

November 22, 2023

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

Revenues in the third quarter amounted to approximately \$ 81.2 million compared to \$ 88 million in the corresponding quarter last year (a record quarter for the Company).

Gross profit in the quarter amounted to approximately \$ 11.7 million (approximately 14.4% of the revenues).

Operating profit in the quarter amounted to approximately \$ 6.5 million (8% of the revenues).

EBITDA in the quarter amounted to approximately \$ 7.4 million.

Net income in the quarter amounted to approximately \$ 4.2 million.

The Company declares a dividend distribution of approximately \$ 1.7 million.

This quarter, the Company implemented a major part of the significant project to supply computer systems for the AI field, which the Company reported on during August.

Shahaf Shrager, CEO of HIPER Global, said: " The results of the quarter reflect, on the one hand, the continued slowdown among some of our customers, due to excess inventory that has accumulated in their hands and a temporary decrease in global demand for their products, and on the other hand, the opportunities that have been created for us as a result of long-term activity with our customers, such as the implementation of a significant project to supply computer systems for the AI field. We believe that in the foreseeable future, our main customers will return to growth, including in the semiconductor sector, in light of the global investments that countries are making in establishing chip manufacturing plants. We should note that since the outbreak of the war, the Company has continued regular activity at all its sites in Israel without harming the production and supply of products and that most of the customers to whom sales are made in Israel are exporters, so at this stage it appears that the war has had little impact on their activity."

Highlights of the results for the third quarter of 2023

The Company's revenues from sales and services in the quarter amounted to approximately \$ 81.2 million, compared to approximately \$ 88 million in the corresponding quarter last year (which is a record quarter). The decrease in revenues is mainly due to a slowdown in the rate of supplies due to excess inventory accumulated by some customers and a certain temporary decrease in global demand for their products, which was partially offset by implementing a major part of the project to supply computing systems for the AI field.

Gross profit in the quarter amounted to approximately \$ 11.7 million (approximately 14.4% of the revenues) compared to approximately \$ 14.8 million (approximately 16.8% of the revenues) in the corresponding quarter last year, a decrease of approximately 20.8%. The decrease in gross profit and profitability is due to a decrease in revenue turnover and a change in the mix of revenues and their profitability rate.

Selling, administrative and general expenses in the quarter amounted to approximately \$ 5.2 million, compared to approximately \$ 7 million in the corresponding quarter last year. The decrease in selling and administrative expenses is primarily attributable to adjustments made to personnel and operating expenses, in relation to the decrease in sales volume, to a decrease in sales commissions and bonuses, as well as to a decrease in the amortization of intangible assets due to the acquisition of a subsidiary in the US in 2022.

Operating profit in the quarter amounted to approximately \$ 6.5 million (approximately 8% of the revenues) compared to approximately \$ 7.8 million (approximately 8.8% of the revenues) in the corresponding quarter last year.

Financial expenses, net in the quarter amounted to approximately \$ 0.6 million compared to financial expenses, net of approximately \$ 1.1 million last year. The decrease in financial expenses, net is mainly due to income from exchange rate differences recorded in the current quarter as a result of changes in the NIS/dollar exchange rate.

Net income in the quarter amounted to approximately \$ 4.2 million compared to approximately \$ 4.8 million in the corresponding quarter of last year.

EBITDA in the quarter amounted to approximately \$ 7.4 million compared to approximately \$ 9.4 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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