Matrix publishes financial statements this morning showing record results for the period: Revenues in the first 9 months of 2021 grew by about 14% to approximately NIS 3.2B, net profit increased by about 21.4% to approximately NIS 157.7M

These are record results in all indices for the period: revenues, gross profit, operating profit, net profit, and EBITDA. During the period, there was an increase in revenues and profits in all operating segments in Israel

In the third quarter, Matrix reports an increase of about 5.3% in revenues to over NIS 1B, an operating profit of NIS 75M, and a net profit of NIS 47.9M

About 97% of the growth is organic

Matrix estimates: The approval of the state budget is likely to help kick-start dozens of government projects led by the company

Matrix released this morning the results of the third quarter of 2021 and of the first nine months of the year. In the first nine months of 2021, Matrix shows growth in all major indices, as well as record results in revenues, gross profit, operating profit, net profit, and EBITDA. During the period, there was an increase in revenues and operating profit in all Matrix's sectors of operation in Israel. Despite the fact that the third quarter included all the High Holidays in September and the summer vacations in August (which resulted in 7.2% fewer working hours lower than in the third quarter of 2020), the company shows growth in revenues and in gross, operating, and net profits compared to the same quarter last year. About 97% of the company's growth is organic.

With the approval of the state budget for 2021 and 2022, the company expects to participate in and lead dozens of government projects—the main one being the Nimbus project: the government cloud project, which is designed to provide a comprehensive and in-depth cloud service solution for the Israeli government.

Revenues

Matrix revenues in the third quarter amounted to approximately NIS 1.027B, compared with approximately NIS 975.6M in the corresponding quarter last year, an increase of about 5.3%. Company revenues in the first nine months of 2021 reached approximately NIS 3.2B, compared with approximately NIS 2.8B in the corresponding period last year, an increase of about 14%.

Gross profit

Gross profit in the third quarter of the year amounted to approximately NIS 146.7M, which constitutes about 14.3% of sales, compared with approximately NIS 141.5M in the corresponding quarter of the previous year, an increase of about 3.7%. Gross profit in the first nine months of 2021 increased by about 14.1% compared to the corresponding period of the previous year, and amounted to approximately NIS 457.3M, constituting about 14.3% of sales, compared to approximately NIS 400.8M in the corresponding period of the previous year, which constituted a similar share of sales.

Operating profit

Operating profit in the third quarter grew to approximately NIS 75M, constituting about 7.3% of sales, compared with approximately NIS 73M in the corresponding quarter of the previous year, which constituted about 7.5% of sales, an increase of about 2.8%. Operating profit in the first nine months of the year amounted to approximately NIS 239.3M, which constitutes about 7.5% of sales for the period, compared with approximately NIS 207.2M in the previous year, which constituted about 7.4% of sales, a **growth of about 15.5%**.

Net profit

Net profit in the third quarter grew by about 6% and amounted to approximately NIS 47.9M, constituting about 4.7% of sales, compared with approximately NIS 45.2M in the third quarter of the previous year, which constituted about 4.6% of sales. Net income in the first nine months of 2021 amounted to approximately NIS 157.7M, which constitutes approximately about 4.9% of sales for the period, compared with approximately NIS 129.9M in the corresponding period of the previous year, which constituted about 4.6% of sales, a **growth of about 21.4%**.

Financial state and liquidity

As of September 30, 2021, cash, cash equivalents, and financial assets of Matrix total approximately NIS 542.3M, compared with approximately NIS 541M the previous year. The total equity as of September 30, 2021 stands at approximately NIS 809.6M, compared with approximately NIS 761.5M last year. The net debt ratio relative to the balance sheet is about 14.5%.

Dividends

Matrix continues its quarterly dividend distribution policy of up to 75% of net profit. From the beginning of 2021 to the end of September, Matrix distributed NIS 113.9M, compared with NIS 93.8M in the corresponding period of 2020. This morning, with the publication of the reports for the third quarter, Matrix announced an additional dividend of approximately NIS 32.5M, 52 agorot per share.

According to Moti Gutman, CEO of Matrix: “In the 20th year of its operation, Matrix presents record results in all the main financial indicators in the period: in revenues and operating profit, as well as in gross and net profit. In the latest ranking by STKI, Matrix was ranked first in the most significant category — the value-added services market — for the 16th year in a row, and Midroog gave Matrix an Aa3 rating with a stable horizon for the 14th time in a row.

I am pleased to point out that our forecasts for the increase in profits against the background of the continued recovery of the economy after the COVID-19 crisis, and the massive and rising need for services in digital, cloud, cyber, data, and core operating systems have been fully realized, and this is reflected in the financial results presented by the company, despite the fact that September contained many holidays, and as a result the third quarter was a kind of ‘2/3’ quarter.”

"The increase in profits is manifested in all the main areas of technological demand. The tremendous growth in the field of cloud infrastructure and computing is particularly noticeable, with a leap of about 44.2% in revenues and about 46.4% in operating profit for the period. This is entirely organic growth, especially in the field of cloud infrastructure. Also with regard to all areas of our activity, the growth of the company during this period has been mainly organic growth, with 13.5% out of 14% of increase being due to organic growth. We plan to continue combining organic growth with mergers and acquisitions in the sectors where we identify growth potential.

We are seeing a moderate recovery in the US as well. The financial sector is back to investing in compliance and crime prevention, and the project backlog has increased. This year, in the first three quarters of the year, we show continuous growth in revenues, profit, and profitability rate, with a growth of 15.5% in revenues in the last quarter, and expect to recover the pre-COVID profitability rate in the first quarters of 2022."

"The approval of the budget for 2021-22 is expected to launch dozens of projects in the government sector that Matrix will lead," notes Guttman, "among them the Nimbus project, which we expect to accelerate the implementation of the cloud in the public sector. We are already receiving inquiries from our partners in the government sector to kick-start pending projects, and we anticipate that these activities will further advance the company's business and financial success."

Guttman addressed the issue of the significant shortage of software workers. He said: "A severe shortage of software professionals creates difficulties in recruiting and retaining employees. As one of the largest bodies in the country for training high-tech professionals, we see this as a challenge and an opportunity. Thousands of graduates of the Matrix training programs by John Bryce Training and Infinity Labs are integrated in developer positions in leading organizations, high-tech companies, and startups in Israel. We were among the first to make the high-tech and IT professions accessible to populations that are rarely employed in them, and we continue to do so today. We have accumulated a great deal of experience, and we have a basket of diverse and creative solutions to the problem."

Summary of reports for the three months and nine months ending September 30, 2021 and September 30, 2020 (in thousands of NIS):

	For three months ending on		Change in %	For nine months ending on		Change in %
	30.09.21	**30.09.20**		**30.09.21**	**30.09.20**	
Turnover	1,026,799	**975,580**	**+5.3%**	3,200,292	**2,806,134**	**+14%**
Cost of sales and services	880,106	834,123		2,743,034	2,405,301	
Gross profit	**146,693**	**141,457**	**+3.7%**	**457,258**	**400,833**	**+14.1%**
%	**14.3%**	**14.5%**		**14.3%**	**14.3%**	
Sales and marketing expenses	33,475	30,859		106,880	85,812	
Management and general expenses	38,188	37,594		111,111	107,864	
Operating profit	**75,030**	**73,004**	**+2.8%**	**239,267**	**207,157**	**+15.5%**
% of sales	**7.3%**	**7.5%**		**7.5%**	**7.4%**	
Financing costs	12,135	12,701		33,336	34,935	
Profit before taxes	62,895	60,303		205,931	172,222	
Taxes on income	14,980	15,079		48,241	42,364	
Net profit	**47,915**	**45,224**	**+6%**	**157,690**	**129,858**	**+21.4%**
% of sales	**4.7%**	**4.6%**		**4.9%**	**4.6%**	
Net profit of:						
Owners of capital rights in the company	43,293	41,213	**+5%**	141,258	119,727	**+18%**
Minority rights	4,622	4,011		16,432	10,131	
Net profit	**47,915**	**45,224**	**+6%**	**157,690**	**129,858**	**+21.4%**
% of sales	**4.7%**	**4.6%**				
EBITDA	**103,920**	**104,846**		**327,615**	**297,813**	
% of sales	**10.1%**	**10.7%**		**10.2%**	**10.6%**	