ELRON

Translation of Immediate Report Filed by Elron on October 21, 2018 with the Israeli Securities Authority

Tel Aviv, October 21, 2018 – Elron Electronic Industries Ltd. (TASE: ELRN) ("Elron") announced, further to Elron's Immediate Report issued on August 5, 2018, the detailed results from the ImpACT-24B clinical trial conducted by BrainsGate Ltd. ("BrainsGate") presented at the World Stroke Congress in Montreal on October 20, 2018, as follows:

In the predefined primary analysis, the primary efficacy endpoint was assessed in two populations: 1) the Confirmed Cortical Involvement (CCI) population, which was a subset of the mITT population (n=520) and 2) the modified Intent to Treat (mITT) population (n=1,000).

The net effect measured in the study in the CCI population was 9.7% (p=0.0258), marginally above the 0.025 statistical significance threshold for that group, while the ImpACT-24B did not achieve its efficacy endpoint for the mITT population (net effect 3.2%, p=0.31).

The CCI patient group encompasses approximately 50% of the patients in the trial and is characterized, inter alia, by more serious stroke events in relation to the general stroke population. In this group, the amount of patients treated with SPG stimulation who were unable to walk and attend to bodily needs without assistance, or were bedridden, incontinent and required constant nursing care and attention (mRS 4-5) was approximately a third less (20% compared to 32%) than those in the control group in the three-month follow-up period.

The relationship between SPG stimulation level and patient outcome was highly significant ($p<0.001$).

SPG stimulation was safe both in the mITT population and the CCI population.

The pooled analysis of ImpACT-24A* and B showed a statistically significant and clinically relevant benefit of SPG stimulation in the CCI population.

The conclusion of the trial's Steering Committee is that *"Based on the totality of the evidence, in acute ischemic stroke patients with confirmed cortical infarcts, SPG stimulation started within 24 hours reduces post-stroke disability over the entire outcome range and increases the proportion of patients who are alive and independent 3 months after stroke*."

IMPACT-24B was a randomized, sham-controlled, double-masked study conducted in 72 centers in 18 countries. 1,000 mITT patients were enrolled between 2011 and 2018. The mean time from stroke onset to injection and activation of the implant in both the mITT population and the CCI population was approximately 19 hours. The purpose of the study was to evaluate the safety and

efficacy of SPG stimulation with an injectable implant, initiated within 24 hours from stroke onset, in patients with acute ischemic stroke in the anterior circulation. The primary efficacy endpoint was final global disability level better than expectation at 3 months after stroke.

The above estimates are forward-looking in nature, as defined in Israel Securities Law, 5728-1968, and are based on information existing in BrainsGate as of the date of this immediate 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 cause material differences are: further analysis of the ImpACT-24B results, which may alter 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; feedback from the medical and scientific community; or if any risk associated with the data analysis and/or regulatory filing occurs.

BrainsGate is approximately 30% held by Elron.

* The previous clinical trial conducted by BrainsGate, as described in Section 24.10 of Part I of Elron's Annual Report for 2017 published on March 22, 2018.