March 16, 2020

**One Technologies Closes 2019 with Growth in all Business Metrics**

**One Technologies closed 2019 with a 12.3% increase in revenue to NIS 1.60 billion; a 33% increase in operating income to NIS 125.1 million; and a 26% increase in net income to NIS 87 million.**

**The fourth quarter of 2019 closed with a 3.9% increase in revenue to NIS 415.7 million, an 11.8% increase in net income to NIS 23.2 million, and a 13.3% increase in operating income to NIS 33.4 million.**

**Adi Eyal, Chief Executive Officer of the One Technologies Group: "We closed 2019 with double-digit growth in most business metrics (revenue turnover, operating income, and net income), with most revenue growth from our software segment. The increase in business operations comes from organic growth, mainly from cloud computing solutions, as well as the successful implementation of a series of acquisitions made during the past year. We have also recently announced a significant round of managerial appointments which will refresh our core management team and will contribute to further adoption of strategic moves across the Group".**

**One Technologies**, one of Israel's leading IT companies, released its fourth quarter and full 2019 financial results, and reported further improvement in operating parameters - thanks to organic growth and the successful implementation of recent acquisitions, along with improved profitability and income.

**Highlights of 2019's Results:**

Revenue during 2019 grew by 12.3% to NIS 1.60 billion, compared with NIS 1.43 billion during the corresponding period last year. Growth in revenue follows organic growth in the Company's operations, primarily cloud computing operations and partially the consolidation of companies that were consolidated for the first time during the report period, primarily in the field of SAP's ERP applications and BI operations.

Following is a Breakdown of Revenue by Segment:

* **Software segment revenue** during the period totaled NIS 790.3 million, compared with NIS 626.8 million during the corresponding period last year.
* **Infrastructure segment revenue** during the period totaled NIS 693.2 million, compared with NIS 692.7 million during the corresponding period last year.
* **Managed services segment revenue** during the period grew by 10.5% to NIS 141.4 million, compared with NIS 128 million during the corresponding period last year.

**Gross profit** during 2019 grew by 16% to NIS 280.3 million (17.5% of revenue), compared with NIS 241.7 million (16.9% of revenue) during the corresponding period last year. The increase is primarily attributed to an increase in operations.

**Operating income** during 2019 grew by 33% to NIS 125.1 million, compared with NIS 94.2 million during the corresponding period last year. The increase in operating income is primarily attributed to growth in the volume of software segment operations and an improvement in its operating income margin.

**Operating profit margin** (excluding other income) during 2019 was 7.3%, compared with 6.6% during the corresponding period last year. The improvement in the operating income margin is attributed to all operating segments.

Following is a Breakdown of Operating Income:

* **The operating income margin in the software segment** during the period was 10.3%, compared with 9.9% during the corresponding period last year.
* **The operating income margin in the infrastructure segment** during the period was 5.8%, compared with 4.8% during the corresponding period last year.
* **The operating income margin in the managed services segment** during the period was 4.3%, compared with 4.5% during the corresponding period last year.

**Net income** in 2019 grew by 26% to NIS 87 million (of which NIS 82.4 million is attributable to shareholders), compared with NIS 69 million (of which NIS 65.7 million is attributable to shareholders) during the corresponding period last year. The growth in net income reflects double-digit revenue growth along with an increase in the Group's operating income.

In 2019, **EBITDA** grew by 51.4% to NIS 167.2 million, compared with NIS 110.5 million during the corresponding quarter last year. The increase in EBITDA reflects an increase in operating income as well as the first-time implementation of IFRS 16.

**Highlights of 2019's Fourth Quarter:**

**Revenue** during the fourth quarter of 2019 grew by 3.9% to NIS 415.7 million, compared with NIS 400 million during the corresponding quarter last year.

The Breakdown of Revenue by Segment is as Follows:

• **Software segment revenue** during the quarter grew by 13% to NIS 203.5 million, compared with NIS 180 million during the corresponding quarter last year. Revenue growth reflected organic growth and the acquisition of companies that were consolidated for the first time.

• **Infrastructure segment revenue** during the quarter totaled NIS 179.9 million, compared with NIS 192.6 million during the corresponding quarter last year.

• **Managed services segment revenue** during the quarter grew by 14.3% to NIS 36.5 million, compared with NIS 32 million during the corresponding quarter last year. Revenue growth was partly due to the acquisition of the remaining shares of ICSC during the second quarter of the year.

**Gross profit** during the fourth quarter of 2019 grew by 10.5% to NIS 76 million (18.3% of revenue), compared with NIS 68.7 million (17.1% of revenue) during the corresponding quarter last year.

**Operating income** during the fourth quarter grew by 13.3% to NIS 33.4 million, compared with NIS 29.5 million during the corresponding quarter last year. The increase in operating income is primarily attributable to growth in the volume of software segment operations, along with an improvement in the operating income margin.

**The operating income margin** during the fourth quarter of 2019 was 8% compared with 7.3% during the corresponding quarter last year. The improvement in the operating income margin, compared with the corresponding quarter last year, is primarily attributed to the Company's leading operating segments.

* **The operating income margin in the software segment** during the quarter was 11.2%, compared with 10% during the previous quarter and 10.5% during the corresponding quarter last year.
* **The operating income margin in the infrastructure segment** during the quarter was 6.4%, compared with 5.6% during the previous quarter and 6.1% during the corresponding quarter last year.

**Net income** during the fourth quarter of 2019 grew by 11.8% to NIS 23.2 million (of which NIS 21.4 million is attributable to shareholders), compared with NIS 20.8 million (of which NIS 19.2 million is attributable to shareholders) during the corresponding quarter last year. The increase in net income reflects double-digit revenue growth along with a sharp improvement in operating income, with an emphasis on software sector improvement.

**EBITDA** during the fourth quarter of 2019 grew by 35.5% to NIS 46.4 million, compared with NIS 34.3 million during the corresponding quarter last year.

**Statement of Financial Position as of December 31, 2019:**

**Cash and cash equivalents** totaled NIS 60.5 million, offset by **gross financial debt** of NIS 167 million. Accordingly, **net financial debt** totaled NIS 107 million.

**Shareholders' equity** totaled NIS 326.7 million, compared with NIS 298.7 million at the end of 2018. The increase in shareholders' equity follows an increase in net income, less a NIS 52.9 million dividend distribution during the period.

At its last meeting, the Company's Board of Directors discussed the implications of the Coronavirus and decided that in light of the uncertainty regarding the duration and scope of the events, and because of its responsibility to the Company's shareholders and employees, the dividend distribution for the fourth quarter of 2019 should be deferred. The Company continues to monitor events and will provide updates as necessary.

It should be noted that for now, the Coronavirus events do not have a material impact on Company operations.

**Key Events During and After Report Period:**

**During February 2020,** the Company announced a series of management appointments - Shelly Cohen was appointed Chief Executive Officer of the Automation Company; Ori Enoch was appointed Group Chief Financial Officer; Shalom Dayan was appointed Chief Executive Officer of the Infrastructure Division; Adi Shane was appointed Head of Sales for Strategic Customers; Sasi Shilo was appointed Vice President of Business Development for the Public Sector, and Ya'aleh Bash was appointed Chief Financial Officer of the Group's software segment.

**During December 2019**, the Company announced the signing of an agreement for the acquisition of 51% of the shares of A. Epstein & Sons for approximately NIS 11.2 million. The acquired company specializes in project management, in the fields of construction and infrastructure, especially national infrastructures.

**One Software Technologies** is one of Israel's leading IT companies. The Company provides technology solutions to thousands of customers in various segments of the economy and has approximately 4,000 professional employees located in Israel and abroad. The Company's shares are included in the TA 125 index of the Tel Aviv Stock Exchange. Mr. Adi Eyal services as Company Chief Executive Officer.

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