



THE TRENDLINES GROUP LTD.

(Incorporated in Israel)
(Company Registration No. 513970947)

**Condensed Interim Financial Statements
For the Six Months Financial Period Ended 30 June 2023**

Background

The Trendlines Group Ltd. (the “**Company**” or “**Trendlines**” and, together with its subsidiaries and associated companies, the “**Group**”) was incorporated in Israel in 2007.

The Group is focused on developing technology-based companies in the medical and agrifood fields. The Group creates and develops companies in accordance with the mission to improve the human condition. To this end, the Group discovers, invests in, incubates, and provides services to companies in the fields of medical and agricultural technologies with a view toward a successful exit in the marketplace. Exits may include sales such as merger and acquisition transactions, listing on public stock exchanges and other dispositions of the Company’s holdings.

The Group also has its own internal innovation center, Trendlines Innovation Labs (established as a business unit of the Company in 2011), where it engages in research and development activities to create new technologies, either as principal or in collaboration with global and local companies and partners, to address unmet market needs.

Furthermore, Trendlines Innovation Labs’ technologies can be sold or licensed to others or transferred to Trendlines’ incubators for further development and commercialization.

Part 1 - Condensed Interim Financial Statements and Selected Notes to the Condensed Interim Financial Statements

1(a)(i) A condensed interim income statement and statement of comprehensive income/loss, or a statement of comprehensive income/loss (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u>		Change %
	Six Months Ended		
	30 June 2023 (Unaudited) US\$'000	30 June 2022 (Unaudited) US\$'000	
<u>Income:</u>			
Gain / (loss) from change in fair value of investments in Portfolio Companies, net	9,192	(7,442)	N.M.
Income from services to Portfolio Companies	1,723	1,257	37.07
Income from contracted R&D services	371	390	(4.87)
Financial income	868	818	6.11
Other income	256	118	116.95
<u>Total income</u>	<u>12,410</u>	<u>(4,859)</u>	N.M.
<u>Expenses</u>			
Operating, general and administrative expenses	4,430	5,020	(11.75)
Marketing expenses	134	167	(19.76)
R&D expenses, net	999	1,164	(14.18)
Financial expenses	1,471	2,287	(35.68)
<u>Total expenses</u>	<u>7,034</u>	<u>8,638</u>	(18.57)
Income / (Loss) before income taxes	5,376	(13,497)	N.M.
Tax (expense) / benefit	(1,030)	1,571	N.M.
<u>Net profit / (loss)</u>	<u>4,346</u>	<u>(11,926)</u>	N.M.
<u>Other comprehensive (loss):</u>			
Amounts that will be or that have been reclassified to loss when specific conditions are met:			
Loss from cash flow hedges	(71)	(458)	(84.50)
<u>Total comprehensive profit / (loss)</u>	<u>4,275</u>	<u>(12,384)</u>	N.M.
<u>Net profit / (loss) attributable to:</u>			
Equity holders of the Company	4,539	(11,824)	N.M.
Non-Controlling Interests	(193)	(102)	89.22
	<u>4,346</u>	<u>(11,926)</u>	N.M.
<u>Total comprehensive profit / (loss) attributable to:</u>			
Equity holders of the Company	4,468	(12,282)	N.M.

Non-Controlling Interests	<u>(193)</u>	<u>(102)</u>	89.22
	<u>4,275</u>	<u>(12,384)</u>	N.M.
Net profit / (loss) per share attributable to equity holders of the Company (U.S. cents):			
Basic net profit / (loss)	<u>0.52</u>	<u>(1.45)</u>	N.M.
Diluted net profit / (loss)	<u>0.52</u>	<u>(1.45)</u>	N.M.

*N.M. – not meaningful

1(a)(ii) Notes to the condensed interim consolidated statement of comprehensive profit/loss

	30 June 2023	30 June 2022
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Depreciation and amortization	404	513
Foreign currency exchange gain	91	703

1(b)(i) A condensed interim statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Assets				
Current assets				
Cash and cash equivalents	4,574	4,565	2,646	3,129
Short-term bank deposits	2,156	2,092	2,068	2,000
Accounts and other receivables	3,645	6,329	9,684	10,677
Contingent consideration receivable	118	-	118	-
Short-term loans to Portfolio Companies	89	91	86	91
	10,582	13,077	14,602	15,897
Non-current assets				
Investment in Subsidiaries	-	-	93,528	82,851
Accounts and other receivables	57	1,489	-	1,393
Contingent consideration receivable	-	744	-	744
Investments in Portfolio Companies	101,031	89,777	-	-
Right of use asset	2,046	2,058	-	-
Property, plant and equipment, net	745	848	423	465
	103,879	94,916	93,951	85,453
Total assets	114,461	107,993	108,553	101,350
EQUITY AND LIABILITIES				
Current liabilities				
Lease liability	352	419	-	-
Short- term loan	292	292	292	292
Trade and other payables	2,145	3,393	1,485	2,562
Deferred revenues	1,799	2,738	-	100
	4,588	6,842	1,777	2,954
Non-current liabilities				
Loans from the Israel Innovation Authority	2,785	2,469	1,181	1,197
Deferred revenues	331	888	-	-
Deferred taxes, net	1,030	-	-	-
Lease liability	1,404	1,674	-	-
Other long-term liabilities	219	224	208	213
	5,769	5,255	1,389	1,410

Total liabilities	10,357	12,097	3,169	4,364
<hr/>				
Equity				
Equity Attributable to Equity Holders of the Company:				
Share capital	2,492	2,373	2,492	2,373
Share premium	90,196	86,577	90,196	86,577
Reserve from hedge	(71)	-	(71)	-
Reserve from transaction with non-controlling interests	352	352	-	-
Reserve from share-based payment transactions	5,086	4,891	5,086	4,891
Retained earnings	7,332	2,793	7,684	3,145
<hr/>				
Equity attributable to owners of the parent	105,387	96,986	105,387	96,986
Non-controlling interests	(1,283)	(1,090)	-	-
<hr/>				
Total equity	104,104	95,896	105,387	96,986
<hr/>				
Total equity and liabilities	114,461	107,993	108,553	101,350
<hr/>				

1(b)(ii) Aggregate amount of Group’s borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
Secured US\$’000	Unsecured US\$’000	Secured US\$’000	Unsecured US\$’000
292	352	292	419

Amount repayable after one year

As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
Secured US\$’000	Unsecured US\$’000	Secured US\$’000	Unsecured US\$’000
2,785	1,404	2,469	1,674

Details of any collateral

- The Group has non-recourse debt to the Israeli Innovation Authority ("IIA") (formerly known as the Office of the Chief Scientist) of the Israeli Ministry of Economy and Industry. These loans were extended from the IIA for the purpose of funding Portfolio Companies, and these loans were secured by liens on shares of the following Portfolio Companies for which the loans were granted:

Name of Portfolio Company	Number of shares in each Portfolio Company pledged in favor of the IIA	
	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Leviticus Cardio Ltd.	49,250	49,250
ProArc Medical Ltd.	34,860	34,860

For more information, please refer to the Company’s offer document dated 16 November 2015.

- The Company has 30,877 pledged shares in favor of Agriline Limited¹ ("Agriline") in relation to the short-term loan.

During 2022, the Company signed a loan agreement with Agriline, pursuant to which Agriline has granted a loan facility in the principal amount of US\$0.7 million (the "Loan") to the Company, for the

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 28.0% 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.

purpose of financing a part of the Company's participation in the Series C fundraising round of Vensica Medical Ltd. ("Vensica"), a portfolio company of the Group. The Loan bears a variable interest rate based on the changes in the valuation of Vensica, up to an annual rate of 7%. As of December 31, 2022, the loan's fair value is US\$292,000.

1(c) A condensed interim statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed Interim Consolidated Statement of Cash Flows

	Six Months Ended	
	30 June 2023 (Unaudited) US\$'000	30 June 2022 (Unaudited) US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit / (loss)	4,346	(11,926)
<u>Adjustments to reconcile net profit / (loss) to net cash used in operating activities:</u>		
Adjustments to the profit or loss items:		
Depreciation	404	513
Tax expense / (benefit)	1,030	(1,571)
(Gain) / loss from changes in fair value of investments in Portfolio Companies	(9,192)	7,442
Financial income, net	(187)	(2,432)
Financial expenses related to contingent consideration	626	1,671
Income from services to Portfolio Companies	(837)	(837)
Share-based payments	195	348
Changes in asset and liability items:		
Decrease in short-term loans to portfolio companies	2	131
Decrease in accounts and other receivables	4,116	968
(Decrease) / increase in deferred revenues	(659)	2,274
(Decrease) in trade and other payables	(1,319)	(1,630)
(Decrease) in other long-term liabilities	(5)	(30)
	(5,827)	6,847
Investments in Portfolio Companies	(2,140)	(3,176)
	(2,140)	(3,176)
Cash (paid) received during the year for:		
Interest paid	(7)	(31)
Interest received	68	2
	61	(29)

Net cash used in operating activities

(3,560) (8,284)

	Six Months Ended	
	30 June 2023 (Unaudited) US\$'000	30 June 2022 (Unaudited) US\$'000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(40)	(72)
Redemption of bank deposits	-	4,160
Change in restricted deposits, net	4	-
Net cash (used in) / provided by investing activities	(36)	4,088
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	3,738	3,719
Grants from the Israel Innovation Authority	-	135
Repayment of loan	-	(3,997)
Payment of lease liability	(220)	(350)
Loans received from the Israel Innovation Authority	87	95
Net cash provided by / (used in) financing activities	3,605	(398)
Increase / (decrease) in cash and cash equivalents	9	(4,594)
Cash and cash equivalents at the beginning of the period	4,565	14,309
Cash and cash equivalents at the end of the period	4,574	9,715

1(d)(i) A condensed interim statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Condensed Interim Statement of Changes in Equity
Group**

(Unaudited)	Share capital	Share premium	Reserve from transaction with non-controlling interests	Reserve from hedge	Reserve from share-based payment transactions	Retained earnings	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2023	2,373	86,577	352	-	4,891	2,793	96,986	(1,090)	95,896
Net profit and total comprehensive profit	-	-	-	(71)	-	4,539	4,468	(193)	4,275
Issuance of shares, net	119	3,619	-	-	-	-	3,738	-	3,738
Cost of share-based payments	-	-	-	-	195	-	195	-	195
Balance as at 30 June 2023	2,492	90,196	352	(71)	5,086	7,332	105,387	(1,283)	104,104
(Unaudited)									
Balance as at 1 January 2022	2,123	79,312	-	-	4,378	17,273	103,086	(544)	102,542
Net loss and total comprehensive loss	-	-	-	(458)	-	(11,824)	(12,282)	(102)	(12,384)
Issuance of shares, net	131	3,588	-	-	-	-	3,719	-	3,719
Cost of share-based payments	-	-	-	-	348	-	348	-	348
Balance as at 30 June 2022	2,254	82,900	-	(458)	4,726	5,449	94,871	(646)	94,225

**Condensed Interim Statement of Changes in Equity
Company**

(Unaudited)	Share capital	Share premium	Reserve from hedge	Reserve from share-based payment transactions	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2023	2,373	86,577	-	4,891	3,145	96,986
Net profit and total comprehensive profit	-	-	(71)	-	4,539	4,468
Issuance of shares, net	119	3,619	-	-	-	3,738
Cost of share-based payments	-	-	-	195	-	195
Balance as at 30 June 2023	2,492	90,196	(71)	5,086	7,684	105,387
(Unaudited)						
Balance as at 1 January 2022	2,123	79,312	-	4,378	17,273	103,086
Net loss and total comprehensive loss	-	-	(458)	-	(11,824)	(12,282)
Issuance of shares	131	3,588	-	-	-	3,719
Cost of share-based payments	-	-	-	348	-	348
Balance as at 30 June 2022	2,254	82,900	(458)	4,726	5,449	94,871

Notes to the condensed interim consolidated financial statements

1. Corporate information

The Trendlines Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) was incorporated in Israel in 2007. Since its incorporation, the Company has been engaged in establishing and investing in innovative agrifood tech and medical device companies primarily through its subsidiaries: Trendlines Investments Israel Ltd. (formerly Trendlines Agtech-Mofet Ltd.), Trendlines Agrifood Innovation Centre Ltd. (“**AFIC**”), and Trendlines Medical Singapore Pte Ltd. (“**TMS**”) The Company’s subsidiaries represent one business segment for management reporting purposes. These condensed interim consolidated financial statements for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

Additionally, the Group manages investment funds: The Trendlines Agrifood Fund Pte Ltd. with Trendlines Venture Holdings as 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.

Trendlines Investments Israel Ltd. operates under franchise agreements with the State of Israel, through the IIA of the Ministry of Economy and Industry which ends by December 31st, 2023. The termination of the franchise agreements will not have a material impact on the Company's operations as we have announced few months ago, we are no longer planning to establish new portfolio companies and devote all of our efforts and resources to our existing portfolio to bring them to maturity and success.

In addition, the Company internally develops new technologies, mainly in the area of medical devices, through its “Trendlines Innovation Labs” operations.

The Company’s headquarters is located at 17 T’chelet Street, Misgav Business Park, M.P. Misgav 2017400, Israel.

2. Basis of Preparation

The condensed interim financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“**IFRS**”), except for the adoption of new and amended standards as set out in Paragraph 5 of Other Information required by Catalist Rule Appendix 7 C below.

The condensed interim financial statements are presented in US dollars which is the functional currency of the Company and its material subsidiaries.

2.1. New and amended standards adopted by the Group

A number of amendments to IFRSs have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those amendments.

2.2. Use of judgments and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected by seasonal or cyclical factors during the financial period.

4. Fair value measurement

a. The following table presents the fair value measurement hierarchy for the Group's investments and loans (in US\$'000).

	The Group							
	June 30, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Portfolio Companies	-	-	101,031	101,031	-	-	89,777	89,777
Short-term bank deposits	2,156	-	-	2,156	2,092	-	-	2,092
Contingent consideration receivable	-	-	118	118	-	-	744	744
	<u>2,156</u>	<u>-</u>	<u>101,149</u>	<u>103,305</u>	<u>2,092</u>	<u>-</u>	<u>90,521</u>	<u>92,613</u>
Financial liabilities								
Loan	-	-	292	292	-	-	292	292
Loans from IIA	-	-	2,785	2,785	-	-	2,469	2,469
	<u>-</u>	<u>-</u>	<u>3,077</u>	<u>3,077</u>	<u>-</u>	<u>-</u>	<u>2,761</u>	<u>2,761</u>

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 external independent valuers.

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 be applied to support the valuation arising from the method chosen.

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.

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.

5. Related party transactions

A. Balances and transactions:

1. The following table summarizes balances with related parties in the statements of financial position (in US\$'000):

	The Group Portfolio Companies	
	June 30, 2023	December 31, 2022
Assets:		

Accounts and other receivables	114	451
Short-term loans to Portfolio Companies	89	91
	The Group Related party	
Liabilities:	June 30, 2023	December 31, 2022
Loan	(292)	(292)

2. The following table summarizes the transactions with related parties in the consolidated statements of profit or loss and other comprehensive income (in US\$'000):

	<u>Six months ended June 30,</u> <u>2023</u>		<u>Year ended December 31,</u> <u>2022</u>	
	<u>Portfolio</u> <u>Companies</u>	<u>Associates</u> <u>and other</u> <u>related</u> <u>parties</u>	<u>Portfolio</u> <u>Companies</u>	<u>Associates and</u> <u>other related</u> <u>parties</u>
Income from services to Portfolio Companies	1,723	-	2,556	-
Operating, general and administrative expenses	-	(1)	-	(3)

3. The Group rendered services to Portfolio Companies, which include rent, local taxes, receptionist services, communications services, utilities, computer system, office insurance and chairmanship.

B. Compensation of key management personnel of the Group (in US\$'000):

	<u>Six months ended June 30,</u> <u>2023</u>	<u>Year ended December 31,</u> <u>2022</u>
Salaries and related expenses	1,699	2,960
Share-based payment	142	466
	<u>1,841</u>	<u>3,426</u>

6. Taxes on income

Deferred taxes (in US\$'000)

	Statements of financial position				Statements of profit or loss	
	The Group		The Company		Six months ended June 30, 2023	Year ended December 31, 2022
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022		
Deferred tax liabilities:						
Investment in Portfolio						
Companies at fair value	14,837	11,416	10,936	9,234	3,421	1,161
Loans from IIA	2,721	2,850	418	425	(129)	(560)
	<u>17,558</u>	<u>14,266</u>	<u>11,354</u>	<u>9,659</u>	<u>3,292</u>	<u>601</u>
Deferred tax assets:						
Carry-forward tax losses	15,842	13,186	11,354	9,659	(2,656)	2,370
Deferred revenues	479	800	-	-	321	476
Other	207	280	-	-	73	(89)
	<u>16,528</u>	<u>14,266</u>	<u>11,354</u>	<u>9,659</u>	<u>(2,262)</u>	<u>2,755</u>
Deferred tax (benefit)					<u>1,030</u>	<u>(2,156)</u>
Deferred tax liabilities, net	<u>1,030</u>	<u>-</u>	<u>-</u>	<u>-</u>		

7. Investments in portfolio companies

The following is the number of Portfolio Companies and fair value (in US\$'000):

	June 30, 2023		December 31, 2022	
	Fair Value	Number of Companies	Fair Value	Number of Companies
Companies in Incubation Period	6,218	7	6,042	7
Incubator Graduate Companies	91,003	32	79,527	34
Other Portfolio Companies	3,810	7	4,208	7
	<u>101,031</u>	<u>46</u>	<u>89,777</u>	<u>48</u>

8. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to approximately US\$40,000 (30 June 2022: acquired assets amounting to approximately US\$72,000 and received a grant in the amount of approximately US\$134,000 from the IIA) and dispose of approximately US\$6,000 assets (30 June 2022: dispose of approximately US\$33,000 assets).

9. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Part 2 – Other Information required by Catalyst Rule Appendix 7C

- 1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share Capital – Ordinary Shares

The Company’s share capital increased as a result of the subscription agreement dated 19 January 2022 (“PIPE”) and shares being issued pursuant to the PIPE in tranches, tranche 5 - in January 2023 by 21,114,864 shares, tranche 6 - in April 2023 by 15,693,975 shares and in June 2023 by 5,278,716 shares. As at 30 June 2023, the issued share capital of the Company is 917,738,393. The aforementioned shares were issued for a total consideration of approximately US\$3.7 million (US / SGD 0.74) (US\$3.7 million net of issuances cost of US\$0.02 million).

As at 30 June 2023, there are 86,433,749 outstanding options which can be converted into 86,433,749 ordinary shares of the Company (30 June 2022: 88,333,467 outstanding options which can be converted into 88,333,467 Shares).

Save as disclosed above, the Company did not have any other convertibles as at 30 June 2023 and 30 June 2022.

There were also no treasury shares or subsidiary holdings as at 30 June 2023 and 30 June 2022.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 30 June 2023	As at 31 December 2022
Total number of issued shares	917,738,393	875,650,838

The Company did not have any treasury shares as at 30 June 2023 and 31 December 2022.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the**

end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed consolidated statement of financial position of The Trendlines Group Ltd. and its subsidiaries as at 30 June, 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable, as the Company's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 31 December 2022.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted applicable new IFRS and Interpretations of Financial Reporting Standards ("INT FRS") and amendments thereof, that are effective for the annual periods beginning on or after 1 January, 2023.

The following are the amendments to IFRS and INT FRS adopted by the Group:

1. Amendments to IAS 8 – Accounting Policies, Changes to Accounting Estimates and Errors
2. Amendments to IAS 12 – Income Taxes.

The Group's adoption of the applicable new IFRS and INT FRS had no material effect on the financial statements of the Group for the financial period ended 30 June 2023.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Six Months Ended	
Earnings per share ("EPS") / (Loss) per share ("LPS")	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Profit / (loss) attributable to owners of the parent for the computation of basic net earnings (US\$'000)	4,539	(11,824)
Weighted average number of ordinary shares (in thousands)	872,061	815,825
Basic EPS / (LPS) (US cents)	0.52	(1.45)
Profit / (loss) attributable to owners of the parent for the computation of diluted net earnings (US\$'000)	4,539	(11,824)
Weighted average number of ordinary shares on a fully diluted basis (in thousands)	872,061	815,825
Fully diluted EPS / (LPS) (US cents)	0.52 ⁽¹⁾	(1.45) ⁽¹⁾

Notes:

(1) Fully diluted EPS and LPS of the Group for the financial period ended 30 June 2023 and 30 June 2022 respectively are the same as the respective basic LPS and EPS because the potential ordinary shares to be converted under any convertible securities are anti-dilutive.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the

(a) Current period reported on; and

(b) Immediately preceding financial year

	Group		Company	
	30 June 2023 (Unaudited)	31 December 2022 (Audited)	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Net asset value ("NAV")				
NAV (US\$'000)	105,387	96,986	105,387	96,986
Number of ordinary shares in issue	917,738,393	875,650,838	917,738,393	875,650,838
NAV per ordinary share (US\$)	0.11	0.11	0.11	0.11

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss:

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on

Consolidated Statement of Comprehensive Income

Review for the performance of the Group for the six months ended 30 June 2023 ("H1 2023") as compared to the six months ended 30 June 2022 ("H1 2022").

Gain from change in fair value of investments in Portfolio Companies, net

The Gain in fair value of investments in Portfolio Companies was US\$9.2 million in H1 2023 as compared to a loss from change in fair value of investments of US\$7.4 million in H1 2022.

In H1 2023, there was an increase of approximately US\$11.9 million in the fair value of certain Portfolio Companies which was derived based on factors such as the favorable terms on which each Portfolio Company completed its fund-raising exercises and each Portfolio Company's commercial or technological progress. In general, favorable terms for fund raising exercises/exits and higher commercial or technological progress would lead to higher fair values.

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

- (i) a decrease of approximately US\$1.1 million in the fair value of certain Portfolio Companies mainly as a result of the completion of fund-raising exercises at less favorable terms to the Company, and general commercial or technological difficulties demonstrated in some Portfolio Companies in H1 2023; and
- (ii) the write off of two Portfolio Company of approximately US\$1.6 million as a result of lack of funding.

Income from services to Portfolio Companies

Income from services to Portfolio Companies comprised approximately US\$0.3 million received as overhead reimbursement from our Portfolio Companies and approximately US\$1.4 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 increased by approximately US\$0.6 million or 66.52% mainly due to higher number of new Portfolio Companies that were serviced by the Group in H1 2023 as compared to that in H1 2022.

Expenses

Operating, general and administrative expenses

Operating, general and administrative expenses decreased by approximately US\$0.6 million or 11.75%.

R&D expenses, net

R&D expenses, net decreased by approximately US\$0.2 million or 14.18% mainly to a lower R&D cost of the consolidated subsidiaries in H1 2023 compared to H1 2022.

Financial expenses

Financial expenses decreased by US\$0.8 million mainly as a result of the adjustment in the fair value of the receivable which were recorded upon the sale of our former Portfolio Company, ApiFix Ltd. to OrthoPediatics Corp in April 2020.

Income / (loss) before income taxes (tax benefit)

In view of the above, income before incomes taxes in H1 2023 was approximately US\$5.4 million compared to a loss of approximately US\$13.5 million in H1 2022, mainly due to the gain from change in fair value of investments in Portfolio Companies as compared to the loss on this item in H1 2022.

Tax Benefit

Tax expenses increased by US\$1 million, mainly due to an increase in fair market value for some of the Portfolio Companies.

Consolidated Statements of Financial Position

Comparative performance for both assets and liabilities are based on the Group's financial statements as at 30 June 2023 and 31 December 2022.

Total assets

Total assets increased by approximately 5.99% from US\$108.0 million as at 31 December 2022 to US\$114.5 million as at 30 June 2023. This was mainly due to an increase in, Investments in Portfolio Companies of US\$11.3 million, decrease in contingent consideration receivable of US\$0.6 million that is expected to be received from the sale of the Group's former Portfolio Company, ApiFix Ltd., to OrthoPediatics Corp in H1 2020.

Non-current assets

Investments in Portfolio Companies

The investment of US\$101 million in Portfolio Companies as at 30 June 2023 comprised of 46 Portfolio Companies presented at fair value (not including the 13 consolidated Singapore-based companies). There is an increase of US\$11.3 million or 12.54% when compared to 31 December 2022.

The changes in the value of our investments in Portfolio Companies were mainly due to:

An increase of US\$13.7 million in the fair value of various Portfolio Companies which was derived based on factors such as the favorable terms on which each Portfolio Company completed its fund-raising exercises and each Portfolio Company's commercial or technological progress and

investments in Portfolio Companies, net. In general, favorable terms for fund raising exercises/exits and higher commercial or technological progress would lead to higher fair values.

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

- i. A decrease of approximately US\$0.9 million in the fair value of certain Portfolio Companies mainly as a result of the completion of fund-raising exercises at less favorable terms to the Company and general commercial or technological difficulties demonstrated in some Portfolio Companies in H1 2023; and
- ii. the write off of two Portfolio Company of approximately US\$1.5 million as a result of lack of funding.

Accounts and other receivables and contingent consideration receivables (short-term and long-term)

Short-term and long-term Accounts and other receivables and contingent consideration receivables decreased by US\$4.7 million as at 30 June 2023 mainly due to the adjustment in the fair value of the contingent consideration of the payments expected to be received from the sale of our former Portfolio Company, ApiFix Ltd., to OrthoPediatics Corp in H1 2020 and the payment of the Orthospin sale and the second payment of the ApiFix sale.

Current assets

Cash and cash equivalents

Please refer to the section “Consolidated Statement of Cash Flows” below for explanation on the utilization of cash for operating activities.

Short-term bank deposits

The increase in short-term bank deposit in the amount of US\$0.1 million is due to the interest that the deposit has accumulated.

Our cash and cash equivalents and short-term bank deposits represent 63.59% of our total current assets.

Non-current liabilities

Loans from the IIA

The loans from the IIA increased by US\$0.3 million or 12.80%, from US\$2.5 million as at 31 December 2022 to US\$2.8 million as at 30 June 2023, mainly due to the increase 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\$1 million, mainly due to an increase in fair market value for some of the Portfolio Companies.

Lease Liabilities

As at 31 December 2022, the Company recognized the right of use asset in an amount of US\$2.1 million and lease liability in the amount of approximately US\$2.1 million. As at 30 June 2023, right of use asset amounted to US\$2 million and long term lease liabilities amounted to US\$1.4 million (in addition to US\$0.4 million presented as current lease liability).

Current liabilities

Trade and other payables

Trade and other payables decreased by approximately US\$1.3 million, from approximately US\$3.4 million as of 31 December 2022 to approximately US\$2.1 million as of 30 June 2023 mainly due to a decrease in trade payables relating to services provided at the end of FY2022 and its related expense which was paid during H1 2023.

Short-term deferred revenues

A decrease of US\$1.0 million in the short-term deferred revenue was mainly due to having a higher number of Portfolio Companies, as at 30 June 2023, that have deferred revenues to be recognized in the 1st to 12th month period, as compared to that as at 31 December 2022.

Equity

As at 30 June 2023, equity attributable to equity holders of the Company amounted to approximately US\$104.1 million compared to US\$96 million as at 31 December 2022, of which, US\$3.7 million was from the shares issued pursuant to the subscription agreement dated 19 January 2022.

Consolidated Statement of Cash Flows

Net cash used in operating activities of US\$3.6 million in H1 2023 was mainly due to a (i) gain from changes in fair value of investments in Portfolio Companies of approximately US\$9.2 million; (ii) income from services to Portfolio Companies of approximately US\$0.8 million; (iii) investments in Portfolio Companies, net of approximately US\$2.1 million; (iv) decrease in trade and other payables of approximately US\$1.3 million; (v) decrease in deferred revenues of approximately US\$0.7 million, offset by (a) net gain of US\$4.3 million; (b) Financial expenses related to contingent consideration that is expected to be received from the sale of the Group's former Portfolio Company, ApiFix Ltd., to OrthoPediatics Corp in H1 2020 of approximately US\$0.6 million; (c) decrease in accounts and other receivables by approximately US\$4.1 million mainly due to the adjustment in the fair value of the contingent consideration of the payments expected to be received from the sale of our former Portfolio Company, ApiFix Ltd., to OrthoPediatics Corp in H1 2020 and the payment of the Orthospin sale and the second payment of the ApiFix sale; (d) tax expense of approximately US\$1.0 million; and (e) depreciation of approximately US\$0.4 million.

Net cash used in financing activities of US\$3.6 million in H1 2023 was mainly due to an issuance of shares, as a result of the subscription agreement dated 19 January 2022 and shares being issued pursuant to the PIPE, net of approximately US\$3.6 million.

- 9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The first half of 2023 was characterized by a dramatic global downturn in venture investment. The situation in Israel, the Company's main market, was even more difficult. This trend represents a major challenge for the Company's portfolio, which largely depends on raising additional capital from external investors in order to progress and achieve its goals. Although, on balance, portfolio companies reported significant increases in value during the first half, resulting in a strong H1 for the Company as reported in its financial results, a continuation of the venture capital downturn could pose problems for the Company's portfolio in the future.

During the first half of the year, Israel was faced with unprecedented political turmoil as the result of the Government's intention to introduce a significant overhaul to the country's judicial system. Many Israelis, including leading economists, believe the changes could curtail democracy in the country. The country has been experiencing accelerating protests as hundreds of thousands of people participate, weekly, in mostly peaceful anti-government demonstrations. Although no concrete changes have been made yet, the Government is continuing with its program and there is the potential for harm to the economy as reflected in the country's credit rating, devaluation of the shekel, and – as reported above – a drop in new venture investments.

Despite the negative macro trends during the first half of the year, the Company reported a strong profit for the first six months of the year. This can be explained in part by the Company's strong, maturing investment portfolio. In addition, in November 2022, the Company announced a Strategic Transformation Plan, a key element of which was the suspension of investments in new companies so that the Company's management could focus its attention on its existing portfolio of companies.

The Company remains committed to its plans in the medical and agrifood technologies fields as stated in its Offer Document dated 16 November 2015 and reiterated since then and believes that the continued need for new and improved products in these fields represents both investment and liquidity opportunities for the Company. Recent global crises have greatly validated this investment hypothesis. The COVID-19 crisis drew great media and investor attention to our two areas of healthcare and food. Additionally, the exacerbating effects of global warming as seen in the extreme weather events of the first half of 2023 calls attention to the importance of agrifood innovations that increase the sustainability of the global food system.

In January 2022, the Company announced that it had reached an agreement with a group of current and new investors to invest a total of S\$ 20.27 million (US\$ 15.0 million, based on then prevailing exchange rate of 0.74US\$/S\$), in eight quarterly tranches, at a per share price of S\$ 0.12 (approximately US\$ 4.45 per ADR), a premium of about 12% about the prevailing market price then. This additional cash will enable the Company to continue its policy of making follow-on investments in selected portfolio companies. This investment, from a group of these sophisticated investors, will be used to build value for all our shareholders over the coming years. To date, US\$ 12.8 million out of total of US\$ 15 million has been received by the Company.

11. Dividend

If a decision regarding dividend has been made: -

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)
(Optional) Rate (%)
Not applicable.

(b)(ii) Previous corresponding period (cents)
(Optional) Rate (%)
Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable. No dividend has been declared or recommended for the previous corresponding period.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

On 14 June 2021 the Company announced its dividend policy, by which Net Exit Proceeds received during any financial year will first be applied, if necessary, to bring the Company's year-end cash balance to US\$15 million. Once this cash goal is met, at least 20% of the remaining Net Exit Proceeds will be paid as dividends. As we do not meet the above-mentioned guidance, no dividend will be distributed.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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 during H1 2023.

While the total amount invested by Agriline Limited² in 6 portfolio companies was S\$2.1 million, the value of the transactions (which is the amount at risk to the Company) was nil.

14. Use of proceeds from the Proposed Subscription

The Company refers to the net proceeds amounting to S\$15.2 million received from the 6 instalments of the Proposed Subscription (“**Net Proceeds**”).

As at the date of this announcement, the status on the use of the Net Proceeds is as follows:

<u>Use of Net Proceeds</u>	<u>Amount allocated (S\$'000)</u>	<u>Amount utilized (S\$'000)</u>	<u>Balance (S\$'000)</u>
Direct and indirect investments into new, prospective or existing Portfolio Companies	10,619	6,423	4,196
General working capital *	4,551	-	4,551
Total	15,170	6,423	8,747

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

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

16. Additional Information Required Pursuant to Rule 706A

During H1 2023, the Company did not acquire or dispose of any shares which would result in any company becoming or ceasing to be a subsidiary or associated company of the Company or increase or reduce the Company’s shareholding percentage in any subsidiary or associated company.

17. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for H1 2023 to be false or misleading in any material aspect.

² 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 28.0% 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.

D. Todd Dollinger
Co-Chair and CEO

Steve Rhodes
Co-Chair and CEO

BY ORDER OF THE BOARD

D. Todd Dollinger
Co-Chair and CEO
3 August 2023

*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.*

The contact person for the Sponsor is Mr. Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.