



# Company Presentation

## August 2023



# Forward looking information



This presentation was prepared by Tadiran Group Ltd. (Previously: Tadiran Holdings Ltd.) (hereinafter: "the Company" and / or the "Group" and / or "Tadiran") as a general presentation about the Company and is not intended to replace the need to review the Company's full reports to the Securities Authority and the Stock Exchange. Value in Tel Aviv Ltd. including, inter alia, the Company's periodic reports including the Company's periodic report for Q1 2023, FY 2022 and immediate reports (hereinafter: "Company Reports") prior to making a decision regarding investment in the Company's securities.

The information contained in the presentation does not constitute advice, recommendation, opinion regarding investment, does not constitute an offer to invest and / or purchase securities of the Company (and in particular does not constitute an "offer to the public" or "sale to the public" of any kind) and does not replace independent examination and personal advice according to the unique needs of each investor. Such an offer shall be made only in accordance with the provisions of the law, after obtaining the necessary permits from the Securities Authority and the stock exchange. This presentation includes a summary of the issues described in the context in which they are discussed and not the full information available to the Company in relation to these issues and does not include the full results and financial information of the

Company and the notes to them, and / or the Company's business plans and / or the Company's risk factors.

The presentation includes data on international markets, including growth volumes, penetration rates, and sales, statistics, etc. It should be emphasized that this data is based on public data and the Company's assessments and does not constitute any facts and / or representations. This presentation may include forward-looking information as defined in the Securities Law, 1968 (hereinafter: "forward-looking information"), including forecasts, subjective assessments by the Company's management as of the date of publication of the presentation, which although the Company believes are reasonable, Which are inherently uncertain, estimates and information regarding future events. The forward-looking information is solely aimed at the date to which it relates and is uncertain, unpredictable, affected by factors beyond the control of the Company, each of which, or a combination thereof and the realization of which risk factors characterize the Company's activities, may materially impair results. The activities of the Company and cause the actual results to be materially different from the forward-looking information.

Except as an undertaking to disclose information as

required by the securities laws applicable to the Company, the Company does not undertake to update or change any information contained in this presentation in order to reflect events and / or circumstances that will apply after the date of its preparation. It is clarified that the Company's plans and strategy included in this presentation are correct as of the date of their publication and may and will change in accordance with the decisions of the Company's Board of Directors from time to time. Without detracting from the generality of the above, the information contained in the presentation, inter alia, regarding the Company's working principles, the Company's business plans in connection with AIROW technology, expansion of energy activity, product marketing and development, growth potential and revenue distribution in the coming years (including advancing the target for the realization of the growth strategy by two years), is forward-looking information based and derived, inter alia, on the Company's goals. The Company's assessments regarding the Company's objectives are based, inter alia, on the Company's assessments regarding trends in the Company's business in particular and trends in the market in which the Company operates in general, as well as the Company's management assessments regarding potential and market trends in Israel and international markets as of this report. These estimates may not materialize and/or materialize in a materially different

manner from the company's estimates, among other things, as a result of factors external to the company and which are beyond the company's control, including, among other things, changes in the economic situation in the Israeli economy in general and in the market in which the company operates in particular, the development of new trends and/or Different from those that the company's management estimates as of this date, the non-realization of the potential for penetration into international markets in general, and in particular those detailed above, regulatory changes and the realization of which of the risk factors described in the company's reports, the continued potential effects of the Corona crisis, etc.

To the extent that there is a contradiction between what is stated in this presentation and what is stated in the company's reports required by law, what is stated in the company's reports will prevail.



The future is  
already here



## Company vision

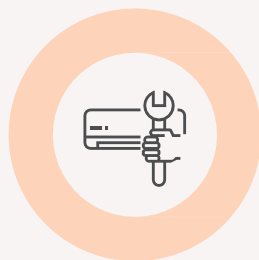
"Enable a better living environment through renewable energy, a comfortable climate and healthy air."



The group has been leading the field of air conditioning in Israel for **over 60 years**



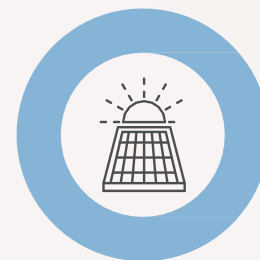
**~600 employees** in the group (including production and service)



A leading service division with **200 technicians**



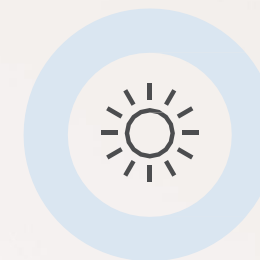
Global presence



**A growing player** in the renewable energy market



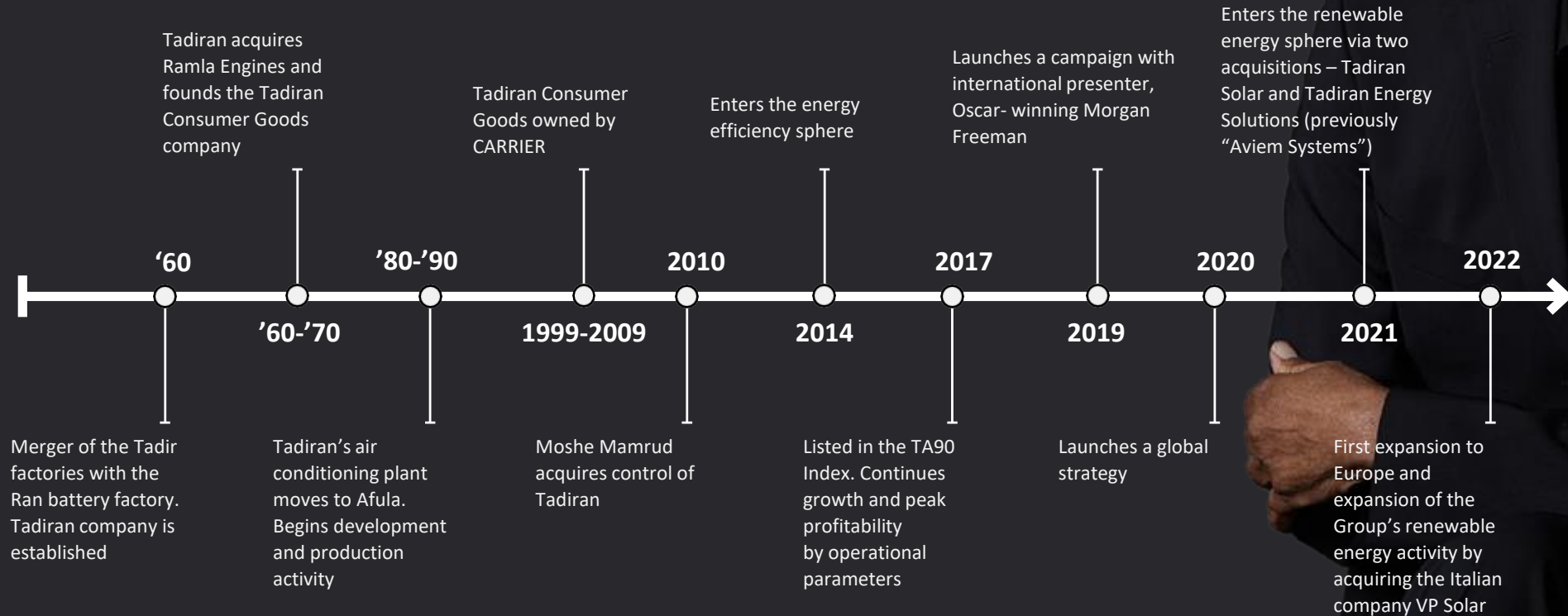
**Sales of approx. NIS 2.3 billion** in 2022



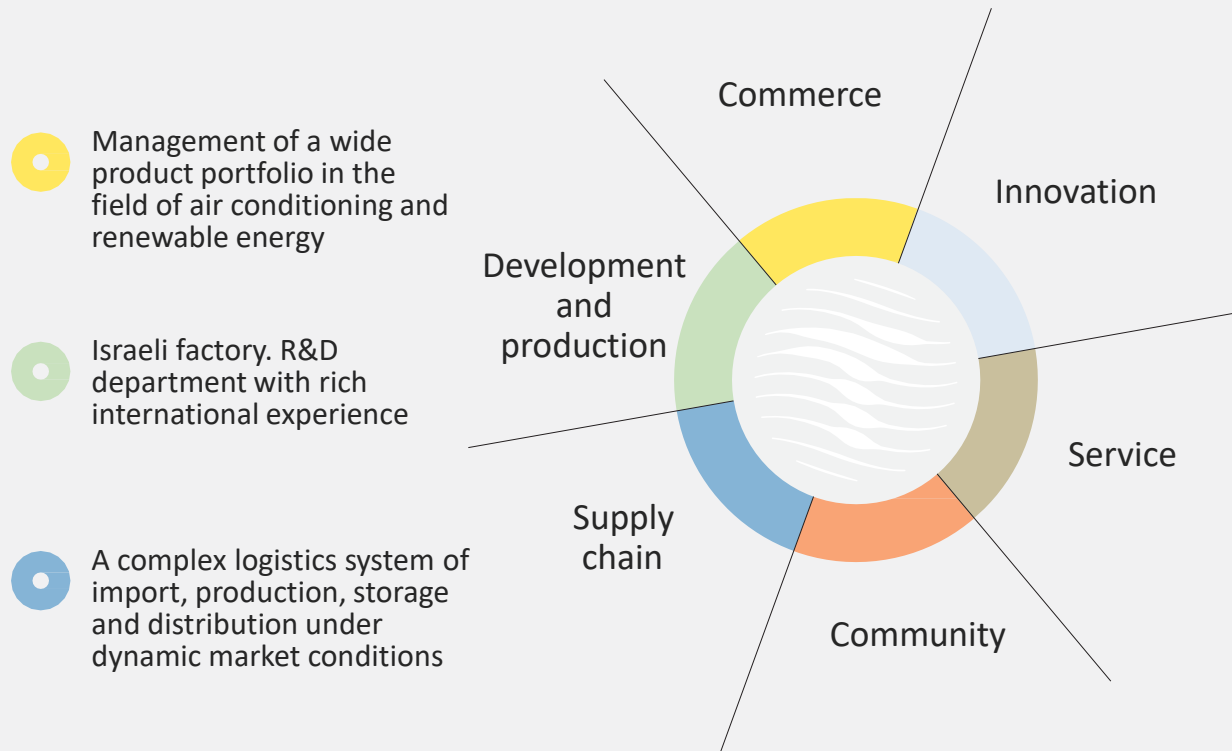
Launch of a new strategic plan for 2026 - doubling sales to approximately NIS 4.5 billion



# Tadiran's Development Over the Years



# Leading tomorrow



- Development of innovation programs in order to promote a connection between technology startups and society
- A quality and leading customer service system
- Promoting involvement in the community, volunteerism and solidarity of the company's employees

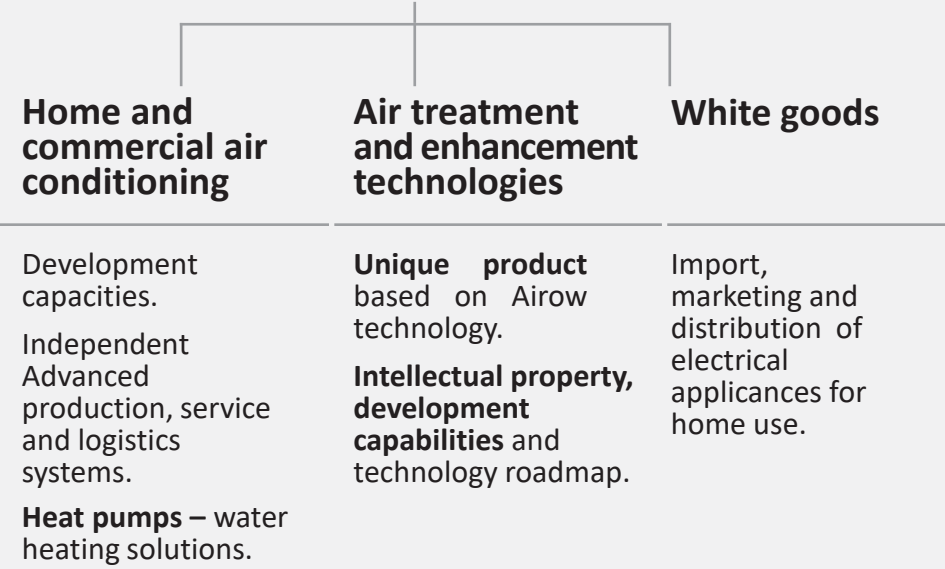
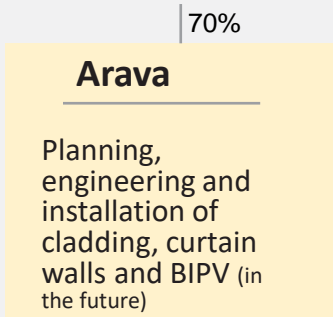
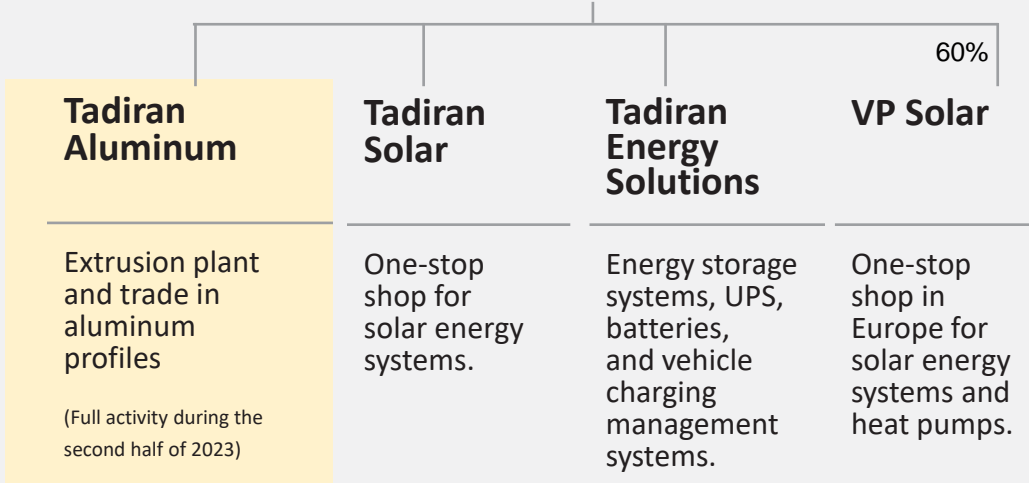


# Brand strength



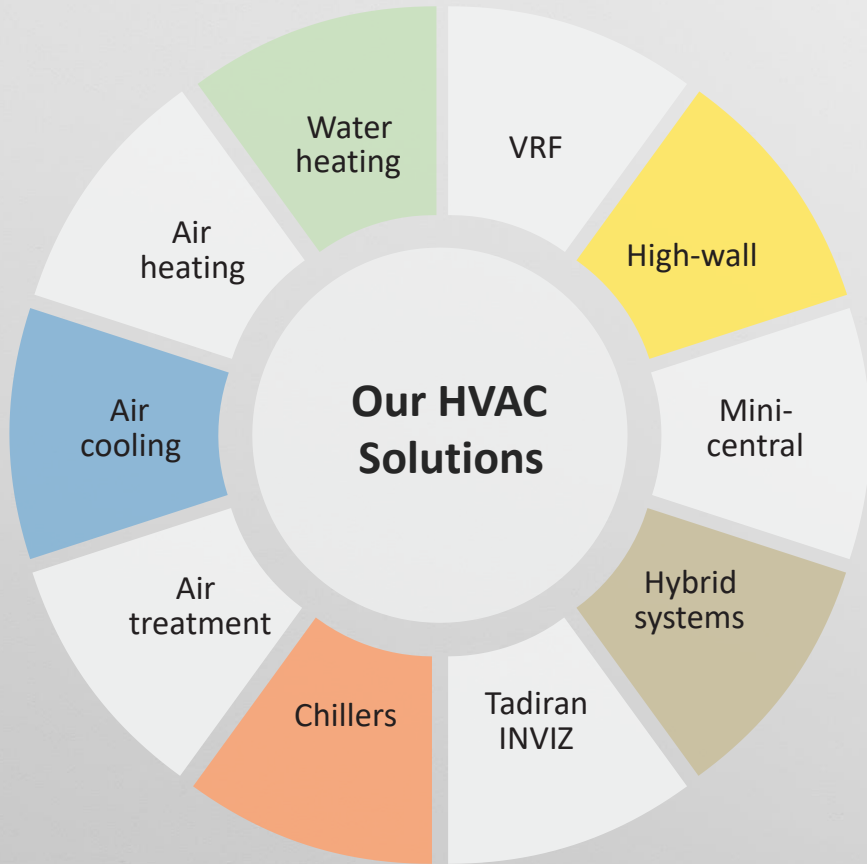
# Group Structure

## Tadiran Group





# Comprehensive solutions in the field of air conditioning



For over 60 years we have been providing quality products and solutions for air conditioning and household consumer products. Throughout all these years we have been striving for technological innovation and strengthening of local production while enabling millions of Israelis to enjoy quality air conditioning all year round.

We have made it our goal to create an ongoing positive impact on health and quality of life through air treatment and upgraded living spaces. Simultaneously, we strive to listen to customer needs, consider

the various environmental factors, and work towards innovative, advanced and environmentally friendly solutions.

## A Variety of green solutions

The Group offers a wide range of air conditioning products for both the private and commercial markets. Via the company's website, you can determine the air conditioner that suits the space and the character of the building. An air conditioning solution must be properly adapted to the customer's needs, in part to enable it to function efficiently and with minimum energy use.



# Tadiran Consumer Goods



In the first half of 2023, revenues amounted to a total of approx. NIS 422 million with an operating profitability of approx. 4%, compared to revenues of approx. NIS 541 million and an operating profitability of approx. 12% in the first half of 2022.

The company expects an improvement in its business results in this sector in the second half of 2023 for the following reasons:

- Finishing the sale of the expensive inventory in the second quarter;
- Significant improvement in procurement and transportation costs;
- Improvement in the actual sales rate from the beginning of the third quarter until this date.

In light of the above, the company expects that in the second half of 2023, the operating profitability will be between 10-13%, and accordingly the annual operating profit margin is expected to return in 2023 to between 8-10% and the expected annual sales volume will amount to approximately NIS 1 billion.

# Completed development of Tadiran Airow 3™



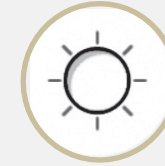
## Air purification technology



**Patented Technology**  
International patents:  
Automatic self-cleaning mechanism  
and usage method



**Maintenance-free**  
No maintenance  
or additional cost



**Action Indicator**  
Built-in monitoring  
cycle to indicate  
operation with low-  
energy consumption



**Ozone Free**  
Verified to meet the  
ozone requirements of  
standard UL 867 and  
approved by CARB



**Action Indicator**  
Continues its air  
purification action even  
after the air conditioner  
is turned off



**Plug & Play**  
Easy to install in  
ducted air conditioning  
systems



# Solar Systems in Europe - one stop shop

## Solar panels

Authorized distributor of Qcells, Jinko, and others – Global panel manufacturers

## Energy conversion systems

Converters, optimizers. The company distributes products of SolarEdge, Huawei and others

## Energy storage

Authorized distributor of BYD, LG, and others

## Mounting systems

Import and distribution of ready-made mounting systems

## Heat pumps

Distribution of heat pumps from the leading manufacturers - Daikin, LG and others

## EV charging

Distribution of products for charging vehicles - Mennekes, Wallbox and others

## Company's assets and capabilities

### Advanced technology supplier

Converters, panels and storage systems from the best manufacturers in the world

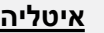
### Relationships with customers

Customer relationships with many segments over the years based on the company's reputation

### Professionalism

High-quality professionals with a high sense of service

- A trend of rising electricity prices in Europe in general, and in Italy in particular
- The impact of the energy crisis and the Russia-Ukraine war
- In light of the above, there has been a significant increase in demand for solar systems (in particular domestic)



Source : [Gestore Mercati Energetici](#) , [ESIOS red electrica](#) , [SMARD](#)

# Solar market in Europe and Italy



## H1 2023

- There was a decrease in the price of electricity in Italy and an increase in the interest rate
- Indifference in relation to the energy crisis in Russia
- Increase in the inventory of solar systems
- Changing the incentive system in Italy
- In light of the above, in the first half of 2023 a decrease in demand for solar systems was observed

## H2 2023 and onwards

In Italy:

- The Italian government has updated the electricity production target from renewable energy until the year 2030 to a rate of 65% (instead of 55%)
- According to the assumption of the organization SolarPower Europe\*, PV system installations are expected to reach 28.4 GW which constitutes an average of 5.7 GW annually between 2023-2027 (the previous forecast was 2.6 GW)
- Incentive program for energy communities (expected to enter into force by the end of 2023)
- Incentive program for agricultural buildings (Agrisolar)
- As a result of these, an increase in the industrial and commercial (C&I) sector is expected.



\* An organization that brings together approx. 300 corporations in the field of solar energy in Europe and which has set itself the goal of promoting the use of solar energy. The organization promotes policies that support the solar market in Europe, among other things through research, publications and industry support.

The aforementioned information regarding the impact of various macro factors on the solar industry in Italy and Europe as a whole, including the manner and extent of their impact as well as the possibility of continued impact as mentioned and/or in relation to the industry's growth forecasts, is forward-looking information as defined in the Securities Law, 5778-1968 and based On the information available to the company and on the company's estimates as of this date which are based on its experience and familiarity with this field in Italy and based on forecasts and estimates of various parties in Italy. The company has no ability to estimate when the aforementioned growth forecasts of the industry in Italy will be reflected and how they will be reflected in the company's results. The information and the aforementioned estimates may not materialize and/or materialize in a materially different manner, and there is no certainty as to the realization of the company's estimates as detailed above, including the manner in which the renewable energy sector in Italy will continue to decline and/or the company's growth estimates as described above will not materialize, among other things, due to factors that are not known to the company as of this date and are not under its control, including, among others, the manner in which the regulatory procedures are being promoted by the Italian government, changes in the macro environment in Italy and Europe, a further decrease in electricity prices, as well as the realization of which of the risk factors listed in section 36 of the periodic report.



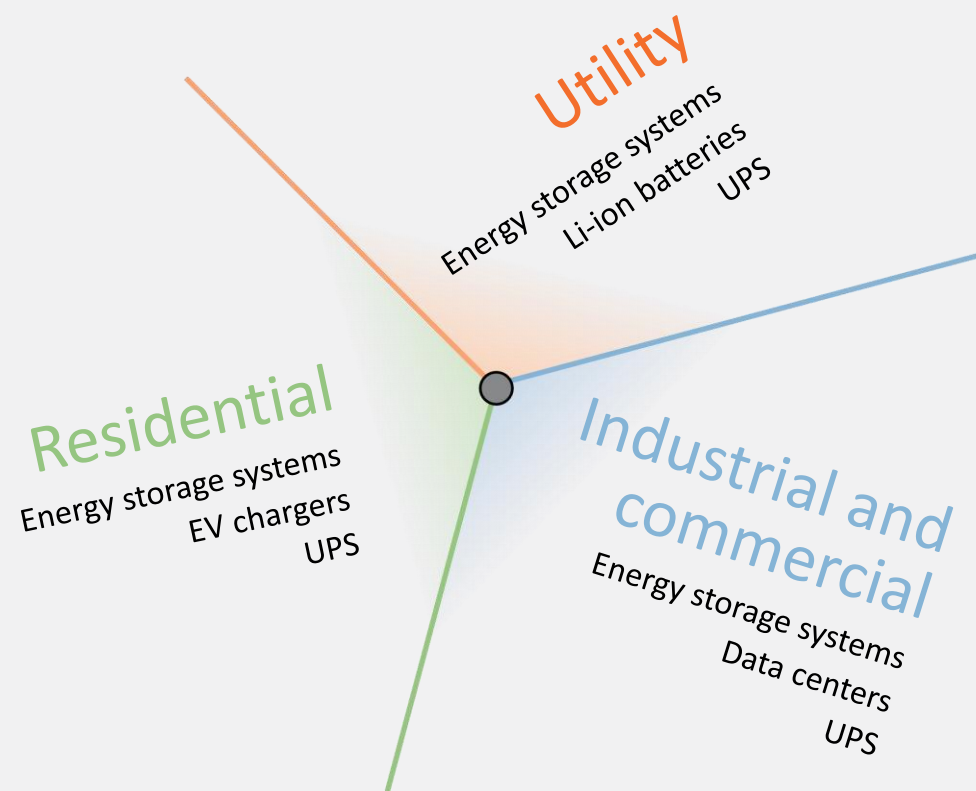


# Tadiran Energy Solutions

Tadiran is expanding its footprint in the storage market

In 2022 entered into agreements for the supply of storage systems in the value of

**\$215<sub>m</sub>**





# In H2 2023

First delivery of energy storage systems in the amount of approx. NIS 370 million (approx. USD 100 million)





# Tadiran Energy Solutions

First significant engagement in the field of charging electric vehicles in the amount of approximately NIS 10 million, including a technological solution, engineering design and service



EV DC Fast Charging Station



In April 2023, the Committee for National Infrastructures approved a plan to electrify the entire system of terminals and bus parking lots in Israel in the amount of approx. NIS 1 billion, which will allow electrification of more than 300 terminals and bus parking lots through an expedited licensing process.



# EV charging



Smart Charge system for managing electric vehicles charging



Energy management for maximum and smart utilization of the electricity supply in the building



Automatic, easy, transparent and professional collection management (billing).



Smart stations for charging AC, DC vehicles

The company's activity in the field of electric vehicle charging management is carried out through a private company held by a wholly owned subsidiary (51%) and by third parties (49%). At this stage, the scope of the activity is not material.

# Solar systems in Israel - one stop shop



## Solar panels

Authorized distributor of  
**Jinko Solar** - a leading international  
panel manufacturer.



## Optimization systems

Converters, optimizers, monitoring  
devices. The company is a leading  
distributor of **solar edge** converters



## Mounting systems

Import raw materials and produce  
systems according to drawings for  
customers

# Solar market in Israel



- The production of electricity from renewable energy in Israel reached a rate of 10% in 2022 (mainly from dual-use solar energy production facilities and ground solar facilities).
- The electricity grid is currently in a situation where it is necessary to manage loads when in various areas throughout Israel there is difficulty in connecting solar systems to the electricity grid due to the existing load.
- In order to meet the goal set by the government of 30% electricity generation from renewable energy sources by 2030, during the first half of 2023, the following main decisions were made, among others:

January	<b>The establishment of storage facilities by the electric company as a solution to problems of congestion, reliability and quality of electricity in the distribution network</b>
March	<b>Exemption from presenting a certificate for electricity supply according to the planning and construction regulations (form 4)</b>
April	<b>A decision establishing a regulation allowing the integration of energy storage facilities in low-voltage solar energy facilities was approved (the decision has not yet been finalised)</b>
July	<b>Expansion of the pilot "green track" - a fast track for connecting small solar systems up to 15 KWh (an increase of 10 KWh)</b>

The aforementioned information in relation to the entry into force and possible effects of the decisions of the Electricity Authority listed above and/or approval of TAMA 19/01 and/or of the regulatory procedures listed above and including, among other things, the company's assessments that the above decisions may contribute to the growth of the solar market and systems. The storage and therefore constitute an opportunity for the company to increase its activity in these areas as well as the assessment that an arrangement may ease the load on the electricity grid, and/or in relation to the effect of the decisions of the government in Israel and/or the decisions of the Electricity Authority detailed above on the development of the field of renewable energy in Israel, including solar systems and storage systems energy and the company's business, is forward-looking information as defined in the Securities Law, 5778-1968 and is based on the information in the company's possession and the company's estimates as of this date, which are based on its experience and familiarity with this field in Israel. The company has no ability to estimate when the consequences of the aforementioned changes will be reflected and how they will be reflected in the company's results. The aforementioned information and estimates may not materialize and/or materialize in a materially different manner, and there is no certainty as to the realization of the company's estimates as detailed above, among other things, due to factors that are not known to the company as of this date and are not under its control, including, among others, the manner in which the regulatory procedures are promoted by The various factors, changes in the macro environment in Israel and in the world which may affect, among other things, transportation prices and procurement costs, a decrease in the volume of sales due to a recession and macroeconomic factors as well as as a result of the realization of which of the risk factors detailed in section 36 of the periodic report.



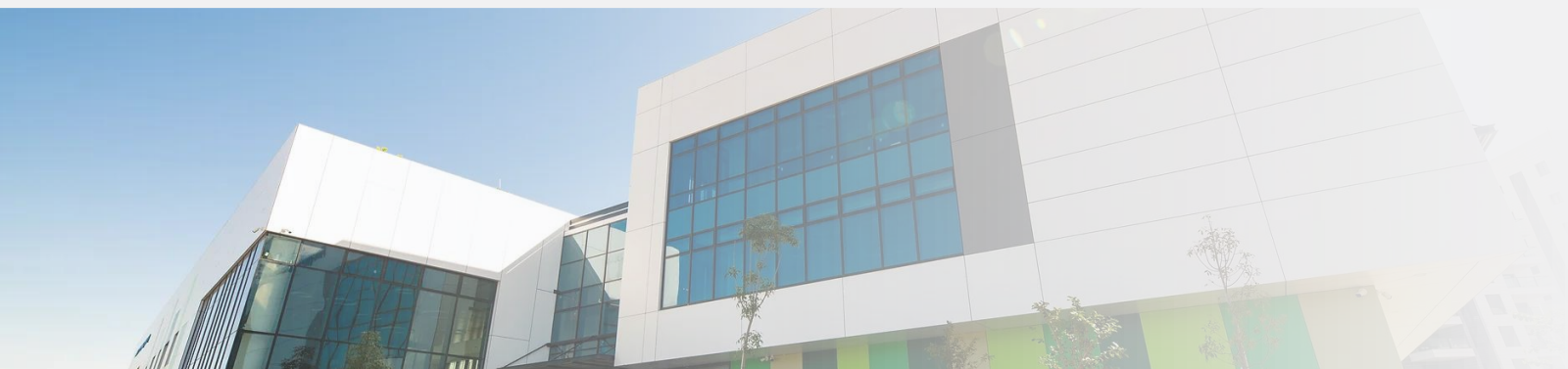


**ARAVA BSS**  
BUILDING SKIN SOLUTIONS

## Purchase of Arava Building Skin Solutions Ltd. shares

Following Tadiran's deepening in the market of solar solutions for buildings, Tadiran is expanding and entering the field of cladding and BIPV (in the future)

- The purchase allows Tadiran to offer complete renewable energy solutions to the C&I market including BIPV, curtain walls, rooftop solar systems, energy storage and charging stations as well as electric vehicle infrastructure.
- At the beginning of August, Tadiran completed the purchase of 70% of the shares of Arava Building Cladding Solutions Ltd.
- In exchange for the purchased shares, the company guaranteed a credit limit of up to NIS 5 million.
- Arava operates in the building cladding and curtain wall market and will soon enter the BIPV market (solar panels integrated into a structure, installed as external cladding on the walls of buildings and enabling, through the use of the facades of the building, an increase in the area used for solar energy production). The BIPV activity is an activity at the beginning of its development in Israel and in the world.









# Tadiran Aluminum

In order to strengthen its grip on the value chain, Tadiran is expanding and has completed the construction of an innovative aluminum plant in Tsiporit\*, Northern Israel

**NIS 27 million investment**

**The factory covers an area of approx. 5,000 square meters**

**The production line uses natural gas**

**The factory's production capacity is approx. 800 tons per month**

**Flexibility to produce adapted and innovative solutions in the aluminum field according to the needs of customers**

**Innovation: automatic production process, without human contact and lifting means**

**Leading the field of BIPV (in the future) by creating solutions in the field of aluminum for covering buildings with solar panels as a building skin**

**Production of construction for solar systems in Tadiran's New Energy division**

**Production of innovative and advanced technological solutions in the worlds of aluminum for various industrial sectors in Israel and around the world**

The plant will be fully operational during the second half of 2023.





TADIRAN ALUMINIUM

נוף הגליל



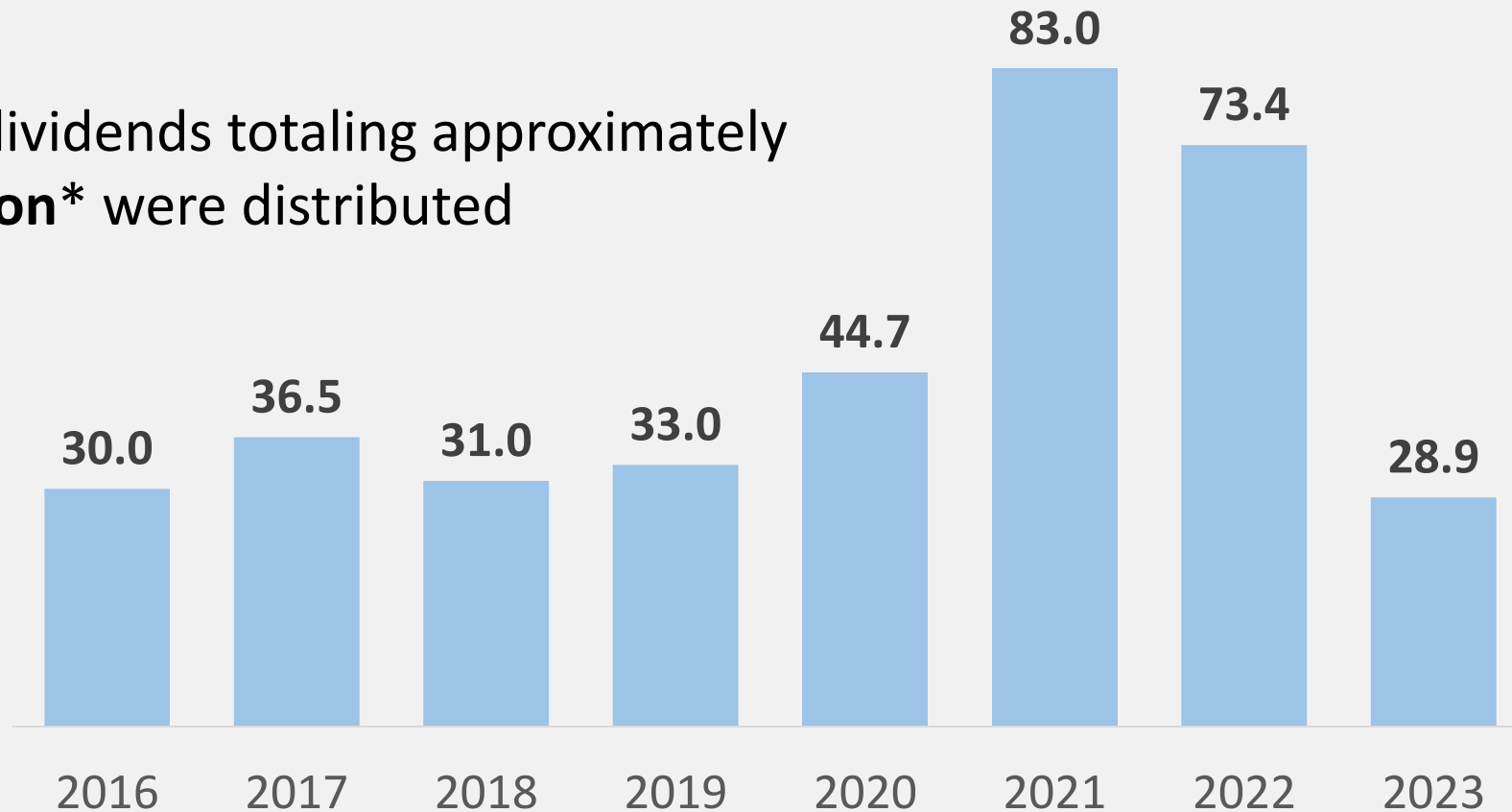
# Financial results for the quarter and the second median for 2023

Tadiran Group NIS in thousands	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
הכנסות ממכירות	416,862	681,312	(38.8%)	852,009	1,186,920	(28.2%)
רווח גולמי שיעור רווח גולמי	76,747 18.4%	132,084 19.4%	(41.9%)	150,830 17.7%	233,944 19.7%	(35.5%)
רווח תפעולי שיעור רווח תפעולי	16,694 4.0%	81,720 12.0%	(79.6%)	83,221 9.8%	134,391 11.3%	(38.1%)
EBITDA שיעור EBITDA	30,088 7.2%	92,166 13.5%	(67.4%)	61,706 7.2%	153,892 13.0%	(59.9%)
רווח נקי שיעור רווח נקי	7,693 1.8%	41,089 6.0%	(81.3%)	50,874 6.0%	80,351 6.8%	(36.7%)

# Dividends

NIS in millions

Since 2016, dividends totaling approximately **NIS 361 million\*** were distributed



\*Includes an expected distribution in the month of August 2023 in the amount of 25.4 as approved by the company's board of directors near the date of publication of the financial statements for the second quarter of 2023 based on the results of the 1st median for 2023.



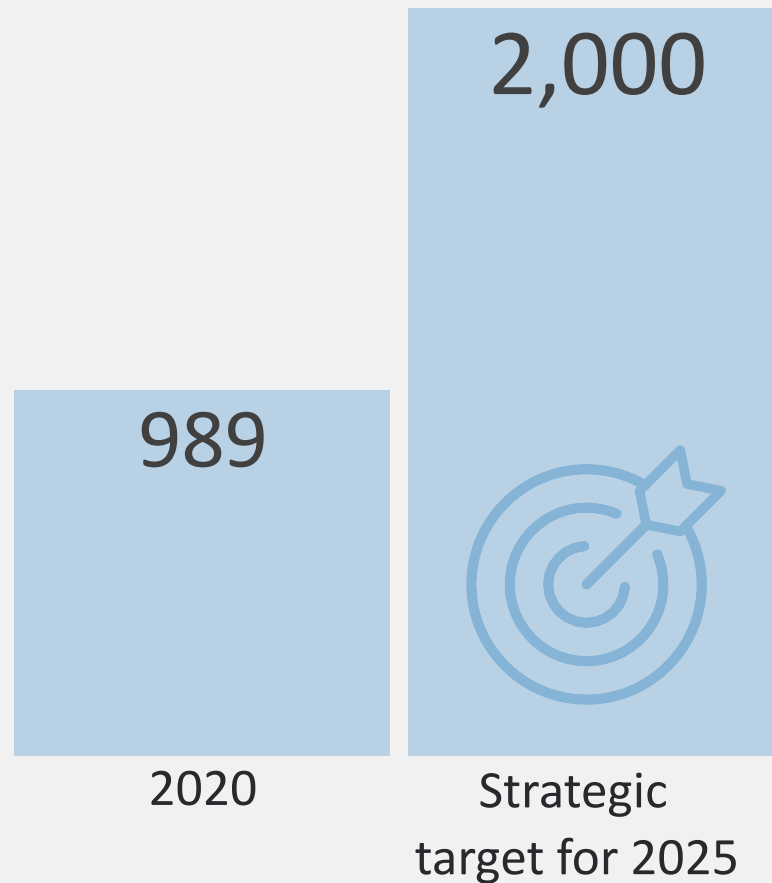


# Tadiran 2026 Summary of strategic plan

The information regarding the goals and the business strategy of the group as described below in the following slides and its estimates regarding the dates in which it will realize the aforementioned goals as well as the manner in which the goals will be realized and including, among other things, the company's assessments regarding the growth potential inherent in the company's various fields of activity, including in the field of renewable energy (including the sale of systems energy storage) and in the TADIRAN AIROW technology and the company's assessments in connection with the growth potential in the field of heat pumps in Europe and in general, the marketing of air conditioners integrated with the aforementioned technology in global targets and the expected volume of sales, as well as the company's assessment in relation to the scope of the operating profit and the rate of operating profitability, is forward-looking information as defined in the Securities Law based on, Among other things, the group's goals as of this date, its assessments of the trends in the group's business in particular and the trends in the markets in which the group operates in general, as well as the group management's assessments regarding the potential and trends in the field of maintaining clean air, including the company's assessments in connection with the marketing and sale of the TADIRAN AIROW technology in global destinations, and in the field of energy Exchanged in Israel and international markets as of the date of this report. These estimates may not materialize and/or materialize in a materially different manner from the group's estimates, among other things, as a result of factors external to the company and which are beyond the company's control, including, among other things, changes in the economic situation in the Israeli economy in general and in the market in which the company operates in particular, trends in relation to demand in Israel and worldwide for products the company in the field of renewable energy as well as for air conditioners in general, and for air conditioners that include TADIRAN AIROW technology in particular and the potential sales volume of such sales, noting, among other things, that this is a new technology and that there may be substitute products in the future, the development of new trends and/or different from those that the group's management estimates as of the time This report, the non-realization of the potential penetration into international markets, regulatory changes and the realization of which of the risk factors described in section 36 of the periodic report.

# 2020 Strategic Plan

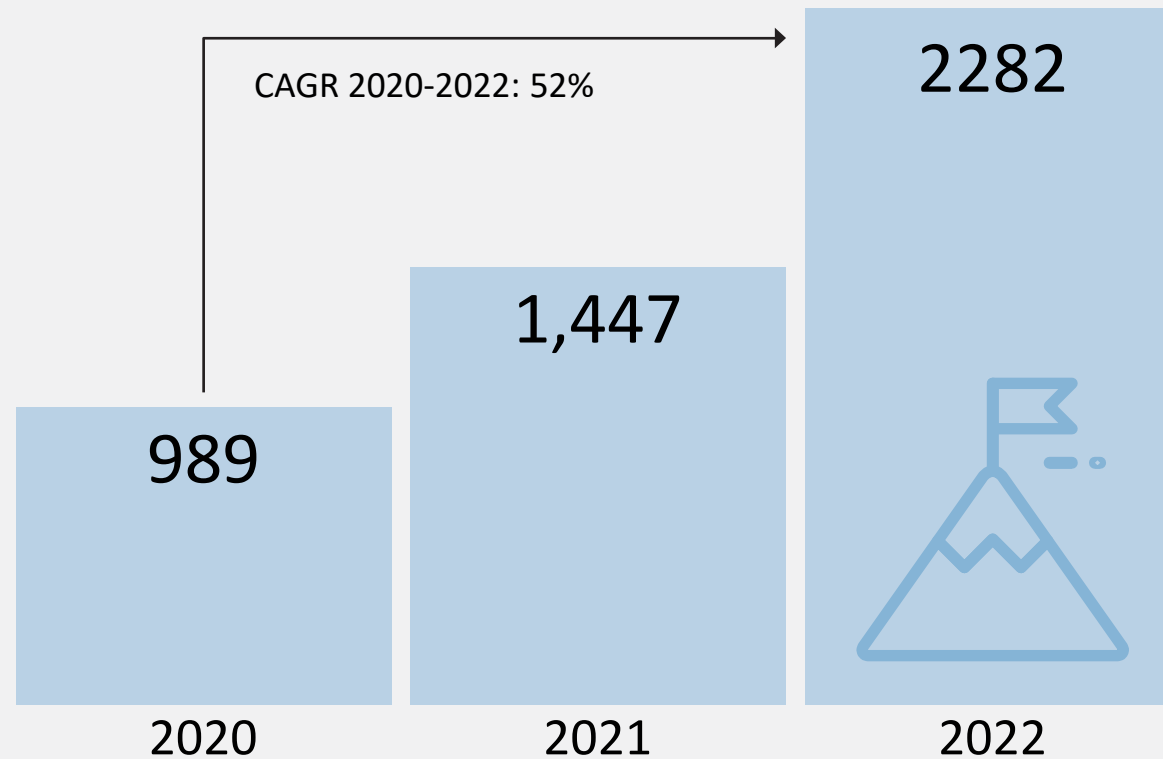
(NIS in millions)



In 2020, a strategy was formulated within which a revenue target of approximately NIS 2 billion was set until 2025

# Completion of the 2020 strategic plan 3 years early

(NIS in millions)



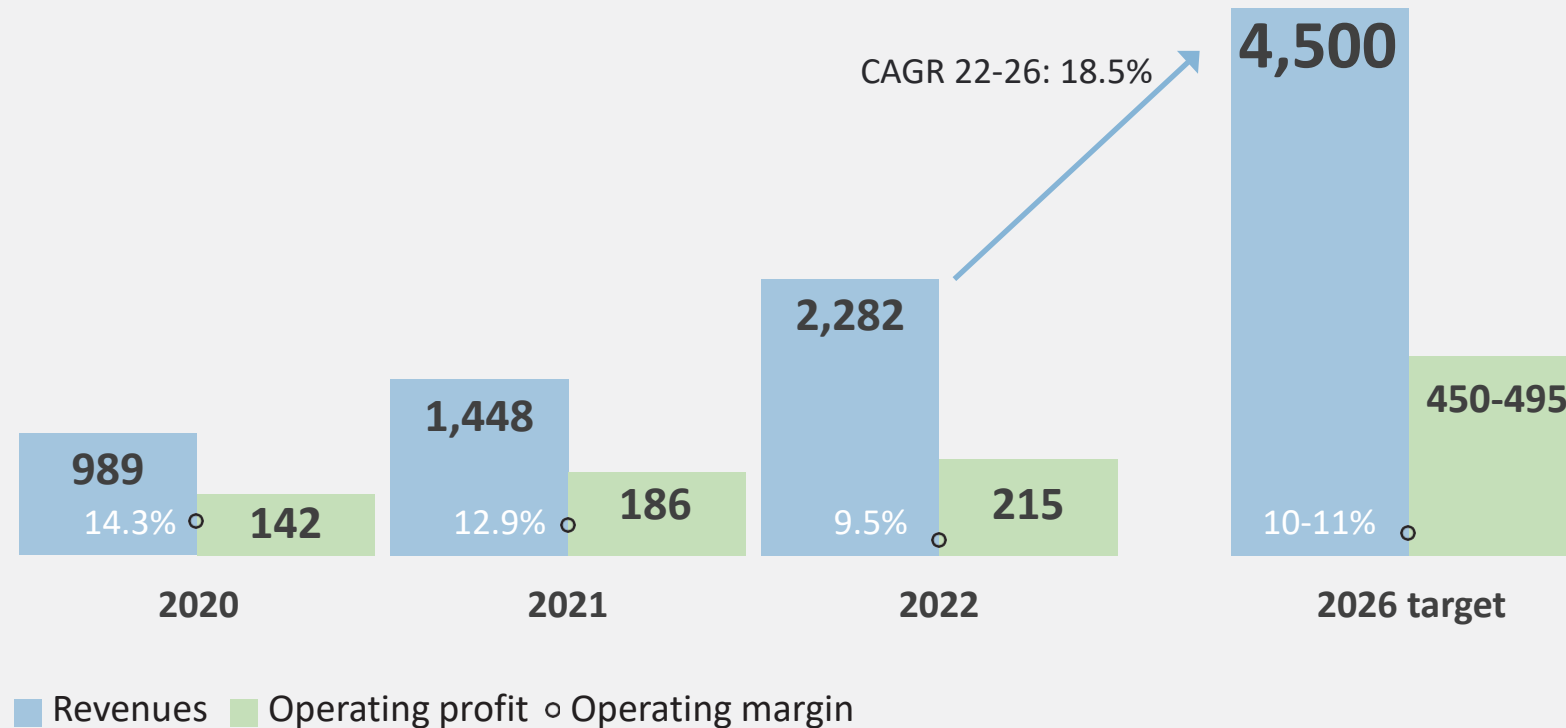
Sales  
development  
2020-2022

Source: Tadiran financial reports + 2020 strategic plan



# Revenue development 2022-2026

(NIS in millions)



Expected revenues of approx. NIS 4.5 billion and an operating profit of NIS 450-495 million in 2026



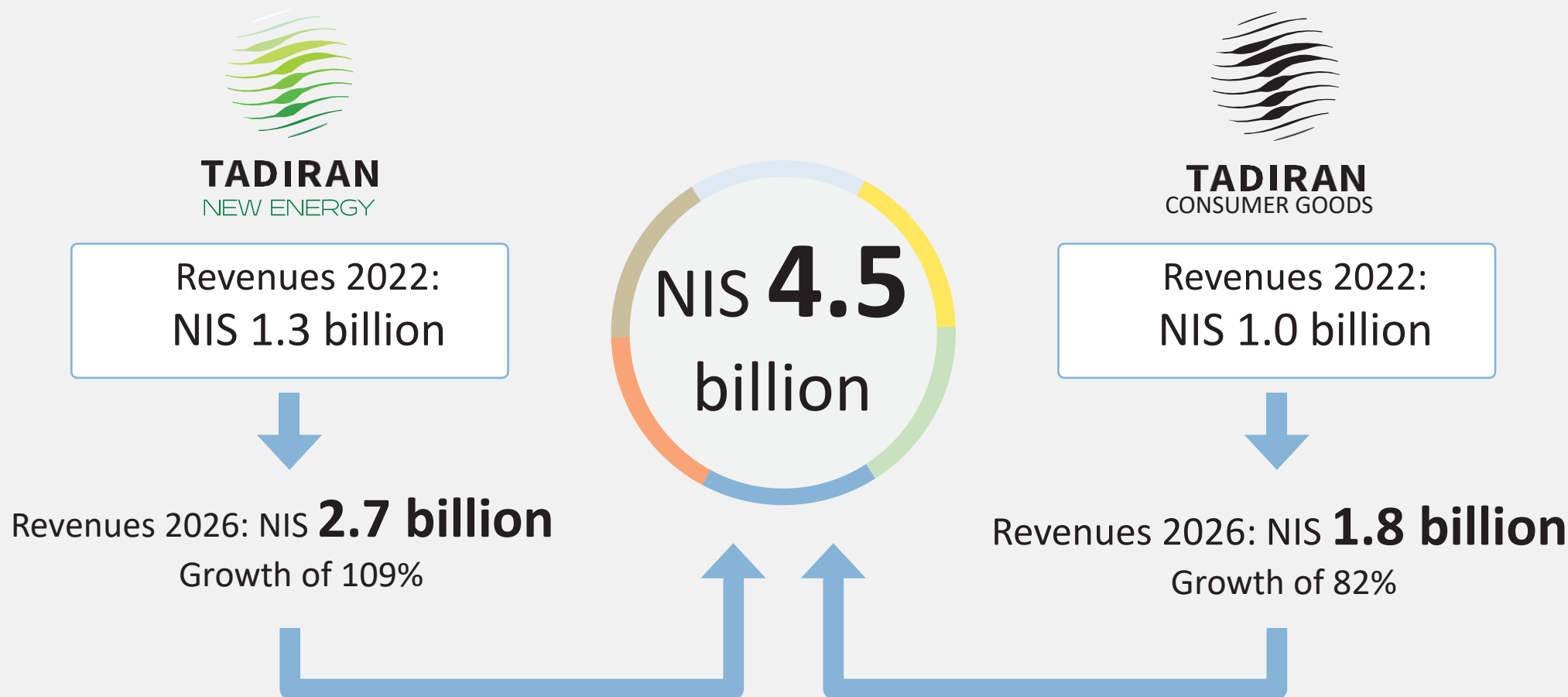
# Purchases in the energy sector during 2021 and 2022



Entry into the energy market was based on acquisitions made in 2021 and 2022 in Israel and Italy

Tadiran Solar: on 12.2020, 75% of Eliran Solar was acquired and on 6.2021, the remaining 25% was purchased  
Tadiran Energy Solutions (formerly: "Aviam Systems") was acquired on 8.2021 together with all related companies (Tensor Systems and eVM) and renamed to Tadiran Energy Solutions

# The expected source of growth in each segment in order to meet the 2026 goals

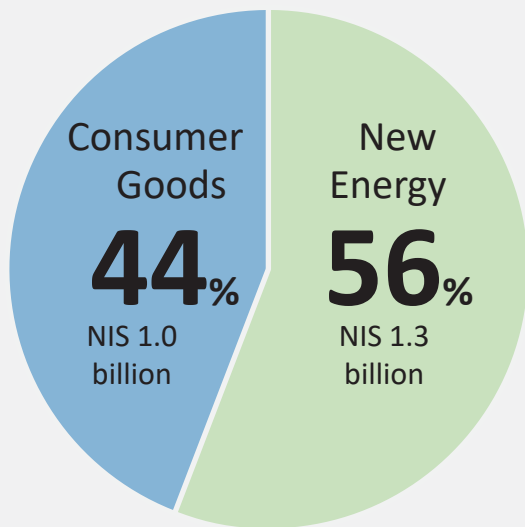




# Revenue distribution in 2022 versus 2026

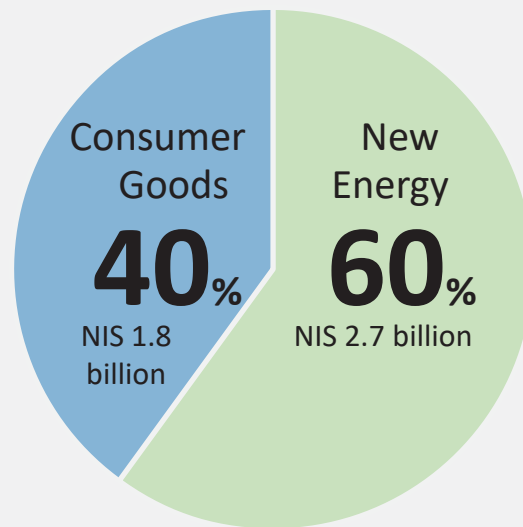


Revenues **2022**



Total 2022 revenues  
**NIS 2.3 billion**

Revenues **2026**



Total 2026 revenues  
**NIS 4.5 billion**

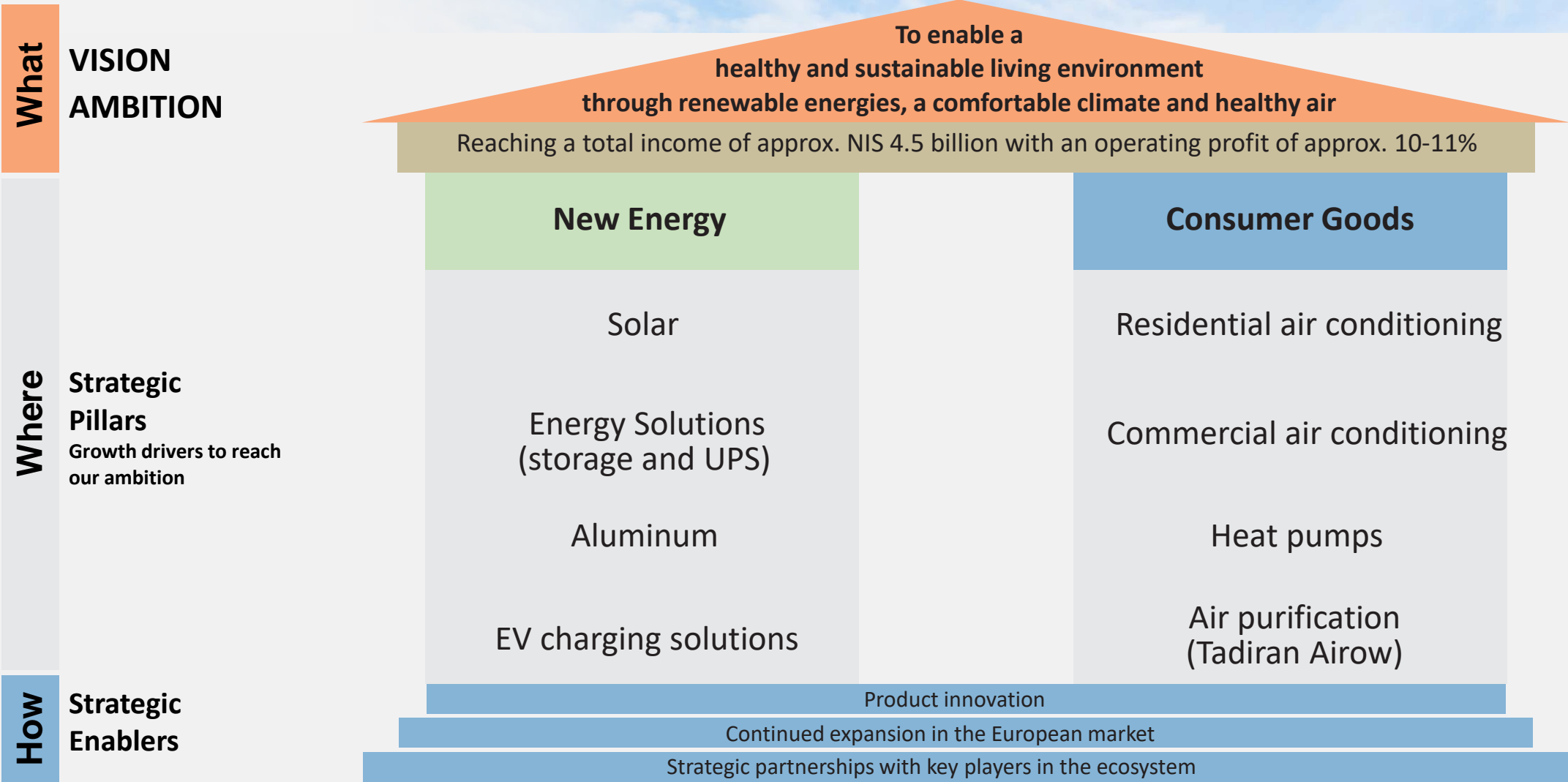


# Guidelines for activity growth

Consumer Goods	Guidelines
<b>Air conditioning residential and commercial</b>	<ul style="list-style-type: none"> <li>• Maintaining market leadership in the domestic segment</li> <li>• Continued expansion of activity and growth in the commercial segment</li> <li>• Emphasis on introducing new products with added value to the market</li> </ul>
<b>Heat pumps</b>	<ul style="list-style-type: none"> <li>• Green building standard in Israel</li> <li>• The excess demand in the European market for heat pumps</li> <li>• Production of heat pumps in a factory in Afula - no need for significant investments</li> <li>• Cooperation with European distribution companies and/or use of the VP Solar platform</li> </ul>
<b>Air Purification - Tadiran Airow</b>	<ul style="list-style-type: none"> <li>• 2023 First commercial year</li> <li>• Go To Market is currently focused on B2B distributors in several markets</li> </ul>

New Energy	Guidelines
<b>Solar</b>	<ul style="list-style-type: none"> <li>• Continued growth in the Italian market and organic development in the rest of the European markets</li> <li>• Future market size in Israel</li> <li>• Increasing the national distribution by opening another branch in the north of the country</li> </ul>
<b>Energy Solutions (storage and UPS)</b>	<ul style="list-style-type: none"> <li>• The company has business contracts in the amount of up to approx. \$215 million and at the same time several open offers</li> <li>• The development of the storage sector in Israel</li> <li>• Expansion in activity that includes marketing of uninterruptible power systems and other electrical systems</li> </ul>
<b>EV charging</b>	<ul style="list-style-type: none"> <li>• The growth of the electric vehicle market</li> <li>• Focus on the marketing of charging stations for all types of electric vehicles</li> </ul>
<b>Aluminum</b>	<ul style="list-style-type: none"> <li>• The activity includes the production and trade of profiles for the local market</li> <li>• In the future - it is possible to expand the activity to international markets</li> </ul>

# Guidelines for activity growth







**TADIRAN**

