



Translation of Immediate Report Filed by Elron on February 14, 2023 with the Israeli Securities

Authority

Re: Milestone for the prepayment of the next payment was completed

Further to Section 3 of part A of the quarterly report of Elron Ventures Ltd. (the “**Company**” or “**Elron**”) for the third quarter of 2022, regarding the sale of CartiHeal (2009) Ltd. (“**CartiHeal**”) to Bioventus LLC (“**Bioventus**”) (the “**Transaction**”), and further to the Company's immediate report dated November 22, 2022, regarding Bioventus’ reports for the third quarter of 2022, the content of which is incorporated herein by reference, Elron hereby updates that on February 13, 2023 the milestone for the prepayment of the next payment pursuant to CartiHeal’s sale agreement (the “**Agreement**”), was completed.

According to the Agreement, the next payment of the deferred payments in the amount of \$50 million (plus interest) should be received by July 1, 2023 (Elron’s share is in the amount of approximately \$13.5 million, plus interest), unless the milestone is completed prior to that date. Accordingly, and in light of the completion of the aforementioned milestone, Bioventus is required to pay the next payment within 10 days from the completion of the milestone.

Following Elron’s aforementioned immediate report regarding Bioventus’ reports for the third quarter of 2022, according to Elron’s estimation, there is doubt as to whether Bioventus will meet the next payment on the due date therefor or at all.

Delay of or failure to make any payment of the Transaction payments (including the next payment), if not remedied within an additional 14 days of the date set forth in the Agreement will cause the entire unpaid consideration under the Agreement to become immediately due and payable and will entitle the sellers to all the remedies under the Agreement including the return of CartiHeal’s shares to the sellers (which will not constitute the sellers sole remedy for the failure to pay the indebtedness) and for this purpose, the relevant documentation for the return of CartiHeal’s shares as aforementioned were deposited with an escrow agent until completion of the payment of consideration and/or the realization of the existing first ranking fixed liens on CartiHeal’s shares and its intellectual property rights (IP) and a first ranking floating lien on all CartiHeal’s assets. It should be clarified that CartiHeal’s shares are a security, however, they do not serve as a sole remedy of the Sellers with all that is related to their right to receive payment of the remaining consideration from Bioventus.

Forward looking statements: Elron’s estimations with regard to Bioventus meeting the next payment in the Agreement in due date or at all, are forward-looking in nature, as defined in the Israel Securities Law, 5728- 1968. These estimations are based on information exists with the Company as of the date of this report. These estimations might not realize, all or some, or to be realized in a significantly different way than anticipated, among others, in accordance with Bioventus’ ability to meet the aforementioned payment in due date and with other factors which are not under the Company’s control.