August 19, 2025

HIPER Global reports the results of the second quarter for 2025.

Revenues in the second quarter amounted to approximately $ 62.8 million compared to approximately $ 61 million in the corresponding quarter, an increase of 3%.

Gross profit in the quarter amounted to $ 9.7 million compared to $ 10.3 million in the corresponding quarter (representing approximately 15.5% of the revenues compared to approximately 16.9% in the corresponding quarter) in light of a different transaction mix and increase in NIS costs for revaluation of the NIS/Dollar exchange rate.

Operating profit in the quarter amounted to approximately $ 3.3 million compared to approximately $ 5.2 million in the corresponding quarter (approximately 5.2% of revenues compared to 8.4% in the corresponding quarter). Operating profit was affected by an increase in NIS operating costs in the Israel segment as a result of the sharp revaluation in the NIS/Dollar exchange rate in the second quarter of 2025.

EBITDA in the quarter amounted to $ 4.7 compared to $ 6.2 million in the corresponding quarter last year.

Net income in the quarter increased by approximately 3.7% to approximately $ 3 million compared to approximately $ 2.9 million last year, among others, due to the recording of tax revenues.

The Company declares a dividend distribution of approximately $ 0.9 million

Shahaf Shrager, CEO of HIPER Global, said: "The results in this quarter were affected on the one hand by a good growth in foreign revenues, which was offset by a decrease in revenues in Israel. The operating and gross profitability was affected in the quarter by a different revenue mix that included a number of projects in which a transition to a new generation was carried out (a process that naturally entails lower profitability at their inception) alongside an abnormal increase in NIS operating costs in the Israel segment as a result of the impact of the sharp revaluation in the NIS/Dollar exchange rate that occurred in the second quarter of 2025.

In light of the complex geopolitical situation and the increasing security challenges in the world and in Israel, we continued to see a significant strengthening of our activity with the security sector, which was reflected in winning significant new projects. In the second quarter an order was received from a new customer in the security sector, which is expected to total over $11 million and its performance is scheduled to take place in the coming year. In addition, we see that our activities abroad continue to grow both organically and inorganically, and in light of the various business parameters, we are generally optimistic for 2026. We continue to invest in identifying and analyzing opportunities for expansion through acquisitions and mergers in territories outside Israel, with a special focus on the security sector."

Highlights of the results for the second quarter of 2025

The Company's revenues in the quarter increased by 3% to approximately $ 62.8 million, compared to approximately $ 61 million in the corresponding quarter last year. The increase in revenues in the quarter was mainly due to increased activity with customers in various sectors in the US and Europe.

Revenues from the Israel operating segment amounted to approximately $ 38.4 million in the quarter, compared to approximately $ 41.4 million in the corresponding quarter last year. The decrease in segment revenues resulted from the completion of long-term projects that were completed as planned, while on the other hand, there are noticeable delays in initiating and starting new projects due to the effects of the prolonged war.

Revenues from the US operating segment increased by approximately 17.9% to approximately $ 22.2 million in the quarter, compared to approximately $ 18.8 million in the corresponding quarter last year. The increase in segment revenues was mainly due to increased activity with customers in various sectors.

Revenues from the Europe (Other) operating segment grew significantly by approximately 95.3% and amounted to approximately $ 6.3 million in the quarter, compared to approximately $ 3.2 million in the corresponding quarter last year. The increase in segment revenues was mainly due to the commencement of equipment deliveries for the Company's long-term project in Switzerland and from revenues of a company acquired at the beginning of the second quarter of 2025.

Gross profit in the quarter amounted to approximately $ 9.7 million (approximately 15.5% of the revenues) compared to approximately $ 10.3 million (approximately 16.9% of the revenues) in the corresponding quarter last year. The decrease in gross profit was affected by a change in revenue mix due to projects in which transitions to a new generation were made that replaced old established projects, a process that naturally results in low costs and gross profit margins at the their inception, alongside an increase in NIS costs, especially wage and subcontractor costs in Israel segment as a result of the impact of the sharp revaluation in the NIS/Dollar exchange rate in the second quarter of 2025.

Selling, administrative and general expenses in the quarter amounted to approximately $ 6.4 million, compared to approximately $ 5.2 million in the corresponding quarter last year. The increase in selling, administrative and general expenses was mainly due to an increase in NIS operating costs in Israel segment as a result of the impact of the sharp revaluation in the NIS/Dollar exchange rate in the second quarter of

2025, from the initial consolidation of the results of a company acquired abroad at the beginning of the second quarter, the costs of professional services to execute the transaction and the related amortization expenses of intangible assets.

Operating profit in the quarter amounted to approximately $ 3.3 million (approximately 5.2% of the revenues) compared to approximately $ 5.1 million (approximately 8.4% of the revenues) in the corresponding quarter last year. The decrease in operating profit is mainly due to the Israel operating segment.

Operating profit of the Israel operating segment amounted to approximately $ 1.5 million in the quarter, compared to approximately $ 3.6 million in the corresponding quarter last year. The decrease in operating profit was due to a decrease in revenues and gross profit, alongside an increase in NIS expenses (mainly wages) due to the impact of the sharp revaluation in the NIS/Dollar exchange rate in the quarter.

Operating profit of the US operating segment amounted to approximately $ 1.7 million in the quarter, similar to the corresponding quarter last year. The quarter was affected by changes in revenue mix and one-off specific costs as a result of completing operational measures to maximize synergies.

Operating profit of the Europe operating segment amounted to approximately $ 0.1 million in the quarter, compared to a loss of $ 0.2 million in the corresponding quarter last year.

EBITDA in the quarter amounted to $ 4.7 million compared to $ 6.2 million in the corresponding quarter last year.

Net income in the quarter amounted to approximately $ 3 million compared to approximately $ 2.9 million in the corresponding quarter last year. Income in the quarter was affected, among other things, by an increase of approximately $ 0.3 million in net financing expenses and a decrease of approximately $ 2.2 million in taxes on income which resulted, among other things, from a decrease in taxable income in Israel segment due to high NIS financing expenses stemming from sharp revaluation of NIS exchange rate against the Dollar in the current quarter and from recording deferred taxes due to measurement basis differences between the Dollar statements and the NIS statements of Israeli companies.

About the Company:

The Company is engaged in providing computing solutions to technology companies that develop products. The Company consults and implements the process of turning the customer's idea into a tangible product from the planning stage to reaching the market on time. The Company operates in Israel and the world (through subsidiaries in 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.

For additional details:

Jonathan Raz

Investor Relations Ltd.

Tel: 03-5167620

jonathan@km-ir.co.il

www.km-ir.co.il