

ELRON

Translation of Immediate Report Filed by Elron on August 5, 2018 with the Israeli Securities Authority

Tel Aviv, August 5, 2018 – Elron Electronic Industries Ltd. (TASE: ELRN) ("Elron") hereby announces, further to Elron's Immediate Report issued on March 12, 2018, and further to Section 24.11 of Part I of Elron's Annual Report for 2017 published on March 22, 2018 (henceforth: "**Part I of the Annual Report**"), with respect to the clinical trial conducted and completed by BrainsGate Ltd. (henceforth: "**BrainsGate**" and the "**ImpACT-24B**", respectively), that after a preliminary analysis of the ImpACT-24B results, BrainsGate received an announcement from BrainsGate's steering committee as follows:

"The steering committee met on Aug. 2 2018 and reviewed the results of ImpACT-24B study.

The study successfully enrolled 1,000 patients up to 24 hours from onset, becoming the largest device trial for acute ischemic stroke treatment.

The study was conducted on two population test groups. The general study population group and a pre-specified sub group (of the general study population), the CCI group as further detailed below.

The results of ImpACT-24B showed a strong trend toward efficacy in the pre-specified population of ischemic stroke patients with Confirmed Cortical Involvement (CCI), which included over 50% of the patients in the study.

SPG stimulation also showed a consistent pattern of benefit across all the secondary endpoints and no evidence of safety concerns.

The pooled analysis of ImpACT-24A* and B showed a statistically significant and clinical relevant benefit of SPG stimulation in patients with CCI.

The totality of the evidence shows that SPG stimulation is a beneficial treatment for stroke patients with confirmed cortical involvement up to 24 hours from stroke onset.

Detailed results will be presented in the World Stroke Congress in Montreal on Oct. 17-19, 2018."

It should be noted that the above results are based on a preliminary analysis. The above estimates are forward-looking in nature, as defined in Israel Securities Law, 5728-1968, and are based on BrainsGate's and its steering committee's current analysis of the ImpACT-24B results and on information existing in BrainsGate as of the date of this immediate report. These estimates, in

ELRON

whole or in part, may not materialize, or may materialize in a manner materially different than expected. The principal factors that may cause material differences are: further analysis of the ImpACT-24B results, in which regard, as mentioned, additional results are expected to be announced, which may underscore or weaken the preliminary results that were announced and/or alter their meaning and/or their interpretation and/or their implication on the regulatory pathways to be pursued for marketing approval of the product around the world as well as the actual filing of marketing approval applications; determinations by regulatory authorities; developments in BrainsGate's field of operation; reliance on third parties including data analysis services; feedback from the medical and scientific community; or if any risk associated with the data analysis and/or regulatory filing occurs.

As of the date of this immediate report, Elron holds approximately 30% of BrainsGate's outstanding share capital (27% on a fully diluted basis).

* As described in Section 24.10 of Part I of the Annual Report.