



News Release

IAI's Annual Financial Statements **2022 – the Best Year Since the Company's Inception**

44% growth in net income to approx. USD 213 million – highest since inception.

Positive cash flows from operating activities of approx. USD 797 million – 445% higher than last year.

Dramatic leap in order backlog to approx. USD 15.6 billion.

Increase in sales to approx. USD 4,973 million – highest in Company history.

- **44% growth in net income** to approx. USD 213 million compared with net income of approx. USD 148 million in 2021
- **Positive cash flows** from operating activities of approx. USD 797 million as opposed to positive cash flows from operating activities of approx. USD 146 million in 2021
- **Growth in sales** to approx. USD 4,973 million compared with approx. USD 4,477 million in 2021
- **Leap in order backlog to approx. USD 15.6 billion**, representing 3.1 years of operation, compared with approx. USD 13.4 billion at the end of 2021
- **28% growth in annual EBITDA** to approx. USD 560 million compared with approx. USD 436 million last year
- **Gross profit in 2022** increased by USD 128 million to approx. USD 824 million in 2022 compared with approx. USD 696 million in 2021
- **46% growth in annual operating profit** to approx. USD 316 million compared with approx. USD 217 million last year
- **5% increase in in-house R&D activity** in 2022 to approx. USD 215 million compared with approx. USD 204 million last year
- Free cash flow of some USD 1,061 million

Amir Peretz, Chairman of the Board of Directors of IAI: “Israel Aerospace Industries has this year achieved an all-time record both for new business and net profit, and above all, backlog, for the company’s systems, which both arouse considerable interest and demand around the world. This allows us to formulate work plans for the long-term, which are the basis of the company’s stability. Our achievements are due to IAI’s employees, men and women alike, who studiously apply themselves to develop the most advanced technologies for Israel’s defense establishment and for use by our many customers, as part of an ongoing examination of, and suitability to, the future battlefield. This includes, among other things, developing autonomous land platforms, defense and attack systems, cyber-based systems, artificial intelligence, and of course, other developments that defy the imagination and justify our position as Israel’s national space center. The rapidly-changing international arena is constantly in our mind, a fact which obliges us to act quickly and within the guidelines set by the defense establishment.

IAI’s CEO, Boaz Levy, who combines technological expertise with worldwide marketing skills, is worthy of my appreciation, together with his Corporate Senior Management, and the Divisional General Managers – of the Aviation Group; Systems, Missiles & Space; ELTA Systems; and Military Aircraft, all of which have, in the past year, succeeded in reaching unprecedented results, whether in terms of technological innovation, financial achievements deriving from an increase in sales around the world, or due to their exceptional performance.

Since we have no intention of resting on our laurels, IAI’s Board of Directors has set and continues to set, ambitious goals, to fully support and advance the professional and business activities of IAI’s Groups, which represent the heart of the company’s activity. Israel’s Ministry of Defense, and the wide- ranging contacts we have with the entire defense establishment, continue to be an important factor in setting and implementing the company’s strategy, so that we can continue to supply the Israel Defense Forces (IDF) and Israel’s defense establishment with solutions for all threats and every challenge. Thanks to this close relationship we are able to strengthen existing markets, and open windows to new markets around the world. The company’s participation, for the first time in its history, in the important exhibition in Bahrain, and the demonstration and operation of unmanned maritime vessels, together with Abu Dhabi Ship Building, was an expression of how to leverage regional opportunities to expand our activities into additional markets.”

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Boaz Levy, IAI's President & CEO: "We are again privileged and happy to summarize a year's activities, an unprecedented year not only in terms of the business results achieved, but also due to reaching new peaks in both innovation and creativity: whether from advanced technological developments in the area of air, land-, and maritime-defense, through the successful launch of the C-EROS3, one of the world's most advanced surveillance satellites, able to provide color imagery; we conducted pathbreaking tests in Israel and elsewhere, of various systems, such as the Gabriel weapons system, POINT BLANK – an electrooptical missile able to be carried in a backpack by a single soldier, the Eitan Heron TP unmanned aerial system, strategic and tactical radars, and the most sophisticated intelligence systems of their type in the world; we have taken the world forward in civil aviation by leading aircraft conversion from passenger-to cargo-aircraft; we were awarded the Israel Defense Prize, and more. Developing advanced technological capabilities, to help preserve the IDF's operational advantage and its ability to deal effectively with changing challenges, continues to lie at the center of our activities, and for that purpose we are increasing the resources dedicated to R&D. The company continues to achieve pathbreaking advances, in a wide range of fields, thanks to its workers and managers, who continue to be at the heart of our company's qualitative advantage."

Israel Aerospace Industries Ltd., a leader in the Israeli military and commercial homeland defense and aerospace markets, issues its consolidated financial statements for the year ended December 31, 2022:

The Company's revenues in 2022 amounted to about USD 4,973 million compared with about USD 4,477 million in 2021, an increase of about USD 496 million (about 11%), mainly deriving from increased sales in the Company's entire groups.

The sales of the Military Groups ^(*) in 2022 increased by about 6.2% to about USD 4,105 million compared with about USD 3,867 million in 2021, an increase of about USD 238 million. **The sales of the Aviation Group** in 2022 increased by about 17.4% to about USD 1,404 million compared with about USD 1,196 million in 2021, an increase of about USD 208 million.

Sales for export in 2022 totaled about USD 3,607 million (about 73%) and sales to the local market totaled about USD 1,366 million (about 27%), compared with about USD 3,219 million (about 72%) and about USD 1,258 million (about 28%) in 2021, respectively.

Net income in 2022 increased by 44% to about USD 213 million (about 4.3% of sales), compared with net income of about USD 148 million in 2021. **The net income of the Military Groups** ^(*) in 2022 increased by about 4.5% to about USD 280 million compared with about USD 268 million in 2021, an increase of USD 12 million. **The net income of the Aviation Group** ^(*) in 2022 amounted to about USD 45 million compared with a net loss of about USD 27 million in 2021.

EBITDA in 2022 amounted to about USD 560 million, compared with about USD 436 million in 2021, an increase of 28% in the year.

Gross profit in 2022 amounted to about USD 824 million (about 17% of sales), compared with about USD 696 million in 2021 (about 16% of sales), an increase of about USD 128 million, **mostly deriving from increased sales and profits of the Aviation Group and increased sales in the Systems Missiles & Space Group.** **The gross profit of the Military Groups** ^(*) in 2022 increased by about 3.5% to about USD 682 million compared with about USD 659 million in 2021 – an increase of about USD 23 million. **The gross profit of the Aviation Group** ^(*) in 2022 increased to about USD 127 million (about 9% of sales) compared with about USD 59 million (about 5% of sales) in 2021.

Operating profit in 2022 increased by about 46% to about USD 316 million (about 6.4% of sales), compared with operating profit of about USD 217 million in 2021 (about 4.8% of sales), an increase of about USD 99 million, mostly deriving from the increase in gross profit and partly offset by the increase in R&D expenses, general and administrative expenses and selling and marketing expenses compared to 2021. **The operating profit of the Military Groups** ^(*) in 2022 amounted to about USD 287 million compared with about USD 306 million in 2021, a decrease of USD 19 million. **The operating profit of the Aviation Group** ^(*) in 2022 amounted to about USD 43 million compared with a loss of about USD 15 million in 2021.



Net financial expenses amounted to about USD 31 million in 2022, compared with net financial expenses of about USD 29 million in 2021, an increase of about USD 2 million.

Inhouse R&D expenses in 2022 grew to about USD 215 million, compared with about USD 204 million in 2021 (accounting for about 4.3% and 4.6% of sales, respectively), an increase of about USD 11 million.

Net tax expenses in 2022 amounted to about USD 77 million, compared with net tax expenses of about USD 46 million in 2021. **It should be noted that the Company's income is subject to ordinary corporate tax rate of 23% in Israel and it is not entitled to any tax benefits pursuant to the Israeli Law for the Encouragement of Capital Investments, 1959 as it is a wholly owned government company. The divestiture of any interests in the Company, even at a miniscule rate, to a non-government party will render the Company eligible for a reduced corporate income tax rate as per said Law.**

The order backlog at the end of 2022 amounted to about USD 15.6 billion, compared to about USD 13.4 billion at the end of 2021. 79% of the order backlog is held for sale to foreign customers that are widely geographically dispersed, based on a large variety of projects, and secures 3.1 years of operation given the current sales volumes.

Cash flows: in 2022, the Company recorded positive cash flows from operating activities of about USD 797 million compared with positive cash flows from operating activities of about USD 146 million in 2021.

Main data for Q4 2022

The Company's sales in Q4 2022 amounted to USD 1,372 million, compared with USD 1,272 million in Q4 2021, an increase of about 7.9%.

Gross profit in Q4 2022 amounted to USD 177 million (13% of sales), compared with USD 196 million (15% of sales) in Q4 2021.

Operating profit in Q4 2022 amounted to USD 12 million (1% of sales), compared with operating profit of about USD 27 million (2% of sales) in Q4 2021.

R&D expenses in Q4 2022 amounted to USD 77 million, similarly to Q4 2021.

Net finance expenses in Q4 2022 amounted to USD 2 million, compared with net finance expenses of USD 7 million in Q4 2021.

Net income in Q4 2022 amounted to USD 11 million (1% of sales), compared with net income of USD 17 million (1% of sales) in Q4 2021.



Condensed balance sheet data (USD in millions)

	December 31, 2022		December 31, 2021	
	Amount	% of total balance sheet	Amount	% of total balance sheet
The Group's total assets	6,922	100%	6,157	100%
<u>Of which:</u>				
Current assets	5,207	75%	4,532	74%
Noncurrent assets	1,715	25%	1,625	26%
The Group's total liabilities	5,688	82%	4,936	80%
<u>Of which:</u>				
Current liabilities	5,374	78%	4,524	73%
Noncurrent liabilities	314	4%	412	7%
Equity	1,234	18%	1,221	20%
Current ratio	0.97		1.00	
Quick ratio	0.82		0.83	



Condensed profit and loss data (USD in millions)

	Year ended December 31,		Increase (decrease) compared to corresponding period of last year	Three months ended December 31,		Increase (decrease) compared to corresponding quarter of last year
	2022	2021		2022	2021	
Sales	4,973	4,477	11%	1,372	1,272	8%
Gross profit	824	696	18%	177	196	(10%)
% of gross profit from sales	16.6%	15.5%		12.9%	15.4%	
Research and development expenses	215	204	5%	77	77	0%
Expense (income) from early retirement	(1)	4	-	-	2	(100%)
Operating profit	316	217	46%	12	27	(56%)
% of operating profit from sales	6.4%	4.8%		0.9%	2.1%	
Net income	213	148	44%	11	17	(35%)
% of net income from sales	4.3%	3.3%		0.8%	1.3%	
EBITDA (*)	560	436	28%	87	75	16%
% of EBITDA from sales	11.3%	9.7%		6.3%	5.9%	

(*) Operating income before net finance expense (income) and tax expense (income), with the addition of depreciation and amortization.

Israel Aerospace Industries (IAI) is a world-leading aerospace and defense company innovating and delivering state-of-the-art technologies in space, air, land, naval, cyber & homeland security for defense and commercial markets. Combining the “Start-up Nation” spirit of innovation with decades of combat-proven experience, IAI provides customers with tailor-made, cutting-edge solutions to the unique challenges they face including satellites, UAVs, missiles, intelligence solutions, weapon systems, air defense systems, robotic systems, radars, business jets, aerostructures, and more. Established in 1953, IAI is one of Israel’s largest technology employers with offices and R&D centers in Israel and abroad. For more information: **Errore. Riferimento a collegamento ipertestuale non valido.**