THE TRENDLINES GROUP LTD.
(Incorporated In Israel)
(Company Number: 513970947)

DISPOSAL OF BUSINESS DIVISIONS AND SHAREHOLDING INTERESTS OF THE COMPANY

The board of directors (the "**Board**") of the Trendlines Group Ltd. (the "**Company**" or "**Seller**") and together with its subsidiaries, the **"Group"**) wishes to announce that it has on 27 November 2024 entered into an asset purchase agreement ("**Agreement**") with Trendlines Labs Ltd. (**"Purchaser"**), pursuant to which the Company is transferring its "Trendlines Innovation Labs business division", which was engaged in the invention, design, development, prototyping, and manufacture of medical devices and solutions, to the Purchaser ("**Disposal**"). Further, the Agreement also provides the Purchaser with the option to acquire Trendlines Medical Shanghai Innovation Centre Ltd., Trendlines Labs (Jiangsu) Management Ltd. Changzhou, and the business division of Trendlines Labs Singapore ("**Further Disposal**").

1. Information on the Purchaser

Ben Green ("**Ben**") and Kobby Greenberg ("**Kobby**"), former managers of the Trendlines Innovation Labs business division, have set up an independent limited company, Trendlines Labs Ltd., which is defined as the Purchaser. Kobby held the position of CEO of the Trendlines Innovation Labs division from February 2023 to February 2024. Ben had previously joined the Group in 2020 as Business Development Manager of Trendlines Innovation Labs business division. Ben and Kobby are currently the CEO and Business Development Manager of Trendlines Labs Ltd. respectively and have no current employment or business relationship with the Group. The Purchaser is familiar with the business and the assets to be disposed under the Agreement. There are no introducer fees paid or to be paid by the Company in connection with the Agreement and Disposal.

2. Information on Business Division and Shareholding Interests

a. Trendlines Innovation Labs business division functioned as a business division of the Group since 2011. It was engaged in the invention, design development and prototyping of medical devices and solutions. Some of these prototypes served as the basis for start-up/portfolio companies held by the Company.

The following entities and business division was established with the same aims of invention, design, development, prototyping, and manufacture of medical devices in their respective locations.

b. Trendlines Medical Shanghai Innovation Centre Ltd. ("**Trendlines Medical Shanghai**") was established on 15 May 2020. As at the date of the announcement, the Company holds a 19.9% shareholding interest in Trendlines Medical Shanghai**.**

c. Trendlines Labs (Jiangsu) Management Ltd Changzhou ("**Trendlines Labs Changzhou**") was established on 10 December 2020. The Company holds a 51% shareholding interest in Trendlines Labs Changzhou.

d. Similar to the model of Trendlines Innovation Labs, Trendlines Labs Singapore was a business division started in April 2022.

3. Material Terms of the Disposal (not including the Further Disposal)

a. As the transaction pertains to the sale of a business division of the Company, the proposed Disposal would involve the sale of assets held by the Company to the Purchaser ("**Disposed Assets**"), The Disposed Assets include certain intellectual property rights in connection with the Trendlines Innovation Labs business division, equipment and tangible assets used in Trendlines Innovation Labs

business (including without limitation, computers, software programs installed on the computers, lab equipment and materials from previous projects, and certain contracts. The Disposed Assets exclude patents, other general equipment, cash, certain royalties which will be retained by the Group.

b. The Purchaser and the Seller will enter into a 12-month services agreement for office space and IT support backdated to 1 April 2024 (with deferred payments - as the new entity had already been utilising the Office Space and IT support since 1 April 2024 and a license agreement granting the Purchaser rights to the "Trendlines Labs" name. The parties will cooperate to secure necessary third-party consents for contract continuity. The transferred intellectual property would pertain to existing knowledge, know-how, processes, and methodologies included within the Trendlines Innovation Labs business division. The valuation of the contracts and intellectual property is deemed to be not significant due to the fact that the value of the contracts as compared to the cost of servicing the contracts is negligible (please see note 2 of Section 6 below).

c. Consideration

Subject to the terms and conditions of this Agreement, the Purchaser shall transfer or pay to Seller: (i) a percentage of the royalties paid to Purchaser by customers of the Purchaser pursuant to certain Assumed Contracts; (ii) a revenue share; (iii) an exit payment upon an Exit Transaction; and (iv) equity in Purchaser, as detailed below.

(i) Royalties

The purchase consideration comprises royalties from specific customer projects, which will be derived from specific customer projects, with a sharing structure ranging from 25%-75%, depending on the contract phase at the time of the completion of the Disposal.

(ii) Revenue Share

A revenue share of 5% of annual net revenues will be paid for ten years starting January 2024, capped at $2.4 million ("**Revenue Share**").

(iii) Exit Payment

In the event of the sale of Trendlines Labs Ltd. by the Purchaser to a third party within five years from 1 January 2024 ("**Exit Transaction**") the Seller will receive a percentage of the exit consideration, with the percentage varying based on whether the total consideration is below or above $4 million ("**Exit Consideration**"). Please refer to Table 1 and 2 below for more information on the details of the Exit Transaction. The aggregate Revenue Share payments actually paid to the Seller prior to the consummation of the Exit Transaction shall be deducted from Seller's portion of the Exit Consideration, irrespective of the form of the exit payment to Seller.

(iv) Equity in Purchaser

The Seller will receive shares equivalent to 10% of the Purchaser's share capital, with a buyback option available to the Purchaser. Accordingly, after one year from the date of the Agreement, the Purchaser can choose to buy back the Seller's equity at its original value with 60 days' written notice. Similarly, the Seller can require the Purchaser to buy the equity back at the same value at any time after the first anniversary of the Closing Date on sixty (60) days' prior written notice. This will allow the Company the opportunity to realise the potential value of the Disposed Assets in future.

d. Non-Compete

The Agreement includes non-compete obligations on both parties. Trendlines will not be involved in the invention, design, development, prototyping, and manufacture of medical devices and solutions for at least 4 years from the commencement date 1 January 2024. Additionally, the Company will not solicit any employees of the Purchaser, not inclusive of portfolio companies. The Company's portfolio companies will not be curbed from competing technologies. The Purchaser agrees not to compete with the portfolio companies which originated through Trendlines Innovation Labs in the past. See Appendix A appended to the bottom of the announcement for the list of portfolio companies.

e. Details on the Exit Transaction in relation to the Disposal

Table 1: If the Exit Consideration is equal to or greater than $4,000,000:

Exit Transaction Year	**Seller's Portion of the Exit Consideration**	**Seller's Minimum Exit Payment Value[1]**
Year 1	50%	$3,000,000
Year 2	40%	$2,750,000
Year 3	30%	$2,500,000
Year 4	20%	$2,250,000
Year 5	10%	$2,000,000

1. The aggregate Revenue Share payments actually paid to Seller prior to the consummation of the Exit Transaction shall be deducted from Seller's portion of the Exit Consideration, irrespective of the form of the exit payment to the Seller.

Table 2: If the Exit Consideration is less than $4,000,000:

Exit Transaction Year	**Seller's Portion of the Exit Consideration**	**Purchaser's Minimum Exit Payment Value**
Year 1	75%	$500,000
Year 2	69%	$750,000
Year 3	63%	$1,000,000
Year 4	56%	$1,250,000
Year 5	50%	$1,500,000

f. Recourses Available

In relation to the Disposal, the Seller will collect payments related to accounts receivable for contracts

and projects included in the Purchased Assets and hold them in trust for the Purchaser. These payments must be transferred to the Purchaser within thirty (30) days. If applicable, the Seller can deduct their agreed-upon royalty percentage before transferring customer royalty payments.

Additionally, the agreement provides that in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, the Purchaser or the Seller will be entitled to obtain an injunction, restraining order or other equitable relief from any court of competent jurisdiction.

4. Terms on the Further Disposal

The Seller under the Agreement has granted the Purchaser the right to acquire its ownership in Trendlines Medical Shanghai Innovation Centre Ltd. and Trendlines Labs (Jiangsu) Management Ltd. at no additional cost within two months after the Closing. Additionally, starting 1 January 2025, the Purchaser may acquire Trendlines Labs Singapore, including its business, agreements, equipment, and the option to hire its employees, subject to reasonable commercial considerations and regulatory requirements, also at no additional cost ("**Further Disposed Assets**"). Refer to Section 5 below for the further information on the rationale for the Further Disposal.

5. Rationale of the Disposal

The Agreement will allow the Group to streamline its operations and improve cost efficiency to focus the Group's resources on its current operations as Trendlines Innovation Labs business division was under-performing and recorded a loss for the financial year ended 31 December 2023. The Asset Transfer is a good opportunity for the Purchaser who believes in the potential of Trendlines Labs Ltd. to realise its value. Additionally, the arrangement of the Disposal would offer the Company an opportunity to streamline its resources, enabling a greater focus on its existing business while providing it the opportunity to realise the value of the assets of Trendlines Innovation Labs business division.

The additional option for the Further Disposal, for the Purchaser to acquire the Further Disposed Assets at no additional consideration is based on the fact that these entities/businesses have been dormant with no activity, and have continued to remain so, with only negligible costs, such as annual filing and other miscellaneous fees. For clarity the Further Disposed Assets also do not carry any value nor have they recorded any meaningful profit/loss to the Company. The Further Disposal allows for additional streamlining of the Company's business and structure. Furthermore, the Company does not envision any growth or development in these entities given that the Company does not foresee that it will continue to invest its resources to support the activity of the Further Disposed Assets.

As such, the Board believes that the Disposal and the Further Disposal is in the best interest of the Company and its shareholders.

6. Use of Proceeds from the Disposal

Should any proceeds, in accordance with the terms set out in Section 3 above, arise from the Disposal, they shall be fully utilised as working capital to fund the operational expenses of the Group.

7. Relative Figures Computed on the Bases Set Out in Rule 1006 of the Catalist Rules

Based on the latest announced consolidated financial statements of the Group (being the financial statements for the half year as at 30 June 2024), the relative figures for the Disposal, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:

Rule 1006	Bases of computation	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.[1] This basis is not applicable to an acquisition of assets	0.0%[2]
(b)	The net profits attributable to the assets acquired or disposed of compared with the group's net profits.[3]	(23.94%)[4]
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	8.42[5]
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable[6]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to the disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable[7]

Notes:

1. Under Rule 1002(3)(a) of the Catalist Rules, "net assets" means total assets, less total liabilities.
2. Based on the unaudited financial statements for the period ended 30 June 2024, the net assets value of the Group was US$76.26 million. The Disposed Assets are (i) computers; (ii) intellectual property; and (iii) contracts which were not given a meaningful value in the valuation process. Valuation of assets (mainly knowledge, know-how, processes, methodologies and some contracts) was done using the DCF model based on management forecasts and market performance. Additionally multiple method was used based on comparable companies and EBITDA was also evaluated. The relative figure would be 0.00%. For the avoidance of doubt, as the Further Disposed Assets are dormant and do not carry any value, therefore their consideration would be zero and not affect the calculations presented.
3. Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
4. Based on the audited financial statements of the Group for the period ended 30 June 2024, the net profit was US$1.3 million and the net loss of assets to be disposed was USD 0.3 million, respectively. The Disposal involves the disposal of a loss-making business. As the absolute relative figures computed involves negative figures which falls within the situations set out in Paragraphs 4.4 (e) of Practice Note 10A of the Catalist Rules, that is (i) the absolute relative figure computed on the basis of Rule 1006(c) of the Catalist Rules exceed 5% but does not exceed 50%; and (ii) the Disposal does not result in a loss on disposal, Rule 1014 of the Catalist Rules would not apply to the Disposal and hence, the approval of shareholders of the Company is not required for the Disposal. For the avoidance of doubt, the Further Disposed Assets are dormant and did not record any meaningful profit or loss.
5. Based on the maximum consideration scenario based on a US$3 million exit consideration in the 1th year at divided by the Company's latest market capitalisation (US$35.64 million) based on exchange rate of (SGD0.74:USD1.00) determined by multiplying the total issued shares of 1,024,824,407 ordinary shares in issue by the volume weighted average price of shares of S$0.047 per share on 27 November 2024, being the last traded full market day immediately preceding the date of the Disposal. As the relative figure exceeds 5% and is less than 50%, Rule 1010 of the Catalist Rules would apply to the Disposal.
6. The Disposal is a disposal of assets not an acquisition of assets. No equity securities will be issued by the Company in connection with the Proposed Disposal.
7. The Company is not a mineral, oil and gas company.

8. Financial Effects of the Proposed Disposal

The financial effects of the Disposal as set out below are computed based on the Group's latest audited financial statements for the FY2023. As demonstrated the Disposal is not expected to have any material impact on the consolidated net tangible assets or earnings per share of the Company and the Group for the current financial year ending 31 December 2024[1].

a. NTA per Share

		Nil consideration scenario	**Maximum consideration scenario**
	Before the Proposed Disposal	**After the Proposed Disposal**	**After the Proposed Disposal**
NTA (US$'000)	70,892	70,892	73,892
Number of Shares	960,110,294	960,110,294	960,110,294
NTA per Share (US$)	0.07	0.07	0.08

b. Loss per Share

		Nil consideration scenario	**Maximum consideration scenario**
	Before the Proposed Disposal	**After the Proposed Disposal**	**After the Proposed Disposal**
Loss attributable to the shareholders of the Company (US$'000)	(33,995)	(33,684)	(30,995)
Weighted average number of Shares (in thousands)	922,418	922,418	922,418
LPS (US cents)	(3.69)	(3.65)	(3.36)

*For the avoidance of doubt, the Further Disposal Assets have (i) no assets, and (ii) no meaningful net profit/loss recorded.

9. Service Contracts

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Disposal and Further Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. Interests of Directors or Substantial Shareholders

None of the Directors, substantial shareholders and controlling shareholders of the Company (other than in his capacity as a Director or shareholder of the Company) has any interest, direct or indirect, in the Disposal and the Further Disposal.

11. Responsibility Statement

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disposal and the Further Disposal, the Company and its subsidiaries, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. Agreement Inspection

Copies of the Agreement will be available for inspection during normal business hours at the Company's headquarters, 17 T'chelet Street, Misgav Business Park, Israel, 2017400 or at Company's Secretary office at 1 Harbourfront Ave, #14-07 Keppel Bay Tower, Singapore 098632, Boardroom Corporate & Advisory Services Pte. Ltd., for 3 months from the date of the agreement.

BY ORDER OF THE BOARD OF
The Trendlines Group Ltd.

Haim Brosh
Chief Executive Officer and Interim Chief Financial Officer

27 November 2024

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*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 document.*

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Appendix A

Portfolio companies held by The Trendlines Group that originated through the Trendlines Innovation Labs business division:

1. Limaca Medical Ltd.
2. Pregnantech Ltd.
3. Senter Care Ltd.
4. Hyblate Medical Ltd.
5. InterVaal Pte Ltd
6. Continale Medical Pte Ltd
7. Medulla Pro Technology Pte Ltd
8. Szone Medical Pte Ltd
9. STEP Surgical Solutions Pte. Ltd.
10. Harp Diagnostics Ltd.
11. Becapio Ltd.