



Translation of Immediate Report Filed by Elron on May 05, 2024 with the Israeli Securities

Authority

Re: DIC enters into a non-binding Memorandum of Understanding for the sale of its shares in Elron

Elron Ventures Ltd (the “**Company**”) hereby updates that on May 05, 2024, Discount Investment Corporation Ltd (“**DIC**”) issued an immediate report in relation to DIC entering into a non-binding memorandum of understanding for the sale of its holdings in the Company (the “**Immediate Report**”); below is the text of the Immediate Report as issued by DIC. It is clarified that wherever the words ‘the company’ appear in the wording of the report below, the reference is to DIC itself.

“The company hereby announces that on May 02, 2024, a non-binding memorandum of understanding has been signed between the company and a foreign venture capital fund (the “**Purchaser**”) regarding the sale of all of the company’s holdings in Elron Ventures Ltd (“**Elron**”) to the Purchaser (the “**Transaction**” and the “**MOU**”).

In accordance with the terms of the MOU, the Transaction, if signed, will be based on a valuation of Elron that will range between \$US82 million to \$US90 million, which reflects, respectively, a value of approximately US\$48.5 million to \$US53.2 million for the company’s holdings in Elron (which constitute about 59.14% of Elron’s share capital). The aforementioned value range is based on the fact that there will not be a significant reduction in the current cash levels of Elron and its subsidiary RDC Rafael Development Corporation Ltd and that the levels of debt and working capital will remain without significant change relative to their current state; however insofar as Elron will effect a distribution, the said value will be adjusted accordingly.

The Transaction is subject, among others, to the completion of due diligence of Elron by the Purchaser and the execution of a binding agreement between the parties (“**Binding Agreement**”). In the MOU, the company has committed towards the Purchaser to exclusivity for a period of 30 days which can be extended by the Purchaser for an additional 15 days, during which period the company and anyone on its behalf will not take actions to promote an alternative offer to the Transaction.

It is clarified that in view of the fact that this is a non-binding MOU, at this stage, there is no certainty whether a Binding Agreement will be signed between the parties and if signed, what its terms will be.”