



Matrix is again showing top results in all indices in the fourth quarter and the entire year 2020

Net profit for the quarter grew by about 29.2% and amounted to approximately NIS 61M

Cash flow from operating activities amounted to approximately NIS 535.2M, more than double that in the corresponding period of the previous year.

In 2020, Matrix revenues reached approximately NIS 3.85B, an increase of about 7.2%. The annual operating profit amounted to approximately NIS 289M, an increase of about 13.5%. The annual net profit grew by about 14.3% to approximately NIS 191M. All these are all-time record figures.

In the fourth quarter of 2020, Matrix showed double-digit growth in all major indices, reaching all-time highs, and for the first time crossed the threshold of NIS 1B in revenues in the quarter.

Net profit for the quarter grew by about 29.2% and amounted to approximately NIS 61M

Cash flow from operating activities amounted to approximately NIS 535.2M, more than double compared to the previous year.

Today Matrix publishes its financial statements for 2020 and for the fourth quarter of 2020, and continues to show record results in all indices despite the challenges posed by the COVID-19 crisis. With a vision to maintain its position as a market leader, Matrix recorded double-digit growth in all key indices in the fourth quarter, crossing total quarterly revenues of over NIS 1B for the first time. During 2020, Matrix recorded growth in revenues, gross profit, operating profit, net profit, EBITDA, and cash flow, reaching all-time highs in each of these indices. At the same time, Matrix shows improvement in profitability rates in gross, operating, and net profit.

The company balance sheet reflects high financial strength: significant increase in cash and decrease in the debt ratio. In 2020, cash flow from operating activities more than doubled compared to the corresponding period of the previous year, and stood at approximately NIS 535M. The amount of cash in the Matrix reserve is approximately NIS 644M, the net debt to total assets is about 7.5%, compared with about 13.9% last year.

The orders pipeline of the company, also at an all-time high, stands at about NIS 4.6B (approximately NIS 3.9B of this amount for 2021), and will serve as a solid foundation for the continued growth of Matrix. Company management is focused on continuing to increase annual recurring revenue (ARR), which already in 2020 constitutes about 40% of Matrix revenues, based on engines of growth in the fields of cloud, cyber, data, artificial intelligence, and digital transformation, in parallel with continued growth in the areas of core company activities, such as financial systems, ERP, CRM, and more.



Fourth quarter results

Matrix revenues in the fourth quarter of 2020 amounted to approximately NIS 1.04B, compared with approximately NIS 904.9M in the corresponding quarter in 2019, a **growth of about 15.8%**.

Gross profit in the fourth quarter of 2020 amounted to approximately NIS 162.1M, compared with approximately NIS 133.9M in the fourth quarter of 2019, an **increase of about 21%**. Gross profit margin was about 15.5%, compared to about 14.8% in the corresponding quarter of the previous year.

Operating profit grew by about 21.7% and amounted to approximately NIS 82M, compared with approximately NIS 67.4M in the corresponding quarter of the previous year. The operating profit rate was about 7.8%, compared to about 7.4% in the corresponding quarter of the previous year.

Net income grew by approximately 29.2% and amounted to approximately NIS 61M, compared with approximately NIS 47.2M in the corresponding quarter of the previous year. The net profit margin was about 5.8%, compared to about 5.2% in the corresponding quarter of the previous year.

Revenues, gross profit, operating profit, net profit, and EBITDA recorded a double-digit increase, and each was an all-time quarterly record.

Annual results for 2020

Company revenues in 2020 came close to NIS 4B and stood at about NIS 3.85 billion, an **increase of about 7.2%** compared to about NIS 3.6B in 2019. Seventy six percent of the increase in sales in 2020 derived from organic growth in the operations of Matrix, and about 24% from the initial consolidation of acquired companies, including Gestetnertec and RightStar.

In 2020, **gross profit** amounted to approximately NIS 563M, compared with approximately NIS 518M in 2019, **an increase of about 8.7%**. The rate of operating profit in 2020 was about 14.6% compared with about 14.4% in the previous year.

Operating profit in 2020 amounted to approximately NIS 289.1M, compared with approximately NIS 254.7M in 2019, **an increase of about 13.5%**. The rate of operating profit in 2020 was about 7.5% compared to about 7.1% in the previous year.

Net income in 2020 amounted to approximately NIS 190.9M, compared with approximately NIS 166.9M in 2019, **an increase of about 14.3%**. The net profit margin was about 5% compared to about 4.6% in the previous year.

In 2020, revenues, gross profit, operating profit, net profit, and EBITDA showed all-time record annual growth.

Cash flow from operations in 2020 was approximately NIS 525M, compared with approximately NIS 263M the previous year, **an increase of more than 100%**, and also an all-time record.



Dividends: Matrix continues to distribute dividends to its shareholders on a quarterly basis at a rate of up to 75% of net profit. In 2020, the company distributed dividends in the cumulative amount of NIS 124.8M (also an all-time record), compared with NIS 116.1M in 2019. With the publication of the financial reports for 2020, Matrix announced an additional dividend distribution in the amount of NIS 39.5M (64 agorot per share).

	For the year ending on		Change in %	For three months ending on		Change in %
	31.12.20	31.12.19		31.12.20	31.12.19	
Turnover	3,854,041	3,596,295	7.2%+	1,047,907	904,930	15.8%+
Cost of sales and services	3,291,050	3,078,395		885,749	770,966	
Gross profit	562,991	517,900	8.7%+	162,158	133,964	21%+
% of sales	14.6%	14.4%		15.5%	14.8%	
Sales and marketing expenses	122,072	115,844		36,260	27,762	
Management and general expenses	151,786	147,313		43,922	38,818	
Operating profit	289,133	254,743	13.5%+	81,976	67,384	21.7%+
% of sales	7.5%	7.1%		7.8%	7.4%	
Financing costs	42,202	41,793		7,267	8,619	
Financing revenues	--	489		--	489	
The company share in the profits of affiliated companies	--	90		--	90	
Profit before taxes	246,931	213,529		74,709	59,344	
Taxes on income	56,081	46,620		13,717	12,145	
Net profit	190,850	166,909	14.3%+	60,992	47,199	29.2%+
%	5%	4.6%		5.8%	5.2%	
EBITDA	413,899	378,720		116,086	99,960	
%	10.7%	10.5%		11.1%	11%	

According to **Moti Guttman, CEO of Matrix**: "At the end of a challenging year of upheavals, which began with uncertainty and closures, we adapted with record speed to a new work routine. We complete 2020 as a record year in all indices, despite the challenges of the COVID-19 crisis. We rallied quickly following the outbreak of the virus, making all the necessary adjustments, including the transition of employees to a hybrid work model, which



combines work from home and in the office, allowing employees and managers to be much more productive. At the same time, we continued to lead the market in all growing technologies, and significantly increased the scope of our activities in them.

Matrix handles all the advanced technological solutions for all sectors, and as stated in Alice in Wonderland: '... here we must run as fast as we can, just to stay in place. And if you wish to go anywhere you must run twice as fast as that.' Over the years, we have adopted the spirit of innovation, and we are indeed running much faster. In the age of digital acceleration, we are leading in groundbreaking technologies and tools that create value for our customers in managing, streamlining, accelerating, and making their businesses thrive. Matrix is always alert to the dynamic changes that characterize the worlds of technology, and detects their potential early on. Accordingly, we continue to grow and lead the market in the implementation of the fastest-growing technologies in the industry: cloud, cyber, digital, data, and artificial intelligence.

Based on our involvement in a wide range of sectors, we can attest first hand that in all organizations there is a growing demand for digital services, cloud services, infrastructure, computing, and data analytics. We provide the solutions to these needs with the help of more than 10,500 excellent professionals, who for 15 years in a row have been positioning Matrix as the preferred technology partner in the economy.

We base our continued growth on cultivating and increasing the share of annual recurring revenue (ARR), particularly in the fields of cloud, cyber, data, artificial intelligence, machine learning, and digital transformation, continuing to cultivate and increase in parallel our core activities. Therefore, Matrix intends to continue to expand and recruit more quality personnel to fill the many positions required in these areas, to continue to lead the innovation in the IT industry. In the coming year, we intend to maintain Matrix in a position of market leader, based on organic growth and on additional acquisitions in our core industries and complementary areas. We also intend to expand the IT services and marketing of software products in the US and Europe, together with continued mergers and acquisitions, as we have done with great success for many years."