

## The Trendlines Group Reports 2018 Second Quarter Results

**Misgav, Israel and Singapore, 7 August 2018** – The Trendlines Group Ltd. (the “**Company**” and together with its subsidiaries, “**Trendlines**” or the “**Group**”), a leading Israeli-based investment and innovation commercialization company focused on early-stage, high growth medical and agricultural technologies, announced its financial results for the second quarter ended 30 June 2018 (“**Q2 2018**”).

### Second Quarter 2018 Highlights

#### Group Financials

- **Fair Value of Portfolio:** US\$96.2 million as at 30.06.2018 (31.12.2017: US\$96.8 million)
- **Total Expenses:** US\$2.0 million (Q2 2017: US\$2.3 million)
- **Total Income:** US\$0.2 million (Q2 2017: US\$5.4 million)
- **Net Loss:** US\$1.8 million (Q2 2017 Net Gain: US\$2.4 million)
- **Total Current Assets:** US\$15.6 million as at 30.06.18 (31.12.17: US\$20.4 million)
- **Book Value:** US\$89.6 million as at 30.06.18 (31.12.17: US\$92.9 million)

#### Corporate/Business Developments

- B. Braun Medical SAS disclosed as acquirer of Stimatix GI Ltd.’s assets and confirmed product launch remains on track for 2018.
- Trendlines Incubators Israel Ltd. and Sirius Venture Capital e Participacoes Ltda signed an investment cooperation Memorandum of Understanding (“**MOU**”).
- Portfolio company Arcuro Ltd. announced FDA regulatory clearance.
- One new medical portfolio company, Ayzer Sense Pte. Ltd., established in Singapore.
- Trendlines’ 2018 cost-reduction program on track for H1 2018, with a total expense decrease of 19% compared to total expenses in H1 2017

#### Post Q2 2018 Developments

- Following the MOU signed with Nutreco Investments B.V. (“**Nutreco**”) in Q1 2018, portfolio company ViAqua Therapeutics Ltd. (“**ViAqua**”) announced an investment by Nutreco.
- OrthoSpin Ltd. (“**OrthoSpin**”) announced that Johnson & Johnson Innovation – JJDC, Inc. led a US\$3 million investment round.

- Haim Brosh, former Trendlines Corporate Controller, replaces Gabi Heller as Chief Financial Officer and Joint Company Secretary, effective July, 2018.
- One new agtech company – IBI-Ag Ltd. - established in Israel (pre-funded by the Bayer Trendlines Ag Innovation Fund).

### **Q2 2018 Financial Results**

Commenting on Trendlines' second quarter financial performance, Chairman and CEO Steve Rhodes remarked, "Our second quarter expenses demonstrate continued implementation of our cost reduction plan for FY2018, with net operating costs 12% lower than Q2 2017, a result of our commitment to the plan's implementation. We continue to monitor our expenses closely.

Although our total portfolio value declined slightly by \$0.6 million during the period, compared to our end 2017 portfolio value, total portfolio value was up \$8.6 million compared to 30 June, 2017. The decline in portfolio value for the quarter reflects the fact, as previously noted, that on a quarter-to-quarter basis, our portfolio value and profitability tend to be "lumpy." At the same time, many of our portfolio companies are making important strides to develop meaningful future value for our portfolio; the significant year-on-year portfolio value increase reflects the overall trend of growing our portfolio value over the past eleven years. In fact, excluding the decrease in the value of Stimatix GI Ltd. due to a technical adjustment (see below), the portfolio value increased in H1 2018 by US\$1.2 million."

Total expenses decreased by approximately US\$0.3 million, or 12%, in Q2 2018 as compared to Q2 2017; for the 6-month period ended 30 June 2018, total expenses decreased by approximately US\$1 million, or 19%, compared to H1 2017. The decrease is due to reductions in employment costs and other general and administrative budget cutting as part of the Group's cost reduction plan announced in October 2017.

Total income in Q2 2018 was US\$0.2 million, compared to US\$5.4 million in Q2 2017. The decrease in total income primarily reflects a reduction in the fair value of Trendlines' portfolio companies (a loss of approximately US\$1.5 million in Q2 2018 as compared to a gain of approximately US\$3.8 million in Q2 2017), mainly due to:

1. A decrease of US\$2.3 million in the fair value of Stimatix GI Ltd., mainly due to a change in the net present value of projected cash flow due to an adjustment in the discount rate used to calculate the present value<sup>1</sup> and increased sales model accuracy as we observe the product launch; offset by
2. An aggregate net increase of US\$0.8 million in the overall fair market value of various Portfolio Companies which was derived based on factors such as the

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<sup>1</sup> The external valuation company uses the average of the 10-year and 20-year Corporate Bonds (Aa/AA) Median Yield, for the discount rate. As the market rates fluctuate, unrelated to the Stimatix GI Ltd. product, the company uses the updated rates.

terms on which each Portfolio Company completed its fund raising exercises, and each Portfolio Company's commercial or technological progress. In general, better terms for fund raising exercises and greater commercial or technological progress would lead to higher fair market values.

Commenting on portfolio company developments during the quarter, Chairman and CEO Todd Dollinger said, "In April 2018, we disclosed the previously confidential 2014 acquisition of [the assets of Stimatix by B. Braun Medical SAS](#), who have advised that the product launch is on track for 2018.

We were pleased to announce that Arcuro Ltd. received FDA regulatory clearance and two other companies -- ViAqua and OrthoSpin -- announced significant funding just after the close of the quarter. Our '[10 Companies to Watch](#)' report, published quarterly, continues to track the most significant developments and milestones that these select companies reach and provide useful updates for our investors."

For full financial information, please see our announcement to the SGX: Unaudited Financial Statements for the three months ended 30 June 2018.

#### **About The Trendlines Group Ltd.**

Trendlines is an innovation commercialization company that invents, discovers, invests in, and incubates innovation-based medical and agricultural technologies to fulfill its mission to improve the human condition. As intensely hands-on investors, Trendlines is involved in all aspects of its portfolio companies from technology development to business building. Trendlines' shares are traded on the Singapore Stock Exchange (SGX: 42T) and in the United States as an American Depositary Receipt (ADR) on the OTCQX International (OTCQX: TRNLY).

-The End-

#### **Investor Contact Information**

Israel  
Shira Zimmerman, The Trendlines Group  
shira@trendlines.com  
Tel: +972.72.260.7000

Singapore  
Reyna MEI, Financial PR  
reyna@financialpr.com.sg  
Tel: +65.6438.2990

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This press release has been prepared by The Trendlines Group Ltd. (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading

Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.

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The contact person for the Sponsor is Ms. Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg))

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Submitted By (Co./Ind. Name) Haim Brosh

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Designation Joint Company Secretary

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