

English translation of Immediate Report filed with the Israeli Securities Authority on January 11,2024

1. We hereby announce that on January 11, 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 NIS96,500,000
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 \$8,939,000.
4. The approval procedure of the dividend distribution: Approval of the Board of Directors on January 11, 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: January 22, 2024. The Ex-Dividend Date: January 22, 2024. The payable date: February 5, 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	1.8518238		NIS		25	0

Is the dividend amount per security final: No.

The dividend amount per security is subject to changes due to: the possibility of the exercise of options.

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)	100	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 waiver notice (7)	0	15%	0%	15%
Distribution classified as capital gain	0	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 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 details regarding the Board of Directors' reasons, including the examinations conducted in connection with the decision reached to distribute the dividend:

1. The Company's Board of Directors examined the Company's fulfillment of "the profit test" and "the solvency test" as defined in section 302(a) of the Israel Companies Law, 1999, and following this examination confirmed the Company's fulfillment of these criteria in relation to the said dividend distribution, as detailed below.
2. With regard to fulfillment of the profit test, the Board of Directors approved the said dividend distribution based on the Company's surplus accumulated over the past two years ended on September 30, 2023 (\$34.6 million) which exceeds the dividend amount. After the distribution, the surplus profits will be in the amount of \$8.9 million (based on the Company's interim consolidated financial statements as of September 30, 2023).
3. With regard to fulfillment of the solvency test, the Board of Directors considered the following issues, in relation to the Company's financial position, including its capital structure, the extent of existing and forecasted liabilities of the Company, the minor financial liabilities, liquidity status, investment plans, and the cash balance that will remain in the Company after the distribution of the dividend:
 - a. Data regarding the Company's financial position, including data regarding the Company's liquid balances as of January 11, 2024 (non-consolidated cash and cash equivalents amount to approximately \$69 million), and the cash balance that will remain in the Company after the distribution.
 - b. The Company's anticipated future cash flows, until and including December 31, 2025, taking into account, among others, estimates regarding current expenses and anticipated investments.
 - c. The degree of the Company's financial leverage.
 - d. On the basis of an examination of the above issues, the Board of Directors determined that the Company fulfills the solvency test in relation to the distribution of the aforementioned dividend, that there is no reasonable concern that the distribution will prevent the Company from being able to pay its existing and anticipated debts as and when due and that it is not expected that the distribution will have a material effect on the Company's current activities (in this regard see also Section 20.5 in Part A of the Company's periodic report for the year 2022), including, among other things, in light of the Company's capital structure, its level of leverage, its liquidity, its expected cash flow and its obligations.
4. In light of all of the above, the Company's Board of Directors is of the view that the distribution of the dividend fulfills the distribution tests, that is: that the distribution is of the Company's profits (as defined in section 302(B) of the Israel Companies Law) and that there is no reasonable concern that the distribution will deprive the Company of its ability to pay its existing and anticipated debts as and when due.
5. The Company has generated cash surpluses in large amounts, mainly as a result of the transaction in which the Company's holdings in CartiHeal (2009) Ltd. ("CartiHeal") were sold.
6. The Board of Directors also determined that the distribution of the proposed dividend is an acceptable and appropriate way to share the Company's profits and the positive results of its activities with the shareholders. The amount of the dividend originates mainly from the proceeds that the Company received this year from the realization of CartiHeal.

The anticipated data and estimates set forth in Section 10(3) above constitute forward-looking information, as defined in the Israel Securities Law, 1968, that is based on an analysis of the data detailed in Section 10(3) above conducted by the Company. These anticipations and estimates may not be realized, in whole or in part, or they may be realized in a materially different manner from that anticipated, due, among other things, to: changes in capital market conditions, changes in venture capital industry conditions, changes in exchange rates and interest rates, political and national security-related changes, including with respect to developments of the 'Iron Swords' war, regulatory changes which may affect the operations of the Company and its group companies, conditions of the different markets in which the Company's group companies operate, and liability exposure related to representations made and assets held in escrow in the course of exit transactions effected by the Company.

Please Note: The dividend per share payable to foreign resident shareholders listed directly or indirectly via Cede & Co in the register administered by Issuer Central will be paid in US Dollars based on the US Dollar/New Israeli Shekel representative rate of exchange on February 2, 2024.