



ISRAEL'S HIGH-TECH ECOSYSTEM

H1/2021 Summary



WHAT'S IN THE REPORT:

- ▶ CHANGES IN THE ROUND'S DEFINITION METHODOLOGY
- ▶ ISRAEL'S FUNDING LEAPFROG
- ▶ INVESTMENT BREAKDOWN BY FUNDING STAGE
- ▶ EXITS & LIQUIDATION EVENTS

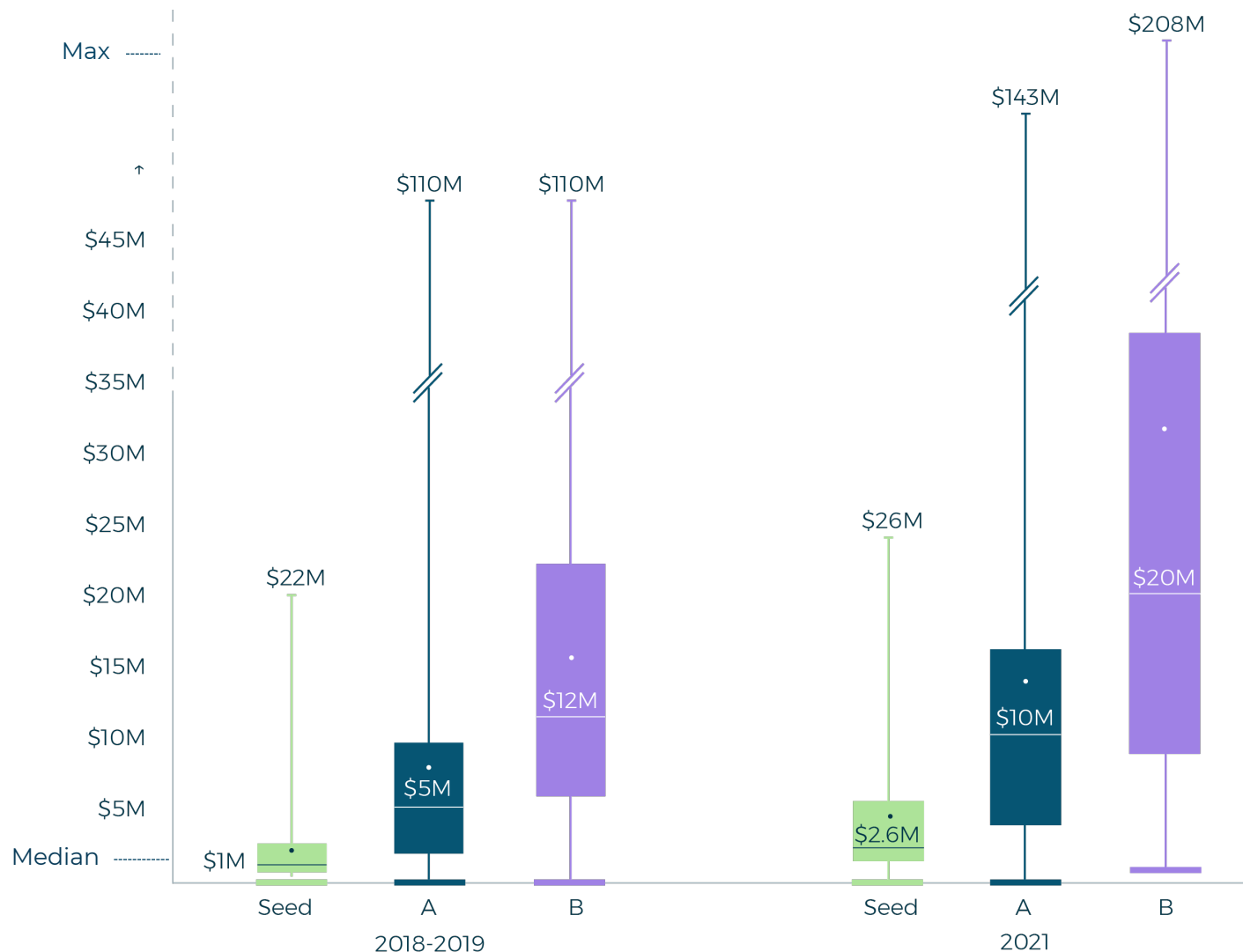


CHANGES IN THE ROUND DEFINITION METHODOLOGY

2021 series are unrecognizable from what they were just a few years ago.

- Over the past several years, we have witnessed a shift towards bigger funding rounds in every series, expanding the series' deal size range.
- For example, the median "A round" in 2021 is almost equal to the median "B round" in 2018-2019.
- In fact, the median Seed, A and B rounds have **doubled**.

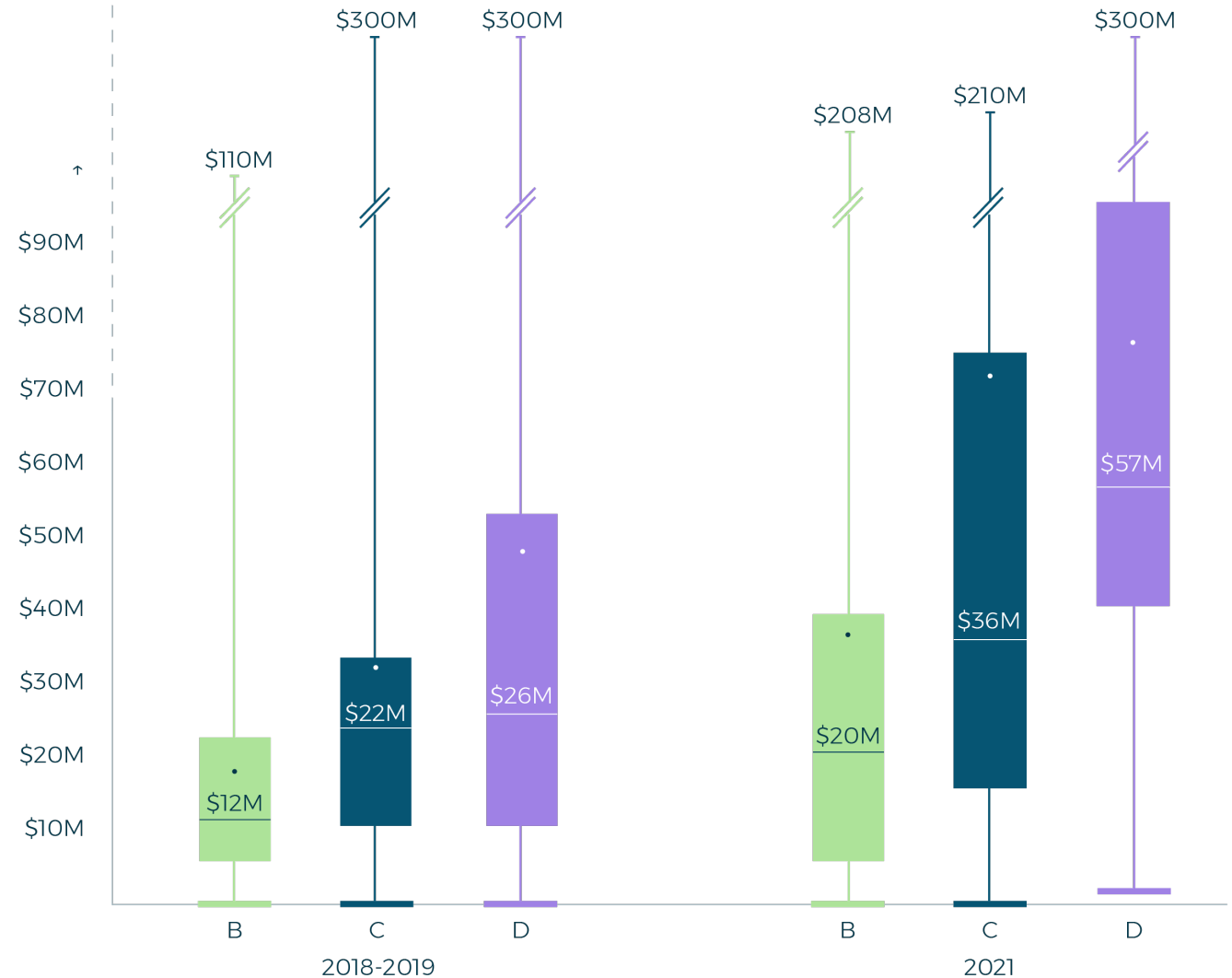
Chart 1 shows median and highest funding round in series Seed, A, B in Israel



Later round series show a similar pattern, of wider deal size ranges, and closer medians.

- In our experience, the differences are not only in the deal size, but are also reflected in the maturity of the companies.
- This is also partly due to incorrect information about funding rounds, which leads to biased data in distinguishing between the series.

Chart 2 shows median and highest funding round in series B, C, D in Israel





The Alphabetical Method for Naming Funding Series Has Collapsed

The traditional “A,B,C” classification was adopted to predict a company’s funding stage. However, as the deal sizes now vary so widely across series, they no longer provide an accurate representations of a company’s growth or maturity. It is easy to find “A” companies that are virtually identical to “C” companies.

This has led to our decision to abandon the traditional round categories as we no longer find them relevant or reliable.

STARTING THIS YEAR, WE WILL ADOPT A NEW NUMERICAL APPROACH THAT WE BELIEVE PROVIDES A MUCH MORE ACCURATE INSIGHT INTO COMPANIES' MATURITY AND FUNDING STAGE.

Early Stage <\$30M

Growth Stage \$30M - <\$100M

Mega Stage \$100M+

- Some Exceptions might fall out of this categorization
- We will continue to rely on the traditional categories with older data. Therefore , extra care should be employed when comparing 2021 and previous years.

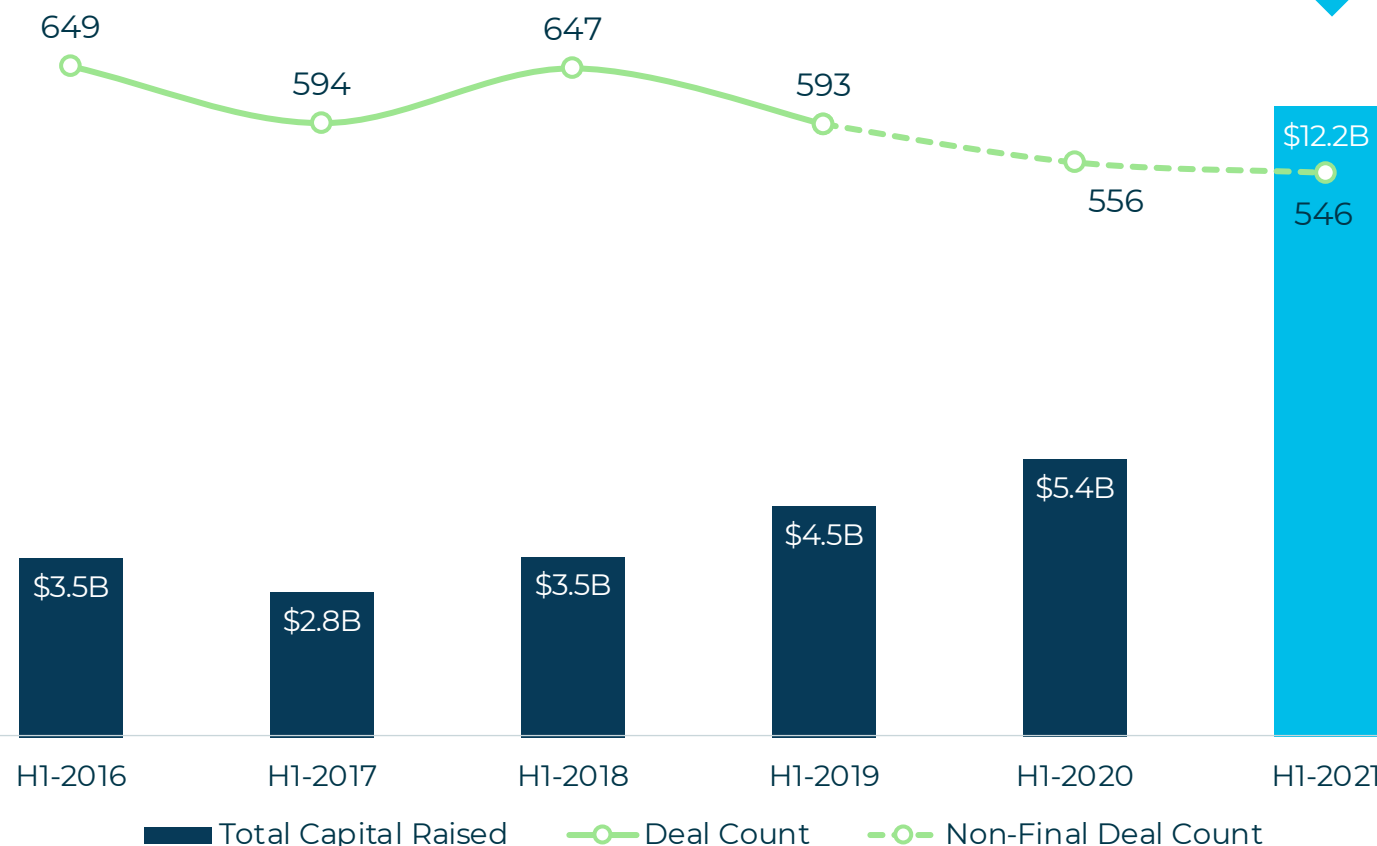


ISRAEL'S FUNDING LEAPFROG

Israel Experienced a Leapfrog in Capital Raised in H1-2021 Compared with H1-2020

While # of Rounds Remained Stable

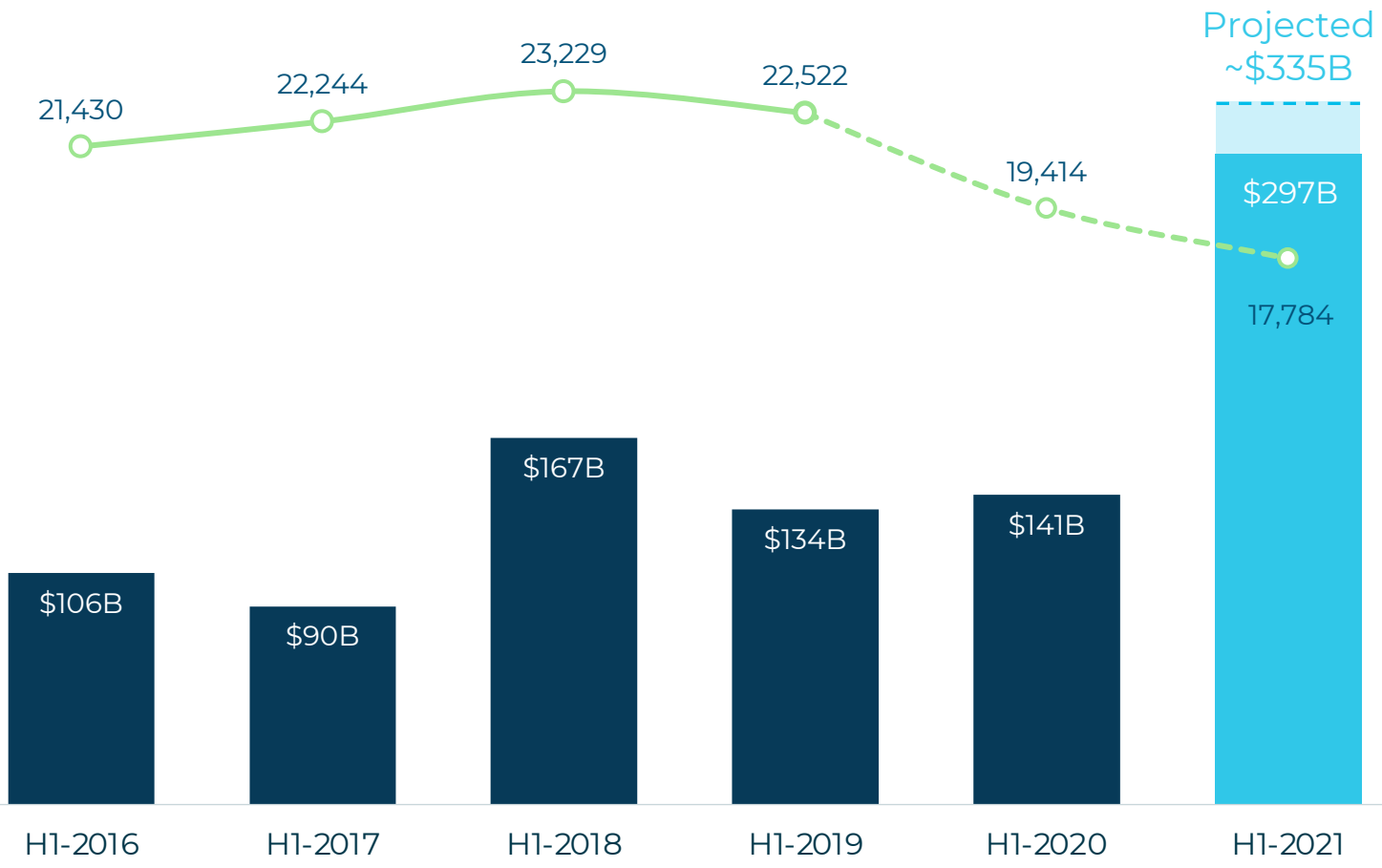
~125%
of H1-2020's
total capital
raised



Funding Activity in Israel H1, by Year



Aligned with Global Trend



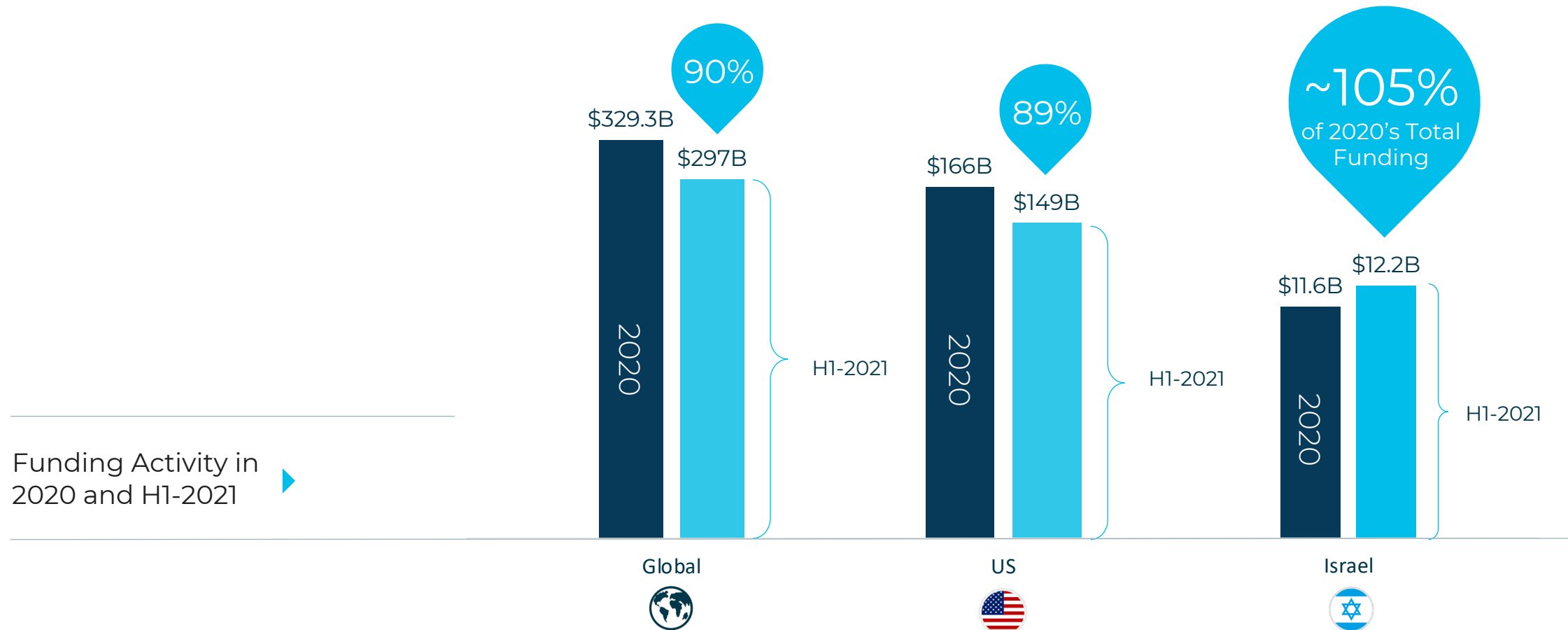

 Global Funding Activity in H1, by Year
 

Capital Invested
 Deal Count
 Non-Final Deal Count

Source: Viola Data, PitchBook



Israel's H1-2021 Funding Activity Exceeded 2020's Annual Funding, With a Higher Rate Than the US and the Rest of the World

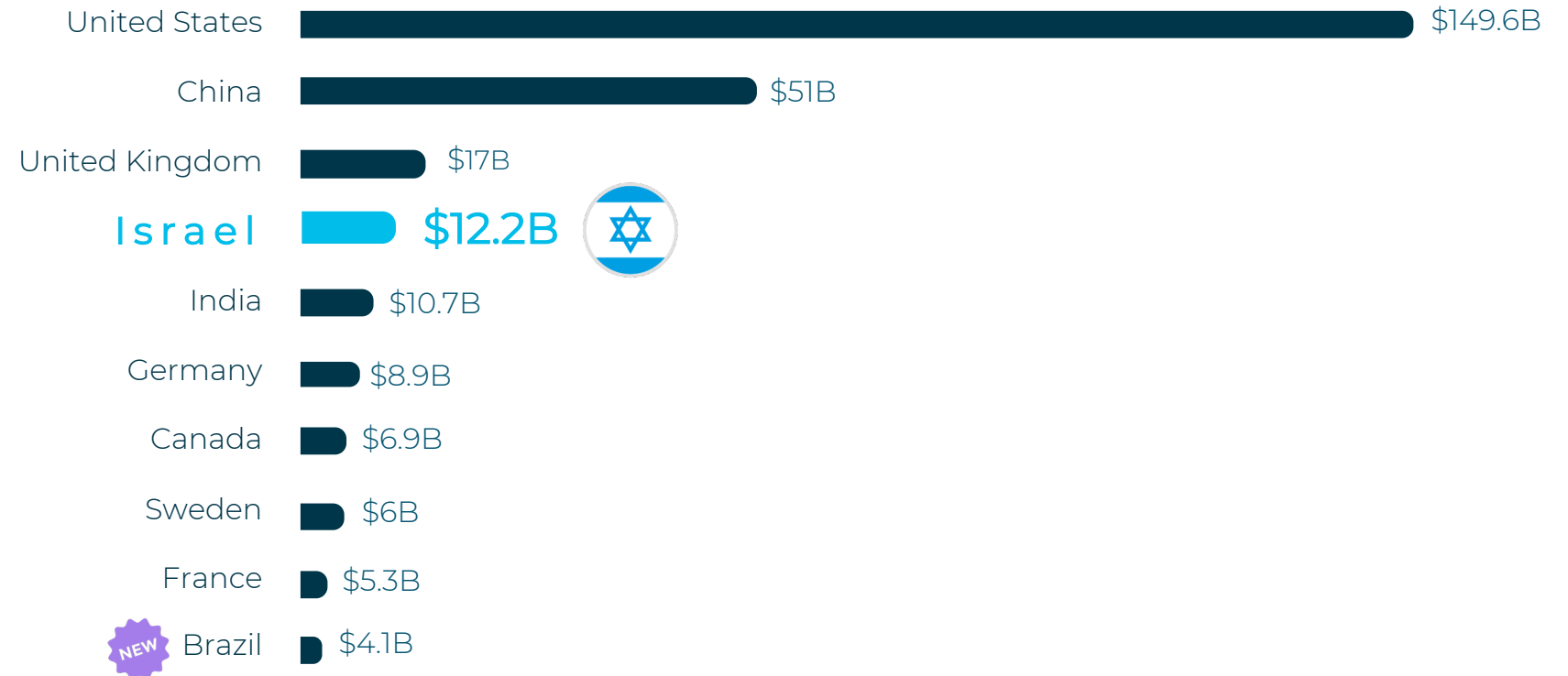


Source: Viola Data, IVC, PitchBook



On Top of That, Israel Remained the 4th Largest Tech Ecosystem

Ecosystems that Attracted
the Most Capital in [H1-2021](#)



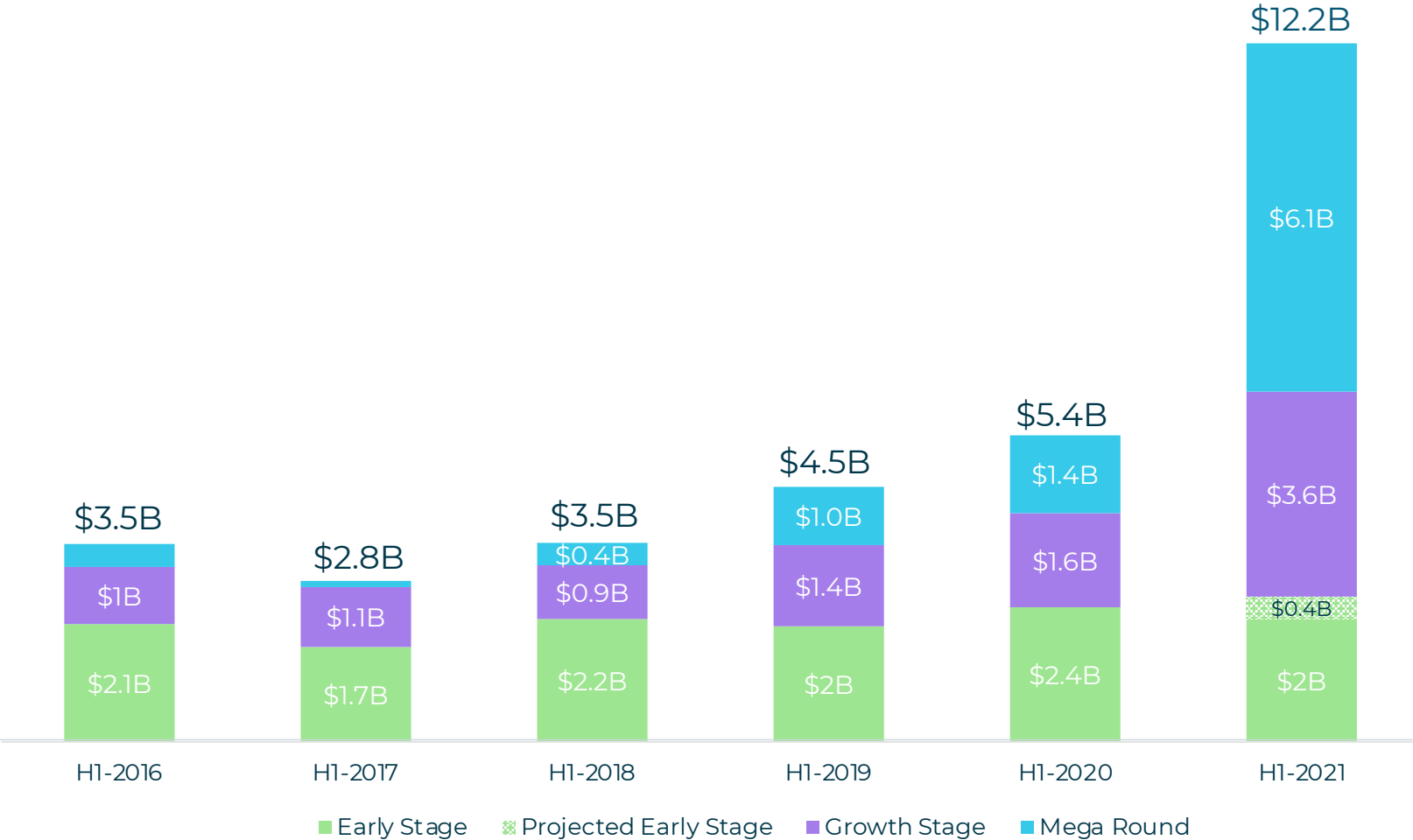


INVESTMENT BREAKDOWN BY FUNDING STAGES

Major Expansion in Growth & Mega Stages With Stability in Early-Stage Rounds

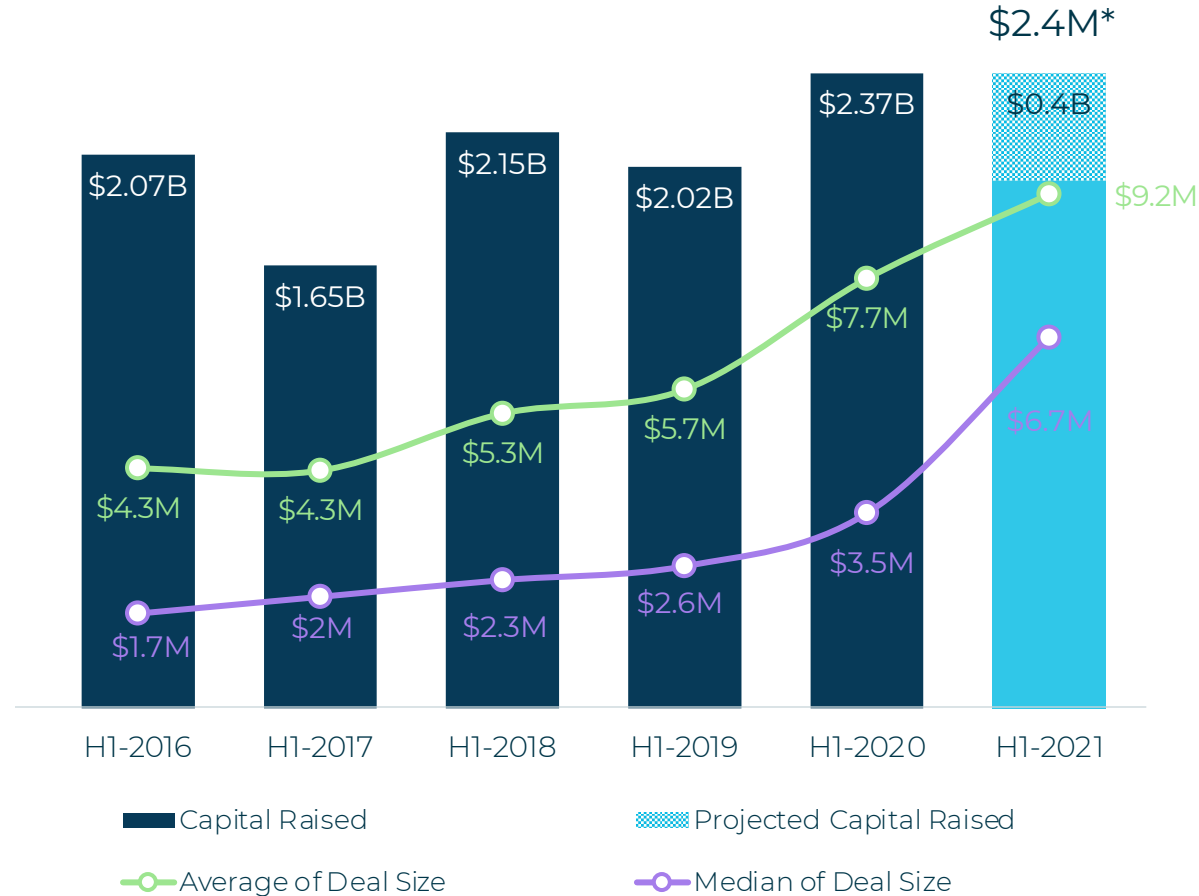


Funding activity in Israel in H1, by stage

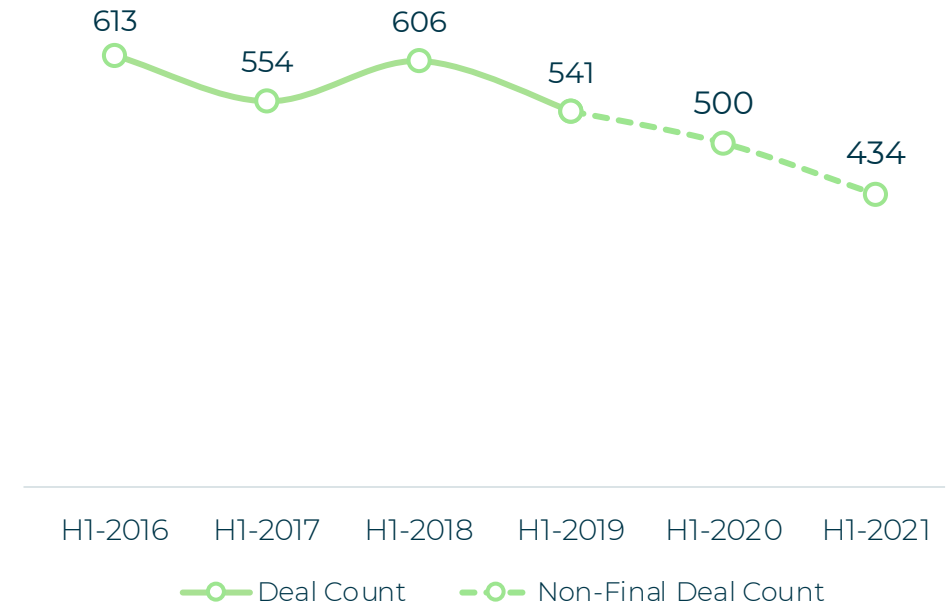


Early Stage Funding Remains Healthy While Average Deal Size Increases

Early Funding Activity in Israel ,H1



Early Rounds Deal Count



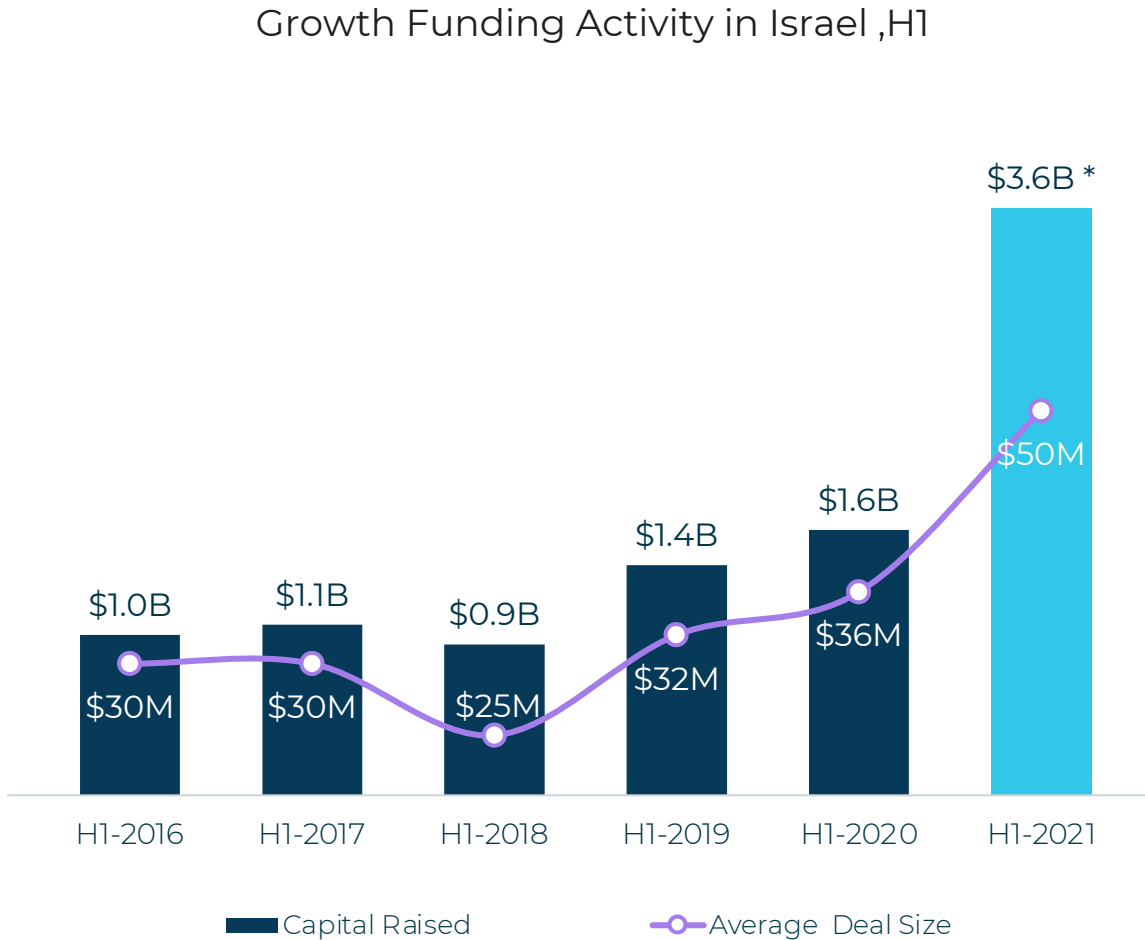
* Funding Rounds < \$30M

Source: Viola Data, IVC

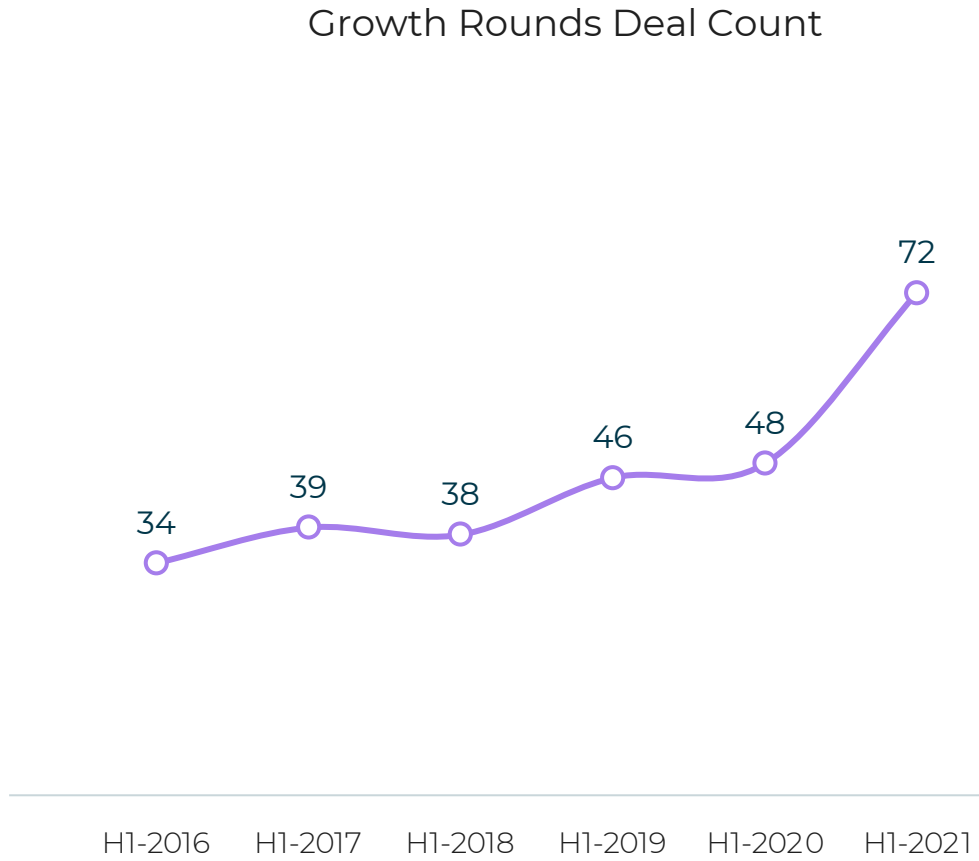


Growth Stage Deal Activity is Peaking to New Heights

Growth Funding Activity in Israel ,H1



Growth Rounds Deal Count



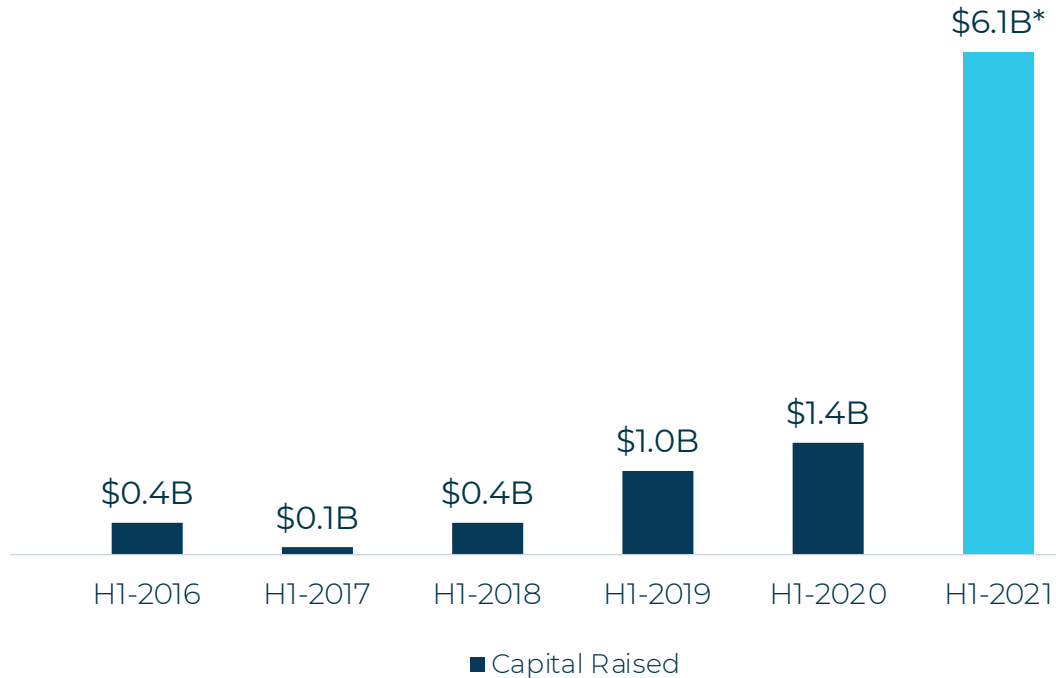
- 2021 data relate to funding rounds between \$30M - < \$100M
- previous years rely on the traditional categories with older data

Source: Viola Data, IVC

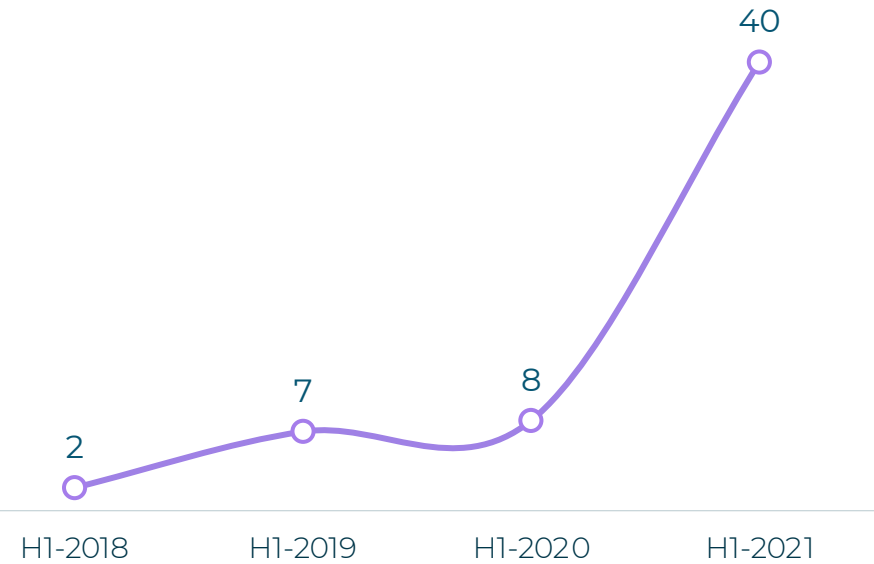


Mega Rounds is at an All Time High

Mega Rounds Funding Activity in Israel, H1



Mega Rounds Deal Count
























* Funding Rounds \geq \$100M

Source: Viola Data, IVC

Resembling a Full-Year Activity


















Q1-2021 Mega Rounds

 <p>\$130M (\$1.7B)</p>	 <p>\$132M (\$1.4B)</p>	 <p>\$100M (\$1.3B)</p>	 <p>\$200M (\$1.4B)</p>	 <p>\$175M (\$4.7B)</p>	 <p>\$167M (\$1.5B)</p>	 <p>\$208M (\$1.3B)</p>	 <p>\$210M (\$1.2B)</p>
 <p>\$107M (\$0.4B)</p>	 <p>\$250M (\$4B)</p>	 <p>\$100M (\$1B)</p>	 <p>\$125M (\$2B)</p>	 <p>\$300M (\$2.5B)</p>	 <p>\$130M (\$0.6B)</p>	 <p>\$104M (\$0.4B)</p>	 <p>\$100M (\$1.25B)</p>
 <p>\$135M (\$1.1B)</p>	 <p>\$120M</p>	 <p>\$125M</p>	 <p>\$100M</p>	 <p>\$133M</p>			

*Deal Size and Post Money Valuation (in brackets); Rounds may include secondary



Q2-2021 Mega Rounds

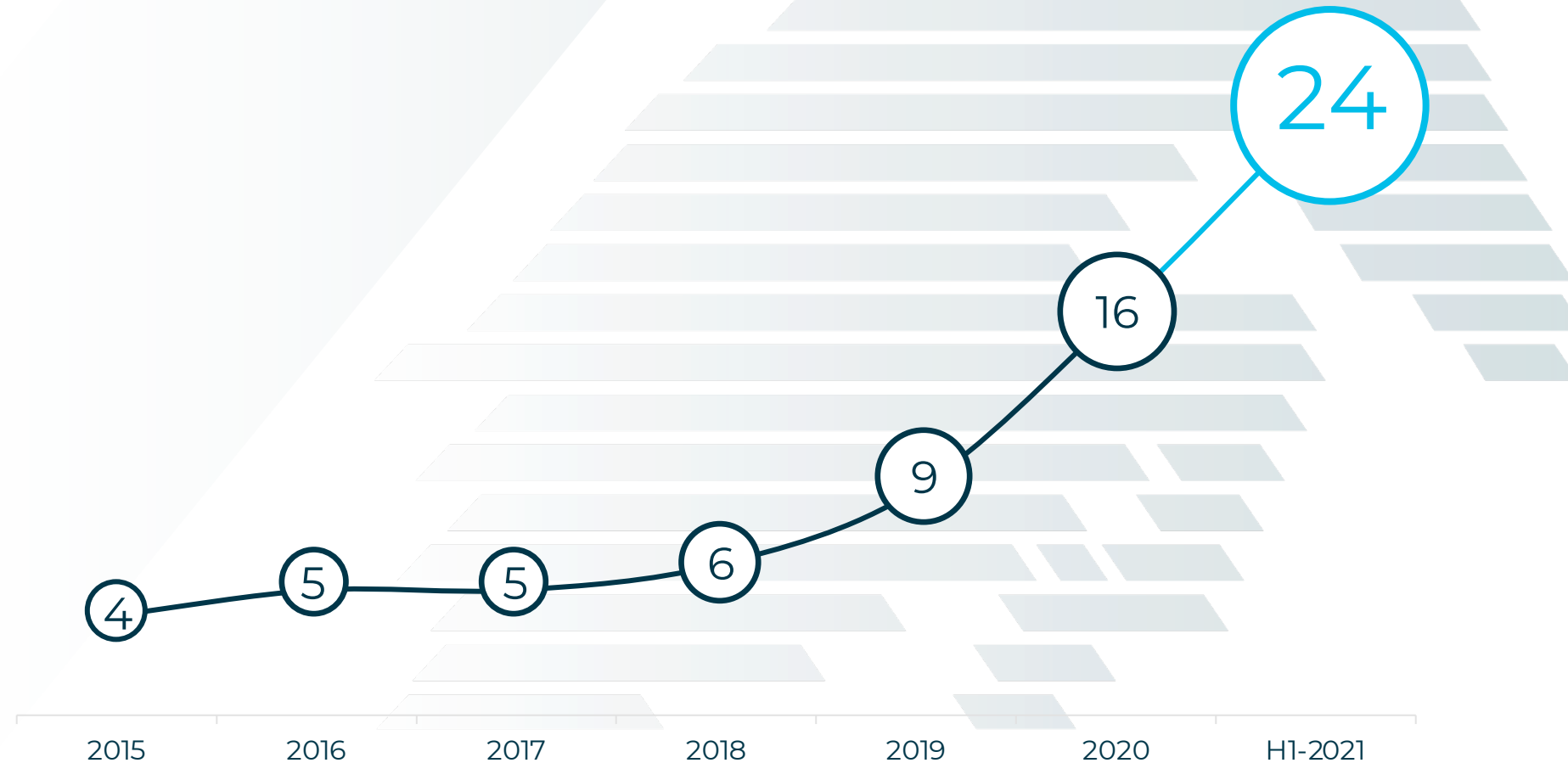
 verbit ^Y	 trax	 FORTER	 GONG	 exabeam	 WIZ [*]
\$157M (\$1.1B)	\$320M (\$2.2B)	\$300M (\$3B)	\$250M (\$7.2B)	\$200M (\$2.4B)	\$120M (\$2B)
 redislabs <small>HOME OF REDIS</small>	 deel.	 <i>HoneyBook</i>	 transmit <small>SECURITY</small>	 CLAROTY	 NEXTSILICON
\$110M (\$2.1B)	\$156M (\$1.2B)	\$155M (\$1.1B)	\$143M (\$2.2B)	\$140M (\$1B)	\$120M (\$1.5B)
 sunbit	 BRINGG	 HAILO	 C2i Genomics	 deepinstinct	 FIREBOLT
\$130M (\$1.1B)	\$100M (\$1B)	\$110M (\$1.1B)	\$100M	\$100M	\$127M

*Deal Size and Post Money Valuation (in brackets); Rounds may include secondary



The Number of New Unicorns Continues to Grow Each Year, at an Unprecedented Rate

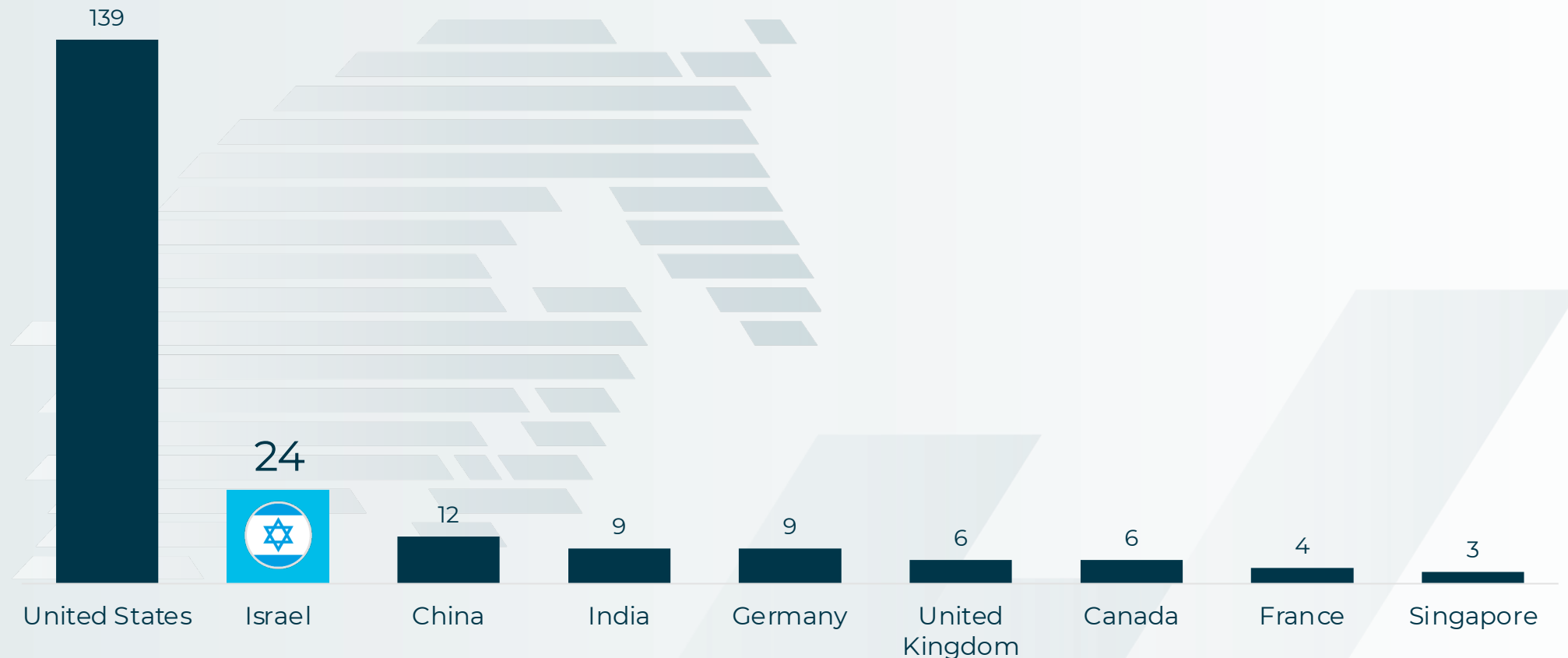
Number of New Unicorns in Israel, by Year



Source: Viola Data, IVC

Israel Ranks #2 Worldwide in Producing New Unicorns in H1-2021, With as Twice as Many as China

Number of New Unicorns Formed in H1-2021, by Country

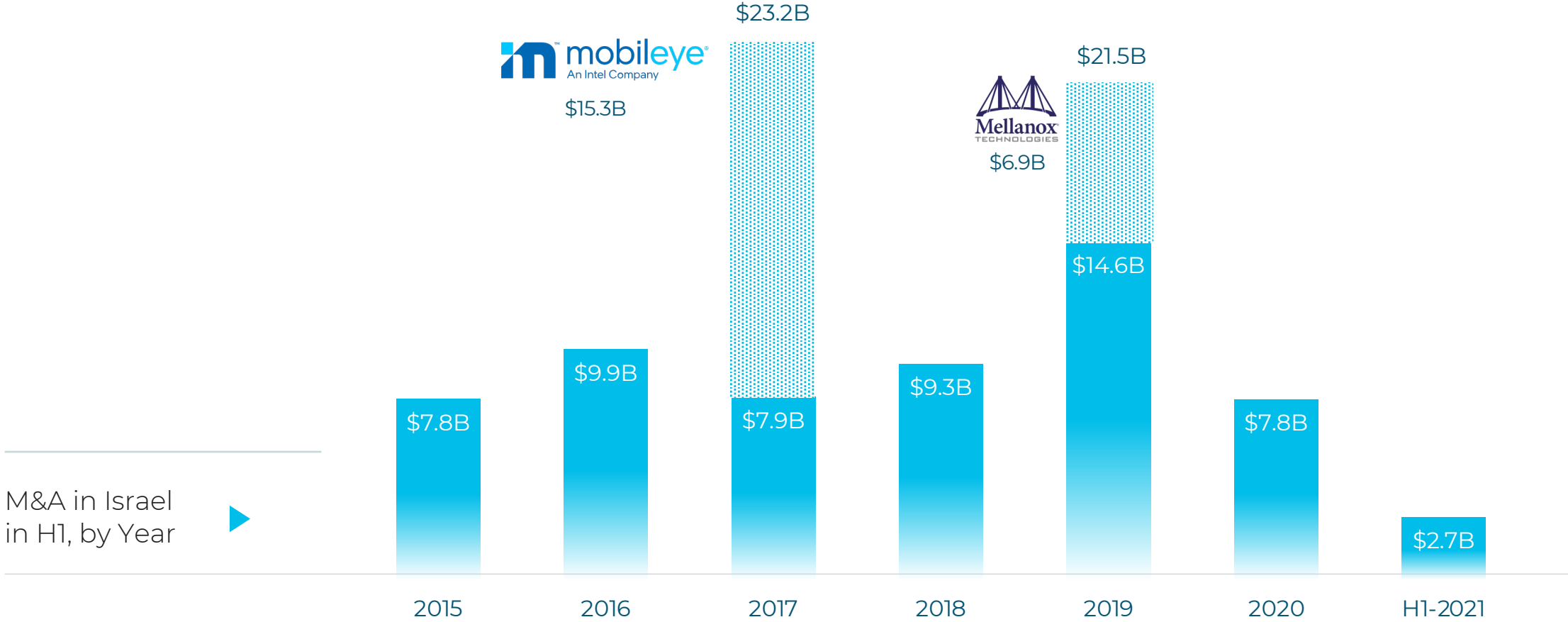


Source: Viola Data, PitchBook



EXITS & LIQUIDITY EVENTS

As Companies Prefer Going Public, the M&A Market is Declining



Source: Viola Data, IVC



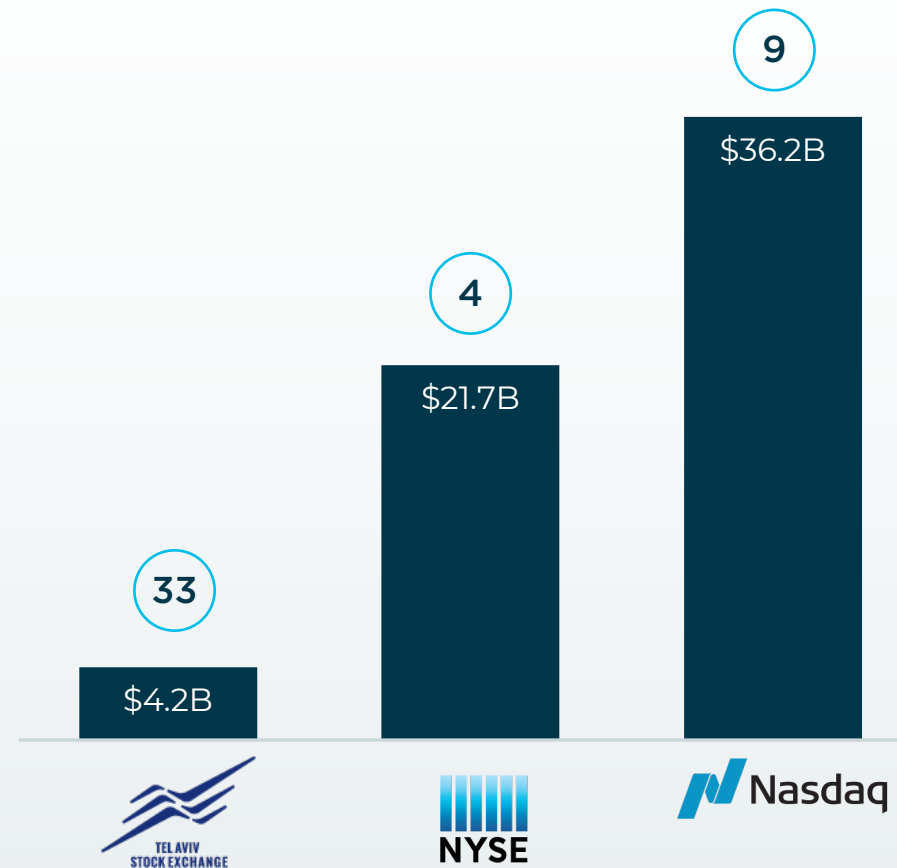
H1 IPO Surge Exceeds 2020 and All Previous Years

The Market Cap of Israeli Companies in Public Debut in [H1, by Year](#)





of IPOs and Market Cap of Israeli Companies in Public Debut in H1-2021



The Startups Issued on Public Markets in H1-2021 Reflects the Overwhelming Success of the Israeli Tech Ecosystem

Notable IPOs in H1-2021

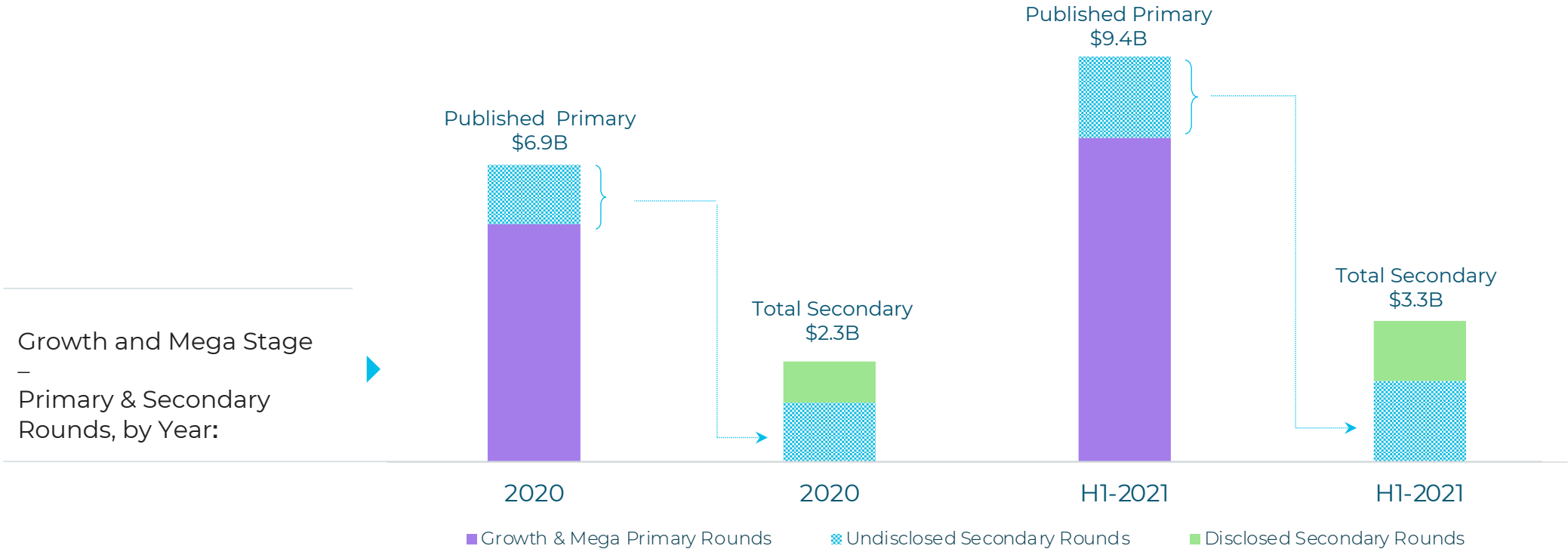


*Market Cap and Total Capital Raised at Exit (in brackets)



A New Exit Strategy: Secondary Rounds – Disclosed Or Undisclosed – Increase Both in Number and Size and Become More Common As Liquidity Events

According to our analysis, the share of Undisclosed Secondary Rounds to all Capital Raised in Israel has grown from ~15% in 2019 to ~20% in H1-2021.



Source: Viola Data, IVC



ABOUT VIOLA

Viola is Israel's leading technology-oriented investment group with over \$3B AUM, dedicated to building global category leaders. The group is comprised of 4 separate investment arms, focused on the different stages of the technology industry: Early stage, growth stage, debt & alternative lending and also a dedicated FinTech fund.

Founded in 2000, Viola has backed over 200 technology companies, including some of Israel's unicorns.

As part of our efforts to support our portfolio companies and entrepreneurs in their daily challenges, we leverage our extensive experience, know-how and BI database on Israel's tech ecosystem to create and share reports, industry maps, best practices and insights.

For questions or clarifications, please email us at TamirB@viola-group.com

To keep up with the latest on Israel's tech ecosystem, visit our website at www.viola-group.com

