Elron Ventures ltd

English Translation of the Periodic Report for 2025

Elron Ventures Ltd.

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for 2025

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Table of Contents:

Elron Ventures Ltd.

Periodic Report for 2025

Part I

English Translation of Description of Corporation's Business

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 (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, the contents of which is included in this report by way of reference.

Part I – Description of Corporation′s Business – Table of Contents

1. Introduction

1.1. The operations and developments in the business of Elron Ventures Ltd. ("**Elron**" or the "**Company**") as of December 31, 2025 are described below. This description was prepared pursuant to the Israeli Securities Regulations (Periodic and Immediate Reports) -1970 and the amendment to the Securities Regulations (Details of the Prospectus and Draft Prospectus – Structure and Form), 1969.

1.2. Glossary

For convenience, the following definitions shall be ascribed to the meanings set opposite them:

Elron or **the Company**-	Elron Ventures Ltd.
Edge	Edge 226 Ltd
Addionics	Addionics Ltd.
Open Legacy	Open Legacy Technologies Ltd.
Atlantium	Atlantium Technologies Ltd.
IronScales	IronScales Ltd.
N-Drip	N-Drip Ltd.
Axonius	Axonius Solutions Ltd
RDC	RDC Rafael Development Corporation Ltd.
RDSeed	RDSeed Ltd.
Arieli	Arieli. E.L. Ltd
Bark	Bark AI Ltd.
Bitsight	Bitsight Technologies Ltd
Breeze	Breeze Security Ltd.
BrainsGate	BrainsGate Ltd.
Board of Directors Report	Elron's Board of Directors Report, included in Part II of this Annual Report
dollar or **USD or $**	U.S. dollar
DEP	DEP Technology Holdings Ltd.
DIC	Discount Investment Corporation Ltd.

TASE	Tel Aviv Stock Exchange Ltd.
Financial Statements	Elron's Consolidated Financial Statements for 2025, included in Part III of this Annual Report
FDA	U.S. Food and Drug Administration
Group companies	subsidiaries, associates, and other companies held by the Company
Wonder Robotics	Wonder Robotics Ltd.
Zengo	Zengo Ltd.
Subsidiaries	companies under the Company's control pursuant to IFRS 10, and whose financial statements are consolidated with the Company's Financial Statements
Associates	companies over which the Company has significant influence and which are not subsidiaries
Other companies held by the Company	Companies held by the company which are neither subsidiaries nor associates
Securities Law	The Securities Law, 1968, and the regulations promulgated thereunder
NASDAQ	Nasdaq Global Select Market
Nitinotes	Nitinotes Ltd.
Notal Vision	Notal Vision Inc.
Cyber	Cybersecurity technologies
CyberFuture	El CISO Club Limited Partnership, which Elron is the controlling shareholder in the general partner (the managing partner of the partnership) and also is one of the limited partners in the partnership;
Cyvers	CyVers.AI Ltd.
CyberRidge	CyberRidge Ltd.
Team8 Surplus	Team8 Surplus (Formerly: Sayata Labs Ltd)
Cynerio	Cynerio Israel Ltd.

SixGill	SixGill Ltd.
Scribe	Scribe Security Ltd.
Creednz	Creednz Ltd.
CartiHeal	CartiHeal (2009) Ltd.
Red Access	RA Red Access Security Ltd.
Raven	Raven Cloud, Inc.
Rafael	Rafael Advanced Defense Systems Ltd.
Reporting date	December 31, 2025
Filing date	signature date of this report
Tamnoon	Tamnoon, Inc.

1.3. The financial data included in this Part I are presented in U.S. dollars, unless stated otherwise. The data in this report are as of December 31, 2025, unless stated otherwise.

1.4. The materiality of the information included in this Part I, and in general of the transactions and/or main companies described herein, was examined from Elron's perspective, while in certain cases descriptions were elaborated for the sake of providing a complete account of a subject matter.

1.5. Elron is an operational holding company that focuses on building technology companies. 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 by dividend distribution while simultaneously pursuing the acquisition of, or investment opportunities in technology companies in Israel and globally, mainly in the fields of Deep-Tech, Defense tech, cybersecurity, and artificial intelligence (AI), mainly in Early Growth stages. Elron's current portfolio of companies includes mainly of companies operating in the field of Deep-Tech, Defense Tech, Cybersecurity, Software, and Medical Devices.

1.6. In respect of ownership interest in shares of companies mentioned in this report, Elron's ownership interests in a group company through wholly owned corporation or company are presented as direct ownership interests in the group company, unless stated otherwise.

1.7. Elron's ownership interests are rounded to the nearest whole percentage and are presented as of the reporting date, unless stated otherwise. Elron's ownership interests in a group company reflect its share in its outstanding share capital, and do not take into account potential dilution due to the exercise of options or other convertible instruments issued by it, unless stated otherwise. Elron's fully diluted holdings take into account all options and convertible instruments, unless the amount of shares to be received upon their exercise or conversion, as applicable, is not known in advance. Accordingly, Elron's ownership interests are subject to change, among others, as a result of the exercise of convertible securities (options or other convertible instruments).

1.8. It should be noted that some of the data included in this Part I was obtained from studies, market surveys and the like. In the same places, there is a reference to the source from which the data was taken. It should be noted that the content of such studies and surveys has not been independently verified by Elron.

Part I: Overview of Elron's Operations

2. Description of Elron's Operations and Description of the Evolution of Its Business

2.1. Description of Elron's Operations

2.1.1 Elron was incorporated in Israel in 1961 as a private company in accordance with Israeli laws. Elron is a public company whose shares are listed for trading on the TASE since 1975. In 1981 Elron listed its shares for trading on NASDAQ. Over the years, Elron conducted additional offerings on the TASE and NASDAQ. In 2010, Elron voluntarily delisted from the NASDAQ, and from that point on its shares are traded over the counter in the United States. In August 2017, Elron deregistered its shares in the U.S., and since November 2017 its reporting obligations to the public under U.S. securities law were discontinued. For the benefit of its shareholders in the United States, the Company publishes certain financial information and other material information in English on the Company's website. In January 2022, Elron changed its name from Elron Electronic Industries Ltd. to Elron Ventures Ltd.

2.1.2 During September 2024, the transaction for the sale of the holdings of DIC (which until such date was considered the controlling shareholder of the Company) in the Company, to the Arieli group, was completed. For further details regarding the transaction, see Section 2.2 below.

2.1.3 Elron is an operational holding company focused on building technology companies. In accordance with the Company's strategy (see Section 20 below), its activities are primarily focused on investing in technology companies in

Israel and worldwide in the fields of Deep-Tech, Defense Tech, cybersecurity, and artificial intelligence (AI), mainly at Early Growth stages, as follows:

2.1.3.1 **Deep-Tech:** Breakthrough Deep-Tech technologies open vast and untapped markets characterized by high demand and minimal competition, creating exceptional business opportunities.

2.1.3.2 **Defense Tech:** Defense technologies are driven by the urgent need for smarter, faster and more autonomous solutions on and off the battlefield.

2.1.3.3 **Cyber:** Cyber has entered a new era, as GenAI enables adaptive real-time attacks and drives increasing demand for advanced defense solutions.

2.1.3.4 The use of AI is becoming a strategic core capability. Demand for next-generation multimodal, vertical, and compressed models is driving this exponential growth.

2.1.4 Elron's primary goal is to create value for its shareholders by building, enhancing and exiting its holdings in its group companies through their sale to third parties or through public offerings of their securities and by dividend distribution while seeking new acquisition or investment opportunities in companies with the potential for significant returns. In order to achieve this goal, Elron is actively working to enhance the value of the group companies by being involved in their management and direction.

2.1.5 Elron is involved in the management of its group companies by means of active membership on their boards of directors and board committees and providing active assistance to management. Elron is directly involved in matters of policy guidance, strategic planning, marketing, selecting and manning senior management positions, determining the business plan, approving investments and budgets, funding, development and operational guidance, assistance in creating strategic partnerships, and the overall ongoing monitoring of its group companies' performance.

2.1.6 As part of its current business strategy, Elron examines a broad range of proposals for investment and strategic cooperation in a broad range of technology fields, through its subsidiary, RDC. Elron holds 50.1% of the issued and outstanding shares and voting rights of RDC and Rafael holds the remaining 49.9%. RDC establishes ventures and invests in early-stage technology companies, including ventures utilizing Rafael's technologies, for the purpose of developing products for the civilian market, and ventures which have synergy potential and are based on the know-how of Rafael's experts or on Rafael's technologies. RDC has first rights to commercialize military technologies developed by Rafael in civilian markets. For details about the agreement with Rafael see Section 18.1 below, and for details about RDC see Section 23 below.

2.1.7 The Investment Platform

2.1.7.1 One of the salient features of Elron's operations is its active involvement in the group companies. Elron looks for talented entrepreneurs that have the ability to build innovative products for a large market and the ability to build successful companies, and strives to provide entrepreneurs with the support and guidance they need on their path to success, based on their specific needs, establishing a diverse and relevant management team, developing a product and making it suitable for the market, developing a market penetration strategy (go-to-market- "GTM"), creating strategic partnerships, and securing continued financing

2.1.7.2 The platform has been built and optimized over the past years to obtain several main objectives: sourcing and validation of potential investments, providing various tools and services for research and development, accelerating market penetration, and providing financial and legal guidance to entrepreneurs, based on their unique needs.

2.1.7.3 The platform is based on several strategic assets: a management team in Elron that includes managers with both tech and business expertise and experienced investors; strategic partners; CyberFuture, a micro-fund of Chief Information Security Officers ("CISOs") supported by Elron, whose purpose is to invest in companies operating in the cyber field; the networks of the Company and the Arieli group (the controlling shareholder of the Company as described in section 2.2 below) comprising hundreds of industry executives in Israel and around the world.

2.1.7.4 **Elron's core team** - comprised of technology and business experts and leading investors with extensive experience in Deep-Tech, Defense Tech, cybersecurity and artificial intelligence (AI), and a wealth of experience in venture capital investments. Investments in Deep-Tech require an in-depth capability at the scientific and technological level, since the implementation of innovative and complex technology is what mainly dictates the success of a Deep-Tech company in the industry in which it operates. Cyber and artificial intelligence (AI) are growing and dynamic sectors driving continuous innovation in which strategic players struggle to remain competitive and seek opportunities to expand their product offering.

2.1.7.5 **Elron's strategic partnerships. Elron's main significant strategic partner is Rafael.**

(A) Cyber and artificial intelligence (AI) Investments: From the point when a new investment opportunity is being assessed, Rafael closely engages with the startup as part of the due diligence and appoints domain experts to examine the venture's technology and at times its GTM as well. Among other things, the partnership with Rafael may enhance the support we provide the group companies by implementing the products in Rafael, which helps the startup find its product-market fit (PMF) and develop a GTM strategy for its product. The Rafael teams which implement the product in its early versions also assist in the product's development so that it is suited to its target market, and in adapting the product to large scale customers like Rafael, which is often the product's first significant customer. Rafael has vast experience in technological projects and implementing startups' products.

(B) Deep-Tech and Defense Tech investments: The Company currently focuses on seeking investments in companies that develop Deep-Tech, i.e., groundbreaking scientific or technological developments that offer solutions to complex or deep global challenges, and on seeking investments in companies that offer innovative technological solutions for the defense sector that government customers are seeking outside of the traditional defense industry. In both cases, the products appeal to large markets with unmet demand for technologies. Rafael has a unique value proposition based on over 70 years of experience in Deep-Tech, as Rafael has extensive intellectual property, human resources, and a market footprint in a variety of Deep-Tech fields. The technological fields in which Rafael specializes are dominating both civilian and defense markets. At the stage of examining the investment opportunity, Rafael serves as a platform for technological and business validation for early-stage investments that have a high risk of technological failure. After making the investment, Rafael works closely with startups through open innovation, and serves as a design partner and often as the first customer.

2.1.7.6 **CyberFuture**- collaborations with leading tech experts in the industry. In this regard, Elron established CyberFuture at the end of 2022. CyberFuture is an exclusive global team of senior CISOs from world leading organizations in various industries, whose goal is to source cyber startups for investment, with Elron's financing 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, to fund partnership expenses and investments up to a total amount of $2 million, and there is an agreed-upon profit-sharing mechanism among all partners as described below.

In recent years, CyberFuture has become a well-known highly valued player in the cybersecurity space. CyberFuture receives many requests to join from CISO's at leading firms worldwide, and receives numerous collaboration and funding requests from young and mature startups. CyberFuture's investment in a certain startup only takes place following in-depth technological due diligence by the members along with Elron's team. Since the CyberFuture is highly valued, the startups that it invests in benefit from prestige, a direct connection to the members and to Elron's team whenever it requires business or technological advice, assistance in locating an initial customer base, and global market connections.

CyberFuture's establishment is primarily intended to provide Elron with a tool to expand its existing access to cyber company investments and help find unique investment opportunities. The members collaborate often with Elron through deep involvement and use their experience and expertise to assist in analyzing the market, connecting Elron and its group companies with other key industry figures, and building a general cyber strategy. In addition, the establishment of CyberFuture also strengthens Elron's position as a leading and influential player in the cyber field, and contributes to deepening Elron's brand positioning as a valued, relevant investment entity with clear added value for entrepreneurs and companies in the field.

Cyber Future was established as a limited partnership (Limited Partnership) (hereinafter in this section: "the Partnership"), so that Elron and the additional partners (senior information security executives) act as limited partners (LPs – Limited Partners), and El CISO Ltd., a wholly-owned subsidiary of Elron, serves as the general partner (General Partner – GP). At any given time, the partnership can include up to 18 limited partners (excluding Elron itself). It's members are not required to invest their own funds in the partnership.

The partnership operates under a Limited Partnership Agreement (LPA), which sets out, among other things, the principles of decision-making, mechanisms for profit distribution, and indemnification and liability arrangements between the parties. This agreement was updated and amended in June 2025. The main amendments addressed the update of the partners' code of ethics, the extension of the investment period, the addition of additional limited partners, provisions regarding voluntary withdrawal of a limited partner, and revision of the profit distribution mechanism among the limited partners, distinguishing between investments made before the amendment ("first investment period," during which approximately $1 million was invested in the partnership) and investments made thereafter ("second investment period"), as described below. Pursuant to the LPA, the ownership interests in the partnership are divided equally among the limited partners (including Elron). None of the limited partners in the partnership holds more than 10% of the ownership interests in the partnership, and as of this date, there are no limited partners affiliated with the Company or with corporations under its control. It should be noted that the ownership percentages described above have no relevance to the distribution of the partnership's profits, and that the distribution of profits will be carried out in accordance with the description below:

- Initially, Elron will receive 100% of the distributable amount until cumulative distributions equal the total investments it made in the partnership capital during the first investment period.

- After this distribution, profits will be split so that Elron receives 50% of the additional distributable amount, and the remainder is divided among eligible limited partners as defined in the partnership agreement ("default"). If Elron led or participated in the investment round of a target company in which the partnership invested (separately from the partnership) and for which the distribution is made, 100% of the distributable amount will be allocated to the eligible limited partners according to their ownership shares, unless Elron introduced the target company to the partnership, in which case distribution will follow the default.

In June 2025, the partnership agreement was further updated to revise the profit distribution mechanism for new portfolio company investments (investments made during the second investment period), so that similarly, Elron first receives 100% of the distributable amount until cumulative distributions equal the total investments it made in the partnership capital during the second investment period. After this distribution, profits are divided according to the default. If Elron participated in the investment round of a target company in which the partnership invested, the eligible partners are entitled to receive 100% of the profits according to their ownership shares, unless Elron introduced the target company, in which case profit distribution will be 75% to partners and 25% to Elron.

Cyber Future invests in single-digit percentages in each company. As of December 31, 2025 and December 31, 2024, the partnership had invested cumulative amounts of approximately $1.5 million and $1 million, respectively, in the following companies: (1) Astrix Security Ltd. ($0.06 million), (2) Concentric Software Inc. ($0.2 million), (3) Aryon Security Inc. ($0.425 million) (4) Cyvers ($0.1 million), (5) Scribe which was voluntarily dissolved in January 2026 ($0.2 million), (6) ZeroPort Ltd. ($0.25 million) (7) Prompt Security Ltd. ($0.2 million) which was sold during August 2025 and Entitle IO Ltd. ($0.1 million) which was sold during 2024. (9) In March 2026, subsequent to the reporting date, a new investment was completed jointly with Elron and RDC in Raven ($0.2 million).

Accordingly, as of the date of publication of this report, Elron's remaining commitment to finance the partnership amounts to less than $0.1 million (after deduction of the partnership's expenses), out of a total commitment framework not exceeding $2 million, as detailed above.

Also, during the years 2025 and 2024, the partnership completed the sale of its holdings in Prompt Security Ltd. and Entitle IO Ltd. for estimated proceeds of approximately $1.7 million and $0.2 million, respectively. From these proceeds, and according to the profit distribution mechanism, Elron is entitled to approximately $1.5 million (of which approximately $1.3 million is cash), representing the return on investment and Elron's share of partnership profits (from which it had already received approximately $0.2 million as of the publication of this report).

2.1.7.7 **Rich network of Elron and its controlling shareholder, the Arieli group**- which maintains relationships with hundreds of industry executives in the United States, Europe and Israel and can maximize the connection between them and its group companies. The network includes senior executives in key management positions in international (with an emphasis on the United States) and large and medium-sized Israeli companies, technology experts and development managers in Israel and the world in a wide variety of disciplines, institutional and private investors who specialize in technology investments, experienced entrepreneurs who have listed and/or sold companies in relevant domains, corporate development executives in international companies looking to invest in or acquire Israeli companies, as well as organizations supporting entrepreneurs in Israeli and international markets, such as accelerators, incubators, and more. In addition, Elron has an extensive database, which it uses to source opportunities for secondary investments.

2.1.7.8 In addition to its primary investment channel, Elron promotes several alternatives, including investment in start-up companies in exchange for rights to use Rafael's IP - Over the years, the collaboration between Elron and Rafael has yielded successful ventures, based on the identification of technologies developed at Rafael for the defense industry, which have significant commercial potential in the civilian market. For example, Givan Imaging Ltd., which was traded on NASDAQ and was acquired by Covidian. The collaboration with Rafael continues today as well, as part of which we connect start-up companies facing significant technological challenges that can be bridged through the integration of Rafael's IP, in areas such as: robotics, drones, aeronautics, remote sensing, quantum computing technologies, electronics, mechanics and machine learning. In cases where a relevant company is located, Elron and Rafael strive to sign commercial agreements that give the company rights to use the Rafael IP in the civilian market in exchange for holdings in the company.

2.1.8 For details about developments in Elron and its group companies during the period of this report and subsequently, see Section 1.2 of the Board of Directors Report.

2.1.9 For details about all of Elron's investments (direct and indirect through RDC) in 2025, see Section 1.4 of the Board of Directors Report, Notes 3 and 7 to the Financial Statements, and Sections 3 and 4 of Part IV of this Annual Report.

2.1.10 For details regarding the sale of Cynerio, see Section 18.2 below.

2.1.11 For details regarding the sale of IronScales, see Note 7.A to the Financial Statements.

2.2. Elron's Shareholders

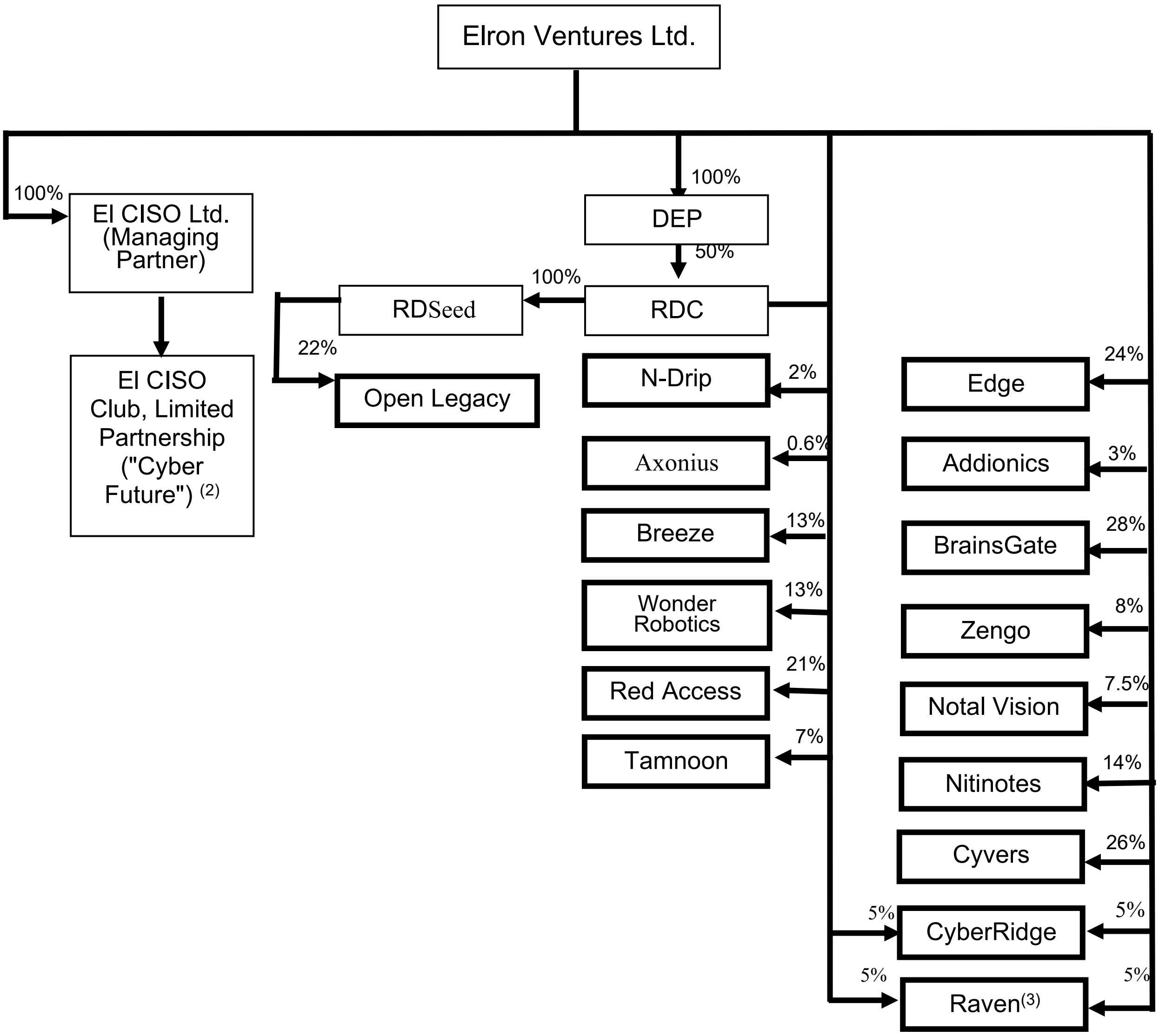
2.2.1 On September 4, 2024, the transaction was completed under which Arieli acquired from DIC all of DIC's holdings in Elron, for a total consideration of approximately NIS 196 million (reference: 2024-01-600838).

2.2.2 As of that date, Arieli became Elron's controlling shareholder and, as of the reporting date, holds 58.44% of the outstanding share capital and voting rights (56.87% on a fully diluted basis). Arieli is a private company incorporated in Israel. According to information provided to the Company, the controlling shareholders of Arieli are Mrs. Lysia Bahar Manoah, Mr. Ariel Bentov, and Mr. Evan Yonatan Renov, who hold 30%, 35%, and 35%, respectively, of the issued and outstanding share capital and voting rights in Arieli. As of the reporting date, Arieli's holdings in the Company's shares are pledged in favor of a third party.

2.2.3 For further details regarding holders of 5% or more of Elron's issued share capital, see Section 9 of Part IV of this Periodic Report.

2.3. Group Companies Holdings Diagram and Details on Company's Holdings

The structure of Elron's holdings and details regarding its holdings are presented in the following diagram and table and include the active group companies held by Elron (including those held through its subsidiaries – DEP, RDC, RDSeed and El CISO Ltd), whose holdings are not insignificant in its view. The diagram presents Elron's ownership interests in the outstanding share capital of its group companies (reflecting Elron's holding in ordinary shares and preferred shares on an as converted basis) and not on a fully diluted basis. In the table, the full holdings, rights and investments of RDC are attributed to Elron. To the extent that there were changes to the holdings after the reporting date, they are specified in the footnotes to the table.



(1) Companies accounted for under the fair value method, whose fair value does not exceed $ 1 million or companies in which, in the Company's assessment, its holdings have become negligible, are not included.

(2) For further details regarding CyberFuture and its held companies, see Section 2.1.7.6 above.

(3) In March 2026, after the reporting date, Elron and RDC made their first investment in Raven in a total amount of $3.5 million (in equal parts). In addition, CyberFuture invested approximately $0.2 million as part of the same round.

(4) Scribe and Creednz do not appear in the chart above due to the decisions to voluntarily dissolve them in July and December 2025, respectively. In addition, Team8 Surplus Ltd. (formerly: Sayata Labs Ltd.) does not appear in the chart following the signing, in August 2025, of an agreement for the sale of the majority of its assets. For more details, see Notes 3.B.2.j, 3.B.2.k and 3.B.2.i to the Financial Statements.

Group company name	Year of Incorporation	Year of First Elron Investment	Business	Basis of presentation in the Financial Statements	Rights to appoint directors[1]	Percentage of shareholdings and voting rights	Fully diluted percentage of shareholding and voting rights	Amount invested by Elron and in total (in $ million	Date of the most recent funding round and the amount raised (in USD millions).	Investments' Carrying value in the consolidated financial statements as of December 31, 2025 (in USD million).	Elron's portion based on the most recent funding round or valuation as of December 31, 2025, on a consolidated basis (in USD millions) [2,3]
RDC	1993	Not relevant	Incubation and development of companies based on or reliant on Rafael technology	Consolidated	Five directors (out of nine directors)	50.10%	50.10%	Not relevant	Not relevant	Not relevant	Not relevant
Edge	2006	2008	Develops and markets an online advertising exchange	Equity method	One director (out of five directors)	23.58%	15.94%	Elron: 2.5 Total: 8.8	Date: August 2018. Amount raised: 0.5	Elron: 3.1	See Notes [3,4]
Addionics [5]	2018	2025	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.	Fair value	One director (out of five directors)	2.62%	2.28%	Elron: 3.5 Total: 74.3	Date: December 2025. Amount raised: 43.3	Elron: 3.5	Elron: 3.5

[1] In some of the companies, Elron and RDC have not, in practice, appointed all of the directors they are entitled to appoint.

[2] For companies presented at fair value, the carrying amount of the investment reflects the results of the valuation performed. In other cases, the value represents the company's ownership share based on the most recent financing round, calculated on a post-money basis from that round, multiplied by the ownership percentage on a fully diluted basis. It should be noted that this calculation does not consider liquidation preferences, anti-dilution mechanisms, or Preemptive rights that may materially affect the distribution of value among shareholders, and it does not constitute a substitute for a formal valuation. Furthermore, the investment rounds on which the valuation is based occurred at different times, in some cases, a significant period has elapsed, or the company did not participate in those rounds. In cases where more than two years have passed since the last financing round - this data is considered as Not relevant. For companies that completed a financing round after the reporting date but before the publication of the periodic report, the information from that round will be included.

[3] For the associated companies presented using the equity method, where there is no material difference between the amount invested and the ownership share based on the most recent financing round, the aggregate amount attributable to these companies is presented. As of December 31, 2025, this aggregate amount totaled approximately $16.7 million, compared with approximately $14.6 million invested in these companies (including investments made after the reporting date but before the publication of the periodic report).

[4] Based on a value derived from a re-purchase shares transaction, rather than a value based on the company's ownership share according to the most recent financing round – For further details see Note 3.B.2.d. to the Financial Statements.

5 In January and February 2026, subsequent to the reporting date , the financing round from December 2025 was extended, and an additional $3.8 million was invested in Addionics. For further details, see Note 7.E to the Financial Statements.

Group company name	Year of Incorporation	Year of First Elron Investment	Business	Basis of presentation in the Financial Statements	Rights to appoint directors[1]	Percentage of shareholdings and voting rights	Fully diluted percentage of shareholding and voting rights	Amount invested by Elron and in total (in $ million	Date of the most recent funding round and the amount raised (in USD millions).	Investments' Carrying value in the consolidated financial statements as of December 31, 2025 (in USD million).	Elron's portion based on the most recent funding round or valuation as of December 31, 2025, on a consolidated basis (in USD millions) [2,3]
Open Legacy[6]	2013	2014	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	Equity method	Two directors (out of nine directors)	22.20% (held by RDC only)	18.28% Held by RDC only)	RDC: 8.2 Total: 67.9	Date: February 2020. Amount raised: 20.6 additionally, a SAFE agreement in the amount of 10, which was converted into shares in the round.[7]	RDC: -	Not relevant
Axionus [8]	2017	2025	Development of a platform for digital asset management and security in organizations	Fair value	No right of representation on the Board of Directors	0.65%	0.54% (held by RDC only)	RDC See note 8 Total: 395	Date: 2022, which was extended in 2024 Amount raised: 200	RDC: 14.8	14.8

[6] The following companies include a "going concern" disclosure in their audited financial statements.

[7] In March 2026, subsequent to the reporting date , a SAFE investment in Open Legacy was completed by RDC, under which it committed to invest approximately $0.85 million, which had not yet been transferred as of the date of this report. For further details, see Note 3.B.2.p to the Financial Statements.

[8] in August 2025, an agreement for the sale of Cynerio was completed, under which RDC received consideration in Axonius preferred shares. The fair value of the Axonius shares received, was determined in a valuation with the assistance of an external appraiser and was estimated at approximately $14.8 million. The percentage of shareholdings presented in the table above include shares held in escrow that were received as part of that sale transaction. For further details see Section 18.2 below and Note 3.B.2.b to the Financial Statements.

Group company name	Year of Incorporation	Year of First Elron Investment	Business	Basis of presentation in the Financial Statements	Rights to appoint directors[1]	Percentage of shareholdings and voting rights	Fully diluted percentage of shareholding and voting rights	Amount invested by Elron and in total (in $ million	Date of the most recent funding round and the amount raised (in USD millions).	Investments' Carrying value in the consolidated financial statements as of December 31, 2025 (in USD million).	Elron's portion based on the most recent funding round or valuation as of December 31, 2025, on a consolidated basis (in USD millions) [2,3]
Breeze [6]	2023	2023	Developing a solution in the space of enterprise cyber security performance management	Equity method	One director (out of five directors)	13.23% (held by RDC only)	11.89% (held by RDC only)	RDC: 2.2 Total: 7.1	Date: August 2023 Amount raised: 6.65 additionally, a SAFE agreement in the amount of 0.4, which was converted into shares in the round.	RDC 0.7	Not Relevant
BrainsGate [6]	2000	2005	Development of a platform to treat diseases in the central nervous center, with minimal invasiveness	Equity method	One director (out of six directors)	27.84%	24.93%	Elron: 30.5 Total: 110.9	Date: December 2020 Amount raised: 6.3 additionally, a SAFE agreement in the amount of 7.8, which was converted into shares in the round.	Elron: -	Not relevant
Wonder Robotics [6]	2018	2022	Develops computer vision and AI-based solutions for drones and UAVs enabling autonomous navigation, target detection, and landing.	Equity method	Two directors (out of five directors)	31.23% (held by RDC only)	26.41% (held by RDC only)	RDC: 2.9 Total: 5.3 [9]	Date: January 2022, subsequently extended during 2024-2025 Amount raised: 4.8	RDC: 0.2	See Note 3
Zengo	2018	2018	Secured crypto wallet without compromising between security and user experience	Fair value	No right of representation on the Board of Directors	7.97%	7.07%	Elron: 3.5 Total: 36.7	Date: November 2024 Amount raised: 4.9, along with a SAFE agreement of 3.7 that was converted into shares as part of the round.	Elron: 2.7	Elron: 2.7
Notal Vision	2000	2002	Develops and provides ophthalmic diagnostic services for managing age-related macular degeneration (AMD) from home and improving vision outcomes	Fair value	No right of representation on the Board of Directors n	7.5%	5.68%	Elron: 15.0 Total: 205	Date: June 2021, which was extended multiple times during 2022–2025 Amount raised: 84	Elron: 7.7	Elron: 7.7
Nitinotes	2014	2016	Developing a minimally invasive endoscopic procedure for treatment of obesity	Fair value	No right of representation on the Board of Directors	13.61%	11.26%	Elron: 4.1 Total: 33.0	Date: September 2023 Amount raised: 5.9	Elron: 2.1	Elron: 2.1

9 In March 2026, subsequent to the reporting date , a Promissory Note investment agreement in the amount of $1.5 million was completed. RDC did not participate in this investment. For further details see Note 3.B.2.h to the Financial Statements.

Group company name	Year of Incorporation	Year of First Elron Investment	Business	Basis of presentation in the Financial Statements	Rights to appoint directors[1]	Percentage of shareholdings and voting rights	Fully diluted percentage of shareholding and voting rights	Amount invested by Elron and in total (in $ million	Date of the most recent funding round and the amount raised (in USD millions).	Investments' Carrying value in the consolidated financial statements as of December 31, 2025 (in USD million).	Elron's portion based on the most recent funding round or valuation as of December 31, 2025, on a consolidated basis (in USD millions) [2,3]
CyberRidge	2021	2025	developing a photonic encryption solution designed to make fiber optic communication invisible to tapping.	Fair value	No right of representation on the Board of Directors	10.88%	10.09%	Elron and RDC: 3.5 Total: 19.8	Date: April 2025 Amount raised: 17.2	Elron and RDC: 3.5	Elron and RDC: 3.5
Cyvers [6]	2022	2022	Development of a platform to detect and prevent fraud in digital assets in the web3 zone, using advanced artificial intelligence	Equity method	One director (out of five directors)	26.01%	23.98%	Elron: 4.8 Total: 8.9	Date: August 2022, which was extended in November 2022 Amount: 4.3, along with a SAFE agreement of approximately 0.1 that was converted into shares as part of the round.	Elron: 0.1	Not relevant
Red Access	2021	2021	Provides cyber protection to organizations for safe internet browsing and access to cloud resources	Equity method	One director (out of five directors)	21.21% (held by RDC only)	18.68% (held by RDC only)	RDC: 5.7 Total: 21.5	Date: January 2025 Amount raised: 14.6 along with a SAFE agreement of approximately 1.4 that was converted into shares as part of the round.	RDC: 3.0	See Note 3
Tamnoon	2023	2023	Development of technology based service for repairing data protection gaps in cloud infrastructures	Fair value	No right of representation on Board of Directors	6.56% (held by RDC only)	5.74% (held by RDC only)	RDC: 3.3 Total: 19.6	Date: July 2024 Amount raised: 12, along with a SAFE in the amount of 0.75 that was converted into shares as part of the round.	RDC: 3.6	RDC: 3.6

Investments subsequent to the reporting date :

Group company name	Year of Incorporation	Year of First Elron Investment	Business	Basis of presentation in the Financial Statements	Rights to appoint directors1	Percentage of shareholdings and voting rights	Fully diluted percentage of shareholding and voting rights	Amount invested by Elron and in total (in $ million	Date of the most recent funding round and the amount raised (in USD millions).	Investment's Carrying value in the consolidated financial statements as of December 31, 2025 (in USD million).	Elron's portion based on the most recent funding round or valuation as of December 31, 2025, on a consolidated basis (in USD millions) 2,3
Raven [10]	2022	2026	provides real-time application protection, with the goal of stopping malicious code execution before it begins to operate.	Equity method	One director (out of four directors)	10% (held jointly by Elron and RDC, 5% each).	9% (held jointly by Elron and RDC, 4.3% each).	Elron: 1.75 RDC: 1.75 Total: 18.8	Date: March 2026 Amount raised: 6.6, along with a SAFE in the amount of 5.6 which was converted into shares as part of the round.	Not relevant	See Note 3

[10] In March 2026, subsequent to the reporting date, Elron and RDC made their initial investment in Raven in an aggregate amount of approximately $3.5 (in equal parts), as part of a post-seed investment round. As a result, Elron and RDC jointly hold approximately 10% of Raven's issued and outstanding capital share and approximately 9% on a fully diluted basis. In addition, Cyber Future invested approximately $0.2 million as part of the aforementioned financing round.

3. Field of Activity

Elron operates in one field of activity (considered one reportable segment, in accordance with IFRS 8, Operating Segments), namely investing in and enhancing the value of companies engaged in various technology fields and realizing such investments through exit transactions or public offerings.

4. Investments in Elron's Capital and Transactions in Its Shares

4.1. For details regarding the sale of Elron's shares to Arieli, and the change of control of the Company, see section 2.2 above.

4.2. In April 2024, the Company's Board of Directors approved the allocation of 60,000 options to employees of the Company who are not officers. For more details see the report dated April 24, 2024, which was submitted on this date, and the supplementary report dated May 20, 2024 (reference number: 2024-01-044787 and 2024-01-051945, respectively).

4.3. On September 4, 2024, upon the completion of the sale of DIC's shares to Arieli (as described in Section 2.2 above), the conditions were met for accelerating the vesting of options: 197,877 options belonging to the Former CEO, Mr. Yaron Elad, who ended his position in February 2025 ("Former CEO"); 215,367 options belonging to Mr. Dan Hoz, the Company's former Board of Directors Chairman, who on that date ended his term as Chairman and began serving as a director of the Company ("Former Board of Director Chairman"); and 332,901 options granted to other officers of the Company and its subsidiary, RDC. For more details, see Note 11.D to the Company's Financial Statements.

4.4. On February 24, 2025, the Company's Board of Directors approved the allocation of 415,121 options to the Company's CEO, Mr. Yaniv Schneider, who began his role on February 18, 2025, under the terms of his tenure and employment and in accordance with the Compensation Policy. The allocation of options to the CEO was approved in April and May 2025 by the Company's General Meeting and by the TASE, respectively. For more details, see Note 11.D to the Company's Financial Statements, and the Company's Immediate Reports dated March 5, 2025 (reference number: 2025-01-01487), April 7, 2025 (reference number: 2025-01-025395), and April 10, 2025 (reference number: 2025-01-027041).

4.5. In December 2025, Elron published a shelf prospectus. For more details, see the Company's Immediate Report dated December 15, 2025 (reference number: 2025-01-099896).

5. Dividend Distribution

5.1. On January 11, 2024, the Board of Directors of the Company approved a dividend distribution in cash to the Company's shareholders, in the amount of NIS 96.5 million (approximately $26.5 million), constituting NIS 1.8461249 per share. The Board of Directors of the Company further determined that the record date for the dividend is January 22, 2024, and the corresponding payment date is February 5, 2024. The dividend was distributed out of the Company's surplus balance, after the Board of Directors examined the Company's satisfaction of "the profit test" and "the solvency test" and confirmed that the distribution will not adversely affect the Company's ability to pay its debts as and when due and/or the Company's current activities. The balance of the profits available for distribution with regard to the profit test in accordance with Section 302 of the Israel Companies Law, as of the date of approval of the distribution (prior to approval of the aforesaid distribution) was approximately $35 million. For more information, see the Company's immediate report dated January 11, 2024 and the supplementary report dated January 22, 2024 (reference number: 2024-01-004741 and 2024-01-007681, respectively).

On October 8, 2024, the Company's Board of Directors resolved to distribute a cash dividend to shareholders in the aggregate amount of $15 million. The aggregate dividend in question consisted of two components as follows: (a) a component that does not meet the profit test (as defined in the Companies Law, 5759-1999) in the amount of approximately USD 5.6 million (approximately USD 0.10656 per share) and (b) the dividend component out of distributable earnings in the amount of approximately USD 9.4 million, which was distributed out of the Company's surplus balance (USD 0.17781 per share). The Board of Directors also resolved that the determining date for payment (the "Determining Date") would be October 21, 2024 and the payment date would be November 3, 2024. For more information, see the Company's Immediate Reports as of October 20, 2024 (Reference numbers: 2024-01-611437 and 2024-01-611438, respectively).

5.2. On January 12, 2025, the Company's Board of Directors adopted, for the first time, a dividend distribution policy, according to which:

The Company's dividend distribution policy is to distribute on a semi- annual basis, starting from 2025 and thereafter (meaning in respect to results recorded from the beginning of 2025), at least 25% of the actual cash proceeds received from the exit transactions of Elron's or its subsidiaries' holdings in their group companies, net of taxes paid in relation to such exit transactions (if paid)[11] (hereinafter – "Exit Proceeds"). It is clarified that with respect to proceeds received from the exit transactions of group companies held by the Company's subsidiary, RDC (in which the Company holds approximately 50.01% of the issued share capital), the policy will be to distribute Elron's portion of the exit proceeds, insofar as proceeds are received by the Company and/or can be distributed. Distributions will be made based on the Company's Financial Statements for the relevant period.

If in a specific period the dividend amount does not exceed $5 million, the Company's policy will be to defer the distribution until the period in which the dividend amount exceeds the aforementioned amount.

The aforementioned policy is subject to the provisions of applicable law, including, among other things, the Israel Companies Law, 1999 ("Companies Law"), including compliance with the distribution tests (and, if necessary, the possibility of petitioning the court under Section 303 of the Israel Companies Law for approval of a distribution that does not meet the profit test), the Company's financial needs, its results, economic and regulatory developments that may affect the Company's ability to distribute dividends as described, and external restrictions on dividend distribution.

The above is a statement of policy only, and the actual distribution is contingent upon a specific decision to be made by the Board of Directors in accordance with all applicable laws and the circumstances at that time. This policy does not constitute any commitment to the Company's shareholders and/or any third party regarding the distribution of dividends, including with respect to payment dates and/or amounts. It is further clarified that the Company's Board of Directors may, at any time, at its sole discretion and considering various business considerations, modify the aforementioned dividend policy, change the distribution rates and/or amounts, or decide not to distribute dividends at all.

5.3. On March 27, 2025, the Company's Board of Directors announced a cash dividend in the amount of $8.782 million (approximately $0.16613 per share). The record date for payment was April 10, 2025, and the payment date was April 23, 2025. For more details, see the Company's immediate report dated March 30, 2025 (Reference number: 2025-01-021948).

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[11] For details regarding carried-forward losses ,see Note 15.C to the Company's Financial Statements.

The dividend will be distributed from the Company's surplus reserves, after the company's board of directors examined the company's compliance with the profit test and the solvency test and confirmed that the distribution will not impair the Company's ability to meet its overall obligations and/or its existing operational structure. The remaining profits eligible for distribution under the profit test according to Section 302 of the Companies Law, 1999, as of the approval date of the distribution (before the approval of the distribution as mentioned), amounted to $8.782 million (which is the amount of the aforementioned distribution). The distribution is based on the proceeds from the sale of SixGill, which was completed in 2024, and was not included in the Company's dividend distribution policy (as approved by the Company's Board of Directors in January 2025, as detailed in Section 5.2 above, "Dividend Distribution Policy"). It also includes an early distribution based on the proceeds received from the sale of Ironscales, which was completed in January 2025, and was included in the Company's dividend distribution policy (and for the avoidance of doubt, no additional distribution will be made regarding this sale).

Additionally, at the time of the approval of the distribution, the Company's board of directors directed that preparations be made to examine a further distribution of approximately $6.5 million, not out of profits, which will be partly used for an additional dividend distribution (and possibly also partly for a share repurchasing). In May 2025, the Board of Directors resolved to submit an application to the court to approve such distribution (pursuant to Section 303 of the Companies Law, 5759-1999), and the application was submitted to the Tel Aviv-Jaffa District Court. On August 5, 2025, the court approved the application for the distribution, with the approval valid for 180 days.

On August 10, 2025, the Board of Directors resolved to distribute a cash dividend to the shareholders in the amount of $5.5 million ($0.10394 per share). The record date for payment was August 25, 2025, and the payment date was September 16, 2025. The Board of Directors examined the Company's compliance with the solvency test and confirmed that the distribution would not impair the Company's ability to meet its obligations in full and/or its existing operating format. For more details, see the Company's immediate reports dated August 12, 2025 and August 20, 2025 (Reference Nos.: 2025-01-059757 and 2025-01-062120).

In addition, at that time the Company's Board of Directors approved a share Buyback program for the Company's shares, in accordance with the "safe-harbor" mechanism for the repurchase of securities by a corporation under Legal Position 199-8 of the Israel Securities Authority, in a total amount of up to $1 million, for a period of approximately five months (the "Share Buyback Program"). Purchases could be carried out through trading on the stock exchange or in off-exchange transactions. In January 2026, after the reporting date, the Share Buyback Program was fully completed. Under the program, 563,821 shares were repurchased. In January 2026, after the reporting date, the Company's Board of Directors resolved to cancel these shares. For more details, see the Company's reports dated August 11, 2025 and January 20, 2026 (Reference Nos.: 2025-01-059229 and 2026-01-008070, respectively).

5.4. The following are details about the dividends distributed by Elron over the past two years:

Date of Distribution	Dividend Amount Per Share	Aggregate Dividend
February 5, 2024 (*	NIS 1.8461249	NIS 96.5 million (approx. $26.5 million)
November 3, 2024 (*	US$ 0.17781	Approx. $9.4 million
November 3, 2024 (**	US$ 0.10656	Approx. $5.6 million
April 24, 2025 (*	US$ 0.6613	Approx. $8.8 million
September 9 2025 (**	US$ 0.10394	Approx. $5.5 million

*The said distribution does not require the Court's approval

**The said distribution does not meet the profit test and therefore requires the Court's approval, as described above.

5.5. As of December 31, 2025, the balance of distributable earnings, for the purposes of the profit test under Section 302 of the Companies Law, amounts to $10 million.

6. <u>Financial Information on Elron's Field of Activity</u>

6.1. As mentioned in Section 3 above, Elron operates in one segment. This segment includes investments in group companies and the sale of group companies.

6.2. See the Board of Directors Report regarding developments in the Company's financial data.

7. General Landscape and Impact of External Factors on Elron's Operations

7.1. Venture Capital Industry Status during 2025 [12]

Investments:

The year 2025 saw startups in Israel raise $16.7 billion, a 32% increase over 2024. Investments were divided between fewer rounds (an 11% decrease) at a higher median deal size (a 62% increase). Within this trend, the sum of A-round investments grew 6% to $2.8 billion, and the number of rounds rose 12% to 129, pointing to a smaller number of investments but at larger average deal sizes at this stage of companies. The time between a startup's initial round to its A-round reached a record high in 2025, with a median of 31 months. Taken together, these two trends indicate that investors in Israeli startups are prioritizing investments that are perceived to have a higher likelihood of success. The decline in number of investments is also attributed to a decline in number of investors: From 2024 to 2025, the number of Israeli and global investors participating in financing rounds fell by 17% and 31% respectively.

Mergers and Acquisitions

The total value of M&A's in Israel saw a fivefold increase from 2024 to 2025, and reached an unprecedented value of $82.3 billion. Excluding mega-deals which accounted for approximately 55% of M&A value, total value of M&A's increased 13% to $17.5 billion. The report from which this data is sourced distinguishes between all M&A's and M&A exits, the latter of which denotes a liquidity event where investors and founders sell their shares, providing returns to investors. Time to M&A exit in Israel typically occurs after 6 to 7 years. In 2025, the median time to exit was 6.5 years.

Trends within Elron's sectors of focus:

- **Cyber**: Cybersecurity led 2025 capital raising with the highest median round size at $20 million and largest total value at $4.7 billion, accounting for 33% of all capital raising. Cybersecurity's share of number of financing rounds rose from 15% to 18%. Cybersecurity had the highest share of companies acquired at

[12] Startup Nation Central, Annual Report 2025: Israeli Tech Ecosystem, Israel Innovation Authority, Annual Report: The State of High-Tech, 2025, IVC–LeumiTech Israeli Tech Review 2025, https://en.globes.co.il/en/article-israeli-defense-tech-startups-attract-over-1b-in-investment-1001528671

approximately 6%. The median amount for cybersecurity acquisitions was 50% above the ecosystem median, at $150 million compared to $100 million.

- **Artificial Intelligence (AI)**: AI capital raising in 2025 increased by 78% from 2024, while the number of rounds declined 11%, on par with the general ecosystem decline. In 2025, AI M&A activity in Israel accelerated sharply compared to 2024, with the number of deals increasing by almost 3x and disclosed value rising by 9x. However, this increase was mainly driven by a small number of mega deals. Excluding those, AI-related M&A value nonetheless more than doubled in 2025.

- **Deep-Tech**: Between January-August 2025, total Deep-Tech fundraising in Israel totaled $2.2 billion. Israel is today the largest hub outside the US in terms of Deep-Tech fundraising. In the same period, large rounds of more than $50 million accounted for 65% of all investments in Deep-Tech companies, compared with about 50% in 2024. The ratio of Israeli investors of all Deep-Tech investors has remained stable over the years, averaging about 26% of the total number of investors.

- **Defense- Tech**: During 2025, Israeli defense technology startups raised nearly $1 billion in funding. Israeli Defense-Tech startups collaborating with MAFAT (the Directorate of Defense Research & Development in the Israeli Ministry of Defense) attracted over $1 billion through financing rounds, mergers and acquisitions in 2025, with total funding in 2025 exceeding that of all prior years combined.

7.2. The Impact of Geopolitical Developments on the Growth of the Defense Tech[13] Sector

Geopolitical developments in recent years, including the wars in Iran and Ukraine and the growing tensions among global powers, have led to a significant increase in defense spending and an acceleration of investments in defense technologies and Deep-Tech sectors. According to data from the Stockholm International Peace Research Institute (SIPRI), global military expenditure reached approximately $2.7

[13] Stockholm International Peace Research Institute (SIPRI), Trends in World Military Expenditure 2024, Fact Sheet, 2025; NATO, The Hague Summit Declaration, 2025; Ministry of Defense: A new record in Israel's defense exports – $14.7 billion, 2024.

trillion, the highest level ever recorded and the sharpest increase since the end of the Cold War. The increase was recorded in most regions of the world, particularly in Europe and the Middle East, reflecting the direct impact of armed conflicts and geopolitical instability on national security policies and on investments in defense technologies.

At the same time, many countries are strengthening their long-term commitments to increasing defense budgets. At the 2025 Hague Summit, NATO leaders agreed on a long-term commitment to significantly increase defense investment, with a target of up to 5% of gross domestic product (GDP) allocated to defense and national security expenditures by 2035, of which at least 3.5% will be dedicated to core military capabilities.

These trends are also reshaping the innovation and investment landscape. Governments, defense companies, and venture capital funds are increasing their investments in research and development in areas such as artificial intelligence, autonomous systems, advanced sensing technologies, and cybersecurity, recognizing that technological superiority has become a central component of national security strategy. As a result, mergers and acquisitions activity in the Defense Tech sector is expanding, with large defense companies acquiring startups with applied technological capabilities in order to integrate advanced solutions into existing platforms and shorten development cycles.

In this global context, Israel enjoys a significant comparative advantage. The combination of operational experience, an advanced defense industry, and a dynamic technological ecosystem positions Israel as one of the world's leading centers of innovation in Defense Tech and Deep-Tech. According to data from Israel's Ministry of Defense, exports of Israel's defense industries reached a record of $14.7 billion, reflecting growing global demand for Israeli systems, including missile defense systems, advanced sensors, drones, and cyber capabilities, as many countries seek advanced technological solutions to address evolving security threats.

7.3. The Life Cycle of a Company in the Deep-Tech and the Defense Tech sectors:

In the initial stage, companies in these sectors start with an idea or scientific innovation, born at the intersection of advanced research and specific industrial needs. For defense technology companies, this may stem from a gap in the defense sector. Deep-Tech companies may work on advancements that serve both civilian and defense or government markets (dual use), such as quantum computing, robotics, or advanced materials. At this stage, the venture relies heavily on small expert teams with specialized knowledge—scientists, engineers, and field specialists—to turn theoretical research into a prototype or proof of concept that can be implemented.

Once the basic idea is established, the next stage is the development of a prototype and preliminary research, where the venture works to realize its technological vision. At this stage, the venture may seek funding from venture capital funds or even finance its activities through government grants, since these technologies often require significant capital for research, testing, and upgrades, and are associated with higher risk of failure.

As the technology matures and develops, the venture enters the Scaling phase, requests to expand its capabilities and scope and to demonstrate them in relevant environments and use cases. This stage is often characterized by significant investments to increase production capacity or to develop complex systems that meet security or commercial standards. For defense technology companies, this may include entering into defense contracts with government or military organizations, where stringent testing and approval processes may be required. In Deep-Tech companies, scaling may involve partnerships with large companies in industries such as healthcare, manufacturing, or energy to implement solutions on a larger scale. The venture may also start hiring additional employees, expanding operations, and establishing supply chains to support growing demand.

The next stage is commercialization, where the product or technology is ready for the market. At this stage, defense technology companies generally see their products adopted by government or military customers, who focus on performance, security, and reliability. In Deep-Tech companies, commercialization may involve selling to commercial sectors, licensing technology, or establishing long-term partnerships with other organizations. In both cases, demonstrating real-world viability and building trust with end-users is critical for success.

The maturity stage of a company in Deep-Tech or Defense Tech typically involves global expansion and strategic diversification. The focus at this stage is on strengthening market position, continuing innovation, and addressing emerging needs, such as cybersecurity threats or integrating artificial intelligence into defense systems. For Deep-Tech companies, maturity may include expanding the product offering or moving into new applications of the core technology, such as shifting from research-focused solutions to consumer-oriented products.

Similar to other technology companies, the median time for Deep-Tech companies to reach commercialization is 7 years. However, the time between funding rounds varies, with a longer gap of about 2 years between the seed round and Series A, reflecting the longer research and development stage, while the time between Series B and Series D is shorter, typically around 3.5 years. Unlike regular technologies, Deep-Tech companies face fewer risks at the commercialization stage, as they generally provide intellectual property-protected solutions for complex, unsolved global challenges, meaning competition is limited[14]

7.4. <u>The lifecycle of a software/cyber company or artificial intelligence (AI):</u>

Most ventures raise their first investment round, known as the seed round, at a very early stage, before the venture has even reached a mature product. Companies usually raise initial capital in a seed round based on a preliminary prototype, and sometimes even based on an idea for a solution, with market indications of the severity of the problem the product is designed to address. The first period in a venture's life (one-two years) is dedicated to the most accurate identification possible of the PMF, i.e., building a product that will be in demand and be tailored as best as possible to the requirements of the potential customers in the market. This stage is critical to the life of the venture and is a fundamental criterion for its success and in some cases the venture even chooses to make substantial changes to the product in order to adapt it to market requirements. For such ventures, which generally aim to sell their products to organizations (B2B), it is commonly said that a company has reached this unique point of product-market fit when it manages to recruit its first 5-10 paying customers, although the exact definition of PMF varies between different markets and in different products.

The stages of development in software companies in general, and in cyber companies in particular, continue also after the company has already reached a product that is sold in the market. Ongoing R&D is required to both develop new products and to make adjustments, expansions of the product to meet additional needs of the of the client, and upgrades to keep up with the changing world and the customers' frequently changing needs. This characteristic frequently enables ventures to charge customers a higher price for using their products. Usually, the business model of software/cyber companies which sell solutions to organizations is based on annual subscription fees. For many companies, new customers may be

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[14] https://dealroom.co/guides/deep-tech-europe; The 2025 European Deep-Tech Report, March 2025, https://dealroom.co/reports/the-european-deep-tech-report-2025.

reached both by direct sales efforts and through various collaborations with sub-distributors or OEM (Original Equipment Manufacturer) technology partnerships.

The next financing round usually takes place after the company has initial revenues. In the next stages the venture usually focuses, alongside continued development, on efforts to increase sales, also by increasing the resources dedicated to marketing & sales and global expansion. Later on, companies continue to raise financing rounds as they make business progress, mainly in terms of growing their sales volume or proving other business parameters which indicate the effectiveness of their sales and marketing systems.

In the highly competitive cyber market, and in view of the constant changes in the threat landscape, there is great diversity in the amounts and stages of investment on the one hand, and the timing and amount of exits on the other hand. It is possible to see companies raising very large amounts (equivalent to the second round of an average company) already in the first round, as well as companies raising a seed round that is larger than most first rounds of most companies. Sometimes, a company may be sold before it has even recruited a single paying customer. There are no rules or laws as to the timing of an exit, or its size. Some exits are in fact an acquisition of a technological core, which is an optimal fit for a larger solution of another company. Other exits can be founded on customer base or market leadership, and sometimes an exit mainly concerns acquiring development teams with unique skills.

A reasonable lifetime of a cyber and software company to maturity and exit is around 7 years[15], but recent years have seen two opposite trends emerging at the same time. On the one hand, some companies reach an exit earlier, sometimes even within two years of establishment. On the other hand, there is the trend of aspiration to build up large companies, which are not looking for a quick exit, but are built to become market leading public companies.

7.5. Lifecycle of a Medical Device Company

A company seeking approval to market a medical device undergoes various stages of development and regulatory approval for product marketing, including a series

[15] https://drive.google.com/file/d/1n7sa5YRWG68efHIofklmhHSOybFY4vyd/edit

of clinical trials, as detailed below (note that there may be changes to the mentioned stages and/or additional stages depending on the specific circumstances and products of each company):

Technological Feasibility Demonstration - At this stage, initial tests are conducted to prove the feasibility of the technological concept.

Prototype Design - At this stage, typically, in vitro and other experiments are conducted to develop the device and determine its efficacy.

Preclinical Studies - At this stage, experiments are typically conducted on animals to examine the safety and efficacy of the device prior to testing in humans.

Clinical Trials - At this stage, trials are conducted in humans. For each clinical trial, a detailed action plan (trial protocol) is predetermined, including all relevant details of the trial. The clinical trial stage includes several sub-stages: initial trials in humans, trials to demonstrate the safety and efficacy of the device, and trials to demonstrate economic efficiency.

Submission of Marketing Approval Application - After obtaining positive results in clinical trials to demonstrate the safety and efficacy of the device (in accordance with regulatory requirements), the company submits, at this stage, to the relevant regulatory body a request for marketing approval of the device, such as the FDA or the European Union.

Device Commercialization - If the regulatory body in a specific country approves the device for marketing, the company is authorized to market it in that country. The extent of insurance coverage (reimbursement) for the cost of the device or its use by governmental bodies and/or insurance companies may, in some cases, affect the potential sales of the device.

7.6. Military hostilities:

7.6.1 Since Hamas's attack on October 7, 2023 and as of the filling date of this report, Israel has been engaged in military hostilities on several fronts, including Gaza, Lebanon and Iran. On February 28, 2026, after the reporting date, Operation "Roaring Lion" (Shagat HaAri) commenced, a coordinated military campaign initiated by the State of Israel and the United States against senior officials, symbols and regime sites in Iran. The ongoing war has led to a slowdown in business activity in Israel, partly due to the call-up of reservists for an indefinite period and the disruption of economic activity in Israel as a result of business closures, labor shortages and supply chain disruptions. In addition, during the period, the international credit rating agencies downgraded, the credit rating of Israel and the credit ratings of major Israeli bank.

7.6.2 As of the date of the publication of the Financial Statement, the impact of the aforementioned War on the Company's operating results is not material. However, as of the reporting date, Operation "Roaring Lion" is still ongoing and therefore constitutes a dynamic event characterized by significant uncertainty. Accordingly, the extent to which different security-related scenarios and the continuation of the hostilities may affect the Company's future operations is unknown. These implications depend, on the duration and scope of the war, its economic effects on the Israeli economy as a whole and on the industry in which the Company operates, market volatility, the uncertainty regarding the duration and intensity of the hostilities, as well as the effects of the war on the Company's areas of activity. The Company continues to closely monitor the development of events, considering the implications for its business activities and taking appropriate actions accordingly.

7.7 For details on the factors impacting Elron's results of operations and financing sources, see Section 1.1.5 of the Board of Directors Report. For details on the restrictions and regulations on Elron's operations see Section 17 below. Also see Section 21 below regarding the risk factors affecting Elron's and the group companies' operations.

8. Critical Success Factors in the Field of Activity

8.1 As previously mentioned, Elron is an operational holding company that focuses on building and enhancing technology companies, and its current group companies include companies at different stages of development, mainly in the fields of cyber, enterprise software and medical device companies. It is also expected to include companies in the Deep-Tech sector (including Defense Tech).

8.2 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 of 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.

8.3 Some of the group companies engage in the development of medical devices. This industry is characterized by significant investments, prolonged research and development, and extensive regulation. The development of medical devices involves many elements of uncertainty, as there is no assurance that the group companies' efforts to demonstrate the efficacy, safety, and cost effectiveness of the devices they are developing will succeed. At times, such failure becomes apparent at relatively late stages, after Elron has invested significant resources in the group company.

8.4 The future success of Elron and its group companies is affected by, among others, the following factors:

8.4.1 Elron's access to investment opportunities with significant exit potential (deal flow), and ability to recognize such opportunities.

8.4.2 Elron's ability to recruit managers and employees with the necessary qualifications and experience for guiding the group companies and enhancing their value, who will also be able to effectively serve as board members at the group companies.

8.4.3 Elron's ability to effect exit transactions, which is affected by external factors (the state of the economy, hi-tech industry, venture capital industry, capital markets, and various regulatory and contractual constraints), and by management's ability to successfully lead exit transactions.

8.4.4 Elron's ability to obtain sufficient financing to support the group companies over time and provide them with follow-on investments, which is affected, inter alia, by the state of the economy, capital markets, and venture capital industry.

8.4.5 The group companies' ability to develop products that are technologically superior to those of their competitors and maintain these advantages over time.

8.4.6 The group companies' ability to complete the development of their products and prove their efficacy, including through conducting demonstrations and pilots by cyber, software and Deep-Tech companies, and through clinical trials in the case of the medical device group companies.

8.4.7 The group companies' ability to obtain the necessary regulatory approvals to continue developing their products and market them in various countries around the world, especially in the case of the medical device group companies.

8.4.8 The group companies' success in raising sufficient capital to finance their operations until they manage to break even, which is affected, inter alia, by the state of the economy, capital markets, and venture capital industry.

8.4.9 The group companies' ability to transition from development stage to marketing and manufacturing stage operations, including establishing commercial manufacturing capabilities, establishing sales and marketing infrastructure, and penetrating competitive markets.

8.4.10 The group companies' ability to develop additional products and/or new applications based on the platforms they developed and expand their pipeline of products.

8.4.11 The group companies' ability to market and sell their future products in significant quantities directly or through strategic partnerships or license agreements.

8.4.12 The group companies' ability to protect their intellectual property, including through patents.

8.4.13 Elron's ability to identify, as early as possible, companies and ventures operating in areas that are not yet saturated with cyber and software solutions.

8.4.14 Elron's ability to assist its group companies reach customers and strategic partners, and its ability to build a network of relevant connections.

9. Main Entry Barriers in the Field of Activity

9.1 The need for knowledge and expertise in the field of activity: Identifying worthy investment opportunities, being able to guide the group companies and enhance their value, and being able to successfully exit mature companies hinge on the ability to retain top-tier managers with suitable knowledge, experience and qualifications, who have access to investment opportunities with significant exit potential (deal flow). Therefore, any potential competitor will need to invest considerable effort in building such knowledge and expertise or in recruiting managers with these skills.

9.2 Sufficient resources: Investing in and supporting hi-tech companies over the long term requires significant capital.

9.3 Intellectual property: The group companies' protection of their intellectual property is an entry barrier for competitors that seek to use technologies and develop products similar to those developed by the group companies.

9.4 Lengthy and expensive development and regulation stages: The research and development and market approval regulatory processes (mainly in the U.S.) of the group companies which develop medical devices are usually prolonged and require significant capital. Therefore, any potential competitor will have to invest significant time and money.

10 Competition Structure in the Field of Activity

10.1 As a venture capital company that seeks new acquisitions, Elron competes with other entities that seek to invest in companies, such as venture capital funds, strategic investors (large technology companies which invest in their field of activity or tangential fields), private equity firms and other investors. For details on the state of the venture capital industry, see Section 7.1 above.

10.2 In addition, the group companies operate in industries that are rapidly evolving and extremely competitive. Many of these companies compete with companies that are more established and have an advantage in terms of resources, and technical and marketing capabilities. As such, these competitors are able to respond more quickly to new or emerging technologies or changes in clients' requirements and needs and offer more attractive prices for their products and services.

10.3 Elron has competition in the domains in which it operates. There are a number of venture capital funds that fully or significantly specialize in Deep-Tech, cyber or SaaS. In the cyber field, there are certain funds which in recent years have built value-creating mechanisms specific for this field - broad networks of contacts with information security and cyber managers in leading US companies, follow-on investment partners from the leading funds in the US market, and strong brand awareness within the Israeli cyber entrepreneur's market. The competitive environment is slightly more dispersed in the enterprise software space - and there are a large number of funds in Israel that invest in the field or as generalist funds (which invest in all areas of software), sometimes with a specific focus/specialization (such as artificial intelligence (AI) as a market disruption tool, or specialization in Deep-Tech such as quantum computing).

11 Research and Development

11.1 The group companies engage in research and development of products in their technology fields. For a description of the research and development activities (as applicable) of each of the companies held by Elron as of the date of this Report see Chapter II: Description of Group Companies.

11.2 For an analysis of the group companies' research and development expenses in 2025, and their anticipated research and development investments in 2026, see Section 1.3.5 of the Board of Directors Report.

12 Intangible Assets

12.1 See Section 18.1 below for details on the agreement for commercializing Rafael's technologies in the civilian market.

12.2 Most of the group companies depend significantly on their proprietary technology for their success. The group companies operating in the development of Deep-Tech as well as medical devices, rely on a combination of patent, trade secret, copyright and trademark legislation together with confidentiality agreements and technical measures to protect their proprietary rights in their products.

To the best of the Company's knowledge, the term of a patent is usually 20 years from the filing date of the patent application. During the term of protection, the patent owner is required, in certain countries, to pay maintenance fees to keep the patent in force

In addition, there is no certainty that patent applications filed by the group companies shall result in the grant of a patent and/or that there will be no attempts by third parties to challenge those patents and even sue for the revocation thereof. In addition, having an issued patent does not prevent competitors of the group companies from manufacturing products that are substantially equivalent to the group companies' products, in a way that will impair their ability to compete in the market, but only leaves the patent owner with the option to assert infringement claims against the infringing competitors for infringement of the registered patents. In the group companies operating in the cyber and enterprise software fields, the intellectual property is usually not protected by patent but mainly by copyright, which intellectual property protection by its nature provides lesser protection against competing products with similar technology.

The group companies routinely enter into non-disclosure agreements with third parties exposed to confidential information about them or their assets.

13 Human Capital

13.1 The following tables present the employees employed by the Company and by its subsidiary RDC, broken down by department.

Elron

	Report publication date	December 31, 2025	December 31, 2024
Number of employees engaged in identifying and executing investments and in investor relations	2	1	2
Number of employees engaged in finance and accounting	4	4	3
Number of employees engaged in administrative services	(*)	(*)	-
Total	6	5	5

RDC

	Report publication date	December 31, 2025	December 31, 2024
Number of employees engaged in identifying and executing investments and in investor relations	1	1	1

Number of employees engaged in finance and accounting	1	1	1
Number of employees engaged in administrative services	1*	1*	1
Total	3	3	3

(*) As of January 2025, Elron and RDC share an office manager employed by RDC, who dedicates approximately 50% of her time to each company.

The table above does not include the following service providers, with whom no employer-employee relationship exists between the company and the service provider: (1) VP Business Development in RDC, full-time (100% FTE); (2) Marketing Manager, 60% FTE; (3) Chairperson of the Board, active at Elron, 80% FTE.

Furthermore, the information regarding RDC included in the table above does not include the RDC co-CEOs, as described in Section 23.5 below, since no employer-employee relationship exists between them and RDC.

13.2 In September 2024, concurrently with the change of control in the company, Mr. Dan Hoz notified the company of the termination of his tenure as Chair of the Board. Following the end of his tenure as Chair, Mr. Hoz continued to serve as a director of the company. At the same time, Ms Lisya Bahar Manoah was appointed as the active Chair of the company's Board, with an 80% FTE.

13.3 On November 17, 2024, Mr. Yaron Elad, who served as CEO, and Mr. Elik Etzion, who served as the company's VP of Cyber, announced their intention to resign from their positions in the company, and on February 17, 2025, they completed their tenure. Until July 2025, Mr. Elad and Mr. Etzion served as directors of certain held companies.

13.4 On January 12, 2025, the Company's Board approved the appointment of Mr. Yaniv Schneider as CEO, and he commenced his tenure on February 18, 2025.

13.5 On February 24, 2025, the Company's Board approved the appointment of Ms. Roni Gur Arieh (who until that date served as VP Finance) as CFO, effective from the date of approval.

13.6 No structural changes occurred during the reporting period, except as noted above.

13.7 The company's employees regularly participate in training sessions, professional conferences, and external courses.

13.8 For several years, the co-CEOs of RDC have been the CEO of Elron and a representative from Rafael, as described in Section 23.5 below. In January 2026, after the reporting date, Ms. Liat Schechter Nakash was appointed as co-CEO of RDC, replacing Mr. Yaron Kulas, who completed his tenure as co-CEO of RDC at that time.

13.9 Compensation Policy

13.9.1 For details regarding the remuneration policy in effect during 2024, see the Company's immediate reports dated January 26, 2021 (Reference Number: 2021-01-010717), March 2, 2021 (Reference Number: 2021-01-025522), November 22, 2021 (Reference Number: 2021-01-100414), and December 27, 2021 (Reference Number: 2021-01-114616).

13.9.2 For details regarding the remuneration policy for the Company's office holders as approved by the Company's general meeting on January 2, 2025, for a three-year period starting in 2025, following approval by the Company's board of directors and recommendations of the Compensation Committee ("the New Remuneration Policy"), see the Company's immediate report dated November 27, 2024 regarding the convening of the annual general meeting, which included, among other items, approval of the New Remuneration Policy, and the supplementary report dated December 26, 2024 (Reference Numbers: 2024-01-619757 and 2024-01-627686, respectively), the Company's immediate report on the results of the meeting dated January 7, 2025 (Reference Number: 2025-01-002538), as well as Section 6 of Part D of this periodic report.

13.9.3 For details regarding the employment terms of the Chairman of the Board, see the Company's immediate report dated December 26, 2024 (Reference Number: 2024-01-627686) and Section 8.2(a) of Part D of this periodic report. For information regarding the Chairman of the Board's targets for 2026 as approved by the Company's general meeting on December 30, 2025, see the supplementary report dated November 26, 2025 (Reference Number: 2025-01-092617).

13.9.4 For details regarding the employment terms of the Company's CEO, including the granting of options, see the Company's immediate report dated March 5, 2025 (Reference Number: 2025-01-014867).

13.9.5 For details regarding the employment terms of the Chairman of the Board, the CEO, and other office holders of the Company, and with respect to the annual bonus granted to them for 2025 in accordance with the remuneration policy, see also Sections 6 and 9 of Part D of this report.

14 Investments

Elron's (direct and indirect through RDC) capital investments to the group companies during 2025 amounted to approximately $14.3 million. For further details see Section 1.4 of the Board of Directors Report, Notes 3 and 7 to the Financial Statements, and Sections 3 and 4 of Part IV of this Report.

15 Financing

15.1 The Corporation's Estimation of Its Financing Needs

15.1.1 The Company believes that its and RDC's existing capital sources will be sufficient to fund its and the group companies' operations, and to fund any investments both may carry out in existing portfolio companies and in new companies (depending on the financial resources available to it), for at least the next twelve months.

15.1.2 This section includes forward-looking information. Forward-looking information is uncertain information about the future, based on information existing in the Company as of the filing date, and includes the Company's estimations or intentions as of the filing date. Its actual investments may materially deviate from the above statements due, among others, to unanticipated financing needs on part of the group companies, investments in new companies, any other unanticipated expenses, or if any of the risks detailed in Section 21 materialize.

16 Taxation

16.1 See Note 15 to the Financial Statements regarding taxation matters.

16.2 Elron believes that it was characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the year 2014. In Elron's opinion, nothing in the said characterization should affect the

Company's operations, however it may have an adverse effect on the taxation of United States taxpayers and cause a change in their tax liability or require them to perform various actions with respect to the United States tax authorities. Elron recommends its shareholders who are U.S. taxpayers to contact their tax advisors regarding the tax implications for each of the years 2014-2025 as a result of characterization of Elron as PFIC, including different elections available to them.

17 Restrictions and Regulation on Elron's Operations

17.1 Investment Company

Regarding the consequences if the Company is characterized as an "Investment Company" according to U.S. securities law, see Section 21.19 below.

17.2 Regulatory Approvals to Market Medical Devices

17.2.1 Marketing and distribution of products by the medical device group companies is subject to stringent standardization and review and various regulatory approvals by relevant authorities in each country, both as a prerequisite to marketing products and also in order to keep them in effect. Any failure to meet the various regulatory requirements may adversely affect the development of these companies' products and/or the ability to market and distribute them.

17.2.2 The regulatory procedures for obtaining the necessary approvals comprise various stages; the developing company being required, at every stage, to meet the conditions and criteria of the relevant health authorities such as the Ministry of Health in Israel, the FDA, or the European Union.

17.2.3 Procedure for obtaining FDA clearance to market a medical device in the United States:

The FDA is a federal agency in the United States whose role is to protect the American public's health by establishing and enforcing a high product standard and by imposing various regulatory requirements. FDA requirements include, inter alia, manufacturing the medical devices in accordance with quality system regulation (QSR), receiving a scientifically based submission file on the medical device, appointing an American agent, and, if required, allowing FDA representatives to inspect the manufacturing processes at the facility.

17.3 Regulatory Approval to Conduct Human Clinical Trials

A condition for conducting human clinical trials in any country which signed the Helsinki Declaration is the receipt of pre-approval from the bodies authorized to approve human clinical trials and compliance with the principles set forth in the Helsinki Declaration. In order to conduct human clinical trials in these countries, approval is required from the Helsinki Committee, an independent institutional committee at the medical center where the trial is conducted, which supervises and approves the trial.

17.4 Grants and Incentives – the Innovation Law and the EIC Program

Certain of the group companies received, at various times, grants and support, both under the Israeli Innovation Law and the European Union funding programs, primarily the EIC program operating under Horizon Europe. These funding sources support the advancement of the companies' research and development activities and accelerate their technological growth, while being subject to various regulatory provisions and undertakings, as detailed below.

Innovation Law

Grants from the National Innovation Authority for Technological Innovation (the "Innovation Authority") are subject to the Law for the Encouragement of Research, Development and Technological Innovation in the Industry Law - 1984 the regulations established pursuant to it (the "Innovation Law") and the rules published by the Innovation Authority (hereinafter - the "Instructions").

Companies that receive such grants are subject to various obligations and restrictions pursuant to the Innovation Law and the Provisions, as well as additional obligations toward the Tmura Fund such as: (a) except in relation to various support routes, an obligation to pay the Innovation Authority royalties from the revenues generated from the sale of products and/or services related to the products, based (in all or in part) on knowledge developed from the use of grants received from the Innovation Authority ("Sponsored Knowledge"), up to the aggregate amount of the total grants, plus interest (as such term is defined in the Provisions); (b) subject to the exceptions set forth in the Provisions, restrictions on the transfer of Sponsored Knowledge and manufacturing rights for products that are developed using funding from the Innovation Authority, outside of Israel (receipt of prior approval from the Innovation Authority for such transfers; in case of transferring manufacturing rights outside of Israel, increased royalty payments to the Innovation Authority per the rates set forth in the Provisions and increase of the royalty repayment rate; in the case of transferring Sponsored Knowledge outside of Israel, a redemption fee to the State calculated according to formulas set forth in the Provisions); (c) limitations on granting authorization to use Sponsored Knowledge to a foreign entity which does not totally take away from the sponsored company, the possibility of using the transferred knowledge (receipt of prior approval from the Innovation Authority and payment for the granting of such authorization in accordance with the formulae set forth in the Provisions); and (d) providing reports to the Innovation Authority, for instance, in the event of a change in the company's control. It is noted, that the restrictions set forth in the Provisions (including with respect to transfer of Sponsored Knowledge and manufacturing rights) will continue to apply with respect to a sponsored company even after it completes paying the Innovation Authority the entire sum of royalties. Failure to comply with the requirements of the Innovation Law and the Provisions may impose various sanctions on the group companies, including financial sanctions and criminal sanctions.

<u>EIC Horizon Program</u>

Under the European Union’s flagship program, “Horizon Europe,” which will remain in effect through 2027, the EIC (European Innovation Council) offers funding opportunities for breakthrough technologies and innovative products with the potential to scale and become leaders in the international market. The EIC program provides support through a range of funding tracks, across all Technology Readiness Levels (TRL), from early-stage scientific foundation, through technology validation and demonstration, and up to advanced development and growth stages. Depending on the relevant stage, companies may receive grants of up to EUR 4 million, as well as equity investments of up to EUR 30 million.

17.5 Competition Aspects

Israeli and international competition and economic laws may adversely affect and even prevent the Company's ability to effect exit transactions of its investments in group companies, as certain of these transactions may be subject to the approval of economic competition authorities in Israel or in other countries (such as the U.S. or in Europe) in cases where one of the parties to the transaction, including the purchaser or potential investor (in the group company) has to attain the competition authority approvals as aforesaid, in a manner that may prevent such transactions from taking place or impose limitations which will adversely affect their financial viability.

18 Material Agreements and Collaboration Agreements

The highlights of material agreements outside the ordinary course of business to which the Company is a party, including collaboration agreements, are described below:

18.1 Agreement for Commercializing Rafael's Technologies in the Civilian Market

18.1.1 Pursuant to the agreement from 1993 as amended from time to time, RDC has first exclusive rights to commercialize Rafael technologies without time restrictions. RDC is not entitled to use Rafael's technologies in the military or security market inasmuch the customer is a government entity.

18.1.2 In the event that Rafael is approached by a third-party financial partner with a proposal for a new project, RDC will be entitled to cooperate with Rafael instead of such third party and will pay Rafael the consideration offered by such third party. If such third party is not a financial partner, RDC will be entitled to cooperate with such third party instead of Rafael and Rafael will be entitled to receive 3% of the shares of the company established.

18.1.3 Rafael undertook not to establish an entity similar to or competitive with RDC and Elron undertook not to establish a similar or competing entity to RDC inasmuch as such entity is an Israeli entity engaged in the military-security field and is a competitor of Rafael.

18.1.4 Pursuant to the addendum agreement from 2008: Elron (together with DEP, a wholly owned subsidiary) is committed to invest $750 thousand in RDC for each company that will be established by RDC based on Rafael's technologies; RDC granted Rafael an option to receive from RDC 3% of the shares of each new company that would be established by RDC based on Rafael's technologies (except as described in Section 18.1.2 above); Elron will be entitled to receive certain management fees from RDC in respect of each new company that shall be established by RDC, insofar as it shall be sold, merged or its securities offered to the public, and upon the fulfillment of certain conditions; DEP is entitled to assign its rights and obligations in the agreement to any company, which controls, is controlled by or is under common control with DEP as long as Elron remains liable for its obligations thereunder.

18.1.5 Rafael may cooperate with a third party for the purpose of commercialization of military products with an operating partner (which is not a financial entity) and for the purpose of commercialization of "mature" products, as defined in the agreement, outside of the military segment, a significant part of the development of which has been completed by Rafael. Insofar as Rafael shall seek to cooperate with a financial entity with respect to "mature" products, it is required to also approach Elron at the same time. In cases in which Rafael shall cooperate with a third party in connection with the sale or marketing of products in the fields of business of RDC and in respect of which RDC has no rights, Elron will be able, and alternatively RDC will be able, to participate in approximately 10% of the said cooperation (subject to the third party's consent).

18.2 Sale of Cynerio

18.2.1 Cynerio provides a security platform to protect healthcare systems from cyber threats. Prior to its sale, RDC held approximately 17% of Cynerio's outstanding shares and approximately 15% on a fully diluted basis.

18.2.2 In July 2025, a binding agreement was signed between Cynerio and its shareholders, including RDC, and Axonius, Inc., a subsidiary of Axonius Solutions Ltd., (the "Purchaser"), for the sale of all Cynerio shares to the purchaser. The transaction was completed in August 2025. Axonius is a cybersecurity company providing a platform to manage and secure digital assets in organizations. The transaction allows Axonius to respond to increasing demand from customers for a unified platform to manage and secure the clinical environment, from IT infrastructure to connected medical devices.

18.2.3 Following the transaction, RDC received preferred shares of Axonius. Of these shares, approximately 12% were deposited in trust for 12 months from the transaction completion date (mainly to secure certain indemnification obligations of the sellers to the purchaser, as is customary), and approximately 1% were deposited in trust for 90 days in connection with post-completion financial adjustments (as customary). As of the reporting date, RDC holds approximately 0.6% of Axonius' outstanding shares, and the investment in Axonius is accounted for as a financial asset measured at fair value through profit or loss.

18.2.4 As a result of the transaction, RDC recognized in its annual financial statements a gain of approximately $14.1 million (gain attributable to Elron shareholders of approximately $7.1 million). This gain reflects the fair value of the Axonius shares held by RDC following the transaction, amounting to approximately $14.8 million (as determined in a valuation with the assistance of an external appraiser), less the carrying amount of the investment in Cynerio as of the date of completion of the transaction.

18.2.5 For further details regarding the transaction and its effect on the financial statements, and regarding the valuation of RDC's holding in Axonius shares received as a result of the transaction, see Note 3.B.2.b to the Financial Statement

18.3 Sale of CartiHeal

18.3.1 CartiHeal specializes in the regenerative medicine field and works to develop and manufacture implants to treat cartilage and bone lesions caused by trauma or degenerative changes in loadbearing joints, such as the knee. Prior to its sale, CartiHeal was approximately 30% held by Elron.

On November 22, 2023 a definitive agreement (the "Agreement") was signed by CartiHeal and Smith & Nephew USD Limited (the "Acquirer"), a company wholly owned by Smith & Nephew, plc., for the sale of the entire share capital of CartiHeal to the Acquirer (the "Transaction"). In January 2024, the conditions precedent for the Transaction were fulfilled and the transaction was completed.

The consideration for the Transaction amounts to up to $330 million for all of CartiHeal's shareholders, subject to adjustments, and is comprised of an immediate consideration and a contingent consideration, detailed as follows:

Immediate consideration in the amount of $180 million, (of which approximately $18 million was deposited in escrow for 12 to 18 months, mainly to secure certain indemnification obligations of the sellers to the

Acquirer, as is customary in such transactions) ("Immediate Consideration"); and

Contingent consideration in the amount of $150 million, subject to adjustments, payable at such time when, if during the 10-year period following Transaction closing, the sales of the Agili-C™ and certain other products specified in the Agreement shall generate at least $100 million in net revenues during a consecutive 12-month period (the "Contingent Consideration").

The Company's share in the consideration was approximately $88 million, comprised of: (1) Immediate Consideration amounting to approximately $48 million which was received in January 2024, (of which approximately $5 million was deposited in escrow for a period of 12 to 18 months) and was fully received during 2025, and (2) Contingent Consideration amounting to approximately $40 million payable at such time and under the conditions described above.

The fair value of the contingent consideration, which was estimated with the assistance of an external valuer, was estimated at the date of completion of the sale transaction and on December 31, 2025, in the amount of approximately $19.9 million and $22.5 million, respectively.

For further details regarding the Transaction and its effect on the financial reports and regarding information about the transaction for the sale of CartiHeal to Bioventus that was terminated in 2023, see Note 3.B.2.a to the Financial Statements.

19 Legal Proceedings

To the best of the Company's knowledge, there are no legal proceedings involving the Company. For further details, see Note 13 to the Financial Statements.

20 Business Objectives and Strategy and forecast for the Next 12 Months

20.1 Elron's main goal is to create value for its shareholders by building, enhancing and exiting its holdings in its group companies by means of sale of all or part of its holdings to third parties, or the public offering of shares and by dividend distribution, while seeking new investment and acquisition opportunities in technology companies in Israel and globally in the fields of Deep-Tech, Defense Tech, cyber and software and artificial intelligence (AI), mainly in early growth stages (Early Growth). Additionally, on January 12, 2025, the

Company's Board of Directors decided on a dividend distribution policy as described in Section 5.2 above, with the aim of creating a mechanism that reflects to shareholders how the Company distributes the value it generates to its shareholders.

20.2 Elron's investment strategy is based, inter alia, on identifying and exploiting investment opportunities with significant return potential, and striving to actively enhance their value. The Company believes that this strategy provides the ability to increase shareholder value as well as to create capital to support the growth and success of the group companies and to invest, as appropriate, in new business opportunities. This is achieved also through the collaboration with Rafael, through its subsidiary, RDC Rafael Development Company Ltd. ("RDC").

20.3 Elron's strategy regarding investments in new and existing companies is based on the following principles:

20.3.1 Investing in verticals with high exit potential in which the Company brings added value: Deep-Tech, Defense Tech, cyber and software and artificial intelligence (AI).

20.3.2 Identifying and exploiting investment opportunities in companies with innovative technology and significant exit potential.

20.3.3 Expanding the investment stage from seed to early growth, in order to reduce risk and accelerate the time to exit.

20.3.4 Actively enhancing the group companies' value through active involvement in their management, by means of the following: active membership on their boards of directors; hands-on assistance to their management; assistance in the advancement of their technology; forming strategic relationships, providing access to capital; providing development and operational guidance; business plan preparation; strategic planning; marketing; investment and budget planning; manning senior management positions; and overall ongoing monitoring of the group companies' performance.

20.3.5 Enhancing the value of the group companies through collaboration with Rafael, leveraging Rafael's technology and/or knowledge and expertise.

20.3.6 Exploiting opportunities to exit group companies (including via secondary sale transactions).

20.4 Within the framework of these principles and with the intention of continuing to invest in new companies, Elron examines or intends to examine a broad range of proposals for investment and strategic cooperation, including through:

20.4.1 Conducting due diligence and assigning dedicated teams at Rafael to assess the technology of the venture as well as ongoing professional support throughout the investment period, including advisory, guidance and support tailored to the venture's need.

20.4.2 CyberFuture – Micro fund of Chief Information Security Officers ("CISOs") established and supported by the Company, the general partner, with the objective of investing in companies in the cybersecurity field and provide the Company with access to opportunities to participate in follow-on investments in Series A and Series B financing rounds.

20.4.3 The Company's and Arieli Group's networks in Israel and abroad.

20.4.4 The Company's extensive database, for the purpose of identifying secondary investment opportunities (secondary investments – purchasing shares from other investors).

20.5 The Company is pursuing the establishment of a dedicated investment fund:

20.5.1 The fund is expected to focus primarily on the fields of Deep-Tech, Defense Tech, cyber and software and artificial intelligence (AI).

20.5.2 The purpose of the fund is to increase the investment resources available to the Company and to support the expansion of its investment activity in these fields.

20.5.3 During the past year and through the date of issuance of this report, Elron completed investments in three new investee companies in the sectors intended to be the focus of the fund's activity (Addionics, Cyberidge and Raven), which may constitute an initial portfolio for the fund.

20.5.4 The Company is conducting discussions with potential investors regarding participation in the fund; however, as of the date hereof, no agreements have yet been executed with such investors.

20.6 In accordance with the resolutions of the Company and RDC, the Company intends to pursue mergers and acquisitions (M&A) transactions under which the Company (together with and/or through RDC) will seek to obtain control of target companies, particularly in Defense Tech, while leveraging the cooperation with Rafael as part of RDC's activities. This cooperation provides the Company with access to technological know-how, expertise and familiarity with the Defense Tech sector and market needs, which may assist in identifying opportunities, evaluating technologies and enhancing the operations of portfolio companies. The Company intends to identify target Early-Stage companies, acquire them and potentially hold them over the long term, while developing their operations, with the aim of generating both value enhancement and ongoing cash flows, including through profit distributions from their operations. This activity, if carried out, will be conducted alongside the existing investment activities of the Company and of RDC. For the purpose of implementing this strategy, RDC and/or the Company will examine the need for additional financing. The aforementioned strategy has been approved by the Board of Directors of Elron and the Board of Directors of RDC, and it is also subject to approval by the Board of Directors of Rafael, as well as obtaining the required regulatory approvals from Rafael.

20.7 As detailed in Section 7.2 below, geopolitical developments in recent years have affected the global defense and technology markets. These trends may contribute to increased demand for innovative technological solutions and to the integration of advanced technologies into existing defense platforms, including through mergers and acquisitions transactions. In this regard, a trend of increasing investment and business activity in the Defense Tech sector has been evident in recent years. Accordingly, in the Company's assessment, these trends may support its activities in evaluating the execution of mergers and acquisitions (M&A) transactions in this sector.

20.8 It should be noted that Elron's strategy allows for actions that deviate from the principles described above in cases where Elron's management believes that specific circumstances justify such a deviation.

20.9 Elron expects that during the next 12 months it will complete exit transactions in one to three portfolio companies, including companies held by RDC, including secondary sale transactions.

Section 20.1 – 20.8 includes forward-looking information, as defined in the Israel Securities Law. Forward-looking information is uncertain information about the future, based on information existing in the Company as of the filing date, and includes the Company's subjective estimations or intentions as of the filing date of the information, as well as on external information. The information set forth above, as well as the implementation of the Company's strategy, may not materialize, or may materialize differently than anticipated by the Company, due to the Company's own considerations (including changes in strategy or objectives, unexpected financing needs of investee companies, investments in new companies, or any other unforeseen expense arising from the occurrence of any of the risk factors set forth in Section 21 below) or for reasons beyond the Company's control, including changes in macroeconomic conditions and market conditions, regulatory and legal developments, financing and capital market conditions, competitive and technological changes, dependence on third parties, delays in or failure to execute plans/transactions, the realization of operational risks, as well as unexpected events (including force majeure events).

21 Discussion of Risk Factors

The following are the main risk factors that affect the operations of Elron and the group companies:

Macro Risks

21.1 The state of the global economy and Changes in capital markets, including the impact on the ability to raise equity and debt

The global economic position and changes in the global markets and particularly in the Euro zone and in the United States including volatility in securities' prices and currency exchange rates, as well as domestic developments, in the past have affected and in the future may adversely affect the Company and the group companies' results of operations, adversely affect their liquidation, adversely affect their value of equity and the value and exit potential of their assets, business (including the demand for the group companies' products), financial covenants, ability to distribute dividends, ability to raise financing as required for day-to-day, long-term and R&D operations, allocation of resources, and availability and terms of financing from financial institutions and banks. Additionally, the Company's shares are traded on the Tel Aviv Stock Exchange and are therefore affected by volatility and fluctuations in the local capital market. Such fluctuations may result in changes in the Company's share price that do not necessarily reflect its business condition, due to external and geopolitical factors. These difficulties, along with the aforementioned volatility, particularly in the event of an economic slowdown, may also adversely affect Elron's ability to realize its investments or raise financing. The Company may be required to record impairments due to a decrease in the value of its investments in its group companies in accordance with applicable accounting standards.

21.2 Financial Risks (Interest, Exchange Rates and Inflation)

Elron and the group companies are exposed to changes in interest rates and inflation, and to fluctuations in the price of tradable securities and exchange rates, which directly or indirectly affect them, inter alia due to bank liabilities and investments in interest-bearing deposits and debentures, indexed linked agreements and various shekel-based expenses (the currency of the operations of Elron and most of the group companies is the U.S. Dollar). In addition, the R&D activity of most of the group companies is located in Israel and accordingly these companies are exposed to changes in the USD-NIS exchange rate. For additional details, see Note 18 to the Financial Statements.

21.3 Military hostilities

The continuation of the War and a significant deterioration in the security and political situation in Israel may adversely affect the business results of the Company and the group companies. Risk factors which may be significant: the recruitment of reserve duty for an unknow period of time; potential difficulties in the group companies' ability to raise capital, impact on group companies' activities vis-à-vis clients, vendors and business partners, including potential ones; potential difficulties for the group companies in consummating commercial transactions or in creating new business opportunities, prolonged and complicated sale cycles' management, and also difficulties in executing exit transactions. For additional details, see section 7.6 above.

21.4 International operations

The products of most of the group companies are designated for sale to customers outside of Israel. As a result, negative changes in international, political, health, economic or geographic events could result in significant shortfalls in orders or revenues. These shortfalls could cause the business, financial condition and results of operations of these companies to be harmed and as a result negatively impact on Elron's financial condition and results of operations. Some of the risks of doing business internationally include unexpected changes in regulatory requirements, exchange rate fluctuation, inability of the group companies and their subcontractors to obtain export licenses, imposition of tariffs and other barriers and restrictions, burdens of complying with a variety of foreign laws, political and economic instability, changes in diplomatic and trade relationships, acts of terror, and others.

Sector Risks

21.5 Regulatory and contractual limitations on disposal of holdings

Elron and some of its group companies are subject to regulatory as well as contractual limitations which may limit the possibilities for disposing of its holdings in its group companies at a time and in a manner deemed suitable to Elron. These regulatory limitations may include, inter alia, economic competition laws (see Section 17.5 above), and lock up periods according to applicable securities laws. Contractual limitations and limitations in the articles of association, include rights of first refusal, tag-along rights of other shareholders in group companies in a sale by Elron, or the right of other shareholders to bring-along Elron in a sale by such other party, veto rights and similar rights which may restrict transfer of shares or may limit the Company's ability to dispose of its shares in its group companies.

21.6 Effecting exit transactions at significant values

Elron's results of operations and its cash resources are impacted by its ability to conclude exit transactions at significant values. Elron's ability to conclude exit transactions at significant values are impacted, inter alia, by economic conditions, market conditions in the high technology, medical device and/or cyber security and/or Deep-Tech (including Defense Tech) industries, the status of the venture capital industry and capital markets and various regulatory and contractual limitations. Furthermore, the possibility of concluding exit transactions at significant values is dependent on the circumstances and characteristics of the group company whose sale is being considered (the demand for its solutions, uniqueness, size of the problem it is trying to solve, etc.) as well as the ability of Elron's management and the management of companies in its group to lead successful exit transaction processes. To the extent that Elron is not able to conclude these types of transactions, its results of operations and cash resources will be adversely affected.

21.7 The impact of the group companies' operating results on Elron

Elron's results of operations are directly impacted by the results of operations of its group companies which are consolidated in its Financial statements or are accounted for on an equity or fair value basis. To the extent that any of these companies have poor financial results or encounter difficulties in their operations, the Company's financial results will be negatively impacted. Many of these companies are in the development stage, accumulated losses and invested significantly in research and development, as well as in marketing their products, and some have not yet generated significant revenues, if at all.

The Company anticipates that the majority of these companies will continue to record losses in the future.

21.8 Retaining key employees

The success of the group companies depends, in large part, on a limited number of key personnel in the management, scientific-technological and technical fields. In addition, future success will depend, in part, on attracting and retaining highly qualified personnel. The increasing demand for highly qualified personnel in the high-tech industry may make it more difficult to recruit and retain highly qualified personnel. There can be no assurance that the group companies will be able either to retain present personnel or additional qualified personnel as and when needed. The loss of key personnel, the increase in key personnel's salaries, and the failure to attract highly qualified personnel may materially adversely affect the group companies' financial condition and results of operation and as a result, Elron's financial condition and results of operation may be materially adversely affected.

The Company is also dependent on skilled personnel. There can be no assurance that such personnel will be available to Elron at all times and this may adversely affect Elron's business. In this context.

21.9 Uncertainty and risk in the Company's and the group companies' technology fields

The penetration into the technological fields within which the group companies operate involves a high level of risk and uncertainty and requires the investment of considerable amounts of money and time. There is no assurance that Elron's group companies will succeed in the development of their products, manufacturing of products, or obtaining the necessary approvals for commercializing products. The research and development of Elron's group companies, particularly companies in the development of Deep-Tech, Defense Tech and companies engaged in the development of medical devices, takes many years and requires the employment of high-quality development personnel. For Elron's group companies engaged in the development of cyber security technology, the development periods are shorter. In addition, the rapid advancement of artificial intelligence (AI) based technologies may affect the areas of activity of the investee companies in a number of ways. On the one hand, entry into, or the development of, solutions based on such technologies may involve technological and business uncertainty, increasing competition and the need for significant investment. On the other hand, developments in the AI field may enable other parties to develop alternative or more advanced solutions, which could reduce the relevance of the investee companies' existing technologies or products or intensify competition in the markets in which they operate.

Since the field today is populated with solutions and ventures, any delay in development can give an advantage to competitors and may risk the market penetration. Every product development project of the group companies entails many scientific and engineering complexities and extensive technological know-how is required for the development of the product. The absence of technological and business know-how and suitable technological infrastructure may lead to a delay or failure in the product development. In addition, there is also the risk that after completion of the development and approval processes, a competitor may have developed superior technology, which gives it a competitive advantage. There is no assurance that the group companies will be able to transition from development stage to marketing and manufacturing stage operations, including establishing commercial manufacturing capabilities and establishing sales and marketing infrastructure. The ability to penetrate markets in circumstances where there is no competing product is also dependent on the ability of our group companies to educate their potential customers of the possibilities for the use of the product and its advantages. Delays, difficulties or failures associated with developing, manufacturing, or marketing products, could materially adversely affect the financial condition and results of operations of these companies and on their ability to raise the financing required for their operations, and as a result, the Company's financial condition and results of operation.

21.10 Competition in the markets in which the group companies operate

Many of the group companies experience competition from companies with significantly greater financial, technical and marketing resources, who have easier market access, better operational infrastructure, longer operating histories, larger installed client bases, greater name recognition, more established relationships and alliances in their industries and offer a broader range of products and services. As a result, these competitors may be able to respond more quickly to new or emerging technologies or changes in clients' requirements or devote greater resources to the promotion of their products and services and more. The acceleration of the development capabilities of these competitors due to the increased competition in the market could materially adversely affect the relative positioning of the products of the group companies and as a result, on their ability to sell their products and on Elron's ability to realize its holdings in these companies.

21.11 Difficulty faced by the group companies in obtaining future financing

Many of the group companies are in the development stage and have extensive research and development and marketing costs and limited revenues, if any. In order to succeed, these companies may require additional capital to fund these costs. If these companies have difficulties obtaining financing from their current shareholders or from external financing sources, their continued operations may be at risk and such difficulties may materially adversely affect their results of operations and their financial position. Additionally, some of the held companies benefit from grants and incentives under programs of the Innovation Authority and the Investment and Industrial and Economic Development Authority. However, there is no certainty that these benefits will continue in the future, and the terms of the grants may impose restrictions on the companies' activities, such as limitations on international transactions or the requirement to repay grants in cases of non-compliance with the conditions. Given all this, the group companies' dependence on future funding, along with the uncertainty surrounding grants and regulatory incentives, presents a significant risk to their continued operations and financial performance, which could lead to adverse consequences. This would also adversely affect Elron's financial position and results of operations.

21.12 Risks relating to Intellectual property including exposure to legal claims

As stated in Section 12.2 above, most of the group companies depend significantly on their proprietary technology for their success, especially more particularly those dealing with medical devices, Deep-Tech and Defence Tech. However, the means of legal protection such as patents, copyrights and trademarks together with non-disclosure agreements and other means of protection do not always provide the required protection in certain countries, among other things since some foreign countries do not provide patent protection and the process of issuing a patent may sometimes be lengthy and may not always result in patents issued in a form that will be advantageous to the group companies, or at all, and patents and applications for patents may be challenged, invalidated or circumvented by third parties. Furthermore, the enforcement process of intellectual property rights may take a long time and require significant expenses, potentially leading to substantial losses and a considerable allocation of managerial attention. Additionally, customers, suppliers, or unauthorized parties may copy or develop similar products, and competitors may create products with technological advantages over those of the portfolio companies. In Elron's cybersecurity and software companies, intellectual property protection is generally based on copyrights, which provide weaker protection compared to patents. The success of these companies, particularly in the cybersecurity and enterprise software sectors, relies less on intellectual property and more on rapid market penetration. As a result, there is a high risk of competitors developing similar products. In such a case, a significant competitive threat may arise, and other companies may file infringement lawsuits, which could adversly impact the Company both financially and operationally. In addition, industries such as medical devices, Deep-Tech and Defence Tech are characterized by numerous legal disputes in the field of intellectual property. The group companies that engage in medical device development (both the existing and the ones sold, see also section 18.3 above) may be exposed to intellectual property lawsuits that can be expensive and time-consuming to litigate and can divert management's attention from the concerned company's core business as well as result in the payment of damages or even prevent the concerned company from selling its products. All of the above could accordingly materially adversely affect the group companies' financial condition and results of operation and as a result this could also materially adversely affect the Company's financial condition and results of operations.

21.13 <u>Product or Services claims</u>

The group companies are exposed to claims pertaining to their products or services. A claim pertaining to a product or service (regardless of its merit or eventual outcome) could result in substantial costs to a group company and a substantial diversion of management attention. Such claim or any product recalls could also harm a group company's reputation and result in a decline in revenues. A future claim or series of claims brought against the group companies could have a material adverse effect on their financial condition or the results of operations, or there is no assurance that insurance's coverage limits would be adequate. This in turn could have a material adverse effect on the financial condition and results of operations of Elron.

21.14 The impact of regulations on product development, manufacturing and marketing

The activities of the group companies that develop, manufacture and market products (whether in the fields of Deep-Tech or medical devices) are subject to strict governmental supervision including with regard to limitations on financial arrangements and kickbacks to financial institutions and healthcare officials as well as subject to specific regulation applicable to defense exports, export controls, marketing licenses and marketing to foreign countries, compliance with the requirements of security authorities, and compliance with geopolitical restrictions and international sanctions. and with regard to obtaining and maintaining regulatory approval to market their products in any country. Compliance with regulatory requirements involves significant time and money resources. In addition, noncompliance with applicable regulatory requirements can require the investment of more time and resources in the development of products, stop product development and result in enforcement action which may include recalling products, ceasing product marketing, paying significant fines and penalties, and similar regulatory actions which could limit product sales, delay or halt product shipments and/or delay new product clearances or approvals, any of which may thereby materially adversely affect such group companies' businesses. All of the aforesaid could have a material adverse effect on the financial condition and results of operations of the group companies and consequently on the financial condition and results of operations of Elron.

21.15 Reimbursement

If medical service providers (physicians, hospitals and other healthcare providers) are unable to obtain sufficient coverage and reimbursement from third-party payers to cover the costs of purchasing the medical device group companies' products such as Notal Vision and including companies which were sold, and there is an Contingent consideration to be received for its sale, such as CartiHeal (see section 18.3 above), or if coverage does not adequately compensate physicians and health care providers as compared with competitors, the sales of these companies may be adversely affected. In addition, the group companies could be adversely affected by changes in reimbursement policies of governmental or private healthcare payers to the extent any such changes affect reimbursement amounts or availability for procedures in which their products are used. Accordingly, this could materially adversely affect the group companies' financial condition and results of operations and as a result could also materially adversely affect Elron's financial condition and results of operations. For developments regarding the determination by CMS of U.S. national pricing for the reimbursement code for Notal Vision's product in 2025, see Section 24.3 below.

21.16 <u>Conducting clinical trials and Recruitment of candidates for clinical trials</u>

The continued development of many of the products being developed by the group companies engaged in the medical device field is dependent upon the performance of clinical trials and subject to, and contingent upon, the success of such trials at each one of the regulatory stages. The performance of clinical trials is dependent upon a variety of factors, the need to obtain consent from various clinical research bodies for the performance of the trials, receipt of regulatory approvals for performance of the trials and the structure of the trials (trial protocol, manner of analysis of results etc.), regulatory changes, as well as the possibility of unexpected side effects of the group companies' products. The completion of clinical trials may face additional challenges, particularly in recruiting suitable candidates. A lower-than-expected patient recruitment rate and/or delays in enrolling trial participants may result from various factors, such as a low prevalence of patients meeting the trial criteria, competition among companies for participant enrollment, changes in candidates' willingness to volunteer for the trial, and budget constraints. All these factors may constitute obstacles in the path to successful completion of the clinical trials, and may delay or even stop the continued performance of the clinical trials and lead to postponement of receipt of the approvals and permits as aforesaid. Therefore, it is impossible to know when clinical trials will be completed, if at all. Accordingly, this could materially adversely affect the group companies' financial condition and results of operations and as a result could also materially adversely affect the Company's financial condition and results of operations.

<u>Specific Risks</u>

21.17 <u>Compliance with regulatory requirements and restrictions in several countries</u>

Elron and its group companies' operations are subject to regulation in Israel and additional countries in which Elron and its group companies operate or wish to operate. These regulatory requirements may impact, inter alia, on Elron's reporting obligations and as a result, may affect its business and its ability to invest in new companies. In addition, the regulatory requirements and restrictions in Israel to which Elron and its group companies are subject may be different and even in conflict with the regulatory requirements and restrictions applicable to Elron and its group companies in other countries. If this occurs, it will adversely affect Elron's business.

21.18 Financing sources

The Company's financial resources are dependent upon proceeds from the realization of its holdings in its group companies, from capital raising from the public or dividends from group companies. In the past, the Company's financial resources included loans and credit facilities from banking institutions as well as loans from the controlling shareholder. In the absence of sufficient financial resources, there is no assurance that the Company will be successful in raising additional capital for its activities and the continued support of and investment in the group companies and new companies.

21.19 Classification as an "Investment Company" according to U.S. securities law

Generally, for so long as a company has more than 100 US investors (as is the case with respect to the Company as of the reporting date), a company must register under the Investment Company Act of 1940 as amended, or the 1940 Act, and comply with significant restrictions on operations and transactions with affiliates if it is engaged in the business of investing, owning, holding or trading securities and owns investment securities (as defined in the 1940 Act) exceeding 40% of the company's total assets, or if it holds itself out as being engaged primarily in the business of investing in, reinvesting or trading securities. The 1940 Act provides for various exemptions from the obligation to register thereunder, and in 1980 the Company received an order from the SEC, declaring that it is not an investment company under the 1940 Act. If certain of the Company's activities and/or investments were to adversely affect its status under the 1940 Act or if the Company were to cease to comply with the conditions of the order from 1980, the Company might be deemed an investment company and/or need to dispose of or acquire other investments to avoid the requirement to register as an investment company on terms that may not be favorable to it. In addition, if the Company were deemed to be an investment company and therefore required to register as such under the 1940 Act, it would be unable to continue operating as it currently does, as a result of which its performance and market value could be severely harmed.

21.20 Changes in the value of the Company's holdings

The Company is exposed to the volatility of the value of its holdings in group companies. If the group companies experience difficulties in the future, or if there are adverse changes in their fair value, the Company may need to write-down or write-off the carrying value of its holdings, raise capital at a lower market value than expected, and its business and financial results and/or the value of its assets will be adversely affected. In addition, changes in the value of the Company's holdings in the group companies may have an adverse effect on the Company's market value. The Company regards the changes described herein as being in the ordinary course of our business.

21.21 Realization of the potential inherent in the partnership with Rafael within the framework of RDC

The realization of the business potential of RDC's operations depends on its cooperation with Rafael (see Section 18.1 above), not only in terms of compliance with the provisions of the agreement between the parties, but also on the actual commitment and involvement of Rafael and its personnel in RDC's activities. To the extent RDC is unable to realize the full business potential as aforesaid, the Company's ability to develop new companies through RDC may be adversely affected, and, as a result, the Company's results of operations and financial condition may be adversely affected.

In this regard, the framework of cooperation with Rafael is broad and includes, as described in Section 2.1.7.5 above, additional activities performed by Rafael personnel both at the investment evaluation stage and following the investment, across the fields of Deep-Tech and Defense Tech, as well as cybersecurity and software, with particular emphasis on the dual-use sector, and in the provision of ongoing advice to the investee companies. In particular, Rafael's contribution is reflected, including in the involvement of its personnel in the evaluation of new investments, the support of investee companies, and the provision of professional assistance in relevant technological fields. If, for any reason, the level of actual involvement of Rafael and its personnel in these activities declines, or if their availability, the level of support, or the scope of resources actually allocated thereto decreases, the value derived by RDC at the stage of evaluating new investment opportunities and at the post-investment support stage may be adversely affected.

21.22 Realization of the Conditions to receive the Contingent consideration from CartiHeal's Sale

In accordance with the sale transaction of CartiHeal to Smith & Nephew detailed under section 18.3 above, and its terms, the selling shareholders, including Elron, are entitled to Contingent consideration in the amount of $150 million, subject to adjustments, payable upon the date on which the sales of Agili-C and additional products as detailed in the agreement (the "Products"), will generate net income of at least $100 million in a consecutive 12 months period (conditional upon fulfilling said condition within the 10 years' period commencing from the transaction's closing). Elron's share in the Contingent consideration is approximately $40 million (as of December 31, 2025, Elron has recorded in its books, an asset in the amount of $22.5 million related to its portion of the contingent consideration). Accordingly, with respect to the receipt and value of the Contingent consideration, the Company is depending on Smith & Nephew's ability to sell the Products in order to reach the agreed-upon sale threshold, and on Smith & Nephew's financial condition and its ability to comply with its obligations and the period until reaching the required sales threshold.

21.23 Risk of a cyber attack

The Company and its group companies are assisted by various technologies and databases for their business activities, including development. As a result, the Company and its group companies are exposed to the risk of theft of business and technological data, and to the disruption of the group companies' ongoing activities and the developments on which they are working.

21.24 Exposure to liability for representations and escrow deposits in exit transactions

In exit transactions executed or which may be executed by the Company in the future, the Company and/or its group companies are often required to make representations and warranties to the acquirer about the relevant group company and to, under certain circumstances, indemnify the acquirer for damages should such representations or warranties prove to be inaccurate. In addition, a portion of the sale proceeds is often held in escrow as security for the indemnification obligations, which may expose the Company to the risk of ultimately not receiving all or part of such portion of the proceeds should the representations and warranties prove to be inaccurate. Also, certain proceeds may be contingent upon future performance of such companies following the exit transaction and over which the Company has no control and accordingly, there is no assurance that such proceeds will be ultimately paid to the Company in full or at all. In this regard, the Company has indemnification obligations regarding representations given, inter alia, within the framework of transactions for the sale of Medingo, Zoll Medical Israel Ltd (formerly Kyma Medical Technologies Ltd), Jordan Valley Semi-conductors Ltd, Cloudyn Software Ltd., Cyber Secdo Ltd, Alcide IO Ltd, Imvision Software Technologies Ltd, SecuredTouch Inc., Canonic Security Technologies Ltd, CartiHeal, SixGill and Cynerio which could be material if realized. In addition, there are representations given by previously held group companies and by the Company in the framework of transactions for the sale of companies previously held by it. See also section 18.2 and 18.3 above regarding Cynerio's and CartiHeal's sale.

21.25 Please find below a summary of the risk factors according to their type and their impact on Elron's business, based on management's assessment:

	Degree of Impact of Risk Factor on Elron		
	Major Impact	**Medium Impact**	**Minor Impact**
<u>Macro Risks</u>	The state of the global economy and changes in capital markets, including the impact on the ability to raise equity and debt; International operations.	Financial Risks (Interest, Exchange Rates and Inflation) and Military hostilities.	
<u>Sector Risks</u>	Regulatory and contractual limitations on disposal of holdings; Effecting exit transactions at significant values;	The impact of regulations on product development, manufacturing and marketing; Reimbursement; The impact of the group companies' operating results on Elron; Retaining key employees; Uncertainty and risk in the Company's and the group companies' technology fields; Competition in the markets in which the group companies operate; Difficulty faced by the group companies in obtaining future financing	Product or Services claims; Conducting clinical trials and Recruitment of candidates for clinical trials
<u>Specific Risks</u>	Changes in the value of the company's holdings; Realization of the Conditions to receive the contingent consideration from CartiHeal's Sale.	Compliance with regulatory requirements and restrictions in several countries; Financing sources, Realization of the potential inherent in the partnership with Rafael within the framework of RDC;	Classification as an "Investment Company" according to U.S. securities law; Risk of a cyber attack

	Degree of Impact of Risk Factor on Elron		
	Major Impact	**Medium Impact**	**Minor Impact**
		Exposure to liability for representations and escrow deposits in exit transactions	

Chapter II: Description of Group Companies

22 Introduction

22.1 Below is a description and details regarding the group companies held by Elron as of the reporting date, and which were held by Elron during 2025 and still held by Elron on the filing date of the report (none of these companies, in and of itself, comprises a separate activity segment).

22.2 Elron examines, in each reporting period, which of its investee companies constitute principal investee companies. From Elron's perspective, a principal investee company is one that meets the quantitative criteria or one of the qualitative criteria adopted by the Company's Board of Directors, as detailed below:

22.2.1 Quantitative criteria – a company in which the carrying amount of Elron's investment, as presented in Elron's statement of financial position, exceeds 15% of the Company's total assets, based on the Company's most recent financial statements.

22.2.2 Qualitative criteria – significant investment commitments by Elron in such company, significant risks and exposures in connection with the investment therein, the potential inherent in the investment from management's perspective, or a significant (current or potential) value of Elron's investment therein, among others.

Among the investee companies, as of the date of publication of the report, RDC meets both the quantitative criterion and a qualitative criterion. The composition of the principal invested companies may change from time to time, inter alia, as a result of a sale, investment, impairment, or a remeasurement of the investment value in Elron's financial statements.

22.3 The remaining companies will be classified in this chapter into two categories, according to their level of maturity and the stage they are at in their life cycle, based on the criteria set forth below[16]:

Field	Early Growth Company	Growth Company
Defense Tech, Deep-Tech	Proofs of concept (POC) and initial sales	Mass production readiness/ Accelerated sales
Cyber, Software, Artificial Intelligence (AI)	Initial sales	Accelerated sales (exceeding $10 million)
Medical Device	Clinical trials including FDA trial	Following FDA marketing and commercialization approval

23 RDC

23.1 RDC, a private company incorporated in Israel, was established and commenced its activities in 1993.

23.2 Elron holds 50.1% of RDC's share capital (through DEP), and Rafael holds the remaining 49.9%.

23.3 RDC seeks to identify technological projects and acquire interest in companies in diverse fields that will either commercialize Rafael's military technologies in the civilian market or will be benefited by Rafael's technologies and know-how, and also invests in other companies specifically in the fields of Deep-Tech Defense Tech, cyber and software and Artificial intelligence (AI) (see also section 20 above regarding Elron's investment strategy). Following identification of such projects, RDC develops the relevant technologies, and in the case of military technologies, adapts them for civilian use, initially by utilizing its own management and funding resources, thereafter by spinning off activities into independent companies and at later stages from external funding. Rafael also grants RDC companies that utilize its technologies licenses to use such technologies in the civilian market. See Section 18.1 above for details on the agreement for commercializing Rafael's technologies in the civilian market.

[16] It should be noted that the criteria presented do not constitute an exhaustive list, as the Company may also invest outside these fields of activity, as stated in the strategy section described above.

For the value enhancement strategy of the group companies held by RDC through its cooperation with Rafael (the second shareholder of RDC), see section 2.1.7 above.

23.4 Rafael is a key strategic partner in RDC's operations and makes a material contribution to the evaluation of investment opportunities and to the support of companies held by RDC. Rafael's contribution is based on its expertise across a broad range of technological fields, particularly in those in which RDC invests. This contribution is reflected in the provision of technological advice, professional support, participation in the evaluation of new investments and the delivery of professional opinions that assist RDC and its investee companies in realizing the business potential inherent in their technologies, including through collaborations between Rafael and such companies, all as further described in Section 2.1.7.5 above.

RDC does not operate as Rafael's investment arm, but rather as a venture capital company that invests in companies with the potential to generate high returns for its investors. At the same time, RDC seeks to identify investments with the potential to provide added value to Rafael or to derive added value from Rafael. In particular, RDC's investments are focused either on projects in which there is synergy or technological affinity with Rafael's capabilities, or on ventures in which Rafael's professional know-how may assist in evaluating the project's potential. By contrast, Elron's direct investments, which are not made through RDC, generally do not involve Rafael's professional participation and are not based on Rafael's technologies.

Decisions regarding the making of new investments or the realization of investments by RDC are subject to the authority of RDC's Board of Directors; accordingly, Rafael does not have a veto right or the ability to prevent a decision regarding an investment or the realization of an investment. RDC's articles of association provide for a limited number of resolutions requiring a special majority, which grants veto rights to Rafael or to directors appointed on its behalf, and which, in the Company's opinion, do not have a material effect on RDC's conduct or on the Company. These include the appointment of RDC's CEO (provided that any objection to a candidate by directors appointed by the minority shall be made only on reasonable grounds and in writing), the sale of substantially all of RDC's assets, the issuance of shares by RDC in certain circumstances and subject to exceptions, and the approval of related-party transactions.

23.5 For the past several years, RDC has been led by two Co-CEOs: Elron's CEO and a representative appointed by Rafael. As of the date hereof, these are Mr. Yaniv Schneider, Elron's CEO, and Ms. Liat Shechter on behalf of Rafael.

23.6 The group companies held by RDC as of the filing date are: OpenLegacy, Red Access, Wonder Robotics, Breeze, Tamnoon, Axonius and N-Drip. In addition, CyberRidge and Raven are jointly held by Elron and RDC. For the companies description, see Section 24.

23.7 In March 2021, Elron and Rafael granted a loan to RDC in an amount of $16 million (in equal parts), for the purpose of making new investments and continuing to support its investee companies.

In March 2025, RDC's Board of Directors resolved to effect the partial early repayment of a total amount of $5 million (in equal parts) of the loan balance. The early repayment was completed in June 2025. In addition, RDC's Board of Directors approved an extension of the loan repayment term by an additional three years, through March 2029, subject to the lenders' approval.

23.8 For details regarding directors' compensation paid by RDC to Elron and Rafael during 2025, see Note 17.B to the Financial Statements.

23.9 RDC's operating results are presented in Section 5 of Part IV of this Annual Report. Details on RDC's investments are presented in Section 1.4 of the Board of Directors Report and Section 3 and 4 of Part IV of this Annual Report. RDC's cash flows are presented in Note 3.A.2 to the Financial Statements.

23.10 See Section 13 above regarding the employees employed by RDC as of December 31, 2025 and as of the date of publication of this report.

24 Group Companies

Growth Companies

24.1 Edge226

Field: Digital Advertising

Company Description (Technology/Product): Edge develops and markets an advanced AdTech platform designed to help mobile app advertisers acquire high-quality users and improve retention over time. The platform leverages artificial intelligence algorithms to optimize campaign performance and maximize advertising return on investment. It operates across in-app channels, connected TV (CTV), and rewarded media channels.

Edge provides advertisers with a demand-side platform (DSP) that connects them to end users through direct relationships with content publishers, partner networks, supply-side platforms (SSPs), and the Edge's owned and operated (O&O) properties.

Management and Founders

Mr. Ben Enosh (Chairman) – Ben has extensive experience as an entrepreneur and technology company leader. Beyond Edge, he has been involved in founding, managing, and leading ventures in diverse sectors, including Antidote A.I. Health Ltd. and Metrolight Ltd. He was also a co-founder of Cyota Israel Ltd., which was sold to RSA Security Inc.

Mr. Avishay Raviv (Co-Chief Executive Officer) – Avishay is an experienced entrepreneur with over 25 years in founding and scaling digital ventures, and more than 20 years in leadership roles in the AdTech industry. His expertise includes product strategy, technological innovation, and product-led growth.

Mr. Yoav Kirmayer (Co-Chief Executive Officer) – Yoav is a seasoned executive with over 25 years of experience leading large-scale sales, service, and operational organizations, including more than 15 years in the AdTech industry. He specializes in scaling complex operations and driving organizational strategy. Previously, he served as Vice President of Business Customers at Cellcom Israel Ltd.

Mr. David Markowitz (Chief Financial Officer) – David has approximately 20 years of financial leadership experience. Previously, he worked in investment banking at Credit Suisse Group AG in New York, focusing on mergers and acquisitions. He holds a Bachelor's degree in Finance from The Wharton School of the University of Pennsylvania.

Current Stage of Development and Developments During the Past Year: Edge is a revenue-generating company that markets its platform and services globally. Its primary target market is the United States, with additional client presence in Asia and the European Union. Edge continues to expand its operations in Europe and to develop a larger presence in key Asian markets.

Recent Financing Rounds: Elron holds approximately 24% of the issued and outstanding share capital of Edge and approximately 16% on a fully diluted basis. From its establishment until the filing date of the report, Edge has raised approximately $9 million, of which approximately $5.0 million was raised in 2008. Edge has not raised external financing since 2018. In addition, in December 2024, a share repurchase transaction of common and preferred shares of Edge from other shareholders was completed in the amount of approximately $1.7 million. For further details, see Note 3.B.2.d to the Financial Statements.

Intellectual Property: Edge does not have registered or pending patents that it considers material to its business.

Market Structure and Competition: The global digital advertising market is a significant market, estimated at approximately $650 billion in 2025 and expected to reach approximately $1,593 billion by 2035[17]. Market growth reflects the increasing reliance on digital media and data-driven optimization. Edge operates in the performance advertising segment, which is part of the broader advertising technology sector. The digital advertising technology industry is highly competitive and includes numerous participants across the ecosystem, such as advertisers, app developers, DSP platforms, SSP platforms, advertising networks and content sites. Within the DSP segment, public and private companies provide competing services across various areas and

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[17] https://www.precedenceresearch.com/digital-ad-spending-market?utm_source=chatgpt.com

segments of the market. Within the Performance DSP segment in which Edge focuses, several competitors operate that have raised substantial capital and maintain a notable market presence.

It should be noted that Edge's assessments regarding the development of the market in the coming years, as well as regarding the achievement of the goals and targets described above and the milestones that Edge must achieve in order to realize them, constitute forward-looking information (to the extent such information is indeed included). These assessments are based, among other things, on information collected by Edge regarding market conditions, market and product potential, the competitive landscape and the identity and activities of competitors, as well as long-term plans and forecasts. These assessments may not materialize, in whole or in part, or may materialize differently than anticipated. Factors that may cause such assessments not to materialize, in whole or in part, or to materialize differently than anticipated include errors in the data and estimates collected, changes in market conditions, workforce-related issues, intensification of competition, loss of customers or customer revenues, and similar factors.

Research and Development Expenses and Development Grants: In 2024 and 2025, research and development expenses constitute 33% and 38% of Edge's total operating expenses, respectively.

Regulation: Not relevant.

Strategy and Customers: Edge enables mobile apps and games to grow their audiences by delivering targeted programmatic advertising campaigns, where advertisers only pay for outcomes. Edge strategy focuses on expanding and retaining its customer base through a variety of channels, including direct outreach to customers, participation in professional conferences, marketing activities and media buying. Sales and business development teams are primarily located in the United States, with an international presence to support local markets and expand global operations. Edge plans to increase its local presence in key markets in order to improve customer acquisition and retention and to strengthen Edge's market advantage. Edge's revenue model is primarily performance-based: its customers pay for the distribution and execution of advertising campaigns according to key performance indicators (KPIs) agreed in advance, and/or for access to Edge's DSP platform.

24.2 <u>Axonius</u>

Field: Cyber

Company Description (Technology/Product): Axonius develops a cybersecurity platform that allows organizations to preemptively tackle hard-to-spot exposures, misconfigurations, and operational challenges – all in one place. Its product addresses a critical issue: many organizations do not know which devices are connected to their network and other digital assets. Without this information, effective protection is impossible. Axonius develops tools for managing, securing, and synchronizing all network-connected assets and software within an organization, providing clients with a complete and reliable view for control, security, risk prevention, and inefficiency detection.

<u>Key features of the Axonius platform include:</u>

- Comprehensive asset discovery – integrates with over 400 existing security and management products to collect and correlate data, creating a complete and accurate asset inventory without requiring agent installation.

- Continuous policy enforcement – allows organizations to define security policies and continuously verify compliance, automatically identifying and alerting on discrepancies.

- Automated response – can trigger automated actions via integrations with other security tools to quickly resolve issues like unmanaged devices or unpatched software.

Founders and Management

<u>Dean Sysman-</u> (Executive Chairman and Co- Founder) - Before founding Axonious, he was a co-founder Cymmetria Security 2014 Ltd., a YC-backed cyber deception company with Fortune 500 customers that was acquired by private equity. He is an alumnus of the rank of Captain of an elite unit in the Israeli Intelligence Corps and a graduate of the special "Etgar" program, where he earned his B.Sc in Computer Science.

<u>Ofri Shur</u> (CTO and Co- Founder) – Ofri is a graduate of the elite Talpiot military academy and has over 13 years of hands-on experience in the

cybersecurity field. After graduating from Talpiot, Ofri served for 8 years as an officer in the IDF's intelligence corps. Prior to founding Axonius, he was the CTO of Kayhut, a cybersecurity company with more than 100 employees. Ofri holds a B.S. in Physics and Mathematics with honors from the Hebrew University of Jerusalem.

Avidor Bartov (Chief Product Officer and Co- Founder) –He previously served as Chief Architect at Axonious. Avidor served as a security researcher in the 8200 unit of the IDF. Avidor graduated from The Open University of Israel with a B.S. in Computer Science.

- Wendy Zheng (Chief Financial Officer) – Wendy has more than 20 years of experience building and managing global accounting teams and providing financial and operational leadership. Prior to joining Axonius, Wendy served as the Senior Vice President, Chief Accounting Officer at OneTrust. Before that, Wendy served as the Vice President, Corporate Controller of Okta, Inc. Wendy is a Certified Public Accountant (CPA) (inactive) and earned her bachelor's degree in Economics from the University of California, Berkeley.

Joe Diamond (Interim CEO and President) – Prior to joining Axonius, Joe served as VP Global Demand Marketing at Marketing at Okta and held other leadership roles at Okta in global product strategy and product marketing. Joe holds a bachelor's degree from California State University, Northridge.

Stage of Development and Developments During the Past Year: Axonius's platform is used across various industries worldwide. Its clients are primarily large organizations, including many Fortune 500 companies. Axonius shows consistent and rapid growth in revenue and customer base.

Axonius has several subsidiaries in Israel, the United Kingdom, Portugal, and the United States, and as of 2025, it employs more than 600 employees worldwide. In addition, as described in Section 18.2 above, in 2025 Axonius acquired Cynerio in a share transaction.

Recent Financing Rounds: As a result of the Cynerio transaction described in Section 18.2 above ,RDC holds approximately 0.6% of issued and outstanding share capital of Axonius. Since its establishment and as of the filing date of the report, Axonius has raised approximately $395 million. In 2022, Axonius completed its most recent funding round (Series E), which was extended in 2024, raising a total amount of approximately $200 million.

Investors in Axonius include YL Ventures, Bessemer Venture Partners, OpenView Venture Partners, Lightspeed Venture Partners, Stripes and Accel.

Intellectual Property: Axonius invests in registering and protecting its intellectual property worldwide and has been granted numerous patents in various relevant jurisdictions.

Market Structure and Competition: Axonius operates in the cybersecurity market, including in the growing Asset Intelligence and Exposure Management (CAASM) category.

The exponential increase in devices computers, mobile, IoT, OT, cloud), applications (SaaS, On-Prem), users, and cloud environments create massive pressure on security teams. Organizations struggle to know "what they have" and "where it is," leading to unmanaged attack surfaces. Asset Intelligence and Exposure Management is rapidly growing as a foundational element of effective security strategy.

Asset Intelligence and Exposure Management = aims to create a comprehensive, up-to-date inventory of all assets (devices, users, cloud, SaaS, IoT, and identities). It transforms raw data into actionable, decision-grade insights to identify security gaps, misconfigurations, and non-human identities.

Traditional Tools vs. Dedicated Solutions:

- CMDBs – Often outdated and insufficient for security needs.
- Vulnerability scanners – Identify known device vulnerabilities but may miss unknown devices.
- EDR/XDR solutions – Focus on endpoint security but lack full asset visibility.

Axonius's competitors include:

- Startups: JupiterOne, Sevco Security, RunZero (formerly Rumble).
- Security giants: Palo Alto Networks, CrowdStrike and ServiceNow (Armis), which integrated asset management into broader portfolios, but often less focused on Asset Intelligence and Exposure Management

- Traditional ITAM platforms: ServiceNow and Ivanti, which may offer asset discovery but lack security context and policy alignment.
  ITAM = IT Asset Management is a tool that tracks and manages an organization's IT hardware, software, and cloud assets.

The Asset Intelligence and Exposure Management market is growing, and according to Axonius, it is well-positioned to its unique technology, industry partnerships, and expanding customer base.

Research and Development Expenses and Development Grants: Axonius's primary milestone/goal for 2026 is to further enhance its market e leading Asset Intelligence and Exposure offering, as well as further expand its offerings that target the IoT/OT security market. Axonius estimates that its existing liquidity sources are sufficient to achieve its goals.

Regulation: Axonius has obtained all regulatory approvals required for the marketing and sale of its products in the markets in which it operates.

Strategy and Customers: Axonius's strategy for the coming years is to continue expanding sales of its product to new customers in North America and in additional global markets.

24.3 Notal Vision

Field: Medical Devices

Company Description (Technology / Products): Notal Vision develops, manufactures, and provides ophthalmic diagnostic services for home monitoring of patients with age-related macular degeneration (AMD). Notal Vision offers two products in the field of home ophthalmic diagnostics: ForeseeHome and SCANLY Home OCT.

The first product, ForeseeHome, is a home monitoring solution for patients at risk of progressing from dry macular degeneration to wet AMD (i.e., progression from slow macular breakdown to blood vessel leakage that leads to vision loss), which requires immediate treatment. The system enables patients to monitor their vision at home, allowing for the early detection of disease signs compared to the existing standard. This product is FDA-approved and covered by U.S. insurers, contributing to early disease detection and enabling treatment before irreversible vision loss occurs.

The second product, SCANLY Home OCT, is an advanced system that enables wet AMD patients to perform OCT scans at home between doctor visits. The system is equipped with an AI-based analyzer that automatically processes scans and alerts physicians when signs of disease activity are detected, allowing patients to undergo in-clinic evaluations and perform treatment as needed. This product enables patients to receive care and manage their disease in a personalized and timely manner. In 2024, this product received FDA approval. See below information regarding the status of the reimbursement process for the use of the product.

Founders and Management:

Kester Nahen (CEO) – Co-led Heidelberg Engineering GmbH in the field of ophthalmic diagnostics for over a decade of strong growth. Previously, Dr. Nahen held executive positions at Laserscope in Silicon Valley and was part of the AMS/Laserscope merger team, culminating in the sale of Laserscope for $715 million in June 2006.

Sharon Segev (President) – has been the co-founder of several startup companies achieving strong growth through AI-based marketing automation methodologies he helped develop.

Gidi Benyamini (CSO) – Industry veteran leading Israeli hi-tech companies for 30 years. Technical and clinical leader for ForeseeHome and Home OCT program. Accomplished research partner in international collaborations with academia and pharma. Initiated and successfully executed pivotal ForeseeHome AREDS2-HOME study with the U.S. National Eye Institute.

Current Stage and Developments During the Past Year: Notal Vision has initiated a soft launch of the SCANLY Home OCT device in the U.S. following FDA approval, allowing Notal to begin offering the device to a limited number of patients.

In November 2025, pricing was determined in the U.S. by the Centers for Medicare and Medicaid Services (CMS) for the reimbursement code that applies to the diagnostic service that is provided by the Notal Vision Monitoring Center utilizing the SCANLY Home OCT. CMS is a U.S. federal agency that administers the major U.S. health insurance programs, including Medicare for people aged 65 and over. The aforementioned code (CPT code 0605T) refers to the technical component of remote retinal OCT imaging and is now in effect (effective 2026).

As conveyed to the Company by Notal, CMS's decision to establish pricing for home OCT indicates its importance for Medicare beneficiaries, with the pricing rate benefiting Notal.

Reimbursement for the use of SCANLY is subject to a decision by the local Medicare Administrative Contractor regarding the inclusion of the diagnostic monitoring service in insurance coverage. At this stage, there is no assurance that such a decision will be taken, or that the decision will apply to the entire target population of SCANLY. However, it is possible that reimbursement claims may be approved in practice even in the absence of a formal coverage decision, based on an individual assessment of each claim submitted to the insurer. In such a case, the review of the scope and nature of claims actually approved over time may provide an indication of insurers' reimbursement policies for this service.

In parallel, Notal Vision continues to offer the ForeseeHome AMD Monitoring Program in the U.S., which currently serves approximately 8,000 patients and is fully covered by U.S. insurers.

Recent Financing Rounds: Elron holds approximately 7% of Notal Vision's issued and outstanding share capital and approximately 6% on a fully diluted basis. Since its establishment and until the filing date of the report, Notal Vision has raised approximately $200 million, of which approximately 84 million was invested as part of its D financing round. For further details, see Note 7.B to the Financial Statements.

Intellectual Property: Notal Vision 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
US	October 2018	Patient chair time reduction through memorized personalized device-alignment	10,595,722B1

Countries where the patent is registered	Patent grant date	Description of the requested patent	Patent number
US	February 2020	Broader claims	11,464,408
US	August 2022	Broader claims	11986241
JP	Feb 2019	Patient chair time reduction through memorized personalized device-alignment	7461936
US	June 2019	OCT autofocus with simple, low-cost optical setup	US 10,653,311
US	April 2020	Broader claims	11564564
US	November 2017	Closed loop patient self alignment tool provides ease of use at low cost	10,653,314
US	April 2020	Broader claims	11,389,061
US	June 2022	Broader claims	11723536
EP: CH,DE,FR, GB, IT,ES	April 2018	Closed loop patient self alignment tool provides ease of use at low cost	3675709
JP	April 2018	Closed loop patient self alignment tool provides ease of use at low cost	7390099B2
CN	April 2018	Closed loop patient self alignment tool provides ease of use at low cost	ZL201880071973.0
KR	April 2018	Closed loop patient self alignment tool provides ease of use at low cost	10-2661653
CN	November 2017	Ergonomic design enables patient self alignment to device	11,058,299
CN	April 2018	Ergonomic design enables patient self alignment to device	ZL201880071947.8
JP	April 2018	Ergonomic design enables patient self alignment to device	7330993
KR	April 2018	Ergonomic design enables patient self alignment to device	10-2661654

Countries where the patent is registered	Patent grant date	Description of the requested patent	Patent number

Market Structure and Competition: As of 2024, the AMD market, which includes both the dry and wet forms of age-related macular degeneration, is expanding at an accelerated rate, driven by the aging global population. According to a Grand View Research[18] report, the market size in 2024 is estimated at approximately $11 billion and is expected to demonstrate a CAGR of around 8.2% from 2024 through 2030. Of these cases, around 90% are dry AMD, which is less severe but impacts quality of life, while 10% are wet AMD, which leads to rapid and significant loss of vision. The dry AMD treatment market is also evolving, with substantial potential for expansion in the coming years due to advancements in pharmaceuticals and technology.

Notal Vision is an exclusive provider offering home diagnostic services for early detection of wet AMD with ForeseeHome and the management of wet AMD through SCANLY Home OCT. There are other vendors trying to develop other versions for home-based devices, whereby none known to management is at an advanced stage.

Regulation: As noted above, Notal Vision has received FDA approval for both products it developed.

Research and Development Expenses and Development Grants: In 2025, research and development expenses constitute approximately 30% of Notal Vision's total expenses.

Strategy and Customers: Notal Vision's value proposition lies in managing the disease over its course—starting from disease detection (i.e., the transition from dry to wet AMD) to disease management post-diagnosis. Notal aims to

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[18] Age-related Macular Degeneration Market Size, Share & Trends Analysis Report By Product (Eylea, Lucentis), By Disease (Wet AMD, Dry AMD), By Distribution Channel, By Region, And Segment Forecasts, 2024 - 2030

improve patient outcomes while reducing healthcare system costs. In the initial phase of selling the SCANLY Home OCT product, Notal Vision is focusing on the U.S. market and has built connections with approximately 1,300 retinal specialists, 1,100 optometrists, and 800 general ophthalmologists. Notal Vision is actively working to expand engagement with healthcare professionals and is focused on educating the community to ensure that all stakeholders, including patients, are aware of the benefits of ForeseeHome and SCANLY Home OCT. The goal is to ensure that these services become the standard of care. The SCANLY Home OCT supports anti-VEGF drug treatment models and reduces the treatment burden by tailoring personalized care for each patient. The system is currently being used in clinical trials in collaboration with pharmaceutical companies and medical institutions, demonstrating the benefits of home diagnostics combined with advanced medical treatment in the field of ophthalmology.

In addition, over the coming year, Notal plans to increase the production volume of SCANLY units, among other things to support the product's sales backlog.

It should be noted that Notal Vision's estimates regarding the achievement of the goals and objectives outlined above, and the targets that Notal vision needs to meet to realize them, are forward-looking statements (to the extent they include such information) as defined under the Securities Law. These estimates are based, among other things, on information collected by Notal Vision regarding the market conditions, market potential, competitors, and business strategies, as well as long-term plans and forecasts.

These estimates may not materialize, either in whole or in part, or may materialize differently than anticipated. Factors that could affect whether these estimates are realized, or are realized differently than expected, include errors in data and estimates collected, market changes, workforce-related issues, unforeseen technological or engineering challenges, regulatory issues or changes, decisions by the local Medicare administrative contractor regarding coverage of the diagnostic monitoring service, intensified competition, including the development of competing technologies and products, and other factors.

Early Growth Companies

24.4 Addionics

Field: Deep-Tech, Defense Tech

Company Description (Technology/Product): Addionics develops porous 3D current collectors based on advanced battery technology with the aim of significantly improving battery performance in terms of capacity, safety, charging times, and lifespan, as well as reducing production costs. Addionics operates primarily in the electric vehicle (EV) sector, in aerospace and defense industries, and in other energy storage applications. Addionics' technology is designed to support large-scale industrial production without requiring significant changes to existing production lines. In addition, the architecture of the current collectors is intended to be compatible with all battery chemistries, both conventional and emerging.

The technology is "drop-in"—meaning it can be easily integrated into existing battery manufacturers' production lines without the need to change the cells' chemistry itself and is intended for a variety of battery chemistries ranging from existing commercial technologies to future technologies in development.

Founders and Management: Dr. Mushiel Biton (CEO and Co-Founder) – has over a decade of experience in batteries, materials science, and industrial technologies.

Current Stage and Developments in the Past Year: Addionics markets its products to global and local companies in the electric vehicle, defense, and aerospace markets, and is expanding into additional sectors such as robotics. In 2025, Addionics opened a factory for the production of smart metals. Addionics was integrated into the production lines of General Motors, which led Addionics' Series B round as a strategic investor. In addition, Addionics collaborates with a leading U.S. space company. During the year, Addionics made progress across multiple commercial engagements with global battery manufacturers and OEMs, including the execution of POCs and advancement toward initial commercial orders. Collaborations were signed with Avery Dennison (a Fortune 500 company) and People & Technology Inc., a South Korean manufacturer of equipment for the battery industry. At the same time, Addionics continued expansion of the commercial pipeline and order backlog.

Recent Financing Rounds: Elron holds approximately 3% of Addionics' issued and outstanding share capital and approximately 2% on a fully diluted basis .Since its establishment and until the filing date of the report, Addionics has raised a total of approximately $78 million, of which approximately $47 million was in the Series B round, in which Elron invested approximately $3.5 million. For further details, see Note 7.E to the Financial Statements.

Intellectual Property: Addionics has 17 patent families relating to the technology under development, including granted patents as well as pending patent applications. In Addionics' assessment, no single patent or patent application constitutes a material asset on a standalone basis. Addionics' intellectual property strategy is based on a developing portfolio of patent applications, the majority of which are currently pending and under examination, and whose scope may evolve over time.

24.5 <u>OpenLegacy</u>

Field: Software

Company Description (Technology/Product): OpenLegacy develops and markets a software solution that enables digital integration of old legacy systems with mobile, web, and cloud applications, automatically, effectively, safely, and exponentially faster than current solutions. OpenLegacy's technology effects automatic API (application programming interface) integration, thereby accelerating the digital conversion of core systems. Therefore, OpenLegacy enables organizations that rely on legacy core systems to perform an effective and low-risk digital upgrade with significant time savings (projects which would normally take many months will take a few weeks and even days), and at significantly lower costs. In addition, OpenLegacy enables organizations to overcome a key barrier to innovation in the adoption of artificial intelligence (AI), as proprietary mainframe formats restrict large language models' access to trapped data, and consequently to critical business context.

Founders and Management:

<u>Ron Rabinowitz</u> (CEO) – oversees global financial operations, strategy, investments, reporting, manpower, and overall business activity of OpenLegacy. Ron has over 15 years of experience in local, regional, and global management roles at P&G (Procter & Gamble) and served as CEO of a P&G Joint Venture,

gaining extensive experience in the technological startup ecosystem. He was also part of the P&G team leading the sales of Duracell's business. Ron holds an LLB and a B.A. in Business Administration, summa cum laude, from Tel Aviv University.

Roi Mor (CTO and Co-Founder) – more than 25 years in the high-tech industry. As Chief Technology and product manager, Roi leads the R&D activity in creating the first micro-services-based API integration and management platform. Roi brings a deep understanding and over 15 years' proven experience in successfully leading large Java, internet, mobile, cloud, cybersecurity and modernization projects. At Software AG he managed technology, infrastructures and methodologies at OpenLegacy's Israeli R&D laboratory. Roi also established a group of cyber solutions at Intellinx, and at the start of his career he headed complex modernization projects around the world for Sabratec.

Romi Stein (President and Co-Founder) – Romi provides strategic direction and oversees OpenLegacy's day-to-day performance. Romi is experienced in all aspects of information technology business leadership. He has a deep understanding of how to lead in this market, gleaned from fifteen years at IBM's global headquarters where he became familiar with the operation of one of the top corporations behind previous-generation systems. At IBM, Romi held a wide variety of leadership positions, including managing a Country Pricing Group and acting as a Principal Market Development Consultant, where he contributed to the development and growth of new markets in North America and Europe. Romi holds a B.A. in Accounting & Economics and an MBA, both from Tel Aviv University.

Recent Developments: OpenLegacy is at the stage of sales in the global markets, specifically in the U.S., European, South American, Japanese, Indian and Israeli markets. OpenLegacy is export-oriented and for this purpose subsidiaries have also been established in the U.S., Hong Kong, Mexico and Tokyo.

In 2025, OpenLegacy achieved a significant milestone by entering a one-year, Amazon Web Services (AWS) partially funded ISV Tooling co-sell partnership with AWS. This collaboration focuses on the modernization of mainframe and legacy systems into cloud environments, built on and integrated with AWS. It is designed to enable the incremental upgrade of core legacy systems within a relatively short timeframe, without downtime or disruption to ongoing business operations. The approach is incremental, whereby each component of the system is updated and migrated to the cloud in stages, rather than executing a traditional "big-bang" migration of the entire system at once. This method enables a controlled and phased transition, reduces the risks associated with migrating existing systems to the cloud, and increases the long-term success rate of modernization and digital transformation initiatives. At the same time, it enables legacy and modernized systems to operate concurrently throughout the transition period, ensuring full business continuity while enabling the implementation of technological innovation during the modernization process. In addition, OpenLegacy has reached a co-sell partnership status with Microsoft.

The lion's share of its revenues derives from the U.S. and Europe, and in its forecasts for 2026, OpenLegacy expects a significant strengthening in the U.S. and European markets.

Recent Financing Rounds: RDC holds approximately 22.2% of OpenLegacy's issued and outstanding share capital and approximately 18.28% on a fully diluted basis. Since its establishment and until December 31, 2025, OpenLegacy has raised approximately $68 million. The last financing round was in February 2020, in which OpenLegacy raised approximately $20.6 million from SBI Holdings, a large Japanese financial services company. In addition, a SAFE agreement in the amount of $10 million was converted into shares in that round. In addition, in March 2026, subsequent to the reporting date, an investment agreement (SAFE) was signed in OpenLegacy with the participation of its existing shareholders for total amount of approximately $3 million. RDC's share was approximately $0.85 million. The investment agreement was signed and, as of the reporting date, has not yet been completed, and the investment amount has not yet been transferred. For further details, see Note 3.B.2.p to the Financial Statements.

Intellectual Property: OpenLegacy 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	October 18, 2016	Development of interfaces for legacy programs. A system includes a client device displaying a series of screens output from a legacy program in a terminal emulator. The system further includes a tracking module logging activity in the terminal emulator in a trail file, and an analysis module adapted to analyze the trail file and produce, based on the analysis, a REST API based upon the analysis that supports a collection of different REST API calls corresponding to the series of screens output from the legacy program. The REST API is a stateless API utilized in a stateful manner in which each REST API call of the collection of REST API calls provides direct access to a corresponding screen of the series of screens. analyzing network packets	9,471,405 / 14,595,232
USA	October 27, 2020	A method receives from a client a request for server transaction processing, the request being a session request of an outer non-persistent session between the client and a server, the outer non-persistent session including the session request and a session response, the session request to initiate the outer non-persistent session and the session response to terminate the outer non-persistent session. The method commences processing of a server transaction on the server, the server transaction to be processed in transaction portions. The method initiates inner non-persistent session(s), each including (i) a session request providing a response to a client request to process a corresponding first transaction portion, and (ii) a session response providing a client request to process a corresponding second transaction portion. Based on termination of a final inner non-persistent session, the method provides the session response of the outer non-persistent session	10,819,756 / 15,483,509

		to terminate the outer non-persistent session.	
USA	July 27, 2021	A method provides a server a request for server transaction processing, the request being a session request of an outer non-persistent session between a client and the server, the outer non-persistent session including the session request to initiate the outer non-persistent session and a session response to terminate the outer non-persistent session. The method includes, for each inner non-persistent session between the client and the server performed as part of a server transaction, receiving a session request from the server that initiates the inner non-persistent session and provides a response to a client request to process a corresponding first transaction portion, and providing a session response to the server that terminates the inner non-persistent session and provides a client request to process a corresponding second transaction portion. The method also includes receiving from the server the response of the outer non-persistent session to terminate the outer non-persistent session.	11,705,963 / 17/068,452

24.6 Bark

Field: Software (Retail and E-commerce)

Company Description (Technology/Product): Bark develops a cloud-based AI platform providing automated business and profitability analytics for ecommerce brands.

Founders and Management:

Mati Cohen (CEO & Co-Founder) – Former Co-Founder & CTO of Panaya Ltd, acquired by Infosys Limited. Serial entrepreneur and product leader with more than 30 years of experience building cloud and data-driven platforms. Broad background across technology, product strategy, and go-to-market operations. Holds a B.Sc. in Industrial Engineering and Information Systems and served in the Israeli Navy Academic Reserve.

Moshe Ben-Yishay (CTO & Co-Founder) – Former Chief Architect of the cloud platform at Sisense Ltd. Technology leader with over 20 years of experience designing large-scale, data-intensive cloud systems. Holds a B.Sc. in Computer Science from the Technion and an M.Sc. in Computer Science from Tel Aviv University.

Current Stage and Developments During the Past Year: Bark completed a transition from an analytical modeling system to an advanced AI-driven profit decision platform. The new system analyzes very large datasets and automatically generates actionable insights and recommendations to improve profitability.

Recent Financing Rounds: Since its establishment and until the filing date of the report, Bark has raised a total of approximately $3 million. During the years 2022–2024, Elron invested a total of $1.2 million in Bark as part of SAFE agreements.

Intellectual Property: Bark does not have any granted patents or pending patent applications that it considers material to its business.

24.7 Breeze

Field: Cyber

Company Description (Technology/Product): Breeze develops a solution for improving organizational cybersecurity defenses. The product Breeze is developing operates automatically, monitoring existing cybersecurity technologies within organizations (Security products) comprehensively and continuously to enable identification and remediation of security exposures that threaten critical organizational assets and business processes.

Breeze's software "learns the organization" using advanced artificial intelligence (AI). Based on a unique algorithm coded and developed by Breeze, the software automatically detects and identifies cybersecurity gaps, maps them, suggests alternative solutions to mitigate cyber threats, and assists in creating a methodology to implement the solution and remediate cybersecurity gaps.

Breeze's software operates across five dimensions:

- Identification – The software detects security gaps and misconfigurations in existing defense products via APIs.

- Mapping – The software assesses the exposure of identified gaps to the organization's business based on the relevance and likelihood of attack scenarios.
- Solution Proposal – The software generates options for mitigating exposures and prioritizes them according to cybersecurity impact and feasibility.
- Implementation Planning – The software prepares AI-driven, client-specific playbooks to address the gaps (Tailored Playbooks).
- Remediation – The software autonomously remediates low-risk gaps that do not disrupt system availability or performance (Low Friction, Non-Disruptive Remediations).

Breeze develops the software using Python and ReactJS, integrating OpenAI LLM and Amazon Bedrock models. The user interface (UI) design is built using Figma, and the software is deployed on Amazon Web Services (AWS) cloud infrastructure.

Founders and Management:

Ami Kor (CEO) – Co-Founder of Sygnia Consulting Ltd, which was acquired by Temasek Holdings (Private) Limited, with more than 28 years of hands-on experience in cyber risk management, incident response, and advising the world's largest enterprises.

Dolev Elbaz (CTO) – Served as an officer in an elite intelligence unit and has approximately 15 years of experience as a senior R&D and technology lead in building and scaling complex security systems.

Yagel Sheli (VP of Product) – Served in an elite intelligence unit and has approximately 13 years of experience leading product strategy and R&D for security platforms operating at scale.

Current Stage and Developments During the Past Year:

The year 2025 marks Breeze's first year of commercial sales, showing progress in threat prevention activities. According to Breeze's internal data, the platform assisted a double-digit number of customers in early prevention of attack attempts and in reducing exposure to cybersecurity incidents, while supporting processes for protecting critical digital assets. Breeze provides services to leading clients, including companies publicly traded on NASDAQ, in Israel, and in Australia.

During the last quarter of the reporting year, Breeze demonstrated significant growth in recurring revenue and customer base size and entered into agreements with new clients under multi-year engagements.

Recent Financing Rounds: RDC holds approximately 13% of Breeze's issued and outstanding share capital and approximately 12% on a fully diluted basis. Since its incorporation and until the filing date of the report, Breeze has raised approximately $7.1 million in a Seed investment round (including SAFE investment converted as part of the round), of which RDC invested approximately $2.2 million. For further details, see Note 3.B.2.g to the Financial Statements.

Intellectual Property: Breeze does not have any granted patents or pending patent applications that it considers material to its business.

24.8 BrainsGate

Field: Medical Devices

Company Description (Technology/Product): BrainsGate develops. a minimally invasive platform for the treatment of patients suffering from Central Nervous System (CNS) diseases. BrainsGate's platform technology is based on electrical stimulation of the spheno-palatine ganglion (SPG), via a miniature electrode.

Founders and Management:

Avinoam Dayan (CEO) – BrainsGate's CEO since 2005, with 24 years of leadership experience. Previously CEO of Biosense Webster (Israel) after its acquisition by J&J. Holds an M.Sc. in Scientific Management from Brooklyn University and a B.A. in Computer Science and Mathematics from the University of Haifa.

Eyal Shai (CTO) – over 20 years of experience in R&D and business development in the medical field, including GE Medical and Elscint. Holds a B.Sc. in Physics from the Technion and an EMBA from Tel Aviv University.

Stage and Recent Developments: Between 2011-2018, BrainsGate conducted the ImpACT-24B trial, a controlled, randomized, double-blinded, sham control clinical trial on 1,000 patients to prove BrainsGate's ISS safety and efficacy among stroke victims with cortical involvement. In February 2022, the FDA's response was received that BrainsGate's application for marketing authorization cannot be approved and that further information and clinical substantiation is required for approval. For further information, see the Company's immediate reports dated December 11, 2021, and February 10, 2022. BrainsGate had few meetings with the FDA for the purpose of reaching an agreement on a new clinical trials protocol, required to submit an application for FDA approval in an updated guideline for reducing disability in patients with ischemic stroke who were treated with brain stent (Neurothrombectomy). In January 2026, subsequent to the reporting date, an application for the new trial (IDE) was submitted. In February 2026, subsequent to the reporting date, feedback from the FDA on the submission was received, and currently BrainsGate is in discussions with the FDA to reach agreements that would allow the trial to be approved.

Recent Financing Rounds: Elron holds approximately 28% of BrainsGate's issued and outstanding share capital and approximately 25% on a fully diluted basis. Since its establishment and until the filing date of the report, BrainsGate has raised around $111 million, including $14 million in a Series C round in 2020.

Intellectual Property: BrainsGate 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
US	8/11/2011	A therapeutic system that includes one or more electrodes adapted for treatment of cerebrovascular conditions.	8055347: Stimulation for treating brain events and other conditions
US	26/3/2013	Treatment following adverse cerebrovascular events, excluding Alzheimer's disease and Parkinson's disease. The stimulation activates neural tissue at an intensity sufficient to at least increase cerebral blood flow and/or trigger the release of one or more neuroprotective substances.	8406869: Post-acute electrical stimulation treatment of adverse cerebrovascular events

US	17/2/2015	A system including at least one electrode and adapted to activate the SPG or other sites, where stimulation by it causes the activation of at least one of the following events: increased cerebral blood flow, release of one or more neuroprotective substances, but without increasing BBB permeability.	8958881: Neuroprotective electrical stimulation
US	30/8/2011	A method for identifying a patient suffering from subarachnoid hemorrhage and treating complications resulting from it.	8010189: SPG stimulation for treating complications of subarachnoid hemorrhage
US	28/12/2010	Chronic treatment of dementia using SPG stimulation.	7860569: Long-term SPG stimulation therapy for prevention of vascular dementia
US	13/6/2017	A customized implant and implantation system comprising a patient-specific lead.	9675796: Implant and delivery system for neural stimulator
Germany, UK, France	3/1/2018	A customized implant and implantation system, comprising a patient-specific lead.	EP 2878335 B1: Implant and delivery system for neural stimulator
US	24/12/2019	An electrode implantation system comprising a thermoplastic material and a steerable electrode.	US10512771B2: Implant and delivery system for neural stimulator

Germany, UK, France	13/5/2020	A system comprising an implantable electrode for the SPG, configured to measure impedance during implantation.	EP3329962A3: Implant and delivery system for neural stimulator

24.9 **Wonder Robotics**

Field: Deep-tech, Defense tech

Company Description (Technology/Product): 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. The system is easily integrated with an onboard computer and combined with additional cameras and sensors, analyzes the drone's environment, makes various decisions, and flies accordingly.

Founders and Management:

Idan Shimon (Founder & CEO) – Over 25 years of product, technical, and marketing experience in the Unmanned Aerial Vehicles (UAV) and drone industry. Previously founded Aeronautics Ltd., which was eventually sold to Rafael, and later became an entrepreneur in the defense sector generally and in UAVs and drones specifically, leading up to the establishment of Wonder Robotics.

Or Epstein (Founder & Chief Business Officer) – Software engineer with over 25 years of experience in drones, UAVs, computer vision, 3D, and navigation.

Recent Financing Rounds: RDC holds approximately 27% of Wonder Robotics issued and outstanding share capital and approximately 22% on a fully diluted basis. Since its establishment and until the filing date of the report, Wonder Robotics has raised a total of approximately $5.3 million. In January 2022, RDC completed an initial investment of approximately $2 million in Wonder Robotics. The funding round is the Wonder Robotics' most recent round, which was expanded in 2024 and 2025, totaling approximately $4.8 million. For further details, see Note 3.B.2.h of the Financial Statements.

In March 2026, after the reporting date, a Promissory Note investment agreement in the amount of $1.5 million was entered into between Wonder Robotics and a new strategic investor but has not yet been completed. The Promissory Note bears interest and is convertible into shares in a future financing round, subject to certain conditions set forth in the agreement. Additionally, up to approximately $1.5 million would 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.

In parallel, Wonder Robotics and the new investor entered into a strategic cooperation agreement, pursuant to which the parties agreed to pursue potential commercial opportunities together.

Stage of Wonder Robotics and Developments in the Past Year: In 2025, Wonder Robotics tripled its total annual revenue compared to 2024. This jump is attributed to Wonder Robotics' business pivot about a year and a half ago toward the defense sector and its integration into several projects, mainly with the Israeli defense system. Over the past six months, Wonder Robotics focused its activities on small suicide drones (FPV), and the positive business momentum has even accelerated.

During 2026, Wonder Robotics will operate with the goal of advancing a strategic initiative aimed at strengthening its presence in the U.S. market and expanding its business footprint in the United States, alongside its ongoing activities in Israel and other countries worldwide. To support this initiative, Wonder Robotics appointed an American Chairman and a dedicated Business Development Manager, and established a local operations team.

In addition, as part of Wonder Robotics' project activities, development and business efforts are focused on promoting solutions in the field of Terminal Guidance and resilient navigation solutions, including consideration of opportunities in the emerging market for Attritable Drones. In this context, Wonder Robotics has been invited to participate in a planned demonstration for the U.S. military in April 2026 under the U.S. Drone Dominance Program. Furthermore, Wonder Robotics is working to deepen collaborations with leading companies and various entities within the U.S. Defence system, including organizations operating under the United States Department of Defense, such as the United States Special Operations Command and the United States Army.

It should be noted that Wonder Robotics' assessments regarding the achievement of the objectives and targets that Wonder Robotics must achieve in order to realize them, constitute forward-looking information (to the extent such information is indeed included). These assessments are based, among other things, on information collected by Wonder Robotics regarding market conditions, market and product potential, the competitive landscape and the identity and activities of competitors, as well as long-term plans and forecasts. These assessments may not materialize, in whole or in part, or may materialize differently than anticipated. Factors that may cause such assessments not to materialize, in whole or in part, or to materialize differently than anticipated include errors in the data and estimates collected, changes in market conditions, workforce-related issues, intensification of competition, loss of customers or customer revenues, and similar factors.

Intellectual Property: Wonder Robotics holds a patent in the U.S., as described in the table below:

Countries where the patent is registered	Patent grant date	Description of the requested patent	Patent number
USA	March 5th 2024	System and method for autonomously landing a vertical take-off and landing (VTOL) aircraft	US 11,922,819 B2

24.10 Zengo

Field: Cyber

Company Description (Technology/Product): Zengo and markets a cryptocurrency wallet application that enables the storage, conversion, and trading of various types of cryptocurrencies. The solution is aimed at end users and is marketed through several channels: direct marketing, marketing channels, and collaborations with companies operating in the cryptocurrency market. Zengo's competitive advantage lies in the combination of ease of use and simplicity with the implementation of high-level security and cyber protection. Zengo's technological infrastructure is based on algorithms from the field of MPC (multi-party computation), which prevents security failure points without compromising the user experience.

Founders and Management:

Ouriel Ohayon (Co-Founder & CEO) – Has extensive experience in leading technology startups, including as Founder and CEO, as well as in other senior roles within the high-tech and investment industries. Holds a Master's degree from HEC Paris Business School and a Bachelor's degree in International Management from Esade Business School.

Tal Be'ery (Co-Founder & CTO) – Speaker at professional conferences (including nine appearances at Black Hat), Security Research Manager, with hands-on experience, leading R&D teams of professional individuals to develop innovative products from inception to deployment. He has extensive experience in a variety of communication fields and protocols including Blockchain, the Internet and Telephony. Developed dozens of patented algorithmic solutions and technologies.

Stage of Zengo and Developments in the Past Year: During 2025, Zengo recorded revenue growth. Over the year, Zengo deepened its strategic partnership with MoonPay Inc., a long-standing partner in payments and digital currencies, and also received development and support grants from blockchain-related entities.

During the third quarter of 2025, Zengo launched "Zengo Business", a comprehensive suite of tools and services for managing digital currency wallets for businesses, providing solutions for permission management, teams, rules, address books, and audit trails. The suite is suitable for uses such as finance management, payroll, and local and international payments. In addition, Zengo completed integration with a new on-ramp aggregator, enabling convenient conversion from fiat currency to digital currencies, unlocking access to over 20 payment providers and more than 50 different payment methods, reducing fees by up to 50% on both purchases and swaps to enhance market competitiveness, and expanding support to additional blockchain networks, including support for the TON (Telegram) network.

Recent Financing Rounds: Elron holds approximately 8% of Zengo's issued and outstanding share capital and approximately 7% on a fully diluted basis. Since its establishment and until the filing date of the report, Zengo has raised approximately $37 million. The most recent funding round was completed in November 2024, totaling about $5 million, led by a strategic investor, Tether, with participation from existing investors of Zengo (Elron's share was approximately $0.4 million). As part of the investment agreement, the remaining SAFE invested in 2023, totaling about $3.7 million, was converted. In 2025, an investment agreement (SAFE) in Zengo was completed for an amount of $0.3 million. Elron did not participate in the aforementioned investment .For more details regarding the funding rounds described above, see Note 7.G of the Financial Statements.

Intellectual Property: Zengo holds several patents, as described in the table below:

Countries where the patent is registered	Patent grant date	Description of the requested patent	Status
USA	07-Jan-25	U.S. Patent No. 12,192,381	Registered
Europe	10-Apr-24	3850786	Registered
UK	10-Apr-24	19859850	Registered
USA	12/03/2024	U.S. Patent No. 11,930,110	Registered
Europe		EP20749057.4	Pending
USA	28-Mar-23	U.S. Patent No. US-11616643-B2	Registered
Europe		20908085.2	Pending
Europe		European Patent Application No. 21894207.6	Pending
USA	07-Jan-25	U.S. Patent No. 12,192,326	Registered
USA	December 27, 2022	U.S. Patent No. US-11539510-B2	Registered
Europe	31-Dec-25	4008086	Pending
USA	March 28, 2023	U.S. Patent No. US-11616854-B1	Registered
Europe		23185361.5	Pending
USA		U.S. Patent Application No. 18/396,748	Pending
Europe		European Patent Application No. 24221303.1	Pending

24.11 Nitinotes

Field: Medical Device

Company Description (Technology / Products): Develops the EndoZip™ system (EndoZip), an endoscopic suturing system designed to achieve gastric volume reduction and impaired gastric motility for the treatment of obesity. The EndoZip™ system is uniquely positioned to support the adoption of Endoscopic Sleeve Gastroplasty (ESG) by addressing historical barriers related to procedural complexity, variability, and training burden through automation. The EndoZip is inserted into the patient's stomach through the pharynx and sutures the walls of the stomach safely and automatically, so that the patient's stomach volume is reduced, all with minimal non-surgical intervention.

Founders and Management:

Lloyd Diamond (CEO) – Lloyd comes with over 30 years of experience in the life science sector. Lloyd has successfully raised funds, commercialized products, and managed P&L for global companies in the fields of orthopedics, surgical devices, and bionic vision. Lloyd was formerly the CEO and Board Member of Pixium Vision, a company that is creating a world of bionic vision for those who have lost their sight due to retinal degeneration, whose assets were sold to Science Corp, which he still advises. Furthermore, Lloyd was the CEO and director of the Board of BONESUPPORT (BONEX) leading the organization from early commercialization to hyper growth. Lloyd is also currently a member of the Board of Directors of Xeos Medical, a Belgian company that is changing the diagnostic environment with its intraoperative Aura PET/CT scanner.

Developments in the Past Year: In 2025, Nitinotes achieved four milestones: in June 2025, Nitinotes received FDA approval of the US IDE study (EASE) to conduct a pivotal clinical trial in the U.S. for the EndoZip™ system; in December 2025, the first patient was treated in the US IDE study. In November 2025, CE mark approval was received, enabling Nitinotes to start selling EndoZip™ in the European Union and in other countries accepting the CE mark, enabling Nitinotes to start selling EndoZip™ in the european union and other countries accepting CE Mark.

In 2026 Nitinotes strives to start commercializing EndoZip™ in a focused launch in select hospitals in 3-4 countries in Europe. Furthermore, Nitinotes plans to enroll all patients in the US IDE study. The development and marketing approval of Nitinotes' product are subject to regulatory requirements and approval processes, as detailed in Section 17.3 above.

It should be noted that the Nitinotes's above estimates are forward-looking information, based on Nitinotes' estimates and information available to Nitinotes as of the report date. These estimates may not materialize, in whole or in part, or may materialize differently than expected. The factors that may cause the said estimates to either not materialize, in whole or in part, or materialize differently than expected are unexpected developments in the clinical trials or their results, negative clinical trial results, unexpected regulatory problems, regulatory changes, and work plan modifications.

Recent Financing Rounds: Elron holds approximately 14% of Nitinotes' issued and outstanding share capital and approximately 12% on a fully diluted basis. Since its establishment and until the filing date of the report, Nitinotes has raised approximately $33 million. The most recent financing round took place in September 2023 with the participation of existing and new shareholders, in the amount of approximately $6 million, in consideration for preferred shares. Elron did not participate in this investment. In December 2024, a SAFE investment of $9.3 million was completed (Elron's share was approximately $0.2 million). For further details, see Note 7.F to the Financial Statements.

Intellectual Property: Nitinotes 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	08-Oct-2019	ENDOLUMINAL SLEEVE GASTROPLASTY	2016-0250056-A1
USA	04-Jul-2023	ENDOLUMINAL SLEEVE GASTROPLASTY	2020-0030130-A1
USA	Pending	ENDOLUMINAL SLEEVE GASTROPLASTY	2023-0320879-A1
Europe	01-Jul-2020	ENDOLUMINAL SLEEVE GASTROPLASTY	3054860
USA	22-Sep-2020	ENDOLUMINAL SLEEVE GASTROPLASTY	2017-0304099-A1

USA	24-Jan-2023	ENDOLUMINAL SLEEVE GASTROPLASTY	2021-0000628-A1
China	16-Jun-2020	ENDOLUMINAL SLEEVE GASTROPLASTY	CN 106999177 A
Europe	20-Sep-2023	ENDOLUMINAL SLEEVE GASTROPLASTY	3203918
Australia	15-Oct-2020	ENDOLUMINAL SLEEVE GASTROPLASTY	2015329518
Japan	06-Jan-2021	ENDOLUMINAL SLEEVE GASTROPLASTY	6,820,263
Israel	02-Aug-2022	ENDOLUMINAL SLEEVE GASTROPLASTY	251615
Canada	19-Sep-2023	ENDOLUMINAL SLEEVE GASTROPLASTY	2,963,075
USA	Pending	TISSUE MANIPULATION WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	2022-0079577-A1
Japan	13-May-2024	TISSUE MANIPULATION WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	7,488,266
Europe	Pending	TISSUE MANIPULATION WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	3908200
China	Pending	TISSUE MANIPULATION WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	CN 113556982 A

Hong Kong	Pending	TISSUE MANIPULATION WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	40062389A
Japan	Pending	SUTURING WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	2022-550975
USA	Pending	SUTURING WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	2023-0355232-A1
Europe	Pending	SUTURING WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	4110192
China	Pending	SUTURING WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	CN 115484874 A
Hong Kong	Pending	SUTURING WITH AN ENDOLUMINAL GASTROPLASTY DEVICE	HK40085520

24.12 Cyvers

Field: Cyber

Company Description (Technology / Products): Cyvers is an AI-driven platform for real-time crypto attack detection and payment fraud prevention. Cyvers' platform continuously monitors wallets, exchanges, treasuries, and custodians - intercepting threats before funds are compromised.

Founders and Management:

Deddy Lavid (CEO and Founder) – In 2019, Deddy exited an industrial AI startup through an acquisition by SKF corporation, and led five global AI and SW Centers of Excellence, overseeing a team of approximately 300 employees.

Meir Badalov Dolev (CTO and Founder) – Technology entrepreneur with over 15 years of experience building and scaling technology companies. He previously served as CTO of Aquallence, contributing to its acquisition in 2018.

Stage and Developments in the Past Year:

Over the past year, Cyvers has demonstrated progress in its operations in the field of Web3 threat prevention. According to Cyvers' data, the platform has assisted its clients in the early identification of attack attempts and in reducing exposure to fraud and exploit incidents, while supporting prevention processes and the protection of digital assets. Today, Cyvers protects Tier-1 clients including Binance, IG Group Holdings, Ledger, Nexo, Uphold, and Crypto.com.

Recent Financing Rounds:

Elron holds approximately 26% of Cyvers' issued and outstanding share capital and approximately 24% on a fully diluted basis. Since its establishment until the filing date of the report, Cyvers has raised approximately $9 million. In April 2022, Elron completed its first investment of approximately $3.3 million in Cyvers as part of its Seed investment round. During 2025, a SAFE investment in an aggregate amount of $1 million was completed with the participation of Cyvers existing investors. Elron's share was $0.6 million. In February 2026, subsequent to the reporting date, an additional SAFE investment in amount of $0.5 million was completed. Elron's share was $0.3 million. For further details see Note 3.B.2.f to the Financial Statements.

Intellectual Property:

Cyvers has a patent application that has been accepted (with an Allowed status), as described in the table below:

Countries where the patent is registered	**Patent grant date**	**Description of the requested patent**	**Patent number**
Currently Allowed, not yet registered (but will be registered soon, after the issue fees are paid)	Notice of Allowance issued on January 6, 2026.	System and method for machine learning based security incidents detection and classification in a blockchain ecosystem	Not available yet

24.13 CyberRidge

Field: Deep Tech

Company Description (Technology / Products): Develops and provides a quantum-secured encryption solution for data transmission over public optical fiber networks. CyberRidge's solution is designed to reduce and even eliminate the "Harvest Gap" by preventing the interception and passive recording of encrypted data traffic transmitted over communication networks. As such, it addresses the growing threat of "Harvest Now, Decrypt Later (HNDL)" attacks, whereby adversaries collect encrypted data today with the intention of decrypting it in the future through quantum computing capabilities.

CyberRidge's solution prevents data interception by rendering the signal non-capturable and is based on a unique mechanism that transforms data into optical noise during transmission. As such, the system provides an exceptionally high level of confidentiality, suitable for organizations with stringent security requirements, while addressing advanced technological threats, including future quantum threats. No algorithm, artificial intelligence model, or quantum machine can decrypt the data, as there is no signal to decrypt in the first place, only meaningless optical noise. The only way to reconstruct the data is through a proprietary photonic key that changes every fraction of a second and must be present at the exact moment the optical signal arrives. Without it, the data is lost permanently.

The system is designed to be compatible with prevailing optical industry standards and to enable integration into existing network infrastructures, including DWDM (Dense Wavelength Division Multiplexing) systems, carrier-grade environments, and optical backbones, while maintaining operational continuity and without requiring material changes to the existing network architecture.

Founders and Management:

Prof. Dan Sadot (Co-Founder & CEO) – Founded five startups, including Banias Labs, which was acquired by Alphawave for $250 million. Serves as a Full Professor in the Faculty of Engineering at Ben-Gurion University and holds a post-doctorate from Stanford University. Holds 35 registered patents in the field of optical communications.

Rachel Wolstein (SVP Strategy) – Software engineering leader with over 20 years of experience. Expert in Defense Tech, C4I systems, and high-fidelity simulation systems. Previously led high-stakes national strategic technology projects and managed multi-million-dollar deals in maritime and cyber domains.

Hamutal Shalom (VP R&D) – Over 25 years of experience in developing and leading complex electro-optical and communication systems. Previously served as an officer in an elite technological unit of the IDF. Holds a B.Sc. in Physics and an M.Sc. in Electrical Engineering.

Stage and Developments in the Past Year: CyberRidge won the prestigious European Innovation Council (EIC) program, as part of the EU Horizon framework, which promotes innovative projects and breakthrough technologies. In addition, CyberRidge was recognized by Gartner, a leading international technology research and advisory firm, with the "Cool Vendor" designation for its innovation and market-disrupting potential.

In June 2025, the product development was completed, and CyberRidge transitioned from the development phase to full-scale commercial production.

From a commercial perspective, three customers began integrating the product, two of which are units affiliated with the Israeli Ministry of Defense and one customer from Singapore. CyberRidge commenced commercial activities, including a white-label agreement with Singapore Technologies Engineering Ltd. of Singapore, enabling the customer to market the product under its own brand.

Recent Financing Rounds: Elron and RDC jointly hold approximately 11% of CyberRidge's issued and outstanding share capital (in equal parts) and approximately 10% on a fully diluted basis. Since its establishment and as of the filing date of the report, CyberRidge has raised approximately $20 million, including investments from AWZ X-Seed and Deep33 Venture Fund. In April 2025, Elron and RDC made their initial investment in CyberRidge, in an aggregate amount of approximately $2 million (in equal parts), in consideration for preferred shares and warrants as part of an investment round amounted to approximately $17 million. In August 2025, an agreement to acquire shares from existing investor in an amount of $2.6 million was completed. As part of this transaction, Elron and RDC acquired (in equal parts) an aggregate amount of approximately $0.5 million in consideration for preferred shares. In October 2025, certain warrants granted in the connection with the April 2025 financing round were exercised for total consideration of approximately $2.6 million. Elron and RDC participated in the exercise (in equal parts) in an aggregate amount of approximately $1 million. For further details on the financing rounds described above, see Note 7.D to the Financial Statements.

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

Countries where the patent is registered	Patent grant date	Patent grant date	Patent number
EPO, ISR, USA	May 2, 2023	Optical communication system using mode-locked frequency comb and all-optical phase encoding for spectral and temporal	3,997,813
NA	Await Exam	Robust coherent optical communication through fading channels using ultra-short pulses and dynamic coherent all-optical	NA
NA	Await Exam	Multi-dimensional low-cost interlocking of mode-locked lasers using optical beating and peak detection	NA

24.14 <u>Red Access</u>

Field: Cyber

Company Description – Technology / Products: Red Access develops and provides an agentless, cloud-native security platform for organizations to protect every web session, SaaS interaction, embedded browser, GenAI prompt, and data flow without requiring customers to rip and replace existing systems or overhaul their architectures. Built as the first lean security platform of its kind, Red Access unifies Secure Web Gateway, Data Loss Prevention, CASB visibility, browser extension governance, phishing protection, and GenAI-use safeguards into a single, lightweight solution that deploys in days. By avoiding browser extensions and endpoint agents, the platform is designed for the way people work today across SaaS, GenAI, and hybrid environments, without the heavy infrastructure, agents, or rollout delays of traditional solutions, ensuring a native, invisible user experience while delivering deep security capabilities across any browser, application, or device.

Founders and Management:

Dor Zvi (Founder and CEO) and Tal Dery (Founder and CTO), prior to jointly founding Red Access, both served in an elite technological unit of the IDF, and during their service gained professional experience and hands-on expertise in the design, development, and implementation of advanced cyber infrastructures.

Current Stage and Developments During the Past Year: In 2025, Red Access expanded its development and sales operations while establishing its presence in the U.S. market. Throughout the year, Red Access focused on advancing product maturity, deployment success, and operational readiness.

Red Access strengthened enterprise readiness by improving reporting and visibility, including the launch of the Browser Health dashboard and the Extension Management portal with enrichment and risk scoring. To support scale and resilience, Red Access enhanced platform robustness with Amazon Web Services alongside Google Cloud Platform, enabling high availability and continuous backup of data and services.

Recent Financing Rounds: RDC holds approximately 21% of Red Access's issued and outstanding share capital and approximately 19% on a fully diluted basis. Since its establishment and as of the filing date of the report, Red Access raised approximately $21.5 million, of which $14.6 million was raised in a Series A investment round. RDC's share in this round was approximately $2 million. In addition, as part of this investment round, the remaining balance of the SAFE agreement from April 2024 of which RDC's share of the total SAFE amount was approximately $0.7 million was converted into shares as part of the round. For more details, see Note 3.B.2.e to the Financial Statements.

Intellectual Property: Red Access does not have any granted patents or pending patent applications that it considers material to its business.

24.15 **Tamnoon**

Field: Cyber

Company Description (Technology/Product): Develops a technology-based managed service for cloud security remediation that addresses gaps in cloud infrastructures. The system takes alerts from Cloud-Native Application Protection Platform (CNAPP) such as Wiz, CrowdStrike, and Orca, and resolves them through AI automation backed by human expert validation, with the aim of improving the security posture of its customers' cloud infrastructures.

Founders and Management:

Marina Segal (Founder & CEO) - Marina brings over 20 years of experience in cloud security, compliance, and corporate governance. Prior to founding Tamnoon, she held key roles at Dome9 Security, Inc. (acquired by Check Point Software Technologies Ltd.) and Sysdig, Inc., where she contributed to establishing the companies' positions in the CNAPP and Cloud Security Posture Management (CSPM) domains. In addition, she serves as a board member of the Cloud Security Alliance and is the founder of the Women of Security (WoSec) local chapter in the San Francisco Bay Area, California, USA.

Idan Perez (Founder & CTO) - Idan is a technology expert with over 15 years of experience in developing AI/ML-based security products. Previously, he worked at Intel Corporation, Fortscale Ltd. (acquired by RSA Security LLC), and Dome9 Security, Inc. (acquired by Check Point Software Technologies Ltd.), where he expanded and implemented cloud security platforms leveraging big data and AI/ML capabilities.

Tamnoon's Stage and Developments During the Past Year: Over the past year, Tamnoon has demonstrated progress in its Web3 threat prevention activities. According to Tamnoon, the platform has helped its clients detect attack attempts at an early stage and reduce exposure to fraud and exploitation events, while supporting prevention processes and protecting digital assets. Tamnoon provides services to leading industry clients, including: Binance, IG Group Holdings, Ledger, Nexo, Uphold, and Crypto.com.

Recent Financing Rounds: RDC holds approximately 7% of Tamnoon's issued and outstanding share capital and approximately 6% on a fully diluted basis. Since its establishment and until the filing date of the report, Tamnoon has raised a total of approximately $20 million. The most recent financing round took place in July 2024, under which an investment agreement was completed, led by Bright Pixel Capital and with participation of existing shareholders, in amount of approximately $12 million, of which RDC's share was approximately $1.2 million. In addition, a SAFE agreement in amount of $0.75 million was converted into shares as part of the round. In October 2025, a SAFE agreement was completed in Tamnoon, in amount of approximately $1.9 million (RDC's share was approximately $1.5 million). For further details regarding the financing rounds described above, see Note 7.C to the Financial Statements.

Intellectual Property: Tamnoon has filed patent applications as detailed in the table below.

Countries where the patent is registered	**Patent grant date**	**Description of the requested patent**	**Patent number**
USA	Pending		19/400,727
USA	Pending		19/400,826
USA	Pending	Cloud asset misconfiguration risk detection and prevention	20250254199

ELRON VENTURES LTD.

Periodic report for 2025

Part II

Board of Directors Report

Elron Ventures Ltd.
Part II
English Translation of Board of Directors Report
for the Year ended on December 31, 2025

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 this Annual Report.

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 (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, 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 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. 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 58.44% 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 December 31, 2025 (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 dividend distribution policy, see Sections 20 and 5.2 of Part A of this Periodic Report, and the Company's immediate report dated January 13, 2025 (Reference No.: 2025-01-003662), which is incorporated herein by reference.

Elron Ventures Ltd.
Part II
English Translation of Board of Directors Report for the Year ended on December 31, 2025

1.1.3. RDC

As part of its current business strategy, Elron examines a broad range of cooperation and investment proposals, through RDC – Rafael Development Corporation Ltd. ("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 Raphael'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 this periodic report.

1.1.4. Group companies

For details regarding the Group Companies, see Chapter II in Part A of this periodic report. 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) ("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.
- **N-drip Ltd. (2% by RDC) ("N-drip")** - N-drip develops and supplies a drip system that is operated without the need for energy and provides precise irrigation that allows saving water and energy on the one hand and improving the crop and reducing costs on the other hand.
- **Axonius Inc. (0.65% by RDC)** - 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 – Simple Agreement for Future Equity) ("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.
- **BrainsGate Ltd. (28%) ("BrainsGate")** - BrainsGate is developing 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.

- **Wonder Robotics Ltd. (31% 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.
- **ZenGo Ltd. (8%) ("ZenGo")** – ZenGo develops and provides a secure crypto wallet that doesn't compromise between security and user experience.
- **Notal Vision Inc. (7%) ("Notal Vision")** - Notal Vision develops and provides ophthalmic diagnostic services for managing age-related macular degeneration (AMD) and improving vision outcomes.
- **Nitinotes Ltd. (14%) ("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) ("CyberRidge")** – CyberRidge is developing a photonic encryption solution designed to make fiber optic communication invisible to tapping.
- **Cyvers.AI Ltd. (26%, excluding $0.9 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.

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.

Elron Ventures Ltd.
Part II
English Translation of Board of Directors Report
for the Year ended on December 31, 2025

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, including the impact of operation "Shaagat HaAri" 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 this periodic report.

1.2. Description of Operation in the Year of 2025 and Subsequently

1.2.1. Exit Transactions

- **IronScales Ltd. ("IronScales")** - In November 2024, RDC (through RDSeed Ltd, a fully owned subsidiary of RDC) signed a binding agreement to sell its entire holdings in IronScales to PSG Equity LLC, an existing shareholder in IronScales (the "Transaction"), for approximately $25.5 million. In January 2025, the Transaction was completed and the aforementioned consideration was received.

  As a result, and based on the consideration from the Transaction, the fair value of the investment in IronScales as of December 31, 2024 was estimated at approximately $25.5 million, resulting in a consolidated gain of approximately $19.6 million, recorded under the line item Gain from sale, revaluation, realization of activities, and change in holding percentage in investee companies, net in the 2024 statement of income (gain attributable to Elron's shareholders amounted to approximately $9.8 million). In addition, tax expenses of approximately $4.5 million (approximately 2.25 million attributable to Elron's shareholders) were recorded against an increase in deferred tax liabilities (attributed to the increase in the gap between the carrying amount of the investment in IronScales in Elron's books and its tax basis). For further details see Note 7.A to the Financial Statements.

- **Cynerio** - In July 2025, a binding agreement between Cynerio and its shareholders, and Axonius, the parent company of Axonius Solutions Ltd. (the "Purchaser") for the sale of all Cynerio's share capital to the Purchaser (the "Transaction"). Pursuant to the Transaction, RDC received consideration in Axonius E-2 preferred shares. An amount of approximately 12% of the consideration was deposited in escrow for a period of 12 months from the date of completion of the Transaction, primarily to secure certain indemnification obligations of the sellers in the Transaction towards the Purchaser, as is customary in transactions of this type. Approximately 1% was deposited in escrow for a period of 90 days from the date of completion of the Transaction in connection with financial adjustments to be made after the completion of the Transaction, as is customary in transaction of this type. In August 2025, the consideration for the sale of Cynerio was transferred, and the Transaction was completed. As of the reporting date, RDC holds approximately 0.6% of Axonius's outstanding shares and the investment in Axonius is accounted for as a financial asset measured at fair value through profit or loss.

As a result of the Transaction, in its Annual Financial Statements for 2025, Elron recognized the Axonius shares received at their fair value, as determined in a valuation with the assistance of an external appraiser as of the transaction closing date, in amount of approximately $14.8 million. Simultaneously, the company deducted the balance of RDC's investment in Cynerio, which as of June 30, 2025 amounted to approximately $0.7 million, and recognized a net gain (excluding the portion of the gain attributable to non-controlling interests) of approximately $7.1 million (consolidated net gain of approximately $14.1 million). For further details regarding the valuation of Axonius shares see Section 4.2 below and Note 3.B.2.b) to the Financial Statements.

- **Prompt Security Ltd. ("Prompt")** – In August 2025, a binding agreement was signed between Prompt and its shareholders, including Cyber Future, and Sentinel One Inc., pursuant to which the entire share capital of Prompt was sold. Cyber Future's share of the total consideration was estimated at approximately $1.7 million (including approximately $1.4 million in cash, of which approximately $0.1 million was deposited in escrow for a period of 12 months, and the remainder in shares of the acquirer). As a result, the Company recognized in its Financial Statements a gain approximately $0.7 million under the line item "Elron's share in net losses of Group Companies, net". For further details see Note 3.B.2.n) to the Financial Statements.

1.2.2. Investments

- In 2025, Elron (directly and through RDC) invested approximately $14.3 million in the Group Companies. For further details see section 1.4 below and Notes 3 and 7 to the Financial Statements.

As part of the Company's strategy announced in January 2025 (Reference no.: 2025-01-003662), the company focuses on investments in the field of Deep Tech and Defense Tech (including dual-use technologies). During 2025, the company completed two new investments in this field, in CyberRidge and Addionics, alongside a follow-on investment in the defense tech company Wonder Robotics, as detailed below:

- **New investment in CyberRidge – Deep Tech, dual use (Defense Tech)** –Develops a photonic encryption solution designed to make fiber optic communication invisible to tapping. The company was founded by a distinguished scientist and serial entrepreneur (fifth time founder), and its products are deployed by organizations in the defense, intelligence and telecommunications sectors worldwide. In addition, CyberRidge was recognized as a Gartner "Cool Vendor".

  During April 2025, Elron and RDC invested in CyberRidge, in an aggregate amount of approximately $2 million (in equal parts), in consideration for preferred shares as part of a financing round totaling approximately $17.2 million. in August and October 2025, Elron and RDC purchased additional preferred shares for a total consideration of approximately $1.5 million (in equal parts), through the purchase of ordinary shares from another shareholder as well as through the exercise of warrants. For further details, see Note 7.D to the Financial Statements.

- **New investment in Addionics - Deep Tech, dual use (Defense Tech)** – Develops advanced battery technology aimed at improving battery performance across a range of applications, including electric vehicles (EV), space and defense, and additional energy storage sectors. Addionics develops a scalable 3D Current Collector manufacturing enhances capacity, safety, charging time, lifetime, and the cost of batteries. The company was founded by recognized experts in materials science and battery design.
  During December 2025, Elron made its first investment in Addionics in an aggregate amount of $3.5 million in consideration for preferred shares, as part of the financing round in which

approximately $47 million was invested in Addionics. For further details see Note 7.E to the Financial Statements.

- **Follow-on investment in Wonder Robotics** - **Defense Tech –** Develops operational autonomous capabilities for drones operating in GPS-denied and high-risk environments. The company was founded by leaders in computer vision and experts from the defense and homeland security (HLS) industries and is demonstrating strong momentum in the Israeli and global defense markets.

  In June 2025, RDC completed a follow-on investment in Wonder Robotics in amount of $0.6 million, as part of an existing investment round in the company. For further details see Note 3.B.2.h) to the Financial Statements.

- In addition, during this year, the Company continued to deepen its operations in the cybersecurity investment field through several follow-on investments in cybersecurity companies: Red Access, Tamnoon and Cyvers, and completed a new joint investment with Cyber Future in February 2026, after the reporting date, in Raven, as detailed below:

  - **Raven – First joint investment alongside Cyber Future - Deep Tech, dual use (Defense Tech)** – Raven is a cybersecurity company that provides real-time application protection, with the goal of stopping malicious code execution before it begins to operate. In March 2026, after the reporting date, Elron RDC and Cyber Future made their initial investment in Raven in an aggregate amount of approximately $3.7 as part of a post-seed investment round. Elron and RDC jointly invested $3.5 million (in equal parts) and the remaining amount invested by Cyber Future. The investment opportunity in Raven was sourced through Cyber Future. For further details regarding the investment, see Note 3.B.2.o) to the Financial Statements.

  - **Follow-on investment in Red Access** - In January 2025, after the reporting date, an investment agreement in Red Access was signed with the participation of existing and new shareholders, in the amount of $14.6 million, in consideration for preferred A shares. RDC's share was approximately $2 million. In addition, a SAFE balance from April 2024 was converted into the said round. RDC’s share in the SAFE was $0.7 million. For further details, see Note 3.B.2.e) to the Financial Statements.

  - **Follow-on investment in Tamnoon** – In October 2025, RDC invested $1.5 million in Tamnoon as part of a SAFE investment in an aggregate amount of $1.9 million. For further details see Note 7.C to the Financial Statements.

  - **Follow-on investment in Cyvers** – In June and December 2025, SAFE investments were completed, with the participation of its existing shareholders, in an aggregate amount of $1 million. Elron’s share in the investment was $0.6 million. In February 2026, after the reporting date, an additional SAFE investment in amount of $0.5 million was completed. Elron’s share was $0.3 million. For further details see Note 3.B.2.f).

1.2.3. Financing and Distribution

<u>Dividend distributions:</u>

On January 12, 2025, the Board of Directors approved, for the first time, a Dividend Distribution Policy, with the aim to create a mechanism that reflects to investors how the value generated by the Company is distributed to its shareholders. For more details, see Section 5.2 in Part A of this periodic report.

On March 27, 2025, a cash dividend was announced in the amount of $8.782 million to the Company's shareholders (which constitute approximately USD 0.16613 per share). The dividend was distributed from the Company's surplus reserves, after the company's Board of Directors examined the company's compliance with the profit test and the solvency test and confirmed that the distribution will not impair the Company's ability to meet its overall obligations and/or its existing operational structure. The remaining profits eligible for distribution under the profit test according to Section 302 of the Companies Law, 1999, as of the approval date of the distribution (before the approval of the distribution as mentioned), amounted to $8.782 million (which was the amount of the aforementioned distribution). The distribution was based on the proceeds from the sale of SixGill, which was completed in 2024, and was not included in the Company's dividend distribution policy (as approved by the Company's Board of Directors in January 2025, as detailed in Section 5.2 of Part A of this periodic report, "Dividend Distribution Policy"). It also includes an early distribution based on the proceeds received from the sale of IronScales, which was completed in January 2025, and was included in the Company's dividend distribution policy (and for the avoidance of doubt, no additional distribution will be made regarding this sale).

In May 2025, a petition was filed with the Tel Aviv – Jaffa District court for approval of a distribution pursuant to the provisions of Section 303 of the Israel Companies Law, 1999 ("Companies Law"), for a distribution in an amount of up to $6.5 million (through a dividend distribution to the Company's shareholders, and possibly also partly through a share repurchase.

On August 5, 2025, approval was received from the Court for the distribution petition, which is valid for a period of 180 days. For further details, see Elron's immediate reports from May 29, 2025 and August 5, 2025 (reference number: 2025-01-038867, and 2025-01-057987, respectively).

On August 10, 2025, the Company's Board of Directors resolved to distribute a cash dividend to shareholders in the amount of approximately $5.5 million ($0.10404 per share). The Company's Board of Directors examined the Company's compliance with the solvency test and confirmed that the distribution will not impair the Company's ability to meet all of its obligations in full and/or its existing operational framework.

Additionally, on that date, the Company's Board of Directors approved a share repurchase program, consistent with the Israel Securities Authority staff's "safe harbor" position, in an aggregate amount of up to $1 million for an approximately 5-month period (the "Share Repurchase Program"). In January 2026, after the reporting date, the share repurchase program was fully completed. Under the program, a total of 563,821 shares were repurchased. In January 2026, after the reporting date, the Company's Board of Directors resolved to cancel the aforementioned shares. For further details, see Elron's immediate reports dated August 11, 2025, and January 20, 2026 (reference number: 2025-01-059229, and 2026-01-008070, respectively).

Financing and liquid resources:

- As of the date of filing this report, Elron's and RDC's non-consolidated liquid resources amounted to approximately $30.1 million and $24.7 million, respectively. These amounts include RDC's bank deposits in the amount of approximately $14.3 million. As of the date of filing this report, Elron has no debt and RDC has a loan received from Elron and Rafael.

  Further to note 3.A.2.a) to the Financial Statements, in March 2025, RDC's Board of Directors resolved to affect the partial early repayment of a total amount of $5 million (including principal and interest) of the loan balance granted in March 2021 by Elron and Rafael. Elron's share is $2.5 million. RDC's Board of Directors further resolved to extend the original repayment date under the shareholders' loan agreement by additional three years to March 2029. The early repayment, as described above, was completed in June 2025.

Elron Ventures Ltd.
Part II
English Translation of Board of Directors Report
for the Year ended on December 31, 2025

1.2.4. Personnel

<u>Changes in the Company's management</u>

- On September 4, 2024, upon the completion of change of control in the company (as described in Section 2.2 in Part A of this periodic report), Mrs. Lisya Bahar Manoah was appointed as the active Chairperson of the Company's Board of Directors.

  In January 2025, the Annual General Meeting of the Shareholders of the Company approved, following receipt of the approval and recommendation of the Compensation Committee and the Board of Directors, the terms of tenure of Mrs. Lisya Bahar Manoah as an active Chairperson of the Company's Board of Directors, with a position scope of 80%. For further details regarding the terms of employment of Mrs. Lisya Bahar Manoah, including the performance targets set for her, as part of her terms of office and employment for the 2025 and 2026 compensation years, see Section 6.B.(B) in Part D of this periodic report.

- On November 17, 2024, Mr. Yaron Elad who served as the CEO of the Company (the "Former CEO"), and Mr. Elik Etzion, who served as VP Cyber announced their intentions to end their roles. They officially completed their terms on February 17, 2025.
- On January 12, 2025, the Company's Board of Directors approved the appointment of Mr. Yaniv Shnieder as the Company's CEO, effective as of February 18, 2025. On April 10, 2025, following the recommendation and approval of the Compensation Committee and the Board of Directors, the Company's General Meeting of Shareholders approved the terms of Mr. Shnieder's service and employment, including the grant of 415,121 options. The vesting period of the Options described in this section is as follows: 1/3 at the end of one year from the date of grant, an additional 1/3 at the end of the second year from the date of the grant and an additional 1/3 at the end of the third year from the date of the grant. For further details see Section 6.B.(E) in Part D of this periodic report.
- On February 24, 2025, the Company's Board of Directors approved the appointment of Mrs. Rony Gur Arie (who had served as VP Finance until such date) as the Company's Chief Financial Officer, effective as of the date of the Board's approval.

1.2.5. Shelf Prospectus

- In December 2025, the Company filed a Shelf Prospectus. For further details see Elron's Immediate Report of December 15, 2025 (reference number: 2025-01-099896).

1.3. <u>Results of Operations</u>

1.3.1. Elron's main annual operating results

	For the year ended December 31,		
	2025	2024	2023
	Audited		
	$ thousands		
Gain (loss) attributable to Elron's shareholders	9,306	22,577	(8,174)
Basic gain (loss) per share attributable to Elron's shareholders (in $)	0.18	0.43	(0.16)
Diluted gain (loss) per share attributable to Elron's shareholders (in $)	0.17	0.42	(0.16)

As previously mentioned, the gain (loss) attributable to Elron's shareholders mainly comprises of: I) Elron's share in the net 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:*

	For the year ended December 31,		
	2025	2024	2023
	$ thousands		
Losses in respect of Group Companies:			
Elron's share in net losses of Group Companies, net	(2,002)	(3,796)	(10,683)
Excess cost amortization	(332)	(854)	(3,223)
Total	(2,334)	(4,650)	(13,906)
Gain from disposal and revaluation of investee companies and changes in holdings, net**	11,869	32,339	10,084
Corporate operating expenses	(2,844)	(3,123)	(2,868)
Taxes on income, net	(88)	(2,640)	(817)
Other***	2,703	651	(667)
Gain (loss) attributable to shareholders	9,306	22,577	(8,174)

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

**) Including interest income in the amount of approximately $2,800 thousand in 2023, in respect of the deferred consideration from the CartiHeal (2009) ("CartiHeal") Transaction which was canceled during 2023.

***) Include a non-cash accounting expense related to a share-based payment. In 2024, including a run-off policy (which is intended to provide coverage for events occurring up to the date of the change of control in the company. If any).

I) <u>Losses in respect of Group Companies</u>

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. 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 during 2025 in respect of its share in the losses of Group Companies (net of non-controlling interests) mainly resulted from the losses of Cyvers and Cynerio, whose sale was completed during August 2025 as described in Section 1.2.1 above), this was partially offset by Elron's share in the gain from the investment in Edge.

The loss Elron recorded during 2024 in respect of its share in the losses of Group Companies (net of non-controlling interests) mainly resulted from the losses of SixGill Ltd. ("SixGill"), whose sale was completed during December 2024, as well as from Cyvers, Team8 Surplus (Formerly: Sayata Labs Ltd) ("Team8 Surplus"), which has signed an agreement for the sale of its assets, Cynerio and Scribe Security Ltd. ("Scribe"), which in January 2026, after the reporting date, it was resolved to be voluntarily liquidated. This loss was partially offset by Elron's share in the gain from the investment in Edge. For further details regarding Team8 Surplus and Scribe see Notes 3.B.2.i) and 3.B.2.j) to the Financial Statements, respectively.

The loss Elron recorded during 2023 in respect of its share in the losses of Group Companies (net of non-controlling interests) mainly resulted from the losses of CartiHeal, SixGill, Team8 Surplus and Cyvers.

Excess cost amortization:

The excess cost amortization of its Group Companies (net of non-controlling interests) during 2025 resulted mainly from the excess cost amortization of Wonder Robotics and Cynerio (the sale of which was completed in August 2025) and in 2024 mainly from CartiHeal and SixGill (who were sold during 2024).

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

Gain and loss from disposal, revaluation, realization of operation of group companies, and changes in holdings during 2025 resulted mainly from:

- An approximately $7.1 million gain recorded as a result of the sale of RDC's holding in Cynerio in August 2025, in consideration for Axonius shares, which are accounted for as a financial asset measured at fair value through profit or loss (see section 1.2.1 above).
- An approximately $4.2 million gain recorded as a result of an increase in the value of the contingent consideration from the sale of CartiHeal (see section 3.B.2.a) to the Financial Statements).
- An approximately $0.9 million gain recorded as a result of a change in the Company's ownership interest in Red Access following the completion of an investment agreement in January 2025. See Note 3.B.2.e) to the Financial Statements).
- An approximately $0.25 million gain recorded as a result of increase in the fair value of the investment in Notal Vision.
- An approximately $0.65 million loss recorded as a result of decrease in the fair value of the investment in ZenGo.

Gain and loss from disposal, revaluation, realization of operation of group companies, and changes in holdings during 2024 resulted mainly from:

- An approximately $20.6 million gain recorded as a result of the sale of SixGill.
- An approximately $10 million gain recorded as a result of increase in the fair value of the remaining investment in IronScales, after signing a binding agreement In December 2024 (see section 1.2.1 above).
- An approximately $3.0 million gain recorded as a result of the completion of the sale transaction of CartiHeal.
- An approximately $1.5 million loss recorded as a result of an decrease in the value of the contingent consideration from the sale of CartiHeal.
- An approximately $1 million gain recorded as a result of the sale of Coramaze Technologies GmbH. ("Coramaze").
- An approximately $1.1 million loss recorded as a result of decrease in the fair value of the investment in N-drip;
- An approximately $0.5 million loss recorded as a result of decrease in the fair value of the investment in Sidetalk Ltd.

Gain and loss from disposal, revaluation, realization of operation of group companies, and changes in holdings during 2023 resulted mainly from:

- An approximately $5.1 million gain recorded as a result of the return of CartiHeal shares following the sale transaction that was canceled during 2023, and interest income attributed to the Deferred

Consideration from the CartiHeal Transaction that was canceled (see Note 3.B.2.a) to the Financial Statements);

- An approximately $3.5 million gain (net of non-controlling interests) recorded as a result of the sale of Canonic Security Technologies Ltd. (“Canonic”).
- An approximately $1.9 million gain recorded as a result of the initial fair value measurement of the investment in Nitinotes in lieu of the equity method of accounting as a result of the decrease in Elron’s holding in Nitinotes’ share capital.
- An approximately $1.0 million loss was recorded as a result of decrease in the fair value of the investment in AudioBurst Ltd.

III) Corporate operating expenses

Corporate operating expenses mainly include general and administrative expenses. The decrease in corporate operating expenses in 2025 compared with 2024 was mainly due to a reduction in salary expenses, resulting from cost saving and efficiency measures that the Company implemented, and the reduction of its headquarters expenses. As part of these measures, the Company’s compensation policy was updated, as approved by the General meeting in January 2025. It should be noted that the decrease in expenses during 2025 was recorded despite the impact of changes in the U.S dollar to NIS exchange rate, which was partially offset the decrease. Absent this effect, the actual decrease would have been greater.

The increase in corporate operating expenses in 2024 compared with 2023 was mainly attributable to higher professional services expenses.

IV) Taxes on Income

Tax expenses in 2024 mainly resulted from Elron's share of the tax expenses recorded by RDSeed Ltd. (“RDSeed”) following the sale of its entire holdings of IronScales shares (increase in deferred tax liability attributed to a temporary difference in IronScales which is measured at fair value through profit and loss). Tax expenses in 2023 mainly resulted from the sale of CartiHeal.

1.3.2. Analysis of the consolidated statements of profit and loss

	2025	2024	2023	
	Audited			
	$ thousands			Explanation
Gain from disposal and revaluation of group companies, and changes in holdings, net	19,790	41,285	11,357	In 2025, this item mainly included gain in the amount of approximately $14.1 million recorded from the sale of RDC's holding in Cynerio in August 2025 (see section 1.2.1 above), an approximately $4.2 million gain recorded as a result of an increase in the value of the contingent consideration from the sale of CartiHeal , an approximately $1.7 million recorded as a result of a change in the Company's ownership interest in Red Access following the completion of an investment agreement in January 2025, an approximately $0.25 million gain recorded as a result of increase in the fair value of the investment in Notal Vision, and an approximately $0.65 million loss recorded as a result of decrease in the fair value of the investment in ZenGo. In 2024, this item mainly included gain in the amount of approximately $20.6 million recorded from the sale of SixGill, an approximately $19.6 million recorded as a result of an increase in the fair value of the remaining investment in IronScales after signing a binding sale agreement (see section 1.2.1 above), an approximately $3 million gain recorded as a result of the completion of the sale of CartiHeal, partially offset by an approximately $1.5 million loss recorded as a result of decrease in the value of the contingent consideration from the sale of CartiHeal and an approximately $2.2 million loss recorded as a result of decrease in the fair value of the investment in N-drip. In 2023, this item mainly included gain in the amount of approximately $6.9 million recorded from the sale of Canonic, $2.3 million gain recorded as a result of the return of CartiHeal shares following the sale transaction that was canceled during 2023 (see Note 3.B.2.a)) to the Financial Statements), an approximately $1.9 million gain recorded as a result of the initial fair value measurement of the investment in Nitinotes in lieu of the equity method of accounting, an approximately $0.6 million gain recorded due to an increase in the fair value of the investment in N-drip, which were partially offset by $1 million loss recorded due to a decrease in the fair value of the investment in AudioBurst.

	2025	2024	2023	
		Audited		
		$ thousands		**Explanation**
Financial income	6,066	3,170	4,728	Financial income in 2025 resulted mainly from interest income from deposits and debentures in the amount of approximately $3.5 million and from USD-NIS exchange rate fluctuations in the amount of $2.4 million. Financial income in 2024 resulted mainly from interest income from deposits and debentures in the amount of approximately $2.5 million and from USD-NIS exchange rate fluctuations in the amount of $0.6 million. Financial income in 2023 resulted mainly from interest income in the amount of approximately $2.8 million from the Deferred Consideration from the sale of CartiHeal that was canceled during 2023, and from interest income on deposits and debentures in the amount of approximately $1.8 million.
Total income	25,856	44,455	16,085	
General and administrative expenses	5,218	5,841	5,907	See analysis of Elron's and RDC's operating expenses below.
Equity in losses of associates	4,959	8,106	19,175	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 Elron's share in the losses of its associates in 2025 as compared to corresponding period in the prior years was resulted mainly from the sale transaction of SixGill in December 2024, the sale of the assets of Team8 Surplus (See Note 3.B.2.i)) to the Financial Statements), and the gain from the sale of Prompt, which was recognized in Cyber Future's

	2025	2024	2023	
		Audited		
		$ thousands		**Explanation**
				books in 2025. These effects were partially offset by a decrease in Elron's share of Edge's profits. The decrease in Elron's share in the losses of its associates in 2024 as compared with 2023 resulted mainly from the sale transaction of CartiHeal in January 2024 and from a $1.9 million gain attributed to the investment in Edge.
Financial expenses	702	616	737	Financial expenses in 2025, 2024 and 2023 resulted mainly from interest expenses in respect of the loan granted to RDC by Rafael.
Other expenses	-	386	-	Other expenses in 2024 resulted from the purchase of run-off insurance policy.
Total expenses	10,879	14,949	25,819	
Gain (loss) before taxes on income	14,977	29,506	(9,734)	
Taxes on income, net	(172)	(4,922)	(1,257)	Tax expenses in 2024 and 2023 are mainly attributed to the sale of IronScales and CartiHeal, respectively.
Net gain (loss)	14,805	24,584	(10,991)	
Gain (loss) attributable to the Company's shareholders	9,306	22,577	(8,174)	
Net income (loss) attributable to non-controlling interests	5,499	2,007	(2,817)	The income or loss attributable to non-controlling interests results from the share of the non-controlling interests in the income or loss recorded by RDC. The income attributable to non-controlling interests in 2025 resulted mainly from the share of the non-controlling interests in the increase in the fair value of the investment in Cynerio (See

	2025	2024	2023	
		Audited		
		$ thousands		**Explanation**
				Section 1.2.1 above), which was partially offset by the share of the non-controlling interest in the loss recorded by RDC in respect of the losses of its associates. The income attributable to non-controlling interests in 2024, resulted mainly from the share of the non-controlling interests in the increase in the fair value of the remaining investment in IronScales (after signing a binding sale agreement as described in section 1.2.1 above) which was partially offset by the share of the non- controlling interest in the loss recorded by RDC in respect of the losses of its associates. The loss attributable to non-controlling interests in 2023, resulted mainly from the share of the non-controlling interests in the loss recorded by RDC in respect of the losses of its associates which was partially offset from the gain recorded by RDC from the sale of Canonic.
Basic gain (loss) per share attributable to the Company's shareholders (in $)	0.18	0.43	(0.16)	
Diluted gain (loss) per share attributable to the Company's shareholders (in $)	0.17	0.42	(0.16)	

Analysis of the consolidated operating expenses

Operating expenses in 2025, 2024 and 2023 amounted to $5,218, $5,841 and $5,907 thousand, respectively, and comprised mainly of general and administrative expenses of Elron's and RDC operations, as detailed below:

	2025	2024	2023	
	$ thousands			Explanation
Corporate	2,902	3,603	3,619	The decrease in 2025 compared with 2024 and 2023 resulted mainly from decrease in salary expenses and headquarters expenses following cost saving and efficiency measures that the Company implemented (as described above), as well as a decrease in a non-cash accounting expense related to share-based compensation. This decrease was recorded despite the impact of changes in the US dollar to NIS exchange rate, which resulted in an increase in corporate operating expenses in 2025 compared to 2024.
RDC	2,316	2,238	2,288	The increase in 2025 compared with 2024 and 2023 resulted mainly from changes in the US dollar to NIS exchange rate, as well as from an increase in professional services expenses and investments evaluation expenses.
Total	5,218	5,841	5,907	

1.3.3. Main half year results of Elron

	Six months ended	
	June 30, 2025	December 31, 2025
	Unaudited	
	$ thousands	
Net gain attributable to the Company's shareholders	(1,393)	10,699
Basic net gain per share attributable to the Company's shareholders (in $)	(0.03)	0.21
Diluted net gain per share attributable to the Company's shareholders (in $)	(0.03)	0.20

	Six months ended	
	June 30, 2024	December 31, 2024
	Unaudited	
	$ thousands	
Net gain (loss) attributable to the Company's shareholders	698	21,879
Basic and diluted net gain (loss) per share attributable to the Company's shareholders (in $)	0.01	0.42
Diluted net gain per share attributable to the Company's shareholders (in $)	0.01	0.41

As previously mentioned, the net gain and loss attributable to the Company's shareholders mainly comprises of: 1. Elron's share in the losses of group companies, 2. gains and losses from disposal and revaluation of group companies, and changes in holdings 3. corporate operating expenses, and 4. taxes on income, as detailed below:*

	Six months ended	
	June 30, 2025	December 31, 2025
	Unaudited	
	$ thousands	
Elron's share in net losses of Group Companies	(2,535)	201
Gain from disposal and revaluation of group companies, and changes in holdings, net	564	11,305
Corporate operating expenses	(1,171)	(1,673)
Taxes on income	(62)	(26)
Other**	1,811	892
Gain attributable to the Company's shareholders	(1,393)	10,699

	Six months ended	
	June 30, 2024	December 31, 2024
	Unaudited	
	$ thousands	
Elron's share in net losses of Group Companies	(4,441)	(209)
Gain (loss) from disposal and revaluation of group companies, and changes in holdings, net***	5,829	26,510
Corporate operating expenses	(1,267)	(1,856)
Taxes on income	(17)	(2,623)
Other**	594	57
Loss attributable to the Company's shareholders	698	21,879

* The results summarized in these tables are presented net of non-controlling interests.

** line item "Other" includes a non-cash accounting expense of share-based payment and in 2024 also includes expenses attributed to run-off insurance policy.

The gain Elron recorded in the second half of 2025 in respect of its share in the net losses of Group Companies (net of non-controlling interests) resulted mainly from the Elron's share in the gain attributed to the investment in Edge and gain from Cyber Future which resulted from the sale of Prompt, which were partially offset by Elron's share of the losses of Cyvers and Red Access.

The loss Elron recorded in the second half of 2024 in respect of its share in the net losses of Group Companies (net of non-controlling interests) resulted mainly from the losses of Cyvers, Scribe and Red Access which was partially offset mainly from Elron's share in the gain attributed to the investment in Edge.

The gains (losses) from disposal, changes in holdings and revaluation of Group Companies measured at fair value in the second half of 2025 resulted mainly from the gain in the amount of approximately $7.1 million recorded from the sale of RDC's holding in Cynerio in August 2025, an approximately $4.2 million gain recorded as a result of an increase in the value of the contingent consideration from the sale of CartiHeal (see section 3.2 above), an approximately $0.6 million gain recorded as a result of increase in the fair value of the investment in Notal Vision, and an approximately $0.65 million loss recorded as a result of decrease in the fair value of the investment in ZenGo.

The gains (losses) from disposal, changes in holdings and revaluation of Group Companies measured at fair value in the second half of 2024 resulted mainly from the gain in the amount of approximately $20.6 million recorded from the sale of SixGill, an approximately $10 million recorded as a result of an increase in the fair value of the remaining investment in IronScales after signing a binding agreement from December 2024 (see section 1.2.1 above), which was partially offset mainly from an approximately $2.9 million loss recorded as a result of an decrease in the value of the contingent consideration from the sale of CartiHeal and an approximately $1.1 million loss recorded as a result of decrease in the fair value of the investment in N-drip.

1.3.4. Half Year consolidated statements of profit and loss

	Year ended December 31, 2025	Six months ended	
		June 30, 2025	December 31, 2025
	Audited	Unaudited	
	$ thousands		
Gain from disposal and revaluation of group companies, and changes in holdings, net	19,790	1,452	18,338
Financial income	6,066	4,055	1,807
Total income	25,856	5,507	20,145
General and administrative expenses	5,218	2,450	2,768
Equity in losses of associates, net	4,959	4,350	609
Financial expenses	702	348	150
Total costs and expenses	10,879	7,148	3,527
Gain (loss) before taxes on income	14,977	(1,641)	16,618
Taxes on income	(172)	(123)	(49)
Net gain (loss)	14,805	(1,764)	16,569
Gain attributable to the Company's shareholders	9,306	(1,393)	10,699
Gain (loss) attributable to non-controlling interests	5,499	(371)	5,870
Basic gain per share attributable to the Company's shareholders (in $)	0.18	(0.03)	0.21
Diluted gain per share attributable to the Company's shareholders (in $)	0.17	(0.03)	0.20

	Year ended December 31, 2024	Six months ended	
		June 30, 2024	December 31, 2024
	Audited	Unaudited	
	$ thousands		
Gain from disposal and revaluation of group companies, and changes in holdings, net	41,285	5,862	35,423
Financial income	3,170	1,628	1,495
Total income	44,455	7,490	36,918
General and administrative expenses	5,841	2,731	3,110
Equity in losses of associates, net	8,106	6,595	1,511
Financial expenses	616	308	261
Other expenses	386	-	386
Total costs and expenses	14,949	9,634	5,268
Gain (loss) before taxes on income	29,506	(2,144)	31,650
Taxes on income	(4,922)	(34)	(4,888)
Net gain (loss)	24,584	(2,178)	26,762

Gain (loss) attributable to the Company's shareholders	22,577	698	21,879
Gain (loss) attributable to non-controlling interests	2,007	(2,876)	4,883
Basic and diluted gain (loss) per share attributable to the Company's shareholders (in $)	0.43	0.01	0.42
Diluted gain per share attributable to the Company's shareholders (in $)	0.42	0.01	0.41

1.3.5. Analysis of research and development expenses in group companies

According to Elron's Group Companies' estimations, and as of the date of the filing of this report, their aggregate projected investment in research and development activities during 2026 will total approximately $70,000 thousand.

The above estimates are forward-looking in nature, as defined in Israel Securities Law, 5728-1968, and are based on the Group Companies' estimations based on information available as of the date of filling of this report. These estimates, in whole or in part, may not materialize, or may materialize in a manner materially different than expected. The principal factors that may affect this are lack of sufficient resources to finance research and development expenses and changes in research and development expenses, due to future events that might affect the Group Companies' research and development activities and related plans.

The combined research and development expenses of all Group Companies amounted to approximately $65,000, $68,000 and $89,000 thousand in 2025, 2024 and 2023, respectively.

The decrease in 2025 and 2024 as compared with 2023 resulted mainly due to the sales of CartiHeal and SixGill during 2024.

The Company's Consolidated Financial Statements do not include research and development expenses during 2025 - 2023.

1.4. Financial Position, Liquidity and Capital Resources

Financial position

	December 31, 2025	December 31, 2024
	Audited	
	$ thousands	
Total assets in the consolidated statement of financial position	138,036	147,308
Current assets	60,323	72,797
Investments in Group companies (not including held for sale investments)	51,711	26,976
Investment in IronScales *	-	25,497
Other long-term assets ***	22,928	18,976
Intangible assets	3,051	3,051
Current liabilities	5,574	6,495
Long-term liabilities	72	5,962
Long term loans	6,802	9,626
Total liabilities	12,448	22,083
Equity (including non-controlling interests)	125,588	125,225

(*) Investment in a company measured at fair value classified as held for sale. For more details, see section 1.2.1 above.

Total equity (including non-controlling interests) at December 31, 2025, was $125,588 thousand, representing approximately 91% of the total assets in the statement of financial position, compared with $125,225 thousand on December 31, 2024, representing approximately 85% of the total assets in the statement of financial position. The decrease in equity resulted mainly from the dividend distributions to the Company's shareholders in the aggregate amount of $14,282 thousand and the implementation of the Company's share repurchase program in the amount of approximately $1,000 thousand (see Section 1.2.3 above) which were partially offset by the gain recorded following the sale of Cynerio which completed in August 2025 and an increase in the value of the contingent consideration from the sale of CartiHeal (see section 1.2.1 above).

Consolidated working capital on December 31, 2025, amounted to $54,749 thousand, compared with $66,302 thousand on December 31, 2024 (not including the investments in IronScales which was classified as held for sale as of December 31, 2024). The decrease in the consolidated working capital resulted mainly from the dividend distribution to the Company's shareholders and share repurchase (as described above) and investment in associates and other companies, which were partially offset by the consideration for the sale of IronScales, which received upon the completion of its sale in January 2025 (see Section 1.2.1 above).

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

	For the year ended December 31,		For the Six months ended December 31,	
	2025	2024	2025	2024
	Audited		Unaudited	
	$ thousands			
Investments in Elron's and RDC's group companies	(14,310)	(4,959)	(7,416)	(4,105)
Taxes paid in respect of gains from the sales of Group companies	(6,644)	-	(1,301)	-
Taxes paid, net	(85)	(585)	(1)	-
Repayment of a long-term loan received from Rafael	(2,500)	-	-	-
Dividend distribution to the Company's shareholders (see Section 1.2.4 above)	(14,282)	(41,482)	(5,500)	(15,000)
Repurchase of the Company's shares	(993)	-	(993)	-
Proceeds from disposal of Elron's and RDC's non-current investments (2)	32,944	65,073	4,968	20,533

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

(2) In 2025, this item mainly included considerations from the sales of IronScales, and escrow deposits received from the sales of CartiHeal and SixGill, and in 2024, this item mainly includes the proceeds from the sales of SixGill and CartiHeal.

Liquid resources balance

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, 202,5 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).

Elron's and RDC's non-consolidated liquid resources on December 31, 2024, amounted to $46,135 and $18,226 thousand, respectively (Elron's liquid resources as of December 31, 2024, included other short-term investments in securities in the amounts of $2,787 thousand in Elron, and bank deposits of Elron in the amount of $28,353 thousand).

Uses of cash

The main uses of cash in 2025 were to dividend distributions to the Company's shareholders in the amount of $14,282 thousand and to the repurchase of the Company's shares in the amount of $1,000 thousand, to investments in Group Companies in the total amount of $6,423 thousand by Elron and $7,857 thousand by RDC. Furthermore, cash was used to pay Elron and RDC's operating expenses , as detailed in section 1.3.2 above.

The main uses of cash in 2024 were to dividend distributions to the Company's shareholders in the amount of $41,482 thousand (see section 1.2.3 above), to investments in Group Companies in the total amount of $1,274 thousand by Elron and $3,685 thousand by RDC. Furthermore, cash was used to pay Elron and RDC's operating expenses ,as detailed in section 1.3.2 above.

Investments in Group Companies during 2025 and 2024 are summarized in the following table (see also Notes 3 and 7 to the Financial Statements and section 4 in Part IV of this periodic report for additional details regarding investments in Group Companies):

	Elron		RDC	
	For the year ended December 31,			
	2025	2024	2025	2024
	Audited			
	$ thousands			
CyberRidge	1,763		1,763	-
ZenGo	-	370	-	-
Addionics	3,500	-	-	-
Cynerio	-	-	1,500	750
Red Access	-	-	2,000	700
Bark	-	250	-	-
Wonder Robotics	-	-	625	300
Scribe	-	-	469	500
Cyvers	600	-	-	-
Nitinotes	-	200	-	-
N-drip	-	-	-	250
Tamnoon	-	-	1.500	1,185
Cyber Future	560	454	-	-
Total investments	6,423	1,274	7,857	3,685

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

	Elron	RDC
	Unaudited	
	$ thousands	
Raven (*)	1,500	1,500
Cyvers	300	-
Total investments	1,800	1,500

(*) In addition, Elron transferred an amount of $200 thousand, which was invested in Raven by Cyber Future. For further details, see Section 1.2.2 above).

(**) In March 2026, after the reporting date, a SAFE investment in Open Legacy was completed by RDC, under which it committed to invest approximately $840 thousand, which had not yet been transferred as of the date of this report.

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

In March 2026, after the reporting date, an initial investment in Raven in the amount of approximately $3,500 thousand was completed by Elron and RDC (in equal parts). In addition, Elron transferred approximately $200 thousand, which was invested in Raven by Cyber Future (For further details see Section 1.2.2 above).

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

- Cash proceeds with approximately $25,500 thousand from the sale of IronScales.
- proceeds of approximately $5,000 thousand from an escrow deposit in connection with the sale of CartiHeal, which was received in January and July 2025.

- proceeds of approximately $2,300 thousand from an escrow deposit in connection with the sale of SixGill.

Proceeds received from the disposal of non-current investments in 2024 mainly included:

- Immediate proceeds from the sale of CartiHeal in the amount of approximately $43 million, (net of transaction costs) and an additional amount of approximately $5 million deposited in escrow for a period of 12-18 months.
- Immediate proceeds from the sale of SixGill of approximately $21.5 million, (net of transaction costs) and approximately $2.3 million was deposited in escrow for a period of 12 months.
- Proceeds from the sale of Elron's entire holdings in Coramaze in the amount of approximately $1.4 million.
- Receipt of $0.8 million deposited in escrow following the sale of Canonic in 2023.

2. Market Risk Exposure and Management

The information presented in this section refers to Elron and its consolidated companies to the extent that exposure to market risks is material. The risk management policy is only implemented for Elron itself. Elron has not established such a policy for the Group Companies, and as of this report period, it has not taken any activity to hedge market risks arising from the activities of its Group Companies.

2.1 <u>Officer responsible for management of Market risks in Elron</u>

The officer responsible for management of the Company's risks is Mrs. Rony Gur Arie, the Company’s Chief Financial Officer. For further details regarding Mrs. Gur Arie are provided in Section 14 of Part IV of this Annual report.

2.2. <u>Description of Elron's market risks and guiding principles to mitigate these exposures</u>

Elron is directly exposed to market risks, primarily from changes in interest rates, exchange rates, inflation rates and equity prices. In addition, Elron is indirectly exposed to market risks relating to the operations of our group companies. For further details on market risks, see Note 18.B to the Financial Statements and section 2.3 below. In order to limit the Company’s and the Group Companies exposure, Elron and its consolidated companies may enter, from time to time, into various derivative transactions. The Company does not use derivative financial instruments for trading purposes. It is the Company’s policy and practice to use derivative financial instruments only to limit exposure. As mentioned above, Elron does not determine the risk management of its Group Companies. As of December 31, 2025, and December 31, 2024, the Company and its subsidiaries have no material positions in derivatives.

<u>2.3. Supervision of market risk management policy and manner of implementation</u>

The handling of financial exposures, formulation of hedging strategy, supervision over, execution and provision of an immediate response to extraordinary developments in the various markets, is under the responsibility of the officer responsible for management of the Company’s risks, who acts in consultation with the Company’s CEO and members of the audit committee who are also members of the investment committee. An update regarding the implementation of our policy is presented to the members of the audit committee on a quarterly basis.

2.4 Report on Linkage Bases and Sensitivity Tests of Financial Instruments

The following tables describe sensitivity tests of the changes in the fair value of bank deposits and Fix interest debentures that are held by Elron and its consolidated companies, in accordance with changes in market factors .

For details on Linkage terms of assets and liabilities on a consolidated basis and sensitivity analysis of additional financial instruments where the market risks are not negligible, see Note 18 to the Financial Statements.

Sensitivity test of changes in dollar interest rates as of December 31, 2025:

	Gain (loss) from changes in dollar interest rates						
		Increase			Decrease		
Section	Fair value	2% Absolute value	10%	5%	2% interest	10%	5%
	$ thousands						
Short term bank deposits	21,428	(159)	(37)	(19)	164	37	19
Loans	(6,793)	391	140	71	(418)	(144)	(72)

Sensitivity test of changes in dollar interest rates as of December 31, 2024:

	Gain (loss) from changes in dollar interest rates						
		Increase			Decrease		
Section	Fair value	2% Absolute value	10%	5%	2% interest	10%	5%
	$ thousands						
Short term bank deposits	28,359	(164)	(46)	(23)	168	46	23
Loans	(9,149)	203	87	44	(207)	(89)	(44)

3. Corporate Governance

3.1.1 The Company's Board of Directors

Directors with financial and accounting expertise

The Company determined the minimum number of directors with "financial and accounting expertise" serving on its board of directors to be two. Following evaluation of their education, experience, qualification and knowledge in business-accounting and Financial Statements, the following directors have been designated as directors with financial and accounting expertise: Dan Hoz, Barak Mashraki, Lisya Bahar Manoah and Evan Jonathan Renov. For further details, including regarding directors with "financial and accounting expertise", see section 13 in Part IV of this periodic report.

Independent Directors

The Company's articles of association do not include a provision requiring a proportion of independent directors. In practice, as of the report date, there are three independent directors serving in the company (including the two external directors).

3.2 Internal Auditor

Details of internal auditor and compliance with conditions

Internal auditor's name: Itzik Ravid, CPA

Appointment date: October 1, 2020

Role qualifications: Graduate of Accounting and Economics at Tel Aviv University. Around 30 years of experience. Managing partner in the accounting firm Raveh Ravid & Co. and extensive experience in the field of internal auditing. The internal auditor is not an interested party in the Company, does not hold office at the Company (except as the internal auditor), and is not a relative or auditor of any of the above. The internal auditor does not hold any position at the Company besides that of internal auditor, other than handling the complaints of the Company's employees regarding the management of its business, in accordance with the decision of the Company's audit committee. To the best of the Company's knowledge, the internal auditor does not perform any role outside the Company that creates or may create a conflict of interest with his role as an internal auditor. The internal auditor meets the conditions set forth in section 3 (a) and section 8 of the Israel Internal Audit Law, 5752-1992 and the requirements of section 146 (b) of the Israel Companies Law, 5759-1999.

Holding of shares; Material ties: To the best of the Company's knowledge, the internal auditor does not hold any of the Company's shares or shares of the Company's affiliates, nor does he have material business relations or other material ties with the Company or any of its affiliates.

Status of employment: The internal auditor is a service provider through his office.

Other positions: To the best of the Company's knowledge, the internal auditor is a partner at Raveh Ravid & Co.

Nomination of internal auditor: The appointment of the internal auditor was approved by the audit committee on August 13, 2020, and by the Board of Directors of the Company on August 17, 2020. The appointment came into effect on October 1, 2020. Among the reasons for approving Mr. Ravid's appointment: Mr. Ravid was found suitable for the position of internal auditor in the company, inter alia, in light of his many years of experience in similar positions, and after examining his education, skills and experience in internal audits, taking into account the type, scope and complexity of the Company audits, and the type, scope and complexity of the Company's activity.

Supervising Organ of the Internal Auditor: The Chairperson of the Board of Directors is the supervisor of the internal auditor in the organization and the internal auditor reports to the Audit Committee.

Internal auditor's work plan: The internal auditor's work plan is a multi-year plan, and is based on a risk survey which was completed recently in 2025. Every year, the work plan of the internal audit for the coming year is updated and re-approved. The plan is updated and approved following deliberations that are held with the management and members of the audit committee, such that within five years most of the risk factors will be audited. The internal auditor is authorized to deviate from such plan subject to reporting to the audit committee and receiving its consent for the proposed change. In addition, the audit committee is authorized to direct the internal auditor to deviate from the audit plan during the year. In 2025 the internal auditor performed, inter alia, Risk Assessment, and controls as part of the embezzlement prevention plan adopted by the Company.

Audits abroad or of subsidiaries: The Company has no overseas activity other than the holding of certain corporations outside of Israel. The annual internal audit plan addresses whether or not internal audits have been carried out also in the Company's Group Companies, without distinguishing between their activities in Israel or outside Israel.

Scope of employment: Between 250 and 300 hours per year according to the work plan, while in 2025, the internal auditors invested approximately 260 hours. In the opinion of the Company's board of directors, the internal audit's work plan as well as the scope of employment which was determined to execute such plan are appropriate for its needs. Insofar as required, the Company is able to expand the aforesaid scope of employment.

Conducting the internal audit: The audit was conducted according to accepted professional standards, in accordance with section 4(B) to the Israeli Internal Audit Law and the standards issued by the Institute of Internal Auditors. The audit committee and the board of directors relied on the internal auditor's reports pertaining to their compliance with professional standards according to which they conduct the audits.

Access to information: The internal auditors and their employees have access to information as defined in section 9 to the Israeli Internal Audit Law, including continuous and direct access to the Company's information systems and those of the Company's Group Companies being audited by him, including financial data.

Internal auditor's reports: The internal auditor's reports are submitted in writing. The internal auditor's reports are distributed to the management and the audit committee. During the period covered by this Annual Report, one audit report were submitted in respect of the 2024 work plan which were distributed prior to the meetings of the Audit Committee at which these reports were discussed, on March 24, 2025 and two audit reports were submitted in respect of the 2025 work plan which was distributed prior to the meetings of the Audit Committee at which these report was discussed, on November 23, 2025.

Board of directors' evaluation: In the Company's board of directors' opinion, the scope, nature and successiveness of the Company's internal auditor's activity and his work plan are reasonable under the circumstances, and they fulfill the Company's internal audit goals.

Remuneration: The internal auditors are paid based on actual hours worked. The cost of the internal auditor's employment in 2025 was approximately NIS 75 thousand (approximately $23 thousand). In the opinion of the board of directors, the compensation paid to the internal auditor does not influence the exercise of his professional discretion. In 2025 and 2024, the auditor invested approximately 260 hours. The scope of the internal auditor's work focused on audits related to the activities of the headquarters and the operation.

3.3 Disclosure regarding Principal Accountant Fees

The Company’s principal accountants are Kesselman and Kesselman (PricewaterhouseCoopers). On December 30, 2025, after the reporting date, the Company's General Meeting approved their re-appointment.

In accordance with the decision of the General Meeting, the Company’s Board of Directors is entitled to set the fees of the principal accountant of the Company in accordance to the scope and manner of the services provided. The fees of the Company’s principal accountants were also approved by the Company’s Audit Committee.

	In respect of 2025		In respect of 2024	
	Fees ($ thousand)		Fees ($ thousand)	
The Company and fully owned corporate companies:	Audit and tax services (1)	Other Services (2)	Audit and tax services (1)	Other Services (2)
Kesselman and Kesselman	114	1	111	11
Other subsidiaries of the Company				
Kesselman and Kesselman	34	32	31	26

(1) Audit services- Fees for audit and related services, and for tax services.

(2) Other services- Fees for tax consulting services, assistance and representation in connection with tax audits and tax compliance services.

3.3 Internal Enforcement

Pursuant to the Company's Internal Enforcement Program, the exercise of options and/or trading in the Company's securities by insiders is permitted only from the second trading day following the publication of the Company's annual and interim Financial Statements and for a period of 90 days thereafter. Notwithstanding the foregoing, trading in the Company's securities by insiders is prohibited during the 30 days preceding the approval date of the Company's periodic Financial Statements.

4. Disclosure requirements in regard to the Company's financial reporting

4.1 Critical Accounting Policies

In respect to critical accounting policies, refer to Note 2 of the Company's Financial Statements.

4.2 Main data detailed in significant valuations and very significant valuations

The following are highlights from the material valuations or very material valuations that were conducted, pursuant to the requirements of the Israel Securities Regulations (Periodic and Immediate Reports), 1970:

Valuation of the contingent consideration from the Sale of CartiHeal:

As mentioned in Note 3.B.2.a) to the Financial Statements, in January 2024, CartiHeal's Sale to Smith & Nephew was completed. The transaction consideration included contingent consideration amounting to $150 million, subject to adjustments (of which Elron's share was approximately $40 million). Upon the completion of the sale, the Contingent Consideration was estimated with the assistance of an independent appraiser which estimated the fair value of the contingent consideration at approximately $19.9 million).

The fair value of the CartiHeal's Contingent Consideration was estimated with the assistance of an independent appraiser as of December 31, 2025. As a result, the fair value of the contingent consideration as of December 31, 2025, was estimated at approximately $22.6 million.

The significant details included in the valuation in accordance with the Report Regulations' requirements are as follows:

1. Identity of the asset evaluated: The value of contingent consideration from the sale of CartiHeal.

2. Engagement date: December 2025.

3. Timing of the valuation: December 31, 2025.

4. The value of the contingent consideration as estimated in the valuation – the valuation of the contingent consideration was estimated at approximately $22.6 million (comparing to $19.9 million as of January 9, 2024, the date of completion of the sale transaction and $18.4 million as of June 30, 2025). As a result, during 2024, Elron recognized a gain in the amount of approximately $4.2 million due to the change in the value of the contingent consideration asset from the sale of CartiHeal, recorded under line-item gain from sale, revaluation, realization of operation and changes in holdings, net.

5. Identity of appraiser: The work was prepared with the assistance of BDO Ziv Haft accounting firm, by a team led by Mr. Sagiv Mizrahi, CPA, partner, and team leader in the Corporate Finance Department. Sagiv has an undergraduate degree in Practical Mathematics from Bar Ilan University, and an MBA (Summa cum Laude), specialized in financial management from Tel Aviv University. Sagiv has over 10 years' experience in economic and business consulting, valuations of companies and financial instruments and diverse economic-accounting work, in conformity with international accounting standards (IFRS) and with US accounting standards (US GAAP). Previously, Sagiv was lecturer on accounting and valuations at Bar Ilan University. The appraiser received an indemnification commitment from the company for claims and expenses that may be incurred by the appraiser as a result of this work for damages that are more than 3 times the fee. The organ in the company that decided on the engagement with the appraiser is the CFO of the Company.

6. The value of the asset of the contingent consideration was estimated as follows- the fair value of the contingent consideration was estimated as of December 31,2025 at approximately $22.6 million by using a Monte Carlo simulation. Significant assumptions included in the valuation are as follows:

   - Number of iterations: 50,000.
   - Weighted average cost of capital (WACC) attributed to the income projections– approximately 12%.
   - Variance of income – 50.6% which was estimated based on the Healthcare Products industry from the Damodaran database.
   - Risk-free interest rate- 3.78%.
   - Debt price - according to the “BB-“rated debt in the Healthcare sector, changes according to the curve and the payment date in the same iteration when the range is between 5.1%-6.2%.

<u>Valuation of the investment in Axonius</u>

As described in Section 1.2.1 above, in July 2025 an agreement for the sale of Cynerio was signed, under which RDC received consideration in Axonius preferred shares. The fair value of the Axonius shares received, as of the closing date, was determined in a valuation with the assistance of an external appraiser and was estimated at approximately $14.8 million, net of working capital adjustments.

1. Identity of the asset valued: RDC ‘s investment in Axonius.

2. Engagement date: February 2026.

3. timing of work: As of July 31, 2025 (Completion date of the sale of Cynerio).

4. The value of the investment in Axonius established in the valuation: The fair value of RDC’s share was determined at approximately $14.8 million, net of working capital adjustments. As a result of the transaction and following the deduction of the remaining balance of the Company’s investment in Cynerio in the amount of approximately $0.7 million from the Company’s Financial Statements, Elron recognized a net gain (excluding the share of the non-controlling interests) of approximately $7.1 million (consolidated net gain of approximately $14.1 million). This gain was recorded under the line “Gain from disposal and revaluation of group companies, and changes in holdings, net”.

5. Identity of the appraiser - S-Cube, a member of the IBI Capital Trust Group Ltd. ("S-Cube"). The valuation was performed by S-Cube, managed by Mr. Gideon Shalom Bendor, the founder and CEO of S-Cube and Mr. Roi Vrubel, Head of Valuations and Derivatives at S-Cube.

   Mr. Shalom Bendor holds an MBA and has extensive experience in financial consulting, valuations, due diligence and expert opinions in the context of valuations. His areas of expertise include, among others, valuations of common and preferred shares, employee options and incentives, partnership rights, and intangible assets.

   Mr. Roi Vrubel has an MA in Economics and has extensive experience in valuations. Roi is a Certified Valuation Analyst ("CVA") certified by the National Association of Certified Valuation Analysts ("NACVA").

6. The valuation was conducted in accordance with a revenue multiple, based on eight comparison companies, for the purpose of determining the value of Axonius, using the Black and Scholes formulas, to allocate Axonius value to different classes of shares and to determine the value of RDC’s interest accordingly. The main assumptions used in the valuation are: standard deviation of 55.03% (based on seven comparison companies), multiple- 7.49 and risk-free interest of 3.93%.

Valuation of the investment in Notal Vision

Notal vision’s fair value was determined with the assistance of an independent appraiser, and as of December 31, 2025, was estimated at approximately $7.75 million.

7. Identity of the asset valued: Elron’s investment in Notal vision.

8. Engagement date: February 2026.

9. timing of work: As of December 31, 2025.

10. The value of the investment in Notal Vision established in the valuation: The value of Elron’s investment was determined at approximately $7.75 million (compared to approximately $7.15 million as of June 30, 2025, and approximately $7.5 million as of December 31, 2024). As a result, Elron recorded during the second half of 2025, a gain of approximately $0.6 million and

in 2025 recorded a gain of approximately $0.25 million, due to change in the fair value of the investment in Notal Vision, under line-item gain from sale, revaluation, realization of operation and changes in holdings, net.

11. Identity of appraiser: Identity of appraiser: S-Cube, a member of the IBI Capital Trust Group Ltd. ("S-Cube") - See above.

12. The valuation was conducted in accordance with the Option Pricing Model (OPM) and calculated the fair value of the investment in Notal based on the last investment round from May 2021 and its extension in December 2025, using the Black and Scholes formulas, to allocate Notal Vision’s value to different classes of shares and to determine the value of Elron's interest accordingly. In addition, the valuation reflected a 10% probability of a failure scenario. The main assumptions used in the valuation are: the standard deviation of 47.86% (based on six comparison companies and crypto currencies), and risk-free interest of 3.48%.

Lisya Bahar Manoah Chairperson of the Board of Directors	Yaniv Shnieder CEO

March 17, 2026, Tel Aviv

ELRON VENTURES LTD.

Periodic report for 2025

Part III

Consolidated Financial Statements for the Year Ended December 31, 2025

Elron Ventures Ltd.

Consolidated Financial Statements

For the Year Ended
December 31, 2025

Consolidated Financial Statements for the Year Ended December 31, 2025

Contents

Independent Auditor's Report
to the Shareholders of
Elron Ventures Ltd

Opinion

We have audited the accompanying consolidated financial statements of Elron Ventures Ltd. (hereinafter – "the Company"), which comprise the consolidated statement of financial position as at December 31, 2025; the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended; and the notes to the consolidated financial statements, including a summary of significant accounting policies.

We did not audit the financial statements of investee companies accounted for under the equity method, in which the Company's investment amounted to approximately USD 4,990 thousand as at December 31, 2025, and the Company's share in their losses amounted to approximately USD 1,183 thousand for the year then ended. The financial statements of these investee companies were audited by other independent auditors whose reports were provided to us, and our opinion, insofar as it relates to amounts included for those companies, is based solely on the reports of the other independent auditors.

In our opinion, based on our audit and on the reports of the other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards and the Israeli Securities Regulations (Annual Financial Statements), 2010.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Accountants' Regulations (Auditor's Work Procedures), 1973. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.
We are independent of the Company and its consolidated subsidiaries in accordance with the relevant Israeli laws and regulations regarding auditor independence and avoidance of conflicts of interest, and we have fulfilled our other ethical responsibilities under the Israeli Accountants Law, 1955, and regulations promulgated thereunder.
We believe that the audit evidence we have obtained, together with that obtained from the other independent auditors, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters below are the matters that were communicated or required to be communicated to the board of directors of the Company, and which, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. Those matters include, among other, any matter that (1) relates, or may relate, to items or disclosures that are material to the financial statements; and (2) involve our especially challenging, subjective or complex judgments. Those matters were addressed in our audit and in forming our opinion on the consolidated financial statements, as a whole. The communication of those matters below does not alter our opinion on the consolidated financial statements taken as a whole, and we are not, by communicating the key audit matter below, providing a separate opinion on those matters or on the accounts or disclosures to which they relate.

Fair Value of non-marketable financial instruments

As described in notes 2.b, 3b and 7 to the consolidated financial statements, as of December 31, 2025, the balance of the other investments measured at fair value amounts to 40,213 thousand dollars and the contingent consideration from the sale of Cartihill amounts to 22,561 thousand dollars. The fair value of non-marketable financial instruments is determined by the Company according to various valuation methods, including an Option Pricing Model. These valuations are based on significant estimates involving uncertainty and subjective judgments. Changes in these estimates or judgments may significantly impact the value of the financial instruments presented in the company's financial statements.

Key assumptions used in determining fair value:

When assessing the fair value of non-marketable financial instruments, the company exercises judgment in determining the main assumptions and estimates on which the fair value is based.
The company uses the following assumptions to determine the fair value of non-marketable financial instruments:

1. Expected volatility.
2. The expected timing of a liquidity event in the evaluated company and future revenue volatility as a parameter for determining value through the options pricing model;
3. Selection of an appropriate multiple, adjustment of the multiple to reflect the Company's data, and estimation of future revenue projections under the revenue multiple method.

We identified the main estimates used as a basis for determining the fair value of the company's non-marketable financial instruments as a key audit matter. Auditing the valuation mentioned above of non-marketable financial instruments requires the auditor's judgment, as well as knowledge and experience, to assess the reasonableness of the assumptions and data used by the management.

Audit procedures performed:

Our principal audit procedures to address this matter included:

1. Understanding the internal control environment related to the determination of the fair value of non-marketable financial instruments
2. Reviewing the methodology used by the company to determine the fair value of non-marketable financial instruments (hereinafter referred to as – the model) with the assistance of a valuation expert.
3. Checking the completeness and accuracy of the base data used in the model.
4. Evaluating the reasonableness of the significant assumptions used by management to determine the fair value of the non-marketable financial instruments relating to expected volatility, the expected timing of a liquidity event in the evaluated company, and future revenue volatility.
5. Assessing the reasonableness of selected multiples and adjustments made to comparable companies.

Responsibilities of the Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and the Israeli Securities Regulations (Annual Financial Statements), 2010, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with generally accepted auditing standards in Israel, including reliance on other independent auditors, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, design and perform audit procedures responsive to those risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and management.
- Conclude on the appropriateness of the Board of Directors’ and management’s use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.
We also provide the Board of Directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated to the Board of Directors and management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

The engagement partner for the audit subject of the independent auditor's report is Idan Shahen-Tov.

Tel-Aviv,
March 17, 2026

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Consolidated Statements of Financial Position as of

		December 31	
		2025	2024
	Note	$ thousands	
Current assets			
Cash and cash equivalents	4	36,570	33,221
Bank deposits	18	21,400	28,353
Other investments in securities	5	1,018	2,787
Other accounts receivable	6	1,335	8,436
Investment in IronScales classified as held for sale	7.A	-	25,497
		60,323	98,294
Non-current assets			
Investments in associates	3.B	11,498	9,693
Other investments measured at fair value	7	40,213	17,283
Contingent consideration from CartiHeal	3.B.2.a)	22,561	18,365
Long-term receivables		22	19
Right-of-use assets	9	345	592
Property, plant and equipment, net		23	11
Intangible assets	8	3,051	3,051
		77,713	49,014
Total assets		138,036	147,308

The notes to the consolidated financial statements constitute an integral part thereof.

Consolidated Statements of Financial Position as of

	Note	December 31 2025	December 31 2024
		$ thousands	
Current liabilities			
Trade payables		58	49
Current maturities of lease liabilities	9	295	311
Other accounts payable	10	5,221	6,135
		5,574	6,495
Long-term liabilities			
Long-term loan	3.A.3.a)	6,802	9,626
Lease liabilities	9	72	359
Deferred taxes	15	-	5,603
		6,874	15,588
Equity attributable to the Company's shareholders	11		
Issued capital		9,592	9,592
Treasury Shares		(993)	-
Share premium		245,278	245,278
Capital reserves		6,377	6,377
Accumulated deficit		(155,470)	(150,586)
		104,784	110,661
Non-controlling interests		20,804	14,564
Total equity		125,588	125,225
Total liabilities and equity		138,036	147,308

The notes to the consolidated financial statements constitute an integral part thereof.

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

Approval date of the consolidated financial statements: March 17, 2026

Consolidated Statements of Income (Loss)

	Note	For the year ended December 31 2025	2024	2023
		$ thousands (except for loss per share data)		
Income				
Gain from sale, revaluation, realization of operation and changes in holdings, net	14.A	19,790	41,285	11,357
Financial income	14.C	6,066	3,170	4,728
		25,856	44,455	16,085
Expenses				
General and administrative expenses	14.B	5,218	5,841	5,907
Equity in losses of associates, net	14.D	4,959	8,106	19,175
Financial expenses	14.C	702	616	737
Other expenses	17.B	-	386	-
		10,879	14,949	25,819
Gain (loss) before taxes on income		14,977	29,506	(9,734)
Taxes on income, net	15	(172)	(4,922)	(1,257)
Net income (loss)		14,805	24,584	(10,991)
Attributable to:				
The Company's shareholders		9,306	22,577	(8,174)
Non-controlling interests		5,499	2,007	(2,817)
		14,805	24,584	(10,991)
Income (loss) per share attributable to the Company's shareholders (in $)	16			
Basic income (loss) per share		0.18	0.43	(0.16)
Diluted income (loss) per share		0.17	0.42	(0.16)

The notes to the consolidated financial statements constitute an integral part thereof.

Consolidated Statements of Comprehensive Income (Loss)

	For the year ended December 31		
	2025	2024	2023
		$ thousands	
Net income (loss)	14,805	24,584	(10,991)
Other comprehensive income (loss) (net of tax):			
Amounts that are classified or may be reclassified to profit or loss under certain conditions:			
Foreign currency translation differences for foreign operation	-	(18)	13
Total gain (loss) that would be reclassified to profit or loss under certain conditions	-	(18)	13
Total other comprehensive income (loss)	-	(18)	13
Total comprehensive income (loss)	14,805	24,566	(10,978)
Attributable to:			
The Company's shareholders	9,306	22,559	(8,161)
Non-controlling interests	5,499	2,007	(2,817)
	14,805	24,566	(10,978)

The notes to the consolidated financial statements constitute an integral part thereof.

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
	$ 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 (see Note 11.C)	-	-	-	-	-	-	(14,282)	(14,282)	-	(14,282)
Share-based payments (See Note 11.D)	-	-	-	-	-	-	92	92	-	92
RDC's loan from non-controlling interest (see Note 3.A.3.a)	-	-	-	-	-	-	-	-	741	741
Treasury Shares Acquired (see Note 11.C)	-	-	-	-	(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 notes to the consolidated financial statements constitute an integral part thereof.

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**
	$ thousands									
Balance at January 1, 2024	9,592	245,278	351	(1,192)	18	7,218	(132,257)	129,008	12,557	141,565
Total net income	-	-	-	-	-	-	22,577	22,577	2,007	24,584
Total other comprehensive loss	-	-	-	-	(18)	-	-	(18)	-	(18)
Dividend to equity holders of the Company (see Note 11.C)	-	-	-	-	-	-	(35,861)	(35,861)	-	(35,861)
Dividend which does not comply the profit test (see Note 11.C)	-	-	-	-	-	-	(5,621)	(5,621)	-	(5,621)
Share-based payments (See Note 11.D)	-	-	-	-	-	-	576	576	-	576
Exercise options for ordinary shares	(*							(*		(*
Balance at December 31, 2024	9,592	245,278	351	(1,192)	-	7,218	(150,586)	110,661	14,564	125,225

*) Represents amount less than $1 thousand.

The notes to the consolidated financial statements constitute an integral part thereof.

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
	$ thousands									
Balance at January 1, 2023	9,592	245,278	351	(1,192)	5	7,218	(124,961)	136,291	15,374	151,665
Total net income (loss)	-	-	-	-	-	-	(8,174)	(8,174)	(2,817)	(10,991)
Total other comprehensive income	-	-	-	-	13	-	-	13	-	13
Share-based payments	-	-	-	-	-	-	878	878	-	878
Exercise options for ordinary shares	(*	-	-	-	-	-	-	(*	-	(*
Balance at December 31, 2023	9,592	245,278	351	(1,192)	18	7,218	(132,257)	129,008	12,557	141,565

The notes to the consolidated financial statements constitute an integral part thereof.

Consolidated Statements of Cash Flows

	For the year ended December 31		
	2025	2024	2023
	$ thousands		
Cash flows from operating activities			
Net income (loss)	14,805	24,584	(10,991)
Adjustments to reconcile loss to net cash used in operating activities:			
Adjustment to the profit or loss items:			
Depreciation and amortization	256	263	48
Finance, net	(5,642)	(2,094)	(1,296)
Stock based compensation	92	576	878
Gain from sale, revaluation, realization of operation and changes in holdings, net	(19,790)	(41,285)	(11,357)
Equity in losses of associates, net	4,959	8,106	19,175
Taxes on income, net	172	4,922	1,257
Finance income related to accounts receivable from CartiHeals Cancelled Transaction (see Note 3.B.2.a)	-	-	(2,781)
Other	-	(6)	154
	(19,953)	(29,518)	6,078
Changes in Assets and Liabilities:			
(Increase) in other accounts receivable	(136)	(200)	(190)
Increase (decrease) in trade payables	9	(139)	(27)
Increase (decrease) in other accounts payable	11	(513)	(161)
	(116)	(852)	(378)
Cash paid and received during the year for:			
Taxes paid	(85)	(585)	(72)
Interest paid	(27)	(42)	(9)
Interest received	3,269	2,552	1,834
	3,157	1,925	1,753
Net cash used in operating activities	(2,107)	(3,861)	(3,538)

The notes to the consolidated financial statements constitute an integral part thereof.

	For the year ended December 31		
	2025	2024	2023
	$ thousands		
Cash flows from investment activities			
Purchase of property and equipment	(21)	(4)	(6)
Investment in associates and other companies	(14,310)	(4,959)	(11,277)
Proceeds from sale of associates and other companies	32,944	65,073	11,511
Sale of other investments in securities, net	1,750	3,250	500
Taxes paid as a result of realization of investments in companies	(6,644)	-	-
Withdrawal of (investment in) deposits, net	7,255	(24,745)	12,741
Net cash provided by investment activities	20,974	38,615	13,469
Cash flows from financing activities			
Repayment of lease liability	(277)	(261)	(42)
Partial repayment of the RDC loan from non-controlling interests	(2,500)	-	-
Treasury Shares Acquired	(993)	-	-
Dividend distribution	(14,282)	(41,482)	-
Net cash used in financing activities	(18,052)	(41,743)	(42)
Exchange rate differences in respect of cash and cash equivalents	2,534	74	(149)
Increase (decrease) in cash and cash equivalents	3,349	(6,915)	9,740
Cash and cash equivalents as of beginning of the year	33,221	40,136	30,396
Cash and cash equivalents as of end of the year	36,570	33,221	40,136

Information regarding investment and financing activities that do not involve cash flows:

- In August 2025, the sale transaction of Cynerio was completed in consideration for shares of Axonius Inc. (“Axonius”). See Note 3.B.2.b)

- See Note 3.B.2.a regarding CartiHeal’s Cancelled Transaction.

The notes to the consolidated financial statements constitute an integral part thereof.

Note 1- General

A. 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 mainly on investments in technology companies in Israel and worldwide in the fields of Deep Tech, Defense Tech, cybersecurity and AI. Elron's existing group of companies includes mainly Deep Tech, Defense Tech, cybersecurity, software and medical devices companies. 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., 22th floor, Tel Aviv.

On September 4, 2024, a transaction was completed for the sale of the entire holdings of Discount Investment Corporation ("DIC"), which until that date was considered the controlling shareholder of the Company to Arieli EL Ltd. ("Arieli"). As a result, as of December 31, 2025, the Company's controlling shareholder is Arieli, a private company incorporated in Israel, which, as of that date, held 58.44% of the Company.

These financial statements were approved by the Company's Board of Directors on March 17, 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.

Military conflicts and their implications

Since Hamas's attack on October 7, 2023 and as of the filling date of this report, Israel has been engaged in military hostilities on several fronts, including Gaza, Lebanon and Iran. On February 28, 2026, subsequent to the reporting date, Operation "Roaring Lion" (Shagat HaAri) commenced, a coordinated military campaign initiated by the State of Israel and the United States against senior officials, symbols and regime sites in Iran.

The ongoing war has led to a slowdown in business activity in Israel, partly due to the call-up of reservists for an indefinite period and the disruption of economic activity in Israel as a result of business closures, labor shortages and supply chain disruptions.
In addition, during the period, the international credit rating agencies downgraded, the credit rating of Israel and the credit ratings of major Israeli banks.

As of the date of the approval of the Financial Statement, the impact of the aforementioned War on the Company's operating results is not material. However, as of the reporting date, Operation "Roaring Lion" is still ongoing and therefore constitutes a dynamic event characterized by significant uncertainty. Accordingly, the extent to which different security-related scenarios and the continuation of the hostilities may affect the Company's future operations is unknown. These implications depend, on the duration and scope of the war, its economic effects on the Israeli economy as a whole and on the industry in which the Company operates, market volatility, the uncertainty regarding the duration and intensity of the hostilities, as well as the effects of the war on the Company's areas of activity. The Company continues to closely monitor the development of events, considering the implications for its business activities and taking appropriate actions accordingly.

Definitions

In these financial statements:

RDC - RDC Rafael Development Corporation Ltd. RDC is a holding company consolidated by Elron. Elron holds 50.1% of RDC's outstanding shares, through DEP Holding Technology Ltd. ("DEP"), a fully owned subsidiary of Elron.

RDC is engaged in the establishment of ventures and investment in early-stage technology companies, including ventures that leverage technologies developed by Rafael – Advanced Defense Systems Ltd. ("Rafael") to develop products addressing civilian market needs, as well as ventures with potential synergies that rely on expertise from Raphael's specialists and technologies. RDC has a right of first refusal for the commercialization of military technologies developed by Rafael in civilian markets.

The Group - Elron and RDC.

Investee companies - Consolidated companies, associates and other investments held by the Group.

Subsidiaries/Consolidated Companies - Companies that are controlled by the Group (as defined in the International Financial Reporting Standard "IFRS 10") and whose accounts are consolidated with those of the Company.

Associates - Companies over which the Group has significant influence and that are not subsidiaries and are accounted for in these consolidated financial statements in accordance with the equity method of accounting.

Other investments/Other companies - Companies in which the Group has invested and that are neither subsidiaries nor associates.

Related parties - As defined in IAS 24 (Revised) with respect to "Related Parties".

Principal shareholders and Controlling shareholders - As defined in the Israel Securities Regulations (Preparation of Annual Financial Statements), 2010.

Dollar - The US dollar.

Note 2- Significant Accounting Policies

A. Basis of presentation of the financial statements

1. Measurement basis

The Company's consolidated financial statements have been prepared on a cost basis, except for the following: financial instruments measured at fair value, investments in associates accounted for using the equity method of accounting, associates companies classified as held for sale, deferred tax assets and deferred tax liabilities.

See below additional information regarding the measurement of these assets and liabilities.

2. The preparation format of the financial statements

These financial statements have been prepared in accordance with IFRS® accounting standards and in conformity with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

Note 2- Significant Accounting Policies (Cont.)

A. Basis of presentation of the financial statements (Cont.)

3. Consistent accounting policies

The accounting policies adopted in the financial statements are consistent with those followed in all periods presented.

B. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements

The Company's accounting policies set forth below in regard to this consolidated financial statements, are referring both to subsidiaries and associates Companies.

Preparation of financial statements in accordance with IFRS, requires the use of certain material accounting estimates. It also requires the Company’s management to exercise discretion in the process of implementing the Company’s accounting policies. In this note below, a disclosure is given to fields in which a large degree of discretion or complexity is involved, or fields in which assumptions and estimates have a material effect on the financial reports. The results may materially differ from the estimates and assumptions used by the Company's management.

Presented below is a description of the critical accounting estimates that were used in preparing the consolidated financial statements of the Company:

Determining the fair value of unquoted financial instruments

The fair value of unquoted financial assets and financial liabilities in Level 3 of the fair value hierarchy is determined using valuation techniques including an option-pricing model. At times, the Company contracts independent valuation experts to assist in determining the fair value of such assets. The model's assumptions consist of the price of the underline asset, which is the value of the estimated company's equity, exercise price, expected volatility, expected life, expected dividend and risk-free interest rate. The price of the underlying asset is determined based upon several parameters, including: recent financing rounds, if any, or based upon projected future cash flows discounted at current discount rates applicable for items with similar terms and risk characteristics. Further details regarding the valuation of the contingent consideration from CartiHeal transaction in Note 3.B.2.a), the valuation of Axonius shares in Note 3.B.2.b) as well as details on Other investments measured at fair value in Note 7.

Impairment of non-financial assets

The Group examines at each reporting date whether there have been any events or changes in circumstances which would indicate impairment of one or more of the non-financial assets. When indications of impairment exist, the Company examines whether the carrying amount of the asset can be recovered from the discounted cash flows anticipated to be derived from the asset, and if necessary, it records an impairment provision necessary to record the asset at the amount of the recoverable value. The cash flows are discounted using a discount rate before taxes that reflects current market assessments of the time value of money and the risks specific to the asset. The estimates regarding cash flows are based on past experience with respect to this asset or similar assets, and on the best possible assessments of the Group regarding the economic conditions that will exist during the remaining useful life of the asset, considering the market status at the area in which the asset is located. At times, these assessments are made with the assistance of independent valuation experts.

Note 2- Significant Accounting Policies (Cont.)

B. Significant accounting judgments, estimates and assumptions used in the preparation of the financial statements (Cont.)

Valuation of intangible assets

The Group is required to allocate the purchase price of investee companies (other than in the acquisition of non-controlling interests that do not confer control) to the assets and liabilities of such investee companies on the basis of their estimated fair value. At times, the Company contracts independent valuation experts to assist in determining the fair value of such assets and liabilities. Such valuations require management to make significant estimates and assumptions. The material intangible assets that were recognized with the assistance of evaluators include mainly in process research and development. Critical estimates to estimate the useful life of such intangible assets may include, inter alia, the estimated life of the intangible assets as well as anticipated market developments.

C. The operating cycle

The Company's operating cycle is 12 months.

D. Basis of consolidation

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries).

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent company. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. In circumstances where the non-controlling interest's ownership in a consolidated company is in the form of a preferred security or other senior security, the distribution of profit or losses between the Company and the non-controlling interests is based on the ownership level of the particular security held by the Company that grants it the preferred rights, while considering the distribution order between the different types of securities. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A transaction with non-controlling interests, whether a sale or an acquisition, is accounted for as an equity transaction. As such, further acquisitions of non-controlling interests by the Company are recognized directly in equity (recorded at capital reserves in respect of transaction with non-controlling interests). Any difference between the amount of the adjustment to non-controlling interest (reflecting the change in relative interest in the subsidiary) and the consideration paid or received by the parent on the change in holding is recognized directly as an increase in equity.

In disposal part of the equity interests while control is retained, an increase or decrease in equity (recorded at capital reserve from transactions with non-controlling interests) is recognized for the amount of the difference between the consideration received by the Company and the carrying amount of the non-controlling interests in the subsidiary which has been added to the Company's equity, taking into consideration realization of goodwill attributed to the subsidiary, if any, and capital reserves resulting from other comprehensive income (loss), in accordance with the decrease in holdings in the subsidiary.

When the Group loses control over a company, it measures and recognizes its remaining investment at fair value. Any difference between the carrying amount of the former consolidated company as of the date on which control ceases and the fair value of any remaining investment and any consideration from disposal is recognized in profit or loss. If the remaining investment is subject to significant influence, it is treated as an investment in an associate.

Note 2- Significant Accounting Policies (Cont.)

E. Associates accounted for using the equity method of accounting

Associates are those entities in which the Group has significant influence or the ability to significantly influence the financial and operating policies, but control was not achieved. In assessing whether or not the Group has significant influence over an entity, the Group takes into consideration ownership of potential voting rights that are immediately exercisable, directly or through subsidiaries, and their impact. Associates are accounted for using the equity method of accounting. The Company's consolidated financial statements include the Group's share of the income and expenses of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. In addition, the financial statements of the Company and of the associates are prepared as of the same periods and dates.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has a legal or implied obligation to support the investee or has made payments on behalf of the investee, or has granted it loans or guarantees.

In circumstances where the Group's ownership in an associate is in the form of a preferred security or other senior security, the distribution of profit or losses between the Group and the additional shareholders of the associate is based on the ownership level of the particular associate's security held by the Company that grants it the preferred rights, and to which the equity method is being applied, while considering the distribution order between the different types of securities.

The distribution between the Group and the additional shareholders of the associate, is determined under the assumption that at the end of the reporting period, the associate company would sell or distribute its assets and repay its liabilities.

Excess cost of associates is presented as part of the investment. Goodwill relating to the acquisition of an associate is initially measured as the excess cost of an investment in an associate over the Company's proportional interest in the fair value of the identifiable assets and liabilities, net. Excess cost allocated in an associate to identifiable assets and identifiable liabilities having a finite useful life is amortized according to the said useful life.

Goodwill or intangible assets with indefinite useful lives, are not systematically amortized, and evaluated for impairment as part of the investment in the associate as a whole.

When the Group loses its significant influence in an associate previously treated at equity, the remaining investment is revalued to its fair value on the date when significant influence is lost and is accounted for as an investment measured at fair value. The Group recognizes in profit or loss any difference between the fair value of any retained investment and any proceeds from disposing of the part interest in the associate, and the carrying amount of the investment at the date when significant influence is lost.

Upon purchase of shares of an associate while retaining significant influence in the associate, the Company applies the purchase method in respect of the interest acquired while the previous carrying amount of investment in the associate remains unchanged.

Note 2- Significant Accounting Policies (Cont.)

F. Functional currency, presentation currency and foreign currency

1. **Functional currency and presentation currency**

The consolidated financial statements are presented in U.S. dollars, the Group's functional currency, and are rounded to the nearest thousand, unless stated otherwise.

The functional currency, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions, is separately determined for the Company and for each of the investee companies. The functional currency of most of the investee companies is the U.S. dollar.

2. **Transactions in foreign currency**

Transactions denominated in foreign currency are recorded on initial recognition at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency existing as of the reporting date are translated into the functional currency at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign

G. Financial instruments

Financial assets:

Currency are translated into the Company's functional currency using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate on the date that the fair value was determined.

At the date of initial recognition, the Group classifies a financial asset into one of the following measurement categories: amortized cost, fair value through other comprehensive income or fair value through profit or loss.

A financial asset which is a debt instrument is measured at amortized cost, if both of the following conditions are met (and it is not designated to be measured at fair value):

- The asset is held within a business model whose objective is to hold assets in order to collect the contractual cash flows. and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not classified at amortized cost or at fair value through other comprehensive income, and financial assets which were designated to be measured at fair value, will be measured at fair value through profit or loss. At initial recognition, the Group designates financial assts at fair value through profit or loss if doing so eliminates or significantly reduces accounting mismatch.

1. Initial recognition

Financial assets are recognized initially at fair value. If a financial asset is not measured subsequently at fair value through profit or loss, its initial recognition includes any directly attributable transaction costs.

Note 2- Significant Accounting Policies (Cont.)

G. Financial instruments (Cont.)

Financial assets: (Cont.)

2. Subsequent measurement

After the initial recognition, the Company measures its financial assets at amortized cost or at fair value, as follows:

a) Financial assets measured at amortized cost

In subsequent periods, these financial assets are measured at amortized cost, using the effective interest method while deducting any impairment losses. Interest income, exchange rate fluctuations and impairment loss are recorded at profit or loss.

b) Financial assets measured at fair value through profit or loss

In subsequent periods, these financial assets are measured at fair value. Gains and losses, including interest income or dividends, are recognized in profit or loss.

Cash and cash equivalents

Cash includes cash balances available for immediate use. Cash equivalents include short-term highly liquid deposits in banks (with original maturities of up to and including three months) that are readily convertible into known amounts of cash and are part of the Company's and the Consolidated Companies' cash management.

Short term deposits

Short term deposits include deposits in banks with original maturities that exceeds three months from its deposit date.

Contingent Consideration

Fair value of contingent consideration from sale of group companies is initially recorded at fair value and is classified as a financial asset. The contingent consideration is measured at fair value at each reporting period and subsequent changes in the fair value are recorded at profit or loss.

Financial liabilities are recognized initially on the trade date. Financial liabilities are derecognized when the obligation of the Group, as specified in the agreement, expires or when it is discharged or cancelled.

Financial liabilities, other than financial liabilities designated at fair value through profit or loss, are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Offset between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is an immediate right, which is legally enforceable, to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Note 2- Significant Accounting Policies (Cont.)

H. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of financial assets measured at fair value is determined with reference to their quoted closing bid price as of the reporting date, and in the absence of such a quoted price, by other appropriate valuation methods.

I. Intangible assets

1. Intangible assets acquired in a business combination are included at the fair value at the acquisition date. After initial recognition, intangible assets are carried at the cost attributed to them, less any accumulated amortization (other than intangible assets having an indefinite useful life) and any accumulated impairment losses.

2. Separately acquired intangible assets are measured on initial recognition at cost with the addition of costs directly attributable to the acquisition.

3. Subsequent expenditures are capitalized as an intangible asset only when they increase the future economic benefits embodied in the specific asset for which they were expended. All other expenditures, including expenditures relating to goodwill and intangibles developed independently, are recognized in the statement of income as incurred.

The policies applied to the Group's intangible asset which was created as a result of the agreement with Rafael (see Note 3.A.3.a) below):

Useful lives	Indefinite
Amortization period	Not amortized
Internally generated or acquired	Acquired

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually or more if events or changes in circumstances indicate that the intangible asset may be impaired (see also Note 2.J below). The useful life of these assets is reviewed annually to determine whether their life assessment continues to be supportable.

J. Impairment

1. Financial assets carried at amortized cost

The Group recognizes a provision for loss in respect of expected credit losses on financial assets that are debt instruments carried at amortized cost.

Note 2- Significant Accounting Policies (Cont.)

J. Impairment (Cont.)

1. Financial assets carried at amortized cost (Cont.)

On each reporting date, the Group examines if the credit risk of a financial assets has increased significantly since its initial recognition, on an individual basis or on a group basis. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers information that is reasonable and supportable, including forward-looking information.

An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. An entity shall recognize in profit or loss the amount of expected credit losses (or reversal).

For financial instruments with low credit risk, the Group assumes that credit risk has not increased significantly from its initial recognition.

2. Non-financial assets

The Group evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of income.

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

2. Non-financial assets (Cont.)

The following criteria are applied in assessing impairment of an associate: after application of the equity method, the Group examines whether it is necessary to recognize any impairment loss with respect to the investment in associates. The Group examines at each reporting period whether there is objective evidence that the value of the investment in the associate is impaired. Such evidence may include general market data, the industry in which the investees operate, failure of research and development efforts, a significant deviation from the business plan, rounds of financing at an amount below the cost basis of the investment and other parameters. The test of impairment is carried out with reference to the entire investment, including excess cost and goodwill attributed to the associate.

K. Non-current assets held for sale

A non-current asset or disposal group (a group for which settlement is planned, including assets and liabilities) is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are not depreciated and are presented separately as current assets in the statement of financial position, at the lower of their carrying amount and fair value less costs to sell. Simultaneously, liabilities associated with these assets are presented separately in the statement of financial position in a similar manner.

Note 2- Significant Accounting Policies (Cont.)

L. Short-term benefits

Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

M. Share-based payment transactions

The cost of equity-settled transactions with employees and others is measured at the fair value of the equity instruments granted at grant date.

The fair value of share-based payments on the grant date is recognized as an expense, with a corresponding increase in retained earnings, over the period in which the relevant employees become fully entitled to the award. The amount recognized as an expense, taking the vesting terms into account, consisting of service terms and performance terms other than market terms, is adjusted to reflect the actual number of share options that are expected to vest. Expense attributed to grants that do not eventually vest, is cancelled at the time the options expire.

N. Treasury shares

Own equity instruments that are reacquired (treasury shares) deducted from equity attributable to the Company's shareholders until such shares are cancelled or reissued, using the moving weighted-average method.

O. Provisions

A provision is recognized when there is a present obligation, legal or constructive, as a result of a past event and a reliable estimate can be made of the amount of the obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

P. Leases

<u>Initial recognition:</u>

At the date of initial recognition, the Group recognizes a lease liability at the present value of future lease payments, which includes, among other things, the exercise price of extension options that are reasonably certain to be exercised. As well as payments to be made during the period covered by a lease cancellation option, if it is reasonably certain that the company/group will not exercise the option. At the same time, the Company recognizes the right of use asset at the same value the liability for a lease.

The interest rate used to discount the liability is the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate.

Variable lease payments linked to the CPI are initially measured by using the prevailing index at the commencement date of the lease, and are included in the calculation of the lease liability. When there is a change in the cash flows of the lease as a result of a change in the index, the Group remeasures the lease liability based on the updated contractual flows, as adjustment to the right of use asset.

Note 2- Significant Accounting Policies (Cont.)

P. Leases (Cont.)

The term of the lease is the period during which the lease is non- cancellable, including periods covered by an option to extend the lease if it is reasonably certain that the Group will exercise that option and periods covered by an option to terminate the lease if it is reasonably certain that the Group will not exercise that option.

<u>Subsequent measurement:</u>

After the commencement date, the Group measures the right of use asset applying a cost model, less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. Right of use assets are depreciated, using the straight-line method, over the shorter period of the estimated useful life of the leased asset and the lease term. Interest on the lease liability is recognized in profit or loss in each period during the lease term, in an amount that produces a constant periodic rate on the remaining balance of the lease liability.
Payments for short-term leases of equipment and vehicles as well as payments for leases in which the base asset is of low value are recognized using the straight-line method over the lease period, as an expense in profit or loss. Short-term leases are leases in which the lease term is 12 months or less.

Q. Taxes on income

Taxes on income in the statement of income comprise current and deferred taxes. The tax results in respect of current or deferred taxes are carried to the statement of income except to the extent that the tax arises from items which are recognized directly in equity or in other comprehensive income.

1. Current taxes

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

A provision is recognized in respect to uncertain tax positions when it is more likely than not that the Group will be required to use its financial resources in order to recover the settlement.

2. Deferred taxes

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred tax balances are measured at the tax rates that are expected to apply to the period when the taxes are recorded in the statement of income or in equity, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Simultaneously, temporary differences (such as carryforward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability is probable.

Taxes that would apply in the event of the sale of investments in investee companies have not been taken into account in computing the deferred taxes, as long as the sale of the investments in investee companies is not expected in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investee companies as dividend have not been taken into account in computing the deferred taxes, since the distribution of a dividend does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividend that triggers an additional tax liability.

Note 2- Significant Accounting Policies (Cont.)

1. Deferred taxes (Cont.)

Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

R. Earnings (loss) per share

Earnings (losses) per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted number of ordinary shares outstanding during the period. Basic earnings (loss) per share only include shares that were actually outstanding during the period. Potential ordinary shares (convertible securities such as employee options) are only included in the computation of diluted earnings (loss) per share when their conversion has a dilutive effect on the earnings (loss) per share. Further, potential ordinary shares that are converted during the period are included in diluted earnings (loss) per share only until the conversion date and from that date in basic earnings (loss) per share.

S. Examination of the significance of evaluations of assets and obligations for disclosure or inclusion

The Company is reviewing the significance of the evaluations of assets and obligations, for the purposes of disclosing them or attaching them in the annual and interim financial statements, in accordance with Regulation 8b of the Securities Regulations (Periodic and Intermediate Reports), 1970 and according to the legal position number 105-23: parameters for fundamental valuations, as updated by the Israeli Security Authority in July 2014 (the "ISA's Position").

When an evaluation complies with the quantitative conditions for enclosure, the Company examines whether the evaluation does not qualify as very material for qualitative reasons, and therefore will not be enclosed. The Company also applies as an additional test the "Representative Profit" test, representing an accepted measurement tool for examining the results of companies of the Company's category.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (IASB®) issued IFRS 18, Presentation and Disclosure in Financial Statements (the “new standard”), which replaces IAS 1, Presentation of Financial Statements (“IAS 1”). The objective of the new standard is to enhance comparability and transparency in financial reporting.

The new standard incorporates existing IAS 1 requirements while introducing new presentation requirements for the statement of profit or loss. These include the presentation of required subtotals, disclosure of management-defined performance measures, and new requirements for the aggregation and disaggregation of information in the primary financial statements or in the notes.

IFRS 18 does not change the recognition and measurement principles of financial statement items. However, as items in the statement of profit or loss will need to be classified into one of five categories (operating activities, investing activities, financing activities, income taxes, and discontinued operations), changes in presentation may be required. Additionally, the issuance of the new standard has led to limited amendments to other accounting standards, including IAS 7, Statement of Cash Flows, and IAS 34, Interim Financial Reporting.

The new standard will be applied retrospectively for annual reporting periods beginning on or after January 1, 2027.

The Company is assessing the impact of IFRS 18, including the effects of amendments to other accounting standards resulting from the new standard, on its consolidated financial statements.

Note 3- Investments in investees

A. Subsidiary

1. Additional information about a subsidiary that is held by the Company

Subsidiary with material non-controlling interests

	Principal place of business	Equity interest and voting rights of non-controlling interests
As of December 31, 2025 and 2024:		
RDC	Israel	49.90%

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

Note 3- Investments in investees (Cont.)

A. Subsidiary (Cont.)

2. Summarized financial information of a subsidiary with material non-controlling interests (*)

The table below summarizes information regarding the Group's subsidiary, RDC, in which there are non-controlling interests that are material to the Company (before elimination of intercompany transactions) and as presented in RDC's Consolidated Financial Statements: (*)

<u>Balances relating to RDC's statement of financial position:</u>

	Current assets			Non-current assets					Non-current liabilities			
	Cash and cash equivalents	**Bank deposits**	**Other accounts receivable**	**Investments classified as held for sale**	**Investments in associates**	**Other investments measured at fair value**	**Other**	**Current liabilities**	**Long-term loan**	**Deferred taxes**	**Total Net assets****	**The carrying amount of Non-controlling interests**
	$ thousands											
December 31, 2025	25,934	-	432	-	6,247	20,365	9	1,879	13,385	-	37,723	20,804
December 31, 2024	18,226	-	343	25,497	5,846	2,370	6	2,415	19,040	5,603	25,230	14,564

(*) The above information does not include an excess cost balance in the amount of $3,000 relating to the intangible asset presented in Elron's financial statements.

(**) The non-controlling interests share of net assets is also affected by a transaction in which Elron previously sold shares of RDSeed Ltd., a fully owned subsidiary of RDC ("RDSeed") to RDC.

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

Note 3- Investments in investees (Cont.)

A. Subsidiary (Cont.)

2. Summarized financial information of a subsidiary with material non-controlling interests (*) (Cont.)

Results of operations in RDC's financial statements:

	Income	Expenses	Gain before taxes on income	Taxes on income, net	Net income	Other comprehensive income	Total comprehensive income	Total comprehensive income attributable to non-controlling interests
	$ thousands							
For the year ended December 31, 2025	18,163	7,005	11,158	(169)	10,989	-	10,989	5,499
For the year ended December 31, 2024	18,593	9,996	8,597	(4,571)	4,026	-	4,026	2,007

	Net cash used in operating activities	Net cash provided by investment activities	Net cash used in financing activities**	Exchange rate differences in respect of cash and cash equivalents	Increase (decrease) in cash and cash equivalents
	$ thousands				
For the year ended December 31 2025	(796)	10,991	(5,000)	2,513	7,708
For the year ended December 31 2024	(3,088)	(885)	-	(27)	(4,000)

(**) No dividends were distributed to non-controlling interests.

Note 3- Investments in investees (Cont.)

A. Subsidiary (Cont.)

2. Significant changes in investments in a consolidated company during the reporting period

a) **RDC**

RDC is a holding company consolidated by Elron. Elron holds 50.1% of RDC's outstanding shares, through DEP, a subsidiary fully owned by Elron.

RDC is engaged in the establishment of ventures and investment in early stage 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 Raphael's technologies. RDC has first rights to adapt military technologies developed by Rafael for civilian markets.

In December 2007, Elron, DEP, RDC and Rafael signed an agreement amending the existing agreement between the parties pertaining to the rights granted to RDC to commercialize certain technologies of Rafael (the "Addendum"). Pursuant to the Addendum, RDC's rights to commercialize certain technologies of Rafael will continue without time restrictions. Pursuant to the terms of the Addendum, Elron made a one-time investment in RDC of $4,000 and is committed to make further investments of $750 in RDC for each company established by RDC based on Rafael's technologies.

The excess invested in RDC in respect of Elron's investment in RDC's equity was allocated to the agreement with Rafael as an intangible asset with indefinite useful life, and accordingly is not subject to amortization, but rather is reviewed for impairment at least annually or more frequently if indicators of impairment are identified. As of the reporting date, intangible assets include an amount of $3,051 in respect of this agreement (see Note 8 below).

In March 2021, Elron and Rafael granted a loan to RDC in an amount of $16,000 (in equal parts). The long-term loan balance in the statement of financial position includes the loan attributed to Rafael. The loan was granted for a five year period and bears 5% annual interest to be paid upon repayment of the loan.

In March 2025, the Board of Directors of RDC resolved to make a partial early repayment of the loan provided to RDC by Elron and Rafael in March 2021, in a total amount of $5,000 (including principal and interest). Elron's share of the repayment amounts to $2,500. Additionally, the Board of Directors of RDC resolved to extend the loan repayment period by three years, until March 2029, subject to the approval of the lenders (Elron and Rafael). In June 2025, following receipt of the lenders' approval, the decision was made to extend the said repayment date and the early partial repayment was made.

Rafael's shareholders loan balance is approximately $7,200, while the fair value of the loan balance is estimated at approximately $6,500. As a result, the gap between the fair value of the loan and its nominal value in the amount of approximately $700 was recorded against the Non-controlling interests balance.

a) In the years 2025, 2024 and 2023, there were no companies that were previously consolidated and are not included in the consolidation at the reporting period or companies that were initially consolidated.

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

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting:

1. Composition

	December 31 2025	December 31 2024
Carrying amount of the investments in the statement of financial position	11,498	9,693
The carrying amount of the shares and loans includes:		
SAFE agreements (Simple Agreement for Future Equity) (*)	600	6,632

(*) Financial instruments measured at fair value through profit or loss and classified as part of the investment in an associate.

According to the Company's accounting policy as described in Note 2.E above, the aggregate equity in losses not recognized by the Group, amounted to a total of approximately $1,030 from the date of acquisition until December 31, 2025 (not including companies that as of the reporting date were not held by the Group) and for the year ended on December 31, 2025 a total amount of $171 (and for companies held by the Company as of December 31, 2024 - approximately $860 from the date of acquisition through December 31, 2024). See Note 14.D for further details regarding losses in respect of associates for the years ended December 31, 2025, 2024 and 2023.

2. Significant changes in investments in associates during the reporting period:

a) CartiHeal

CartiHeal is developing an implant for repair of articular cartilage and osteochondral defects in loadbearing joints, such as the knee. Elron held approximately 30% of CartiHeal's outstanding shares (approximately 27% on a fully diluted basis) and the investment in CartiHeal was accounted for under the equity method of accounting, until its classification as held for sale in November 2023 (as detailed below).

<u>CartiHeal’s Cancelled Transaction</u>

In July 2022, a transaction was completed for the sale of CartiHeal to Bioventus LLC ("Bioventus") (the "Bioventus Transaction" or “CartiHeal’s Cancelled Transaction”).

The total consideration was up to $500,000 to all the CartiHeal shareholders, consisting of immediate consideration in the amount of approximately $100,000, interest bearing consideration payable in installments in the amount of approximately $250,000 (in order to secure the consideration, certain collateral such as a lien held in favor of the sellers on CartiHeal’s shares was utilized in the transaction) and contingent consideration in the amount of $150,000 (Elron's share was approximately $37,500).

In July 2022, the Transaction was completed, and the immediate consideration was received. Elron’s share in the immediate consideration, net of transaction costs was approximately $33,100. Further, during March 2023, Bioventus approached the Company as the Sellers’ representative to discuss certain changes in the parameters of the Bioventus Transaction and as a result thereof, the parties reached understandings for the cancellation of the Bioventus Transaction.

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. **Significant changes in investments in associates during the reporting period (Cont.):**

a) **CartiHeal (Cont.)**

As part of the understandings, it was agreed, that Ownership of all of CartiHeal shares has been returned to the Sellers and as a final and agreed compensation for the cancellation of the Bioventus Transaction, all sums paid by Bioventus to the sellers in the past in connection with the Transaction, as well as the funds that Bioventus invested in CartiHeal (and shares of CartiHeal issued to them as a result) and/or the transferred in order to be used to finance CartiHeal's activities, will not be refunded to Bioventus.

In light of the above and following the return of the CartiHeal shares, Elron held approximately 30% of CartiHeal's outstanding share capital and the investment in CartiHeal was accounted for under the equity method of accounting, until it's classification as held for sale in November 2023. Once the return of CartiHeal's shares became final, the investment in CartiHeal was initially recognized at cost based on the fair value on the date of return.

The fair value of the investment was determined with the assistance of an independent appraiser and was estimated at approximately $69,000. In parallel, the balance owed by Bioventus to Elron for the consideration payable in installments and contingent consideration described above in the total amounts of approximately $66,700 were deducted. As a result. Elron recorded during 2023 a net gain in the amount of approximately $2,300, under line item gain from sale, revaluation, realization of operation and changes in holdings, net, in the statement of income.

<u>The sale of CartiHeal to Smith & Nephew</u>

In November 2023, a definitive agreement (the "Agreement") was signed by CartiHeal and its shareholders and Smith & Nephew USD Limited (the "Acquirer" or "Smith & Nephew"), a company wholly owned by Smith & Nephew, plc. for the acquisition of the entire share capital of CartiHeal by the Acquirer, Subject to precedent conditions (the "Transaction").

The consideration for the Transaction amounted to up to $330,000 for all of CartiHeal's shareholders, subject to adjustments (Elron's share is approximately $88,000), and was comprised of an immediate consideration and a contingent consideration, detailed as follows:

1. Immediate consideration amounting to $180,000 (Elron's share is approximately $48,000 net of transaction costs of which approximately $5,000 will be held in escrow for 12 to 18 months, mainly to secure certain indemnification obligations of the sellers to the Acquirer, as is customary in such transactions), which was received in full during 2025.
2. Contingent consideration amounting to $150,000, subject to adjustments, (Elron's share is approximately $40,000) payable at such time when, if during the 10-year period following Transaction closing, the sales of the Agili-C™ and certain other products specified in the Agreement shall generate at least $100,000 in net revenues during a consecutive 12-month period.

The completion of the Transaction was dependent upon the satisfaction of conditions precedent as are customary in such transactions, all as detailed in the Agreement.

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

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

a) CartiHeal (Cont.)

The sale of CartiHeal to Smith & Nephew (Cont.)

In January 2024, the conditions precedent to the Transaction were met and the Transaction was completed. As a result, Elron recognized during 2024 a net gain in the amount of approximately $3,000 under line item gain from sale, revaluation, realization of operation and changes in holdings, net in the consolidated statement of income. Such gain reflected the difference between the Company's share in the immediate consideration and the fair value of the Company's share in the contingent consideration estimated with the assistance of an external appraisal at approximately $19,900 to the balance of the investment in CartiHeal which as of the date of the Transaction amounted to approximately $65,000.

As of December 31, 2025 and 2024, the Company performed an valuations for the contingent consideration with the assistance of an external appraiser. The fair value of the contingent consideration was estimated at approximately $22,561 and $18,400, respectively, as a result, during the years 2025 and 2024 a gain of approximately $4,200 and a loss of approximately $1,500, respectively, was recognized under the item "Gain from sale, revaluation, realization of activities and change in holding percentage in investee companies, net. The fair value of the contingent consideration was estimated by using a Monte Carlo simulation.

The sale of CartiHeal to Smith & Nephew (Cont.)

The significant assumptions underlying the valuation as of December 31, 2025 and 2024, are as follows:

Assumption	December 31, 2024	December 31, 2025
Number of iterations	50,000	50,000
Weighted average cost of capital (WACC) attributed to the income projections	Approximately 13.25%	Approximately 12%
Volatility of income	49.2%	50.6%
USD risk free interest rate	4.41%	3.78%
Debt price	according to the “BB-“ rated debt in the Healthcare sector, changes according to the curve and the payment date in the same iteration when the range is between:6.9%-6.4%	according to the “BB“ rated debt in the Healthcare sector, changes according to the curve and the payment date in the same iteration when the range is between:6.2%-5.1%

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

b) Cynerio

Cynerio Israel Ltd. ("Cynerio") develops and markets a security platform to protect healthcare systems from cyber threats, in particular medical devices and medical information systems and infrastructures. Cynerio's platform combines learning the behavior of the medical equipment and systems with work process analysis to ensure the safety of patients and the protection of sensitive medical information. Prior to its sale, RDC held approximately 17% of Cynerio's outstanding shares and the investment in Cynerio was accounted for under the equity method of accounting.

During the years 2023, 2024 and 2025, Investment agreements (SAFE) in Cynerio have been completed, with the participation of its existing shareholders for an amount of $15,100, 2,000 and $3,500, respectively, according to which, the investment sum will be converted to Cynerio shares, under certain conditions, stipulated in the agreement (RDC's share of the investment was approximately $2,700, $750 and $1,500, respectively).

On July 30, 2025, Cynerio and its shareholders entered into a binding agreement with Axonius, the parent company of Axonius Solutions Ltd. (the “Purchaser”), for the sale of all of Cynerio’s share capital to the Purchaser (the “Transaction”). In August 2025, the transaction was completed. Axonius is a cybersecurity company that provides a platform for managing and securing digital assets in organizations.

Pursuant to the Transaction, RDC received consideration in Axonius’ preferred E-2 shares. Of the consideration in Axonius equity, an amount of approximately 12% was deposited in escrow for a period of 12 months from the date of completion of the Transaction, primarily to secure certain indemnification obligations of the sellers in the Transaction towards the Purchaser, as is customary in transactions of this type. An amount of approximately 1% was deposited in escrow for a period of 90 days from the date of completion of the Transaction in connection with financial adjustments to be made after the completion of the Transaction (as is customary in transactions of this type). As of the reporting date, RDC holds approximately 0.6% of Axonius’ outstanding shares, and the investment in Axonius is accounted for as a financial asset measured at fair value through profit or loss.

The fair value of the Axonius shares received, including the shares received in escrow, was determined with the assistance of an independent appraiser and was estimated at approximately $14,795, net of working capital adjustments and in parallel, the remaining balance of the investment in Cynerio amounted to $670 were deducted. As a result of the Transaction, RDC recognized gain of approximately $14,100 under line item gain from sale, revaluation, realization of operation and changes in holdings, net, in the statement of income (the gain attributable to Elron’s shareholders is approximately $7,100).

The valuation of Axonius shares was conducted using the revenue multiple method, based on eight comparable companies for purposes of determining Axonius’s value, while using the Black and Scholes formulas - to allocate Axonius’s value to different classes of shares and to determine the value of RDC's interest accordingly. The evaluation used the following significant assumptions: standard deviation of 55.03% (based on seven comparison companies), with a multiple of 7.49 and risk-free interest of 3.93%.

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

c) **SixGill**

SixGill Ltd. ("SixGill") develops and provides an automated system that crawls the Deep, Dark and Surface Web and extracts information to provide its customers with relevant intelligence and alerts regarding possible or ongoing cyber-attacks against the enterprise. Prior to its sale (as detailed below), Elron held approximately 23% of SixGill's outstanding shares and the investment in SixGill is accounted for under the equity method of accounting.

In November 2024, SixGill and its shareholders (including Elron) signed a binding agreement with BitSight Technologies, Inc. ("BitSight" or "the acquirer") for the sale of the entire share capital of SixGill ("the transaction"), and in December 2024, the transaction was completed.

Elron's share (gross) of the total consideration amounts to approximately $22,000, net of transaction costs, comprising an immediate payment of approximately $21,500 was paid upon paid upon closing of the Transaction (of which approximately $2,300 was deposited in escrow for a period of 12 months, mainly to secure certain indemnification obligations of the sellers to the Acquirer, as is customary in such transactions and received in full during December 2025) and consideration in Acquirer' shares valued at approximately of $500. As of December 31, 2025, there was no change in the fair value of the acquirer’s shares, which are accounted for as a financial asset measured at fair value through profit or loss.

Following the transaction, Elron recognized during 2024 a gain of approximately $20,600 under line item "Gain from sale, revaluation, realization of activities, and change in holding percentage in investee companies, net" in the statement of income (loss).

d) **Edge226**

Edge 226 Ltd. ("Edge") develops and markets a digital advertising platform for ad networks. As of the reporting date, Elron holds approximately 24% of Edge’s outstanding shares and the investment in Edge is accounted for under the equity method of accounting.

In December 2024, a share repurchase transaction of common and preferred shares in Edge from other shareholders was completed in a total amount of approximately $1,700. As a result, Elron's outstanding shares in Edge increased to approximately 24%. This transaction (to which Elron did not participate) reflected a valuation of approximately $1,900 for Elron’s holding in Edge, and, as a result, during 2024, Elron recognized an impairment loss of approximately $400 under line item “Equity in losses of associates, net” which was reversed during 2025.

e) **Red Access**

R.a Red Access Security Ltd. (“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. As of the reporting date, RDC holds approximately 21% of Red Access's outstanding shares and the investment in Red Access is accounted for under the equity method of accounting.

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

e) **Red Access (Cont.)**

In January 2025, an investment agreement in Red Access was signed with the participation of existing and new shareholders, in the amount of $14,600, in consideration for preferred A shares. RDC's share was approximately $2,000. As part of this investment round, the remaining balance of the SAFE agreement from April 2024 of which RDC’s share of the total SAFE amount was approximately $700 was converted for preferred A-1 shares. As a result of the aforementioned investment, and following the decrease in holdings, RDC recognized gain of approximately $1,700 under line item gain from sale, revaluation, realization of operation and changes in holdings, net, in the statement of income (the gain attributable to Elron’s shareholders is approximately $900).

f) **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.

In June and December 2025, a SAFE investments in Cyvers was completed, with the participation of existing investors, in an aggregate amount of $1,000 (Elron’s share was approximately $600). In February 2026, subsequent to the reporting date, the aforementioned SAFE investment was extended by an additional amount of approximately $500, Elron’s share was approximately $300.

g) **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 Breez e’s Board of Directors).

In April 2023, RDC completed its first investment in Breeze in the amount of $200, as part of an investment agreement (SAFE) in a total investment of $400. In accordance with the investment agreement the investment sum will be converted into Breeze shares under certain conditions stipulated in the agreement.

In August 2023, Breeze entered into an investment agreement with the participation of new and existing investors to invest an amount of up to approximately $6,650 in consideration for Preferred Seed-1 Shares (RDC’s share in the total investment was approximately $2,000). Simultaneously, the SAFE investment from April 2023 was converted into Preferred Seed-2 shares.

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

h) **Wonder Robotics**

Wonder Robotics Ltd. ("Wonder Robotics") develop 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 31% of Wonder Robotics' outstanding shares and the investment in Wonder Robotics is accounted for under the equity method of accounting.

During 2024 and 2025, the investment agreement from January 2022 was further extended, with the participation of new and existing investors for an amount of $400 and $700, respectively, for Preferred Seed-1 shares. RDC's share of the investment was approximately $300 and $600, respectively.

In March 2026, subsequent to the reporting date, a Promissory Note investment agreement in the amount of $1,500 was entered into, but has not yet been completed, between Wonder Robotics and a new investor.

The Promissory Note 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.

i) **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.

In August 2025, Team8 Surplus signed an agreement for the sale of the majority of its assets (tangible and intangible, excluding its remaining cash balance) (the "Transaction").
Following the completion of the transaction, Team8 Surplus entered into an agreement to repurchase all of the shares held by RDC in Team8 Surplus (the "Buyback" transaction). According to the agreement, the Buyback transaction price payable to RDC is expected to reflect the amount that RDC would have been entitled to receive had Team8 Surplus distributed its funds following completion of the Transaction. Completion of the Buyback transaction is subject to court approval under applicable law.

As of the reporting date, the carrying amount of the investment in Team8 Surplus was approximately $1,900, which reflects RDC's estimated share in the remaining cash balance that will remain in Team8 Surplus. In light of the above, the Company does not expect the Transaction to have a material impact on its results of operations.

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

j) **Scribe**

Scribe Security Ltd. ("Scribe") developed a software supply chain assurance solution, that secures the software providers and manufacturers digital assets throughout the different stages of software development. In January 2026, subsequent to the reporting date, Scribe's Board of Directors resolved to voluntarily liquidate the company.

During the years 2023, 2024 and 2025, Investment agreements (SAFE) in Scribe have been completed for an amount of $3,300, $1,250 and $1,000, respectively. RDC's share of the investment was approximately $2,000, $500 and $500, respectively). In January 2026, following difficulties in securing additional funding for its operations, Scribe's board of directors resolved to initiate a voluntary liquidation of the company. As of the reporting date, the carrying amount of the investment in Scribe was zero.

k) **Creednz**

Creednz developed a fraud detection and prevention solution in B2B payment process, enabling businesses to conduct transactions securely and prevent financial losses. In May 2025, Creednz's Board of Directors resolved to voluntarily liquidate the company. As of the reporting date, the carrying amount of the investment in Creednz was approximately $350, which approximates the amount expected to be recovered upon the company's liquidation.

l) **Coramaze**

Coramaze Technologies Ltd. ("Coramaze") is developing a minimally invasive device to repair the Tricuspid heart valve. Prior to its sale (as detailed below), Elron held approximately 23% of Coramaze's outstanding shares (directly and through Coramaze Technologies GmbH) and the investment in Coramaze is accounted for under the equity method of accounting.

In February 2023, Coramaze signed an investment agreement with the participation of its existing shareholders, in an amount of approximately €2,500 (approximately $2,700), Elron's share is €375 (approximately $400).

During 2024, an agreement for the sale of Elron's holdings in Coramaze was completed for a total consideration of €1,300 (approximately $1,400). As a result, Elron recognized a gain of approximately $1,000, under line item gain from sale, revaluation, realization of operation and changes in holdings, net.

m) **Canonic**

Canonic Security Ltd. ("Canonic"), developed a security platform to detect and defeat SaaS-native threats. Prior to its sale (as detailed below), RDC held approximately 21% of Canonic's outstanding shares and the investment in Canonic is accounted for under the equity method of accounting, until its classification as held for sale in December 2022.

In February 2023, Canonic and its shareholders (including RDC) signed a definitive agreement with Zscaler, Inc. (the "Acquirer") for the sale of the entire outstanding share capital of Canonic (the "Transaction") and the Transaction was simultaneously completed.

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

m) **Canonic (Cont.)**

Pursuant to the Transaction, in March 2023, RDC received an amount of approximately $7,300 (of which an amount of approximately $800 was deposited in escrow for a period of 15 months, mainly in order to secure certain indemnification obligations of the selling security holders to the Acquirer, was received during July 2024).

As a result of the sale Transaction of Canonic, Elron recognized during 2023 a net gain attributable to the Company's shareholders in the amount of approximately $3,500 (a consolidated net gain in the amount of approximately $7,000) under line item gain from sale, revaluation, realization of operation and changes in holdings, net in the consolidated statement of income (loss).

n) **Cyber Future**

El Ciso Club, Limited Partnership ("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 December 31, 2025, Elron invested in Cyber Future a total amount of approximately $1,700. In March 2026, subsequent to the reporting date, Elron invested in Cyber Future additional $200.

During 2024 and 2025, the Partnership has completed the sale of its holdings in Prompt Security Ltd. and Entitle I.O Ltd. for estimated proceeds of approximately $1,700 and $200, respectively. As a result, Elron recognized its share of profits from the Partnership, accounted for under the equity method, in connection with the aforementioned disposals, in the amounts of approximately $700 and $100, respectively. Accordingly, based on the profit sharing mechanism set forth in the partnership agreement, as of December 31, 2025, the Partnership distributed to Elron an aggregate amount of approximately $200.

o) **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. In March 2026, subsequent to the reporting date, Elron, 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 totaling up to approximately $13,100 of which up to approximately $7,500 in consideration for Post Seed shares, and approximately $5,600 invested by Raven’s existing investors under SAFE agreements, which was converted into Post Seed 1 shares. Following the aforementioned investment, 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).

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

Note 3- Investments in investees (Cont.)

B. Investments in associates accounted for using the equity method of accounting (Cont.):

2. Significant changes in investments in associates during the reporting period (Cont.):

P) **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 through a phased approach, without disrupting business continuity. 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.

In March 2026, subsequent to the reporting date, 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). The investment agreement has not yet been completed, and the investment amount had not yet been transferred as of the reporting date.

Note 4- Cash and cash equivalents

	December 31	
	2025	2024
Cash	5,046	7,922
Cash equivalents - short-term deposits (*)	31,524	25,299
	36,570	33,221

(*) The deposits bear interest rate, which is determined based on the deposit period and currency. The interest rate on deposits as of December 31, 2025, is between 3.07 % to 4.75%

Note 5- Other investments in securities, net

As of December 31, 2025, this line item is comprised of investment in debenture denominated in USD, carrying a fixed interest rate which matured in January 2026, subsequent to the reporting date. This investment was classified as a financial asset measured at fair value through profit or loss (see also Note 18 below).

Note 6- Other accounts receivable

	December 31	
	2025	2024
Escrow deposit (A)	-	7,312
Government institutions	754	572
Prepaid expenses	279	245
Other	302	307
	1,335	8,436

A) During 2024, an amount of approximately $5,000 and $2.300 was attributed to the escrow deposits from the sale of CartiHeal and SixGill, respectively, which was received during 2025 (see Notes 3.B.2.a) and 3.B.2.c) above, respectively).

Note 7- Other investments measured at fair value

The Company holds interests in several private companies that do not confer it significant influence as well as warrants to be converted into shares of associates. The fair value of these holdings has been estimated mainly using:

1. Company Security Transaction Method ("CSTM") - According to the CSTM method, the value of each investee is estimated based upon recent transaction prices in the investee's securities or of companies comparable to the investee (similar companies). For these transactions to be relied upon to develop an estimate of fair value, they must be arm's length transactions. Additional factors considered in this analysis include: size, amount and type of shares sold; the timing of the transaction relative to the estimation date; differences in the rights, preferences, marketability; control of the transaction securities; participation of new investors and existing shareholders, volatility in the investee's projections. Compared to transactions made in similar companies, the comparison is made to similar transactions in terms of the field of activity, operational characteristics, marketability and financial data.

2. Discounted Future Earnings Method - This methodology is used when the investees undergoing evaluation are able to provide projections for their future cash flows. In addition, it was deemed not unreasonable that market participants or other investors would use this methodology to determine the fair value of their rights in these companies.

3. Option Pricing Model ("OPM") - After deriving the investee's fair value, it is generally accepted for market participants to allocate the value of the investee to the different classes of equity. OPM is an option pricing model based on the Black and Scholes formula or based on the Binomial (lattice) model. This model is based upon the concept that the securities of a firm's capital structure can be considered as call options on the value of the firm. The model uses a Black and Scholes option model or a Binomial (lattice) model to estimate the value of the investee between value ranges.

4. Multiples method – According to the 4. Multiples method, the fair value of the investee company is estimated based on an appropriate market multiple derived from publicly traded comparable companies in its field of activity. The selected multiple is applied to a relevant financial metric of the investee company, such as revenues, EBITDA or another operating metric, in accordance with the characteristics of its operations.

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

Note 7- Other investments measured at fair value (Cont.)

The valuations require management to make certain assumptions about certain parameters, including projections, credit risk and volatility.

Composition:

	December 31	
	2025	**2024**
Axonius (*)	14,795	-
Notal (B)	7,750	7,500
Tamnoon (C)	3,620	2,120
CyberRidge (D)	3,526	-
Addionics (E)	3,500	-
Nitinotes (F)	2,160	2,100
Zengo (G)	2,034	2,684
Bark (H)	1,200	1,200
BitSight (**)	500	483
N-Drip (I)	187	250
Other	941	946
	40,213	17,283
Investment measured at fair value classified as held for sale		
IronScales (A)	-	25,497

(*) Axonius shares received as consideration for the Cynerio's transaction in August 2025. See also Note 3.B.2.b) above.
(**) BitSight shares received as consideration for the SixGill's transaction in December 2024. See also Note 3.B.2.c) above.

A. IronScales

IronScales Ltd. (“IronScales”) develops and provides a cloud-based (SaaS) solution, which aims to protect the organization from targeted email attacks (spear-phishing). Prior to its sale, IronScales was held by RDC at a rate of approximately 8% of outstanding shares. The investment in IronScales was accounted for as a financial asset measured at fair value through profit or loss until it was classified as held for sale in November 2024.

On November 2024, RDC (through RDSeed) signed a binding agreement to sell its entire holdings in IronScales to PSG Equity LLC, an existing shareholder in IronScales (the "Transaction"), for approximately $25,500. In January 2025, the Transaction was completed and the aforementioned consideration was received.

As a result, and based on the consideration from the Transaction, the fair value of the investment in IronScales as of December 31, 2024, was estimated at approximately $25,500, resulting in a gain of approximately $19,600, recorded under the line item "Gain from sale, revaluation, realization of activities, and change in holding percentage in investee companies, net" in the statement of profit or loss (the gain attributable to Elron's shareholders amounted to approximately $9,800). In addition, tax expenses of approximately $4,500 were recorded against an increase in deferred tax liabilities (attributed to the increase in the gap between the carrying amount of the investment in IronScales in RDseed's books and its tax basis as RDseed has no tax loss carryforwards).

Note 7- Other investments measured at fair value (Cont.)

A. IronScales (Cont.)

Following the Transaction, and in accordance with the provisions of International Financial Reporting Standard 5 ("IFRS 5"), the investment in IronScales met the criteria for classification as non-current assets held for sale and was accordingly classified as such in the statement of financial position as of December 31, 2024.

B. Notal

Notal Vision 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 7.5% of Notal's outstanding shares. The investment in Notal is accounted for as a financial asset measured at fair value through profit or loss.

In May 2021, an investment agreement was signed with Notal led by a new investor and with the participation of Notal's existing shareholders (including Elron) in consideration for the issuance of Preferred D shares. Under the aforementioned agreement, approximately $31,400 was invested in Notal during the years 2021 and 2022, of which Elron's share in the investment was approximately $1,200.

During the years 2023 and 2024, the aforementioned investment agreement was extended several times and in 2025 the agreement was extended to an aggregate amount of approximately $85,000.

Under these expansions, additional investment was invested in Notal during 2023, 2024 and 2025, approximately $20,000, 16,000 and $16,000, respectively. Elron did not participate in the aforementioned investments made under the expansion of the agreement.

As of December 31, 2025 the fair value of the investment in Notal was determined with the assistance of an independent appraiser and was estimated at approximately $7,750 (compared to approximately $7,500 as of December 31, 2024). As a result, during 2025 Elron recognized a gain in the total amount of $250 recorded under line item Gain from sale, revaluation, realization of operation and changes in holdings, net.

The valuation was conducted in accordance with the OPM and calculated the fair value of the investment in Notal based on the last investment round from May 2021 and its extension in 2025 as described above using the Black and Scholes formulas - to allocate Notal’s value to different classes of shares and to determine the value of Elron's interest accordingly. In addition, the valuation reflected a 10% probability of a failure scenario. The evaluation used the following significant assumptions: standard deviation of 47.86% (based on six comparison companies), and risk-free interest of 3.48%.

C. Tamnoon

Tamnoon Inc. ("Tamnoon") is developing a technology-driven managed cloud protection service. As of the reporting date, RDC holds approximately 7% of Tamnoon’s outstanding shares. The investment in Tamnoon is accounted for as a financial asset measured at fair value through profit or loss.

In June 2023, RDC completed its first investment in Tamnoon in a total amount of $600, together with other shareholders of Tamnoon, as part of an investment round of approximately $3,100 in consideration for Preferred Seed-1 Shares. In December 2023, additional investment agreement (SAFE) was completed in the total amount of approximately $750 with the participation of a new investor (RDC did not participate in the aforementioned investment).

Note 7- Other investments measured at fair value (Cont.)

C. Tamnoon (Cont.)

In July 2024, an investment agreement in Tamnoon in an amount of 12,000 was completed, led by a new investor and with the participation of existing investors of Tamnoon, in consideration for preferred A shares. RDC's share in the total investment was approximately $1,200 which was invested in July and October 2024. As part of this investment round, the remaining balance of the SAFE agreement from December 2023 was converted for preferred A-1 shares.

In October 2025, an investment agreement (SAFE) was completed in Tamnoon, in an amount of approximately $1,900 (RDC's share was approximately $1,500) in accordance with the aforementioned investment agreement, the investment sum will be converted into Tamnoon shares under certain conditions stipulated in the agreement.

The fair value of the investment in Tamnoon was determined with the assistance of an independent external appraiser. As of December 31, 2025, The investment in Tamnoon was valued at approximately $2,100 and as a result, Elron recognized during 2024 a gain attributable to the Company's shareholders in the amount of approximately $160 (a consolidated net gain in the amount of approximately $330), recorded under line item Gain from sale, revaluation, realization of operation and changes in holdings, net. As of December 31, 2025, following the completion of the investment in October 2025, the value of the investment in Tamnoon amounted to approximately $3,600.

D. 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.

In April 2025, Elron and RDC made their initial investment in CyberRidge, in an aggregate amount of approximately $2,000 (in equal parts), in consideration for preferred Seed-4 shares and warrants as part of a Seed investment round (including Seed, Seed-1 and Seed-4 shares) amounted to approximately $17,200.

In August 2025, an agreement to acquire shares from existing investor in an amount of $2,600 was completed. As part of this transaction, Elron and RDC acquired (in equal parts) an aggregate amount of approximately $500 for preferred Seed-3 shares.

In October 2025, certain warrants granted in the connection with the April 2025 financing round were exercised for total consideration of approximately $2,600, resulting in the issuance of preferred Seed-2 shares. Elron and RDC participated in the exercise (in equal parts) in an aggregate amount of approximately $1,000.

E. Addionics

Addionics Limited ("Addionics") is an England based company that develops advanced battery technology aimed at improving battery performance across a range of applications, including electric vehicles (EV), space and Defense, and additional energy storage sectors. As of the reporting date, Elron holds approximately 3% of Addionics' outstanding share and the investment in Addionics is accounted for as a financial asset measured at fair value through profit or loss.

Note 7- Other investments measured at fair value (Cont.)

E. Addionics (Cont.)

In December 2025, Elron completed its initial investment in Addionics, alongside other investors, as part of a financing round totaling approximately $43,300 for Series preferred B shares. Elron's share was approximately $3,500 which was transferred immediately. In January and February 2026, subsequent to the reporting date, the aforementioned investment round was extended, and an additional approximately $3,850 was invested in Addionics. Elron did not participate in the aforementioned extension.

F. 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 14% 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 September 2023, an investment agreement in Nitinotes was signed with the participation of part of its existing shareholders, in the amount of approximately $6,000 in consideration for Preferred B1-Shares. Elron did not participate in the aforementioned investment. In addition, the SAFE investment from 2022 in the amount of approximately $4,200 was converted into Preferred B-2 shares (Elron's share was approximately $850). As a result of the aforementioned investment, Elron lost its significant influence over Nitinotes and the investment in Nitinotes commenced to be accounted for as financial asset measured at fair value through profit or loss. As a result, during 2023, Elron recognized income of approximately $1,900 under line item gain from sale, revaluation, realization of operation and changes in holdings, net.

In December 2024, an investment agreement (SAFE) was completed in Nitinotes, with the participation of its existing shareholders, in an amount of $9,300, according to which, the investment sum will be converted into Nitinotes shares under certain conditions stipulated in the agreement (Elron's share was $200).

As of December 31, 2025, the fair value of the investment in Nitinotes was determined with the assistance of an independent appraiser and was estimated at approximately $2,200 without material change from the value of the investment as of December 31, 2024.

G. Zengo

Zengo Ltd. ("Zengo") develops and provides a secure crypto wallet that doesn't compromise between security and user experience. As of the reporting date, Elron holds approximately 8% of Zengo's outstanding shares and the investment in Zengo is accounted for as a financial asset measured at fair value through profit or loss.

In July 2023, an investment agreement (SAFE) was completed in Zengo, in an amount of approximately $3,700 (Elron's share was approximately $50). In November 2024, an investment agreement in an amount of approximately $5,000 led by new investor and with the participation of existing investors in consideration for preferred A-2 shares was completed. Elron's share in the investment was approximately $400. In addition, the aforementioned SAFE balance was converted for preferred A-2 shares. In November 2025, an investment agreements (SAFE) in Zengo have been completed for an amount of $330. Elron did not participate in the aforementioned investments

Note 7- Other investments measured at fair value (Cont.)

G. Zengo (Cont.)

As of December 31, 2025, the fair value of the investment in Zengo was determined with the assistance of an independent external appraiser and was estimated at approximately $2,000. As a result, during 2025 Elron recognized a loss in the total amount of $650 recorded under line item Gain from sale, revaluation, realization of operation and changes in holdings, net.

H. Bark

Bark A.I. Ltd. (“Bark”) develops a cloud based AI platform for the retail and e-commerce sector, providing e-commerce brands with an automated analytics tool for analyzing business performance and profitability. The investment in Bark is accounted for as a financial asset measured at fair value through profit or loss.

In January 2023, the investment agreement (SAFE) from July 2022 was extended and an additional amount of approximately $400 was invested in Bark. Elron’s share was $250. In July 2024, an additional investment agreement (SAFE) was completed in Bark, with the participation of existing and new shareholders, in an amount of approximately $1,700, according to which, the investment sum will be converted into Bark shares under certain conditions stipulated in the agreement. Elron’s share in the investment was $250.

I. N-Drip

N-drip Ltd. ("N-drip") develops and supplies a dripper system that is operated without the need for energy, and provides precise irrigation that allows saving water and energy on the one hand and improving the crop and reducing costs on the other hand. As of the reporting date, RDC holds approximately 2% of N-Drip’s outstanding shares. The investment in N-drip is accounted for as a financial asset measured at fair value through profit or loss.

In April 2023, N-drip entered into an investment agreement with the participation of some of its existing and new investors to invest an amount of up to $44,200. RDC did not participate in the aforementioned investment.

In October 2024, an investment agreement in N-Drip was signed in the amount of $11,900, with the participation of existing shareholders in consideration for Preferred shares. RDC's share in the investment amounted to approximately $250. Following the aforementioned investment, the fair value of the investment in N-drip is approximately $250 (compared to approximately $2,200 as of December 31, 2023 prior to the said investment). As a result, during 2024 Elron recognized a loss attributable to the Company's shareholders in the amount of approximately $1,100 (a consolidated net gain in the amount of approximately $2,200), recorded under line item Gain from sale, revaluation, realization of operation and changes in holdings, net.

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

Note 8- Intangible Assets

	Agreement with Rafael (*)
Balance as of December 31, 2025 and December 31, 2024	3,051

(*) This asset, which relates to the agreement with Rafael (as described in Note 3.A.3.a), has an indefinite useful life and is not amortized systematically. The Company assesses whether there is a need to record an impairment of this asset at least once per year.

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As of December 31, 2025 and 2024, the Company estimated the recoverable amount of the agreement with Rafael as part of RDC as a whole, using the net asset value method. Under this method, the Company estimated the value of all of RDC's assets and liabilities and compared this amount with the carrying value of the net assets attributable to RDC in the Company's financial statements.

The Company estimated the value of RDC's assets based on the amounts presented in RDC's financial statements, whereby, for investments in associated companies, the Company used its ownership interest based on the most recent financing round of the relevant associate.

As of December 31, 2025 and 2024, the recoverable amount estimated was significantly higher than the carrying amount of the net assets attributable to RDC (including the intangible asset) in the Company's books, which amounted to approximately $41,000 and $28,000, respectively; therefore, no impairment was required. This difference is primarily attributable to the fact that most of the associated companies are early-stage technology companies that invest substantial resources in development and record ongoing operating losses. As a result, and in accordance with the equity method, the Company records its share of the losses of these companies, such that the carrying amounts of these investments in the Company's books are significantly lower than the amounts originally invested and their fair values.[1]

[1] The difference between the fair value derived from the most recent financing round of Red Access In January 2025 and the carrying amount of the Company's investment in this company as of December 31, 2025 exceeds the carrying amount of the intangible asset described above.

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

Note 9 - Right-of-use assets and liabilities

A. Right-of-use assets:

	Cost					Accumulated depreciation				Amortized balance	
	Balance at the beginning of the year	Additions	Other changes	Decreases	Balance at the end of the year	Balance at the beginning of the year	Depreciation	Decreases	Balance at the end of the year	Balance at the beginning of the year	Balance at the end of the year
2024											
Offices	894	-	-	-	894	(43)	(259)	-	(302)	851	592
2025											
Offices	894	-	-	-	894	(302)	(247)	-	(549)	592	345

B. Lease liability:

	Balance at the beginning of the year	Additions	Interest expenses	Lease payments	Other changes	Decreases	Balance at the end of the year	Current maturities of leases	Long term lease liabilities
2024									
Offices	941	-	42	(303)	(10)	-	670	311	359
2025									
Offices	670	-	28	(305)	(26)	-	367	295	72

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

Note 10- Other accounts payable

	December 31	
	2025	2024
Liabilities in respect of payroll	675	1,316
Governmental institutions (A)	3,667	4,042
Accrued expenses	706	691
Other payables	173	86
	5,221	6,135

A. Including short term taxes.

Note 11- Equity

A. Composition of share capital:

	December 31,			
	2025		2024	
	Registered	Issued and outstanding	Registered	Issued and outstanding
	Number of shares			
Ordinary shares of NIS 0.003 par value each	70,000,000	53,942,672*	70,000,000	52,857,880

(*) Includes 560,225 treasury shares which were cancelled in January 2026, subsequent to the reporting date (for further details, see Note 11.C below

Elron's shares are Quoted on the Tel Aviv Stock Exchange.

For further details regarding options exercises, see Note 11.D below.

B. Capital management in the Company

The Company and RDC's capital management policy is to maintain a strong equity base in order to preserve their ability to ensure business continuity thereby creating a return for the shareholders, to uphold their commitments to other interested parties such as credit givers and employees, and in order to support future development activity.

The Company is not under any minimal equity requirements nor is it required to attain a certain level of capital return.

C. Dividend Distribution and Share Repurchase

In January 11, 2024, a cash dividend was announced in the amount of NIS 96,500 (approximately $26,500, which constituted NIS 1.846125 per share). In February 2024, the dividend was distributed to the Company's shareholders.

In February 19, 2024, the Company's Board of Directors resolved to make an application to the Court for a dividend distribution in the amount of $35,000. The distribution of an additional dividend was subject to court approval in accordance with Section 303 of the Israeli Companies Law, 1999 (the "Companies Law"), as well as final approval by the Company's Board of Directors, following the court's authorization at its sole discretion.

Note 11- Equity (Cont.)

C. Dividend Distribution and Share Repurchase (Cont.)

In May 2024, the court approved the request for a dividend distribution. The court's approval was valid for a period of six months from the date of issuance. Following several discussions by the Audit Committee and the Company's Board of Directors, on July 3, 2024, the Board of Directors, further to the resolution of the Audit Committee dated June 30, 2024, decided that it would be in the best interest of the Company at that time not to proceed with the distribution.

In light of the fact that the court's approval for the distribution was valid until November 2024 (the "Approval Expiration Date"), the Company's Board of Directors resolved to conduct a renewed assessment regarding a potential distribution prior to the Approval Expiration Date, at its sole discretion. On October 8, 2024, before the Approval Expiration Date, the Board of Directors convened and resolved to distribute a cash dividend to the Company's shareholders in a total amount of $15,000. The aforementioned dividend amount was comprised of two components as follows: (a) a component that does not meet the profit test (as defined in the Israeli Companies Law, 1999) in the amount of approximately $5,621 (approximately $0.10656 per share), and (b) a dividend component from distributable profits in the amount of $9,379, which was distributed from the Company's retained earnings balance ($0.17781 per share). In November 2024, the dividend was paid to the Company's shareholders.

In March 27, 2025, a cash dividend was announced in the amount of $8,782 to the Company's shareholders (approximately $0.16613 per share). In April 2025, the dividend was paid to the Company's shareholders.

In May 2025 a petition was filed with the court Tel Aviv – Jaffa District court for approval of a distribution pursuant to the provisions of Section 303 of the Israel Companies Law, 1999 ("Companies Law"), for a distribution in an amount of up to $6,500 (through a dividend distribution to the Company's shareholders, and possibly also partly through a share repurchase). On August 5, 2025, approval was received from the Court for the distribution petition, which is valid for a period of 180 days. On August 10, 2025, the Company's Board of Directors resolved to distribute a cash dividend to shareholders in the amount of approximately $5,500 (approximately $0.10394 per share). In September 2025, the dividend was paid to the Company's shareholders.

The Board of Directors further resolved a share repurchase program, consistent with the Israel Securities Authority staff's "safe harbor" position, in an aggregate amount of up to $1,000 for approximately five-month period (the "Share Repurchase Program"). The Share Repurchase Program commenced on August 28, 2025 and was fully completed on January 5, 2026, subsequent to the reporting date. A total of 563,821 Company shares were repurchased under the program, represented 1.05% of the issued share capital. (As of December 31, 2025, 560,225 Company shares had been repurchased, represented 1.04% of the issued share capital).

In January 2026, subsequent to the reporting date, the Company's Board of Directors approved the cancellation of the shares repurchased under the program.

D. Share based payments

In November 2018, the Company's Board of Directors approved an employee options plan (the "Option Plan"), according to which it will be possible to grant to employees of the Company, non-tradable options to purchase Ordinary Shares of the Company, par value NIS0.003 each (the "Options"). The Ordinary Shares that will be issued further to the exercise of the Options will be identical in all their rights to the Company's Ordinary Shares, immediately upon their issuance.

Note 11- Equity (Cont.)

D. Share based payments (Cont.)

In May 2023, following the approval of the Compensation Committee, the Company's Board of Directors approved the grant of options to the Mr. Yaron Elad, the former Company CEO, who completed his term on February 17, 2025, subsequent to the reporting date, (the "former CEO"), officers, other employees of the Company and its subsidiary, RDC. In June 2023, the General Meeting of shareholders of the Company approved the aforementioned grant of options to the former Company's CEO.

Accordingly, 593,631 options were granted to the former CEO and 1,213,706 options were granted to officers who served as vice presidents, other employees of the Company and its subsidiary, RDC. The vesting period of the Options is as follows: 1/3 at the end of one year from the date of grant, an additional 1/3 at the end of the second year from the date of the grant and an additional 1/3 at the end of the third year from the date of the grant. The Options are exercisable up to a period of 5 years from the date of grant. Any Option not exercised by such date shall expire.

The exercise price of the options was determined based on the higher of the average share price during the 30 trading days prior to the date of board approval and the share price on the last trading day immediately prior to the date of board approval (May 16, 2023), namely NIS 4.525 (NIS 0.64 as of the date of the report following the Dividend Adjustments) (and in respect of the former CEO and the officers only, plus a 10% premium, namely NIS 4.978 (NIS 1.09 as of the date of the report following the Dividend Adjustments) as of the date of the report following the Dividend Adjustments). The exercise of the options will be according to the net exercise mechanism (cashless) according to which the number of shares which will be issued to the employee will be calculated. The fair value of the aforementioned options was estimated at approximately $230 for the former CEO and approximately $480 for the other optionees.

In addition, in May 2023, following the approval and recommendation of the Compensation Committee, the Company's Board of Directors approved additional decision regarding the cancellation and re-granting of 561,667 options to employees of the Company and its subsidiary, RDC and regular service providers of the Company, which were originally granted in January 2022 and re-granting them exactly the same amount of options. The exercise price of each option is NIS 4.525 (NIS 0.66 as of the date of the report following the Dividend Adjustments). The vesting period of the Options is as follows: 1/3 at the end of one year from the date of grant, an additional 1/3 at the end of the second year from the date of the grant and an additional 1/3 at the end of the third year from the date of the grant. The Options are exercisable up to a period of 5 years from the date of grant. Any Option not exercised by such date shall expire.

In accordance with the provisions of IFRS2, the Company will recognize an expense in the amount of the Incremental Fair Value over the vesting period of the options which begins on the date of grant as mentioned above. This Incremental Fair Value (which calculated as the fair value of the re-granted options minus the fair value of the options that were cancelled) is estimated at approximately $190 (the "Incremental Fair Value").

In accordance with the terms of the grants mentioned above, in the event of a "change of control" as defined in the Company's option plan, all or part of the options granted under the option plan to officers of the Company and its subsidiary, which had not yet vested, will vest (subject to the relevant grant terms, as outlined below). As described in Note 1.A above, in September 2024, DIC ceased to be the controlling shareholder of the Company, and as a result, the next tranche of options granted in 2023, which had not yet vested for the officers of the Company and its subsidiary, became fully vested.

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

Note 11- Equity (Cont.)

D. Share based payments (Cont.)

Additionally, at that time, Mr. Dan Hoz ceased to serve as Chairman of the Company's Board of Directors and began serving as a director of the Company. As a result, all options granted to him in 2022, which had not yet vested, also became fully vested. As a result of the foregoing, the Company recorded a one-time expense of approximately $90 at the time of the change of control for the vesting of the described options.

On February 24, 2025, the Company's Board of Directors approved the allocation of 415,121 options to Mr. Yaniv Schneider, the Company's CEO, as part of his terms of tenure and employment and in accordance with the Company's compensation policy. The vesting period of the options granted as outlined in this section is as follows: 1/3 at the end of one year from the date of grant, an additional 1/3 at the end of the second year from the date of the grant and an additional 1/3 at the end of the third year from the date of the grant. The Options are exercisable up to a period of 5 years from the date of grant. Any Option not exercised by such date shall expire. In April 10, 2025, the Company general meeting approved the grant of options to the Company's CEO.

The exercise price of each option was determined as the higher of (i) the Company's average share price over the 30 trading days preceding the date of the Board's resolution and (ii) the share price at the close of trading on February 24, 2025, plus a 10% premium - i.e. NIS 5.23(NIS 4.25 as of the date of the report following the Dividend Adjustments). The options will be exercised through a cashless exercise mechanism, whereby the number of shares to be issued to the employee will be calculated accordingly. The total fair value of the aforementioned options was estimated at approximately $210.

According to the Option Plan, the grant of the Options which was conducted by the Company, is subject to the rules stipulated in Section 102 of the Israel Income Tax Act. According to the track selected by the Company and according to these rules, the Company is not entitled to claim as a tax expense the amounts reflected as a benefit to the employees, including amounts that are registered as a salary benefit in the Company's accounts, for the Options that the employees received in the framework of the Option Plan.

The movement in the number of stock options and the weighted averages of their exercise prices is as follows:

	2025		2024		2023	
	Number of options	Weighted average of exercise price *	Number of options	Weighted average of exercise price*	Number of options	Weighted average of exercise price*
Outstanding options at the beginning of year	3,690,041	3.06	8,322,081	3.22	7,423,335	3.76
Granted	415,121	4.25	60,000	3.22	2,369,004	0.92
Realized	(1,376,462)	1.27	(1,621,111)	0.67	(908,591)	0.67
Forfeited	(412,160)	1.09	(245,177)	2.40	(561,667)	4.89
Expired	(849,791)	6.100	(2,825,752)	4.88	-	-
Outstanding options at end of year	1,466,749	3.86	3,690,041	3.06	8,322,081	3.22
Exercisable at end of year	716,340	4.95	2,457,656	3.51	4,756,014	3.75

*) Subsequent to the abovementioned Dividend distributions in February 2024, in November 2024, in April 2025 and in September 2025, the exercise price of the Options was adjusted.

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

Note 12- Operating Segment

The Company operates in one segment, namely "Holdings and Corporate Operations". This segment includes corporate headquarters and reflects the operations of the investments in investee companies and their sale.

In accordance with IFRS 8, the company's Chief Operating Decision Maker (CODM) is the Company's management, which is responsible for making strategic decisions, allocating resources, and managing the performance of the single operating segment in which the Company operates.

Note 13- Contingent liabilities, pledges and commitments

A. Legal claims

As of the reporting and signing dates of these reports, there is no legal proceeding against the Company and its subsidiaries.

B. Commitments

1. The Group has commitments in regards with possible indemnification for presentations given in transactions for sale of investee companies, such as Medingo Ltd., which was sold in 2010, CartiHeal whose Sale was completed in January 2024, SixGill whose Sale was completed in December 2024 and Cynerio whose Sale was completed in August 2025. For details regarding sale of Group companies during the reporting periods, see Notes 3 and 7 above.
`
2. For details about other transactions with related parties, see Note 17 below.

Note 14- Supplementary statement of income data

A. Gain (loss) from disposal and revaluation of investee companies and changes in holdings, net

	For the year ended December 31		
	2025	2024	2023
Sale of Cynerio (Note 3.B.2.b)	14,119	-	-
Sale of CartiHeal and revaluation of the Contingent consideration (Note 3.B.2.a)	4,196	1,885	-
Gain from change of holding percentage in Red Access (Note 3.B.2.e)	1,729	-	-
Sale of CartiHeal's Cancelled Transaction (Note 3.B.2.a)	-	-	2,314
Sale of SixGill (Note 3.B.2.c)	-	20,568	-
Gain from revaluation of the remaining holdings in IronScales prior to its sale (Note 7.A)	-	19,573	251
Sale of Canonic (Note 3.B.2.m)	-	64	6,878
Sale of Coramaze (Note 3.B.2.l)	-	1,075	-
Revaluation of the investment in Notal (Note 7.B)	250	369	-
Revaluation of the investment in Zengo (Note 7.G)	(650)	(36)	-
Revaluation of the investment in N-Drip (Note 7.I)	(63)	(2,167)	637
Revaluation of the investment in Tamnoon (Note 7.C)	-	335	-
Revaluation of the investment in AudioBurst Ltd.	-	(100)	(1,000)
Revaluation of the investment in Sidetalk Ltd.	-	(530)	-
Initial measurement of the investment in Nitinotes at fair value (Note 7.F)	-	-	1,900
Other	209	249	377
	19,790	41,285	11,357

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

Note 14- Supplementary statement of income data

B. General and administrative expenses

	For the year ended December 31		
	2025	2024	2023
Salaries, wages and related expenses (1)	2,227	3,386	3,533
Rent and building maintenance	303	346	235
Professional services	977	892	734
Other	1,711	1,217	1,405
	5,218	5,841	5,907

(1) Including share-based payment expenses

C. Financial income

	For the year ended December 31		
	2025	2024	2023
Interest income from CartiHeal's Cancelled Transaction (1)	-	-	2,781
Interest income from deposits and securities	3,530	2,507	1,823
Gain from exchange rate differences, net	2,402	608	-
Gain from change in fair value of financial assets and liabilities in profit or loss	8	54	123
Other	126	1	1
Total financial income	6,066	3,170	4,728

(1) In connection with interest bearing consideration payable in installments related to the cancellation of the Bioventus Transaction (see Note 3.B.2.a above).

D. Financial expenses

	For the year ended December 31		
	2025	2024	2023
Interest expenses from financial liabilities measured at amortized cost	414	443	565
Loss from foreign currency exchange rate changes, net	-	-	38
Commissions	7	6	7
Other	281	167	127
Total financial expenses	702	616	737

D. Equity in losses of associates, net

	For the year ended December 31		
	2025	2024	2023
Company's share in net losses of associates (1) (2)	4,313	7,050	15,822
Amortization of excess cost in respect of associates	646	1,056	3,353
Total loss on equity basis	4,959	8,106	19,175

(1) Including also the Company's share in the losses of former associates until the date they were sold or ceased to be associated companies.
(2) See also Note 3.B above.

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

Note 15- Taxes on Income

A. Tax rates applicable to the Group

The corporate tax rate in Israel in 2025, 2024 and 2023 is 23%.

Elron, RDC and RDSeed received final, or considered final tax assessments until and including 2020, 2021 and 2020, respectively.

B. Taxes on income included in the statements of income

	Year ended December 31,		
	2025	2024	2023
Current taxes	172	419	1,009
Current tax of a previous periods	-	16	149
Deferred taxes	-	4,487	99
	172	4,922	1,257

C. Deferred taxes

As of December 31, 2025, the Group had no long-term tax balances. As of December 2024, the deferred tax liability balance amounts to $5,600 attributed to a temporary difference for investment in IronScales, a company measured at fair value, whose sale was completed in January 2025 (See Note 7.A above). This temporary difference arises from the gap between the carrying amount of the investment in IronScales in Elron's books, which as of December 31, 2024 amounted to approximately $25,500, and its tax basis, which amounted to approximately $1,100. IronScales was held by RDSeed, which has no tax loss carryforwards. This difference reversed during 2025. Tax expense ni 2024 resulted mainly from the change in deferred tax balances in the amount of approximately $4,500 attributable to the investment in Ironscales, as described above, and additional tax expense of approximately $400 recognized as a result of interest income and exchange rate differences.

As of December 31, 2025, the Company had Carryforward operating tax losses for tax purposes of approximately $274,000 and capital losses for tax purposes of approximately $18,000. Carryforward tax losses in Israel may be set against future taxable income. The Company did not recognize deferred tax assets relating to carryforward losses in the amount of approximately $67,000 because their utilization in the foreseeable future is not probable.

As of December 31, 2025, the Consolidated Companies had Carryforward operating tax losses for tax purposes of approximately $70,000 and capital losses for tax purposes of approximately $1,600. The Consolidated Companies did not recognize deferred tax assets relating to carryforward losses in the amount of approximately $16,000 because their utilization in the foreseeable future is not probable.

Deferred tax assets in the amount of approximately $21,000 (approximately $22,000 as of December 31, 2024) have not been recognized in respect of temporary differences associated with investments in the amount of approximately $91,000 (approximately $97,000 as of December 31, 2024), because the realization of these investments in the foreseeable future is not expected which realization is at the Company's discretion, and because the distribution of dividends by these companies is not liable for tax or because of the Company's policy not to initiate dividend distribution which will lead to tax liability.
The Company and its subsidiaries do not have tax results carried to other comprehensive income.

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

Note 15- Taxes on Income (Cont.)

D. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income, expenses, gains and losses in profit or loss were taxed at the statutory tax rate and the taxes on income recorded in profit or loss is as follows:

	Year ended December 31,		
	2025	**2024**	**2023**
Gain (loss) before taxes on income	14,977	29,506	(9,734)
Statutory tax rate	23%	23%	23%
Taxes on income (tax benefit) computed at the statutory tax rate	3,445	6,786	(2,239)
Increase (decrease) in taxes on income (tax benefit) resulting from the following factors:			
Company's share of losses of associates, net	1,141	1,864	4,410
Changes in temporary differences with respect to which deferred taxes were not recognized	(4,361)	(3,011)	2,280
Increase (decrease) in unrecognized tax losses for which deferred taxes were not recognized	(72)	(837)	(4,191)
Differences in basis of measurement	-	-	643
Other	19	120	354
Taxes on income	172	4,922	1,257

Note 16- Net earnings (loss) per share

The basic net earnings (loss) per share is calculated by division of the net earnings (loss) attributed to ordinary shareholders by the weighted average of the number of ordinary shares issued, excluding ordinary shares repurchased by the Company and held as treasury shares as follows:

	2025	**2024**	**2023**
Gain (loss) attributable to the Company's shareholders	9,306	22,577	(8,174)
Weighted average number of common shares issued	53,136,037	52,687,682	51,932,712
Basic gain (loss) per share (USD)	0.18	0.43	(0.16)

The diluted net earnings (loss) per share is calculated by adjusting the weighted average of the number of the outstanding ordinary shares excluding ordinary shares repurchased by the Company and held as treasury shares while including all potential ordinary shares with a diluting effect (options). In relation to options, a calculation is made to determine the number of shares that could be purchased at fair value (determined as an annual average of the market price of the Company's shares) using the monetary value of the options, in accordance with the unexercised option terms. The number of shares calculated as aforesaid is compared to the number of shares that were issued on the assumption of the exercise of the options.

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

Note 16- Net earnings (loss) per share (Cont.)

	2025	2024	2023
Gain (loss) attributable to the Company's shareholders	9,306	22,577	(8,174)
Weighted average number of common shares issued	53,136,037	52,687,682	51,932,712
Adjustment attributed to additional shares due to option exercise (1)	348,371	852,721	-
Weighted average number of shares used in the calculation of the diluted net earnings (loss) per share	53,484,408	53,540,403	51,932,712
Diluted gain (loss) per share (USD)	0.17	0.42	(0.16)

(1) In determining diluted earnings per share for the years 2025 and 2024, a total of 646,100 and 1,655,891 options, respectively, were excluded.

Note 17- Balances and transactions with related and interested parties

A. Related parties

The related parties of the Company are its parent company and the related parties of its parent company, consolidated and equity subsidiaries, directors, and key management personnel of the Company or its parent company, as well as close family members of any of the individuals mentioned above. For this purpose, and as described in Note 1 above, until September 4, 2024, the parent company of the Company was DIC. From that date, the parent company of the Company is Arieli. For details regarding the Company's holdings in its subsidiaries, see Notes 3 and 7 above.

B. Details of transactions with related and interested parties

Classification of transactions as negligible transactions

The Board of Directors of the Company adopted a policy determining guidelines and rules for the classification of a transaction by the Company or by a consolidated company with a related party in which the controlling shareholder in the Company has a personal interest as a negligible transaction as set in regulation 41(3A)(1) to the Israeli Securities Regulations (Preparation of Annual Financial Statements), 2010 (“Negligble Transaction Policy”). The following is a summary of these guidelines.

In the absence of any special qualitative considerations given the specific circumstances, a transaction that is not extraordinary (in other words - it is conducted in the ordinary course of its business, under market conditions, and does not have a material impact on the Company), it will be considered a negligible transaction, if the relevant criteria calculated for the transaction (one or more, as set out below) is less than one percent (1%) of the Company's equity (including non-controlling interests) according to the Company's last consolidated financial statements, and if the transaction amount does not exceed $1,200.

In any related party transaction that is evaluated as to whether it is a negligible transaction, the relevant criteria shall be calculated as follows: (A) In the purchase of a fixed asset ("asset that is not a current asset") - the size of the transaction; (B) In the sale of a fixed asset ("asset that is not a current asset") - the profit/loss from the transaction; (C) In the incurrence of a monetary liability - the size of the transaction; (D) In the purchase/sale of products (with the exception of a fixed asset) or services - the size of the transaction.

Note 17- Balances and transactions with related and interested parties (Cont.)

B. Details of transactions with related and interested parties (Cont.)

Classification of transactions as negligible transactions (Cont.)

The Company or its subsidiaries may enter, from time to time, into agreements with the controlling shareholder of the Company or with a person to whom the controlling shareholder has a personal interest in transactions, which are defined by the Company as negligible and therefore not detailed below.

Loans To a Subsidiary

Regarding a loan granted by the Company to RDC and an early partial repayment of the loan in 2025, see Note 3.A.3.a above.

Shared Office Use and Expenses Agreement

During 2023- 2025, Elron received computer services and leased parking spaces from DIC (the Company's controlling shareholder until September 4, 2024) under an agreement for the allocation of share office uses and expenses in joint offices in the ToHa project on Tel Aviv ("Allocation of Expenses Agreement"). Allocation of Expenses Agreement was initially approved in September 2019 by the Company's Audit Committee and Board of Directors, and was amended in 2023, when the Company relocated to separate offices in the ToHa Tower. The agreement and its amendment were approved as a non- extraordinary transaction in which the controlling party has a personal interest. By the end of 2024, the company ceased using the aforementioned computer services.

RDC's engagement with the Company and Rafael in an agreement to pay directors fees

In 2017, RDC signed an agreement with its shareholders (Elron and Rafael) whereby RDC will pay its shareholders directors' remuneration (in equal parts). The total remuneration paid by RDC, pursuant to the said agreement, to the Company in 2025, 2024 and 2023 was $500 per-year.

Directors and Officers Insurance and Purchase of RUN-OFF Policy

In July 2024, Elron's Compensation Committee approved the engagement in a Directors and Officers (D&O) insurance policy and the purchase of a RUN-OFF policy (intended to provide coverage for events occurring up to the date of the change of control, if any), for a total amount of approximately $400, subject to the completion of the agreement for the sale of DIC's entire holdings in Elron. As a result of the foregoing, at the date of the change of control (as described in Note 1.A above), the aforementioned policies were activated, and an expense of approximately $400 related to the RUN-OFF insurance was recorded under other expenses in the Company's statement of profit or loss for 2024.

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

Note 17- Balances and transactions with related and interested parties (Cont.)

C. Composition of balances with interested and related parties

As of December 31, 2025

	Arieli	**Other related parties and interested parties**	**Associates**	**Key management personnel**
Trade and other accounts payable	-	-	-	130
Other accounts receivable	-	-	-	-
Highest balance during the year of receivables	-	-	98	-

As of December 31, 2024

	Arieli	**Other related parties and interested parties**	**Associates**	**Key management personnel**
Trade and other accounts payable	-	-	-	132
Other accounts receivable	-	-	-	-
Highest balance during the year of receivables	-	-	93	-

D. Transactions with related and interested parties

Year ended December 31, 2025

	For terms see Note	**Arieli**	**Sister companies**	**Associates**	**Key management personnel (*)**	**Other related parties and interested party**
Income	-	-	-	208	-	-
Expenses						
Directors' remuneration	17.E	-	-	-	(736)	-
Other		-	-		-	-
		-	-	208	(736)	-

(*) Not including the CEO or the former CEO's salary, as detailed below. In addition, not including the grant to the Chairperson of the Company's Board of Directors in respect of her service during 2025, as detailed in Note 17.E below.

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

Note 17- Balances and transactions with related and interested parties (Cont.)

D. Transactions with related and interested parties (Cont.)

Year ended December 31, 2024

	For terms see Note	DIC*	Arieli*	Sister companies	Associates	Key management personnel (**)	Other related parties and interested party
Income	-	-		-	159	-	-
Expenses							
Shared Office Use and Expenses Agreement	17.B	(105)		-	-	-	-
Directors' remuneration	17.E	(27)	(9)	-	-	(398)	-
Other		-	-	(4)			
		(132)	(9)	(4)	159	(398)	

(*) As mentioned in Note 1.A above, DIC was the Controlling shareholder of the Company until September 4, 2024. From that date onward, Arieli became the Controlling shareholder. Consequently, the related party balances as of December 31, 2023, and 2024 reflect balances with DIC and Arieli, respectively.
(**) Not including the former CEO's salary, as detailed below.

Year ended December 31, 2023

	For terms see Note	DIC	Sister companies	Associates	Key management personnel (*)	Other related parties and interested party
Income		-	-	147	-	-
Expenses						
Shared Office Use and Expenses Agreement	17.B	(158)	-	-	-	-
Directors' remuneration	17.D	(34)	-	-	(375)	-
Other		-	(6)	-	-	-
		(192)	(6)	147	(375)	-

(*) Not including the former CEO's salary, as detailed below.

E. Compensation of key management personnel employed by the Company (including directors)

In January 2025, the Company's Board of Directors, approved, following receipt of the approval and recommendation of the Compensation Committee, approved the appointment of Mr. Yaniv Schneider's as the Company's CEO, effective February 18, 2025. In April 10, 2025, the Company general meeting approved Mr. Schneider terms of service (including grant of options) For further details, see Note 11.D above.

The employment cost of Mr. Schneider, the CEO of the for 2025 amounted to $318. In addition, in accordance with the terms of the Company's compensation policy, and the decision taken to apply to him the provisions regarding bonuses, the Board of Directors of the Company, following receipt of the approval of the Compensation Committee, decided to approve Mr. Schneider an annual bonus for 2025 of $121, representing approximately 5 times his monthly salary.

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

Note 17- Balances and transactions with related and interested parties (Cont.)

D. Compensation of key management personnel employed by the Company (including directors) (Cont.)

The employment cost of Mr. Elad, the former CEO of the Company (which completed his term with the Company on February 17, 2025) for 2024 amounted to $456. In addition, in accordance with the terms of the Company's compensation policy, and the decision taken to apply to him the provisions regarding bonuses, the Board of Directors of the Company, following receipt of the approval of the Compensation Committee, decided to approve Mr. Elad an annual bonus for 2024 of $404, representing approximately 15 times his monthly salary. In addition, in accordance with the compensation policy, the Company's Board of Directors, following the approval of the Compensation Committee, decided to grant an adjustment bonus to Mr. Elad, the former CEO, in the amount of approximately $80, representing 3 monthly salaries.

	For the year ended December 31,					
	2025		2024		2023	
	No. of personnel	Amount	No. of personnel	Amount	No. of personnel	Amount
Short-term employee benefits	7	736	9	434	7	409

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period relating to key management personnel. These amounts also include management fees to Chairman of the Board of Directors but exclude expenses in respect of the annual grant as detailed below.

On September 4, 2024, following the change in control of the Company, as described in Note 1.A above, Mr. Hoz completed his term as Chairman of the Company's Board of Directors and began serving as a director of the Company. From this date, Mrs. Lisya Bahar Manoah began serving as the Chairman of the Company's Board of Directors.

During his term as active Chairman of the Board, Mr. Hoz provided services to the Company as a service provider without employee-employer relations, with a position scope of 35% and was entitled to monthly management fees of NIS 40 (linked to the consumer price index), plus VAT as required by law. In addition, Mr. Hoz was granted 646,100 non-tradable options which are exercisable for ordinary shares of the Company. Following the termination of his term, all options which had not yet vested, became fully vested, see Note 11.D above.

In February and December 2024, the Compensation Committee and the Board of Directors of the Company approved discretionary bonus payments of approximately $27 and $18 to Mr. Dan Hoz, for the years 2023 and 2024, respectively. In January 2025, the Company's shareholders meeting approved these bonuses.

In January 2025, the Annual General Meeting of the Shareholders of the Company approved, following receipt of the approval and recommendation of the Compensation Committee and the Board of Directors, the terms of tenure of Ms. Lisia Bachar Manoh as an active Chairperson of the Company's Board of Directors. According to the Compensation Policy, the Board of Directors of the Company approved that in return for her services as a service provider without employee-employer relations, with a position scope of 80%, Ms. Bachar Manoh shall be entitled to monthly management fees of NIS 104 (linked to the consumer price index), starting from 2025 and thereafter.

Note 17- Balances and transactions with related and interested parties (Cont.)

E. Compensation of key management personnel employed by the Company (including directors) (Cont.)

In addition, in accordance with the terms of the Company's compensation policy, and the decision taken to apply to her the provisions regarding bonuses, in March 2026, subsequent to the reporting date, the Company's Compensation Committee and Board of Directors approved the payment of a bonus to Ms. Bachar-Manoach in respect of pre-determined and pre-approved measurable targets for the 2025 compensation year, in the amount of approximately $196.

In accordance with the decision of the Company's Board of Directors, commencing October 29, 2020, the compensation paid to directors of the Company (those that are not connected to controlling shareholders of the Company and/or their relatives have a personal interest in them, including when the compensation for their service is paid to a controlling shareholder of the Company), including external directors, includes the maximum amounts determined in the Compensation Regulations regarding the compensation payable to an external director in a company with equity of the Company's type (level D), including the maximum amounts payable to an expert external director, to the extent that such definition applies in relation to a candidate for service (hereafter: the Maximum Amounts).

On March 18, 2019, the Company's Board of Directors, following the approval of the Company's Compensation Committee, approved to pay to directors who are controlling shareholders and/or their relatives and/or with respect to whom the controlling shareholders have a personal interest, including where the compensation for their service is paid to the controlling shareholder of the Company, serving at the time of the resolution and as will serve from time to time, the Maximum Amounts (including a supplement for expertise). Accordingly, for resolutions without meeting in person and for resolutions through media, participation compensation is paid at the rate specified in the Compensation Regulations. In addition, these directors are entitled to reimbursement of expenses as set forth in Regulation 6 to the Compensation Regulations. These amounts will be linked to the consumer price index in accordance with Regulation 8 of the Compensation Regulations. As of the reporting date, the annual compensation is NIS 98,280 and the participation compensation per meeting is NIS 3,786 (and for a director with expertise, the annual compensation is approximately NIS 130,904 and participation compensation per meeting is NIS 5,035). VAT in accordance with law will be added to these amounts. The Company is entitled to pay director compensation as above for the service of some of the directors serving in the Company as above, to a controlling shareholder of the Company. On August 29, 2024, the Company's Board of Directors, following the approval of the Company's Compensation Committee, to continue the payment of the Director compensation detailed above to the aforementioned Directors which are connected to controlling shareholders of the Company and/or their relatives and/or that the controlling shareholders for an additional 3 year period commencing from August 29, 2024. The aforementioned approval was adopted subject to the change in control of the Company, which came into effect on September 4, 2024, as described in Note 1.A above.

The Chairman of the Company's Board of Directors, Mrs. Lisya Bahar Manoah, is entitled to fixed and variable compensation, as approved by the Compensation Committee, the Board of Directors and the General Meeting, which does not include payments to the Compensation Regulations, as described above.

Directors' compensation which does not exceed the customary compensation that was paid by the Company or that the Company is to pay but has not yet paid for the year 2025 to the directors of the Company (excluding the Chairperson) during that period, for 6 such directors in total amounted to approximately $314. Of such amount, Mr. Ariel Bentov and Mr. Even Renov the controlling shareholders of Arieli were each entitled to $41.

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

Note 18- Financial instruments

A. Classification of financial assets and financial liabilities

The financial assets and financial liabilities in the statement of financial position are classified by groups of financial instruments pursuant to IFRS 9:

	December 31,	
	2025	**2024**
Financial assets:		
Financial assets measured at amortized cost:		
Other accounts receivable	955	8,191
Bank deposits	21,400	28,353
Financial assets measured at fair value through profit or loss:		
Other investments measured at fair value	40,213	17,283
Investment in IronScales classified as held for sale	-	25,497
Other investments in securities	1,018	2,787
Contingent consideration from the sale of CartiHeal	22,561	18,365
Financial liabilities:		
Financial liabilities measured at amortized cost:		
Long-term loans	6,802	9,626
Lease liability	367	670
Trade payables and other current liabilities	1,636	2,246

B. Management of financial risks

The Company is exposed to various risks resulting from the use of financial instruments, such as:

- Market risk (including currency risk, CPI risk, interest rate risk and other price risk).
- Credit risk.
- Liquidity risk.

The officer responsible for management of the Company's risks until June 9, 2023 was Mr. Niv Levy, who served as the Company's CFO until that date. In May 2023, the Company's Board of Directors appointed Mrs. Rony Gur Arie, who currently serves as the Company's Chief Financial Officer and is responsible for risk management effective as of June 9, 2023.

The handling of financial exposures, formulation of hedging strategy, supervision over, execution and provision of an immediate response to extraordinary developments in the various markets, is under the responsibility of the officer responsible for the Company's risk management, who acts in consultation with the Company's CEO, audit and investment committee members. The audit committee is updated as to the implementation of the Company's policy at least on a quarterly basis.

The financial assets of the Company and the consolidated companies include receivables and payables (short-term and long-term), investments in securities, cash, and deposits in banking institutions, all of which directly result from its operations. Additionally, the Company holds investments measured at fair value.

Note 18- Financial instruments (Cont.)

B. Management of financial risks (Cont.)

Market risk

Market risk comprise four types of risk: currency risk, CPI risk, other price risk and interest rate risk. Financial instruments affected by market risk include deposits, investment in debentures and marketable securities, contingent consideration and investments measured at fair value.

1. **Currency risk**

Since most of the investee companies operate in Israel, there is an exposure results from changes in the exchange rate between the New Israeli Shekel ("NIS") and the dollar. Elron's functional currency, as well as that of most of its investee companies, is the dollar. Elron's policy is to reduce exposure to exchange rate fluctuations by having, to the extent possible, most of its and its investee companies' assets and liabilities, as well as most of their revenues and expenditures in dollars, or dollar linked. However, the Company and its investee companies are subject to an exposure resulting from their corporate expenses and other expenses denominated in NIS. It is the Company's and its investee companies' policy to use derivative financial instruments to protect from changes in the exchange rate between the NIS and the dollar and to keep a portion of the Company's and its investee companies' resources in NIS against a portion of their future NIS expenses and against liabilities denominated in NIS. If the NIS should strengthen against the dollar, it may harm the Company's and its investee companies' results of operations.

The Group holds a material portion of its liquid resources in dollars, however, in the future, changes may take place from time to time in the amounts of these balances, in how the Company maintains its cash, and the portion of cash it holds in each currency, based on business developments and future decisions.

2. **CPI risk**

The Company and several Investee companies are engaged in a number of lease agreements that are linked to the CPI for various time periods, which are also impacted by changes in the CPI.

3. **Other price risk**

The Company has investments in unquoted financial instruments and in quoted financial instruments that are classified as financial assets measured at fair value, which expose the Company to risk stemming from fluctuations in the security price determined based, among other things, on the stock market prices. The Company manages its exposure to other price risk arising from investments in both marketable and non-marketable financial instruments by maintaining a diversified investment portfolio.

4. **Interest risk (Cont.)**

The Company and several Investee companies are exposed to market risks resulting from changes in interest rates, relating primarily to Elron's and RDC's fixed interest bearing deposits in banks, and from the balance of fixed interest bearing debentures, denominated in USD. As part of its risk management, the Company invests a portion of its liquid resources in short term deposits with fixed interest. As of the approval date of the financial statements, Elron and RDC do not use derivative financial instruments to limit exposure to interest rate risk.

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

Note 18- Financial instruments (Cont.)

B. Management of financial risks (Cont.)

The following table details the interest of the Group's interest-bearing financial instruments:

	December 31, 2025	December 31, 2024
Fixed rate instruments:		
Financial assets (A)	54,085	63,755
Variable rate instruments:		
Financial assets (B)	543	-

(A) As of December 31, 2025, comprised of deposits denominated in USD and in NIS classified as cash equivalents in the amount of $21,227 and approximately $9,754, respectively, short term bank deposits denominated in USD in the amount of $21,400, which bear interest of 5.3% - 4.7%. In addition, the balance includes investment in debenture, denominated in USD in the amount of approximately $1,018, which bear a fixed weighted average interest rate of approximately 3.9%.
(B) As of December 31, 2025, includes a Money Market balance bearing variable interest.

Credit risk

The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, other investments in securities, foreign exchange transactions and other financial instruments.

The Group invests its liquid resources in low-risk vehicles, with the object of earning sufficient returns, while maintaining a good risk-reward ratio. The Company's policy is to spread out its cash investments among various institutions. Most of its cash and cash equivalents, bank deposits and escrow deposits are held in various financial institutions with high credit ratings. In addition, as of December 31, 2025 the Company has approximately $1,018 invested in investment-grade debenture with a rating of A+.

Liquidity risks

The Group's policy for managing its liquidity is to assure, to the extent possible, that it will have sufficient liquidity to settle its liabilities in a timely manner and to ascertain the existence of the cash balances it requires to meet its financial obligations.

C. Sensitivity tests relating to changes in market factors

In regards with the Company's and the Consolidated Companies' sensitivity to changes in the exchange rate and price index as of December 31, 2025 and 2024, see section H below regarding linkage terms of assets and liabilities on a consolidated basis.

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

Note 18- Financial instruments (Cont.)

D. Sensitivity tests relating to price risk

A change in the fair value of financial assets measured at fair value through profit or loss would increase (decrease) the Company's equity and income (loss) in the theoretical amounts presented below:

	2025	2024	2023
5% increase	2,062	1,004	1,430
10% increase	4,123	2,007	2,860
5% decrease	(2,062)	(1,004)	(1,430)
10% decrease	(4,123)	(2,007)	(2,860)

Possible changes in the key parameters used in the valuation of holdings in the contingent consideration from the sale of CartiHeal would increase (decrease) equity and profit (loss) by the following theoretical amounts (For information regarding the valuation, see Note 3.B.2.a) above):

	December 31, 2025	December 31, 2024
A 2% increase in the price of debt.	(2,131)	(2,038)
A 1% increase in the price of debt.	(1,066)	(1,089)
A 1% decrease in the price of debt..	1,066	1,088
A 2% decrease in the price of debt.	2,131	2,038

	December 31, 2025	December 31, 2024
A 2% increase in the risk rate embedded in the revenue forecast.	(1,012)	(948)
A 1% increase in the risk rate embedded in the revenue forecast.	(506)	(474)
A 1% decrease in the risk rate embedded in the revenue forecast.	506	473
A 2% decrease in the risk rate embedded in the revenue forecast.	1,012	948

Possible changes in the revenue multiple used in the valuation of RDC's holdings in Axonius would increase (decrease) equity and profit (loss) by the following theoretical amounts (For information regarding the valuation, see Note 3.B.2.b) above):

	December 31, 2025
A 5% increase in the revenue multiple.	250
A 10% increase in the revenue multiple.	510
A 5% decrease in the revenue multiple.	(250)
A 20% decrease in the revenue multiple.	(500)

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

Note 18- Financial instruments (Cont.)

E. Fair value of financial instruments

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

F. 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:

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).

According to the Company's policy, transfers between the fair value hierarchy are considered to have occurred in the date of the event or change in circumstances that caused the transfer.

Financial instruments measured at fair value:

December 31, 2025:

	Level 1	Level 2	Level 3
Financial assets measured at fair value:			
Other investments measured at fair value (1)	-	-	40,213
Other investments in securities (2)	-	1,018	-
Contingent consideration from the sale of CartiHeal (3)	-	-	22,561
	-	1,018	62,774

December 31, 2024:

	Level 1	Level 2	Level 3
Financial assets measured at fair value:			
Other investments measured at fair value (1)	-	-	17,283
Other investments in securities (2)	-	2,787	
Contingent consideration from the sale of CartiHeal (3)	-	-	18,365
Investment in IronScales classified as held for sale (4)	-	-	25,497
	-	2,787	61,145

1) See Note 7 above.
2) Comprised of investment in debentures denominated in USD. These debentures are measured at fair value using fair value quotes from several information resources.
3) See Note 3.B.2.a) above.
4) See Note 7.A) above.
5) Regarding investments in associates through convertible loans or SAFE agreements, see Note 3.B.1 above.

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

Note 18- Financial instruments (Cont.)

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

Changes in financial assets classified in Level 3:

	Financial assets measured at fair value
Balance as of January 1, 2025	61,145
Total recognized loss in profit or loss, net (*)	3,805
IronScales Sale (see Note 7.A)	(25,497)
Consideration in Axonius shares (see Note 3.B.2.b).	14,795
Investment (see Notes 7.C ,7.D, and 7.E)	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.

	Financial assets measured at fair value
Balance as of January 1, 2024	22,597
Total recognized loss in profit or loss, net (*)	15,900
Initial measurement of contingent consideration from the realization of CartiHeal (see Note 3.B.2.a).	19,910
Consideration in BitSight shares (see Note 3.B.2.c).	483
Investment (see Notes 7.C, 7.F, 7.G, 7.H and 7.I)	2,255
Balance as of December 31, 2024	61,145

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

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

Note 18- Financial instruments (Cont.)

G. Liquidity risk

Set forth below are the contractual repayment dates of financial liabilities in uncapitalized amounts, including an estimate of the interest payments:

	Less than one year	Between 1-2 years	Between 2-5 years	More than 5 years
December 31, 2025:				
Lease liability	296	86	-	-
Long-term loan (*)	-	-	8,427	-
Trade payables	58	-	-	-
Other accounts payable	1,578	-	-	-
	1,932	86	8,427	-
December 31, 2024:				
Lease liability	311	311	91	-
Long-term loan (*)	-	10,003	115	-
Trade payables	49	-	-	-
Other accounts payable	2,197	-	-	-
	2,557	10,314	206	-

(*) In March 2025, the Board of Directors of RDC decided on an early partial repayment of the remaining balance of the loan granted to RDC by Elron. For further details see Note 3.A.3.a)

H. Linkage terms of assets and liabilities on a consolidated basis

December 31, 2025:

	NIS (CPI linked)	USD (or USD linked)	NIS (not linked)	Non-monetary item**	Total
Assets *					
Cash and cash equivalents	-	26,540	10,030	-	36,570
Other investments in securities	-	1,018	-	-	1,018
Bank deposits	-	21,400	-	-	21,400
Other accounts receivable	-	97	940	298	1,336
Right-of-use assets	-	-	-	345	345
Investments in associates	-	-	-	11,498	11,498
Other investments measured at fair value	-	-	-	40,213	40,213
Property, plant and equipment, net	-	-	-	23	23
Intangible assets	-	-	-	3,051	3,051
Long-term receivables	-	-	22	-	22
Contingent consideration from the sale of CartiHeal	-	22,561	-	-	22,561
Investment in associate classified as held for sale	-	-	-	-	-
	-	71,616	10,929	55,428	138,036
Liabilities *					
Trade payables	-	-	58	-	58
Lease liability	295	-	-	-	295
Long-term loan	-	6,802	-	-	6,802
Other accounts payable	3,444	-	1,849	-	5,293
	3,739	6,802	1,907	-	12,448

*) Non-current assets and liabilities in this table include their current maturities.
**) Including non-financial items.

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

Note 18- Financial instruments (Cont.)

H. Linkage terms of assets and liabilities on a consolidated basis (Cont.)

<u>December 31, 2024:</u>

	NIS (CPI linked)	USD (or USD linked)	NIS (not linked)	Non-monetary item**	Total
Assets *					
Cash and cash equivalents	-	22,622	10,599	-	33,221
Other investments in securities	-	2,787	-	-	2,787
Bank deposits	-	28,353	-	-	28,353
Other accounts receivable	-	7,424	712	300	8,436
Right-of-use assets	-	-	-	592	592
Investments in associates	-	-	-	9,693	9,693
Other investments measured at fair value	-	-	-	17,283	17,283
Property, plant and equipment, net	-	-	-	11	11
Intangible assets	-	-	-	3,051	3,051
Long-term receivables	-	-	19	-	19
Contingent consideration from the sale offrom CartiHeal	-	18,365	-	-	18,365
Investment in associate classified as held for sale	-	-	-	25,497	25,497
	-	79,551	11,330	56,427	147,308
Liabilities *					
Trade payables	-	-	49	-	49
Lease liability	670	-	-	-	670
Long-term loan	-	9,626	-	-	9,626
Other accounts payable	3,939	-	2,196	-	6,135
Deferred taxes	-	-	-	5,603	5,603
	4,609	9,626	2,245	5,603	22,083

*) Non-current assets and liabilities in this table include their current maturities.
**) Including non-financial items.

ANNEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands

Details Relating to Investments as of December 31, 2025

	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 December 31, 2024
	Elron (1)	RDC (2)					
	%						$ thousands
Investments in investee companies							
Associates:							
Open Legacy Technologies Ltd.	-	22.20	22.20	11.12	18.28	9.16	-
BrainsGate Ltd.	27.84	-	27.84	27.84	24.93	24.93	-
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
Scribe Security Ltd. (4)	-	18.49	18.49	9.26	13,13	6.58	-
Ra Red Access Security Ltd.	-	21.21	21.21	10.63	18.68	9.36	3,043
Wonder Robotics Ltd.	-	31.23	31.23	15.65	26.41	13.23	226
CyVers.AI Ltd.	26.01	-	26.01	26.01	23.98	23.98	111
Breeze Security Ltd.	-	13.23	13.23	6.63	11.89	5.95	702
Other investments (5) (6):		-					
Axonius Inc.	-	*)	*)	*)	*)	*)	14,795
Notal Vision Inc.	7.50	-	7.50	7.50	5.68	5.68	7,750
CyberRidge Ltd.	5.44	5.44	10.88	8.17	10.09	7.57	3,526
Addionics Limited	2.62	-	2.62	2.62	2.28	2.28	3,500
Tamnoon Inc.	-	6.56	6.56	3.28	5.74	2.88	3,620
Nitiniotes Ltd.	13.61	-	13.61	13.61	11.26	11.26	2,160
Zengo Ltd.	7.97	-	7.97	7.97	7.07	7.07	2,034
Azura Ophthalmics Ltd.	1.77	-	1.77	1.77	1.51	1.51	570
BitSight Technologies, Inc.	*)	-	*)	*)	*)	*)	500
Forsight Vision6 Inc.	3.52	-	3.52	3.52	2.83	2.83	200
N-Drip Ltd.	-	1.60	1.60	0.8	1.33	0.66	187
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) In January 2026, subsequent to the reporting date, Scribe’s board of directors resolved to initiate a voluntary liquidation of the company (see Note 3.B.2.j above).
(5) Bark A.I. Ltd. is held by Elron through SAFE investment, its book value is $1,200 (see Note 7.H above).
(6) Cyber Future, El Ciso Club, a limited partnership, established by Elron, its book value is approximately $2,042 (see Note 7.N above).
(*) Held at less than 1%

ELRON VENTURES LTD.

Periodic report for 2025

Part IV

Additional Information about the Company

Part D of the Periodic Report
Additional Details about the Company

Section No.	TABLE OF CONTENTS	Page No.

<u>Identifying information</u>

Company Name: Elron Ventures Ltd.

Company number at the Registrar of Companies: 52-002803-6

<u>In this section of the report, the following names and terms will have the meanings specified beside them</u>

"The Company" or "Elron" - Elron Ventures Ltd.

"Affiliated companies" or "Associates" - companies over which the Company has significant influence and which are not consolidated companies.

"Arieli"- Arieli EL Ltd.

"Companies Law" - the Companies Law, 5759-1999

"Consolidated Financial Statements" – the consolidated financial statements of Elron as of December 31, 2025.

"Dollar" - US dollar

"RDC" - RDC Development Company Ltd.

"Securities Law" - the Securities Law, 5728-1968

"Subsidiaries" - companies that are controlled by the Company according to IFRS 10, and whose financial statements are consolidated with the financial statements of the Company.

1. Not presenting a Separate financial statement of the Company in accordance with Regulation 9C

The company did not include a separate financial statement, since the separate financial statement does not contain additional material information compared to the information included in the consolidated financial statement.

2. Summary of Interim Statements of Income (Loss) and Statements of Total Comprehensive Income (Loss), on a Consolidated Basis

[Regulation 10A]

Interim Statements of Income (Loss) and Total Comprehensive Income (Loss), on a Consolidated Basis (in $ thousands)

	Six-month period ended as of		
	June 30, 2025	December 31, 2025	
	H1	H2	Total
Income			
Gain from sale, revaluation, realization of operation and changes in holdings	1,452	18,338	19,790
Financial income	4,055	1,807	6,066
	5,507	20,145	25,856
Expenses			
General and administrative expenses	2,450	2,768	5,218
Equity in losses of associates, net	4,350	609	4,959
Financial expenses	348	150	702
	7,148	3,527	10,879
Gain (loss) before taxes on income	(1,641)	16,618	14,977
Taxes on income	(123)	(49)	(172)
Net income (loss) and total other comprehensive income (loss)	(1,764)	16,569	14,805
Attributable to:			
The Company's shareholders	(1,393)	10,699	9,306
Non-controlling interests	(371)	5,870	5,499

3A. Investments in subsidiaries and associates as of the reporting date.
[Regulation 11 (1) and (2)]

A. Investments of the Company in subsidiaries (directly or through fully-owned corporate companies):

Company name	Type of share and par value	Number of shares	Total par value	Amount in seperate report in accordance with regulation 9(C) $thousands	Holding share in % From the same type of issued securities	Holding share in % In voting	Holding share in % In the right to appoint directors	Remarks
RDC	Common NIS 0.01	50,100	NIS 501	24,351	50.10	50.10	55.56	(1)

(1) Held through DEP Holding Technology Ltd., a fully-owned corporate company of Elron. including Elron's direct investment in the amount of approximately $20,000 thousand. In addition, there is a loan balance (including interest) in the amount of approximately $7,360 thousand granted by Elron (see section 3.B below).

3A Investments in subsidiaries and affiliated companies as of the reporting date (Cont.)
[Regulation 11 (1) and (2)]

B. Investments in associates of the Company:[1]

Company name	Type of share and par value	Number of shares	Total par value	Amount in seperate report in accordance with regulation 9(C) $thousands	Holding share in % From the same type of issued securities	Holding share in % In voting	Holding share in % In the right to appoint directors	Remarks
BrainsGate Ltd.	Common NIS 0.01	16,327,242	NIS 163,272		29.50			(2)
	Preferred NIS 0.01	9,753,026	NIS 97,530		25.45			
			NIS 260,802	-		28.51	16.67	
Cyvers.AI Ltd.	Preferred – no Par Value	65,585	-	111	55.57	26.03	20.00	(3)
Edge 226 Ltd.	Preferred NIS 0.01	7,623,288	NIS 76,233	3,058	49.16		20.00	
Raven Cloud, Inc	Preferred $0.00001	1,219,342	$12.19	N/A	7.99	5.01	20.00	(4)

(1) For information regarding El Ciso Club, Limited Partnership, see Section 2.1.7.6 of the Description of Corporation's Business.
(2) Additionally, Elron holds an amount of 2,315,786 warrants for ordinary shares representing 35.31% of the total warrants for ordinary shares and an amount of 1,971,859 warrants for preferred shares representing 29.86% of the total warrants for preferred shares. Elron's holding on a fully diluted basis is 24.93%
(3) In addition, Elron invested an aggregate amount of approximately $900 under a SAFE - Simple Agreement for Future Equity) including $300 invested in February 2026, subsequent to the reporting date).
(4) The investment was completed in March 2026, subsequent to the reporting date. Elron and RDC jointly invested an aggregate amount of $3,500 (in equal parts). For further details see note 3.B.2.o) to the Financial Statements.

3A. Investments in subsidiaries and affiliated companies as of the reporting date (Cont.)
[Regulation 11 (1) and (2)]

C. Investments in associates of RDC:

					Holding share in %			
Company name	**Type of share and par value**	**Number of shares**	**Total par value**	**Amount in separate report in accordance with regulation 9(C) $thousands**	**From the same type of issued securities**	**In voting**	**In the right to appoint directors**	**Remarks**
Open Legacy Technologies Ltd.	Preferred NIS 0.01	474,321	NIS 4,743	-	25.52	22.20	22.22	(2), (5)
Ra Red Access Security Ltd.	Preferred – no Par Value	6,288,440	-	3,043	32.12	21.21	20.00	
Wonder Robotics Ltd.	Preferred NIS 0.01	811,843	NIS 8,118	226	58.37	31.23	40.00	
Team8 Surplus (formerly Sayata Labs Ltd)	Preferred NIS 0.0001	12,003,710	NIS 1,200.37	1,946	23.49	20.14	14.29	(3)
Breeze Security Ltd.	Preferred – no Par Value	684,584	-	702	31.47	13.23	20.00	
Raven Cloud, Inc	Preferred $0.00001	1,219,342	$12.19	N/A	7.99	5.01	25.00	(4)

(1) In May 2025 and January 2026, subsequent to the reporting date, it was resolved to voluntarily liquidate Creednz Ltd. and Scribe Security Ltd., respectively. For further details, see note 3.B.2.k and 3.B.2.j) to the Consolidated Financial Statements.
(2) Held by RDSeed Ltd., a fully owned subsidiary of RDC.
(3) In August 2025, Team8 Surplus Ltd. (formerly: Sayata Labs Ltd.) signed an agreement for the sale of the majority of its assets. For further details, see Note 3.B.2.i) to the Consolidated Financial Statements.
(4) The investment was completed in March 2026, subsequent to the reporting date. Elron and RDC jointly invested an aggregate amount of $3,500 (in equal parts). For further details see note 3.B.2.o) to the Financial Statements.
(5) In March 2026, subsequent to the reporting date, a SAFE investment in Open Legacy was completed by RDC under which RDC committed to invest approximately $840 thousand which had not yet been transferred as of the date of this report. For further details, see Note 3.B.2.p) to the Consolidated Financial Statements.

3B. Loans granted to subsidiary as of the reporting date

[Regulation 11(3)]

A. Loan granted by the Company to its subsidiary: (1)

Borrower	Balance type	Balance (including accrued interest) in $ thousands	Interest rate %	Linkage	Repayment year	Terms of conversion
RDC	Loan	7,360	5%	No	2029	The loan can be converted if certain conditions are met

(1) The outstanding loan balance and the interest rate are presented in this section in accordance with the contractual loan terms. For further details, see note 3.A.3.a) to the Consolidated Financial Statements.

4A. Changes in investments in subsidiaries and associates in 2025
[Regulation 12]

A. Changes in investments of the Company in associates in 2025:

Date of change	Nature of change	Company name	Type of share and par value	Total par value	Cost paid in $thousands	Note in the Consolidated Financial Statements
June and December 2025	SAFE	CyVers.AI Ltd	-	-	600	3.B.2.f)

B. Changes in investments of RDC in its associates in 2025:

Date of change	Nature of change	Company name	Type of share and par value	Total par value	Cost paid (received) in $thousands	Note in the Consolidated Financial Statements
January 2025	Purchased of shares	R.A Red Access .Security Ltd	Preferred – no Par Value	-	2,000	3.B.2.e)
April and June 2025	SAFE	Cynerio Israel Ltd	-	-	1,500	3.B.2.b)
August 2025	Sale of shares	Cynerio Israel Ltd	Preferred NIS 0.01	NIS 18,252	(14,795)*	3.B.2.b)
June 2025	Purchased of shares	Wonder Robotics Ltd.	Preferred NIS 0.01	NIS 1,735	625	3.B.2.h)
June and September 2025	SAFE	Scribe Security Ltd.	-	-	469	3.B.2.j)

* The consideration from the sale of Cynerio consists of shares whose value was assessed, with the assistance of an external appraiser at approximately $14,8 million. See note 3.B.2.b) to the Consolidated Financial Statements.

4B. Changes in loans to a subsidiary and an associate during 2025
[Regulation 12]

A. Changes in loans to a subsidiary during 2025

Date of change	Company	Nature of change	Amount in $thousands	Note in the Consolidated Financial Statements
June 2025	RDC	Early partial repayment (principal and interest)	2,500	3.A.3.a)

5. Losses of subsidiaries and associates and income from them for the year ended December 31, 2025
[Regulation 13]

A. <u>Losses of a subsidiary and associates of the Company and income from them for the year ended December 31, 2025:</u>

	Total comprehensive loss				Interest	
	Income (loss)	Other comprehensive loss	Dividend income	Management and directors' fee	Income	Date received
	$ thousands					
Subsidiary:						
RDC	10,989	-	-	500	340(1)	June 2025(2)
Associates:						
BrainsGate Ltd.	(1,200)	-	-	-	-	-
Cyvers.AI Ltd.	(2,539)	-	-	-	-	-
Edge 226 Ltd.	7,198					

(1) The interest income is recognized in accordance with the contractual loan terms. For additional details, see Note 3.A.3.a) to the Consolidated Financial Statements.

(2) In June 2025, an early partial repayment was made on the loan granted to RDC in March 2021, in the amount of $2,500 thousand ($2,100 thousand principal and $400 thousand interest). For additional details, see Note 3.A.3.a) to the Consolidated Financial Statements.

B. <u>Losses of associates of RDC and revenues from them for the year ended December 31, 2025:</u>

	Total comprehensive loss				Interest	
	Income (loss)	Other comprehensive loss	Dividend income	Management and directors' fee	Income	Date received
	$ thousands					
Associates :						
Open Legacy Technologies Ltd.	(3,817)	-	-	-	-	-
Breeze Security Ltd.	(2,479)	-	-	-	-	-
Ra Red Access Security Ltd.	(3,199)	-	-	53(3)	-	-
Wonder Robotics Ltd	(645)	-	-	-	-	-

(3) Red Access pays management fees directly to Elron. Subsequent to the reporting date and until the filing date of these reports, the company is entitled to additional income in the amount of approximately $12 thousand.

(4) As mentioned above, in August 2025, Team8 Surplus Ltd. (formerly: Sayata Labs Ltd.) signed an agreement for the sale of the majority of its assets, and therefore the data in this section does not include it. For additional details, see Note 3.B.2.i to the Consolidated Financial Statements.

Trading on the stock exchange - securities listed for trading in the reporting year and dates and reasons for suspension of trading

[Regulation 20]

To the best of the Company's knowledge, during the reporting period there was no suspension of trading in the Company's securities, except for regular trading breaks, initiated by the Tel Aviv Stock Exchange Ltd., which are customary when publishing financial statements or when publishing material immediate reports. In addition, during the reporting period 1,084,792 shares were registered for trading resulting from the exercise of options granted.

6.. Compensation paid, during the Report Period, to the Below are the required details pursuant to Regulation 21(a)(1) regarding compensation paid, to the best of the Company's knowledge, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers:

Information on recipient				Compensation for services * $ thousands					
Name	**Position**	**Date of Commencement of employment**	**Extent of Position**	**Shareholdings (Fully diluted)**[1]	**Salary**	**Bonus**	**Share-based payments**	**Man't Fee**	**Total**
Mrs. Lisya Bahar Manoah (A)	Chairperson of the Board of Directors	September 2024	80%	-[2]	-	196 (B)	-	368(A)	564
Mr. Yaniv Shnieder (C)	CEO of the Company	February 2025	100%	0.76%	318 (C)	121(D)	87 (E)	-	526
Mr. Lior Levinsky (F)	Vice- President of RDC	August 2009	100%	0.12 %	245(G)	47(H)	13 (I)	-	305
Mrs. Rony Gur Arie (J)	Vice- President of the Company	September 2016[4]	100%	0.22 %	179(K)[3]	45 (L)	18 (M)	-	242
Ms. Lauren Duke (N)	Vice- President of RDC	February 2006	100%	-	-	24 (P)	1(19)	145(O)	170

* Details recognized in the financial statements for the reporting year. No other compensation except as set forth in table.

[1] It should be clarified, with respect to the shareholdings on a fully diluted basis, that it is based on full exercisability of all options held by the officer and maximum holding in equity and voting rights, deriving from the underlying shares as aforementioned. In practice, the shareholdings may be lower in light of the net exercise mechanism (cashless).

[2] It should be noted that Mrs. Lisya Bahar Manoah is one of the controlling shareholders of the Company, as detailed in Section 7 below.

[3] During the months of June through September 2025, Ms. Gur Arie was on maternity leave.

[4] Commencing June 9, 2023 until February 24, 2025 from when Mrs. Gur Arie began serving as the Company's CFO. Before that Mrs. Gur Arie served in various positions in the Company.

6. Compensation paid, during the Reporting Period, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers [Continued]

[Regulation 21(a)]

B. Notes to data in tables:

Lisya Bahar Manoah - Chairperson

(A) On September 4, 2024, Ms. Lisya Bahar Manoah was appointed to serve as the Chairperson of the Company's Board of Directors (hereinafter: the "**Chairperson**"). The Chairperson of the Board is among the controlling shareholders of the Company. Regarding Ms. Bahar Manoah's holdings in Arieli, the controlling shareholder of the Company, see Section 7 below.

In January 2025, the Company's General Meeting of Shareholders approved, following the approval and recommendation of the Compensation Committee and the Board of Directors, the terms of office of the Chairperson. According to these terms, in consideration for her services as a service provider without employer–employee relations and at a scope of an 80% position, Ms. Bahar Manoah is entitled to monthly management fees of approximately NIS 104 thousand, plus VAT as required by law, for her service as Chairperson of the Company's Board of Directors. The management fees are linked to the Consumer Price Index. In addition, Ms. Bahar Manoah is entitled to reimbursement of certain expenses. For further details, see the Company's immediate report dated December 26, 2024.

(B) The Chairperson is entitled to an annual bonus, the maximum amount of which is eight times the CEO salary cap as described in Section 4.1 of the Compensation Policy, in the amount of NIS 95 thousand (linked to the CPI) adjusted to an approximately 80% position scope (the "Bonus Unit"). The Chairperson is entitled to the annual bonus subject to the Company meeting its financial obligations in the bonus year.

The annual bonus for 2025 consists of two components, as detailed below:

- An annual bonus of up to three Bonus Units, for meeting targets determined by the Compensation Committee and the Board of Directors. With respect to this bonus component, Ms. Lisya Bahar Manoah is entitled in the bonus year to three Bonus Units in the amount of approximately NIS 234 thousand, due to achieving all targets in this respect, relating to the completion of realization transactions of portfolio companies and the receipt of proceeds from such transactions in the amount of at least USD 8 million (consolidated) in cash or shares, including proceeds to be held in trust for

6. Compensation paid, during the Reporting Period, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers [Continued]

[Regulation 21(a)]

B. Notes to data in tables [Continued]:

the Company, and with respect to investments by external investors of USD 10 million in the Company's portfolio companies.

- An annual bonus of up to five Bonus Units, for meeting targets approved in advance by the Compensation Committee, the Board of Directors, and the Company's General Meeting of Shareholders.

On April 10, 2025, the Company's General Meeting of Shareholders approved, following the approval and recommendation of the Compensation Committee and the Board of Directors, the measurable targets for 2025 for an annual bonus of five Bonus Units, as detailed below.

Goal Number	Relative Goal Weight in Percentages (%)	Goal
1	35%	At least 2 new investments in deep technology fields (deep tech, including defense tech), cybersecurity, and/or software (SaaS).
2	33%	Maintaining general and administrative expenses (headquarters expenses) at a sum not to exceed $2.9 million at Elron (solo)*.
3	32%	Improving the "Elron" brand image as reflected in an increase in Elron's share price. This component of the annual bonus will be calculated based on the NIS return of the Company's share during the bonus year, where the minimum return for which 50% of the bonus cap for this component will be granted is 15% ("Minimum Threshold"), and for a share return of 20%, the Chairperson will be granted 100% of the bonus cap attributed to this bonus component ("Maximum Cap"). The bonus for this component for performance levels between the Minimum Threshold and the Maximum Cap will be calculated on a linear basis (**).

(*) Excluding stock-based compensation that is not paid in cash

(**) Share return calculation: At the beginning of each bonus year, the average closing price of the Company's share over the 30 trading days preceding January 1 of that year will be calculated, and at the end of each bonus year, the average closing price of the Company's share over the last 30 trading days of that year will be calculated. The calculation of the share return will include customary adjustments such as return to shareholders due to dividend distribution (by adding the dividend amount per share to the share return but deducting it from the trading days preceding the ex-date, and adjustments for changes in share capital such as share consolidation, share split, bonus share grants, etc.).

The Chairperson of the Board met all of the targets described above in full, and was therefore entitled to the portion of the bonus corresponding to 5 bonus units for those targets, in an amount of approximately NIS 390 thousand.

6. Compensation paid, during the Reporting Period, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers [Continued]

[Regulation 21(a)]

B. Notes to data in tables [Continued]:

Yaniv Shnieder- CEO

(C) On January 12, 2025, the Company's Board of Directors approved the appointment of Mr. Yaniv Shnieder as the Chief Executive Officer of the Company (the "**CEO**"), and he commenced his role on February 18, 2025. In this context, the Company's Board of Directors also approved (following the approval and recommendation of the Compensation Committee) the terms of the CEO's service and employment. Accordingly, on April 10, 2025, the General Meeting approved the CEO's terms of service. See the Company's immediate report regarding the convening of the meeting dated April 7, 2025 (the "**April Meeting**").

(D) Pursuant to the Company's Compensation Policy, as approved on January 2, 2025 (see the report regarding the convening of the meeting dated December 26, 2024) (the "**Compensation Policy**"), the CEO is entitled to an annual bonus not exceeding six (6) gross monthly salaries (based on the last salary) (the "**Bonus Cap**"). Under the Compensation Policy, the annual bonus consists of a component based on measurable targets, which are determined each year by the Company's Board of Directors (upon the recommendation of the Compensation Committee).

According to the Compensation Policy, the annual bonus based on measurable targets shall not exceed 4.5 gross monthly salaries, and a discretionary bonus component, based on an evaluation of the CEO's performance and fulfillment of his duties during the bonus year, shall not exceed 1.5 gross monthly salaries, subject in all cases to the Bonus Cap. The measurable targets determined by the Company's Board of Directors (upon the recommendation of the Compensation Committee) for the 2025 compensation year relate to the performance of the Company's portfolio companies, compliance with the corporate overhead expense threshold, the Company's public relations, advancement of the Elron platform, including strategic collaborations, the completion of realization transactions of portfolio companies, and the raising of investments from external investors for the portfolio companies (the "**Measurable Component**").

Accordingly, and pursuant to the provisions of the Compensation Policy, and taking into account the exercise of the discretionary component granted under the Compensation Policy to the Compensation Committee and the Board of Directors, the CEO is entitled to a bonus for 2025 in the amount of approximately NIS 385 thousand, representing 5.1 gross monthly salaries.

(E) For each compensation year, the Company may grant Mr. Shnieder additional equity compensation not exceeding nine (9) times the gross salary, in accordance with the principles set forth in the Compensation Policy. The Company's Board of Directors, following the recommendation of the Compensation Committee, may determine near the beginning of the bonus year that no annual cash bonus will be granted for the measurable component for that year to an officer or to all officers collectively, that no targets will be set, and that in lieu of a cash bonus for the measurable component the officer may receive an equity-based bonus.

Accordingly, on February 24, 2025, the Company's Board of Directors resolved, following the approval and recommendation of the Compensation Committee, to grant the Company's CEO non-tradable options exercisable into ordinary shares of the Company (in this section: the "**Options**") in lieu of part of the annual bonus intended for 2025. The April Meeting approved the grant, and therefore 415,121 Options were allocated to the Company's CEO. This grant reflects a total value equal to ten (10) times the CEO's gross monthly salary for the following bonus years, as follows: for each of the years 2025–2026 – three (3) gross monthly salaries, and for the year 2027 – four (4) gross monthly salaries, all calculated on a linear basis and not on an accounting basis, and in accordance with the Compensation Policy.

Lior Levinsky – Vice President of RDC

(F) Mr. Levinsky serves as CFO of the Company's subsidiary RDC and receives his salary therefrom.

(G) The amount includes all the following components that were paid for the year 2025: salary, social and ancillary provisions as customary, car expenses and loss of earning capacity insurance. The engagement with Mr. Levinsky will terminate after thirty days from the date either of the parties sends the other written notice regarding its desire to terminate the engagement in accordance with the employment agreement.

(H) Bonus which was paid to Mr. Levinsky in 2026 for 2025.

(I) In January 2022, following the approval of the Compensation Committee and the Board of Directors of the Company, Mr. Levinsky was granted 100,000 non-tradable options which are exercisable into ordinary shares of the Company of NIS 0.003 par value each. These options were cancelled and re-granted in May 2023. In May 2023, following the approval of the Compensation Committee and the Company's Board of Directors, an additional 100,000 non-tradable options, exercisable into ordinary shares of the Company of NIS 0.003 par value each, were granted to Mr. Levinsky.

6. Compensation paid, during the Reporting Period, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers [Continued]

[Regulation 21(a)]

B. Notes to data in tables [Continued]:

On September 4, 2024, upon the completion of the sale of DIC's shares to Arieli and the transfer of control (as described in Section 2.2 of Part A of the Periodic Report), the conditions for the accelerated vesting of 33,333 non-tradable options, exercisable into ordinary shares of the Company of NIS 0.003 par value each, were met, such that out of the aggregate options granted to him in 2023, 66,667 non-tradable options vested and are exercisable into ordinary shares of the Company of NIS 0.003 par value each.

During 2025, Mr. Levinsky exercised 133,333 options into 119,416 ordinary shares of the Company, and as of the date of this report Mr. Levinsky holds 66,667 options. For additional details, see Note 11.D to the Company's financial statements.

Rony Gur Arie – Vice President

(J) In May 2023, the Compensation Committee and the Company's Board of Directors approved the terms of employment of Mrs. Gur Arie as VP in the Company effective as of June 9, 2023. On February 24, 2025, Ms. Rony Gur Arie was appointed to serve as the Chief Financial Officer of the Company, and in accordance with the decision of the Compensation Committee and the Board of Directors, her terms of service were updated following the appointment. For further details regarding Mrs. Rony Gur Arie's appointment as Chief Financial Officer of the Company, see the Company's immediate report dated February 25, 2025. Prior to her appointment as a Company officer, Mr. Gur Arie served in various positions in the Company's finance department.

(K) The amount includes all the following components that were paid for the entire 2025 year: salary, social and ancillary provisions as customary, car expenses and loss of earning capacity insurance. The engagement with Mrs. Gur Arie will terminate three months after the date on which either party will give the other a written notice of its desire to terminate the engagement under the employment agreement.

(L) In accordance with the Compensation Policy, Ms. Gur Arie is entitled to an annual bonus not exceeding four (4) gross monthly salaries (based on the last salary).

6. Compensation paid, during the Reporting Period, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers [Continued]

[Regulation 21(a)]

B. Notes to data in tables [Continued]:

Under the Compensation Policy, the annual bonus consists of a measurable component (similar to the measurable component of the annual bonus of the Company's CEO) which shall not exceed 2.5 gross monthly salaries, and a discretionary bonus component which shall not exceed 1.5 gross monthly salaries, the granting of which shall in all cases be subject to the bonus cap. Accordingly, and pursuant to the provisions of the Compensation Policy, and taking into account the exercise of the discretionary component granted under the Compensation Policy to the Compensation Committee and the Board of Directors, Ms. Gur Arie is entitled to a bonus for 2025 in the amount of approximately NIS 144 thousand, representing 3.1 gross monthly salaries.

(M) In January 2022, prior to Mrs. Gur Arie's appointment as Vice-President, she was granted 100,000 non- tradable options which are exercisable into ordinary shares of the Company of NIS 0.003 par value each, which options were cancelled and re-granted in May 2023. In May 2023, following the approval of the Compensation Committee and the Company's Board of Directors, 255,859 non-tradeable options exercisable into ordinary shares of the Company of NIS 0.003 par value each, were granted to Mrs. Gur Arie. For details, see the immediate report published by the Company on May 17, 2023 and the supplementary immediate report published by the Company on July 18, 2023, which are incorporated herein by reference.

On September 8, 2025, Ms. Gur Arie exercised 237,000 options held by her into 199,272 ordinary shares of the Company of NIS 0.003 par value each, and on the same date sold the shares resulting from such exercise (for additional details see the Company's immediate report dated September 8, 2025, Reference No.: 2025-01-067785). Accordingly, as of the date of this report Ms. Gur Arie holds 118,859 options of the Company exercisable into ordinary shares of the Company. For additional details see Note 11.D to the Company's Financial Statements.

6. Compensation paid, during the Reporting Period, to the five highest salary recipients amongst the Company's and its subsidiaries' senior officers [Continued]

[Regulation 21(a)]

B. Notes to data in tables [Continued]:

Ms. Lauren Duke – Vice President of RDC

(N) Ms. Duke serves as Vice President of the Company's subsidiary RDC and receives management fees therefrom in consideration for her services as a service provider without employer–employee relations at a scope of a 100% position.

(O) The amount includes the management fees paid for the year 2025. Apart from the monthly management fees, Ms. Duke is not entitled to additional compensation. The engagement with Ms. Duke will terminate after thirty days from the date either of the parties sends the other written notice regarding its desire to terminate the engagement, in accordance with the engagement agreement.

(P) Bonus which will be paid to Ms. Duke in 2026 for 2025.

(Q) In January 2022, following the approval of the Compensation Committee and the Board of Directors of the Company, Ms. Duke was granted 100,000 non-tradable options which are exercisable into ordinary shares of the Company of NIS 0.003 par value each. All of the options granted to Ms. Duke were exercised during 2025.

C. Below are details of the compensation granted to each of the interested parties in the Company, who is not above-listed in this Section 6, whether such compensation was granted to him by the Company or by any of its subsidiaries:

1. For details regarding the directors' compensation, see Note 17.D to the Consolidated Financial Statements. Ms. Lisya Bahar Manoah is entitled to remuneration for her service as Chairperson of the Board of Directors, as specified in Regulation 21 above. Two of the directors who are controlling shareholders (Mr. Ariel Bentov and Mr. Evan Yonatan Renov) are entitled to directors' fees as customary in the Company.

C. **Below are details of the compensation granted to each of the interested parties in the Company, who is not above-listed in this Section 6, whether such compensation was granted to him by the Company or by any of its subsidiaries: [Continued]**

2. For details regarding the Company's Compensation Policy for officers, as approved by the Company's general meeting on January 2, 2025, for a period of three years, following the approval of the Board of Directors and the recommendation of the Compensation Committee ("the Compensation Policy"), see the Company's immediate report dated November 27, 2024, regarding the convening of an annual meeting, which included, among other items, the approval of the Compensation Policy, as well as the supplementary report dated December 26, 2024. In addition, see the Company's immediate report on the meeting results dated January 7, 2025.

7. The Company's Controlling Shareholder

[Regulation 21a]

Arieli is the controlling shareholder of Elron and, as of the date of publication of this Annual Report, holds 58.44% of the issued share capital and voting rights in the Company (56.87% on a fully diluted basis). Arieli is a private company incorporated in Israel. According to information provided to the Company, the controlling shareholders of Arieli are Mrs. Lisya Bahar Manoah, Mr. Ariel Bentov, and Mr. Even Yonatan Renov, who hold 30%, 35%, and 35% of the issued and outstanding share capital and voting rights in the related party, respectively.

8. Transactions with the Company's Controlling Shareholder

[Regulation 22]

Below are the details, to the Company's best knowledge, regarding every transaction (except for certain negligible transactions, in accordance with Note 17.B to the Financial Statements) with the Company's controlling shareholder or in which the controlling shareholder has personal interest in its approval ("**Controlling Shareholder Transaction**"), engaged by the Company, its subsidiaries or affiliates (the"**Group**") during the reporting year or at a later date until the date of this report, or which is in effect at the date of this report.

8.1 Transactions listed in Section 270(4) to the Companies Law, including transactions approved in accordance with the Companies Regulations (Reliefs in Interested Party Transactions), 5760-2000 (the "Reliefs Regulations")

A. Directors and Officers Insurance Policy

For details regarding the Company's Board of Directors approval of the Company's engagement in an agreement to purchase insurance policy, including liability and run-off insurance for directors and other officers who serve and who will serve from time to time in the Company, and in its subsidiaries and serve as directors on behalf of the Company in its affiliate companies, including directors and officers who are controlling shareholders of the Company or their relatives, see section 20 [Regulation 29A] below.

B. Exemption and Indemnification to Officers and Directors

In accordance with the provisions of the Companies Law and the Company's compensation policy, the Company shall be entitled to grant the officers, subject to the provisions of any law, an exemption from liability for any damage caused to it due to a breach of the officer's duty of care towards the Company in his actions as an officer, subject to the law and the Company's articles of association. Such exemption shall not apply in relation to an act or omission of an officer with respect to a decision or transaction in which the controlling shareholder or any officer has a personal interest.

On January 2, 2025, following the approval of the Compensation Committee and the Board of Directors of the Company, the general meeting of the Company's shareholders approved the grant of indemnification letters to the Company's directors and officers, in a form identical to the form of the current indemnification letter of all of the Company's officers, who themselves and/or their relatives are controlling shareholders in the Company, as shall be from time to time, who serve and/or will serve in the Company from time to time, and to Company's officers that the controlling shareholders in the Company may have personal interest in the grant of indemnification letters to them, who serve and/or shall serve in the Company from time to time, due to their actions in the framework of their service in the Company and due to their actions while serving, upon the Company's request, as officers in another company, in which the Company holds shares, directly or indirectly, or in which the Company has an interest, all for a period of three years, commencing from the date of the approval of the general meeting of shareholders of the Company (meaning until January 2, 2028). For additional details see the Company's immediate report from November 27, 2024, with regard to convening an annual general meeting, that on its agenda, among others, is a transaction between the Company and its controlling shareholder and a supplementary report dated December 26, 2024, which are incorporated herein by reference.

To date, the Company's directors include Mrs. Lisya Bahar Manoah (Chairperson of the Board), Mr. Even Yonatan Renov, and Mr. Ariel Bentov, who are considered controlling shareholders or whose indemnification agreements require approval as a related-party transaction, due to their status as controlling shareholders of Arieli.

8.1. Transactions listed in Section 270(4) to the Companies Law, including transactions approved in accordance with theCompanies Regulations (Reliefs in Interested Party Transactions), 5760-2000 (the "Reliefs Regulations") [Continued]

B. Exemption and Indemnification to Officers and Directors [Continued]

The Company's obligation in accordance with the indemnification letter will benefit its other directors and officers even after the end of the term of their service, provided that the actions with respect to which the indemnification is given were and/will be performed during the term of service.

The Company's officers serving as directors of the Company's subsidiaries and/or affiliates receive letters of indemnification from certain companies and their responsibility is assured, as customary in the same companies.

C. Directors' Compensation

On March 10, 2022, the Compensation Committee and the Board of Directors of the Company approved to continue to pay directors of the Company, who are controlling shareholders of the Company and/or their relatives and/or in which the controlling shareholders have a personal interest in the compensation paid to them, the maximum rates set forth in the Companies Regulations (Rules regarding Compensation and Expenses of External Directors), 5760-2000 (the "Compensation Regulations") (including supplements for expertise). In addition, said directors will be entitled to expense reimbursement as set forth in regulation 6 of the Compensation Regulations. To these sums VAT will be duly added. The Company will be entitled to pay the said director's compensation for the tenure of some of the serving directors to the Company's controlling shareholders, and/or to companies which are interested parties in it, in which the directors are employed and/or serve as officers. In September 2024, the Compensation Committee and the Board of Directors approved the payment of compensation for serving as directors, as detailed above, to directors who are part of the controlling shareholders of the Company on behalf of Arieli and/or for whom Arieli has a personal interest in their payment. As of this date, this decision is relevant to directors Yonatan Renov and Ariel Bentov (for details regarding the compensation of the Chairman of the Board, Mrs. Lisya Bahar Manoah, see Section 8.1.D below).

D. Approval of the terms of office of the Chairperson of the Company's Board of Directors

On September 4, 2024, Mrs. Lisya Bahar Manoah was appointed to serve as the Chairperson of the Board of Directors of the Company. Mrs. Lisya Bahar Manoah is one of the controlling shareholders of the company, and in accordance with the provisions of the Companies Law, 1999 ("Companies Law"), the terms of her office and employment, including their various components, constitute a transaction between the Company and its controlling shareholder.

The Compensation Committee of the Company held discussions regarding the compensation of the Chairman of the Board and sought economic and legal advice.

8.1. Transactions listed in Section 270(4) to the Companies Law, including transactions approved in accordance with theCompanies Regulations (Reliefs in Interested Party Transactions), 5760-2000 (the "Reliefs Regulations") [Continued]

D. Approval of the terms of office of the Chairperson of the Company's Board of Directors [Continued]

It is noted that the Company's compensation policy allows for the payment of compensation to an active Chairperson of the Board, which is aligned with the policy provisions for the CEO, with necessary adjustments, according to the required approvals under the law. This includes, as applicable, a cap on the value of equity-based compensation, which for the Chairperson of the Board will not exceed seven times the monthly salary (gross salary) (replacing nine times the monthly salary (gross salary) for the CEO) ("Equity Compensation").

Since Mrs. Bahar Manoah is among the controlling shareholders of the Company, she is subject to the rules set by the Israeli Securities Authority regarding what is permissible in granting bonuses. Furthermore, in light of the position of institutional shareholders and advisory companies that generally oppose equity-based compensation for controlling shareholders, and in accordance with the Company's Compensation Policy as approved by the Company's General Assembly on January 2, 2025, the proposed compensation for Mrs. Bahar Manoah as Chairperson of the Board, who is a controlling shareholder, does not include equity-based compensation instruments of the Company.

Considering the above, on January 2, 2025, after the reporting date, the Company's General Assembly approved the terms of office and employment of Mrs. Bahar Manoah as the Chairperson of the Board of Directors of the Company. For details regarding the terms of her employment and the Company's Compensation Policy regarding compensation for a Chairperson of the Board who is a controlling shareholder, as approved by the Company's General Assembly on January 2, 2025, see the Company's immediate report dated November 27, 2024, concerning the convening of the annual meeting, which includes, among other things, the approval of the terms of office and employment of Mrs. Bahar Manoah as Chairperson of the Board of Directors, as well as a supplementary report dated December 26, 2024. For additional details regarding the terms of service and employment of the Chairperson of the Board of Directors, including the measurable objectives approved for the Chairperson for the year 2025, see Section 6 above (Regulation 21).

On December 30, 2025, the Company's General Meeting approved, following the approval of the Company's Compensation Committee and Board of Directors, the measurable objectives for the Chairperson of the Board of Directors for the year 2026 attributed to an annual bonus of up to five Bonus Units, for meeting targets (see the notice of meeting report dated November 25, 2025), as follows:

8.1. Transactions listed in Section 270(4) to the Companies Law, including transactions approved in accordance with theCompanies Regulations (Reliefs in Interested Party Transactions), 5760-2000 (the "Reliefs Regulations") [Continued]

D. Approval of the terms of office of the Chairperson of the Company's Board of Directors [Continued]

Goal Number	Relative Goal Weight in Percentages (%)	Goal
1	30%	At least 2 new investments by Elron or RDC or by another corporation controlled by Elron, totaling at least $4 million for each investment, in the fields of Deep Tech (including Defense Tech) and Cybersecurity and Software (SaaS), as well as in the field of AI as will be defined within Elron's strategy presented in the strategy section of the description of the Company's business in the 2025 annual reports.
2	70%	Improving the "Elron" brand image as reflected in an increase in Elron's share price. This component of the annual bonus will be calculated based on the NIS return of the Company's share during the bonus year, where the minimum return for which 50% of the bonus cap for this component will be granted is 15% ("Minimum Threshold"), and for a share return of 20%, the Chairperson will be granted 100% of the bonus cap attributed to this bonus component ("Maximum Cap"). The bonus for this component for performance levels between the Minimum Threshold and the Maximum Cap will be calculated on a linear basis (a).

(a) Share return calculation: At the beginning of each bonus year, the average closing price of the Company's share over the 30 trading days preceding January 1 of that year will be calculated, and at the end of each bonus year, the average closing price of the Company's share over the last 30 trading days of that year will be calculated. The calculation of the share return will include customary adjustments such as return to shareholders due to dividend distribution (by adding the dividend amount per share to the share return but deducting it from the trading days preceding the ex-date, and adjustments for changes in share capital such as share consolidation, share split, bonus share grants, etc.).

8.2 Other Transactions with a Controlling Shareholder

A. During September 2025, the Company's Board of Directors approved a potential engagement by Arieli in connection with a tender published by the Israel Innovation Authority (the "IIA Mofet Project and its Connection to Innovation in Gilboa"), under which Arieli would submit its candidacy through the tender process.

8.2 <u>Other Transactions with a Controlling Shareholder [Continued]</u>

This matter was examined out of an abundance of caution in light of its possible relation to the Company's field of activity, and in accordance with the provisions of the Companies Law regarding the duty of loyalty and the appropriation of a corporate opportunity, following receipt of all relevant information, including the project's characteristics, scope, field of activity and the timetable established for submission of proposals.

In this context, the Company's Board of Directors determined that participation in the tender does not serve the Company's best interests at this time, and that there is no impediment to the controlling shareholder continuing to pursue the opportunity independently and at its own responsibility. The Board further determined that the engagement is not material for the Company and does not constitute an extraordinary transaction within the meaning of the Companies Law. The Board also determined, out of an abundance of caution, that if any engagement between the Company and parties connected with the aforementioned project is considered in the future, such engagement will be brought for approval by the competent organs of the Company in accordance with applicable law, including, where relevant, as a transaction with an interested party.

B. During November 2025, the Audit Committee approved the employment and terms of employment of an employee who had until that time been employed by the controlling shareholder. It was approved that the employee would serve as the Company's Investor Relations Manager, with employment by the Company on a part-time basis of three days per week (approximately 60% of a full-time position), while continuing to work for the controlling shareholder at 40% of a full-time position. The Audit Committee further resolved that her salary would be allocated between the Company and the controlling shareholder on a proportional basis, such that she would receive a separate salary slip from each entity.

9. <u>Holdings by Related Parties and Senior Officers of shares and other securities of the Company or any company held by the Company whose activities are material to the Companies operations –all as of December 31, 2025 [Continued]</u>

[Regulation 24]

(The provisions of this Section 9 do not include: indirect holdings through related parties, who are reporting entities, of the Company and its subsidiary companies and associates who are also reporting entities. For the purposes hereof, "reporting entities" are entities whose securities are traded on the Tel Aviv stock exchange). For details, see Immediate Report dated January 8, 2026 regarding the holdings of related parties and officers.

10. Authorized Share Capital, Issued Share Capital and Convertible Securities ofthe Company as of the date of the Report.

[Regulation 24a]

For details with respect to the Company's share capital composition (authorized share capital, issued share capital and convertible securities), see Note 11 to the Consolidated Financial Statements.

For details with respect to expiry, exercise and grant of options to the CEO, to officers who are Vice President and employees of the Company, to other employees of the Company and its subsidiary, RDC, and to permanent service providers of the Company, see Sections 6 and 9 above and also Note 11 of the Financial Statements.

11. Shareholder register

[Regulation 24b]

See Company's immediate report dated January 8, 2026.

12. Registered Address of the Company

[Regulation 25a]

The registered Address of the Company is:

TOHA Tower, Tel Aviv 6744320,
Tel: (03) 6075555
Email addresses of the Company: info@elron.com

13. Directors of the Company as of the date of the Publication of the Report

[Regulation 26]

Name, Identity No., Date of Birth citizenship	Address for service of process	Membership of Director committees ; Is he an independent /external director as defined in the Companies Law- yes/no	Is he/she an employee of the Company, any subsidiary, associate company of the Company or of a related party- the position/s he /she fulfills as aforesaid	Date of Commencement of term as director of the Company	Education and occupation over the last 5 years with details of the professions or fields in which education was acquired, the institution from which the academic degree or professional qualification was obtained and the companies in which he/she serves as a director	Is he/she to the best knowledge of the company and its other directors, a family member of a related party in the Company Yes/no specifying details	Is he/she a director who sees himself/herself as having accounting and financial expertise or as professional competence.
Lisya Bahar Manoah 333796118 July 25, 1983 Israeli	Edward Bernstein 26/3 Tel Aviv	Chairperson of the Board of Directors	Serves as a director at Arieli E.L. Ltd., the controlling shareholder of the Company. Director at the following companies: RDC Rafael Development Ltd.; R.A. Red Access Security Ltd.; Addionics,Limited, Open Legacy Technologies Ltd, Raven Cloud Inc. and Notal Vision Inc.	04.09.2024	Active Chairperson, Elron Ventures Managing Partner and Director, Arieli EL. Ltd., the controlling shareholder of the company, since 2024. University Lecturer in the International MBA, Tel Aviv University, since 2024. General Partner, Catalyst Funds, from 2019 to 2024. MSc in Industrial Engineering and Management/Mechanical engineering, Vienna University of Technology. MBA Tel Aviv University. Executive Education, Harvard University.	No	Accounting and financial expertise
Dan Hoz 027860824 10.07.1970 Israeli	8 Hahita, Bnei Atarot	No	Serves as a director of RDC Rafael Development Ltd	8.6.2021 (chairman of the board of Directors from 14.11.2021 until 04.09.2024)	Graduate of accounting and economics, Ben Gurion University. Certified – business management, Ben Gurion University. VP of Siemens Industries Software, as of 2017. CEO of Graphics Israel Ltd., as of 2017. Director at AlphaVee.	No	Accounting and financial expertise

Name, Identity No., Date of Birth citizenship	Address for service of process	Membership of Director committees ; Is he an independent /external director as defined in the Companies Law- yes/no	Is he/she an employee of the Company, any subsidiary, associate company of the Company or of a related party- the position/s he /she fulfills as aforesaid	Date of Commencement of term as director of the Company	Education and occupation over the last 5 years with details of the professions or fields in which education was acquired, the institution from which the academic degree or professional qualification was obtained and the companies in which he/she serves as a director	Is he/she to the best knowledge of the company and its other directors, a family member of a related party in the Company Yes/no specifying details	Is he/she a director who sees himself/herself as having accounting and financial expertise or as professional competence.
Ariel Bentov 029617875 16.09.1972 Israeli	King David Street, 12, Herzlya	No	Serves as Managing Partner at Arieli E.L. Ltd., the controlling shareholder of the Company, as well as at Arieli Capital LLC. In addition, serves as a director at RDC Rafael Development Ltd	04.09.2024	Graduate in Law, The University of Sheffield. Managing Partner, Arieli E.L. Ltd., Co-Founder and Managing Partner, Arieli Capital LLC, since 2016. Co-Founder, Frontier RNG LTD, since 2021. Founder and CEO, Eilat Tech Center LTD, since 2015. Co-Founder and Managing Partner, OrbitallQ, since 2022. Co-Founder and Managing Partner, B.T Windsor, since 2019. Co-Founder and Managing Partner at Arieli Properties, since 2025. Serves as a director in the following companies: Gilboa Nexus ltd., Terrific Innovation LTD, Eilat Tech Center LTD, Jama Dayan LTD, OrbitallQ, SNE Rosetta IP Technology Transfer LTD, Nanocell LTD (Maya Fertility), Velvet AI (Decheque Inc. DBA Velvet).	No	No
Evan Jonathan Renov 347056137 02.02.1982 Israeli	Sderot Ben Zvi Itshak 37/4 Jerusalem	No	Serves as Managing Partner at Arieli E.L. Ltd., the controlling shareholder of the Company, as well as at Arieli Capital LLC In addition he, serves as a director at RDC Rafael Development Ltd.	4.09.2024	Graduate in Finance, Yeshiva University. Masters in Business Administration, Tel Aviv University and JL Kellogg Graduate School. Managing Partner and Director, Arieli E.L. Ltd., since 2024. Partner, Induction Bio LLC, since 2023. Co-Founder and Managing Partner, Arieli Capital LLC, since 2016. Co-Founder, Frontier RNG LTD, since 2021. Partner, Beechwood Ventures LLC, since 2014.	No	Accounting and financial expertise

Name, Identity No., Date of Birth citizenship	Address for service of process	Membership of Director committees ; Is he an independent /external director as defined in the Companies Law- yes/no	Is he/she an employee of the Company, any subsidiary, associate company of the Company or of a related party- the position/s he /she fulfills as aforesaid	Date of Commencement of term as director of the Company	Education and occupation over the last 5 years with details of the professions or fields in which education was acquired, the institution from which the academic degree or professional qualification was obtained and the companies in which he/she serves as a director	Is he/she to the best knowledge of the company and its other directors, a family member of a related party in the Company Yes/no specifying details	Is he/she a director who sees himself/herself as having accounting and financial expertise or as professional competence.
					Owner, Beechwood Consulting LLC, since 2014. President and CEO, Beechwood Entertainment LLC, since 2010. Managing Member, Global Paramount BioFund LP, since 2008 Serves as a director in the following corporations: Wander App Inc, Breath of Health LTD, SharNett Holdings LLC, Moonbow Ventures LTD, Diamante Societ, Induction Bio LLC, POWERFUL MEDICAL s.r.o., Nanocell LTD (Maya Fertility), SNE Rosetta IP Technology Transfer LTD. Serves as an observer on the board of directors of: Velvet AI (Decheque Inc. DBA Velvet		
Shalom Turgeman 059214452 28.05.1965 Israeli	ToHA Building, 114Yigal Alon, Tel Aviv	Audit Committee, Compensation Committee, Investment Committee Independent Director	No	07.12.2020	Master of Business Administration (EMBA),Tel Aviv University. Graduate of Political Science, and Islamic studies and the Middle East, the HebrewUniversity. Managing Partner in an Israeli-Chinese investment fund GEOC (from 2013 until today); Consultant in Israeli consulting company EOC (from 2009 until today). Serves also as a consultant at the Foreign Ministry Office as of 2018.	No	No
Barak Mashraki 029714086 28.01.1973 Israeli	Giv'ati 4 Ramat Gan	Audit Committee, Compensation Committee and Investment Committee. ExternalDirector	No	02.03.2021	Graduate of Economics and Accounting, Bar-Ilan University. Until October 2020, Deputy CEO and ChiefFinancial Officer, Delek Group Ltd.; Director at Delek Drilling – Limited Partnership; Delek Energy Systems Ltd.; Delek the Israeli Fuel Corp Ltd.; The Phoenix Insurance Company Ltd.; Phoenix Holdings Ltd.; CEO and Director at Cohen Gas &Oil Development Ltd. Former Director at Space-Communication Ltd.	No	Accounting and financial expertise

Name, Identity No., Date of Birth citizenship	Address for service of process	Membership of Director committees ; Is he an independent /external director as defined in the Companies Law- yes/no	Is he/she an employee of the Company, any subsidiary, associate company of the Company or of a related party- the position/s he /she fulfills as aforesaid	Date of Commencement of term as director of the Company	Education and occupation over the last 5 years with details of the professions or fields in which education was acquired, the institution from which the academic degree or professional qualification was obtained and the companies in which he/she serves as a director	Is he/she to the best knowledge of the company and its other directors, a family member of a related party in the Company Yes/no specifying details	Is he/she a director who sees himself/herself as having accounting and financial expertise or as professional competence.
					Serves as CEO and director of Tamar Petrolium Ltd., and as director of the following companies: Space-Communication Ltd., Quick Online Ltd. and director of private companies in the field of loans to oil and gas companies in USA and in the field of e-commerce.		
Ronit Ritz-Bueno 1.05.1976 038649547 Israeli	4 Kerem HaZeitim Alley, Savion	Audit Committee, Compensation Committee , Investment Committee External Director	No	10.10.2023	BSC – Industrial and management Engineering, Ben-Gurion University MBA- Zicklin Business School, Baruch College, NY Member of Neome Investment committee between 2018-2025; Consultant for organizations acceleration, business initiatives, managers and work plans – Bueno Thinking, Y.Bueno Holdings Ltd. Partner at Strauss Strategy Consulting and Systems Ltd. for digital strategy, entrepreneurship, and business and technological innovation.	No	Professional competence

*On September 4, 2024, upon completion of the transaction for the sale of DIC's holdings and the transfer of control of the Company, the Company's Board of Directors appointed Ms. Lisya Bahar Manoah, who is among the controlling shareholders of the Company (as described in section 2.2 of Part A of the Periodic Report), as the Chairperson of the Company's Board of Directors, replacing Mr. Dan Hoz who continues to serve as a director of the Company. For more details regarding the changes in the Company's Board of Directors due to the transfer of control, see the Company's immediate report dated September 4, 2024. For details regarding the terms of employment of the Chairperson of the Board and the New Compensation Policy of the Company regarding the compensation of a Chairperson of the Board who is a controlling shareholder in the Company, as approved by the Company's general meeting on January 2, 2025, see the Company's immediate report dated November 27, 2024, and the supplementary report dated December 26, 2024.

14. Officers of the Company as of the date of the Publication of the Report

[Regulation 26a]

Name, Identity No., Date of Birth	Date of Commencement of Service	The position held in the Company, its subsidiary or its associate or its related party; if he/she was a senior officer, independent signatory in the Company – indicate this fact	If he/she is a related party or a family member of another senior officer or related party of the Company	Education and occupation over the last 5 years with details of the professions or fields in which education was acquired, the institution from which the academic degree or professional qualification was obtained
Yaniv Shnieder 026666016 04.07.1980	18.2.2025	CEO of the company*. Serves as a director in the following companies: Wonder Robotics Ltd., BrainsGate Ltd., Scribe Security Ltd., Breeze Security Ltd., Team8 Surplus (formerly Sayata Labs Ltd). and Cyvers.ai Ltd	No	Graduate in Computer Science, Technion – Israel Institute of Technology. Masters in Information Management Engineering, Technion – Israel Institute of Technology. CEO of the company as of February 18, 2025. For more details regarding the appointment of Mr. Yaniv Schneider as CEO of the company, see the company's immediate report dated January 13, 2025 (incorporated herein by reference) Since 2018, served as General Manager & CTO, Tel Aviv R&D Center at Rafael Advanced Defense Systems Ltd. Director at the following companies: Wonder Robotics Ltd., BrainsGate Ltd., Scribe Security Ltd., Breeze Security Ltd., Team8 Surplus (formerly Sayata Labs Ltd)., and Cyvers.ai Ltd
Rony Gur Arie 301894366 14.8.1988	9.6.2023	CFO as of February 24, 2025; Director of Atlantium Technologies Ltd. For more details regarding the appointment of Mrs. Rony Gur Arie as the CFO of the Company, see the Company's immediate report dated February 25, 2025 (incorporated herein by reference)	No	BA in Accounting and Economics and an MBA in Business, Tel Aviv University. VP Finance from June 2023 until her appointment as CFO as aforementioned. Prior thereto served in various positions in the Company's finance department since September 2016. Served as Director of Coramaze Technologies Ltd. and serves as director of Atlantium Technologies Ltd
Itzhak Ravid 052761384 24.8.1954	1.10.2020	Internal auditor	No	Accountant- Senior partner in the accounting firm Raveh Ravid & Co. Certified internal auditor. BA in Accounting and Economics, Tel Aviv University. Internal Auditor of, among others, Cellcom Israel Ltd. and DIC.

The company has no independent authorized signatories within the meaning of the term in the regulations

15. Auditors of the Company
[Regulation 27]

Kesselman and Kesselman (PWC), auditors – Azrieli Town, Derech Menachem Begin 146, Tel Aviv serve as the Company's auditors.

16. Changes in the Memorandum and Articles of the Company
[Regulation 28]

None.

17. Recommendations and Decisions of the Board of Directors
[Regulation 29a]

Below are the directors' recommendations to the general meeting of shareholders, and their resolutions which are not subject to the approval of the general meeting of shareholders during 2025:

Dividend payment or distribution, as defined under the Companies Law, by other means, or distribution of bonus shares:

On January 12, 2025, the Company's Board of Directors approved a dividend distribution policy. On March 27, 2025, the Company's Board of Directors declared a cash dividend to the shareholders in the amount of \$8.782 million (representing approximately \$0.16613 per share). The dividend was distributed from the Company's retained earnings, after the Board of Directors examined the Company's compliance with the profit test and the solvency test, and confirmed that the distribution would not impair the Company's ability to meet its obligations in general and/or its existing operating format.

On May 22, 2025, pursuant to a resolution of the Board of Directors, an application was submitted to the Tel Aviv–Jaffa District Court for approval of a distribution in accordance with Section 303 of the Companies Law, 5759-1999, in an amount of up to \$6.5 million (by way of a cash dividend distribution to the Company's shareholders as well as by way of a share repurchase, as detailed below). On August 5, 2025, the Court approved the application for the distribution and limited its validity to 180 days. For further details, see the Company's immediate reports dated May 29, 2025 and August 5, 2025 (Reference Nos. 2025-01-038867 and 2025-01-057987, respectively).

17. Recommendations and Decisions of the Board of Directors [Continued]

[Regulation 29a]

Accordingly, on August 10, 2025, the Company's Board of Directors declared a cash dividend to the shareholders in the amount of $5.5 million (representing approximately $0.10404 per share). The Board of Directors further resolved that the record date would be August 24, 2025, and the payment date would be September 8, 2025. For further details, see the Company's immediate reports dated August 11, 2025 (Reference Nos. 2025-01-059244 and 2025-01-059319).

At the same time, the Company's Board of Directors approved a share repurchase program for the Company's shares, meeting the conditions of the safe harbor mechanism for the repurchase of securities by a corporation in accordance with Legal Position 199-8 of the Israel Securities Authority, in a total amount of up to $1 million, for a period of five (5) months. The share repurchase program was completed on January 5, 2026.

Change in the Corporation's Authorized or Issued Share Capital

On August 10, 2025, the Company's Board of Directors approved a share repurchase program for the Company's shares, in accordance with the "safe harbor" mechanism (as defined in the Israel Securities Authority's Legal Position No. 199-8), in a total amount of up to US$1 million, for a period of approximately five months. The program commenced on August 26, 2025, with the final repurchase carried out on January 5, 2026.

As a result of the share repurchase program, the Company held 563,821 treasury shares (the "Treasury Shares"), representing approximately 1.05% of the Company's issued share capital. Section 308(a) of the Companies Law, 5759-1999 (the "Companies Law") provides that a company that has repurchased its own shares may cancel them; and if they are not canceled, they do not confer any rights for as long as they are owned by the company.Accordingly, on January 19, 2026, the Company's Board of Directors resolved to cancel the Treasury Shares.

For decisions on the following topics: (1) Engagement in a Directors & Officers insurance policy and its renewal, see section 20 below; (2) Indemnification of Officers, see Section 8.1 B. above; (3) Compensation to directors of the Controlling shareholder or his relatives, see section 8.1 C. above; (4) Approval of the terms of office of the chairperson of the Company's Board of Directors, see section 8.2(a) above. above; (5) grant of options to the CEO a see sections 6 and 9 above;

18. Decisions of the General Meeting of Shareholders

[Regulation 29c]

For decisions on additional matters: (1) Indemnification of Officers, see Section 8.1 B. above and (2) Approval of the terms of office of the Chairperson of the Company's Board of Directors, see section 8.2(a) above and (3) Approval to grant a discretionary bonus to the Chairman of the Board, see section 6.B above.

19. Decisions of the Company

[Regulation 29A]

D&O Insurance

During August 2025, following the approval of the Company’s Compensation Committee, the Company entered into an agreement to purchase a new directors’ and officers’ liability insurance policy, covering the Company’s directors and officers, including directors and officers who are among the Company’s controlling shareholders or their relatives, as well as the Company’s CEO, for a period of 12 months ending on September 3, 2026. This was done in accordance with Regulation 1B1 of the Relief Regulations and the provisions of the Company’s Compensation Policy (in this section: the “Insurance Policy”), with a coverage limit of $20 million.

20. Decisions of the Company [Continued]

[Regulation 29A]

The Compensation Committee determined that the above engagement is on market terms, not material to the Company, and consistent with the provisions of the Compensation Policy.

The new Insurance Policy covers claims in connection with events occurring during a 12-month period, with liability limits of up to $20 million and an annual premium of approximately $115,000. The terms of the new Insurance Policy are identical for all directors and officers of the Company, including directors and officers who are among the Company’s controlling shareholders or their relatives.

21. Other Details

None

Elron Ventures Ltd.

Part IV

English Translation of the Managers' Declaration regarding the Effectiveness of Internal Control

As of December 31, 2025

Declaration of the Principal Executive Officer pursuant to Regulation 9B(d)(1):

Managers' Declaration

Declaration of the Chief Executive Officer

I, Yaniv Shnieder, declare that:

(1) I have examined the annual report of Elron Ventures Ltd. (the "**Company**") for the year of 2025 (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 Company, as of, and for the periods presented in the Reports;

(4) I have disclosed to the Company's independent auditors, board of directors and audit committee of the Company'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.

March 17, 2026 ___________________________________

Yaniv Shnieder, CEO

Declaration of the Principal Financial Officer pursuant to Regulation 9B(d)(2):

Managers' Declaration

Declaration of Principal Financial Officer

I, Rony Gur Arie, declare that:

(1) I have examined the annual financial statements and other financial information which is included in the annual reports of Elron Ventures Ltd. (the "**Company**") for the year of 2025 (the "**Reports**");

(2) Based on my knowledge, the financial statements and other financial information which is included in 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 Company, as of, and for the periods presented in the Reports;

(4) I have disclosed to the Company's independent auditor, board of directors and the audit committee of the Company'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.

March 17, 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 December 31, 2025

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 December 31, 2025 (1 USD = 3.19 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	319	0	80	399
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	319	0	80	399

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	319	0	80	399
Fourth Year	0	0	0	0	0	0	0
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	319	0	80	399

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	0	0	0	0
Fourth Year	0	0	0	18,931	0	7,578	26,509
Fifth year and thereafter	0	0	0	0	0	0	0
Total	0	0	0	18,931	0	7,578	26,509

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

Section H above refers to a loan granted to RDC Rafael Development Ltd., a subsidiary consolidated by the company. For further details regarding the aforementioned loan, as well as RDC's Board of Directors decision on a partial early repayment in the amount of $5 million of the remaining loan. In addition, RDC's Board of Directors decided to extend the loan period by three years, until March 2029. The early repayment, was completed in June 2025, please refer to Note 3.A.3.a of the company's consolidated financial statements.