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**Elron Ventures Ltd.  
(Formerly: Elron Electronic Industries Ltd.)  
(the “Company” or “Elron”)**

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### **Shelf Prospectus**

According to this Shelf Prospectus, the Company may issue various types of securities according to the provisions of the law, including: shares, non-convertible debentures (including through the expansion of existing debentures series of the Company, as may be from time to time), debentures convertible into shares (including through the expansion of existing convertible debentures series, as may be from time to time), warrants exercisable into shares, warrants exercisable into non-convertible debentures, warrants exercisable into debentures that are convertible into shares, commercial securities and any other security which can lawfully be issued under a shelf prospectus on the relevant date (the "**Offered Securities**").

The offering of securities under this Shelf Prospectus shall be made pursuant to the provisions of Section 23A(f) of the Israel Securities Law 5728-1968, through shelf offering reports in which all the details specific to such offerings will be completed, including the details and terms and conditions of the securities and the composition of the offered units, according to the provisions of any law and according to the rules and guidelines of the Tel Aviv Stock Exchange Ltd., as they shall be at that time.

The Company is an operating holding company focusing on building technology companies. Elron's main goal is to create value for its shareholders by improving and realizing its holdings in companies (whether through their sale or public offering), in addition to looking for new investment opportunities in technology companies. Currently Elron has significant holdings in cyber companies, enterprise software and medical devices, and is examining investment opportunities mainly in cyber companies and enterprise software. The risk factors which the Company estimates as having a major impact on its business are as follows: **Macro risks:** global economic conditions; downturn in the capital markets; international activity. **Sector risks:** regulatory and contractual limitations on disposal of holdings; effecting exit transactions at significant values; the impact of the group companies' operating results on Elron; retaining key employees; uncertainty and risk in the group companies' technology fields; competition in the fields in which the group companies operate; difficulty faced by the group companies in obtaining future financing; exposure to intellectual property lawsuits in

the medical device field; the uncertainty facing research and development stage medical device companies; the impact of regulations on development; conducting clinical trials. **Specific risks:** Financing sources; volatility in the value of the Company's holdings; failure to complete the exercise of the put option or call option in the Cartihear transaction. For further details regarding the aforesaid risk factors and additional risk factors which apply to the Company, see Section 21 of Part A (description of Corporation's business) of the Periodic Report for 2021, as published on March 13, 2022 (ISA ref.: 2022-01-024498).

The complete version of this Shelf Prospectus may be viewed on the website of the Israeli Securities Authority ("ISA") at [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and on the website of the Tel Aviv Stock Exchange Ltd. at [www.tase.co.il](http://www.tase.co.il).

**Date of the Shelf Prospectus: April 13, 2022.**

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## **Elron Ventures Ltd.**

**(Formerly: Elron Electronic Industries Ltd.)**

**(the "Company" or "Elron")**

### **Chapter 1 – Introduction**

#### **1.1 General**

The Company was incorporated in Israel in 1961 as a private company under Israeli law. The Company is a public company whose shares are listed on the TASE since 1975.

In 1981, the Company listed its shares for trading on the NASDAQ in the U.S.A., in parallel to its listing on the TASE. The Company was delisted from trading on the NASDAQ in 2010.

In August 2017, the Company deregistered its shares in the U.S.A., and subsequently, from November 2017, its public reporting obligations under U.S. securities laws were terminated, and it files reports solely in accordance with the Israel Securities Law 5728-1968, and the regulations promulgated thereunder.

The Company publishes, and intends to continue publishing, in accordance with the provisions of U.S. law, certain financial information and other material information, in English, on its website, including an English translation of this Shelf Prospectus.

In January 2022, the Company changed its name from Elron Electronic Industries Ltd. to Elron Ventures Ltd.

#### **1.2 Terms and definitions**

For convenience purposes, the following terms shall have, in this Shelf Prospectus, the meanings ascribed to them below:

<b>"Corporation" or "Company"</b>	Elron Ventures Ltd.
<b>"Periodic Report for 2020"</b>	The Company's periodic report as of December 31, 2020, published by the Company on March 15, 2021 (ISA Ref.: 2021-01-035361).
<b>"Periodic Report for 2021"</b>	The Company's periodic report as of December 31, 2021, published by the Company on March 13, 2022 (ISA Ref.: 2022-01-024498) which is incorporated

herein by reference, as detailed in Chapter 6 below.

"TASE"	The Tel Aviv Stock Exchange Ltd.
"Dollar"	United States Dollar
"Companies Law"	The Israel Companies Law, 5759-1999
"Securities Law"	The Israel Securities Law, 5728-1968
"Prospectus" or "Shelf Prospectus" or "this Prospectus"	This Shelf Prospectus.
"Date of the Prospectus"	On or about the date of publication of this Shelf Prospectus.
"Prospectus Details Regulations"	Israel Securities (Details, Structure and Form of Prospectus) Regulations, 5729-1969

Unless explicitly specified otherwise, or if the context otherwise requires, all terms and expressions in this Shelf Prospectus shall be given the meaning ascribed thereto in the chapter Description of the Corporation's Business which is included in Chapter A (Description of the Corporation's Business Chapter) in the Periodic Report for 2021, which is incorporated herein by reference.

### 1.3 **Permits and Approvals pertaining to the Shelf Prospectus**

- 1.3.1 The Company received all the permits, approvals and licenses which are required by law for the offering of the securities under this Shelf Prospectus, which is a shelf prospectus as defined in Section 23A(a) of the Securities Law, and the offering of securities thereunder shall be made pursuant to shelf offering reports wherein the details specific to that offer shall be completed, pursuant to the provisions of Section 23A(f) of the Securities Law.

**The ISA's permit to publish this Shelf Prospectus serves as no verification of the details included herein, nor as confirmation of their reliability or completeness, nor does it express any opinion on the quality of the Offered Securities in accordance with this Shelf Prospectus.**

- 1.3.2 The Company received from the TASE an in-principle approval of the listing of the Offered Securities included in this Shelf Prospectus and which will be offered, if offered, through shelf offering reports (the "In-Principle Approval").

**The aforesaid In-Principle Approval should not be regarded as confirmation of the details included in this Shelf Prospectus nor as**

**confirmation of their reliability or completeness, nor does it express an opinion on the Company, the quality of the securities that shall be offered through the shelf offering reports nor the price at which they shall be offered in the shelf offering reports.**

The granting of the aforesaid In-Principle Approval does not constitute approval to list the Offered Securities, and shall be subject to the receipt of approval to list the Offered Securities for trade through a shelf offering report to be submitted based on the provisions of the Israel Securities Law and the Securities Regulations (Shelf Offering of Securities) 5766-2005.

**The granting of the In-Principle Approval serves as no undertaking to grant approval to list securities offered through shelf offering reports for trading on the TASE. The approval of an application to list the securities offered for trading through a shelf offering report will be subject to the provisions of the TASE Rules and the guidelines promulgated thereunder, as shall be in effect at the time of filing the application for listing.**

- 1.3.3 It is clarified that the approval of the listing for trading of shares, non-convertible debentures (including through the expansion of existing debentures series of the Company, as may be from time to time), debentures convertible into shares (including through the expansion of existing convertible debentures series, as may be from time to time), warrants exercisable into shares, warrants exercisable into non-convertible debentures, warrants exercisable into debentures that are convertible into shares, commercial securities and any other security which can lawfully be issued under a shelf prospectus on the relevant date, if issued in the future under shelf offering reports, are subject to compliance with the requirements of the TASE Rules and guidelines promulgated thereunder, as shall be in effect at the time of filing the application for listing pursuant to a shelf offering report.

#### 1.4 **Share Capital, Reserves and Surpluses**

- 1.4.1 The Company's share capital as of a date close to the Date of the Prospectus:

<b>Registered capital</b>	<b>Issued and outstanding share capital (without dilution)</b>	<b>Issued share capital (on a fully diluted basis)</b>
<b>70,000,000 shares</b>	<b>51,920,867 shares</b>	<b>56,825,899 shares<sup>1</sup></b>

<sup>1</sup> Regarding the fully diluted share capital, it is clarified that, as of this date, it is based on the assumption of exercise in accordance with the cashless exercise mechanism of the existing options (of the employees and officers of the Company, of employees of the subsidiary, RDC Rafael Development Corporation Ltd. and of permanent service providers of the Company) and with respect to options that carry an exercise ceiling – an exercise discount of the ceiling share price (as defined in the Immediate Report convening a shareholders meeting published on November 21, 2018 (ISA ref. no. 2018-01-112131 and

1.4.2 The Company's equity components (\$ in 000) as of December 31, 2021<sup>2</sup>:

<b>Item</b>	<b>Dollar in thousands</b>
Share Capital	9,592
Premium	245,278
Capital reserves	6,403
Loss balance	(161,008)
Equity attributed to the Company's shareholders	100,265
Share attributed to non-controlling interests	26,171
Total equity	126,436

For further details, see the Periodic Report for 2021.

1.5 **Company's Debentures**

As of the publication date of this Prospectus, the Company has no publicly issued debentures.

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the Immediate Report on November 21, 2018 regarding a private placement (ISA ref no.2018-01-112131, which takes into account the maximum dilution. In actuality, the amount of exercised shares may be lower insofar as the exercise is at an exercise price lower than the said ceiling price and in light of the net exercise mechanism.

<sup>2</sup> The financial figures in this Prospectus are from the Company's financial statements for December 31, 2021 which are presented according to IFRS.



## **Chapter 2 – Securities Offering under a Shelf Prospectus**

By virtue of this Shelf Prospectus, the Company may offer securities: shares, non-convertible debentures (including through the expansion of existing debentures series, as may be from time to time), debentures convertible into shares (including through the expansion of existing debentures series which are convertible into the shares, as may be from time to time), warrants exercisable into shares, warrants exercisable into non-convertible debentures, warrants exercisable into convertible shares, and commercial securities (hereinafter, jointly, in this Section: the "**Securities**"), pursuant to the provisions of Section 23A of the Securities Law, through shelf offering reports in which all the details which are required by Chapter C of the Prospectus Details Regulations, and are specific to such offering, will be completed, including the details and terms of the securities and the composition of the offered units, according to the provisions of any law, including the rules and guidelines of the Tel Aviv Stock Exchange Ltd. and the positions of the Israel Securities Authority staff, as they shall be at that time, and according to the class of securities to be offered under the shelf offering report as aforesaid.

## **Chapter 3: The Company's Capital and the Holders thereof**

### **3.1. The Company's Share Capital - General**

The Company's share capital comprises Ordinary Shares par value NIS 0.003 each ("Shares" or "Ordinary Shares").

### **3.2. Total Share Capital shortly prior to the Prospectus Publication Date**

3.2.1 Registered share capital – 70,000,000 shares.

3.2.2 Issued and outstanding share capital – 51,920,867 shares.

3.2.3 Issued share capital on a fully diluted basis – 56,825,899 shares.

### **3.3. Developments in the Company's Share Capital over the past three years**

No changes have occurred in the Company's registered share capital, and in its issued share capital, in the past three years except as detailed as follows (for avoidance of doubt, not including issuance of options to employees, officers and service providers or exercise of options by them):

On June 11, 2019, the Company issued 13,321,700 ordinary shares on the TASE in exchange (net, after issue expenses) for approximately NIS 75,300 thousand (approximately \$21,000 thousand). Discount Investment Corporation Ltd., the controlling shareholder of the Company (hereinafter: "**DIC**"), invested in said issuance a total of NIS 49,500 thousand (approximately \$14,000 thousand) and shortly after this investment, directly and indirectly, held approximately 61% of the issued share capital of Elron. For further details, see the offering results report according to the shelf offer report published by the Company on June 6, 2019 (ISA Ref. 2019-01-056725), which is incorporated herein by way of reference.

On April 20, 2021, the Company issued 8,855,400 ordinary shares on the TASE in exchange (net, after issue expenses) for approximately NIS 109,500 thousand (approximately \$33,700 thousand). DIC invested in said issuance a total of approximately NIS 61,740 thousand (approximately \$19,000 thousand). Following this investment, directly and indirectly, DIC holds approximately 60.08% of the issued share capital of Elron. For further details, see the offering results report according to the shelf offer report published by the Company on April 20, 2021 (ISA Ref. 2021-01-067926), which is incorporated herein by way of reference.

### **3.4. Holdings of Interested Parties in the Company's securities**

Below are details, to the best knowledge of the Company and its directors, regarding the holdings of the Company's interested parties and senior officers

in the securities of the Company or a subsidiary or an affiliate, as of a date close to the Date of the Prospectus, and as of a date twelve (12) months earlier:

3.4.1. As of the Date of the Prospectus - see by means of incorporation by way of reference, the holdings status of interested parties as of March 31, 2022, immediate report from April 7, 2022 (ISA Ref. 2022-01-037899).

3.4.2. On the date being 12 months prior to the Date of the Prospectus – see by means of incorporation by way of reference, the holdings status of interested parties as of March 31, 2021, immediate report from April 7, 2021 (ISA Ref. 2021-01-059088).

3.5. **Undertakings to Purchase/Sell securities of the Company**

To the best knowledge of the Company and its directors, there is no interested party and/or senior officer that has undertaken to purchase from the Company, or to whom the Company has undertaken to sell, securities of the Company, except with respect to options which are exercisable for shares in accordance with their terms.

3.6. **Undertakings in respect of issuance or receipt of loans**

The Company has not undertaken to issue securities or to refrain from the issuance or offering thereof, in general or under specific terms, or to refrain from receipt of loans (except for options to purchase shares to officers, employees, to other employees of the Company and its subsidiary, RDC Rafael Development Corporation Ltd.'s, and to permanent service providers of the Company, and which exercise does not include payment of the exercise price (cashless mechanism). For details, see section 4 of Part A (Description of corporation's Business) of the Periodic Report for 2021, incorporated herein by reference).

3.7. **Details, to the best knowledge of the Company, regarding the Company's Controlling Parties**

DIC is the controlling shareholder of Elron and as of the date of this prospectus, holds 60.08% of its issued share capital and voting rights (54.90% on a fully diluted basis). DIC is a company whose shares are traded on TASE and the information regarding DIC is published to the public. To the Company's best knowledge and as reported by DIC, DIC has no controlling shareholder. For details, to the best knowledge of the Company, based on information that was provided thereto by the controlling shareholder, with respect to changes in control in DIC during 2020 and 2021, see section 2.2 of Part A (Description of Corporation's business) of the Periodic Report for 2021.

3.8. **The share price on TASE**

The following are the data on the closing price (adjusted to dividends and bonus shares), the high and low share prices on the TASE in the years 2020, 2021 and 2022 (until April 9, 2022, which is a date shortly prior to the filing of the Prospectus) (in Agurot):

<b>Year</b>	<b>High Price</b>	<b>Date</b>	<b>Low Price</b>	<b>Date</b>
<b>2020</b>	1,246	October 19, 2020	448.4	March 18, 2020
<b>2021</b>	1,420	September 30, 2021	1,002	December 12, 2021
<b>2022 (until April 9, 2022)</b>	1,190	April 5, 2022	942.8	March 15, 2022

## **Chapter 4: The Rights Attached to the Company's Shares**

### **4.1. Provisions of the Company's Articles of Association**

The provisions of the Company's Articles of Association (in respect of the rights attached to the Company's shares) are incorporated herein by reference to the Company's Articles of Association, as published in the Company's immediate report dated January 17, 2022 (ref.: 2022-01-007755) (the "**Articles of Association**" or the "**Company's Articles of Association**").

Below are arrangements as specified in Section 26(d) of the Prospectus Details Regulations, which were determined in the Company's Articles of Association and modify the default set forth by the Companies Law.

### **4.2. Arrangements pursuant to Sections 20 and 22 of the Companies Law regarding modification of the Articles of Association**

Pursuant to Section 8 of the Articles of Association, the Company may modify the provisions of the Articles of Association by a resolution adopted at a shareholders meeting by a special majority of no less than 67% of the votes of shareholders who are present at the general meeting, or class meeting, as the case may be, who are entitled to vote and voted at such meeting, without taking abstentions into account.

### **4.3. Arrangements pursuant to Section 81 of the Companies Law regarding legal quorum at the general meeting**

Pursuant to Section 59 of the Articles of Association, the legal quorum for the opening of deliberations at the shareholders meeting shall be constituted by the presence of two shareholders holding at least 33.3% of the voting rights within half an hour from the time set for the meeting to commence.

Pursuant to Section 61 of the Articles of Association, the legal quorum for the opening of deliberations at an adjourned shareholders meeting shall be constituted by the presence of two shareholders holding no less than 33.3% of the voting rights within half an hour from the time set for the adjourned meeting to commence. If no such legal quorum is present, the meeting will be held if at least one shareholder is present, holding at least 25% of the Company's voting rights.

### **4.4. Arrangements pursuant to Section 81 of the Companies Law regarding the appointment of a chairman for a shareholder meeting**

Pursuant to the provisions of Section 62 of the Articles of Association, the Chairman of the Board of Directors or, in his absence, any director appointed for that purpose by the Chairman of the Board of Directors, shall take the chair at every shareholder meeting of the Company. If there shall be no chairman as aforesaid, or if at any particular meeting, no such person is present within 15 minutes from the time set for the commencement of the meeting, or if they shall have refused to serve as chairman of the meeting, the directors present, by a majority of votes, may elect one of them or one of the other officers of the

Company who are present at the meeting, to chair the meeting, and if they fail to do so, the shareholders who are present, in person or by proxy, will elect one of the directors or other officers who are present at the meeting to be the Chairman thereof. If no directors and other officers are present, or if all those who are present shall refuse to chair the meeting, one of the shareholders or his proxy shall be selected to chair the meeting.

4.5. **Arrangements pursuant to Section 85 of the Companies Law regarding the majority required for the adoption of resolutions at a shareholders' meeting**

See Section 4.2 above in respect of the majority required for modification of the provisions of the Articles of Association.

Furthermore, pursuant to the provisions of Section 174 of the Articles of Association, subject to the provisions of any law, the liquidator, whether in a voluntary or other dissolution, may, in accordance with a resolution adopted at the shareholders meeting by a special majority, distribute in specie among the shareholders the surplus assets, in whole or in part, and the liquidator may further, pursuant to such resolution, deposit any part of the surplus assets with the trustees who will hold them in trust for the benefit of the shareholders, as the liquidator may deem fit. For the purpose of distributing in specie the surplus assets, the liquidator may determine the appropriate value of the assets available for distribution and decide how to carry out the distribution amongst the shareholders, taking into consideration, the rights attached to the various classes of shares in the Company owned by them.

4.6. **Arrangements pursuant to Section 107 of the Companies Law regarding a casting vote of the Chairman of the Board of Directors**

Pursuant to the provisions of Section 116 of the Articles of Association: voting at the Board of Directors, each director shall have one vote. The Chairman of the Board of Directors shall have no additional or casting vote. In case of equality of votes, a proposed resolution voted on by the Board Members shall be deemed to be rejected.

4.7. **Arrangements pursuant to Section 222 of the Companies Law regarding the termination of office of directors appointed by the shareholders meeting**

Pursuant to the provisions of Section 82 of the Articles of Association, Directors shall be appointed by the annual meeting (or by the Board of Directors pursuant to the provisions of the Articles of Association), and their term of office, with the exclusion of external directors, shall be until the end of the annual meeting first held after the date of appointment (unless earlier terminated by law or pursuant to the provisions of the Articles of Association). The aforesaid notwithstanding, if no directors are appointed at the annual meeting, the incumbent directors shall continue to hold office until the end of the annual meeting to be held thereafter.

**The description of the provisions of the Articles of Association on the aforesaid issues is a summary description of the provisions of the Articles of Association in respect thereto, and does not substitute a review of the full language of the Company's Articles of Association.**

## **Chapter 5 – The Use of Proceeds**

This shelf prospectus includes no actual offering of any securities, as of the date of publication thereof, and therefore there will be no immediate proceeds following the publication of the Prospectus.

Accordingly, no specific use was determined for the offering proceeds. If securities are offered in the future pursuant to shelf offering reports that will be published under this Shelf Prospectus, the proceeds to be received shall be used to finance the Company's business operations and investments and/or as the Company's Board of Directors shall decide from time to time.

If a specific use, or use other than the aforesaid, is determined for the offering proceeds under the shelf offering report that will be published by the Company as aforesaid, the same will be specified in the shelf offering report.



## **Chapter 6 – Description of the Company's Business**

### **6.1. Changes or Developments in the Corporation's business**

Pursuant to Regulation 44(a1) and Regulation 6B of the Prospectus Details Regulations, the chapter "Description of the Company's Business" is incorporated herein by reference to Part A (Description of the Corporation's Business) of the Periodic Report for 2021.

### **6.2. Changes and Updates in respect of the information included in the Description of Company's Business chapter of the Periodic Report for 2021, which occurred after the periodic report for 2021.**

Below are details regarding material changes or developments which occurred in the Company's business or in respect of any other matter that should be described in the periodic report from the date of publication of the annual report for December 31, 2021 and until the date of publication of this prospectus. The said changes and developments are summarized in brief by reference, for further details in respect of any event, see the respective immediate report (as specified in the table below).

<b>Date of Publication</b>	<b>ISA Ref. No.</b>	<b>Subject matter of the Report</b>
March 13, 2022	2022-01-024756	Results of a general meeting that approved the grant of 467,508 options to purchase shares of the Company to the Company's CEO, Mr. Yaron Elad.
March 17, 2022	2022-01-026661 2022-01-026664	Immediate report regarding a private offering and Notice to convene a meeting to approve the terms of office of the chairman of the Board of Directors, Mr. Dan Hoz.
March 30, 2022	2022-01-032517	Immediate report regarding FDA approval received by CartiHeal (2009) Ltd. for the Agili-C implant.
April 4, 2022	2022-01-035634	Immediate report regarding the notice, from Bioventus to CartiHeal, that following the FDA approval, it intends to exercise its call option to purchase and to complete the acquisition of 100% of CartiHeal's share capital.

April 5, 2022	2022-01-036348	Immediate report regarding the appointment of Mr. Eyal Eshed as a director of the Company.
April 6, 2022	2022-01-036795	Immediate report regarding the resignation of Michael Salkind from the Board of Directors of the Company.

6.3. **Board of Directors' Report as of December 31, 2021**

Pursuant to Regulation 44A(a) and Regulation 6B of the Prospectus Details Regulations, the explanations of the Board of Directors' as to the state of Company's affairs as of December 31, 2021 is hereby submitted by reference to the said Board of Directors' report which was annexed to the Periodic Report for 2021.

6.4. **Details regarding Subsidiaries and Related Companies**

6.4.1. **General description of Subsidiaries and Related Companies**

For details regarding the main activities of the Company's (active) subsidiaries and related companies, as of December 31, 2021, see Section 1.1.5 of the Board of Directors' report (Chapter B) of the Periodic Report for 2021 as well as Sections 22 to 26 of the description of the Company's business (Chapter A) of the Periodic Report for 2021.

For details on investments made by the Company in subsidiaries and associates as well as loans to subsidiaries and related companies and regarding changes to investments and loans to subsidiaries and related companies, as of December 31, 2021, see Sections 3A to 4B of Part D of the Periodic Report for 2021.

6.4.2. **Profit and loss, dividend, interest and management fees from subsidiaries and related companies for the year ended December 31, 2020**

For details with respect to the profit and loss of subsidiaries and related companies before and after provision for tax, noting any dividend, interest and management fees which the Company received from each such company, for the year ended December 31, 2020, see the details provided in Section 5 (Regulation 13) in Chapter D (Additional Details regarding the Corporation) of the Periodic Report for 2020.

6.4.3. Profit and loss, dividend, interest and management fees from subsidiaries and related companies for the year ended on December 31, 2021

For details with respect to the profit and loss of subsidiaries and related companies before and after provision for tax, noting any dividend, interest and management fees which the Company received from each such company, for the year ended December 31, 2021, see the details provided in Section 5 (Regulation 13) in Chapter D (Additional Details regarding the Corporation) of the Periodic Report for 2021.

6.4.4 Holdings in securities of subsidiaries and main related companies (as of the Date of the Prospectus).

Detailed below, to the best knowledge of the Company and its directors, are the holdings of holders of more than 25% of the outstanding share capital or voting power or authority to appoint directors in subsidiaries or main related companies of the Company.

Name of held company and names of its interested parties	Security name	No. of held securities	As of December 31, 2021			
			Percentage Holding		Percentage holding (fully diluted)	
			% of capital	% of voting	% of capital	% of voting
RDC Rafael Development Corporation Ltd. (holding via Rafael Advanced Defense Systems Ltd.)	Ordinary Shares	49,900	49.9%	49.9%	49.9%	49.9%

## **Chapter 7 –The Company's Board of Directors**

### **7.1. The Company's Board of Directors**

As of the Date of the Prospectus, the members of the Company's Board of Directors are Messrs.: Dan Hoz (Chairman of the Board), Eyal Eshed, Doron Haim Cohen, Baruch Itzhak (alternate director), Lee-Bath Nelson (external director), Barak Mashraki (external director) and Shalom Tourgeman (independent director).

For details on the Company's directors (including alternate director) see Regulation 26 of Part D of the Periodic Report for 2021 which is incorporated herein by reference within Chapter 6 above.

On April 4, 2022, Mr. Eyal Eshed began serving as a director of the Company, the following are details about him in accordance with Regulation 26A of the Reports Regulations, to the Company's best knowledge:

Name of Director	Eyal Eshed
Identity No.:	024641185
Date of Birth:	January 2, 1970
Date of Commencement of Service:	April 5, 2022
Related party or a family member of another senior officer or related party of the Company:	No
Position held in the Company, its subsidiary or its associate or its related party:	Director of the Company
Education:	Bachelor's degree in Computer science, Reichman University (IDC Herzliya).  Graduate degree in Masters of Business Administration – Kellogg Recanati Program Tel Aviv University of North Western, Chicago.

Occupation over the last 5 years:	<p>As of 2009 - CEO and co-founder of SpeakingPal Ltd. (registration number. 514288240)</p> <p>2021-2017 - Chairman and co-founder of Indusify Ltd. (registration number. 515674653)</p>
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7.2. **Other Senior Officers**

For details on the Company's senior officers (who are not directors) see Regulation 26A of Part D of the Periodic Report for 2021 which is incorporated herein by reference within Chapter 6 above.

7.3. **Independent Signatories**

The Company has no independent signatories.

7.4. **Insurance, Exemption and Indemnification Arrangements**

For details on the insurance, exemption and indemnification arrangements applying to the Company's officers and directors see Regulation 29A of Part D of the Company's Periodic Report for 2021 which is incorporated herein by reference.

7.5. **Provisions of the Company's Articles of Association which pertain to members of the Board**

Provisions of the Company's Articles of Association regarding the maximum and minimum number of directors in the Company, the manner of their appointment or election, term of office, substitution, termination of office, salary and the appointment of Board committees and the powers that may be vested therein (Sections 81-91, 92.1, 94-98 of the Company's Articles of Association) are included in this Prospectus through the incorporation of the Articles of Association by reference thereto, as published in the Company's immediate report dated January 17, 2022 (ISA ref.: 2022-01-007755), as specified in Chapter 4 above.

Regarding arrangements in the Articles of Association which pertain to the Company's Board of Directors that differ from the default in the Companies Law, see Chapter 4 above.

7.6. **Further Details**

The Company's Attorneys for purposes of this Shelf Prospectus:

**Gross & Co., Law Offices**

1 Azrieli Center, Tel Aviv

The Company's Accountants:

**Kesselman & Kesselman., C.P.A.s**

Azrieli Town, 146 Menachem Begin Road, Tel-Aviv

The Company's Registered Office:

TOHA Building, 114 Yigal Alon, Tel Aviv

## **Chapter 8 – Interested Parties of the Company**

### **8.1 Compensation of Interested Parties and Senior Officers**

Details on the compensation: (a) to each one of the five highest paid senior officers of the Company<sup>3</sup> or of an entity under its control, in connection with their office in the Company or an entity under its control, whether such compensation is paid by the Company or another entity; (b) to each one of the three highest paid senior officers of the Company<sup>4</sup>, which compensation is paid to them in connection with their office in the Company (and who is not listed among the five highest paid persons mentioned in Subsection (a) above); and (c) to each one of the interested parties of the Company<sup>5</sup> (not listed among the highest paid persons mentioned in Subsections (a) and (b) above), excluding a subsidiary of the Company, if the compensation was paid to them by the Company or an entity under its control, in connection with services they rendered as office holders in the Company or an entity under its control, regardless of whether or not employment relations exist and even if the interested parties are not senior officers, are incorporated herein by reference to:

2020: Regulation 21 – Payments to Interested Parties and Senior Officers in Part D of the Periodic Report for 2020.

2021: Regulation 21 – Payments to Interested Parties and Senior Officers in Part D of the Periodic Report for 2021.

### **8.2 Transactions with Controlling Parties**

For details, to the Company's best knowledge, on transactions with controlling parties, or in the approval of which controlling parties have a personal interest, in which the Company engaged in the years 2020-2021, and in the course of the period beginning on January 1, 2022 and ending shortly prior to the Date of the Prospectus, or on an earlier date, and which are still in effect on the Date of the Prospectus (with the exclusion of negligible transactions), are incorporated herein by reference to<sup>6</sup>:

8.2.1 Regulation 22 of Part D of the Periodic Report for 2020.

8.2.2 Regulation 22 of Part D of the Periodic Report for 2021.

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<sup>3</sup> In relation to Interested Parties and senior officers of the Company at each date as relevant.

<sup>4</sup> In relation to Interested Parties and senior officers of the Company at each date as relevant.

<sup>5</sup> In relation to Interested Parties and senior officers of the Company at each date as relevant.

<sup>6</sup> In relation to controlling shareholders of the Company at each date as relevant.

## **Chapter 9 – Financial Statements**

### **9.1. Financial statements which are incorporated herein by reference**

Pursuant to the provisions of Sections 60B and 60D of the Prospectus Details Regulations, this Prospectus incorporates by reference the following financial statements:

9.1.1. The Company's consolidated annual financial statements for 2021, incorporated herein by reference to the said financial statements which were annexed to the Periodic Report for 2021.

9.1.2. The report on financial data and financial information from the Company's consolidated financial statements as of 2021 attributed to the Company, pursuant to Regulation 9C of the Israel Securities Regulations (Periodic and Immediate Reports) 5730-1970 (the "**Reports Regulations**"), incorporated herein by reference to the said report which was annexed to the Periodic Report for 2021.

### **9.2. Declarations with respect to the Effectiveness of Internal Control**

9.2.1. Pursuant to Regulations 60E and 6B of the Prospectus Details Regulations, this Prospectus incorporates by reference the annual report regarding the Board of Directors' and the management's evaluation of the effectiveness of internal controls in the Company for 2021, pursuant to Regulation 9B of the Reports Regulations, including the declarations of the Company's CEO and CFO, as annexed to the Periodic Report for 2021.

### **9.3. Report on the Status of Liabilities by Maturity Dates**

Pursuant to Regulations 60A1 and 6B of the Prospectus Details Regulations, this Prospectus incorporates by reference the following:

9.3.1. The Company's report on the status of its liabilities according to maturity dates for December 31, 2021, pursuant to Section 9D of the Reports Regulations, which was published concurrently with the publication of the Periodic Report for 2021.

### **9.4. Auditors' letters of consent attached to this Prospectus**

Pursuant to Regulation 62(a1) of the Prospectus Details Regulations, the Company was issued a letter of consent by its auditors, to include in the Prospectus the auditors' report that was annexed to the financial statements which are incorporated herein by reference as specified in Section 9.1 above. The said letter of consent is attached as **Annex A** to this Chapter 9.



## 9.5. **Events Report**

Pursuant to Regulation 60B(b) of the Prospectus Details Regulations, below is an "**Events Report**", as defined in Regulation 56A of the Prospectus Details Regulations, in respect of material events (as defined in the said Regulation) that occurred after the date of signing of the Company's consolidated financial statements for December 31, 2021, that is March 10, 2022, until the granting of ISA's permit for this Prospectus.

### **Events Report**

During the period following the date of signature of the annual reports as of December 31, 2021, (which were signed on March 10, 2022 and published on March 13, 2022, ISA ref.: 2022-01-024498) and until the date of this Shelf Prospectus, there were no material events, as this term is defined in Regulation 56A(c) of the Prospectus Details Regulations, which require disclosure in the format determined by GAAP with respect to events which do not require adjustments after the reporting period, as defined in GAAP, with the following exceptions:

1. On March 13, 2022, following the approval of the Board of Directors, the general meeting of the Company's shareholders approved the grant of 467,508 options to the Company's CEO, Mr. Yaron Elad, subject to the approval of the Tel Aviv Stock Exchange to list the securities for trading. For additional details, see the report convening a meeting published by the Company on February 4, 2022 (ISA Ref.: 2022-01-013554), a supplementary report convening a meeting published by the Company on March 6, 2022 (ISA Ref.: 2022-01-022359), and an immediate report regarding the results of a meeting published by the Company on March 13, 2022 (ISA Ref.: 2022-01-024756), which is incorporated herein by way of reference.
2. Further to Section 23, and in particular Section 23.15 of Part A of the Periodic Report for 2021 regarding the investment agreements and option to sell CartiHeal (2009) Ltd. ("CartiHeal") to Bioventus, in March 2022, CartiHeal updated that it received FDA approval for the Agili-C implant<sup>7</sup>.

In April 2022, Bioventus notified CartiHeal that it intends to exercise the 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 \$91 million (subject to

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<sup>7</sup> FDA notice as sent to CartiHeal: [P210034A.pdf \(fda.gov\)](https://www.fda.gov/oc/ohrt/2022-01-024756.pdf)

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 to be completed during the second quarter of 2022. There is no assurance as to the Transaction's consummation or the timing thereof.

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.

3. Further to Note 3.B.4.r) to the Company's annual consolidated financial statements for 2021 which were attached as Chapter C to the periodic report for 2021, in March 2022, the financing round in RA Red Access Security Ltd. ("Red Access") dated December 2021 was extended by an additional amount of \$ 1 million which was invested by a new investor, and simultaneously, the new investor completed an additional investment of approximately \$ 1.5 million in Red Access. Following the completion of the said investments, RDC Rafael Development Company Ltd. (a 50.1% held subsidiary of Elron) holds approximately 24% of the issued share capital of Red Access. Red Access is a company that develops advanced protection for organizations from the dangers of working on the internet.

**Sincerely,**

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**Niv Levy**  
**CFO and Senior**  
**Financial Officer**

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**Yaron Elad**  
**CEO**

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**Dan Hoz**  
**Chairman of the**  
**Board**

**Date: 12 April, 2022**



**Annex A –Auditors' Letter of Consent**

April 12, 2022

To: Elron Ventures Ltd. ("**The Company**") Board of Directors

TOHA Building, 27<sup>th</sup> floor

Tel Aviv, Israel

**Subject:** Consent regarding Elron Ventures's Shelf prospectus, which is intended to be published in April 2022

We hereby to consent to the inclusion (including by reference) of our reports mentioned below in connection with the shelf prospectus which is intended to be published in April 2022:

1. Auditor's report dated March 10, 2022 regarding the consolidated financial statements of the Company as of December 31, 2021 and 2020, and for each of the three years during the period ended December 31, 2021.
2. Auditor's report dated March 10, 2022, regarding the audit of internal control components of the Company's financial report as of December 31, 2021.
3. Auditor's report dated March 10, 2022, regarding the separate financial information of the Company presented in accordance with Regulation 9c to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 as of December 31, 2021 and 2020, and for each of the three years during the period ended December 31, 2021.

Kind Regards,

Kesselman & Kesselman  
Certified Public Accountants (Isr.)  
A member firm of PricewaterhouseCoopers International  
Limited

## **Chapter 10 – Additional Details**

### 10.1. **Legal Opinion**

The Company received the following legal opinion:



Tel Aviv, April 12th, 2022

**Elron Ventures Ltd.**

**TOHA Building, Yigal Alon 114**

**Tel Aviv, 6744320**

**Dear Sir/Madam,**

**Re: Elron Ventures Ltd. (the "Company") –Shelf Prospectus of the Company (the "Prospectus")**

At your request, in respect of the above referenced Prospectus, we hereby opine as follows:

1. The Company's directors were appointed according to law and their names are incorporated in this Prospectus.
2. We agree that this opinion of ours be included in this Prospectus.

**Sincerely,**

**Ofer Hanoh, Adv**

**Tamir Lazarov, Adv**

**Yonatan Nagar, Adv**

**Gross & Co.**

10.2. **Application fees for a permit to publish a prospectus**

Pursuant to the provisions of Section 4A of the Israel Securities Regulations (Application Fees for Permit to Publish a Prospectus) 5755-1995, the Company paid the ISA application fees for a permit to publish a prospectus, however the supplemental fees shall be paid for the Offered Securities on the date of publication of a shelf offering report whereunder the Offered Securities shall be issued, in such amounts and on such dates as stipulated by the said Regulations.

10.3. **Allotment of securities, during the two years preceding the Date of the Prospectus, other than for full cash consideration**

During the two years preceding this Prospectus, no allotment was made of securities other than for full cash consideration, nor was any commitment made to allot securities of the Company other than for full cash consideration (except for options for shares issued to officers, to other employees in the Company and its subsidiary, to RDC Rafael Development Company Ltd. and to permanent service providers of the Company, and the exercise of which was done pursuant to a mechanism that does not include payment of the exercise price (Cashless mechanism). For details, see Section 4 of Part A (description of the corporation's business) of the Periodic Report for 2021 incorporated in this Prospectus by way of reference).

10.4. **Inspection of documents**

A copy of any opinion or approval mentioned in this Prospectus, is available for public review during normal business hours and upon prior coordination, at the Company's offices at TOJA Building, Yigal Alon 114, Tel Aviv. Furthermore, copies of this Prospectus and of the Company's Articles of Association are available for public review on the ISA distribution website at [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and on the TASE website at [www.maya.tase.co.il](http://www.maya.tase.co.il).

## **Chapter 11 – Signatures**

### **The Company**

Elron Ventures Ltd.

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### **Directors**

Dan Hoz (Chairman)

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Doron Haim Cohen

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Eyal Eshed

\_\_\_\_\_

Lee-Bath Nelson

\_\_\_\_\_

Barak Mashraki

\_\_\_\_\_

Shalom Tourgeman

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