



Matrix publishes the financial statements for the third quarter of 2023, which show growth in all indices for the quarter and for the nine-month period.

The report includes a reference to the consequences of the Iron Swords war that broke out in October, after the end of the period.

With deep sorrow, Matrix honors the memory of Aviv Kutz, VP of one of our subsidiaries, and his family, who were brutally murdered, and mourns the loss of all the families of those who fell in battle or were killed. We wish speedy and full recovery to the wounded and pray for the immediate return of all the hostages. We support wholeheartedly our security forces in their mission, the importance of which is second to none.

The company's revenues in the first nine months of 2023 reached over NIS 3.9B, an increase of about 13.2%. The operating profit grew by about 14% to approximately NIS 292.4M and the net profit in the period amounted to approximately NIS 185M, an increase of about 3%.

Revenues in the quarter grew by about 18% to approximately NIS 1.33B, operating profit increased by about 16.4% to approximately NIS 93.3M, and the net profit in the quarter amounted to approximately NIS 56.7M, an increase of about 12.5%.

This morning, Matrix published the results for the third quarter of 2023 together with the results of the first nine months of the year. It continues to present record results and a double-digit increase in all key indicators compared to the corresponding quarter and period of the previous year: revenues, gross profit, operating profit, net profit, and EBITDA. Looking ahead, toward the next quarters, the company continues its full-scale operation and is prepared financially and commercially for possible negative effects of the Iron Swords war.

Third quarter

The **revenues** of Matrix in the third quarter of 2023 reached approximately NIS 1.33B, compared to approximately NIS 1.13B in the corresponding quarter of the previous year, an increase of about 18%. The increase in sales in the quarter resulted mainly from organic growth at a rate of about 17.2%, and in addition, from the first-time consolidation of the results of the activities of Zebra. The **gross profit** in the third quarter reached approximately NIS 187.1M, compared to approximately NIS 161.4M in the corresponding quarter of the previous year, an increase of about 16%. The **operating profit** in the quarter increased by about 16.4% and reached approximately NIS 93.3M, compared to approximately NIS 80.1M in the previous year. The quarterly **net profit** reached approximately NIS 56.76M, compared to approximately NIS 50.4M in the corresponding quarter of the previous year, an increase of about 12.5%. The **EBITDA** reached approximately NIS 145.4M, compared to approximately NIS 127.7M in the corresponding quarter of the previous year, an increase of about 13.8%.

First nine months

The **revenues** of Matrix in the first nine months of 2023 ("the period") totaled approximately NIS 3.9B, compared to approximately NIS 3.4B in the corresponding period of the previous year, an increase of about 13.2%. The increase in sales during the period was affected by organic growth of approximately 11.9%, by the consolidation of the results of the activities of Zebra and RDT, and the termination of the consolidation of Infinity Labs, the subsidiary that was sold in 2022. The **gross profit** reached a total of approximately NIS 560.7M in the period, compared to approximately NIS 488.8M in the corresponding period of the previous year, an increase of about 14.7%. The **operating profit** reached approximately NIS 292.4M, compared to approximately NIS 256.4M in the corresponding period of the previous year (excluding the effect of the profit from the sale of Infinity Labs in 2022), an increase of about 14%. The **net profit** in the period reached approximately NIS 184.9M, compared to approximately NIS 179.6M in the corresponding period of the previous year (excluding the capital gain from the sale of Infiniti Labs), an increase of about 2.9%. The EBITDA amounted to approximately NIS 442M in the period, compared to approximately NIS 375.5M in the corresponding period of the previous year, an increase of about 17.7%.

All sectors of activity, except for the Training and Deployment sector, showed an increase in sales and profits.

The consequences of the Iron Swords war

In its report to the Board of Directors, appended to the financial statements of September 30, 2023, the company refers to the consequences for the company of the Iron Swords war, which started on October 7 (after the period of the report): "Immediately after the outbreak of the war, the company switched to working from home, and after a short period continued to work in a hybrid format following the emergency routine. As of this date, the work is being carried out as usual, and the company continues the regular provision of services and products to its customers." In addition, the report states that "as of the date of publication of the report, about 700 of the 12,000 Matrix employees were called for reserve service, which may affect profitability, as the reimbursement by the state is only partial." It is also stated in the report, however, that several factors in the company activity are likely to moderate this effect, such as the wide distribution of customers, most of them large and stable companies; wide spread of the areas of activity, including those that are relatively "immune," such as the cyber, security, and engineering branches, and more; the activity of Matrix abroad, which contributes about 20% to the operating profit of the company, which is not expected to be affected by the war; and others.

Moti Gutman, CEO of Matrix, said: "I want to start with current events, which broke out after the end of the report period. In October, the State of Israel was subjected to an attack, unprecedented in its cruelty, on our citizens and soldiers. We have experienced terrible tragedies. In mourning and deep pain, Matrix honors the memory of Aviv Kutz, VP of our

subsidiary company, and of his family who were brutally murdered. We share the grief of all the families of the fallen and the murdered, send our wishes for complete healing and a speedy recovery of the injured, pray and wish for the return of all the hostages as soon as possible, and support the security forces in their most important mission.

As mentioned, the data in the report refer to the period that ended before the outbreak of the Iron Swords war. Yet again, our results reflect the financial stability and constant growth of the company quarter after quarter, year after year, despite the various upheavals that have befallen the Israeli economy in recent years. In the third quarter of 2023, Matrix continued to present record results and impressive growth in all revenue and profit indicators. We serve thousands of large and leading customers in Israel and the US, in all areas of technology, and especially in those that are in high demand, even these days, such as digital, cloud, cyber, data and core operational systems. We note especially the continued growth of our defense branch in the areas of cyber and AI, which develops advanced solutions in the security field, and the continued growth in activities in the US and Canada, with an increase of about 14.4% in revenues and of about 23.1% in operating profit. These are the results of the increase in the scope of activities, with emphasis on the GRC solutions branch for the financial sector, as well as the effect of the increase in currency exchange rates of dollar vs shekel. Matrix is entering the challenging period of the Iron Swords war in an unparalleled excellent and stable financial condition. We estimate that the damage to the company business in the coming period will not be severe. We are proud to be integrated into innovative projects that are helping the State of Israel these days, both in the public and security sectors, and in the private sector, with our cyber, digital, cloud, data, and security division experts."

Gutman added: "With the outbreak of the war, Matrix quickly prepared to switch to a war routine. We continue to work in hybrid format, and we arranged to keep in contact with and help each of the 700 Matrix employees who serve in the reserves and their families. We continue the orderly provision of services and products to our customers, most of whom continue to operate in a normal format. Fortunately, we did not have to send employees on unpaid leaves nor did we need to lay off anybody. In this respect, we operate as usual.

Yet, as part of precautionary measures in the situation of uncertainty regarding the development of the war and its effects in the subsequent stages, we have decided to tighten our belts and make a 30% cut in the salary of the company management and office holders only. This is essential, but visibility is no less important. The amount withheld from the salary is added to a special fund that we have established to allow us compassionate support of those of our employees who are in distress and find it difficult to function during the war. This is the right way to act these days.

We also decided to postpone the decision regarding the distribution of dividends for the third quarter until the date of approval of the annual reports in 2023, without changing the dividend policy."

"I am proud to say that Matrix and its employees, who come from all sectors and population groups — secular, religious, and traditional, Jews and Arabs, ultra-Orthodox alongside Bedouins, residents of the center and the periphery, and also from around the world, the US



and Europe — all show resilience and an incredible spirit of mobilization. In the last month, we have engaged in numerous initiatives: Matrix and its employees raised about NIS 800,000 for the residents of the settlements around the Gaza Strip, we donated computers for classrooms for the residents, we provide support of the command and control systems of shelled local authorities, and we made our offices available for the benefit of associations that collect and transport equipment. Matrix installed dedicated systems for security entities and in IDF units for reinforcement and assistance in relevant tasks in the areas of cyber, data, AI, and development, and established a control center for drones for the Home Front Command and the police. The company and its employees, together with many members of the high-tech community, have also taken an active part in the propaganda war on the networks."

Summary of reports for the three months and nine months that ended on September 30, 2023 (in thousands of NIS)

	For 3 months ending on		Change in %	For 9 months ending on		Change in %
	30.09.23	30.09.22		30.09.23	30.09.22	
Sales	1,333,520	1,130,247	18.0%	3,911,415	3,453,904	13.2%
Cost of sales and services	1,146,416	968,844		3,350,651	2,965,114	
Gross profit	187,104	161,403	15.9%	560,764	488,790	14.7%
% of sales	14.0%	14.3%		14.3%	14.2%	
Sales and marketing expenses	47,986	41,045	16.9%	138,423	120,350	15.0%
Management and general expenses	45,839	40,218	14.0%	129,934	112,004	16.0%
Operating profit before profit from realization of investment	93,279	80,140	16.4%	292,407	256,436	14.0%
% of sales	7.0%	7.1%		7.5%	7.4%	
Profit from realization of investment	-	-	-	-	150,059	
Operating profit after profit from realization of investment	93,279	80,140		292,407	406,495	
Financing costs (income) netto	17,007	10,875		49,325	21,927	
Profit before taxes on income	76,272	69,265		243,082	384,568	
Taxes on income	19,507	18,828		58,148	83,332	
Net profit	56,765	50,437	12.5%	184,934	301,236	-38.6%
% of sales	4.3%	4.5%		4.7%	8.7%	
Net profit of:						
Owners of capital	51,439	46,507	10.6%	170,796	284,535	-40.0%

rights in the company						
Minority rights	5,326	3,930		14,138	16,701	
Net profit	56,765	50,437	12.5%	184,934	301,236	-38.6%
% of sales	4.3%	4.5%		4.7%	8.7%	
EBITDA ¹	145,431	127,769	13.8%	442,018	375,574	17.7%
% of sales	10.9%	11.3%		11.3%	10.9%	

The main results of company activity in neutralizing the effect of capital gain from the realization of an investment in a subsidiary company (in thousands of shekels)

	For 3 months ending on	For 3 months ending on	Change in %	For 9 months ending on	For 9 months ending on	Change in %
	30.09.23	30.09.22		30.09.23	30.09.22	
Sales	1,333,520	1,130,247	18.0%	3,911,415	3,453,904	13.2%
Operating profit	93,279	80,140	16.4%	292,407	256,436	14.0%
Net profit	56,765	50,437	12.5%	184,934	179,677	2.9%
Net profit attributed to company shareholders	51,439	46,507	10.6%	170,796	162,976	4.8%

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