



Yet again, Matrix is showing record results in all indices for the fourth quarter of 2021 and for the entire year

Annual revenues climbed by about 13% to approximately NIS 4.4B; operating profit increased to approximately NIS 329.4M, and net profit increased to approximately NIS 218.8M

Today Matrix released the company's financial statements for the fourth quarter and the entire year of 2021, with the company once again showing all-time record results at both the annual and quarterly levels. Revenues, gross profit, operating profit, net profit, and EBITDA for the quarter and the year (as well as the amounts of dividends distributed to Company shareholders) all recorded all-time highs.

Annual results

Matrix revenues in 2021 crossed the NIS 4B threshold for the first time and stood at approximately NIS 4.36B, compared with approximately NIS 3.85B in 2020, an **increase of about 13.1%**.

Operating profit in 2021 reached approximately NIS 329.4M, compared with approximately NIS 289.1M in 2020, an **increase of about 13.9%**. The operating profit rate in 2020 was about 7.6% compared to about 7.5% last year.

Net profit in 2021 grew to approximately NIS 218.8M, compared to approximately NIS 190.9M in 2020, an increase of about 14.6%. The net profit margin remained unchanged at about 5%. **EBITDA** in 2021 recorded an increase of about 15.3% to approximately NIS 477.1M and its rate was about 10.9% compared to approximately NIS 413.9M in 2020.

Matrix concludes 2021 with organic growth of about 95% from sales, as it experiences growing demand for digital services, cloud, cyber services, and computing and analytics infrastructure, alongside a return to growth in the training sector and an increase in demand for consulting and engineering services.

The order pipeline of the company recorded an increase of about 18% and also reached an all-time peak at approximately NIS 5.4B (of which approximately NIS 4.5B for 2022).

Fourth quarter results

Matrix revenues in the fourth quarter of 2021 amounted to approximately NIS 1.16B, compared with approximately NIS 1.04B in the corresponding quarter in 2020, an increase of about 10.7%.

Operating profit grew by about 10% and amounted to approximately NIS 90.1M, compared with approximately NIS 82M in the corresponding quarter of the previous year. The operating profit rate for the quarter was about 7.8%. The quarterly **net profit** amounted to



approximately NIS 61.05M and its rate stood at about 5.3%. **EBITDA** grew by about 28.8% to a total of approximately NIS 150M.

Dividends: Matrix continues to distribute dividends to its shareholders on a quarterly basis at a rate of up to 75% of net profit. In 2021, the company distributed dividends in the cumulative amount of approximately NIS 146.5M (all-time record), compared with approximately NIS 124.8M in 2020. With the publication of the financial statements for 2021, Matrix announced an additional dividend distribution of approximately NIS 40.8M (65 agorot per share). In the last five years (2017-2021), the company has distributed a cumulative amount of approximately NIS 577.7M in dividends to its shareholders.

Financial position, cash flow, and sources of financing: As of December 31, 2021, company equity stands at approximately NIS 878M, compared to approximately NIS 824.9M at the end of 2020. The total cash and cash value of Matrix at the end of 2021 was approximately NIS 534.1M.

According to **Moti Gutman**, CEO of Matrix: "We proudly conclude the year 2021, in which Matrix celebrated two decades of activity, with all-time records in all financial indicators: sales turnover, gross profit, operating profit, EBITDA, and dividend distribution, both at the annual and at the quarterly levels. We anticipate the continuation of the economic recovery from the COVID crisis, together with the need for a variety of services and solutions in the hottest technological areas today: digital, cloud, cyber, data and core operating systems — areas in which Matrix leads and will continue to lead the technological market in Israel.

We are experiencing a return to normal in the training and deployment sector, with a record demand for training due to the extensive shortage of technological manpower in the market. At the same time, in the second half of 2021 there was also a recovery in activity in the US, and we won large new projects in the financial, health, and transportation sectors. We continue to meet the goals we have set for ourselves, such as continued growth of revenues, operating profit, and especially in the bottom line — net profit, and its derivative, the dividends that Matrix shareholders receive.

In addition, as every year, Matrix has been ranked again as the leader in the IT market in Israel by all analysts. In the latest ranking by STKI, Matrix was ranked first in the most significant category, value-added services market, for the 16th year in a row, and as a Tier 1 leader in dozens of technology categories including: data, cloud, low-code, DevOps, digital transformation, cyber, CRM, ERP, and more."

Gutman adds: "The trend for acceleration of the transition to the cloud and as-a-service payment models, which began during the COVID period, will continue in our estimation in the coming years and even increase, will lead to the increase of the ARR component in company revenues. Matrix is expected to integrate into national projects of the government and the defense sector, such as the Nimbus project, which is aiming to advance the adoption of the cloud in the public sector, as well as in the health and finance sectors. The Nimbus project is an important turning point, because it allows working in the cloud while maintaining the data locally in the country, and therefore removes the barrier that stopped



migration of systems based on databases to the cloud, as these cannot be transferred to servers outside the country. Amazon and Google, both business partners of Matrix, won the base tender for the Nimbus project. In the follow-up tender, which Matrix won in all categories, the government allowed rapid procurement processes for projects. Winning this tender turns Matrix into the expert supplier for government bodies and assistant in transferring government systems to the cloud.

The trend of peaking in all financial indices is also reflected in our future order pipeline, which stands at a record amount of approximately NIS 5.4B as of 31.12.2021 (of which more than NIS 4.5B for 2022)."

According to Gutman, "2021 marks a turning point in the history of Matrix in more than one sense. In 2021 we completed two decades of activity, in the course of which we grew from a company of several hundred workers to the leading technological company in Israel, with extensive activity in the world and over 11,000 employees in Israel and around the world. Of these, I am proud to note, over 50% are women. In 2021, the Minister of Defense signed an order defining Matrix Defense as a "defense industry" under the Director of Security of the Defense Establishment, following the designation of Matrix as a defense exporter and a company with a significant volume of activity in the defense field, which is reflected in its involvement in important projects for the defense system. We anticipate that geopolitical events, the undermining of world order, including the war in Ukraine, will further accelerate technological investment in the defense sector (as COVID has accelerated investment in the health sector), a sector that is presently and will continue to be in the future a key area of activity for Matrix.

In 2021, Matrix also completed the multi-year development and growth process, and the transition to the next stage in the evolution of the company: from IT services and software development to integrative services in five key areas — information technology in Israel, defense industry, engineering and consulting, information technology abroad, and BPO and customer service systems.

Matrix is currently functioning as a complete technological ecosystem, and we are carrying out more and more large-scale and mega-projects, with overall responsibility for all stages of planning, execution, and management. For example, in 2021 we won a tender for the establishment and management of a data lake for the Central Bureau of Statistics. This is an innovative database, perhaps the largest in Israel, that will significantly expand the CBS's analysis and research capabilities. Matrix, with its various divisions, assumed end-to-end responsibility for this wide-ranging project, including the specification and design of the system, hardware components, licensing, development, data management and storage aspects, CRM, information security and protection, as well as system launching and subsequent operation (including the option to operate the system for nine years after launching). Following the establishment of the data lake, the State of Israel and its citizens will be able to derive much more from the CBS data than ever before."

Gutman concluded by referring to the massive shortage of technological manpower: "The technological labor market has undergone a major shake-up as a result of COVID; it changed



and still continues to change its face these days. The hybrid work model is becoming dominant in the market, with new professions emerging such as "hybrid work environment manager" and others. The massive shortage of technological manpower is perhaps the biggest challenge today, but the opportunity is no less significant. Years ago, we were the first to recognize that the most effective way to deal with the shortage of technological manpower is to train professionals in the fields of technology, and today we are the largest high-tech training body in Israel, where a significant increase in demand for technological training is manifest. Our basket of solutions in the field is quite varied and rich. It is important to note that we were the first to make the technology professions accessible to populations that are rarely integrated into them, including the ultra-Orthodox, the Arabs, and the population in the periphery. In addition, we operate unique models for training and integrating the work of outstanding juniors in a variety of technological positions."

	For the year ending on		Change in %	For three months ending on		Change in %
	31.12.21	31.12.20		31.12.21	31.12.20	
Turnover	4,360,148	3,854,041	+13.1%	1,159,856	1,047,907	+10.7%
Cost of sales and services	3,729,745	3,291,050		986,711	885,749	
Gross profit	630,403	562,991	+12%	173,145	162,158	+6.8%
% of sales	14.5%	14.6%		14.9%	15.5%	
Sales and marketing expenses	147,555	122,072		40,675	36,260	
Management and general expenses	153,456	151,786		42,345	43,922	
Operating profit	329,392	289,133	+13.9%	90,125	81,976	+10%
% of sales	7.6%	7.5%		7.8%	7.8%	
Financing costs (netto)	45,198	42,202		11,862	7,267	
Profit before taxes	284,194	246,931		78,263	74,709	
Taxes on income	65,446	56,081		17,205	13,717	
Net profit	218,748	190,850	+14.6%	61,058	60,992	-
%	5%	5%		5.3%	5.8%	
Net profit of:						
Owners of capital rights in the company	195,341	172,596	+13.2%	54,083	52,869	+2.3%
Minority rights	23,407	18,254		6,975	8,123	
Net profit	218,748	190,850		61,058	60,992	



EBITDA	477,129	413,899	+15.3%	149,512	116,086	+28.8%
%	10.9%	10.7%		12.9%	11.1%	