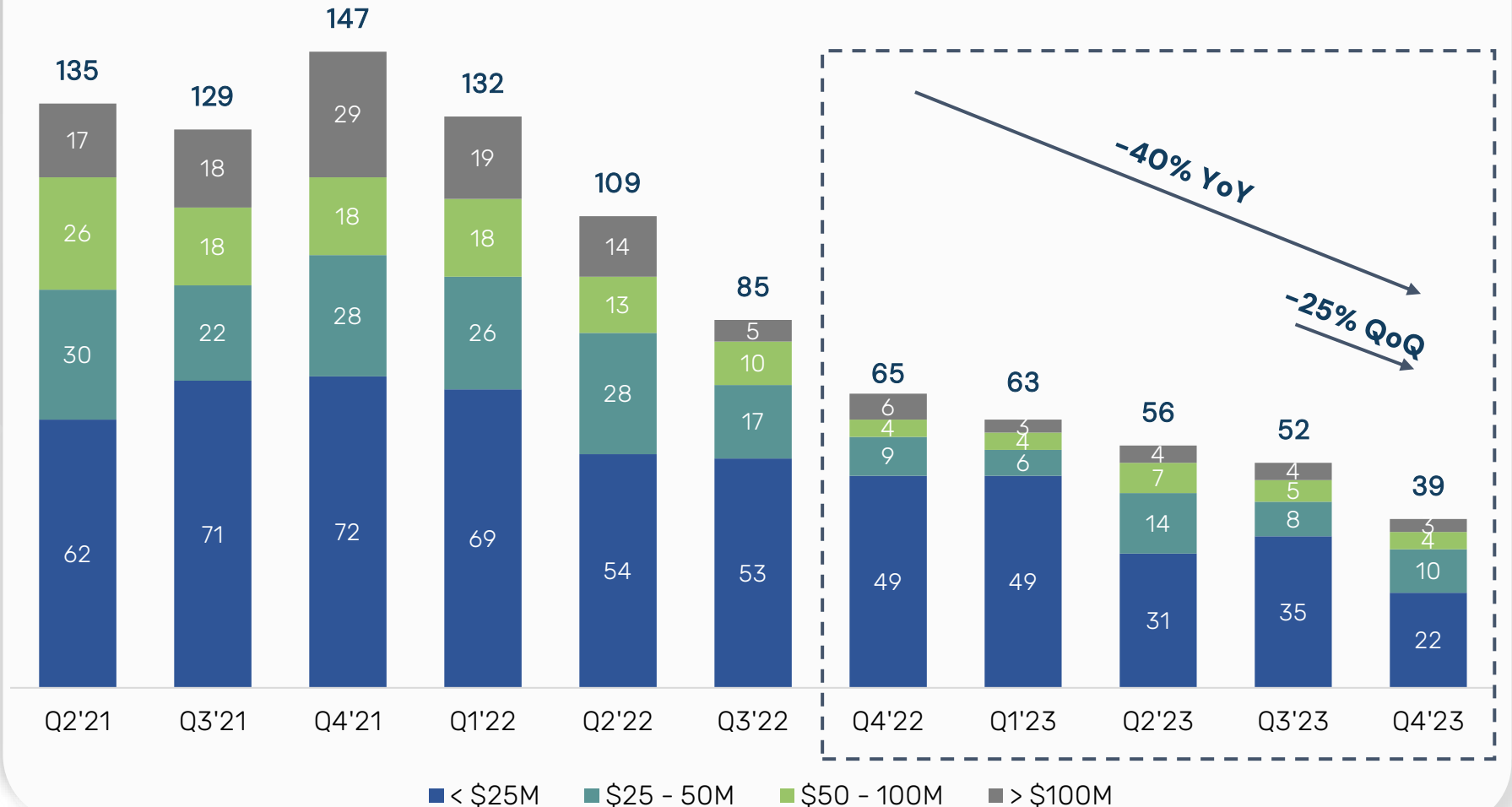
Preceding 12 Months:
Q4'22 vs. Q4'23

40%
decline

As of Q4'2023, **207** deals were closed in the preceding twelve months compared to **391** deals in the preceding twelve months as of Q4'2022

209	2023		
391	2022	(47%)	▼
529	2021	(60%)	▼
282	2020	(26%)	▼
522	2019	(59%)	▼

of Deals By Round Size

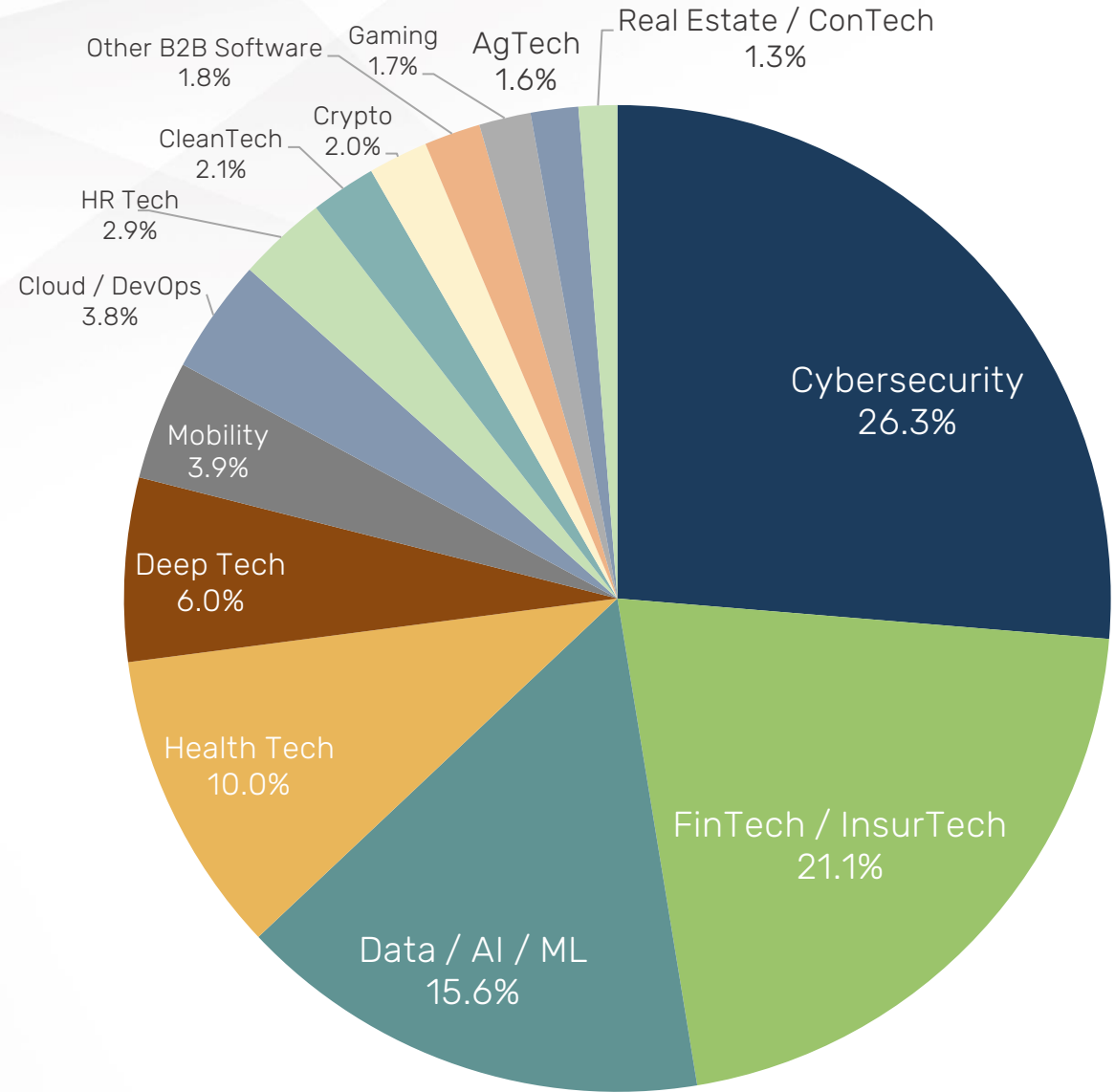


Note: Does not include investments through IPOs and SPACs.



2023: Cybersecurity Reaffirms Dominance, While Fintech / Insurtech Demonstrate Strong Surge in Investor Interest. Data & AI Infrastructure Follows in Close Third as AI Revolution Enters it's Second Year with Expectations to Increase In 2024

Sector	Total Raised (\$M)	# of Deals
Cybersecurity	\$1,153	45
FinTech / InsurTech	\$1,133	31
Data / AI / ML	\$918	30
Health Tech	\$588	21
Deep Tech	\$355	12
Mobility	\$230	7
Cloud / DevOps	\$221	15
HR Tech	\$173	3
CleanTech	\$126	5
Crypto	\$115	5
Other B2B Software	\$108	10
Gaming	\$100	2
AgTech	\$92	3
Real Estate / ConTech	\$74	5





Companies that Raised in Q4'2023

\$100M+



\$50 – 100M



















\$25 – 50M



< \$25M



Q4'2023 M&A / IPO Roundup

	TARGET	ACQUIRER	DEAL VALUE (\$M) ⁽¹⁾
OCT-2023	 Dig Security	 paloalto NETWORKS	\$400
NOV-2023	 TALON	 paloalto NETWORKS	\$625
	 CartiHeal	 Smith+Nephew	\$330
	 EverSQL	 aiven	N/A
DEC-2023	 raftt	 WIZ	N/A
	 oolo	 AppsFlyer	N/A
	 Spera	 okta	\$100
	 atom security	 mend.io	NA

(1) Deal values are estimated and sourced from media outlets and company press releases.



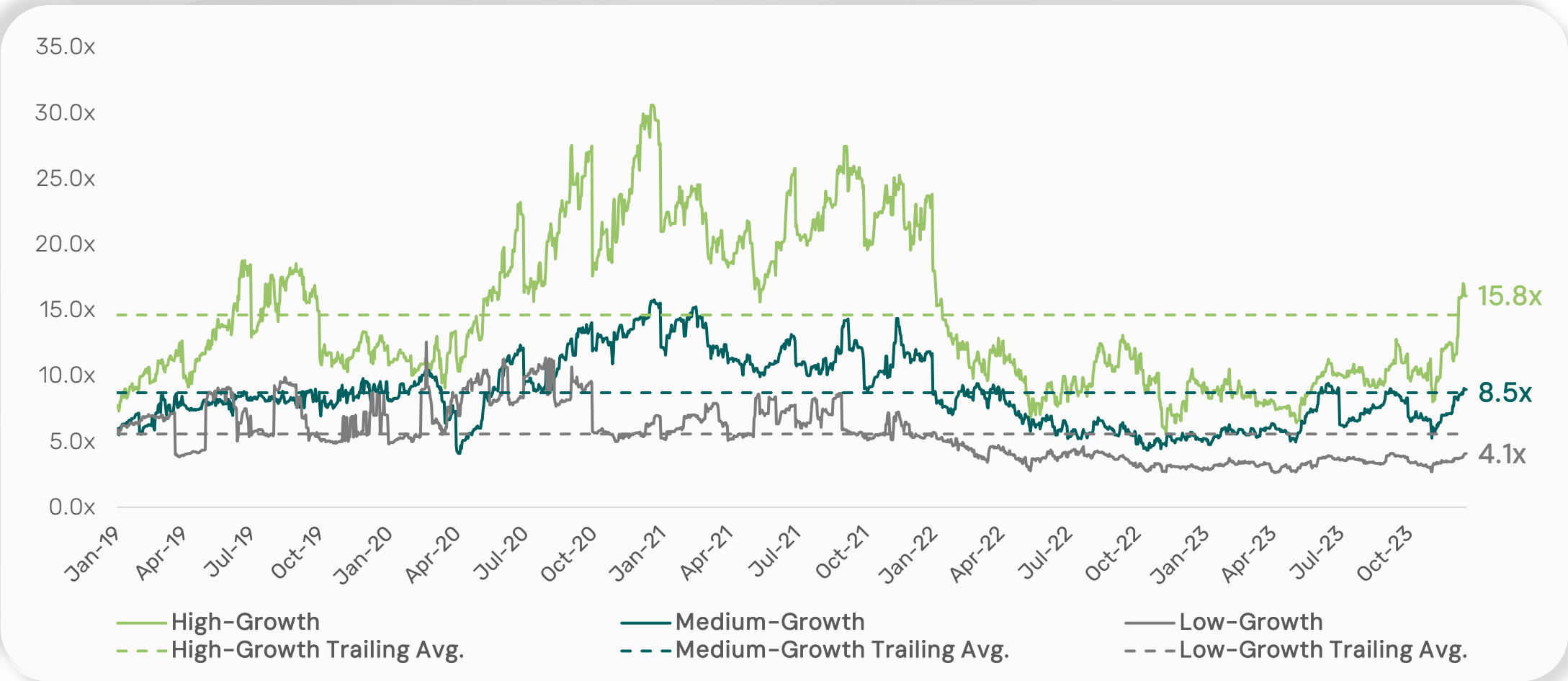
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PUBLIC SAAS COMPS AND MACROECONOMIC INDICATORS



EV / NTM Revenue Multiples

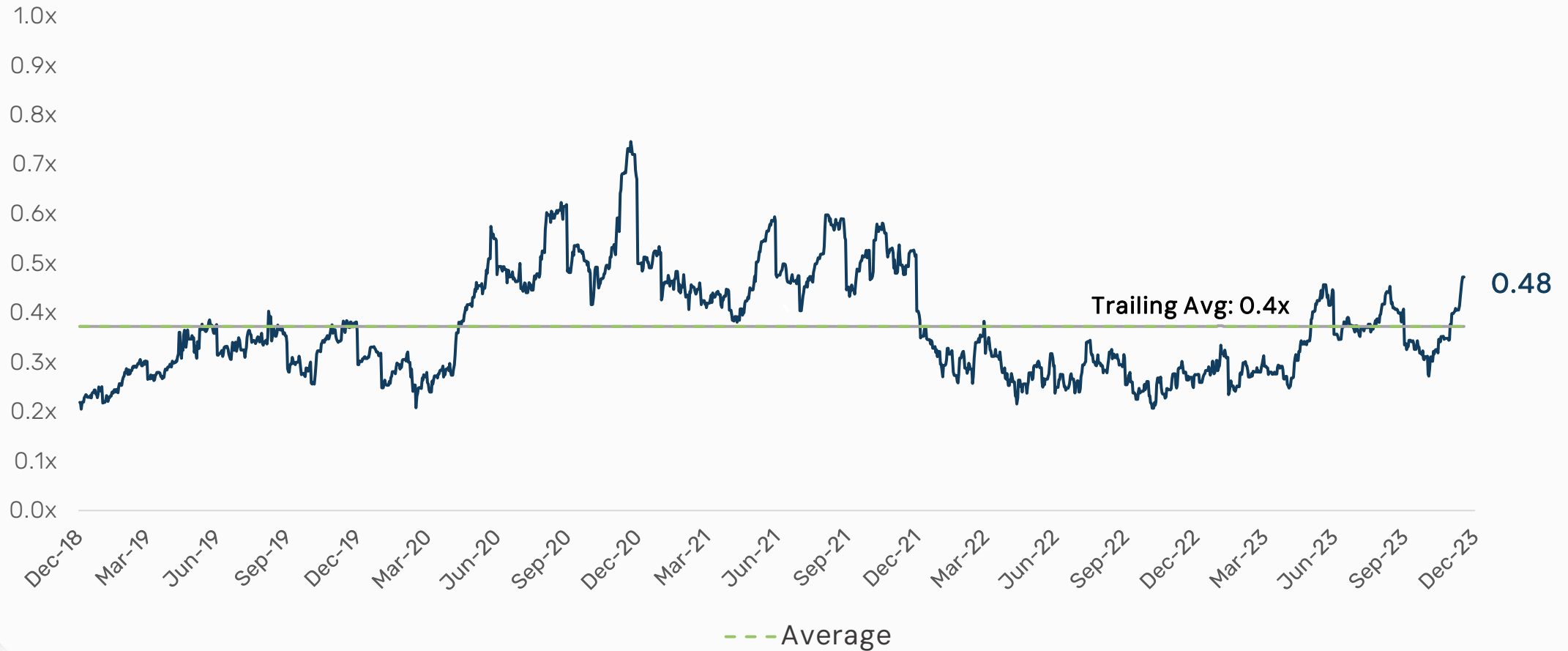
Year End Multiple Expansion, Driven by Public Market Rally and Better Than Expected Revenue Forecasts





Growth ADJ. EV / NTM Revenue Multiples

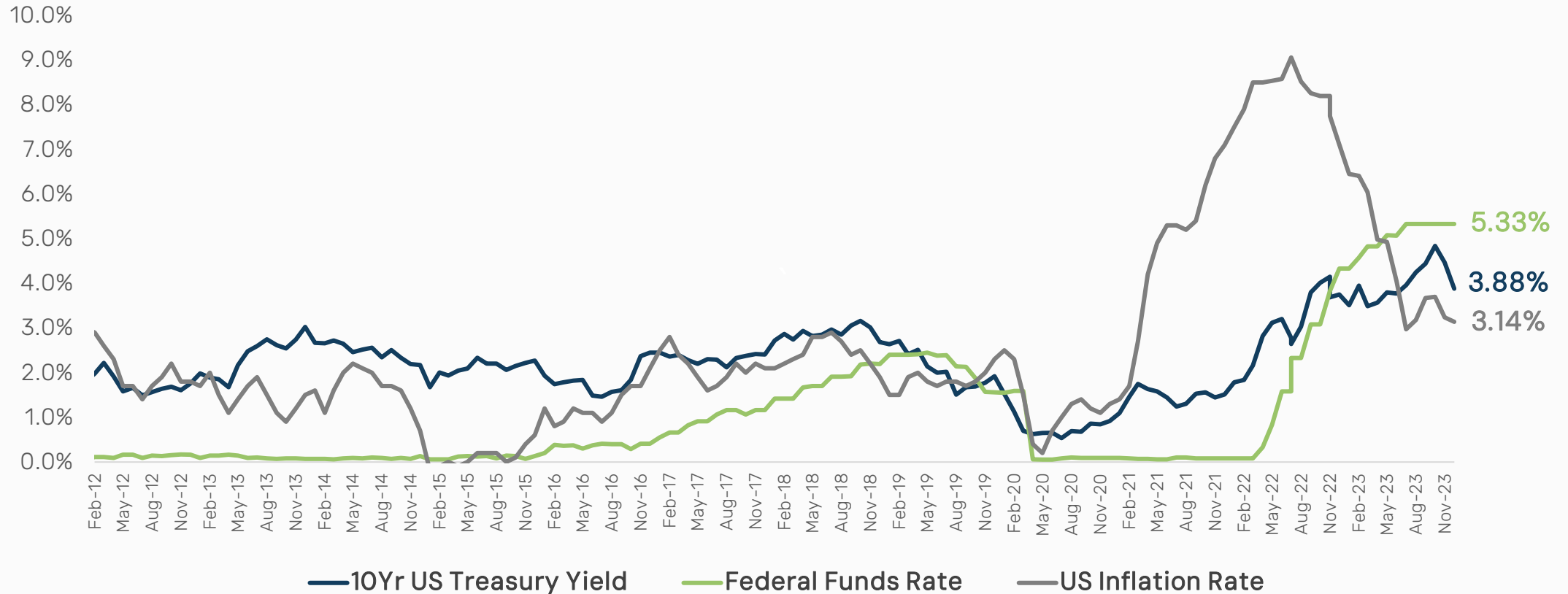
Growth adjusted multiples trend higher, returning to Covid-era range, signaling bullish growth expectations on the back of more favorable macro indicators





Macro-Economic Indicators

Interest rates continued to decline throughout Q4, given an improving macro environment and the fed signaling to potential rate cuts in coming quarters




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Market Map

ISRAEL'S ENTERPRISE CYBERSECURITY LANDSCAPE

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May 2023

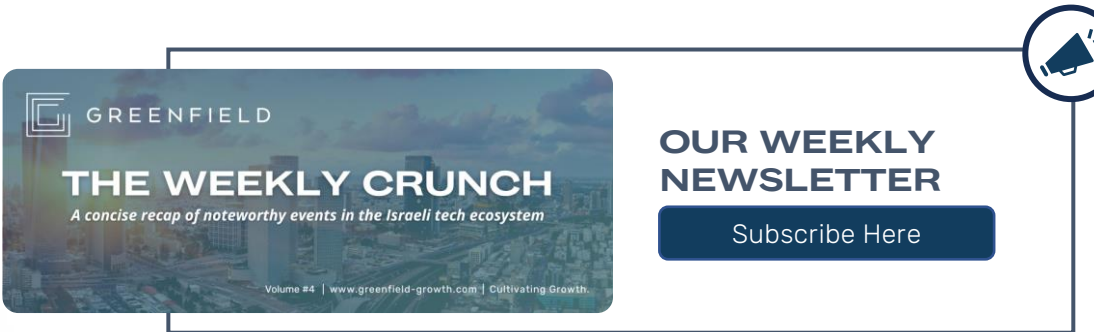
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