



# Investors Presentation

**Financial Reports 31.03.23**



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# Leading

Ranked as the leading company in the Israeli technology information market for 17 consecutive years, Matrix conducts the largest computing projects using the most advanced technology for a client base of Israel's top organizations.



## Activity sectors

### Activity in Israel:

- IT solutions and services, consulting, and management
- Software products marketing, sales and support
- Cloud solutions and IT infrastructure
- Training and implementation

### Activity in US and Canada:

- IT solutions and services and consulting in computer crime prevention, governance, regulation and risk management for the banking sector (GRC)
- Software development services and software support
- Software products marketing and support

## Leadership and growth characteristics

- The largest and leading company in the Israeli technology information market over the past two decades, with a double-digit growth rate in revenues and profits
- The company has the largest range of IT offerings
- Ranked by STKI over the past 17 years as the leader of the IT market in Israel; Matrix is also ranked #1 in most of the important technologies
- A broad range of services and solutions delivered to thousands of customers from all sectors of the economy.
- Extensive and successful activity in the US
- Consistent organic growth in addition to expansion into complementary fields of activity through dozens of successful acquisitions

11,200 Professionals

56% Women



**10,258**



**652**



**290**





# Leading

Ranked as the leading company in the Israeli technology information market for 17 consecutive years, Matrix conducts the largest computing projects using the most advanced technology for a client base of Israel's top organizations.



## Analyst Ranking



**Leader of the value-Added Services market**  
**17 consecutive years**

May 2022



**Aa3 credit ranking, Stable outlook**  
**14 consecutive years**

March 2023



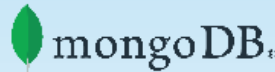
**Leader of the IT Services market**  
**15 consecutive years**

May 2023

## Leading Partners



Google Cloud



## 11,200 Professionals

56% Women



**10,258**



**652**



**290**



# Q1 2023: A Record-Breaking quarter

**Record-breaking quarterly results for revenues, gross profit, operating income, net income attributable to shareholders and EBITDA**

**Revenues: 11.5% growth to ~1.29 billion NIS (11.8% organic growth)**

**Gross Profit: 12.4% growth to ~189 million NIS with 14.6% Gross Margin**

**Operating Income: 10.2% growth to ~101.5 million NIS (12% organic growth) with 7.9% Operating Margin**


**Net Income - a record-breaking Net income attributable to Shareholders (which grew by 2.7%)  
Despite a decrease of 3.9% in Net Income to 65 million NIS. Net Income margin is 5.1% of Revenues**

**EBITDA: 16.6% growth to ~149 million NIS with 11.5% Margin**

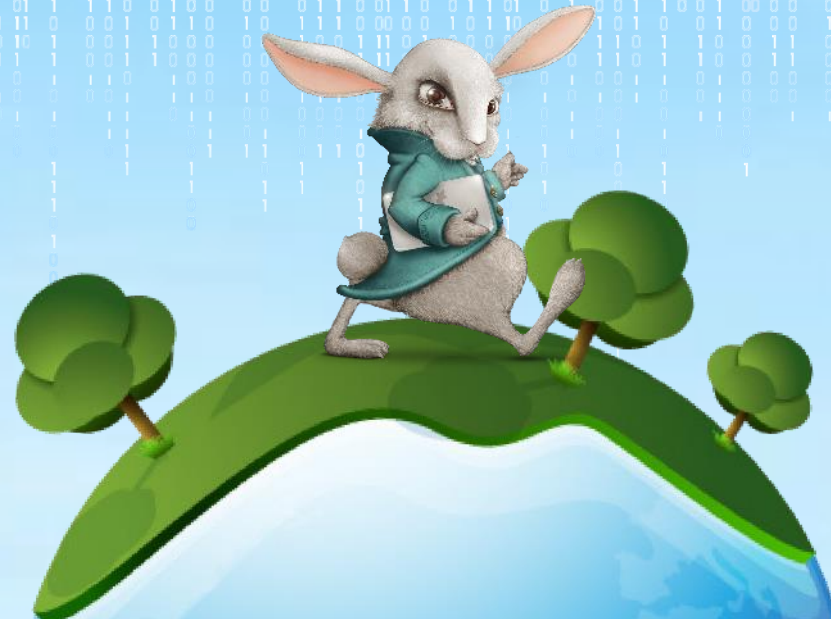


A graphic of three white, stylized clouds with soft shadows, positioned in the top left corner of the slide.

# Q1 2023 Highlights

- All-time records for Revenues, Gross Profit, Operating Income (which crossed the 100 M NIS barrier), Net Income attributable to Shareholders and EBITDA
  - Double-digit growth in revenues (11.5%), gross profit (12.4%) and operating profit (10.2%)
  - ~12% organic growth in Revenues and Operating Income
  - Accelerated growth in the fields of Digital, Data, and Modernization of core systems (such as ERP, CRM, consumer credit), along with the continued growth of the defense division business in the areas of cybersecurity and AI, have led to organic growth in software services revenues in Israel (17.5% and 11.7% respectively, after neutralizing the activity of Infinity, which is still consolidated in the parallel quarter, prior to its sale)
  - 25.5% growth rate in Cloud solutions and IT infrastructure business (11% organic growth and first-time consolidation of RDT)
  - 31.2% growth (\$ denominated) in the operating income of our US business along with a return to the pre-pandemic profit margins
  - Strong start of FY2023 for our US business, with significant new engagements in GRC solutions for the banking sector in USA and Canada
  - First-time consolidation of "Zebra" acquisition in our Software products division, improving its profit amount and margin
  - The increase in financing expenses led to a decrease in net income. Despite this, the net income attributable to shareholders grew by 2.7% (ATH, ignoring the one-time capital gain in Q2/23)
- 
- A decorative graphic at the bottom of the slide showing rolling green hills under a light blue sky.

# Overview of Activity



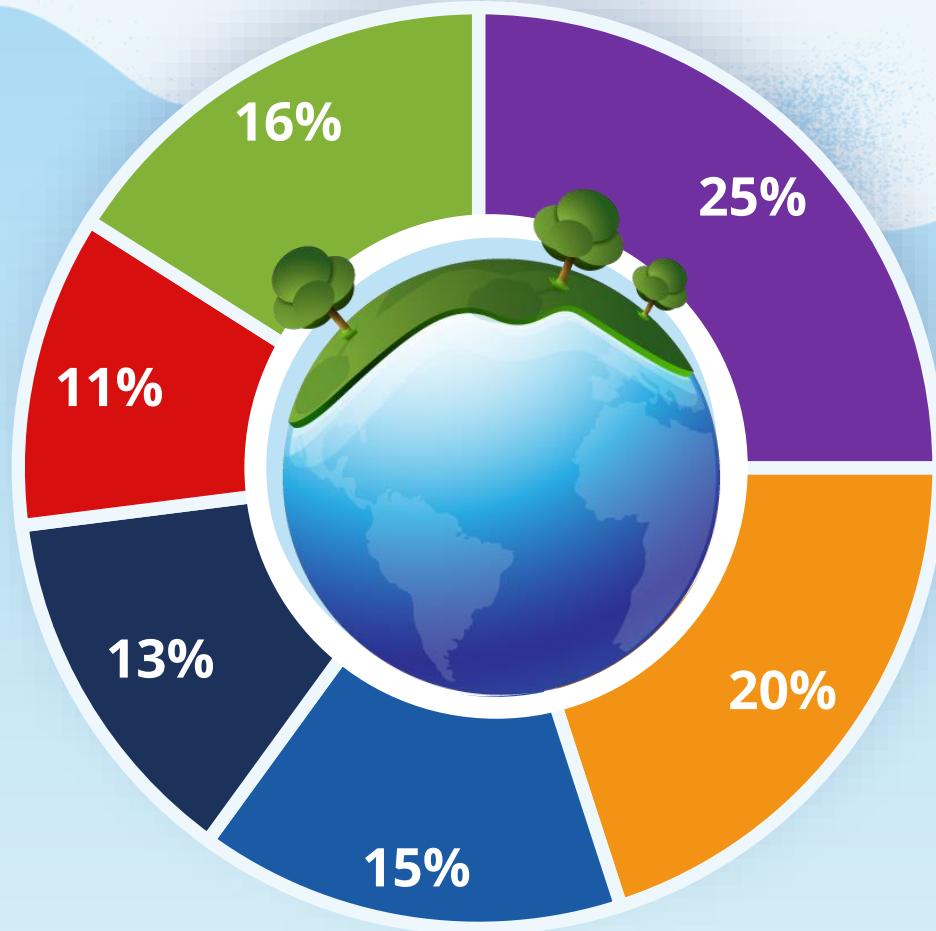


# Activity in Israel





# Revenue Segmentation by Business Sector



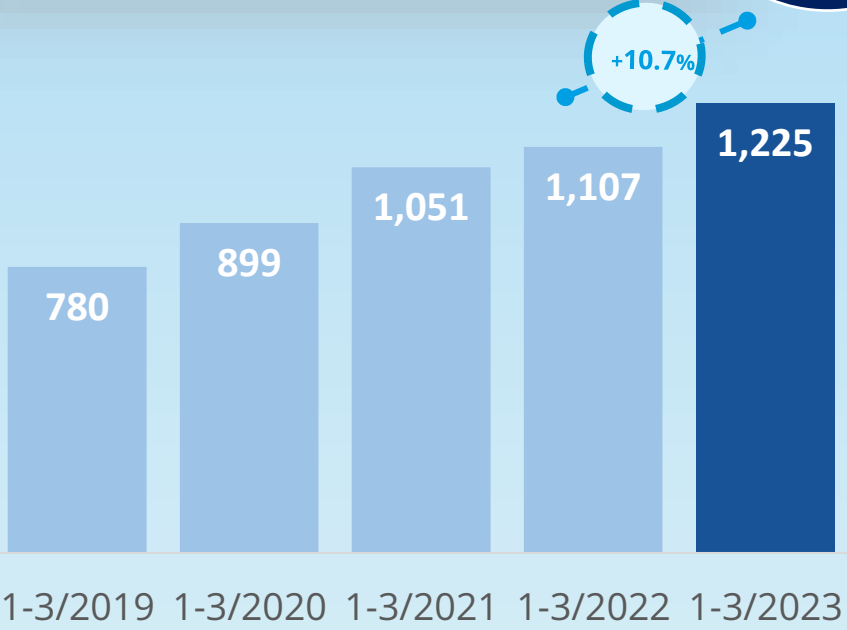
- Government & Defense
- Finance
- Hi Tech
- Industry, Communications and Retail
- Healthcare and Transportation
- Other

# Activity in Israel - 1-3/23 \*

(Millions of NIS)

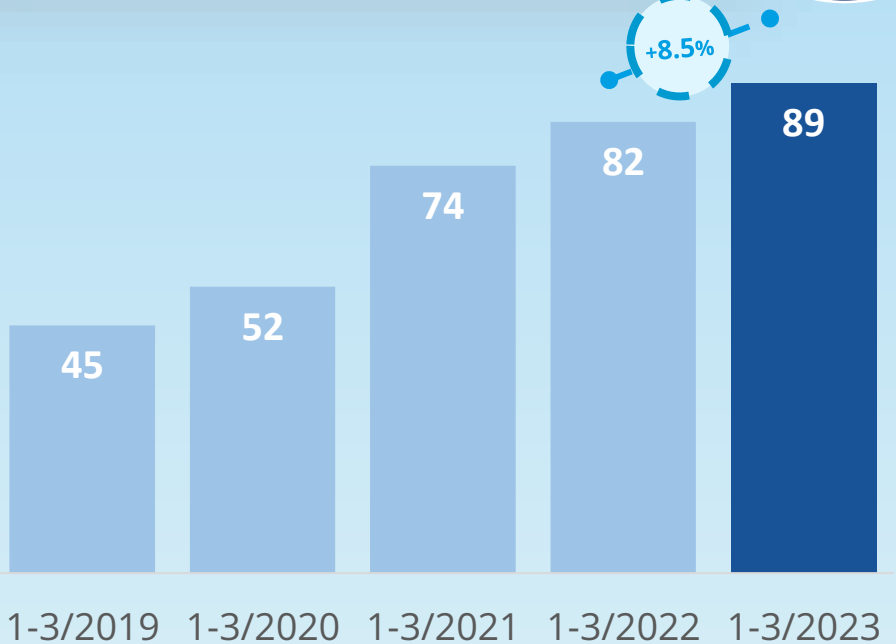
**Revenues -  
10.7% increase in Q1**

**11.9%**  
4YR CAGR



**Operating Income -  
8.5% increase in Q1**

**18.6%**  
4YR CAGR

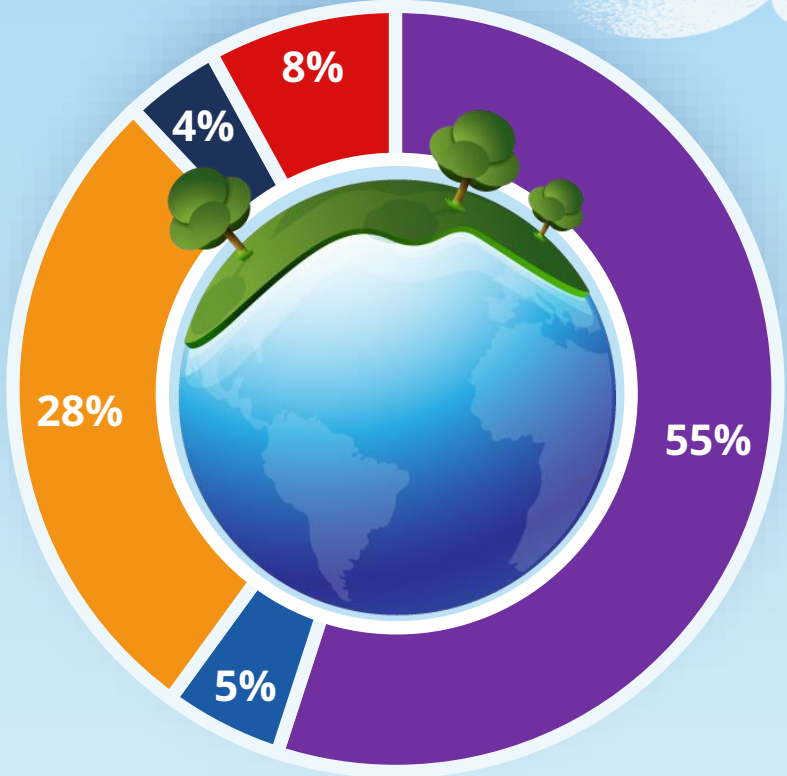


\*Including results from immaterial activity in Europe

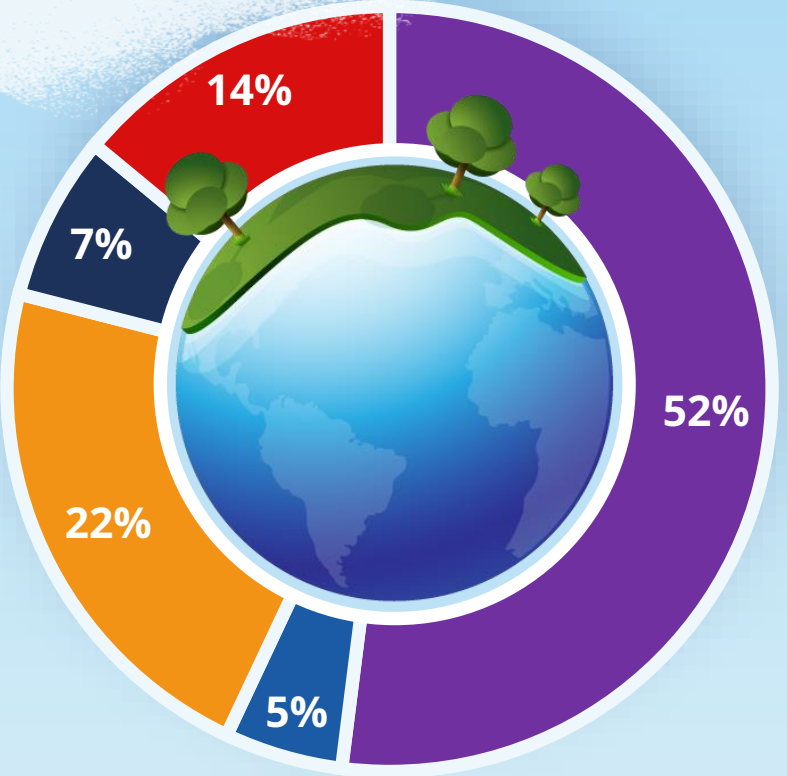
# Distribution of revenue and profit by activity sectors



## Revenues



## Operating Income



- IT Solutions in Israel
- Software products
- Cloud solutions and IT infrastructure
- Training
- USA Activity

# Activity sectors in Israel

(92% of Revenues, 86% of Operating Income)

	% Income	Profitability margin	Share of operating income	Growth in profit compared to the corresponding quarter	Organic/M&A
IT solutions in Israel	55.2%	7.4%	52.1%	13.6% Organic growth	Organic: neutralizing Infinity profits
Cloud solutions and IT infrastructure	28.2%	6.2%	22.3%	25.5%	Organic: consolidation with RDT
Software products	4.7%	8.4%	5.1%	9.1%	Including consolidation with Zebra
Training	3.8%	13.1%	6.4%	46%	Organic





# matrix PROJECTS



# 23 Selected Projects in 2023



## Israel Post is upgrading its digital face

Organization and redesign of the Israeli Post's app for improved customers use with tens of thousands of downloads per month.



## Policy: The National Police Academy

Matrix has won a tender for upgrading and operation of the college's IT system and infrastructure in an outsourcing project, with a financial scope of tens of millions NIS, up to 100 million, for a period of 14 years



## Harel, the first insurance company in Israel to move its data operations to the cloud.

Matrix has established a data infrastructure on Microsoft Azure for "Harel Insurance and Finance", with special focus on AI capabilities. This project positioned Harel as the first insurance company in Israel to transfer its data center to the cloud.



## The smart Discount campus

Matrix, together with Johnson Controls and the team of the Discount Group, has established the first smart campus in Israel. The project integrated different realms of content and technologies, including hardware, physical components, IoT, software, interfaces and data



## Isracard accelerates development

Matrix, representing Mendix (the world's leading Low-Code platform) in Israel, led the end-to-end deployment of the platform, alongside the development and implementation of a sales process management system

# matrix PROJECTS



## Management and supervision of the light rail lines

matrix subsidiary company, Dana Engineering, has been awarded two additional sections in Tel Aviv (green and purple lines), with a scope of approximately 20M NIS



## Bank Hapoalim upgrades ICT with Cornerstone

Hapoalim Bank has chosen the eLearning platform of Cornerstone, represented by Matrix, for its internal training courses, and for the professional and personal development of its employees



## Establishing a data lake for the Clalit HMO

A large-scale and cross-organization project, spanning approximately 10M NIS, primarily focused on establishing a new data lake with the goal of upgrading data utilization and establishing an infrastructure for future data usage within the organization



## Saying Yes to the cloud

Yes, a leading cable company, has migrated to the cloud with the assistance of Matrix CloudZone. The project involved building a secure, available and scalable cloud infrastructure based on AWS, which includes three API interfaces, serving three different consumers: Netflix users, YES App, and YES IT. Additionally, the project included tools for monitoring applications and security threats



## Transformation and innovation in the national emergency portal of the Home Front Command

Adding new capabilities for real-time alerts on earthquakes, infiltration of terrorists, and other threats, with the aim of providing the most accurate and timely information possible



## Medatech, a Matrix's subsidiary, deploys in Sela Construction its unique solution for the real estate entrepreneurship, construction and income producing properties sector.

This solution, together with Medatech's experience, assists Sela Construction in gaining a competitive edge and supports the company's growth and expansion.

# matrix PROJECTS



## Automation at Zim

Expanding the use of the Microsoft platform, which has been successfully implemented by Zim in China, for processes in other departments and regions. In Israel, a dedicated bot for sending delivery certificates to customers has been implemented, while in the United States, a solution for handling customer inquiries, regarding document requests, has been implemented.



## Computerization of the pharmacies of the Israel Prison Service

The Tafnit system (Matrix's IP) will serve as the core computing system of the Israel Prison Service pharmacy system. The system will enable drug validity, product batches, pharmacological parameter management, prescription management and automatic documentation process management (MRP)



## Information and cyber security for the Ministry of Health

Matrix 2BSecure conducted comprehensive risk assessments throughout the healthcare system in Israel



הרשות הממשלתית  
להתחדשות עירונית

## The government Authority for Urban Renewal

Aviv, a matrix subsidiary company, will manage various projects in the field of urban renewal for the Authority for Urban Renewal



## Establishing a SIEM SOC system for 22 plants and 50 centers of the Adama company worldwide (IT+OT)

The project, carried out by Matrix's Cyber Arm – 2BSecure, enables holistic information security control for all processes from a single system

## Establishing a comprehensive data platform for internal organizational systems for a large defense organization

Establishing a comprehensive data platform, intended to be used by internal organizational systems, for research and presentation of business insights

# matrix PROJECTS



## **A government ministry transfers its data to the cloud (Nimbus)**

Leading a variety of data activities for a governmental ministry, with a total scope exceeding 10M NIS. The projects include: requirements mapping, formulating business strategy and roadmap, implementing intelligent analytics with business value for the ministry, and developing cloud-based data architecture (Nimbus)

## **Projects in the field of defense and security**

Matrix Defense projects in the field of military defense and advanced artificial intelligence applications for the defense system and the Israel Aerospace Industry.

## **Development of an advanced system in the field of cyber defense for a foreign country in the amount of over \$20 million**

Matrix Defense will develop and provide an advanced system in the field of cyber defense for a foreign country.

## **CRM, Salesforce, and Dynamics projects for a variety of organizations, including:**

**Civil Aviation Authority** – Developing a system for managing engineering consultants, developing a system for building permits interfacing with a GIS system.

**Central Elections Committee for the Knesset** – Developing a system to manage tender committees and a municipal elections system.

**Analyst** – Development of a service and benefits system that replaces Gold Plus.

New wins for implementation projects of the **WMS system (smart warehouse)** in Golf, Promedico, Sheba, Brimag, and Aloni.

## **Advanced versions of an innovative R&D project for a foreign country in the amount of more than \$30 million**

A project at the forefront of technology that integrates a variety of areas and specializations in the worlds of cyber, artificial intelligence and analytics involving the development of breakthrough capabilities.



# matrix PROJECTS



## And a few more....



### START Project

Managing the activities of the Technological Innovation Unit at the Ministry of Education, which promotes a technological educational culture, based on skills from the hi-tech and start-up worlds



### Nefesh Achat: Ministry of Defense

A national project to improve the treatment of post-trauma victims and their families, while upgrading the service in the rehabilitation department, including enhancing digitization and accelerating the online response



### "Don't call me" - Ministry of Justice

A project designed to enable consumers to avoid marketing solicitation phone calls from commercial entities. The very act of contacting a consumer who has registered in the database (free of charge) will constitute an offense, subject to fine



### The data lake of the Central Bureau of Statistics

The data lake will aggregate data from various disciplines, on which research conducted by the Central Bureau of Statistics is based. The use of the data lake will help reaching valuable insights that will save the country significant amounts



### Hadassah Medical Center

A holistic defense system for "Hadassah Medical Center" through a managed monitoring, detection, and response system that provides active cybersecurity to detect and prevent attacks and threats



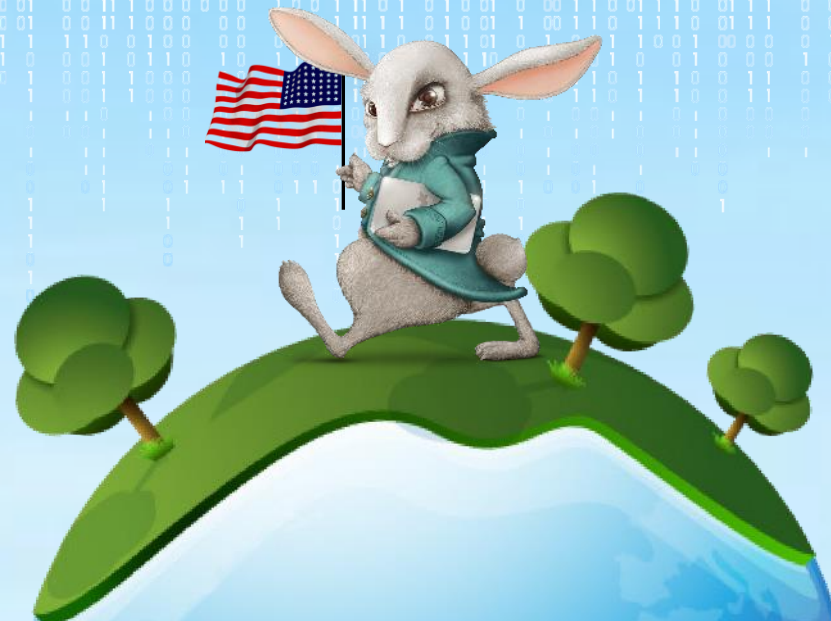
### GIS project at the Ministry of Health

Easy and fast analysis of data and deriving life-saving insights! How? Through mapping and cross-referencing data on a geographic map, using Geographic Information Systems (GIS) technology that adds the geographical aspect to Business Intelligence (BI)..

# Activity in the USA

**Return to pre-COVID profit margins**

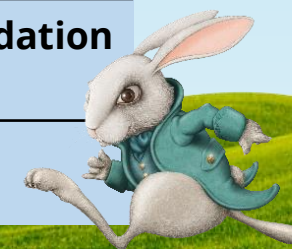
**Hiring new employees...**



# Revenue growth – US activity

(8% of Revenues, 14% of Operating Income)

Sector	% of Revenues	Profitability margin	Share of operating income	Growth in profit compared to the corresponding quarter	Organic/M&A
IT solutions in the USA	8.1%	13.6%	14.1%	42.9%	Organic
IT solutions in Israel	55.2%	7.4%	52.1%	13.6% Organic growth	Organic: neutralizing Infinity profits
Cloud solutions and IT infrastructure	28.2%	6.2%	22.3%	25.5%	Organic: consolidation with RDT
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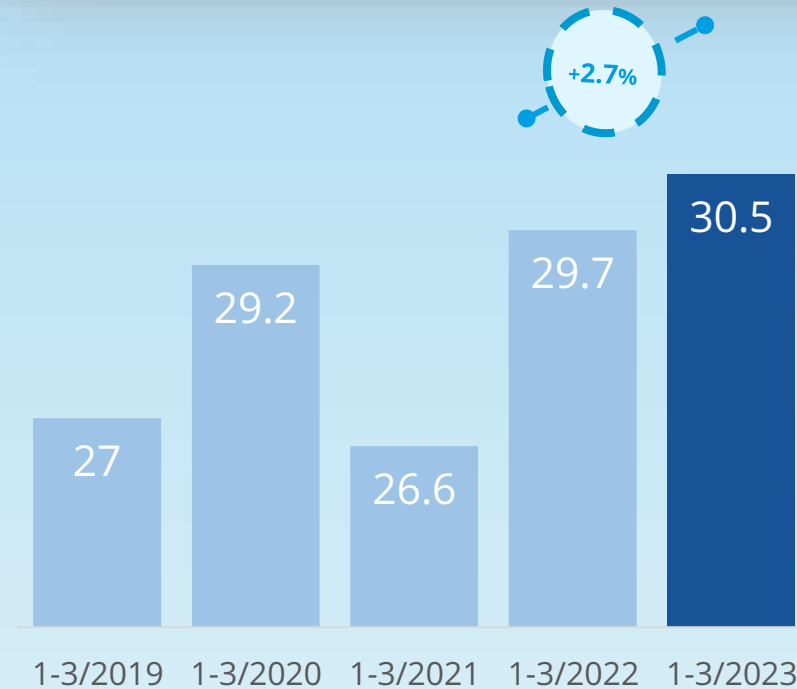
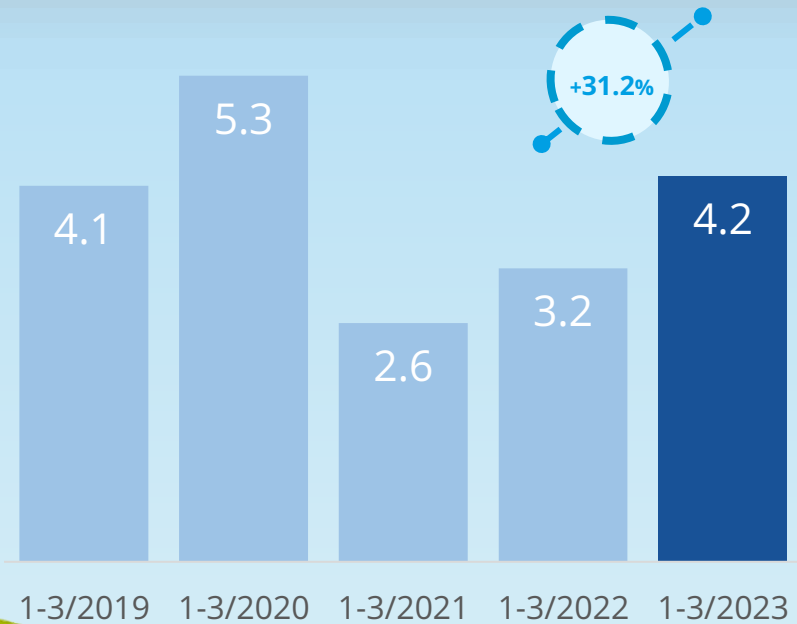
# Activity in the US - 1-3/2023

(in millions of \$)



**Operating Income: \$4.2M; 31.2% growth compared to the corresponding quarter (growth in NIS: 42.9%)**

**Revenues: \$30.5M; 2.7% growth compared to the corresponding quarter (growth in NIS: 13.7%)**





# US Activity

Matrix's activity in USA is based on over 600 software professionals in North America, utilizing our development centers worldwide (Eastern Europe, India, Israel) and exploiting our software distribution partnerships with leading software vendors worldwide.

### Prominent market segments

- Government
- Financial
- Health
- Transportation

### Software products marketing and sales

- Software products for the security and government sector
- Add-ons for Microsoft CRM systems
- Representation of Israeli software companies in the US
- Product sales to government

### Projects & consulting arena:

- GRC – AML, Fraud, Risk, Cyber
- Infrastructure and DB management at computer facilities
- CRM systems
- IT systems for the medical market
- Government contracting system (GovCon)
- Data/BI/AI
- Digital transformation
- Software development services

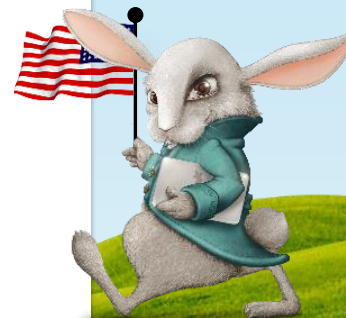




Matrix's activity in USA is based on over 600 software professionals in North America, utilizing our development centers worldwide (Eastern Europe, India, Israel) and exploiting our software distribution partnerships with leading software vendors worldwide.

As a result of the growth in digital payments and wider exposure to cyber fraud, the financial market continues to invest enormous resources in detection and alert systems to prevent money laundering and fraud. **The expansion of regulation in the field of AML (Anti-Money Laundering) has increased the demand for consulting services and the implementation of supporting solutions.**

Matrix implements off-the-shelf systems and provides services related to GRC systems, including leading systems from NICE Actimize, IBM, Oracle and others

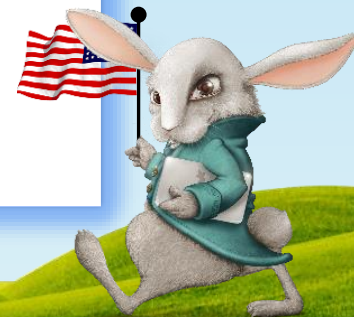




Matrix's activity in USA is based on over 600 software professionals in North America, leveraging the broad portfolio of technological capabilities of Matrix in Israel, on our development centers worldwide (Eastern Europe, India, Israel), and our software distribution partnerships with leading software vendors worldwide

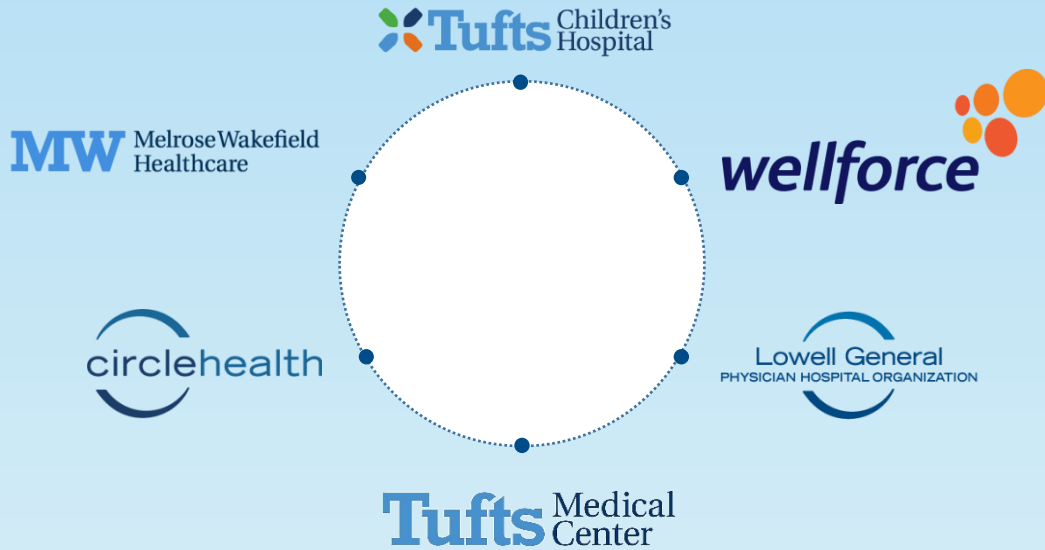
**Closed new deals during the quarter with a total volume exceeding \$20 million**

Matrix implements off-the-shelf systems and provides services related to GRC systems, including leading systems from NICE Actimize, IBM, Oracle and others



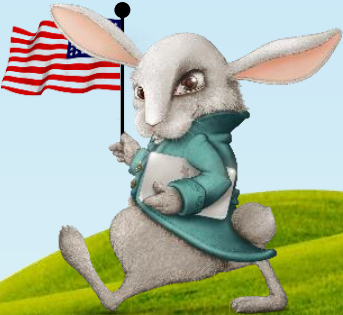


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**Consolidation project of Boston hospitals**

Providing full managed IT services with annual volume of \$10M





# USA – SPOT ON



Matrix's activity in USA is based on over 600 software professionals in North America, utilizing our development centers worldwide (Eastern Europe, India, Israel) and exploiting our software distribution partnerships with leading software vendors worldwide.



**In 2022, Brinks chose Matrix to provide global support services in over 50 countries.**



**In 2021, Matrix began providing technical support services to MTA, and in 2022 it expanded to additional areas of operation**





# Financial Reports



## Key data from the Q1/2023 Income Statement compared to the corresponding quarter (in Millions NIS)

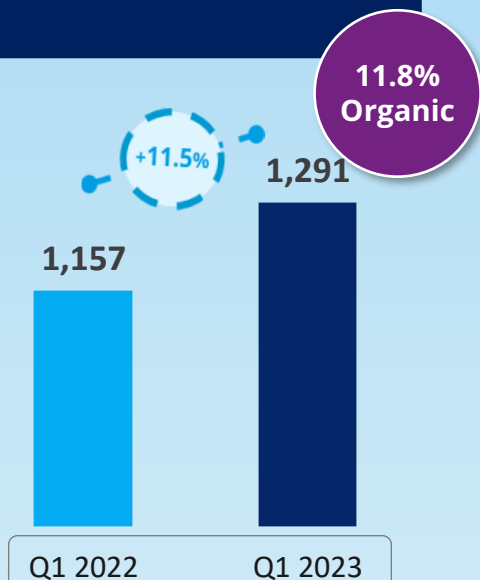
	Q1 2023	Q1 2022	Difference	Change in %
Revenues	1,291.1	1,157.9	133.2	11.5%
Gross Profit	188.6	167.8	20.8	12.4%
Selling, marketing and general and administrative expenses	87.1	75.7	11.4	15.1%
<b>Operating income</b>	<b>101.5</b>	<b>92.1</b>	<b>9.4</b>	<b>10.2%</b>
Financial expenses, net	16.9	7.0	9.9	142.1%
Taxes on Income	19.2	17.1	2.1	12.2%
Net Income	65.3	67.9	(2.6)	(3.9%)
<b>Net income attributable to shareholders</b>	<b>60.7</b>	<b>59.1</b>	<b>1.6</b>	<b>2.7%</b>
* Adjusted EBITDA	115.9	106.5	9.4	8.8%
Gross profit margin	14.6%	14.5%		
Selling, marketing and general and administrative expenses rate	6.7%	6.5%		
Operating Income margin	7.9%	8.0%		
Net Income margin	5.1%	5.9%		

\*Profit before financing, taxes, depreciation, and amortization, before capital gain from investment realization and neutralizing the impact of IFRS 16, leases (starting from its initial application)

# Summary of Q1, 2023

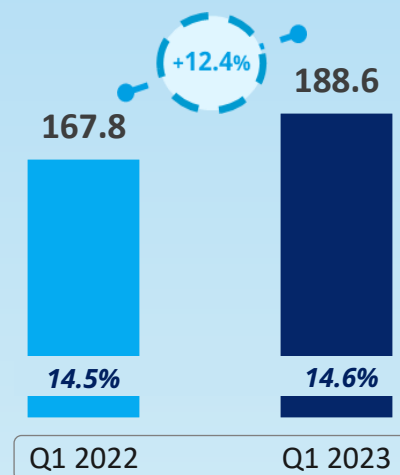
Key data (in millions of NIS)

## Revenues



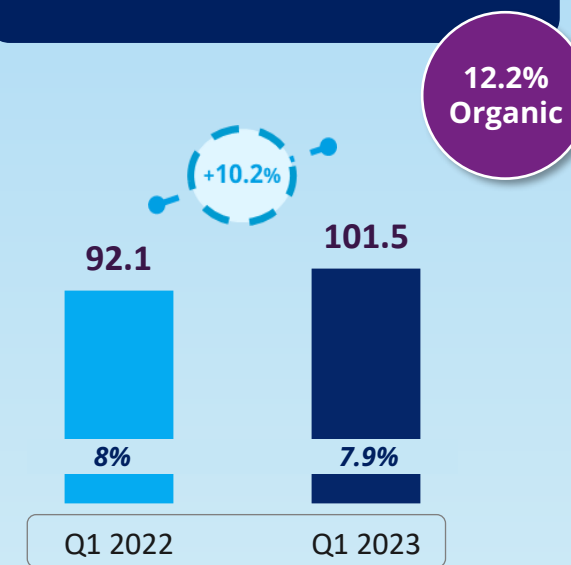
11.5% growth in **revenues** to a **record of NIS 1.3 billion** (11.8% organic growth)

## Gross Profit



12.4% growth in **gross profit** to a **record of NIS 189 million**, with a profitability margin of 14.6%

## Operating Income



10.2% growth in **operating profit** to a **record of NIS 101 million** (12.2% organic growth)

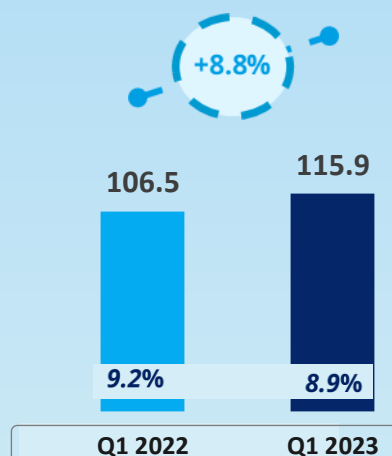


# Summary of Q1, 2023

Key data (in millions of NIS)

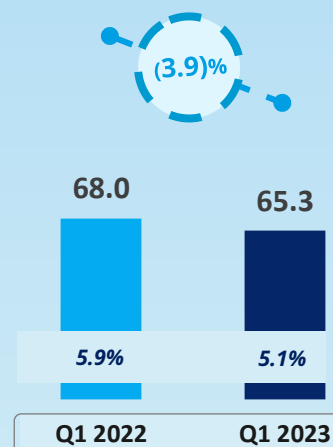
Itemized net financing expenses (In millions of NIS)		
	31.03.23	31.03.22
Interest, fees, and miscellaneous	12	5.9
Exchange rate differentials	(1.7)	(0.4)
Financing of leasing and appraisal of the minority interest	6.6	1.5
<b>Total financing costs (net)</b>	<b>16.9</b>	<b>7</b>

## Adjusted EBITDA\*



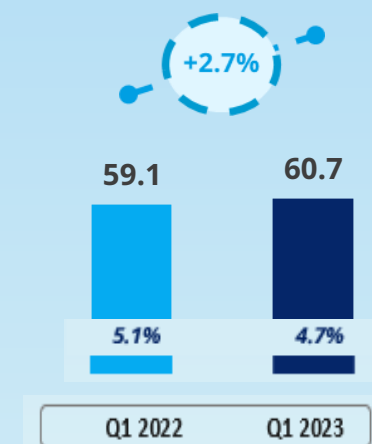
8.8% increase in adjusted EBITDA to a **record of NIS 115.9 million**

## Net Income



3.9% decrease in **net income to NIS 65.3 million**: increase in Operating Income, offsetted by increase in financing expenses (due to increase in interest rates)

## Net income attributed to shareholders



2.7% increase in **net income attributed to shareholders to a record of NIS 60.7 million**

\*Profit before financing, taxes, depreciation, and amortization, before capital gain from investment realization and neutralizing the impact of IFRS 16, leases (starting from its initial application)

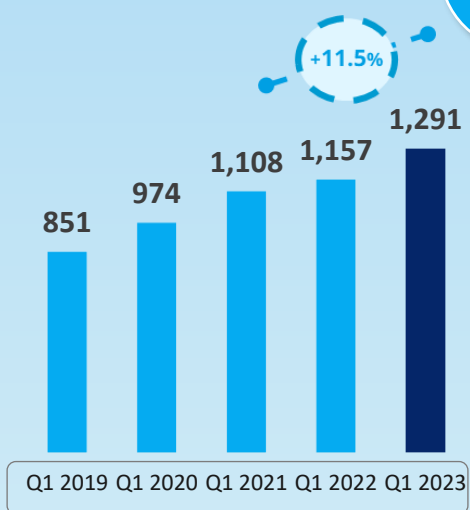
# Consistent improvement in performance over the years

## Steady growth in revenues, profit, and dividends (NIS millions)



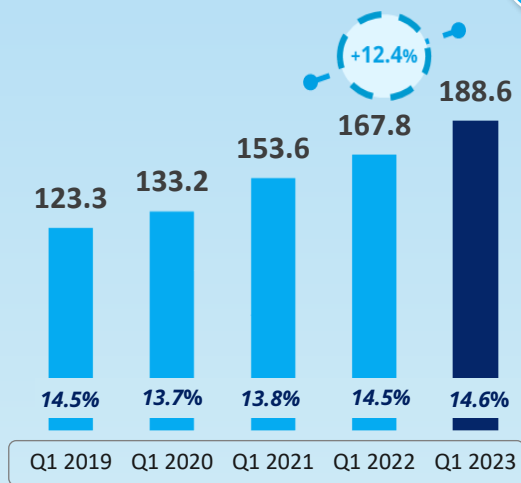
### Revenues

10.9%  
4YR  
CAGR



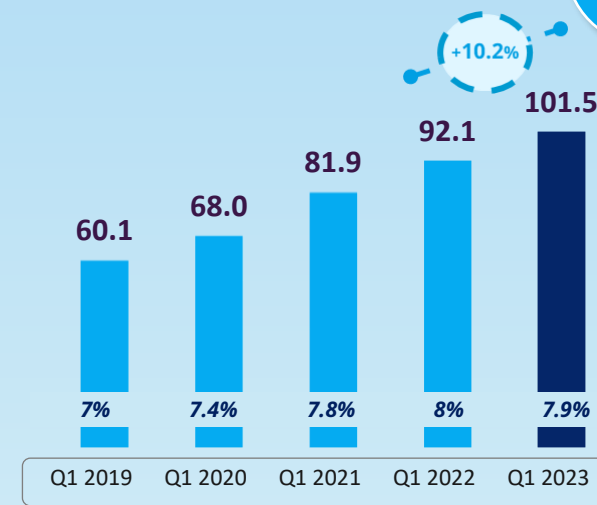
### Gross Profit

11.2%  
4YR  
CAGR



### Operating Income

13.9%  
4YR  
CAGR

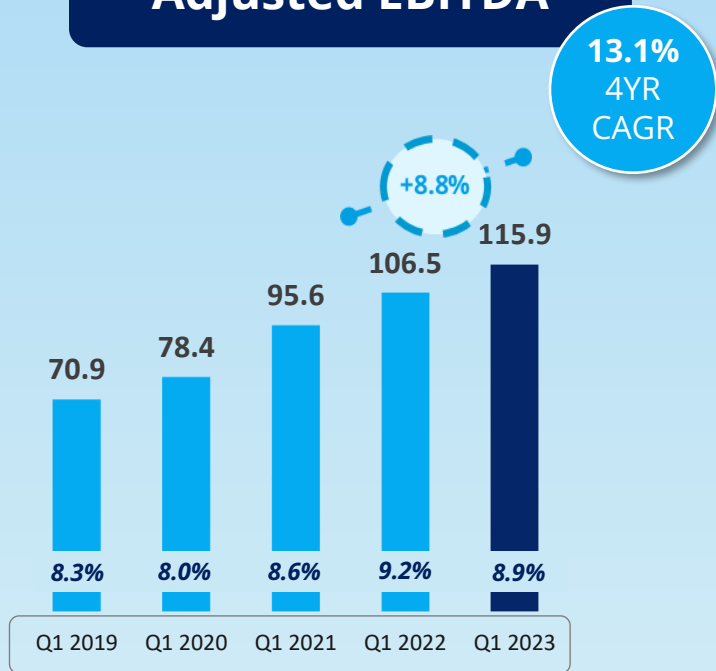


# Consistent improvement in performance over the years

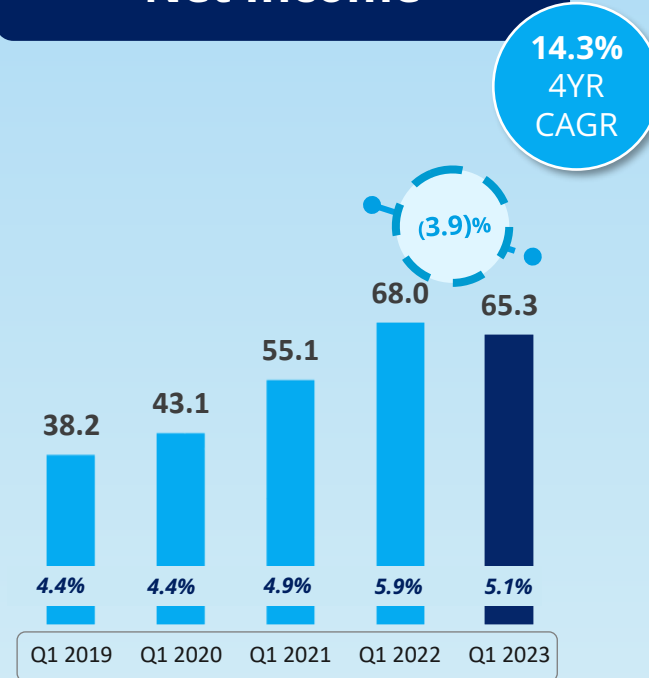
## Steady growth in revenues, profit, and dividends (NIS millions)



### Adjusted EBITDA



### Net Income



### Net income attributed to shareholders



# Financial indicators

(NIS millions)



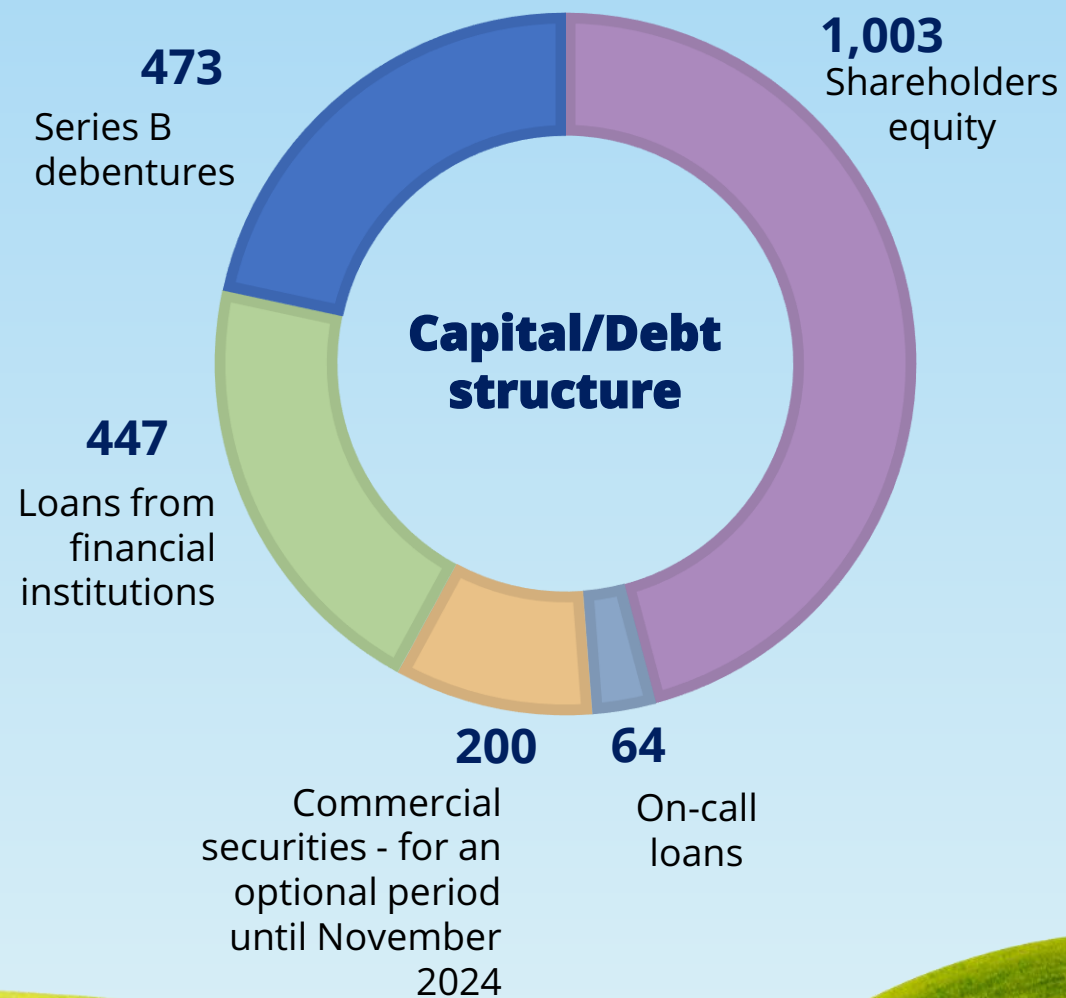
	31.12.2022	31.03.2023
Cash & cash equivalents	839	648
Unused credit facilities	927	855
<b>Total liquid assets</b>	<b>1,766</b>	<b>1,503</b>

## Cash flow from operating activity

Cash flow in Q1, NIS 49M negative C/F, compared to NIS 24M in the corresponding quarter

- Cash flow from operating activity LTM to 3/23: NIS 314M, compared to LTM to 3/22: NIS 339M

Credit Rating - Aa3 (Rating re-confirmed in March 2023)





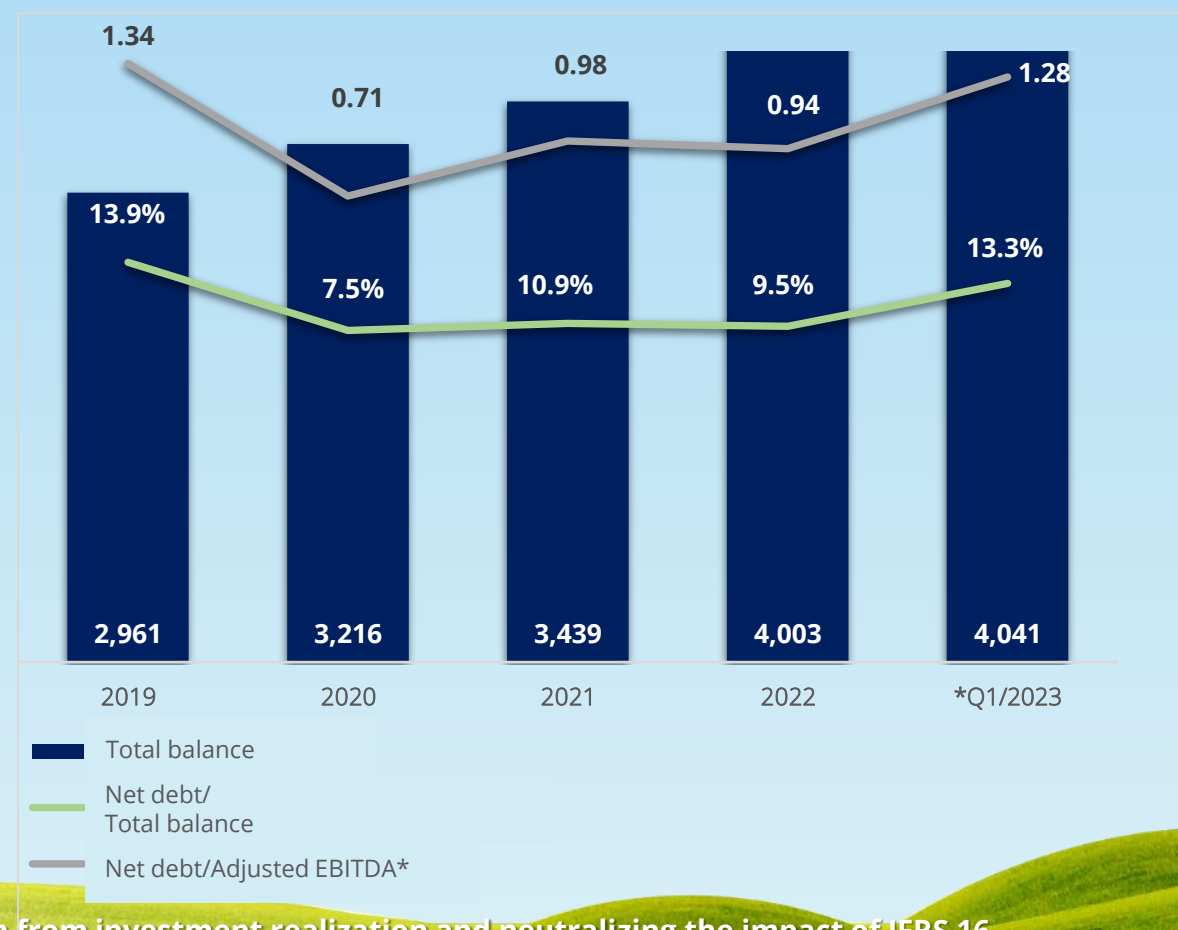
# Financial indicators

(NIS millions)



The company maintains adequate coverage ratios, alongside consistent growth in its business volume and making significant investments, including acquisitions of companies (over 250 million NIS in the past 5 years)

	31.12.2022	31.03.2023
<b>Shareholders Equity</b>	965	1,003
<b>% of Balance Sheet total</b>	24.1%	24.8%
<b>Current Ratio</b>	1.21	1.17
<b>Net debt-to-equity ratio</b>	9.6%	13.3%
<b>Net debt to adjusted EBIDTA Ratio</b>	0.94	1.28



\*Profit before financing, taxes, depreciation, and amortization, before capital gain from investment realization and neutralizing the impact of IFRS 16, leases (starting from its initial application)



**Dividend of NIS 45.1 million**  
**(0.71 NIS per share)**





" I USED TO BE A STOCKBROKER BUT I'M LOOKING FOR A GIG A LITTLE EASIER ON THE STOMACH... "



# **Variety = Diversity = Stability**

**Technology services, software products marketing and distribution, IT training, hardware and infrastructure, cloud services, management consulting, civil engineering, service centers, outsourcing of printing services, smart offices and multimedia, exporting security and defense systems, extensive activity in USA, AI/ML, cyber, digital, data, outsourcing, offshore, nearshore, bootcamp training**





**Thank you!**