

IAI Reports Q1 2025 Financial Results:

The most profitable period in IAI's history, with an order backlog of USD 26.1 billion and an increase in net income to USD 164 million

Increase of 21% in **net income** to USD 164 million (10.2% of sales) in Q1 2025 compared to USD 135 million (9.4% of sales) in Q1 2024.

- 11% growth in **EBITDA** to USD 240 million in Q1 2025 compared to USD 217 million in Q1 2024.
- **Operating income** rose 12% to USD 165 million in Q1 2025 compared to USD 147 million in Q1 2024.
- 12% growth in **gross profit** to USD 305 million in Q1 2025 compared to USD 273 million in Q1 2024.
- 12% increase in **sales** to USD 1,610 million in Q1 2025 compared to USD 1,432 million in Q1 2024.
- **Positive cash flow** from operating activities totaling USD 495 million increased the Company's free cash flow to USD 4.3 billion.
- The Company's **order backlog** is USD 26.1 billion, representing about 4.3 years of operation.

Boaz Levy, IAI President and CEO: "We are proud to present strong business results for the first quarter of 2025, marking a phenomenal start for the year and reflecting an outstanding period for the State of Israel and for IAI, which plays a central role in ensuring the country's security. Our order backlog has reached an all-time high, evidencing our long-term capabilities in years to come, based on contracts with international customers and the Israeli defense establishment. While IAI's systems are actively defending the country against a wide range of threats, our business results greatly contribute to Israel's economic resilience. In this challenging geopolitical landscape, marked by increased global demand for defense procurement from a diverse range of customers, IAI continues to stand out as a global leader with combat-proven solutions that serve as a true force multiplier for all our customers."

Eran Anchikovsky CPA, IAI's CFO: "IAI is continuing to grow, demonstrating unsurpassed results in the first quarter of 2025 in all financial parameters, including sales, profits and new contracts. The results reflect the continuous and consistent leverage and growth the Company has been experiencing in recent years and the continued implementation of operating cost-efficiency measures, which have significantly improved profits. The order backlog grew to USD 26 billion and is a testament to IAI's fortitude and the vote of confidence in its products expressed by its customers. Integrating innovative technology with financial stability and valuable human capital allows us to successfully face the challenges of tomorrow and continue achieving feats in the future."

Israel Aerospace Industries Ltd., a leader in the Israeli military and commercial homeland defense and aerospace markets, issues its annual consolidated financial statements for the quarter ended March 31, 2025.

The Company's **sales** in Q1 2025 amounted to USD 1,610 million compared to USD 1,432 million in Q1 2024, an increase of USD 178 million, deriving mainly from increased sales in the Systems Missiles & Space Group and the ELTA Group. The sales of the Military Groups (*) in Q1 2025 increased by 14% to USD 1,389 million compared to USD 1,217 million in Q1 2024, an increase of USD 172 million. The sales of the Aviation Group (*) in Q1 2025 increased to USD 372 million compared to USD 353 million in Q1 2024.

Sales for export in Q1 2025 totaled USD 1,041 million (about 65%) and to the local market USD 569 million (about 35%), compared to USD 939 million (about 66%) and USD 493 million (about 34%) in Q1 2024, respectively.

Net income in Q1 2025 rose 21% to USD 164 million (about 10.2% of sales), compared to net income of USD 135 million (about 9.4% of sales) in Q1 2024.

EBITDA in Q1 2025 grew by 11% to USD 240 million (about 14.9% of sales) compared to USD 217 million (about 15.2% of sales) in Q1 2024.

Operating income in Q1 2025 grew by 12% to USD 165 million (about 10.2% of sales) compared to operating income of USD 147 million (about 10.3% of sales) in Q1 2024, arising from the increase in gross profits. The operating income of the Military Groups (*) in Q1 2025 increased by 19% to USD 139 million compared to USD 117 million in Q1 2024. The operating income of the Aviation Group (*) in Q1 2025 was USD 16 million compared to USD 11 million in Q1 2024.

Gross profit in Q1 2025 rose to USD 305 million (about 19% of sales) compared to USD 273 million (about 19% of sales) in Q1 2024. The gross profit of the Military Groups (*) in Q1 2025 increased by 15% to USD 264 million compared to USD 230 million in Q1 2024. The operating income of the Aviation Group (*) in Q1 2025 rose to USD 35 million compared to USD 29 million in Q1 2024.

Order backlog in Q1 2025 grew to USD 26.1 billion, compared to 24.9 billion at the end of 2024. 72% of the order backlog is held for sale to foreign customers with wide geographical dispersal. The order backlog is comprised of a large variety of projects and secures 4.3 years of operation given the current sales volumes.

In-house research and development expenses in Q1 2025 amounted to USD 60 million, compared to USD 63 million in Q1 2024.

Net finance income in Q1 2025 totaled USD 49 million compared to net finance income of USD 25 million in Q1 2024.

In Q1 2025, the Company recorded net tax expenses of USD 50 million compared to net tax expenses of USD 38 million in Q1 2024. The Company's income is subject to the ordinary corporate tax rate in Israel – 23%, 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 sale of any interests in the Company to a non-government party will render the Company eligible for a reduced corporate income tax rate ranging between 6% and 15% as per said Law.

Positive cash flows from operating activities in Q1 2025 amounted to USD 495 million compared to positive cash flows from operating activities of USD 1,780 million in Q1 2024. The Company's free cash flow rose to USD 4.3 billion.

¹ The data of the divisions' sales, gross profit, operating income and net income (loss) consist of inter-divisionary activities and are identical to the data included in the note on business segments in the consolidated financial statements.

Condensed balance sheet data (USD in millions)

	March 31, 2025		December 31, 2024	
	Amount	% of total balance sheet	Amount	% of total balance sheet
The Group's total assets	11,493	100%	10,396	100%
Of which:				
Current assets	9,397	82%	8,320	80%
Non-current assets	2,096	18%	2,076	20%
The Group's total liabilities	9,495	83%	8,526	82%
Of which:				
Current liabilities	9,054	79%	8,093	78%
Non-current liabilities	441	4%	433	4%
Equity	1,998	17%	1,870	18%
Current ratio	1.04		1.03	
Quick ratio	0.92		0.90	

Condensed profit and loss data (USD in millions)

	Three months ended		Increase (decrease) compared to corresponding quarter of last year
	March 31, 2025	2024	
Sales	1,610	1,432	12%
Gross profit	305	273	12%
Gross margin	19%	19%	
Research and development expenses	60	63	(5%)
Operating income	165	147	12%
Operating margin	10.2%	10.3%	
Net income	164	135	21%
Net profit margin	10.2%	9.4%	
EBITDA (*)	240	217	11%
EBITDA margin	14.9%	15.2%	

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