

## **Matrikon Reports Third Quarter 2001 Financial Results**

*Nine-month revenue grows 58% to \$19.2 million*

Edmonton, AB –July 30, 2001 — Matrikon Inc. (TSE: MTK) today announced consolidated financial results for the nine months of fiscal 2001 ended May 31, 2001.

For the nine month period, Matrikon recorded revenues of \$19.2 million, an increase of 58% over \$12.1 million achieved in the corresponding period a year earlier when the company was a private company. Total revenue from implementation and consulting services accounted for \$16.6 million or 86% of revenue for the nine-month period, while license fee revenue was \$1.3 million, derived primarily from the licensing of the company's proprietary software.

Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the nine-month period was \$2.0 million or \$0.11 per share versus \$67,000 or \$0.00 per share during the same period in 2000. Matrikon posted net earnings of \$542,000 or \$0.03 per share for the 2001 nine-month period compared to a net loss of \$(642,000) or \$(0.04) per share during the corresponding period in fiscal year 2000.

“Our results during this period reflect continued growth in revenues and indicate that clients in a range of industries, from utilities to oil and gas are recognizing the value Matrikon's IT solutions add to their bottom line,” commented Nizar J. Somji, president and CEO of Matrikon. “Our value proposition is being well received by the market even in this time of economic slowdown.”

The oil and gas and power industries continue to be active and Matrikon recently won some major contracts in these industries. The Company was engaged on a \$1.6 million project for the Southern Company's Hatch Nuclear Plant in Baxley, Ga., where it is developing a new fault-tolerant Safety Parameter Display System to provide improved data acquisition and historical data storage functions.

Notable sales wins included the selection of Matrikon by Trus Joist (a Weyerhaeuser business) for the implementation of a process control, electrical engineering and data management solution at a new lumber facility in Ontario. Subsequent to quarter end, Matrikon announced a \$2.5 million contract win with Qatar Petroleum and unveiled a new industrial partnership with Celanese Canada Inc., a leading manufacturer of chemicals, fibers and industrial products.

### **Management Discussion & Analysis**

#### **Overview**

Matrikon Inc. completed the reverse takeover and subsequent vertical amalgamation with TigrSoft Inc. on March 31, 2001 following a special meeting of the shareholders of TigrSoft. The amalgamated company continued with the name Matrikon Inc. and the shares of the company were consolidated on a basis of one new common share for every five issued and outstanding common shares. A new board of directors was elected and a new management

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slate was appointed. Common shares of the consolidated company began trading on the TSE on April 17, 2001.

These interim financial statements for the nine-month period include the results of Matrikon and its subsidiaries. The results of TigrSoft have been included only for the period from March 31, 2001 on, the effective date of the reverse takeover.

**Revenues**

- For the nine month period, Matrikon recorded revenues of \$19.2 million, an increase of 58% over \$12.1 million achieved in the corresponding period a year earlier.
- Total revenue from implementation and consulting services accounted for \$16.6 million or 86% of revenue for the nine-month period, while license fee revenue was \$1.3 million, derived primarily from the licensing of the company's proprietary software.
- The company also earned \$649,000 from equipment sales and \$683,000 from extended support and other revenue.

**EBITDA**

- Earnings Before Income Tax, Depreciation and Amortization (EBITDA) for the nine-month period was \$2.0 million or \$0.11 per share (after excluding management compensation of \$700,000) versus \$67,000 or \$0.00 per share during the same period in 2000.
- Matrikon posted net earnings of \$542,000 or \$0.03 per share for the 2001 nine-month period compared to a net loss of \$(642,000) or \$(0.04) per share during the corresponding period in fiscal year 2000.

**Gross Margins**

- Gross margins reached 40% of revenues in the nine-month period, compared with 33% in the same period a year ago.

**Operating Expenses**

- Operating expenses reflect a growing business, but have generally stayed constant as a percentage of sales. Notable exceptions include General and Administrative expenses, which dropped to 10% or \$1.9 million from 13% or \$1.6 million in 2000, and Sales and Marketing expenses which increased to 6.7% or \$1.3 million from 3.4% or \$414,000 in 2000. Research and Development expense as a percentage remained constant at 6.8% or \$1.3 million for the first nine months of 2001 and \$816,000 for the first nine months of 2000.

**Cash & Investments**

- At the end of the quarter, the company had cash and short-term investments of \$312,000 and accounts receivable in the amount of \$6.3 million.
- Matrikon has an operating line of credit in the amount of \$6.0 million of which \$1.7 million was drawn as at May 31, 2001 compared to \$2.1 million advanced as at August 31, 2000.

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**Quarter Highlights**

- Matrikon added a number of new customers to its client list in the quarter. Notable sales included the selection by Trus Joist (a Weyerhaeuser business) for the implementation of a process control, electrical engineering and data management solution at a new lumber facility in Ontario.
- Matrikon was also engaged on a \$1.6 million project for the Southern Company's Hatch Nuclear Plant in Baxley, Ga., where the company is developing a new fault-tolerant Safety Parameter Display System to provide improved data acquisition and historical data storage functions.
- Subsequent to quarter end, Matrikon announced a \$2.5 million contract with Qatar Petroleum for software and professional services.
- Also subsequent to quarter end, Matrikon unveiled a new industrial partnership with Celanese Canada Inc., a leading manufacturer of chemicals, fibers and industrial products.
- Matrikon hired 81 new staff members in the three-month period, bringing the total staff to 325 at May 31, 2001.

**Conference Call**

Matrikon President and CEO Nizar J. Somji and CFO Shafin Kanji will hold a conference call to discuss third quarter results on Monday, July 30 at 4:30 p.m. Eastern (2:30 p.m. Mountain). To participate, call 416-646-3096 for the Toronto area and 1-866-246-6373 for all other areas.

A replay will be available until midnight on Wednesday, August 1. To access the playback service, please dial 416-640-1917 in Toronto or 1-877-289-8525, reservation number 132602#.

The conference call will also be webcast at <http://www.newswire.ca/webcast/pages/MatrikonInc20010730/>