

GREENFIELD

CULTIVATING GROWTH.

Q1 2023 IN REVIEW

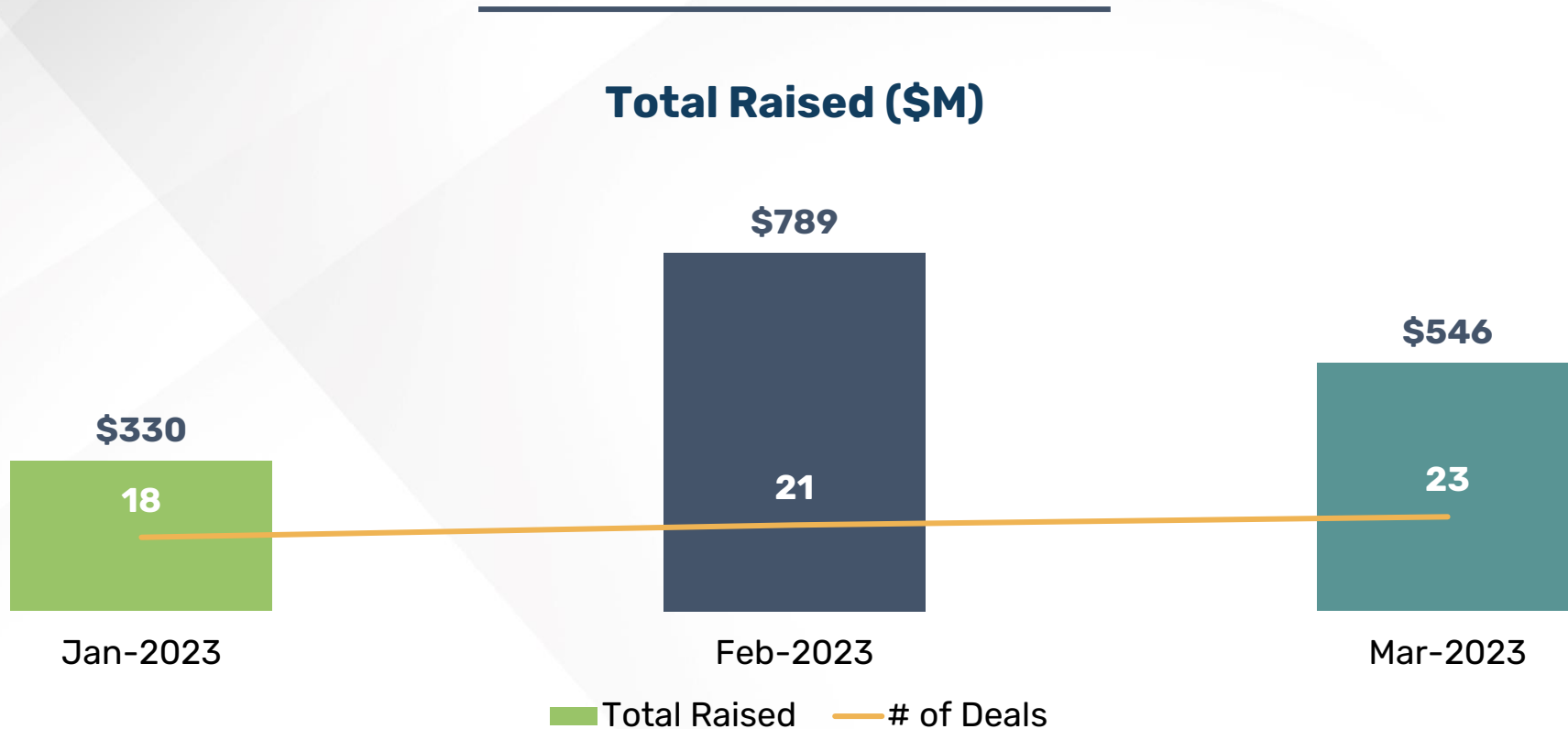
of the ISRAELI TECH ECOSYSTEM



EXECUTIVE SUMMARY

We are excited to share with you our review of **Q1 2023** in the Israeli Tech Ecosystem.

Greenfield Partners extends its congratulations to the **62** companies that raised capital this quarter, totaling **\$1.66** billion in funding.



THE STATE OF THE ISRAELI VENTURE MARKET



Stickier Inflation Until Stability is Achieved

- As the Federal Funds Rate continues to rise in pursuit of economic stability, it creates a volatile economic environment.
- Consequently, investors are more selective when deploying capital.
- In response, startups are prioritizing efficiency to extend cash runways and bolster cash positioning.



Rate Hikes claim First Financial Institutions

- Amid increased rate hikes, financial institutions such as SVB, Signature Bank, and others have experienced 'Bank Runs,' leading some to close their doors.
- In response, other banks are limiting their exposure to riskier assets by tightening fund allocation for startups.
- This trend may extend to both commercial and residential real estate markets, potentially resulting in higher mortgage rates.



Venture Deal Activity remains Depressed

- Despite a seemingly narrowing bid/ask spread, both investment institutions and startups are exercising caution due to uncertainty surrounding interest rates, inflation, and global financial conditions.
- Conversely, companies with extended capital runways are focusing on conservation tactics such as optimizing burn rates. In the long term, these habits can build a more resilient and healthier ecosystem.



Efficiency Continues to Rule the Day

- Advised from the onset of the economic downturn, startups built on healthy spending and monitoring habits are better positioned to navigate the market, attract investor interest, and achieve sustainable, long-term success.
- While growth may have been pushed aside by efficiency, it remains a top priority and it must be done with a disciplined approach, as inefficient growth will likely not be highly valued.





THE DECLINE IN INVESTMENT CONTINUES AS GROWTH ROUNDS FEEL THE SQUEEZE MORE THAN EARLY-STAGE DEALS

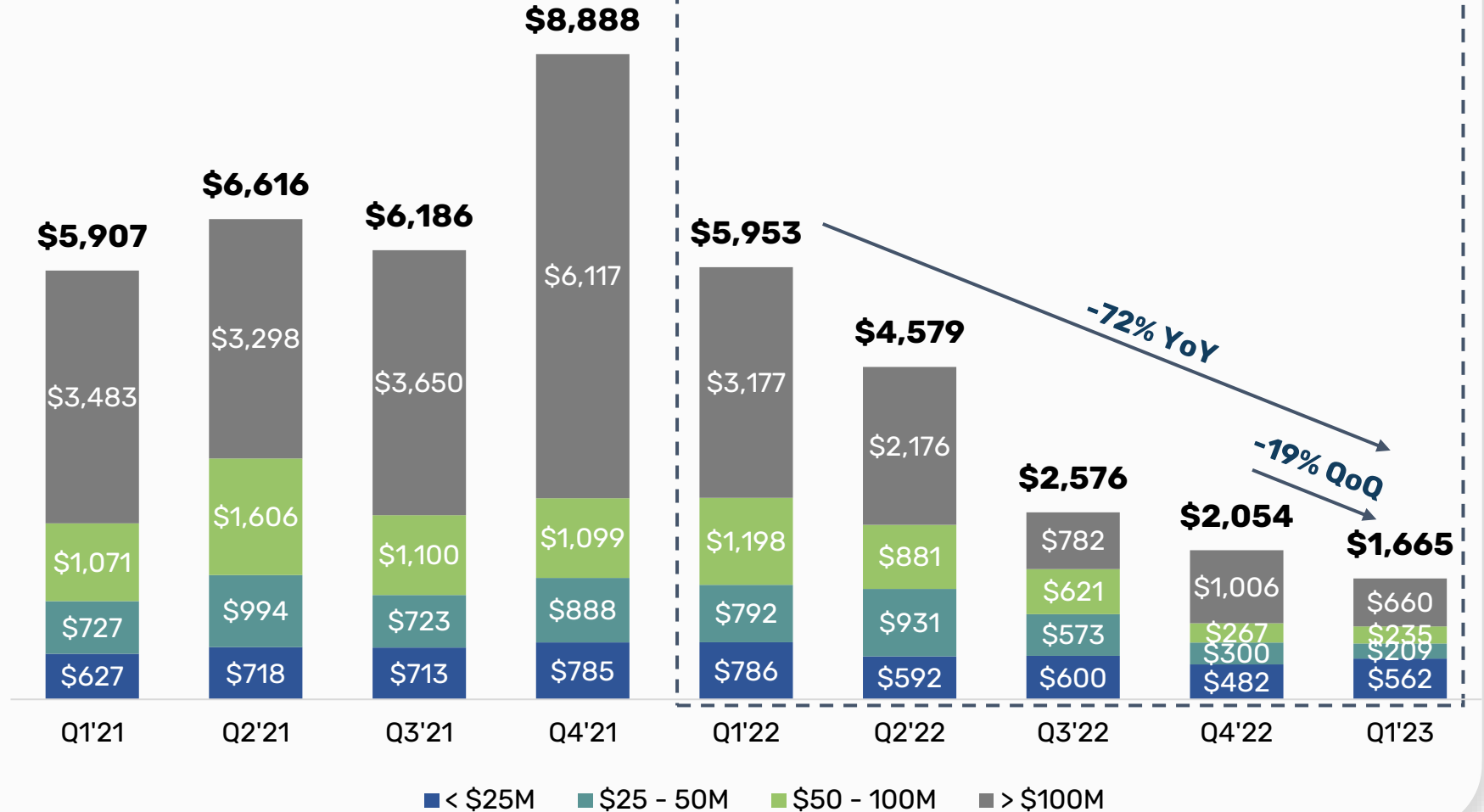
Preceding 12 Months:
Q1'23 vs. Q1' 22

72%

decline

As of Q1'2023, **\$10.79B** was raised in the preceding twelve months compared to **\$27.64B**, which was raised in the preceding twelve months as of Q1'2022

Total Raised By Round Size (\$M)



Note: Does not include investments through IPOs and SPACs.



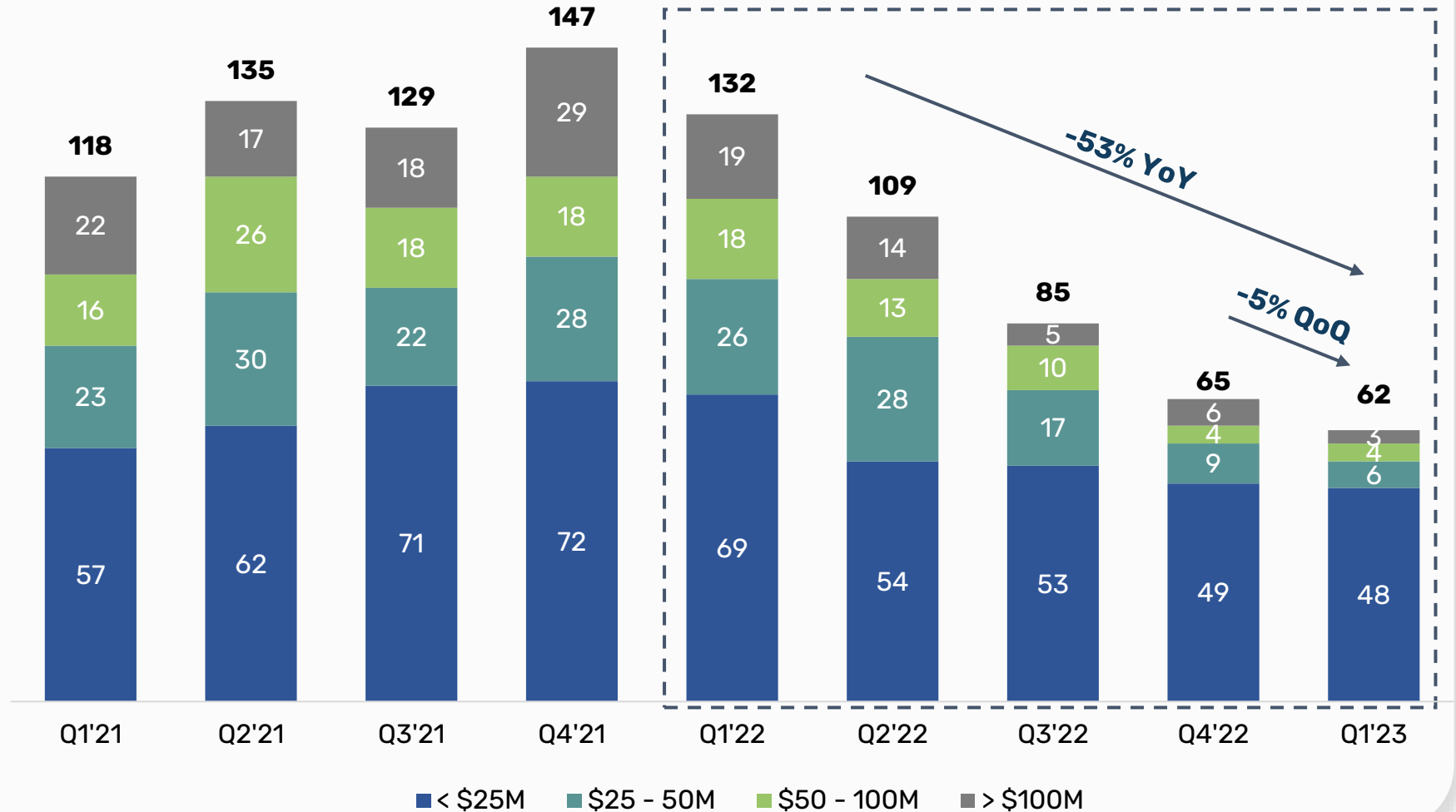
CONTINUED TREND OF INTERNAL LED EXTENSIONS. 53% YoY DECLINE IN DEAL MAKING WITH EARLY-STAGE DEALS EXPERIENCING ONLY SLIGHT DECLINE

Preceding 12 Months:
Q1'23 vs. Q1' 22

53%
decline

As of Q1'2023, **314** deals were closed in the preceding twelve months compared to **543** deals in the preceding twelve months as of Q1'2022

of Deals By Round Size

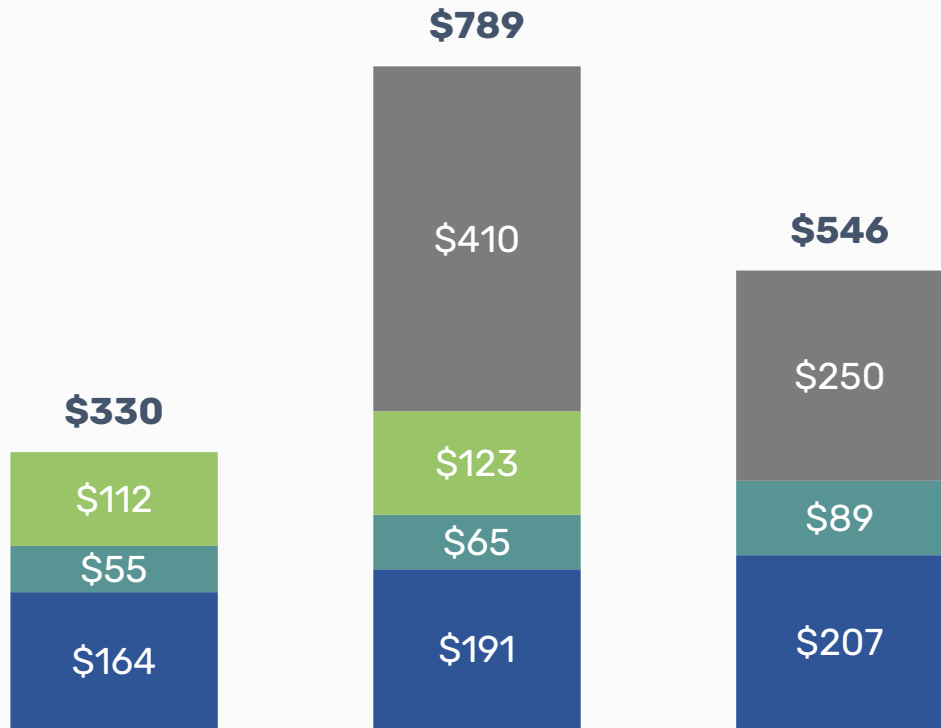


Note: Does not include investments through IPOs and SPACs.



Q1 2023 BREAKDOWN – BY THE NUMBERS

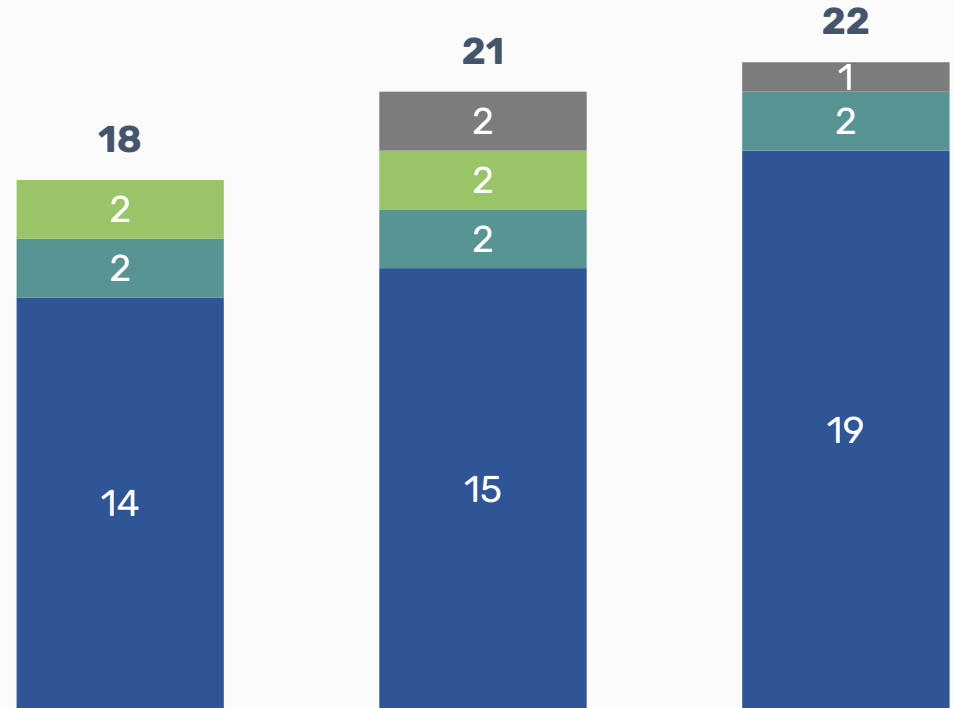
Total Raised By Round Size (\$M)



Jan-2023 Feb-2023 Mar-2023

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

of Deals By Round Size



Jan-2023 Feb-2023 Mar-2023

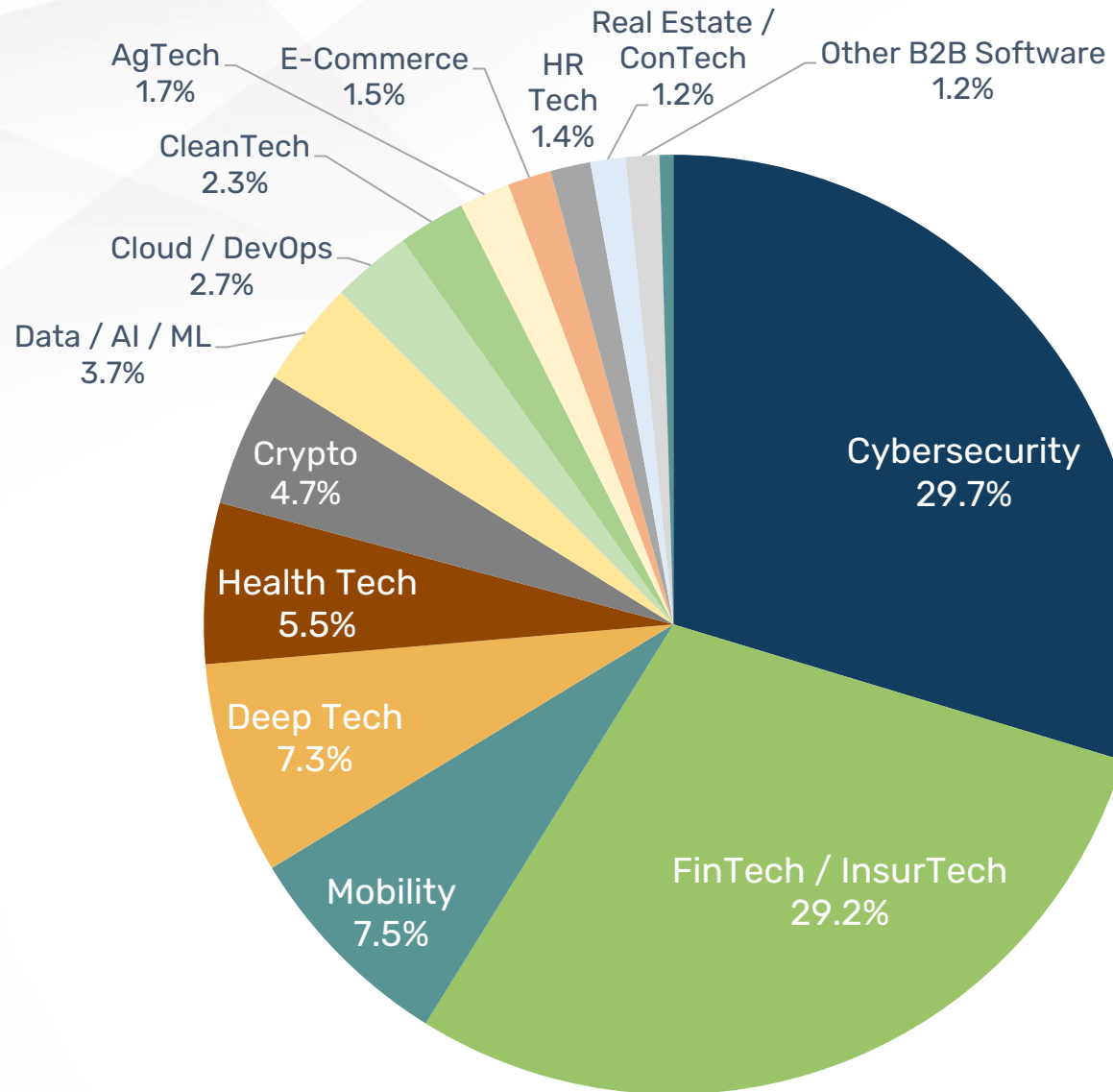
■ < \$25M ■ \$25 - 50M ■ \$50 - 100M ■ > \$100M



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CYBERSECURITY, FINTECH & INSURTECH DOMINATE, ACCOUNTING FOR OVER HALF OF ALL FUNDING IN Q1

Sector	Total Raised (\$M)	# of Deals
■ Cybersecurity	\$494	12
■ FinTech / InsurTech	\$485	12
■ Mobility	\$124	2
■ Deep Tech	\$122	5
■ Health Tech	\$92	4
■ Crypto	\$77.5	2
■ Data / AI / ML	\$61	6
■ Cloud / DevOps	\$46	3
■ CleanTech	\$39	2
■ AgTech	\$29	2
■ E-Commerce	\$25	1
■ HR Tech	\$23	2
■ Real Estate / ConTech	\$20	2
■ Other B2B Software	\$20	4
■ FoodTech	\$8	2





COMPANIES THAT RAISED IN Q1'2023

\$100M+



\$50 - 100M



\$25 - 50M




< \$25M

- 40»SEAS
- Addressable
- BACKSLASH
- BRIDGEWISE
- CHAOS LABS
- Click-Ins
- codium^{ai}
- daily.dev
- Dragonfly
- entitle
- env0
- EVIGENCE
- flox
- Gable
- good ones
- Gem
- GLOSSAi
- Guardz.
- hexa
- OTELMIZE
- Ledge
- MDIHealth
- MEALA
- MITIGA
- myInterview
- nsknnox
- nT-ta
- oligo
- OPENEYES
- ottopia
- PayEm
- Pigmentum
- PxE HOLOGRAPHIC IMAGING
- Protai
- QUANTUM MACHINES
- Qwak
- Reeco
- SCADAfence
- Spera
- Stride
- StructShare
- Supplant
- TripleW³
- WISOR
- Zorro

Indicates unicorn status

M&A / IPO ROUNDUP

	TARGET	ACQUIRER	DEAL VALUE ⁽²⁾
JAN-2023	 OrboGraph	 Revenue Management Solutions	\$100
	 iguazio	McKinsey & Company	\$50
	 Cloudify	 DELL Technologies	\$100
	 PSTAY	 PLUSGRADE ⁽¹⁾	N/A
Feb-2023	 CANONIC	 zscaler ⁽¹⁾	N/A
Mar-2023	 MINERVA	 RAPID7 ⁽¹⁾	\$45
	 Lightspin	 CISCO ⁽¹⁾	\$250
	 axis	 Hewlett Packard Enterprise	\$500



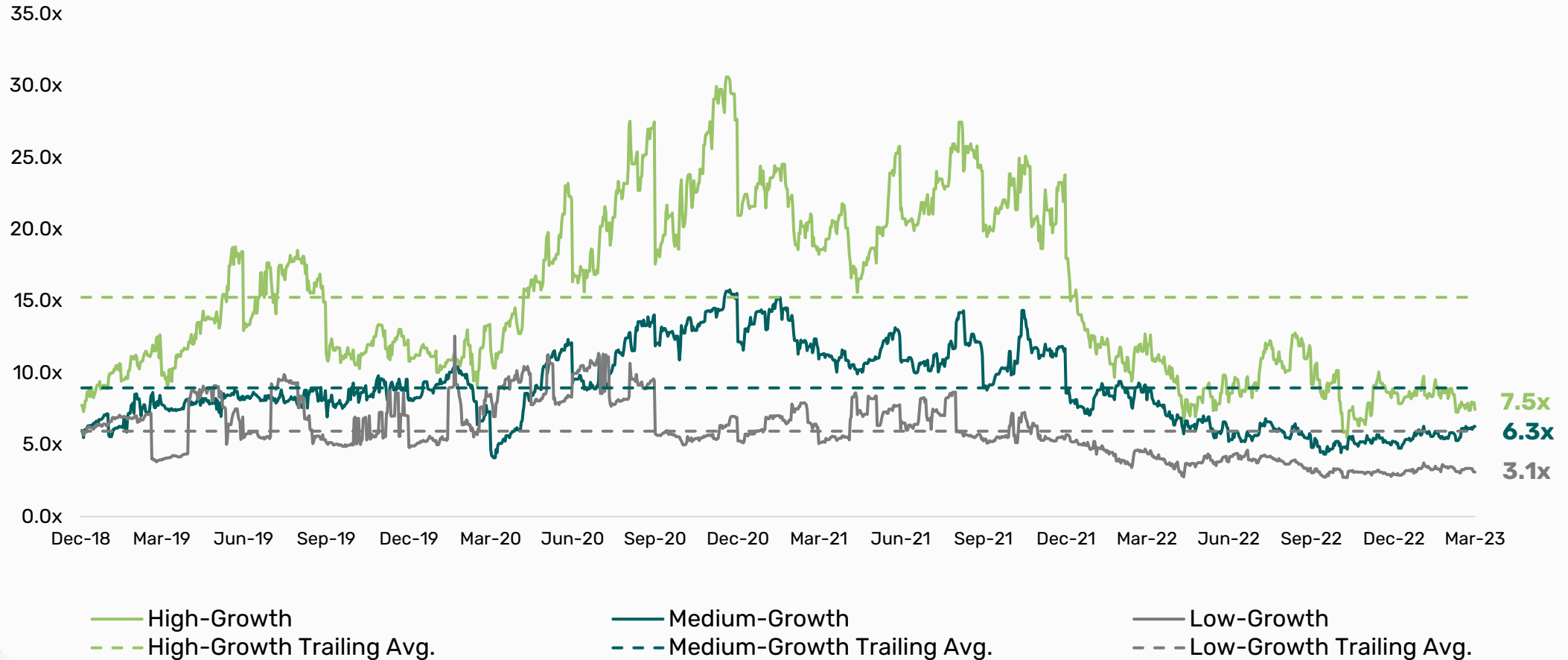
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PUBLIC SAAS COMPS AND MACROECONOMIC INDICATORS



EV / NTM REVENUE MULTIPLES

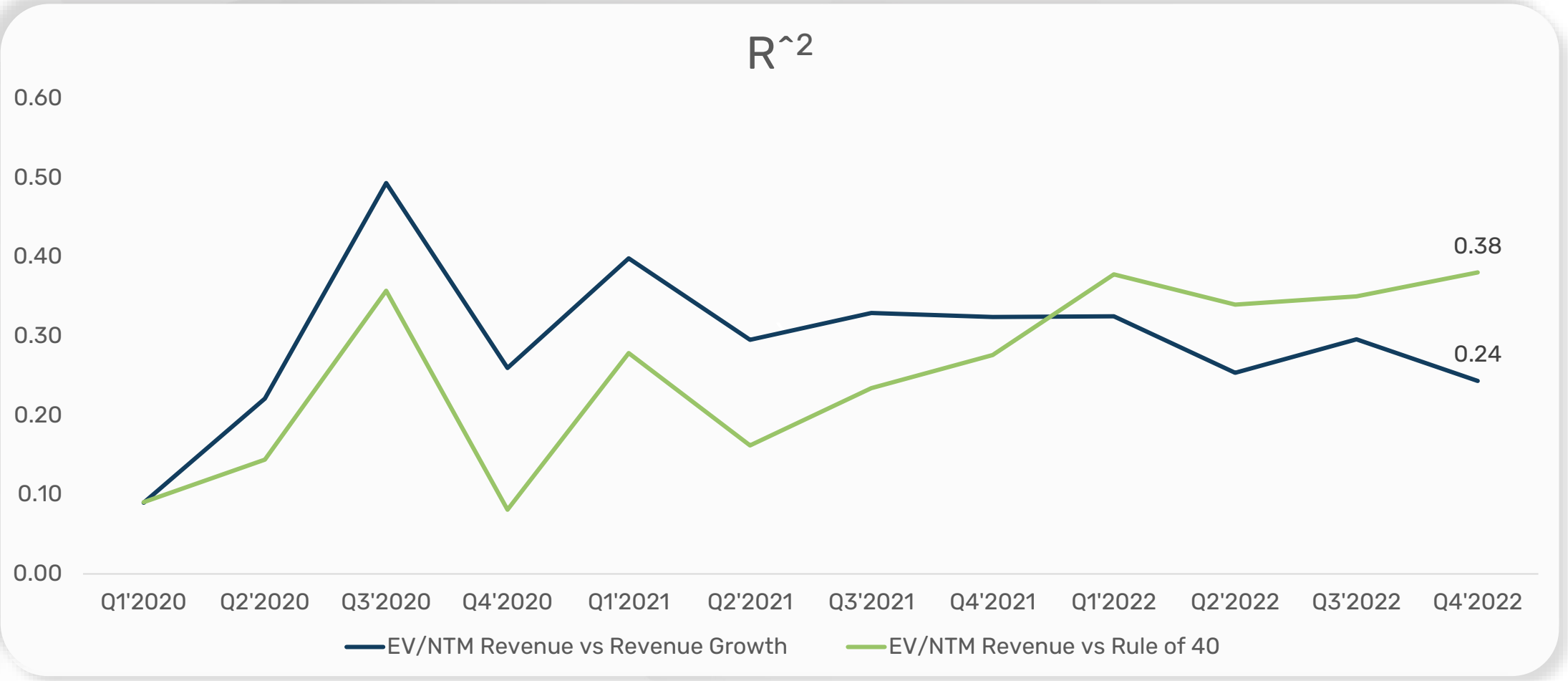
Valuation multiples continue to trade below their trailing averages, however, the flattening trend may suggest a potential bottoming out





VALUATION MODEL: GROWTH vs. PROFITABILITY

The market continues to value profitability over growth as the Rule of 40 is a stronger predictor of valuation than forecasted revenue growth





GROWTH ADJ. EV / NTM REVENUE MULTIPLES

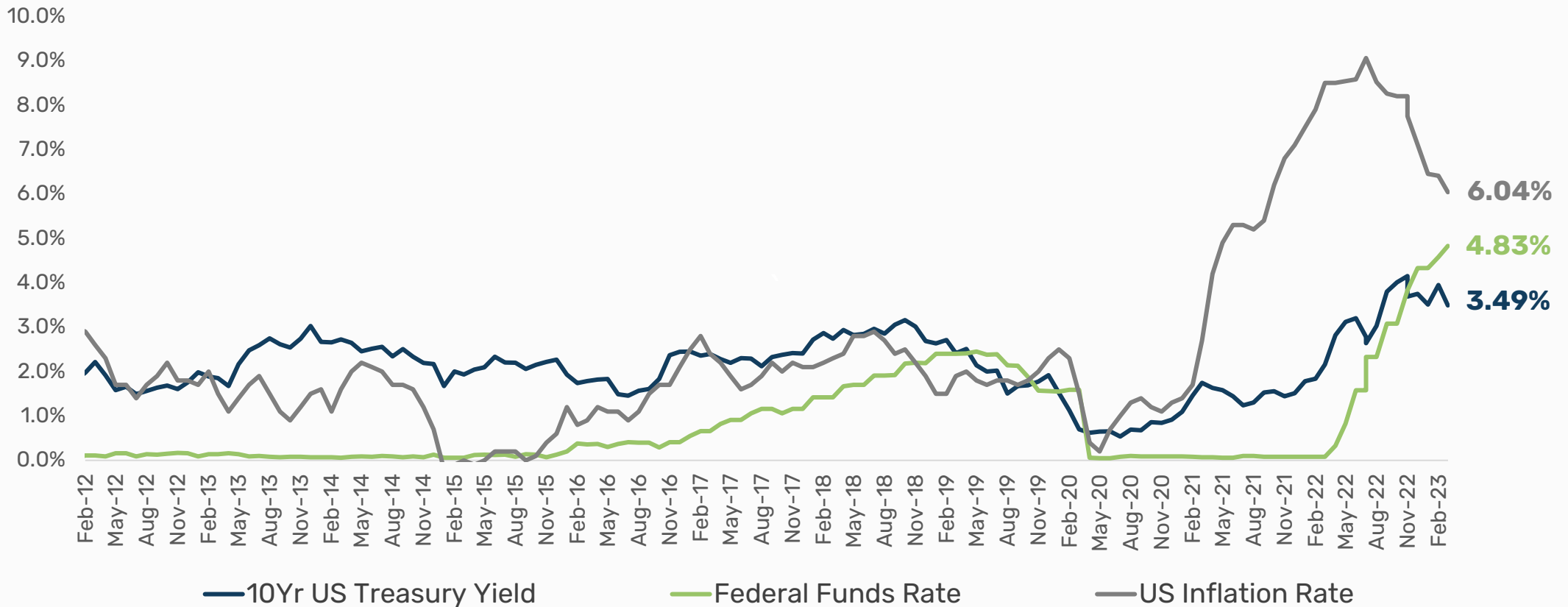
Growth-adjusted multiples continue to trade closer to trailing averages, suggesting part of the drop is related to lower growth. It is still too soon to tell if a bottom is in sight or if there is further room to drop





MACRO-ECONOMIC INDICATORS

The Fed is seeking to raise interest rates enough to curb inflation without causing a recession, a so-called soft landing. Risk is if demand falls too low, production cuts and layoffs could follow, pushing the economy into a recession

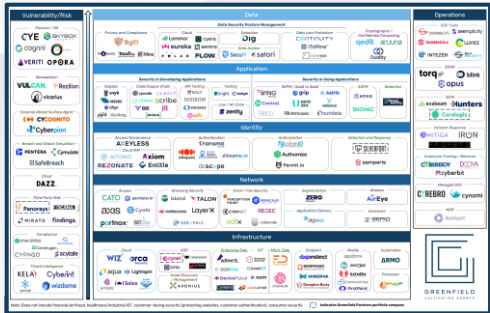


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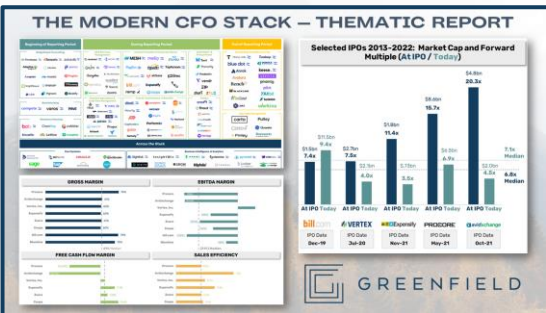
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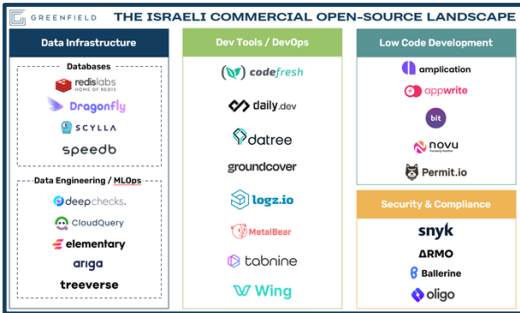
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