



Periodic report for the six months ended June 30, 2025

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This is an English translation of parts of the information in the full Hebrew report of the company, that was published on August 19, 2025 (reference no.: 2025-01-061521) at the ISA reporting website (magna.isa.gov.il) (hereafter: "the Hebrew Version"). This English version is voluntary and only for convenience purposes. This is not an official translation and has no binding force. The translation in any case cannot perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

Board of Directors' Report on the Corporation's

State of Affairs for the period ended June 30, 2025

The Board of Directors of Hiper Global Ltd. ("**The Company**") hereby submits the Board of Directors' report on the state of affairs of the Company ("**The Report**") which reviews the main changes in the Company's operations for the six months ended June 30, 2025 until the date of this report ("**The Reported period**") and for the period of three months then ended ("**the Quarter**") in accordance with the Reports' Regulations, as detailed below.

The Company was incorporated on October 14, 2021, as a private company limited by shares pursuant to the Israeli Companies Law, -1999 ("**The Companies Law**") for the purpose of splitting the OEM activity (as defined below) from Emet Computing Ltd. ("**Emet Computing**"). From the split completion date on March 8, 2022, the Company is engaged directly and through subsidiaries under its control in the characterization, planning and assembly of custom-made computing systems (the "**Products**" or the "**Company's products**") which are integrated (OEM - Original Equipment Manufacturer) into the products of its customers they are selling to their end customers. This kind of activity includes analysis and technical characterization of the appropriate platform, development of the products, definition of the appropriate infrastructures (hardware and software), execution of planning and development processes for mechanical solutions, electronics and thermal analyzes of the product, management and documentation of the engineering information - including building the product portfolios, management of production processes and planning and execution of quality inspection processes of the products. In addition, the activity includes a service of full management of production and logistics supply processes, including management of the supply chain of assembled systems according to the customer's definitions ("**OEM activity**").

For the offering of the securities according to the split prospectus and registration for trading on the Tel Aviv Stock Exchange Ltd. (the "**Stock Exchange**"), see immediate report dated February 27, 2022 (reference no.: 2022-01-023794) is the first offering of securities to the public by the Company. On March 8, 2022, the Company's shares were listed for trading on the stock exchange for the first time and the Company became a public company as defined in the Companies Law.

This report was prepared considering that the latest periodic report for 2024 is before the readers, including the Board of Directors' Report, a chapter describing the corporation's business, the financial statements, and a chapter providing additional details regarding the corporation that includes (immediate report dated March 16, 2025, reference no.: 2025-01-017101) (the "**Periodic Report for 2024**"). In addition, the Company's consolidated financial statements as of June 30, 2025 (hereinafter: the "**Financial Statements**") are attached to this report.

1. Description of the Company and its business environment

The Company, by itself and through subsidiaries and related companies in Israel and abroad ("**The Group**") specializes in creating computer-based solutions and enables technology companies that develop software products to realize their idea into a tangible product. The Company consults its customers from the planning stage to the stage of the final product available for sale. The Company operates in Israel, US and Europe and provides solutions with global deployment. The Company's activities include co-working with its customers R&D groups and tailoring complex technological solutions according to their needs. In the following stages, the Company manufactures and delivers the systems it has designed in a global deployment according to its customers' business needs.

The Company operates and reports several operating segments: the Israel operation segment, the US operation segment and "other" operation segment (which as of this date includes Europe operation), which are characterized by a very high technological complexity. Due to the positioning of the Israeli high-tech market at the forefront of global technology, the Company has developed extensive expertise and knowledge and has gained an immense wide broad experience, which is applied with global customers operating mainly from the United States and the UK, with the aim of expanding and deepening the penetration of foreign markets. The Company operates in a wide number of sectors including: semiconductor industries, the field of artificial intelligence (AI), the defense industries, companies in the cyber field, media, data storage, printing and medical equipment.

2. Events in the corporation's activity during the reported period and up to the date of its publication

- 2.1 For events that occurred from January 1, 2025 until the publication date of the report for the first quarter of 2025 published on May 14, 2025 (Reference No.: 2025-01-033634) (hereinafter: "**The Board of Directors' Report for the First Quarter of 2025**"), see Section 2 of the Company's Board of Directors' report for the periodic report for 2024 and Section 2 of the Company's Board of Directors' report for the first quarter of 2025.
- 2.2 On August 18, 2025, the Company's Board of Directors approved the distribution of a dividend to the Company's shareholders (which meets the distribution tests set forth in the Companies Law), at a rate of 6.5 agorot per share and in a total amount of approximately NIS 3,077 thousand. For further details, see an immediate report regarding the distribution of a dividend, which will be published on or about the publication date of this report.
- 2.3 Further to Section 6.1.3 in Chapter A of the Hebrew Version of the Periodic Report for 2024, on April 2, 2025, the Trump administration announced the imposition of reciprocal tariffs on the import of goods from many countries around the world to the United States, with a total tariff of 17% imposed on imports from Israel (until then there was no tariff at all on imports from Israel). It should be clarified that the tariff applies only to goods and does not apply to services. On August 7, 2025, the new tariff policy in the US officially came into effect, with the final tariff rate on imports from Israel was set at 15%. A similar tariff rate was also set for the European Union countries, South Korea and Japan (while a tariff rate of 20% was set for other East Asian countries - Vietnam, Taiwan, etc.). A rate of only 10% was set for imports from the UK.

- 2.4 As part of the new tariff policy - on August 6, 2025, a concrete reference was published by the US on the import of chips and processors. According to the announcement, a 100% tariff was set on the import of chips and processors, effective from August 7, 2025, in a comprehensive manner regardless of the country of origin. However, it was determined that significant global manufacturers that have made a real investment in production infrastructure in the US in recent years (or that commit to establishing production lines in the US) will be entitled to a full exemption from said tariff.

The Company is monitoring the effects of the new tariff policy in the US and based on the information in its possession as of the approval date of the financial statements, the new trade policy does not appear to have a material impact on the Company, since the Company and its subsidiaries operate from a number of different geographical locations around the world, however, the above (with an emphasis on the new policy for taxing chips) may have a negative impact on the increase in the price of inputs by the Group's customers in the US, which may affect changes in their purchasing decisions and supply chain. The Company will continue to monitor the implications in the US market and adjust its strategies as necessary.

- 2.5 For further details regarding material events after the balance sheet date, see Note 6 to the financial statements.

3. Financial position

- 3.1 The Group's total assets according to the financial statements as of June 30, 2025, amounted to approximately \$ 169,712 thousand and as of June 30, 2024, amounted to approximately \$ 171,545 thousand.
- 3.2 Below are the key changes in the Group's financial position as of June 30, 2025, compared to the consolidated statement of financial position as of December 31, 2024 (US dollars in thousands):

Item	As of June 30, 2025	As of December 31, 2024	Company's explanations
Current Assets	133,243	142,444	The main change in the volume of current assets is due to a decrease in inventory balance of \$ 10,534 thousand compared to increase in taxes receivable in the amount of \$ 1,190 thousand.
Non- Current Assets	36,469	32,551	The main change in non-current assets is due to an increase in goodwill and intangible assets as a result of a business combination of a company acquired by an overseas subsidiary in the second quarter of 2025, the operating results of which are reported under the "Other" segment.
Total Assets	169,712	174,995	
Current Liabilities	54,243	67,911	The main decrease in the volume of current liabilities is due to a decrease in short-term credit balance of \$ 5,139 thousand, a decrease in the liability for a PUT option to minority of \$ 3,817 thousand due to exercise carried out in the first quarter of 2025 in the US subsidiary, and a decrease in the balances of trade payables and other payables of \$ 1,864 thousand and \$ 2,086 thousand, respectively.
Non-current Liabilities	19,754	15,805	The main change in the volume of non-current liabilities resulted from taking long-term credit for financing the acquisition of a foreign company.
Equity	95,715	91,279	The main change in equity is due to the addition of net income in the period amounting to \$ 7,662 thousand, net of the dividend declared and paid in the amount of \$ 3,214 thousand.
Total Liabilities and Equity	169,712	174,995	

4. Operating results

4.1 The following are the condensed consolidated statements of profit or loss for the six months ended June 30, 2025 and 2024 (US dollars in thousands):

Item	For the six months ended June 30		Change in %	Company's explanations
	2025	2024		
Revenues	143,270	146,902	(2.5%)	The decrease in revenue is due to significant transactions that were carried out in the corresponding quarter in the AI field in Israel and US segments, and which was mostly offset by an increase in revenue in the Israel segment and "Other" segment
Gross profit	22,332	24,146	(7.5%)	The decrease in gross profit is due to a decrease in revenue turnover, change in the mix of transactions and increase in NIS costs in Israel segment from the impact of the revaluation of the NIS/dollar exchange rate in the second quarter of 2025.
Gross profit rate	15.6%	16.4%		
Selling, general and administrative and other expenses	12,377	11,257	9.9%	The increase in selling, administrative and general expenses is mainly due to an increase in selling salary costs (including the effect of the revaluation in the NIS/dollar exchange rate on the increase in the dollar value of NIS costs in Israel segment) and advertising costs, along with increased expenses as a result of the consolidation of the company acquired abroad at the beginning of the second quarter of 2025, the costs of professional services to execute the transaction and the amortization costs of intangible assets in connection therewith.
Operating income	9,955	12,889	(22.8%)	The decrease in operating income is mainly due to the decrease in gross profit and increase in selling, administrative and general expenses.
Operating income rate	6.9%	8.8%		
Financial expenses, net	1,536	1,649	(6.9%)	The change in financial expenses, net, is mainly due to an increase in financial costs from exchange rate differences as a result of the revaluation of NIS liabilities due to the revaluation of the NIS exchange rate against the dollar, which was offset by a decrease in expenses recorded in the corresponding period from the revaluation of financial liabilities.
Taxes on income	757	3,332	(77.3%)	The decrease in tax expenses is mainly due to a decrease in taxable income in Israel segment due to high financial expenses in NIS originating from revaluation of the NIS/dollar exchange rate.

Net income	7,662	7,908		
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EBITDA (*)	12,662	15,115	(16.2%)	The change mainly derived from a decrease in operating income, as stated above, net of an increase in depreciation expenses.
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(*) EBITDA (data is not audited and not reviewed): Operating income excluding other expenses/income and excluding depreciation and amortization expenses. This figure is included in the report as it provides information on profit from current operations, excluding expenses that do not involve cash flows.

4.2 The following are the condensed consolidated statements of profit or loss for the three months ended June 30, 2025 and 2024 (US dollars in thousands):

Item	For the three months ended June 30		Change in %	Company's explanations
	2025	2024		
Revenues	62,828	61,060	2.9%	The increase in revenues in the quarter is due to increased activity with customers in various sectors in the US and Europe.
Gross profit	9,740	10,324	(5.7%)	The decrease in gross profit was affected by a change in the 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 costs and low gross profit margins at the beginning of their journey, alongside an increase in NIS costs, mainly wage costs and subcontractors in Israel segment as a result of the impact of the sharp revaluation of the NIS/dollar exchange rate in the second quarter of 2025.
Gross profit rate	15.5%	16.9%		
Selling, general and administrative and other expenses	6,445	5,210	23.7%	The increase in selling, administrative and general expenses is mainly due to an increase in operating costs in NIS in Israel segment from the sharp revaluation in the NIS/dollar exchange rate in the second quarter of 2025 and from the initial consolidation of the results of the company that was acquired abroad at the beginning of the second quarter, the costs of professional services to execute the transaction and the amortization costs of intangible assets in connection therewith.

Operating income	3,295	5,114	(35.6%)	The decrease in operating income is mainly due to the decrease in gross profit and increase in selling, administrative and general expenses.
Operating income rate	5.2%	8.4%		
Financial expenses, net	1,149	871	31.9%	The increase in financial expenses, net, is mainly due to revaluation of NIS liabilities due to the sharp revaluation of the NIS/Dollar exchange rate in the quarter.
Taxes on income	(845)	1,360		The tax revenues recorded in the quarter resulted from a decrease in taxable income in the Israel segment due to high NIS financial expenses stemming from the sharp revaluation of the NIS/Dollar exchange rate in the current quarter, and from recording deferred taxes due to differences in measurement basis between the dollar statements and the NIS statements of the Israeli companies.
Net income	2,991	2,883	3.7%	

EBITDA (*)	4,677	6,214	(24.7%)	The change mainly derived from a decrease in operating income, as stated above, net of an increase in depreciation expenses.
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4.3 Financial information on business operating segments of the group for the six months ended June 30, 2025 and 2024 (US dollars in thousands):

Item	For the six months ended June 30		Change in %	Company's explanations
	2025	2024		
<u>Segment's revenues:</u>				
Israel	92,736	91,072	1.8%	The increase in the segment's revenues resulted from a growth in activity with customers in various sectors.
US	47,175	54,253	(13.0%)	The decrease in revenues was mainly due to a significant transaction in the first quarter of 2024 to supply AI computing systems to a customer in the US that was partly offset by an increase in revenues from other customers.
Other (*)	9,804	5,635	74.0%	The increase in segment revenues was mainly due to the start of equipment supplies 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.
Adjustments	(6,445)	(4,058)		
Total revenues	143,270	146,902	(2.5%)	
<u>Segment's results:</u>				
Israel	6,243	8,228	(24.1%)	The decrease in operating profit was mainly due to an increase in NIS expenses (mainly payroll) due to the revaluation effect in the NIS/dollar exchange rate in the second quarter of 2025.
US	3,563	5,168	(31.1%)	The decrease in operating profit was mainly due to a decrease in revenues and gross profit, as above.
Other (*)	149	(507)		The increase in operating profit was mainly due to an increase in revenues in the project in Switzerland, as stated above.
Total operating income	9,955	12,889	(22.8%)	

(*) The segment includes the Company's activity in Europe (UK, Switzerland and Germany)

4.4 Financial information on business operating segments of the group for the three months ended June 30, 2025 and 2024 (US dollars in thousands):

Item	For the three months ended June 30		Change in %	Company's explanations
	2025	2024		
<u>Segment's revenues:</u>				
Israel	38,373	41,368	(7.2%)	The decrease in the segment's 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.
US	22,198	18,822	17.9%	The increase in the segment's revenues resulted from a growth in activity with customers in various sectors.
Other (*)	6,250	3,201	95.3%	The increase in segment revenues was mainly due to the start of equipment supplies 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.
Adjustments	(3,993)	(2,331)	71.3%	
Total revenues	62,828	61,060	2.9%	
<u>Segment's results:</u>				
Israel	1,544	3,594	(57.0%)	The decrease in operating profit was mainly due to a decrease in revenues and gross profit along with an increase in NIS expenses (mainly payroll) due to the revaluation effect in the NIS/dollar exchange rate in the quarter.
US	1,667	1,687	(1.2%)	The change was affected by a difference in the mix of revenues and specific costs as a result of completing operational measures to maximize synergies.
Other (*)	84	(167)		The increase in operating profit was mainly due to an increase in revenues in the project in Switzerland, as stated above.
Total operating income	3,295	5,114	(35.6%)	

(*) The segment includes the Company's activity in Europe (UK, Switzerland and Germany)

5. Liquidity and Cash flows

5.1 key figures from the statement of cash flows for the six months ended June 30, 2025 and 2024 (dollars in thousands):

The item	For the six months ended June 30		Company's explanations
	2025	2024	
Net cash provided by (used in) operating activities	13,333	4,152	The change was mainly due to timing differences in working capital items, mainly due to a decrease in inventory compared to an increase in inventory in the corresponding period
Net cash used in investing activities	(2,889)	(827)	The majority of the cash used for investing activities was used to acquire the company abroad in the second quarter of 2025.
Net cash provided by (used in) financing activities	(10,912)	(3,929)	The majority of the cash used for financing activities was used to repay short-term credit, to exercise a PUT option by shareholders in the US subsidiary in the first quarter, and to pay a dividend to shareholders, while on the other hand, there was an increase in long-term loans for the purpose of acquiring the company abroad.
Decrease in cash and cash equivalents	(468)	(604)	

5.2 key figures from the statement of cash flows for the three months ended June 30, 2025 and 2024 (dollars in thousands):

The item	For the three months ended June 30		Company's explanations
	2025	2024	
Net cash provided by (used in) operating activities	17,984	(5,476)	The change in cash from operating activities was mainly due to timing differences in working capital items, mainly due to a decrease in inventory compared to an increase in inventory in the corresponding quarter and a decrease in trade receivables compared to the corresponding quarter.
Net cash used in investing activities	(2,870)	(677)	The majority of the cash used for investing activities was used to acquire the company abroad in the second quarter of 2025.
Net cash provided by (used in) financing activities	(13,017)	2,203	The majority of the cash used for financing activities was used to repay short-term credit, to pay a dividend to shareholders, while on the other hand, there was an increase in long-term loans for the purpose of acquiring the company abroad.
Decrease in cash and cash equivalents	2,097	(3,950)	

6. Financing Sources

- 6.1 The working capital of the Company as of June 30, 2025 was about \$ 79,000 thousand compared to a total of about \$ 74,533 thousand as of December 31, 2024 and about \$ 69,036 thousand as of June 30, 2024.
- 6.2 The group companies finance their business activities from independent means (equity), suppliers' credit, bank credit and credit from institutional entities. Purchases of companies are usually financed from own sources in combination with long-term bank/institutional credit. For more details regarding the financing sources, see Section 17.9 in Chapter A of the Hebrew Version of the periodic report for 2024.
- 6.3 The following is the average amount of the Company's credit/loans for the six-month period ended June 30, 2025 and 2024 (in thousands of dollars):

The item	The average amount for the six months ended June 30	
	2025	2024
The average amount of short-term credit from banking and other corporations	16,385	23,516
The average amount of long-term loans	5,677	5,928
The average amount of credit from suppliers	24,415	29,263
The average amount of credit to customers	60,896	50,206

7. Effects of inflation and interest

In the first half of 2025, the Consumer Price Index increased by approximately 2.1%, compared to an increase of approximately 2.1% in the corresponding period last year. According to the Bank of Israel forecast from July 2025, the inflation rate during the four next quarters (ending on the first quarter of 2026) is expected to be 2.2% and the inflation rate in 2025 is expected to be 2.6%.

According to the same forecast, the economic growth forecast for 2025 was set at 3.3% and the forecast for 2026 was set at 4.6%.

In July 2025, the Bank of Israel left the Bank of Israel interest rate unchanged at 4.5%.

In the US, in July 2025, the Federal Reserve also decided to leave the interest rate in the range of 4.25%-4.5%, while maintaining flexibility for future interest rate reductions in accordance with labor market data and inflation.

In Europe, in July 2025, the European Central Bank maintained the interest rate at a rate of 2.15%, after a series of interest rate reductions since June 2024.

The Company estimates that the impact of inflation on its operating results is not expected to be significant, among other things, because the Company's liabilities to banks are not linked to CPI. However, the high-interest rate environment negatively affects the results of the Company and its subsidiaries due to an increase in financing expenses for current credit lines (domestic and international) that are subject to variable interest rates.

8. Effects of changes in exchange rates

During the second quarter of 2025, the dollar weakened against the NIS by approximately 9.3% (compared to strengthening of the dollar against the NIS in the corresponding quarter by approximately 2.1%), with most of the revaluation being reflected in the second half of June (a decrease of approximately 7% in two weeks), during Operation Rising Lion.

This significant revaluation has an impact on the financial statements on two levels, all in relation to activity in the Israel segment:

- a. An increase in the dollar value of current NIS expenses (payroll and related costs, rental and maintenance costs of offices and logistics areas, and other operating costs). These effects were reflected in the statement of profit or loss for the second quarter, as part of the cost of sales, selling expenses, and general and administrative expenses.
- b. An increase in the dollar value of NIS liabilities on the Company's balance sheet (bank credit, suppliers credit) as a result of the revaluation. The revaluation of the liabilities as stated is recorded as part of the financing expenses item.

The Company estimates that the sharp change during the second quarter of 2025 in the NIS/dollar exchange rate has a negative impact on the results of its operations in the statement of financial position, due to the direct impact on the results of the Israel segment.

As of the report publication date, in the period from the beginning of the third quarter, inflation of approximately 2% was recorded in the NIS/dollar exchange rate.

For additional details regarding the effects of inflation and interest rates, see Sections 6.2.2 and 6.2.3 in Chapter A of the Hebrew Version and section 7 in Chapter B attached to the periodic report for 2024.

The Company's assessment regarding the effect of changes in interest rates and inflation on its financial position, the results of its operations, its financing expenses and its cash flows, is based on forward-looking information as defined in the Securities Law, 1968. This assessment may not be realized, in whole or in part, or may be realized in a materially different way than expected, among other things, as a result of events that are beyond the company's control.

9. Disclosure regarding the consequences of the war and the security situation in Israel

Further to what is described in Section 6.2.5 of Chapter A of the Hebrew Version attached to the Periodic Report for 2024, as of the publication date of this report, the State of Israel is still at war in Gaza and under high security tensions on additional fronts such as Judea and Samaria, Syria, Lebanon, Iran and Yemen (above and below: **"the War"**).

Due to the worsening security threat from Iran, the State of Israel initiated a broad and significant attack on sites throughout Iran as part of Operation "Rising Lion," which resulted in approximately 12 days of intense fighting during the second quarter of 2025.

The continued fighting and uncertainty continue to have their effects also in the second quarter of 2025 on the Israeli economy and the macroeconomic parameters – including the credit rating of Israel, the cost of living and high volatility in the NIS/dollar exchange rates.

Since the outbreak of the war, the Company has continued regular activity at all of its sites in Israel without any impact on production and product supply. It should be noted that most of the customers to whom sales are made in Israel are exporters, so it appears that the war has little impact on global demand for their products. Nevertheless, the continuation of the war is having a noticeable impact on business results in the Israel segment for two main reasons: extensive reservist recruitment in several rounds throughout the war period, which affects the availability of manpower for the Company's customers and in some cases causes a delay in advancing existing projects, as well as a significant slowdown in customers' decision-making on initiating new projects, due to an atmosphere of economic uncertainty and waiting for the security situation to become clearer.

As of the date of this report, the Company's assessment in the short and medium term, based on the information in its possession as of the approval date of the financial statements, is that the continuation of the war and its spread to other fronts increases uncertainty and negative sentiment towards Israel throughout the world and may impede future operations. The Company is unable to predict the continuation of the war and the extent of the future effects of security tensions, if any, on the Company's operations and business results. The Company is continuously monitoring developments, including examining the implications on the Company's operations.

For additional details regarding the war and its impact, including its impact on the Company, see Section 6.2.5 in Chapter A of the Hebrew Version attached to the Periodic Report for 2024.

The foregoing, including the Company's assessments regarding the impact of the war on its operations, is forward-looking information, as defined in the Securities Law, -1968, which may not materialize or may materialize in a materially different manner, due, among other things, to the uncertainty surrounding the war, its scope, duration and impact on the Israeli economy in general and the Company's activities in particular.

10. Critical accounting estimates

There were no material changes with respect to the details regarding significant accounting estimates and judgments in Note 2 to the consolidated financial statements attached to the Hebrew Version of the periodic report for 2024.

11. Corporate governance aspects

11.1 Disclosure in relation to directors with accounting and financial skills

There were no changes to the Board of Directors' determination regarding the minimum required number of directors with accounting and financial expertise, as detailed in the Board of Directors' report attached to the Periodic Report for 2024. For details regarding directors with accounting and financial expertise, see Regulation 26 in Chapter D of the Hebrew Version, Additional Details in the Periodic Report for 2024.

11.2 **Independent directors**

As of the date of this report, the Company has not adopted provisions in the articles of association regarding the proportion of independent directors, as defined in section 1 of the first supplement to the Companies Law.

11.3 **Donations**

The Company does not have a donations policy and during the second quarter of 2025, there were no changes in relation to the disclosure provided on this subject, as reflected in the Board of Directors' report attached to the periodic report for 2024.

12. **Disclosure regarding the Company's internal auditor**

During the quarter, there was no material change in relation to the data regarding the company's internal auditor as detailed in the Board of Directors report attached to the annual report for 2024.

The board of directors is grateful for the company's managers and employees for their dedicated work and the efforts they invested during the reporting period.

**Yoav Weinberg
Gillon Beck
Co-chairmen of the Board of Directors**

**Shahaf Shrager
CEO**

Date: August 18, 2025

Hiper Global Ltd.

Interim Condensed Consolidated Financial Statements

As of June 30, 2025

US dollars in thousands

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30,		As of
	2025	2024	December 31,
	Unaudited		Audited
	\$ in thousands		
<u>Current Assets</u>			
Cash and cash equivalents	7,994	12,014	8,334
Trade receivables, net	56,171	47,472	56,465
Income receivable	1,031	1,692	1,722
Income tax receivable	2,038	764	848
Other accounts receivable	2,633	1,535	1,165
Inventory	63,376	80,661	73,910
Total current assets	133,243	144,138	142,444
<u>Non-Current Assets</u>			
Other long-term accounts receivable	443	276	442
Deferred taxes	2,430	623	1,146
Fixed assets, net	5,642	5,906	5,972
Goodwill	9,983	7,333	7,325
Intangible assets, net	6,596	6,128	5,470
Right of use assets, net	11,375	7,141	12,196
Total non-current assets	36,469	27,407	32,551
Total assets	169,712	171,545	174,995

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30,		As of
	2025	2024	December 31,
	Unaudited		Audited
	\$ in thousands		
<u>Current liabilities</u>			
Credit from banks and others	10,411	26,238	15,550
Current maturities of lease liabilities	2,279	2,080	2,126
Liability for PUT option to non-controlling interests	1,161	4,330	4,978
Trade payables	24,691	25,850	26,555
Prepaid income	4,553	3,959	5,359
Income tax payable	393	1,067	502
Other accounts payables	10,755	11,578	12,841
Total current liabilities	54,243	75,102	67,911
<u>Non-Current Liabilities</u>			
Long term loans from banks and others	8,395	5,245	4,503
Contingent consideration in business combination	-	374	-
Long term lease liabilities	10,407	5,433	10,815
Liabilities for employee benefits, net	458	440	407
Deferred taxes	494	205	80
Total non-current liabilities	19,754	11,697	15,805
<u>Equity Attributable to Shareholders of the Parent Company</u>			
Share capital	1,483	1,479	1,479
Premium on shares	11,528	11,137	11,137
Capital reserves	36,192	36,419	36,599
Retained earnings	46,512	35,711	42,064
Total equity	95,715	84,746	91,279
Total liabilities and equity	169,712	171,545	174,995

August 18, 2025	Yoav Weinberg		
	Gillon Beck		
Date of approval of the financial statements	Co-chairmen of the Board of Directors	Shahaf Shrager CEO	Yossi Yaniv CFO

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (LOSS)**

	For the period of six months ended on June 30		For the period of three months ended on June 30		For the year ended on December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	\$ in thousands (except for net earnings per share data)				
Revenues	143,270	146,902	62,828	61,060	273,739
Cost of revenues	120,938	122,756	53,088	50,736	226,170
Gross profit	22,332	24,146	9,740	10,324	47,569
Selling and marketing expenses	6,696	5,938	3,393	2,718	11,951
General and administrative expenses	5,699	5,410	3,058	2,577	10,936
Other income, net	(18)	(91)	(6)	(85)	(93)
	12,377	11,257	6,445	5,210	22,794
Operating income	9,955	12,889	3,295	5,114	24,775
Financial expenses	1,800	2,979	1,273	1,818	5,257
Financial income	264	1,330	124	947	1,558
Income before taxes on income	8,419	11,240	2,146	4,243	21,076
Taxes on income	757	3,332	(845)	1,360	5,237
Net income	7,662	7,908	2,991	2,883	15,839

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (LOSS)**

	For the period of six months ended on June 30		For the period of three months ended on June 30		For the year ended on December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	\$ in thousands (except for net earnings per share data)				
Other comprehensive income (after tax):					
<u>Amounts to be reclassified or reclassified to profit or loss upon the occurrence of specific conditions:</u>					
Income (loss) on cash flow hedging transactions	(560)	-	(560)	-	-
Adjustments from translation of financial statements of foreign operations	173	(38)	93	(5)	(52)
<u>Amounts that will not be reclassified later to profit or loss:</u>					
Loss from re-measurement of defined benefit plans	-	-	-	-	50
Total other comprehensive loss	(387)	(38)	(467)	(5)	(2)
Total comprehensive income	<u>7,275</u>	<u>7,870</u>	<u>2,524</u>	<u>2,878</u>	<u>15,837</u>
<u>Net income attributed to:</u>					
Shareholders of the Company	<u>7,662</u>	<u>7,908</u>	<u>2,991</u>	<u>2,883</u>	<u>15,839</u>
<u>Comprehensive income attributed:</u>					
Shareholders of the Company	<u>7,275</u>	<u>7,870</u>	<u>2,524</u>	<u>2,878</u>	<u>15,837</u>
<u>Earnings per share attributed to shareholders of the Company (in Dollar):</u>					
Basic earnings per share	<u>0.163</u>	<u>0.169</u>	<u>0.063</u>	<u>0.061</u>	<u>0.337</u>
Diluted earnings per share	<u>0.157</u>	<u>0.163</u>	<u>0.061</u>	<u>0.059</u>	<u>0.326</u>

he accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Premium on Shares	Capital reserve in respect of split transaction	Capital reserve for translations of financial statements of foreign operations	Share-based payment capital reserve	Capital reserve for transaction with controlling shareholder	Capital reserve for transactions with non- controlling interests	Capital reserve for hedging transactions	Retained earnings	Total Equity
	Unaudited									
	\$ in thousands									
For the period of six months ended June 30, 2025										
Balance as of January 1, 2025 (audited)	1,479	11,137	35,307	(412)	1,897	44	(237)	-	42,064	91,279
Net income for the period	-	-	-	-	-	-	-	-	7,662	7,662
Other comprehensive income (loss) for the period	-	-	-	173	-	-	-	(560)	-	(387)
Total comprehensive income for the period	-	-	-	173	-	-	-	(560)	7,662	7,275
Share based payment	-	-	-	-	136	1	-	-	-	137
Issuance of shares	4	391	-	-	(157)	-	-	-	-	238
Dividend declared	-	-	-	-	-	-	-	-	(3,214)	(3,214)
Balance as of June 30, 2025	1,483	11,528	35,307	(239)	1,876	45	(237)	(560)	46,512	95,715

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Premium on Shares	Capital reserve in respect of split transaction	Capital reserve for translations of financial statements of foreign operations	Share-based payment capital reserve	Capital reserve for transaction with controlling shareholder	Capital reserve for transactions with non- controlling interests	Retained earnings	Total Equity
	Unaudited								
	\$ in thousands								
For the period of six months ended June 30, 2024									
<u>Balance as of January 1, 2024</u> (audited)	1,472	10,722	35,307	(360)	1,799	36	(237)	30,756	79,495
Net income for the period	-	-	-	-	-	-	-	7,908	7,908
Other comprehensive loss for the period	-	-	-	(38)	-	-	-	-	(38)
Total comprehensive income (loss) for the period	-	-	-	(38)	-	-	-	7,908	7,870
Share based payment	-	-	-	-	329	5	-	-	334
Issuance of shares	7	415	-	-	(422)	-	-	-	-
Dividend declared	-	-	-	-	-	-	-	(2,953)	(2,953)
<u>Balance as of June 30, 2024</u>	<u>1,479</u>	<u>11,137</u>	<u>35,307</u>	<u>(398)</u>	<u>1,706</u>	<u>41</u>	<u>(237)</u>	<u>35,711</u>	<u>84,746</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Premium on Shares	Capital reserve in respect of split transaction	Capital reserve for translations of financial statements of foreign operations	Share-based payment capital reserve	Capital reserve for transaction with controlling shareholder	Capital reserve for transactions with non- controlling interests	Capital reserve for hedging transactions	Retained earnings	Total Equity
	Unaudited									
	\$ in thousands									
For the period of three months ended June 30, 2025										
Balance as of April 1, 2025	1,480	11,178	35,307	(332)	1,948	45	(237)	-	44,921	94,310
Net income for the period	-	-	-	-	-	-	-	-	2,991	2,991
Other comprehensive income (loss) for the period	-	-	-	93	-	-	-	(560)	-	(467)
Total comprehensive income (loss) for the period	-	-	-	93	-	-	-	(560)	2,991	2,524
Share based payment	-	-	-	-	43	-	-	-	-	43
Issuance of shares	3	350	-	-	(115)	-	-	-	-	238
Dividend declared	-	-	-	-	-	-	-	-	(1,400)	(1,400)
 Balance as of June 30, 2025	 1,483	 11,528	 35,307	 (239)	 1,876	 45	 (237)	 (560)	 46,512	 95,715

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Premium on Shares	Capital reserve in respect of split transaction	Capital reserve for translations of financial statements of foreign operations	Share-based payment capital reserve	Capital reserve for transaction with controlling shareholder	Capital reserve for transactions with non- controlling interests	Retained earnings	Total Equity
	Unaudited								
	\$ in thousands								
For the period of three months ended June 30, 2024									
<u>Balance as of April 1, 2024</u>	1,474	10,879	35,307	(393)	1,852	39	(237)	34,341	83,262
Net income for the period	-	-	-	-	-	-	-	2,883	2,883
Other comprehensive loss for the period	-	-	-	(5)	-	-	-	-	(5)
Total comprehensive income (loss) for the period	-	-	-	(5)	-	-	-	2,883	2,878
Share based payment	-	-	-	-	117	2	-	-	119
Issuance of shares	5	258	-	-	(263)	-	-	-	-
Dividend declared	-	-	-	-	-	-	-	(1,513)	(1,513)
<u>Balance as of June 30, 2024</u>	<u>1,479</u>	<u>11,137</u>	<u>35,307</u>	<u>(398)</u>	<u>1,706</u>	<u>41</u>	<u>(237)</u>	<u>35,711</u>	<u>87,746</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Premium on Shares	Capital reserve in respect of split transaction	Capital reserve for translations of financial statements of foreign operations	Share-based payment capital reserve	Capital reserve for transaction with controlling shareholder	Capital reserve for transactions with non- controlling interests	Retained earnings	Total Equity
	\$ in thousands								
	Audited								
For the year ended December 31, 2024									
<u>Balance as of January 1, 2024</u>	1,472	10,722	35,307	(360)	1,799	36	(237)	30,756	79,495
Net income for the year	-	-	-	-	-	-	-	15,839	15,839
Other comprehensive loss for the year	-	-	-	(52)	-	-	-	50	(2)
Total comprehensive income (loss) for the year	-	-	-	(52)	-	-	-	15,889	15,837
Share based payment	-	-	-	-	520	8	-	-	528
Issuance of shares	7	415	-	-	(422)	-	-	-	-
Dividend declared	-	-	-	-	-	-	-	(4,581)	(4,581)
<u>Balance as of December 31, 2024</u>	<u>1,479</u>	<u>11,137</u>	<u>35,307</u>	<u>(412)</u>	<u>1,897</u>	<u>44</u>	<u>(237)</u>	<u>42,064</u>	<u>91,279</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period of six months ended on June 30		For the period of three months ended on June 30		For the year ended on December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	\$ in thousands				
Cash flows from operating activities					
Net income	7,662	7,908	2,991	2,883	15,839
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to profit and loss:					
Depreciation and amortizations	2,725	2,317	1,388	1,185	4,815
Taxes on income	757	3,332	(845)	1,360	5,237
Change in provision for doubtful accounts	(6)	(31)	-	(28)	(22)
Change in provision for vacation and recreation	178	269	(76)	17	3
Value adjustment of financial liabilities	78	480	67	57	754
Dividend to holders of PUT option	27	276	12	138	606
Change in employee benefits, net	51	-	51	(1)	32
Interest and revaluation for short term credit, net	459	428	373	364	1,023
Interest and revaluation of long-term loans, net	287	163	190	110	371
Other financial expenses, net	567	(132)	475	(25)	131
Capital gains, net	(5)	-	(5)	-	-
Cost of share-based payment	137	334	43	119	528
	5,255	7,436	1,673	3,296	13,478
Changes in asset and liability items:					
Decrease (increase) in trade receivables and income receivable	1,494	5,998	14,718	2,017	(3,020)
Decrease (increase) in other accounts receivable	(1,933)	1,618	(452)	1,620	1,733
Decrease (increase) in inventory	10,655	(5,216)	4,162	(4,415)	1,530
Increase (decrease) in trade payables	(2,233)	(8,406)	(2,208)	(5,606)	(7,632)
Increase (decrease) in prepaid income	(806)	2,839	(834)	1,980	4,239
Increase (decrease) in other accounts payable	(3,976)	(4,318)	(605)	(5,015)	(2,899)
	3,201	(7,485)	14,781	(9,419)	(6,049)
Cash paid and received during the period for:					
Taxes on income paid	(2,945)	(3,872)	(1,560)	(2,236)	(7,065)
Taxes on income received	160	165	99	-	449
	(2,785)	(3,707)	(1,461)	(2,236)	(6,616)
Net cash provided by (used in) operating activities	13,333	4,152	17,984	(5,476)	16,652

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

HIPER GLOBAL LTD

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period of six months ended on June 30		For the period of three months ended on June 30		For the year ended on December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	\$ in thousands				
<u>Cash flows from investing activities</u>					
Purchase of fixed assets	(132)	(855)	(64)	(638)	(1,476)
Purchase of intangible assets	(98)	(44)	(14)	(5)	(64)
Proceeds from sale of fixed assets	5	-	5	-	-
Interest received	264	173	124	51	290
Acquisition of an initially consolidated subsidiary (Appendix B)	(2,912)	-	(2,912)	-	-
Increase in other investments	(16)	(101)	(9)	(85)	(320)
Net cash used in investing activities	(2,889)	(827)	(2,870)	(677)	(1,570)
<u>Cash flows from financing activities</u>					
Short term credit from banks and others, net	(4,615)	3,610	(12,376)	6,566	(6,015)
Interest paid	(1,517)	(948)	(942)	(551)	(2,006)
Dividend paid	(3,214)	(2,953)	(3,214)	(1,513)	(4,581)
Dividend to holders of PUT option	(159)	(385)	(27)	(276)	(583)
Principal payment of lease liabilities	(1,354)	(989)	(671)	(514)	(2,038)
Exercise of PUT option	(3,895)	-	-	-	-
Proceeds from exercise of employee options	238	-	238	-	-
Receipt of long-term loans	8,617	-	8,617	-	-
Repayment of long-term loans	(5,013)	(2,264)	(4,642)	(1,509)	(4,120)
Net cash provided by (used in) financing activities	(10,912)	(3,929)	(13,017)	2,203	(19,343)
Increase (decrease) in cash and cash equivalents	(468)	(604)	2,097	(3,950)	(4,261)
Exchange rate differences for cash and cash equivalents	128	(3)	96	-	(26)
Balance of cash and cash equivalents at the beginning of the period	8,334	12,621	5,801	15,964	12,621
Balance of cash and cash equivalents at the end of the period	7,994	12,014	7,994	12,014	8,334
<u>Appendix A</u>					
<u>Significant non-cash activity</u>					
Recognition of right of use assets and lease liabilities	470	1,924	381	1,729	8,278

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period of six months ended on June 30		For the period of three months ended on June 30		For the year ended on December 31
	2025	2024	2025	2024	2024
	Unaudited				Audited
	\$ in thousands				
Appendix B					
Acquisition of an initially consolidated subsidiary					
Current assets excluding cash and cash equivalents	(550)	-	(550)	-	-
Fixed assets	(15)	-	(15)	-	-
Right of use assets	(41)	-	(41)	-	-
Goodwill and intangible assets created upon acquisition	(4,098)	-	(4,098)	-	-
Liability for additional consideration not yet paid	888	-	888	-	-
Current liabilities	461	-	461	-	-
Deferred tax	423	-	423	-	-
Non-current liabilities	20	-	20	-	-
Net cash for acquiring the initially consolidated subsidiary	(2,912)	-	(2,912)	-	-

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 1 – GENERAL**

- a. Hiper Global Ltd. was incorporated and registered in Israel on October 14, 2021. The Company is defined as a resident of Israel. The Company's address is 8-10 Hamelacha Street, Rosh Ha'ayin ("the Company").

The Company was established by N.B.A. Trusts Ltd. as a trust for the shareholders of Emet Computing Ltd. ("Emet"). Emet, which is a sister company to the Company, was incorporated on November 25, 1984 and its shares were listed for trading on the Tel Aviv Stock Exchange in January 1993.

The Company was established in order to receive the OEM activity (as defined below) of Emet, including the holdings in its subsidiaries engaged in OEM activity, in accordance with the structure change agreement approved by the Company's board of directors on February 27, 2022 (the "structure change agreement" or "the Split Agreement").

The Company's operation is OEM (Original Equipment Manufacturer) computing - in which the Company is engaged in the characterization, planning and assembly of customized computerized systems that will be integrated into its customers' products. This activity includes analysis and technical characterization services of the appropriate computing platform, product planning, defining the appropriate infrastructures (hardware and software), performing planning and development processes for mechanical solutions, electricity, electronics and thermal analyzes of the product, management and documentation of the engineering information - including building product portfolios, management of production processes and planning and execution of product quality testing processes. In addition, the activity includes a service of full management of the logistics production and supply processes, among other things, management of the supply chain of assembled systems according to the customer's definitions. (the "OEM field", or the "OEM activity", or "OEM").

Furthermore, on March 9, 2022, the Company's shares were listed for trading on the Tel Aviv Stock Exchange.

b. Definitions:

The Company -	Hiper Global Ltd.
The Group -	The Company and its subsidiaries (as defined below)
Subsidiaries-	Companies over which the Company has control (as defined in IFRS 10), directly or indirectly, whose financial statements are fully consolidated with the Company's statements.
Related parties -	As defined in IAS 24
Interested parties -	As defined in the Securities Law -1968 including its regulations
Controlling shareholders -	As defined in the Securities Regulations (annual financial statements) -2010

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL (Cont.)**c. "Swords of Iron" War**

In October 2023, the "Swords of Iron" war ("**The war**") broke out in Israel. The war continues since then (until this date) with varying intensity, mainly in the Gaza Strip and on the northern border (where a ceasefire is in place as of the publication date of the report), including follow-up operations such as Operation "Gideon's Chariots" deep in the Gaza Strip, and the expansion of the fighting to the Iranian front due to the worsening security threat from there as part of Operation "Rising Lion" which was carried out at the initiative of the State of Israel during 12 days of intense fighting in the second quarter of 2025. The war on various fronts led to a slowdown in business activity in the Israeli economy, among other things due to periods (such as during "Rising Lion") in which there were noticeable disruptions in the continuity of economic activity due to movement restrictions, the closure of educational institutions and damage to infrastructure. In addition, the effects of the war include uncertainty in its implications on macroeconomic factors in Israel, including possible adverse changes in the credit rating of Israel and Israeli financial institutions, inflation forecasts, changes in exchange rates, as detailed below, and instability in the Israeli capital market in general.

Since the outbreak of the war, the Company has continued regular operations at all of its sites in Israel without any impact on production and product supply. As of the date of this report, in the Company's assessment for the short and medium term, based on the information in its possession as of the date of approval of the financial statements, the continuation of the war and its spread to other arenas increases uncertainty and negative sentiment in the world towards Israel and may make future operations more difficult.

d. The Tariff Program of the US Government

On April 2, 2025, the Trump administration announced the imposition of reciprocal tariffs on the import of goods from many countries around the world to the United States. The tariff applies only to goods and does not apply to services, and a list of about a thousand categories of products that will not be subject to tariffs was also published, including computer products. In August 2025, the new tariff policy in the US officially entered into force, with the final tariff rate on imports from Israel set at 15%. In addition, a concrete reference was published on the subject of imports of chips and processors. According to the announcement, a tariff of 100% was set on imports of chips and processors, in a comprehensive manner regardless of the country of origin. However, it was determined that certain manufacturers will be entitled to a full exemption from said tariff. As of the date of this report, in light of the uncertainty that still exists on the subject and based on the information in its possession as of the approval date of the financial statements, the new trade policy does not appear to have a material impact on the Company. The company will continue to monitor economic and regulatory developments in the US market and will adjust its strategy accordingly.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**a. Basis for preparing financial statements

These financial statements were prepared in a condensed format as of June 30, 2025 and for the six-month and three-month periods ended on that date (hereinafter – interim consolidated financial statements). These statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2024 and for the year ended on that date and the accompanying notes (hereinafter – the "annual consolidated financial statements").

The interim consolidated financial statements are prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting, and in accordance with the disclosure provisions pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements.

b. Operating cycle period

The Group's operating cycle period is 12 months.

c. Below is data on the exchange rates of the NIS and the pound sterling during the reporting periods compared to the US dollar:

	<u>As of June 30,</u>		<u>As of</u>
	<u>2025</u>	<u>2024</u>	<u>December 31,</u>
			<u>2024</u>
Representative exchange rate of 1 NIS	0.297	0.266	0.274
Representative exchange rate of 1 Pound Sterling	1.371	1.264	1.254

Rate of change in percentage:

	<u>For the period of six</u>		<u>For the period of three</u>		<u>For the year</u>
	<u>months ended on</u>		<u>months ended on</u>		<u>ended on</u>
	<u>June 30</u>		<u>June 30</u>		<u>December 31</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2024</u>
Representative exchange rate of 1 NIS	8.39	(3.62)	10.41	(2.21)	(0.72)
Representative exchange rate of 1 Pound Sterling	9.32	(0.81)	5.97	(0.03)	(1.55)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 3 – REVENUES**

	For the period of six months ended on June 30		For the period of three months ended on June 30		For the year ended on December 31
	2025	2024	2025	2024	2024
	\$ in thousands				
<u>Geographic information</u>					
The revenues reported in the financial statements were generated in Israel and abroad based on the location of the operation as follows:					
Israel	86,974	89,670	34,703	40,428	159,473
USA	46,498	53,684	21,881	18,567	97,928
Other (including Germany, Switzerland and UK)	9,798	3,548	6,244	2,065	16,338
	143,270	146,902	62,828	61,060	273,739

NOTE 4 – INFORMATION REGARDING OPERATING SEGMENTS**General**

In accordance with international financial reporting standard number 8 - Operating segments (IFRS 8), the group presents the segment information in the same way that the group's main operational decision maker ("CODM") uses it for the purpose of evaluating performance and for making the group's operational decisions.

Further to Note 26 to the annual financial statements of the Hebrew Version (Note 3 in the English Version), during 2024 the Company re-examined the manner of segment reporting. In previous periods, the Company grouped the results of the UK segment together with the US segment. In light of the Company's latest work plans and the profitability forecasts of the Company's foreign activities, the Company concluded that the reporting of the UK segment should be separated from the results of the US segment and grouping should be discontinued. Effective with the annual reports for 2024, the Company includes the results of the UK segment within Other segment, in which the results of the Company's activities in Western Europe (mainly Germany and Switzerland) will also be presented.

The group operates and manages its business mainly on the basis of the geographical location of its activities and accordingly measures and presents three reportable activity segments, as follows:

1. Israel segment – includes OEM activity in Israel.
2. US segment - includes OEM activity in US
3. Other segment – includes OEM activity in Europe; Through the group's subsidiaries in England and Switzerland, as well as additional activity carried out in Germany.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 4 – INFORMATION REGARDING OPERATING SEGMENTS (Cont.)**

The accounting policy of the aforementioned operating segments is the same as that presented in note 2 in regarding the accounting policy at the Hebrew version.

The results of the segments are measured on the basis of operating income, as included in the reports which are regularly reviewed by the CODM. Also, the segment profits reported to the CODM include items directly attributable to the segment and items that can be attributed on a reasonable basis.

	For the period of six months ended on June 30, 2025				
	Israel	US	Other (*)	Adjustments	Consolidated
	\$ in thousands				
	Unaudited				
<u>Information on comprehensive income</u>					
Revenues					
External revenues	86,974	46,498	9,798	-	143,270
Intersegment revenues	5,762	677	6	(6,445)	-
Total revenues	<u>92,736</u>	<u>47,175</u>	<u>9,804</u>	<u>(6,445)</u>	<u>143,270</u>
Segment results	6,243	3,563	149	-	9,955
Financial expenses					1,800
Financial income					<u>264</u>
Income before taxes on income					<u>8,419</u>
Segment Assets	<u>109,314</u>	<u>57,169</u>	<u>20,146</u>	<u>(16,917)</u>	<u>169,712</u>
Segment Liabilities	<u>36,479</u>	<u>37,955</u>	<u>16,480</u>	<u>(16,917)</u>	<u>73,997</u>

(*) The segment includes the Company's activity in Europe (UK, Switzerland and Germany)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 4 – INFORMATION REGARDING OPERATING SEGMENTS (Cont.)****For the period of six months ended on June 30, 2024**

Israel	US	Other (*)	Adjustments	Consolidated
\$ in thousands				
Unaudited				

Information on comprehensive income**Revenues**

External revenues	87,583	53,684	5,635	-	146,902
Intersegment revenues	3,489	569	-	(4,058)	-
Total revenues	<u>91,072</u>	<u>54,253</u>	<u>5,635</u>	<u>(4,058)</u>	<u>146,902</u>

Segment results

Financial expenses	8,228	5,168	(507)	-	12,889
Financial income					2,979
					<u>1,330</u>

Income before taxes on income					<u>11,240</u>
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Segment Assets

109,024	62,151	11,177	(10,807)	171,545
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Segment Liabilities

43,761	46,471	7,374	(10,807)	86,799
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For the period of three months ended on June 30 2025

Israel	US	Other (*)	Adjustments	Consolidated
\$ in thousands				
Unaudited				

Information on comprehensive income**Revenues**

External revenues	34,703	21,881	6,244	-	62,828
Intersegment revenues	3,670	317	6	(3,993)	-
Total revenues	<u>38,373</u>	<u>22,198</u>	<u>6,250</u>	<u>(3,993)</u>	<u>62,828</u>

Segment results

Financial expenses	1,544	1,667	84	-	3,295
Financial income					1,273
					<u>124</u>

Income before taxes on income					<u>2,146</u>
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Segment Assets

109,314	57,169	20,146	(16,917)	169,712
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Segment Liabilities

36,479	37,955	16,480	(16,917)	73,997
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(*) The segment includes the Company's activity in Europe (UK, Switzerland and Germany)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 4 – INFORMATION REGARDING OPERATING SEGMENTS (Cont.)**

	For the period of three months ended on June 30 2024				
	Israel	US	Other (*)	Adjustments	Consolidated
	\$ in thousands				
	Unaudited				
<u>Information on comprehensive income</u>					
Revenues					
External revenues	39,293	18,566	3,201	-	61,060
Intersegment revenues	2,075	256	-	(2,331)	-
Total revenues	41,368	18,822	3,201	(2,331)	61,060
Segment results	3,594	1,687	(167)	-	5,114
Financial expenses					1,818
Financial income					947
Income before taxes on income					4,243
Segment Assets	109,024	62,151	11,177	(10,807)	171,545
Segment Liabilities	43,761	46,471	7,374	(10,807)	86,799
	For the year ended on December 31, 2024				
	Israel	US	Other (*)	Adjustments	Consolidated
	\$ in thousands				
	Audited				
<u>Information on comprehensive income</u>					
Revenues					
External revenues	159,473	97,928	16,338	-	273,739
Intersegment revenues	6,763	1,161	2	(7,926)	-
Total revenues	166,236	99,089	16,340	(7,926)	273,739
Segment results	15,929	8,844	2	-	24,775
Financial expenses					5,257
Financial income					1,558
Income before taxes on income					21,076
Segment Assets	109,155	75,479	9,279	(18,918)	174,995
Segment Liabilities	38,076	58,340	6,218	(18,918)	83,716

(*) The segment includes the Company's activity in Europe (UK, Switzerland and Germany)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – EVENTS DURING AND AFTER THE REPORTING PERIOD

- A. In January 2025, most of the minority shareholders in the subsidiary Hiper Global US LLC exercised their put option. Following the exercise, the holding in the company increased to 98.2%.
- B. On March 13, 2025, the Company's board of directors declared a dividend of NIS 0.14 per share and a total amount of approximately \$1,814 thousand. The effective date was set for March 23, 2025.
- C. On April 1, 2025, a foreign subsidiary entered into an agreement to acquire 100% of the issued and paid-up share capital of a foreign company engaged in areas of activity similar to those of the group companies, with global customers abroad. According to the agreement, the Company paid the sellers a total of approximately \$ 3.9 million and additional balance of \$ 0.9 million will be paid in August 2025. Furthermore, additional future consideration was determined subject to the fulfillment of conditions defined in the agreement related to the business results of the acquired company, which may be paid over the next two years. The acquisition was financed through a long-term loan that will be repaid after 7 years on April 30, 2032, by quarterly repayment of principal and interest, when the first interest payments commencing on July 30, 2025 and the first principal payment due on July 30, 2026. The loan bears variable annual interest at the base interest in foreign currency plus a margin of 2.9% per annum.

The results of the acquired company's operations will be reflected starting from the consolidated report for the second quarter of 2025 and will be reported under the "Other" segment in the note regarding operating segments.

As of the publication date of the financial statements, the work of allocating the acquisition cost by an independent external appraiser of the acquisition cost to assets and liabilities has not yet been completed.

The acquisition consideration and the fair value of identifiable assets acquired and liabilities assumed are adjustable up to 12 months from the date of acquisition. At the final measurement date, the adjustments are made by restating the comparative figures previously reported according to the interim measurement.

The cost of the business combination as aforesaid amounted to approximately \$ 4.8 million. As of the acquisition date, the fair value of the contingent consideration was estimated at zero. A weighted discount rate of approximately 16.8% was used in calculating the fair value.

Total acquisition expenses during the reporting period amounted to approximately \$ 98 thousand and were recorded in profit and loss when incurred.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 5 – EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)**

The following are details regarding the amounts recognized at the acquisition date for each group of assets acquired and liabilities assumed:

	Acquisition date April 1, 2025
	<u>\$ in thousands</u>
Cash and cash equivalents	969
Trade and other receivables	523
Inventory	27
Goodwill and intangible assets created upon acquisition	4,098
Fixed assets and right-of-use assets, net	56
Trade and other payables	(461)
Long-term liabilities	(443)
Total cost of business combination	<u>4,769</u>
 <u>Cash provided by/used in the acquisition</u>	 <u>\$ in thousands</u>
Cash and cash equivalents in the acquired company at the date of acquisition	969
Cash paid for the acquisition	(3,881)
Cash, net	<u>(2,912)</u>

- D. On May 13, 2025, the Company's Board of Directors declared a dividend of NIS 0.105 per share and a total amount of approximately \$1,400 thousand. The record date was set for May 27, 2025.
- E. On August 18, 2025, the Company's Board of Directors declared a dividend of NIS 0.065 per share and a total amount of approximately \$ 910 thousand. The record date was set for August 25, 2025.