

The Israel Advanced Technology Industries Association (IATI) and the Israel Innovation Authority, in collaboration with PwC israel, publish the Israel Life Sciences and Health-Tech Industry Report for 2024-25:

- **Increase in investments in Israeli life sciences companies – a trend reversal despite the "Iron Swords" war**
- **Approximately \$2.7 billion invested, a 25% increase compared to the previous year**
- **Continued growth in fundraising by Israeli companies traded in the U.S., with four initial public offerings (IPOs) compared to zero in 2023**
- **Following the "Iron Swords" war, the report found a significant increase in investments in rehabilitation infrastructure and technology**

The Israel Advanced Technology Industries Association (IATI), the umbrella organization for Israel's high-tech and life sciences industries, and the Israel Innovation Authority, in collaboration with PwC, are publishing today the annual report on the Life Sciences and Health-Tech industry in Israel, ahead of the MIXiii Health-Tech.IL conference, which will take place on Tuesday and Wednesday, March 4-5, 2025, at the Jerusalem International Convention Center.

Karin Mayer Rubinstein, CEO and President of The Israel Advanced Technology Industries Association (IATI): "Israeli innovation has always been much more than an economic growth engine – it is a symbol of resilience, adaptability, and the ability to turn challenges into opportunities. The Israeli ecosystem represents strength and creativity – and during the war, it demonstrated this more than ever. The Israeli biomed, life sciences, and Health-Tech industries are a living testament to this. Amidst one of the most complex periods in the country's history, these industries have not only endured but have also broken new ground, developing life-saving technologies that are transforming global healthcare.

The reality brought forth by the 'Iron Swords' war has sharpened the critical need for innovative medical equipment and groundbreaking technological solutions – from the civilian and battlefield settings to emergency evacuation, hospital care, and physical and psychological rehabilitation. Israeli technologies are already playing a vital role in rapid injury identification, providing advanced treatment in emergency conditions, and ensuring precise medical response during evacuation and in hospitals. Moreover, as a direct result of the war's challenges, Israeli companies are pioneering technologies that have never been seen before – from advanced DNA-based identification of fallen soldiers to the development of smart prosthetics, and cutting-edge medical devices for the treatment and rehabilitation of limb injuries. This is a defining moment that will enable Israel to establish itself as a

global leader in this field, with smart healthcare systems and advanced rehabilitation technologies that will drive future growth.

The new IATI Life Sciences Report illustrates how, even in the midst of crisis, we are laying the foundations for extensive economic and technological recovery. Investing in human capital, education, high-tech, and biotech is not just a necessity for securing our future – it is the key to attracting foreign investments, reinstating Israel's leading global position in the field, and preserving the innovation industry as the central growth engine of the Israeli economy.

The **Israel Advanced Technology Industries Association (IATI)** is continuously working to promote the interests of Israeli biomed companies worldwide. Most recently, at the **Mini MIXiii conference in Miami**, the association showcased **18 Israeli companies**, collectively representing a market value of over **\$1 billion**, to the U.S. ecosystem, forging strategic connections with investors, regulatory authorities, federal healthcare systems, and key industry players.

The **association will continue to operate across every possible arena** – from advancing a supportive and enabling regulatory environment in Israel to fostering global collaborations with investment funds and international healthcare organizations, through attracting investments that will further solidify Israel's position as a global hub for medical and technological innovation."

Dror Bin, CEO of the Israel Innovation Authority: "The report presents a clear reflection: Israel's life sciences industry is strong, but the war has exposed challenges that demand a systemic response. The critical need for advanced rehabilitation infrastructure, innovative medical equipment, and skilled personnel is not a distant concern – it is an urgent challenge of the present. The Israel Innovation Authority acted swiftly to launch investment tracks for digital health, rehabilitation, and medical technologies, allocating approximately 500 million NIS over the past year to Health-Tech investments, with a particular focus on bio-convergence infrastructure.

This investment is designed to ensure that Israel not only maintains its place at the forefront of innovation but also drives forward groundbreaking medical solutions. This is our opportunity to turn challenges into opportunities – but it will only happen if we act now."

Key Findings of the Report:

- In 2024, there was a partial recovery in investments and fundraising within Israel's life sciences industry, according to the report's findings.
- While the total number of life sciences companies operating in Israel remained largely unchanged, there was a 37% increase in the number of newly established companies compared to the previous year.
- An increase was also recorded in the overall number of fundraising transactions among both public and private companies. However, the ongoing trend of a decline in the average transaction size continued, dropping to approximately \$10 million per deal on average.
- Private investments in Israeli life sciences companies totaled over \$2 billion in 2024. Similar to previous years, the majority of private investments came from foreign investors, amounting to approximately \$1.2 billion, or 58% of total investments.

- While Israeli investors still account for a significantly smaller portion of the market compared to foreign investors, their total investment grew by approximately 62% compared to 2023. Most life sciences investments, from both foreign and Israeli investors, were made through venture capital funds, which accounted for approximately 84% of private investments this year, totaling \$1.7 billion.
- 2024 marks the fifth consecutive year in which at least one deal exceeded \$500 million, with this year's largest transaction ranking among the top ten acquisition deals in the entire high-tech sector.
- Most publicly traded Israeli life sciences companies continue to seek capital through U.S. stock markets as their primary source of funding. The upward trend in fundraising on U.S. exchanges, particularly the NASDAQ, continued this year, with total fundraising reaching approximately \$637 million—a 47% increase compared to 2023. Following a halt in initial public offerings (IPOs) last year, 2024 saw four IPOs of Israeli companies in the U.S., while the number of follow-on funding transactions remained similar to last year. In the Tel Aviv Stock Exchange, 2024 marked the third consecutive year without new IPOs from the life sciences sector. However, follow-on funding transactions surged nearly ninefold, reaching a total of approximately \$19 million.

The Israel Advanced Technology Industries Association (IATI) and the Israel Innovation Authority, in collaboration with PwC Israel, have **focused this year's report on rehabilitative medicine in Israel—the challenges following the "Iron Swords" war**, the response strategies, and the technological solutions that have been adopted to address these challenges. Additionally, the report provides a detailed overview of the four sub-sectors that constitute the life sciences industry, offering a comprehensive analysis across various dimensions. The report also highlights the government grants allocated to life sciences companies in 2024 and outlines the programs in which these companies operate.

In 2024, approximately 500 million NIS were invested in Israel's life sciences sector by the Israel Innovation Authority through grants distributed across four main tracks. More than half of these grants were awarded to medical device companies, while the remainder was distributed among pharmaceutical and digital health companies. In response to the significant challenges faced by life sciences companies and the healthcare system as a whole due to the war, the Israel Innovation Authority launched two dedicated programs—a fast-track investment program and a pilot program that facilitated collaborations between startups and hospitals. These collaborations focused on areas such as technological solutions for child development and mental health support.

After a sharp decline in life sciences exports from Israel in 2023, export volumes have stabilized this year. In 2024, Israeli life sciences companies exported approximately \$1.8 billion worth of pharmaceuticals, while medical device exports from Israel totaled approximately \$3.4 billion. While medical device exports are at their highest level in the past five years, pharmaceutical exports have remained at nearly the same level as in 2020—approximately 44% lower than the peak recorded in 2022.

According to **Omer Gavish**, Life Sciences leader and Partner at **PwC Israel**, who led the preparation of the report, "2024 and the 'Iron Swords' war posed numerous challenges for Israel's life sciences companies and healthcare system, many of which are unique to the country's situation. Improvements in battlefield treatment, personal protection, and evacuation times have led to an unprecedented increase in survival rates among the wounded. However, this has also placed a heavy burden on the healthcare system and rehabilitation departments, which has been addressed through accelerated infrastructure development and technological advancements. A review of activity in the life sciences industry reveals that despite these challenges, we have witnessed an increase in investments in both private and public companies, significant merger transactions, and initial public offerings (IPOs) on U.S. stock exchanges. Based on the trends observed so far, we anticipate that 2025 will continue this trajectory, with further growth in mergers and public fundraising."

The Israel Advanced Technology Industries Association (IATI), together with PwC, conducted in-depth interviews with a wide range of key figures in Israel's healthcare system—including hospital directors, rehabilitation department heads, physicians, and representatives from the Medical Corps—to gain a comprehensive understanding of the challenges arising from the "Iron Swords" war, with a particular focus on rehabilitative medicine.

The report provides a detailed analysis of these challenges, including shortages in hospital facilities, medical equipment, and trained personnel, as well as the strategies hospitals have employed to address these gaps. It also examines the changes in battlefield injury treatment protocols during the war, their impact on the nature of injuries and rehabilitation needs, and the technologies that have been adopted or are currently in development for rehabilitation and emergency care.

Additionally, as part of its ongoing efforts, the Israel Advanced Technology Industries Association (IATI) conducted a comprehensive survey among 25 leading venture capital firms specializing in life sciences and health technologies, including IATI member companies. Despite the war in Israel, most venture capital firms did not significantly alter the scale or nature of their investments in Israeli companies. Furthermore, only 15% of the funds changed their investment focus to include new sectors as a result of the war, while the remaining firms continued to concentrate on their traditional areas of investment. Among the venture capital firms that participated in the survey were: amoon, Grove, Pontifax, 10D, Menomadin, Maor, Shavit Peregrine, Pitango, IBF, Vertex, LionBird, BRM, Biolight, Alive, OurCrowd, and many others.

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In the photos:

1. Karin Mayer Rubinstein, CEO and President of the Israel Advanced Technology Industries Association (IATI) – *Credit: Michael Franco*
2. Dror Bin, CEO of the Israel Innovation Authority – *Credit: Hana Tayeb*
3. Omer Gavish, Head of Life Sciences and Partner at PwC Israel – *Credit: PR*

Sincerely,

Ran Rahav

Spokesperson, Israel Advanced Technology Industries Association (IATI)

Israeli Life Sciences Companies in numbers

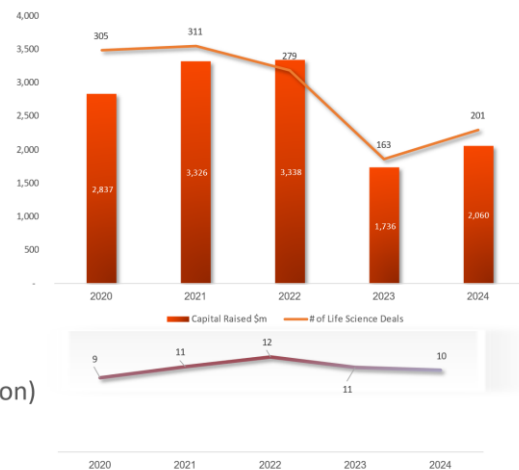


Source: IVC Online Database
IATI Database

Capital Raised by Israeli Life Sciences Companies - Private equity (\$ million)

Despite the challenging start of 2024, there has been an overall increase in number of deals.

Over the last four years, the average deal size in Digital Health is \$10 million, compared to an average of \$4 million in previous years.

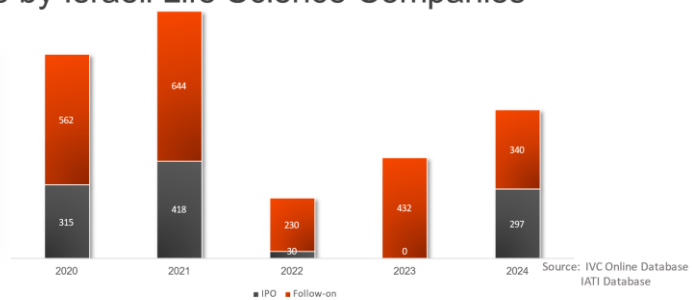


Average Deal size (\$ million)

Source: IVC Online Database
IATI Database

Public Offerings by Israeli Life Science Companies on Wall Street

After a year without IPOs on Wall street, 2024 ended with 4 IPOs and 4 follow-ons.



Source: IVC Online Database
IATI Database

Top 5 Deals in 2024:



Top Acquisitions in 2024:



Source: 2024 Exit Report - PwC Israel
2024 M&A Report - PwC Israel
IATI Database