

English translation of Immediate Report filed with the Israeli Securities Authority on March 30, 2025

1. We hereby announce that on March 27, 2025, it was decided to pay a dividend in respect of the Company's shares.
2. The amount of the dividend to be paid is \$8,782,000
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 March 27, 2025

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

5. The record date: April 10, 2025. The Ex-Dividend Date: April 10, 2025. The payable date: April 23, 2025

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	0.16613	US Dollar	NIS	22 April 2025	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):

Below are details regarding the reasons provided by the Board of Directors, including the examinations carried out in connection with the decision to distribute the aforementioned dividend:

1. The Company's Board of Directors examined the Company's compliance with the profit test and the solvency test set forth in Section 302(a) of the Companies Law, 1999 (hereinafter: "Companies Law"), and following this examination, confirmed that the company meets these tests with respect to the distribution of the said dividend, as detailed below.
2. Regarding compliance with the profit test, the Board of Directors approved the distribution of the dividend based on the profits (as defined in the Companies Law) accumulated by the Company in the last two years ending on December 31, 2024, corresponding to the amount of the dividend. After the distribution, according to a conservative interpretation of the law, the Company will not have any remaining distributable profits.
3. Regarding compliance with the solvency test, the Board of Directors considered the following factors concerning the company's financial condition, including its capital structure, the volume of existing and expected liabilities, the minor financial obligations, its liquidity status, its investment plans, and the remaining cash balance in the Company after the dividend distribution:
  - a. Data regarding the Company's financial condition, including data about the Company's liquid assets as of March 27, 2025 (liquid assets excluding subsidiaries amounting to approximately \$47 million) and the remaining liquid assets after the distribution.
  - b. The Company's expected future cash flows, taking into account, among other things, estimates regarding operating expenses, expected investments, and the expected receipt of additional cash from the sale of CartiHeal (2009) Ltd. and SixsGill Ltd. ("SixGill") during 2025, totaling approximately \$5 million.
  - c. The Company's low leverage ratio.
  - d. Based on the examination of the above matters, the Board of Directors concluded that the Company meets the solvency test regarding the dividend distribution, that there is no reasonable concern that the distribution will prevent the Company from being able to meet its existing and expected obligations when due, and that the distribution is not expected to have a material effect on the Company's operations in its current form, among other things, considering the Company's capital structure, its leverage, its liquidity, expected cash flow, and obligations.
4. In light of all the above, the Board of Directors believed that the dividend distribution meets the distribution tests. That is, the distribution is from profits (as defined in Section 302(b) of the Companies Law), and there is no reasonable concern that the distribution will prevent the Company from being able to meet its existing and expected obligations when due.
5. The Company has accumulated substantial cash surpluses, primarily as a result of the transaction in which the Company sold its holdings in SixGill Ltd. Such cash surplus will remain following the said distribution.
6. In making its decision, the Board of Directors determined that the said distribution is based on the proceeds from the sale of SixGill, which was completed in 2024 and was not included in the Company's dividend distribution policy (as approved by the Board of Directors on the recommendation of the Compensation Committee in January 2025, as detailed in Section 5.3 of Part A of the Periodic Report, "Dividend Distribution Policy"). It also includes an early distribution based on the receipts from the sale of IronScales Ltd., completed in January 2025 which was included in the Company's dividend distribution policy (and for the avoidance of doubt, no additional distribution will be made regarding this sale).
7. The Board of Directors also stated that the proposed dividend distribution is a reasonable and appropriate way to share the Company's profits and positive results from its operations with its shareholders.
8. The expected data and estimates mentioned in Section 3 above are forward-looking information, as defined in the Securities Law, 1968, based on the analysis of the data detailed in Section 3 above, conducted by the Company. These expectations and estimates may not materialize, in whole or in part, or may materialize in a way that is significantly different from what was expected, among other things, due to changes in capital market conditions, changes in venture capital industry conditions, exchange rates, interest rates, political and security developments including with regard to developments in the Iron Sword War, regulatory changes that may affect the Company's activities and its held companies, market conditions in the various markets where the Company's held companies operate, and exposure to liability for representations and assets group in trust in connection with divestment transactions carried out by the Company.