



Total dividend distribution of \$15 million - divided into two dividend components

Part I:

English translation of Immediate Report filed with the Israeli Securities Authority on October 9, 2024 correcting an Immediate Report filed earlier on October 9, 2024

At the request of the Tel Aviv Stock Exchange, the Immediate Report on the dividend has been separated into two separate Immediate Reports (the "Reports") : (a) A corrective Report which includes details regarding the dividend parameter which does not satisfy the profits test (as defined in the Companies law, 1999) in the amount of approximately \$5.6 million and (b) the dividend parameter out of profits available for distribution in the amount of approximately \$9.4 million which was reported separately immediately thereafter. The total dividend in both reports is \$15 million and is unchanged. Furthermore, in light of the above description, the dividend per share with regard to each of the parameters has been updated, but the total dividend per share in both Reports is \$0.28438 and is unchanged.

The update to the payment currency in NIS (in exchange for US Dollar) will be according to the representative rate of exchange as of November 1, 2024.

1. We hereby announce that on October 8, 2024, it was decided to pay a dividend in respect of the Company's shares.
2. The amount of the dividend to be paid is \$5,621,000
3. The balance of the Company's profits as defined in Section 302 of the Israel Companies Law, 1999 following the distribution reported herein, amounts to \$0
4. The approval procedure of the dividend distribution: Approval of the Board of Directors on October 8, 2024, based on the approval of the Court of May 2, 2024 to approve a distribution that does not meet the profits test (as such term is defined in the Companies law – 1999)

This distribution is with the Court's approval in accordance with Section 303 of the Israel Companies Law, 1999: Yes

5. The record date: October 21, 2024. The Ex-Dividend Date: October 21, 2024. The payment date: November 3, 2024
6. Payment details:

Dividend distributed by an Israel-resident company (for the composition of the dividend resources and tax rates- see section 7.A).

Eligible security no.	Security name	Dividend amount per share	Dividend amount currency	Payment currency	Exchange rate date for payment	Taxation of individual holders %	Taxation of corporate holders %
749077	Ordinary shares	0.1065648	U.S. dollar	NIS	1.11.2024	25	23

Is the dividend amount per security final: No

The dividend amount per share is subject to changes due to: the possibility of option exercises.

7. the tax rates detailed below are for tax deduction

7A. Composition of Dividend Sources Distributed from an Israeli resident company and financial instruments, except for Reit fund

	% of Dividend	Individuals	Companies	Non-residents
Income subject to Corporate Tax (1)	0	25%	0%	25%
Income sourced outside of Israel (2)	0	25%	23%	25%
Income from "Approved Enterprise"/beneficiaries (3)	0	15%	15%	15%
Income from Ireland "Approved Enterprise" until 2013 (4)	0	15%	15%	4%
Income from Ireland "Approved Enterprise" from 2014 (5)	0	20%	20%	4%
Preferred Income	0	20%	0%	20%
Income from tourist/agricultural "Approved Enterprise" (6)	0	20%	20%	20%
Income from "Approved Enterprise" who gave a waiver notice (7)	0	15%	0%	15%
Distribution classified as capital gain	100%	25%	23%	0%
Distribution by participation unit	0	0	0	0
Other	0	0	0	0

Explanation:

- (1) Income subject to Corporate Tax – income from distribution of profits or from dividend, sourced from income produced or generated in Israel and received, directly or indirectly, from another company which is subject to Corporate Tax.
- (2) Income sourced outside of Israel is income generated outside of Israel which was not taxed in Israel.
- (3) Including income from a tourist beneficiary enterprise in which the election year is until 2013.
- (4) Ireland Approved Enterprise in which the election year is until 2013.
- (5) Ireland Approved Enterprise in which the election year is from 2014 onwards.
- (6) Including income from a tourist beneficiary enterprise in which the election year is from 2014 onwards.
- (7) Approved Enterprise that gave a waiver notice until June 30, 2015, after deduction of corporate tax.

7B. Dividends distributed by a non-resident company

	Individual	Companies	Non-resident Companies
Dividends distributed by a non-resident company	25%	23%	0%

7C. Dividends distributed by Real Estate Investment Fund

	% of Dividend	(1) Individuals	Companies	Non-resident Companies	Exempt Trust Funds	Provident Funds (2)
Real estate appreciation, capital gain and depreciation (3)	-	25%	23%	23%	0%	0%
Other taxable income (such as: rent)	-	47%	23%	23%	23%	0%
From yielding real estate for rental housing purposes	-	20%	20%	20%	0%	0%
Income charged by the fund (4)	-	25%	0%	25%	0%	0%
Extraordinary income	-	70%	70%	70%	60%	70%
Other	-	-	-	-	-	-
% weighted withholding tax	100%	-	-	-	-	-

(1) Individuals - including the introduction of a compulsory trust fund, non-resident individuals

- (2) Provident fund for annuity or rewards or compensation as defined in the Income Tax Ordinance as well as a foreign provident fund or pension fund that is a resident of a compensating country.
- (3) Real estate appreciation or capital gain, except from the sale of real estate held for a short period, as well as from income in the amount of depreciation expenses
- (4) Distribution from income taxed by the fund in accordance with Section 64a4 (e).

8. Number of the Company's dormant securities non-eligible for dividend payment, in respect of which a dividend payment waiver must be provided: _____

9. The dividend distribution's impact on convertible securities:

Name of security	No. of Security	Comments
Elron Op for Employees	7490253	Other If the Company distributes cash dividend to its shareholders, and the Ex-dividend date will be after the date of allotment of the options but before the date of exercise, the exercise price of each un-exercised option prior to the lapse of the aforementioned Ex-dividend date will be reduced by the full amount of the gross per-share dividend which was distributed.

10. Recommendations and decisions of the Board of Directors in connection with the dividend distribution pursuant to section 37(a)(1) of the Israel Securities Law, (Periodic and Immediate Reports, 1970):

The following are the factors examined by the Board of Directors at the time of taking the distribution decision relating to its compliance with the solvency test:

1. The Board of Directors was presented with data regarding the financial position of the Company, including, the absence of debt, data regarding the asset balance and liquid resources balances of the Company, the rate of use of cash, the investment plan of the Company as well as an economic opinion submitted to the Court at the time of the application for a distribution to the Court, in relation to the ability of the Company to satisfy its obligations.
2. Following examination of the above information presented to the Board of Directors, the Board of Directors decided to approve the distribution based on the following reasons:
 - 2.1 The Court approval was received for distribution in accordance with Section 303 of the Israel Companies Law, 1999 which expires on November 3, 2024.
 - 2.2 The Company currently has no obligations towards third parties except for immaterial amounts in the ordinary course of business. Therefore, the Company's Board of Directors believes that the Company has the ability to meet its existing and expected obligations as and when they fall due (solvency test), taking into consideration, inter alia, the economic opinion as approved by the Board and submitted to the Court.
 - 2.3 In the view of the Board of Directors, the distribution has no material impact on the Company's activities, as currently contemplated.
 - 2.4 The requested amount of the distribution is from the Company's cash balances and in the view of the Company's Board of Directors, the liquidity position of the Company enables the dividend distribution while allowing the Company to maintain a suitable investment plan in new and existing companies. The distribution also takes into account the fact that the Company holds a portfolio of mature cyber companies with significant value potential considering the current state of the cyber market in Israel.

2.5 The distribution of the proposed distribution enables the sharing of the Company's profits and the positive results of its activities with the shareholders on the one hand, while leaving resources to enable the support of existing portfolio companies as well as the strategy of making new investments on the other hand.

In light of all the above, the distribution is for the benefit of the Company and its shareholders.

PART II:

1. We hereby announce that on October 8, 2024, it was decided to pay a dividend in respect of the Company's shares.
2. The amount of the dividend to be paid is \$9,379,000
3. The balance of the Company's profits as defined in Section 302 of the Israel Companies Law, 1999 following the distribution reported herein, amounts to \$0
4. The approval procedure of the dividend distribution: Approval of the Board of Directors on October 8, 2024.

This distribution is with the Court's approval in accordance with Section 303 of the Israel Companies Law, 1999: No

5. The record date: October 21, 2024. The Ex-Dividend Date: October 21, 2024. The payment date: November 3, 2024

6. Payment details:

Dividend distributed by an Israel-resident company (for the composition of the dividend resources and tax rates- see section 7.A).

Eligible security no.	Security name	Dividend amount per share	Dividend amount currency	Payment currency	Exchange rate date for payment	Taxation of individual holders %	Taxation of corporate holders %
749077	Ordinary shares	0.1778102	U.S. dollar	NIS	1.11.2024	25	0

Is the dividend amount per security final: No

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Other	0	0	0	0

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Extraordinary income	-	70%	70%	70%	60%	70%
Other	-	-	-	-	-	-
% weighted withholding tax	100%	-	-	-	-	-

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