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## **MATRIXONE, INC. REPORTS RECORD FIRST QUARTER RESULTS**

*— Revenues and Earnings Exceed First Call Estimates —*

*– First Quarter Software License Revenues Increase 143% and Total Revenues Increase 106% –*

**Chelmsford, Mass. – October 25, 2000** — MatrixOne, Inc. (NASDAQ: MONE), the first in Intelligent Collaborative Commerce™, announced today results for its first quarter ended September 30, 2000.

For the first quarter ended September 30, 2000, total revenues increased 106% to a record \$28.5 million, compared to \$13.9 million in the same period last year. Software license revenues increased 143% to a record \$18.1 million in the first quarter ended September 30, 2000, from \$7.5 million in the same period last year. Software license revenues represented 63% of total revenues, compared to 54% in the same period last year.

For the first quarter ended September 30, 2000, net income was \$0.5 million, or \$0.01 per share, compared to a net loss of \$1.4 million, or \$0.04 per share on a pro forma basis, in the same period last year. For the first quarter, net income, excluding stock-based compensation, was \$1.6 million, or \$0.03 per share, compared to a net loss of \$0.8 million, or \$0.02 per share on a pro forma basis, in the same period last year.

“I am extremely pleased with the Company’s exciting growth and financial performance in the first quarter,” said Mark O’Connell, MatrixOne President and CEO. “Our customers’ proven results are inspiring more and more of the world’s leading companies to choose MatrixOne as their e-business solution. We are delighted by the positive response from customers and industry analysts to our recent release of eMatrix™ 9, the most modern Internet collaboration solution on the market today.”

The following milestones were completed or announced during the first quarter of fiscal 2001:

- On September 11, 2000, MatrixOne announced its new eMatrix 9 Intelligent Collaborative Commerce platform, which enables companies to adapt instantly to changing business requirements, delivers information proactively to decision makers, and enables secure business process-based collaboration over the Internet. With eMatrix 9, companies can deploy new intelligent c-commerce solutions with no change to their business logic, choosing from a variety of leading web application servers and any mix of distributed software architectures including Enterprise Java Beans (EJB) for Java 2 Enterprise Edition (Java2EE), Java Remote Method Invocation (RMI) and Common Object Request Broker Architecture (CORBA). eMatrix 9 also offers new XML capabilities that allow companies to exchange

messages and content with collaborating partners or industry exchanges. Existing MatrixOne customers can easily upgrade to eMatrix 9, allowing them to take advantage of the most advanced web architectures available today.

- MatrixOne was recognized as part of the “New England Technology Fast 50” for 2000, a ranking of the 50 fastest-growing technology companies in the area. MatrixOne’s revenues increased 2,093% percent over the five-year period of 1995 to 1999.
- CNH Global, an \$11 billion leader in the agricultural equipment, construction equipment and financial services industries, awarded MatrixOne a \$5 million software contract to establish an Internet collaborative backbone for information and process standardization.
- Sanders, A Lockheed Martin Company, awarded MatrixOne a contract to standardize operations on its eMatrix collaborative solution. Sanders will implement MatrixOne’s solution to create an Internet-centric infrastructure to enhance productivity. When fully deployed, several thousand Sanders employees and strategic partners worldwide will collaborate using eMatrix technology.
- Posten Sverige, the Swedish Post Office, chose MatrixOne’s eMatrix software to build an eBusiness solution that will allow Posten Sverige to provide customized Internet services to each of the 500,000 customers it serves.
- Siemens Business Services (SBS), Germany, signed an agreement to provide system integration competence for MatrixOne’s eMatrix solution. In addition to providing product-related services with the eMatrix technology as an integrated solution, SBS and MatrixOne sales and marketing organizations will work together to serve new customers in the Middle East, Europe and Africa. SBS evaluated several products and chose the MatrixOne solution based on its ability to be easily implemented and rapidly adapted to changing business needs.
- Haefele GmbH & Co, a leading international supplier of furniture mountings, architectural hardware and electronic-locking technology, selected the eMatrix solution to provide the information backbone for a comprehensive online catalog, where customers can purchase more than 80,000 items for the building industry.
- UTS, a Fiat Group company and a leader in the supply of engineering services for the automotive industry, has chosen MatrixOne's software to manage its integrated product and process development environment. The goal of this initiative is to sharpen the company's competitiveness by giving its customers even more complete and efficient service.
- KPMG selected MatrixOne’s eMatrix solution as the foundation for its KPMG European eBusiness Solution Center, which is designed to provide companies with a series of eBusiness “end-to-end solutions,” primarily eProcurement, eMarketplaces, eSales, eCustomer Relationship Management, eSupply Chain Management and eWorkforce Optimization.

### **About MatrixOne, Inc.**

MatrixOne, Inc. (NASDAQ: MONE) is the first in Intelligent Collaborative Commerce. The company's products provide an infrastructure for establishing business-to-business collaboration among trusted customers, suppliers and other business partners, while also enabling standards-based access to independent trading communities and applications hosted by industry service providers. The eMatrix Intelligent Collaborative Commerce solution uses the Web to link people, processes and information to enable dramatic improvements in profitability and efficiency throughout the value chain.

MatrixOne has global customers in the high technology, aerospace/defense, automotive, communications, consumer, mechanical, machinery, medical equipment and process industries, including General Electric, John Deere, Procter & Gamble, Nokia, Toshiba, Philips, Siemens, Alcatel, JDS Uniphase, and Honda. These companies are using MatrixOne solutions to enhance their competitive advantage in the burgeoning business-to-business economy.

Headquartered in Chelmsford, Massachusetts, MatrixOne ([www.matrixone.com](http://www.matrixone.com)) maintains offices in North America, Europe, and Asia.

Note: Adaptlets, eMatrix 9, and Intelligent Collaborative Commerce are trademarks of MatrixOne, Inc. All other trademarks mentioned herein are believed to be the properties of their respective owners.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 - Forward-looking statements in this release are not promises or guarantees and are subject to risks and uncertainties that could cause our actual results to differ materially from those anticipated. We caution you not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Such statements may relate, among other things, to our plans, objectives and expected financial and operating results. Forward-looking statements will also include, without limitation, any statement relating to future events, conditions or circumstances or using words such as: will, believe, anticipate, expect, could, may, estimate, project, plan, predict, or intend. The risks and uncertainties that may affect forward-looking statements include, among others: the market may not accept our products; our sales cycle is lengthy and variable; we may be unable to develop new products and services that keep pace with technology; we may be unable to develop and maintain successful relationships with systems integrators and complementary technology vendors, our international operations are subject to greater business risks than our domestic operations, future acquisitions may adversely affect our operations and financial results, we may be unable to manage our rapid growth which places a significant strain on our resources, and increased competition may have an adverse effect on pricing, revenues, gross margins and our customer base. For a more detailed discussion of the risks and uncertainties of our business, please refer to our periodic reports and registration statements filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended July 1, 2000.

**MATRIXONE, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	Three Months Ended	
	September 30, 2000	October 2, 1999
	(unaudited)	(unaudited)
<b>Revenues:</b>		
Software license.....	\$ 18,110	\$ 7,460
Service .....	10,438	6,421
Total revenues.....	28,548	13,881
<b>Cost of Revenues:</b>		
Software license.....	1,796	1,005
Service .....	7,952	5,027
Total cost of revenues.....	9,748	6,032
<b>Gross Profit</b> .....	18,800	7,849
<b>Operating Expenses:</b>		
Selling and marketing.....	13,681	6,171
Research and development.....	3,578	1,480
General and administrative.....	2,219	1,082
Stock-based compensation .....	1,046	633
Total operating expenses.....	20,524	9,366
<b>Loss from Operations</b> .....	(1,724)	(1,517)
Other Income, Net.....	2,503	98
Income (Loss) Before Income Taxes.....	779	(1,419)
Provision for Income Taxes.....	250	—
<b>Net Income (Loss)</b> .....	\$ 529	\$ (1,419)
<b>Net Income (Loss) Per Share:</b>		
Basic net income (loss) per share .....	\$ 0.01	\$ (0.27) (a)
Diluted net income (loss) per share .....	\$ 0.01 (c)	\$ (0.27) (a)
<b>Shares Used in Computing:</b>		
Basic net income (loss) per share .....	42,258	5,203 (a)
Diluted net income (loss) per share .....	50,384 (c)	5,203 (a)
<b>Pro Forma Net Income (Loss) Per Share:</b>		
Pro forma basic net income (loss) per share .....	\$ 0.01	\$ (0.04) (b)
Pro forma diluted net income (loss) per share.....	\$ 0.01 (c)	\$ (0.04) (b)
<b>Pro Forma Net Income (Loss) Per Share, Excluding Stock-Based Compensation:</b>		
Pro forma basic net income (loss) per share .....	\$ 0.04	\$ (0.02) (b)
Pro forma diluted net income (loss) per share.....	\$ 0.03 (c)	\$ (0.02) (b)
<b>Shares Used in Computing:</b>		
Pro forma basic net income (loss) per share .....	42,258	31,965 (b)
Pro forma diluted net income (loss) per share.....	50,384 (c)	31,965 (b)

(a) The shares used in the computation of basic and diluted net income (loss) per share for the three months ended October 2, 1999 exclude the assumed conversion of all outstanding preferred stock into common stock.

- (b) The shares used in the computation of pro forma basic and diluted net income (loss) per share for the three months ended October 2, 1999 include the assumed conversion of all outstanding preferred stock into common stock, as if the conversion had occurred at the date of issuance.
- (c) The shares used in the computation of diluted net income per share for the three months ended September 30, 2000 include 8,126 common stock equivalents, such as stock options and warrants.

**MATRIXONE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(in thousands)**

	<b>September 30, 2000</b>	<b>July 1, 2000</b>
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents	\$ 158,518	\$ 153,455
Accounts receivable, net	24,825	21,388
Prepaid expenses and other current assets	<u>4,580</u>	<u>3,993</u>
Total current assets	<b>187,923</b>	178,836
Property and Equipment, Net	4,932	4,615
Other Assets	<u>397</u>	<u>966</u>
	<b><u>\$ 193,252</u></b>	<b><u>\$ 184,417</u></b>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 8,724	\$ 5,921
Accrued expenses	18,719	16,026
Deferred revenues	<u>11,412</u>	<u>10,877</u>
Total current liabilities	<b><u>38,855</u></b>	<b><u>32,824</u></b>
Stockholders' Equity:		
Common stock	428	420
Additional paid-in capital	205,953	205,344
Notes receivable from stockholders	—	(738)
Deferred stock-based consideration	(12,467)	(14,088)
Accumulated deficit	(38,297)	(38,826)
Accumulated other comprehensive loss	<u>(1,220)</u>	<u>(519)</u>
Total stockholders' equity	<b><u>154,397</u></b>	<b><u>151,593</u></b>
	<b><u>\$ 193,252</u></b>	<b><u>\$ 184,417</u></b>