



Hilan Group

Capital Market Presentation
March 2021

The presentation includes the Company's forecasts, estimates and plans regarding its activities, which constitute forward-looking information as defined in the Securities Law, 5728-1968, the realization of which are not certain and which may be influenced by factors that cannot be estimated in advance and/or that are beyond the Company's control. Therefore, the Company cannot be certain that its forecasts and/or estimates and/or plans will be realized, in full or in part, or that they will be realized in a different manner to expectations, inter alia, for reasons beyond the Company's control, changes in market conditions and in the competitive and business environment, or realization of any of the Company's risk factors.







The presentation includes, inter alia, information from various publications as well as data that came into the Company's possession from external sources (specified in the presentation), the contents of which were not independently examined by the Company and hence the Company is not responsible for the correctness thereof. For avoidance of doubt, it is clarified that the Company does not undertake to update and/or change the information contained in this presentation.

This presentation was prepared as a summary and for convenience only, and is not intended as a substitute for the need to review reports published by the Company, including the Company's financial reports.

The information contained in this presentation is not complete, and all that stated therein is subject to that contained in the Company's relevant reports, and it cannot be construed as an exhibit or undertaking, also not as to the completeness or accuracy of the said information.

This presentation is not to be viewed as a proposal or invitation to purchase the Company's securities.

Calling card

-  | A leading technology services group
-  | Over 5,000 customers
-  | Approximately 4,000 employees in the Group
-  | Years of sustained organic growth beside mergers and acquisitions
-  | Two decades of consistent growth in revenues and profitability
-  | AA rating: stable horizon Ma'alot (S&P)

Activity Sectors



Payroll and human resources services



Business solutions



IT Infrastructures



Marketing of software products

Hilan Group



Payroll and human resources services sector
A customer profile that has been less affected by the unemployment rates



Diversified business
In the overall Group's core business



Hybrid work
Endorsement of hybrid work and streamlining processes



Furlough
Most Group employees have resumed full-time employment



Company customers
Stimulating use of digital resources



Record year
In 2020 Group results

2020 Data at a Glance (NIS million)

2020

 Revenues

1,627.7 


 Gross profit

383.4 

 Operating income

184.6 

 Net profit

137.5 

Fourth quarter 2020

 Revenues

435.7 

 Gross profit

111.0 

 Operating income

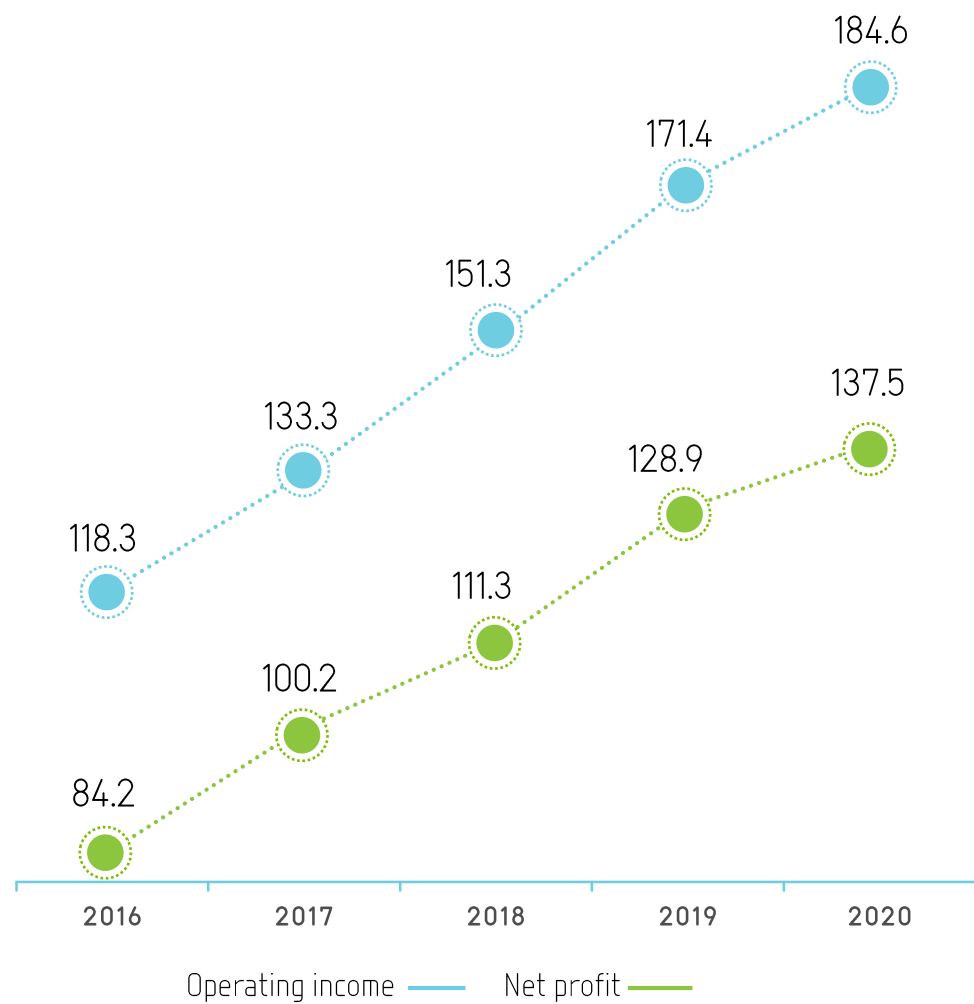
60.1 

 Net profit

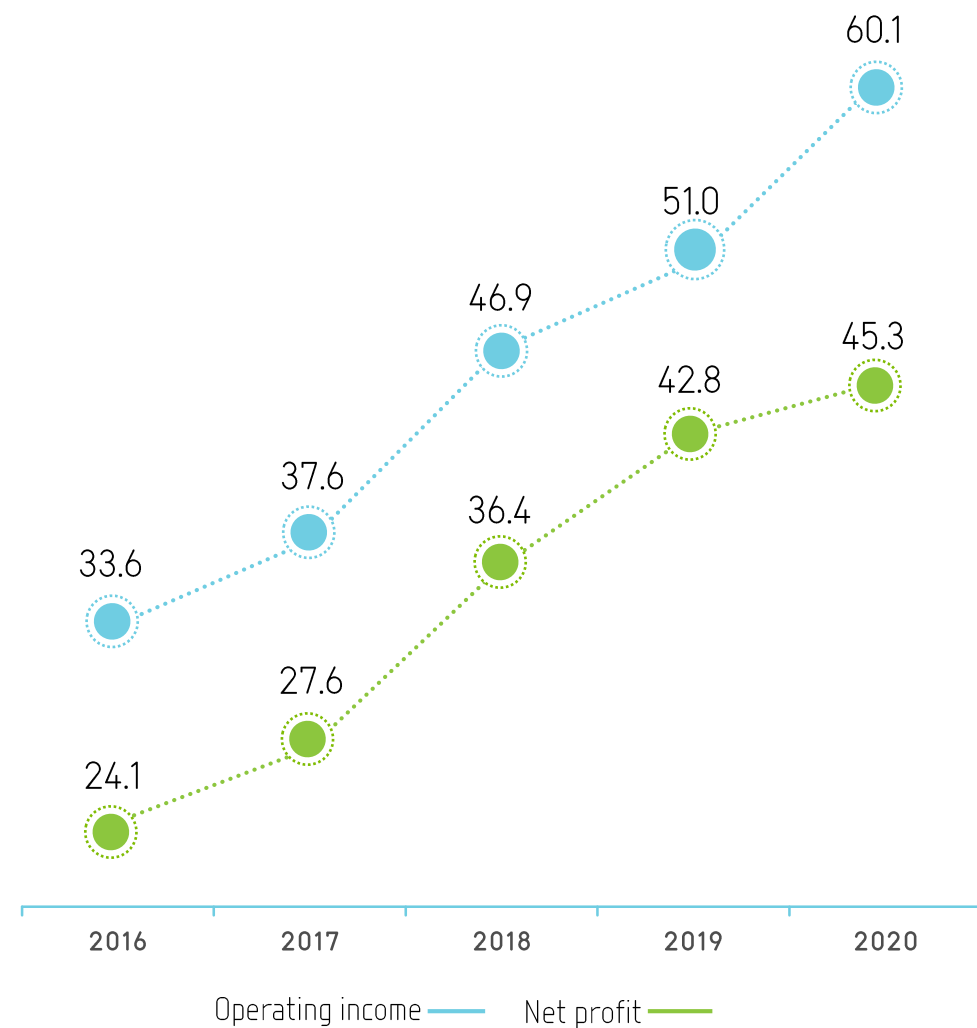
45.3 

Trendline: Operating and Net Income (NIS million)

2020



Fourth quarter 2020



Highlights for Report Period and Afterward



Growth of approximately **7.7%** in operating income for 2020



Growth of approximately **6.6%** in net profit for 2020



EBITDA of **263.3 NIS Million** for 2020



Coped well with the COVID-19 Pandemic and its implications



In January 2020 the acquisition of Payday in the USA was completed in the payroll and human resources services sector



Completion of acquisition of the remaining **35%** of the share capital in Hilan Pension

Activity Sectors



Payroll and human resources services

- Business process management services in BPO mode
- Professional service center in ASP mode
- Solutions for local software on customer premises
- Payroll Management services
- T&A Management
- Human Resources management
- Pension administration
- Additional added value services



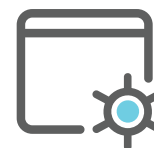
Business solutions

- Technological added value solutions
- Outsourcing and managed service solutions
- IT, Digital and innovation project solutions
- Assimilation and implementation of IT systems
- Consulting and expert services, software solutions and training
- Operation of cloud services for customers
- Software testing and performance quality
- Solutions for financial asset management for securities portfolios for the financial and business sectors in Israel



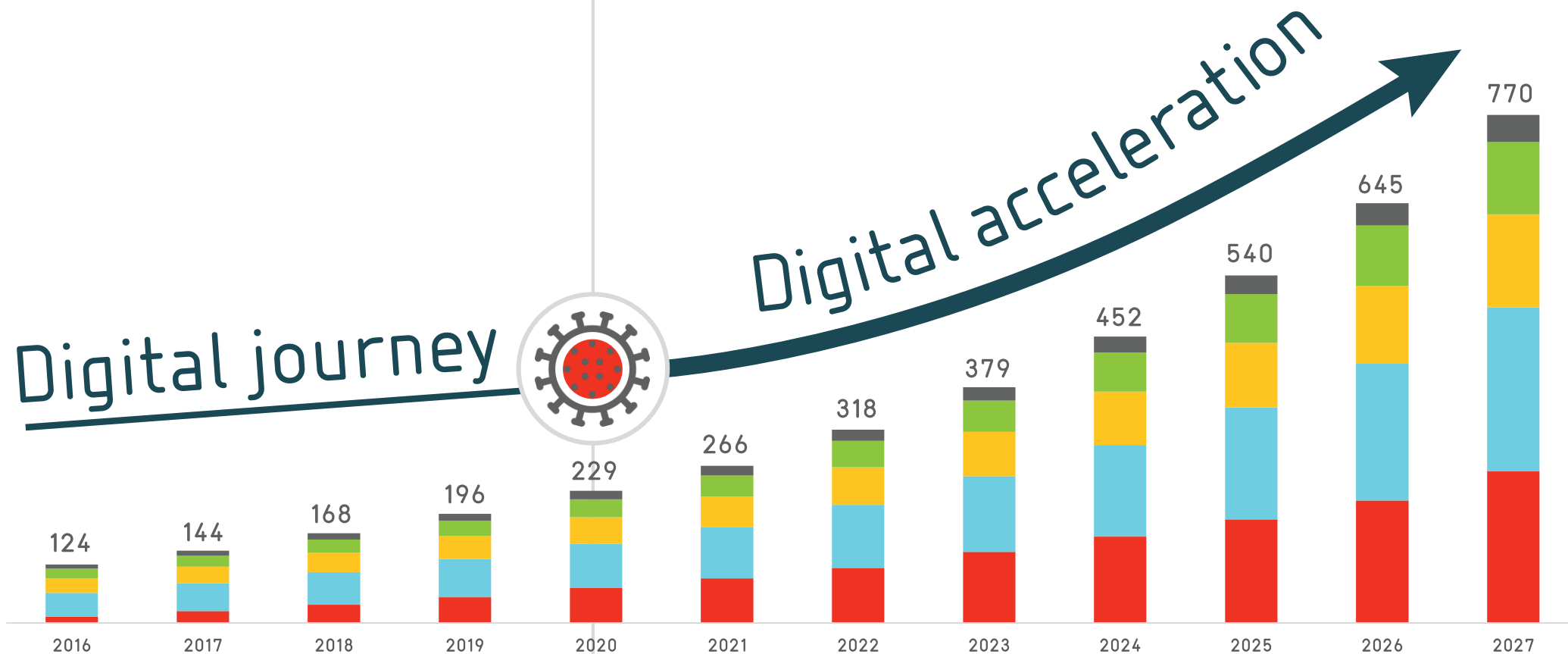
IT Infrastructures

- Sale of computing infrastructure solutions
- Managed service solutions for the public and private cloud
- Advanced information security and cybersecurity solutions



Marketing of software products

- Distribution and assimilation of software products
- Solutions in the field of Command & Control, Data, Analytics and Business Intelligence (BI), IT Infrastructure and Applications
- Document management solutions, content management, information security and cybersecurity



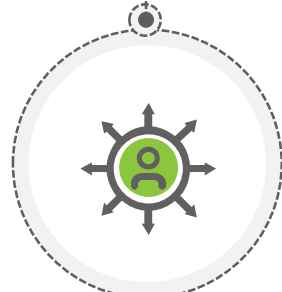
Other Social Media Mobile Cloud Computing Data Analysis

Source : Grand View Research
Digital transformation market 2016 – 2027

Digital Acceleration



Reshaping of
organizational
processes



Broadening the
user base



Availability
and
flexibility



Information
explosion



Employees
Technology



Payroll and Human Resources Services Sector – Results (NIS million)

2020



Revenues

306.5

Growth
18.6%



Operating
income

82.9

Growth
11.3%



Operating
income
percentage

27.0%

28.8%
Last year



Revenues

72.8

Growth
14.8%



Operating
income

16.1

Growth
17.9%



Operating
income
percentage

22.1%

21.5%
Same
quarter
Last year

Fourth quarter 2020



Consolidation of Payday for the first time since the beginning of 2020



Continued growth trajectory in revenues and operating income



Broadening of the range of solutions and services to Company customers

Digital Acceleration



Regulation



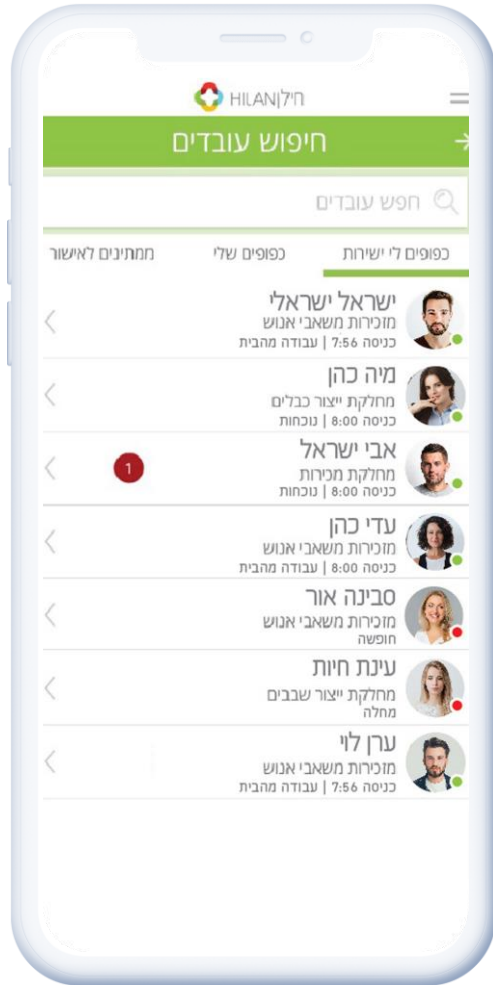
Control and
Analytics



Accessibility and
convenience



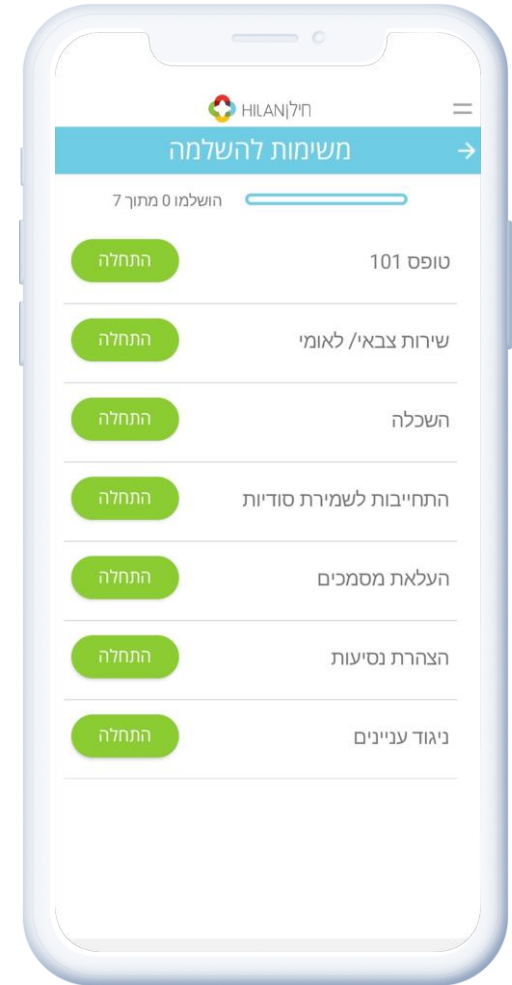
Digital employee
experience



Manager dashboard
Teleworking management



T&A Management
by mobile - touchless

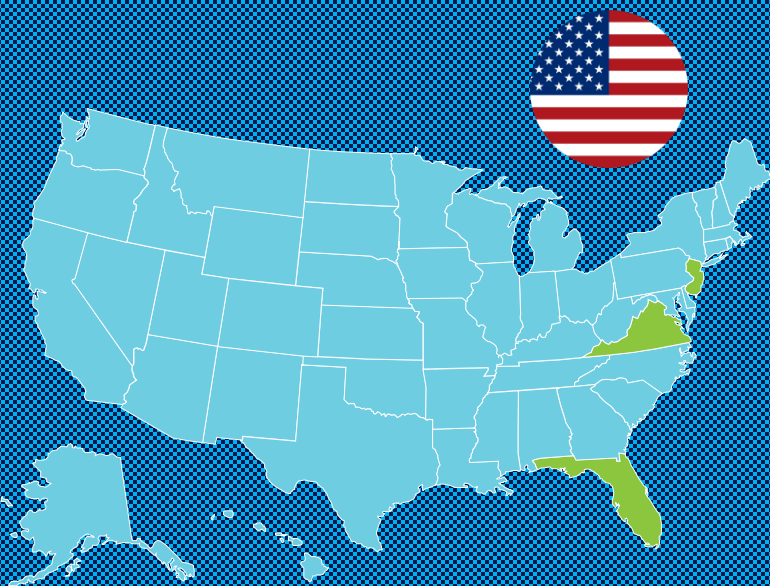


Application
Onboarding



Payroll and Human Resources Services Sector

United States



Revenues of approximately
43 NIS M
for 2020



Over
1,500
Customers



Approximately
50
Employees



Impact of the Covid-19
pandemic on some of
the Company
customers



Extensive experience
in the Payroll and
Human Resources
Services Sector

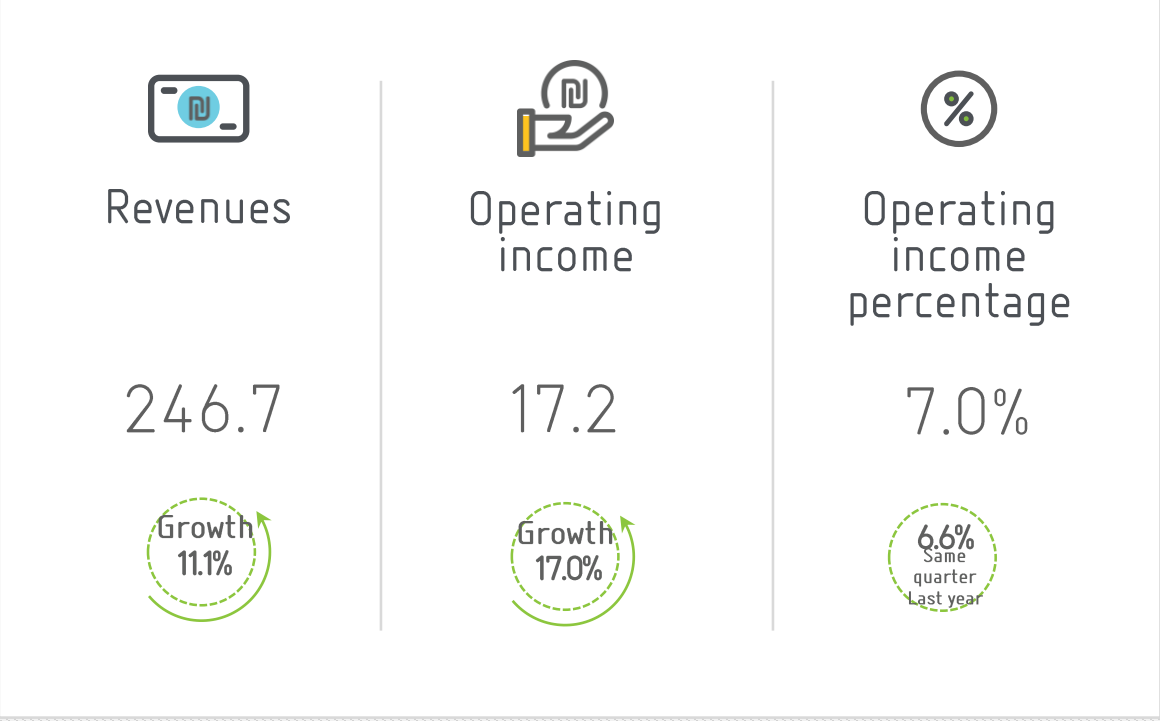
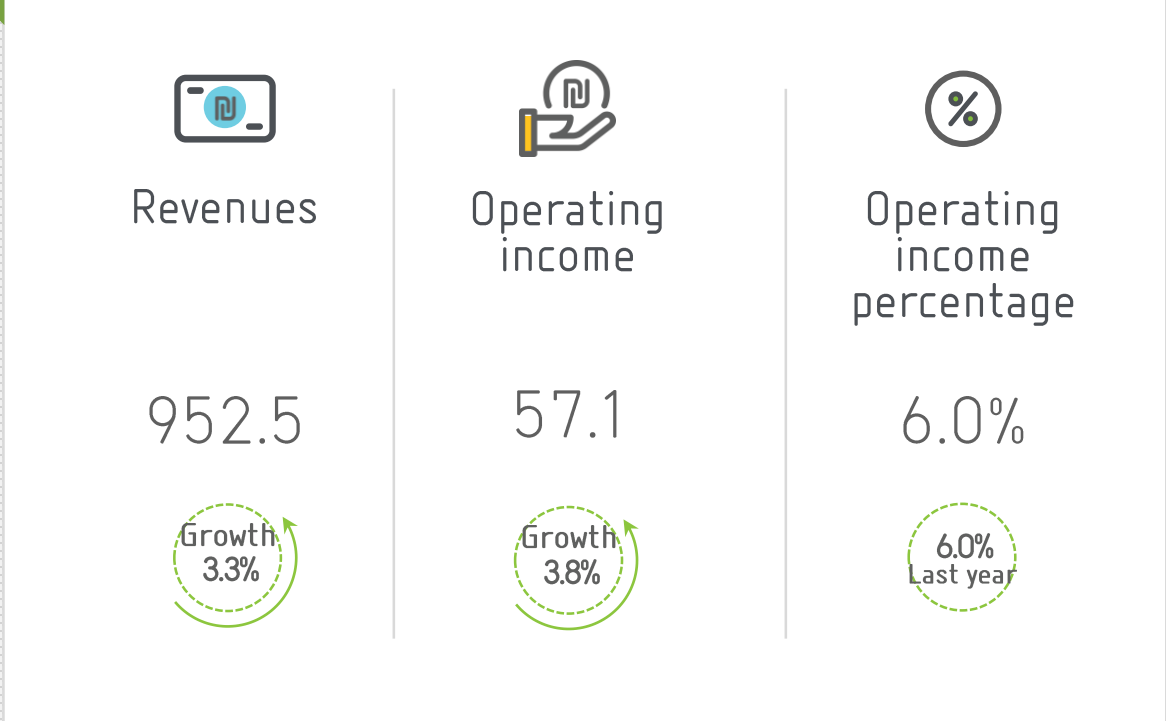


Readiness for
further growth

Business Solutions Sector - Results (NIS millions)

2020

Fourth quarter 2020



	Net increase of 7 workdays compared to the same quarter last year		Support and assistance for the health sector customers through the height of the COVID-19 crisis		Broadening of the range of solutions for sector customers		Transition to hybrid work including teleworking
--	---	--	--	--	---	--	---



Business solutions sector

Digital Acceleration

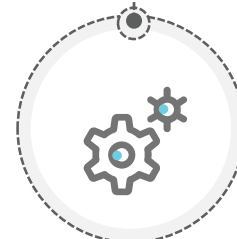
Customer needs



Resiliency and safety



High performance



Automatic processes



Visibility and ease of use



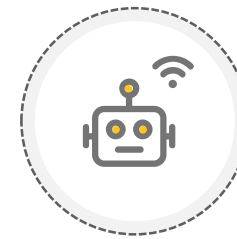
Solution for the needs



Cloud and cyber



Migration to the cloud
Testing automation



RPA



Design and MVP services

Select Examples

Government and public sector



Government ministries and municipalities

- | Nimbus - cloud services
- | Information backbone – API
- | Secure identification - IDM
- | Digital signature

Financial sector



- | System and performance testing
- | Regulation as-a-service
- | Self-service interface
- | KYC

Health sector



- | RPA
- | Load management
- | 24/7 service for physicians
- | Logistical support



Computing Infrastructures Sector – Results (NIS Million)

2020



Revenues

168.5



Operating income

15.1



Operating income percentage

9.0%



Revenues

50.2



Operating income

4.4



Operating income percentage

8.8%



Substantial growth in operating income and in profitability



Continued trends toward changing revenue mix and transition to cloud-based managed services



The NIS revaluation against the dollar year over year and quarter overquarter has eroded revenues and operating income

Software Products Marketing Sector – Results (NIS Million)

2020

Fourth quarter 2020



Revenues

206.9



Operating income

31.3



Operating income percentage

15.2%



Revenues

68.4



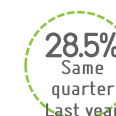
Operating income

22.9



Operating income percentage

33.5%



Support for government customers in providing remote service at the height of the COVID-19 Pandemic



Continued allocation of resources toward migrating customers to cloud-based solutions and transition to a Subscription-based licensing model



Revenue erosion due to the Shekel revaluation against the dollar year over year and quarter over quarter

 IT infrastructures

 Software products marketing sector

Digital Acceleration



Scaling up
computing
resources



Hybrid
work
solutions



Information
security and
cyber solutions



Cloud
applications

Main Data from the Profit and Loss Statement 2020 Vs 2019 (NIS million)

2020	2020	2019	Change
Revenues	1,627.7	1,573.3	3.5%
Gross profit	383.4	356.4	7.6%
Sales and G&A expenses	198.8	185.0	7.5%
Operating income	184.6	171.4	7.7%
The Company's share in an included company's profits	-	7.1	-
Financing expenses, net	7.0	10.1	(30.7%)
Earnings before tax	177.6	168.5	5.5%
Taxes on revenues	40.2	39.5	1.7%
Net profit	137.5	129.0	6.6%
EBITDA	263.3	245.0	7.5%
Gross profit margin	23.6%	22.7%	
Operating income percentage	11.3%	10.9%	
Net profit margin	8.4%	8.2%	

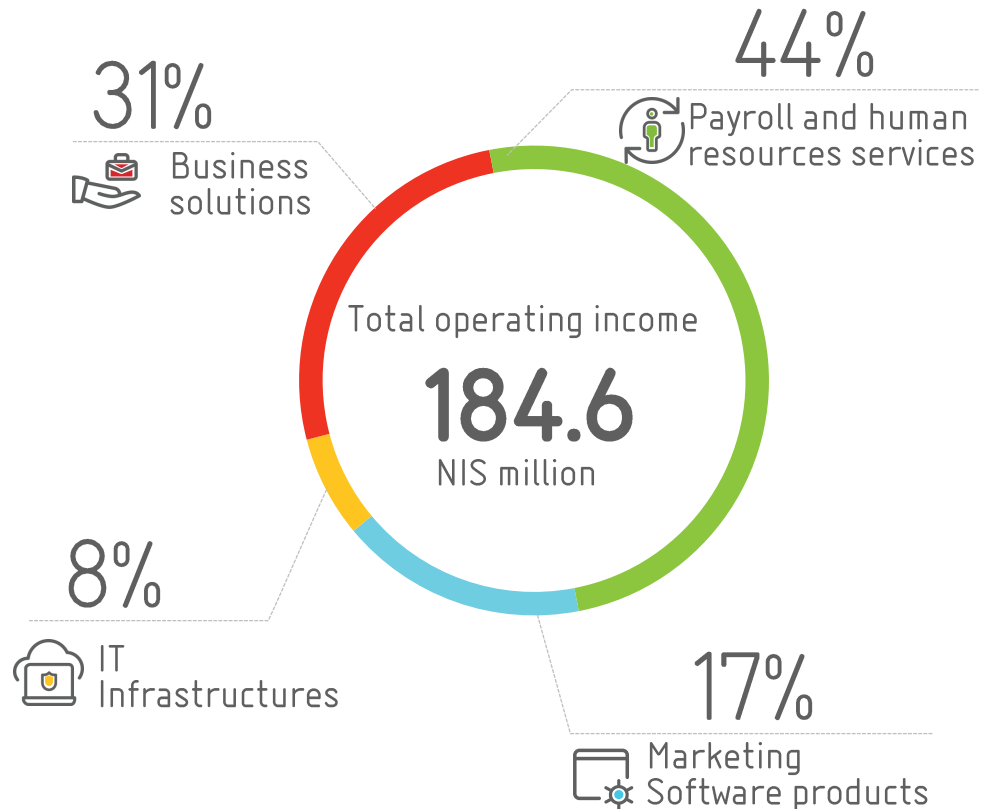
Main data from the profit and loss statement 2020 Vs 2019 (NIS million)

Fourth quarter

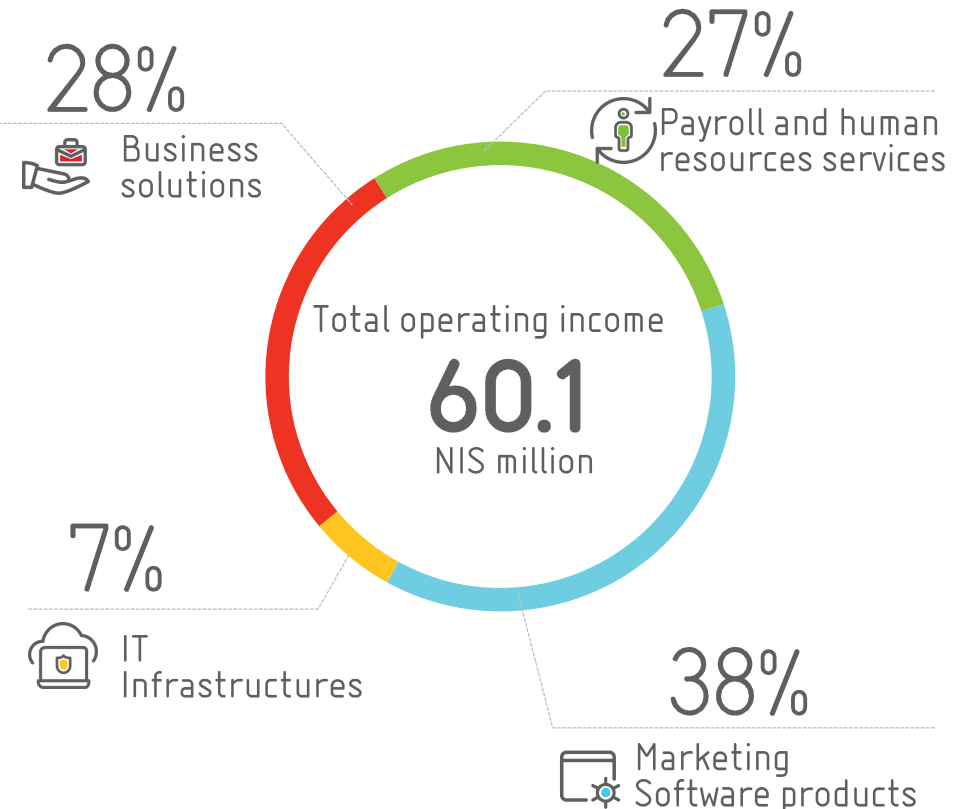
	Q4 2020	Q4 2019	Change
Revenues	435.7	399.1	9.2%
Gross profit	111.0	103.3	7.5%
Sales and G&A expenses	50.9	52.2	(2.6%)
Operating income	60.1	51.0	17.8%
The Company's share in an included company's profits	-	7.5	-
Financing expenses, net	1.9	3.0	(36.6%)
Earnings before tax	58.2	55.5	4.8%
Taxes on revenues	12.9	12.8	0.8%
Net profit	45.3	42.8	6.0%
EBITDA	79.3	70.0	13.3%
Gross profit margin	25.5%	25.9%	
Operating income percentage	13.8%	12.8%	
Net profit margin	10.4%	10.7%	

Distribution of Operating Income by Activity Sector

2020

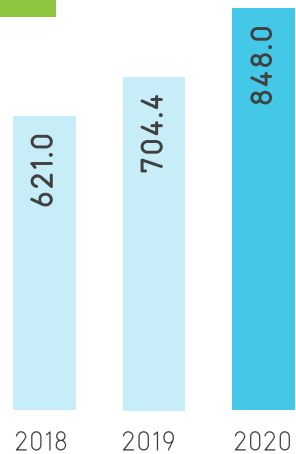


Fourth quarter 2020

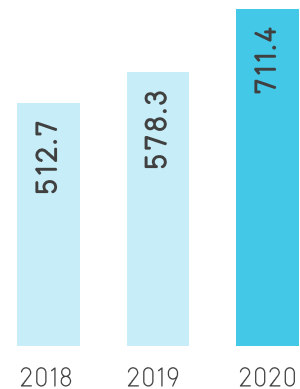


Selected Financial Data as of December 31 (NIS Million)

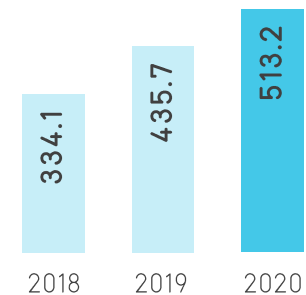
Current assets



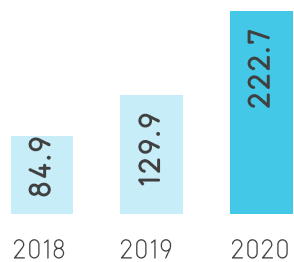
Current liability



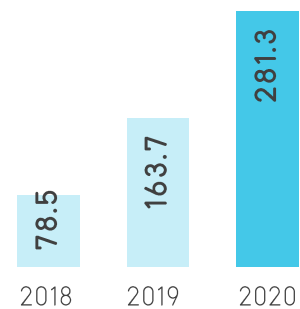
Owner's capital



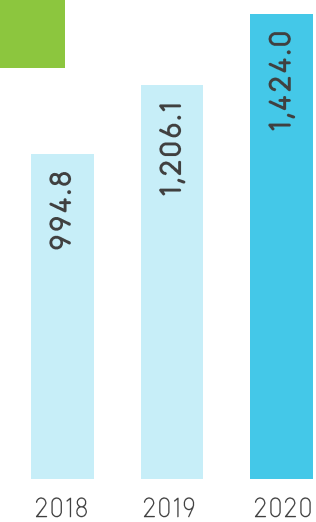
Cash and cash equivalents



Cash flow from operating activities



Total assets



Holdings Structure



* The percentages in this slide reflect Hilan's percentage holding in the respective companies for January 2021



2020 - Summary and Looking Forward

Digital Acceleration

Creates significant opportunities
for growth and business development

- ▶ Operating profit growing continually
- ▶ Growth in all of the Group's business sectors, most of which are organic
- ▶ Coping well with the COVID-19 Pandemic and its implications with minimum negative impact on the Group's business
- ▶ Positioning the Group's status as a leader in the technology services sector
- ▶ Continued trend of recruiting new customers in the Payroll Services sector despite exceptionally high rates of unemployment
- ▶ United States - satisfaction from the business acquired in early 2020, a market with sizable growth potential



Hilan Group

Thank you