

The Sapiens logo is displayed in white, uppercase letters on a dark blue background. The background of the entire slide features a complex network of white and blue lines and dots, resembling a molecular or data network, with several bright blue squares overlaid on the left side.

SAPIENS

Q1 2024 Investor Presentation

Roni Giladi, CFO
Yaffa Cohen-Ifrah, CMO & Head of IR

May 9, 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

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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

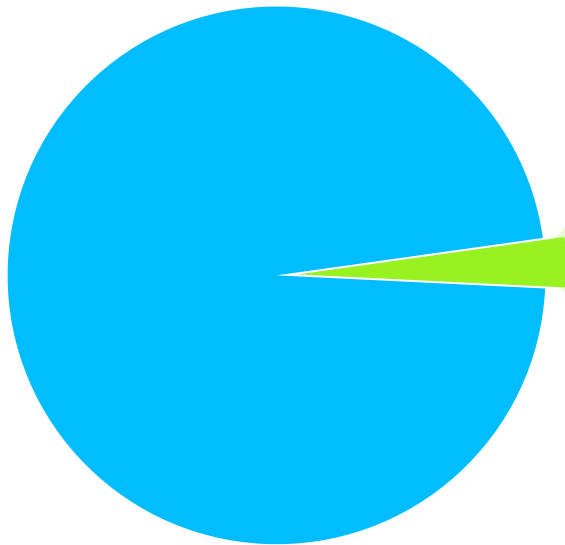


Evolving Customer Expectations

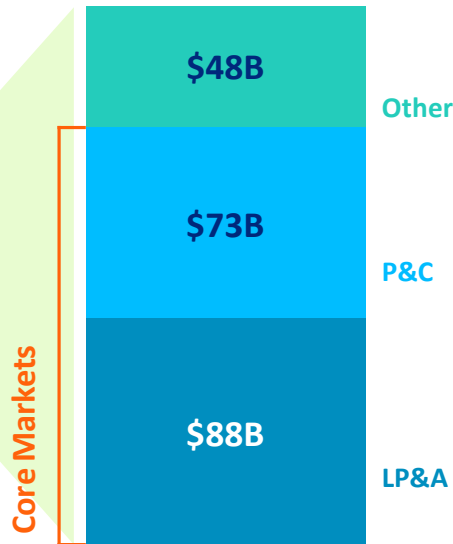
Sapiens is at the Center of a Large and Growing Market Opportunity

Outdated insurers technology presents a MASSIVE market for Sapiens

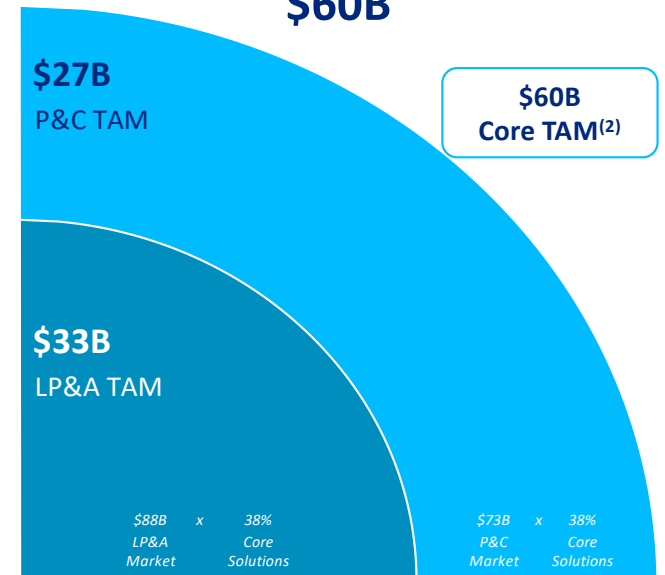
Insurance Sector Global 3-4%
\$6T



Insurance IT Spend
\$208B



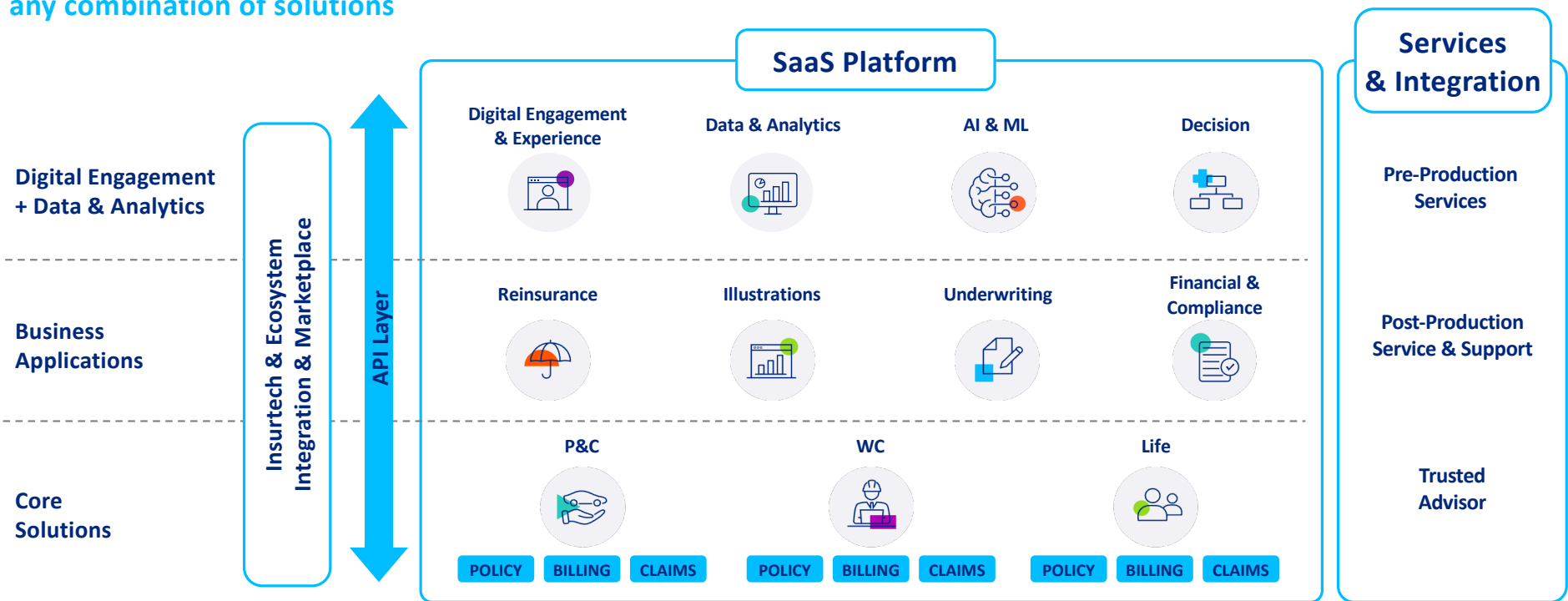
Sapiens Target Market
\$60B



Source: Gartner, 2023.
 (1) Represents 2022-2027 CAGR per Gartner.
 (2) Includes LP&A TAM and P&C TAM for Sapiens' core solution areas (Software and Application Implementation & Managed Services).

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

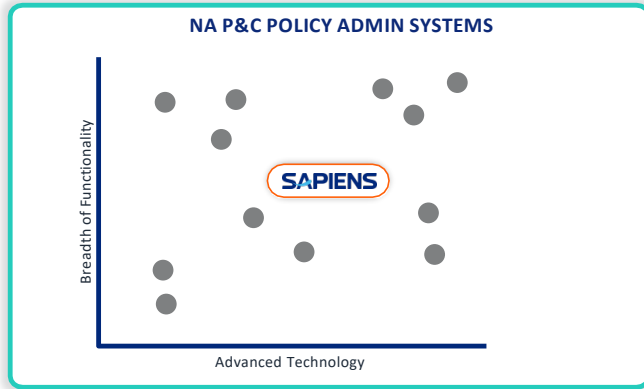
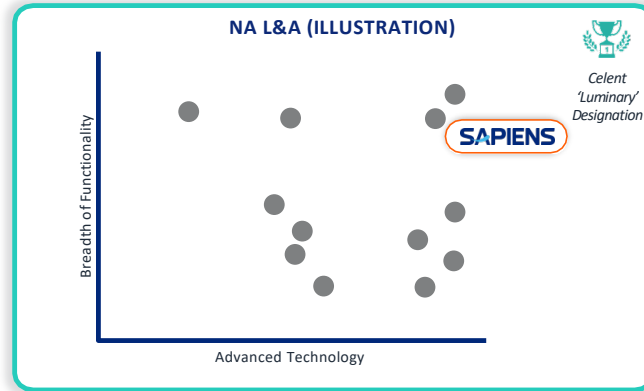
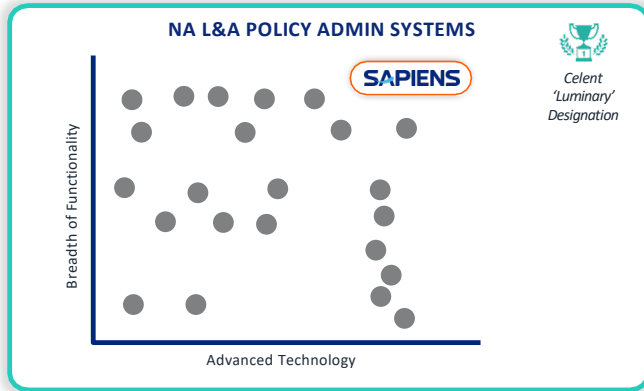
Pre-integrated, low-code offering allows customers to choose between end-to-end deployments or any combination of solutions



Sapiens is the Recognized Leader By Analysts

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

NORTH AMERICA



CELENT
ABC Vendor Maps

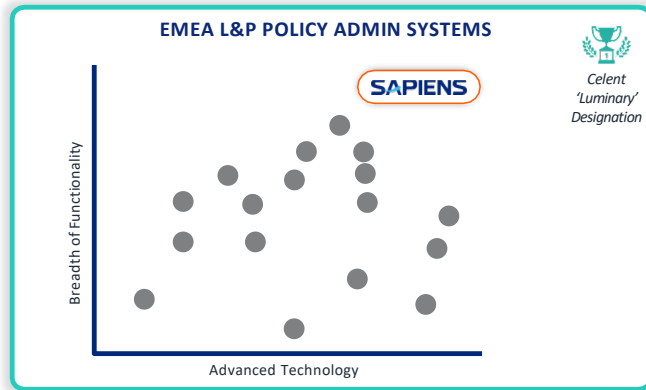
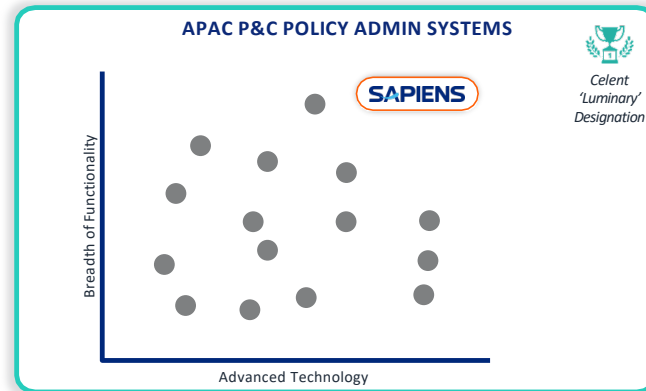
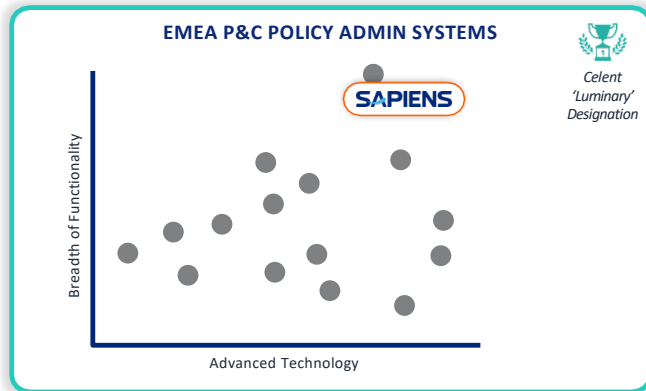


Source: Celent, 2021-2023.
Note: Celent's luminary designation denotes companies that excel in both Advanced Technology and Breadth of Functionality.

Sapiens is the Recognized Leader By Analysts...

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

EMEA & APAC

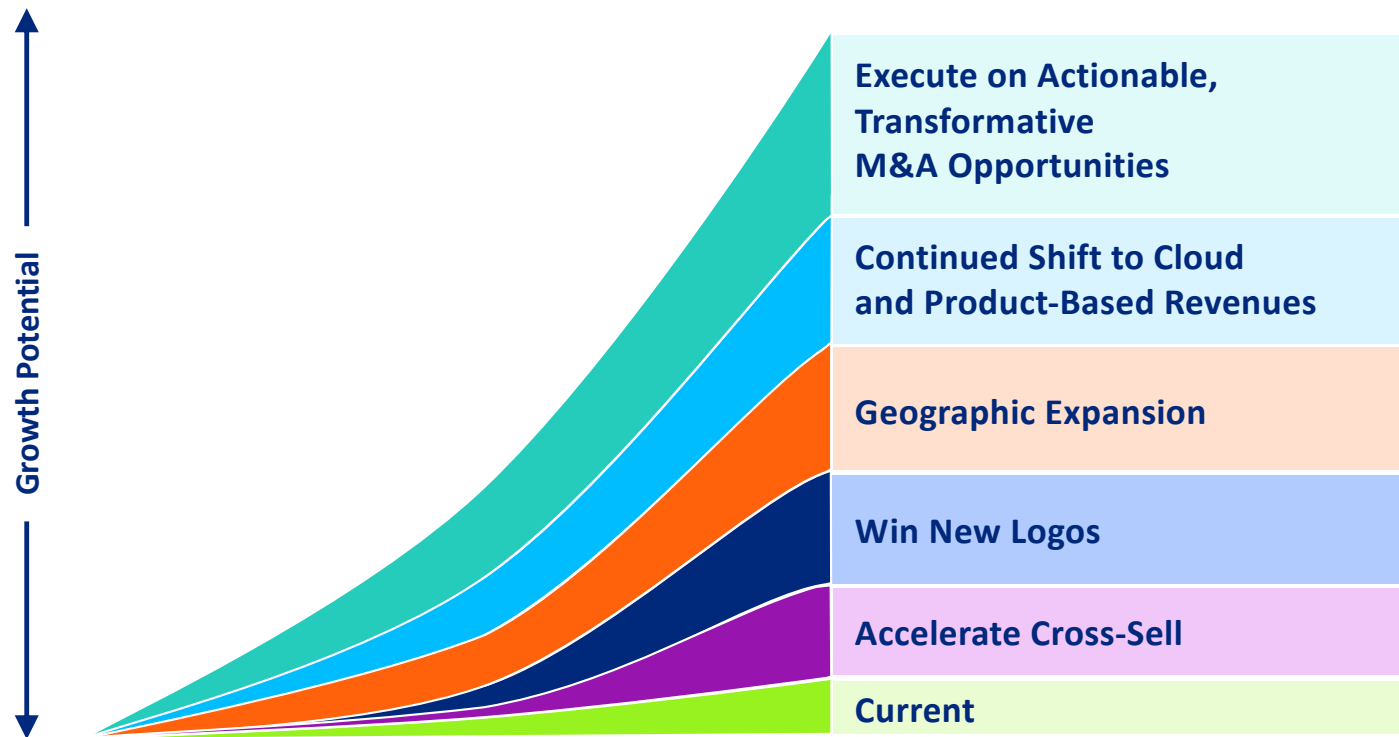


CELENT
ABC Vendor Maps



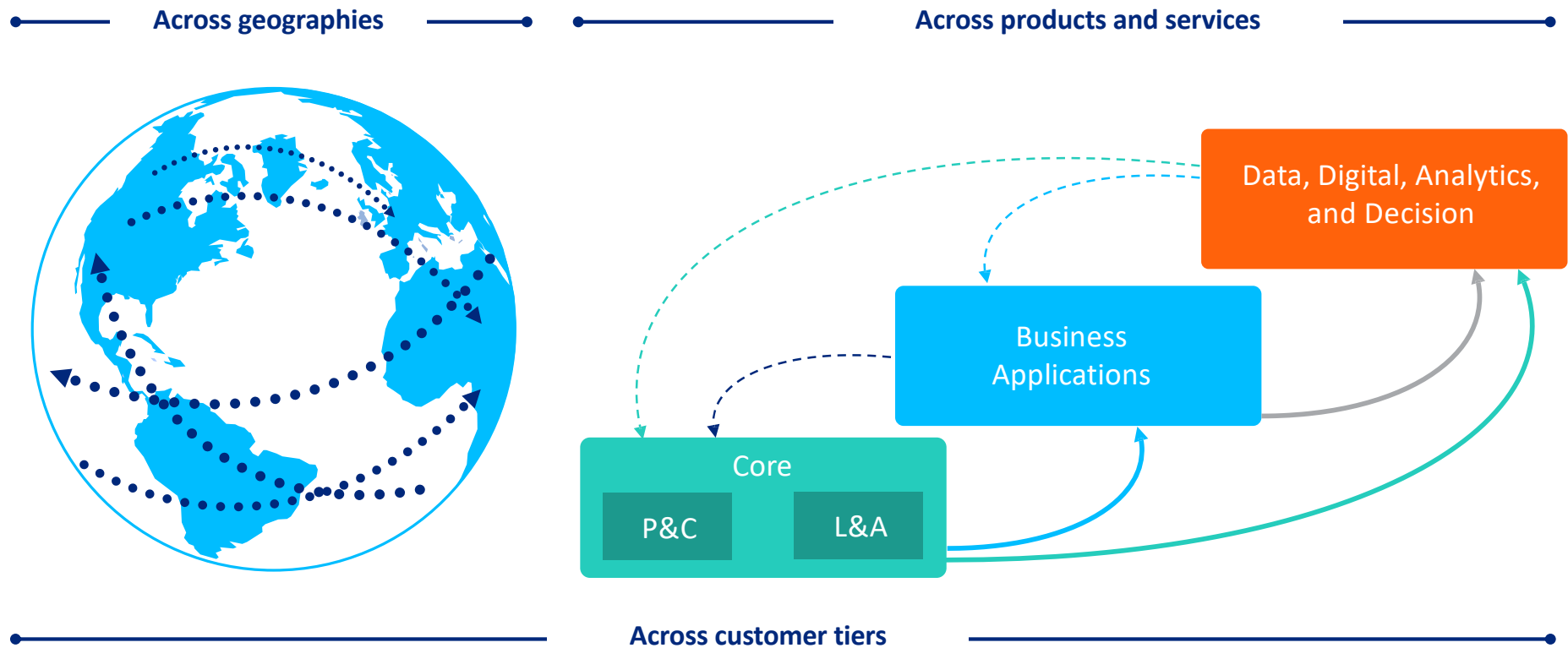
Source: Celent, 2021-2023.
Note: Celent's luminary designation denotes companies that excel in both Advanced Technology and Breadth of Functionality.

Clear Growth Opportunities to Achieve Long-Term Vision

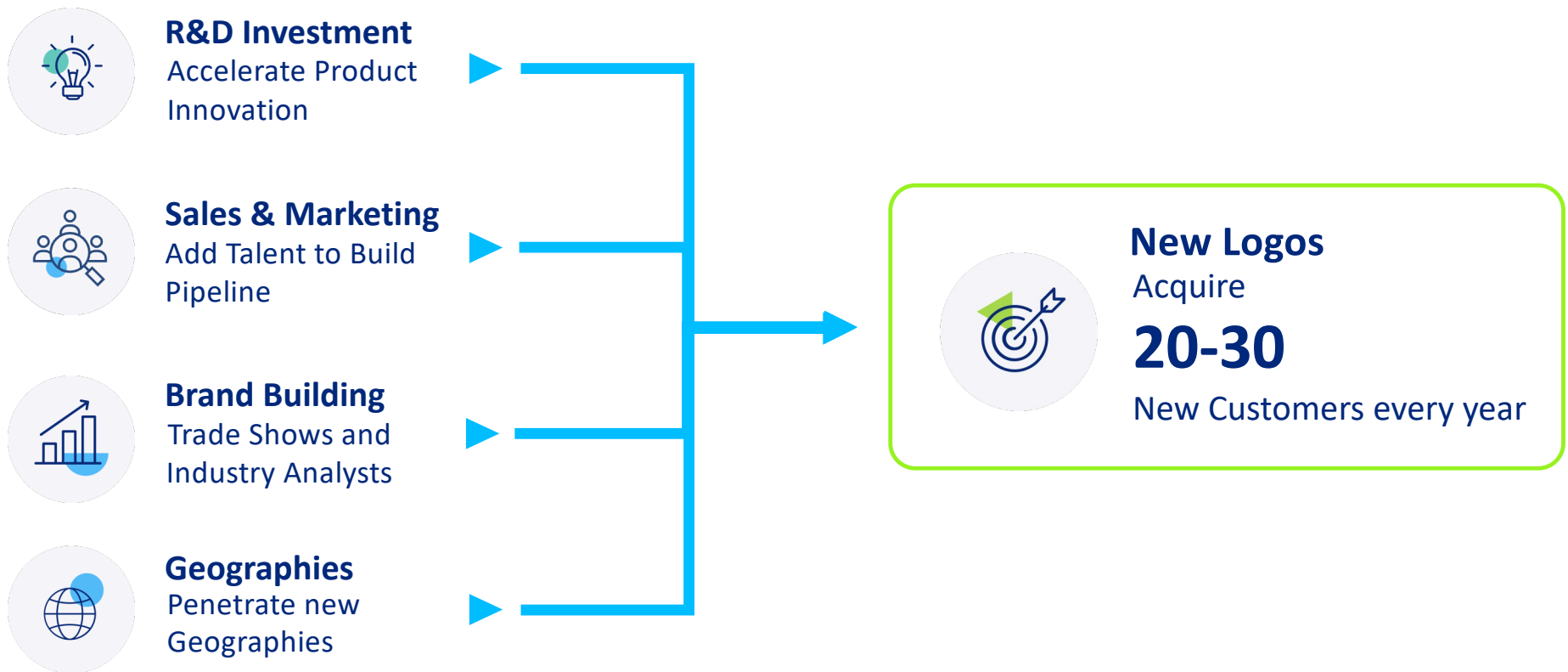


Cross-Sell: Massive Acceleration Opportunity

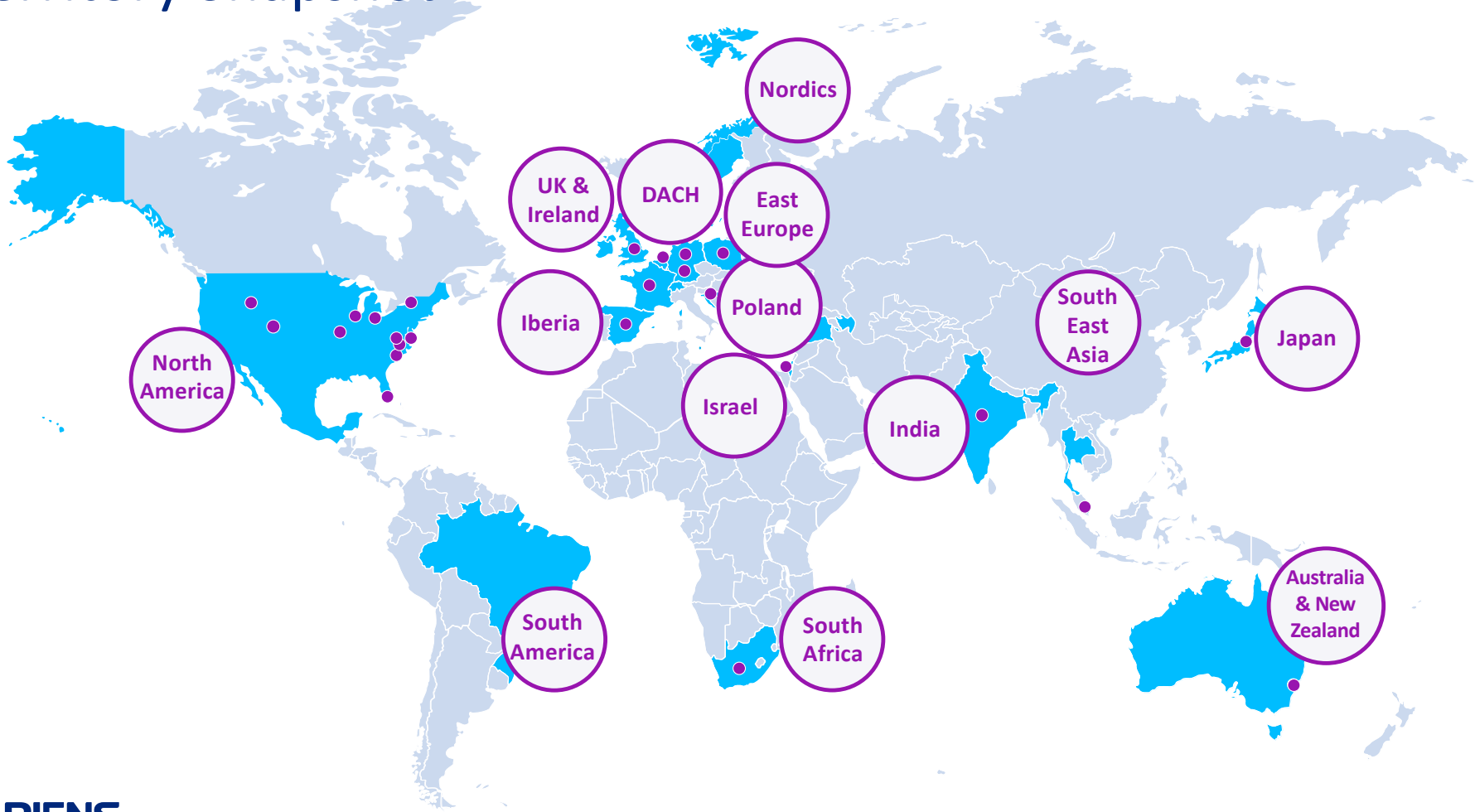
Multi-directional cross selling opportunities across all customer tiers



Capture Market Share with New Logo



Territory Snapshot

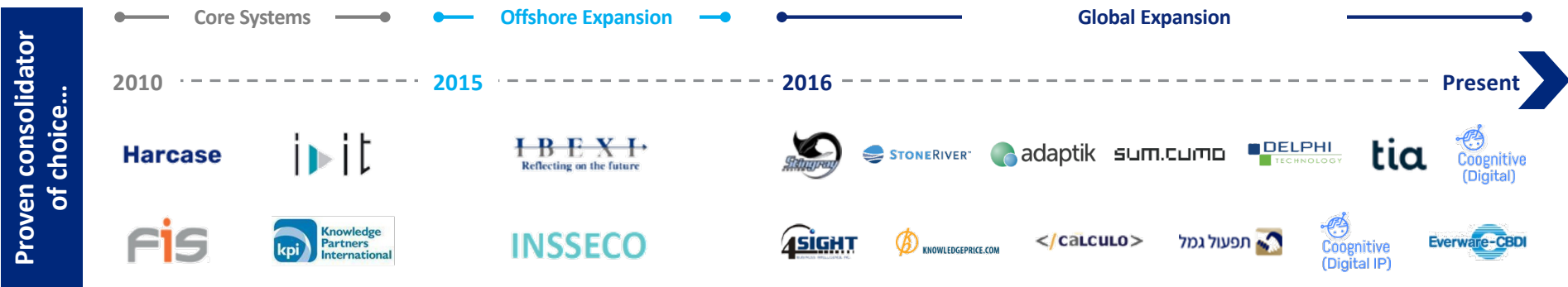


Cloud Transformation

| | 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



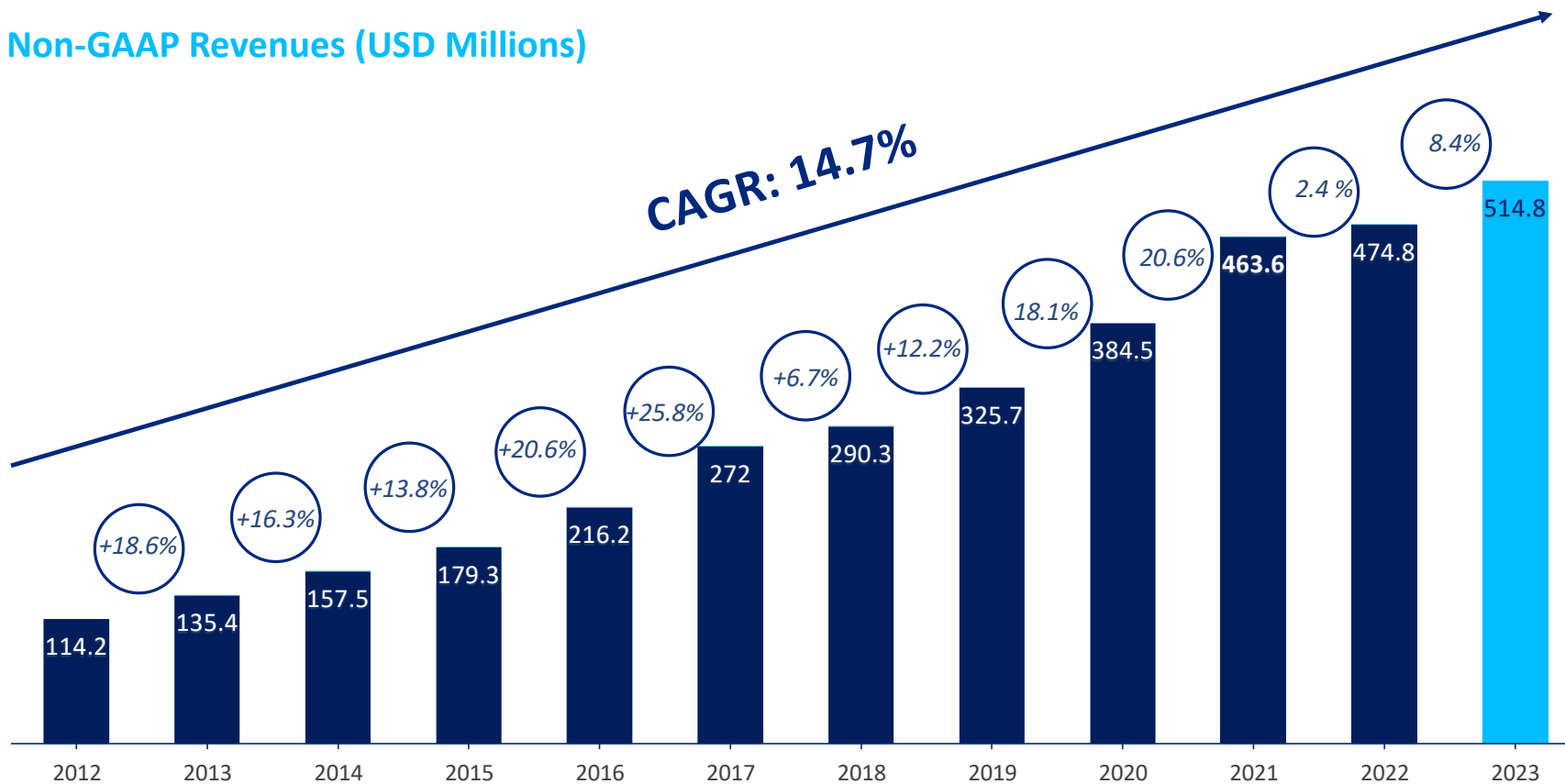
Profit and margin
expansion



Resilient balance
sheet, cash
generation

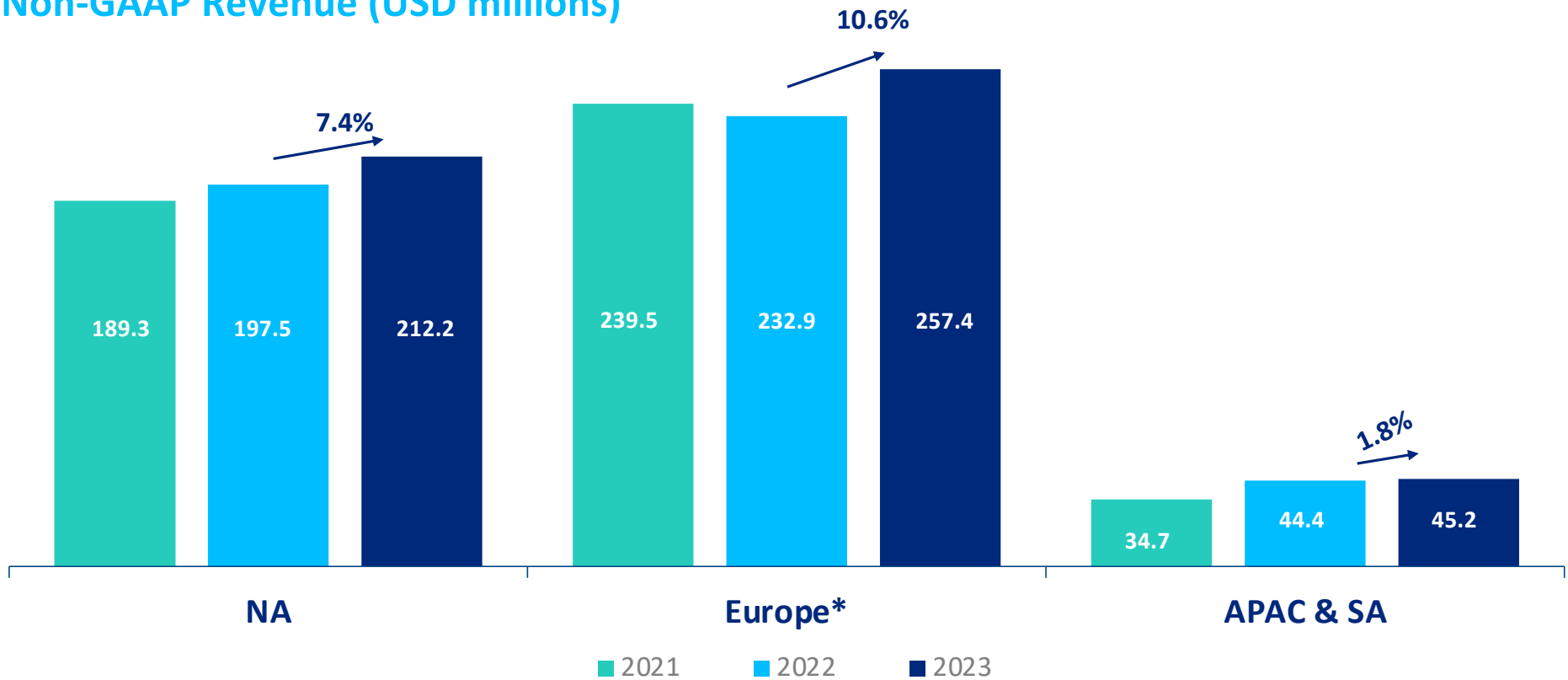
Revenue Growth Achieved Year-Over-Year

Non-GAAP Revenues (USD Millions)



Annual Revenue Growth - by Geography

Non-GAAP Revenue (USD millions)





600+

Customers Across



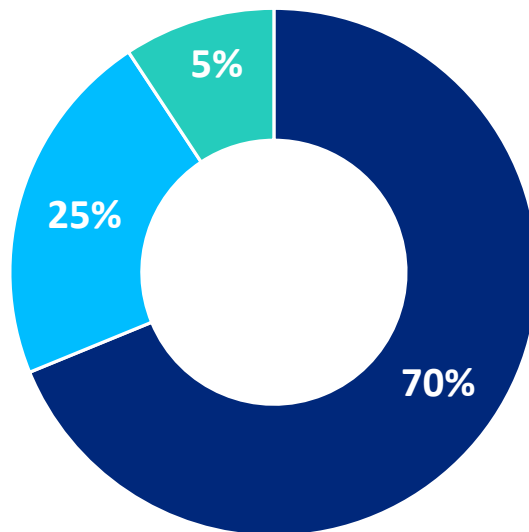
30+

Countries

SAPIENS

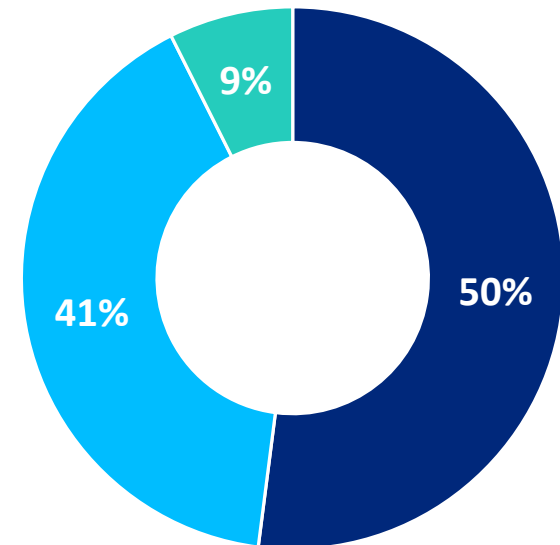
Unique Proposition

**Multiple Segments
By Market**



■ P&C ■ L&A ■ Other

**Global Player
By Geography**

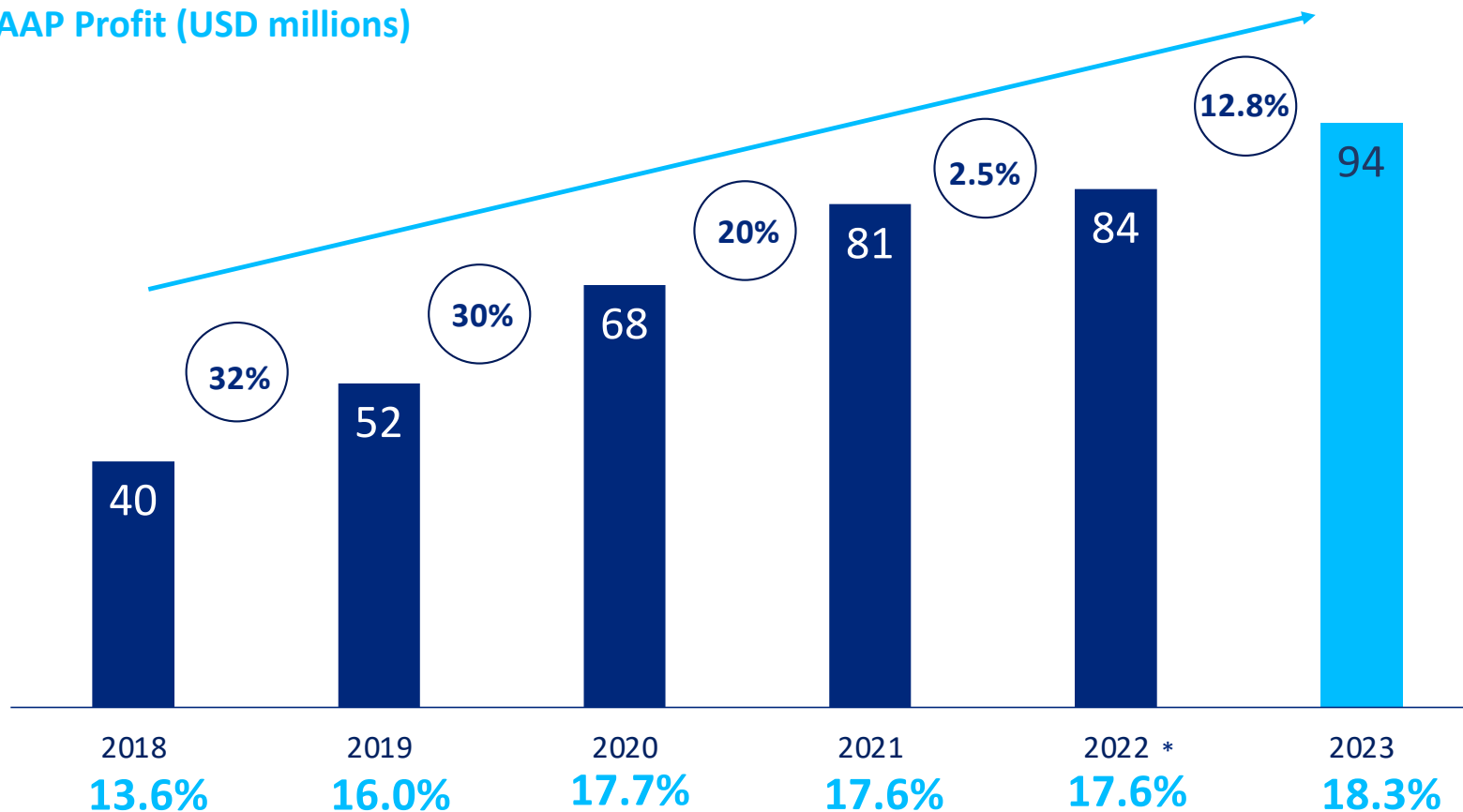


■ EUROPE ■ North America ■ ROW

2023 Revenue - \$514.8 Million

Annual Operating Profit Growth

Non-GAAP Profit (USD millions)



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% |



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```
override fun onPageScrolled(position: Int, positionOffset: Float, positionOffsetPixels: Int) {}  
override fun onPageSelected(position: Int) {  
    selectedTab = position  
  
    layout.getChildAt(selectedTab)  
    layout.tabMode = TabLayout.MODE_FIXED  
    layout.tabGravity = TabLayout.GRAVITY_FILL  
    layout.setupWithViewPager(mViewPager)  
  
    mDisplayViewPager(packageResult: ArrayList<PackageItem>(),  
        pager.adapter = PackagePagerAdapter(  
            supportFragmentManager,  
            packageResult,  
            bundleResult))
```

Q1 2024 Results

Lorem Ipsum

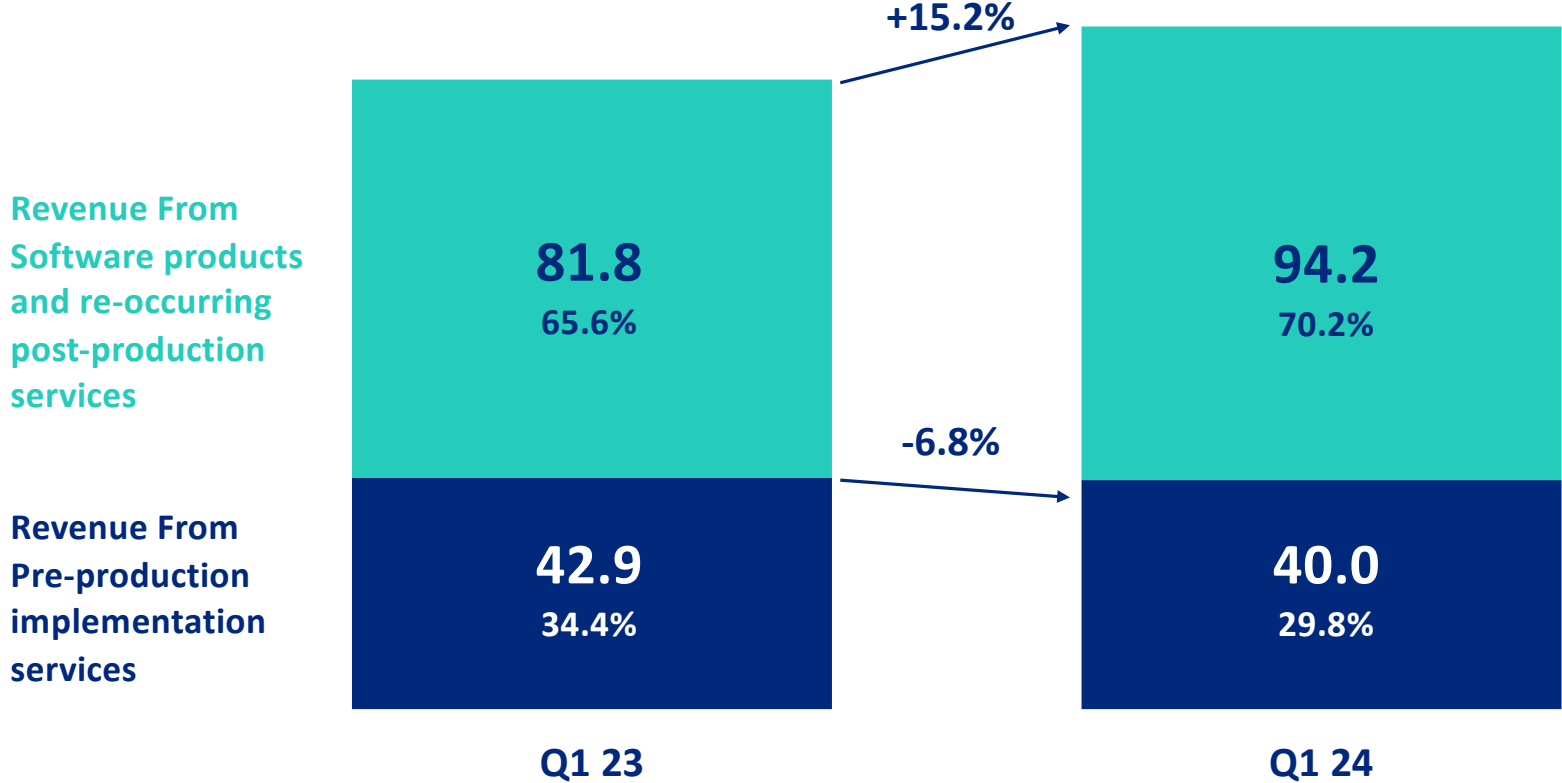
Q1 2024 Highlights

| Non-GAAP | Q1 2024 | Q1 2023 | % Change |
|------------------|---------|---------|----------|
| Revenue | \$134.2 | \$124.8 | 7.6 % |
| Gross Profit | \$60.9 | \$56.4 | 8.0 % |
| Gross Margin | 45.4 % | 45.2 % | 20 bps |
| Operating Income | \$24.3 | \$22.5 | 7.8% |
| Operating Margin | 18.1% | 18.0% | 10 bps |
| Net Income (*) | \$20.4 | \$17.3 | 18.4% |
| Diluted EPS | \$0.36 | \$0.31 | 16.1% |

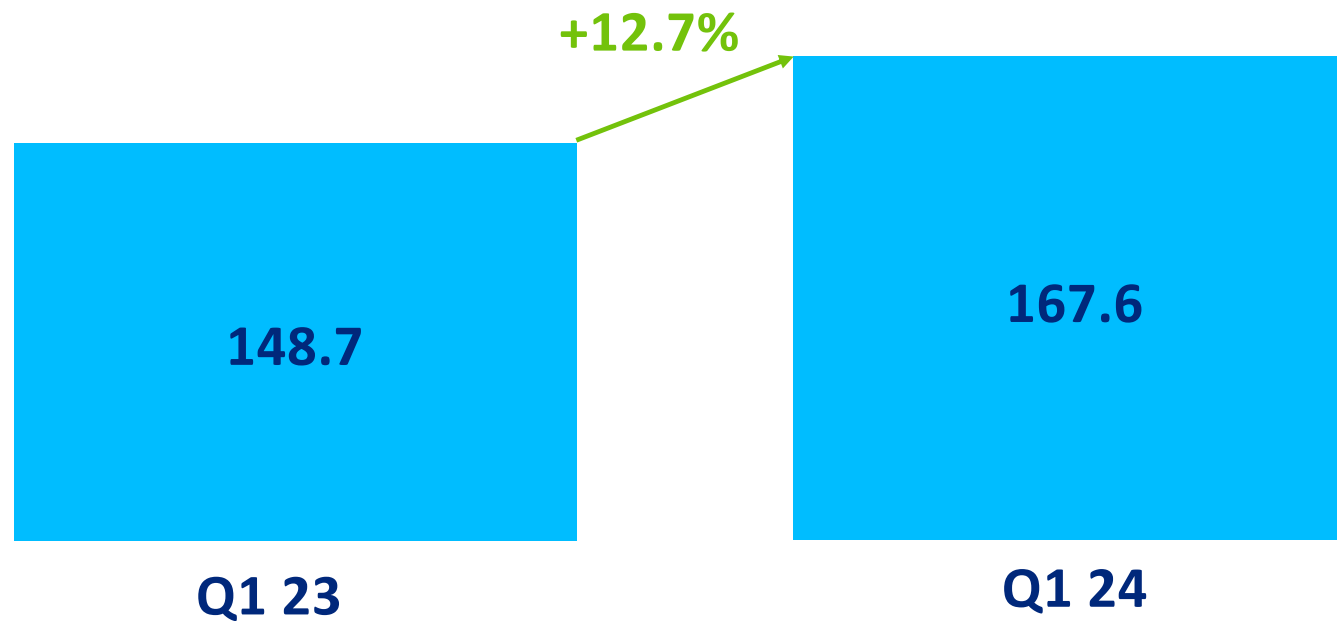
- **QoQ regional performance :**

- North America grew 9.5%
- Europe grew 6.5%
- RoW (South Africa and APAC) 5.4%
- **Reiterate 2024 revenue guidance**

Q1 Recurring and Re-Occurring



Q1 - Annualized Recurring Revenue - ARR



- ARR Include Subscription, Term Licenses, Maintenance and cloud solutions
- The Figures Are Q4 Of Each Year Multiplied By 4

Adjusted Free Cash Flow

Non-GAAP (USD Thousands)

| Free Cash Flow | Q1 23 | Q1 24 |
|---------------------------------------------------------------------------------------------------------|---------------|--------------|
| Cash flow from operating activities | 22.2 | 18.5 |
| Increase in capitalized software development costs | (1.7) | (1.7) |
| Capital expenditures | (0.6) | (0.5) |
| Free cash flow | 19.9 | 16.3 |
| Cash payments attributed to acquisition-related costs (included in cash flow from operating activities) | - | 0.7 |
| Adjusted Free cash flow | 19.9 | 17.0 |
| Non-GAAP Net Income | 17.2 | 20.4 |
| Adjusted Free Cash Flow/Non-GAAP Net Income | 115.5% | 83.5% |

Cash and Cash Equivalents (March 31, 2024)

USD millions



Cash
Cash and Cash
Investments

Debt
S&P Israel (Mallot): iIAA-/Stable

| | |
|------|--------------------|
| 2020 | - \$ 7M (COVID-19) |
| 2021 | - \$ 20M |
| 2022 | - \$ 39M |
| 2023 | - \$ \$28.1M |
| 2024 | - \$ 16 M * |

Dividend Distribution

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

* In April 2024, we distributed dividends for the second half of 2023.



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 |



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

Unrivalled 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

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Thank you!

Contact Us

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