

Formula Systems

Investor Presentation
March 2025



SAPIENS

matrix



zap group
לכל החלטה יש זאפ

מיכפול
— TECHNOLOGIES —



inSync
Staffing

שמרד
מערכות בטחון ובקרה מתקדמות

FEK
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, 2023, filed with the U.S. Securities and Exchange Commission on May 15, 2024, 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

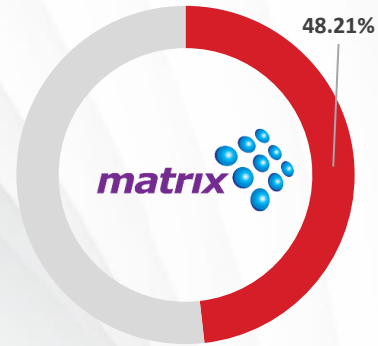
Listed on the **NASDAQ and Tel Aviv** Stock Exchange. Also listed: Matrix IT⁽²⁾, Sapiens⁽³⁾ International, Magic Software⁽⁴⁾ and TSG IT Advanced Systems⁽⁵⁾

Formula Systems – Our Portfolio

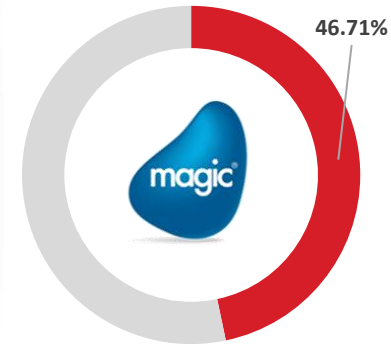
4 Publicly Traded Investees



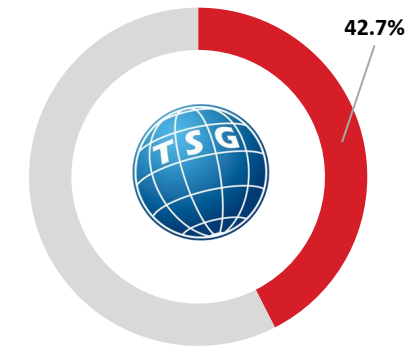
A leading global provider of **software solutions for the insurance industry**
Duel-listed NASDAQ/TASE (TA-35)



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



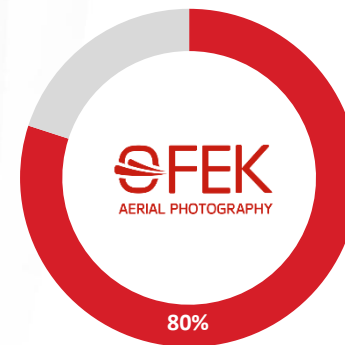
Israel's largest group of **consumer websites provider** of advertising solutions and website promotion



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



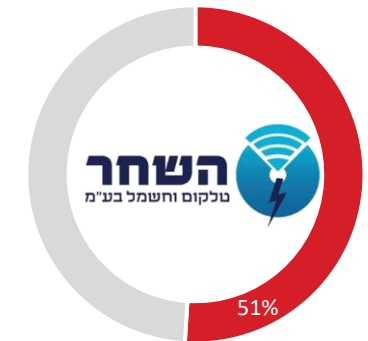
U.S. based full-service provider of **staffing solutions**



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



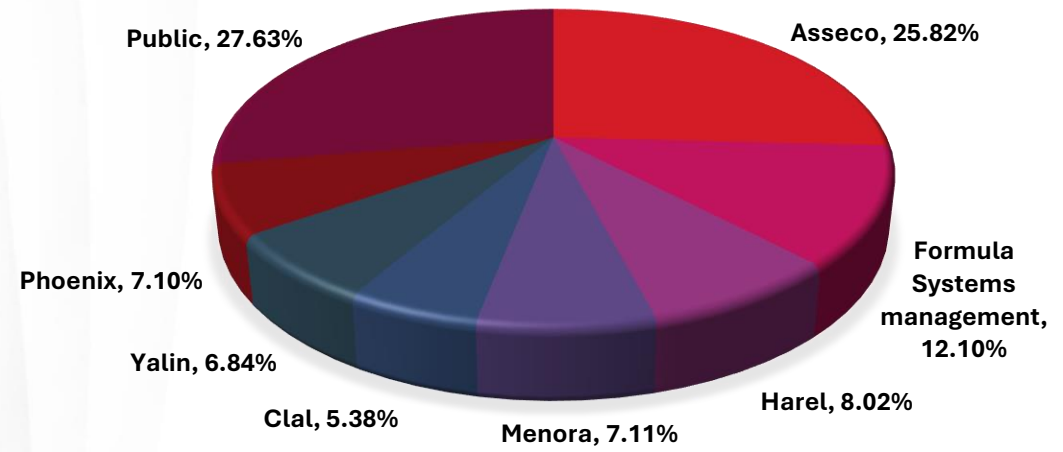
A leading Israeli Integrator, specializing in **advanced security and control solutions**, IT and communications infrastructure, Multimedia, Mass warning and PA systems.



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

Formula Systems – Shareholders (as of 31.12.24)

- **Asseco** - ~26%
- **Management** - ~12%
- **Special Interest Financial Institutions** – ~34.4%



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

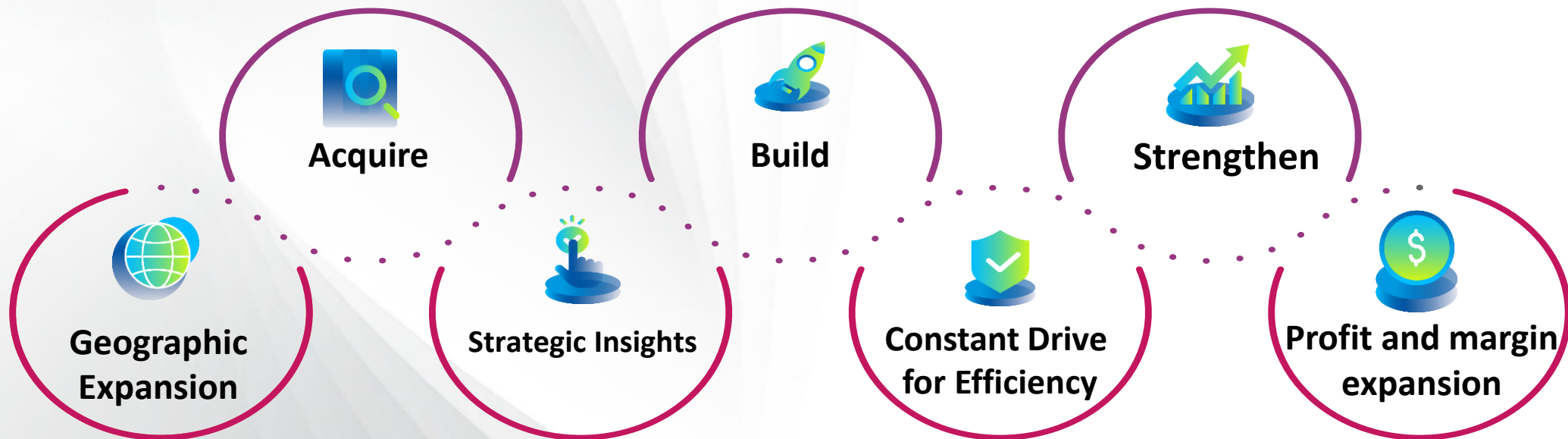
Joined in 2007

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

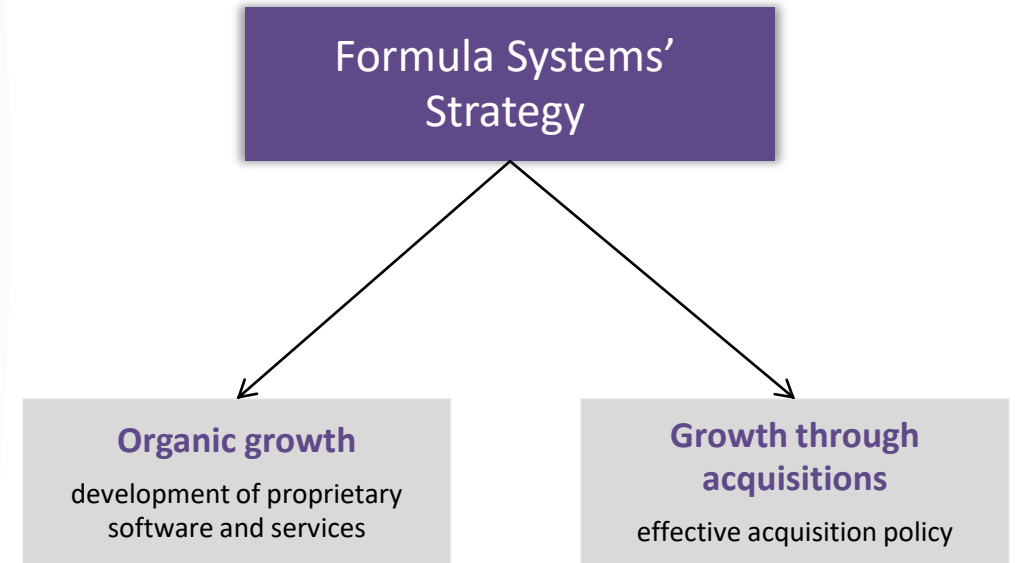
Formula Systems – Our Way

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

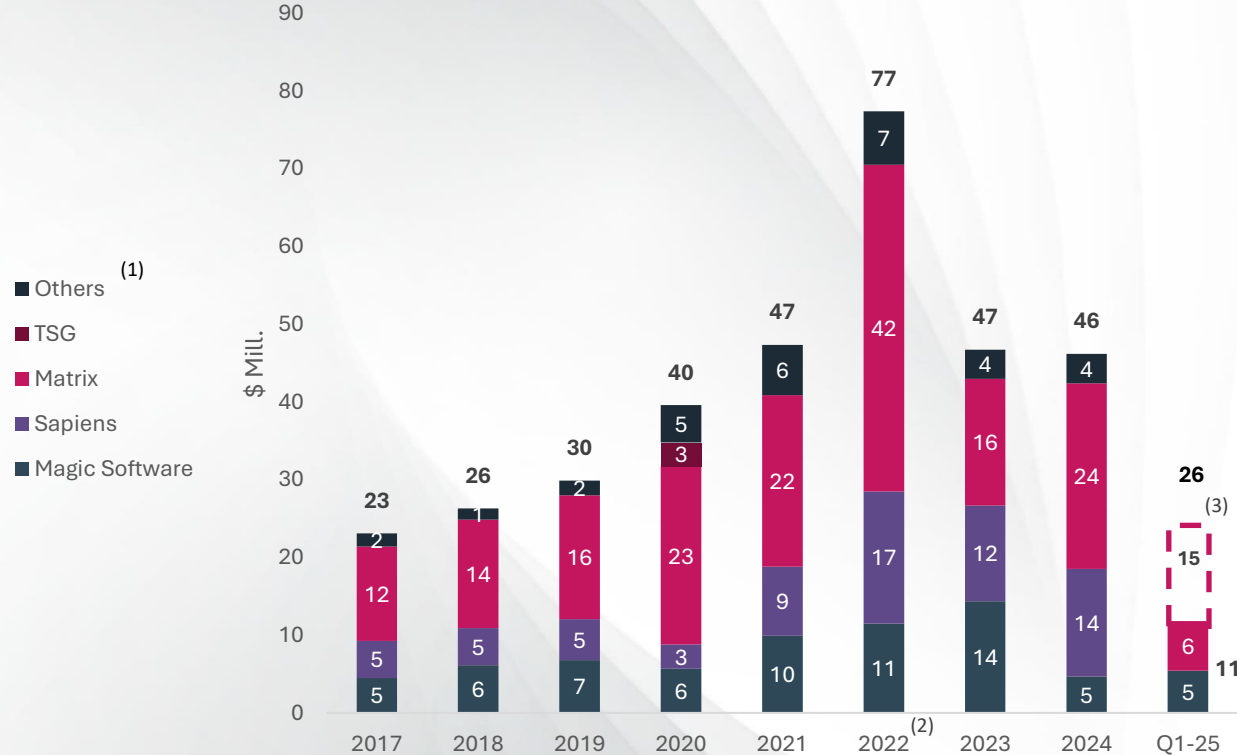
- **Majority of our M&A's are coming from within the business** - We know the business, the owners the management and its DNA
- **We focus in the areas of software solutions and services** to strengthen our existing business or create the core for the establishment of new group
- **We focus on mature 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**

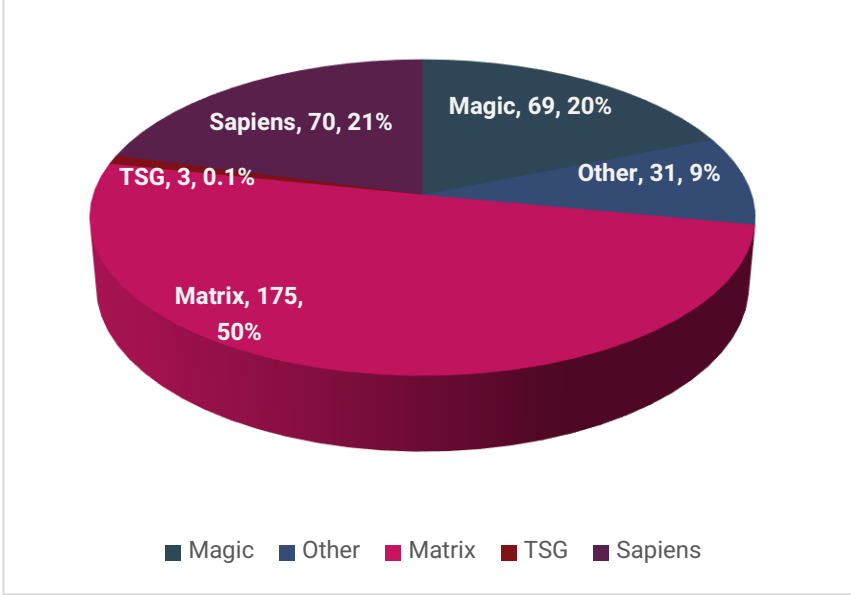


Formula Systems – Conservative financial cash management, Stable and sustainable cash flow

Dividend receipts

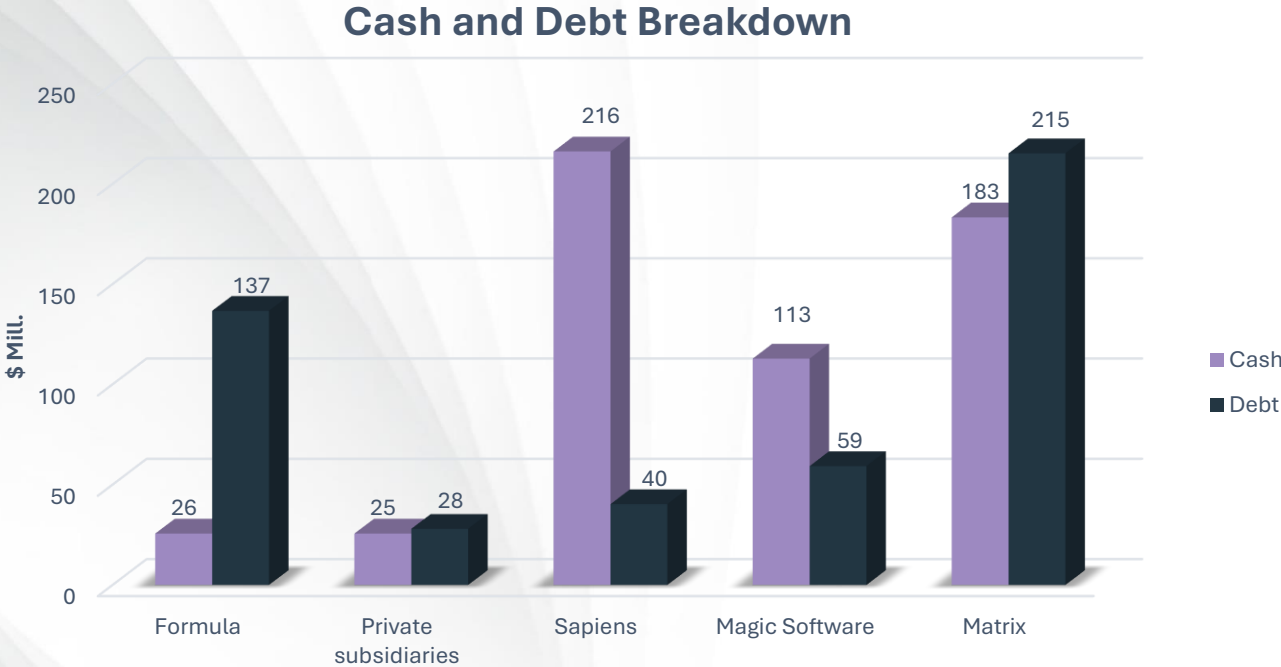


Dividend receipts since 2017, \$ Mill.⁽³⁾



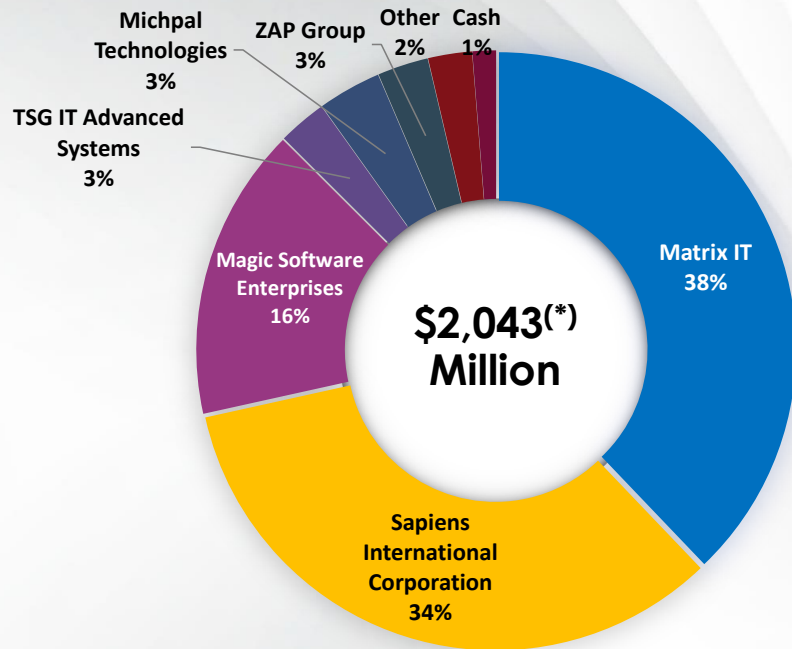
(1) Subsidiaries and affiliates dividend policy: 75% of net income (Sapiens: 40% of non-GAAP net income ; TSG 50% of net income).
 (2) Includes distribution of capital gain, net of taxes from realization of investment at Matrix.
 (3) Excludes dividends declared on 11.3.25 by Matrix and Magic Software, and on 18.3.25 by TSG of which \$6.9 million, \$7.5 million and \$0.6 million due to Formula on 8.4.2025 (Matrix), 7.5.2025 (Magic Software) and 1.4.2025 (TSG).

Formula Systems – Consolidated Cash and Debt Breakdown FY2024



- \$563 million consolidated cash and short-term bank deposits as of December 31, 2024
- \$479 million consolidated financial debt as of December 31, 2024

Fair Value Composition (as of March 18,2025)



(*) **Book Value** as of December 31, 2024
\$820 Million (Including cash and excluding debt)



	Book Value	Quoted prices in active markets	
	December 31, 2024	March 18, 2025	
Matrix IT	162,133	757,852	
Sapiens International Corporation	264,349	674,046	
Magic Software Enterprises	133,786	319,071	
TSG IT Advanced Systems	20,453	52,909	
Total Traded	580,721	1,803,878	(1)
Michpal Technologies	69,127	69,127	
ZAP Group	55,392	55,392	
Other	47,722	47,722	
Total Private	172,241	172,241	(2)
Total Portfolio	752,962	1,976,119	
Financial assets	20,922	20,197	(1)
Dividend receivable	12,013	12,013	
Other Assets	8,746	8,746	(3)
Total Assets (without cash)	794,643	2,017,075	
Gross Debt	136,644	136,644	(3)
Cash	25,599	25,599	(3)
Net Debt	111,045	111,045	
Net Assets	683,598	1,906,030	
Num. of shares (1,000)	15,333	15,333	
Equity per share	\$45	\$124	(4)
FORTY Share price as of 18.03.2025	\$95	\$95	(1)
LTV	13.97%	5.51%	

(1) Quoted prices from TASE as of March 18, 2025, based on USD/NIS exchange rate 3.665.
 (2) Privately held subsidiaries are conservatively presented at book value as of December 31, 2024
 (3) Presented as of December 31, 2024
 (4) Based on outstanding ordinary shares as of March 18, 2025 :15,332,667

Formula Systems – Financial Debt Composition Stand Alone

BOND SERIES C (2.29%)

As of 31.12.24: NIS 331,283,492 Par-Value

- Maalot S&P – iAA-
- Moody's – Aa3.il
- Secured by shares
- Average duration as of March 2025 – 1.18
- Last Pmt. December 2026

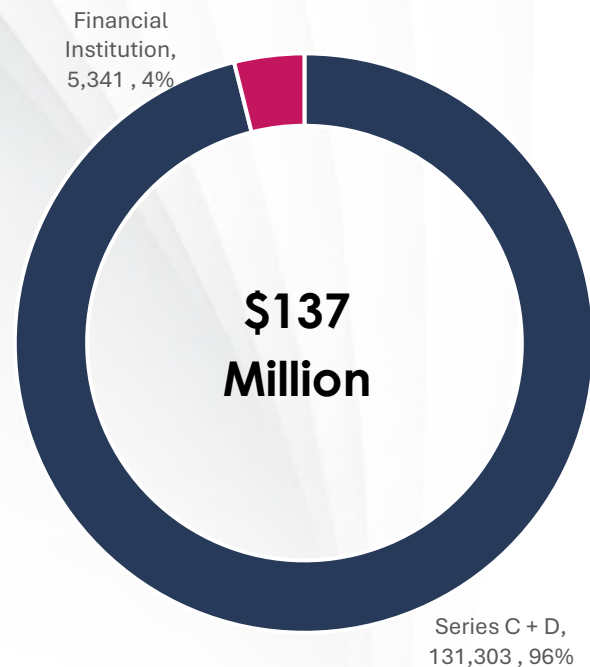
BOND SERIES D (5.68%)

As of 31.12.24: NIS 150,000,000 Par-Value

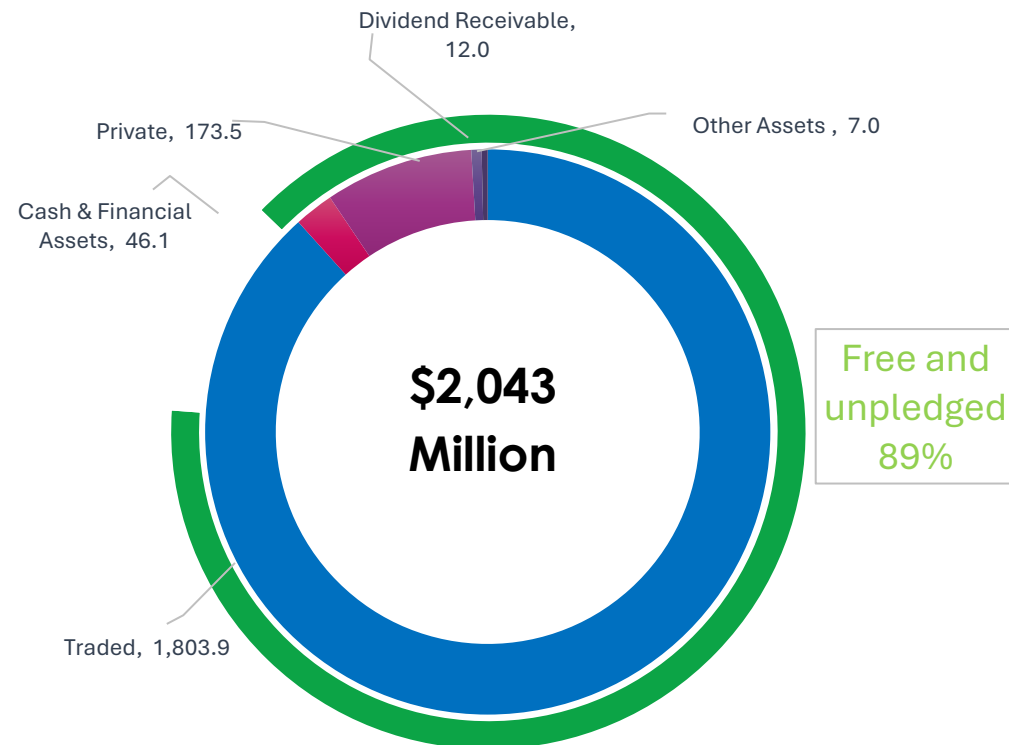
- Maalot S&P – iAA-
- Moody's – Aa3.il
- Secured by shares
- Average duration as of March 2025– 5.28
- Last Pmt. December 2034

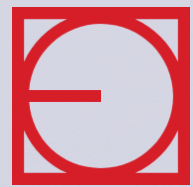
Stand Alone Gross Debt

As of December 31, 2024



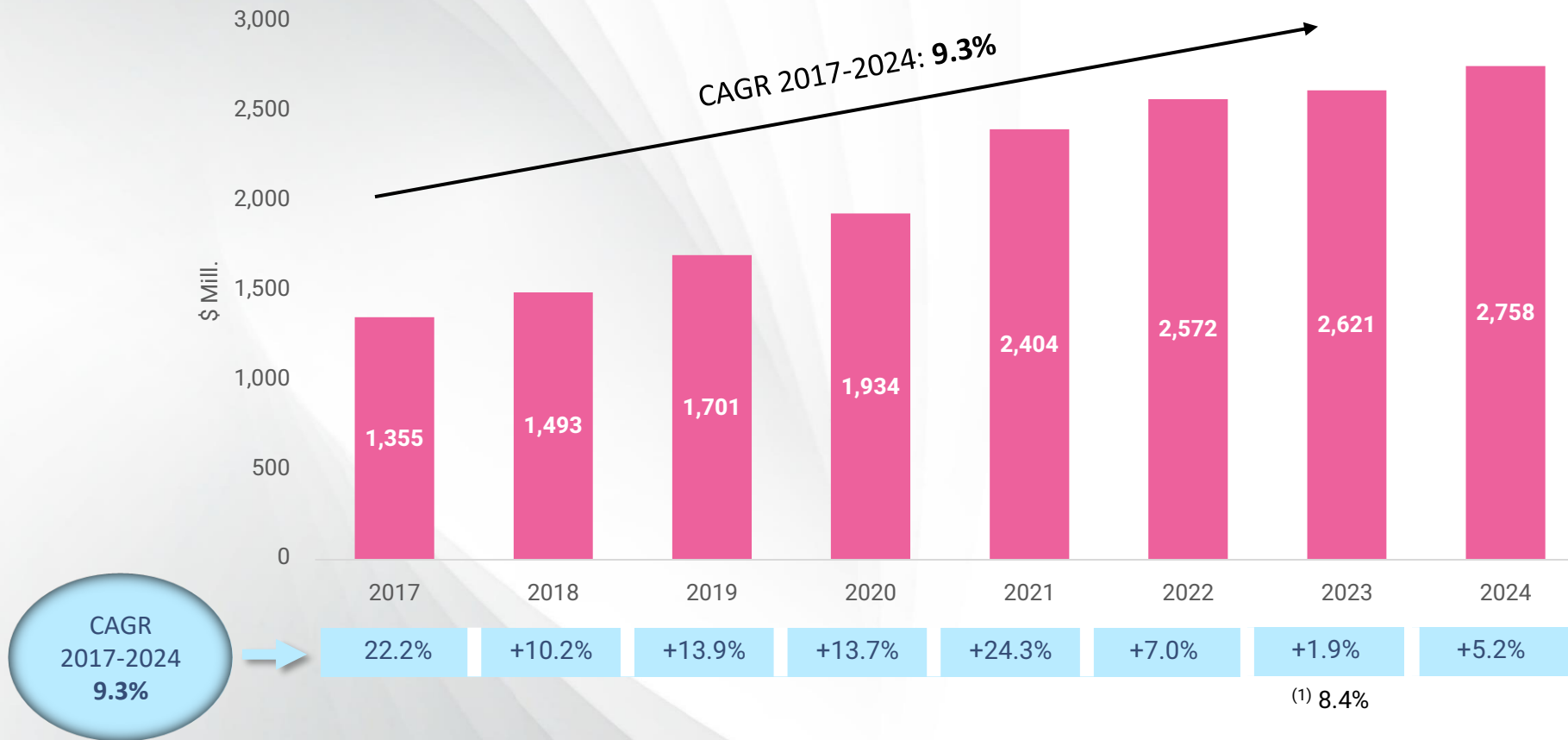
Fair Value Assets (as of March 18, 2025)



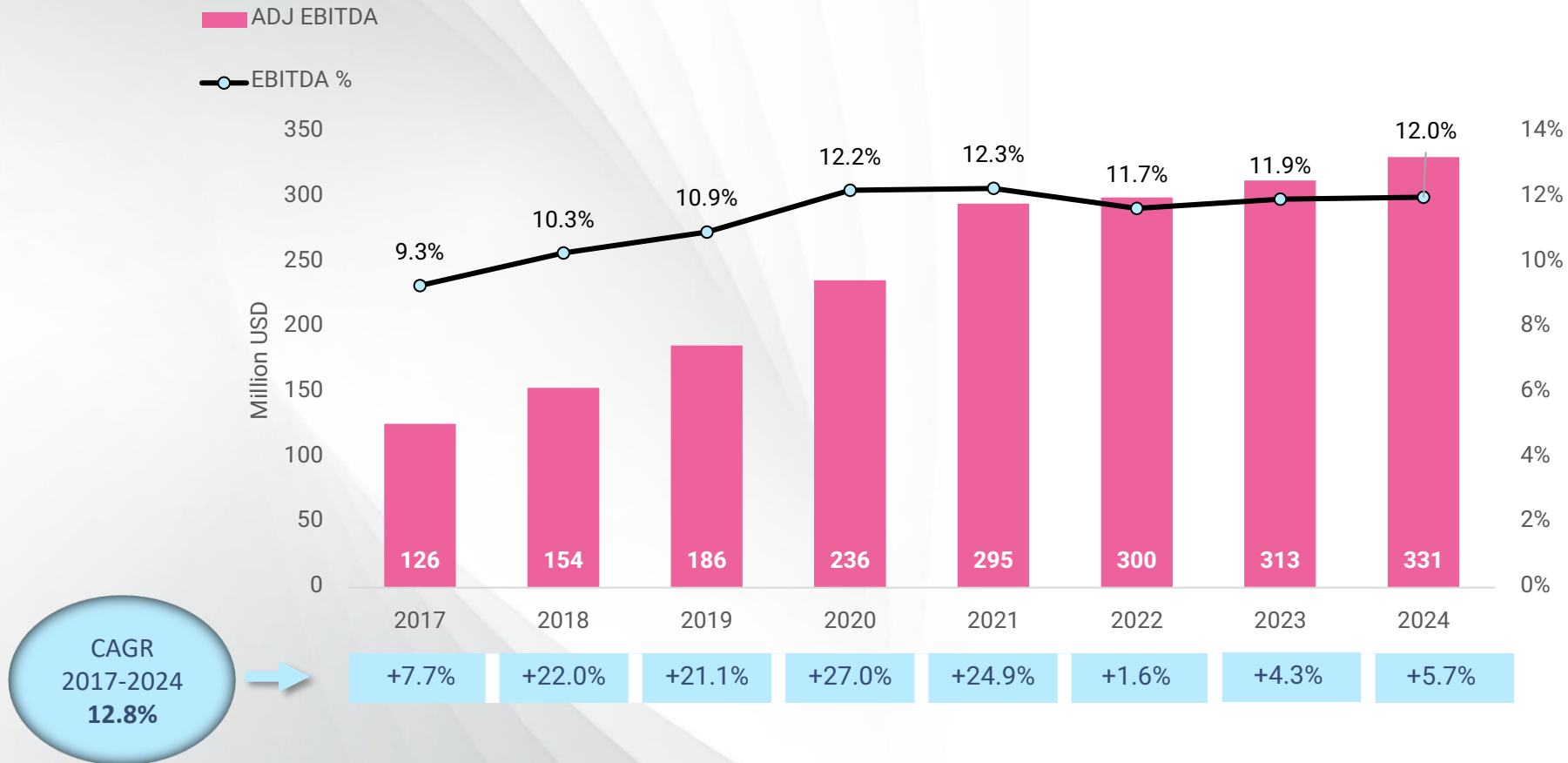


Financial Highlights

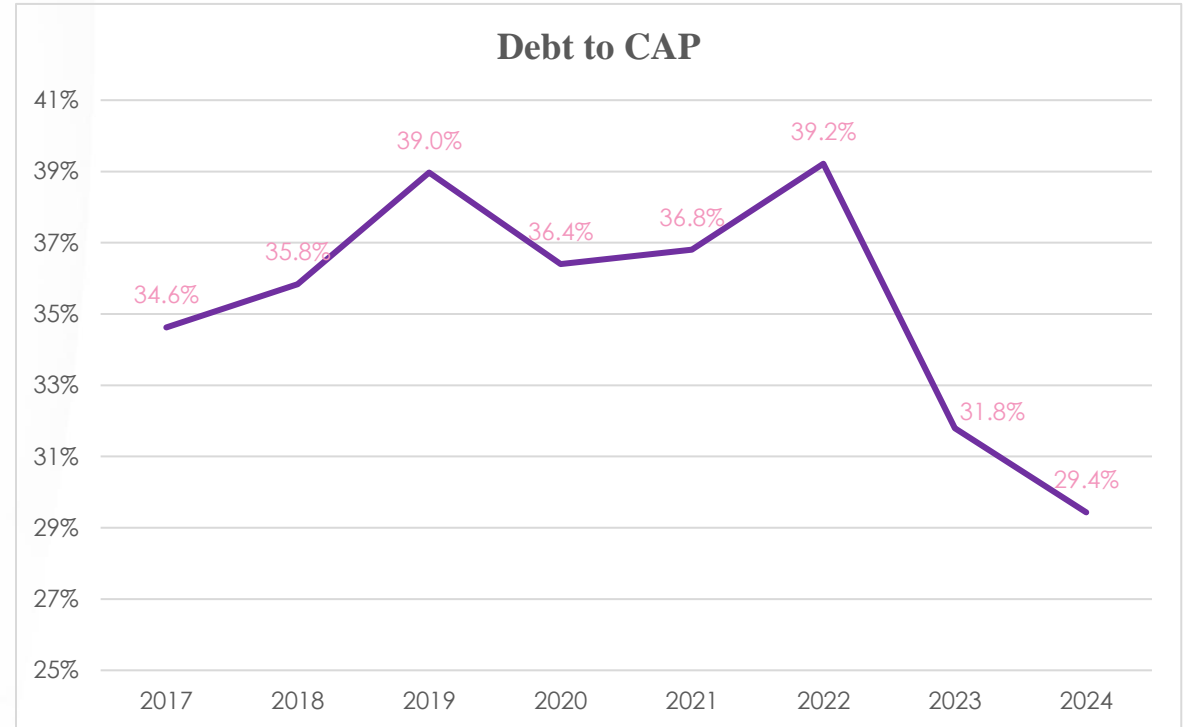
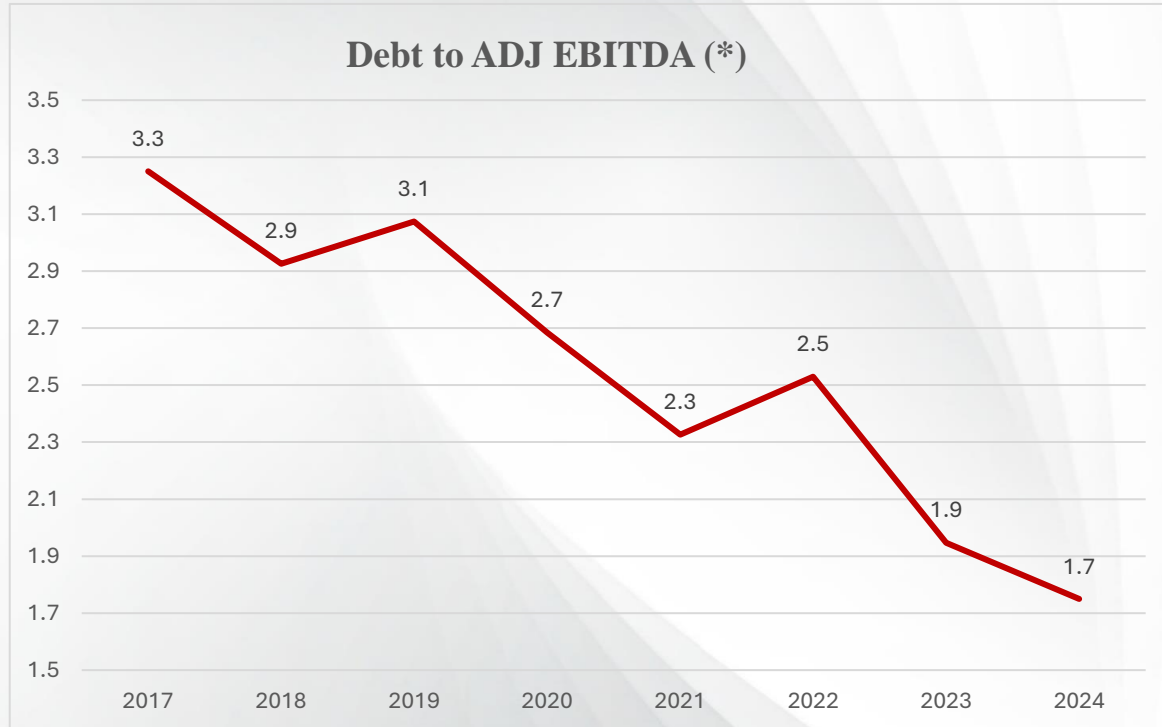
Formula at a Glance – Annual Consolidated Revenues



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



DSCR and Financial Leverage, Consolidated





Formula Systems Group

Main Pillars

Matrix IT

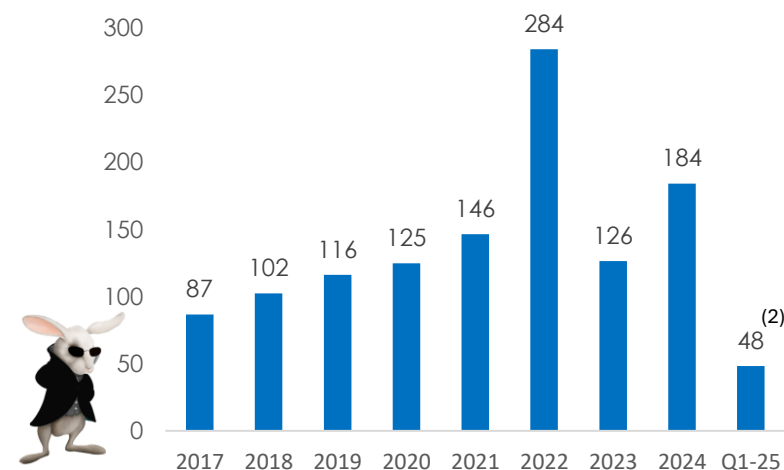
Largest and leading IT company in Israel in the last decade



- 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).
- 11,570 Employees (as of 31.12.2024): 10,731 Israel ; 570 United States ;269 Europe.
- Global Presence (2024) : 92% Israel; 8% North America & Europe.
- Leading credit rating in the IT industry, Aa3 rating 15 years in a row.

Matrix IT Ltd. (TASE:MTRX)	2021	2022	2023	23 VS 22	2023	2024	24 VS 23
NIS Millions							
Revenues	4,360	4,673	5,232	12.0%	5,232	5,580	6.6%
Gross profit	630	672	764	13.7%	764	833	9.0%
Gross margin	14.5%	14.4%	14.6%		14.6%	14.9%	
Operating income	329	350 ⁽¹⁾	393	12.2%	393	450	14.5%
Operating margin	7.6%	7.5%	7.5%		7.5%	8.1%	
Net income attributable to Matrix IT's shareholders	193	213 ⁽¹⁾	227	6.7%	227	272	19.7%
Cash flow from operating activities	219	387	496	28.1%	496	619	24.8%

Matrix – Dividend, NIS Mill.



(1) 2022 figures exclude impact of capital gain realized from the disposition of a Matrix IT subsidiary

(2) Excludes dividend declared by Matrix on 11.3.25 (NIS 0.82 per share), or NIS 52.1 million in the aggregate, due on 8.4.2025.

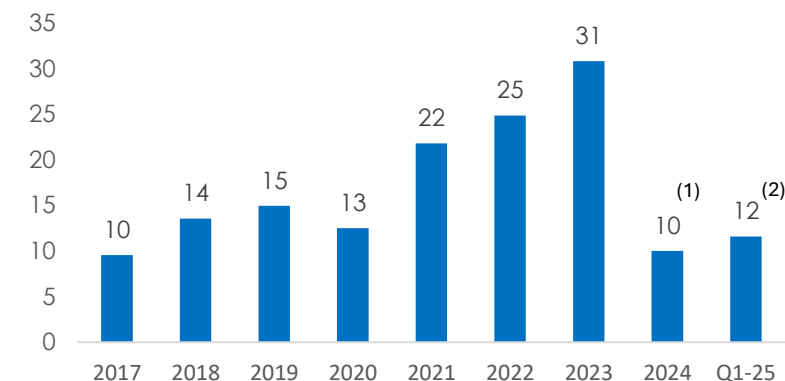
Magic Software



- **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.
- **3,663 Employees** (as of 31.12.2024): 1,654 Israel ; 1,272 North America ; 223 Asia Pacific (mainly India) and 514 Europe.
- **Well-established global Presence particularly in the North America (12/24) : 42% North America; 44% Israel ; 14% 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)	2021	2022	2023	23 VS 22	2023	2024	24 VS 23
USD Millions							
Revenues	480	567	535	(6)%	535	553	3.4%
Gross profit	133	155	153	(2)%	153	157	2.7%
Gross margin	27.7%	27.4%	28.6%		28.6%	28.4%	
Operating income	52	62	57		57	61	7.0%
Operating margin	10.9%	10.9%	10.7%		10.7%	11.0%	
Net income attributable to Magic Software's shareholders	30	40	37	(8)%	37	37	0.0%
Cash flow from operating activities	44	57	69	22%	69	75	8.2%

Magic Software – Dividend, \$ Mill.



(1) Excludes dividend declared by Magic on 18.11.24, \$0.236 per share, or \$11.1 million in the aggregate with respect to H1.2024, paid on 7.1.2025.

(2) Excludes dividend declared by Magic on 11.3.25, \$0.327 per share, or \$16.1 million in the aggregate with respect to H2.2024, due on 7.5.2025.



MERGER TRANSACTION
magic + matrix



Proposed Merger Structure

- ❖ **100% stock merger** of Matrix IT (Matrix) and Magic Software (Magic) with Matrix as the continuing entity
- ❖ Structured as a Matrix acquisition of Magic with consideration of new Matrix shares issues to Magic shareholders
- ❖ All-stock consideration would allow **shareholders of both companies to share in the value creation upside** while maintaining **significant balance sheet flexibility for future M&A**

Proposed Terms and Valuation


- ❖ MOU Signed with merger consideration in shares of Matrix, for an exchange ratio implying 68.875% / 31.125% pro-forma ownership of Matrix / Magic shareholders in the combined company
- ❖ Combined company would have a market capitalization of c. NIS 7,697m / US\$2,132m⁽¹⁾

Listing Venue & Process

- ❖ Magic to be delisted from the NASDAQ and TASE and become a wholly-owned (100%) subsidiary of Matrix following the merger
- ❖ Combined company to be **listed only on TASE initially with intention to explore a US dual-listing in the future**
- ❖ Transaction is subject to mutual due diligence, agreement of definitive transaction documentation, and final approval by independent committees of Matrix and Magic
- ❖ Expecting general shareholder meeting during Q3'2025 to approve the transaction



A Powerful Combination That Accelerates Growth Opportunities

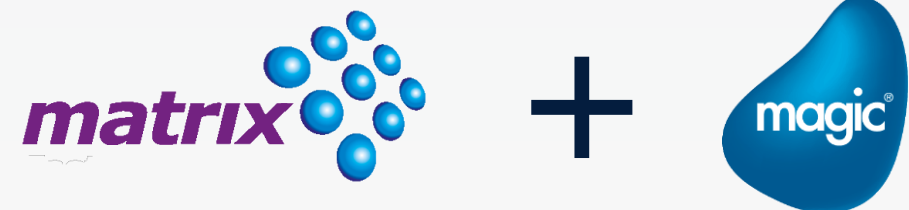
\$2bn+
FY24 Revenue
(17+% in the US)



10%+
FY24 EBITDA
Margin




14
Platforms and
Software Packages




15,000+
Total Headcount



50+
Countries
Served⁽²⁾



6,000+
Active Clients

- ✓ Increases scale to become Top 10 global Digital IT Services firm in major markets⁽¹⁾
- ✓ Diversified geographic presence outside Israel in higher margin US/ Other markets, as well as complementary industries
- ✓ Better positioned to compete on a global scale, leveraging a stronger brand, a larger customer base, and a broader suite of solutions and service offerings
- ✓ Enhances intellectual property and technology platform capabilities
- ✓ Lower leverage of the combined company vs. Matrix standalone
- ✓ Accretive to Matrix's margins and earnings per share without any synergies
- ✓ Magic possesses a well-established international presence, while Matrix holds a dominant market position in Israel. The Merger will allow the Companies to leverage each other's strengths to expand geographic reach and enhance international client engagement and delivery
- ✓ Strong cultural fit and a shared vision

(1) Based on Market Cap. Matrix and Magic Market Cap based on share price as of March 6, 2025 with a NIS / USD exchange rate of 3.57. Analysis includes firms where IT Services is greater than 50% of both revenue and profit.

(2) Includes countries served by Matrix.

P&L Statement

Based on FY2024 financials, in ILS 000's

68.875%

31.125%

100%



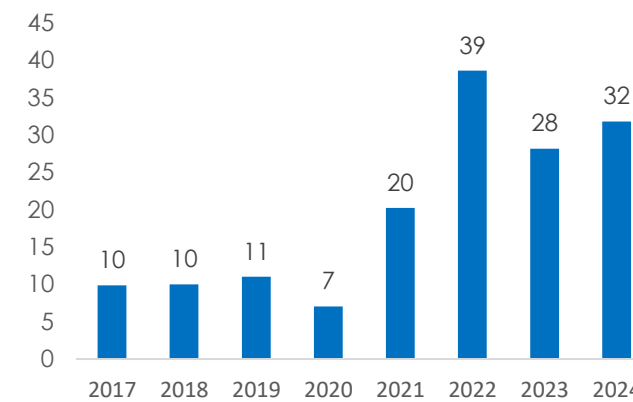
	matrix	magic	matrix + magic
Revenues	5,579,538	2,043,771	7,623,309
Gross Profit	832,994	581,401	1,414,395
<i>Gross Margin (%)</i>	14.9%	28.4%	18.6%
Operating Income	450,074	226,515	676,589
<i>Operating Margin (%)</i>	8.1%	11.1%	8.9%
Net Income	288,224	160,155	448,379
<i>Net Income Margin (%)</i>	5.2%	7.8%	5.9%

Sapiens

- 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 72% recurring & re-occurring revenues in 2024) 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.
- **4,850 Employees** (as of 18.02.2025): 757 Israel ; 596 North America ; 2,365 Asia Pacific (mainly India) and 1,132 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)	2021	2022	2023	23 VS 22	2023	2024	24 VS 23
USD Millions							
Revenues	461	475	515	8.4%	515	542	5.2%
Gross profit	188	200	220	9.7%	220	238	8.3%
Gross margin	40.7%	42.2%	42.7%		42.7%	43.9%	
Operating income	58	67	79	18.6%	79	86	9.0%
Operating margin	12.5%	14.0%	15.3%		15.3%	15.9%	
Net income attributable to Sapiens's shareholders	47	53	62	18.7%	62	72	15.6%
Cash flow from operating activities	81	44	79	81.4%	79	82	3%

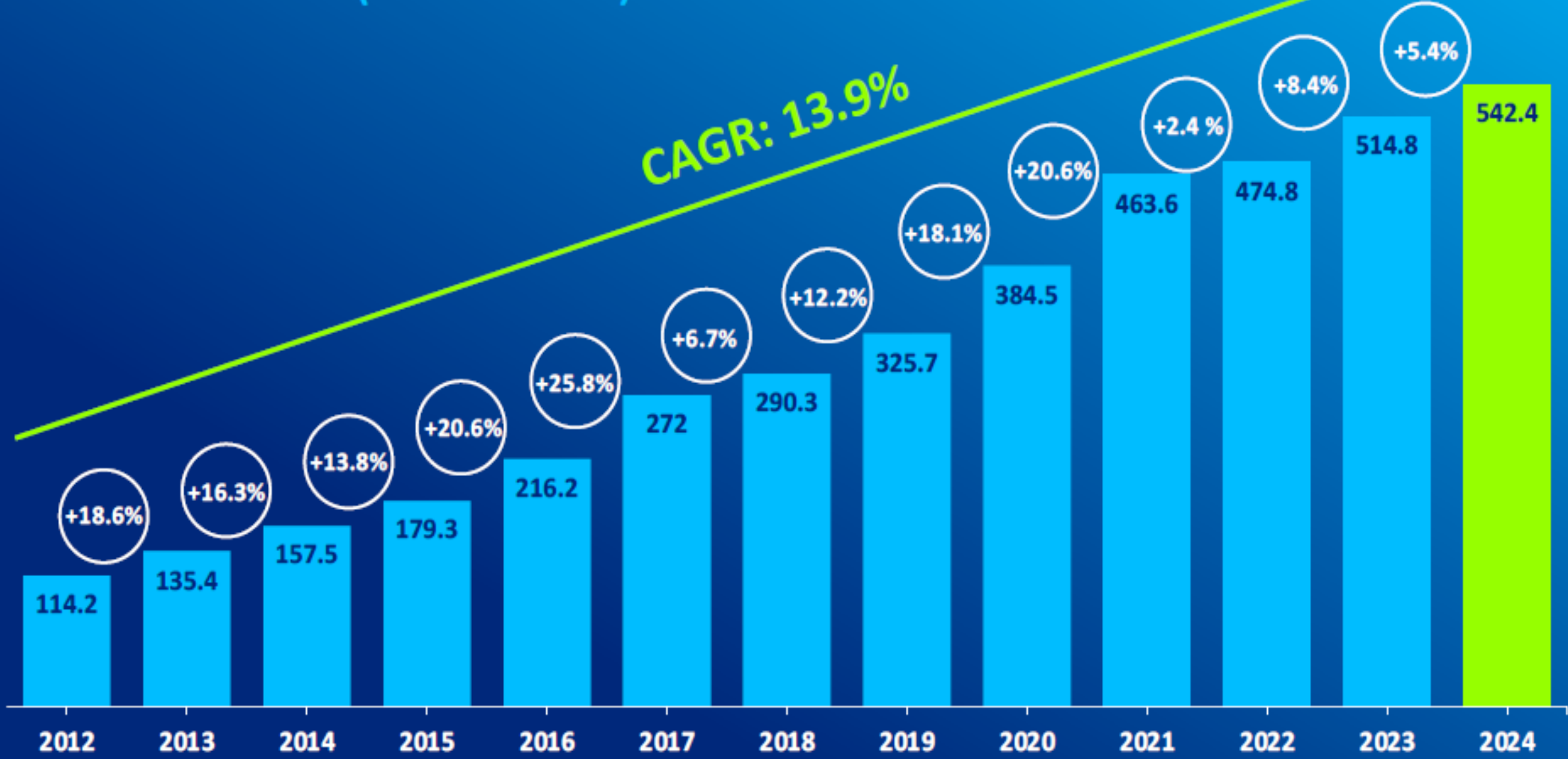
Sapiens – Dividend, \$ Mill.



Revenue Growth Achieved Year-Over-Year

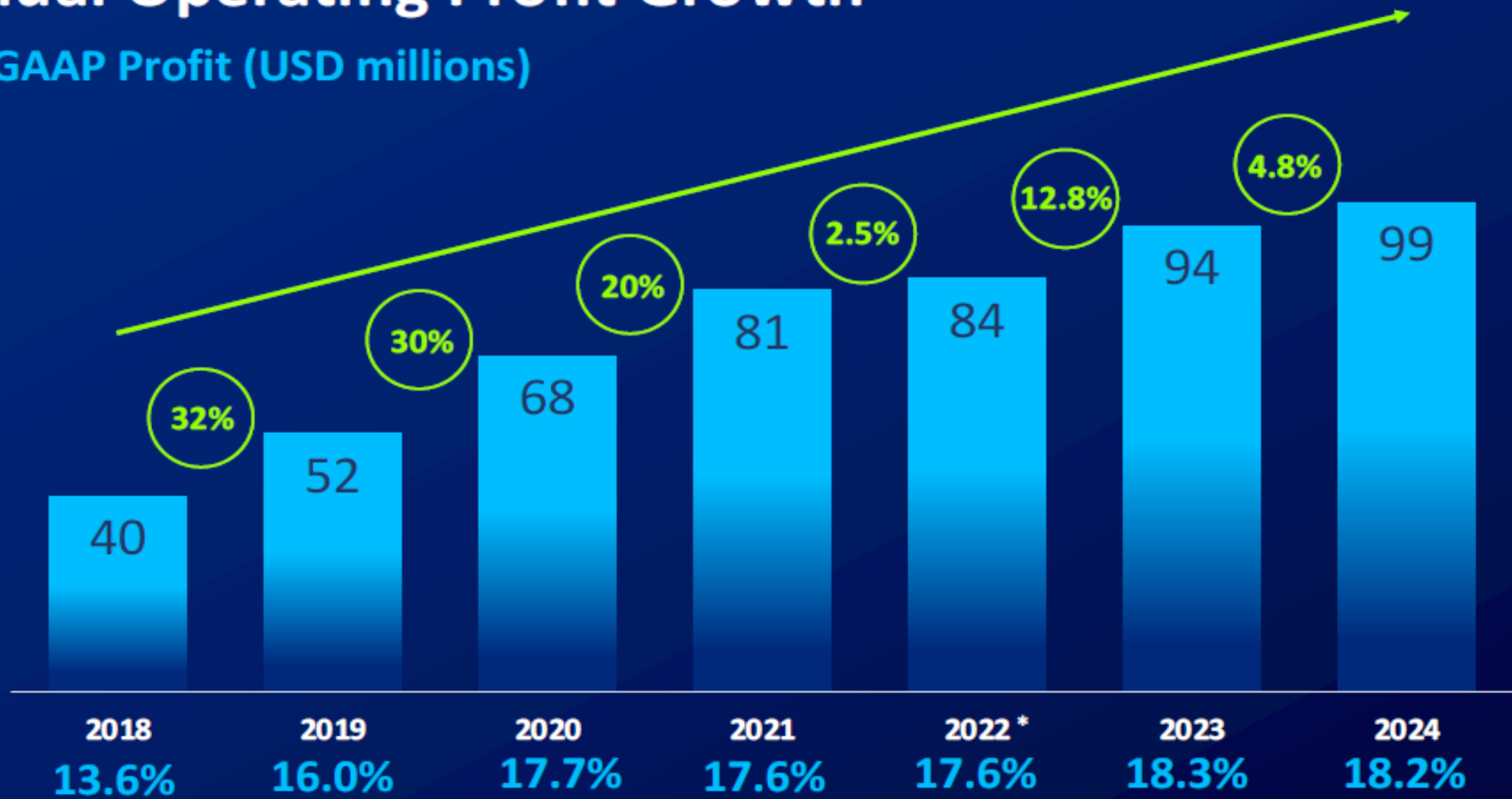
Non-GAAP Revenues (USD Millions)

CAGR: 13.9%



Annual Operating Profit Growth

Non-GAAP Profit (USD millions)

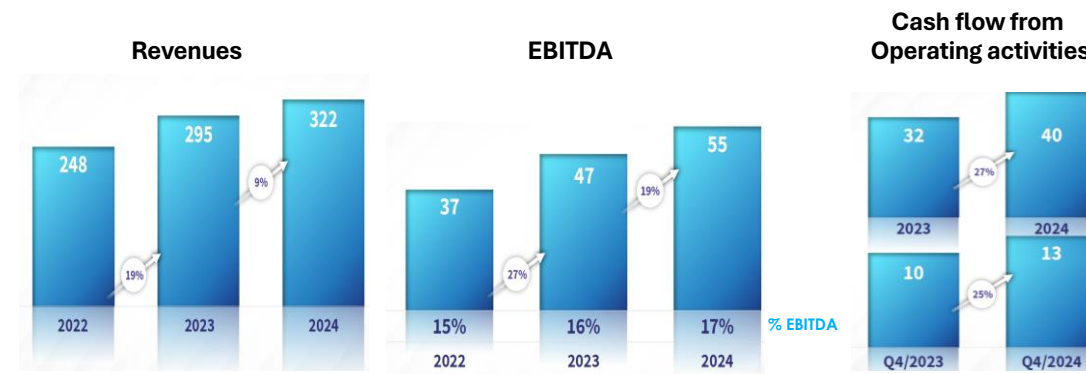


TSG IT Advanced Systems



- **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.
- **748 Employees** (as of 31.12.2024): 509 under the defense segment ; 160 under the civilian segment and 79 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. TSG raised approximately NIS 62m (NIS 57.1m net of issuance expenses).

TSG IT Advanced Systems Ltd (TASE:TSG)	2023	2024	24VS23
NIS Millions			
Revenues	295	322	9.0%
Gross profit	66	73	11.4%
Gross margin	22.3%	22.8%	
Operating income	28 ⁽¹⁾	27 ⁽²⁾	-5.6%
Operating margin	9.6%	8.3%	
Net income attributable to TSG's shareholders	11	10	-9.1%
Cash flow from operating activities	32	40	27.2%





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)	~\$43M	~\$38M	~\$53M	~\$15M	~\$14M	~\$13M
Employees (2024)	~285	~277	~950	~40	~30	~120
Share Interest 31.12.2024	100%	100%	91%	100%	51%	80%



Thank You

