Israel Advanced Technology Industries

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Israel Innovation Authority

IATI Israel's Life Science Annual Industry Report

Update - H1 2023 Highlights

Connecting Israel's Tech Ecosystem

Israel Advanced Technology Industries

Fostering the inclusive growth, resilience and global competitiveness of Israel's advanced technology industries

Connecting Israel's Tech Ecosystem

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The full Annual Report will be launched at our next MIXiii Health Tech Conference on November 7-8 Jerusalem

We are proud to launch the IATI Israel's Life Science H1 2023 Report. This report provides an update to some of the most significant data presented in our 2022 annual report and is based on available information as of today.

The general trend of decrease in activity in 2022, as shown in our annual report, continues in the first half of 2023. Most of the data analyzed for this period shows a regression not only compared to the decade average, but also to the comparable period in 2022. Fewer life sciences companies being established, a substantial drop in fund raising, and decreased activity of venture capital and other investors, are all a result of global and local factors such as increased inflation, interest rates and uncertainty in the markets.

Among all indicators, one stands out - public funding, led mainly by public offerings in the US, increased significantly in H1 2023, surpassing the funds raised through public offerings in the full year of 2022.

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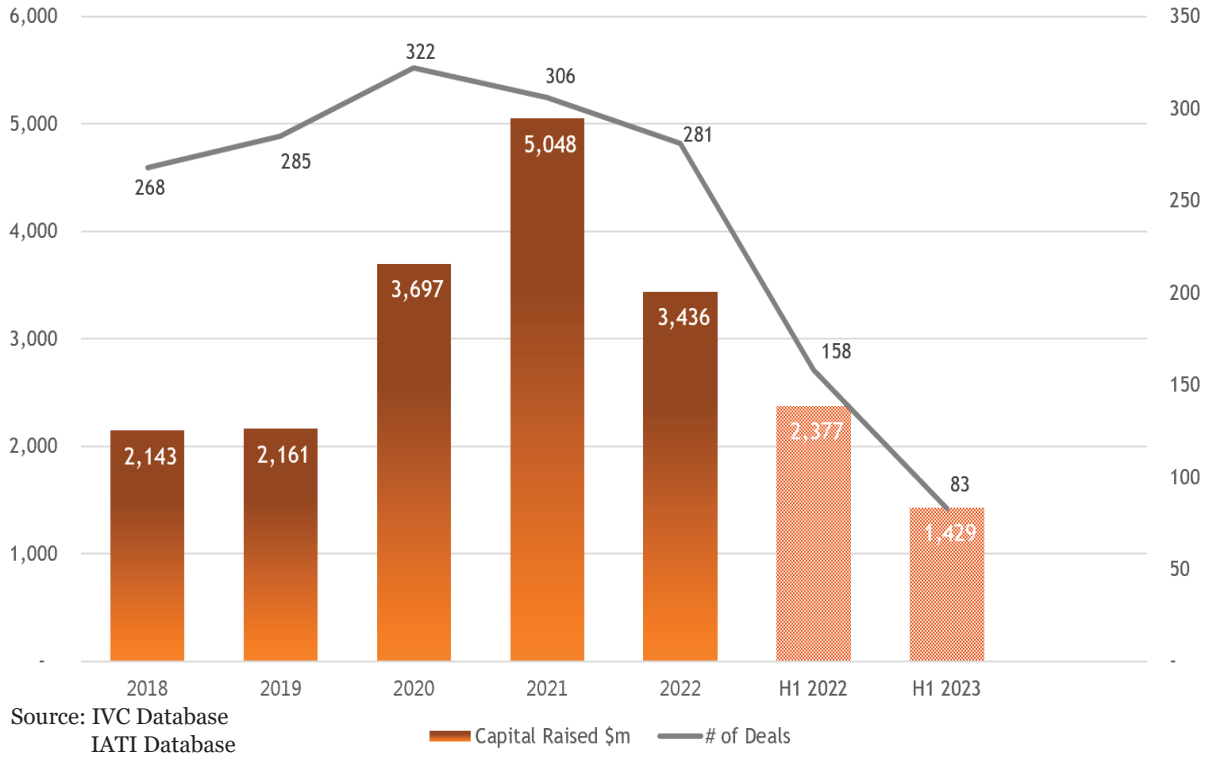
Total capital raised shows a substantial drop in H1 2023

- 40% drop in capital raised compared to H1 2022
- 53% drop in the number of deals compared to H1 2022
- 15% increase in average deal amount to $17.2 million, the highest in the last 5 years.

Capital Raised by Israeli Life Sciences Companies ($ million)



Source: IVC Database
IATI Database

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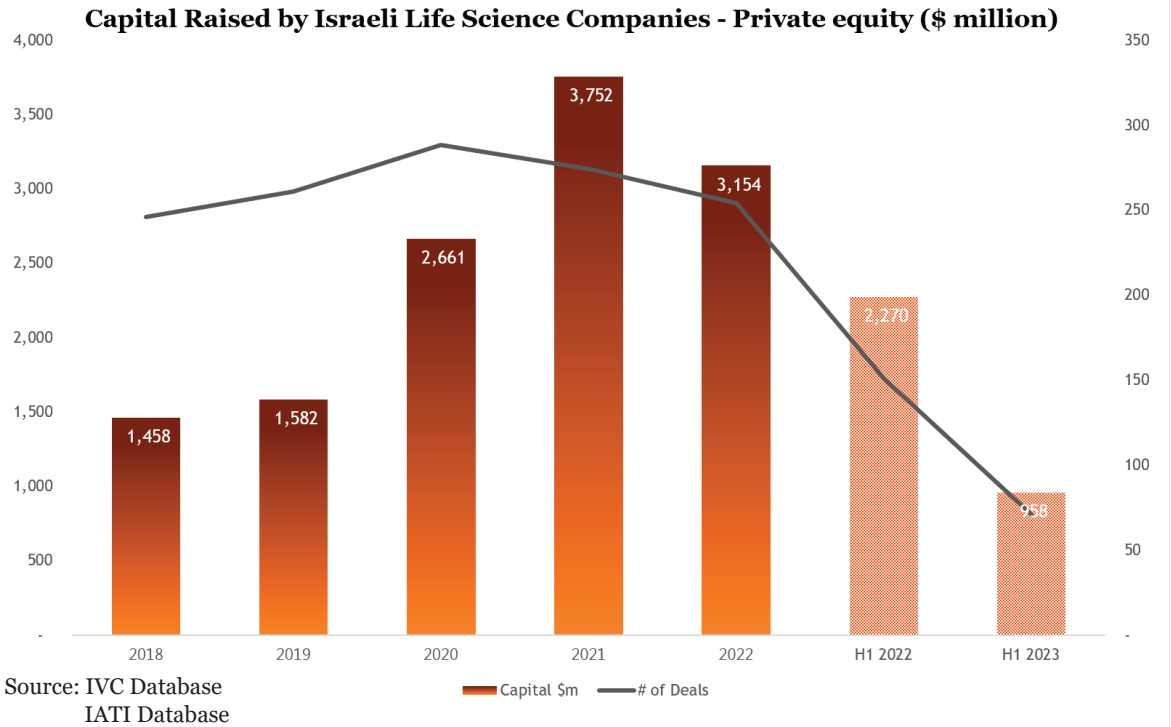
Private funding is down by almost 60% compared to H1 2022

- Number of deals is down by 47% compared to H1 2022
- Annual pace of less than $2 billion, the lowest since 2019
- 10% decrease in the average deal size compared to H1 2022



Source: IVC Database
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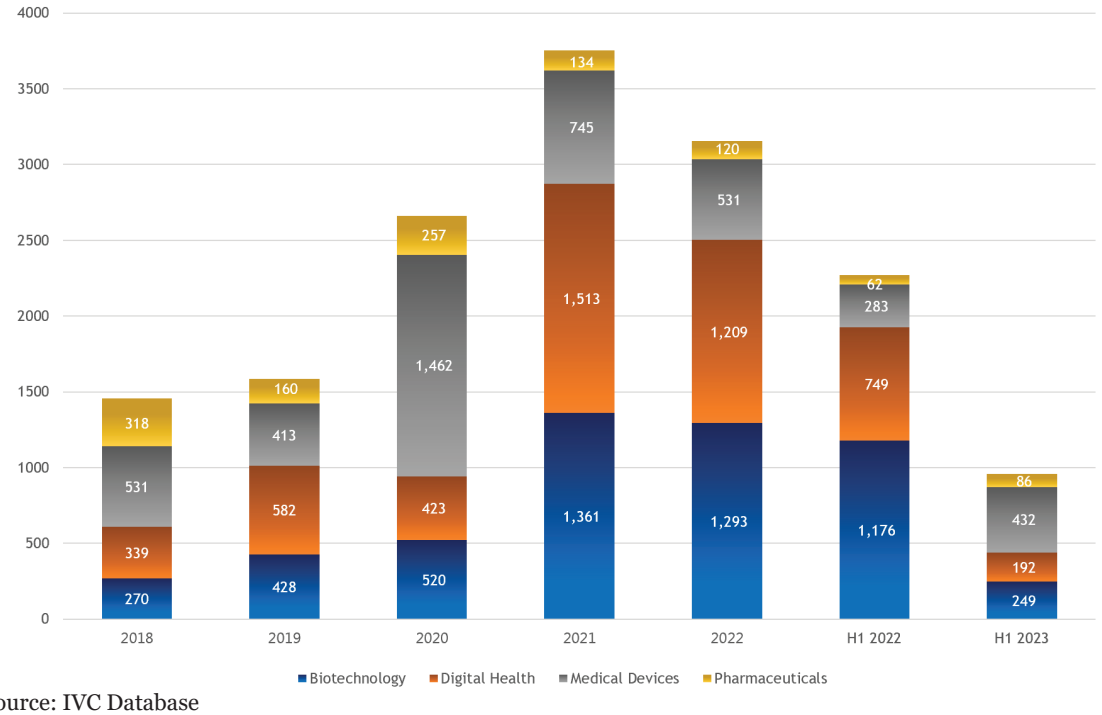
Medical Device companies represents 45% of the total private funding

- Biotechnology and Digital Health drop by more than 75% compared to H1 2022
- Medical Device companies funding increased by more than 50% compared to H1 2022
- Medical device average deal size increased by 80%

Capital Raised by Israeli Life Science Companies
Private equity by sub-sectors ($ million)



Source: IVC Database
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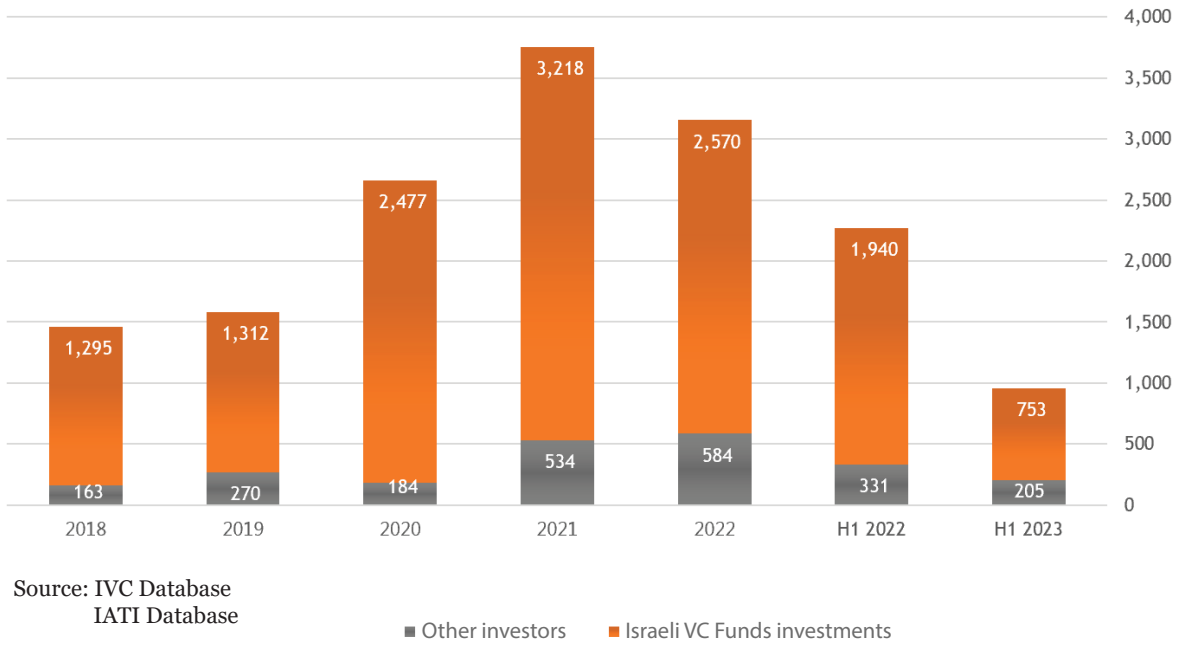
VC backed funding fell to the lowest level since 2019

- VC backed funding shows higher decrease both in the amounts raised and number of deals compared to non-VC backed
- Current annual pace is lower than the first six months of 2022
- Average VC Funds Investments deal size increased by 80% to $16.6 million

Capital Raised by Israeli VC funds vs. Other Investors in Life Science ($ million)



Source: IVC Database
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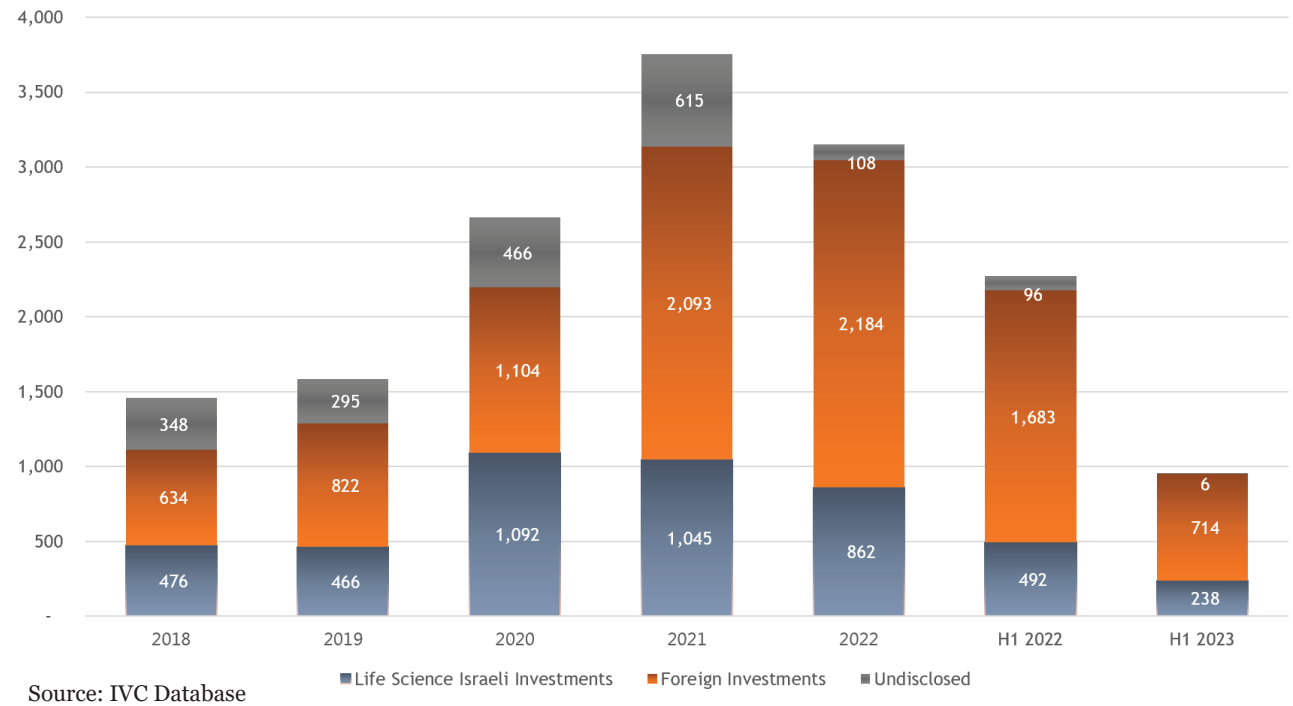
Almost 60% decrease in foreign investors activity, over 50% decrease in investments made by Israeli investors

- Increase in the share of Israeli investments to 25%, compared to 22% in H1 2022

Capital Raised by Israeli Life Science Companies: Israeli vs. Foreign Investors ($ million)



Source: IVC Database
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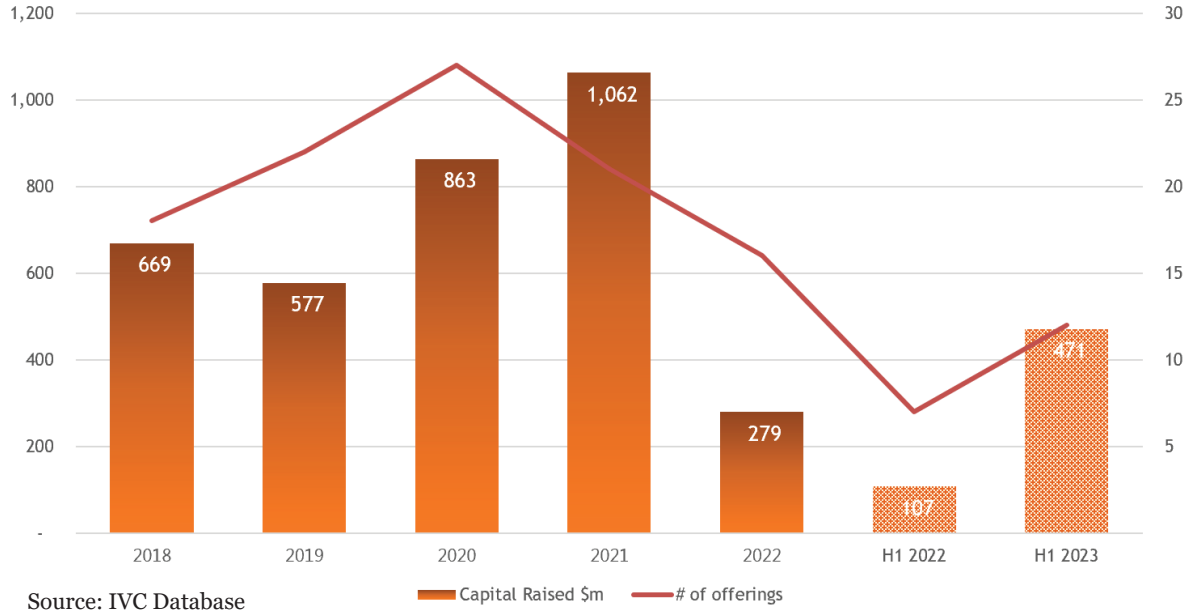
Capital raising through public offerings in H1 2023 has overcome the 2022 yearly public funding

- Increased activity in 2023, with 12 public fund raising transactions compared to 7 in H1 2022
- Number of transaction in the first six months of 2023 is close to the yearly number of transaction in 2022

Public offering by Israeli Life Science Companies on US stock exchange ($ million)



Source: IVC Database
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Life Sciences Sub-sectors glossary

Digital Health

Digital health uses digital technologies to promote health, healthcare, living, and patient treatment to enhance the efficiency of healthcare delivery turning medicine more personalized and precise. Health information technology is any software used by healthcare services which allows comprehensive management of medical information and its secure exchange between healthcare consumers and providers. This includes local systems used by hospitals or healthcare providers, as well as vertical systems used by HMOs and care providers to exchange information about patients and clients. Telemedicine refers to any medical situation where a patient and healthcare provider (or even two healthcare providers) communicate in real time via telephone, teleconference or satellite. These include such scenarios as medical consultation via phone or video-conferencing, patient monitoring using tele-otoscopes, tele-stethoscopes and halters, and even robotic surgery in remote or hard-to-access locations, including space.

Medical Devices

This term is used to refer to an instrument, apparatus, appliance or other article, used on human beings for the diagnosis, prevention, monitoring, treatment or alleviation of disease, injury or handicap. It is also used for items with medical purposes such as investigation, replacement or modification of the anatomy (like replacement joints) or of a physiological process (like heart defibrillators and stents). Medical devices may be as simple as a plastic syringe or as complex as an MRI system or a robotic surgical arm. Complex medical device systems may or may not include embedded software and may be used externally (ultrasound), internally (endoscope) or both (hearing aids). Due to the width of this sector, it is recommended to use medical or technical key words when searching a medical devices company. Diagnostics is used to refer to a device used for medical diagnosis - the process of identifying a medical condition or disease by its signs, symptoms, and from the results of various procedures such as blood or urine tests. Included in this sub-sector are technologies specifically targeted at the diagnosis of a physical situation or a disease such as EKG, EEG, medical imaging.

Pharmaceuticals

Pharmaceutical companies research, develop, and market medicines made primarily from artificial sources, using chemical materials. It is the field of the various remedies that can be used to treat disease and promote health. Drug companies of all kinds, including generics and medical Cannabis development are included in this sub-sector.

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Life Sciences Sub-sectors glossary

Biotechnology

Biotechnology companies use biology to create products based on technological developments involving living systems and organisms. Bioinformatics, biologicals, industrial life science, diagnostics and therapeutics companies, with biological research at core are included. The terms bioinformatics and computational biology are often used interchangeably. However bioinformatics more properly refers to the creation and advancement of algorithms, computational and statistical techniques, and theory to solve formal and practical problems inspired from the management and analysis of biological data. Relevant research in the field include sequence alignment, gene finding, genome assembly, protein structure alignment, protein structure prediction, prediction of gene expression and protein-protein interactions, and the modeling of evolution. However, applied research usually focuses on DNA sequencing, and the study of gene regulation using data from microarrays or mass spectrometry. Biologics or Biological science classifies and describes the various forms of organisms, how organisms function, how species come into existence, and interact with each other and with the environment. The science of biology as a whole includes such fields as botany, zoology, entomology, ecology, evolution and more. However, in the context of applied research and development, the term is generally used to refer mostly to companies active in the fields of microbiology, cellular biology and genetics.Diagnostics using a biochemical process for medical diagnosis - the process of identifying a medical condition or disease by its signs, symptoms, and from the results of various procedures such as blood or urine tests. Included in this sub-sector are technologies specifically targeted at the diagnosis of a physical situation or a disease such as biopsies and various biochemical tests. Industrial - in the case of Life Sciences this term is used to refer to industrial and consumer goods manufactured holly or in part from renewable biomass (plant based resources) applied to produce lubricants, animal feed, polymers, solvents, emulsifiers as well as natural fiber composite materials. Therapeutics is the field of the various remedies that can be used to treat disease and promote health. The drug companies that use biological technologies and products in the process of pharmaceutical development belong to biotechnology field.

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