



Translation of Immediate Report Filed by Elron on January 30, 2022 with the Israeli Securities Authority regarding options grants to employees and officers of Elron

On January 30, 2022, Elron Ventures Ltd filed a report to the Israel Securities Authority announcing that on January 20, 2022, the board of directors of the company approved the grants of 1,261,164 options to purchase 1,261,164 ordinary shares of the Company, par value NIS0.003 each, representing 2.27% of the Company's issued and outstanding shares and 2.2% on a fully diluted basis, to its two of its officers, other employees of the Company and its subsidiary (RDC Rafael Development Corporation Ltd.) and consultants of the Company.

The options were granted subject to the provisions of the Company's stock option plan approved by the Board of Directors on November 21, 2018.

The exercise price of the options was determined based on the higher of the average share price during the 30 trading days prior to the date of board approval and the share price on the last trading day immediately prior to the date of board approval, namely NIS11.06 and in respect of the officers only, plus a 10% premium, namely NIS12.166. The Options will be exercised by way of net exercise (that is, by the value of the benefit inherent in them being "cashless")

The options to the two officers and other employees were granted under Section 102 of the Israeli Income Tax Ordinance, 1961 under the "capital gains" track. Other optionees who were not employees or officers were granted options under Section 3(i) of the Israeli Income Tax Ordinance, 1961.

The grant date will be the date of approval by the board of directors, provided that all approvals for the grant are received.

The options will vest in equal tranches over a period of three years from the date of grant, on each anniversary of the grant date. With respect to the officers, upon the termination of any such officer's employment with the Company, any then unvested options remaining after the lapse of 12 months following a change in control of the Company, shall fully vest.

The options are exercisable for a period of up to five (5) years from the date of grant.

The options and the terms thereof are subject to adjustment upon events described in the Option Plan.

In respect of the officers, and on accordance with the compensation policy of the Company, the option grants were instead of the cash bonus contingent on measurable targets element of the annual bonus for 2022, as permitted under the Company's compensation policy.

The options were granted following approval of the Company's Compensation Committee and Board of Directors.