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CULTIVATING GROWTH.

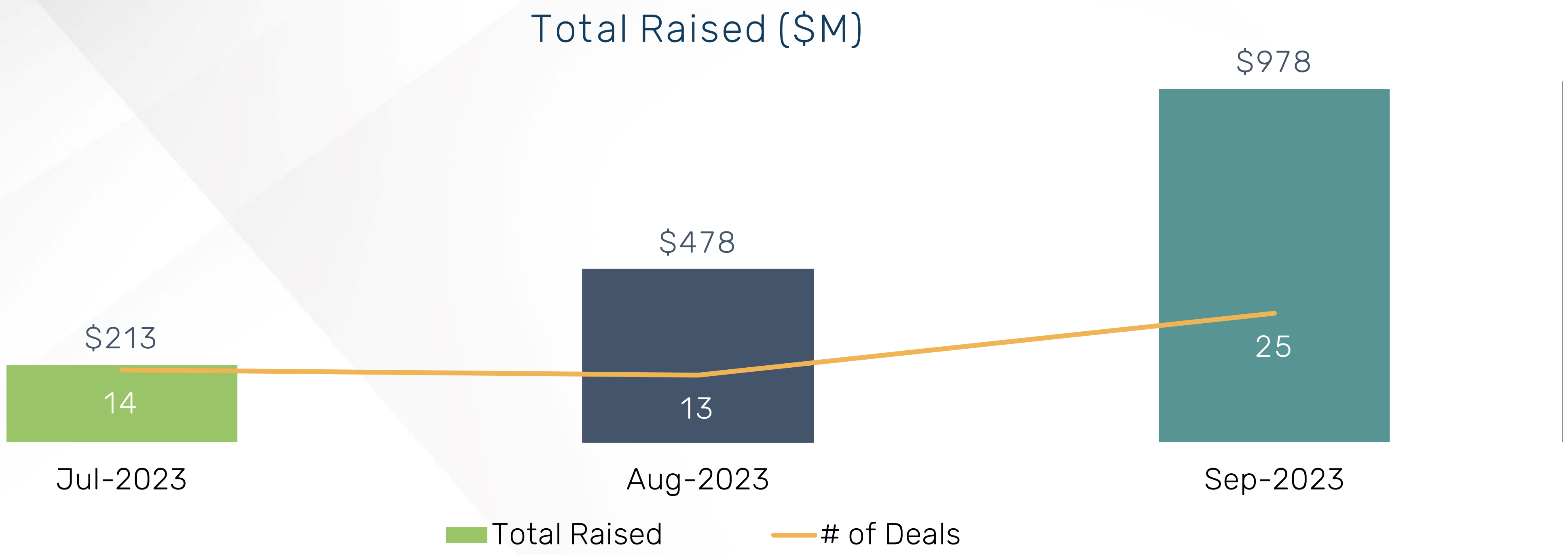
Q3 2023 IN REVIEW

of the ISRAELI TECH ECOSYSTEM

Executive Summary

We are excited to share with you our review of **Q3 2023** in the Israeli Tech Ecosystem.

Greenfield Partners extends its congratulations to the **52** companies that raised capital this quarter, totaling **$1.66** billion in funding.



The State of the Israeli Venture Market

No Slowdown in Israeli Innovation

- Early-stage funding remains robust, accounting for 67% of all funding rounds in Q3, and 67% of all funding rounds in the past 12 months

Innovating at the Forefront of the Generative AI Boom

- Cybersecurity and Data/AI sectors alone account for nearly half of the total funding this past quarter
- Many startups are emerging from stealth in enabling the infrastructure for enterprises to effectively utilize next-generation of AI technologies with regards to compute, storage, analytics, and security
- Additionally, traditional software startups are incorporating GenAI to their offerings, lending tremendous value to enterprises

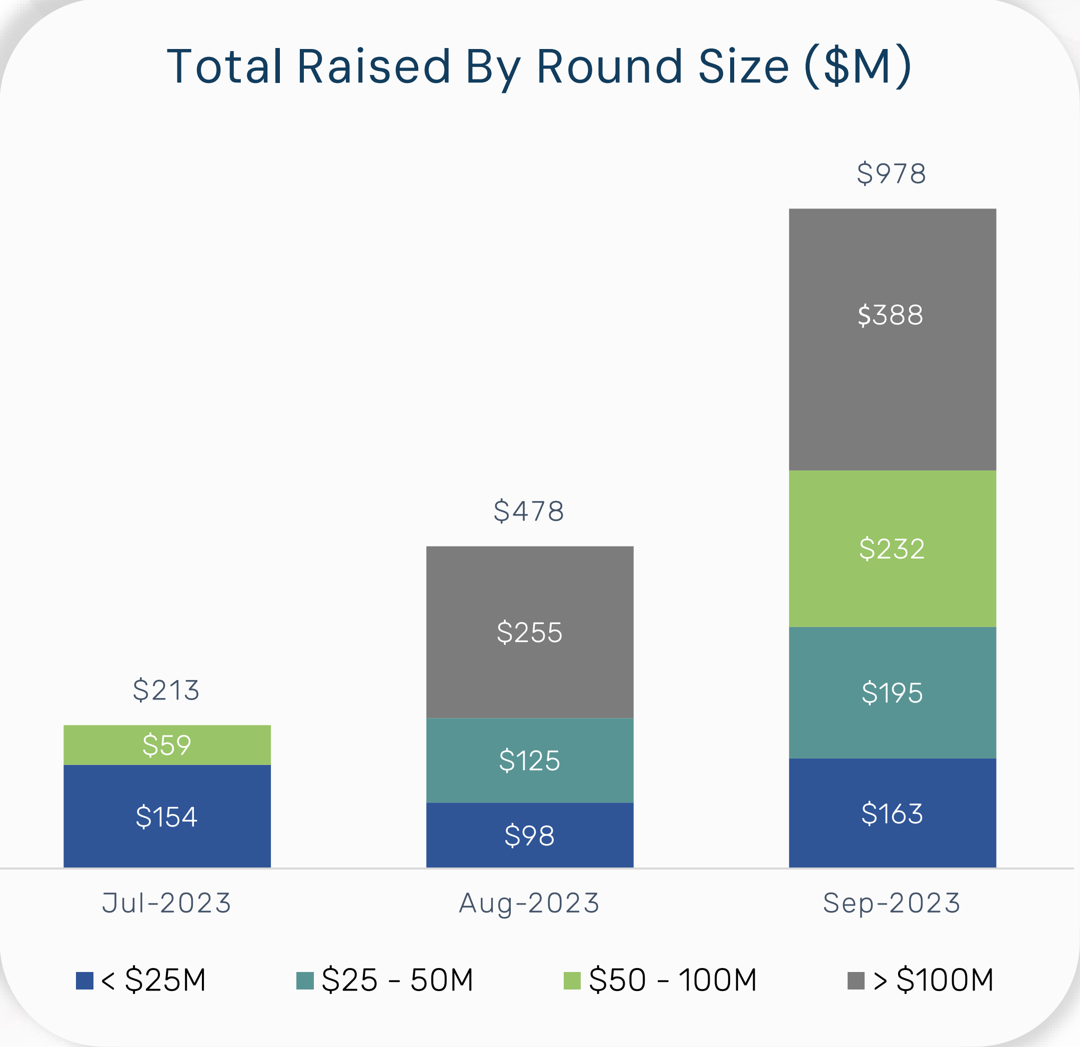
Convergence of Bid-Ask Spread

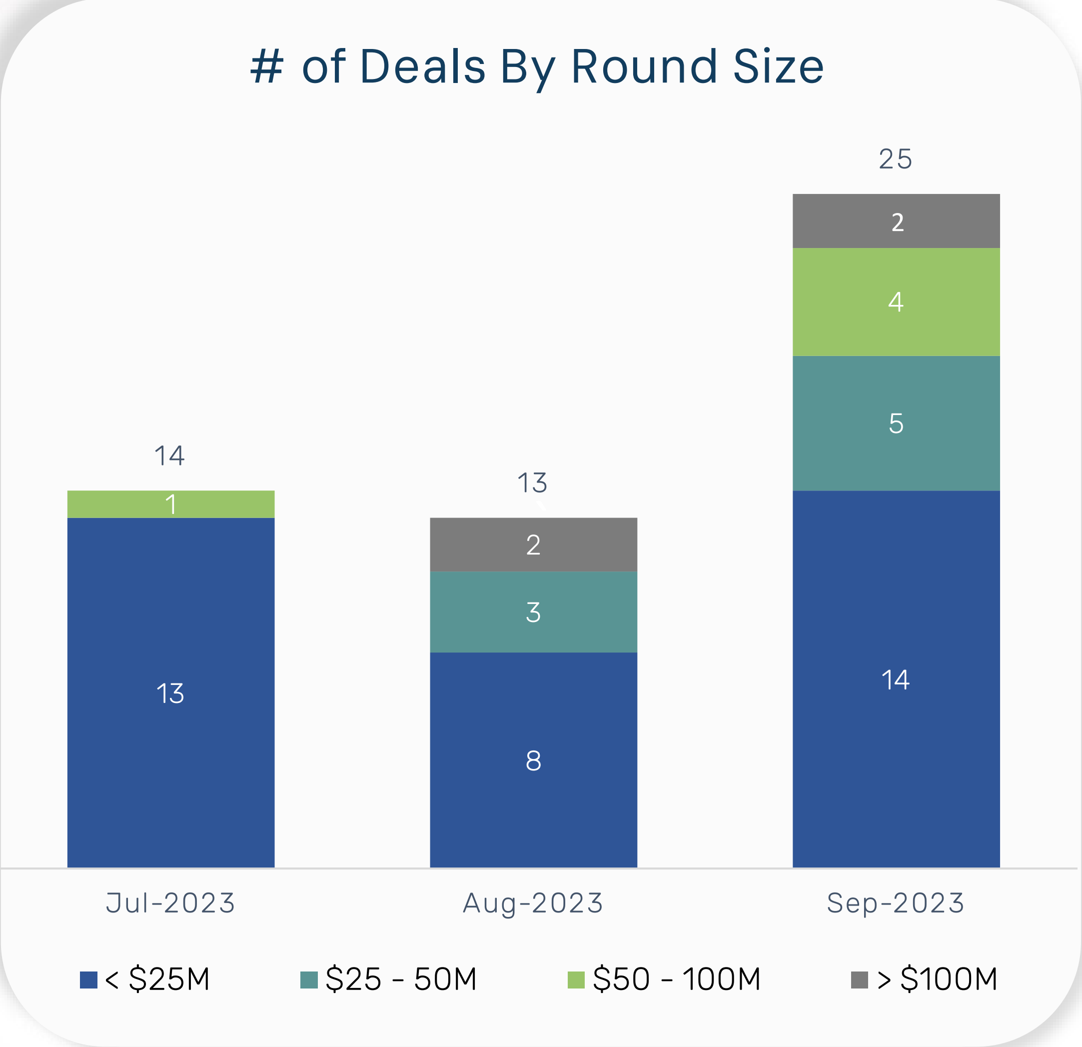
- The ecosystem is experiencing convergence of bid-ask spread as valuations are reflective of the current macro-environment

Exit Activity via Strategic Acquisitions Remains Strong

- Despite the softness of the IPO market, M&A activity this quarter is robust with notable cyber acquisitions such as Imperva to Thales ($4.6B), Perimeter 81 to Check Point ($490M), and Crowdstrike to Bionic ($350)

Q3 2023 Breakdown – By The Numbers





Initial Signs Of Market Stabilization Over Last 3 Quarters While Q'3 Witnesses Slight QoQ Increase

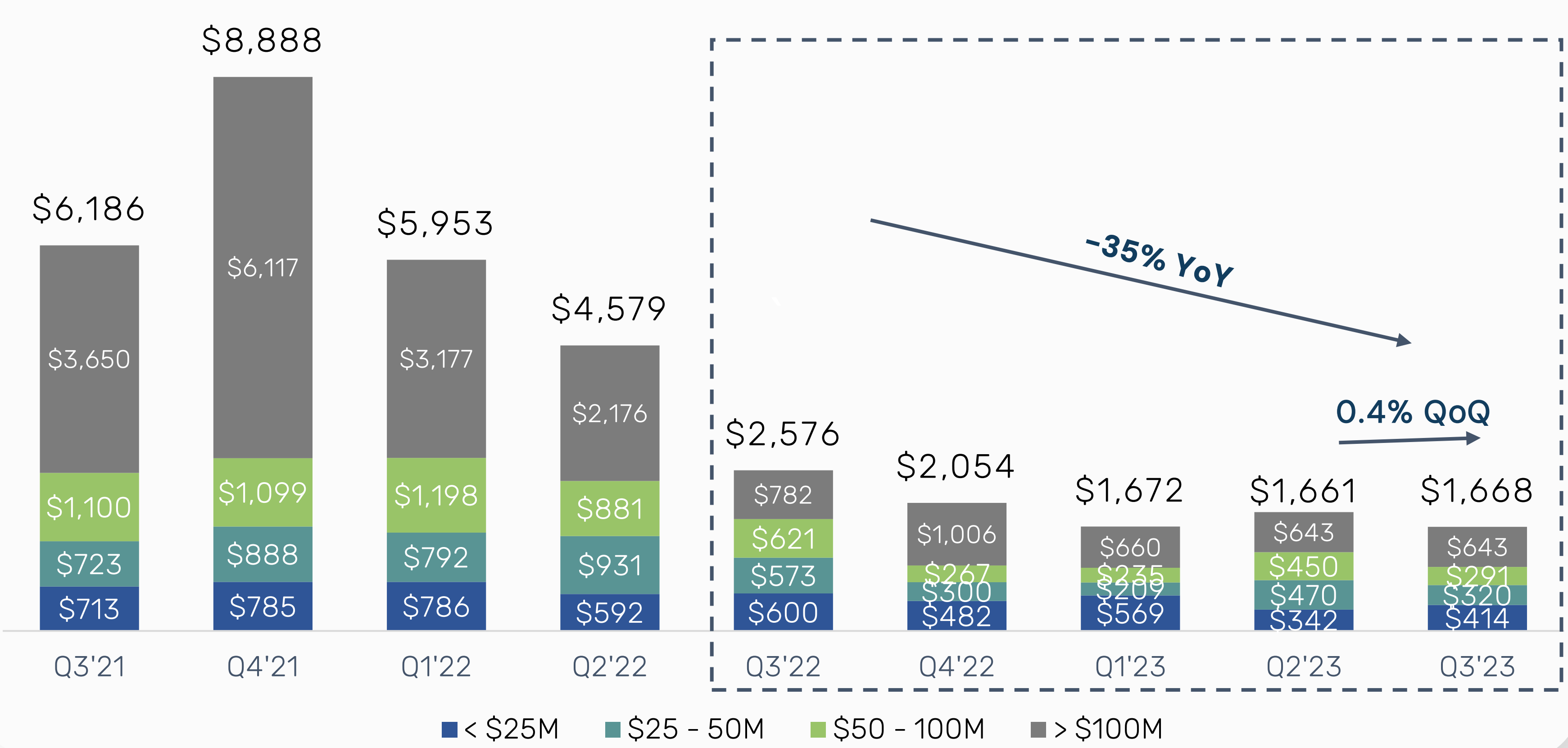
Preceding 12 Months: Q3'22 vs. Q3'23

35%

decline

As of Q3'2023, **$5B** was raised in the preceding twelve months compared to **$13B**, which was raised in the preceding twelve months as of Q3'2022

Total Raised By Round Size ($M)



Note: Does not include investments through IPOs and SPACs.

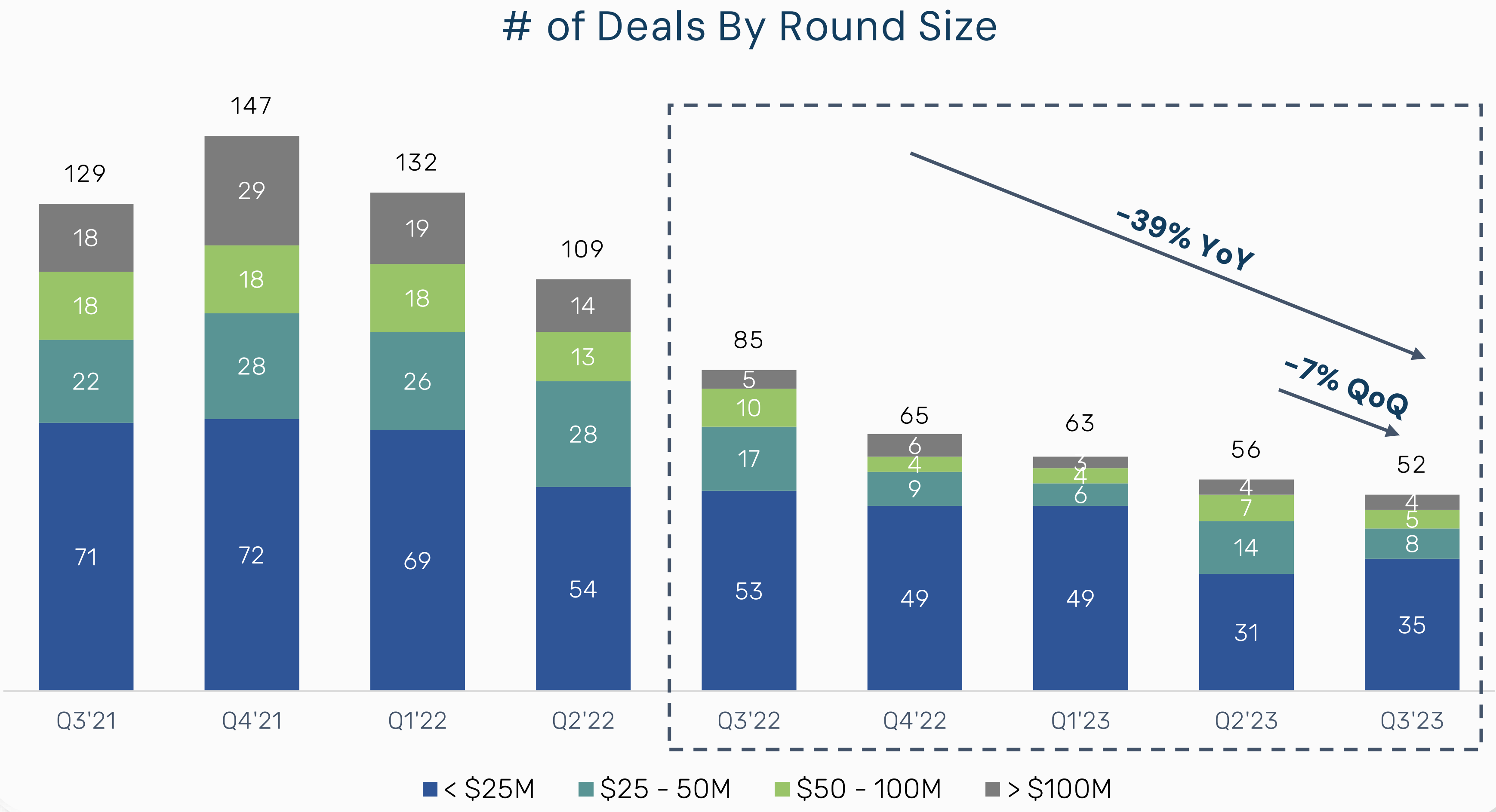
Continuation of Early-stage Funding Rounds, Albeit at a Slower Pace, Signal Ongoing Innovation in The Tech Sector

Preceding 12 Months: Q3'22 vs. Q3'23

39%

decline

As of Q3'2023, **170** deals were closed in the preceding twelve months compared to **326** deals in the preceding twelve months as of Q3'2022



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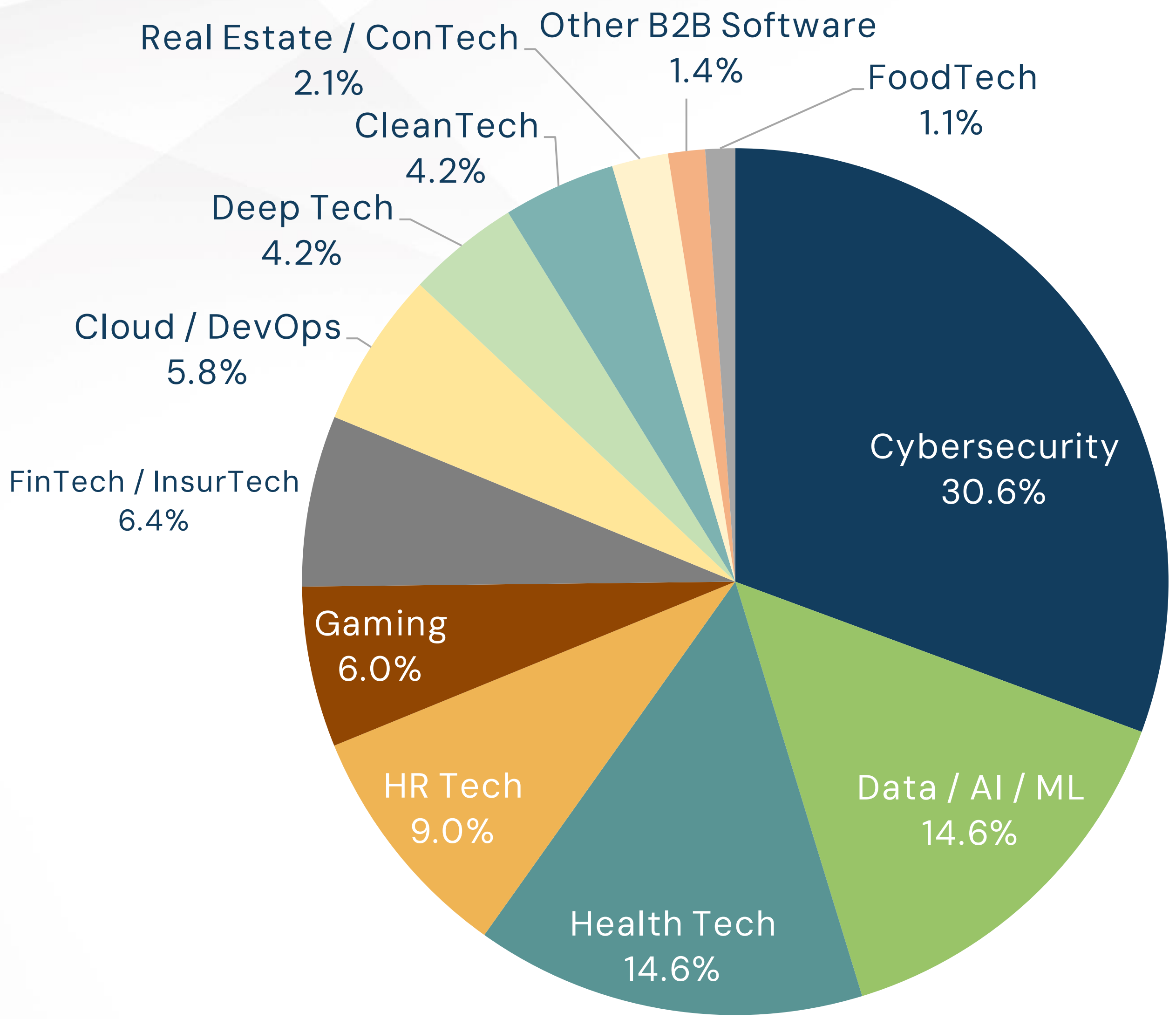
Funding Rounds by Sector: Cybersecurity Leading, Alongside The Rise of AI and Data Companies

Sector	Total Raised ($M)	# of Deals
Cybersecurity	$511	16
Data / AI / ML	$244	8
Health Tech	$243	8
HR Tech	$150	1
Gaming	$100	1
FinTech / InsurTech	$107	6
Cloud / DevOps	$97	5
Deep Tech	$70	3
CleanTech	$70	1
Real Estate / ConTech	$35	1
Other B2B Software	$23	1
FoodTech	$19	1



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Companies that Raised in Q3'2023

$100M+	AI21 labs, CATO NETWORKS, bob
$50 – 100M	CANDIVORE, IBEX, k health, THETARAY, ubq
$25 – 50M	BIO PROTECT, DARROW, flo. LIVE, grip, LEGIT, SQREAM, tytocare™, upwind, wint
< $25M	ADAPTIVE SHIELD, Akooda, BREVEL, briya, CAPSTACK, Creednz, CYCLOPS, CYDOME, CYPAGO, Digma, FHENIX, Gem, Gomboc, Harmonya, HyperGuest, intuition robotics, IVIX, memphis.dev, NitroFix, oxsecurity, port, prisma photonics, pynt, QUANTHEALTH, SAVVY, Scala Biodesign, SENSER, silk., SPIRITT, sweet., tamnoon, trustmi, Voia, Winglang, zenity

Indicates unicorn status

Indicates Greenfield Portfolio Company

Q3'2023 M&A / IPO Roundup

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	TARGET	ACQUIRER	DEAL VALUE ($M) (1)
JUL-2023	Cobwebs Technologies	Spire Capital	$200
	SCADAfence	Honeywell	N/A
	imperva	THALES	$3,600
	Privatise	CORO	N/A
	nuance hearing	EssilorLuxottica	N/A
	ROOKOUT	dynatrace	$60
AUG-2023	perimeter 81	CHECK POINT	$490
	Laminar	rubrik	$200
SEP-2023	ermetic	tenable	$265
	Atmosec	CHECK POINT	N/A
	innplay labs	Playtika	$80
	BIONIC	CROWDSTRIKE	$350

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

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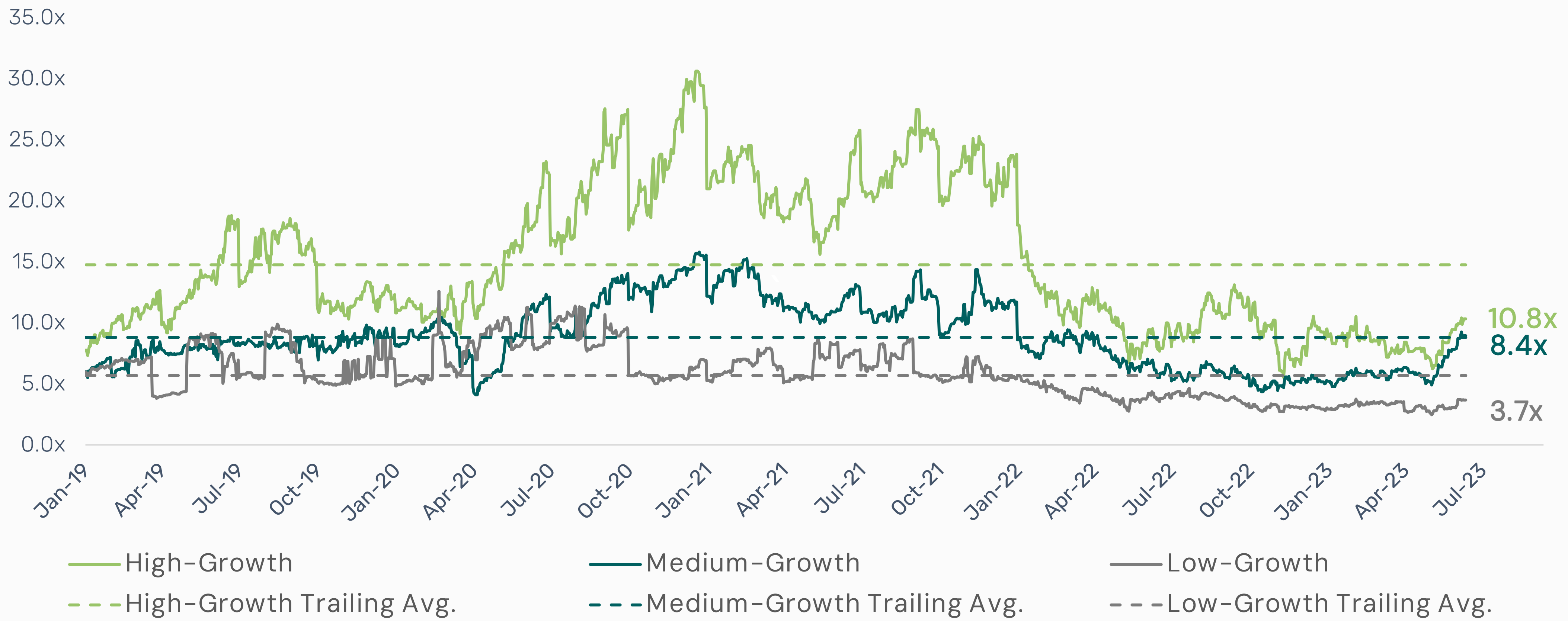
PUBLIC SAAS COMPS AND MACROECONOMIC INDICATORS

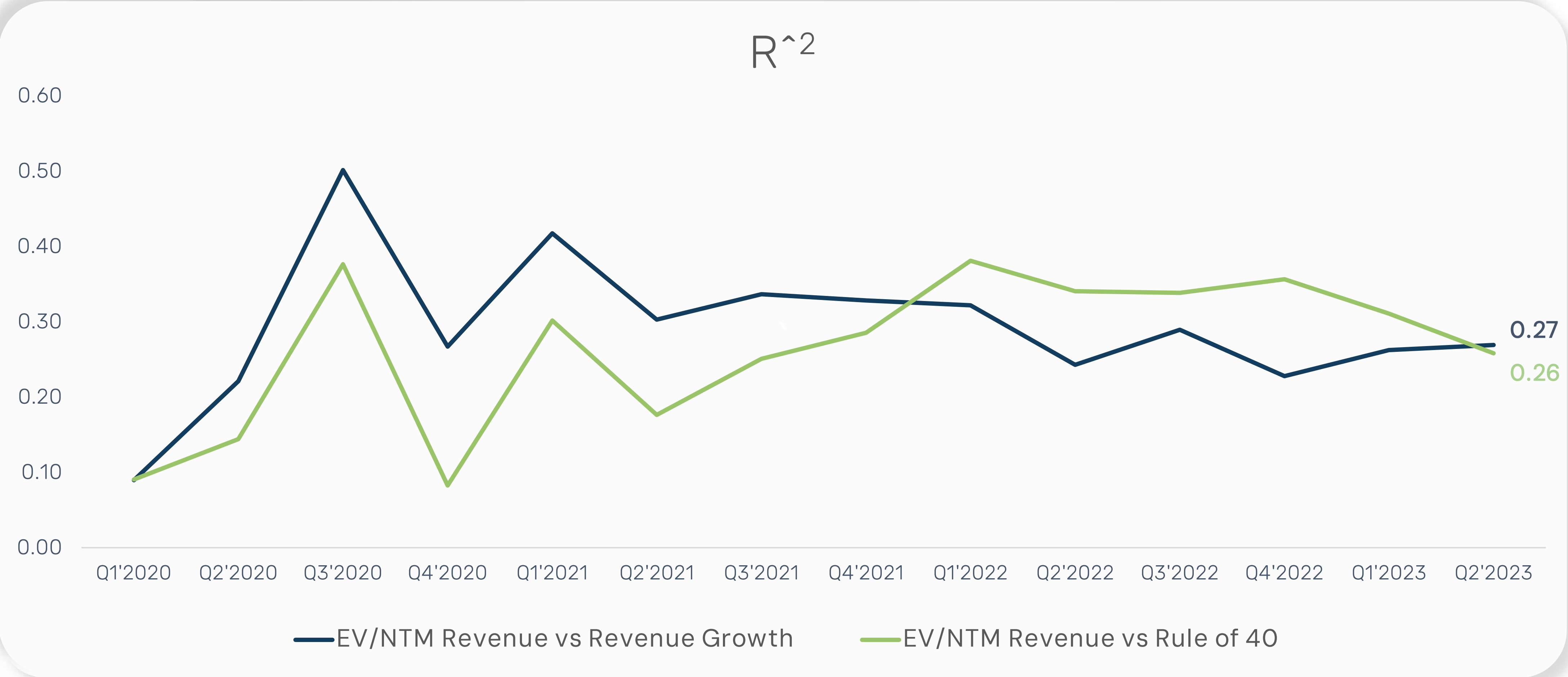
EV / NTM Revenue Multiples

Despite some continued volatility, multiples have seemed to stabilize indicating that the bottom has potentially been reached



Valuation Model: Growth Vs. Profitability

The weight of profitability vs. growth on valuation are beginning to converge indicating that growth may once again begin to receive more importance



Growth ADJ. EV / NTM Revenue Multiples

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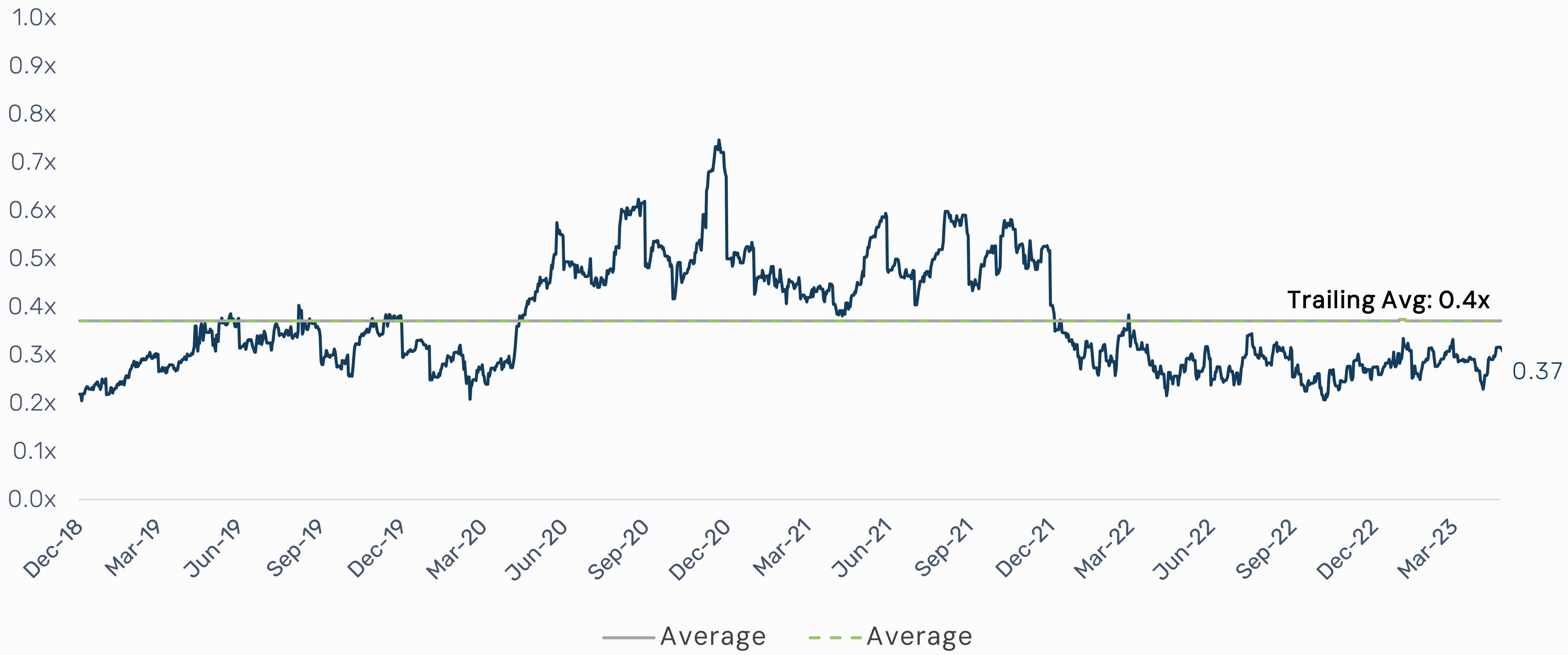
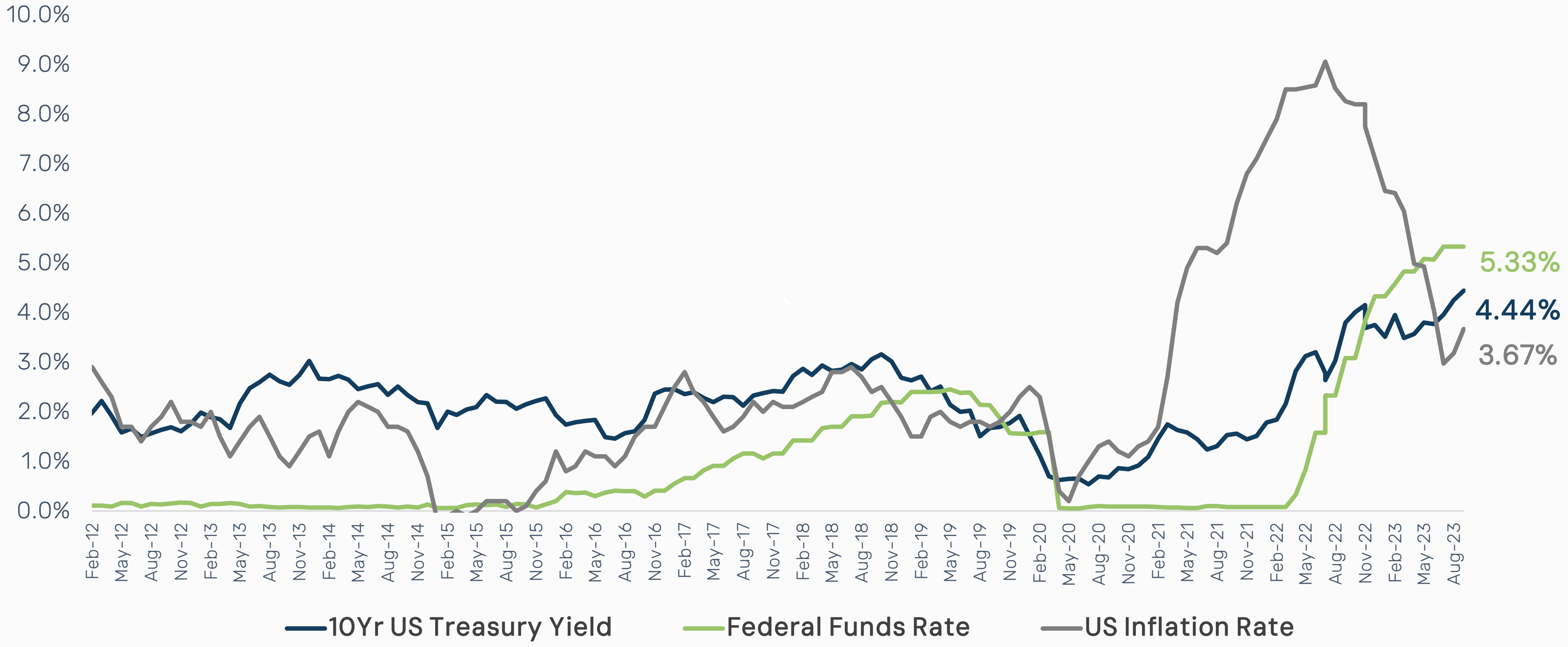
Growth adjusted multiple continue to trend below the trailing average signaling to investors that there may exist undervalued opportunities in the market



Macro-Economic Indicators

Interest rates rose to highest level in 22 years as the Fed continues its aggressive bid to curb inflation while the latest official signals indicate that we may not be out of the woods yet as fears mount of a potential inflation rebound caused by strong economic growth



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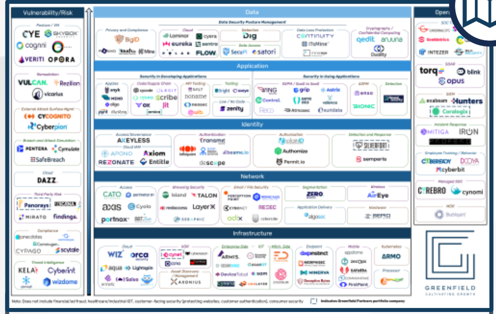

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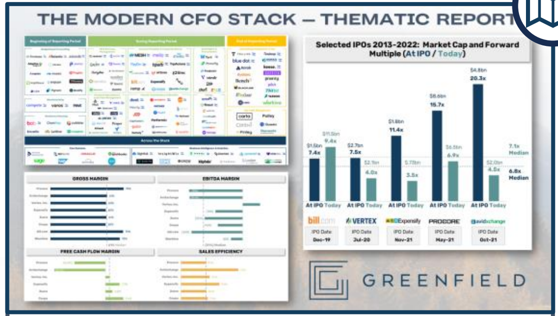

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