



**Matrix concludes the coronavirus year with the best first quarter in its history**

**and an increase of about 28% in net profit**

**Revenues for the first quarter of 2021 grew by about 13.8% to approximately NIS 1.1B, operating profit grew by about 20.4% to approximately NIS 81.9M, and net profit grew by about 28% to approximately NIS 55.1M**

This morning Matrix released its results for the first quarter of 2021, as it continues to show growth in all indices, with the best first quarter of all times and in all indices: revenues, gross profit, operating profit, net profit, and EBITDA. These results are particularly striking, given that this quarter concludes the year of the COVID-19 crisis, which began in March last year, and has greatly affected the economy in Israel and around the world.

Matrix revenues in the first quarter of 2021 amounted to approximately NIS 1.1B, compared with approximately NIS 974M in the corresponding period of the previous year, an increase of about 13.8%. Gross profit amounted to approximately NIS 153.6M at a rate of about 13.9%, compared with approximately NIS 133.2M at a rate of about 13.7% the previous year, an increase of about 15.3%. Operating profit amounted to approximately NIS 81.9M at a rate of about 7.4%, compared with approximately NIS 68M at a rate of about 7% last year, an increase of about 20.4%. Net profit amounted to approximately NIS 55.1M at a rate of about 5%, compared with approximately NIS 43.1M at a rate of about 4.4% last year, an increase of about 28%. The improvement in the gross, operating, and net profit rates compared to the corresponding period of the previous year, despite the continued trend of growing demand and the increase in wages in the software sector, are due, among others, to an increase in activity and operating savings resulting from the transition to hybrid labor.

The company shareholders' equity as of March 31, 2021, stands at approximately NIS 849.9M. With the publication of the quarterly reports, Matrix announced the distribution of a dividend of NIS 36M (58 ag per share), which is also an all-time record for the first quarter dividend.

In view of the end of the COVID-19 crisis in Israel and its persistence around the world, Matrix estimates that the company business and its results have not been considerably affected by the spread of the coronavirus, including no significant developments or other significant effects.

The excellent financial condition of Matrix was reflected in Midroog's Aa3 rating, with a stable horizon for the company (the highest rating among similar companies), which was granted to the company in March, 2021, for the 14th time in a row.

According to **Moti Gutman, CEO of Matrix**: "This morning we publish financial results showing record-breaking results again in all the indices and presenting the best first quarter since the establishment of the company. At the end of the same period last year, uncertainty was the reality imposed on the entire economy by the outbreak of the corona crisis. Today,



in retrospect, we are proud that, as we promised, we acted with great responsibility in the challenging situation that arose, with careful financial management and preparation for any scenario, caring for the safety and health of all company employees and exerting ourselves on their behalf."

Gutman continues: "With the revival of the economy, especially in Israel, we recognize that the demand for services in digital, cloud, cyber, data, and core operating systems continues to rise—areas where we have significantly strengthened the company during the COVID-19 period. In these areas, Matrix is moving to focus on backlogs and ARR — a model of recurring revenues that gives the company a stable long-term revenue base. We started the year 2021 with a record order backlog in the amount of approximately NIS 4.5B, of which approximately NIS 3.9B for 2021 (growth of about 12.5% in the backlog of orders compared to the previous year). During the last quarter, Matrix won several significant contracts, including government and security-military tenders, and multi-million projects in the core areas of company activity, including projects in the fields of information security, cloud, data, deployment of technology infrastructure and innovative organizational solutions, fintech and digital projects, ERP, CRM, supply chain management systems, consulting, and more."

"In 2021, we will continue to combine organic growth with mergers and acquisitions in sectors on which we place special emphasis. One of the sectors we have long marked as a target is the digital healthcare industry, and as part of advancing this goal we acquired Medi Software this month (which changed its name after the acquisition to Matrix Medika), specializing in end-to-end guidance of companies developing solutions in the fields of medicine and HealthTech. Matrix has been operating in the health systems market for many years and sees it as a target market with high growth rates in the coming years, in Israel and abroad. Matrix Medika has a high growth potential thanks to integration with other diverse solutions offered by Matrix to the medical sector in Israel and the US."

According to Guttman, "while the market in Israel is returning to life and to a relatively complete regular routine, Matrix operation in the US still is experiencing minor impediments. The slowdown in US business is still ongoing, although we will certainly see its end in the coming months. During this period, Matrix chose to retain its excellent specialized manpower engaged in its extensive US operations, and not to fire or send on unpaid leave the employees despite the challenges of the crisis, trusting that the international market is also expected to recover soon. When this happens, the company intends to continue to serve its international customers to the full extent and to even increase its business volume."



**Summary of consolidated earnings reports for the three months ended March 31, 2020 and 2021 (in thousands of NIS)**

	For the year ending		Change in %
	31.03.21	31.03.20	
<b>Turnover</b>	1,108,921	974,068	<b>+13.8%</b>
<b>Cost of sales and services</b>	955,311	840,853	
<b>Gross profit</b>	<b>153,610</b>	<b>133,215</b>	<b>+15.3%</b>
<b>% of sales</b>	<b>13.9%</b>	<b>13.7%</b>	
<b>Sales and marketing expenses</b>	36,553	30,890	
<b>Management and general expenses</b>	35,165	34,299	
<b>Operating profit</b>	<b>81,892</b>	<b>68,026</b>	<b>+20.4%</b>
<b>% of sales</b>	<b>7.4%</b>	<b>7%</b>	
<b>Financing costs</b>	9,857	11,016	
<b>Profit before taxes</b>	72,035	<b>57,010</b>	
<b>Taxes on income</b>	16,949	13,958	
<b>Net profit</b>	<b>55,086</b>	<b>43,052</b>	<b>+28%</b>
<b>%</b>	<b>5%</b>	<b>4.4%</b>	
<b>Net profit is attributed to:</b>			
Company shareholders	48,372	39,550	<b>+22.3%</b>
Minority interest	6,714	3,502	
<b>Net profit</b>	<b>55,086</b>	<b>43,052</b>	<b>+28%</b>
<b>% of sales</b>	<b>5%</b>	<b>4.4%</b>	
<b>EBITDA</b>	<b>111,661</b>	<b>98,149</b>	<b>+13.8%</b>
<b>%</b>	<b>10.1%</b>	<b>10.1%</b>	