Investor Relations

March 16, 2025

HIPER Global reports the results of the fourth quarter for 2024.

Revenues in 2024 amounted to approximately $ 273.7 million compared to approximately $ 285.6 million in 2023 that included revenue from a unique AI project in the amount of $ 35 million.

Revenues in the fourth quarter amounted to $ 64.5 million compared to $ 71.6 million in the corresponding quarter last year. Most of the decrease is due to accounting recording of a unique transaction in which only the gross (net) profit from this transaction was recorded.

Gross profit in 2024 amounted to $ 47.6 million, similar to last year (representing approximately 17.4% of the revenues compared to approximately 16.8% last year).

Gross profit in the quarter amounted to $ 11.9 million compared to $ 13.7 million in the corresponding quarter last year (approximately 18.4% of the revenues compared to 19.1% in the corresponding quarter) considering a different transaction mix.

EBITDA in 2024 increased by 2.7% to $ 29.5 million compared to $ 28.7 million last year. EBITDA in the quarter amounted to $ 7.5 million compared to $ 8.7 million in the corresponding quarter last year.

Net income in 2024 increased by 10.7% to $ 15.8 million compared to last year.

Net income in the quarter amounted to $ 4.1 million compared to approximately $ 5 million last year.

The Company declares a dividend distribution of approximately $ 1.8 million.

Shahaf Shrager, CEO of HIPER Global, said: "2024 was characterized by significant external influences such as the end of the global components crisis, the war in Israel and the continued weakness in some of the markets in which our global customers operate, such as the semiconductors sector. However, the Company presented an improvement in operational and financial indicators and an increase of more than 10% in net income compared to last year. In addition, we showed significant growth in the US segment, where we almost returned to record levels of revenue, with only a partial contribution from the leading customers in this segment. During 2024, we experienced significant strengthening in our activity with the defense sector (in Israel and abroad), which was reflected in winning new projects, an increase in the order backlog and a significant increase in revenues. Considering the complex geopolitical situation and the growing security challenges in the world and in Israel, we expect that countries' budgets and investments in the defense sector will continue to grow significantly in the coming years. Thanks to HIPER's strong position as a provider of technological solutions for the world's largest defense super contractors, we assume that we will continue a growth trend in this area. Our activity in the defense sector allows us to provide our customers with high added value, while providing a response to complex and unique tactical needs through self-development of innovative computing solutions."

Highlights of the results for the fourth quarter and for 2024

The Company's revenues in the quarter amounted to approximately $ 64.5 million, compared to approximately $ 71.6 million in the corresponding quarter last year.

Revenues from the Israel operating segment totaled approximately $3 9.7 million in the quarter, compared to approximately $ 48.4 million in the corresponding quarter last year. The decrease in revenues is largely due to exceptional accounting recording in the current quarter of a transaction with special characteristics whose results were recorded in gross profit (net) only, instead of recording revenues and cost of sales (gross), and as a result of recognition of the remaining revenues from the significant AI project, which was completed in the corresponding quarter last year.

Revenues from the US operating segment grew by approximately 9% and amounted to approximately $ 22.8 million in the quarter, compared to approximately $ 20.9 million in the corresponding quarter last year, an increase that was entirely organic.

Revenues from the Europe (Other) operating segment grew by approximately 9.3% and amounted to approximately $ 4.8 million in the quarter, compared to approximately $ 4.4 million in the corresponding quarter last year, an increase that is mainly due to growth in operations in Germany.

The Company's revenues in 2024 amounted to approximately $ 273.7 million, compared to approximately $ 285.6 million last year.

Revenues from the Israel operating segment amounted to approximately $ 166.2 million, compared to approximately $ 195.5 million last year. The decrease in the segment's revenues stems from a significant project of approximately $ 35 million that was delivered in 2023.

Revenues from the US operating segment grew by approximately 20.4% and amounted to approximately $ 99.1 million compared to approximately $ 82.3 million last year, an entirely organic growth.

Revenues from the Europe (Other) operating segment grew by approximately 29.8% and amounted to approximately $ 16.3 million compared to approximately $ 12.6 million last year. The increase in segment revenues is mainly due to the commencement of equipment supplies for the Company's long-term project in Switzerland and growth in operations in Germany.

Gross profit in the quarter amounted to approximately $ 11.9 million (approximately 18.4% of the revenues) compared to approximately $ 13.7 million (approximately 19.1% of the revenues) in the corresponding quarter last year. The decrease in gross profit is due to a change in revenue mix compared to the corresponding period in which a number of transactions were executed at higher than usual profitability rates.

Gross profit in 2024 amounted to approximately $ 47.6 million (approximately 17.4% of the revenues) compared to approximately $ 48 million (approximately 16.8% of the revenues) in the corresponding period last year. The decrease in gross profit is due to a decrease in revenues, which was largely offset by a higher-profit revenue mix.

Selling, administrative and general expenses in the quarter amounted to approximately $ 5.7 million, compared to approximately $ 6 million in the corresponding quarter last year. **Selling, administrative and general expenses in 2024** amounted to approximately $ 22.8 million compared to approximately $ 24 million last year.

Operating profit in the quarter amounted to approximately $ 6.2 million (approximately 9.6% of the revenues) compared to approximately $ 7.7 million (approximately 10.7% of the revenues) in the corresponding quarter last year.

Operating profit of the Israel operating segment amounted to approximately $ 4.1 million in the quarter, compared to approximately $ 5.3 million in the corresponding quarter last year. The decrease in operating profit is due to a decrease in revenues and a change in the mix compared to the corresponding quarter, in which several transactions were conducted at higher than usual profitability rates.

Operating profit of the US operating segment amounted to approximately $ 1.9 million in the quarter, compared to approximately $ 2.2 million in the corresponding quarter last year. The decrease is due to a decrease in gross profit due to a change in revenue mix compared to the corresponding quarter.

Operating profit of the Europe operating segment amounted to approximately $ 0.2 million in the quarter, similar to the corresponding quarter last year.

Operating profit in 2024 increased by approximately 3% and amounted to approximately $ 24.8 million (9.1% of the revenues) compared to approximately $ 24 million (8.4% of the revenues) last year. The increase in operating profit is mainly due to the increase in revenues and gross profit of the US segment, along with a decrease in intangible asset amortization expenses compared to the corresponding period, as well as a higher profitable revenue mix in the Israel segment.

Net income in the quarter amounted to approximately $ 4.1 million compared to approximately $ 5 million in the corresponding quarter last year. **Net income in 2024 increased by approximately 10.7% and amounted to approximately $ 15.8 million** compared to approximately $ 14.3 million last year. The increase in income stems from the increase in operating profit alongside a decrease of approximately $ 1 million in financial expenses, net because of a decrease in expenses for exchange rate differences and a decrease in interest expenses from the decrease in the Group's credit volumes.

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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