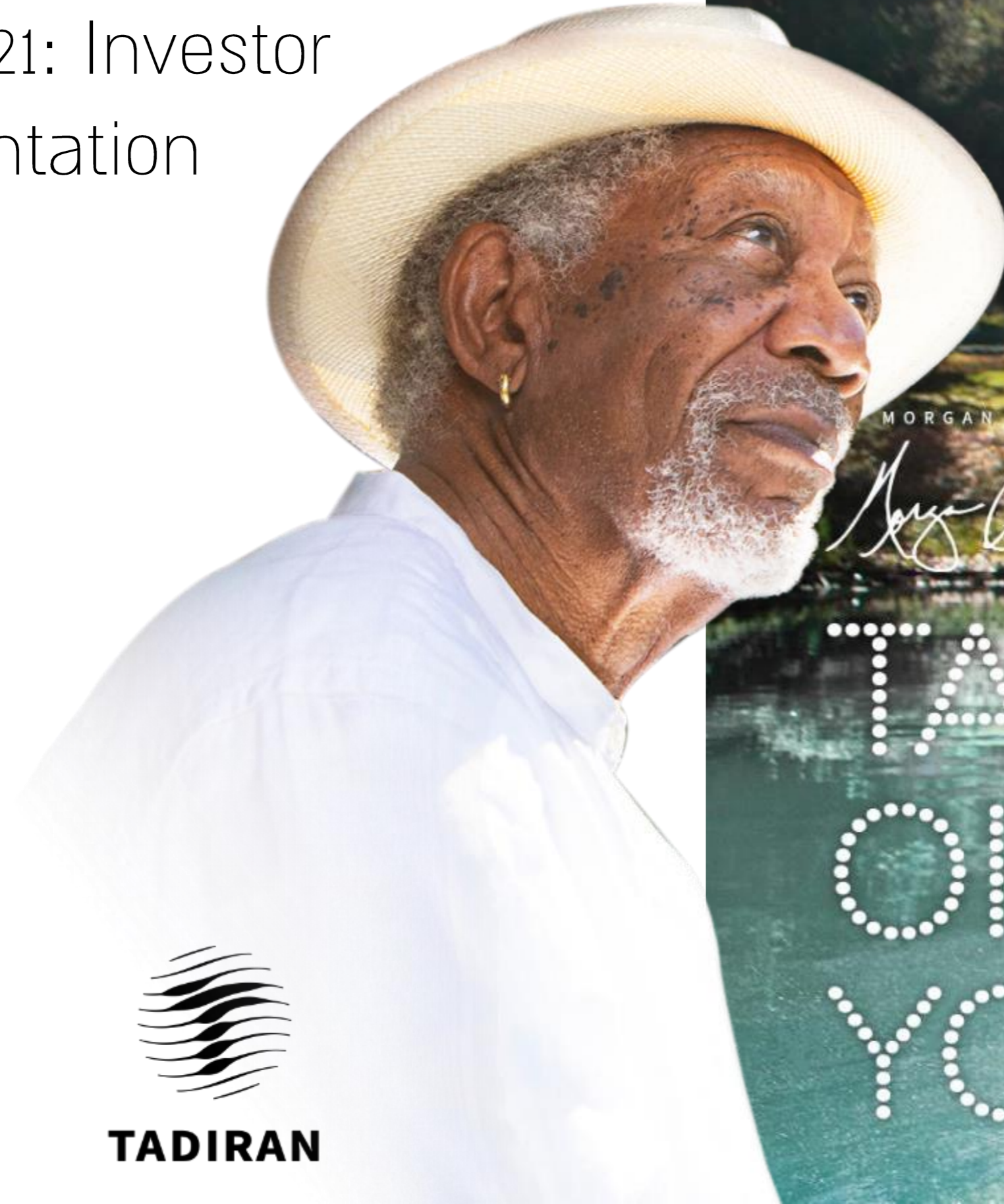


Q1-2021: Investor presentation





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 2020, first quarter 2021, 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 Air Care O2 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 assessments may not materialize and / or materialize significantly differently from the Company's assessments, inter alia, as a result of factors external to the Company and which are not under control, including, inter alia, changes in the economic situation in Israel in general. Different from those that the Company's management estimates as of the date of this report, the non-realization of the potential penetration into international markets in general, and in particular those listed above, regulatory changes and the realization of some of the risk factors described in the Company reports, continued potential effects. These assessments may not materialize and / or materialize significantly differently from the Company's assessments, inter alia, as a result of factors external to the Company and which are not under control, including, inter alia, changes in the economic situation in Israel in general and in the market in which the Company operates in particular, development of new and / or different trends from those that the Company's management estimates as of the date of this report, failure to penetrate international markets in general, and in particular those listed above, regulatory changes and the realization of risk factors described in the Company's reports, the continuation of potential effects of the corona crisis and so on.

To the extent that there is a conflict 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.

# Our vision

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“Impact health and life quality through  
air care and improved living space,  
introducing innovative and environment  
friendly solutions”

# Contents

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- Company Summary
- Financial data
- Progress in implementing the strategy



**TADIRAN**

With a strong brand, Tadiran is leading the industry

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Tadiran is the leading air conditioning company in Israel

Seen continuous growth in market share in recent years, achieving approx. 40% of total market share in 2020\*

Industry leader for service and main distribution channels



Strong financial results

Significant increase in revenues in the last five years, with strong net profit and strong cash flow

Achieved an upward trend in debt rating to A1 Stable, rated by Midroog (Moody's subsidiary)



An Israeli super brand on an international scale

60 years of activity in Israel

Featured on Superbrands 3 years in a row

A well-known brand in the world with an emphasis on Europe

\*Source: Company's estimations



# Tadiran – 60 years of activity in Israel and globally

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1962



Tadiran was established

1983



Opened manufacturing facility in Afula, Northern Israel

2002



Carrier purchases Tadiran and starts export activities

2010



Mr. Moshe Mamrud becomes largest shareholder via acquisition from Carrier

2017



Tadiran becomes part of Tel Aviv-125 Index

2019



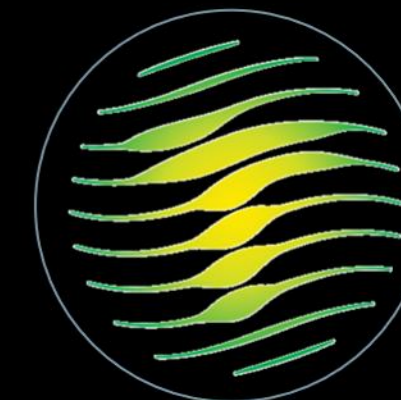
Launched marketing campaign with Hollywood actor Morgan Freeman

2020



Publicly launched global growth strategy

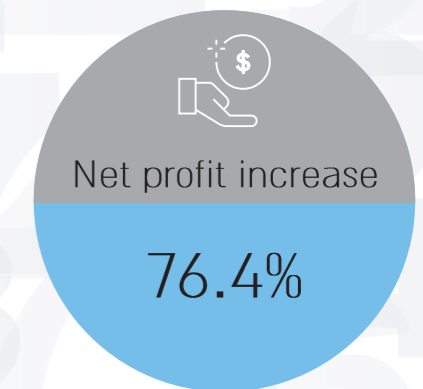
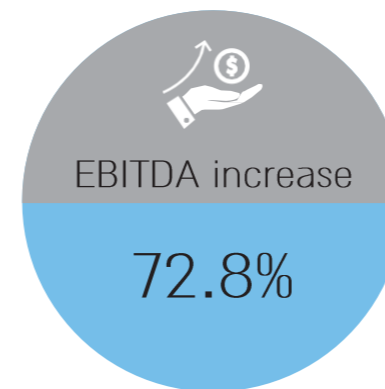
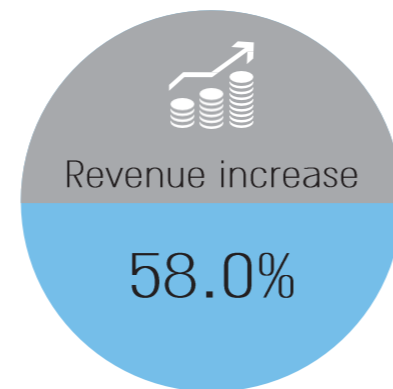
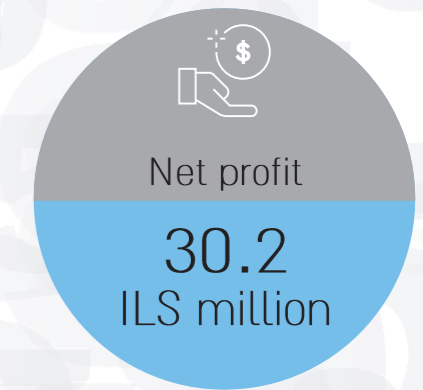
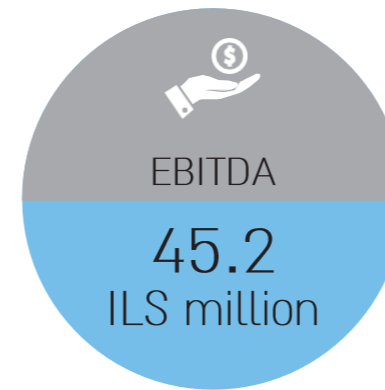
2021



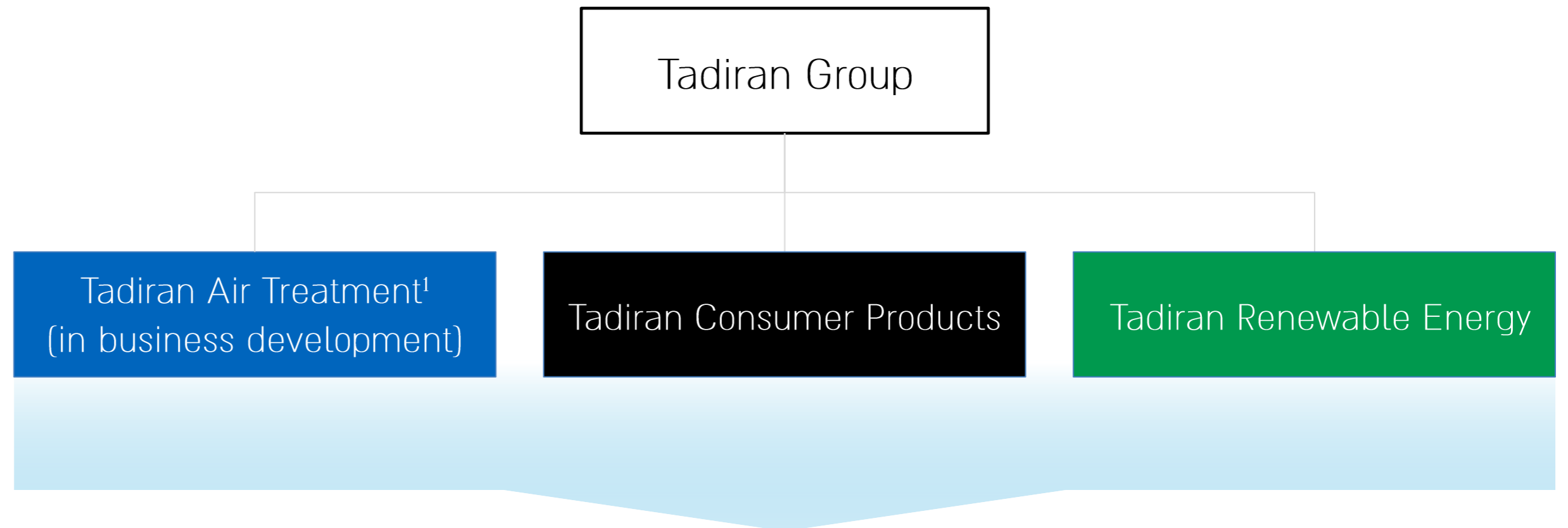
Acquisition of Tadiran Solar and strengthening of renewable energy activity



# Q1-2021 in numbers



The group's activities support the implementation of the growth strategy



- A unique product based on Air Care O2 technology
- Intellectual property, development capabilities and technological roadmap
- Potential global and growing market

- The leading air conditioning brand in Israel
- Independent development capabilities
- Advanced production, service and logistics system
- Overseas growth potential

- A one stop shop for solar energy systems
- A solid base of customers and suppliers
- Growth potential and synergies with Tadiran's core business
- Energy efficiency

<sup>1</sup> It should be clarified that as of this date the Company has no material activity in this field

The diagram above does not represent areas of activity / sectors but the business activity in accordance with the company's strategy and business objectives.



# Air conditioning market in Israel

Total market volume is approx. NIS 3.0 billion

Residential air conditioners



VRF



AHUs, blowers packages



Chillers



Market size  
(NIS in millions)

~2,200

~350

~240

180-200

The developing renewable energy market is a significant growth engine for Tadiran

PV volume installed<sup>1</sup>



Estimated market size in 2021<sup>2</sup>

Residential roofs



NIS 250-300 million

Commercial-industrial roofs



NIS 1-1.1 billion

Solar farms



NIS 500-600 million

*Tadiran Solar already operates in these segments*

*Exploring ways to enter this segment*

Tadiran is a leading player in the fast-growing solar equipment market

1. Data from the Energy Authority "Increasing electricity production targets for renewable energy for 2030" August 2030 and accompanying Excel sheet and <https://www.themarket.com/dynamo/.premium-1.9624428?lts=1617804116812>.  
 2. Evaluation of Tadiran Solar's management for 2021 and market surveys (equipment only), data from the Energy Authority



# Energy efficiency

As part of the ESCO project, energy consumption systems in hospitals are replaced with more efficient systems. The company receives consideration of 80% of the savings until the end of 2033.

As part of the project, energy efficiency solutions are expected to be installed in 9 hospitals throughout Israel.

Total expected expenses are estimated at NIS 96 million (approximately NIS 22 million in respect of installation costs and approximately NIS 74 million in respect of maintenance and other expenses).

As of 31.12.2020:

- In the lighting and thermal fields: The first phase of the project has been completed.
- In the field of heating: The project is nearing completion in 2 hospitals.



המרכז הרפואי ע"ש אדית וולפסון



Assaf Harofeh Medical Center



המרכז הרפואי הלל יפה



המרכז הרפואי זיו



בית חולים לנליל המערבי נהריה



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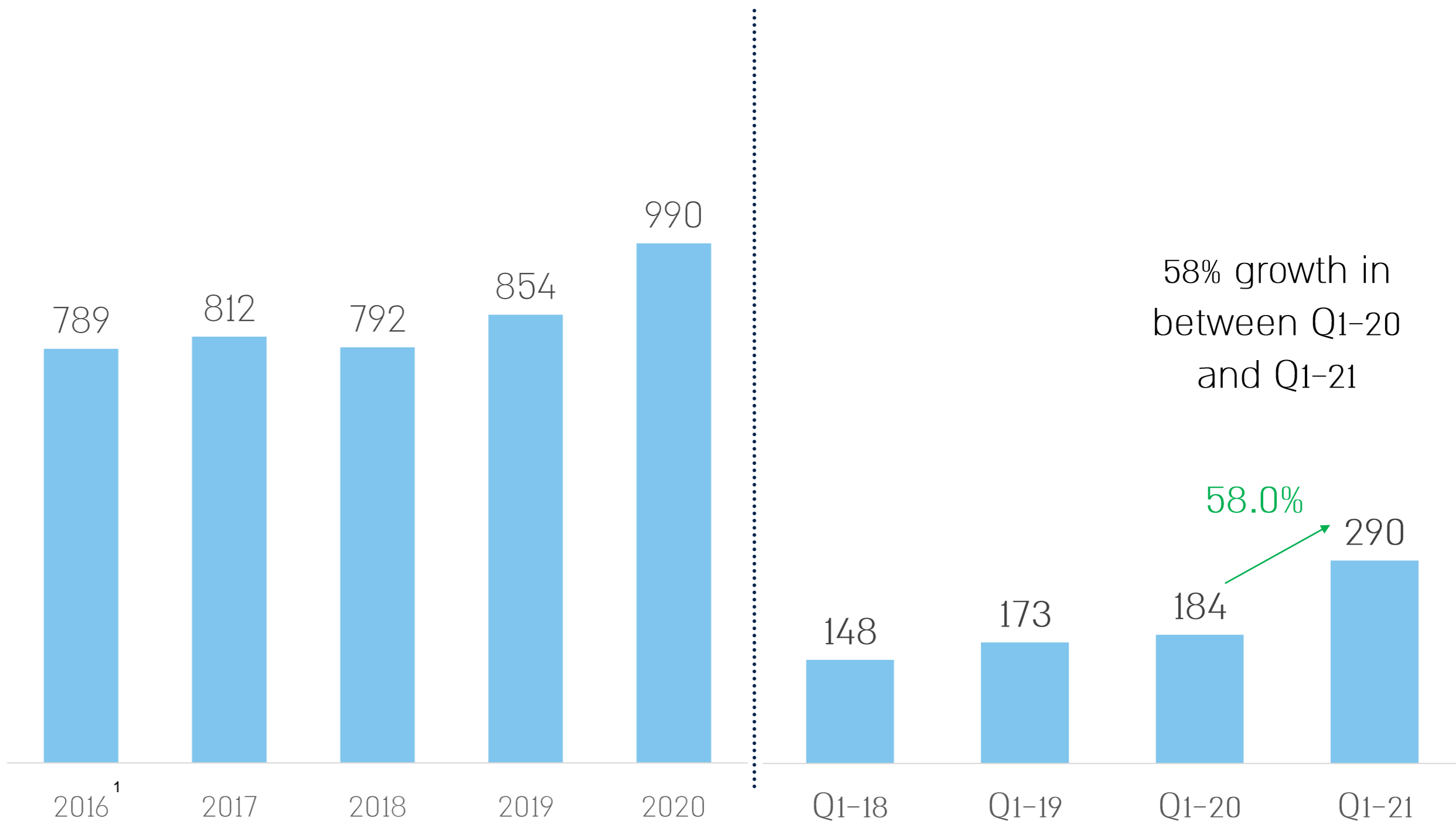
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- Company Summary
- Financial data
- Progress in implementing the strategy



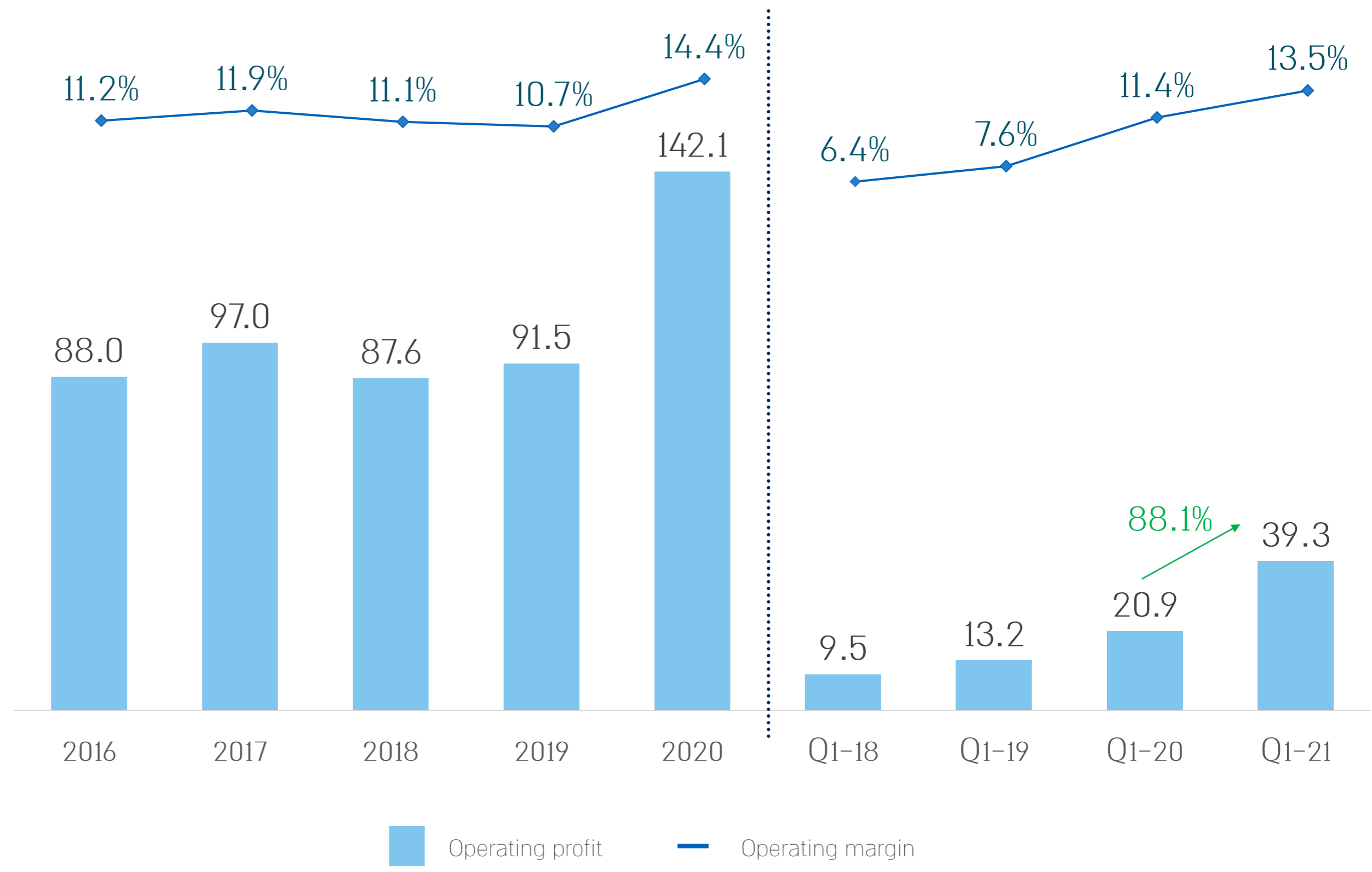
**TADIRAN**

# Revenues (NIS in millions)



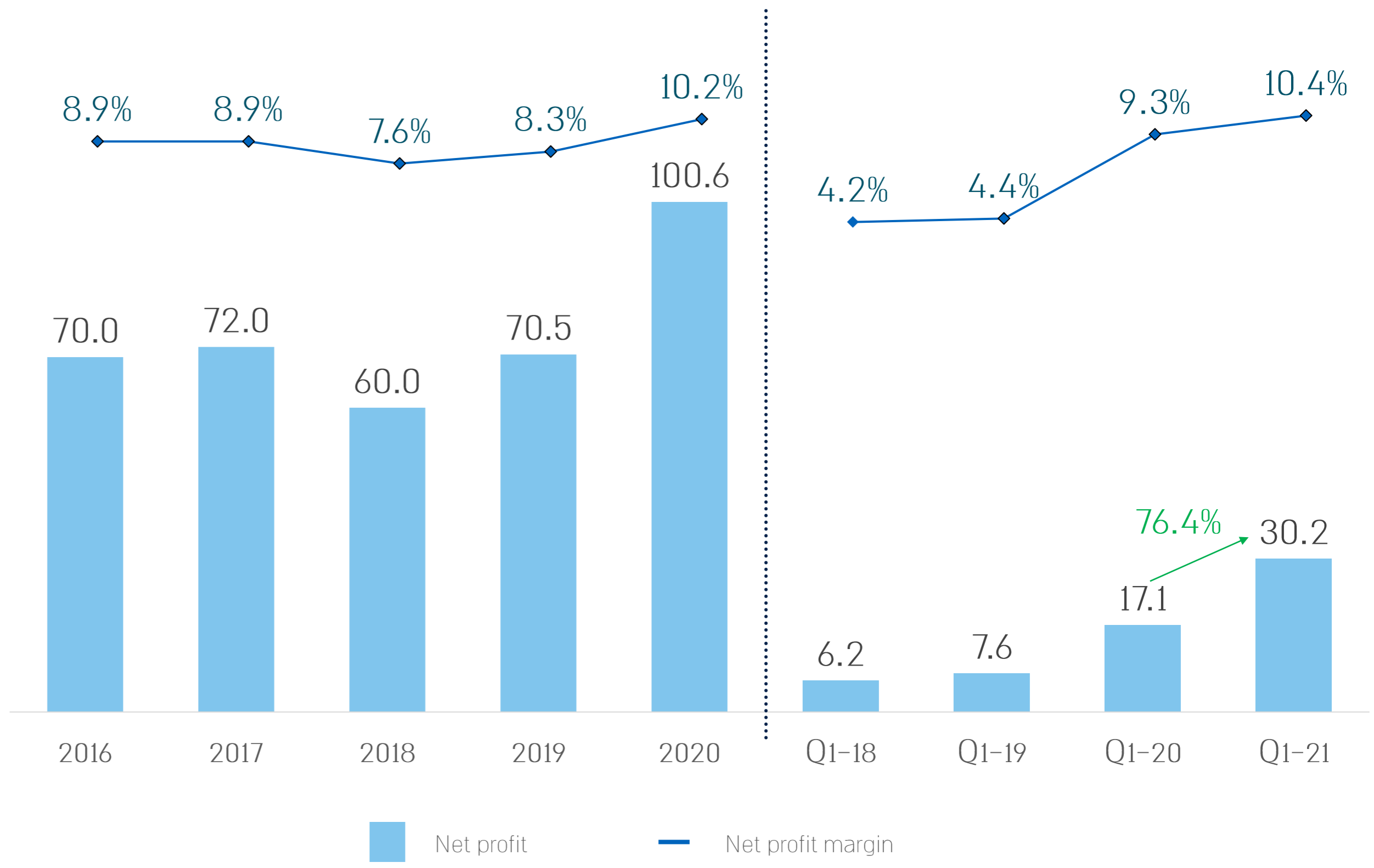
<sup>1</sup> Includes NIS 69 from discontinued operations that were subsequently classified as continuing operations.

# Operating profit (NIS in millions)





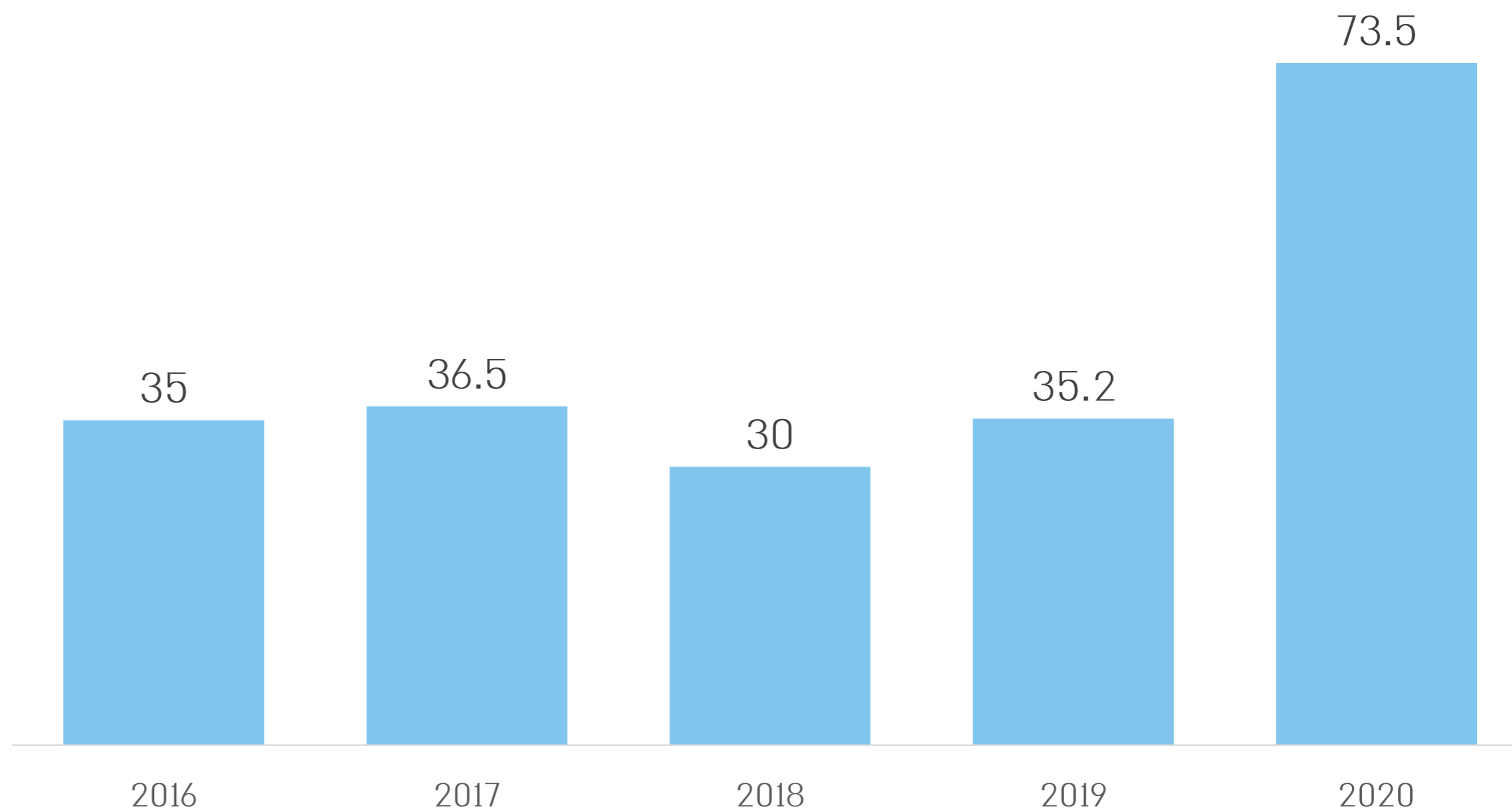
# Net profit (NIS in millions)



## Dividend distribution (NIS in millions)

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Since 2016, Tadiran has distributed  
NIS 210.2 million of dividends.



# Summary balance sheet

(NIS in millions)

	31.03.21	31.03.20	31.12.20
Cash and cash equivalents	248.9	125.7	329.5
Other current assets	485.4	407.1	341.1
Non-current assets	186.8	143.1	138.1
<b>Total assets</b>	<b>921.1</b>	<b>675.9</b>	<b>808.8</b>
Current liabilities	383.0	280.7	253.7
Non-current liabilities	154.5	56.9	156.6
Equity	383.6	338.3	398.5
<b>Total liabilities and equity</b>	<b>921.1</b>	<b>675.9</b>	<b>808.8</b>



# Key financial ratios

Ratio	31.03.21	31.03.20	31.12.20
Current ratio	1.92	1.90	2.64
Quick ratio	1.35	1.28	2.1
Equity to assets	41.6%	50.0%	49.3%
Net financial debt (NIS millions)	-113.0	-92.0	-176.8
Net debt to equity	-0.6	-0.8	-1.1

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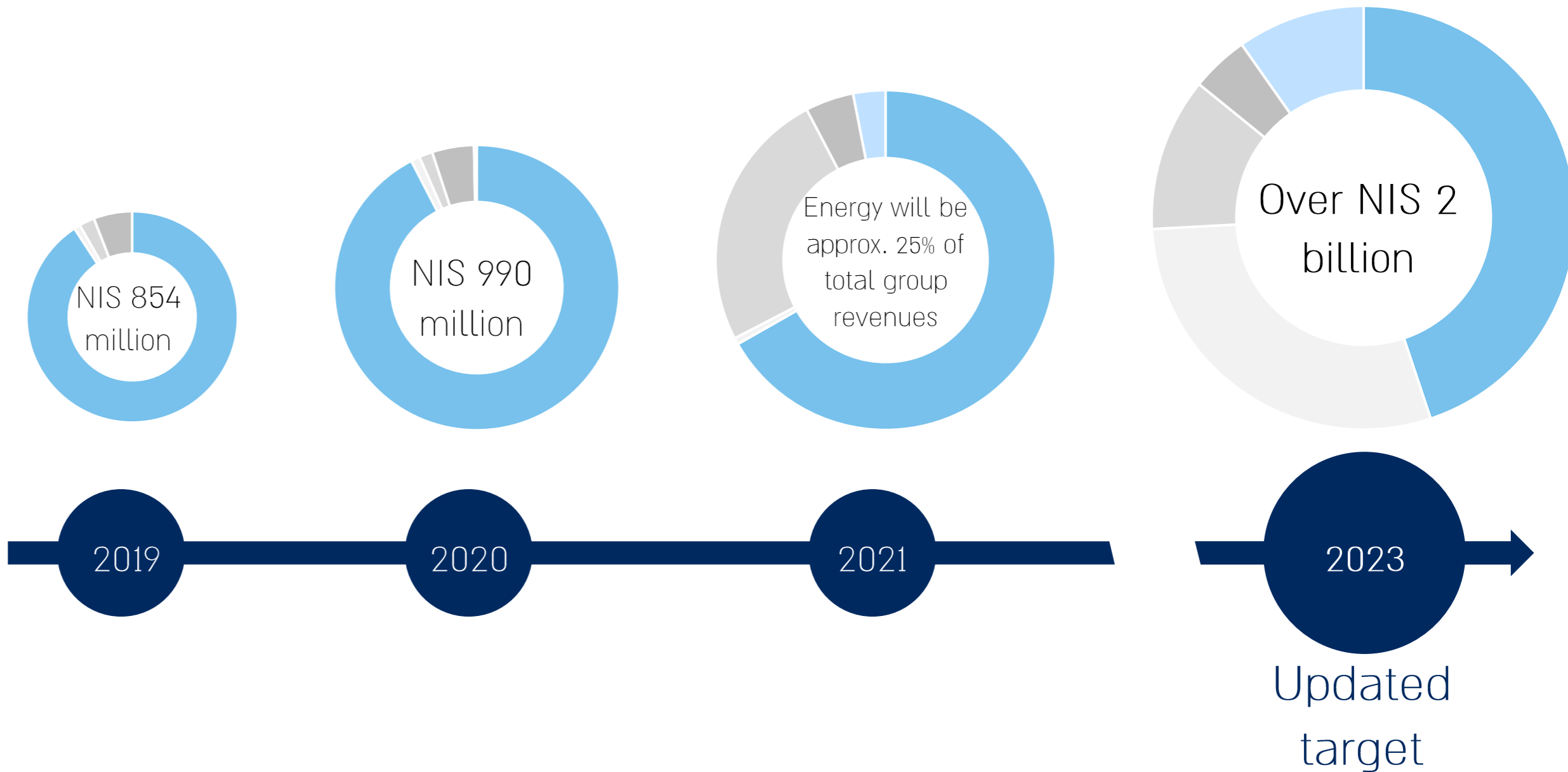
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**TADIRAN**

# Shortening the growth strategy target by two years

■ Air conditioning - Israel ■ Air conditioning - global ■ Energy ■ Other ■ Air treatment

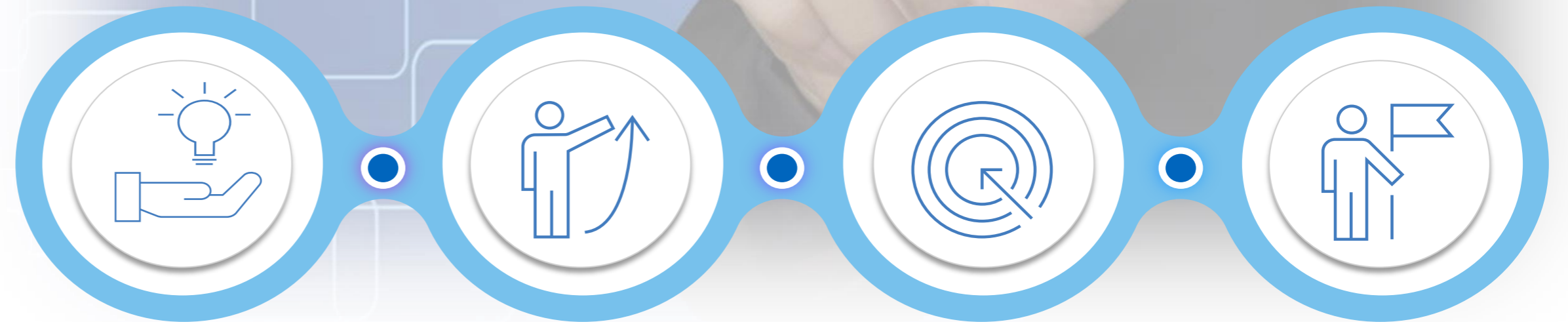


The information in this slide, including the advancement of the target for the realization of growth strategies by two years, is forward-looking information as defined in the Securities Law based, inter alia, on the Group's objectives as of this date, its estimates of trends in the Group's businesses in particular, and trends in the field of energy efficiency in Israel, the field of alternative energy in Israel and the international markets as of the date of this report. These assessments may not materialize and / or materialize in a materially different way from the Group's assessments, inter alia, as a result of factors external to the company and which are not under control, including changes in the state of the Israeli economy in general and the market in which the company operates in particular, differences from those that the Group's management estimates as of the date of this report, the non-realization of the potential penetration into international markets in general, and in particular those listed above, regulatory changes and the realization of which of the risk factors described in the Company's reports.



# Key principles of the group's strategic plan and growth engines

# STRATEGY



A technological and innovative value proposition for air treatment

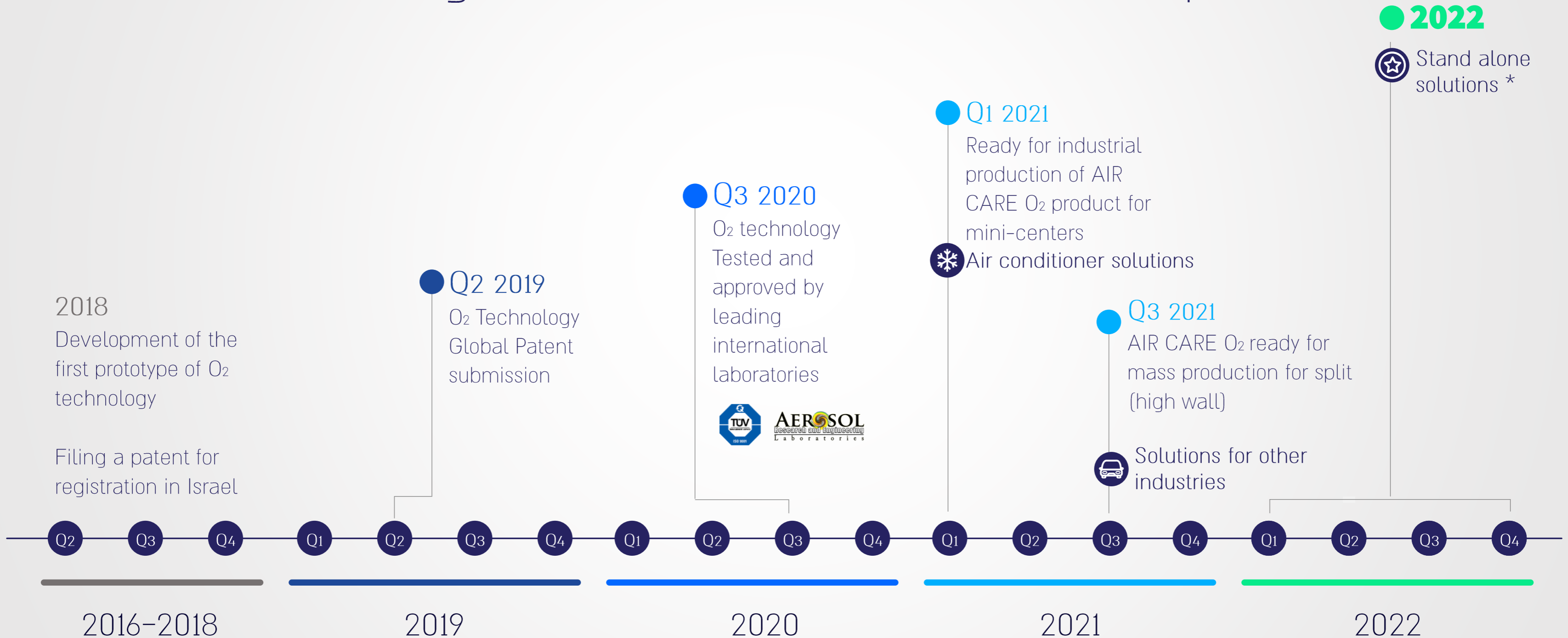
Expansion into areas of synergistic activity in Israel - renewable energy

Entering growing markets globally

Preserving the lead in the Israeli market: Home and Commercial Air Conditioning



# Roadmap of innovation and development of the next generation of air treatment products



The information in this slide, for the years 2021 and 2022, is forward-looking information as defined in the Securities Law, based, inter alia, on the Group's objectives as of this date, its assessments regarding capability and prior product development as of this date. These assessments may not materialize and / or materialize in a manner that is materially different from the Group's assessments, inter alia, as a result of factors external to the Company and which are not under control, including changes in the market economy in which the Company operates, new trends and / or different from the Group's management assessments as of the date of this report, regulatory changes and the realization of which of the risk factors described in the Company's reports.

# Global deployment

● Target market



The Company expects sales of tens of thousands of units in the coming year

• It should be emphasized that as of this date, the global activity is in the stages of business development before the sales of the technology have begun and the company has not yet entered into binding agreements. Information presented in this slide constitutes the Company's work plan in relation to the target markets

• The information in this slide is forward-looking information as defined in the Securities Law based, inter alia, on the Group's objectives as of this date, its assessments of trends in the Group's businesses in particular and trends in the market in which the Group operates in general and the Group's management assessments. These assessments may not materialize and / or materialize significantly differently from the Group's assessments, inter alia, as a result of factors external to the Company and which are not under control, including, inter alia, changes in the economic situation in the Israeli economy and international markets, development of new and / or different trends that the Company's management assesses as of the date of this report, potential non-realization for international markets in general, and in particular those listed above, regulatory changes and the realization of which of the risk factors described in the Company's reports.



# Synergistic activity in Israel: Renewable energy



Tadiran's entry into the renewable energy market through the acquisition of 75% of the shares of Tadiran Solar – completed in January 2021



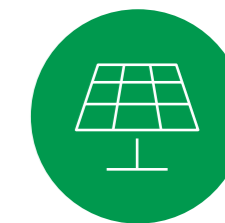
Expanding the value proposition to customers:  
Brand, logistics, service, sales channels



Focusing on Tadiran's core markets:  
Residential, commercial and industrial



Tadiran's core area:  
Design, equipment and distribution



Entry into the growing sector:  
Solar energy

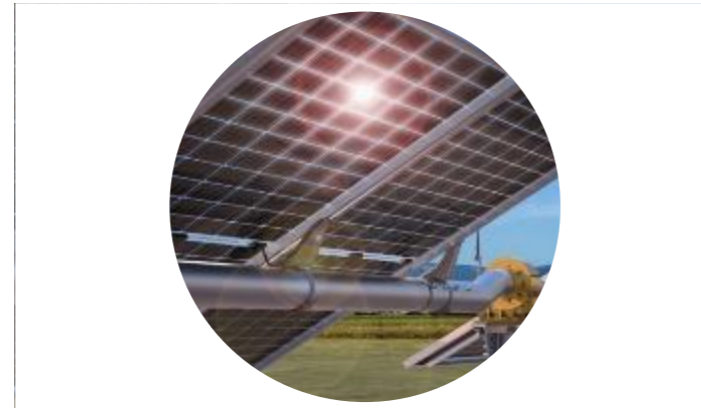
The renewable energy activity will reflect approx. 25% of Tadiran Group's activity. The Group works to realize synergies and expand the value proposition in this segment.

The information regarding the Company's assessment regarding the scope of renewable energy activity in the Group is Forward-Looking Information as defined in the Securities Law based, inter alia, on the Group's objectives as of this date, its assessments of the trends in the Group's businesses in particular and the trends in the market in which the Group operates in general, as well as the Group's management assessments in relation to potential and trends in the field of energy efficiency in Israel and the international markets as of the date of this report. These assessments may not materialize and / or materialize in a materially different way from the Group's assessments, inter alia, as a result of factors external to the Company and which are not under control, including changes in the state of the Israeli economy in general and the market in which the Company operates in particular, development of new and / or different trends from those that the Group's management estimates as of the date of this report, the non-realization of the potential for penetration into international markets in general, and in particular those listed above, regulatory changes and the realization of some of the risk factors described in the Company's reports.



# Tadiran Solar's value proposition

A leader in the design, processing, import, distribution and sale of products for assembling PV systems. The company is a **one stop shop** in the field of solar equipment and provides a complete and comprehensive solution to its customers.



## Solar panels

Authorized distributor of JINKO – a leading international panel manufacturer



## Optimization systems

Converters, optimizers, monitoring devices. The company is a leading distributor of SolarEdge converters



## Construction

Import of raw materials and processing in Israel

## Activities of the acquired company: planning, marketing and distribution

- Logistics and trade activities
- A wide portfolio of products in the solar field for the domestic and commercial market
- Wide and synergistic customer base for Tadiran

- Leveraging the capabilities, core assets and the value proposition of Tadiran
- Development of unique products and launch of solutions in the solar world

# Entering Growing Markets: Exploring investment in Europe

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Gradual entry based on the acquisition of companies with sales of tens of millions of USD

Leverage the local brand and the gradually introduce the Tadiran brand

Implementation of service standards and operations in accordance with market needs while implementing Tadiran capabilities

Launch of new products according to market needs while leveraging Tadiran's engineering capabilities

Exploitation of synergies in development, production and procurement (including export benefits)

The company is working to realize this strategy and examines investment opportunities in the European market



# Preserving the lead in the local market: Residential and commercial air conditioning

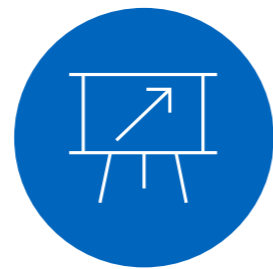
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Expansion of activities and preserving and cultivating the distribution channels



Launching unique and innovative products



Increasing activity in the commercial market



Realization of synergies with other areas of activity

