

Rafael concludes FY 2021 with a high in sales of \$3.1 billion, a high in orders of \$4.7 million and a net profit of \$133 million

Tel Aviv, March 30, 2022 – Rafael Advanced Defense Systems Ltd. has released its financial results for the 2021 fiscal year as was approved by the company's Board of Directors, with a total of \$3.075 billion in sales, and a net profit of \$133 million.

In 2021, Rafael registered over 4.7 billion dollars in orders, and its order backlog was 7.1 billion dollars, equivalent to 2.5 years of sales activity. For the first time, Rafael incorporated the financial reports of its subsidiaries Aeronautics and Controp.

| Category | 2021 Results | 2020 Results |
|-------------------------|----------------------------|----------------------------|
| Net Profits after taxes | \$133 M (431M Shekels) | \$94 M (322M Shekels) |
| Sales | \$3,075M (9,931M Shekels) | \$2,746M (9,454M Shekels) |
| Orders | \$4,774M (15,421M Shekels) | \$2,295M (7,900M Shekels) |
| Order Backlog | \$9,248M (28,760M Shekels) | \$7,116M (22,880M Shekels) |

In 2021, Rafael recorded a number of significant achievements, such as the unveiling of the Sea Breaker - a 5th generation autonomous seaborne missile capable of attacking at a range of 300 km, signing a teaming agreement with Lockheed Martin for the development of **laser-based defensive systems** and the marketing and system integration of SPICE 250 into the service of the U.S. Army.

The sale of the **SPYDER Air Defense System to the Czech Republic**, which has catapulted Rafael to the forefront of global air defense system manufacturers with its entry into a NATO-member state's military service. In addition, a **massive contract with an Asian country to supply it with combat suites for**

battleships." Through cooperation with the U.S. Army, Rafael also successfully completed the testing of the Iron Dome battery.

Last week, Rafael received an order from the Ministry of Defense to **develop the production and supply of the "Iron Beam" system** - a powerful laser system for intercepting aerial threats that will serve as a complementary capability to the "Iron Dome." The development of the system is a technological breakthrough at a global scale and will join the likes of other Rafael systems supported by unique technological capabilities such as the Iron Dome, the David Sling, the Trophy Active Protective System and more. In addition, Rafael won three Israeli Security Awards this year.

During the past year, Rafael continued to be a central provider in employment, the Israeli society and the economy, especially in the northern region - and even inaugurated a new production branch in the city of Shlomi along Israel's border with Lebanon. Meanwhile, doubling its activity and operations in the Tel Aviv, Jerusalem and Beer-Sheva branches. This year Rafael, like the entire economy, experienced significant challenges in manpower retention, but at the same time a recorded a record high in recruitment; 1,000 new employees were recruited this year.

Rafael is the largest industrial employer in the north of the country, and one of Israel's three largest defense companies, with 8,000 employees and numerous subcontractors and service suppliers, indirectly providing employment for some 20,000 households and with an annual purchase of more than 1.25 billion dollars (NIS 4 billion) from external subcontractors, mainly in the north of the country. Since becoming a formal business company, Rafael has transferred more than 628 million dollars (NIS 2 billion) in dividends to the state.

Approximately 9.3% of the company's total sales are allocated to investment in R&D. The investment also includes joint activities with academic institutions in Israel and around the world and is also directed to various civic activities, including collaborations with startups and innovation centers.

Rafael's Chairman, Dr. Uzi Landau: "Rafael succeeded also in the challenging and complex year to continue serving as a key pillar in the country's security, with a crucial contribution to the IDF and the entire defense establishment. Our investment in R&D and our coveted human resources - our employees – is what allows us to achieve the technological, operational breakthroughs alongside the marketing and business related achievements around the world; For all of the aforementioned, we are grateful and appreciate the work of our employees and partners in Israel and around the world. On behalf of the board of directors, I would like to thank the company's employees and their families for this successful year."

Rafael's President & CEO, Maj. Gen. (Ret.) Yoav Har-Even: "2021 was a very successful year in all industry related aspects which was well demonstrated in the financial achievements recorded even in light of the challenging circumstances; whether it be the impact of the ongoing COVID-19 pandemic on the global economy, the disruption of the global supply chain, or the erosion of the Shekel-to-Dollar exchange rates. Continued investment in restoration and improvements, in the support and recruitment of manpower, the investment in research and development together with the right approach to the marketing and operational issues, allowed us to realize our goals and face the global and national challenges set before us, and will certainly better our ability to operate in light of the security and political situation we are currently experiencing. But more than all else, Rafael is the central anchor of the State of Israel's national security and a significant contributor to the economy, the society and to employment, especially in the country's north.

Also this year, we continued to ensure and enable the technical-operational superiority of the IDF and the defense establishment as a whole; which was further reflected in the fact that during Operation Guardian of the Walls, we once again saw the extraordinary commitment, dedication and professionalism of Rafael's employees. Our employees have been and will continue to be the driving force powering the machine that is the spirit and energy of Rafael."