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Israel – Economic Retrospective

A Review of Israel's Economic Performance Over the Past Year

OCTOBER 2024



Executive Summary

Situation Overview

The October 7th attacks occurred against a backdrop of Israel's growing economic strength and regional integration, notably through the Abraham Accords. Israel had emerged as a leading Western economy, characterized by low unemployment, high GDP growth, strong labor productivity, a solid credit rating, and robust tech exports. A young, dynamic entrepreneurial population further cemented its global influence.

While the attacks and ongoing war have deeply impacted Israeli society, the country's core economic strengths remain intact—and in some areas, have even been reinforced. Despite the challenges ahead, Israel continues to demonstrate remarkable resilience, and these enduring strengths will undoubtedly drive its economy to greater heights in the years to come.

Macroeconomic Environment

The Bank of Israel projects modest GDP growth of 0.5% for 2024, followed by a stronger 3.8% in 2025. Inflation is forecasted at 3.8% for 2024, easing to 2.8% the following year. The central bank plans to maintain the interest rate at 4.5% until the third quarter of 2025. These projections assume the direct economic impacts of the ongoing conflict will persist into early 2025, after which growth is expected to revert to a pre-war trend, though still falling short of the original trajectory in the medium term.⁽¹⁾

Given the high geopolitical uncertainty and increased likelihood of more security incidents, growth forecasts are trending downward, while projections for inflation, interest rates, and government deficits are on the rise. The debt-to-GDP ratio is expected to increase slightly from 68% in 2024 to 69% in 2025.⁽¹⁾

Israel's labor supply challenges are particularly acute in the construction sector, largely due to entry restrictions on Palestinians workers. Given these labor market constraints, the unemployment rate is expected to remain low, projected at 3.2% in 2025. Although the situation in the southern industrial zone has started to improve as residents return, ongoing evacuations in the north and the resulting economic disruptions are expected to persist, making it difficult to predict when normal activity will resume there.⁽¹⁾

In March 2024, Israel raised a record \$8B in its first international bond sale since the October 7th attacks, with demand reaching \$38B from over 400 investors from 36 countries.⁽²⁾

High-tech Ecosystem

The High-tech sector serves as the primary growth engine of the Israeli economy, employing almost 12% of the workforce, contributing around 20% to the country's GDP, generating over 25% of the government tax revenue and accounting for 53% of total exports.⁽³⁾

Israel is the world's third-largest tech hub by capital raised. Since the start of the conflict, 683 Israeli companies have collectively secured ~\$9.8B in funding, placing Israel behind only Silicon Valley and New York in terms of capital raised.⁽⁴⁾

Investments in Israeli tech companies have remained resilient, with capital raised since October 7th matching the amount secured in the entire year prior. This indicated that investor confidence has not waned despite the ongoing conflict.

Notably, foreign tech investors have shown increased interest since October 7th. In the 12 months prior to October 7th, global investors comprised 49% of all tech investment rounds on average; today that figure has risen to 53% reflecting higher engagement despite the challenging environment.⁽⁴⁾

Despite the conflict, Israeli companies continue to be highly attractive targets for global acquirers, mainlining strong appeal on the international stage. Israeli exits since October 7th totaled ~\$15B and were only ~1% below the 12-months preceding the war. Notable acquisitions in the past 12-months include: Salesforce's ~\$2B acquisition of Own, SAP's ~\$1.5B acquisition of WalkMe, Blackstone's \$800M acquisition of Priority Software (whose revenues are 70%+ domestic), Nvidia's \$700M acquisition of RunAI, and Palo Alto's acquisitions of two Israeli companies Talon and Dig for a combined ~\$850M. Additionally, Israeli companies remain acquisitive, as demonstrated by Wiz's \$350M acquisition of Gem Security and Minute Media's \$150M acquisition of STN Video.

(1) Bank of Israel Research Department Staff Forecast (as of October 9, 2024).

(2) Calcalist.

(3) Israel Innovation Authority 2023 Annual Report.

(4) IVC (as of October 14, 2024).

Israeli Macroeconomics



Israeli Economic Resilience During the Current Conflict

Key Economic Highlights

- Israel entered the war with strong economic fundamentals – low unemployment rate, high GDP growth, prominent labor productivity indicators, and a fast-growing young population.
- The tech industry is the growth engine of the Israeli economy and accounts for almost 20% of the country's GDP, over 25% of the government's income tax, and 53% of total exports.⁽¹⁾
- It is estimated that 15%-20% of high-tech sector employees were mobilized for reserves at peak war efforts⁽²⁾. However, the Israeli tech ecosystem has been largely unaffected by similar conflicts in the past and continues to thrive during challenging times.
- During the first two weeks of Operation Iron Swords, the shekel and TA125 declined by 5% and 7% respectively. While the declines are more significant than during previous conflicts, the shekel has returned to normal and the TA125 is above pre-conflict levels.
- The Bank of Israel has a track record of stabilizing the shekel during crises. On October 9th the BoI announced a program to sell up to \$30B of foreign exchange reserves and to provide liquidity facilities via swaps of up to \$15B. Since then, they've announced only needing to utilize a small portion of that and the ILS/USD rate has returned to its pre-October 7th level.
- In March 2024, Israel raised a record \$8B in its first international bond sale since the October 7th attacks. Demand for the dollar-denominated bond offering reached a record \$38B, with ~400 investors from 36 countries participating in the sale.⁽³⁾
- The Bank of Israel estimates 2024 and 2025 GDP growth to be 0.5% and 3.8% respectively.

Source: Bank of Israel, MarketVector, and IVC Data, OECD Economic Outlook and Israel Central Bureau of Statistics, CapIQ (as of October 14, 2024).






(1) Israel Innovation Authority 2023 Annual Report. (2) Times of Israel. (3) Calcalist. (4) Tracks the largest companies from a non-tech the Frankfurt Stock Exchange that rank below the constituents of the DAX.

Public Market Performance Over Time

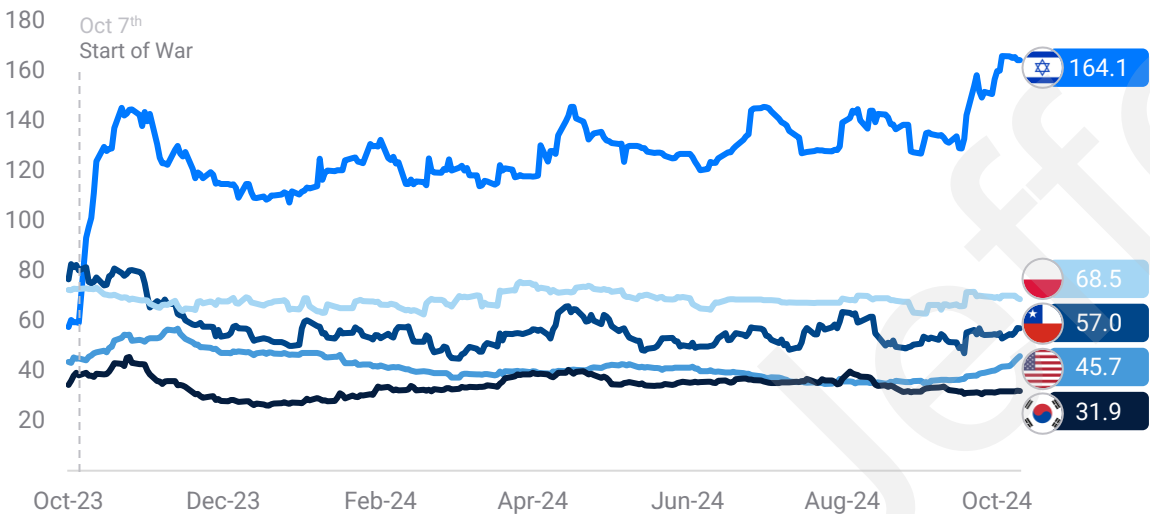


Addressing Israel's Credit Rating

Credit Rating

COUNTRY	S&P	MOODY'S	FITCH	BLENDED ⁽¹⁾
 Israel	A	Baa1	A	A-
 Chile	A	A2	A-	A
 Korea	AA	Aa2	AA-	AA-
 Poland	A-	A2	A-	A-
 US	AA+	Aaa	AA+	AA+

Sovereign Credit Default Swap 5-Yr (BPS)



Note: To evaluate Israel's creditworthiness in a global context, we selected Chile, Korea, Poland, and the United States for comparison. Chile and Israel both have stable, export-driven economies with similar credit ratings. Korea shares with Israel a tech-driven economy and the challenge of managing complex geopolitical relationships with neighboring countries. Poland, like Israel, has transitioned from a state-controlled to a market-oriented economy and holds the same credit rating. The United States serves as a global benchmark, familiar to investors and provides a broader context for Israel's economic positioning.

Source: Israel Ministry of Finance, Israel Central Bureau of Statistics, Moody's, S&P, Fitch, Bank Hapoalim, Jerusalem Post, Bloomberg, CapIQ (as of October 14, 2024).

(1) Bloomberg Issuer Composite Based Ratings provides a blend of an issuer's ratings. The rating agencies are evenly weighted when calculating the composite. It is calculated by taking the average of the existing ratings, rounded down to the lower rating in case the composite is between two ratings.

Israel Currently Holds a Blended Credit Rating of A-

On October 1, 2024, S&P Global Ratings lowered Israel's sovereign debt rating by one notch while maintaining a negative outlook. The downgrade was expected in light of the escalation of the conflict in Lebanon, and S&P highlighted the current account surplus, high-tech sector growth and strong FX. S&P expects a fiscal deficit of 9.0% of GDP this year and 6.0% in 2025. Their GDP growth outlook for 2025 is 2.2%.

On September 27, 2024, Moody's lowered Israel's sovereign debt rating by two notches with a negative outlook. The decision was overwhelmingly related to the escalation in Lebanon and expects that the impacts on the economy will be prolonged. Moody's expects a fiscal deficit of 7.5% of GDP this year and 6.0% in 2025.

The credit rating agencies are concerned about the economy's ability to endure prolonged conflict, citing rising defense spending, lower GDP growth, and an increase in the government's fiscal deficit.

Israel experienced prolonged hostilities in Lebanon in the 1980s, but at that time the state of Israel's economy was significantly different, and the scale of the conflict was more limited.

- At that time, Israel had a large deficit in its current account balance, significantly low income per capita and low household savings compared to the rest of the world, and the country had high inflation.

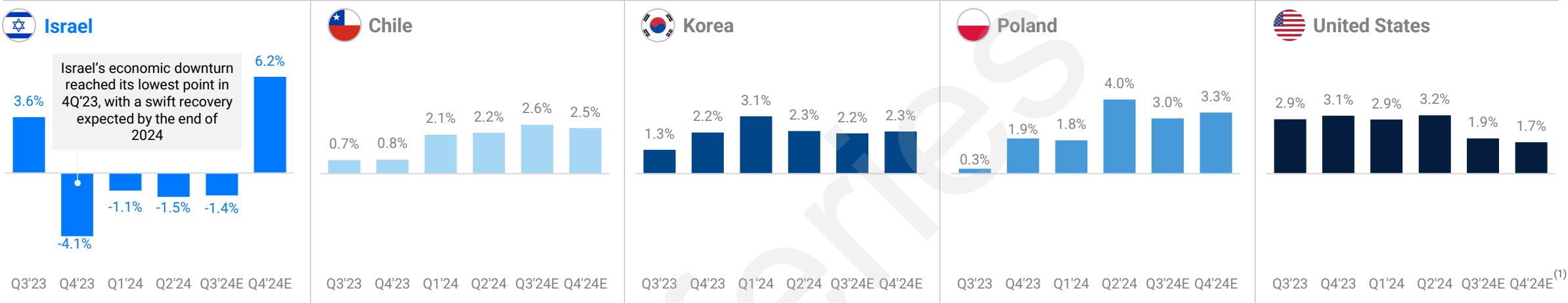
Unlike the 1980s, today Israel enjoys a stronger, more stable economy, is a Net Creditor (Net International Investment Position of \$230B, 45% of GDP), and has strong FX reserves of \$220B:

- Israel lends more money to the world than it borrows. In 2Q'24, Israel's foreign assets increased to ~\$266B a historical high, up from ~\$228B in 1Q'24, which represents 51.7% of GDP.
- Foreign investors have been returning to Israel even during this current conflict, with foreign direct investments increasing to ~\$6B in 2Q'24, up from ~\$2B in 1Q'24.
- In September 2024, the Minister of Finance proposed a deficit target to sub 4%, ensuring debt-to-GDP stability in 2025, and outlined a path for deficit reduction in subsequent years. This plan has yet to be approved by the government.
- Household annual savings rate is a very high 25% (as of the end of 2023)
- 2Q'24 GDP per capita was \$53,000.

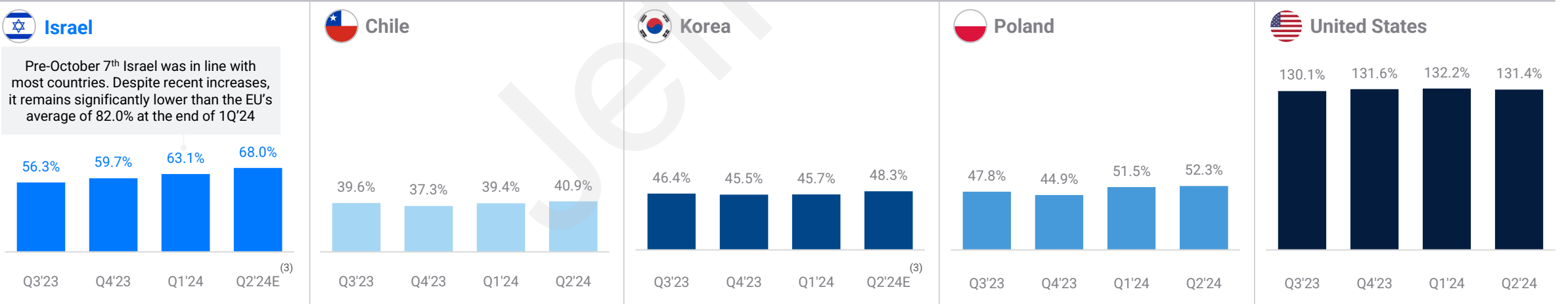
Throughout past crises and conflicts Israel has consistently demonstrated the ability to implement responsible and credible fiscal policy. Historically when deficits surged the government swiftly took action to reduce them.

Economic KPIs Before October 7th to Present

Quarterly GDP Growth (YoY)



Public Debt-to-GDP⁽²⁾

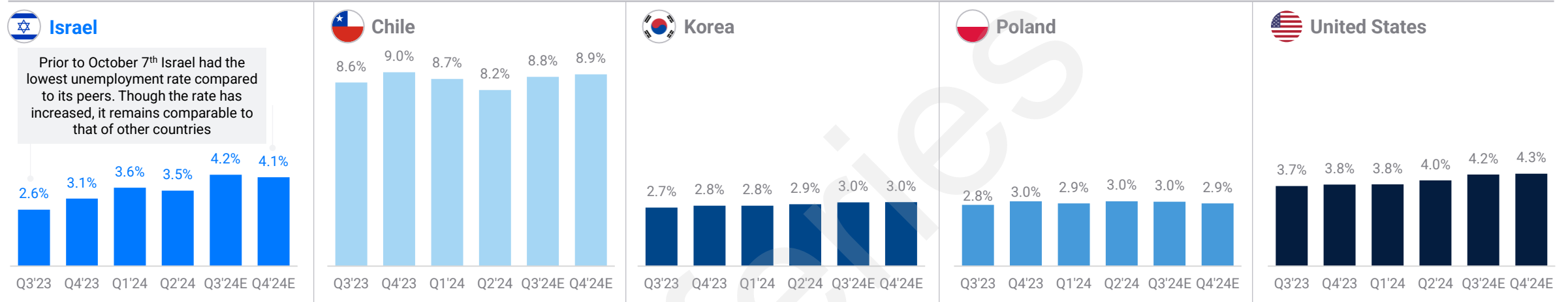


Source: European Commission, US Federal Reserve Bank, CapIQ (as of October 14, 2024).

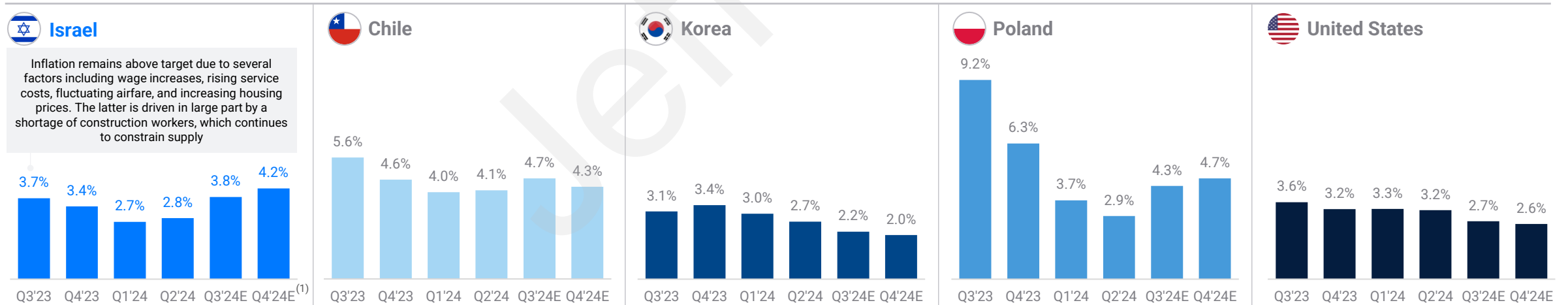
- (1) Federal Reserve Bank of Philadelphia (as of August 9, 2024).
(2) Represents general government debt, both domestic and foreign.
(3) Most recently available.

Economic KPIs Before October 7th to Present (cont'd)

Unemployment Rate



Inflation Rate



Source: US Federal Reserve Bank, Bank Hapoalim CPI Report – September 16, 2024, CapIQ (as of October 14, 2024).

(1) Jonathan Katz, Weekly Macroeconomic Report (as of October 14, 2024).

Bank of Israel's Economic Forecasts Amid War Uncertainties

The Forecast Assumes that the War's Direct Impact on the Economy will Continue into Early 2025. Thereafter, GDP will Gradually Converge to its Pre-war Trend⁽¹⁾

- The Bank of Israel's expected GDP growth for 2024 and 2025 is 0.5% and 3.8%, respectively.
- The government budget deficit is expected to be 7.2% of GDP in 2024 and 4.9% of GDP in 2025. Public debt is expected to rise to ~68% of GDP in 2024, and ~69% in 2025. Assuming the government will make permanent adjustments totaling NIS 30B beginning in 2025 beyond the increase in VAT that has already been approved, to lower the structural deficit in the medium term.
- Inflation in 2024 and 2025 is expected to be 3.8% and 2.8% respectively, due to the constraints on the supply of labor in addition to the increases in indirect taxes on consumption goods which will contribute to temporary increases in inflation. These tax increases mainly include the expected increase in VAT (from 17% to 18%), which has already been passed by the Knesset.
- Bank of Israel is expected to keep the interest rate at 4.5% into 3Q'25 due to the high inflationary environment which will need a high interest rate for longer to curb it.
- The total cost for the Iron Swords war through 2025 is estimated to be \$66B, split between \$58B in direct expenses and \$8B in loss of tax revenues.⁽²⁾

Bank of Israel Acts Swiftly During Operation Iron Swords



Economic Advice to the Government

- Updates and publications on macroeconomic forecasts for the Israeli economy.
- Micro-level economic analysis of various industry activities.
- Estimates of fiscal damage to the economy.
- Ongoing work vis-à-vis relevant government entities.
- Holds an advisory role for fiscal plans and framework.



Monetary Policy and Financial Stability

- Active policy in the FX market.
- Up to \$30B FX sales.
- Up to \$15B swap transactions.
- Programs for government bond repo transactions with institutional entities
- Corporate bond repo transactions with institutional investors.
- Low-interest loans to banks on the condition of providing credit to small businesses at low rates.



Banking, Credit, and Payments

- Interest-free loan deferral program for reservist soldiers and victims of terror.
- Loan deferral program for general population.
- Enhanced remote banking services.
- Mitigating credit account abuse of victims' accounts.
- Regulatory and accounting relief.
- Easing of financial restrictions due to credit distress.

(1) Source: Bank of Israel Research Department Staff Forecast (October 2024).

(2) FX rate as of 9/24/24 (0.27 NIS to USD).

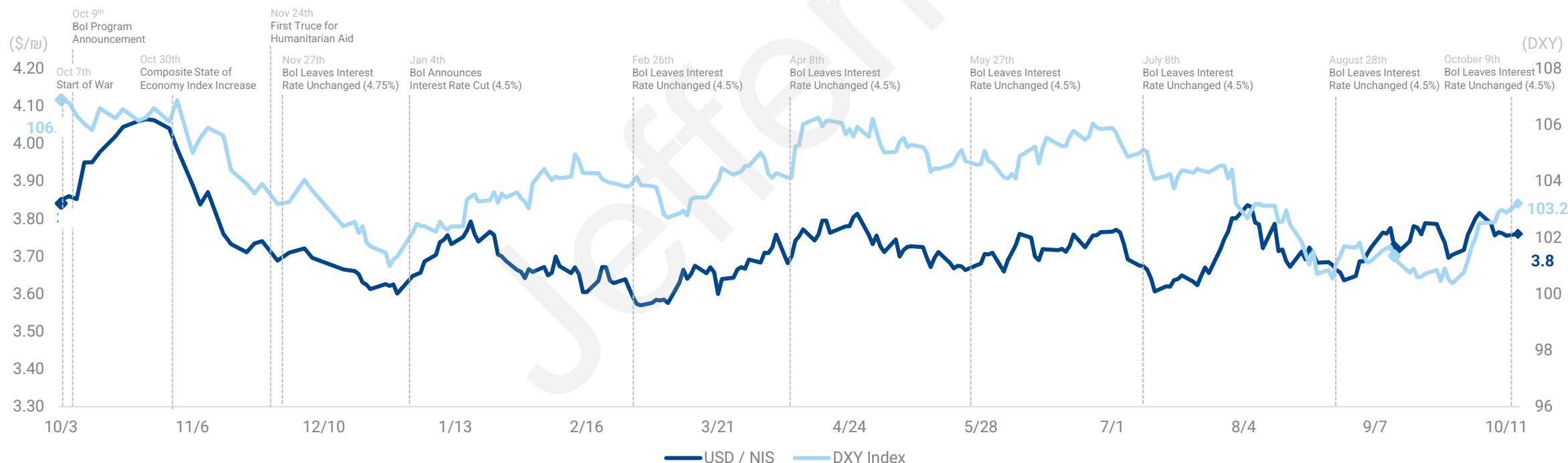
The Shekel Rebounds With Momentum Following An Initial Hit

Key Highlights

- The Bank of Israel has a track record of stabilizing the shekel during crises. On October 9th, the BoI announced a program to sell up to \$30B of foreign exchange reserves and to provide liquidity facilities via swap of up to \$15B.
- Since then, the Bank of Israel announced only needing to utilize a small portion of said program and the shekel has returned to its pre-October 7th level.
- This rebound is reflective of investors remaining assured that Israel's economy will be contained during the war and global confidence in the Bank of Israel's ability to defend the currency.

Shekel Performance

Compared to the DXY Index



Source: Bloomberg, Refinitiv, and CapIQ (as of October 14, 2024).

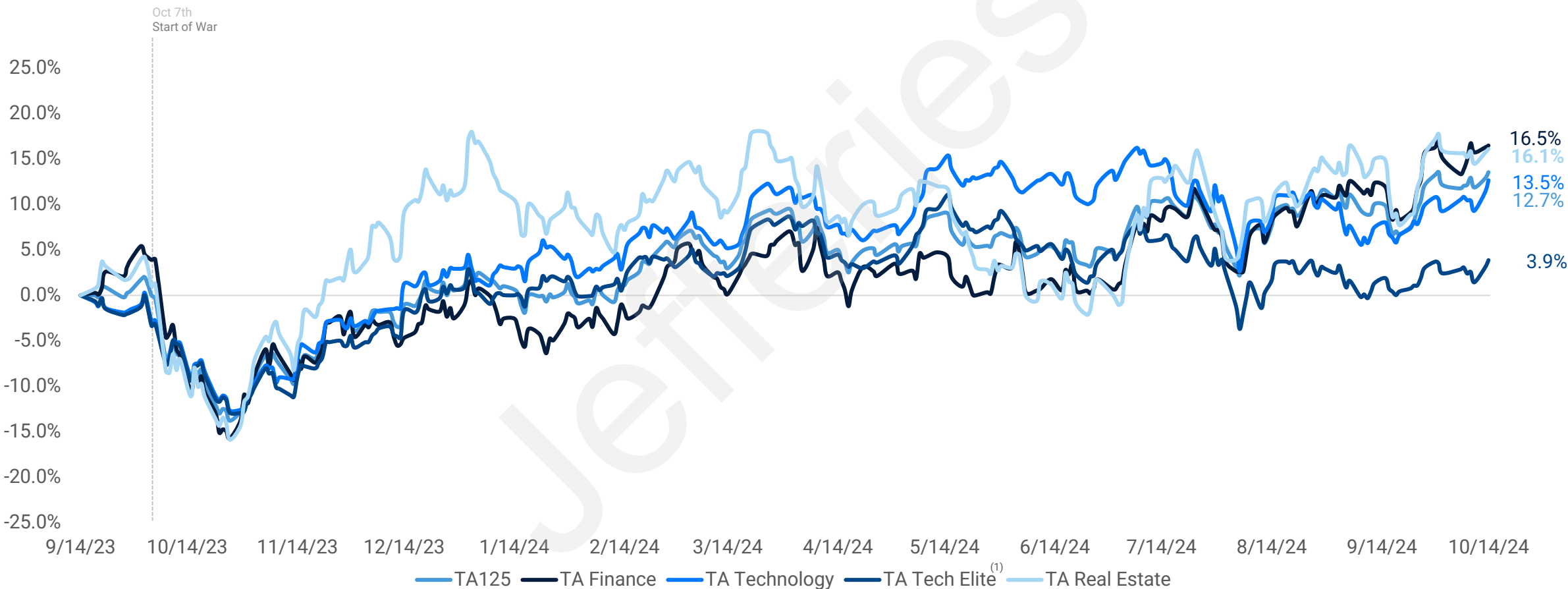
DXY Index Composition: Euro (EUR), 57.6%; Japanese yen (JPY), 13.6%; Pound sterling (GBP), 11.9%; Canadian dollar (CAD), 9.1%; Swedish krona (SEK), 4.2%; Swiss franc (CHF), 3.6%

Israeli Capital Markets Rebound

The TA125 and its sector-indices, led by the High-tech and Real Estate sectors, have rebounded since October 7th

TASE Performance

(By Sector)



Source: CapIQ, Tel Aviv Stock Exchange (as of October 14, 2024).

(1) Tech Elite Index is a subset of the Tech Index and includes only technology companies with a market cap of over NIS 400 million.

TA125 Index Composition:

- Real Estate, 38.6%
- Technology, 34.8%
- Finance, 26.7%

Previous Israeli Military Conflicts And Their Impacts On The Capital Markets

Israeli equity indicators have shown robustness during previous military conflicts and have trended more in line with global macro trends

Benchmark Performance Summary

CONFLICT	TA125 Index Performance ⁽¹⁾		
	END OF WAR	30 DAYS POST	90 DAYS POST
Operation Protective Edge (2014)	(1.3%)	3.1%	1.4%
Operation Cast Lead (2008 – 2009)	(0.3%)	4.8%	23.1%
2nd Lebanon War (2006)	(0.8%)	(0.6%)	11.7%

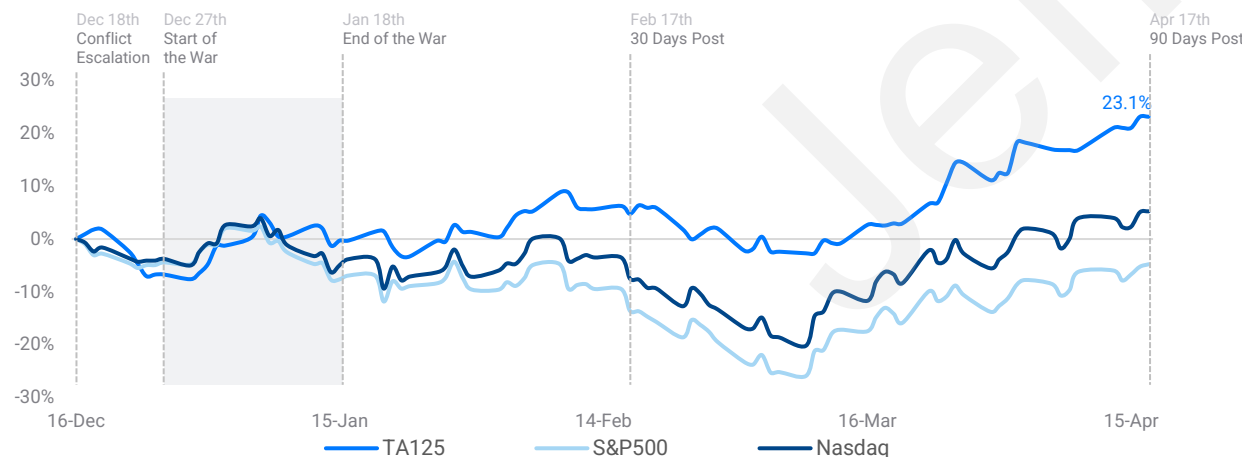
- Previous similar conflicts had minimal impact on the Israeli stock market's performance during the conflict.
- Typically, the market saw a quick recovery in the months following the conflict.

Historically, global economic trends have had a greater impact on the capital markets than regional Israeli military conflicts

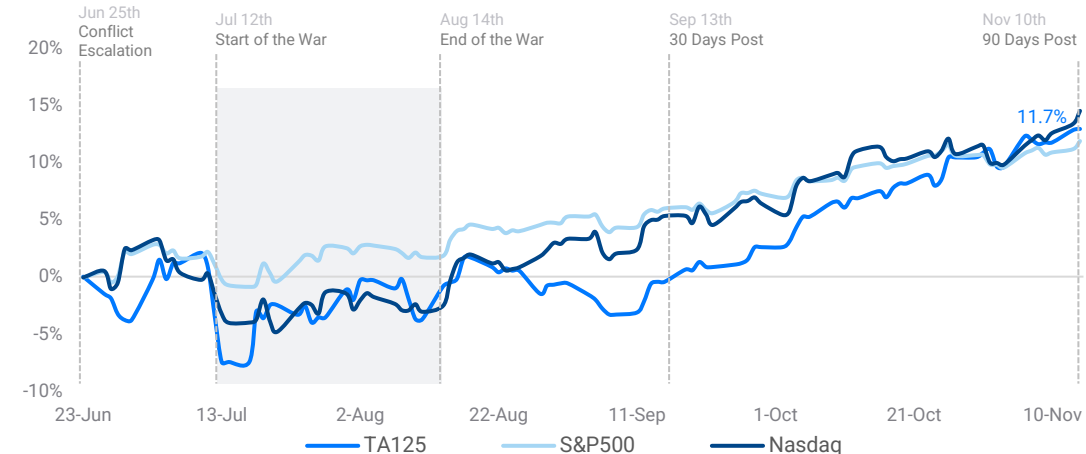
Operation Protective Edge (2014)



Operation Cast Lead (2008 – 2009)⁽²⁾



2nd Lebanon War (2006)



Source: CapIQ.

(1) Since conflict escalation.

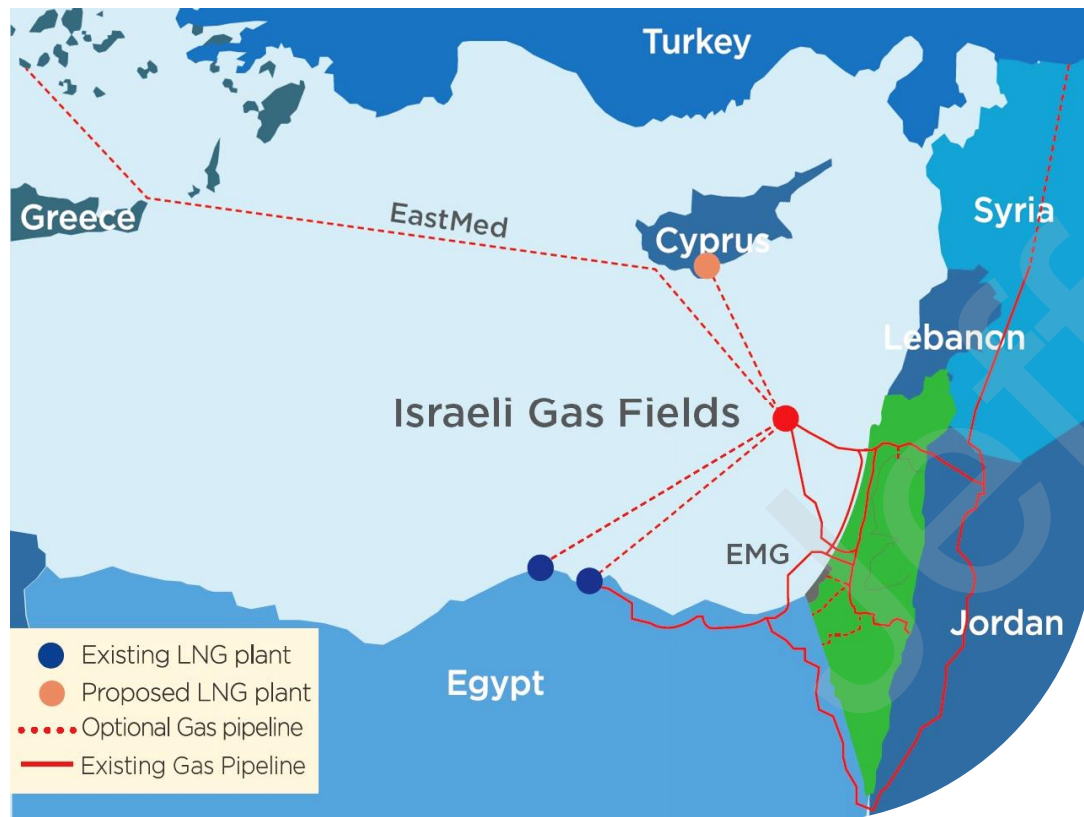
(2) Economic performance was largely affected by the global financial crisis.

Israel Has the 2nd Largest Natural Gas Reserves in the Eastern Mediterranean

Unlike previous conflicts, Israel is positioned as a regional energy hub and has committed to supply gas to Europe, which has been diversifying away from Russia

Israel Has Become a Net Exporter of Natural Gas Since 2020

Gas supplies to Egypt and Jordan rose by ~25% in 2023, despite brief disruptions at the start of the war in Gaza, and the end of year 2024 exports are expected to expand further



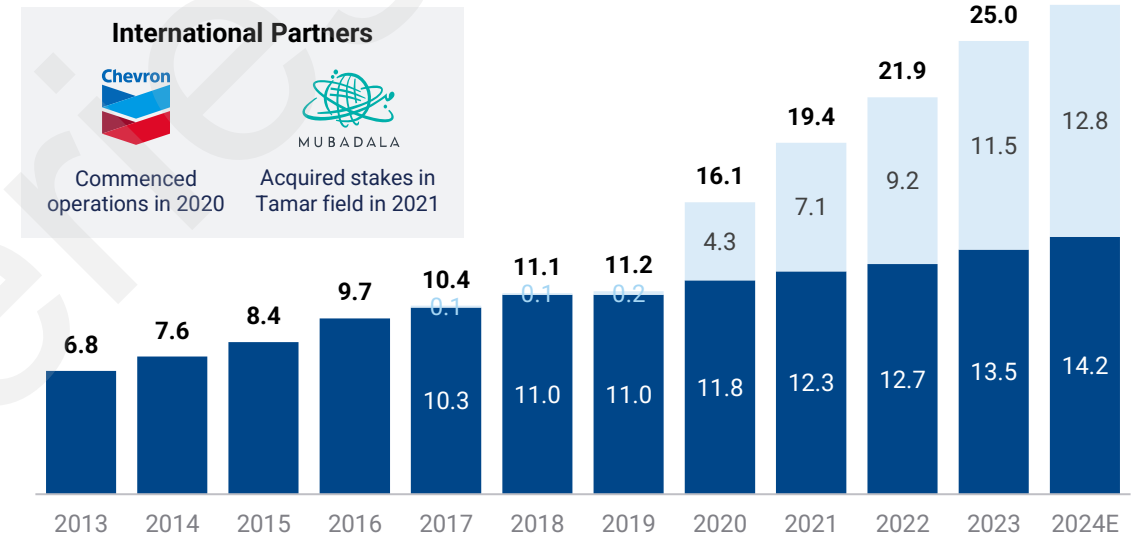
Source: Ministry of Energy; US Energy Information Administration Report November 16, 2022.

* The information refers to Tamar and Leviathan.

(1) BCM- Billion cubic meters of natural gas, in 2022, total royalties from natural gas amounted to NIS 1.7B, of which NIS 0.9B from export.

Gas Production*

Total BCM⁽¹⁾



Sovereign Wealth Fund

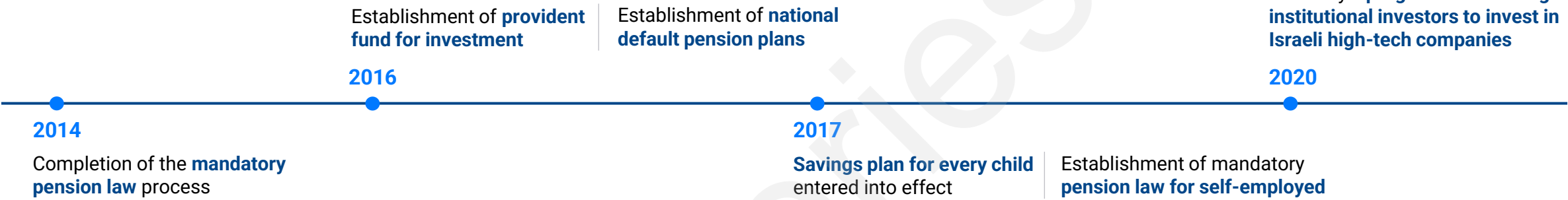
- The Fund for the Citizens of Israel receives proceeds from selling Israel's natural resources, most notably its natural gas. The fund then invests this revenue in non-shekel assets globally.
- In 2023, 3.5% of the fund's annual revenue went to the government budget for social, economic and educational expenditures in Israel.
- The fund is overseen by Israel's Ministry of Finance and the Bank of Israel. The fund's council and investment committee includes public representatives with financial expertise.

Institutional AUM Has Grown Remarkably With The Support Of The Israeli Government

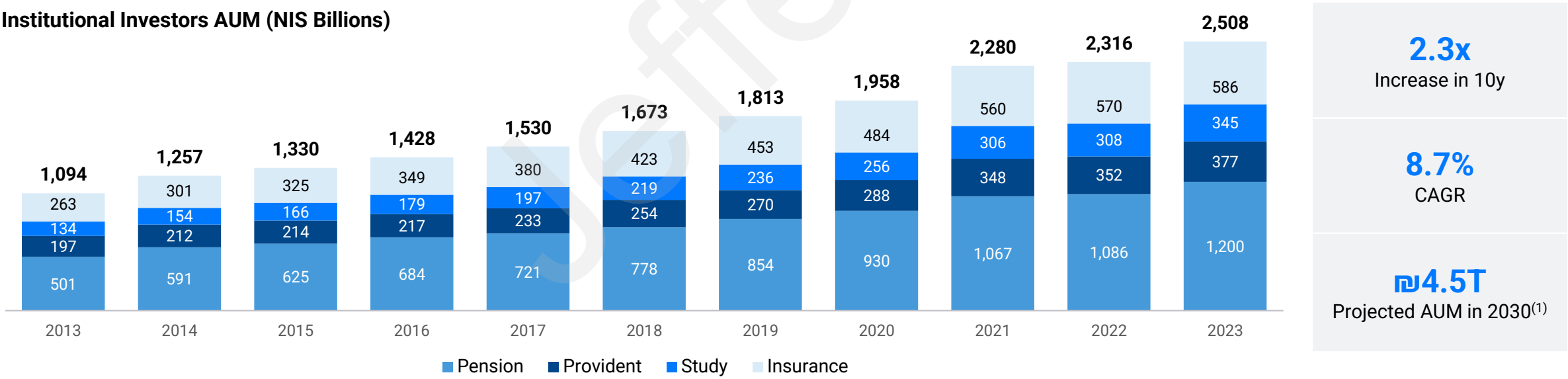
Unique Reforms Leading to Financial Growth

Recent significant reforms by the Israeli government boosted long-term savings and encouraged investments in local high-tech companies.

Launch of the Innovation Authority's **program to encourage institutional investors to invest in Israeli high-tech companies**

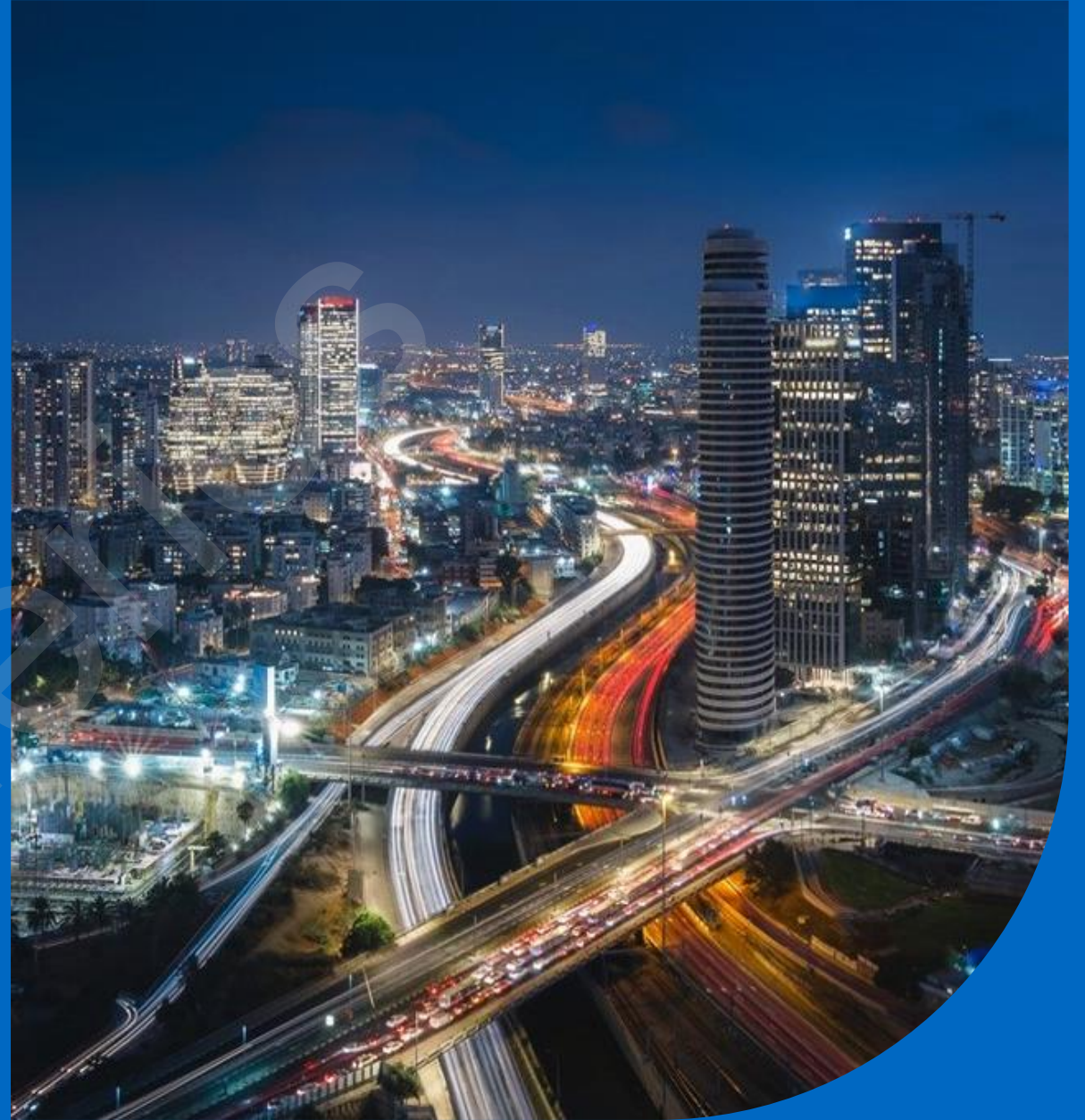


Institutional Investors AUM (NIS Billions)



Source: Bank of Israel.
(1) Assumption is based on historical data: 8.7% AUM annual growth rate.

Israeli High-tech




Strength Of The Israeli High-tech Sector

Israeli high-tech sector is 20% of the country's total GDP, while its share of Israeli exports is 53%



“

Israel is one of Nvidia's largest hubs in terms of population ratio. It's also home to some of our most talented engineers. We will continue to invest heavily in Israel; this region is crucial to us.




Jensen Huang, Co-Founder, President & CEO of Nvidia
~3,300 employees in Israel
March 21, 2024

”

“

The Israelis are the most resilient people in the world. They have not missed a single wafer commitment or product commitment despite the war.

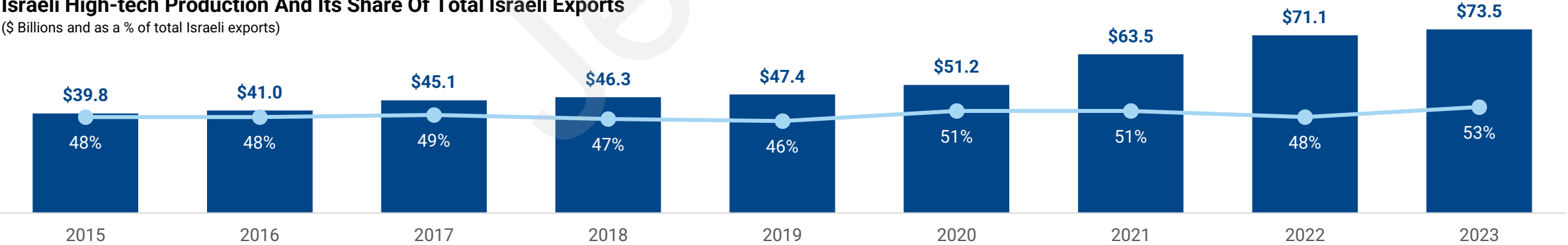


Pat Gelsinger, CEO of Intel
~12,000 employees in Israel, the country's largest tech employer
December 13, 2023

”

Israeli High-tech Production And Its Share Of Total Israeli Exports

(\$ Billions and as a % of total Israeli exports)

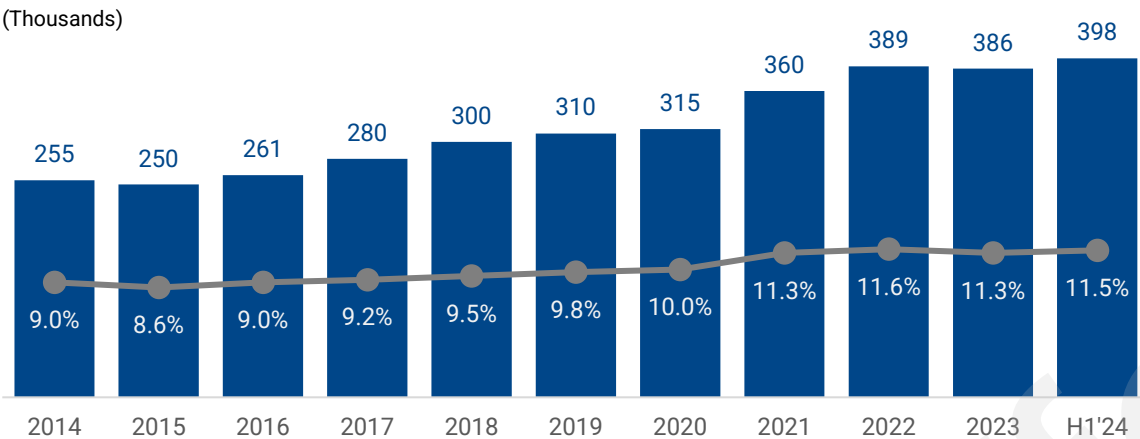


Source: Fox Business, Israel Innovation Authority 2023 Annual Report, and Bank of Israel.

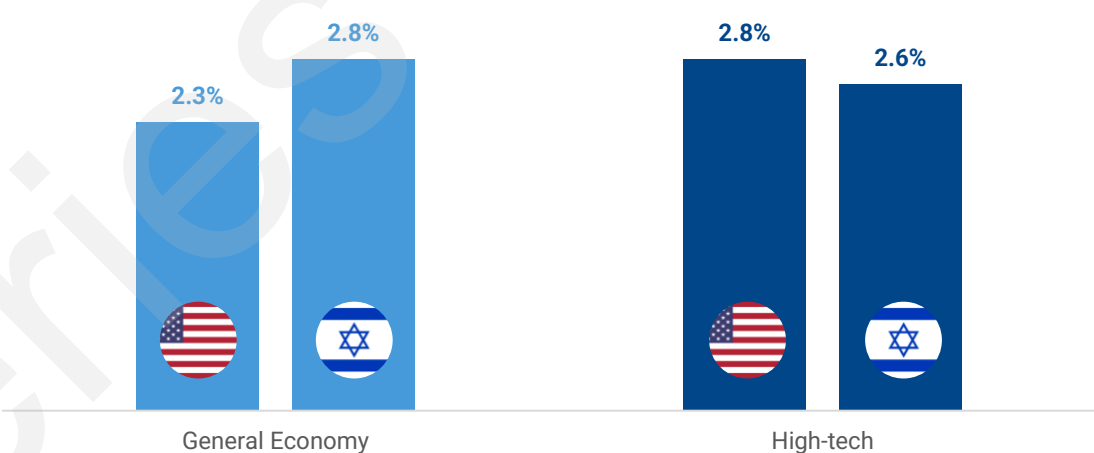
Israeli High-tech Employment

Despite the military conflict, the number of high-tech employees almost doubled over the last decade and has reached close to 400,000

Number of High-tech Employees and % of Total Workforce of Israel

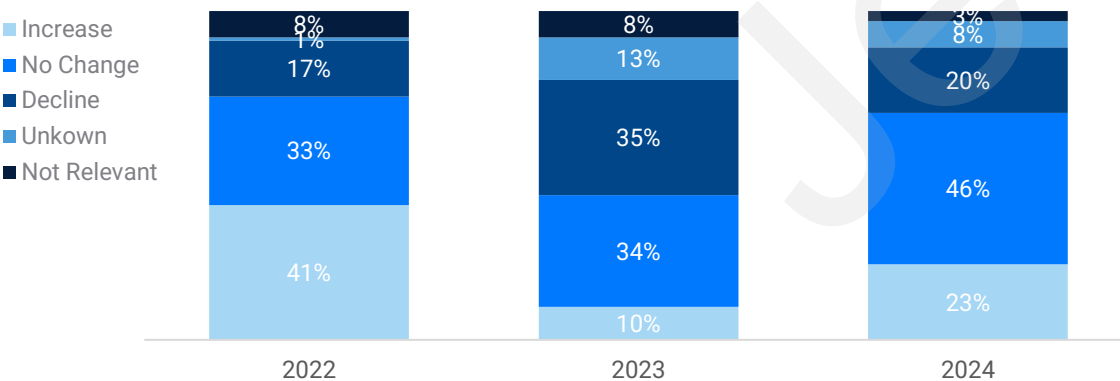


US vs Israel – Growth in Employment in 2023



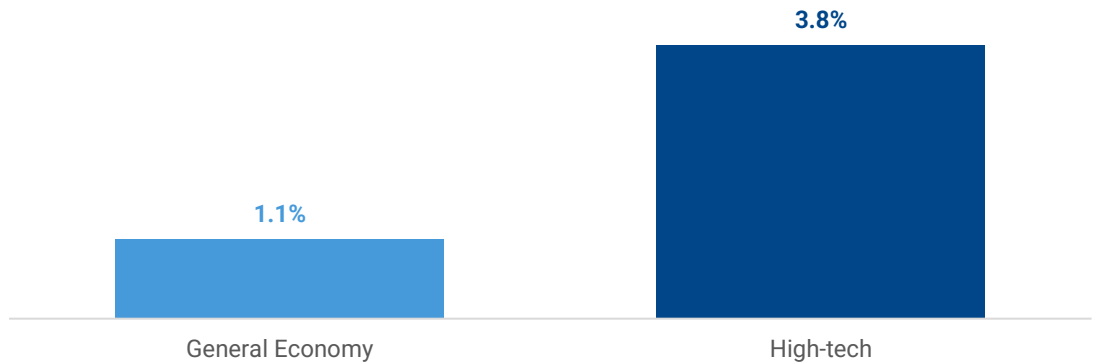
Israel's Expected Change in High-tech Hiring by Year

In 2024 there is a less pessimistic atmosphere in the high-tech services companies than that recorded in the survey of July 2023.



Israel's Number of High-tech Employees Has Grown Since October 7th

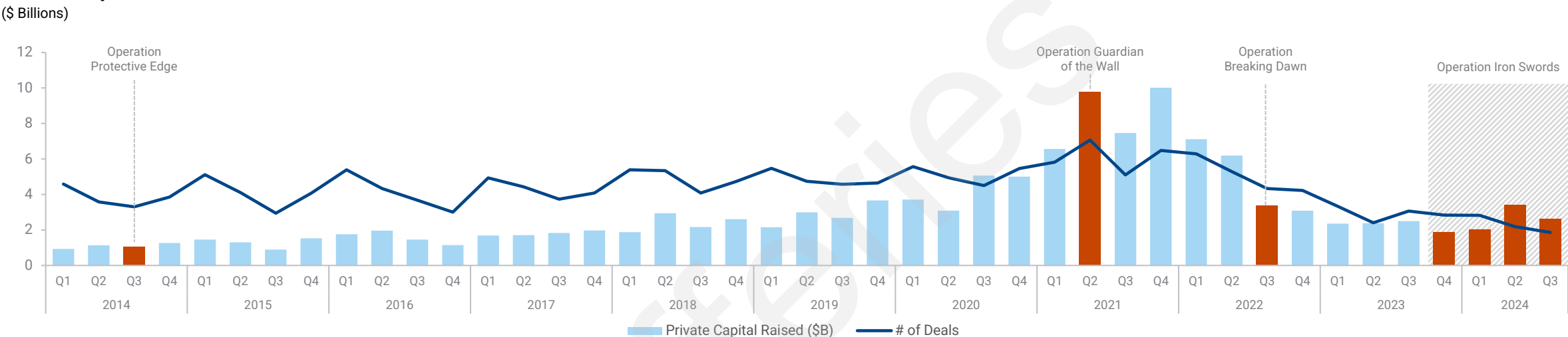
The change in the number of high-tech employees from 4Q' 23 to 2Q' 24 i.e., the period of the war, reveals that the number of high-tech employees increased by about 25,000, an increase of 3.8% compared to the same period last year.



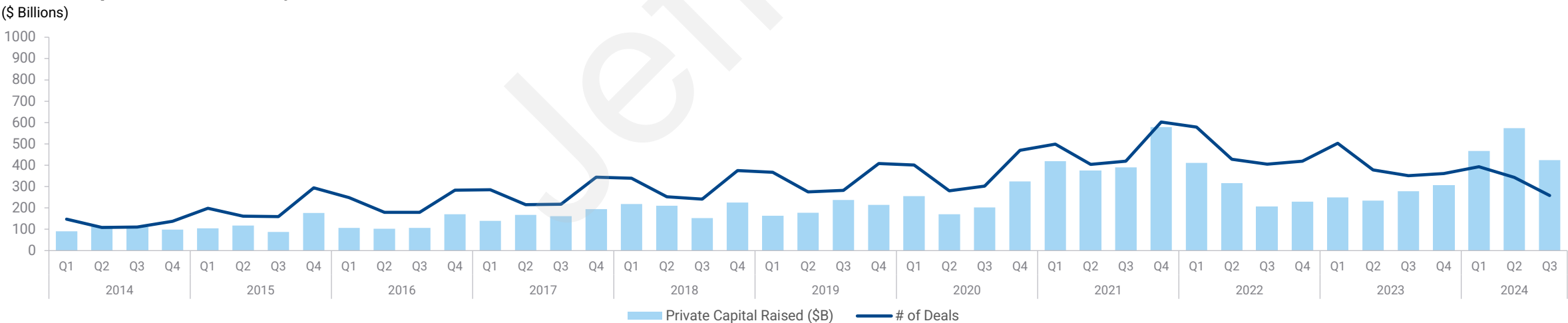
Israel's Private High-tech Capital Markets Mirror Global Trends

Israel's high-tech capital raising is more influenced by macro trends than local military conflicts

Private Capital Raised In Israel



Private Capital Raised Globally

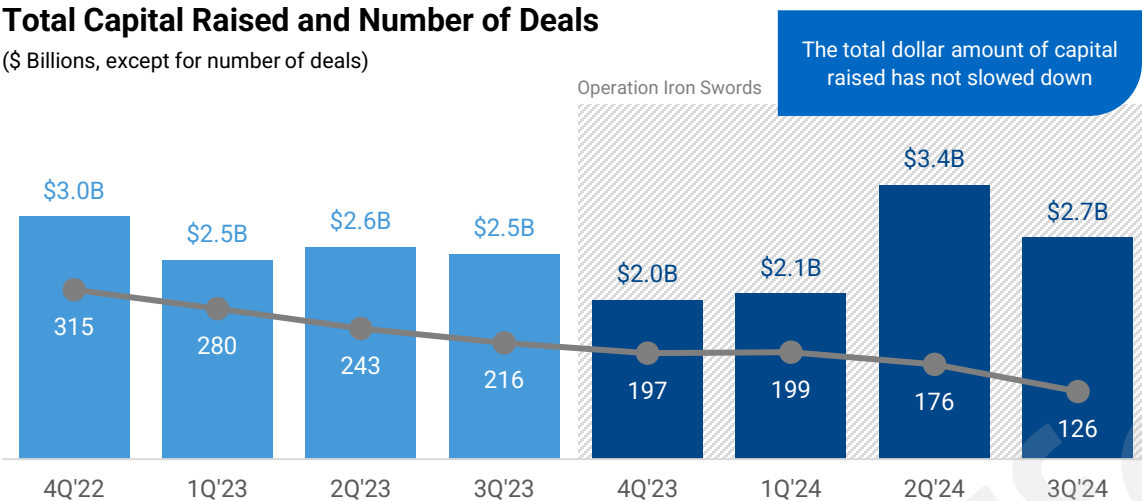


Israeli High-tech KPIs Before October 7th to Present

Despite the current military conflict Israel's high-tech industry continues to raise capital from both foreign and local investors

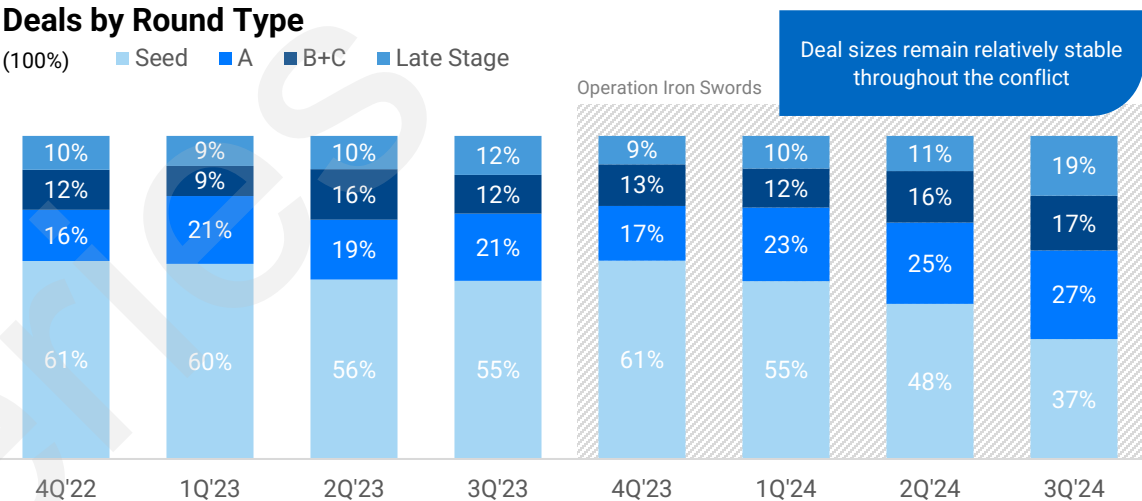
Total Capital Raised and Number of Deals

(\$ Billions, except for number of deals)



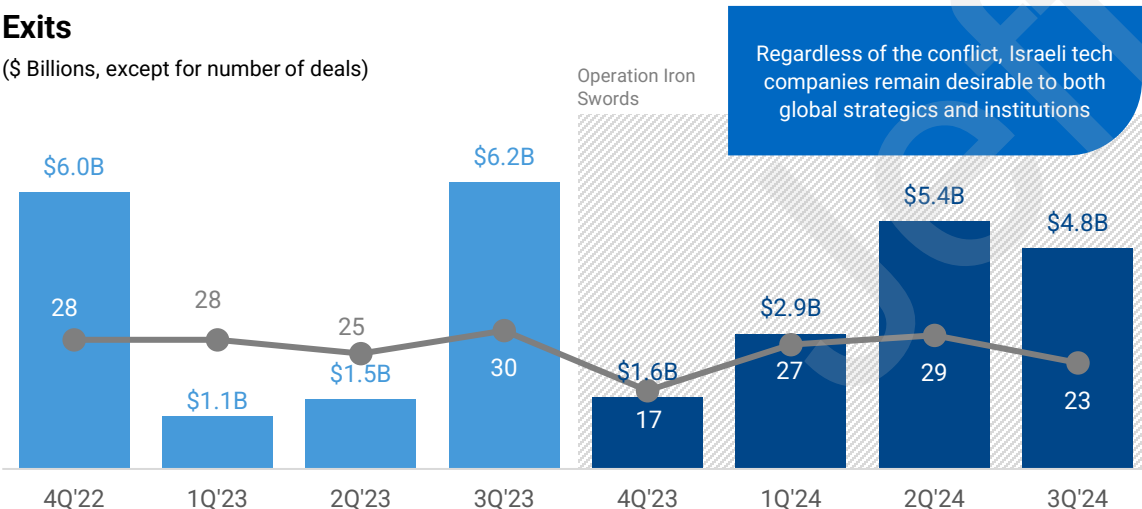
Deals by Round Type

(100%) Seed A B+C Late Stage



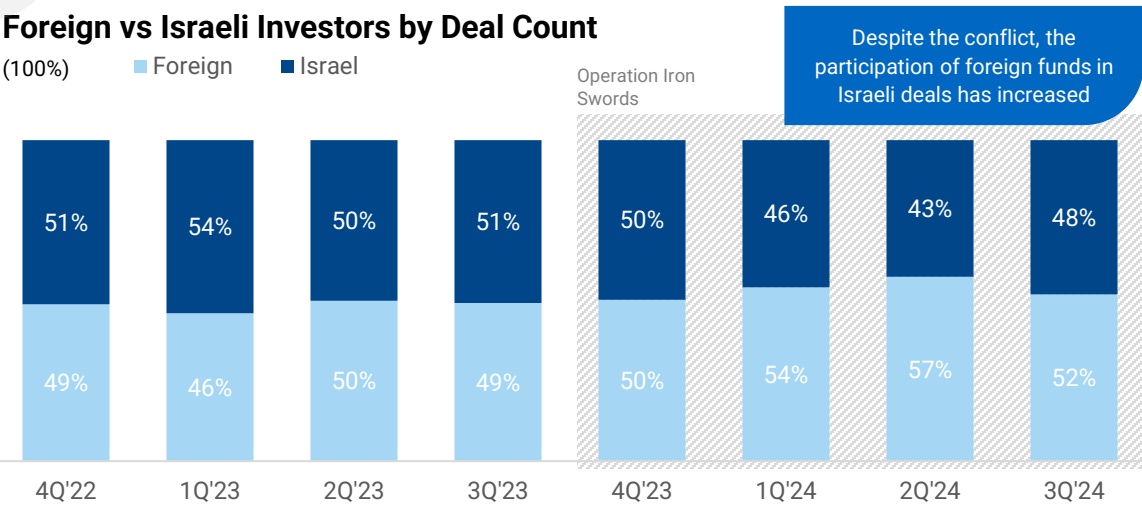
Exits

(\$ Billions, except for number of deals)



Foreign vs Israeli Investors by Deal Count

(100%) Foreign Israel



Robust Capital Raising And M&A Activity Amid The Conflict

Key Highlights

Despite the conflict, Israeli companies continue to be highly attractive targets for global acquirers, mainlining strong appeal on the international stage.

Israeli exits since October 7th totaled ~\$15B and were only ~1% below the 12-months preceding the war.

Israel is the world's third-largest tech hub by capital raised. Since the start of the conflict, 683 Israeli companies have collectively secured ~9.8B in funding, placing Israel behind only Silicon Valley and New York in terms of capital raised.

Investments in Israeli tech have remained resilient, with capital raised since October 7th matching the amount secured in the entire year prior. This indicated that investor confidence has not waned despite the ongoing conflict.

Notable M&A Transactions

Sep '24 [ZOOMIN] / salesforce \$450m	Sep '24 SuperPlay / Playtika \$700m	Sep '24 Oun / salesforce \$1,900m	Aug '24 Cyberint / CHECK POINT \$200m
Aug '24 V-WAVE / Johnson & Johnson \$1,700m	Aug '24 TIPRANKS / PRYTEK \$200m	Aug '24 Teads / Outbrain \$1,000m	Jul '24 PLANCK / APPLIED \$300m ⁽¹⁾
Jul '24 innovalve / Edwards Lifesciences \$300m	Jul '24 AFI KUN / Alcon \$466m	Jun '24 Qwak / JFrog \$230m	Jun '24 walkme / SAP \$1,500m
May '24 Venafi / CYBERARK \$1,500m	May '24 Priority / Blackstone \$800m ⁽¹⁾	May '24 noname / Akamai \$450m	May '24 BioCatch / PERMIRA \$1,300m ⁽¹⁾
May '24 deci / NVIDIA \$300m ⁽¹⁾	Apr '24 run:ai / NVIDIA \$700m ⁽¹⁾	Apr '24 Gem / WIZ ⁺ \$350m	Mar '24 Avalor / Zscaler \$350m
Dec '23 Cellcom / ff \$700m	Nov '23 CartaHeal / SmithNephew \$330m	Nov '23 TALON / paloalto \$550m	Oct '23 Dig / paloalto \$295m

Notable Capital Raises

Oct '24 EON \$77m	Sep '24 torq \$70m	Aug '24 Placer.ai \$75m	Jul '24 Magenta Medical \$105m
Jul '24 ctera \$80m	Jul '24 CytoReason \$80m	Jun '24 Bright Machines \$126m	Jun '24 FETCHERR.IO \$90m
Jun '24 semperis \$125m	Jun '24 INSIGHTTEC \$150m	May '24 WEKA \$140m	May '24 WIZ ⁺ \$1,000m
Apr '24 Island \$175m	Apr '24 MAGNUS Metal \$74m	Apr '24 Guesty \$130m	Apr '24 CYERA \$300m
Apr '24 HAILO \$120m	Mar '24 CORO \$100m	Mar '24 FUNDGUARD \$100m	Mar '24 CLAROTY \$100m
Mar '24 AXONIUS \$200m	Feb '24 exodigo \$105m	Feb '24 IMPULSE DYNAMICS \$136m	Jan '24 SILVERFORT \$116m
Dec '23 VAST \$118m	Nov '23 AI21labs \$208m	Nov '23 NEXT \$265m	Oct '23 Island \$100m

Source: Company filings, Pitchbook, IVC Data, Calcalist, and Globes (as of October 14, 2024).

(1) Valuation according to news outlets, companies did not disclose transaction value.

The Israeli Tech Ecosystem Remains Robust



Israel is the 3rd largest tech hub in the world by capital raised—since the start of the conflict, **683 Israeli companies have raised an aggregate of ~\$9.8B**, second only to Silicon Valley and New York.⁽¹⁾



Israeli venture capital firms raised new funds amidst the conflict, including Team8, Red Dot Capital Partners and Vintage Investment Partners raising \$500M, \$250M and \$200M, respectively, **reinforcing a strong vote of confidence in the local tech-investing ecosystem.**⁽¹⁾



Over 40 of **the world's top private equity and growth equity firms** have opened offices in Israel or have dedicated a partner to cover Israel.



Amidst the conflict, Israeli companies remain very attractive targets for global acquirers. Notable examples include Salesforce's ~\$2B acquisition of Own, SAP's ~\$1.5B acquisition of WalkMe, Blackstone's \$800M acquisition of Priority Software (whose revenues are 70%+ domestic), Nvidia's \$700M acquisition of RunAI, and Palo Alto's acquisitions of two Israeli companies Talon and Dig for a **combined ~\$850M**. Additionally, Israeli companies remain acquisitive, as demonstrated by Wiz's \$350M acquisition of Gem Security and Minute Media's \$150M acquisition of STN Video.⁽²⁾



Since almost all Israeli tech companies have the vast majority of their revenues from outside of Israel, they are **significantly less impacted by domestic volatility.**



Prior to the conflict, despite the global macroeconomics and political uncertainty, **during the first 3 quarters of 2023, \$7.6B of capital was deployed into Israeli companies**⁽³⁾. Additionally, in September 2023, **300+ global investors from 25 countries, representing over \$19T in AUM** attended Jefferies' Tech Trek, Israel's largest institutional tech investor conference.



Global tech giants, including Microsoft, Amazon, Intel, Google, and IBM, **continue to build strategic assets in Israel through R&D centers** and persist in hiring and investing in Israel as a source of cutting-edge innovation.⁽⁵⁾



In August 2024, the Israeli Innovation Authority (IIA) and Ministry of Finance have announced the **\$155M Yozma Fund 2.0**, incentivizing Israeli institutional investors to back tech companies through investing in Israeli venture capital funds. This is in addition to the fast-track grant fund announced by the IIA earlier in January 2024, allocating \$100M with \$50M of private sector matching for Israeli startups with significant tech assets.⁽⁴⁾

(1) IVC Data and Calcalist (as of October 14, 2024). (2) Companies' press releases. (3) IVC Data and Insights. (4) IIA press releases and Globes Israel. (5) Calcalist and Globes Israel.

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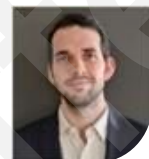
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External Economic Resource:

For additional information on Israeli Macroeconomics, please contact –
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Key Points

- **Leading advisor to Israeli companies. Led the largest tech merger in Israeli history**
- **Extensive experience raising capital, IPOs, M&A and strategic advisory**
- **Dedicated Israel team in Tel Aviv and New York across Investment Banking, Equities, Debt, and Wealth Mgmt.**
- **Remote member of the Tel Aviv Stock Exchange and an approved foreign underwriter by the Israel Securities Authority**
- **Jefferies Equity Research covers more Israeli public companies than any other global investment bank:**
 - **45+ Israeli and Israeli-related public stocks**
 - **10 of which are listed only on the Tel Aviv Stock Exchange**

JEFFERIES ISRAEL GROUP

Advise Companies on Growth Strategies	Events, Conferences, Non-Deal Roadshows
Global M&A (Sell-side / Buy-side)	TASE Listings (Equity / Debt)
Equity Research on Israeli Listed Security	Global Listings (NASDAQ, NYSE, LSE)
Sales & Trading	Private Placements

Our Expertise And Commitment Has Established Jefferies As The Advisor Of Choice In Israel

Key Points

- Since January 2021, Jefferies Israel Group has advised on **49** transactions with a total value of **over \$50B** across Capital Markets and M&A.
- In July 2024, Jefferies advised on the largest secondary follow-on transaction of a Tel Aviv Stock Exchange-listed security since January 2018.
- Jefferies Tech Trek — the largest annual institutional investor tech conference in Israel, which in 2023 featured **100** leading Israeli companies and hundreds of investors representing \$19T in AUM.
- Dedicated Israel team of **12** bankers across Investment Banking, Capital Markets, and Wealth Management.

<p>October 2024</p> <p>Phoenix</p> <p>\$120,000,000</p> <p>Placing of shares on behalf of: Centerbridge & Gallatin Point</p> <p>Common Stock Offering</p> <p>Sole Global Coordinator</p>	<p>September 2024 Pending</p> <p>playtech</p> <p>€2,300,000,000</p> <p>Sale of Snaitech S.p.A. to Flutter Entertainment</p> <p>Joint Financial Advisor</p>	<p>March - September 2024</p> <p>PAGAYA</p> <p>\$2,600,000,000</p> <p>Capital Raised Across Convertible, Notes, Equity Follow On, Credit Facility, ABS</p> <p>Left / Sole Bookrunner</p>	<p>August 2024</p> <p>IDB BANK ISRAEL DISCOUNT BANK</p> <p>\$150,000,000</p> <p>Minority Sale</p> <p>Exclusive Financial Advisor</p>	<p>August 2024 Pending</p> <p>Outbrain</p> <p>\$1,000,000,000</p> <p>Acquisition of Teads S.A.</p> <p>Joint Financial Advisor</p>	<p>July 2024</p> <p>Phoenix</p> <p>\$558,000,000</p> <p>Placing of shares on behalf of: Centerbridge & Gallatin Point</p> <p>Common Stock Offering</p> <p>Sole Global Coordinator</p>	<p>June 2024</p> <p>Pershing Square Capital Management</p> <p>\$1,050,000,000</p> <p>Sale of 10% Common Equity Interest to Strategic Investors</p> <p>Joint Placement Agent</p>
<p>May 2024</p> <p>Gett.</p> <p>\$175,000,000</p> <p>Sale to Pango</p> <p>Sole Financial Advisor</p>	<p>January 2024</p> <p>TEL AVIV STOCK EXCHANGE</p> <p>\$94,200,000</p> <p>Common Stock Offering</p> <p>Sole Global Coordinator</p>	<p>December 2023</p> <p>Perion</p> <p>\$125,000,000</p> <p>Acquisition of Hivestack Inc.</p> <p>Sole Financial Advisor</p>	<p>April 2023</p> <p>AlphaTAU</p> <p>\$75,000,000</p> <p>At The Market Sale</p> <p>Sole Sales Agent</p>	<p>March 2023</p> <p>Weebitnano</p> <p>\$45,000,000</p> <p>Underwritten Offering</p> <p>Joint Lead Manager and Underwriter</p>	<p>January 2023</p> <p>Cloudify</p> <p>Undisclosed</p> <p>Sale to Dell Technologies</p> <p>Sole Financial Advisor</p>	<p>January 2023</p> <p>ISRAEL DISCOUNT BANK</p> <p>\$800,000,000</p> <p>Senior Notes Offering</p> <p>Joint Bookrunner</p>
<p>January 2023</p> <p>leumi</p> <p>\$500,000,000</p> <p>Subordinated Notes Offering</p> <p>Joint Bookrunner</p>	<p>November 2022</p> <p>ITHACA ENERGY</p> <p>\$304,000,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p>	<p>November 2022</p> <p>ironSource</p> <p>\$17,580,000,000</p> <p>Merger with Unity Software</p> <p>Sole Financial Advisor</p>	<p>July 2022 June 2022</p> <p>leumi</p> <p>\$500,000,000</p> <p>Senior Notes Offering</p> <p>Joint Bookrunner</p> <p>\$800,000,000</p> <p>Ordinary Stock Offering</p> <p>Co-Bookrunner</p>	<p>July 2022</p> <p>Berkshire Partners</p> <p>Undisclosed</p> <p>Minority Acquisition of MedOne</p> <p>Sole Financial Advisor</p>	<p>July 2022</p> <p>SUN DAY SKY</p> <p>\$100,000,000</p> <p>Sale of Controlling Interest to Clearhaven Partners</p> <p>Sole Financial Advisor</p>	<p>January 2022</p> <p>vertex VENTURES ISRAEL</p> <p>\$160,000,000</p> <p>Multi-Asset Strip Sale</p> <p>Sole Financial Advisor</p>
<p>October 2021</p> <p>bank hapoalim</p> <p>\$1,000,000,000</p> <p>3.25% Green Subordinated Notes due 2032</p> <p>Fixed Income Offering</p> <p>Co-Manager</p>	<p>September 2021 May 2021</p> <p>Global e</p> <p>\$431,250,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p> <p>\$883,000,000</p> <p>Common Stock Offering</p> <p>Joint Bookrunner</p>	<p>August 2021</p> <p>GLOBAL DATA CENTER</p> <p>Undisclosed</p> <p>Sale to EdgeConneX</p> <p>Sole Financial Advisor</p>	<p>July 2021 July 2021</p> <p>Outbrain</p> <p>\$200,000,000</p> <p>Senior Secured Notes Offering</p> <p>Joint Placement Agent</p> <p>\$160,000,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p>	<p>June 2021</p> <p>SentinelOne</p> <p>\$1,408,750,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p>	<p>June 2021</p> <p>monday.com</p> <p>\$631,000,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p>	<p>June 2021 January 2021</p> <p>ZIM</p> <p>\$225,000,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p> <p>\$321,000,000</p> <p>Common Stock Offering</p> <p>Joint Bookrunner</p>
<p>May 2021</p> <p>RAPIDMEDICAL</p> <p>\$50,000,000</p> <p>Private Placement of Equity</p> <p>Sole Placement Agent</p>	<p>May 2021</p> <p>similarweb</p> <p>\$176,000,000</p> <p>Initial Public Offering</p> <p>Joint Bookrunner</p>	<p>May 2021</p> <p>Nayax</p> <p>\$206,000,000</p> <p>Initial Public Offering</p> <p>Sole Global Coordinator</p>	<p>March 2021</p> <p>ironSource</p> <p>\$11,100,000,000</p> <p>Merger with Thoma Bravo Advantage</p> <p>Joint Financial Advisor</p> <p>\$1,300,000,000</p> <p>Private Placement of Equity</p> <p>Joint Placement Agent</p>	<p>March 2021</p> <p>Fyber</p> <p>\$600,000,000</p> <p>Sale to Digital Turbine</p> <p>Sole Financial Advisor</p>	<p>March 2021</p> <p>RADA™</p> <p>\$60,000,000</p> <p>Common Stock Offering</p> <p>Joint Bookrunner</p>	<p>February 2021</p> <p>VARONIS</p> <p>\$518,000,000</p> <p>Common Stock Offering</p> <p>Joint Bookrunner</p>

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