

ISRAEL HIGH-TECH & INVESTMENT REPORT

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Robotic Surgery

The Israeli company, which provides online loans to small and medium-sized businesses, has raised the debt financing from banks and investors.

Israeli fintech company BlueVine is expanding its online business lending operations with new debt financing of up to \$130 million from banks and investors. BlueVine, which provides working capital financing to small and medium-sized businesses has raised the funds from Silicon Valley Bank, SunTrust Bank, Bank Leumi and TriplePoint Venture Growth BDC Corp. The new funds will support the scaling of BlueVine's pioneering online invoice factoring product and the company's overall growth. Founded in 2013, the company is headquartered in Redwood City, California and has its development office in Ramat Gan. BlueVine has 150 employees, 60 of them in Ramat Gan and has raised \$273 million in funding, including \$68 million in equity financing and up to \$205 million in debt financing.

Investors include Lightspeed Venture Partners, 83NORTH, Correlation Ventures, Citi Ventures, Menlo Ventures, Rakuten Fintech Fund and other private investors.

Israeli fintech co BlueVine raises \$49m

The company has developed a fully-online cloud-based platform for invoice factoring, revolutionizing the financing system that allows businesses to receive cash advances on outstanding invoices.

The company has also launched a new line of credit product that allows business owners to make monthly, instead of weekly, payments, over 12 months.

BlueVine VP Finance and Capital Markets Ana Sirbu said, "We are building a business for the long term and we continuously strive to offer our customers the best working capital financing products. As a testament to that,

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over 80% of our business is now through returning customers."

BlueVine founder and CEO Eyal Lifshitz said, "BlueVine's goal is to offer the optimal solution for every working capital challenge faced by business owners, and our new product is another step forward in fulfilling this vision. Business owners have diverse needs, and by augmenting our product offering, we are able to offer the solution that fits best."

Teva seeks FDA marketing nod for potential blockbuster drug

Citigroup estimates that sales of migraine treatment Fremanezumab, which might be launched next year, could reach \$2 billion annually.

After losing its exclusivity for Copaxone, Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA) is taking one more step on the way to another best-selling drug. The company announced that it had submitted a biologics license application (BLA) to the US Food and Drug Administration (FDA) for Fremanezumab, a drug for treatment of migraine headaches. The news was expected, but positive for the company's investors, who have experienced many disappointments in the recent past.

Among other things, the BLA is based on figures from the HALO clinical studies program, which included over 2,000 patients with chronic and acute migraines. The studies tested monthly and quarterly dosage regimes for Fremanezumab. Several months ago, Teva reported positive results in clinical studies of the drug in treatment of both chronic and acute migraine.

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 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.

Teva's share price has plummeted 53% since August, following the company's downwardly

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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 recently 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.

Teva's share price was up 0.2% in New York recently, after closing at a low point of \$14.70 the previous day. Teva's share price has plummeted 53% since 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.

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Protalix Biotherapeutics signs deal worth up to \$370m

Chiesi Farmaceutici will pay \$25 million upfront and milestone development payments and royalties ranging from 15% to 35% on sales of the Israeli company's Fabry disease treatment. Israeli company Protalix Biotherapeutics Inc. (NYSE:PLX; TASE: PLX) today announced a

collaboration agreement with Chiesi Farmaceutici for pegunigalsidase alfa, or PRX-102, worth up to \$370 million. Based in Karmiel, Protalix is a biopharmaceutical company focused on the development and commercialization of recombinant therapeutic proteins expressed through its proprietary plant cell-based expression system.

Protalix jumps on positive Fabry disease trial results

Under the terms of the agreement, Protalix has licensed PRX-102 to Chiesi for all markets outside of the US, and Protalix will receive an upfront payment of \$25 million from Chiesi and additional payments of up to \$25 million in development costs, capped at \$10 million per year. Protalix is also eligible to receive an additional up to \$320 million, in regulatory and commercial milestone payments, and tiered royalties ranging from 15% to 35% on net sales. Protalix will continue to be the manufacturer of PRX-102 for clinical development purposes and commercial purposes after marketing approvals.

Protalix's chemically modified version of the recombinant protein alpha-Galactosidase-A protein that is currently being evaluated in phase III clinical trials for the treatment of Fabry disease. PRX-102 has demonstrated a significantly enhanced circulatory half-life and higher enzyme activity in the target organs affected by Fabry disease when compared to currently available versions of the molecule, and strong positive safety and efficacy data from its completed phase I/II clinical trial.

Protalix president and CEO Moshe Manor said, "We are pleased to partner with Chiesi, an international privately-held company with more than 80 years of experience and a strong focus on the development and commercialization of innovative medicines with commercial presence in virtually all markets outside the US. The \$50 million commitment made by Chiesi before any of our ongoing phase III clinical trial

results read-out is not only a significant non-dilutive cash infusion for us, it also represents Chiesi's commitment to the Fabry market in general and our PRX-102 program in particular. With this transaction, we have secured significant and important funding while maintaining full rights to PRX-102 in the US market."

Chiesi CEO Ugo Di Francesco said, "With revenues of approximately \$1.8 billion, the Chiesi Group is among the top 50 pharmaceutical companies in the world. By combining the respective strengths of Chiesi and Protalix to advance PRX-102, we look forward to bringing a novel, differentiated therapeutic option to patients suffering from Fabry disease who have a true need for an alternative treatment with an improved safety and efficacy profile. PRX-102 complements our existing product portfolio in rare diseases and underscores our commitment to bringing novel therapeutics to patients across the globe."

FIMI will inject \$40 million into the Israeli satellite photography company for a 55% stake

FIMI Opportunity Funds, led by founder and CEO Ishay Davidi, is in advanced negotiations to acquire control of satellite photography company ImageSat International, owned by Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1). IAI today reported to the Tel Aviv Stock Exchange (TASE) advanced talks between the parties for bringing FIMI into ImageSat as a partner in a deal that would include a monetary injection by FIMI in exchange for an allocation of shares.

The negotiations between the parties are now in their final stages, and if they are successful, a signed deal is expected to materialize in the near future. According to the emerging agreement, FIMI will inject \$40 million into ImageSat for an allocation of 55% of its shares,

reflecting a company value of \$75 million after money for ImageSat.

In addition to conceding control of ImageSat in the deal, IAI will probably have to waive most of the satellite company's debt to it, which has a nominal value of \$67 million. Full repayment of this set is scheduled for May 2018, but in view of FIMI's time-tested policy, it is difficult to believe that it will agree to the transfer of its entire investment to ImageSat's creditor within a year.

As far as is known, ImageSat is a profitable company, but its business is not growing much. Judging by past experience, FIMI will seek to enhance ImageSat's business by opening it to new spheres of business. One way of doing this is to go ahead with an existing plan for launching more satellites into outer space, and most of FIMI's investment will probably be used for this purpose.

IAI, Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT), and other investors founded ImageSat in 1997, but IAI is currently its sole owner. The company, which is incorporated in the Netherlands Antilles, employs several dozen workers in offices in Or Yehuda and Limassol, Cyprus.

The company's CEO is Lieutenant Colonel (res.) Noam Segal, who formerly served in the air force and subsequently in senior positions in Elbit Systems and Elisra Group.

ImageSat markets high-resolution satellite photographs taken by electro-optical observation satellites. Most of the photographs are offered to the company's customers through the leasing of coverage of specific geographic areas (space sectors) determined by the company and the customer. Customers are given exclusive, independent, and confidential control over the photographs taken in their assigned area.

ImageSat's main customers are governments of sovereign countries that are not hostile to Israel. The company provides them with both access to high-resolution satellite photographs and analyses of the data obtained from the photographs.

ImageSat has also developed advanced algorithms for using the satellite photographs to spot movements of vessels around the world. The satellites used by ImageSat are commercial photography satellites from the Eros series developed and manufactured by IAI. ImageSat currently operates one observation satellite, Eros B, launched in 2006. Its first satellite, Eros A, launched in 2000, is no longer in use.

According to past media reports, in 2005, before Eros B was launched, ImageSat sought to raise \$120 million in a Nasdaq IPO at a \$400 million company value, but the idea was eventually abandoned.

Intel Capital invests in two Israeli cybersecurity startups

Alcide helps companies secure data center and hybrid clouds. Intezer provides threat protection and incident response.

Intel Corp's venture capital unit Intel Capital has invested in two Israeli cyber security companies – Alcide and Intezer. The investment was announced by Intel Capital as part of more than a \$60 million investment in 15 data focused technology startups worldwide.

The investment in Intezer is part of an \$8 million financing round announced by the Tel Aviv based company. The company develops cybersecurity solutions that apply biological immune system concepts to the cyberspace, creating a "Code Genome Database," by mapping billions of small fragments of malicious and trusted software.

Through its DNA approach to code, Intezer provides enterprises with threat detection and accelerated incident response.

Alcide also based in Tel Aviv, delivers a network security platform for any combination of container, VM and bare metal data centers operated by multiple orchestration systems. The company secures data centers against cyberattacks, including malicious internal activity and data exfiltration. Alcide, currently in stealth mode, empowers DevOps, security and engineering teams with simplified and autonomous control to manage and secure the evolving data center and hybrid cloud, at any scale. Alcide did not disclose the full size of its financing round.

Enabling patients to conduct a detailed self-examination at home

An Israeli company has developed a new device aimed to reduce the need for the initial face-to-face encounter with a doctor and will enable patients to conduct a detailed self-examination at home. The device, named 'Tyto', can check blood pressure and temperature, as well as examine organs such as the throat or lungs and send the results to medical authorities.

"We are basically replacing the face-to-face interaction," explained Tyto Care CEO Dedi Gilad. "While allowing to perform a full physical examination, analysis and diagnosis of a patient at home."

According to Reuters, this product is one of many recent developments in a field that is gaining momentum in the medical world - conducting remote physical examinations or monitoring health via applications; technology that saves patients and medical staff a lot of effort, money and risk.

The new device was already authorized by the American Food and Drug Administration (FDA)

and is already being sold in the US for 299 dollars per unit.

JAL Ventures raises \$60m fund

The new Israeli venture capital fund will invest in companies with \$1 million in yearly sales.

Brothers Joshua and Amiran Levinberg, who were part of the founding team of Gilat Satellite Networks Ltd. (Nasdaq: GILT; TASE: GILT), are launching a new venture capital fund today. The new fund, JAL Ventures, has raised \$60 million, which will be invested in companies that already have an annual sales turnover of \$1 million. The Levinbergs founded the fund together with general partners Tal Shaked and Yair Elbaz.

The fund will probably focus on two sectors: business to business (B2B) technology and the security market. JAL Ventures was founded a decade ago, but has hitherto served as the Levinberg brothers' investment arm. Commenting on the fund's launch today, Joshua Levinberg said, "There is a high-tech industry of extraordinary quality in Israel, including excellent venture capital funds.

We bring mainly the vast experience we have accumulated over many years as entrepreneurs, managers, and investors. We regard ourselves as corporate builders, and have been through the startup cycle a number of times with an idea, until the company had sales in the tens and hundreds of millions of dollars. With the help of this experience, we are trying to help the entrepreneurs of our portfolio companies."

Shaked added, "We're looking for a winning team and a company with paying customers. We've learned that there's no substitute for a determined and high-quality group of entrepreneurs, and for feedback from the market obtained from customers voting with their feet."

JAL Ventures has already made three investments: in cyber security company Dome9 Security; Fornova, which gathers tourism data; and Ametrine Technologies, which has developed a thermal camouflage technology. JAL Ventures has had three exits; it invested in Kasamaba, which was sold to LPSN for \$40 million in 2007. JAL Ventures later invested in Matan Digital Printers, sold to Electronics for Imaging (EFI) for an estimated \$48 million in July 2015. The third exit was two months ago, when Nanorep was sold to LogMeIn for \$45 million.

Israeli startups raised \$1.44b in Q3

Startups raised a record \$3.8 billion in the first nine months of 2017.

\$1.44 billion was raised by 144 Israeli startups in the third quarter of 2017, up 14% from \$1.27 billion in the preceding quarter of 2017, and up 54% from \$933 million in the corresponding quarter of 2016, according to the latest report by IVC Research - ZAG - S&W. The number of deals, however, was down in the third quarter of 2017, at just over 140 deals.

The average financing round was \$10 million in the third quarter of 2017, the highest amount in five years, compared with an average of \$8 million and \$6.7 million in the preceding quarter and corresponding quarter of 2017, respectively.

The third quarter figures were boosted by a huge \$250 million financing round completed by Via Transportation, which was among five deals of over \$50 million each last quarter, making up 33% of the quarterly total.

In the first nine months of 2017, Israeli startups raised a record \$3.8 billion, equal to the corresponding period of 2016. The number of deals, however - 457 deals in total - declined to the lowest number in the past five years.

The average financing round has grown steadily from \$3.3 million in the first nine months of 2013 to \$8.2 million in the corresponding period of 2017.

IVC Research Center research director Marianna Shapira said, "IVC findings show a decline in the numbers of deals made in the first nine months of 2017. The IVC analysis found that most of this decrease stems from seed and early stage deals (17% decline compared with the five-year average). A reversal is needed in the fourth quarter for the sake of the new ventures and their success as part of the Israeli technology market."

In the third quarter of 2017, venture capital-backed deals accounted for the largest quarterly amount in the past five years, with \$1.2 billion raised in 89 deals. The venture capital-backed share of total capital increased steadily throughout the first three quarters of 2017 to 84% in the third quarter of 2017, compared with 67% in the corresponding quarter of 2016.

\$2.9 billion was raised in 278 venture capital-backed deals in the first nine months of 2017, the entire 77% of total capital raised in this period, compared with \$2.6 billion (68%) raised in 302 deals in the same period of 2016. Deals above \$20 million drew the biggest share of capital raised in venture capital-backed deals, with 60% of the total dollar amount in the first nine months of 2017.

Israeli venture capital fund investments increased in the third quarter of 2017, with \$277 million invested (16%), compared with \$164 million (13%) and \$139 million (15%) in the preceding quarter and corresponding quarter of 2016, respectively. Israeli venture capital funds preferred follow-on investments (66% percent) in the third quarter, with most of this capital (91%) going to mid and late-stage companies.

Adv. Shmulik Zysman, managing partner at Zysman Aharoni Gayer & Co. (ZAG/S&W), said, "We're witnessing yet another report proving the confidence in and status of Israeli high tech. It seems the effect of the MobileEye deal is not yet run its course. During the third quarter, we noticed the dominant position of Israeli VC funds and the increased investment by foreign VCs compared with the corresponding quarter of 2016. Israeli high tech continues to be the growth engine of the Israeli economy and its share of GDP is steadily increasing."

He added, "In August, the Chinese authorities published a new regulatory directive permitting investments outside of China in several sectors, including technology. I believe that this will boost Chinese interest in Israeli high-tech companies in the future."

Capital raising by stage and sector

43% of capital raised in the third quarter of 2017 was invested in late stage companies, for a record of \$618 million, compared with \$425 million in the preceding quarter and \$294 million in the corresponding quarter of 2016.

Adv. Zysman observed, "The trend of investing larger amounts in fewer companies indicates that investors have an appetite for greater risk. During the third quarter of 2017, we identified the dominance of late stage deals, but it seems that younger companies have not been adversely affected.

Early stage companies are attracting investors' attention and capital. It is clear that foreign investors see Israeli high tech as a source of innovation and investment opportunities."

Software continued to lead capital raising in the third quarter of 2017, but its share shrank to 25% of total capital, below the two-year average of 35%, and followed closely by life sciences with 24%.

Israeli co RoboTiCan develops rescue robot for disasters

The Rooster robot helps scan large areas quickly for survivors at no risk to the rescuers.

One of the biggest challenges facing rescue forces in natural disasters is locating and reaching injured victims. An innovative development by Israeli company RoboTiCan is attempting to solve this problem.

The company has developed the Rooster - the first robot of its kind. The rooster is designed for locating and rescuing missions. It has unique capabilities enabling it to maneuver and transmit information to rescuers in areas in ruins and under field conditions that render flying and travel difficult.

The robot travels by both air and land; it move by rolling along the ground or floating over obstacles, while protecting its rotary blades against damage from foreign objects when flying in closed spaces.

With a diameter of 30 centimeters and a length of 40 centimeters, the robot is capable of entering ruins and helping to conduct a thorough search.

The robot is also capable of transmitting a photographic image back to the operator, and of creating its own independent communications network, whether operating as a single robot or as a group of robots transmitting as a wireless mesh network (WMN), at distances of hundreds of meters from each other, back to the operating at the control station. This enables the rescuers to scan extensive areas beneath the debris and locate survivors at no risk to themselves.

The development is currently being used by the security forces, and is being exhibited at the Nextech 2017 conference - an international advanced technology conference currently taking place at the Advanced Technologies Park in Beer Sheva.

Cybersecurity co Skybox raises \$150m

The company, which has its development center in Herzliya, has raised \$288 million to date.

Israeli cybersecurity company Skybox Security announced today that it has raised \$150 million in a financing round led by CVC Capital Partners' Growth Fund, which invested \$100 million, and with participation from Pantheon, which invested \$50 million.

Skybox was founded in Israel in 2002 by CEO Gidi Cohen, Moshe Meiseles, and Eran Reshef. Today Skybox is headquartered in Silicon Valley and has its development center in Herzliya Pituach. The company has 260 employees including 120 in Herzliya.

The company has raised \$288 million to date, including the latest financing round and a previous \$96 million financing round in February 2016, and previous investors include Benchmark Capital, Carmel Ventures, Valley Fund, and Mitsubishi Fund.

"As well as injecting new capital into the company, some of the existing investors in skybox, including employees, have sold their holdings," said Cohen.

The company did not disclose how much was sold by shareholders but Cohen said, "The buying of shares was a significant part of this financing round."

Cohen added, "Within 12 months, we'll be in a position to hold an IPO in terms of our financial profile but at this stage that is not part of our focus." Skybox builds cybersecurity management software that gives customers comprehensive visibility of their unique attack surface. The software uses analytics to prioritize an organization's risk exposures and recommend informed action to best address those exposures. These capabilities extend

across highly complex networks, including those in physical, virtual, cloud and operational technology (OT) environments. The company's broad platform, the Skybox Security Suite, enables organizations to reduce security risks that attackers can find and exploit, such as device misconfigurations and policy violations, as well as exposed and unpatched vulnerabilities.

IAI unveils unmanned helicopter for evacuating wounded soldiers

Israel Aerospace Industries unveiled an unmanned helicopter that could be used to evacuate wounded soldiers from the battlefield.

Dubbed the Air Hopper, the aircraft has already carried out demonstrations for the Israeli military, but the company would not say when it would be ready for market. One demonstration simulated carrying a seriously wounded soldier to an extraction point for life-saving treatment, airborne monitoring of vital signs and real-time dispatch to the ground and a second simulated carrying supplies to an isolated force at the front line that could not be accessed without risking the lives of troops. State-owned IAI said the Air Hopper can carry a payload of up to 180 kilograms, flight time of two hours and speed of up to 120 kilometers an hour.

"I believe these developments will open many doors for us in local and global markets, military and civilian alike," said Shaul Shahar, general manager of IAI's military aircraft group. (TheMarker Staff)

Alibaba buys Israeli startup Visualead

The Chinese ecommerce giant's first Israeli acquisition will form the basis of its Israel R&D lab, sources inform "Globes."

Chinese ecommerce giant Alibaba Group is acquiring its first-ever Israeli startup. Alibaba is buying Herzliya based startup Visualead for

\$30-50 million. Visualead will be integrated into Alibaba's DAMO academy global software program in which \$15 billion is being invested over the next three years. Alibaba announced the project at the beginning of October, saying that it would set up seven R&D labs worldwide over the next three years in Tel Aviv, Beijing, Hangzhou, San Mateo, Bellevue, Moscow, and Singapore. Visualead is expected to form the basis for the Tel Aviv center.

Alibaba invested \$5 million in Visualead, which has developed a QR Code solution, back in January 2015, making it the Chinese ecommerce company's first investment in an Israeli startup. Previously Visualead had raised \$2.4 million in a seed round from Kaedan Capital and Entree Capital.

According to sources close to the deal, Alibaba's main motivation in acquiring Visualead is its global preparations for developments in Virtual Reality (VR) and Augmented Reality (AR), which it anticipates will become particularly important in the ecommerce sector. Visualead recently developed a new Augmented Reality product that lets those marketing online put products they are selling on a video and make it into a 3D interactive component of sites. The aim behind the development is to improve the consumer online buying experience.

Within two years, Visualead will enable Alibaba to offer users a broader Virtual Reality experience, including the use of 3D spectacles in order to move around the website, just as shoppers do in a real mall, and even to measure up clothes and shoes from home.

IoT security co ForeScout raising \$116m in Nasdaq IPO

Founded in Israel, ForeScout has developed the network security, tools and management to cope with the vast number of devices connected by IoT.

Internet-of-Things (IoT) cybersecurity company ForeScout Technologies is raising \$116 million in its Nasdaq Initial Public Offering (IPO) at a company value of \$816 million. The company yesterday priced 5,280,000 of its common stock shares at \$22.00 per share and expects the offering to close on October 31, and it will trade on Nasdaq with the FCST ticker.

ForeScout has developed the network security, tools and management to cope with the vast number of devices connected by IoT. The company was founded in Israel in 2000 by chairman Hezy Yeshurun, together with Doron Shikmoni, CTO Oded Comay, chief architect Dror Comay, and Noga Alon. ForeScout moved its headquarters to California but maintains its development center in Tel Aviv.

Yeshurun owns 1.8% of ForeScout's shares capital while Israeli Pitango Venture Capital has a 14% stake. 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

ForeScout has granted the underwriters a 30-day option to purchase up to 792,000 additional shares of common stock at the initial public offering price less underwriting discounts and commissions.

Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, and Citigroup Global Markets Inc. are acting as lead book-running managers for the offering. BofA Merrill Lynch and UBS Securities LLC are also acting as book-running managers for the offering. KeyBanc Capital Markets Inc. is acting as a co-manager.



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