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# Shifting Sands

## Israel’s Role as a Financial Capital in an Evolving Middle East

NOVEMBER 2026



# Executive Summary

## Shifting Sands

The Middle East has been evolving gradually over time and is being shaped not only by shifting alliances and improved regional collaboration but by technology as well. In this transformation, Israel stands out not only as a regional tech powerhouse leveraging its world-class startup ecosystem, cutting edge defense technologies, and growing influence in fields such as cybersecurity, but also as a capital markets fortress. In 1H'26, Israeli capital markets outperformed global peers as the main index, the TA-35 rose by 12%, compared to the S&P 500's 10%. The Tel Aviv Stock Exchange ("TASE") equities market cap rose 78% to $996B, and average daily trading volume increased 84% YoY to ~$2B.

These factors have been apparent both prior to and throughout the recent war with Iran. This is exemplified by the M&A market, with transactions such as Visa's acquisition of BioCatch, Nuvei's acquisition of Payoneer and Motorola's acquisition of D-Fend. A key reason for this sustained interest is the global orientation of Israeli tech companies; the majority generate most of their revenues outside of Israel, which insulates them from the impacts of domestic instability and makes them appealing targets for global acquirers.

Additionally, current engagement and investor sentiment among private sponsors including venture capital, growth equity, and private equity as well as public equity investors toward Israel, is more favorable now than at any time in the preceding years. Global technology leaders continue to underscore their long-term commitment to the country, exemplified by recent investments from NVIDIA and next-generation defense "neo-prime" Anduril.

The overall investor outlook reflects confidence in Israel's long-term growth potential in both capital markets and high-tech.

Source: Bank of Israel, IVC Data, Dealigence, Jonathan Katz, S&P Capital IQ, Maya.

## Macroeconomic Backdrop

Israel's country risk premium has improved significantly in the three years since October 7, 2023. The 5-year Sovereign CDS spread spiked at the onset of the conflict and peaked at ~170bps in 2024 but has since declined by roughly 110bps from that peak to ~60bps currently and is now around the same level as its pre-conflict level.

Israel's economic fundamentals remain strong, with an LTM Q2'26 current-account surplus of $4.5B and Foreign Direct Investment of $42.3B, supported by a stront Shekel which reached a 30-year peak against the USD on May 31, 2026 (USD/NIS of 2.81).

The Bank of Israel expects the average interest rate in the second quarter of 2027 to average 3.00%. The forecast assumes two additional interest rate cuts over the next year, with the pace of easing dependent on macroeconomic, geopolitical, and fiscal developments. Following this, GDP is expected to gradually align with its pre-conflict trend, growing by 4.0% in 2026 and 5.5% in 2027.

## Capital Markets

In 2025, Israeli capital markets delivered a standout performance, led by a sharp equity rally on the TASE: the TA-35 rose by roughly 52% over the year, outperforming major global benchmarks (the S&P 500 rose by 16%). Market depth and risk appetite continued into 1H'26, with the TA-35 outperforming the S&P 500 YTD, up 12% versus the S&P's 10%. Additionally, the TASE equity market capitalization rose to ~$996B (+78% YoY) and average equities daily trading volume reached around $2B (+84% YoY).

The TASE IPO market staged an impressive resurgence in 2025, with 21 IPOs and an additional 5 companies listing their shares without raising capital, while total equity capital raised soared to $6.5B (up 163% YoY).

Furthermore, the TASE undertook a series of initiatives to align with global markets and improve liquidity from international investors. These include transitioning to Monday–Friday trading, introducing the first customized market-making program for TASE-listed companies, among others.

Notably, since 2019, Jefferies has led 3 global IPOs and 12 global follow-on offerings for TASE-listed companies, raising over $4.5B in aggregate. More than $3.2B was allocated to global institutional investors, broadening companies' access to international capital, diversifying their shareholder base, and enhancing market liquidity.

Today, some of Israel's best companies are increasingly held by dedicated global SMID-cap investors, sector specialists, fundamental hedge funds, and mission-driven investors. We anticipate that global investor interest in TASE-listed securities will continue to grow in the back half of 2026 and subsequent years.

## High-tech Ecosystem

Israel is the 3rd largest high-tech hub in the world by capital raised, second only to Silicon Valley and New York.

In 2026 YTD, Israel's private tech sector raised an estimated $9.1B across ~367 funding rounds, with an average round size of $24.8M. Compared to the same period in 2025, total capital raised increased by 28% while the number of rounds decreased by 24%, and the average round value increased by 70% from $14.6M. This shift indicates a maturing ecosystem and is consistent with the ongoing adjustment of global and domestic investment patterns, where capital is concentrated in fewer but larger transactions.

2026 has been so far a landmark year for M&A, with 91 deals and a cumulative transaction value of $76.4B announced. Four major transactions dominated the headlines: Visa's $2.4B acquisition of BioCatch, Nuvei's $2.8B acquisition of Payoneer, Motorola's $1.5B acquisition of D-Fend and Apple's $2.0B acquisition of Q.ai which marked the tech giant's second-largest acquisition ever. These deals not only underscored the appeal of Israeli tech companies to global giants but also highlighted the country's resilience during challenging times.

In 2025, the value of M&A announcements reached $17.5B, surpassing previous record years such as 2024 ($15.5B) and 2019 ($16.4B). This demonstrates that Israel's M&A market is not solely dependent on isolated blockbuster transactions but rather has developed sustained momentum supported by a broad bases of deal activity.

Furthermore, Israeli tech companies remain attractive to both strategics and financial sponsors. Industry leaders such as Google, ServiceNow, Palo Alto Networks, MunichRe, Lenovo, Advent International, Thoma Bravo, and FTV Capital have all announced acquisitions of Israeli companies this past year.

A key reason for this sustained interest is the global orientation of Israeli tech companies; the majority generate most of their revenues outside of Israel, which insulates them from the impacts of domestic instability and makes them appealing targets for global acquirers.

In addition to foreign acquisitions, the evolving maturity of the Israeli tech ecosystem is fostering outbound M&A activity. For example, Cyera's $1.0B acquisition of Oasis, Rapyd's $610M acquisition of PayU, NICE's $955M acquisition of Cognigy, and Mobileye's $900M acquisition of Mentee exemplify this trend, signaling the rise of Israeli firms as active acquirers and not just targets.

Israeli companies continued their active participation in global capital markets, with multiple IPOs on US exchanges including eToro, Navan, and Via, alongside several convertible bond issuances, further demonstrating the ecosystem's integration with international financial markets.

As Israel cements its position as the world's third-largest high-tech hub, the durability of investor and acquirer interest even amid regional uncertainty signals that the ecosystem's fundamentals, talent base, and innovation output continue to command a significant presence on the global tech stage.

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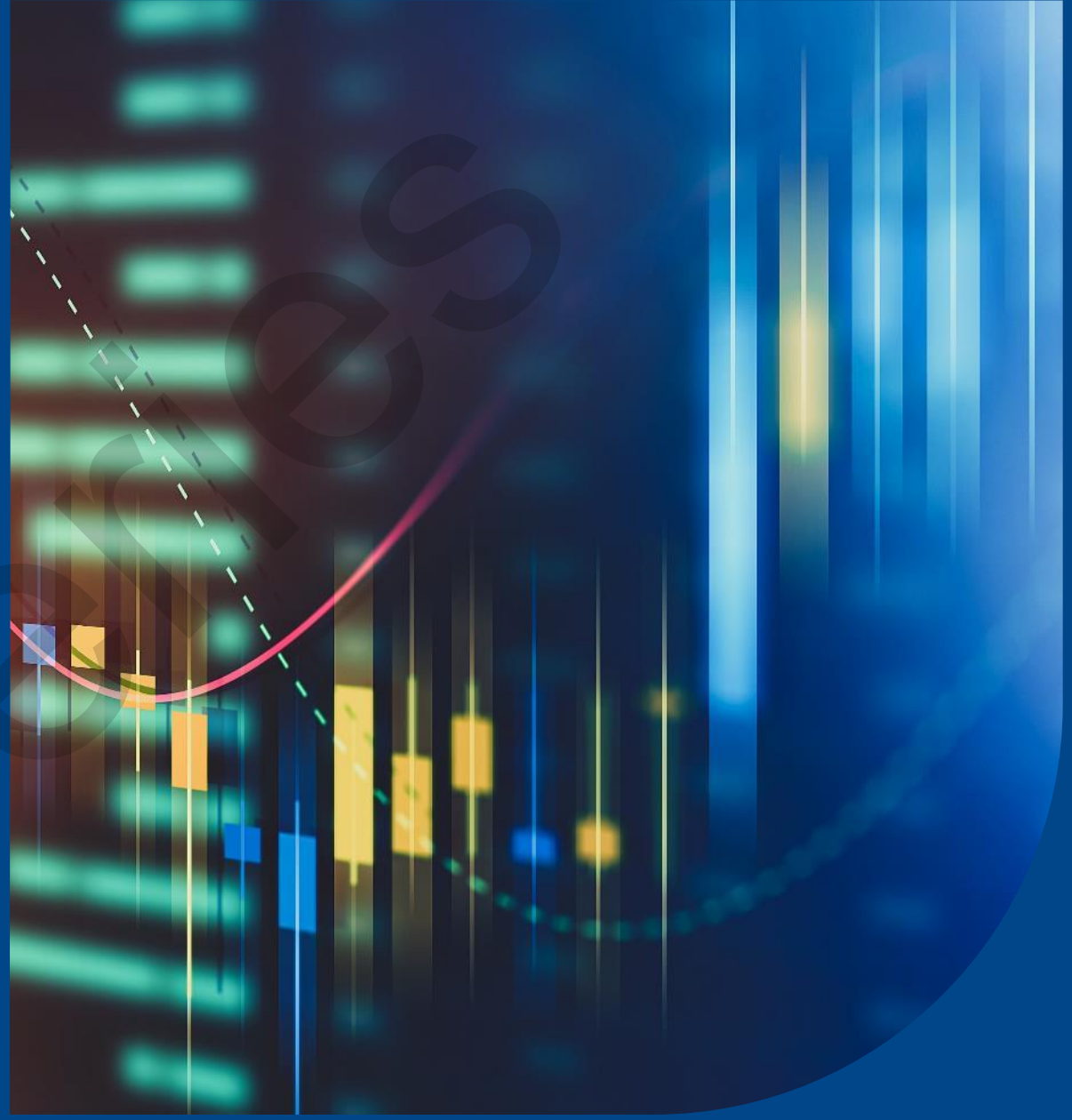
# Macroeconomic Backdrop



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# The Israeli Economy at a Glance

## CURRENT ECONOMIC INDICATORS

| Young & Growing Population[1] | GDP Per Capita | Private Consumption as a % of GDP[2] | Unemployment Rate[1] |
|---|---|---|---|
| 10.3M | $60.0K | 48.6% | 2.9% |

| Current Account Surplus[3] | Net Savings Rate[2] | Total Tech Investment[3] | Foreign Direct Investment[3] |
|---|---|---|---|
| $4.5B | 18.3% | $20.9B | $42.3B |

## KEY ECONOMIC FORECAST[4]

| 2026E Inflation Rate | 2026E GDP Growth | 2026E Fiscal Deficit to GDP | 2026E Public Debt to GDP |
|---|---|---|---|
| 1.8% | 4.0% | 4.9% | 69.0% |

Sources: Bank of Israel, IVC Data, Central Bureau of Statistics.
(1) As of July 31, 2026.
(2) As of December 31, 2025.
(3) LTM 2Q'26.
(4) Bank of Israel's Research Department Staff Forecast Report as of July 6, 2026.

## Key Economic Highlights

Israel is a developed economy that joined the OECD in 2010.

It has the highest mandatory pension savings rate of any country in the world at 18.5%, creating fast-growing institutional AUM which helps fuel the economy.

Israel has strong growth potential supported by positive demographics and a vibrant high-tech sector.

Israel entered the conflict with a relatively favorable fiscal position. The Bank of Israel expects the fiscal deficit to reach 4.9% of GDP in 2026, while public debt is forecast to increase from 68.5% of GDP in 2025 to 69.0% in 2026.

Israel's strong external position including Foreign Direct Investment helps support a strong Shekel.

A tight fiscal policy, Shekel appreciation and a weakening of supply constraints will support lower inflation toward the end of the year.

The local population has a healthy appetite as private consumption is expected to grow by 3.0% in 2026 and 6.5% in 2027, according to the Bank of Israel.

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# Sovereign Credit and Government Bond Yields

**ISRAEL'S CREDIT RATINGS**

| S&P[1] | Moody's[2] | FITCH | Blended[3] |
|---|---|---|---|
| A | Baa1 | A | A- |

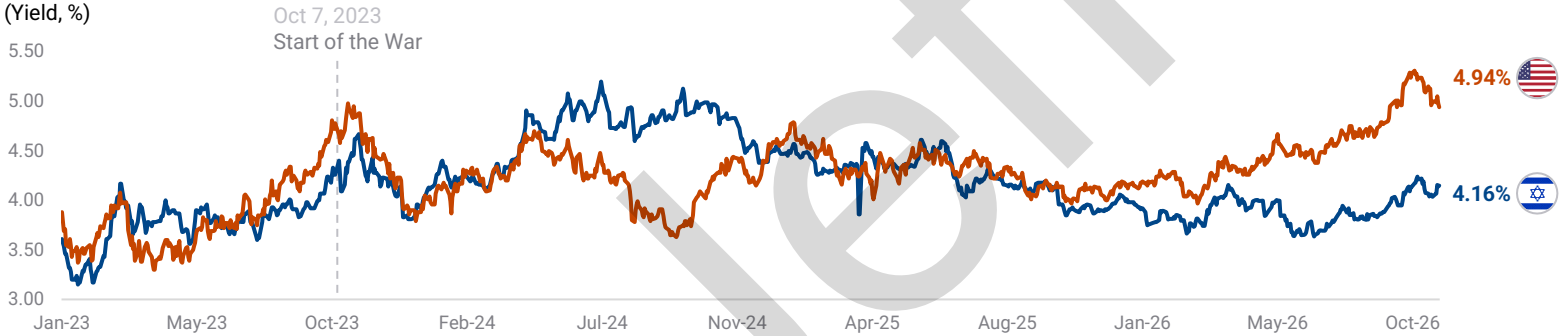
## Israel 5yr Credit Default Swaps

(CDS Price, bps)




## Israel vs. US 10yr Bonds

(Yield, %)




Source: S&P Capital IQ as October 30, 2026.

(1) May 8, 2026 - S&P affirmed Israel's credit rating outlook at stable, maintaining the rating at A. The affirmation reflects the view that military de-escalation will lower immediate security risk, with any future military hostilities expected to remain episodic and contained.

(2) 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.

(3) Bank of Israel, Monetary Committee Interest Rate Decision, September 1, 2026.

## Key Highlights

Israel's country risk premium has improved significantly in the three years since October 7, 2023. The 5-year Sovereign CDS spread spiked at the onset of the conflict and peaked at ~170bps in 2024 but has since declined by roughly 110bps from that peak to ~60bps currently and is now around the same level as its pre-conflict level.

The 10-year yield on Shekel-denominated Israeli government bonds has fallen beneath the U.S. Treasury bonds. This gap reflects expectations that the Shekel will continue to strengthen over time or, at the very least, that major bond market participants are reluctant to bet against the Shekel, despite the ongoing state of conflict.

The Bank of Israel's Monetary Committee cut the benchmark interest rate by 25bps to 3.25% during its September 2026 meeting. This marked the fifth reduction since late 2025, driven by easing inflation which is currently steady around 1.5%—and the notable strength of the shekel.[3]

Israeli government fiscal adjustments are expected at the beginning of 2027. This year, 2026, is an election year and the government is passing a budget built on a deficit of 4.9% of GDP according to the Bank of Israel.

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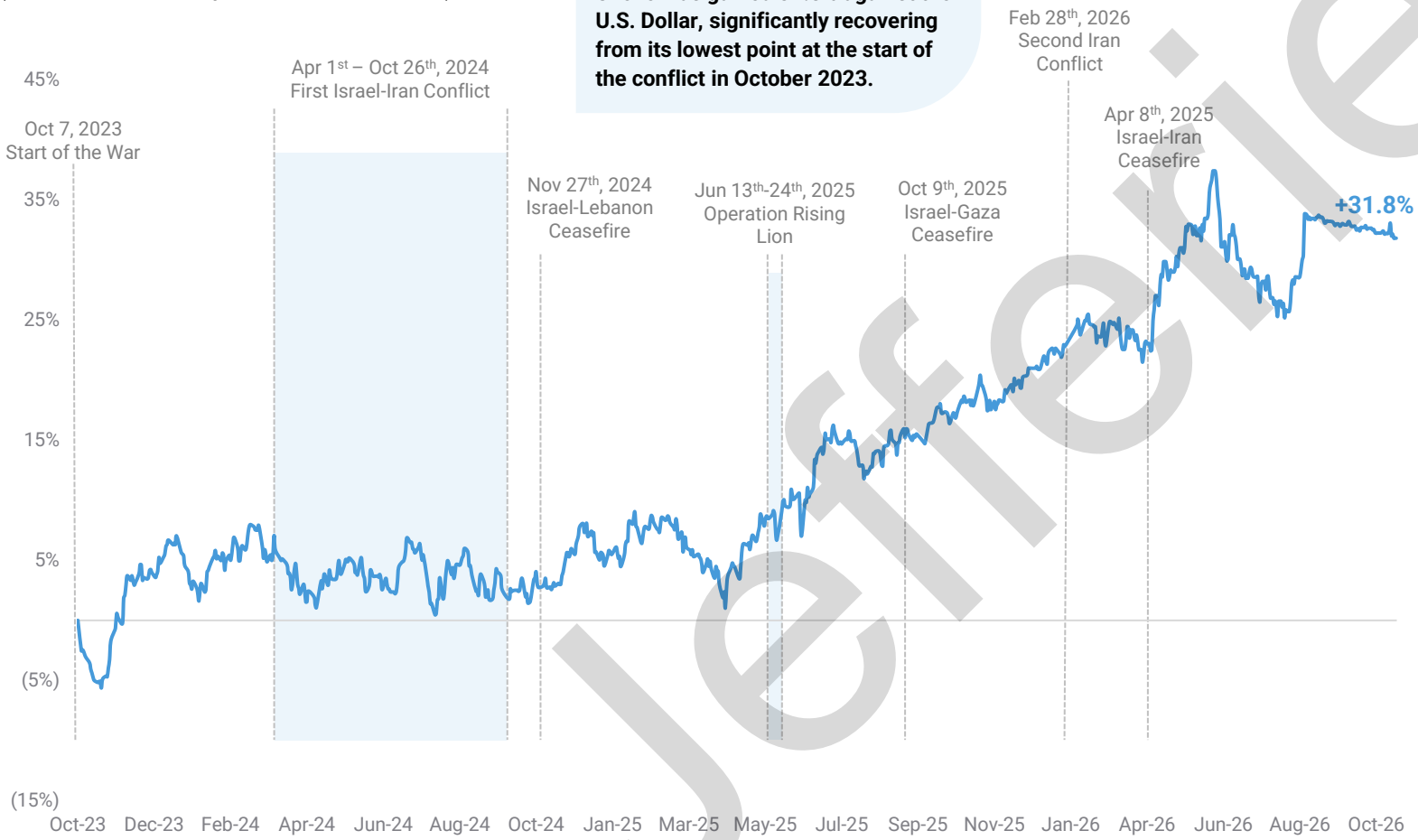
# The Shekel's Performance and the Bank of Israel's Economic Forecast

**Shekel / USD Nominal Effective Rate Index**

(Cumulative rate of change since October 6, 2023, %)

**Since October 6, 2023, the Israeli Shekel has gained 31.8% against the U.S. Dollar, significantly recovering from its lowest point at the start of the conflict in October 2023.**




## Bank of Israel's Forecast(1)

The fiscal impulse rose sharply following the outbreak of the war as increased defense spending supported aggregate demand. Although fiscal support moderated in 2025 due to tax increases, it remained above pre-war levels. Current forecasts assume easing hostilities in Lebanon, no renewed conflict with Iran, and lower energy prices, while maintaining preparedness for potential future escalation. The 2026 defense budget is assumed to remain within existing budgeted reserves, supporting a gradual normalization of fiscal policy amid continued geopolitical uncertainty.

| | 2026E | 2027E |
|---|---|---|
| GDP Growth | 5.6% | 7.5% |
| Private Consumption Growth | 4.0% | 5.0% |
| Total Investments Growth | 10.5% | 5.0% |
| Total Exports Growth(2) | 14.0% | 13.0% |
| Unemployment Rate | 4.6% | 3.0% |
| Gov. Deficit / GDP | 4.4% | 4.6% |
| Public Debt / GDP | 68.0% | 66.5% |
| Inflation Rate | 1.5% | 2.1% |

Source: S&P Capital IQ as of October 30, 2026.
(1) Source: Bank of Israel's Research Department Staff Forecast Report as of October 21, 2026; Fiscal Impulse as of March 17, 2026.
(2) Excluding diamonds and startups.

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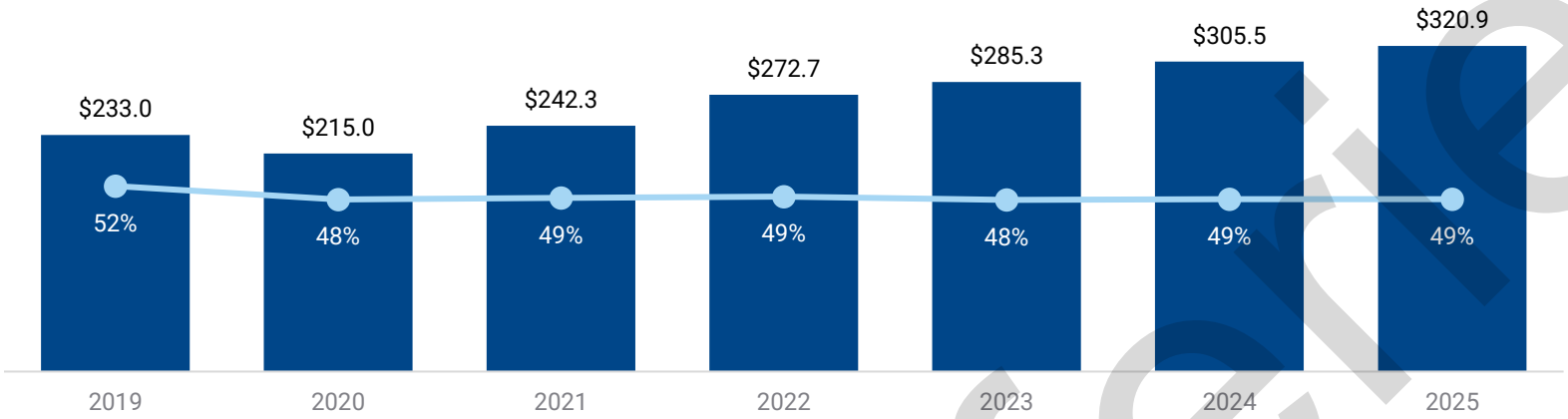
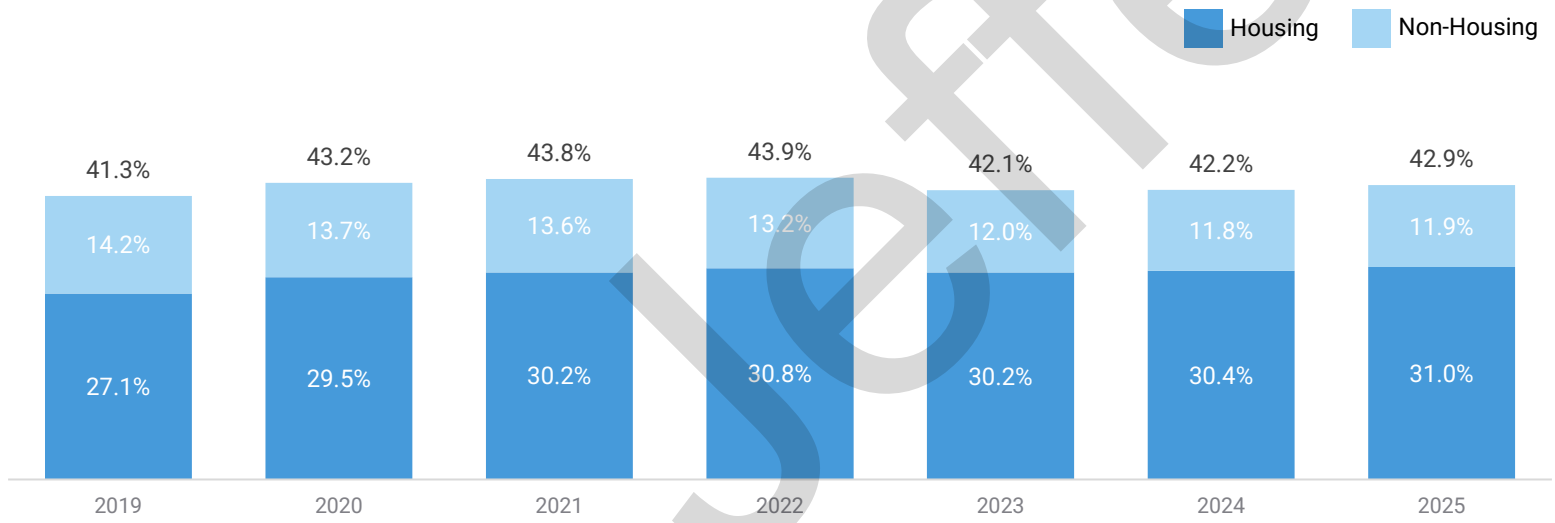
# The Israeli Consumer Appetite Continues to Grow

**Private Consumption Expenditure – Significant Growth Engine in the Economy[1]**

($, Billions and as a % of GDP)




**Israeli Household Debt as a % of GDP**




## KEY HIGHLIGHTS

The Bank of Israel expects private consumption to continue to grow by 3.0% and 6.5% in 2026 and 2027, respectively.

Inflation in 2025 was moderate as economic activity continued to expand, and the labor market remained tight in view of the supply constraint.

In the Bank of Israel's February 2026 assessment, there remained several risks for a renewed increase of inflation: geopolitical developments and their impact on economic activity, an increase in demand alongside supply constraints, and fiscal developments.

Early 2026 indicators of economic activity point to continued expansion. Credit card purchase data indicate strong growth in private consumption, with spending in April and May averaging approximately 6% above the first-quarter level. Domestic purchases in May were 4% higher than prior to the war, supported by higher wages, government transfers, and lower outbound tourism.

Following eight months of price declines, home prices began increasing again at the end of 2025. The annual pace of increase rose to 0.4% by the end of December 2025.

Source: Bank of Israel, Central Bureau of Statistics, Jonathan Katz's Weekly Macroeconomic Report.

(1) Amounts have been converted to USD using a constant FX rate of 0.31 NIS/USD.

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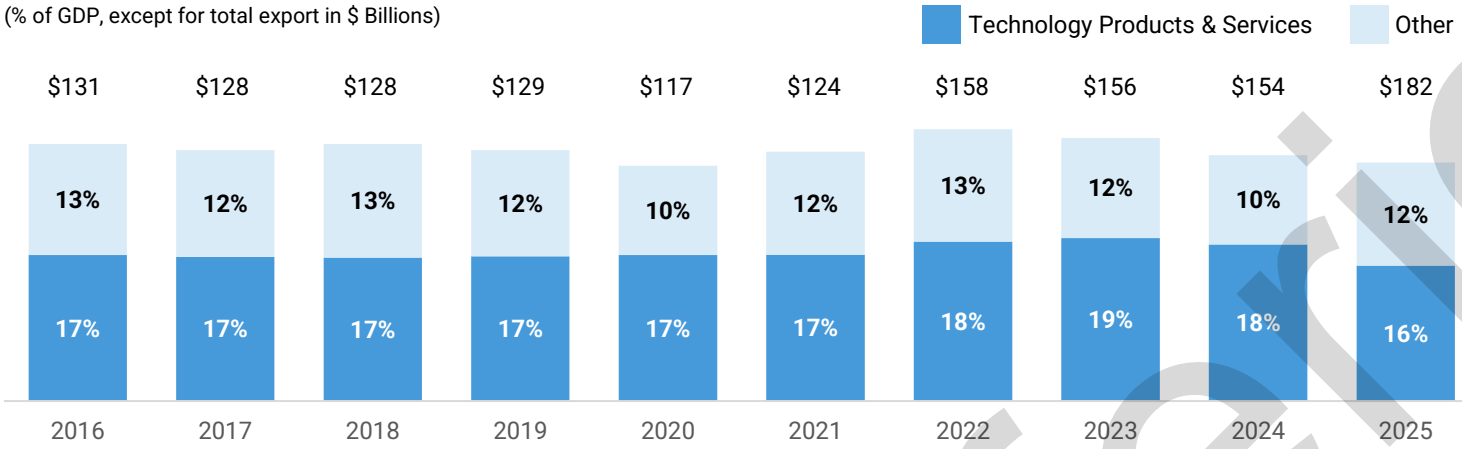
# Israeli Exports and Trade Balance

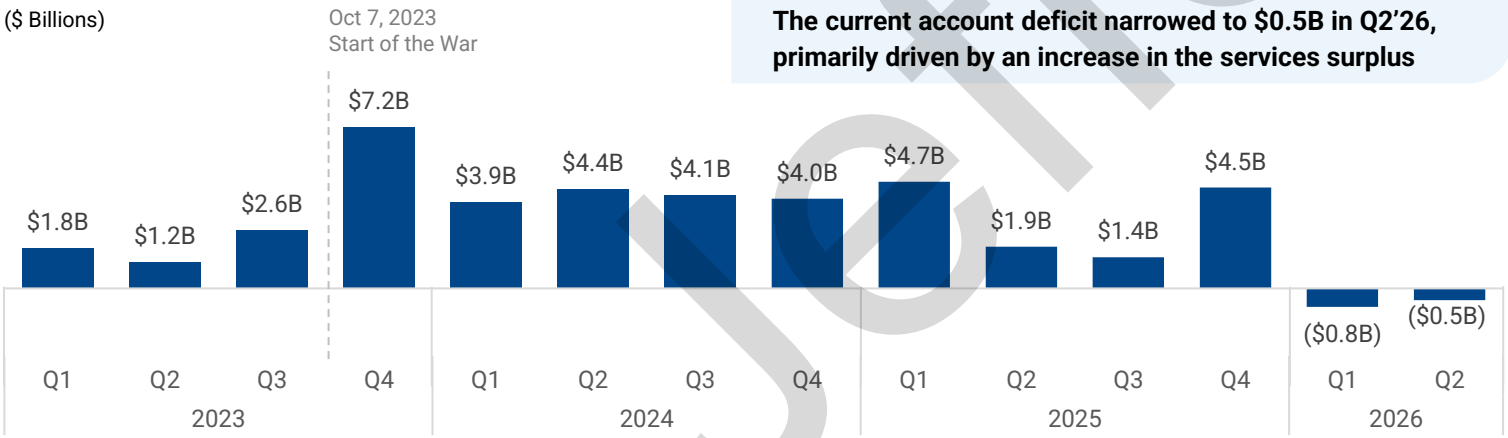
## Total Exports by Category as a % of GDP

(% of GDP, except for total export in $ Billions)




## Current Account Balance(1)

($ Billions)




**The current account deficit narrowed to $0.5B in Q2'26, primarily driven by an increase in the services surplus**

## KEY HIGHLIGHTS

High-tech exports continue to thrive during the conflict and account for nearly one-fifth of GDP and ~57% of total exports. Notably, this growth has occurred despite the strength of the shekel, which has acted as an overhang on export competitiveness, underscoring the resilience of Israel's high-tech sector.

In 2025, total exports increased by 18%, led by high-tech products and services.

On the back of robust high-tech exports, total exports are expected to continue to expand by 8.0% and 7.0% in 2026 and 2027, respectively. This upward trend was already pronounced in 2025 and is expected to continue.

Israel Net Export Account and Foreign Direct Investment remained strong during the conflict.

Israel recorded a current account surplus of $12.5B in 2025, representing approximately 2.3% of GDP and reflecting the country's strong external position despite regional challenges.

Israel's current account posted a $0.5B deficit in Q2 2026, narrowing slightly from $0.8B in Q1, as a wider trade deficit was more than offset by a $1.7B improvement in the services surplus. As a result, Israel has lost the current account surplus that historically supported the shekel. The same profits appear in the financial account as reinvested earnings, pushing FDI to $10.1B though this does not represent a genuine source of shekel appreciation, since the funds remain in foreign currency.

Source: Bank of Israel, Central Bureau of Statistics. Note: All export and trade statistics exclude diamonds.
(1) The current account surplus primarily reflects export and import activity in goods and services, labor income, and current transfers.

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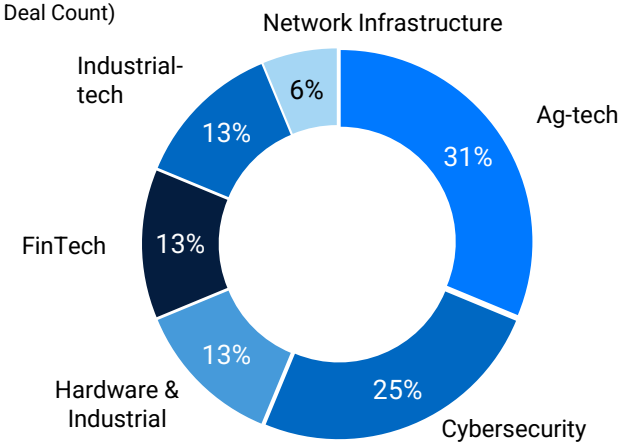
# Economic Bridges in the Middle East: Tech, Trade and Transformation

## MENA Investments in Israeli Tech by Sector in 2025

(%, Deal Count)




**In 2025, ag-tech and cybersecurity sectors accounted for 56% of the deal activity, with hardware & industrial, FinTech, and industrial-tech each representing 13%. This concentration highlights continued investor focus on core industrial technologies and scalable software innovation within Israeli tech.**

**The vast majority of Israeli tech capital raising from Arab countries comes from the UAE, with expectations that additional nations may participate in the near-future.**

## 2025 Total Imports and Exports of Goods with Arab Countries

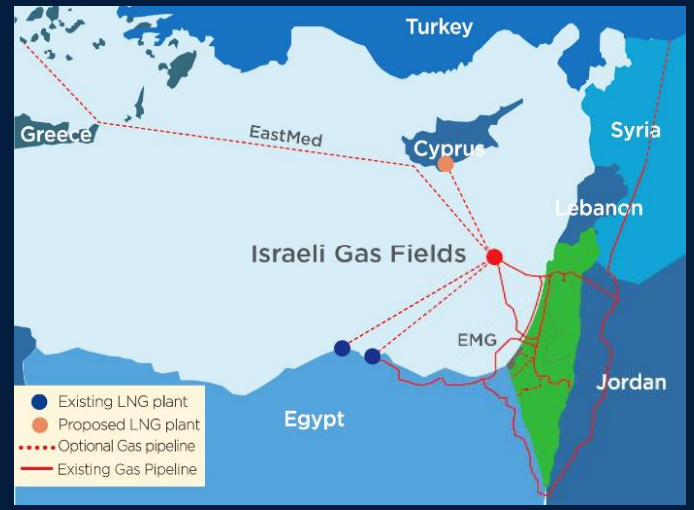
($, Millions)

**In 2025, excluding gas and oil, Israel's largest trade partner in the Middle East is the UAE, accounting for over $2.5B of Israel's total global imports and Israel's exports to the UAE grew by 27% year over year.**




Source: Central Bureau of Statistics, IVC Data as of April 13, 2026.

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




In August 2025, Israel's Leviathan entered into a $35B natural gas supply agreement with Egypt, marking the largest such deal in Israel's history. The agreement will significantly increase the annual volume of natural gas sent from the Leviathan offshore field to Egypt by three-fold and is expected to increase the state of Israel's revenue from the royalties.

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# Israeli Capital Markets



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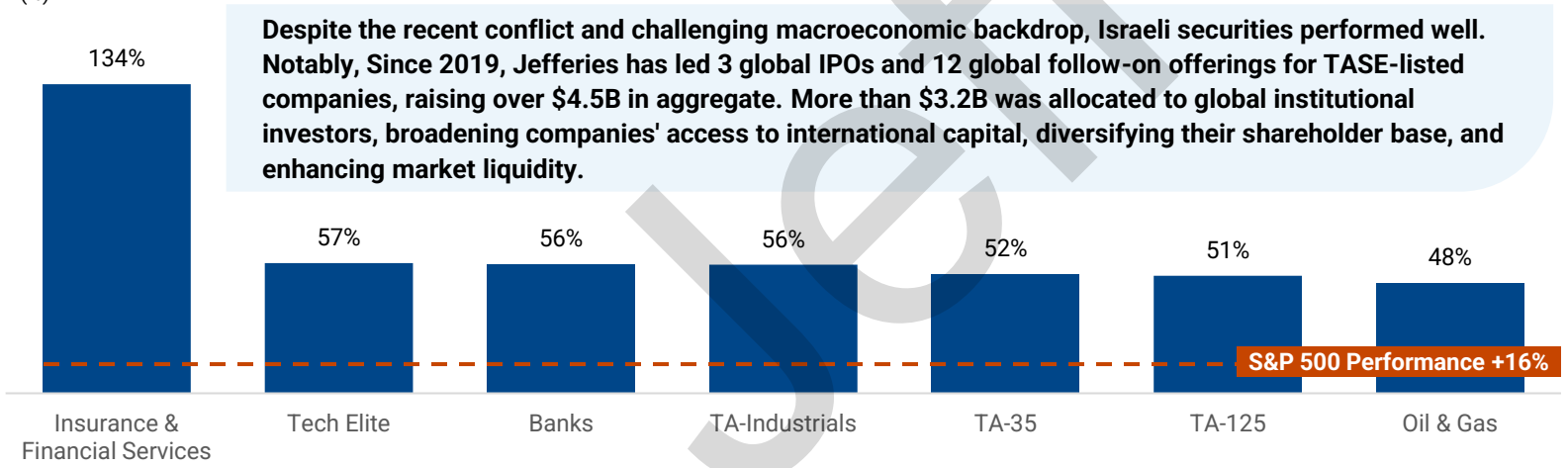
# The Tel Aviv Stock Exchange Plays a Critical Role in Israel's Economy and Market Infrastructure

The only stock exchange in Israel, providing global investors access to the Israeli Economy and Innovation

| | | |
|---|---|---|
| **1953**<br>Established | **2019**<br>TASE IPO to Global Investors | **$137B**<br>Holdings of Foreign Investors In TASE-Listed Companies(1) |
| **554**<br>Listed Companies | **106**<br>Companies with Listed Bonds | **129**<br>Total Indices |

## TASE Sector & Indices Performance EoY 2025

(%)




**Despite the recent conflict and challenging macroeconomic backdrop, Israeli securities performed well. Notably, Since 2019, Jefferies has led 3 global IPOs and 12 global follow-on offerings for TASE-listed companies, raising over $4.5B in aggregate. More than $3.2B was allocated to global institutional investors, broadening companies' access to international capital, diversifying their shareholder base, and enhancing market liquidity.**

Source: Tel Aviv Stock Exchange as of June 30, 2026. Note: NIS/USD FX of 0.34 used as of June 30, 2026.
(1) Based on the Bank of Israel data as of May 31, 2026.

## Tel Aviv Stock Exchange (TASE) Trading Statistics Q2'26

**TOTAL MARKET CAP** (YoY Growth)

| | |
|---|---|
| **Equities**<br>$996B (+78%) | **Government Bonds**<br>$302B (+10%) |
| **Corporate Bonds**<br>$247B (+25%) | **Mutual Funds**<br>$204B (+25%) |

**AVERAGE DAILY TURNOVER** (YoY Growth)

| | |
|---|---|
| **Equities**<br>$1,951M (+84%) | **Government Bonds**<br>$1,531M (+22%) |
| **Corporate Bonds**<br>$470M (+38%) | **Mutual Funds**<br>$1,085M (+37%) |

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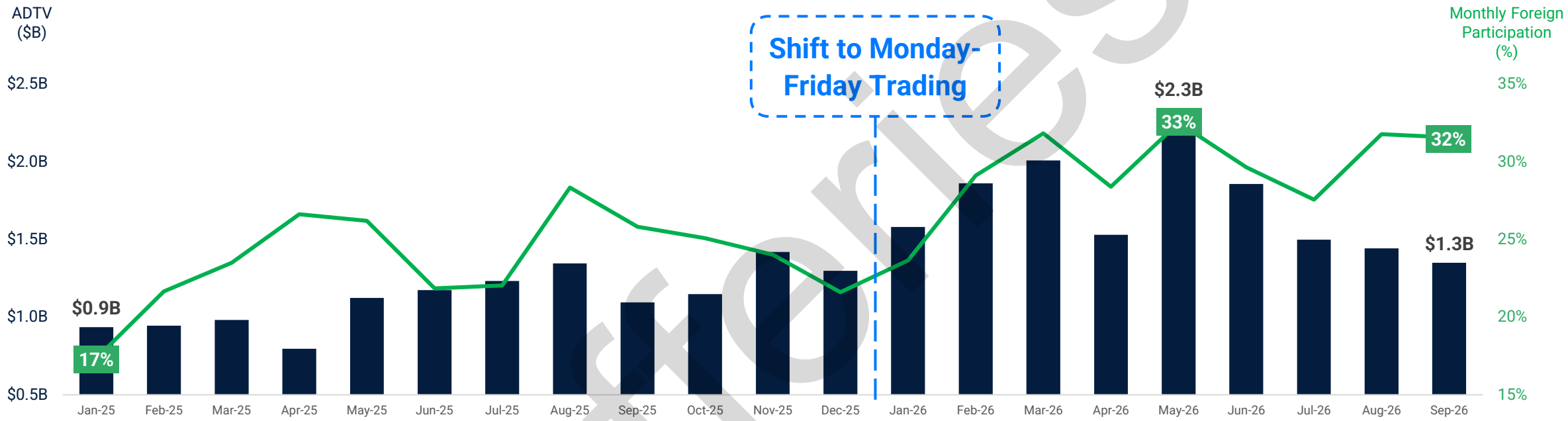
# Monday-Friday Trading Accelerated Liquidity And Foreign Participation

The TASE has successfully implemented numerous initiatives, including the shift to Monday-Friday trading in January 2026, to align with global markets




**54%** of the companies in the TA-35 index have an ADTV of over **$10 million**(1)

**$1.7B**
ADTV (2026 YTD)

**52%**
Increase in ADTV (2026 YTD vs. 2025)

**149%**
Increase in 2026 Friday ADTV vs. 2025 Sunday ADTV

**30%**
Foreign Participation (2026 YTD)

**2.9x**
Foreign Participation (2026 Friday vs. 2025 Sunday)

Source: Israel Securities Authority (ISA) and Tel Aviv Stock Exchange (as of September 30, 2026).
(1) As of July 31, 2026; Assuming USD/NIS exchange rate of 3.06.

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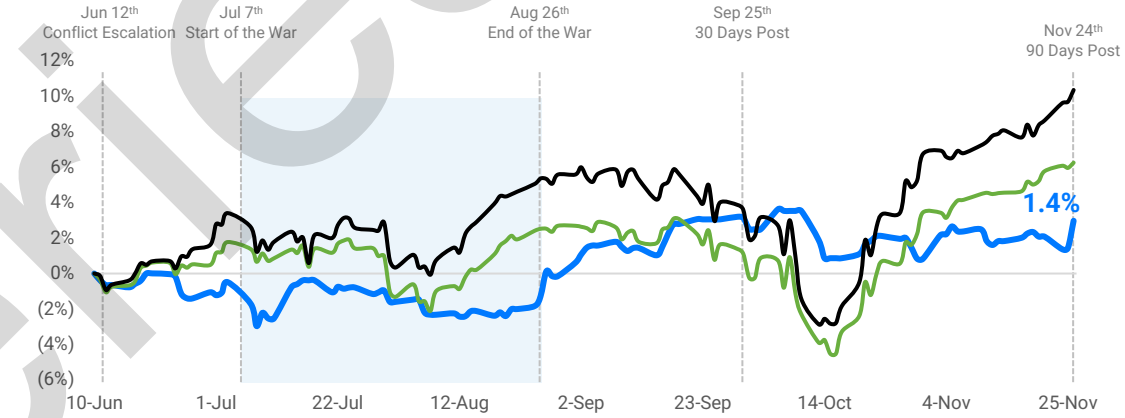
# The Israeli Capital Markets Consistently Show Robustness During Military Conflicts and have Outperformed Over Time

TA-125(1) S&P500 Nasdaq

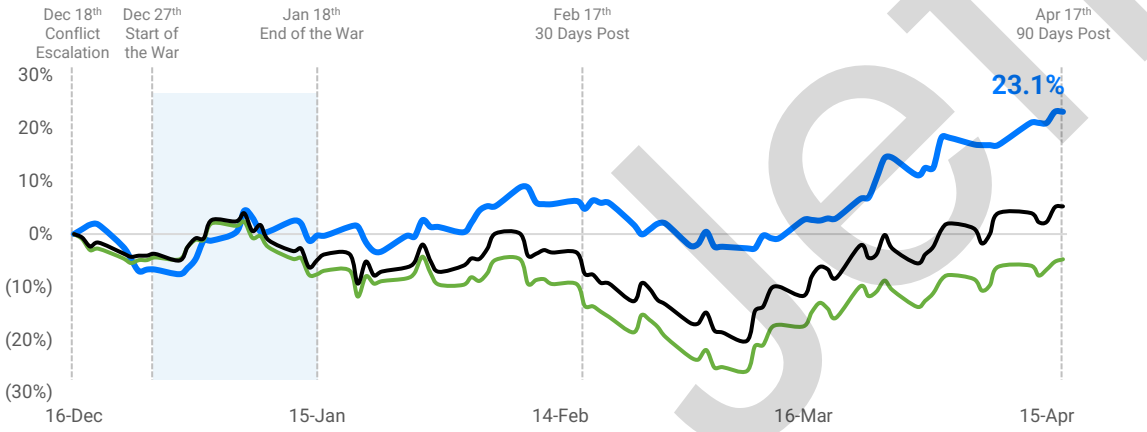
## CURRENT CONFLICT (OCTOBER 7, 2023 – PRESENT)



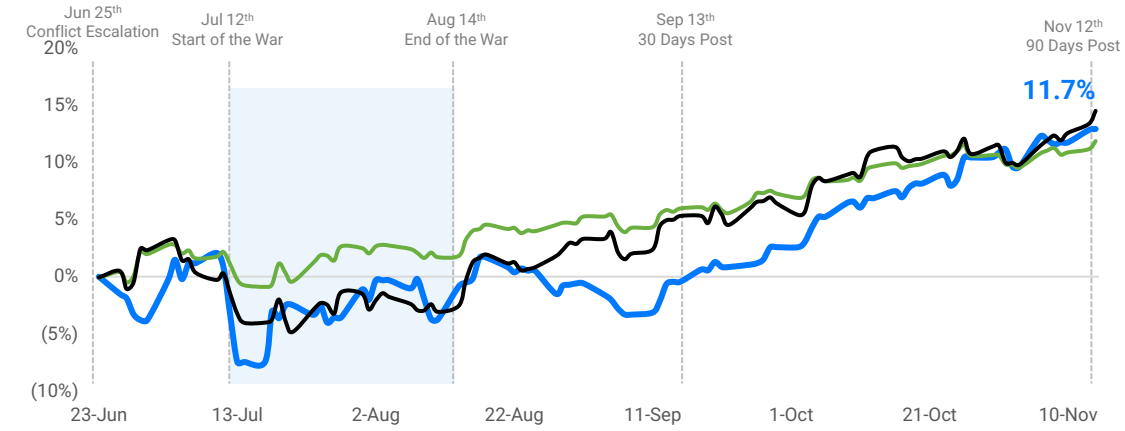

## OPERATION PROTECTIVE EDGE (2014)




## OPERATION CAST LEAD (2008)




## 2ND LEBANON WAR (2006)




Source: S&P Capital IQ as of October 30, 2026.
(1) The largest 125 companies listed on the Tel Aviv Stock Exchange by market cap.

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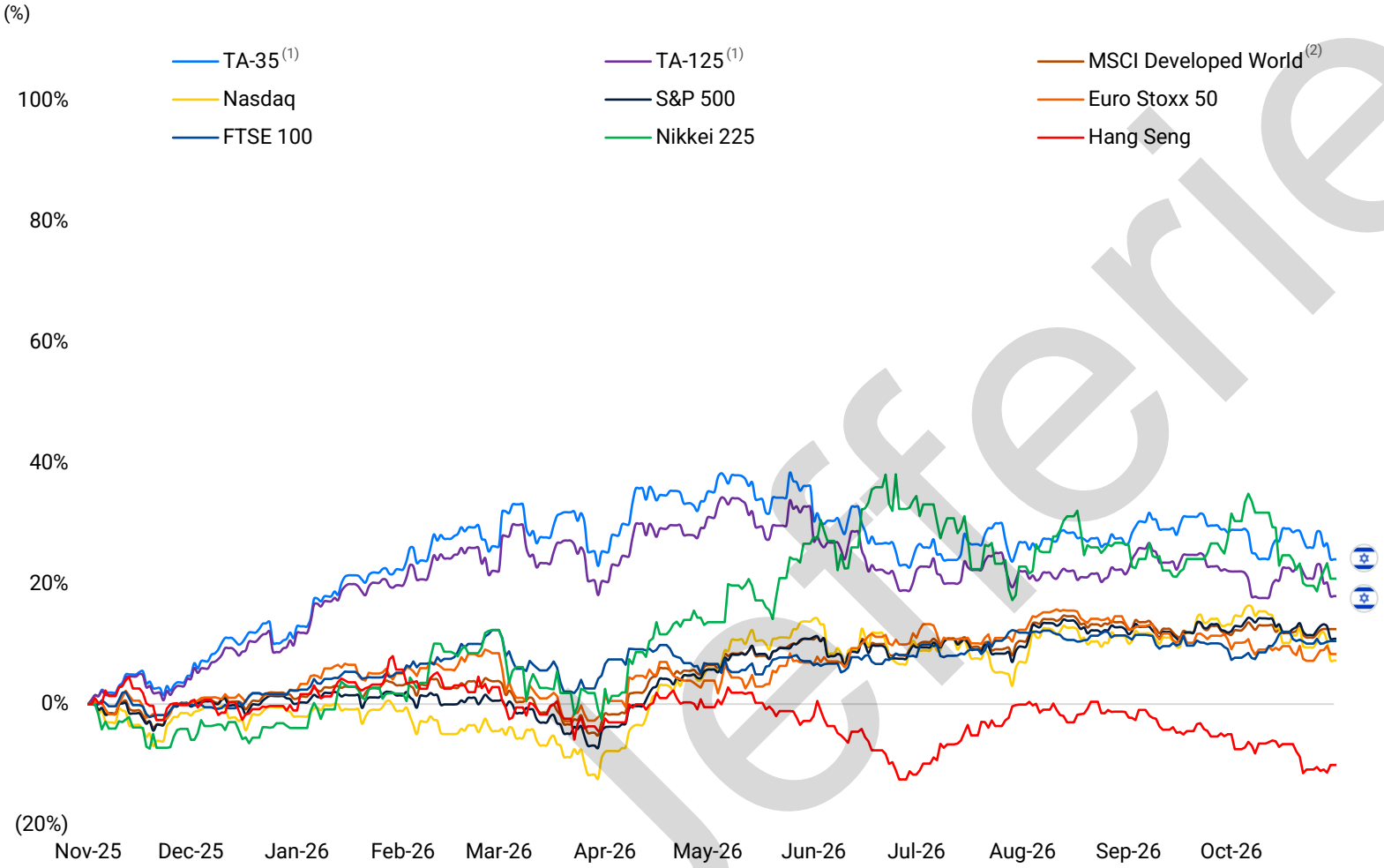
# 2026 LTM – Recent Capital Markets Performance

## Capital Markets – Indices Performance vs Global October 2026 LTM




Source: S&P Capital IQ, Tel Aviv Stock Exchange as of October 30, 2026.
(1) The largest 35 and 125 companies listed on the Tel Aviv Stock Exchange by market cap.
(2) Developed markets from the following 23 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The index constituents are weighted on the basis of free float market capitalization. MSCI World Index is reviewed on a quarterly basis.
(3) As reported by Calcalist.
(4) Based on Tel Aviv Stock Exchange FY2025 Investor Presentation and using an NIS/USD FX rate of 0.31 as of December 31, 2025.

## KEY HIGHLIGHTS

Despite ongoing conflicts and a global "SaaSpocalypse," the Israeli capital markets have demonstrated remarkable resilience and outperformance against global indices, supported in part by relatively lower exposure to technology stocks.

Palo Alto Networks, the world's largest Israeli cybersecurity company, dual listed on the TASE in February 2026, constituting a profound vote of confidence in the Israeli capital market and expected to encourage additional Israeli tech companies to consider dual listing, with companies such as eToro reportedly evaluating similar moves.(3)

The Israeli IPO market staged an impressive resurgence in 2025, with 21 IPOs and an additional 5 companies listing their shares without raising capital, while total equity capital raised soared to $6.5B (up 163% YoY).(4)

Israel's large-cap benchmarks have broadly kept pace with global markets this year, though with a notably different shape to the trajectory. The TA-125 has gained ~7.4% YTD. That tracks closely with the Nasdaq Composite, which has advanced approximately 9.4% from its 2025 close but trails the S&P 500's roughly 10.7% gain.

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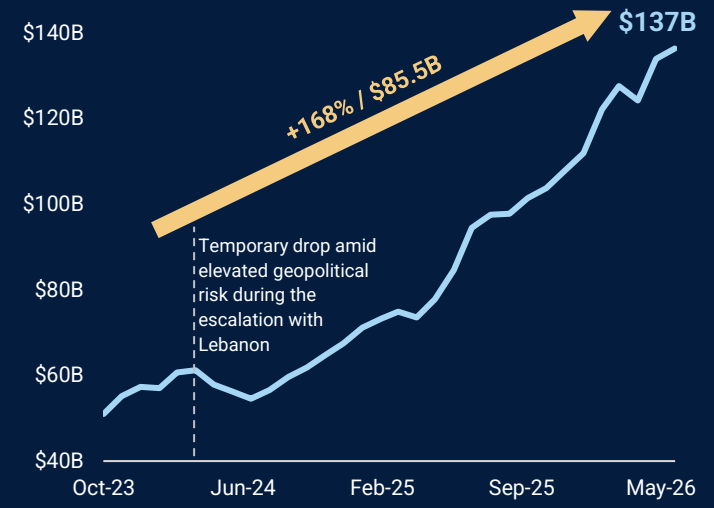
# The World's Leading Investors Are Increasingly Active On The TASE

Today, Israel's best companies are held by dedicated global SMID-cap investors, sector specialists, fundamental hedge funds, and mission-driven investors

## Foreign Capital Continues to Flow Into TASE Listed Securities

**Holdings of Foreign Investors in TASE-listed Companies(1)**
*(Excluding dual-listed stocks, $ billions)*




Since October 2023, foreign capital has returned to TASE-listed companies in a sustained and increasingly accelerated manner. Foreign investor holdings have more than doubled over the period – rising by approximately $86B, or 168% – and reached a new all-time high of $137B by February 2026.

Net inflows of foreign investors to TASE-listed equities reached $1.4B in 2025, primarily in the financial and defense sectors – a powerful sign of confidence in the Israeli economy, marking a stark reversal from net sales in the prior year.

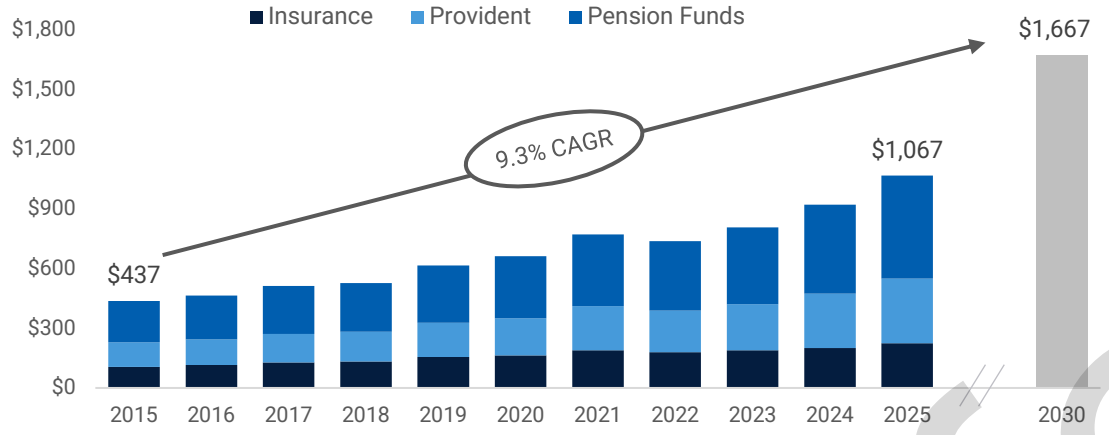
Source: Tel Aviv Stock Exchange, S&P Capital IQ, Bloomberg, Jefferies Data. Note: NIS/USD FX of 0.31 used as of December 31, 2025.
(1) Based on the Bank of Israel data as of May 31, 2026.

Jefferies

# The Domestic Amplifier – Israel's Powerful Institutional Investor Universe

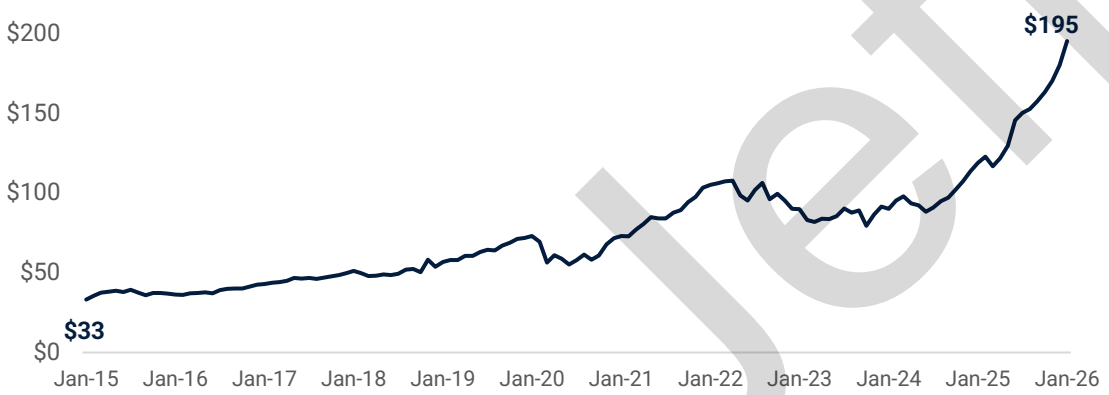
## ISRAEL'S INSTITUTIONAL INVESTOR TOTAL AUM

**($ Billions)**




## ISRAELI INSTITUTIONAL INVESTORS' HOLDINGS IN TASE EQUITIES

**($ Billions)**




## HIGHLIGHTS

### Highest Mandatory Pension Savings Program Globally

*Minimum pension contribution of **18.5%** of gross salary, creating a steady and structurally growing pool of investable capital supported by regulatory frameworks*

### Exponential AUM Growth

*AUM of institutional investors in Israel has grown by a staggering **~2.5x** since 2015*

### High-quality Long-term Investors

*Long-duration, fundamentals-driven investors provide stability through market cycles, with predominantly long-only mandates supporting a valuation floor and limiting short interest*

### Structural Capital Expansion

*Structural allocators to domestic equities, driven by regulatory frameworks and benchmark exposure to the Tel Aviv Stock Exchange*

Jefferies

Source: Bank of Israel, Israel's Ministry of Finance, Tel Aviv Stock Exchange.
(1) Assumption is based on historical data: 9.3% AUM CAGR between 2015-2025.

# The Advantages to Dual-Listing on the Tel Aviv Stock Exchange are Attracting Large Israeli Companies to Come Back Home

In 2025, the trading volume of dual-listed shares on the TASE grew by 68%, while their trading volume abroad increased by only 55%

### Amplified Outreach

Increased visibility and attracting a wide range of investors in Israel and globally to increase liquidity and diversify shareholder base

### Inclusion in TASE Indices

Such as: TA-35, TA-125, TA Tech, and TA-Dual Listing, providing incremental passive demand and limiting stock shorting

### Global Mandate Eligibility

Becoming an attractive target for portfolio managers with a global mandate who must invest in companies listed outside the U.S.

### Regulatory Simplicity

SEC-recognized offshore exchange with no currency barriers, making dual listing a more natural step

### Short Risk Safeguard

Dual-listed stocks see significantly less shorting due to fear of arbitrage across extended time zones

### Debt Market Accessibility

Lower cost of capital and easy access to listed corporate debt on the TASE

### Extended Global Exposure

TASE & U.S. markets overlap within 13-hour trading window, boosting liquidity and yielding higher trading volume

### Regulatory Incentives

Same regulatory framework as the SEC's Foreign Private Issuer, waiver on registration fee, and discounted annual fees

### Exchange Partners

Include: Nasdaq, NYSE, LSE, HKE, SGX, TMX

paloalto NETWORKS

**Palo Alto Networks will Dual List on the TASE** — Feb 11, 2026

**First company in TASE history to surpass a NIS 1 trillion market cap** — Oct 1, 2026

> *"Building on CyberArk's heritage and Israel's position as a global cybersecurity powerhouse, Palo Alto Networks announces its intent to pursue a secondary listing on the Tel Aviv Stock Exchange.*
>
> **Nikesh Arora**, Chairman and CEO of Palo Alto Networks

Source: Bloomberg, Tel Aviv Stock Exchange.

Jefferies

# High-tech: Israel's Economic Engine



Jeffe

# Israel's Secret Sauce: Human Capital and Innovation Timeline

"In Israel, a land lacking in natural resources, we learned to appreciate our greatest national advantage: our minds" — Shimon Peres *(former Prime Minister & President of Israel)*

1948 – 1960s

## Foundations and Defense Innovation

**1948** – Founding of the State: Rafael Advanced Defense Systems was established as a government-owned R&D defense organization became a key incubator for future tech.

**1952** – Unit 8200 Established: This elite military intelligence unit began cultivating future tech entrepreneurs.

**1958** – The Dimona Nuclear Research Centre started construction in the Negev.

**1963** – Established the National Committee for Space Research which led to the creation of a strong academic community that fostered a new generation of scientists and engineers.

**1966** – Elbit Systems was established within Elron Electronic.

**1968** – Scitex was founded, pioneering digital printing and image processing, and at one stage was considered a flagship of Israeli industry.

1970s – 1980s

## Emergence and First Multinationals Investments

**1972** – IBM Israel Scientific Center opened its doors in the Computer Science Building of the Technion.

**1973** – Israel Aerospace Industries ("IAI"), Israel's state-owned aerospace manufacturer, starts the development of its first UAV, the IAI Scout. The Scout was launched and used by the Israeli Army for reconnaissance and surveillance in 1979.

**1974** – Intel opens in Haifa, eventually designing world-class microprocessors in Israel.

**1982** – Amdocs founded and grew into a global billing and CRM solutions provider. That same year TEVA Pharmaceuticals becomes the first Israeli company listed on the NYSE.

**1984** – First Israeli startup listed on the Nasdaq, Scitex.

1990s – 2000s

## Startup Nation Awakens

**1990** – 1 million Soviet engineers and scientists immigrated to Israel.

**1991** – Microsoft established its first R&D center outside the U.S., in Israel.

**1993** – The Yozma Program seeds Israel's VC ecosystem through government - matched private investment, while Check Point is founded, laying the groundwork for Israel's cybersecurity leadership.

**1996** – ICQ, one of the world's first instant messaging services, is established and later acquired by AOL for $407M in 1998.

**1996 through 1999** – Nasdaq Listings Begin: Many Israeli firms list on Nasdaq (e.g., Check Point, NICE Systems, Mercury Interactive).

**2004** – Waze, the mobile navigation app, is founded.

**2005** – Mobileye, which develops advanced driver assistance systems, is founded.

**2008** – Wix, a cloud-based web development platform, is founded.

2010s – 2020s

## Global Tech Leadership and Resilience

**2011** – Iron Dome missile defense system is deployed.

**2013** – Google buys Waze for $1.1B. That same year, Wix goes public on the Nasdaq, the largest-ever IPO for an Israeli company at the time.

**2017** – Intel acquired Mobileye for $15.3B, the largest Israeli company sale until 2025.

**2019** – Nvidia acquired Mellanox for $6.9B helping drive its GPU business and laying the foundation for the AI revolution.

**2020** – Abraham Accords are signed, opening Israeli tech to regional players.

**2021** – Israeli companies see more mega rounds than in the prior 5 years combined.

**2022** – ironSource and Unity Software form largest tech stock-for-stock merger in Israel.

**2025** – Google acquires Wiz, which was founded in 2020, for $32B - the largest deal in Israel's history.

**2026** – Palo Alto Networks dual lists on the Tel Aviv Stock Exchange.

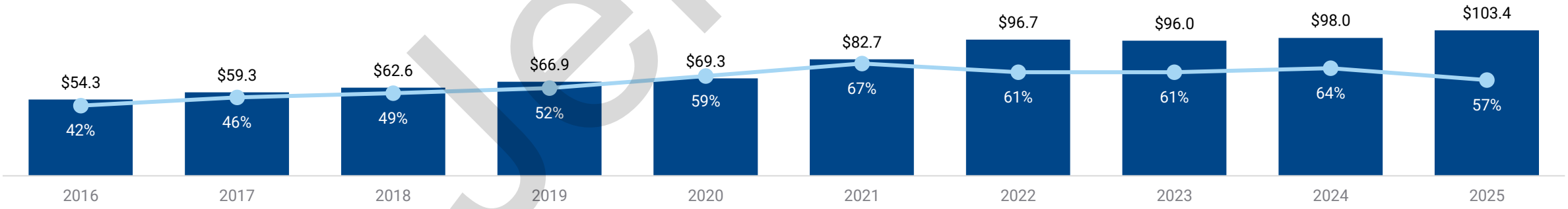
Jefferies

# Today: Strength of the Israeli Technology Sector

- **~12%** of **Israel's workforce** is employed in the high-tech sector.
- Israeli high-tech services and products account for **57% of Israel's exports**.
- Israel has the **highest R&D investment** as a % of GDP worldwide.
- High-tech companies make up **24% of the market cap on the TASE.**
- Israeli companies account for **5% of global unicorns.**
- Israel has the **greatest density of startups** per capita in the world.
- **25% of income taxes** paid in Israel come from high-tech employees.
- Israeli high-tech companies make up **over 16% of total GDP**.

**Israeli Technology Products / Services and its Share of Total Israeli Exports**

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




Source: Israel Innovation Authority, Pitchbook, IVC Data , TechAviv, Tel Aviv Stock Exchange as of May 18, 2026.

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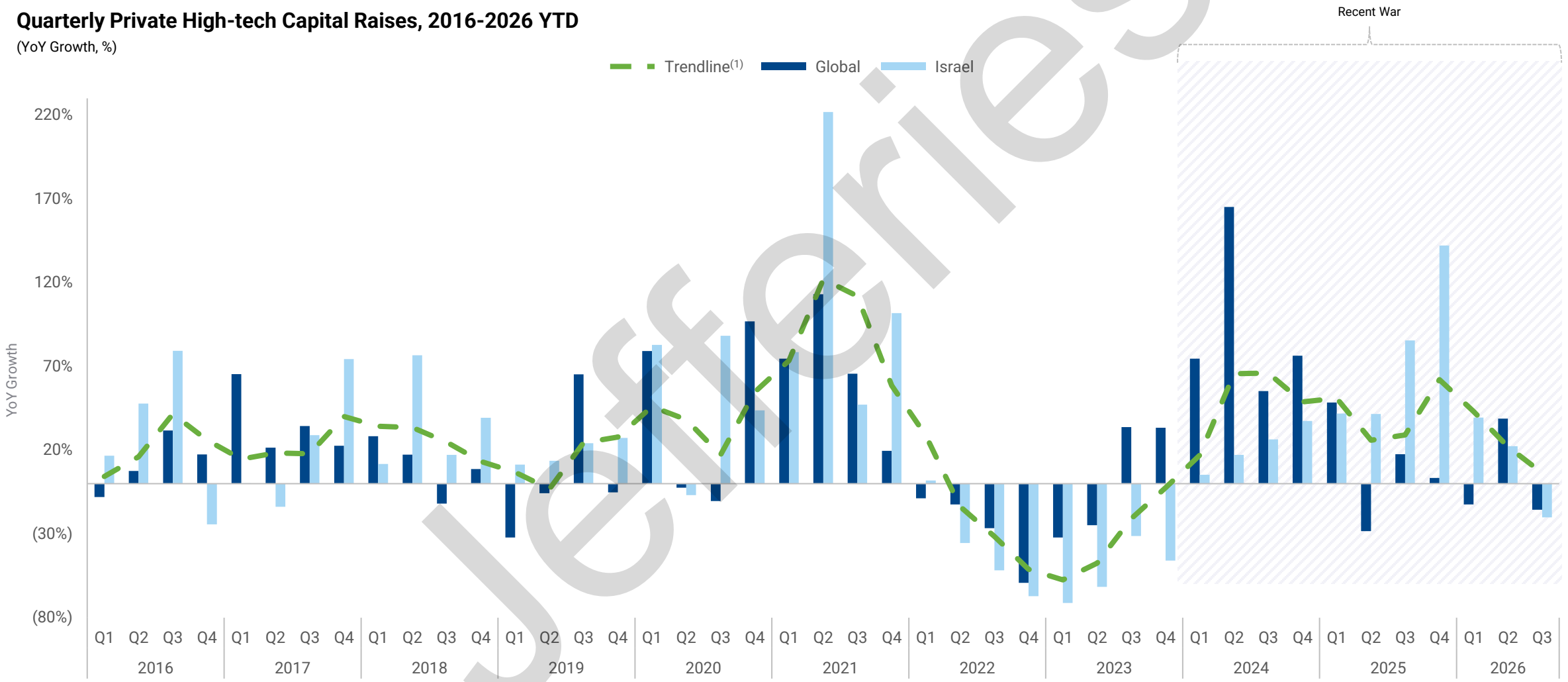
# Israeli and Global High-tech Fundraising Move in Near Lockstep

Israeli's high-tech capital formation is driven by global macro cycles, not local geopolitics. Since October 7, 2023, Israel has tracked – and recovered with – global peers, underscoring deep integration with international capital markets

**Quarterly Private High-tech Capital Raises, 2016-2026 YTD**

(YoY Growth, %)

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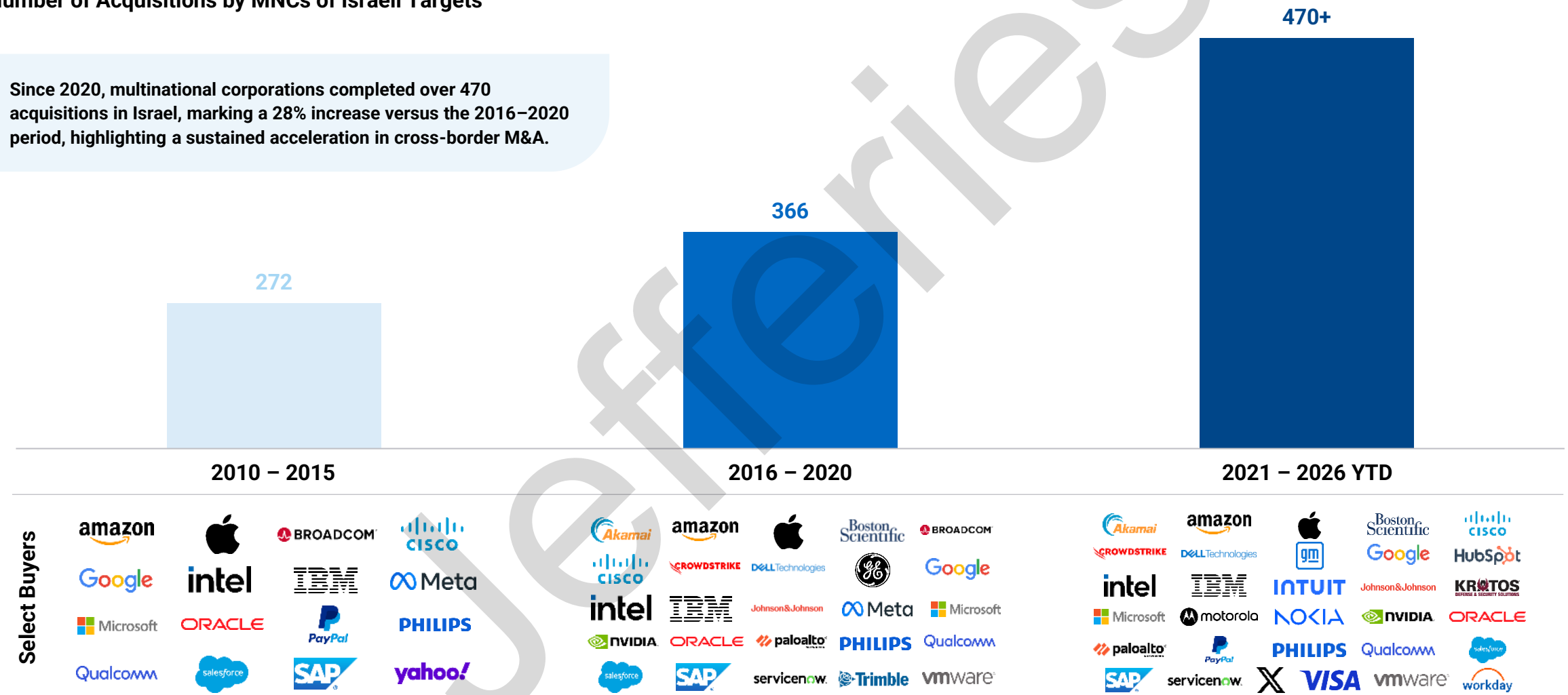
Source: Pitchbook and IVC Data as of October 30, 2026.
(1) 6-month moving average.

# Multinational Corporations Acquisitions in Israel

Rising multinational corporations' acquisitions highlight Israel's technology leadership and its position as a strategic acquisition hub for global corporates

**Number of Acquisitions by MNCs of Israeli Targets**

**Since 2020, multinational corporations completed over 470 acquisitions in Israel, marking a 28% increase versus the 2016–2020 period, highlighting a sustained acceleration in cross-border M&A.**

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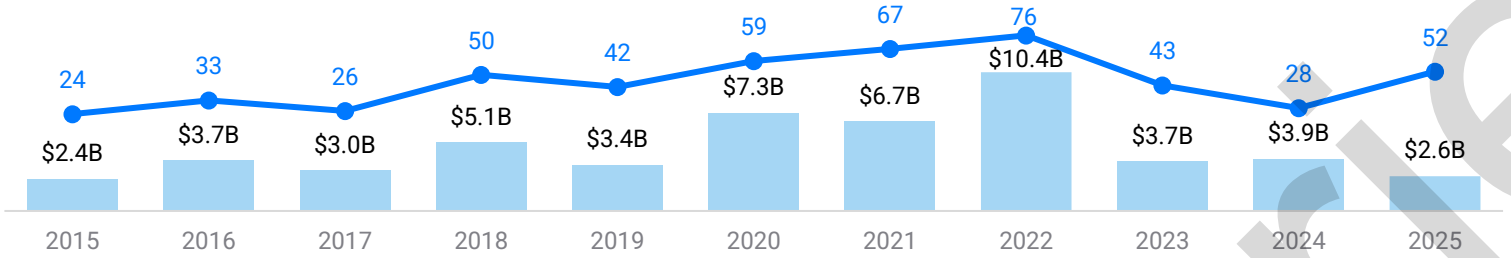
Source: IVC Data as of July 31, 2026.

# VC Fundraising and Investment Participation

## Israeli VC Fundraising Activity

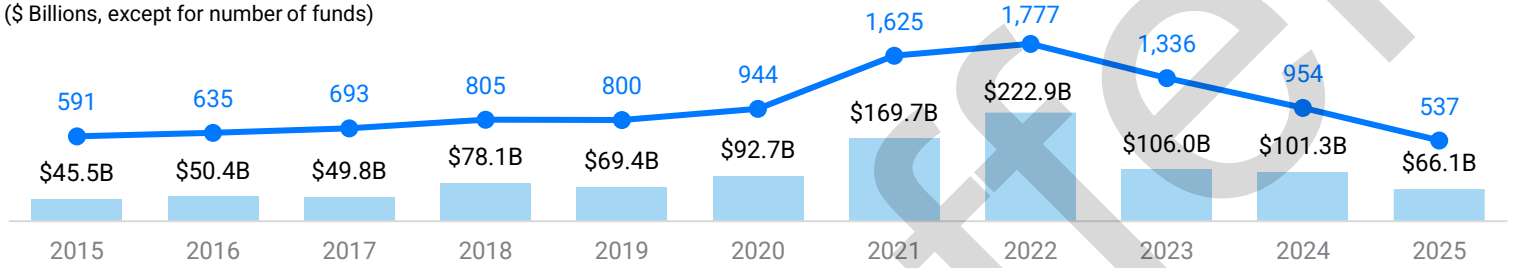
($ Billions, except for number of funds)

**Although Israeli VC fundraising has decreased in recent years, this trend is consistent with the global decline in VC fundraising activities.**



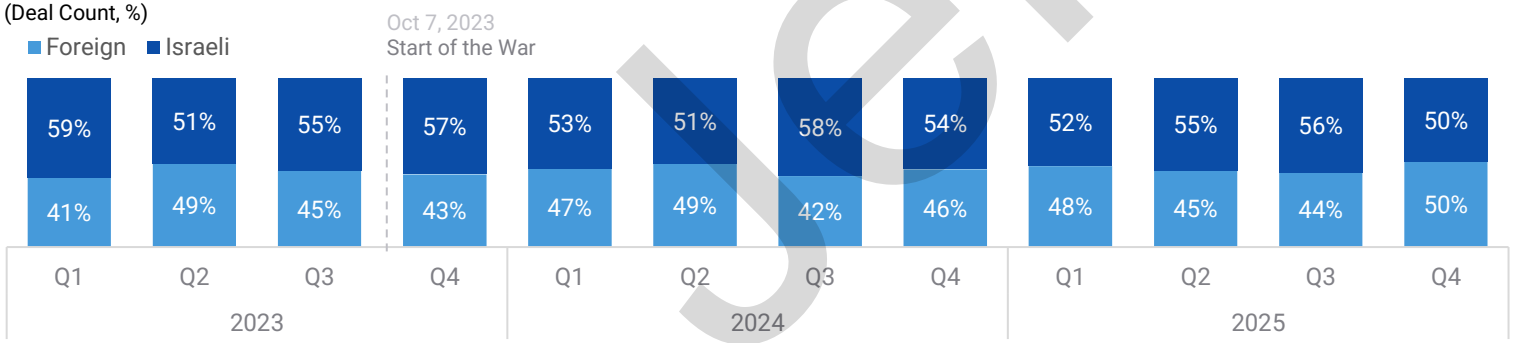

## United States VC Fund Raising Activity

($ Billions, except for number of funds)




## Foreign[(1)] vs Israeli Investors

(Deal Count, %)




## 2025 – VC Activity

In 2025, 52 Israeli funds raised a total of around $2.6B. While the total number of funds raised has increased by over 85% the total amount raised has decreased by 33% YoY.

In 2025, VC fundraising in the U.S. declined to ~$66.1B raised across 537 funds. With limited exits and liquidity, LPs are hesitant to allocate more capital to venture. Fundraising will likely be similar in 2026 until LPs receive their returns.

Follow-on investments accounted for nearly half of all investments in 2025.

In 2025, 53% of all investment rounds by deal count were Seed rounds, reflecting a decrease from 55% in 2024.

More than 1,860 investors – spanning both foreign and local funds – participated in Israeli deals during 2025.

Global funds remained relatively constant compared to 2024 and contributed to over 50% of total deal count in 2025.

Corporate VCs made up less than 5% of total first-time investments in 2025.

Source: Pitchbook, IVC Data as of February 18, 2026.
(1) Foreign Funds are defined as funds with headquarters outside of Israel.

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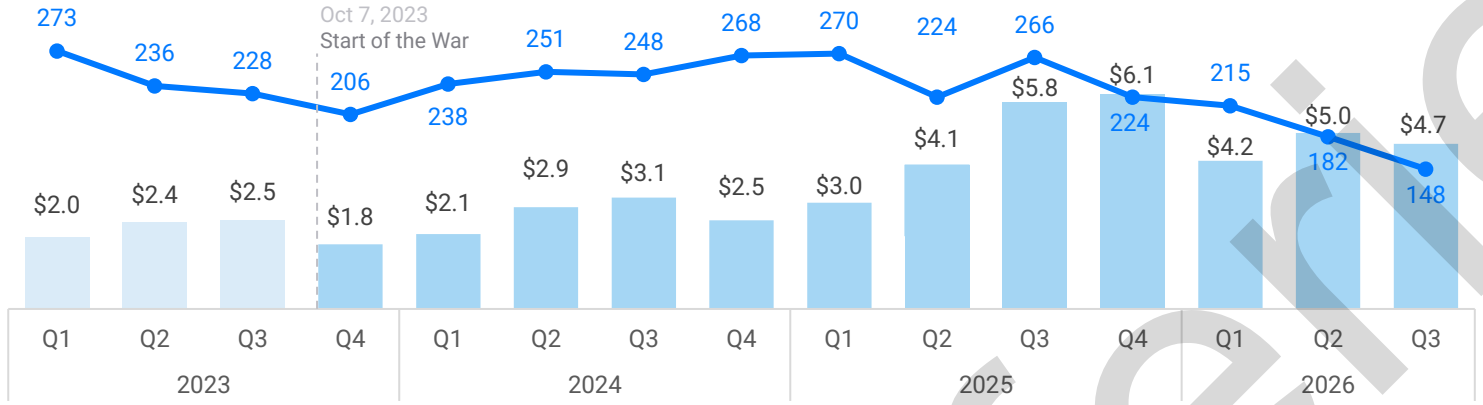
# High-tech Company Capital Raising

## Total Capital Raised and Number of Deals[1]

($ Billions, except for number of deals)

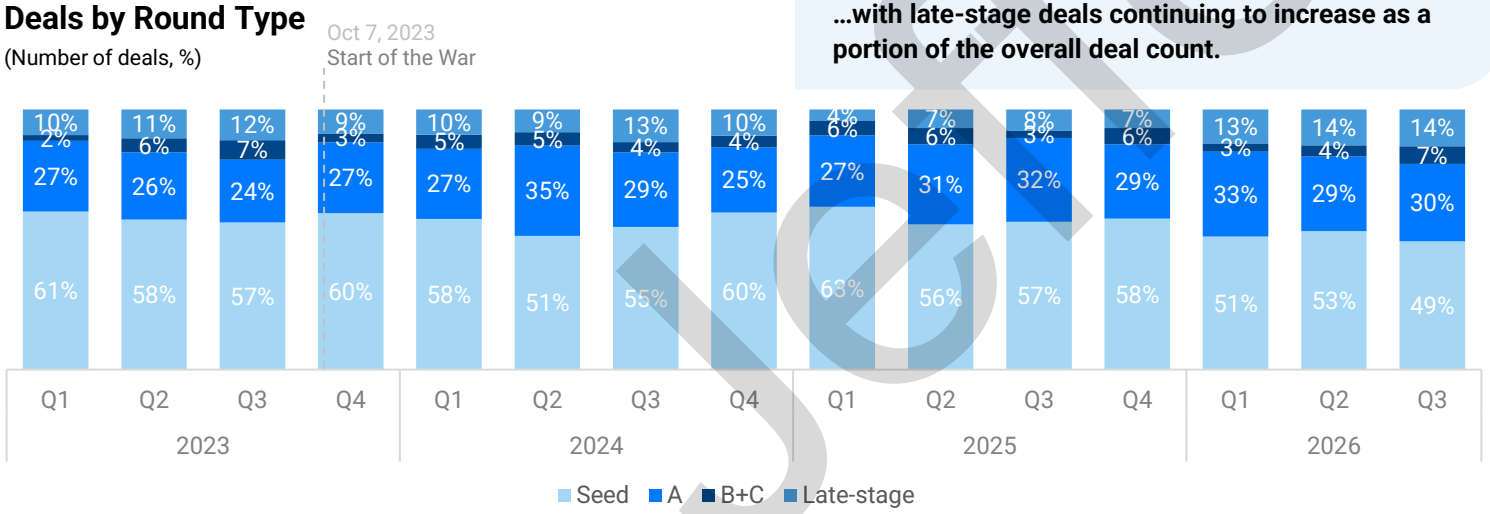
**The total dollar amount of capital raised during the recent conflict is greater than before it…**




## Deals by Round Type

(Number of deals, %)

**…with late-stage deals continuing to increase as a portion of the overall deal count.**



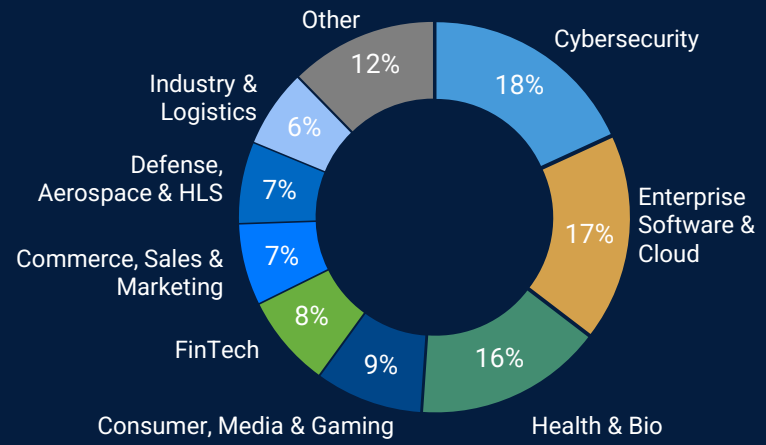

Source: IVC Data and Dealigence as of November 1, 2026.

(1) Includes both private and public Israeli tech companies.

## Key Highlights

In 2026 YTD, Israel's private tech sector raised an estimated $9.1B across ~367 funding rounds, with an average round size of $24.8M. Compared to the same period in 2025, total capital raised increased by 28% while the number of rounds decreased by 24%, and the average round value increased by 70% from $14.6M. This shift indicates a maturing ecosystem and is consistent with the ongoing adjustment of global and domestic investment patterns, where capital is concentrated in fewer but larger transactions.

### Capital Raising by Key Sectors in 1H'26

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# Select Notable Capital Raises Since January 2025

## KEY HIGHLIGHTS

In 2026 YTD, Israel's private tech sector raised an estimated $14.1B across ~520 funding rounds, with an average round size of $27.1M. AI infrastructure led activity, headlined by DriveNets $410M and Decart's $300M rounds, followed by defense-tech, with Kela raising $200M. Cybersecurity remained a core theme, while enterprise AI applications, healthcare, and quantum computing also drew sizable rounds.

This concentration reinforces a maturing ecosystem where capital is increasingly directed toward fewer but larger transactions across strategically prioritized themes.

| | | | | | |
|---|---|---|---|---|---|
| October 2026 upwind $400M | September 2026 Island $400M | September 2026 cyera $400M | September 2026 BUILDOTS $130M | September 2026 lyte $165M | September 2026 wonderful $550M |
| September 2026 HiBob $166M | August 2026 zenity $125M | July 2026 ONYX $113M | June 2026 DREAM $260M | June 2026 CYERA $600M | June 2026 Coralogix $200M |
| June 2026 DRIVENETS $410M | May 2026 Xsight $300M | May 2026 Decart $300M | May 2026 Kela $200M | March 2026 wonderful $150M | March 2026 VAST $1.0B |
| February 2026 Fundamental $255M | February 2026 tomorrow.io $175M | January 2026 upwind $250M | January 2026 CLAROTY $150M | January 2026 torq $140M | January 2026 CYERA $400M |
| December 2025 syremis THERAPEUTICS $165M | December 2025 vega $120M | December 2025 Quantum Art $140M | December 2025 port $100M | December 2025 EON $300M | November 2025 wonderful $100M |

Source: Company filings, Pitchbook, IVC Data, Calcalist, and Globes as of November 1 , 2026.

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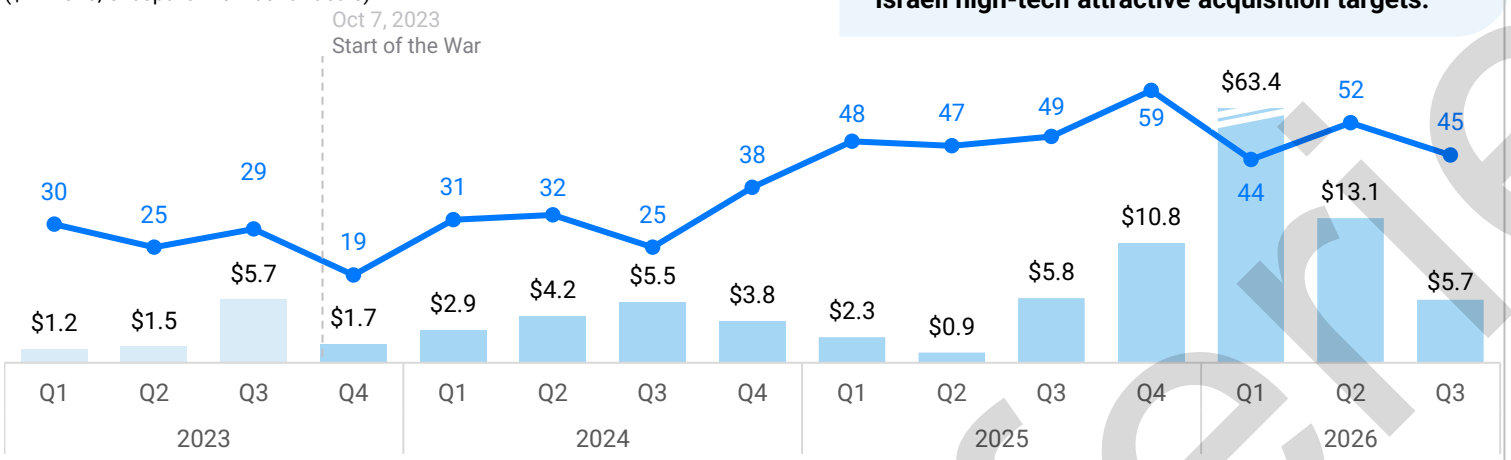
# High-tech Company Exits

## Exit Transactions that have Closed(1)

($ Billions, except for number of deals)

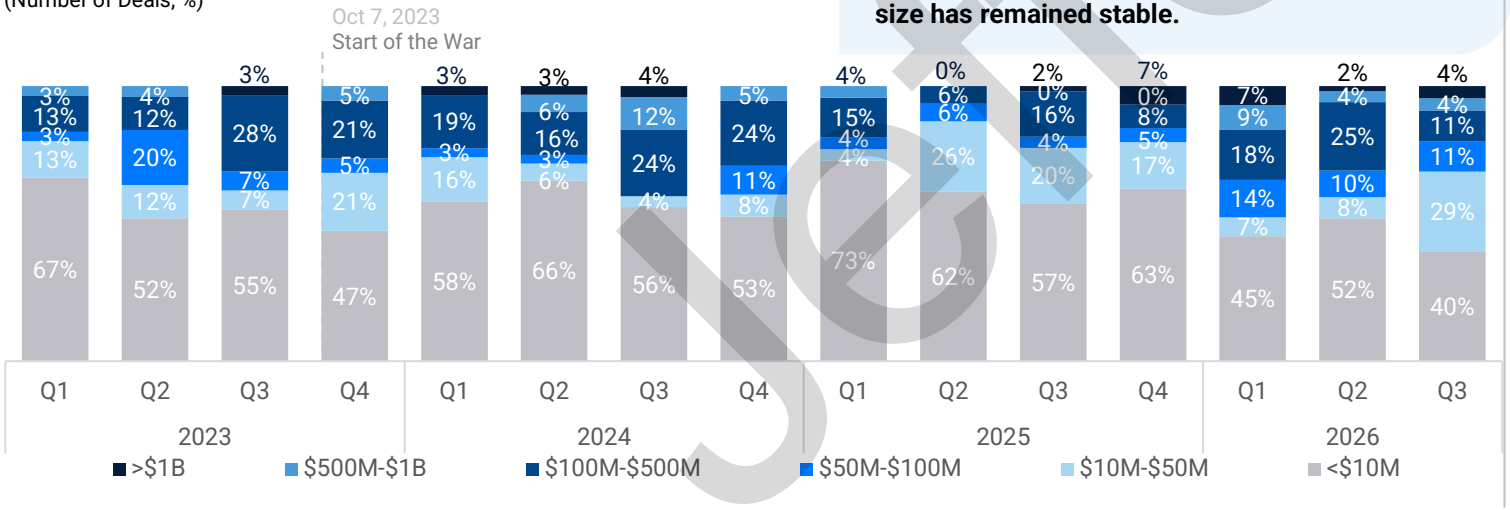
**Global corporations and financial institutions find Israeli high-tech attractive acquisition targets.**




## Deal Breakdown by Size

(Number of Deals, %)

**Though the number of deals has increased, the size has remained stable.**

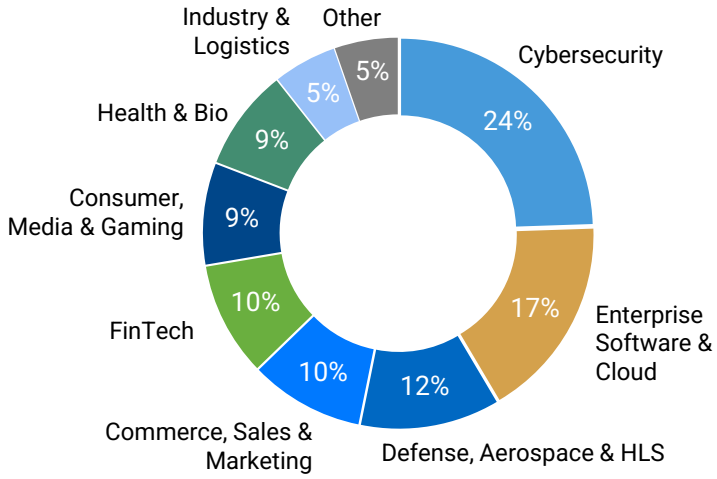



Source: IVC Data and Dealigence, as of November 1, 2026.
(1) Transactions across M&A that have closed.

## KEY HIGHLIGHTS

In addition to foreign acquisitions, the evolving maturity of the Israeli tech ecosystem is fostering outbound M&A activity. For example, Cyera's $1.0B acquisition of Oasis and NICE's $955M acquisition of Cognigy exemplify this trend, signaling the rise of Israeli firms as active acquirers and not just targets. Notably, this year Jefferies advised Matrix on its merger with Magic, the largest public-to-public Israeli tech merger to date, forming one of the world's largest IT services companies with a ~$3.4B market cap as of its signing announcement. This shift enhances Israel's role in shaping global tech markets and encourages the development of larger, more competitive enterprises within Israel itself.

## Exits by Key Sectors in 1H'26(2)




(2) Dealigence, as of September 15, 2026.

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# Select Notable Acquisition Announcements Since January 2024

## KEY HIGHLIGHTS

2026 has been so far a landmark year for M&A, with 142 deals and a cumulative transaction value of $82.2B announced. In 2025, financial sponsors increased participation through take-privates, including Thoma Bravo's $2.0B acquisition of Verint and Advent's $2.5B acquisition of Sapiens, as well as domestic asset acquisitions such as Apax's $950M acquisition of Yad2. On the strategic side, Apple's ~$2.0B acquisition of Q.ai marked the tech giant's second-largest acquisition ever, underscoring continued strategic appetite for Israeli innovation.

Importantly, even when excluding the mega-deals seen in 2025, the value of M&A announcements reached $17.5B, surpassing previous record years such as 2024 ($15.5B) and 2019 ($16.4B). This demonstrates that Israel's M&A market is not solely dependent on isolated blockbuster transactions but rather has developed sustained momentum supported by a broad base of deal activity.

| | | | | |
|---|---|---|---|---|
| November 2026<br>PERION affle<br>$420M | October 2026<br>CLASSIQ intel<br>$2.3B | October 2026<br>VARONIS proofpoint<br>$6.3B | September 2026<br>bluevine Valley<br>$340M | August 2026<br>BioCatch VISA<br>$2.4B |
| July 2026<br>OASIS CYERA<br>$1.0B | June 2026<br>Payoneer nuvei<br>$2.8B | June 2026<br>D-FEND motorola<br>$1.5B | April 2026<br>dustphotonics CREDO<br>$1.3B | February 2026<br>KOI paloalto<br>$400M |
| January 2026<br>Q.ai<br>$2.0B(1) | January 2026<br>CROWDSTRIKE seraphic<br>$400M | December 2025<br>ARMIS servicenow<br>$7.8B | December 2025<br>yad2 Apax<br>$950M | November 2025<br>CARBYNE AXON<br>$625M |
| August 2025<br>VERINT THOMABRAVO<br>$2.0B | August 2025<br>SAPIENS Advent<br>$2.5B | July 2025<br>COGNIGY NiCE<br>$955M | July 2025<br>CYBERARK paloalto<br>$25.0B | June 2025<br>melio xero<br>$2.5B |
| March 2025<br>WIZ Google<br>$32.0B | March 2025<br>NEXT Munich RE<br>$2.6B | March 2025<br>PayU Rapyd<br>$610M | January 2025<br>INFINIDAT Lenovo<br>$500M(1) | December 2024<br>PARAGON ae Industrial Partners REDLattice<br>$900M(1) |

Source: Company filings, Pitchbook, IVC Data, Calcalist, and Globes as of November 1, 2026. Note: Not all acquisitions have closed as of this report date.
(1) Valuation according to news outlets. Companies did not disclose transaction value.

Jefferies

# High-tech Outlook: Select Sectors in 2026



Jefferies

SELECT SECTOR SPOTLIGHT

# 2026 Investor Focus

## ADG (Aerospace, Defense & Government)

The number of Israeli defense-related startups has significantly increased, doubling in the past year. Funding has also risen in 2025 to a total of $440 million, with more foreign and private investment in early-stage technologies.

Israeli defense technology is internationally recognized as IDF veterans are known for establishing world-class defense-tech startups, combining battle-tested military proficiency with wide-ranging applicability. As governments globally encounter increasing defense challenges, Israel's technology offers scalable and high-performance solutions to address contemporary threats.

## Cybersecurity

As in previous years, cybersecurity continued to dominate the capital raising landscape, attracting over $8B. This trend shows no signs of slowing down, given that global cybersecurity threats are continually increasing.

Most Israeli cybersecurity startup founders are alumni of military cyber defense programs such as 8200, top academic institutions, and mature cybersecurity firms. This network, developed over 30+ years, has created a talent flywheel effect in establishing new cybersecurity startups.

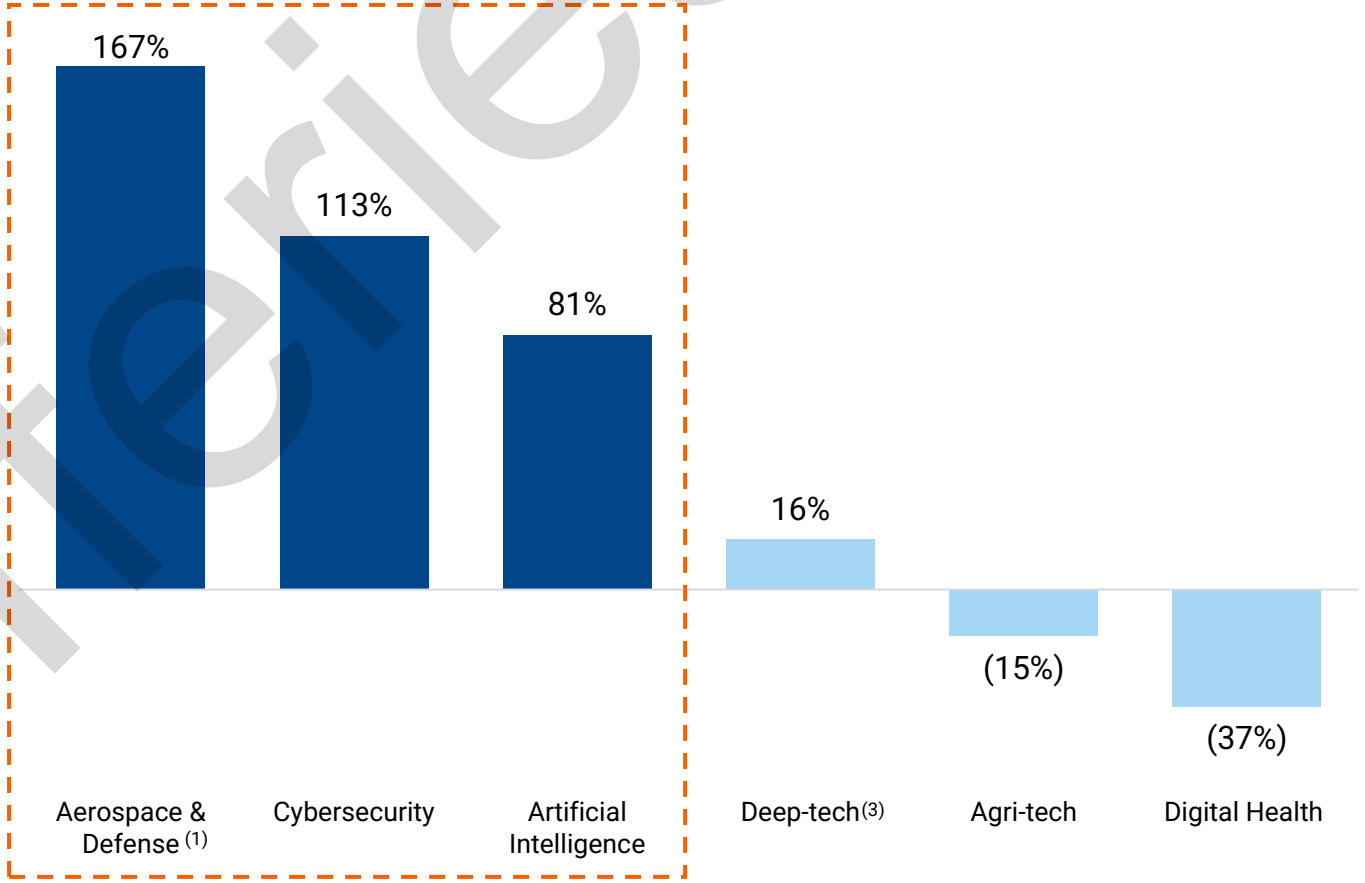
## AI

AI startups surged in total capital raised driven by companies developing AI tools for businesses across multiple industries with vast applications totaling $15B.

## There is a Global Technology Arms Race, Creating a Generational Opportunity to Invest in Israeli Breakthrough Technologies

### 2025 Year Over Year Growth in Israeli High-tech Capital Raise by Select Verticals

(%, Growth in Amount of Capital by USD)




Source: Startup Nation Central and IVC Data as of February 18, 2026.

(1) Defined by Startup Nation Central which includes space-tech and HLS.

(2) Defined by IVC as companies which create systems that mimic human intelligence using techniques like machine learning, NLP, computer vision, and robotics.

(3) Defined by IVC as companies focused on innovations rooted in advanced scientific research, including quantum computing and biotechnology.

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# Defense-tech: Global Trends

**The ADG sector** is currently undergoing significant changes, driven by the understanding that future warfare will be influenced more by advanced technology than by the quantity of traditional military equipment.

**The geopolitical environment** is evolving, military budgets are increasing, and innovation in modern warfare has become increasingly important.

**NATO and European allies'** defense spending is being spearheaded by a necessary rearmament.

### AI & MACHINE LEARNING

**37%+ CAGR**
Global AI / ML Market Expected to Grow to $1+ Trillion by FY '30

AI-enabled, real-time intel for warfighters is a major priority of the JADC2 framework.

DoW remains focused on integrating machine learning into existing analysis methodologies, including warfighting decision-making, down to backend office functions.

### C4ISR

**4%+ CAGR**
C4ISR Spending is Expected to Reach $145+ Billion by FY '27

Surveillance and reconnaissance and tactical communications are expected to remain the largest segments.

Processing power is moving to the "edge" as a strategic enabler.

### CYBERSECURITY & CLOUD

**13%+ CAGR**
Global Cyber & Cloud Market Expected to Grow to $78+ Billion by FY '26

Effective cybersecurity requires agile, proactive and reactive defenses that involve a combination of software, hardware and systems.

Fundamental levels of security are expected to be incorporated into every technology deployment.

### SPACE SUPERIORITY AND HYPERSONICS

**14%+ CAGR**
Directed Energy Weapons and Hypersonics Market Expected to Grow to $20+ Billion by FY '27

US DoW is prioritizing increasingly sophisticated space programs to counter symmetric threats from foes.

The US SDA and MDA are creating both offensive and defensive responses to emerging threats, with hypersonics and direct energy being two priority focus areas.

### TRUSTED MICROELECTRONICS

**6%+ CAGR**
Global Defense Electronics Market Expected to Grow to $250+ Billion by FY '28

The DoW has a stated priority to ensure the US defense supply chain is free of tampering from outside near-peer threats (China, Russia).

Most recent defense budget has dedicated an investment of $375M towards state-of-the art microelectronics production and testing.

### UNMANNED AUTONOMOUS SYSTEMS

**15%+ CAGR**
Autonomy / Unmanned Systems Market Expected to Grow to $15+ Billion by FY '30

Recent conflicts have led to a systemic shift in warfare and need for attritable aircraft.

Primary funding has been allocated towards air, but marine and ground have begun receiving significant traction.

GPS-denied operations remains a key investment focus.

Source: White House, Department of War, Frost & Sullivan, Markets and Markets, Market Data Forecasts and Wall Street equity research.

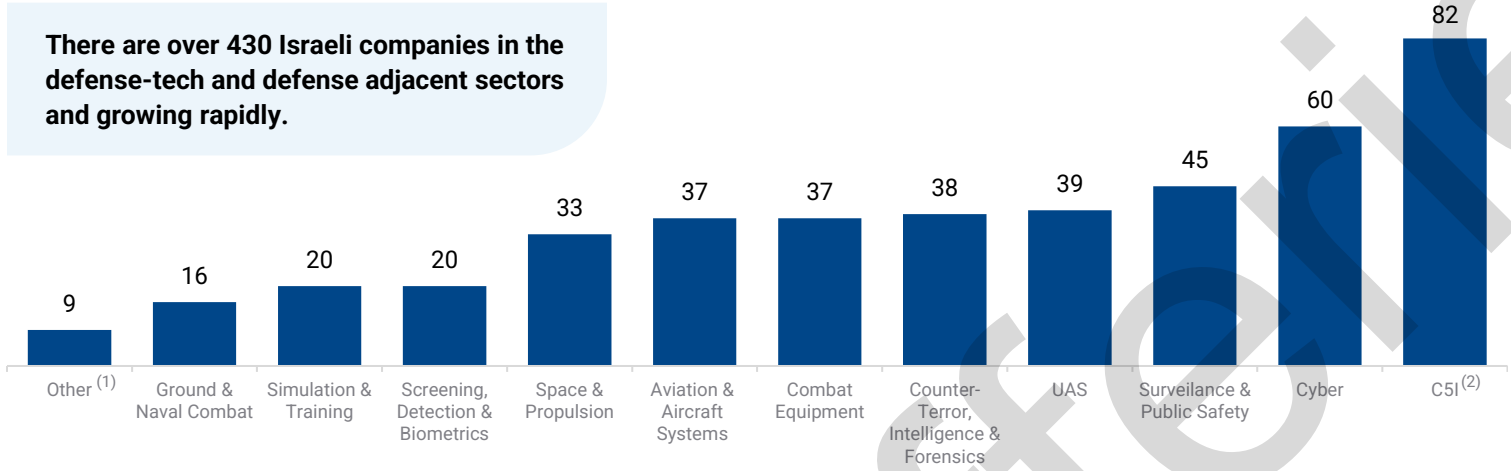
# Defense Technology – Spotlight On Israel

Driven by necessity and supported by a strong military background, Israel's defense-tech sector is evolving into a robust ecosystem

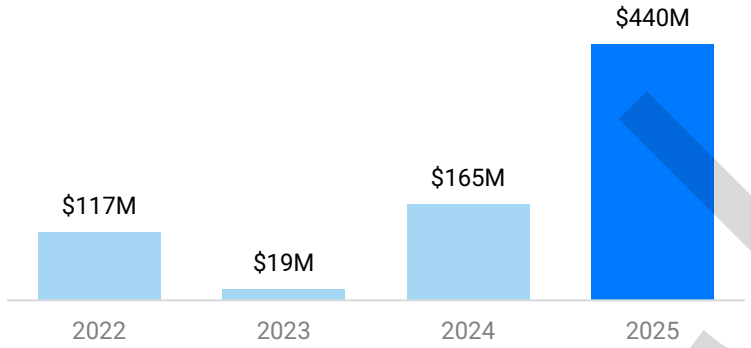
## Total Number of Companies by Sector

(Includes companies with dual use applications expanding beyond its sector)

**There are over 430 Israeli companies in the defense-tech and defense adjacent sectors and growing rapidly.**




## Total Defense Tech Private Capital Raised




"

THE WALL STREET JOURNAL.

**Israel's Defense Industry Booms on Foreign Demand and War at Home – January 9, 2025**

*Israel will still need to recruit at least 6,000 more employees in the defense industry to meet the future demands.*

– Dr. Ron Tomer, President of the Manufacturers Association of Israel

Source: Startup National Central, Dealigence, The Wall Street Journal, Globes, Breakingdefensetech.com.
(1) Includes Precision Effectors & Munitions and Military Cyber & Secure Comms
(2) Command, Control, Communications, Computers, Cyber, and Intelligence.

## Recent Israeli Defense Technology Events

October 2026 – Israel signed a €150M defense agreement with Cyprus, under which Israel Shipyards will deliver an advanced offshore patrol vessel equipped with Rafael defense systems and upgrade an existing Cypriot vessel.

September 2026 – Covenant, which developed a long-range, heavy-payload weapon system, emerges from stealth with $250+ million round with participation from Andreessen Horowitz, Lightspeed, and Founders Fund.

September 2026 – Ondas expands Israel presence with acquisitions of 4 Israeli companies: Gate, and then Insignito, Ottopia Defense, and Caribou Labs.

July 2026 – Greece approved the "Achilles Shield" program, including the planned acquisition of $3.5B of Israeli defense systems, including IAI's Barak MX, Tomer-manufactured rocket motors, and Rafael's David's Sling.

June 2026 – Israel's Ministry of Defense reported record 2025 defnse exports of $19.2B, up about 30% year over year and the fifth straight record year.

June 2026 – Motorola Solutions acquired Israeli defense-tech company D-Fend Solutions for $1.5B, expanding its capabilities in counter-drone technologies.

May 2026 – Kela Technologies, a platform enabling Western militaries to integrate commercial technologies, raises $200 million round from Stripe, D1 Capital Partners, and Sequoia Capital.

February 2026 – Israel signed an $8.6B arms deal with India, expanding military cooperation through precision munitions, long-range missiles, and autonomous attack systems

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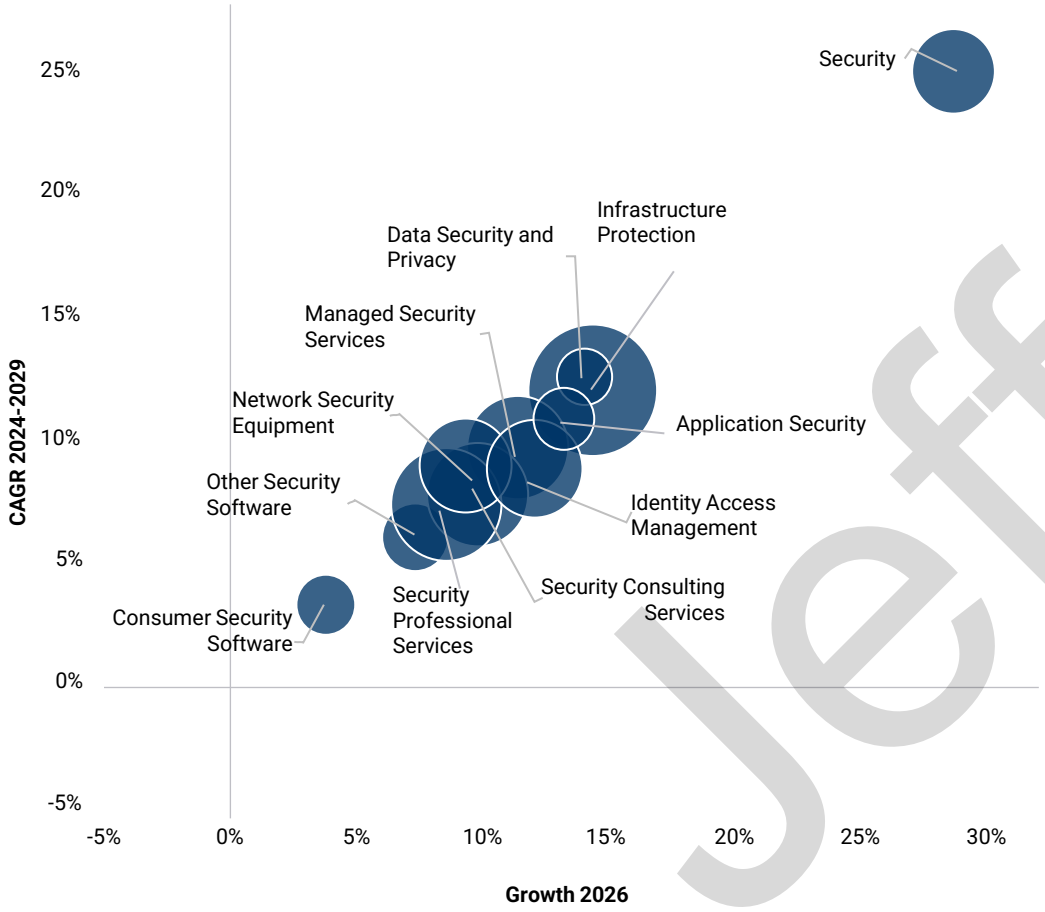
# Cybersecurity: Global Trends

Spending on information security is expected to grow to $244B in 2026, with a constant currency growth of 11.6%. Organizations will boost security spending to address threats and enhance resilience. Cybersecurity products should deliver AI-driven benefits and secure AI usage

**SECURITY END-USER SPENDING GROWTH BY SEGMENT, GLOBALLY**




**SECURITY END-USER SPENDING FORECAST BY SEGMENT, GLOBALLY (USD)**

| | 2024 | 2029E | 2024-2029E CAGR |
|---|---|---|---|
| **Cloud Security** | $10.3B | $32.4B | 25.7% |
| **Data Security and Privacy** | $5.8B | $10.9B | 13.4% |
| **Infrastructure Protection** | $32.1B | $58.5B | 12.7% |
| **Application Security** | $7.7B | $13.2B | 11.5% |
| **Managed Security Services** | $25.5B | $42.2B | 10.5% |
| **Network Security Equipment** | $21.3B | $33.3B | 9.3% |
| **Identity Access Management** | $18.7B | $29.0B | 9.2% |
| **Security Consulting Services** | $24.2B | $36.6B | 8.6% |
| **Security Professional Services** | $27.3B | $40.8B | 8.3% |
| **Other Security Software** | $12.1B | $16.7B | 6.7% |
| **Consumer Security Software** | $8.3B | $10.1B | 4.0% |

Source: Gartner report – Forecast Analysis: Information Security, Worldwide as of February 5, 2026.

Jefferies

# Cybersecurity: Israel

With global cybersecurity threats not slowing down, Israel will continue to be a major player in cybersecurity in 2026 and beyond

## KEY HIGHLIGHTS

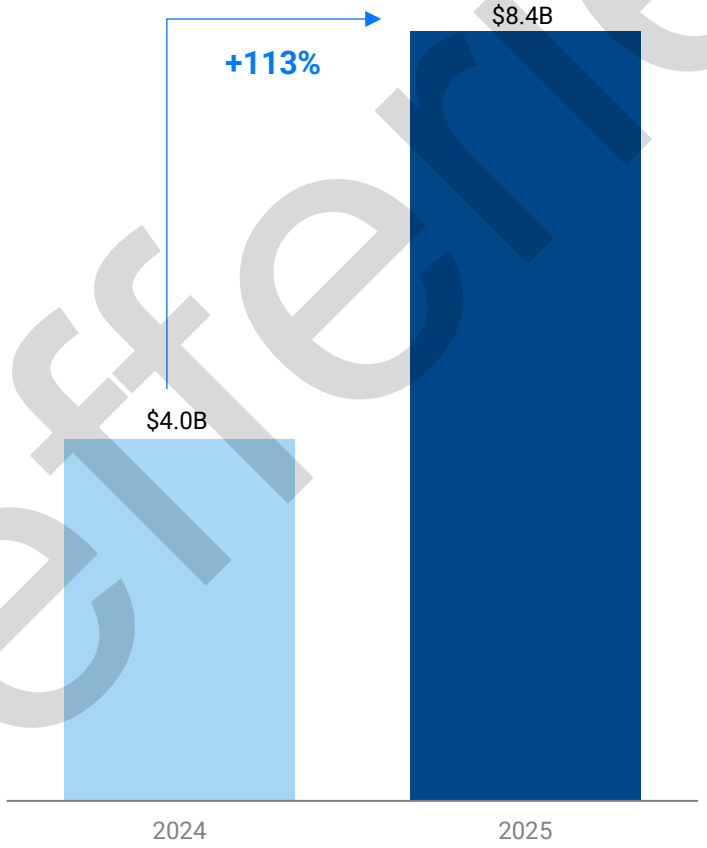
Cybersecurity has become one of the most strategically vital sectors in the global technology landscape, driven by escalating digital threats, and the need to safeguard critical infrastructure. Amid these global shifts, Israel has emerged as a world leader in cybersecurity innovation, investment, and impact.

The Israeli cybersecurity sector, which accounts for 7% of the overall tech ecosystem, currently boasts over 500 active companies. This sector has demonstrated remarkable growth over the past decade, surging by 65% from 319 companies in 2015 to a peak of 526 in 2025. With many of the companies being led by repeat founders who've built and exited successful cybersecurity companies.

Additionally, cybersecurity's importance to investors is evident by its share of tech investments, which has been around 25% over the past seven years and even higher, at 33%, in the most recent two years.

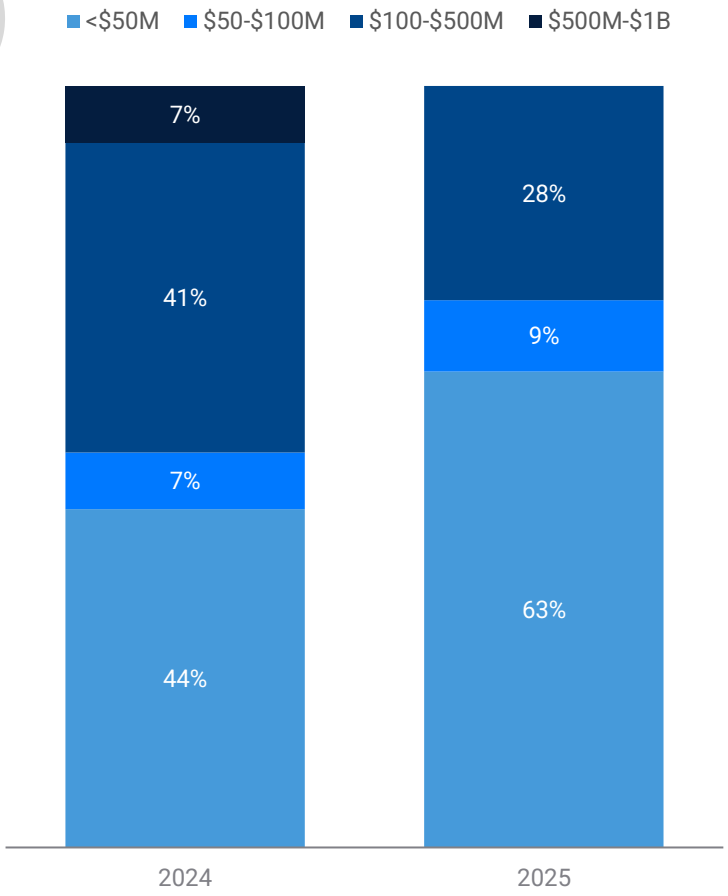
In 2025, cybersecurity remains extremely attractive with no sign of slowing down as evident in Google's $32 billion announced acquisition of Wiz, and Palo Alto Networks' $25.0B acquisition announcement of CyberArk.

**Cybersecurity Capital Raisings**




**Cybersecurity Exits by Size**

(Number of Deals, %)



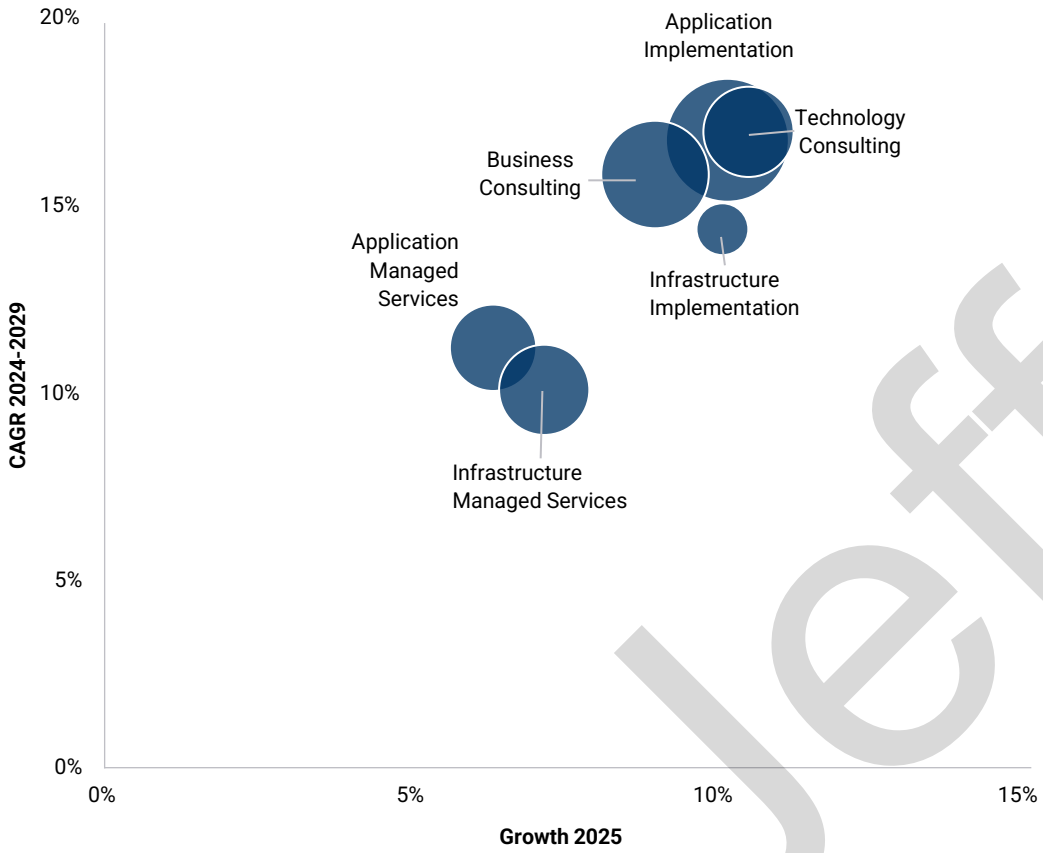

Source: IVC Data, Times of Israel as of February 12, 2026.

Jefferies

# AI: Global Trends

By 2029, annual AI services spending will reach $516 billion, with composite AI accounting for 66%. Near-term demand will focus on productivity augmentation. As the market matures, organizations will invest in services to implement agentic AI, workflow redesign and enterprise-wide AI integration

**AI SERVICES SPENDING GROWTH BY SEGMENT, GLOBALLY**




**AI SERVICES SPENDING FORECAST BY SEGMENT, GLOBALLY (USD)**

| | 2024 | 2029E | 2024-2029E CAGR |
|---|---|---|---|
| **Technology Consulting** | $37.3B | $81.6B | 17.0% |
| **Application Implementation** | $72.9B | $158.1B | 16.7% |
| **Business Consulting** | $57.7B | $120.5B | 15.9% |
| **Infrastructure Implementation** | $14.6B | $28.4B | 14.2% |
| **Application Managed Services** | $34.8B | $59.2B | 11.2% |
| **Infrastructure Managed Services** | $42.2B | $68.2B | 10.1% |

Source: Gartner report – Forecast Analysis: Artificial Intelligence Services, Worldwide as of September 2, 2025.

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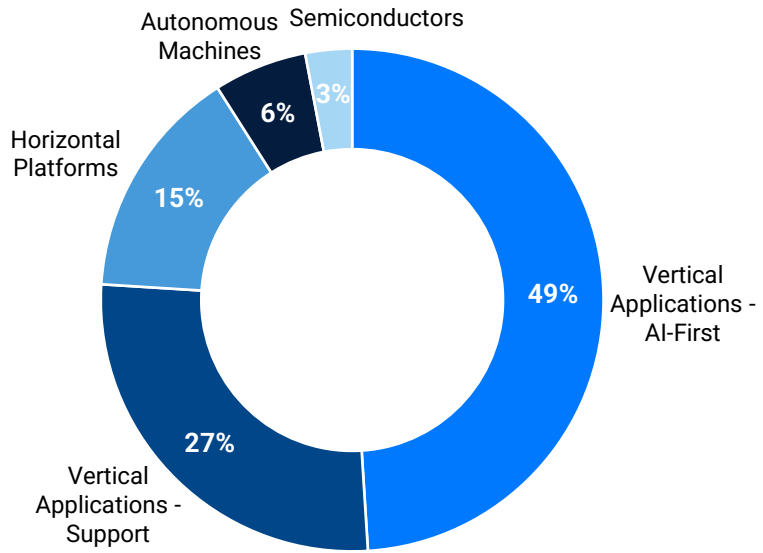
# AI: Israel

Israel ranks third globally for Generative AI development and is continuing to invest to grow its position in the industry

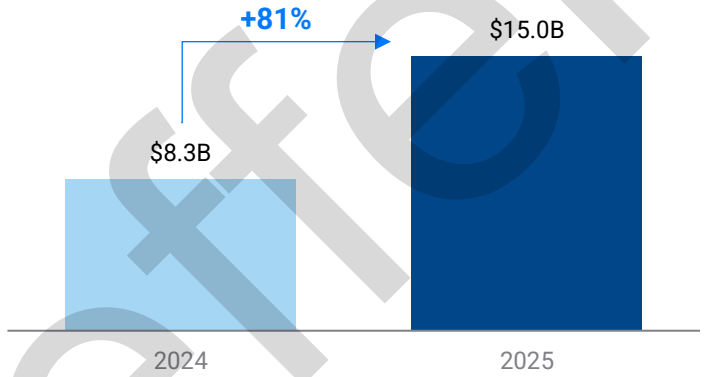
## AI Companies Across Key Segments

As a % of the number of companies




## AI – Total Private Capital Raised

**Israel's AI ecosystem excels in Applied AI with expertise across industries. Supported by government initiatives, multinational R&D centers, local VCs, and strong incubator programs, Israel's AI startups are poised for continued growth in 2026.**




## CONTEXTUAL DEFINITIONS

- **Vertical Applications, AI-First:** AI is the core engine of an industry-specific product and the primary source of differentiation.
- **Vertical Applications, Support:** AI augments existing industry workflows, improving performance inside established processes.
- **Horizontal Platforms:** Cross-industry infrastructure and tooling that enable others to build, deploy, and operate AI.
- **Autonomous Machines:** AI applied directly to physical systems such as robotics and autonomous technologies.
- **Semiconductors:** Compute and hardware foundations that support AI training and inference.

## Israeli AI Ecosystem

Most AI companies in Israel are vertically focused, accounting for 76% of the ecosystem. Nearly half are classified as Vertical Applications, AI-First. While this group represents a similar share of funding events, it captures only 27% of total funding value, reflecting smaller average rounds. The same pattern appears in exits: these companies account for 36% of AI M&A events but only 9% of total M&A value, pointing to earlier-stage and lower-value acquisitions.

Horizontal Platforms represent only 15% of AI companies yet capture 56% of funding value and 52% of M&A value due to much higher amounts per event.

Israel's AI funding reflects global trends, with Horizontal Platforms capturing a dominant share of capital, consistent with the majority of AI investment worldwide and reinforced by Apple's ~$2B acquisition of Q.ai.

While in Israel AI Semiconductor companies did not generate significant M&A volume, globally they are dominant in the M&A scale.

Source: Startup Nation Central annual report 2025, and IVC Data as of February 12, 2026.

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# Appendix



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# Jefferies Israel Group

Dedicated Team with a differentiated approach to Israel coverage with local connectivity, coupled with senior institutional support and global sector expert partners

## SENIOR SUPPORT AND COMMITMENT FROM THE TOP OF THE HOUSE



**Rich Handler**
Chairman & CEO



**Brian Friedman**
President



**Raphael Bejarano**
Global Head of Investment Banking and Capital Markets

## INVESTMENT BANKING



**Natti Ginor**
Managing Director, Head of Israel Coverage Group



**Elad Narkiss**
Managing Director



**Yosef Angster**
Vice President



**Shoshana Oster**
Vice President



**Nadav Raziel**
Associate



**Shani Amram**
Associate



**Rami Fischberger**
Analyst



**Michael Barak**
Analyst



**Ilay Tadmor**
Analyst



**Noy Shidlovsky-Schorr**
Associate, Business Manager

## FIXED INCOME TRADING



**Yoash Zabary**
Managing Director, Head of Fixed Income Israel Sales

## EQUITY SALES



**Lior Shimonovich**
Managing Director, Head of Israel Equity Sales



**Nimrod Tevet**
Vice President

## CORPORATE ACCESS



**Shirly Lewkowicz**
Vice President, Head of Israel Corporate Access

- Team members **strategically located in Tel Aviv, New York, and London**, embodying the global identity that Israeli companies hold by nature
- **Remote member of the Tel Aviv Stock Exchange and an approved foreign underwriter by the Israel Securities Authority**, enabling the globalization of TASE-listed companies and optimizing valuation through increased liquidity
- Jefferies Equity Research **covers more Israeli public companies than any other global investment bank**: 45+ Israeli and Israeli-related public stocks, 25 of which are listed on the Tel Aviv Stock Exchange

Israel's #1 Investment Bank in 2025(1)

Jefferies

Leading the market in deal count

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

(1) Ranking based on deal count by calendar year according to Dealogic Data for Israel-based Fee Payer.

# Jefferies Israel Economic Research in Collaboration with Leader Capital Markets

## Jefferies and Leader Capital Markets' Weekly Israel Macroeconomic Report:

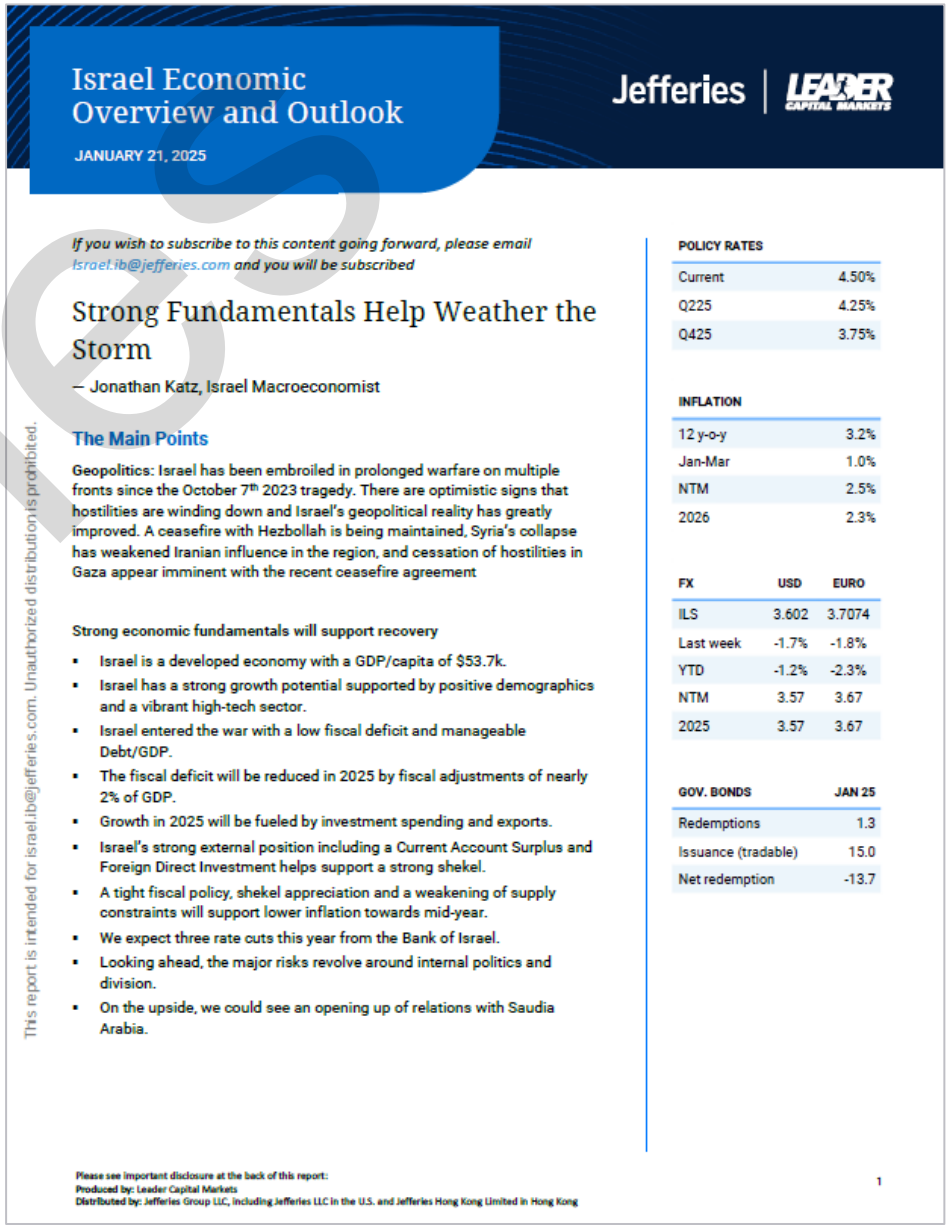
- Offers key insights regarding Israel's macroeconomic trends, public and private capital markets, fiscal policy, and fixed income securities
- A source of thoughtful expertise around geopolitical nuances and local market complexities as it relates to the Israeli ecosystem



### Jonathan Katz, Israeli Macro Strategist

A leading authority on Israel's macroeconomics and financial markets, Jonathan has been involved with macro economic forecasting of the Israeli economy since 1989, specializing in inflation forecasting, the Shekel and the bond market.

Jonathan authors a regular macroeconomic newsletter for institutional clients. He served for seven years as Chief Economist of the Budget Department at Israel's Ministry of Finance, then establishing his own private macroeconomic forecasting firm. Jonathan's years at the Budget Department provided him with a thorough understanding of fiscal policy. He specializes in the analysis of overall government accounts and in the cost-benefit analysis of government departments. Previously, he was an economic consultant to the HSBC EMEA research team.



Israel Economic Overview and Outlook

JANUARY 21, 2025

Jefferies | LEADER CAPITAL MARKETS

*If you wish to subscribe to this content going forward, please email Israel.ib@jefferies.com and you will be subscribed*

Strong Fundamentals Help Weather the Storm

– Jonathan Katz, Israel Macroeconomist

The Main Points

Geopolitics: Israel has been embroiled in prolonged warfare on multiple fronts since the October 7th 2023 tragedy. There are optimistic signs that hostilities are winding down and Israel's geopolitical reality has greatly improved. A ceasefire with Hezbollah is being maintained, Syria's collapse has weakened Iranian influence in the region, and cessation of hostilities in Gaza appear imminent with the recent ceasefire agreement

Strong economic fundamentals will support recovery

- Israel is a developed economy with a GDP/capita of $53.7k.
- Israel has a strong growth potential supported by positive demographics and a vibrant high-tech sector.
- Israel entered the war with a low fiscal deficit and manageable Debt/GDP.
- The fiscal deficit will be reduced in 2025 by fiscal adjustments of nearly 2% of GDP.
- Growth in 2025 will be fueled by investment spending and exports.
- Israel's strong external position including a Current Account Surplus and Foreign Direct Investment helps support a strong shekel.
- A tight fiscal policy, shekel appreciation and a weakening of supply constraints will support lower inflation towards mid-year.
- We expect three rate cuts this year from the Bank of Israel.
- Looking ahead, the major risks revolve around internal politics and division.
- On the upside, we could see an opening up of relations with Saudia Arabia.

This report is intended for israel.ib@jefferies.com. Unauthorized distribution is prohibited.

| POLICY RATES | |
|---|---|
| Current | 4.50% |
| Q225 | 4.25% |
| Q425 | 3.75% |

| INFLATION | |
|---|---|
| 12 y-o-y | 3.2% |
| Jan-Mar | 1.0% |
| NTM | 2.5% |
| 2026 | 2.3% |

| FX | USD | EURO |
|---|---|---|
| ILS | 3.602 | 3.7074 |
| Last week | -1.7% | -1.8% |
| YTD | -1.2% | -2.3% |
| NTM | 3.57 | 3.67 |
| 2025 | 3.57 | 3.67 |

| GOV. BONDS | JAN 25 |
|---|---|
| Redemptions | 1.3 |
| Issuance (tradable) | 15.0 |
| Net redemption | -13.7 |

Please see important disclosure at the back of this report:
Produced by: Leader Capital Markets
Distributed by: Jefferies Group LLC, including Jefferies LLC in the U.S. and Jefferies Hong Kong Limited in Hong Kong

1

Jefferies

# Jefferies has the Broadest Israeli Equity Research Coverage of any Global Bank

## KEY HIGHLIGHTS

- Jefferies' senior analysts cover more Israeli companies in English than any other global bank
- Both research analysts and the entire global salesforce distribute reports to ensure maximum distribution and engagement
- Analysts arrange non-deal roadshows for the company in target geographies
- Analysts ensure covered companies' exposure and participation in Jefferies global conferences, continually increasing awareness and introducing new investors
- Research on covered companies includes a "Long View", which allows teams to flex assumptions and scenarios to assess the potential upside and downside pressure that a stock might experience
- Each analyst team writes comprehensive "Franchise Reports" which highlight the opportunities and challenges companies face over a 2–3-year time horizon and the investment opportunities that these offer highlighting longer-term trends and themes, whilst helping clients to uncover longer-term value drivers for stocks

**Today: Jefferies Covers 45+ Israeli Companies Across 28 Senior Analysts**

**TASE-Listed(1)**

bank hapoalim ★ · Leumi ★ · Bezeq ★ · Camtek · CLAL · Elbit Systems ★ · ENERGEAN · HAREL ★ · AICL · ISRAEL DISCOUNT BANK · MAX ★ · Meitav: Investment House ★ · MENORA MIVTACHIM · MIZRAHI TEFAHOT · Nayax ★ · NextVision ★ · NICE · NOVA · OPKO · ORMAT ★ · paloalto · Phoenix ★ · TASE ★ · teva

**Listed Abroad**

CHECK POINT · etoro · evoke · Global-e · hippo · INMODE · ITHACA ENERGY · Lemonade · mobileye · monday.com · NAVAN · ODDITY · PAGAYA · playtech · Plus500 · PURETECH · radware · SentinelOne · similarweb · solaredge · Teads · VARONIS · WIX

**Jefferies is Excited to Further Expand its Israel Equity Research Coverage with Tavy Rosner Joining in July 2026**



**Tavy Rosner**

- Joined Jefferies in July 2026 as Head Of Israel Equity Research after several years as Head Of Israel Equity Research at Barclays
- Ranked #1 Israel Research Analyst And Led The #1 Israel Research Team In The 2025 Institutional Investor Survey
- Brings extensive experience covering Israel's leading companies across sectors, with deep expertise in the country's capital markets

> **After about 15 years at the British bank Barclays, senior analyst Tavy Rosner is moving to investment bank Jefferies. Rosner is one of the leading analysts covering Israeli companies in English, including firms in the telecommunications, energy, food, and banking sectors.**
>
> GLOBES *(April 28, 2026)*

★ Represents companies which executed a TASE global offering transaction with Jefferies.
(1) Including dual-listed.

Jefferies

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

| ISRAEL IB RANK(1) | 2020 | 2021 | 2024 | 2025 |
|---|---|---|---|---|
| 1 | Citi | Goldman Sachs | **Jefferies** | **Jefferies** |
| 2 | Goldman Sachs | Citi | Goldman Sachs | JPMorgan |
| 3 | Barclays | **Jefferies** | JPMorgan | Citi |
| 4 | BofA | Morgan Stanley | Morgan Stanley | Goldman Sachs |
| 5 | JPMorgan | BofA | Deutsche Bank | BofA |
| 6 | Stifel | UBS | Stifel | Leader Underwriters |
| .... | | | | |
| 13 | **Jefferies** | | | |

October 2026 Pending — FibroTex — **Undisclosed** — Sale of Minority Stake to **CVC** — Sole Financial Advisor

October 2026 — Nayax — **$350,000,000** — Acquisition of **IPS Group** — Sole Financial Advisor

August 2026 — D-FEND SOLUTIONS — **$1,500,000,000** — Sale to **Motorola Solutions** — Co-Financial Advisor

August 2026 Pending — etoro — **$231,000,000** — Acquisition of **TradeZero** — Sole Financial Advisor

July 2026 — Phoenix — **$343,000,000** — Placing of shares on behalf of: **Affinity Partners** — Common Stock Offering — Sole Global Coordinator

July 2026 — LayerX — **$205,000,000** — Sale to **Akamai** — Exclusive Financial Advisor

June 2026 September 2025 — NextVision — **$197,000,000** — Common Stock Offering — Sole Global Coordinator — **$414,000,000** — Common Stock Offering — Sole Global Coordinator

April 2026 — HAREL Insurance & Finance — **$403,000,000** — Common Stock Offering — Sole Global Coordinator

February 2026 — matrix — **~$3,400,000,000** — Merger with **Magic Software** — Financial Advisor

February 2026 — PLIOPS — **Undisclosed** — Sale to **Astera Labs** — Sole Financial Advisor

January 2026 — Mizrahi Tefahot — **$700,000,000** — 5yr Senior Notes Offering — Joint Bookrunner — **$750,000,000** — Tier II Notes Offering — Joint Global Coordinator / Joint Bookrunner

January 2026 — bank hapoalim — **$2,000,000,000** — Senior Notes Offering — Joint Active Bookrunner

January – December 2025 — PAGAYA — **$5,455,000,000** — Capital Raised Across Senior Unsecured Notes and ABS — Left / Joint Bookrunner

December 2025 — Meitav: Investment House — **$159,000,000** — Common Stock Offering — Sole Global Coordinator

November 2025 — VERINT — **$2,000,000,000** — Sale to **Thoma Bravo** and combination with portfolio company **Calabrio** — Sole Financial Advisor

November 2025 March 2025 — Bezeq — **$834,000,000** — Common Stock Offering — Joint Bookrunner — **$251,000,000** — Common Stock Offering — Sole Global Coordinator

October 2025 — NAVAN — **$923,000,000** — Initial Public Offering — Joint Bookrunner

September 2025 — Camtek — **$500,000,000** — Convertible Notes Offering — Joint Bookrunner

September 2025 — NOVA PROCESS INSIGHT — **$750,000,000** — Convertible Notes Offering — Joint Bookrunner

September 2025 — NICE — **$955,000,000** — Acquisition of **Cognigy** — Sole Financial Advisor

May 2025 — Elbit Systems — **$590,000,000** — Common Stock Offering — Joint Bookrunner

May 2025 — etoro — **$713,000,000** — Initial Public Offering — Lead Bookrunner

April 2025 — playtech — **€2,300,000,000** — Sale of **Snaitech S.p.A.** to **Flutter Entertainment** — Joint Financial Advisor

February 2025 — outbrain — **$900,000,000** — Acquisition of **Teads** — Joint Financial Advisor — **$638,000,000** — Financing for Acquisition — Joint Bookrunner

November 2024 — SHARON PERSONAL CARE — A portfolio company of **Tene Investment Funds** — **Undisclosed** — Sale to **Eternis Fine Chemicals** — Sole Financial Advisor

July – November 2024 — Phoenix — **$850,000,000** — Placing of shares on behalf of: **Centerbridge & Gallatin Point** — Common Stock Offering — Sole Global Coordinator

November 2024 — IDB BANK / ISRAEL DISCOUNT BANK — **$150,000,000** — **Minority Sale** — Sole Financial Advisor

June 2024 — Pershing Square Capital Management — **$1,050,000,000** — Sale of 10% Common Equity Interest to Strategic Investors — Joint Placement Agent

April 2024 — ITHACA ENERGY — A subsidiary of **Delek Group** — **£754,000,000** — Business Combination with **Eni S.p.A** — Sole Financial Advisor

January 2024 — Tel Aviv Stock Exchange — **$94,200,000** — Common Stock Offering — Sole Global Coordinator

December 2023 — Perion — **$125,000,000** — Acquisition of **Hivestack Inc.** — Sole Financial Advisor

June 2022 – June 2023 — Leumi — **$1,800,000,000** — Capital Raises across Notes and Equity Follow Ons — Joint Bookrunner

(1) Ranking based on deal count by calendar year according to Dealogic Data for Israel-based Fee Payer.

- Since January 2023, **Jefferies Israel Group has advised on 69 transactions** with a **total value of over $43B** across Capital Markets and M&A
- Since 2019, **Jefferies has led 3 global IPOs and 12 global follow-on offerings for TASE-listed companies, raising over $4.5B in aggregate. More than $3.2B was allocated to global institutional investors**, broadening companies' access to international capital, diversifying their shareholder base, and enhancing market liquidity

EUROMONEY AWARDS FOR EXCELLENCE 2026 ISRAEL BEST INVESTMENT BANK

EUROMONEY AWARDS FOR EXCELLENCE 2025 ISRAEL BEST INVESTMENT BANK ECM

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# Jefferies' Unique Israel Coverage Model



### 10 Dedicated Israel Bankers

Strategically based in both Tel Aviv and Jefferies' HQ in NYC



### Dedicated Israel Equity Sales & Fixed Income Coverage

Based in London and at Jefferies' HQ in NYC



### Annual TechTrek Conference

The Largest Annual Institutional Investor Tech Conference in Israel



### Israeli Focused Investor Engagement

Annual Israeli Financials Day in London, Israeli Energy Summit in New York, multiple global non-deal roadshows for Israeli companies, and reverse roadshows for global investors in Israel



### Deep Institutional Relationships

The team has long-standing relationships with all key Israeli institutional investors, private equity firms, and venture capital firms



### Leading Israeli Equity Research Franchise

Jefferies Equity Research covers 40+ Israeli public companies, more than any other global investment bank



### Weekly Israeli Macro Economic Coverage

Jefferies, in partnership with Leader Capital Markets, publishes a weekly Israel Macro Report authored by Israeli Macro Strategist, Jonathan Katz; delivering differentiated insights to global clients

### Globalizing the Local Capital Markets

Jefferies is both a remote member of the TASE and an approved foreign underwriter by the ISA, and has raised more than $3.2B for TASE-listed companies from global investors, helping to dramatically improve liquidity in the Israeli market

**Deep Roots | Global Reach | Proven Results**

Jefferies

# Jefferies TechTrek – Israel's Largest Global Tech Investor Conference

TechTrek 2025 continued its legacy as Israel's top global tech investor conference with ~1,200 attendees in the largest concentration of capital ever gathered in Israel

## GLOBAL INVESTORS*

Access Industries · Alkeon · Alpha · Alta Park · Apax · Apollo · Battery · BDT&MSD · BlackRock · Blackstone · Blue Owl · Blumberg Capital · Capital Group · Coatue · Coller Capital · CVC · DTCP · EMK Capital · EQT · Eurazeo · Farallon · flashpoint · FP · FTV · General Atlantic · General Catalyst · Georgian · Golub Growth · Hamilton Lane · Haveli · hbk · Hercules · Hudson Bay Capital · Iconiq · Insight Partners · ivp · Lansdowne · Lazard · Left Lane · Liberty · MarbleBar · NewView · Next47 · NfX · Norwest · One Peak · Permira · Pershing Square Holdings · planven · Princeville Capital · PSG · Sequoia · SoftBank · Stepstone · Target Global · TCV · Third Point · Vitruvian · Walleye · Warburg Pincus · Wellington Management · WndrCo · WiL · YL Ventures

## ISRAELI INVESTORS*

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## PARTICIPATING COMPANIES*

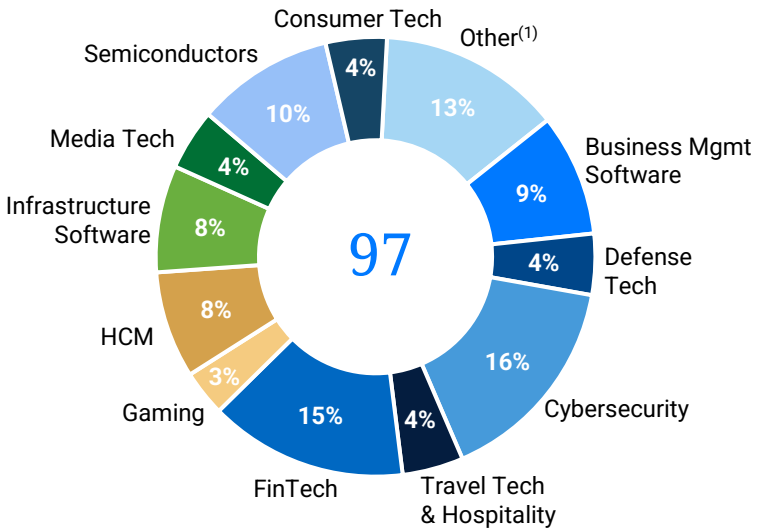
AI21labs · algosec · AllCloud · amdocs · Artlist · ATERA · BEEWISE · Bezeq · bluevine · bright data · Camtek · Candivore · Cellebrite · CEVA · Chain Reaction · Check Point · CHEQ · Cognyte · connecteam · control up · Coralogix · Coro · cross river · ctera · CYE · cynet · D-FEND Solutions · deel. · Dolce Vita · Elbit Systems · EON · eToro · Faye · finout · fiverr. · fullpath · Globale · HiBob · HONEYBOOK · Investing.com · Island · kaltura · Lemonade · Lightricks · logz.io · LSports · matrix · minute media · MyHeritage · nanit · Natural Intelligence · Nayax · NEXTSILICON · NextVision · notraffic · NOVA · ODDITY · optibus · orca security · overwolf · PAGAYA · papaya global · PayZen · Playtika · PLiOPS · proteanTecs · RAD · radware · Rapyd · Silverfort · similarweb · Tailor Brands · teads · THETARAY · tipalti · Tower Semiconductor · travelier · travelperk · TRULLION · ubeya · UVeye · Varonis · Vensure · WIX · XTEND · ZyG

*Represents select participating logos and does not represent all attendees.
(1) Ad Tech, Ag/Food Tech, E-Commerce, Internet, Mobility.

TechTrek is Israel's **premier institutional investor technology conference**, serving as a dynamic gateway for global institutional investors, private capital firms, and leading Israeli VCs to connect meaningfully with the country's vibrant tech ecosystem.

| ~1,200 | 300+ | 600+ |
|---|---|---|
| Attendees | Global Investors | Bilateral Meetings |

## Company Participants By Sector

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# Additional Data Sources

## IVC Data and Insights

This report was developed with extensive data and analysis provided by IVC, Israel's leading data source and information for the Israeli tech ecosystem.

Founded in 1997, IVC is recognized as Israel's leading source of data and business information on the tech industry. IVC company delivers insights that help organizations understand the market, build connections, and identify opportunities through access to up-to-date analyses, reports, news, trends, and sector developments. IVC serves venture capital and private equity funds, leading corporations, emerging startups, and government agencies and offices, supporting the diverse information needs of Israel's tech ecosystem.

## Dealigence

Dealigence is a real-time private market intelligence platform built for venture capital firms, private equity funds, lenders, M&A and HR teams that are agent-native. It aggregates billions of data points daily across workforce, revenue, open positions, funding, stake-holder graphs, web and app marketplace activity, then verifies and classifies them with proprietary models. The result is a live picture of company momentum and performance. Headquartered in Tel Aviv, Dealigence serves more than 100 investment teams across sourcing, due diligence and portfolio monitoring, with customers in the U.S., Europe, Israel, and Australia.

## Bank of Israel

Established in 1954, the Bank of Israel operates independently. Its main objectives are to maintain price stability, support government aims such as economic growth, employment, and promote financial stability.

## Central Bureau of Statistics Israel

Established in 1949, The Central Bureau of Statistics is the official body that is responsible for collecting, processing, and publishing statistical data about the population, economy, and society in Israel.

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