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ACCELERATING CURE

IVC DATA AND INSIGHTS

Israel's Annual HealthTech Ecosystem Report

2022 aMoon-IVC Report

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Introduction

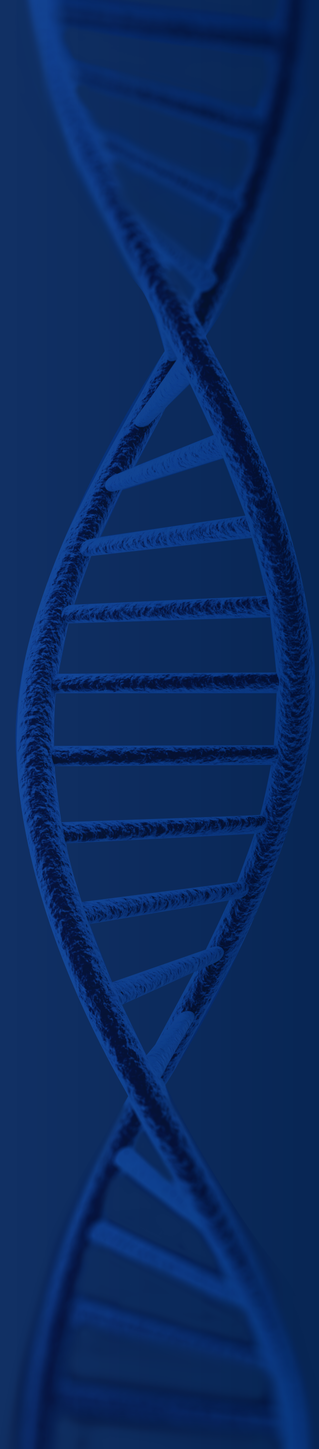
Technology has proven to be a catalyst for transforming virtually every aspect of our lives. It has revolutionized industries such as banking, telecom, and retail, increasing digitalization and streamlining processes leading to an abundance of innovation. Healthcare is no exception. The convergence of healthcare and technology has impacted all fields of what we think of as traditional life sciences, resulting in a multitude of new "HealthTech" companies in Biotechnology, Pharmaceuticals, and Medical Devices, as well as establishing a new subsector of Digital Health companies.

Increasing life spans are causing healthcare costs around the world to rise to unsustainable levels, creating an acute need and unprecedented potential for technology to revolutionize healthcare. While new financial frameworks and updated regulations can play a role in curbing healthcare costs, it is the implementation of technology that will enable a shift to a sustainable system of care. This convergence is creating significant opportunities to improve the quality, affordability, and access to healthcare. Now is the time to realize HealthTech's ability to not only extend lives, but to improve our quality of life: to provide proactive, not just reactive care; to prevent, not only to treat.

As a hotbed of innovation and entrepreneurship, backed by world-class medical centers and research institutions, Israel is uniquely positioned to support the expansion and growth of the HealthTech sector. Israel's public and private sectors are at the forefront of scientific and medical research, and there is a wealth of awareness, knowledge, and experience in taking ideas from research to venture formation through TTOs, HMO incubators, as well as private investor support at very early stages. Israel's hospitals are leaders in medical innovation and are supported through centers and programs that advance cutting edge medicine. Known as the "Start-Up Nation," Israel is a leader in digital transformation in other High-Tech sectors, and these same skill sets are now being applied to the HealthTech industry as it continues to mature.

As the awareness and understanding of HealthTech has grown, the ecosystem is transforming the "black box" of clinical science into a tangible "toolbox" filled with tech-enabled scientific solutions and innovative products that can impact our lives. **The HealthTech start-ups of today are on the path to creating a new era of care through major scientific breakthroughs in proactive, preventative, and personalized care.** Investors are now discovering the potential benefits and long-term positive impact of HealthTech as compared to "traditional" life science investment and how technological innovations are accelerating time to market, creating capital efficiencies, and bringing about a higher probability of success.

Growth in Israeli HealthTech



HealthTech has become a growth engine for the Israeli economy.

The number of HealthTech companies in Israel has increased by over 30% since 2015 to 1,810 companies in 2022. **Investment in this sector has vastly increased over time with capital raised by Israeli HealthTech companies expanding by 80% over the past five years, reaching $2.8B in 2022.** It is important to note that 2022 was the second-highest year in terms of capital raised, exceeding 2020 funding totals. The increase in average deal size in HealthTech was a key growth driver for the sector. Average deal size more than doubled from $6.2M in 2018 to $13.0M in 2022, representing the initial maturation of this sector, with investors continuing to fund larger rounds and growth-stage deals.

Along with the maturation of HealthTech companies, the pace of new company formation has started to slow down. The number of HealthTech companies in Israel continues to rise year-over-year, but the rate of growth has started to decline in recent years. In 2022, 61 new companies were established as compared to 118 in 2021. This trend of decreasing new company formations, although in-line with the trends in other High-Tech sectors, was also driven by recent investment trends.

HealthTech is a significant sector within Israeli High-Tech, accounting for 20% of High-Tech companies and employing over 63 thousand employees as of 2022. The growth of this sector also entails an increased need for nontraditional healthcare entrepreneurs and employees in HealthTech. There are more opportunities for those with technological experience, such as engineers, data scientists, and other traditional High-Tech workers, as well as those with scientific and medical backgrounds.

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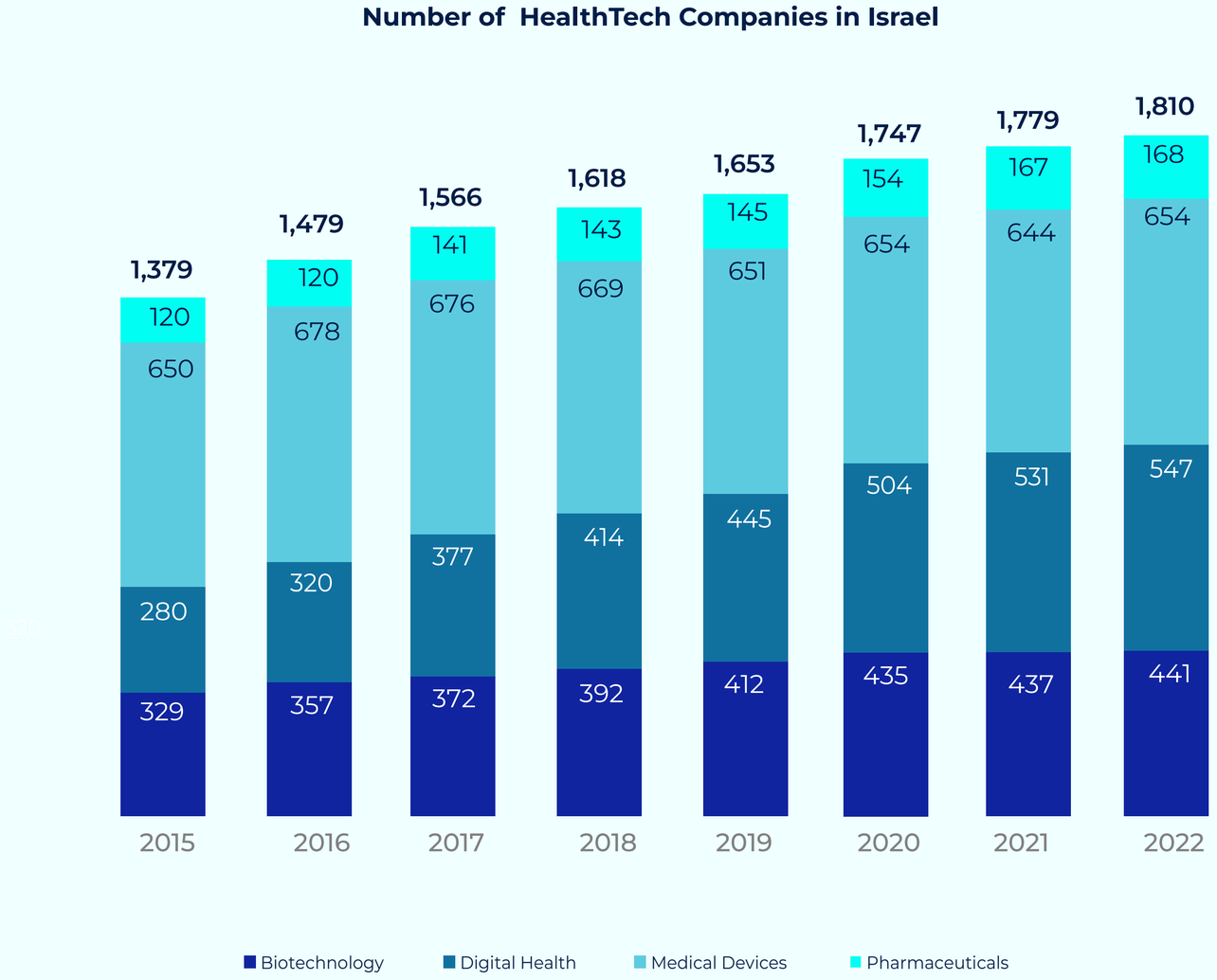
Increasing Number of Israeli HealthTech Companies

31% growth in number of HealthTech companies between 2015 and 2022

1,810 HealthTech companies in Israel in 2022



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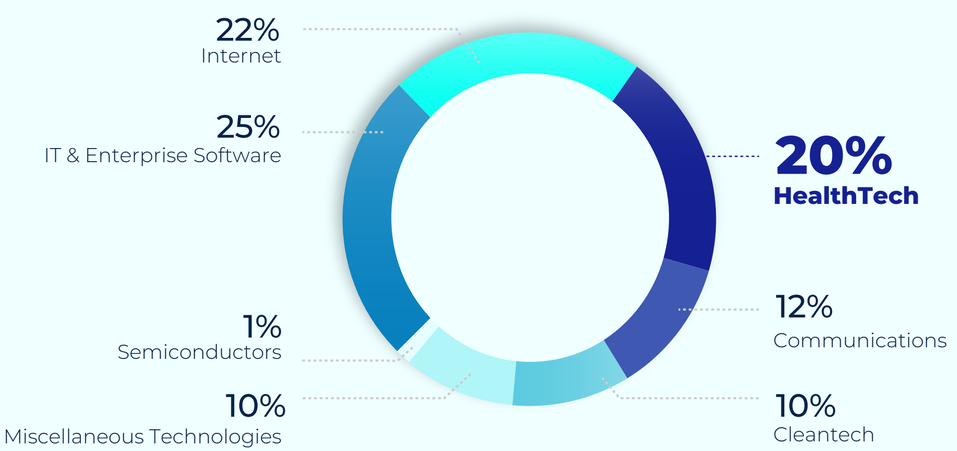
HealthTech is a Leading High-Tech Segment in Israel

1 out of 5

High-Tech Companies are HealthTech Companies

High-Tech Companies by Sector



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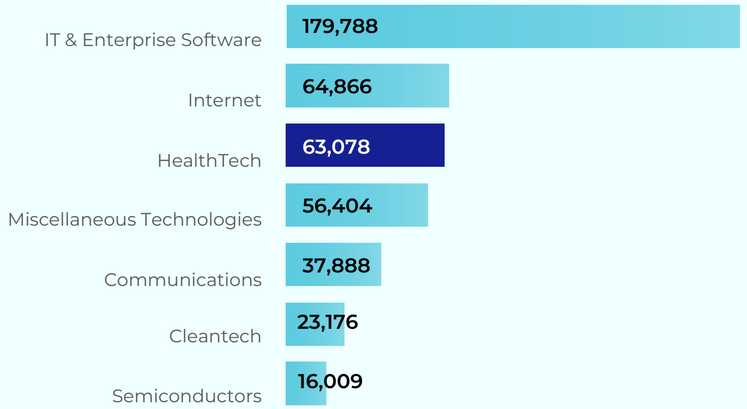
High-Tech Employees are HealthTech Employees

Number of Employees by High-Tech Sector



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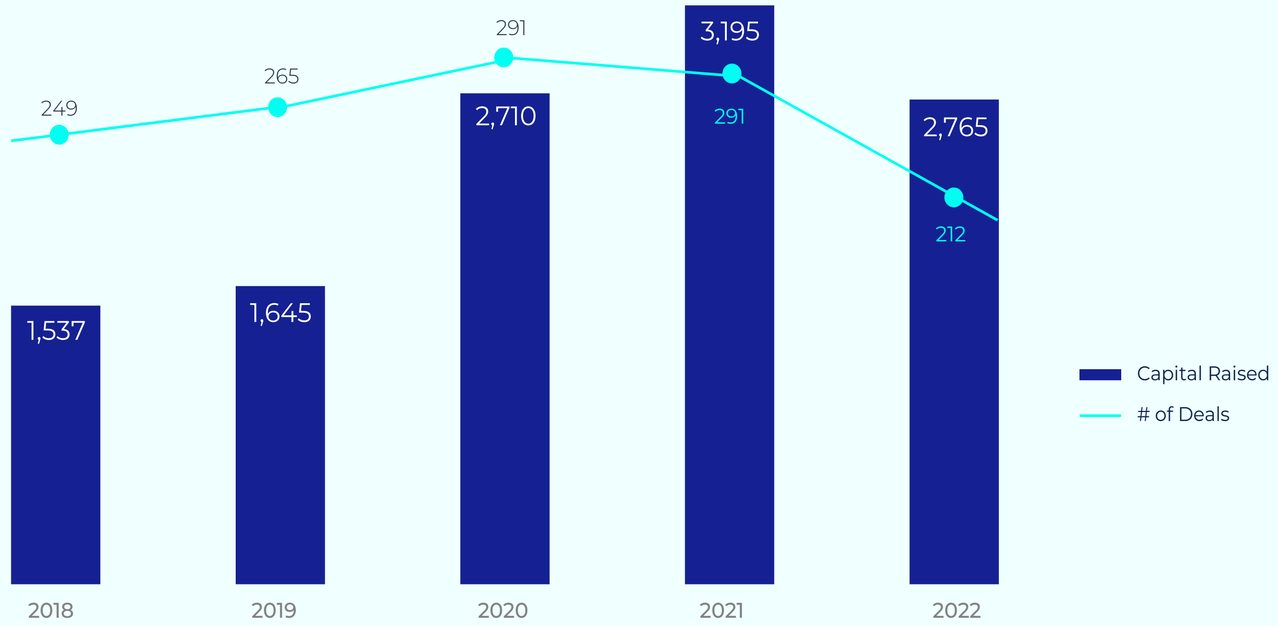
Expansion in Capital Raised in the Israeli HealthTech Sector

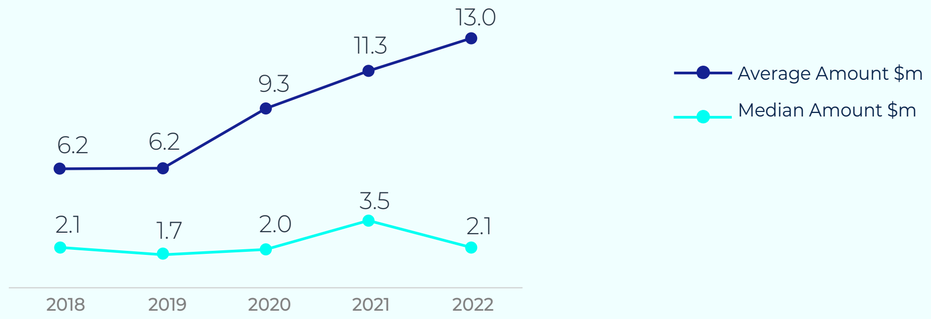
80% increase in capital raised by Israeli HealthTech companies, from $1.5B in 2018 to $2.8B in 2022

Deal size has been a driver of this growth with average deal value **doubling in size** to $13.0M in 2022

Annual HealthTech Capital Raised ($M) and Number of Deals (#)

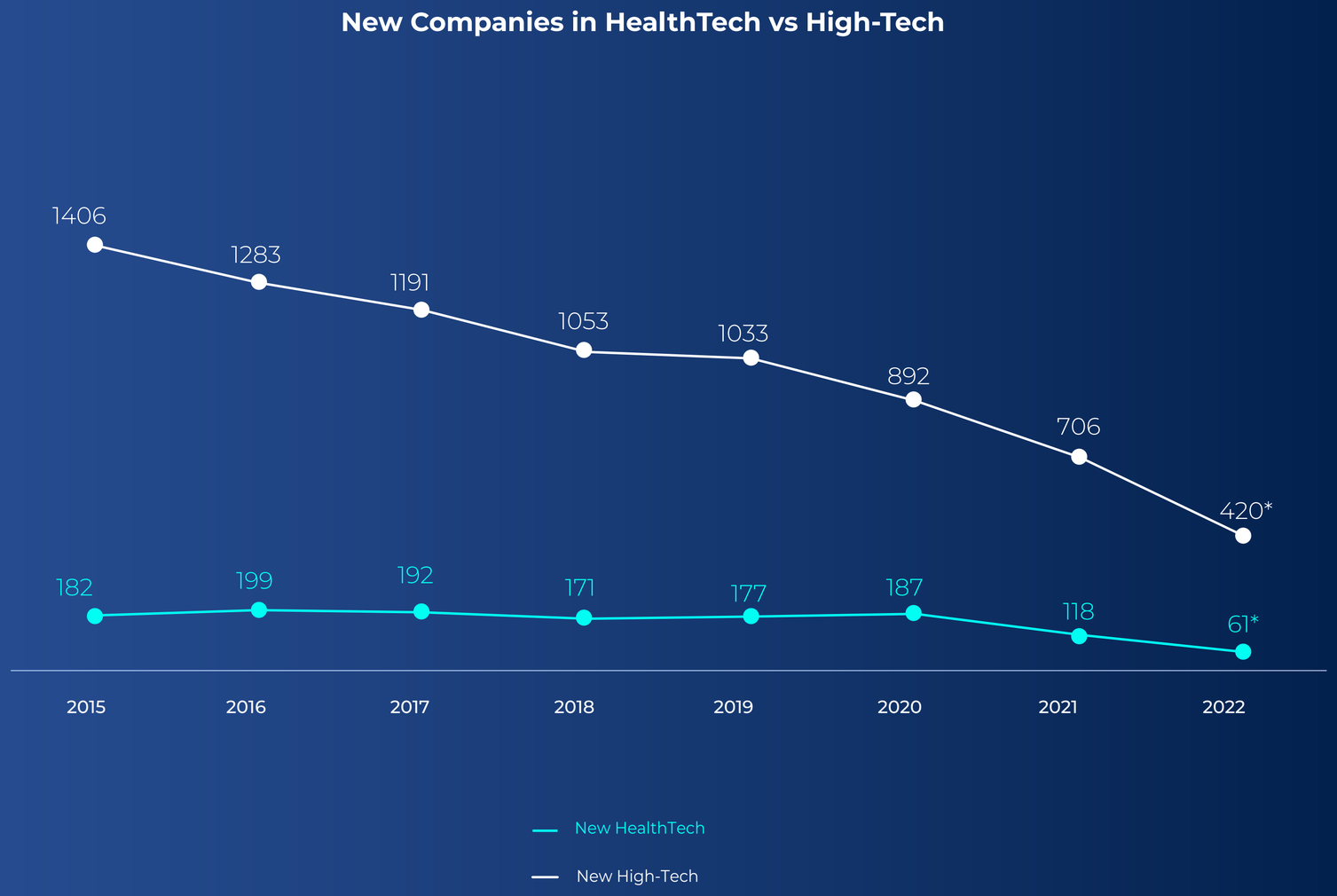


Average and Median HealthTech Deal Size ($M)



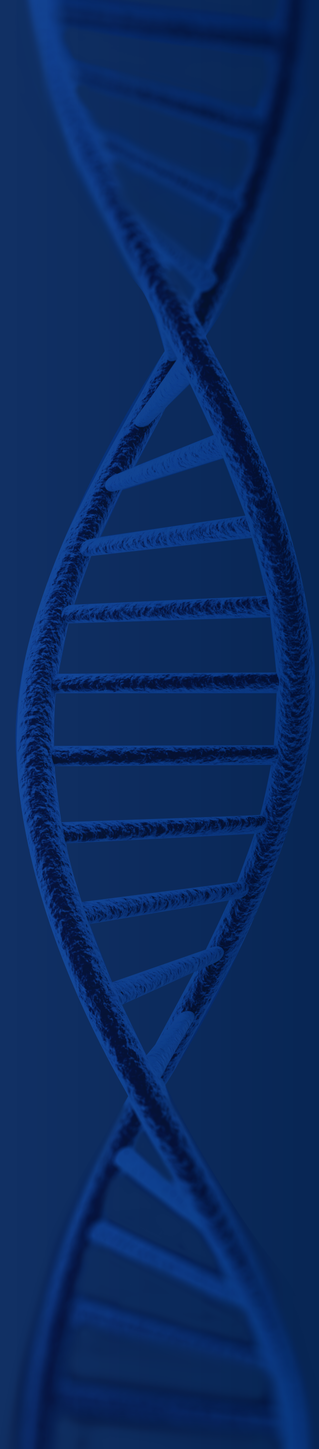
Challenges Ahead: **the Pace of New Company Formation is Slowing Down**

The slowing growth rate of new HealthTech company formations is in-line with the trend in High-Tech overall



*Figures as of March 2023. Subject to Change.

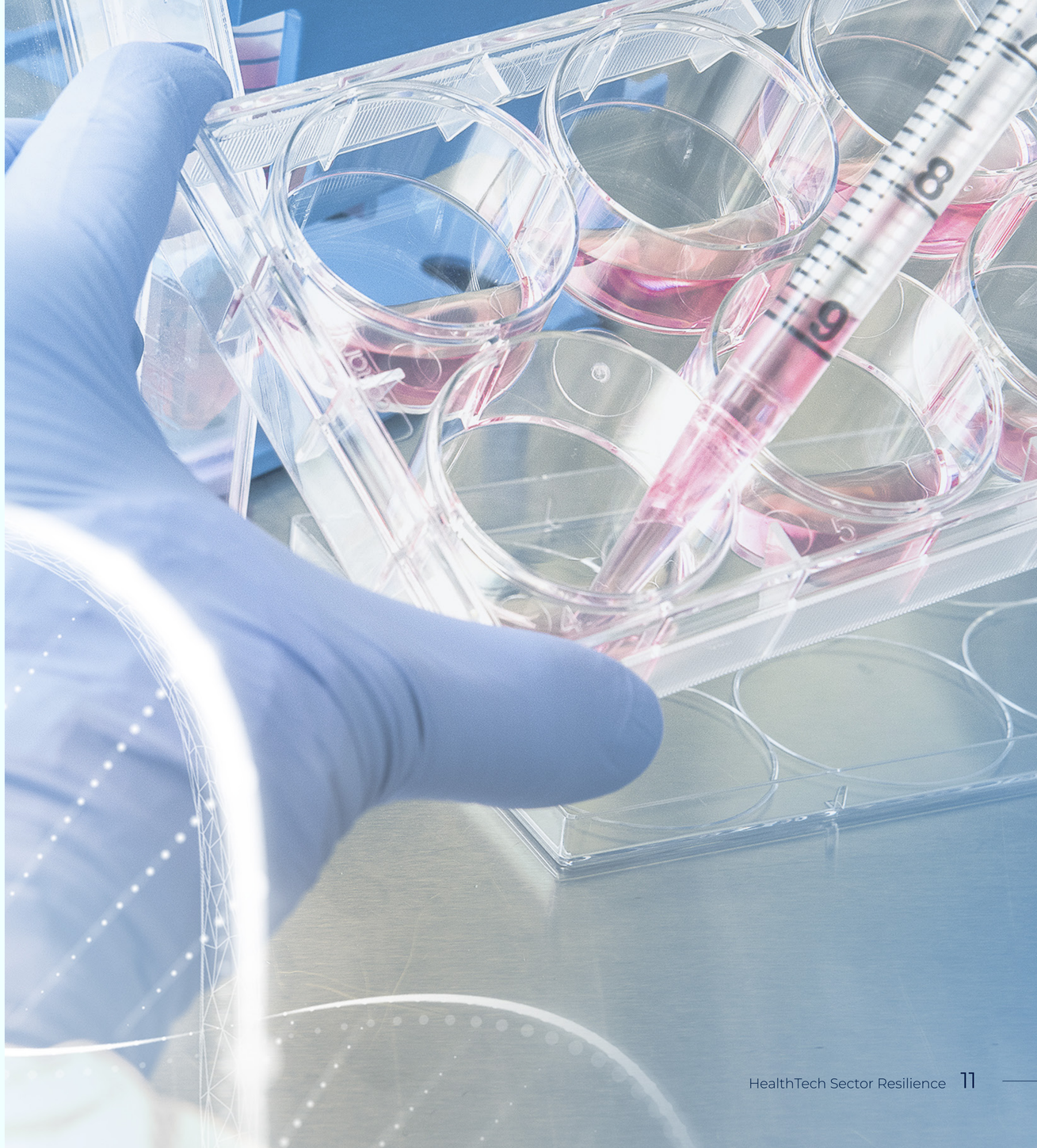
HealthTech Sector Resilience



HealthTech brings together universal health needs, consistently growing demand, and innovative technological solutions resulting in a sector that is well suited to withstand market turbulence.

HealthTech is not immune to the overall macroeconomic environment, but has shown more resilience when it comes to funding than any other High-Tech sector in Israel. **In 2022, capital raised in HealthTech declined by just 13% compared to other High-Tech sectors** which experienced a collective decline of 43%.

Despite its resiliency, HealthTech has traditionally been underfunded as compared to more mature High-Tech sectors. HealthTech companies have one of the lowest "Raised to Date" averages in High-Tech, with an average of $22M per company. Additionally, most HealthTech companies are in earlier stages of development compared to those in other High-Tech sectors. The majority, 52%, of HealthTech companies are in the R&D stage compared to the IT & Enterprise Software sector (the largest High-Tech sector) with 55% of companies already in the initial revenues stage. **Increased investment in HealthTech would allow companies to focus on scaling their initial innovations and programs,** moving more companies from the R&D stage to revenue stage.



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In 2022, HealthTech was the Most Resilient High-Tech Sector

2022 was a challenging year for start-ups; HealthTech capital raised was less impacted, decreasing by only 13% as compared to more steeper declines in all other High-Tech sectors

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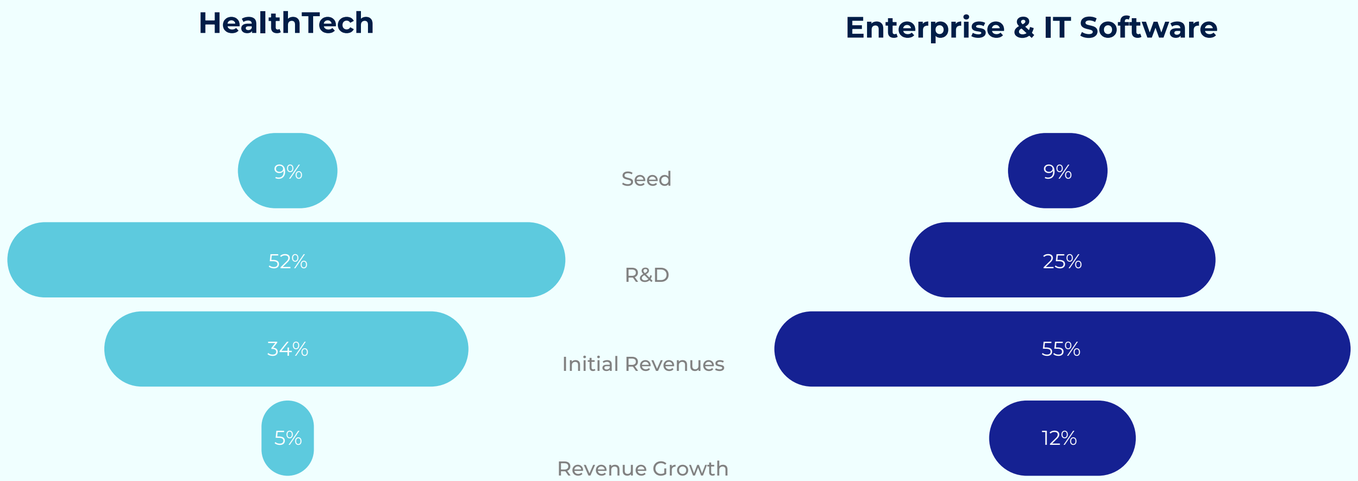
HealthTech has Traditionally been Underfunded, Creating Opportunities for Scale-up

52% of HealthTech companies are still in the R&D Stage compared to 25% of Enterprise & IT Software Companies

HealthTech companies have one of the lowest “Raised to Date" averages in High-Tech, with an average of $22M per company.

Percentage of Companies by Company Stage



Average "Raised to Date" by Company, HealthTech compared to IT & Enterprise Software

$22M HealthTech

$47M IT & Enterprise Software

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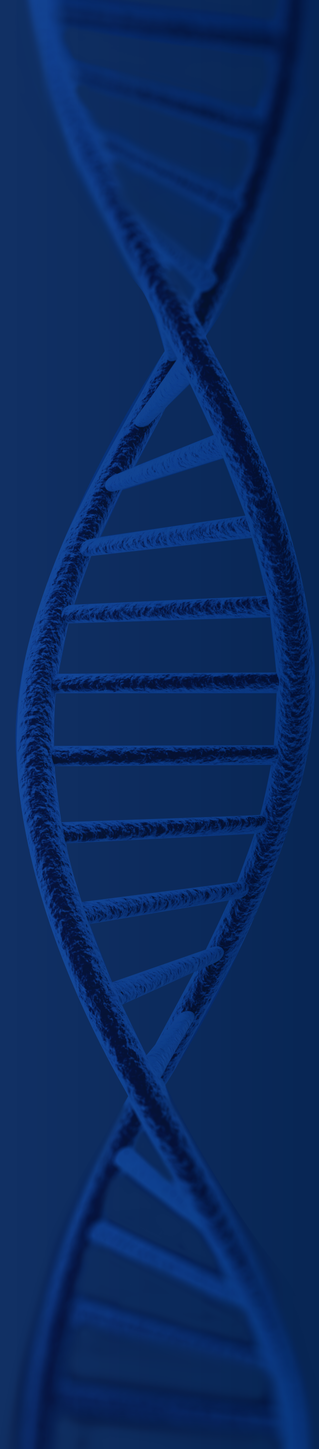
HealthTech Growth Drivers:

Biotechnology and Digital Health



The growth in HealthTech has been largely driven by Digital Health and Biotechnology.

Since 2015, there has been a significant rise in the number of Digital Health and Biotechnology companies in Israel, with Digital Health companies experiencing a remarkable surge of 95%, while Biotechnology companies have increased by 34%. In addition to the increase in number of companies, capital raised in Digital Health and Biotechnology has also grown significantly. I**n 2022, the two subsectors collectively raised over $2B, making up 78% of the total capital raised by HealthTech companies in Israel,** contributing 8 of the top 10 Israeli HealthTech financing rounds.

Israel's centralized and digitized healthcare system records, combined with the country's expertise in digital transformation as seen in other High-Tech sectors positions it to foster growth in these subsectors. Biotechnology has the ability to leverage the engineering and data science skills cultivated in the High-Tech ecosystem to advance companies in this space. Digital Health is also at a key inflection point. **Just a few years ago, Digital Health was still in its infancy, but is now showing signs of maturity as business models and use cases are being validated.**

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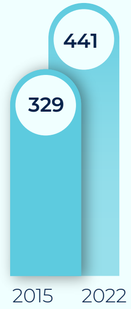
Increasing Number of Digital Health & Biotechnology Companies

In 2022, Digital Health and Biotechnology account for **over 50%** of HealthTech Companies

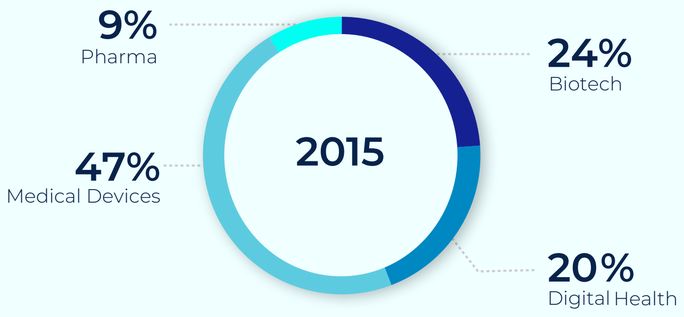
Israel's centralized and digitized healthcare system records, combined with the country's expertise in digital transformation, uniquely positions it to foster growth in these subsectors

95% increase in **Digital Health Companies**



34% Increase in **Biotechnology Companies**

HealthTech Companies by Subsector

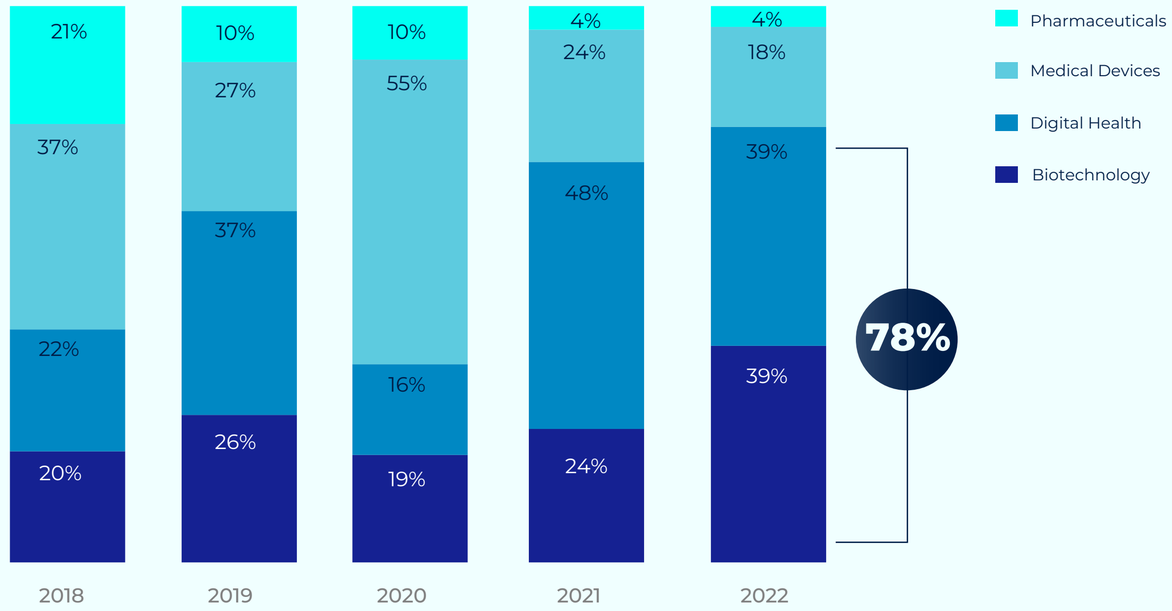


Growth in Capital Raised Driven by Investment in the Digital Health and Biotechnology Subsectors

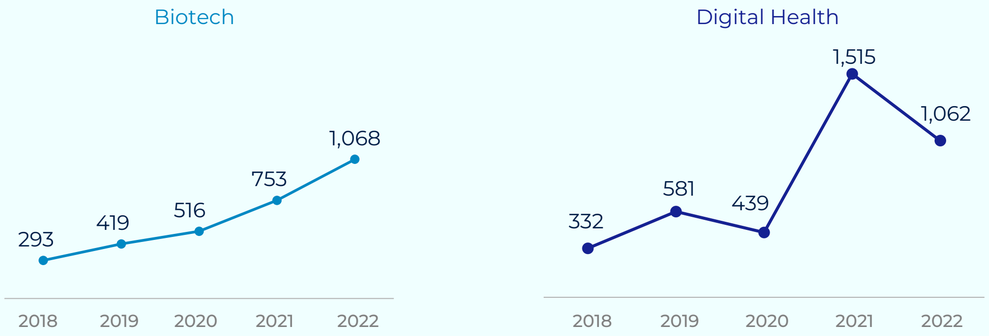
Digital Health and Biotech combined accounted for **78%** of total capital raised (over $2B) in 2022

This increased funding indicates investor awareness of the benefits of tech-enabled science and innovations

HealthTech Capital Raised by Subsector (%)



Digital Health and Biotechnology Capital Raised ($M)



Top 10 HealthTech Financing Rounds in 2022

8 out of 10 in 2022 were in the Digital Health and Biotechnology Subsectors

Digital Health

aidoc

viz.ai

Hello Heart

MDCLONE

CATHWORKS

Lumen

Biotechnology

ULTIMA GENOMICS

IMPACT BIO

Medical Devices

BlueWind MEDICAL

AlphaTAU

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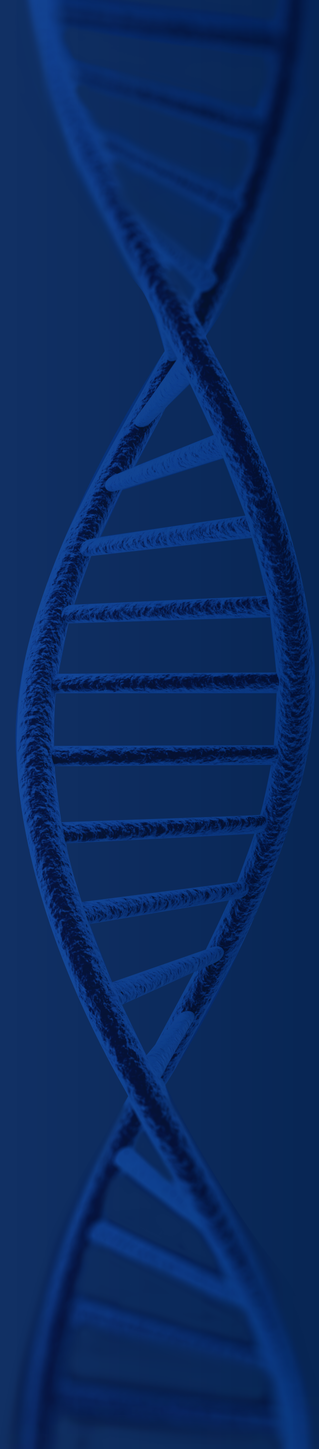
Appendix



HealthTech Sector Definition

Sector Definition

The HealthTech is the terminology applied in this report for what is defined in the IVC Database as “Life Sciences”. It is a general term used to refer to biological technologies, medical technologies and healthcare-related technologies. Companies developing products for the healthcare market can be found in this sector, along with companies performing biological and genetic research, and companies developing technologies, tools and materials used in such research.

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.

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. Life Science Product development Terms. Phases in Life Science Product development consist of discovery, followed by pre-clinical trials (3-6 years on average) and three Clinical Trial Phases (6-7 years on average), which lead to regulatory approval certification. Clinical trial phases are based on human volunteer participation and progress by number of participants.

Methodology: General

- This report contains information derived from the IVC Online Database as of February 2023, unless otherwise noted. Deal numbers and valuations may vary across our reports due to continuous updates of historical numbers in the IVC database.
- This report summarizes activities of Israeli and Israel related high tech companies between 2015-2022. "Israel related" refers to a company which is not incorporated in Israel but has senior Israeli management and founders.
- The information contained in this report is derived from IVC Online the IVC Research Center Ltd. ("IVC") Database.
- Up to date information is available on www.ivc online.com

Methodology: Investments

- This report reviews capital raised by Israeli tech companies from Israeli and foreign venture capital funds as well as from other investors, such as investment companies, corporate investors, incubators and angels.
- The data within is a representation of the known investment activity IVC collects from reliable media sources, and direct reports gathered by IVC's information specialists' team.
- The term "Early-Stage Company" refers to high tech companies in the process of development and not yet offering products to the market.
- The report covered total investments in the Israeli VC sector, including both VC backed rounds where at least one investor participating in the round was a VC fund, as well as deals not backed by VC funds.
- The report includes investment amounts received by each company directly, including direct transactions performed among company shareholders and the company.

About IVC

IVC is the leading data source and business information company in Israel's high tech industry.

We help our clients understand the market, make connections and identify opportunities with access to the latest news, trends and developments.

From venture capital and private equity funds to industry leading companies and emerging startups across Israel's varied high tech sectors, we cater to the varied business information needs that make up the Israeli high tech ecosystem. We bring more than 20 years of experience of gathering and analyzing data, serving the IVC community. Our dedicated team of industry researchers and analysts has deep knowledge and hands on experience working with Israel s high tech sector.

Our management, professional sales, data and marketing teams drive IVCs commitment to excellence an client service. We enable a wide range of local and global clients, including entrepreneurs, local and foreign investors of all types and service providers such as lawyers and accountants, to get to know the Israeli high tech ecosystem better
(Registered Database #366723)

www.ivc-online.com

About aMoon

aMoon is a global HealthTech and life sciences investment fund headquartered in Israel. As Israel’s largest HealthTech VC fund, aMoon partners with outstanding entrepreneurs who harness groundbreaking science and technology to transform healthcare and help people live better, healthier lives.

aMoon harnesses its multidisciplinary team of over 50 scientists, physicians, and entrepreneurs, along with its robust network of investors and industry leaders, to build bridges between its portfolio companies and global HealthTech hubs to help entrepreneurs from the inception of an idea to the company launch.

aMoon's platform includes three HealthTech investment vehicles; aMoon Velocity, its early-stage fund, aMoon Growth, its late-stage fund, and aMoon Edge, its boutique, concentrated, hedge fund that invests in small to mid-cap companies

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