

Financial highlights Q2 2017

7 August 2017

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Agenda

1. Corporate highlights: Todd Dollinger, Chairman & CEO
2. Financial highlights: Gabi Heller, CFO
3. Portfolio valuation: Steve Rhodes, Chairman & CEO

The background features a large, semi-transparent globe with a grid of dots. Overlaid on this are various geometric elements: a large thin arc, several small plus signs, a small circle, and a blue abstract shape on the right side.

Corporate highlights

Key corporate developments Q2 2017

- Net profit after tax of US\$2.4 million for second quarter.
- Increase of 4.7% in portfolio value from 31 December 2016 to US\$87.6 million.
- Seventh exit completed, BioSight Ltd., with internal rate of return (IRR) of 71%.
- Reported confirmation that product of our Most Valuable Company is on schedule for launch in 2018 and high-volume manufacturing facility is under construction.
- First investment announced for the Bayer Trendlines Ag Innovation Fund, a joint fund set up by Bayer CropScience and The Trendlines Group.

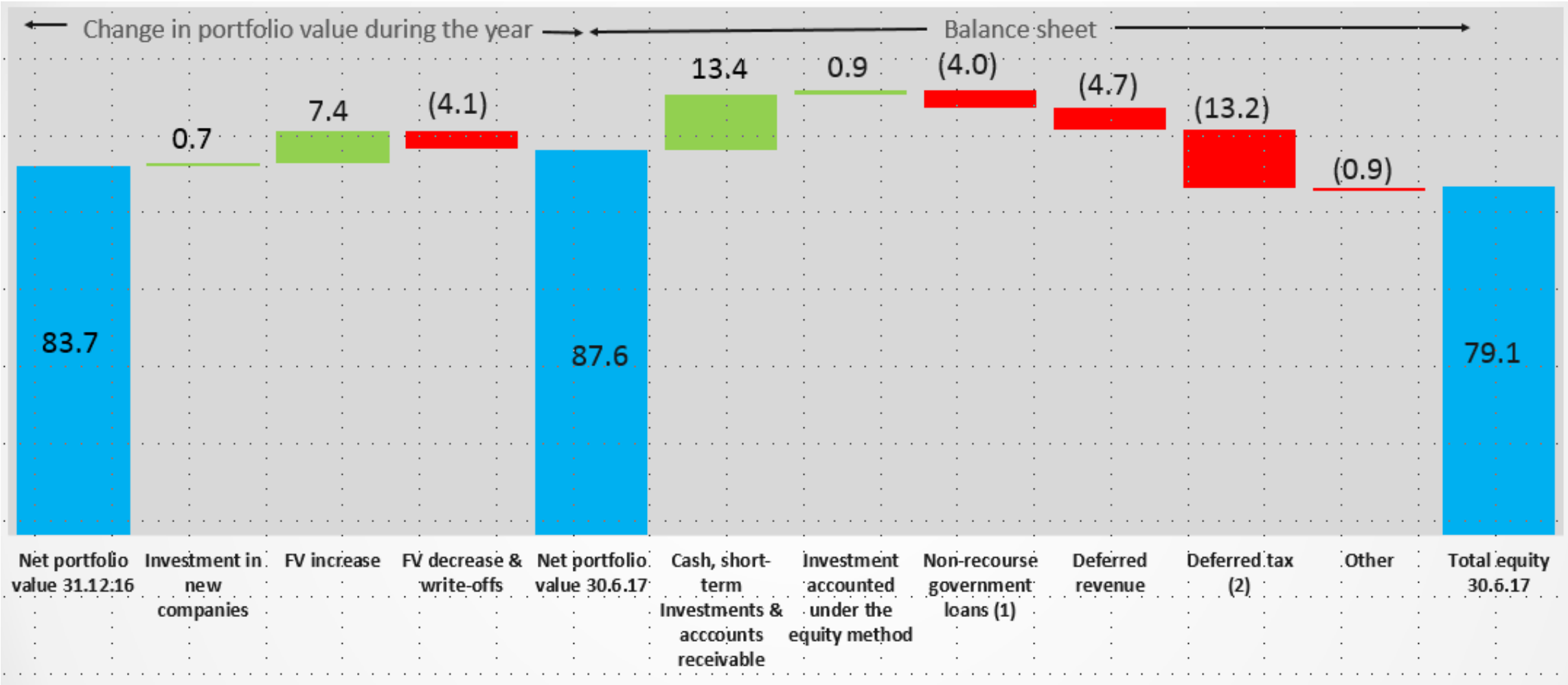
The background features a large, stylized globe composed of a grid of small dots. The globe is partially obscured by a large, curved, light gray shape that sweeps across the frame. In the upper right corner, there are faint geometric patterns, including a grid of small squares and a larger, more complex shape resembling a stylized 'X' or a cross. The overall color palette is light gray and white, with the text in a dark red color.

Financial highlights

Consolidated condensed report of income

	Three Months Ended	
	30 June 2017	30 June 2016
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
<u>Income:</u>		
Gain (loss) from change in fair value of investments in portfolio companies	3,776	(4,700)
Income from services to portfolio companies	1,133	863
Group's share of losses of companies accounted for under the equity method	(94)	-
Income from contracted R&D services	197	308
Financial income	117	539
Other income	253	83
<u>Total income</u>	<u>5,382</u>	<u>(2,907)</u>
<u>Total expenses</u>	<u>2,257</u>	<u>2,561</u>
Income (loss) before income taxes	3,125	(5,468)
Income tax benefit/(expense)	(763)	858
<u>Net income (loss)</u>	<u>2,362</u>	<u>(4,610)</u>

Key components of value (US\$ million)



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

The background is a light gray with a subtle, abstract pattern. It features a large, curved, dotted shape that resembles a globe or a celestial body. Overlaid on this are faint, thin lines that form a constellation or network pattern, with small dots at the intersections. The overall aesthetic is clean and modern, with a focus on geometric and organic forms.

Portfolio valuations

Exit returns: return on investment and IRR

Exit	Company/Description	Acquirer	Estimated Return ⁽¹⁾	IRR (%)
2017	BioSight	Arkin Bio Ventures LP	216.7 X	71
2016	E.T.View Medical	Ambu A/S	1.2 X	5
2014	Most Valuable Portfolio Company (MVPC) ⁽³⁾	Undisclosed ⁽³⁾	79.1 X ⁽²⁾	80
2014	Inspiro Medical	OPKO Health	8.8 X	131
2013	InnoLap Surgical	Teleflex, Inc.	3.2 X	447
2013	FlowSense Medical	Baxter Int'l	4.0 X	280
2011	PolyTouch Medical	Covidien Ltd.	6.7 X	289
Weighted average			10.6 X	101

Notes

- 1) Estimated return represents the multiple of exit proceeds over Trendlines' cash and non-cash investment in the exited company: (i) our cash investment and (ii) estimated value of services provided to the exited company.
- 2) Exit by MVPC asset sale. Based on the fair value of the MVPC (which remains in our portfolio) as of 30 June 2017 compared to our investment at that time.
- 3) Unable to disclose due to confidentiality obligations.

Carrying value on eve of exit vs. exit value



(1) Includes PV of estimated royalties for Most Valuable Portfolio Company

10 Companies to Watch*



1. ApiFix Ltd.
2. Arcuro Ltd.
3. BioFishency Ltd.
4. EdenShield Ltd.
5. Escala Ltd.
6. Fidmi Medical Ltd.
7. Gordian Surgical Ltd.
8. Leviticus Cardio Ltd.
9. MemTech Ltd.
10. Vensica Medical Ltd.

*Published 5 July 2017

For complete report, go to: [10 Companies to Watch](#).



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SGX: 42T
OTCQX: TRNLY

+972.72.260.7000
www.trendlines.com



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Todd Dollinger, Chairman & CEO

todd@trendlines.com

Steve Rhodes, Chairman & CEO

steve@trendlines.com

Gabi Heller, CFO

gabi@trendlines.com

Judith Kleinman

Director IR & Corporate Communications
judith@trendlines.com