



Tadiran Group



Company Presentation, August 2024



TADIRAN

Forward-looking information

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company's business in particular and trends in the market in which the company operates in general, as well as the company's management's assessments regarding the potential and trends in the market in Israel and the international markets as of this date. 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, regulatory changes and the realization of which of the risk factors described in the company's reports and the possible effects of the war of iron swords, 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.



Company Vision

"Enabling a healthy and sustainable living environment through renewable energy, comfortable climate and clean air, alongside maintaining its position as a leading company in the field of home and commercial air conditioning in Israel."



Comprehensive End-to-End Solutions

Group Structure

Tadiran Group



Home and commercial air conditioning

Development capabilities.
Independent Advanced production, service and logistics systems.
Heat pumps – water heating solutions

White consumer goods

Import, marketing and distribution of electrical appliances for home use.

VP Solar

One-stop shop in Europe for solar energy systems and heat pumps

Tadiran Arava

Planning, engineering and installation of cladding, curtain walls and BIPV (in the future)

Tadiran Aluminum

Extrusion plant and trade in aluminum profiles

Tadiran Solar

One-stop shop for solar energy systems in Israel

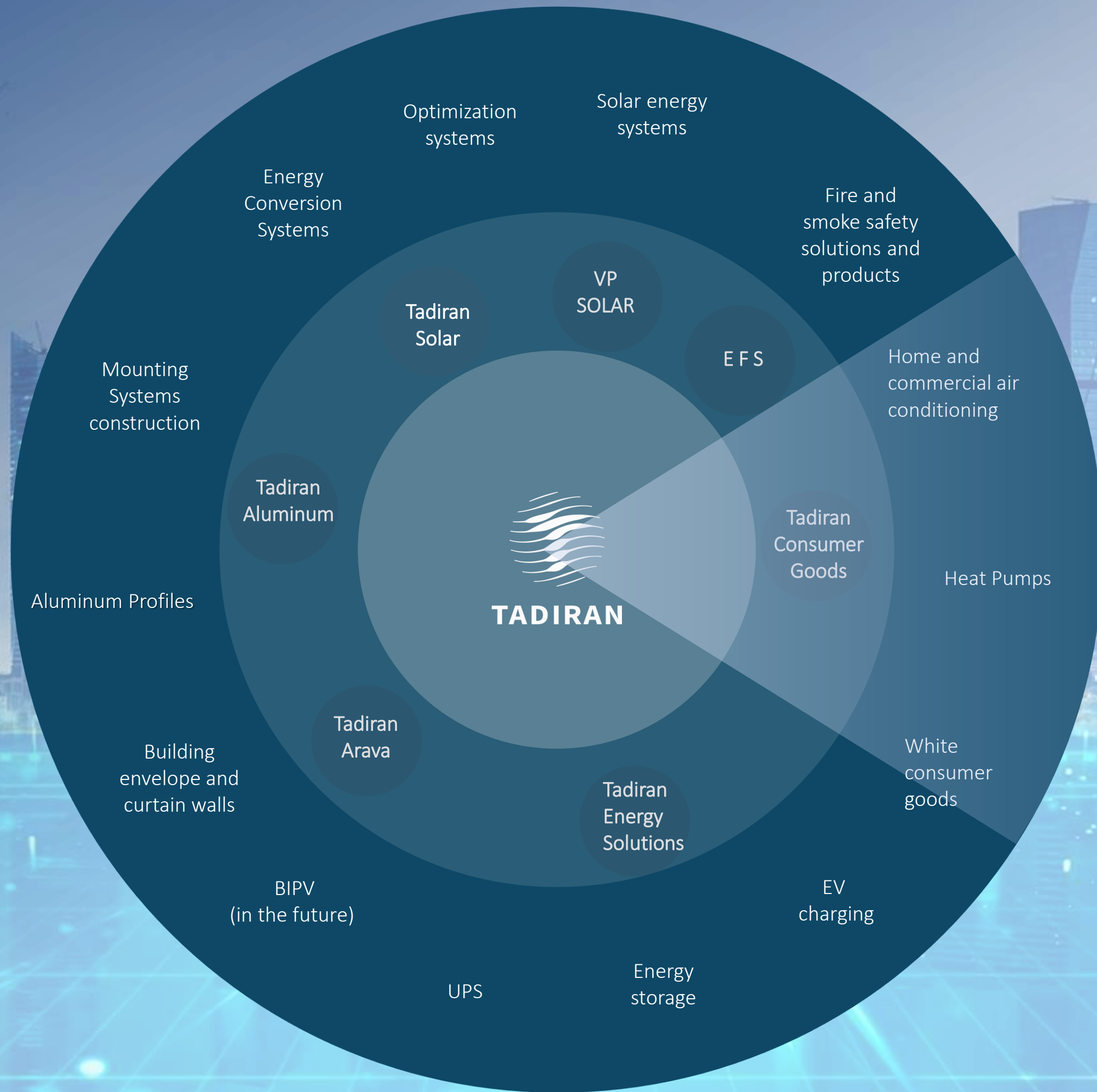
Tadiran Energy Solutions

Energy storage systems, UPS, batteries, and vehicle charging management systems

EFS

Fire and smoke safety solutions and products





Full End-to-End Value Chain

Trade

Management of a broad product portfolio of leading global brands in both air conditioning and new energy

Service

Leading in-house customer service department. Tadiran Xpert team to support every complex project

Innovation

Local Israeli R&D department. Connection to startups and nurturing entrepreneurship

Supply Chain

Complex logistics system of import, production, storage and distribution. Efficient inventory process that allows for work in dynamic market conditions and a wide range of projects.

Manufacturing

Factories in Israel including advanced laboratories and rigorous quality control.



Leading, Recognized, and Preferred Brand



Branding Award 2022



Award for Excellence in Customer Service and Experience



Globes' Leading Employers List



Superbrands 2022



Booster Award 2022



effie awards 22



TADIRAN

Main developments in the second quarter and first half of 2024

- The **consumer goods sector** - revenues and operating profit in the second quarter of 2024 increased compared to the corresponding quarter last year and compared to the first quarter of 2024, also as a result of the effect of the ongoing heat loads that characterize the current summer months. This trend is expected to intensify in the third quarter and in view of the seasonality that characterizes the sector, we estimate that the annual operating profit rate will be around 10%.
- The **energy sector in Israel** was characterized by a significant increase in revenues compared to the corresponding half of last year mainly as a result of the progress of the storage projects carried out by the company. The regulatory environment continues to be supportive and positive and this is also due to the reduction of the load on the electricity grid and the updating of the tariffs for solar and storage systems.
- The **energy sector in Europe** and in Italy in particular, has experienced a slowdown in the last year and a half and this is mainly due to macro changes (including changes in electricity prices, interest rates, surplus stocks, falling panel prices and updating the incentives in the domestic sector). The company's assessment of a more moderate growth rate than its previous estimates also affects the valuation of the option and the reputation of VP Solar. Therefore, a decrease in the value of goodwill was recorded, which was partially offset by the revaluation of the liability in respect of the option, so that the overall effect on the net profit amounted to approximately NIS 10 million. In 2023, the Italian government's targets for the production of renewable energies were updated upwards and accordingly a system of supporting incentives for the industrial market was approved Commercial (C&I). We made adjustments to the aforementioned changes, we saw in the second quarter an increase in revenues compared to the first quarter of 2024 and we believe in the growth of the market in the medium and long term.
- **Strategic plan** - We presented the considerations that led us to update the company's revenue target for 2026 while focusing on the company's core activities and assessing gradual and more moderate growth in the field of renewable energy. We are committed to act to realize the strategic plan and strengthen the company's core activities and continue the business development of the company's businesses.



Q2-2024 & H1-2024 Financial Results

Tadiran Group (NIS in millions)	Q2 2024	Q2 2023	Change %	H1 2024	H1 2023	Change %	FY 2023
Revenues	445.1	416.9	6.8%	817.1	852.0	-4.1%	1,954.5
Gross profit <i>Gross margin</i>	87.8 19.7%	76.7 18.4%	14.4%	156.7 19.2%	150.8 17.7%	3.9%	327.5 16.8%
Operating profit <i>Operating margin</i>	-6.1 -1.4%	16.7 4.0%	-136.4%	11.1 1.4%	83.2 9.8%	-86.7%	157.1 8.0%
Operating profit adjusted for one-off items <i>Operating margin</i>	23.6 5.3%	17.0 4.1%	38.9%	40.8 5.0%	36.8 4.3%	10.7%	110.2 5.6%
EBITDA <i>EBITDA margin</i>	37.3 8.4%	30.1 7.2%	23.9%	67.9 8.3%	61.7 7.2%	10.1%	162.3 8.3%
Net profit <i>Net profit margin</i>	0.6 0.1%	7.7 1.8%	-92.6%	9.7 1.2%	50.9 6.0%	-80.8%	96.2 4.9%

The second quarter of 2024 includes an expense (not in cash) from recording a provision for goodwill impairment in the amount of approximately NIS 29.7 million

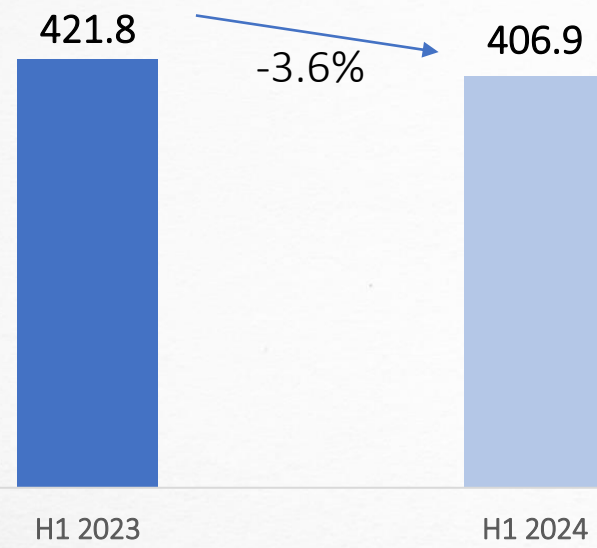
Excluding an expense (not in cash) from recording a provision for a decrease in the value of goodwill that was partially offset by a revaluation of a liability for the option, the net profit is about NIS 10.8 million

The first half of the year 2023 includes a one-time profit from the sale of the "Escotec" activity in the amount of approximately NIS 45.8 million

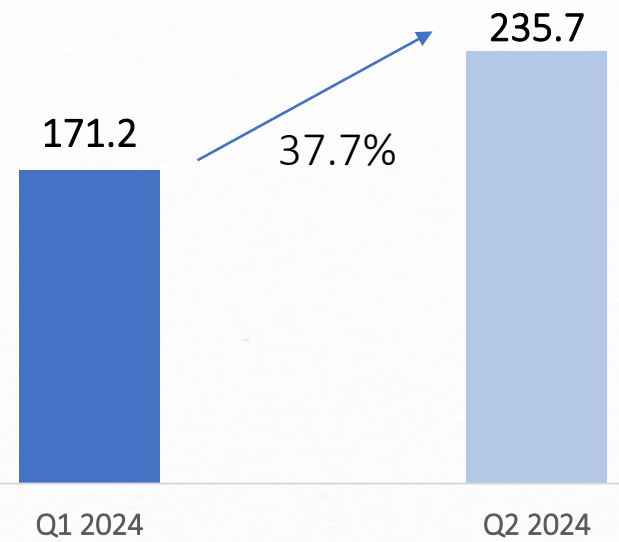
Consumer Goods Division

The results of the second quarter of 2024 improved compared to the corresponding period last year, both in terms of revenue and operating profit. The revenues of the second quarter increased by a rate of about 7.4% and the operating profit increased by a rate of about 91.8%. The improvement in operating profitability is mainly a result of an improvement in procurement costs and transportation costs.

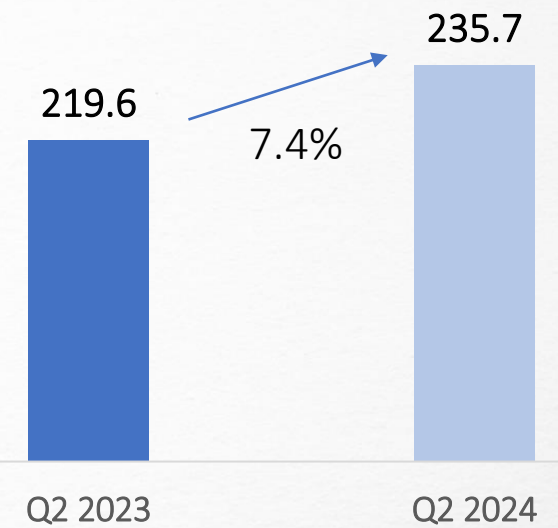
Revenues H1 2023/2024



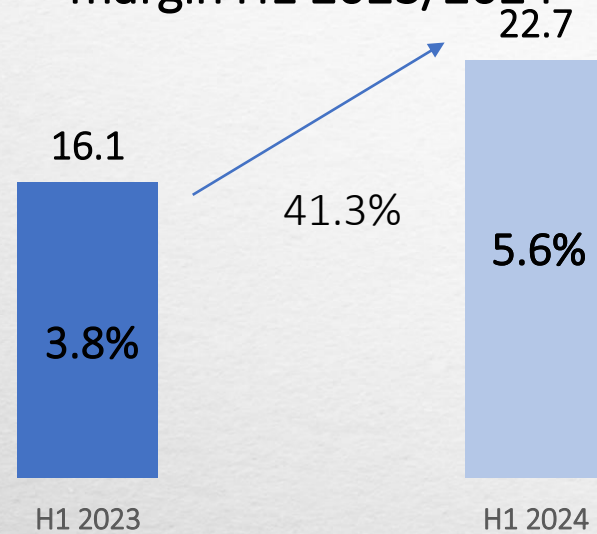
Revenues Q1 and Q2 2024



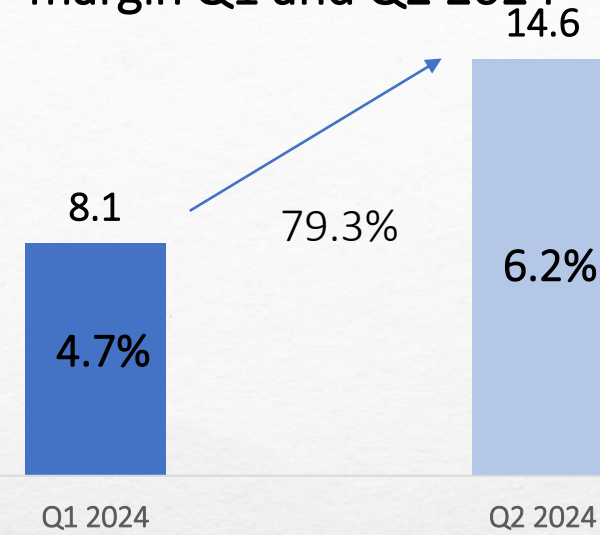
Revenues Q2 2023/2024



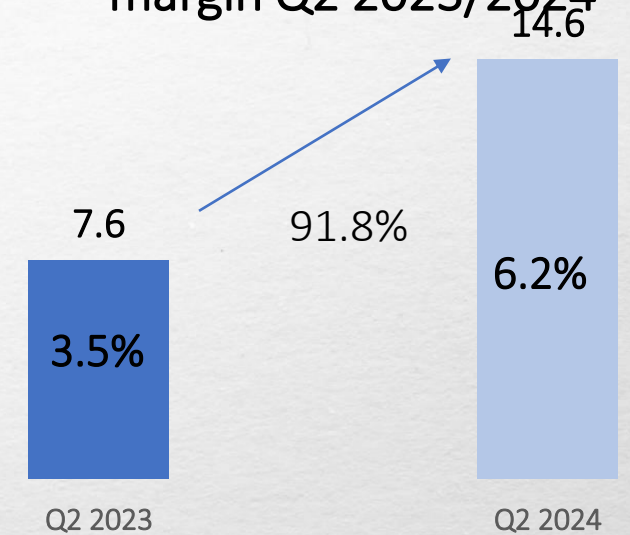
Segment operating profit and margin H1 2023/2024



Segment operating profit and margin Q1 and Q2 2024



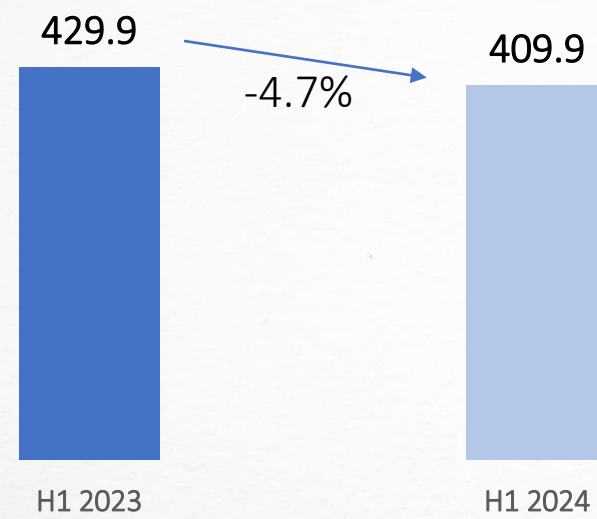
Segment operating profit and margin Q2 2023/2024



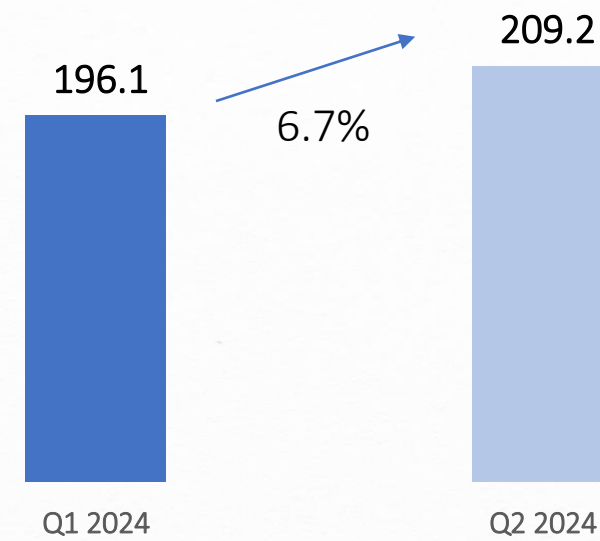
Renewable Energy Division

- In the second quarter of 2024, revenues increased by approximately 6.1%. The rate of operating profit excluding one-time expenses was about 4.3%.

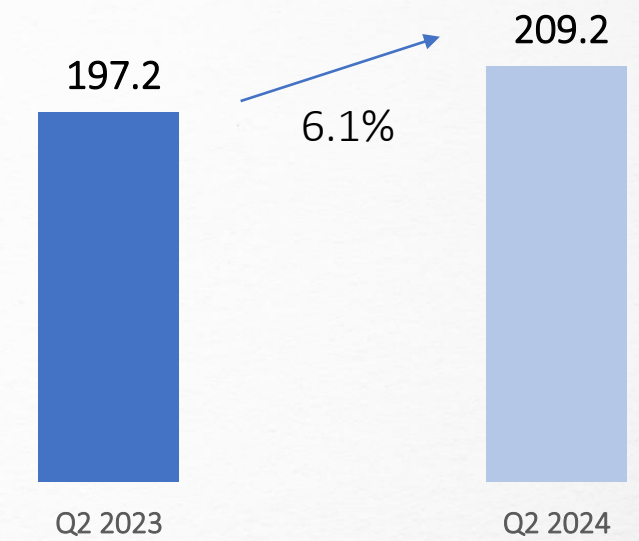
Revenues H1 2023/2024



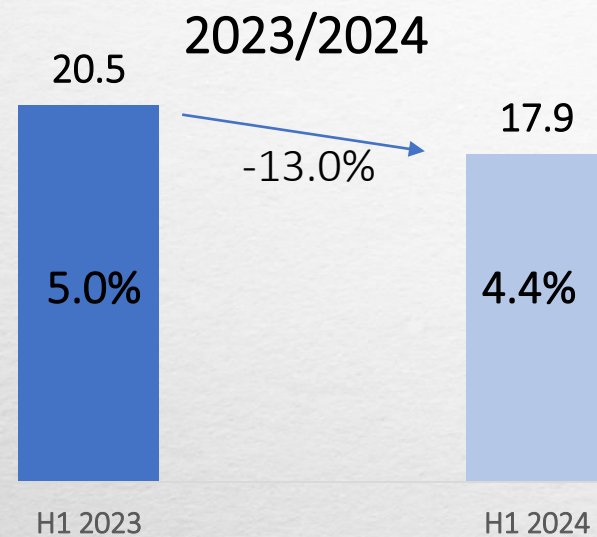
Revenues Q1 and Q2 2024



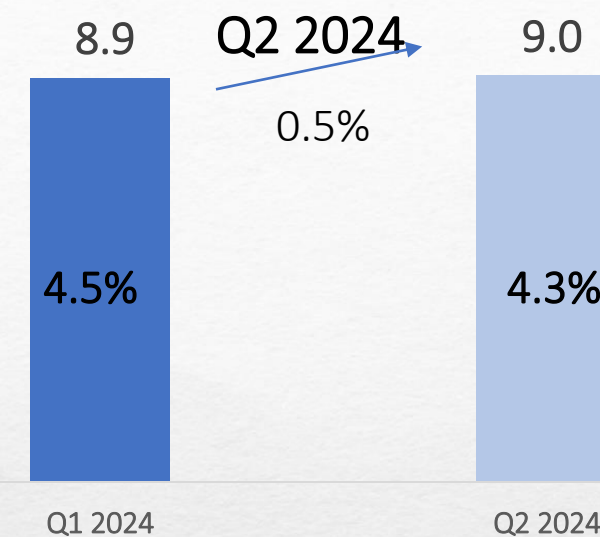
Revenues Q2 2023/2024



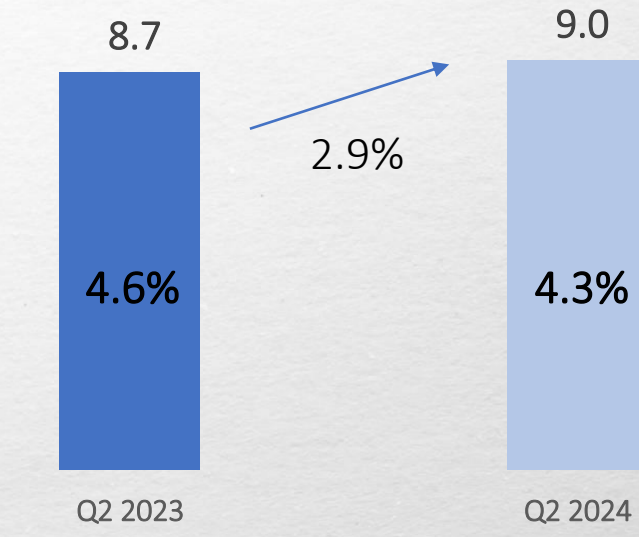
Segment operating profit before other income (expenses) and margin H1 2023/2024



Segment operating profit before other income (expenses) and margin Q1 and Q2 2024

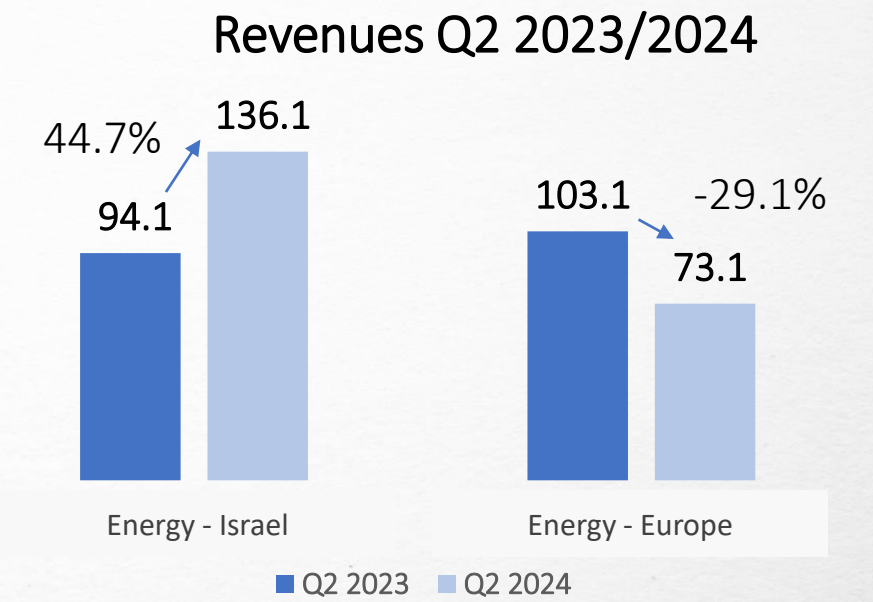
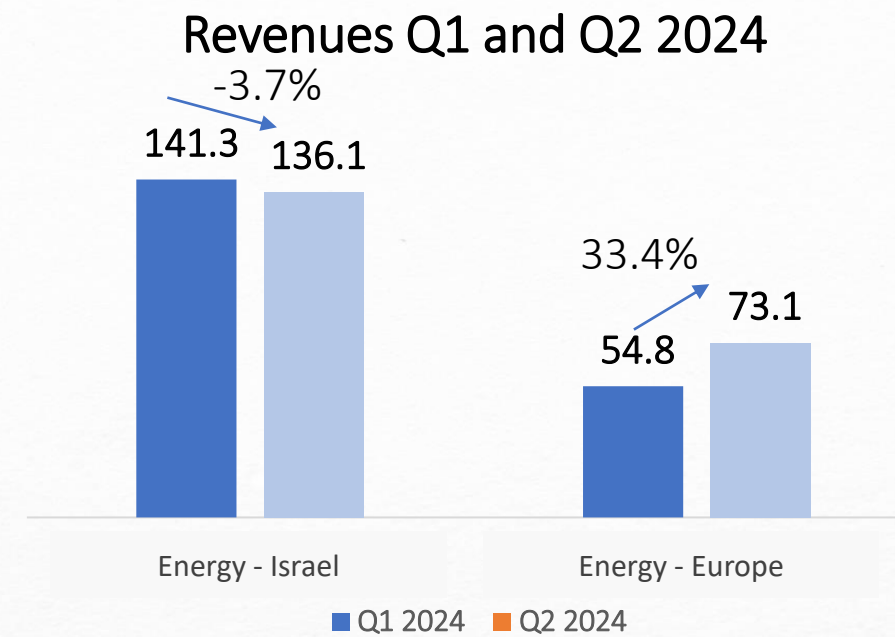
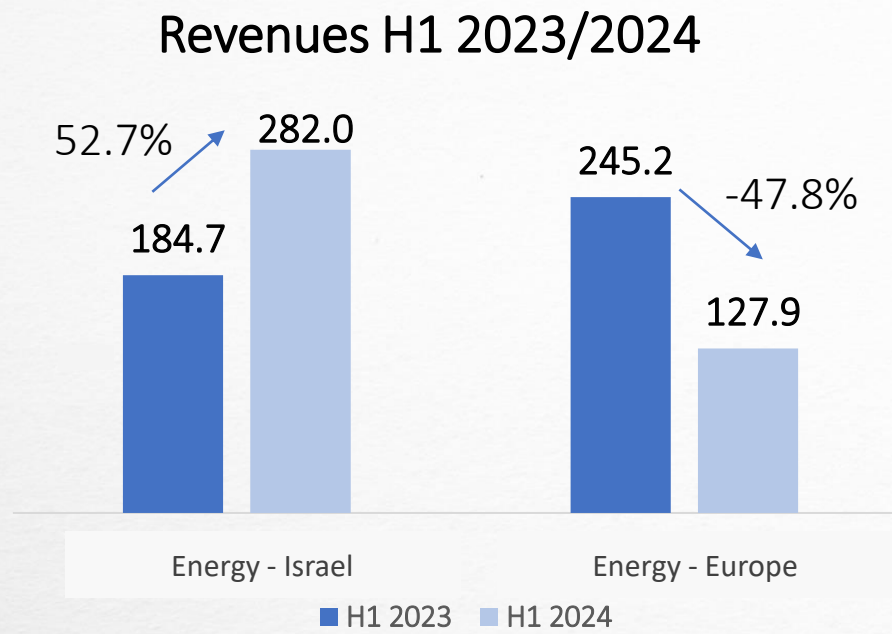


Segment operating profit before other income (expenses) and margin Q2 2023/2024



Renewable Energy Division

- The **energy sector in Israel** was characterized by a significant increase in revenues compared to the corresponding half last year. There is progress in the storage projects.
- The **energy sector in Europe** and in Italy in particular, has experienced a slowdown in the last year and a half and this is mainly due to macro changes (including changes in electricity prices, interest rates, surplus stocks, falling panel prices and updating the incentives in the domestic sector).



Energy storage systems

End-to-end project execution, from the planning stage, through product selection, implementation, and ongoing service for years to come.



EV charging

Addressing the high penetration rate of electric vehicles in Israel.
Smart AC and DC charging stations managed by an app for remote control.
Service and warranty by Tadiran



Solar systems – End to end solutions

World-Leading Products
With Professional Support from Experts Throughout the Entire Process
And Construction Manufactured in Israel to Suit Each Project



Aluminum profile manufacturing

- Innovative technological solutions for a wide range of sectors
- Israeli local production
- Production capacity of 800 tons per month
- Aluminum profiles for the industrial sector
- Aluminum anodizing plant located in Karmiel
- Constructions for Tadiran solar systems
- Fully automated factory with no human touch
- Green factory
- Utilization of natural gas



Fire and smoke protection solutions

Through the acquisition of EFS Engineering on 07.08.2024, Tadiran entered the fire and smoke protection solutions market.

This transaction is in line with the company's goals, including the expansion of the product lines marketed by the company, while taking advantage of synergistic advantages for the company's activities in the various fields, including, among other things, offering additional value in the field of consumer products, including in contractual projects and the commercial merger, expanding the product portfolio for customers in the field Renewable energy, including customers who purchase from the company uninterruptible power supply solutions, solutions for server farms, etc.

- Import, installation and service for fire curtains
- Production and supply of fire racks and smoke racks
- Fire passage sealing products
- Steel construction protection against fire
- Fireproof roller blinds
- Complementary products in the field



Building façade cladding (Tadiran Arava)

Following Tadiran's expansion in the market of solar solutions for buildings, Tadiran intends to enter the field of BIPV (in the future)

At the beginning of August 2023, Tadiran completed the purchase of 70% of the shares of Tadiran Arava Ltd.

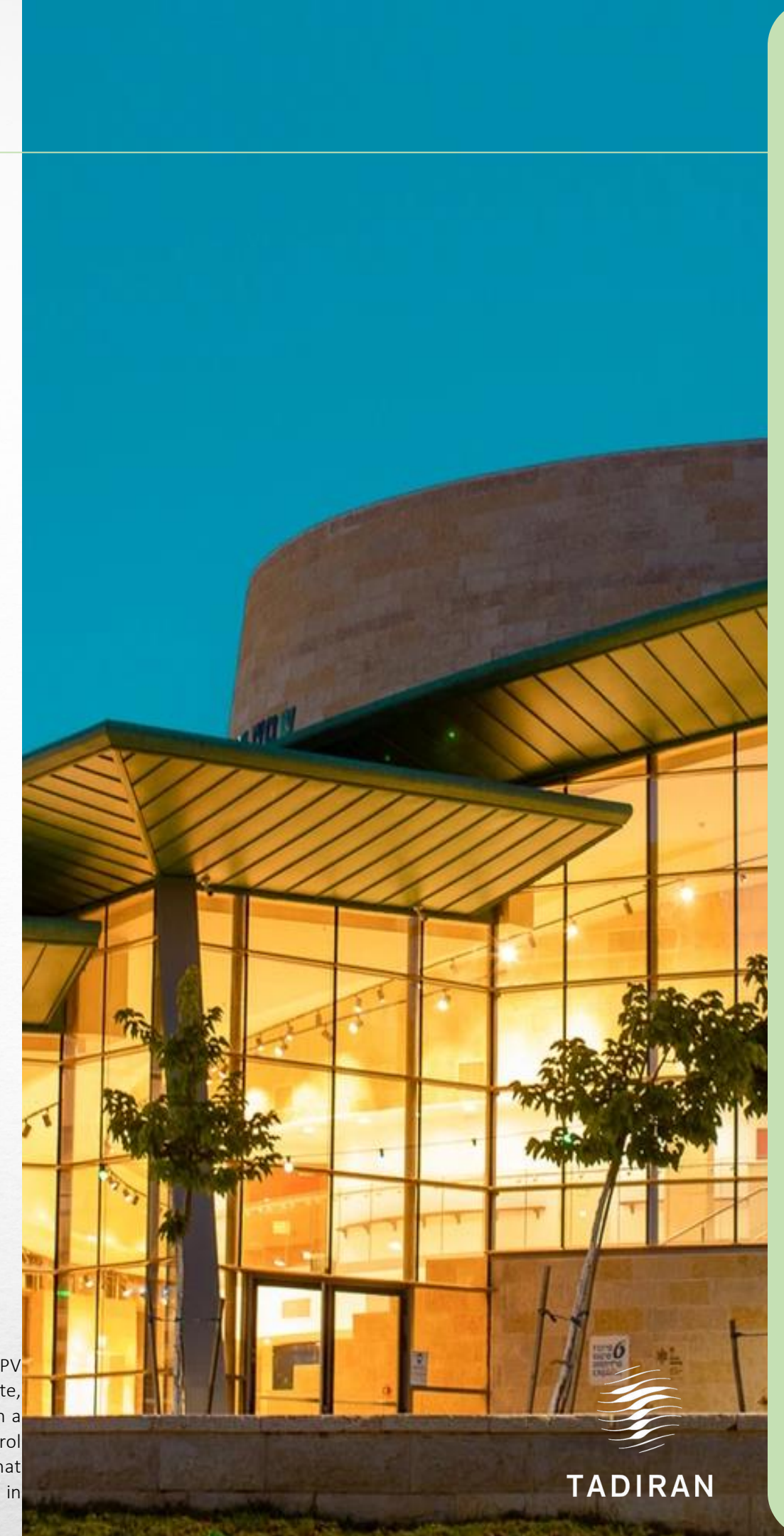
The aforementioned purchase is in line with the growth engines underlying the company's strategic plan, including, among other things, the creation of partnerships in areas complementary and/or tangential to the company's operations.

Arava operates in the field of planning and installation of aluminum cladding, curtain walls, etc. Arava intends to start operating in the field of BIPV cladding (building-integrated solar panels, installed as external cladding on the walls of buildings and enabling, through the use of the facades of the building, the increase of the area used for solar energy generation).

In Tadiran's estimation, the acquisition of control of Arava will provide Tadiran, in parallel with its existing activity, an infrastructure for developing activity in the entire value chain in the BIPV cladding market, starting with the production of the aluminum profiles used to install the BIPV, through the marketing of the panels integrated into the structure themselves and their installation through Arava.

The BIPV activity is an activity at the beginning of its development in Israel and in the world.

The aforementioned information in relation to the company's evaluations in relation to the company's entry through Arava into the field of BIPV and its benefits, in relation to the actual execution of building cladding projects using BIPV and/or other cladding materials through Arava, are forward-looking information as defined in the Securities Law, 5778- 1968 and is based on the information in the company's possession and on the company's estimates as of this date, which are based on the company's existing activities and capabilities as well as its experience and familiarity with the energy sector in Israel. 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 others, due to factors that are not known to the company as of this date and are beyond its control including, among others, the effects of the "Iron Swords" war, the manner and timing of the advancement of the regulatory procedures by the various parties in Israel, changes in the macro environment in Israel and in the world that may affect, among The rest, on the volume of demand in the energy sector including, the manner of development of the BIPV field in Israel in general and in Arava in particular and including, among other things, the volume of demand in this field, the efficiency of BIPV, regulatory provisions that may develop in the future as well as as a result of the realization of which of the risk factors detailed in section 38 of Part A to the annual report for 2023.



International renewable energy activity – VP Solar

Solar Systems in Europe: End-to-End Solutions

Solar Panels

Authorized distributor of Qcells, Jinko and more - Global panel manufacturers

Energy conversion

Inverters, optimizers. The company is a distributor of SolarEdge, Huawei inverters and more

Storage systems

Authorized distributor of BYD, LG and more

EV charging

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

Heat Pumps

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

Mounting and construction

Import and distribution of ready-made construction systems

Significant assets in activity areas

Professionalism

High-quality professionals with a high level of service awareness

Customer Relation and network

long-standing customer relationships with many segments based on the company's reputation

Advanced technology supplier

Inverters, panels and storage systems from the world's leading manufacturers



The Solar Market in Europe and Italy

Trends in the solar market in Europe and Italy

REPowerEU Plan

The European Union has allocated **€113 billion** to the construction of renewable energy power plants, including solar power plants. As part of this plan, the Italian government intends to invest approximately **€90 million** in Enel's company to build a panel manufacturing plant.

SolarPower Europe*

As of the end of 2023, the amount of solar electricity in Italy stood at **29.5 GW**. According to the forecast, **in the next 3 years**, this amount is expected to double, so that the amount of solar electricity in Italy will reach **56.7 GW** (an addition of 27.2 GW).

65% generation from renewables

In June 2023, the Italian government updated its target for renewable energy generation by 2030 to **65%** (up from 55%)

*SolarPower Europe: An organization that brings together about 300 corporations in the solar energy sector in Europe and has set itself the goal of promoting the use of solar energy. The organization promotes policies that support the solar market in Europe, through research, publications and support for the industry.

Promotion of an incentive system that reflects a trend of "shifting" incentives from the domestic market to C&I

Parco Agrosolare

A **€2.35 billion** incentive program.

Energy Communities

A **€5.7 billion** incentive program for the establishment of "energy communities."

Agri-PV

A **€1.7 billion** incentive program that offers 40% of the installation cost of solar systems on agricultural land.

Reducing Electricity Consumption in Businesses

A tax benefit program for businesses that reduce their energy consumption, including, among other things, the installation of solar systems with panels that were manufactured in Europe.

The total budget for tax benefits is about **EUR 6.3 billion**

The company's estimates regarding the expected positive effects of the measures taken by the Italian government as detailed above, on the scope of the growth of the solar market and storage systems in Italy and on the activity of VP SOLAR and in particular in relation to the positive effects on the industrial-commercial (I&C) market are forward-looking information as defined in the Securities Law, "H-1968 based on the information in the company's possession and on the company's assessments as of this date which are based on its experience and familiarity with this field in Italy and based on forecasts and assessments of various parties in Italy. The company has no ability to estimate when the consequences of the said changes will be manifested and how and whether they will be manifested in the results The company. 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 the manner of promoting and implementing the regulatory procedures on by the Italian government, changes in the macro environment in Italy and Europe (such as interest rates and inflation), a further decrease in electricity prices, substantial changes in the incentive system to be introduced by the Italian government, changes in the scope of solar system inventory, a continued decrease in panel prices, as well as the realization of which of the risk factors detailed in section 38 of the annual report for 2023.



Promoting Regulation to Meet Israel's National Goals

30% Electricity Generation from Renewable Energy Sources by 2030

Exemption from Submitting Form 4	Green Track	Renewable Energy to the Existing Electricity Grid
<p>Exemption from submitting a building permit (Form 4) for connecting a solar system to an existing building with an existing electrical connection.</p>	<p>Expansion of the "Green Track" pilot for connecting solar and storage systems up to 15 kW (instead of 10 kW).</p>	<p>Adding 2.3 GW from renewable energy sources to the existing electricity grid, with about 50% of them for low-voltage installations.</p>
Rates Settings	"One Dunam in a Farm"	"Urban Premium"
<p>Rates for energy storage systems (low voltage) were set for the first time, and tariffs for solar systems (low voltage) were improved.</p>	<p>Construction of ground-mounted solar systems in moshavim in Section A up to 1 dunam in size, under the existing tariff regulation for low-voltage installations.</p>	<p>Addition of 6 agorot per kWh to the existing tariff for solar systems in 70 urban localities for 15 years.</p>

The aforementioned information in relation to their entry into force, the date of entry into force and possible effects of the decisions of the Electricity Authority detailed above and/or the regulatory procedures detailed above including, among others, the company's assessments that the above decisions may contribute to the growth of the solar market and storage systems and therefore constitute an opportunity for the company increase its activity in these areas, as well as the assessment that the regulation may ease the load on the electricity network, and/or in relation to the effect of the decisions of the Israeli government and/or the decisions of the Electricity Authority detailed above on the development of the renewable energy sector in Israel, including on the company's business, is forward-looking information as defined in the Securities Law, 1968-5778 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 information and estimates as stated, they 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 beyond its control, including, among others, the effects of the "Iron Swords" war, the manner The promotion of the regulatory procedures by the various parties and their actual effect on the energy market in Israel and society in particular, changes in the macro environment in Israel and the world which may affect, among other things, the extent of demand for solar systems and/or storage facilities and macroeconomic factors as well as as a result of the realization of which of the risk factors detailed in the section 38 of the annual report for 2023.



Updating the company's strategic plan for 2026



TADIRAN
NEW ENERGY

2023 Revenue:
NIS 1.1 billion

The growth of the existing activities based on the company's capabilities as well as the expected regulatory developments in the solar market in Europe, Italy and Israel, including in the field of energy storage

2026 Revenue: **NIS 1.8 billion**



TADIRAN
CONSUMER GOODS

2023 Revenue:
NIS 0.9 billion

Maintaining the leadership and expanding the air conditioning activity in Israel by increasing market share in the local market

2026 revenue: **NIS 1.2 billion**

2026
3.0
Billion NIS

Revising the revenue target from 4.5 billion NIS to 3 billion NIS - target operating profit rate of about 10%

The information regarding the goals and the business strategy of the group as described above and the company's 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, among other things, as a result of regulatory developments in the field of renewable energy, entry of new products and technologies, as well as the company's estimates in relation to the revenue target and the operating profit rate as mentioned above, is forward-looking information as defined in the Securities Law, 1968, based, among other things, on the group's goals as of this date, its assessments of the trends in the group's business. In particular, the trends in the markets in which the group operates in general, as well as the group's management's assessments regarding the potential and trends in its areas of activity. These assessments may not materialize and/or materialize in a materially different manner from the group's assessments, among other things, as a result of factors external to the company and which are not under the control, including, among other things, the development and the effects of the "Iron Swords" war, changes in the state of the economy in Israel and the market in which the company operates in particular, trends and changes that may affect the volume of demand for the company's products, regulatory changes in Israel and Italy, in particular in the field of renewable energy and the realization of which of the risk factors described in section 38 of the company's periodic report for the year 2023, which was published on March 18, 2024 (reference number: 2024-01-023152) (hereinafter: "the periodic report").

Thank you



TADIRAN