

This is an English translation of a Hebrew immediate report that was published on 8 January 2025 (reference no.: 2025-01-002870) (hereafter: the “Hebrew Version”). This English version has been translated only for the purpose of convenience. It is not an official translation and has no binding force. While reasonable care and skill have been exercised in the preparation hereof, no translation can ever exactly mirror the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.



January 8, 2025

To
Israel Securities Authority
www.isa.gov.il

To
Tel Aviv Stock Exchange
www.tase.co.il

Re: Immediate Report

Further pursuant to the Company's immediate reports¹, regarding steps the Company has taken and is taking to focus on its target markets and on R&D processes, in order to reduce its expenses and improve its cash flow, the company hereby announces that on January 7, 2025, the Company's Board of Directors decided to update the Company's strategic plans based on several central pillars detailed here below:

1. **Continuation of Sales and Marketing Efforts to the U.S. Market** – Focusing the sales and marketing operations in the U.S. market of the Company's systems with potential for growth and profitability via its subsidiary GenCell Inc. In this framework, the intention of the Company is to continue to evaluate its collaboration with leading strategic players.
2. **Focusing of the Product Portfolio and Continued Support for Existing Customers** – The Company will sharpen the focus of its product portfolio as part of the Company's strategy to initiate steady growth and improve profitability. In this way, the Company will evaluate its range of products and their fit for meeting strategic objectives, including

¹ The immediate report was published on 27 August (Reference No.- 2024-01-094312 - the abovementioned is hereby incorporated by reference) and the intermediary six months report from June 30, 2024 was published on August 27, 2024 (Reference No: 2024-01-094294) The abovementioned is hereby incorporated by reference.



evaluation of the possibility of executing an adaptation of the technology and the products it has developed for additional segments and channels while leveraging the unique knowledge and capabilities developed by the Company over the years.

The company will remain dedicated to its existing customers and will ensure professional response to their needs, maintaining the high availability of systems, supplementary equipment, maintenance and technical support.

3. **Reinforcement of Development of Advanced Technologies and Evaluation of Strategic Partnerships** – Expanded investment in the Company’s development of software systems, the primary system being its GEMS system.

At the same time , it was decided to decrease investment in projects that are not part of the Company’s core business operations, in particular the green ammonia and ammonia cracking (ACU) programs.

Additionally, it was decided that the Company would examine a variety of financing alternatives for the continued development of these projects, including the possibility of recruiting strategic partners.

4. **Production Strategy based on Outsourcing** – Continued application of the Outsourced Production Strategy which was initiated in 2024, by which the Company expects to consider the possibility of transferring the bulk of its production line to an outsourced manufacturer, while placing emphasis on protecting the IP and expertise developed by the Company as well as on product quality. In the Company’s estimation this process is likely to allow a substantial reduction of the Company’s regular expenditures and increase in operational efficiency.

In the Company’s estimation, the execution of this updated strategic plan as detailed in this report will contribute to reduction of regular expenditures by some US\$8 – 10 million during 2025 and improvement of the Company’s cashflow.



It is to be noted, that at the same time as the execution of the strategic plan, the Company intends to continue to examine possibilities to raise funds via investment in the Company and/or by means of strategic collaborations, while at the same time carrying out additional business and operational initiatives towards the Company's benefit.

It is to be emphasized that the Company's estimations regarding the impact of executing the above-mentioned strategic plans, reduction of the Company's expenses and improvement of the Company's cashflow, its business plans and pursuit of funding sources and/or investments in the Company and/or strategic collaborations, is forward-looking information within the meaning of the Securities Law 1968, based, among other things, on the Company's assessments as of the date of issue of this release and on factors which are not in the Company's control. The Company's assumptions are based on the information that is at present in the Company's possession, on publications, forecasts and policies issued by relevant authorities, about which there is no certainty that they will be realized in full or in part, and any of which could be realized in a materially different manner due to factors that are not in the Company's control.

Sincerely,

GenCell Ltd.

Signed by:

Yossi Salomon, CFO