



**English Translation of Immediate Release Filed by Elron on July 21, 2024
with the Israeli Securities Authority**

Re: DIC - Entering into an agreement for the sale of DIC's holdings in Elron

Following the immediate reports by Elron Ventures Ltd. (the “**Elron**”) regarding Discount Investment Corporation Ltd. (“**DIC**”) entering into a non-binding memorandum of understanding for the sale of DIC’s entire holdings (approximately 59.14%) in Elron to a third party (the “**Transaction**”), that last of which is from July 15, 2024, Elron hereby updates that on July 21, 2024, DIC notified Elron and published a report that DIC has entered into an agreement with Arieli Capital LLC and Arieli EL Ltd. (the “**Purchaser**”) for the sale of DIC’s entire holdings in Elron to the Purchaser, in their AS IS condition, for a consideration of \$US53.2 million (at the applicable exchange rate on the payment dates (as described below); the “**Consideration**” and the “**Agreement**”, respectively), reflecting a valuation for Elron of \$US90 million (the “**DIC Report**”).

In accordance with the provisions of the Agreement as described in the DIC Report, the Consideration will be paid to DIC in instalments as follows: first payment of 5% of the Consideration was paid to DIC upon entering into the Agreement (the “**First Payment**”); a second payment of 5% of the Consideration will be paid to DIC until August 1, 2024 (the “**Second Payment**”) and a final payment (of 90% of the Consideration) will be paid to DIC upon the closing date at which time the shares will be transferred to the Purchaser and which will occur by August 15, 2024 (the “**Last Payment**” and the “**Closing Date**”, respectively), where the Purchaser has the option to postpone the Last Payment and the Closing Date by 14 days (subject to payment of a non-material amount at the Closing Date as compensation for the postponement of payment). In addition, the Agreement includes provisions regarding adjustment of the Consideration in the case of a dividend distribution by Elron until the Closing Date.

In accordance with the DIC Report, the Agreement sets forth an agreed compensation mechanism according to which in the event of the breach of Purchaser’s commitment to pay the Second Payment or Last Payment, DIC will be entitled to an agreed compensation equal to the payments paid up to that date.

The Agreement includes mutual representations and obligations by the parties as is customary in agreements of this type, mainly representations by DIC regarding DIC’s ownership of the shares which are the subject of the Transaction and such shares being free and clear, the parties’ representations regarding receipt of approvals by their authorized organs to enter into the Agreement and no impediment to enter into the Agreement and to perform the obligations included in the Agreement and no requirement of third party approvals as well as DIC representations regarding Elron’s cash and working capital balances at the time of entering into the Agreement, as specified in the provisions of the Agreement.