



**Translation of Immediate Report Filed by Elron on April 2, 2023 with the Israeli Securities Authority**

**Re: CartiHeal - Return of Shares**

Further to that stated in Note 3.B.2.a) in the financial statements for 2022, in section 19.2 in Part A as well as in section 1.2 of Directors' report which were included in the periodic report for 2022 (the "Annual Report") of Elron Ventures Ltd. ("the Company" or "Elron") regarding the sale of CartiHeal (2009) Ltd. ("CartiHeal") to Bioventus LLC ("Bioventus") (the "Transaction"), incorporated herein by way of reference, the Company updates that the Interim Period (as defined in the Annual Report) has ended and an updated offer from Bioventus for the payment of the debt was rejected by the Sellers and Bioventus had not paid the full balance due under the Transaction by the end of the Interim Period with an additional extension of one day and had not met the conditions for extending the Interim Period. As a result, the return of the CartiHeal shares to the sellers and the cancellation of implementation of the Transaction is final.

In accordance with the updated agreement, and as a final and agreed compensation for the above cancellation, all sums paid by Bioventus to the sellers in the past in connection with the Transaction, as well as the funds that Bioventus invested in CartiHeal (and shares of CartiHeal issued to them as a result) and/or the transferred in order to be used to finance CartiHeal's activities, will not be refunded to Bioventus.

Following the aforementioned cancellation of the Transaction and the return of the shares, Elron holds approximately 27.5% of the CartiHeal's share capital on a fully diluted basis, and the investment in CartiHeal is expected to be included in Elron's financial reports for the first quarter of 2023 as an investment in an associated company. Elron estimates that CartiHeal will qualify for the criteria for classification as a main company in Elron's reports (as defined in Section 2.1.5 of Part A of the Annual Report, for details regarding CartiHeal, see Section 24 of Part A of the Annual Report). The Company is examining the impact of the return of the CartiHeal shares on its financial reports for the first quarter of 2023.

Forward looking statements: These statements and estimations are forward-looking in nature, as defined in the Israel Securities Law, 5728- 1968, 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, including in relation to the effect of the return of CartiHeal's shares to the sellers on Elron's financial reports for the first quarter of 2023.