March 12, 2024

HIPER Global reports sharp growth in operating profit and net income in the results of the fourth quarter and summarizes its results for 2023.

Revenues in the fourth quarter amounted to approximately $ 71.6 million compared to approximately $ 79.9 million in the corresponding quarter last year.

Revenues in 2023 amounted to approximately $ 285.6 million compared to approximately $ 300.6 million last year.

Gross profit grew by approximately 4.1% and amounted to approximately $ 13.7 million in the quarter (approximately 19.1% of the revenues) compared to approximately $ 13.1 million (approximately 16.4% of the revenues) last year.

Gross profit in 2023 amounted to approximately $ 48 million (approximately 16.8% of the revenues) compared to approximately $ 49 million last year (approximately 16.3% of the revenues).

Operating profit grew by approximately 28.5% in the quarter and amounted to approximately $ 7.7 million (10.7% of the revenues) compared to approximately $ 6 million (approximately 7.5% of the revenues).

Operating profit in 2023 grew by approximately 4.8% and amounted to approximately $ 24 million (approximately 8.4% of the revenues) compared to approximately $ 22.9 million last year (approximately 7.6% of the revenues).

EBITDA in the quarter grew by approximately 15% and amounted to approximately $ 8.7 million.

EBITDA in 2023 grew by approximately 1.5% and amounted to approximately $ 28.7 million.

Net income in the quarter grew by approximately 55.2% compared to last year and amounted to approximately $5 million.

Net income in 2023 amounted to approximately $ 14.3 million.

The Company declares a dividend of approximately $ 1.4 million.

Shahaf Shrager, CEO of HIPER Global, said: " The results of the quarter reflect an exceptionally favorable sales mix, including the implementation of defense projects in the international segment, which led to improved profitability during the reporting period. At the same time, we continue to work and identify opportunities that have arisen in the field of AI, such as the project we delivered in 2023 to Nvidia under enormous technological complexity and in record time. We believe that in the course of 2024 we will see signs of a return to growth among some of our key customers in the semiconductor industry, in light of global investments that countries are making in establishing chip manufacturing plants, both in the wake of the AI boom and in view of the desire of Western countries to move chip manufacturing back to their territory."

Yoav Weinberg, co-chairman of the board of directors in HIPER Global said: " The results of the quarter, as well as the achievements of 2023, are a direct result of responsible management and the correct realization of opportunities in Israel and abroad, despite the challenging year we experienced. The Company's technological advantages, combined with its geographical distribution and strong management, allow us to implement the strategy of growth and acquisition of new international customers, along with entering into new markets and technologies."

Highlights of the results for the fourth quarter and for 2023

The Company's revenues from sales and services in the quarter amounted to approximately $ 71.6 million, compared to approximately $ 79.9 million in the corresponding quarter last year. The decrease in revenue turnover derives from slowdown in the supply rate to a certain customer in the international segment, which was offset by increased supplies for other customers and from a realization of additional part in the project of supplying computing systems for the AI field in Israel segment. **The Company's revenues in 2023** amounted to approximately $ 285.6 million, compared to approximately $ 300.6 million last year.

Gross profit in the quarter grew by 4.1% and amounted to approximately $ 13.7 million (approximately 19.1% of the revenues) compared to approximately $ 13.1 million (approximately 16.4% of the revenues) in the corresponding quarter last year. The increase in gross profit stems from a change in the revenue mix in view of significant supplies to the defense sector in the international segment at a high profitability rate, as well as from a decrease in expenses following adjustments made to operating expenses. **Gross profit in 2023** amounted to approximately $ 48 million (approximately 16.8% of the revenues) compared to approximately $ 49 million last year (approximately 16.3% of the revenues).

Selling, administrative and general expenses in the quarter decreased by 16.4% and amounted to approximately $ 6 million, compared to approximately $ 7.2 million in the corresponding quarter last year. The decrease in selling and administrative expenses is attributable, among other things, to a decrease in sales commissions and bonuses, adjustments made to manpower in relation to the decrease in revenues, and a decrease in the amortization of intangible assets compared to the corresponding quarter last year. **Selling, administrative and general expenses in 2023 decreased by approximately 7.7%** and amounted to approximately $ 24 million compared to approximately $ 26 million last year.

Operating profit in the quarter grew by 28.5% and amounted to approximately $ 7.7 million (approximately 10.7% of the revenues) compared to approximately $ 6 million (approximately 7.5% of the revenues) in the corresponding quarter last year. The increase in operating profit and its rate is mainly due to such an increase in gross profit alongside the decrease in selling, general, administrative, and other expenses. **Operating profit in 2023 grew by approximately 4.8%** and amounted to approximately $ 24 million (approximately 8.4% of the revenues) compared to approximately $ 22.9 million last year (approximately 7.6% of the revenues).

Financial expenses, net in the quarter amounted to approximately $ 1.8 million similar to the corresponding quarter last year. **Financial expenses, net in 2023** amounted to approximately $ 4.7 million compared to approximately $ 2 million last year. The increase in financial expenses, net in 2023 is mainly due to a significant decrease in income from exchange rate differences recorded in the corresponding period because of a sharp devaluation in the dollar/NIS exchange rate (which led to the erosion of NIS liabilities). In addition, financial costs were affected by significant increase in bank interest rates in Israel and abroad compared to the corresponding period.

Net income in the quarter grew by 55.2% and amounted to approximately $ 5 million compared to approximately $ 3.2 million in the corresponding quarter last year. **Net income in 2023** amounted to approximately $ 14.3 million compared to $ 15.6 million last year.

EBITDA in the quarter grew by 15% and amounted to approximately $ 8.7 million compared to approximately $ 7.6 million in the corresponding quarter last year. **EBITDA in 2023** grew by 1.5% and amounted to approximately $ 28.7 million compared to approximately $ 28.3 million 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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