

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

JOSEPH MORGENSTERN, PUBLISHER

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## Equity Financing in High Gear

145 Israeli high-tech companies were financed by equity crowdfunding platforms in past five years

Keyfacts:

- 17 Israeli equity crowdfunding portfolio high-tech companies made an exit.
- 88 of exits were done by Our Crowd portfolio companies.
- Nine equity crowdfunding platforms are active in Israel; two of these are foreign.

IVC Research Center is proud to present the first report on equity crowd funding investments in Israel. The equity crowd funding trend first appeared in 2012, following US legislation, also known as the JOBSact (Jumpstart Our Business Startups). The legislation regulated and authorized funding of small businesses by easing many of the country's securities regulations. The ongoing trend of equity crowd funding is apparent in Israel, with the launch of OurCrowd, a leading global equity crowd funding platform for accredited investors.

According to IVC, between 2012 and H1/2017, nine active equity crowd funding platforms (including two foreign) invested in 145 Israeli high-tech companies. Financing 2015 was the most prolific year for equity crowdfunding (ECF) portfolio companies, with \$298 million raised from different types of investors. ECF platforms invested the largest amount in 2015 - \$57 million, in 50 deals. 2017 is expected to be another successful year for ECF portfolio companies in capital raising, as H1/2017 capital

(\$173 million) already equals 73 percent of the entire amount raised in 2016. The average financing round for ECF portfolio companies rose to \$4.1 million in 2012-H1/2017, while the average crowd funding platform investment stood at \$0.9 million. The largest average financing by equity crowd funding platforms was recorded in 2015 - \$1.1 million. Marianna Shapira, research manager at IVC Research Center, explained: "Overall Israeli high-tech



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market is growing annually, both in number of new companies established and in financing rounds. IVC has observed in the few past years that more companies reach mature stages of development, demanding larger financing rounds. Therefore, VC funds focus on growth financing. This transition leaves a void in earlier development stages, which is sorely needed by seed & R&D startups. Equity crowd funding platforms perfectly fit into this niche, answering this financing demand, mostly because of their natural tendency to invest smaller amounts per round." Sectors and stages IVC observed that the ECF ecosystem resembles the general high-tech industry trends in sector preferences. Internet and software companies comprise 55 per cent of the total ECF portfolio companies (44 internet and 36 software companies) Sixty-eight percent of the portfolio companies were either in the seed or early stages when first investments were made by ECF platforms.

As the portfolio companies matured, 29 percent of the ECF portfolio are currently in mid-stage. Shapira added: "It seems that equity crowdfunding has found a way to successfully invest in Israeli high-tech market, participating in follow-on financing rounds of 33 percent of portfolio companies. We shouldn't forget, however, that the key to successful financing in Israeli high-tech market involves a co-investment strategy, which leads to larger financing and support on later stages of company development. Although the volume of this financing model is still modest, IVC review exposed it's expanding and growing potential." Successful exits are evidence of the viability of an investment vehicle, IVC found that 12 percent of the companies that raised capital from ECF platforms made an exit. ReWalk, an OurCrowd portfolio company, was the first Israeli ECF portfolio company that reached the milestone of a successful IPO in 2014. In past four years, two ECF portfolio companies went public and 15 companies were acquired. Interestingly, OurCrowd portfolio companies

comprised 88 percent of all ECF portfolio exits. Almost half (47 percent) of all ECF M&A deals were made in 2016. The largest exit was the \$175 million acquisition of Replay, an online entertainment company, by Intel. The largest initial public offering (\$67 million) was made by UroGenat on NASDAQ.

### **Most Active Equity Crowdfunding Platforms 2012-H1/2017**

OurCrowd is the most active ECF platform in Israel, both in terms of the number of investments made (58 percent) and in terms of capital invested (81 percent of total capital). IAngels follows with 30 percent of the total number of investments, though only 15 percent of the total capital invested. ExitValley and Pipelbiz, two other noteworthy investors in the Israeli equity crowdfunding market, jointly accounted for 11 percent of the total number of investments, but do not stand out in terms of capital invested. "We are proud to be transforming the investment landscape in Israel by building the equity crowdfunding ecosystem," said OurCrowd CEO Jon Medved.

#### **Israel High-Tech & Investment Report**

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"Bringing 20,000 accredited investors and hundreds of millions of dollars to further build the startup nation is a privilege. We are particularly encouraged by the quality of our deal flow, and the fact that now the crowd can invest in the same deals on the same terms as major venture capital funds from Israel and abroad."

### Sisram Medical raises \$112m in Hong Kong IPO

Fosun Pharma, held the IPO in the lower part of the range targeted

Medical esthetics company Sisram Medical (formerly Alma Lasers) last week completed its IPO on the Hong Kong Stock Exchange, raising \$112 million. \$88 million is going to the company, while the rest came from an offer for sale by Fosun Pharma subsidiary Magnificent View Investment, which controls Sisram.

The IPO was held in the lower part of the price range at which the company was aiming, at \$8.88 per share. According to previous announcements, Sisram was trying to raise \$200 million.

Trading in the Sisram share began on September 19, and it is now trading at \$8.77, 1.2% below the opening price, reflecting a \$490 million company value, after money.

### China's Fosun buys Alma Lasers for \$240m

Fosun Pharma acquired Alma Lasers in 2013 at a \$240 million company value. The company operates in Israel in the field of medical equipment for esthetic treatments. Ziv Karni, who is no longer with the company, and a team of engineers who formerly worked at Lumenis Ltd. (Nasdaq: LMNS) founded Alma Lasers in 1999. The company's products are used for non-invasive esthetic treatments. The company developed on the basis of its sales, without raising external capital, until

private equity fund TA Associates acquired control of it in 2006 at a company value of \$150 million.

Alma Lasers submitted a prospectus for raising \$75 million at a \$250 million company value in 2008, but the offering was eventually abandoned, and the company was sold to Chinese investors several years later.

### First in China, fifth in the world

Sisram, a company founded by Fosun Pharma for the purpose of acquiring Alma Lasers in 2013, is the entity that has now held its IPO. The company is managed by CEO Lior Dayan. According to the prospectus published by the company for the IPO, Sisram has the fifth largest worldwide market share and the largest market share in Chijna.

In the first three months of the year, Sisram posted \$32.6 million in revenue, 20% more than in the corresponding period last year, and a \$5 million profit. The company's revenue grew 8% year on year in 2014-2016, and its profits grew at the same pace.

Sisram posted a \$20.4 million net profit on \$118 million in revenue in 2016. The company's announcement of its IPO stated that it would use the money raised for acquisitions in the medical devices sector.

### Elbit Systems wins \$240m African deal

The company will supply equipment for meeting the operational needs of an entire army in an African country.

Israeli defense electronics company Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) today reported a \$240 million deal to supply a variety of defense systems to an African country. The deal marks a significant achievement for the company in the African market.



Elbit Systems declined to state what country was involved, explaining that the country did not want its large-scale procurement of weapons systems to be exposed. Under the terms of the agreement with the African customer, Elbit Systems will supply various weapons systems within two years. Defense market sources say that the equipment involved is designed to meet the operational needs of an entire army in various spheres.

In addition to upgrading the country's used helicopters, Elbit Systems' deal includes the sale of the multi-spectral infrared countermeasure (MUSIC) system, which protects aircraft against missiles. This system detects and identifies missiles launched against aircraft, calculates their path, and uses a laser beam to divert them away from the aircraft.

Commenting today on the African deal, Elbit Systems president and CEO Bezhael Machlis said, "Our unique structure enables the customer to benefit from the synergy of its overall capabilities while, at the same time, focus on its requirements. Our portfolio, based on cutting-edge technologies and operational know-how, allows us to customize our solutions and tailor them to our customer's needs, and we hope others will follow this trend."

In June, Elbit Systems reported a \$20 million MUSIC systems deal in another African country. The company has also had several other small-scale deals in Africa in recent years. The \$240 million deal announced today is Elbit Systems' biggest-ever deal in Africa.

Up until now, Elbit Systems has focused on other markets, mainly in Europe, North America, and the Pacific Rim.

IDF land forces commander Major General Kobi Barak has ordered the grounding of the Skylark 1 UAV system, after two of them crashed yesterday: one in the Hevron area and one in the Bethlehem area. IDF patrols found the two UAVs, which are being used by the

IDF infantry forces in the framework of their regular operations.

Elbit Systems, which developed and manufactures the Skylark 1, declined to respond. The IDF is planning to procure the more advanced Skylark 3 from Elbit Systems for these missions.

### Israeli startups raise nearly \$600m in September

Startups raised at least \$1.2 billion in the third quarter and have raised \$3.5 billion since the start of the year.

Israeli startups have raised nearly \$600 million during September, according to press releases issued by companies that have completed financing rounds. The figure may be more as some companies prefer not to publicize the investments they have received.

The high figure for September, well above the monthly average of \$300-\$400 million, was due to a whopping \$250 million financing round closed by ridesharing company Via, which was led by Daimler. Innoviz, another auto-tech startup, which develops laser sensors, raised \$65 million including investments from Tier 1 car suppliers Delphi and Magna.

Also in the automotive sector, StoreDot, which is developing a quick-charging car battery, raised \$60 million, also with an investment from Daimler.

Israeli startups raised nearly \$1.2 billion in the third quarter, again according to press releases about completed financing rounds. According to IVC-Research Israeli startups raised \$1 billion in the first quarter and \$1.3 billion in the second quarter, for a total of \$3.5 billion so far this year.

This leaves the startup sector slightly off the record pace of 2016 when the country's startups raised \$4.8 billion, according to IVC-Research.



Other major financing rounds closed in September include \$35 million raised by digital content company Playbuzz, \$32.5 million raised by drone company Airobotics, \$25 million raised by cyber security company Aqua Security and \$16 million raised by flash storage company Elastifile.

Medtech startups were prominent in fund raising in September although raising more modest amounts. Augmented reality surgery developer Augmedics raised \$8.5 million, Enlivex Therapeutics raised \$8 million and just today transcatheter developer Magenta Medical announced that it had raised \$15 million.

### 8 leading Israeli startups

The startups will compete at the Globes-EY Journey Conference in Tel Aviv on October 25 with the winners competing in the US Road Show.

Eight Israeli startups will compete at the Globes-EY Journey Conference in Tel Aviv on October 25 with the winners competing in the US Road Show with close support from EY Israel. The startups are:

#### NeuroApplied

Chief science officer Dr. Inna Schneiderman, COO Elhanan Meirovitz, and CEO Lior Moyal founded NeuroApplied in 2016. The company has raised \$650,000 to date.

NeuroApplied's technology is a unique combination of brain science and acting. A brand manager can obtain previously unavailable insights about the consumers' subconscious, while respondents will enjoy an interactive experience, instead of a boring and exhausting questionnaire.

The company uses artificial intelligence to predict important parameters in a brand and to obtain an precise blueprint for improving it, and also turns the brand art into a data-based scientific discipline, as has happened to

almost every aspect of life in the past two year.

#### Regulus Cyber

CEO Yonatan Zur and CTO Yoav Zangvil founded Regulus Cyber in 2016. The company has raised \$1.2 million to date.

A new technological sector has been growing in recent years - autonomous tools. The sector includes autonomous vehicles, unmanned tools and field robots. The sector is generating difficult new security and reliability challenges that are only now becoming clear. Regulus Cyber is developing the first commercial solution that provides comprehensive security, task reliability, and real-time information. It constitutes a specific solution for autonomous tools against malicious disruptions and attacks on various system elements. The company plans to be the leader in a new, exciting, and challenge-filled market that will change our lives in the coming years.

#### Valerann

CTO Shahar Bahiri, operations chief Daniel Yackovich, executive Gabriel Jacobson, and business development chief Michael Dan Vardi founded Valerann in 2014.

The enormous importance of technological development in smart transportation has drawn in innumerable companies. Valerann's unique opportunity arises because it takes part in this revolution from a place that no one ever considered before - the road. The company's unique technology provides solutions now for existing needs for which there is no current solution, while at the same time doing the spadework for supporting rapid and safe development of smart transportations, with an emphasis on Internet-connected and autonomous vehicles.

#### Hargo FoodTech

CEO Dror Tamir, CTO Chanan Aviv, and COO Ben Friedman founded Hargo FoodTech in 2016.



The company has raised \$1.15 million to date to date.

Hargo FoodTech is the first company ever to develop and establish an industrialized farm for growing grasshoppers as a source of protein for humans. Grasshoppers are the most efficient source of protein produced by nature. The company markets whole grasshoppers and grasshopper protein powder to leading food manufacturers in the US and Europe.

### Mobilus

CEO Dan Hochberg, Roy Emek, and CTO Chris Evans founded Mobilus in 2016. The company has raised \$100,000 to date.

Mobilus is a trailblazer in cloud computing. A prototype developed by the company utilizes artificial intelligence to predict when and where various parts of organizational information will be needed. The company was founded by leading experts in the field, and cooperates with a number of key global players.

### Elastic Media

CEO Dr. Ronen Shoval, CSO Yair Shapira, and CTO Arie Genkin founded Elastic Media in 2015. The company has raised \$3 million to date.

Elastic Media has created a new interactive language for generating and consuming video content. The company's system facilitates personal real-time editing of television programs and sports broadcasts. Elastic Media's warm welcome in US television and the installing of its technology on the platforms of the world's largest media companies are the best proof that the technology is essential in the digital content sector.

### LeO Chief of Stuff

CEO Liri Halperin Segal and active chairman Enon Landenberg founded LeO Chief of Stuff in 2016. The company is pre-seed.

In a world making giant strides towards personalization and an effective response to needs of products and services, the insurance industry, with a turnover of \$1.2 trillion in the US alone, has been left behind. By utilizing a big data analysis and artificial intelligence technological platform, Leo Chief of Stuff enables insurance agents and companies to provide their customers with automated, personal, and effective service. The result is savings on operating costs and maximization of sales potential.

### BrainVu

Shay Hillel, CTO Prof. Miriam Reiner, and CTO Zeev Hadar founded BrainVu in 2016.

BrainVu has developed unique and innovative technology based on artificial intelligence that makes it possible to analyze a person's mental and emotional state remotely, without physical contact. The technology, developed in cooperation with the Technion Israel Institute of Technology, has enormous potential for changing the way that computers and people communicate. It enables computers and robots to generate emotionally tailored interaction, and to adapt the displayed information content to a person's mental and emotional state.

### IAI demonstrates Air Hopper unmanned helicopter

Israel Aerospace Industries VP Shaul Shahar: This will open many doors for us in local and global markets, military and civilian alike.

Israel Aerospace Industries (IAI) has announced that its unmanned systems division has successfully completed a proof of concept of its Air Hopper unmanned helicopter to senior defense officials and the IDF. The Air Hopper took a part in a demonstration that covered two scenarios. One simulated the evacuation of a seriously-wounded soldier, including airborne monitoring of vital. The second scenario simulated carrying logistic



supplies to an isolated force in the front line.

The Air Hopper is based on a small, manned helicopter with a payload of 100-180 kg (depending on the model), flight time of two hours and speed of up to 120 km/h. It is powered by an internal combustion engine that uses ordinary, 95-octane fuel. Its price is considerably lower than that of a manned transport helicopter. "This allows procurement of multiple unmanned helicopters to achieve flexible deployment and low-cost provisioning to the front lines while significantly mitigating the risk to human life," IAI says.

According to IAI, the system's open architecture makes it compatible with a range of platforms with no need for special adaptations. The Air Hopper can operate by day or night, and in any weather.

IAI Military Aircraft Group corporate VP and general manager Shaul Shahar said, "The proof of concept step is an important milestone for IAI in the world of unmanned vehicles, developing the future battlefield and in offering optimal unmanned operational solutions that minimize the risk to human lives as much as possible. I believe these developments will open many doors for us in local and global markets, military and civilian alike."

### Avery Dennison invests in Israeli smart glass

Gauzy's switchable window film is currently used in architectural applications and is under evaluation for automotive applications.

US company Avery Dennison Corporation (NYSE:AVY) has announced an investment in Israeli company Gauzy, a developer and manufacturer of liquid-crystal-based materials, films, applications and solutions for a variety of end markets including construction, automotive, consumer electronics, home appliances, the solar industry and more. Financial details were not disclosed.

Avery Dennison is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labeling and functional materials

Gauzy, which is based in Tel Aviv, has successfully commercialized several initial "smart glass" products, including an embedded switchable window film that can alternate from clear and frosted with the touch of a button. The film is currently used in architectural applications and is under evaluation for automotive applications.

Avery Dennison's Hanita business division, which manufactures specialty films for a number of industrial and commercial applications, has established an agreement with Gauzy to collaborate on the development and marketing of a retrofit version of Gauzy's switchable window film, which would add to Avery Dennison's window film product portfolio. Avery Dennison Hanita has identified opportunities in the architecture and retail segments for these solutions. The two companies anticipate further product opportunities will emerge from their collaborative efforts in the automotive industry.

"We are delighted to be working with the innovators at Gauzy on the continuing development and expansion of their exciting switchable film technology," said Georges Gravanis, president of Avery Dennison's Label and Graphic Materials business group. "We also look forward to leveraging both our organizations' expertise to drive innovation in specialty films and develop new applications and sales channels for these versatile materials."

"This marks an important and outstanding milestone for Gauzy. We look forward to working with Avery Dennison as we advance our R&D capabilities to create innovative new products. As a strategic investor, Avery Dennison will significantly elevate our



distribution network with their extensive reach in the retrofit market," said Eyal Peso, CEO and co-founder of Gauzy.

### **Arcturus is developing a new delivery method for RNA-based drugs**

Israeli drug company Alcobra Pharmaceuticals Ltd. (Nasdaq: ADHD) has announced its intention of merging with Arcturus, a private San Diego-based company. The merger is taking place six months after Alcobra's clinical trial of its main product for treating attention disorders failed, leaving Alcobra with no significant product, but with cash in the bank.

Arcturus is an RNA drug development company, meaning that its profile matches the profile of Alcobra's investors, who include Israeli and foreign investors in medical companies.

As part of the agreement, Arcturus's shareholders will own 60% of the merged company, while Alcobra's shareholders will receive 40%. The announcement was published yesterday in the US, and Alcobra's share price soared 17% to a price reflecting a \$35 million company value in after-hours trading. Alcobra had exactly \$35 million in cash when the deal was made. According to Alcobra's announcement, its company value for the merger was \$46.7 million.

Alcobra has been looking in recent months for a company to merge into itself. The company gave up on its leading product after the trial failed. It previously reported that it had considered many companies, including Israeli companies Entera Bio and Nutrinia, but eventually selected Arcturus.

Arcturus is developing an innovative delivery method for drugs based on RNA (the cell component that translates the genetic plan into active proteins in the body). A delivery method is considered one of the main challenges in

RNA treatment, because most of the current drugs are based on proteins. No one to date has managed to develop drugs that both operate in this manner and reach the right place in the body.

Arcturus has signed many cooperation agreements to develop drugs for leading drug companies, which are financing its R&D. The company hopes to receive milestone payments and royalties from some of these agreements in the coming years. Up until now, Arcturus has been financed mainly from these cooperation agreements, without external financing, except for the money to found the company. Arcturus recently decided on a slight change in its strategy by also developing an independent product until a later stage. It needs money to do this, which is now expected to come from Alcobra's cash, and from the capital market.

### **Cyber security co ForeScout files for \$100m IPO**

The company valuation for the offering is expected to be \$1.2-1.5 billion.

Cyber company ForeScout Technologies, founded in Israel in 2000, which operates in California and Israel, yesterday submitted a prospectus for raising \$100 million in a Wall Street IPO. The share price and the company value for the offering have not yet been published, but the company's most recent financing round in January 2016 was at a \$1 billion company value, and it can be assumed that the company is planning a higher value for its IPO, possibly in the \$1.2-1.5 billion range.

### **IoT cyber security co ForeScout raises \$76m**

The cyberspace sector is hot on Wall Street, and investors usually welcome all offerings in the sector with open arms. When its IPO is completed, ForeScout will become the latest of a string of Israeli cyber companies (or



companies with an Israeli affiliation) listed on Wall Street, including Check Point Software Technologies Ltd. (Nasdaq: CHKP), Imperva Inc. (NYSE: IMPV), CyberArk Software Inc. (Nasdaq: CYBR), Varonis Systems Inc. (Nasdaq: VRNS), and Palo Alto Networks.

The list of underwriters advising ForeScout on its way to Wall Street is headed by Morgan Stanley, JP Morgan, and CitiGroup, with Bank of America-Merrill Lynch, KeyBanc Capital Markets, and UBS as secondary underwriters.

According to figures from the IVC research company, ForeScout was founded by chairman Hezy Yeshurun, together with Doron Shikmoni, chief technology officer Oded Comay, chief architect Dror Comay, and Noga Alon.

Yeshurun is a professor of computer science at Tel Aviv University, and formerly taught at New York University and the University of Paris. He also founded other technology companies, including Top Image Systems Ltd. (Nasdaq: TISA; TASE: TISA).

Yeshurun currently owns 1.8% of ForeScout's share capital worth \$18 million at the value for the company's most recent financing round. The prospectus lists Shai Yeshurun, Hezy Yeshurun's son, as the company's financial manager.

Other than Hezy Yeshurun, the only Israel director on ForeScout's board of directors is Pitango Venture Capital founding partner Rami Kalish, who invested in ForeScout in 2001. Pitango currently owns 14% of ForeScout's shares. No other Israeli funds are parties at interest in the company. ForeScout's shareholders include UK firm Amadeus Capital with a 19.6% stake, US fund Accel (15.2%), Meritech (13.4%), and Wellington Management (7.7%). ForeScout president and CEO Michael DeCesare holds 3.3% of the company's share capital. ForeScout has raised \$152 million to date in seven financing rounds.

### Cyber terror boosts Check Point

The Israeli company's value has been boosted 50% over the past year to nearly \$19 billion.

Many organizations throughout the world were paralyzed in May. Hospitals in the UK asked patients to come only in emergency cases. Telephone lines and e-mail accounts were blocked in the UK, Italy, Spain, Russia, the US, and other countries. The reason for the disruptions was widespread cyber attacks, in many of which the attackers demanded ransom in bitcoin.

### Check Point extends lead as Israel's most valuable company

Several weeks later, in late June, another major cyber attack occurred, spreading overnight from Europe to the US. The largest seaport in India was unable to load and unload containers, and other concerns affected included a large oil company in Russia, an international advertising firm, and others.

These are only two of the recent large-scale attacks that made the headlines. Every such attack once again increases awareness of the need for cyber security - software solutions and hardware devices aimed at preventing unauthorized penetration of the internal networks of various organizations.

Check Point Software Technologies Ltd. (Nasdaq: CHKP) cofounder and CEO Gil Shwed said two years ago that while hackers were formerly regarded as "children who wanted to prove themselves," it was now already clear that global organized crime was involved, and countries realized that cyber security was part of national security.

Udi Mokady, chairman and CEO of Israel cyber company CyberArk Software Inc (Nasdaq: CYBR), said that the attacked organizations "did not do the 'basic hygiene' of installing updates. We recommend that our



customers install products that do not allow unidentified software to run on their work stations. Even if they are infected, it can be a minor cough, not a deadly disease, because it is prevented from spreading from one computer to another, which is usually the problem."

Quite a few Israeli companies are in the business of providing security solutions of various types, but there are also larger companies that have already made stock exchange offerings, the oldest and largest of which is Check Point. The company's positive momentum over the past year has been especially strong, with its share price climbing 49%, boosting its market cap to \$18.8 billion. Check Point recently became the most valuable Israeli company, outstripping Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA).

Other Israeli companies (or companies with an Israeli affiliation) in the sector listed in the US include Imperva Inc. (NYSE: IMPV), founded by Check Point cofounder Shlomo Kramer; CyberArk; and Varonis Systems Inc. (Nasdaq: VRNS).

Palo Alto Networks, traded at a \$13.3 billion market cap, is not an Israeli company, but was founded by former Check Point employee Nir Zuk, who has made a habit over the years of issuing anti-Check Point statements. Among other things, Zuk said that his company's competitors were marching on what he called "Death Row": either Palo Alto would kill them, or they would do it themselves. He said there was no third option.

### Israeli co CorNeat Vision unveils artificial cornea

Following successful trials with rabbits, the Ra'anana based company is moving toward first implantation in humans by mid-2018.

Israeli ophthalmic medical devices startup

CorNeat Vision has announced that it has completed the design and development stage of its artificial cornea implant (CorNeat KPro / Keratoprosthesis) - an associated implantation tool and dedicated manufacturing process.

Following successful trials in rabbits, the Ra'anana based company is initiating formal biocompatibility and safety tests toward first implantation in humans by mid-2018. The solution is being unveiled this week to ophthalmic professionals at the XXXV European Society of Cataract and Refractive Surgeons Congress (ESCRS) in Lisbon, Portugal.

The CorNeat KPro implant is a patent-pending synthetic cornea that utilizes advanced cell technology to integrate artificial optics within resident ocular tissue. The CorNeat KPro is produced using nanoscale chemical engineering that stimulates cellular growth. Unlike previous devices, which attempted to integrate optics into the native cornea, the CorNeat KPro leverages a virtual space under the conjunctiva that is rich with fibroblast cells that heals quickly and provides robust long-term integration. Combined with a novel and simple 30-minute surgical procedure, the CorNeat KPro provides an esthetic, efficient, scalable remedy for millions of people with cornea-related visual impairments and is far superior to any available biological and synthetic alternatives.

CorNet Vision CEO and VP R&D Almog Aley-Raz said, "Corneal pathology is the second leading cause of blindness worldwide with 20-30 million patients in need of a remedy and around 2 million new cases/year. Though a profound cause of distress and disability, existing solutions, such as corneal transplantation, are carried out only about 200,000 times/year worldwide. Together, corneal transplantation, and to a much lesser extent artificial implants (KPros),



address only 5%-10% of cases, "There exists an urgent need for an efficient, long-lasting and affordable solution to corneal pathology, injury and blindness, which would alleviate the suffering and disability of millions of people."

"The groundbreaking results obtained in our proof of concept which is backed by conclusive histopathological evidence, are extremely encouraging. We are entering the next phase with great confidence that CorNeat KPro will address corneal blindness just like IOLs (Intra Ocular Lens) addressed cataract", commented Dr. Gilad Litvin, CorNeat Vision's Chief Medical Officer and founder and the CorNeat KPro inventor. "Our novel IP, now cleared by the European Patent Office, ensures long-term retention, robust integration into the eye and an operation that is significantly shorter and simpler than Keratoplasty (Corneal transplantation).

"The innovative approach behind CorNeat KPro coupled by the team's execution ability present a unique opportunity to finally address the global corneal blindness challenge", added Prof. Ehud Assia, head of the ophthalmic department at the Meir Hospital in Kfar Saba, Israel, a serial ophthalmic innovator, and a member of CorNeat Vision scientific advisory board.

### **Teva has multibillion dollar drug**

Teva reports positive Phase III migraine trial

If everything goes as planned, the drug will be launched in the US in the second half of 2018. The market is competitive, but large for Teva. Citigroup yesterday estimated that peak sales of the drug would exceed \$2 billion, although the company noted that Teva was submitting its BLA five months after a BLA submitted by Amgen and Novartis for a competing drug.

"This is a significant milestone for migraine sufferers," said Teva global R&D president and

CSO Dr. Michael Hayden. "There have been few innovative treatments for migraine patients in the past 25 years. If Fremanezumab is approved, it will be among the first in a new cycle of migraine prevention drugs to enter the market. We're very proud about the progress that we have achieved in the Fremanezumab development program, and have great expectations for the potential of making this treatment available to millions of people all over the world who are living with the restrictive effects of migraines."

Fremanezumab (previously called TEV-48125) came to Teva as part of its acquisition of Labrys in 2014 - the first acquisition led by former CEO Erez Vigodman. August, following the company's downwardly revised guidance, its major write-off of goodwill in its second quarter financial statements, and a cut in the company dividend.

After Teva's share had already begun to recover from its early September low, following the appointment of Kare Schultz as CEO, Mylan N.V. (Nasdaq: MYL; TASE: MYL) reported two weeks ago that it had obtained marketing approval for its generic version of Copaxone, putting Teva's share price into another tailspin. Teva's market cap is now \$15 billion.

### **15 Israeli defense cos present at Washington's AUSA**

Israeli companies have adapted their systems to the needs of the US military.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) is one of 15 Israeli companies presenting its systems at the AUSA exhibition in Washington DC this week. IAI's products include the TopGun artillery fuse, which performs correction of the ballistic trajectory in the air against pre-determined targets. Steering is carried out by miniature avionics controlled deflectors contained in the fuse, making the shell precise enough for



urban warfare and reducing the risk of collateral damage to civilians and others not involved in the conflict.

Israel Military Industries Ltd. (IMI Systems), for example, will present products already being used by the IDF and adapted for US military needs. These include a 120 millimeter shell used by the IDF but reduced to 105 millimeters to suit US army lightweight tanks. Precise rockets with a range of tens of miles have been adapted so that they are more mobile and easily and swiftly deployed by the US military.

Many of the products on show from Israeli companies are for homeland security with the major rise in global terrorism. Ministry of Defense SIBAT – the International Defense Cooperation Agency head Brig. Gen. (res.) Michel Ben-Baruch said, "The world is allocating more and more resources to coping with the threat of terrorism, which is weighing on the personal security of the public. Israel has been coping with these threats for many years and has developed and operates the means with proven effectiveness and these are attractive to the US and overall markets."

Beeper will unveil wide band communications networks that can be set up in areas undergoing an emergency. ACS will present smart carriers for hand grenades, which are already being used by some special forces in the US, and Magal Security Systems Ltd. (Nasdaq: MAGS; TASE: MAGS) will present unique solutions for protecting airports and strategic installations.

### Mazor Robotics sells 22 systems in Q3

The spinal surgery systems company posted a record \$17 million in revenue.

Mazor Robotics Ltd. (Nasdaq: MZOR; TASE: MZOR), which develops spinal surgery systems, today announced that it received 22 orders for its robot systems during the third quarter of 2017. The company will post a record \$17.2 million in revenue in the quarter, the latest in a series of record quarters that began with the launching of the MazorX system a year ago.

Mazor's share price jumped 3% in trading, pushing the company's market cap up to NIS 4.7 billion. The share price has climbed 115% in the past year.



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