ELRON VENTURES LTD.

English Translation of the Periodic Report for the First Half of 2026
Filed with the Israel Securities Authority

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Elron Ventures

ELRON VENTURES LTD.

English Translation of the Periodic Report for the First Half of 2026
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Part I

Material Changes and Updates that Occurred in Elron's Business for the Six Months ended June 30, 2026

Elron Ventures

As of this date, the Company is a "Small Corporation", within the meaning of Regulation 5C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: "Periodic and Immediate Reports Regulations") . In accordance with, on April 18, 2024, the Company's Board of Directors elected to adopt the reliefs available to a small corporation, that are listed in the Periodic and Immediate Reports Regulations, detailed below: (1) Reporting according to a semi-annual reporting format (including with respect to the publication of a pro forma report and with respect to a pro forma event) (2) An exemption from publishing a report on internal control and the auditor's report on internal control; (3) Raising the significance threshold in connection with the valuation, to 20%; (4) Raising the threshold for the attachment of significant associate statements to interim reports, to 40%; and (5) Approval of financial statements by the Company's Board of Directors only (and without the need for Audit Committee approval). For further details see Elron's Immediate Report from April 21, 2024 (Reference No.: 2024-01-044796), the contents of which is included in this report by way of reference.

Elron Ventures Ltd.
("Elron" or the "Company")
English Translation of Semi-Annual Report for the First Half of 2026

Part I
Material Changes and Updates that Occurred in the Company's Business in the Six Months Ended June 30, 2026

Details according to Regulation 39A of the Israel Securities Regulations (Periodic and Immediate Reports), 1970

In this section:

"Board of Directors Report"	**English Translation of Elron's Board of Directors Report for the First Half of 2026, included in Part II of this report.**
"Financial Statements"	**English Translation of Elron's Interim Consolidated Financial Statements as of June 30, 2026, included in Part III of this report.**
"Annual Report"	**Elron's Annual Report for the year ended December 31, 2025, filed with the Israeli Securities Authority.**

The rest of the terms in this report shall have the meaning ascribed to them in the Annual Report, unless stated explicitly otherwise.

The matters described below are in addition to the developments and changes that occurred in the first half of 2026 that were already previously described in Part I of the Company's Annual Report. The matters described below are presented according to the section numbers in Part I of the Annual Report.

1. **Section 2 of Part I of the Annual Report – CyberFuture**

Further to section 2.1.7.6 of Part I of Elron's Annual Report:

Since its establishment and as of June 30, 2026, Elron invested an aggregate amount of approximately $2 million in the partnership's capital, such that Elron's overall commitment to fund the partnership has, in effect, been almost fully exhausted, following the conclusion of the partnership's investment budget upon completion of its investment in Raven Cloud, Inc. ("**Raven**"), alongside Elron and RDC. The investment opportunity in Raven was identified by CyberFuture, as described in Section 5 below.

During the first half of 2026, CyberFuture completed a cash distribution of $1.3 million, of which approximately $1.1 million was distributed to Elron and the remainder to the limited partners (LPs). In addition, in June 2026, the sale of the partnership's holdings in Astrix Security Ltd. was completed for consideration of approximately $0.1 million.

In May 2026, Elron's Board of Directors approved an additional investment budget of $1 million for the establishment of a new investment framework for CyberFuture, which is expected to include some of CyberFuture's existing partners alongside additional partners, thereby expanding the circle of participants to include, in addition to Chief Information Security Officers (CISOs), other senior officeholders in cyber organizations, including VARs (Value Added Resellers) who are expected to bring a broader perspective on market and product needs and to assist in identifying investment opportunities, as well as additional experts in the field of artificial intelligence (AI) within cyber organizations. This expansion reflects the significant changes taking place in the cyber industry in recent years in light of the widespread penetration of artificial intelligence (AI) technologies, both as a tool used by cyber attackers and as a key defensive tool employed by organizations, which require complementary technological expertise in this field. As of the date of filing this report, a binding agreement for the establishment of the new investment framework has not yet been signed, and there is no certainty as to the timing or final terms of its establishment.

2. **Section 7 of Part I of the Annual Report – General Landscape and Impact of External Factors on Elron's Operations**

This section provides an update to section 7.1 of Part I Elron's Annual Report regarding the state of the venture capital industry in Israel, and includes updates for the first half of 2026:

The growth in Defense Tech in recent years, fueled by prolonged geopolitical friction, increased governmental defense spend, a surge in defense innovation to meet the demands of modern active conflict, and the rising need for agile development and procurement, have driven growth in Israel's defense-tech ecosystem: more startups, and more venture capital invested.

The share of the Defense & Space segment in new companies formed in Israel is on the rise and grew to 5.8% in 2025. In the first half of 2026, the Defense, Space & Quantum cluster captured 11.6% of total capital raised in marking a historical peak and positioning it as the third-largest field.

This clustering of Defense together with other Deep Tech segments is illustrative of a global trend – acceleration of dual-use technology. This acceleration is in part due to overlap of tech domains, which enables Deep Tech ventures operating in civilian domains to expand their markets to the lucrative defense market, and is in part because it is becoming increasingly harder to draw a distinction between commercial and defense applications, as together they have the potential to strengthen geopolitical sovereignty.

In 2026, Israeli startups increasingly expanded civilian technologies into dual-use and defense applications, driven by military procurement, rising global demand and growing investor interest. This was reflected in reported defense-tech funding of nearly $3 billion during the first half of 2026 and documented cases of civilian companies shifting production toward military systems.

These trends are relevant to the investor seeking to understand Elron's two core strategies: equity investing in deep tech and defense tech ventures, such as CyberRidge and Addionics, which respectively address commercial and national challenges relating to quantum safety and energy; and acquiring controlling stakes in dual-use defense tech companies, Elron's new strategy in partnership with Rafael.

The cybersecurity sector, a longstanding pillar of Israeli high tech, continues to strengthen. Israel's cybersecurity sector captured 33.7% of capital in the first half of 2026, compared to 24.7% in the last decade. Elron continues to actively pursue new investments in cybersecurity investments, while leveraging its access to top-tier deal flow through CyberFuture. For further details regarding CyberFuture and the additional investment budget approved therein, see Section 1 above.[1]

[1] Sources: IVC & LeumiTech, Israeli Tech Review Q2/2026; Israel Innovation Authority, Annual Report: The State of High-Tech | 2026; Pitchbook, Emerging Tech Research Q2 2026: Who's Funding Defense Tech? Fund-Level Data on the Investors Shaping the Capital Stack; https://apnews.com/article/israel-military-weapons-sales-fd3041de186ddadb6edbdd7bc7fd8b3d; https://www.jpost.com/defense-and-tech/article-902741

3. **<u>Sections 15 and 20 of Part I of the Annual Report – Financing, and Business Objectives and Strategy and Forecast for the Next 12 Months</u>**

Further to Sections 15 and 20.6 of Part I of Elron's Annual Report and further to the Company's immediate reports, the most recent of which was dated June 24, 2026, on May 31, 2026, the Company's Board of Directors approved an initial investment budget for RDC in the amount of $100 million, to be financed in equal parts by Elron and Rafael, such that each of them will finance an amount of $50 million. The initial investment budget is intended primarily for the purpose of executing mergers and acquisitions (M&A) transactions granting control of Dual-use technology companies serving the defense and civilian markets, in addition to RDC's ongoing operations (**"the Initial Investment Budget"**). On June 23, 2026, Rafael's Board of Directors approved its portion of the financing of the Initial Investment Budget.

For purposes of financing Elron's share of the Initial Investment Budget, the Company approached several banking institutions. In August 2026, subsequent to the reporting date, preliminary approval was received from a banking institution for a financing facility in the amount of $25 million. As of the filing date of this report, no binding agreement has yet been executed. The Company expects to fund Elron's share of the Initial Investment Budget through a combination of its existing resources and/or financing alternatives.

The investment plan can reach the aggregate amount of up to $300 million over the next 3 years, at Elron and Rafael's discretion. Investments under the budget will be made, if at all, in such amounts and at such times as they deem appropriate. In addition, discussions are ongoing between Elron and Rafael to adapt the contractual framework governing RDC to the new investment strategy, while preserving Elron's control of RDC.

The information set forth in this report in connection with the investment plan, including its scope, implementation, funding, and the execution of transactions thereunder, constitutes forward-looking information, as defined in the Israel Securities Law, 5728-1968. Such information is based on the Company's assessments and intentions as of the date of the report, and may not materialize, in whole or in part, or may materialize in a manner different from that described above, among other things, due to a failure to obtain additional required approvals, a failure by the Company to identify suitable funding sources, changes in market conditions, a failure to identify or complete suitable transactions, decisions of RDC and/or its shareholders, and the materialization of any one of the risk factors applicable to the Company's operations.

4. **<u>Section 20 of Part I of the Annual Report – Business Objectives and Strategy and Forecast for the Next 12 Months</u>**

Further to section 20.5 of Part I of Elron's Annual Report regarding the establishment of a dedicated investment fund, during July 2026, subsequent to the reporting date, the establishment of the legal entities required for the establishment of a dedicated investment fund was completed, which was organized as a limited partnership incorporated in the Cayman Islands. The fund is expected to focus primarily on the fields of Deep Tech, Defense Tech, cyber, and artificial intelligence (AI). Its purpose is to expand the investment resources available to the Company's investment activity, the Company's deal-sourcing capabilities, and accumulated experience in the fields of activity intended for the fund. The fund's Key Personnel are expected to be Ms. Lisya Bahar Manoah, Chairperson of Elron's Board of Directors, and Mr. Yaniv Shnieder, CEO of Elron. An additional Key Personnel may be added in the future. The dedicated investment fund is expected to be managed by Elron, and Elron is also expected to invest in the fund itself.

In addition, during July 2026, subsequent to the reporting date, an initial commitment was received from a European institutional investor, subject to the fund's Initial Closing. In this regard, it is clarified that the legal establishment of the entity described above constitutes only a preliminary, formal stage, and does not indicate the actual establishment of an active fund with resources. The fund will be considered to have been actually established only upon completion of the Initial Closing, pursuant to which investors bind themselves to transfer a predetermined amount of capital to the fund.

As part of the fund's establishment, three of Elron's portfolio companies operating in the fields intended to be the focus of the fund's activity (Addionics, CyberRidge and Raven), may constitute part of its initial investment portfolio, with the aggregate direct investment made by Elron in these companies, as of the filing date of this report, amounting to approximately $7.5 million. An additional total of approximately $4.2 million was invested in these companies through RDC and Cyber Future.

As of the filing date of this report, the Company continues to hold discussions with potential investors; however, the fund's Initial Closing has not yet been completed, and there is no certainty that the fund will be established or that the capital raise will be completed, or when. The information set forth in connection with the establishment of the fund, including the scope of the capital raise, the closing terms, the identity and scope of investor participation (including the Company itself), and the manner of incorporating the initial portfolio, constitutes forward-looking information, as defined in the Israel Securities Law, 5728-1968, which is based on the Company's assessments as of the date of the report and may not materialize, or may materialize in a different manner, among other things, due to a failure to complete the capital raise, a failure to satisfy the closing conditions, a change in investors' intentions, and/or the materialization of any of the risk factors applicable to the Company's operations.

5. **<u>Section 24 of Part I of the Annual Report – Group Companies</u>**

See below information regarding Raven, in which the first investment was completed during the first half of 2026:

Field: Cyber

Company Description (Technology/Product): Raven is a company incorporated in Delaware, USA, which develops a runtime application security platform designed to protect enterprise servers and cloud workloads against software supply chain attacks, known vulnerabilities, zero-day exploitation, malicious open-source packages, and runtime abuse.

Raven's technology enables organizations to understand which libraries are active, monitor their behavior in real time, prioritize vulnerabilities based on actual runtime exposure, and enforce security policies that restrict dangerous capabilities such as unauthorized code execution, operating-system command execution, and outbound network communication.

Raven supports modern enterprise environments across Linux, Kubernetes, and Windows, and covers multiple programming languages and application frameworks. Raven offers a cloud-native solution with dedicated customer environments.

Founders and Management:

Roi Abitboul (Founder and CEO) - a second-time founder with prior exit experience, based in the USA. He previously served as a Vice President at Symantec within its Endpoint Security division, where he held senior executive responsibility for the development and delivery of large-scale enterprise cybersecurity products. He also served as CEO of Javelin Networks, which was acquired in 2018.

Guy Franco (Founder and CTO) and Omer Yair (Founder and Chief Research) are senior cybersecurity and technology leaders with extensive experience in building enterprise security products and leading engineering, research, and product organizations.

Raven's core leadership and engineering team includes former Symantec directors and senior cybersecurity professionals. The team brings deep expertise in endpoint security, enterprise security platforms, threat research, large-scale software engineering, and the development of security technologies for global organizations.

Stage of Development and Developments During the Past Year: During the past year, Raven significantly expanded its runtime security platform across both Linux and Windows environments, introducing advanced runtime detection, attribution, and prevention capabilities for enterprise applications.

Raven successfully completed and advanced multiple enterprise proof-of-concepts and deployments with large organizations across the financial services, technology, and e-commerce sectors. These engagements demonstrated Raven's ability to identify actively executing software libraries, reduce vulnerability prioritization noise, and prevent exploitation through runtime policy enforcement.

Raven continued to invest in enterprise readiness, including deployment scalability, dedicated customer environments, performance optimization, and support for complex hybrid, cloud, Kubernetes, and on-premises infrastructures.

Recent Financing Rounds : Elron and RDC hold approximately 10% of Raven's issued and outstanding share capital and approximately 9% on a fully diluted basis (in equal parts). The Company has the right to appoint one director out of four directors on Raven's Board of Directors. Since its establishment and as of the filing date of the report, Raven has raised approximately $19 million. In March 2026, Elron, RDC, and CyberFuture made their initial investment in Raven, in an aggregate amount of approximately $3.7 million, of which Elron and RDC invested approximately $3.5 million (in equal parts) and the remainder was invested by Cyber Future. Such investment was made as part of a Post Seed investment round in a total amount of $12.2 million. Additional investors of Raven also participated in such investment round, including Norwest, SentinelOne, UpWest, and RedSeed. For further details, see Note 3.a to the Financial Statements. The investment opportunity in Raven was identified by CyberFuture.

Intellectual Property: Raven holds several patents, as detailed in the table below.

Countries where the patent is registered	Patent grant date	Description of the requested patent	Patent number
USA	July 1, 2026	SYSTEM AND METHOD FOR IDENTIFYING LIBRARIES FOR APPLICATION RUNTIME ENVIRONMENT	U.S. Patent No. 12,517,706
USA	5/5/2026	SYSTEM AND METHOD FOR GENERATING A COMPACT UNWINDING TABLE FOR	12,619,449

Countries where the patent is registered	Patent grant date	Description of the requested patent	Patent number
		RECONSTRUCTING CALL STACKS TO MONITOR PROGRAM OPTIMIZATION	
USA	1/13/2026	TECHNIQUES FOR ASSESSING EXPLOITATIONS IN A RUNTIME ENVIRONMENT	12,524,534

Yaniv Shnieder

CEO

Lisya Bahar Manoah

Chairperson

August 30, 2026, Tel Aviv, Israel

ELRON VENTURES LTD.

English Translation of the Periodic Report for the First Half of 2026
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Part II

Board of Directors Report for the First Half of 2026

Elron Ventures

Elron Ventures Ltd.
Part II
English Translation of Board of Directors Report
for the First Half of 2026

1. Board of Directors' Analysis of the Company's Business

1.1. Company Description

All terms in this Board of Directors report below, which are not defined therein, shall have the meaning as specified in Section 1.2 in Part A (Description of Corporation's Business) of the Annual Report for 2025 which was published on March 18, 2026.

As of this date, the Company is a "Small Corporation", within the meaning of Regulation 5C of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: "Periodic and Immediate Reports Regulations"). In accordance with, on April 18, 2024, the Company's Board of Directors elected to adopt the reliefs available to a small corporation, that are listed in the Periodic and Immediate Reports Regulations, detailed below: (1) Reporting according to a semi-annual reporting format (including with respect to the publication of a pro forma report and with respect to a pro forma event) (2) An exemption from publishing a report on internal control and the auditor's report on internal control; (3) Raising the significance threshold in connection with the valuation, to 20%; (4) Raising the threshold for the attachment of significant associate statements to interim reports, to 40%; and (5) Approval of financial statements by the Company's Board of Directors only (and without the need for Audit Committee approval). For further details see Elron's Immediate Report from April 21, 2024 (Reference No.: 2024-01-044796), the contents of which is included in this report by way of reference.

1.1.1. General

Elron Ventures Ltd. ("Elron", the "Company") is an operational holding company that focuses on building technology companies. In accordance with the Company's strategy, its operations are mainly focused on two main areas of business activities: (1) investing in technology companies in Israel and globally in the field of Deep Tech, Defense Tech, Cybersecurity and Artificial Intelligence (AI), mainly on Early Growth stages (2) identifying opportunities to pursue mergers and acquisitions (M&A) transactions that achieves control over Dual-use technology companies, serving both civilian and defense or government markets, through its subsidiary, RDC – Rafael Development Corporation Ltd. ("RDC"). Elron's current portfolio of companies includes mainly of companies operating in the field of Deep Tech, Defense Tech, Cybersecurity, Software, and Medical Devices.

Elron's principal shareholder is Arieli EL Ltd. ("Arieli") which as of the date of publication of these reports holds 58.39% of the Company.

Elron operates through consolidated companies (companies controlled by Elron and whose financial statements are consolidated with Elron's Financial Statements), associates (companies over which Elron has significant influence and which are included in its financial statements using the equity method), and other companies over which the Company does not have significant influence (included in the financial statements based on fair value) (the "Group Companies").

For details on the accounting method applied to the Group Companies in Elron's Financial Statements, Elron's holding percentage in the Group Companies, and their carrying value, see the annex to the Company's consolidated financial statements as of June 30, 2026 (the "Financial Statements").

The Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

1.1.2. Business Objectives and Strategy

Elron's main goal is to build and realize value for its shareholders through the sale of a portion or all of its holdings to third parties, or the issuance of shares by any of its group companies, and through dividend distributions, while simultaneously pursuing the acquisition of, or investment opportunities in technology companies in Israel and globally.

For details regarding Elron's Business Objectives and Strategy and the mergers and acquisitions (M&A) transactions that achieves control over Dual-use technology companies, see Section 3 of Part A of this Periodic Report and Section 20 in Part A of the Annual Report of 2025.

1.1.3. RDC

As part of its business strategy, Elron examines a broad range of cooperation and investment proposals, mostly through RDC, an Elron subsidiary. Elron holds 50.1% of the issued and outstanding shares and voting rights of RDC and Rafael – Advanced Defense Systems Ltd. ("Rafael") holds the remaining 49.9%.

RDC is engaged in the establishment of ventures and investment in technology companies, mostly ventures that leverage technologies developed by Rafael to develop products that meet the needs of the civilian market, and ventures that have synergy potential and are either based on Rafael's know-how and expertise or on Rafael's technologies. In addition, RDC has also first rights to commercialize military technologies developed by Rafael for civilian markets.

For further details regarding the agreement of commercialization of Rafael's technologies in civilian markets and about RDC, see sections 18.1 and 23 of Part A of the Annual Report of 2025.

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1.1.4. Group companies

Elron's Group Companies and its holding percentage of outstanding shares in them as of the date of filing this report are as follows:

- **RDC (50.1%)** – See description in section 1.1.3 above.
- **Edge226 Ltd. (24% by Elron) ("Edge")** – Edge develops and markets an advanced AdTech platform that helps mobile app advertisers acquire high-quality users and improve user retention rates.
- **Addionics Limited. (3%) ("Addionics")** – Addionics develops porous 3D current collectors enable high-performance, low-cost energy storage, for any type of battery, in the electric vehicle, space, and defense industries.
- **Open Legacy Technologies Ltd. (22% by RDC excluding $0.8 million investment through SAFE – Simple Agreement for Future Equity, which may be converted into additional shares) ("Open Legacy")** – Open Legacy develops and markets an AI-driven platform for migrating legacy system to modern cloud environments by making the system, and the data they contain, fully accessible to modern digital application and AI platforms through a phased approach, without disrupting business continuity.
- **Axonius Inc. (0.64% by RDC) ("Axonius")** – Axonius provides a platform for managing and securing, and synchronizing of all assets and software connected to an organization's network, providing customers with a comprehensive and reliable view to enable monitoring, enhance security, mitigate risks and identify inefficiencies.
- **Bark A.I. Ltd. (investment through SAFE) ("Bark")** – Bark develops a cloud-based artificial intelligence (AI) platform for the retail and e-commerce sector, providing e-commerce brands with an automated analytics tool to analyze business performance and profitability.
- **Breeze Security Ltd. (13% by RDC) ("Breeze")** – Breeze is developing a solution in the space of enterprise cyber security performance management. Breeze's software monitors an organization's existing cybersecurity technologies to enable the identification and remediation of security exposures that put the organization's critical assets and business processes at risk.
- **Wonder Robotics Ltd. (30% by RDC) ("Wonder Robotics ")** – Wonder Robotics develops computer vision and AI-based solutions integrated into drones and UAVs, enabling full autonomy, including optical navigation, target detection, target homing, autonomous landing, and more.
- **NotalVision Inc. (8%) ("Notal Vision")** – Notal Vision develops and provides ophthalmic diagnostic services for managing age-related macular degeneration (AMD) and improving vision outcomes.
- **Nitinotes Ltd. (9% excluding $0.75 million investment through SAFE, which may be converted into additional shares) ("Nitinotes")** – Nitinotes develops an endoscopic system for automated gastric suturing designed to achieve gastric volume reduction and impairment of gastric motility for the treatment of obesity.
- **CyberRidge Ltd. (11% by RDC and Elron excluding $1 million investment through SAFE, which may be converted into additional shares) ("CyberRidge")** – CyberRidge is developing a photonic encryption solution designed to make fiber optic communication invisible to tapping.
- **Cyvers.AI Ltd. (26%, excluding $1 million investment through SAFE, which may be converted into additional shares) ("Cyvers")** – Cyvers develops an AI-based platform for real-time detection of crypto-related attacks and prevention of payment fraud.
- **RA Red Access Security Ltd. (21% by RDC) ("Red Access")** – Red Access develops and provides a cloud security platform enabling organizations to protect all of their internet activity, including website browsing, use of cloud services, application usage, use of generative AI systems, as well as data flows within the organization, without requiring changes to existing workflows or infrastructure.
- **Raven Cloud, Inc. (10% by Elron and RDC) ("Raven")** – Raven is a cybersecurity company that provides real-time application protection, with the goal of stopping malicious code execution before it begins to operate.
- **Tamnoon Inc. (7% by RDC, excluding $1.5 million investment through SAFE, which may be converted into additional shares) ("Tamnoon")** – Tamnoon is developing a technology-driven managed cloud protection service.
- **El Ciso Club, Limited Partnership ("Cyber Future")** – Cyber Future is a micro-fund of Chief Information Security Officers from the world's leading organizations in diverse industries, whose goal is to locate cyber ventures at various stages in order to invest in them, with Elron's funding and involvement.

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1.1.5. Factors affecting the results of operations and capital resources

As a holding company, Elron's operating results mainly derive from:

- its share in the net losses of Group Companies;
- gains or losses from exit transactions or changes in holdings, and revaluation of investments recorded based on fair value;
- its corporate activities.

Elron's capital resources in any given period are primarily affected by:

- the extent of its investments;
- proceeds from exit transactions;
- Company's ability to raise financing.
- dividends distributed to shareholders or received from Group Companies.

Most of the Group Companies are technology companies which have not yet generated significant revenues, if at all, and which invest considerable resources in development and record losses. As a result, Elron has recorded and is expected to continue to record losses in respect of their ongoing operations, based on the accounting method applied to them in the Financial Statements.

Technology fields in which the group companies operate are characterized by the high degree of risk inherent in their products, their continuous technological innovation and their penetration into global markets, which require investment in considerable resources and continuous development efforts. The future success of the group companies is dependent upon, among others, technological quality, intellectual property, prices and nature of their products in comparison to their competitors, and ability to introduce new products to the markets at the right time, while offering cost-effective solutions suitable to their customers' needs. In addition, the group companies' future success depends on their ability to raise financing and the condition of the global capital markets.

Elron's ability to effect exit transactions at significant values is affected, among other things, by economic conditions, market conditions in the hi-tech industry, the status of the venture capital industry, the status of the capital markets, various contractual and regulatory restrictions, and is also dependent on management's ability to successfully lead exit transactions, and the circumstances and characteristics of the group company whose sale is being considered.

In addition, Elron's and the Group Companies' ability to obtain external financing is affected by economic conditions, the status of the capital markets, and the status of the venture capital industry. The company continues to monitor and examine the impact of military conflicts on its operations as a whole, and the focal points of potential risk in particular. For further details, see Section 21 in Part A of the Annual Report of 2025.

1.2. <u>Description of Operations in the Period of this Report and Subsequently</u>

1.2.1. Exit Transactions

- **Zengo Ltd ("Zengo")** – In April 2026, Zengo and its shareholders completed the sale of all of Zengo's issued and outstanding share capital to eToro Ltd. (hereinafter in this section: the "Purchaser") (hereinafter in this section: the "Transaction"). As part of the Transaction, Elron's share of the total consideration amount to approximately $1.3 million based on the liquidation preference and distribution terms set out in the Transaction documents (of which approximately $0.2 million will be held in escrow for 18 months, mainly to secure certain indemnification obligations of the sellers to the Purchaser, as is customary in such transactions). In addition, the Transaction includes a contingent consideration, of which Elron's share is up to approximately $1.7 million. As of June 30, 2026, the fair value of the contingent consideration was estimated at zero. As a result, Elron recognized as part of its Financial Statements for the first half of 2026 a loss approximately $0.7 million under the line item "Gain (Loss) from sale, revaluation, realization of operation and changes in holdings". For further details, see Note 3.B to the Financial Statements.

- **Astrix Security Ltd. ("Astrix") held by Cyber Future** - In June 2026, a binding agreement was signed between Astrix and its shareholders, including Cyber Future, and Cisco Systems, Inc ("Cisco"), for the sale of the entire outstanding share capital of Astrix. Cyber Future's share of the total consideration was estimated at approximately $0.1 million. As a result, Elron recognized as part of its Financial Statements for the first half of 2026 a gain approximately $0.1 million under the line item "Equity in losses of associates, net".

1.2.2. Investments

In the first-half of 2026, Elron (directly and through RDC) invested approximately $6.7 million in the Group Companies. In connection with these activities, Elron and RDC completed its first joint cybersecurity investment alongside Cyber Future in Raven company. In addition, during the period, the Company continued to make follow-on investments in its existing portfolio companies, including: Open Legacy, Notal Vision and Nitinotes as detailed below. For further details, see section 1.1.4 above and Note 3 to the Financial Statements.

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- **Raven – First joint investment alongside Cyber Future – Deep Tech, Dual use (Defense Tech)** In March 2026, Elron, Cyber Future and RDC made their initial investment in Raven, in an aggregate amount of approximately $3.7 million, of which Elron and RDC invested an aggregate amount of approximately $3.5 million (in equal parts) and the remaining amount was invested by Cyber Future in consideration for preferred Post Seed shares. The investment opportunity in Raven was sourced through Cyber Future. For further details regarding the investment, see Note 3.A to the Financial Statements.

- **Open Legacy** – In March 2026, an investment agreement (SAFE) was completed in Open Legacy with the participation of its existing shareholders for an amount of approximately $3 million. In accordance with the aforementioned investment agreement, the investment sum will be converted into Open Legacy shares under certain conditions stipulated in the agreement. (RDC's share was approximately $0.8 million). For further details regarding the investment, see Note 3.F to the Financial Statements.

- **Notal Vision** – During the first half of 2026, Elron participated in an additional extension round in Notal Vision from May 2021 in consideration for the issuance of Preferred D shares. Under this extension, an aggregate amount of approximately $3.7 million was invested during the first half of 2026 of which Elron's share was $1 million. For further details regarding the investment, see Note 3.C to the Financial Statements.

- **Nitinotes** – In April 2026, an investment agreement (SAFE) was completed in Nitinotes with the participation of its existing shareholders in an amount of $6.2 million pursuant to which the investment amount will be converted into Nitinotes' shares under certain conditions stipulated in the agreement. (RDC's share was approximately $0.8 million). In addition, the SAFE balance from December 2024 in the amount of approximately $9.3 million was converted into Preferred B-2 shares (Elron's share in the SAFE agreement was approximately $0.2 million). For further details regarding the investment, see Note 3.D to the Financial Statements.

- In addition, in July 2026, subsequent to the reporting date, an investment agreement (SAFE) was completed in **CyberRidge – operating in the Deep Tech, Dual use (Defense Tech)** in the amount of approximately $2 million with the participation of its existing shareholders. Elron's and RDC's share amounted to approximately $1 million (in equal parts). Simultaneously, an investment agreement in CyberRidge was completed with the participation of new investor in an amount of approximately $1 million in consideration for preferred Seed-2 shares. In addition, Elron, RDC and an additional investor were granted warrants exercisable into Seed-2 preferred shares of CyberRidge for an aggregate amount of $1.5 million. Elron's and RDC's share amounted to approximately $1 million (in equal parts). For further details, see Note 3.I to the Financial Statements.

1.2.3. Developments in Group Companies

- **Wonder Robotics – operating in the Deep Tech, Dual use (Defense Tech)** - In March 2026, a Promissory Note investment agreement in the amount of $1.5 million was completed, between Wonder Robotics and a new investor, which bears interest and is convertible into shares in a future financing round, subject to certain conditions set forth in the agreement. In addition, it was agreed that an additional amount of up to approximately $1.5 million will be invested upon the achievement of milestones specified under the agreement, and, at the investor's discretion, even if such milestones are not achieved. In addition, subsequent to the reporting date, an investment agreement (SAFE) was completed in Wonder Robotics with the participation of new investors in an aggregate amount of approximately $2.2 million pursuant to which the investment amount will be converted into Wonder Robotics shares under certain conditions stipulated in the agreement. RDC did not participate in the aforementioned investment agreement. For further details, see Note 3.E to the Financial Statements.

- **Axonius** – In May 2026, Axonius announced that it had surpassed $200 million in annual recurring revenue (ARR) while achieving 100% growth in two years.

- **BrainsGate Ltd** – In August 2026, subsequent to the reporting date, following difficulties in securing additional funding for its operations, Brainsgate's Board of Directors resolved to initiate a voluntary liquidation of the company. For further details, see Note 3.L to the Financial Statements.

1.2.4. Financing

In July 2026, subsequent to the reporting date, the Company's Board of Directors resolved a repurchase of shares to be issued upon the exercise of 66,668 options held by former employee of RDC, the company's subsidiary, who is not an officer in RDC. Following such approval, in August 2026, subsequent to the reporting date, the Company completed the repurchase of 55,202 shares for an aggregate consideration of approximately NIS 221 thousand (approximately $75 thousand). As a result, such shares became treasury shares.

- **<u>Financing and liquid resources:</u>**

  As of the date of filing this report, Elron's and RDC's liquid resources amounted to approximately $29.2 and $25.0 million, respectively. As of the date of filing this report, Elron has no debt and RDC has a loan received from Elron and Rafael.

  With respect to the financing of Elron's share of the initial investment budget for the executing mergers and acquisitions (M&A) transactions, see Section 3 of Part A of this Periodic Report.

1.2.5. Personnel

- On May 31, 2026 Mr. Shalom Turgeman stepped down from his role as Independent Director of the Company, the contents of which is included in this report by way of reference.

1.3. Results of Operations

1.3.1. Elron's main operating results

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the year ended December 31, 2025
	Unaudited		Audited
	$ thousands		
Gain (loss) attributable to Elron's shareholders	(4,613)	(1,393)	9,306
Basic gain (loss) per share attributable to Elron's shareholders (in $)	(0.12)	(0.03)	0.18
Diluted gain (loss) per share attributable to Elron's shareholders (in $)	(0.12)	(0.03)	0.17

As previously mentioned, the gain (loss) attributable to Elron's shareholders mainly comprises of: I) Elron's share in the losses of Group Companies, II) gains and losses from disposal and revaluation of investee companies and changes in holdings, III) corporate operating expenses, IV) taxes on income, as detailed below:

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the year ended December 31, 2025
	$ thousands		
Losses in respect of Group Companies:			
Elron's share in net losses of Group Companies, net	(1,685)	(2,274)	(2,002)
Excess cost amortization	(155)	(261)	(332)
Total	(1,840)	(2,535)	(2,334)
Gain (Loss) from disposal and revaluation of investee companies and changes in holdings, net	(1,405)	564	11,869
Corporate operating expenses	(1,543)	(1,171)	(2,844)
Taxes on income	-	(62)	(88)
Other**	175	1,811	2,703
Gain (loss) attributable to shareholders	(4,613)	(1,393)	9,306

*The results summarized in the table are presented net of non-controlling interests.

** includes a non-cash accounting expense related to a share based payment.

Elron Ventures Ltd.
Part II
English Translation of Board of Directors Report
for the First Half of 2026

I) Losses in respect of Group Companies

Elron's share in the net losses of Group Companies:

As previously mentioned, most of the Group Companies are technology companies which have not yet generated significant revenues, if at all, and which invest considerable amounts of resources in research and development and in marketing activities. According to accounting principles, these companies' investments in the development of their products are recorded as they occur in their statement of income as an increase in R&D expenses (unless they are capitalized as an intangible asset, as permitted under the accounting principles). Therefore, as the Group Companies increase their investments to develop their products and advance their business, they cause Elron to record greater losses in respect of its share of their losses.

The loss Elron recorded in the first half of 2026 in respect of its share in the losses of Group Companies (net of non-controlling interests), resulted mainly from the losses of Cyvers, Red Access and Raven.

The loss Elron recorded in the first half of 2025 in respect of its share in the losses of Group Companies (net of non-controlling interests), resulted mainly from the losses of Cyvers, and Cynerio Israel Ltd. ("Cynerio"), the sale of which was completed in August 2025.

II) Gain (loss) from sale, revaluation, realization of operation and changes in holdings, net:

Loss from sale, revaluation, realization of operation and changes in holdings in the first half of 2026 resulted mainly from a loss of approximately $0.7 million resulting from the sale of Zengo (see section 1.2.1 above); An approximately $0.4 million loss recorded as a result of decrease in the fair value of the investment in Nitinotes and an approximately $0.2 million loss recorded as a result of decrease in the fair value of the investment in Forsight Vision6 Inc ("Forsight").

Gain from sale, revaluation, realization of operation and changes in holdings in the first half of 2025 resulted mainly from a gain of approximately $0.9 million resulting from a change in the Company's ownership interest in Red Access following the completion of an investment agreement in January 2025, partially offset by a decrease of approximately $0.4 million due to a decrease in the fair value of the investment in Notal Vision.

III) Corporate operating expenses

Corporate operating expenses in Elron include primarily of general and administrative expenses. The increase in the operating expenses in the first half of 2026, compared to the first half of 2025 was mainly attributable to increase in professional services expenses as well as the impact of the USD-NIS exchange rate fluctuations.

1.3.2. Analysis of the consolidated statements of profit and loss

	For the six months ended June 30,		For the year ended December 31,	
	2026	2025	2025	
	Unaudited		Audited	
	$ thousands			Explanation
Gain from sale, revaluation, realization of operation and changes in holdings, net	(1,463)	1,452	19,790	In the first half of 2026, this item primarily included a loss of approximately $0.7 million resulting from the sale of Zengo (see section 1.2.1 above); An approximately $0.4 million loss recorded as a result of decrease in the fair value of the investment in Nitinotes; An approximately $0.2 million loss recorded as a result of decrease in the fair value of the investment in Forsight and an approximately $0.2 million loss recorded as a result of decrease in the fair value of the investment in N-Drip Ltd. ("N-drip"). In the first half of 2025, this item primarily included a gain of approximately $1.7 million, recognized as a result of a change in the Company's ownership interest in Red Access following the investment agreement signed in January 2025. This gain was partially offset by a loss of approximately $0.35 million due to a decrease in the fair value of the investment in Notal Vision.
Financial income	1,438	4,055	6,066	Financial income in the first-half of 2026 resulted mainly from interest income on deposits and from USD-NIS exchange rate fluctuations. Financial income in the first-half of 2025 resulted mainly from interest income on deposits and debentures and from USD-NIS exchange rate fluctuations.
Total income	(25)	5,507	25,856	
General and administrative expenses	2,906	2,450	5,218	See analysis of Elron's and RDC's operating expenses below.
Equity in losses of associates, net	3,015	4,350	4,959	Elron's share in the net losses of its associates results from its holdings in certain investments that are accounted for under the equity method. As most of the Group Companies are companies whose operations have not yet generated significant revenues, if at all, and invest considerable resources in research and development and in marketing activities, Elron expects to continue to record losses in respect of these companies' ongoing operations in accordance with the accounting method applied to them in Elron's Financial Statements. The decrease in the first half of 2026 compared with the first half of 2025 resulted mainly from the sale of Cynerio in August 2025, the sale of the assets of Team8 Surplus Ltd ("Team8 Surplus", Formerly: Sayata Labs Ltd) and the voluntarily liquidated of Scribe Security Ltd. ("Scribe") on January 2026 and Creednz Ltd. on May 2025.

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the year ended December 31, 2025	Explanation
	Unaudited	Unaudited	Audited	
	$ thousands			
Financial expenses	397	348	702	Financial expenses in the first half of 2025 and 2026 resulted mainly from interest expenses in respect of the loan granted to RDC by non-controlling interests.
Total expenses	6,318	7,148	10,879	
Gain (loss) before taxes on income	(6,343)	(1,641)	14,977	
Taxes on income	-	(123)	(172)	
Net gain (loss)	(6,343)	(1,764)	14,805	
Gain (loss) attributable to the Company's shareholders	(4,613)	(1,393)	9,306	
Gain (loss) attributable to non-controlling interests	(1,730)	(371)	5,499	The loss attributable to non-controlling interests in the first half of 2025 and 2026, resulted mainly from the share of the non-controlling interests in the loss recorded by RDC due to its share in losses from its associates.
Basic and Diluted gain (loss) per share attributable to the Company's shareholders (in $)	(0.12)	(0.03)	0.18	
Diluted and Diluted gain (loss) per share attributable to the Company's shareholders (in $)	(0.12)	(0.03)	0.17	

Operating Expenses

Operating expenses in the first half of 2026 amounted to $2,906 thousand, compared with to $2,450 thousand, in the first half of 2025, and comprised mainly of general and administrative expenses of Elron's and RDC's corporate operations, as detailed below:

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	
	$ thousands		**Explanation**
Corporate	1,616	1,263	The increase in the first half of 2026 compared to the first half of 2025 was mainly attributable to increase in professional services expenses as well as the impact of the USD-NIS exchange rate fluctuations.
RDC	1,290	1,187	The increase in the first half of 2026 compared to the first half of 2025 was primarily attributable to the impact of the USD-NIS exchange rate fluctuations.
Total	2,906	2,450	

1.4. Financial Position, Liquidity and Capital Resources

Financial position

	June 30, 2026	December 31, 2025
	Unaudited	Audited
	$ thousands	
Total assets in the consolidated statement of financial position	132,331	138,036
Current assets	54,872	60,323
Investments in associates and other companies (not including investments which was classified as held for sale)	51,354	51,711
Other long-term assets*	23,032	22,928
Intangible assets	3,051	3,051
Current liabilities	5,981	5,574
Long-term liabilities	-	72
Long term loan	7,035	6,802
Total liabilities	13,016	12,448
Equity (including non-controlling interests)	119,315	125,588

(*) Including a contingent consideration asset from the sale of CartiHeal, which was completed during 2024.

As of June 30, 2026, Consolidated equity (including non-controlling interests) totaled $119,315 thousand, representing approximately 90% of the total assets in the statement of financial position, compared with $125,588 thousand at December 31, 2025, representing approximately 91% of the total assets in the statement of financial position. The decrease in equity resulted mainly from the ongoing loss recorded by Elron in the first half of 2026.

As of June 30, 2026, Consolidated working capital totaled $48,891 thousand, compared with $54,749 thousand at December 31, 2025. The decrease in consolidated working capital resulted mainly from cash investments in Group Companies during the first half of 2026 (as detailed below) and was partially offset by the proceeds received during the first half of 2026 from the sale of Zengo (see section 1.2.1 above) and by the proceeds received from the sale of Prompt Security Ltd. ("Prompt").

Elron's and RDC's primary cash flows (1)

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
	Unaudited	
	$ thousands	
Investments in Elron's and RDC's group companies	(6,738)	(6,875)
Taxes paid in connection with gains arising from the disposal of investee companies	-	(5,343)
Taxes paid	-	(84)
Repayment of a long-term loan from Rafael	-	(2,500)
Dividend that was distributed to the Company's shareholders (see section 1.2.4 above)	-	(8,782)
Treasury Shares Acquired	(7)	-
Proceeds from disposal of Elron's and RDC's non-current investments (2)	2,842	28,051

(1) The amounts presented include RDC's cash flows in full (100%) in addition to Elron's cash flows.

Liquid resources balance

Elron's and RDC's non-consolidated liquid resources at June 30, 2026 amounted to $30,353 and $23,696 thousand, respectively (Elron's and RDC's liquid resources as of June 30, 2026 included bank deposits in the amount of $15,788 thousand in Elron).

Elron's and RDC's non-consolidated liquid resources on December 31, 2025, amounted to $33,048 and $ 25,934 thousand, respectively (Elron's liquid resources as of December 31, 2025, included other short-term investments in securities in the amounts of $1,018 thousand in Elron, and bank deposits of Elron in the amount of $21,400 thousand).

Uses of cash

The main uses of cash in the first half of 2026 were investments in Group Companies in the amount of $4,097 by Elron and an amount of $2,641 invested by RDC. Furthermore, cash was used to pay Elron and RDC's operating expenses, as detailed above in section 1.3.2 above.

The main uses of cash in the first half of 2025 were investments in Group Companies in the amount of $1,600 thousand, by Elron and an amount of $5,275 thousand, invested by RDC, dividend distribution to the Company's shareholders in the amount of $8,782 thousand and cash that was used to pay Elron and RDC's operating expenses.

Investments in Group Companies during the first half of 2026 and 2025, and for the year ended December 31, 2025, are summarized in the following table (see also Note 3 to the Financial Statements for additional details regarding investments in Group Companies):

	Elron			RDC		
	For the six months ended June 30,		Year	For the six months ended June 30,		Year
	2026	2025	2025	2026	2025	2025
	Unaudited $ thousands		Audited $ thousands	Unaudited $ thousands		Audited $ thousands
CyberRidge	-	1,000	1,763	-	1,000	1,736
Red Access	-	-	-	-	2,000	2,000
Cyvers	360	300	600	-	-	-
Addionics	-	-	3,500	-	-	-
Cynerio	-	-	-	-	1,500	1,500
Wonder Robotics	-	-	-	-	625	625
Raven	1,750	-	-	1,750		-
Scribe	-	-	-	50	150	469
Open Legacy	-	-	-	841	-	-
Tamnoon	-	-	-	-	-	1,500
Nitinotes	750	-	-	-	-	-
Notal Vision	1,000	-	-	-	-	-
Cyber Future	237	300	560	-	-	-
Total investments	4,097	1,600	6,423	2,641	5,275	7,857

Below is a breakdown of investments in portfolio companies made by Elron and RDC, after the reporting date:

	Elron	RDC
	Unaudited	
	$ thousands	
CyberRidge	500	500
Breeze	-	150
Total investments	500	625

Proceeds from the disposal of Elron's and RDC's non-current investments

Proceeds received from the disposal of non-current investments in the first half of 2026 mainly included:

- Consideration in the amount of approximate $1,300 thousand as a result of the sale of Zengo (of which approximately $200 thousand was deposited in escrow for a period of 18 months (see section 1.2.1 above).
- Consideration in the amount of approximate $1,000 thousand as a result of the sale of Prompt which was completed in 2025, in respect of shares held by Cyber Future.
- Proceeds received in August 2026, subsequent to the reporting date, of approximate $2,000 thousand as a result of the repurchase shares of Team8 Surplus which was held by RDC.

Proceeds received from the disposal of non-current investments in the first half of 2025 mainly included:

- Cash proceeds of approximately $25,500 thousand from the sale of IronScales Ltd. ("IronScales").
- Proceeds received in January 2025 of approximately $2,500 thousand from an escrow deposit placed for a 12-month period in connection with the sale of CartiHeal (as described below). In July 2025, the remaining additional escrow deposit of approximately $2,800 thousand, which had been deposited for an 18-month period, was received.

2. Market Risk Exposure and Management

During the first half of 2026, there were no material changes in the market risks to which the Company is exposed, in the risk management policy, or in the officer responsible for management of Market risks in Elron, compared with those described in Part II (Board of Directors Report) of the Annual Report for 2025.

2.1. Report on Linkage Bases

Presented below is the Company's consolidated linkage balance at June 30, 2026 ($ thousands) (unaudited).

	NIS (CPI linked)	USD (or USD linked)	NIS (not linked)	Non-monetary item**	Total
Assets *					
Cash and cash equivalents	-	30,985	7,276	-	38,261
Bank deposits	-	15,772	16	-	15,788
Other accounts receivable	-	83	457	283	823
Right-of-use assets	-	-	-	211	211
Investments in associates	-	-	-	12,217	12,217
Other investments measured at fair value	-	-	-	39,137	39,137
Property, plant and equipment, net	-	-	-	22	22
Intangible assets	-	-	-	3,051	3,051
Long-term receivables	-	240	20	-	260
Contingent consideration from the sale of CartiHeal	-	22,561	-	-	22,561
	-	69,641	7,769	54,921	132,331
Liabilities *					
Trade payables	-	-	96	-	96
Lease liability	244	-	-	-	244
Long-term loan	-	7,035	-	-	7,035
Other accounts payable	3,952	72	1,617	-	5,641
	4,196	7,107	1,713	-	13,016

(*) Including items that are not financial items.

2.2. Report on Linkage Bases and Sensitivity Tests of Financial Instruments

The following tables describe sensitivity tests of the changes in the fair value of financial instruments included in the Financial Statements that are held by Elron and its consolidated companies as of June 30, 2026. There were no changes during the period with respect to the remaining financial instruments.

The following notes should be considered when reviewing the tables below:

1. The exchange rates used in the sensitivity analyses are the closing rates in effect on the calculation date.
2. For details on how exchange-rate fluctuations affect financial assets and financial liabilities, see the linkage-basis balance sheets above.
3. Sensitivity analyses for changes in the shekel interest rate have not been presented, as their effect on fair value is immaterial.

A. Sensitivity tests of balances as of June 30, 2026

Sensitivity test of changes in dollar interest rates

	Gain (loss) from changes in dollar interest rates						
		Increase			Decrease		
	Fair value	2% Absolute value	10%	5%	2% interest	10%	5%
Section	$ thousands						
Short term bank deposits	15,795	(36)	(8)	(4)	36	8	4
Loans	(7,010)	342	122	62	(363)	(125)	(62)

Sensitivity test of changes in share prices of investments in other companies measured at fair value

		Gain (loss) from changes in the price of shares			
		Increase		Decrease	
	Fair value	10%	5%	10%	5%
Section	$ thousands				
Investments in other companies measured at fair value	39,137	3,914	1,957	(3,914)	(1,957)

Lisya Bahar Manoah
Chairman of the Board of Directors

Yaniv Shnieder
CEO

August 30, 2026, Tel Aviv

ELRON VENTURES LTD.

English Translation of the Periodic Report for the First Half of 2026
Filed with the Israel Securities Authority

Part III

Interim Consolidated Financial Statements as of June 30, 2026

Elron Ventures

Elron Ventures Ltd.

Part III

English Translation of Interim Consolidated Financial Statements

As of
June 30, 2026
Unaudited

Interim Consolidated Financial Statements as of June 30, 2026

Contents

Auditor's review report to the shareholders of Elron Ventures Ltd.

Introduction

We have reviewed the accompanying financial information of Elron Ventures Ltd and Subsidiaries (hereinafter - the "Company"), which comprises the condensed consolidated statement of financial position as of June 30, 2026, and the condensed consolidated statements of income or loss, comprehensive income (loss), changes in equity and cash flows for the six months period then ended. The Company's board of directors and management are responsible for the preparation and presentation of this interim financial information for this interim period in accordance with IAS 34, "Interim Financial Reporting". In addition, they are responsible for the preparation of this interim financial information for this interim period in accordance with chapter 4 of the provisions of the Securities Regulations (periodic and immediate reports) 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of associates, the investment in which, at the equity method, amounted to approximately $5,019 thousand as of June 30, 2026, and the company's share in their losses amounted to approximately $1,524 thousand and for the six months period then ended. The condensed interim financial information for this interim period of those companies were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with (Israel) Review Standard No. 2410, issued by the Israeli Institute of Certified Public Accountants regards "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing principles generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present fairly, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

In addition to the previous paragraph, based on our review and the review reports of the other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not present, in all material respects, in accordance with chapter 4 of the provisions of the Securities Regulations (Periodic and immediate reports) 1970.

Tel-Aviv, Israel	Kesselman & Kesselman
August 30, 2026	Certified Public Accountants (Isr.)
	A member firm of PricewaterhouseCoopers International Limited

Consolidated Statements of Financial Position

	June 30		December 31
	2026	2025	2025
	Unaudited		Audited
	$ thousands		
Current assets			
Cash and cash equivalents	38,261	35,710	36,570
Bank deposits	15,788	31,230	21,400
Other investments in securities	-	2,792	1,018
Other accounts receivable	823	6,484	1,335
Investments classified as held for sale	-	676	-
	54,872	76,892	60,323
Non-current assets			
Investments in associates	12,217	10,951	11,498
Other investments measured at fair value	39,137	18,934	40,213
Long-term receivables	260	20	22
Contingent consideration from CartiHeal's sale	22,561	18,365	22,561
Right-of-use assets	211	465	345
Property, plant and equipment, net	22	13	23
Intangible assets	3,051	3,051	3,051
	77,459	51,799	77,713
Total assets	132,331	128,691	138,036

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Financial Position

	June 30		December 31
	2026	2025	2025
	Unaudited		Audited
	$ thousands		
Current liabilities			
Trade payables	96	83	58
Current maturities of lease	244	338	295
Other accounts payable	5,641	5,906	5,221
	5,981	6,327	5,574
Long-term liabilities			
Long-term loans	7,035	6,584	6,802
Lease liabilities	-	237	72
	7,035	6,821	6,874
Equity attributable to the Company's shareholders			
Issued capital	9,591	9,592	9,592
Treasury Shares	-	-	(993)
Share premium	244,279	245,278	245,278
Capital reserves	6,377	6,377	6,377
Accumulated deficit	(160,006)	(160,638)	(155,470)
	100,241	100,609	104,784
Non-controlling interests	19,074	14,934	20,804
Total equity	119,315	115,543	125,588
Total liabilities and equity	132,331	128,691	138,036

The accompanying notes are an integral part of the interim consolidated financial statements.

Lisya Bahar Manoah Chairman of the Board of Directors	Yaniv Shnieder Chief Executive Officer	Rony Gur Arie Chief Financial Officer

Approval date of the interim consolidated financial statements: August 30, 2026

Consolidated Statements of Comprehensive Income (Loss)

	For the six months ended June 30		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	$ thousands (except for income (loss) per share data)		
Income			
Gain (Loss) from sale, revaluation, realization of operation and changes in holdings, net	(1,463)	1,452	19,790
Financial income	1,438	4,055	6,066
	(25)	5,507	25,856
Expenses			
General and administrative expenses	2,906	2,450	5,218
Equity in losses of associates, net	3,015	4,350	4,959
Financial expenses	397	348	702
	6,318	7,148	10,879
Income (loss) before taxes on income	(6,343)	(1,641)	14,977
Taxes on income	-	(123)	(172)
Comprehensive Income (Loss)	(6,343)	(1,764)	14,805
Attributable to:			
The Company's shareholders	(4,613)	(1,393)	9,306
Non-controlling interests	(1,730)	(371)	5,499
	(6,343)	(1,764)	14,805
Income (loss) per share attributable to the Company's shareholders (in $)			
Basic income (loss) per share	(0.12)	(0.03)	0.18
Diluted income (loss) per share	(0.12)	(0.03)	0.17

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders									
	Issued capital	Share Premium	Capital reserve for transaction with controlling shareholders	Capital reserve for financial assets measured at fair value through other comprehensive income	Treasury Shares	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total	Non-controlling interests	Total equity
	Unaudited									
	$ thousands									
Balance at January 1, 2026 (audited)	9,592	245,278	351	(1,192)	(993)	7,218	(155,470)	104,784	20,804	125,588
Total net income (loss)	-	-	-	-	-	-	(4,613)	(4,613)	(1,730)	(6,343)
Share-based payments	-	-	-	-	-	-	77	77	-	77
Acquisition of treasury shares	-	-	-	-	(7)	-	-	(7)	-	(7)
Treasury shares cancellation	(1)	(999)	-	-	1,000	-	-	-	-	-
Balance at June 30, 2026	9,591	244,279	351	(1,192)	-	7,218	(160,006)	100,241	19,074	119,315

*) Represents amount less than $1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders									
	Issued capital	Share Premium	Capital reserve for transaction with controlling shareholders	Capital reserve for financial assets measured at fair value through other comprehensive income	Capital reserve from translation differences	Capital reserve from transactions with non-controlling interests	Accumulated deficit	Total	Non-controlling interests	Total equity
	Unaudited									
	$ thousands									
Balance at January 1, 2025 (audited)	9,592	245,278	351	(1,192)	-	7,218	(150,586)	110,661	14,564	125,225
Total net income (loss)	-	-	-	-	-	-	(1,393)	(1,393)	(371)	(1,764)
Dividend to equity holders of the Company	-	-	-	-	-	-	(8,782)	(8,782)	-	(8,782)
Share-based payments	-	-	-	-	-	-	123	123	-	123
RDC's loan from non-controlling interest	-	-	-	-	-	-	-	-	741	741
Exercise options for ordinary shares	(*	-	-	-	-	-	-	(*	-	(*
Balance at June 30, 2025	9,592	245,278	351	(1,192)	-	7,218	(160,638)	100,609	14,934	115,543

*) Represents amount less than $1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

	Attributable to the Company's shareholders									
	Issued capital	**Share premium**	**Capital reserve for transaction with controlling shareholders**	**Capital reserve for financial assets measured at fair value through other comprehensive income**	**Capital reserve from translation differences**	**Capital reserve from transactions with non-controlling interests**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total equity**
					$ thousands					
Balance at January 1, 2025	9,592	245,278	351	(1,192)	-	7,218	(150,586)	110,661	14,564	125,225
Total net income	-	-	-	-	-	-	9,306	9,306	5,499	14,805
Dividend to equity holders of the Company	-	-	-	-	-	-	(14,282)	(14,282)	-	(14,282)
Share-based payments	-	-	-	-	-	-	92	92	-	92
RDC's loan from non-controlling interest	-	-	-	-	-	-	-	-	741	741
Acquisition of treasury shares	-	-	-	-	(993)	-	-	(993)	-	(993)
Exercise options for ordinary shares	(*	-	-	-	-	-	-	(*		(*
Balance at December 31, 2025	9,592	245,278	351	(1,192)	(993)	7,218	(155,470)	104,784	20,804	125,588

*) Represents amount less than $1 thousand.

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Cash Flows

	For the six months ended June 30		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	$ thousands		
Cash flows from operating activities			
Net income (loss)	(6,343)	(1,764)	14,805
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Adjustment to the profit or loss items:			
Depreciation and amortization	142	130	256
Finance, net	(1,329)	(3,448)	(5,642)
Stock based compensation	77	123	92
Gain (Loss) from sell, revaluation, realization of activity and changes in holdings, net	1,463	(1,452)	(19,790)
Equity in losses of associates, net	3,015	4,350	4,959
Taxes on income, net	-	123	172
Other	(1)	6	-
	3,367	(168)	(19,953)
Changes in Assets and Liabilities:			
Decrease (Increase) in other accounts receivable	50	(198)	(136)
Increase in trade payables	38	34	9
Increase (decrease) in other accounts payable	443	(479)	11
	531	(643)	(116)
Cash paid and received during the period for:			
Taxes paid	-	(84)	(85)
Interest paid	(8)	(16)	(27)
Interest received	1,147	1,610	3,269
	1,139	1,510	3,157
Net cash used in operating activities	(1,306)	(1,065)	(2,107)

The accompanying notes are an integral part of the interim consolidated financial statements.

Consolidated Statements of Cash Flows (Cont.)

	For the six months ended June 30		For the year ended December 31
	2026	2025	2025
	Unaudited		Audited
	$ thousands		
Cash flows from investment activities			
Purchase of property and equipment	(7)	(5)	(21)
Investment in associates and other companies	(6,738)	(6,894)	(14,310)
Proceeds from sale of associates and other companies	2,842	28,052	32,944
Sale of other investments in securities, net	1,000	-	1,750
Taxes paid on gains from the sale of investee companies	-	(5,343)	(6,644)
Withdrawal of (investment in) deposits, net	5,590	(2,877)	7,255
Net cash provided by (used in) investment activities	2,687	12,933	20,974
Cash flows from financing activities			
Dividend distribution	-	(8,782)	(14,282)
Partial repayment of the RDC loan from non-controlling interests	-	(2,500)	(2,500)
Treasury Shares Acquired	(7)	-	(993)
Repayment of lease liability	(146)	(144)	(277)
Net cash used in financing activities	(153)	(11,426)	(18,052)
Exchange rate differences in respect of cash and cash equivalents	463	2,047	2,534
Increase in cash and cash equivalents	1,691	2,489	3,349
Cash and cash equivalents as of beginning of the period	36,570	33,221	33,221
Cash and cash equivalents as of end of the period	38,261	35,710	36,570

The accompanying notes are an integral part of the interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

(USD in thousands, except for price per share and number of shares)

Note 1 – General

Elron Ventures Ltd. ("Elron" or "the Company") is an operational holding company that focuses on building technology companies. In accordance with the Company's strategy, its activities are focused on two main operating channels: (1) investment in technology companies in Israel and worldwide in the fields of Deep Tech, Defense Tech, cybersecurity and AI, mainly in Early Growth stages. (2) Pursuing mergers and acquisitions (M&A) transactions opportunities resulting in the acquisition of control of dual-use technology companies serving both the defense and civilian markets through its subsidiary RDC – Rafael Development Corporation Ltd. ("RDC"). Elron's existing group of companies includes companies operating in the fields of Deep Tech, Defense Tech, cybersecurity, software and medical devices. The Company is an Israeli-resident company incorporated in Israel, traded on the Tel-Aviv Stock Exchange, its main market. Its registered address is ToHa Tower, 114 Yigal Alon St., 22nd floor, Tel Aviv

As of the reporting date, the Company's parent company is Arieli E.L. Ltd. ("Arieli"), which as of that date, holds 58.39% of Elron's share capital.

The accompanying consolidated financial statements have been prepared as of June 30, 2026, and for the six months then ended ("interim consolidated financial statements") in accordance with International Financial Reporting Standards ("IFRS") in condensed format. The interim consolidated financial statements are presented in U.S. dollar, the Company's functional currency, and are rounded to the nearest thousand. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2025 and the year then ended and accompanying notes ("the annual consolidated financial statements").

These financial statements were approved for release by the Company's Board of Directors on August 30, 2026.

Small Corporation

The Company is a "small corporation" as defined in regulation 5C of the Reports Regulations (Periodic and Immediate Reports), 5730-1970. In accordance with the decision of the Company's Board of Directors, the Company has adopted all the reliefs available to small corporations by Regulation 5d of the Securities Regulations, including the semi-annual reporting format.

Note 2 – Significant Accounting Policies and Basis of preparation

The interim consolidated financial statements were prepared in accordance with generally accepted accounting policies for the preparation of financial statements for interim periods as prescribed in IAS 34 – Interim Financial Reporting, and in accordance with Section D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("the Regulations").

The significant accounting policies followed in the preparation of the interim consolidated financial statements are identical to those applied in preparation of the annual consolidated financial statements.

Note 3 – Material Changes During the Reporting Period

A. Raven

Raven Cloud, Inc. ("Raven") is a cybersecurity company that provides real-time application protection, with the goal of stopping malicious code execution before it begins to operate. As of the reporting date, Elron and RDC jointly holds approximately 10% of Raven's outstanding shares (in equal parts) and the investment in Raven is accounted for under the equity method of accounting (among other things, due to the right to the appointment of Directors in Raven’s Board of Directors).

As described in Note 3.B.2.o) to the Annual Consolidated Financial Statements, In March 2026, Elron, El Ciso Club, Limited Partnership ("Cyber Future") and RDC made their initial investment in Raven, in an aggregate amount of approximately $3,700, of which Elron and RDC invested an aggregate amount of approximately $3,500 (in equal parts) and the remaining amount was invested by Cyber Future in consideration for preferred Post Seed shares. The aforementioned investment was part of an investment round in an amount of approximately $12,200 of which in an amount of approximately $6,600 in consideration for preferred Post Seed shares, and approximately $5,600 invested by Raven’s existing investors under Simple Agreement for Future Equity (“SAFE”) agreements, which was converted into preferred Post Seed-1 shares.

B. Zengo

Zengo Ltd. ("Zengo") develops and provides a secure crypto wallet that doesn't compromise between security and user experience. Prior to its sale, Elron held approximately 8% of Zengo's outstanding shares. The investment in Zengo was accounted for as a financial asset measured at fair value through profit or loss.

In April 2026, Zengo and its shareholders completed the sale of all of Zengo’s issued and outstanding share capital to eToro Ltd (the “Purchaser”) (the “Transaction”). As part of the Transaction, Elron's share of the total consideration amount to approximately $1,300, based on the liquidation preference and distribution terms set out in the Transaction documents (of which approximately $200 will be held in escrow for 18 months, mainly to secure certain indemnification obligations of the sellers to the Purchaser, as is customary in such transactions). In addition, the Transaction included a contingent consideration, of which Elron’s share is up to approximately $1,700. As of June 30, 2026, the fair value of the contingent consideration was estimated at zero. As a result, Elron recognized as part of its financial statements for the first half of 2026 a loss of approximately $700 under line item gain (loss) from sale, revaluation, realization of operation and changes in holdings, net.

C. Notal

NotalVision Inc. ("Notal") develops and provides ophthalmic diagnostic services for managing age-related macular degeneration (AMD) from home and improving vision outcomes. As of the reporting date, Elron holds approximately 8% of Notal's outstanding shares. The investment in Notal is accounted for as a financial asset measured at fair value through profit or loss.

As described in Note 7.B to the annual consolidated financial statements, in April 2026, the investment agreement from May 2021 was further extended up to $90,000 in consideration for the issuance of Preferred D shares. Under this expansion, an aggregate amount of approximately $3,700 was invested

Note 3 – Material Changes During the Reporting Period (Cont.)

C. Notal (Cont.)

during the first half of 2026 in Notal. Elron's share was $1,000. As a result, the balance of the investment in Notal increased to approximately $8,750 as of June 30, 2026.

D. Nitinotes

Nitinotes Ltd. ("Nitinotes") develops an endoscopic system for automated gastric suturing designed to achieve gastric volume reduction and impairment of gastric motility for the treatment of obesity. As of the reporting date, Elron holds approximately 9% of Nitinotes' outstanding shares and the investment in Nitinotes is accounted for as a financial asset measured at fair value through profit or loss.

In April 2026, an investment agreement (SAFE) was completed in Nitinotes with the participation of its existing shareholders, in an amount of $6,200. In accordance with the aforementioned investment agreement, the investment amount will be converted into Nitinotes shares under certain conditions stipulated in the agreement. Elron's share was $750.

In May 2026, the SAFE investment from December 2024 in approximately $9,300 was converted into Preferred B-2 shares (Elron's share was approximately $200).

As of June 30, 2026, the fair value of the investment in Nitinotes was determined with the assistance of an independent appraiser and was estimated at approximately $2,500 (compared to approximately $2,200 as of December 31, 2025). As a result, during the first half of 2026 Elron recognized a loss in the amount of approximately $400, recorded under line item gain (loss) from sale, revaluation, realization of operation and changes in holdings, net.

E. Wonder Robotics

Wonder Robotics Ltd. ("Wonder Robotics") develops computer vision and AI based solutions integrated into drones and unmanned aerial vehicles, enabling full autonomy, including optical navigation, target detection, target homing, autonomous landing, and more. As of the reporting date, RDC holds approximately 30% of Wonder Robotics' outstanding shares and the investment in Wonder Robotics is accounted for under the equity method of accounting.

As described in Note 3.B.2.h to the annual consolidated financial statements, in March 2026, a Promissory Note investment agreement in the amount of $1,500 was signed, between Wonder Robotics and a new investor, which bears interest and is convertible into shares in a future financing round, subject to certain conditions set forth in the agreement. In addition, it was agreed that an additional amount of up to approximately $1,500 will be invested upon the achievement of milestones specified under the agreement, and, at the investor's discretion, even if such milestones are not achieved. RDC did not participate in the aforementioned investment agreement.

Note 3 – Material Changes During the Reporting Period (Cont.)

E. Wonder Robotics (Cont.)

In July 2026, subsequent to the reporting date, an investment agreement (SAFE) was signed in Wonder Robotics with the participation of new shareholders, in an amount of $2,150. In accordance with the aforementioned investment agreement, the investment amount will be converted into Wonder Robotics shares under certain conditions stipulated in the agreement. As of the publication of this report, an amount $1,150 was invested of the said amount. RDC did not participate in the aforementioned investment agreement.

F. Open Legacy

Open Legacy Technologies Ltd. ("Open Legacy") develops and markets an AI-driven platform for migrating legacy system to modern cloud environments by making the system, and the data they contain, fully accessible to modern digital application and AI platforms. As of the reporting date, RDC holds approximately 22% of Open Legacy's outstanding shares and the investment in Open Legacy is accounted for under the equity method of accounting.

As described in Note 3.B.2.p to the annual consolidated financial statements, In March 2026, an investment agreement (SAFE) was completed in Open Legacy with the participation of its existing shareholders for an amount of approximately $3,000. In accordance with the aforementioned investment agreement, the investment sum will be converted into Open Legacy shares under certain conditions stipulated in the agreement. RDC's share was approximately $840.

G. Cyvers

CyVers.AI Ltd. ("Cyvers") develops an AI based platform for real-time detection of crypto-related attacks and prevention of payment fraud. As of the reporting date, Elron holds approximately 26% of Cyvers's outstanding shares and the investment in Cyvers is accounted for under the equity method of accounting.

As described in Note 3.B.2.f to the annual consolidated financial statements, In February and June 2026, a SAFE investment in Cyvers which was signed in 2025 was extended, to an additional amount of $650. Elron's share was approximately $360.

H. Breeze

Breeze Security Ltd. ("Breeze") is developing a solution in the space of enterprise cyber security performance management through software that monitors their existing cybersecurity technologies in order to identify and remediate security exposures that place the organization's critical assets and business processes at risk. As of the reporting date, RDC holds approximately 13% of Breeze's outstanding shares and the investment in Breeze is accounted for under the equity method of accounting (among other things, due to RDC's right to the appointment of Directors in Breeze's Board of Directors).

In July 2026, subsequent to the reporting date, an investment agreement (SAFE) was completed in Breeze with the participation of its existing shareholders, in an amount of $2,000. In accordance with the aforementioned investment agreement, the investment amount will be converted into Breeze shares under certain conditions stipulated in the agreement. RDC's share was approximately $750. As of the publication date, approximately $250 has been invested in Breeze under the SAFE agreement. RDC's share was approximately $125.

Note 3 – Material Changes During the Reporting Period (Cont.)

I. CyberRidge

CyberRidge Ltd. develops and provides an optical encryption solution designed to prevent the interception of transmitted information, as well as quantum secure encryption for data transmission over public optical fiber networks. As of the reporting date, Elron and RDC jointly holds approximately 11% of CyberRidge's outstanding shares (in equal parts) and the investment in CyberRidge is accounted for as a financial asset measured at fair value through profit or loss.

As described in Note 7.D to the annual consolidated financial statements, in July 2026, subsequent to the reporting date, an additional investment in the amount of approximately $1,000 in CyberRidge was completed, with the participation of new shareholder, in consideration for Seed-2 Preferred shares.

Simultaneously, an investment agreement (SAFE) was completed in CyberRidge with the participation of a new and existing shareholders, in an amount of $2,000. Elron's and RDC's share was $1,000 (in equal parts). In addition, warrants exercisable into CyberRidge Seed-2 Preferred Shares were issued to Elron, RDC, and an additional investor, for an aggregate amount of $1,500 (Elron's and RDC's share in the warrants up to an aggregate amount of $1,000).

J. Cyber Future

Cyber Future was established by Elron at the end of 2022 and is an exclusive global group of Chief Information Security Officer from the world's leading organizations in diverse industries, whose goal is to locate cyber ventures at various stages in order to invest in them, with Elron's funding and involvement. CyberFuture invests in and supports young and promising startups via a unique investment and operational model. Elron is the only partner that bears funding obligations in an amount of up to $2,000 of the partnership’s investments and its expenses, while there is an agreed-upon profit sharing mechanism between all partners.

Since its incorporation and until June 30, 2026, Elron invested in Cyber Future a total amount of approximately $1,950 and has completed aggregate distributions of $1,400 to Elron and the limited partners. Of these amounts, during the first half of 2026, Elron invested approximately $220 in Cyber Future and an aggregate distribution of $1,300 was made by Cyber Future, of which approximately $1,100 was distributed to Elron and approximately $200 to the other limited partners.

K. Team8 Surplus (Formerly: Sayata Labs Ltd)

Team8 Surplus (Formerly: Sayata Labs Ltd) (“Team8 Surplus”) developed and marketed software that combines the expertise of insurance professionals, IT developers and data scientists to help insurance companies in underwriting insurance policies across various product lines tailored for small and medium businesses, enabling them to address their clients' risk and accordingly provide the right insurance quotes. As of the reporting date, RDC holds approximately 20% of Team8 Surplus' outstanding shares and the investment in Team8 Surplus is accounted for under the equity method of accounting.

As described in Note 3.B.2.i to the annual consolidated financial statements, in July 2026, subsequent to the reporting date, approval was received from the Court for the repurchasing of Team8 Surplus shares held by RDC for an aggregate consideration of approximately $2,000. In August 2026, subsequent to the reporting date, the aforementioned consideration was received.

Note 3 – Material Changes During the Reporting Period (Cont.)

L. Brainsgate

BrainsGate ("Brainsgate") was developed a platform for the treatment of diseases of the central nervous system, with minimal invasiveness. The platform operates by electrically stimulating a nerve center located behind the nasal cavity using a miniature implantable electrode.

In August 2026, subsequent to the reporting date, following difficulties in securing additional funding for its operations, Brainsgate's Board of Directors resolved to voluntarily liquidate the company. As of the reporting date, the carrying amount of the investment in Brainsgate was zero.

M. Share repurchase

As described in Note 11.C to the annual consolidated financial statements, in January 2026, the Company's Board of Directors approved the cancellation of 563,821 company's shares repurchased under the share repurchase program, which commenced on August 28, 2025 and was fully completed in January 5, 2026.

In July 2026, subsequent to the reporting date, the Company's Board of Directors resolved a repurchase of shares to be issued upon the exercise of 66,668 options held by a former employee of RDC, the company's subsidiary, who is not an officer in RDC. Following such approval, in August 2026, subsequent to the reporting date, the Company completed the repurchase of 55,202 shares for an aggregate consideration of approximately $75. As a result, such shares became treasury shares.

Note 4 – Financial instruments

A. Fair value

The carrying amount of all of the Company's financial assets and liabilities, including cash and cash equivalents, bank deposits, other investments in securities, other accounts receivable, other investments measured at fair value, long term receivables, other accounts payable, trade payables and long-term loans, conform to or approximate their fair values.

B. Classification of financial instruments by fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

(USD in thousands, except for price per share and number of shares)

Note 4 – Financial instruments (Cont.)

B. Classification of financial instruments by fair value hierarchy (Cont.)

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

Financial assets measured at fair value:

	As of June 30, 2026		
	Unaudited		
	Level 1	Level 2	Level 3
Other investments measured at fair value	-	-	39,137
Contingent considerations from CartiHeal's sale	-	-	22,561
	-	-	61,698

	As of June 30, 2025		
	Unaudited		
	Level 1	Level 2	Level 3
Other investments measured at fair value	-	-	18,934
Other investments in securities	-	2,792	-
Contingent considerations from CartiHeal's sale	-	-	18,365
	-	2,792	37,299

	As of December 31, 2025		
	Audited		
	Level 1	Level 2	Level 3
Other investments measured at fair value	-	-	40,213
Other investments in securities	-	1,018	-
Contingent considerations from CartiHeal's sale	-	-	22,561
	-	1,018	62,774

(USD in thousands, except for price per share and number of shares)

Note 4 – Financial instruments (Cont.)

B. Classification of financial instruments by fair value hierarchy (Cont.)

Changes in financial assets classified in Level 3:

For the six months period ended June 30, 2026:

	Financial assets measured at fair value
Balance as of January 1, 2026 (audited)	62,774
Total recognized loss in profit or loss, net (*)	(792)
Zengo sale (See Note 3.B)	(2,034)
Investments (see Note 3.C and 3.D above)	1,750
Balance as of June 30, 2026	61,698

(*) The decrease is primarily attributable to a decrease in the fair value of the Company's investments in Forsight Vision6 Inc. ("Forsight") and N-Drip Ltd. ("N-drip") in the amount of approximately $200, each, and a change in the fair value of the investment in Nitinotes (for further details see Note 3.D above). The entire loss included in profit or loss relating to assets and liabilities held at the end of the reporting period.

For the six months period ended June 30, 2025:

	Financial assets measured at fair value
Balance as of January 1, 2025 (audited)	61,145
Total recognized loss in profit or loss, net (*)	(349)
Investments	2,000
IronScales Ltd. ("Ironscales") Sale	(25,497)
Balance as of June 30, 2025 (Unaudited)	37,299

(*) The entire loss included in profit or loss relating to assets and liabilities held at the end of the reporting period.

(USD in thousands, except for price per share and number of shares)

Note 4 – Financial instruments (Cont.)

B. Classification of financial instruments by fair value hierarchy (Cont.)

For the year ended December 31, 2025:

	Financial assets measured at fair value
	Audited
Balance as of January 1, 2025	61,145
Total recognized income in profit or loss, net	3,805
IronScales Sale	(25,497)
Consideration in Axonius Inc. shares	14,795
Investment	8,526
Balance as of December 31, 2025	62,774

(*) The balance of gain (loss) included in profit or loss is related to assets held at the end of the reporting period.

C. Valuation techniques

For details on the fair value of investments in unquoted shares, see Note 2 to the annual consolidated financial statements.

ANNEX TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Details relating to investments in the interim consolidated financial statements as of June 30, 2026

	Rate of holdings in equity		Consolidated rate of holdings in equity	Elron's effective rate of holdings in equity (3)	Fully diluted consolidated rate of holdings	Elron's fully diluted effective rate of holdings (3)	Consolidated carrying value of investment June 30, 2026
	Elron (1)	RDC (2)					
	%						$ thousands
Investments in investee companies							
Associates:							
Open Legacy Technologies Ltd.	-	22.2	22.2	11.12	18.28	9.16	521
Team8 Surplus (Formerly: Sayata Labs Ltd)	20.14	-	20.14	10.09	17.69	8.86	1,946
Edge 226 Ltd.	23.58	-	23.58	23.58	15.94	15.94	3,058
Raven Cloud, Inc.	4.85	4.85	9.69	7.27	8.62	6.47	2,974
R.a Red Access Security Ltd.	-	21.21	21.21	10.63	18.68	9.36	2,045
Wonder Robotics Ltd.	-	30.06	30.06	15.06	26.44	13.24	-
CyVers.AI Ltd.	26.01	-	26.01	26.01	23.98	23.98	58
Breeze Security Ltd.	-	13.23	13.23	6.63	11.89	5.95	210
Other investments (4), (5), (6):							
Axonius Inc.	-	(*	(*	(*	(*	(*	14,795
NotalVision Inc.	7.83	-	7.83	7.83	5.95	5.95	8,750
CyberRidge Ltd.	5.44	5.44	10.88	8.17	9.18	6.89	3,526
Addionics Limited	2.54	-	2.54	2.54	2.22	2.22	3,500
Tamnoon Inc.	-	6.56	6.56	3.28	5.74	2.88	3,620
Nitiniotes Ltd.	8.84	-	8.84	8.84	7.91	7.91	2,505
Azura Ophthalmics Ltd.	0.85	-	0.85	0.85	0.79	0.79	570
BitSight Technologies, Inc.	(*	-	(*	(*	(*	(*	500
Forsight Vision6 Inc.	3.51	-	3.51	3.51	2.83	2.83	-
N-Drip Ltd.	-	1.60	1.60	0.80	1.33	0.66	-
Atlantium Technologies Ltd.	6.16	-	6.16	6.16	5.22	5.22	130

(1) Including holdings through Elron's fully-owned subsidiary.
(2) Including holdings through a fully-owned subsidiary of RDC.
(3) Elron's effective holdings include holdings by RDC multiplied by 50.10% (Elron's holding rate in RDC).
(4) Bark A.I. Ltd. is held by Elron through a SAFE investment, its book value is $1,200.
(5) Cyber Future, El Ciso Club, a limited partnership, established by Elron, its book value is approximately $1,288.
(6) In July 2026, subsequent to the reporting date, the Company incorporated several entities in connection with Elron EverGrowth Fund, L.P. (the "Fund"), including Elron EGF GP Ltd., Elron EGF Management GP Ltd., Elron EGF GP, Limited Partnership, and Elron EGF Management Limited Partnership. The Fund is expected to focus primarily on investments in the Deep Tech, Defense Tech, cybersecurity, and artificial intelligence (AI) fields.
(*) Held at less than 1%.

ELRON VENTURES LTD.

English Translation of the Periodic Report for the First Half of 2026
Filed with the Israel Securities Authority

Part IV

Manager’s Declaration regarding the Effectiveness of Internal Control

Declaration of the Principal Executive Officer pursuant to Regulation 38C(d)(1):

Managers' Declaration

Declaration of the Chief Executive Officer

I, Yaniv Shnieder, declare that:

(1) I have examined the semi annual report of Elron Ventures Ltd. (the "**Corporation**") for the First Half of 2026 (the "**Reports**");

(2) Based on my knowledge, the Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;

(3) Based on my knowledge, the financial statements and other financial information included in the Reports, fairly present, in all material respects, the financial condition, results of operations and cash flows of the Corporation, as of, and for the periods presented in the Reports;

(4) I have disclosed to the Corporation's independent auditors, board of directors and audit committee of the Corporation's board of directors, any fraud, whether or not material, which involves the principal executive officer, a direct subordinate of the principal executive officer, or other employees who have a significant role in financial reporting and disclosure and control over the financial reporting.

Nothing in the aforesaid derogates from my responsibility or the responsibility of any other person, pursuant to any law.

August 30, 2026 ____________________________________

Yaniv Shnieder, CEO

Declaration of the Principal Financial Officer pursuant to Regulation 38C(d)(2):

Managers' Declaration

Declaration of Principal Financial Officer

I, Rony Gur Arie, declare that:

(1) I have examined the interim financial statements and other financial information which is included in the interim reports of Elron Ventures Ltd. (the "**Corporation**") for the First Half of 2026 (the "**Reports**" or the "**Interim Reports**");

(2) Based on my knowledge, the interim financial statements and other financial information which is included in the Interim Reports do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports;

(3) Based on my knowledge, the interim financial statements and other financial information included in the Interim Reports fairly present, in all material respects, the financial condition, results of operations and cash flows of the Corporation, as of, and for the periods presented in the Reports;

(4) I have disclosed to the Corporation's independent auditor, board of directors and the audit committee of the Corporation's board of directors, any fraud, whether or not material, which involves the principal executive officer, a direct subordinate of the principal executive officer, or other employees who have a significant role in financial reporting and disclosure and control over the financial reporting.

Nothing in the aforesaid derogates from my responsibility or the responsibility of any other person, pursuant to any law.

August 30, 2026 ____________________________________

Rony Gur Arie, CFO

English Translation of Liabilities report of the Company by repayment date

Section 36a to the Israel Securities Law (1968)

Report as of June 30, 2026

Following are the liabilities of the Company by repayment date:

The following data are presented in NIS and were translated from USD to NIS using the exchange rate as of June 30, 2026 (1 USD = 2.978 NIS)

A. Debentures issued to the public by the reporting Entity and held by the public, excluding debentures held by the Company's parent ,controlling shareholder, companies controlled by one of the parties mentioned above or by companies controlled by the company - based on separate financial data of the Entity ("Solo" reports) (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

B. Private debentures and non-bank credit, excluding debentures or credit granted by the Comapny's parent, controlling shareholder, companies controlled by one of the parties mentioned above or by companies controlled by the company - based on separate financial data of the Entity ("Solo" reports) (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	298	0	73	371
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	298	0	73	371

C. Bank credit from Israeli banks - based on separate financial data of the Entity ("Solo" reports) (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

D. Bank credit from non-Israeli banks - based on separate financial data of the Entity ("Solo" reports) (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

E. Summary of tables A-D, totals of: bank credit, non-bank credit and debentures - based on separate financial data of the Entity ("Solo" reports) (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	298	0	73	371
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	298	0	73	371

F. Off-balance credit exposure - based on separate financial data of the Entity ("Solo" reports) (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)		USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

G. Off-balance credit exposure of all consolidated companies, excluding companies that are considered as reporting companies, and excluding the reporting Company's data described above in Table F (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

H. Totals of: bank credit, non-bank credit, and debentures of all consolidated companies, excluding companies that are considered as reporting companies and excluding the data of the reporting Entity described above in Tables A-D (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	17,673	0	7,074	24,747
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	17,673	0	7,074	24,747

I. Total credit granted to the reporting Entity by the parent company or controlling shareholder, and total amounts of debentures issued by the reporting Entity that are held by the parent company or controlling shareholder (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

J. Credit granted to the reporting Entity by companies controlled by the parent company or by the controlling shareholder, and are not controlled by the reporting Entity, and debentures issued by the reporting Entity held by companies controlled by the parent company or by controlling shareholder and are not controlled by the reporting Entity (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

K. Credit granted to the reporting Entity by consolidated companies and debentures issued by the reporting Entity held by consolidated companies (NIS in thousands)

	Principle repayment					Gross interest payments (excluding deduction of tax)	Total by years
	NIS (CPI linked)	NIS (Not linked)	Euro	USD	Other		
First year	0	0	0	0	0	0	0
Second year	0	0	0	0	0	0	0
Third year	0	0	0	0	0	0	0
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0