



**Translation of Immediate Report Filed by Elron on April 4, 2022 with the Israeli Securities**

**Authority**

**Re: Bioventus announces exercise of option to acquire Cartiheal**

Tel-Aviv, April 4, 2022 – Elron Ventures Ltd. (“Elron”) (TASE: ELRN) hereby announces further to Section 23, and in particular Section 23.15, of “Part I – Description of Corporation's Business” in Elron’s annual periodic report for 2021 with regard to the investment and option transaction for the sale of CartiHeal (2009) Ltd. (“CartiHeal”) to Bioventus (the "Transaction") and further to the immediate release dated March 30, 2022 regarding the receipt of FDA approval for CartiHeal's Agili-C implant, incorporated herein by reference, that today Bioventus notified CartiHeal that it intends to exercise its call option to purchase and to complete the acquisition of 100% of CartiHeal’s share capital.

As a result of the completion of the Transaction, CartiHeal's shareholders are expected to receive a total consideration of up to \$500 million, comprised of immediate consideration in the amount of \$350 million and earn out in the amount of \$150 million, as detailed below. Elron's expected share in the total consideration from the sale of CartiHeal will amount to a total of up to \$128 million, and is comprised of (i) approximately \$91million (subject to customary financial adjustments) payable at the acquisition closing (including \$12 million to be deposited in escrow for 24 months, mainly to secure certain indemnification obligations of the selling shareholders to Bioventus), and (ii) \$37 million payable at such time when the sales of the Agili-C and certain other revenues resulting from the commercializing of other CartiHeal technology shall generate at least \$100 million in revenues during a consecutive 12-month period.

The Transaction is subject to the occurrence of closing conditions customary for transactions of this nature and is expected be completed during the second quarter of 2022.

There is no assurance as to the Transaction’s consummation or the timing thereof.

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

The above estimates are forward-looking in nature, as defined in the Israel Securities Law, 5728- 1968, and are based on Elron’s and CartiHeal's estimations as of the date of this report, in relation to information regarding future events, the occurrence of which is uncertain and is not under the exclusive control of Elron and CartiHeal, in particular, in relation to the closing conditions of the Transaction, the satisfaction of which depends on other transactions and factors which could lead to a different result or incompleteness of the said Transaction. Payment of the earn out is dependent on certain conditions stipulated in the agreements with Bioventus.