



July 26, 2023

## Sector Classification Procedure for TASE-Listed Companies

### 1. Background

- 1.1 Upon their initial offering or upon the occurrence of a material change in their operations, the companies that are listed for trading on TASE will be classified under one of the exiting sectors in the Table of Sectors.

The sector classification is designed to concentrate all TASE-listed companies that are engaged in similar operations under a single sector/subsector.

The breakdown into sectors and subsectors facilitates:

- Inclusion of companies with similar operations in sectorial security indices.
- Presentation of all companies by sectors on the TASE website and by the data vendors.
- Better public tools for locating companies and comparing companies with similar operations.

- 1.2 The sector classification of the TASE-listed companies is based on the Table of Sectors, containing 4 supersectors divided into 12 sectors, divided into 41 subsectors. (See Appendix 1, “Table of Sectors”).

### 2. Sector Classification Criteria

- 2.1 The classification into sectors is based on an examination of the description of the company’s business, the breakdown of the company’s revenue, profitability and assets by segments, the market cap and/or the equity of subsidiaries and associated companies – by the various segments.
- 2.2 Holding companies that invest mainly in a specific area will be classified under the sector/subsector in which their holdings are concentrated. Holding companies with at least two material operations will be classified under the Investment and Holdings Sector.
- 2.3 Industrial companies will be classified under the industry sectors, even if they may be engaged in commerce and marketing while the manufacturing is carried out by subcontractors.
- 2.4 SPVs (Special purpose vehicles pipeline companies) will be classified under the same sector as the parent company.
- 2.5 Companies that are engaged in the trade, import and marketing of products manufactured by others will be classified under the Commerce and Services Sector – Commerce.
- 2.6 In performing the sector classification of the multi-segment TASE-listed companies, the following considerations will be taken into account: distribution of the revenues between the operating segments, the market cap and/or the equity of publicly traded subsidiaries in various areas of activity, distribution of the assets between the operating segments, distribution of the profit between the operating segments, research and development expenses, the management model of the company (centralized / decentralized).
- 2.7 Appendix 2 lists the operations of the companies included in each sector/ subsector.

### 3. Update Schedule

#### 3.1 Semi-annual update of a company's sector classification:

The sector classification of the TASE-listed companies is performed by the Economics Department twice a year, on June 30<sup>th</sup> and December 31<sup>st</sup> of each year.

Notwithstanding the aforesaid, commencing in June 2019, the sector classification of companies in the Real Estate and Construction Sector is updated once a year, on June 30<sup>th</sup> of each year.

The notice concerning the changes will be published on the MAYA website not later than 7 days prior to the date of the update.

#### 3.2 Current modification of the sector classification of a TASE-listed company:

Notwithstanding the stated in section 3.1 above, the sector classification of a company will be modified outside the semi-annual review following the occurrence of one of the following, and in coordination with the company:

3.2.1 The company sold or discontinued its prior operations and acquired material operations in a new area of activity.

3.2.2 The company carried out a material private placement in return for the infusion of operations in a new area of activity.

3.2.3 The company has been defined as a shell company, within the meaning of the term in Part Four of the TASE Rules.

Notice on the changes will be published on the MAYA website shortly after the passing of the resolution, at least one business day prior to the change taking effect.

#### 3.3 TASE will deliver advance notices on the upcoming change to companies for which it has been decided to change the sector classification. Any disagreements between the company and the TASE staff with regard to the change of the sector classification will be settled by the Board of Directors of TASE.

### 4. Modification of the Procedure

In accordance with the TASE Rules, the CEO of TASE may modify this procedure from time to time, including the Table of Sectors and the list of operations used to classify companies whose shares are listed on TASE.

## Appendix 1 – Table of Sectors

The table of TASE's sector classifications contains 4 supersectors, divided into 12 sectors, divided into 41 subsectors.

Presented below is the Table of Sectors as of August 1, 2023:

<b>Supersector</b>	<b>Sector</b>	<b>Subsector</b>
<b>High-Tech</b>	<b>Biomed</b>	Biotechnology
		Medical Devices
		Pharma
		Cannabis
		Investments in Life Science
	<b>Technology</b>	IT Services
		Software and Internet
		Electronics and Optics
		Robotics & 3D
		Defense
		Communications Equipment
		Semiconductors
		Cleantech
		Renewable Energy
		Foodtech
		Investments in High-Tech
High-Tech Funds		
<b>Financial</b>	<b>Banks</b>	Banks
	<b>Insurance</b>	Insurance
	<b>Financial Services</b>	Financial Services
		Non-Banking Credit
<b>Real</b>	<b>Commerce &amp; Services</b>	Commerce
		Retail
		Services
		Hotels & Tourism
		Communications & Media
	<b>Real Estate &amp; Construction</b>	Investment Properties in Israel
		Investment Properties Abroad
		Construction
	<b>Industry</b>	Food
		Fashion & Clothing
		Metal & Building Products
		Electrical
		Chemical, Rubber and Plastic
		Wood, Paper and Printing
		<b>Investment &amp; Holdings</b>
	Inactive & Shell Companies	
	<b>Energy and Oil &amp; Gas Exploration</b>	Oil and Gas Exploration
Energy		
<b>Financial Instruments</b>	<b>Financial Instruments</b>	ETFs
		Structured Bonds

## Appendix 2 – Details of Operations by Sector

### High-Tech Supersector

#### 1. Biomed

##### 1.1 Biotechnology

Companies that are engaged in the research and development of products and technologies in the fields of medicine/ pharmaceuticals, in medical diagnostic services, in genetics and in vaccines.

##### 1.2 Medical Devices

Companies that are engaged in the development, manufacturing and marketing of medical devices, including imaging systems and aesthetics devices.  
Investments in life sciences

##### 1.3 Pharma

Companies that are engaged in the development and production of pharmaceuticals.

##### 1.4 Cannabis

Companies that are engaged in the research, growing, cultivation, production and sale of medical cannabis products.

##### 1.5 Investments in Life Science

Companies, partnerships, venture capital funds and technology incubators that invest in biomed companies, and companies that operate in subsectors of the Biomed Sector.

#### 2. Technology

##### 2.1 IT Services

Companies that are engaged in the provision of software services and IT and infrastructure solutions, the execution of projects, the provision of consulting services, outsourcing and marketing, and the integration of software products and systems.

##### 2.2 Software and Internet

Companies that are engaged in the development and marketing of software, applications and software-embedded products in the fields of IT and communications, and in the provision of Internet-related technological solutions.

##### 2.3 Electronics and Optics

Companies that are engaged in the development, manufacturing and marketing of electronic and/or electro-optical technologies and systems, the manufacturing of printed circuits and the assembly of electronic products and components.

##### 2.4 Robotics & 3D

Companies that are engaged in the development, marketing and manufacturing of robotic systems; automation systems for industrial plants and logistics facilities, and companies that develop and manufacture 3D printers.

##### 2.5 Defense

Companies that are engaged in one of the technological fields, most of whose revenue is derived from the military and/or the defense market.

##### 2.6 Communications Equipment

Companies that are engaged in the development, manufacturing and marketing of communications systems and equipment and products for communications networks.

## 2.7 Semiconductors

Companies that are engaged in the development and manufacturing of microchips and electronic components in the semiconductors' industry, including testing and measurement systems for the semiconductors' market.

## 2.8 Cleantech

Companies that develop or use technologies that mitigate environmental impact in the following fields: alternative energy, energy conservation and storage, waste recycling, water or sewage treatment, desalination and production of biofuels.

## 2.9 Renewable energy

Companies that are engaged in the initiation, development, setting up and operation of facilities and systems for the generation of clean electricity through renewable energy sources, such as solar, wind, geothermal and pumped-storage energy.

## 2.10 Foodtech

Companies and R&D partnerships that are engaged in Foodtech research and development – novel food and food alternatives and the development of food processing technologies.

## 2.11 Investments in High-Tech

Companies and R&D partnerships that are engaged in venture capital investments and high-tech ventures in fields that are not included in other subsectors of the Technology Sector.

## 2.12 High-Tech Funds

High-tech funds.

# Finance Supersector

## 3. Banks

Commercial banks and mortgage banks.

## 4. Insurance

Insurance companies and agencies.

## 5. Financial Services

### 5.1 Financial services

Investment houses operating in the capital market, institutional investors, companies that engage in the trading, underwriting and distribution of securities, a securities exchange and companies that issue and clear credit cards.

### 5.2 Non-banking credit

Companies that offer non-banking finance, check clearing and foreign currency exchange.

# Real Supersector

## 6. Commerce & Services

### 6.1 Commerce

Companies that are engaged in the trade, import and marketing of consumables and raw materials.

### 6.2 Retail

Companies that operate retail marketing chains (including on-line).

### 6.3 Services

Companies that provide various services, such as: aviation, transport, shipping, engineering and consulting, car rent and lease, medical institutions and manpower.

### 6.4 Hotels & Tourism

Companies that own or operate hotels and travel agencies.

### 6.5 Communications & Media

Companies that provide telephony, Internet, television, satellite communication, press, cinema and data distribution services.

## 7. Real Estate & Construction

### 7.1 Investment Properties

Companies that operate in the fields of commercial, industrial, office, logistic, residential, hotel, and assisted living investment properties, as well as REITs.

The threshold for inclusion in the Investment Property Subsector shall be as follows: at least 60% of the company's revenue (excluding revaluations) is derived from investment-property operations, AND, at least 60% of the company's net assets is comprised of investment properties.

The threshold for exclusion from the Investment Property Subsector shall be as follows: less than 50% of the company's revenue (excluding revaluations) is from investment-property operations, AND, less than 50% of the company's net assets is comprised of investment properties.

It is hereby clarified that:

Revenue from investment-property operations will not include revaluations, and will also include maintenance and management fees.

Investment properties will also include investment properties under construction and investment properties held for sale.

Companies that meet the above criteria will be subsequently classified under the Investment Properties in Israel Subsector and the Investment Properties Abroad Subsector (hereafter: the Investment Properties Subsectors).

#### 7.1.1 Investment Properties Abroad

The threshold for inclusion in the Investment Properties Abroad Subsector shall be as follows: at least 60% of the company's revenue in the field of investment property is from investment-property operations abroad, AND, at least 60% of the investment properties in net assets represents investment properties abroad.

The threshold for exclusion from the Investment Properties Abroad Subsector shall be as follows: less than 50% of the company's revenue in the field of investment properties is from investment-property operations abroad, AND, less than 50% of the investment properties in net assets represents investment properties abroad.

#### 7.1.2 Investment Properties in Israel

Will include all companies that operate in the field of investment properties (as specified in section 7.1 above) that do not meet the criteria of the Investment Properties Abroad Subsector (as specified in section 7.2 above).

#### 7.1.3 Construction

The companies included in the Real Estate and Construction Sector that are engaged in construction initiation, execution of construction, urban renewal and infrastructure works, which are not included in the Investment Properties Subsectors.

- 7.2 In performing the classification under the subsectors of the Real Estate and Construction Sector, the TASE staff will use its discretion in the following instances:
- 7.2.1 Outstanding events after the balance sheet date that affect the classification of the company among the subsectors of the Real Estate and Construction Sector.
  - 7.2.2 Calculation of the percentage of investment properties in total net assets less financial assets (rather than in total net assets) where the financial assets account for a significant portion of total net assets, such as current assets that are earmarked to finance current maturities of liabilities.
  - 7.2.3 Elimination of sale transactions in the past balance-sheet year whose size is unusual compared to prior years.
  - 7.2.4 Fair value or net operating income, as presented in the Report of the Board of Directors, in the annual financial statements of the company, or in presentations to investors that are posted on MAYA.

## **8. Industry**

### 8.1 Food

Companies that are engaged in the production and marketing of food products and beverages and raw materials for those industries.

### 8.2 Fashion & Clothing

Companies that are engaged in the manufacturing and marketing of clothing, textiles, footwear, fabrics and protective gear.

### 8.3 Metal & Building Products

Companies that are engaged in the production, processing and marketing of metal products, building products, and cement plumbing products.

### 8.4 Electrical

Companies that are engaged in the development, manufacturing and marketing of electrical consumables, carburetors, transformers, power supplies and command and control systems.

### 8.5 Chemical, Rubber and Plastic

Companies that are engaged in the production and marketing of cosmetics, chemicals, paints, pesticides and cleaning products, and rubber, plastic and polyethylene products.

### 8.6 Wood, Paper and Printing

Companies that are engaged in the production and marketing of wood products, paper products, non-woven fabrics, packaging, and print shops.

## **9. Investment & Holdings**

### 9.1 Investment & Holdings

Companies that have holdings and investments in two or more areas of activity.

### 9.2 Inactive & Shell Companies

Shell companies – as defined in the TASE Regulations, and companies with no business activity.

## **10. Energy and Oil & Gas Exploration**

### 10.1 Oil & Gas Exploration

Companies and partnerships that are engaged in the exploration and production of oil and gas.

## 10.2 Energy

Companies that are engaged in the refining and marketing of oil, gas and fuel products and the generation of electricity using those products.

### **Financial Instruments Supersector**

#### **11. Structured Bonds (on the bond market)**

Companies that are engaged in the issuance of structured bonds.

#### **12. ETFs**

Companies that are engaged in the issuance of ETFs.