

THE TRENDLINES GROUP LTD.

(Company Number: 513970947)

(Incorporated In Israel)

**INVESTIGATIONS INTO MISAPPROPRIATION OF MONIES
AT A SINGAPORE SUBSIDIARY**

Where capitalised terms are used in this announcement and not otherwise defined, such capitalised terms shall bear the same meanings as ascribed to them in the Company's announcement dated 2 January 2025.

1. Introduction

The board of directors ("**Board**" or "**Directors**") of The Trendlines Group Ltd. ("**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement made on 2 January 2025 regarding the issue of misappropriation of funds from the accounts of its Singapore subsidiary, Trendlines Agrifood Innovation Centre Pte. Ltd ("**Misappropriations**").

2. Results on Investigations

The Group engaged an external audit firm to assist to conduct an independent investigation into the Misappropriations.

The independent investigation process included but is not limited to the following:

- (a) conducting a review of the nature and extent of the Misappropriations during the period from 1 January 2023 to 31 December 2024 ("**Period of Review**");
- (b) conducting a review of trail (including the manner in which the funds were moved out of the relevant bank accounts, i.e. how the instructions to transfer the funds were given to the bank, who signed, who approved, were the funds in accordance with the signatory rights in the bank signatory rights/corporate signatory protocols) of the funds that have been misappropriated;
- (c) conducting a review of the recipient(s) of the funds that have been misappropriated; and
- (d) performing IT forensics on identified devices and cloud accounts which belong to the relevant employees, the Company and AFIC (utilised by the employees).

The Company wishes to apprise shareholders on the key findings of the independent investigation:

- a. The employee involved in the Misappropriations was Mr Anton Wibowo ("**Anton**"). He was the Chief Executive Officer/Director ("**CEO**") of AFIC and Director of a related entity, Trendlines Agrifood Fund Pte Ltd.¹ ("**Agrifood Fund**") during the Period of Review.

¹ The Agrifood Fund is managed by AFIC. The Trendlines Group holds 1% of the Fund through Trendlines Venture Holdings GP (as set out in the Group Structure in the Company's FY2024 Annual Report on page 47)

- b. The Misappropriations occurred at AFIC, Agrifood Fund and a portfolio company ("**Targeted Entities**") and involved an aggregate amount of approximately USD2.1 million. Please refer to note 19 of the Company's audited financial statements in its Annual Report for the year ended 31 December 2024 for the breakdown of the financial impact arising from the Misappropriations.
- c. Misappropriations were carried out by Anton in which the majority of the amounts were appropriated from the Targeted Entities to:
 1. Anton's personal bank account; and
 2. various digital wallets that belonged to him.

3. Internal Audit Findings and Recommendations

The audit committee of the Company also engaged the Group's internal auditors to carry out a review of the payment procedures and internal controls of the Group in view of such Misappropriations.

Below were the main focus areas examined by the internal auditor:

- The process of signatory rights in all of the Group's companies, including the definition of authorized signatories in the banking system with respect to the Group's bank accounts.
- The process of approving payments, from the stage of the purchase order to the execution of the payment.
- Separation of duties in the payment process.
- Controls on the use of credit cards.
- Headquarter's supervision and controls of the subsidiaries.
- Controls regarding the authorized signatories and payments in incubator companies.
- Monitoring of authorized signatories and payments in companies that left the incubator.
- Controls pertaining to authorized signatories and payments in management funds.

4. Follow-up Actions of the Group

The Group has terminated the employment of Anton. Following the termination of employment, he will no longer hold any position in the Group, has been removed as a director of the relevant subsidiaries of the Group and no longer has any signatory authority in any of the Group's companies. The Group will consider the legal recourse available to it in relation to the Misappropriation. This will include any steps that are deemed feasible for asset recovery and if successful, the Company will update shareholders separately at a later stage.

The Company will search for a suitable replacement as Chief Executive Officer of AFIC. In the interim, Stephen Rhodes, the Group's Founder and Chair Emeritus, will assume the roles and responsibilities of AFIC's CEO.

In addition, the Company is in the process of hiring a permanent Chief Financial Officer, who will, among other things, be in charge of implementing and overseeing the implementation of the recommendations made by the internal auditor. In relation to the Misappropriations, the Internal Auditor has provided recommendations in the following areas (i) authorized signatories for documents and banking ; (ii) payment approval process; (iii) separation of duties; (iv) headquarter supervision; and (v) coverage of incubator companies.

Some of the measures incorporated and/or to be implemented, *inter alia*, by the Company are set out below:

- implement a separation of roles such that any role involved in authorization will not be involved in the bookkeeping process throughout the Group, including subsidiaries;
- supplement existing credit card procedures as necessary to include outlining usage limits, approval processes, expense types, cash withdrawal limits, and periodic controls. Credit card issuance will require approval from the Board of Directors of each subsidiary or portfolio company;
- enhancing financial oversight by implementing quarterly budget performance reporting to the Board, ensuring that subsidiaries maintain comprehensive budget control files, granting headquarters read-only access to bookkeeping systems and full bank account visibility, restricting unexplained "miscellaneous" expenses, and establishing a control mechanism for timely and accurate information flow. This oversight will be implemented taking into account resource constraints of the Group; and
- to include a limitation of liability in bookkeeping service agreements for graduate portfolio companies and ensure that authorized signatories in incubator portfolio companies do not handle payment preparation or bank reconciliations.

The Board has accepted the recommendations provided by the Internal Auditor, and the Company's management is in the process of incorporating and/or implementing the recommendations to enhance the Group's internal controls. Additionally, refresher training of the Group's whistleblower procedure will also be provided at all Group levels.

Accordingly, the Company has concluded its investigation into the Misappropriations. Going forward, the Board will continue to maintain close oversight on the implementation process. With the above, the Company will endeavour to uphold a high standard of internal control and corporate governance so as to avoid the reoccurrence of such incidents in future.

BY ORDER OF THE BOARD OF

The Trendlines Group Ltd.

Haim Brosh

Executive Director, Chief Executive Officer and Interim Chief Financial Officer

19 March 2025

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

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