

The Sapiens logo is displayed in white, uppercase letters on a dark blue background. The letter 'A' is stylized with a blue horizontal line through its center. The background of the entire slide features a complex network of white and blue nodes connected by thin white lines, set against a dark blue gradient. Several solid blue squares of varying sizes are scattered across the slide, some overlapping the text area and others floating in the background.

SAPIENS

Q4 and Annual 2024 Investor Presentation

Roni Giladi, CFO

Yaffa Cohen-Ifrac, CMO & Head of IR

March 12, 2024

Forward Looking Statements

- Certain matters discussed in this presentation, that are incorporated herein and therein by reference are forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act 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 COVID-19 (coronavirus) pandemic, which may last longer than expected and materially adversely affect our results of operations; 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 outbreak, or fluctuations in currency exchange rates; and risks related to our principal location in Israel and our status as a Cayman Islands 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. Under the heading “Risk Factors” in our most recent Annual Report on Form 20-F and in our other filings with the SEC, 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.

Sapiens is the Most Comprehensive Insurance Software Platform in the Market

One-stop software solutions enabling the modern carrier experience

Who we are

The only truly global provider of intelligent, purpose-built software solutions spanning the **entire insurance value chain**

What we do

Provide a suite of **mission-critical solutions** across Property & Casualty (P&C), Life Pensions & Annuity (LP&A), and Workers' Compensation markets.

How we do it

Robust, configurable insurance platform with a full suite of services and decades of experience accelerating customers' digital transformation

Who we do it for

Tier 1 – 5 insurance carriers around the globe seeking to **digitally transform** their businesses in EMEA, North America, and APAC to the next generation

BY THE NUMBERS⁽¹⁾

~\$514.8 M

Revenue

14.7%

Revenue CAGR
('12 – '23)

\$98M

EBITDA

19%

EBITDA Margin

\$60B+

Global TAM

38

Countries

600+

Customers

66%

Recurring &
reoccurring

(1) Figures represent 2023 actuals unless otherwise specified
(2) Retention for Recurring + Reoccurring Revenue of Growth products as of LTM Q4-23.

Strong Market Demand as Insurers Seek New Solutions to Address Industry Challenges



Replace Legacy IT Infrastructure



InsureTech



Constant Drive for Efficiency



Demand for Digital Transformation



Increased Competition



Adapt to Regulatory Changes



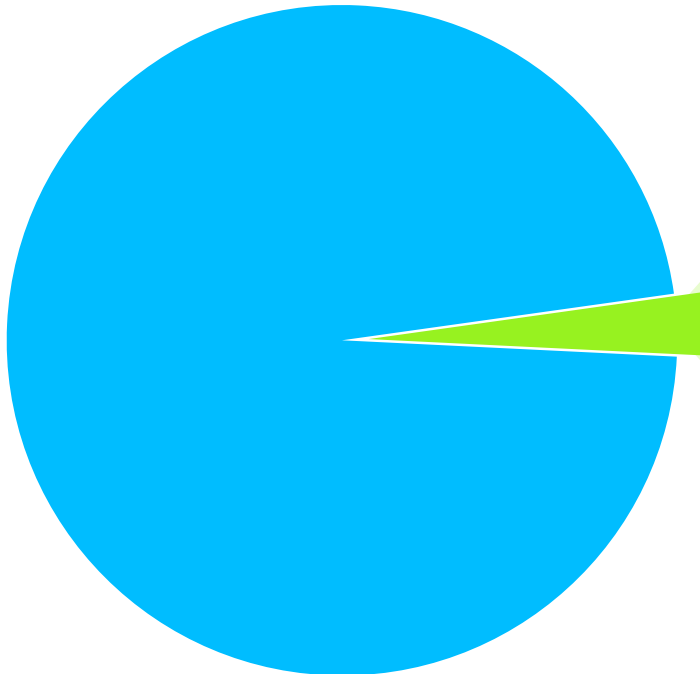
Evolving Customer Expectations

Sapiens is at the Center of a Large and Growing Market Opportunity

Outdated insurers technology presents a MASSIVE market for Sapiens

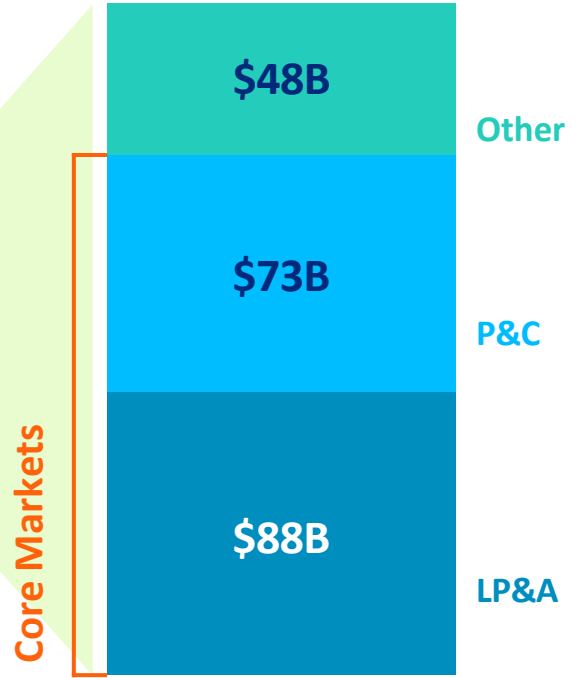
Insurance Sector Global 3-4%

\$6T



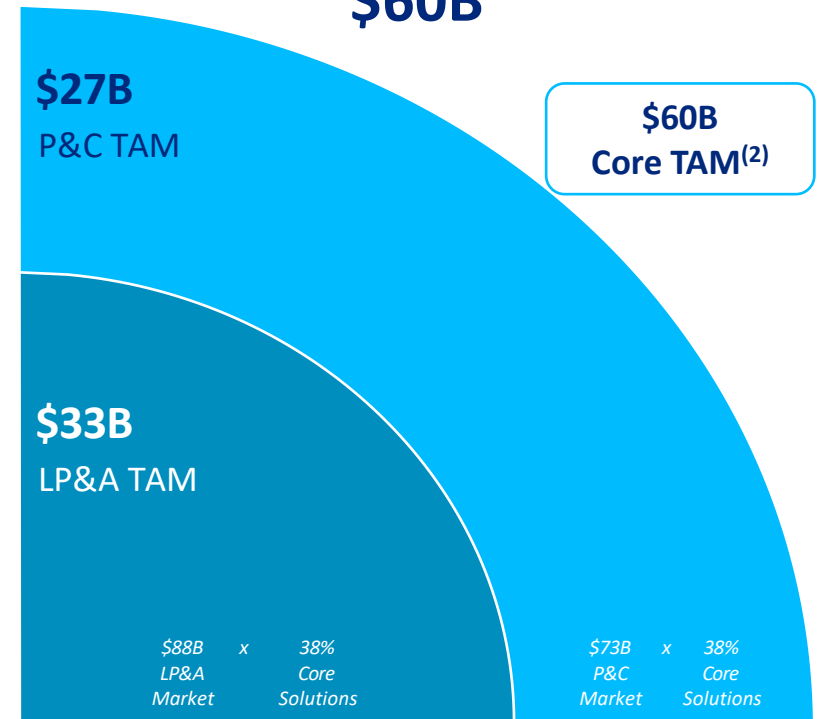
Insurance IT Spend

\$208B



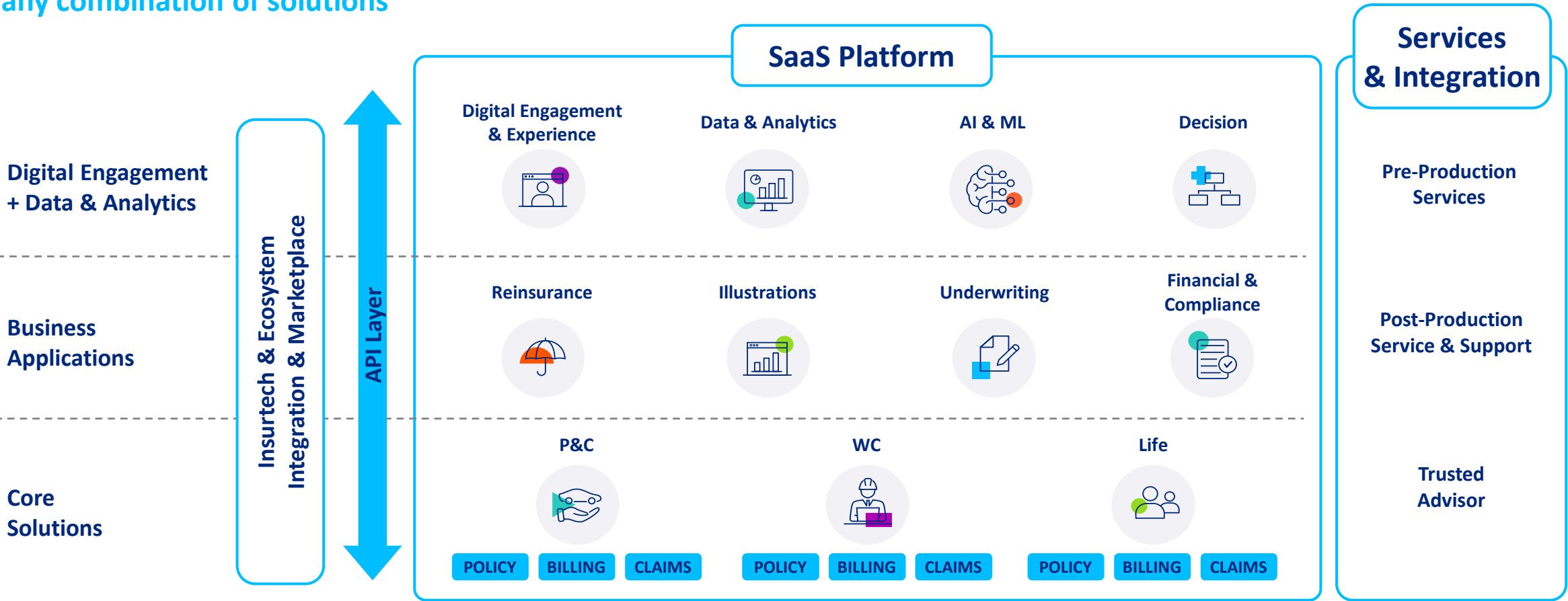
Sapiens Target Market

\$60B



Sapiens' Platform is the 'Single Hand to Shake' for a Modern-Day Carrier Offering

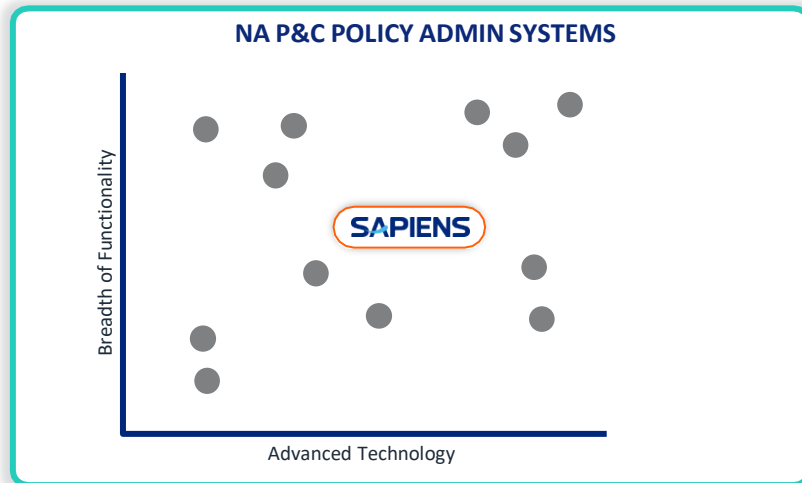
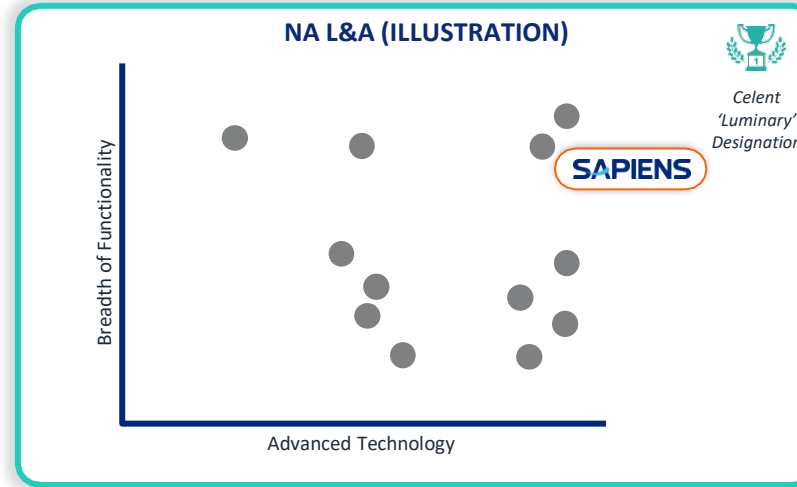
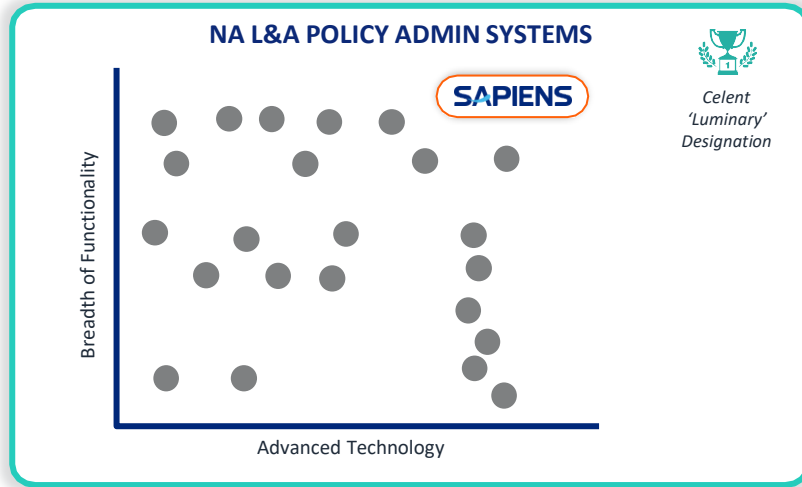
Pre-integrated, low-code offering allows customers to choose between end-to-end deployments or any combination of solutions



Sapiens is the Recognized Leader By Analysts

Clear market recognition driven by Sapiens' innovative product strategy and leadership

NORTH AMERICA

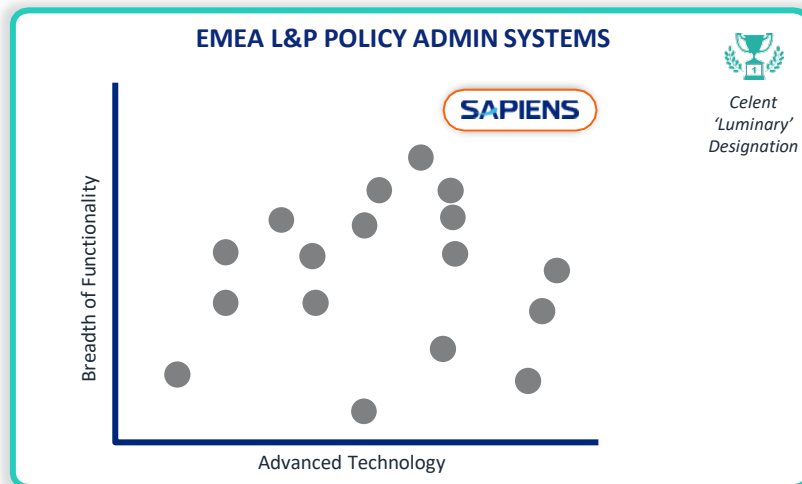
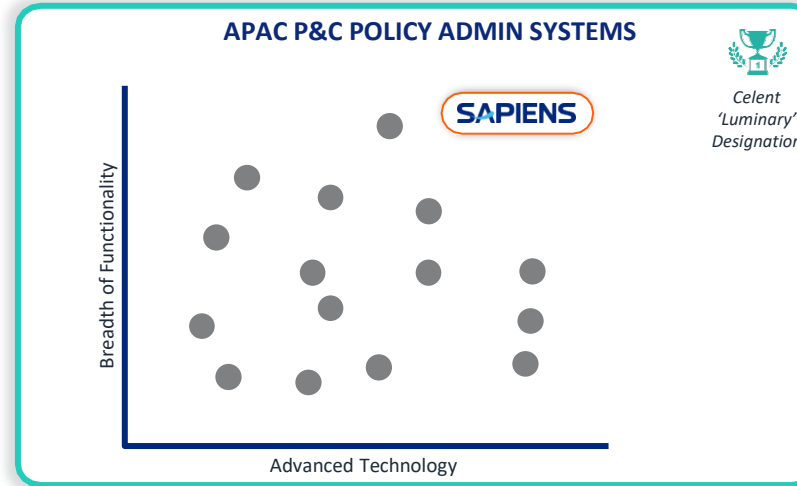
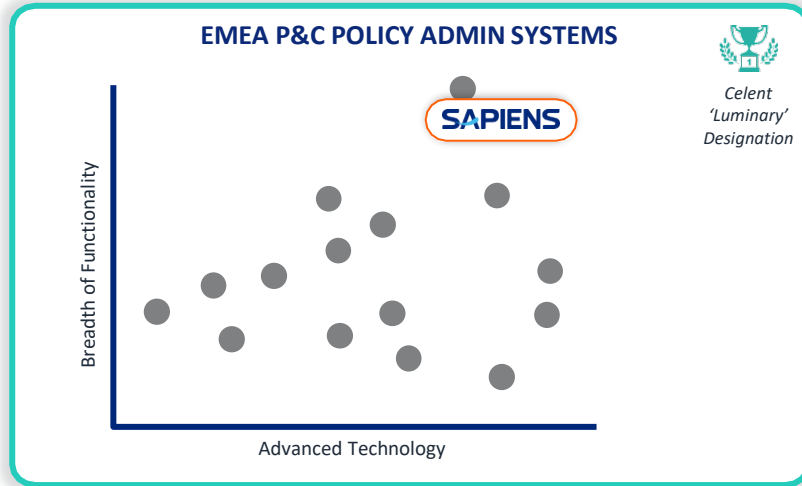


CELENT
ABC Vendor Maps

Sapiens is the Recognized Leader By Analysts...

Clear market recognition driven by Sapiens' innovative product strategy and leadership

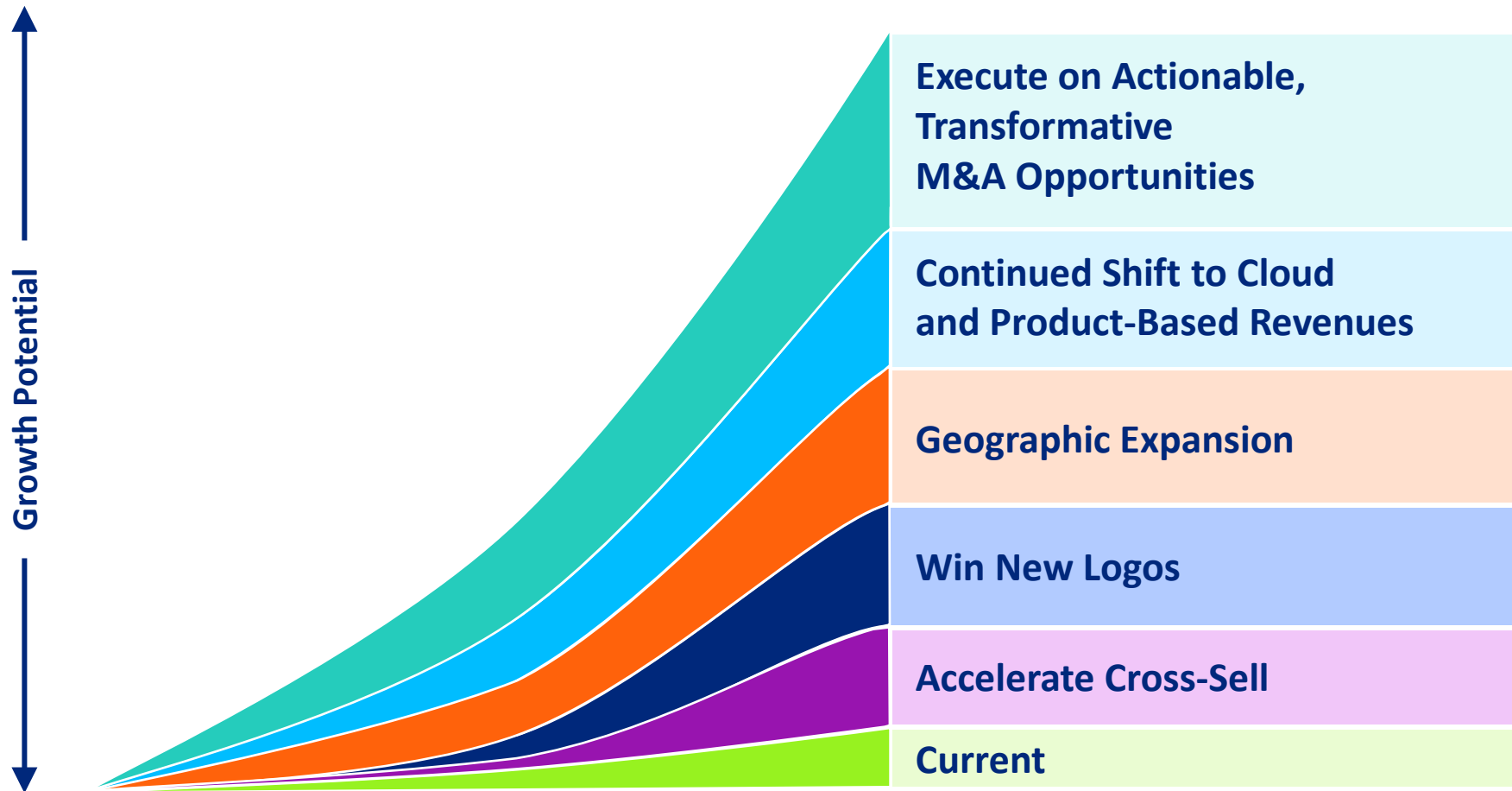
EMEA & APAC



CELENT
ABC Vendor Maps

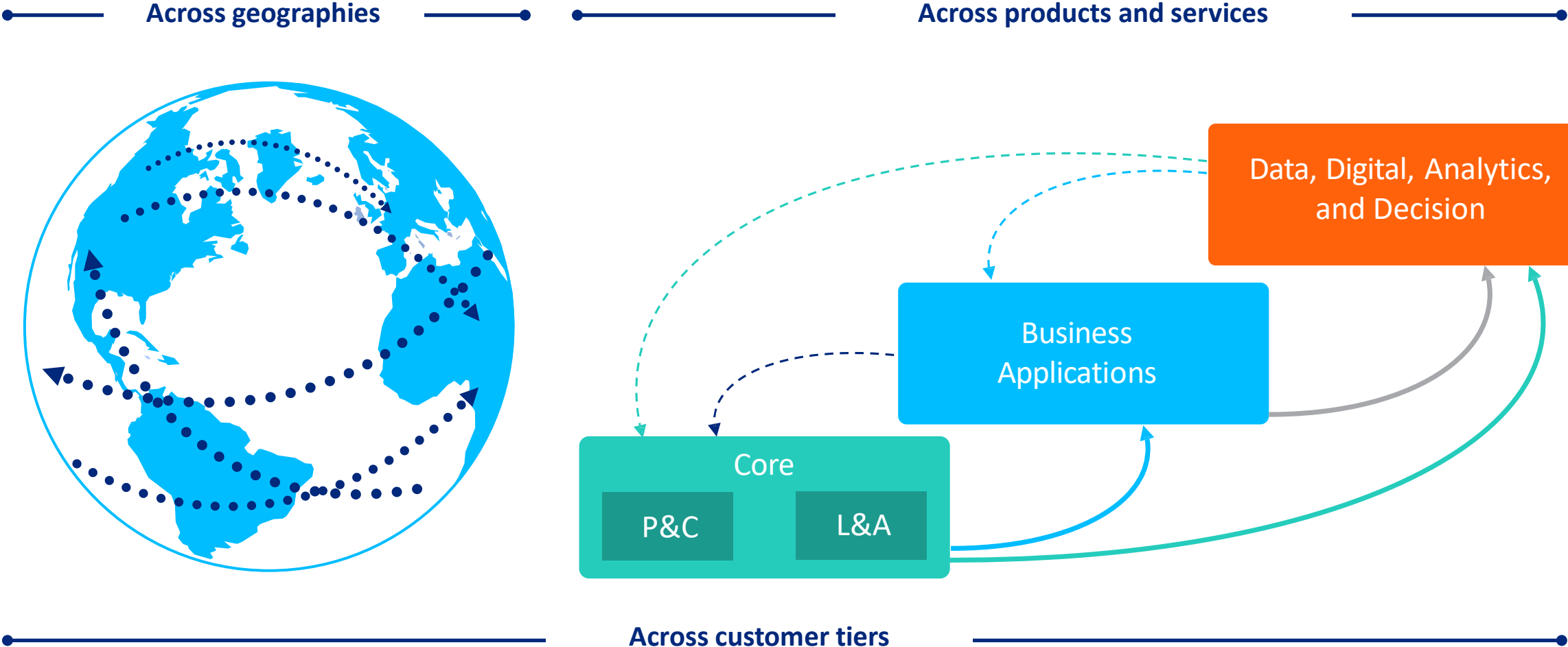
Clear Growth Opportunities to Achieve Long-Term Vision

Numerous growth opportunities would be accelerated in the private market

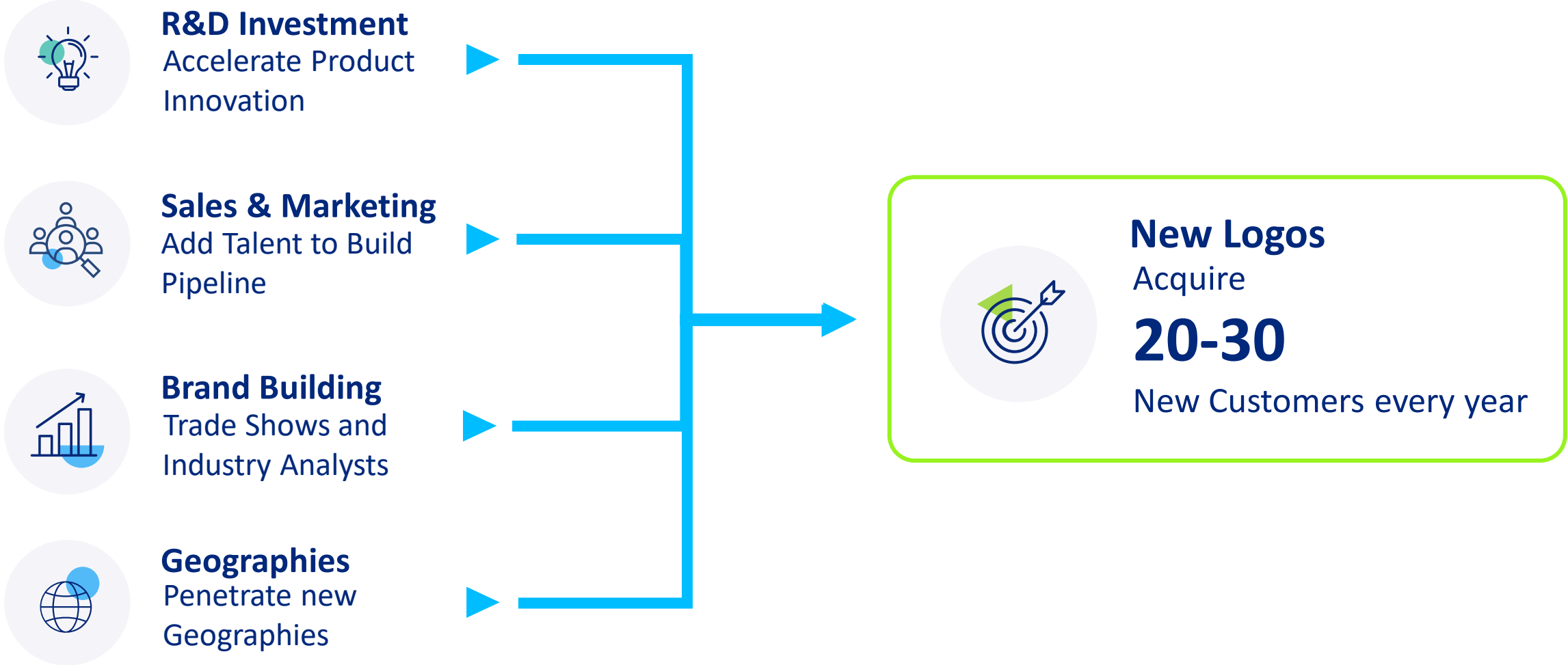


Cross-Sell: Massive Acceleration Opportunity

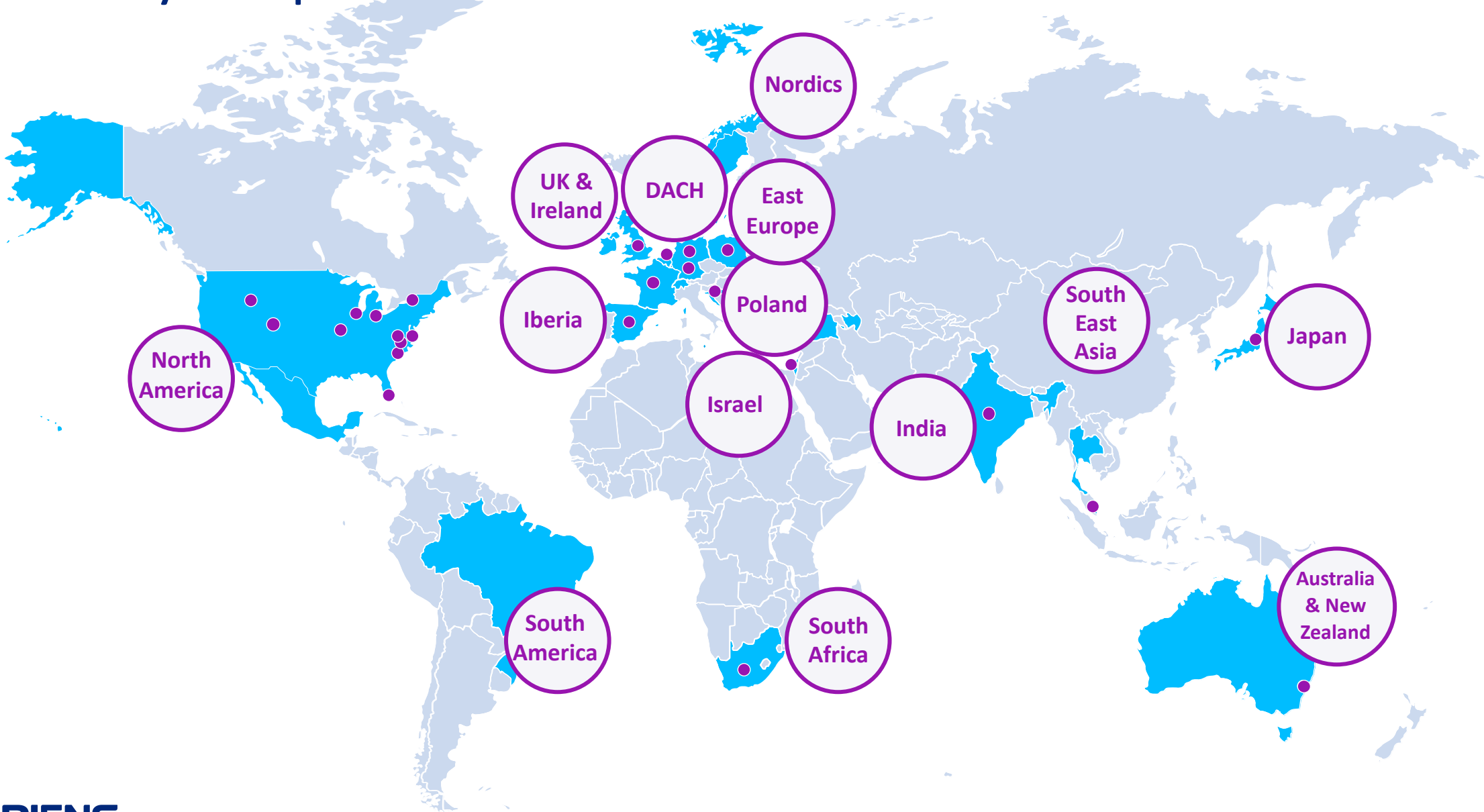
Multi-directional cross selling opportunities across all customer tiers



Capture Market Share with New Logo



Territory Snapshot



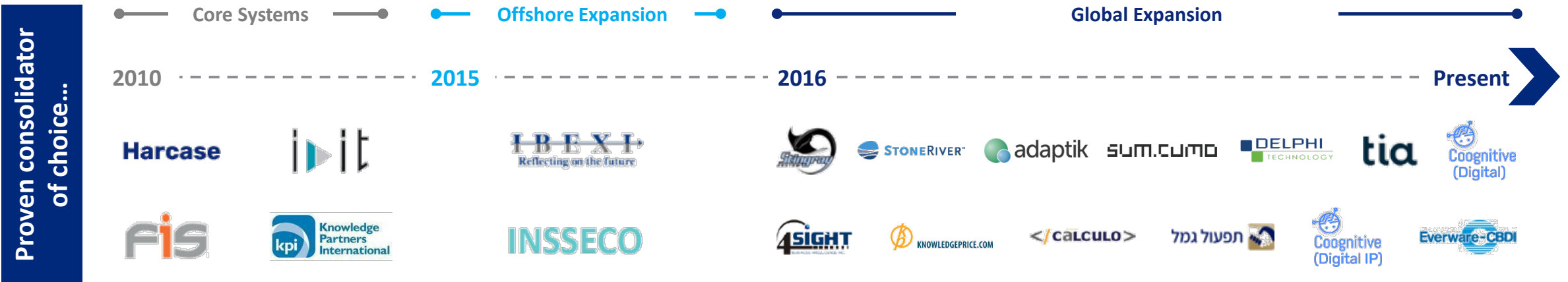


Cloud Transformation

	Number of Costumers	Actions		
New	20-30	Proposal	+95%	Ongoing Process
Existing	600+	Cloud migration	450	Over Time
			150	Done

M&A: Proven Track Record of Successfully Integrating Businesses Globally

19 transactions since 2010 provides Sapiens with the experience and know-how to successfully buy and integrate businesses



...Executing highly strategic M&A (examples)

STONERIVER®

- \$80M Revenue ('16)
- USA HQ Location
- ~500 Employees

Strategic Rationale

Recognized brand with established customer base enabling rapid North American expansion

tia

- \$30M Revenue ('19)
- Denmark HQ Location
- 200 Employees

Strategic Rationale

Large, high quality customer base with sizable cross-sell opportunity

A Compelling Financial Profile



Double digit
10-Year
Revenue CAGR



Recurring and
re-occurring
revenue



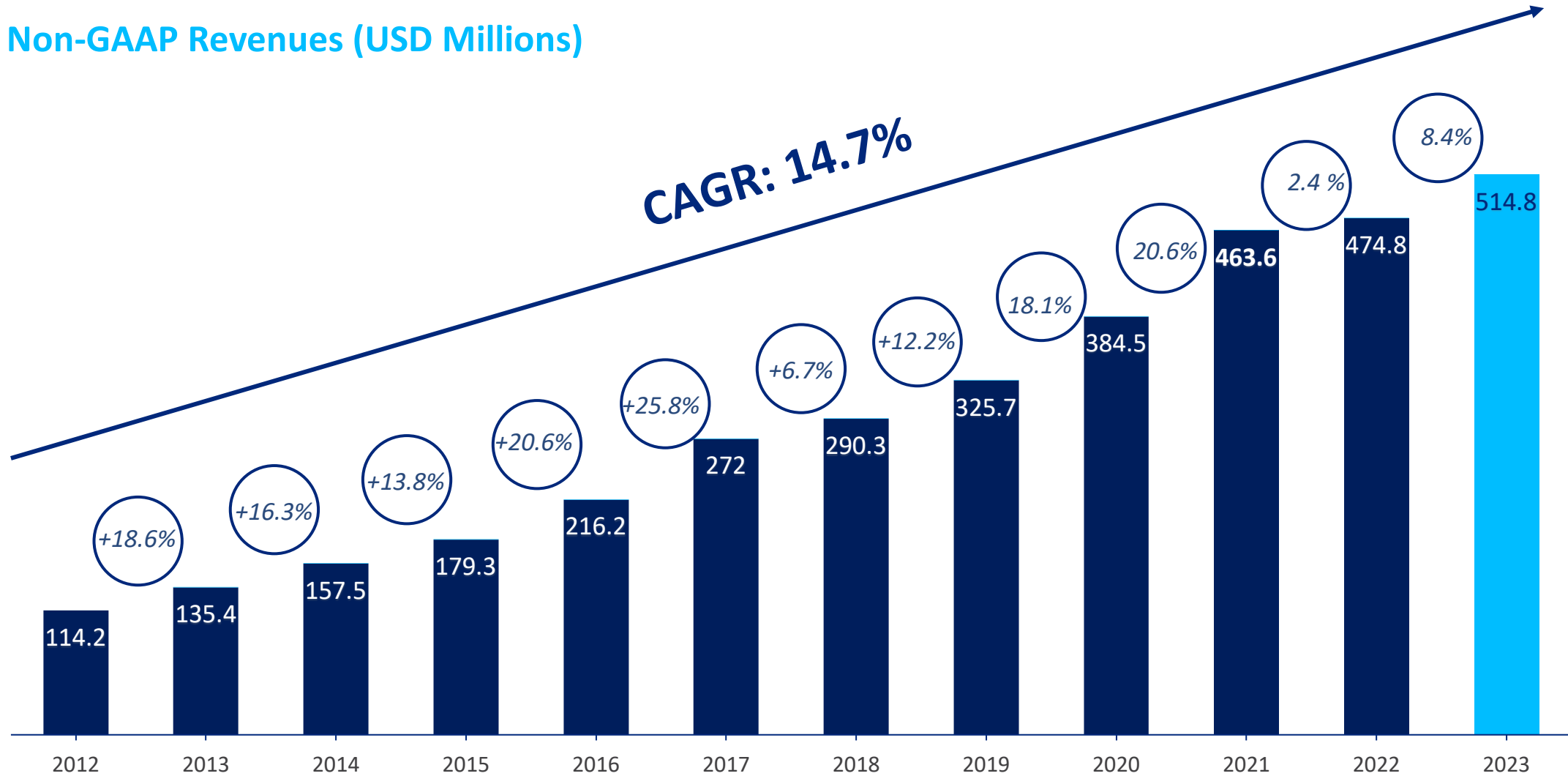
Profit and margin
expansion



Resilient balance
sheet, cash
generation

Revenue Growth Achieved Year-Over-Year

Non-GAAP Revenues (USD Millions)





Unique Proposition



600+

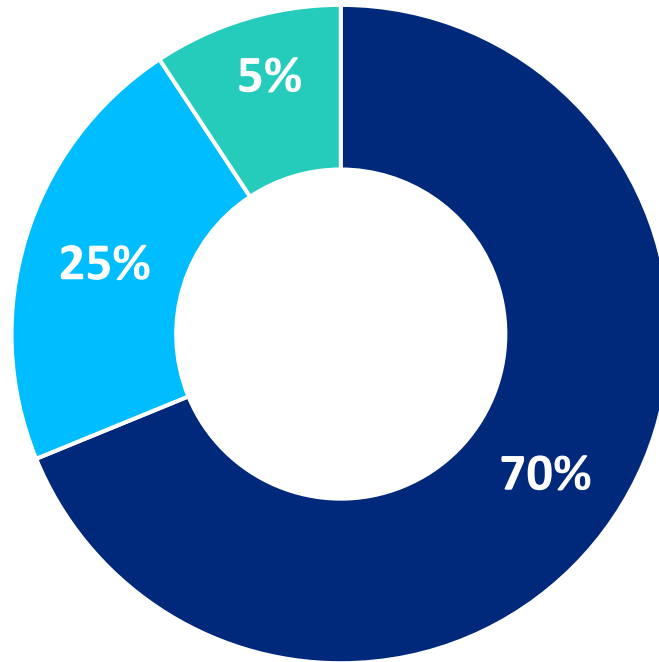
Customers Across



30+

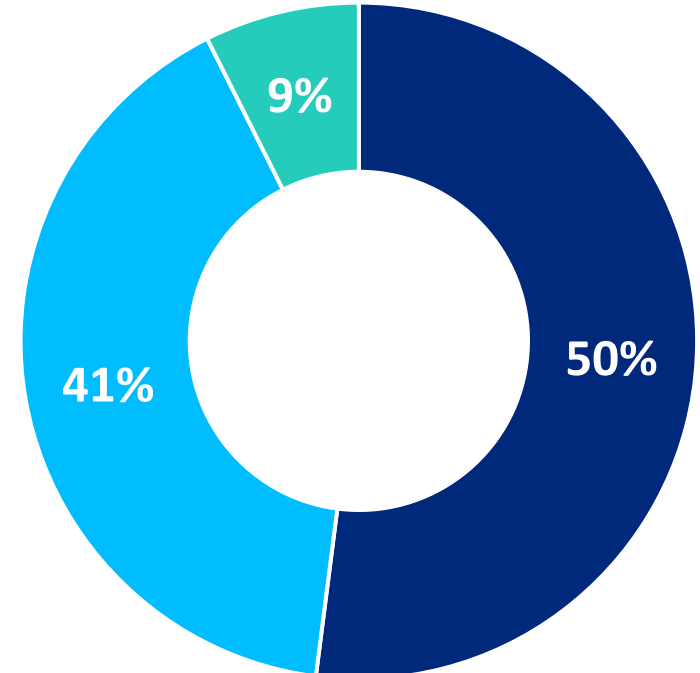
Countries

Multiple Segments By Market



■ P&C ■ L&A ■ Other

Global Player By Geography

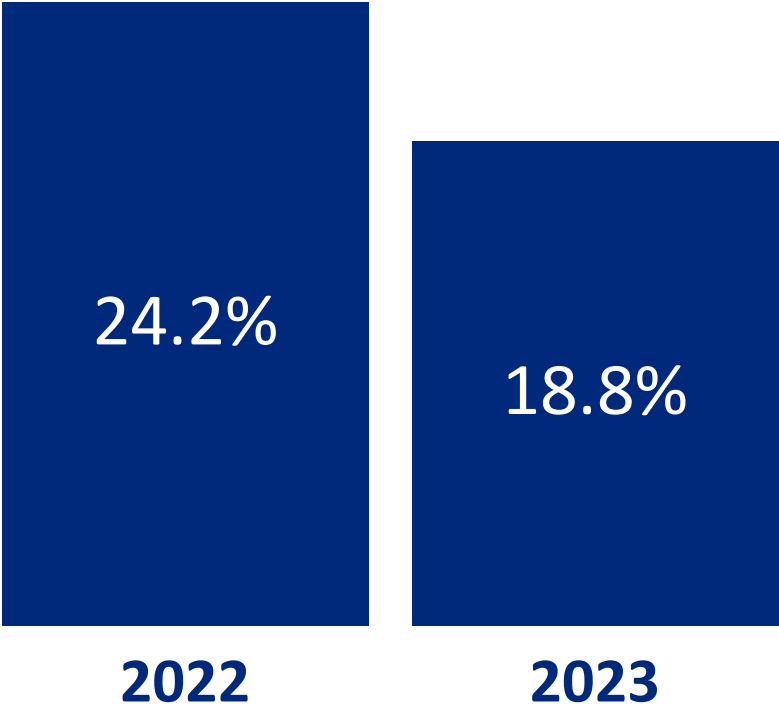


■ EUROPE ■ North America ■ ROW

2023 Revenue - \$514.8 Million

Customers Concentration – 2023 Vs 2022

Top 10 Customers

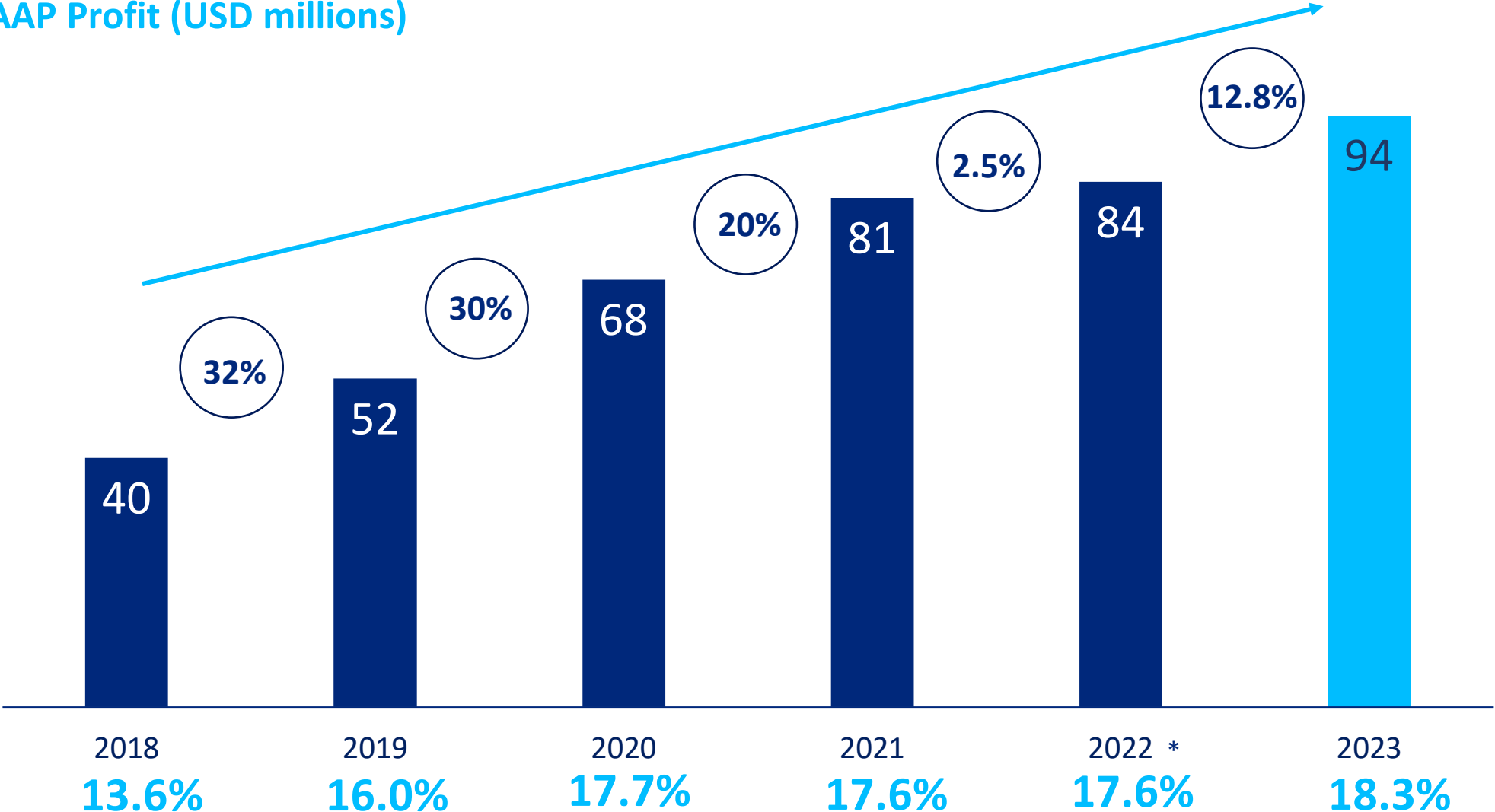


Largest Customers



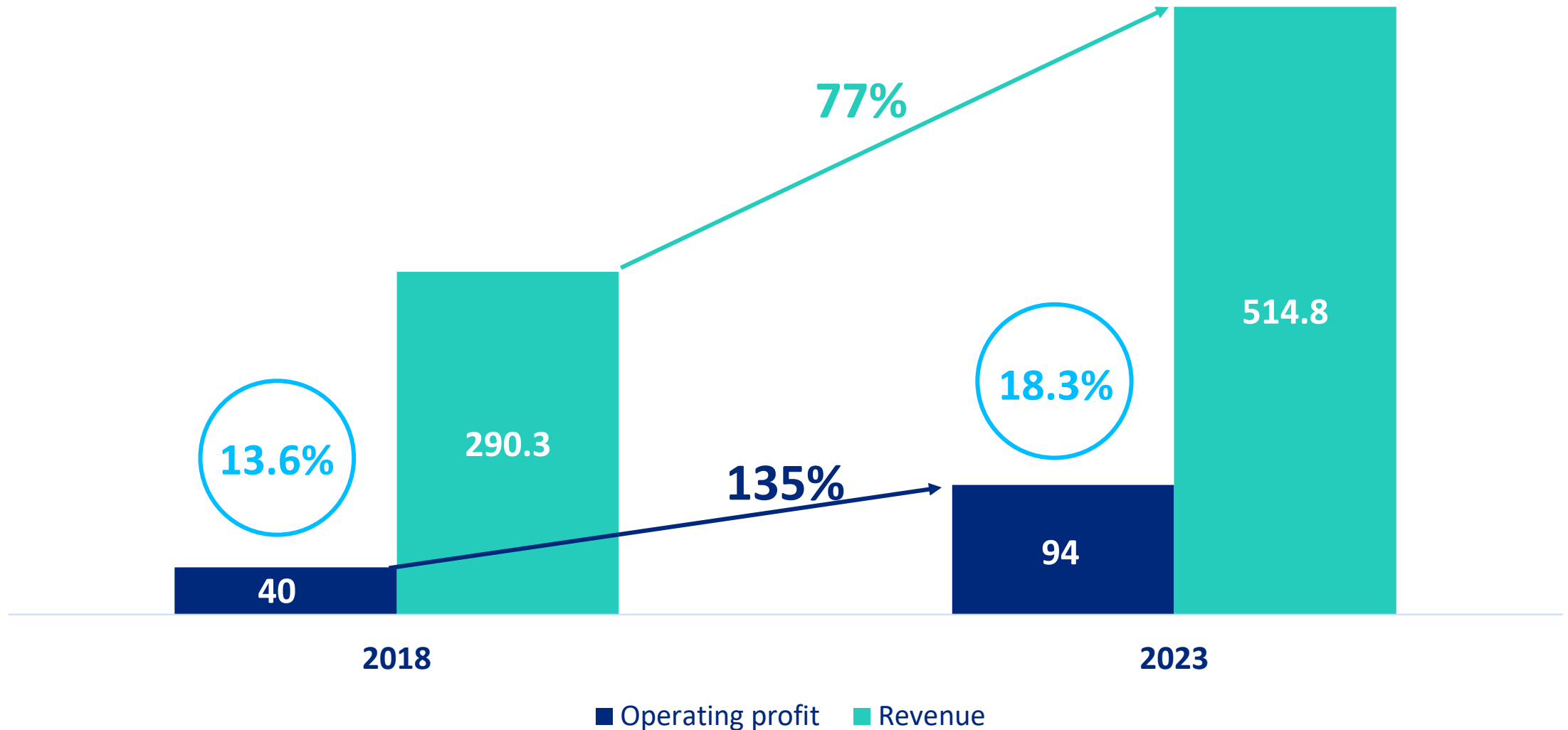
Annual Operating Profit Growth

Non-GAAP Profit (USD millions)



* 2022 Operating profit on a constant currency base is 89.7M USD

Margin Expansion



Cash and Cash Equivalents (December 31, 2023)

USD millions



Cash
Cash and Cash
Investments

Debt
S&P Israel (Mallot): ilAA-/Stable
\$20M Paid 1/1/24
2 more installments to
be paid over next 2 years

2020 - \$ 7M (COVID-19)
2021 - \$ 20M
2022 - \$ 39M*
2023 - \$ \$28.1M

Dividend Distribution
Up to 40% of non-GAAP net income
paid twice a year

Adjusted Free Cash Flow

Non-GAAP (USD Thousands)

Free Cash Flow	2021	2022	2023	Average
Cash flow from operating activities	80.5	43.8	79.4	68
Increase in capitalized software development costs	(7.9)	(6.1)	(6.5)	(6.8)
Capital expenditures	(3.8)	(2.7)	(2.5)	(3)
Free cash flow	68.8	35	70.4	58.1
Cash payments attributed to acquisition-related costs (included in cash flow from operating activities)	2.2	1.1	0.3	1.1
Adjusted Free cash flow	71	36.1	70.7	59.2
Non-GAAP Net Income	65.5	67.2	75.0	69.3
Adjusted Free Cash Flow/Non-GAAP Net Income	108%	54%	94%	85%



Guidance

Revenue and Profitability Increase – 2024 Guidance

Non-GAAP (USD millions)

	2023 Actual		2024 Guidance Low	2024 Guidance High	Guidance Mid
Revenue	\$514.8M	➔	\$550M	\$555M	Growth of 7.3%
Operating Profit	\$94.1M		\$99.6M	\$102.7M	Passing \$100M
Operating Margin	18.3%		18.1%	18.5%	Stable

Shift to Subscription Model

Product

Post-
Production

Pre-
Production



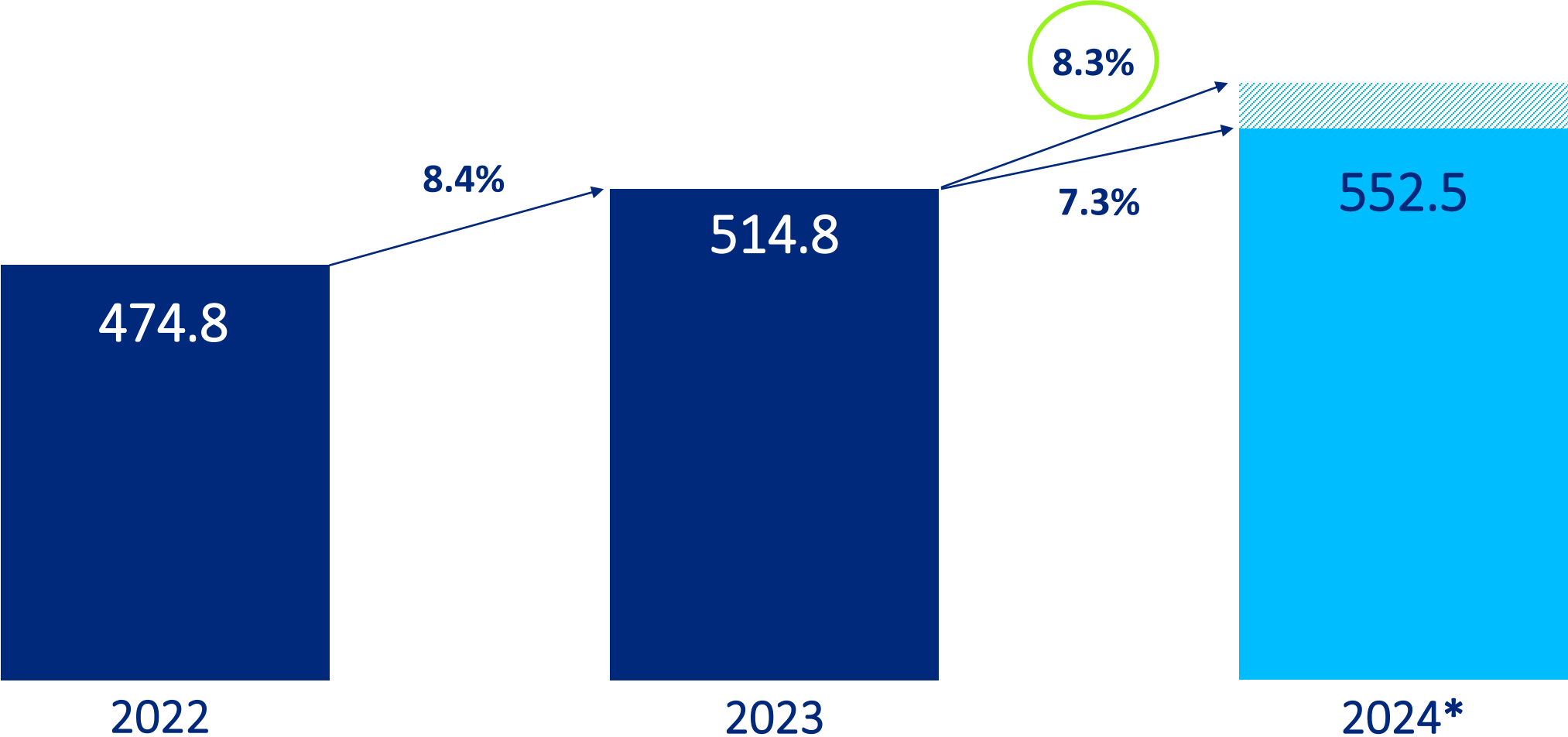
1

Convert post-production services into subscription revenue

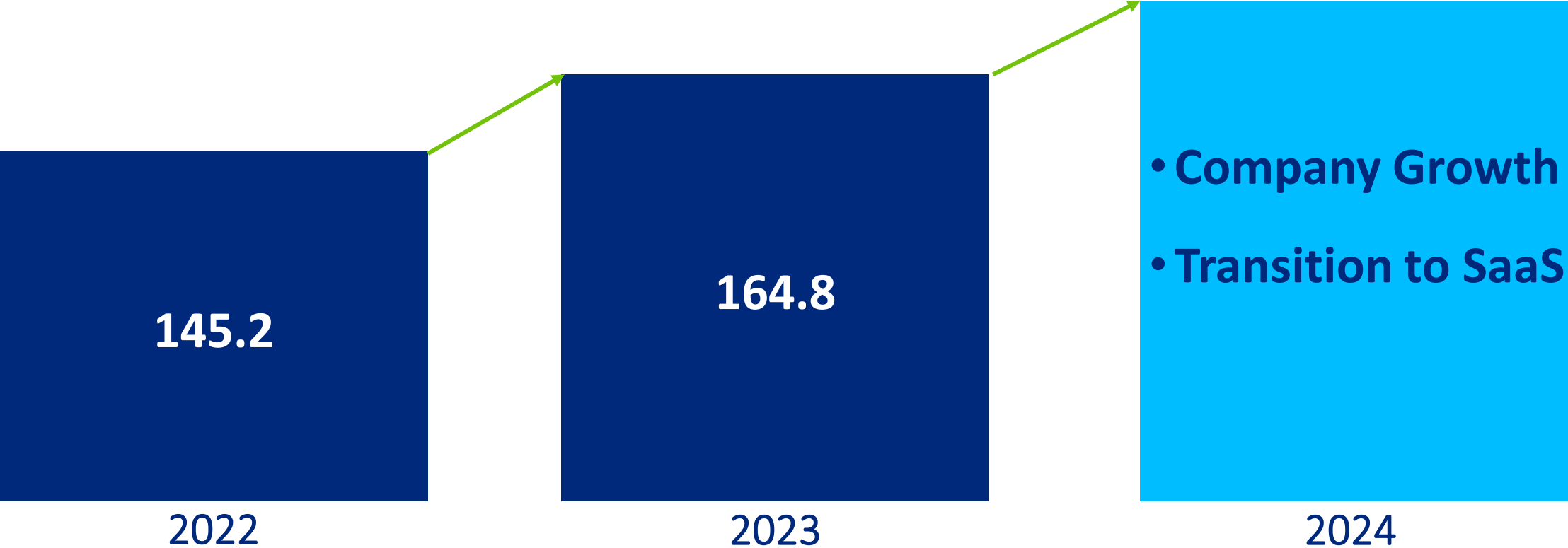
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Shift implementation revenue to subscription revenue over longer period

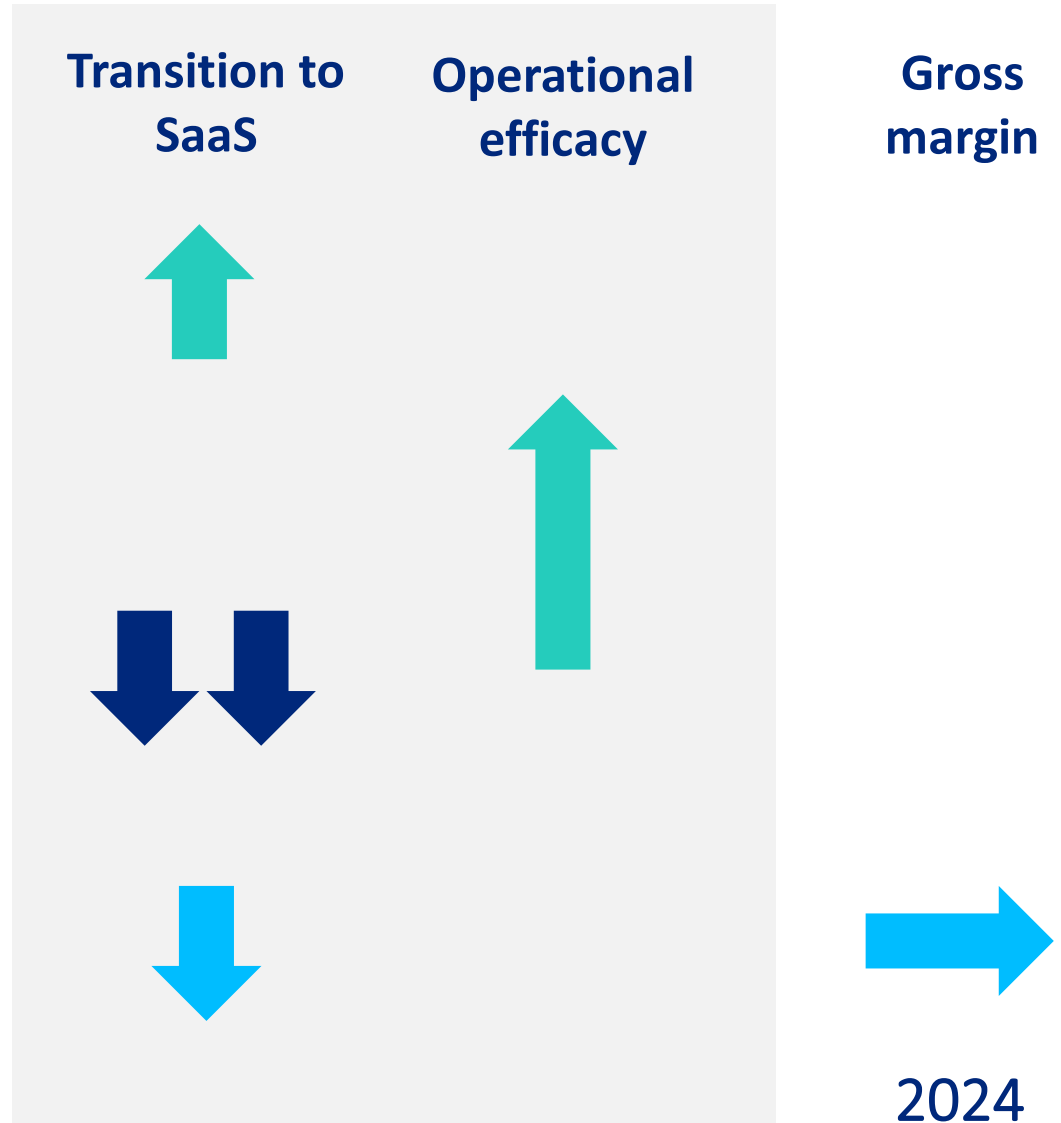
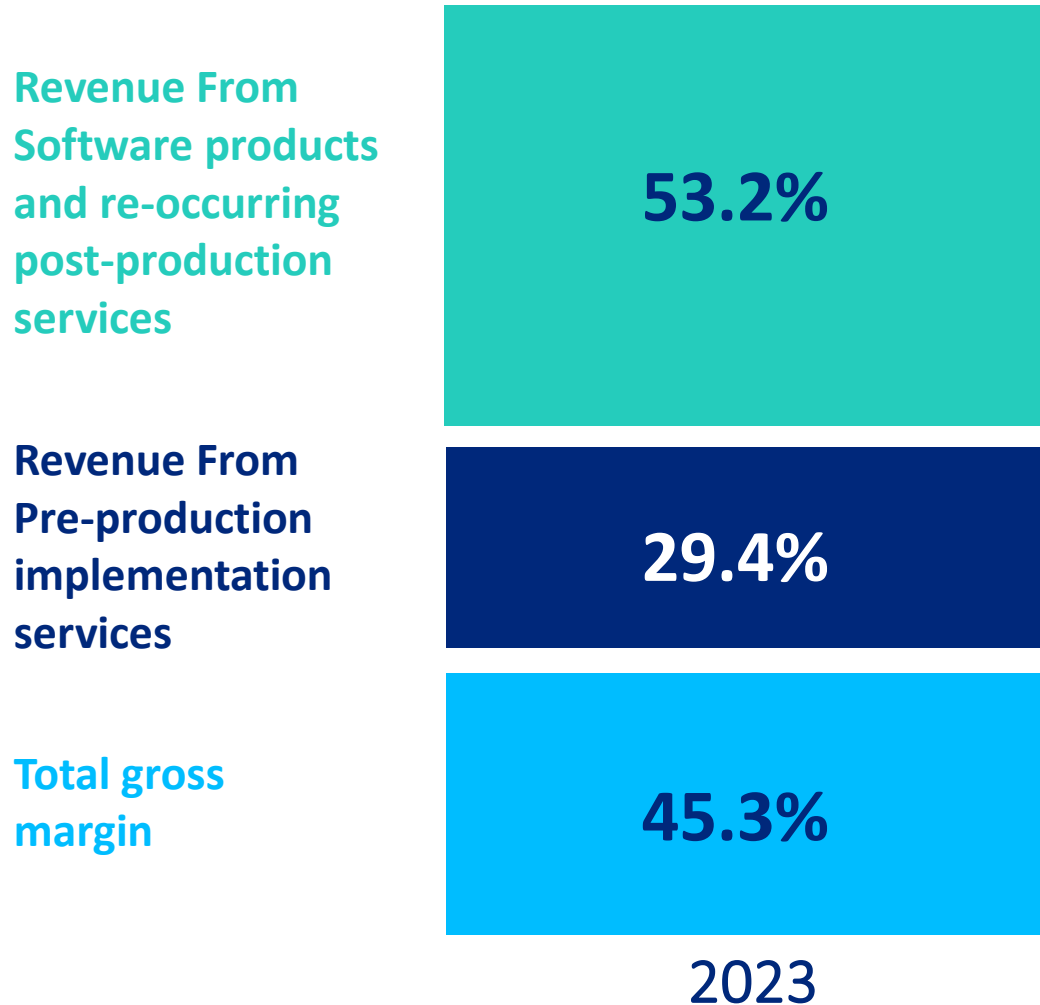
Implication on Growth



Annualized Recurring Revenue - ARR



Impact on Gross Margin



Growth



Operating Profit

\$550M+



~\$100M+



Why Choose Sapiens?

Growth ~~vs~~ Value

AND

Rare, Highly Compelling Investment Opportunity

Compelling opportunity defined by market leadership, growth profile, and scarcity

▶ Immense market opportunity

\$60B+ TAM with sizeable tailwinds as legacy carrier solutions become obsolete; Sapiens is exceptionally positioned to gain market share and penetrate new end-markets

▶ Best-in-class product offerings

Unmatched breadth of insurance products with clear global leadership in LP&A and dominance in EMEA P&C with sizeable opportunities to cross-sell amongst diverse offerings

▶ Global leadership

Unrivaled geographic reach with footholds in Europe, APAC, and North America; proven ability to continue global expansion

▶ Huge whitespace opportunity and large new logo pipeline

Near-term actionable whitespace opportunities across products and geographies combined with **strong momentum in new logo engine**

▶ Successful M&A playbook with actionable pipeline

19 strategic acquisitions completed to date with a pipeline of near-term targets to further enhance product/geography depth and consolidate market leadership positions

▶ Multiple levers for continued margin expansion

Sizeable near-term opportunities to expand margin profile and increase cash flows

SAPIENS

Thank you!

Contact Us

Yaffa Cohen-Ifrah, CMO & Head of IR
yaffa.cohen-ifrah@sapiens.com

