

Trendlines Report: 10 Companies to Watch

January 2018 Update

MISGAV, Israel, 18 January 2018 -- The Trendlines Group Ltd. (“Trendlines”) (SGX: 42T; OTCQX: TRNLY), a leading Israeli investment and innovation commercialization company focused on early-stage innovation-based medical and agricultural technologies, is today, issuing its quarterly update of the “10 Companies to Watch” report, which was first issued in July 2017. The report is being published as an aid to understanding the assets of The Trendlines Group. Additionally, the report includes an update on the status of our Most Valuable Portfolio company (as defined later in the report).

Trendlines’ growing portfolio of 49 companies range from “just started” through companies selling product and growing internationally. These companies all started in the Trendlines incubators.

This report highlights companies that have achieved significant developmental milestones which may include investment rounds, sales, patent approvals, clinical or field trials, receipt of CE mark or FDA certification, and having begun sales of their products in global markets. Achievement of these milestones brings the companies reported here closer to achieving their commercial goals.

The 10 companies reviewed here, listed alphabetically, are:

ApiFix Ltd.
BioFishency Ltd.
EdenShield Ltd.
Fidmi Medical Ltd.
Gordian Surgical Ltd.
Leviticus Cardio Ltd.
MemTech Ltd.
Saturas Ltd.
STS Medical Ltd.
Vensica Medical Ltd.

ApiFix Ltd. – Minimally invasive scoliosis treatment device

ApiFix Ltd. (“**ApiFix**”) (<http://trendlines.com/portfolio/apifix/>) aims to disrupt the scoliosis device market with its minimally invasive, non-fusion spinal implant system for the correction of Adolescent Idiopathic Scoliosis (AIS). Worldwide, there are approximately 126,000 scoliosis procedures per year, of which 40,000 are AIS, representing a US\$2.4 billion implant market. ApiFix believes its total addressable market currently reaches US\$1.15 billion.¹

Recent developments

- Increased the number of surgical procedures to +185
- Completed first surgical procedures in North America and Singapore
- Announced Ed Roschak, former CEO of Ellipse Technologies Inc., as Chairman of the Board and industry veteran Paul Mraz appointed as President and CEO
- Initiating U.S. presence with opening of ApiFix, Inc., in Boston, Massachusetts

¹ U.S. National Center for Health Statistics; OECD Health Data 2015; Statistique annuelle des établissements de santé and CNAMTS (Evolution des actes techniques en secteur libéral); Statistisches Bundesamt; Conjunto Mínimo Básico de Datos – Hospitalización and Ambulatorio; UK Hospital Episode Statistics databases for Admitted Patient Care and Outpatients; Life Science Intelligence Surgical Procedure Volume database.

Status

- CE Mark certification
- Sales in Europe, Canada, and Asia
- 7 families of granted and pending patents

BioFishency Ltd. – Advanced water treatment systems for land-based aquaculture

BioFishency Ltd.'s ("**BioFishency**") (<http://trendlines.com/portfolio/biofishency/>) cost-effective, plug-and-play water treatment system enhances water quality, making it possible to double production in ponds and to reduce water use by up to 95% in tanks. Aquaculture is the fastest growing sector in animal protein production with a market value of US\$135 billion in 2015²; 62% of food fish will come from aquaculture by 2030.³

Recent developments

- Signed term sheet to raise US\$1.5 million from a strategic and private investor
- 2017 sales of US\$550,000
- Signed term sheet with the Technion-Israel Institute of Technology to license a new technology that will enable growing fish in any temperature (cold, warm) and water type (fresh, sea) and will significantly improve the traditional recirculating aquaculture systems (RAS); first application will be for the transportation of live fish, with the potential for increasing the number of fish and enabling longer transport periods

Status

- BioFishency's units are already operating in China, Indonesia, the Congo, Bangladesh, India, Singapore, Israel, and more
- Distribution agreements for Bangladesh, India, Taiwan and China; cooperation with several strategic partners
- Patent in National phase

EdenShield Ltd. – Natural plant-based crop protection solutions

EdenShield Ltd.'s ("**EdenShield**") (<http://trendlines.com/portfolio/edenshield/>) natural nontoxic crop protection products leverage characteristics of plants that originate in Israel's semidesert region to mask plant odor and significantly lower insect attraction, greatly reducing the need for pesticides. The current worldwide insect pesticides market — estimated at US\$14 billion, with the greenhouse segment estimated to be at US\$2 billion⁴ — is looking for cost-effective, environmentally friendly solutions that are synergetic with their existing products.

Recent developments

- Achieved US\$450,000 sales in 2017; an increase from US\$110,000 in 2016
- Established distribution chain in Europe (Spain, Greece, Italy, Turkey, Israel)
- Raised additional US\$2.2 million from strategic and financial investors for increasing production to meet sales growth and for development of a new application
- Announced strategic partnership with Kibbutz Yotvata in southern Israel to facilitate an increase in production

² https://issuu.com/anadomingues0/docs/fao_state_of_world_fisheries_and_aq.

³ <http://www.fao.org/docrep/019/i3640e/i3640e.pdf>.

⁴ "Global Markets for Biopesticides," BCC Research, January 2017.

Status

- Ongoing sales in Israel, Italy, Greece, Spain, and Turkey; projected 400% sales growth for 2018
- Distributor agreements including the United States and Mexico
- Expanding farming operations to meet growing demand
- Patent granted (U.S., June 2016, Australia, April 2017); published (Europe); final stages (Canada, India, Mexico, China); filed (Israel and Kenya)
- License granted for EdenShield NET and Forte (Spain and Israel); final licensing stages (Turkey, England, United States)

Fidmi Medical Ltd. – Novel feeding device for improved nutrition delivery

Fidmi Medical Ltd. (**"Fidmi"**) (www.fidmimedical.com) has developed a uniquely designed, low-profile, enteral feeding device that offers a secure, reliable, and discreet solution immediately post-surgery, and when needed, pain-free removal. Annually, there are approximately 1.3 million enteral device insertions worldwide, and an additional 3 million replacement procedures performed for blocked or dislodged tubes, representing sales of US\$540 million. Estimates of the global market will exceed US\$600 million by 2018.⁵

Recent developments

- Opening two additional clinical sites in Israel
- Preparing CE mark submission

Status

- Successful initial placement of tubes in patients
- Submitted FDA 510k
- 3 patents pending (two in National phase; U.S. EU, China)
- Raised US\$2 million investment from B. Braun Melsungen AG; funds to be used to complete clinical trials and prepare for market entry

Gordian Surgical Ltd. – Integrated port closure system.

Gordian Surgical Ltd. (**"Gordian"**) (<http://trendlines.com/portfolio/gordian-surgical-2/>) has developed and is currently marketing the TroClose1200™, the only integrated [port closure system](#) available worldwide. The product enables the surgeon to insert surgical instruments into the abdominal cavity, and then close the port site in a simple, secure, and safe manner when the procedure is completed. The global trocar and closure markets are estimated at a combined US\$1.45 billion yearly revenue.⁶

Recent developments

- Increased usage of the Gordian TroClose™ 1200 to >200 (in a wide variety of surgical procedures)
- Regulatory clearance in Turkey; performed surgery, initiated distribution
- Regulatory clearance in Israel, performed surgery
- Regulatory clearance in Mexico; initiated distribution, surgery to commence Q1 2018

Status

- Portfolio of 3 U.S. patents; one patent in National phase

⁵ "Enteral Feeding Devices Market: Global Industry Size, Market Share, Trends, Analysis, 2012-2018." Transparency Market Research.

⁶ Ch.8 - Endoscopic Access Site Closure Devices Market, General and Pelvic Endoscopic Surgery Devices Market, Medical Market and Technology Reports, MeddeviceTracker.

- FDA regulatory clearance and CE mark certification in 2016
- 6 distribution agreements (U.K., France, Turkey, Greece, Mexico, Panama), with monthly shipments; other agreements under negotiations
- Raised >\$5.5 million to date, including grants

Leviticus Cardio Ltd. – Wireless energy system for LVADs

Leviticus Cardio Ltd. (“**Leviticus**”) (<http://trendlines.com/portfolio/leviticus-cardio/>) is developing a wireless solution to provide the energy needs of left ventricular assist devices (LVADs), eliminating the need for a driveline, a potential entry point for infection. According to Grand View Research, the global LVAD market was valued at US\$763 million in 2014 and is set to grow to US\$1.98 billion by 2022, driven by increased prevalence of cardiovascular disease, advances in technology, and favorable reimbursement, among other factors.⁷

Recent developments and status

- Fully operational system
- Raised US\$6.5 million to date
- 12 issued patents and two pending (U.S.)
- Successful chronic animal trials and integration with LVADs
- High visibility among LVAD players
- ISO 13485

MemTech Ltd. – Game-changing membranes for water treatment

MemTech Ltd.’s (“**MemTech**”) (<http://trendlines.com/portfolio/memtech/>) ultrafiltration membranes have more than 2x higher flux capacity (at similar quality) compared to leading commercial membranes, and are sold for wastewater treatment, pretreatment, drinking water treatment, and nanofiltration. The global membrane wastewater treatment technology market is estimated to reach US\$12 billion by 2020 with annual growth of 10.2%.⁸

Recent developments

- Sent first Membrane Bioreactor product unit to Latin America
- Began a project for the home purification market with a Chinese partner

Status

- Increasing sales of membrane products; initial sales of integrated filtration system; expanding partner relationships and product offerings
- Growing list of industry partners and of customers include Mekorot (Israel’s national water company) and SEB Alliance
- One issued patent; 2 patents pending (U.S.)

Saturas Ltd. – Advanced decision support system for optimal irrigation

Saturas Ltd.’s (“**Saturas**”) DSS (Decision Support System) (<http://www.saturas-ag.com/>) for automatic irrigation is based on its miniature Stem Water Potential (SWP) sensor. Embedded in the trunks of trees,

⁷ “Congestive Heart Failure (CHF) Treatment Devices Market Analysis by Product (Ventricular Assist Devices, Counter Pulsation Devices, Implantable Cardioverter Defibrillators, Pacemakers, Cardiac Resynchronization Therapy) And Segment Forecasts to 2024.” Grand View Research, October 2016.

⁸ <https://ww2.frost.com/frost-perspectives/augmentation-membrane-filtration-technology-market>.

vines, and plants, Saturas' sensors receive direct feedback/input from the tree or vine to provide online, accurate information for optimized irrigation. Current solutions for measuring water status lack accuracy and are labor-intensive or costly.

Recent developments

- Developed a miniature version designed for vineyards/grape vines. In December 2017, the new version was successfully embedded into plants/vines for wine grapes and in citrus trees
- First user interface model developed and given to farmers for feedback

Status

- Proven technology with Saturas' sensors successfully operating in lemon, clementine, almond, and apple trees for more than a year
- To date, Saturas has installed ~300 sensors in three experimental farms and six commercial farms in Israel and in Spain
- Established strategic cooperation with Netafim Ltd. and NaanDanJain Ltd. (the leading drip irrigation companies in the world) in Israel and Spain for field trials; these industry leaders are also potential distributors of the system

NEW IN THIS REPORT

STS Medical Ltd. – Removable sinus stent for use after Functional Endoscopic Sinus Surgery (FESS)

STS Medical Ltd. ("STStent") (www.ststent.com) has developed a removable stent for use after Functional Endoscopic Sinus Surgery (FESS) to keep the sinus cavity open for almost a month, long enough for the sinus tissue to recover post-surgery. The stent improves patient outcomes and prevents post-surgical complications, thus reducing the probability of revision surgery. Today, about 30% of sinus surgeries fail due to scarring and recurring inflammation that closes the nasal openings and requires revision surgery.⁹ According to Intersect ENT, the estimated sinus stent market opportunity exceeds \$3 billion in the United States.¹⁰

Recent developments

- Received FDA clearance (December 2017)
- Performed clinical trials (30 patients)
- Preparing manufacturing capabilities for first approved product for U.S. and Israel market

Status

- Successful first in human trials, including stent removal after four weeks, with three-month follow-up; excellent therapeutic results
- One issued patent (U.S.); two pending (Canada, Europe, Japan, China)

Vensica Ltd. – Ultrasound-assisted drug-delivery for overactive bladder

Vensica Medical Ltd. ("Vensica") (<http://trendlines.com/portfolio/vensica-medical/>) is developing VensiCare to treat overactive bladder (OAB) with ultrasound delivering Botox® into the bladder wall painlessly, without

⁹ <http://pubs.rsna.org/doi/full/10.1148/rg.291085118>

¹⁰ <https://www.cdc.gov/nchs/fastats/sinuses.htm>

needles. The procedure can be performed in the doctor's office or clinic, without anesthesia. OAB is the most common bladder disorder. There are an estimated 39 million OAB patients in the United States alone.¹¹

Status

- Raised US\$2 million from Cogentix, part of structured acquisition
- Successful preclinical trials
- Filed PCT (international patent application)

Most Valuable Portfolio Company status update

On 12 June 2017, Trendlines reported that the product developed by its Most Valuable Portfolio Company ("**MVP**") is on schedule for launch in 2018. This information was provided to Trendlines by the company ("**the Acquirer**") that, in November 2014, signed an asset purchase agreement with the MVP for the acquisition of the MVP's medical product ("**Product**"). Trendlines also reported that the Acquirer is currently in the process of establishing a high-volume manufacturing facility for the production of the Product.

The asset purchase agreement included a cash payment at closing, milestone payments, and royalties from future sales of the Product. In addition to the cash payment received at the initial closing in November 2014, Trendlines Incubators Israel Ltd., Trendlines' wholly owned subsidiary, has been paid approximately US\$1.6 million in dividends, to date, by the MVP. As Trendlines and the MVP are bound by a confidentiality agreement, additional details of the agreement cannot be disclosed at this time.

Under the terms of the agreement, once sales of the Product begin, the Acquirer will make royalty payments to the MVP which, in turn, are expected to be distributed to the MVP's shareholders, including Trendlines Incubators Israel Ltd. Trendlines will provide further updates to the status of the MVP Company's Product as it gets closer to market launch and as authorized by the Acquirer.

Recent developments

As at 30 September 2017, Trendlines' share in the MVP was valued at US\$42.9 million, which represents the net present value of Trendlines' share of estimated future royalty payments, after adjusting the cash flow to take account of multiple risk factors, including market risk, manufacturing risk, and product risk, and then applying a financial discount rate.

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¹¹ The Burden of Overactive Bladder on US Public Health; Curr Bladder Dysfunct Rep, 2016 March, W. Stuart Reynolds , Jay Fowke, Roger Dmochowski. The Total Economic Burden of Overactive Bladder in the United States: A DiseaseSpecific Approach; AJMC.com.

About Trendlines

Trendlines is an innovation commercialization company that invents, discovers, invests in, and incubates innovation-based medical and agricultural technologies to fulfil its mission to improve the human condition. As intensely hands-on investors, Trendlines is involved in all aspects of its portfolio companies from technology development to business building. Trendlines' shares are traded on the Singapore Stock Exchange (SGX: 42T) and in the United States as an American Depositary Receipt (ADR) on the OTCQX International (OTCQX: TRNLY).

This press release has been prepared by The Trendlines Group Ltd. (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.

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