

**Translation of Immediate Report Filed by Elron on January 13, 2025 with the Israeli
Securities Authority**

**Re: Elron Ventures – Strategic Update, Dividend Distribution Policy, and CEO
Appointment**

The Company hereby announces that on January 12, 2025, the Board of Directors decided on a change to the Company's business strategy as outlined in the Company's 2023 annual report (Reference No. 2024-01-015187). Additionally, the Board has approved, for the first time, a dividend distribution policy and the appointment of a new CEO, as follows:

1. Amendment to Section 19 of Part A of Elron's 2023 Periodic Report – Business Objectives and Strategy, outlining the goals and strategy as follows:

- 1.1 Elron's main goal is to build and realize value for its shareholders through the sale of a portion or all of its holdings to third parties, or the issuance of shares by any of its group companies, while simultaneously pursuing the acquisition of, or investment opportunities in technology companies in Israel and globally, mainly in the fields of deep technologies (deep tech, including defense tech), cybersecurity, and software (SaaS) at different stages of development, and mainly in early growth stages, whereas in recent years, new investments were made primarily in cyber and SaaS companies, at seed stages. Furthermore, on January 12, 2025, the Company's Board of Directors decided on a dividend distribution policy, as detailed below, aimed at establishing a mechanism that will elucidate the manner in which the value generated by the Company is distributed to its shareholders.
- 1.2 Elron's investment strategy is based, inter alia, on identifying and exploiting investment opportunities with significant return potential, and striving to actively enhance their value. The Company believes that this strategy provides the ability to increase shareholder value as well as to create capital to support the growth and success of the group companies and to invest, as appropriate, in new business opportunities. This is achieved also through the collaboration with Rafael, through its subsidiary, RDC Rafael Development Company Ltd. ("RDC").
- 1.3 Elron's strategy regarding investments in new and existing companies is based on the following principles:
 - 1.3.1 Identifying and exploiting investment opportunities in companies with innovative technology and significant exit potential.
 - 1.3.2 Actively enhancing the group companies' value through active involvement in their management, by means of the following: active membership on their boards of directors; hands-on assistance to their management; assistance in the advancement of their technology; forming

strategic relationships, providing access to capital; providing development and operational guidance; business plan preparation; strategic planning; marketing; investment and budget planning; manning senior management positions; and overall ongoing monitoring of the group companies' performance.

1.3.3 Enhancing the value of the group companies through collaboration with Rafael, leveraging Rafael's technology and/or knowledge and expertise.

1.3.4 Exploiting opportunities to exit group companies (including via secondary sale transactions).

1.4 Within the framework of these principles and with the intention of continuing to invest in new companies, Elron examines or intends to examine a broad range of proposals for investment and strategic cooperation, including through:

1.4.1 Conducting due diligence and assigning dedicated teams at Rafael to assess the technology of the venture.

1.4.2 The Company's existing investment platforms, including among other things, CyberFuture – A club of Chief Information Security Officers ("CISOs") supported by the Company, with the objective of investing in companies in the cybersecurity field (mainly in early growth companies).

1.4.3 The Company's and Arieli Group's networks in Israel and abroad.

1.4.4 The Company's extensive database, for the purpose of identifying secondary investment opportunities (secondary investments – purchasing shares from other investors).

1.5 It is noted that Elron's strategy allows for actions that deviate from the principles described above in those cases where Elron's management believes that the specific circumstances justify such a deviation.

1.6 This section includes forward-looking information, as defined in the Israel Securities Law. Forward-looking information is uncertain information about the future, based on information existing in the Company as of the filing date, and includes the Company's estimations or intentions as of the filing date. Elron's actual implementation of its strategy may materially deviate from the above statements due to, among others, failure to meet goals, modifications in

technologies, modifications in the business plan, goals and/or strategy, unexpected needs of the group companies for additional financing, investment in new companies, or any other unforeseen expense or if any of the risks detailed in Section 20 of Company's 2023 annual report materialize.

2. Dividend Distribution Policy – On January 12, 2025, the Company's Board of Directors adopted, for the first time, a dividend distribution policy, according to which:

The Company's dividend distribution policy is to distribute on a semi-annual basis, starting from 2025 and thereafter (meaning in respect to results recorded from the beginning of 2025), at least 25% of the actual cash proceeds received from the exit transactions of Elron's or its subsidiaries' holdings in their group companies, net of taxes paid in relation to such exit transactions (if paid¹) (hereinafter – "Exit Proceeds"). It is clarified that with respect to proceeds received from the exit transactions of group companies held by the Company's subsidiary, RDC (in which the Company holds approximately 50.01% of the issued share capital), the policy will be to distribute Elron's portion of the exit proceeds, insofar as proceeds are received by the Company and/or can be distributed. Distributions will be made based on the Company's Financial Statements for the relevant period.

If in a specific period the dividend amount does not exceed \$5 million, the Company's policy will be to defer the distribution until the period in which the dividend amount exceeds the aforementioned amount.

The aforementioned policy is subject to the provisions of applicable law, including, among other things, the Israel Companies Law, 1999 ("Companies Law"), including compliance with the distribution tests (and, if necessary, the possibility of petitioning the court under Section 303 of the Israel Companies Law for approval of a distribution that does not meet the profit test), the Company's financial needs, its results, economic and regulatory developments that may affect the Company's ability to distribute dividends as described, and external restrictions on dividend distribution.

The above is a statement of policy only, and the actual distribution is contingent upon a specific decision to be made by the Board of Directors in accordance with all applicable laws and the circumstances at that time. This policy does not constitute any

¹ For information regarding carry forward losses, see note 16.C in the Company's Annual Financial Statements for 2023

commitment to the Company's shareholders and/or any third party regarding the distribution of dividends, including with respect to payment dates and/or amounts. It is further clarified that the Company's Board of Directors may, at any time, at its sole discretion and considering various business considerations, modify the aforementioned dividend policy, change the distribution rates and/or amounts, or decide not to distribute dividends at all.

Shortly after the release of 2024 annual financial statements, the Company will consider a distribution regarding the Exit Proceeds received during 2024 in connection with the sale of SixGill Ltd.

3. CEO Appointment:

On January 12, 2025, the Company's Board of Directors approved the appointment of Mr. Yaniv Shnieder as the Company's CEO, effective as of February 18, 2025. The Board further noted that the appointment of a CEO with a technological background and extensive experience in the Company's investment areas marks a significant step toward the realization of the Company's strategy described above.

The Company's Compensation Committee and the Board of Directors approved the terms of the CEO's employment which are aligned with the Company's new compensation policy approved by the General Meeting of the Company on January 2, 2025. The company will convene a General Meeting in order to approve the terms of the CEO's employment.