

Matrix Reports Strong Profit Growth and High Margins in First Quarter Following Completion of Magic Merger

- Quarterly revenues increased to approximately NIS 2.127 billion
- Operating profit for the quarter grew by approximately 11% to approximately NIS 203 million
- Excluding the impact of exchange rate fluctuations, the company recorded approximately 18% growth in operating profit and approximately 19.4% growth in net profit
- Net profit attributable to shareholders increased by more than 30%
- The company announced a dividend distribution of approximately NIS 90 million

This marks the first quarter in which Magic's results are fully consolidated following the completion of the significant merger between the companies. It should be noted that, due to the structure of the merger transaction, comparative figures for previous periods were retrospectively adjusted as if Magic had always been consolidated. Accordingly, the strong profit growth reflected in the report represents substantial organic growth in both Matrix's original operations and the operations acquired through the Magic transaction.

The quarter's results reflect significant growth in the merged company's profits, alongside high profitability levels, with more than 20% of the company's profits generated from international operations.

The 13.6% decline in the U.S. dollar exchange rate versus the shekel (quarter-over-quarter) had a material impact on the company's revenues. Therefore, as is customary among global companies, the results are also presented on a constant currency (CC) basis, neutralizing the erosion caused by the weakening of the dollar against the shekel.

Key Results:

Company revenues for the quarter totaled approximately NIS 2.1 billion, compared to approximately NIS 2.0 billion in the corresponding quarter last year, representing growth of approximately 2.4%. Revenue growth on a constant currency basis amounted to approximately 8.9%.

The increase in quarterly revenues compared to the corresponding quarter last year was primarily driven by growth in activity volumes in the IT solutions, software products and services, consulting and systems engineering segment in Israel, as well as in the cloud solutions,

computing infrastructure and systems segment in Israel and abroad. This was partially offset by a slight decline in shekel-denominated revenues in the overseas IT solutions, software products and services segment.

Operating profit for the quarter totaled approximately NIS 203 million (approximately 9.5% of revenues), compared to approximately NIS 182.9 million (approximately 8.8% of revenues) in the corresponding quarter last year, reflecting growth of approximately 11%. Operating profit growth on a constant currency basis was approximately 18%.

The increase in operating profit compared to the corresponding quarter last year was attributable to profit growth across all business segments, except for a decline in the cloud solutions, computing infrastructure and systems segment in Israel and abroad, which also recorded profit growth on a constant currency basis.

Net profit for the quarter totaled approximately NIS 136.8 million (approximately 6.4% of revenues), compared to approximately NIS 125.3 million (approximately 6% of revenues) in the corresponding quarter last year, representing growth of approximately 9.2%.

Net profit growth on a constant currency basis was approximately 19.4%.

Net profit attributable to the company's shareholders for the quarter totaled approximately NIS 120.7 million (approximately 5.7% of revenues), compared to approximately NIS 92.5 million (approximately 4.5% of revenues) in the corresponding quarter last year, representing growth of approximately 30.5%.

Quarterly EBITDA totaled approximately NIS 265.7 million (approximately 12.5% of revenues), compared to approximately NIS 251.5 million (approximately 12.1% of revenues) in the corresponding quarter last year, reflecting growth of approximately 5.6%.

Quarterly EBITDA excluding IFRS 16 totaled approximately NIS 221.5 million (approximately 10.4% of revenues), compared to approximately NIS 206.3 million (approximately 9.9% of revenues) in the corresponding quarter last year, representing growth of approximately 7.3%.

International Operations: More than 20% of the company's profits are generated from operations outside Israel, which are characterized by higher profitability margins. International revenues account for approximately 19.3% of the company's total revenues.

Dividend: Matrix continues to distribute dividends to its shareholders in accordance with its regular dividend policy, under which up to 75% of net profit attributable to shareholders is distributed quarterly, subject to the applicable legal distribution tests reviewed by the Board of Directors at each relevant date.

The company announced a dividend distribution for first quarter profits totaling approximately NIS 89.8 million (NIS 0.97 per share).

Moti Gutman, CEO of Matrix:

“We are excited to publish our first report following the completion of the significant merger with Magic, and proud to do so on the basis of outstanding financial results, representing all-time record results across all key metrics. These results reflect significant profit growth for the merged company, alongside high profitability levels, with more than 20% of the company's profits generated from international operations.

The merger with Magic represents a strategic leap forward for Matrix and significantly expands our geographic footprint, solution portfolio, technological capabilities, and presence in international markets, particularly in the United States. The integration between the companies is already generating substantial business and technological synergies and further strengthens Matrix's position as one of the world's largest publicly traded IT services companies.

The record results we delivered this quarter, including revenues of approximately NIS 2.1 billion and net profit of approximately NIS 137 million, were achieved during a period characterized by an ongoing war, economic volatility in Israel and the United States, and significant erosion in the U.S. dollar exchange rate. Despite these challenges, we continued to grow and increase profitability thanks to our leading professional position and our financial stability and strength.

We continue to see strong demand across IT, cybersecurity, cloud, data, and AI. Organizations are turning to us for large-scale deployment of AI systems and infrastructure, based on our proven capabilities in this field, and we are seeing significant growth in our activities in these areas.

At the same time, Matrix's defense-related activities continue to grow rapidly, driven by increasing demand from the defense establishment and defense industries. The integration with our subsidiary Commit further strengthens our capabilities in cybersecurity, artificial intelligence, and cloud technologies.

We remain focused on expanding our operations through a combination of organic growth, increased activity with existing customers, expansion into new areas, and strategic acquisitions in Israel and abroad, particularly in the United States. Matrix's current positioning, together with the broad capabilities of the merged company, enables us to continue expanding our operations in Israel and globally, while identifying and pursuing new opportunities, especially during this period of accelerated change in the technology market".