trendlines
medical • agrifood • labs

THE TRENDLINES GROUP LTD.
ANNUAL REPORT 2020

Creating & Developing Companies
To Improve The Human Condition


EXIT
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CONTENTS

This annual report 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 annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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SHORTENED FORMS & ACRONYMS IN THIS ANNUAL REPORT

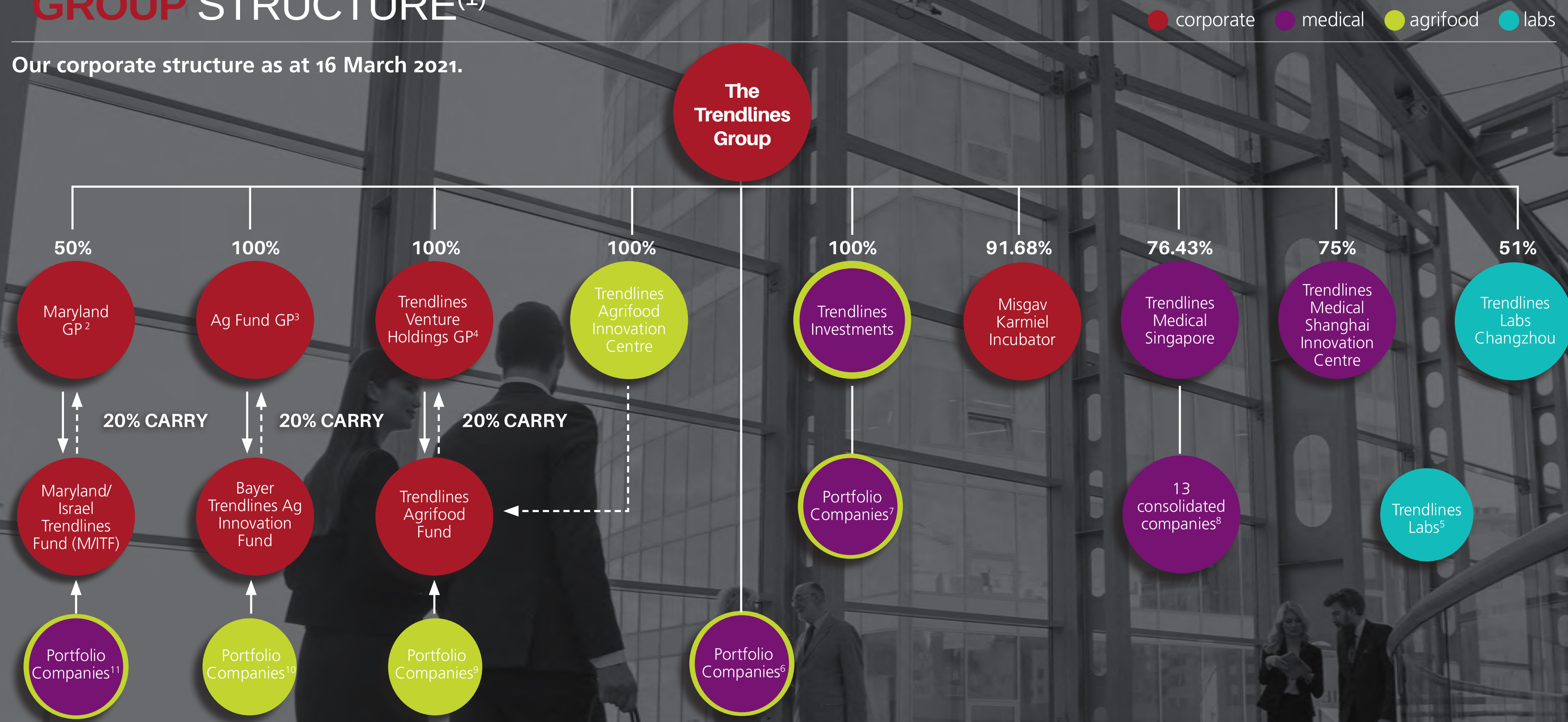
Accelerate Technologies Pte Ltd ("A*ccelerate"), the commercialization arm of the Agency for Science, Technology and Research ("A*STAR")
American Depositary Receipt ("ADR")
Annual General Meeting ("AGM")
Asia Pacific ("APAC")
Bayer Crop Science LLC ("Bayer Crop Science" or "BCS")
Bayer Trendlines Ag Innovation Fund ("Bayer Trendlines Ag Fund" or "Ag Fund")
B. Braun Melsungen AG ("B. Braun")
Board of Directors ("Board")
Catalist of the Singapore Exchange Securities Trading Limited ("Catalist of the Singapore Exchange")
Chief Executive Officer ("CEO")
Chief Financial Officer ("CFO")
Chief Operating Officer ("COO")
Chief Technology Officer ("CTO")
China-Israel Innovation Hub ("CIIH")
Compound Annual Growth Rate ("CAGR")
Environmental, Social and Governance ("ESG")
Fair Value ("FV")
Financial Year Ended 31 December 2018 ("FY2018")
Financial Year Ended 31 December 2019 ("FY2019")
Financial Year Ending 31 December 2020 ("FY2020")
First in Human ("FIH")
Frequently Asked Questions ("FAQs")
General and Administrative ("G&A")
General Partner ("GP")
Global Reporting Initiative ("GRI")
Initial Public Offering ("IPO")
Intellectual Property ("IP")
Internal Rate of Return ("IRR")
Israel Innovation Authority ("IIA")
Johnson & Johnson Innovation – JJDC, Inc. ("JJDC")
Joint Venture ("JV")
Librae Holdings Limited ("LH")
Maryland/Israel Trendlines Fund GP LLC ("Maryland GP")
Maryland/Israel Trendlines Fund L.P. ("M/ITF")
Memorandum of Understanding ("MOU")
Merger and Acquisition ("M&A")
Misgav/Karmiel Technology Incubator, Management Services Ltd. ("Misgav/Karmiel Incubator")
National Healthcare Group Pte. Ltd. ("NHG")
National University of Singapore ("NUS")
Net Asset Value ("NAV")
OrthoPediatrics Corporation ("OrthoPediatrics")
OTCQX Market ("OTCQX®," a trademark of the OTC Markets Group Inc.)
PrimePartners Corporate Finance Holdings Pte. Ltd. ("PrimePartners Holdings")
Profit and Loss ("P&L")
Redeemable Convertible Loan ("RCL")
Research and Development ("R&D")
SEEDS Capital Pte. Ltd. ("Seeds Capital")
Singapore Dollar ("SGD")
Singapore Exchange Limited ("SGX")
Singapore General Hospital ("SGH")
Singapore Israel Industrial Research and Development Foundation ("SIIRD")
Special General Meeting ("SGM")
The Trendlines Group Ltd. ("Trendlines" or the "Company," and together with its subsidiaries, the "Group" or "The Trendlines Group")
Trendlines Agrifood Fund Pte. Ltd. ("Trendlines Agrifood Fund")
Trendlines Agrifood Innovation Centre Pte. Ltd. ("Trendlines Agrifood Innovation Centre" or "AFIC")
Trendlines Agtech Ltd. ("Ag Fund GP")
Trendlines Agtech-Mofet Ltd. ("Trendlines Agtech-Mofet")
Trendlines Incubators Israel Ltd. ("Trendlines Incubators Israel")
Trendlines International Ltd. ("Trendlines International")
Trendlines Investments Ltd. ("Trendlines Investments", previously Trendlines Agtech-Mofet Ltd.)
Trendlines Medical Singapore Pte. Ltd. ("Trendlines Medical Singapore")
Vice President ("VP")
United Nations Sustainable Development Goals ("UN SDGs")
United States of America ("US")

TRENDLINES' PORTFOLIO COMPANIES SHORTENED FORMS

Advanced Mem-Tech Ltd. ("MemTech")
Agam Aquaculture Ltd. ("Agam")
AgroScout Ltd. ("AgroScout")
AlgaHealth Ltd. ("AlgaHealth")
ApiFix Ltd. ("ApiFix")
AquiNovo Ltd. ("AquiNovo")
Arcuro Medical Ltd. ("Arcuro")
Avir Medical Pte. Ltd. ("Avir")
Ayzer Sense Pte. Ltd. ("Ayzer Sense")
BioFishency Ltd. ("BioFishency")
Ceretrieve Ltd. ("Ceretrieve")
Continale Medical Pte. Ltd. ("Continale")
CoreBone Ltd. ("CoreBone")
Dermacut Medical Pte. Ltd. ("Dermacut")
EcoPhage Ltd. ("EcoPhage")
ElastiMed Ltd. ("ElastiMed")
EndoSiQ Pte. Ltd. ("EndoSiQ")
Equinom Ltd. ("Equinom")
Escala Medical Ltd. ("Escala")
Fidmi Medical Ltd. ("Fidmi")
FruitSpec Ltd. ("FruitSpec")
Gordian Surgical Ltd. ("Gordian")
GreenSpense Ltd. ("GreenSpense")
Hargol FoodTech Ltd. ("Hargol")
Hyblate Medical Ltd. ("Hyblate")
IBI-Ag Ltd. ("IBI Ag")
Insectta Pte. Ltd. ("Insectta")
interVaal Pte. Ltd. ("interVaal")
Leviticus Cardio Ltd. ("Leviticus Cardio")
liberDi Ltd. ("liberDi")
Limaca Medical Ltd. ("Limaca")
Magdent Ltd. ("Magdent")
Medulla Pro Pte. Ltd. ("Medulla Pro")
MetoMotion Ltd. ("MetoMotion")
MiRobot Ltd. ("MiRobot")
NasoTrak Medical Pte. Ltd. ("NasoTrak")
NeuroQuest Ltd. ("NeuroQuest")
NICE Surgical Pte. Ltd. ("NICE")
OccuTrack Medical Solutions Pte. Ltd. ("OccuTrack")
Omeq Medical Ltd. ("Omeq")
OrthoSpin Ltd. ("OrthoSpin")
Phytolon Ltd. ("Phytolon")
PregnanTech Ltd. ("PregnanTech")
ProArc Medical Ltd. ("ProArc")
ProJini Agchem Ltd. ("ProJini")
Saturas Ltd. ("Saturas")
Seger Surgical Solutions Ltd. ("Seger")
SenterCare Ltd. ("SenterCare")
SetBone Medical Ltd. ("SetBone")
Sol Chip Ltd. ("Sol Chip")
STeP Pte. Ltd. ("STeP")
Stimatix G.I. Ltd. ("Stimatix")
S.T.S. Medical Ltd. ("ST Stent")
Szone Medical Pte. Ltd. ("Szone")
TendonPlus Medical Pte. Ltd. ("TendonPlus")
Valentis Nanotech Ltd. ("Valentis")
Vensica Medical Ltd. ("Vensica")
Vessi Medical Ltd. ("Vessi")
ViAqua Therapeutics Ltd. ("ViAqua")
Vvital Biomed Ltd. ("Vvital")
ZygoFix Ltd. ("ZygoFix")

GROUP STRUCTURE(1)

Our corporate structure as at 16 March 2021.



(1) See the complete list of portfolio companies in the Business Review chapter of this Annual Report.

(2) Maryland GP is a Maryland limited liability company which is the general partner of the M/ITF, a Maryland limited partnership and has invested in certain of our portfolio companies. The remaining 50% shareholding in Maryland GP is held by Maryland/Israel Development Corporation, an unrelated third party. In its capacity as the general partner ("GP") of M/ITF, Maryland GP is entitled to receive 20% of distributions (cash or property) made by M/ITF as carried interest ("20% Carry"), after all the limited partners in M/ITF have received in aggregate distributions equal to their capital contributions to M/ITF.

(3) Ag Fund GP acts as the GP of an Israeli limited partnership, the Bayer Trendlines Ag Fund. 100% of the interest in the Bayer Trendlines Ag Fund is held by Bayer Crop Science LP, an unrelated third party. In its capacity as the GP of the Bayer Trendlines Ag Fund, Ag Fund GP is entitled to receive 20% of distributions made by the Bayer Trendlines Ag Fund as carried interest, after all the partners have received in aggregate distributions equal to their respective capital Contributions to the Bayer Trendlines Ag Fund. In addition, in its capacity as the GP of the Bayer Trendlines Ag Fund, Ag Fund GP has the sole, complete and exclusive right, power and discretion to operate, manage, and control the affairs and property of the Bayer Trendlines Ag Fund and to make all decisions concerning the operations and business of the Bayer Trendlines Ag Fund.

(4) Trendlines Venture Holdings Ltd., a company incorporated under the laws of the Cayman Islands, is a wholly-owned subsidiary of The Trendlines Group Ltd period and acts as the general partner of Trendlines Agrifood Fund Pte. Ltd., an investment fund constituted as a Singapore private limited company limited by shares. After distributions to the shareholders of the Fund in proportion to their respective capital contributions and the fulfilment of a hurdle rate of 6%, the general partner is entitled to receive a catch-up of 25%; thereafter the general partner is entitled to a performance fee of 20% (the carried interest).

(5) Trendlines Labs (Israel, Singapore, China) was established as an innovation center to invent and develop technologies for The Trendlines Group and in collaboration with global companies — all to address unmet market needs. The technologies developed by Trendlines Labs may be sold, licensed to others, or further developed for commercialization under the auspices of The Trendlines Group or in cooperation with our commercial partners.

(6) Portfolio companies held by the Trendlines Group (see Table A).

(7) Portfolio companies held by Trendlines Investments (see Table B).

(8) Thirteen consolidated companies of Trendlines Medical Singapore (see Table C).

(9) Portfolio companies held by the Trendlines Agrifood Fund (see Table D).

(10) Portfolio companies held by the Bayer Trendlines Ag Innovation Fund (see Table E).

(11) Portfolio companies held by the MTIF (see Table F).

GROUP STRUCTURE

Following approval of the merger explained on page 6, the portfolio companies previously of Trendlines Incubators Israel, have been absorbed into The Trendlines Group and Trendlines Investments as shown in the tables below.

Table A – Portfolio Companies of The Trendlines Group	Outstanding Holdings %	Fully Diluted Holdings %
AgroScout	35.24	33.95
AlgaHealth	40.00	39.80
Arcuro	24.05	22.35
Ceretrieve	50.00	42.40
ElastiMed	37.59	32.87
Escala	49.60	41.90
Fidmi	48.12	46.52
FruitSpec	31.10	28.81
Gordian	19.18	15.77
Hargol	23.70	22.73
liberDi	49.55	39.60
Limaca	94.12	73.24
MetoMotion	45.64	40.87
NeuroQuest	68.08	31.72
Omeq	33.10	30.99
OrthoSpin	30.44	25.83
ProArc	21.31	18.71
SenterCare	48.00	44.89
SetBone	50.00	48.66
Stimatix	28.14	27.16
ST Stent	33.12	28.14
Vensica	28.75	25.09
Vessi	49.90	46.82
ZygoFix	49.71	42.41

Table B – Portfolio Companies of Trendlines Investments	Outstanding Holdings %	Fully Diluted Holdings %
Memtech	13.38	11.46
Agam	50.00	45.77
AquiNovo	46.77	38.11
BioFishency	34.74	30.93
CoreBone	38.83	34.06
EcoPhage	47.00	39.25
GreenSpense	16.20	13.85
Hyblate	85.00	84.60
IBI Ag	33.80	33.60
Leviticus Cardio	20.07	18.42
Magdent	11.28	9.67
MiRobot	31.35	25.80
Phytolon	82.60	69.60
PregnanTech	73.10	72.47
ProJini	65.01	59.05
Saturas	23.81	21.74
Sol Chip	43.11	34.12
Valentis	88.50	69.36
ViAqua	40.73	37.73
Vvital	41.00	37.07

GROUP STRUCTURE

Table C – Consolidated Companies of Trendlines Medical Singapore	Trendlines Medical Singapore Holdings		The Trendlines Group Holdings	
	Outstanding Holdings %	Fully Diluted Holdings %	Outstanding Holdings %	Fully Diluted Holdings %
Avir	49.00	42.03	36.00	35.27
Ayzer Sense	49.00	45.60	0.00	0.00
Continale Medical	36.11	30.66	63.89	61.34
Dermacut	62.50	62.50	37.50	37.50
EndoSiQ	65.00	57.70	35.00	34.30
interVaal	49.00	43.08	49.00	48.03
Medulla Pro	60.00	54.79	40.00	39.20
Szone	55.10	46.90	44.90	43.10
NasoTrak	68.20	59.30	31.80	31.20
NICE	80.00	74.60	20.00	20.00
OccuTrack	66.90	60.40	33.10	31.80
STeP	60.00	57.60	40.00	38.40
TendonPlus[1]	62.50	62.50	37.50	37.50

Table D – Portfolio Companies of the Trendlines Agrifood Fund	Outstanding Holdings %	Fully Diluted Holdings %
Equinom	5.10	4.70
Saturas[2]	4.82	4.40
Insectta[3]	30.00	30.00

Table E – Portfolio Companies of the Bayer Trendlines Ag Innovation Fund[4]	Outstanding Holdings %	Fully Diluted holdings %
IBI Ag	46.10	45.80
EcoPhage	28.78	24.10
ProJini	11.00	9.96

Table F – Portfolio Companies of the MaryLand/Israel Trendlines Fund	Outstanding Holdings %	Fully Diluted Holdings %
Stimatix	1.57	1.52
NeuroQuest	0.00	3.85
ProArc	4.72	4.14
GreenSpense	3.91	3.32
Leviticus Cardio	5.95	5.46

1. TendonPlus was consolidated on 14 January 2021.
2. Also held by The Trendlines Group (21.74%).
3. Also held by the Trendlines Agrifood Innovation Centre (5%).
4. All companies held by Trendlines Investments (33.60%, 39.25%, 59.05%, respectively).

CORPORATE PROFILE

The Trendlines Group creates, develops, and invests in technology-based medical and agrifood companies in accordance with our mission to improve the human condition.

We invest in and develop our medical and agrifood technology portfolio companies, building them up until they are ready for further growth through M&A transactions or listings on public stock exchanges, as appropriate to each holding.

We invest in companies from their creation and through their entire life cycle, providing our portfolio companies with intensive support, including R&D, business development, market and commercialization strategies, investment strategy, financial planning, and much more. We are truly hands-on investors. Most of our early-stage portfolio companies work from our offices in Israel or Singapore for their first two or three years, and sometimes much longer.

Through our own balance sheet, and from venture funds that we manage, Trendlines invests in follow-on funding rounds of companies in our own portfolio and in carefully selected later-stage companies in which we are not the first investors. We are the fund managers for the Bayer Trendlines Ag Fund (Israel) and the Trendlines Agrifood Fund (Singapore). Both funds invest in selected Trendlines' portfolio and other companies. We may establish additional venture funds under the management of the Group.

Additionally, Trendlines Labs, our in-house innovation center, invents and develops technologies to establish companies in our incubators and in collaboration with major corporations in the US, Europe, Japan, China, and Israel.

Our cooperation strategies include joint ventures, partnerships, co-investments, and the formation of strategic alliances with parties interested in establishing activities with us in various countries.

CORPORATE HISTORY IN BRIEF

In 2007, Trendlines acquired a technology incubator and focused it on the development of medical devices and technologies to improve patient outcomes and reduce healthcare costs. Concurrently, we acquired a second technology incubator. In 2011, we focused this incubator on the development of agricultural and food technologies. In 2016, we consolidated the operations of Trendlines Medical and Trendlines Agtech which operated as Trendlines Incubators Israel until the end of 2020.

In 2011, we established Trendlines Labs to invent and develop technologies for The Trendlines Group and in collaboration with global companies — all to address unmet market needs. The technologies developed by Trendlines Labs may be sold, licensed to others, or further developed for commercialization under the auspices of The Trendlines Group or in cooperation with our commercial partners. To date, we have established 13 companies based on technologies spun out of Trendlines Labs, creating tremendous value for the Group. The value of most of these companies is "hidden" as they are reported on a consolidated basis. In the future, as they raise external investments, we expect them to be deconsolidated and their value to be added to our overall portfolio value.

Trendlines team members meeting in virtual spaces.

In 2016, we established the Bayer Trendlines Ag Fund, an Israeli fund in collaboration with Bayer Crop Science, focused on investments in the early stage agrifood tech portfolio companies of the Group. To date, the Bayer Trendlines Ag Fund has invested in three Trendlines' portfolio companies — IBI Ag, EcoPhage, and ProJini.

Our first investment vehicle outside of Israel, Trendlines Medical Singapore, was officially launched in February 2017. This investment vehicle was established in partnership with B. Braun and PrimePartners Holdings, with the support of Enterprise Singapore, an agency of the Singapore Ministry of Trade and Industry.

Later in 2017, Trendlines Medical Singapore signed an MOU with Singapore's National Healthcare Group ("NHG") to collaborate in identifying unmet clinical needs and developing innovative technological solutions to address them. Following three years of successful activities, the MOU was reaffirmed and extended in scope in November 2020. The extended scope will be to establish focused group studies comprising NHG physicians, Trendlines' executives and other invited guests to exchange knowledge on current clinical practices, innovation trends and commercial opportunities in selected medical fields. This is to channel translational research into implementable products, and to leverage the research and development capabilities within Trendlines Labs in Singapore and Israel on upstream research projects, enabling a streamlined approach leading to stronger opportunities to translate the research into commercial outcomes.

In February 2019, we incorporated the Trendlines Agrifood Innovation Centre ("AFIC") in Singapore to leverage technological and scientific knowledge in Singapore and the region. As part of AFIC's activities, we provide incubation services to early-stage portfolio companies and business development and operational support to later-stage companies.

In November 2019, the Trendlines Agrifood Fund completed a first close of US$17.0 million. From its headquarters in Singapore, the Fund invests in innovation-based, agrifood tech start-up companies in Singapore and in later-stage agrifood tech companies around the world. During 2020, the Fund

CORPORATE PROFILE

completed three investments: two in later-stage companies, Equinom and Saturas, and one in an early-stage company, Insectta.

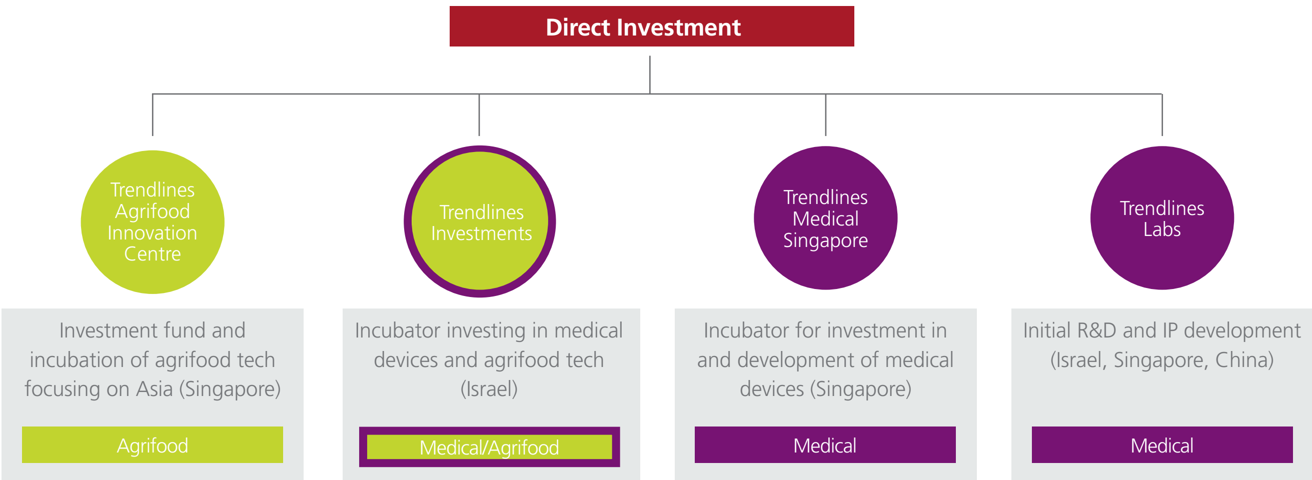
In 2019, we expanded our network of partnerships with industry players in the global medical and agrifood tech communities. In January 2020, we announced that our new Singapore Agrifood Fund was appointed a partner under the Startup SG Equity scheme, administered by SEEDS Capital, giving our Singapore agrifood portfolio companies potential access to their favorable funding, as had previously been agreed for our medical portfolio companies.

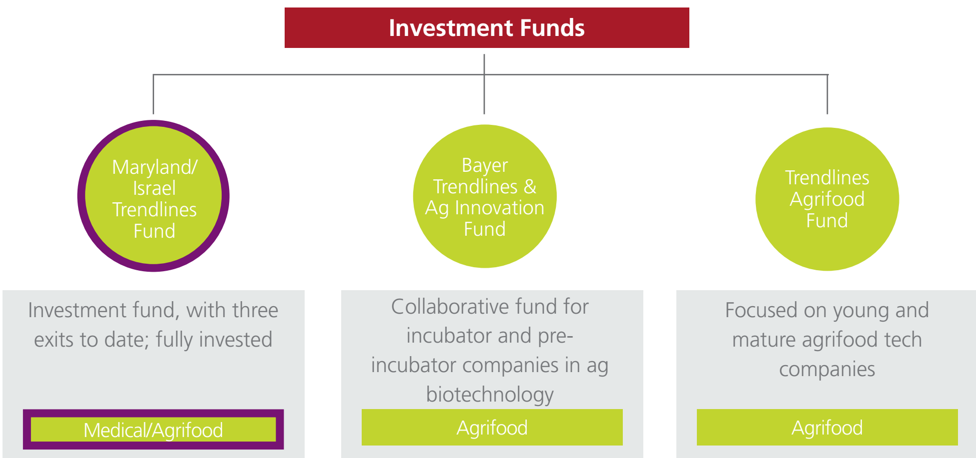
During 2020, Trendlines Labs expanded its activities to include branches in Singapore, and in Changzhou, China. Similarly, Trendlines opened Trendlines Medical Shanghai, located in the China-Israel Innovation Hub ("CIIH") in Shanghai's Putuo District. CIIH focuses on innovation through joint ventures to function as a platform for R&D, technology exchange, and business incubation, focused on needs from local medical device companies.

At the end of 2020, we announced a technical merger, to be completed upon the occurrence of certain conditions, of the Group's wholly owned subsidiary, Trendlines Incubators Israel, in an absorption-type merger for operational, administrative, financial, and tax reasons. The Merger enhances the organizational structure of the Group, reducing management costs, improving management efficiency, optimizing utilization of assets, organizational and managerial resources, and the tax structure of the Group. See Group Structure on pages 3-5 for full details.

OUR LIFE CYCLE FUNDING APPROACH

Trendlines develops multiple and varied investment vehicles to support all development stages of our portfolio companies, allowing us to make follow-on investments in selected companies.





CHAIRS' STATEMENT

> Trendlines creates and develops companies to improve the human condition in partnership with our entrepreneurs and inventors, investors, research institutions, and industry leaders.

Stephen Louis Rhodes
Chair and Chief Executive Officer

David Todd Dollinger
Chair and Chief Executive Officer

DEAR SHAREHOLDERS,

On behalf of the Board of Directors and management, we are pleased to present our annual report for the financial year ended 31 December 2020.

2020 was an extraordinary year in all senses of the word. Among our many accomplishments for the year:

- Portfolio company ApiFix was acquired by Nasdaq-listed OrthoPediatrics for approximately US$67 million plus a future earnout.
- Our portfolio companies raised US$42 million.
- Johnson & Johnson Innovation led a US$5 million investment round in portfolio company OrthoSpin, their second investment in the company.
- Phytolon raised US$4.6 million.
- The Trendlines Agrifood Fund made three initial investments.
- AFIC's 3i Agrifood Accelerator in Singapore completed its first cohort.
- We launched Trendlines Labs in Singapore and China.
- We established Trendlines Medical Shanghai.

The COVID-19 pandemic shaped our operations in 2020. We made quick adaptations as it became apparent that the crisis was not going to disappear quickly. On 9 March 2020, we ceased all international travel for our staff, and mandated a reduction in meetings with external parties, all alongside frequent videoconferencing to maintain a high level of contact with all our stakeholders.

We work in full compliance with national regulations in Israel, Singapore, and China to ensure the safety of our employees and their families, and we upgraded our IT capabilities to make sure all communications channels and work from home could continue seamlessly.

Our portfolio companies, especially those with sales or in clinical trials, found creative ways to continue operations though, in some cases, were forced to delay sales or surgical procedures. This caused some disruption but impacted them less than we expected at the outset.

The fact that we could not travel gave us extra time to give hands-on help to our companies that needed to change plans, adjust budgets, and cut costs.

Despite the unusual year, we had great achievements.

CHAIRS' STATEMENT

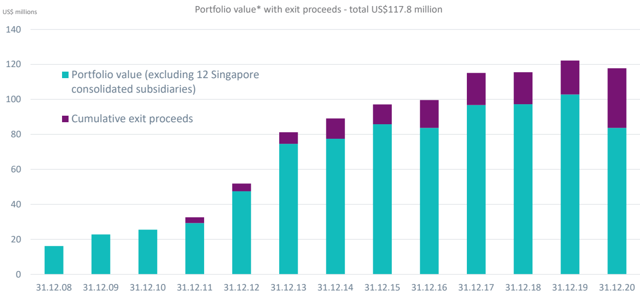
A landmark event in 2020 was the acquisition of portfolio company ApiFix by OrthoPediatrics, a Nasdaq-listed company, for approximately US$67 million plus a future earnout that could significantly increase the overall value of the transaction.

We are proud to update that we secured US$42 million in follow-on funding for our portfolio companies during 2020. We participated in many of these investment rounds alongside outside investors.

The Trendlines Agrifood Fund, investing in both early-stage Singapore-based agrifood start-ups and in later-stage foreign agrifood companies, made its first three investments: in Equinom, a non-GMO seed breeding company; Saturas, a precision irrigation monitoring system; and Insectta, a company transforming food waste from insect farms into high-value biomaterials

In FY2020, the fair value of the Group's portfolio, comprising 45 portfolio companies presented at fair value (not including 12 consolidated Singapore-based companies), was US$83.7 million as at 31 December 2020 compared to the fair value of the Group's portfolio of US$102.8 million as at 31 December 2019. Portfolio value increased by US$4.6 million compared to FY2019, net of the Stimatix write-down and ApiFix acquisition by OrthoPediatrics. It is important to note that portfolio value does not include the value of 12 companies that are consolidated in our books and that 20 companies raised capital in 2020 through SAFE mechanisms* which, while adding value to the companies, does not affect the valuations of our holdings. We trust that many or most of these investments will lead to future increases in valuation. Our total portfolio value, plus exit proceeds (see chart below), is up US$24.5 million since our listing in 2015, from US$93.3 million to US$117.8 million.

Portfolio value expansion



*Net of Stimatix GI write-down and ApiFix Ltd. acquisition by OrthoPediatrics Corp, portfolio fair value increased by US$4.6 million

In 2020, our total assets were approximately US$116.8 million as at 31 December 2020, compared to US$125.5 million as at 31 December 2019. Current assets were US$13.5 million as at 31 December 2020, compared to US$19.5 million as at 31 December 2019. The decrease is mainly due to the utilization of cash for investment in portfolio companies and operating activities in FY 2020. Total cash, short- and long-term deposits and receivables increased to US$20.3 million compared to US$19.4 million as at 31 December 2019. NAV per share US$0.12/SGD 0.16, compared to US$0.13/SGD 0.18 at 31 December 2019.

The exit proceeds from the ApiFix acquisition strengthened our cash position in 2020 with total cash, short- & long-term deposits, and receivables increasing from US$19.4 million as at 31 December 2019 to US$20.3 million as at 31 December 2020.

BUILDING VALUE THROUGH OUR PORTFOLIO

At the end of 2020, many of our portfolio companies that had achieved value-building milestones, including 12 of our more advanced companies that we have highlighted on pages 11 and 12 of this Annual Report. In addition to our younger portfolio companies, these companies, may generate significant value for Trendlines in the coming years.

Trendlines creates and develops companies to improve the human condition through partnerships with our entrepreneurs and inventors, investors, research institutions, and industry leaders — and through Trendlines Labs, our in-house innovation center. In FY2020, we established three new portfolio companies, two based on inventions spun out of Trendlines Labs (SenterCare and STeP), and a third medical company in Trendlines Medical Singapore (Dermacut).

A record 34 portfolio companies raised funds in 2020. Two of the companies, OrthoSpin and Phytolon, raised more than US$4 million each. A number of portfolio companies reached major milestones: two received regulatory approvals, five companies started sales despite the COVID-19 pandemic, and 12 performed clinical/field trials.

See these achievements in the Business Review chapter of this Annual Report.

SHINING A SPOTLIGHT ON SUSTAINABILITY

Our commitment to improving the human condition is more than just a mission statement, it drives our investment decisions and our operating practices. Trendlines places great emphasis on employing a strategic approach to oversee and manage Environmental, Social and Corporate Governance ("ESG") factors. The COVID-19 pandemic highlighted the issues of food security and accessible healthcare worldwide and aroused a renewal or reaffirmation of interest in these two areas from industry, investors, and government. In a world of diminished resources, food security for a growing population and the need for a sustainable healthcare system are more important than ever. We believe that innovation is key to providing solutions for both these spheres.

* Simple Agreement for Future Equity ("SAFE") transactions (the "SAFE Transactions"). A SAFE is an equity derivative instrument, by which the SAFE investor commits capital to an investee company today, in exchange for the right to receive shares in the portfolio company when there is a future financing by the portfolio company.

CHAIRS' STATEMENT

Our food production chain contributes greatly to climate change. Leveraging technology and optimizing use of resources are the way to make a huge impact on this important parameter. Many of our agrifood portfolio companies are poised to make a positive contribution to CO_2 emissions, water consumption, or soil health through saving and optimizing resources like water and land. Some are focused on the use of new methods of pest control to greatly reduce the use of harmful pesticides. Medical companies that reduce hospitalization and operating room time significantly lower healthcare costs while contributing positively to the sustainability of these systems. Companies that provide medical home care solutions save time, money and resources for patients and healthcare systems alike, while reducing the risk of exposure to COVID-19.

In this year's Sustainability Report, we highlight 16 portfolio companies that are making a positive impact and contributing to sustainable systems. We demonstrate our support and commitment to sustainability in the agrifood and healthcare sectors through our investments in and support of these innovation-based companies.

Our commitment to the environment is reflected not only through our portfolio, but in our daily operations as well. In 2020, we continued reviewing our practices to further reduce our environmental footprint.

For full details on our ESG policies and practices, see the Sustainability Report in this Annual Report.

GLOBAL COLLABORATIONS AT THE HEART OF OUR BUSINESS

Our business is built upon partnering. Through our activities in 2020, we expanded our network of global collaborations with meaningful agreements for the Group and our companies:

- Trendlines Medical Singapore and NHG of Singapore signed a new collaboration agreement to expand our scope of collaboration and extend our successful strategic partnership for co-developing innovative healthcare solutions.
- Trendlines Labs expanded to Singapore and China. This expansion opens the doors for collaboration with organizations in the two geographies.
- We established Trendlines Medical Shanghai, which will leverage the connections we have built in China to examine investments in local start-ups and provide collaboration opportunities for our current portfolio.

BUILDING INVESTOR EXPOSURE

The pandemic posed communication challenges with our shareholders and potential investors. With the inability to travel and meet in person, we transferred our communication channels to virtual meetings.

In April 2020, we provided extra insights into the ApiFix acquisition deal via a videoconference.

Our AGM was postponed while we still hoped to travel to Singapore and hold it in person, however, it too, was held via videoconference.

Since we moved to semi-annual financial reporting, we provided a business update to shareholders and potential investors in October as another means of connecting, providing updates, and answering questions.

We remain focused on building long-term value for our shareholders, and we are confident in our business models and our corporate strategy. We continue to focus on making the right investment decisions, building our portfolio companies, and achieving the best possible results for all.

ACKNOWLEDGMENTS AND APPRECIATION

We want to take this opportunity to thank our Board, management, and employees for their hard work, and our partners, inventors, entrepreneurs, sponsors, shareholders, and the governments of the State of Israel and the Republic of Singapore for their continued support and confidence in the Company. The commitment of all in these difficult times is truly commendable and greatly appreciated.

DAVID TODD DOLLINGER
Chair and Chief Executive Officer

STEPHEN LOUIS RHODES
Chair and Chief Executive Officer

MEDTECH ADVANCES

2020 was not only a year of challenges but a year in which our medtech companies garnered significant attention in the market. These are some of the companies that made meaningful progress in 2020 in one or more of the following areas: sales, strategic collaborations, funding, R&D development, regulatory process, clinical results.

OrthoSpin

Robotic fixation for orthopedic treatment

FDA clearance for second generation product

Second-generation product clinical trials

Johnson & Johnson Innovation led investment round

fidmi medical

Advanced enteral feeding for easy insertion, replacement, and removal

FDA cleared – commercialization in 2021

Strategic investors: B.Braun and Micro-Tech

Arcuro Medical

Knotless meniscus repair system

FDA clearance

Raised capital for launch of commercial sales in the US and Latin America

VENSICA

Drug/ultrasound combination for overactive bladder

Strategic partnership with large pharma company

First successful human trial results

liberDi

Digital home dialysis

Providing scalable, digital, and remote peritoneal dialysis

Regulatory clearance in process

SenterCare

AI monitoring for the elderly to remain healthy at home

Trendlines Labs partnership with major monitoring company

Successful field testing of system components

SIX SELECTED AGRIFOOD COMPANIES FROM OUR PORTFOLIO

These six companies made meaningful progress in 2020 in one or more of the following areas: sales, strategic collaborations, funding, R&D development, regulatory process, field results.

AgroScout
Detection Done Right

Artificial intelligence system using a drone for detecting pests and diseases in agricultural crops

Multinational strategic customer

Sales in the US, Latin America, and Israel

FruitSpec.

"Fruit Intelligence Platform" for planning, managing, and optimizing fruit sales

Sales in the US, South America, Israel, and South Africa

Strategic investors from China and South Africa

HARGOL
DELIVERING PROTEIN

The first commercial grasshopper farm in the world

Launch of first commercial product in the US

Joint development with a large Israeli food company

Saturas
InTree Water Monitoring

An accurate irrigation management system via continuous measurement of water in the plant stem

Strategic agreements: Forbon, Netafim

1,500 installations in 10 countries

Phytolon
Natural Food Colorants

Production of natural food colors via biological and sustainable processes

Leading investors in foodtech: EIT Food, Millennium Foodtech, Consensus Business Group, Arkin Holdings

Trials with major food companies

VIAQUA
THERAPEUTICS

Oral vaccines for shrimp and other fish

Strategic investors: VisVires New Protein,

Laboratory testing with Skretting

FINANCIAL HIGHLIGHTS AND REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for the assets, liabilities, and equity are based on the Group's financial statements as at 31 December 2020 and 31 December 2019.

Total assets decreased by approximately 6.88% from US$125.5 million as at 31 December 2019 to US$116.8 million as at 31 December 2020. This was mainly due to a decrease in cash and cash equivalents of US$7.7 million and the decrease in investments in portfolio companies of US$19.1 million, which was offset by a long-term bank deposit of US$4.1 million, deferred tax assets of US$6.8 million and an increase in accounts and other receivables amounting to US$5.6 million.

NON-CURRENT ASSETS

INVESTMENTS IN PORTFOLIO COMPANIES

The investments in portfolio companies of US$83.7 million as at 31 December 2020 comprised 45 portfolio companies presented at fair value (not including the 12 consolidated Singapore based companies). There was a decrease of US$19.1 million or 18.77% as compared to 31 December 2019.

The changes in the value of our investments in portfolio companies were mainly due to:

i. A decrease, pursuant to the sale of ApiFix, of approximately US$13.7 million in fair value;

ii. An aggregate net decrease of US$10.0 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being lower than previous projections:

iii. A decrease of approximately US$9.0 million in the fair value of various portfolio companies mainly due to 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 FY2020; and

iv. the write-off of three (3) portfolio companies of approximately US$1.9 million due to lack of funding in those companies.

The decrease in fair value of investments in portfolio companies was partially offset by:

i. An aggregate net increase of US$15.3 million in the fair value of various portfolio companies based on factors such as the 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;

ii. establishment of two additional portfolio companies which contributed approximately US$0.3 million to the fair value of our portfolio companies as at 31 December 2020.

LONG-TERM BANK DEPOSITS

The increase in a long-term deposit in the amount of US$4.1 million is due to the purchase of a new bank deposit.

DEFERRED TAXES

Deferred tax assets increased by US$6.8 million as at 31 December 2020, due to a technical merger of the Group's wholly owned subsidiary, Trendlines Incubators Israel ("The Absorbed Company"), in an absorption-type merger for operational, administrative, financial, and tax reasons. The purpose of the Merger is to enhance the organizational structure of the Group, reduce management costs, improve management efficiency, optimize utilization of assets, organizational and managerial resources, and the tax structure of the Group.

Subject to the fulfillment of certain predetermined conditions as set out in the announcement on the Merger, the Absorbed Company will be dissolved.

In February 2021, the Company received approvals from the IIA and the Israel Tax Authority in relation to the Merger.

ACCOUNTS AND OTHER RECEIVABLES AND CONTINGENT CONSIDERATION RECEIVABLE

Accounts and other receivables and contingent consideration receivable increased by US$5.6 million as at 31 December 2020 mainly due to the milestone payments expected to be received from the sale of our former portfolio company, ApiFix, to OrthoPediatrics in H1 2020.

FINANCIAL HIGHLIGHTS AND REVIEW

CURRENT ASSETS

As at 31 December 2020, current assets amounted to approximately US$13.5 million and mainly comprised of cash and cash equivalents, short-term bank deposits, accounts and other receivables, and short-term loans to portfolio companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents decreased by approximately US$7.7 million mainly due to the utilization of cash for operating activities in FY2020.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables increased by US$1.9 million as at 31 December 2020, due to the short-term milestone payment expected to be received from the sale of our former portfolio company, ApiFix.

LONG-TERM LIABILITIES

Our total liabilities amounted to approximately US$17.5 million as at 31 December 2020, a decrease of 16.4% as compared to 31 December 2019. Our long-term liabilities represented approximately 85.5% of our total liabilities as at 31 December 2020.

LONG-TERM DEFERRED REVENUE

The Company's deferred revenues are recognized over a period of 24 months (commencing from the date on which the Group provides its service to the respective portfolio company). As at 31 December 2020, there were no long term deferred revenues. The decrease of US$0.6 million as at 31 December 2020 was mainly due to a lower number of new portfolio companies having been established in the past two years, resulting in reduced deferred revenues to be recognized in the 13th to 24th month period as at 31 December 2020, as compared to that as at 31 December 2019.

LOANS FROM THE IIA

The loans from the IIA decreased by US$0.9 million or 26.38%, from US$3.6 million as at 31 December 2019 to US$2.6 million as at 31 December 2020, mainly due to the decrease in fair value of specific portfolio companies for which the loans were received, which forms the basis for the calculation of the value of the loans from the IIA in the Group's financial statements.

DEFERRED TAXES

Net deferred taxes increased by US$2.2 million, mainly due to an increase in fair market value of some portfolio companies.

CURRENT LIABILITIES

Our current liabilities decreased by approximately US$1.8 million or 37.2% from approximately US$4.7 million as at 31 December 2019 to approximately US$2.9 million as at 31 December 2020, mainly as a result of the decrease in the deferred revenue.

TRADE AND OTHER PAYABLES

Trade and other payables decreased by approximately US$0.5 million, from approximately US$2.1 million as at 31 December 2019 to approximately US$1.6 million as at 31 December 2020 mainly due to decrease in trade payables relating to services provided at the end of FY2019 and its related expense which was paid during FY2020.

SHORT-TERM DEFERRED REVENUES

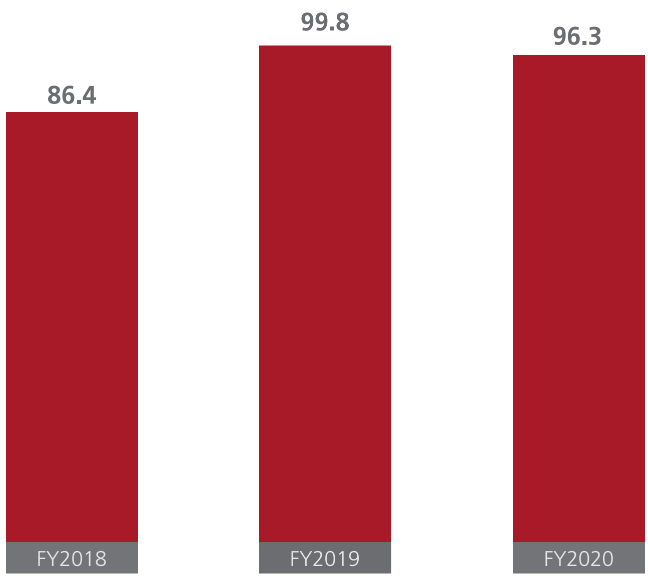
A decrease of US$1.5 million in the short-term deferred revenue was mainly due to fewer new portfolio companies, as at 31 December 2020, that have deferred revenues to be recognized in the 1st to 12th month period, as compared to 31 December 2019.

EQUITY

As at 31 December 2020, equity attributable to equity holders of the Company amounted to approximately US$96.3 million.

TOTAL EQUITY

(US$,000)



FINANCIAL HIGHLIGHTS AND REVIEW

INCOME

Total income decreased by approximately US$12.6 million from US$9.8 million in FY2019 to a loss of approximately US$2.8 million in FY2020.

GAIN (LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS IN PORTFOLIO COMPANIES

The loss in fair value of investments in portfolio companies was US$11 million in FY2020 as compared to a gain from change in fair value of investments of US$3.8 million in FY2019.

In FY2020, there was an aggregate net decrease of US$23.1 million:

(i) an aggregate net decrease of US$10.0 million in the fair value of Stimatix due to the initial revenues of Stimatix being less than previous projections;

(ii) a decrease of approximately US$11.2 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 FY2020; and

(iii) the write off of three (3) portfolio companies of approximately US$1.9 million as a result of lack of funding in those companies.

The decrease in fair value of investments in portfolio companies was offset by an aggregate net increase of US$12.1 million in the fair value of various portfolio companies based on factors such as the 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.

INCOME FROM SERVICES TO PORTFOLIO COMPANIES

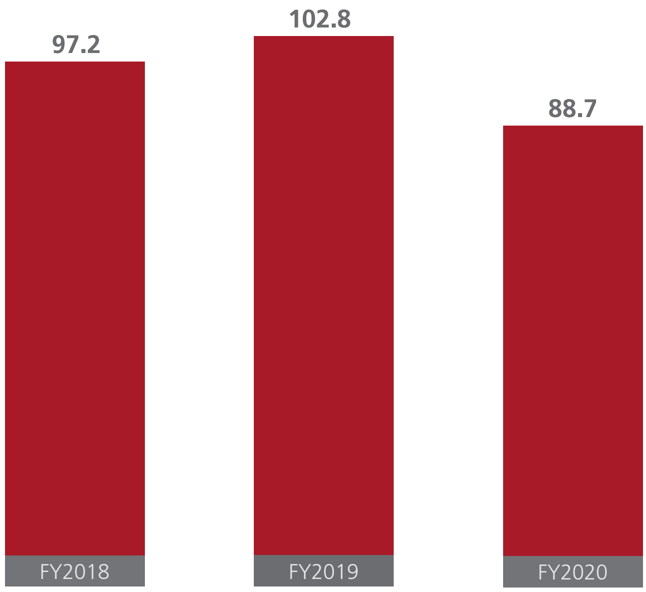
Income from services to portfolio companies comprised of approximately US$0.9 million received as overhead reimbursement from our portfolio companies and approximately US$2.1 million value of non-cash benefits received from the IIA in Israel. Income from value of non-cash benefits received from the IIA in Israel decreased by approximately US$1.7 million or 44.74%, mainly due to a reduced number of new portfolio companies that were serviced by the Group in FY2020 as compared to that in FY2019.

FINANCIAL INCOME

Financial income increased by US$3.7 million mainly due to the adjustment in the fair value of the contingent consideration receivable and the interest on the long-term receivable which were recorded upon the sale of our former portfolio company, ApiFix, to OrthoPediatrics in April 2020 amounting to US$3.1 million.

FAIR VALUE OF PORTFOLIO COMPANIES

(US$,000)



EXPENSES

OPERATING, GENERAL, AND ADMINISTRATIVE EXPENSES

Operating, general and administrative expenses increased by approximately US$0.4 million or 5.32%. The change was mainly as a result of increase in the operating activity of the entire Group.

FINANCIAL EXPENSES

Financial expenses decreased by US$0.4 million due to a decrease in the exchange rate between US$ and NIS (US$:NIS) in FY2020 as compared to increase in the exchange rate in FY2019.

FINANCIAL HIGHLIGHTS AND REVIEW

LOSS BEFORE INCOME TAXES (TAX BENEFIT)

In view of the above, loss before incomes taxes (tax benefit) in FY2020 was approximately US$12.9 million compared to an income of approximately US$0.1 million in FY2019, mainly due to the loss from change in fair value of investments in portfolio companies as compared to the gain on this item in FY2019.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash used in operating activities of US$2.9 million in FY2020 was mainly due to a net loss of US$3.9 million and adjustments for non-cash items such as (i) loss from changes in fair value of investments in portfolio companies of approximately US$11.0 million; (ii) income from services to portfolio companies of approximately US$2.2 million; (iii) net financial income of approximately US$3.6 million; (iv) net investments in portfolio companies of approximately US$5.8 million; (v) sale of short term investment of approximately US$9 million; and (vi) income tax benefit of approximately US$9 million.

Net cash used in investing activities of US$4.4 million in FY2020 was mainly due to purchase of a long-term bank deposit of approximately US$4.1 million.

Net cash used in financing activities of US$0.4 million in FY2020 was mainly due to the payment of lease liabilities of approximately US$0.5 million.

FINANCIAL SUMMARY (US$,000)

	FY2018	FY2019	FY2020
Total portfolio fair value	97.2	102.8	83.7
Total income	1,798	9,822	(2,849)
Total expenses	8,284	9,685	10,098
Income/(loss) before income taxes	(6,486)	137	(12,947)
Income tax (expense)	168	(832)	8,996
Net income/(loss)	(6,318)	(695)	(3,951)

OUR 10 MOST VALUABLE COMPANIES

The total estimated fair market value of our 10 most valuable portfolio companies was approximately US$47.2 million, representing 56% of total portfolio value of approximately US$83.7 million, as at 31 December 2020.

Company Name	Year of Initial Investment	% Owned (Fully Diluted)
Arcuro	2013	22.35
BioFishency	2013	30.93
Ceretrieve	2016	42.40
ElastiMed	2015	32.87
Fidmi	2014	46.52
Hargol	2016	22.73
OrthoSpin	2014	25.83
Stimatix	2009	27.16
ST Stent	2013	28.14
Saturas	2013	21.74

BUSINESS REVIEW

See also the Chair's Statement and Senior Management chapters in this Annual Report, and the News section of the Trendlines website (www.trendlines.com/news).

The Trendlines Group develops, incubates, and invests in technology-based medical and agrifood companies and ideas. We invest principally through our incubators in Israel and Singapore, and through our venture funds, the Bayer Trendlines Ag Fund in Israel and the Trendlines Agrifood Fund in Singapore. Our in-house innovation group, Trendlines Labs, invests through inventing and developing medical and agrifood technology solutions in collaboration with our multinational strategic partners or for investment and further development in our incubators.

We are honored to have earned an international reputation as a leader in life science investing. This reputation has attracted the attention of multinational medical and agrifood corporations, strengthening our partnerships with global players.

CORPORATE

Just before the pandemic hit Israel, we hosted our annual Open House in partnership with the OurCrowd Summit. This in-person event at our Israel headquarters included ~50 investors who came to hear our companies present and meet face-to-face with the CEOs of our portfolio companies.

In mid-March, Israel announced its first lockdown. Singapore followed at the beginning of April. We adapted quickly to the COVID-19 crisis and worked intensively with our companies, adjusting budgets and 2020 business plans. We also carefully reviewed cash flow projections and capital raising plans, given the unknown circumstances that the pandemic brought.

Unable to travel to meet with investors, shareholders, and partners, we moved our communication channels online and expanded our infrastructure to allow for a smooth transition to working remotely.

In April, our portfolio company ApiFix, was acquired by US publicly traded company OrthoPediatrics for ~US$67 million plus future earnout.

During the year, our newly established AgriFood Fund announced three investments: two were in later-stage companies, Equinom and Saturas, and the third investment in early-stage company Insectta.

During the year, we participated in and assisted in raising a record US$42 million for our portfolio companies, including two companies with rounds of over US$4 million each, OrthoSpin and Phytolon.

In June 2020, we held our AGM and SGM remotely.

We expanded activities with the launch of Trendlines Labs in Singapore and China and the opening of Trendlines Medical Shanghai.

We established three new medical companies: SenterCare in Israel and STeP and Dermacut in Singapore. Six portfolio companies launched sales despite the COVID-19 crisis.

TEAM

For additional information, see the Senior Management chapter in this Annual Report and the Our Team page on the Trendlines website (www.trendlines.com/about/team).

Trendlines' employees in Israel, Singapore, and China provide intense support for our portfolio companies in technology and business development, R&D, finance, marketing communications, and administration.

In January 2020, we welcomed Sahar Farah as Assistant Corporate Secretary and Yehuda Folberg in Marketing Communications. In June 2020, we appointed Boon Ann Sin as an independent director to our Board of Directors.

Throughout 2020, due to the COVID-19 crisis, the Group's management team updated our policies for working at home, and office social distancing and hygiene protocols, to make sure that employees were safe and healthy. Two members of our staff in Israel were infected with the virus, suffered light symptoms and are healthy. At the writing of this report, a good percentage of our Israeli employees have been vaccinated and we expect this to include all by the release of this report.

- Chair & CEO Steve Rhodes was a panelist at a Greenberg Traurig seminar on "What Investors Look For," 11 February 2020, Tel Aviv.
- Steve Rhodes was a keynote speaker at the Future Tea & Coffee 2020 Digital Summit & Tradeshow, 24-26 June 2020.
- Steve Rhodes was interviewed on Proactive, a global financial media portal.

BUSINESS REVIEW

- Chair & CEO Todd Dollinger addressed the attendees at the signing of the collaboration between Trendlines Medical Singapore and NHG. (in screenshot below)

- Todd Dollinger spoke at the Rural Vitalization Agricultural Program Roadshow and four agrifood portfolio companies presented.

The total number of the Group's employees was 48 as at 31 December 2020.

TRENDLINES INCUBATORS ISRAEL

Despite the COVID-19 crisis, 2020 was a record year in terms of financing for portfolio companies: 34 companies raised a total of US$42 million. Notable financings included a US$4.6 million financing (investment and grant) for Phytolon and a US$5 million for financing for OrthoSpin led by JJDC. OrthoSpin also achieved a substantial milestone of FDA clearance for its second-generation device. Additionally, ApiFix, a portfolio company established in the Incubator in 2011, was acquired by OrthoPediatrics.

In 2020, Trendlines Medical established one new portfolio company. SenterCare is a company spun off from technology developed internally by Trendlines Labs in partnership with Natali, a leading Israeli company in the eldercare and healthcare-at-home sector. SenterCare's platforms solve the aging-in-place gap by integrating cutting-edge sensing and AI technologies to provide a 360º monitoring service.

We launched a new pre-incubation program in Israel aimed at pre-seed agrifood and medical technologies.

TEAM

Ofir Hazut joined the incubator team as VP Business Development, Trendlines Incubators Israel; Daniel Gamsu joined as VP Medical Deal Flow.

EVENTS

- Trendlines Incubators Israel CEO Barak Singer was a panelist at the Healthcare Cross-Border Partnering Summit from Globe to Asia, during JP Morgan 2020 week, 13 January 2020, San Francisco.
- Trendlines Agtech VP Business Development Sarai Kemp participated as a judge at the Startup on the Grill Foodtech, 7 January 2020, Israel.
- Trendlines Incubators Israel VP Business Development Ofir Hazut was among the judges at Coronavirus Battle in Europe, 22 April 2020, organized by Startup Network.
- CEO Barak Singer was among the speakers at Startup Impact Summit.
- Sarai Kemp was among the speakers at AgTech Israel.

A look at Saturas' newly-opened production room.

TRENDLINES MEDICAL SINGAPORE

Since its establishment in 2016, Trendlines Medical Singapore founded 13 portfolio companies. During 2020, two of these portfolio companies, interVaal and Ayzer Sense achieved ISO 13485 certification. Despite the challenges associated with COVID-19, most of the other portfolio companies have also progressed well, achieving key milestones of the project development plan.

Gordian Surgical

HARGOL DELIVERING PROTEIN

FruitSpec.

BioFishency AQUACULTURE TECHNOLOGY

SenterCare

ElaStimed

ceretrieve

ALGAHEALTH

BUSINESS REVIEW

Trendlines Medical Singapore and NHG signed a new collaboration deal to expand the scope of collaboration and extend the successful strategic partnership for co-developing innovative healthcare solutions.

NEW COMPANIES

The Trendlines Medical Singapore portfolio of companies expanded, with the establishment of and investment in two new companies in 2020, STeP, developing a surgical stapling device that serves to provide a novel fluidly-operated tacker and cutting instrument, and Dermacut, developing a solution that aims to cut down the time required and enable a superior outcome for scar revision. All our Trendlines Medical Singapore portfolio companies are currently consolidated into our financial statements; accordingly, they have not been fair valued and do not appear in our books as investments in portfolio companies.

These Trendlines Medical Singapore companies, Continale, EndoSiQ, interVaal, NICE, STeP, and Szone were established based upon inventions of Trendlines Labs. Many of the portfolio companies have collaborations with physicians from the NHG and SGH that provide clinical advice to their development. Szone, Medulla Pro, and Continale are some of the companies already in clinical trial programs at the Singapore hospitals.

TEAM

Trendlines Medical Singapore has a team of 11 professionals with diverse experience. Five are women who take on business, commercial, and operational roles within Trendlines Medical Singapore.

TRENDLINES LABS

In partnership with multinational corporations and leading research institutions, Trendlines Labs creates and develops technologies and products to meet unmet market needs. The work of our Trendlines Labs team has created substantial "hidden value" for Trendlines by building an in-house IP portfolio upon which new companies may be created and/or which may become a source of recurring revenues.

Employing our experience and our partners' in-depth market knowledge, Trendlines Labs is the ideal environment for shaping ideas into products and bringing them to market with our partners.

In 2020, Trendlines Labs expanded its activities in China and Singapore with the establishment of Trendlines Labs Singapore and Trendlines Labs Changzhou.

Technologies invented by Trendlines Labs were spun out to form two new medical portfolio companies in 2020:

- SenterCare was established in 2020 as a company in our Trendlines Israel incubator.
- STeP was established in 2020 as a company in our Trendlines Medical Singapore incubator.
- Trendlines Labs' inventions are at the heart of 13 portfolio companies: Avir, Continale, EndoSiQ, Hyblate, interVaal, Limaca, Medulla Pro, NasoTrak, Nice, PregnanTech, SenterCare, STeP, and Szone.

TEAM

The Trendlines Labs team has a clear focus on inventing new technologies and products that meet critical unmet needs. The team capitalizes on The Trendlines Group's longstanding relationships with decision-makers and clinical experts in the medical industry.

Trendlines Labs also creates, invents, and develops technologies that form the seeds for new companies in which The Trendlines Group invests.

In 2020, Benzi Green joined the Trendlines Labs team as Deal Flow Manager in Israel. Koh Yau Luong joined as Business Development Manager and Wilson Li joined as Senior Mechanical Engineer in Labs Singapore.

TRENDLINES AGRIFOOD FUND AND TRENDLINES AGRIFOOD INNOVATION CENTRE (AFIC)

In the first half of 2020, the Fund completed three investments in accordance with to its blended model of later-stage and early-stage investments. The Fund invested in Equinom, breeding non-GMO golden-trait seeds to generate superior plant-based protein and nutritious crop varieties, Saturas, an advanced decision support system for optimal irrigation, and Insectta, which takes food waste and returns it into the economy as valuable biomaterials.

AFIC recruited and completed the first cohort of the 3i Agrifood Accelerator program.

Enterprise Singapore named AFIC among its new partners.

fidmi medical
METOMOTION
STEP
Leviticus Cardio
escala medical
Hyblate Effective Afib Solution
COREBONE Bioactive Coral Bone Graft
GreenSpense™

BUSINESS REVIEW

TEAM

In early 2020, the Agrifood team in Singapore moved into their facilities (see photo below).

- CEO Trendlines Agrifood Fund Nitza Kardish, PhD, participated in The Future of Agri-Food Ecosystem, an OpenNodes and Temasek Invite-Only Roundtable Innovation session, 1 April 2020.
- We hosted a series of three webinars on food security issues which were highlighted by the COVID-19 pandemic and particularly pertinent to Singapore and Israel.
- Trendlines Agtech VP Business Development Sarai Kemp was among the judges at Coronavirus Battle in Europe, 22 April 2020, organized by Startup Network.
- Nitza Kardish, PhD, discussed "The Future of Agrifoodtech in a Post-Pandemic Environment." with Victor Ng, Chief Commercial & Strategy Officer, Fundnel, 26 May 2020.
- Sarai Kemp moderated a panel discussion on "Disruption, Security & Supply Chains: What COVIDTeaches Us about Distribution," 28 May, 2020.
- Sarai Kemp participated as a panelist at the NYC Climate Week 2020, discussing "Can AgTech Startups Tackle Global Climate Challenges?"
- Trendlines Agrifood Innovation Centre CEO Anton Wibowo presented on the panel at AgritectureXchange "Investor Viewpoint."
- Trendlines Agrifood Innovation Centre sponsored STARTUP SG's SLINGSHOT 2020 Virtual Finals. The team members participated in the event in December 2020. Nitza Kardish, PhD, and Anton Wibowo judged at the finals. Sarai Kemp and Keith Loo were mentors.
- Steve Rhodes and Todd Dollinger met with the Bahraini Minister of Industry, Commerce and Tourism His Excellency Zayed bin Rashid Al Zayani to explore partnering opportunities.
- Nitza Kardish, PhD, joined a delegation to the United Arab Emirates and met with the Minister of State for Food Security Mariam bint Mohammed Saeed Hareb Al Mheiri.

Nitza Kardish, PhD (3rd from left) with the delegation to the UAE.

OUR PORTFOLIO COMPANIES

The 58 Trendlines portfolio companies (as at 31 December 2020) are developing, or have developed, innovation-based medical and agrifood technologies and products in support of our mission to improve the human condition. We believe that in the right environment, and with substantial support, significant benefit can be derived through establishing, investing in, and supporting early-stage companies for rapid growth and high returns.

The full list of portfolio companies is presented on the next page.

Saturas InTree Water Monitoring

Phytolon Natural Food Colors

AgroScout Detection Done Right

OMEQ MEDICAL

LIMACA MEDICAL

OrthoSpin

AQUINOVO Accelerating Fish Growth

liberDi

OUR PORTFOLIO COMPANIES

medical agrifood

Companies in **bold = 10 most valuable companies** (as at 31 December 2020)

Portfolio Company	Short Description	Year Established
Agam	On-demand, in-water fish sorting by size	2018
AgroScout	Monitoring and detecting specific diseases in crops	2017
AlgaHealth	Efficient production of materials from microalgae	2017
AquiNovo	Accelerated growth of farmed fish	2016
Arcuro	**All-suture, knotless meniscus repair system**	**2013**
Avir	Endotracheal tube reduces ventilator-associated pneumonia	2018
Ayzer Sense	Body pressure redistributor prevents pressure ulcers	2018
BioFishency	**All-in-one water treatment system for aquaculture**	**2013**
Ceretrieve	**Thrombectomy device for treating ischemic stroke**	**2016**
Continale	Device to alleviate stress urinary incontinence	2018
CoreBone	Bioactive coral-based bone graft material	2011
Dermacut	Solution to improve scar revision outcomes	2020
EcoPhage	Bacteriophages (viruses that attack bacteria) for crop protection	2019
ElastiMed	**Easy-to-wear compression stocking from smart materials**	**2015**
EndoSiQ	Proprietary software to analyze real-time images of the bladder	2018
Equinom	Non-GMO seed breeding for golden-trait seeds	2012
Escala	Nonsurgical, incision-free approach for pelvic organ prolapse	2014
Fidmi	**Feeding device for improved delivery of enteral nutrition**	**2014**
FruitSpec	Accuracy in fruit yield estimation	2017
Gordian	Integrated port closure system	2012
GreenSpense	Propellant-free dispensing technology	2011
Hargol	**First commercial grasshopper farm for alternative protein**	**2016**
Hyblate	More efficient ablation catheter to treat atrial fibrillation	2018
IBI Ag	Environmentally friendly pest management platform	2017
Insectta	Black soldier fly-derived biomaterials from food waste	2017
interVaal	Reduced catheter-associated urinary tract infections	2017
Leviticus Cardio	Wireless energy transfer for ventricular assist device	2010
liberDi	Automatic, portable system for peritoneal dialysis	2016
Limaca	Endoscopic ultrasound fine needle biopsy system	2017
Magdent	Miniature electromagnetic dental implant device	2010
Medulla Pro	Ultrasound-guided imaging for lumbar puncture	2018
MemTech	Advanced water filtration membranes	2010
MetoMotion	Robotic greenhouse vegetable harvesting system	2016
MiRobot	Multi-stall, automatic robotic milking system	2011
NasoTrak	Nasogastric (NG) tube safety system	2019
NeuroQuest	Simple blood test for early diagnosis of Alzheimer's	2008
NICE	Tools for more efficient intracorporeal colorectal anastomosis	2019
OccuTrack	Monitoring conditions that lead to deteriorating visual acuity	2019
Omeq	Smart epidural needle	2013
OrthoSpin	**Smart external fixation for orthopedic treatments**	**2014**
Phytolon	Reliable, cost-effective production of natural food colors	2018
PregnanTech	Device to prevent preterm birth	2018
ProArc	Minimally invasive solution for enlarged prostate	2010
ProJini	Novel pesticides with new mode of action	2019
Saturas	**Advanced Decision Support System (DSS) for optimal irrigation**	**2013**
SenterCare	Monitoring system for aging safely at home	2020
SetBone	Novel treatment for vertebral compression fractures	2017
Sol Chip	Maintenance-free, everlasting solar battery	2009
Stimatix	**Low-profile colostomy appliances**	**2009**
STeP	Fluidly operated tacker and cutting instrument	2020
ST Stent	**Removable stent following sinus surgery**	**2013**
Szone	Noninvasive hydration device	2019
Valentis	Coating platform for food packaging, agtech, more	2013
Vensica	Needle-free drug delivery for overactive bladder	2014
Vessi	Cryotherapy for superficial bladder cancer	2017
ViAqua	Orally administered health management for aquaculture	2014
Vvital	Concept and technology for transcatheter mitral valve repair	2016
ZygoFix	Miniature screwless spinal fusion implant	2016

INVESTOR RELATIONS

The Trendlines Group maintains a strong commitment to effective communications with our investor community around the world. We acknowledge the interests of our investor community: full and timely disclosure of material information and insights into the Company's stability, strength, and performance.

To maintain transparency and fully comply with all applicable legal and regulatory requirements, we disclose significant and material corporate developments about the Group and our portfolio companies in a factual and clear manner by —

- publishing a monthly update to our stakeholders with Company and portfolio developments,
- publishing half-yearly financial and progress reports (in addition to our annual report),
- releasing announcements via the SGXNet and the OTCQX,
- issuing regular press releases on significant events,
- updating our investor presentations and making them available on the Investors section of our website, and
- publishing the Trendletter (our monthly corporate newsletter).

This frequent communication gives our stakeholders opportunities to follow our operations and corporate developments to achieve a deeper understanding of our business. In addition to digital communications, we typically hold our AGM and, when necessary, SGMs in Singapore, while organizing individual meetings with shareholders on a regular basis. During 2020, these meetings were held through videoconferencing due to COVID-19 limitations.

In 2020, in accordance with amendments to SGX regulations, we ceased to report our financial results on a quarterly basis and moved to half-yearly reporting. Chairs and CEOs Steve Rhodes and Todd Dollinger, and our CFO Haim Brosh, held a half-year call in which they discussed our results, presented financial and business highlights for the period, and looked ahead to upcoming developments. We encouraged the public to send questions ahead of time, so that questions could be answered during the presentations. We do this so all our shareholders and potential investors may make informed investment decisions.

OUR INVESTOR RELATIONS EFFORTS IN 2020

Due to COVID-19 travel restrictions, 2020 presented our investor relations team with challenges in meeting face to face with shareholders and potential investors. To promote investor awareness of The Trendlines Group within the international investment community, we moved our communications to online venues. In addition to our AGM and H1 2020 results videoconferences, we held two additional business updates for investors and shareholders. In April 2020, following the acquisition of ApiFix by OrthoPediatrics, we held a videoconference to explain the deal in detail and answer questions that arose following the announcement of the acquisition. In May 2020, we published an update on the COVID-19 assessment impact on the Group's operations. In October 2020, we held a videoconference to update shareholders on general business developments. We publish a monthly update that collates all announcements and business developments of interest in one document. We also publish updated investor presentations regularly. All these events/announcements are available on the SGXNet, the OTCQX, and the investors section of the Trendlines website (www.trendlines.com/investors/investor-relations).

We hosted our Open House 2020, 9 February 2020, our last face-to-face investor event we hosted before COVID-19 restrictions hit Israel.

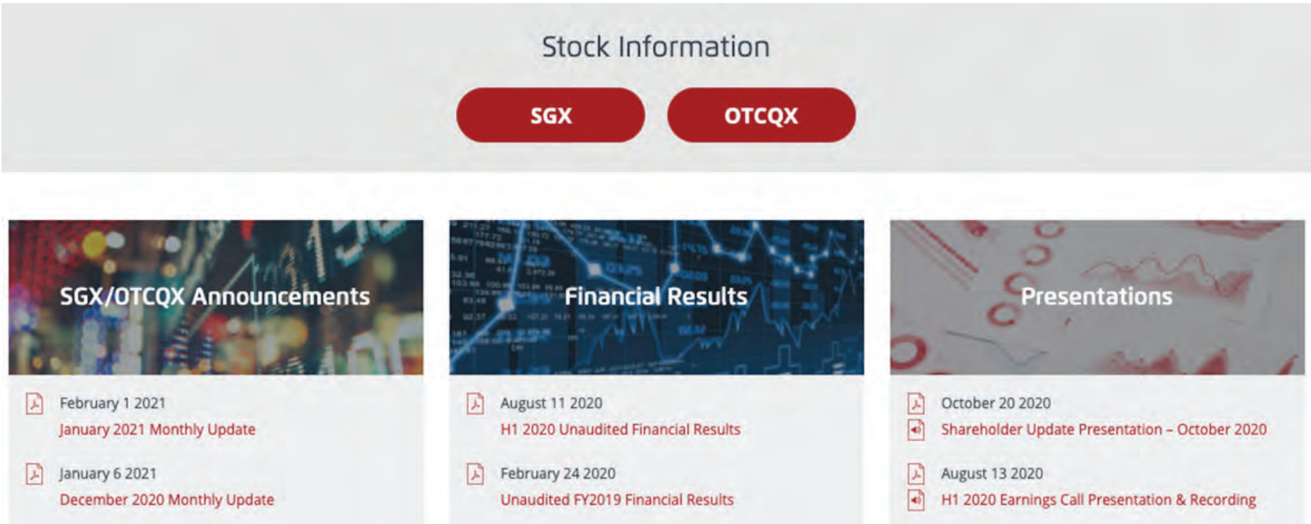
INVESTOR RELATIONS

A COMMITMENT TO COMMUNICATION THROUGH MULTIPLE MEDIA CHANNELS

The investors section of our website aims to provide shareholders and potential investors with easy access to announcements, presentations, and financial information. Additionally, shareholders are encouraged to subscribe to our alerts to receive emails with our monthly investor-focused updates and announcements, filings, and other news. We update the FAQs in the investors section of our website from time to time based on inquiries that we receive from individual shareholders. The FAQs section is available at www.trendlines.com/investors/investors-about/faqs

Contact details for investor-related inquiries appear on the website at www.trendlines.com/investors/investors-contact.

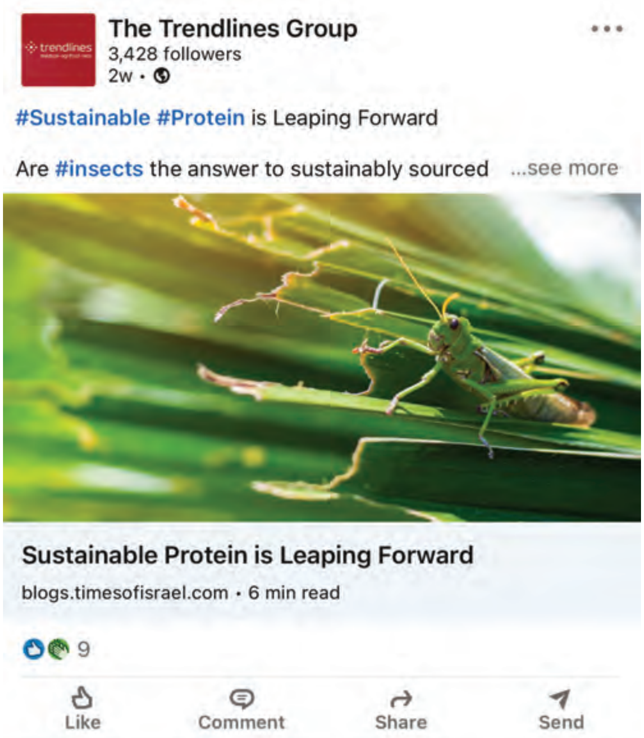
Our corporate website (www.trendlines.com) provides a comprehensive overview of our organization, including information about our funds and each business unit, each portfolio company, and our team. The site's extensive News section includes media items related to Trendlines and the portfolio companies.



We email the Trendletter, our monthly newsletter, to more than12,000 subscribers around the world. We share information about our organization and our portfolio companies, events we organize or attend, and news items in the media that feature the Group or our portfolio companies. In 2020, news or interviews about Trendlines and our companies appeared in numerous articles in media around the world. Current and previous issues of the Trendletter are available on our website. Site visitors may sign up for the Trendletter using the subscription form at the bottom of the homepage and may unsubscribe at any time.

Through our presence on social media platforms such as Facebook,Twitter, and LinkedIn (screenshot at right), we regularly post and share corporate or industry-related news and provide additional platforms to engage with our global audience.

In 2021, our investor relations strategy will continue to focus on increasing awareness of Trendlines' business model, our general business strategy, and the progress and milestones achieved by our portfolio companies.



EVENTS

We believe in the importance of face-to-face meetings and events with investors and partners. During 2020, members of our senior management team presented, spoke, and served as panelists or judges at various virtual events. We hope that 2021 will provide us with the opportunity to once again meet with our stakeholders in person.

INVESTOR RELATIONS

13 JAN 2020

Trendlines Incubators Israel CEO Barak Singer, was a panelist at the Healthcare Cross-Border Partnering Summit From Globe to Asia@JPM 2020.

9 FEB 2020

OPEN HOUSE: Trendlines hosted ~50 international investors for a day of showcasing portfolio companies and Trendlines' activities.

7 APR 2020

Shareholder update on ApiFix acquisition.

23 APR 2020

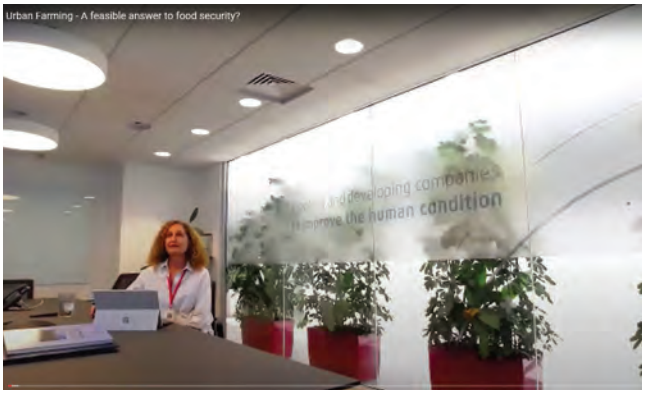
WEBINAR: Food Security in Crisis – Perspectives from Singapore and Israel.

11 MAY 2020

WEBINAR: Food Security in Crisis – The Role of MNCs in Food Security.

8 JUNE 2020

WEBINAR: Urban Farming – A Feasible Answer to Food Security?



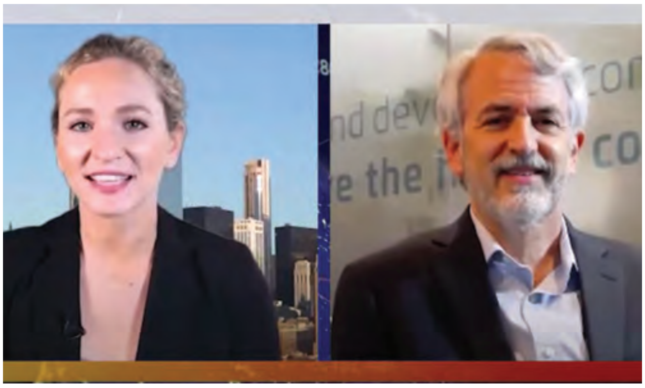
INVESTOR RELATIONS

JUL 2020

Chair and CEO Todd Dollinger, along with portfolio companies MetoMotion, Saturas, BioFishency, and FruitSpec presented virtually at the China-Israel Changzhou Innovation Park (CIP) Agrifood virtual roadshow.

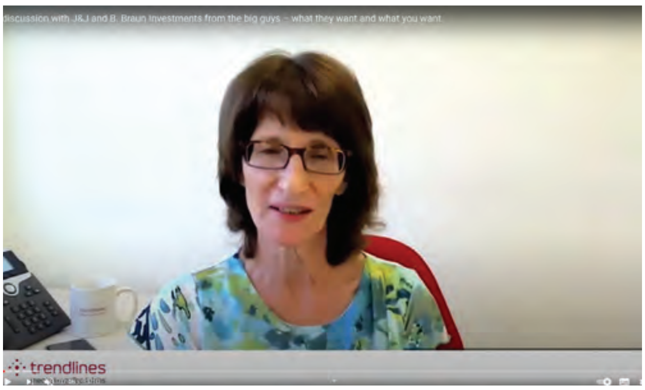
15 JUL 2020

Chair and CEO Steve Rhodes, was interviewed on Proactive, a financial media portal.



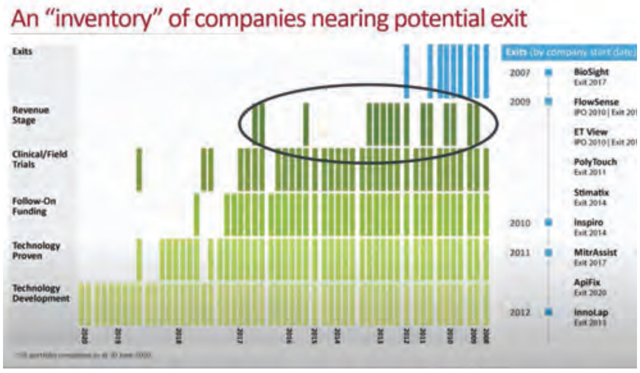
22 SEP 2020

WEBINAR: A discussion with J&J and B. Braun: Investments from the Big Guys — What They Want and What You Want."



21 OCT 2020

Trendlines management hosted a shareholder update via videoconference.



9-11 NOV 2020

Trendlines was an ecosystem partner at the annual AgriFood-Tech Global Investors Summit. Nitza Kardish, PhD, and Sarai Kemp participated on panels and agrifood portfolio companies exhibited at the virtual exhibition.

SUSTAINABILITY REPORT

STATEMENT FROM THE BOARD

We are pleased to present Trendlines' fourth sustainability report demonstrating our continuing commitment to sustainable value for the Group's stakeholders.

The Board and Management consider sustainability matters core to our mission of creating and developing companies to improve the human condition. Our Board identifies the organization's material sustainability factors, ensures that issues relating to these factors are monitored on a regular basis, and continues to maintain Sustainability Taskforce oversight, managing sustainability matters material to the Group's business and stakeholders.

2020 saw the COVID-19 pandemic presenting unprecedented challenges on many fronts. In these "business unusual" circumstances, we continued to emphasize the importance of sustainability in our operations, and above all, protect the health and safety of all stakeholders. We worked intensively with our portfolio companies and suppliers to help them through these difficult times, reviewing business continuity plans, portfolio company budgets and funding needs, and for suppliers, advancing funds where necessary. The global impact of COVID-19 has brought sustainability issues, particularly healthcare and food security issues, into even sharper focus. However, we do not anticipate any material impact from COVID-19 to our liquidity and financial strength in the coming year and beyond. With our strong sustainability ethos, we believe we are well-placed to manage these issues and support our people and partners in creating a future that truly improves the human condition.

ABOUT THIS REPORT

This report shares our annual update on sustainability initiatives and performance covering the period 1 January 2020 to 31 December 2020, with prior year data for comparison where applicable. It has been prepared in accordance with the Core Option of the GRI Standards and applies the GRI reporting principles for Report Content and Report Quality. The GRI Standards were selected as they represent the global best practice for sustainability reporting. This report is published in accordance with the SGX Sustainability Reporting requirements set out in Catalist Rules 711A and 711B.

The information presented in this report covers all our business units and investment vehicles. We have not included performance on issues that might be relevant at the portfolio company level. Further information on portfolio company performance can be found in the Business Review chapter of this Annual Report and on the individual companies' websites. We have included a section on the sustainability advantages of a number of portfolio companies that contribute to reducing the ecological footprint in food production or to improved efficiencies in healthcare.

We have not sought external assurance for this report but may consider doing so in the future. We welcome feedback from all stakeholders on this Sustainability Report. For any questions or comments about this Sustainability Report, contact Lina Izakson (lina@trendlines.com).

2020 PERFORMANCE HIGHLIGHTS

Established 3 new companies

Total amount raised by portfolio companies

US$42 million

Near 100% reduction in expenses related to disposable products

Approximately 30% reduction in electricity use from switching to LED lighting in offices

Installed electric/hybrid car charging stations in our offices' parking areas, initially providing free charging

SUSTAINABILITY REPORT

ENVIRONMENTAL SUSTAINABILITY INITIATIVES AT TRENDLINES

In 2020, we continued our efforts to reduce the resource footprint of our organization. Having made the decision to discontinue the use of disposable plastic goods previously, we have reduced waste by a further 50% and expenses related to disposable products by nearly 100% since 2019. We have also added paper recycling bins throughout our offices to increase ease and convenience for employees to practice good recycling habits.

Furthermore, we have increased our efforts to promote energy and emissions reduction this year. Our Israel offices switched to LED lighting, resulting in a reduction in electricity use of around 30% in 2020. Furthermore, to contribute towards reducing emissions and air pollution, we installed electric/hybrid car charging stations and currently allow charging for free to encourage use of this facility.

Last year, our Israel office facilitated increased recycling efforts within the wider Misgav Industrial Park ("Park") where our office is located. In 2020, we have continued this good relationship with the Misgav Regional Council representative, and eight additional recycling bins have been added to the Park. This has raised overall sustainability awareness in our business community, and improved recycling capabilities in the Park.

SUSTAINABILITY GOVERNANCE

Trendlines has a strong commitment to sustainability through its mission of creating and developing companies to improve the human condition, as reflected in the companies which we invest in. Our portfolio consists of innovation-based medical and agrifood technologies where the former improves patient outcomes and reduces health care costs, and the latter contributes to solving the global food crisis while reducing the environmental footprint of the agrifood industry. In this way, we contribute to sustainable development while simultaneously creating long-term value for Trendlines and our shareholders.

Sustainability begins with good corporate governance. Trendlines' governance and risk management framework provides a stable foundation of responsibility and accountability for our stakeholders by ensuring sustainability-related risks are monitored and managed well. The Board (comprising four independent directors, one non-executive director, and two executive directors) is responsible for our sustainability strategy. It oversees our Sustainability Taskforce (Figure 1) which drives sustainability performance and reviews monitoring processes. Headed by our CFO, Corporate Controller, and Director of Operations, the Taskforce sets the appropriate agenda and tone from the top.

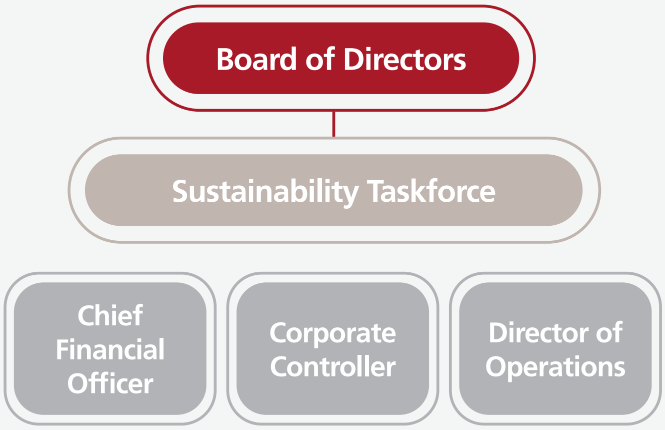


Figure 1. Sustainability governance at Trendlines

AN ACTIVE COMMITMENT TO SUSTAINABILITY THROUGH OUR BUSINESS PURPOSE

Trendlines actively supports and is committed to sustainability in the healthcare/medical and agrifood sectors through our investment in and support of innovation-based companies in these areas.

Many of our medical- and healthcare-related portfolio companies focus on developing medical devices and technologies that require less invasive practices and procedures. This ultimately improves patient outcomes, reduces healthcare costs, and contributes to more sustainable healthcare systems for hospitals, clinics, payers, practitioners, and consumers. Several of our companies contribute to moving healthcare from the clinic or hospital into the home, which can significantly reduce costs, increase sustainability, and contribute to the quality of life for patients.

In the agrifood sector, our portfolio companies' technologies or products contribute towards sustainable food systems, by cutting down the amount of resources like water and land required for production or preventing environmental damage by reducing carbon emissions, pesticides or harmful toxins. Trendlines Agrifood Fund, a venture capital fund launched in Singapore in 2019 to invest in innovative agrifood tech start-ups and companies, has also invested in three of the companies presented here: Equinom, Insectta, and Saturas.

The following examples illustrate how 16 portfolio companies are contributing to sustainable systems. The following portfolio companies appear in this section for the first time:

SUSTAINABILITY REPORT

- Equinom and Insectta, newly invested through the Trendlines Agrifood Fund
- ProJini and SenterCare, newly established
- Sol Chip, underwent corporate reorganization in 2020

AGROSCOUT

With their AI-based and autonomous system, AgroScout enables growers to turn a low-cost commercial drone into a "digital agronomist" for pinpoint detection of disease and pests, thereby protecting crops and increasing yields.

In 2020, AgroScout raised US$3 million in investment, began commercial sales in the US and Latin America, and set up an R&D center on Kibbutz Yiron.

The AgroScout sustainability advantage: Optimizing crop protection applications, reducing pesticide use and increasing food production.

APIFIX

ApiFix has developed a unique self-adjusting pediatric device designed to use a less invasive surgical treatment to benefit young scoliosis patients. Among the system's advantages – significantly reduces surgery time to ~1 hour vs. 4-6 hours for today's procedure and length of stay (LOS) to 2 to 3 days vs. 6 to 7 days.

ApiFix was sold to US public company (OrthoPediatrics) in April 2020 and has since been removed from our portfolio (see case study under Management of Portfolio Companies on pg 37).

The ApiFix sustainability advantage: Reducing the length and complexity of surgery and hospitalization time reduces costs and saves health care resources.

BIOFISHENCY

BioFishency is an aquaculture solutions provider focused on dramatically increasing growers' productivity and sustainability through its innovative water treatment technology and extensive know-how. The BioFishency filtration and water treatment technology has resulted in a 95% reduction in water use (intensive tanks), a 2-5-fold increase in yields (extensive ponds) — all with relatively low energy consumption and at a fraction of the cost of high-end water treatment systems. BioFishency's systems are installed in China, Africa, Asia, and the Middle East.

2020 saw a significant increase in the company's pipeline of potential sales. In addition, the company made good progress on the development of a new product that will complement and expand its product basket.

The BioFishency sustainability advantage: Upgrading existing aquaculture infrastructure significantly reduces water and land usage and energy costs, benefiting many small growers and fish farmers. Reduction in water pollutants results in healthier fish.

ECOPHAGE

Bacteria can cause a range of diseases in crops, including blight and root rot. These infections are often hard to control because they occur and spread faster than fungal infections. Treatments such as copper-based chemicals are highly toxic. The biotech company (supported by the Bayer Trendlines Ag Innovation Fund) is developing treatments based on viruses (called bacteriophages) that hunt and kill specific species of bacteria. This method leaves the crops and any beneficial microorganisms in the environment untouched.

In 2020, the company screened thousands of bacteriophages in order to successfully identify lead candidates. Laboratory testing of the identified bacteriophages has resulted in very promising results.

The EcoPhage sustainability advantage: Reducing the use of antibiotics and toxic chemicals keeps plants, soil and groundwater free from their effects.

EQUINOM

Equinom is a computational seed breeding company that uses precision breeding methods such as DNA sequencing and proprietary algorithms to design golden-trait seeds. Equinom breeds for and reintroduces high-value qualities: superior nutrition, functionality, organoleptics and yield. Using its technology, Equinom can revive complex multi-gene traits that were lost in years of breeding and create previously unachievable multi-trait products. This technology cuts time to market by half and offers breeding that is 10 times more precise than any other method, without the use of genetic modification.

Trendlines Agrifood Fund invested in Equinom in February 2020.

The Equinom sustainability advantage: Optimizing non-GMO seeds to create higher yields that provide additional nutritional value and greater resistance to disease, reducing reliance on the planet's resources.

GREENSPENSE

GreenSpense has harnessed advanced elastomer technologies to create a high-pressure, continuous-dispensing solution that completely eliminates the need for pressurized gases and propellants. This propellant-free dispensing technology for liquid and viscous materials enables the use of lower-cost, recyclable packaging materials such as plastic, cardboard, and biodegradables, reducing carbon emissions and supporting a cleaner environment by eliminating the use of harmful gases, coatings, and preservatives.

The company launched pilots with several potential customers from the packaging and consumer products industries in 2020.

The GreenSpense sustainability advantage: Reducing the use of gases in aerosol dispensing and enabling the use of environmentally friendly packaging.

SUSTAINABILITY REPORT

HARGOL FOODTECH

Hargol uses unique technologies to grow and harvest large quantities of grasshoppers in captivity quickly, efficiently, and under sanitary conditions. The result is a reliable, sustainable, and high-quality protein source to be used in protein powders, food additives, nutritional supplements, and pet food.

In 2020, Hargol raised US$3 million in investment and launched protein-enhanced energy bars based on grasshopper protein.

The Hargol sustainability advantage: Providing a protein source that requires fewer inputs than other protein sources, saving resources through an environmentally friendly process with zero waste (all materials converted into product), and releasing 98% less greenhouse gas compared to beef production.

IBI-AG

IBI Ag (with investment from the Bayer Trendlines Ag Innovation Fund) is developing new types of naturally derived biological solutions that utilize environmentally friendly technology to control insects. The breakthrough technology presents a new, highly targeted mode of action, making it an effective alternative to technologies that focus solely on the insect's nervous system and are unsafe for human consumption, as well as for beneficial insects and other living organisms. Together with Trendlines, Bayer actively seeks new technologies to achieve its published Sustainability Goals for the next decade.

In 2020, the company dramatically increased the efficacy of its unique biopesticides, reaching highly effective levels in preparation for field trials.

The IBI Ag sustainability advantage: Offering a highly targeted biological alternative to current pest control solutions for reduced pesticide use that meets consumer, industry, and government demands and objectives.

INSECTTA

As the first urban insect farm in Singapore rearing the black soldier fly (Hermetia illucens), Insectta breeds black soldier fly larvae, which feed on discarded food waste from breweries and soybean manufacturers to create its biomaterial products. Insectta's biomaterials are of the highest value and quality, with proprietary extraction processes developed in Singapore. Its black soldier fly chitosan, a biodegradable polymer typically derived from crustacean shells, is already being used by research labs and renowned local cosmetic companies. The company is also in the process of developing organic semiconductors from extracted and isolated compounds found in the black soldier fly, as well as a superior black soldier fly-derived animal feed additive that functions as both a protein and a probiotic.

Trendlines Agrifood Fund invested in Insectta in May 2020.

The Insectta sustainability advantage: Promoting the idea of a circular economy and reducing residual waste output into the environment by taking waste products and returning them into the economy as valuable biomaterials.

LIBERDI

liberDi has developed an all-in-one portable digital dialysis system that enables self-care anywhere. In many cases, patients commonly undergo three sessions a week at dialysis centers (to which they need to travel) and where they are supervised by medical personnel. Centers struggle to provide a full range of services to a growing number of patients as costs mount and reimbursements (a major revenue source) decline. For many dialysis patients, liberDi's system can replace this need for traditional, full-service in-clinic care.

In 2020, the company completed a successful FIH clinical trial and prepared for an expanded clinical trial and regulatory clearance.

The liberDi sustainability advantage: Offering patients greater convenience by significantly reducing/eliminating travel time (and hence carbon emissions associated with travel) as well as reducing clinic and personnel costs, all while improving quality of life for patients.

PHYTOLON

Phytolon is developing technology for the reliable, cost-effective production of natural food colors. The company's technology exploits the quality and benefits of betalains, a class of pigments found in plants, combined with fermentation-based production of colors in yeast cells to achieve a wide range of colors.

In 2020, Phytolon raised US$4.6 million and started pilot trials with major food companies.

The Phytolon sustainability advantage: Producing natural food colors with a significantly smaller environmental footprint than that associated with conventional methods.

PREGNANTECH

PregnanTech is developing a game-changing device to prevent preterm birth, by stopping cervical dilatation, keeping the cervix elongated, and delaying the "cascade" that leads to preterm birth. Defined as delivery between 24 and 37 weeks of pregnancy, preterm birth represents the #1 problem in obstetrics. Of the 15 million premature babies worldwide, 1 million will die and 1 million will suffer substantial disabilities for the rest of their lives, including breathing or feeding disorders and neural disabilities. Babies born prematurely pose a huge financial burden to health care systems and families.

In 2020, PregnanTech initiated an initial clinical trial focused on determining the safety of the device; the trials have proceeded with good results despite several COVID-19 related delays. The company also completed a raise of approximately US$1.5 million.

SUSTAINABILITY REPORT

The PregnanTech sustainability advantage: Reducing costs and saving the healthcare resources associated with the short- and long-term treatment needs as a direct result of preterm birth.

PROJINI

ProJini is developing novel pesticides with new modes of action, using a platform for tackling protein-protein targets. Pesticides are the main tools farmers use to control pests. Pests (insects, diseases and weeds) cause up to 40% yield loss in agriculture. Novel, targeted pesticides are a sought-after product as current solutions are insufficient due to increased resistance, as well as regulatory pressure.

ProJini was established at the end of 2019.

The ProJini sustainability advantage: Inventing new targeted modes of action to control pests that will allow the agricultural sector to use less harmful products to produce food in the future.

SATURAS

Saturas has developed a Decision Support System (DSS) based on a miniature Stem Water Potential (SWP) sensor that is embedded into the trunks of trees, vines, and plants. As part of an automatic irrigation system, the Saturas sensor provides accurate information for optimized irrigation, reducing water consumption for increased fruit production and quality. Today, farmers typically water 20% more than necessary to "be on the safe side," which wastes water, increases pollution from nutrient-rich runoff, affects the quality of the fruit, and reduces profitability. The Saturas DDS has been successfully implemented in drought-stricken areas such as California, South Africa, and Spain.

In 2020, Saturas raised US$3 million and expanded their operations and sales in the US, meeting their 2020 sales goals and positioning the company for further growth in 2021.

The Saturas sustainability advantage: Allowing much more precise watering for improved usage, resulting in a significant reduction in water consumption and reduced energy consumption, as well as improvement in the quality of produce.

SENTERCARE

SenterCare integrates proprietary cutting-edge sensing and AI technologies with unique elderly care know-how to enable people to age safely at home. SenterCare's platforms are being developed internally by Trendlines Labs, together with strategic partner Natali, bringing deep know-how and understanding of elderly care and nursing.

SenterCare was established in 2020.

The SenterCare sustainability advantage: Enabling the elderly to age safely at home reduces mortality and emergency admissions resulting in a reduction of care and health costs while improving quality of life for aging populations and consuming fewer healthcare resources.

SOL CHIP

Sol Chip is an energy harvesting company that offers maintenance-free everlasting solar batteries as well as solar-powered IoT communication platforms. Sol Chip provides sustainable power solutions for a wide range of applications, including precision agriculture, smart cities and IoT. Sol Chip's patented solar-panel-on-a-chip coupled with its breakthrough energy-efficient design reduces overall operating costs by over 50%.

In 2020, Sol Chip performed a team reorganization and a repositioning of their products for the US market.

The Sol Chip sustainability advantage: The technology harnesses solar energy to power a wide range of applications cutting energy costs, operational costs associated with changing batteries, and eliminating the use of one-use batteries.

Charging station for electric at our headquarters in Israel

Hargol's growing facility for grasshoppers

Saturas sensor installation in a vineyard

SUSTAINABILITY REPORT

CONTRIBUTION TO THE UN SDGS

Trendlines' business operates in a broader global context. As a corporate global citizen, it is our responsibility to support international efforts towards sustainable development as we recognize the impact that our business activities, alongside those of our portfolio companies, can have.

We firmly believe that businesses can play an important role in the 2030 UN's Agenda for Sustainable Development*. The Agenda comprises 17 Sustainable Development Goals (SDGs) to be achieved by 2030, and these SDGs act as a blueprint for sustainable development and a better future for the planet and its people. Trendlines' sustainability strategy, including our internal operations and our influence through our portfolio companies, is mapped against seven SDGs that are relevant to our business as we contribute towards achievement of these SDGs and embark towards a more sustainable future.

Table 1. Contribution to Sustainable Development in Alignment with the UN SDGs

Relevant SDG		How Trendlines Supports These SDGs
Key to Business		
2 ZERO HUNGER	"End hunger, achieve food security and improved nutrition and promote sustainable agriculture"	Trendlines invents, invests in, and incubates innovation-based medical and agricultural technologies. Our portfolio companies are aimed at improving patient outcomes, reducing health care costs or helping solve the global food crisis.
3 GOOD HEALTH AND WELL-BEING	"Ensure healthy lives and promote well-being for all at all ages"	
8 DECENT WORK AND ECONOMIC GROWTH	"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"	We deliver economic value to our shareholders, employees and community. Through the establishment of and investment in new companies, we have created hundreds of new employment opportunities over the years.
17 PARTNERSHIPS FOR THE GOALS	"Strengthen the means of implementation and revitalize the global partnership for sustainable development"	We encourage and promote public-private partnerships through our participation in associations; continued expansion of our network of partnerships with industry players; exploration of new collaboration opportunities through joint initiatives, partnerships or strategic agreements in other countries, including Israel, Singapore, China, and Germany.
Other SDGs to Which We Contribute		
5 GENDER EQUALITY	"Achieve gender equality and empower all women and girls"	We strive to create a culturally sensitive, fair, and inclusive workplace for our employees and portfolio companies without discrimination based on race, color, religion, age or gender.
10 REDUCED INEQUALITIES	"Reduce inequality within and among countries"	We invest in companies some of whose technologies are viable for deployment in developing countries enabling more sustainable food production using less resources.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	"Ensure sustainable consumption and production patterns"	We take measures to reduce the resource footprint of our operations and encourage waste reduction activities in our office. We also publish an annual sustainability report together with our annual report.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	"Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions for all"	We commit to uphold the highest standards of business ethics and responsible governance practices, including our management of portfolio companies.

* https://www.undp.org/content/undp/en/home/sustainable-development-goals.html

SUSTAINABILITY REPORT

MEMBERSHIP IN AFFILIATIONS

We are actively involved in industry affiliations and organizations focused on promoting technological innovation, including —

- Israel Innovation Authority (incubator license)
- Israel Advanced Technology Industries (membership and collaboration)
- Israel Export & International Cooperation Institute (membership and cooperation)
- Start-Up Nation Central (cooperation)
- Medtech Insight (membership and cooperation)
- Singapore Israel Industrial R&D Foundation (SIIRD) (cooperation)
- GrowingIL, part of Israel Innovation Institute (cooperation)
- FaculTech, Hebrew University of Jerusalem (cooperation)
- Agtech Nation (Linkedin community page)
- Tmura, the Israeli Public Service Venture Fund
- Enterprise Singapore (cooperation)
- National Healthcare Group (cooperation)

STAKEHOLDER ENGAGEMENT

The Trendlines model is about strategic partnerships. We recognize that effective collaboration with our internal and external stakeholders is critical to long-term stability and value for all; accordingly, we ensure clear communication within Trendlines and among our employees, while also engaging closely with entrepreneurs, investors, strategic players, inventors, and government.

Our approach to stakeholder engagement involves regular communication using a variety of digital media as we constantly seek to better understand stakeholder expectations and issues pertinent to them. With the surge in global digital communications as a result of COVID-19-related lockdowns and our intensified efforts to digitize our communication channels, we observed significant growth in web traffic on our digital platforms including social media, our online newsletter, and website visits, indicating that these engagement efforts have been well received. It was opportune that we conducted a regular review of our IT needs in early 2020 and substantially increased our bandwidth to support our staff and portfolio companies' moves to access our servers and communicate with their stakeholders.

INVESTORS

Trendlines recognizes the investor community's need to receive full and timely disclosure of material information and insights into the Company's performance. We aim to maintain the fullest possible transparency and always be in full compliance with all applicable legal and regulatory requirements to ensure our shareholders and potential investors make informed investment decisions.

This year, pursuant to amendments to Rule 705 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, which took effect on 7 February 2020, Trendlines switched to half-yearly reporting and accordingly, we reported our financial results for H1 2020 in August. While we are now not required to provide quarterly reports, we continue to communicate frequently and provide quarterly qualitative reports to our investors.

Despite the COVID-19 pandemic, we organized and attended events for our shareholders and continue to participate in many industry events (albeit on digital platforms this year) as speakers, panelists and judges, to share our expertise with the wider agrifood and medical technology communities. We welcome questions, comments, and feedback from our shareholders.

See more in the Investor Relations chapter of this Annual Report.

EMPLOYEES

We value our employees' commitment to the Company's goals and their high sense of integrity and hard work. We believe that a positive workplace environment does, in turn, enhance productivity and efficiency, and we actively engage our people through regular employee evaluations, staff and department meetings and the Company's annual fun day event. We value the contribution of diverse experiences and cultures from our staffs in Israel, Singapore, and China, and endeavor to create a culturally sensitive working environment that provides equal opportunities regardless of race, color, religion, age, and gender.

In FY 2020, we were supported by 48 full-time employees across our Israel, Singapore and China operations, an increase from our team of 38 employees last year. This was in part due to our business expansions in Singapore and China, including Trendlines Medical Singapore, the new Singapore-based Trendlines Agrifood Innovation Center, as well as new investments in Israel. One of our employees in Israel is from the minority community while two CEOs of our 44 Israel-based portfolio companies are also from minority communities. Six portfolio companies are led by women, which represents represents 13% of our total portfolio. See Figure 2 for a breakdown of our employee demographics.

SUSTAINABILITY REPORT

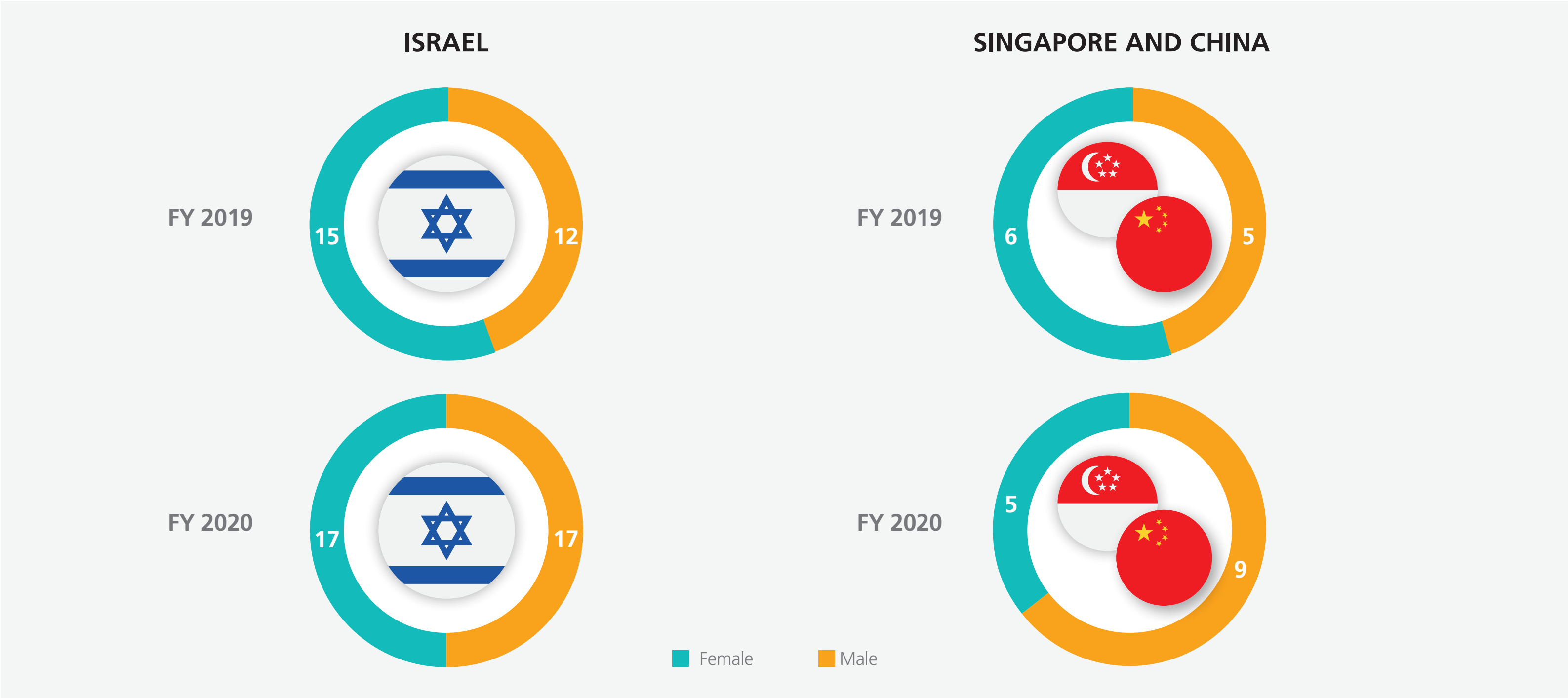


Figure 2. Team profile breakdown by region and gender

PORTFOLIO COMPANIES

We are focused on providing timely and transparent disclosures on portfolio companies and their progress to address concerns, particularly in risk management. In addition to quarterly updates, members of Trendlines' management team sit on the Board of 99% of our portfolio companies.

See the Business Review chapter of this Annual Report for a complete list of our portfolio companies.

GOVERNMENT AND INDUSTRY RELATIONS

Partnerships that bring multiple stakeholders together are highly beneficial for all parties, as they address issues and challenges common to the industry and the government, enhancing technical expertise and understanding of community and industry matters.

We regularly engage with the Israel Innovation Authority (IIA) to understand changes or updates (for example, guidelines) to the Incubators Incentive Program through —

- meetings and e-mails
- quarterly financial reports
- technical reports
- final financial report
- budget tracking
- other reports/requests, according to companies' requirements

This year, our Trendlines Medical Singapore unit renewed an MOU with the NHG to exchange expertise on medical trends and opportunities, leverage the capabilities of Trendlines Labs on upstream research projects, and co develop innovative healthcare solutions. With support from Enterprise Singapore's Capability Development Grant, we established Trendlines Labs Singapore, an in-house innovation center focused on inventing and developing medical solutions to meet critical unmet needs through strategic partnerships with corporate partners, healthcare institutions, universities, and to support the start-up ecosystem of Singapore. Our Trendlines Medical Shanghai Innovation Center was established in Shanghai's Putuo District with the support of local government. Our Shanghai-based staff support the business development efforts of our portfolio companies and identify additional opportunities for The Trendlines Group.

LOCAL COMMUNITIES

Trendlines is committed to making positive contributions and building long-term relationships with the local communities in which we operate.

To promote an innovative and entrepreneurial culture, Trendlines strongly supports business groups interested in our model for developing innovation and incubator programs. Prior to the COVID-19 pandemic, we conducted frequent presentations to local and international groups as part of their entrepreneurship programs and plans. These first-hand experiences include a 90-minute visit to our offices and provides students and businesspeople with a glimpse of what goes into commercializing a technological innovation and how investors such as The Trendlines Group successfully support entrepreneurs and inventors. In early 2020, we hosted a small number of groups before COVID-19 restrictions were implemented.

Through much of 2020, our offices in China, Singapore, and Israel were either closed while we worked from home or, when open, we sharply limited visits from non-Trendlines personnel

SUSTAINABILITY REPORT

Recipients of the notebooks donated to One of Us, a preparatory program for social leadership and empowerment of women.

and our portfolio companies. Accordingly, we discontinued visitation programs and hope to renew them in the second half of 2021. With a shift towards online communication channels during the pandemic, we hosted a number of professional webinars, focusing on agrifood and medical markets, through which we provided valuable insights in these areas to hundreds of participants. We ran a series of three webinars on food security, a topic of focus for many during the pandemic. Additionally, we hosted webinars focused on medical investments. All webinars were open to the public and well received by those who participated.

Apart from online webinars, Trendlines also donated notebooks to One of Us, a preparatory program for social leadership and empowerment of young women in Israeli society.

COVID-19 RESPONSE – BUSINESS UNUSUAL

As COVID-19 continues to make its impact around the world, it too has affected Trendlines, our staff, and our portfolio companies.

To date, Trendlines has not experienced material constraints to our activities, in part due to our proactive mitigation strategies to avoid operational risks as well as our efforts to manage the impact of the pandemic on various aspects of our business and

Tmura, the Israeli Public Service Venture Fund, shares in the success of Israel's thriving technology sector through equity donations from Israeli and Israel-related high-tech companies. When the companies go public or are acquired, Tmura donates its earnings to educational initiatives and youth-related charities.

As a Tmura member, we have donated shares in Trendlines, and we strongly encourage all our portfolio companies to allot equity to this important endeavor. In 2020, 2 portfolio companies granted options to Tmura, giving us a total of 51 portfolio companies that granted options to Tmura. With the ApiFix exit, Tmura gained ~US$82,000 in 2020.

our portfolio companies. We are – even more aggressively than usual – reviewing portfolio company budgets and funding needs to adjust as circumstances require. We maintain strict compliance with all regulations in the countries in which we operate without any breaches. In line with our operating model, we actively support our partners and portfolio companies; for instance, we did not cancel any purchases from our suppliers, and even advanced funds for smaller suppliers to help them through difficult times. Above all, we remain committed in our duty to safeguard the health and safety of our stakeholders.

As described below, we seek to manage and mitigate the impact of COVID-19 on our stakeholders and continue to do so in line with the gradual reopening of the global economy.

EMPLOYEES

Our employees' health, safety, and well-being remain paramount, and we have supported our employees in every way we can. Despite the challenges COVID-19 has posed on our operations this year, Trendlines did not cut any employees' salaries, nor were any employees let go or furloughed.

In the early months of the pandemic, Trendlines shuttered our offices in Israel, Singapore, and China – often ahead of government regulations in each country; we have had multiple work-from-home office closures during the year. During this period, we made sure that work-from-home arrangements were properly in place in all geographies by procuring and arranging the installation of equipment such as scanners, cameras, laptops, as necessary, and upgrading Internet and cellular communications, as required. Recognizing difficulties in obtaining sufficient personal protective equipment during the first part of this period, we provided our Israel employees with free masks and imported equipment from China with the help of our Chinese staff and partners to ensure sufficient supply for everyone.

As government regulations were lifted – in full or part – allowing partial return to in-office work, management communicated regulations to all staff and measures were put in place to ensure strict compliance. Each of the countries in which we operate has instituted rules and restrictions that we scrupulously adhere to and typically exceed with tighter restrictions and longer closures. For example, we mandated relevant signage in our facilities, reduced the number of people who can be in our conference rooms and elevators, and have maintained a more aggressive cleaning and disinfection regime. We will continue to be highly focused on the physical and mental well-being of our staff, our portfolio companies, and all with whom we work.

INVESTORS / SHAREHOLDERS

Trendlines proactively initiated communications very early on in the pandemic to express the Group's COVID-19 related efforts to investors and other stakeholders regarding the Company and our portfolio companies. A principal concern of Trendlines' management remains the communication of important information to our shareholders; accordingly, we shifted all investor relations efforts to digital platforms. There has been a major impact on our ability to travel and meet with

SUSTAINABILITY REPORT

potential investors face-to-face; this has delayed completion of the Agrifood Fund capital raise. All throughout the year, we ensured that our digital communication channels remained open and accessible, and conducted meetings with investors via virtual conferencing tools to mitigate communications challenges.

To safeguard the health and safety of Trendlines and its shareholders, we postponed the AGM and SGM, which were later held virtually in June. In August, we held an earnings call for H1 2020 results. In October, we initiated a shareholders' videoconference to keep shareholders updated on business developments.

PORTFOLIO COMPANIES

One of our first responses to COVID-19 was to review the budgets of our portfolio companies with the objective of reducing expenses and lengthening their financial runways during this time of financial uncertainty. Our portfolio companies have responded well, reducing expenses across the board, eliminating non-essential expenses, cutting salaries where situations so demanded, and, in some cases, reducing staffing levels. While we had to rely on videoconferencing instead of physical meetings, we spent the additional time gained, from not having to travel, assisting companies who were facing additional challenges that COVID-19 brought. We have also reduced rent for companies located in our facilities, as well as bookkeeping fees where applicable.

The portfolio companies most affected by the pandemic were those that launched sales during the first half of the year and found it difficult to support the sales process since they could not travel to potential customers and support their distributors. Fortunately, our revenue-stage portfolio companies generally found ways to work through the challenges and, while their 2020 sales were reduced in some cases, we are cautiously optimistic and believe that sales levels will begin to recover in 2021.

Some healthcare portfolio companies conducting or planning to conduct clinical trials found their plans delayed as hospitals around the world largely restricted the number of elective procedures being performed or discontinued clinical trials altogether. As we ride out the worst of the pandemic, many of these medical centers have started to open up cautiously, and we are seeing early signs of clinical trials restarting.

We will continue to support our portfolio companies as appropriate.

LOCAL COMMUNITIES

Amid the COVID-19 crisis, there are communities who require support more than ever, and Trendlines implemented various initiatives to help these groups tide through this challenging period. At the start of the COVID-19 crisis, the Israeli government and IIA built funding assistance programs for start-ups as it became evident that they would need help to keep going. We compiled a resource list of the various programs to make it easily available in one place. We shared the list with the entire start-up community via different portals and groups for easy access, in addition to sharing with our own portfolio companies.

A photo of one of the children who received a computer donated by Trendlines to the local council.

Our Israel office upgraded and donated spare computers to the local government council for distribution to children who did not have access to adequate resources for online learning.

The COVID-19 crisis has drawn much media and investor attention to our two focus areas of healthcare and food. It became clear during the course of 2020 that this increased interest in our investment areas was beneficial to our portfolio companies and to the Group – most obviously seen in our success with portfolio companies completing new financings. We are constantly searching for opportunities, discussing problems, and identifying solutions, with an eye toward inventing and developing new, robust healthcare technologies. We will continue to monitor the impact of COVID-19 closely and tailor our mitigation strategies relative to the conduct of global clinical trials and the restrictions in place against international travel, always ensuring that the well-being of our stakeholders remain our highest priority.

Our commitment to supporting our portfolio companies and building our business – and value for shareholders – remains constant. Before the onset of the crisis, during these uncertain times, and as the economy recovers. With our strong fundamentals, we are confident that we can continue to deliver on our mission: creating and developing companies to improve the human condition.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

We conducted our first formal Materiality Assessment exercise in FY 2017, which was based on GRI principles, to determine the relevant key sustainability topics for our business and stakeholders. Three matters that aligned with the Group's business strategies were identified as material (see Figure 3). We reviewed these matters for FY 2020 and deemed them to remain relevant to our business. The material matters identified are management of portfolio companies, business ethics, and regulatory compliance. These were presented to the Board for validation and approval (see Figure 4).

We will continue to evaluate our material sustainability matters on an annual basis to ensure that the reported topics are relevant and material.

On the following pages, we describe our approach to each material matter.

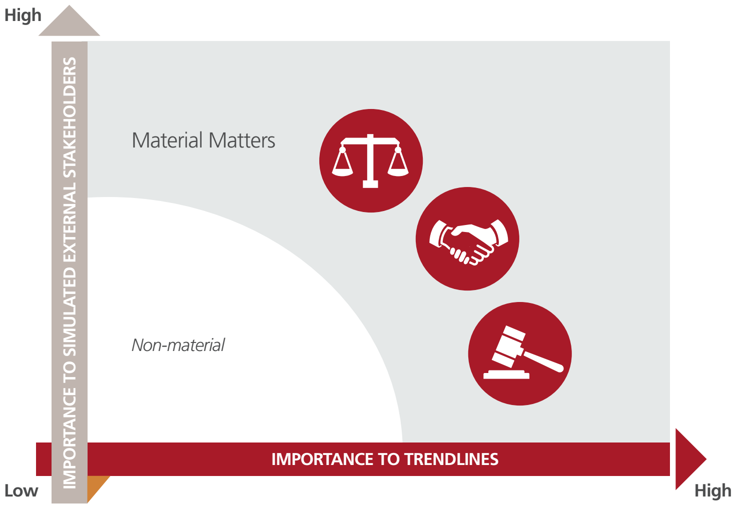


Figure 3. Materiality assessment process

Figure 4. Four-step materiality assessment process

Table 2. Description of Material Matters

Material Matter	Mapped GRI Standards
Management of portfolio companies	No relevant GRI topic-specific disclosure
Business ethics	GRI 205: Anti-Corruption
Regulatory compliance	GRI 419: Socioeconomic Compliance

MANAGEMENT OF PORTFOLIO COMPANIES

Trendlines has the responsibility as an active and engaged investor and shareholder to influence our portfolio companies to implement sound governance and conduct their business in a responsible, ethical manner. We ensure that risk management and compliance structures are integrated in our management of portfolio companies, and in the case of any red flags that arise from technology, business, finance or human resources developments, the Trendlines team will promptly detail an action plan to quickly minimize risk and fix any issues that occur. We track the status of our portfolio companies very closely through weekly and monthly meetings.

We recognize that fostering the growth of our portfolio companies in both their early and advanced stages is a crucial component of our business model and do so by providing a range of services through our incubators in the areas of business development, technology development, marketing communications, finance, and administration. We further supplement this by providing ongoing operational support and a review and implementation of business plans, policies, and procedures. Other support areas include:

- Refining "the story" for customers, investors, and partners
- Mentoring, especially related to setting and achieving technology goals, investment strategies, and market penetration
- Preparing business plans
- Undertaking activities to support start-ups in securing follow on investments
- Providing access to our global network of venture/strategic partners and assistance with securing strategic partnerships
- Locating access to beta pilot sites
- Providing operations services (accounting, office space)

SUSTAINABILITY REPORT

The high percentage of portfolio companies that have raised significant amounts of follow-on capital and continued their business operations beyond the typical two- to three-year incubation period bears testimony to the significant value we add to our portfolio companies.

To support our companies and guide them through during these times, we also established and instituted business continuity and contingency plans which were shared with our companies as models from which to establish their own plans for modifying operations and enforcing safety measures.

Case Study: Acquisition of ApiFix by OrthoPediatrics

ApiFix

In April 2020, ApiFix, our portfolio company focused on non-fusion treatment of progressive adolescent idiopathic scoliosis, was 100% acquired by Nasdaq-listed OrthoPediatrics (Nasdaq: KIDS). ApiFix was founded in 2011 with investment from and active involvement of Trendlines; its unique technology has strong intellectual property protection, including 46 issued patents and 25 patent applications worldwide.

OrthoPediatrics is a global leader of the pediatric orthopedics community, with significant potential to reach out to more children and young adults who will greatly benefit from ApiFix's market-changing scoliosis treatment alternative. We believe the sale to OrthoPediatrics will greatly increase the rate at which pediatric patients will get access to and be treated with ApiFix's technology, achieving greater impact.

Building Strong Relationships with Portfolio Companies

Our approach to sustainability entails supporting well-governed companies that contribute positively toward improving the human condition and society while creating long-term value for our stakeholders. This is anchored in the firm belief that effective management of portfolio companies can only be achieved through establishing a culture of open communication and engagement with these companies. As an active investor, we believe in gaining comprehensive insight into the business operations, economic performance and challenges of our portfolio companies.

Table 3. Targets for Engaging with Our Portfolio Companies.

Focus Area	Target	2020 Performance
Valuation process applied to portfolio companies	All portfolio companies to go through the external valuation process at least once a year.	**Achieved** ✓ Companies are externally valued at a minimum annual basis based on their company status. In 2020, we achieved 100% of this target and seek to maintain this in the years ahead.
Updates received from portfolio companies	All portfolio companies (in their first two to three years) to meet on a monthly basis to discuss progress. Trendlines' team reports progress on a quarterly basis.	**Achieved** ✓ In 2020, we achieved 100% of this target and will continue to maintain this, paying special attention to ensure formal meetings are held monthly and that all CEOs are present. We held quarterly update meetings to report on progress to the Trendlines' team.
Updates from portfolio companies to their boards and shareholders	All portfolio companies to communicate on a regular basis (at least quarterly) with their boards and shareholders.	**Mostly achieved** ✓ We strongly urge our companies to maintain regular communications (preferably quarterly) with their board and shareholders, noting that this communication has improved significantly since 2018 when it was not a focus area of the Group.

SUSTAINABILITY REPORT

Making the Right Investments: Due Diligence

Our due diligence process ensures accountability to investors who have placed their trust in us. Managing our portfolio responsibly helps us leverage the opportunities presented and mitigate risks in selecting the most suitable ideas and technologies for investment.

As a responsible investor, we are careful to make the right investment decisions and monitor various investment risks based on these five criteria:

1. We consider how the project or company addresses a broad market and meets a substantial unmet need through an integrated assessment of multiple variables (market size, structure, trends, and dynamics; regulatory issues; existing solutions and competitors; time and cost to market; and more).
2. We spend considerable time with entrepreneurs/inventors with whom we are reviewing investment opportunities to ensure that their interests and styles match with our hands-on approach to investment.
3. We closely examine the solution and technology for its uniqueness, supportive evidence that may lead to proof of concept, sustainable assets, and level of technological risk down the road for development.
4. We review the strength of the company's intellectual property assets and strategy.
5. We evaluate the exit potential of the company.

The table below presents an overview of these criteria in our deal flow process.

1 Market		

• Significant opportunity (i.e., can company be based on it?)
• Unmet market need (competitive analysis)
• Understand market dynamics
• Market education needed?
	• Business model
	  • Single-use/recurring revenues
	  • COGS
	  • Selling price/benchmarking
	• Identify/understand potential partners' needs
		• Times and cost to market; market access
		• Possible partners / acquirers
		• Reducing overall costs

2 Team		
• Experience and capabilities • Dedication/passion	• Chemistry • Flexibility	• Integrity
3 Technology		

• Technological innovation
• Technical feasibility
	• Stage (significant R&D plan yet ahead)
	• Reduced environmental footprint
		• Regulatory pathway and analysis
		  • None
		  • EPA/USDA (different routes)

4 Intellectual Property		
• IP due diligence • Patentability	• Significance (strength) of patent	• Waivers
5 Exit Potential		
• Potential acquirers for trade acquisition	• IPO potential	• Exit potential value

SUSTAINABILITY REPORT

BUSINESS ETHICS

Trendlines upholds the highest standards of ethics and integrity, and acts as a role model for our portfolio companies. We have several key corporate policies, reviewed by the Board on an annual basis, that together promote a culture of honesty, integrity, and accountability.

Corporate Policies	Guidance Provided
Code of Business Conduct and Ethics Policy	The Company provides this Code to its employees to offer guidance in properly recognizing and resolving the legal and ethical issues they may encounter while conducting the business of the Company. Should an employee be confronted with a situation where further guidance is required, the matter should be discussed with a member of management or the Company's Audit Committee. No reports were received in 2020.
Whistleblower Policy	The Whistleblower Policy makes it clear that employees can report their concerns without fear of victimization, subsequent discrimination or disadvantage. This Policy is intended to encourage and enable employees to raise serious concerns within the Company, rather than overlooking a problem or seeking a resolution of the problem outside the Company. This Policy applies to all employees and contractors working for the Company. It is also intended to provide a method for other stakeholders (e.g., suppliers, customers, and shareholders) to voice their concerns regarding the Company's business conduct. Any concerns raised are submitted to the Chairman of the Audit Committee. No reports were received in 2020.
Anti-Bribery and Anti-Corruption Policy	The Company complies with anti-corruption and anti-bribery legislation in all jurisdictions where it operates. Recognizing that local laws might be less restrictive, Trendlines has also set out principles in this Policy in respect of conduct in all jurisdictions of operations, even where compliance with this Policy prohibits conducts that may otherwise be permitted by local laws. This Policy includes statements on prohibition of bribery, acceptance or offer of gifts or any personal benefit or privilege of any kind with a value that could influence the judgment of the recipients.

These policies are communicated to all employees, members of the Board, and relevant third parties who have business dealings with the company, who are then expected to adhere to these policies. We also conduct mandatory annual training on these policies for our employees, who are then required to acknowledge their participation in these training sessions. Employees who are unable to attend the training are required to review the course material and similarly acknowledge their understanding while new hires undergo similar training as part of their orientation.

Internal and external audit frameworks are set in place to track the adequacy and effectiveness of our corporate governance processes, internal controls, and risk management. We also have a formalized risk management process in place, where risks, control measures, and follow-up actions are identified and monitored by Management, and reported to the Board for evaluation. *See the Corporate Governance Report in this Annual Report for detailed disclosure of our governance performance and risk management framework.*

SUSTAINABILITY REPORT

Table 4. Targets for Business Ethics

Focus Area	Target	2019 Performance
Code of ethics training (including communication to and acknowledgment by employees)	100% of employees communicated to and signed declaration of understanding	**Achieved** We continue to achieve 100% of the target, and we consciously ensure that all new employees who join the Group, regardless of location, understand and sign the declaration.
Reported incidents of corruption, bribery	Zero incidents.	**Achieved** We strive to always maintain our record of zero cases of corruption.

REGULATORY COMPLIANCE

Trendlines' corporate culture is defined by good corporate governance, and strict compliance with laws and regulations of the jurisdictions in which we operate. Regulatory compliance acts not merely as a legal requirement but is also a critical duty we must fulfill to maintain accountability to our stakeholders, and to uphold our reputation as a trusted and respected investor to our portfolio companies and stakeholders.

Internal audits are conducted regularly to review compliance matters and assess the effectiveness of the Group's internal controls. In 2020, audits were performed in two areas, Information Systems and Compliance with the Requirements of the Israel Innovation Authority. There were no significant findings reported. Findings of areas of improvement and examination were also considered and implemented. Furthermore, while not required by regulation to do so, we have adopted an internal process for Sarbanes-Oxley Act ("SOX") compliance* which further strengthens controls. This raises confidence levels by ensuring that appropriate security controls are in place to ensure that financial data is accurate and protected against loss.

As a company trading on the Catalist Board of the SGX, Trendlines also has a continuing Sponsor who, among other things, reviews all documents we release to shareholders or to the market (such as press releases, announcements, resolutions contained in notices of meetings, circulars, and corporate actions) prior to release on SGXNET. This acts as another control measure to ensure Trendlines is always in compliance with the Catalist Rules.

Table 5. Targets for Regulatory Compliance

Focus Area	Target	2019 Performance
Reported incidents of noncompliance relating to laws and regulations, including environmental compliance, socioeconomic compliance and marketing communications	Zero incidents.	**Achieved** We strive to maintain our record of zero reported cases of noncompliance in the years to come.

* The Sarbanes-Oxley Act is a United States Federal Law that is aimed to protect shareholders and the general public from accounting misstatements and fraudulent financial activities, and to improve the overall accuracy of corporate disclosures.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Organizational Profile		
102-1	Name of the organization	3
102-2	Activities, brands, products, and services	6-7
102-3	Location of headquarters	52
102-4	Location of operations	52
102-5	Ownership and legal form	3-5
102-6	Markets served	6-7
102-7	Scale of the organization	6-7
102-8	Information on employees and other workers	33
102-9	Supply chain	NA as Trendlines engages with a minimal number of suppliers.
102-10	Significant changes to the organization and its supply chain	No significant changes in reporting year.
102-11	Precautionary principle or approach	Trendlines takes a risk-based management approach.
102-12	External initiatives	None
102-13	Membership of associations	32
Strategy		
102-14	Statement from senior decision-maker	8-10
Ethic and Integrity		
102-16	Values, principles, standards, and norms of behavior	39, 53
Governance		
102-18	Governance structure	27
Stakeholder Engagement		
102-40	List of stakeholder groups	32
102-41	Collective bargaining agreements	No employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	32
102-43	Approach to stakeholder engagement	22, 32
102-44	Key topics and concerns raised	22, 32
Reporting Practice		
102-45	Entities included in the consolidated financial statements	104
102-46	Defining report content and topic boundaries	36
102-47	List of material topics	36

SUSTAINABILITY REPORT

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Reporting Practice		
102-48	Restatement of information	Nil
102-49	Changes in reporting	Nil
102-50	Reporting period	1 Jan 2020 – 31 Dec 2020
102-51	Date of most recent report	FY 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	26
102-54	Claims of reporting in accordance with the GRI Standards	26
102-55	GRI Content Index	41
102-56	External assurance	26
Topic-Specific Disclosures		
Sound Corporate Governance and Business Ethics		
103-1	Explanation of the material topic and its boundary	39
103-2	The management approach and its components	39
103-3	Evaluation of the management approach	40
205-2	Communication and training about anti-corruption policies and procedures	39
205-3	Confirmed incidents of corruption and actions taken	40
Regulatory Compliance		
103-1	Explanation of the material topic and its boundary	40
103-2	The management approach and its components	40
103-3	Evaluation of the management approach	40
307-1	Noncompliance with environmental laws and regulations	40
419-1	Noncompliance with laws and regulations in the social and economic area	40
Management of Portfolio Companies		
103-1	Explanation of the material topic and its boundary	36
103-2	The management approach and its components	37
103-3	Evaluation of the management approach	37

THE TRENDLINES GROUP SALUTES AND EXTENDS GRATITUDE TO...

All the healthcare professionals worldwide who have cared for the ill around the clock at hospitals and clinic throughout the COVID-19 pandemic.

All the farmers and food producers who continued to provide the world with food and sustenance.

THANK YOU!

THE APIFIX STORY
FROM INCUBATION TO EXIT

Trendlines played an active role in ApiFix from company formation through exit. Located in our facilities until exit to OrthoPediatrics, we were active board members, involved with technology and business development. Through Trendlines and our investors, much of ApiFix's capital was put in place.

BOARD OF DIRECTORS

TODD DOLLINGER

CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Todd was appointed as our Director upon the formation of our Company on 1 May 2007 and was last re-elected to hold dual office as Chair and CEO on 24 February 2016. He was last re-elected as a Director on 17 June 2020 in accordance with the Company's Articles of Association. He serves as the Chair of Trendlines Medical Singapore, Trendlines Medical Innovation Center Shanghai, and Trendlines Labs Changzhou. As well, Todd chairs the investment committees of Trendlines Incubators Israel, and our Singapore-based Trendlines Agrifood Innovation Centre, and Trendlines Agrifood Fund. Additionally, Todd is a director and chairs a number of Trendlines' portfolio companies. He also serves as a board member of the non-profit Davos-based AO Foundation's Technology Board which, inter alia is responsible for allocating Development Incubator funds.

Todd founded The Trendlines Group with Steve Rhodes in 2007 and shares the positions of Chair and CEO of Trendlines with Steve Rhodes.

In 1991, Todd joined the marketing department of Israeli medical device start-up SRD Medical Ltd. ("SRD") and went on to become SRD's CEO. It was at SRD that Todd and Steve met. In 1993, Todd and Steve founded Trendlines International Ltd. They merged the principal consulting activities of Trendlines International Ltd. into The Trendlines Group in 2008.

Under the strength of their 30-year business partnership, Todd and Steve oversaw Trendlines' IPO on the Singapore Stock Exchange in 2015; founded nearly 100 companies; and have raised funds around the world for Trendlines, its venture funds, and portfolio companies. They have exited portfolio companies to multinational corporations; taken portfolio companies public; and have expanded the Group's activities internationally, including substantial expansion of Trendlines' activities in Singapore and China.

Todd Dollinger brings decades of entrepreneurial experience to Trendlines.

STEVE RHODES

CHAIR OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Steve was appointed as our Director upon the formation of our Company on 1 May 2007 and was last re-elected to hold dual office as our Chair and CEO on 24 February 2016. He was last re-elected as a Director on 25 April 2018 in accordance with the Company's Articles of Association and is due for re-election in 2021. He serves as the Chair of Trendlines Incubators Israel, as Investment Committee Chair of Trendlines Medical Singapore, as Chair of the Trendlines Agrifood Fund and of AFIC, based in Singapore. Additionally, Steve is a director and chairs a number of Trendlines' portfolio companies.

Steve founded The Trendlines Group with Todd Dollinger in 2007 and shares the positions of Chair and CEO of Trendlines with Todd. Steve brings decades of business, finance, and banking experience to Trendlines.

In 1988, Steve joined SRD Medical. After serving as its CFO, he became its VP Sales and Marketing. It was at SRD that Steve met Todd. In 1993, Todd and Steve founded Trendlines International Ltd.

Together they founded The Trendlines Group in 2007 and merged the principal consulting activities of Trendlines International Ltd. into the Group the following year. Under the strength of their 30-year business partnership, Todd and Steve oversaw Trendlines' IPO on the Singapore Stock Exchange in 2015; founded nearly 100 companies; and have raised funds around the world for Trendlines, its venture funds, and portfolio companies. They have exited portfolio companies to multinational corporations; taken portfolio companies public; and have expanded the Group's activities internationally, including substantial expansion of Trendlines' activities in Singapore and China.

Steve received his MBA from the University of Chicago and a BA from Harvard University. He is a Certified Public Accountant in the State of Illinois.

BOARD OF DIRECTORS

ZEEV BRONFELD

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Zeev Bronfeld, together with Chair and CEOs Todd Dollinger and Steve Rhodes, founded the Company and was appointed as a Director upon the formation of our Company on 1 May 2007. He was last re-elected on 17 June 2020 in accordance with the Company's Articles of Association. He is a Non-Executive Director.

Zeev is currently the CEO of M.B.R.T. Development and Investment Ltd. He has significant experience in the management and building of medical device and biotechnology companies as well as strategy management in public companies.

He co-founded Bio-Cell Ltd., an Israeli publicly traded holding company, at the time specializing in biotechnology companies, and was its director and CEO until 25 December 2014 and 11 October 2015, respectively. Zeev currently serves as a director of Entera Bio Ltd., D.N.A. Biomedical Solutions Ltd. and Electreon Wireless Ltd. (formerly, Biomedix Incubator Ltd.), all of which are public companies. He is also a director of several privately held companies, most of which are involved in the life sciences, such as Contipi Medical Ltd and TransBiodiesel Ltd. Zeev serves as Chair of Protalix Ltd.

He received his BSc in economics from the Hebrew University of Jerusalem.

ELKA NIR

LEAD INDEPENDENT DIRECTOR AND EXTERNAL DIRECTOR

Elka Nir was appointed as our Director on 15 October 2015 and was last re-elected to the Board to serve as our External Director under the Israeli Companies Law on 13 February 2019. She is our Lead Independent Director.

Elka is the founder and CEO of E.LeadIN Ltd., a company that provides business, strategy, marketing, strategic alliances, and investment consultancy services. In addition, she is the CEO of Carmel Ltd. (the economic corporation of Haifa University, Israel), where she is responsible for, among other things, leading commercial and business activities and where she founded and serves as the CEO of Carmel Innovations Ltd., a microfund that invests in projects from Haifa University. She holds directorships in Carmel Innovations Ltd.'s subsidiaries as well as in several other companies.

She served as the VP marketing, sales, and customer support at a subsidiary of GE Medical before joining GE Medical, Israel, as their VP engineering and research. She was the COO and director of development and operations at Biosense Webster (Israel), Ltd., a subsidiary of Johnson & Johnson. She was the managing director and general partner of Giza Venture Capital Fund ("Giza VC Fund"), a venture capital fund that invests in innovative high-tech and life sciences companies and where she was a member of Giza VC Fund's investment committee and had strong connections to its global investors, specifically in Asia. Elka served as a board director and investment committee member at Van Leer Technology Ventures, a technological incubator that invests in innovative medical and information technology companies.

She received her BSc in computer sciences from the Technion-Israel Institute of Technology and her diploma (magna cum laude) in business administration from the University of Haifa, Israel.

BOARD OF DIRECTORS

PROFESSOR STEPHEN HASLETT

INDEPENDENT DIRECTOR

Professor Steve Haslett was appointed as our Director on 15 October 2015 and was last re-elected as a Director on 29 April 2019 in accordance with the Company's Articles of Association. He serves as an Independent Director.

Professor Haslett provides consultancy services in business development and commercialization through Silver Fox Pte Ltd., a company he founded. He has more than 40 years of experience in the IT business, and held executive positions at Hewlett Packard, Dell Computer, and various technology start-ups where he assisted in the commercialization and globalization of their technologies. He is a professor of entrepreneurship at INSEAD and at IESE, where he teaches postgraduate and executive courses on, among other things, corporate entrepreneurship, business building in Silicon Valley, private equity, venture capital, and computer-based business simulations.

He holds an MSc and BSc (Hons), both in aeronautical engineering, from Imperial College, London, and a Diploma of Imperial College from the University of London. He is also an associate of the City and Guilds Institute, London, and a member of the Singapore Institute of Directors.

PROFESSOR HANG CHANG CHIEH, PHD

INDEPENDENT DIRECTOR AND EXTERNAL DIRECTOR

Professor Hang Chang Chieh was appointed as our Director on 15 October 2015 and was last re-elected to the Board to serve as our External Director under the Israeli Companies Law on 13 February 2019. He is an Independent Director.

Professor Hang is currently the executive director of the Institute for Engineering Leadership at the National University of Singapore ("NUS"), a position he has served in since its founding in 2011.

Professor Hang worked as a computer and systems technologist in the Shell Eastern Petroleum Company (Singapore) and the Shell International Petroleum Company (The Netherlands) from 1974 to 1977 before joining NUS. Professor Hang served in various positions in NUS, including the Vice-Dean of Engineering, Head of the Department of Electrical Engineering, and Deputy Vice-Chancellor (Research and Business Ventures). Professor Hang was seconded to the Agency for Science, Technology and Research ("a*STAR") and acted as A*STAR's Executive Deputy Chair. Upon completion of the secondment to A*STAR, Professor Hang returned to NUS in January 2004 as the Founding Director of the Centre for Management of Science and Technology, Faculty of Engineering. He served as the Founding Head, Division of Engineering & Technology Management, Faculty of Engineering, NUS, from 2007 to 2016.

Professor Hang has served as a board member of several public organizations, including Founding Deputy Chair of Singapore's National Science and Technology Board, Founding Chair of the Intellectual Property Office of Singapore, and Founding Chair of the IP Academy of Singapore.

Professor Hang received his PhD in control engineering from the University of Warwick and a BEng (Hons) in electrical engineering from NUS.

BOARD OF DIRECTORS

BOON ANN SIN

INDEPENDENT DIRECTOR

Boon Ann Sin was appointed as an Independent Director on 22 June 2020.

Boon Ann has had a legal career spanning over 30 years. Since 1992 he has been with Drew & Napier, one of Singapore's leading legal firms, becoming a partner in 1994. Prior to his retirement in 2018, he was the Deputy Managing Director of the Corporate & Finance Department and the Co-head of the Capital Markets Practice in Drew & Napier LLC. He has been prolific in handling corporate finance transactions, particularly in the area of initial public offerings in Singapore. He also acts as counsel to listed companies on secondary equity offerings and debt offerings and advises companies on regulatory compliance. He also specializes in corporate finance and mergers and acquisitions. Boon Ann is recognized in industry publications as an industry leader and for his expertise in capital markets. Between 1996 and 2011, Boon Ann was a member of the Singapore Parliament representing the Tampines GRC.

Boon Ann holds a BA and LLB (Hons) both from the National University of Singapore, and an LLM from the University of London. He is admitted to practice law in Singapore.

BOARD OF DIRECTORS

DIRECTOR AND/OR CHAIR POSITIONS HELD BY DIRECTORS IN OTHER LISTED COMPANIES (CURRENT AND PRECEDING THREE YEARS)		
	Current Directorships	**Past Directorships (Preceding 3 Years)**
David Todd Dollinger	None	None
Stephen Louis Rhodes	None	None
Zeev Bronfeld	• Electreon Wireless Ltd. (formerly known as Biomedix Incubator Ltd.) (Director) • D.N.A. Biomedical Solutions Ltd. (Chair) • Entera Bio (Director) • Protalix BioTherapeutics, Inc. (Chair)	MacroCure Ltd. (until January 2017) (Director)
Elka Nir	Hadasit Bio-Holdings Ltd. (Independent Director)	IceCure Medical Ltd. (until October 2017) (Chair)
Prof. Stephen Haslett	None	None
Prof. Hang Chang Chieh	None	None
Boon Ann Sin	• CSE Global Limited (Independent Director) • OUE Limited (Lead Independent Director) • Rex International Holding Limited (Lead Independent Director) • HRnetGroup Limited (Lead Independent Director) • TIH Limited (Lead Independent Director WEF 1 January 2021) • Healthway Medical Corporation Limited (Independent Non-Executive Chair) • Sarine Technologies Limited (Independent Non-Executive Director)	Datapulse Technology Limited (Independent Director)

SENIOR MANAGEMENT

TODD DOLLINGER

CEO AND CHAIR OF THE BOARD

See Board of Directors.

STEVE RHODES

CEO AND CHAIR OF THE BOARD

See Board of Directors.

BARAK SINGER

CEO TRENDLINES INCUBATORS ISRAEL

Barak Singer has 20 years of experience in management, business development, investment banking, and venture capital, including as VP Business Development of Trendlines Medical from December 2016 until February 2019, when he was appointed CEO of Trendlines Incubators Israel.

Prior to joining Trendlines, Barak held several senior management positions, including Managing Director, Co-Head of Investment Banking, and Head of Healthcare at Tamir Fishman & Co., representing the Royal Bank of Canada's (NYSE: RY) investment banking arm in Israel, RBC Capital Markets. He also served as VP Business Development at Can-Fite BioPharma Ltd. (NYSE: CANF) and CEO of its subsidiary OphthaliX Inc., VP Business Development at Xenia Venture Capital Ltd., and was a Co-Founder and CEO at Or Capital Healthcare Partners.

Barak received his LLB and BA in business (both with distinction) from the Interdisciplinary Center Herzliya, Israel.

NITZA KARDISH, PHD

CEO TRENDLINES AGRIFOOD FUND & VICE CHAIR AFIC

Nitza Kardish joined the Trendlines management team in June 2011 as CEO of Trendlines Agtech-Mofet. From 2018 through 31 January 2019, Nitza served as CEO of Trendlines Incubators Israel and VP of The Trendlines Group. Since November 2019, Nitza was named CEO of the Trendlines Agrifood Fund.

A plant geneticist, Nitza brings more than 25 years of experience working in senior management positions at life science companies to Trendlines. Prior to joining Trendlines, she served as VP Business Development at the Technion R&D Foundation 2, Ltd. ("Technion Seed"), where she was responsible for the life sciences and cleantech fields.

She previously served as CEO of Clal Life Sciences, an R&D center for emerging life sciences companies; CEO of UroGyn, a start-up that developed minimally invasive surgical tools; and Business Development Manager at Rafael Development Corporation, Ltd.

Nitza earned her doctorate (life sciences) from Tel Aviv University and was a post-doctoral research fellow in the Department of Plant Genetics at the Weizmann Institute of Science. She received an MSc (cum laude) from Tel Aviv University.

SENIOR MANAGEMENT

NIR GOLDENBERG

CEO TRENDLINES LABS

Nir Goldenberg brings extensive experience in innovation, business development, sales, and marketing in the medical device sector.

Prior to his appointment as CEO, Nir served as Trendlines Labs' VP Business Development for three years, where he oversaw the business development activities of the in-house innovation center, which evaluates critical unmet clinical needs, invents technological solutions, and provides proof of concept and program risk mitigation prior to taking product concepts through development and manufacturing.

He was previously the Director of Commercial Development EU at INSIGHTEC Ltd., a global MR-guided focused ultrasound surgery company.

Nir holds a BSc in engineering from La Sapienza University of Rome.

ERIC LOH

CEO TRENDLINES MEDICAL SINGAPORE

Eric Loh joined The Trendlines Group in 2016 and is responsible for the leadership and overall management of Trendlines Medical Singapore.

Eric brings more than 25 years of experience in the medical device industry to Trendlines. Previously, he had a significant role in developing Biosensors International, building this early-stage cardiovascular device company into a successful, publicly traded company on the Singapore Stock Exchange. As Managing Director, he oversaw the establishment of a joint venture operation in China that resulted in Biosensors' successful entry into the fast-growing Chinese market.

He led successful sales and marketing efforts, and commercialized Biosensors' products in other Asia Pacific markets while managing two manufacturing facilities in Singapore. In 2005, Eric was involved with the company's IPO on the Singapore Stock Exchange.

After leaving Biosensors, Eric was the CEO of start-up EPI Mobile Health, where he achieved regulatory clearance from the FDA, CE, and HSA of a novel mobile ECG device that enabled the commercialization of the products in key markets in Asia.

Eric holds an MSc in medical engineering and a BEng (Hons), both from the National University of Singapore and is a graduate of an Executive MBA program affiliated with the Helsinki School of Economics. He is a CFA charter holder.

HAIM BROSH

CHIEF FINANCIAL OFFICER, JOINT COMPANY SECRETARY & COMPLIANCE OFFICER

Haim Brosh has more than 20 years of experience in senior- and executive-level accounting and management positions at public and private companies.

Prior to his appointment as CFO in 2018, Haim served as Trendlines' controller for four years.

Previously, at ACP Ltd., an industrial company manufacturing and distributing air-conditioning products, he served as CEO and CFO. Haim served as CFO of publicly traded Elul Tamarynd Ltd. for two years and CFO of SHL Telemedicine Ltd., a public company in the medical device arena. He served in senior finance positions at Amdocs Limited for nine years.

Haim received his BA (Hons) in accounting and economics from Tel Aviv University. He is a Certified Public Accountant in the State of Israel.

CORPORATE INFORMATION

DIRECTORS

David Todd Dollinger
Chair and CEO

Stephen Louis Rhodes
Chair and CEO

Zeev Bronfeld
Non-Independent Non-Executive Director

Elka Nir
External Director - Lead Independent Director

Prof. Stephen Philip Haslett
Independent Director

Prof. Hang Chang Chieh
External Director - Independent Director

Boon Ann Sin
Independent Director

BOARD COMMITTEES

AUDIT COMMITTEE

Elka Nir, Chair
Prof. Hang Chang Chieh
Prof. Stephen Philip Haslett
Boon Ann Sin

NOMINATING COMMITTEE

Prof. Stephen Philip Haslett, Chair
Prof. Hang Chang Chieh
Elka Nir
Stephen Louis Rhodes
Boon Ann Sin

REMUNERATION COMMITTEE

Elka Nir, Chair
Prof. Hang Chang Chieh
Prof. Stephen Philip Haslett

JOINT COMPANY SECRETARIES

Rachel Ooi
Haim Brosh

REGISTERED OFFICE

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17 T'chelet Street
M.P. Misgav 2017400, Israel
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info@trendlines.com
www.trendlines.com
Reg. No. 513970947

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay, #10-00 Income at Raffles
Singapore 049318

AUDITOR

Kost Forer Gabbay & Kasierer
A Member of Ernst & Young Global
144 Menachem Begin Road, Building A
Tel Aviv 6492102, Israel
Audit Partner: Sharon Zalewski (appointed in 2019)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01 Singapore Land Tower
Singapore 048623
Tel: +65.6536.5355

PRINCIPAL BANKER

The Bank of East Asia, Limited
60 Robinson Road, BEA Building
Singapore 068892

DEPOSITARY BANK

The Bank of New York Mellon Corporation
225 Liberty Street
New York, New York 10286
United States of America

CORPORATE GOVERNANCE REPORT

The Trendlines Group Ltd. ("**Trendlines**" or the "**Company**", and together with its subsidiaries, the "**Group**") recognizes the importance of corporate governance and the offering of high standards of accountability to the shareholders of the Company ("**Shareholders**"). Good corporate governance establishes and maintains a legal and ethical environment in the Group to protect the interests of the Shareholders and to maximize long-term Shareholders' value.

The Company has implemented the Code of Corporate Governance and the accompanying Practice Guidance (the "**2018 Code**"), subject however to compliance with the various corporate governance requirements under the Israeli Companies Law (the "**Israeli Companies Law**") with which the Company, as a company incorporated in Israel whose shares are publicly traded on a stock exchange, is required to comply.

This Corporate Governance Report outlines the Company's corporate governance practices that were adopted during the financial year ended 31 December 2020 (the "**FY2020**"), with specific reference made to the principles of the 2018 Code issued by the Monetary Authority of Singapore on 6 August 2018 and the accompanying practice guidance which was last amended on 7 February 2020 (the "**Practice Guidance**"). The Company has complied with the principles and guidelines as set out in the 2018 Code and the Practice Guidance, where applicable. Appropriate explanations and/or alternative corporate governance practices adopted by the Company have been provided in the relevant sections below where there are deviations from the 2018 Code and/or the Practice Guidance.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1 of the 2018 Code: Directors are fiduciaries who act objectively in the best interests of the company.

Practice Guidance 1 of the 2018 Code: Board's role.
In accordance with the Israeli Companies Law, every Director by virtue of his or her office occupies a fiduciary position with respect to the Company. A Director is not permitted to place him or herself in a situation where his or her interests conflict with his or her duty. Without derogating from the generality of the foregoing, Directors shall (i) refrain from any conflict of interest between the performance of their duties in the Company and the performance of their other duties or their personal affairs, (ii) refrain from any activity that is competitive with the Company's business, (iii) refrain from taking advantage of any business opportunity of the Company in order to obtain a personal gain for themselves or others, and (iv) disclose to the Company any information or documents relating to the Company's affairs which the Director received by virtue of his or her position as an office holder. If a Director knows that he or she has a personal interest in an existing or proposed transaction of the Company, then – without delay and not later than the Board's meeting at which the transaction is first discussed – he or she must disclose to the Company the nature of his personal interest, including any material fact or document. Generally, a Director who has a personal interest in a transaction (except with respect to a non-extraordinary transaction) which is considered at a meeting of the Board or any Board Committees (as defined below) of the Company may not be present at such a meeting or vote on that matter unless the Chair of the Board or Board Committee (as applicable) determines that such Director should be present in order to present the transaction that is subject to approval. If a majority of the members of the Board or Board Committee (as applicable) have a personal interest in the approval of a transaction, then all Directors may participate in discussions of the Board or Board Committee (as applicable) on such transaction and vote on approval thereof, but Shareholders' approval will also be required for such transaction.

As at the date of this Corporate Governance Report, the Board of Directors of the Company (the "**Board**") comprises two Executive Directors and five Non-Executive Directors, out of which four are Independent Directors. At the Annual General Meeting ("AGM") on 17 June 2020, the Shareholders approved the appointment of Mr. Sin Boon Ann as an Independent Director. The Board comprises a majority of Independent Directors as at the date of this Corporate Governance Report. The Directors on the Board have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Group.

CORPORATE GOVERNANCE REPORT

The composition of the Board as at the date of this Corporate Governance Report is as follows:

Name of Director	Designation
Mr. David Todd Dollinger	Chief Executive Officer and Chair of the Board*
Mr. Stephen Louis Rhodes	Chief Executive Officer and Chair of the Board*
Mr. Zeev Bronfeld	Non-Executive Director*
Ms. Elka Nir	External Director (Lead Independent Director)
Prof. Stephen Philip Haslett	Independent Director
Prof. Hang Chang Chieh	External Director (Independent Director)
Mr. Sin Boon Ann	Independent Director

* As at 17 February 2021, Mr. Zeev Bronfeld, Mr. David Todd Dollinger and Mr. Stephen Louis Rhodes holdings are stated in page 162 of statistics of shareholdings

Provision 1.2 of the 2018 Code: Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors to receive appropriate training.
All new Directors appointed to the Board are briefed on the Group's activities, strategic direction and policies, key business risks, and the regulatory environment in which the Group operates, as well as their statutory and other duties and responsibilities as Directors, and are provided with copies of the Group's applicable policies including, inter alia:

- Disclosure Policy;
- Securities Dealing Policy;
- Whistle Blowing Policy;
- Anti-Bribery and Anti-Corruption Policy;
- 2018 Code of Business Conduct and Ethics; and
- Any other corporate policy(ies) as may be adopted by the Group which is applicable to, or supervised, by the Board.

Further, each new Director who has no prior experience as a director of an issuer listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") would undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Upon appointment of each Director, the Company provides a formal letter to the Director, setting out the Director's duties and obligations.

The Company's management updates the Board, at least on a quarterly basis, on business and strategic developments of the Group, and the Directors are also provided with updates and/or briefings from time to time by professional advisors in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. In addition, the Directors are also at liberty to approach the Company's management should they require any further information or clarification concerning the Group's operations.

To ensure Directors can fulfil their obligations and continuously improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairs if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. The Company is responsible for arranging and funding the training of Directors.

CORPORATE GOVERNANCE REPORT

In addition, Directors are regularly updated in areas of Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Israeli Companies Law and industry-related matters, to keep themselves apprised on the latest corporate, regulatory, legal and other requirements.

All Board members attended a Board training, areas of investment: "Homecare", on 7 May, 2020.

Provision 1.3 of the 2018 Code: Matters requiring Board approval.
Matters reserved for the Board's decision are specified in detail under the Israeli Companies Law and the Company's Articles of Association (the "**Articles**"), which provide that the Company's business and affairs are managed under the direction and oversight of the Board, which may exercise all powers and may take all actions that are not specifically granted to the Shareholders or to any other organ of the Company. The Board determines the Company's policy and supervises the performance of the Chief Executive Officers' (the "**CEOs**") duties and actions and is authorized, amongst other things, to:

- determine the Company's business plans, principles for funding them and the priorities between them;
- review the financial status and determine the credit the Company is authorized to obtain;
- determine the Company's organizational structure and remuneration policy;
- resolve to issue series of debentures;
- report to the Company's Shareholders on the status of the Company's affairs and the results of its business operations at its annual general meetings ("**AGM**");
- appoint and remove the CEO(s);
- resolve whether to approve (or disapprove) certain transactions, which require the approval of the Board under the Israeli Companies Law or the Articles;
- issue securities and securities convertible into shares up to the limit of the Company's authorized share capital;
- resolve to effect a distribution in accordance with the Israeli Companies Law;
- provide the Company's opinion in respect of a special tender offer as stipulated in the Israeli Companies Law; and
- determine the minimum number of Directors who should have accounting and financial expertise.

Apart from the matters that specifically require the Board's approval as set forth above, the Board approves certain transactions of the Group exceeding certain threshold limits, while delegating authority for transactions below those limits to the Group's management and/or the Group's investment committees so as to optimize operational efficiency.

The Board has adopted a set of written internal guidelines which set out authorization and approval limits for financing and/or realization of interest transactions between the Company's incubators and their portfolio companies.

Provision 1.4 of the 2018 Code: Disclosure on delegation of authority by Board, to Board Committees.

Practice Guidance 1 of the 2018 Code: Board organization and support.
The Board may, subject to the provisions and limitations of the Israeli Companies Law, delegate any or all of its powers to committees, each consisting of one or more persons (all of whose members must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board. Under Israeli Companies Law, a public company must have an audit committee and a remuneration committee, each comprised of at least three Directors and in which all of the Company's External Directors shall be members. In addition, under the Catalist Rule 406(3)(e), a listed issuer must also establish one or more committees as may be necessary to perform the functions of an audit committee, a nominating committee and a remuneration committee, with written terms of reference which clearly set out the authority and duties of the committees.

CORPORATE GOVERNANCE REPORT

To assist the execution of its responsibilities, the Board has established three committees, namely, the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**"), all collectively referred to hereafter as the "**Board Committees**".

The compositions of the Board Committees are as follows:

	AC	NC	RC
Chairperson	Ms. Elka Nir	Prof. Stephen Philip Haslett	Ms. Elka Nir
Member	Prof. Stephen Philip Haslett	Ms. Elka Nir	Prof. Stephen Philip Haslett
Member	Prof. Hang Chang Chieh	Prof. Hang Chang Chieh	Prof. Hang Chang Chieh
Member	Mr. Sin Boon Ann	Mr. Stephen Louis Rhodes	–
Member	–	Mr. Sin Boon Ann	–

Clear written terms of reference for each of the Board Committee set out basic guiding principles for the establishment and activities of such Board Committee. Each Board Committee shall review and re-assess, on an annual basis, the adequacy of its applicable terms of reference and submit such evaluation, including any recommendations for change, to the Board for consideration, review, discussion and approval.

Please refer to Principles 4, 5, 6, 7, 9 and 10 in this Corporate Governance Report for further information regarding each of the Board Committees.

Provision 1.5 of the 2018 Code: Directors attend and actively participate in Board and Board Committee meetings
In accordance with the Articles and the Israeli Companies Law, the Board may meet and adjourn its meetings according to the Company's needs and otherwise regulate such meetings and proceedings as the Board deems fit, provided however, that the Board meeting shall convene at least once every financial quarter.

In order to ensure that the Group's operations are not disrupted, the Directors are notified of the meetings of the Board and the Board Committees in advance. Ad-hoc meetings are also convened when circumstances require, and/or resolutions in writing of the Board are circulated for matters that require the Board's approval.

In addition, in accordance with their applicable terms of references, the AC shall meet at least once every financial quarter, and each of the NC and RC shall meet at least twice in a financial year. Additional meetings are convened according to the Company's needs. Minutes of all meetings of the Board and Board Committees are recorded and duly entered in books provided for that purpose. Such minutes shall, in all events, set forth the names of the Directors present at the meeting and all resolutions adopted thereat. The Articles and the applicable terms of references of the Board Committees allow for the meetings of its Board and the Board Committees to be held by means of a conference call or any other device or means of communication, allowing each Director participating in such meeting to hear from all the other Directors. The Board and Board Committees may also make decisions by way of written resolutions. Dates of Board, Board Committee and AGM are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board meeting can still participate in the meeting by means of a conference call or any other device or means of communication. We believe that contributions from each Director can be reflected in ways other than only focusing on the attendance of each Director at Board and/or Board Committee meetings. A Director would have been appointed on the strength of his or her caliber, experience and stature, and his or her potential to contribute to the proper guidance of the Group and its businesses. To focus on a Director's attendance at formal meetings alone may lead to a narrow view of a Director's contribution. It may also not do justice to his or her contribution which can be in many different forms, including management's access to him or her for guidance or exchange of views outside the formal environment of Board meetings. In addition, he or she may initiate relationships strategic to the interests of the Group.

During FY2020, there were no material management or Board changes in the Company except for the appointment of Mr. Sin Boon Ann as a new Independent Director. Consequently, there was only one NC meeting during FY2020.

CORPORATE GOVERNANCE REPORT

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during FY2020 are as follows:

Number of meetings held (*)	Board	AC	NC	RC
	7	5	1	2
Name of Director	**Number of meetings attended**			
Mr. David Todd Dollinger	7	–	–	–
Mr. Stephen Louis Rhodes	6	–	1	–
Mr. Zeev Bronfeld	7	–	–	–
Ms. Elka Nir	7	5	1	2
Prof. Stephen Philip Haslett	6	4	1	2
Prof. Hang Chang Chieh	7	5	1	2
Mr. Sin Boon Ann (**)	3/3	3/3	–	–

Notes:

(*) Not including written resolutions.
(**) officially appointed on 17 June 2020.

Provision 1.5 of the 2018 Code: Directors with multiple board representations give sufficient time and attention to the Company.

Practice Guidance 4 of the 2018 Code: Multiple directorships.
Where a Director has multiple board representations, the NC will evaluate if the Director is able to and has been adequately carrying out his or her duties as Director of the Company, taking into consideration the number of his or her listed company board representations, other principal commitments and whether sufficient time and attention had been given by such Director to the Company. Despite some of the Directors having other board representations, and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. In addressing competing time commitments faced when Directors serve on multiple boards, the NC has determined that each Director should hold not more than 6 listed company board representations, unless otherwise approved by the NC under special circumstances. In accordance with the foregoing, and in light of the prominent and vast business and legal experience which Mr Sin Boon Ann brings to the Company and his high participation rate in the meetings of the listed companies in which he serves as a director, the NC and the Board have determined that despite Mr Sin Boon Ann's directorship in 7 other listed companies, Mr Sin Boon Ann is able to adequately carry out his duties as director of the Company. The details of directorships and/or Chairships in other listed companies and other principal commitments of the Directors are set out in the Board of Directors chapter of this Report (page 45). The NC has addressed the competing time commitments faced by Directors serving on multiple boards and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

Provision 1.6 of the 2018 Code: Management to provide directors with complete, adequate and timely information prior to meetings.
In order to ensure that the Group's operations are not disrupted, management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Ad-hoc meetings are also convened when circumstances require, and/or resolutions in writing of the Board are circulated for matters that require the Board's approval. It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the half-year and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).

To enable the Board to fulfill its responsibilities and make informed decisions, the Board obtains from the Company's management information which the Board deems adequate, complete and in a timely manner.

CORPORATE GOVERNANCE REPORT

Prior to each meeting, members of the Board and Board Committees are provided with the notice and agenda of the meeting and documentation containing background or explanatory information relating to the matters brought before the relevant meeting, including, where applicable, copies of disclosure documents, budgets, forecasts and internal financial statements. In respect of budgets, any material variance between the projections and actual results are disclosed and explained to the Board. Management recognizes the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, management endeavors to circulate information for the Board and Board Committees meetings at least 3 days prior to the meetings to allow sufficient time for the Directors' review.

The Company's management, legal advisors and auditors, who can provide additional insight into the matters for discussion are also invited from time to time to attend such meetings, subject to and in accordance with the provisions of the Israeli Companies Law regarding such participation by non-members in such meetings.

The minutes of meetings of the Board and Board Committees are circulated to all Board or Board Committee members (as applicable) after the respective meetings for their approval.

The key management personnel (the "**KMP**") of the Company will also provide any additional material or information that is requested by the Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of KMPs to facilitate direct and independent access to management.

Provision 1.7 of the 2018 Code: Directors have separate and independent access to management and company secretary.
All Directors have separate and independent access to the management, other KMPs, independent auditors, other independent professional advisors and the joint Company Secretaries namely, Mr. Haim Brosh, the Company's Israeli Secretary, as well as Ms Tan Lay Hong from 1 January 2020 up to 1 December 2020, and Ms Rachel Ooi Kai Yin with effect from 1 December 2020, the Company's Singaporean Secretary (collectively, the "**Company Secretaries**"), via telephone, e-mails and meetings. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished.

The role of the Company Secretaries includes inter-alia responsibility for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, specifically, the Company's Israeli Secretary is responsible with respect to the Company's compliance with applicable Israeli rules and regulations, and the Company's Singaporean Secretary is responsible with respect to the Company's compliance with applicable Singapore rules and regulations. Under the direction of the Chairs of the Board and CEOs, the Company Secretaries' responsibilities also include ensuring good information flow within the Board and Board Committees and between management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

At least one of the Company Secretaries is present at the meetings of the Board and Board Committees, subject to applicable laws.

Under the Articles, the appointment and removal of the Company Secretaries is subject to the approval of the Board, however the Board may delegate such authority to the CEOs.

Under Israeli Companies Law, the Directors may, under special circumstances and in the furtherance of their duties, receive independent professional advice at the Company's expense subject to the approval by the Board or competent court. No independent professional advice was obtained during FY2020.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1 of the 2018 Code: NC adopts the definition of what constitute as "independent director".
The Board considers an Independent Director (as defined in Practice Guidance 2) as one who has no relationship with the Company, the Company's related companies, five percent (5%) Shareholders or the Company's officers, which could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgment with a view to the best interests of the Company. The independence of each Director is reviewed annually by the NC, in accordance with the definition of independence in the 2018 Code and Israeli Companies Law. For FY2020, none of the Company's Independent Directors has served as a member of the Board for more than nine consecutive years since the date of his or her first appointment (all of whom, save for Mr Sin Boon Ann, were first appointed to the Board in October 2015. Mr Sin Boon Ann was appointed to the Board in June 2020).

The NC has reviewed and has identified each of the Independent Directors to be independent. As majority of the Board (four out of the seven Directors) is currently made up of Independent Directors, the NC believes that the Board shall be able to exercise independent judgment on corporate affairs and ensure that no one individual or groups of individuals dominate any decision making process. The NC is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience who as a group provide core competencies necessary to meet the Group's objectives.

Each member of the NC had abstained from deliberations in respect of the assessment of his or her own independence.

The Board has reviewed and confirmed the independence of the Independent Directors. The Independent Directors have also confirmed their independence by providing the Company with written declarations in accordance with the Israeli Companies Law and the 2018 Code.

The Company has appointed Ms. Elka Nir to serve as its Lead Independent Director (please refer to Principle 3 of this Corporate Governance Report for further information on the Lead Independent Director).

Provisions 2.2 and 2.3 of the 2018 Code: Independent directors to make up a majority of the Board where Chair is not independent and non-executive directors make up majority of the Board.
As the Company's CEOs also serve as Chairs of the Board (please refer to Principle 3 in this Corporate Governance Report for further information on this matter), therefore, it is required under the 2018 Code that the Company has a majority of the members of its Board be Independent Directors. Following the appointment of Mr. Sin Boon Ann on 17 June 2020, the Company has a majority of Independent Directors on its Board where four out of seven Directors are Independent Directors.

Non-Executive Directors already make up a majority of the Board during FY2020.

In addition, under Israeli Companies Law, shareholders of public companies must elect, by a Disinterested Majority (as defined under the Israeli Companies Law), at least two members of the Board who qualify as "External Directors" under the Israeli Companies Law. External Directors must meet certain standards of independence at the time of their appointment and during the two-year period prior to their appointment. For further details on the External Directors, please refer to pages 297 to 300 of the Company's offer document dated 16 November 2015..

Provision 2.4 of the 2018 Code: The Board and Board Committees are of an appropriate size.
Under the Articles, the Board must consist of at least five and not more than ten Directors, including at least two External Directors required to be appointed under the Israeli Companies Law.
The Independent Directors are also the non-executive Directors of the Company. The Company's Non-Executive Directors, namely, Ms. Elka Nir, Prof. Stephen Philip Haslett, Prof. Hang Chang Chieh, Mr. Zeev Bronfeld and Mr. Sin Boon Ann are persons from different professions and working backgrounds, bringing to the Company their wealth of knowledge, business expertise and contacts in the business community and play an important role in helping the Company to shape its business strategy by allowing the Company to draw on their diverse backgrounds and working experience. Although the Non-Executive Directors are not involved in the day-to-day running of the Company's operations, they play an invaluable role in furthering the business interests of the Company by contributing their experience and expertise. In addition, four out of the five Non-Executive Directors also sit on the various Board Committees and provide constructive inputs and oversight of the Company and its management.

CORPORATE GOVERNANCE REPORT

The Board believes that, considering the scope and nature of the operations of the Company, the Board and Board Committees' current size (as detailed above) is an appropriate size for the Board and Board Committees to facilitate efficient and effective decision making.

Practice Guidance 1 of the 2018 Code: Director competencies.

Practice Guidance 2: Board diversity policy.
Under Israeli Companies Law, at least one of the External Directors must have "accounting and financial expertise" and the rest of the External Directors must have either "professional competence" or "accounting and financial expertise". The conditions and criteria for a director qualifying as having accounting and financial expertise or professional competence are set out in regulations adopted under the Israeli Companies Law.

The Board is responsible for determining the minimum number of Directors, who should have accounting and financial expertise. In determining the number of Directors required to have accounting and financial expertise, the Company's Board must consider, amongst other things, the type and size of the Company, the scope and complexity of its operations and the number of its Directors. The Board has determined that at least two of the Directors must possess accounting and financial expertise as defined under Israeli Companies Law. In this regard, the Board has determined that Mr. Zeev Bronfeld, Mr. Stephen Louis Rhodes and Ms. Elka Nir each possesses "accounting and financial expertise" as such term is defined under the Israeli Companies Law.

Under Israeli Companies Law, a public company must appoint at least one director of each gender. The Board has one female member out of the seven members.

Apart from gender diversity, the Board aims to have its members comprise an appropriate mix of members with complementary skills, core competencies and experience for the Company as required by the 2018 Code. The Board's current composition includes members with a diversity of gender and skills, including accounting and finance expertise, business acumen, management experience, industry knowledge, strategic planning experience and familiarity with regulatory requirements and knowledge of risk management.

The Board considers that its current Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

The Directors' academic and professional qualifications are presented in pages 45 to 48 of this Annual Report.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to evaluate the size, composition and role of the Board and Board Committees and the methods and processes for evaluating Board and Board Committees' effectiveness in fulfilling their duties and responsibilities.

- The NC shall identify gaps in the mix of skills, experience and other qualities required in an effective Board and recommend suitable candidates to fill these gaps.

- The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Provision 2.5 of the 2018 Code: Regular meetings of non-executive directors.
The Independent Directors met or communicated amongst themselves without the presence of the management during FY2020. Led by the Lead Independent Director, the Independent Directors, constituting all of the members of the AC, shall meet at least once annually without the presence of the Company's management and Non-Independent Directors, to discuss matters of significance.

The Non-Executive Directors would meet as regularly as warranted, to discuss concerns or matters such as the effectiveness of management, without the presence of KMPs of the Company. During FY2020, the Non-Executive Directors met on 11 August 2020 without the presence of KMPs. The Chair of such meeting provides feedback to the Board and/or its Chair as appropriate.

CORPORATE GOVERNANCE REPORT

Chair and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 of the 2018 Code: Chair and Chief Executive Officer are separate persons.
Under the Israeli Companies Law and its regulations, a company's CEO may serve as the chair of the board of directors of such company, subject to the required approvals, including shareholders' approval with a special majority to be renewed following a period of 5 years as of the date on which the Company's shares were first offered to the public and thereafter every 3 years, as required under the Israeli Companies Law and its regulations.

The NC (with Mr. Stephen Louis Rhodes abstaining from all discussions and decisions concerning his own appointment) has determined that it is in the best interests of the Company for the positions of Chairs of the Board and CEOs to be held by the same persons for the following reasons:

- The existing dual CEOs and Chairs management structure has worked well for the Company. Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes have held the same designations of Chairs since the co-founding of the Company in 2007; Mr. Stephen Louis Rhodes was named Co-CEO in July 2010. Since then, Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes have been the key personnel whose contributions and expertise in their capacities as CEOs and Chairs have largely resulted in the success of the Company to-date, with a reputation as the operators of one of the best government-franchised incubators in Israel, and a strong track record of developing and executing exit strategies for its portfolio companies. Moving forward, it is expected that the continued growth and development of the Company will be largely dependent on the preservation of the existing management structure which has served the Company well.

- The Company is not aware of any objections or complaints raised by any of the existing Shareholders in relation to the dual roles of Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes since the founding of the Company.

- The Company believes that the concept of having two CEOs and Chairs is practical both based on the Company's experience of the past 10 years and because there are other listed companies which also have a similar dual role management structure.

Following the recommendation of the NC and the Board, the Company had at the Special General Meeting held on 17 June 2020 (the "**2020 SGM**"), obtained Shareholders' approval (by the special majority as required under the Israeli Companies Law) on the appointment of the CEOs, Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes, to serve as Chairs of the Board. For further information regarding the appointment of the CEOs to serve as Chairs of the Board, please refer to the Company's circular to the Shareholders dated 12 May 2020.

Under the Israeli Companies Law and its regulations, the shareholders' approval for the continuance dual role of Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes, to serve as CEOs and Chairs of the Board will be required before 17 June 2023.

Provision 3.2 of the 2018 Code: Chair's and CEO's role.

Practice Guidance 1 of the 2018 Code: Scope of Director Duties.
Mr. David Todd Dollinger is responsible for the overall management of our Group's business operations (particularly, in the areas of budget and operations) and is also primarily responsible for business development in China.

Mr. Stephen Louis Rhodes is responsible for the overall management of our Group's business operations (particularly, in the areas of finance and compliance reporting functions) and is also primarily responsible for the establishment of strategic partnerships in Europe and the United States.

Notwithstanding that the Chairs of the Board are the CEOs, the Board is satisfied that there is sufficient transparency and accountability in view of the strong independent element on the Board.

CORPORATE GOVERNANCE REPORT

Provision 3.3 of the 2018 Code: Appointment of Lead Independent Director

Practice Guidance 2: Role of the Lead Independent Director
In view that the CEOs, Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes, also serve as Chairs of the Board as detailed above, and thereby are not considered as Independent Directors, the Company is required under the 2018 Code to designate an Independent Director to serve as Lead Independent Director. The Company has appointed Ms. Elka Nir to serve as its Lead Independent Director.

The Lead Independent Director is available to the Shareholders where they have concerns and for which contact through the normal channels of the Chair and CEO or the Chief Financial Officer (or equivalent) has failed to resolve or is inappropriate or inadequate. The Lead Independent Director makes herself available to Shareholders via email at the email address (auditcommittee@trendlines.com) which can be found in the corporate website: https://www.trendlines.com/investors/investors-about/governance/. The Lead Independent Director is also responsible for leading the meetings of Independent Directors and providing feedback to the Chairs on matters discussed at such meetings.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.2 of the 2018 Code: The NC comprises at least three directors, majority of whom, are independent
The NC comprises five Directors, a majority of whom are Independent Directors, including the NC Chair. The Lead Independent Director is a member of the NC. The names and roles of the members of the NC are set out on page 52 of this Annual Report.

Provision 4.1 of the 2018 Code: NC to make recommendation to the Board on relevant matters.
The NC is established, inter-alia, for the purposes of ensuring that the Company has a formal and transparent process for all Board appointments, performance evaluation and professional development.

The authority and duties delegated by the Board to the NC are detailed in written Terms of Reference approved by the Board, and include, *inter alia*:

- Developing corporate governance guidelines and principles for the Company;
- Identifying individuals qualified for nomination to the Board and reviewing and recommending the nomination or re-nomination of the Directors, having regard to the Director's contribution and performance;
- Considering the structure and composition of the Board and Board Committees;
- Evaluating the performance and effectiveness of the Board, the Board Committees and each of their members;
- Succession planning, including the appointment recommendations of Directors, Chair and CEO and senior management;
- Training and professional development program for Board members;
- Determining on an annual basis whether or not a Director is independent or whether an individual qualifies as an External Director in accordance with the Israeli Companies Law and the 2018 Code;
- Reviewing and approving any new employment of related persons and the proposed terms of their employment, subject to the requirements under Israeli Companies Law; and
- Recommending from time to time to the Board concerning such other matters, including matters related to corporate governance, as appropriate.

Each member of the NC shall abstain from all discussions and voting on any resolution in respect of the assessment of his or her performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

Provision 4.3 of the 2018 Code: The Company discloses the process for the selection, appointment and re-appointment of directors to the Board.

Practice Guidance 4 of the 2018 Code: Selection, appointment and re-appointment process.
The NC considers and recommends to the Board the appropriate structure, size and needs of the Board, with regard to the appropriate skills mix, personal qualities and experience required for the effective performance of the Board. The NC also recommends all appointments and retirements of Directors and considers candidates to fill new positions created by expansion or vacancies that occur by resignation, retirement or for any other reasons.

Candidates are selected based on their character, judgment, business experience and acumen. The Company also considers Company-specific factors (such as size and composition of the Board, nature and scope of the Group's operations and size) in deciding on the capacity of Directors.

The NC is responsible for identifying individuals qualified for nomination to the Board and/or any Board Committee and reviewing and recommending the appointment or re-appointment of the Directors and/or members of the various Board Committees, having regard for amongst others: (i) the education, track record, experience and capabilities of the candidate; (ii) whether the candidate's competencies, skills and personal qualities are aligned with the Company's needs and any criteria for selecting new Directors established by the Board; and (iii) whether the candidate understands the demands and expectations of a Director of the Company.

With respect to new directors, the NC would usually consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions to source for a suitable candidate. The NC would meet or interview the candidates via teleconference or other means deemed appropriate to assess their suitability. With respect to re-appointment of Directors, the NC shall also assess the performance of the Director in accordance with performance criteria to be determined by the Board from time to time, and the current needs of the Board.

Subject to the NC's satisfactory assessment, the NC would recommend to the Board the proposed appointment or re-appointment of the Director to the Board and/or any Board Committee for its consideration and approval.

Pursuant to the Articles, each of the Directors, other than the External Directors (for whom special election requirements apply under the Israeli Companies Law as detailed below) will be appointed by a simple majority vote of holders of the Company's voting shares, participating and voting at an annual general meeting of the Shareholders. Other than External Directors, the Directors are divided into three groups with staggered three-year terms. Each group of Directors consists, as nearly as possible, of one-third of the total number of Directors constituting the entire Board (other than the External Directors). At each annual general meeting of the Shareholders, the election or re-election of Directors following the expiration of the term of office of the Directors of that group of Directors will be for a term of office that expires on the third AGM following such election or re-election, such that from 2016 and after, at each AGM, the term of office of only one group of Directors will expire (i.e. the term of office of Group I will initially expire at the AGM held in 2016 and thereafter at 2019, 2022, etc.). Each Director will hold office until the AGM of the Shareholders in which his or her term expires, unless they are removed by a vote of more than fifty percent of the total voting power of the Shareholders present and voting at an AGM of the Shareholders or upon the occurrence of certain events, in accordance with the Articles.

The Directors (other than External Directors) are divided among the three groups as follows:

i. The Group I Directors are Prof. Stephen Philip Haslett and Mr. Sin Boon Ann. Prof. Stephen Philip Haslett's term of office will expire at the annual general meeting of the Shareholders to be held in 2022 and when his successor will be elected and qualified or he will be re-elected; Mr. Sin Boon Ann was first elected on 17 June 2020 and his term of office will expire at the annual general meeting of the Shareholders to be held in 2023 and when his successor will be elected and qualified or he will be re-elected;

ii. The Group II Directors are Messrs. David Todd Dollinger and Zeev Bronfeld who were re-elected at the annual general meeting of the Shareholders held in June 2020 and their term of office will expire at the annual general meeting of the Shareholders to be held in 2023 and when their successor will be elected and qualified or they will be re-elected;

iii. The Group III Director is Mr. Stephen Louis Rhodes and his term of office will expire at the upcoming AGM to be held on 22 April 2021 and he will be recommended for re-election.

CORPORATE GOVERNANCE REPORT

The Board currently comprises seven members, a majority of which, namely, Ms. Elka Nir, Prof. Stephen Philip Haslett, Prof. Hang Chang Chieh and Mr. Sin Boon Ann, are considered to be Independent Directors, in accordance with both the Israeli Companies Law and the 2018 Code (the "**Independent Directors**"). This enables the Management to benefit from their external, diverse and objective perspective of issues that are brought before the Board. It also allows the Board to interact and work with the Management through a constructive exchange of ideas and views to shape the strategic process.

External Directors are elected for an initial term of three years and may be elected for two additional three-year terms under the circumstances set forth under the Israeli Companies Law. External Directors may be removed from office only under limited circumstances set forth in the Israeli Companies Law.

Following the recommendation of the NC (with Ms. Elka Nir and Prof. Hang Chang Chieh abstaining from all discussions and decisions concerning their respective appointments) and the Board, the Shareholders approved (by the special majority as required under Israeli Companies Law) the election of Ms. Elka Nir and Prof. Hang Chang Chieh, both Independent Directors of the Company, to serve as External Directors of the Company at the 2016 SGM and their directorship was extended at the SGM held on 13 February 2019 following the recommendation of the NC (with Ms. Elka Nir and Prof. Hang Chang Chieh abstaining from all discussions and decisions concerning their respective appointments) and the Board.

Following the recommendation of the NC, the Board shall propose for Shareholders' approval at the Company's upcoming AGM, the re-appointment of Group III Director (i.e. Mr. Stephen Louis Rhodes) as Director of the Company for a term of office that shall expire at the AGM of the Company to be held in 2024. The information on Mr. Stephen Louis Rhodes, in accordance with Appendix 7F of the Catalist Rules, is set out as an appendix to this chapter.

The NC had reviewed, at its meeting held on 15 March 2021, the experience and the contemplated contribution of Mr. Stephen Louis Rhodes, and resolved that Mr. Stephen Louis Rhodes provides to the Company beneficial service and advice.

If re-elected, in accordance with Article 40(c) and (d) of the Articles, Mr. Stephen Louis Rhodes will remain as Non-Independent Director and Chair and CEO of the Company.

Provision 4.4 of the 2018 Code: NC to determine director independence annually.
The NC is also in charged with determining annually whether or not a Director is independent. Annually, each Independent Director is required to complete a checklist to confirm his or her independence. The checklist is drawn up based on the guidelines provided in the 2018 Code. The NC is of the view that the Independent Directors are independent.

There are no Directors who are deemed by the Board to be Independent Directors, notwithstanding the existence of a relationship as stated in the 2018 Code that would otherwise deem him or her not to be independent.

Practice Guidance 4 of the 2018 Code: Appointment of alternate Directors.
Alternate directors will be appointed as and when the applicable Board member deems necessary. The Company currently does not have any alternate directors.

Provision 4.5 of the 2018 Code: Key information regarding Directors.
The key information of the Directors, including their academic and professional qualifications, appointment dates and directorships held in other listed companies for the past three years, are set out on page 49 of this Report.

Information on the Directors' shareholding in the Company and its related corporations are set out on page 91 of this Report.

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- In the case of a Director who has multiple board representations or a significant number of principal commitments, the NC shall consider whether he or she is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of his or her listed company board representations and other principal commitments which involve significant time commitment;
- Whether such Director had attributed sufficient time and attention to the Company; and
- Annual confirmations by each Director on his or her ability to devote sufficient time and attention to the Company's affairs, having regard to his or her other commitments.

CORPORATE GOVERNANCE REPORT

Having assessed the capacity of the Directors based on factors disclosed above, the Board is of the view that other than in special circumstances, 6 listed company board representations would allow Directors to have increased exposure to different boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.

Each Director serves less than 6 listed company board representations, excluding Mr. Sin Boon Ann, who serves 7 other listed companies board representations, as previously mentioned above, under Provision 1.5 and Practice Guidance 1.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties effectively for FY2020.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

Provisions 5.1 and 5.2 and Practice Guidance 5 of the 2018 Code: Board to implement process to address how the Board's performance may be evaluated and disclose the process in annual report.
The NC is responsible for evaluating the effectiveness of the Board and Board Committees as a whole and for assessing the contribution by the Chairs and each individual Directors to the effectiveness of the Board and Board Committees, in accordance with a formal process implemented by the Board, at the recommendation of the NC, which includes, inter alia, assessment by each Board member (or Board Committee member, as applicable) of the effectiveness of the Board (or Board Committees, as applicable), in accordance with predetermined evaluation criteria approved by the Board pursuant to the recommendation of the NC. The Board, in accordance with the recommendations of the NC, agreed that collective evaluation in lieu of individual evaluation is a more appropriate method of evaluation for the Company, as it provides for more effective and objective input (and whereas individual evaluation can inhibit Board dynamics and group performance). As such, no formal assessment of the contribution by the Chairs and each individual Director to the effectiveness of the Board and Board Committees has been conducted.

The Board has not engaged any external facilitator in conducting the assessment of the performance of the Board and the Board Committees. If and where relevant, the NC will consider such engagement.

The table below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees. The evaluations are designed to assess the Board's effectiveness to enable the NC Chair and Board to identify the areas of improvement or enhancement which can be made to the Board.

Performance criteria for the Board and Board Committees are as follows:

Performance criteria for the Board and Board Committees are as follows:	
1.	Size and composition
2.	Access to information
3.	Board processes
4.	Inputs to strategic planning
5.	Board accountability
6.	Risk management
7.	Succession planning

CORPORATE GOVERNANCE REPORT

For FY2020, the review process was as follows:-

1. All Directors individually completed an evaluation questionnaire on the effectiveness of the Board and Board Committees;

2. One of the Company's Secretaries collated the results of the questionnaires for the NC Chair, and a separate report is prepared for each AC, NC, RC and Board performance evaluation and areas with low scores requiring improvement highlighted to the NC Chair;

3. The NC discussed the reports and concluded the performance results during the NC meeting; and

4. The results of the evaluation were reviewed by the NC and the Board with proposed follow-up actions planned and/or taken for areas requiring improvements.

The NC, having reviewed the overall performance of the Board and Board Committees in terms of their role and responsibilities and the conduct of their affairs as a whole, is of the view that the performance of the Board and Board Committees have been satisfactory and that the Board and Board Committees have met their performance objectives in FY2020.

2. REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.2 of the 2018 Code: RC comprises at least three directors and majority of whom are independent.
Under the Israeli Companies Law, a public company must have a RC comprised of at least three directors, including all of the external directors who must be the majority members and one thereof must serve as the Chair of the committee. All the remaining members must receive remuneration for their service as Directors of the Company, in accordance with the regulations under the Israeli Companies Law governing the remuneration of the external directors. The RC must not include the Chair (or Chairs) of the Board of Directors, any controlling shareholder or a relative of a controlling shareholder or any director employed by the Company or by the Company's controlling shareholder or by an entity under the control of the Company's controlling shareholder, or a Director who provides services, on a regular basis, to the Company, to its controlling shareholder or to any entity under the control of such controlling shareholder, as well as any Director whose principal livelihood derives from the Company's controlling shareholder. The RC is comprised of three Directors, all of whom are Independent Directors, including the RC Chair. The names of the members of the RC are set out in page 52 of this Report.

Provision 6.1 of the 2018 Code: The Board establishes RC to review and make recommendation.

Practice Guidance 6 of the 2018 Code: There should be written terms of reference which clearly spell out authority and duties of the RC.

Provision 6.3 of the 2018 Code: RC considers all aspects of remuneration, including termination terms, to ensure they are fair.
The authority and duties delegated by the Board to the RC are detailed in written terms of reference approved by the Board, and include, *inter alia*:

- Reviewing and making recommendations to the Board with respect to the approval of the compensation policy with respect to the terms of office and employment of office holders and any extensions thereof;

- Periodically reviewing the implementation of the compensation policy and providing the Board with recommendations with respect to any amendments or updates thereto;

- Reviewing and resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders;

CORPORATE GOVERNANCE REPORT

- Determining whether or not to exempt a transaction with a candidate for CEO from Shareholders' approval because such approval would preclude the engagement with such candidate, provided that such transaction is consistent with the compensation policy;

- Overriding a determination of the Shareholders in relation to certain compensation related issues, subject to the approval of the Board and under special circumstances, such as, the approval of the Company's compensation policy, after such compensation policy was reconsidered by the RC and on the basis of detailed reasons, the RC and thereafter the Board determined that the adoption of the compensation policy is in the best interests of the Company despite the objection of the Shareholders;

- The establishment of key human resources and compensation policies, including all incentive and equity-based compensation plans;

- Evaluating the Company's executive and senior management; and

- Recommending to the Board a framework of remuneration for the Directors and other office holders, including KMPs, and determining specific remuneration packages for each Director and office holder, including, without limitation, directors fees, salaries, allowances, bonuses, benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of office, service or appointment), incentive payments, options and share-based incentives and awards.

In addition, the RC will perform an annual review of the remuneration of both employees who are substantial shareholders of the Company and employees related to the Directors and/or substantial shareholder of the Company (as defined in the Catalist Rules) to ensure that their remuneration packages are fair and reasonable and in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees.

Each member of the RC shall abstain from all discussions and voting on any resolutions in respect of his or her remuneration package or that of employees related to him or her. The remuneration of the External Directors is also subject to the limitations under the Israeli Companies Law and applicable regulations thereunder.

Under the Israeli Companies Law, within nine months following a company's public listing, a compensation policy with respect to the terms of office and employment of office holders must be approved by the board of directors of such company, after considering the recommendations of its remuneration committee, and by a special majority of the company's shareholders. The Company had at the SGMs held on 2 August 2016, and on 13 February 2019, obtained Shareholders' approval (by the special majority) for the adoption of the compensation policy for the Company's executives and Directors ("Compensation Policy"). The Compensation Policy must be reviewed from time to time by the RC and the Board, in order to consider its adequacy, and must be reapproved in accordance with the above-mentioned approval process at least once in every three years – i.e. by 13 Feb 2022.

The following is a brief overview of the Compensation Policy (capitalized terms used herein shall bear the same meanings ascribed to them in the Compensation Policy):

- Global Strategy Guidelines: The Company's business success largely relies on the excellence of its human resources at all levels. In particular, the Company believes that the Company's ability to achieve its goals requires it to recruit, motivate and retain a high quality and experienced leadership team (including Directors). Therefore, the Company believes in creating a comprehensive, customized compensation policy for the Office Holders which shall enable the Company to attract and retain highly qualified senior leaders.

- Compensation Instruments: Fixed components, which shall include annual base salary and benefits; Variable components, which may include: cash incentives and equity based compensation; Separation package; Directors & Officers (D&O) Insurance, exculpation and indemnification; and other components, which may include amongst others: change in control payment, special bonus, signing or retention bonus, exit bonus, relocation benefits, study opportunities, leave of absence, etc.

- Fixed Compensation: The Compensation Policy provides guidelines and criteria for determining the fixed compensation of the Office Holders, which includes an annual base salary and benefits for Executives.

CORPORATE GOVERNANCE REPORT

- Cash Incentives: The Compensation Policy provides for Management By Objectives ("MBO") payments, which are cash payments to the Executives that vary based on the Company's and unit's performance and on each Executive's individual performance and contribution to the Company, in accordance with rules or formulae for calculation of the MBO payment once actual achievement of the objectives is known (as predetermined annually by the Board and RC), and subject to the guidelines and criteria, including caps, set forth in the Compensation Policy. In addition, the Compensation Policy provides for payment of an Exit Bonus (as defined herein) in connection with an Exit Event (as such term is defined in the Compensation Policy) relative to the Company's portfolio companies, as may be approved by the Board and RC and in the amount which shall be calculated based on the proceeds actually received by the Company as a result of such Exit Event as set forth in the Compensation Policy and subject to the terms and caps determined therein for such Exit Bonus.

- Equity-Based Compensation: The Compensation Policy provides for the provision of equity-based compensation in the form of options to purchase shares, which may be awarded to Executives and Directors pursuant to the guidelines and criteria, including caps on the equity value of such grants, as set forth in the Compensation Policy.

- Separation Package: The Compensation Policy provides guidelines for determining advance notice period and separation packages for Executives, including caps thereon.

- Others: The Compensation Policy provides guidelines and criteria for additional compensation components, which includes relocation, leave of absence and one-time cash or equity incentives.

- Clawback Policy: The Compensation Policy provides that in the event of an accounting restatement, the Company shall be entitled to seek reimbursement from Executives and Directors of any payment made due to erroneous restated data that would not otherwise have been paid or in exceptional circumstances of misconduct resulting in financial loss to the Company.

- Directors' Remuneration: The Compensation Policy provides guidelines for providing compensation to Directors.

- Indemnification Exculpation and Insurance: The Compensation Policy provides guidelines and criteria for providing Executives and Directors with indemnification, exculpation and insurance.

For further information regarding the 2020 MBO Plan, please refer to the Company's circular to the Shareholders dated 16 March 2021.

Provision 6.4 of the 2018 Code: The Company discloses the engagement of any remuneration consultants.
The RC has unrestricted access to the Company's independent external auditors and is authorized by the Board to seek any information it requires from any employee of the Company for the purpose of performing its duties. In addition, the RC has the sole authority, without having to seek Board or any other approval, to obtain, at the reasonable expense of the Company, advice and assistance services in any of the matters which are within its scope of responsibilities, from internal or external legal, accounting or other advisors (including compensation consultants), as it determines necessary in its sole discretion, to provide oversight on work performed by such advisor, to determine fees for such services and to terminate such advisors' services.

The RC members are familiar with executive compensation matters derived from their past business experiences. The RC may from time to time seek advice from external remuneration consultants, at its discretion. The RC has not engaged any external service provider for FY2020 remuneration analysis.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 of the 2018 Code: Proportion of remuneration is structured so as to link rewards to corporate and individual performance.
The Compensation Policy serves as the basis for decisions concerning the terms of employment or engagement of the Company's office holders, including exculpation, insurance, indemnification or any monetary payment, obligation of payment or other benefit in respect of employment or engagement.

The Compensation Policy relates to certain factors, including advancement of the Company's objectives, the Company's business plan and its long-term strategy, and creation of appropriate incentives for office holders. It also considers, amongst other things, the Company's risk management, size and the nature of its operations as well as the following additional factors and principles:

- The education, skills, expertise, professional experience and accomplishments of the relevant office holder;
- The office holder's roles and responsibilities and prior compensation agreements with him or her;
- The ratio between the cost of the employment terms offered to the office holder and the cost of salary of the Company's other employees, including those employed through manpower companies, and in particular the relation to the average pay and median pay of such employees;
- The impact of disparities in salary upon work relationships in the Company;
- The possibility of reducing variable compensation at the discretion of the Board; and the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation;
- As to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the Company's performance during that period of service, the office holder's contribution towards the Company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the Company;
- The link between variable compensation and long-term performance and measurable criteria;
- The relationship between variable and fixed compensation, and the ceiling for the value of variable compensation;
- The conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the Company's financial statements;
- The minimum holding or vesting period for variable, equity-based compensation; and
- The maximum limits for severance compensation.

Practice Guidance 7 of the 2018 Code: The Company's remuneration framework should be tailored to the specific role and circumstances of each director and key management personnel.
The remuneration received by the KMPs (including the CEOs of the Company) consisted of fixed and variable compensations. Variable compensation is determined based on the level of achievement of corporate and/or individual performance objectives and/or all or part on discretion.

The Company's RC and Board had in November 2019 approved the 2020 MBO Plan for its KMP, and at the SGM held on 17 June 2020, obtained Shareholders' approval (by the special majority) for the adoption of such 2020 MBO Plan for the Company's CEOs. For further information regarding the 2020 MBO Plan, please refer to the Company's circular to the Shareholders dated 12 May 2020.

CORPORATE GOVERNANCE REPORT

Under the 2020 MBO Plan, the Company has determined certain performance targets used to determine the KMP's eligibility to the Annual Operational Bonus (as defined under the Company's Compensation Policy) (the "Performance Targets"). The Performance Targets comprised 4 Company targets (including relating financial performance and business development) and, except with respect to the Company's CEOs (whose measurable Performance Targets include Company targets only), also personal measurable targets relating to the KMP's specific responsibilities in the Company and personal non-measurable targets as determined by the Company Board and RC (which, with respect to the Company's CEOs, do not exceed 20% of the Company's CEOs total Performance Targets). The Company's 5 KMPs met the bonus payment threshold for the 2020 MBO and the RC and Board have approved in their meetings held on 17 February 2021 the bonus payment of the 2020 MBO that was paid in the February salary with payment on 1 March 2021 for the total amount of US$138,000. The Company CEOs did not meet the minimum thresholds for payments of an operational bonus.

In addition, the Compensation Policy provides for payment of an Exit Bonus (as defined in the Compensation Policy) in connection with an Exit Event (as defined in the Compensation Policy) relative to the Company's portfolio companies. The RC and Board have approved in their meetings held on 9 November 2020 the payment of exit bonuses to the Company's management under the 2020 Bonus Plan.

Exit Bonus[(1)]		
Name (Executive Management Team)	**Percentage**	**Amount (USD)**
Todd Dollinger	14%	56,000
Steve Rhodes	14%	56,000
Nir Goldenberg	9.4%	37,600
Haim Brosh	9.4%	37,600
Barak Singer	9.4%	37,600
Nitza Kardish	9.4%	37,600
Eric Loh	9.4%	37,600
Other employees	25%	100,000
Total	**Approximately 5% of exit proceeds**	**400,000**

[(1)] Based on total proceeds to Trendlines- USD$8,000,000

On 17 February 2021, the Company's RC and Board approved the Management By Objectives plan for the officers of the Company for FY2021 (the "2021 MBO Plan") (with Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes abstaining from making any recommendation in respect of such resolution), which, with respect to the Company's CEOs, will be brought before the Company's shareholders for further approval, at the 2021 AGM. For further information regarding the 2021 MBO Plan, please refer to the Company's circular to the Shareholders dated 16 March 2021.

Provision 7.1 of the 2018 Code: Long-term incentive schemes are encouraged.
The Company seeks to advance the interests of the Company by affording to its selected employees and Directors, including Affiliated Companies (as defined under The Trendlines 2015 Share Option Plan and the Sub-Plan (the "2015 Plan"), who have contributed or will contribute to the growth and performance of the Company or its Affiliated Companies, and who satisfy the eligibility criteria set out in the 2015 Plan, an opportunity to acquire a proprietary interest in the Company or to increase their proprietary interest therein, as applicable, by the grant in their favor, of options, thus providing such employee or director an additional incentive to remain or retain employed or engaged by the Company or Affiliated Company, as the case may be, and encouraging such employee or director's sense of proprietorship and stimulating his or her active interest in the success of the Company and its Affiliated Companies by which he or she is employed or engaged. For this purpose, following the approval of the Shareholders at a SGM of the Company's Shareholders held on 11 November 2015, the Company had adopted the 2015 Plan. On 2 August 2016, at the SGM of the Company, Shareholders approved certain amendment to the 2015 Plan. Information on the 2015 Plan and the information required under Catalist Rule 851 is set out in the Directors' Report on pages 91 to 101 and the Financial Statements on pages 103 to 160 of this Report.

CORPORATE GOVERNANCE REPORT

During FY2020, the Company has issued options in accordance with the 2015 Plan as follows:

An aggregate of 7,048,000 options at the exercise price of S$0.1134 to grantees on February 24, 2020.

An aggregate of 7,911,914 options at the exercise price of S$0.1132 to grantees on June 20, 2020.

Provision 7.2 of the 2018 Code: Remuneration of Non-Executive Directors dependent on contribution, effort, time spent and responsibilities.

Provision 7.3 of the 2018 Code: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company.

According to the regulations promulgated under the Israeli Companies Law concerning the remuneration of external directors (the "**Remuneration Regulations**"), external directors are generally entitled to an annual fee, a participation (attendance) fee for each meeting of the board of directors or any committee of the board of directors on which he or she serves as a member, and reimbursement of travel expenses for participation in a meeting which is held outside of the external director's area of residence and of all direct expenses incurred in connection with attending meetings outside such external director's home country, provided that the said reimbursement of expenses is based on the same criteria as the reimbursement paid by the company to the non-external directors and who are not residents of the country where the meeting takes place. The minimum, fixed and maximum amounts of the annual and participation fees are set forth in the Remuneration Regulations, based on the classification of the company according to the amount of its capital. The participation fees paid for participation in a board of directors' meeting through the phone, or through any other means of communication shall be sixty percent of the ordinary participation fees. The participation fees paid with regard to the adoption of a resolution in writing (without convening an actual meeting) shall be fifty percent of the ordinary participation fees. According to the Remuneration Regulations, the remuneration committee and shareholders' approval may be waived if the annual and participation fees to be paid to the external directors are within the range of the fixed annual fee or the fixed participation fee and the maximum annual fee or the maximum participation fee for the Company's level, respectively. However, remuneration of an external director in an amount which is less than the fixed annual fee or the fixed participation fee, respectively, requires the approval of the remuneration committee, the board of directors and the shareholders (in that order). The remuneration of external directors must be made known to the candidate for such office prior to his or her appointment and, subject to certain exceptions, will not be amended throughout the three-year period during which he or she is in office. A company may compensate an External Director in shares or rights to purchase shares, other than convertible debentures which may be converted into shares, in addition to the annual remuneration, the participation fee and the reimbursement of expenses, subject to certain limitations set forth in the Remuneration Regulations.

Under the Israeli Companies Law, the terms of office and employment for other members of the RC that are not External Directors should be the same as the terms of office of the External Directors.

The Directors are also entitled to be paid reasonable travel, hotel and other expenses expended by them in attending board meetings and performing their functions as directors of the Company, according to the policy of the Company from time to time and subject to obtaining required corporate approvals.

The Compensation Policy provides that in the event of an accounting restatement, the Company shall be entitled to seek reimbursement from the "Office Holders" of the Company of any payment made due to erroneous restated data that would not otherwise have been paid or in exceptional circumstances of misconduct resulting in financial loss to the Company.

This remuneration to the Directors under the Remuneration Regulations provides reasonable compensation for the time spent by the Directors to fulfil the duties and promote good corporate governance while not creating conflict of interest and unreasonable risks to the Company.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.2 of the 2018 Code: Remuneration of Directors and top 5 key management personnel.
The breakdown for the remuneration paid to each individual Director and the CEOs for FY2020 is as follows:

Directors and Chief Executive Officers Remuneration						
Name	**Fees (%)**	**Salary (%)**	**Bonus (%)**	**Other Benefits (%) ***	**Fair Value of Share Option (%) ****	**Total (S$)**
Executive Directors						
David Todd Dollinger (Chair and Chief Executive Officer) (***)	–	63.82	25.30	3.02	7.87	1,085,663
Steve Rhodes (Chair and Chief Executive Officer) (***)	–	63.61	25.84	2.52	8.03	1,063,029
Non-Executive Directors (****)						
Zeev Bronfeld (*****)	100.00	–	–	–	–	46,049
Elka Nir	100.00	–	–	–	–	32,277
Stephen Philip Haslett	100.00	–	–	–	–	30,293
Hang Chang Chieh	100.00	–	–	–	–	31,564
Mr. Sin Boon Ann	100.00	–	–	–	–	20,186

(*) Refers to benefits in kind such as car, etc., made available to office holders as appropriate.

(**) Refers to the value of the options granted as of the date of grant (based on Binomial Option Pricing Model) per year of vesting (taking into account the cost of previous vesting grant for that year).

(***) The salary, benefits and other compensation under the employment agreement between the parties relate only to the position as Chief Executive Officers. There is no additional remuneration for the office as Chairs of the Board.

(****) Excluding amounts the Company had expended for expenses (including business travel) reimbursed to its directors.

(*****) The fees also include participation fees for each meeting of the board of directors or any committee of the board of directors of the Group's subsidiaries on which he serves as a member, all as approved according to the requirements under the Remuneration Regulations and additional regulations promulgated under the Israeli Companies Law with respect to relief in approval of certain related party transactions (the "Relief Regulations").

CORPORATE GOVERNANCE REPORT

There were no termination, retirement or post-employment benefits granted to the Directors and CEOs in FY2020.

The breakdown for the remuneration paid to each of the top 5 KMP (who are not Directors or CEOs) for FY2020 is as follows:

Name	Salary (%)	Bonus (%)	Other Benefits (%) *	Fair Value of Share Option (%) **	Total (S$)
Haim Brosh	62.78	23.49	5.31	8.42	621,959
Barak Zinger	62.67	23.72	5.36	8.25	479,618
Eric Loh	65.42	30.18	0	4.40	425,121
Nitza Kardish	70.16	22.83	4.85	2.16	573,233
Nir Goldenberg	55.79	26.25	4.11	13.85	453,171
Aggregate remuneration					2,553,102

(*) Refers to benefits in kind such as car, etc., made available to office holders as appropriate.

(**) Refers to the value of the options granted as of the date of grant (based on Binomial Option Pricing Model) per year of vesting (taking into account the cost of previous vesting grant for that year).

The annual aggregate remuneration paid to the top 5 KMP (who are not Directors or the CEOs) for FY2020 was S$2,553,102.

Save as disclosed above, there are no employees of the Group who are Substantial Shareholders of the Company or are immediate family members of a Director or CEO or Substantial Shareholder(s) of the Company whose remuneration exceeds S$100,000 during FY2020. “Immediate family member” means spouse, child, adopted child, step-child, brother, sister and parent.

Provision 8.3: Details of Employee Share Option Scheme.
Please refer to Provisions 8.1-8.2 of the Corporate Governance Report, Directors’ Report on pages 91 to 101 and the Financial Statements on pages 154 to 157 of this Report for information regarding the 2015 Plan.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risks and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 of the 2018 Code: The Board determines the nature and extent of the significant risks which the Company is willing to take.
The Board is responsible for the overall risk governance, risk management and internal control framework of the Company and is fully aware of the need to put in place a system of internal controls within the Company to safeguard shareholders’ interests and the Company’s assets, and to manage risks and accordingly is of the opinion that it is not beneficial to form a special Risk Committee for such matters. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems and is responsible for determining the Company’s risk policies and levels of risk tolerance. The Company’s internal controls structure consists of policies and procedures established to provide reasonable assurance to safeguard the assets of the Company against material misstatement, risks or loss. The Company’s internal controls extend beyond the accounting and finance function – its scope addresses the financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE REPORT

The Company has instituted an internal control framework covering financial, operational, compliance and information technology, as well as risk management policies and systems. The framework defines the roles and responsibilities of business units such as the Company's Incubators and other units. The design and implementation of risk management and internal control system, are managed and reviewed by senior management. Key documentation including delegation of authority, control process and operational procedures are disseminated to the Group's employees.

The Company's Israeli Company Secretary serves as the Compliance Officer of the Company for the day to day administration of the Company's (i) Securities Dealing Policy; (ii) Anti Bribery Policy; and (iii) 2018 Code of Business Conduct Policy, with the AC being responsible for the compliance, oversight and maintenance of the said policies.

The AC reviews the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and the risk management policies and systems established by the Group.

The Company is committed to: (a) ensuring that its Shareholders and the market are provided with timely and adequate disclosure of material information in relation to the Company; (b) complying with the continuous disclosure obligations contained in the relevant laws, regulations and rules in Singapore; and (c) ensuring that all Shareholders have fair and equal opportunities to receive information issued by the Company.

One of the Board's principal duties is to promote and protect the long-term value and returns to the Shareholders and accepts that it is accountable to the Shareholders and adopts best practices to maintain Shareholders' confidence and trust. The Company is required to release unaudited half-year and full-year financial results pursuant to the Catalist Rules. The Company's announcements are released via SGXNET within the respective periods stipulated in the Catalist Rules after review and approval by the Board and the Company's sponsor. In presenting results of financial statements, the Board strives to provide the Shareholders with detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects.

The Board also reviews legislation and regulatory compliance reports from management to ensure the Group's compliance with the relevant regulatory requirements.

The Company's CEOs and its Chief Financial Officer provide management accounts and such explanation and information to the Board on a regular basis and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

The Board is of the opinion that monthly management accounts is not required for the time being as sufficient information is being provided to the Board on a timely and regular basis, which commensurate with the current level of Group activities. The Board will review the frequency when there are any changes to the level of the Group's activities.

Provisions 9.2 (a) and 9.2 (b) of the 2018 Code: The view of the Board and the AC regarding financial records, risk management and internal controls.
The Board with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during FY2020 and as of 31 December 2020. The basis for the Board's views are as follows:

1. Assurance has been received from the CEOs and Chief Financial Officer in respect of (a) proper maintenance of financial records and financial statements to give a true and fair view of the Company's operations and finances for FY2020; and from the CEOs in respect of (b) adequacy and effectiveness of the Company's risk management and internal control systems;

2. Management completed a scoping and risk assessment overview to identify the significant accounts and related classes of transactions and processes, in respect of internal controls over financial reporting, and has evaluated the design and operating effectiveness of such internal controls;

3. KMP regularly evaluates, monitors, and reports to the AC on material risks, if any;

4. Discussions were held between management, AC and the external auditors to review and address any potential concerns; and

5. An enterprise risk assessment and a fraud risks survey were conducted to identify and mitigate significant risks.

CORPORATE GOVERNANCE REPORT

The Company is placing emphasis on sustainability and implemented appropriate policies and programs. The sustainability report of the Company for FY2020 is set out on pages 26 to 42 of this Annual Report.

The internal controls system put in place by the Company's management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information) completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any audit and internal control systems against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Audit Committee

Principle 10: The Board has an Audit Committee (AC) which discharges its duties objectively.

Provision 10.1(e) of the 2018 Code: AC to review the adequacy, effectiveness, independence, scope and results of the external audit of the company.

Provision 10.5 of the 2018 Code: AC meets with the external auditors and IA without the presence of the Management.
The AC has reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as by reviewing the non-audit services provided by the Company's external auditors, namely EY, as set out below and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors.

The AC met with the external auditors four times during FY2020, without the presence of the Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC.

Fees Paid/Payable to EY for FY2020	(S$'000)	% of total
Audit fees	244	75
Non-audit fees: (Tax advice, Sustainability advisory services, Executive Compensation advisory services, Office of Chief Scientist advisory services and enterprise risk management related advisory services.)	80	25
Total	**324**	**100**

The non-audit services rendered by EY during FY2020 were not substantial (less than 50% of the aggregate fees paid/payable to EY). The Company is an Israeli incorporated company and EY has confirmed that it is a member firm of the global network of Ernst & Young firms, Ernst & Young Global (which includes Ernst & Young (Singapore)). For the purpose of compliance with Rule 712(2) of the Catalist Rules, EY has confirmed that it is a registered public accounting firm with the Public Company Oversight Board United States, which is a member of the International Forum of Independent Audit Regulators.

On the basis of the above, the AC has recommended to the Board the re-appointment of EY as external auditors of the Company at the 2021 AGM.

EY Israel has been appointed to audit the financial statements of the Company, its significant subsidiaries and associated companies incorporated in Israel. The Singapore-incorporated subsidiary, Trendlines Medical Singapore Pte. Ltd., is audited by EY Singapore. The Company confirms its compliance to the Catalist Rules 712 and 715.

CORPORATE GOVERNANCE REPORT

Provision 10.1(f) of the 2018 Code: AC to review the existence of the whistle-blowing policy.
The Company has adopted a whistle blowing policy (the "Whistle Blowing Policy") which encourages employees and others who deal with the Company, and who have serious concerns about any aspects of the Company's work, to voice such concerns in confidence. The Whistle Blowing Policy sets out the Company's commitment to thoroughly investigate concerns that are reported in good faith and to protect employees, contractors or other stakeholders who report wrongdoing from being discriminated against or disadvantaged. Pursuant to the Whistle Blowing Policy, those with a complaint or concern regarding the Company are expected to contact a member of the AC or another person designated as a compliance officer via emailing to the email address (whistleblowing@trendlines.com) which can be found in the corporate website: https://www.trendlines.com/investors/investors-about/governance/.

Provision 10.2 of the 2018 Code: The AC comprises at least three directors, and majority are independent.
The AC was constituted on 19 October 2015 (and as of the date of the Annual Report, its composition is in compliance with the Israeli Companies Law following the election of the External Directors).

The AC is comprised of four Directors, all of whom, including the Chair, are Independent Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. The names of the members of the AC are set out in page 52 of this Report. The AC includes the Company's External Directors, namely Ms. Elka Nir and Prof. Hang Chang Chieh, whose re-appointment as External Directors were approved by the Shareholders at the 2019 SGM in compliance with the Israeli Companies Law, whereupon the AC was constituted in compliance with the Israeli Companies Law. The Chairperson of the AC is Ms. Elka Nir.

At its current composition, the AC comprises members who are appropriately qualified, having relevant accounting or related financial management expertise and experience to discharge the authority and duties delegated by the Board to the AC.

Provision 10.3 of the 2018 Code: The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation.
None of the AC members were previous partners or directors of the Company's external audit firm within the last twenty-four months and none of the AC members hold any financial interest in the external audit firm.

Provision 10.1 of the 2018 Code: Duties of the AC
The authority and duties delegated by the Board to the AC are detailed in written terms of reference approved by the Board, and include, *inter alia*:

- Reviewing and recommending to the Board the approval of the Company's half-yearly and annual financial statements and related management's discussion and analysis;

- Recommending to the Board and overseeing the external auditors of the Company, including reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;

- Making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- Reviewing the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

- Pre-approving all audit and non-audit services to be provided to the Group by the external auditors;

- Identifying deficiencies in the administration of the Company (including reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties), and recommending remedial actions with respect to such deficiencies;

- Reviewing the effectiveness and adequacy of the Group's internal audit function;

- Reviewing the system of internal controls and management of financial risks with the internal and external auditors;

- Reviewing the cooperation of the Company's management with the external auditors and the internal auditors (without the presence of management), where applicable and at least annually;

CORPORATE GOVERNANCE REPORT

- Reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- Reviewing of hedging policies and instruments to be implemented (if any);
- Reviewing and approving interested person transactions and review procedures thereof;
- Reviewing potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Reviewing the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, to announce immediately via SGXNET;
- Investigating any matters within its terms of reference;
- Reviewing the policy and arrangements by which the staff and any other parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- Administering and overseeing the implementation of the Disclosure and Insider Trading Policy, the Whistle Blowing Policy, the Anti-Bribery Policy, and any other corporate policy as may be adopted by the Company;
- Undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time; and
- Reviewing assurance from CEO and CFO on the financial records and financial statements. In addition, under the Israeli Companies Law, the AC is required, amongst other things, to:
- Identify deficiencies in the administration of the Company (including by consulting with the internal auditor or the external auditors of the Company), and recommend remedial actions with respect to such deficiencies;
- Determine with respect to transactions with related parties, including office holders and the controlling shareholder (if any), if such transactions are substantial actions (i.e. an action that is likely to materially affect the Company's profitability, assets or liabilities) or extraordinary transactions (i.e. a transaction that is not in a Company's ordinary course of business, not on market terms or that is likely to have a material impact on the Company's profitability, assets or liabilities) and may determine once a year, in advance, criteria for such determination;
- Determine with respect to extraordinary (and non-extraordinary) transactions with the controlling shareholder, the requirement to conduct a competitive procedure, or other procedures to be conducted prior to entry into such transactions;
- Review and approve or disapprove certain related-party transactions;
- Determine the procedure for approval of transactions with the controlling shareholder, which are not negligible transactions;
- Where the Board approves the working plan of the internal auditor, examine such working plan before its submission to the Board and proposing amendments thereto;
- Examine the internal audit controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to fulfil his responsibilities;
- Examine the scope of the external auditor's work and compensation and submit a recommendation with respect thereto to the Board or general meeting, depending on which of them is considering the remuneration of the external auditor; and
- Adopt procedures with respect to processing employee complaints in connection with deficiencies in the administration of the Company, and the appropriate means of protection afforded to such employees.

CORPORATE GOVERNANCE REPORT

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Israeli law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he or she will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The AC shall also commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, the Board is required to report to the SGX-ST and the Company's sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. The Company has established and maintains on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. Thereafter, such audits may be initiated by the AC as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Board.

The AC reviewed the audited consolidated financial statements for FY2020 and also discussed with management and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual consolidated financial statements. The AC, reviewed, amongst others, on the following matters:

- valuation of portfolio companies;
- assessment of control over portfolio companies;
- appropriateness of the going concern assumptions in the preparation of the annual consolidated financial statements; and
- significant adjustments resulting from the audit, if any.

AC's Commentary on Key Audit Matters for FY2020
In addition, the most material area of judgment in the annual consolidated financial statements relates to the valuation of portfolio companies. The investment in portfolio companies as of 31 December 2020 had a carrying amount of US$83.7 million. The Company determined it was necessary to rely on the opinion of specialists to value the substantial majority of these investments, due to the complexity of the valuations. At each reporting period, the AC discusses with management and with the Company's auditor about the Company's valuation policy, methodologies and the procedures performed on the valuation of portfolio companies.

In addition, at least annually, the AC considers the going concern principle on which the annual consolidated financial statements are prepared. As the Group establishes and invests in new portfolio companies as well as supporting existing investments with further capital, the business model is currently inherently cash consuming. Based on the balance of cash and cash equivalents as of 31 December 2020 and management's operating plan, the AC is of the view that the Company has sufficient capital resources to finance its operations and meet its obligations as they come due for a period of at least twelve months from the date of the consolidated financial statements.

Following the review and discussions, the AC then recommended to the Board to approve the audited annual consolidated financial statements for FY2020.

Provision 10.4 of the 2018 Code: Primary reporting line of the internal audit function is to the AC
The Company's internal audit function was outsourced to Mr. Roy Weisberg from Ezra Yehuda-Rozenblum (members of Kreston International) (the "Previous Internal Auditor"), for the period from FY2016 to FY2020, that reports directly to the AC Chair and administratively to management. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. As part of the AC's continuing efforts to review the effectiveness and adequacy of the Group's internal audit function, the AC and the Board have decided to appoint Mr Doron Cohen from Fahn Kanne Control Management Ltd (member of Grant Thornton Israel) (the "Internal Auditor" or "IA"), as the new Internal Auditor of the Group in place of the Previous Internal Auditor, with effect from this current financial year ending 31 December 2021.

CORPORATE GOVERNANCE REPORT

Practice Guidance 10 of the 2018 Code: AC to ensure internal audit function is adequately resourced and adequacy and effectiveness of the internal audit function.
The AC is of the view that the Previous Internal Auditor and IA has adequate resources to perform the functions and maintained their independence from the activities audited. The Previous Internal Auditor and IA subscribes to, and is guided by, the standard established by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing (IPPF) set by The Institute of Internal Auditors (IIA) and has incorporated these standards into its audit practices. The focus of the Internal Audit function is to strengthen the internal control structure and risk management through the conduct of independent and objective reviews. The AC is satisfied that the IA is adequately qualified given, inter alia, his education (Accounting degree and MBA) and over 28 years of experience as an internal auditor. The IA has confirmed that the team members working under him are corporate members of the Institute of Internal Auditors (IIA) and are practicing the recommended standards by the IIA. The IA has the appropriate standing in the Company to discharge its duties effectively given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. The AC met with the Previous Internal Auditor more than one time in the absence of management during FY2020, for audit report with respect to "Regulatory Compliance with IIA" and "Information systems".

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the internal audit function is independent, effective and adequately resourced. The AC is also responsible for recommending to the Board regarding the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 of the 2018 Code: The Company provides shareholders with opportunity to participate effectively and vote at general meetings.
The Company encourages Shareholders' participation at the general meetings of its Shareholders which are held in Singapore. All Shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings, which are dispatched to Shareholders no less than 14 calendar days prior to the date of the general meetings and 21 calendar days prior to the date of the general meetings where special resolutions are to be passed, in accordance with Catalist Rule 704(14). In accordance with the Articles, Shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. The proxy forms are to be deposited with the Company not less than forty-eight hours before the time set for the general meetings. Notwithstanding the provisions in the Articles, the Chair of the general meeting has the right to waive the time requirement with respect to all proxies and to accept any and all proxies until the beginning of general meetings.

A polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of Shareholders. All polling procedures are being scrutinized by an independent scrutineer.

In light of the unprecedented situation due to the Coronavirus pandemic ("COVID-19") and to support the health and well-being of the Shareholders, employees and communities, the general meetings of the Company during 2020 were held in a virtual-only meeting format via "live" audio-visual webcast as set out in the COVID-19 (Temporary Measures) Act 2020 passed on 7 April 2020 and the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 published on 13 April 2020.

Provision 11.2 of the 2018 Code: Company tables separate resolutions at general meeting.
The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the 2018 Code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications in the document accompanying the notice of general meeting which are provided to shareholders.

CORPORATE GOVERNANCE REPORT

Provision 11.3 of the 2018 Code: All directors attend general meetings of shareholders.
Both Chairs of the Company shall be present at general meetings, unless such presence is not reasonably possible in which case at least one of the Chairs of the Company shall participate at general meetings via teleconference or other communication means, and an additional Director or office holder shall be present at such general meeting. In addition, the Company's Chief Financial Officer shall be present at AGMs to present the Company's annual financial statements and assist in addressing queries raised by the Shareholders with respect to such annual financial statements, unless such presence is not reasonably possible in which case the Chief Financial Officer shall participate in the meeting via teleconference or other communication means. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. In the event that the external auditor is unable to be physically present at the AGMs, the external auditors will participate via teleconference or other communication means to assist in answering any questions of shareholders with respect to the Company's audited annual financial statements at such meetings.

The Company also ensures that, when required, its Israeli Legal advisors are present at its general meetings (either via teleconference or in person) to address any queries shareholders may have on matters relating to the Israeli Companies law.

The attendances of the Directors at general meetings, as well as the frequency of such meetings held during FY2020 are as follows:

Number of general meetings held	**2**
Name of Director	**Number of meetings attended**
Mr. David Todd Dollinger	2
Mr. Stephen Louis Rhodes	2
Mr. Zeev Bronfeld	–
Ms. Elka Nir	–
Prof. Stephen Philip Haslett	–
Prof. Hang Chang Chieh	2
Mr. Sin Boon Ann*	–

(*) appointed during the annual general meeting on 17 June 2020.

Provision 11.4 of the 2018 Code: Shareholders should be allowed vote in absentia.
Shareholders are given the opportunity to vote at general meetings. However, as the authentication of Shareholder's identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means. In light that the general meetings of the Company during 2020 were held in a virtual-only meeting format via "live" audio-visual webcast, shareholders were granted the opportunity to appoint the Chair of the meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the general meetings of the Company.

Provision 11.5 of the 2018 Code: Minutes to be available to shareholders.
All minutes of general meetings including the material comments and/or questions raised by Shareholders in relation to the meeting agenda and the responses from the representatives of the Company's Board and/or management (if applicable), are prepared by the Company Secretaries upon the conclusion of the said general meetings. Generally, the Company does not currently publish such minutes on its corporate website, but the minutes will be provided to Shareholders upon request, as communicated to Shareholders in the notices of the general meetings. As the general meetings of the Company during 2020 were held in a virtual-only meeting format via "live" audio-visual webcast, the minutes of the general meetings of the Company during 2020 have been published by the Company on the SGX website and on its corporate website for general viewing within one month after the general meetings.

CORPORATE GOVERNANCE REPORT

Provision 11.6 of the 2018 Code: The Company has a dividend policy.
The Board did not have a dividend policy during FY2020 and has not declared or recommended any dividends for FY2020. The Company does not meet the conditions required by the Israeli Law of Companies in Israel to declare a dividend. According to the Israeli Law of Companies, a company that desire to distribute a dividend must meet two cumulative conditions: (1) The Company has distributable surpluses and if the total retained earnings is negative, it is possible to divide the profits accumulated in the past two years (the earnings test) and (2) The Company has the ability to meet all of its liabilities even after the distribution of the dividend (the repayment ability test). As the Company does not meet the required conditions, no dividend has been declared or recommended for FY2020.

The Company did not establish a 2020 dividend policy due to the expectation that available funds would be required to support the further growth of Trendlines through investment in portfolio companies and, in fact, Trendlines invested a record sum in its portfolio companies during 2020.

The Company is considering the recommendation of a dividend policy for FY2021, subject to the review of the Group's potential financial prospects and economic outlook and the conditions set out in the Israeli Law of Companies. Should such a policy be established, the Company will provide updates to shareholders and release the announcement on the adoption of the policy accordingly.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1 of the 2018 Code: Company communicates regularly with its shareholders.
Being committed to good corporate practices, the Company treats all its Shareholders fairly and equitably. To facilitate the exercise of Shareholders' rights, the Company ensures that all material information relating to the Group and its financial performance is disclosed in an accurate and timely manner via SGXNET.

The Company ensures that its Shareholders are notified of all material information in an accurate and timely manner. The Company's unaudited, half-yearly and annual results are announced within the mandatory period prescribed by the Catalist Rules. The financial statements and other materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All Shareholders receive the annual report of the Company and the notice of the Company's AGMs, which notice is also advertised in the press and released via SGXNET. Shareholders and investors may contact the Company or access information regarding the Company on its website (www.trendlines.com) which provides, inter alia, corporate announcements, press releases and the latest financial results as released by the Company on SGXNET, and contact details of its investor relations service provider.

Provisions 12.2 and 12.3 of the 2018 Code: Company has in place an investor relations policy which allows for an ongoing exchange of views and sets out the mechanism through which shareholders may contact the Company.
Under the Company's Disclosure Policy, the Company's CEOs, Chief Financial Officer as well as the Director of Investor Relations (if appointed) are authorized to speak to the media and the Company's investors. They are responsible to ensure that all information presented or made available contains only (i) information that has been already been disclosed on the SGXNET; and (ii) non-price sensitive information.

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- one-on-one and group meetings;
- conferences and roadshows;
- annual general meetings and special general meetings;
- an external investor relations team whose contact details can be found on the Company's website;

CORPORATE GOVERNANCE REPORT

In light of the public health impact of the coronavirus (COVID-19) pandemic and to support the health and well-being of the shareholders, the Company solicited feedback from and addressed the concerns of shareholders during 2020 through virtual meetings, audio/video conference call, virtual conferences etc.

- the Company's in-house corporate communications team;
- a detailed investor information section on its website;
- a monthly electronic newsletter; and
- investor/analyst briefings.

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website (www.trendlines.com). For further details, see the Investor Relations section of this Annual Report.

5. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1 of the 2018 Code: The Company identifies and engages with its material stakeholders.
The Company regularly engages our stakeholders through various medium and channels to ensure that our business interests are aligned with those of our stakeholders. Our stakeholders have been identified as those who are impacted by our business and operations and similarly, those who are able to impact our business and operations. We have identified the following stakeholders' groups through an assessment of their significance to our operations. They are namely, employees, Shareholders, partners and government regulators.

Provision 13.2 of the 2018 Code: The Company discloses its strategy and key areas of focus in relation to the management of stakeholder relationships.
The Company has identified key areas of focus in relation to the management of stakeholder relationships. The details on the key areas of focus, are included in the Sustainability Report of this Annual Report.

Provision 13.3 of the 2018 Code: The Company maintains a corporate website.
The Company maintains a website at www.trendlines.com to communicate and engage with stakeholders.

Compliance with Applicable Catalist Rules

Rule 1204(8): Material Contracts
Save for as disclosed in Note 21 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the CEO, Director, or controlling shareholder of the Company, which are either still subsisting at the end of FY2020, or, if not then subsisting, were entered into since the end of the previous financial year.

Rule 1204(17): Interested Person Transactions
The AC reviews and approves all interested person transactions ("IPTs") to ensure that they are on normal commercial terms and on arm's length basis (that is, the transactions are transacted on terms and prices not more favorable to the interested persons than if they were transacted with a third party) and are not prejudicial to the interests of the Group or the Company's minority Shareholders in any way, and the transactions are in the best interests of our Group. The Board has approved written procedures and guidelines for such review and approval of IPTs by the AC. All IPTs are properly documented and reported on in a timely manner to the AC.

CORPORATE GOVERNANCE REPORT

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Nil	Not applicable	The Company does not have a general mandate for IPTs.	None exceeding the value of S$100,000/- for FY2020.

The Company does not have a general mandate for recurrent interested person transactions. There were no interested person transactions which were more than S$100,000 entered into during FY2020.

While the total amount invested by Agriline Limited[(1)] in 18 portfolio companies was S$9.4 million, the value of the transactions (which is the amount at risk to the Company) is S$0 as the investments did not result in a change in the fair value of the Group's holdings in the portfolio companies or the consolidated net tangible assets of the Group.

(1) Agriline Limited is ultimately held by Geneva Trust Company (GTC) SA as Trustees of The VT Two Trust. Librae Holdings Limited, ultimately held by Geneva Trust Company (GTC) SA as Trustees of The Tchenguiz Three Trust, currently holds 23% of the issued share capital of the Company and is thereby considered a controlling shareholder of the Company under the Catalist Rules. As Mr. Vincent Tchenguiz is the discretionary beneficiary of both trusts, Agriline Limited is an "interested person" as defined under Chapter 9 of the Catalist Rules.

Rule 1204(19): Securities Dealing Policy.
The Company has adopted a securities dealing policy (the "**Securities Dealing Policy**") which sets out the policy on dealings in the Company's securities by the Company and the directors, officers, management and employees of the Group (the "**Relevant Persons**"). The Relevant Persons are to ensure that any trading by them in any of the Company's securities is undertaken within the framework set out in the Securities Dealing Policy and in accordance with the relevant laws, regulations and rules in relation to the dealing of the Company's securities. Pursuant to the Securities Dealing Policy, the Company and the Relevant Persons are prohibited from dealing with the Company's securities during the prescribed blackout periods beginning one month before the announcement of the Company's half-year and full-year financial statements respectively and ending on the date of the announcement of the relevant results. In any event, the Company and the Relevant Persons are prohibited from dealing with the Company's securities at any time when they are in possession of unpublished material price sensitive information. In addition, as a matter of good practice, the Company and the Relevant Persons are also prohibited from dealing in the Company's securities on short-term considerations. The AC is responsible for administering and overseeing the implementation of the Securities Dealing Policy.

Rule 1204(21): Non-Sponsor Fees.
No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., for FY2020.

Rule 1204(22): Use of IPO Proceeds, the private placement as detailed in the announcement dated 25 October 2017 (the "2017 Placement"), the private placement as detailed in the announcement dated October 2019 (the "2019 Placement") and the rights Issue as detailed in the announcement dated 19 September 2019 (the "Rights Issue").
The net proceeds raised from the initial public offering of the Company ("**IPO**"), after deducting the cash expenses in relation to the IPO of approximately S$5.7 million is approximately S$19.3 million.

CORPORATE GOVERNANCE REPORT

The following table sets out the breakdown of the use of proceeds from the IPO as at the date of the Annual Report:

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
Follow-on investments in portfolio companies	10,000	10,000	–
Expansion of operations into new markets	5,000	5,000	–
Expansion of internal innovation centre, Trendlines Labs	2,875	2,875	–
Operational expenses to support potential increase in the number of portfolio companies	1,400	1,400	–
Total	**19,275**	**19,275**	**–**

The above utilizations are in accordance with the intended use of IPO proceeds, as stated in the Company's Offer Document dated 16 November 2015.

The net proceeds raised from the 2017 Placement, after deducting the cash expenses in relation to the 2017 Placement of approximately S$0.7 million is approximately S$13.3 million.

The following table sets out the breakdown of the use of proceeds from the 2017 Placement as at the date of the Annual Report:

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
General working capital*	4,000	4,000	–
Direct and indirect investments into new, prospective or existing portfolio companies	9,338	9,338	–
Total	**13,338**	**8,038**	**–**

* The general working capital expenditures are mainly related to professional services, rent and maintenance, consulting, communications and office expenses.

The above utilizations are in accordance with the intended use of the 2017 Placement proceeds, as stated in the Company's announcement dated 10 October 2017.

The net proceeds raised from the 2019 Placement, after deducting the cash expenses in relation to the 2019 Placement of approximately S$0.06 million is approximately S$10.8 million.

CORPORATE GOVERNANCE REPORT

The following table sets out the breakdown of the use of proceeds from the 2019 Placement as at the date of the Annual Report:

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
General working capital*	3,246	3,246	–
Direct and indirect investments into new, prospective or existing portfolio companies	7,574	7,574	–
Total	**10,820**	**10,820**	**–**

* The general working capital expenditures are mainly related to professional services, rent and maintenance, consulting, communications and office expenses.

The above utilizations are in accordance with the intended use of the 2019 Placement Net Proceeds, as stated in the Company's announcement dated 22 July 2019.

The net proceeds raised from the Rights Issue, after deducting the cash expenses in relation to the Rights Issue of approximately S$0.15 million is approximately S$8.1 million.

The following table sets out the breakdown of the use of proceeds from the Rights Issue as at the date of the Annual Report:

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
General working capital*	2,440	461	1,979
Direct and indirect investments into new, prospective or existing portfolio companies	5,690	1,075	4,615
Total	**8,130**	**1,535**	**6,595**

* The general working capital expenditures are mainly related to professional services, rent and maintenance, consulting, communications and office expenses.

The above utilizations are in accordance with the intended use of the net proceeds from the Rights Issue, as stated in the Company's announcement dated 19 December 2019.

Pending the deployment of the unutilised proceeds from Rights Issue as set out above, the unutilised proceeds will be invested from time to time, either in interest-bearing deposits with licenced banks (in Israel or in Singapore) or in a structured investment, by which the principal will be kept, but the interest will be dependent on highly risky performance of structured investments. The amount invested in those structured investments will be held in the licenced bank for a period of one or two years (depending on the chosen investment).

CORPORATE GOVERNANCE REPORT

Additional information on Directors to be appointed or re-elected to the Board at the AGM pursuant to Catalist Rule 720(5)

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Louis Rhodes**
Date of Appointment	1 May 2007
Date of last re-appointment (if applicable)	25 April 2018
Name of person	Stephen Louis Rhodes
Age	65
Country of principal residence	Israel
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Stephen Louis Rhodes's contribution to the Company and the Group, the NC has recommended that he be re-elected as Chair and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Chair and Chief Executive Officer, responsible for the overall management of our Group's strategy, investments, and business operations.
Job Title (e.g. Lead ID, AC Chair, AC Member etc.)	Chair and Chief Executive Officer
Professional qualifications	Bachelor of Arts (Magna Cum Laude)- Harvard University Master of Business Administration - University of Chicago Certified Public Accountant - University of Illinois
Working experience and occupation(s) during the past 10 years	May 2007 to date: Chair and Chief Executive Officer of The Trendlines Group Ltd. / Overall management of The Trendlines Group Ltd. strategy, investments, and business operations. September 2016 to date: Chair / Overall responsibility for the Trendlines Incubators Israel Ltd. strategy, for hiring CEO, and for convening meetings of the board of directors 2019 to date: Chair of the Trendlines Agrifood Innovation Center PTD. LTD. Chair of the Trendlines Agrifood PTE.LTD
Shareholding interest in the listed issuer and its subsidiaries	Yes, direct interest in 13,367,040 shares representing 1.69% of the Company's issued shares.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Louis Rhodes**
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years) Present **Information required**	Past (for the last 5 years) Non-executive Director at: Nil Present Non-executive Director at: • Vessi Medical Ltd. • Vvital Biomed Ltd. • PregnantTech Ltd. • Fruitspec Ltd. • BIPS Medical Ltd. • Agroscout Ltd. • ApiFix Ltd (Until April 2020) • ProArc Medical Ltd. • MiRobot Ltd. • Leviticus Cardio Ltd. • CoreBone Ltd. • BioFishency Ltd. • Saturas Ltd. • Valentis Ltd. • Viaqua Therapeutics Ltd. • AquiNovo Ltd. • S.T.S Medical Ltd. • Hargol Foodtech Ltd. • Metomotion Ltd. • Coralert Ltd. • Liberdi Ltd. • Ceretrieve Ltd. • Vensica E.K. Therapeutics Ltd. • AlgaHealth (AH) Ltd. • Technology Incubator Misgav/Karmiel, Management Services Ltd. • Trendlines Agrifood Innovation Center Pte. Ltd. • Trendlines Agrifood Pte. Ltd. • Trendlines Investments Ltd. • Trendlines Venture Management Ltd • Trendlines Incubators Israel Ltd • Advanced MemTech Ltd. • Biopack Ltd. • GreenSpense Ltd. • T.D.L. International Directions Ltd. • NeuroQuest Ltd. • Sol Chip Ltd. • Stimatix GI Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Louis Rhodes**
a) hether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Louis Rhodes**
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Stephen Louis Rhodes**
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director

DIRECTORS' REPORT

DIRECTORS' REPORT

We are pleased to submit this annual report to the shareholders of the Company together with the audited statements for the financial year ended 31 December 2020.

Directors

The Directors in office at the date of this report are as follows:

Name of Director	Designation
Mr. David Todd Dollinger	Chief Executive Officer and Chair of the Board
Mr. Stephen Louis Rhodes	Chief Executive Officer and Chair of the Board
Mr. Zeev Bronfeld	Non-Executive Director
Ms. Elka Nir	External Director (Lead Independent Director)
Prof. Stephen Philip Haslett	Independent Director
Prof. Hang Chang Chieh	External Director (Independent Director)
Mr. Sin Boon Ann	Independent Director

Directors' Interests

According to the share registers kept by the Company for the purposes of Sections 127 and 128 of the Israeli Companies Law, 5759-1999 (the "**Law**"), and according to the information provided to the Company by our directors, particulars of interests of directors who held office at the end of FY2020 (the "**Year**") (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, other than wholly owned subsidiaries, are as follows:

Except as listed hereunder, none of our directors who held office at the end of the Year had any direct interest in the Company's shares, debentures, warrants and share options – neither at the beginning of the Year, nor at the end of the Year, nor as at 21 January 2021.

DIRECTORS' REPORT

Directors' Interests in the Company:

Name of director and corporation in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At the beginning of the Year	At end of the Year	At 21 January 2021	At the beginning of the Year	At end of the Year	At 21 January 2021
Ordinary Shares						
David Todd Dollinger	13,456,040	13,456,040	13,456,040	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)(1)	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)(2)	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)(2)
Stephen Louis Rhodes	13,456,040	13,456,040	13,456,040	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)(1)	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)(1)	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)(1)
Zeev Bronfeld	72,732,416	72,732,416	72,732,416	–	–	–
Prof. Stephen Philip Haslett	–	–	–	–	–	–
Elka Nir	–	–	–	–	–	–
Prof. Hang Chang Chieh	–	–	–	–	–	–

DIRECTORS' REPORT

Directors' Interests in Related Corporations:

Name of director and corporation in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At the beginning of the Year	At end of the Year	At 21 January 2021	At the beginning of the Year	At end of the Year	At 21 January 2021
Stimatix G.I. Ltd.						
Share options						
Zeev Bronfeld	2,320	2,320	2,320	2,000(3)	2,000(3)	2,000(3)
S.T.S. Medical Ltd.						
Ordinary Shares						
Zeev Bronfeld	–	–	–	7,120	7,120	7,120
Share options						
Zeev Bronfeld	–	–	–	6,294	6,294	6,294
ApiFix Ltd.						
Ordinary Shares(4)						
Zeev Bronfeld	2,263	-	-	–	–	–

(1) Each of Messrs. David Todd Dollinger and Stephen Louis Rhodes are indirectly interested those 325,138 Trendlines Shares distributed to T.D.L International Directions Ltd. ("TDL") (formerly known as Trendlines International Ltd.) and Trendlines Venture Partners L.P., as follows: Each of Messrs. Dollinger and Rhodes has 45% shareholding interest in TDL. TDL holds approximately 99.8% of the shareholding interest in Trendlines Venture Management Ltd., which is the general partner of Trendlines Venture Partners L.P. David Todd Dollinger and Stephen Louis Rhodes are directors and shareholders of Trendlines Venture Management Ltd., which, is the general partner of Trendlines Venture Partners L.P., TDL and Trendlines Venture Partners L.P. hold 231,020 Ordinary Shares and 94,118 Ordinary Shares, respectively.

(2) The shares are held for himself and in trust for the benefit of David Todd Dollinger.

(3) The holding is through M.B.R.T. Developments and Investments Ltd, a company wholly owned by Zeev Bronfeld.

(4) Zeev Bronfeld exercised 2,263 options in ApiFix into 2,263 ApiFix shares, at the exercise price of NIS0.01 per share. He sold his shares on April 1, 2020.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the Year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate.

Since the end of the Year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

Share Options

The 2011 Global Incentive Option Scheme (the "**Old Option Plan**") was approved and adopted in 2011. The Old Option Plan is administered by the Board.

The following table sets out information regarding Old Options granted to the directors under the Old Option Plan:

Name of Participant	Aggregate options granted during financial year under review	Aggregate options granted since commencement of the Old Option Plan to 31 December 2020	Aggregate options exercised since commencement of the Old Option Plan to 31 December 2020	Aggregate options outstanding at 31 December 2020
David Todd Dollinger	–	13,272,928	–	13,272,928
Stephen Louis Rhodes	–	13,272,928	–	13,272,928
Zeev Bronfeld	–	–	–	–
Elka Nir	–	–	–	–
Prof. Stephen Philip Haslett	–	–	–	–
Prof. Hang Chang Chieh	–	–	–	–
Sin Boon Ann	–	–	–	–

No Old Options have been granted to Controlling Shareholders and Associates of Controlling Shareholders.

As at the end of the Year, a total of 68,385,288 Old Options exercisable into 68,385,288 Shares at exercise prices of between NIS0.00125 and US$0.201125 were granted to 53 participants, of which 14,477,752 Old Options were exercised pursuant to which 14,477,752 Shares have been allotted and issued by the Company. As at the end of the Year, 42,739,488 Old Options exercisable into 42,739,488 Shares at exercise prices of between US$0.13625 and US$0.201125 remain outstanding. All outstanding Old Options granted under the Old Option Plan are all vested.

None of the Participants received 5% or more of the total number of options available under the Old Option Plan. Accordingly, the disclosures required under Catalist Rule 851(1)(b)(ii), (iii), (c) and (d) are not applicable for the Old Option Plan.
Since 2 August 2015, no Old Options have been granted under the Old Option Plan and Old Options are not permitted to be granted under the Old Option Plan and in lieu thereof options may be granted under the Trendlines Group Ltd. 2015 Global Share Option Plan ("**The Trendlines 2015 Share Option Plan**" or the "**Plan**") and its Sub-Plan.

The Old Option Plan provides that in the event of a transaction such as a merger, acquisition or reorganization of our Company with another company, or the sale of substantially all of the assets of the Company, the outstanding unexercised Old Options shall be assumed or substituted for an appropriate number of Shares as were distributed to Shareholders in connection with such transaction. In the event that the unexercised Old Options are not assumed or substituted, they may be immediately vested on the date which is ten (10) days prior to the effective date of the transaction, provided that a clause to this effect is included in the optionee's grant notification letter. The right to exercise vested Old Options will expire on the earliest to occur of the following: (i) 10 years from the date of grant; (ii) 12 months after the date of the optionee's death or disability; (iii) 90 days after the date of the optionee's voluntary resignation or involuntary termination not for cause; (iv) immediately, in the case of termination of the optionee's employment or term in office for cause; or (v) the date set forth in the grant notification letter provided by the Company.

DIRECTORS' REPORT

All outstanding Old Options granted under the Old Option Plan, to the extent not exercised, will expire by August 2025. However, notwithstanding the foregoing, with respect to the Old Options granted to the Executive Officers (namely, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish) and two (2) ex-employees on 1 September 2011, the right to exercise the vested Old Options will expire 10 years from the date of grant (that is, 1 September 2021). With respect to the Old Options granted to certain of the Executive Officers (namely, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish) and two (2) ex-employees on 1 September 2011, the Old Options shall be entitled to receive "deemed interest" such as dividends distributed prior to exercise of such Old Options, which will be paid as a deemed dividend by way of a salary/bonus paid to the Executive Officers.

Old Options granted may not be assigned or transferred by an optionee other than by will or by laws of descent and distribution, or as specifically otherwise allowed under the Old Option Plan.

The Plan and Sub-Plan were adopted on 11 November 2015, effective immediately prior to listing of the Company's shares on the Catalist of the SGX-ST. Following the adoption of the Plan and Sub-Plan, the Old Option Plan is no longer active but continues to govern the treatment of the Old Options that have been previously granted thereunder.

As at the end of the Year, there are 42,739,488 Old Options granted and outstanding under the Old Option Plan. The following table sets out information regarding the outstanding Old Options:

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
David Todd Dollinger	1 September 2011	N.A.	5,838,384	5,838,384	–[1]	–[1]	US$0.003	Not applicable[1]	Not applicable[1]
	2 June 2014	N.A.	13,272,928	–	13,272,928	13,272,928	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Stephen Louis Rhodes	1 September 2011	N.A.	5,838,384	5,838,384	–[2]	–[2]	US$0.003	Not applicable[2]	Not applicable[2]
	2 June 2014	N.A.	13,272,928	–	13,272,928	13,272,928	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Gabriela Heller	1 September 2011	N.A.	1,459,592	–	1,459,592	1,459,592	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,916,888	1,916,888	–	–	US$0.1845	2 June 2014 to 1 June 2024	Not applicable
Yosef Ron	10 October 2010	N.A.	983,712	983,712	-	-	N.A.	5 April 2018	Not applicable

DIRECTORS' REPORT

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
Yosef Hazan	1 September 2011[(4)]	N.A.	729,792	–	729,792	729,792	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,573,800	1,573,800	–	–	US$0.1845	5 April 2018	Not applicable
	22 December 2011	N.A.	2,189,392	–	2,189,392	2,189,392	US$0.13625	22 December 2011 to 22 December 2021	22 December 2021
Dr. Nitza Kardish	2 June 2014	N.A.	1,187,088	1,187,088	–	–	US$0.1845	2 June 2014 to 1 June 2024	Not applicable
	1 September 2011	N.A.	2,189,392	–	2,189,392	2,189,392	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,187,088	–	1,187,088	1,187,088	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Haim Brosh	2 June 2014	N.A.	1,420,656	-	1,420,656	1,420,656	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Other employees	10 October 2010	N.A.	1,639,376	1,639,376	–	–	N.A.	Not applicable	Not applicable
	26 June 2011	N.A.	146,784	146,784	–	–	N.A	Not applicable	Not applicable
	1 September 2011	N.A.	3,357,064	–	3,357,064	3,357,064	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	6 January 2014	N.A.	3,503,016	2,335,344	1,167,672	1,167,672	US$0.13625	6 January 2014 to 6 January 2024	6 January 2024
	2 June 2014	N.A.	3,891,936	2,287,840	1,572,984	1,572,984	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
	2 June 2014	N.A.	1,187,088	1,187,088	-	-	US$0.1845	15 September 2016 to 15 September 2019	Not applicable
	26 April 2015	N.A.	80,000	–	80,000	80,000	US$0.1875	26 April 2015 to 26 April 2025	26 April 2025

DIRECTORS' REPORT

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
	2 August 2015	N.A.	1,120,000	120,000	1,000,000	1,000,000	US$0.201	2 August 2015 to 2 August 2025	2 August 2025
	2 August 2015	N.A.	400,000	400,000	–	–	US$0.201	30 March 2018	Not applicable

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the Year.

Notes:

1) David Todd Dollinger was granted 5,838,384 Old Options which were all exercised.
(2) Stephen Louis Rhodes was granted 5,838,384 Old Options which were all exercised.
(3) Comprises employees, former employees, and consultants of our Company (excluding David Todd Dollinger, Stephen Louis Rhodes, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish).
(4) Mr. Yossi Ron, the Company's former COO who ceased his employment in the company in January 2018, was granted 729,792 Old Options, of which none had been exercised and the remainder due to expire in accordance with the applicable provisions of the Old Option Plan, on 1 September 2021.

The Trendlines 2015 Share Option Plan

The Company has adopted The Trendlines 2015 Share Option Plan (the "Plan") and the Sub-Plan at a Special General Meeting of the Shareholders held on 11 November 2015 and amended at the Special General Meeting of the Shareholders held on 2 August 2016. The Plan and any Sub-Plans are administered by the Board or the Remuneration Committee. The Remuneration Committee comprises 3 directors, namely: Elka Nir, Prof. Stephen Philip Haslett and Prof. Hang Chang Chieh.

The following table sets out information regarding options granted to the directors under the Plan:

Name of Participant	Aggregate options granted during financial year under review	Aggregate options granted since commencement of the Plan to 31 December 2020	Aggregate options exercised since commencement of the Plan to 31 December 2020	Aggregate options outstanding at 31 December 2020
David Todd Dollinger	3,955,957	3,955,957	-	3,955,957
Stephen Louis Rhodes	3,955,957	3,955,957	-	3,955,957

No options have been granted to Controlling Shareholders and Associates of Controlling Shareholders under the Plan.

None of the Participants received 5% or more of the total number of options available under the Plan. The Company does not have any parent company.

No options were granted at a discount to market price during the financial year.

DIRECTORS' REPORT

Accordingly, the disclosures required under Catalist Rule 851(1)(b) (ii), (iii), (c) and (d) are not applicable.

As at the end of the Year, a total of 27,866,276 options exercisable into 27,866,276 Shares at exercise prices of between S$0.0978 and S$0.32 were granted to 62 participants, none of the options were exercised and no Shares have been allotted and issued by the Company. As at the end of the Year, 23,261,427 options exercisable into 23,261,427 Shares at exercise prices of between S$0.0978 and S$0.32 remain outstanding (after taking into account 26,667 options previously granted to former employees that had lapsed and expired during the Year). 6,299,313 outstanding options granted under the Plan are vested.

Non-exhaustive information regarding the Plan is set out below (please refer to Appendix I of the Offer Document dated 16 November 2015 and the Company's circular dated 27 June 2016 for the entire Plan and Sub-Plan):

Option Pool

The total number of Shares for which the Remuneration Committee may grant options under the Plan at any date, when added to the number of Shares issued and/or issuable in respect of: (a) all options already granted under the Plan and Sub-Plan; and (b) all options or awards granted under any other share option scheme or share schemes then in force, shall not exceed 15.0% of the total issued share capital of the Company (excluding treasury Shares) on the day immediately preceding the date of grant of the options.

Maximum Entitlements

The aggregate number of shares reserved as option pool in respect of all options granted under the Plan available to plan controlling shareholders or associates of the plan controlling shareholders shall not exceed 5.0% of the shares available under the Plan. The number of shares reserved as option pool in respect of all options granted under the Plan available to each plan controlling shareholder or associate of the plan controlling shareholder shall also not exceed 1.0% of the shares available under the Plan.

Options, Exercise Period and Exercise Price

The exercise price for each grantee shall be as determined by the Remuneration Committee and specified in the applicable option agreement; provided, however, that: (i) unless otherwise determined by the Remuneration Committee (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law (including, for the avoidance of doubt, the listing manual)), the exercise price shall be the fair market value of the shares on the date of grant ("Fair Market Value Option") (i.e., the average of the last dealt prices for the shares on the Catalist of the SGX-ST over the 30 consecutive trading days immediately preceding the date on which the options are granted); and (ii) where the exercise price is set at a discount to the Fair Market Value of the shares, the maximum discount shall not exceed 20.0% of the Fair Market Value of the shares (or such other percentage or amount as may be determined by the Remuneration Committee and permitted by the Sponsor or (if required) any other stock exchange on which the Shares are quoted ("Discounted Option"). Fair Market Value Options may be exercised after the first anniversary of the date of grant of that Option while Discounted Options may only be exercised after the second anniversary from the date of grant of the Option ("Cliff Period"). Unless otherwise determined by the Remuneration Committee with respect to any specific Grantee and/or to any specific grant following the Cliff Period, the options shall vest upon the lapse of each full additional one (1) month thereafter of the grantee's continuous service thereafter, until all the Options vested (that is, 100% of the grant will be vested after three (3) years).

Unless expired earlier pursuant to the Plan, unexercised Options shall expire and terminate and become null and void upon the lapse of 10 years from the Date of Grant.

Duration of the Plan

The Plan is effective as of the day it was adopted by the Board, and shall continue in effect until the earlier of: (a) its termination by the Board; or (b) the lapse of 10 years from the date the Plan is adopted by the Board. The termination, discontinuance or expiry of the Plan shall be without prejudice to the rights accrued to Options which have been granted and accepted in accordance with the rules of the Plan, whether such Options have been exercised (whether fully or partially) or not.

DIRECTORS' REPORT

Grant of Discounted Options

Discounted Options will only be granted to deserving employees whose performance has been consistently good and/or whose future contributions to our Group will be invaluable. The ability to offer Discounted Options will operate as a means to recognize the performance of participants as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and return of our Group to a level that benefits our Shareholders when these are eventually reflected through an appreciation of our share price. Discounted Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Discounted Options as only employees who have made significant contributions to the success and development of our Group would be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Remuneration Committee will have absolute discretion to:

(a) grant Options set at a discount to the Fair Market Value of a Share (subject to a maximum limit of 20.0%); and

(b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

The Remuneration Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20.0% of the Fair Market Value) and the grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorized, in a separate resolution, the making of offers and grants of Options under the Plan and Sub-Plan at a discount not exceeding the maximum discount as aforesaid. Such Discounted Options may be exercisable after two (2) years from the date of grant.

As at the end of the Year, there are 23,261,427 options outstanding under the Plan. The following table sets out information regarding the outstanding options under the Plan:

Name of holder of options	Date of grant	Purchase price	Number of Shares comprised in the options	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the options	Number of Shares comprised in the Unexercised options	Exercise price per option	Exercise period	Expiration date
Consultants	30 December 2015	–	320,000	–	320,000	S$0.32	10 years as of the date of grant	30 December 2025
Gabriela Heller	11 August 2016	–	629,383	629,383	-	S$0.19	8 January 2019	8 January 2019
Yosef Ron	11 August 2016	–	629,383	629,383	–	S$0.19	5 April 2018	5 April 2018
Yosef Hazan	11 August 2016	–	629,383	629,383	–	S$0.19	11 May 2019	11 May 2019
Dr. Nitza Kardish	11 August 2016	–	629,383	–	629,383	S$0.19	10 years as of the date of grant	11 August 2026
Moshe Katzenelson	11 August 2016	–	629,383	629,383	-	S$0.19	29 January 2019	29 January 2019
David Todd Dollinger	20 June 2020	–	3,955,957	–	3,955,957	S$0.1131	10 years as of the date of grant	20 June 2030
Stephen Louis Rhodes	20 June 2020	–	3,955,957	–	3,955,957	S$0.1131	10 years as of the date of grant	20 June 2030
Haim Brosh	12 August 2018	–	1,775,643	–	1,775,643	S$0.11	10 years as of the date of grant	12 August 2028
	24 February 2020	–	1,100,000	-	1,100,000	S$0.1134	10 years as of the date of grant	24 February 2030

DIRECTORS' REPORT

Name of holder of options	Date of grant	Purchase price	Number of Shares comprised in the options	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the options	Number of Shares comprised in the Unexercised options	Exercise price per option	Exercise period	Expiration date
Barak Singer	6 April 2017	–	425,437	-	425,437	S$0.156	10 years as of the date of grant	6 April 2027
	25 February 2019	–	1,775,643	-	1,775,643	S$0.0978	10 years as of the date of grant	25 February 2029
	24 February 2020	–	500,000	-	500,000	S$0.1134	10 years as of the date of grant	24 February 2030
Nir Goldenberg	15 September 2016	-	251,753	-	251,753	S$0.19	10 years as of the date of grant	15 September 2026
	25 February 2019	–	750,000	-	750,000	S$0.0978	10 years as of the date of grant	25 February 2029
	24 February 2020	–	1,700,000	-	1,700,000	S$0.1134	10 years as of the date of grant	24 February 2030
Eric Loh	6 April 2017	-	646,702	-	646,702	S$0.156	10 years as of the date of grant	6 April 2027
	25 February 2019	–	200,000	-	200,000	S$0.0978	10 years as of the date of grant	25 February 2029
	24 February 2020	–	500,000	-	500,000	S$0.1134	10 years as of the date of grant	24 February 2030
Other employees	11 August 2016	–	629,383	629,383	–	S$0.19	15 September 2019	15 September 2019
	15 September 2016	–	1,051,069	799,316	251,753	S$0.17	10 years as of the date of grant	15 September 2026
	6 April 2017	–	531,799	478,618	53,181	S$0.156	10 years as of the date of grant	6 April 2027
	12 August 2018	–	1,066,492	160,000	906,492	S$0.11	10 years as of the date of grant	12 August 2028
	25 February 2019	–	335,526	20,000	315,526	S$0.0978	10 years as of the date of grant	25 February 2029
	24 February 2020	–	2,848,000	-	2,848,000	S$0.1134	10 years as of the date of grant	24 February 2030

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the Year.

DIRECTORS' REPORT

Audit Committee

The Audit Committee was established on 19 October 2015 and the members of the Audit Committee comprise of 4 directors, namely, Elka Nir, Prof. Stephen Philip Haslett, Prof. Hang Chang Chieh and Sin Boon Ann.

During FY2020, the Audit Committee had held five meetings.

The Audit Committee reviews the effectiveness and adequacy of the Group's internal controls (including financial, operational, compliance and information technology controls) and the risk management policies and systems established by the Group.

The Audit Committee had full access to and cooperation of Management and it also has full discretion to invite any Director or executive officer to attend its meetings. The Chief Financial Officer attends meetings of the Audit Committee. The external auditors have unrestricted access to the Audit Committee and the Audit Committee has reasonable resources to enable it to discharge its functions properly.
The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board that the external auditors be nominated for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors have indicated their willingness to accept re-appointment for the ensuing financial year.

On behalf of the Board,

David Todd Dollinger, Chair and CEO

Stephen Louis Rhodes, Chair and CEO

16 March 2021

STATEMENTS BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 103 to 160 are drawn up so as to give a true and fair view of the Company and of the Group as at 31 December 2020 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) as at the date of this statement, there are reasonable grounds to assume that the Group will be able to pay its debts as and when they fall due.

On behalf of the directors,

David Todd Dollinger, Chair and CEO

Stephen Louis Rhodes, Chair and CEO

16 March 2021

THE TRENDLINES GROUP LTD.

INDEPENDENT AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE

TRENDLINES GROUP LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL

YEAR ENDED DECEMBER 31, 2020

(U.S. dollars in thousands)

THE TRENDLINES GROUP LTD.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL

YEAR ENDED DECEMBER 31, 2020,

INDEX

INDEPENDENT AUDITORS' REPORT

Building a better working world

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To The Shareholders and Board of Directors
The Trendlines Group Ltd.

Opinion

We have audited the financial statements of The Trendlines Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as of December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Company as of December 31, 2020, and the Group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"s). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Israel as prescribed by the Auditor Regulations (Conflict of Interests and Impairment of Independence Resulting from Another Occupation) 2008, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter in 2020

Investments in Portfolio Companies

The Group's disclosures about its investments in Portfolio Companies are included in Notes 7 and 9.

The Group's investments in Portfolio Companies represent 72% of the total amount of its assets. The valuations of the Portfolio Companies are designated as level 3 in the fair value hierarchy since they are valued using inputs other than quoted prices in an active market. The Group determined it was necessary to rely on the opinion of specialists to value the substantial majority of these investments, due to the complexity of the valuations. Due to the inherent subjectivity in the valuation of these investments, we determined this matter to be a significant item for our audit.

INDEPENDENT AUDITORS' REPORT

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How our audit addressed the matter

Our audit procedures comprised, amongst others, of an assessment of the appropriateness of the valuation models and inputs used to value the Portfolio Companies.

We used our internal valuation specialists to assess the valuation of the material investments, and to assess whether the valuations arrived at by the Group were within a pre-defined reasonable range of acceptable differences. As part of these audit procedures, we assessed the reasonability of key inputs used in the valuation such as the expected operational performance, expected cash flows and weighted average cost of capital by among others benchmarking them with external data. We also evaluated the Group's assessment whether other evidence exists that could affect the valuation of individual investments.

Finally, we assessed the completeness and accuracy of the disclosures relating to investments to assess compliance with disclosure requirements included in IFRS.

Other information included in the Group's 2020 Annual Report

Other information consists of the information included in the Group's 2020 Annual Report other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Sharon Zalewski.

Tel Aviv, Israel
March 8, 2021

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

		The Group		The Company	
		December 31,		December 31,	
	Note	2020	2019	2020	2019
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents		10,656	18,366	2,199	16,967
Short-term bank deposits	3	101	293	–	200
Accounts and other receivables	4	2,698	724	1,125	413
Short-term loans to Portfolio Companies	5	19	160	–	–
Total Current Assets		13,474	19,543	3,324	17,580
NON-CURRENT ASSETS:					
Investments in Portfolio Companies	9	83,730	102,825	–	–
Long-term bank deposits	3	4,127	–	4,127	–
Accounts and other receivables	9(B)(2)	2,696	–	–	–
Contingent consideration receivable	9(B)(2)	2,898	–	–	–
Right-of-use assets	10	2,122	2,246	–	–
Investment in Subsidiaries	8	–	–	82,911	83,144
Deferred taxes	14(D)	6,838	–	6,645	–
Property, plant and equipment, net	6	959	865	130	268
Total Non-Current Assets		103,370	105,936	93,813	83,412
Total Assets		116,844	125,479	97,137	100,992

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	Note	The Group December 31, 2020	The Group December 31, 2019	The Company December 31, 2020	The Company December 31, 2019
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Lease liabilities	10	669	428	–	–
Trade and other payables	11	1,679	2,145	597	1,290
Deferred revenues	2(B)(12)	616	2,148	–	–
Total Current Liabilities		2,964	4,721	597	1,290
LONG-TERM LIABILITES:					
Deferred revenues	2(B)(12)	–	572	–	–
Loans from the Israel Innovation Authority	12	2,626	3,567	–	–
Lease liabilities	10	2,297	2,128	–	–
Deferred taxes, net	14(D)	12,350	14,508	–	–
Other long-term liabilities		272	213	223	168
Total Long-Term Liabilities		17,545	20,988	223	168
EQUITY:					
Equity Attributable to Equity Holders of the Company:					
Share capital	16	2,123	2,123	2,123	2,123
Share premium		79,307	79,289	79,307	79,289
Reserve from hedges	13(C)	45	(175)	45	(175)
Reserve from share-based payment transactions	17	4,131	3,853	4,131	3,853
Retained earnings		10,710	14,444	10,710	14,444
Total		96,316	99,534	96,317	99,534
Non-Controlling Interests		19	236	–	–
Total Equity		96,335	99,770	96,317	99,534
Total Liabilities and Equity		116,844	125,479	97,137	100,992

March 8, 2021			
Date of approval of the financial statements	D. Todd Dollinger Co-Chair and Chief Executive Officer	Steve Rhodes Co-Chair and Chief Executive Officer	Haim Brosh Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

U.S. dollars in thousands, except share data

	Note	Year ended December 31, 2020	Year ended December 31, 2019
Income:			
Gain (loss) from change in fair value of investments in Portfolio Companies	2(B)(5);7(D)	(10,996)	3,753
Income from services to Portfolio Companies	2(B)(12)	2,981	4,821
Income from contracted R&D services	2(B)(12)	863	679
Financial income	18(D)	3,931	256
Other income		372	313
Total income		(2,849)	9,822
Expenses:			
Operating, general and administrative expenses	18(A)	7,937	7,062
Marketing expenses		214	269
Research and development expenses, net	18(B)	1,087	1,114
Financial expenses	18(C)	860	1,240
Total expenses		10,098	9,685
Income (loss) before income taxes		(12,947)	137
Tax benefit (Income tax expense)	14(E)	8,996	(832)
Net loss		(3,951)	(695)
Other comprehensive loss:			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Loss from cash flow hedges		220	(80)
Total comprehensive loss		(3,731)	(775)
Net loss Attributable to:			
Equity holders of the Company		(3,734)	(474)
Non-Controlling Interests		(217)	(221)
		(3,951)	(695)
Total comprehensive loss attributable to:			
Equity holders of the Company		(3,514)	(554)
Non-Controlling Interests		(217)	(221)
		(3,731)	(775)
Net loss per share attributable to equity holders of the Company (in U.S dollars):	19		
Basic and diluted net loss per share		$ (0.47)	$ (0.07)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share premium	Reserve from hedges	Reserve from share-based payment transactions	Retained earnings	Total	Non-Controlling Interests	Total equity
Balance as of January 1, 2019	**1,601**	**65,282**	**(95)**	**4,252**	**14,918**	**85,958**	**457**	**86,415**
Net loss and total comprehensive loss	–	–	(80)	–	(474)	(554)	(221)	(775)
Issuance of shares, net [(1)]	522	13,505	–	–	–	14,027	–	14,027
Cost of share–based payments	–	–	–	103	–	103	–	103
Expiration of options	–	502	–	(502)	–	–	–	–
Balance as of December 31, 2019	**2,123**	**79,289**	**(175)**	**3,853**	**14,444**	**99,534**	**236**	**99,770**
Net loss and total comprehensive loss	–	–	220	–	(3,734)	(3,514)	(217)	(3,731)
Cost of share-based payments	–	–	–	296	–	296	–	296
Expiration of options	–	18	–	(18)	–	–	–	–
Balance as of December 31, 2020	**2,123**	**79,307**	**45**	**4,131**	**10,710**	**96,316**	**19**	**96,335**

(1) Net of expenses of $120

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2020	**2019**
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	(3,951)	(695)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	1,356	778
(Tax benefit) income tax expense	(8,996)	832
Loss (gain) from changes in fair value of investments in Portfolio Companies	10,996	(3,753)
Financial expenses (income), net	(3,602)	662
Income from services to Portfolio Companies	(2,150)	(3,848)
Share-based payments	296	103
Changes in asset and liability items:		
Decrease (increase) in short-term loans to Portfolio Companies	141	203
Increase in accounts and other receivables	167	(119)
Decrease (increase) in trade and other payables	(250)	318
Decrease (increase) in other long-term liabilities	59	36
	(1,983)	(4,788)
Proceeds from sale of short-term investments	9,001	–
Investments in Portfolio Companies	(5,787)	(1,380)
	3,214	(1,380)
Cash received (paid) during the year for:		
Dividend received	–	1,107
Interest paid	(205)	(224)
Interest received	2	64
	(203)	947
Net cash used in operating activities	(2,923)	(5,916)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2020	**2019**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(481)	(241)
Proceeds from bank deposits and short-term bank deposits, net	192	2,464
Deconsolidation of subsidiary (a)	(4,127)	–
Net cash provided by (used in) investing activities	(4,416)	2,223
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	–	14,027
Payment of lease liability	(547)	(339)
Loans received from the Israel Innovation Authority	176	235
Net cash provided by (used in) financing activities	(371)	13,923
Increase (decrease) in cash and cash equivalents	(7,710)	10,230
Cash and cash equivalents at the beginning of the year	18,366	8,136
Cash and cash equivalents at the end of the year	10,656	18,366
Non-cash transactions		
Receivables from realization of investment in Portfolio Company	7,063	–
Investments in Portfolio Companies in consideration for future services	–	1,652
Additions to right-of-use assets with corresponding lease liability	485	54

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 1:- GENERAL

A. Corporate information

The Trendlines Group Ltd. (the "Company" or the "Group") was incorporated in Israel in 2007. Since its incorporation, the Company has been engaged in investing in and establishing innovative agrifood tech and medical device companies primarily through its subsidiaries: Trendlines Investments Israel Ltd. (formerly Trendlines Agtech-Mofet Ltd)., Trendlines Incubators Israel (formerly Trendlines Medical-Misgav Ltd)., Trendlines Agrifood Innovation Centre Ltd. ("AFIC") and Trendlines Medical Singapore Pte Ltd. The Company's subsidiaries represent one business segment for management reporting purposes.

Additionally, the Group manages investment funds: The Trendlines Agrifood Fund Pte Ltd. with Trendlines Venture Holdings as a General Partner ("GP") The Bayer Trendlines Ag Innovation Fund with AgFund GP as the GP, The Maryland Israel Trendlines Fund with Maryland GP as the GP.

In November 2015, the Company completed an initial public offering ("IPO") on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is trading on ticker SGX: 42T.

On August 6, 2019, the Company completed the allotment and issuance of approximately 103 million new Ordinary shares at a Placement Price of S$0.105 per share for net proceeds of S$10.8 million (approximately $8 million).

On December 16, 2019, the Company completed the allotment and issuance of approximately 79 million new Ordinary shares pursuant to a Rights issue, at a Placement Price of S$0.105 per share for net proceeds of S$8.13 million (approximately $6 million).

Medical incubator operated under franchise agreements with the State of Israel, through the Israel Innovation Authority ("IIA") of the Ministry of Economy and Industry.

In December 2015, Medical received formal notice from the IIA of the renewal of its incubator franchise for a period of eight years from January 1, 2016, to December 31, 2023.

Under the terms of the new franchise, the IIA has established certain milestones, which must be met for Medical to retain the franchise. Such milestones include, among others, a minimum number of new portfolio companies to operate under Medical during specified time periods from the beginning of the franchise period (at least: 6 within a period of 24 months; 12 within a period of 48 months; and 18 within a period of 72 months). As of December 31, 2020, Medical is meeting the milestones required to retain its franchise.

In March 2016, Agtech received formal notice from the IIA that its franchise has expired. The IIA approved the Company's request to expand the mandate of Medical, which has a franchise until December 31, 2023, to include agritech investments. In addition, the IIA accepted Medical's goal of establishing between 9 to 11 new Portfolio Companies a year (about 5 Portfolio Companies each in the medical device field and agtech field) (the "IIA Approval"). The IIA Approval provides the Company continuing access to IIA financial support for new agritech investments, as has been made previously.

In addition, the Company internally develops new technologies, mainly in the area of medical devices, through its "Trendlines Labs" operations.

The Company's headquarters is located at 17 T'chelet Street, Misgav Business Park, M.P. Misgav 2017400, Israel.

B. Approval of financial statements

These financial statements were approved by the board of directors on March 8, 2021.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 1:- GENERAL (Cont.)

C. Definitions

The Company	-	The Trendlines Group Ltd.
The Group	-	The Company and its consolidated subsidiaries.
Subsidiaries	-	Companies that are controlled by the Company (as defined in IFRS 10) and whose accounts are consolidated with those of the Company.
Investees	-	Subsidiaries.
Medical	-	Trendlines Incubators Israel Ltd. a technological incubator - subsidiary of the Company. See Note 14(C) and 22 regarding the merger of this company with Trendlines Group Ltd.
Trendlines Medical Singapore	-	Trendlines Medical Singapore Pte Ltd. a technological incu-bator - subsidiary of the Company.
Agtech	-	Trendlines Investments Israel Ltd. a technological incubator - subsidiary of the Company.
AFIC	-	Trendlines Agrifood Innovation Center Pte Ltd. a technologi-cal incubator and fund manager - subsidiary of the Company.
Trendlines Incubators/ Incubators	-	Three technological incubators - Medical, Agtech and Trend-lines Medical Singapore in which the Company exercises control and whose statements are consolidated with those of the Company.
Peripheral Incubator	-	Technological incubator that is situated in a national priority region. Medical is a Peripheral Incubator.
Portfolio Company	-	A company in which the Incubators invested and is not a subsidiary.
IIA	-	Israel Innovation Authority (formerly the Office of the Chief Scientist) of the Israeli Ministry of Economy and Industry.
Directive 8.2	-	Directive 8.2 of the Director General of the Ministry of Economy effective regarding the Incubators from August 22, 2001 through August 31, 2007, when the Incubators func-tioned as non-profit companies.
Old Directive 8.3	-	Directive 8.3 of the Director General of the Ministry of Economy - Technology Entrepreneurship Centers - Pilot In-cubators, effective regarding the Incubators from September 1, 2007 (when the Incubators started to function as for-profit companies under the control of The Trendlines Group) through December 31, 2010.
Track Benefit No.3	-	Track Benefit No.3 of the Israel Innovation Authority in the ministry of economy and industry - technological incubators; replaced the Old Directive 8.3, effective regarding the Incu-bators from January 1, 2011, onwards.
Related parties	-	As defined in IAS 24.
Dollar	-	US dollar.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

A. Basis of presentation of the financial statements

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities, including derivative financial instruments, that have been measured at fair value through profit and loss.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company ("Subsidiaries"). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

B. Summary of significant accounting policies

1. Functional currency, presentation currency and foreign currency

a. Functional currency and presentation currency:

The Group's financial statements are presented in US dollars, which is also the functional currency of the Company and its material subsidiaries. The Group's performance and liquidity are evaluated and managed in US dollars. Therefore, the US dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

1. Functional currency, presentation currency and foreign currency (Cont.)

b. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

2. Cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

3. Short-term deposits

Short-term bank deposits are deposits with an original maturity of more than three months from the date of investment and which do not meet the definition of cash equivalents. The deposits are presented according to their terms of deposit.

4. Financial instruments

a. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

a. Financial assets: (Cont.)

1) Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

2) Equity instruments and other financial assets held for trading:

Investments in equity instruments are measured at fair value through profit or loss. This category includes investments in Portfolio Companies held by the Incubators which are investment entities.

Other financial assets held for trading such as derivatives, are measured at fair value through profit or loss unless they are designated as effective hedging instruments.

Dividends from investments in equity instruments are recognized in profit or loss when the right to receive the dividends is established.

3) Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortized cost. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognized in profit or loss.

b. Impairment of financial assets:

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. The Company distinguishes between two types of loss allowances:

a) Debt instruments whose credit risk has not increased significantly since initial recognition, or whose credit risk is low - the loss allowance recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or

b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

The Group has short-term financial assets, principally short-term loans and trade receivables, in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

b. Impairment of financial assets: (cont.)

The impairment loss, if any, is recognized in profit or loss with a corresponding allowance that is offset from the carrying amount of the assets.

c. Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or

- The Group has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or

- The Group has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

d. Financial liabilities:

1) Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Group measures all financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss.

2) Financial liabilities measured at fair value through profit or loss:

At initial recognition, the Group measures financial liabilities that are not measured at amortized cost at fair value. Transaction costs are recognized in profit or loss.

After initial recognition, changes in fair value are recognized in profit or loss.
At initial recognition, the Group designated the financial liability in respect of loans received from the IIA as measured at fair value through profit or loss. Changes in the fair value of the financial liability are recognized in profit or loss, except for changes that can be attributed to changes in the financial liability's credit risk which are recorded in other comprehensive income.

e. Derecognition of financial liabilities:

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

f. Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

5. Fair value measurement

The Group measures its investments in Portfolio Companies and certain other financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances Valuation techniques include the market comparable approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same), the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible) and the cost approach (see Note 7(C)(3) for details).

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

6. Loans from the Israel Innovation Authority

The fair value of loans received from the IIA is calculated based on the present value of expected amounts to be repaid to the IIA, discounted at a rate reflecting the level of risk of the Portfolio Companies or the risk of the Incubators in case of operational loans. The loans for Portfolio Companies were received under the Old Directive 8.3 and the incubators' operational loans were received under the Track Benefit No. 3, see also Note 15(A)(4).

7. Leases

On January 1, 2019, the Company first applied IFRS 16, "Leases" ("the Standard"). The Company elected to apply the provisions of the Standard using the modified retrospective method (without restatement of comparative data).

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

1. The Group as a lessee:

For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Company has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

Leases which entitle employees to a company car as part of their employment terms are accounted for as employee benefits in accordance with the provisions of IAS 19 and not as subleases.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term.

Following are the amortization periods of the right-of-use assets by class of underlying asset:

	Years	**Mainly**
Lease facilities	3-10	10
Motor vehicles	3	3

The Company tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

7. Leases (Cont.)

2. Variable lease payments that depend on an index:

On the commencement date, the Company uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

3. Lease extension and termination options:

A non-cancelable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised, and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

4. Lease modifications:

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

8. Property, plant and equipment

Property, plant and equipment are measured at cost, including direct attributable costs, less accumulated depreciation, accumulated impairment losses and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%	Mainly %
Leasehold improvements (according to the lease term)	10-12.5	10
Office furniture and equipment	6-15	7
Computers and peripheral equipment	15-33	33

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) or the expected life of the leasehold improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized.

9. Research and development expenditures

Research and development (“R&D”) expenditures in respect of contracted service agreements, are recognized in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

10. Income taxes

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

a. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

b. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized, or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carry-forward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

11. Share-based payment transactions

The Group's employees, directors and other service providers are entitled to remuneration in the form of equity-settled share-based payments.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award (the "vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

12. Revenue recognition

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

a. Revenue from rendering of services:

Revenue from rendering of services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenue is recognized in the reporting periods in which the services are rendered. The Company charges its customers based on payment terms agreed upon in specific agreements. When payments are made before or after the service is performed, the Company recognizes the resulting contract asset or liability.

b. Income from carried interests in funds

The Group, through subsidiaries, is the General Partner ("GP") in three funds (see Note 8(A)). The GP is entitled to receive carried interests of 20% from the distribution of profits of the funds after repayment of the Limited Partners' investment in the funds. Income from these carried interests are recognized only to the extent it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

12. Revenue recognition (Cont.)

c. Income from services to Portfolio Companies

The Group, through its Incubators, provides the Portfolio Companies with services in the area of technology development, business development, capital raising, access to IIA grants and administrative support. In consideration for the Incubators' obligation pursuant to Track Benefit No. 3 of the IIA to provide these services to the Portfolio Companies over the two-year incubation period, the Group receives equity interests in the Portfolio Companies. The Group recognizes in its financial statements, deferred revenue in respect of the fair value of the benefit of these shares received from the IIA. Such deferred revenue is recognized over the two years of the incubation of the Portfolio Company. Under the Old Directive 8.3, upon obtaining an IIA loan, the benefit's value is computed as the difference between the amount of the loan from the IIA and its fair value, and under the Track Benefit No. 3, the benefit's value is computed as the difference between the fair value of the investment Portfolio Company and the supplementary funding invested by the Incubators see Note 15(A)(3)).

In addition, in accordance with IIA regulations, the Group receives monthly capped overhead reimbursement from the Portfolio Companies.

13. Grants received

Grants received are recognized when there is reasonable assurance that the grants will be received, and the Group will comply with the attached conditions.

Grants received from the IIA are recognized upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing sales.

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

At each reporting date, the Group evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid (since the Group will not be required to pay royalties) based on the best estimate of future sales and using the original effective interest method, and if so, the appropriate amount of the liability is derecognized against a corresponding reduction in research and development expenses or operating, general and administrative expenses.

Grants received from Enterprise Singapore ("ESG") in 2020 are recorded as a reduction of research and development expenses as the repayment of the grants is not presently probable - see Note 20.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

14. Earnings per share

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of ordinary shares outstanding during the period.

Potential ordinary shares (options, warrants and other convertible securities) are included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Potential ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

15. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

16. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

The Group uses derivative financial instruments, forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to OCI as the Group assesses its hedges as effective and are later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

17. Changes in accounting policies – initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards

In September 2019, the IASB published amendments to IFRS 9, "Financial Instruments", IFRS 7, "Financial Instruments: Disclosures" and IAS 39," Financial Instruments: Recognition and Measurement" (collectively - "the Amendment").

The Amendment permits certain temporary reliefs for entities applying hedge accounting for IBOR-based instruments which are affected by the uncertainty involving the expected interest rate benchmark reform. This reform has caused uncertainty relating to the timing and amounts of future cash flows from both hedging instruments and hedged items.

The Amendment is applicable for annual periods beginning on January 1, 2020.

The adoption of the Amendment did not have an effect on the Company's financial statements as of January 1, 2020, since the Company does not have any material IBOR-based hedge transactions which could be affected by the timing of the above reform.

C. Significant accounting judgments, estimates and assumptions

1. Judgments

Determination of control

The Group assesses whether it controls a company in which it holds the majority or less than the majority of the voting rights by reference to, among others, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders including voting patterns at previous shareholders' meetings, its ability to direct the relevant activities of a company, including any significant operating and financial activities as well as the appointment of key management personnel, its ability to appoint the majority of the board of directors, and consideration of substantive rights of the other vote holders.

2. Estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Significant accounting judgments, estimates and assumptions (Cont.)

2. Estimates and assumptions (Cont.)

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as growth rates, operating margins, discount rates and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques. See also Notes 7 and 9.

D. Disclosure of new standards in the period prior to their adoption

1. Amendments to IFRS 10 and IAS 28 regarding sale or transfer of assets between an investor and its associate or joint venture

In September 2014, the IASB issued amendments to IFRS 10 and IAS 28 (“the Amendments”) regarding the accounting treatment of the sale or transfer of assets (an asset, a group of assets or a subsidiary) between an investor and its associate or joint venture.

According to the Amendments, when the investor loses control of a subsidiary or a group of assets that are not a business in a transaction with its associate or joint venture, the gain will be partially eliminated such that the gain to be recognized is the gain from the sale to the other investors in the associate or joint venture. According to the Amendments, if the remaining rights held by the investor represent a financial asset as defined in IFRS 9, the gain will be recognized in full. If the transaction with an associate or joint venture involves loss of control of a subsidiary or a group of assets that are a business, the gain will be recognized in full.

The Amendments are to be applied prospectively. A mandatory effective date has not yet been determined by the IASB but early adoption is permitted.

2. Amendments to IAS 1, Presentation of financial statements

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial statements, (“the Amendments”) regarding the criteria for determining the classification of liabilities as current or non-current.

The Amendments include the following clarifications:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period;
- classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Disclosure of new standards in the period prior to their adoption (Cont.)

2. Amendments to IAS 1, Presentation of financial statements (Cont.)

The Amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. Earlier application is permitted.

The Company is evaluating the possible impact of the Amendments, but is currently unable to estimate their impact, if any, on the financial statements.

3. Amendments to IFRS 9 regarding the IBOR reform:

In August 2020, the IASB issued amendments to IFRS 9, “Financial Instruments” (“the Amendment”).

The Amendment provide practical expedients when accounting for the effects of the replacement of benchmark Interbank Offered Rates (IBORs) by alternative Risk-Free Interest Rates (RFRs).

Pursuant to one of the practical expedients, an entity will treat contractual changes or changes to cash flows that are directly required by the reform as changes to a floating interest rate. That is, an entity recognizes the changes in interest rates as an adjustment of the effective interest rate without adjusting the carrying amount of the financial instrument. The use of this practical expedient is subject to the condition that the transition from IBOR to RFR takes place on an economically equivalent basis.

In addition, the Amendment permit changes required by the IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued, provided certain conditions are met. The Amendment also provide temporary relief from having to meet the “separately identifiable” requirement according to which a risk component must also be separately identifiable to be eligible for hedge accounting.

The Amendment include new disclosure requirements in connection with the expected effect of the reform on an entity’s financial statements, such as how the entity is managing the process to transition to the interest rate reform, the risks to which it is exposed due to the reform and quantitative information about IBOR-referenced financial instruments that are expected to change.

The Amendment are effective for annual periods beginning on or after January 1, 2021. The Amendments are to be applied retrospectively. However, restatement of comparative periods is not required. Early application is permitted.

The Company is presently assessing the accounting implications, if any, of the transition from IBORs to RFRs on the financial instrument contracts that are expected to be in effect on the transition date, including the effects of the ap-plication of the above Amendments.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 3:- SHORT AND LONG-TERM BANK DEPOSITS

	The Group December 31,		The Company December 31,	
	2020	2019	2020	2019
Restricted short-term deposits	101	93	–	–
Short-term bank deposits*)	–	200	–	200
	101	293	–	200

*) Short-term bank deposits are deposits with maturities of more than three months from date of deposit. The deposits are in dollars and bear an annual interest of 2.2%.

	The Group December 31,		The Company December 31,	
	2020	2019	2020	2019
Long-term bank deposits*)	4,127	–	4,127	–
	4,127	–	4,127	–

*) Long-term bank deposits with a principal amount of $4,000 mature in January 2022. The deposits are comprised of four tranches of $1,000 each. Each tranche bears interest based on the extent to which share prices of a group of five publicly traded shares specified in that tranche reach a pre-determined target by the maturity date. The balance at December 31, 2020, was calculated based on the historical performance of the share prices through that date representing future performance until maturity. Changes in the carrying amount in 2020 in the amount of $127 are recorded in Financial Income in profit or loss.

NOTE 4:- ACCOUNTS AND OTHER RECEIVABLES

	The Group December 31,		The Company December 31,	
	2020	2019	2020	2019
Trade receivables*)	55	258	128	314
Short-term receivables from the sale of ApiFix**)	2,141	–	–	–
Government authorities	27	150	(20)	13
Related Parties	132	164	906	–
Others	343	152	111	86
	2,698	724	1,125	413

*) Trade receivables are non-interest bearing and are generally on terms of 90 days. As of December 31, 2020, and 2019, trade receivables were neither past due nor impaired.

**) See note 9(B)(2).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 5:- SHORT-TERM LOANS TO PORTFOLIO COMPANIES

	The Group December 31,		The Company December 31,	
	2020	2019	2020	2019
To Portfolio Companies - related parties[1]	19	160	–	–

(1) The loans bear interest of 4% per annum for the years ended on December 31, 2020 and 2019.

NOTE 6:- PROPERTY, PLANT AND EQUIPMENT, NET

The Group

	Leasehold improvements	Office furniture and equipment	Computers and peripheral equipment	Total
Cost:				
Balance as of January 1, 2019	1,276	372	551	2,199
Additions	45	90	106	241
Balance as of December 31, 2019	1,321	462	657	2,440
Additions	347	27	105	479
Disposals	–	(2)	(217)	(219)
Balance as of December 31, 2020	1,668	487	545	2,700
Accumulated depreciation:				
Balance as of January 1, 2019	753	185	309	1,247
Depreciation	166	60	102	328
Balance as of December 31, 2019	919	245	411	1,575
Depreciation	114	56	79	249
Disposals	–	–	(83)	(83)
Balance as at December 31,2020	1,033	301	407	1,741
Depreciated cost:				
Balance as of December 31, 2020	635	186	138	959
Balance as of December 31, 2019	402	217	246	865

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 6:- PROPERTY, PLANT AND EQUIPMENT, NET (Cont.)

The Company

	Leasehold improvements	Office furniture and equipment	Computers and peripheral equipment	Total
Cost:				
Balance as of January 1, 2019	106	104	401	611
Additions	1	8	14	23
Balance as of December 31, 2019	107	112	415	634
Additions	1	1	36	38
Disposals	–	–	(217)	(217)
Balance as of December 31, 2020	108	113	234	455
Accumulated depreciation:				
Balance as of January 1, 2019	46	52	184	282
Depreciation	11	8	65	84
Balance as of December 31, 2019	57	60	249	366
Depreciation	11	8	19	38
Disposals	–	–	(79)	(79)
Balance as at December 31,2020	68	68	189	325
Depreciated cost:				
Balance as of December 31, 2020	40	45	45	130
Balance as of December 31, 2019	50	52	166	268

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT

A. The following table presents the fair value measurement hierarchy for the Group's investments and loans.

	The Group							
	December 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Portfolio Companies	–	–	83,730	83,730	–	–	102,825	102,825
Long-term bank deposits	–	–	4,127	4,127	–	–	–	–
Contingent consideration receivable	–	–	2,898	2,898	–	–	–	–
	–	–	90,755	90,755	–	–	102,825	102,825
Financial liabilities								
Derivative financial instruments	–	272	–	272	–	175	–	175
Loans from IIA	–	–	2,626	2,626	–	–	3,567	3,567
	–	272	2,626	2,898	–	175	3,567	3,742

	The Company					
	December 31, 2020			December 31, 2019		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Long-term bank deposits	–	4,127	4,127	–	–	–
Financial liabilities						
Derivative financial instruments	223	–	223	175	–	175

B. **Valuation process and techniques**

Valuations are the responsibility of the Group's management and the board of directors of the Company.

Investment in privately held Portfolio Companies - Level 3

The valuation of significant Portfolio Companies is performed by an external independent valuator.

The valuations are also subject to quality assurance procedures performed by Group's management. The Group's management verifies the major inputs applied in the latest valuation by comparing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the Group's management.

The Group's management considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are four valuation methodologies available which were used in the valuation of the Portfolio Companies: income approach, market approach, cost approach and option pricing model. A brief discussion of each methodology follows.

1. Income Approach

The income approach utilizes a procedure generally known as the discounted cash flow ("DCF") method of valuation. The DCF method measures value by reference to an enterprise's expected future debt-free cash flows from business operations. This typically involves a projection of income and expense and other sources and uses of cash, the assignment of a terminal (or residual) value at the end of the projection period that is reasonably consistent with the key assumptions and long-term growth potential of the business, and a determination of an appropriate discount rate that reflects the risk of achieving the projections. Factors that form the basis for expected future financial performance include:

- Historical and projected growth rates;
- Business plans or operating budgets for the enterprise in question;
- Prevailing relevant business conditions and industry trends, including growth expectations in light of general market growth, competitive environment and market position;
- Anticipated needs for working and fixed capital;
- Historical and expected levels and trends of operating profitability.

A projection period of annual free cash flows plus an estimated terminal value, which represents the value of the business enterprise beyond the projection period, are discounted to present value through the application of a discount rate that reflects the weighted average cost of capital for the enterprise.

The present value of aggregate annual free cash flows plus the terminal value represents the total capital or the net asset value of the operating entity, which equals the combined debt and equity capital or enterprise value of the company.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation (Cont.)

2. Market Comparable Approach

The market comparable approach examines either publicly traded companies or acquisitions of privately held companies within the same industry as the subject business entity. Market-derived multiples based on such measures as earnings, book value, cash flow and revenues are typically applied to the appropriate financial indicators of the subject entity to determine a range of total capital values for the business.

Companies might typically be considered comparable even though their product mixes or corporate sizes differ, so long as valuation ranges are rationalized in terms of relative financial performance and capital structure considerations such as:

- Historical and prospective growth;
- Absolute and relative profit margins and cost determinants;
- Capital structure (leverage);
- Liquidity

3. Cost Approach

The underlying premise when using the cost approach is that the book value or cost of an asset is equal to its fair value. Certain adjustments are made to assets on a case-by-case basis if this premise does not hold true. This approach is an important tool for determining the fair value of companies in a very preliminary development stage, particularly when reliable data relating to revenue forecasts are not available.

4. Option Pricing Model (“OPM”)

The OPM is a generally accepted valuation model used in evaluating companies with different classes of shares. The OPM considers the various terms of the stockholder agreements that would affect the distributions to each class of equity upon a liquidity event, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date. The OPM (or a related hybrid method) is the most appropriate method to use when specific future liquidity events are difficult to forecast.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation (Cont.)

4. Option Pricing Model ("OPM") (Cont.)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average) % 2020	Range (weighted average) % 2019	Sensitivity of the input to fair value
Investments in Portfolio Companies	DCF - Expected royalties	Long-term growth rate for cash flows for subse-quent years	3.9-5.8	3.8-5.8	Increase (decrease) in the growth rate would result in increase (decrease) in fair value
		NPV discount rate	1.93	2.56	Decrease (increase) in the NPV discount rate would re-sult in increase (decrease) in fair value
	Market Comparable Approach	Revenue Multiplier	1.36-4.13 (2.87)	1.82-4.46 (3.2)	Increase (decrease) in the revenue multiplier would result in increase (decrease) in fair value
		Weighted average cost of capital (WACC)	30-50 (40)	30-50 (38)	Change in WACC rate would result in increase (decrease) in fair value
	Cost Approach	Weighted average cost of capital (WACC)	48-60 (53)	25-60 (45)	Change in WACC rate would result in increase (decrease) in fair value
Loans from IIA	Black and Scholes formula for option pricing	Expected term (years)	2.71-4 (3.38)	0.42-5 (2.3)	Increase (decrease) in the parameter would result in decrease (increase) in fair value
		Expected volatility (annual)	46-119 (77)	70-119 (63)	
		Risk free interest rate	-0.9- -0.52 (-0.01)	-0.7-1.2 (-0.1)	
	Present value of the expected cash flows	Risk adjusted discount rate	7.2-8.8 (0.08)	1.9 - 12.8 (7.3)	

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

D. Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy in financial instruments:

	The Group	
	Investment in Portfolio Companies	Loans from IIA
As of January 1, 2019	97,226	(2,974)
Total unrealized gain (loss) recognized in profit or loss*)	2,646	(358)
Total realized gain (loss) recognized in profit or loss *)	1,107	–
Additions	1,846	(235)
As of December 31, 2019	102,825	(3,567)
Total unrealized gain (loss) recognized in profit or loss*)	(10,996)	1,082
Total realized gain (loss) recognized in profit or loss *)	–	–
Additions	(8,099)	(141)
As of December 31, 2020	83,730	(2,626)

*) Realized and unrealized gains on investments in Portfolio Companies are recorded in "gain (loss) from change in fair value of investments in Portfolio Companies" and realized and unrealized gains (loss) on loans from IIA are recorded in "Financial income (expenses)".

NOTE 8:- INVESTMENT IN INVESTEES

The Company holds 50% in Maryland Israel/Trendlines Fund GP LLC ("GP"), which is the general partner of Maryland Israel/Trendlines Fund LP ("MITF"), a venture capital fund of approximately $4,300 of committed capital raised from various limited partners. MITF does not pay management fees. The GP is entitled to receive 20% of MITF's net profit (the "20% carry"), to be paid only after the limited partners' capital is paid back by way of distributions by MITF to its limited partners. In 2020 MITF disposed of some of its holdings. MITF has not yet reached the value or realization that would entitle the GP to receive the 20% carry.

The Bayer Trendlines Ag Innovation Fund with AgFund GP as the GP – as of December 31, 2020 The Bayer Trendlines Ag Innovation Fund invested in 3 companies (simultaneously with the investment and / or establishment of the same 3 companies as part of our portfolio companies). The Bayer Trendlines Ag Innovation Fund does not pay management fees (except for participation in part of the salary of one employee), did not disposed of any of its holdings and has not yet reached the value or realization that would entitle the GP to receive the 20% carry.

In November 2019, the Company announced the first close of a fundraising round for its new Trendlines Agrifood Fund Pte Ltd. (the "Fund") with Trendlines Venture Holdings as a GP, together with the beginning of operations of the Trendlines Agrifood Innovation Centre in Singapore ("AFIC"). As of December 31, 2020, the investors committed to invest $17,000 in redeemable shares of the Fund. In addition, there is a commitment for an additional $6,000, if and when the Fund will reach a total funding of $40,000. As of the date of the approval of the financial statements, the Fund had called and received $4,293.

AFIC as the fund manager has responsibility for identifying and sourcing investments for the Fund. As of December 31, 2020, the Fund has invested in 3 companies, one of which is also held by the Company as a portfolio company, and another company in which AFIC holds 5%. AFIC is entitled to 2% of the committed amount as a management fee. The GP will receive a 20% carried interest from the profits of the Fund after full repayment of the initial investments of the fund investors and a hurdle interest of 6%. As of December 31, 2020, the GP is not entitled to any carried interest from the Fund.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES

A. Information on Portfolio Companies

The following is the number of Portfolio Companies and fair value:

	December 31, 2020		December 31, 2019	
	Fair Value	Number of Companies	Fair Value	Number of Companies
Companies in Incubation Period	4,564	5	10,449	13
Incubator Graduate Companies(1)	75,123	36	88,277	32
Other Portfolio Companies	4,043	4	4,099	2
	83,730	45	102,825	47

(1) Includes one Portfolio Company whose fair value amounts to approximately $17,664 at December 31, 2020, and $27,632 at December 31, 2019 (see also Note 9(B)1). Includes another Portfolio Company, whose fair value amounts to approximately $ 7,390 at December 31, 2020 and $ 4,076 at December 31, 2019.

B. Sale transactions

1. In November 2014, Stimatix GI ("Stimatix") a Portfolio Company held by Medical, signed an Asset Purchase Agreement with a third-party strategic partner, which became a shareholder upon the IPO of the Company (the "Licensee"), structured as an asset acquisition for the Portfolio Company's developed medical device product (the "Product"), for cash consideration and for royalties on future net sales. Stimatix is bound to a confidentiality agreement and therefore additional details of the agreement cannot be disclosed. In May 2019, Medical received an additional dividend distribution from the Portfolio Company in the amount of approximately $1,107, the dividend distributions representing Medical's share of a portion of the cash consideration received from the Licensee.

   The fair value of this Portfolio Company at December 31, 2020 and 2019 is $17,664 and $27,632, respectively, which fair value is based on the DCF method. Following are certain factors that could have a significant impact on the valuation.

   The Product is in a highly competitive market with significant barriers to entry. The leading manufacturers have been active in this market for a number of years and currently control over 85%-90% of the revenues in the market. The Product has distinct technical advantages over the products of competitors and initial studies have shown that a product of this type has a high preference rate among current users.

   The Product has obtained regulatory clearance in certain major markets. In order for the Product to be successful, the patients will need to be adequately reimbursed in those markets. Although the risk of not getting adequate reimbursement is considered to be low due to the pricing strategy of parity with products of competitors, the process of arranging to ensure adequate reimbursement requires time and could delay entry into the major markets.

   The Group is presently not aware of any existing product of competitors that incorporates the advantageous technological features of the Product. However, it is possible that an alternative product with such features is presently under development or could be fully developed in a period of time which could adversely affect the market share of the Product.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES (Cont.)

B. Sale transactions (Cont.)

The ultimate success of the Product in penetrating the market and achieving market share is dependent on, among others, an investment in significant resources and management commitment by the Licensee. The Licensee is a large multinational company with financial and other resources that the Group believes will be sufficient to support a successful launch and commercialization of the Product. Also, the Licensee is a current player in the market with knowledge of the market and existing infrastructure to support the sales of the Product. Although there are indications that the Licensee is currently committed to invest the necessary resources, neither the Group nor Stimatix have any control over the activities of the Licensee in respect of the Product and actual investments in resources could be lower than expected which could have an adverse effect on the valuation.

2. In April 2020, ApiFix Ltd. a Portfolio Company held by Medical was acquired by Nasdaq-traded OrthoPediatrics Corp. The Acquisition was signed and closed on 1 April 2020, and at this date Trendlines held 18.62% of ApiFix. At closing, ApiFix shareholders received an aggregate of 934,783 new common shares of OrthoPediatrics stock and US$0.8 million in cash, representing approximately US$38 million (based on the March 31, 2020 OrthoPediatrics closing share price of US$39.64 per share). Additionally, guaranteed milestone payments (“Anniversary Payments”), in the form of cash, or cash and OrthoPediatrics common shares, will be made as follows: (i) US$13 million, of which at least 25% will be paid in cash, on the second anniversary of the Closing Date, provided that such payment will be paid earlier if 150 clinical procedures using the ApiFix System are completed in the United States before such anniversary date; (ii) US$8 million, of which at least 25% will be paid in cash, on the third anniversary of the Closing Date; and (iii) US$9 million, of which at least 25% will be paid in cash, on the fourth anniversary of the Closing Date. In addition, to the extent that the product of OrthoPediatrics’ revenues from the ApiFix System for the twelve months ended June 30, 2024 multiplied by 2.25 exceeds the US$17 million Anniversary Payments actually made for the third and fourth years, OrthoPediatrics will pay the ApiFix shareholders the amount of the excess (“Earnout”). The Company is entitled to its proportionate share of the consideration for the Acquisition based on its 18.62% interest in ApiFix at closing, or approximately US$13.7 million.

The table below presents the Company’s share of the consideration from the sale of ApiFix calculated at its fair value based on a valuation at the closing date:

Closing Date Payment (a)	6,659
Second Year Anniversary Payment (b)	2,086
Third Year Anniversary Payment	1,262
Fourth Year Anniversary Payment	1,397
Contingent Consideration based on Earnout (c)	2,318
Total Consideration	$ 13,722

(a) Shares of OrthoPediatrics and $135 in cash
(b) Receivable earlier if certain performance target is met – see below.
(c) Significant assumptions:

The assumptions underlying the calculation of the fair value of the contingent consideration at December 31, 2020, include forecasted revenue ($34,000), expected volatility of revenues (33%) and the weighted average cost of capital (27.5%). Material changes in these assumptions would have a significant impact on the fair value of the contingent consideration.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES (Cont.)

B. Sale transactions (Cont.)

During October 2020, Trendlines sold all of its holdings in OrthoPediatrics shares at an amount of $9,001 resulting in a gain of $2,014. According to an updated valuation as of December 31, 2020, the Company recorded the Second Year Anniversary Payment in the amount of $2,141 in current Accounts and Other Receivables, due to the Company's estimation (based on public information provided by OrthoPediatrics) that the performance target will be met in 2021. Based on the updated valuation, the Company recorded the Third Year and Fourth Year Payments in the amount of $2,696 in non-current Accounts and Other Receivables and recorded Contingent Consideration Receivable in an amount of $2,898. The changes in the Anniversary Payments from the closing date to December 31, 2020, were due to the accretion of interest.

The gain on the sale of the OrthoPediatrics shares and the income from the changes in the Anniversary Payments and Contingent Consideration Receivable in the aggregate amount of $2,686 are recorded in Financial Income in profit or loss.

C. Other information

As COVID-19 continues to make its impact around the world, so, too, has it affected Trendlines.
To date, Trendlines has not experienced material constraints to our activities, in part due to our proactive mitigation strategies to avoid operational risks as well as our efforts to manage the impact of the pandemic on various aspects of our business and our portfolio companies.

One of our first responses to COVID-19 was to review the budgets of our portfolio companies with the objective of reducing expenses and lengthening their financial runways during this time of financial uncertainty. The portfolio companies most affected by the pandemic were those that launched sales during the first half of the year and found it difficult to support the sales process since they could not travel to potential customers and support their distributors. Fortunately, our revenue-stage portfolio companies generally found ways to work through the challenges and, while their 2020 sales were reduced in some cases, we are cautiously optimistic and believe that sales levels will begin to recover in 2021.

Trendlines proactively initiated communications very early on in the pandemic to express the Group's COVID-19 related efforts to investors and other stakeholders regarding the Company and our portfolio companies. A principal concern of Trendlines' management remains the communication of important information to our shareholders; accordingly, we shifted all investor relations efforts to digital platforms. There has been a major impact on our ability to travel and meet with potential investors face-to-face; this has delayed completion of the Agrifood Fund capital raise. All throughout the year, we ensured that our digital communication channels remained open and accessible, and conducted meetings with investors via virtual conferencing tools to mitigate communications challenges.

Our employees' health, safety, and well-being remain paramount, and we have supported our employees in every way we can. Each of the countries in which we operate has instituted rules and restrictions that we scrupulously adhere to and typically exceed with tighter restrictions and longer closures. We will continue to be highly focused on the physical and mental well-being of our staff, companies and all with whom we work.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 10:- IFRS 16, "Leases"

The Group companies lease their premises and vehicles for various periods, the latest of which ends in 2028.

Right of use assets

Cost	
Balance as of January 1, 2019	2,666
Additions	54
Balance as of December 31, 2019	2,720
Additions	485
Balance as of December 31, 2020	3,205
Accumulated depreciation	
Balance as of January 1, 2019	–
Depreciation charge	474
Balance as of December 31, 2019	474
Depreciation charge	609
Balance as of December 31, 2020	1,083
Cost, net accumulated depreciation	
At January 1, 2019	2,666
At December 31, 2019	2,246
At December 31, 2020	2,122

a. Information on leases:

	Year ended December 31, 2020	Year ended December 31, 2019
Interest expense on lease liabilities	179	182
Total cash outflow for leases	650	521

b. Lease extension options:

The Company has leases that include extension options. These options provide flexibility in managing the leased assets and align with the Company's business needs.

The Company exercises significant judgement in deciding whether it is reasonably certain that the extension options will be exercised.

In leases of office space, the Company generally includes in the lease term the exercise of extension options existing in the lease agreements. In these leases, the Company usually exercises the extension option to avoid a significant adverse impact to its operating activities in the event that an alternative asset is not available immediately upon termination of the noncancelable lease period.

c. For an analysis of maturity dates of lease liabilities, see Note 13A.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 11:- TRADE AND OTHER PAYABLES

	The Group December 31,		The Company December 31,	
	2020	2019	2020	2019
Trade payables	48	68	–	23
Employees and payroll accruals	288	378	161	286
Accrued vacation pay	290	244	172	139
Accrued expenses	1,053	1,226	252	654
Other payables	–	229	11	188
	1,679	2,145	595	1,290

NOTE 12:- LOANS FROM THE ISRAEL INNOVATION AUTHORITY

Composition of Loans from the IIA:

	The Group December 31,		The Company December 31,	
	2020	2019	2020	2019
Old 8.3 Loans (see Note 15(A)(4))	773	1,653	–	–
Operation Loans (see Note 15(A)(5))	1,853	1,914	–	–
	2,626	3,567	–	–

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- FINANCIAL INSTRUMENTS

A. Financial risk management objectives and policies:

The Group's activities expose it to various financial risks such as market risk and liquidity risk. The Group focuses on activities that reduce to a minimum any possible adverse effect on the Group's financial performance.

The Company is exposed to market risk, and foreign currency risks. The Company's senior management is updating the audit committee and the board on those risks periodically, those risks are measured and managed in accordance with the Company's policies and objectives. All derivative activities for risk management purposes are carried out by the finance team that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board reviews and approves the policies for each of the risks summarized below.

Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises principally foreign currency risk and share price risk. Financial instruments affected by market risk include, among others, cash and cash equivalents, bank deposits, lease liabilities and contingent consideration receivable.

The sensitivity analysis presented below relate to the positions as of December 31, 2020 and 2019. The sensitivity analysis for contingent consideration receivable is provided in Note 9(B)(2).

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates.

The Company's exposure to foreign currency risk relates primarily to cash and cash equivalents, lease liabilities and to certain operating expenses denominated in New Israel Shekel (NIS).

As of December 31, 2020, the Company has financial assets of cash and cash equivalents in NIS in relation to the US $ totaling approximately $1,834 (December 31, 2019: approximately $1,816).

The Company manages a portion of its foreign currency risk by hedging transactions – see Note 13(C).

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity test to a reasonably possible change in NIS in relation to the US$ exchange rate, with all other variables held constant.

	Change in NIS rate	**Effect on income before tax**
2020	5%	90
	(5%)	92
2019	5%	91
	(5%)	91

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- FINANCIAL INSTRUMENTS (Cont.)

A. Financial risk management objectives and policies: (Cont.)

Share price risk:

The Group's investments in long-term deposits are sensitive to market price risk arising from uncertainties about the future value of certain underlying publicly traded shares and their corresponding effect on the interest to be earned on these deposits. The Group manages the price risk through the structured deal, which guarantee the principle of the investment.

As of December 31, 2020, decrease of 10% in the price of all the underlying shares could have an impact of approximately $50 on income before taxes.

Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations as a customer or under a financial instrument leading to a loss to the Group. The Group is exposed to credit risk primarily from its receivables arising from the sale of ApiFix (see Note 9(B)(2) and from its cash and deposits with banks.

Credit risk from the Group's receivables arising from the sale of ApiFix is managed by the Group subject to the Group's policy, procedures and control relating to customer credit risk management. Credit quality is assessed based on a credit analysis and rating are defined in accordance with this assessment. The Group does not hold collateral as security for these receivables.

Credit risk from balances with banks is managed by the Group's management in accordance with the Group's policy. Investments of funds are made only with high credit-quality institutions.

Liquidity risk:

The table below presents the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

The Group:

As of December 31, 2020:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	1,679	–	–	–	–	–	1,679
Lease liability	719	643	340	255	255	765	2,977
Loans from IIA*)	6,484	1,035	–	2,290	4,355	708	14,872
	8,882	1,647	340	2,545	4,610	1,473	19,528

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- FINANCIAL INSTRUMENTS (Cont.)

A. Financial risk management objectives and policies: (Cont.)

Liquidity risk: (Cont.)

As of December 31, 2019:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	2,143	–	–	–	–	–	2,143
Lease liability	579	525	463	270	237	949	3,023
Loans from IIA*)	–	8,861	1,604	–	–	1,528	11,993
	2,722	9,386	2,067	270	237	2,477	17,159

The Company:

As of December 31, 2020:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	597	–	–	–	–	–	597

As of December 31, 2019:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	1219	–	–	–	–	–	1219

*) The amounts presented represent the full liability based on the principal amounts and accrued interest. As mentioned in Note 15(A)(4), the loans under the Old Directive 8.3 can be settled by surrendering the pledged shares of the Portfolio Companies and may be extended annually by an additional year for the eight years period following the end of the incubator period of the Portfolio Company.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- FINANCIAL INSTRUMENTS (Cont.)

A. Financial risk management objectives and policies: (Cont.)

Liquidity risk: (Cont.)

Changes in liabilities arising from financing activities:

	Lease liability	Loans from IIA
Balance as of January 1, 2019	2,666	2,974
Additions	54	235
Repayments	(645)	(34)
Effect of changes in exchange rates	481	257
Effect of changes in fair value	–	135
Balance as of December 31, 2019	2,556	3,567
Balance as of January 1, 2020	2,556	3,567
Additions	485	176
Repayments	(650)	(35)
Effect of changes in exchange rates	575	181
Effect of changes in fair value	–	(1,263)
Balance as of December 31, 2020	2,966	2,626

B. Fair Value:

Management believes that the carrying amount of short-term deposits, short-term loans, accounts and other receivables, and trade and other payables approximate their fair value due to the short-term maturities of these instruments.

C. Cash flow Hedging activities and derivatives:

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future expenses in NIS. The changes in the fair value of the hedging instruments are measured through OCI, as the Group assesses them as effective.

NOTE 14:- TAXES ON INCOME

A. Tax rates applicable to the Group:

The Israeli corporate tax rate is 23% in 2019 and 2020.

B. Final tax assessments:

The Company and its Subsidiaries have not received final tax assessments since their incorporation, however, self-assessments are deemed final through 2013 tax year.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- TAXES ON INCOME (Cont.)

C. Carry-forward losses for tax purposes:

Carry-forward operating tax losses of the Company and the Israeli subsidiaries total approximately $48,832 as of December 31, 2020. There is no expiration date for the utilization of the carry-forward losses. Deferred tax assets of $7,845 relating to these losses were recognized in the financial statements.

Deferred tax assets of $6,645 were recognized in 2020 in respect of carryforward losses of Trendlines Group due to a tax-free merger of Trendlines Group and Trendlines Incubators Israel that was deemed completed at December 31 ,2020. The merger enables Trendlines Group to utilize its carry-forward losses over an initial 10 year period, subject to certain limitations (and thereafter with no limitations), against taxable income arising from the future sales of portfolio investments which have been revalued for financial reporting purposes, and in respect of which deferred tax liabilities have been recorded.

D. Deferred taxes:

	Statements of financial position				Statements of profit or loss	
	The Group		The Company			
	December 31,		December 31,		Year ended December 31,	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Deferred tax liabilities:						
Investment in Portfolio Companies at fair value	11,381	17,402	–	–	(6,187)	1,364
Loans from IIA	3,306	2,750	–	–	556	(128)
	14,687	20,152	–	–	(5,631)	1,236
Deferred tax assets:						
Carry-forward tax losses	8,626	4,752	6,645	–	(3,708)	(839)
Deferred revenues	131	625	–	–	494	530
Other	418	267	–	–	(152)	(95)
	9,175	5,644	6,645	–	(3,365)	(404)
Deferred tax expense (benefit)					(8,996)	832
Deferred tax liabilities, net	5,512	14,508	6,645	–		

The deferred taxes are computed at the tax rate of 23% based on the tax rates that are expected to apply upon realization.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- TAXES ON INCOME (Cont.)

E. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income, expenses, gains and losses in profit or loss were taxed at the statutory tax rate and the taxes on income recorded in profit or loss is as follows:

	Year ended December 31,	
	2020	**2019**
Income (loss) before income taxes	(12,947)	137
Statutory tax rate	23%	23%
Tax computed at the statutory tax rate	(2,978)	32
Increase (decrease) in taxes on income resulting from the following:		
Unrecognized temporary differences	38	120
Increase in unrecognized tax losses	511	1,062
Differences in measurement basis	(445)	(429)
Utilization of previously unrecognized tax losses	(6,645)	–
Non-deductible expenses for tax purposes	60	8
Other	463	39
Taxes on income (tax benefit)	(8,996)	832

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

A. Medical and Agtech - Incubators operating under the IIA Regulations

1. The Israeli Research and Development Law

The IIA is responsible for implementing the Israeli government’s policy of encouraging and supporting industrial research and development in Israel through the R&D Law. Any entity receiving funding from the IIA is subject to the Israeli Law for Encouragement of Industrial Research and Development, 5744-1984 (the “R&D Law”).

The IIA provides a variety of support programs within the framework of directives issued by the Director-General of the Israeli Ministry of Economy. Under the R&D Law, R&D projects that meet certain specified criteria and are approved by the IIA designated committee are eligible for grants.

In most of the IIA sponsored programs the recipient company repays the grants through royalty payments from revenues generated by the sale of products and/or services developed in the framework of the approved R&D program. Royalties are payable to the IIA in order to cover the amount of the grant, and are repaid with interest at the LIBOR rate, as prescribed under the R&D Law.

The R&D Law places strict constraints on the transfer of know-how and/or manufacturing rights, and all such transfers are subject to the absolute discretion of an IIA designated committee. Any such transfers require prior written approval of such committee and may entail additional payment at the discretion of the IIA.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

2. Incubator Activity Under Track Benefit No. 3 (Cont.)

The key material provisions of Track Benefit No. 3 are as follows:

Government funding is granted directly to the Portfolio Companies and not as a loan to the Incubators (as with Old Directive 8.3) in an amount equal to 85% of the approved budget.

The Incubators are required to invest the supplementary funding (15% of the approved budget), in the Portfolio Company in exchange for shares in the Portfolio Companies.

Repayment of the grants by the Portfolio Companies is through royalties from sales of the Portfolio Companies, according to the R&D Law and the related regulations (see Note 15(A)(1)).

Typically, the approved budget per new Portfolio Company that operates in the Incubator program is approximately NIS 2,000 (approximately $580). As Trendlines Israel Incubators is a Peripheral Incubator, the Portfolio Company is entitled to a higher budget of NIS 2,500 (approximately $720), in the Agtech field and on medical device projects, of NIS 3,000-3,500 (approximately $865-$1,010).

The Incubators are obligated to fund the fixed operating costs of each Incubator in an amount equivalent to 15% of the project budget.

In exchange for its investment, for the funds brought by the Incubator from the IIA, and for support, the incubators can receive up to 50% equity in a Portfolio Company, (and up to 85% for a Portfolio Company based on a technology licensed from a research institution).

3. Incubator Obligations and Rights Related to Portfolio Companies under Old Directive No. 8.3

Under Old Directive 8.3, the IIA provided the Trendlines Incubators with a loan of up to 85% of the approved budget per Portfolio Company (the “government funding”) for investment in each Portfolio Company.

In addition, the Trendlines Incubators invested the 15% supplementary funding in each Portfolio Company.

In exchange for the government funding and for financing the Portfolio Companies, the Trendlines Incubators received 25% - 65% of the share capital of each Portfolio Company.

Additionally, in exchange for financing the overhead operation expenses of the Trendlines Incubators, the Trendlines Incubators received up to 5% of the shares of each Portfolio Company admitted into the Incubator (“Operating Shares”).

The IIA has a first lien over 50% of these operating shares as security for the operations loans received (see Note 15(A)(6) below).

4. Return of IIA Loans for Portfolio Companies by Trendlines Incubators Under Old Directive 8.3

The terms of the loans which were granted to the Trendlines Incubators for Portfolio Companies according to the Old Directive 8.3 are:

a) Upon sale of shares of a Portfolio Company, the Incubator Companies will repay the State of Israel at least 25% of the consideration received or the balance of the loan for the Portfolio Company if it is lower.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

4. Return of IIA Loans for Portfolio Companies by Trendlines Incubators Under Old Directive 8.3 (Cont.)

b) Upon receipt of dividends from Portfolio Companies, the Incubator Companies will repay the State of Israel at least 25% of the dividend or the balance of the loan for the Portfolio Company if it is lower.

c) The Incubator Companies shall repay the loan plus interest as set out by the "Adjudication of Interest and Linkage Law - 1961" four years following the end of the incubator period of the Portfolio Company ("Repayment Date"), except for the following:

1. A loan Repayment Date may be extended annually by an additional year, to the later of (1) December 31, 2014 or (2) eight years following the end of the incubator period of the Portfolio Company.

2. In consideration for prolonging the Repayment Dates of loans when their Repayment Dates are up to December 31 of a certain year, the Incubator Companies shall pay the State of Israel, until March 1 of the following year, 1% of the balance of those loans, but not to exceed NIS 200 (approximately $55) linked to the Consumer Price of July 2011.

In the event that the loans are not repaid as mentioned above, the IIA will have the right to exercise the lien on the pledged shares of the Portfolio Company in order to settle the balance of the Government Funding for the Portfolio Company (see Note 15(A)(7) below).

5. Return of Loans for Incubator Operations

Through its franchise period, Agtech which was situated in a national priority region, had benefits from its status of Peripheral Incubator. For the purpose of operating loans, Agtech was entitled to a loan for each year of activity in an amount not to exceed approximately $175. Starting from January 1, 2016, Medical is defined as peripheral incubator and is entitled to a loan for each year of activity in an amount not to exceed approximately $175.

The Operations Loans will be returned to the State as follows:

a) Operations Loans that were granted under Track Benefit No. 3 - the incubator will repay 25% of the proceeds from the sale of shares of a Portfolio Company or dividend received from the Portfolio Companies, until the Operations Loan is repaid in full, including interest.

b) Operations Loans that were received under Old Directive 8.3, before January 2011 - the incubator will repay the loans to the IIA upon the earlier of the following dates:

a. After seven years from the start of the agreement period (i.e., September 1, 2017).

b. Upon the sale of shares of a Portfolio Company that was established during the agreement period, the incubator will repay the Operations Loan from proceeds from the sale of the Operating Shares of such sale, until full repayment of the Operations Loan, including interest.

c. In the case where the incubator does not return the Operations Loan within the period specified by the State, the State may exercise its lien on the Operating Shares to receive shares in the Portfolio Company. As of December 31, 2020, the State has not exercised its lien over the Operating Shares. See Note 15(A)(6) for description of the liens.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES (Cont.)

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

6. Pledges and Liens According to Old Directive 8.3

a. In the framework of the Incubator Program, the Trendlines Incubator are obligated to fund annual operating expenses of approximately $330 for the incubator. In order to secure this commitment, the Trendlines Incubator provided a bank guarantee for the benefit of the State of Israel in an amount equal to 50% of the investment amount (as a peripheral incubator) (approximately $165) in Medical. This guarantee is in effect until the end of the three months following the termination of the agreement.

b. As security for the government funding, the Portfolio Companies, and the fixed expenses for operation under Old Directive 8.3, the State of Israel has first lien over the shares in the Portfolio Companies held by the Trendlines Incubator. This lien includes 50% of the operational shares held by Agtech. Accordingly, in the case where the investment in a Portfolio Company is written-off, the Government Funding for the Portfolio Company will be written-off as well and the pledged shares of the Portfolio Company will be available to the State of Israel.

7. Incubator Activity under Directive No. 8.2

The Trendlines Incubators functioned as non-profit entities until August 31, 2007. Under Directive 8.2 the IIA committed a grant of up to 100% of the approved budgetary finance for the operation of each Incubator.

In the event that the Incubator sells its shares in the Portfolio Companies (admitted under Directive 8.2), the Incubator will refund 25% of its consideration from the sale of the said Portfolio Company shares to the Israeli government, not to exceed the amount of the Israeli government Grant for each Incubator.

The balance of the proceeds of the sale must be invested in the Incubator for the purpose of increasing its operating budget, including investments in Portfolio Companies.

B. Other

In January 2018, a claim was filed against the Company and its CO-CEO's and CO-chairs in the amount of NIS 558 thousand (approximately $174), claiming that the Company was committed to pay the complainant success fees for certain investments in the Company by a specific investor.

Due to multiple extension requests the preliminary proceedings have only recently been completed. A court hearing is scheduled for May 2021. The Company, based on the advice of its legal counsel, estimates that it is probable (more likely than not) that the Company will not be required to pay success fees in a material amount. Accordingly, no provision has been recorded in the financial statements in respect thereof.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 16:- EQUITY

A. Composition of Equity

	December 31, 2020		December 31, 2019	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Ordinary shares NIS 0.01 par value	1,500,000,000	791,191,382	1,500,000,000	791,191,382

B. Movement in share capital

1. On August 6, 2019, the Company completed the allotment and issuance of 103,619,048 new Ordinary shares at a Placement Price of S$0.1050 per share for gross proceeds of S$10,880 thousand. The Company received net proceeds of approximately S$10,820 thousand (approximately $8,000).

2. On December 23, 2019, the Company completed the allotment and issuance of 78,830,585 new Ordinary shares at a Placement Price of S$0.1050 per share for gross proceeds of S$8,277 thousand. The Company received net proceeds of approximately S$8,130 thousand (approximately $6,000).

3. Issued and outstanding shares:

	Number of shares
Balance at January 1, 2019	608,741,749
Issuance of shares	103,619,048
Issuance of shares pursuant to Rights Issue	78,830,585
Balance at December 31, 2019 and 2020	791,191,382

C. Capital management

The Company's objectives for managing capital are:

- To preserve the Group's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.

- To maintain risk-free financial leverage.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SHARE-BASED PAYMENT

A. Expenses recognized in the financial statements:

The expense in respect of equity-settled share-based payment plans recognized in the financial statements is shown in the following table:

	Year ended December 31,	
	2020	**2019**
Operating, general and administrative expenses	242	94
R&D expenses	57	9
	299	103

B. Employees Stock Option Plan:

In 2011, the Company adopted the Trendlines Group Ltd. 2011 Global Incentive Option Plan (the "2011 Plan").

Under the 2011 Plan, options may be granted to the Group's officers, directors, employees and consultants. The number of Ordinary shares authorized for issuance under the 2011 Plan amount to 53,125,664. In addition, following the adoption of the 2015 Plan, no new options shall be granted under the 2011 Plan, and no additional Ordinary shares shall be reserved for issuance under the 2011 Plan.

Under the 2011 Plan, the grantee may exercise its options to acquire Ordinary shares at an exercise price as determined by the board of directors at the grant date.

On November 11, 2015, a Special General Meeting of Shareholders approved adoption of The Trendlines 2015 Share Option Plan and the Sub-Plan (the "2015 Plan").

Under this plan at all times until the expiration or termination of the Plan the Company should keep reserved a sufficient number of Shares to meet the requirements of the Plan (the "Option Pool"). Any of such Shares which, as of the expiration or termination of the Plan, remain unissued and not subject to outstanding Options, shall at such time cease to be reserved for the purposes of the Plan. Should any Option for any reason expire or be cancelled prior to its exercise or relinquishment in full, such Option may be returned to the pool of Options and may again be granted under the Plan. The aggregate number of Shares reserved as Option Pool in respect of all Options granted under the Plan available to Plan Controlling Shareholders or Associates of the Company's Plan Controlling Shareholders (including adjustments made in accordance with Section 12 of the Plan) shall not exceed 5% of the Shares available under the Plan. The number of Shares reserved as Option Pool in respect of all Options granted under the Plan available to each Plan Controlling Shareholder or Associate of our Plan Controlling Shareholder (including adjustments made in accordance with Section 12 of the Plan) shall also not exceed 1% of the Shares available under the Plan.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SHARE-BASED PAYMENT (Cont.)

B. Employees Stock Option Plan: (Cont.)

The Exercise Price for each Grantee shall be as determined by Committee appointed by the Board (the "Committee"). The Committee specified in the applicable Option Agreement; provided, that: (i) unless otherwise determined by the Committee (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law (including, for the avoidance of doubt, the Listing Manual)), the Exercise Price shall be the Fair Market Value of the Shares on the Date of Grant ("Fair Market Value Option"); and (ii) where the Exercise Price is set at a discount to the Fair Market Value of the Shares, the maximum discount shall not exceed 20% of the Fair Market Value of the Shares (or such other percentage or amount as may be determined by the Committee and permitted by the Sponsor or (if required) any other stock exchange on which the Shares are quoted ("Discounted Option").

Fair Market Value Options may be exercised after the first anniversary of the Date of Grant of that Option while Discounted Options may only be exercised after the second anniversary from the Date of Grant of the Option ("Cliff Period"). Unless otherwise determined by the Committee with respect to any specific Grantee and/or to any specific grant following the Cliff Period, the options shall vest upon the lapse of each full additional one (1) month thereafter of the Grantee's continuous service thereafter, until all the Options vested (that is, 100% of the grant will be vested after three (3) years). Unexercised Options shall expire and terminate and become null and void upon the lapse of 10 years from the Date of Grant.

On January 30, 2019, the Company's board of directors approved the grant of 3,041,169 options to purchase 3,041,169 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.098 (approximately $0.07) per share. The grant date fair value of the options in the amount of $130 was determined using the binomial option pricing model.

On February 27, 2020, the Company's board of directors approved the grant of 7,048,000 options to purchase 7,048,000 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.1134 (approximately $0.08) per share. The grant date fair value of the options in the amount of $375 was determined using the binomial option pricing model.

On June 20, 2020, the Company's board of directors approved the grant of 7,911,914 options to purchase 7,911,914 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.1132 (approximately $0.08) per share. The grant date fair value of the options in the amount of $476 was determined using the binomial option pricing model.

The fair value for options granted during 2020 and 2019 was estimated using the binomial option pricing model with the following assumptions:

	2020	2019
Dividend yield (%)	0	0
Expected volatility of the share price (%)	41-49	39
	0.23-0.97	1.93-2.2
Risk-free interest rate (%)	1-39-1.46	
Expected life of share options (years)	10	10

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SHARE-BASED PAYMENT (Cont.)

C. Movement during the Year:

The following table lists the number of share options and the weighted average exercise prices of share options in employee option plans:

	December 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		U.S dollars		U.S dollars
Options outstanding at beginning of year	51,267,668	0.13	54,132,634	0.17
Issuance of options during the year	14,959,914	0.08	3,041,169	0.07
Options expired during the year	(226,667)	0.07	(5,906,135)	0.15
Options outstanding at end of year	66,000,915	0.12	51,267,668	0.13
Options exercisable at end of year	49,038,801	0.13	46,481,422	0.15

D. The weighted average remaining contractual life for the share options outstanding as of December 31, 2020 was 5.26 years (as of December 31, 2019 – 5.06 years).

E. The range of exercise prices for share options outstanding as of December 31, 2020 and December 31, 2019, was $0.07 - $0.17.

NOTE 18:- SELECTED STATEMENTS OF OPERATIONS DATA

A. Operating general and administrative expenses

	Year ended December 31,	
	2020	2019
Salaries and related expenses (including share-based payment)	4,610	3,964
Professional services	1,551	868
Maintenance	80	238
Consulting	950	869
Communications and offices	400	372
Vehicle expenses	47	108
Travel abroad	69	328
Depreciation	1,694	832
Miscellaneous	324	178
Less – grants received from ESG	(1,788)	(695)
	7,937	7,062

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 18:- SELECTED STATEMENTS OF OPERATIONS DATA (Cont.)

B. R&D expenses, net

	Year ended December 31, 2020	Year ended December 31, 2019*)
Salaries and related expenses (including share-based payment)	810	535
Subcontractors and materials	507	52
Others	262	527
	(492)	–
	1,087	1,114

C. Financial expenses

	2020	2019*)
Exchange rate difference	681	923
Financial expenses from revaluation of loans from the IIA	–	135
Interest related to lease liability	179	182
	860	1,240

D. Financial income

	2020	2019*)
Exchange rate difference	–	192
Interest on deposits, net	129	64
Financial income related to consideration from sale of ApiFix (see Note 9(B)(2)	2,686	–
Financial income from revaluation of loans from the IIA	1,118	–
	3,933	256

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 19:- NET LOSS PER SHARE

A. Details of the number of shares and income used in the computation of earnings per share:

	Year ended December 31,			
	2020		2019	
	Weighted number of shares	Net loss attributable to equity holders of the Company	Weighted number of shares	Net loss attributable to equity holders of the Company
	In thousands	U.S in thousands	In thousands	U.S in thousands
For the computation of basic net earnings	791,191	(2,966)	655,201	($474)
Effect of potential dilutive Ordinary shares	–	–	–	–
For the computation of diluted net earnings	791,191	(2,966)	655,201	($474)

B. For the computation of diluted net earnings per share for the year ended December 31, 2020 and 2019, all outstanding options under the share-based payment plans have not been taken into account since their conversion decreases the basic loss per share (anti-dilutive effect).

NOTE 20:- GRANTS RECEIVED IN SINGAPORE

The Startup SG Tech ("SSG Tech") grant is administered by Enterprise Singapore ("ESG") and aims to fast-track the development of proprietary technology solutions and catalyzes the growth of startups based on proprietary technology and a scalable business model. ESG also aims to supports startup enablers, such as incubators and accelerators to nurture the development of high potential Singapore-based startups. The program will provide funding and non-financial support for partners to further enhance their programs and expertise in nurturing successful Singapore-based startups

Startup SG Tech supports Proof-of-Concept (POC for total of SGD250,000) and Proof-of-Value (POV for total of SGD500,000) for commercialization of innovative technologies. Companies may apply for POC or POV grants depending on the stage of development of the technology/concept. Startup SG Tech is a competitive grant.

The portfolio companies invested and incubated by Trendlines Medical Singapore have been awarded the SSG Tech grants, with the exception of Continale Medical Singapore Pte Ltd, which received a separate grant known as the Enterprise Development Grant ("EDG") which amounts to SGD$240,000 (approximately $182).

Total grants received and recognized in Singapore portfolio companies in 2020 is SGD $1,495 thousands (approximately $1,131).

Trendlines Medical Singapore received in 2020 ESG grant ammounts to approximately SGD$514,000 (approximately $390) ans also received an additional grant from ESG to support its Labs Singapore activityin 2020. The grant received in 2020 amounts to approximately SGD$245,000 (approximately $185). This grant, known as the Enterprise Development Grant, does not have any liability component in that this is a non-recourse grant that is disbursed based on milestones achieved. The total grant awarded to Trendlines Medical Singapore over three years amounts to SGD$1.24 million (approximately $868).

During 2020 ESG has approved a grant to Trendlines Agrifood Innovation Centre to support its activity in 2020. This grant does not have any liability component in that this is a non-recourse grant that is disbursed based on milestones achieved. The total grant received in 2020 is SGD$472,239 (approximately $357). In addition, AFIC received Government job support grant in amount of approximately SGD$34,730 (approximately $26).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 21:- RELATED PARTIES TRANSACTIONS

A. Balances and transactions:

1. The following table summarizes balances with related parties in the statements of financial position:

	The Group Portfolio Companies	
	December 31, 2020	December 31, 2019
Accounts and other receivables	104	164
Short-term loans	19	160

2. The following table summarizes the transactions with related parties in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,			
	2020		2019	
	Portfolio Companies	Associates and other related parties	Portfolio Companies	Associates and other related parties
Income from services to Portfolio Companies	2,854	–	4,821	–
Operating, general and administrative expenses	–	(2)	–	(61)

3. The Group rendered services to Portfolio Companies, which include rent, local taxes, receptionist services, communications services, utilities, computer system, office insurance and chairship.

B. Compensation of key management personnel of the Group:

	Year ended December 31,	
	2020	2019
Salaries and related expenses	2,813	1,832
Share-based payment	241	87
	3,054	1,919

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 22:- MERGER OF SUBSIDIARY

On 30 December 2020, the Company announced a notice of a proposed absorption-type merger of the Company's wholly owned subsidiary, Trendlines Incubators Israel Ltd (the "Absorbed Company"), for operational, administrative, financial, and tax reasons (the "Merger"). The purpose of the Merger is to enhance the organizational structure of the Group, reduce management costs, improve management efficiency, optimize utilization of assets, organizational and managerial resources, and the tax structure of the Group, the effective date of the merger is December 31, 2020.

Subject to the fulfillment of certain predetermined conditions as set out in the announcement on the Merger, the Absorbed Company will be dissolved.

In February 2021, the Company received formal written approvals from the IIA (approval to transfer the license from Medical to Agtech) and the Israel Tax Authority in relation to the Merger.

NOTE 23:- EVENTS AFTER REPORTING DATE

During January 2021, the Company received a $3,000 bank loan pledged by the long-term deposit of $4,000 that will mature in January 2022. The loan bears an annual rate of libor + 3.5%.

STATISTICS OF SHAREHOLDINGS

As at 17 FEBRUARY 2021

Issued and fully paid-up capital:	US$81,412,708
Number of issued shares:	791,191,382
Number of treasury shares:	Nil
Number of subsidiary holdings*:	Nil
Class of shares:	Ordinary Shares of equal voting right
Voting rights:	One vote per Ordinary Share with par value of NIS 0.01

Shareholding Held in the Hands of the Public

Based on the information available to the Company as at 17 February 2021, approximately 57.87 % of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, is complied with.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Shares
1 - 99	4	0.30	83	0.00
100 - 1,000	42	3.11	22,100	0.00
1,001 - 10,000	189	14.00	1,426,180	0.18
10,001 - 1,000,000	1,061	78.59	139,892,600	17.68
1,000,001 AND ABOVE	54	4.00	649,850,419	82.14
Total	**1,350**	**100.00**	**791,191,382**	**100.00**

* Subsidiary holdings is defined in the Listing Manual Section B: Rules of Catalist of the SGX-ST to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap 50 Singapore.

STATISTICS OF SHAREHOLDINGS

As at 17 FEBRUARY 2021

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Shares
1	LIBRAE HOLDINGS	182,236,191	23.03
2	ZEEV BRONFELD	72,732,416	9.19
3	BNY MELLON AS THE ADSs DEPOSITARY BANK*	59,993,095	7.58
4	AMOS AND DAUGHTER INVESTMENTS & PROPERTIES LTD.	39,182,452	4.95
5	B. BRAUN MELSUNGEN AG	25,744,000	3.25
6	DAVID TODD DOLLINGER	19,619,562	2.48
7	STEPHEN LOUIS RHODES	19,619,562	2.48
8	ASDEW ACQUISITIONS	18,350,000	2.32
9	RAFFLES NOMINEES (PTE.) LIMITED	17,951,008	2.27
10	LACHMAN FAMILY LIMITED PARTNERSHIP	14,704,745	1.86
11	MORPH INVESTMENTS LTD	14,200,000	1.79
12	DBS NOMINEES (PRIVATE) LIMITED	11,450,080	1.45
13	WANG YU HUEI	10,383,600	1.31
14	CITIBANK NOMINEES SINGAPORE PTE LTD	9,202,166	1.16
15	LEE HOO LENG	8,600,000	1.09
16	PHILLIP SECURITIES PTE LTD	8,333,700	1.05
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,618,300	0.84
18	RAMESH S/O PRITAMDAS CHANDIRAMANI	5,575,000	0.70
19	HANGZHOU NORTH AMERICA SHENG YIN INVESTMENT PARTNERSHIP	4,972,032	0.63
20	LEE LAI HENG BRIAN	4,565,500	0.58
	Total	**554,033,409**	**70.01**

* The underlying ADSs (American Depository Shares) held under BNY Mellon includes (i) DBS Nominees Pte Ltd holding 1,186,909 ADSs representing 59,345,495 ordinary shares in the Company; and (ii) HSBC (Singapore) Nominees Pte Ltd holding 12,952 ADSs representing 647,600 ordinary shares in the Company.

Substantial Shareholders
(As Recorded in the Register of Substantial Shareholders)

Name	Direct Interest	% (1)	Deemed Interest	% (1)	Total Interest	% (1)
LIBRAE HOLDINGS	182,236,191	23.03	–	–	182,236,191	23.03
ZEEV BRONFELD	72,732,416	9.19	–	–	72,732,416	9.19
BNY MELLON as the ADSs DEPOSITARY BANK	59,993,095	7.58	–	–	59,993,095	7.58

Notes:

(1) Percentage is calculated based on total issued shares of the Company less treasury shares and subsidiary holdings, if any (i.e. 791,191,382).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of The Trendlines Group Ltd. (the "**Company**") for the financial year ended 31 December 2020 (the "**FY2020**")(the "**AGM**") will be convened and held in a virtual-only meeting format via "live" audio/video conference call on Thursday, 22 April 2021 at 1:00 p.m. (Singapore time) for the purpose of considering and, if thought fit, approving the following matters:

AS ORDINARY RESOLUTIONS

Ordinary Business

1. To receive the Directors' Report and the Audited Financial Statements of the Company for the FY2020 together with the Auditors' Report thereon.

2. To re-elect Mr. Stephen Louis Rhodes, who is retiring pursuant to Articles 40(c) and (d) of the Company's Articles of Association, as a Director of the Company.
[See Explanatory Note (i)] **[RESOLUTION 1]**

3. To re-appoint Messrs. Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as external independent auditors of the Company until the consummation of the Company's 2020 AGM and to authorize the Directors of the Company ("**Directors**") to fix their remuneration.
[See Explanatory Note (ii)] **[RESOLUTION 2]**

Special Business

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

4. Authority to Issue Shares

That pursuant to Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), that authority be given to the Directors to (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options including under The Trendlines 2015 Share Option Plan (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro-rata basis to existing Shareholders shall not exceed 25.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time this authority is given; (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this authority, provided that the share options or share awards were granted in compliance with the Catalist Rules; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the provisions of Israeli Companies Law for the time being in force, the Articles of Association for the time being of the Company and The Trendlines 2015 Share Option Plan; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)] **[RESOLUTION 3]**

5. To transact any other ordinary business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD OF THE TRENDLINES GROUP LTD.

Rachel Ooi
Haim Brosh
Joint Company Secretaries
16 March 2021

Explanatory Note(s):

(i) Mr. Rhodes will, if re-elected as a Director of the Company, remain as Co-Chair of the Board of Directors of the Company and Co-Chief Executive Officer of the Company.

Additional information on Mr. Rhodes as required to be furnished pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST can also be found in the Corporate Governance Report section of the Company's Annual Report for FY2020.

(ii) Ordinary Resolution 3 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such time when the authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 25.0% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) Resolutions 1 and 2 shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon. **Only shareholders of record at the close of business on 16 April 2021, being the record date for determining those shareholders eligible to vote at the AGM, are entitled to notice of and to vote at the AGM and any postponements or adjournments thereof.**

(iv) For information relating to the compensation of our top five most highly compensated office holders with respect to the FY2020, please refer to principle 8 in the Corporate Governance Report in our Annual Report for FY2020.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

(i) The AGM is being convened, and will be held by way of electronic means pursuant to the Covid-19 (Temporary Measures) Act 2020 released on 7 April 2020 and the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued on 13 April 2020.

Printed copies of this Notice of AGM will not be sent to shareholders, instead, this Notice of AGM will be sent to shareholders by way of electronic means via publication on the SGXNet and the Company's website.

(ii) For efficiency and transparency purposes, shareholders are encouraged to submit questions by e-mail to Mr. Haim Brosh, Joint Company Secretary, at haim@trendlines.com or in hard copy by post to the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 regarding the resolutions on the agenda no later than seven (7) working days in advance of the AGM (i.e. by 1:00 p.m. on 13 April 2021) and the Company will endeavour to address the substantial and relevant questions on the SGXNet and its website at https://www.trendlines.com/ no later than three (3) days prior to the AGM. The responses to other questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNet and the Company's website within one (1) month after the date of the AGM.

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by the government or any regulatory bodies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the AGM.

(iii) Shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) shall appoint the Chair of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such shareholder wishes to exercise his/her/its rights at the AGM. Where a shareholder (whether individual or corporate) appoints the Chair of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which, the appointment of the Chair of the AGM as proxy for that resolution will be treated as invalid.

(iv) Form of an instrument appointing a proxy, which may be used to vote at the AGM can be found at the end of this document.

(v) Shareholders will not be able to submit their votes online during the "live" audio/video conference call. Shareholders who wish to vote at the AGM must submit a Proxy Form which is released together with this Notice of the AGM to appoint the Chair of the AGM to cast votes on their behalf. Shareholders are requested to complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 17 T'chelet Street, Misgav Industrial Park, 2017400 Israel or the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or by e-mail to Mr. Haim Brosh, Joint Company Secretary, at CompanySecretary@trendlines.com not less than forty eight (48) hours before the time appointed for the AGM (i.e. by 1:00 p.m. on 20 April 2021). Notwithstanding the above, the Chair of the AGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the AGM. A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit the completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 1:00 p.m. on 13 April 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chair of the AGM to vote on their behalf by the cut-off date.

Please note that shareholders will not be able to vote through the "live" audio/video conference call and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chair of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the shareholder or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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THE TRENDLINES GROUP LTD.

(Incorporated in Israel)
(Company Registration No. 513970947)

PROXY FORM

I/We ______________________ (NRIC/Passport No./ Company Registration No.) ______________________
of ____(Address),

being a shareholder/shareholders of The Trendlines Group Ltd. ("**Company**"), hereby appoint the Chair of the Annual General Meeting ("**AGM**") as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the AGM of the Company to be held in a virtual-only meeting format via "live" audio/video conference on Thursday, 22 April 2021 at 1:00 p.m. (Singapore time) and at any adjournment thereof.

I/We direct my/our proxy to vote for or against or abstain from the ordinary resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the appointment of the Chair of the Meeting as my/our proxy for that resolution will be treated as invalid.

No.	Resolution	For[1]	Against[1]	Abstain[1]
1.	Re-election of Mr. Stephen Louis Rhodes as a Director of the Company			
2.	Re-appointment of Kost Forer Gabbay & Kasierer as independent External Auditors and to authorize the Directors to fix their remuneration			
3.	Authority to Issue Shares			

If you wish to exercise all your votes "For" or "Against" or "Abstain," please tick "√"within the box provided. Alternatively, please indicate the number of votes as appropriate..

Dated this __________ day of __________________ 2021

Total Number of Shares Held

____

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number. If you have Shares registered in your name in the Shareholders Register of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and shares registered in your name in the Shareholders Register, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) shall appoint the Chair of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such shareholder wishes to exercise his/her/its rights at the AGM.

3. This proxy form may be accessed at the SGXNet. Where a shareholder (whether individual or corporate) appoints the Chair of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which, the appointment of the Chair of the AGM as proxy for that resolution will be treated as invalid.

4. Persons who hold Shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF or SRS investors who wish to appoint the Chair of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM(i.e. by 1:00 pm on 13 April 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chair of the AGM to vote on their behalf by the cut-off date.

5. The Chair of the Meeting, as a proxy, need not be a shareholder of the Company.

6. The instrument of proxy shall be duly signed by the appointer or his/her/its duly authorised attorney or, if such appointer is a company or other corporate body, under its common seal or stamp or the hand of its duly authorised signatory(ies), agent(s) or attorney(s). The Board may demand that the Company be provided with written confirmation, to its satisfaction, that the signatory(ies), agent(s) or attorney(s) have the authority to bind the corporate body of the appointing Shareholder.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointer, is not shown to have Shares entered against his/her/its name in the Depository Register as at **16 April 2021, the record date for determining those Shareholders eligible to vote at the AGM,** as certified by the CDP.

8. Shareholders will not be able to submit their votes online during the "live" audio/video conference call. Shareholders who wish to vote at the AGM must submit a Proxy Form attached to this Notice of the AGM to appoint the Chair of the AGM to cast votes on their behalf. Shareholders are requested to complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 17 T'chelet Street, Misgav Industrial Park, 2017400 Israel or the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or by e-mail to Mr. Haim Brosh, Joint Company Secretary, at CompanySecretary@trendlines.com. not less than 48 hours before the time appointed for the AGM (i.e. by 1:00 p.m. on 20 April 2021). Notwithstanding the above, the Chair of the AGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the AGM.

   A shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit the completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chair of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the shareholder or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

trendlines

medical • agrifood • labs

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