



THE TRENDLINES GROUP LTD.
ANNUAL REPORT 2019

Creating & Developing Companies
To Improve The Human Conditions







trendlines
medical • agrifood • labs


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Your



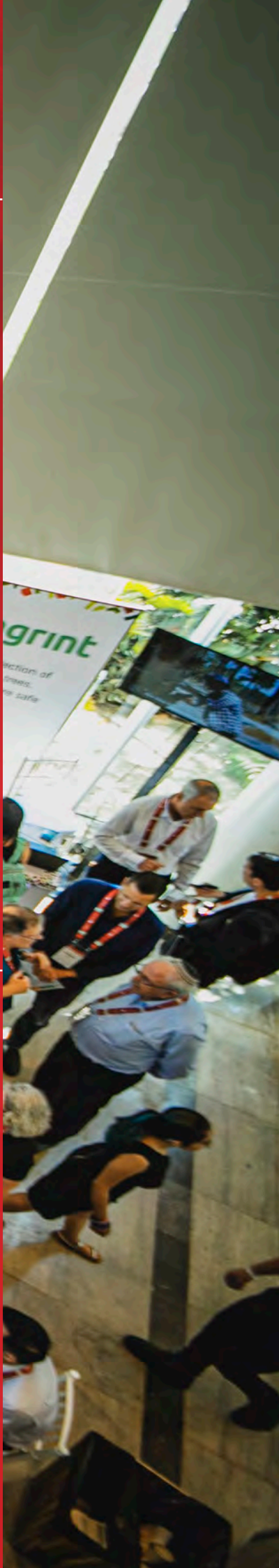
CONTENTS

3	GROUP STRUCTURE
4	CORPORATE PROFILE
6	CHAIRMEN'S STATEMENT
11	FINANCIAL HIGHLIGHTS AND REVIEW
15	BUSINESS REVIEW
21	INVESTOR RELATIONS
27	SUSTAINABILITY REPORT
42	BOARD OF DIRECTORS
46	SENIOR MANAGEMENT
48	CORPORATE INFORMATION
49	CORPORATE GOVERNANCE REPORT
94	DIRECTORS' REPORT
107	FINANCIAL STATEMENTS
161	STATISTICS OF SHAREHOLDINGS
163	NOTICE OF ANNUAL GENERAL MEETING
	PROXY FORM

This annual report has been prepared by The Trendlines Group Ltd. (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-Mail: sponsorship@ppcf.com.sg).



SHORTENED FORMS & ACRONYMS IN THIS ANNUAL REPORT

Accelerate Technologies Pte Ltd ("A*ccelerate"), the commercialization arm of the Agency for Science, Technology and Research ("A*STAR")
American Depositary Receipt ("ADR")
Annual General Meeting ("AGM")
Asia Pacific ("APAC")
Bayer Crop Science LLC ("Bayer Crop Science" or "BCS")
Bayer Trendlines Ag Innovation Fund ("Bayer Trendlines Ag Fund" or "Ag Fund")
B. Braun Melsungen AG ("B. Braun")
Board of Directors ("Board")
Catalist of the Singapore Exchange Securities Trading Limited ("Catalist of the Singapore Exchange")
Chief Executive Officer ("CEO")
Chief Financial Officer ("CFO")
Chief Operating Officer ("COO")
Chief Technology Officer ("CTO")
Compound Annual Growth Rate ("CAGR")
Environmental, Social and Governance ("ESG")
Fair Value ("FV")
Financial Year Ended 31 December 2017 ("FY2017")
Financial Year Ended 31 December 2018 ("FY2018")
Financial Year Ending 31 December 2019 ("FY2019")
First in Human ("FIH")
Frequently Asked Questions ("FAQs")
General and Administrative ("G&A")
General Partner ("GP")
Global Reporting Initiative ("GRI")
Initial Public Offering ("IPO")
Intellectual Property ("IP")
Internal Rate of Return ("IRR")
Israel Innovation Authority ("IIA"; previously, Israel's Office of the Chief Scientist of the Ministry of Economy and Industry, or "the OCS")
Johnson & Johnson Innovation – JJDC, Inc. ("JJDC")
Joint Venture ("JV")
Librae Holdings Limited ("LH")
Maryland/Israel Trendlines Fund GP LLC ("Maryland GP")
Maryland/Israel Trendlines Fund L.P. ("M/ITF")
Memorandum of Understanding ("MOU")
Merger and Acquisition ("M&A")
Misgav/Karmiel Technology Incubator, Management Services Ltd. ("Misgav/Karmiel Incubator")
National Healthcare Group Pte. Ltd. ("NHG")
National University of Singapore ("NUS")
Net Asset Value ("NAV")
Nutreco Investments B.V. ("Nutreco NuFrontiers")
OTCQX Market ("OTCQX®," a trademark of the OTC Markets Group Inc.)
PrimePartners Corporate Finance Holdings Pte. Ltd. ("PrimePartners Holdings")
Profit and Loss ("P&L")
Redeemable Convertible Loan ("RCL")
Research and Development ("R&D")
SEEDS Capital Pte. Ltd. ("Seeds Capital")
Singapore Dollar ("SGD")
Singapore Exchange Limited ("SGX")
Singapore General Hospital ("SGH")
Singapore Israel Industrial Research and Development Foundation ("SIIRD")
Special General Meeting ("SGM")
The Trendlines Group Ltd. ("Trendlines" or the "Company," and together with its subsidiaries, the "Group" or "The Trendlines Group")
Trendlines Agrifood Fund Pte. Ltd. ("Trendlines Agrifood Fund")
Trendlines Agrifood Innovation Centre Pte. Ltd. ("Trendlines Agrifood Innovation Centre" or "AFIC")
Trendlines Agtech Ltd. ("Ag Fund GP")
Trendlines Agtech-Mofet Ltd. ("Trendlines Agtech-Mofet")
Trendlines Incubators Israel Ltd. ("Trendlines Incubators Israel"; previously, Trendlines Medical-Misgav Ltd.; comprises the business units Trendlines Medical and Trendlines Agtech)
Trendlines International Ltd. ("Trendlines International")
Trendlines Medical Singapore Pte. Ltd. ("Trendlines Medical Singapore")
Vice President ("VP")
United Nations Sustainable Development Goals ("UN SDGs")

TRENDLINES' PORTFOLIO COMPANIES SHORTENED FORMS

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

GROUP STRUCTURE[1]

Our corporate structure as at 26 March 2020.



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

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

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

(4) Ten consolidated companies of Trendlines Medical Singapore: Avir Medical (85%), Ayzer Sense (45%), Continale Medical (100%), EndoSiQ (100%), interVaal Medical (98.00%), Medulla Pro (100%), Szone Medical (100%), NasoTrak Medical (100%), NICE Surgical (100%), OccuTrack Medical Solutions (100%).

www.tg-er

CORPORATE PROFILE

The Trendlines Group creates, develops, and invests in technology-based medical and agrifood companies in accordance with its mission "to improve the human condition" by discovering, incubating, and providing extensive support to our portfolio companies.

We create and develop medical and agrifood technology companies with a view toward successful exits in the marketplace. Exits may take the form of M&A transactions, listings on public stock exchanges, or other dispositions, as appropriate to each holding.

When we invest in a company, we provide it with intensive support, including R&D, business development, market and commercialization strategy, investment strategy, finance planning, legal consultancy, human resource recruitments, marketing communications, and operations. During at least their first two or three years, our portfolio companies are located in our offices in Israel or Singapore.

In Israel, we invest principally through Trendlines Medical and Trendlines Agtech, business units of our wholly owned subsidiary Trendlines Incubators Israel. In Singapore, we invest through Trendlines Medical Singapore and Trendlines Agrifood Innovation Centre. We are the fund managers for the Bayer Trendlines Ag Fund (Israel) and the Trendlines Agrifood Fund (Singapore). Both funds may invest in selected portfolio and other companies. Additionally, Trendlines Labs is our own in-house innovation center.

We explore cooperation opportunities through joint ventures, partnerships, or the formation of strategic alliances with parties that are interested in establishing activities together with us in various countries.

CORPORATE HISTORY IN BRIEF

In 2007, Trendlines acquired a technology incubator and focused it on the discovery and development of medical devices and technologies to improve patient outcomes and reduce healthcare costs. Concurrently, we acquired control of another technology incubator. In 2011, we made a strategic decision to focus that incubator to establish innovation-based companies focused on developing agricultural technologies. In March 2016, we consolidated the operations of Trendlines Medical and Trendlines Agtech as Trendlines Incubators Israel.

In 2011, we established Trendlines Labs as a business unit of Trendlines to invent and develop technologies for The Trendlines Group or in collaboration with global companies — to address unmet market needs. The technologies developed by Trendlines Labs may be sold, licensed to others, or further developed for commercialization under the auspices of The Trendlines Group. To date, we have established 10 companies based on technologies spun out of Trendlines Labs, creating tremendous value for the Group. The values of these companies is "hidden" as, under IFRS reporting, they are currently reported on a consolidated basis; in the future, as they raise external investments, we expect them to be deconsolidated and their value to be added to our overall portfolio value.



Trendlines and portfolio company staff at our headquarters in Misgav, Israel.

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

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

In November 2017, Trendlines Medical Singapore entered into an MOU with Singapore's National Healthcare Group to collaborate in identifying clinical unmet needs and developing innovative technological solutions to address them.

In November 2019, the Trendlines Agrifood Fund completed a first close of US$17.0 million. From headquarters in Singapore, the Fund will invest in new, innovation-based, agrifood tech companies in Singapore and in late-stage agrifood tech companies around the world. Nitza Kardish, PhD, previously CEO of Trendlines Incubators Israel, has relocated to Singapore to serve as the Fund's CEO.

In February 2019, we incorporated the Trendlines Agrifood Innovation Centre ("AFIC") in Singapore to act as the Agrifood Fund's manager and to leverage technological and scientific knowledge in Singapore and the wider region. AFIC will apply Trendlines' experience and know-how in investing in and building companies to accelerate technology development of, and investment in, Southeast Asia's agrifood supply chain. AFIC will not only manage the Agrifood Fund but will also provide incubation services to its early-stage portfolio companies and business development and operational support to its later-stage companies.

In 2019, we expanded our network of partnerships with industry players in the global medical and agrifood tech communities. In January, we announced that the new Singapore Agrifood Fund was appointed as a partner under the Startup SG Equity scheme, administered by SEEDS Capital Pte. Ltd.

CORPORATE PROFILE



A PART OF THE ISRAELI START-UP ECOSYSTEM

Cultivating an entrepreneurial spirit through a combination of government support and substantial investment in civilian R&D has led Israel to become an international innovation powerhouse, especially in medical and agricultural technologies. Our decades of experience in Israel inspires our work in the country as well as in Singapore, China, and Germany.



AN EXTENSIVE NETWORK OF RELATIONSHIPS

Our extensive global network of industry leaders, multinational corporations, inventors, entrepreneurs, investors, lawyers, bankers, venture capitalists, and other professionals helps us generate quality deal flow.



A FOUNDATION OF INTENSIVE SUPPORT

The significant support provided to our portfolio companies extends from our physical facilities — where our companies are located for at least two to three years — to nearly daily involvement in R&D, technology and business development, finance, marketing communications, and administration, which allows them to flourish and to improve their chances for success.

OUR STRENGTHS

Through these six strengths, Trendlines has become a leader in establishing early-stage innovation-based medical and agrifood technology companies in Israel and Singapore.



AN EXPERIENCED MANAGEMENT TEAM

The veteran businesspeople on our senior management team bring wide-ranging expertise in banking, accounting, operations, marketing, and sales in diverse sectors, including medical devices, consumer products, and agriculture.



AN EFFICIENT USE OF FUNDS

In both Israel and Singapore, we leverage government programs for initial funding and support of our portfolio companies for the two to three year incubation period.

Israel: Portfolio companies typically receive a total of approximately US$1.5 million (50% as an initial grant from the Israeli Innovation Authority and 50% in cash and an in-kind investment from Trendlines).

Singapore: Portfolio companies receive a total of approximately SGD1.2 million (50% as an initial grant from Enterprise Singapore and 50% in cash and an in-kind investment from Trendlines).

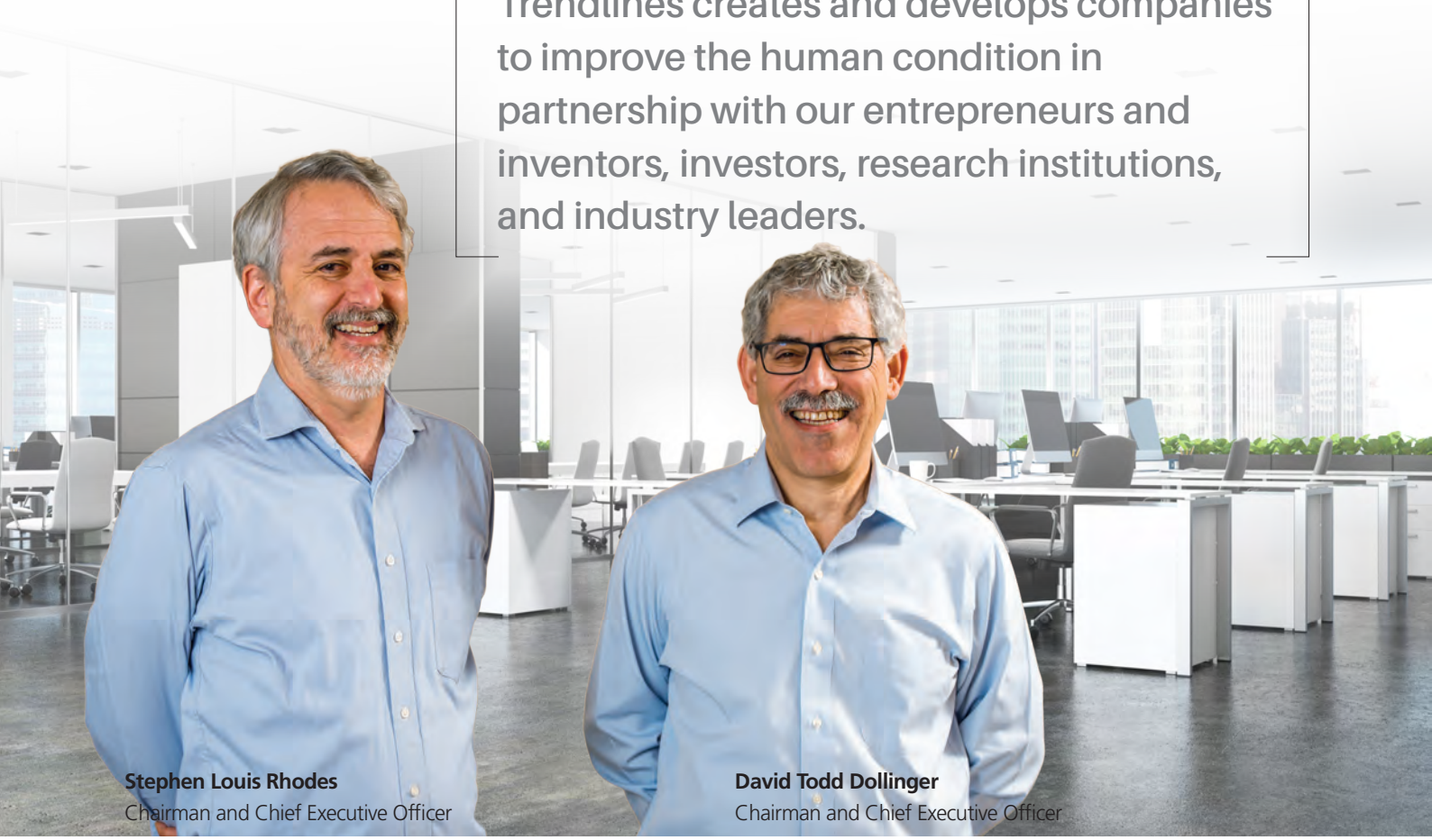


A STRONG REPUTATION, BRAND & TRACK RECORD

The foundation of our reputation for early-stage investing and business incubation rests on the decades-long partnership of our chairmen and their acumen in our industries, our track record of successful company building, exits, awards, strategic partnerships, and events we organize.

CHAIRMEN'S STATEMENT

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



Stephen Louis Rhodes
Chairman and Chief Executive Officer

David Todd Dollinger
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

On behalf of the Board of Directors and management, we are pleased to present our annual report for the financial year ended 31 December 2019.

2019 was an exceptional year for Trendlines, setting the stage for an extraordinary 2020. Among our many accomplishments for 2019 were:

- Private placement with Librae Holdings and successful rights offering
- First close of our Singapore-based Trendlines Agrifood Fund
- Established Trendlines Agrifood Innovation Centre in Singapore (AFIC), the newest Trendlines incubator
- Completed raises for 22 portfolio companies
- Trendlines Labs increased its revenue compared with 2018, entering 2020 with substantial business lined up
- Portfolio value at record level of US$102.8 million
- NAV per share US$0.13/SGD 0.18, compared to US$0.15/SGD 0.19 at 31 Dec 2018
- Strengthened balance sheet, ending 2019 with US$18.3 million

Beyond developments in our portfolio companies and the establishment of our new investment units, our most noteworthy development of 2019 was Librae Holdings Limited ("Librae") becoming our controlling shareholder. In August, Librae invested SGD 10.9 million (US$8.0 million) in the Company and in December, Librae increased its overall investment in the Company to SGD 19 million (US$14.0 million) with an additional SGD 8.1 million (US$6.0 million) investment through its participation in our November rights offering.* With its total holdings of 182.2 million new ordinary shares, Librae became our controlling shareholder, holding 23.03% of the enlarged share capital of Trendlines.

Another landmark event in 2019 was the US$17.0 million first close of the Trendlines Agrifood Fund, a new venture capital fund. The Agrifood Fund is managed by AFIC, our new Singapore-based incubator. The Agrifood Fund is investing in both early-stage Singapore-based agrifood start-ups and in later-stage foreign agrifood companies establishing their Asia-Pacific headquarters in Singapore. AFIC will not only manage

*Librae is a company organized under the laws of British Virgin Islands, held by Geneva Trust Company (GTC) SA as Trustees of The Tchenguiz Three Trust (the "Trust"), the sole discretionary beneficiary of which is London-based financier Vincent Tchenguiz, a veteran investor in Israel's high-tech ecosystem and beyond.

CHAIRMEN'S STATEMENT

the Agrifood Fund but will also provide incubation services to its early-stage investment and business development and operational support to its later-stage companies. We are excited that Nitza Kardish, PhD, who built our agtech portfolio in Israel, has relocated to Singapore to manage the Agrifood Fund. Nitza is joined by Anton Wibowo, as AFIC's CEO.

In FY2019, the fair value of our investments in portfolio companies, a strong indicator of progress, increased by US$5.6 million compared to FY2018 reaching US$102.8 million. We are particularly proud that the value of our portfolio (including cash generated from exits) increased for the twelfth consecutive year — every year since the establishment of The Trendlines Group. Our total portfolio value, plus exit proceeds (see chart below), is up US$28.9 million since our listing in 2015, from US$93.3 million to US$122.2 million.

Portfolio value expansion



As mentioned in our previous earnings reports, our profitability tends to be "lumpy" as our profitability is closely tied to individual pricing events within our portfolio.

In 2019, our total assets increased by US$15.5 million to approximately US$125.5 million as at 31 December 2019. This was mainly the result of the increase US$5.6 million in the portfolio value, combined with the 2019 Placement and the 2019 Rights Issue, which injected approximately US$8.0 million and US$6.0 million respectively into the Company.

Our total income of US$9.8 million includes US$4.8 million from services to portfolio companies. Our net income before tax was US$0.1 million and net loss after tax attributable to shareholders was US$0.47 million.

BUILDING VALUE THROUGH OUR PORTFOLIO

At the end of 2019, we held 24 active portfolio companies five years old or older that had achieved value-building milestones. In addition to our younger portfolio companies, these more mature companies, may generate significant value for Trendlines in the coming years.

Trendlines creates and develops companies to improve the human condition through partnerships with our entrepreneurs and inventors, investors, research institutions, and industry leaders — and through Trendlines Labs, our in-house innovation center. In FY2019, we established seven new portfolio companies (listed below), including two companies based on inventions spun out of Trendlines Labs, and two agtech companies, the second and third investees of the Bayer Trendlines Ag Fund.

- Five medical companies: EndoSiQ, NasoTrak Medical, Szone Medical, OccuTrack Medical Solutions, NICE Surgical Solutions
- Two agtech companies: EcoPhage and ProJini Agchem

A record 22 portfolio companies raised funds in 2019. A number of portfolio companies reached major milestones such as regulatory approvals, developments toward commercialization, and successful clinical/field trials. *See these achievements in the Business Review chapter of this Annual Report.*

In 2019, we announced that the low-profile products for colostomy management developed by portfolio company Stimatix (acquired by B.Braun Medical SAS, as subsidiary of B.Braun) are available in many markets. The products appear on the B. Braun website under the Be 1® brand. In addition, we announced that our portfolio company ApiFix received FDA approval for its innovative implant for correcting idiopathic adolescent scoliosis. Through the end of 2019, more than 350 surgical procedures were completed with the ApiFix device. The company will enter the U.S. market in early 2020.

OUR COMMITMENT TO SUSTAINABILITY

Our commitment to improving the human condition is more than just a mission statement. Trendlines places great emphasis on employing a strategic approach to oversee and manage Economic, Social and Corporate Governance ("ESG") factors significant to us. In a world of dwindling resources that is deeply concerned about food security for a growing population and the need for a sustainable healthcare system for a growing older population, we believe that innovation is key to providing solutions for both these spheres. The world's food production chain is a major contributor to climate change, so by leveraging technology and optimizing use of resources, we can make a huge impact on this important parameter. Through saving and optimizing resources like water and land, many of our agrifood portfolio companies are poised to make a positive contribution to CO_2 emissions, water consumption or soil health. Medical companies that reduce hospitalization and operating room time significantly lower healthcare costs while contributing positively to the sustainability of these systems.

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

*Portfolio value includes the fair value of investments in portfolio companies accounted for under the equity method or consolidated subsidiaries.

CHAIRMEN'S STATEMENT

Our commitment to the environment is reflected not only through our portfolio, but in our daily operations as well. For example, in the past year we adopted a policy of only leasing hybrid or other fuel-efficient vehicles and we replaced the lighting in our Israel headquarters with highly efficient LEDs. Additionally, we discontinued the use of disposable products for food service. We were the first SGX company to send out its annual report on a key drive, saving the need to print thousands of copies. In 2020, we will continue reviewing our practices to further reduce our environmental footprint. *For full details on our ESG policies and practices, see the Sustainability Report in this Annual Report.*

EXPANDING AND STRENGTHENING GLOBAL COLLABORATION

Our business is built upon partnering. Through our activities in 2019, we expanded our network of global collaborations with meaningful agreements for the Group and our companies:

- Under the MOU signed between Trendlines Medical Singapore and A*ccelerate in 2018 to jointly develop and commercialize medical technologies, we established OccuTrack Medical Solutions in 2019
- Co-investing with the Bayer Trendlines Ag Fund in two new agtech portfolio companies: EcoPhage and ProJini Agchem
- Spinning off inventions of Trendlines Labs into new portfolio companies: NasoTrak Medical and Szone Medical

BUILDING INVESTOR EXPOSURE

In September 2019, 800 attendees participated in our 6th AgriVest Conference in Tel Aviv, making it the largest AgriVest ever, and one of the top agrifood investment conferences in the world. Our event brings together industry, business, government, and academia to focus on opportunities, trends, and inventive solutions in agrifood tech.

In April, we organized an investor meetup in Singapore that featured members of our senior management team and our Singapore-based portfolio companies. Participants had the opportunity to learn about the Group and our unique incubator model.

Events such as these expose Trendlines to the international investment community and to industry partners while playing an important part in our ongoing investor relations, marketing, and business development efforts. *See details in the Business Review chapter (Events section) of this Annual Report.*



Trendlines senior management meeting (l-r) **Haim Brosh**, CFO, **Steve Rhodes**, Chairman & CEO, **Nir Goldenberg**, CEO Trendlines Labs, **Todd Dollinger**, Chairman & CEO, **Barak Singer**, CEO Trendlines Incubators Israel.



The Trendlines Labs team receives an update from CEO **Nir Goldenberg** (standing) (l to r) **Kobby Greenberg**, **Avshalom Shenhav**, **Rafi Kaplan**, **Dotam Tromer**, **Arnon Hadas.**

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

PAYING ATTENTION TO THE CORONAVIRUS

The coronavirus, COVID-19, has impacted the activities of The Trendlines Group and our portfolio companies. On March 9, we ceased all international travel for our staff and we are encouraging a reduction in meetings with external parties, all alongside more frequent use of video conferencing to maintain a high level of contact with our partners around the world.

We have canceled numerous meetings abroad and foreign investors planning visits to our offices have canceled, as well. Several of our portfolio companies are in talks with potential Chinese investors and discussions with some of these investors have been delayed. With the spread of the COVID-19 outbreak beyond China, we see slowing of additional international activities for some of our companies, including clinical trial delays and product sales.

As of this writing, thankfully, none of our staff in Singapore, China, or Israel have taken ill with COVID-19. Contingency plans, including those necessary for emergency Group communications, have been put in place for reducing staff presence in our offices should any of our staff become ill. Business continuation plans defining multiple stages for dealing with contagious diseases have been established for our offices.

Our commitment to supporting our portfolio companies and building our business and value for shareholders is unabated while we carefully monitor and adapt to this healthcare crisis.

ACKNOWLEDGMENTS AND APPRECIATION

We want to take this opportunity to thank our Board, management, and employees for their hard work, and our partners, inventors, entrepreneurs, sponsors, shareholders, and the governments of the State of Israel and the Republic of Singapore for their continued support and confidence in the Company.

DAVID TODD DOLLINGER
Chairman and Chief Executive Officer

STEPHEN LOUIS RHODES
Chairman and Chief Executive Officer



"End hunger, achieve food security and improved nutrition and promote sustainable agriculture"

UN Sustainable Development Goals, Goal 2: Zero Hunger



agtech

For more information about the UN Sustainable Development Goals, see *www.un.org/sustainabledevelopment/sustainable-development-goals*.



"Ensure healthy lives and promote well-being for all at all ages"

UN Sustainable Development Goals, Goal 3: Good Health and Well-Being

The Trendlines Medical portfolio companies are dedicated to improving patient outcomes and reducing healthcare costs.

ElaStimed · ProArc medical · VESSIX · ZYGOFIX · Vitali · VENSICA · SZON medical · ststent

ApiFix · SetBone medical · SEGER surgical solutions · PrégnanTech · OMEQ MEDICAL · OCCUTRACK

EVTR · BiPS · NICE Surgical · OrthoSpin · Arcuro Medical · NeuroQuest · Hyblate

fidmi medical · liberDi · CORALERT · magdent · NASTRAK · Medulla Pro · LIMACA · Leviticus Cardio

AtherSense · ceretrieve · Gordian Surgical · escala medical · EndoSiQ · COREBONE · interVaal

medical

For more information about the UN Sustainable Development Goals, see *www.un.org/sustainabledevelopment/sustainable-development-goals*.

FINANCIAL HIGHLIGHTS AND REVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The comparative performance for the assets, liabilities, and equity are based on the Group's financial statements as at 31 December 2019 and 31 December 2018.

Total assets increased by approximately 14.06% from US$110.0 million as at 31 December 2018 to US$125.5 million as at 31 December 2019. This was mainly due to increase in cash and cash equivalents in the amount of US$10.2 million, mainly resulting from the private placement completed on 6 August 2019 ("2019 Placement") which injected approximately US$8.0 million into the Company and the rights issue exercise ("2019 Rights Issue") which closed on 16 December 2019 and injected approximately US$6.0 million into the Company. In addition, the initial adoption of IFRS 16 in FY2019 resulted in the recognition of the right of use of the Group's leased facilities (future rent cost) as an asset, i.e., right of use assets, in the amount of US$2.2 million.

NON-CURRENT ASSETS

INVESTMENTS IN PORTFOLIO COMPANIES

The investments in portfolio companies of US$102.8 million as at 31 December 2019 comprised of 47 portfolio companies presented at fair value (not including the 10 consolidated Singaporean based companies), an increase of US$5.6 million or 5.8% as compared to 31 December 2018:

i. The increase in the value of our investments in portfolio companies were mainly due to an aggregate net increase of US$18.1 million in the overall fair market value of various portfolio companies which was derived based on factors such as the terms on which each portfolio company completed its fund-raising exercises, commercial or technological progress and the potential value of a portfolio company based on discussions with a potential buyer. In general, favorable terms for fund raising exercises/exits and higher commercial or technological progress would lead to higher fair market values.

ii. The additional investments in a few of our portfolio companies and establishment of 2 additional portfolio companies which contributed approximately US$3.0 million to the fair value.

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

i. an aggregate net decrease of US$6.9 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being less than previous projections arising from the product's staggered launch, despite the fact that B. Braun's launch of the Stimatix product remains on track, and a dividend distribution in the amount of US$1.1 million received in FY2019; and

ii. a decrease of approximately US$5.2 million in the fair market value of various portfolio companies mainly as a result of the completion of fund-raising exercises at less favorable terms to the Company, and general commercial or technological difficulties demonstrated in some portfolio companies in FY2019; and

iii. the write off of three (3) portfolio companies of approximately US$3.4 million as a result of lack of funding in those companies.

CURRENT ASSETS

As at 31 December 2019, current assets amounted to approximately US$19.5 million and mainly comprised of cash and cash equivalents, short-term bank deposits, accounts and other receivables, and short-term loans to portfolio companies.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents increased by approximately US$10.2 million mainly as a result of the 2019 Placement and the 2019 Rights Issue, which injected approximately US$8.0 million and US$6.0 million respectively in the Company, offset by the utilization of cash for investment and operating activities in FY2019.

FINANCIAL HIGHLIGHTS AND REVIEW

SHORT-TERM BANK DEPOSITS

Our short-term bank deposits decreased by US$2.4 million mainly due to the sale of short-term bank deposits, the proceeds of which had been recorded under "cash and cash equivalents" and was used for investment and operating activities as explained in the preceding paragraph.

Our cash and cash equivalents and short-term deposit represent 95.5% of our total current assets.

ACCOUNTS AND OTHER RECEIVABLES

The increase of US$0.1 million in accounts and other receivables was mainly due to the increase in R&D services provided by Trendlines Labs to third parties as compared to FY2018.

LONG-TERM LIABILITIES

Our total liabilities amounted to approximately US$25.7 million as at 31 December 2019. Our long-term liabilities, representing approximately 81.6% of our total liabilities, an increase of 15.2% at 31 December 2019 as compared to 31 December 2018.

LONG-TERM DEFERRED REVENUE

The Company's deferred revenues are recognized over a period of 24 months (commencing from the date on which the Group provides its service to the respective Portfolio Company). As at 31 December 2019, long term deferred revenues amounted to US$0.6 million. This represents a decrease of US$0.8 million which was mainly due to lower number of Portfolio Companies, as at 31 December 2019 that have deferred revenues to be recognized in the 13th to 24th month period, as compared to that as at 31 December 2018.

LOANS FROM THE IIA

The loans from the IIA increased by US$0.6 million or 19.93%, from US$2.9 million as at 31 December 2018 to US$3.5 million as at 31 December 2019, mainly due to the increase in fair value of specific Portfolio Companies for which the loans were received, which forms the basis of the calculations of the value of the loans from the IIA in the Group's financial statements.

DEFERRED TAXES

Net deferred taxes increased by US$0.8million or 6.08%, to US$14.5 million, mainly due to an increased in fair market value of some Portfolio Companies. Deferred taxes mainly represent the theoretical tax liability that is accrued when there is an increase in the carrying value of our investment portfolio. These taxes only come due when an exit occurs.

CURRENT LIABILITIES

Our current liabilities decreased by approximately US$0.6 million or 13.9% from approximately US$5.4 million as at 31 December 2018 to approximately US$4.7 million as at 31 December 2019, mainly as a result of the decrease in the deferred revenue.

TRADE AND OTHER PAYABLES

Trade and other payables increased by approximately US$0.4 million, from approximately US$1.7 million as at 31 December 2018 to approximately US$2.1 million as at 31 December 2019 mainly as a result of the increase in operating activity of Portfolio Companies in Singapore.

SHORT-TERM DEFERRED REVENUES

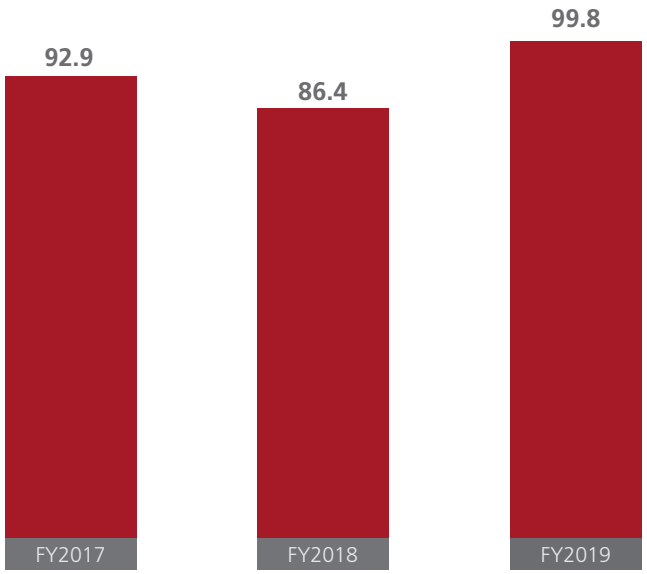
A decrease of US$1.5 million in the short-term deferred revenue was mainly due to fewer number of Portfolio Companies, as at 31 December 2019, that have deferred revenues to be recognized in the 1st- to 12-month period, as compared to that as at 31 December 2018.

EQUITY

As at 31 December 2019, equity attributable to equity holders of the Company amounted to approximately US$99.5 million.

TOTAL EQUITY

(US$,000)



FINANCIAL HIGHLIGHTS AND REVIEW

INCOME

Total income increased by approximately US$8.0 million from US$1.8 million in FY2018 to approximately US$9.8 million in FY2019.

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

The gain in fair value of investments in Portfolio Companies was US$3.8 million in FY2019 as compared to a loss from change in fair value of investments of US$6.0 million in FY2018 was mainly due to an aggregate net increase of US$18.2 million in the overall fair value of various Portfolio Companies which was derived based on factors such as the terms on which each Portfolio Company completed its fund-raising exercises, each Portfolio Company's commercial or technological progress and the fair value of a Portfolio Company based on advanced negotiations with a potential acquirer. In general, favorable terms for fund-raising exercises/ exits and higher commercial or technological progress would lead to higher fair values.

The gain in fair value of investments in Portfolio Companies was partially offset by:

(i) an aggregate net decrease of US$5.7 million in the fair value of Stimatix GI due to the initial revenues of Stimatix GI being less than previous projections arising from the product's staggered launch, despite the fact that B. Braun's launch of the Stimatix product remains on track.

(ii) a decrease of approximately US$5.3 million in the fair value of various Portfolio Companies mainly as a result of the completion of fund-raising exercises at less favorable terms to the Company, and general commercial or technological difficulties demonstrated in some Portfolio Companies in FY2019; and

(iii) the write off of three (3) Portfolio Companies of approximately US$3.4 million as a result of lack of funding in those companies.

INCOME FROM SERVICES TO PORTFOLIO COMPANIES

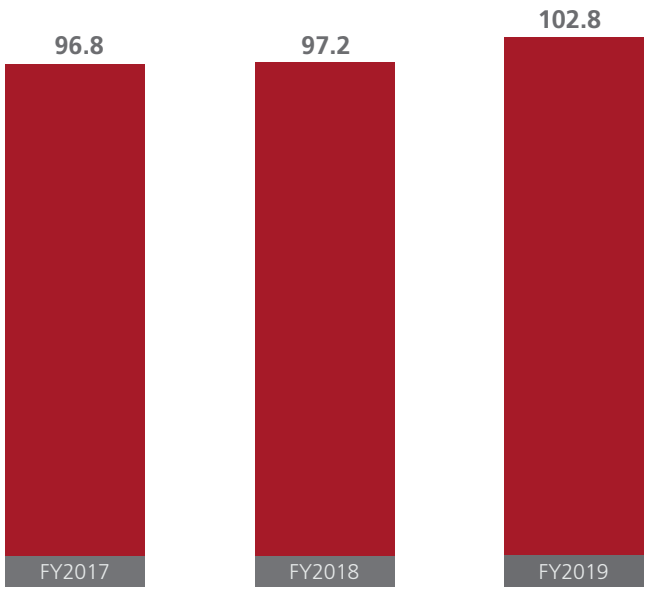
Income from services to Portfolio Companies comprised of approximately US$0.9 million received as overhead reimbursement from our Portfolio Companies and approximately US$3.8 million value of non-cash benefits received from the IIA in Israel. Income from value of non-cash benefits received from the IIA in Israel decreased by approximately US$1.3 million or 25% mainly due to lower number of new Portfolio Companies, that were serviced by the Group FY2019 as compared to that in FY2018.

FINANCIAL INCOME

Financial income decreased by US$1.0 million due to a decrease in the exchange rate between US$ and NIS (US$:NIS) in FY2019 as compared to an increase in the exchange rate in FY2018. An increase in the exchange rate results of financial gain from foreign currency exchange due to the revaluations on the liabilities in NIS.

FAIR VALUE OF PORTFOLIO COMPANIES

(US$,000)



FINANCIAL HIGHLIGHTS AND REVIEW

EXPENSES

OPERATING, GENERAL, AND ADMINISTRATIVE EXPENSES

Operating, general and administrative expenses increased by approximately US$0.7 million or 10.4%. The increase was mainly as a result of the increase in operating activity of the consolidated Portfolio Companies in Singapore.

R&D EXPENSES, NET

R&D expenses, net, increased by approximately US$0.1 million or 5.39%. The increase was mainly attributable to a higher R&D expenses of the consolidated Portfolio Companies in Singapore in FY2019 compared to FY2018.

FINANCIAL EXPENSES

Financial expenses increased by approximately US$0.8 million. The increase was mainly due to adoption of IFRS 16 in FY2019, which resulted in financial expenses on the right-of-use assets and due to a decrease in the exchange rate between US$ and NIS (US$:NIS) in FY2019 as compared to an increase in the exchange rate in FY2018. A decrease in the exchange rate resulted in financial expenses from foreign currency exchange due to the revaluations on the liabilities denominated in NIS.

INCOME BEFORE INCOME TAXES

In view of the above, income before income tax in FY2019 was approximately US$0.1 million as compared to loss before income taxes of approximately US$6.3 million in FY2018, mainly due to the gain from change in fair value of investments in Portfolio Companies as compared to the loss on this item in FY2018.

CONSOLIDATED STATEMENT OF CASH FLOW

Net cash used in operating activities of US$6.0 million in FY2019 was mainly due to a net loss of US$0.7 million and adjustments for non-cash items such as (i) gain from changes in fair value of investments in Portfolio Companies of approximately US$3.7 million; (ii) income from services to Portfolio Companies of approximately US$3.9 million; and (iii) Investments in Portfolio Companies of approximately US$1.4 million.

Net cash provided by investing activities of US$2.8 million in FY2019 was mainly due to proceeds from sale of short-term bank deposits of approximately US$2.4 million and consolidation of Singapore Portfolio Companies of approximately US$0.2 million.

Net cash provided by financing activities of US$13.9 million in FY2019 was mainly due to completion of the 2019 Placement and 2019 Rights Issue.

FINANCIAL SUMMARY (US$,000)

	FY2017	FY2018	FY2019
Total portfolio fair value	96.8	97.2	102.8
Total income	15,629	1,798	9,822
Total expenses	10,054	8,284	9,685
Income/(loss) before income taxes	5,575	(6,486)	137
Net income/(loss)	3,932	(6,318)	(695)

OUR 10 MOST VALUABLE COMPANIES

Total estimated fair market value of our 10 most valuable portfolio companies: approximately US$67.3 million, representing 66% of total portfolio value of approximately US$102.8 million as at 31 December 2019.

Company Name	Year of Initial Investment	% Owned (Fully Diluted)
AgroScout	2017	47.26
ApiFix	2011	19.17
BioFishency	2013	31.21
Fidmi Medical	2014	47.85
Hargol FoodTech	2016	21.90
Leviticus Cardio	2010	19.42
liberDi	2016	43.90
Saturas	2013	25.37
Stimatix GI	2009	27.16
ST Stent	2013	28.43

BUSINESS REVIEW

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

Trendlines is a life sciences investor. The Trendlines Group creates, develops, incubates, and invests in technology-based medical and agrifood companies and concepts. We invest principally through our incubators in Israel and Singapore, and manage assets of the Bayer Trendlines Ag Fund in Israel and the Trendlines Agrifood Fund in Singapore. Our in-house innovation group, Trendlines Labs, invents and develops medical and agrifood technology solutions for our multinational strategic partners and, as well, for investment and further development in our incubators.

We are proud to have earned an international reputation as a leader in early-stage investing. This reputation has attracted the attention of global medical and agrifood corporations, allowing us to strengthen our partnership agreements with international players, including entering into a new agreement with Singapore's SEEDS Capital in 2019.

CORPORATE

In FY2019, we formally incorporated the agrifood fund previously announced in December 2018, the US$40.0 million Trendlines Agrifood Fund, and our agrifood tech-focused incubator in Singapore, the Trendlines Agrifood Innovation Centre (AFIC), respectively.

We signed a Subscription Agreement with Librae for a SGD 10.88 million (US$8.0 million) investment in Trendlines.

On 24 September 2019, we announced conditional investment commitments of up to US$22.0 million from, among others, Librae and Temasek in the Agrifood Fund, and in early November 2019, we announced, among others, the expected first close of the Agrifood Fund, which subsequently occurred on 14 November 2019.

In December 2019, we completed a successful rights issue in which Librae participated, making it our largest shareholder at 23.03% upon completion of the rights issue exercise in December 2019."

We were ranked #1 on The Most Active Venture Funds in Israel list in "Israel AgriFood Tech Investing Report - Five-Year Overview 2014-2018," released by AgFunder and Start-Up Nation Central in March 2019.

TEAM

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

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

Throughout 2019, our Chairmen and members of our senior management team spoke, presented, or served as panelists at more than 30 conferences in Israel, Singapore, China, Europe, and North America.

During 2019, we announced that Nitza Kardish, PhD, formerly CEO of Trendlines Incubators Israel, accepted the position of Trendlines Agrifood Fund CEO and has since relocated to Singapore. Barak Singer, previously VP Business Development of Trendlines Medical in Israel, was appointed CEO of Trendlines Incubators Israel on 1 February 2019.

We also announced that Yosef (Yosi) Hazan, formerly the CEO of Trendlines Labs, left us to head up a large R&D operation for a multinational corporation. Nir Goldenberg, previously VP Business Development of Trendlines Labs, was appointed Trendlines Labs' CEO.

The total number of the Group's employees was 35 as at 31 December 2019.

TRENDLINES INCUBATORS ISRAEL

Trendlines Incubators Israel CEO **Barak Singer** served as a judge at the Startup On the Grill Medical meetup in Yokneam, Israel, in June 2019. He spoke at the China Incubator Innovation and Development Summit and China-Israel Science and Technology Cooperation Development Forum, Dalian, China, in July 2019.

In addition to conferences Barak attended in Israel throughout 2019, he participated in international professional and industry conferences, often accompanying portfolio companies.

ProArc medical
Winner, Horizon 2020 European US$2.2 million grant

PrégnanTech Your Pregnancy. Our Focus
Received patent
Started clinical study

SEGER surgical solutions
Started preclinical trial

StimatixGI Medical Solutions
Product on market as B. Braun Be 1® brand

ststent Short Term Stent Technology
Successful feasibility study

VENSICA
Started clinical trial

VESSI MEDICAL
Successful animal study

VIAQUA THERAPEUTICS
Closed funding round with Singaporean VC

ZYGOFIX
Winner, 2019 Mass Challenge Israel
Started clinical trial

BUSINESS REVIEW



Trendlines CFO **Haim Brosh** (right) presented budget planning and management to CEOs of portfolio companies at our Israeli headquarters.

TRENDLINES MEDICAL

For 2019, we made the strategic decision to focus on building the value of our existing Israel-based medical portfolio and, accordingly, chose not to establish new medical portfolio companies in Israel during 2019.

A record number of our Israel-based portfolio companies achieved meaningful successes from meeting regulatory milestones to raising funds. *A number of these achievements appear along the bottom of the pages in this chapter.*

TRENDLINES AGTECH

NEW COMPANIES

In 2019, we established and invested in two Trendlines Agtech portfolio companies together with the Bayer Trendlines Ag Fund: EcoPhage and ProJini Agchem. These companies represent the second and third investments by the Bayer Trendlines Ag Fund.

- EcoPhage leverages a disruptive technology for using bacteriophages (viruses that attack bacteria) for crop protection. The technology was developed by Professor Rotem Sorek of Israel's Weizmann Institute of Science.
- ProJini Agchem is developing agrochemical solutions based on new molecular targets: protein-protein interactions. The platform leverages a computational-biophysical combination to confront this significant challenge of focusing on such interactions. ProJini Agchem received an exclusive license from MIGAL Galilee Research Institute.

TEAM

VP Business Development **Sarai Kemp** served as a panelist at the Prestel & Partner Family Office Forum in Singapore in March 2019. The following month she was on a panel at an event sponsored by the Hula Valley Community of Entrepreneurs in the Eastern Galilee, Israel. She served as mentor for PhenoHack, a two-day event in July 2019 focused on developing new concepts for technological solutions to meet Bayer's phenotyping needs. The event was sponsored by, amongst others, Bayer and Trendlines. In September 2019, she was a judge at the Aquaculture Innovation Summit in London. In January 2020, Sarai was a judge at Startup On The Grill Foodtech, Yokneam, Israel.

Trendlines Agtech VP and VP Bayer Trendlines Ag Fund **Maya Schushan Orgad, PhD**, was one of the organizers of the Women in Agtech & Foodtech Entrepreneurship, Tel Aviv, in January 2019. She served as mentor for PhenoHack in July 2019. Maya was a speaker at the Facultech & Women in Agrifood Tech event in December 2019.

Gordian Surgical

Raised US$3.0 million from Chinese investors, American physicians, current shareholders

Completed over 3,000 surgeries

Distribution agreements in six countries

HARGOL DELIVERING PROTEIN

Raised US$1.1 million

Finalist, evokeAG Startup Valley, Australia

Winner, Grand Challenges Israel

Recognition from Israel's Ministry ofAgriculture and Rural Development

Named a Top 30 global start-up, SLINGSHOT 2019, Singapore

Listed in FoodTech 500

Named Gifted Citizen, Gifted Citizen competition

FruitSpec.

Closed US$4.0 million round with South African and Chinese investors

Achieved 98% accuracy in U.S. trial

Listed in FoodTech 500

Launched sales

CORALERT

Received patent

Elastimed

Winner, Horizon 2020 European US$1.6 million grant

ceretrieve

Finalist, Innovation Award Competition – Innovation in Cardiovascular Interventions

BUSINESS REVIEW

TRENDLINES MEDICAL SINGAPORE

Our Trendlines Medical Singapore incubator, now three years old, is a product of our corporate and government partnerships and alliances with Enterprise Singapore, the enterprise development agency of Singapore's Ministry of Trade and Industry, B. Braun, and financial services group PrimePartners Holdings.



Presenting EndoSiQ at the Singapore investor meetup, 30 April 2019. The event featured presentations by Trendlines' management and Trendlines Medical Singapore portfolio company entrepreneurs.

On 30 April 2019, Trendlines Medical Singapore organized and held its first investor meetup, an event that featured presentations by Trendlines' management and Trendlines Medical Singapore portfolio company entrepreneurs aimed at introducing the portfolio companies to the investment community in Singapore. The event created positive networking and interaction between investors and founders of the portfolio companies.

In October 2019, Trendlines Medical Singapore and its portfolio companies also participated as exhibitors at the annual Singapore Healthcare and Biomedical Congress, organized by the National Healthcare Group. The platform enabled our portfolio companies to showcase their novel technologies to the medical community and the Minister of Health who graced the occasion as guest of honor.

NEW COMPANIES

The Trendlines Medical Singapore portfolio of companies expanded to 10, with the establishment of and investment in 5 new companies in 2019. (As all of these companies are currently consolidated in our financial statements, none of them are given value in our financial statements and do not appear in our books as investments in portfolio companies.)

- EndoSiQ, developing a proprietary diagnostic tool for analyzing real-time images of the bladder
- NasoTrak Medical, developing an ultrasound-based positioning detection system for the placement of nasogastric (NG) tubes
- NICE Surgical Solutions, developing tools to allow for easier and faster, fully intracorporeal, left-side anastomosis colorectal procedures
- OccuTrack Medical Solutions, developing products to monitor conditions that lead to deteriorating visual acuity such as age-related macular degeneration
- Szone Medical, developing an easy-to-use, accurate, real-time, noninvasive hydration monitoring device

Of the 10 Trendlines Medical Singapore companies, Avir Medical, Continale Medical, interVaal, and Szone were established based upon inventions of Trendlines Labs. Medulla Pro and OccuTrack resulted from our partnership with Singapore's National Healthcare Group.

TEAM

In November 2019, CEO **Eric Loh** served as a judge and panelist at SWITCH (Singapore Week of Innovation and Technology Congress), an event where more than 100 international medical technology proposals were evaluated. In October 2019, Eric was an invited VIP guest at the Annual Singapore Healthcare and Biomedical Congress organized by the National Healthcare Group.

15 tmura 15+ Years of Sharing

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

As a Tmura member, we have donated shares in Trendlines, and we strongly encourage all our portfolio companies to allot equity to this important endeavor. In 2019, 9 portfolio companies granted options to Tmura, giving us a total of 49 of our portfolio companies that have granted options to Tmura (www.tmura.org).

fidmi medical

Signed collaboration agreement with U.S.-based CoapTech

Received FDA clearance

METOMOTION

Raised US$1.5 million from European strategic partner

Recognition from Israel's Ministry of Agriculture and Rural Development

Winner, Horizon 2020 European €2.0 million grant

Leviticus Cardio

Received BIRD Foundation US$950,000 grant

Successful FIH

Awarded "breakthrough device" status from FDA

Winner, International Society for Mechanical Circulatory Systems award

Listed in Medgadget's Best Medical Technologies 2019

escala medical

Began clinical trial

Hyblate Effective Afib Solution

Finalist, Mass Challenge Israel

GreenSpense™

Winner, Horizon 2020 European €1.3 million grant

BUSINESS REVIEW

TRENDLINES LABS

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

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

Technologies invented by Trendlines Labs were spun out to form two new medical portfolio companies in 2019:

- EndoSiQ, incorporated in January 2019 as a company in our Trendlines Medical Singapore incubator
- Szone Medical, incorporated in August 2019 as a company in our Trendlines Medical Singapore incubator

With these two companies, Trendlines Labs' ideas or inventions are at the heart of 10 portfolio companies: Avir Medical, Continale Medical, Hyblate Medical, interVaal, Limaca, Medulla Pro, NasoTrak, and PregnanTech.

Trendlines Labs continues to strengthen its partnerships in Asia (including China and Japan), Europe, and the United States.

TEAM

Our dedicated Trendlines Labs team, led by CEO **Nir Goldenberg,** relies on its extensive technological, engineering, and management experience to take a highly focused, extremely efficient approach to innovation and development. Our biomedical and other engineers, scientists, and business development professionals deal with projects addressing unmet needs in areas that the Trendlines Labs team, or our international partners, have identified. Trendlines Labs is active in urology, neurology, cardiology, women's health, and more.

In November 2019, **Rafael Kaplan** joined the Trendlines Labs team as director of business development.

TRENDLINES AGRIFOOD INNOVATION CENTRE (AFIC)

In 2019, **Nitza Kardish, PhD,** assumed the positions of CEO of the Trendlines Agrifood Fund and Vice Chair of Trendlines Agrifood Innovation Centre, our Singapore-based facility focused on developing agrifood technologies.

Throughout 2019, Nitza appeared as a speaker and panelist at numerous international industry conferences:

- Panelist and speaker, evokeAG, Melbourne, Australia, 19-20 February 2019
- Panelist, IIA NorthHitech event, Israel, 15 April 2019
- Speaker, Future Food Asia 2019, Singapore, 3-4 June 2019
- Panelist, WMN North, Israel, 17 June 2019
- Speaker and panelist, Sustainability Week 2019, Panama, 24-26 June 2019
- Panelist, Practical Tools for Your Next Round, Israel, 23 July 2019
- Panelist, Asia-Pacific AgriFood Innovation Week, Singapore, 21 November 2019

TEAM

In April 2019, **Anton Wibowo** was named AFIC's CEO. In September 2019, he was a panelist at the Food Security and Career Opportunity of Startups event. He was a panel moderator at the Cleantech Forum Asia in October 2019. Anton was appointed a mentor for start-ups in Singapore's iDare program.

Keith Loo joined AFIC as Business Ventures Manager in November 2019. Trendlines Agtech VP Business Development **Sarai Kemp** joined the Trendlines Agrifood Fund as VP Business Development.

Saturas
Decision Support System for Precision Irrigation

Winner, Horizon 2020
European €1.7 million grant

Recognition from Israel's Ministry of Agriculture and Rural Development

Listed in FoodTech 500

Phytolon
Natural Food Colors

Finalist, FoodTech 2019

2nd place, FoodTech Innovation Competition

A top 30 global start-up, SLINGSHOT 2019, Singapore

Listed in FoodTech 500

OMEQ MEDICAL

Raised US$3 million from foreign strategic partner

Started clinical study

LIMACA MEDICAL

Started clinical study

OrthoSpin

Received FDA clearance

Began clinical study in the United States and Israel

liberDi

Started human trials

Winner, Horizon 2020
European US$2.2 million grant

BUSINESS REVIEW

OUR PORTFOLIO COMPANIES

The 57 Trendlines portfolio companies (as at 31 December 2019) are developing, or have developed, innovation-based medical and agrifood technologies and products in support of our mission to improve the human condition. We believe that in the right environment, and with substantial support, significant benefit can be derived through establishing, investing in, and supporting early-stage companies for rapid growth and high returns.

The table below presents our active portfolio companies* established since we began operations in 2007. It provides a visual representation of our business model — and illustrates how our portfolio's value builds over time.

- Portfolio companies are listed according to the year of our initial investment in each, from the most mature at the top to the youngest at the bottom. The companies in bold are our 10 most valuable companies as at 31 December 2019.
- The green columns from left to right represent our portfolio companies value-building milestones. As the table illustrates, many of our more mature companies have reached significant milestones.
- Companies we exited are presented at the far right, listed by year of our first investment in each.



* Current portfolio companies as at 31 December 2019; 34 written-off companies not shown. IPO indicates reverse mergers into public companies.

AgroScout
Detection Done Right

Shortlisted, Poland Prize Season #3 acceleration program

Recognition from Israel's Ministry of Agriculture and Rural Development

Launched sales

AQUINOVO
Accelerating Fish Growth

Recognition from Israel's Ministry of Agriculture and Rural Development

ApiFix

Closed Series B financing

Winner, National Capital Consortium for Pediatric Device Innovation US$50,000 grant

Finalist, MedTech Innovator Showcase

Received FDA clearance

Passed 350 surgical procedures milestone

COREBONE
Bioactive Coral Bone Graft

Winner, Best Technology Innovation

Award, China-Israel Innovation & Entrepreneurship Contest

Established subsidiary in China

BioFishency
AQUACULTURE TECHNOLOGY

Raised US$2.4 million from European VC Aqua-Spark, Trendlines, and others

Signed Technion-Israel Institute of Technology licensing agreement for coldwater applications

Established subsidiary in China

ALGAHEALTH

Finalist, Indoor Ag-Ignite Pitch Competition

OUR PORTFOLIO COMPANIES

● medical ● agtech

Companies in **bold = 10 most valuable companies** (as at 31 December 2019)

Portfolio Company	Short Descriptionw	Year Established	Outstanding Holdings (%)	Fully Diluted Holdings (%)
● Agam Aquaculture	On-demand, in-water fish sorting by size	2018	50.00	45.77
● **AgroScout**	**Monitoring and detecting specific diseases in crops**	**2017**	**49.51**	**47.26**
● AlgaHealth	Efficient production of materials from microalgae	2017	40.00	39.80
● **ApiFix**	**Minimally invasive device for adolescent scoliosis**	**2011**	**22.02**	**19.17**
● AquiNovo	Accelerated growth of farmed fish	2016	46.77	39.07
● Arcuro Medical	All-suture, knotless meniscus repair system	2013	28.10	26.36
● Avir Medical	Endotracheal tube reduces ventilator-associated pneumonia	2018	85.00	85.00
● Ayzer Sense	Body-pressure redistributor prevents pressure ulcers	2018	50.00	45.00
● **BioFishency**	**All-in-one water treatment system for aquaculture**	**2013**	**32.94**	**31.21**
● BiPS Medical	Wireless, wearable vital sign monitoring system	2017	63.20	60.13
● Ceretrieve	Thrombectomy device for treating ischemic stroke	2016	50.00	42.40
● Continale Medical	Device to alleviate stress urinary incontinence	2018	100.00	100.00
● CorAlert	Noninvasive monitoring for the diagnosis of heart failure	2016	50.00	40.00
● CoreBone	Bioactive coral-based bone graft material	2011	38.83	36.81
● EcoPhage	Bacteriophages (viruses that attack bacteria) for crop protection	2019*	60.00	55.43
● ElastiMed	Easy-to-wear compression stocking from smart materials	2015	40.41	35.37
● EndoSiQ	Proprietary software to analyze real-time images of the bladder	2018	100.00	100.00
● Escala Medical	Nonsurgical, incision-free approach for pelvic organ prolapse	2014	49.60	41.90
● **Fidmi Medical**	**Feeding device for improved delivery of enteral nutrition**	**2014**	**49.56**	**47.85**
● FruitSpec	Accuracy in fruit yield estimation	2017	34.30	31.40
● Gordian Surgical	Integrated port closure system	2012	19.29	16.19
● GreenSpense	Propellant-free dispensing technology	2011	16.20	13.85
● **Hargol FoodTech**	**First commercial grasshopper farm**	**2016**	**22.50**	**21.90**
● Hyblate Medical	More efficient ablation catheter to treat atrial fibrillation	2018	85.00	84.60
● IBI-Ag	Environmentally friendly pest management platform	2017*	33.80	33.60
● interVaal	Reduced catheter-associated urinary tract infections	2017	98.00	98.00
● **Leviticus Cardio**	**Wireless energy transfer for ventricular assist device**	**2010**	**20.68**	**19.42**
● **liberDi**	**Automatic, portable system for peritoneal dialysis**	**2016**	**49.89**	**43.90**
● Limaca Medical	Endoscopic ultrasound fine needle biopsy system	2017	90.24	73.58
● Magdent	Miniature electromagnetic dental implant device	2010	11.28	9.67
● Medulla Pro	Ultrasound-guided imaging for lumbar puncture	2018	100.00	100.00
● MemTech	Advanced water filtration membranes	2010	14.89	14.32
● MetoMotion	Robotic greenhouse vegetable harvesting system	2016	45.64	40.87
● MiRobot	Multi-stall, automatic robotic milking system	2011	31.35	25.80
● NasoTrak Medical	Nasogastric (NG) tube safety system	2019	100.00	100.00
● NeuroQuest	Simple blood test for early diagnosis of Alzheimer's	2008	68.08	31.79
● NICE Surgical	Tools for more efficient intracorporeal colorectal anastomosis	2019	100.00	100.00
● OccuTrack Medical	Monitoring conditions that lead to deteriorating visual acuity	2019	100.00	100.00
● Omeq Medical	Smart epidural needle	2013	33.10	30.99
● OrthoSpin	Smart external fixation system	2014	33.61	28.19
● Phytolon	Reliable, cost-effective production of natural food colorants	2018	82.60	72.83
● PregnanTech	Device to prevent preterm birth	2018	80.00	79.60
● ProArc Medical	Minimally invasive solution for enlarged prostate	2010	25.30	23.51
● ProJini Agchem	Novel pesticides with new mode of action	2019*	65.01	59.05
● **Saturas**	**Stem water potential sensor for optimal irrigation**	**2013**	**27.51**	**25.37**
● Seger Surgical	Laparoscopic bowel closure device for intracorporeal anastomosis	2016	48.63	45.53
● Setbone Medical	Novel treatment for vertebral compression fractures	2017	50.00	49.14
● Sol Chip	Maintenance-free, everlasting solar battery	2009	14.10	11.18
● **Stimatix GI**	**Low-profile colostomy appliances**	**2009**	**28.14**	**27.16**
● **ST Stent**	**Removable stent following sinus surgery**	**2013**	**33.12**	**28.43**
● Szone Medical	Noninvasive hydration device	2019	100.00	100.00
● Valentis	Coating platform for food packaging, agtech, more	2013	88.50	68.58
● Vensica Medical	Needle-free drug delivery for overactive bladder	2014	28.63	26.95
● Vessi Medical	Cryotherapy for superficial bladder cancer	2017	49.90	46.92
● ViAqua Therapeutics	Orally administered health management for aquaculture	2014	45.06	42.40
● Vvital Biomed	Concept and technology for transcatheter mitral valve repair	2016**	41.00	40.18
● ZygoFix	Miniature screwless spinal fusion implant	2016	49.71	43.03

* Bayer Trendlines Ag Fund company.

** Became a Trendlines Medical portfolio company in 2018.

INVESTOR RELATIONS

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

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

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

This frequent communication gives our shareholders, potential investors, and partners opportunities to follow our operations and corporate developments to achieve a deeper understanding of our business. In addition to digital communications, we hold our AGM and, when necessary, SGMs in Singapore, while organizing individual meetings with specific shareholders on a regular basis. Any material information inadvertently disclosed at such meetings are publicly disseminated as promptly as possible. We are proud to note that we were nominated as a finalist in the IR Magazine Forum & Awards – South East Asia 2019 in the category of Best Annual Report (events.irmagazine.com/southeastasia).



In November 2019, the 4th anniversary of our IPO, the Trendlines team members were invited to open trading at the SGX by striking the gong.

Throughout 2019, our Chairmen and CEOs, Steve Rhodes and Todd Dollinger, and our CFO, Haim Brosh, held **quarterly earnings calls** in which they discussed our results, presented financial and business highlights for the quarter, and looked ahead to upcoming developments. We encouraged the public to send questions ahead of time, so the questions could be answered during the presentations. We do this so all our shareholders and potential investors may make informed investment decisions.



Chairman and CEO **Steve Rhodes** addresses shareholders at the Special General Meeting held in Singapore in February 2019.

BROADENING OUR INVESTOR RELATIONS EFFORTS AND IMPROVING ENGAGEMENT IN 2019

During 2019, our investor relations team continued to increase awareness of The Trendlines Group in the international investment community. The team, including Steve Rhodes, Todd Dollinger, and Haim Brosh, met regularly with shareholders, institutional and individual investors, financial analysts, and journalists in Asia (including Singapore and China), Israel, North America, and Europe. We initiated and organized an investor event in Singapore, participated in a virtual investor event aimed at U.S. investors, and conducted many one-on-one and group meetings.

In 2020, our investor relations strategy will continue to focus on increasing awareness of Trendlines' business model, our general business strategy, and the progress and milestones of our portfolio companies.



Sarai Kemp, Shira Zimmerman, and Saturas VP Marketing **Avi Shtain** hosted a group from Temasek Polytech at Trendlines Israel headquarters to discuss how we commercialize research technologies.

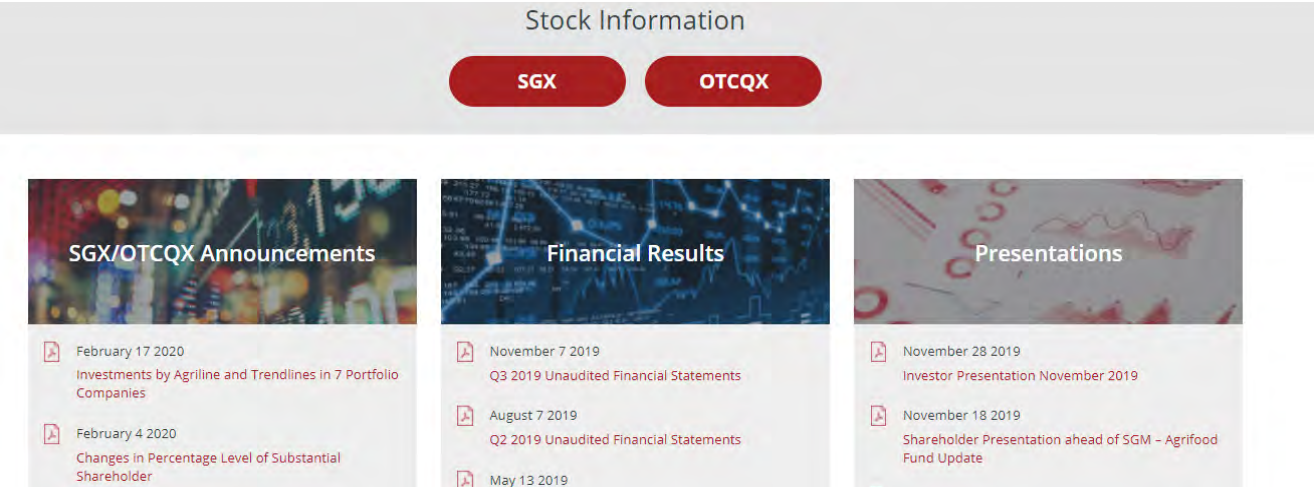
INVESTOR RELATIONS

A COMMITMENT TO COMMUNICATION THROUGH DIGITAL, SOCIAL & PRINT MEDIA

To aid in understanding the assets of The Trendlines Group, we refreshed the **Investors section of our website** in November 2019 (www.trendlines.com/investors/investor-relations).

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

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



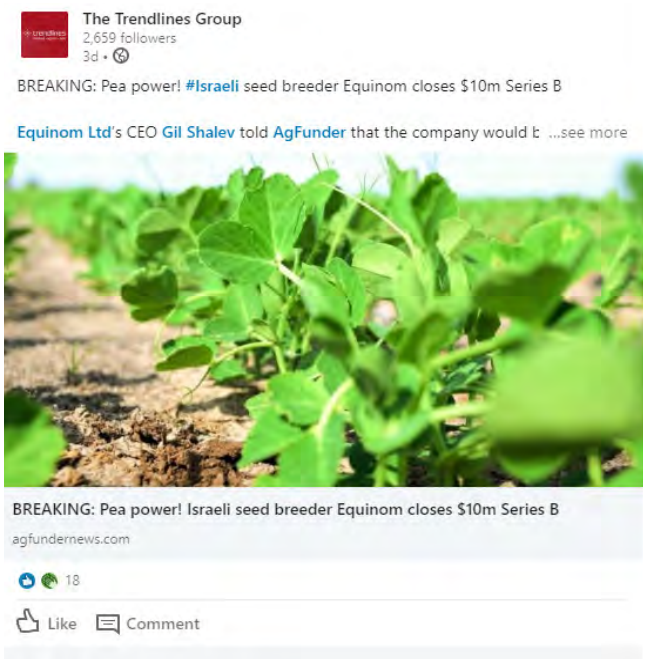
Our **corporate website** (www.trendlines.com) provides a comprehensive overview of our organization, including information about our funds and each business unit, each portfolio company, and our team. The site's extensive News section includes media items related to Trendlines and the portfolio companies. In 2019, our website welcomed about 55,000 unique visitors.

We email the **Trendletter, our monthly newsletter**, to more than 11,000 subscribers around the world. We share information about our organization and our portfolio companies, events we organize or attend, and news items in the media that feature the Group or our portfolio companies. In 2019, news or interviews about Trendlines and our companies appeared in numerous articles in media around the world. Current and previous issues of the Trendletter are available on our website. Site visitors may sign up for the Trendletter using the subscription form and may unsubscribe at any time.

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

EVENTS

We believe in the strength of face-to-face meetings and events with investors and partners. Members of our senior management team presented, spoke, and served as panelists or judges at various events throughout the year.



INVESTOR RELATIONS

CHAIRMAN AND CEO TODD DOLLINGER

30 APR 2019 Speaker, Trendlines Investor Day, Singapore



28 MAY 2019 Panelist, Go4Israel, Jinan, China

22-25 OCT 2019 Speaker, AO Seminar, German Congress of Orthopedics, "Creating value: what innovation success means to an investor"

11-15 NOV 2019 Speaker, SFF x SWITCH 2019, Singapore

5 DEC 2019 Keynote speaker, opening of China-Israel Innovation Hub (Shanghai), Putuo, China





TRENDLINES INCUBATORS ISRAEL CEO BARAK SINGER



2 JUN 2019 Presenter, Startup On The Grill Medical, OpenValley, Yokneam, Israel

5 JUL 2019 Speaker, China Incubator Innovation and Development Summit and China-Israel Science and Technology Cooperation Development Forum, Dalian, China



13 JAN 2020 Panelist, Healthcare Cross-Border Partnering Summit From Globe to Asia@JPM 2020, San Francisco

INVESTOR RELATIONS

CHAIRMAN AND CEO STEVE RHODES

16 JAN 2019 Panelist, Sowing Seeds of Change, Women Agtech & Foodtech Entrepreneurship, Israel





11 DEC 2019 Speaker, ScienceAbroad, New York, Boston, and Maryland

VP TRENDLINES AGTECH MAYA SCHUSHAN ORGAD, PHD

16 JAN 2019 Organizer, Sowing Seeds of Change, Women Agtech & Foodtech Entrepreneurship, Tel Aviv

17-18 JUL 2019 Mentor, PhenoHack, Tel Aviv

25 DEC 2019 Speaker, Facultech & Women in Agrifood Tech, Rehovot, Israel



TRENDLINES AGTECH VP BUSINESS DEVELOPMENT SARAI KEMP



7 JAN 2019 Judge, Startup On The Grill Foodtech, OpenValley, Yokneam, Israel

5-6 MAR 2019 Panelist, Prestel & Partner Family Office Forum, Singapore

11 APR 2019 Panelist, Hula Valley Community of Entrepreneurs in the Eastern Galilee, Israel

17-18 JUL 2019 Mentor, PhenoHack, Tel Aviv

10-11 SEP 2019 Judge, Aquaculture Innovation Summit, London

INVESTOR RELATIONS

TRENDLINES MEDICAL SINGAPORE CEO ERIC LOH



2 JUN 2019 — Speaker, Trendlines Investor Day, Singapore

10-12 OCT 2019 — VIP guest, Annual Singapore Healthcare and Biomedical Congress, organized by the National Healthcare Group

11-15 NOV 2019 — Judge and panelist, SWITCH conference, Singapore

TRENDLINES AGRIFOOD FUND CEO NITZA KARDISH, PHD

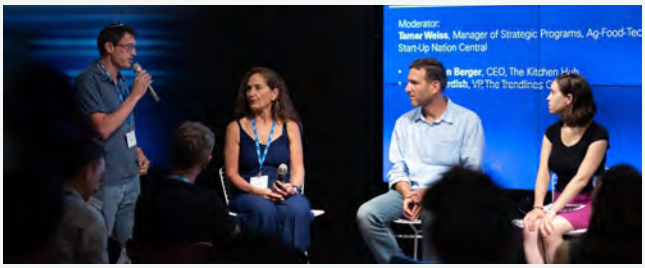
19-20 FEB 2019 — Panelist and speaker, evokeAG, Melbourne, Australia





15 APR 2019 — Panelist, IIA NorthHitech event, Israel





17 JUN 2019 — Panelist, WMN North, Israel

3-4 JUN 2019 — Speaker, Future Food Asia 2019

23 JUL 2019 — Panelist, Practical Tools for Your Next Round, Israel

24-26 JUN 2019 — Speaker and panelist, Sustainability Week 2019, Panama

21 NOV 2019 — Panelist, Asia-Pacific AgriFood Innovation Week, Singapore

AFIC CEO ANTON WIBOWO



8-9 OCT 2019 — Panelist, Cleantech Forum Asia, Singapore

19 SEP 2019 — Panelist, Food Security and the Career Opportunity of Startups

9 OCT 2019 — Moderator, The Future of Fish: Digital Tools for Aquaculture, Cleantech Forum Asia 2019, Singapore

INVESTOR RELATIONS

AGRIVEST

AgriVest is an agrifood tech event that Trendlines initiated seven years ago together with other partners in the Israeli agtech ecosystem. The conference has served to build a vibrant network of entrepreneurs, investors, academics, and industry leaders.

In 2012, the first AgriVest showcased Israeli agrifood tech to international investors and industry leaders. By 2015, when the third conference took place, agrifood tech had gained a foothold in the global investment community. By AgriVest 2019, the conference, which was held in Tel Aviv on 24 September 2019, attracted 800 participants.

The ecosystem for agricultural technologies — and the AgriVest tradition — has been firmly established. Trendlines is proud to have played a part in putting agrifood tech investment on the global map.



Chairmen and CEOS **Steve Rhodes** (left) and **Todd Dollinger** (right) with **Ted Tan**, Vice President of Enterprise Singapore, at AgriVest 2019.



The AgriVest conference provides a great networking opportunity for anyone is in the agrifood investment and development sector.



AgriVest 2019 panel discussion, Agrifood Tech Start-Ups in East Asia: The Challenges and Opportunities, moderated by **Reihem Roy** (Omnivore) at left. Panelists (l-r): **Gerard Chia** (New Protein Capital), **Binghui Dong** (JumpScale), **Matilda Ho** (Bits x Bites), **Bruno Meireles de Sousa** (Cargill), **Ted Tan** (Enterprise Singapore).

SUSTAINABILITY REPORT

STATEMENT FROM THE BOARD

We are pleased to present Trendlines' third sustainability report to provide stakeholders with a comprehensive understanding of how the Group continues to create sustainable value. The Board oversees the Sustainability Taskforce at Trendlines and identifies the organization's material sustainability factors, ensuring that issues relating to these factors are monitored and managed on a regular basis. The Board and Management consider sustainability issues as part of our strategic formulation and reiterate our commitment to sustainable practices in line with our mission. This year, we also reviewed our operations through the lens of the United Nations Sustainable Development Goals (UN SDGs) and describe the different ways in which Trendlines and some of its portfolio companies contribute toward advancing these global goals.

ABOUT THIS REPORT

This report shares our annual update on sustainability initiatives and performance covering the period 1 January 2019 to 31 December 2019, with prior year data for comparison where applicable. It has been prepared in accordance with the Core Option of the GRI Standards and applies the GRI reporting principles for Report Content and Report Quality. The GRI Standards were selected as they represent the global best practice for sustainability reporting. This report is published in accordance with the SGX Sustainability Reporting requirements set out in Catalist Rules 711A and 711B.

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

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

2019 PERFORMANCE HIGHLIGHTS



Established 5 new companies in Singapore and 2 in Israel



Total value of portfolio US$102.8 million



Contributed to major initiative in Misgav Industrial Park to improve recycling capabilities



~70% reduction in waste in our israel office and 80% reduction in expenses related to disposable products (e.g., paper/plastic plates and plastic cups)



New venture capital fund, Trendlines Agrifood Fund, launched in Singapore to invest in local innovative agrifood tech start-ups and foreign agrifood companies

SUSTAINABILITY REPORT

SUSTAINABILITY AT TRENDLINES

Trendlines has a strong commitment to sustainability through its mission of creating and developing companies to improve the human condition.

We achieve this through our investments in and support of innovation-based companies aimed at improving patient outcomes, reducing healthcare costs, and helping solve the global food crisis while reducing the environmental footprint of the agrifood industry, all while creating value for Trendlines and our shareholders.

Our governance and risk management framework ensures sustainability-related risks are monitored and managed. The Board (comprising three independent directors, one non-executive director, and two executive directors) is responsible for our sustainability strategy. It oversees our Sustainability Taskforce (Figure 1), which drives sustainability performance and reviews monitoring processes. Headed by our CFO, Corporate Controller, and Director of Operations, the Taskforce sets the appropriate agenda and tone from the top.

In 2019, we continued our efforts to reduce the resource footprint of our organization. During the year, we made the decision to discontinue the use of disposable plastic goods, which has had the cumulative effect of reducing waste by 70% and expenses related to disposable products by nearly 80%. In our Israel office, we stepped up our recycling efforts by adding recycling bins for plastic waste and initiating a meeting with our local council and an environmental representative. As a result, this led to a cascade of actions and results: getting the buy-in of other companies within the Misgav Industrial Park (the location of our facilities), changing the recycling culture, raising overall sustainability awareness in our business community, and improving recycling capabilities in the Park. Together with the regional council representatives, we are working toward changing the regulations to require all companies in the Park to have recycling bins in place.

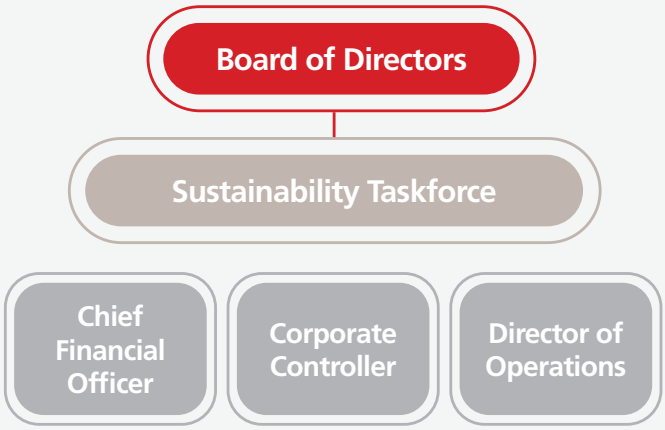


Figure 1. Sustainability governance at Trendlines











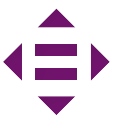


SUSTAINABILITY REPORT

CONTRIBUTION TO THE UN SDGS

We are aware that our business operates within a broader global context. As a corporate global citizen, we recognize the impact that our business activities, alongside those of our portfolio companies, can have. We firmly believe that businesses can play an important role in the 2030 UN's Agenda for Sustainable Development.* Supported by a set of 17 SDGs, these global goals are aimed at moving toward a more sustainable future by 2030. During 2019, we reviewed how our operations, including the influence through our portfolio companies, contributes to achievement of these global goals.

Table 1. Contribution to sustainable development in alignment with the UN SDGs

Relevant SDG	How Trendlines Supports These SDGs
Key to Business	
 "End hunger, achieve food security and improved nutrition and promote sustainable agriculture"	Trendlines invents, discovers, invests in, and incubates innovation-based medical and agricultural technologies. Our portfolio companies are aimed at improving patient outcomes, reducing healthcare costs or helping solve the global food crisis.
 "Ensure healthy lives and promote well-being for all at all ages"	
 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"	We deliver economic value to our shareholders, employees, and community. Through the establishment of and investment in new companies, we have created 100s of new employment opportunities over the years.
 "Strengthen the means of implementation and revitalize the global partnership for sustainable development"	We encourage and promote public-private partnerships through our participation in associations; continued expansion of our network of partnerships with industry players; exploration of new collaboration opportunities through joint initiatives, partnerships or strategic agreements in other countries, including Israel, Singapore, China, and Germany.
Other SDGs to Which We Contribute	
 "Achieve gender equality and empower all women and girls"	We strive to create a culturally sensitive, fair, and inclusive workplace for our employees and portfolio companies without discrimination based on race, color, religion, age or gender.
 "Reduce inequality within and among countries"	
 "Ensure sustainable consumption and production patterns"	We take measures to reduce the resource footprint of our operations and encourage waste reduction activities in our office. We also publish an annual sustainability report together with our annual report.
 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions for all"	We commit to uphold the highest standards of business ethics and responsible governance practices, including our management of portfolio companies.

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

SUSTAINABILITY REPORT

AN ACTIVE COMMITMENT TO SUSTAINABILITY

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

Many of our medical- and healthcare-related portfolio companies provide access to more affordable, less invasive practices and procedures that, in turn, lead to more sustainable healthcare systems for hospitals, clinics, payers, practitioners, and the people who use them.

In the agrifood sector, our portfolio companies' technologies or products have a direct impact on creating a more sustainable food system by saving resources such as water and land and preventing damage to the environment by reducing carbon emissions, pesticides or harmful toxins.

The following examples illustrate how 11 portfolio companies are contributing to sustainable systems.

AGROSCOUT

A software company, AgroScout enables growers to turn a low-cost commercial drone into a "digital agronomist" for pinpoint detection of disease and pests, thereby protecting crops and increasing yields.

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

APIFIX

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

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

BIOFISHENCY

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

The BioFishency sustainability advantage: Significant reduction in water and land usage, reduced energy costs, and upgrades to existing aquaculture infrastructure to benefit many small growers and fish farmers.

ECOPHAGE

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

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

GREENSPENSE

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

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

HARGOL FOODTECH

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

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

IBI-AG

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

SUSTAINABILITY REPORT

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

LIBERDI

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

The liberDi sustainability advantage: Offering patients' greater convenience by significantly reducing/eliminating travel time (and hence carbon emissions) as well as reducing clinic and personnel costs.

PHYTOLON

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

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

PREGNANTECH

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

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

SATURAS

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

The Saturas sustainability advantage: Giving much more precise watering for improved usage, resulting in a significant reduction in water and energy consumption.

MEMBERSHIP IN ASSOCIATIONS

We are actively involved in a number of industry associations and organizations focused on promoting technological innovation, including —

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

STAKEHOLDER ENGAGEMENT

The Trendlines model is about strategic partnerships. We recognize the importance of effective collaboration with our internal and external stakeholders and work very closely with entrepreneurs, investors, strategic players, inventors, and governments. Our approach to stakeholder engagement involves regular communication using a variety of media (digital, print, social media) to have a better understanding of stakeholder expectations and issues that are pertinent to them.

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



The winning team of the PhenoHack, Tel Aviv, July 2019. Trendlines, together with Bayer Crop Science, Growing IL, and Start-Up Nation Central, organized a hackathon for the automated identification of phenotypes in vegetables.

SUSTAINABILITY REPORT

EMPLOYEES

Our employees are our greatest asset. We value the contribution of diverse experiences and cultures from our staffs in Israel, Singapore, and China and endeavor to create a culturally sensitive working environment that provides equal opportunities regardless of race, color, religion, age, and gender. With the belief that a positive work environment can only be fostered when employees are motivated and engaged, Trendlines actively engages its people through regular employee evaluations and staff and department meetings, as well as an annual fun day event.

In FY2019, we were supported by 38 full-time employees and 1 part-time employee across our Israel, Singapore, and China operations. One of our employees in Israel is from a minority community; two CEOs of our 46 Israeli portfolio companies are also from minority communities. Eight portfolio companies are led by women, which represents 14% of our total portfolio. See Figure 2 for a breakdown of our employee demographics.

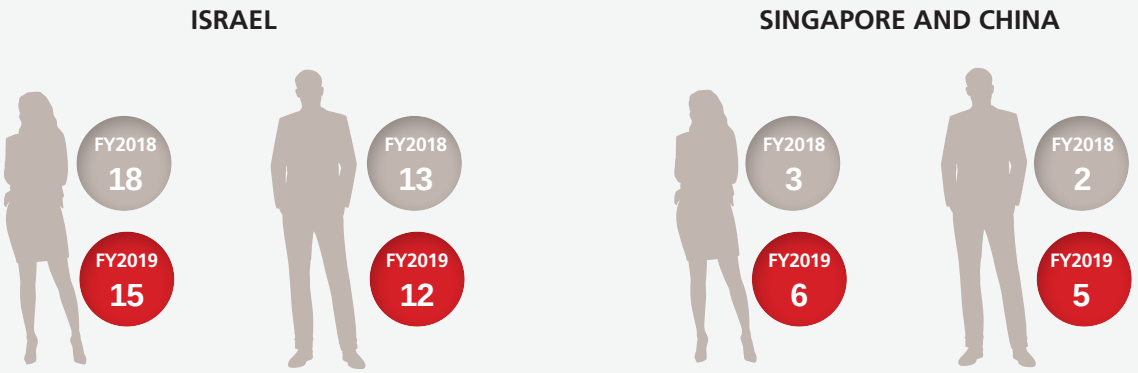


Figure 2. Team profile breakdown by region and gender

PORTFOLIO COMPANIES

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

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

GOVERNMENT AND INDUSTRY RELATIONS

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

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

LOCAL COMMUNITIES

Trendlines is committed to making positive contributions and building long-term relationships with our local communities. In 2019, we continued to provide support for Israel's Adopt-a-Soldier program. As part of the Association for the Wellbeing of Israel's Soldiers program, we adopted the Israel Defense Force's 188th Barak ("Lightning") Armored Brigade.

Our donation, among other things, is used for personal supplies such as thermal underwear, personal towels and sheets, sportswear, shade gazebos, and more. Additionally, we support social programs for the soldiers in this unit by organizing reciprocal visits, attending special events at the army base, donating computers and office equipment, assisting with career counseling for soldiers at the end of their service, and planning joint community events. During the holiday season, we send gift boxes to soldiers from underprivileged or disadvantaged backgrounds.

To promote and cultivate a culture of innovation and entrepreneurship within Israel, we also support local business groups eager to learn about our model for supporting and developing innovative programs in northern Israel. We regularly present to Israeli and international student groups. These students, usually participants in entrepreneurship programs, are eager to learn more about Israeli innovation and incubator programs. A 90-minute visit to our offices is an enriching experience and gives the students a glimpse of what goes into commercializing a technological innovation and how the incubator functions to support the entrepreneurs. In 2019, we hosted 15 such groups at Trendlines.

As a Tmura member, we have donated shares in Trendlines, and we strongly encourage all our portfolio companies to allot equity to this important endeavor. In 2019, 9 portfolio companies granted options to Tmura, giving us a total of 49 portfolio companies that granted options to Tmura (www.tmura.org). *See more on page 17 of the Business Review chapter of this Annual Report.*

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

We conducted our first formal Materiality Assessment exercise in FY2017, which was based on GRI principles, to determine the relevant key sustainability topics for our business and stakeholders. Three ESG matters that aligned with the Group's business strategies were identified as material (see Figure 3). We reviewed these matters for FY2019 and deemed them to remain relevant to our business. These ESG matters are management of portfolio companies, business ethics, and regulatory compliance. The material matters were then presented to the Board for validation and approval (See Figure 4).

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

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

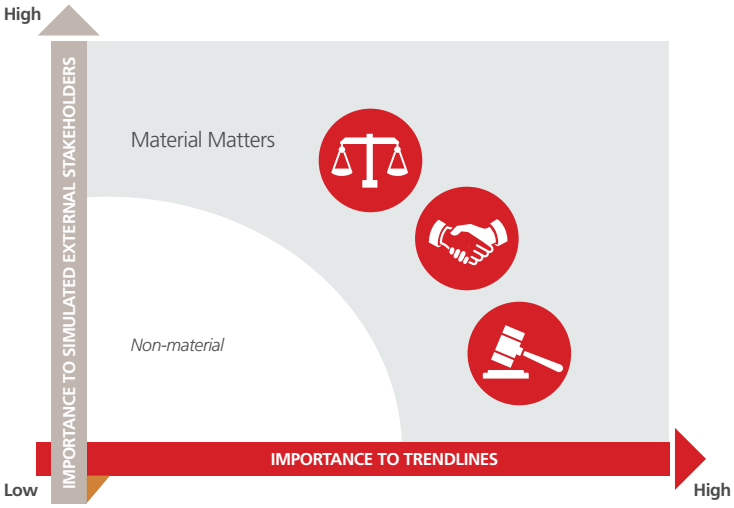


Figure 3. Materiality assessment process



Figure 4. Four-step materiality assessment process

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

PORTFOLIO COMPANY MANAGEMENT

As an investor, our approach to sustainability is centered around influencing our portfolio companies to implement sound governance and conduct their business in a responsible, ethical manner. We establish risk management and compliance structures in our management of portfolio companies. Through weekly and monthly meetings, as well as quarterly status updates on portfolio company developments, we track progress very closely. In case red flags that arise related to technology, business, finance or human resources, the Trendlines team defines a plan of action to minimize risk and solve problems immediately.

We support our portfolio companies' growth (both our early-stage and more advanced companies) by providing a range of services in the areas of business development, technology development, marketing communications, finance, and administration. Recognizing that this is a crucial element of our business model, we invest significant resources into this effort by providing ongoing operational support and a review and implementation of business plans, policies, and procedures. Other support includes:

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

SUSTAINABILITY REPORT

Bearing testimony to the added value we provide to our portfolio companies is the high percentage of our portfolio companies that succeed in raising significant amounts of follow-on capital and that continue to operate beyond the typical two- to three-year incubation period.

Case Study: Providing Support to Stimatix GI

Trendlines was approached by a surgeon seeking to improve post-colostomy care. To develop the idea and assist in business development, Trendlines engaged a seasoned CEO and provided expertise through market research and a deep dive into markets. With our support, this product was completely redefined to be technologically viable as well as a better fit with market needs.

Together with our CEO Steve Rhodes, the Chairman of Stimatix (a Trendlines shareholder and Director) met with strategic partners and assisted in raising capital for the company, which was instrumental in the negotiations for the eventual acquisition deal in 2014 by B. Braun, a leading German medical device and pharmaceutical company.

Building Strong Relationships with Portfolio Companies

As an active investor, we meet regularly with portfolio company CEOs and are deeply involved in their business operations, economic performance, and challenges, and to provide guidance and mentoring.

Our approach to sustainability entails supporting well-governed companies that contribute positively toward improving the human condition while creating long-term value for our stakeholders. This is anchored in the firm belief that effective management of portfolio companies can only be achieved through engagement. To Trendlines, building these strong working relationships means establishing a culture of open and effective communication.

Table 3. Targets for engaging with our portfolio companies.

Focus Area	Target	2019 Performance
Valuation process applied to portfolio companies	All portfolio companies to go through the external valuation process at least once a year.	**Achieved**  We continued to achieve 100% of the target and seek to maintain this in the years ahead. Companies are externally valued once a year or more, depending on the company status.
Updates received from portfolio companies	All portfolio companies (in their first two to three years) to meet on a monthly basis to discuss progress. Trendlines' team reports progress on a quarterly basis.	**Achieved**  In 2019, we achieved 100% of the target and will continue to maintain this, paying special attention to ensure formal meetings are held monthly and that all CEOs are present. We held quarterly update meetings to report on progress to the Trendlines' team.
Updates from portfolio companies to their boards and shareholders	All portfolio companies to communicate on a regular basis (at least quarterly) with their boards and shareholders.	**Mostly achieved**  We recommend to our companies that they maintain regular communications (preferably quarterly) with their board and shareholders. We monitored these communications and noted that communication between portfolio companies and their board and shareholders improved significantly (compared to FY2018, when it was not a focus area of the Group).

SUSTAINABILITY REPORT

Making the Right Investments: Due Diligence

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

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

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

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

1 Market

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

2 Team

- Experience and capabilities
- Dedication/passion
- Chemistry
- Flexibility
- Integrity

3 Technology

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

4 Intellectual Property

- IP due diligence
- Patentability
- Significance (strength) of patent
- Waivers

5 Exit Potential

- Potential acquirers for trade acquisition
- IPO potential
- Exit potential value

SUSTAINABILITY REPORT

BUSINESS ETHICS

Trendlines aims to be a role model for our portfolio companies by upholding the highest standards of ethics and integrity. Key policies to promote a culture of honesty, integrity, and accountability are our Code of Business Conduct and Ethics Policy, Whistleblower Policy, and Anti-Bribery and Anti-Corruption Policy. These policies are reviewed by the Board annually. Trendlines expects all employees, and relevant third parties who have business dealings with the Company, to abide by these policies.

Corporate Policies	Guidance Provided
Code of Business Conduct and Ethics Policy	The Company provides this Code to its employees to offer guidance in properly recognizing and resolving the legal and ethical issues they may encounter while conducting the business of the Company. Should an employee be confronted with a situation where further guidance is required, the matter should be discussed with a member of management or the Company's Audit Committee. No reports were received in 2019.
Whistleblower Policy	The Whistleblower Policy makes it clear that employees can report their concerns without fear of victimization, subsequent discrimination or disadvantage. This Policy is intended to encourage and enable employees to raise serious concerns within the Company, rather than overlooking a problem or seeking a resolution of the problem outside the Company. This Policy applies to all employees and contractors working for the Company. It is also intended to provide a method for other stakeholders (e.g., suppliers, customers, and shareholders) to voice their concerns regarding the Company's business conduct. Any concerns raised are submitted to the Chairman of the Audit Committee. No reports were received in 2019.
Anti-Bribery and Anti-Corruption Policy	The Company complies with anti-corruption and anti-bribery legislation in all jurisdictions where it operates. Recognizing that local laws might be less restrictive, Trendlines has also set out principles in this Policy in respect of conduct in all jurisdictions of operations, even where compliance with this Policy prohibits conduct that may otherwise be permitted by local laws. This Policy includes statements on prohibition of bribery, acceptance or offer of gifts or any personal benefit or privilege of any kind with a value that could influence the judgment of the recipients. No reports were received in 2019.

These policies have been communicated to all employees and members of the Board. Additionally, Trendlines conducts mandatory annual training on its policies, and employees are required to sign that they participated in the training and acceptance of the policies. Employees who are unable to attend the training are required to review the course material and confirm their acknowledgment and acceptance. New hires undergo similar training as part of their orientation. See our performance summary in Table 4.

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

SUSTAINABILITY REPORT

Table 4. Targets for Business Ethics

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

REGULATORY COMPLIANCE

Compliance with laws and regulations of the jurisdictions in which we operate is not just a legal requirement for Trendlines, but a duty we have to uphold to be accountable to our stakeholders. Any form of noncompliance is not tolerated as it could damage our reputation as a trusted and respected investor to our portfolio companies and stakeholders.

We have a robust internal audit process to review compliance matters and assess the effectiveness of the Group's internal controls. In 2019, audits were performed on two areas, Social Benefits and Budgeting. There were no significant findings reported. Findings for areas of improvement and examination were considered and implemented. To further strengthen controls, we have voluntarily chosen to adopt an internal process for Sarbanes-Oxley Act ("SOX") compliance.* This raises confidence levels by ensuring that appropriate security controls are in place to ensure that financial data is accurate and protected against loss.

As a company trading on the Catalist Board of the SGX, Trendlines also has a continuing Sponsor who, among other things, reviews all documents we release to shareholders or to the market (such as press releases, announcements, resolutions contained in notices of meetings, circulars, and corporate actions) prior to release on SGXNET. This acts as another control measure to ensure Trendlines is always in compliance with the Catalist Rules. See Table 5 below for our performance summary.

Table 5. Targets for Regulatory Compliance

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

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

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Organizational Profile		
102-1	Name of the organization	3
102-2	Activities, brands, products, and services	4
102-3	Location of headquarters	48
102-4	Location of operations	48
102-5	Ownership and legal form	3
102-6	Markets served	4
102-7	Scale of the organization	4
102-8	Information on employees and other workers	32
102-9	Supply chain	NA as Trendlines does not engage any material suppliers.
102-10	Significant changes to the organization and its supply chain	No significant changes in reporting year.
102-11	Precautionary principle or approach	Trendlines takes a risk-based management approach.
102-12	External initiatives	None
102-13	Membership of associations	31
Strategy		
102-14	Statement from senior decision-maker	6
Ethic and Integrity		
102-16	Values, principles, standards, and norms of behavior	36, 49
Governance		
102-18	Governance structure	28
Stakeholder Engagement		
102-40	List of stakeholder groups	31
102-41	Collective bargaining agreements	No employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	31
102-43	Approach to stakeholder engagement	21, 31
102-44	Key topics and concerns raised	21, 31
Reporting Practice		
102-45	Entities included in the consolidated financial statements	106
102-46	Defining report content and topic boundaries	33
102-47	List of material topics	33

SUSTAINABILITY REPORT

GRI Standards Disclosures		Reference Page(s) or Reasons for Omission
General Disclosures		
Reporting Practice		
102-48	Restatement of information	Nil
102-49	Changes in reporting	Nil
102-50	Reporting period	1 Jan 2019 – 31 Dec 2019
102-51	Date of most recent report	FY2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	27
102-54	Claims of reporting in accordance with the GRI Standards	27
102-55	GRI Content Index	38
102-56	External assurance	27
Topic-Specific Disclosures		
Sound Corporate Governance and Business Ethics		
103-1	Explanation of the material topic and its boundary	34
103-2	The management approach and its components	36
103-3	Evaluation of the management approach	36
205-2	Communication and training about anti-corruption policies and procedures	36
205-3	Confirmed incidents of corruption and actions taken	37
Regulatory Compliance		
103-1	Explanation of the material topic and its boundary	37
103-2	The management approach and its components	37
103-3	Evaluation of the management approach	37
307-1	Noncompliance with environmental laws and regulations	37
419-1	Noncompliance with laws and regulations in the social and economic area	37
Management of Portfolio Companies		
103-1	Explanation of the material topic and its boundary	33
103-2	The management approach and its components	33
103-3	Evaluation of the management approach	34



UN Sustainable Development Goals, Goal 8: Decent Work and Economic Growth

As a corporate global citizen, we recognize the importance of maintaining our workspaces in Israel, Singapore, and China. We are committed to providing facilities that are welcoming, modern, and comfortable.

trendlines medical · agrifood · labs

trendlines medical · agtech · labs

trendlines medical · agtech · labs

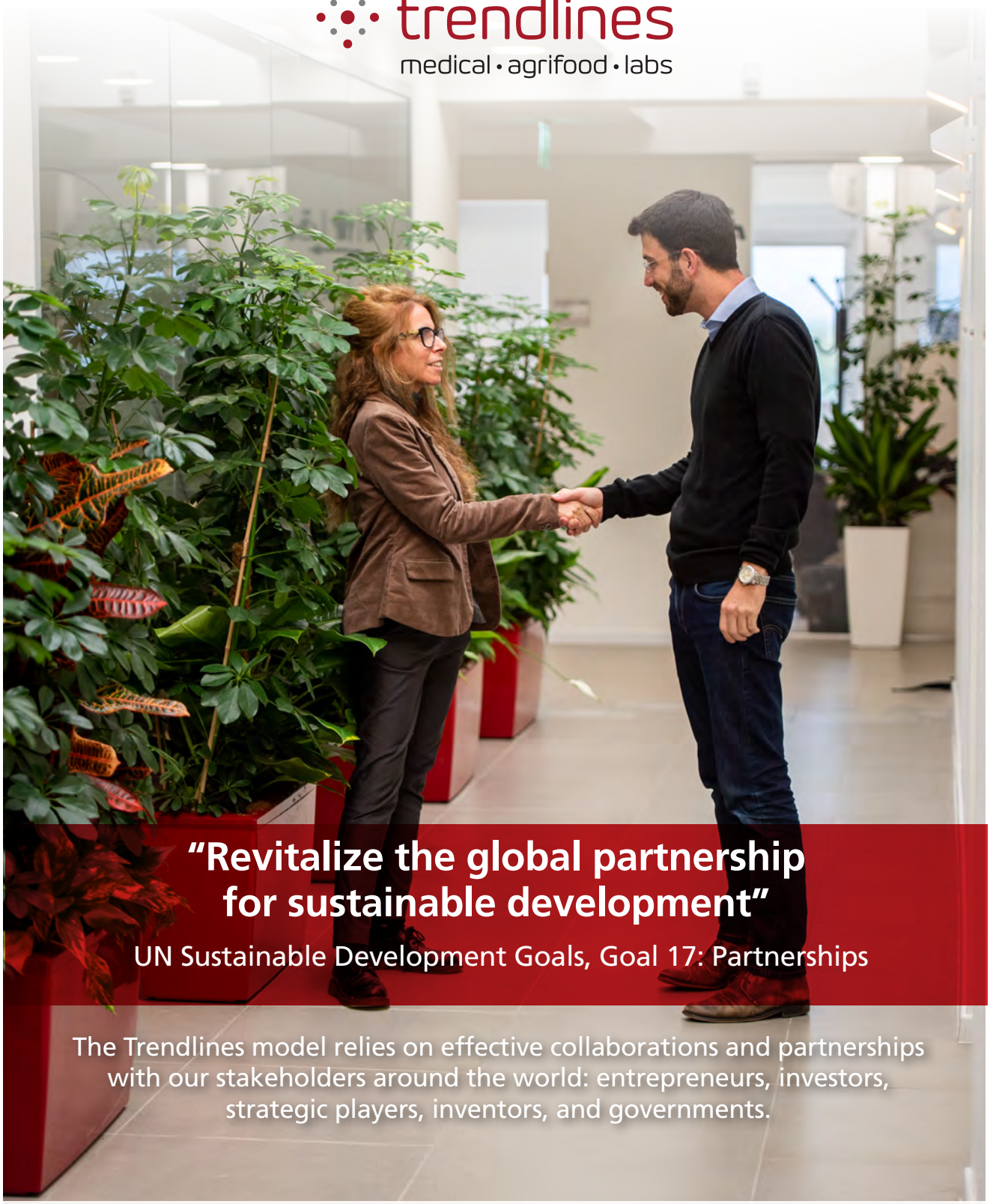
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trendlines medical singapore

trendlines agrifood fund

For more information about the UN Sustainable Development Goals, see *www.un.org/sustainabledevelopment/sustainable-development-goals.*

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"Revitalize the global partnership for sustainable development"

UN Sustainable Development Goals, Goal 17: Partnerships

The Trendlines model relies on effective collaborations and partnerships with our stakeholders around the world: entrepreneurs, investors, strategic players, inventors, and governments.

Singapore General Hospital SingHealth · SIRIUS Global Investments · Enterprise Singapore · nutreco NuFrontiers · China • Israel · National Healthcare Group · רשות החדשנות Israel Innovation Authority · B BRAUN Sharing Expertise · BAYER · RAMBAM Health Care Campus · accelerate

For more information about the UN Sustainable Development Goals, see *www.un.org/sustainabledevelopment/sustainable-development-goals*.

BOARD OF DIRECTORS



TODD DOLLINGER

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Todd Dollinger brings decades of entrepreneurial experience to Trendlines.

Todd was appointed as our Director upon the formation of our Company on 1 May 2007 and was last re-elected to hold dual office as our Chairman and CEO on 24 February 2016. He was last re-elected as a Director on 26 April 2017 in accordance with the Company's Articles of Association. He will be subject to retirement and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company to be held on 10 June 2020. He serves as the Chairman of Trendlines Medical Singapore and as Investment Committee Chairman of Trendlines Incubators Israel, AFIC, and the Trendlines Agrifood Fund. As well, Todd is a director and chairman of a number of Trendlines' portfolio companies.

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

In 1991, Todd joined the marketing department of Israeli medical device start-up SRD Medical Ltd. ("SRD") and went on to become SRD's CEO. It was at SRD that Todd and Steve met.

In 1993, Todd and Steve founded Trendlines International. Under their leadership, Trendlines International grew to become one of Israel's leading business development consulting firms. Todd and Steve founded The Trendlines Group in 2007. They merged the principal consulting activities of Trendlines International Ltd. into the Group in 2008.

Under the strength of their 29-year business partnership, Todd and Steve oversaw Trendlines' IPO on the Singapore Stock Exchange; founded nearly 100 companies; and have raised funds around the world for Trendlines, its venture funds, and their portfolio companies. They have exited portfolio companies to multinational corporations; taken portfolio companies public; and have expanded the Group's activities internationally, including establishing Trendlines Medical Singapore, the Trendlines Agrifood Fund, and AFIC. Additionally, they have substantially expanded Trendlines' activities in China.



STEVE RHODES

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Steve Rhodes brings decades of business, finance, and banking experience to Trendlines.

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

He founded The Trendlines Group with Todd Dollinger in 2007 and shares the positions of Chairman and CEO of Trendlines with Todd.

In 1988, Steve joined SRD Medical. After serving as its CFO, he became its VP Sales and Marketing. It was at SRD that Steve met Todd. In 1993, Steve and Todd founded Trendlines International. Under their leadership, Trendlines International grew to become one of Israel's leading business development consulting firms. In 2004, Steve became CEO of the incubator that is now Trendlines Incubators Israel, a position he held until 2010.

Todd and Steve founded The Trendlines Group in 2007 and merged the principal consulting activities of Trendlines International Ltd. into the Group the following year. Under the strength of their 29-year business partnership, Todd and Steve oversaw Trendlines' IPO on the Singapore Stock Exchange; founded nearly 100 companies; and have raised funds around the world for Trendlines, its venture funds, and their portfolio companies. They have exited portfolio companies to multinational corporations; taken portfolio companies public; and have expanded the Group's activities internationally, including establishing Trendlines Medical Singapore, the Trendlines Agrifood Fund, and AFIC. Additionally, they have substantially expanded Trendlines' activities in China.

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

BOARD OF DIRECTORS



ZEEV BRONFELD

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Zeev Bronfeld, together with Chairmen and CEOs Todd Dollinger and Steve Rhodes, founded the Company and was appointed as a Director upon the formation of our Company on 1 May 2007. He was last re-elected on 26 April 2017 in accordance with the Company's Articles of Association. He will be subject to retirement and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company to be held on 10 June 2020 . He is a Non-Executive Director.

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

He co-founded Bio-Cell Ltd., an Israeli publicly traded holding company, at the time specializing in biotechnology companies, and was its director and CEO until 25 December 2014 and 11 October 2015, respectively. Zeev is a director and chairman of a number of private and public companies.

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



ELKA NIR

LEAD INDEPENDENT DIRECTOR

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

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

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

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

BOARD OF DIRECTORS





PROFESSOR STEPHEN HASLETT

INDEPENDENT DIRECTOR

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

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

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

PROFESSOR HANG CHANG CHIEH, PHD

INDEPENDENT DIRECTOR

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

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

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

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

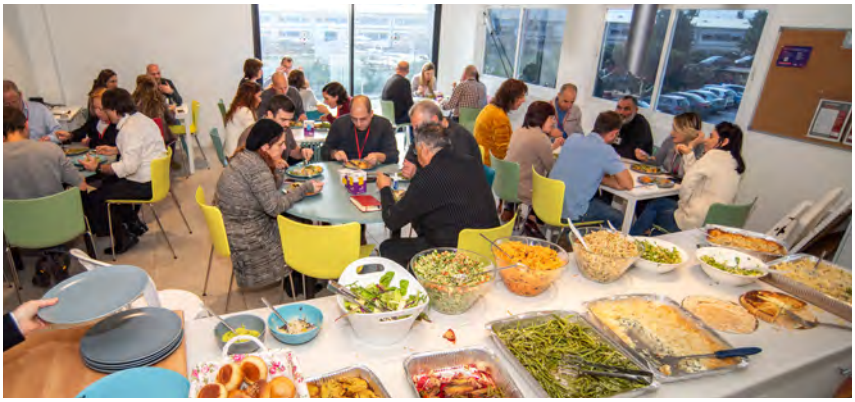
Professor Hang received his PhD in control engineering from the University of Warwick and a BEng (Hons) in electrical engineering from NUS.

BOARD OF DIRECTORS









DIRECTORSHIPS AND/OR CHAIRMANSHIPS HELD BY DIRECTORS IN OTHER LISTED COMPANIES (CURRENT AND PRECEDING THREE YEARS)

	Current Directorships	Past Directorships (Preceding 3 Years)
David Todd Dollinger	–	
Stephen Louis Rhodes	–	
Zeev Bronfeld	• Biomedix Incubator Ltd. (Director) • D.N.A. Biomedical Solutions Ltd. (Chairman) • Entera Bio (Director) • Protalix BioTherapeutics, Inc. (Director)	MacroCure Ltd. (until January 2017) (Director)
Elka Nir	Hadasit Bio-Holdings Ltd. (Independent Director)	• B.S.P. Biological Signal Processing Ltd. (until July 2016) (Chairman) • IceCure Medical Ltd. (until October 2017) (Chairman)
Prof. Stephen Haslett	–	–
Prof. Hang Chang Chieh	–	–

SENIOR MANAGEMENT



TODD DOLLINGER

CEO AND CHAIRMAN OF THE BOARD

See Board of Directors.



STEVE RHODES

CEO AND CHAIRMAN OF THE BOARD

See Board of Directors.



BARAK SINGER

CEO TRENDLINES INCUBATORS ISRAEL

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

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

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



NITZA KARDISH, PHD

CEO TRENDLINES AGRIFOOD FUND & VICE CHAIR AFIC

Nitza Kardish joined the Trendlines management team in June 2011 as CEO of Trendlines Agtech-Mofet. From 2018 through 31 January 2019, Nitza served as CEO of Trendlines Incubators Israel and VP of The Trendlines Group. Pursuant to the announcement on 14 November 2019 regarding the first closing of Trendlines Agrifood Fund, Nitza was named CEO of the Fund and has relocated to Singapore to manage its activities.

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

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

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

SENIOR MANAGEMENT



NIR GOLDENBERG

CEO TRENDLINES LABS

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

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

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

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



ERIC LOH

CEO TRENDLINES MEDICAL SINGAPORE

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

Eric brings more than 20 years of experience in the medical device industry to Trendlines. Previously, he had a significant role in developing Biosensors International, building this early-stage cardiovascular device company into a successful, publicly traded company on the Singapore Stock Exchange. As Managing Director, he oversaw the establishment of a joint venture operation in China that resulted in Biosensors' successful entry into the fast-growing Chinese market. He led successful sales and marketing efforts, and commercialized Biosensors' products in other Asia Pacific markets while managing two manufacturing facilities in Singapore. In 2005, Eric was involved with the company's IPO on the Singapore Stock Exchange.

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

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



HAIM BROSH

CHIEF FINANCIAL OFFICER, JOINT COMPANY SECRETARY & COMPLIANCE OFFICER

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

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

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

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

CORPORATE INFORMATION

DIRECTORS

David Todd Dollinger
Chairman and CEO

Stephen Louis Rhodes
Chairman and CEO

Zeev Bronfeld
Non-Independent Non-Executive Director

Elka Nir
Lead Independent Director

Prof. Stephen Philip Haslett
Independent Director

Prof. Hang Chang Chieh
Independent Director

BOARD COMMITTEES

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Prof. Stephen Philip Haslett, Chairperson
Prof. Hang Chang Chieh
Elka Nir
Stephen Louis Rhodes

REMUNERATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Tan Lay Hong
Haim Brosh

REGISTERED OFFICE

The Trendlines Building
Misgav Business Park
17 T'chelet Street
M.P. Misgav 2017400, Israel
Tel: +972.72.260.7000
info@trendlines.com
www.trendlines.com
Reg. No. 513970947

SPONSOR

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

AUDITOR

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

SHARE REGISTRAR

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

PRINCIPAL BANKER

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

DEPOSITARY BANK

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

CORPORATE GOVERNANCE REPORT

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

On August 6, 2018 the Monetary Authority of Singapore issued a revised Code of Corporate Governance and the accompanying Practice Guidance which aims to encourage board renewal, strengthen director independence and enhance board diversity, which has taken effect for annual reports covering financial years commencing from 1 January 2019 (the "**2018 Code**"). The Company has implemented the 2018 Code with respect to the financial year beginning 1 January 2019, subject however to compliance with the various corporate governance requirements under the Israeli Companies Law (the "**Israeli Companies Law**") with which the Company, as a company incorporated in Israel whose shares are publicly traded on a stock exchange, is required to comply.

This Corporate Governance Report outlines the Company's corporate governance practices that were adopted during the financial year ended 31 December 2019 (the "**FY2019**"), with specific reference made to the principles of the 2018 Code issued by the Monetary Authority of Singapore on 6 August 2018 and the accompanying practice guidance which was last amended on 7 February 2020 (the "**Practice Guidance**"). The Company has complied with the principles and guidelines as set out in the 2018 Code and the Practice Guidance, where applicable. Appropriate explanations and/or alternative corporate governance practices adopted by the Company have been provided in the relevant sections below where there are deviations from the 2018 Code and/or the Practice Guidance.

1. BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

As at the date of this Corporate Governance Report, the Board of Directors of the Company (the "**Board**") comprises of two Executive Directors and four Non-Executive Directors, out of which three are Independent Directors. The Board has recommended the appointment of Mr. Sin Boon Ann as an Independent Director to the Board, effective upon the receipt of Shareholders' approval at the upcoming Annual General Meeting ("**AGM**") on 10 June 2020. Upon such approval, the Board will comprise of a majority of Independent Directors. The Directors on the Board have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Group.

CORPORATE GOVERNANCE REPORT

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

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

* As at 18 February 2020, Mr. Zeev Bronfeld, Mr. David Todd Dollinger and Mr. Stephen Louis Rhodes holdings are stated in page 162 of statistics of shareholdings

Provision 1.2 of the 2018 Code: Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors to receive appropriate training.

All new Directors appointed to the Board are briefed on the Group's activities, strategic direction and policies, key business risks, and the regulatory environment in which the Group operates, as well as their statutory and other duties and responsibilities as Directors, and are provided with copies of the Group's applicable policies including, inter alia:

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

The compositions of the Board Committees are as follows:

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during FY2019 are as follows:

Number of meetings held (*)	Board	AC	NC	RC
	8	4	2	5
Name of Director	**Number of meetings attended**			
Mr. David Todd Dollinger	8	–	–	–
Mr. Stephen Louis Rhodes	8	–	2	–
Mr. Zeev Bronfeld	8	–	–	–
Ms. Elka Nir	8	4	2	5
Prof. Stephen Philip Haslett	8	4	2	5
Prof. Hang Chang Chieh	7	4	2	4

Notes:

(*) Not including written resolutions.

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

Practice Guidance 1 of the 2018 Code: Multiple directorships.
Where a Director has multiple board representations, the NC will evaluate if the Director is able to and has been adequately carrying out his or her duties as Director of the Company, taking into consideration the number of his or her listed company board representations, other principal commitments and whether sufficient time and attention had been given by such Director to the Company. Despite some of the Directors having other board representations, and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. In addressing competing time commitments faced when Directors serve on multiple boards, the NC has determined that each Director should hold not more than 6 listed company board representations, unless otherwise approved by the NC under special circumstances. In accordance with the foregoing, and in light of the prominent and vast business and legal experience which the proposed Director, Mr Sin Boon Ann, brings to the Company and his high participation rate in the meetings of the listed companies in which he serves as a director , the NC and the Board have approved Mr Sin Boon Ann's nomination to the Board and determined that despite his directorship in 7 other listed companies, Mr Sin Boon Ann is able to adequately carry out his duties as director of the Company. The details of directorships and/or Chairmanships in other listed companies and other principal commitments of the Directors are set out in the Board of Directors chapter of this Report (page 42). The NC has addressed the competing time commitments faced by Directors serving on multiple boards and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Provision 1.7 of the 2018 Code: Directors have separate and independent access to management and company secretary.
All Directors have separate and independent access to the management, other KMPs, independent auditors, other independent professional advisors and the joint Company Secretaries namely, Mr. Haim Brosh the Company's Israeli Secretary, as well as Ms Gwendolin Lee Soo Fern from 1 January 2019 up to 6 December 2019, and Ms Tan Lay Hong with effect from 6 December 2019, the Company's Singaporean Secretary (collectively, the "**Company Secretaries**"), via telephone, e-mails and meetings. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished.

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

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

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

Under Israeli Companies Law, the Directors may, under special circumstances and in the furtherance of their duties, receive independent professional advice at the Company's expense subject to the approval by the Board or competent court. No independent professional advice was obtained during FY2019.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

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

Provision 2.1 of the 2018 Code: NC adopts the definition of what constitute as "independent director".
The Board considers an Independent Director (as defined in Practice Guidance 4 below) as one who has no relationship with the Company, the Company's related companies, five percent Shareholders or the Company's officers, which could interfere, or be reasonably perceived to interfere, with the exercise of that Director's independent business judgment with a view to the best interests of the Company. The independence of each Director is reviewed annually by the NC, in accordance with the definition of independence in the 2018 Code and Israeli Companies Law. None of the Company's Independent Directors has served as a member of the Board for more than nine consecutive years since the date of his or her first appointment (all of whom were first appointed to the Board in October 2015).

The NC has reviewed and has identified each of the Independent Directors to be independent. As currently half of the Board is made up of Independent Directors, and imminently the Board shall be comprised of a majority of Independent Directors subject to Shareholders' approval for the proposed appointment of Mr. Sin Boon Ann as an Independent Director of the Company at the upcoming AGM on 10 June 2020, the NC believes the Board shall be able to exercise independent judgment on corporate affairs and ensure that no one individual or groups of individuals dominate any decision making process. The NC is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience who as a group provide core competencies necessary to meet the Group's objectives.

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

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

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

Provisions 2.2 and 2.3 of the 2018 Code: Independent directors to make up a majority of the Board where Chairman is not independent and non-executive directors make up majority of the Board.
As the Company's CEOs also serve as Chairmen of the Board (please refer to Principle 3 in this Corporate Governance Report for further information on this matter), therefore, it is required under the 2018 Code that the Company has a majority of the members of its Board be Independent Directors as defined above by the 2018 Code. Therefore, the Board has recommended to appoint an additional Independent Director to the Board, namely, Mr. Sin Boon Ann, effective upon receipt of Shareholders' approval at the upcoming AGM ion 10 June 2020. Upon the appointment of Mr. Sin Boon Ann, the Company will have a majority of Independent Directors on its Board.

Non-Executive Directors already make up a majority of the Board during FY2019.

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

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

CORPORATE GOVERNANCE REPORT

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

Practice Guidance 1 of the 2018 Code: Director competencies.

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

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

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

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

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

The Directors' academic and professional qualifications are presented in pages 42 to 44 of this Annual Report.

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

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

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

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

Provision 2.5 of the 2018 Code: Regular meetings of non-executive directors.
The Independent Directors met or communicated amongst themselves without the presence of the management several times during FY2019. Led by the Lead Independent Director, the Independent Directors, constituting all of the members of the AC, shall meet at least once annually without the presence of the Company's management and Non-Independent Directors, to discuss matters of significance.

The Non-Executive Directors would meet as regularly as warranted, to discuss concerns or matters such as the effectiveness of management, without the presence of KMPs of the Company. During FY2019, the Non-Executive Directors met on 7 August 2019 without the presence of KMPs. The Chairman of such meeting provides feedback to the Board and/or its Chairman as appropriate.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

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

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

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

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

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

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

Following the recommendation of the NC and the Board, the Company had at the Special General Meeting held on 24 February 2016 (the "**2016 SGM**"), obtained Shareholders' approval (by the special majority as required under the Israeli Companies Law) on the appointment of the CEOs, Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes, to serve as Chairmen of the Board. For further information regarding the appointment of the CEOs to serve as Chairmen of the Board, please refer to the Company's circular to the Shareholders dated 19 January 2016.

Under the Israeli Companies Law and its regulations, the shareholders' approval for the dual role of Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes, to serve as CEOs and Chairmen of the Board is valid for 5 years as of the date on which the Company's shares were first offered to the public – i.e. 5 years as of 26 November 2015 and thereafter the Company shall require Shareholders' further approval for this arrangement to continue for periods of 3 years each. As such, the Company will seek shareholders' approval for the aforementioned before 26 November 2020. The additional period of 3 years will commence on the date of the SGM approval scheduled for June 2020. In the event that the required shareholder approval is not obtained at the SGM scheduled for June 2020, Messrs. Dollinger and Rhodes terms of office as concurrent CEOs and Chairmen of the Board shall remain fully in effect, until 25 November 2020.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Board Membership

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

Provision 4.2 of the 2018 Code: The NC comprises at least three directors, majority of whom, are independent
The NC comprises four Directors, a majority of whom are Independent Directors, including the NC Chairman. The Lead Independent Director is a member of the NC. The names and roles of the members of the NC are set out on page 48 of this Annual Report.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

i. The initial Group I Director is Prof. Stephen Philip Haslett and his term of office will expire at the annual general meeting of the Shareholders to be held in 2022 and when his successor will be elected and qualified or he will be re-elected;

ii. The initial Group II Directors are Messrs. David Todd Dollinger and Zeev Bronfeld and their term of office will expire at the upcoming AGM to be held on 10 June, 2020 (the "**2020 AGM**") and they will be recommended for re-election; and

iii. The initial Group III Director is Mr. Stephen Louis Rhodes and his term of office will expire at the annual general meeting of the Shareholders in 2021 and when his successor will be elected and qualified or he will be re-elected.

CORPORATE GOVERNANCE REPORT

Upon the receipt of Shareholders' approval for the appointment of Mr. Sin Boon Ann as an Independent Director to the Board, he shall be included in Group I Directors. The information on Mr. Sin Boon Ann, in accordance with Appendix 7F of the Catalist Rules, is set out as an appendix to this chapter.

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

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

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

Following the recommendation of the NC, the Board shall propose for Shareholders' approval at the Company's upcoming AGM, the re-appointment of Group II Directors (i.e. Messrs. Zeev Bronfeld and David Todd Dollinger) as Directors of the Company for a term of office that shall expire at the AGM of the Company to be held in 2023. The information on Messrs. Zeev Bronfeld and Mr. David Todd Dollinger, in accordance with Appendix 7F of the Catalist Rules, are set out as an appendix to this chapter.

The NC had reviewed, at its meeting held on 24 February 2020, the experience, and the contemplated contributions of Messrs. Zeev Bronfeld and Mr. David Todd Dollinger, and resolved that Messrs. Zeev Bronfeld and David Todd Dollinger provide to the Company beneficial service and advice.

If re-elected, in accordance with Article 40(c) and (d) of the Articles, Mr. Zeev Bronfeld will remain as Non-Independent Non-Executive Director of the Company and Mr. David Todd Dollinger will remain as Non-Independent Director and Chairman and CEO of the Company.

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

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

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

Provision 4.5 of the 2018 Code: Key information regarding Directors.
The key information of the Directors, including their academic and professional qualifications, appointment dates and directorships held in other listed companies for the past three years, are set out on page 45 of this Report.

Information on the Directors' shareholding in the Company and its related corporations are set out on page 95 of this Report.

CORPORATE GOVERNANCE REPORT

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

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

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

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

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties effectively for FY2019.

Board Performance

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

For FY2019, the review process was as follows: -

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

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

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

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

The NC, having reviewed the overall performance of the Board and Board Committees in terms of their role and responsibilities and the conduct of their affairs as a whole, is of the view that the performance of the Board and Board Committees have been satisfactory in FY2019 and that the Board and Board Committees have met their performance objectives in FY2019.

2. REMUNERATION MATTERS

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

Provision 6.2 of the 2018 Code: RC comprises at least three directors and majority of whom are independent.
Under the Israeli Companies Law, a public company must have a RC comprised of at least three directors, including all of the external directors who must be the majority members and one thereof must serve as the Chairman of the committee, and all the remaining members must receive remuneration for their service as Directors of the Company, in accordance with the regulations under the Israeli Companies Law governing the remuneration of the external directors. The RC must not include the Chairman (or Chairmen) of the Board of Directors, any controlling shareholder or a relative of a controlling shareholder or any director employed by the Company or by the Company's controlling shareholder or by an entity under the control of the Company's controlling shareholder, or a Director who provides services, on a regular basis, to the Company, to its controlling shareholder or to any entity under the control of such controlling shareholder, as well as any Director whose principal livelihood derives from the Company's controlling shareholder. The RC is comprised of three Directors, all of whom are Independent Directors, including the RC Chairman. The names of the members of the RC are set out in page 48 of this Report.

CORPORATE GOVERNANCE REPORT

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

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

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

- Reviewing and making recommendations to the Board with respect to the approval of the compensation policy with respect to the terms of office and employment of office holders and any extensions thereof;
- Periodically reviewing the implementation of the compensation policy and providing the Board with recommendations with respect to any amendments or updates thereto;
- Reviewing and resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders;
- Determining whether or not to exempt a transaction with a candidate for CEO from Shareholders' approval because such approval would preclude the engagement with such candidate, provided that such transaction is consistent with the compensation policy;
- Overriding a determination of the Shareholders in relation to certain compensation related issues, subject to the approval of the Board and under special circumstances, such as, the approval of the Company's compensation policy, after such compensation policy was reconsidered by the RC and on the basis of detailed reasons, the RC and thereafter the Board determined that the adoption of the compensation policy is in the best interests of the Company despite the objection of the Shareholders;
- The establishment of key human resources and compensation policies, including all incentive and equity-based compensation plans;
- Evaluating the Company's executive and senior management; and
- Recommending to the Board a framework of remuneration for the Directors and other office holders, including KMPs, and determining specific remuneration packages for each Director and office holder, including, without limitation, directors fees, salaries, allowances, bonuses, benefits in kind, pension rights, compensation payments (including any compensation payable for loss or termination of office, service or appointment), incentive payments, options and share- based incentives and awards.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

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

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

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

For further information regarding the 2019 MBO Plan, please refer to the Company's circular to the Shareholders dated 7 January 2019.

CORPORATE GOVERNANCE REPORT

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

The RC members are familiar with executive compensation matters derived from their past business experiences. The RC may from time to time seek advice from external remuneration consultants, at its discretion. The RC has engaged EY as an external remuneration consultant in FY2019 for the purpose of evaluating the CEOs compensation package. The external remuneration consultant does not have any relationships with the Company that may affect its independence and objectivity.

Level and Mix of Remuneration

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

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

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

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

CORPORATE GOVERNANCE REPORT

- The minimum holding or vesting period for variable, equity-based compensation; and
- The maximum limits for severance compensation.

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

The Company's RC and Board had in 2019 approved the 2019 MBO Plan for its KMP, and at the SGM held on 13 February 2019, obtained Shareholders' approval (by the special majority) for the adoption of such 2019 MBO Plan for the Company's CEOs. For further information regarding the 2019 MBO Plan, please refer to the Company's circular to the Shareholders dated 7 January 2019.

Under the 2019 MBO Plan, the Company has determined certain performance targets used to determine the KMP's eligibility to the Annual Operational Bonus (as defined under the Company's Compensation Policy) (the "**Performance Targets**"). The Performance Targets are comprised of 5 Company targets (including relating financial performance and business development) and, except with respect to the Company's CEOs (whose measurable Performance Targets include Company targets only), also personal measurable targets relating to the KMP's specific responsibilities in the Company and personal non-measurable targets as determined by the Company Board and RC (which, with respect to the Company's CEOs, do not exceed 20% of the Company's CEOs total Performance Targets). The Company met the bonus payment threshold for the 2019 MBO and the RC and Board have approved in their meetings held on 24 February 2020 the bonus payment of the 2019 MBO. The RC and the Board have also approved in their meetings held on 24 February 2020 the bonus payment of the 2017 MBO plan which were accrued and registered as an expense in the Company's books for FY2017 as the targets of the FY2017 MBO plan were partially met.

In addition, the Compensation Policy provides for payment of an Exit Bonus (as defined in the Compensation Policy) in connection with an Exit Event (as defined in the Compensation Policy) relative to the Company's portfolio companies, as may be approved by the Board and RC and in the amount which shall be calculated based on the proceeds actually received by the Company as a result of such Exit Event as set forth in the Compensation Policy and subject to the terms and caps determined therein for such Exit Bonus.

On 7 November 2019, the Company's RC and Board approved the Management By Objectives plan for the officers of the Company for FY2020 (the "**2020 MBO Plan**") (with Messrs. David Todd Dollinger and Mr. Stephen Louis Rhodes abstaining from making any recommendation in respect of such resolution), which, with respect to the Company's CEOs, will be brought before the Company's shareholders for further approval, at the 2020 AGM. For further information regarding the 2020 MBO Plan, please refer to the Company's circular to the Shareholders to be despatched by the Company in due course.

Provision 7.1 of the 2018 Code: Long-term incentive schemes are encouraged.
The Company seeks to advance the interests of the Company by affording to its selected employees and Directors, including Affiliated Companies (as defined under The Trendlines 2015 Share Option Plan and the Sub-Plan (the "**2015 Plan**"), who have contributed or will contribute to the growth and performance of the Company or its Affiliated Companies, and who satisfy the eligibility criteria set out in the 2015 Plan, an opportunity to acquire a proprietary interest in the Company or to increase their proprietary interest therein, as applicable, by the grant in their favor, of options, thus providing such employee or director an additional incentive to remain or retain employed or engaged by the Company or Affiliated Company, as the case may be, and encouraging such employee or director's sense of proprietorship and stimulating his or her active interest in the success of the Company and its Affiliated Companies by which he or she is employed or engaged. For this purpose, following the approval of the Shareholders at a SGM of the Company's Shareholders held on 11 November 2015, the Company had adopted the 2015 Plan. On 2 August 2016, at the SGM of the Company, Shareholders approved certain amendment to the 2015 Plan. Information on the 2015 Plan and the information required under Catalist Rule 851 is set out in the Directors' Report on pages 97 to 103 and the Financial Statements on pages 106 to 160 of this Report.

CORPORATE GOVERNANCE REPORT

During FY2019, the Company has issued options in accordance with the 2015 Plan as follows:

An aggregate of 3,061,169 options at the exercise price of S$0.0978 to grantees on 25 February 2019.

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

Provision 7.3 of the 2018 Code: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company.
According to the regulations promulgated under the Israeli Companies Law concerning the remuneration of external directors (the "**Remuneration Regulations**"), external directors are generally entitled to an annual fee, a participation (attendance) fee for each meeting of the board of directors or any committee of the board of directors on which he or she serves as a member, and reimbursement of travel expenses for participation in a meeting which is held outside of the external director's area of residence and of all direct expenses incurred in connection with attending meetings outside such external director's home country, provided that the said reimbursement of expenses is based on the same criteria as the reimbursement paid by the company to the non-external directors and who are not residents of the country where the meeting takes place. The minimum, fixed and maximum amounts of the annual and participation fees are set forth in the Remuneration Regulations, based on the classification of the company according to the amount of its capital. The participation fees paid for participation in a board of directors' meeting through the phone, or through any other means of communication shall be sixty percent of the ordinary participation fees. The participation fees paid with regard to the adoption of a resolution in writing (without convening an actual meeting) shall be fifty percent of the ordinary participation fees. According to the Remuneration Regulations, the remuneration committee and shareholders' approval may be waived if the annual and participation fees to be paid to the external directors are within the range of the fixed annual fee or the fixed participation fee and the maximum annual fee or the maximum participation fee for the Company's level, respectively. However, remuneration of an external director in an amount which is less than the fixed annual fee or the fixed participation fee, respectively, requires the approval of the remuneration committee, the board of directors and the shareholders (in that order). The remuneration of external directors must be made known to the candidate for such office prior to his or her appointment and, subject to certain exceptions, will not be amended throughout the three-year period during which he or she is in office. A company may compensate an External Director in shares or rights to purchase shares, other than convertible debentures which may be converted into shares, in addition to the annual remuneration, the participation fee and the reimbursement of expenses, subject to certain limitations set forth in the Remuneration Regulations.

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

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

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

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

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

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

Provisions 8.1 and 8.2 of the 2018 Code: Remuneration of Directors and top 5 key management personnel.
The breakdown for the remuneration paid to each individual Director and the CEOs for FY2019 is as follows:

Directors and Chief Executive Officers Remuneration						
Name	**Fees (%)**	**Salary (%)**	**Bonus (%)**	**Other Benefits (%) ***	**Fair Value of Share Option (%) ****	**Total (S$)**
Executive Directors						
David Todd Dollinger (Chairman and Chief Executive Officer) (***)	–	94.19	–	5.81	–	595,251
Steve Rhodes (Chairman and Chief Executive Officer) (***)	–	95.00	–	5.00	–	546,095
Non-Executive Directors (****)						
Zeev Bronfeld (*****)	100.00	–	–	–	–	52,145
Elka Nir	100.00	–	–	–	–	48,501
Stephen Philip Haslett	100.00	–	–	–	–	40,412
Hang Chang Chieh	100.00	–	–	–	–	42,638

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

There were no termination, retirement or post-employment benefits granted to the Directors and CEOs in FY2019.

The breakdown for the remuneration paid to each of the top 5 KMP (who are not Directors or CEOs) for FY2019 is as follows:

Name	Salary (%)	Bonus (%)	Other Benefits (%) *	Fair Value of Share Option (%) **	Total (S$)
Haim Brosh	73.14	8.85	6.09	11.92	464,379
Barak Zinger	78.40	0	7.45	14.15	328,906
Eric Loh	98.06	0	0	1.94	260,032
Nitza Kardish(***)	92.93	0	6.77	0.30	409,733
Nir Goldenberg	84.19	0	8.27	7.54	253,017
Aggregate remuneration					1,716,067

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

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

(***) Ms. Nitza Kardish has ceased her employment as Chief Executive Officer of Trendlines Incubators Israel and Vice president of the Company effective as of 1 February 2019, and accepted the position of Vice Chair at the Company's new Singapore-based innovation center as of 1 February 2019.

The annual aggregate remuneration paid to the top 5 KMP (who are not Directors or the CEOs) for FY2019 was S$1,716,067.

Save as disclosed above, there are no employees of the Group who are Substantial Shareholders of the Company or are immediate family members of a Director or CEO or Substantial Shareholder(s) of the Company whose remuneration exceeds S$100,000 during FY2019. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

Provision 8.3: Details of Employee Share Option Scheme.
Please refer to Provisions 8.1-8.2 of the Corporate Governance Report, Directors' Report on pages 97 to 103 and the Financial Statements on pages 156 to 158 of this Report for information regarding the Plan.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

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

Provisions 9.2 (a) and 9.2 (b) of the 2018 Code: The Board received assurance from the CEO, and Chief Financial Officer

The Board with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during FY2019 and as at 31 December 2019. The basis for the Board's views are as follows:

1. Assurance has been received from the CEOs and Chief Financial Officer in respect of (a) proper maintenance of financial records and financial statements to give a true and fair view of the Company's operations and finances for FY2019; and from the CEOs in respect of (b) adequacy and effectiveness of the Company's risk management and internal control systems;

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

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

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

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

CORPORATE GOVERNANCE REPORT

The Company is placing emphasis on sustainability and implemented appropriate policies and programs. The Company published its inaugural sustainability report in its annual report for FY2018 on 9 April 2019, in compliance with the Catalist Rules. The sustainability report of the Company for FY2019 is set out on pages 27 to 39 of this Annual Report.

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

Audit Committee

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

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

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

The AC met with the external auditors four times during FY2019, without the presence of the Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC.

Fees Paid/Payable to EY for FY2019	(S$'000)	% of total
Audit fees	270	91
Non-audit fees: (Tax advice, Sustainability advisory services, Executive Compensation advisory services, Office of Chief Scientist advisory services and enterprise risk management related advisory services.)	26	9
Total	**296**	**100**

The non-audit services rendered by EY during FY2019 were not substantial (less than 50% of the aggregate fees paid/payable to EY). The Company is an Israeli incorporated company and EY has confirmed that it is a member firm of the global network of Ernst & Young firms, Ernst & Young Global (which includes Ernst & Young (Singapore). For the purpose of compliance with Rule 712(2) of the Catalist Rules, EY has confirmed that it is a registered public accounting firm with the Public Company Oversight Board United States, which is a member of the International Forum of Audit Regulators.

On the basis of the above, the AC has recommended to the Board the re-appointment of EY as external auditors of the Company at the 2019 AGM.

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

CORPORATE GOVERNANCE REPORT

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

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

The AC is comprised of three Directors, all of whom, including the Chairman, are Independent Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. The names of the members of the AC are set out in page 48 of this Report. The AC includes the Company's External Directors, namely Ms. Elka Nir and Prof. Hang Chang Chieh, whose re-appointment as External Directors were approved by the Shareholders at the 2019 SGM in compliance with the Israeli Companies Law, whereupon the AC was constituted in compliance with the Israeli Companies Law. The Chairperson of the AC is Ms. Elka Nir.

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

None of the AC members were previous partners or directors of the Company's external audit firm within the last twenty-four months and none of the AC members hold any financial interest in the external audit firm.

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

- Reviewing and recommending to the Board the approval of the Company's quarterly financial statements and as of 24 February 2020, half-yearly and annual financial statements and related management's discussion and analysis;
- Recommending to the Board and overseeing the external auditors of the Company, including reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- Making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- Reviewing the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgments made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- Pre-approving all audit and non-audit services to be provided to the Group by the external auditors;
- Identifying deficiencies in the administration of the Company (including reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties), and recommending remedial actions with respect to such deficiencies;
- Reviewing the effectiveness and adequacy of the Group's internal audit function;
- Reviewing the system of internal controls and management of financial risks with the internal and external auditors;
- Reviewing the cooperation of the Company's management with the external auditors and the internal auditors (without the presence of management), where applicable and at least annually;

CORPORATE GOVERNANCE REPORT

- Reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- Reviewing of hedging policies and instruments to be implemented (if any);
- Reviewing and approving interested person transactions and review procedures thereof;
- Reviewing potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Reviewing the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, to announce immediately via SGXNET;
- Investigating any matters within its terms of reference;
- Reviewing the policy and arrangements by which the staff and any other parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- Administering and overseeing the implementation of the Disclosure and Insider Trading Policy, the Whistle Blowing Policy, the Anti-Bribery Policy, and any other corporate policy as may be adopted by the Company;
- Undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time; and
- Reviewing assurance from CEO and CFO on the financial records and financial statements.

In addition, under the Israeli Companies Law, the AC is required, amongst other things, to:

- Identify deficiencies in the administration of the Company (including by consulting with the internal auditor or the external auditors of the Company), and recommend remedial actions with respect to such deficiencies;
- Determine with respect to transactions with related parties, including office holders and the controlling shareholder (if any), if such transactions are substantial actions (i.e. an action that is likely to materially affect the Company's profitability, assets or liabilities) or extraordinary transactions (i.e. a transaction that is not in a Company's ordinary course of business, not on market terms or that is likely to have a material impact on the Company's profitability, assets or liabilities) and may determine once a year, in advance, criteria for such determination;
- Determine with respect to extraordinary (and non-extraordinary) transactions with the controlling shareholder, the requirement to conduct a competitive procedure, or other procedures to be conducted prior to entry into such transactions;
- Review and approve or disapprove certain related-party transactions;
- Determine the procedure for approval of transactions with the controlling shareholder, which are not negligible transactions;
- Where the Board approves the working plan of the internal auditor, examine such working plan before its submission to the Board and proposing amendments thereto;
- Examine the internal audit controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to fulfil his responsibilities;
- Examine the scope of the external auditor's work and compensation and submit a recommendation with respect thereto to the Board or general meeting, depending on which of them is considering the remuneration of the external auditor; and

CORPORATE GOVERNANCE REPORT

- Adopt procedures with respect to processing employee complaints in connection with deficiencies in the administration of the Company, and the appropriate means of protection afforded to such employees.

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

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

The AC reviewed the audited consolidated financial statements for FY2019 and also discussed with management and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual consolidated financial statements. The AC, reviewed, amongst others, on the following matters:

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

AC's Commentary on Key Audit Matters for FY2019
In addition, the most material area of judgment in the annual consolidated financial statements related to valuation of portfolio companies. The investment in portfolio companies as at 31 December 2019 had a carrying amount of US$102.8 million. The Company determined it was necessary to rely on the opinion of specialists to value the substantial majority of these investments, due to the complexity of the valuations. At each reporting period, the AC discusses with management and with the Company's auditor about the Company's valuation policy, methodologies and the procedures performed on the valuation of portfolio companies.

In addition, at least annually, the AC considers the going concern principle on which the annual consolidated financial statements are prepared. As the Group establishes and invests in new portfolio companies as well as supporting existing investments with further capital, the business model is currently inherently cash consuming. Based on the balance of cash and cash equivalents as of 31 December 2019 and management's operating plan and the successful results of the Expense Reduction Plan , the AC is of the view that the Company has sufficient capital resources to finance its operations and meet its obligations as they come due for a period of at least twelve months from the date of the consolidated financial statements.

Following the review and discussions, the AC then recommended to the Board to approve the audited annual consolidated financial statements for FY2019.

Provision 10.4 of the 2018 Code: Primary reporting line of the internal audit function is to the AC
The Company's internal audit function is outsourced to Mr. Doron Rosenblum from Ezra Yehuda-Rozenblum (members of Kreston International) (the "**Internal Auditor**" or "**IA**") that reports directly to the AC Chairman. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.

CORPORATE GOVERNANCE REPORT

Practice Guidance 10 of the 2018 Code: AC to ensure internal audit function is adequately resourced and adequacy and effectiveness of the internal audit function.
The AC is of the view that the IA has adequate resources to perform the functions and maintained their independence from the activities audited. The IA subscribes to, and is guided by, the standard established by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing (IPPF) set by The Institute of Internal Auditors (IIA) and has incorporated these standards into its audit practices. The focus of the Internal Audit function is to strengthen the internal control structure and risk management through the conduct of independent and objective reviews. The AC is satisfied that the IA is adequately qualified given, inter alia, his education (Accounting degree and MBA) and over 28 years of experience as an IA. The IA has confirmed that the team members working under him are corporate members of the Institute of Internal Auditors (IIA) and are practicing the recommended standards by the IIA. The IA has the appropriate standing in the Company to discharge its duties effectively given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. The AC met with the IA two times during FY2019, for audit report with respect to interested party transactions, procurement and vendor payments, compliance with Catalist Rules and accounting.

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

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The attendances of the Directors at general meetings, as well as the frequency of such meetings held during FY2019 are as follows:

Number of general meetings held	**3**
Name of Director	**Number of meetings attended**
Mr. David Todd Dollinger	1
Mr. Stephen Louis Rhodes	1
Mr. Zeev Bronfeld	–
Ms. Elka Nir	1
Prof. Stephen Philip Haslett	–
Prof. Hang Chang Chieh	2

Provision 11.4 of the 2018 Code: Shareholders should be allowed vote in absentia.
Shareholders are given the opportunity to vote at general meetings. However, as the authentication of Shareholder's identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Provision 11.5 of the 2018 Code: Minutes to be available to shareholders.
All minutes of general meetings including the material comments and/or questions raised by Shareholders in relation to the meeting agenda and the responses from the representatives of the Company's Board and/or management (if applicable), are prepared by the Company Secretaries upon the conclusion of said general meetings. The Company does not currently publish such minutes on its corporate website, but the minutes will be provided to Shareholders upon request, as communicated to Shareholders in the notices of the general meetings.

Provision 11.6 of the 2018 Code: The Company has a dividend policy.
The Board has adopted on 30 October 2017 a dividend policy in respect of the financial years ending 31 December 2018 (and 31 December 2019), effective as of 1 November 2017. It was the intention of the Board that dividends would be paid from the Company's annual distributable after tax profits out of net cash proceeds received by the Company from the following two sources, subject to the criteria set forth below:

1. a payout ratio of 90% of dividend payments received by the Company from its "Most Valuable Portfolio Company" from royalties on the sale of the "Product," as defined in the Company's offer document dated 16 November 2015.

2. a payout ratio of 40% of net cash after tax proceeds received by the Company in FY2018 and FY2019 from "Exit Events". An Exit Event means consummation of a sale of the equity securities of a portfolio company and/or the sale of the underlying business of a portfolio company to a third party where the net cash after tax distributable proceeds paid to the Company for the financial year is at least US$2 million from an Exit Event.

CORPORATE GOVERNANCE REPORT

Under the Israeli Companies Law, a company may effect a distribution only under certain conditions and only out of its distributable profits and the distribution amount is limited to the greater of retained earnings or earnings accumulated over the 2 most recent years and provided that the Board determines that there is no reasonable concern that such distribution will prevent the Company from satisfying its existing and foreseeable obligations.

The dividend policy for FY2018 and FY2019 was formulated to provide shareholders with clearer expectations of the potential dividend payout which will be pegged to the financial performance of the Group for the relevant financial years. The Board believed that that policy was in line with good corporate governance practices and is in the best interests of our shareholders. Investors should note that the foregoing statement of the Company's dividend policy is a statement of the Board's present intention and does not constitute a legal binding obligation of the Company in respect of dividends; such dividend policy is subject to modification, including reduction or non-declaration of dividends. Investors should not infer the Company's dividend policy as to actual future profitability or ability to pay dividends. The actual distribution of a dividend will be subject to a specific decision of the Board taking into account, inter alia, the Group's earnings, financial position, cash flow, capital needs and other factors which the Board may deem appropriate.

The Board has not declared or recommended any dividends for FY2019.

Engagement with Shareholders

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

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

The Company ensures that its Shareholders are notified of all material information in an accurate and timely manner. The Company's unaudited quarterly - and as at 24 February 2020, half-yearly - and annual results are announced within the mandatory period prescribed by the Catalist Rules. The financial statements and other materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All Shareholders receive the annual report of the Company and the notice of the Company's AGMs, which notice is also advertised in the press and released via SGXNET. Shareholders and investors may contact the Company or access information regarding the Company on its website (www.trendlines.com) which provides, inter alia, corporate announcements, press releases and the latest financial results as released by the Company on SGXNET, and contact details of its investor relations service provider.

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

5. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

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

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

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

Compliance with Applicable Catalist Rules

Rule 1204(8): Material Contracts
Save for as disclosed in Note 20 of the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the CEO, Director, or controlling shareholder of the Company, which are either still subsisting at the end of FY2019, or, if not then subsisting, were entered into since the end of the previous financial year.

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

CORPORATE GOVERNANCE REPORT

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Nil	Not applicable	The Company does not have a general mandate for IPTs.	None exceeding the value of S$100,000/- for FY2019.

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

Rule 1204(21): Non-Sponsor Fees.
The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., for FY2019 was S$75,000.

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

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

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
Follow-on investments in portfolio companies	10,000	9,547	453
Expansion of operations into new markets	5,000	3,685	1,315
Expansion of internal innovation centre, Trendlines Labs	2,875	2,875	–
Operational expenses to support potential increase in the number of portfolio companies	1,400	1,400	–
Total	**19,275**	**17,507**	**1,768**

Notes:

(1) Inclusive of S$1.25 million (50% of the total subscription amount) utilized for the subscription of shares in Trendlines Medical Singapore in December 2016.

CORPORATE GOVERNANCE REPORT

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

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

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

Purpose	Amount allocated (S$'000)	Amount utilized as at the date of the Annual Report (S$'000)	Balance (S$'000)
General working capital	4,000	–	4,000
Direct and indirect investments into new, prospective or existing portfolio companies	9,338	8,038	1,300
Total	**13,338**	**8,038**	**5,300**

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**David Todd Dollinger**
Date of Appointment	1 May 2007
Date of last re-appointment (if applicable)	26 April 2017
Name of person	David Todd Dollinger
Age	66
Country of principal residence	Israel
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing David Todd Dollinger's contribution to the Company and the Group, the NC has recommended that he be re-elected as Chairman and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Chairman and Chief Executive Officer, responsible for the overall management of our Group's strategy, investments, and business operations..
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Chief Executive Officer
Professional qualifications	N/A
Working experience and occupation(s) during the past 10 years	August 29, 2007 to date: Chairman and Chief Executive Officer of The Trendlines Group Ltd. / Overall management of The Trendlines Group Ltd. strategy, investments, and business operations. December 6, 2016 to date: Chairman /Manages and provides leadership to the Board of Directors and CEO of the Trendlines Medical Singapore Pte. Ltd. Act as liaison between the board of directors and the management of the company, through the CEO. April 13, 2010 to 2016 Chairman of Trendlines Medical-Misgav Ltd. /Manages and provides leadership to the Board of Directors of the Trendlines Medical-Misgav Ltd. Act as liaison between the board of directors and the management of the company, through the CEO.
Shareholding interest in the listed issuer and its subsidiaries	Yes, direct interest in 13,367,040 shares representing 1.69% of the Company's issued shares.

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**David Todd Dollinger**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years) Present **Information required**	Past (for the last 5 years) Non-executive Director at: ● Tandem Technologies Ltd. ● Intellibreath Ltd. ● Medivalve Ltd/ ● OBsmart Ltd. ● S.T.S. Medical Ltd. ● Mitrassist Ltd. ● IonMed ● ETView ● SIL Vascular Present Non-executive Director at: ● Gordian Surgical Ltd ● Apifix Ltd ● LapSpace Medical Ltd ● Arcuro Ltd. ● Avir Ltd. ● AzyerSense Ltd. ● Continale Ltd. ● EndoBetix Ltd. ● ElastiMed Ltd. ● EndoSiq Ltd. ● Escala Ltd. ● Fidmi Ltd. ● NasoTrack Ltd. ● Limaca Ltd. ● Occutrack Ltd. ● OrthoSpin Ltd. ● NeuroQuest Ltd. ● Saturas Ltd. ● Seger Ltd. ● SenterCare Ltd. ● Stimatix Ltd. ● sZone Ltd. ● Vensica Ltd. ● VisiDome Ltd. ● Zygofix Ltd. ● ProArc Medical Ltd. ● OMEQ Medical Ltd ● Trendlines Incubators Israel Ltd. ● Trendlines Agtech - Mofet Ltd.

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**David Todd Dollinger**
	• Technology Incubator Misgav/Karmiel, Management Services Ltd. • Trendlines Agrifood Innovation Center PTD. LTD. • Trendlines Agrifood PTE.LTD. • AO Development Incubator, Davos, Switzerland.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**David Todd Dollinger**
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**David Todd Dollinger**
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Zeev Bronfeld**
Date of Appointment	1 May 2007
Date of last re-appointment (if applicable)	26 April 2017
Name of person	Zeev Bronfeld
Age	69
Country of principal residence	Israel
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Zeev Bronfeld's contribution to the Company and the Group, the NC has recommended that he be re-elected as Non-Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director
Professional qualifications	Bachelor of Social Sciences (Economics) - The Hebrew University of Jerusalem
Working experience and occupation(s) during the past 10 years	1998 to date CEO of M.B.R.T Development and Investment Ltd. Overall management of the company's business operations and primarily responsible for the company's business development and corporate strategy 1986 – 2015 Co-founder and chief executive officer of Bio-Cell Ltd. Overall management of the company's business operations and primarily responsible for the company's business development and corporate strategy
Shareholding interest in the listed issuer and its subsidiaries	Yes, direct interest in 72,732,416 shares representing 9.19% of the Company's issued shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Zeev Bronfeld**
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years) Present **Information required**	Past ● Intellibreathe Ltd - From 06/01/2013 to 08/08/2015 ● ES-IS TECHNOLOGIES Ltd- From -End of postion on 10/11/2015 ● White Swell Ltd-From May 2015 to 05/25/2016 ● Macrocure Ltd- From 01/15/2008 to 01/19/2017 ● Phase 3 Technologies Ltd-From 02/24/2014 to present 11/18/2018 Present CEO – M.B.R.T Development and Investment LTD Serve as a Director in the following companies: ● EcoCycle Israel Ltd ● Contipi Ltd ● L.N Innovative technologies Ltd ● Protalix Ltd ● The Trendlines Group Ltd ● MOFET B'Yehuda - Industrial Research & Development in Judea Ltd ● Incubator for Management of Technological Entrepreneurship Misgav Ltd ● M.B.R.T Development and Investments Ltd ● DNA Biomedical Solutions Ltd ● Trans-Bio diesel Ltd ● Entera Bio Ltd ● HealthCare Holdings Ltd ● Stimatix G.I Ltd ● Lapspace Medical Ltd ● STS Medical Ltd ● Contipi Medical Ltd ● E.B.C Investments Ltd ● Trendlines Medical Singapore Ltd ● Electreon Wireless Ltd (old name Biomedix Incubator Ltd) ● SENTER CARE LTD ● THE INTERDISCIPLINARY CENTER ELEVATOR (2011) LTD ● PERSONALIZED NATURAL MEDICINE LTD ● KA-DYNAMIC COLOR LTD
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Zeev Bronfeld**
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Sin Boon Ann**
Date of Appointment	The appointment of Mr. Sin is subject to shareholders' approval at the AGM scheduled on 10 June 2020
Date of last re-appointment (if applicable)	Not Applicable
Name of person	Sin Boon Ann
Age	62
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation and assessment by the Nominating Committee of Mr Sin Boon Ann's professional qualifications and past working experience, is satisfied that Mr Sin has the requisite knowledge and experience to contribute effectively to the Company and is a suitable candidate to be appointed to the Board as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and member of the Nominating Commitee, the Audit Commitee and Remuneration Commitee
Professional qualifications	(1) BA, National University of Singapore (1982) (2) LL.B. (Hons), National University of Singapore (1986) (3) LL.M., University of London (1988) (4) Admitted to Singapore Bar (1987)
Working experience and occupation(s) during the past 10 years	2001 – Mar 2018 Director, Drew & Napier LLC Mar 2018 - to date Consultant, Drew & Napier LLC 2016 - to date Deputy Chairman, Tampines Central Branch Second Advisor, Tampines Central GROs
Shareholding interest in the listed issuer and its subsidiaries	NIL
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Sin Boon Ann**
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years) Present **Information required**	Past (for the last 5 years) 1. DrewCorp Services Pte Ltd 2. Drew & Napier LLC 3. OSIM International Pte. Ltd. 4. UT REIT (Pte.) Ltd. 5. UT TRUST (Pte.) Ltd. 6. Datapulse Technology Limited 7. Transcorp Holdings Limited Present (1) Balkan Holdings Pte. Ltd. - Director (2) Healthway Medical Corporation Limited - Independent Non Executive Chairman (3) The Farrer Park Company Pte. Ltd. - Director (4) W Capital Markets Pte. Ltd. - Director (5) TIH Limited - Independent Non-Executive Director (6) At-Sunrice GlobalChef Academy Pte. Ltd. - Director (7) Esseplore Pte. Ltd. - Director (8) HRnetGroup Limited - Lead Independent Director (9) Singapore Centre for Social Enterprise Ltd. (raiSE) - Board Member (10) Rex International Holding Limited - Lead Independent Director (11) SE Hub Ltd. - Director (12) OUE Limited - Lead Independent Director (13) Tampines Central Community Foundation Limited - Director (14) CSE Global Limited - Independent Director
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Sin Boon Ann**
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No

CORPORATE GOVERNANCE REPORT

Appendix 7F Requirements	
Details required under Appendix 7F of the Catalist Rules	**Sin Boon Ann**
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes Please refer to the present and the past 5 years' Directorships in various listed companies set out above.

DIRECTORS' REPORT

We are pleased to submit this annual report to the shareholders of the Company together with the audited statements for the financial year ended 31 December 2019.

Directors

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

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

Directors' Interests

According to the share registers kept by the Company for the purposes of Sections 127 and 128 of the Israeli Companies Law, 5759-1999 (the "**Law**"), and according to the information provided to the Company by our directors, particulars of interests of directors who held office at the end of FY2019 (the "**Year**") (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, other than wholly owned subsidiaries, are as follows:

Except as listed hereunder, none of our directors who held office at the end of the Year had any direct interest in the Company's shares, debentures, warrants and share options – neither at the beginning of the Year, nor at the end of the Year, nor as at 21 January 2020.

DIRECTORS' REPORT

Directors' Interests in the Company:

Name of director and corporation in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At the beginning of the Year	At end of the Year	At 21 January 2020	At the beginning of the Year	At end of the Year	At 21 January 2020
Ordinary Shares						
David Todd Dollinger	13,456,040	13,456,040	13,456,040	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)[1]	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)[2]	5,838,384 – Meitav Dash Benefits for the Benefit of David Dollinger 325,138 (TIF Shares)[2]
Stephen Louis Rhodes	13,456,040	13,456,040	13,456,040	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)[1]	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)[1]	5,838,384 – Meitav Dash Benefits for the Benefit of Stephen Louis Rhodes 325,138 (TIF Shares)[1]
Zeev Bronfeld	72,732,416	72,732,416	72,732,416	–	–	–
Prof. Stephen Philip Haslett	–	–	–	–	–	–
Elka Nir	–	–	–	–	–	–
Prof. Hang Chang Chieh	–	–	–	–	–	–

DIRECTORS' REPORT

Directors' Interests in Related Corporations:

Name of director and corporation in which interests are held	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At the beginning of the Year	At end of the Year	At 21 January 2020	At the beginning of the Year	At end of the Year	At 21 January 2020
Headway Ltd.						
Ordinary Shares						
Stephen Louis Rhodes	30,000[2]	30,000[2]	30,000[2]	–	–	–
LapSpace Medical Ltd.						
Share options						
Zeev Bronfeld	4,774	4,774	4,774	–	–	–
Stimatix G.I. Ltd.						
Share options						
Zeev Bronfeld	2,320	2,320	2,320	2,000[3]	2,000[3]	2,000[3]
S.T.S. Medical Ltd.						
Ordinary Shares						
Zeev Bronfeld[4]	–	–	–	7,120	7,120	7,120
Share options						
Zeev Bronfeld	–	–	–	6,294	6,294	6,294
IntelliBreathe Ltd.						
Share options						
Zeev Bronfeld	5,618	5,618	5,618	–	–	–
ApiFix Ltd.						
Ordinary Shares[5]						
Zeev Bronfeld	2,263	2,263	2,263	–	–	–

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

(2) The shares are held for himself and in trust for the benefit of David Todd Dollinger.
(3) The holding is through M.B.R.T. Developments and Investments Ltd, a company wholly owned by Zeev Bronfeld.
(4) Zeev Bronfeld exercised 2,263 options in ApiFix into 2,263 ApiFix shares, at the exercise price of NIS0.01 per share.

DIRECTORS' REPORT

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

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

Share Options

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

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

Name of Participant	Aggregate options granted during financial year under review	Aggregate options granted since commencement of the Old Option Plan to 31 December 2019	Aggregate options exercised since commencement of the Old Option Plan to 31 December 2019	Aggregate options outstanding at 31 December 2019
David Todd Dollinger	–	13,272,928	–	13,272,928
Stephen Louis Rhodes	–	13,272,928	–	13,272,928
Zeev Bronfeld	–	–	–	–
Elka Nir	–	–	–	–
Prof. Stephen Philip Haslett	–	–	–	–
Prof. Hang Chang Chieh	–	–	–	–

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

As at the end of the Year, a total of 68,385,288 Old Options exercisable into 68,385,288 Shares at exercise prices of between NIS0.00125 and US$0.201125 were granted to 53 participants, of which 14,477,752 Old Options were exercised pursuant to which 14,477,752 Shares have been allotted and issued by the Company. As at the end of the Year, 42,939,488 Old Options exercisable into 42,939,488 Shares at exercise prices of between US$0.13625 and US$0.201125 remain outstanding. All outstanding Old Options granted under the Old Option Plan are all vested.

None of the Participants received 5% or more of the total number of options available under the Old Option Plan.

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

Since 2 August 2015, no Old Options have been granted under the Old Option Plan and Old Options are not permitted to be granted under the Old Option Plan and in lieu thereof options may be granted under the Trendlines Group Ltd. 2015 Global Share Option Plan ("**The Trendlines 2015 Share Option Plan**" or the "**Plan**") and its Sub-Plan.

DIRECTORS' REPORT

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

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

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

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

As at the end of the Year, there are 42,939,488 Old Options granted and outstanding under the Old Option Plan. The following table sets out information regarding the outstanding Old Options:

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

DIRECTORS' REPORT

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
Yosef Ron	10 October 2010	N.A.	983,712	983,712	-	-	N.A.	5 April 2018	Not applicable
	1 September 2011[4]	N.A.	729,792	–	729,792	729,792	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,573,800	1,573,800	–	–	US$0.1845	5 April 2018	Not applicable
Yosef Hazan	22 December 2011	N.A.	2,189,392	–	2,189,392	2,189,392	US$0.13625	22 December 2011 to 22 December 2021	22 December 2021
	2 June 2014	N.A.	1,187,088	1,187,088	–	–	US$0.1845	2 June 2014 to 1 June 2024	Not applicable
Dr. Nitza Kardish	1 September 2011	N.A.	2,189,392	–	2,189,392	2,189,392	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	2 June 2014	N.A.	1,187,088	–	1,187,088	1,187,088	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Haim Brosh	2 June 2014	N.A.	1,420,656	-	1,420,656	1,420,656	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
Other employees	10 October 2010	N.A.	1,639,376	1,639,376	–	–	N.A.	Not applicable	Not applicable
	26 June 2011	N.A.	146,784	146,784	–	–	NIS 0.00125	Not applicable	Not applicable
	1 September 2011	N.A.	3,357,064	–	3,357,064	3,357,064	US$0.13625	1 September 2011 to 1 September 2021	1 September 2021
	6 January 2014	N.A.	3,503,016	2,335,344	1,167,672	1,167,672	US$0.13625	6 January 2014 to 6 January 2024	6 January 2024
	2 June 2014	N.A.	3,891,936	2,287,840	1,572,984	1,572,984	US$0.1845	2 June 2014 to 1 June 2024	2 June 2024
	2 June 2014	N.A.	1,187,088	1,187,088	-	-	US$0.1845	15 September 2016 to 15 September 2019	Not applicable

DIRECTORS' REPORT

Name of holder of Old Options	Date of grant	Purchase price	Number of Shares comprised in the Old Options granted	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the Old Options	Number of Shares comprised in the unexercised Old Options	Number of Shares that will be allotted and issued pursuant to the exercise of the unexercised Old Options	Exercise price per Old Option	Exercise period	Expiration date
	26 April 2015	N.A.	80,000	–	80,000	80,000	US$0.1875	26 April 2015 to 26 April 2025	26 April 2025
	2 August 2015	N.A.	1,120,000	80,000	1,040,000	1,040,000	US$0.201	2 August 2015 to 2 August 2025	2 August 2025
	2 August 2015	N.A.	400,000	400,000	–	–	US$0.201	30 March 2018	Not applicable

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

Notes:

1) David Todd Dollinger was granted 5,838,384 Old Options which were all exercised.

(2) Stephen Louis Rhodes was granted 5,838,384 Old Options which were all exercised.

(3) Comprises employees, former employees and consultants of our Company (excluding David Todd Dollinger, Stephen Louis Rhodes, Gabriela Heller, Yosef Ron, Yosef Hazan and Dr. Nitza Kardish).

(4) Mr. Yossi Ron, the Company's former COO who ceased his employment in the company in January 2018, was granted 729,792 Old Options, of which none had been exercised and the remainder due to expire in accordance with the applicable provisions of the Old Option Plan, on 1 September 2021.

The Trendlines 2015 Share Option Plan

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

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

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

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

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

DIRECTORS' REPORT

As at the end of the Year, a total of 12,906,362 options exercisable into 12,906,362 Shares at exercise prices of between S$0.0978 and S$0.32 were granted to 46 participants, none of the options were exercised and no Shares have been allotted and issued by the Company. As at the end of the Year, 8,328,180 options exercisable into 8,328,180 Shares at exercise prices of between S$0.0978 and S$0.32 remain outstanding (after taking into account 1,908,615 options previously granted to former employees that had lapsed and expired during the Year). 3,541,934 outstanding options granted under the Plan are vested.

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

Option Pool

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

Maximum Entitlements

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

Options, Exercise Period and Exercise Price

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

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

Duration of the Plan

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

DIRECTORS' REPORT

Grant of Discounted Options

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

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

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

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

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

As at the end of the Year, there are 8,328,180 options outstanding under the Plan. The following table sets out information regarding the outstanding options under the Plan:

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

DIRECTORS' REPORT

Name of holder of options	Date of grant	Purchase price	Number of Shares comprised in the options	Aggregate number of Shares allotted and issued pursuant to the exercise and/or expiry of the options	Number of Shares comprised in the Unexercised options	Exercise price per option	Exercise period	Expiration date
Barak Singer	6 April 2017	–	425,437	-	425,437	S$0.156	10 years as of the date of grant	6 April 2027
	25 February 2019	–	1,775,643	-	1,775,643	S$0.0978	10 years as of the date of grant	25 February 2029
Nir Goldenberg	15 September 2016	-	251,753	-	251,753	S$0.19	10 years as of the date of grant	15 September 2026
	25 February 2019	–	750,000	-	750,000	S$0.0978	10 years as of the date of grant	25 February 2029
Other employees	11 August 2016	–	629,383	629,383	–	S$0.19	15 September 2019	15 September 2019
	15 September 2016	–	1,051,069	799,316	251,753	S$0.17	10 years as of the date of grant	15 September 2026
	6 April 2017	–	1,178,501	478,618	699,883	S$0.156	10 years as of the date of grant	6 April 2027
	12 August 2018	–	1,066,492	133,333	933,159	S$0.11	10 years as of the date of grant	12 August 2028
	25 February 2019	–	535,526	20,000	515,526	S$0.0978	10 years as of the date of grant	25 February 2029

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

Audit Committee

The Audit Committee was established on 19 October 2015 and the members of the Audit Committee comprise of 3 directors, namely, Elka Nir, Prof. Stephen Philip Haslett and Prof. Hang Chang Chieh.

During FY2019, the Audit Committee had held four meetings.

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

DIRECTORS' REPORT

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

Auditors

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

On behalf of the Board,

David Todd Dollinger, Chairman and CEO

Stephen Louis Rhodes, Chairman and CEO

26 March 2020

STATEMENTS BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 106 to 160 are drawn up so as to give a true and fair view of the Company and of the Group as at 31 December 2019 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors,

David Todd Dollinger, Chairman and CEO

Stephen Louis Rhodes, Chairman and CEO

26 March 2019

THE TRENDLINES GROUP LTD.

INDEPENDENT AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS OF THE

TRENDLINES GROUP LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL

YEAR ENDED DECEMBER 31, 2019

(U.S. dollars in thousands)

THE TRENDLINES GROUP LTD.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL

YEAR ENDED DECEMBER 31, 2019,

INDEX

	Page
Independent Auditors' Report	108
Statements of Financial Position	111
Consolidated Statements of Profit or Loss and Other Comprehensive Income	113
Consolidated Statements of Changes in Equity	114
Consolidated Statements of Cash Flows	115
Notes to the Financial Statements	117

INDEPENDENT AUDITORS' REPORT

Kost Forer Gabbay & Kasierer
2 Pal-Yam Blvd. Brosh Bldg.
Haifa 3309502, Israel

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

Opinion

We have audited the financial statements of The Trendlines Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as of December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Company as of December 31, 2019, and the Group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter in 2019

Investments in Portfolio Companies

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

The Group's investments in Portfolio Companies represent 82% of the total amount of its assets. The valuations of the Portfolio Companies are designated as level 3 in the fair value hierarchy since they are valued using inputs other than quoted prices in an active market. The Group determined it was necessary to rely on the opinion of specialists to value the substantial majority of these investments, due to the complexity of the valuations. Due to the inherent subjectivity in the valuation of these investments, we determined this matter to be a significant item for our audit.

INDEPENDENT AUDITORS' REPORT

Building a better working world

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How our audit addressed the matter

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

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

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

Other information included in the Group's 2019 Annual Report

Other information consists of the information included in the Group's 2019 Annual Report other than the financial statements and our auditors' report thereon. Management is responsible for the other information.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Tel Aviv, Israel
March 5, 2020

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

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	Note	The Group December 31, 2019	The Group December 31, 2018	The Company December 31, 2019	The Company December 31, 2018
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents		18,366	8,136	16,967	6,429
Short-term bank deposits	3	293	2,728	200	2,642
Accounts and other receivables	4	724	605	413	162
Short-term loans to Portfolio Companies	5	160	363	–	–
Total Current Assets		19,543	11,832	17,580	9,233
NON-CURRENT ASSETS:					
Investments in Portfolio Companies	9	102,825	97,226	–	–
Right of use assets	10	2,246	–	–	–
Investment in Subsidiaries	8	–	–	83,144	77,317
Property, plant and equipment, net	6	865	952	268	329
Total Non-Current Assets		105,936	98,178	83,412	77,646
Total Assets		125,479	110,010	100,992	86,879

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

STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

		The Group		The Company	
		December 31,		December 31,	
	Note	2019	2018	2019	2018
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Lease liabilities	10	428	–	–	–
Trade and other payables	11	2,145	1,745	1,290	776
Deferred revenues	2(B)(12)	2,148	3,630	–	–
Total Current Liabilities		4,721	5,375	1,290	776
LONG-TERM LIABILITES:					
Deferred revenues	2(B)(12)	572	1,393	–	–
Loans from the Israel Innovation Authority	12	3,567	2,974	–	–
Lease liabilities	10	2,128	–	–	–
Other long-term liabilities		213	177	168	145
Deferred taxes, net	14(D)	14,508	13,676	–	–
Total Long-Term Liabilities		20,988	18,220	168	145
EQUITY:					
Equity Attributable to Equity Holders of the Company:					
Share capital	16	2,123	1,601	2,123	1,601
Share premium		79,289	65,282	79,289	65,282
Reserve from hedges	13(C)	(175)	(95)	(175)	(95)
Reserve from share-based payment transactions	17	3,853	4,252	3,853	4,252
Retained earnings		14,444	14,918	14,444	14,918
Total		99,534	85,958	99,534	85,958
Non-Controlling Interests		236	457	–	–
Total Equity		99,770	86,415	99,534	85,958
Total Liabilities and Equity		125,479	110,010	100,992	86,879

March 5, 2020			
Date of approval of the financial statements	D. Todd Dollinger Co-Chairman and Chief Executive Officer	Steve Rhodes Co-Chairman and Chief Executive Officer	Haim Brosh Chief Financial Officer

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

U.S. dollars in thousands, except share data

	Note	Year ended December 31, 2019	2018
Income:			
Gain (loss) from change in fair value of investments in Portfolio Companies	2(B)(5);7(D)	3,753	(6,046)
Income from services to Portfolio Companies	2(B)(12)	4,821	5,760
Income from contracted R&D services	2(B)(12)	679	476
Financial income	18(D)	256	1,248
Other income		313	360
Total income		9,822	1,798
Expenses:			
Operating, general and administrative expenses	18(A)	7,062	6,395
Marketing expenses		269	404
R&D expenses, net	18(B)	1,114	1,057
Financial expenses	18(C)	1,240	428
Total expenses		9,685	8,284
Income (loss) before income taxes		137	(6,486)
Tax benefit (Income tax expense)	14(E)	(832)	168
Net loss		(695)	(6,318)
Other comprehensive loss:			
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:			
Loss from cash flow hedges		(80)	(161)
Total comprehensive loss		(775)	(6,479)
Net loss Attributable to:			
Equity holders of the Company		(474)	(6,121)
Non-Controlling Interests		(221)	(197)
		(695)	(6,318)
Total comprehensive loss attributable to:			
Equity holders of the Company		(554)	(6,282)
Non-Controlling Interests		(221)	(197)
		(775)	(6,479)
Net loss per share attributable to equity holders of the Company (in U.S dollars):	19		
Basic and diluted net loss per share		$ (0.07)	$ (0.01)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

U.S. dollars in thousands

	Share capital	Share premium	Reserve from hedges	Reserve from share-based payment transactions	Retained earnings	Total	Non-Controlling Interests	Total equity
Balance as of January 1, 2018	**1,601**	**65,028**	**66**	**4,477**	**21,039**	**92,211**	**654**	**92,865**
Net loss and total comprehensive loss	–	–	(161)	–	(6,121)	(6,282)	(197)	(6,479)
Cost of share-based payments	–	–	–	29	–	29	–	29
Expiration of options	–	254	–	(254)	–	–	–	–
Balance as of December 31, 2018	**1,601**	**65,282**	**(95)**	**4,252**	**14,918**	**85,958**	**457**	**86,415**
Net loss and total comprehensive loss	–	–	(80)	–	(474)	(554)	(221)	(775)
Issuance of shares, net[1]	522	13,505	–	–	–	14,027	–	14,027
Cost of share-based payments	–	–	–	103	–	103	–	103
Expiration of options	–	502	–	(502)	–	–	–	–
Balance as of December 31, 2019	**2,123**	**79,289**	**(175)**	**3,853**	**14,444**	**99,534**	**236**	**99,770**

(1) Net of expenses of $120

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	(695)	(6,318)
Adjustments to reconcile net loss to net cash used in operating activities:		
Adjustments to the profit or loss items:		
Depreciation	778	288
(Tax benefit) income tax expense	832	(168)
Loss (gain) from changes in fair value of investments in Portfolio Companies	(3,753)	6,046
Financial expenses (income), net	662	(1,206)
Income from services to Portfolio Companies	(3,848)	(4,952)
Share-based payments	103	29
Changes in asset and liability items:		
Decrease (increase) in short-term loans to Portfolio Companies	203	(134)
Increase in accounts and other receivables	(119)	(68)
Decrease (increase) in trade and other payables	318	(388)
Decrease (increase) in other long-term liabilities	36	(9)
	(4,788)	(562)
Investments in Portfolio Companies	(1,380)	(1,725)
	(1,380)	(1,725)
Cash received (paid) during the year for:		
Dividend received	1,107	–
Interest paid	(224)	–
Interest received	64	212
	947	212
Net cash used in operating activities	(5,916)	(8,393)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(241)	(192)
Proceeds from bank deposits and short-term bank deposits, net	2,464	8,002
Deconsolidation of subsidiary (a)	–	(145)
Net cash provided by investing activities	2,223	7,665
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	14,027	–
Payment of lease liability	(339)	–
Loans received from the Israel Innovation Authority	235	186
Loans repaid to the Israel Innovation Authority	–	(69)
Net cash provided by financing activities	13,923	117
Increase (decrease) in cash and cash equivalents	10,230	(611)
Cash and cash equivalents at the beginning of the year	8,136	8,747
Cash and cash equivalents at the end of the year	18,366	8,136
(a) Deconsolidation of subsidiary:		
Accounts and other receivables	–	(18)
Property, plant and equipment, net	–	(2)
Investments in Portfolio Companies, net	–	830
Trade and other payables	–	92
Deferred revenues	–	(472)
Gain from revaluation of investment resulting from deconsolidation of subsidiary	–	(285)
	–	145
Non-cash transactions		
Investments in Portfolio Companies in consideration for future services	1,652	4,747
Additions to right of use assets with corresponding lease liability	54	–

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

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 1:- GENERAL

A. Corporate information

The Trendlines Group Ltd. (the "Company") was incorporated in Israel in 2007. Since its incorporation, the Company has been engaged in creating and investing in innovation, primarily carried out through its main subsidiaries: Trendlines Agtech - Mofet Ltd. ("Agtech"), Trendlines Incubators Israel Ltd., formerly known as Trendlines Medical - Misgav Ltd. ("Medical") , Trendlines Agrifood Innovation Center Pte. Ltd. after Center ("AFIC") and Trendlines Medical Singapore Pte. Ltd. ("Trendlines Medical Singapore"). The Company's subsidiaries represent one business segment for management reporting purposes.

In November 2015, the Company completed an initial public offering ("IPO") on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is trading on ticker SGX: 42T.

On August 6, 2019, the Company completed the allotment and issuance of approximately 103 million new Ordinary shares at a Placement Price of S$0.105 per share for net proceeds of S$10.8 million (approximately $8,000).

On December 16, 2019, the Company completed the allotment and issuance of approximately 79 million new Ordinary shares pursuant to a Rights issue, at a Placement Price of S$0.105 per share for net proceeds of S$8.13 million (approximately $6,000).

Medical incubator is operated under franchise agreements with the State of Israel, through the Israel Innovation Authority ("IIA") of the Ministry of Economy and Industry.

In December 2015, Medical received formal notice from the IIA of the renewal of its incubator franchise for a period of eight years from January 1, 2016, to December 31, 2023.

Under the terms of the new franchise, the IIA has established certain milestones, which must be met for Medical to retain the franchise. Such milestones include, among others, a minimum number of new portfolio companies to operate under Medical during specified time periods from the beginning of the franchise period (at least: 6 within a period of 24 months; 12 within a period of 48 months; and 18 within a period of 72 months). As of December 31, 2019, Medical is meeting the milestones required to retain its franchise.

In March 2016, Agtech received formal notice from the IIA that its franchise has expired. The IIA approved the Company's request to expand the mandate of Medical, which has a franchise until December 31, 2023, to include agrifood tech investments. In addition, the IIA accepted Medical's goal of establishing between 9 to 11 new Portfolio Companies a year (about 5 Portfolio Companies each in the medical device field and agrifood tech field) (the "IIA Approval"). The IIA Approval provides the Company continuing access to IIA financial support for new agrifood tech investments, as has been made previously.

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

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

B. Approval of financial statements

These financial statements were approved by the board of directors on March 5, 2020.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 1:- GENERAL (Cont.)

C. Definitions

The Company	-	The Trendlines Group Ltd.
The Group	-	The Company and its consolidated subsidiaries.
Subsidiaries	-	Companies that are controlled by the Company (as defined in IFRS 10) and whose accounts are consolidated with those of the Company.
Investees	-	Subsidiaries.
Medical	-	Trendlines Incubators Israel Ltd. a technological incubator - subsidiary of the Company.
Trendlines Medical Singapore	-	Trendlines Medical Singapore Pte Ltd. a technological incubator - subsidiary of the Company.
Agtech	-	Trendlines Agtech - Mofet Ltd. a technological incubator - subsidiary of the Company.
AFIC	-	Trendlines Agrifood Innovation Center Pte Ltd. a technological incubator and fund manager - subsidiary of the Company.
Trendlines Incubators/ Incubators	-	Three technological incubators - Medical, Agtech and Trendlines Medical Singapore in which the Company exercises control and whose statements are consolidated with those of the Company (see Note 8).
Peripheral Incubator	-	Technological incubator that is situated in a national priority region. Medical is a Peripheral Incubator.
Portfolio Company	-	A company in which the Incubators invested and is not a subsidiary.
IIA	-	Israel Innovation Authority (formerly the Office of the Chief Scientist) of the Israeli Ministry of Economy and Industry.
Directive 8.2	-	Directive 8.2 of the Director General of the Ministry of Economy effective regarding the Incubators from August 22, 2001 through August 31, 2007, when the Incubators functioned as non-profit companies.
Old Directive 8.3	-	Directive 8.3 of the Director General of the Ministry of Economy - Technology Entrepreneurship Centers - Pilot Incubators, effective regarding the Incubators from September 1, 2007 (when the Incubators started to function as for-profit companies under the control of The Trendlines Group) through December 31, 2010.
Track Benefit No.3	-	Track Benefit No.3 of the Israel Innovation Authority in the ministry of economy and industry - technological incubators; replaced the Old Directive 8.3, effective regarding the Incubators from January 1, 2011, onwards.
Related parties	-	As defined in IAS 24.
Dollar	-	US dollar.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

A. Basis of presentation of the financial statements

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities, including derivative financial instruments, that have been measured at fair value through profit and loss.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company ("Subsidiaries"). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Potential voting rights are considered when assessing whether an entity has control. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The consolidated financial statements are prepared using uniform accounting policies by all companies in the Group. Significant intragroup balances and transactions and gains or losses resulting from intragroup transactions are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

B. Summary of significant accounting policies

1. Functional currency, presentation currency and foreign currency

a. Functional currency and presentation currency:

The Group's financial statements are presented in US dollars, which is also the functional currency of the Company and its material subsidiaries. The Group's performance and liquidity are evaluated and managed in US dollars. Therefore, the US dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

1. Functional currency, presentation currency and foreign currency (Cont.)

b. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded upon initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange rate differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

2. Cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of investment or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

3. Short-term deposits

Short-term bank deposits are deposits with an original maturity of more than three months from the date of investment and which do not meet the definition of cash equivalents. The deposits are presented according to their terms of deposit.

4. Financial instruments

On January 1, 2018, the Group adopted IFRS 9, "Financial Instruments" (the "Standard"). The Group elected to apply the provisions of the Standard retrospectively without restatement of comparative data.

The accounting policy for financial instruments applied commencing from January 1, 2018, is as follows:

a. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Group classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

a. Financial assets: (Cont.)

1) Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

2) Equity instruments and other financial assets held for trading:

Investments in equity instruments are measured at fair value through profit or loss. This category includes investments in Portfolio Companies held by the Incubators which are investment entities.

Other financial assets held for trading such as derivatives, are measured at fair value through profit or loss unless they are designated as effective hedging instruments.

Dividends from investments in equity instruments are recognized in profit or loss when the right to receive the dividends is established.

b. Impairment of financial assets:

The Group has short-term financial assets, principally short-term loans and trade receivables, in respect of which the Group applies a simplified approach and measures the loss allowance in an amount equal to the lifetime expected credit losses. The impairment loss, if any, is recognized in profit or loss with a corresponding allowance that is offset from the carrying amount of the assets.

c. Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or
- The Group has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- The Group has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

4. Financial instruments (Cont.)

d. Financial liabilities:

1) Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Group measures all financial liabilities at amortized cost using the effective interest rate method, except for financial liabilities at fair value through profit or loss.

2) Financial liabilities measured at fair value through profit or loss:

At initial recognition, the Group measures financial liabilities that are not measured at amortized cost at fair value. Transaction costs are recognized in profit or loss.

After initial recognition, changes in fair value are recognized in profit or loss.

At initial recognition, the Group designated the financial liability in respect of loans received from the IIA as measured at fair value through profit or loss. Changes in the fair value of the financial liability are recognized in profit or loss, except for changes that can be attributed to changes in the financial liability's credit risk which are recorded in other comprehensive income.

e. Derecognition of financial liabilities:

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

f. Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

5. Fair value measurement

The Group measures its investments in Portfolio Companies at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances Valuation techniques include the market comparable approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same), the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible) and the cost approach (see Note 7(C)(3) for details).

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

6. Loans from the Israel Innovation Authority

The fair value of loans received from the IIA is calculated based on the present value of expected amounts to be repaid to the IIA, discounted at a rate reflecting the level of risk of the Portfolio Companies or the risk of the Incubators in case of operational loans. The loans for Portfolio Companies were received under the Old Directive 8.3 and the incubators' operational loans were received under the Track Benefit No. 3, see also Note 15(A)(4).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

7. Leases

As described in Note 2B(17) regarding the initial adoption of IFRS 16, "Leases" ("the Standard"), the Company elected to apply the provisions of the Standard using the modified retrospective method (without restatement of comparative data).

The accounting policy for leases applied effective from January 1, 2019, is as follows:

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

1. The Group as a lessee:

For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Company has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

Leases which entitle employees to a company car as part of their employment terms are accounted for as employee benefits in accordance with the provisions of IAS 19 and not as subleases.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term.

Following are the amortization periods of the right-of-use assets by class of underlying asset:

	Years	Mainly
Lease facilities	3-10	10
Motor vehicles	3	3

The Company tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

7. Leases (Cont.)

2. Variable lease payments that depend on an index:

On the commencement date, the Company uses the index rate prevailing on the commencement date to calculate the future lease payments.

For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

3. Lease extension and termination options:

A non-cancelable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised, and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

4. Lease modifications:

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

7. Leases (Cont.)

The accounting policy for leases applied until December 31, 2018, is as follows:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

The Group as lessee:

Operating leases:

Leases in which substantially all the risks and rewards of ownership of the leased asset are not transferred to the Group are classified as operating leases. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

8. Property, plant and equipment

Property, plant and equipment are measured at cost, including direct attributable costs, less accumulated depreciation, accumulated impairment losses and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%	Mainly %
Leasehold improvements (according to the lease term)	10-12.5	10
Office furniture and equipment	6-15	7
Computers and peripheral equipment	15-33	33

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) or the expected life of the leasehold improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

9. Research and development expenditures

Research and development ("R&D") expenditures in respect of contracted service agreements, are recognized in profit or loss when incurred.

10. Income taxes

Current or deferred taxes are recognized in profit or loss, except to the extent that they relate to items which are recognized in other comprehensive income or equity.

a. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date as well as adjustments required in connection with the tax liability in respect of previous years.

b. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rate that is expected to apply when the asset is realized, or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Deductible carry-forward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Group's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

11. Share-based payment transactions

The Group's employees, directors and other service providers are entitled to remuneration in the form of equity-settled share-based payments.

Equity-settled transactions:

The cost of equity-settled transactions with employees is measured at the fair value of the equity instruments granted at grant date. The fair value is determined using an acceptable option pricing model.

As for other service providers, the cost of the transactions is measured at the fair value of the goods or services received as consideration for equity instruments granted.

The cost of equity-settled transactions is recognized in profit or loss together with a corresponding increase in equity during the period which the performance and/or service conditions are to be satisfied ending on the date on which the relevant employees become entitled to the award (the "vesting period"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

12. Revenue recognition

On January 1, 2018, the Group initially adopted IFRS 15, "Revenue from Contracts with Customers" (the "Standard"). The Group elected to apply the provisions of the Standard using the modified retrospective method with the application of certain practical expedients and without restatement of comparative data.

The accounting policy for revenue recognition applied commencing from January 1, 2018, is as follows:

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

a. Revenue from rendering of services:

Revenue from rendering of services is recognized over time, during the period the customer simultaneously receives and consumes the benefits provided by the Company's performance. Revenue is recognized in the reporting periods in which the services are rendered. The Company charges its customers based on payment terms agreed upon in specific agreements. When payments are made before or after the service is performed, the Company recognizes the resulting contract asset or liability.

b. Income from carried interests in funds

The Group, through subsidiaries, is the General Partner ("GP") in two funds (see Note 8(A)). The GP is entitled to receive carried interests of 20% from the distribution of profits of the funds after repayment of the Limited Partners' investment in the funds. Income from these carried interests are recognized only to the extent it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

12. Revenue recognition (Cont.)

c. Income from services to Portfolio Companies

The Group, through its Incubators, provides the Portfolio Companies with services in the area of technology development, business development, capital raising, access to IIA grants and administrative support. In consideration for the Incubators' obligation pursuant to Track Benefit No. 3 of the IIA to provide these services to the Portfolio Companies over the two-year incubation period, the Group receives equity interests in the Portfolio Companies. The Group recognizes in its financial statements, deferred revenue in respect of the fair value of the benefit of these shares received from the IIA. Such deferred revenue is recognized over the two years of the incubation of the Portfolio Company. Under the Old Directive 8.3, upon obtaining an IIA loan, the benefit's value is computed as the difference between the amount of the loan from the IIA and its fair value, and under the Track Benefit No. 3, the benefit's value is computed as the difference between the fair value of the investment Portfolio Company and the supplementary funding invested by the Incubators see Note 15(A)(3)).

In addition, in accordance with IIA regulations, the Group receives monthly capped overhead reimbursement from the Portfolio Companies.

13. Grants received

Grants received are recognized when there is reasonable assurance that the grants will be received, and the Group will comply with the attached conditions.

Grants received from the IIA are recognized upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing sales.

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

At each reporting date, the Group evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid (since the Group will not be required to pay royalties) based on the best estimate of future sales and using the original effective interest method, and if so, the appropriate amount of the liability is derecognized against a corresponding reduction in research and development expenses or operating, general and administrative expenses.

As of December 31, 2019, and 2018, the Group did not record any liability.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

14. Earnings per share

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of ordinary shares outstanding during the period.

Potential ordinary shares (options, warrants and other convertible securities) are included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Potential ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

15. Provisions

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

16. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement:

The Group uses derivative financial instruments, forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to OCI as the Group assesses its hedges as effective and are later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

In the process of applying the significant accounting policies, the Group has made the following judgments which have the most significant effect on the amounts recognized in the consolidated financial statements:

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Summary of significant accounting policies (Cont.)

17. Changes in accounting policies – initial adoption of new financial reporting and accounting standards and amendments to existing financial reporting and accounting standards

1. Initial adoption of IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, "Leases" (the "new Standard"). The effects of the adoption of the new Standard are as follows :

- According to the new Standard, lessees are required to recognize all leases in the statement of financial position (excluding certain exceptions, see below). Lessees will recognize a liability for lease payments with a corresponding right-of-use asset, similar to the accounting treatment for finance leases under the existing standard, IAS 17, "Leases". Lessees will also recognize interest expense and depreciation expense separately.

- In the event of change in variable lease payments that are CPI-linked, lessees are required to remeasure the lease liability and record the effect of the remeasurement as an adjustment to the carrying amount of the right-of-use asset.

- The new Standard includes two exceptions which allow lessees to account for leases based on the existing accounting treatment for operating leases - leases for which the underlying asset is of low financial value and short-term leases (up to one year).

Practical expedients applied in the initial application of the Standard:

(1) The Company elected not to reassess based on the principles in the Standard whether contracts are or contain a lease, and instead continued to classify contracts as leases that were previously identified as leases under IAS 17.

(2) The Company elected to exclude initial direct costs from the measurement of right-of-use assets at the date of initial application.

(3) The Company elected to use hindsight in determining the lease term in contracts containing options to extend or terminate the lease.

The effect of the initial adoption of the new Standard as of January 1, 2019, was an increase in the Company's total assets and liabilities of approximately $2,666 and $2,666, respectively, and no change in its equity.

2. Initial adoption of IFRIC 23, "Uncertainty over Income Tax Treatments"

In June 2017, the IASB issued IFRIC 23, "Uncertainty over Income Tax Treatments" ("the Interpretation"). The Interpretation clarifies the accounting for recognition and measurement of assets or liabilities in accordance with the provisions of IAS 12, "Income Taxes", in situations of uncertainty involving income taxes. The Interpretation provides guidance on considering whether some tax treatments should be considered collectively, examination by the tax authorities, measurement of the effects of uncertainty involving income taxes on the financial statements and accounting for changes in facts and circumstances in respect of the uncertainty.

The Interpretation was adopted on January 1, 2019, based on full retrospective adoption, without restating comparative data. There was no impact on the financial statements as a result of adopting the Interpretation.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

C. Significant accounting judgments, estimates and assumptions

1. Judgments

Determination of control

The Group assesses whether it controls a company in which it holds the majority or less than the majority of the voting rights by reference to, among others, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders including voting patterns at previous shareholders' meetings, its ability to direct the relevant activities of a company, including any significant operating and financial activities as well as the appointment of key management personnel, its ability to appoint the majority of the board of directors, and consideration of substantive rights of the other vote holders.

2. Estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the reporting date and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as growth rates, operating margins, discount rates and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. To assess the significance of a particular input to the entire measurement, the Group performs sensitivity analysis or stress testing techniques. See also Notes 7 and 9.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Disclosure of new standards in the period prior to their adoption

1. Amendments to IFRS 10 and IAS 28 regarding sale or transfer of assets between an investor and its associate or joint venture

In September 2014, the IASB issued amendments to IFRS 10 and IAS 28 ("the Amendments") regarding the accounting treatment of the sale or transfer of assets (an asset, a group of assets or a subsidiary) between an investor and its associate or joint venture.

According to the Amendments, when the investor loses control of a subsidiary or a group of assets that are not a business in a transaction with its associate or joint venture, the gain will be partially eliminated such that the gain to be recognized is the gain from the sale to the other investors in the associate or joint venture. According to the Amendments, if the remaining rights held by the investor represent a financial asset as defined in IFRS 9, the gain will be recognized in full.

If the transaction with an associate or joint venture involves loss of control of a subsidiary or a group of assets that are a business, the gain will be recognized in full.

The Amendments are to be applied prospectively. A mandatory effective date has not yet been determined by the IASB but early adoption is permitted.

2. Amendments to IAS 1, Presentation of financial statements

On January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, (the Amendments) in order to clarify the criteria for determining the classification of a liability as current or non-current.

The amendments include the following clarifications:

- the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period

- classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier application is permitted.

The Company is evaluating the possible impact of the Amendments, but is currently unable to estimate their impact, if any, on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 3:- SHORT-TERM BANK DEPOSITS

	The Group December 31,		The Company December 31,	
	2019	2018	2019	2018
Restricted short-term deposits	93	86	–	–
Short-term bank deposits*)	200	2,642	200	2,642
	293	2,728	200	2,642

*) Short-term bank deposits are deposits with maturities of more than three months from date of deposit. The deposits are in dollars and bear an annual interest of 2.2%.

NOTE 4:- ACCOUNTS AND OTHER RECEIVABLES

	The Group December 31,		The Company December 31,	
	2019	2018	2019	2018
Trade receivables*)	258	142	314	110
Government authorities	150	113	13	6
Related Parties	164	258	–	–
Others	152	92	86	46
	724	605	413	162

*) Trade receivables are non-interest bearing and are generally on terms of 90 days. As of December 31, 2019, and 2018, trade receivables were neither past due or impaired.

NOTE 5:- SHORT-TERM LOANS TO PORTFOLIO COMPANIES

	The Group December 31,		The Company December 31,	
	2019	2018	2019	2018
To Portfolio Companies - related parties(1)	160	363	–	–

(1) The loans bear interest of 4% per annum for the years ended on December 31, 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 6:- PROPERTY, PLANT AND EQUIPMENT, NET

The Group

	Leasehold improvements	Office furniture and equipment	Computers and peripheral equipment	Total
Cost:				
Balance as of January 1, 2018	1,245	369	402	2,016
Additions	31	3	158	192
Disposals	–	–	(9)	(9)
Balance as of December 31, 2018	1,276	372	551	2,199
Additions	45	90	106	241
Balance as of December 31, 2019	1,321	462	657	2,440
Accumulated depreciation:				
Balance as of January 1, 2018	585	144	237	966
Disposals	–	–	(7)	(7)
Depreciation	168	41	79	288
Balance as of December 31, 2018	753	185	309	1,247
Disposals	166	60	102	328
Balance as at December 31,2019	919	245	411	1,575
Depreciated cost:				
Balance as of December 31, 2019	402	217	246	865
Balance as of December 31, 2018	523	187	242	952

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 6:- PROPERTY, PLANT AND EQUIPMENT, NET (Cont.)

The Company

	Leasehold improvements	Office furniture and equipment	Computers and peripheral equipment	Total
Cost:				
Balance as of January 1, 2018	106	104	274	484
Additions	–	–	132	132
Disposals	–	–	(5)	(5)
Balance as of December 31, 2018	106	104	401	611
Additions	1	8	14	23
Balance as of December 31, 2019	107	112	415	634
Accumulated depreciation:				
Balance as of January 1, 2018	36	45	129	210
Depreciation	10	7	55	72
Balance as of December 31, 2018	46	52	184	282
Depreciation	11	8	65	84
Balance as at December 31,2019	57	60	249	366
Depreciated cost:				
Balance as of December 31, 2019	50	52	166	268
Balance as of December 31, 2018	60	52	217	329

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT

A. The following table presents the fair value measurement hierarchy for the Group's investments and loans.

	The Group							
	December 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in Portfolio Companies	–	–	102,825	102,825	–	–	97,226	97,226
	–	–	102,825	102,825	–	–	97,226	97,226
Financial liabilities								
Derivative financial instruments	–	175	–	175	–	95	–	95
Loans from IIA	–	–	3,567	3,567	–	–	2,974	2,974
	–	175	3,567	3,742	–	95	2,974	3,069

	The Company			
	December 31, 2019		December 31, 2018	
	Level 2	Total	Level 2	Total
Financial liabilities				
Derivative financial instruments	175	175	95	95
	175	175	95	95

B. Valuation process and techniques

Valuations are the responsibility of the Group's management and the board of directors of the Company.

Investment in privately held Portfolio Companies - Level 3

The valuation of significant Portfolio Companies is performed by an external independent valuator.

The valuations are also subject to quality assurance procedures performed by Group's management. The Group's management verifies the major inputs applied in the latest valuation by comparing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the Group's management.

The Group's management considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the method chosen.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are four valuation methodologies available which were used in the valuation of the Portfolio Companies: income approach, market approach, cost approach and option pricing model. A brief discussion of each methodology follows.

1. Income Approach

The income approach utilizes a procedure generally known as the discounted cash flow ("DCF") method of valuation. The DCF method measures value by reference to an enterprise's expected future debt-free cash flows from business operations. This typically involves a projection of income and expense and other sources and uses of cash, the assignment of a terminal (or residual) value at the end of the projection period that is reasonably consistent with the key assumptions and long-term growth potential of the business, and a determination of an appropriate discount rate that reflects the risk of achieving the projections. Factors that form the basis for expected future financial performance include:

- Historical and projected growth rates;
- Business plans or operating budgets for the enterprise in question;
- Prevailing relevant business conditions and industry trends, including growth expectations in light of general market growth, competitive environment and market position;
- Anticipated needs for working and fixed capital;
- Historical and expected levels and trends of operating profitability.

A projection period of annual free cash flows plus an estimated terminal value, which represents the value of the business enterprise beyond the projection period, are discounted to present value through the application of a discount rate that reflects the weighted average cost of capital for the enterprise.

The present value of aggregate annual free cash flows plus the terminal value represents the total capital or the net asset value of the operating entity, which equals the combined debt and equity capital or enterprise value of the company.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation (Cont.)

2. Market Comparable Approach

The market comparable approach examines either publicly traded companies or acquisitions of privately held companies within the same industry as the subject business entity. Market-derived multiples based on such measures as earnings, book value, cash flow and revenues are typically applied to the appropriate financial indicators of the subject entity to determine a range of total capital values for the business.

Companies might typically be considered comparable even though their product mixes or corporate sizes differ, so long as valuation ranges are rationalized in terms of relative financial performance and capital structure considerations such as:

- Historical and prospective growth;
- Absolute and relative profit margins and cost determinants;
- Capital structure (leverage);
- Liquidity

3. Cost Approach

The underlying premise when using the cost approach is that the book value or cost of an asset is equal to its fair value. Certain adjustments are made to assets on a case-by-case basis if this premise does not hold true. This approach is an important tool for determining the fair value of companies in a very preliminary development stage, particularly when reliable data relating to revenue forecasts are not available.

4. Option Pricing Model ("OPM")

The OPM is a generally accepted valuation model used in evaluating companies with different classes of shares. The OPM considers the various terms of the stockholder agreements that would affect the distributions to each class of equity upon a liquidity event, including the level of seniority among the securities, dividend policy, conversion ratios, and cash allocations. In addition, the method implicitly considers the effect of the liquidation preference as of the future liquidation date, not as of the valuation date. The OPM (or a related hybrid method) is the most appropriate method to use when specific future liquidity events are difficult to forecast.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

C. General Overview of Valuation Approaches used in the Valuation (Cont.)

4. Option Pricing Model ("OPM") (Cont.)

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average) % 2019	2018	Sensitivity of the input to fair value
Investments in Portfolio Companies	DCF - Income approach	Long-term growth rate for cash flows for subsequent years	3	3	Increase (decrease) in the growth rate would result in increase (decrease) in fair value
		Long-term operating margin	14	14	Increase (decrease) in the operating margin would result in increase (decrease) in fair value
		Weighted average cost of capital (WACC)	25	25	Change in WACC rate would result in increase (decrease) in fair value
Investments in Portfolio Companies	DCF - Expected royalties	Long-term growth rate for cash flows for subsequent years	3.8-5.8	3.6 - 5.8	Increase (decrease) in the growth rate would result in increase (decrease) in fair value
		NPV discount rate	2.56	3.83	Decrease (increase) in the NPV discount rate would result in increase (decrease) in fair value
	Market Comparable Approach	Revenue Multiplier	1.82-4.46 (3.2)	1.9 - 3.88 (2.95)	Increase (decrease) in the revenue multiplier would result in increase (decrease) in fair value
		Weighted average cost of capital (WACC)	30-50 (38)	25-50 (37)	Change in WACC rate would result in increase (decrease) in fair value
	Cost Approach	Weighted average cost of capital (WACC)	25-60 (45)	60	Change in WACC rate would result in increase (decrease) in fair value
Loans from IIA	Black and Scholes formula for option pricing	Expected term (years)	0.42-5(2.3)	0.8 - 5 (2.5)	Increase (decrease) in the parameter would result in decrease (increase) in fair value
		Expected volatility (annual)	70-119 (63)	37 - 119 (78)	
		Risk free interest rate	-0.7-1.2 (-0.1)	-0.5 - 1.1 (0.1)	
	Present value of the expected cash flows	Risk adjusted discount rate	2.5-9 (5.8)	1.9 - 12.8 (7.3)	

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 7:- FAIR VALUE MEASUREMENT (Cont.)

D. Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy in financial instruments:

	The Group	
	Investment in Portfolio Companies	Loans from IIA
As of January 1, 2018	96,800	(3,830)
Total unrealized gain (loss) recognized in profit or loss*)	(6,046)	670
Additions	6,472	186
As of December 31, 2018	97,226	(2,974)
Total unrealized gain (loss) recognized in profit or loss*)	2,646	(358)
Total realized gain (loss) recognized in profit or loss *)	1,707	-
Additions	1,846	(235)
As of December 31, 2019	102,825	(3,567)

*) Realized and unrealized gains on investments in Portfolio Companies are recorded in "gain (loss) from change in fair value of investments in Portfolio Companies" and realized and unrealized gains (loss) on loans from IIA are recorded in "Financial income (expenses)".

NOTE 8:- INVESTMENT IN INVESTEES

A. Investments in subsidiaries

The Group has the following significant investments in subsidiaries:

Name	Principal place of business	Proportion (%) of ownership interest
Trendlines Incubators Israel Ltd.	Israel	100
Trendlines Agtech - Mofet Ltd.	Israel	100
Trendlines Medical Singapore Pte Ltd.*)	Singapore	76.4
Trendlines Agtech Ltd.**)	Israel	100
Trendlines Agrifood Innovation Centre Pte Ltd.***)	Singapore	100

*) In 2016, Trendlines, together with other investors, one of which is also a shareholder of the Company, established a new technological incubator in Singapore, Trendlines Medical Singapore. According to the Shareholders' Agreement among the investors, Trendlines invested S$2,500 (approximately $1,700) and the other investors invested an aggregate amount of S$1,500 (approximately $1,000) for 23.6% interest. Following the transaction, Trendlines holds 76.4% of Trendlines Medical Singapore Pte Ltd.

**) During 2016, the Company, together with other investor, established a new fund (the "Fund") to be managed by the Company and which will focus on investments in early-stage agritech Portfolio Companies of the Group. A subsidiary of the Company acts as the general partner (the "GP") of the Fund.

***) In November 2019, the Company announced the first close of a fundraising round for its new Trendlines Agrifood Fund, together with the beginning of operations of the Trendlines Agrifood Innovation Centre in Singapore ("AFIC").

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 8:- INVESTMENT IN INVESTEES (Cont.)

A. Investments in subsidiaries (Cont.)

As of December 31, 2019, the investors of the fund committed to invest $17,000 in the Fund as a holders of redeemable shares of the Fund. As the date of the approval of the financial statements, the Fund had called and received $1,717. AFIC as the fund manager has responsibility for identifying and sourcing investments for the Fund and is entitled to 2% of the committed amount as a management fee. The GP will receive a 20% carried interest from the profits of the Fund after full repayment of the initial investments of the fund investors and a hurdle interest of 6%. As of December 31, 2019, the GP is not entitled to any carried interest from the Fund.

B. Investments in associates

Additional information on Associates:

	Principal place of business	Company's equity and Voting Rights	Carrying amount	Fair value of publicly Traded Equity
		%	US in thousands	
December 31, 2019 and 2018:				
Maryland Israel/Trendlines Fund GP LLC (See Note 15 C):	Maryland, United States	50	–*)	–

*) Represents an amount lower than 1.

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES

A. Information on Portfolio Companies

The following is the number of Portfolio Companies and fair value:

	December 31, 2019		December 31, 2018	
	Fair Value	Number of Companies	Fair Value	Number of Companies
Companies in Incubation Period	10,449	13	15,176	18
Incubator Graduate Companies[1][2]	88,277	32	78,340	28
Other Portfolio Companies	4,099	2	3,710	2
	102,825	47	97,226	48

(1) Includes one Portfolio Company whose fair value amounts to approximately $27,632 at December 31, 2019, and $34,482 at December 31, 2018 (see also Note 9(B)1).

(2) Includes one Portfolio Company whose fair value amounts to approximately $13,697 at December 31, 2019, and $2,487 at December 31, 2018 (see also Note 9(B)2).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES (Cont.)

B. Sale transactions

1. In November 2014, Stimatix GI ("Stimatix") a Portfolio Company held by Medical, signed an Asset Purchase Agreement with a third-party strategic partner, which became a shareholder upon the IPO of the Company (the "Licensee"), structured as an asset acquisition for the Portfolio Company's developed medical device product (the "Product"), for cash consideration and for royalties on future net sales. Stimatix is bound to a confidentiality agreement and therefore additional details of the agreement cannot be disclosed. In May 2019 Medical received an additional dividend distribution from the Portfolio Company in the amount of approximately $1,107, the dividend distributions representing Medical's share of a portion of the cash consideration received from the Licensee.

   The fair value of this Portfolio Company at December 31, 2019 and 2018 is $27,632 and $34,482, respectively, which fair value is based on the DCF method. Following are certain factors that could have a significant impact on the valuation.

   The Product is in a highly competitive market with significant barriers to entry. The leading manufacturers have been active in this market for a number of years and currently control over 85%-90% of the revenues in the market. The Product has distinct technical advantages over the products of competitors and initial studies have shown that a product of this type has a high preference rate among current users.

   The Product has obtained regulatory clearance in certain major markets. In order for the Product to be successful, the patients will need to be adequately reimbursed in those markets. Although the risk of not getting adequate reimbursement is considered to be low due to the pricing strategy of parity with products of competitors, the process of arranging to ensure adequate reimbursement requires time and could delay entry into the major markets.

   The Group is presently not aware of any existing product of competitors that incorporates the advantageous technological features of the Product. However, it is possible that an alternative product with such features is presently under development or could be fully developed in a period of time which could adversely affect the market share of the Product.

   The ultimate success of the Product in penetrating the market and achieving market share is dependent on, among others, an investment in significant resources and management commitment by the Licensee. The Licensee is a large multinational company with financial and other resources that the Group believes will be sufficient to support a successful launch and commercialization of the Product. Also, the Licensee is a current player in the market with knowledge of the market and existing infrastructure to support the sales of the Product. Although there are indications that the Licensee is currently committed to invest the necessary resources, neither the Group nor Stimatix have any control over the activities of the Licensee in respect of the Product and actual investments in resources could be lower than expected which could have an adverse effect on the valuation.

2. One of the Portfolio Companies is valued at December 31, 2019 at $13,697 compared to $2,487 as of December 31, 2018, reflecting an increase in fair value of $11,210. The valuation was prepared using a market approach based on advanced negotiations with a potential acquirer of the Portfolio Company. The valuation includes certain adjustments for risks involving payments of contingent consideration and for non-realization of the acquisition by the potential acquirer.

   Due to the interrelationship of all of the above factors, it is impracticable to identify and isolate the effects of any reasonably possible change, either positive or negative, in any one of the significant inputs to the valuations. However, any such changes would likely have a material impact on the valuations with a corresponding material effect on profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 9:- INVESTMENTS IN PORTFOLIO COMPANIES (Cont.)

C. Other information

In 2018, the Group lost control of a subsidiary that was held by Medical. As a result, the Group ceased to consolidate this subsidiary and began recording it at fair value through profit or loss. As a result of the step-up to fair value, the Group recorded a gain of $285 which is included in "gain (loss) from change in fair value of investments in Portfolio Companies".

The outbreak of the Covid-19 coronavirus in late 2019 will have a significant impact on world economic growth during 2020. While we do not anticipate a material impact on our activities, we do expect some delays in the completion of some transactions related to China or in partnership with Chinese companies or individuals. Several portfolio companies have Chinese investors or are in talks with potential Chinese investors, and discussions with some of these investors have been delayed. Some of our portfolio companies manufacture products and/or product components in China and have experienced what, to date, are short delays. In addition, from time to time the Group explores new business opportunities in China; some such discussions and activities have slowed as a result of the current atmosphere in China. As well, there have been some minor slowdowns in product development activity in Singapore due to a desire to reduce face-to-face meetings.

NOTE 10:- IFRS 16, "Leases"

The Group company lease their premises and vehicles for various periods, the latest of which ends in 2028.

In July 2019, the Company signed an amendment to its lease agreement in Misgav for additional 120 months period ending December 31, 2028.

Right of use assets

Cost	
Balance as of January 1, 2019	2,666
Additions	54
Balance as of December 31, 2019	2,720
Accumulated depreciation	
Balance as of January 1, 2019	–
Depreciation charge	474
Balance as of December 31, 2019	474
Cost, net accumulated depreciation	
At January 1, 2019	2,666
At December 31, 2019	2,246

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 10:- IFRS 16, "Leases" (Cont.)

Lease liabilities

Total lease commitments at December 31, 2018	(2,825)
Impact of discounting remaining lease payments	159
Total lease liabilities at January 1, 2019	(2,666)

Lease liabilities included in the consolidated statement of financial position at December 31, 2019:

Current	(428)
Non-current	(2,128)
Total	(2,556)

The Company has leases of motor vehicles for a period of up to 12 months and low value leases of office furniture. The Company applies the practical expedient in IFRS 16 in respect of these leases and recognizes lease payments as an expense using the straight-line method over the lease term.

a. Information on leases:

	Year ended December 31, 2019
Interest expense on lease liabilities	182
Total cash outflow for leases	521

b. Lease extension options:

The Company has leases that include extension options. These options provide flexibility in managing the leased assets and align with the Company's business needs.

The Company exercises significant judgement in deciding whether it is reasonably certain that the extension options will be exercised.

In leases of office space, the Company generally includes in the lease term the exercise of extension options existing in the lease agreements. In these leases, the Company usually exercises the extension option to avoid a significant adverse impact to its operating activities in the event that an alternative asset is not available immediately upon termination of the noncancelable lease period.

c. For an analysis of maturity dates of lease liabilities, see Note 13A.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 11:- TRADE AND OTHER PAYABLES

	The Group December 31,		The Company December 31,	
	2019	2018	2019	2018
Trade payables	68	81	23	14
Employees and payroll accruals	378	305	286	205
Accrued vacation pay	244	275	139	173
Accrued expenses	1,226	995	654	334
Other payables	229	89	188	50
	2,145	1,745	1,290	776

NOTE 12:- LOANS FROM THE ISRAEL INNOVATION AUTHORITY

Composition of Loans from the IIA:

	The Group December 31,		The Company December 31,	
	2019	2018	2019	2018
Old 8.3 Loans (see Note 15(A)(4))	1,653	1,458	–	–
Operation Loans (see Note 15(A)(5))	1,914	1,516	–	–
	3,567	2,974	–	–

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- FINANCIAL INSTRUMENTS

A. Financial risk management objectives and policies:

The Group's activities expose it to various financial risks such as market risk and liquidity risk. The Group focuses on activities that reduce to a minimum any possible adverse effect on the Group's financial performance.

Liquidity risk:

The table below presents the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

The Group:

As of December 31, 2019:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	2,143	–	–	–	–	–	2,143
Lease liability	579	525	463	270	237	949	3,023
Loans from IIA*)	–	8,861	1,604	–	–	1,528	11,993
	2,722	9,386	2,067	270	237	2,477	17,159

As of December 31, 2018:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	1,745	–	–	–	–	–	1,745
Loans from IIA*)	–	8,164	1,459	–	–	1,549	11,173
	1,745	8,164	1,459	–	–	1,549	12,918

The Company:

As of December 31, 2019:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	1,219	–	–	–	–	–	1,219

As of December 31, 2018:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 Years	> 5 years	Total
Trade and other payables	776	–	–	–	–	–	776

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 13:- FINANCIAL INSTRUMENTS (Cont.)

A. Financial risk management objectives and policies: (Cont.)

Liquidity risk: (Cont.)

*) The amounts presented represent the full liability based on the principal amounts and accrued interest. As mentioned in Note 15(A)(4), the loans under the Old Directive 8.3 can be settled by surrendering the pledged shares of the Portfolio Companies and may be extended annually by an additional year for the eight years period following the end of the incubator period of the Portfolio Company.

Changes in liabilities arising from financing activities:

	Lease liability	Loans from IIA
Balance as of January 1, 2018	–	3,830
Loans received	–	186
Loans repaid	–	(69)
Effect of changes in exchange rates	–	(291)
Effect of changes in fair value	–	(682)
Balance as of December 31, 2018	–	2,974
January 1, 2019	2,666	2,974
Additions	54	235
Repayments	(645)	(34)
Effect of changes in exchange rates	481	257
Effect of changes in fair value	–	135
Balance as of December 31, 2019	2,556	3,567

B. Fair Value:

Management believes that the carrying amount of short-term deposits, short-term loans, accounts and other receivables, and trade and other payables approximate their fair value due to the short-term maturities of these instruments.

C. Cash flow Hedging activities and derivatives:

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future expenses in NIS. The changes in the fair value of the hedging instruments are measured through OCI, as the Group assesses them as effective.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- TAXES ON INCOME

A. Tax rates applicable to the Group:

The Israeli corporate tax rate is 23% in 2019 and 2018.

B. Final tax assessments:

The Company and its Subsidiaries have not received final tax assessments since their incorporation, however, self-assessments are deemed final through 2013 tax year.

C. Carry-forward losses for tax purposes:

Carry-forward operating tax losses of the Company and the Israeli subsidiaries total approximately $47,122 as of December 31, 2019. There is no expiration date for the utilization of the carry-forward losses. Deferred tax assets of $4,752 relating to these losses were recognized in the financial statements.

Deferred tax assets of approximately $6,065 relating to carry-forward operating losses were not recognized because their utilization in the foreseeable future is not probable.

D. Deferred taxes:

	Statements of financial position				Statements of profit or loss	
	The Group		The Company			
	December 31,		December 31,		Year ended December 31,	
	2019	2018	2019	2018	2019	2018
Deferred tax liabilities:						
Investment in Portfolio Companies at fair value	17,402	16,038	–	–	1,364	618
Loans from IIA	2,750	2,878	–	–	(128)	(9)
	20,152	18,916	–	–	1,236	609
Deferred tax assets:						
Carry-forward tax losses	4,752	3,913	–	–	(839)	675
Deferred revenues	625	1,155	–	–	530	(25)
Other	267	172	–	–	(95)	127
	5,644	5,240	–	–	(404)	777
Deferred tax expense (benefit)					832	(168)
Deferred tax liabilities, net	14,508	13,676	–	–		

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 14:- TAXES ON INCOME (Cont.)

D. Deferred taxes: (Cont.)

The deferred taxes are reflected in the statement of financial position as follows:

	The Group December 31,		The Company December 31,	
	2019	2018	2019	2018
Non-current liabilities	14,508	13,676	–	–

The deferred taxes are computed at the tax rate of 23% based on the tax rates that are expected to apply upon realization.

E. Theoretical tax:

The reconciliation between the tax expense, assuming that all the income, expenses, gains and losses in profit or loss were taxed at the statutory tax rate and the taxes on income recorded in profit or loss is as follows:

	Year ended December 31,	
	2019	2018
Income (loss) before income taxes	137	(6,486)
Statutory tax rate	23%	23%
Tax computed at the statutory tax rate	32	(1,492)
Increase (decrease) in taxes on income resulting from the following:		
Unrecognized temporary differences	120	(79)
Increase in unrecognized tax losses	1,062	1,044
Differences in measurement basis	(429)	310
Non-deductible expenses for tax purposes	8	18
Other	39	31
Taxes on income	832	(168)

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

A. Medical and Agtech - Incubators operating under the IIA Regulations

1. The Israeli Research and Development Law

The IIA is responsible for implementing the Israeli government's policy of encouraging and supporting industrial research and development in Israel through the R&D Law. Any entity receiving funding from the IIA is subject to the Israeli Law for Encouragement of Industrial Research and Development, 5744-1984 (the "R&D Law").

The IIA provides a variety of support programs within the framework of directives issued by the Director-General of the Israeli Ministry of Economy. Under the R&D Law, R&D projects that meet certain specified criteria and are approved by the IIA designated committee are eligible for grants.

In most of the IIA sponsored programs the recipient company repays the grants through royalty payments from revenues generated by the sale of products and/or services developed in the framework of the approved R&D program. Royalties are payable to the IIA in order to cover the amount of the grant, and are repaid with interest at the LIBOR rate, as prescribed under the R&D Law.

The R&D Law places strict constraints on the transfer of know-how and/or manufacturing rights, and all such transfers are subject to the absolute discretion of an IIA designated committee. Any such transfers require prior written approval of such committee and may entail additional payment at the discretion of the IIA.

2. Incubator Activity Under Track Benefit No. 3

The key material provisions of Track Benefit No. 3 are as follows:

Government funding is granted directly to the Portfolio Companies and not as a loan to the Incubators (as with Old Directive 8.3) in an amount equal to 85% of the approved budget.

The Incubators are required to invest the supplementary funding (15% of the approved budget), in the Portfolio Company in exchange for shares in the Portfolio Companies.

Repayment of the grants by the Portfolio Companies is through royalties from sales of the Portfolio Companies, according to the R&D Law and the related regulations (see Note 15(A)(1)).

Typically, the approved budget per new Portfolio Company that operates in the Incubator program is approximately NIS 2,000 (approximately $580). As Trendlines Israel Incubators is a Peripheral Incubator, the Portfolio Company is entitled to a higher budget of NIS 2,500 (approximately $720), in the Agtech field and on medical device projects, of NIS 3,000-3,500 (approximately $865-$1,010).

The Incubators are obligated to fund the fixed operating costs of each Incubator in an amount equivalent to 15% of the project budget.

In exchange for its investment, for the funds brought by the Incubator from the IIA, and for support, the incubators can receive up to 50% equity in a Portfolio Company, (and up to 85% for a Portfolio Company based on a technology licensed from a research institution).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

3. Incubator Obligations and Rights Related to Portfolio Companies under Old Directive No. 8.3

Under Old Directive 8.3, the IIA provided the Trendlines Incubators with a loan of up to 85% of the approved budget per Portfolio Company (the "government funding") for investment in each Portfolio Company.

In addition, the Trendlines Incubators invested the 15% supplementary funding in each Portfolio Company.

In exchange for the government funding and for financing the Portfolio Companies, the Trendlines Incubators received 25% - 65% of the share capital of each Portfolio Company.

Additionally, in exchange for financing the overhead operation expenses of the Trendlines Incubators, the Trendlines Incubators received up to 5% of the shares of each Portfolio Company admitted into the Incubator ("Operating Shares").

The IIA has a first lien over 50% of these operating shares as security for the operations loans received (see Note 15(A)(6) below).

4. Return of IIA Loans for Portfolio Companies by Trendlines Incubators Under Old Directive 8.3

The terms of the loans which were granted to the Trendlines Incubators for Portfolio Companies according to the Old Directive 8.3 are:

a) Upon sale of shares of a Portfolio Company, the Incubator Companies will repay the State of Israel at least 25% of the consideration received or the balance of the loan for the Portfolio Company if it is lower.

b) Upon receipt of dividends from Portfolio Companies, the Incubator Companies will repay the State of Israel at least 25% of the dividend or the balance of the loan for the Portfolio Company if it is lower.

c) The Incubator Companies shall repay the loan plus interest as set out by the "Adjudication of Interest and Linkage Law - 1961" four years following the end of the incubator period of the Portfolio Company ("Repayment Date"), except for the following:

1. A loan Repayment Date may be extended annually by an additional year, to the later of (1) December 31, 2014 or (2) eight years following the end of the incubator period of the Portfolio Company.

2. In consideration for prolonging the Repayment Dates of loans when their Repayment Dates are up to December 31 of a certain year, the Incubator Companies shall pay the State of Israel, until March 1 of the following year, 1% of the balance of those loans, but not to exceed NIS 200 (approximately $55) linked to the Consumer Price of July 2011.

In the event that the loans are not repaid as mentioned above, the IIA will have the right to exercise the lien on the pledged shares of the Portfolio Company in order to settle the balance of the Government Funding for the Portfolio Company (see Note 15(A)(7) below).

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

5. Return of Loans for Incubator Operations (Cont.)

Through its franchise period, Agtech which was situated in a national priority region, had benefits from its status of Peripheral Incubator. For the purpose of operating loans, Agtech was entitled to a loan for each year of activity in an amount not to exceed approximately $175. Starting from January 1, 2016 Medical is defined as peripheral incubator and is entitled to a loan for each year of activity in an amount not to exceed approximately $175.

The Operations Loans will be returned to the State as follows:

a) Operations Loans that were granted under Track Benefit No. 3 - the incubator will repay 25% of the proceeds from the sale of shares of a Portfolio Company or dividend received from the Portfolio Companies, until the Operations Loan is repaid in full, including interest.

b) Operations Loans that were received under Old Directive 8.3, before January 2011 - the incubator will repay the loans to the IIA upon the earlier of the following dates:

a. After seven years from the start of the agreement period (i.e., September 1, 2017).

b. Upon the sale of shares of a Portfolio Company that was established during the agreement period, the incubator will repay the Operations Loan from proceeds from the sale of the Operating Shares of such sale, until full repayment of the Operations Loan, including interest.

c. In the case where the incubator does not return the Operations Loan within the period specified by the State, the State may exercise its lien on the Operating Shares to receive shares in the Portfolio Company. As of December 31, 2019, the State has not exercised its lien over the Operating Shares. See Note 15(A)(6) for description of the liens.

6. Pledges and Liens According to Old Directive 8.3

a. In the framework of the Incubator Program, the Trendlines Incubator are obligated to fund annual operating expenses of approximately $330 for the incubator. In order to secure this commitment, the Trendlines Incubator provided a bank guarantee for the benefit of the State of Israel in an amount equal to 50% of the investment amount (as a peripheral incubator) (approximately $165) in Medical. This guarantee is in effect until the end of the three months following the termination of the agreement.

b. As security for the government funding, the Portfolio Companies, and the fixed expenses for operation under Old Directive 8.3, the State of Israel has first lien over the shares in the Portfolio Companies held by the Trendlines Incubator. This lien includes 50% of the operational shares held by Agtech. Accordingly, in the case where the investment in a Portfolio Company is written-off, the Government Funding for the Portfolio Company will be written-off as well and the pledged shares of the Portfolio Company will be available to the State of Israel.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 15:- COMMITMENTS, PLEDGES AND CONTINGENT LIABILITIES

A. Medical and Agtech - Incubators operating under the IIA Regulations (Cont.)

7. Incubator Activity under Directive No. 8.2

The Trendlines Incubators functioned as non-profit entities until August 31, 2007. Under Directive 8.2 the IIA committed a grant of up to 100% of the approved budgetary finance for the operation of each Incubator.

In the event that the Incubator sells its shares in the Portfolio Companies (admitted under Directive 8.2), the Incubator will refund 25% of its consideration from the sale of the said Portfolio Company shares to the Israeli government, not to exceed the amount of the Israeli government Grant for each Incubator.

The balance of the proceeds of the sale must be invested in the Incubator for the purpose of increasing its operating budget, including investments in Portfolio Companies.

B. Grants received

During 2017, the Company signed an agreement with the Singapore Israel Industrial Research and Development Foundation ("SIIRD") and with Singapore General Hospital ("SGH"). According to the agreement, the Company is to receive grants for the development and clinical trials of its Stress Urinary Incontinence ("SUI") product. SIIRD is committed to provide up to $200. As of December 31, 2019, the Company received grants in the amount of $71. In return for the grants, the Company is committed to pay royalties at a rate of 2.5% of proceeds from the first year's sales of the developed product, up to the amount of the grant.

C. Other

1. The Company holds 50% in Maryland Israel/Trendlines Fund GP LLC ("GP"), which is the general partner of Maryland Israel/Trendlines Fund LP ("MITF"), a venture capital fund of approximately $4,300 of committed capital raised from various limited partners. The GP is entitled to receive 20% of MITF's net profit, to be paid only after the limited partners' capital is paid back by way of distributions by MITF to its limited partners. To date, MITF has not yet made distributions.

2. In January 2018, a claim was filed against the Company and its CO-CEO's and CO-chairmen in the amount of NIS 558 thousand (approximately $161), claiming that the Company was committed to pay the complainant success fees for certain investments in the Company by a specific investor.

   Due to the preliminary stage of the claim, the Company based on the advice of its legal counsel is unable to assess the outcome of the claim. Accordingly, no provision has been recorded in the financial statements in respect thereof.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 16:- EQUITY

A. Composition of Equity

	December 31, 2019		December 31, 2018	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
	Number of shares			
Ordinary shares NIS 0.01 par value	1,500,000,000	791,191,382	1,500,000,000	608,741,749

B. Movement in share capital

1. On August 6, 2019, the Company completed the allotment and issuance of 103,619,048 new Ordinary shares at a Placement Price of S$0.1050 per share for gross proceeds of S$10,880 thousand. The Company received net proceeds of approximately S$10,820 thousand (approximately $8,000).

2. On December 23, 2019, the Company completed the allotment and issuance of 78,830,585 new Ordinary shares at a Placement Price of S$0.1050 per share for gross proceeds of S$8,277 thousand. The Company received net proceeds of approximately S$8,130 thousand (approximately $6,000).

3. Issued and outstanding shares:

	Number of shares
Balance at January 1, 2019	608,741,749
Issuance of shares	103,619,048
Issuance of shares pursuant to Rights Issue	78,830,585
Balance at December 31, 2019	791,191,382

C. Capital management

The Company's objectives for managing capital are:

- To preserve the Group's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.

- To maintain risk-free financial leverage.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SHARE-BASED PAYMENT

A. Expenses recognized in the financial statements:

The expense in respect of equity-settled share-based payment plans recognized in the financial statements is shown in the following table:

	Year ended December 31,	
	2019	2018
Operating, general and administrative expenses	94	21
R&D expenses	9	8
	103	29

B. Employees Stock Option Plan:

In 2011, the Company adopted the Trendlines Group Ltd. 2011 Global Incentive Option Plan (the "2011 Plan").

Under the 2011 Plan, options may be granted to the Group's officers, directors, employees and consultants. The number of Ordinary shares authorized for issuance under the 2011 Plan amount to 53,125,664. In addition, following the adoption of the 2015 Plan, no new options shall be granted under the 2011 Plan, and no additional Ordinary shares shall be reserved for issuance under the 2011 Plan.

Under the 2011 Plan, the grantee may exercise its options to acquire Ordinary shares at an exercise price as determined by the board of directors at the grant date.

On November 11, 2015, a Special General Meeting of Shareholders approved adoption of The Trendlines 2015 Share Option Plan and the Sub-Plan (the "2015 Plan").

Under this plan at all times until the expiration or termination of the Plan the Company should keep reserved a sufficient number of Shares to meet the requirements of the Plan (the "Option Pool"). Any of such Shares which, as of the expiration or termination of the Plan, remain unissued and not subject to outstanding Options, shall at such time cease to be reserved for the purposes of the Plan. Should any Option for any reason expire or be cancelled prior to its exercise or relinquishment in full, such Option may be returned to the pool of Options and may again be granted under the Plan. The aggregate number of Shares reserved as Option Pool in respect of all Options granted under the Plan available to Plan Controlling Shareholders or Associates of the Company's Plan Controlling Shareholders (including adjustments made in accordance with Section 12 of the Plan) shall not exceed 5% of the Shares available under the Plan. The number of Shares reserved as Option Pool in respect of all Options granted under the Plan available to each Plan Controlling Shareholder or Associate of our Plan Controlling Shareholder (including adjustments made in accordance with Section 12 of the Plan) shall also not exceed 1% of the Shares available under the Plan.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SHARE-BASED PAYMENT (Cont.)

B. Employees Stock Option Plan: (Cont.)

The Exercise Price for each Grantee shall be as determined by Committee appointed by the Board (the "Committee"). The Committee specified in the applicable Option Agreement; provided, that: (i) unless otherwise determined by the Committee (which determination shall not require shareholder approval, unless so required in order to comply with the provisions of applicable Mandatory Law (including, for the avoidance of doubt, the Listing Manual)), the Exercise Price shall be the Fair Market Value of the Shares on the Date of Grant ("Fair Market Value Option"); and (ii) where the Exercise Price is set at a discount to the Fair Market Value of the Shares, the maximum discount shall not exceed 20% of the Fair Market Value of the Shares (or such other percentage or amount as may be determined by the Committee and permitted by the Sponsor or (if required) any other stock exchange on which the Shares are quoted ("Discounted Option").

Fair Market Value Options may be exercised after the first anniversary of the Date of Grant of that Option while Discounted Options may only be exercised after the second anniversary from the Date of Grant of the Option ("Cliff Period"). Unless otherwise determined by the Committee with respect to any specific Grantee and/or to any specific grant following the Cliff Period, the options shall vest upon the lapse of each full additional one (1) month thereafter of the Grantee's continuous service thereafter, until all the Options vested (that is, 100% of the grant will be vested after three (3) years). Unexercised Options shall expire and terminate and become null and void upon the lapse of 10 years from the Date of Grant.

On November 8, 2018, the Company's board of directors approved the grant of 2,842,135 options to purchase 2,842,135 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.1055 (approximately $0.07) per share. The grant date fair value of the options in the amount of 96 was determined using the binomial option pricing model.

On January 30, 2019, the Company's board of directors approved the grant of 3,041,169 options to purchase 3,041,169 Ordinary shares of the Company to employees of the Company at an exercise price of S$0.098 (approximately $0.07) per share. The grant date fair value of the options in the amount of $130 was determined using the binomial option pricing model.

The fair value for options granted during 2019 was estimated using the binomial option pricing model with the following assumptions:

	2019	2018
Dividend yield (%)	0	0
Expected volatility of the share price (%)	39	39
Risk-free interest rate (%)	1.93-2.2	2.02-2.59
Expected life of share options (years)	10	10

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 17:- SHARE-BASED PAYMENT (Cont.)

C. Movement during the Year:

The following table lists the number of share options and the weighted average exercise prices of share options in employee option plans:

	December 31, 2019		December 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		U.S dollars		U.S dollars
Options outstanding at beginning of year	54,132,634	0.17	55,159,784	0.17
Issuance of options during the year	3,041,169	0.07	2,842,135	0.07
Options expired during the year	(5,906,135)	0.15	(3,869,285)	0.19
Options outstanding at end of year	51,267,668	0.13	54,132,634	0.17
Options exercisable at end of year	46,481,422	0.15	50,261,355	0.17

D. The weighted average remaining contractual life for the share options outstanding as of December 31, 2019 was 5.06 years (as of December 31, 2018 – 5.8 years).

E. The range of exercise prices for share options outstanding as of December 31, 2019 and December 31, 2018, was $0.07 - $0.17.

NOTE 18:- SELECTED STATEMENTS OF OPERATIONS DATA

A. Operating general and administrative expenses

	Year ended December 31,	
	2019	2018
Salaries and related expenses (including share-based payment)	3,563	3,087
Professional services	725	756
Rent and maintenance [(1)]	238	447
Consulting	834	878
Communications and offices	362	284
Vehicle expenses	97	257
Travel abroad	318	190
Depreciation	778	288
Miscellaneous	147	208
	7,062	6,395

(1) The total lease costs amounted to approximately $223 for the year ended December 31, 2018.

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 18:- SELECTED STATEMENTS OF OPERATIONS DATA (Cont.)

B. R&D expenses, net

	Year ended December 31,	
	2019	2018
Salaries and related expenses (including share-based payment)	535	710
Subcontractors and materials	52	45
Others	527	302
	1,114	1,057

C. Financial expenses

Exchange rate difference	928	428
Financial expenses from revaluation of loans from the IIA	135	–
Interest related to lease liability	182	–
	1,240	428

D. Financial income

Exchange rate difference	192	377
Interest on deposits, net	64	158
Interest on deposits and loans	–	43
Financial income from revaluation of loans from the IIA	–	670
	256	1,248

NOTE 19:- NET LOSS PER SHARE

A. Details of the number of shares and income used in the computation of earnings per share:

	Year ended December 31,			
	2019		2018	
	Weighted number of shares	Net loss attributable to equity holders of the Company	Weighted number of shares	Net loss attributable to equity holders of the Company
	In thousands	U.S in thousands	In thousands	U.S in thousands
For the computation of basic net earnings	655,201	($474)	608,742	($6,121)
Effect of potential dilutive Ordinary shares	–	–	–	–
For the computation of diluted net earnings	655,201	($474)	608,742	($6,121)

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands, except share data

NOTE 19:- NET LOSS PER SHARE (Cont.)

B. For the computation of diluted net earnings per share for the year ended December 31, 2019 and 2018, all outstanding options under the share-based payment plans have not been taken into account since their conversion decreases the basic loss per share (anti-dilutive effect).

NOTE 20:- RELATED PARTIES TRANSACTIONS

A. Balances and transactions:

1. The following table summarizes balances with related parties in the statements of financial position:

	The Group Portfolio Companies	
	December 31, 2019	December 31, 2018
Accounts and other receivables	164	258
Short-term loans	160	363

2. The following table summarizes the transactions with related parties in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,			
	2019		2018	
	Portfolio Companies	Associates and other related parties	Portfolio Companies	Associates and other related parties
Income from services to Portfolio Companies	4,821	–	5,760	–
Operating, general and administrative expenses	–	(61)	–	(77)

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:

	Year ended December 31,	
	2019	2018
Salaries and related expenses	1,832	1,838
Share-based payment	87	13
	1,919	1,851

STATISTICS OF SHAREHOLDINGS

As at 17 March 2020

Issued and fully paid-up capital:	US$81,412,708
Number of issued shares:	791,191,382
Number of treasury shares:	Nil
Number of subsidiary holdings*:	Nil
Class of shares:	Ordinary Shares of equal voting right
Voting rights:	One vote per Ordinary Share with par value of NIS 0.01

Shareholding Held in the Hands of the Public

Based on the information available to the Company as at 17 March 2020, approximately 57.87 % of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, is complied with.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% of Shares
1 - 99	3	0.25	72	0.00
100 - 1,000	32	2.71	19,100	0.00
1,001 - 10,000	173	14.64	1,290,330	0.16
10,001 - 1,000,000	918	77.66	117,629,150	14.87
1,000,001 AND ABOVE	56	4.74	672,252,730	84.97
Total	**1,182**	**100.00**	**791,191,382**	**100.00**

* Subsidiary holdings is defined in the Listing Manual Section B: Rules of Catalist of the SGX-ST to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Cap 50 Singapore.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2020

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Shares
1	LIBRAE HOLDINGS	182,236,191	23.03
2	ZEEV BRONFELD	72,732,416	9.19
3	BNY MELLON as the ADSs DEPOSITARY BANK*	63,214,595	7.99
4	AMOS AND DAUGHTER INVESTMENTS AND PROPERTIES LTD.	39,182,452	4.95
5	B. BRAUN MELSUNGEN AG	25,744,000	3.25
6	EMERALD INVESTMENT MGT	23,094,900	2.92
7	RAFFLES NOMINEES (PTE.) LIMITED	21,394,554	2.70
8	DAVID TODD DOLLINGER	19,619,562	2.48
9	STEPHEN LOUIS RHODES	19,619,562	2.48
10	ASDEW ACQUISITIONS	19,050,000	2.41
11	LACHMAN FAMILY LIMITED PARTNERSHIP	14,704,745	1.86
12	CITIBANK NOMINEES SINGAPORE PTE LTD	13,974,620	1.77
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	13,519,832	1.71
14	WANG YU HUEI	10,383,600	1.31
15	MORPH INVESTMENTS LTD	9,750,000	1.23
16	UOB KAY HIAN PRIVATE LIMITED	9,705,501	1.23
17	PHILLIP SECURITIES PTE LTD	8,457,900	1.07
18	DBSN SERVICES PTE LTD	8,087,646	1.02
19	CGS-CIMB Securities (Singapore) Pte Ltd	7,017,387	0.89
20	REGIONAL RESEARCH & DEVELOPMENT - IN EASTERN JUDEA & SAMARIA AND JORDAN VALLEY	6,787,184	0.86
	Total	**588,276,647**	**74.35**

* The underlying ADSs (American Depository Shares) held under BNY Mellon includes (i) DBS Nominees Pte Ltd holding 1,251,340 ADSs representing 62,566,995 ordinary shares in the Company; and (ii) HSBC (Singapore) Nominees Pte Ltd holding 12,952 ADSs representing 647,600 ordinary shares in the Company.

Substantial Shareholders
(As Recorded in the Register of Substantial Shareholders)

Name	Direct Interest	% (1)	Deemed Interest	% (1)	Total Interest	% (1)
LIBRAE HOLDINGS	182,236,191	23.03	–	–	182,236,191	23.03
ZEEV BRONFELD	72,732,416	9.19	–	–	72,732,416	9.19
BNY MELLON as the ADSs DEPOSITARY BANK	63,214,595	7.99	–	–	63,214,595	7.99

Notes:

(1) Percentage is calculated based on total issued shares of the Company less treasury shares and subsidiary holdings, if any (i.e. 791,191,382).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of The Trendlines Group Ltd. (the "**Company**") for the financial year ended 31 December 2019 (the "**AGM**") will be held at Suntec City Convention Centre, Meeting Room 333, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore on Wednesday 10 June 2020 at 12:00 p.m. (Singapore time) on Wednesday, 10 June 2020 for the purpose of considering and, if thought fit, approving the following matters:

AS ORDINARY RESOLUTIONS

Ordinary Business

1. To receive the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon.

2. To re-elect Mr. David Todd Dollinger, who is retiring pursuant to Articles 40(c) and (d) of the Company's Articles of Association, as a Director of the Company.
[See Explanatory Note (i)] **[RESOLUTION 1]**

3. To re-elect Mr. Zeev Bronfeld, who is retiring pursuant to Articles 40(c) and (d) of the Company's Articles of Association, as a Director of the Company.
[See Explanatory Note (ii)] **[RESOLUTION 2]**

4. To approve the appointment of Mr. Sin Boon Ann as a Director of the Company.
[See Explanatory Note (iii)] **[RESOLUTION 3]**

5. To re-appoint Forer Kost Gabbay & Kasierer, a member of Ernst & Young Global as external independent auditors of the Company until the consummation of the Company's 2021 annual general meeting, and to authorize the Directors of the Company ("**Directors**") to fix their remuneration.
[RESOLUTION 4]

Special Business

To consider and if thought fit, to pass the following resolution as Ordinary Resolution, with or without any modifications:

6. Authority to Issue Shares

That pursuant to Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), that authority be given to the Directors to (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options including under The Trendlines 2015 Share Option Plan (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and (iii) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) and Instruments to be issued pursuant to this resolution shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a pro-rata basis to existing Shareholders shall not exceed 25.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards were granted in compliance with the Catalist Rules; and (c) any subsequent bonus issue, consolidation or sub-division of Shares. Adjustments in accordance with (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this authority;

(3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the provisions of Israeli Companies Law for the time being in force, the Articles of Association for the time being of the Company and The Trendlines 2015 Share Option Plan; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (a) the conclusion of the next annual general meeting of the Company or (b) the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (iv)] **[RESOLUTION 5]**

7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD OF THE TRENDLINES GROUP LTD.

Tan Lay Hong
Haim Brosh
Joint Company Secretaries

26 March 2020

Explanatory Note(s):

(i) Mr. Dollinger will, if re-elected as a Director of the Company, remain as Co-Chairman of the Board of Directors of the Company and Co-Chief Executive Officer of the Company.

Additional information on Mr Dollinger as required to be furnished pursuant to Rule 720(5) of the Catalist Rules can also be found in the Corporate Governance Report section of the Company's Annual Report for FY2019.

(ii) Mr. Bronfeld will, if re-elected as a Director of the Company, remain as a Non-Executive Director of the Company and will be considered non-independent.

Additional information on Mr Dollinger as required to be furnished pursuant to Rule 720(5) of the Catalist Rules can also be found in the Corporate Governance Report section of the Company's Annual Report for FY2019.

(iii) Mr. Sin Boon Ann ("**Mr Sin**") will, if appointed as a Director of the Company, be a Non-Executive Director of the Company, member of the Nominating Committee , the Audit Committee and the Remuneration Committee.

It is required under the 2018 Code of Corporate Governance ("**2018 Code**") that the Company has a majority of the members of its Board to be Independent Directors. Therefore, the Board has recommended to appoint an additional Independent Director to the Board, namely, Mr Sin, effective upon receipt of Shareholders' approval at the upcoming AGM on 10 June 2020. Upon the appointment of Mr Sin, the Company will have a majority of Independent Directors on its Board.

Mr Sin will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Sin currently serves as a director in 6 listed companies. In light of the prominent and vast business and legal experience which the proposed Director, Mr Sin, brings to the Company and his high participation rate in the meetings of the listed companies in which he serves as a director, the Nominating

NOTICE OF ANNUAL GENERAL MEETING

Committee and the Board have approved Mr Sin's nomination to the Board and determined that despite his directorship in 6 other listed companies, Mr Sin is able to adequately carry out his duties as director of the Company.

Additional information on Mr Sin as required to be furnished pursuant to Rule 720(5) of the Catalist Rules can also be found in the Corporate Governance Report section of the Company's Annual Report for FY2019.

(iv) Ordinary Resolution 5 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such time when the authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant instruments convertible into Shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 25.0% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(v) Resolutions 1, 2, 3, 4, and 5 shall be deemed adopted if approved by the holders of a majority of the voting power represented at the meeting in person or by proxy and voting thereon. **Only shareholders of record at the close of business on 5 June 2020, being the record date for determining those shareholders eligible to vote at the AGM, are entitled to notice of and to vote at the AGM and any postponements or adjournments thereof.**

(vi) All shareholders are cordially invited to attend the AGM in person. A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the shareholder's stead. A proxy need not be a shareholder of the Company.

(vii) Any shareholder who holds more than one share shall be entitled to appoint a proxy with respect to all or some of its shares or appoint more than one proxy, provided that the instrument appointing a proxy shall include the number of shares with respect to which it was issued and only one proxy shall be appointed with respect to any one share.

(viii) Form of an instrument appointing a proxy, which may be used to vote at the AGM is enclosed.

(ix) The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company's registered office at P.O. Box 499, Karmiel, 2161401, Israel or the Company's Singapore Share Registrar and Share Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, or by e-mail to Mr. Haim Brosh, Joint Company Secretary, at haim@trendlines.com not less than forty eight (48) hours before the time fixed for the AGM at which the person named in the instrument proposes to vote. Notwithstanding the above, the chair of the AGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the AGM.

(x) For information relating to the compensation of our five most highly compensated office holders with respect to the year ended December 31, 2019, please see Principle 8 in the Corporate Governance Report in Company's Annual Report for FY2019.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company or a Depositor, as the case may be (i) consents to the collection, use and disclosure of the member or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member or a Depositor discloses the personal data of the member or Depositor's proxy(ies) and/or representative(s) to the Company (or its agents), the member or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member or Depositor's breach of warranty.

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THE TRENDLINES GROUP LTD.

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

PROXY FORM

I/We _____ NRIC/Passport no. _____ of _____,

being a shareholder/shareholders of THE TRENDLINES GROUP LTD. (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No	No. of Shares

and/or (delete as appropriate)

Name	Address	NRIC/Passport No	No. of Shares

or failing him/her/them, the Chairman of the annual general meeting of the Company ("**AGM**") or one of the Company's Joint Secretaries, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at Suntec City Convention Centre, Meeting Room 333, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore, at 12:00 p.m. (Singapore time) on Wednesday, 10 June 2020 and at any adjournment thereof.

(Please indicate with an "√" in the spaces provided whether you wish your vote(s) to be cast for or against or abstain the resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the AGM.)

The resolutions put to vote at the AGM shall be decided by poll.

No.	Resolution	For[1]	Against[1]	Abstain[1]
1.	Re-election of David Todd Dollinger as a Director of the Company			
2.	Re-election of Zeev Bronfeld as a Director of the Company			
3.	Appointment of Mr. Sin Boon Ann as a Director of the Company			
4.	Re-appointment of Kost Forer Gabbay & Kasierer as independent External Auditors and to authorize the Directors to fix their remuneration			
5.	Authority to Issue Shares			

[1] *If you wish to exercise all your votes "For" or "Against" or "Abstain," please tick "√" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2020

Total Number of Shares Held

_____

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number. If you have Shares registered in your name in the Shareholders Register of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and shares registered in your name in the Shareholders Register, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. The instrument of proxy shall be duly signed by the appointer or his duly authorised attorney or, if such appointer is a company or other corporate body, under its common seal or stamp or the hand of its duly authorised signatory(ies), agent(s) or attorney(s). The Board may demand that the Company be provided with written confirmation, to its satisfaction, that the signatory(ies), agent(s) or attorney(s) have the authority to bind the corporate body of the appointing Shareholder.

3. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at **5 June 2020, the record date for determining those Shareholders eligible to vote at the AGM**, as certified by the Depositor.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Direct Account Holder or Depository Agent accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 26 March 2020.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on this Proxy Form. Notwithstanding the above, the Chairman of the AGM shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of the AGM.

trendlines

medical • agrifood • labs

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