

Formula Systems

Investor Presentation

May 2025

SAPIENS

matrix



TSC
EXPANDING YOUR ADVANTAGE



zap group



Michpal
— TECHNOLOGIES —

inSync
Staffing

שמר
מערכות בטחון ובקרה מתקדמות

EFEK
AERIAL PHOTOGRAPHY

השחר
טלקום וחשמל בע"מ



Forward Looking Statements

- Certain matters discussed in this presentation, that are incorporated herein by reference are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on our beliefs, assumptions and expectations, as well as information currently available to us. Such forward-looking statements may be identified by the use of the words “anticipate,” “believe,” “estimate,” “expect,” “may,” “will,” “plan” and similar expressions. Such statements reflect our current views with respect to future events and are subject to certain risks and uncertainties. There are important factors that could cause our actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to: the degree of our success in our plans to leverage our global footprint to grow our sales; the degree of our success in integrating the companies that we have acquired through the implementation of our M&A growth strategy; the lengthy development cycles for our solutions, which may frustrate our ability to realize revenues and/or profits from our potential new solutions; our lengthy and complex sales cycles, which do not always result in the realization of revenues; the degree of our success in retaining our existing customers or competing effectively for greater market share; difficulties in successfully planning and managing changes in the size of our operations; the frequency of the long-term, large, complex projects that we perform that involve complex estimates of project costs and profit margins, which sometimes change mid-stream; the challenges and potential liability that heightened privacy laws and regulations pose to our business; occasional disputes with clients, which may adversely impact our results of operations and our reputation; various intellectual property issues related to our business; potential unanticipated product vulnerabilities or cybersecurity breaches of our or our customers’ systems; risks related to the insurance industry in which our clients operate; risks associated with our global sales and operations, such as changes in regulatory requirements, wide-spread viruses and epidemics like the recent novel coronavirus pandemic, or fluctuations in currency exchange rates; and risks related to our principal location in Israel and our status as a an Israeli company.
- While we believe such forward-looking statements are based on reasonable assumptions, should one or more of the underlying assumptions prove incorrect, or these risks or uncertainties materialize, our actual results may differ materially from those expressed or implied by the forward-looking statements. Please see the risks listed under the heading “Risk Factors” in our most recent Annual Report on Form 20-F for the year ended December 31, 2024, filed with the U.S. Securities and Exchange Commission on May 14, 2025, in order to review conditions that we believe could cause actual results to differ materially from those contemplated by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in our expectations.

Formula Systems – Overview

Focus: IT solutions and software services for key sectors

Israel's largest IT & Software Services Holding Group

A member of Asseco Poland S.A (**6th largest IT services company in CE**)⁽¹⁾

Over **20,000** highly experienced **IT experts**

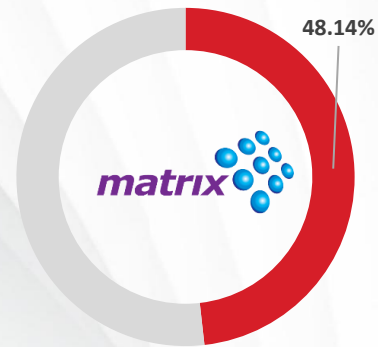
Presence in **~40 countries**, a long list of references from blue chip companies from all over the world

Listed on the **NASDAQ and Tel Aviv** Stock Exchange. Also listed: Matrix IT⁽²⁾, Sapiens⁽³⁾ International ,Magic Software⁽⁴⁾ and TSG IT Advanced Systems⁽⁵⁾

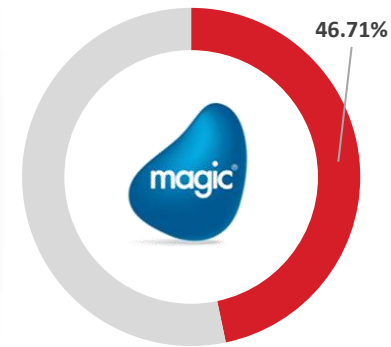
Formula Systems – Our Portfolio (as of 31.03.25)



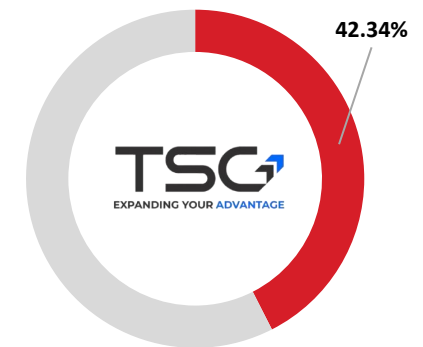
A leading global provider of **software solutions for the insurance industry**
Duel-listed NASDAQ/TASE (TA-90)



Israel's leading **service integrator**
TASE (TA-90)



global provider of IT consulting services
and end-to-end integration and application
development platforms solutions
Duel-listed NASDAQ/TASE (TA-90)



A system integrator of **Command & Control, Communications and Computer solutions**
TASE (TA-Tech)

6 Private Investees



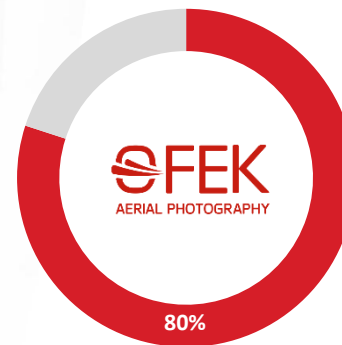
Israel's largest group of **consumer websites provider** of
advertising solutions and website
promotion



A provider of proprietary **payroll software solution** for processing
traditional payroll stubs and
consulting services



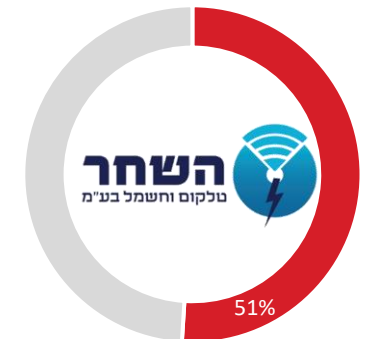
U.S. based full-service
provider of **staffing solutions**



A leading service provider in
Israel in the fields of **aerial and satellite mapping**, geographic
data collection and processing



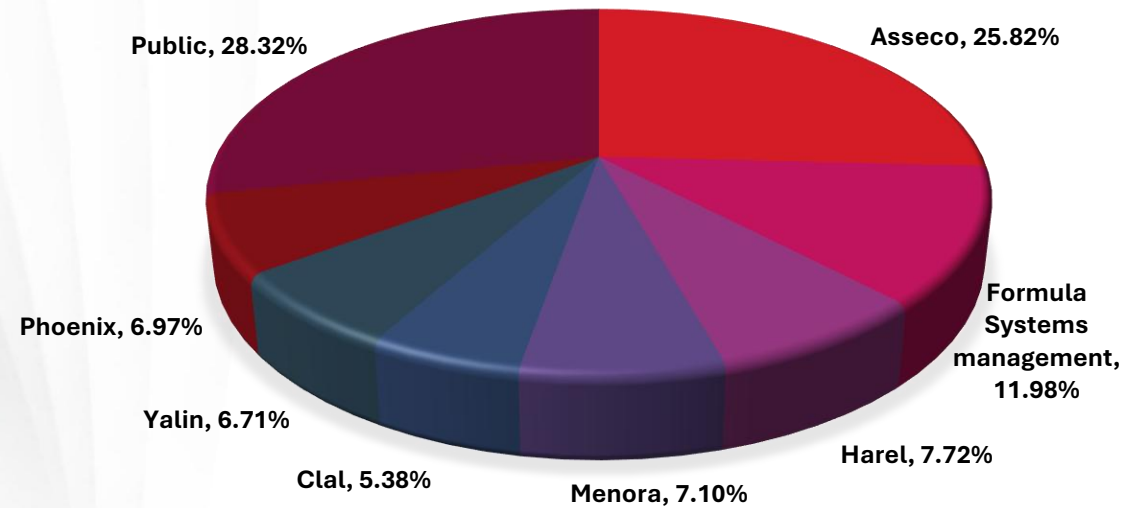
A leading Israeli Integrator, specializing in
advanced security and control solutions, IT
and communications infrastructure,
Multimedia, Mass warning and PA systems.



A leading Israeli Integrator, specializing in
providing comprehensive communication and electrical infrastructure services.

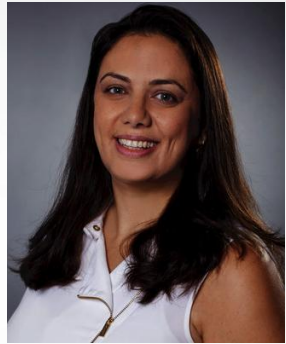
Formula Systems – Shareholders (as of 31.3.25)

- **Asseco** - ~26%
- **Management** - ~12%
- **Special Interest Financial Institutions** – ~34%



Formula Systems – Management

Our strength lies in people – highly skilled and experienced entrepreneurs and managers



Tammy Koll, CTO
Formula

Joined in March 2023



Nevo Brenner, CFO
Matrix

Joined in 2022



Moti Gutman, CEO
Matrix

Joined in 2001



Guy Bernstein, CEO
Formula & Magic Software

Joined in 1997



Asaf Bernstein, CFO
Formula & Magic Software

Joined in 2008



Roni Al-Dor, CEO
Sapiens

Joined in 2005



Roni Giladi, CFO
Sapiens

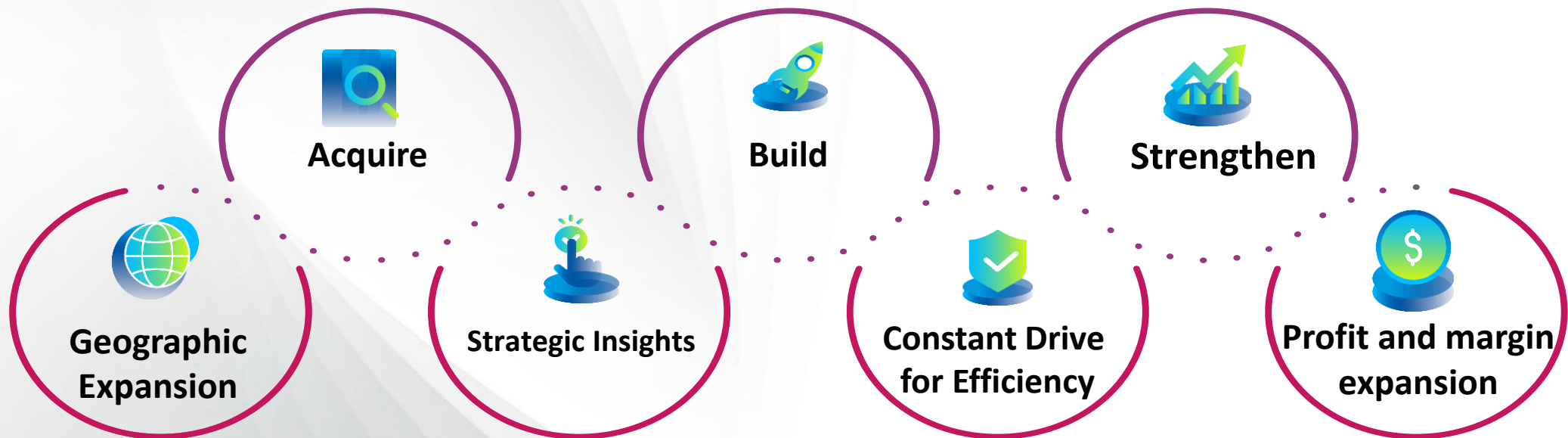
Joined in 2007

Formula Systems Group leaders

- Strong financial orientation
- Conservative in nature
- Veteran and experienced managements
- Personal share interests
- We supervise all the businesses with “Hands-On” involvement in every none ordinary change in the business

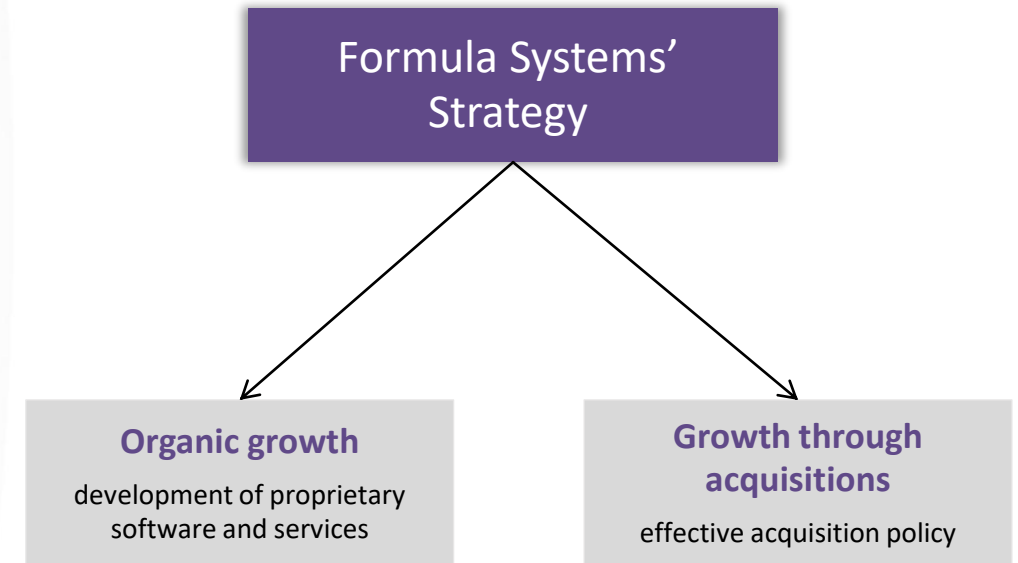
Formula Systems – Our Way

We **acquire, build, manage** and **strengthen** IT and software businesses enabling them to be **clear leaders within their focused industries**



Formula Systems – Our strategy focuses on building long-term value

- Our **mission** is to improve the quality of life by providing solutions for people and technologies for business
- According to the **vision**:
 - Formula Systems wants to be reliable and fast, with the best products and services to support customers around the world in achieving their goals.
 - We have been building an international group of technology entities. Our structure allows us to take advantage of local entrepreneurship and market knowledge, while the company's affiliation with the group increases its execution capabilities and credibility among demanding clients.
 - We seek to make strategic investments in businesses exhibiting enduring, favorable economic characteristics and led by reliable, trustworthy management teams.
 - Our privately held portfolio companies benefit from our access to capital markets, enabling them to secure long-term investment funding to execute strategic initiatives, pursue growth opportunities, and enhance financial stability.



- We encourage our management teams to pursue further growth through a combination of organic initiatives and the acquisition of complementary businesses operating within the same vertical market.
- We retain the majority of the existing management of acquired entities, thereby preserving knowledge essential to the continued operation and growth of such businesses.
- The performance of each business unit is systematically monitored and assessed using defined metrics, including, but not limited to, profitability and revenue growth.

Formula Systems – M&A Strategy

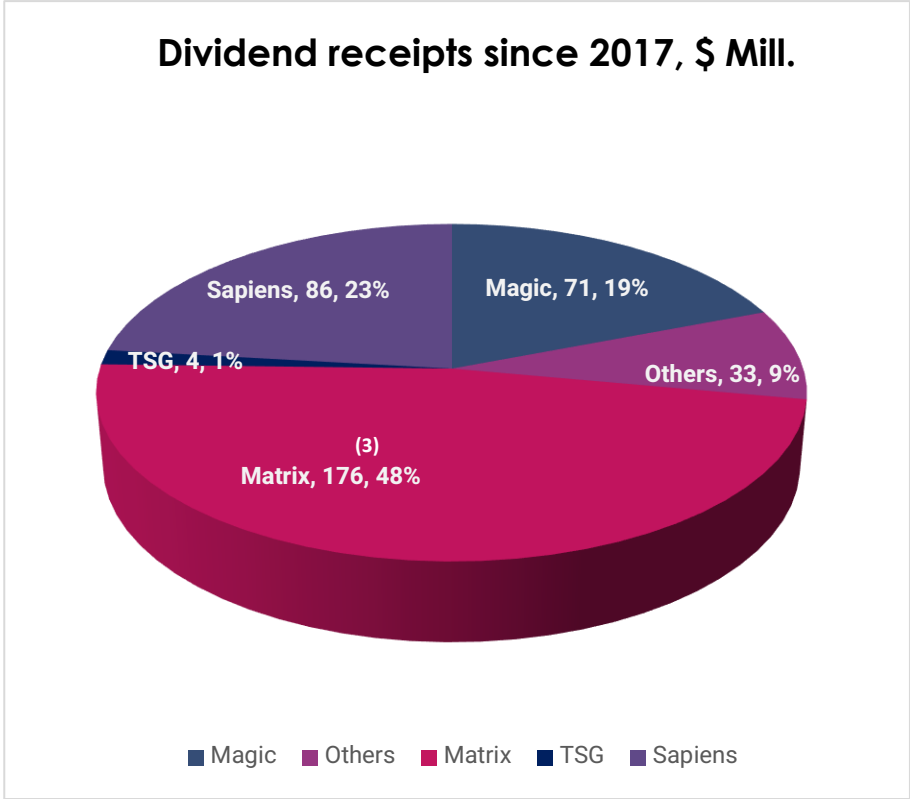
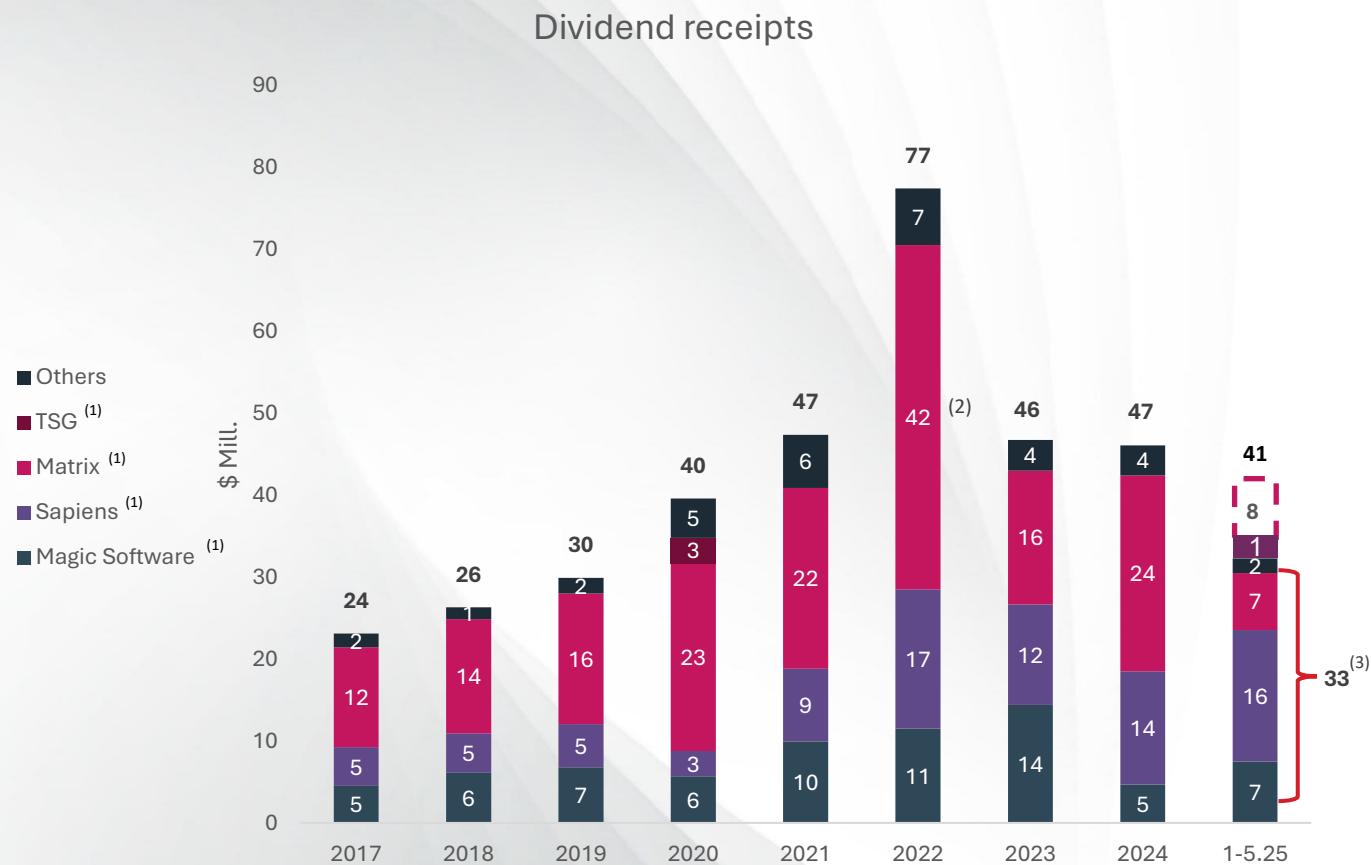
- **Majority of our M&A's are coming from within the business** - We know the business, the owners the management and its DNA
- **We focus in the areas of software solutions and services** to strengthen our existing business or create the core for the establishment of new group
- **We focus on mature and stable business** based on long engagement cycles and "sticky" recurring revenue models
- **We aim to buy more than 50%** of equity to maintain control
- Any acquisition must be a **"good financial deal"**
- **We provide added value to our investees**: strategic insights, operational support, global relationships and synergies
- **We prefer keeping founders and management after the acquisition**. We believe in autonomy for managements by a decentralized business model, while maintaining high-level involvement

We Invest in the areas of **global information technology, software consulting services, computer-based business solutions** and **proprietary software products**

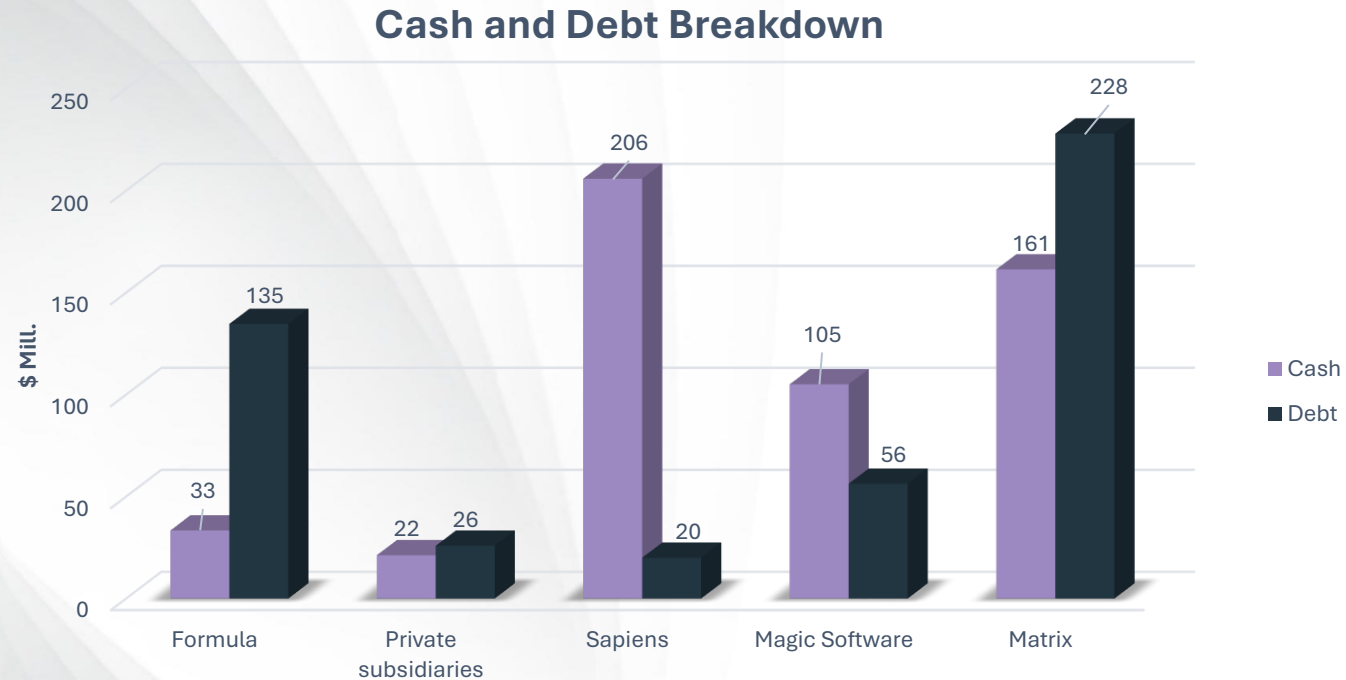


A word cloud of technology-related terms in purple text on a white background. The words are arranged in a dense, overlapping manner. The largest words are 'Digital-Transformation', 'Software', 'Cloud', 'DevOps', 'Analytics', 'Technology', 'GenAI', 'Cyber', 'Cloud-computing', 'Big-Data', 'Insurance-solutions', 'Global', 'Innovation', 'Infrastructure', 'Hosting', 'Training', 'Cyber-security', 'Cloud-Computing', 'Robotics', 'Big-Data', 'Integration', 'Security Cloud', 'Security', 'IOT', 'Institutions', 'Machine-to-Machine', and 'Machine-to-Machine'.

Formula Systems – Conservative financial cash management, Stable and sustainable cash flow

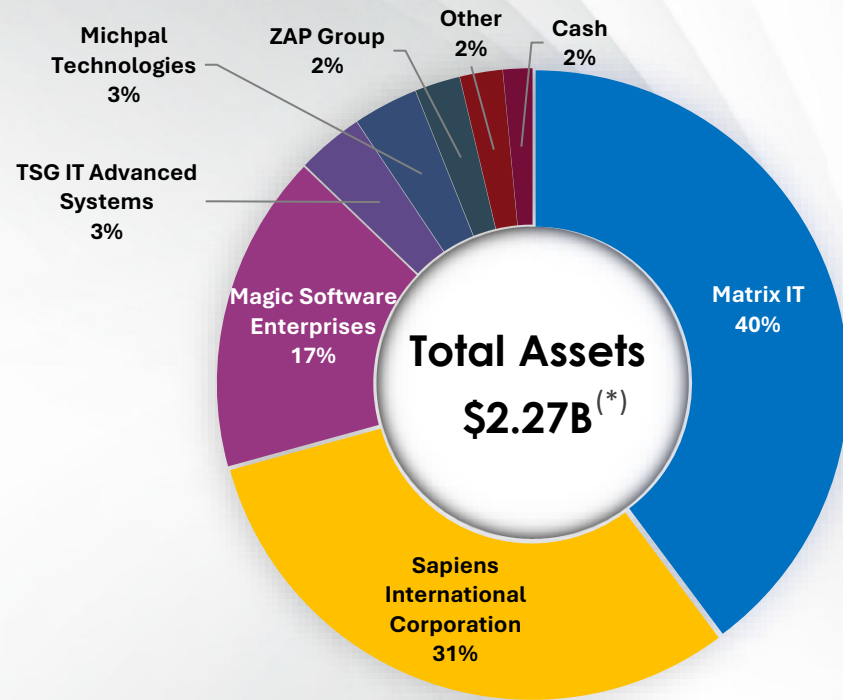


Formula Systems – Consolidated Cash and Debt Breakdown Q1-2025



- \$527 million consolidated cash and short-term bank deposits as of March 31, 2025
- \$465 million consolidated financial debt as of March 31, 2025

Fair Value Composition (as of May 26, 2025)



(*) **Assets Book Value** as of March 31, 2025
\$835 Million (Including cash and excluding debt)



	Book Value	Quoted prices in active markets	
	March 31, 2025	May 26, 2025	
Matrix IT	163,384	877,985	
Sapiens International Corporation	257,263	682,271	
Magic Software Enterprises	130,152	362,816	
TSG IT Advanced Systems	19,640	75,734	
Total Traded	570,439	1,998,806	(1)
Michpal Technologies	73,902	73,902	
ZAP Group	51,520	51,520	
Other	48,578	48,578	
Total Private	174,000	174,000	(2)
Total Portfolio	744,439	2,172,806	
Financial assets	16,695	22,859	(1)
Dividend receivable	31,086	31,086	(3)
Other Assets, net	9,412	9,412	
Total Assets (without cash)	801,632	2,236,163	
Gross Debt	134,642	134,642	(3)
Dividend payable	14,227	14,227	(3)
Other liabilities	5,104	5,104	(3)
Cash	33,361	33,361	(3)
Net Debt	120,612	120,612	
Net Assets	681,020	2,115,551	
Num. of shares (1,000)	15,333	15,333	
Equity per share	\$44	\$138	(4)
FORTY Share price as of 26.05.2025	\$103	\$103	(1)
LTV	15.05%	5.39%	

Formula Systems – Financial Debt Composition Stand Alone

BOND SERIES C (2.29%)

As of 31.3.25: NIS 331,283,492 Par-Value

- Maalot S&P – iAA-
- Moody's – Aa3.il
- Secured by shares
- Average duration as of May 2025 – 0.99
- Last Pmt. December 2026

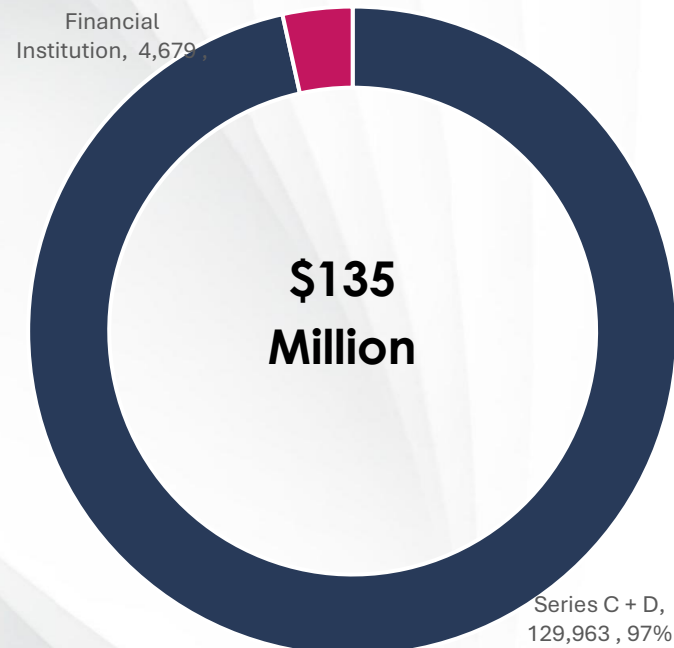
BOND SERIES D (5.68%)

As of 31.3.25: NIS 150,000,000 Par-Value

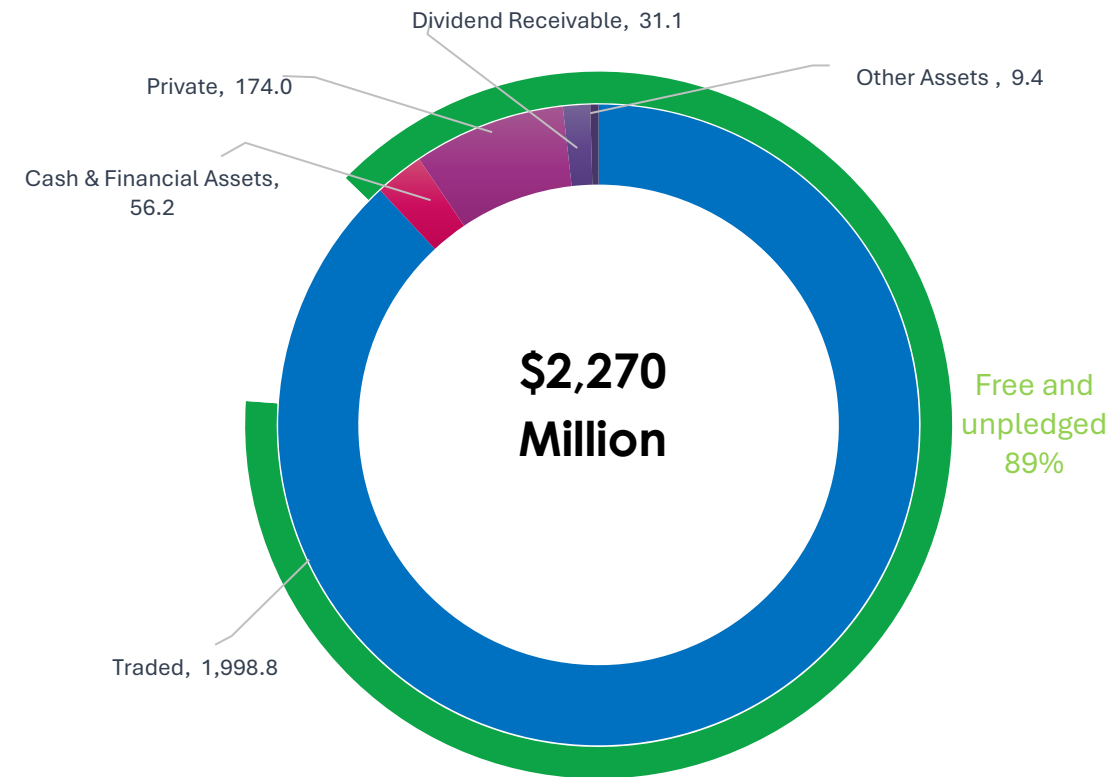
- Maalot S&P – iAA-
- Moody's – Aa3.il
- Secured by shares
- Average duration as of May 2025 – 5.08
- Last Pmt. December 2034

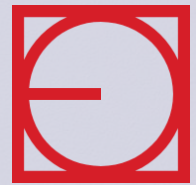
Stand Alone Gross Debt

As of March 31, 2025



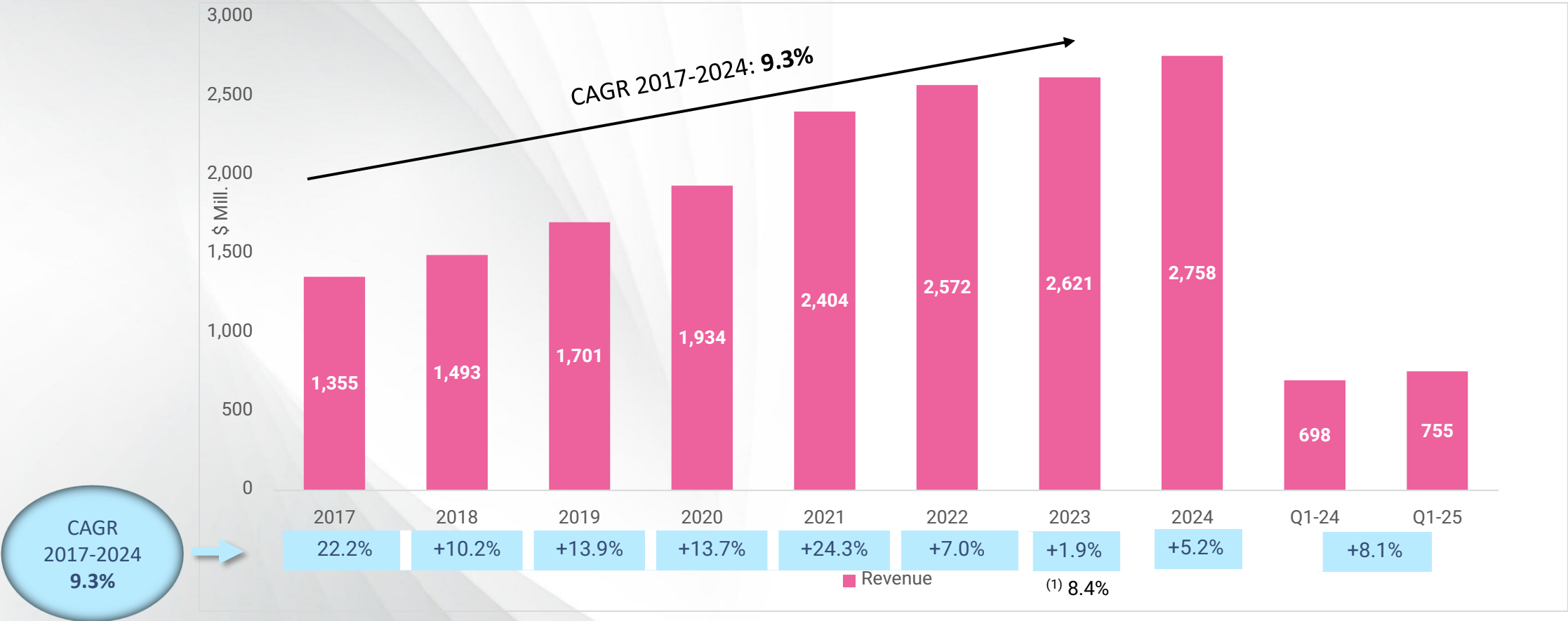
Fair Value Assets (as of May 26, 2025)



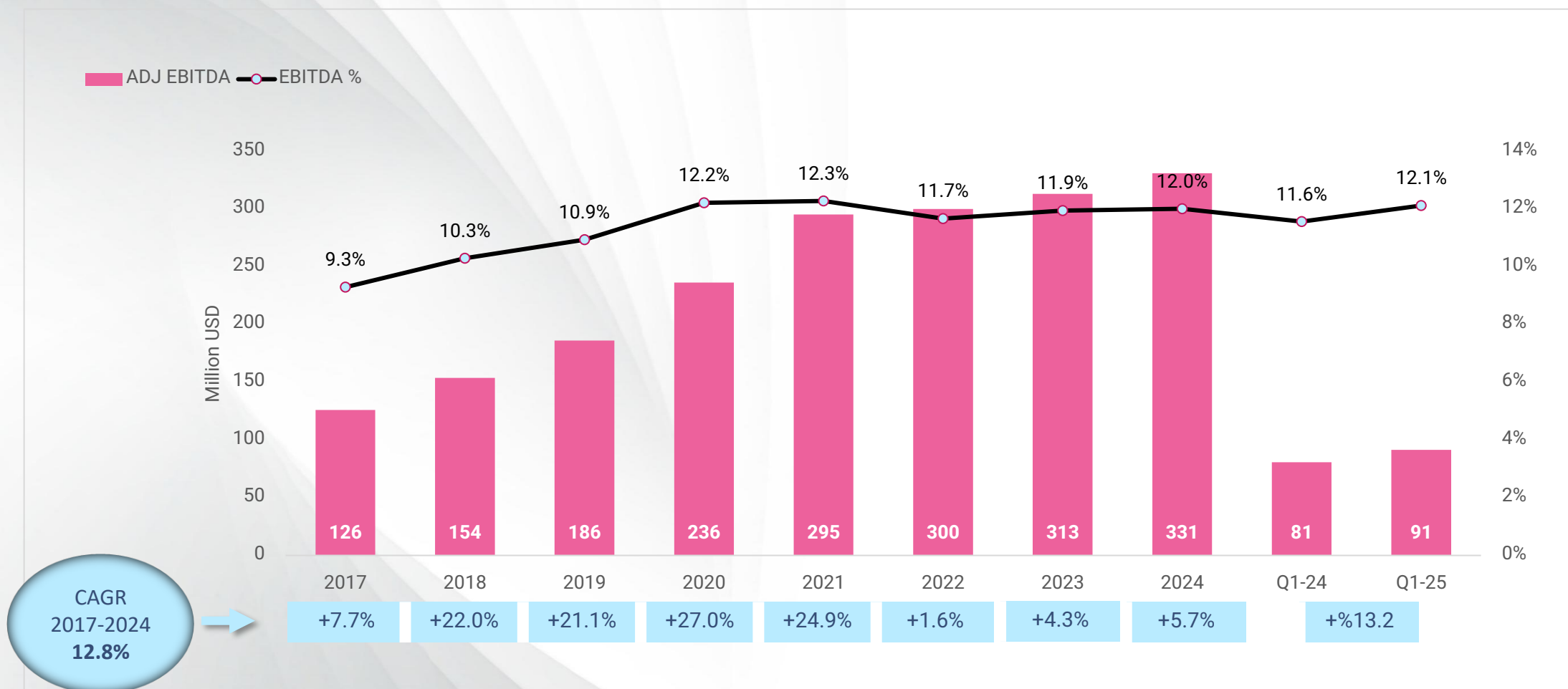


Financial Highlights

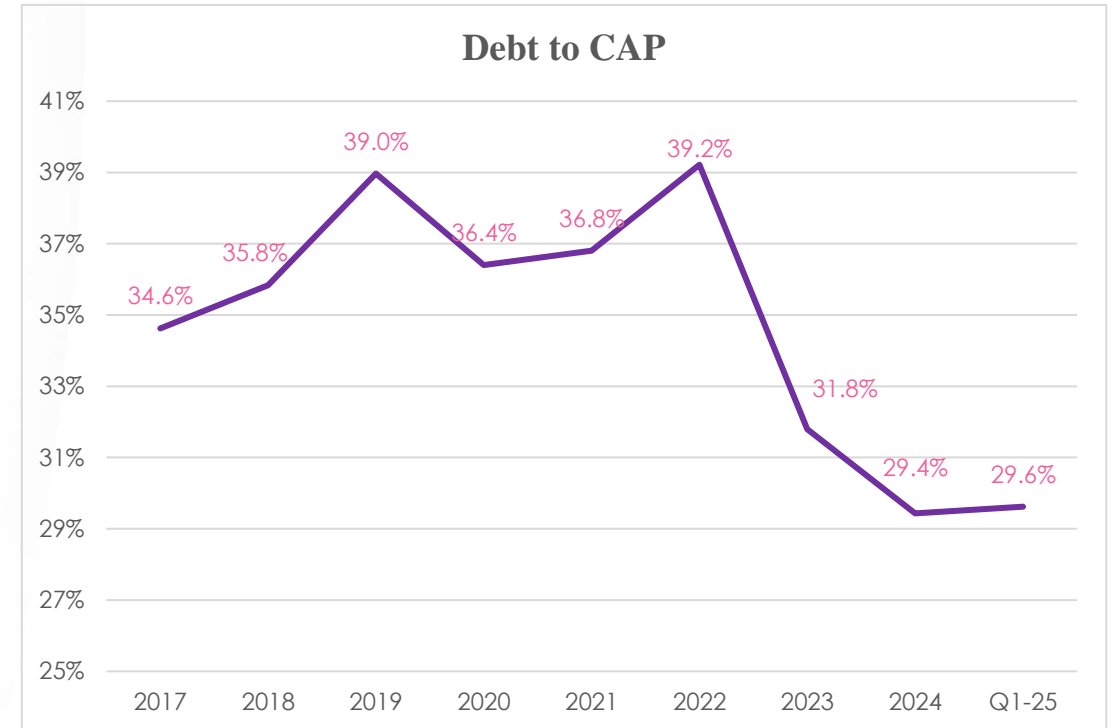
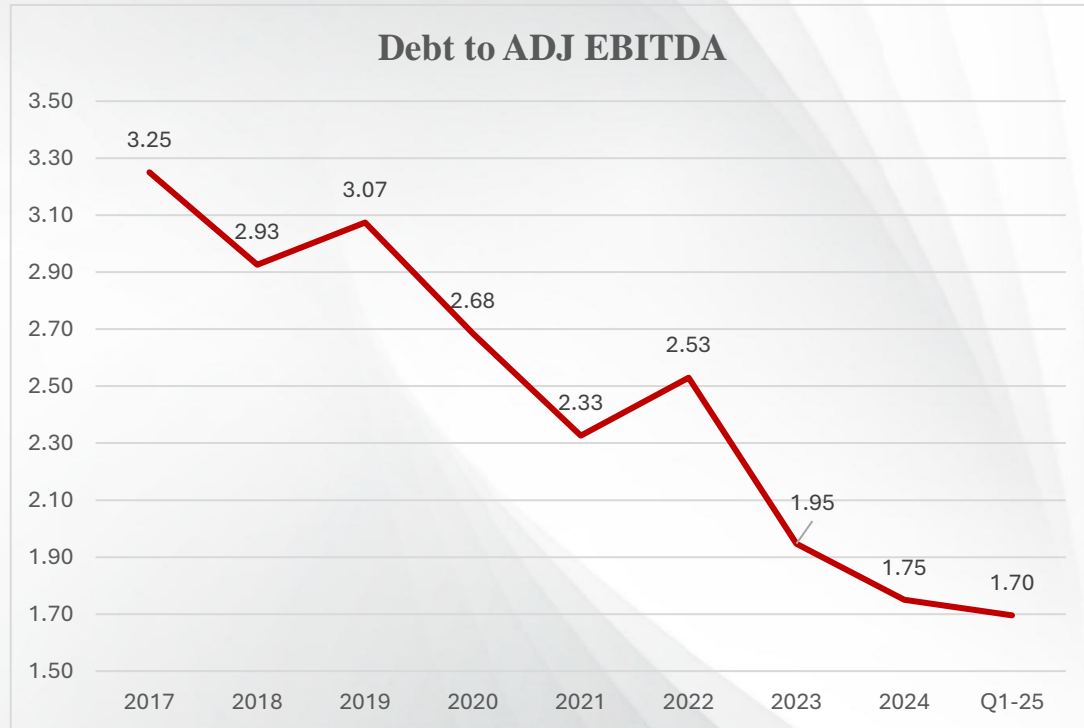
Formula at a Glance – Annual Consolidated Revenues



Formula at a Glance – Annual Consolidated ADJ EBITDA^(*)



DSCR and Financial Leverage, Consolidated





Formula Systems Group

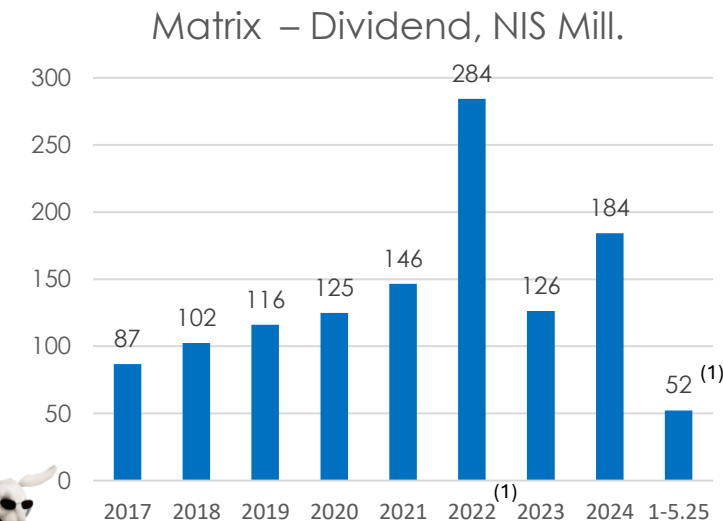
Main Pillars

Matrix IT Largest and leading IT company in Israel in the last decade



- **For 19 consecutive years, Matrix has been leading the information technology market**, carrying out the most advanced computing projects in Israel, with the latest technologies for the leading customers in the market.
- **Thousands of customers** across various sectors offering wide variety of services and solutions.
- **Consistent organic growth** as well as expansion into complementary fields of activity through dozens of successful acquisitions.
- **Leading Partners:** Aws, Microsoft, Google Cloud, IBM, salesforce, cisco, SAP, Red Hat, Dell-EMC, BMC, Oracle, Dynatrace, HP, MongoDB, and more.
- **Attractive dividend distribution policy** Up to 75% of the annual net income attributable to shareholders (paid on a quarterly basis).
- **12,400 Employees** (as of 31.3.2025): 11,561 Israel ; 570 United States ; 269 Europe.
- **Global Presence (2025)** : 93% Israel; 7% North America & Europe.
- **Leading credit rating** in the IT industry, Aa3 rating 16 years in a row.

Matrix IT Ltd. (TASE:MTRX)	2023	2024	24 VS 23	Q1 24	Q1 25	Q1.25 VS Q1.24
NIS Millions						
Revenues	5,232	5,580	7%	1,454	1,546	6%
Gross profit	764	833	9%	207	227	10%
Gross margin	15%	15%		14%	15%	
Operating income	393	450	15%	111	126	14%
Operating margin	8%	8%		8%	8%	
Net income attributable to Matrix IT's shareholders	227	272	20%	69	76	10%
Cash flow from operating activities	496	619		(2)	15	



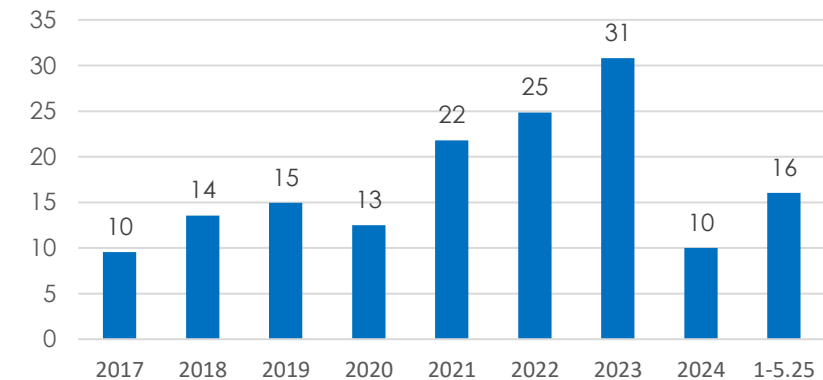
Magic Software



- **Global provider** of IT software services and proprietary application development and business process integration platforms as well as cloud-based services for end-to-end digital transformation.
- **Thousands of customers** across various sectors offering diversified product and service offerings, driven largely by recurring and re-occurring revenue streams.
- **Consistent organic growth** with a **proven track record** of global strategic acquisitions to expand technology offerings ,service capabilities and global presence.
- **3,696 Employees** (as of 31.3.2025): 1,684 Israel ; 1,252 North America ; 233 Asia Pacific (mainly India) and 527 Europe.
- **Well-established global Presence particularly in the North America (03/25) : 50% North America; 38% Israel ; 12% ROW (mainly Europe).**
- **Attractive dividend distribution policy** Up to 75% of the annual net income attributable to shareholders (paid on a semi-annual basis).

Magic Software Enterprises Ltd. (NASDAQ & TASE: MGIC)	2023	2024	24 VS 23	Q1 24	Q1 25	Q1.25 VS Q1.24
USD Millions						
Revenues	535	553	3%	131	147	13%
Gross profit	153	158	3%	37	41	11%
Gross margin	29%	29%		28%	28%	
Operating income	57	61	7%	14	16	9%
Operating margin	11%	11%		11%	11%	
Net income attributable to Magic Software's shareholders	37	37	0%	9	9	8%
Cash flow from operating activities	69	75		28	15	

Magic Software – Dividend, \$ Mill.





Corporate merger of **Magic + Matrix**



On March 10, 2025, Matrix and Magic entered into a Memorandum of Understanding (MOU) for the purpose of negotiating a definitive agreement regarding a merger, under which Matrix will acquire the entire share capital of Magic on a fully diluted basis, by way of a reverse triangular merger, upon completion of which Magic will become a private wholly-owned (100%) subsidiary of Matrix (the “Merger”). Ordinary shares of Matrix will continue to be traded exclusively on the Tel-Aviv Stock Exchange Ltd. (the “TASE”). Magic’s ordinary shares are expected to be delisted from trading on the TASE and NASDAQ. The MOU is intended to set out the main agreements reached between Matrix and Magic, their respective audit committees and board of directors, including their agreement on the Merger consideration. The MOU is not legally binding, except for the provisions of Disclosure, Governing Law and Jurisdiction and Binding Effect.

Magic’s shareholders will receive merger consideration in Matrix shares, based on the relative valuations of both companies presented by their committees’ financial advisors and the derived exchange ratio derived of 31.125%/68.875% (Magic and Matrix, respectively), such that immediately following the Merger, Magic’s shareholders will hold 31.125% of the issued and outstanding share capital of Matrix, and the shareholders who held Matrix’s shares prior to the Merger will hold 68.875%, both on a fully diluted basis (the “Consideration Shares” or the “Merger Consideration”). The companies may distribute dividends in accordance with the provisions of their respective distribution policies as in effect on the date of the MOU (and in any event, up to 75% of their respective net profits attributable to shareholders), for the year 2024 and for the first and second quarters of 2025, without it affecting the agreed relative valuation ratio of 31.125%/68.875%. The Merger is expected to be accounted for in Matrix’s financial statements using the pooling of interest method, whereby the company’s assets and liabilities will be recorded at their book value. Accordingly, no original goodwill will be recognized upon acquisition, and consequently, no subsequent amortization of original goodwill will be recorded.

The consummation of the Merger will be subject to conditions to be determined in the definitive agreement, including: (1) obtaining each of the companies’ shareholders’ general meeting approval to the Merger, by a special majority of the minority shareholders as required under Israeli law; (2) obtaining all regulatory approvals required for the consummation of the Merger; (3) obtaining third party approvals to the Merger, as will be specified in the definitive agreement; (4) obtaining a pre-ruling from the Israeli Tax Authority in connection with the Merger and to postpone the tax liability of shareholders; and (5) completing the reporting and disclosure documents required to be published by the Companies under applicable law for the Merger’s execution and the issuance of the Consideration Shares.

The Combined Company Would Be One Of The Largest Listed IT Services Firms By Market Cap

European Listed IT Services

Rank	Company	Market Cap (\$M)
1	 Capgemini	\$28,936
2	 indra	4,958
3	 sopra steria	3,656
4	 matrix + magic	2,132
5	 netcompany	2,042
6	 NEURONES	1,263
7	 nagarro	1,234
8	 kainos®	1,157
9	 Atos	951
10	 aubay	615

U.S. Listed IT Services

Rank	Company	Market Cap (\$M)
1	 accenture	\$213,814
2	 Infosys	81,672
3	 cognizant	41,330
4	 wipro	34,342
5	 CGI	23,319
6	 <epam>	11,222
7	 kyndryl	8,249
8	 Globant	6,198
9	 DXC TECHNOLOGY	3,250
10	 matrix + magic	2,132
11	 Grid Dynamics	1,528
12	 endava	1,353



P&L Statement

Based on 2024 Financials, in NIS thousands



68.875%

31.125%⁽¹⁾

100%⁽²⁾



Revenues	5,579,538	2,044,103	7,623,641
Gross Profit	832,994	583,897	1,416,891
Gross Margin (%)	14.9%	28.6%	18.6%
Operating Income	450,074	226,552	676,626
Operating Margin (%)	8.1%	11.1%	8.9%
Net income	288,224	160,159	448,383
Net Income Margin (%)	5.2%	7.8%	5.9%
Net income attributable to SH	272,422	136,452	408,874
Net Income attributable to SH Margin (%)	4.9%	6.7%	5.4%



P&L Statement

Based on Q1-2025 Financials, in NIS thousands

68.875%

31.125%⁽¹⁾

100%⁽²⁾

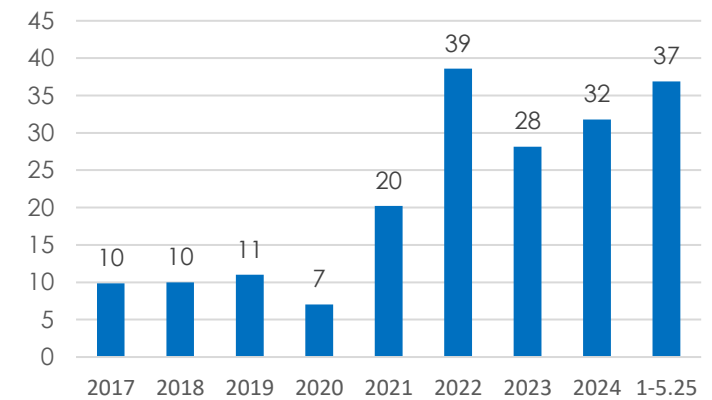


Revenues	1,546,200	532,281	2,078,481
Gross Profit	227,060	146,788	373,848
Gross Margin (%)	14.7%	27.6%	18.0%
Operating Income	125,991	56,875	182,866
Operating Margin (%)	8.1%	10.7%	8.8%
Net income	80,583	42,507	123,090
Net Income Margin (%)	5.2%	8.0%	5.9%
Net income attributable to SH	75,579	34,241	109,820
Net Income attributable to SH Margin (%)	4.9%	6.4%	5.3%

- Leading global provider of software solutions for the insurance industry across Property & Casualty (P&C); Reinsurance; Life, Pension & Annuity (L&A) and Workers' Compensation (WC) markets.
- **38 Countries; + 600 customers (with 79% recurring & re-occurring based on Q1.25 revenues)** offering Robust, configurable insurance platforms with a full suite of services and decades of experience accelerating digital transformation **Recognized as a Leader** by technology sector analysts.
- **Consistent organic growth** with a **proven track record** of global strategic acquisitions to expand technology offering and capabilities and global presence in high growth markets.
- **4,929 Employees** (as of 31.03.2025):~ 757 Israel ; 639 North America ; 2,376 Asia Pacific (mainly India) and 1,157 Europe.
- **Attractive dividend distribution policy** Up to 40% of the annual non-GAAP net income attributable to shareholders (paid on a semi-annual basis).
- **Leading credit rating** in the IT industry, iIAA-/Stable rating.

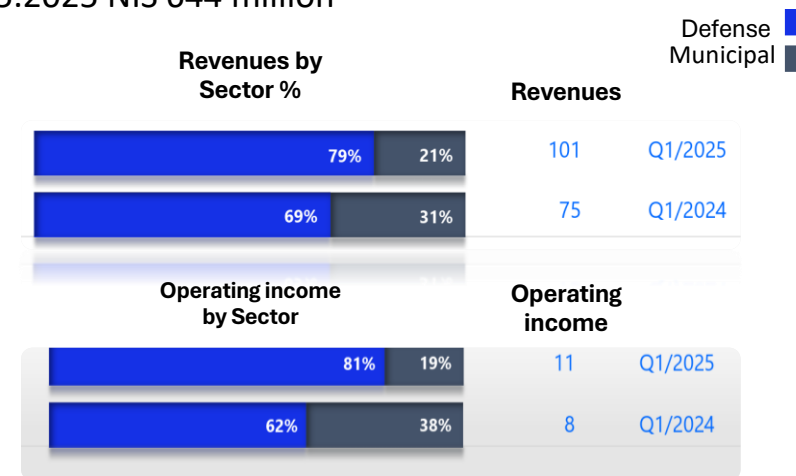
Sapiens International Corporation N.V. (NASDAQ & TASE: SPNS)	2023	2024	24 VS 23	Q124	Q1 25	Q1.25 VS Q1.24
USD Millions						
Revenues	515	542	5%	134	136	1%
Gross profit	220	238	8%	58	61	5%
Gross margin	43%	44%		43%	45%	
Operating income	79	86	9%	21	21	3%
Operating margin	15%	16%		15%	16%	
Net income attributable to Sapiens's shareholders	62	72	16%	17	18	3%
Cash flow from operating activities	79	82		18	25	

Sapiens – Dividend, \$ Mill.



- **Extensive experience in developing and delivering advanced core systems and software solutions** to Israel's defense industries (in the categories of air, strategic, operational, and tactical command and control solutions) and to local authorities, regional councils and local councils.
- **Dozens of customers, including major long-term strategic clients** across various sectors offering wide variety of services and solutions with more than 85% recurring & re-occurring revenues (Israeli Ministry of Defense, Israeli Defense Forces (IDF), Israel Aerospace Industries (IAI) Rafael Advanced Defense Systems and Elbit Systems).
- **Consistent organic growth** with a **proven track record** of strategic acquisitions to expand technology offering and service capabilities.
- **778 Employees** (as of 31.03.2025): 538 under the defense segment ; 158 under the civilian segment and 82 under group SG&A.
- **Attractive dividend distribution policy** Up to 50% of the annual net income, from continuance operations, attributable to shareholders.
- **IPO** - On August 1, 2024, TSG completed its Initial Public Offering (IPO) on the Tel Aviv Stock Exchange, based on a post-money valuation of approximately NIS 460 million. TSG raised approximately NIS 62m (NIS 57.1m net of issuance expenses). Valuation as of 26.5.2025 NIS 644 million

TSG IT Advanced Systems Ltd (TASE:TSG)	2023	2024	24VS23	Q124	Q1 25	Q1.25 VS Q1.24
NIS Millions						
Revenues	295	322	9%	75	101	35%
Gross profit	66	73	11%	17	24	39%
Gross margin	22%	23%		23%	23%	
Operating income	28	27	(6%)	(1) 7	(1) 9	30%
Operating margin	10%	8%		9%	9%	
Net income attributable to TSG's shareholders	11	10	(9%)	2	3	77%
Cash flow from operating activities	32	40		11	19	





Description	A provider of proprietary software solutions and services for payroll, attendance, pension, and human resources as well as technological financial systems and solutions to optimize business processes	Israel's largest group of consumer websites, provider of advertising solutions and website promotion	a US based vendor provides managed services (VMS/MSP) workforce management programs nationally	A provider of integration and installation of computer communication infrastructures, announcement and alarm systems and electronic security systems.	A leading Israeli Integrator, specializing in providing comprehensive communication and electrical infrastructure services.	A leading service provider in Israel in the fields of aerial and satellite mapping, geographic data collection and processing
Geographical Areas of Activity	Operates in Israel	Operates in Israel	Operates in North America	Operates in Israel	Operates in Israel	Operates mainly in Israel
Products	Payroll, attendance, pension, bookkeeping, digital signature, and human resources software solutions	Websites & advertising	Professionals' requirements and staffing	Infrastructures	Infrastructures	Consulting services
Revenues (2024)⁽¹⁾	~\$43M	~\$38M	~\$53M	~\$15M	~\$14M	~\$13M
Employees (Q1-25)	~330	~268	~920	~40	~25	~120
Share Interest 31.3.2025	100%	100%	91%	100%	51%	80%



Thank You

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Staffing



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