



Matrix publishes excellent financial reports for the third quarter:

Against the background of the market turmoil, the company publishes financial reports that reflect impressive organic growth of about 14.4% in revenues and about 13.8% in operating profit

Company revenues in the first nine months of 2022 exceeded NIS 3.5B, an increase of about 10.3%. The net profit in the period amounted to over NIS 300M.

Revenues in the quarter grew by about 12.9% to approximately NIS 1.16B, operating profit increased by about 6.8% to approximately NIS 80.1M, and net profit in the quarter amounted to approximately NIS 50.4M, a growth of about 5.3%.

In the third quarter, the company registered an organic growth of about 14.4% in revenues and of about 13.8% in the operating profit

This morning, Matrix released the results of the third quarter of 2022 alongside those of the first nine months of the year, presenting a consistent upward trend in sales and profits.

Matrix shows record results in all key indicators at the end of the third quarter of 2022 – in revenues, gross profit, operating profit, net profit, and EBITDA – without integrating the results of the subsidiary company Infinity, but taking into account the capital gain for its sale, at the beginning of the second quarter, for approximately NIS 150.1M. Against the background of global trends of rising inflation and interest rates, in the last quarter the company issued bonds (series B) in the amount of approximately NIS 300M at a fixed shekel interest rate of 4.1%, for a period of 7.5 years.

Revenues

Matrix revenues in the third quarter amounted to approximately NIS 1.159B compared with approximately NIS 1.027B in the corresponding quarter of the previous year, an increase of about 12.9%. Company revenues in the first nine months of 2022 reached approximately NIS 3.5B compared with approximately NIS 3.2B in the corresponding period of the previous year, an increase of about 10.3%. The increase in revenues derives from an increase in all activity sectors, with emphasis on the company operations in the US, as well as the infrastructure, cloud, and computing sectors.



The company shows an increase in sales despite the sale of Infinity and termination of the inclusion of its results. Excluding the results of Infinity, as well as, for the first time starting this quarter, the neutralization of the consolidation of the RDT company, Matrix recorded organic growth in revenues at a rate of about 14.4% for the quarter and about 12% for the period.

The **gross profit** for the quarter amounted to approximately NIS 161.4M, compared with approximately NIS 146.7M in the corresponding quarter of the previous year, an increase of about 10%. The gross profit for the period amounted to approximately NIS 488.8M, compared with approximately NIS 457.3M in the corresponding period of the previous year, an increase of about 6.9%.

Operating profit

Operating profit in the third quarter grew to approximately NIS 80.1M, compared with approximately NIS 75M in the corresponding quarter of the previous year, an increase of about 6.8%. The operating profit in the first nine months of the year amounted to approximately NIS 256.4M, compared with approximately NIS 239.3M in the corresponding period of the previous year, a growth of about 7.2%.

Excluding the Infinity sales and the consolidation for the first time of the RDT company results, Matrix registered an organic growth in the operating profit of about 13.8% for the quarter and of about 11.7% for the period.

Net profit

Net profit for the quarter increased by about 5.3% to a total of approximately NIS 50.4M.

Net profit for the period amounted to approximately NIS 301.2M, compared with approximately NIS 157.7M in the corresponding period of the previous year. Excluding the net capital gain from the sale of Infiniti, the net profit for the period amounted to approximately NIS 179.7M (about 5% of sales), an increase of about 14% compared with the corresponding period of the previous year.

Significant events that took place during the period:

Sale of the company's holdings in the subsidiary Infinity Labs R&D, a sale that yielded the company a capital gain of approximately NIS 150.1M before tax, which was recorded in the second quarter of 2022.

The purchase 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. The results of the operations of RDT were consolidated for the first time in the third quarter of the current year.



Issuance of bonds (series B) in the amount of NIS 293M. The proceeds of the issuance were used for the ongoing operation of the company, including the exchange of short-term financial debt with a variable interest rate for long-term debt with a fixed interest rate.

Financial condition and liquidity

As of September 30, 2022, the total cash and the value of the cash and financial assets of Matrix amounts to approximately NIS 551M, compared with approximately NIS 534.1M at the end of 2021. The total equity as of September 30, 2022 amounts to approximately NIS 945.1M, compared with approximately NIS 878M at the end of 2021. The capital ratio in relation to the balance sheet is about 25.4%.

Dividends

Matrix continues its policy of distributing dividends every quarter at a rate of up to 75% of the net profit. From the beginning of 2022 until the end of September, Matrix distributed approximately NIS 249.6M in dividends, compared with approximately NIS 113.9M in the corresponding period of 2021. This morning, with the publication of the reports for the third quarter, Matrix announced the distribution of an additional dividend of approximately NIS 35M, representing about 55 agorot per share.

According to **Moti Gutman, CEO of Matrix**: "As in every quarter, Matrix continues to show consistent improvement in its results, with impressive growth rates, as it leads the market in the fastest growing technologies. The financial reports we published this morning reflect our continued growth also during this period – in revenues, operating profit, and in gross and net profit, in the quarter and in the first nine months of the year. The growth that Matrix continues to demonstrate while the world experiences a turmoil of economic and geopolitical changes is a clear expression of the resilience and financial stability of the company, as well as it being a professional leader in the IT market in Israel.

One of the most significant strengths of Matrix lies in the fact that we operate in Israel and the US at the forefront of all technological fields, especially in those that are in high demand such as digital, cloud, cyber, data, and core operational systems. This is how we preserve our vitality, value, and leadership in the industry for our partners, customers, and investors. Although we cannot assess in full the influence of global factors on company activities and on the economy in general in the future, the financial strength of Matrix and the high current cash flow it generates allow us to continue to grow and to invest in future growth. Thus, we will continue to take advantage of future opportunities, among others, through mergers and acquisitions.

Summing up this quarter, we present several significant achievements: in the US, our business returned to the pre-COVID level. The growth rate of revenues and profits soared as a result of the termination of the coronavirus crisis and of the signing of large, long-term projects in North America. We also showed double-digit organic growth in our Israeli operations; a surge in ARR, with an emphasis on cloud infrastructure activity; growth in IT solutions activity thanks to acceleration in the areas of digital, data, and core systems – and



this without consolidation of revenues and profits of Infinity Labs, which we sold in the second quarter. Likewise, the growth in the defense sector in the areas of cyber and artificial intelligence continues. We continue our strategy of mergers and acquisitions in core and complementary fields, as illustrated in the last quarter by the acquisition of the RDT group."

Gutman added: "Demand for the solutions and products we provide continues to be very high in all sectors, and the greatest challenge for Matrix today is to recruit employees who will help the company continue growing and leading the IT industry. Although we have identified a slowdown in the technology labor market, acknowledging the importance candidates ascribe in their job search to employment that provides a challenge and interest alongside stability, as we offer. the number of our open positions remains very high."

According to Gutman, "Matrix continues to consolidate its strength as a company that carries out complex and highly valuable projects for the economy, society, and innovation in Israel and abroad, for and in cooperation with some of the largest bodies and organizations in the economy, including national projects in the government and the defense sectors. Thus, in the last quarter we carried out dozens of complex projects in Israel and in the US in the hottest fields in the industry such as cloud, data, digital, cyber, security, and engineering."



**Summary of reports for the three months and nine months ending September 30, 2022
and September 30, 2022 (in thousands of NIS):**

	For three months ending on		Change in %	For nine months ending on		Change in %
	30.09.22	30.09.21		30.09.22	30.09.21	
Turnover	1,159,444	1,026,799	12.9%	3,530,696	3,200,292	10.3%
Cost of sales and services	998,041	880,106		3,041,906	2,743,034	
Gross profit	161,403	146,693	10%	488,790	457,258	6.9%
%	13.9%	14.3%		13.8%	14.3%	
Sales and marketing expenses	41,045	33,475		120,350	106,880	
Management and general expenses	40,218	38,188		112,004	111,111	
Operating profit before profit from realization of investment	80,140	75,030	6.8%	256,436	239,267	7.2%
% of sales	6.9%	7.3%		7.3%	7.5%	
Profit from realization of investment	-	-		150,059	-	
Operating profit after profit from realization of investment	80,140	75,030		406,495	239,267	
Financing costs, netto	10,875	12,135		21,927	33,336	
Profit before taxes	69,265	62,895		384,568	205,931	
Taxes on income	18,828	14,980		83,332	48,241	
Net profit	50,437	47,915	5.3%	301,236	157,690	91.0%
% of sales	4.4%	4.7%		8.5%	4.9%	
Net profit of:						
Owners of capital rights in the company	46,507	43,293	7.4%	284,535	141,258	101.4%
Minority rights	3,930	4,622		16,701	16,432	
Net profit	50,437	47,915	5.3%	301,236	157,690	91.0%



	For three months ending on		Change in %	For nine months ending on		Change in %
	30.09.22	30.09.21		30.09.22	30.09.21	
% of sales	4.4%	4.7%		8.5%	4.9%	
EBITDA	127,769	103,920		375,574	327,615	
% of sales	11.0%	10.1%		10.6%	10.2%	