



**English Translation of Registrant's Immediate Report filed with the Israeli Securities Authority on February 26, 2024**

**Elron Ventures Ltd.  
Registration No. 520028036**

**Form 67**

**Immediate Release Regarding Approach to Court To Approve Distribution**

Regulation 31 (i) of the Securities Regulations (Periodic and Immediate Reports)- 1970

1. On February 22, an application to approve a distribution in accordance with Section 303 of the Israeli Companies Law, 1999 was filed in the District Court of Tel Aviv.
2. The total available profits of the Company prior to the distribution in accordance with section 302 to the Israeli Companies Law: \$418,000.
3. The aggregate amount which the Company is requesting to distribute: \$35,000,000.
4. The amount which the Company is requesting to distribute not out of retained earnings: \$34,582,000.
5. The last date for filing objections to approval of the distribution: 24/03/2024.
6. The place where and the times at which the documents relating to the subject matter of the report may be examined: Company's offices located at ToHa Tower, 114 Yigal Alon St, Tel Aviv. Sunday to Thursday, following coordination by phone with Mrs. Hagit Ben Koresh at 03-6075555 during ordinary working hours.
7. Attached is the notice to creditors in accordance with section 3 of the Companies Regulations (Approval of Distribution).
8. Attached is a disclosure regarding the forecasted cash flow in accordance with Regulation 31(i)(3) of the Securities Regulations (Periodic and Immediate Reports), 1970:



**Notice to creditors in accordance with section 3 of the Companies Regulations**  
**(Approval of Distribution):**

Notice is hereby given in accordance with the provisions of the Companies Act, 1999 (the “Companies Law”) and the Companies Regulations (Approval of Distribution), 2001, that on February 26, 2024, Elron Ventures Ltd. (the “Company”) filled an application to the Economic division of the District Court of Tel Aviv- Jaffa, within the framework of which the Company is seeking court approval to make a distribution under section 303(a) of the Companies Law (the “Application”).

The Company’s creditors are entitled to apply to court to object to the Application within thirty (30) days from the date of the filing of the Application or by such later date as determined by the court.

Subject to the approval of the Court, the requested distribution will be carried out by way of cash dividend distribution to the Company’s shareholders, not out of its profits in the amount of approximately US \$34.6 million as detailed in the Application. It should be noted that the requested distribution is part of a total distribution of \$35 million, part of which (approximately \$0.4 million) is from the Company’s profits.

The Company’s shareholders equity according to its annual Financial Statements as of December 31, 2023, is approximately \$129,008 thousand. Following the requested distribution (as well as additional distribution made in February 2024) the Company’s shareholders’ equity will amount to \$67,526 thousand.

The Company’s creditors are permitted to examine the entire Application, and also make a copy at the creditor’s expense, at the Company’s registered office at ToHa Tower, 114 Yigal Alon St, Tel Aviv, Sunday through Thursday during ordinary working hours, after prior coordination by telephone: 03-6075555. In addition, the Company’s creditors are permitted to receive information regarding the proceedings and decisions taken by the Court, including information about deadline for filing objections to the Application for approval of the distribution, if the court determined a date later than thirty days from the date of the filing of the Application. Adv. Ofer Hanoh and or Ran Ben Ari from Gross & Co., may be contacted at 03-6074510.



**Forecasted Cash Flow in Accordance with Regulation 31(i)(3) of the Securities Regulations (Periodic and Immediate Reports), 1970:**

Tel Aviv, February 22, 2024, Elron Ventures Ltd. (TASE: ELRN) ("Elron") announces that in accordance with Regulation 31(i)(3) of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970, below is the forecasted cash flow of the company for a period of two years starting on January 1, 2024, and ending on December 31, 2025.

The said cash flow is based on the cash flow principles included in the financial opinion regarding the solvency test submitted to the court as part of the application for approval of a distribution based on conservative assumptions and excluding realization assumptions.

<b>\$ thousands</b>	<b>Note</b>	<b>2024</b>	<b>2025</b>
<b>Cash and cash equivalents opening balance</b>	<b>1</b>	19,535	2,951
<b><u>Cash flows from operating activities</u></b>			
Interest income		174	105
Operating expenses		(3,042)	(2,683)
Provisions and changes in working capital		(3,274)	(29)
<b>Total cash flows from operating activities</b>		<b>(6,142)</b>	<b>(2,608)</b>
<b><u>Cash flows from investment activities</u></b>			
Investments in group companies	<b>2</b>	(2,522)	(813)
Realization of investments in tradeable debentures	<b>3</b>	6,002	–
Proceeds from CartiHeal's sale, net	<b>4</b>	43,000	4,000
Partial repayment of a shareholders' loan granted to a subsidiary	<b>5</b>	4,559	–
<b>Total cash from investment activities</b>		<b>51,039</b>	<b>3,187</b>
<b><u>Cash flows from financing activities</u></b>			
Dividend distribution on February 5, 2024		(26,482)	–
Request for additional distribution	<b>6</b>	(35,000)	–
<b>Total cash flows from financing activities</b>		<b>(61,482)</b>	<b>–</b>
<b>Cash and cash equivalents closing balance</b>		<b>2,951</b>	<b>3,530</b>

Below are the assumptions considered for the items detailed above, which were included in the cash flows forecast:



- (1) The cash opening balance is the cash, cash equivalents and deposits balance in the company's books as of December 31, 2023 (solo) in the amount of approximately \$19,492 thousands and an additional amount of approximately \$43 thousands sourced from Elbit Ltd. and DEP Technology Holdings Ltd., which are both wholly owned subsidiaries of Elron. The deposits are immediately convertible to cash as needed.
- (2) Investments in existing group companies amount to a total of approximately \$3.3 million, of which the company committed to invest \$1.3 million.
- (3) Realization of investments in tradeable debentures– the aforementioned flow assumes realization of the balance of the tradeable debentures in accordance with their fair value in the company's books as of December 31, 2023, in the amount of \$6,002 thousands.
- (4) Consideration from CartiHeal's sale – as described in the Company's financial statements as of December 31, 2023, the aforementioned flow includes proceeds from the sale of CartiHeal (2009) Ltd. ("CartiHeal"), completed in January 2024. The company's share of the consideration from the sale consists of an immediate consideration of approximately \$48 million, net of transaction costs, received in January 2024, of which approximately \$5 million was deposited in escrow for a period of 12 -18 months and is expected to be received during 2025.

As part of the said flow, and for conservative reasons only, it was assumed that the company will receive in 2025 only 80% of the funds deposited in escrow, resulting in a total of approximately \$4 million out of the \$5 million deposited in escrow.

Additionally, in accordance with the sale agreement, the company is entitled to receive its share of the contingent consideration in the amount of approximately \$40 million, payable subject to compliance with milestones as defined in the agreement. For conservative reasons, possible proceeds from the contingent consideration were not taken into account as part of the forecasted cash flow.

- (5) Loan repayment from RDC - RDC Rafael Development Corporation Ltd. ("RDC") - as described in the 2023 financial statements (The "Financial Statements"), in March 2021, the company and Rafael – Advanced Defense Systems Ltd. advanced a loan to RDC in an aggregate amount of approximately \$16,000 thousands (in equal parts).

In January 2024, the company's board of directors approved to act to effect the early repayment of half of the loan balance granted by Elron and Rafael, in the total amount of approximately \$9,200 thousands (principal and accrued interest). Elron's share is approximately \$4,600 thousands (principal and accrued interest). The forecasted cash flow takes into account the repayment of half of the aforementioned shareholders loan.

- (6) Request for additional distribution - in the amount of \$35 million, subject to court approval and a further resolution of the company's board of directors.

The cash flow forecast, as presented above, the data included in it, the assumptions, comments, and forecasts underlying it, include forward-looking information, as defined in the Israel Securities Law, 5728- 1968. Forward-looking information is uncertain information about the future, based on information or Company's existing estimations and includes the company's current estimations or intentions. This information, in whole or in part, may not materialize, or may materialize differently, among others, due to developments in the company's and/or its group companies' (including RDC) condition, changes in the business environment and/or regulatory changes, as well as the realization of any of the risks factors described in Section 20 of the chapter "Description of Corporation's Business" under the Company's periodic report for 2023, published on February 19, 2024 (ref. no. 2024-01-015187).