

Matrix reports record profit for the second quarter and first half of 2025, continuing steady growth in revenues and profits

Operating profit in the second quarter of 2025 grew by about 13.9% to a record of approximately NIS 126.7M. Quarterly revenue rose by about 8.9% to approximately NIS 1.45B.

Revenues in the first half of 2025 increased by about 7.6% and reached a record of approximately NIS 3B. Operating profit in the first half of the year increased by about 13.9% to a record of approximately NIS 252.7M.

Revenues

Revenues in the quarter amounted to approximately NIS 1.45B, compared with approximately NIS 1.33B in the corresponding quarter of the previous year, representing an increase of about 8.9%. Excluding the impact of the increase in net-based revenues, the growth rate reached about 13.3%.

Revenues in the period amounted to approximately NIS 3B, compared with approximately NIS 2.78B in the corresponding quarter of the previous year, an increase of about 7.6%. Excluding the impact of the increase in net-based revenues, the growth rate reached about 12.2%.

The growth in revenues for the quarter and the period stems mainly from expanded activity in the IT solutions and services, consulting, and management segment in Israel, as well as in the cloud and computing infrastructure segment. It also reflects, for the first time, the consolidation of results from companies recently acquired by Matrix: Gav Systems (starting from the first quarter of 2025), Ortec (starting from December 2024), and Alacer (starting from the fourth quarter of 2024).

Gross profit

Gross profit for the quarter reached approximately NIS 222.7M (about 15.3% of revenues), compared with approximately NIS 201.8M in the corresponding quarter of the previous year (about 15.1% of revenues), representing an increase of about 10.4%.

Gross profit in the period reached approximately NIS 449.8M (about 15% of revenues), compared with approximately NIS 408.9M in the corresponding period of the previous year (about 14.7% of revenues), representing an increase of about 10%.

The increase in gross profit and of its share of total revenues in the quarter and the period resulted from expanded company activity and higher profitability rates, mainly in the IT solutions and services segment in the US and in the software products support and marketing segment, as well as from processes improving the operational efficiency of the company.

Operating profit

Operating profit in the quarter reached a record of approximately NIS 126.7M (about 8.7% of revenues), compared with approximately NIS 111.3M in the corresponding quarter of the previous year (about 8.3% of revenues), an increase of about 13.9%, of which about 9% derived from organic growth.

Operating profit in the period reached a record of approximately NIS 252.7M (about 8.4% of revenues), compared with approximately NIS 221.9M in the corresponding quarter of the previous year (about 8% of revenues), an increase of about 13.9%, of which about 9.3% derived from organic growth.

This strong growth in operating profit and profitability rate was achieved despite a one-time income recorded in the corresponding quarter of the previous year from a retroactive National Insurance reimbursement of a portion of the social benefits for company employees called to reserve duty. Excluding this effect, organic growth in operating profit reached about 18.6% in the quarter and about 12.3% in the period.

Net profit

Net profit for the quarter amounted to approximately NIS 76.3M (about 5.3% of revenues), compared with approximately NIS 73.1M (about 5.5% of revenue) in the corresponding quarter of the previous year, an increase of about 4.4%.

Net profit in the period amounted to approximately NIS 156.9M (about 5.2% of revenues), compared with approximately NIS 144.5M (about 5.2% of revenues) in the corresponding period of the previous year, an increase of about 8.5%.

The increase in net profit reflects strong double-digit growth in operating profit, partly offset by higher accounting financial expenses and exchange rate differences expenses.

Net profit attributable to shareholders

Net profit attributable to shareholders in the quarter amounted to approximately NIS 72.9M (about 5% of revenues), compared with approximately NIS 69.5M (about 4.9% of revenues) in the corresponding quarter of the previous year, an increase of about 4.9%.

Net profit attributable to shareholders in the period amounted to approximately NIS 148.5M (about 5% of revenues), compared with approximately NIS 138.1M (about 5% of revenues) in the corresponding period of the previous year, an increase of about 7.5%.

EBITDA

EBITDA in the quarter reached a record of approximately NIS 176.1M (about 12.1% of revenue), compared with approximately NIS 155M in the corresponding quarter of the previous year (about 11.6% of revenues), an increase of about 13.6%.

EBITDA in the first half of the year reached a record of approximately NIS 351.7M (about 12.7% of revenues), compared with approximately NIS 312.5M in the corresponding period of the previous year (about 12.2% of revenues), an increase of about 12.5%.

Cash flow from operating activities

Cash flow from operating activities in the quarter amounted to approximately NIS 122.5M, representing an increase of 28% compared with approximately NIS 95.6M in the corresponding quarter of the previous year.

Cash flow from operating activities in the first half of 2025 amounted to approximately NIS 137.1M, representing an increase of 46% compared with approximately NIS 93.8M in the corresponding quarter of the previous year.

Cash flow from operating activities in the last 12 months (LTM) reached approximately NIS 662.5M, reflecting a growth of about 21.8% compared with the corresponding period of the previous year.

Dividend

Matrix continues its policy of distributing up to 75% of net profit attributable to shareholders as dividends, subject to distribution tests. With the release of the current financial statements, Matrix announced the distribution of an additional quarterly dividend in the amount of approximately NIS 54.1M (NIS 0.85 per share).

Moti Gutman, CEO of Matrix:

“As of the end of the first half of 2025, Matrix continues to demonstrate consistent growth in revenues, gross profit, operating profit, EBITDA, and net profit. Our annual revenue rate has crossed the NIS 6B threshold, and our cash flow remains excellent. Quarter after quarter, we continue showing record profits despite the ongoing impact of the war, including the mobilization of hundreds of company employees for reserve duty. These results provide further proof of the company's business strength and the longstanding leadership position of Matrix in the Israeli IT market.

In the second quarter and the period, we continued to see double-digit growth in revenues and operating profit from activity in Israel. Increase in revenues and operating profit came from consistent organic expansion, with emphasis on high-demand technology domains such as Data and AI, information security and cyber, digital transformation, modernization of core systems, cloud services, and business continuity, as well as from successful recent acquisition-driven growth. These included the acquisition of Gav Systems, which expands our activity in IT services and call centers in Israel, and of Ortec, which strengthens our presence in advanced production lines (including in defense industries).

Our defense division, specializing in cyber and AI, continues to grow steadily, with notable increases in revenues and profit. The cloud services segment also continues to expand, increasingly based on multi-year contracts that drive strong growth and increase the annual recurring revenue (ARR) component in company's revenues.

In the US, results for the second quarter reflect an increase of about 13% in operating profit, driven by the gradual onboarding of new projects resulting from contracts signed in late 2024 and in the first half of 2025. These new contracts, together with expansions of existing projects, are expected to further support growth in US activity in the course of the year.

In May, STKI published the latest rankings of the leading players in the Israeli IT market. Matrix ranked first in the most significant category—the value-added services market—for the 20th consecutive year. Matrix also ranked first in new AI-related categories, including the execution of analytical GenAI projects, machine learning, and data science projects, as well as in dozens of categories within its strategic core domains.

In March, we announced the signing of a memorandum of understanding to enter negotiations toward merging Magic into Matrix, a strategic move representing a significant milestone in the company's growth. As of the date of this report, the company is progressing toward approval of the Magic deal, and we expect the transaction to be presented for approval at the general meeting of the company in the fourth quarter of 2025. Upon completion, the merger is expected to significantly strengthen the position of Matrix in high-demand market segments and make it one of the largest publicly traded IT companies worldwide, with broad geographic coverage, especially in our strategic target market: the US."

About Matrix

Matrix, which currently employs over 12,000 workers, is the leading information technology company in the Israeli market, with extensive operations in the US and Europe.

Over the years, Matrix has demonstrated consistent growth, completing nearly 100 mergers and acquisitions, establishing companies and cross-organizational activities, and expanding its activity into many sectors of the economy and into new technological fields, including machine learning, augmented reality, Internet of Things (IoT), engineering and infrastructure, and more. Matrix is also the market leader in high-growth technologies such as digital, cloud, data and AI, as well as information security and cyber.

The company plays a key role in technological and business consulting and in technological developments for all major bodies and organizations in the Israeli economy. Its clients include entities and companies in the government, defense, high-tech, finance, industry, retail, healthcare, and transportation sectors, among others. Matrix participates in hundreds of projects that directly affect the daily lives of Israeli citizens.

Matrix is traded on the Tel Aviv Stock Exchange and is included in the Tel Aviv 125 Index. Year after year, Matrix is ranked by analysts as the leader in the Israeli IT market.