

ELRON

Translation of Immediate Report Filed by Elron on August 30, 2021 with the Israeli Securities Authority

Tel-Aviv, August 30, 2021 – Elron Electronic Industries Ltd. (“Elron”) (TASE: ELRN) hereby announces further to Section 25 of “Part I – Description of Corporation's Business” in Elron’s annual periodic report for 2020, and following the immediate report published by Elron on August 3, 2021 regarding the clinical trial success of CartiHeal (2009) Ltd. (“CartiHeal”), that Bioventus (the "Purchaser") has announced today that it decided to proceed with the investment and option transaction for the sale of CartiHeal to the Purchaser (the "Transaction"), and subsequently to deposit an escrow payment of \$50 million to ensure the exercise of the call option and put option.

The Purchaser further announced that the above decision came following its review of a statistical analysis report of the pivotal clinical trial of the Agili-C implant, reimbursement coding analysis and significant market diligence including surgeon interviews with respect to Agili-C’s commercialization opportunity and ultimate market potential.

CartiHeal plans to submit the third and final module of its PMA application to the FDA by the end of 2021.

CartiHeal's above estimates are forward-looking in nature, as defined in the Israel Securities Law, 5728-1968, and are based on CartiHeal's estimations and information existing in CartiHeal as of the reporting date. These estimates, in whole or in part, may not materialize, or may materialize in a manner materially different than expected. The principal factors that may affect this are developments in CartiHeal's field of operation, reliance on third parties including data analysis services, FDA feedback on submissions, feedback from the medical and scientific community, unforeseen regulatory difficulties, regulatory changes and restrictions on supply of raw material for implant manufacture, failure to meet goals, inability to realize technologies, modifications in technologies, modifications in the business plan, goals and/or strategy.

For details on the Transaction, including the Conditions Precedent to the Transaction, see Elron’s Immediate Report dated July 16, 2020. 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).