Vintage Investment Partners

VC-Backed Israeli Exits Summary

After a Strong 2020 for Exits, Will 2021 Top It?

EXHIBIT I

Exits of VC Backed Israeli Start-Ups: SPACs, IPOs and M&As

	2020			2021		
IPO	amwell $4.0B	JFrog $3.9B	Lemonade $1.6B	Global-e $4.1B	SimilarWeb $1.6B	monday.com TBD
				walkme TBD	outbrain TBD	
SPAC				ironSource $11.1B	eToro $10.4B	hippo $5.0B
				Payoneer $3.3B	Taboola $2.6B	otonomo $14B
				INNOVIZ $14B	talkspace $14B	arbe $722M
M&A	Checkmarx $1.15B	ARMIS. $1.1B	moovit $1.0B	MyHeritage $570M	iTind $300M	prospera $300M
	OPTIMAL+ $365M	Spot $350M	JSONAR $331M	applitools $250M	simplex $250M	curv $200M
	CYBERX $190M			bridgecrew $156M		

Source: Vintage Investment Partners

Notes:

- M&A refers to exits with a transaction value of $150M+ as of May 20, 2021
- The amounts under the IPOs and SPACs refer to the valuation at time of listing or SPAC announcement, respectively

While 2020 was a strong year for exits of VC-backed Israeli private tech companies, with three major IPOs on U.S. markets and over $5 billion in M&A, 2021 looks like it will well outpace those numbers. Thus far, over half a dozen VC-backed, Israeli companies have announced processes to merge with leading publicly traded SPACs in the U.S., with many at significant valuations. This includes a few that Vintage has meaningful exposure to across a number of our funds such as Taboola (Secondary III, FoF II, III), which announced a merger with a SPAC at a $2.6 billion valuation in February, Payoneer (Secondary II, III, IV, Coinvest I, FoF I, II) which also announced a SPAC merger in February at a $3.3 billion valuation, and eToro (Secondary II) and Ironsource (FoF I, II) which in March announced SPAC mergers at $10.4 billion and $11.1 billion, respectively. All of these companies have revenues in the $100s of millions, are growing nicely, and are profitable, making them a great fit to be public companies. While each still needs to go through a few month's procedures of merging with the SPAC and getting investor approvals, all are expected to begin trading as public companies in 2021. One company that has completed this process is Innoviz (FoF III) which announced in late-2020 its intention to merge into a SPAC and is now trading as a public company on NASDAQ under the symbol INVZ at a market cap of roughly $1.41 billion as of mid-May. While the SPAC market has cooled a bit since the initial rush given among other things, push back on certain regulatory and accounting requirements from the SEC, issues around alignment of incentives for SPAC sponsors and investors, as well as concerns around the quality of some of the companies going this route, we expect a few more Israeli companies to announce SPAC merger intentions in the coming quarters.

In addition to the SPAC activity, a number of Israeli companies are planning to go public in the U.S. this year via the traditional IPO route. These include Monday.com (Secondary IV, Coinvest II) and Walkme (FoF I, Secondary III), which filed for NASDAQ IPOs in May, and Outbrain (Secondary II, III, IV, Coinvest I, FoF I, II) which in April announced a confidential filing for an IPO in the U.S. It was reported SentinelOne (Coinvest II, FoF IV) may also be going public in the U.S. soon. In addition, SimilarWeb (Secondary III), completed an IPO on the NYSE at a valuation of $1.6 billion on May 12 and is trading under the symbol SMWB, and the next day Global-e completed its IPO on NASDAQ at a valuation of just over $4 billion and began trading under the symbol GLBE. We are also aware of some companies that were considering SPACs, that are now looking to go the traditional IPO route given the increased skepticism generally around SPACs and the fact they have now prepared themselves to be public companies. Regardless of the route, more Israeli private tech companies than ever have reached the scale in revenues to be public in the U.S., and more entrepreneurs and investors are aiming for much larger outcomes than in the past. Further, the pipeline of Israeli companies ready to be public at multi-billion dollars in market cap is only increasing which could create significant liquidity for venture investors in Israeli startups in the coming quarters – and we at Vintage are proud (and feel lucky) to have exposure to most of them. Overall, assuming the public market holds, we wouldn't be surprised to see up to another half dozen Israeli companies go the IPO route in 2021 and quite a few more in 2022.

In terms of M&As of VC-backed, Israeli private tech companies (excluding SPAC mergers), 2020 was a strong year, topping $5 billion for only the second time in the last decade-plus. However, the trend throughout last year told a different story as M&A in 1H20 was $4.4 billion and only about $600 million in 2H. We believe a combination of Covid-19 restricting travel, access to large amounts of capital at attractive valuations in the private market, and the open public market (IPOs and SPACs) put a damper on M&A activity in the second half of the year. While we did expect M&A to slow due to Covid-19, we also expected the trend to reverse at some point in 2021. While a quarter and half does not make a trend, we are pleasantly surprised to see a quick rebound, with approximately $2.5 billion in M&A of VC-backed Israeli private tech companies thus far in 2021.

SPAC ACTIVITY 2021

eToro
Secondary II
$10.4B
VALUATION
03.2021

ironSource
FoF I, II
$11.1B
VALUATION
03.2021

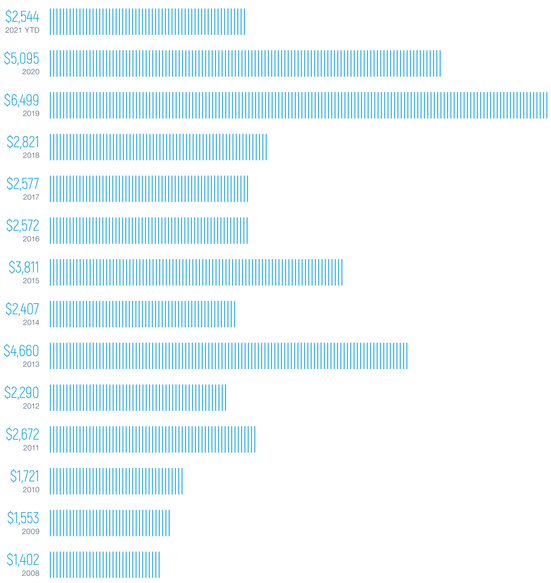
Payoneer
Secondary II, III, IV
Coinvest I
FoF I, II
$3.3B
VALUATION
02.2021

Taboola
Secondary III
FoF II, III
$2.6B
VALUATION
02.2021

EXHIBIT II

M&A is Off to a Great Start in 2021 After a Slow 2H20

M&A of Israeli Companies Backed by VCs 2008-2021 YTD ($M)



Source: Vintage Investment Partners

Further, the amount thus far in 2021 isn't comprised of one or two major outliers, but rather nineteen acquisitions in total, including seven above $150 million. The largest M&A in the quarter was MyHeritage (Secondary III, IV) which was bought by leading technology private equity fund, Francisco Partners, for $570 million, with potential earnouts that could boost the total exit to well north of $600 million. In addition, in the last week of the quarter, it was announced that leading private equity fund Thoma Bravo was buying Applitools (Secondary III, FoF II, III) for a reported $250 million. In the past few years, we have seen increasing, yet sporadic, activity of foreign private equity funds in the local tech market so it is interesting to note that two of the larger M&As in 1Q were done by private equity firms. While again we don't want to call it a trend after just two M&As, the private equity route is also becoming an attractive one for many management teams that want to continue to build their companies while private, as well as for many of their investors that may want liquidity and one that we expect to increase over time. In general, we expect 2021 to be a strong year for M&A and if the public markets cool down, we may see some companies that were planning on IPOs in the next few years choose to sell, which could significantly boost the figures.

Vintage Investment Partners

PRI Principles for Responsible Investment

DISRUPTED INNOVATION INDUSTRY