

November 21, 2022

HIPER Global is reporting continued strong results in the third quarter of 2022.

A 72.6% increase in revenues in the third quarter of 2022, totaling approximately \$ 88 million compared to approximately \$ 51 million in the corresponding quarter last year and an increase of 24% compared to the previous quarter that amounted to \$ 71 million.

Gross profit in the quarter amounted to approximately \$ 14.8 million (approximately 16.8% of the revenues), an increase of approximately 80.8% compared to last year. In the previous quarter, gross profit amounted to approximately \$ 11.7 million (approximately 16.6% of the revenues)

A 152.2% increase in operating profit in the quarter, which amounted to approximately \$ 7.8 million (8.8% of the revenues), compared to \$ 3.1 million last year. Operating profit in the previous quarter amounted to approximately \$ 5.6 million (approximately 8% of the revenues)

Net income in the quarter amounted to approximately \$ 4.8 million, an increase of approximately 115.6% compared to last year. Net income in the previous quarter amounted to approximately \$4 million.

The Company declares for the first time a dividend of approximately \$3.4 million, which will be distributed by the end of 2022.

Shahaf Shrager, CEO of HIPER Global, said: " HIPER continues to present excellent results in the third quarter, which is a record quarter for the Company's operations. Since the beginning of the year, we have seen a consistent increase in the Company's performance and improvement in all indicators. The Company continues to maintain its leadership in the Israeli market and implement its strategy of strengthening in international markets, while leveraging existing knowledge and local capabilities.

The organic growth in the Company's revenues stems from both demand for existing products and expansion into new products. In this quarter, the Company benefited from an increased sales rate for several customers, which resulted, among other things, from the advance of deliveries planned for the fourth quarter, which is a result of proactive measures we have taken with customers against the backdrop of the global component crisis. All of this, as stated, to allow them business continuity and minimal damage to their operations.

At the same time, we see the success of the strategy of improving our activities in international markets and hope that we will be able to adapt the growth engines in our operations to current market conditions as well."

Yoav Weinberg, co-chairman of the board of directors in HIPER Global said: " The Company is reporting a record quarter that is a direct result of implementing the growth strategy we have adopted in Israel and abroad, all despite the market turmoil in recent years. I am convinced that the Company's technological capabilities and management will enable it to implement its long-term growth strategy and hope that this implementation will also be successful in the short term, given the complex macro environment in which we operate today."

Highlights of the results for the third quarter of 2022

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's 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's activities.

The Company's revenues from sales and services in the quarter amounted to approximately \$88 million, compared to approximately \$ 51 million in the corresponding quarter last year, an increase of approximately 72.6% which derives from organic growth in both operating segments from increased sales of existing products and expansion into new products, in addition to increased equipment supplies this quarter to several customers.

Gross profit in the quarter amounted to approximately \$ 14.8 million (approximately 16.8% of the revenues) compared to approximately \$ 8.2 million (approximately 16% of the revenues) in the corresponding quarter last year. An increase of approximately 81%, which results from the increase in revenue turnovers alongside improved profitability rates.

Selling, administrative and general expenses in the quarter amounted to approximately \$ 7 million, compared to approximately \$ 5.1 million in the corresponding quarter last year. The increase in selling and administrative expenses is primarily attributable to the increase in sales teams operating abroad and the increase in sales commissions resulting from the increase in sales volumes. In addition, selling and administrative expenses were recorded in respect of the consolidation of the company acquired in the US, and intangible asset amortization expenses recorded from the acquisition of this company.

Operating profit in the quarter amounted to approximately \$ 7.8 million (approximately 8.8% of the revenues) compared to approximately \$ 3.1 million (approximately 6% of the revenues) in the corresponding quarter last year, an increase of approximately 152%, 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 \$ 1.1 million compared to financial expenses, net, of approximately \$ 0.3 million last year. The increase in financial expenses, net is mainly attributed to the increase in credit volumes compared to the corresponding quarter (mainly the additional credit for the acquisition of the company in the US), as well as to the significant increase in bank interest rates in Israel and abroad.

Net income in the quarter amounted to approximately \$ 4.8 million compared to approximately \$ 2.2 million in the corresponding quarter of last year. An increase of approximately 115.6%.

EBITDA in the quarter amounted to approximately \$ 9.4 million compared to approximately \$ 4 million in the corresponding quarter last year, an increase of approximately 136%.

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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