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## **ISI announces the pricing of its IPO on the Tel Aviv Stock Exchange**

**Tel Aviv, 10 February 2022.** ImageSat International (I.S.I.) Ltd. (“ISI” or the “Company”), a leading provider of comprehensive space-based intelligence and information solutions and services, including VVHR<sup>1</sup> satellite imaging services, AI based analytical solutions as well as satellite systems and ground-based infrastructure, announces the final offering price in respect of its initial public offering and listing of new and existing ordinary shares (the “Offer Shares”) on the Tel Aviv Stock Exchange (the “Offering”).

The offering price has been set at ILS 19.00 per Offer Share (the “Offering Price”), implying a pre-money equity valuation of approximately ILS 960 million (approximately \$300 million<sup>2</sup>) and a post money market cap of approximately ILS 1,168 million (approximately \$365 million<sup>2</sup>).

In connection with the Offering, (a) the Company will issue 11,228,070 new shares (the “New Shares”) representing approximately ILS 213 million (approximately \$67 million<sup>2</sup>) and 17.4% of its pro-forma fully diluted share capital, and (b) certain existing shareholders will sell in aggregate 5,614,035 existing ordinary shares of the Company (the “Existing Shares”), representing in aggregate approximately ILS 107 million (approximately \$33 million<sup>2</sup>) and 8.7% of the Company’s pro-forma fully diluted share capital.

The primary proceeds of the Offering will be used by the Company during the next two years, *inter alia*, towards growth capital expenditure and investments for its planned constellation launches as it seeks to leverage its strong commercial momentum and the significant market growth anticipated for its services.

The ordinary shares of the Company are expected to be admitted to trading on the Tel Aviv Stock Exchange (“TASE”) under the symbol “ISI”. Allocations are subject to be released with the announcement, with settlement expected to take place on or around 13 February 2022. Trading of the ordinary shares of the Company on the TASE is expected to commence on or around 14 February 2022 (“Admission Date”).

### **Confirmation of the Offering details<sup>3</sup>**

- The Offering Price has been set at ILS 19.00 per Offer Share.
- The Offering will raise approximately ILS 320 million (approximately \$100 million) and will consist of:

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<sup>1</sup> Very very high resolution (less than 0.5 m<sup>2</sup>)

<sup>2</sup> Based on the exchange rate, USD/ILS of 3.20

<sup>3</sup> Dates herein are tentative and may change at the discretion of the Company and may be moved forward, backward or postponed



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- approximately 11,228,070 New Shares, representing approximately 17.4% of the Company's pro-forma fully diluted share capital, raising approximately ILS 213 million (approximately \$67 million<sup>2</sup>);
- the sale of 5,614,035 Existing Shares by current shareholders, including FIMI Partnership, Discount Capital, Mr. Noam Segal (CEO of ISI) and Mr. Kfir Aviv (CFO of ISI), representing approximately 8.7% of the Company's pro-forma fully diluted share capital, raising in aggregate approximately ILS 107 million (approximately \$33 million<sup>2</sup>).
- Trading of ordinary shares of the Company on the TASE is expected to commence on or around the Admission Date.
- Following completion of the anticipated Offering, FIMI Partnership, Israeli Aerospace Industries, Discount Capital, Mr. Noam Segal (CEO of ISI) and Mr. Kfir Aviv (CFO of ISI) will hold approximately 28.12%, 29.03%, 10.88%, 2.15% and 0.52% of the Company's pro-forma fully diluted share capital, respectively.
- In connection with the Offering, the Company and certain members of the Company's management will enter into a 12-month lock-up from the Pricing Date. Additionally, the Company's key existing shareholders will enter into a 6-month lock-up from the Pricing Date. The lock-up restrictions will be subject to certain customary exemptions and may otherwise only be waived with the prior written consent of UBS.
- The Offering consists of an offering of the Offer Shares in Israel to institutional investors, as such term is defined in the Securities Regulations (The Manner of Offering Securities to the Public), 5767-2007 and to institutional investors incorporated outside of Israel (the "Foreign Institutional Offerees") meaning (i) to "qualifying investors" outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the United States Securities Act of 1933 (the "Securities Act"), and (ii) within the United States to certain "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act.
- In addition, the offer to the Foreign Institutional Offerees is limited to investors that also meet one of the conditions set forth below, and any Foreign Institutional Offeree that purchases shares in an issuance outside Israel shall be deemed to have declared, when purchasing the shares in the issuance, that it meets one of the following conditions: (1) the investor is an entity with equity exceeding ILS 50 million or an equivalent amount in a different currency, on the basis of its latest financial statements; or (2) the investor is an entity that, together with any entity controlling it, controlled by it, or under common control as such investor, (i) manages assets of a total amount exceeding ILS 100 million or an equivalent amount in a different currency, provided that the shares that were purchased in connection with the Offering shall be purchased for the assets that it manages; and/or (ii) owns and invests, on a discretionary basis, in securities of issuers that are not affiliated with such entity, in a cumulative amount exceeding ILS100 million or an equivalent amount in a different currency.
- UBS AG London Branch is acting as Sole Global Coordinator and Bookrunner in connection with the Offering. Discount Capital Underwriting Ltd and Barak Capital Underwriting Ltd are acting as Local (Israeli) Distributors.
- The Final Prospectus is available on the TASE MAYA portal. An English translation of the Final Prospectus will be annexed to the pricing supplement dated 10 February 2022.
- The ordinary shares of the Company are expected to be admitted to trading on the Tel Aviv Stock Exchange ("TASE") under the symbol "ISI IT". Allocations are subject to be released with the announcement, with settlement expected to take place on or around 13 February 2022. Trading of the ordinary shares of the Company on the TASE is expected to commence on or around 14 February 2022 ("Admission Date").



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### Company overview

- Founded in 1997, ISI offers a broad set of integrated solutions to address customers' needs across the full space-based intelligence value chain - satellite services based on the EROS Next Generation constellation, artificial intelligence ("AI") & Analytics and space-based intelligence infrastructure
- ISI has a long operational track record with the Company undergoing significant transition since 2015 under new leadership, who dedicated focused resources to research and development activities.
- As a result of these efforts, the Company has an accelerating backlog<sup>4</sup>, which has grown from approximately \$39 million in 2019 to \$171.1 million<sup>5</sup> in December 2021, and its pipeline<sup>6</sup> has grown from less than \$500 million in 2019 to approximately \$1.8 billion in December 2021.
- The current key shareholders are: the FIMI Partnership, the leading private equity firm in Israel (44%); Israeli Aerospace Industries (38%), a leading global aerospace & defense enterprise; and Discount Capital Ltd., the investment management and banking arm of Discount Group, the third largest bank in Israel (17%).

### Key Investment highlights

- A leading provider of space-based intelligence and information solutions, delivering insights from a comprehensive, integrated portfolio of high quality, multi-sourced imagery data, AI-driven analytics, and turn-key space infrastructure solutions to government and commercial customers across the whole satellite value chain. ISI's technical capabilities ranging from the quality of the imagery to the breadth of solutions, and cost effectiveness, leveraging the long-term partnerships, are important differentiators that power its commercial performance and future growth potential.
- Differentiated strategic partnerships providing access to valuable satellite imagery data and technologies creating a leading constellation on an asset-light and capital efficient basis driving the positive cash flow profile. Through commercialization of the partners' spare capacity and owning other satellites with them on a joint basis, ISI has access to a large imaging capacity and access to a world-class constellation without the associated capital investment, ongoing costs and development time, positioning it well to capture the market growth.
- Significant growth potential driven by newly expanded range of capabilities, particularly, the EROS NG Constellation which is expected to increase the imaging collection capacity from 24 million to 224 million square kilometers, and strengthening the market position and providing for new selling opportunities to existing clients as well as adding new clients.
- Operates in an attractive, large and fast-growing market with favorable tailwinds with total addressable market (TAM<sup>7</sup>) expected to grow from \$19.9 billion in 2020 to \$26.6 billion by 2025 and \$76.0 billion by 2030 (14% CAGR)<sup>8</sup> underpinned by growth coming from both the defense, government and commercial end markets.

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<sup>4</sup> Expected revenue from signed contracts pending operational execution

<sup>5</sup> Based on the actual backlog as of December 31, 2021 (\$153.4M) and an additional \$17.7M which represents the unrecognized revenues from a new agreement signed subsequent to the balance sheet date and has a retroactive effect for 2021

<sup>6</sup> Total value of potential opportunities currently pursued by the company and expected to translate into revenue by 2032

<sup>7</sup> ISI's total potential market size in defense and commercial sectors, in areas of systems and infrastructure, electro-optical data processing and distribution, and AI and analytics

<sup>8</sup> Source: Quilty analytics LLC - ISI Commercial Due Diligence Report, dated October 20, 2021, which was prepared at the request of the Company



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- Increasing spending in the global defense and intelligence markets driven by usage in multiple areas e.g. ability to monitor and predict adversary or non-state actor activities, maritime domain awareness for surveillance of coastlines, border security etc. This market, ISI's historical focus area, is expected to grow from \$9.4 billion in 2020 to \$25.0 billion in 2030 (10% CAGR)<sup>6</sup>.
- Increasing applications in commercial end-market across industries e.g. agriculture for the prediction and enhancement of crop yields; aviation for improved weather and turbulence data; Finance to monitor commodity supplies globally etc. The market is expected to grow from \$10.5 billion in 2020 to \$51.0 billion in 2030 (17% CAGR)<sup>6</sup>.
- Highly scalable business model with strong revenue visibility, and operating leverage:
  - \$1.8 billion of pipeline, \$171.1 million<sup>9</sup> of contracted revenue backlog as of December 2021.
  - Strong expected revenue 2021-24 CAGR of c.42% and expected EBITDA<sup>10</sup> margin of 55% for the same period underpinned by newly commercialized and to be launched EROS satellites<sup>11</sup>.
- Entrepreneurial, innovative and experienced team with cumulative experience of more than 150 years and background in aerospace, defense, and technology roles and well as extensive experience in building client relationships and innovation is driving a transformative strategy and business execution, bringing ISI to the forefront of the space industry.

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<sup>9</sup> Based on the actual backlog as of December 31, 2021 (\$153.4M) and an additional \$17.7M which represents the unrecognized revenues from a new agreement signed subsequent to the balance sheet date and has a retroactive effect for 2021

<sup>10</sup> Net income plus depreciation, plus finance expenses (net), plus taxes on income

<sup>11</sup> Revenue and EBITDA guidance based on company's backlog and pipeline expectations for 2024, based on certain assumptions and adjustments of management are subject to number of uncertainties



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