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Matrix IT Ltd.

Monitoring Report | March 2025

This credit rating report is a translation of a report that was written in Hebrew for a debt issued in Israel. The binding version is the one in the original language.

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Matrix IT Ltd.

Issuer Rating	**Aa3.il**	**Outlook: Stable**
Series Rating	**Aa3.il**	**Outlook: Stable**
Commercial Paper Rating	**P-1.il**	

Midroog affirms the Aa3.il rating of bonds (Series 2) issued by Matrix IT Ltd. ("Matrix" or the "Company"). The rating outlook is stable. Midroog also affirms the P-1.il rating of the commercial paper (Series 1) issued by the Company to private investors for a par value of up to NIS 300 million.[1]

Outstanding bonds rated by Midroog:

Series	Security No.	Rating	Outlook	Final maturity
B2	1189646	Aa3.il	Stable	01/02/2030
CP1	4450219	P-1.il	-	*

* The commercial paper (Series 1) is non-tradable and was issued to private investors. It has a value of NIS 300 million and is for a period 365 days with a renewal option every 365 days. It matures in February 2030, and is immediately callable at any time with advance notice of 7 business days.

Summary of Rating Rationale

- The Company's rating reflects a strong business profile based on its solid business positioning in Israel's information technology (IT) services industry (the "**industry**"), as evidenced by significant market shares in several of its key operating segments, primarily IT solutions and services, consulting and management in Israel and cloud and computing infrastructure. The Company's customer base is decentralized, with anchor customers in the finance, public and high-tech sectors and in the defense industry, with no dependence on a material customer but with a degree of concentration in some sectors.

- The Company's comparative advantages arise from its broad suite of services, customer diversification and multiple profit centers. Based on these advantages, Matrix has shown steady growth in recent years. The Company leverages growth opportunities through mergers and acquisitions, focusing on the achievement of synergies and value-added enhancement for its customers. The Company has a successful track record in this area.

  On March 11, 2025, the Company announced the acquisition of Magic Software Enterprises Ltd. ("**Magic**"), a public company owned by Formula Systems (1985) Ltd. (46.71%), in a cashless share

[1] The commercial paper (CP) rating is based, among other things, on the Company's declaration that throughout the term of the CP it will maintain liquidity reserves and available credit, in favor of the CP, in an amount of no less than NIS 300 million (of which at least NIS 200 million in cash/unused committed facilities), in order to meet an immediate call on the CP within 7 business days as per the CP terms.

exchange transaction by way of a triangular reverse merger[2] (the "**Magic Transaction**"). This is a significant transaction, which is set to be signed in the fourth quarter of 2025, subject to several conditions, including approval by the general meetings as well as the approval of the Competition Commissioner. The transaction is expected to contribute to the Company's positioning, by increasing the scope of operations, improving the balance sheet structure, enlarging the customer base and expanding geographical presence.

- Midroog assesses the IT industry in Israel to be at low risk, due to stable demand and high entry and transition barriers. The industry has shown steady growth in recent years, in a trend that is expected to persist, with STKI forecasts indicating an increase of 8.2%[3] in 2025.
- In 2024, the Company recorded an improvement in profitability and in the profit base, due to a positive operating environment and improved operational efficiency. The operating profit margin rose to 8.1%, compared to 7.5% in 2023, and is expected to remain within a range of 7.5%-8.0% in 2025. The improvement in profitability is mainly attributable to a change in the revenue mix in the segment of IT solutions and services in Israel, coupled with a growth in EDP transactions in the segment of cloud and computing infrastructure, the revenues from which are presented on a net basis. In addition, an improvement was recorded in operational efficiency. On the other hand, there has been a decline in the profit margins of the Company's operations in the U.S. and in the segment of software products. In the segment of software products, notwithstanding the decline in profitability, operating profit has grown due to a significant increase in segment revenues. As a result, the Company registered a 14.4% growth in operating profit in 2024, amounting to NIS 450 million, compared to NIS 393 million in 2023.
- Midroog's base case scenario for 2025 is based on the following assumptions: **(1)** A 5%-8% growth in consolidated revenues, similar to 2024, spurred by increasing demand for IT services, mainly in the cloud, cyber, digital and data domains, along with expectations for accelerated GDP growth in Israel. **(2)** Stability in the consolidated operating profit margin, in view of a substantial market share and decentralized customer base, alongside a more moderate increase in payroll expenses in the sector and a relatively diversified product mix. In our estimation, the segment of IT solutions and services in Israel, which accounts for 58%of consolidated revenues, will maintain steady profitability. **(3)** A high interest-rate environment. **(4)** Maintenance of high liquidity. **(5)** Distribution of a dividend in conformity with the Company's policy.

[2] Immediate report dated March 11, 2025 – Signing of an MOU for a merger transaction with Magic Software Enterprises Ltd.
[3] STKI – Israel IT Market Study 2024.

- In our estimation, consolidated revenues in 2025 will amount to NIS 5.7-6.2 billion (NIS 5.6 billion in 2024), and the consolidated operating profit margin will be in the range of 7.5%-8.0%. Midroog expects EBITDA in 2025 to total NIS 650-700 million, compared to NIS 637 million in 2024. As a result, the adjusted gross financial debt[4] to EBITDA ratio will be between 2.0 and 2.2 in 2025 (2.1 in 2024), which is appropriate for the rating level. The operating profit to net financial expenses ratio is expected to stand in 2025 at 5.5-6.5, compared to 6.7 in 2024.
- The Company enjoys high liquidity relative to its debt service needs, also considering future mergers and acquisitions, mainly supported by liquidity reserves of NIS 668 million, a good cash-flow generating ability and unused credit facilities amounting to NIS 930 million (of which a sum of NIS 300 million is committed) as of December 31, 2024. As against this, the Company has a comfortable repayment burden, with current maturities of long-term loans amounting to NIS 170 million and NIS 85 million in 2025 and 2026, respectively, as well as a commercial paper for a value of NIS 300 million.
- The Company's mergers and acquisitions strategy has bolstered its growth over the years, and it has acquired a proven track record of cash-flow generating acquisitions and successful integration of the acquired companies. In the course of 2020-2024 the Company made acquisitions for a cumulative total of NIS 146 million. At the same time, it has maintained in recent years stable leverage, in spite of the acquisitions, while implementing a consistent, if relatively expansive, dividend distribution policy, that provides for the distribution of 75% of the net profit attributable to the shareholders.
- In the framework of the additional rating considerations, Midroog awarded the Company a rating uplift based on its business standing and dominance in its areas of activity. This business strength contributes to revenue stability over time and provides high cash flow visibility, with a resulting reduction in the credit risk.

[4] Adjusted gross financial debt includes, inter alia, lease liabilities and liabilities for the acquisition of business operations and minority put options.

- The short-term rating for the commercial paper (CP) is based on the issuer's long-term rating and on a forecast of the Company's sources and uses for a period of 12 months, along with an assessment of the Company's ability to meet its current obligations. The CP rating is also based on the Company's declaration that throughout the term of the CP it will maintain liquidity reserves and available credit, in favor of the CP, at a 1:1 ratio, in an amount of no less than NIS 300 million (of which at least NIS 200 million in cash and/or unused committed facilities), taking into account the option available under the CP terms for an immediate call on the CP within 7 business days. Midroog's estimate in its base case scenario regarding the Company's sources and uses for the 12 months from December 31, 2024 projects a ratio of 1.2, derived from sources amounting to NIS 1,000-1,100 million, which include balances of cash and cash equivalents, unused credit facilities and funds from operations; versus uses amounting to NIS 850-950 million, which include changes in working capital, long- and short-term debt repayments, capital investments and an annual dividend distribution according to a distribution policy of 75%.
- Midroog's base case scenario does not take into account the Magic Transaction. For a discussion of the transaction, see Midroog's issuer comment.

Rating Outlook

The stable rating outlook is based on our assessment that the Company will maintain its strong business standing within the rating forecast period, alongside stable financial parameters.

Factors that could lead to a rating upgrade

- Improvement in the equity to total assets ratio.
- Significant improvement in the debt coverage ratios.

Factors that could lead to a rating downgrade

- Decline in the profitability ratios over time.
- Decrease in the adjusted gross debt to EBITDA ratio by more than 3.0 over time.

Matrix IT Ltd. – Key Financial Indicators (NIS in millions)

	2024	2023	2022	2021	2020
Revenue	5,580	5,232	4,673	4,360	3,854
Operating profit margin	8.1%	7.5%	7.5%	7.6%	7.5%
Equity to total assets	25.5%	27.1%	24.1%	25.5%	25.7%
Adjusted gross financial debt to EBITDA*	2.1	2.1	3.0	2.5	2.7
Operating profit / net financial expenses	5.2	4.8	6.9	7.2	6.8

* Adjusted gross financial debt includes, inter alia, lease liabilities and liabilities for the acquisition of business operations and minority put options.

Matrix IT Ltd. – Revenue and Operating Profit[5] by Operating Segments (NIS in millions)

	2024	2023	2022	2021	2020
Software solutions and services in Israel*	3,228 250	3,029 210	2,643 205	2,536 205	2,451 170
Software solutions and services in the U.S.	460 67	478 76	434 60	356 41	358 61
Marketing and support of software products	426 45	294 36	250 24	258 25	191 27
Integration solutions and computing infrastructure	1,466 106	1,431 88	1,346 77	1,210 62	854 44
Total	**5,580** **469**	**5,232** **411**	**4,673** **366**	**4,360** **333**	**3,854** **302**

* The "software solutions and services in Israel" segment includes the "training and assimilation" segment, in light of a reclassification made in the financial statements in 2024 and the processing of comparative figures by Midroog.

Detailed Rating Considerations

A supportive demand environment leading to strong industry growth also in 2025

Midroog assesses the IT industry in Israel to be at low risk and to have medium exposure to economic cycles, alongside high demand in the public sector, which is characterized by anticyclical investments. The field of software and value-added services is marked by relatively high entry barriers and transition barriers, particularly in comparison to the hardware domain. Competition in the industry is assessed by Midroog to be high, with several dominant players, due, among other things, to economies of scale that have led to consolidation processes in the industry, as well as local operations of international software and integration companies, alongside a multiplicity of small competitors. High public sector exposure and business engagements through tenders add to price pressures and lead to low profitability

[5] Operating profit before adjustments.

compared to other areas of business services. The industry is characterized by inherent exposure to technological changes, which drive growth through mergers and acquisitions.

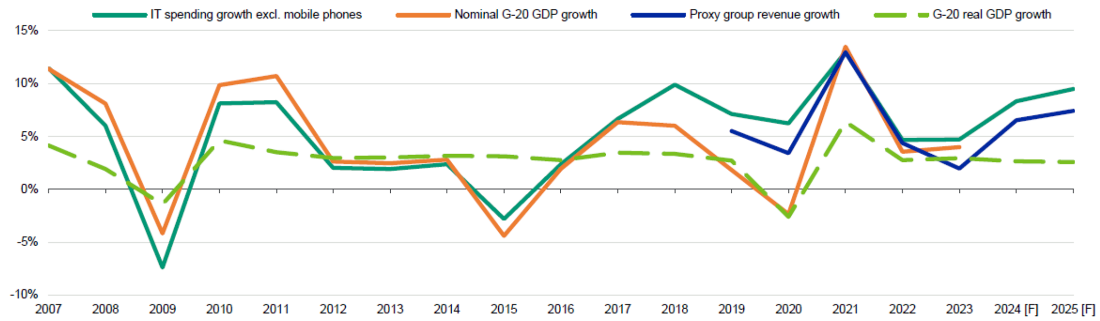
In recent years, the industry's growth has surpassed GDP growth, with the industry benefiting from the relative robustness of the Israeli economy, as well as from increased demand arising from an accelerated shift to cloud services, widespread adoption of AI, and expansion of cybersecurity solutions in view of intensifying domestic and global threats. The Gartner consulting and research firm foresees 9.8%[6] growth in the global IT industry in 2025, led by significant growth in data centers and in software solutions and services, which are expected to expand by 23% and 14%, respectively. Growth in the industry, particularly in these domains, is mainly driven by the acceleration in AI technology upgrades, with emphasis on generative AI. In September 2024, Moody's affirmed the positive outlook[7] for the IT industry, after it changed the outlook to positive in May 2024.[8] The change in outlook stemmed from a decline in macroeconomic risks compared to 2023, together with higher investments in AI technologies, which are expected to drive up cloud infrastructure expenses due to increased workloads. In addition, the tightening of regulation in the fields of information security and privacy, alongside an increase in the frequency of cyberattacks, is expected to accelerate investments and spending on cybersecurity services.

In its outlook from September, Moody's notes that following a slowdown in cloud infrastructure upgrades in 2022-2024, spending on cloud technologies is expected to grow by 20% due to upgrades that were deferred, accelerated transition to cloud-based solutions, and ongoing expansion in the use of business software programs and digital services. Concurrently, Moody's cites the main risks to industry growth as including a global economic downturn affecting IT budgets, rising tensions between the US and China which could impact US hardware suppliers, as well as delays in the adoption of AI solutions.

The STKI research firm foresees an 8.2% growth in the IT industry in Israel in 2025, led by software solutions and services, which are expected to register growth of 11.7%. The sectors in which IT expenses are expected to grow significantly include the government (10.3%), defense (9.4%) and financial (9.4%) sectors.

[6] Gartner – Forecasts Worldwide IT Spending, 21 Jan 2025
[7] Moody's – Diversified Information Technology – Global, 24 Sep 2024
[8] Moody's – Diversified Information Technology – Global, 02 May 2024

Chart 1: Rate of Growth in Computing Expenses Versus Global GDP Growth[9]



[F] Refers to Moody's forecasts for IT spending and proxy group revenue growth for the two years.
Proxy group refers to 25 companies listed in the Appendix.

Strong business positioning and broad customer decentralization, along with a degree of concentration in some economic sectors

Matrix is Israel's largest provider of value-added services in the IT services industry, with leading market shares in a wide range of sectors in the industry over time. It has strong customer relationships, reflected in high customer loyalty, despite the intense competition in the market, which includes numerous competitors, among them giant international companies.

The Company provides comprehensive computing infrastructure solutions, including hardware marketing and distribution, infrastructure setup and maintenance, including cloud solutions, outsourcing of business processes and technological support centers. The Company enjoys economies of scale relative to its competitors, which support its business positioning, inter alia, through the provision of an overall value proposition to the customer and the ability to carry out value-added projects of significant scope. The Company has a wide spread of projects and a diversified customer base across the different economic sectors, with anchor customers in the banking, government, high-tech and defense sectors. The wide variety of services and products provided by the Company confers synergetic advantages, enabling the Company to offer complementary solutions in the framework of a comprehensive value proposition, thereby contributing to the enhancement of its business risk profile.

In our assessment, the Company's exposure to the financial and public sectors, which account for one-third of its revenues and are characterized by stable demand driven by regulatory requirements, mitigates the exposure to economic cycles and contributes to revenue stability over time. Matrix is the only company in the IT industry that is designated as a defense enterprise, due to the scope and

[9] Moody's – Diversified Information Technology – Global, 24 Sep 2024

importance of the projects carried out by it on behalf of defense bodies in Israel. This status gives it a competitive edge and positions it as a significant player in the industry's future growth.

Chart 2: Revenue Distribution by Economic Sectors, 2024[10]

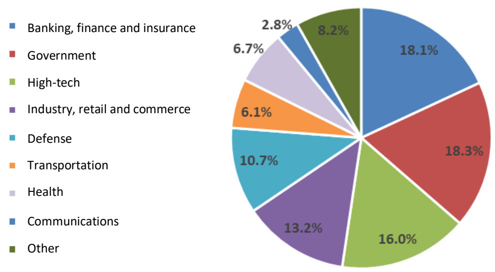
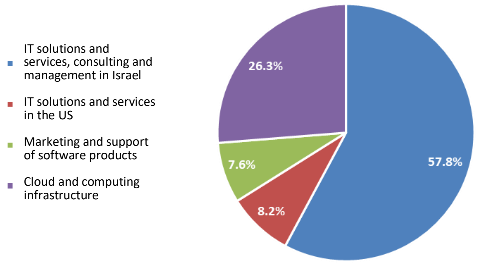


Chart 3: Revenue Distribution by Segments, 2024[11]



The Company's mergers and acquisitions strategy has bolstered its growth over the years, and it has acquired a proven track record of cash-flow generating acquisitions and successful integration of the acquired companies. In November 2024 the Company acquired a 51% stake in Alacer for $2 million. Alacer provides advisory and expert GRC services in the U.S. financial market. In December 2024 the Company acquired the entire share capital of Ortec for NIS 19.5 million. Ortec engages in the import, distribution and sale of equipment and machinery for various industries, including in the technology and defense sectors, and acts as representative for tens of international manufacturers in Israel. In addition, in February 2025 the Company completed the acquisition of Gav Systems Ltd. and Gav Expert Ltd., which operate in the field of outsourcing services, mainly for computer and software specialists, in a transaction valued at NIS 45.5 million. Furthermore, the Company recently announced an equity-based transaction for the acquisition of Magic – a significant transaction that is expected to contribute to the business and financial positioning of Matrix.

An increase in the project backlog and improvement in the revenue mix, supporting Company growth

The Company recorded in 2024 total revenues of NIS 5.58 billion, compared to NIS 5.23 billion in 2023.

The segment of software solutions and services in Israel grew by 7.7% in 2024, mainly due to organic growth in the areas of core systems, expert services and defense operations. Midroog's base case

[10] Company data.
[11] Publicly released financial statements and processing by Midroog.

scenario assumes growth of 5%-7% in revenues of this segment, based on the Bank of Israel's GDP growth forecasts and forecasts for IT growth in Israel and worldwide, and in view of the acquisition of Gav Systems and Gav Expert, which are expected to contribute to the Company's revenues starting from the second quarter of 2025.

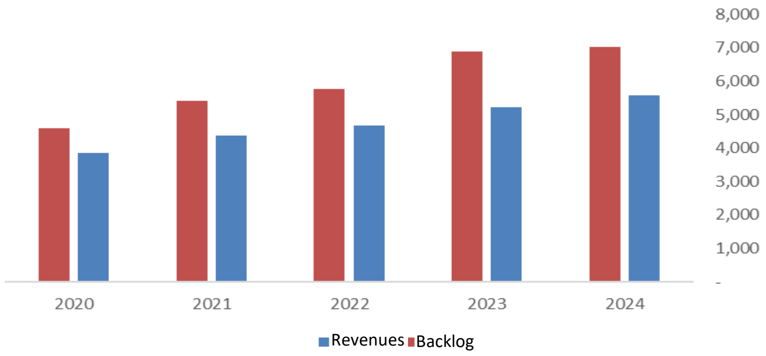
The segment of software solutions and services in the U.S. recorded a 3.8% drop in revenues in 2024 compared to 2023, mainly due to the completion of several projects and a decline in the number of new projects. The Company's operations in the U.S. are marked by volatility, stemming from the relatively limited scope of operations. In 2025 Midroog foresees growth of 6%-8% in revenues of this segment, following the entry of new projects in the second half of 2024 and beginning of 2025, which are expected to begin generating revenue in the course of 2025, as well as the acquisition of 51% of the share capital of Alacer in November 2024, which is also expected to boost revenues.

The sector of cloud and computing infrastructure posted organic growth of 2.4% in 2024 (10.6% excluding revenue reported on a net basis). The growth is mainly attributable to an increase in EDP cloud transactions from which revenue is presented on a net basis. Under the base case scenario, Midroog foresees in 2025 growth of 4%-6% in revenues of the segment, due to organic growth and the expected contribution of the acquisition of Ortec to segment revenues.

The segment of marketing and support of software products presented growth of 45% in 2024, mainly due to organic growth in the software products business, with emphasis on distribution transactions and an improvement in the results of subsidiaries in this operating segment. Midroog foresees in 2025 growth of 7%-12% in the segment of marketing and support of software products, mainly in light of the continued organic expansion of operations.

Midroog's base case scenario for 2025 is based on growth of 5%-8% in consolidated revenues, similar to 2024. spurred by increasing demand for IT services, mainly in the cloud, cyber, digital and data domains, along with expectations for accelerated GDP growth in Israel, among other things in light of the lower intensity of fighting on the different fronts. In our estimation, total consolidated revenues of the Company in 2025 will be in the range of NIS 5.7-6.2 billion, compared to NIS 5.58 billion in 2024 and to an average of NIS 4.8 billion in 2021-2023.

Chart 4: Development in Project Backlog and Revenues, 2020-2024 (NIS in million)



Profitability is expected to remain similar to 2024; stability in the coverage ratios during the forecast period

The Company presented average operating profitability of 7.7% in 2022-2024, with 2024 standing out favorably with profitability of 8.1%. The Company's principal segment, software solutions and services in Israel, posted profitability of 7.7% in 2024. The Company's profit margin is negatively impacted by the cloud and computing infrastructure segment, which presented on average relatively low profitability of 6.4% in 2022-2024, due to the strong competition and low profit margins characterizing this segment. However, inter alia in light of the growth in EDP transactions (which are reported on a net basis), the segment's operating profitability rose to 7.3% in 2024. The segment of software solutions and services in the U.S. presented an average profit margin of 14.8% in 2022-2024 (14.5% in 2024).

We estimate that the relatively high operating profitability presented by the Company in the past year, which stood at 8.1% and is attributable to streamlining of operating expenses and the revenue mix, will be maintained in 2025, albeit to a lesser extent. Under the base case scenario, we estimate an operating profit margin in the range of 7.5%-8.0%. Midroog has taken into account in its assessments long-term trends that negatively impact the Company's profitability, such as ongoing wage pressures in the software sector, alongside a relatively diverse product mix and retention of managed projects and services with higher profitability (such as in the engineering and defense sectors). In addition, Midroog believes that profitability in the segment of software solutions and services in the U.S. will remain similar to 2024, at between 14.0% and 14.5%. Midroog likewise believes that profitability in the segment of cloud and computing infrastructure will decline slightly but remain higher than the representative profitability in the past, due to an increase in EDP business, which is reported on a net revenue basis.

Profitability of the cloud and computing infrastructure segment is expected to be in the range of 6.5%-7.0%.

Under Midroog's base case scenario, EBITDA in 2025 will be in the range of NIS 650-700 million, compared to NIS 637 million in 2024, while FFO is expected to be in the range of NIS 490-520 million, compared to NIS 475 million in 2024. Capex (including capital investments and lease payments) is estimated by us at NIS 230-260 million in 2025, of which NIS 115 million is in respect of payment of lease liabilities. We assume an increase in working capital in the amount of NIS 30-50 million, and a dividend distribution amounting to NIS 200-230 million in conformity with the Company's policy (75% of profit). Accordingly, the Company's free cash flow (FCF) will be moderately positive, standing at NIS 10-50 million in 2025, compared to NIS 215 million in 2024, in which working capital decreased by NIS 113 million.

In 2024 the Company recorded an increase in the gross financial debt (which includes also lease liabilities, a liability for minority options and a liability for the acquisition of operations) to NIS 1.33 billion, compared to NIS 1.26 billion as of December 31, 2023. The growth in debt – in spite of a decrease in bank debt and in bond payments in this year – is primarily due to higher lease liabilities, following the Company's move to offices in Kfar Saba in respect of which longer lease contracts have been signed. The adjusted gross financial debt to EBITDA ratio amounted to 2.1 in 2024, similar to 2023. Midroog's base case scenario assumes an adjusted gross financial debt to EBITDA ratio in 2025 in the range of 2.0-2.2, which is appropriate for the rating level. The operating profit to net financial expenses coverage ratio is projected to be in the range of 5.5-6.5, compared to 6.7 in 2024, due inter alia to an expected growth in net financial expenses, mostly in respect of book adjustments of financial expenses – revaluation of minority put options in subsidiaries, and in respect of lease agreements.

The Company's leverage level weighs on the rating, given an equity to total assets ratio of 25.5% as of December 31, 2024 (27.1% as of December 31, 2023). The equity to total assets ratio in the base case scenario for 2025 is projected to remain at its present level, in the range of 24.0%-27.0%.

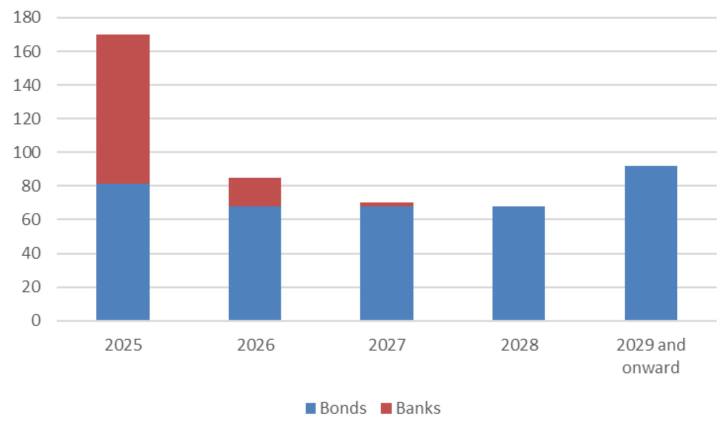
A stable financial profile supported by substantial cash reserves

The short-term rating (CP rating) is based on the long-term issuer rating and on a forecast of the Company's sources and uses for a period of 12 months. The Company maintains high liquidity relative to its debt service needs and considering future payments in light of past acquisitions. The Company's liquidity in 2024 was mainly supported by cash balances totaling NIS 668 million. In addition, as of December 31, 2024, the Company has unused credit facilities amounting to NIS 930 million, of which a sum of NIS 300 million is committed. The Company's cash balances are held against current maturities of long-term loans amounting to NIS 170 million and NIS 85 million in 2025 and 2026, respectively, as well as a commercial paper for NIS 300 million which is payable by February 2030 at the latest, with an option for an immediate call within 7 business days. Midroog assumes that over time, some of the Company's available cash will be used for mergers and acquisitions in the medium to long term. The Company has undertaken to maintain, throughout the term of the CP, liquidity reserves and available credit, in favor of the CP, in an amount of no less than NIS 300 million (of which at least NIS 200 million in cash and/or unused committed facilities).

Midroog's estimate in its base case scenario regarding the Company's sources and uses for 12 months projects a ratio of 1.2, derived from sources amounting to NIS 1,000-1,100 million, which include cash balances and funds from operations, and uses amounting to NIS 850-950 million, which include changes in working capital, long- and short-term debt repayments, capital investments and an annual dividend distribution according to a distribution policy of 75%.

The Company has demonstrated over time a stable financial policy, good compliance with forecasts and high transparency in its conduct, along with an ability to merge and integrate new companies, maintain positive financial parameters and cope with financial crises. Midroog considers these characteristics to have a positive contribution to the Company's rating. Midroog believes the Company has high financial flexibility and good access to financing sources in view of its business positioning and strong funds from operations. On the other hand, the financial policy is adversely affected by an expansive dividend distribution policy, that provides for the distribution of 75% of the net profit attributable to the shareholders.

Chart 5: Long-Term Liabilities Amortization Schedule, as of December 31, 2024 (NIS in million)



Additional Rating Considerations

The Company's rating is a notch above the rating derived from the rating scorecard, after Midroog awarded the Company a rating uplift based on its business standing and dominance which are greater than their relative weight in the rating scorecard. This business strength contributes to revenue stability over time and provides high cash flow visibility, with a resulting reduction in the credit risk.

Environmental, Social and Governance (ESG) Considerations

The Company's operations are based on information systems and on digital information of various kinds. Exposure of databases, damage due to cyber incidents, cyberattacks, leakage of business information, and so forth, could disrupt the Company's operations, with significant negative implications for the Company, including its employees, customers and suppliers. In recent years there has been a sharp rise in the frequency and severity of cyber incidents targeting Israeli organizations and companies, and the transition to hybrid work has heightened vulnerability to cyber threats. The Company takes a range of steps to protect its array of information technologies and to minimize information security risks, including the employment of a chief cyber and information security officer, retention of external experts, employee training programs, frequent inspections and penetration tests, purchase of cyber risk insurance, and more. In addition, the Company's board of directors includes an outside director with cyber expertise.

Rating Scorecard

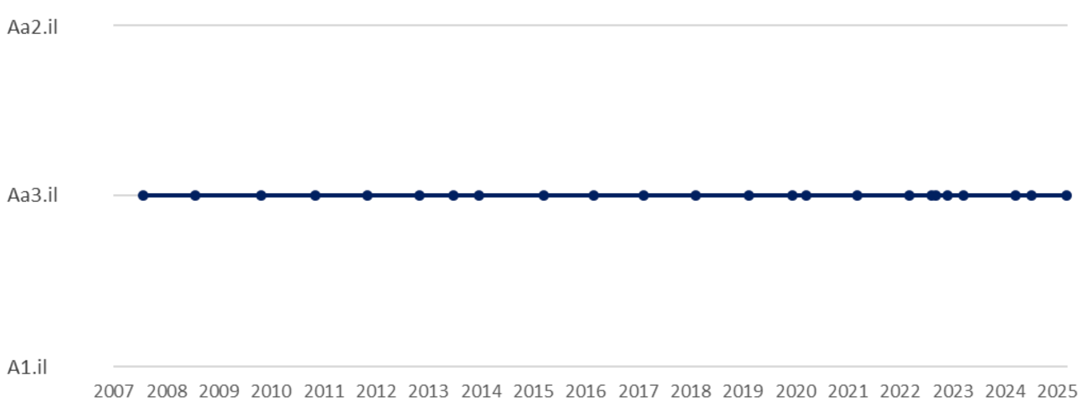
		As of December 31, 2024		Midroog Forecast	
Category	Parameters	Measurement[1]	Score	Measurement	Score
Operating sector	Sector risk	---	A.il	---	A.il
Business profile	Total revenues	NIS 5,580M	Aa.il	NIS 5,700-6,200M	Aa.il
	Business standing	---	Aa.il	---	Aa.il
Profitability	Operating income margin	8.1%	Aa.il	7.5%-8.0%	A.il-Aa.il
Financial profile	Equity/total assets	25.5%	A.il	24.0%-27.0%	Baa-A.il
	Adjusted gross debt/EBITDA	2.1	Aa.il	2.0-2.2	Aa.il
	Operating income/financial expenses	6.7	Aa.il	5.5-6.5	A.il-Aa.il
	Financial policy	---	A.il	---	A.il
Implied score					**A1.il**
Final score					**Aa3.il**

[1] The metrics shown in the table are after adjustments by Midroog and are not necessarily identical to those presented by the Company. The Midroog forecast includes Midroog's assessments with respect to the issuer as presented in its baseline scenario and forecast, and not the issuer's assessments

Company Profile

Matrix IT Ltd. is a leader in the IT services sector in Israel, employing 11,570 people as of December 31, 2024, and providing diverse IT services to industries across the economy, with emphasis on the public, financial and high-tech sectors. The Company also markets software products of a wide range of manufacturers in Israel and worldwide. The Company's shares are traded on the Tel Aviv Stock Exchange. The controlling shareholder of the Company (48.21%) is Formula Systems (1985) Ltd. (Aa3.il), a public company held (25.82%) by Asseco Poland SA – a public IT services company in Poland. The chairman of the board of directors is Guy Bernstein, and the Company's CEO is Mr. Moti Gutman.

Rating History



Related Reports

Matrix IT Ltd. – Related Reports

Short-Term Ratings – Methodology Report, December 2019

Non-Financial Corporates Rating – Methodology Report, December 2022

Financial Statement Adjustments and Presentation of Main Financial Measures in Corporate Rating – Methodology Report, December 2024

Guidelines for Reviewing Environmental, Social and Governance Risks in Credit Ratings – Methodology Report, February 2022

Table of Relationships and Holdings

Midroog Rating Scales and Definitions

The reports are published on the Midroog website at www.midroog.co.il

General Information

Date of rating report:	March 24, 2025
Date of last revision of the rating:	July 16, 2024
Date of first publication of the rating:	August 8, 2007
Rating commissioned by:	Matrix IT Ltd.
Rating paid for by:	Matrix IT Ltd.

INFORMATION FROM THE ISSUER

Midroog relies in its ratings inter alia on information received from competent personnel at the issuer.

Local Long-Term Rating Scale

Aaa.il	Issuers or issues rated Aaa.il are those that, in Midroog judgment, have highest creditworthiness relative to other local issuers.
Aa.il	Issuers or issues rated Aa.il are those that, in Midroog judgment, have very strong creditworthiness relative to other local issuers.
A.il	Issuers or issues rated A.il are those that, in Midroog judgment, have relatively high creditworthiness relative to other local issuers.
Baa.il	Issuers or issues rated Baa.il are those that, in Midroog judgment, have relatively moderate credit risk relative to other local issuers, and could involve certain speculative characteristics.
Ba.il	Issuers or issues rated Ba.il are those that, in Midroog judgment, have relatively weak creditworthiness relative to other local issuers, and involve speculative characteristics.
B.il	Issuers or issues rated B.il are those that, in Midroog judgment, have relatively very weak creditworthiness relative to other local issuers, and involve significant speculative characteristics.
Caa.il	Issuers or issues rated Caa.il are those that, in Midroog judgment, have extremely weak creditworthiness relative to other local issuers, and involve very significant speculative characteristics.
Ca.il	Issuers or issues rated Ca.il are those that, in Midroog judgment, have extremely weak creditworthiness and very near default, with some prospect of recovery of principal and interest.
C.il	Issuers or issues rated C are those that, in Midroog judgment, have the weakest creditworthiness and are usually in a situation of default, with little prospect of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from Aa.il to Caa.il. The modifier '1' indicates that the obligation ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the obligation ranks in the lower end of that category, denoted by letters.

Local Short-Term Rating Scale

P-1.il	Issuers rated Prime-1.il are, in Midroog Judgment, have very good ability to repay short-term obligations relative to other local issuers.
P-2.il	Issuers rated Prime-2.il are, in Midroog judgment, have good ability to repay short-term obligations relative to other local issuers.
P-3.il	Issuers rated Prime-3.il are, in Midroog judgment, have moderate ability to repay short-term obligations relative to other local issuers.
NP.il	Issuers rated Not Prime.il do not belong in any of the Prime categories.

Linkage between the Long-Term and Short-Term Rating Scales

The following table shows the long-term ratings consistent with short-term ratings, when such long-term ratings exist[12].

Long Term Rating	Short Term Rating
Aaa.il	
Aa1.il	
Aa2.il	
Aa3.il	Prime-1.il
A1.il	
A2.il	
A3.il	
Baa1.il	Prime-2.il
Baa2.il	
Baa3.il	Prime-3.il
Ba1.il,Ba2.il,Ba3.il	
B1.il,B2.il,B3.il	
Caa1.il,Caa2.il,Caa3.il	Not Prime
Ca.il	
C.il	

12 Structured finance short-term ratings are usually based on the short-term rating of a liquidity provider for the transaction or an assessment of cash flows available to repay the rated obligation.

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