EXIT REPORT

2024

PwC Israel

As of writing these lines, Israel is still engaged in one of the longest and most intense military conflicts in its history. During the passing year, the levels of uncertainty have been off the charts, with a break-neck pace of events, and frequent turns and twists. Fighting simultaneously on multiple fronts, with many people on long active reserve duties, civilian population under threat, and global public opinion that is not always as sympathetic were just part of a whole range of circumstances that the local tech industry had to face. Given this reality, even the most disappointing and harsh year-end results would have been plausible and reluctantly accepted. Yet, looking at the actual data, it's possible to see quite a different and probably unexpected development. At least at first glance, it appears that this might have been a year of recovery in terms of both deal count and value.

Fifty-three deals took place in 2024, up 18% from 45 in 2023. Overall deal value was $13.4 billion, a surge of 78% from $7.5 billion last year. The average deal value this year also rose by not less than 51%, to $252 million, from $167 million on average per deal last year. The IPO market continues to be sluggish, with only six public offerings and $781 million in total value. Another interesting data point emerges when making a comparison to the peak year of 2021. The overall deal value in 2024 is indeed down 84% compared to the all-time high, but when factoring out IPOs – which tend to happen depending on the broader macro conditions – we see that M&As this year had a value of $12.6 billion, compared to $11.6 billion in 2021, reflecting a 9% increase.

The number of over-$200M M&As (neutralizing IPOs) reached 20 this year, which is quite close to the peak year of 2021, when 21 similar deals took place. Cyber continued to lead, but there was a wider spectrum of industries represented compared to last year, including AI, corporate software, life sciences and internet companies. This year too, Israeli-buying-Israeli deals continued to be important, growing to 28% of total deal number. This is yet another expression of the industry's resilience these days.

The paradox of Israeli high tech

Given all those challenges, how could it be that in such a hectic year, confronted with seemingly insurmountable challenges and an impossible degree of uncertainty, the local tech market still seems to show some signs of recovery. Attempting to explain and interpret this apparent contradiction, we need to examine several trends – some opposing to each other and others complementing, but undoubtedly interwoven.
We cannot overlook the macro conditions created in the years that followed the peak, and consider their economic impact, but not less importantly, their effect on perceptions. We previously got used to unprecedented large investment rounds (IPOs or M&As) during the peak years. However, there is no doubt that the ensuing economic slowdown, coupled with the high interest environment and inflationary instability of recent years, truly brought both investors, founders and managements down to earth. This enabled the creation of a realistic space in which strategic sell-side investors and target companies could meet, with sellers even becoming too accommodative. This might be the reason why middle-of-the-road deals, in the $100-500 million range, accounted for 44% of deals, the highest figure for this bracket in the past decade. Adding the uncertainty element that is a mainstay of the global economy in general and the local one in particular, the fact that IPO opportunities have become rarer and more selective, and the tendency of buyers to manage their overall risk more carefully and diligently brought about a fertile ground for deals with reasonable valuations, and pushed entrepreneurs and investors to exit now and not wait until materialization of higher future gain. Some of the deals closed this year had a lower price tag compared to their previous capital raising rounds, such as the case of Own (sold to Salesforce) and Noname (sold to Akamai). However, most deals this year were not like that and did provide some return to entrepreneurs and to the lion share of investors, albeit not in the scales we got used to in the past.

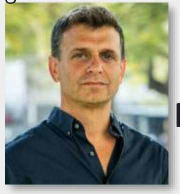
But beyond all that, we should not forget that the biggest contributing factor is still the entrepreneurial spirit and the quality of talent in the Silicon Wadi.

They that sow in tears shall reap in joy

Last year, merely a few weeks after war broke out, I opened my remarks by saying that the history of Israel can be divided into pre- and post-October 7, 2023. We suffered a hard blow, when all hell broke loose right inside our homes. However, a year and two months into the war, it also showed an impressive ability to recover, and it is now clear that our country can overcome challenges that were previously considered too difficult to achieve. Determination, creativity, perseverance and faith are at the very core of the nation, are what made it into a high-tech powerhouse and are passed on to the younger generation, which proved to be extraordinarily strong and capable.

Let us not lose sight of the fact that this wonder that allowed us to get back up on our feet and deliver is a result of considerable investment and vision over many years. October 7 was and still is a formidable wake-up call to all of us. In order to continue maintaining our edge, secure investor confidence and bring hope to next generations of Israeli tech that they can get to new heights and achievements, it is important to outline a long-term national strategy that focuses on social cohesion, equal civic participation by all, and investment in the human resource, to name some important goals. We hope that responsible government policies for the long term, along with the end of the war, and the fast return of our sisters and brothers who are held hostage will allow, as a top priority, to heal the wounds of the Israeli society and allow the local miracle to continue.

The global economy provides indications about the willingness of investors to boldly get back into the game, and hints to slow healing of the markets, which will allow the return of tech IPOs. This is an important and faithful juncture, in which we need to make decisions and leverage achievements. They that sow in tears shall reap in joy. We paid the ultimate price, yet there is abundance of talent here, and this is the right time to be worthy and earn it for future generations.

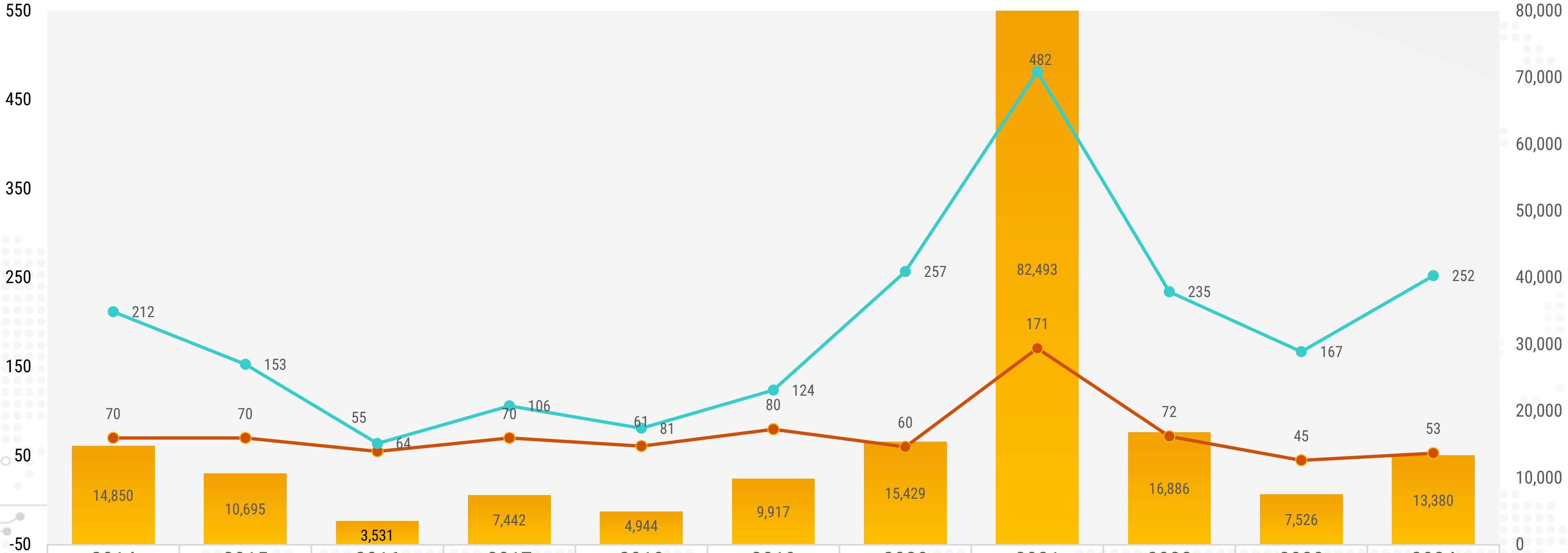


Yw

Yaron Weizenbluth
Hi-Tech Partner and Territory Assurance Leader
PwC Israel

Total exits (M&As and IPOs) in 2014-2024 (million US$)

*This report only refers to exist deals of over $10 million in value.



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	14,850	10,695	3,531	7,442	4,944	9,917	15,429	82,493	16,886	7,526	13,380
Number of deals	70	70	55	70	61	80	60	171	72	45	53
Average deal size ($M)	212	153	64	106	81	124	257	482	235	167	252

M&As and IPOs in 2024 had a value of $13.4 billion, a 78% increase from $7.5 billion in 2023. Relative to the record $82.5 million in 2021, this year's figure represents an 84% fall in deal value. However, when excluding IPOs, the passing year even reflects a 9% increase in M&As compared to 2021.

A total of 53 deals took place in 2024, compared to last year's 45. This uptrend was also observed in the average deal size, at $252 million, which represents a 51% increase relative to last year.

When excluding IPOs, the 47 M&As in 2024 reached a combined value of $12.6 billion, or an average of $268 million per deal. By comparison, 2023 had 42 deals with a value of $5 billion.

The analysis in this report excluded 7 follow-on deals. The reason is that those companies have already been featured in previous reports, when they were initially sold or listed. Including them again in this edition would have distorted our ability to make a year-over-year comparative analysis. Information about those deals in this and previous years is presented in a dedicated section below.

The two largest follow-on deals not covered in this report:

- **WalkMe by SAP**
- **Plarium by Modern Times Group**

The total value of the excluded follow-on deals is $3.8 billion, a 32% drop y/y.

Overall analysis including follow-on transactions

The $1 billion threshold

The $1B mark was crossed this year twice (excluding follow-on deals), with the $1.9 billion acquisition of Own and the $1 billion acquisition of Resident Home. For the sake of comparison, there were one and two over-$1 billion deals in 2023 and 2022, respectively, all of which being IPOs in the US.

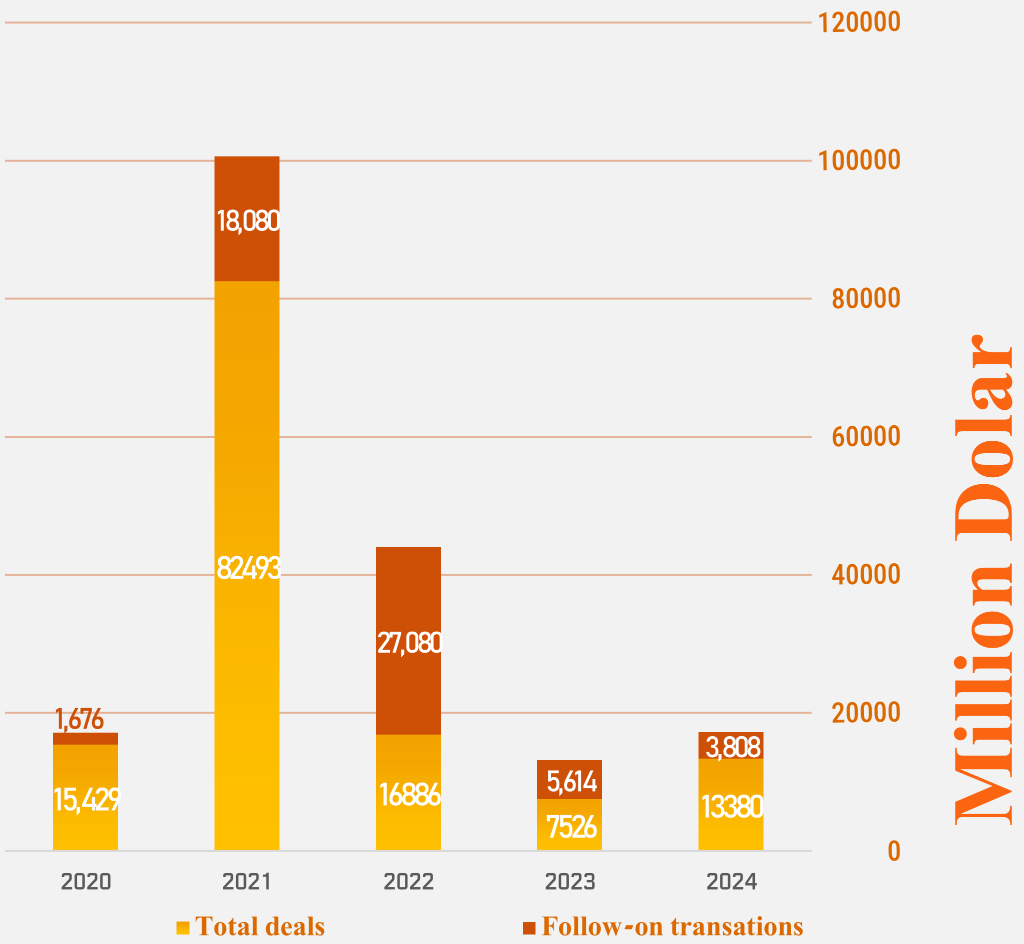
Own {backup}	$1.9B	salesforce
RESIDENT	$1B	ASHLEY

Total value of follow-on transactions

When taking follow-on deals into account (which, as indicated above, are excluded from our primary analysis, as they were included in previous reports), total deal value in 2024 is reaching $17.2 billion.

In 2024, seven follow-on transactions were closed with an overall value of $3.8 billion, compared to 11 transactions with a total value of $5.6 billion in 2023.

Total exists (IPOs and M&As) including follow-on deals 2020-2024

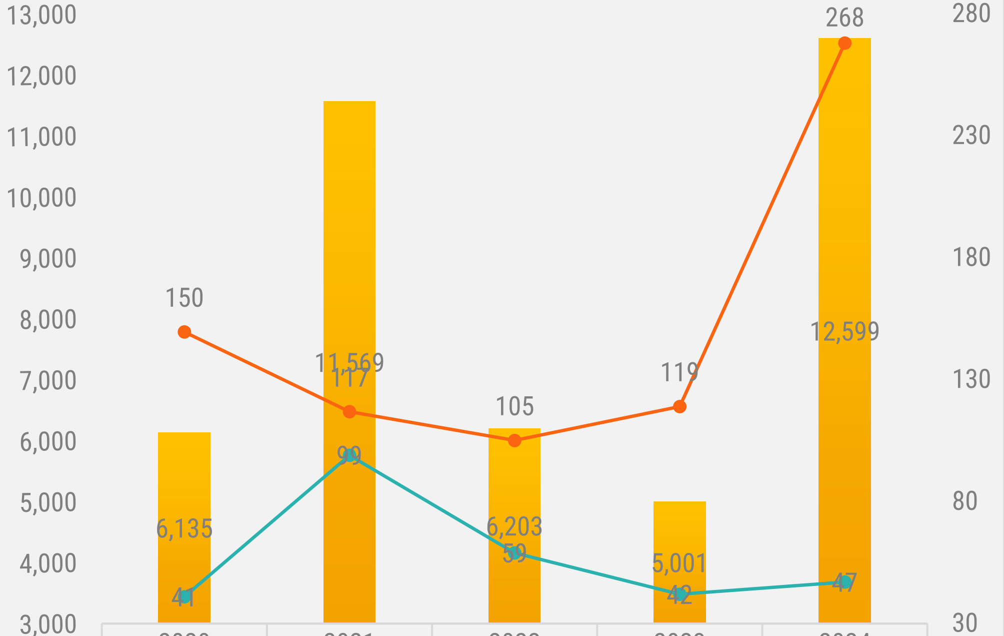


Some of the strategic follow-on transactions are the acquisition of WalkMe by SAP for $1.5 billion and of Innovid by Mediaocean for $0.5 billion.

M&As vs. IPOs

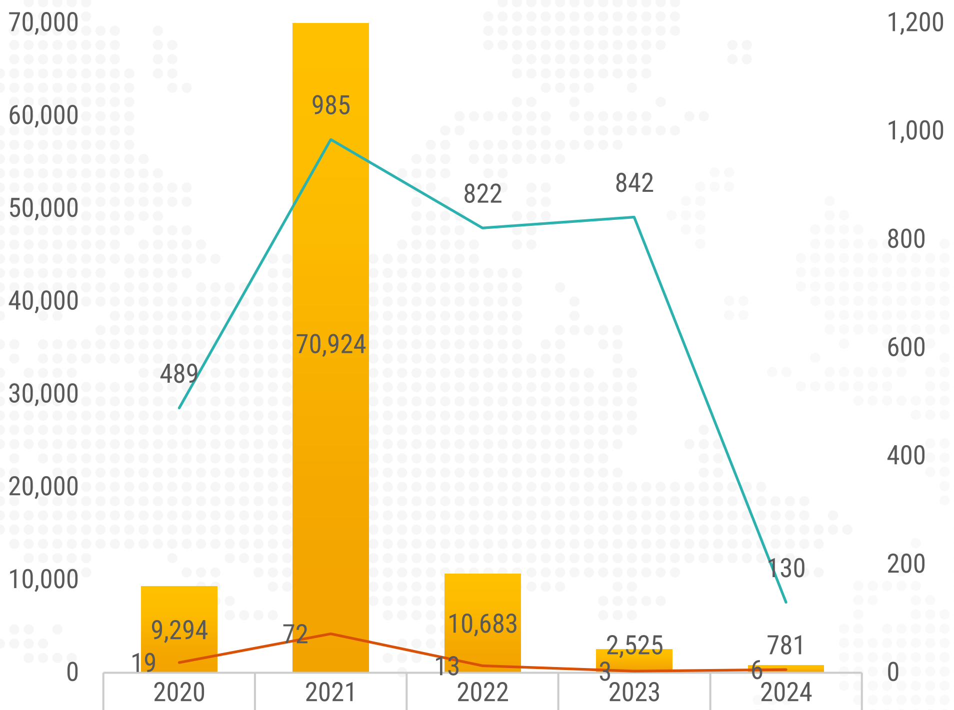
M&As in 2020-2024

The total value of M&As (excluding IPOs) was $12.6 billion. This represents a 152% surge over last year, when deal value (excluding IPOs) was $5 billion, and 9% increase compared to $11.6 billion in the peak year of 2021.



	2020	2021	2022	2023	2024
Total amount	6,135	11,569	6,203	5,001	12,599
Number of deals	41	99	59	42	47
Average deal size ($M)	150	117	105	119	268

IPOs 2020-2024

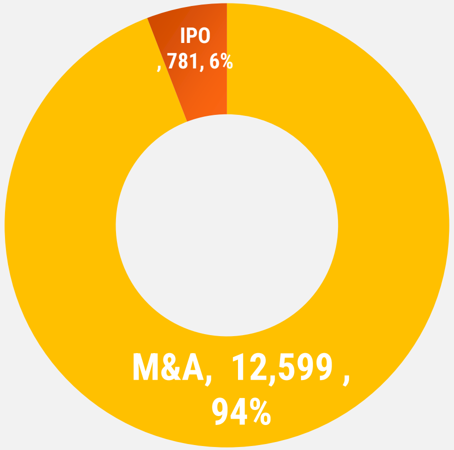


	2020	2021	2022	2023	2024
Total amount	9,294	70,924	10,683	2,525	781
Number of deals	19	72	13	3	6
Average deal size ($M)	489	985	822	842	130

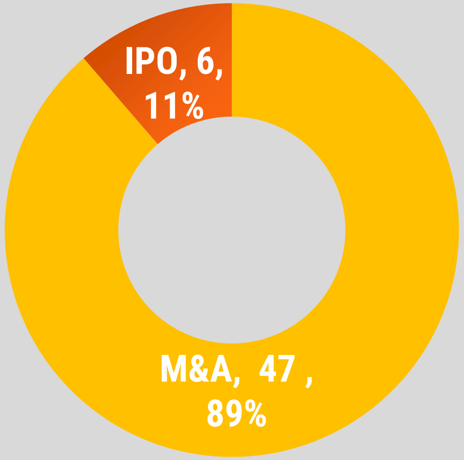
Six IPOs were completed in 2024, headed by the $320 million Gauzy offering. Five IPOs took place on US exchanges and one in the Tel Aviv Stock Exchange (TASE). For comparison, 3 IPOs took place last year, all of which in the US (with a total value of $2.5 billion). The average value per IPO was $130 million, down from $842 million last year.

**IPOs by R&D* partnerships *and SPACs are included in this report when they merge with/invest (De-SPAC) in target companies.*

IPOs vs. M&As

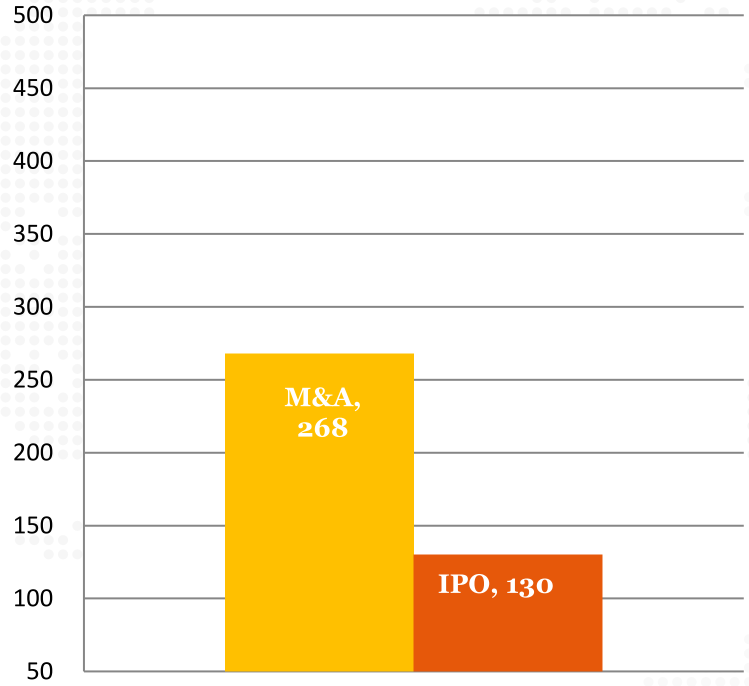


Total deals
(in million $)



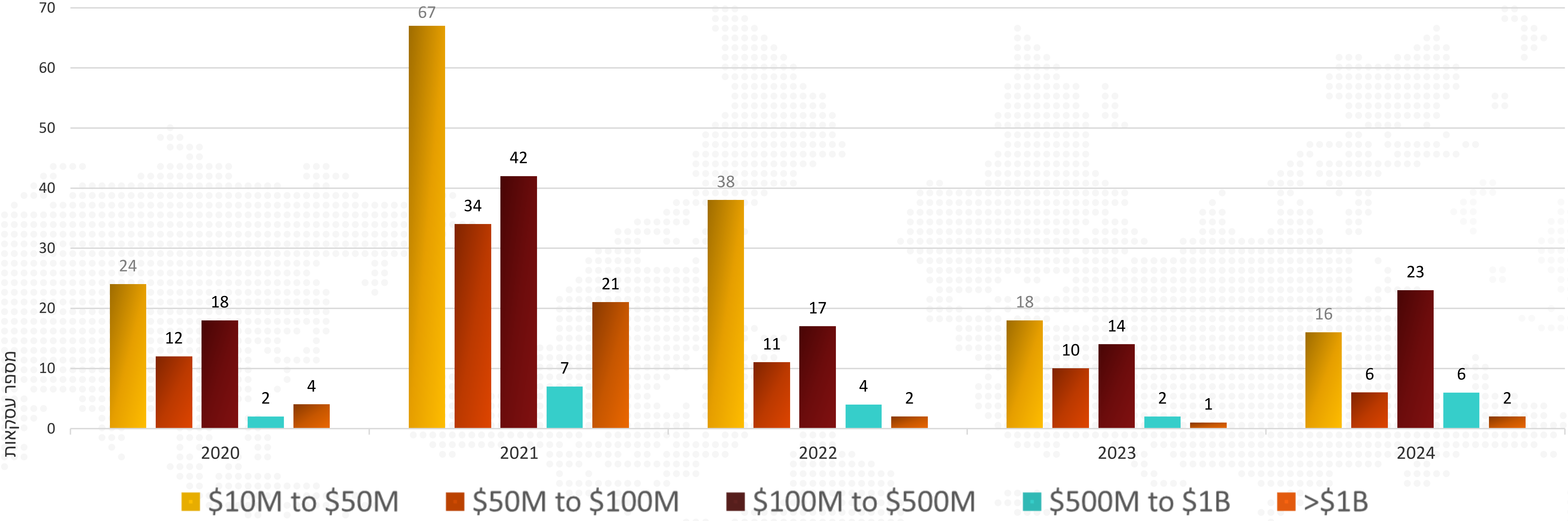
Number of deals

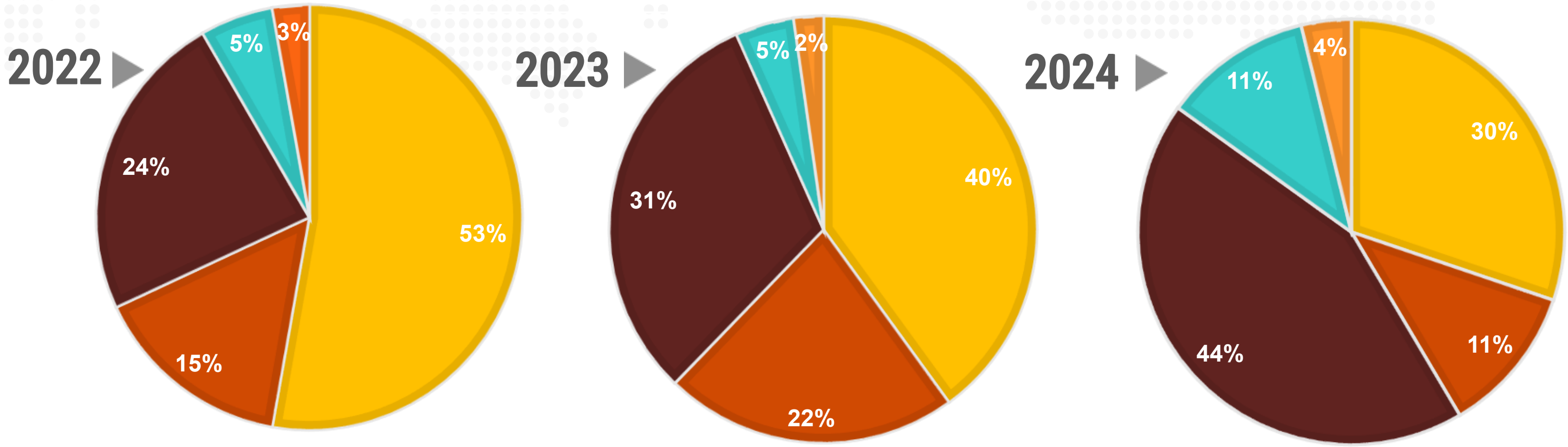
Average per deal (in million $)



This year's average IPO value is $130 million, significantly lower than last year ($842 million). The average M&A deal size was up, from $119 million in 2023 to $268 million in 2024.

Analysis by deal size (in million $) – deal numbers





Eight significant deals (over $500 million) were closed in 2024, with a total value of $6.8 billion, compared to the previous year in which 3 such deals had a value of $3.1 billion.

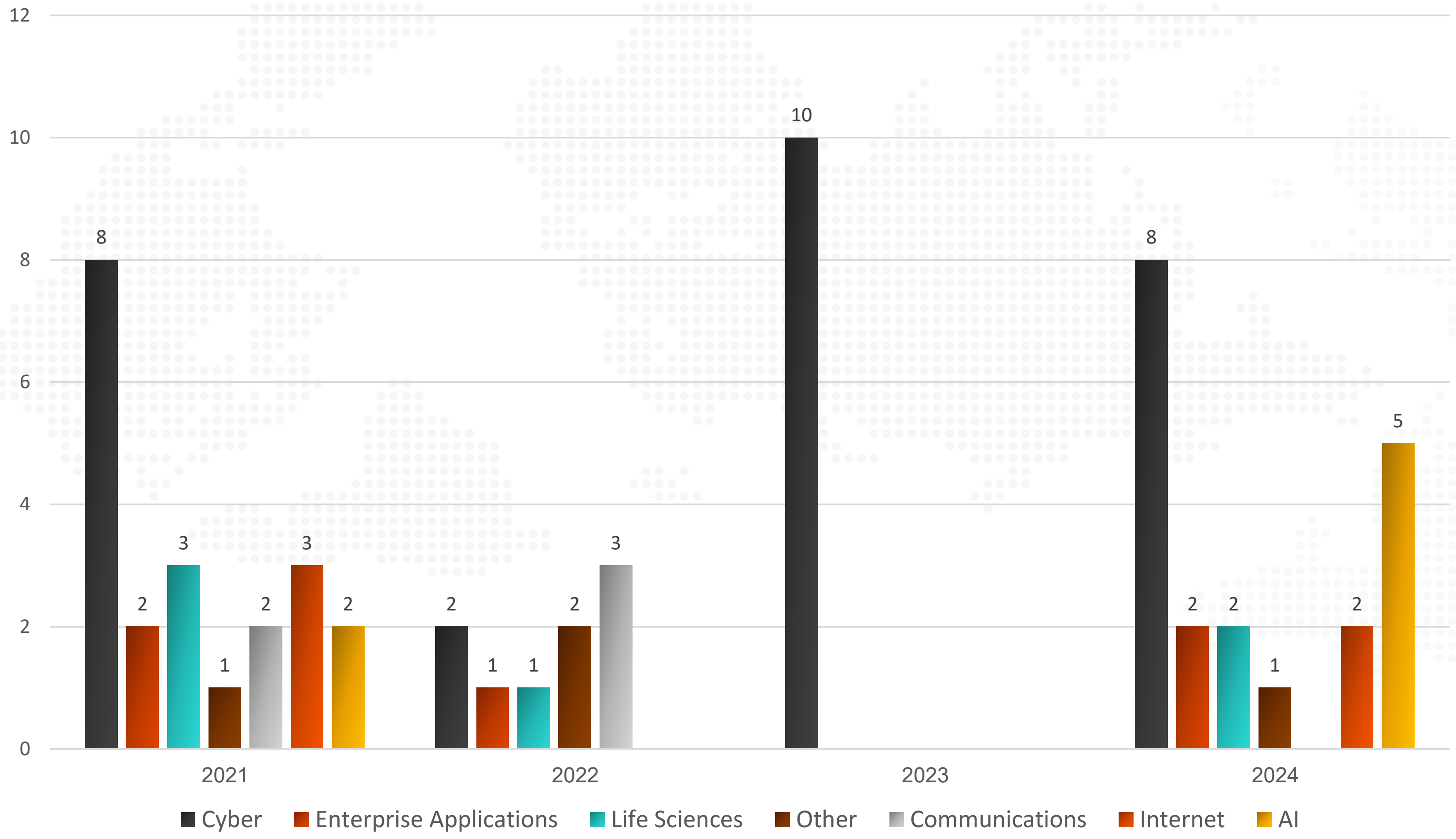
There were 23 deals this year in the $100-$500 million bracket, with a total value of $5.8 billion. Eleven of those involved were cyber companies and 4 AI companies.
The $100-$500 million bracket is leading this year, accounting for 44% of all deals.

Over $200-million deals

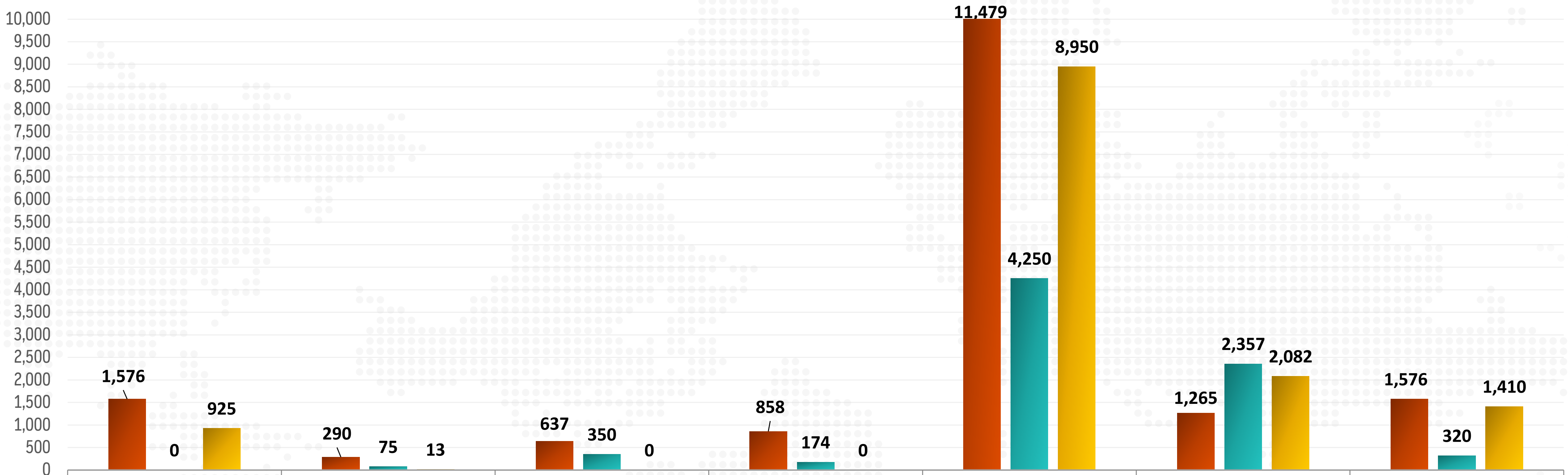
Number of transactions by sector

Twenty over-$200M deals (excluding IPOs) took place in 2024, compared to last year with 10.

Looking back at the peak year of 2021, it had 21 such deals.
Contrary to last year, where all transactions of this magnitude were reserved to cyber, in 2024, similarly to the peak year, companies come from a wide range of industries, including AI, enterprise applications, internet and life sciences.



Analysis by sectors (in million $)

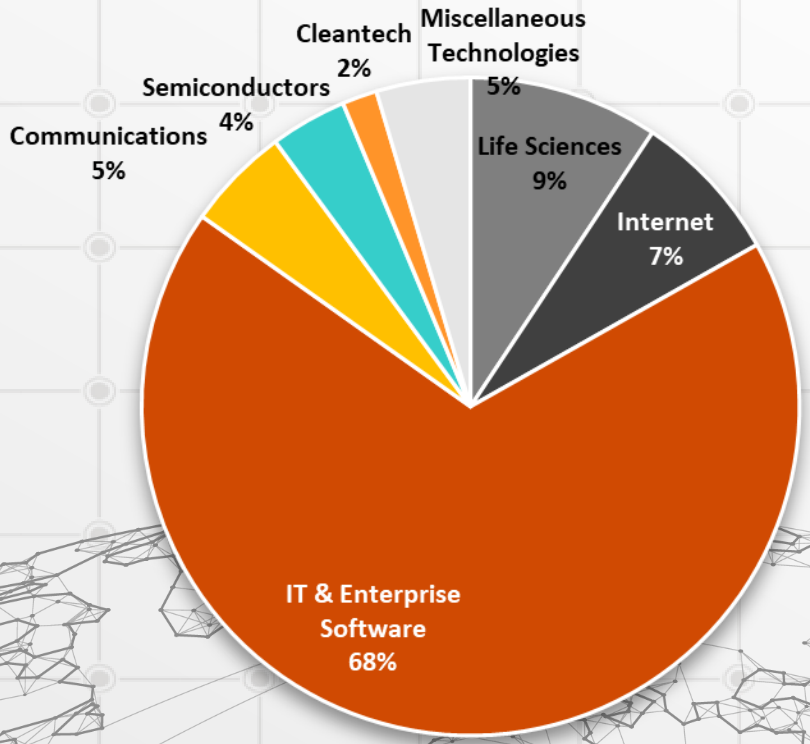


	Miscellaneous Technologies	Cleantech	Semiconductors	Communications	IT & Enterprise Software	Internet	Life Sciences
2024	925	13	0	0	8,950	2,082	1,410
2023	0	75	350	174	4,250	2,357	320
2022	1,576	290	637	858	11,479	1,265	1,576

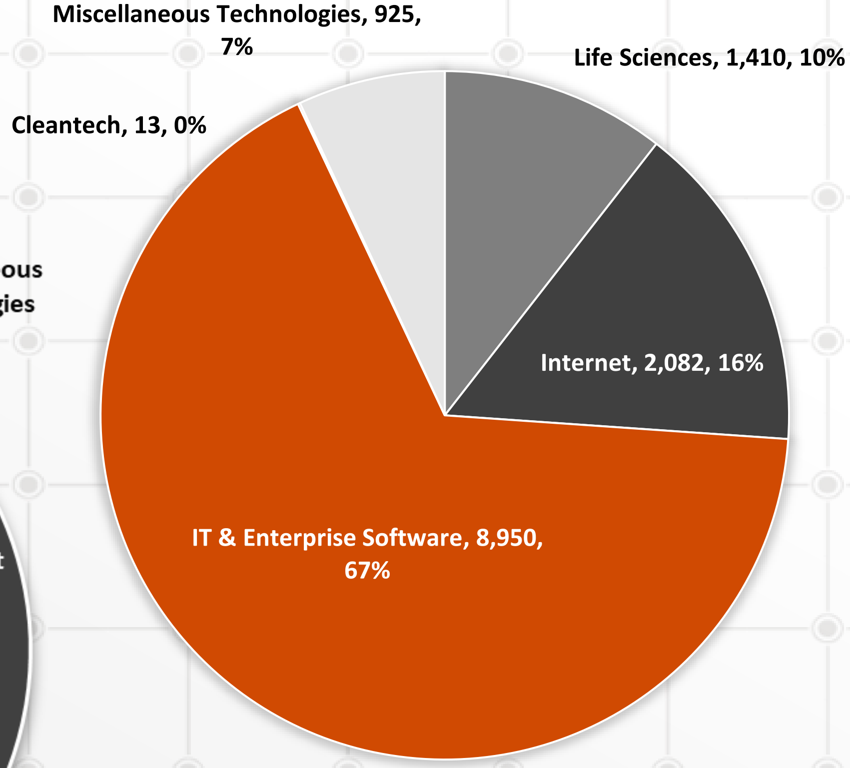
As shown in the graphs, the IT & Enterprise Software segment continued to lead in 2024 with the highest number of deals (67% of all deals) and a total value of $8.9 billion. Additionally, in 2024, the life sciences segment had 8 deals totaling $1.4 billion, compared to 2023 with 4 deals and $320 million.

Analysis by sectors (in million $)

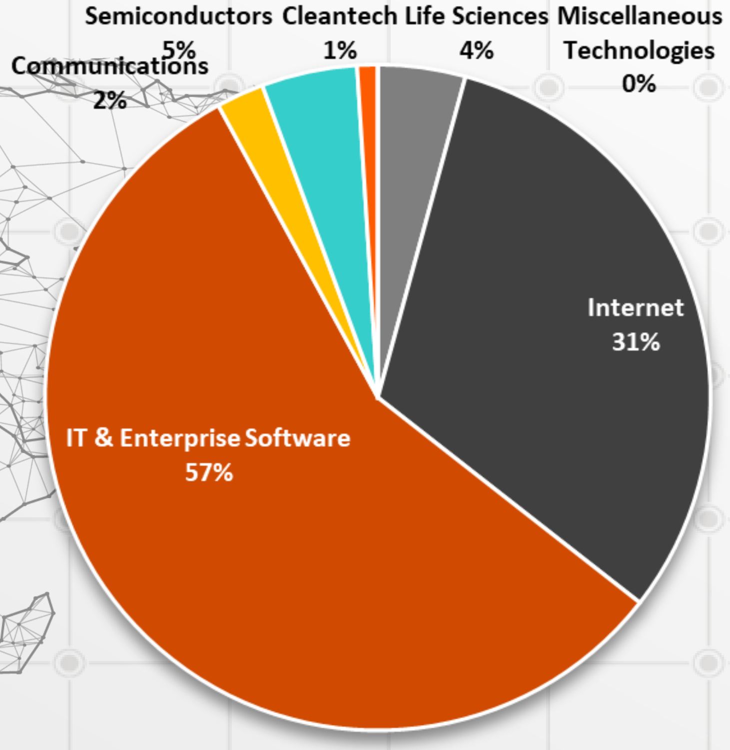
2022



2024

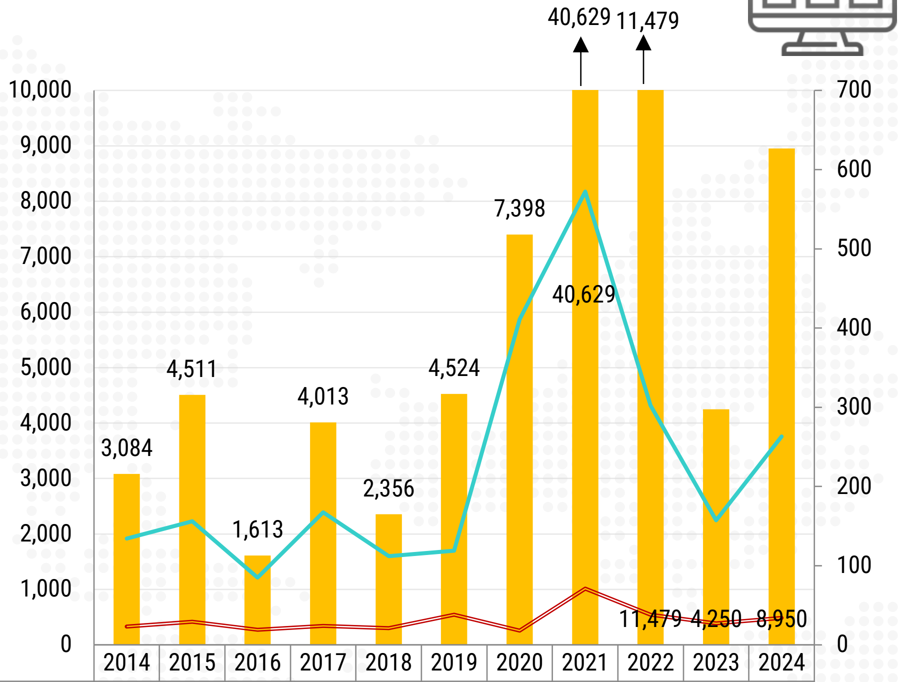


2023



Analysis by sector – IT & Enterprise Software and Internet

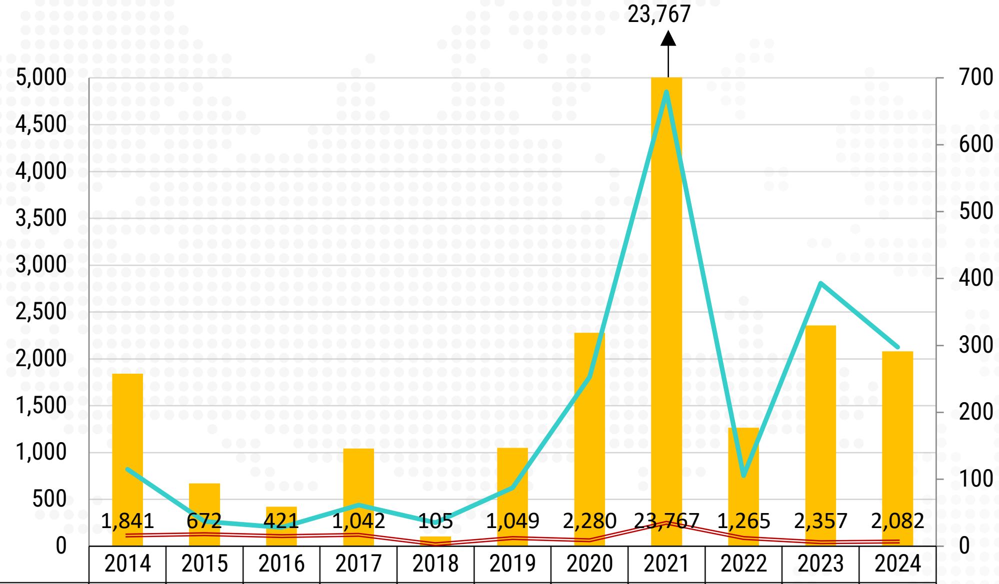
IT & Enterprise Software



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	3,084	4,511	1,613	4,013	2,356	4,524	7,398	40,629	11,479	4,250	8,950
Number of deals	23	29	19	24	21	38	18	71	38	27	34
Average deal size ($M)	134	156	85	167	112	119	411	572	302	157	263

The IT & Enterprise Software sector continues to lead this year, with 34 deals and $8.9 billion in total, representing 67% of all deals. The most notable transactions are Own (acquired by Salesforce), BioCatch (acquired by Permira)

Internet

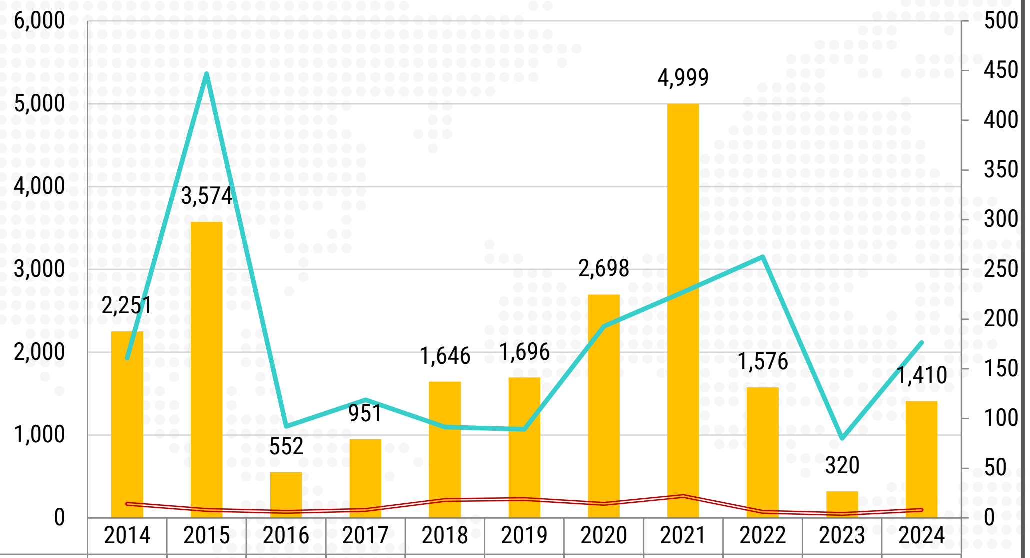


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	1,841	672	421	1,042	105	1,049	2,280	23,767	1,265	2,357	2,082
Number of deals	16	18	15	17	3	12	9	35	12	6	7
Average deal size ($M)	115	37	28	61	35	87	253	679	105	393	297

The Internet segment had a total value of $2.1 billion, compared to $2.3 billion last year. The total deal number was 7, compared with 6 last year.

Analysis by sector – Life sciences and Communications

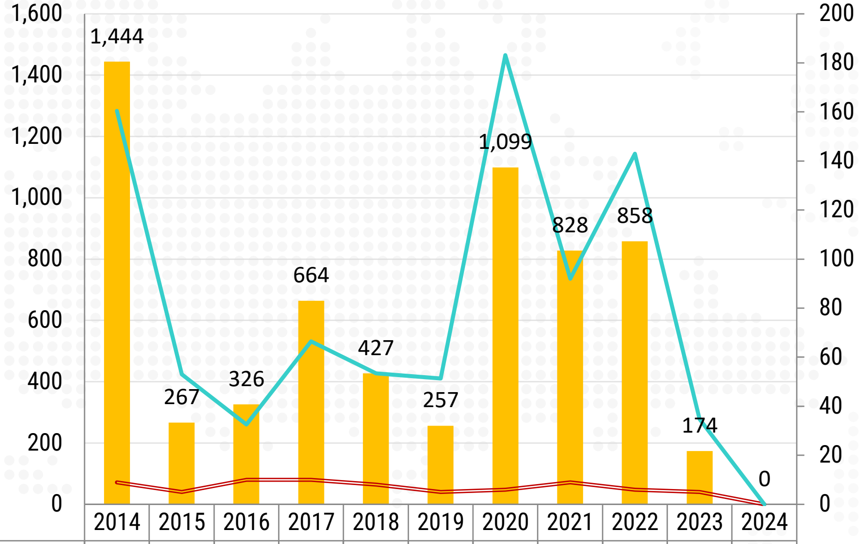
Life sciences



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	2,251	3,574	552	951	1,646	1,696	2,698	4,999	1,576	320	1,410
Number of deals	14	8	6	8	18	19	14	22	6	4	8
Average deal size ($M)	161	447	92	119	91	89	193	227	263	80	176

Deal value in the life sciences sector was $1.4 billion, up from $320 million in 2023. The total number of deals was 8, of which 2 were IPOs. Deals count was double the number in 2023.

Communications

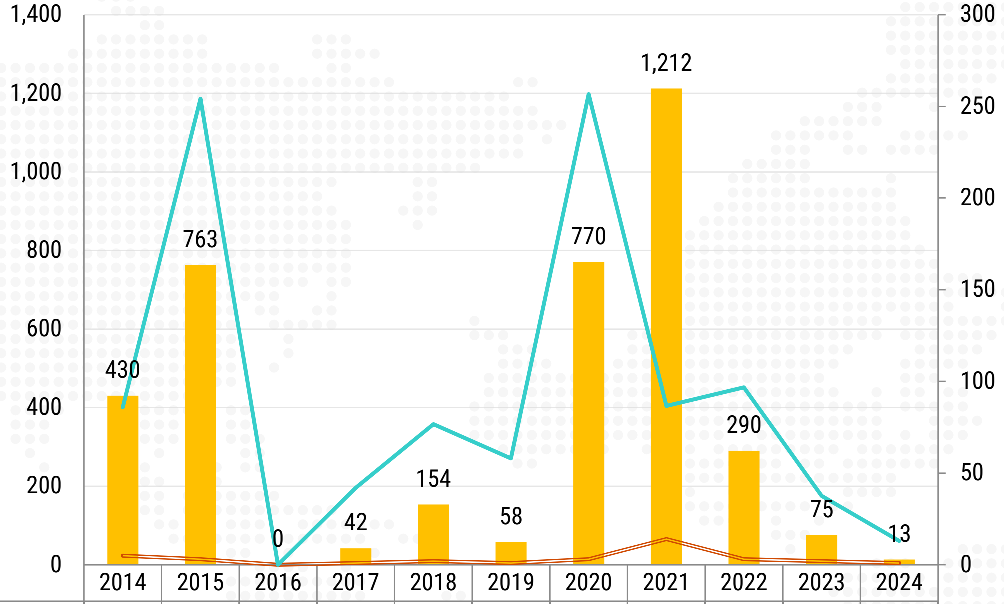


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	1,444	267	326	664	427	257	1,099	828	858	174	0
Number of deals	9	5	10	10	8	5	6	9	6	5	0
Average deal size ($M)	160	53	33	66	53	51	183	92	143	35	0

The communications sector did not experience a single transaction in 2024.

Analysis by sector – Cleantech and Semiconductors

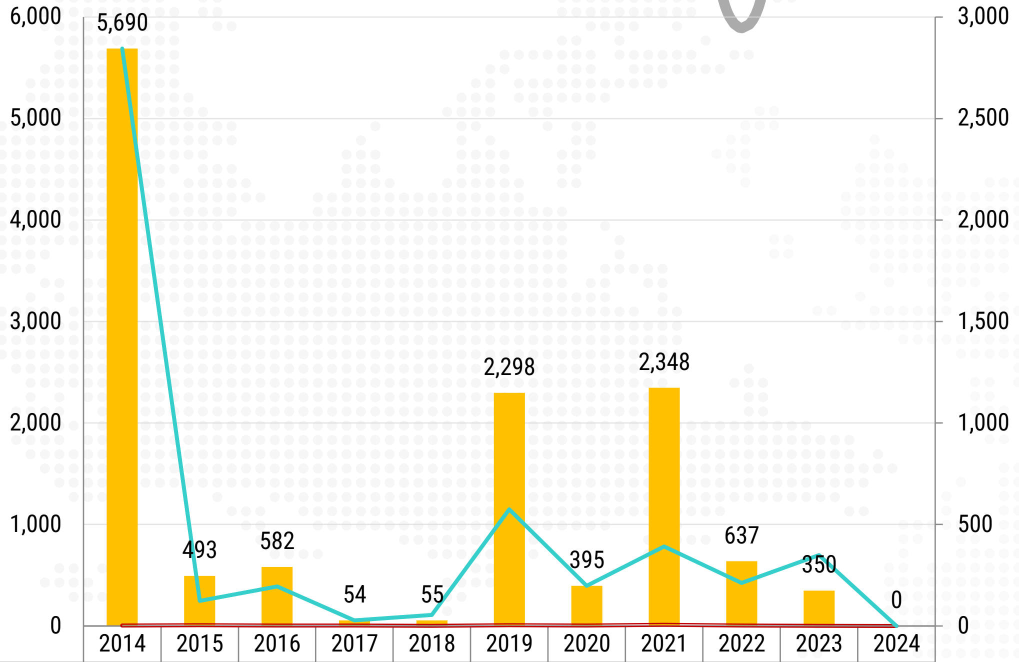
Cleantech



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	430	763	0	42	154	58	770	1,212	290	75	13
Number of deals	5	3	0	1	2	1	3	14	3	2	1
Average deal size ($M)	86	254	0	42	77	58	257	87	97	38	13

One cleantech deal was closed, valued at $13 million, compared to 2 deals for a total $75 million last year.

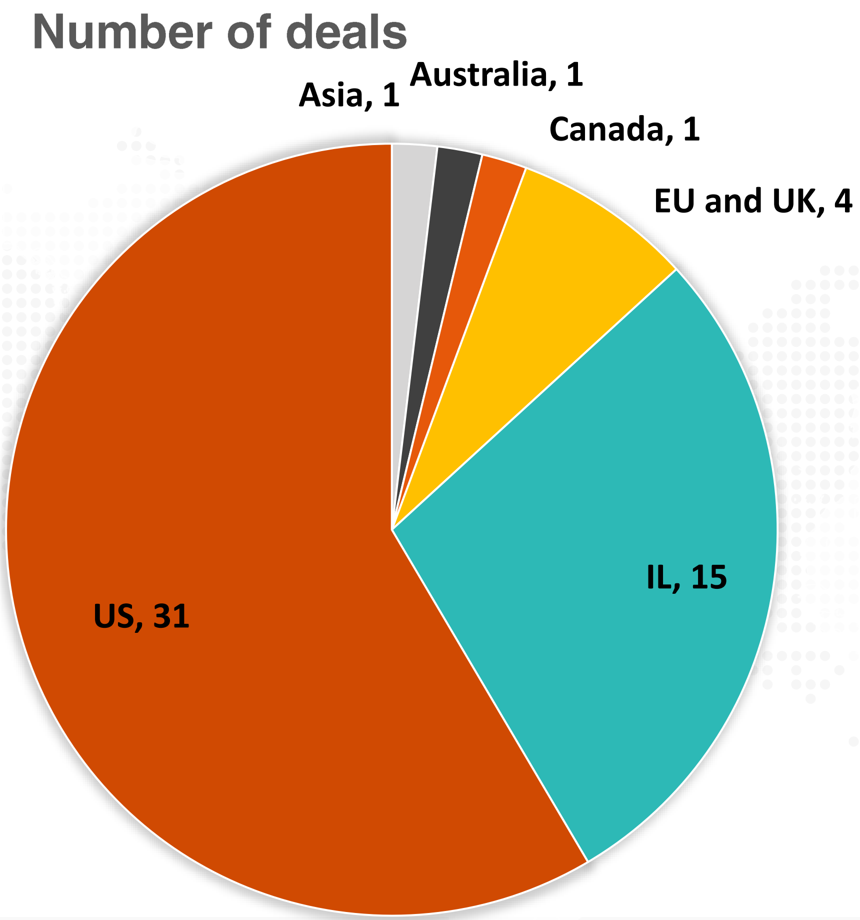
Semiconductors

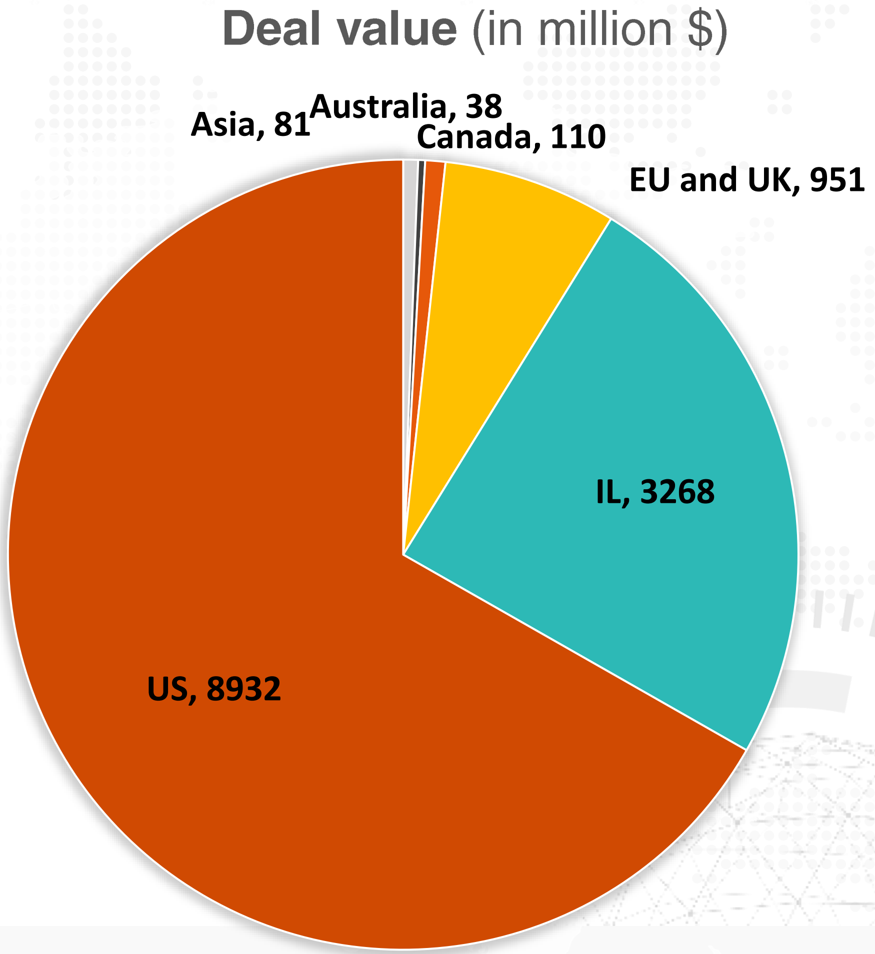


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total amount	5,690	493	582	54	55	2,298	395	2,348	637	350	0
Number of deals	2	4	3	2	1	4	2	6	3	1	0
Average deal size ($M)	2,845	123	194	27	55	575	198	391	212	350	0

The semiconductors sector did not experience a single transaction in 2024.

Buyers and IPOs by geography





The US has been and still is the most significant player on the buy-side, with 31 deals, representing 58% of the total count (compared with 27 and 60%, respectively, in 2023).

Fifteen transactions, or 28% of the overall number of deals (compared to 11 and 24%, respectively, in 2023) involved Israeli buyers.

*For the purpose of this analysis by geography, buyers with significant affiliation to Israel were counted as Israeli.

Top 10 Deals

IT & Enterprise Software

1 — $1.9B

e-Commerce

2 — $1B

Cyber

3 — $750M

AI

4 — $720M

Digital Media & Entertainment

5 — $700M

Medical Devices

6 — $600M

Hardware

7 — $589M

HR Tech

8 — $530M

Cyber

9 — $450M

Cyber

10 — $450M

- The report covers both asset acquisition transactions and merger and acquisition deals (i.e. share acquisition) of Israeli companies or companies with significant affiliation to Israel. An exit is defined as closing of a share acquisition deal, asset acquisition deal or activity by a target company for cash or shares of the buyer. An exit is also an initial public offering (IPO) on any stock exchange. Public offering values in this report are based on the value of the listed company at the opening of the trading session. Initial public offering in this report also refers to De-SPAC transactions.
- The above information excludes follow-on deals by companies that have already been included in our reports in the past (acquisition or IPO).
- There may be significant differences between this report and the PwC Israel M&As Report. This report does not account for information that is covered by the M&A report, such as overseas acquisitions by Israeli companies, non-tech deals, transactions of less than $10 million, and deals that have been signed but are not closed.
- Research data was taken from media publications and Reuters Thomson databases and are updated through December 05, 2024.

Yaron Weizenbluth
Hi-Tech Partner and Territory Assurance Leader
T: +972-3-7954930
M: +972-54-6300504
E: Yaron.Weizenbluth@pwc.com

Amos Avner
Head of Hi-Tech Business Development
T: +972-3-7953887
M: +972-51-2060185
E: Amos.Avner@pwc.com

Noa Yarom
Hi-Tech Business Development
T: +972-3-5192521
M: +972-52-9530449
E: Noa.Yarom@pwc.com

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