

ELRON

Translation of Immediate Report Filed by Elron on January 31, 2021 with the Israeli Securities Authority

Tel-Aviv, January 31, 2021 – Elron Electronic Industries Ltd. (TASE: ELRN) ("Elron") today announced that Alcide IO Ltd. ("Alcide") and its shareholders (including Elron), have signed a definitive agreement with Rapid7 Inc. (the "Acquirer") for the sale of the entire outstanding share capital of Alcide (the "Transaction") and that the Transaction was simultaneously completed.

Alcide is developing and marketing a security platform for Kubernetes from code-to-production.

Elron held approximately 24% of Alcide's share capital on a fully diluted basis.

Pursuant to the Transaction, Elron will receive an amount of approximately \$12 million (of which an amount of approximately \$1.3 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 is expected to record a gain with respect to the Transaction of approximately \$11.5 million.

According to the Transaction, 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 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 assessment, based on Alcide's assessment, following 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 January 28, 2021, at 23:15 IDT the impediment was removed due to the signing and closing of the Transaction.