

# Creating & Developing Companies To Improve the Human Condition

Trendlines
Medical • Agtech • Labs

**Steve Rhodes**
Chairman and CEO

SGX: 42T
OTCQX: TRNLY

11 May 2017

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# Trendlines: Building Companies, Commercializing Innovation

## Life Science Incubators

Invest in companies to improve the human condition

Trendlines Medical

Trendlines Agtech

Trendlines Medical Singapore

## In-House Innovation Center

Invents and develops technologies to address unmet market needs

Trendlines Labs

Trendlines' Portfolio Company:

# A Breakthrough in Heart Pump Technology

- People with end-stage heart failure usually **die within six months.**
- Mechanical heart pumps keep them **alive longer.**



© Can Stock Photo Inc./JFsPic



The problem with mechanical heart pumps is **the driveline that exits the body.**

Leviticus Cardio

# Leviticus Cardio: Making It Wireless

- No cable
- Recharge implanted battery – wirelessly
- Freedom from external apparatus for **6-10 hours**

**Achievements**

- Fully operational system
- ISO 13485
- Key opinion leaders on board
- 8 patents granted
- Successful animal trials
- High visibility among LVAD players


CERTIFICATE

This is to certify that the Quality Management System of

LEVITICUS CARDIO LTD.

11, Ha'odem St., Petach Tikva , Israel

Has been audited and registered by SII-QCD as conforming to the requirements of

ISO 13485:2003

This Certificate is Applicable to:

Development and manufacturing of components for charging implantable medical device.

Certificate No.: 77287
Initial Certification Date: 28/10/2015

Certificate Issue Date: 28/10/2015
Certification Expiry Date: 28/10/2016

Eli Stein
Director General

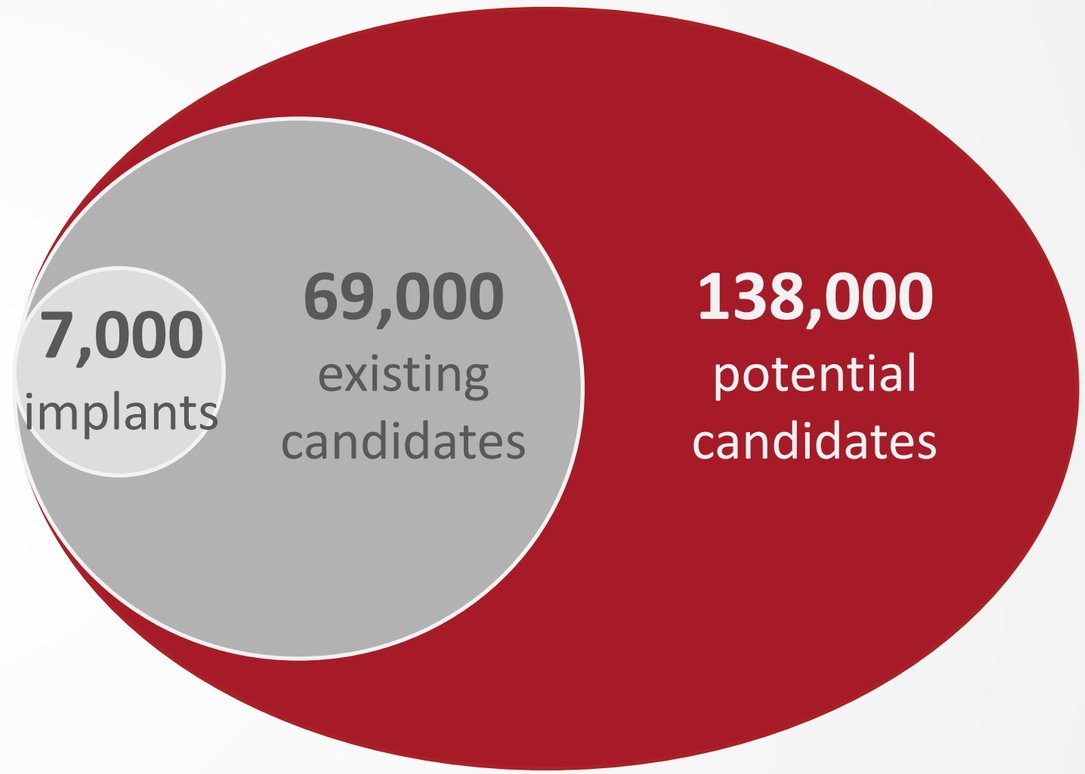
Eli Cohen-Kagan
Director, Quality & Certification Division



Leviticus Cardio

# Leviticus Cardio: LVADs Are an Under-Penetrated Market

- Current LVAD market **~US$1 billion**
- Only ~1**0% market penetration**
  *attributed primarily to driveline issues*




Leviticus Cardio's wireless solution is the groundbreaking breakthrough for the LVAD market to achieve its potential

Comparative survival and cost-effectiveness of advanced therapies for end-stage heart failure. *Circ Heart Fail.* EF Long, GW Swain and AA Mangi, May 2014.

Leviticus Cardio

# Trendlines Partners with Strategic Industry Leaders

**~US$20 million committed** in the past year by market leaders

## B. Braun

- Invested **~US$5 million** in Trendlines' IPO
- Invested **~US$4 million** in Portfolio Companies
  - Invested US$2.8 million in ApiFix
  - Invested €1 million in Gordian Surgical
- Investor/Founder - Trendlines Medical Singapore

## Bayer

**US$10 million** in Bayer Trendlines Ag Innovation Fund

- Establishing mutual deal flow in agricultural innovation
- Identifying potential new investments

**B. Braun Melsungen AG**

- Founded 1839
- Privately held
- Global sales: €6.1 billion
- 56,000 employees
- Supplies global health care markets

**Bayer AG**

- Founded 1863
- Public company: cap €89.2 billion (4 April 2017)
- Global sales: €46.3 billion
- 117,000 employees
- Global life sciences company

# Unique Foundation/Unique Model

**Trendlines Model**

- Disciplined investment strategy
- Intensive, hands-on, involvement in companies

**Israeli Start-Up Ecosystem**

- Early-stage, entrepreneur-focused investment environment
- Israel spending on civilian R&D highest in the world
- Cultivation of entrepreneurial spirit
- Proven track record as innovation powerhouse
- Government support, especially at early stage
- Acknowledged world leader in medtech and agtech fields

# Value Creation through Portfolio Expansion

(US$ millions)

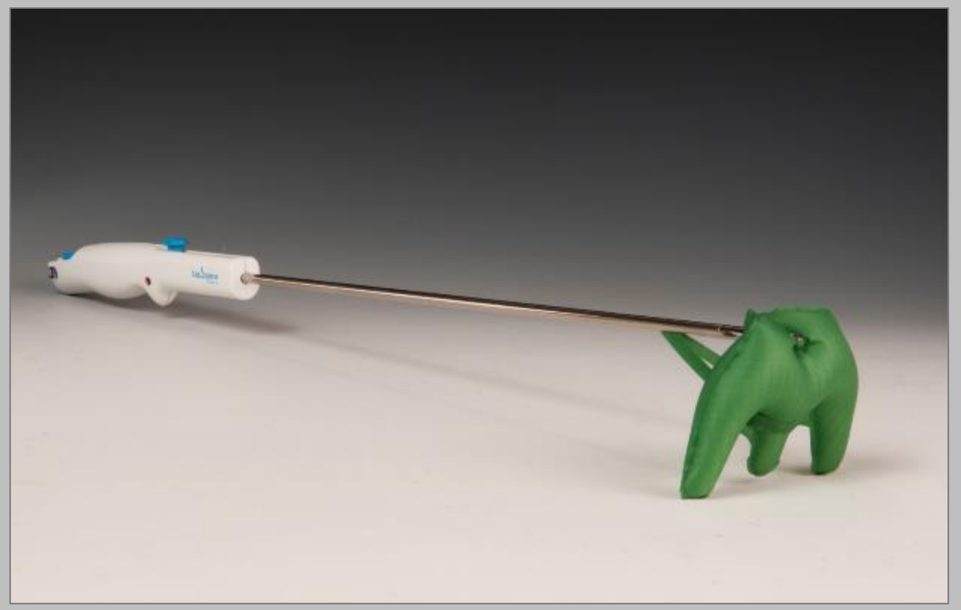



Including the fair value of investments in companies accounted for under the equity method.

Trendlines Labs not included in Portfolio Value

# Primary Factors Driving Expansion of Portfolio Value

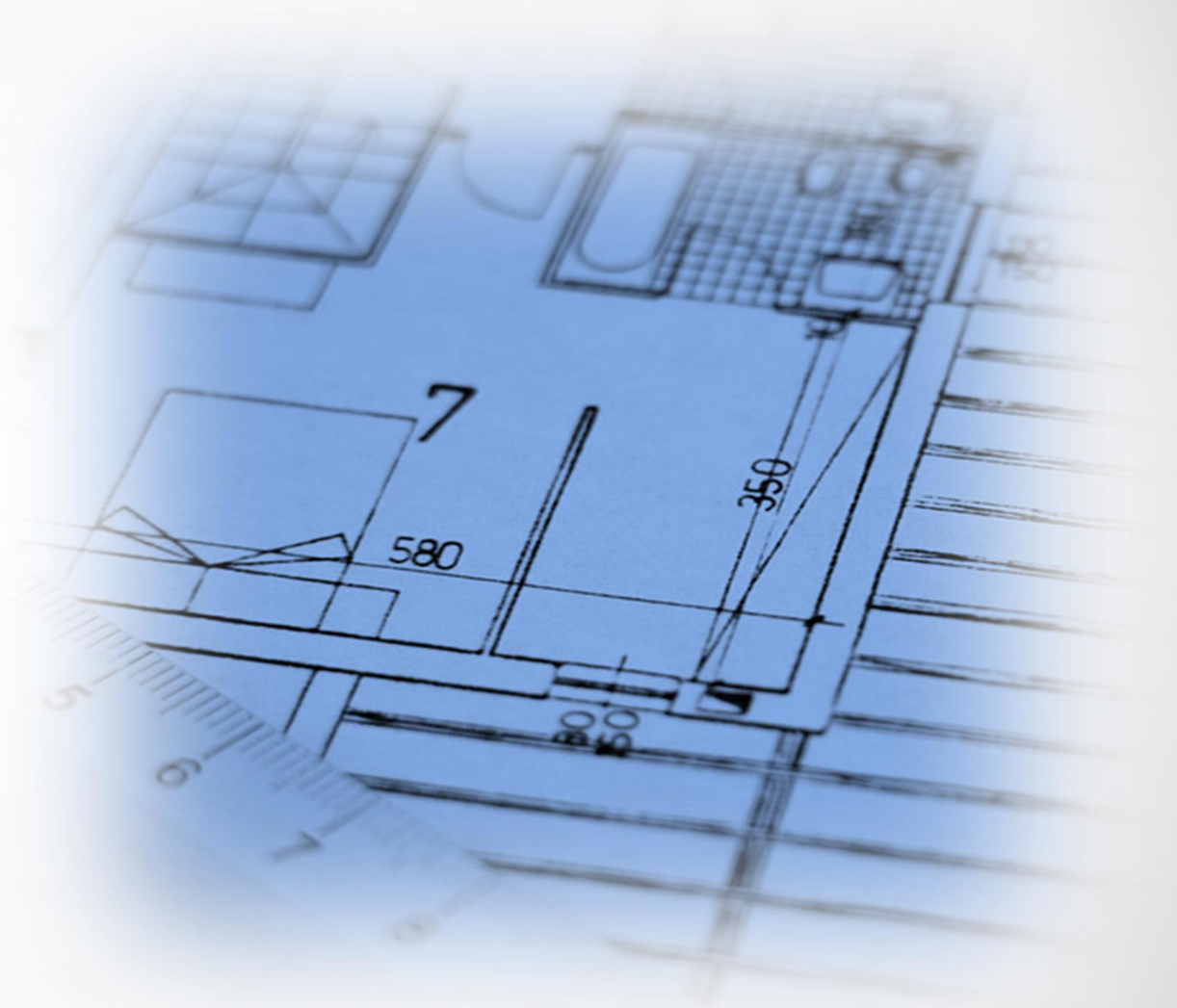
1. Increasing the number of companies in the portfolio
2. Building portfolio companies' value
3. Building companies for exit
4. Trendlines Labs:  creates new IP and new portfolio companies, generates recurring revenues





# The Trendlines' Model: Capital Leverage

- Trendlines' typical investment: **~US$1,240,000 per company**
- Trendlines capital: **~US$120,000**
- Government grant: **~US$670,000**
- In-kind investment at cost: **~US$450,000** over two-year period
- Similar leverage in Singapore



# Trendlines Model: Creating a Foundation with Intensive Support

**Business Development**

Potential customers, partners, investors

**Financial Consulting**

**Raising Capital**

**Market Research**




**Marketing Communications**

**Overheads**

Bookkeeping, accounting, legal, operations

**Facilities & Infrastructure**

Companies physically located in Trendlines' offices

**Technology Consulting**

Inter-company

# The Trendlines Model: Milestones

## Blueprint for Building Companies

### Incubator Year 1

- Proof of concept
- R&D to prototype
- Regulatory plan
- IP strengthening
- Market research
- Accounting & legal
- HR management

### Incubator Year 2

- Follow-on funding
- Preclinical / clinical trials
- Regulatory submission
- Marketing activities
- “A” Round funding




### Path to Exit

- Governance
- Follow-on funding
- Business development
- Commercialization
- Investment banking

# Building Value Over Time

| Initial Invest. | Company | Technology Dev. | Technology Proven | Follow-On Capital | Clinical/Field Trials | Commercialization |
|---|---|---|---|---|---|---|
| 2008 | NeuroQuest | | | | | |
| | **VivoText** | | | | | |
| 2009 | **Stimatix GI** | | | | | |
| | SolChip | | | | | |
| 2010 | Magdent | | | | | |
| | ProArc Medical | | | | | |
| | Liola Technologies | | | | | |
| | Advanced Mem-Tech | | | | | |
| | **Leviticus Cardio** | | | | | |
| 2011 | **ApiFix** | | | | | |
| | **LapSpace Medical** | | | | | |
| | GreenSpense | | | | | |
| | MIRobot | | | | | |
| | **CoreBone** | | | | | |
| 2012 | **EdenShield** | | | | | |
| | Gordian Surgical | | | | | |
| 2013 | BioFishency | | | | | |
| | Saturas | | | | | |
| | Omeq Medical | | | | | |
| | VisiDome | | | | | |
| | **STS Medical** | | | | | |
| | Valentis | | | | | |
| | **Arcuro Medical** | | | | | |
| 2014 | Vensica Medical | | | | | |
| | Fidmi Medical | | | | | |
| | **VIAqua Therapeutics** | | | | | |
| | Escala Medical | | | | | |
| | OrthoSpin | | | | | |
| 2015 | ElastiMed | | | | | |
| | Zeev Implants | | | | | |
| | Tandem Technologies | | | | | |
| 2016 | AquiNovo | | | | | |
| | InPlant Technologies | | | | | |
| | OB Smart | | | | | |
| | Hargol FoodTech | | | | | |
| | CorAlert | | | | | |
| | MetoMotion | | | | | |
| | liberDi | | | | | |
| | Ceretrieve | | | | | |
| | Seger Surgical Solutions | | | | | |
| | ZygoFix | | | | | |

**Exits** (by Company Start Date)

- FLOWSENSE — Est. 2009 | IPO 2010
- ETVIEW — Est. 2009 | IPO 2010
- PolyTouch Medical — Est. 2009 | Exit 2011
- Undisclosed — Est. 2009 | Exit 2014
- FLOWSENSE — Est. 2009 | Exit 2013
- ETVIEW — Est. 2009 | Exit 2016
- INSPIRO Medical — Est. 2010 | Exit 2014
- Innolapsurgical — Est. 2012 | Exit 2013

As at 31 March 2017; 28 written-off portfolio companies and 2 companies established before September 2007 not listed.

One of our 10 most valuable portfolio companies as at 31 March 2017.

# Trendlines: Portfolio Value

Fair market value of **10 most valuable portfolio companies ~US$57.2** million, **68.3%** of total portfolio value of **~US$83.8** million.*

| Company Name | Initial Investment | % Owned (Fully Diluted) |
|---|---|---|
| ApiFix Ltd. | 2011 | 25.25 |
| Arcuro Medical Ltd. | 2013 | 37.36 |
| CoreBone Ltd. | 2011 | 39.65 |
| EdenShield Ltd. | 2012 | 36.54 |
| LapSpace Medical Ltd. | 2011 | 54.58 |
| Leviticus Cardio Ltd. | 2010 | 23.71 |
| Stimatix GI Ltd. | 2009 | 28.16 |
| STS Medical Ltd. | 2013 | 35.37 |
| ViAqua | 2014 | 53.50 |
| VivoText Ltd. | 2008 | 22.90 |

*As at 31 March 2017

# Trendlines Labs

**Selected Achievements 2016**

- Income from Trendlines Labs rises to US$1.1 million, compared to US$0.4 million in FY2015
- **2** development programs started with new strategic partners
- **3** new strategic, revenue-producing agreements
- **2** Trendlines Labs technologies entering commercialization stage:
    - Biopsy needles (commercializing as new company in Trendlines Medical)
    - Stress urinary incontinence device

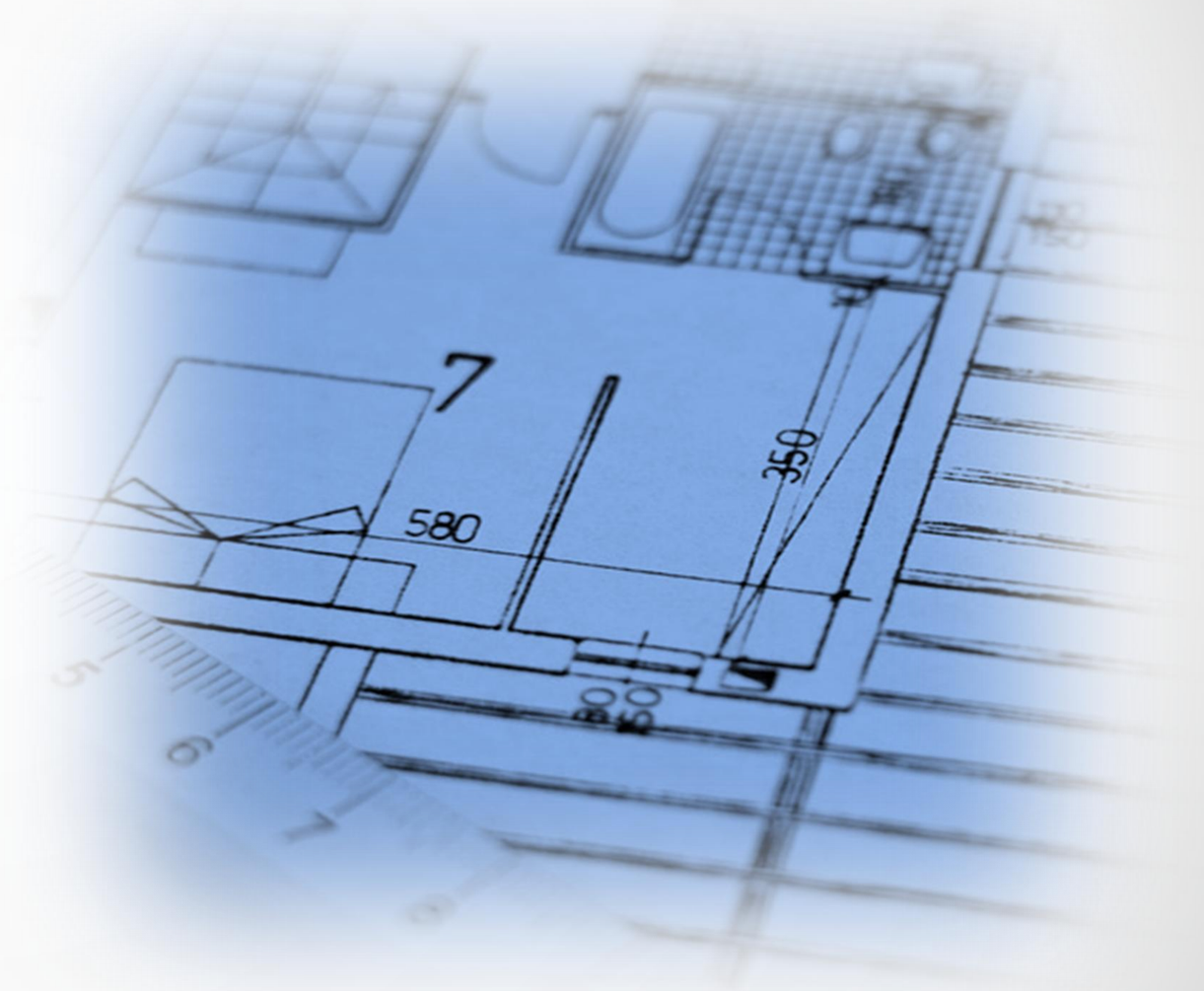
## Selected Trendlines Labs Portfolio

| Field | Invention | Dev. Status |
|---|---|---|
| Urology | Reduced infection-risk Foley catheter | Prototype |
| Neurology | Disposable surgical endoscope | Concept |
| Women's Health/Gynecology | Delaying pre-term birth | Prototype |
| | Urinary stress incontinence support device | Initial clinical trial |
| Men's Health | Prostate cancer screening system | Preclinical trial |
| Diagnostics | Low-cost dehydration monitor | Initial trial |
| | Improved biopsy needle | Establishing company |

# Successful Execution of Trendlines' Blueprint

## 4 Key Factors

1. Management team
2. Partnerships with multinational corporations
3. Successfully achieving goals
4. Profitable exits



# Decades of Company-Building Experience



**Todd Dollinger**
Chairman & CEO



**Nitza Kardish, Ph.D.**
VP The Trendlines Group
CEO Trendlines Incubators Israel

Former CEO, Clal Life Sciences



**Yosi Hazan**
CEO Trendlines Labs

Former GM, Biosense Webster (J&J company)



**Eric Loh**
CEO Trendlines Medical Singapore

Former Managing Director, Biosensors



**Steve Rhodes**
Chairman & CEO



**Gabi Heller**
CFO

Former CFO,
Walden Israel Ventures



**Yossi Ron**
COO & Joint Co. Secretary

Former CEO,
Trendlines Agtech



**Moshe Katzenelson**
VP Business Development

Former CEO,
two start-up incubators

# Strategic Partnerships

**B. Braun**

**Bayer AG**

**Japanese Medical Device Multinational**

- Agreement with Trendlines Labs to collaborate on clinical opportunities
- Trendlines Labs developing innovative products for manufacture and marketing by MNC

**U.S. Medical Device Multinational**

- Successfully marketing product designed and developed by Trendlines Labs
- Additional projects in development with multiple divisions

# Keeping Our Promises to Investors

Since our listing in November 2015

| Our Goals | What We Did |
|---|---|
| 1. Renew licenses from Israeli gov't. | Renewed one license and merged second into it |
| 2. Start new companies | Started 10 new companies |
| 3. Establish new incubator | Established Trendlines Medical Singapore |
| 4. Grow Trendlines Labs | Revenue nearly tripled, new strategic partners and projects |
| 5. Expand strategic relationships | Bayer investing US$10 million, B. Braun investing in Singapore incubator, Japanese partner |
| 6. Raise follow-on capital | 17 companies have raised |
| 7. Achieve exits | Sold ETView Medical, generated US$3.6 million in cash |

**All Promises Kept**

# Portfolio Company Exits

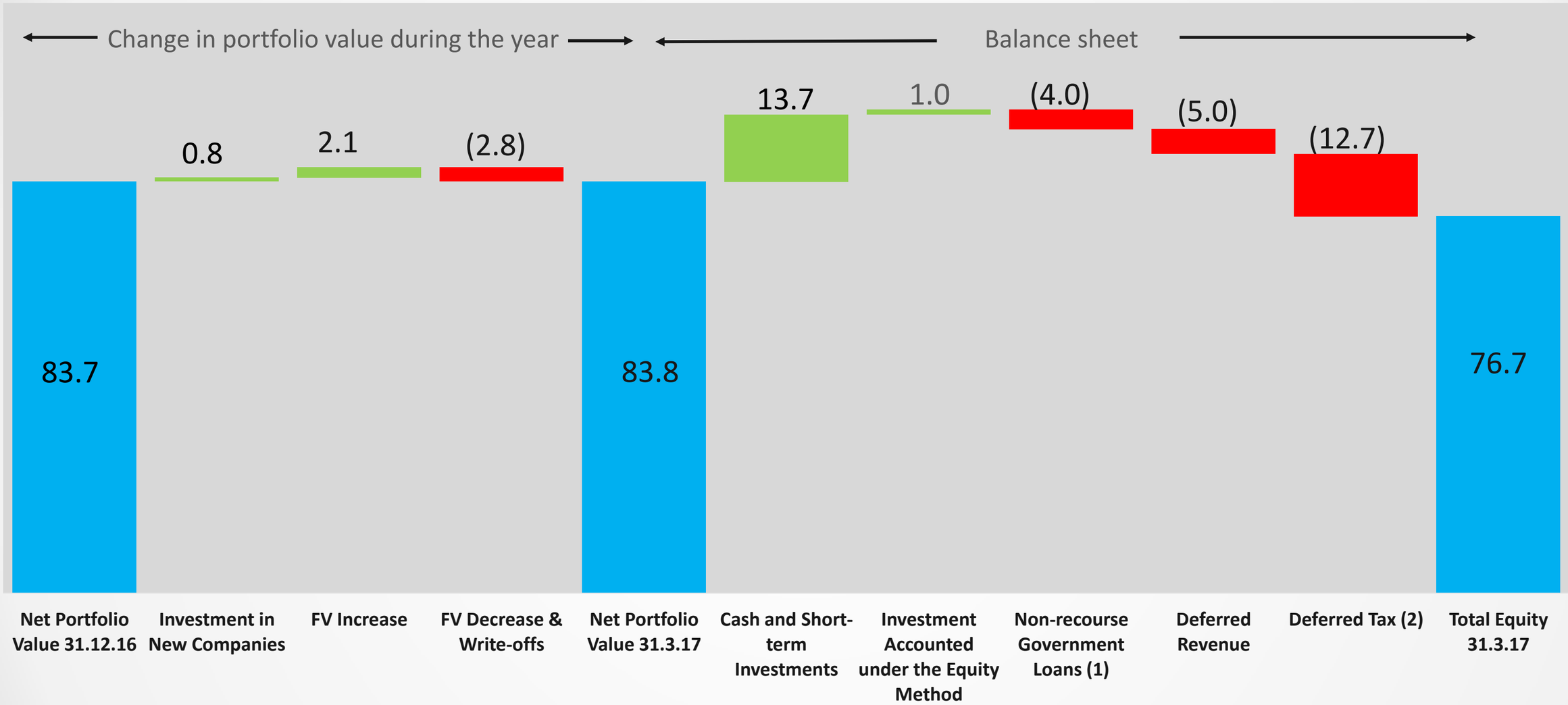
## M&A Transactions

| Year | Company | Acquirer |
|---|---|---|
| 2016 | ETView Medical | Ambu |
| 2014 | Most Valuable Portfolio Company | Undisclosed |
| 2014 | Inspiro | OPKO |
| 2013 | FlowSense | Baxter International |
| 2013 | Innolap Surgical | Teleflex |
| 2011 | PolyTouch | Covidien/Medtronic |

## Public Listings

| Year | Company | Exchange |
|---|---|---|
| 2010 | ETView Medical | Tel Aviv |
| 2010 | FlowSense | Tel Aviv |

# Key Components of Value (US$ million)




(1) Israeli government loans are non-recourse loans which only come due upon exit events
(2) Deferred taxes are related to unrealized portfolio company valuation profits and are offset and paid only upon realization of cash received upon exits.

# Traded Peer Group & Industry Comparables

| | Price to Portfolio (FMV)* |
|---|---|
| Allied Minds (LSE:ALM) | 1.09 |
| Touchstone Innovations (AIM:IVO) | 1.43 |
| IP Group (LSE:IPO) | 1.53 |
| PureTech Health (LSE:PRTC) | 1.21 |
| Average Price to Portfolio | 1.32 |
| **Trendlines Price to Portfolio** | **0.66** |

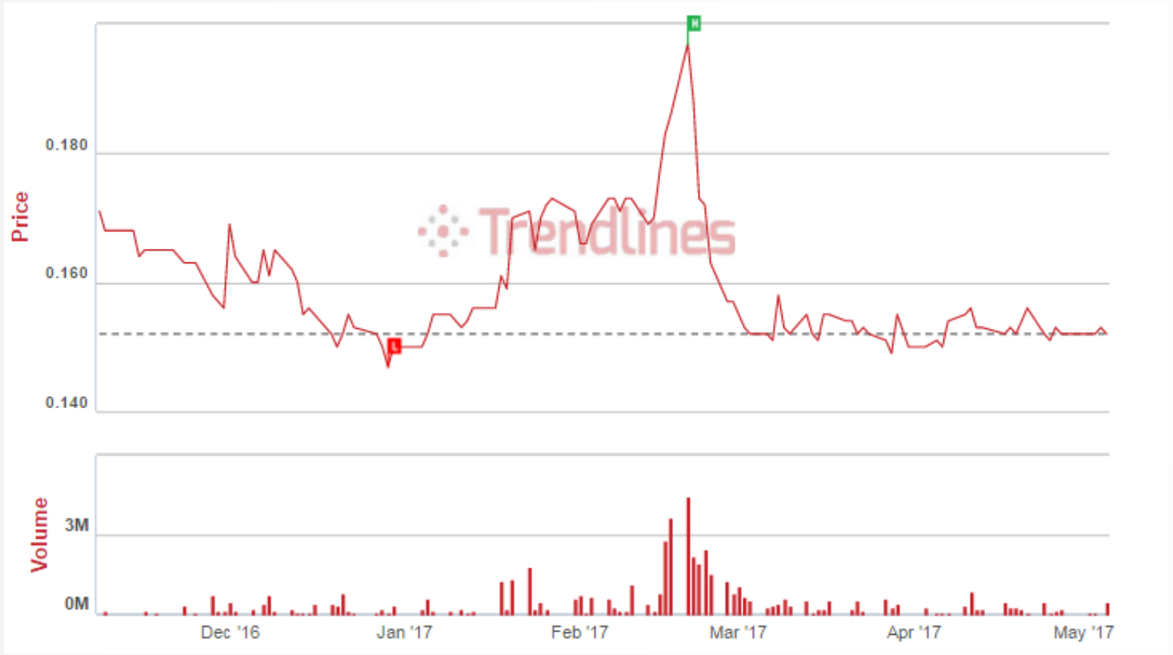
*Based on market cap on 8 May 2017, divided by last available Portfolio Value
Peer Group as identified in DBS Vickers report of 11 Feb 2016

| Industry Comparables Price to Book | |
|---|---|
| 661 Health Care Products Companies Average** Price/Book | 3.63 |
| 403 Farming and Agriculture Companies** Average Price/Book | 2.25 |
| **Trendlines Price to Book** (8 May 2017) | **0.72** |

**Source: Prof. Aswath Damodaran, New York University, 5 Jan 2017
http://people.stern.nyu.edu/adamodar/New_Home_Page/datacurrent.html

# Stock Overview

**Trendlines SGX share price movement - 12 months (S$)**

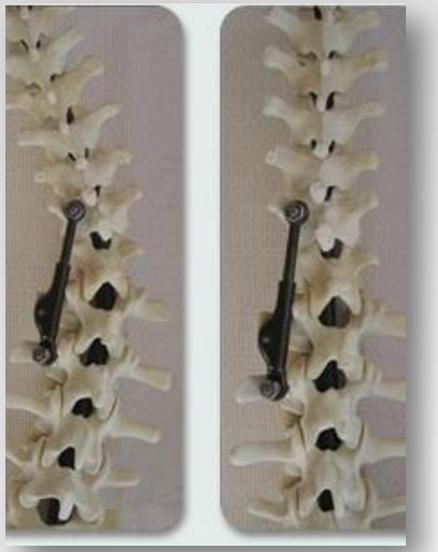



| As at 8 May 2017 | SGX: 42T S$ | OTCQX: TRNLY US$* |
|---|---|---|
| Last Price | S$ 0.15 | US$ 5.47 |
| IPO Price | S$ 0.33 | -- |
| 52-Wk High | S$ 0.25 | US$ 6.40 |
| 52-Wk Low | S$ 0.15 | US$ 4.71 |
| Market Cap | S$77.3 million | US$55.0 million |
| Shares Outstanding | 508.8 million | -- |
| Free Float | 358.1 million | -- |

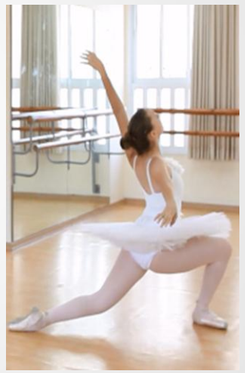
*each ADR (traded on OTCQX) = 50 ordinary shares (listed on SGX)

# Minimally Invasive Scoliosis Correction System

## ApiFix







## Solution

Minimally invasive scoliosis correction system incorporates a miniature ratchet mechanism for gentle, incremental correction over time

## Ideation

Identified serial entrepreneur-spine expert

## Investment & Intense Support

- Raised US$7 million in three rounds
- Last round led by B. Braun
- Majority of investors brought by Trendlines, including many Trendlines shareholders
- Trendlines holding: 25.25%

**Revenue Stage**

## Achievements

- Completed >100 successful surgical procedures
- Some patients more than 4 years post surgery
- CE mark, commercial sales
- Submitted for FDA regulatory clearance
- Winner of FDA-funded NCC-PDI Competition

# Water Treatment System for Aquaculture

## BioFishency



### Solution

Cost-effective, all-in-one water treatment system for reduced water use and improved yields in land-based aquaculture. Operates with all existing aquaculture systems: extensive, intensive, and recirculated

**Revenue Stage**

### Ideation

Trendlines identified inventor

### Investment & Intense Support

- Active guidance in marketing, business development, investment banking
- Connected with potential partners in target markets
- Prepared for investor meetings and events
- Trendlines holding: 49.8%

### Achievements

- Successful tests demonstrated more than doubled production, with up to 85% reduction in water consumption
- Sales launched, units installed in Israel, India, Philippines, Bangladesh, and other countries

# Natural, Nontoxic Bio-Insecticide

## EdenShield



### Solution

Natural, nontoxic insect control system for greenhouse crops, ornamentals, and cannabis that when applied to screens reduces insect attraction; based on extracts of plants endemic to Israel's semi-desert region

**Revenue Stage**

### Ideation

Trendlines identified inventor

### Investment & Intense Support

- Active guidance in marketing, business development, investment banking
- Trendlines holding: 36.5%

### Achievements

- U.S. patent
- Successful field trials in variety of crops and insects, including those that attack cannabis
- Ongoing commercial demos
- Launched greenhouse product: Israel, Europe, Africa, and United States
- Raised ~$ 2.2 million in two rounds

# The Trendlines Group: Value Building Strategy

**Increase Number of Portfolio Companies**

- More than 30 companies to be added to portfolio over 3 years

**Build Value of Portfolio Companies**

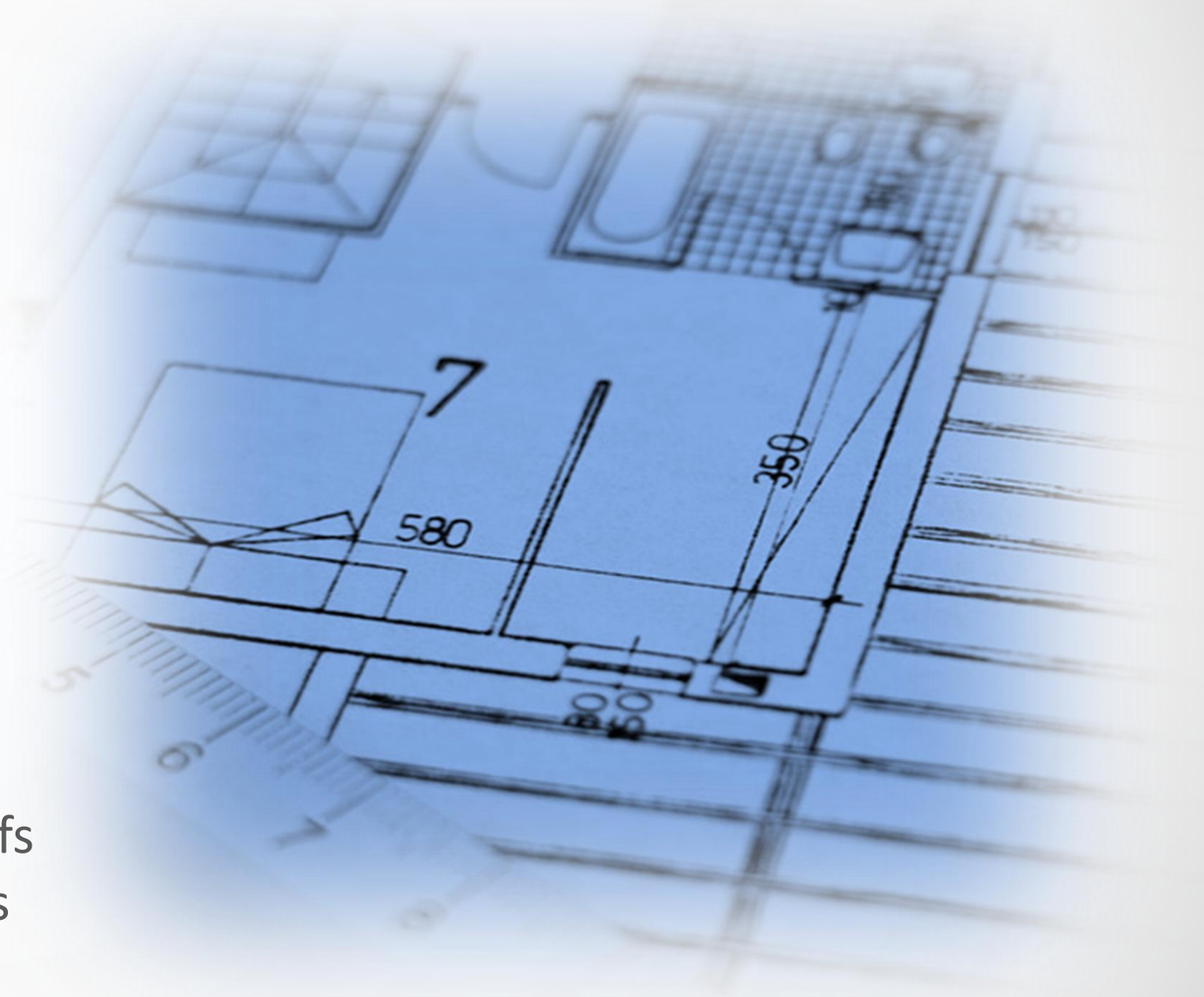
- Intense support
- Participate in follow-on rounds

**Expand into New Markets**

- Trendlines Medical Singapore established
- Exploring additional opportunities in China, German, Singapore

**Expand Trendlines Labs**

- Invest in selected innovations and create spinoffs
- Establish new joint ventures with multinationals
- Increase recurring revenue stream



# Creating & Developing Companies To Improve the Human Condition

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