



Dear Friends,



Eyes on 2021!

We are thrilled to bring you the first issue of Doing Business in Israel of 2021, not only because we get to share some exciting news about our local Green Technology market, but also because this means that we can finally get to see 2020 in our rearview mirror.

2020 will be remembered as a year most of us would rather forget. The closure of borders, the rattling of markets, and the disruption of virtually every sector were caused by a virus that highlighted the defects of our Global Village and shed a light on the swift and unavoidable consequences of human-nature interaction. At a moment like this, nothing seemed more fitting than to dedicate this issue of Doing Business in Israel to the Green Technology sector in Israel:

The young Green Technology sector in Israel is growing rapidly both in terms of number of active companies and yields. The sector is led by entrepreneurs and investors who harness Israel's trademarked creativity and sense of innovation, and the needs imposed by our geographic disadvantages, in the hopes of making a profit while righting the wrongs of the past and

making the world a better place. Green Technology companies in Israel range from desert-tech and energy storage to solar energy and water-tech, in which Israel is a leading force globally.

This issue features a compelling interview with Anat Tsour-Segal and Dr. Avi Luvchik of Capital Nature, a leading Israeli incubator and venture capital investment firm that invests solely in green technology companies. Capital Nature saw major success with its first two IPOs of Electreon and Augwind, the latter growing 900% over the past year. We spoke about Green Technology as a whole and the local market as they see it.

In addition, our innovation and cultural bite segments are back. Learn about local efforts to fight heavy metal (the matter, not the genre) pollutants using nanotechnology and pop into the Israel museum from the comfort of your laptop or mobile device.

We hope you enjoy this edition, and wish you and your families a healthy and happy new year!

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January Edition

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01 Latest Transactions



Israel Sets Record High VC Investments in Q3'20

In the midst of the Covid crisis, Israel saw record high venture capital investments during the third quarter of 2020 with \$1.5 billion, according to KPMG's Venture Pulse Q3/20 report. The Israeli ecosystem continues to thrive relatively given its areas of key strength, such as cybersecurity, which have benefited in large part from the responses to the pandemic.

FAAC Group of Italy Acquired TIBA Parking Systems for \$159 Million

In recent years, Tiba, a subsidiary of Afcon Holdings that develops and manufactures smart solutions for parking management and control, became prominent in the North-American market. The purchase will help the Italian giant to grow in the field of parking management and strengthen its presence in the U.S., such as cybersecurity, which have benefited in large part from the responses to the pandemic.

Israeli Startup Voca.ai Acquired by Snap Inc. for \$70 Million

Snap Inc., the parent company of the mega-popular messaging app, Snapchat, is acquiring an Israeli startup called Voca.ai, which builds AI-based voice assistants for customer support services for an estimated \$70 million. This marks the second acquisition of an Israeli startup by Snap, after it absorbed Cimagine Media in 2016.

Logiq Inc. Completed Its Acquisition of Israeli Martech Startup Fixel

Fixel's AI uses first-party data to pinpoint website visitors with the highest purchase intent, thereby enabling marketers to direct their efforts more accurately. The acquisition will help Logiq Inc. comply with new privacy regulations that restrict third-party data use and maximize its marketing efforts.

Intel Acquires Israeli AI Startup Convrg.io

Israel's promising exports of AI technology continue with Intel's purchase of Convrg.io. This startup developed a platform for data scientists to build and run machine learning models, from research to production. The move will support Intel's effort to shift its focus towards AI and machine learning.



02 Focus Area Green Technology

"Wherever We Go,
We Get the WOW Factor"

Anat Tsour-Segal and **Dr. Avi Luvchik** of **Capital Nature**, an Israeli Venture Capital investment firm that solely invests in green technology companies, talk about the meeting point between making profit and doing good in the world, especially in times of global pandemic

The conversation with Capital Nature, green technology incubator and venture capital firm based in Israel, took place on the same day it launched the IPO of the third company in its portfolio. BladeRanger joins the ranks of Augwind and Electreon, which paved the way and generated a lot of buzz since going public. What all of these companies - and the rest of Capital Nature's portfolio - have in common is offering innovative solutions to the biggest issues in sustainability.

Capital Nature was established nine years ago by a group of investors who shared an interest in renewable energy. "Back then, the entire sector was mostly philanthropic," explains Anat Tsour-Segal, CEO of the firm. "It wasn't always clear that this is an area to invest in. When I was going around the capital market 15 years ago as CEO of Xenia (a leading Israeli investment company and a technological incubator), before and after me were people presenting a bank or a security company, and I came with a presentation on ESG (Environment, Social and Governance investing) startups. It was very challenging." Today, she explains,

is a different situation entirely. "I'm very happy that big institutional investors understand this is a desirable sector to be investing in. That makes the entire capital market more responsive to companies like these." After two especially successful IPOs, it is widely recognized that the sector offers substantial yields in addition to its environmental agenda. Dr. Avi Luvchik, VP of Business Development, adds, "it's a win-win, for us, for the investors, and for the companies. We're not ashamed of that."

The Global Pandemic Boosts the Market

The COVID-19 pandemic is an extreme and immediate example of the possible consequences when we as humans collide with nature. According to Dr. Luvchik, "The Israeli capital market and institutional investors are starting to redirect their investments to green sectors, but if we look at this from a broad perspective, the shift in thinking about human-nature relationships started much earlier."

"// if you brought that investment to any other VC, burying a balloon underground in a process that takes years to develop, no one would put a cent toward the project //



CAPITAL
NATURE

Anat Tsour-Segal

Dr. Avi Luvchik



Tsour-Segal and Dr. Luvchik highlight the 2015 Paris Agreement as the catalyst for policy change, which led to the generation of technologies to help reach new goals. Even the U.S. withdrawal from the agreement can't stop the momentum and everyone's looking to local authorities and private companies to step up. "Companies themselves allocate enormous sums to green investments. Even in the oil and gas industry in Texas, companies are setting their own green goals. More than a few of these companies have representatives in Israel who reach out to us looking for startups all the time."

VC with a Tech Incubator

The green energy market in Israel is still relatively small. ESG investments in Israel by non-private investors average about \$200-210 million per year, which is about a sixth of the investments in cybersecurity. But Israeli companies are leaving their mark abroad. "We travel a fair amount, and wherever we go we get the Wow Factor," says Dr. Luchik.

The credit needs to be given, among other things, to Capital Nature's incubator. "It's a unique model," says Tsour-Segal with pride. "On one hand, you're a significant partner in a company and you want to make a profit from its business model, and on the other hand, you're asked to provide the company with infrastructure, support, and access to the ecosystem."

Tsour-Segal and Dr. Luvchik say that financially speaking, the same body continually investing in a company is a successful model. They explain that a seed investment alone is rarely sustainable, and therefore over the years, incubators – which started as an initiative of the Israeli Innovation Authority – have turned into investment bodies.

One of the first Capital Nature companies to make a splash was Augwind, which was founded by Or Yogeved after getting his PhD at Caltech. The air compression system that he created reduces air pollution and electricity production costs. Dr. Luvchik says that "if you brought that investment to any other VC, burying a balloon underground in a process that takes years to develop, no one would put a cent toward the project." Today, Augwind is one of the stars of the Tel Aviv Stock Exchange, growing 900% over the past year.

And that is the story of Capital Nature – it builds the bridge between the private and public sectors, responds to early funding needs, and accompanies projects from the idea stage to maturity. Tsour-Segal and Dr. Luvchik are convinced that the green train has left the station and cannot be stopped. The way may be long, but there's no doubt that the wheels - run by renewable energy – are already turning.



03 Green Technology Market in Israel

600

Companies
currently active

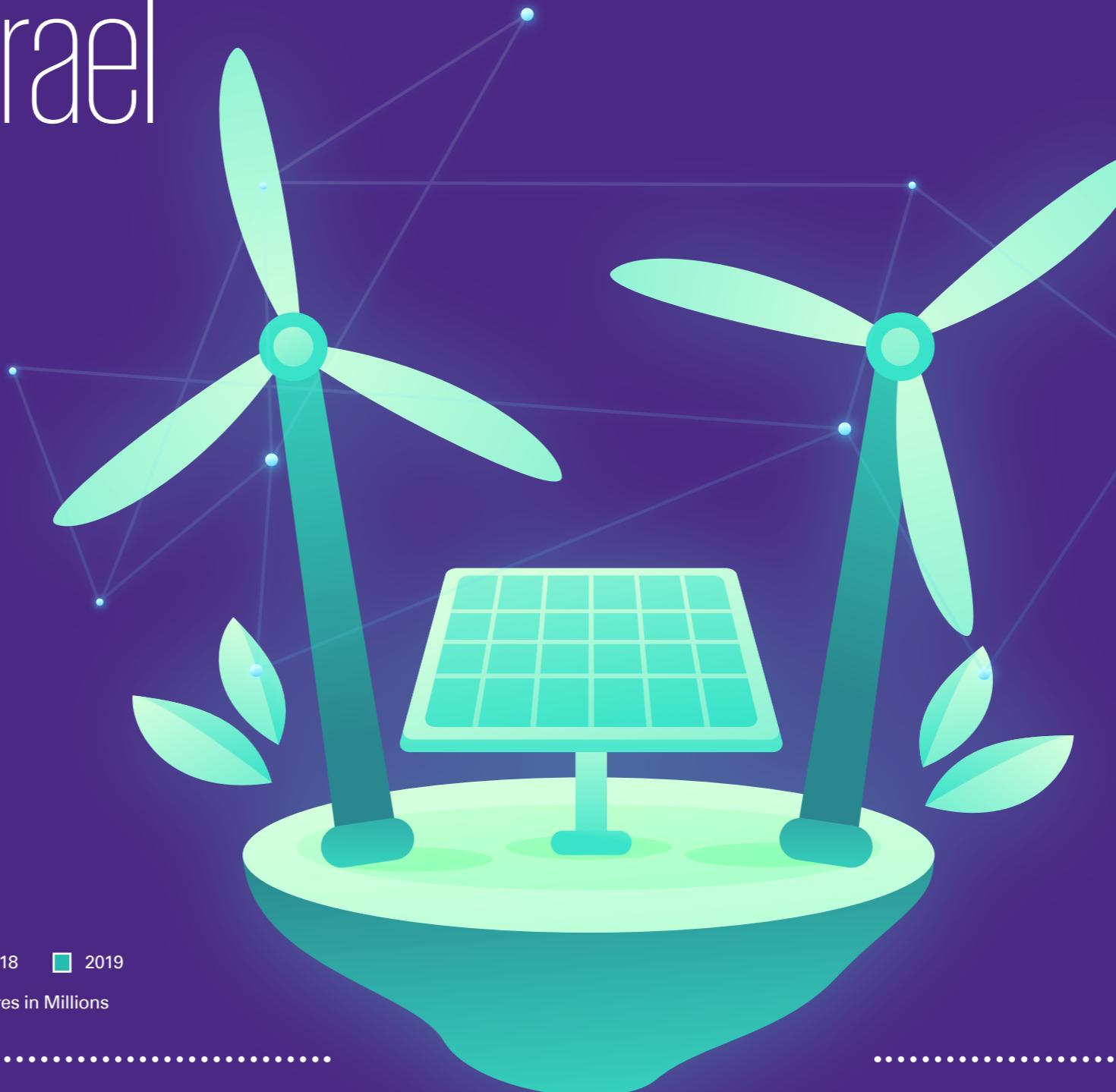
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On the Global
Cleantech
Innovation Index

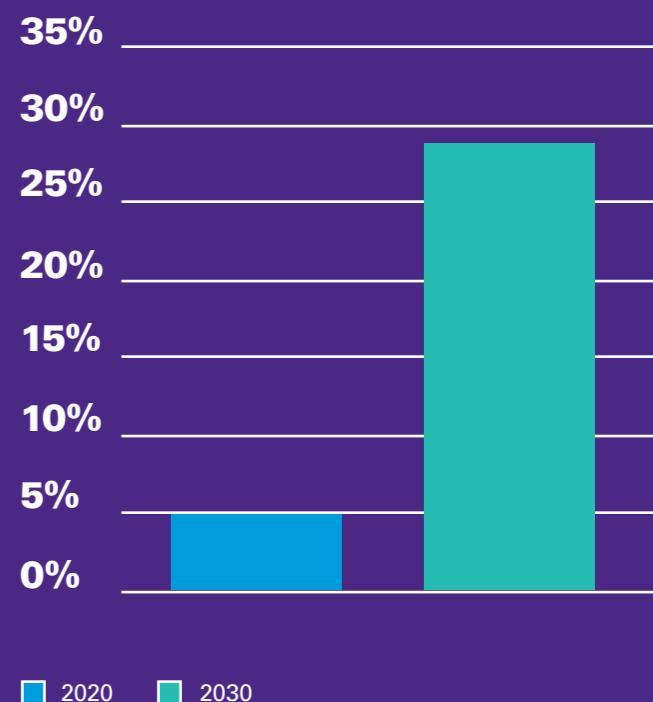
Food and Agrotech investments in
Europe and Israel



2018 2019
*Figures in Millions



National Clean
Energy Target



04

Israeli Innovation

Water Cleaning with Nanotechnology



A year ago, when an invisible-to-the-naked-eye virus disrupted the entire global economy, shut down countries and cities, and took lives, we all got yet another reminder of how some risks we face we cannot see. One being pollution caused by heavy metals found in our drinking water.

Mercury pollution in drinking water is a common health risk for humans and the ecosystem, and great effort has been made to fight it. The most effective water purification method today uses activated coal. But while activated coal is efficient in absorbing organic pollutants, heavy metals are not well extracted and still find their way into our cup of water or afternoon tea.

To combat this problem, Dr. Ines Zucker, Head of the Environmental Nanotechnology Lab at Tel Aviv

University, developed a method of growing a two-dimensional compound called molybdenum disulfide (MoS₂) on a bed of carbon fibers. The compound coats atom-sized nanosheets that are inserted into water, selectively absorb traces of heavy metals, and can then be pulled out of the water source.

For the brave of heart, Dr. Zucker published her findings in the journal ACS Applied Materials and Interfaces, under the catchy name "Tunable Molybdenum Disulfide-Enabled Fiber Mats for High-Efficiency Removal of Mercury from Water."



05 Cultural Bite

The Museum is Closed... Come In!

While other museums closed and Netflix was the closest thing we had to “a cultural experience,” the Israel Museum opened its virtual gates and offered visual tours of various exhibits.

“Museum 360” aims to bring the largest and richest museum in Israel to your mobile or desktop, using Google Arts & Culture. The project doesn’t feature every exhibit in the museum yet, but new exhibits are being added all the time, and there’s a lot of content available already.

You can “walk” freely throughout the premises or enjoy recorded tours of different exhibits – from untold stories of Pharaoh in Canaan to Roman archeological findings.

Like other entities that heavily rely on philanthropy, the museum was hit hard during the pandemic. Only recently, after months of inactivity, the Israeli parliament allowed museums to reopen across the country. If you can’t make it in person, the virtual tour is a very close second.