



# Elron Ventures - Investor Presentation

January 2025



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affect this are: failure to meet goals, modifications in work plan, goals and/or strategy, unexpected needs of the group companies for additional financing, investment in new companies, any other unexpected expenses, information collected by the group companies in connection with the state of the market, market potential and products, the state of competition and the identity of competitors and their methods of operation, as well as long-term plans and forecasts, errors in data and estimates collected, changes in the state of the market, problems concerning personnel, technological and engineering difficulties, deviation from development schedules, unexpected regulatory problems or regulatory changes, the worsening of competition, including the development of competing technologies and products, and the like.

Iron Swords War: In October 2023, the "Iron Swords" war (hereinafter: "the war") broke out in the State of Israel. The Company continues to monitor and examine the effects of developments and changes related to the “Swords of Iron” War on its operations as a whole, and the focal points of potential risk in particular. For further details, see section 7.4 in Part I of the Annual Report of 2023.

Elron urges investors to consider the information presented in slides 8 in conjunction with this comment. All amounts are fully attributed to Elron and RDC unless specified otherwise.

# Elron Ventures Corporate Overview

Established in 1962, Israel's first evergreen fund; partnership with Rafael for over three decades

## Controlling Shareholder

Arieli Group, since Sept. 2024

## 60+ Years Investment Experience

Investing since 1962

## Partnership with Rafael, Leading the Defense Industry

Commercializing Rafael's tech in civilian market

## Currently Invests

in Cybersecurity, SAAS, Defense & Healthtech

**Established** the CyberFuture investment alliance of global CISO's

## Notable Exits:

Cartiheal, Ironscales, Cybersixgill, Secdo

## 25 Portfolio Companies\*

From Seed to Series D

## 17 M&A's

Valued at \$2.6B since 2010

## ~\$230M Assets Under Management

~\$90M cash on hand

# Arieli Group Profile

Leading Elron as the new controlling shareholder since September 2024



**Arieli Group is a global investment firm specializing in strategic partnerships to build new technologies and invests in the entrepreneurs bringing them to market.**

Rooted in a third-generation family office with a global presence in the United States, Israel, and Europe, Arieli Group provides strategic guidance to founders and management teams.

Arieli Group's diverse portfolio spans early and growth-stage startups, fund GP positions, and joint ventures with internationally recognized institutions.

The firm identifies innovative technologies at their earliest stages and invests in growth-stage ventures across industries including cybersecurity, defense, deep tech, energy, healthcare, fintech, and agritech.

# Arieli Group Management Team

Brings expertise from three generations of investment, finance & tech



**Evan J. Renov**

Co-Founder  
& Managing Partner

Evan Renov is the Co-Founder and Managing Partner of Arieli Group. He is also a Partner at Beechwood Ventures, a New York-based Single Family Office.

Evan serves as a member of the board of directors at Elron Ventures, and RDC - Rafael Development Corp, a joint venture with Rafael Advanced Defense Systems, a leading global defense company. Evan also serves as a member or observer on the boards of multiple companies, including Powerful Medical, Velvet AI, Moonbow Ventures, ShareNett, Breath of Health Pharma, Diamante and Wander.

Evan holds a B.Sc. in Finance from Yeshiva University (cum laude), where he served as President of the Sy Syms School of Business, and an MBA from Tel Aviv University and the J.L. Kellogg Graduate School of Management.



**Lisya Bahar-Manoah**

Managing Partner

Lisya is a Managing Partner of Arieli Group. With 15 years of investment and management experience in private equity and venture capital, Lisya specializes in fund management, M&A transactions, and post-merger integrations. Lisya is also Chairperson of the Board at Elron Ventures and sits on the board of RDC - Rafael Development Corporation. She also lectures at the Sofaer Global MBA Program at Tel Aviv University. Prior to joining Arieli, Lisya held executive roles at Catalyst Investments, Keter Group (BC Partners), ADAMA, and BMW/Magna Steyr.

Lisya holds an MBA from Tel Aviv University, an M.Sc in Mechanical-Industrial Engineering from Vienna University of Technology, and Executive Education in Risk Management from Harvard Business School.



**Eric Bentov**

Co-Founder  
& Managing Partner

Eric is the Co-Founder and Managing Partner of Arieli Group. Following his experience as a serial entrepreneur in the United States, Eric has led investments in venture funds, tech companies, academic commercialization, and innovation platforms. His work within local and global communities has driven the growth of tech hubs, innovation centers, and accelerators. Eric sits on the boards of several companies, including Elron Venture and RDC - Rafael Development Corp., Velvet AI, Terrific, Maya Fertility, ShareNett and Frontier RNG.

Eric holds a law degree (LLB.) from Sheffield University in the UK.

# Elron Ventures Key Milestones

Proven track record of success and shared value

## Investments

\$83M invested in 31 portfolio companies

## Exits

7 exits valued at \$1B;  
\$220M exit proceeds

## Dividends

\$76M distributed,  
including  
~\$42M distributed  
in 2024

## New Dividend Policy

As part of our new strategy, the policy aims to share successes with shareholders (see new strategy slides)

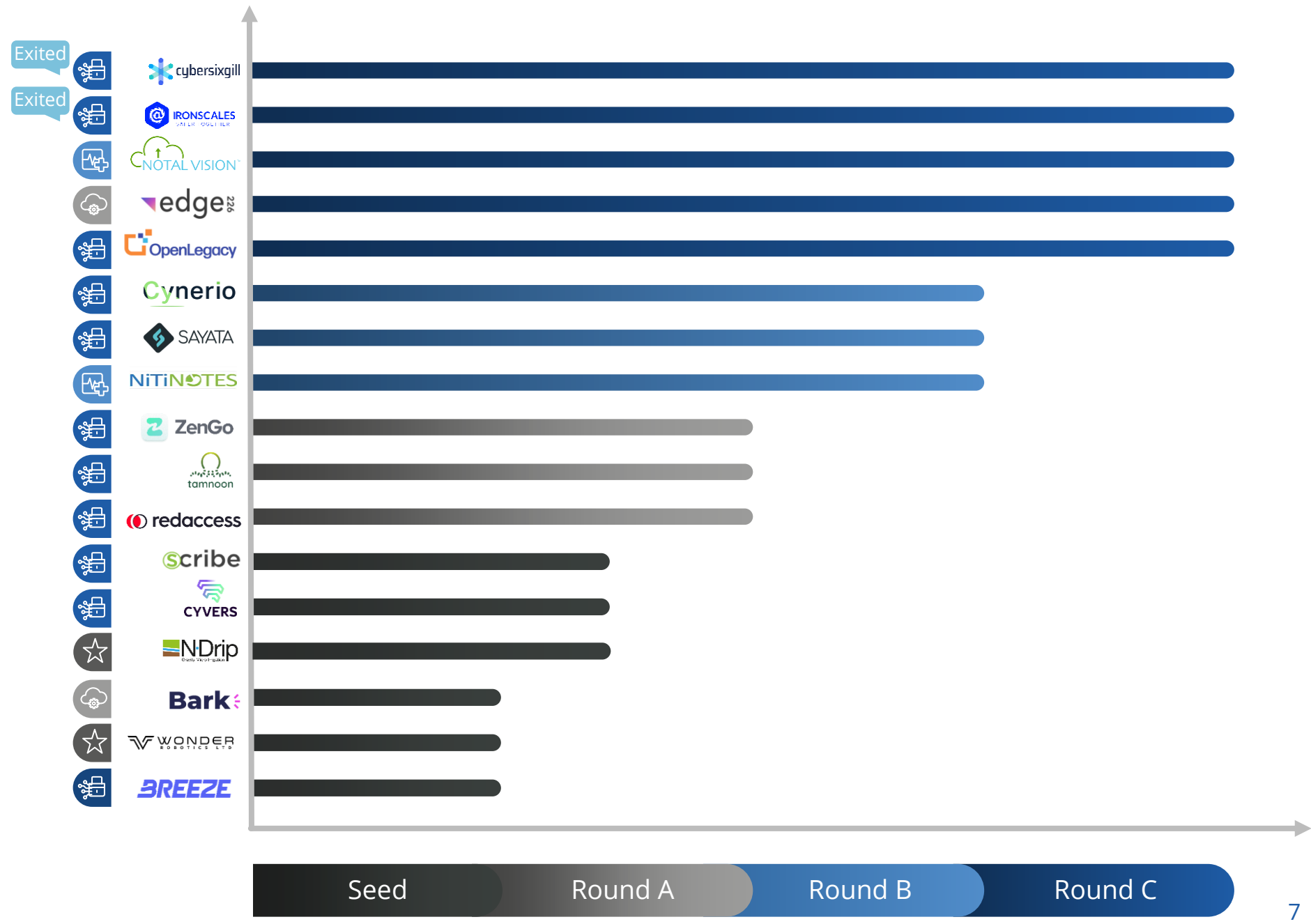
2020-2024

2025

# Elron Portfolio Snapshot

Companies crossing all stages as a growth catalyst for the coming years

- Legend**
- Cybersecurity
  - Medtech
  - SaaS
  - Other



# Elron Snapshot

## Effective and consolidated assets under management

Holdings in companies	Holdings based on valuation of last financing round <sup>1,2</sup> (\$m, effective)	Holdings based on valuation of last financing round <sup>1,2</sup> (\$m, consolidated)
Cyber/Software Holdings- Mature Portfolio <sup>3</sup>	39.1	73.2
Cyber/Software Holdings- New Portfolio	16.4	25.4
Medical Holdings <sup>4</sup>	10.7	10.7
Other companies	3.0	5.0
<b>Total Holdings</b>	<b>69.2</b>	<b>114.3</b>
Contingent consideration from the CartiHeal deal <sup>5</sup>	21.3	21.3
<b>Cash &amp; Other Financial Resources :</b>		
Other financial assets,net <sup>6</sup>	4.3	1.7
Liquid resources (as of 21.01.25)	68.2	90.3
<b>Total Cash &amp; Other Financial Resources :</b>	<b>72.5</b>	<b>92.0</b>
<b>Total</b>	<b>163.0</b>	<b>227.6</b>

<sup>1</sup> Includes Elron Ventures' direct holdings and its effective indirect holdings through RDC. Includes investments made after June 30, 2024. Effective Holdings Includes Elron Ventures' balance and 50.1% of RDC's balance. Consolidated Holdings Includes Elron Ventures' balance and 100% of RDC's balance.

<sup>2</sup> Our holdings based on valuation of last financing round was calculated based on the "post-money" valuation of the last financing round in the companies multiplied by our fully diluted holding percentage. **It is clarified that these are financing rounds that were carried out in different companies at different dates, and since which, in some cases, significant time has passed. In some of the financing rounds Elron Ventures opted not to participate.**

<sup>3</sup> Net of taxes.

<sup>4</sup> The medical holdings' balance mainly includes \$7.5m attributed to Notal Vision based on a valuation determined with the assistance of an external appraiser and a balance attributed to Nitinotes Ltd. The balance doesn't include the investment in Brainsgate.

<sup>5</sup> Total balance of \$21m contingent consideration as a result of the sale of CartiHeal to Smith & Nephew, is based on a valuation determined with the assistance of an external appraiser as of June 30, 2024.

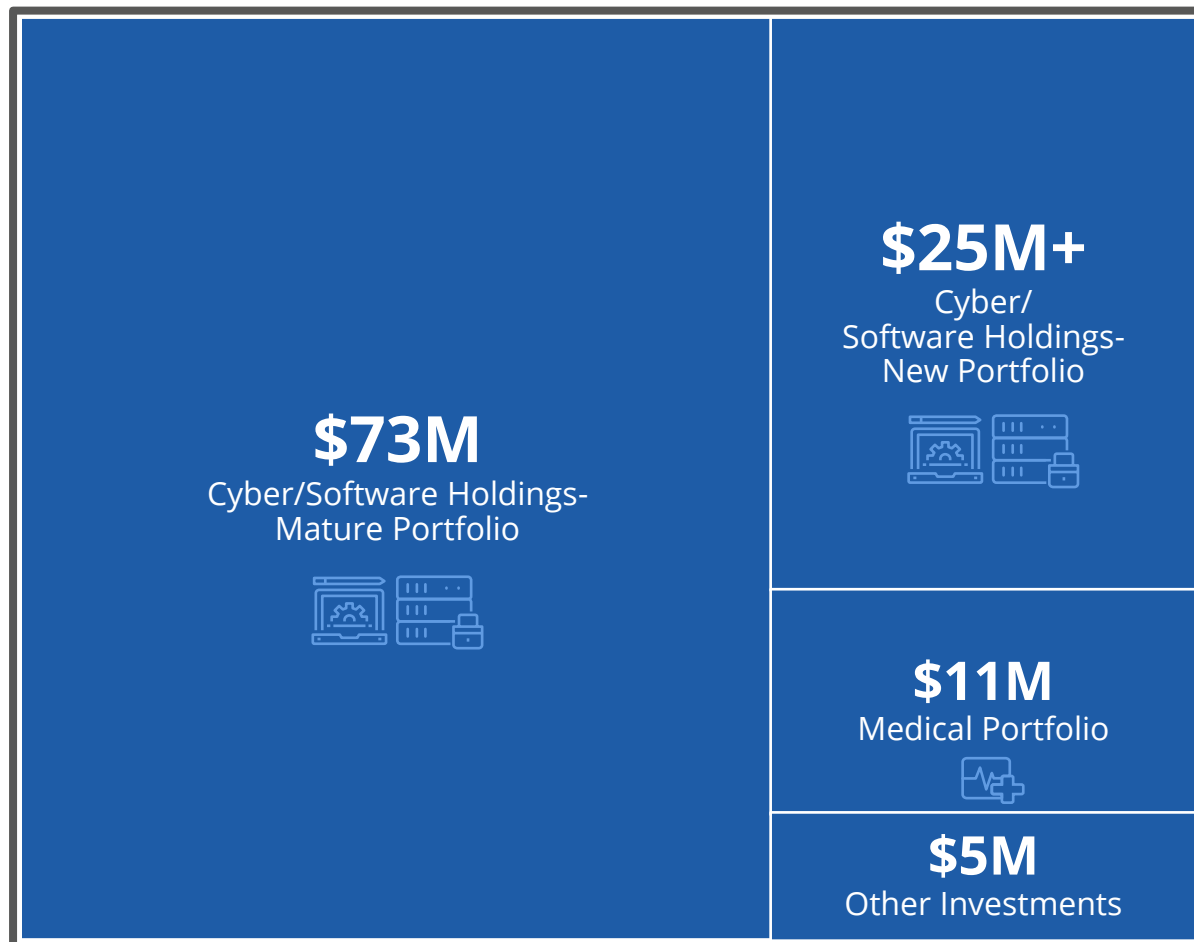
<sup>6</sup> Mainly includes the balance in escrow account in the amount of \$5m as a result of the sale of CartiHeal to Smith & Nephew and taxes liabilities.

<sup>7</sup> The above financial data do not represent a valuation, investment advice, or a financial opinion of any kind.

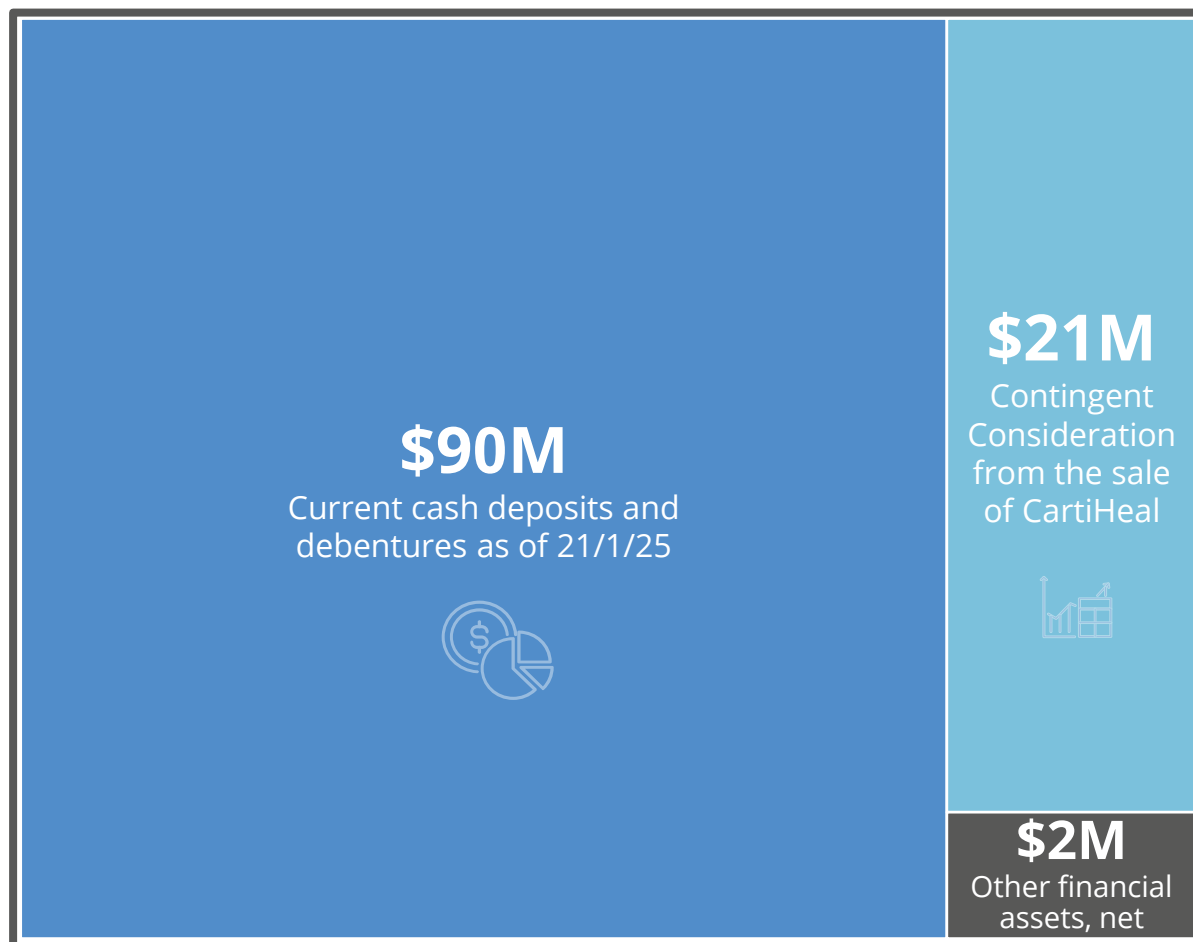
# Elron (Consolidated) Financial Data

~\$230M AUM, of which ~\$90M are liquid resources

## PORTFOLIO



## RESOURCES



\*All amounts presented are on the consolidated level. For further details and additional information see previous slide.

# New Compensation Policy

Projected 65% reduction in cash bonus expenses and ~20% salary savings during 2025 vs. 2024\*

The updated compensation policy, approved on January 2, 2025 (Immediate Report ref: 2024-01-627686), reflects cost reduction and alignment of the compensation to the market :

01

Cancellation of the bonus tied to share price increases (equivalent to 9 salaries), instead of option grants

02

A reduction of over 30% in the variable maximum bonus amount

03

A decrease in the special bonus amount, from 6 salaries to 2 salaries

\*The above information is attributed to Elron solo report. This slide includes forward-looking information, as defined in the Israel Securities Law. Forward-looking information is uncertain information about the future, based on information existing in the Company as of the filing date, and includes the Company's estimations or intentions as of the filing date. Elron's actual salary expenses (including bonus expenses) may materially deviate from the above statements due to, among others, Elron's needs during the year for additional workforce or any other unforeseen expense.

# Elron Management

Combining expertise in deep tech, investment and finance



**Yaniv Shneider**  
CEO of Elron Ventures  
and Co- CEO of RDC

Seasoned technology leader with 25 years of deep tech and defense tech experience. Founded and led Rafael's Tel Aviv R&D Center, building it into a multidisciplinary, startup-style engineering group of 250 top-tier talents. Effectively from February 18, 2025.



**Lisyah Bahar Manoah**  
Active Chairperson  
of Elron Ventures

Managing Partner @Arieli Group. >15 years of investment and management expertise in PE & VC, particularly in raising capital, executing M&A transactions, and managing post-merger integrations.



**Rony Gur Arie**  
VP Finance  
of Elron Ventures

Oversees Elron Ventures' financial operations and serves as active CFO in portfolio companies. Broad experience in accounting, financing, taxation, and securities regulations.

# Elron's Unified Team with Rafael (via RDC)

Combining the knowledge and experience to accelerate investment scaling



Yaron Kulas  
Co-CEO @RDC



Lior Levinsky  
CFO @RDC



Lauren Duke  
VP Business  
Development



Uria Lin  
Principal &  
Platform Lead



Paul Weinberg  
Legal Counsel



Kobi (Jacob)  
Katz  
Venture  
Partner



Maya Reitman  
Head of  
Marketing



Ortal  
Shpigelshtein  
Corporate  
Controller



Nir Kahlon  
Controller



Benny Hagay  
Assistant  
Controller



Chen (Lir)  
Hendelsman  
Office  
Manager

# New Investment Strategy

# Strategic Growth

Expanding investment stages and entering Deep Tech to maximize value through quicker exits

## Early Growth Investments



Reducing risk and expediting time to exit

## Deep Tech & Defense Tech In Addition to Cybersecurity & SaaS



Large markets in which we have expertise

Leveraging on collaboration with Rafael

## Primary & Secondary Investments



Investing directly in companies

Acquisition from early stage investors

## Global Reach



Utilize our global reach in the US & EU

Maximizing Israel's innovation leadership

# Dividend Distribution Policy

First time since 1962, leveraging our evergreen model for creating shareholder value

## Dividend Distribution\*

**The policy: to distribute minimum 25%** of exit proceeds to our shareholders\*\*

The policy is to distribute dividends on a semi-annual basis in relation to and subject to exit proceeds recorded from the beginning of 2025

**Evergreen** vehicle generally allows for quicker distributions compared to closed funds

\*See Immediate Report (ref. 2025-01-003662) for further details

## Proactive Exit Planning to Create A Pipeline of Distributions

**Tailoring exit strategies:** Create exit opportunities through M&A, IPO, and secondary sales by tailoring exit strategies to the portfolio company's potential and market dynamics, and our goal of creating a pipeline of exits.

**Pre-Investment:** Evaluate full financing needs, exit timing, and valuation

**Post-Investment:** Regularly review exit readiness for companies nearing typical fund terms

**The Company's board of directors will consider a distribution regarding the exit proceeds received during 2024 in connection with the sale of CyberSixGill**

\*\* Net of taxes, if they apply. Including Elron's share in the exit proceeds received by RDC, insofar as they are received by Elron and/or they can be distributed.

# New CEO to Lead Elron's New strategy

25 Years of Deep Tech expertise aligned with Elron's Tech-Driven strategy



## Yaniv Shnieder

CEO of Elron Ventures

Former General Manager & CTO, Rafael Tel Aviv R&D Center, and former CTO at RDC, Yaniv Shnieder brings deep tech and defense tech expertise to Elron. He founded Rafael's Tel Aviv R&D Center, building a 250-strong startup-style engineering group. With a proven track record in global tech trends, strategic growth, and innovation, he is set to drive Elron's next phase. Yaniv will commence his position on February 18, 2025.



Seasoned CEO with 25 years of deep tech experience, previously GM & CTO at Rafael TLV



Leadership focused on driving forward our new tech-driven investment strategy



Strengthening our partnership with Rafael and our position in technology-focused markets



Driving growth by leveraging the new CEO's extensive experience in deep tech

# Optimizing Deal Flow

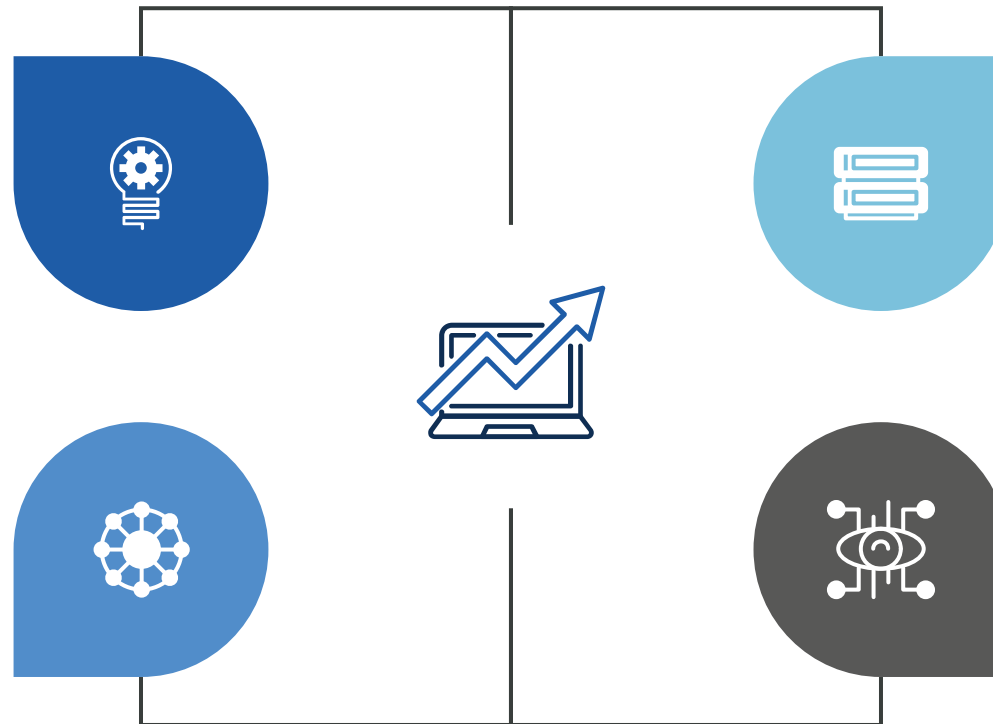
Leveraging opportunities through databases, platforms, networks, and partnerships

## RAFAEL

Access to deep tech startups through open innovation;  
Creating value through spinoffs-exclusive rights to commercialize Rafael's technology in civilian markets

## BROAD NETWORK

Global networks driving high-quality deal flow and scaling through private equity, VCs, industry leaders, and academia



## ELRON'S VAST DATABASE

Sourcing deal flow through our extensive database, platforms, strong network, and our legacy as pioneers of the tech investment ecosystem in Israel

## CYBERFUTURE

Access to high-quality startups through CyberFuture, our investment club of top tier CISOs investing in and supporting promising cyber startups

# Key Takeaways

Positioned to maximize value creation for our shareholders

## ~\$90M cash on hand to support our new investment strategy



Invest in verticals with high exit potential in which we bring added value: deep tech and defense tech, cybersecurity, SaaS

Invest in early-growth ventures, potentially shortening the time to exit

## The right team, the right partners



Yaniv Shnieder, Former general manager and CTO of TLV R&D Center at Rafael, joins Elron as its new CEO, bringing deep tech expertise to round out a team of seasoned investors & cyber experts

Active Chairperson with a background of growth-stage investments and deep tech expertise

Seasoned VP Finance, over 8 yrs at Elron

## Focused on generating returns to our shareholders



New exit strategy: Committed to creating a timely pipeline of exits

First ever dividend policy: Distribute at least 25% of exit proceeds to our shareholders\*

Our portfolio now comprises promising early stage & growth stage cybersecurity, SaaS and medtech companies

# Investment Verticals Deep Dive

# DEEP TECH / DEFENSE TECH

Targeting large markets with hard-to-meet tech demands

## Deep Tech:

**Breakthrough scientific or technological advancements that offer solutions to complex or profound global challenges**

e.g. climate change & energy transition | demographic shifts (workforce gaps, aging population) | looming shortages of critical raw materials | geopolitical tensions & defense priorities

### Large Markets:

Targeting large unpenetrated markets with significant demand

### Increased VC Activity:

Up to **20%** of total VC, vs. 10% a decade ago

### Higher IRR:

Deep tech funds have a weighted IRR of **26%** vs. 21% in traditional tech funds

### High Entry Barriers:

**40-45%** of deep tech ventures create IP vs. 15-20% of traditional tech ventures

## Defense Tech:

**Technology innovations for the defense sector that are sourced by national security customers outside the traditional defense industrial base**

### Large Markets:

Global military expenditure is on the rise

### Increasing VC Activity:

New & veteran VC funds have declared their focus on defense tech

### Increasingly Innovation-friendly:

Government authorities are adapting traditionally lengthy & complex procurement processes to startups, to expedite innovation

# DEEP TECH / DEFENSE TECH

A unique value proposition based on 30 years of deep tech expertise

**Deep tech: Rafael has vast IP, human resources, and a market footprint in multiple deep tech domains**

Autonomous systems • Novel AI • Quantum tech • AR/VR • Blockchain • Space tech • Advanced materials • Robotics



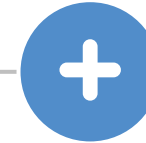
## Dual-Use:

The tech areas Rafael specializes in are dominating both civilian & defense tech markets



## Due-diligence:

Tech validation platform for early-stage investments in areas with high risk of tech failure



## Design partnership:

Engagement with startups through open innovation practices, serving as a design partner and often as the first major customer

# CYBERSECURITY

Decade of successful cybersecurity investing, expanding focus to early growth

During the last decade we developed a proven platform for identifying compelling domains in a fragmented market, helping our portfolio companies achieve product-market-fit, and utilizing our network to grow and exit startups

## Immense M&A Activity:

M&A activity is consistently high;  
Deal volume in Israel during 2024:

**\$5B**

## High Multiples:

The median revenue multiple in M&A deals during Q4 2022 - Q2 2024 was

**7.8x**

## Inherent Security Debt:

Gartner forecasts global information security spending to grow 15% in 2025 to

**\$211B**

in response to ever-evolving attack vectors



# SAAS

## A proven track record of investing in and exiting SaaS startups

### Sector Growth:

Valued at

**\$273B**

in 2024, a 7x increase over the last 10 years

### High Exit Likelihood:

Early-stage SaaS companies are expected to exit at a rate of

**78%**

### Predictable Exit Timing:

The median time to a

**\$1B+**

acquisition is 10 years; M&A is also a viable option earlier, at different stages of scale-up and at different ARR levels





**Thank you**  
elron.com



Investor Relations:

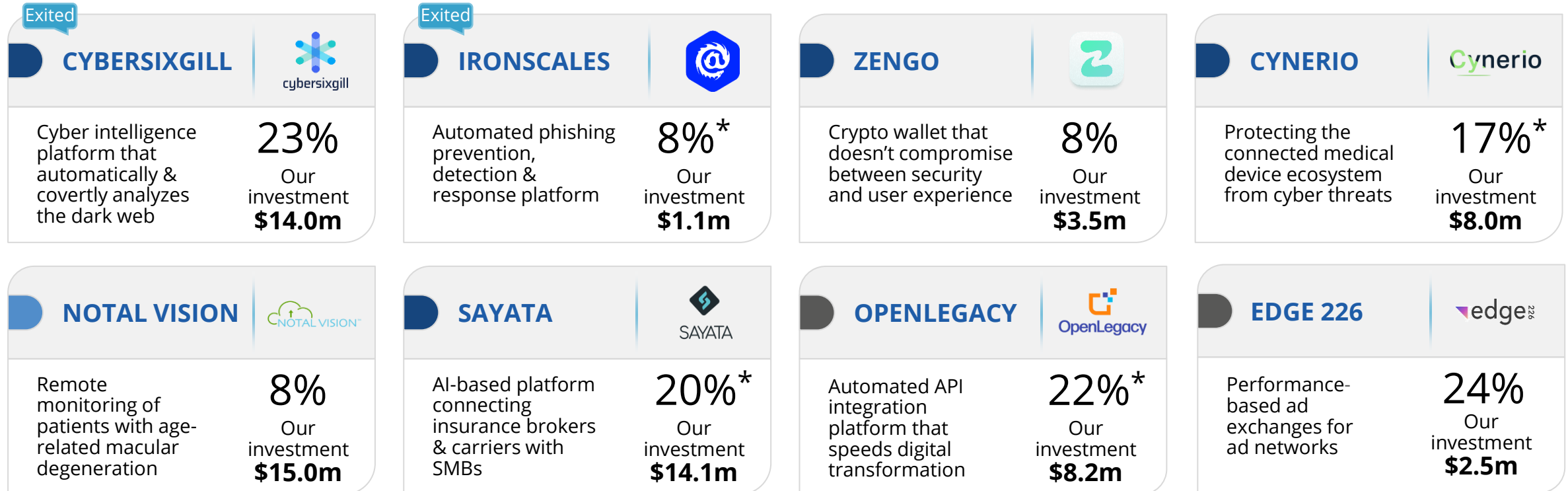
**Chen Livne**

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+972 -52 9692983

# Portfolio Overview: Mature Portfolio Companies



Legend:  Cybersecurity  Medtech  SaaS  Other

# Portfolio Overview: Next Generation

