May 15, 2023

HIPER Global is reporting continued strong results in the first quarter of 2023.

A 22% increase in revenues in the quarter, totaling approximately $ 75 million compared to approximately $ 61.7 million in the corresponding quarter last year.

Gross profit in the quarter amounted to approximately $ 12.7 million (approximately 16.9% of the revenues), an increase of approximately 37% compared to last year.

A 60% increase in operating profit in the quarter, which amounted to approximately $ 5.7 million (7.6% of the revenues)

EBITDA in the quarter amounted to approximately $ 7.1 million, an increase of approximately 59% compared to last year.

Net income from continued operations in the quarter amounted to approximately $ 3.5 million, an increase of approximately 17% compared to last year.

The Company declares a dividend distribution of approximately $ 1 million.

Shahaf Shrager, CEO of HIPER Global, said: " We are continuing to report strong results also in the first quarter of 2023, a direct result of the record results we presented in 2022 and as a result of focusing on the strategy to improve our activities, leveraging existing knowledge and proven capabilities, both in the international segment and in the local market.

Recently, we have witnessed a challenging macro environment that, among other things, in the short term, has caused some hesitation and conservatism in the market and we are prepared to adapt our activities to market conditions.

In the medium term, I am convinced that the Company's technological advantages and the scope of wins in projects in recent quarters will continue the momentum as reflected in recent years."

Highlights of the results for the first quarter of 2023

The description of the Company and its businesses in pro forma data is made in relation to the Company, as if the transfer of the segment activities to the Company had already been completed in the periods presented, although the transfer of the activities was only carried out upon completion of the split (on March 8, 2022). The data is based on pro forma Carve-out consolidated financial statements prepared to reflect the results of the segment activities.

The Company's revenues from sales and services in the quarter amounted to approximately $ 75 million, compared to approximately $ 61.7 million in the corresponding quarter last year, an increase of approximately 22% which mainly derives from organic growth in the international segment along with the contribution of revenues of the subsidiary in the US that was acquired in 2022 and was not yet consolidated in the corresponding period.

Gross profit in the quarter amounted to approximately $ 12.7 million (approximately 16.9% of the revenues) compared to approximately $ 9.2 million (approximately 15% of the revenues) in the corresponding quarter last year, an increase of approximately 37%, which results from an increase in revenue turnover alongside improved profitability rates.

Selling, administrative and general expenses in the quarter amounted to approximately $ 7 million, compared to approximately $ 5.7 million in the corresponding quarter last year. The increase in selling and administrative expenses is primarily attributable to an increase in salary and sales commission expense component as a result of the increase in sales volumes and the increase in sales teams in international operations and the consolidation of the costs of a subsidiary that was acquired and not yet consolidated in the corresponding quarter. In addition, intangible asset amortization expenses recorded from the acquisition of a subsidiary in the US during 2022 were included.

Operating profit in the quarter amounted to approximately $ 5.7 million (approximately 7.6% of the revenues) compared to approximately $ 3.5 million (approximately 5.8% of the revenues) in the corresponding quarter last year, an increase of approximately 60%, mainly due to the improvement in gross profit, which was partially offset by an increase in selling and administrative expenses.

Financial expenses, net in the quarter amounted to approximately $ 0.7 million compared to financial income, net of approximately $ 0.3 million last year. The increase financial expenses, net is primarily attributable to the increase in credit volumes compared to the corresponding quarter (mainly the additional credit for the acquisition of a company in the US), as well as to the significant increase in bank interest rates in Israel and abroad.

Net income from continued operations in the quarter amounted to approximately $ 3.5 million compared to approximately $ 3 million in the corresponding quarter of last year, an increase of approximately 17% originating from improvement of operating profit less an increase in financial expenses, net.

EBITDA in the quarter amounted to approximately $ 7.1 million compared to approximately $ 4.5 million in the corresponding quarter last year, an increase of approximately 59%.

About the Company:

The Company is engaged in providing computing solutions to technology companies that develop products, allowing them to turn the customer's idea into a tangible product and consults them from the planning stage to reaching the market on time. The Company operates in Israel, England and the USA and provides its customers with global solutions. The activity in this field includes joint work with the customers' development bodies and adapting complex technological solutions according to their needs. In subsequent stages, the Company manufactures and supplies the systems it has designed in global deployment and in accordance with the business needs of its customers.

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