ELRON

Translation of Immediate Report Filed by Elron on October 11, 2020 with the Israeli Securities Authority

Tel-Aviv, October 11, 2020 – Elron Electronic Industries Ltd. ("Elron") (TASE: ELRN) hereby announces with respect to CartiHeal (2009) Ltd. ("CartiHeal"), that CartiHeal's Agili-C implant was granted designation as a Breakthrough Device by the U.S. Food and drug Administration (FDA).

The FDA's Breakthrough Devices Program is a voluntary program designed to allow faster access to devices that provide effective treatment or diagnosis for life-threatening illnesses or illnesses that cause severe and irreversible disability, in the absence of alternative effective treatment. In the event that a device qualifies as a "Breakthrough Designation", it is possible, among other things, to speed up the examination process of the marketing approval application by the FDA.

As stated in Section 26 of Part I (Description of Corporation's Business) of Elron's annual report for 2019 published on March 19, 2020, which is included by reference herein (including the forward looking statement in Section 26.13), CartiHeal expects to complete the follow-up period for the pivotal clinical trial of the Agili-C device in October 2021, and to announce final trial results at the end of 2021. Shortly thereafter and insofar as the results will demonstrate success in the pivotal trial, CartiHeal is expected to submit a U.S. marketing approval application to the FDA. FDA approval, if received, may take approximately one year from submission to approval. The review process of the marketing approval application may be expedited following the Breakthrough Device Designation of CartiHeal's Agili-C implant by the FDA.

CartiHeal is approximately 27% held by Elron (25% on a fully diluted basis).

Regarding the investment and option to sell CartiHeal, see the immediate report filed by Elron on July 16, 2020.