

March 21, 2023

HIPER Global is reporting continued strong results in the fourth quarter and records a strong year.

A 17% increase in revenues in the quarter, which amounted to approximately \$ 80 million compared to approximately \$ 68.5 million in the corresponding quarter last year.

In 2022, revenues amounted to approximately \$ 300.6 million, an increase of approximately 37% compared to last year.

Gross profit amounted to approximately \$ 13.1 million in the quarter, (approximately 16.4% of the revenues), an increase of approximately 24% compared to last year.

In 2022, gross profit amounted to approximately \$ 49 million (approximately 16.3% of the revenues), an increase of approximately 44% compared to last year.

A 44% increase in operating profit in the quarter, which amounted to approximately \$ 6 million (7.5% of the revenues).

In 2022, operating profit amounted to approximately \$ 22.9 million (7.6% of the revenues), an increase of 71% compared to last year.

Net income in the quarter amounted to approximately \$ 3.2 million, an increase of approximately 49% compared to last year.

Net income in 2022 amounted to approximately \$ 15.6 million, an increase of approximately 79% compared to last year.

The Company declares a dividend of approximately \$ 2.5 million.

Shahaf Shrager, CEO of HIPER Global, said: "HIPER continues to present strong results in the fourth quarter and presents record results in the Company's operations in 2022. Recently, we have witnessed a strengthening in the scope of activity in the international sector thanks to the successful implementation of the strategy to improve activities in international markets. At the same time, the Company continues to maintain leadership in the Israeli market, while leveraging existing knowledge and local capabilities. In light of the complex global macro environment and the political situation in the local market, we are focused on adapting our activities to current market conditions."

Yoav Weinberg, co-chairman of the board of directors in HIPER Global said: "The Company is reporting a strong year, a direct result of implementing the growth strategy we have adopted in Israel and abroad, all despite the market turmoil of the past year. I am convinced that the Company's technological advantages combined with its strong management will allow it to implement its long-term growth strategy and achieve the goals it is aiming for, with an emphasis on international markets".

Highlights of the results for the fourth quarter and for 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 \$ 80 million, compared to approximately \$ 68.5 million in the corresponding quarter last year, an increase of approximately 17%, which is mainly due to organic growth in the international segment. **The Company's revenues in 2022** amounted to approximately \$ 300.6 million, compared to approximately \$ 219.6 million last year, an increase of approximately 37%, which is due to sharp organic growth in both segments of activity throughout all quarters of the year, as well as from increased equipment supplies mainly in the third quarter to several customers, as part of realization of their full purchase orders that were held for them.

Gross profit in the quarter amounted to approximately \$ 13.1 million (approximately 16.4% of the revenues) compared to approximately \$ 10.6 million (approximately 15.5% of the revenues) in the corresponding quarter last year, an increase of approximately 24%, which is mainly due to the increase in revenue turnover along with an improvement in the gross profit rate. **Gross profit in 2022** amounted to approximately \$ 49 million (approximately 16.3% of the revenues) compared to approximately \$ 34 million (approximately 15.5% of the revenues) last year, an increase of approximately 44%, which is due to an increase in revenues.

Selling, administrative and general expenses in the quarter amounted to approximately \$ 7.2 million, compared to approximately \$ 6.5 million in the corresponding quarter last year. The increase in selling and administrative expenses is mainly attributed to an increase in salary and sales commission expense component from an increase in sales volumes and the expansion of the sales teams. In addition, intangible asset amortization expenses recorded from the acquisition of a subsidiary in the United States during the year were included. **Selling, administrative and general expenses in 2022** amounted to approximately \$ 26.1 million compared to approximately \$ 20.7 million last year.

Operating profit in the quarter amounted to approximately \$ 6 million (approximately 7.5% of the revenues) compared to approximately \$ 4.1 million (approximately 6% of the revenues) in the corresponding quarter last year, an increase of approximately 44%, mainly due to the improvement in gross profit, which was partially offset by an increase in selling and administrative expenses. **Operating profit in 2022** amounted to approximately \$ 22.9 million compared to approximately \$ 13.4 million last year, an increase of

approximately 71%, mainly due to the improvement in gross profit, which was partially offset by the increase in selling and administrative expenses.

Financial expenses, net in the quarter amounted to approximately \$ 1.9 million compared to financial expenses, net, of approximately \$ 1.4 million last year. The increase in financial expenses, net is mainly attributed to an increase in credit volumes compared to the corresponding quarter last year (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. **Financial expenses, net, in 2022**, amounted to approximately \$2 million compared to approximately \$ 2.1 million last year.

Net income in the quarter amounted to approximately \$ 3.2 million compared to approximately \$2.2 million in the corresponding quarter last year. An increase of approximately 49%. **Net income in 2022** amounted to approximately \$ 15.6 million, an increase of approximately 79%, compared to \$ 8.7 million last year.

EBITDA in the quarter amounted to approximately \$ 7.6 million compared to approximately \$5 million in the corresponding quarter last year, an increase of approximately 54%. **EBITDA in 2022** amounted to approximately \$ 28.3 million compared to approximately \$ 16.8 million last year, an increase of approximately 68%.

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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