

August 16, 2023

HIPER Global is reporting the results for the second quarter of 2023.

Revenues in the second quarter amounted to approximately \$ 57.7 million.

Gross profit in the quarter amounted to approximately \$ 10 million (approximately 17.3% of the revenues).

Operating profit in the quarter amounted to approximately \$ 4.2 million (7.2% of the revenues).

EBITDA in the quarter amounted to approximately \$ 5.4 million.

Net income in the quarter amounted to approximately \$ 1.6 million.

The Company recently reported on signing an agreement with a large international corporation to supply the Company's computing solutions for the AI field.

The Company estimates that the agreement will be delivered during the second half of 2023, for a total amount of approximately \$ 35 million.

Shahaf Shrager, CEO of HIPER Global, said: "Following our assessments in recent quarters, we are witnessing a slowdown in the global economy, which is now also affecting our operations, as reflected in the quarterly results. The global economic environment is challenging and causing hesitation and conservatism in a variety of customer sectors, including the chip sector and customers active in the IT world. To our understanding, these sectors are experiencing a slowdown in demand for equipment, after the Corona crisis led to accelerated consumption of equipment in the past two years. Although this macro situation may put a burden on our results in the short term, we believe that in the medium term, customers will return to growth, especially considering the global investments that countries are making in establishing chip manufacturing plants. Therefore, I am convinced that in the medium to long term, the Company's technological advantages and the scope of new wins in its projects will continue the enormous momentum we have experienced in each of the past few years."

Highlights of the results for the second quarter of 2023

The Company's revenues from sales and services in the quarter amounted to approximately \$ 57.7 million, compared to approximately \$ 71 million in the corresponding quarter last year. The decrease in revenues is mainly due to a slowdown in the rate of supplies due to excess inventory accumulated with some customers, which was partially offset by entering into projects and sales to new customers.

Gross profit in the quarter amounted to approximately \$ 10 million (approximately 17.3% of the revenues) compared to approximately \$ 11.8 million (approximately 16.6% of the revenues) in the corresponding quarter last year, a decrease of approximately 15.4%, which results from a decrease in revenue turnover alongside improved profitability rates.

Selling, administrative and general expenses in the quarter amounted to approximately \$ 5.8 million, compared to approximately \$ 6.2 million in the corresponding quarter last year. The decrease in selling and administrative expenses is primarily attributable to a decrease in salary expenses in general and administrative expenses.

Operating profit in the quarter amounted to approximately \$ 4.2 million (approximately 7.2% of the revenues) compared to approximately \$ 5.6 million (approximately 7.9% of the revenues) in the corresponding quarter last year.

Financial expenses, net in the quarter amounted to approximately \$ 1.5 million compared to financial income, net of approximately \$ 0.6 million last year. The increase in financial expenses, net is primarily attributable to the decrease in income from exchange rates differences compared to the corresponding period last year. In addition, financial expenses were impacted by the significant increase in bank interest rates in Israel and abroad.

Net income in the quarter amounted to approximately \$ 1.6 million compared to approximately \$ 4 million in the corresponding quarter of last year.

EBITDA in the quarter amounted to approximately \$ 5.4 million compared to approximately \$ 6.8 million in the corresponding quarter last year.

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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