



Matrix presents record results in the second quarter and mid-year 2022: The company reports an increase in revenues of 12% for the quarter and 9% for the mid-year, and a net profit of over NIS 250M at the end of six months

The net profit in the quarter increased by about 234% and amounted to approximately NIS 182.8M. The surge in net profit is due largely to the recording of a capital gain from the completion of the sale of most of holdings in the subsidiary company Infinity Labs. Excluding the capital gain, the net profit in the quarter grew by about 18%. Matrix revenues in the second quarter grew by about 11.9% and reached approximately NIS 1.191B. For the first time, total capital crossed the NIS 1B mark. The company showed growth in all the main indices in the second quarter and in the first six months of the year.

Moti Gutman, CEO of Matrix: "The wide range of our activity is the key to success in any challenging period."

The Israeli technology services giant, Matrix, published this morning the company's financial reports with the results of the second quarter of 2022 and the first half of the year.

Matrix shows growth in all indicators compared with the first six months of the previous year. Matrix revenues for the period of the first six months of 2022 reached approximately NIS 2.37B compared to approximately NIS 2.17B in the corresponding period of the previous year, an increase of about 9%. The gross profit in the first half of the year stands at approximately NIS 327.4M compared with approximately NIS 310.6M in the corresponding period of the previous year, an increase of about 5.4%. The increase in the gross profit in the period is due mainly to the significant increase in revenues in the cloud infrastructure and computing sector, with emphasis on the continued growth in cloud infrastructure in this sector.

The operating profit in the period amounted to approximately NIS 176.3M, compared with approximately NIS 164.2M in the corresponding period last year, an increase of about 7.3%.

During the second quarter, the transaction for the sale of most of Matrix's holdings in the subsidiary Infinity Labs was completed, which yielded Matrix a capital gain of approximately NIS 150M before tax (approximately NIS 122M after tax).

The net profit for the period stands at approximately NIS 250.8M, compared with approximately NIS 109.7M in the corresponding period of the previous year, a sharp increase of about 128%. Excluding the net capital gain from the sale of the subsidiary



Infinity Labs, the net profit for the period amounts to approximately NIS 129.2M, an **increase of about 17.7%** compared with the corresponding period of the previous year.

Similarly, Matrix results **in the second quarter of 2022** recorded growth in all indices compared to the corresponding quarter of the previous year, despite the fact that the second quarter was affected by the Passover and other holidays, and therefore the number of working days in it was lower than in the first quarter of 2022 and even slightly lower than in the corresponding quarter of 2021.

Matrix **revenues in the second quarter** of 2022 increased to approximately NIS 1.191B, compared with approximately NIS 1.064B in the corresponding quarter of the previous year, an increase of about 11.9%. The increase in revenues is due to an increase in activity in all sectors, with the exception of a decrease in the quarter (and an increase in the period) in the software marketing and support solutions sector, and this despite stopping the integration of Infinity results starting with the second quarter of 2022 (which contributed about 3.4% and about 3.2% of sales in the corresponding quarter and period of the previous year, respectively).

The gross profit in the second quarter amounted to approximately NIS 159.6M, compared with approximately NIS 157 M in the corresponding quarter of the previous year, an increase of about 1.7%. The operating profit amounted to approximately NIS 84.2M compared with approximately NIS 82.3M of the previous year, an increase of about 2.2%. The net profit in the quarter amounted to approximately NIS 182.8M, compared with approximately NIS 54.7M in the corresponding quarter of the previous year, an increase of about 234%. Excluding the net capital gain from the sale of Infiniti, the net profit for the quarter was approximately NIS 61.2M, compared with approximately NIS 54.7M in the corresponding quarter of the previous year, an increase of about 12%.

Significant events in the quarter

Sale of most of the company holdings in the subsidiary company Infinity Labs R&D, which brought the company a capital gain of approximately NIS 150M before tax.

The acquisition of 100% of the share capital of the companies RDT Equipment and Systems, ASIO Vision, and R.S.I. System Testing Industries, from the RDT group. Note that the results of RDT operations were not consolidated in the company's reports for the second quarter and will be consolidated for the first time starting from the third quarter of 2022.

As of June 30, 2022, Matrix's **total capital** of crossed the NIS 1B mark and stands at approximately NIS 1.06B, compared with approximately NIS 854.8M in 2021. During



the period, the company recorded a positive **cash flow** from ongoing operations amounting to approximately NIS 21.3M, compared with a negative cash flow from ongoing operations amounting to approximately NIS 31.9M in the corresponding period of the previous year. The cash flow for the period was affected by an increase of approximately NIS 180.2M in working capital compared to an increase of approximately NIS 223.3M in the corresponding period of the previous year.

Dividends

As every quarter, Matrix continues its policy of distributing dividends at a rate of up to 75% of the net profit. In addition, the Board of Directors of the company announced the distribution of the full capital gain (net of tax expenses) from the sale of Infiniti. Accordingly, with the publication of the financial results, **Matrix announced the distribution of a dividend of approximately NIS 164M (NIS 2.61 per share)**. Since the beginning of the year, Matrix has distributed dividends in the amount of approximately NIS 85.5M.

According to **Moti Gutman, CEO of Matrix**, "We consistently continue to present impressive results and an increase in all key indices in the second quarter of this year, as well as in the first half of 2022. This is an impressive achievement by any measure, especially against the background of the upheaval currently affecting the market. Matrix faces this period being at its peak professionally and financially. The tremendous technological acceleration we experienced during the corona period propelled the Israeli economy forward, and as a result we continue to experience an increase in demand for products and services in the hot technological fields: cloud, digital, data, cyber and core operational systems, and we are involved in technological developments that are essential for the proper ongoing functioning of many and varied systems in the economy."

"The analysis by sectors of activity shows that Matrix registers an increase in revenues in almost all of its activity sectors. The increase in revenues in the IT Solutions and Services sector in the US, in the Cloud Computing Services sector and in the Training and Deployment sector is particularly noticeable. Our many and varied fields of activity, together with flexible and responsible business management, help us weather the challenging periods in the economy with great success, and even continue to grow. For example, in the last quarter we made a significant acquisition of companies from the RDT Group, which allows us to expand the range of technological solutions we offer to our customers, as well as the scope of collaborations and representation agreements of leading technological products, strengthening our position as a company that provides all technological services and products under one roof."



"Matrix leads complex projects for and in cooperation with some of the largest bodies and organizations in the economy, including national projects of the government and the defense sector. Among others, we were partners in the establishment of the national cyber emergency response team (CERT); we developed the most commonly used system for managing loans in Israel; we are assisting in the establishment of the smart campus of Discount Bank, which is among the first smart buildings in Israel; we manage the aviation operations room for the drone project of Netivei Israel; and we were partners in the development of the Israel national Credit Data Register. And these are just a few examples of the scope of the diverse solutions we provide to our customers."

According to Gutman, "The wide variety of technologies and our many and varied sectors of activity give us an advantage even in the tough competition for talented employees in the industry. We can offer our employees multiple paths for development, learning, and career advancement, with the option of continuing to grow in-house. Against the background of the public discourse about the slowdown in high-tech hiring, I want to conclude on an optimistic note and announce that we are accelerating hiring with approximately 1,300 open positions. The new hires to Matrix will be able to integrate into some of the largest and most significant technology projects in the Israeli economy today."

Summary of reports for the three months and six months that ended on June 30, 2022 and June 30, 2021 (in thousands of NIS):

	For three months ending on		Change in %	For six months ending on		Change in %
	30.06.22	30.06.21		30.06.22	30.06.21	
Turnover	1,191,360	1,064,572	11.9%	2,371,252	2,173,493	9%
Cost of sales and services	1,031,769	907,617		2,043,865	1,862,928	
Gross profit	159,591	156,955	1.7%	327,387	310,565	5.4%
% of sales	13.4%	14.7%		13.8%	14.3%	
Sales and marketing expenses	39,465	36,852		79,305	73,405	
Management and general expenses	35,928	37,758		71,786	72,923	



Operating profit before profit from realization of investment	84,198	82,345	2.2%	176,296	164,237	7.3%
% of sales	7%	7.7%		7.4%	7.6%	
Profit from realization of investment	150,059	-		150,059	-	
Operating profit after profit from realization of investment	234,257	82,345		326,355	164,237	
Financing costs (income) netto	4,076	11,344		11,052	21,201	
Profit before taxes on income	230,181	71,001		315,303	143,036	
Taxes on income	47,367	16,312		64,504	33,261	
Net profit	182,814	54,689	234%	250,799	109,775	128%
%	15.3%	5.1%		10.6%	5.1%	
Net profit of:						
Owners of capital rights in the company	178,884	49,593	261%	238,028	97,965	143%
Minority rights	3,930	5,096		12,771	11,810	
Net profit	182,814	54,689	234%	250,799	109,775	128%
% of sales						
EBITDA	120,271	112,034		247,805	223,695	
% of sales	10.1%	10.5%		10.5%	10.3%	