



**English Translation of Immediate Report Filed by Elron with the Israel Securities Authority on November 22, 2022**

**Bioventus Q3 Financial Reports**

Further to the immediate report by Elron Ventures Ltd. (the "**Company**") dated November 20, 2022, further to Section 3 of part A of the Company's quarterly report for the third quarter of 2022 regarding the sale of CartiHeal (2009) Ltd. ("**CartiHeal**") to Bioventus (the "**Transaction**"), and further to Section 4 of part A of the Company's quarterly report for the second quarter of 2022, the content of which is incorporated herein by reference, Elron hereby updates that on November 22, 2022, Bioventus published its financial statements for the third quarter of 2022 (the "**Report**"). As part of the Report, Bioventus stated that there are significant doubts regarding its ability to meet its financial obligations in the coming year, including the payment of the deferred payments in the CartiHeal Transaction, which it is required to pay during 2023 (according to the CartiHeal sale agreement, Bioventus is required to pay two payments no later than July and September 2023, each payment amounting to \$50 million plus interest. Elron's share of each payment is approximately \$13.5 million plus interest). Bioventus also stated in the Report, among other things, that it is considering a number of actions in order to be able to meet its financial obligations, such as: reducing its expenses, realizing assets that are not at the core of its activity, and requesting leniencies from its lenders. In this context, Bioventus states that it is also pursuing strategic options with respect to the CartiHeal Transaction such as attempting to renegotiate the timing of the CartiHeal Deferred Payments or exiting that agreement by transferring back to the former CartiHeal owners all of the share capital, intellectual property and other assets of CartiHeal acquired in the Transaction. It should be noted that in order to secure the consideration in the Transaction, all CartiHeal shares and intellectual property rights were pledged in favor of the sellers in the Transaction with a fixed first ranking lien, and a floating first ranking lien was registered on all CartiHeal assets until completion of the payment of the consideration. It is also clarified that the CartiHeal shares serve as collateral, but do not replace the right of CartiHeal's former shareholders to demand payment of the remaining consideration from Bioventus in the event of breach.