



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q3 & 9M YTD 2021
NASDAQ, TASE: MGIC

About Magic

Magic Software Enterprises Ltd. is a global provider of enterprise-grade application development and business process integration software solutions as well as a broad range of integration and IT professional services.

Magic's software solutions are used by thousands of enterprises, ISVs and implementation partners to develop, deploy and integrate on-premise, mobile and cloud-based business applications.

By enabling enterprises to leverage existing IT systems and get to market quickly with new applications, Magic customers can dramatically improve operational efficiency and innovation with a high return on investment. Magic's integration and IT project management and staffing augmentation services enable enterprises to implement all types of IT projects, from complex to simple, quickly and efficiently.

Magic solutions are backed by over 35 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 30 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

Customers

- adidas Canada
- Adecco Nederland
- Agricultural Bank of China
- Allstate Life Insurance
- AutoScout24
- Bank Hapoalim
- Bank Leumi
- BNP Paribas
- Boston Medical Center
- Celebi Ground Handling
- Christie Digital
- Club Med
- Coca Cola Brazil
- Crane & Co
- CVS
- Datenlotsen
- Ekro
- Euroclear
- Fiskars
- FMRP
- Fuji Film
- Fujitsu-Marketing
- Fukushima Bank
- GE Capital
- Grange Insurance
- Guardian Life Insurance
- Hitachi Systems
- IDF
- ING Commercial
- Japan Chamber of Commerce
- L'Occitane
- Mahindra & Mahindra
- Mitsubishi
- Mundipharma
- NHS Trust
- Orangina Schweppes
- Pacific Steel
- Petzl
- Rosenbauer
- Segafredo Zanetti France
- Sennheiser
- Sharp
- Sony DADC
- Stallergenes
- Sterling Crane
- Sun Life Insurance
- Superior Industries
- Topicus Pension & Wealth B.V.
- TOTO
- Vishay Intertechnology
- Vodafone Iceland
- Volvo Brazil
- Voxx International
- WellMark

Income Statement Highlights Non-GAAP (US\$, in millions)

	Q3/2021	Q3/2020	YOY%	9M/2021	9M/2020	YOY%	2020	2019	YOY%
Revenues	120.9	94.9	27.4%	347.3	266.6	30.3%	371.2	325.6	14.0%
Operating Income	16.2	14.2	14.0%	47.1	37.4	25.9%	52.6	43.9	19.8%
Net Income	11.8	9.5	24.5%	33.4	26.9	23.9%	37.2	28.2	32.3%

Income Highlights (Non-GAAP)

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	30/09/2021
Total Cash*	100.4
Total Assets	471.1
Total Debt	43.1
Total Equity	269.6

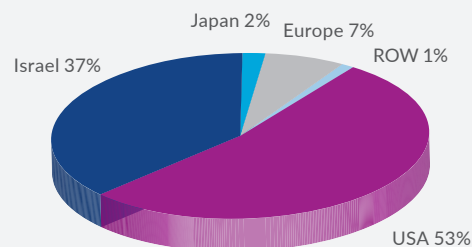
* Including cash and cash equivalents, short and long-term bank deposits and short-term investments in marketable securities

9M 2021 YTD Cash Flow Overview (US\$, in millions)

Total Cash 31.12.2020 **	91.9
Purchase of Property, Net	(0.9)
Acquisition related costs	(13.4)
Dividend distribution	(21.8)
Dividend paid to non-controlling interests in subsidiaries	(3.7)
Change in loans from financial institutions, net	18.1
Exchange rate differences	(1.0)
Net Cash Provided By Operations	31.2
Total Cash 30.09.2021 **	100.4

* Including cash and cash equivalents, short and long-term bank deposits and short-term investments in marketable securities

Revenues by Geography - 9M YTD 2021



Q3 & 9M YTD 2021 Highlights

Financial Performance

For the Third Quarter Ended September 30, 2021

- Revenues for Q3 2021 increased 27% to \$120.9 million compared to \$94.9 million in the same period last year.
- Non-GAAP operating income for Q3 2021 increased 14% to \$16.2 million compared to \$14.2 million in the same period last year.
- Operating income for Q3 2021 increased 9% to \$12.0 million compared to \$11.0 million in the same period last year.
- Non-GAAP net income attributable to Magic's shareholders for Q3 2021 increased 25% to \$11.8 million compared to \$9.5 million in the same period last year.
- Net income for Q3 2021 increased 6% to \$7.5 million compared to \$7.1 million in the same period last year.

For the First Nine-Month Period Ended September 30, 2021

- Revenues for the nine months increased 30% to \$347.3 million compared to \$266.6 million in the same period last year.
- Non-GAAP operating income for the nine months increased 26% to \$47.1 million compared to \$37.4 million in the same period last year.
- Operating income for the nine months increased 25% to \$37.0 million compared to \$29.6 million in the same period last year.
- Non-GAAP net income attributable to Magic's shareholders for the nine months increased 24% to \$33.4 million compared to \$26.9 million in the same period last year.
- Net income attributable to Magic's shareholders for the nine months increased 22% to \$22.8 million compared to \$18.7 million in the same period last year.
- Strong cash position with a healthy total cash balance of approximately \$100.4 million as of September 30, 2021.
- Cash flow from operating activities for the nine months ended September 30, 2021 amounted to \$34.2 million compared to \$41.3 million in the same period last year.
- Magic Software increases its 2021 revenue guidance for the full year of 2021 to between \$470 million to \$475 million on a constant currency basis, reflecting annual growth of 26.6% to 28.0%, as compared to its prior range of \$450 million to \$460 million.
- Financial analyst coverage by Barclays, William Blair, H.C. Wainwright.

Dividend Policy

- In accordance with our dividend distribution policy, we distribute a semi-annual cash dividend 75% of the company's annual net income attributable to Magic's shareholders.
- Cumulative dividend distribution of over \$100 million from 2010 to date.
- Cash dividend for H1 2021 in amount of 23.4 cent per share (approximately \$11.5 million) announced on August 12, 2021. The dividend paid on September 14, 2021 to all of the company's shareholders of record at the close of the NASDAQ Global Select Market on August 30, 2021.

- Cash dividend for H2 2020 in amount of 21.0 cent per share (approximately \$10.2 million) paid on April 7, 2021. Cash dividend for H1 2020 in amount of 17.5 cent per share (approximately \$8.6 million) paid on September 10, 2020.

Exceptional Product Offering

- Robust application development and integration platforms that enable enterprises and ISVs to accelerate cloud and mobile solutions
- Highly productive and agile environment for rapid development and deployment of multi-channel enterprise-grade applications
- Certified and native connectors to integrate with and mobilize virtually all enterprise systems (CRM, ERP, Finance, HR, Warehouse Management System, Documentation Management, Website, etc.)
- Highly scalable, secure and future-proof technology
- Integration and consulting services for highly complex end-to-end IT projects
- Expert project management and IT staffing augmentation services

Leadership and Corporate Vision

- Strong and talented management team focused on efficiency and growth
- More than 20 acquisitions in the past 8 years.
- Corporate culture of openness, ingenuity, and forward-looking determination
- Clear strategic mission
- Close collaboration with customers to enhance and accelerate business performance

Global Industry Recognition

- More than 35 years of enterprise application development and integration experience
- Global: 3,547 employees worldwide, comprised mostly of technology experts who provide a wide array of global professional services and product development
- Modern technology with millions of successful installations worldwide
- Listed in the NASDAQ Global Select Market and the Tel-Aviv Stock Exchange TA-90
- Israel-based company with a presence in over 50 countries, including 30 regional offices across North America, Europe, Japan, India, South Africa and Israel
- Global network of thousands of ISVs, system integrators, and value-added distributors and resellers
- Strategic partnerships with leading global enterprise mobility and enterprise software ecosystem vendors, including Samsung, SAP, Salesforce.com, IBM, Microsoft, Sage, SugarCRM, ServiceMax, SYSPRO, MicroStrategy and Oracle.

MAGIC WORLDWIDE OFFICES

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