

Update Report

September 1, 2020

First commercial agreement in Germany; First line is expected to operate in Tel Aviv in Q4 20; NIS 182 million was raised creating financial feasibility; Target price raised to NIS 293.

Stock Exchange: TASE

Symbol: TLV:ELWS

Sector: Technology

Sub-sector: Cleantech

Stock Price Target: NIS 293

Closing Price: NIS 263

Market Cap: 2.5 billion NIS

of Shares: 9.6 million

Stock Performance (3 mos.):
49%

Average Daily Trading Volume
(3 mos.): 8,208 shares

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Conclusion

During the first half of 2020, Electreon made **significant progress in product maturation and serial production processes**, thus moving closer to commercial readiness. For the upcoming year, the company is focusing on tenders for public transport in major European cities, and on demonstration projects for countries and private entities interested in testing the technology. The company is already in the early stages of sales in a number of countries, including France, Germany, Israel, Italy, and Sweden, and is also considering entering the American market.

In light of recent developments, primarily the sale agreement to EnBW, and progress in existing projects, we are updating the value of the company to NIS 2.8B, and raising the average target price to NIS 293.

Company reports and updates during and after the second quarter:

- **Sales project for EnBW** – This is Electreon’s first and most significant sales agreement. It includes a static charging system, an electric bus (battery-based), and maintenance and operation services. The transaction amount has not been announced at this time. In the second phase, EnBW will purchase a dynamic road section within a complex, and in the third phase, EnBW will purchase a dynamic road section on a public road. The second and third phases are conditional on an announcement by EnBW that will be delivered to the company by December 31, 2020.
- **Raising capital** - During the second quarter, the Company raised NIS 182 million. Options were also issued during this quarter, which, if exercised, will amount to an additional NIS 122 million.
- **Tel Aviv Project** - During the next month, work and operations will begin on the road near Tel Aviv University. The electric bus has arrived in Israel and will undergo testing. In October, a shuttle will operate on a two-kilometer route, part of which, approximately 600 meters, is a dynamic electric road. There is also a static charging station at the terminal.
- **Sweden project** - In October, work on a 1.6 km route is expected to be completed and a bus and truck will start operating.
- **California** - California has outlined a plan to convert heavy transportation (buses and trucks in the first phase) to electric propulsion in the coming years. The company sees great market potential in this direction and is currently examining the possibilities for entering the American market.

Electreon’s solution provides an answer to two of the world’s current pressing challenges – urban pollution and the need for low-key charging infrastructures within urban areas.

The Company’s go-to-market strategy is to focus on cities (buses, taxis and fleet operations); and on highways (trolleys, trucks, and intercity buses). The Company has also identified Europe as the main entry point, focusing on France, Germany, Italy, and Sweden, as well as on the U.S. (California), while continuing its activity with the Tel Aviv municipality.

From a business model standpoint, it has expanded its business model from an only charging infrastructure (kms of roads and vehicle units) to a service model. The Company is focusing on charging as a service, a part of MaaS (Mobility as a Service), a growing business model used by leading mobility firms.

We will update our valuation based on upcoming potential catalysts as well as new commercial agreements. For a comprehensive analysis of Electreon, including market players, business models, trends, market sizes, and valuations, see our last *Annual Q4 Report* published May 27.

Executive Summary:

Analysis of Company Progress

Upcoming Potential Catalysts

Type	Event	Significance	Timeline	Status
Market Validation for Highway	Initiating a pilot in Sweden for buses and long-haul trucks	High	Q4 2019	Achieved
Market Validation for City Bus	Initiating a pilot in Tel Aviv for buses	High	Q4 2019	Achieved
Regulatory Validation	Approval from Swedish authorities for the deployment of the ERS system	High	Q4 2019	Achieved
Technology Capability	Presenting a static and dynamic charging of long-haul trucks	High	Q1 2020	Achieved
Technology Validation	Completion of deployment of ERS in Sweden and Tel Aviv projects	High	Q4 2020	In Progress
Commercial Project	Signing an agreement for a commercial project	Medium	Q4 2020	In Progress

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