

HH presents:
***Japanese
Investments
In Israel
2023 Yearly
Report***



The Leading Israel–Japan
Consulting and
Investment Banking
Boutique

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 Trends in Israel 2023

Executive Summary

Japanese investments in Israel in 2023 totaled \$662 million, compared with \$1.55 billion in the previous year and close to \$3 billion in the peak year of 2021. The level of Japanese investments—in parallel with all foreign investments, returned to the level of investments in 2018.

The number of Japanese investments remained stable. Similar to the previous year – 62 investments compared to 66 in 2022. This proves that with increased risk in Israel, investments have declined in size.

The decline in investment was particularly acute in the second half of 2023. The fear of governmental instability and the outbreak of war with Hamas in the last quarter caused an almost complete paralysis in the response of Japanese investors.

It should be noted, however, that Japanese investments in Israel have become a stable and influential factor in the Israeli high-tech industry. This year as well, they account for 10% of all investments (both foreign and Israeli).

Japanese Investments Trends in Israel 2023

Several trends can be observed in Japanese Investments in 2023:

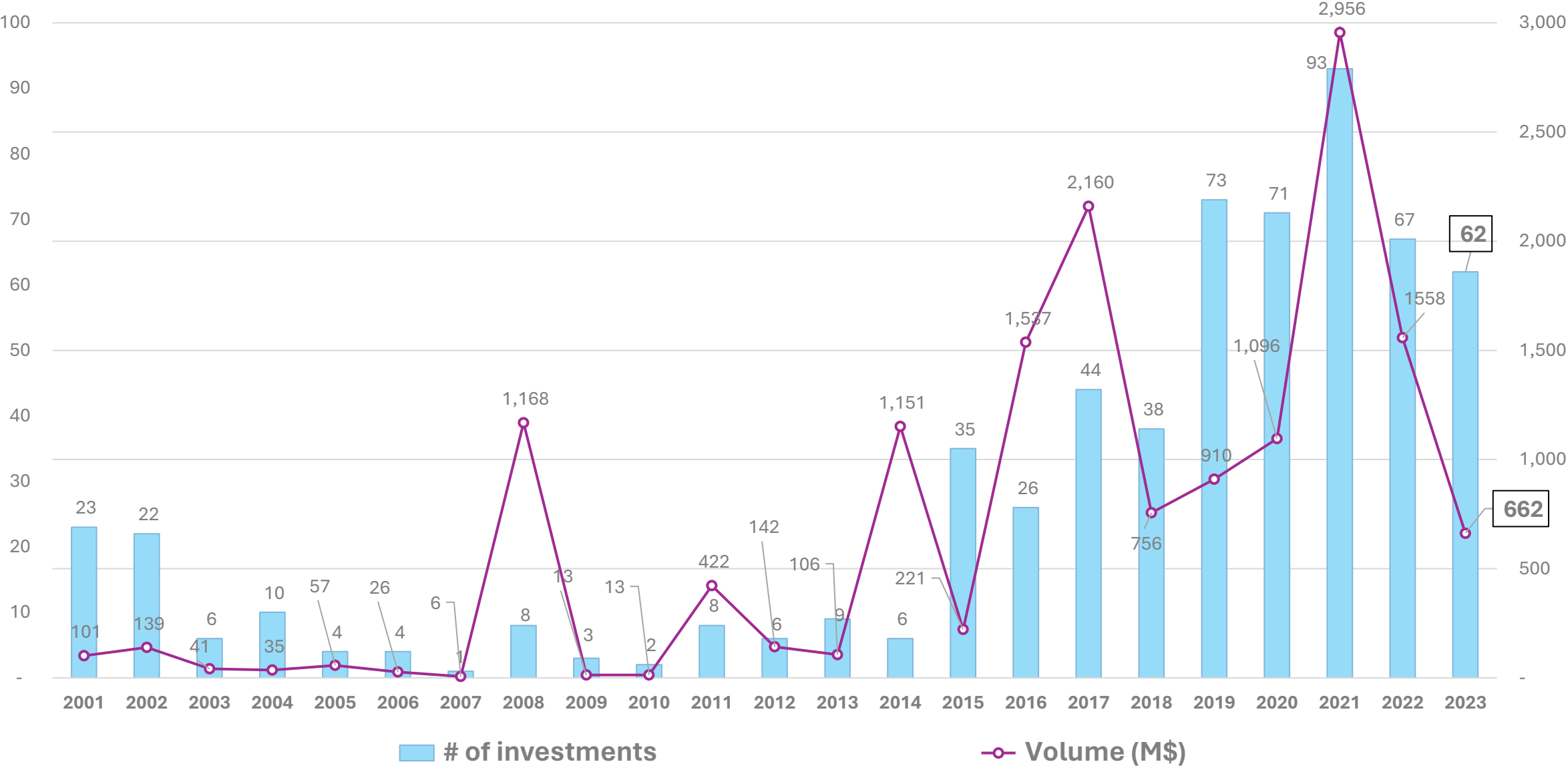
- In 2023, Japanese investments in Israeli start-ups experienced noteworthy trends. Notably, there was a substantial decline from 2022, with a 58% reduction in investment amounting to \$662 million across 62 rounds, reflecting a 7% decrease in the number of rounds.
- The impact of the Israel-Gaza War on investment volumes in the latter half of 2023 is evident, as indicated by data from HH. Although the difference in the number of investments (#) is marginal [3%], the investment volume (\$M) for 2023/H1 was \$459 million, constituting 69% of the total investment for the year. This suggests a trend toward smaller monetary contributions in each investment in the later half year of 2023.

Japanese Investments Trends in Israel 2023

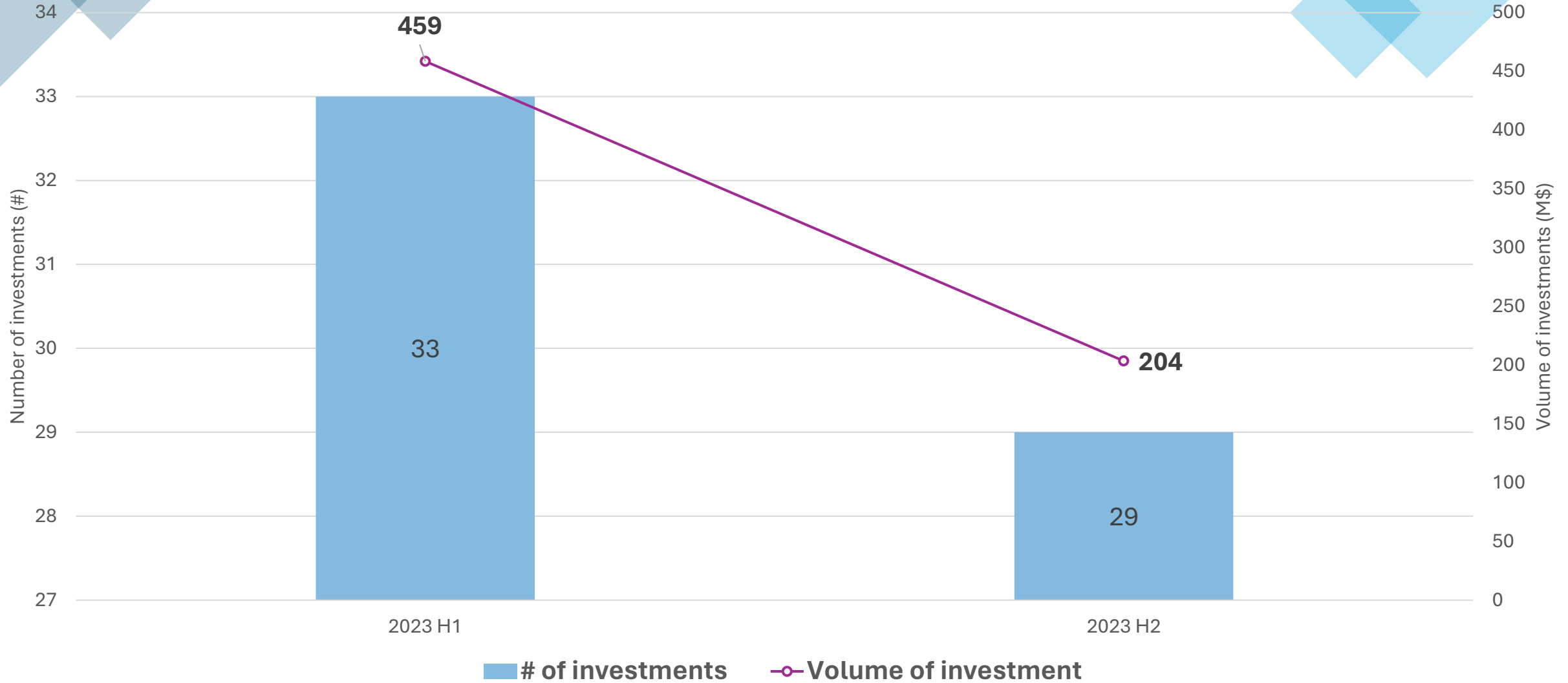
Several trends can be observed in Japanese Investments in 2023:

- In 2023, Japanese investments accounted for 13% of foreign investments by volume (M) and Japanese investments account for 5% of all foreign investments.
- Overall, Japanese investments constituted 10% of the total funding invested into Israeli start-ups (\$M) in 2023, with a 16% share in the overall number of investment rounds. This signifies an inclination towards increased activity and participation in more rounds, coupled with a reduced amount invested per round.
- Another observable trend is the increase in investment in Funds and VC, with 19% of all Japanese investments in 2023 being invested into Funds. Preferred sectors for investment included Life Science (16%), Cyber (11%), Automotive (13%), and Fund & VC (19%), while there was a considerable decline in IT investments, constituting only 3% in 2023.

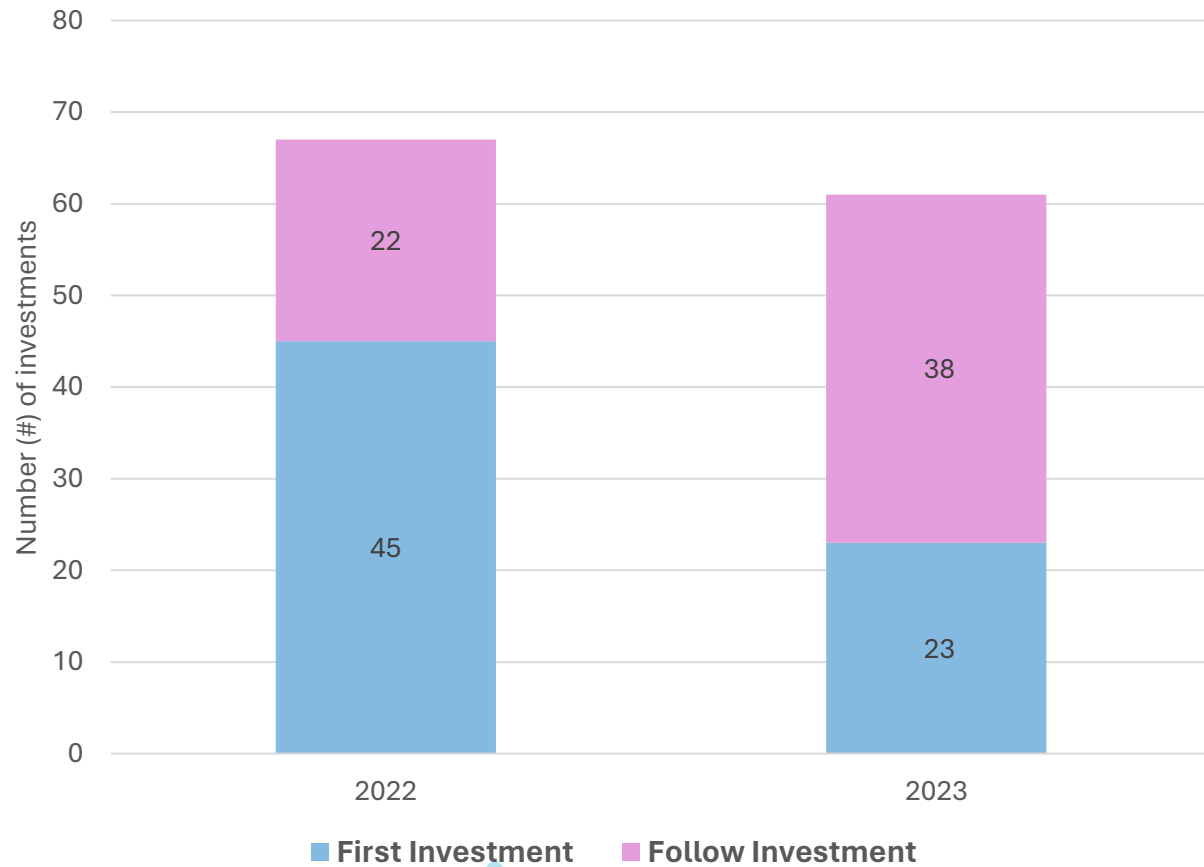
Japanese Investments And Acquisitions Of Israeli Companies



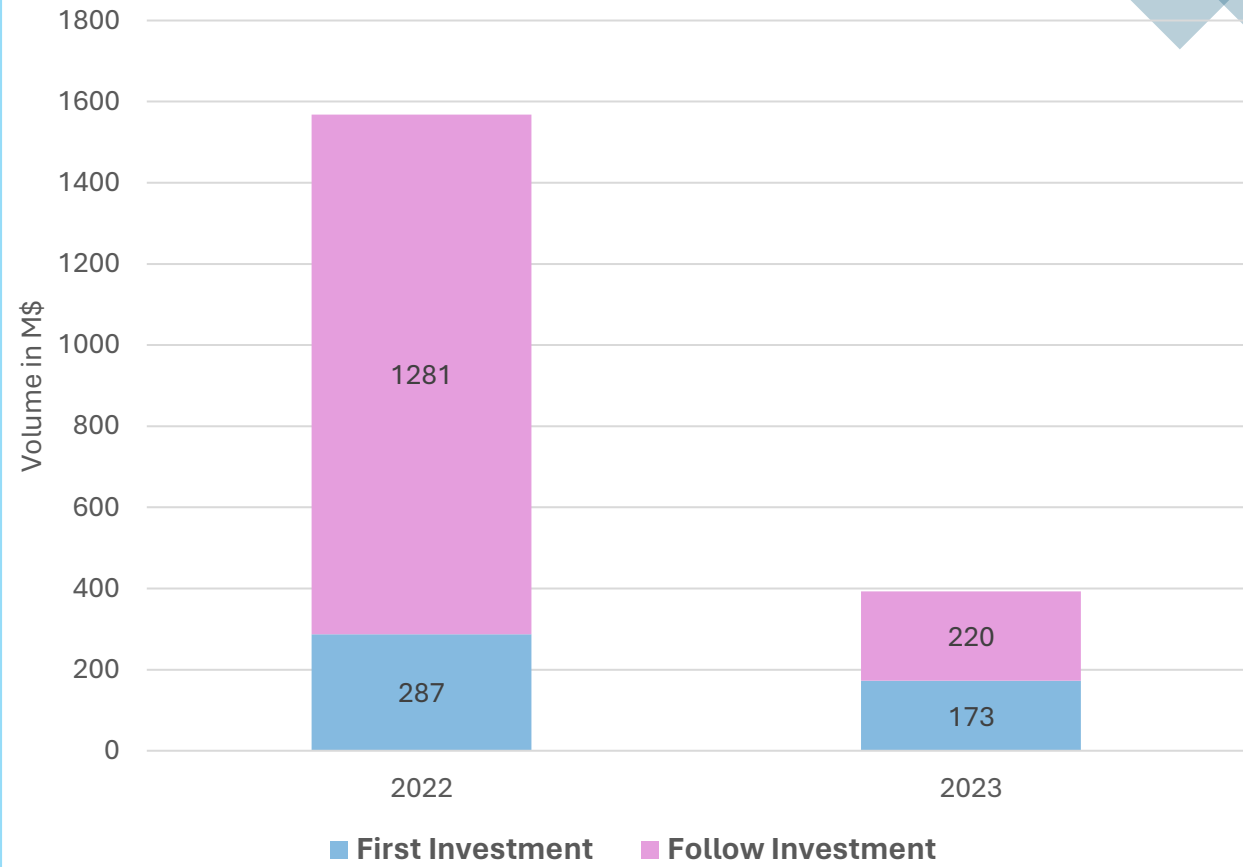
2023/H1 vs. 2023/H2 Japanese Investments And Acquisitions Of Israeli Companies



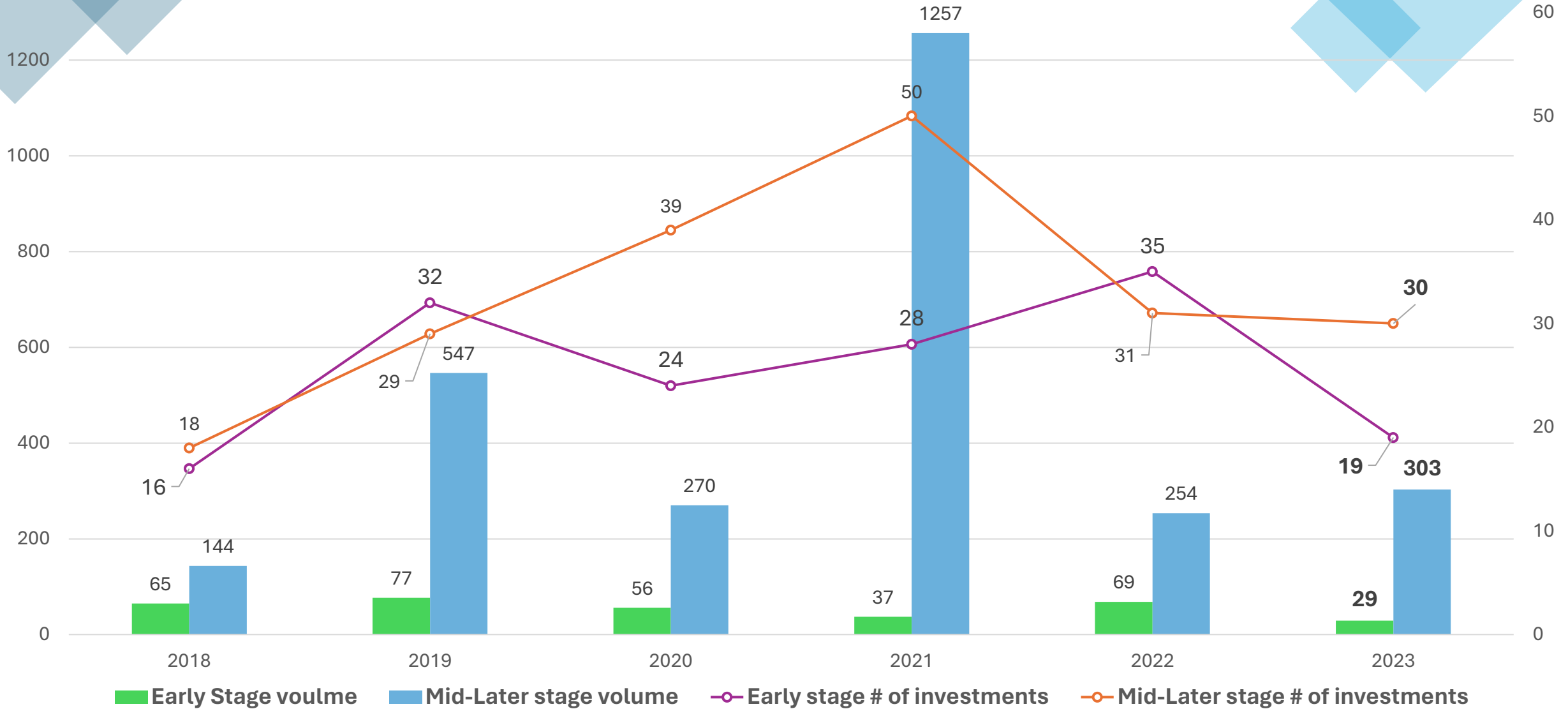
of investments in 2022 vs. 2023 (Follow VS First Investments)



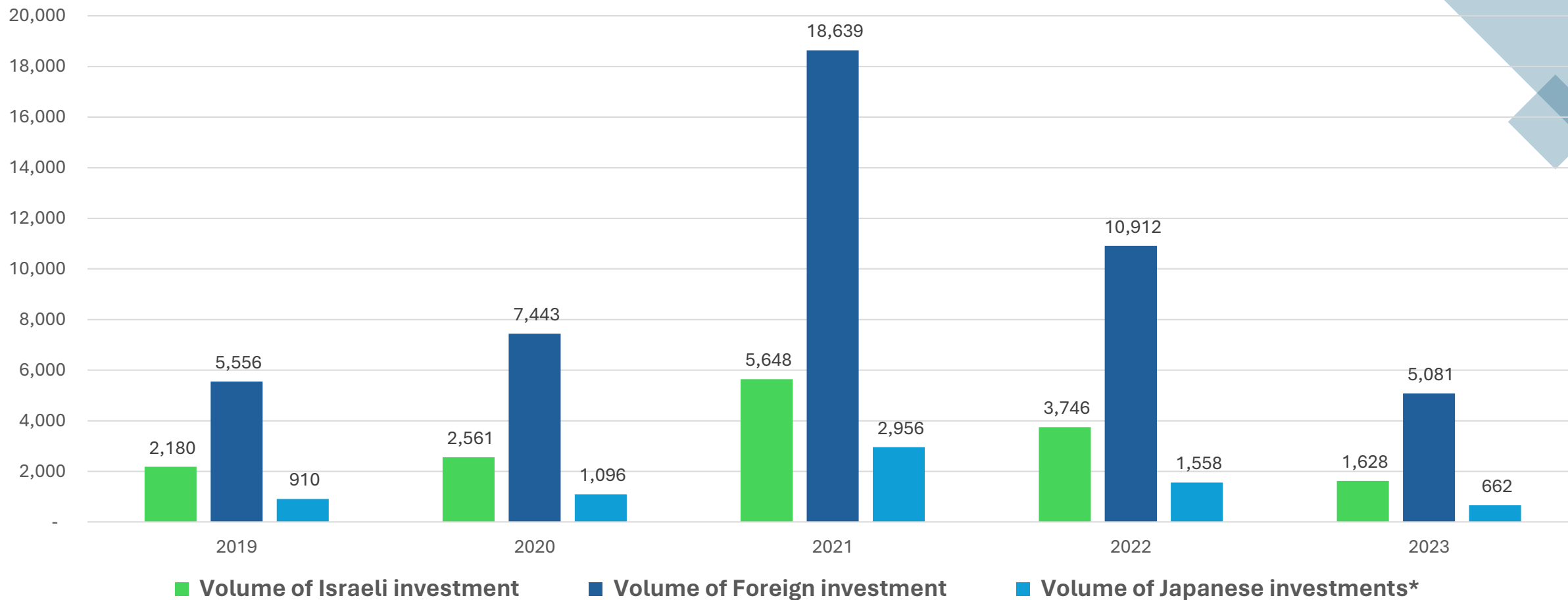
Volume of investments in 2022 vs. 2023 (Follow VS First Investments)



Japanese investments in Early stage (seed&A) vs Mid-Later stage (B+)



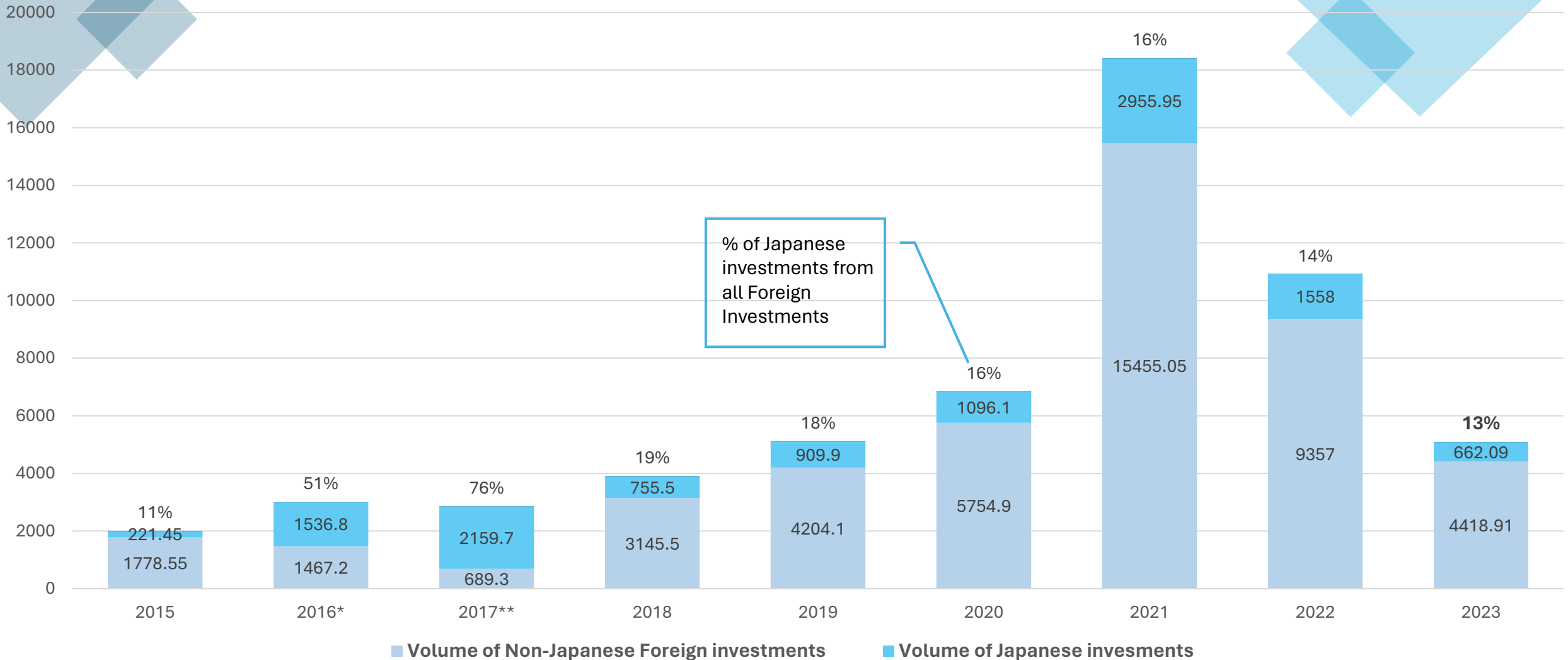
Yearly Volume of Investment in Israeli High-Tech (M\$)



comparison	2019	2020	2021	2022	2023
Volume of Israeli investment	2,180	2,561	5,648	3,746	1,628
Volume of Japanese investment**	911	1,031	2,944.95	2,558	662
Volume of Foreign investment	5,556	7,443	18,639	10,912	5,081
Total Volume of investments	7,736	10,004	24,287	14,658	6,896

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

Yearly Volume of Japanese Investments out of all Foreign Investments

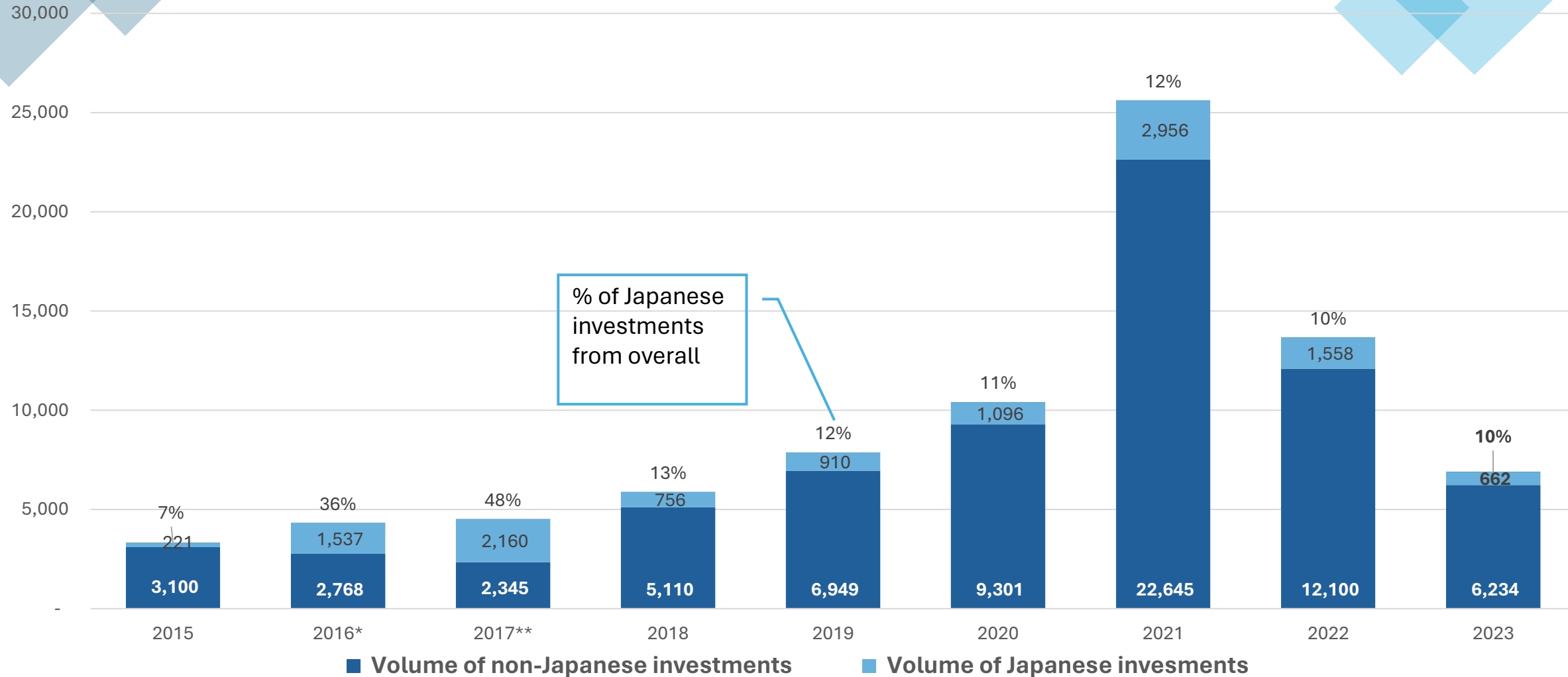


*2016: Yokohama Rubber acquired Alliance Tires for 1.2B \$
 **2017: Mitsubishi acquired Neurodrem for 1.1B \$



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

Overall = Israeli and all Foreign Investments

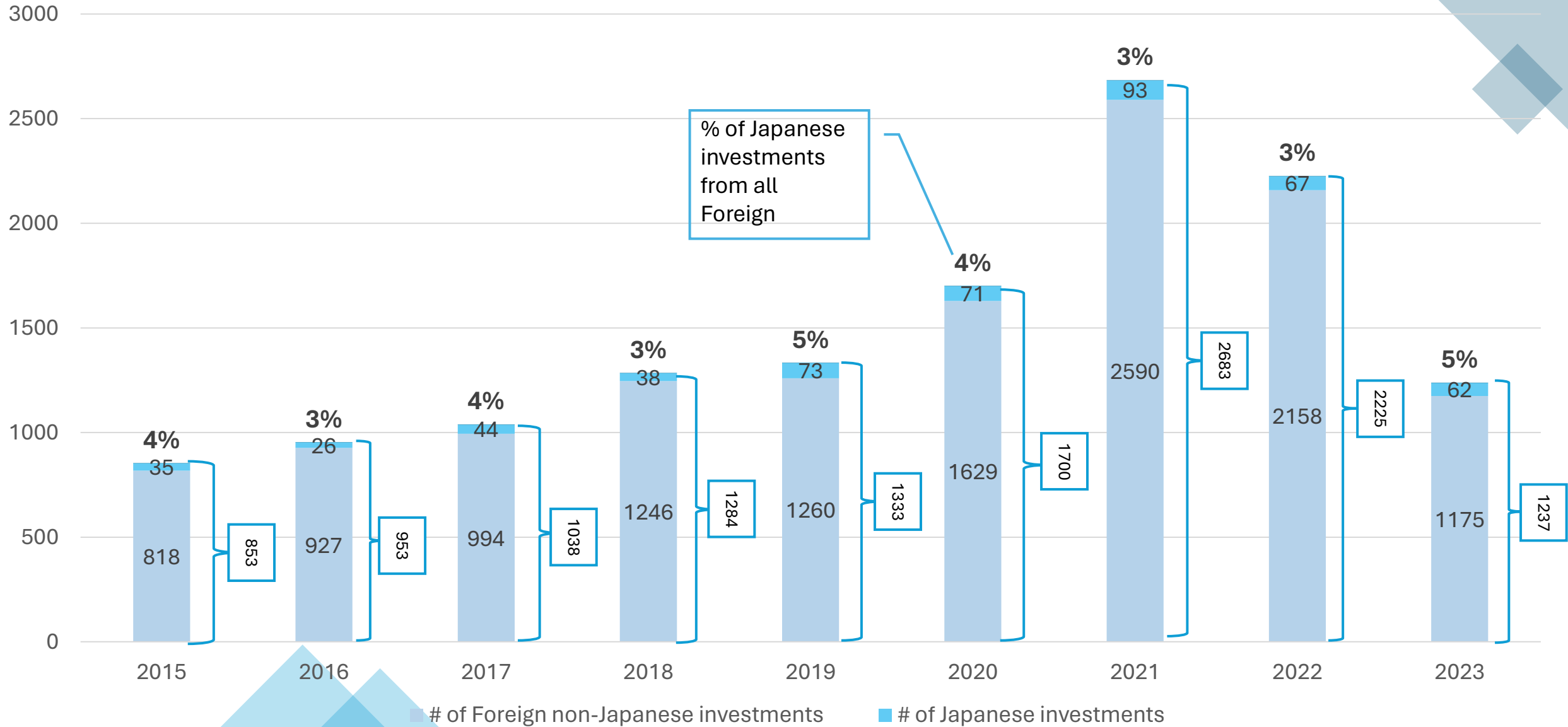


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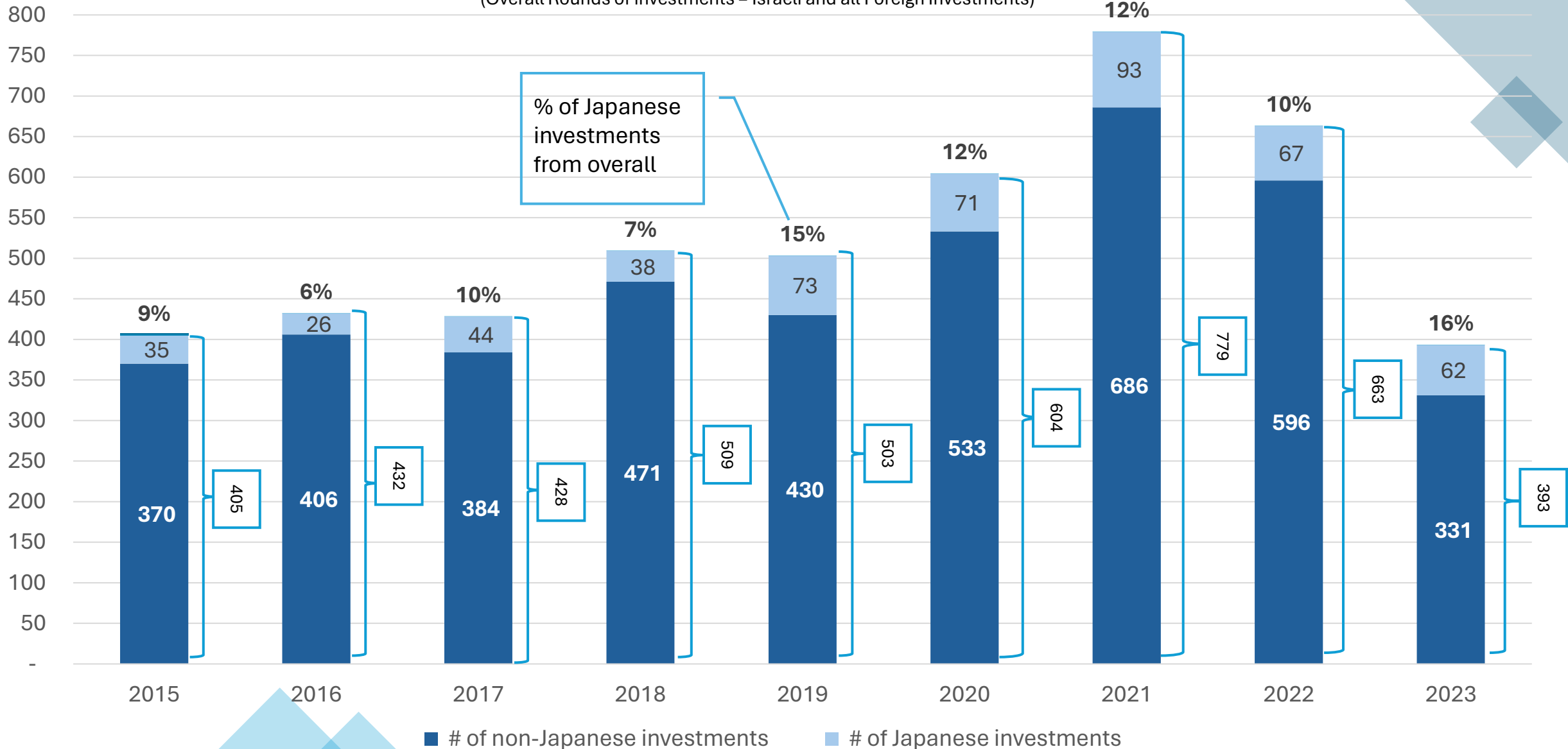


Yearly number (#) of Japanese Investments out of all Foreign Investments

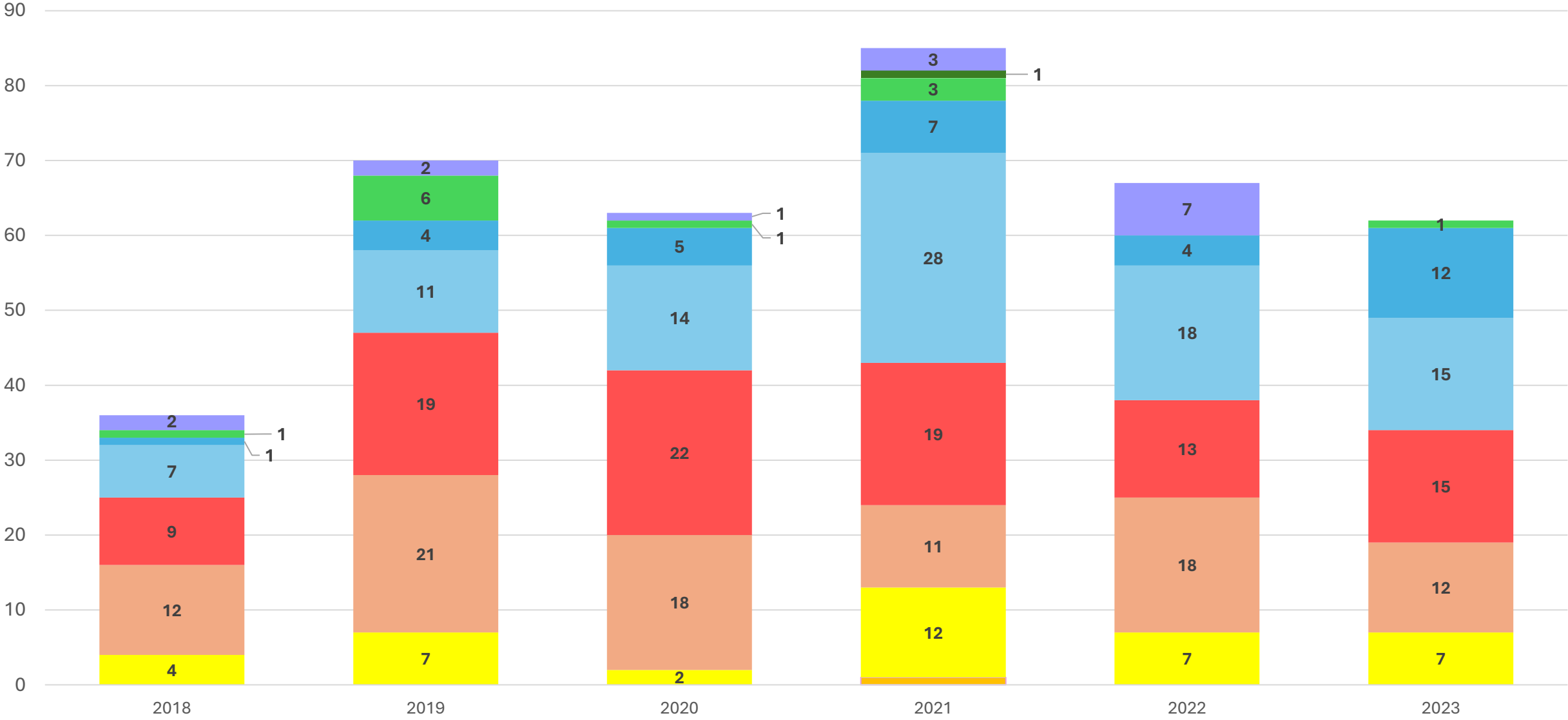


2015-2023 Number of Rounds of Investments VS Japanese Investments

(Overall Rounds of investments = Israeli and all Foreign Investments)



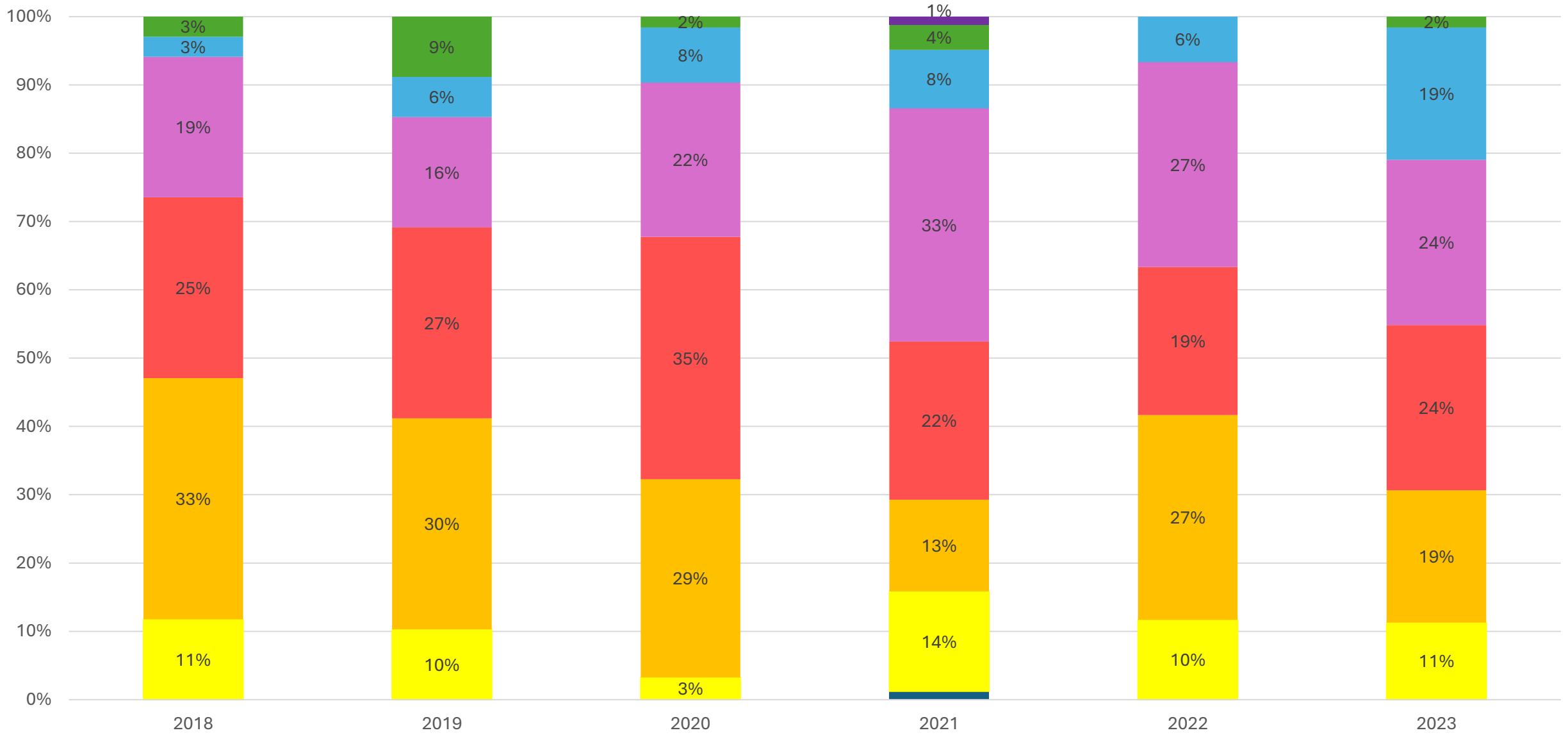
Japanese Investments in Israeli High-Tech by Round



■ Pre-seed
 ■ Seed
 ■ A
 ■ B
 ■ C+
 ■ Funds
 ■ Exits
 ■ IPO
 ■ Other



Japanese Investments in Israeli High-Tech by Round in Percentages



■ Pre-seed ■ Seed ■ A ■ B ■ C+ ■ Funds ■ Exits ■ IPO

Japanese Investments in Israeli High-tech by Round

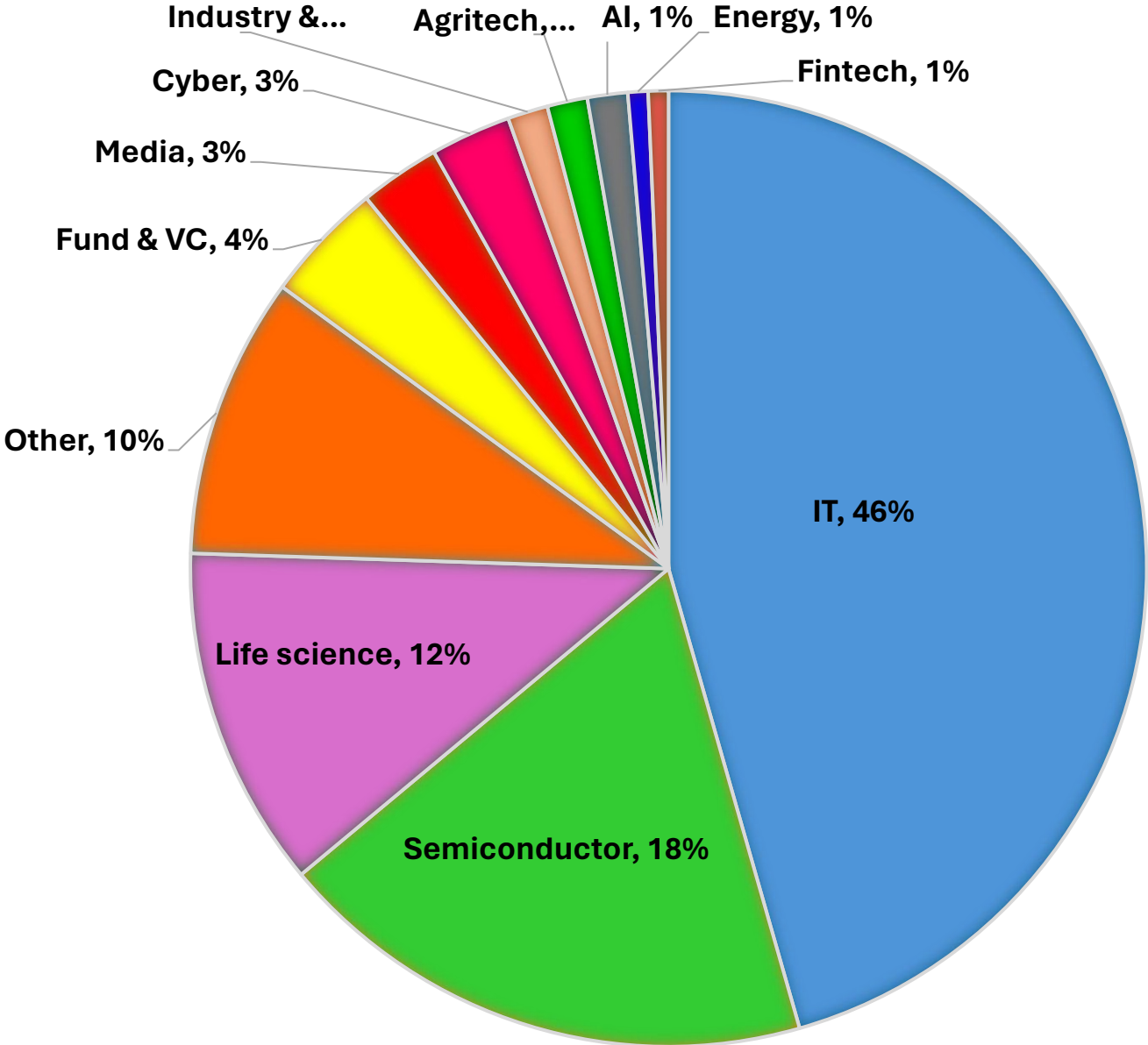
Number of Investment by Round

Investment	2018	2019	2020	2021	2022	2023
Pre-Seed				1	0	0
Seed	4	7	2	12	7	7
A	12	21	18	11	18	12
B	9	19	22	19	13	15
C+	7	11	14	28	18	15
Funds	1	4	5	7	4	12
Exits	1	6	1	3	0	1
IPO				1	0	0
Other	2	2	1	3	7	0

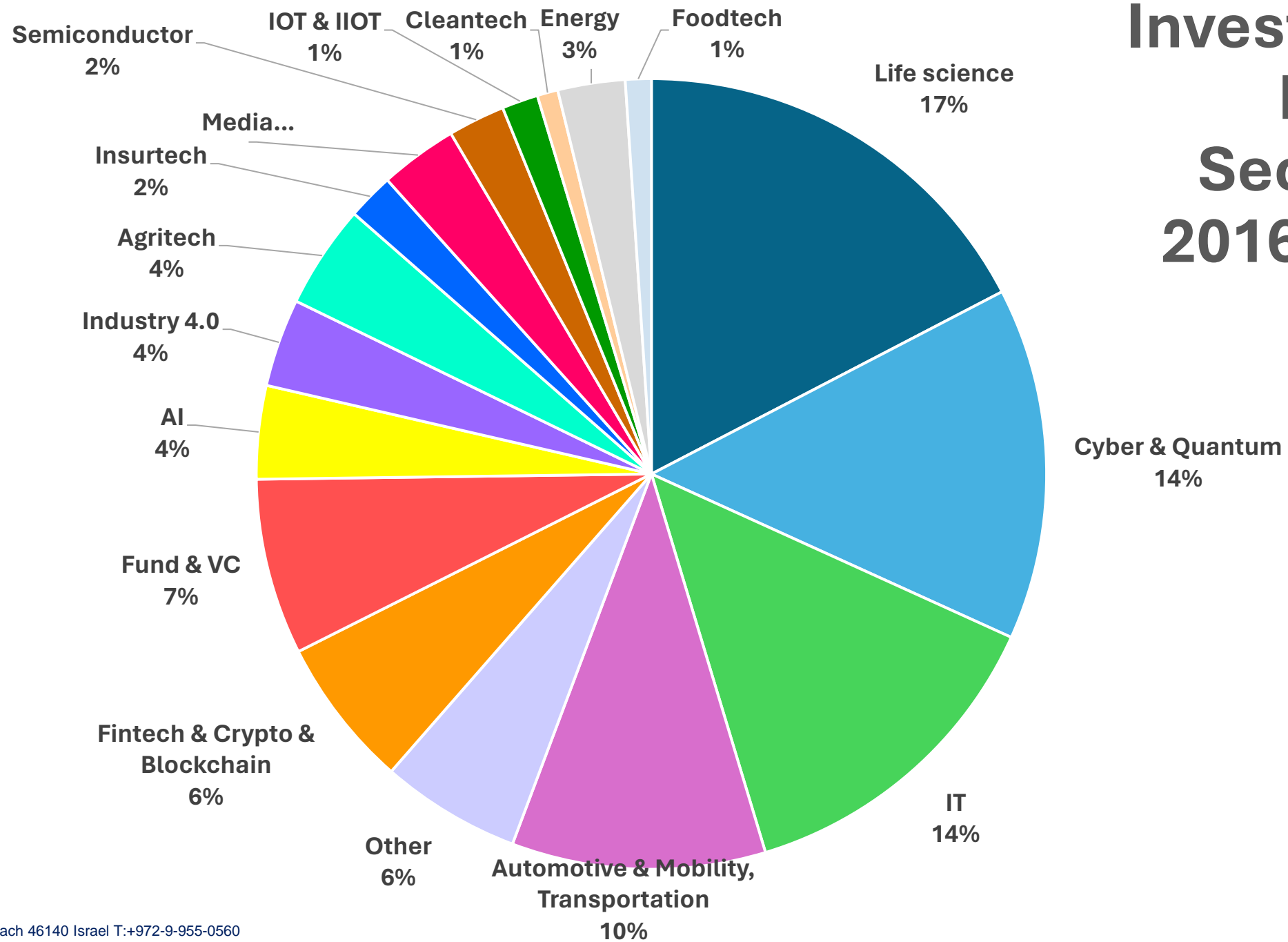
Percentage of Investment by Round

Investment	2018	2019	2020	2021	2022	2023
Pre-Seed				1%		
Seed	11%	10%	3%	14%	10%	11%
A	33%	30%	29%	13%	27%	19%
B	25%	27%	35%	22%	19%	24%
C+	19%	16%	22%	33%	27%	24%
Funds	3%	6%	8%	8%	6%	19%
Exits	3%	9%	2%	4%		2%
IPO				1%		
Other	6%	3%	2%	4%	10%	10%

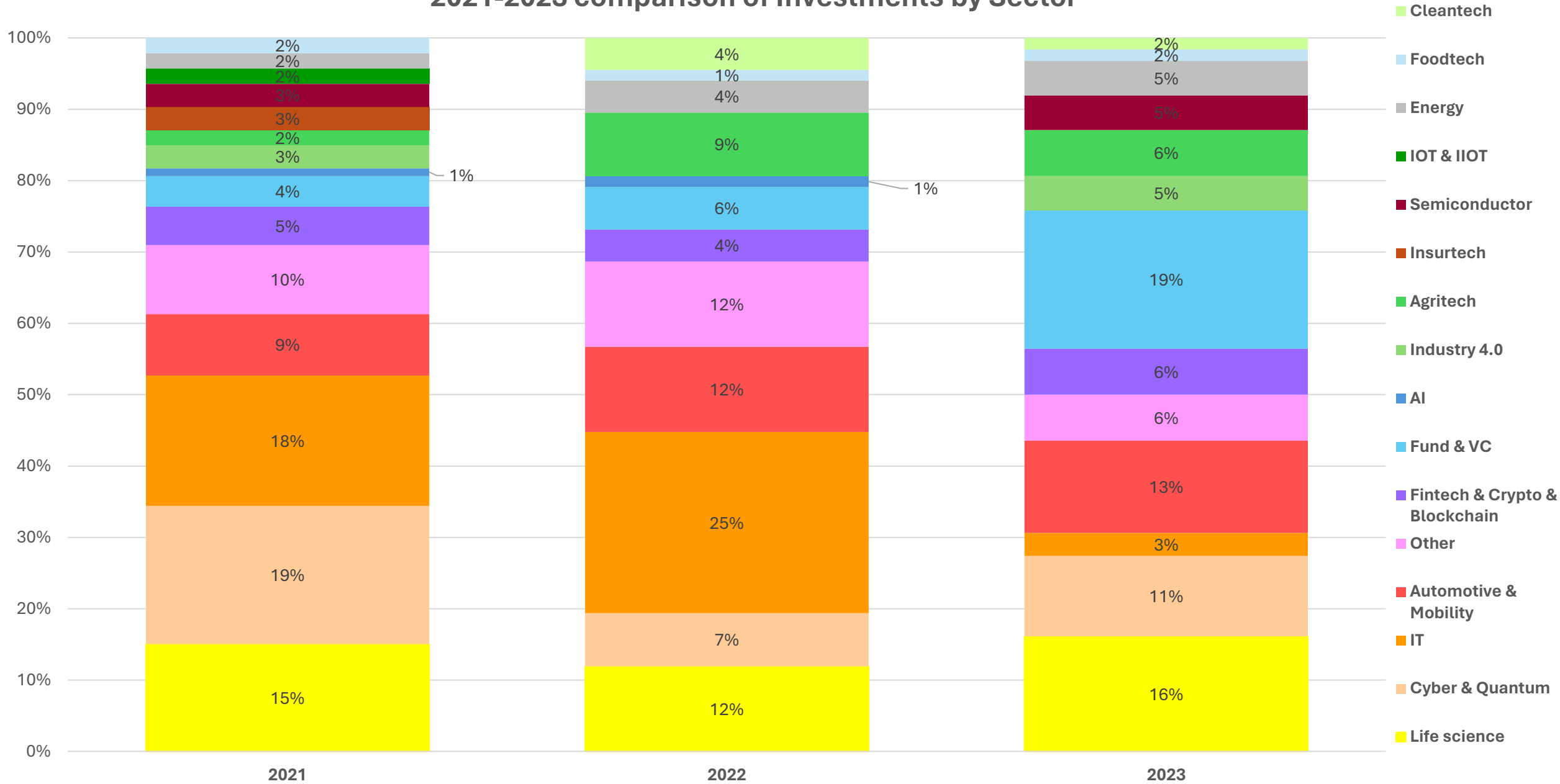
Investments by Sectors 2001-2015



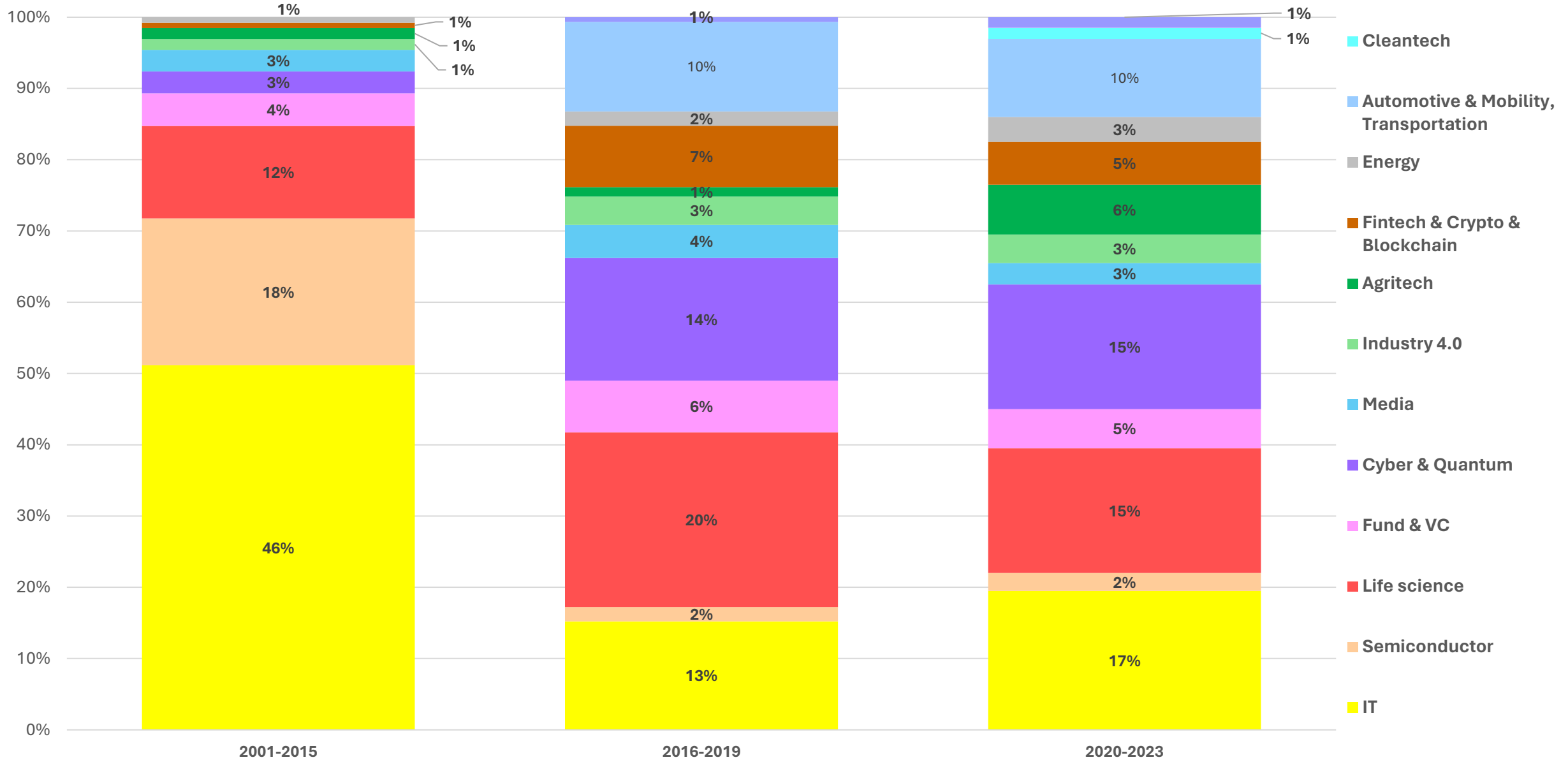
Investments by Sectors 2016-2023



2021-2023 comparison of Investments by Sector



INVESTMENTS BY SECTORS 2023 IN % OUT OF TOTAL JAPANESE INVESTMENTS



Japanese Acquisitions of Israeli Companies



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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
OXIDE	Raicol	Founders	Semiconductor	2023	25

* Sony Pictures acquired 50% of Interlude/EKO.

** Orix Acquired 22% of Ormat.

Japanese VCs activities in Israel



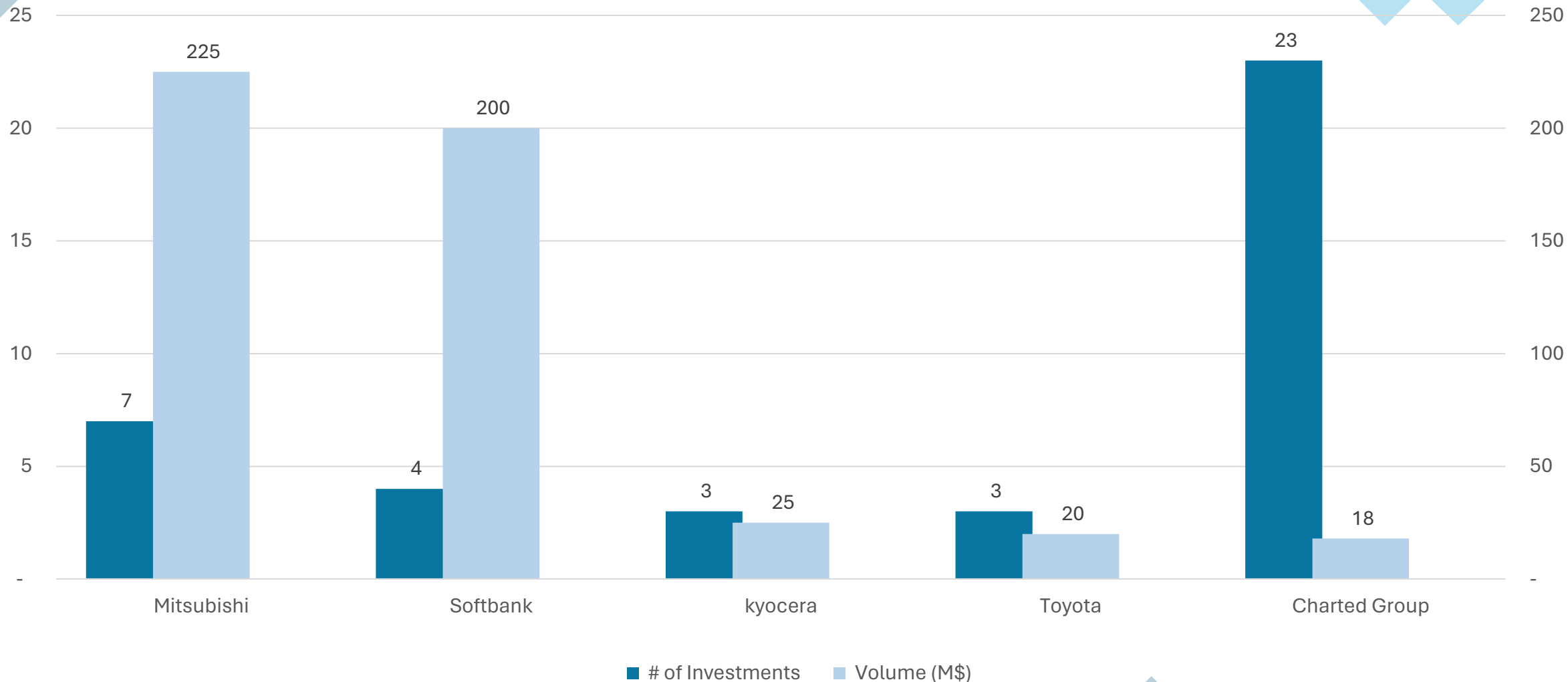
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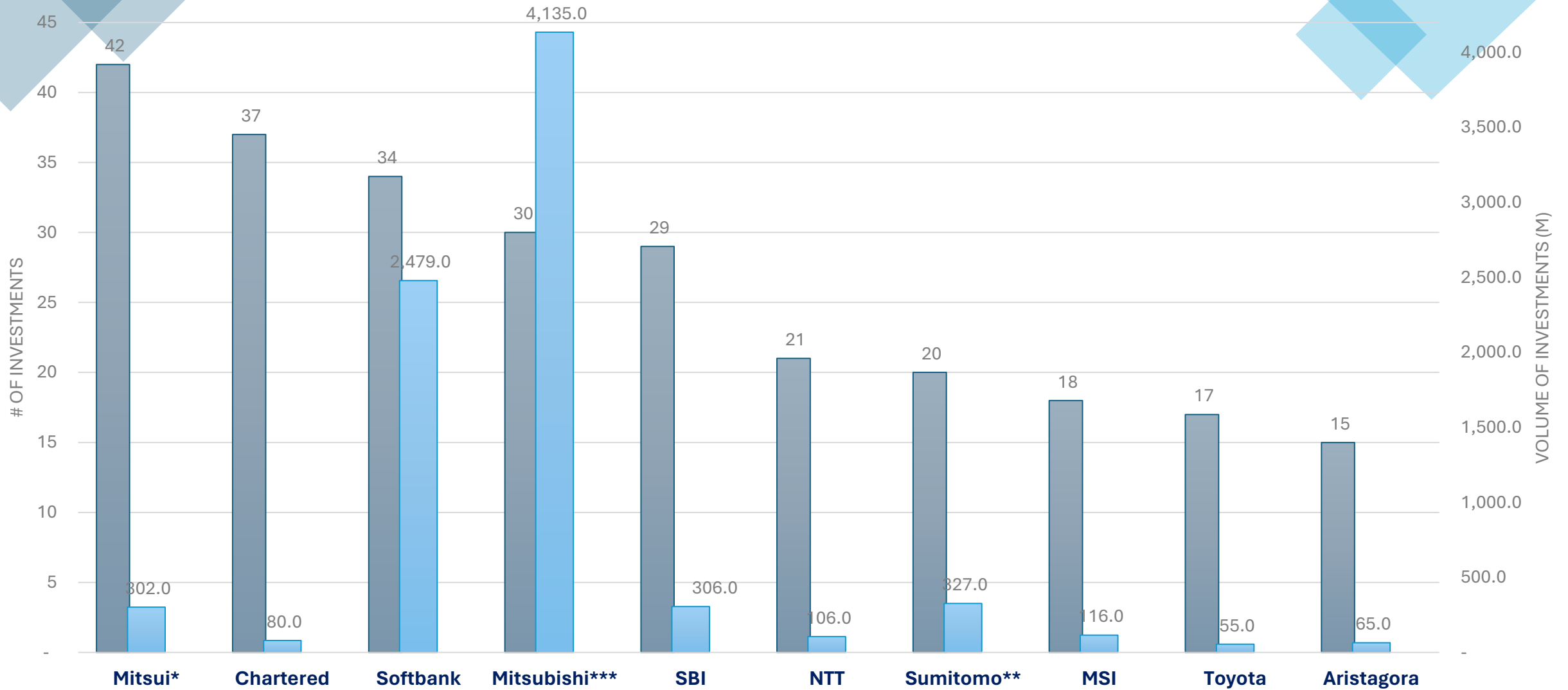
Top 5 Active Investors in 2023

of Investments

Volume (M\$)



Top 10 Active Investors 2001 – 2023



■ # of Investments ■ Volume (M\$)

*Mitsui includes Magenta and MGI.

**Sumitomo includes IN Ventures and Presidio, and Investment in the funds.

*** Mitsubishi include an investment of 1B \$ in Liquidity Capital

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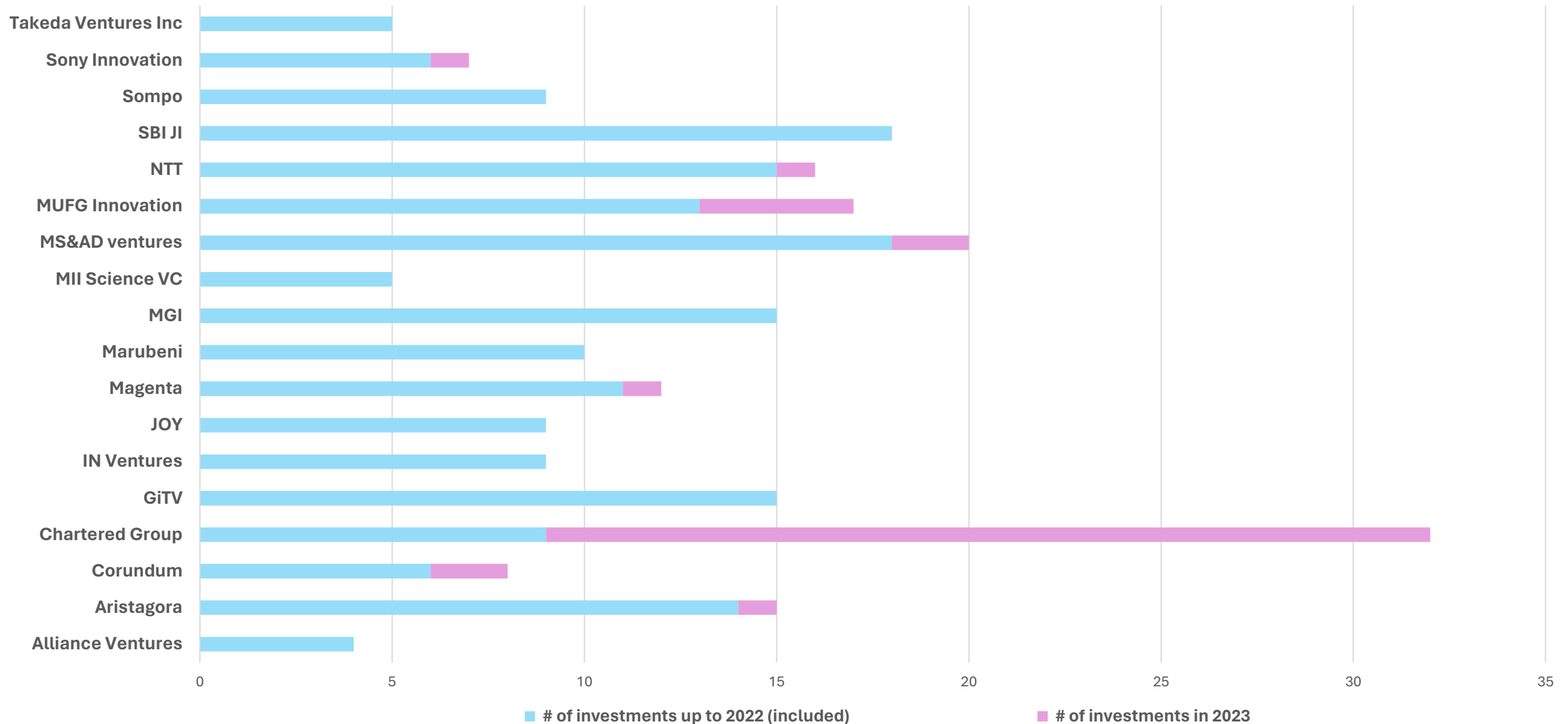
Japanese VCs Present in Israel

Parent Company\ Partnership	Japanese VC\CVC	Year Established in Israel	# of Investments	Portfolio Companies
Mitsui	MGI	2008	15	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	38	Actifile, CouponRoller, Dogiz, Enerjoy, Go Watermelon, StartupEast, ThemeGo, YapQ, Zerobillbank, Lemmeno, Parklife, Personafy, RightTune, 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	6	270Surgical, Cathworks, EternaBio, Theranica, Dario, LS
Sony	Sony Innovation	2016	7	Secret Double Octopus' , Trax, ANZU.IO, Identiq, Brodmann17, Anzu
Vertex	SBI JI	2017	18	Adicet Bio, Ayala, BiomX, Biond Bio. BioSight, ChemomAb, Eloxx, ImmunoBrain, Logic Bio, Orasis, cylus, D-Fend, Trigo, Resonai, OneZero
Corundum	JOY	2017	9	EmberLabs, Empatic Technologies, Myndlyft, NYX Technologies, Reflect innovations, Sanga, Vi Technologies, Zoog.AI
Sompo Insurance	Sompo	2017	9	Nexar, Guardian, Sensifree, Intuition Robotics, Panorays, Medigate, Binah.ai
MGI – Mitsui	Magenta	2018	12	Autotalks, Valens, Workiz, Become, Hip, Brightway Vision, Veego, Findings, Lifecycle, onebeat

Japanese VCs Present In Israel (2)

Parent Company\ Partnership	Japanese VC\CVC	Year Established in Israel	# of Investments	Portfolio Companies
	GiTV	2018	15	Kitov, Binah.ai, Adshir, Seebo, DLR, Feelit, Cognata, Hoppo
Renault - Nissan – Mitsubishi	Alliance Ventures	2018	4	Upstream, Otonomo, Maniv mobility (Fund)
Maruho	MII Science VC	2018	6	Follicle Pharma, TPCera, Seanergy, MyBiotics, Upstream-Bio
NTT	NTT VENTURES	2019	16	Interwise, Wisair, Gizmoz, Eye-Fi Inc, Riskified SundaySky, Otonomo, WSC Sports, VDOO, Wiliot, Seemplicity, Classiq, D-ID, CropX
Marubeni	Marubeni	2019	10	ComSense Technologies, Alfina Security, SFK Technologies, Given Imaging KK, ePlane, D-ID, Neurobrains, Galileo Wheels
Sumitomo	IN Venturs	2019	11	H2Pro, Anagog, OTTOPIA, Genoox, Classiq, Orropia, CropX
Meitav – Dash	MUFG Innovation	2020	17	RedBend, ZRRO Technologies, BlueVine, fundbox, Proteantecs, Taranis, Liquidity Capital, ChargeAfter, LendBuzz, Obligo
Mitsui – Sumitomo Insurance	MS&AD ventures	2020	20	VDOO, SPROUTT, BLACKSWAN, Bambi Dynamic, Next Insurance, Vesttoo, sprout, Neura Light, InnerPlant, FinTLV, Upstream Security, BeeHero, Assured Allies, Fairmatic
	Aristagora	2020	15	TOPeration, Suridata, RFKeeper, Nimble, lynxight, CADY Solutions, NAKAI, Periapt, ReturnGo.AI, SafeShield, ReturnGo

Japanese VC Investment Portfolio



*Note- Some of the Japanese VCs invested in the same company before 2023 and in 2023.

Methodology and editors' remarks

1. Data is collected 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, NREs, options, and nonrefundable loans were excluded from our statistics).
5. General **FDI** figures are based on data gathered from **IVC-LeumiTech, Start-up Nation Finder** and **IIA**.
6. Stage of Finance was gathered from VCs and Companies' announcements.
7. Investments in companies in the USA with no links to Israel (but the founders' origin) were not included in this survey.
8. Data on investments in previous years was edited according to new findings and publications that were revealed in 2023.

General information about the review editors

Elchanan Harel

President and Founder of Harel-Hertz Investments House

- Elchanan Harel has been exploring Japan for over three decades as a banker, businessman, and public official.
- He is a former Chairman of the Israel-Japan Friendship Society and Chamber of Commerce and is now its Honorary President
- graduated from the Hebrew University of Jerusalem and got his Master's 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.

Helena Goldman

- Helena is responsible for IT and Semiconductors Biz-Dev activities.
- Before 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 and is pursuing an MBA at Asper School of Business.

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