

## Matrikon reports fiscal year and fourth quarter financial results, provides targets for 2003

| HIGHLIGHTS   | FY2003 TARGETS   |
|--|--|
| <ul style="list-style-type: none"> <li>• 2002 marks 14 consecutive years of growth and profitability</li> <li>• Fiscal year revenue up 36%</li> <li>• Fiscal year net income up by 63%</li> <li>• Fiscal year 2002 EPS \$0.07</li> </ul> | <ul style="list-style-type: none"> <li>• Revenue increase of 20-40%</li> <li>• Earnings increase of 10-30%</li> <li>• 20% revenue from license fees and related support</li> </ul> |

### EDMONTON

Suite 1800  
10405 Jasper Avenue  
Edmonton, Alberta  
T5J 3N4  
CANADA

780-448-1010  
780-448-9191 fax

### CALGARY, AB

### VANCOUVER, BC

### TORONTO, ON

### WHITE PLAINS, NY

### ST. LOUIS, MO

### HOUSTON, TX

### CLEVELAND, OH

### SAUDI ARABIA

[www.matrikon.com](http://www.matrikon.com)

Edmonton, AB –October 29, 2002 — Matrikon Inc. (TSX: MTK), a leading industrial IT solutions provider, today reported consolidated financial results for the fourth quarter and year ended August 31, 2002. Fiscal 2002 marked Matrikon's 14<sup>th</sup> consecutive year of growth and profitability.

"We executed exceptionally well during a very difficult year," said Nizar J. Somji, Matrikon's president and chief executive officer. "Our ability to achieve solid growth, and to do so profitably in this very tough environment demonstrates the strength and resilience of the people at Matrikon. It is also a testament to the success of our growth strategy and of our solutions, which continue to deliver solid value for our clients in any economic environment."

Fiscal year revenue grew by 36% to \$37.58 million from \$27.68 million in 2001. Fiscal year net income grew 63% to \$1.55 million or \$0.07 per share from \$0.95 million or \$0.05 per share in the prior year. Revenue for the fourth quarter was \$9.04 million compared to revenue of \$8.49 million for the fourth quarter of 2001. Net income for the three-month period was \$0.14 million or \$0.01 per share versus \$0.41 million or \$0.02 per share during the same period in fiscal 2001.

Shafin U. Kanji, Matrikon's chief financial officer said: "I am thrilled with our substantial earning and revenue growth, given that many companies in our peer group continue to post losses and show negative growth. We are well positioned for even greater success when the economy rebounds."

The company's long-term growth strategy focuses on four fundamentals: technological advancement, complementary services, geographic expansion and vertical industry expansion. These fundamentals will be achieved both through organic growth and strategic acquisitions.

### Outlook

Although discretionary IT spending has been weak for some time, management has not observed an impact on Matrikon's ability to close business or maintain growth, with the exception of decreased equipment sales, which are ancillary to the company's consulting business. The nature of Matrikon's products and services and the value that they deliver – with return on investment measurable in a matter of weeks or months – serves to insulate the company from the cycles affecting the IT industry. However, extensive uncertainty continues to exist given the current geopolitical environment.

Based on current contracts underway and assuming Matrikon's ability to win new business continues at the current pace, management expects the company to achieve revenue growth of 20% to 40% and earnings growth of 10% to 30% during fiscal year 2003. Due to the Hunter Control acquisition and other infrastructure costs, the majority of the earnings forecast are expected in the second half of the fiscal year.

### **Quarter Highlights**

- Subsequent to the end of the quarter, Matrikon announced that it had completed the acquisition of Hunter Control Pty Ltd, one of Australia's largest independent automation and information system integration companies. The acquisition gives Matrikon extended geographic reach, enabling entry to the growing Asian market and making it easier to execute projects around the globe. The acquisition also adds complementary service capability, extensive mining industry expertise, and an advanced controller that rounds out Matrikon's advanced control enterprise solution.
- Matrikon was engaged by The BOC Group to provide a complete control and information systems technology solution. The solution includes Matrikon's ProcessNet as the information delivery platform, ProcessDoctor for online performance monitoring and diagnosis and OPC technology to collect and store data from multiple systems. This project showcases Matrikon's total solution capability and deployment is planned at BOC's air separation and hydrogen plants globally.
- One of the world's leading cement suppliers chose Matrikon as its preferred supplier for control and automation integration, advanced process control applications, optimization and continuous emissions monitoring for their plants across North America.
- A worldwide energy company selected ProcessDoctor Online as its corporate standard for improving refinery production and resource utilization. ProcessDoctor Online provides a complete solution for monitoring and diagnosing the health of regulatory control technology, pinpointing and prioritizing problem areas, and monitoring advanced control technology to ensure that the return on investment for regulatory and advanced control technology is sustained over time. ProcessDoctor will be installed at multiple refineries across the United States by the end of next year.
- During and subsequent to the quarter, Matrikon was honored to receive several awards, including the Deloitte & Touche Technology Fast 50 for the fastest growing technology companies in Canada, the Fast 500 for the fastest growing technology companies in the world, the Canadian Business Tech 100, Canada's Top 100 Employer's and as a Company of the Year finalist in the Branham Technology Awards.
- Matrikon hired 33 new employees during the fourth quarter to execute backlog and upcoming projects. In addition, the acquisition of Hunter Control added 61 employees on September 5, bringing the current employee count to 415.

### **Conference Call**

Matrikon President and CEO Nizar J. Somji and CFO Shafin U. Kanji will hold a conference call to discuss fourth quarter results on Tuesday, October 29 at 4:00 pm Eastern (2:00 pm Mountain). To participate live, call 416-640-4127 in the Toronto area and 1-888-881-4892 for all other areas.

A replay will be available until midnight on Tuesday, November 5. To access the playback service, please dial 416-640-1917 in Toronto or 1-877-289-8525, reservation number 214466#.

The conference call will also be web cast at

<http://www.newswire.ca/webcast/pages/MatrikonInc20021029/>

## Financial Highlights

Stated in thousands of Canadian dollars except per share amounts.

| Consolidated Operational Data                 | 3 months ended August 31 |          | Year ended August 31 |             |
|---|--------------------------|----------|----------------------|-------------|
|   | 2002                     | 2001     | 2002                 | 2001        |
| <b>Revenue</b>                                |                          |          |                      |             |
| Consulting fees                               | \$ 7,199                 | \$ 5,775 | \$ 27,780            | \$ 22,364   |
| Equipment sales                               | 218                      | 1,886    | 3,372                | 2,535       |
| Software license fees                         | 1,139                    | 613      | 4,172                | 1,884       |
| Extended support                              | 483                      | 215      | 2,252                | 898         |
| Total revenue                                 | 9,039                    | 8,489    | 37,576               | 27,681      |
| Cost of sales                                 | 4,627                    | 4,662    | 19,003               | 16,227      |
| Gross margin                                  | 4,412                    | 3,827    | 18,573               | 11,454      |
| <b>Expenses</b>                               |                          |          |                      |             |
| Consulting                                    | 1,566                    | 505      | 5,727                | 1,597       |
| Sales and marketing                           | 996                      | 947      | 4,032                | 2,226       |
| Research and development                      | 589                      | 462      | 2,288                | 1,765       |
| General and administrative                    | 616                      | 988      | 3,135                | 2,918       |
| Amortization                                  | 280                      | 369      | 1,062                | 830         |
| Total expenses                                | 4,047                    | 3,271    | 16,244               | 9,336       |
| Other income (expense)                        | (54)                     | 30       | 380                  | (620)       |
| Income tax expense (recovery)                 |                          |          |                      |             |
| Current                                       | (56)                     | 91       | 141                  | 461         |
| Future  | 232                      | 85       | 1,018                | 85          |
| Net income                                    | 135                      | 410      | 1,550                | 952         |
| Earnings per share                            | 0.01                     | 0.02     | 0.07                 | 0.05        |
| Weighted average shares outstanding           | 23,722                   | 22,735   | 22,982               | 20,131      |
| <i>As at August 31</i>                        |                          |          |                      |             |
| <b>Consolidated Balance Sheet</b>             |                          |          | <b>2002</b>          | <b>2001</b> |
| <b>Assets</b>                                 |                          |          |                      |             |
| Cash  |                          |          | \$ 285               | \$ 238      |
| Other current assets                          |                          |          | 15,591               | 10,279      |
| Capital Assets                                |                          |          | 1,318                | 1,525       |
| Goodwill                                      |                          |          | 3,695                | 3,695       |
| Future taxes                                  |                          |          | 1,578                | 2,595       |
| Long term investments                         |                          |          | -                    | 564         |
| Intangible assets                             |                          |          | 1,256                | 690         |
|   |                          |          | 23,723               | 19,586      |
| <b>Liabilities &amp; shareholders' equity</b> |                          |          |                      |             |
| Bank indebtedness                             |                          |          | 2,273                | 938         |
| Other current liabilities                     |                          |          | 6,186                | 6,702       |
| Shareholders' equity                          |                          |          | 15,264               | 11,946      |
|   |                          |          | 23,723               | 19,586      |

## Management's Discussion & Analysis

The following Management's Discussion and Analysis should be read in conjunction with the Management's Discussion and Analysis and notes to the consolidated financial statements appearing in the Annual Report for the fiscal year ended August 31, 2001 and the subsequent quarterly earnings announcements.

### Overview

Matrikon is a provider of industrial IT solutions that optimize and streamline operations for maximum agility and profitability. Solutions include industrial data acquisition and storage strategies, data analysis and decision support systems, and data connectivity and web-delivered data technologies. Matrikon is the largest vendor-independent process industry system integrator in North America.

Matrikon's client base is diversified across a number of vertical industries, including oil and gas, energy and utilities, forestry, chemicals, metals and mining and discrete manufacturing.

Fiscal 2002 marked Matrikon's 14<sup>th</sup> consecutive year of growth and profitability. The company's long-term growth strategy focuses on four fundamentals: technological advancement, complementary services, geographic expansion and vertical industry expansion. These fundamentals will be achieved both through organic growth and strategic acquisitions.

Headquartered in Edmonton, Alberta, Matrikon employed 330 people at August 31, 2002 compared to 294 people at August 31, 2001. With the subsequent acquisition of Hunter Control and the hiring of additional employees subsequent to quarter end, Matrikon now employs 415 people. As at October 24, 2002, there were 23,721,985 common shares of the corporation issued and outstanding and 1,549,278 options exercisable.

While revenues increased by 36% over 2001, total costs increased by 35%, as people and infrastructure were added to execute on the increasing backlog and to position the company to achieve its growth targets for fiscal 2003.

### Revenue

| <b>3 Months Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b>      |            | <b>2001</b>      |            | <b>2002 vs<br/>2001</b> |
|--|------------------|------------|------------------|------------|-------------------------|
|  |                  | <b>%</b>   |                  | <b>%</b>   | <b>% Change</b>         |
| <b>Total Revenue</b>                                     | <b>\$ 9,039</b>  | <b>100</b> | <b>\$ 8,489</b>  | <b>100</b> | <b>6</b>                |
| Consulting fees  | 7,199            | 80         | 5,775            | 68         | 25                      |
| Equipment sales  | 218              | 2          | 1,886            | 22         | (88)                    |
| Total services and related                               | 7,417            | 82         | 7,661            | 90         | (3)                     |
| Software license fees                                    | 1,139            | 13         | 613              | 7          | 86                      |
| Extended support   | 483              | 5          | 215              | 3          | 125                     |
| Total product and related                                | 1,622            | 18         | 828              | 10         | 96                      |
| <b>Year Ended August 31</b><br><i>(in thousands)</i>     | <b>2002</b>      |            | <b>2001</b>      |            | <b>2002 vs<br/>2001</b> |
|  |                  | <b>%</b>   |                  | <b>%</b>   | <b>% Change</b>         |
| <b>Total Revenue</b>                                     | <b>\$ 37,576</b> | <b>100</b> | <b>\$ 27,681</b> | <b>100</b> | <b>36</b>               |
| Consulting fees  | 27,780           | 74         | 22,364           | 81         | 24                      |
| Equipment sales  | 3,372            | 9          | 2,535            | 9          | 33                      |
| Total services and related                               | 31,152           | 83         | 24,899           | 90         | 25                      |
| Software license fees                                    | 4,172            | 11         | 1,884            | 7          | 121                     |
| Extended support   | 2,252            | 6          | 898              | 3          | 151                     |
| Total product and related                                | 6,424            | 17         | 2,782            | 10         | 131                     |

Over the past three years, Matrikon has been transitioning from a services company to a company that also offers proprietary products. This is reflected in the increasing portion of revenue from software licenses and extended support. Over the course of fiscal year 2002, upgrades to each product in the Process Suite line of products were released. While product development processes were developed and refined, a sales and marketing team was put in place to support and increase product sales. 2002 brought exceptional growth in revenue from product sales, including several corporate license agreements with clients such as The BOC Group, Exelon Generation Company, LLC, and AmerenUE. The target of 15% revenue from products set at the beginning of the year was exceeded by 2%. The target for 2003 is 20% revenue from products.

Extended support in the fourth quarter increased by 125% over the corresponding period of 2001, but decreased by 12% from the third quarter of 2002. Management sees several reasons for this decrease: (a) the focus of the sales force has been selling new product rather than renewing support, (b) products are working well for users, therefore they find it difficult to justify the expense of continued support in a tight economy, and (c) the TigrSoft APS product has not had any significant upgrades in several years, therefore eliminating one of the major motivators for continuing support. This is a major contributor to the decrease, as APS support makes up the bulk of extended support. A new product suite, the Mx (Manufacturing Excellence) Suite, will replace the TigrAPS product in the next few months. Matrikon's commitment to research and development and leading edge technology will encourage existing APS customers as well as new users to maintain support to benefit from technological advancements.

Equipment sales are ancillary to consulting engagements and fluctuate period by period, depending on both the type of project worked on and individual client needs. While equipment sales are not a primary focus for the company, multidisciplinary projects often include equipment sales as part of the total solution package. Equipment sales were unusually high in Q4 of 2001 and Q1 of 2002. This anomaly affects quarter over quarter revenue comparisons for Q4 of 2002 and will likely also affect the first quarter of 2003. Management notes that the decline in equipment sales is likely linked to the weak economy, as capital expenditures are usually the first to be put on hold until economic conditions improve. In Q4, consulting services revenue rose by 25% to \$7.20 million, software license fees rose by 86% to \$1.14 million, and extended support increased by 125% to \$0.48 million to offset the reduction in equipment sales.

Management has noted the following seasonal trends in sales over the past several years. The first quarter is typically strong. The second quarter is traditionally Matrikon's weakest quarter due to a company-wide week long shut-down in December and the start of a new IT budget year in January for many clients. Sales begin to pick up in the third quarter, with this increase being offset by increased hiring activity. The fourth quarter is historically Matrikon's strongest quarter of the year.

The fourth quarter of 2002 did not follow this trend due to significantly higher than average equipment sales in the fourth quarter of 2001 and first quarter of 2002 and the increase in the effective tax rate in 2002, which especially impacted the fourth quarter (see Income Taxes). The company's backlog and sales pipeline remain strong.

## Segment Revenues

Matrikon has seven strategic business units: control and automation, industrial information systems (IS), advanced controls, systems, product sales and implementation, multidisciplinary projects and corporate and eliminations. Matrikon evaluates each business unit's performance and reports segmented information according to this structure. As shown in the table below, strong growth in systems, multidisciplinary projects and product sales and implementation contributed to revenue growth in both the quarter and the year-to-date periods.

| <b>3 Months Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b>  | <b>2001</b>  | <b>Change</b> | <b>%<br/>Change</b> |
|--|--------------|--------------|---------------|---------------------|
| Control & automation                                     | \$ 2,283     | \$ 3,088     | \$ (805)      | (26)                |
| Industrial IS  | 2,377        | 3,420        | (1,043)       | (30)                |
| Advanced controls  | 815          | 1,196        | (381)         | (32)                |
| Systems (drivers)  | 1,087        | 292          | 795           | 272                 |
| Product sales & implementation                           | 2,407        | 820          | 1,587         | 194                 |
| Multidisciplinary projects                               | 1,131        | 866          | 265           | 31                  |
| Corporate & eliminations                                 | (1,061)      | (1,193)      | 132           | (11)                |
| <b>TOTAL</b>   | <b>9,039</b> | <b>8,489</b> | <b>550</b>    | <b>6</b>            |

  

| <b>Year Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b>   | <b>2001</b>   | <b>Change</b> | <b>%<br/>Change</b> |
|--|---------------|---------------|---------------|---------------------|
| Control & automation                                 | \$ 8,159      | \$ 6,692      | \$ 1,467      | 22                  |
| Industrial IS  | 10,099        | 9,739         | 360           | 4                   |
| Advanced controls                                    | 4,808         | 3,751         | 1,057         | 28                  |
| Systems (drivers)                                    | 3,846         | 2,718         | 1,128         | 42                  |
| Product sales & implementation                       | 10,858        | 4,713         | 6,145         | 130                 |
| Multidisciplinary projects                           | 5,290         | 3,405         | 1,885         | 55                  |
| Corporate & eliminations                             | (5,484)       | (3,337)       | (2,147)       | 64                  |
| <b>TOTAL</b>   | <b>37,576</b> | <b>27,681</b> | <b>9,895</b>  | <b>36</b>           |

## Gross Margin

| <b>3 Months Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>%<br/>Change</b> |
|--|-------------|-------------|---------------|---------------------|
| Gross profit   | \$ 4,412    | \$ 3,827    | \$ 585        | 15                  |
| Gross margin   | 49%         | 45%         | 4%            |                     |

  

| <b>Year Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>%<br/>Change</b> |
|--|-------------|-------------|---------------|---------------------|
| Gross profit   | \$ 18,573   | \$ 11,454   | \$ 7,119      | 62                  |
| Gross margin   | 49%         | 41%         | 8%            |                     |

In line with one of management's objectives, gross margins improved by 4% to 49% of revenue in the fourth quarter and saw a substantial year-over-year improvement of 8%. Increasing revenue from license fees and extended support continue to have a positive impact on gross margin. As license fees and extended support grow as a percentage of revenue, gross margins should continue to improve.

## Net Income

| <b>3 Months Ended August 31</b>                |    |             |             |               |                 |
|--|----|-------------|-------------|---------------|-----------------|
| <i>(in thousands except per share amounts)</i> |    | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>% Change</b> |
| Net income                                     | \$ | 135         | \$ 410      | \$ (275)      | (67)            |
| Earnings per share                             |    | 0.01        | 0.02        | (0.01)        | (50)            |
| <b>Year Ended August 31</b>                    |    |             |             |               |                 |
| <i>(in thousands except per share amounts)</i> |    | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>% Change</b> |
| Net income                                     | \$ | 1,550       | \$ 952      | \$ 598        | 63              |
| Earnings per share                             |    | 0.07        | 0.05        | 0.02          | 40              |

Net income in the fourth quarter was affected by increased hiring in the third and fourth quarters and a significant increase in the effective tax rate (see Income Taxes).

In the fiscal year, legal fees and related costs in settling a lawsuit over alleged copyright infringement resulted in a \$0.02 reduction to earnings per share (net of tax) in the second quarter.

## Operating Expenses

### Consulting Expenses

| <b>3 Months Ended August 31</b> |    |             |             |               |                 |
|---------------------------------|----|-------------|-------------|---------------|-----------------|
| <i>(in thousands)</i>           |    | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>% Change</b> |
| Consulting expense              | \$ | 1,566       | \$ 505      | \$ 1,061      | 210             |
| As a percentage of revenue      |    | 17%         | 6%          | 11%           |                 |
| <b>Year Ended August 31</b>     |    |             |             |               |                 |
| <i>(in thousands)</i>           |    | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>% Change</b> |
| Consulting expense              | \$ | 5,727       | \$ 1,597    | \$ 4,130      | 259             |
| As a percentage of revenue      |    | 15%         | 6%          | 9%            |                 |

Consulting general and administrative expense represents the non-billable portion of project expenses, including all related infrastructure costs. The increase in consulting expenses is a result of the increasing infrastructure needed to support company growth. 33 employees were hired in the fourth quarter to execute projects in the existing backlog and to position the company to achieve its growth targets for fiscal 2003.

### Sales and Marketing

| <b>3 Months Ended August 31</b> |    |             |             |               |                 |
|---------------------------------|----|-------------|-------------|---------------|-----------------|
| <i>(in thousands)</i>           |    | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>% Change</b> |
| Sales and marketing             | \$ | 996         | \$ 947      | \$ 49         | 5               |
| As a percentage of revenue      |    | 11%         | 11%         | 0%            |                 |
| <b>Year Ended August 31</b>     |    |             |             |               |                 |
| <i>(in thousands)</i>           |    | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>% Change</b> |
| Sales and marketing             | \$ | 4,032       | \$ 2,226    | \$ 1,806      | 81              |
| As a percentage of revenue      |    | 11%         | 8%          | 3%            |                 |

The increase to sales and marketing (S&M) expense is in line with management's expectation and reflects the significant increase in the sales force and increased investment in marketing initiatives to support the company's drive to increase product to services revenue mix and average project value. S&M expenses are expected at between 10% and 15% of revenue for 2003.

## Product Development

| <b>3 Months Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>%<br/>Change</b> |
|--|-------------|-------------|---------------|---------------------|
| Research and development                                 | \$ 589      | \$ 462      | \$ 127        | 27                  |
| As a percentage of revenue                               | 7%          | 5%          | 2%            |                     |
| <b>Year Ended August 31</b><br><i>(in thousands)</i>     | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>%<br/>Change</b> |
| Research and development                                 | \$ 2,288    | \$ 1,765    | \$ 523        | 30                  |
| As a percentage of revenue                               | 6%          | 6%          | 0%            |                     |

Matrikon has kept research and development (R&D) expenses low while developing next generation products embodying the latest technology through an efficient development process as well as close ties with academic institutions and investment in the NSERC-Matrikon-ASRA Industrial Research Chair at the University of Alberta.

New versions of each product in the Process Suite line of products were released over the year and a completely rebuilt Mx Suite (advanced planning and scheduling and supply chain collaboration) will be released in the first half of 2003. All research and development costs are expensed as incurred.

## General and Administrative

| <b>3 Months Ended August 31</b><br><i>(in thousands)</i> | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>%<br/>Change</b> |
|--|-------------|-------------|---------------|---------------------|
| General and administrative                               | \$ 616      | \$ 988      | \$ (372)      | (38)                |
| As a percentage of revenue                               | 7%          | 12%         | (5%)          |                     |
| <b>Year Ended August 31</b><br><i>(in thousands)</i>     | <b>2002</b> | <b>2001</b> | <b>Change</b> | <b>%<br/>Change</b> |
| General and administrative                               | \$ 3,135    | \$ 2,918    | \$ 217        | 7                   |
| As a percentage of revenue                               | 8%          | 11%         | (3%)          |                     |

The decrease in general and administrative (G&A) expense is a result of improved cost allocation and a changed business model. In 2001, most of management was involved in the direct execution of contracts and thus included in cost of sales. After going public, a majority of key managers were reassigned to roles of project management and development.

## Income Taxes

The effective income tax rate for fiscal year 2002 was 42.8% compared with 36.4% in fiscal 2001. This increase is due to the revaluation of the tax asset acquired in the TigrSoft acquisition. The revaluation was a result of the change in income tax rates in Canada and the United States. The majority of the loss carry forwards (55%) are held in the United States, and therefore are also affected by exchange rate fluctuations. This increase especially impacts the fourth quarter, as income taxes are estimated and accrued throughout the year and reviewed at year-end.

## Liquidity and Capital Resources

At the end of the fourth quarter Matrikon had cash on hand of \$0.29 million compared to \$0.16 million at the end of the third quarter and \$0.24 million at August 31, 2001. At the end of the fourth quarter, accounts receivable were \$11.67 million compared to \$7.45 million at the end of the previous quarter and \$8.09 million at August 31, 2001. The increase in accounts receivable is attributable to increased consulting revenue and billing on large projects near the end of the quarter for which revenue is unearned and will be recognized in the first quarter of 2003. The average collection period in the fourth quarter was 89 days compared to 79 days in the third quarter and 89 days in the fourth quarter of 2001. Matrikon's client base consists primarily of Fortune 500 and other companies with strong credit ratings; hence bad debt expense has been very low at less than 0.5% per annum.

The amount drawn on the operating line of credit at the end of the fourth quarter was \$2.27 million compared to \$0.57 million, which had been advanced at the end of the third quarter, and \$0.94 million as at August 31, 2001. This increase relates to the higher accounts receivable in the period (an increase of 59% over the third quarter).

#### Summary of Consolidated Statement of Cash Flows

| (in thousands)   | 3 Months Ended Aug 31 |         | Year Ended Aug 31 |         |
|--|-----------------------|---------|-------------------|---------|
|  | 2002                  | 2001    | 2002              | 2001    |
| Cash provided by (used in) operating activities        | (1,788)               | 2,147   | (2,119)           | 1,819   |
| Cash used in (provided by) investing activities        | 238                   | (517)   | (857)             | (707)   |
| Cash provided from (repayment of) financing activities | 1,677                 | (1,704) | 3,023             | (1,144) |
| Cash increase (decrease)                               | 127                   | (74)    | 47                | (32)    |
| Cash, beginning of period                              | 158                   | 312     | 238               | 270     |
| Cash, end of period                                    | 285                   | 238     | 285               | 238     |

#### Forward-Looking Statements

*This Management's Discussion and Analysis contains forward-looking statements. The words "anticipates", "designed to", "plans", "believes", "expects", "will", "are confident that" and similar expressions are intended to identify such forward looking statements. These forward looking statements are made in light of the company's experience, its perception and assessment of historical and future trends, and the application of key assumptions relating to future events and circumstances. The material assumptions which underlie management's expectations for revenue and earnings per share include, but are not limited to, continued ability to close business at the same rate achieved in the past, continued market demand for Matrikon's products and service solutions, continued ability to retain and attract qualified employees, and continued availability of its existing line of credit. Readers should note that some assumptions, although considered reasonable at the date of the preparation of the forward-looking statement, might not materialize.*

*These forward looking statements are not guarantees of future performance and actual results could differ materially as a result of changes to Matrikon's plans and the impact of factors, risks and uncertainties, known and unknown, to which Matrikon's business is subject. The forward-looking statements in this press release speak only as of the date hereof. The factors which could cause actual results to differ materially from this level of revenue and earnings include, but are not limited to, changes to intensity of competition and a change in payroll costs (due to the service nature of the company, payroll is a significant component of costs). Readers are also referred to risk factors described in filings made by Matrikon from time to time with the securities regulators.*

#### For more information, contact:

Nicole Sayler  
 Corporate Communications  
 780-945-4010  
 email: [nicole.sayler@matrikon.com](mailto:nicole.sayler@matrikon.com)