



Matrix announces the results of the second quarter and first half of 2021:

Matrix reports a 24.3% increase in quarterly revenues to approximately NIS 1.065B and 31.5% increase in net profit to approximately NIS 54.7M

Matrix showed double-digit growth in all major indices in the second quarter and the first six months of the year, and all-time record results in the major indices for the first six months of the year. Revenues in the second quarter grew by about 24.3% and increased to approximately NIS 1.065B. Operating profit for the quarter grew by about 24.5% and reached an all-time high of approximately NIS 82.3M. Net profit for the quarter grew by about 31.5% and reached approximately NIS 54.7M; 83% of the growth was organic.

This morning Matrix released its results for the second quarter of 2021 along with the results for the first half of the year, showing double-digit growth in all indices for the quarter and the period.

Matrix revenues in the first six months of 2021 grew to approximately NIS 2.17B, compared with approximately NIS 1.83B in the corresponding period of the previous year, an increase of about **18.7%**.

Gross profit in the first half of the year stands at approximately NIS 310.6M, compared with approximately NIS 259.4M in the corresponding period of the previous year, an increase of about **19.7%**.

Operating profit in the period reached approximately NIS 164.2M, compared with approximately NIS 134.2M in the corresponding period of the previous year, an increase of about **22.4%**.

Net profit for the period increased to approximately NIS 109.8M, compared with approximately NIS 84.6M, an increase of about **29.7%**.

Matrix revenues in the second quarter of 2021 grew to approximately NIS 1.065B, compared with approximately NIS 856.5M in the corresponding period of the previous year, an increase of about **24.3%**.

Gross profit for the quarter amounted to NIS 157M, compared with NIS 126.2M in the corresponding quarter of the previous year, an increase of about **24.4%**. The increase in gross profit is due to growth in activity, alongside operational savings from the transition to hybrid labor, as well as an increase in labor productivity, which was slightly offset by an increase in wage costs in the software sector in Israel.



Operating profit in the quarter increased to approximately NIS 82.3M, compared to approximately NIS 66.1M in the corresponding quarter of the previous year, an increase of about **24.5%**. The increase in operating profit is due mainly to the increase in gross profit, while maintaining the rate of administrative, sales, and general expenses.

Net profit for the quarter grew significantly by about **31.5%** to approximately NIS 54.7M, compared to approximately NIS 41.6M in the corresponding quarter of the previous year. The increase in net profit is due mainly to an increase in operating profit and a slight decrease in financing expenses, which was partially offset by an increase in tax expenses.

The total capital of Matrix as of June 30, 2021, stands at approximately NIS 854.8M, compared to approximately NIS 758.2M at the corresponding date of the previous year.

Dividends

As every quarter, Matrix continues its dividend distribution policy of up to 75% of net profit (subject to all distribution tests). Upon the publication of the financial results, Matrix announced a dividend distribution of approximately NIS 37.6M. Since the beginning of the year, Matrix has distributed dividends in the total amount of approximately NIS 76.4M (excluding the most recent announcement). To date, since the company's inception, Matrix has distributed dividends in an amount exceeding NIS 1B.

According to **Moti Gutman, CEO of Matrix**, "At the end of the first half of the year, Matrix continues to show growth in all indices, both in the quarter and in the period, and an all-time record surge of tens of percentages in the key indices for the period. Alongside the revival of the Israeli economy that we experienced in the first half of the year, there is also a beginning of recovery of company activity in the US, although slower than in the domestic market. We expect the graph of recovery in the US to continue to climb at a moderate pace in the coming quarters."

Gutman went on to say that "There is a huge demand for services in digital, cloud, cyber, data, and core operating systems—areas where we have significantly increased our strength during the COVID-19 period, and which are the main technological demand fields. Matrix is involved in projects for large organizations and in national projects of the government and the security sector, such as the Nimbus project, which is expected to accelerate the implementation of cloud technology in the public sector. We are expected to be part of this project and contribute our leading capabilities in the field of cloud computing. We have developed a loan management system, which is widely deployed in Israel for one of



the fastest growing markets in the fintech world today, and we developed the clinical genome project. We manage the aerial operation room for the drone project of the Netivei Ayalon company, the development of Israel's national credit database, among other large-scale projects of the company. We continue to combine organic growth with mergers and acquisitions in the sectors we consider too have growth potential. Within this framework, we have recently acquired Matrix Medica, which has joined our extensive activities in the field of healthcare and medical technology. Matrix has the privilege of being involved in some of the most innovative technological developments in the Israeli healthcare system, including human organ printing for preoperative procedures, research on detection of lung and respiratory diseases by means of voice identification and artificial intelligence, and distance medicine. In this way, we take a direct and an indirect part in the fight against COVID-19."

"In the latest ranking of the major players in the IT market in Israel by STKI, Matrix was ranked **first** in the most significant category, the value-added services market, for the **16th consecutive year**. At the same time, Matrix leads in a ranking in 47 additional categories in areas such as data, cloud, devops, BI, user experience, technological innovation, data science, training, and many others. Midroog also approved an Aa3 issuer rating of Matrix, with a stable horizon for the company for the 14th time in a row, the highest rating for companies in our sector."

Guttman added: "We have moved to an efficient and focused 'corona routine' that allows us to switch from physical space to digital space as needed, to accommodate changes in the levels of morbidity." The company continues to operate based on a hybrid work model, combining work from home and in the office, because it increases productivity, saves costs, and produces a better quality of life, while preserving the work routine. This is in line with the expectations of high-tech workers."

Summary report for the three months and six months ending on June 30, 2021, and June 30, 2020 (in thousands of NIS)

	For six months ending on		Change in %	For three months ending on		Change in %
	30.06.21	30.06.20		30.06.21	30.06.20	
Turnover	1,064,572	856,486	+24.3%	2,173,493	1,830,554	+18.7%
Cost of sales and services	907,617	730,325		1,862,928	1,571,178	
Gross profit	156,955	126,161	+24.4%	310,565	259,376	+19.7%



% of sales	14.7%	14.7%		14.3%	14.2%	
Sales and marketing expenses	36,852	24,063		73,405	54,953	
Management and general expenses	37,758	35,971		72,923	70,270	
Operating profit	82,345	66,127	+24.5%	164,237	134,153	+22.4%
% of sales	7.7%	7.7%		7.6%	7.3%	
Financing costs	11,344	11,218		21,201	22,234	
Profit before taxes on income	71,001	54,909		143,036	111,919	
Taxes on income	16,312	13,327		33,261	27,285	
Net profit	54,689	41,582	+31.5%	109,775	84,634	+29.7%
% of sales	5.1%	4.9%		5.1%	4.6%	
Net profit is attributed to:						
Company shareholders	49,593	38,964	+27.3%	97,965	78,514	+24.8%
Minority interest	5,096	2,618		11,810	6,120	
Net profit	54,689	41,582	+31.5%	109,775	84,634	+29.7%
% of sales						
EBITDA	112,034	94,818		223,695	192,967	
% of sales	10.5%	11.1%		10.3%	10.5%	