

# ELRON

## Translation of Immediate Report Filed by Elron on September 26, 2017 with the Israeli Securities Authority

Tel Aviv, September 26, 2017 – Elron Electronic Industries Ltd. (TASE: ELRN) ("Elron") announced, further to Item 4 of Elron's Form 20F for 2016 with respect to CartiHeal (2009) Ltd. ("CartiHeal"), as follows:

As conveyed by CartiHeal to Elron, yesterday CartiHeal commenced a pivotal clinical trial for Food and Drug Administration (FDA) marketing approval and enrolled its first 6 patients.

The trial is controlled, randomized, and open-label, and will compare patients treated with CartiHeal's implant with patients treated with the surgical standard of care, i.e. microfracture or debridement.

The trial is expected to include between 250 and 500 patients with traumatic and osteoarthritic defects in the knee, with a follow-up period of two years. The trial will be conducted in medical centers in the United States and Europe and is expected to take approximately 5 years.

CartiHeal is expected to conduct an interim analysis of the trial's results after 250 patients are enrolled in order to evaluate the treatment's efficacy.

CartiHeal's above estimates are forward-looking in nature, as defined in Israel Securities Law, 5728-1968, and are based on CartiHeal's estimations of its patient enrollment rate potential and information existing in CartiHeal as of the date of this immediate report. These estimates, in whole or in part, may not materialize, or may materialize in a manner materially different than expected. The principal factors that may affect this are developments in CartiHeal's field of operation, failure to obtain regulatory approvals to continue development, failure to meet goals, failure to enroll the number of patients necessary to complete the trial, trial results, interim analysis results, inability to realize technologies, modifications in technologies, modifications in the business plan, goals and/or strategy, or if any risk associated with the course of the trial and its results occurs.

CartiHeal has developed an implant for repair of cartilage and osteochondral defects in loadbearing joints, such as the knee, ankle, big toe, and elbow. The implant biodegrades in the implantation site, and promotes the regeneration of cartilage and subchondral bone. CartiHeal is approximately 34% held by Elron.