

# ELRON

## English Translation of Immediate Report Filed with the Israeli Securities Authority on April 10, 2018

Tel Aviv, April 10, 2018 – Elron Electronic Industries Ltd. (TASE: ELRN) ("Elron") today announced that, Cyber Secdo Ltd. ("Secdo") and its shareholders, have signed a definitive agreement with Palo Alto Networks (Israel) Ltd. (the "Acquirer"), for the acquisition of the entire outstanding share capital of Secdo (the "Transaction"). Secdo is held, inter alia, by Elron's 50.1% subsidiary, RDC-Rafael Development Corporation Ltd. ("RDC"). Secdo is operating in the field of automatic detection and investigation of cyber events in organizations through a platform that protects endpoints.

Pursuant to the definitive agreement and insofar as the Transaction is completed, RDC will receive an amount of approximately \$18 million subject to purchase price adjustments (of which an amount of approximately \$3 million will be deposited in escrow for a period of 18 months, mainly in order to secure certain indemnification obligations of the selling security holders to the Acquirer).

Elron expects to record a net gain with respect to the Transaction of approximately \$8 million, representing Elron's share of the net gain estimated at this stage to be recorded by RDC.

According to the definitive agreement, the Acquirer is entitled to certain indemnities in connection with the Transaction, as is customary in transactions of this type, from the selling security holders. The completion of the Transaction is subject, among other things, to customary closing conditions including, inter alia, obtaining applicable regulatory approvals.

There is no assurance as to the completion of the Transaction or the timing thereof.

For additional details regarding RDC's holdings in Secdo see Note 3.B.4.k) to Elron's annual financial statements filed on March 22, 2018.

The completion of the Transaction and its impact on Elron are forward-looking information, as defined in Section 32A of the Israel Securities Law, 5728-1968, and is based on Elron's assessment, estimation and information, which relates to a future event whose occurrence is not certain and which is not within the sole control of Elron, and other factors which may cause a materially different result.

Reason for which reporting was delayed:

The report on the Transaction was delayed in accordance with Regulation 36 (b) of the Israel Securities' Regulations (Periodic and Immediate Reports), 1970, due to Elron's concern based on Secdo's assessment, in light of information provided to it by the Acquirer, that publication of the report prior to the signing of the definitive agreement could prevent the signing of the definitive agreement and the consummation of the Transaction.

On April 10, 2018, at 11:00 the impediment was removed due to the signing of the definitive agreement.