

The Israel Advanced Technology Industries Association (IATI) and the Israel Innovation Authority, in collaboration with PwC Israel, are publishing for the eighth year the Israel Health-Tech and Life Sciences Industry Report for 2025-26:

- After a recovery in investments in 2024, we are seeing a sharp 40% decline in investments in life sciences companies in Israel in 2025
- In 2025, private investments dropped to their lowest level in the past five years
- The trend of a decline in the average deal size continues, falling to below \$10 million
- Approximately \$1.6 billion was invested, more than 90% of it in private investments
- Stability in investments in the biomed sector, compared with a sharp decline in investments in medical devices
- Similar to trends in other high-tech sectors, the report found a significant increase in investments in AI

The Israel Advanced Technology Industries Association (IATI), the umbrella organization of Israel's high-tech and life sciences industries, and the Israel Innovation Authority, in collaboration with PwC, are publishing today the annual report on Israel's life sciences and Health-Tech industry, ahead of the association's MIXiii Health-Tech.IL conference, which will take place on Monday and Tuesday, June 29-30, 2026, at the International Convention Center in Jerusalem.

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Karin Mayer Rubinstein, CEO and President of the Israel Advanced Technology Industries

Association (IATI), said: “The Israeli high-tech sector continues to operate during one of the most complex and challenging periods it has ever known. Alongside the ongoing security reality, geopolitical uncertainty, prolonged reserve duty call-ups, and growing global competition for capital and investments, the industry is also facing significant economic challenges, including the weakening of the dollar, which directly affects many Israeli companies. While a substantial share of their revenues is received in dollars, most of their expenses, first and foremost employee salaries, are paid in shekels. This reality creates significant erosion in profitability and harms companies’ ability to continue investing in growth, hiring employees, and developing new technologies. Despite all of this, the high-tech industry continues to demonstrate exceptional resilience, maintain business activity, lead innovation, and establish its position as one of the key growth engines of the Israeli economy.

This year’s report presents a complex picture of the Life Sciences and HealthTech industry. On the one hand, we are seeing a sharp decline in private investments to their lowest level in the past five years, a decline in deal size, and significant fundraising challenges. On the other hand, the industry continues to demonstrate stability in the number of active companies, exports, mergers and acquisitions activity, and the interest shown by international investors and companies in Israeli technologies.

Alongside the challenges, the report also points to encouraging trends and bright spots, foremost among them the accelerated growth in the integration of artificial intelligence in drug development and health technologies. Israel continues to position itself at the global forefront in these fields, thanks to a unique combination of scientific excellence, an advanced healthcare system, technological entrepreneurship, and high-quality human capital. The main message emerging from the report is that the foundations of the industry are strong. What is needed now is to continue strengthening Israel’s attractiveness for investments, achieve security stability, expand funding sources, and deepen international collaborations, in order to ensure that Israel’s life sciences industry continues to be one of the central growth engines of Israeli high-tech in the coming years.

At the same time, the association is working with the Ministry of Finance, the Israel Tax Authority, the Israel Innovation Authority, and other professional bodies in government ministries to promote solutions and measures that will strengthen Israel’s competitiveness and encourage startups to incorporate and operate from Israel. In recent years, we have witnessed a worrying trend of startups incorporating outside Israel, an issue with long-term strategic significance for the local economy and the entire industry. Alongside promoting investments, research and development, and international collaborations, we are working to create the conditions that will make Israel once again the natural choice for entrepreneurs and startups to establish, grow, and remain in Israel.

The association under my leadership will continue to work to strengthen the industry's growth conditions through ongoing engagement with government ministries and regulators, promoting measures to encourage investments and R&D, strengthening ties with international investors and funds, and expanding collaborations with companies, healthcare systems, and research institutions around the world. In parallel, we will continue to promote international initiatives and events such as Mini MIXiii in Miami and the MIXiii conference in Jerusalem, whose purpose is to connect the Israeli industry to international markets, partners, and investors, and to help bring new business opportunities and investments to Israel."

Dror Bin, CEO of the Israel Innovation Authority, said: "Israel today stands at the forefront of the global medical innovation revolution. The combination of scientific excellence, breakthrough entrepreneurship, a high-quality healthcare system, and advanced capabilities in artificial intelligence creates an exceptional opportunity to develop solutions that will change the way health is diagnosed, treated, and managed.

The role of the Israel Innovation Authority is not only to invest in companies, but to build the conditions that will enable innovation to grow, through national infrastructures, supportive regulation, international collaborations, and pilot sites that make it possible to test technologies in real-world environments.

Even during a period of geopolitical and economic challenges, we see the resilience of the Israeli ecosystem, with renewed entrepreneurship and an increase in companies' activity. We will continue to identify the trends shaping the future and ensure that Israel is among the countries leading the next generation of medical innovation, for the benefit of patients in Israel and around the world."

Key Findings of the Report:

- In 2025, private investments dropped to their lowest level in the past five years.
- The trend of a decline in the average deal size continues, falling to below \$10 million.
- Stability was recorded in the number of companies operating in Israel in the life sciences sector, as well as in the number of companies established this year. 2026 began with a company formation rate similar to that of the previous two years.
- The biomed sector accounts for approximately 30% of the companies operating in Israel, but employs more than 50% of the 81,000 employees in the industry.
- Geographically, Tel Aviv continues to lead with the highest number of companies, 310 companies, followed by Rehovot and Ness Ziona, 120 companies, most of them in the biomed sector, Jerusalem, 112 companies, and Haifa, 83 companies, all of which serve as significant hubs of activity for life sciences companies.
- Private investments in life sciences companies totaled approximately \$1.5 billion in 2024. As in previous years, most private investments came from foreign investors.

- Investments in the medical devices sector fell by more than 60%, while investments in biomed remained stable over the past three years and demonstrated greater resilience to geopolitical shocks.
- The acquisition trend of Israeli companies in 2025 was consistent with the global trend, despite the war. In addition, 2025 marks the sixth consecutive year in which at least one acquisition deal above half a billion dollars was recorded.
- Most public life sciences companies turn to the U.S. stock market as their primary source of financing, and approximately 40% of the companies traded on the Tel Aviv Stock Exchange are also traded on Wall Street. However, Israeli companies raised only approximately \$115 million on the various U.S. stock exchanges, a sharp decline of more than 80%. In 2025 as well, there were no new IPOs of life sciences companies on the Tel Aviv Stock Exchange, and total fundraising was negligible.

This year's report shines a spotlight on a growing field in Israel and worldwide, the use of artificial intelligence in drug development, AI in Drug Development. Artificial intelligence is transforming discovery and development processes, from significantly shortening development timelines, through improving clinical success rates, to shifting from "trial and error" approaches to data-based predictive models. Approximately 12% of all recent collaborations in the global pharma-biotech industry are AI-driven, with an aggregate deal value of approximately \$30 billion. Israel is positioning itself as a central player at this intersection: around 30 Israeli companies operate at the interface between AI and drug development, of which approximately 70% are supported by the Israel Innovation Authority.

In 2025, the Israel Innovation Authority invested approximately NIS 560 million in HealthTech, representing about 29% of the authority's total investments. As part of its activity to promote innovation in healthcare and respond to emerging needs and trends in the ecosystem, the authority advanced pilots in the fields of rehabilitation, international collaborations and pilots, pilot sites that enable companies to test technologies in real-world environments, as well as investments in infrastructure and data assets that support the development of the next generation of healthcare solutions.

In addition, in 2025 the Israel Innovation Authority's Startup Fund allocated more than 45% of its investments to HealthTech, totaling approximately NIS 250 million. The fund serves as a central tool for risk reduction through non-dilutive funding alongside private capital, and supports companies from the idea stage through growth-stage companies. In parallel, as part of the Yozma Fund, the authority supported two venture capital funds specializing in life sciences in 2025. Looking ahead, as part of the growing mega-trend combining artificial intelligence and HealthTech technologies, the Israel Innovation Authority launched in 2026, in collaboration with the Ministry of Health, a first-of-its-kind regulatory pilot to evaluate autonomous AI systems in healthcare, with the aim of enabling the responsible and safe implementation of the next generation of medical technologies.

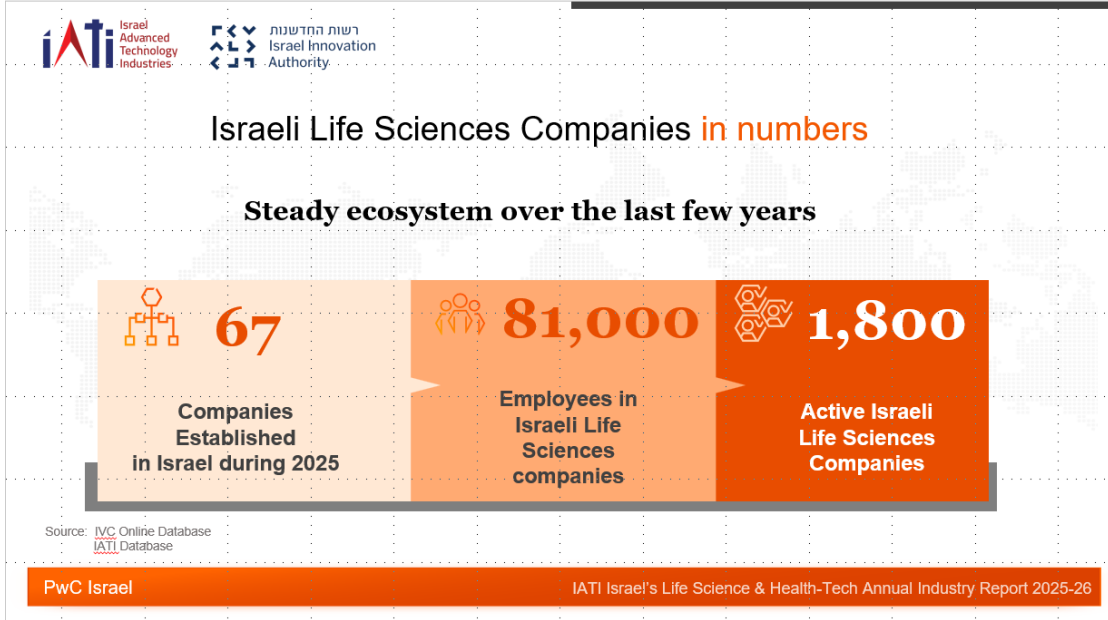
The report further shows that in 2025, life sciences companies in Israel exported pharmaceuticals totaling approximately \$1.7 billion, while exports of medical equipment from Israel totaled approximately \$3.3 billion. The scope of exports that year was similar to 2024 and has remained stable over recent years.

According to Omer Gavish, Life Sciences Leader and Partner at PwC Israel, who led the preparation of the report: “2025 was a significantly challenging year in terms of fundraising volumes in the private market. We saw a decline to levels we have not experienced in the past five years, and an average deal size that fell to below \$10 million. However, this year as well, we saw several merger deals amounting to hundreds of millions of dollars, alongside many transactions at lower amounts, which validate the interest of international companies in the innovation of Israeli companies. The survey we conducted among the funds indicates cautious optimism toward 2026, with expectations of recovery or a return to growth, and together with the maturation of the AI field and investments in national infrastructure, the foundation for continued growth exists.”

As part of the annual report, the Israel Advanced Technology Industries Association (IATI) once again conducted a comprehensive survey among leading venture capital funds in the fields of life sciences and health technologies that are members of the association. The survey findings indicate that 74% of the funds identified fundraising as the main challenge for companies in the industry in 2025, compared with only 52% in 2023. Looking ahead, 57% of the funds expect a cautious recovery during 2026, 22% expect a return to growth, and 22% expect stagnation in investment volumes. Among the venture capital funds that participated in the survey: Amoon, Grove, Pontifax, 10D, Menomadin, Maor, Shavit Peregrine, Pitango, IBF, Vertex, LionBird, BRM, BioLight, Alive, OurCrowd, and others.

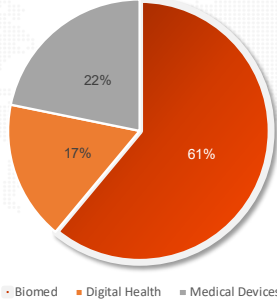
In the photo:

1. Karin Mayer Rubinstein, CEO and President of the Israel Advanced Technology Industries Association (IATI). Credit: Guy Yechiely
2. Dror Bin, CEO of the Israel Innovation Authority. Credit: Hanna Taieb



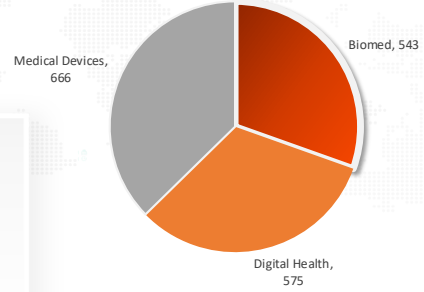
Israeli Life Science Employees overview

Employees by Sub Sector



Source: IVC Online Database
IATI Database

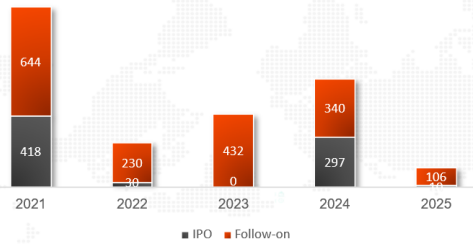
Active companies by Sub Sector



Although Biomed representing only 30% of total companies, this subsector employ more the 50% of the industry's total employees

Public Offerings by Israeli Life Science Companies on Wall Street

Following the weakest year in the last 5 years, 2026 started with a single follow-on transaction raising an amount of \$33 million.



Source: IVC Online Database
IATI Database

Top 3 Deals in 2025:

Alphetau

microbot medical

NANO VIBRONIX®
Therapeutic Waves in Motion

Top Acquisitions

In 2025:



Source: 2025 Exit Report - PwC Israel
IATI Database