

Doral Group Renewable Energy Resources



Stock Exchange
TASE



Symbol
DORL



Sector
Technology



Sub-sector
Renewable Energy



Stock price target
NIS 23.6



Closing price
NIS 12.3



Market cap
NIS 1,815 Mn



No. of shares
147 Mn



Average Daily
Trading Volume
2,033 stocks



Stock Performance
(Since Jan. 2021)
-18.8% .

Doral is establishing its global status with a portfolio of over 3 GW in the U.S.; an increase in the company's revenues and assets alongside raising funds to support the company's development plan; price target unchanged

Doral shows further growth in its operations alongside revenue growth. Doral finished H1 2021 with revenues of approx. NIS 22.5 million, according to non-GAAP data. The company is showing a significant increase in its portfolio to about 6.5 GW, of which 1.9 GW are due (projects in commercial operation and ready for connection, in construction or nearing construction, and/or after winning competitive bids or PPA signing). It should be noted that in recent months, the company has shown accelerated progress in its activities in the field of photovoltaics (PV) in the U.S., with the expectation of the start of construction of the Mammoth North project this year. As one of the dominant players in Israel, Doral enjoys benefits for size in procurement and so on.

Additional significant events in H1 2021:

- Raising funds of approx. NIS 358 million.
- Financing and investment of approx. NIS 1.15 billion by Migdal Insurance Company in Doral's operations.
- Signing an agreement with Risen Energy America for the purchase of PV panels, at a cost of approximately NIS 455 million, which is a significant milestone towards the start of the construction of the Mammoth Solar North.
- Signing an additional agreement for the sale of electricity, amounting to approx. 360 MW (DC), for Mammoth Solar South.
- Signing of an agreement for the initiation and development of solar projects in Denmark, with an aggregate capacity of approx. 360 MW (DC).
- Signing agreements with two local third parties to initiate projects with a combined capacity of 370 MW (DC).
- Establishment of Doral Tech – execution of a number of investments and cooperation agreements with companies whose activities are synergistic with the company's activities.
- An agreement to sell 27% of Dora Poland's shares to Elmer in exchange for an allotment of 4.99% in Elmer and the establishment of a joint EPC and O&M company in Poland.
- Examination of entry into the production of green hydrogen from renewable energy.

Recall that global growth potential is far from being exhausted. Investment in renewable energy peaked at \$350 billion in 2020, of which solar and wind energy account for \$290 billion.

We expect significant growth in the company's activity in 2023, along with entry into commercial activity of projects in the U.S. and the entry of storage activity in Israel. We update the economic model based on the company's progress in various projects and the capital injection into the company. **On the following page, we include details of major events in Q2 and the passing months of 2021.**

Year	Revenues* (000 NIS)	EBITDA* (000 NIS)
2020A	59,847	55,188
2021E	157,100	130,920
2022E	188,586	155,824



*Expected annual revenues/ebitda from projects (representing 100% holdings in projects assuming a full year of operation), not including management fees and additional income at

Lead Analyst

Dr. Tiran Rothman

Equity.Research@frost.com

Tel.: +972-9-9502888

Key events in the second quarter and the passing months of 2021:

- **The issuance of bonds in the amount of approx. NIS 358 million.** The funds raised are expected to serve the company's business activities, including procurement and preparations for construction, following the company's wins in competitive procedures and projects in Europe.
- **Signing an additional agreement for the sale of electricity in the amount of 360 MW (DC) for the second part of the Mammoth Solar project** in Indiana, U.S. As part of the project so far, 15-year electricity sales agreements have been signed in the amount of 840 MW, with the total expected receipts from electricity sales and "green certificates" estimated at \$265-285 million.
- On June 13, 2021, Doral announced the signing of an agreement with Risen Energy America. Doral will purchase (through a controlling company) photovoltaic panels in approx. NIS 455 million for the first phase of the Indiana US "Mammoth" project.
- **An investment of approx. NIS 1.15 billion** by Migdal Insurance Company in Doral's operations. **Migdal will transfer \$110 million to Doral** in exchange for a 20% stake in Doral LLC. Doral reported that Migdal made the first payment of \$70 million. **Migdal will invest an estimated \$100 million** in the first part of the Indiana project (480 MW) (DC). Migdal will provide Doral LLC with a **credit line of \$130 million.**
- Doral Denmark has announced the signing of an agreement to initiate and develop solar projects in Denmark with a combined capacity of **approx. 360 MW (DC)**, which are in the initial development stages. According to the company, the **total investment in these projects is estimated at €200 million.**
- Doral Poland completed the signing of agreements with two local third parties to initiate projects with a **combined capacity of 370 MW (DC)**. In addition, the company owns **53 MW of projects** that are in various stages of development and is preparing for the start of their construction.
- In September, Doral entered into an **agreement to sell 27% of Doral Poland's shares to Elmore Electrical Installation and Services in exchange for an allotment to Doral Renewable Energy of 4.99% of Elmore's share capital.** Under the agreement, the parties agreed to establish a dedicated corporation that will engage in the engineering, procurement, and construction (EPC) and operation and management (O&M) of renewable energy projects in Poland. The designated corporation will be given priority for the provision of the above services for the company's projects in Poland.
- In August, Doral's Board of Directors approved the **expansion of its activities to the field of green hydrogen**, so the company will initiate and develop independent complexes for the production of green hydrogen from PV facilities and wind turbines and will examine synergistic investments in technology development companies.
- Doral Tech:
 - In March, Doral-Tech entered into a **\$2 million investment agreement** with Battery Resources, a company that develops unique technology for recycling lithium batteries. Also in August, Doral-Tech and Doral LLC entered into **an additional investment agreement with BR in the amount of \$2.5 million each.**
 - In April, Doral-Tech and Doral Environmental Infrastructure 2015 Ltd. entered into an investment agreement with Zohar, which develops local systems for the treatment and conversion of waste into energy, for **approx. \$1.5 million.** The agreement included exclusive distribution and marketing rights of the technologies under development in Israel and around the world.
 - In June, Doral-Tech, in cooperation with Leumi Partners Ltd., entered into an investment agreement and **signed an MoA with Medivi in the amount of approx. NIS 3 million (each).** It was agreed that Doral will have the option to purchase energy storage systems and cooling systems, the first rights to future cooperation, and the rights to distribute, market, and sell the storage systems of Storage Drop Ltd. (The investment in Medivi was made against the background of a merger into it of 100% of the share capital of Storage Drop Ltd.).

Executive Summary

Investment Thesis

Globally, the renewable energy sector is in growth momentum in most countries as a result of government decisions and organizations to reduce dependence on polluting fuels and reduce greenhouse gas emissions, which are reflected in governments' actions to meet renewable energy targets they are committed to according to the Paris 2015 agreement.

The implementation of government decisions translates into policies, regulations, and licensing processes of companies that build renewable energy electricity generating facilities that are supposed to provide electricity over many years in a reliable, safe and economical manner.

Doral is well respected in its industry, both locally and globally. Their reputation extends across the Renewable Energy value and supply chains, as well as within their specific business ecosystem. The company has successful experience across all steps and stages of renewable energy projects, including initiation, development, financing, construction, management, operation, ownership, and sale of assets.

The company aims to continue creating value by leveraging its significant land reserves and proven expertise in working with landlords, in Israel and internationally. The company's strategy is to select and operate in markets that demonstrate a combination of factors with specific emphasis on; supportive policy, regulations, favorable natural resources, an opportunity to optimize the development, and market size that supports future growth. In international markets the company partners with local entities that provide advantages in the initial early stages of development.

Doral's strategy is to target Israel, the USA, and Europe as its main markets for the foreseeable future. It has the experience, the capital and knowledge to promote its projects; however, the test will be in converting pipeline projects due in 1-5 years to grid connected facilities. Thus, in our economic model we used probabilities to quantify this conversion. Specifically, the company's strategy is to select and operate in markets that demonstrate a combination of factors, with specific emphasis on supportive policy, regulations, favorable market conditions, an opportunity to optimize technology and increase installed capacity. In international markets, the company partners with local entities that have competitive advantages at the initial and early stages of development.

Doral's value proposition to investors, partners, and suppliers include:

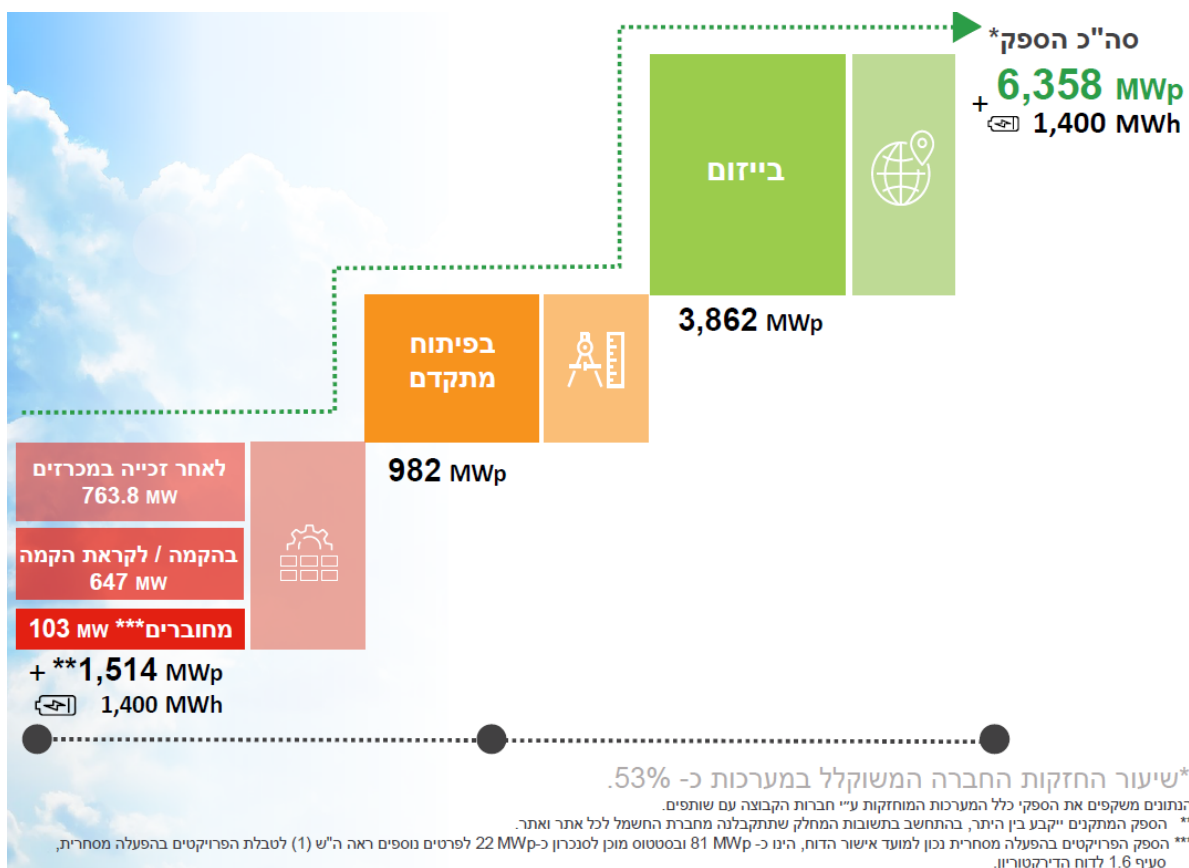
- Experience in evaluating projects and uncovering upside opportunities.
- Focus on markets that are mature or maturing in terms of renewable energy policy and regulation, and such markets where renewable energy sources provide competitive electricity prices without the need for subsidies.
- Identify opportunities to optimize projects' capacity or timetables immediately and/or in the long term and high likelihood to secure financing due to corporate reputation and industry relations.
- Leveraging experience to generate margins from optimization, development, and construction.

We forecast that by 2021 Doral's projects' (representing 100% holdings in projects assuming a full year of operation) will generate revenues of NIS 157.1 million in 2021 and will increase to NIS 188.6 million by the end of 2022.

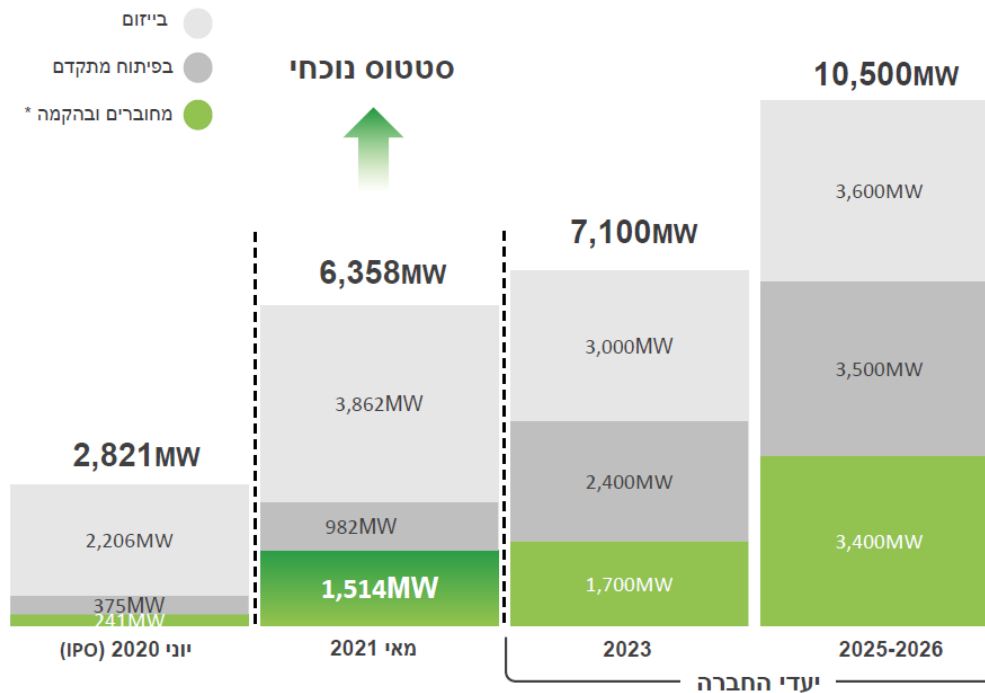
Company Overview

Doral Renewable Energy Resources Group (TASE:DORL) initiates, develops, builds and operates renewable energy projects across Israel, the US and Europe. The company's vision is to implement their renewable energy projects on a global scale. In the US and Europe the company has 4.4 GW worth of energy projects currently in planning phases and has a goal of reaching an 10,500 MW total portfolio of projects from planning to implementation by 2025-2026. Doral believes in the implementation of cutting-edge technologies and has different areas of activity of renewable energy including the combination of solar energy and energy storage. Doral is the biggest winner of the first and second Israeli Solar + storage tenders; will install approximately 1400MW/h of storage capacity.

Project pipeline overview:



Goals for the development of the company in the coming years:



The Company has four main divisions of activity:

- 1) The Israel Division where solar energy predominates the energy portfolio.
- 2) The US Division where joint ventures are expected to increase the Company's renewables portfolio substantially.
- 3) The European Division where joint ventures in Italy, Poland and Romania are expected to increase the Company's renewables portfolio substantially.
- 4) The Division which includes: Doral Tech activity, Environmental Infrastructure Projects in the fields of Bio Gas, Waste and Wastewater Management, Wind Energy in Israel, and Cogeneration.

To support these divisions Doral's strategic strengths include: 1) A well-seasoned team with vast experience and professional knowledge 2) The ability to navigate regulatory requirements and authorities 3) Close work with first-class manufacturers of advanced technology equipment 4) Established relations with financing banks and Institutional Investors 5) Partnership agreements with the majority of kibbutzim throughout Israel, for the establishment of energy production systems.

All of these strengths have allowed Doral to come to the table and offer truly competitive value that has led to long lasting partnerships.

Israel Activity

In 2008, Doral was the first company to connect a solar photovoltaic system to the national electricity grid in Israel. The company is a market leader in storage activities and is engaged in technologically advanced projects combining solar energy with energy storage capacity. The company has large Israeli projects in preparation for construction, which are the product of the first and second competitive procedures that combine facilities for

generating electricity from solar energy with energy storage. Currently, Doral initiates, establishes, maintains, and operates renewable energy facilities in Israel with a capacity of approximately 1.96 GW (DC), including hundreds of solar systems of ground, reservoirs, pools, and roofs projects. The total amount of solar facilities connected to the grid, currently under construction and that won the tenders stands at approx. 1,514 MW (DC). The Company has established PV systems on various scales, from large infrastructure projects to small systems designed for self-consumption.

Hadarei She'an – Doral holds one of the biggest (200 mega-watts) PV power stations in the Middle-East located in the Beit She'an Valley. Doral has a partnership agreement with Invenergy LLC one of the largest privately held power producer in the United States and 11 kibbutzim from Beit She'an Valley. The project represents an investment of 537 million NIS, is projected to produce revenues of 55 million NIS per year, and expected to be commercially operational in 2023/24. Doral owns 32.5% of this project.

Energy Storage Tender – Doral is a major player in the Israeli energy storage market and has won 300 MW (AC) of PV and 1400MW/h of storage capacity out of the 777 MW tender presented by the electricity authority. The projects are projected to bring in between 242.7 million NIS, has a total capacity of 750MWp, an EBITDA of 191.3million NIS and FFO of 156.6 million NIS. Doral owns ~64% approximate and chained (weighted average) of these projects.

US Activity

In order to achieve its goals of international presence, Doral signed on a term sheet with Clean Air Generation LLC regarding the establishment of a joint venture, which will operate through Global Energy Generation (GEG). GEG will manage the initiation, development, construction, maintenance and operation of energy production projects in the US. The agreement stipulates that the Global Group will be jointly managed by the aforementioned parties; the owner of Clean Air Generation LLC will be entrusted with the management of the Global Group's day-to-day operations, in accordance with the parties' guidelines.

This joint venture secured Doral several major US projects:

- 1) A project for the construction of a solar field in the state of Indiana, with a capacity of about 1,600 MW at an expected establishment cost of \$1.3B and NTP expected in 2021 and 2022.
- 2) A project for the construction of a solar field in the state of Illinois, with the capacity of about 650 MW at an expected establishment cost of \$560M and NTP expected in 2023.
- 3) A project to establish wind turbine farms in the state of Pennsylvania, with the capacity of about 175 MW, at an expected establishment cost of \$300M and NTP expected in 2022.
- 4) A project for the construction of facilities in the state of Pennsylvania, with the capacity of about 408 MW at an expected establishment cost of \$295M and NTP expected in 2022.
- 5) A project to build a solar field in Delaware, with a volume of about 143 MW at an expected establishment cost of \$150M and NTP expected in 2023

European Activity –

Italy

Doral entered into a cooperation agreement with a third party regarding the initiation, development, and establishment of renewable energy systems at a capacity of approx. 528 MW at an expected establishment cost of €450M and RTB expected in 2022-2024. One of the main projects under this cooperation is a 120 MW solar project in southern Italy.

Poland

The group cooperates with two local third parties to initiate, manage, develop, and construct renewable energy facilities in Poland, with a capacity of approx. 370 MW. Also, the company has purchased projects with a total capacity of about 25 MW; these projects have construction permits and a permit to reserve a place in the electricity grid. The company is preparing for the initiation of their construction.

Romania

Doral has agreed with a third party to cooperate in the initiation and construction of approximately 300 MW (DC) of PV projects in Romania, which are in various initiation stages with a projected investment of approx. \$200 million.

Denmark

Doral Denmark has announced the signing of an agreement to initiate and develop solar projects in Denmark with a combined capacity of approx. 360 MW (DC), which are in the initial development stages. According to the company, the total investment in these projects is estimated at €200 million.

Renewable Energy Activity

Because Doral is a future oriented company, it has spread its reach far beyond just the traditional solar and wind renewable solutions. Below are its additional branches of activity:

- 1) **Energy Storage** - The energy storage industry is one of the fastest growing market segments in the renewables ecosystem. Energy storage solutions are expected to integrate naturally into renewable energy power generation systems, thereby enabling renewable energy production facilities to be similar in terms of availability, to conventional production facilities.
The Company's activities to realize the storage potential contain 3 main areas:
 - Renewable energy facilities including storage.
 - "Behind the meter" storage facilities.
 - Frequency regulation facilities.
- 2) **Environmental Infrastructure (waste and wastewater management)** - The increasing global population along with the growth of the global economy has drastically increased waste production, particularly solid and organic waste. The need for end-point waste treatment solutions is on an upward trend and represents serious market potential. Doral has initiated "Waste to Energy" projects such as bio-gas anaerobic digestion facilities for organic

waste treatment and power generation. Currently Doral is developing multiple bio-gas projects along with domain leaders totaling 10MW and representing an investment of 150M ILS. Recently, Doral completed an investment in Paulee Cleantech, a privately owned, start-up company aimed at international markets (Brazil, USA, and more), which developed a revolutionary technology that converts any organic disposal into qualified fertilizers in a short and quick process at the production site without the need for mobilizing the organic waste and the fertilizers. The product is a mineral organic fertilizer with no odor, environmentally friendly, and is approved as fertilizer to enrich a variety of agricultural crops. The company is in advanced development stages of several unique applications with a proven competitive edge in relevant markets, each with significant revenue potential.

- 3) **Doral Tech** – The company established Doral Tech, a limited partnership owned by the company. Doral Tech works to find entrepreneurial, innovative companies that develop groundbreaking green technologies to address significant sustainability challenges and whose activities are synergistic with Doral's activities (hereinafter: "target companies"). The target companies are in various stages of raising capital, and Doral group invests in them, both in capital and in management resources. Doral Tech's activity purpose is to provide the target companies with an encompassing infrastructure for project development, accompany the projects at all stages of development, assist them in creating the necessary connections for development, and accelerate their growth path. Doral Tech provides capital, development and testing sites, technological capabilities, guidance regarding products, academic collaborations, marketing, business development. At last, Doral would have the primary right to benefit from the mentioned technologies.

Below we will introduce the global renewables market in detail and focus heavily on wind and solar energy because the lion's share of Doral's activities is within these domains. We will further specifically detail the US market and give a comprehensive overview of the Israeli renewables ecosystem to give readers a solid understanding of Doral's landscape.

Global Renewable Market Introduction

Historically, global power generation was dominated by centralized energy sources such as coal, nuclear, oil, and large hydropower plants. These plants were usually state-owned, and the electricity generated would be transmitted across the country via a centralized grid. There was a minimal competition within the market, and the environmental impact was hardly considered. This situation has gradually changed over the past two decades, mainly driven by market decentralization and favorable regulatory frameworks (which boosted competition), concerns over the impact of climate change, and supportive renewable incentive programs.

Driven by the transformation across the energy sector, renewable energy sources (RES), primarily wind energy and solar energy, have become well established low-carbon energy sources to meet global energy demand because of their widespread availability, cost-effective nature, and flexibility compared to other RES. An increase in the adoption of wind and solar energy technologies would significantly mitigate and alleviate issues associated with energy security, climate change, unemployment, etc. and help in reducing global CO₂ emissions by more than 50% between now and 2050.

The impact of the renewable revolution has been felt in many global markets, but European nations and the US have been at the forefront, later joined by China. Although the incentives schemes for renewable energy in many markets have gradually become less generous, this has largely been offset by consistent declines in renewable energy technology and project costs, construction and service innovation, and the continuation of favorable regulatory frameworks that ensure renewables have priority access to the grid. Once a wind or solar plant is online it is basic common sense anyway to ensure that the power generated is given priority, as the fuel cost is zero.

Wind power and solar PV dominate global renewable investment (large hydropower, which is still a significant technology in a number of markets, is not considered truly renewable because of the potential environmental damage to the river networks). Global investments in renewable energies accounted for \$282 billion in 2019, with wind and solar energies accounting for ~97% of non-hydro renewable investment in 2019. A total of ~\$3 trillion is forecast to be invested across the next decade in renewable energy sources, with annual renewable energy investment exceeding ~\$300 billion in 2030. Further cost reductions mean that both technologies will reach grid parity (a situation where it is as cheap to build a solar plant as it is a coal plant) in an increasing number of markets over the coming decade, further supporting the business case for investing in renewables.

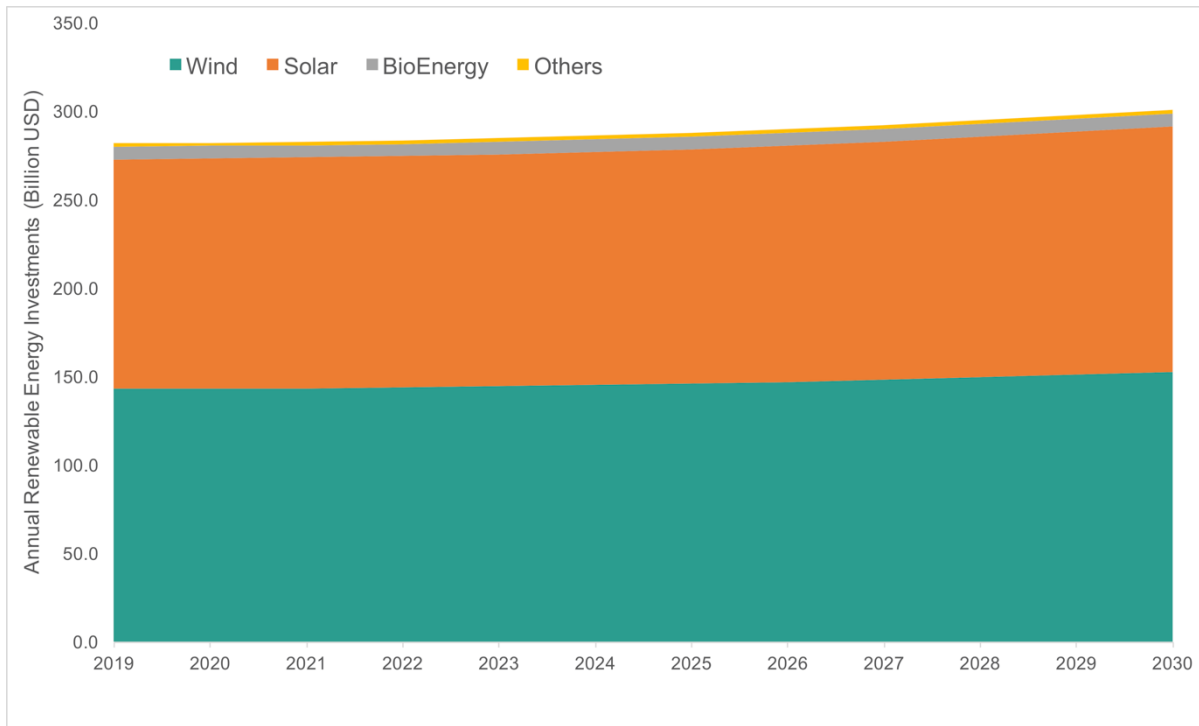
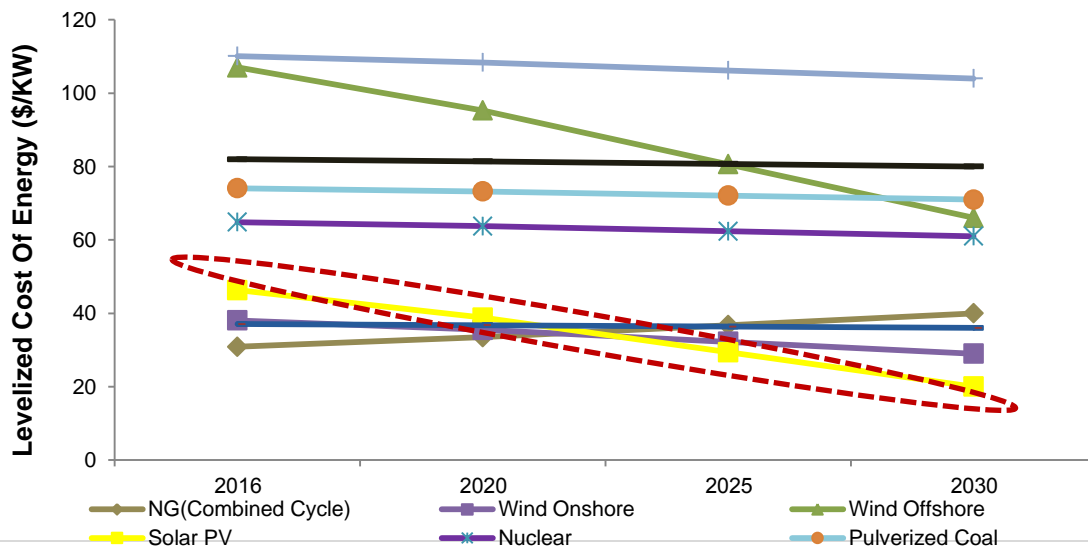


Figure: Annual Global Investments in Renewable Energies (Billion USD)

Continued Decline in Wind and Solar Technology and Project Costs

The decline in renewable energy project costs started around 2010, with solar PV leading the way. Solar module costs have declined by around 82% across the course of the decade (modules account between 35% and 45% of total project costs). Wind technology cost declines started later, but have also been substantial – the global average price per MW for an onshore wind has declined by 39% and offshore wind by 29% between 2010 and 2019.

Continued cost reductions are forecast for both wind and solar, through a combination of lower core technology costs (larger turbines and taller hub heights are a significant factor for wind projects); a reduction in total project costs (greater efficiencies in construction and commissioning), and lower servicing costs.



Israel Renewables Ecosystem

The growth engine behind renewables in Israel is the government's vision to utilize "natural gas or renewables only" for the production of energy by 2030. In order to realize this vision the government is putting major systems and regulations in place in order to completely replace the energy produced from coal with energy produced from solar sources. This transition is projected to produce a 6 fold increase in renewables and a 10 fold increase in energy storage capacity.

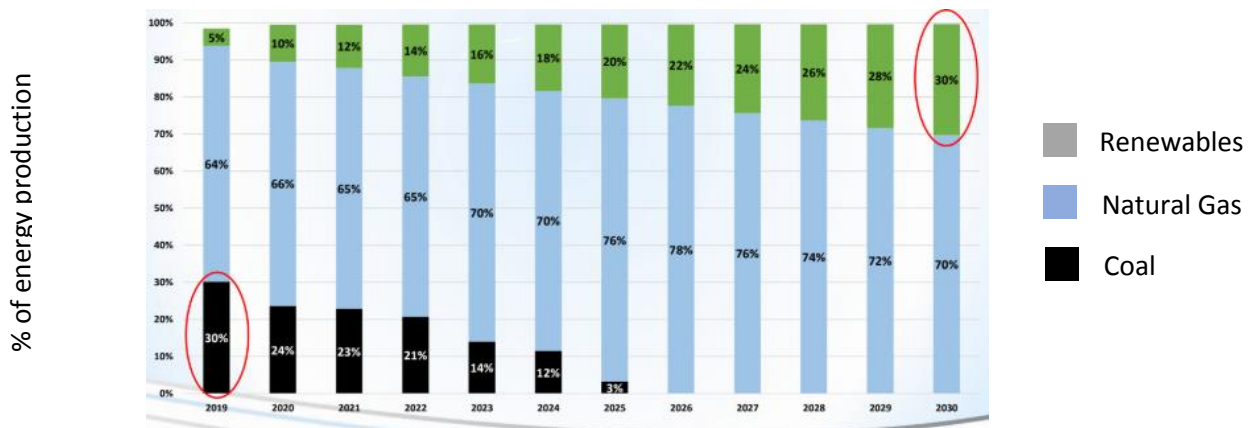
The four major drivers of the renewable energy market in Israel as stated in the Ministry of Energy's economic plan are: 1) the decreasing cost of solar technology 2) the global shift to electric vehicles 3) energy security 4) pollution regulations

These trends propel Israel into a reality that requires a heavy transition to renewable energy sources and therefore promotes the need for energy storage solutions.

Israel is exceptional in its high population growth rate as well as its high electricity consumption. Today, solar power is almost exclusively the country's renewable energy source and this will be true through 2030.

Israel's Energy Source Composition

Renewables Will Replace Coal over the Next 10 Years



In 2030 **Israel is positioned to be the world leader in solar energy dependency** at a staggering 26% of energy produced by the country. By 2030, during the noon hours, 80% of the electricity generated in Israel will come from solar sources and this solar energy will surpass consumption demands during certain hours of the day.

About Frost & Sullivan

Frost & Sullivan* is a leading global consulting, and market & technology research firm that employs staff of 1,800, which includes analysts, experts, and growth strategy consultants at approximately 50 branches across 6 continents, including in Herzliya Pituach, Israel. Frost & Sullivan's equity research utilizes the experience and know-how accumulated over the course of 55 years in medical technologies, life sciences, technology, energy, and other industrial fields, including the publication of tens of thousands of market and technology research reports, economic analyses and valuations. For additional information on Frost & Sullivan's capabilities, visit: www.frost.com. For access to our reports and further information on our Independent Equity Research program visit www.frost.com/equityresearch.

*Frost & Sullivan Research and Consulting Ltd., a wholly owned subsidiary of Frost & Sullivan, is registered and licensed in Israel to practice as an investment adviser.

What is Independent Equity Research?

Nearly all equity research is nowadays performed by stock brokers, investment banks, and other entities which have a financial interest in the stock being analyzed. On the other hand, Independent Equity Research is a boutique service offered by only a few firms worldwide. The aim of such research is to provide an unbiased opinion on the state of the company and potential forthcoming changes, including in their share price. The analysis does not constitute investment advice, and analysts are prohibited from trading any securities being analyzed. Furthermore, a company like Frost & Sullivan conducting Independent Equity Research services is reimbursed by a third party entity and not the company directly. Compensation is received up front to further secure the independence of the coverage.

Analysis Program with the Tel Aviv Stock Exchange (TASE)

Frost & Sullivan is delighted to have been selected to participate in the Analysis Program initiated by the Tel Aviv Stock Exchange Analysis (TASE). Within the framework of the program, Frost & Sullivan produces equity research reports on Technology and Biomed (Healthcare) companies that are listed on the TASE, and disseminates them on exchange message boards and through leading business media channels. Key goals of the program are to enhance global awareness of these companies and to enable more informed investment decisions by investors that are interested in "hot" Israeli Hi-Tech and Healthcare companies. The terms of the program are governed by the agreement that we signed with the TASE and the Israel Securities Authority (ISA) regulations.

For further inquiries, please contact our lead analyst:

Dr. Tiran Rothman T: +972 (0) 9 950 2888 E: equity.research@frost.com

Disclaimers, disclosures, and insights for more responsible investment decisions

Definitions: "Frost & Sullivan" – A company registered in California, USA with branches and subsidiaries in other regions, including in Israel, and including any other relevant Frost & Sullivan entities, such as Frost & Sullivan Research & Consulting Ltd. ("FSRC"), a wholly owned subsidiary of Frost & Sullivan that is registered in Israel – as applicable. "The Company" or "Participant" – The company that is analyzed in a report and participates in the TASE Scheme; "Report", "Research Note" or "Analysis" – The content, or any part thereof where applicable, contained in a document such as a Research Note and/or any other previous or later document authored by "Frost & Sullivan", regardless if it has been authored in the frame of the "Analysis Program", if included in the database at www.frost.com and regardless of the Analysis format-online, a digital file or hard copy; "Invest", "Investment" or "Investment decision" – Any decision and/or a recommendation to Buy, Hold or Sell any security of The Company. The purpose of the Report is to enable a more informed investment decision. Yet, nothing in a Report shall constitute a recommendation or solicitation to make any Investment Decision, so Frost & Sullivan takes no responsibility and shall not be deemed responsible for any specific decision, including an Investment Decision, and will not be liable for any actual, consequential, or punitive damages directly or indirectly related to The Report. Without derogating from the generality of the above, you shall consider the following clarifications, disclosure recommendations, and disclaimers. The Report does not include any personal or personalized advice as it cannot consider the particular investment criteria, needs, preferences, priorities, limitations, financial situation, risk aversion, and any other particular circumstances and factors that shall impact an investment decision. Nevertheless, according to the Israeli law, this report can serve as a *raison d'être* off which an individual/entity may make an investment decision.

Frost & Sullivan makes no warranty nor representation, expressed or implied, as to the completeness and accuracy of the Report at the time of any investment decision, and no liability shall attach thereto, considering the following among other reasons: The Report may not include the most updated and relevant information from all relevant sources, including later Reports, if any, at the time of the investment decision, so any investment decision shall consider these; The Analysis considers data, information and assessments provided by the company and from sources that were published by third parties (however, even reliable sources contain unknown errors from time to time); the methodology focused on major known products, activities and target markets of the Company that may have a significant impact on its performance as per our discretion, but it may ignore other elements; the Company was not allowed to share any insider information; any investment decision must be based on a clear understanding of the technologies, products, business environments, and any other drivers and restraints of the company's performance, regardless if such information is mentioned in the Report or not; an investment decision shall consider any relevant updated information, such as the company's website and reports on Magna; information and assessments contained in the Report are obtained from sources believed by us to be reliable (however, any source may contain unknown errors. All expressions of opinions, forecasts or estimates reflect the judgment at the time of writing, based on the Company's latest financial report, and some additional information (they are subject to change without any notice). You shall consider the entire analysis contained in the Reports. No specific part of a Report, including any summary that is provided for convenience only, shall serve *per se* as a basis for any investment decision. In case you perceive a contradiction between any parts of the Report, you shall avoid any investment decision before such contradiction is resolved. Frost and Sullivan only produces research that falls under the non-monetary minor benefit group in MiFID II. As we do not seek payment from the asset management community and do not have any execution function, you are able to continue receiving our research under the new MiFID II regime. This applies to all forms of transmission, including email, website and financial platforms such as Bloomberg and Thomson.

Risks, valuation, and projections: Any stock price or equity value referred to in The Report may fluctuate. Past performance is not indicative of future performance, future returns are not guaranteed, and a loss of original capital may occur. Nothing contained in the Report is or should be relied on as, a promise or representation as to the future. The projected financial information is prepared expressly for use herein and is based upon the stated assumptions and Frost & Sullivan's analysis of information available at the time that this Report was prepared. There is no representation, warranty, or other assurance that any of the projections will be realized. The Report contains forward-looking statements, such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions. Undue reliance should not be placed on the forward-looking statements because there is no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, they involve inherent risks and uncertainties. Forward-looking information or statements contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from current projections. Macro level factors that are not directly analyzed in the Report, such as interest rates and exchange rates, any events related to the eco-system, clients, suppliers, competitors, regulators, and others may fluctuate at any time. An investment decision must consider the Risks described in the Report and any other relevant Reports, if any, including the latest financial reports of the company. R&D activities shall be considered as high risk, even if such risks are not specifically discussed in the Report. Any investment decision shall consider the impact of negative and even worst case scenarios. Any relevant forward-looking statements as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (as amended) are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

TASE Analysis Scheme: The Report is authored by Frost & Sullivan Research & Consulting Ltd. within the framework of the Analysis Scheme of the Tel Aviv Stock Exchange ("TASE") regarding the provision of analysis services on companies that participate in the analysis scheme (see details: [www.tase.co.il/LPages/TechAnalysis/Tase Analysis Site/index.html](http://www.tase.co.il/LPages/TechAnalysis/Tase%20Analysis%20Site/index.html), www.tase.co.il/LPages/InvestorRelations/english/tase-analysis-program.html), an agreement that the company has signed with TASE ("The Agreement") and the regulation and supervision of the Israel Security Authority (ISA). FSRC and its lead analyst are licensed by the ISA as investment advisors. Accordingly, the following implications and disclosure requirements shall apply. The agreement with the Tel-Aviv Stock Exchange Ltd. regarding participation in the scheme for research analysis of public companies does not and shall not constitute an agreement on the part of the Tel-Aviv Stock Exchange Ltd. or the Israel Securities Authority to the content of the Equity Research Notes or to the recommendations contained therein. As per the Agreement and/or ISA regulations: A summary of the Report shall also be published in Hebrew. In the event of any contradiction, inconsistency, discrepancy, ambiguity or variance between the English Report and the Hebrew summary of said Report, the English version shall prevail. The Report shall include a description of the Participant and its business activities, which shall inter alia relate to matters such as: shareholders; management; products; relevant intellectual property; the business environment in which the Participant operates; the Participant's standing in such an environment including current and forecasted trends; a description of past and current financial positions of the Participant; and a forecast regarding future developments and any other matter which in the professional view of Frost & Sullivan (as defined below) should be addressed in a research Report (of the nature published) and which may affect the decision of a reasonable investor contemplating an investment in the Participant's securities. An equity research abstract shall accompany each Equity Research Report, describing the main points addressed. A thorough analysis and discussion will be included in Reports where the investment case has materially changed. Short update notes, in which the investment case has not materially changed, will include a summary valuation discussion. Subject to the agreement, Frost & Sullivan Research & Consulting Ltd. is entitled to an annual fee to be paid directly by the TASE. Each participant shall pay fees for its participation in the Scheme directly to the TASE. The named lead analyst and analysts responsible for this Report certify that the views expressed in the Report accurately reflect their personal views about the Company and its securities and that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation or view contained in the Report. Neither said analysts nor Frost & Sullivan trade or directly own any securities in the company. The lead analyst has a limited investment advisor license for analysis only.

© 2021 All rights reserved to Frost & Sullivan and Frost & Sullivan Research & Consulting Ltd. Any content, including any documents, may not be published, lent, reproduced, quoted or resold without the written permission of the companies.