



Matrix reports for 2022 show record results

Annual revenues grew by about 7.2% to approximately NIS 4.67B

The annual operating profit from regular activity increased by about 6.4% and amounted to approximately NIS 350.5M

The annual net profit increased by about 62% and reached approximately NIS 354.5M

This morning, Matrix published its financial results for 2022 and for the fourth quarter of 2022, again showing **record results** in all indices.

Annual results

Matrix revenues for 2022 reached approximately NIS 4.67B, compared with approximately NIS 4.36B in 2021, an increase of about 7.2%. Neutralizing the effects from the sale and termination of the merger with Infinity Labs and of the first-time merger with RDT, starting from the third quarter in 2022, Matrix recorded **organic growth** in revenues in 2022 at a rate of about 8.5%.

The operating profit from regular activity in 2022 (without the capital gain from the sale of most of the holdings in Infinity) amounted to approximately NIS 350.5M, compared to approximately NIS 329.4M in 2021, an increase of 6.4%. **The organic growth in the operating profit from regular activity** reached about 11.7%.

Operating profit in 2022, including the capital gain from the sale of most of the holdings in Infinity amounted to approximately NIS 500M, a 52% increase compared to operating profit in the previous year.

Net profit in 2022 grew to approximately NIS 354.5M, compared to approximately NIS 218.7M in 2021, **an increase of about 62%**. Excluding the net capital gain from the sale of most of the holdings in Infinity, the net profit for the period amounted to approximately NIS 232.9M, an increase of about 6.5% compared to net profit in the previous year.

The **EBITDA** of the company in 2022 amounted to approximately NIS 513M, compared to approximately NIS 477M in 2021, a growth of about 7.5% compared to 2021.

The adjusted **EBITDA** (excluding the accounting standard for leases) in 2022 was approximately NIS 407M, compared to approximately NIS 384M in 2021, a growth of about 6% compared to the previous year.



The **cash flow** from current operations of Matrix for 2022 amounted to approximately NIS 387.4M, compared to approximately NIS 219.2M the previous year, an increase of about 76.7%.

Matrix's **order pipeline** at the end of 2022 recorded an increase of about 7.4% compared to the previous year, and it also reached an all-time high, standing at approximately NIS 5.8B (of which approximately NIS 4.4B are for 2023).

Matrix marks three significant events in 2022: the purchase of 100% of the share capital of RDT Equipment and Systems (1993) Ltd.; the sale of most of the holdings in Infinity Labs R&D Ltd., which yielded a capital gain of approximately NIS 150M before tax (approximately NIS 122M after tax), which is distributed entirely as a dividend to the company shareholders; and the issuance of bonds (series B) in the second half of the year for a net amount (minus issuance expenses) of approximately NIS 471M, with a fixed interest rate of 4.1%.

In addition, at the beginning of 2023, Matrix acquired 70% of the share capital of Zebra AGR Technologies Ltd., which is engaged in the distribution of software products for about 20 leading international software manufacturers in the fields of information security and communication. Zebra will be consolidated in the financial statements of Matrix starting from the first quarter of 2023.

Despite the economic uncertainty, in its financial statements for 2022 Matrix presents a consistent continuation of growth in the scope of its activities, revenues, and profit (despite the discontinuation of the consolidation of the results of the subsidiary company Infinity, most of whose holdings have been sold at the beginning of the second quarter). Matrix estimates that the effect of inflation on the results of its operations is not going to be significant, among others because the financial debt of the company is not linked to the cost of living index. Moreover, in order to hedge the exposure to the effect of the increase in interest rates on the economy in the second half of 2022, the company made two bond issues (series B) at a fixed interest rate of 4.1% for a period of about 7.5 years for a total (net) amount of approximately NIS 471M.

Dividend: Matrix continues to distribute dividends to its shareholders every quarter at a rate of up to 75% of the net profit attributed to the shareholders, subject to the distribution tests stipulated by the law. In 2022, the company distributed dividends to its shareholders in the cumulative amount of approximately NIS 284.3M (an all-time record), compared to approximately NIS 146.5M in 2021. With the publication of the financial statements for 2022, Matrix announced an additional dividend distribution in the amount of approximately NIS 35.1M (59 ag per share). In the last five years (2018-2022), the company distributed dividends to its shareholders in the total amount of approximately NIS 773M.



Financial condition, liquidity, and sources of financing: As of 12.31.2022, Matrix equity stands at approximately NIS 964.8M, compared to approximately NIS 878M in the previous year. The total cash and the value of the cash of Matrix at the end of 2022 amounts to approximately NIS 839M, compared to approximately NIS 534M in the previous year.

According to **Moti Gutman**, CEO of Matrix: "We are proud to announce our financial reports for 2022, which show a continued increase in the scope of operation, revenues, and profit, to **record results** in all the key indices: sales turnover, gross profit, operating profit, EBITDA, and cash flow from operation — against the background and despite the geopolitical events and economic atmosphere that experienced shocks in the course of the year.

The ability of Matrix to consistently present record results over the years, including even in turbulent times of economic challenges, attests to the professional leadership, business flexibility, the quality of the company employees and managers, as well as its stability and financial strength. Matrix is ranked year after year as the leader in the Israeli IT market by all analysts. Matrix was ranked first in the most significant category in the latest STKI ranking — the value-added services market — for the 17th year in a row, and as a Tier 1 leader in dozens of key technology categories."

Gutman also added: "This year, Matrix is registering an increase in revenues in almost all sectors of its activity, with special emphasis on the company's operation in the US, which showed significant growth, with an increase of about 17% in revenues and a growth of over 40% in operating profit, substantially improving its operating margin. Our growth potential in the American market, which has recovered from the COVID crisis, is great. Among the actions we carry out, we continue to expand and upgrade the collaboration in the US with NICE Actimize in the field of providing artificial intelligence-based solutions to prevent money laundering and financial fraud, showing great demand and expanding our customer base in the US in all areas of our activity there with giant organizations like Brinks and MTA.

The cloud services sector continues to grow at an accelerated rate, with an increase of about 15.3% in revenues and about 24.1% in operating profit. In 2022, the Nimbus project was launched, designed to accelerate the adoption of cloud computing in the public sector in Israel. The base tender of this project was won by Amazon and Google, both leading business partners of Matrix, and in the follow-up tender for the implementation of the project, Matrix won in all categories."

Gutman also noted: "We continue to operate in Israel and the US in all areas of technology, and especially in areas that are in high demand: digital, data, cyber, cloud, and core operational systems, and carry out large and complex projects for



some of the largest bodies and organizations in the market (and in cooperation with them), including national projects of the government and projects in the defense sector. We are involved in technological developments that are essential for the continued proper functioning of many and varied systems in the economy. Matrix is a significant technological partner of the public sector. In the past year, we won tenders for dozens of significant government projects from all sectors of government activity, based on advanced technologies that will provide innovative services to government employees, Israeli citizens, and the entire country.

Over the course of 2022, we launched several projects that are massive in scope, such as the transfer of Discount Bank to a smart campus, the first of its kind in Israel. The project, carried out in collaboration with Johnson Controls, positions Matrix as a company with the leading capabilities and experience in Israel in the field of smart campuses, which is expected to gain momentum. Furthermore, a project was launched to establish an innovative database for the Israel Central Bureau of Statistics, one of the largest in the public sector in Israel, which includes the establishment and operation for nine years of a central information storage system by Data Lake. Likewise, we accepted the responsibility for the full management of the technology and infrastructure of the National Police College, including the upgrade and replacement of most of the ICT and cyber systems, provisioning advanced technology services to all departments of the college. In addition, we are proud to be the first large high-tech company to establish offices in Dimona through our subsidiary Cambium, and more.

We are happy to conclude another year of growth and profitability also in our engineering and consulting sector, through the subsidiaries Aviv, Dana Engineering, and Programa, which in 2022 completed a series of large and successful projects, including massive projects in the fields of transportation, environment, logistics and logistics warehouses, supply chains, and more. Some of these are giant projects, with visibility for many years to come, contributing to the pipeline of company revenues.

We continue to stress the cultivation of the annual recurring revenues (ARR) of Matrix, which continued to grow in 2022, among others (but not only) thanks to the sharp growth in the cloud infrastructure revenues of the company. These recurring revenues support the continued growth of our order pipeline from year to year.

Meanwhile, in 2022 we made another significant purchase and added to our family the RDT Group, a leading company with a reputation in the fields of control and automation solutions, testing equipment, and communication. This purchase, together with that of Zebra, in early 2023, allows us to continue to expand the range of technological solutions we offer to promote our customers' business, as well as the scope of collaboration and representation agreements with leading technological product manufacturers. In this way, we can continue to strengthen our position as a



company that provides our customers with all technology services and products under one roof. In addition, this year we were happy and excited to announce our expected move, by the end of 2023, to our innovative and advanced campus in the O-TECH complex in Kfar Saba."

Gutman concluded: "Technological leadership, creativity, and innovation exist only when a diverse, open, and enabling environment is cultivated. We, the IT industry, as a community and as a sector, play an important role: to ensure full equality of opportunity without distinction of sector, religion, gender, or sexual preferences, to accept and encourage the variety of voices and opinions, and to reduce polarization. Against the background of recent developments, it is important for me to reiterate and emphasize that social diversity is one of fundamental values at Matrix. We employ individuals of all genders, sectors, religions, and population groups, and in my opinion, this is also a key factor in our great success. In this respect, Matrix is a microcosm of Israeli society, and the rich diversity that characterizes the company is the secret of its success. We strongly denounce expressions of hatred and racism that create division. Above all, an open and enabling work environment, in which all our people feel comfortable, is important to us."

About Matrix

Matrix (Stock Exchange: Matrix), which employs about 11,120 people, is the leading information technology company in the Israeli market, and it carries out extensive operations in the US and Europe. In the age of digital acceleration, Matrix is leading the market in adopting groundbreaking technologies, methodologies, and tools, creating tremendous value for its customers. Matrix provides a 360-degree toolkit and is engaged in the implementation and integration of some of the largest strategic consulting projects in the country, the development and implementation of technologies and enterprise applications, local and cloud infrastructure and service solutions, outsourcing services, offshore and nearshore services, training and deployment, the representation and marketing of leading software products, and more. The company is at all times at the forefront of innovation as it develops and implements innovative technologies in the fields of cloud, cyber, digital, big data, artificial intelligence, machine learning, IoT, automation, augmented reality, and more. The company operates in many sectors, among which most prominent are the security, technology, engineering, government, health, and financial sectors. Matrix is a business leader. For over 17 years, the research companies IDC, STKI, and Gartner have been ranking it in first place in the software services industry in Israel.

For more information: www.matrix-globalservices.com