



Matrix reports the results of the first quarter of 2023

Record revenue, gross profit, operating profit, and net profit for the company's shareholders in the quarter. The operating profit for the quarter crossed the NIS 100M mark for the first time

This morning (May 11, Thursday), Matrix published the results of the first quarter of 2023 presenting double-digit growth and all-time records in revenue, gross profit, and operating profit for the quarter.

Matrix **revenues** in the first quarter of 2023 amounted to approximately NIS 1.29B, compared with approximately NIS 1.15B in the corresponding quarter of 2022, an increase of about 11.5%. The organic growth of company revenues in the quarter (excluding the sale of Infinity and the first-time revenues from M&A deals) stands at about 11.8%.

The **gross profit** amounted to approximately NIS 188.6M, compared with approximately NIS 167.8M in the corresponding quarter of 2022, an increase of about 12.4%. This is an all-time record in quarterly revenues and gross profit.

The **operating profit** in the quarter crossed the NIS 100M threshold for the first time and is an all-time record. The operating profit reached a total of approximately NIS 101.4M, compared with approximately NIS 92.1M in the corresponding quarter of 2022, a growth of about 10.2%, at a rate of about 7.9%. The organic growth of the operating profit in the quarter is about 12.2%.

The **net profit** in the quarter amounted to approximately NIS 65.3M, compared with approximately NIS 67.9M in the corresponding quarter last year, a decrease of about 3.9%, due to the fact that the increase in operating profit was offset by an increase in financing expenses caused by the increase in the interest rate.

The **company shareholder's net profit** in the quarter stood at approximately NIS 60.7M, compared to NIS 59.1M in the corresponding quarter of 2022, an increase of about 2.7%, also representing an all-time record.

The **EBITDA** in the quarter amounted to approximately NIS 148.7M, and its rate is about 11.5% of revenues, compared to approximately NIS 127.5M in the corresponding quarter of 2022, an increase of about 16.6%.

Dividend: Quarterly, Matrix continues to distribute dividends to its shareholders at a rate of up to 75% of the net profit, subject to the distribution tests stipulated by law. In April of this year, the company distributed approximately NIS 37.5M to its shareholders. With the publication of the financial results of the first quarter, the company announced the distribution of an additional dividend of approximately NIS 45.1 million (71 agorot per share).



Analysis by sector shows that all five operating sectors of Matrix achieved an increase in operating profit in the first quarter, with the IT Solutions and Services sector in the US standing out in growth, continuing the trend of improving its results and approaching pre-COVID profitability rates, with a 42.9% increase in operating profit in shekels (31.2% in dollars), as well as continued growth in the operating profit of the Cloud Infrastructure and Computing sector, which shows an increase of about 25.5% in the operating profit for the quarter. The Training and Deployment sector showed an increase of about 46% in operating profit for the quarter.

The results achieved by the company and its sectors in the first quarter were affected by the first-time consolidation of the companies acquired in the previous year (RDT, starting in the third quarter of 2022, and Zebra, starting in the first quarter of 2023) on one hand, and on the other, the discontinuation of the consolidation of the reports of Infinity Labs, which was sold to the Apex Fund, contributing about 3.4% to Matrix sales and 7% of the operating profit. Neutralizing the effect of the purchases and of the sale of Infinity Labs, organic growth of Matrix in sales increased by about 11.8% and operating profit by about 11.2%.

According to **Moti Gutman, CEO of Matrix**: "We conclude the first quarter of 2023 with all-time record results in the key indicators: sales, gross profit, operating profit, EBITDA, and net profit for the company shareholders, with double-digit growth in all these indicators, with the operating profit for the quarter crossing the NIS 100M mark for the first time.

These results are undeniably impressive and rewarding, and even more so given the unsettling geopolitical events and upheavals affecting the markets in Israel and worldwide. These results attest above all to the strong basis of our activity and the financial soundness of the company.

We are pleased to present an increase in operating profit in all our operating sectors. It is important to emphasize our activity in the US, which resumed growth with high profitability rates, reflected in growth (in dollars) of about 31.2% in the profits of this sector in the first quarter. We opened 2023 with several significant wins in our GRC activity for the US banking system, as well as prominent deals in the health sector. Against a background of continuous growth in digital payments and the resulting widespread exposure to cyber fraud and the risks of fraud and money laundering, the financial market continues to invest extensive resources in these systems, which Matrix successfully implements in the US and Canada, earning an excellent reputation in this field. The field of cloud services also continues to grow, with an increase of about 25.5% in the operating profit in the quarter. In 2022, the Nimbus project was launched, expected to accelerate the adoption of the cloud by the public sector in Israel. Matrix is already involved in the first Nimbus projects, and we expect to continue to play a central role in it in the future as well."

Gutman added: "We continue to lead complex and strategic projects for and in collaboration with some of the largest entities and organizations in the economy, including national projects of the government and the defense sector. We operate in areas that are in high demand: data and artificial intelligence, digital, information security and cyber, cloud and core operating systems. Among others, we assisted in the transition of Harel to the cloud, with emphasis on AI capabilities — a move that established Harel as the first insurance



company in Israel that moved the core of its data operations to the cloud. We took part in the transformation and upgrading of the national emergency portal of the Homeland Command, including the addition of new capabilities for alerts in case of earthquakes, terrorist infiltration, and other threats. We are going to develop and provide an advanced system in the field of cyber defense to a foreign country (a major project in the range of over 20M dollars), and we are involved in a groundbreaking R&D project, which combines various fields and specializations in the domains of cyber, artificial intelligence, and analytics (in the range of over 30M dollars). In addition, our subsidiary won the bid for the management and supervision of two additional sections of the light rail lines in Tel-Aviv, with a scope of approximately NIS 20M.

I am especially proud to note that we are consistently involved in significant national projects in the fields of health, education, and more, which positively affect all our lives. I will mention only a few items of a long and impressive list: 'One soul' — a national project to improve the treatment of victims of post-traumatic stress disorder and their families by upgrading the digital system of the Rehabilitation Department of the Israel Defense Forces; START, a project to promote technological innovation and entrepreneurship in the education system; and a GIS project at the Ministry of Health, which enables easy and quick analysis of information and offers life-saving insights."

According to Gutman: "In the first quarter, the company showed an organic growth in revenues of about 11.8%, alongside growth driven by our traditional strategy of successful mergers and acquisitions. At the beginning of this year, we acquired control of Zebra, which markets solutions in the fields of data communication, cyber protection, hardware, and software. This purchase significantly strengthens the presence of Matrix in the information security and infrastructure sectors, and creates greater added value for our customers with a more comprehensive package of services. This first purchase for 2023 joins over 100 mergers and acquisitions we have completed to date. We have a wide sectoral distribution and thousands of customers from all branches of the economy. We continue to lead the IT industry with the widest range of solutions on the market in the most sought-after areas. This is attested year after year by research companies such as STKI, which has rated Matrix as the leader of the IT services market in Israel for 17 years in a row, and IDC, which has rated us as a leader in this market for 15 years in a row. Likewise, our financial solidity is evidenced by the credit rating company Midrug, which has granted us the high Aa3 ranking for 14 years in a row."



**Summary of reports on the consolidated profit for the three months ending on March 31,
2023 and 2022 (in thousands of NIS)**

	For three months ending on		Change in %
	31.03.23	31.03.22	
Sales	1,291,153	1,157,985	11.5%
Cost of sales and services	1,102,535	990,189	11.3%
Gross profit	188,618	167,796	12.4%
% of sales	14.6%	14.5%	
Sales and marketing expenses	45,176	39,840	13.4%
Management and general expenses	41,977	35,858	17.1%
Operating profit before profit from realization of investment	101,465	92,098	10.2%
% of sales	7.9%	8%	
Financing costs	16,891	6,976	142.1%
Profit before taxes	84,574	85,122	(0.6%)
Taxes on income	19,228	17,137	12.2%
Net profit	65,346	67,985	(3.9%)
% of sales	5.1%	5.9%	
Net profit of:			
Owners of capital rights in the company	60,740	59,144	2.7%
Minority rights	4,606	8,841	(47.9%)
Net profit	65,346	67,985	(3.9%)
% of sales	5.1%	5.9%	
EBITDA¹	148,763	127,534	16.6%
% of sales	11.5%	11.0%	

¹ Profit before financing, taxes, depreciation and amortization and before capital gain from the realization of an investment

