

Trendlines Reports H1 2022 Unaudited Half Year Results: Net loss for H12022 mainly due to final write-off of portfolio company Stimatix at US\$7.9m

- The Group reported a net loss of US\$11.9 million in H12022, mainly attributable to final write-off of portfolio company, Stimatix G.I. Ltd., amounting to US\$7.9 million
- Book value of US\$94.2 million, with lower concentration risk and more diversified portfolio
- Fair Value of Portfolio: US\$81.1 million
- Subscription Agreement for a total of US\$20.27 million in 8 tranches; 3 tranches of the subscription completed. Funds to be used for direct and indirect investments in portfolio companies and for operating costs.
- 18 portfolio companies raised a total of US\$20.7million, including Series A of US\$14.5 million for Phytolon Ltd.

Misgav, Israel and Singapore, 10 August 2022 – The Trendlines Group Ltd. (the “**Company**” and together with its subsidiaries, “**Trendlines**” or the “**Group**”), the Israel- and Singapore-based company focused on building value through innovation-based medical and agrifood technologies, announced its results for the six months ended 30 June 2022 (“**H1 2022**”) today.

Financial Overview

Profit or Loss Highlights	H12022	H12021
(US\$ '000)		
Total Income	(4,859)	11,094
(Loss) / Profit before tax	(13,497)	4,378
Net (Loss) / Profit	(11,926)	4,054

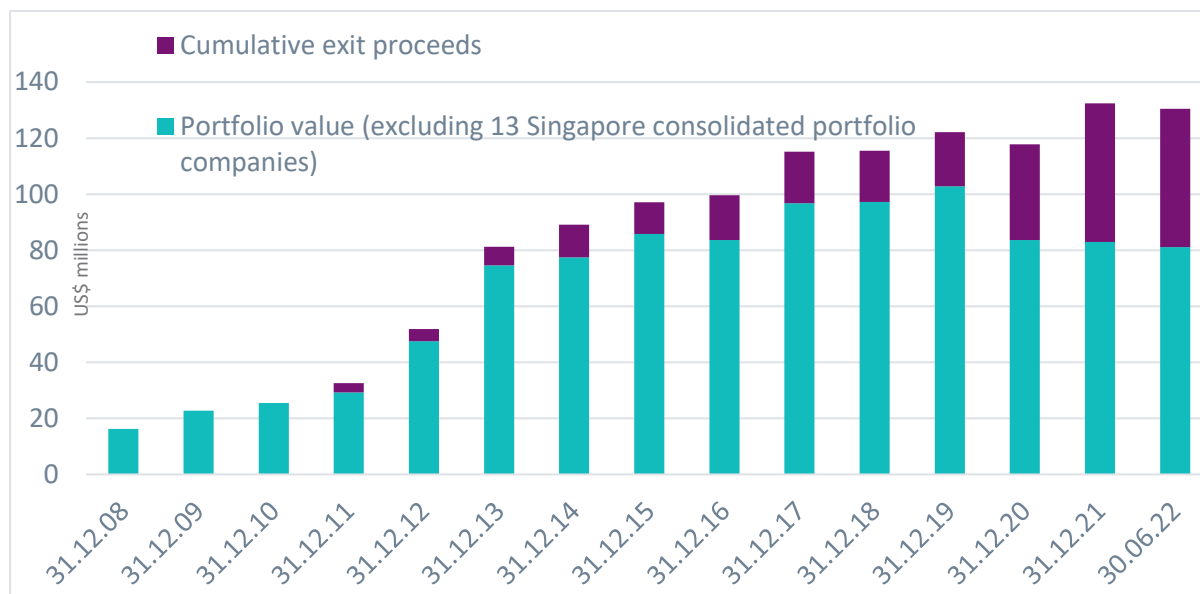


Figure 1: Portfolio growth 2008-2022

The H12022 drop in profits were mainly due to the write-off of the Group’s portfolio company, Stimatix G.I. Ltd. amounting to US\$7.9 million. Other factors included the adjustment of the fair value of the contingent consideration and the time factor of the payments expected to be received from the sale of the Group’s former portfolio company, ApiFix Ltd. exit as reported by the acquirer’s latest financial report and the periodical portfolio fluctuations as detailed below.

The loss in fair value of investments in Portfolio Companies was US\$7.4 million in H1 2022 as compared to a gain from change in fair value of investments of US\$6.2 million in H1 2021.

In H1 2022, there was an increase of US\$3.2 million in the fair value of various Portfolio Companies which was derived based on factors such as the favourable terms on which each Portfolio Company completed its fund raising exercises and each Portfolio Company’s commercial or technological progress. In general, favourable terms for fund raising exercises/exits and higher commercial or technological progress would lead to higher fair values.

The above increase in fair value of investments in Portfolio Companies was mainly offset by:

- (i) a decrease of approximately US\$2.3 million in the fair value of various Portfolio Companies mainly as a result of the completion of fund raising exercises at less favorable terms to the Company, and general commercial or technological difficulties demonstrated in some Portfolio Companies in H1 2022;
- (ii) Write-off of Stimatix G.I. Ltd. (“Stimatix”) of approximately US\$7.9 million as a result of the acquirer discontinuing the marketing of the product of Stimatix, as stated in the company’s announcement dated 14 July 2022, and write off of another Portfolio Company of approximately US\$0.5 million as a result of lack of funding.

Balance Sheet Highlights (US\$ '000)	30-Jun-22	31-Dec-21	Change (%)
Investments in portfolio companies	81,058	83,046	(2.4)
Accounts and other receivables (current assets)	2,792	3,361	(16.9)
Cash and cash equivalents	9,715	14,309	(32.1)
Total assets	106,964	121,083	(11.7)
Trade and other payables (current liabilities)	3,535	4,246	(16.8)
Total liabilities	12,739	18,541	(31.2)
Total equity	94,225	102,542	(8.1)
Net asset value per share (Singapore cents)	0.16	0.17	-

Total assets decreased by approximately 11.66% from US\$121.1 million as at 31 December 2021 to US\$107 million as at 30 June 2022. This was mainly due to a decrease in, Investments in Portfolio Companies of US\$2.0 million, cash and cash equivalents of US\$4.6 million, contingent consideration receivable of US\$1.7 million that is expected to be received from the sale of the Group's former Portfolio Company, ApiFix Ltd., to OrthoPediatrics Corp in H1 2020 and short-term bank deposits of US\$4.2 million.

Trendlines' Chair and CEO Steve Rhodes commented, "While we're deeply disappointed in the write-off of portfolio company Stimatix G.I. Ltd., we are pleased to note that the balance of the portfolio, with no portfolio company being more than 10% of the total value, is stronger and more diversified than ever. This reduces the risk for our investments and puts the portfolio in a much more balanced position."

Todd Dollinger, Chair and CEO, added, "In January 2022, we announced an agreement with a group of existing and new investors to invest a total of S\$ 20.27 million (US\$ 15.0 million), in eight quarterly tranches, at a per share price of S\$ 0.12 (approximately US\$ 4.45 per ADR), a premium of about 12% about the prevailing market price then. This investment, from a group of these sophisticated investors will be used to strengthen our existing portfolio of companies, building value for our shareholders over the coming years."

Corporate Developments in H1 2022 and beyond

- The Group announced entry into subscription agreements with existing and new investors to raise an aggregate S\$20.27 million (~US\$15.0 million).
- Phytolon Ltd. closed a Series A funding round of US\$14.5 million led by DSM Ventures; earlier in the year, Phytolon Ltd. signed a collaboration with Ginkgo Bioworks.
- ZygoFix Ltd. was selected to receive €5.4 million in funding from the prestigious EU EIC program.
- SetBone Medical Ltd. announced a US\$1.6 million financing round.
- Escala Medical received FDA clearance.
- Limaca Medical Ltd. received FDA breakthrough device designation and signed a partnership agreement with Japanese HekaBio.
- Sol Chip Ltd. announced an innovation initiative with Japan Post.

For full financial information, please see our announcement to the SGX: Unaudited Financial Statements for the Half Year Ended 30 June 2022.

Earnings call

Trendlines will hold an Earnings Call to present and discuss the Group's financial results for the half year ended 30 June 2022 and other business developments. The call will take place at 14:00 (Singapore time) on 11 August 2022. [Register here](#) to participate in the call.

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About The Trendlines Group Ltd.

Trendlines establishes, funds, and incubates innovation-based medical and agrifood technologies to fulfil 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).

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*This press release has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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