Investor Fact Sheet

Company Overview

Magic Software Enterprises Ltd. (NASDAQ: MGIC) is a global provider of **on-premise and cloud-enabled application platform** and **business integration solutions**. The Company has 13 offices worldwide, including 3 R&D centers, and a presence in over 50 countries with a global network of ISV's, system integrators, value-added distributors and resellers, and consulting and OEM partners.

The Company's award-winning code-free solutions give our partners and customers the power to leverage existing IT resources, enhance business agility and focus on core business priorities. Magic Software's technological approach, product roadmap and corporate strategy are recognized by leading industry analysts and the Company has partnerships with global IT leaders including SAP AG, salesforce.com, IBM and Oracle.

Our application and integration platforms enable enterprises and software vendors to build innovative and cost effective end-to-end business solutions. We plan to leverage our 25 years of experience by adding **Cloud based development and deployment capabilities – all in a single, fully integrated service offering**. Our hybrid application platform technology will allow customers to benefit from the time-to-market advantages of building applications in the Cloud while giving them the freedom to deploy both in the Cloud and on-premise without the need to re-code from scratch.

Income Statement Highlights

(US$, in millions)

	Q2/ 2010	Q2/ 2009	%	1H/ 2010	1H/ 2009	%	2009	2008
Revenues	21.5	13.6	58%	41.2	27.4	50%	55.4	62.0
Operating Income	2.1	1.0	110%	3.8	1.7	124%	6.2	4.3
Net Income	1.9	1.1	73%	3.8	1.8	111%	6.2	4.5
Non-GAAP Net Income	2.1	1.2	75%	4.2	2.1	100%	6.8	4.8
Cash Flow from Operations	2.0	1.3	54%	8.7	4.7	85%	4.4	5.1

Balance Sheet Highlights - No Debt

(US$, in millions)

	Q2/2010	Q2/2009	2009	2008
Total Cash	25.8	36.8	41.9	32.6
Total Assets	82.3	85.2	87.6	81.2
Equity	60.5	68.1	57.2	66.8

*Following a $16.0 million dividend payment and an $8.0 million payment towards purchase of assets of an IT services company

H1/2010 Cash Flow Highlights

(US$, in millions)

Total Cash 31.12.2009*	41.9
Dividend ($0.50 per share)	(16.0)
Payment Towards Purchase of Assets of IT-Services Company	(8.4)
Net Cash Provided by Operations	8.3
Total Cash 31.3.2010*	25.8

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

Income Highlights

(US$, in thousands)

Legend: Operating income (loss) / Net income (loss) from continued operations

Investment Highlights

- Industry's **most comprehensive** application and integration platforms
- **Financial strength**
  - Solid cash position with continued rise
  - Profitable - 4 consecutive years
  - Stable (25 years; thousands of global installations)
  - History of organic growth
  - No debt
- **Global industry recognition**
  - Global partner and customer base
  - Gartner and Forrester analysts recognition
  - Product innovation and reliability
  - Technological and industry expertise
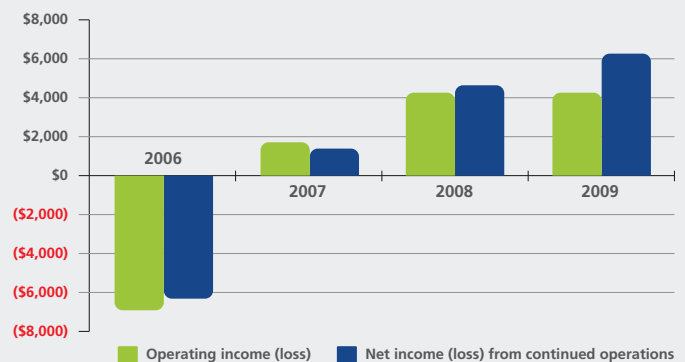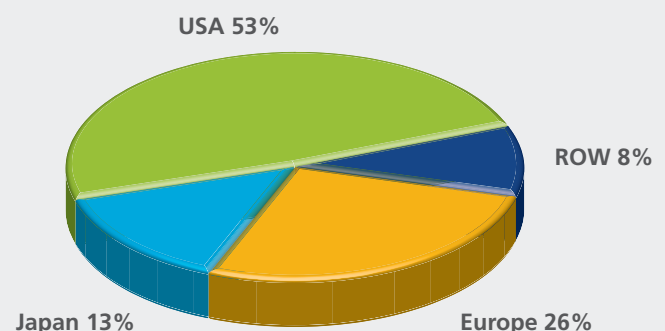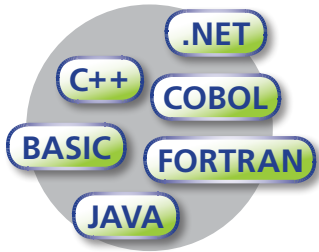 - Highly skilled workforce

Revenues by Geography - Q2/2010

USA 53%
ROW 8%
Europe 26%
Japan 13%

Magic Software:
Answering the Cloud Opportunity

The Software Development Challenge

.NET
C++
COBOL
BASIC
FORTRAN
JAVA

To increase productivity, businesses have come to rely upon software applications.

Software applications are created using programming languages that require a very high degree of precision and completeness.

It's a process that's labor intensive and open to errors.

Software applications also need to be stored and run on servers, desktops and other hardware.

For enterprises and software vendors, the costs of building and running business applications are exorbitant.

The Web Revolution – Ever Greater Complexity

The Web revolution transformed the business and IT landscape forever.

For programmers, it means no longer writing code for just one machine.

Modern enterprise applications today require millions of lines of code.

Developers need to consider the interaction of multiple systems, platforms and devices.

It's now about the server and the client working together, sharing the computing load, whereas once they worked in isolation.

Programming languages were simply never built for this pace of change.

Modern IT application projects have become massive budget items, beyond the means of many enterprises and software vendors.

The Solution – Cloud Computing

The Web revolution also paved the way for Cloud computing.

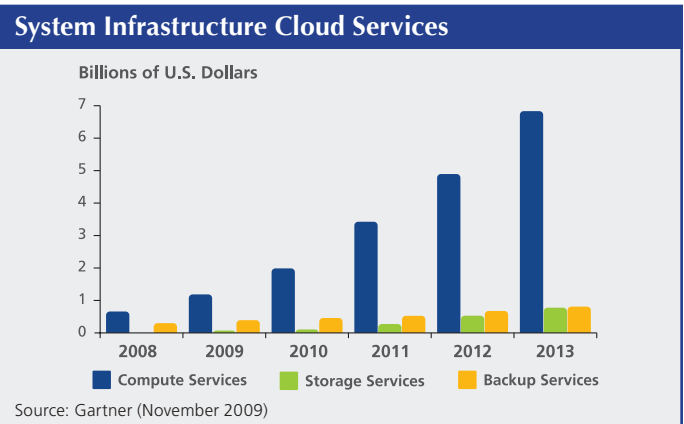Cloud represents the lean consumption of computing resources.

No more bulky, expensive hardware acquisition and lengthy code writing projects.

It follows the 'just in time' production model – where you use only what you need.

Cloud means multi-tenancy and elasticity – enabling businesses to grow without a heavy IT cost penalty.

And it's already here. Cloud computing represents a global market that's forecast to reach $43.2 billion by 2012, (TechNavio Insights, Global Cloud Computing Services Market, 2008-2012), with infrastructure services set to reach nearly $10 billion in 2013, (Gartner; see graph).

20% of businesses will own no IT assets by 2013 – in part thanks to Cloud-enabled services. (Gartner; see graph).

System Infrastructure Cloud Services

Billions of U.S. Dollars

■ Compute Services   ■ Storage Services   ■ Backup Services

Source: Gartner (November 2009)

Expected Change in the Proportion of On-Premises and Off-Premises Business Applications (New Decisions)

97%
Off-Premises
80%

On-Premises

2008   2013

Source: Gartner (November 2009)

uniPaaS
The Power of Choice

The Power of Choice

On-premise - Cloud
Software - SaaS
Private Cloud - Public Cloud
Local - Global
Desktop - Mobile

The Platform - uniPaaS

uniPaaS is a Cloud-enabled application platform that provides the most effective means for building and deploying Cloud applications.

uniPaaS is not a programming language - it's a comprehensive application platform.

uniPaaS provides pre-compiled business functionality that speeds up the development of Cloud applications and avoids the need for repetitive hard coding.

Developers can bypass the technical coding chores and focus on building a Cloud offering with optimized business logic and spot-on functionality.

And the result? A Cloud application with **superior performance**, that's delivered **on-time** and **on-budget**.

uniPaaS doesn't force businesses to choose a Cloud-only deployment mode that puts customers at the mercy of a single vendor.

uniPaaS lets you deploy your applications on-premise, or in the Cloud, or both – using the same development effort.

In conclusion: **uniPaaS puts the productivity back into the process** of building and deploying software applications.

And it represents **the only industry-proven platform that offers full and flexible Cloud development and deployment under one roof.**

Why Cloud?

- **Avoid billions wasted on IT acquisition & maintenance**
- **Up and running over night**
- **Easy entry and exit**
- **Reach wider target audience**

Why Magic Software?

- **The only comprehensive platform available for Cloud applications**
- **Shorter development time**
- **More business focus – less technical coding**
- **Negligible maintenance costs and easy scalability**
- **The only Cloud platform where you develop once and deploy in multiple channels - no deployment lock-in**
- **Makes Cloud also attainable for small companies and software vendors**
- **Provides simple integration of Cloud apps with on-premise enterprise systems**

⬆Productivity = ⬇TCO

uniPaaS – cloud and on-premise applications from one development effort.

Customers

Magic Software's products are used by millions of people, in thousands of enterprises, from every industry vertical. The Company also has over 2,500 ISVs and System Integrators worldwide.

Our customers say that our core strength lies in delivering business productivity and reducing the complexity of IT projects.

Some of our customers include:

• adidas Canada • Adecco • Allstate Life Insurance • Anritsu Corporation • Bank of Cyprus UK • Bank Discount • Bank Hapoalim • Bank Leumi • Boeing • CBS Outdoor • CB Medical • Datenlotsen • Deutsche Bank • Discovery • Fortis Assurances • FMRP • Fujitsu-Ten • Genworth Financial • Grange Insurance • Guardian Life Insurance • Heller Bank • Honda Europe Power Equipment • IDF • ING Commercial Finance • Intelys • Merill Lynch • Mitsubishi • Nespresso • Norfolk and Norwich University NHS Trust • Paradise Cruise • Rosenbauer • Sharp System Products • Sheba Medical Center • Steelcase • Sun Life Insurance • TOTO • UNHCR • United Nations • UPS • Vandrie Group • Victorinox • Vishay Intertechnology • Vodafone • Volvo Brazil • State of Washington Courts •

Executive Management Team

Guy Bernstein
Acting Chief Executive Officer

Asaf Berenstein
Acting Chief Financial Officer

Einat Silver
Corporate Financial Analyst

Eyal Pfeifel
Chief Technology Officer

Oded Lavee
Vice President, Products Development

Udi Ertel
Vice President, Magic Global Services (MGS), Distribution and Operations

Regev Yativ
President and Chief Executive Officer, Magic Software Enterprises Inc. (Americas)

Amit Ben-Zvi
Executive Vice President, General Manager Europe and Japan, and CEO Hermes Logistic Technologies

Yoram Aharon
Chief Executive Officer, Magic Software Enterprises Israel

Amit Birk
Vice President M&A and General Counsel

Magic Software Quick Facts

• **Cloud/On-Premise Application Platform and Business Integration Solutions Provider**
• **Proven Technology with 25 Years of Experience**
• **13 Offices and Presence in over 50 Countries**
• **Thousands of Customers, in every Industry Vertical**
• **Over 2,500 ISVs and System Integrators Worldwide**
• **Alliances: SAP, Salesforce.com, IBM, Oracle**
• **Publicly Traded (NASDAQ: MGIC)**

Magic Software Value Proposition

Magic Software offers the **most productive** cloud and on-premise application platform and integration solutions on the market:
• **Fewer technologies to acquire** – comprehensive end-to-end solutions, one platform, one skill-set
• **Faster time to market** – code-free approach enables rapid project completion using fewer resources
• **More business focus** – partitioning of technical complexity from the mission-critical design and deployment process
• **Scalability & future safe** – hybrid deployment allows businesses to code once and deploy in multiple models for maximum market exposure
• **Ahead of technology competition** – innovators in enabling Client/Server, Cloud, Rich Internet Applications, Mobile Enterprise Applications and Software-as-a-Service

Contact us:
Email: ir@magicsoftware.com | Tel: +972 3 538 9284

Magic Software's Worldwide Offices

Corporate Headquarters
Magic Software Enterprises Ltd.
Tel: +972 3 538 9292

North and Latin America
Magic Software Enterprises Inc.
Tel: +1 949 250 1718

Japan
Magic Software Japan K.K.
Tel: +81 3 5365 1600

UK
Magic Software Enterprises UK
Tel: +44 1344 667 000

Germany
Magic Software Enterprises Germany
Tel: +49 89 962 730

Benelux
Magic Software Enterprises Netherlands
Tel: +31 30 65 66 266

France
Magic Software Enterprises France
Tel: +33 1 49 10 58 58

Hungary
Magic Software Enterprises (Onyx) Hungary Ltd.
Tel: +36 1 216 9910

Distribution
Magic Software Enterprises
Tel: +972 3 538 9480

Israel
Magic Software Enterprises Israel
Tel: +972 3 538 9389

India
Magic Software Enterprises India Pvt. Ltd.
Tel: +91 9886 455 398

SAP Certified
Integration with SAP Applications

SAP Gold Partner

SAP Certified
Integration with SAP NetWeaver

SAP Innovation
Award 2005

SAP Quality
Award 2006

SAP Leadership in Innovation
2007 Global Award

salesforce.com
AppExchange Partner

CERTIFIED

IBM | SOA
Ready for Specialty

IBM Business Partner

IBM Server Proven

Certified for IBM Lotus
e-business software

ORACLE PARTNER

Do it Once. Do it Right.

MAGIC
SOFTWARE

www.magicsoftware.com