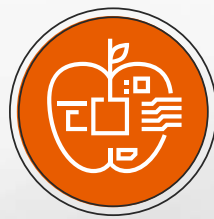


ISRAEL'S THRIVING FOOD-TECH ECOSYSTEM

OPPORTUNITIES AND BENEFITS OF INVESTING IN ISRAEL'S
PROMISING FOOD-TECH INDUSTRY



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JANUARY 2020

TABLE OF CONTENTS

Defining the Food-Tech Industry	4	<i>Packaging</i>	<i>27</i>
Industry Sectors	6	<i>Restaurants</i>	<i>28</i>
The Ecosystem	7	<i>Retail and e-Commerce</i>	<i>30</i>
Food-Tech Market Characteristics	10	<i>Consumer Lifestyle</i>	<i>31</i>
Market Growth Indicators	10	<i>The Israeli Ecosystem</i>	<i>34</i>
Global Food-Tech Trends	14	Manufacturing Opportunities	40
Sustainability	15	Why Invest in Israel Today?	42
Novel Ingredients and Production Methods	15	Global R&D Leader	43
Nutrition Personalization	16	Start-Up Nation	45
Food Delivery	17	Invest in Israel – The Israeli Investment Promotion Agency	46
Robotics and Automation	18	Footnotes	48
Added Values	19		
The Israeli Food-Tech Ecosystem	20		
A Growing Market	20		
The Ecosystem	22		
<i>Food R&D and Product Development</i>	<i>22</i>		
<i>Food Development</i>	<i>26</i>		

DEFINING THE FOOD-TECH INDUSTRY

Food-Tech is an emerging and dynamic industry dedicated to improving the food industry's entire value chain in a sustainable manner.

This unprecedented intersection of food and technology has been disrupting the traditional food and beverage industry in various ways, forcing the existing players to re-think many of their fundamental assumptions about the market, the costumers and the manufacturing processes.





Industry Sectors

The Food-Tech industry consists of five main sectors.

- **Novel food R&D and product design** - The industry is rich in cutting-edge food R&D which improves, enhances and produces a wide range of food products. R&D and product design are driven by various actors such as corporations, entrepreneurs, and academic researchers. Within the sector, one might find the development of innovative ingredients and production processes such as alternative protein, fat and sugar ingredients, as well as functional nutrition aimed at certain consumer groups. Players in this sector range from young companies such as Beyond Meat and Impossible Foods, to established multinationals (MNCs) such as Tyson Foods and Nestle.
- **Food processing technologies** – Food processing technologies, which seek to provide a sustainable production process alongside reduced food-waste, healthier and more traceable foods, and prolonged shelf life. This sector includes practices such as lean manufacturing, smart ERP and AI-based logistics and waste management platforms. Companies in this sector include Veolia Environment and Waste Management which specializes in waste management, IBM with Barilla and SIG in food traceability, CleenSonic's ultrasonic cleaning system for the food industry, and many others.
- **Packaging technologies** – New solutions for sustainable, efficient and safe packaging are highly sought-after in the food industry. Food producers are always on the lookout for food-related waste reduction through the use of degradable and edible materials, for materials that keep food fresh and healthy for longer periods of time, and for compact and lightweight packaging techniques. Examples of notable companies in this field include Dai Nippon Printing, Amcor, and Embrapa Food Technology.
- **Restaurants, Retail and e-Commerce technologies** – The food distribution industry is highly diverse and has also been benefiting from innovative food-technologies. Restaurants attempt to intelligently customize menus to fit the



local consumer demand, as well as implement automatic cooking solutions that can prepare food and serve it more efficiently. Retail stores utilize big data and AI in logistics in order to make shopping for food cheaper, healthier, and easier for consumers. E-Commerce is expanding, aiming to provide a simple, personalized and rapid delivery system for foods and ingredients, using applications to increase both comfort and value for consumers. Prominent companies in this sector are GrubHub, Delivery Hero, Swiggy, Deliveroo and Meituan-Dianping in the delivery sector. Multinational, established actors such as McDonald's, KFC and Walmart, among others, are also utilizing such technologies.

- **Consumer lifestyle** – A collection of technologies that enable consumers to personalize their diet according to physiological data, eat healthier foods, cook faster (and sometimes autonomously), and order food efficiently. A few examples of companies that employ these technologies include MyFitnessPal, Noom, DayTwo, and Purple Carrot.

The Ecosystem

The food-tech's rich ecosystem is present throughout the entire food-tech value chain, supporting its players and technologies and facilitating their activities. The ecosystem positively affects the industry, steering technologies, business expertise and resources in promising new directions.

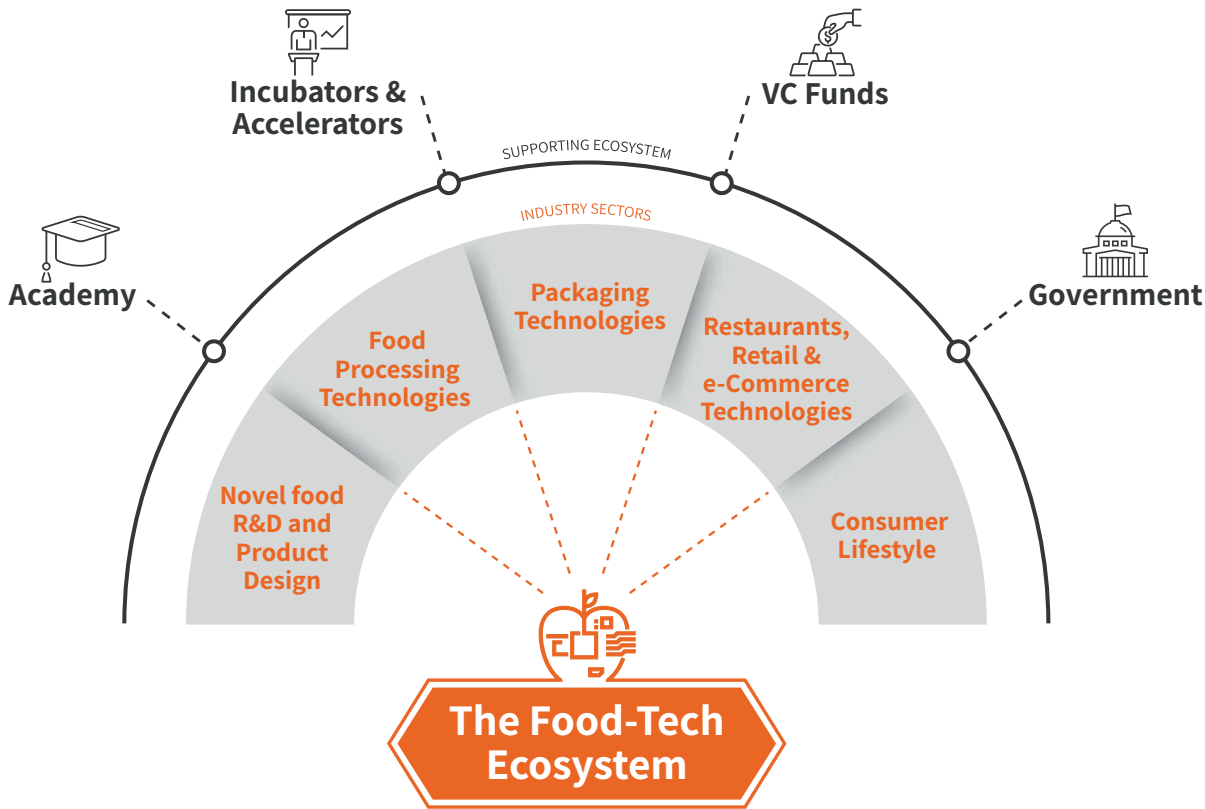
1. **Biotechnology and food engineering academic institutions** are responsible for many of the recent breakthroughs in food technologies. Many institutions have expanded their technology transfer efforts through dedicated companies, and have been providing the market with new technologies and ideas.
2. **Food tech incubators and accelerators**, like their counterparts in the internet and high-tech industries, provide entrepreneurs with tools and resources to transform ideas into innovative products.
3. **Dedicated food tech venture capital firms** play a critical role in the growth of promising companies.
4. **Governments**, albeit new players in the ecosystem, are becoming prominent ones, providing incentives for food-tech actors and lowering barriers to entry by providing additional funding to the market.



DEFINING THE FOOD-TECH INDUSTRY



FIGURE 1: FOOD-TECH SECTOR MAP



FOOD-TECH MARKET CHARACTERISTICS



FOOD-TECH is a promising Industry that is disrupting the large, traditional global food and beverage market - which is valued at over \$8 trillion and makes up more than 10% of the global GDP.¹

Although undoubtedly significant, it is difficult to estimate the market's full potential - mainly because of the dynamic nature of food-tech, which makes it hard to uniformly define and study it. While the constant changes brought-about by disruptive technologies and emerging trends make the precise market size difficult to evaluate, there are several indicators of its considerable growth in recent years.

Market Growth Indicators

A leading indicator of the food-tech market growth is the increase in funding through acquisitions, funding rounds, venture capital firms, incubators and accelerators. The increase in funding for food-tech has been substantial, from \$60 million in 2006 to \$5.7 billion in 2015,² and to a record of \$11.5 billion in 2018.³ While most venture capitalists and accelerators invest in one startup, notably active accelerators such as SOSV and Y Combinator invested in as many as 28 food-tech startup companies in 2018. On the VC fund front, notable in their activity are S2G ventures with 20 food-tech investments, and AgFunder with 11.⁴

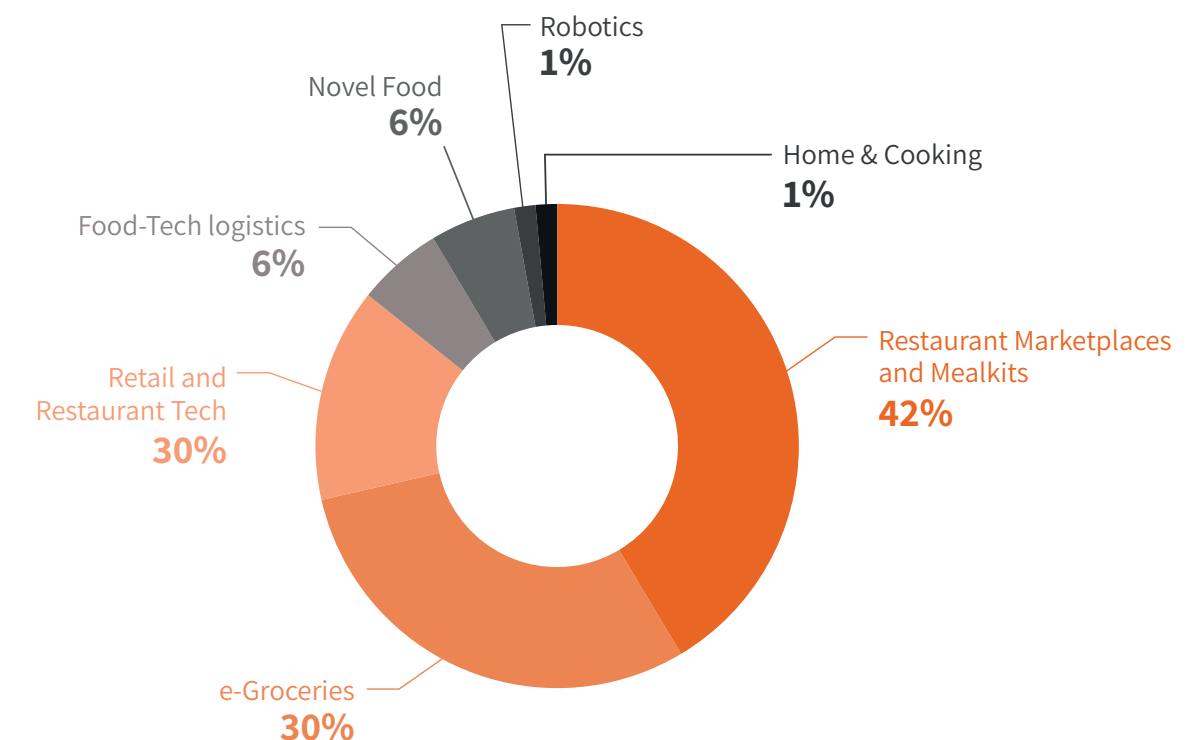
A second indicator is the evident growth of food-tech's sub-sectors, which are easier to define and analyze accurately. For example, the \$1.5 billion (by revenue) food robotics market is aimed at food-processing corporations as well as packaging solutions, automated restaurants, and home kitchen applications. The technology is expected to grow at a CAGR of 12.7%, more than doubling to \$3.1 billion by 2025.⁵ Another exploding sub-sector is the rapidly expanding plant-based protein market. Currently valued at \$5 billion, it is expected to grow at a CAGR of 28%, increasing in value to \$21 billion by 2025.⁶

Hand in hand with the investment growth, an increasing number of food-tech startup companies are being established. There are currently more than 1,200 food-tech startups operating worldwide, including over 230 companies dedicated to researching production of novel ingredients, and a similar number dedicated to creating consumer apps.⁷ Some of these startups have rapidly increased in value, with more than 32 food-tech companies surpassing the \$1 billion valuation mark as of 2018, earning the unicorn status.

With the first company reaching this status in 1998 (OpenTable), the number of unicorns in the market has been steadily increasing ever year. Remarkably, 23 of the 32 companies that have reached the \$1 billion valuation are food delivery companies. Similarly, the 14 biggest food-tech investment deals of 2018 are comprised of mostly e-Commerce and food delivery

companies (See figure 2). Geographically, China and the US are leading investments with over 50% of all funding headed to companies based in their markets. The Indian, British, German, and Indonesian markets are also prominent, as well as Singapore in the Southeast Asia region, Brazil in Latin America and Israel in the Middle East.^{8,9}

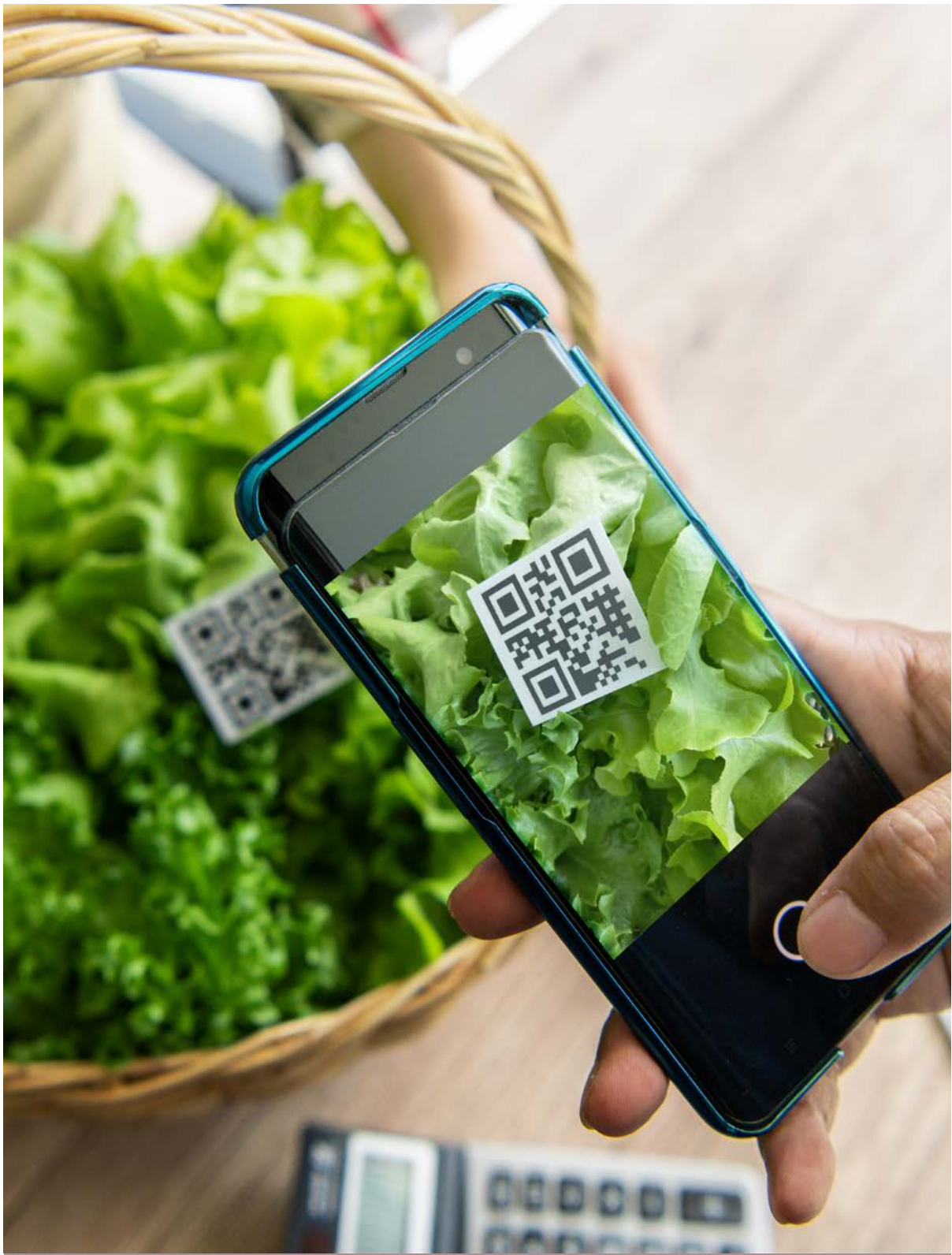
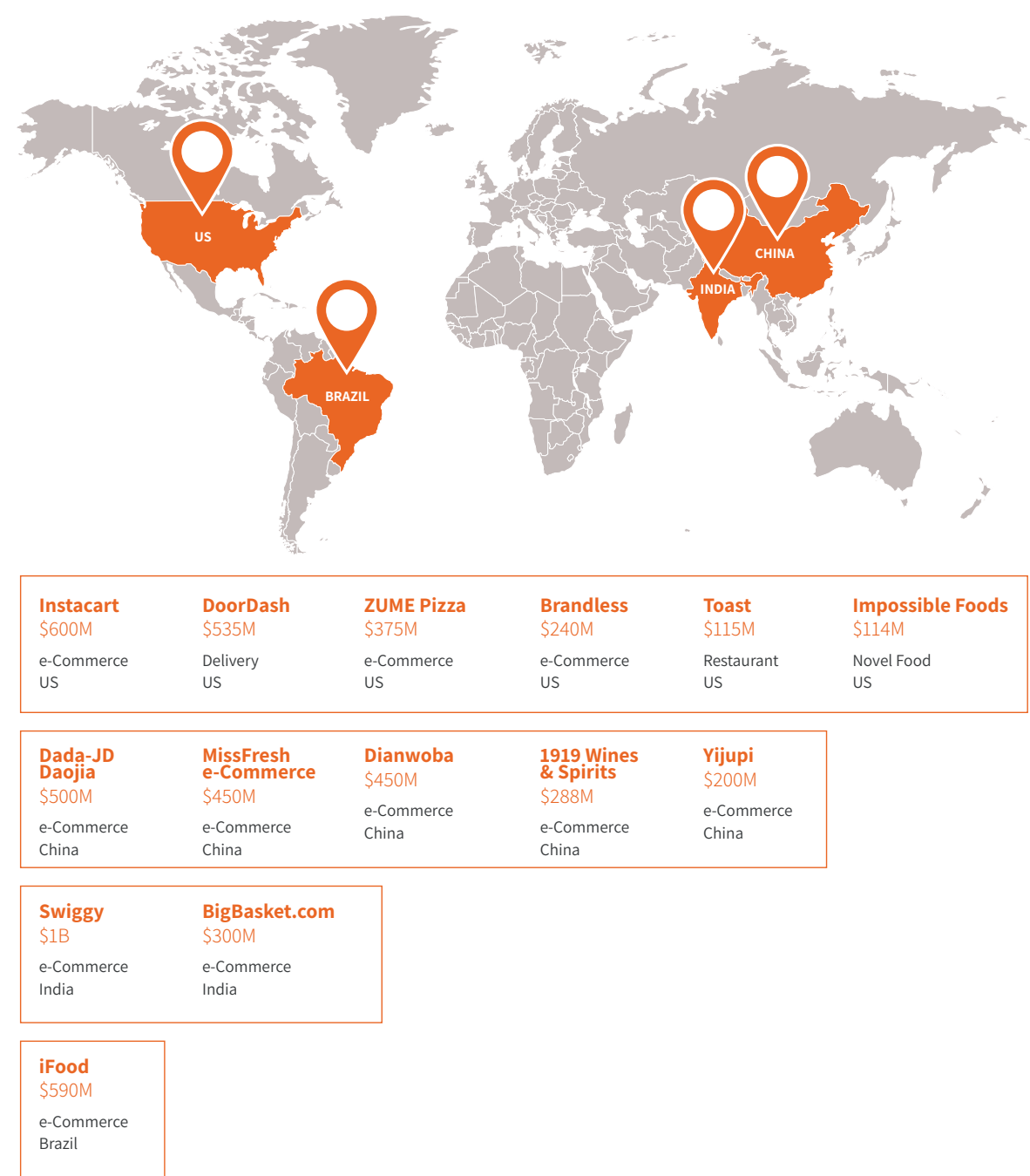
FIGURE 2: GLOBAL INVESTMENT BY INNOVATION FIELD, 2018



FOOD-TECH MARKET CHARACTERISTICS



FIGURE 3: LEADING FOOD-TECH INVESTMENTS IN 2018





WHILE SOME of the following trends have a short-term impact on the traditional food industry, others have far-reaching future implications.

FIGURE 4: GLOBAL FOOD-TECH TRENDS



Sustainability

Sustainability in food is all about increasing the production efficiency of food products, prolonging shelf-life, using minimal/degradable/recyclable packaging, and reducing surplus production as well as food-related waste

Arising mainly due to consumer demand, sustainability is already impacting the entire value chain by providing actual economic benefits, increased efficiency and reduction in the food industry's ecological footprint.

Sustainability has driven the research and incorporation of various inventive technologies and processes into the industry. Sustainable production lines that reduce waste, water usage and greenhouse gas emission, are introduced with solutions from companies such as Aromyx (a developer of odor biosensors that aid in production process optimization), Just Inc., and Renaissance Bioscience; Sustainable packaging, compact and degradable/recyclable, is introduced with innovative products from the likes of IBM's VolCat technology - which has revolutionized plastic recycling, ChemCycling, Tetra-Pak, Eco-Products, and Apeel Sciences; Waste reduction and surplus minimizing technologies are also increasing in popularity and include products from companies such as Waste Management, Whole Surplus, Karma, NoWaste and Olio, among others.

Many leading multinational corporations such as Nestle, Pepsico, and Coca-Cola are pledging to reduce packaging waste, and are on the lookout for new solutions to replace single-use plastic.¹⁰ This is also true for the startup ecosystem, with over 70 startups worldwide specializing in waste and surplus management.¹¹

Novel Ingredients and Production Methods

The invention of novel ingredients and processes for the production of food that is tastier, more nutritious, more sustainably produced and shipped, can be grown in new environments, as well as provides alternatives to traditional sugar and animal proteins

The food industry is already greatly influenced by the invention of new ingredients. Most remarkably, plant-based proteins and cultured meats, fish and poultry are quickly gaining popularity,¹² due to their associated moral and ecological benefits and their constantly improved taste and nutritional values. Prominent companies in this market include Beyond Meat, Impossible Foods, Memphis Meat, Future Meats and more. A similar process can be found in the production of dairy, chicken eggs and sugar alternatives, as well as ingredients that enhance food flavor and scents.



Novel foods also play a part in the growth of the functional foods and nutraceutical products market. Using genetically modified organisms (GMOs) as well as new breeding efforts, corporations are researching and designing new foods and ingredients. These new ingredients are being used for specific functions such as manufacturing foods tailored towards infants or elderly consumers, aiding with different illnesses or providing heightened health benefits. Companies invested in such solutions include DSM's development of functional foods and nutraceuticals, and Kellogg's investment in a mushroom-based functional ingredient company.

Nutrition Personalization

Personalized nutrition utilizes large amounts of data in order to better understand the human biological system, and then to effectively apply the relevant new findings to consumers to improve their diets. Some of the elements that influence the personalization of diets include age, genetic heritage, gut biome, lifestyle choices, health issues and moral preferences

Personalization is driven by two main technologies: new food products and functional innovations, and data analysis coupled with artificial intelligence.

New food products and ingredients enable the creation of more diverse and beneficial foods, such as alternative protein sources that support vegan diets, sugar alternatives that aid in preventing and living with diabetes, and foods with heightened health benefits.



Smart personalized diet solutions and technologies are complementary tools that provide the user with access to general knowledge based on large amounts of data, as well as personal insights based on sensorially gathered or manually entered data.

Complementing this trend are personal wellness coaching applications, which utilize data and expertise to instruct users on healthier, more personally suitable lifestyles. Leading companies in this sector include Diet.ID with a personalized diet assessment and insight digital solution, Ava's nutrition coaching platform, Viome, Noom, MyFitnessPal, and Shopwell.

Yet another corresponding market is the menu personalization platforms, which offer new recipes to match food trends or a change in seasons, as well as personalized menus to consumers and restaurant owners. Examples of companies in this market are The.Fit, McDonald's Dynamic Yield, and Tastewise.

Food Delivery

Food delivery platforms are on the rise, catering to the ever-increasing demand for the delivery of fresh food and groceries to consumers in a reliable, cheap and timely manner. Food delivery has become the new standard for food consumption

Responsible for one of the biggest disruptions in the food industry, the delivery trend was one of food-tech's earliest and most influential trends. Ease

of consumption is becoming increasingly important, with one-third of consumers worldwide using a restaurant or meal delivery service, and 7% ordering delivery at least once a week.¹³ Therefore, some of food-tech's earliest and biggest global investments were directed at the food delivery sector.

Players in this sub-sector are plentiful and of high value. A few prominent examples include DoorDash (North America), GrubHub (North America), UberEats (Global), Delivery Hero (Global), Deliveroo (Europe), Just Eat (Europe), Takeaway.com (Europe), Ele.me (China), and Meituan Dianping (China).

Due to its success, many actors are trying to enter the food-delivery market, hoping to gain the upper hand over their competitors. Examples include Postmates' recent testing of autonomous food delivery robots in California;¹⁴ India's Swiggy, which runs its own cloud kitchen services that prepare meals for its takeaway services in a cost-effective manner, dramatically cutting costs; and Zomato's





expansion into fresh produce sourcing to cut costs and provides higher quality produce for their delivery platform.¹⁵

Robotics and Automation

Automated robots are set to revolutionize almost every aspect of the food industry value chain

The incorporation of robotics and automation in food manufacturing meets the increasing demand for cost and energy efficient food processing.¹⁶ Giant food processing MNCs are already developing and utilizing these solutions in their operations, with the likes of JBS testing meat processing robots, and Tyson Foods investing \$215 million in robotics in the past five years.^{17,18} Another important role for robots in processing is to increase food safety by autonomous inspection of products, as well as by automated maintenance and cleaning of food production lines.

Smart and autonomous delivery robots and vehicles are already in use for customer delivery services and for improved logistic operations. These include the use of autonomous trucks for logistics operation, automated warehouse solutions for increased efficiency and safety in food inventory management, and ground and airborne vehicles that can deliver food and groceries quickly and reliably.

Autonomous solutions driven by artificial intelligence can be used to create a completely automated restaurant experience, from a fully automated table reservation system to robots cooking and serving foods and beverages. Prominent examples include Spyce, a completely automatic healthy restaurant operating in Boston; AB InBev,



which has incorporated intelligent beverage dispensing monitoring that increases supply planning and efficiency; and McDonalds' recent acquisition of Apprente, aimed at incorporating automatic speech recognition and interaction technologies in their drive-throughs.

Lastly, another use for autonomous robots is in the home-kitchen environment, by using smart home and IoT technologies. Examples, already in the market, include Moley Robotics', Miso Robotics' and Samsung's autonomous kitchen robot arms; GammaChef's smart robotic cooker; and Genie's pod technology that automatically cooks healthy vegetarian food at the push of a button.

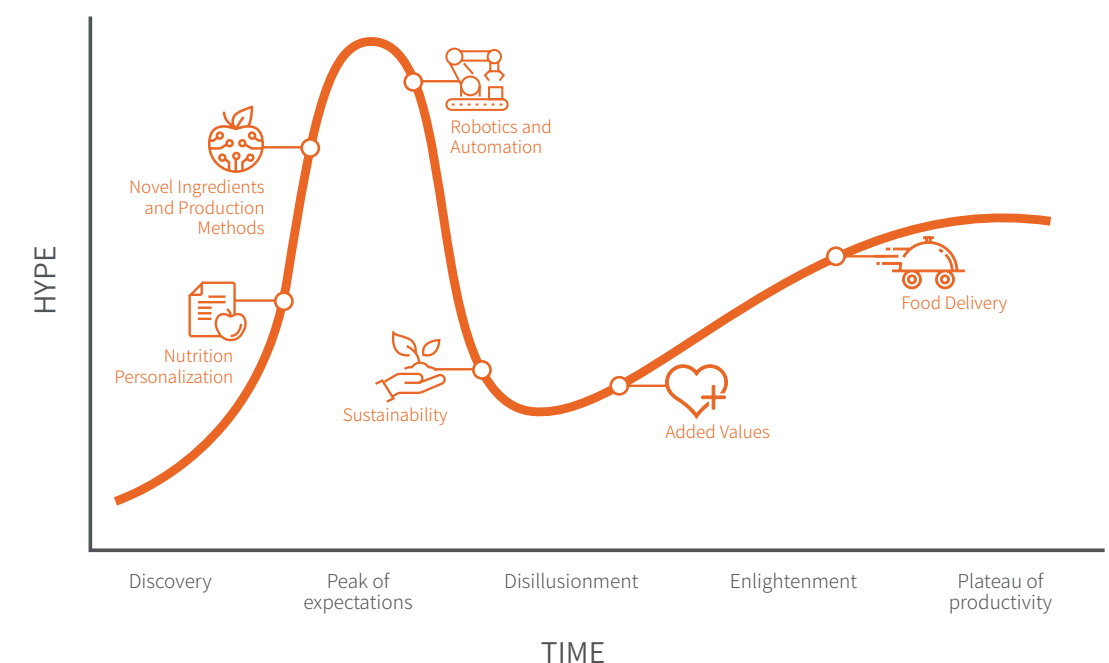
Added Values

Consumers are looking to buy food from corporations that promote added values such as fresher and healthier products, made with traceable ingredients and transparent production methods, sourced responsibly, and made safe through proper inspection and processing

The added value trend has been influencing almost all actors in the food industry, forcing them to adopt practices and technologies that contribute to these values.¹⁹

Various, diverse technologies and practices originate from this consumer demand-based trend. One example is the introduction of digitally native, vertically integrated brands (DNVB) in the food industry, which result in eliminating mediation prices while increasing quality, traceability, accountability and sometimes freshness of food delivered to consumers. Blockchain is used to increase traceability, with companies like Auchan, Walmart and Carrefour having already implemented this technology.²⁰ Using blockchain, consumers can scan a specific product's QR code to receive a detailed report on its origin, production process and delivery information.

FIGURE 5: TRENDS HYPE CURVE





ISRAEL IS home to one of the most vibrant, forward thinking food-tech ecosystems in the world, which makes it a desirable innovation hub. This ecosystem's growth and prowess have been instrumental in fostering cooperation and bringing in investments from some of the world's biggest food corporations such as Coca-Cola, Mars, Mondelez, Tyson Foods, Nestle, Danone, AB inBev, Starbucks, PepsiCo, McDonalds, Heineken and Unilever.

Behind the Israeli food-tech ecosystem's excellence on a global level are several unique characteristics.

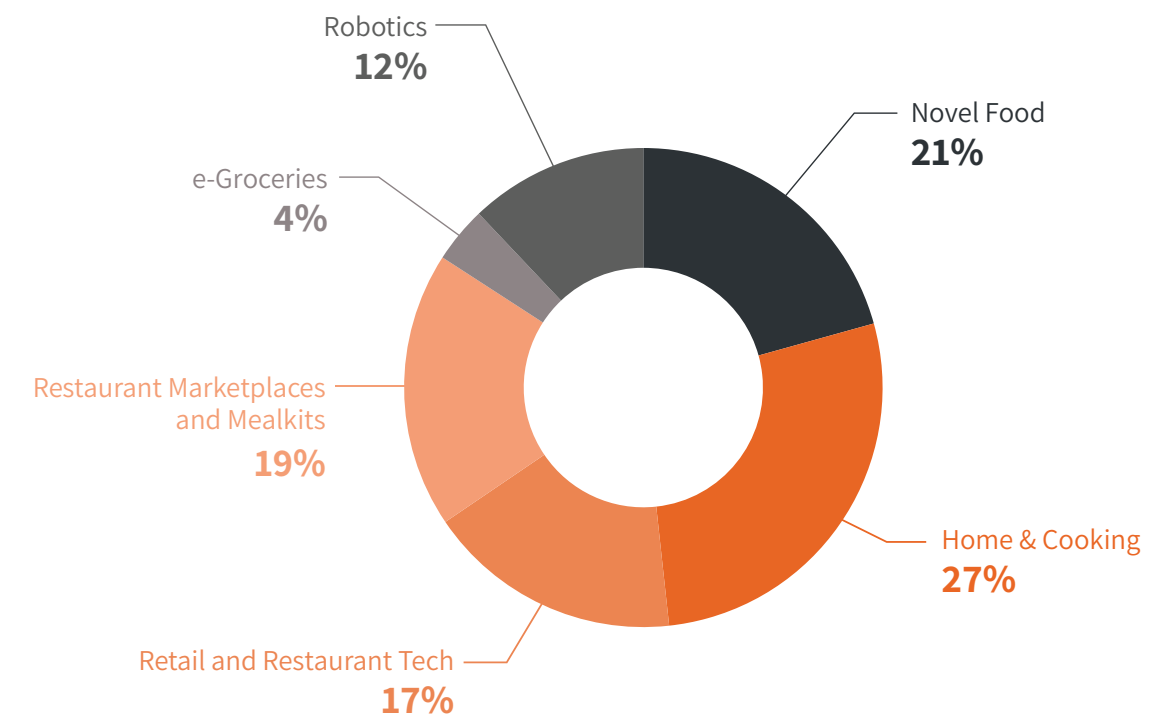
First, the country's history of food and water shortages created a demand for ingenuity in food and agriculture, thereby promoting the formation of advanced scientific and technological knowledge and expertise. Second, Israel is home to some of the first academic technology transfer companies in the world, with a strong connection between the academic and business sectors, and an advanced culture of technology transfer. Third, Israel's food culture is affected by the existence of its many immigrant communities, which demand a variety of flavors and have a unique openness to new ones. Last, the Israeli consumer has a sophisticated palate, and is willing to pay more for higher quality food products.

A Growing Market

These unique market characteristics have created promising food-tech opportunities for entrepreneurs and investors - and Israel promptly became home to some of the most promising innovations in the food industry, and to approximately 300 food-tech startups.^{21,22} However, much like the global food-tech market, the Israeli market is still young, with 124 of the startups having been established in the past three years alone.²³ Another sign of the market being in its early stages is the amount of investment rounds achieved by startups, with 30% of them either bootstrapped or having undergone a seed funding round only.²⁴ Furthermore, Israel has yet to see IPOs of food-tech companies.

Despite its early stage, the Israeli market is growing considerably and seeing an increasing amount of investment. Food-tech investment has doubled between 2013 and 2018, from \$52 million to \$100 million.²⁵ As of October 2019, food-tech investments for the year have been \$135 million total, nearly tripling food-tech's annual investment in the span of 6 years.²⁶ Funding rounds are gradually becoming bigger, with companies in different innovation fields raising large sums. Examples include Hinoman (2017, \$15 million), DouxMatok (2019, \$8 million), Nutrino (2018, \$8 million), and Bringg (2019, \$25 million).²⁷

FIGURE 6: ISRAEL: INVESTMENTS BY INNOVATION FIELD, 2018



The market has seen an increasing amount of acquisitions, with one of the biggest exits in Israel's history occurring in the food-tech industry: International Flavors & Fragrances purchased the Israeli Frutraom for \$7.1 billion in October 2018.²⁸ The same year saw the acquisition of SodaStream by PepsiCo, at a company valuation of \$3.2 billion.²⁹ Another large acquisition is that of Dynamic Yield, an AI high-tech company that develops personalization and decision logic technologies. McDonald's has recently announced it will purchase the company for more than \$300 million, thus making Dynamic

Yield their largest acquisition in the past 20 years.³⁰

With the increasing attractiveness of Israel's food innovation, many international companies have begun investing in business partnerships with the Israeli food industry. Prominent examples are Danone, which owns 20% of Strauss Health's operations; and AB InBev's acquisition of Weissbecker and its recently announced innovation hub in Tel-Aviv. Additional investors include General Mills, Mars, Cargill and ADM.



FRUTAROM

Founded in 1933, and headquartered in Haifa, Frutarom is one of the largest flavor and fragrance companies in the world.

The company develops, manufactures and markets an extensive variety of flavors and ingredients which cater to customers in many industries such as food & beverage, taste, fragrance, pharmaceuticals, nutraceuticals, food additives, and cosmetics. Frutarom markets and sells over 10,000 raw materials and 70,000 products to more than 30,000 customers in 150 countries. It has 92 R&D labs and 110 sales & marketing offices throughout the world, employs 5,500 people and operates 73 production facilities in Europe, North America, Israel and Asia.

In April 2018 the company announced that it will launch FoodNxt, an innovation lab for food-tech startups in northern Israel which will focus on the development of all-natural ingredients for the food and beverage industry worldwide. Frutarom was selected by the Israel Innovation Authority to operate the innovation lab for three years. Each start-up chosen by Frutarom for FoodNxt will enjoy financing of up to \$280,000 to reach a proof of concept.

In addition to financial backing, start-ups will benefit from the full range of Frutarom's know-how, expertise, and corporate synergies.

On May 8, 2018, International Flavors & Fragrances acquired Frutarom for \$7.1 Billion.

The Ecosystem

Food R&D and Product Development

Israel is well-known for its expertise in research and development, and food R&D and product design are no different: R&D is present across all sectors of the food industry, from food processing companies to research centers. Long established companies include Frutarom, with its wide array of flavors, fragrances and ingredients both in Israel and abroad, Eshbal Functional Food's innovative solutions in specialty foods and nutraceuticals, and Galam. Other major food processing companies, such as Tnuva and Strauss, run innovation incubators in collaboration with the Innovation Authority (see later sections for additional details).

Alongside the major food producers, entrepreneurs are constantly bringing new disruptive technology to the market. Israel's biggest promise in this sector is in alternative food source innovation. Just recently, Tyson Foods invested in Future Meat Technologies in an estimated \$14 million investment round.³¹ Other Israeli companies developing alternative meat production methods are 3D meat

printing method developer Aleph Farms, Redefine Meat and more.



ESHBAL FUNCTIONAL FOOD

Founded in 1940 in Kibbutz Maanit, this company is a food manufacturer active in several local and international food sectors. The company produces nutraceuticals, medicinal foods, sugar-free and gluten-free products, syrups, and dry mixes. Eshbal's production capabilities include the mixing of various powders and cereals, cooking and preparation of syrups and liquids, baking and packaging of gluten-free products, and diverse packaging technologies. The company focuses on functional food ingredients that affect health beyond their nutritional values, incorporating development and production capabilities for retail brands, private labels, and B2B.

Eshbal Functional Food exports to the United States, England, Russia, the Ukraine, Denmark, and other countries.

The company has an R&D team that includes some of Israel's leading experts in food development. The team works in coordination

with Israel's Innovation Authority and with its support. Eshbal has access to the world's most advanced food technologies as well as the ability to utilize knowledge and expertise in order to supply high-end food products both nationally and globally.

In addition, the company's subsidiary - Eshbal Functional Foods Labs Ltd. (EF2L), was founded as a collaboration of leading industrial players in this groundbreaking field, and offers the opportunity of significantly shortened cycles for innovative food products, food supplements and medicinal foods, from initial development stage to global market penetration.



FUTURE MEAT TECHNOLOGIES

Future Meat Technologies is a lab-produced meat startup based in Jerusalem, founded in 2018.

The startup developed a technology for non-GMO (non-Genetically Modified Organism) production of meat directly from animal cells, without the need to raise or slaughter

THE ISRAELI FOOD-TECH ECOSYSTEM



animals. The company focuses on developing a sustainable and cost-effective production method of fat and muscle cells in small-scale, rejuvenating bioreactors. Due to its rapid growth cycles, producers can adapt to market demand, changing their growth capacity as needed.

The model is expected to utilize 99% less land and emit 80% less greenhouse gasses compared with traditional meat production.

With current small-scale production costs of \$150 per pound of chicken and \$200 per pound of beef, the company plans to release its hybrid products, at a competitive cost level, from its pilot production facility by 2021. A second line of 100% cultured meat products at a cost of less than \$10 per pound is to be launched by 2022.

As of October 2019, Future Meat has raised a total funding of \$16.2 million.

Alternative protein solution companies include Hargol's grasshopper protein farms, Flying SpArk's fruit fly protein, SuperMeat's cultured chicken meat products, Kinoko-Tech's mushroom-based protein, ChickP's chickpea seed protein, and Hinoman's Mankai protein plant.

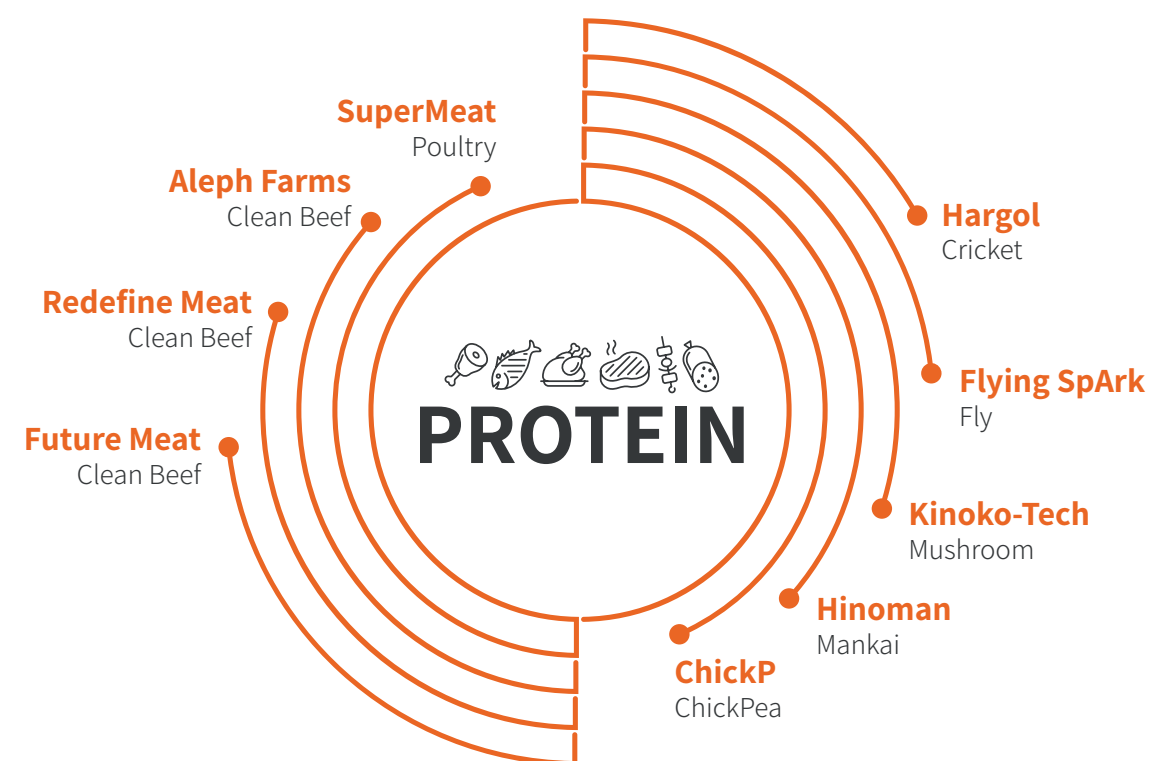
Other examples of "faux-foods" include ZeroEgg, winner of the Food-Tech 2019 startup competition for its vegan egg replacement; Yofix, a manufacturer of vegan, soy-free yogurt and dairy alternatives, and winner of PepsiCo's European Nutrition Greenhouse Program; Tamiz's almond-based dairy replacement products; and Amai Proteins' sugar-replacing proteins. Additional innovative companies have been producing novel ingredients for the food processing sector, for example Phytolon, which develops sustainable and healthy food coloring technologies, based on research conducted at the Weizmann Institute of Science and supported by Trendlines' incubator.

The company developed a nutritious, plant-based liquid egg that tastes, looks, and functions like a real egg and can be used as an egg substitute in any recipe.

The product is made up of the selection of non-GMO proteins and has the properties of a real egg. Although the egg replacement market is a crowded one, the company boasts two unique attributes: the versatility of the product, and its cost effectiveness.

As of December 2018, the startup raised a total funding of \$1.5 million. It is also the winner of Calcalist's 2019 Food-Tech Innovation Competition, in association with Tnuva.

FIGURE 7: ISRAEL'S ALTERNATIVE PROTEIN MARKET



ZEROEGG

Plant-based egg substitute startup ZeroEgg is a portfolio company of The Kitchen FoodTech Hub, founded in 2018 in Ashdod.

BETTER JUICE

Better Juice is sugar reduction startup founded in 2017 in Ashdod.

The company's flagship device utilizes non-GMO micro-organisms in order to convert the natural sugars found in fruit juice into non-digestible compounds such as dietary fiber, while maintaining flavor and nutritional value. This technology could reduce 30%-80% of all

THE ISRAELI FOOD-TECH ECOSYSTEM



the sugars in orange juice, which is especially beneficial for conforming to new FDA and EFSA standards. Furthermore, Better Juice uses micro-organism activity and continuous bioconversion to process large volumes of juice with little effect on overall costs.

Recently, the company has partnered with Citrusuco S.A, Brazil, one of the largest orange juice producers worldwide. As part of the partnership, Citrusuco will set up a pilot program for the production of low-sugar orange juice, using Better Juice's technology.

Better Juice won the "Most Innovative Technology" award at the 2018 Startup Innovation Challenge at Health Ingredients Europe (Frankfurt). Its technology was developed in conjunction with The Hebrew University and The Kitchen Hub incubator.

As of March 2019, the startup raised a total funding of \$600K.

Food Development

Despite its sophisticated palate and a demand for innovative food products, Israel's local food market is limited by its relatively small size. As a result, many of Israel's food processing giants have established global business partnerships in an attempt to gain access to other markets and leverage the Israeli food research expertise.

Israel's biggest food and beverage company, in terms of revenue, is Tnuva Group, acquired by Bright Foods in 2015 at a \$2.3 billion valuation.³² Tnuva recently joined the Sparks FoodTech consortium - alongside Tempo and the VC firms Finistere and OurCrowd - to establish "Fresh Start", a government-backed food-tech research center. Second to Tnuva is Strauss Group, currently valued at \$3.4 billion on TASE, which boasts business relationships with many multinational companies. Strauss can take credit for numerous innovations in the food-tech market, as the company has been investing and promoting startups through its incubator, The Kitchen, and VC fund, Alpha VC.



Strauss Group Ltd., founded in 1933, is an international Food & Beverage company and among the largest food manufacturers in Israel. The company focuses on dairy products, coffee, water, snacks, salads, and dips. It employs over 14,000 workers across 20 countries in 29 production sites. As an international company, Strauss works in collaboration with international corporations such as Danone, Haier, Sao Migel etc. The group's sales totaled NIS 8.6 billion in 2018, of which its international operations accounted for 54%.

The group operates The Kitchen FoodTech Hub, a technological incubator founded in 2015 which provides seed funding, mentoring, industry connections, and a full set of operational services for early-stage ventures operating in all areas of the food and beverage value chain.

Alpha Strauss is the company's venture arm, which engages in the connection between the technology manufacturers and venture capital funds, market service providers, government representatives and strategic partners. Alpha Strauss also promotes FoodTech IL - the main event of Israel's Food-Tech's ecosystem. Along with the community, the event has grown over the years from a few dozen participants to over one thousand.



Founded in 1926, Tnuva Group is one of the largest, leading food groups in Israel, with a workforce of 6,500 employees. In 2014, it boasted a revenue of NIS 7 billion. The majority part of Tnuva's activity takes place in Israel, with its products supplied daily to approximately 18,000 retail points across the country and to over 7 million customers.

The company has 36 production sites

throughout Israel, and over 80% of its raw materials come from Israeli agriculture, with more than 1,600 farmers counted among its 6,500 suppliers.

The group has recently won a government tender to construct a \$100 million food-tech incubator in the northern region of Israel, as part of a collaboration with Finistere VC, crowd-funding based OurCrowd VC, and Tempo. The incubator, operating under the name Fresh Start, is scheduled to open in 2020.

These two giants are closely followed by Osem, owner of the Tivall brand, one of the first manufacturers to introduce meat substitutes to the market; the Neto brand - an investor in Future Meat Technologies; and Tempo, which is also invested in the aforementioned Fresh Start incubator. MNCs are also present in this sector, with Coca-Cola, Heineken and Unilever food producing facilities in Israel.

Packaging

With their economic and ecological benefits, sustainable packaging technologies have not skipped the attention of Israeli innovators. Prominent examples include TIPA, a manufacturer of degradable, flexible and durable plastic-like bio-materials for the food industry; Tadbik's flexible packaging technologies; and NanoAF, which designs biocompatible and ecological packaging materials that resist bio-fouling, thereby increasing product

THE ISRAELI FOOD-TECH ECOSYSTEM



shelf-life. NanoAF's technologies were developed at Yisum, the Hebrew University's technology transfer company.



TIPA

Founded in 2010, TIPA is a compostable plastic company. It has over 40 employees and is based in Hod Hasharon.

TIPA designs and manufactures plastic-like bags and packaging materials that are fully compostable, as an alternative to conventional plastic packaging. The company's compostable plastic is made up of 20%-60% plant-based ingredients, and disintegrates under compost conditions within 180 days.

TIPA's packaging is as durable and impermeable as traditional plastic packaging and is good for a range of products, such as fresh produce and frozen goods. TIPA's packaging also expands beyond the produce aisle, as the company also produces packaging for fashion retailers.

The company received the Transformational Solution Award in the category of Waste, Water, and Land at the 2019 Transformational Business

Awards. In addition, Google's shopping site has recently begun shipping its products in packaging produced by the Israeli company.

As of September 2019, the startup raised a total funding of \$48 million, from investors such as Li Ka-Shing's Hutchison Whampoa, Hearst and Blue Horizon.

Restaurants

Restaurants in Israel are a major sector of the country's food industry. Facing challenges like food ordering apps and food delivery platforms, restaurants in Israel are developing innovative solutions to stay attractive.

The biggest fast-food chain in Israel, McDonald's, recently re-introduced its delivery services and launched new technologies such as McTouch-to-table ordering, McCoins member club currency, and RightHear - accessibility solutions for handicapped consumers. McDonald's employs an order and pick-up app, and recently acquired the Israeli AI personalization technologies startup Dynamic Yield, in order to promote personalization in restaurants and services.



DYNAMIC YIELD

Dynamic Yield was founded in 2011 in Tel Aviv and employs approximately 180 people.

The startup developed a platform which helps companies enhance marketing and increase revenue by adapting their website content to customers' preferences.

As of November 2018, the startup raised a total funding of \$80 million. In March 2019, it was acquired by the global McDonalds Corporation for \$300 million.

McDonald's, which operates some 38,000 branches worldwide, stated it will use Dynamic Yield's technology to better personalize its outdoor digital drive-thru menu, with varying choices based on time of day, weather, current restaurant traffic and trending menu items - and also to offer customers additional choices based on existing selections.

Another prominent restaurant chain in the country is Aroma Israel, with sales of \$284 million in 2018 and 214 retail locations.³³ In 2018, Aroma launched an order-and-pick-up app which includes a club member discount. On the startup scene, WeissBeerger, which developed a beverage analytics platform that tracks beverage consumption and

provides insight promoting sustainability and profit, was acquired by AB InBev in 2018.



WEISSBEERGER

WeissBeerger is the developer of Beverage Analytics, a platform that provides breweries with real-time feedback on bar operations and consumer behavior. The startup was founded in 2011 in Tel-Aviv, and employs over 60 people

WeissBeerger has developed Internet-of-Things analytics tools that include sensors in beer taps, refrigerators and other important points in the supply chain. This, in order to provide bar and restaurant owners as well as brewers and beverage manufacturers independent data, such as whether the beer served to the customer was poured at the right speed and temperature, whether it was poured from a fresh barrel, and if the barrel should be replaced. Big data systems gather information about drinking habits in the bar and analyze them with insights about customer behavior. According to the company website, bars which have used the company's tools have increased revenue from each beer tap by 32% and reduced beer wastage by 50%.

In January 2018 Anheuser-Busch InBev, the world's largest brewer, acquired WeissBeerger




for an approximate \$80 million. Anheuser-Busch InBev owns more than 400 beer brands worldwide including Becks, Stella Artois, Leffe and Budweiser. The company operates in North and South America, Europe and Asia, and has offices in the USA and the UK.

Retail and e-Commerce

While Israel only has 17 national food retailers,³⁴ recent years have seen them in intense competition, driving them to constantly improve the purchasing experience. In search of a competitive edge, food retailers have also become the major e-Commerce players in the market, seeking to cater to the demands for ease-of-consumption.

Shufersal is the largest retailer with \$3.8 billion in revenues in 2018, marking a year-over-year revenue increase of 8.4%.³⁵ Shufersal is also the biggest e-Commerce food player, with 16% of its revenues originating from online sales.³⁶ Other major players are Rami Levi Hashikma Marketing with a \$1.5 billion revenue in 2018, Dor-Alon Retail (also known as AM:PM), Merav-Mazon Kol, Bitan Wines, and Victory.



Founded in 1958, Shufersal is the largest supermarket chain in Israel. The Shufersal Group

has 15,000 employees, 358 stores spread across 533,000 square meters and four online logistic centers covering 12,000 square meters. The group's 2018 revenues totaled NIS 12.8 billion. Its shares are traded on the TASE.

Shufersal is Israel's most significant player in the e-commerce market, with at least 16% of the chain's revenue originating from online sales.

Much like in other countries, new players are trying to capitalize on the increasing demand for both food delivery and e-commerce. One example is Quik, an online supermarket that guarantees the delivery of fresh foods and food products within 4 hours, free of delivery charges. Another innovator trying to revolutionize e-commerce, both in Israel and abroad, is Bringg. The company caters to customers in over 50 countries, offering the retail and restaurant sectors a comprehensive AI and ML based logistics platform. Israelis also use international food e-commerce platforms, most notably iHerb and Vitacost.



QUIK

Quik is an innovative service for purchasing products online, founded in 2017 by BringBring Solutions LTD.

The startup operates a digital supermarket that guarantees fast deliveries within four hours with no delivery charge. It employs some 35 people and has its headquarters in Rishon LeZion.

In June 2019, the Israel-based drugstore chain Super-Pharm, together with local manufacturer and distributor of Coca-Cola products The Central Bottling Company Ltd. and Tel Aviv-based Union Tech Ventures, invested a combined sum of approximately \$10 million in the startup. What makes Quik so unique its ability to make short term deliveries, within the same day - a rare concept in the pharma field. Its service matches the worldwide trends including fast and personal service.

Consumer Lifestyle

Another promising field for the Israeli food-tech ecosystem are food-tech and wellness apps and products.

One leading app is DayTwo, whose product is a microbiome-based personalized nutrition and medical diagnostic tool. Such technology is expected to provide useful insights for food manufacturers in the future, enabling the development of highly personalized food products. As with many other success stories in the food-tech industry, the technology behind DayTwo was developed by Yeda - the Weizmann Institute of Science technology

transfer company. Another example of using high-tech for smarter food consumption is Water.io. The company manufactures SmartCaps, sensor-packed IoT caps that can be placed on any product, including water and juice bottle, powdered foods and medicine and even pills.

Israeli startups are also tackling the home kitchen appliance sector, with different solutions for making cooking healthier, faster and easier. One example is Genie, an autonomous pod-to-plate solution that cooks vegetarian meals in three minutes, providing a speedy and healthy choice of foods to consumer with little to no effort. Another example is that of Deep Learning Robotics, a robot developed to study human cooking and to replicate actions through computer vision and learning software. Deep Learning Robotics' product is already being used as an autonomous packaging robot in industries around the world.



DayTwo is a microbiome-based precision medicine company which develops personalized nutrition, diagnostics, and therapeutic solutions using artificial intelligence and machine learning. Founded in 2015, it has offices in Tel Aviv and San Francisco, with 85 employees.

The company developed a microbiome



human discovery platform that offers a glycemic control solution for people with type II diabetes. The platform provides its customers with personalized nutritional recommendations through a smartphone app, based on mapping and analyzing the individual's intestinal microbiome - for the purpose of maintaining balanced blood sugar levels and leading a healthier life.

According to founder and CEO, Lihi Segal, DayTwo is the only evidence-based, actionable, microbiome platform in the market today.

As of October 2019, the startup raised a total funding of \$53 million.



WATER.IO

The innovative smart packaging company, Water.io, was founded in 2015 in Ness Ziyona.

The company develops IoT smart packaging solutions, which include disposable sensors within packages that capture data about product volume, temperature, homogeneity and use.

The platform provides a technology that

measures the volume of a liquid, solid or powder in a container and relays the data via Bluetooth technology to an app, which then filters it through the customer's preferences and funnels it to the manufacturer. The platform allows the manufacturers to aggregate the data, analyze it, and use it in their marketing logistic. In the future, this technology could help customers plan their meals for the week, protect them from allergic reactions, and help achieve nutritional goals.

The company has signed agreements with a dozen companies in the food, beverage, pharmaceutical and personal care industries, including the German chemicals giant Bayer as well as Danone.

Last January, Mey Eden, an Israeli bottler of mineral water, included a Water.io cap in each of several hundreds of thousands of its six-packs. The supply sold out in six weeks – less than half the time both companies expected – and boosted sales by 60% compared with packs that did not include a smart bottle.



GENIE

Israeli smart-oven company Genie Enterprise

Ltd. was founded in 2010 in Rishpon.

The company developed a single-serving, pod-based cooking robotic device which uses patented artificial intelligence and machine learning methods to cook a meal in three minutes.

The device performs a sequence of actions such as heating, cooling, microwaving, and steaming and offers over 30 menu items and a variety of dishes including breakfasts, soups, pasta, noodles, and baked goods. Meal pods combine freeze-dried fruits, vegetables, and meats as well as raw ingredients such as herbs, spices, and grains. The technology uses three types of heat: precision microwave targeting, the company's patented steam technology, and conduction heating via the cradle that holds the meal container. After scanning the meal, the algorithms know how much water to add, the extent of the three heating types to use, and when to properly cook each element within the container.

The company operates two lines of production in Israel and one in Chicago, with a combined manufacturing capacity of around 30 million meal capsules a year. The company has recently begun marketing its smart oven and meal pods in the U.S. and Australia.

As of April 2019, the startup raised a total funding of \$10 million.



DEEP LEARNING ROBOTICS

Deep Learning Robotics (DLR) is a technology company that specializes in robotics, computer vision, and machine learning. The company was founded in 2015 in Ashdod.

DLR developed a vision-based robotic controller that uses advanced machine-learning algorithms in order to enable robots to learn and replicate tasks by observing humans performing them. The robotic device captures 3D images of a user performing the intended task on a specific object, and translates them into robot control language.

The technology is used in food manufacturing and packaging facilities in Israel and Australia. Many companies in these industries are small and cannot bear the high capital expenditures and, more importantly, the ongoing operating and programming expenses associated with adapting industrial robots to their constantly changing needs. For this reason, the DLR technology, which can be programmed over and over again by personnel who are expert in the processes and tasks but have no robotics knowledge, is a unique solution.

As of August 2015, the startup raised a total funding of \$500K.

THE ISRAELI FOOD-TECH ECOSYSTEM



BRINGG

Founded in 2013, Bringg is a Tel-Aviv based delivery logistics platform that enables enterprises to efficiently manage their complex delivery operations. The company, which employs over 70 people, has its headquarters and R&D center in Tel Aviv, field headquarters in Chicago, and offices in New York.

The company developed an innovative SaaS tool, which was first used by small businesses and is now also employed by the likes of Walmart, Panera Bread, and Coca-Cola and others in the enterprise market. Bringg enables the companies to run complex delivery and dispatch operations in real-time from first to last mile, and enjoy visibility and traceability across the supply chain, all while providing customers with a seamless experience.

As of January 2019, the startup raised a total funding of \$57 million.

The Israeli Ecosystem

The Israeli food-tech ecosystem - consisting of Academia, VC firms, Incubators and the Government - supports the different sectors and players operating in the field. Together, they create a vibrant food-tech

ecosystem, contributing to Israel's status as one of food-tech's leading hubs.

Academia - Israeli Academia has been enriching the market with groundbreaking technologies and ideas, utilizing years of scientific research expertise. Israel is home to one of the oldest tech transfer companies in the world, Hebrew University's Yissum, which is credited for the development of thousands of various technologies - and has contributed to over 21 success stories in the food-tech industry alone.³⁷

This uniquely advanced culture of tech-transfer in Israel has created an effective bridge between entrepreneurs and the academy, promoting both the growth of the scientific community as well as the transference of more advanced knowledge into the consumer market.

Overall, 16 tech transfer organization are operating in Israel. These include the Weizmann Institute's Yeda, which contributed technology to microbiome innovator DayTwo; the Technion's T3, which developed the food-tech behind startups Algafalafel and OlfaGuard; and Bar-Ilan's Birad whose technology and knowledge were sold to consumer wellness startup ContinUse.³⁸



YISSUM

Founded in 1964, Yissum is the technology transfer company of The Hebrew University of Jerusalem.

The company serves as a bridge between cutting-edge academic research and a global community of entrepreneurs, investors, and industry organizations. Since its inception, Yissum has registered over 10,000 patents covering more than 3,000 inventions, licensed over 950 technologies, and produced over 150 spin-off companies. Yissum is involved with long term industry-university collaborations, startup creation and support, enterprise-directed research and more.

Yissum has been collaborating with Hebrew University's HUGrow, an acceleration track that further supports the development of early stage research, together with the Robert H. Smith Faculty of Agriculture, Food and Environment. This collaboration has resulted in valuable technological innovations with significant commercial potential.

Some of HUGrow's graduates include producers of GMO-free cultured meat, Future Meat Technologies; Better Juice - which reduces sugars in fruit juices; Bactusense, and ChikP.

VC firms - Many Israeli VC firms have been providing the necessary capital needed to allow the country's various food-tech startups to grow. Among these firms are Trendlines - which invested in Hargol's grasshopper protein company; JVP, which recently entered a cooperation agreement with Mars; OurCrowd and Finistere Ventures, which are part of the Sparks FoodTech consortium invested in the National Food-Tech Center incubator; Agrinnovation - which is part of Yissum and has invested in ChickP and Future Meat; FoodLab - which has invested in NextFerm and InnovoPro; PeakBridge VC, which recently invested \$5 million in Tastewise; Pitango - investors in DouxMatok's sugar reduction technology; Medstrada, which recently announced a collaboration with Cornell University, and many more.



JVP

Founded in 1993 by Erel Margalit under the famed Yozma program, Jerusalem Venture Partners (JVP) has invested in over 120 companies in Israel, the US and Europe.

With over \$1.4 billion raised through 8 funds, and a rich network of strategic and business partners spanning the world, JVP has led some of Israel's largest and most noteworthy exits.



In April 2019, JVP announced a strategic partnership with Israeli drip-irrigation company Netafim Ltd. Together, the two companies will scout for startups in the fields of ag-tech and food-tech, focusing on the Galilee region in northern Israel.

In May 2019, confectionary company Mars, Inc. and JVP announced a collaboration that will focus on food-tech and ag-tech research and development in Israel. As part of the collaboration, Mars will work together with Israeli academic institutions including the Hebrew University, the Weizmann Institute of Science, and the Technion - Israel Institute of Technology, and will support existing Israeli startups as well as the formation of new companies.

Incubators and Accelerators –there are at least 15 hubs investing in food-tech technologies in Israel, with more incubators such as Spark’s food-tech incubator set to operate.

A leading incubator is Strauss’ The Kitchen, which supports some of the market’s most promising startups including Inspecto’s portable food contamination detection device; MyFavorEats - which employs AI to analyze and personalize recipes; and RilBite, which uses raw and unprocessed plants to replace meat products. Other hubs include Yissum’s HUGrow, which works to accelerate food-tech and water-tech projects; EIT Food Accelerator, which supports Aleph Farms; DouxMatok; TIPA; Redefine Meat; FaculTech, an investor in Kinoko-Tech; and Copia, which has recently raised \$27 million and is

developing dairy de-contamination technologies and shelf-life extension bio-tech for the food industry.

The Kitchen

FoodTech Hub

THE KITCHEN

The Kitchen FoodTech Hub is a technological incubator that provides seed funding, mentorship, industry connections, and a full set of operational services for early-stage ventures operating in all areas of the food and beverage value chain. This Ashdod-based incubator was founded in 2015 by the Strauss-Group, an Israeli company that plays a leading role in the global food market.

The Kitchen is considered to be the most important incubator in the Israeli food-tech industry, investing in three to four new food-tech startups per year and holding twelve portfolio companies in fields such as alternative protein, food safety, and innovative food production.

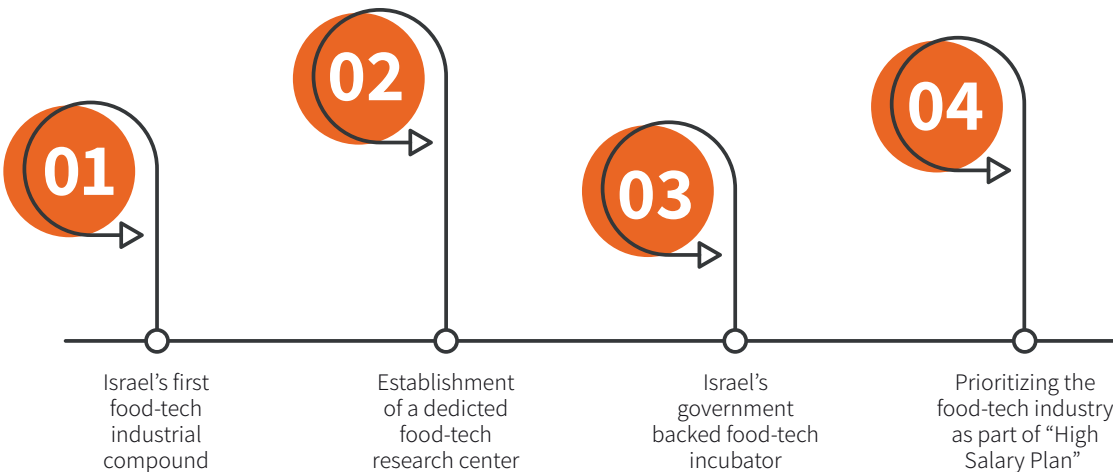
Some of the companies that take part in The Kitchen are: vision-based robotic company DLR; Better Juice - which reduces sugars in fruit juices; plant-based egg substitute startup ZeroEgg; non-dairy probiotic foods and drinks platform Yofix; Inspecto; Bio-Fence, and BactuSense, among others.





Government - Recent years have seen a significant increase in government involvement and support of the Food-Tech industry in Israel. The government has chosen the north of Israel and the Galilee region as the main geographic zones for government investments.

FIGURE 8: ISRAELI GOVERNMENT FOOD-TECH INITIATIVES



The government supports the development of the industry through four incentive plans:

1. Following a 2018 bill, the Israeli Ministry of Economy and Industry is promoting the establishment of Israel's first food-tech industrial compound - "The National Food-Tech Center" - in Kiryat-Shmona. As part of the project the government has allocated \$8 million for the construction and operation of the industrial compound, which will include modular workspaces intended for innovative

food production. In addition, the compound will offer food, regulatory and business consultation services.

2. As part of this industrial compound, the government is also initiating the establishment of a new food-tech research center. The \$6 million tender is currently being held, with northern Israeli institutes specializing in food and nutrition research, such as Tel-Hai College and Migal, in the competition. The research facility is set to provide the compound with fresh and innovative

technologies which can then be developed into food-tech products.

- 3. As part of the aforementioned compound, the government is also establishing the Sparks' Fresh Start Incubator, a government-backed incubator for food technology, led by some of Israel's largest food corporations as well as various food-tech VCs.
- 4. The fourth incentive provided by the government is the "high salary plan", also managed by the Ministry of Economy and Industry. The plan provides subsidies to high-tech companies that employ workers at high salaries. As part of the strategy of developing food-tech, the high salary plan was amended to put Israel's northern food-tech companies as top priority.



SPARKS FOODTECH FRESH START INCUBATOR

The companies behind Sparks FoodTech include Tnuva - a large, leading group in the food sector; Tempo, a veteran Israeli beverage company; the American venture capital fund Finistere - a leading investor in the food and agriculture markets; and OurCrowd, a leading equity crowdfunding platform for investing in global startups.

In June 2019, the Israel Innovation Authority's research committee selected Sparks FoodTech to establish a new incubator in northern Israel. As part of the project, the government will provide \$28 million in funding for the incubator over its eight-year franchise period. In addition, throughout the duration of the franchise, the companies behind Sparks are to invest in innovative startup companies, by leveraging their investment via an 85% grant provided by the Innovation Authority to each company, up to a total sum of approximately \$1.5 million for a period of 3 years. In addition, Fresh Start will benefit from favorable terms as it will operate from the country's periphery, and will be part of the Innovation Authority's incubators program.

The incubator's main goal is to promote food-tech companies throughout the food and beverage value and supply chain, including next-generation products, crop efficiency, preservation of freshness, processing, production, safety, adaptation to consumers, supply platforms and sales.

THE ISRAELI FOOD-TECH ECOSYSTEM



Manufacturing Opportunities

Although food-tech is a relatively young market, it is already offering manufacturing opportunities in Israel. These opportunities have been amplified thanks to the aggregation of advanced knowledge and expertise in food-tech, and to the aforementioned governmental support directed particularly at manufacturing-oriented startups.

Some novel ingredient companies, for example, have already begun production pilots in the Israeli market, a notable example being Flying SpArk. The company, which produces protein from fruit flies, has initiated trial programs with Nestle, Ikea and Pepsico, with the aim of launching the product by 2020.³⁹ Other examples include Hargol FoodTech, which has established its first cricket farm in Elifelet, and is working on establishing two more farms in Israel's northern region; Future Meat, which has

announced that its recent round of funding will be directed at establishing the world's first cultured meat pilot production facility;⁴⁰ Aleph Farms; SuperMeat; Redefine Meat; and ZeroEgg, among others.

In the packaging technologies sector, TIPA is already manufacturing its compostable plastic solutions, selling them to the likes of Google Express and Waitrose & Partners.⁴¹ Israel's prowess in robotics, appliances and artificial intelligence also creates opportunity, with more mature fields such as medical devices (Mazor), industrial production lines (GBIM) and defense robotics (Roboteam, SIBAT) already producing and exporting products abroad. This holds promise for the field of food-tech robotics and appliances, possibly making production viable as the market matures.



WHY INVEST IN ISRAEL TODAY?



ISRAEL'S ECONOMY is one of the strongest in the world. The Israeli market is characterized by openness and diversity, a track record of competitiveness and continual steadfastness even in the face of global economic crises.

Israel's anchored banking system, elastic labor market and seasoned policy makers are well positioned to protect investor's interests throughout turbulent global market conditions.

The Israeli economy is characterized by strong growth and low unemployment figures. The cautious fiscal policy implemented in Israel, which includes a low interest rate and price stability, has created a relatively low public debt on a declining trend. The OECD predicts that the growth that has characterized the market will continue and increase in the coming years, in light of the planned capital investments from the maritime natural gas reserves that were discovered in recent years.⁴²

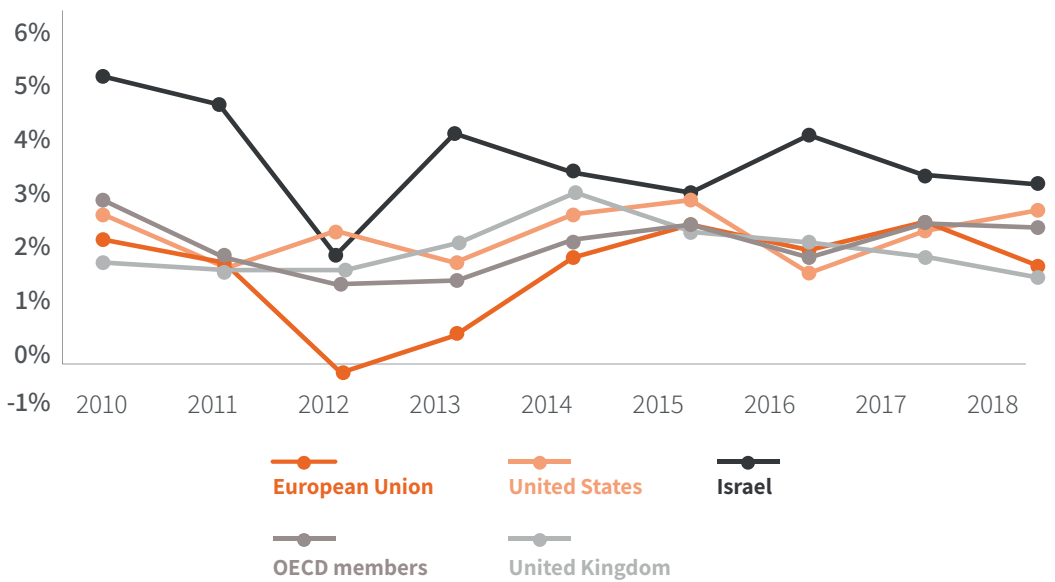
FIGURE 9: ISRAEL'S CREDIT RATING



FIGURE 10: UNEMPLOYMENT RATE (%)



FIGURE 11: ISRAEL'S GDP GROWTH RATE (%)



Global R&D Leader

Israel is one of the leading countries in research and development, as well as in integrating innovation and sophistication capabilities into the business sector. Over the years, Israel has led global R&D investment indices, and in the share of gross expenditure in R&D as a percentage of GDP.

International companies have identified the Israeli advantage in this field and have integrated with it whereby a substantial part of R&D is financed

by international entities and undertaken by Israeli enterprises. Multinationals including General Motors, Facebook and Microsoft, to name a few, operate more than 300 R&D centers, scouting centers, and corporate venture capital funds in Israel. Furthermore, Israel has world-class research institutes, headed by the Weizmann Institute of Science, the Technion, Tel Aviv University, and the Hebrew University, which are all active in the field of life sciences.

WHY INVEST IN ISRAEL TODAY?



FIGURE 12: R&D AS PERCENTAGE OF GDP (2018)

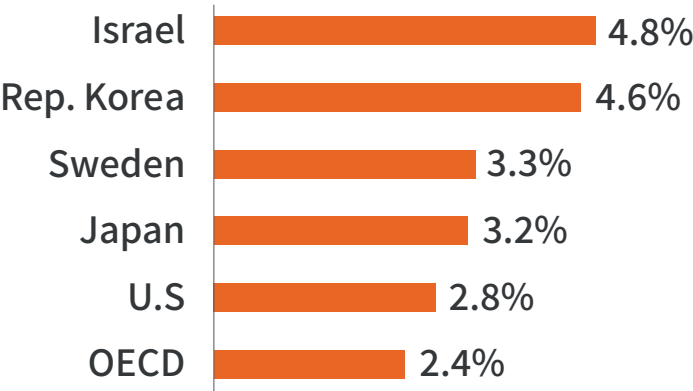


FIGURE 13: ISRAEL'S R&D ACHIEVEMENTS⁴³

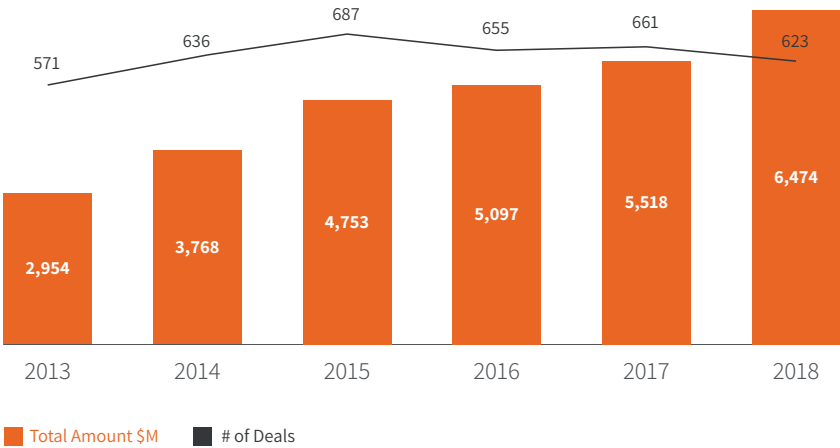


Start-Up Nation

These figures, combined with the proven abilities of the Israeli market in technology and innovation, position Israel as a preferred target for investment in various industries. Israeli startups raised \$6.4 billion in 2018, a record after six years of steady growth. 88% of this sum was raised by external investors,⁴⁴ thanks to the power and reputation of the domestic market.⁴⁵ Israel was ranked second in the world in venture capital availability index, according to the Global Competitiveness Report.⁴⁶

Venture capital availability in Israel and the efficiency of the financial sector have created an optimal environment for the prosperity of innovative industries, and a record number of startups operating nationwide. Tel Aviv is currently ranked first in the world in the number of startups per capita.⁴⁷

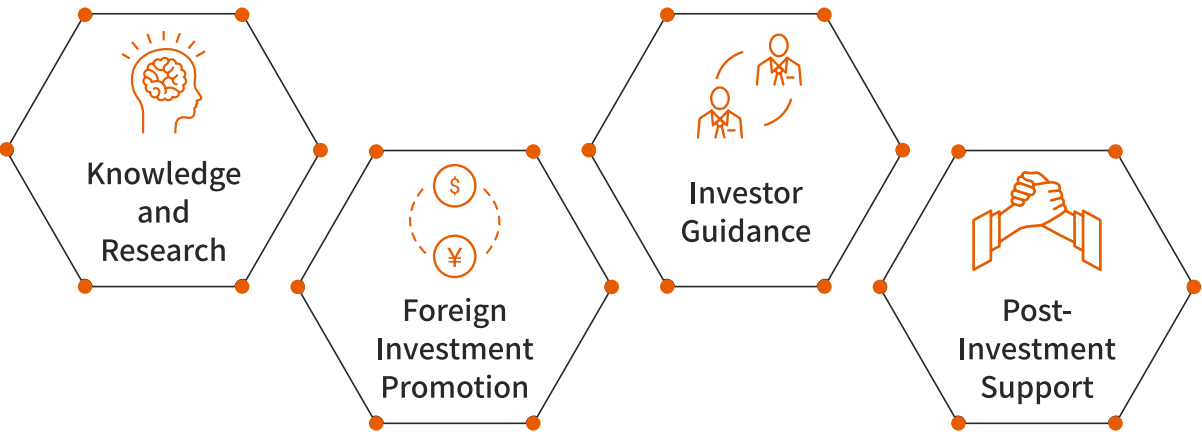
FIGURE 14: ISRAELI HIGH-TECH COMPANIES CAPITAL RAISING 2013-2018



Source: Israeli High-Tech Companies Capital Raising - IVC research center -ZAG S&W, 2018



INVEST IN ISRAEL is a government unit at the Ministry of Economy and Industry that is responsible for the success of foreign investments in Israel. The unit's role is to support the investor throughout the investment process and bind all services, plans, benefits, and needs to ensure a smooth, purposeful and successful investment process.



The services offered by Invest in Israel are diverse, ranging from the collection and analysis of data relevant to the investment and the Israeli market, through to introductions and help with the investment process with all the relevant entities, to support in the implementation stage following the investment.





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The information included in this guide is relevant for December 2019. The content included is intended to provide only a general outline of the subjects covered and it is necessary that specific professional advice be sought before any action is taken.

