



Japanese Investments In Israel 2021 Yearly Report

About Harel-Hertz Investments House

Founded in 1994, Harel-Hertz Investment House Ltd (HIH) is Strategy and Business Development Consulting and Investment Banking Boutique, promoting business between Japan, Israel, and the world.

At HIH we provide tailor-made services at top professional standards, with personalized attention to every customer, to fit the specific requirements of each business opportunity.

HIH is intimately connected with leading technology companies, entrepreneurs, VCs and opinion leaders in Israel and Japan, and operates out of its offices in Herzliya and Tokyo.

HIH was founded on dedication, experience, professionalism, responsibility, dependability and personal relations with its clients

Japanese investments in Israel – 2021

- HHH is delighted to continue with the tradition of presenting the review of Japanese investments in Israel. Since Q4 of 2019 economic activities were overshadowed by the burst of the Covid-19 ,Corona pandemic, which threatened to depress Economies, increase isolation and minimize international engagements. We are therefore pleased to emphasize that 2021 was another record breaking year in Japanese investments and expansion of its economic involvement here.

With **investments of \$ 2.945Bn** Japan has become a meaningful player in the Israeli High-tech, taking a share of 12% of total investments in this industry.

Japanese Investments in Israel, **have grown by 195%** , out passing the outstanding growth of overall investments -146% (2021 compared to 2020 according to IVC-Meitar report)

Number of investments has also reached a record of **85 investments**, breaking the record number of 2019 (70 investments)

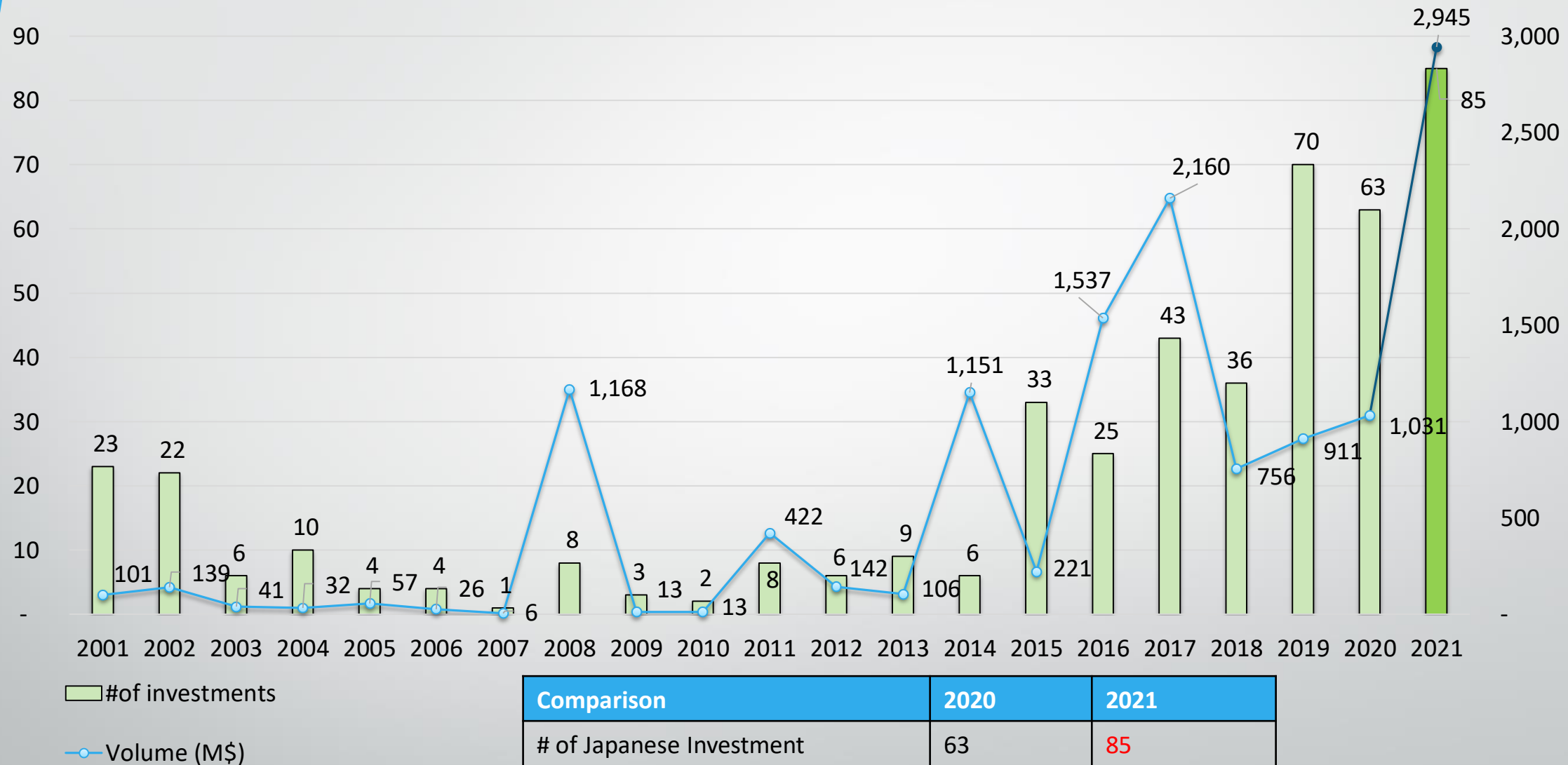
The overall volume of Japanese investment was. Also influenced by 3 impressive acquisitions (see slide 23) although the number of M&A deals is still modest.

The growth of Japanese interest in Israeli technology corresponds with the impact of the US-China conflict on the activities of the Israeli start-ups. In many aspects Japan has become Asia main source of investments and a hub for APAC activities.

Japanese investments in Israel – 2021 (continued)

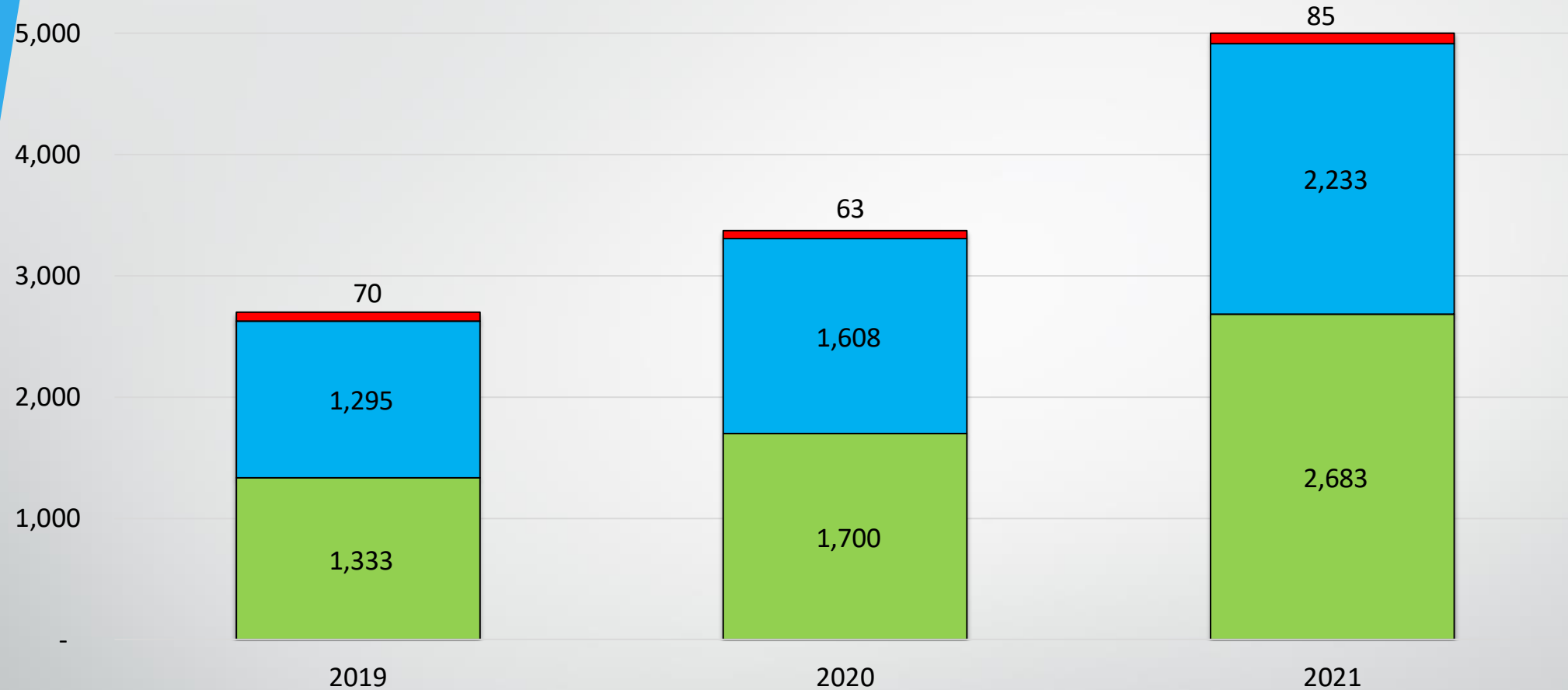
- **Transformation in Japanese activities :**
- Since the beginning of the Century Japanese investments in Israel reached an accumulated amount of \$13Bn!
- Japan's role in FDI has grown dramatically from insignificant 1.8% in 2016 to impressive 12% this year, 2021. This year percentage is an all time high..
- 9 new Japanese investors (2 Funds and 7 corporates) joined the team of investors.
- Growth of involvement of Japanese VCs located in Israel: overall 18 Japanese VCs operate from local offices. This in parallel to the important increase of Japanese names with Israel fixed presence:, which has grown from modest 15 in 2015 to close to 97 offices in 2021, the latest being **NTT Lab**, IN Raanana.
- In spite of Covid-19, Japanese Institutional Investors (banks and Insurance companies) expanded their activity in Israeli. – initiating new alliances and new ventures with their local counterparts and Israeli VC's. Institutional Investors increased their involvement as Partners in funds like **OurCROWD**, **Vertex**, **Team8**, **StageOne** an others
- **More dedicated funds were established by major players like Softbank, Sumitomo, Marubeni , Olympus and NEC.**
- Another sign of maturity is evidenced by the fact that investments in rounds B and C, have outpaced those of Seeds and A,
- Japanese VCs and CVCs still do not take lead investors position ,but prefer to join Israeli or global VCs.
- Major changes since 2015 in the sectorial preference of Japanese investors, IT dominated with 64% in 2015 and dropped to 13% today's, other industries like Automotive, LiveScience and Security took a significant slice in the cake.

Japanese Investments and Acquisitions of Israeli Companies



Comparison	2020	2021
# of Japanese Investment	63	85
Volume of Japanese Investment	1031.1	2944.95

Origin of Yearly Investment in Israeli High-Tech

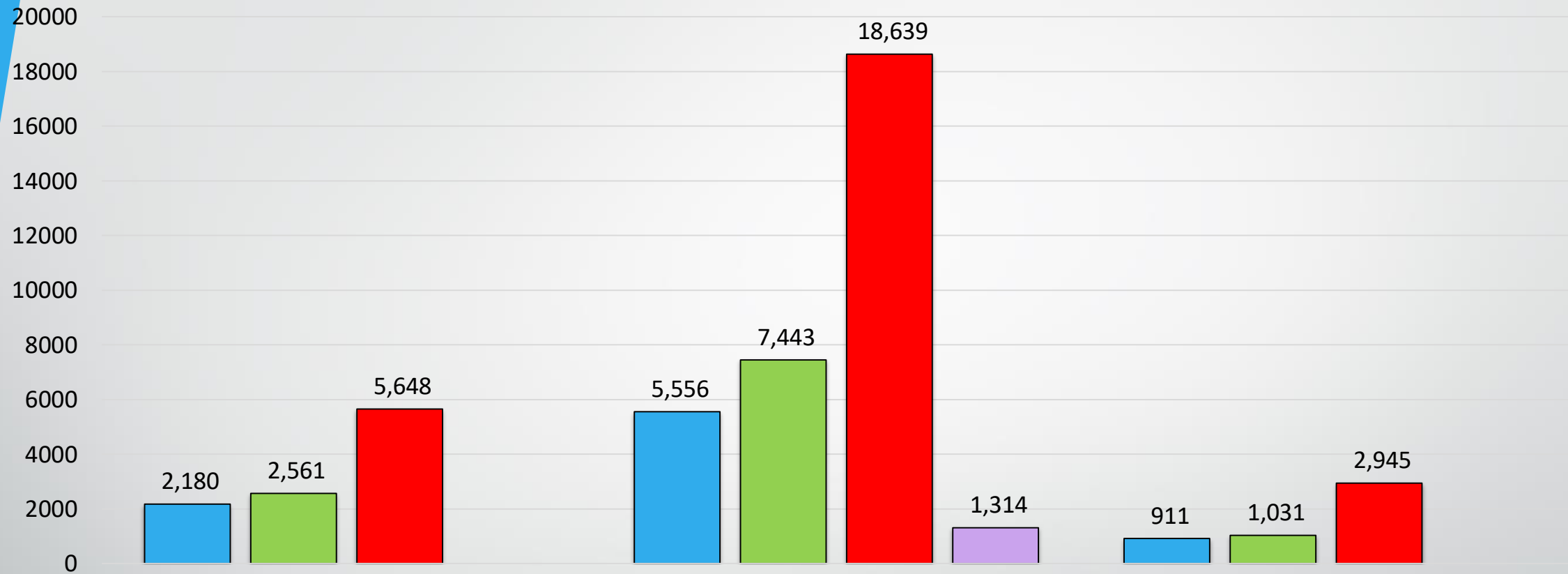


- # of Foreign investments
- # of Israeli investments
- # of Japanese investments*

Comparison	2019	2020	2021
# of Israeli investment	1,295	1,608	2,233
# of Japanese investment*	70	63	85
# of Foreign investment	1,333	1,700	2,683
Total # of Investments	2,628	3,308	4,916

*Japanese investments are also included in foreign investment column

Yearly Volume of Investment in Israeli High-Tech (M\$)



■ 2019
 ■ 2020
 ■ 2021
 ■ 2021*

Volume of Israeli investment

Volume of Foreign investment

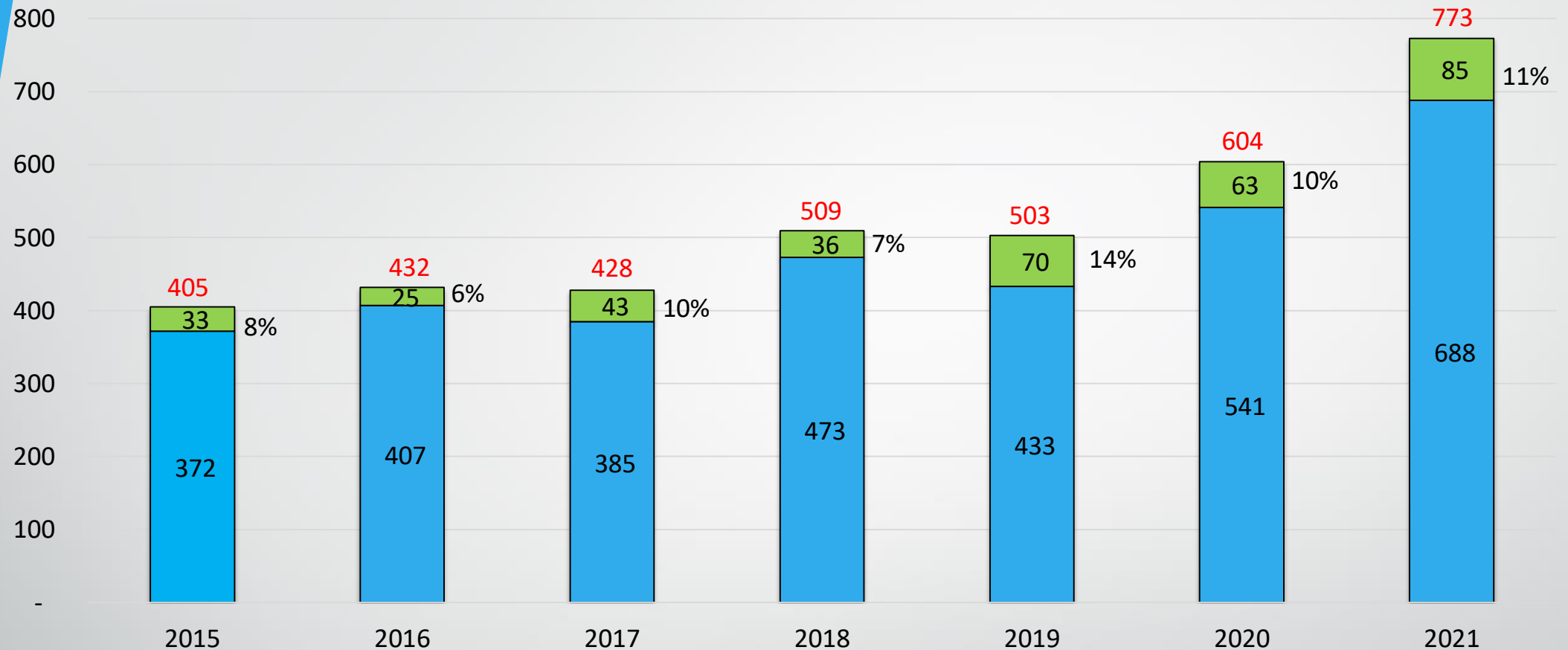
Volume of Japanese investments*

comparison	2019	2020	2021
Volume of Israeli investment	2,180	2,561	5,648
Volume of Japanese investment*	911	1,031	2,944.95
Volume of Foreign investment	5,556	7,443	18,639
Volume of Undisclosed investment	-	-	1,314
Total Volume of investments	7,736	10,004	25,601

*Some investors were undisclosed, therefore they are separated.

**Japanese investments are also included in foreign investment column.

Yearly Number of Rounds of Investments VS Japanese Investments



■ # of non-Japanese investments

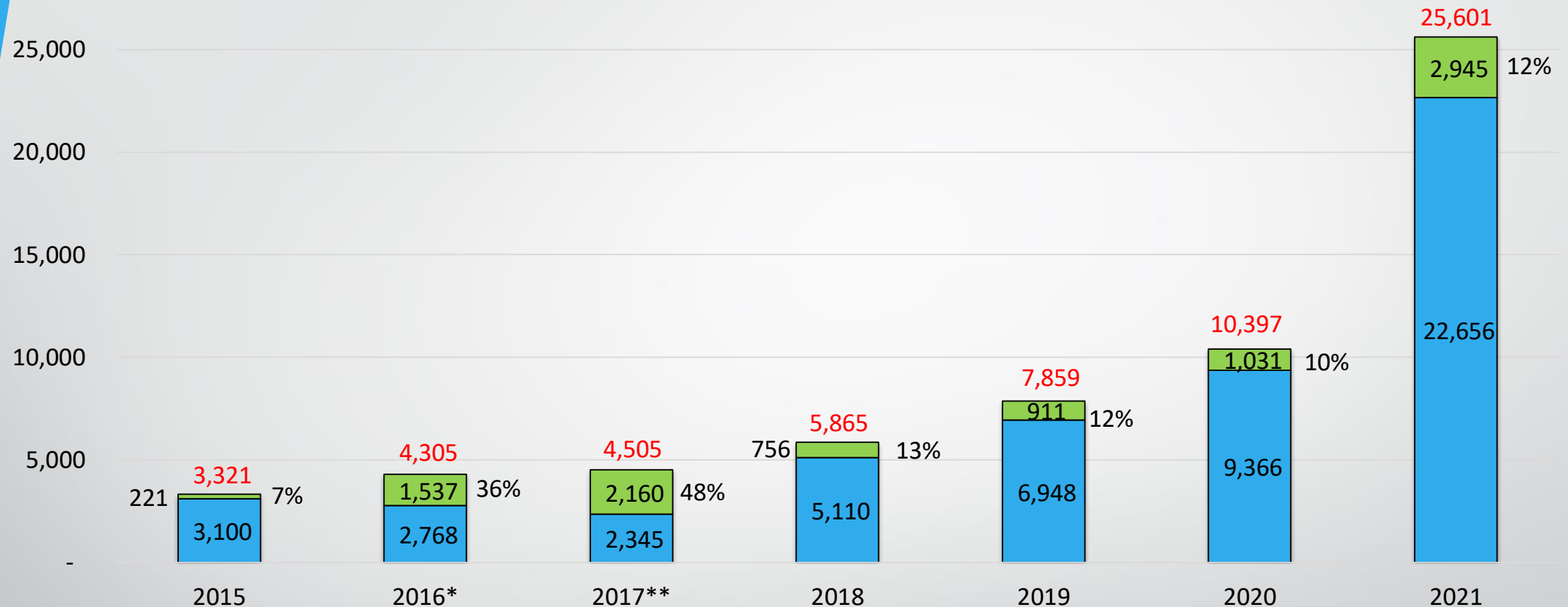
■ # of Overall investments

■ # of Japanese investments

Percentage # of Japanese investments from Overall investments



Yearly Volume of Overall Investments VS Japanese Investments (M\$)



■ Volume of non-Japanese investments

■ Volume of Japanese investments

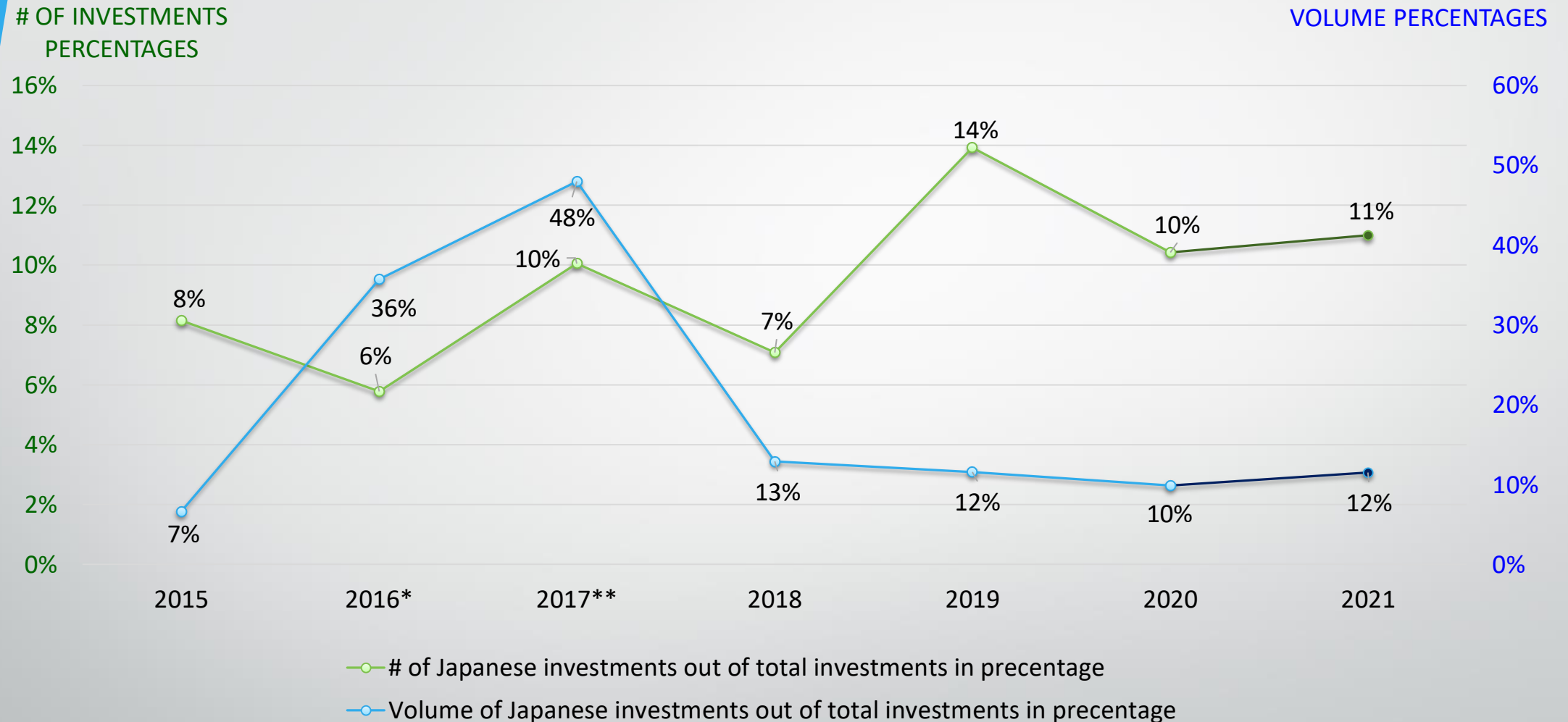
■ Volume of Overall investments

Percentage # of Japanese investments from Overall investments

*Including the acquisition of Alliance Tyres by Yokohoma Rubber at the amount of 1,200M\$ (2016).

** Including the acquisition of Neurodrem by Mitsubishi Tanabe at the amount of 1,100M\$(2017).

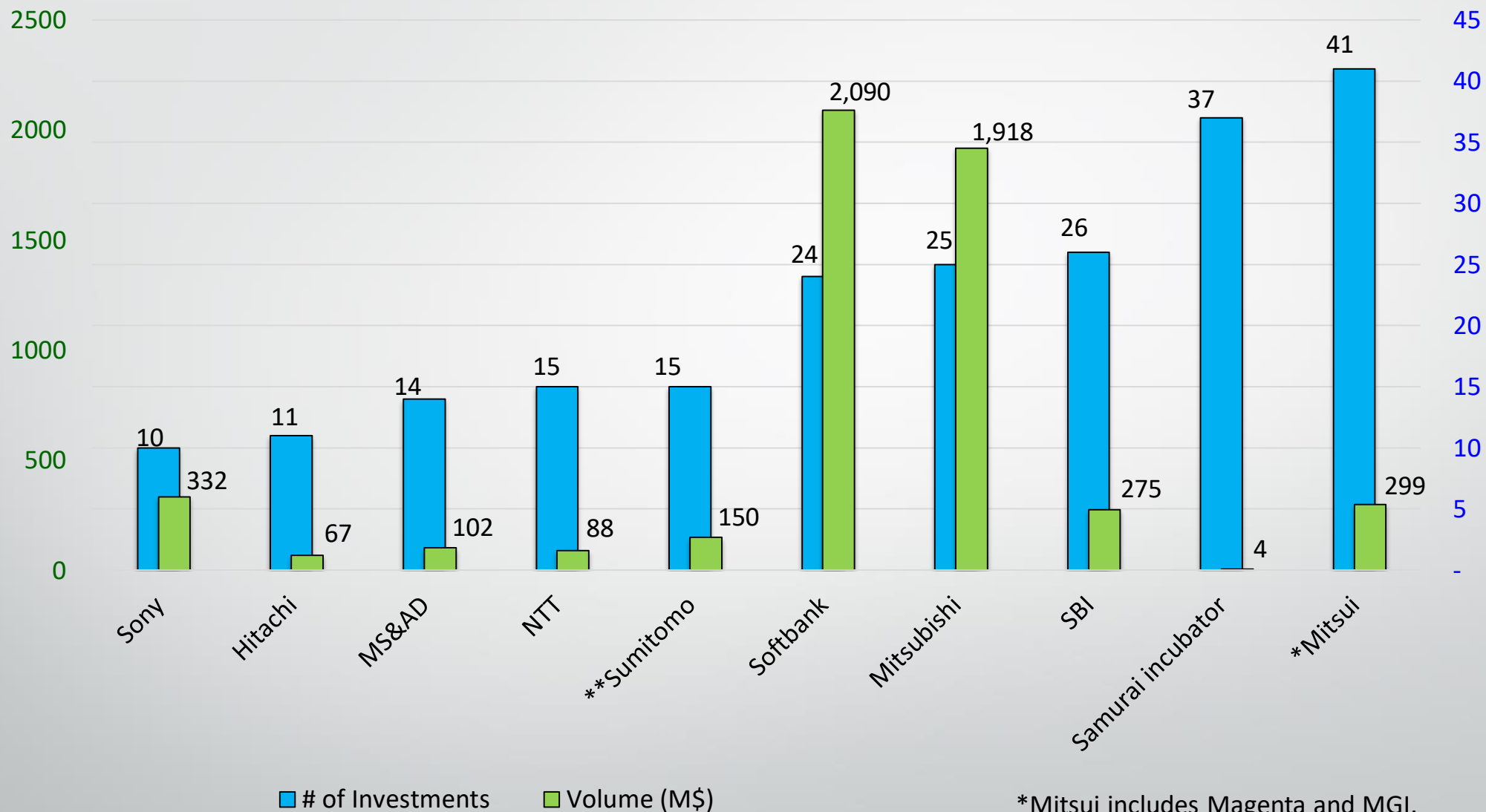
Number and Volume of Japanese Investments out of Overall Investments in Percentage



*Including the acquisition of Alliance Tyres by Yokohoma Rubber at the amount of 1,200M\$ (2016).

** Including the acquisition of Neurodrem by Mitsubishi Tanabe at the amount of 1,100M\$ (2017).

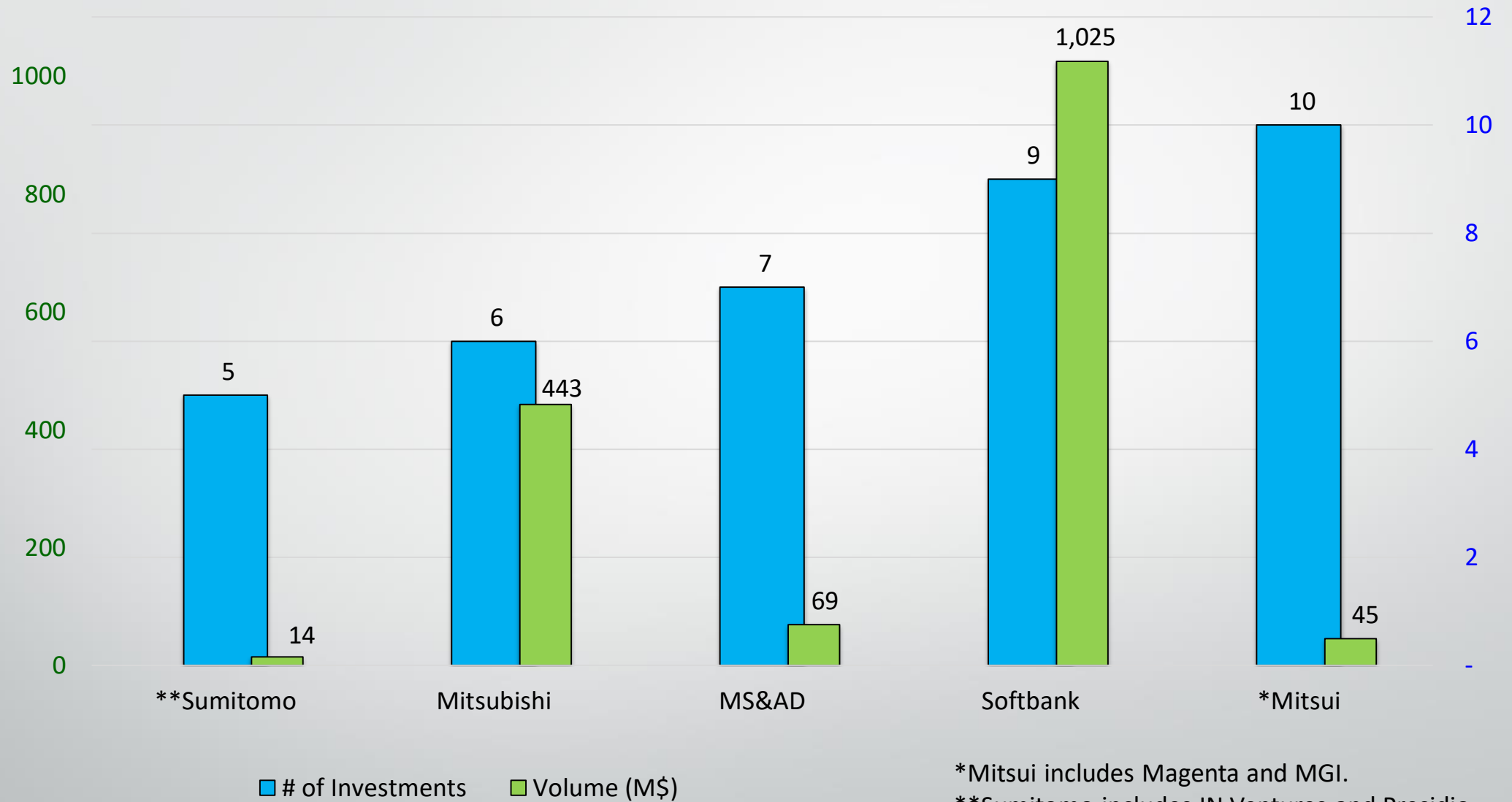
Top 10 Active Investors 2001 – 2021



*Mitsui includes Magenta and MGI.

**Sumitomo includes IN Ventures and Presidio.

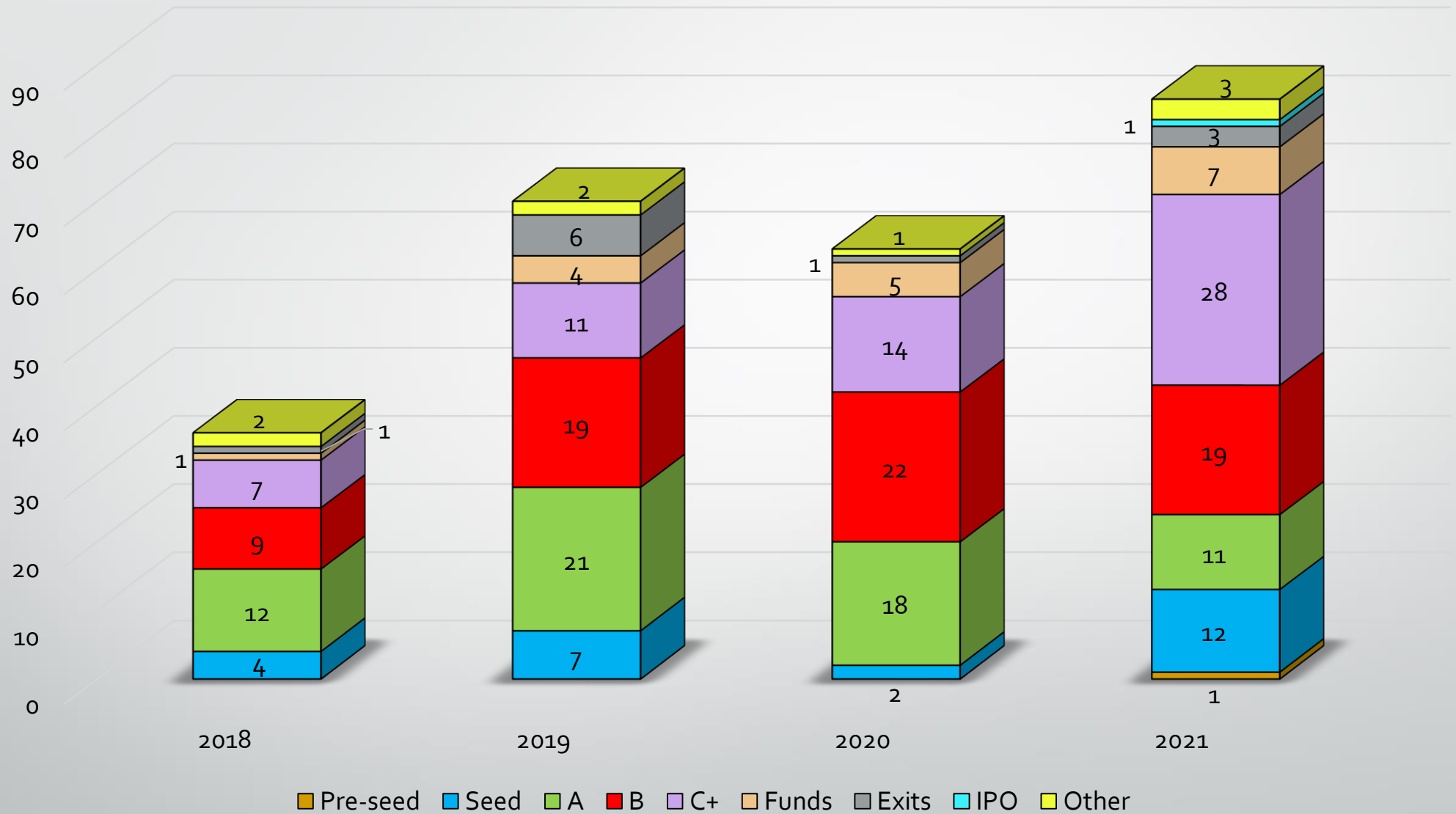
Top 5 Active Investors in 2021



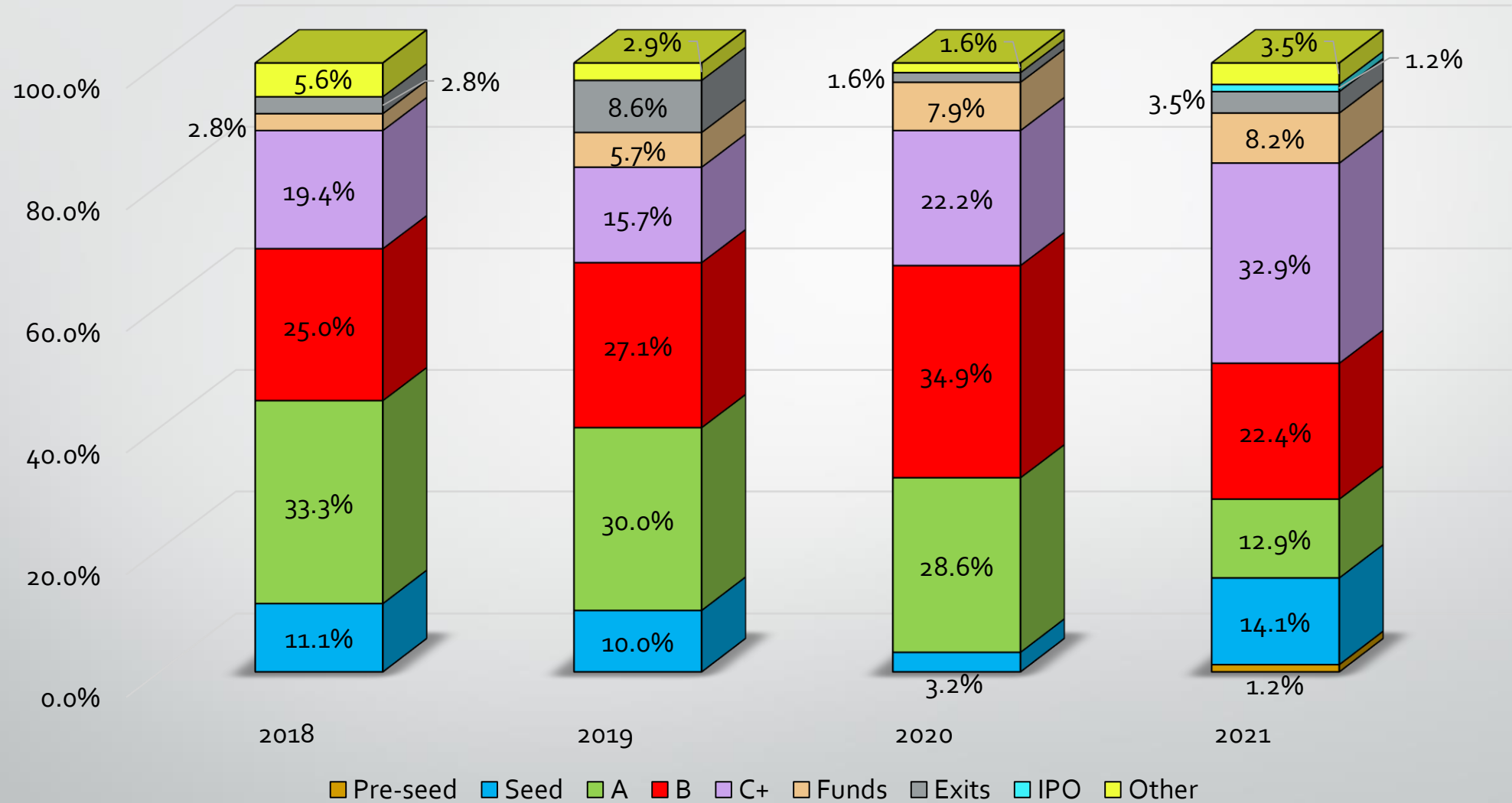
*Mitsui includes Magenta and MGI.

**Sumitomo includes IN Ventures and Presidio.

Japanese Investments in Israeli High-Tech by Round



Japanese Investments in Israeli High-Tech by Round in Percentages



Japanese Investments in Israeli High-Tech by Round Data

Number of Investment by Round

Investment	2018	2019	2020	2021
Pre-Seed	0	0	0	1
Seed	4	7	2	12
A	12	21	18	11
B	9	19	22	19
C+	7	11	14	28
Funds	1	4	5	7
Exits	1	6	1	3
IPO	0	0	0	1
Other	2	2	1	3

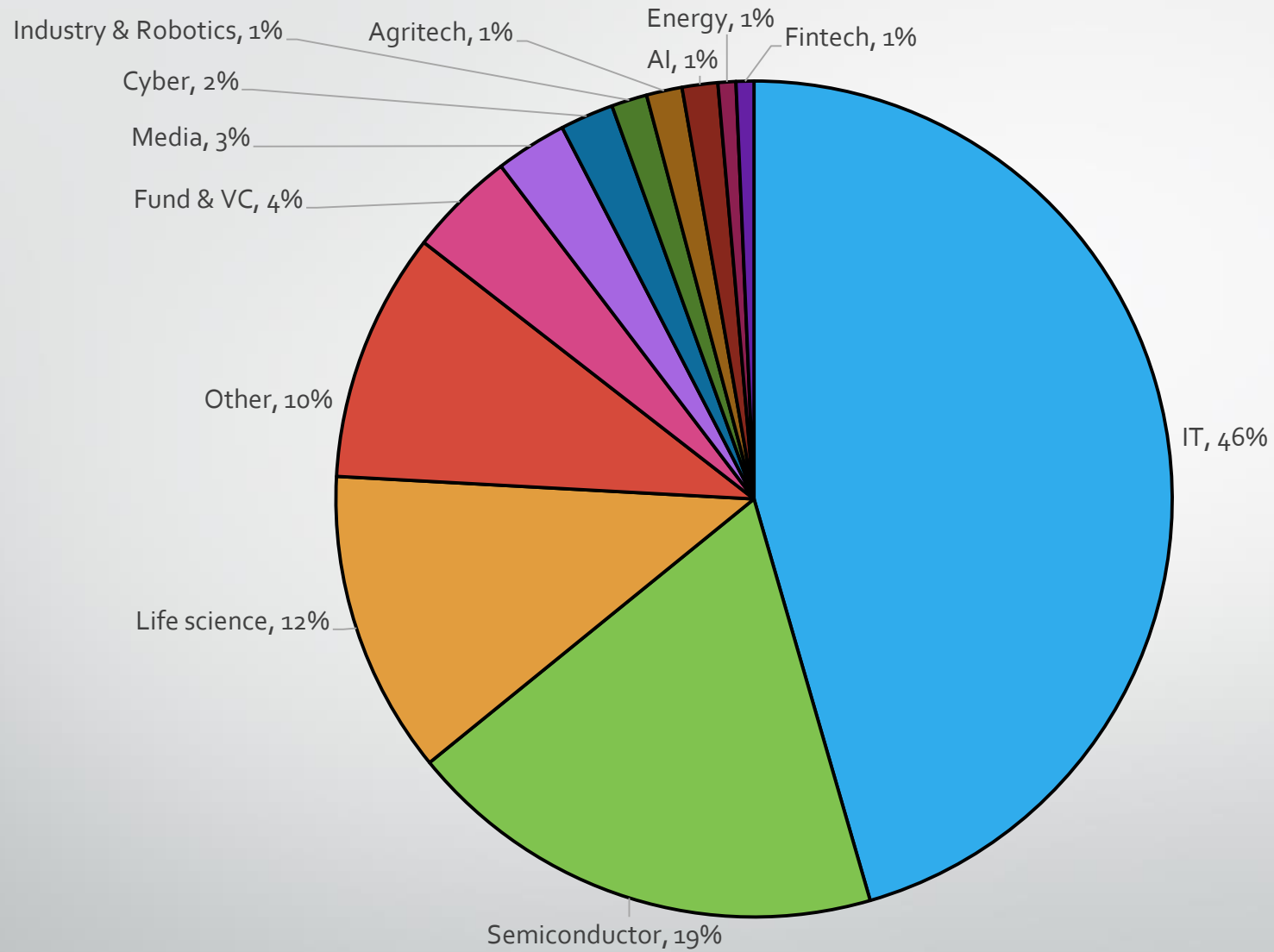
Percentage of Investment by Round

Investment	2018	2019	2020	2021
Pre-Seed	0	0	0	1.2%
Seed	11.1%	10%	3.2%	14.1%
A	33.3%	30%	28.6%	12.9%
B	25%	27.1%	34.9%	22.4%
C+	19.4%	15.7%	22.2%	32.9%
Funds	2.8%	5.7%	7.9%	8.2%
Exits	2.8%	8.6%	1.6%	3.5%
IPO	0	0	0	1.2%
Other	5.6%	2.9%	1.6%	3.5%

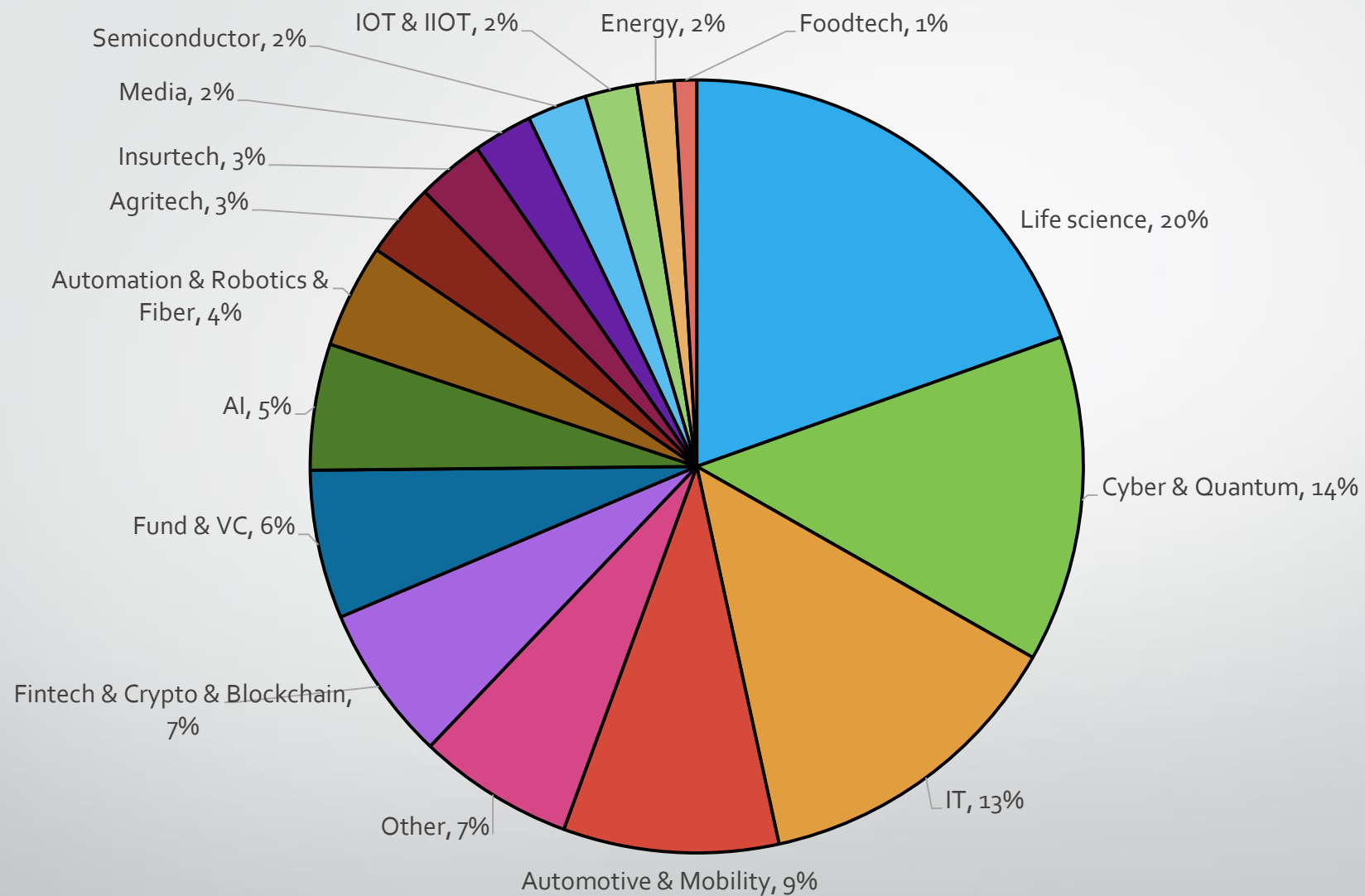
Trends in Japanese Investments 2001-2021

- Japanese investors have followed leading-edge technologies and have supported new trends such as Automotive, Agritech, Insuetech
- Japanese investors are moving into the space of “Deep Tech” with investments in Hardware, Life Science, and Deep Learning based solutions. These categories require long-term partnerships and large investments (compared to IT SW, end-user services companies)
- Since the breakout of the COVID-19 pandemic Japanese investors, led by the Japanese government initiatives, have tried to address immediate necessities in areas such as Health, DX transformation, Smart-City, Mobility, and Aging society.

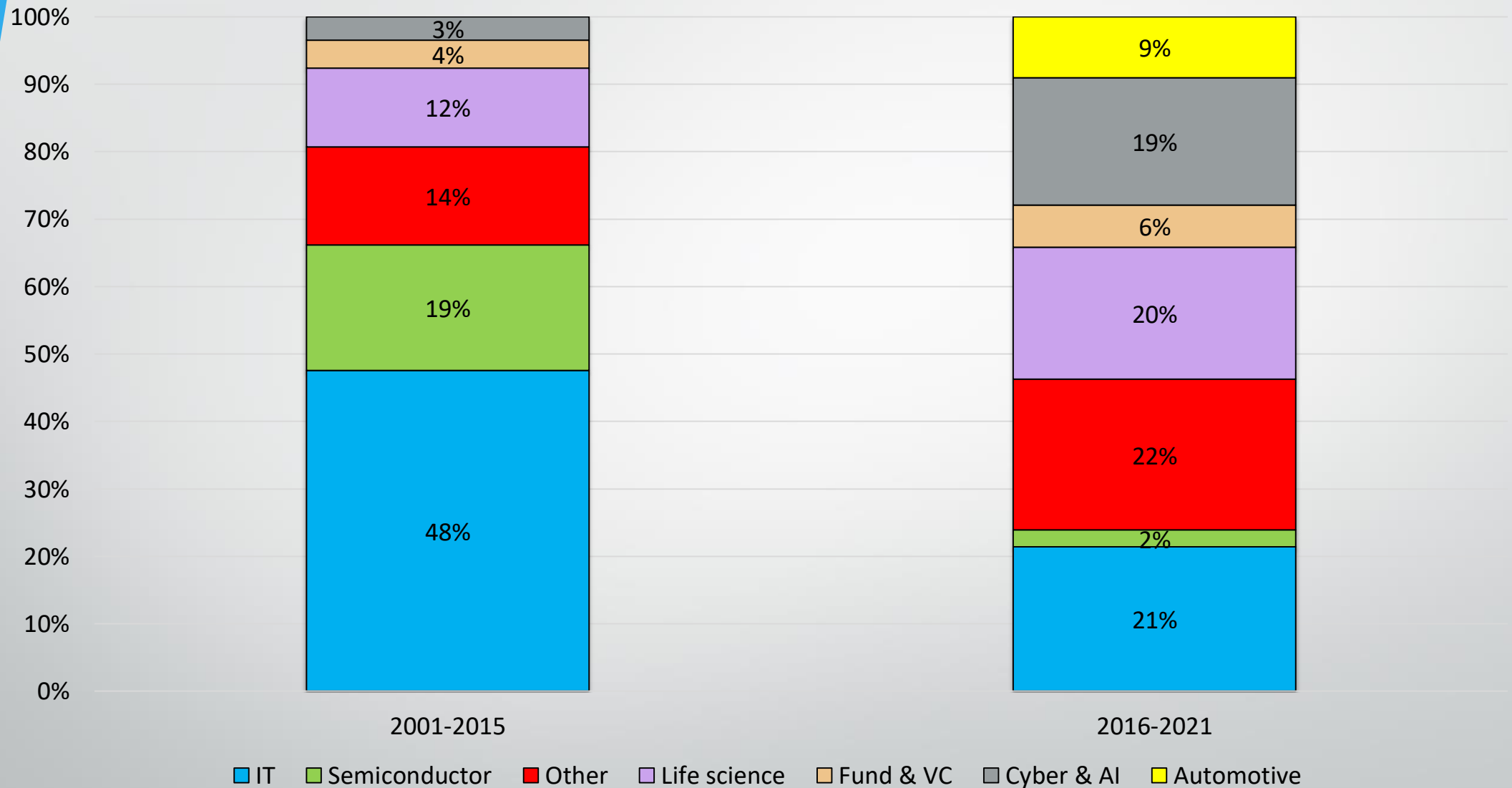
Investments by Sectors 2001-2015



Investments by Sectors 2016-2021



Investments by Sector & Year Change



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Japanese Acquisitions of Israeli Companies

Japanese Acquisitions of Israeli Companies

Japanese Company	Israeli Acquired Company	Acquired From	Sector	Year	Volume (\$M)
TDK	Nemic-Lambda	Shareholders	AC-DC	1982	N/A
Nikken Shusha	NBT	COOR	Chemicals	1989	10
Yaskawa robotics	Eshed Robotecs	Robogroup	robotics	1997/2008	5.7
SBI Holdings	QUARK	oracle-nitto	pharma	2008/2014	120
ADM/Kaga*	Explay	Founders	IT	2009	4
SUN Corporation**	Cellbrite	Founders	IT-Security	2017	17
Toshiba	OCZ	Nasdaq	IT	2013	35
Rakuten	Wiber	Founders	IT/SNS	2014	900
Sony pictures***	Dori Media	DMG	IT/Media	2014	N/A
Dentsu Aegis	AbAgAdAbA	Founders/VC	IT/Media	2015	76
AsahiKasei-Zoll	Kyma Medical	Founders/VC	BioMed	2015	35
Sony	Altair Semi	Founders/VC	IT/Semi	2016	230

* Explay closed in 2011

** Sun corp' sold 25% of its holdings in cellbrite to IGP for \$100M in 2019

*** On June 2020 DMG executed a buy back of SPG 50% holdings in Dori Media

Japanese Acquisitions of Israeli Companies (2)

Japanese Company	Israeli Acquired Company	Acquired From	Sector	Year	Volume (\$M)
Yokohama Rubber	Alliance Tires	KKR P/E	Autom/chemicals	2016	1200
Sony Pictures*	Interlude/EKO	Founders/VC	IT/Media	2016	50
Orix**	Ormat	Public	energy	2017	626
Mitsubishi Tanabe	Neuroderm	Founders/Public	Pharma	2017	1100
Canon	Briefcam	Founders/VC	IT	2018	70
Rigaku corp	XwinSYS	EuroControl	SEMI	2019	20
AnGes Inc	Emendo BioTherapeutics	Founders/VC	Pharma	2020	250+50
Olympus	Meditate	Founders	Medical device	2021	300
Asahi Kasei (Zoll)	Itamar Medical	Founders	Medical device	2021	538
Renesas	CELENO	Founders	Semiconductor	2021	315

* Sony Pictures acquired 50% of Interlude/EKO.

** Orix Acquired 22% of Ormat.



Japanese VCs Present in Israel

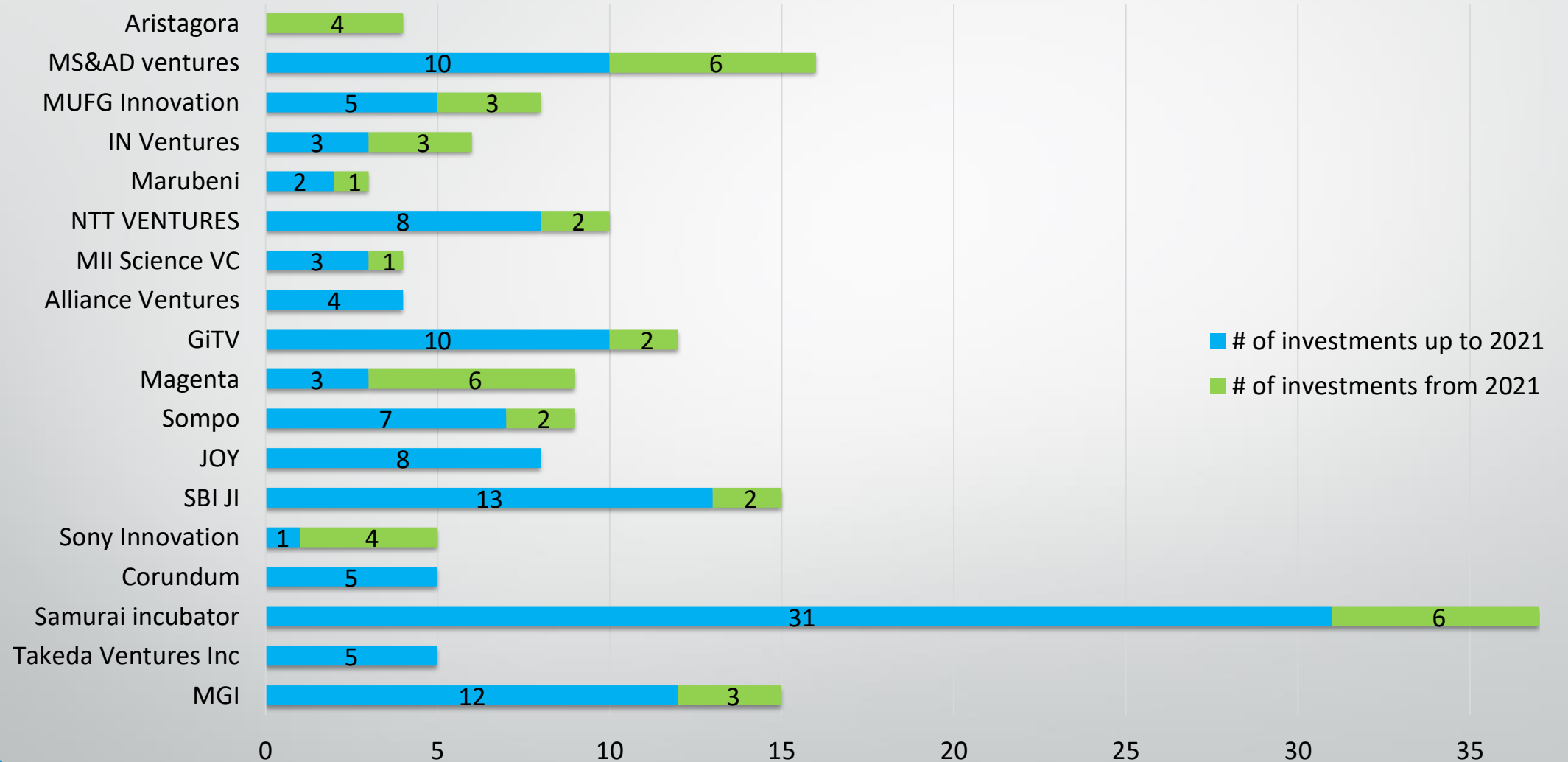
Japanese VCs Present in Israel

Parent Company\ Partnership	Japanese VC\CVC	Year Established in Israel	# of Investments	Portfolio Companies
Mitsui	MGI	2008	10	Autotalks, Cipia (eyesight), Kaltura, Silk, Valens, EarlySense, Kaiima, Claroty, eVolution, PhyTech,
Takeda	Takeda Ventures Inc	2014	5	Impact-Bio, Futurx, Emendo-Bio, BiomX, Protekt
	Samurai incubators	2014	37	Actifile, CouponRoller, Dogiz, Enerjoy, Go Watermelon, StartupEast, ThemeGo, YapQ, Zerobillbank, Lemmeno, Parklife, Personafy, RighTune, The Elegant Monkeys, TrendyGURU, Waveit app, Wonder voice, Toky, Wisio, Speedup, Retube, Ondigo CRM, DiskonCloud, Gistit, Hexa, Mydimed, Porcupine, Actifile, Qprivacy, Webeyez, eLoomina, FUGU, ADKnights, NeuroBrave, TrustPeers, CorrActions, Spinframe technologies
Vertex	Corundum	2015	5	270Surgical, Cathworks, EternaBio, TheraNica, Dario
Sony	Sony Innovation	2016	3	Broadmann17, Trax, Anzu.
Vertex	SBI JI	2017	13	Adicet Bio, Ayala, BiomX, Biond Bio. BioSight, ChemomAb, Eloxx, ImmunoBrain, Logic Bio, Orasis, cylus, D-Fend, Trigo
Corundum	JOY	2017	8	EmberLabs, Empatic Technologies, Myndlyft, NYX Technologies, Reflect innovations, Sanga, Vi Technologies, Zoog.AI
Sompo Insurance	Sompo	2017	7	Nexar, Guardian, Sensifree, Intuition Robotics, Panorays, Medigate, Binah.ai
MGI – Mitsui	Magenta	2018	9	Autotalks, Valens, Workiz, Become, Hip, Brightway Vision, Veego, Findings, Livecycle

Japanese VCs Present In Israel (2)

Parent Company\ Partnership	Japanese VC\CVC	Year Established in Israel	# of Investments	Portfolio Companies
	GiTV	2018	8	Kitov, Binah.ai, Adshir, Seebo, DLR, Feelit, Cognata, Hoppo
Renault - Nissan – Mitsubishi	Alliance Ventures	2018	3	Upstream, Otonomo, Maniv mobility (Fund)
Maruho	MII Science VC	2018	4	Follicle Pharma, TPCera, Seanergy, MyBiotics
NTT	NTT VENTURES	2019	7	WSCSports, otonomo, Wiliot, VDOO, Riskified, Red Bend, SundaySky
Marubeni	Marubeni	2019	3	ePlane, D-ID, Neurobrain
Sumitomo	IN Venturs	2019	6	Anagog, H2Pro, Classiq, Genox, GK8, Ottopia
Meitav – Dash	MUFG Innovation	2020	5	FUNDBOX , BlueVine, liquidity Capital, ChargeAfter, Obligo
Mitsui – Sumitomo Insurance	MS&AD ventures	2020	10	VDOO, Blackswan, Next Insurance, Bambi Dynamic, Sproutt, InnerPlant, finTLV, Vesttoo, NeuraLight, Centraleyes
	Aristagora	2020	4	Lynxight, Nimble, Suridata, Cady

Japanese VC Investment Portfolio



Note- Some of the Japanese VC's invested into the same company before 2021 and at 2021.

Methodology and editors' remarks

1. Data is collected by from public media and private sources.
2. Figures published in this review are based on accumulated data from numerous sources.
3. We are aware there are investments and partnerships which are non-disclosed for several reasons, we did not publish unauthorized cases.
4. Non Equity transfers (Advance payments, NRE's, options and non refundable loans were excluded from our statistics).
5. General **FDI** figures are based on data gathered from **IVC-Meitar** and **IIA**.
6. Stage of Finance was gathered from VC's and Companies announcements.
7. Investments in companies in the USA, with no links to Israel (but the origin of the founders) were not included in this survey.
8. Data of investments in previous years was edited according to new findings and publications that were revealed in 2021.

General information about the review editors

- **Niv Vidal**

- Niv is responsible for IT and Automotive bizdev activities. Prior to joining HIH Niv worked at the Ministry of Social Equality at the budgetary division. Niv holds a B.A. in Economics and East Asian Studies from Tel-Aviv University.

- **Helena Goldman**

- Helena is responsible for IT and Semiconductors bizdev activities. Prior to joining HIH Helena worked as a chemical laboratorian QA at Paz Oil Company. Helena holds a B.A. in Economics and East Asian Studies from Tel-Aviv University.

- **Benzi Serebro**

- Benzi is an IT Specialist and bizdev expert. Prior to joining HIH Benzi worked as CIO, VP IT at EFR Group, and other technical and managerial roles at IBM. Benzi holds B.Sc. In statistics and computer science.

- **Elchanan Harel**

- **President and Founder of Harel-Hertz Investments House**

- Elchanan Harel has been exploring Japan for over three decades both as a banker as well as a businessman and as a public official.
- He is a former Chairman of the Israel-Japan Friendship Society and Chamber of Commerce and is now its Honorary President
- graduated in from the Hebrew University of Jerusalem and got his Masters degree from Tel Aviv University.
- Elchanan Harel was bestowed in 2005 with the honorable decoration, 'The Order of The Rising Sun, Gold Rays with Neck Ribbon' by the Japanese Government

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