



ELRON - INVESTOR PRESENTATION

April 2019

ELRON



COMMENTS



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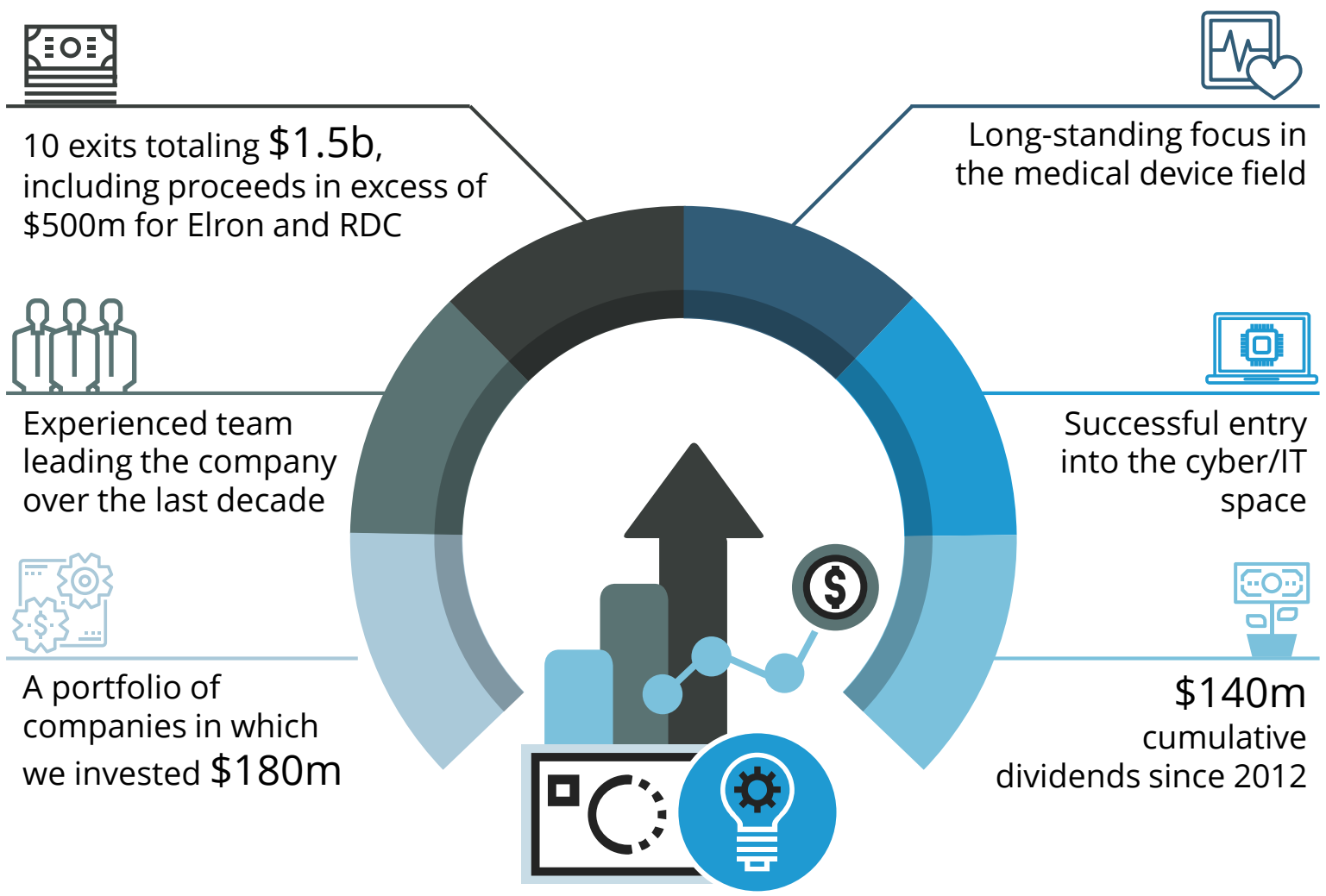
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All amounts are fully attributed to Elron and RDC unless specified otherwise.

BUILDING VALUE IN VENTURE CAPITAL INVESTMENTS



1960s
Defense
Elbit

1970s
Medical Imaging
Elscint

1980s
Semiconductors
Orbotech | Zoran

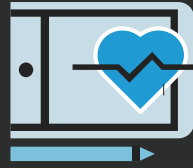
1990s
Communications
Netvision | Partner

2000s
Multi-strategy
Given Imaging

2010s
Medical Devices
Medingo

2020s
Cyber/IT

BUILDING VALUE IN VENTURE CAPITAL INVESTMENTS

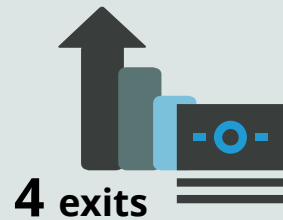
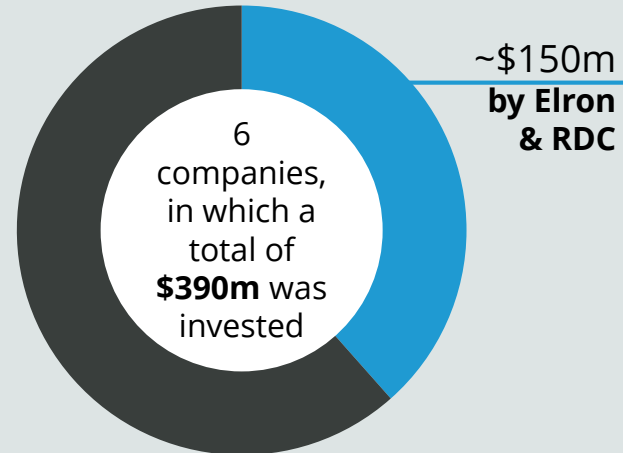


MEDICAL DEVICES

Elron's field of focus in the last decade

BALANCED MATURITY BETWEEN INITIAL R&D STAGE START-UPS THROUGH COMPANIES IN ADVANCED STAGES

Current portfolio:



in the last decade generating **\$466m** in proceeds for Elron & RDC, reflecting a **2.6x multiple** on investment

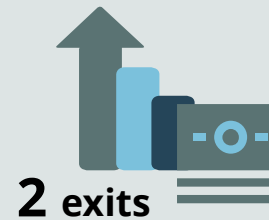
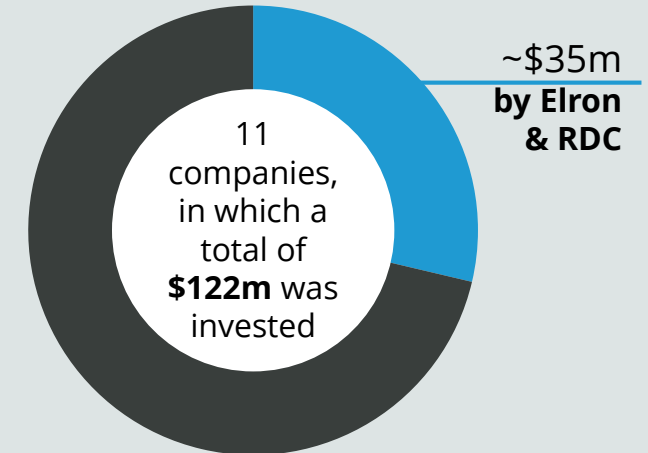


CYBER/IT

Developing the field for the next decade

NEW VERTICAL IN THE LAST 3 YEARS

Current portfolio:



in the last 2 years generating **\$35m** in proceeds for Elron & RDC, reflecting a **3.25x multiple** on investment, in an avg. of **~3 years**

TEAMWORK

An experienced team which led 10 exits, dozens of investments, and follow-on financings totaling hundreds of millions of \$s over the last decade



ARI BRONSZTEIN
CEO

Extensive experience in managing and investing in hi-tech companies. Served as a director in several large companies, including CellCom, Hadera Paper, Maxima, and Given Imaging until its sale to Covidien in 2014. Has been with Elron since 2009.



YARON ELAD
CFO

Extensive finance experience. Established and manages Elron's portfolio of IT investments. Led Elron's investment in Cloudyn which was successfully sold to Microsoft in 2017, and the sale of Jordan Valley and Safend. Has been with Elron since 2007.



ZVIKA SLOVIN
VP Medical Devices

Broad experience in the medical device space as an entrepreneur and investor. Led Elron's investment in Medingo which was successfully sold to Roche in 2010, and the investment and sale of Sync-Rx and Kyma. Has been with Elron since 2008.

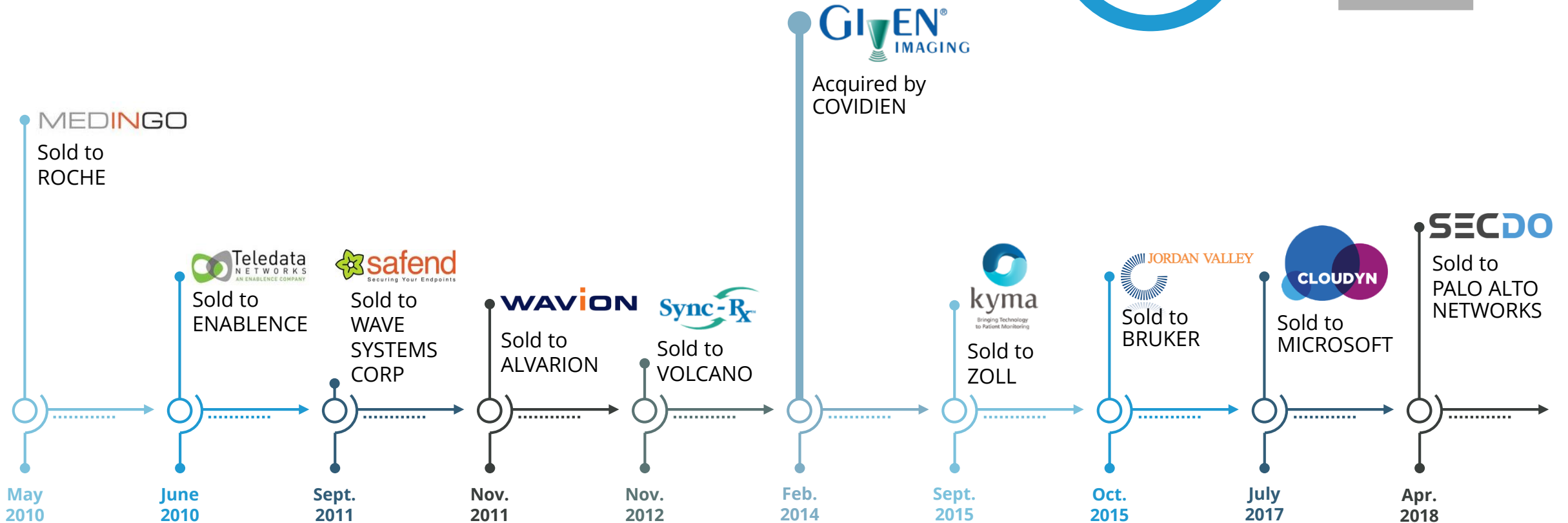


ZOHAR ROZENBERG
VP Cyber Investments

Col. Ret. Headed the IDF's Cyber Division in the Intelligence Corp 8200 unit. Established Elron's cyber portfolio and successfully led the investment and exit of Secdo in 2018. Has been with Elron since 2016.

ELRON RDC

EXITS AT A VALUE OF \$1.5B

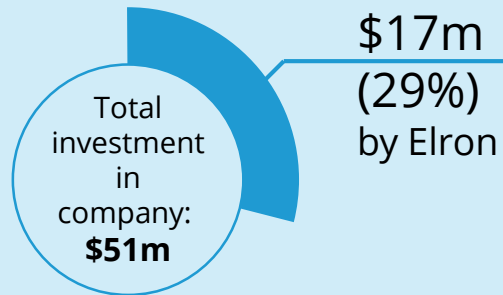


AT THE PIVOT OF OUR ACTIVITY



CARTIHEAL

Implant for cartilage and bone regeneration in load-bearing joints



MAIN PARTNERS:
Johnson & Johnson,
Accelmed, aMoon,
Bioventus

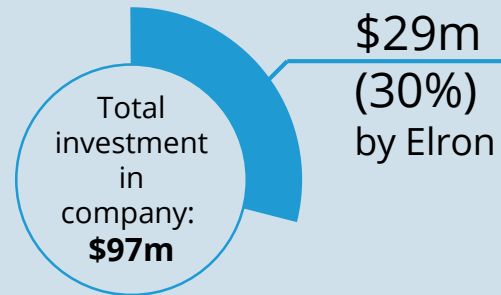


FOUNDED: 2009
OUR FIRST
INVESTMENT:
2012



BRAINSGATE

Electrical stimulation-based treatment for ischemic stroke



MAIN PARTNERS:
Johnson & Johnson,
Medtronic, Boston
Scientific, Pitango,
Cipio Partners

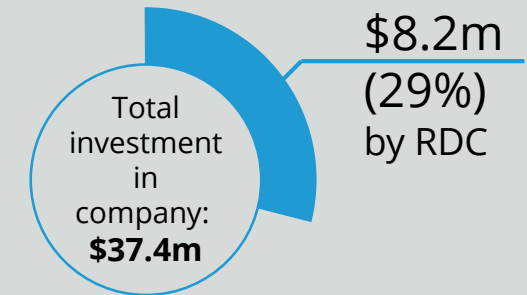


FOUNDED: 2000
OUR FIRST
INVESTMENT:
2005



OPENLEGACY

Automated API integration platform that speeds digital transformation



MAIN PARTNERS:
CommerzBank,
Cardiff/Cathay, OG Tech,
Leumi Partners, Prytek,
Silverhorn





FOUNDED: 2013
OUR FIRST
INVESTMENT:
2014





CARTILAGE & BONE REGENERATION IN JOINTS SUCH AS THE KNEE

Cartilage injuries affect millions of patients worldwide. The need for a simple, fast, and off-the shelf solution to restore cartilage is an **unmet challenge facing medicine today.**

 >400 patients were treated to date with the implant in a series of clinical trials

 In Sep. 2017 a pivotal clinical trial was initiated for FDA marketing approval of the implant in the treatment of traumatic and osteoarthritic defects in the knee: 150 patients enrolled to date

 CE mark in hand with a broad indication allowing for sales in Europe

 **IN THE NEXT YEAR: After 250 patients are enrolled, an interim analysis of the trial's results will take place**



▶ 3 weeks post-op

▶ 6 weeks post-op

▶ 12 months post-op





ELECTRICAL STIMULATION-BASED TREATMENT FOR ISCHEMIC STROKE

The annual number of new ischemic strokes in the USA is approximately 700,000. The current treatment for stroke is very limited.



In Mar. 2018 the company completed the largest stroke trial ever done: 1,000 patients, **treated on average 19 hours after stroke onset**



IN THE NEXT YEAR:
The company intends to submit an application for FDA marketing approval



Trial results among cortical stroke patients (50% of the trial population*) demonstrated that SPG stimulation:

- reduced disability
- reduced the no. of dependent pts. by ~1/3 compared with the control group

tPA
clot-busting drug

~7% of stroke patients receive tPA

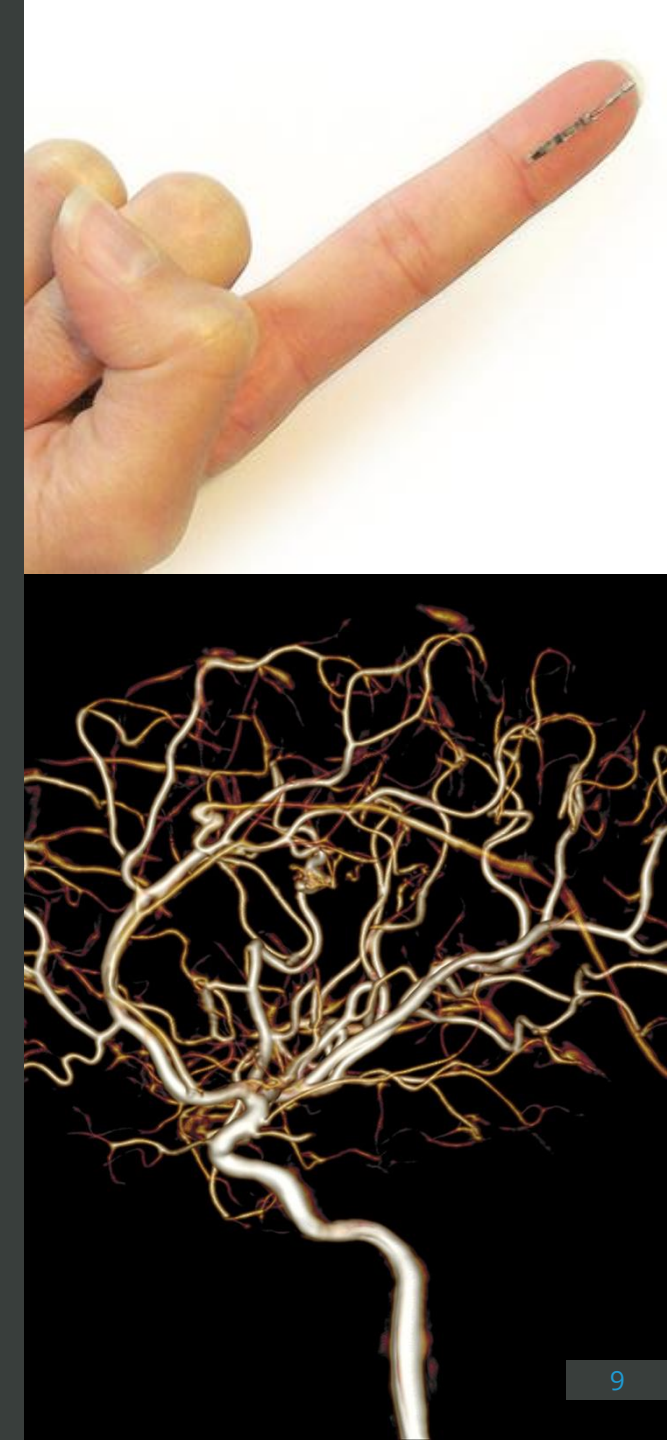
MECHANICAL THROMBECTOMY:
clot removal or aspiration with a catheter

~5% of stroke patients undergo the procedure

This slide contains forward-looking information as defined in Section 32A of the Israel Securities Law, 5728-1968. See Slide 2 of this presentation.

BrainsGate's system is an investigational device, not approved for marketing.

* BrainsGate estimates that ~25% of ischemic strokes are cortical.



BRAINSGATE'S FDA TRIAL RESULTS



ImpACT-24B: SPG stimulation started within 24 hours reduced disability in a broad category of cortical stroke patients (50% of the trial population)

PROFILE

The longest clinically tested treatment window – on average, patients were treated 19 hrs after stroke onset

 Performed by MDs (mostly neurologists)

EFFICACY

Large effect size (9.7%) among cortical stroke patients, marginally missed statistical significance (p=0.0257)

 Pooled analysis of ImpACT-24A & B showed a statistically significant (p=0.005) and clinically relevant benefit among cortical stroke patients

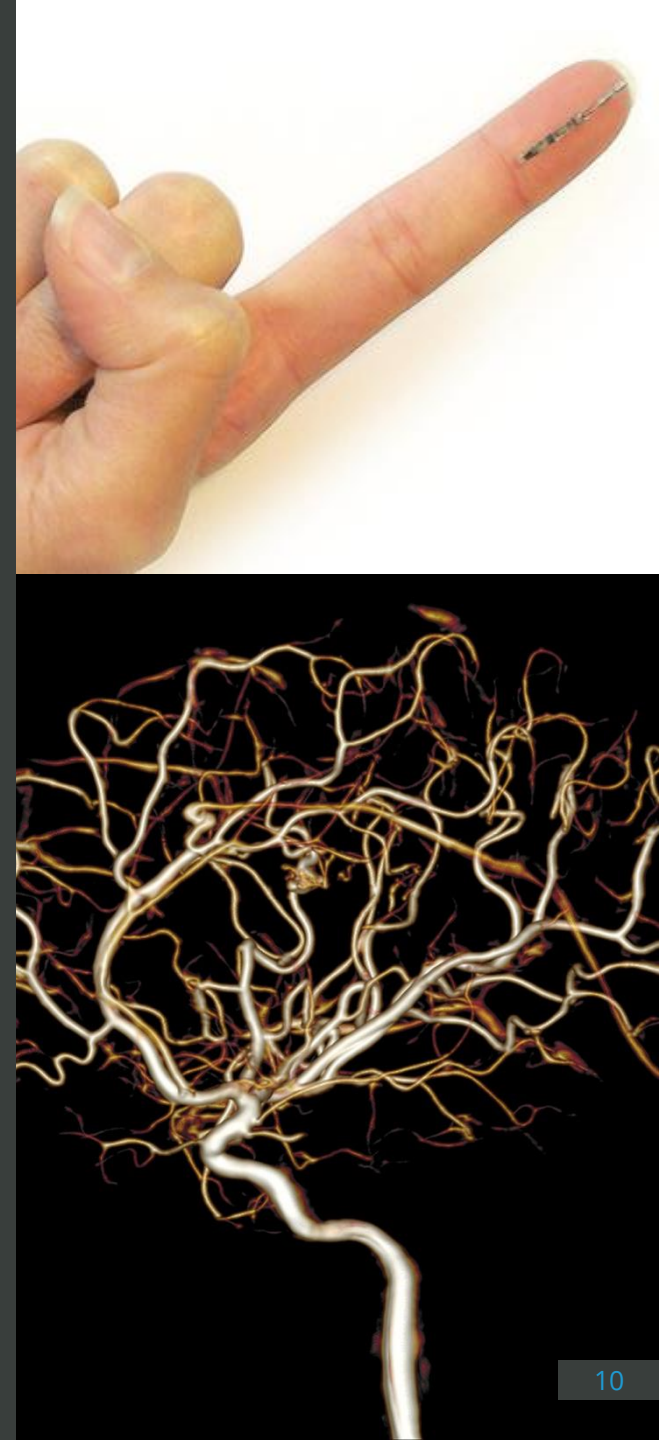
 Neutral effect in general trial population

SAFETY

SPG stimulation was safe across all patient groups

MODE OF ACTION

A strong dose-response relationship between stimulation level and patient outcomes was revealed (p<0.001)



FROM LEGACY SYSTEM TO APPLICATION IN RECORD SPEED

PARTNERS:

COMMERZBANK 


O.G. TECH VENTURES


 **PRYTEK**
GLOBAL INVESTMENT &
TECH TRANSFER PLATFORM


 **CARDIF**


 **Leumi Partners**


 **Silverhorn** 瑞峰

ELRON

 Raised \$30m in financing round from leading strategic investors

 Team of 100 employees, in 8 locations worldwide

 The co's first multi-million-\$ transaction with a global banking customer (money transfer API production) demonstrated:

 Over 20 customers worldwide, including 1st-tier insurance & banking corps

- API performance: 5x faster than existing solution
- >75% reduction in labor cost (20 vs. 120 FTEs)
- Multiple middleware products bypassed (\$mn savings)

 **IN THE NEXT YEAR:
Leverage latest financing round to accelerate global sales**



ELRON CYBER/IT



THE NEXT DECADE: CYBER & IT



LEADERSHIP

ZOHAR ROZENBERG VP Cyber Investments

Over 20 years of experience; previously Head of the IDF's Cyber Department; joined Elron in 2016 and established its cyber activities

YARON ELAD CFO

Leads the IT field; led the investment in Cloudyn which was successfully exited in 2017



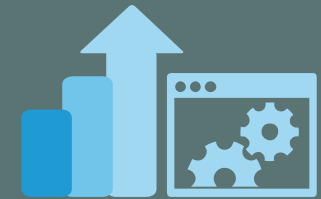
RAFAEL

RAFAEL (through RDC, a joint venture)

Vast experience in technological projects, extensive knowledge in the cyber and IT spaces, well-established practice of serving as a design partner / beta site for group companies, and often as their first major customer



INVESTMENT



\$45m

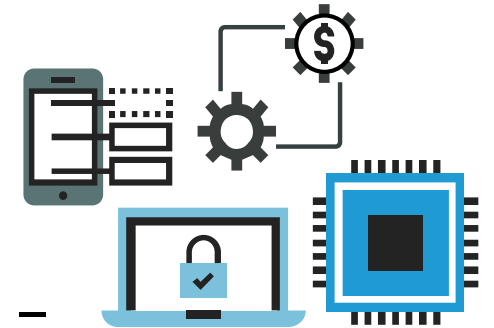
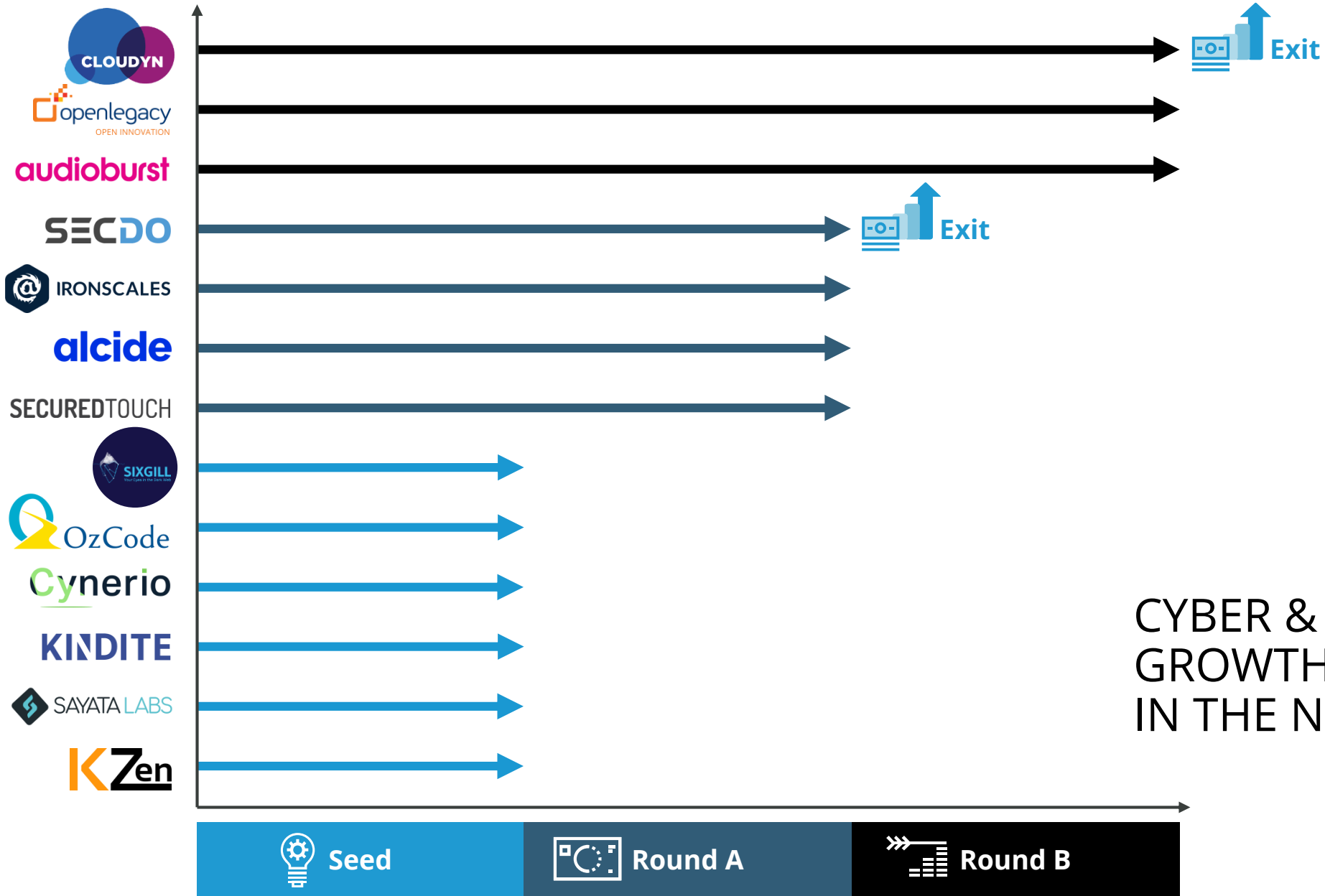
A total of 13
investments
to date

\$35m

proceeds
from 2 exits

\$60m

based on last
financing round
in our 11
portfolio co's



CYBER & IT -
GROWTH CATALYST
IN THE NEXT DECADE

Microsoft confirms Cloudyn acquisition, sources say price is between \$50M and \$70M

Ingrid Lunden, Ron Miller 2 years ago



Israeli digital services co OpenLegacy raises \$30m



Israeli mobile security co SecuredTouch raises \$8m



Israeli debugging co OzCode raises \$3.5m

Palo Alto Networks buys Israeli cybersecurity co Secdo for \$100m



KZen raises \$4 million to bring sanity to crypto wallets

John Biggs @johnbiggs / 5 months ago



On The Forefront Of Israeli Cybersecurity Innovation And Investment Strategy



Christopher P. Skroupa Contributor
Leadership Strategy
I focus on the intersection of government, Wall Street & main street.

Cybersecurity Startup Alcide Raises \$7 Million

Alcide's cloud security platform provides DevOps, security, and engineering teams with simplified tools to manage and protect data centers against cyber attacks

Encryption Startup Kindite Raises \$4 Million

Kindite develops a cloud-based platform designed to automate the encryption of organizational data as well as process encrypted data without viewing its content

Meir Orbach 16:15 16.10.18

Hospital cybersecurity co Cynerio raises \$7m



TOP HEADLINES ON OUR CYBER/IT COMPANIES

**SAMSUNG
NEXT**



**CE
VENTURES**



**Boston
Scientific**

INVESTMENT
PARTNERS



Medtronic



~\$180M
 INVESTED IN
 COMPANIES,
 ~\$35M
 LIQUIDITY
 BALANCE,
 ~\$75 MARKET
 CAP, NO DEBT

Holdings in companies ¹	Book value at Dec. 31, 2018 (\$m)	Amount invested (\$m)	Our holdings based on valuation of last financing round ³ (\$m)
Medical:			
Pocared (56%)	7.7	70.2	
BrainsGate (27%)	1.6	29.1	
CartiHeal (27%)	3.6	16.9	
Other medical companies	13.7	23.4	
Total Medical Holdings	26.6	139.6	108.2
Total Cyber/IT Holdings	8.8	23.6	41.8
Others	5.9	19.1	6.5
Total Holdings	41.3	182.3	156.5
Fair value of contingent consideration from sale of companies ²	0.9	0.9	0.9
Cash (as of Mar. 31, 2019) ²	13.8	13.8	13.8
Financial assets, net (as of Mar. 31, 2019) ²	21.0	21.0	21.0
TOTAL	77.0	218.0	192.2
Price per share on TASE (in \$) (as of Mar. 31, 2019)		\$2.53	
Elron's market value (as of Mar. 31, 2019)		75.2	

¹ Includes Elron's direct holdings and its effective indirect holdings through RDC. Includes investments made after Dec. 31, 2018.

² Includes Elron's balance and 50.1% of RDC's balance.

³ The amount includes: A) \$103.3m calculated based on the "post-money" valuation of the last financing round in the companies multiplied by our fully diluted holding percentage. It is clarified that these are financing rounds that were carried out in different companies at different dates, and since which, in some cases, significant time has passed. In some of the financing rounds Elron and/or RDC opted not to participate; B) investments in companies presented at fair value in Elron's financial statements totaling \$17.4m (mainly Notal Vision and Aqwise); C) investment in Pocared in the amount of \$35.8m based on a valuation determined with the assistance of an external appraiser as of Dec. 31, 2018 and which is included in Elron's periodic report.

⁴ The above financial data do not represent a valuation, investment advice, or a financial opinion of any kind.

SUMMARY



~\$215M

Total cash balance & investments
in existing companies



EXPERIENCED TEAM

leading the company over the last decade



10 EXITS

in recent years



MATURE PORTFOLIO OF COMPANIES



IN THE NEXT YEAR

Value-building events in
pivotal companies



**INVESTMENT OPPORTUNITY IN A
PUBLIC COMPANY IN THE VC SPACE,
PROVIDING THE WIDER PUBLIC
WITH ACCESS TO PRIVATE START-UPS**


THANK YOU. ELRON

elron.com






OUR MEDICAL DEVICE COMPANIES

CARTIHEAL 

Implant for cartilage and bone regeneration in load-bearing joints

29%


Our investment: **\$17m**

BRAINSGATE 

Electrical stimulation-based treatment for ischemic stroke

30%

Our investment: **\$29m**

POCARED 

Rapid and automated microbiology laboratory system

70%
by Elron & RDC


Our investment: **\$83m**

NITINOTES 

Minimally invasive endoscopic device for treatment of obesity

31%


Our investment: **\$3m**

CORAMAZE 

Transcatheter mitral valve repair system

36%

Our investment: **€5.2m**

NOTAL VISION 

Remote monitoring of patients with age-related macular degeneration

14%

Our investment: **\$13.5m**



OUR CYBER/IT COMPANIES

OPENLEGACY



Automated API integration platform that speeds digital transformation

29%
by RDC

Our investment:
\$8.2m

ALCIDE



Universal security and management platform for hybrid data centers

26%

Our investment:
\$3.9m

SIXGILL



Cyber intelligence platform that automatically & covertly analyzes the dark web

22%

Our investment:
\$3.5m

SECURETOUCH



Behavioral biometrics-based user authentication for mobile apps

28%
by RDC

Our investment:
\$4.5m

IRONSCALES



Automated phishing prevention, detection & response platform

24%
by RDC

Our Investment:
\$2.5m

CYNERIO



Protecting the connected medical device ecosystem from cyber threats

24%
by RDC

Our investment:
\$2.3m

KINDITE



Encryption platform that makes the cloud blind to data & encryption keys

28%
by RDC

Our investment:
\$2.5m

OZCODE



Debugging-as-a-Service (DaaS) that cuts debugging time to minutes

27%
by RDC

Our investment:
\$2.5m

KZEN



Crypto wallet that doesn't compromise between security and user experience

8%

Our investment:
\$0.9m

SAYATA



Automated, AI-based cyber risk assessment solution for the insurance industry

21%
by RDC

Our investment:
\$2.5m