



Q2 2024 Investor Presentation

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August 1, 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.

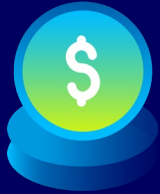
How we do it

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

Sapiens at a Glance (NASDAQ: SPNS)



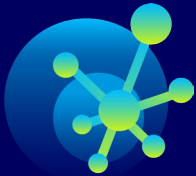
~\$515 M
Revenue



14.7%
Revenue CAGR
('12 – '23)



600+
Customers



\$98M
EBITDA



19%
EBITDA
Margin



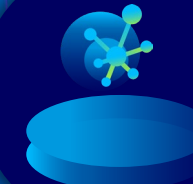
66%
Recurring
& reoccurring



\$60B+
Global TAM

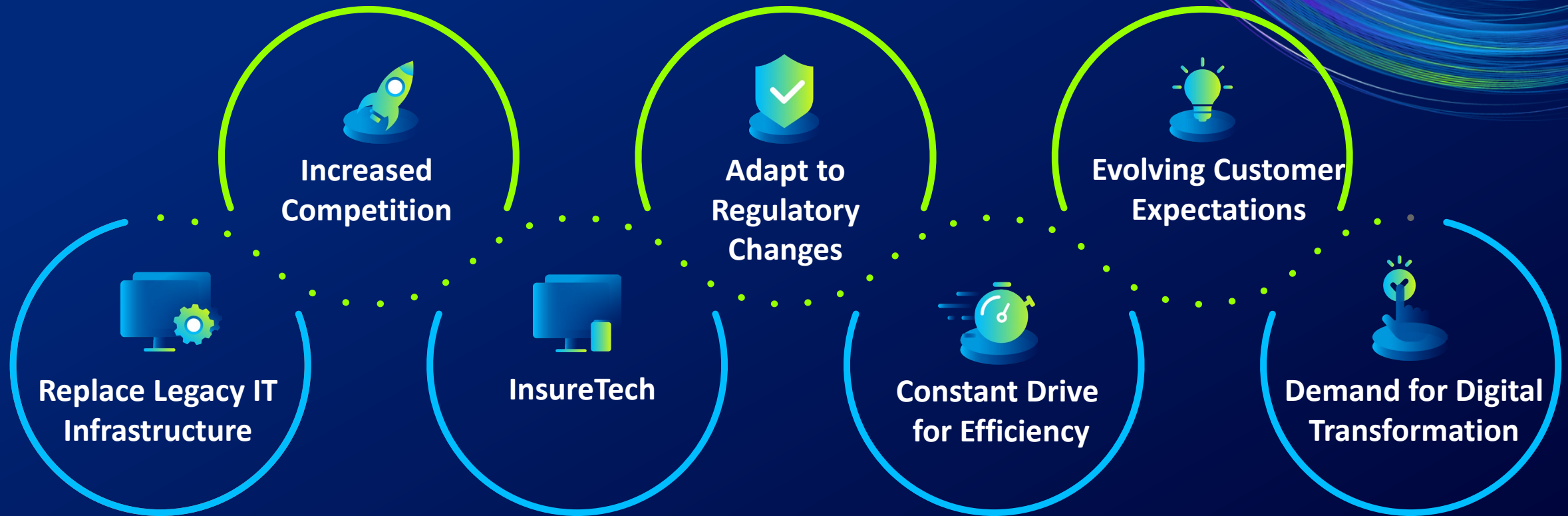


38
Countries



Serving
P&C and L&A

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

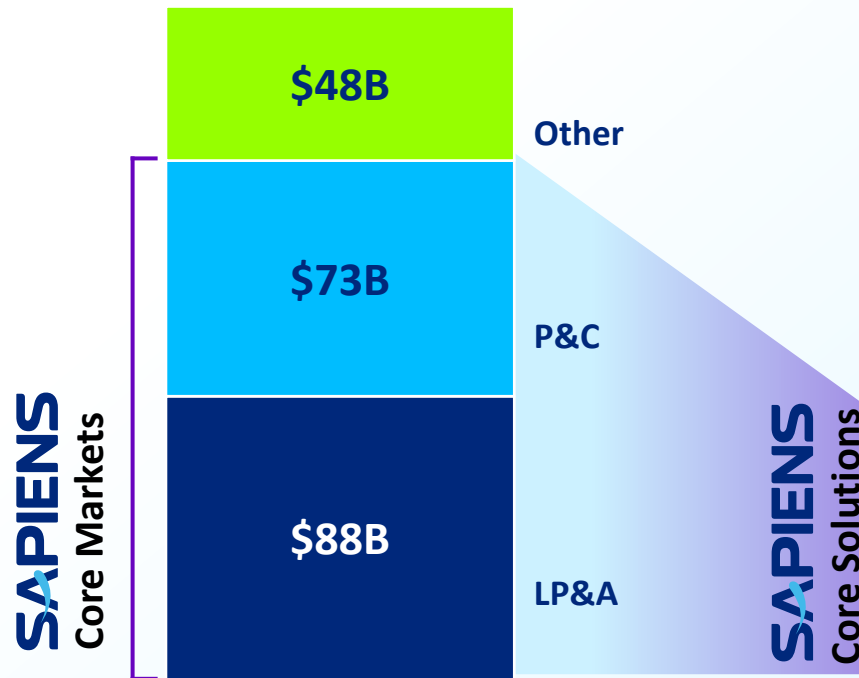


Sapiens is at the Center of a Large and Growing Market Opportunity

Outdated insurers technology presents a MASSIVE market for Sapiens

Massive Insurance IT Spend...

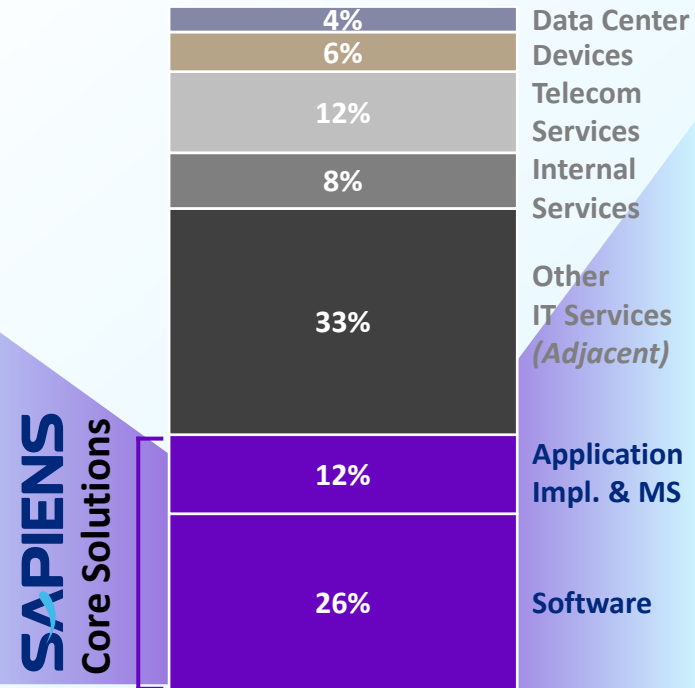
\$208B



Large and growing insurance IT spend market with **8% CAGR⁽¹⁾**

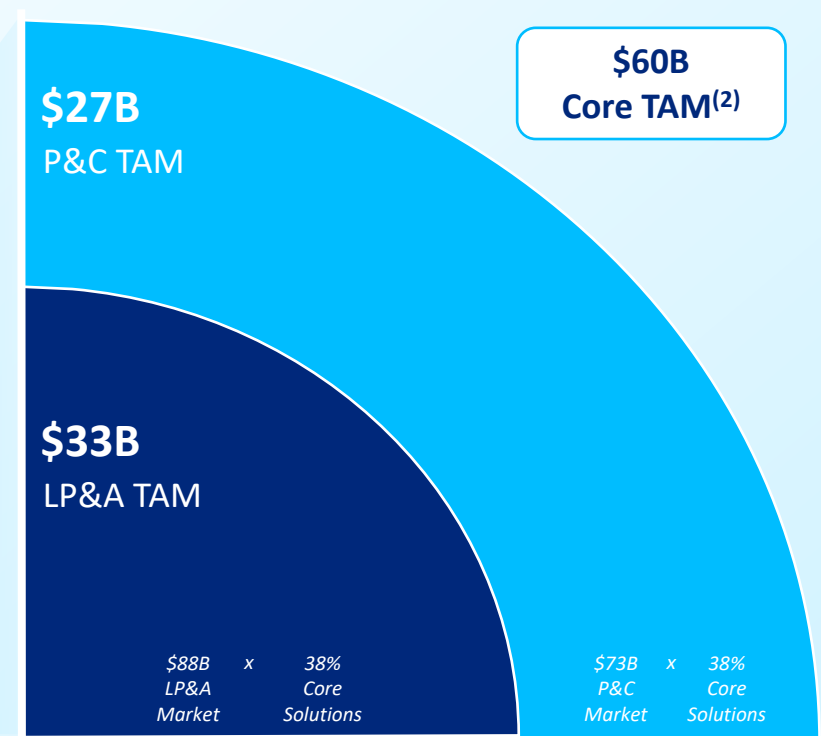
...In Sapiens' Core Markets...

\$208B



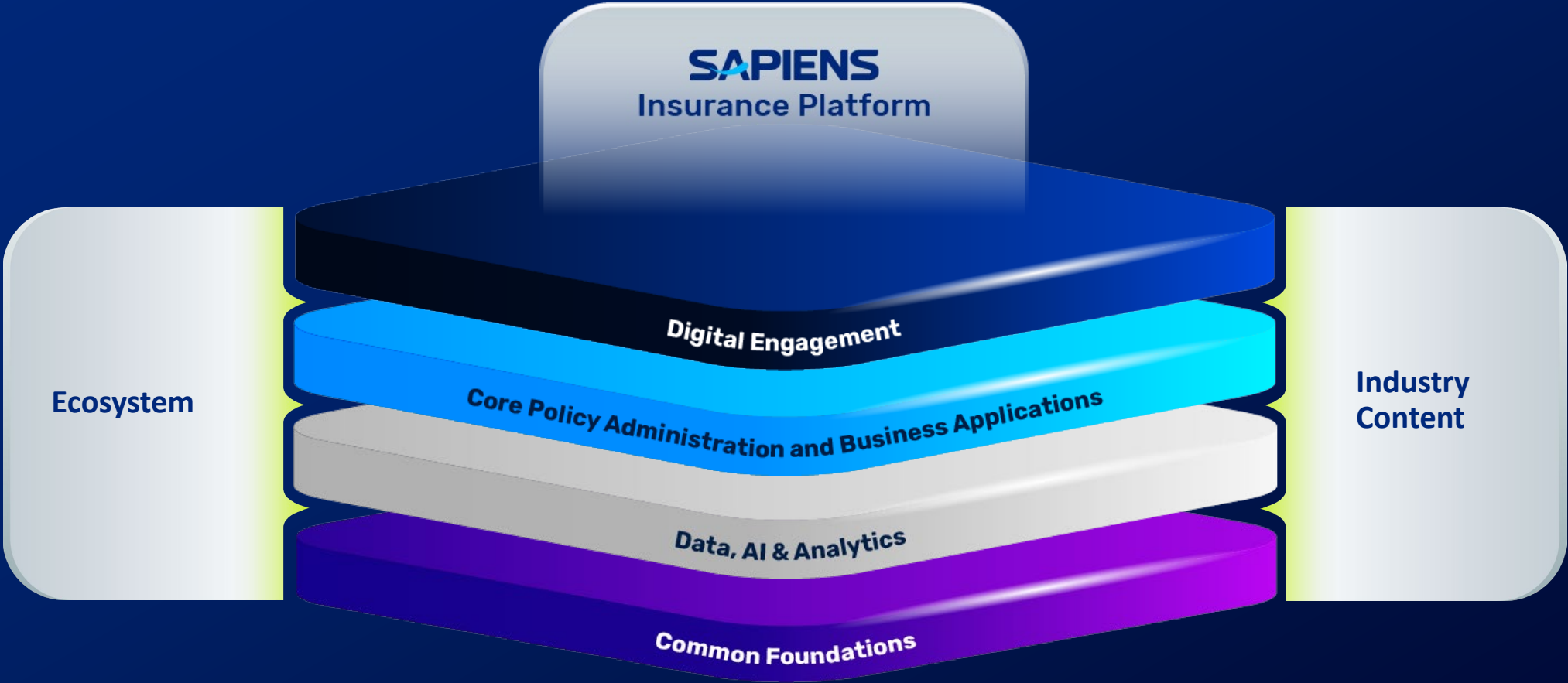
Sapiens' has the leading offerings to address **38%+** of this spend

...Underpins an Incredible TAM Opportunity

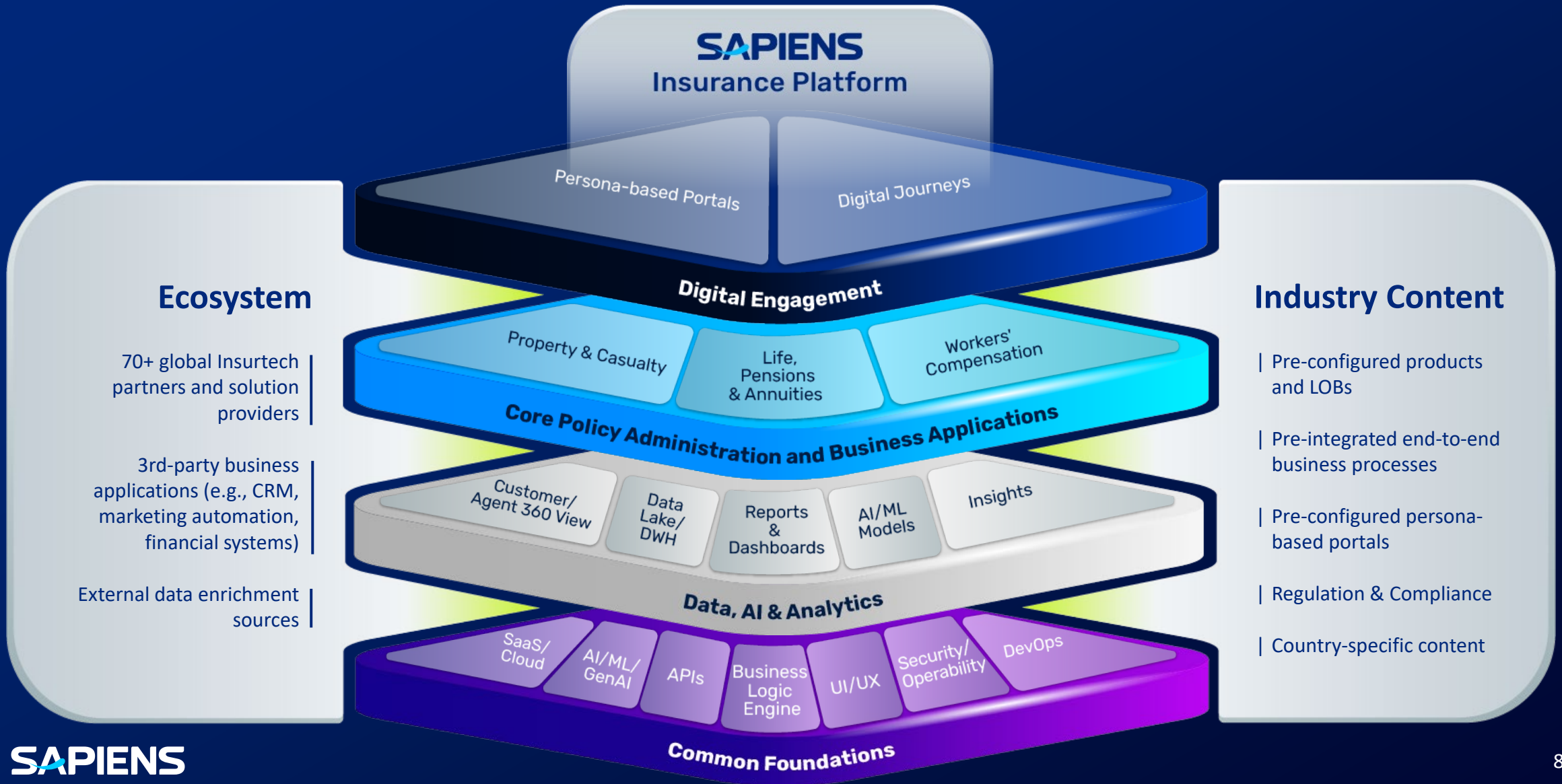


\$60B core TAM, with upside from highly adjacent categories and products

Sapiens Insurance Platform



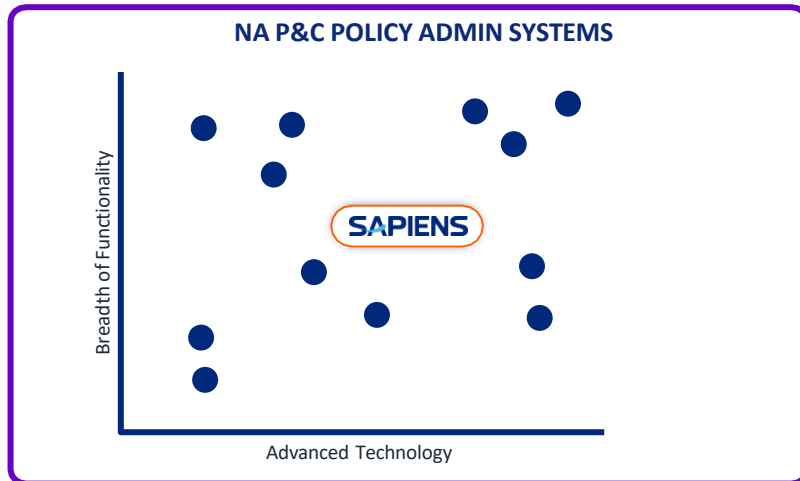
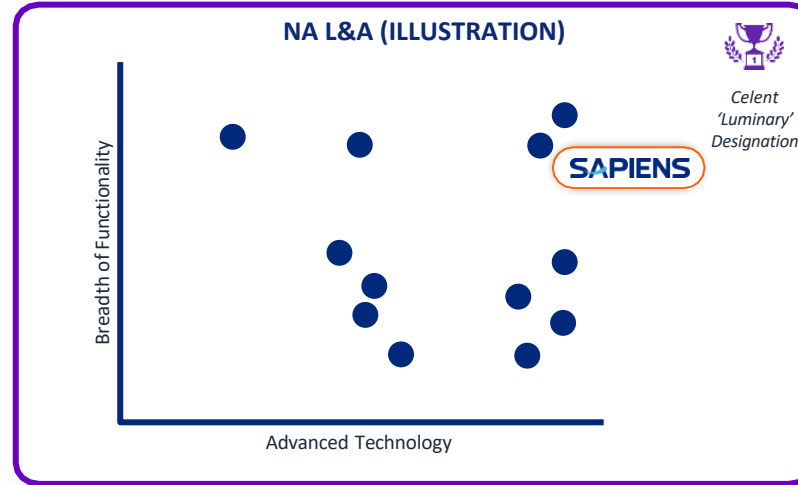
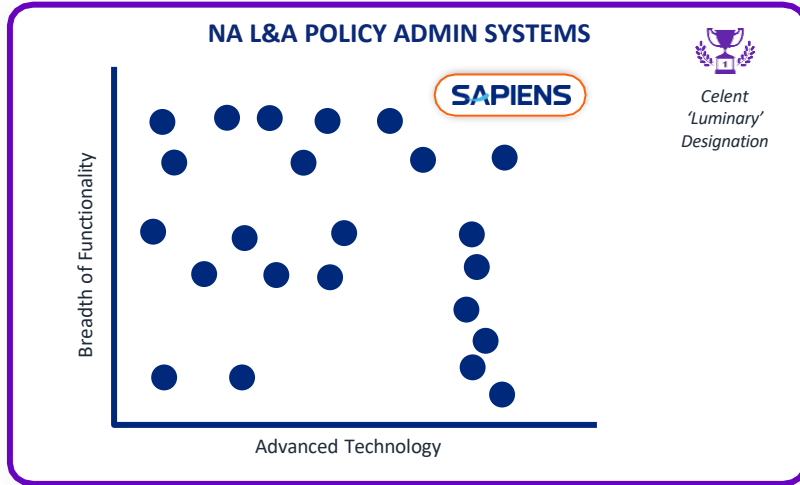
Sapiens Insurance Platform



Sapiens is the Recognized Leader by Analysts

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

NORTH AMERICA

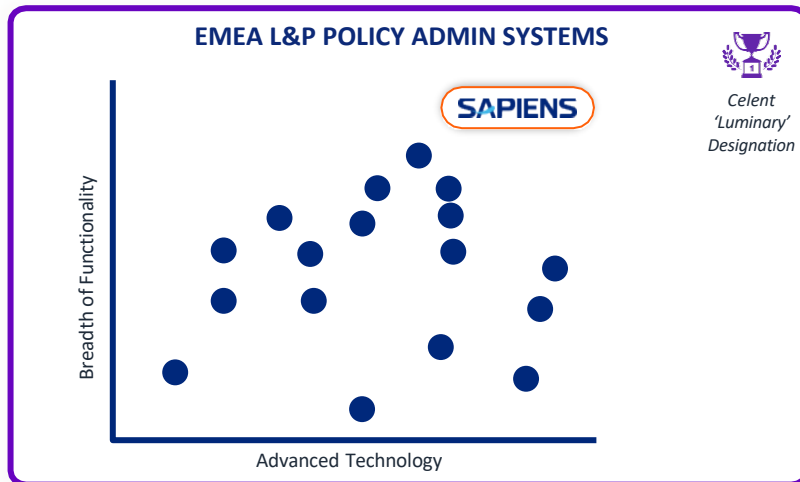
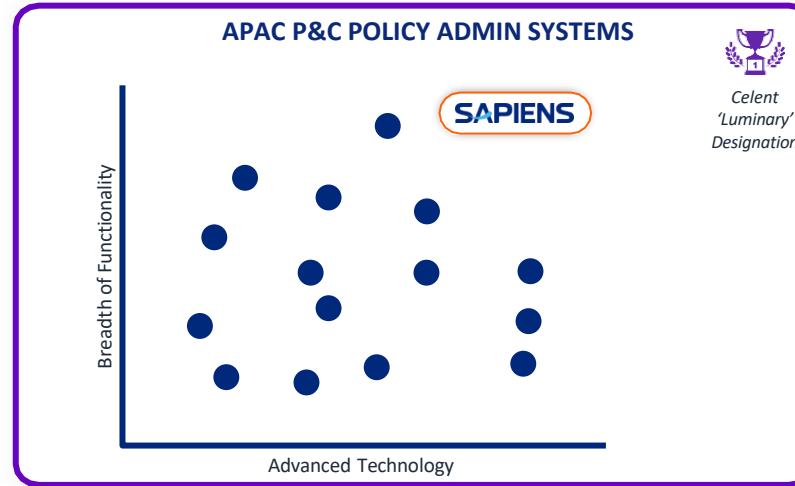
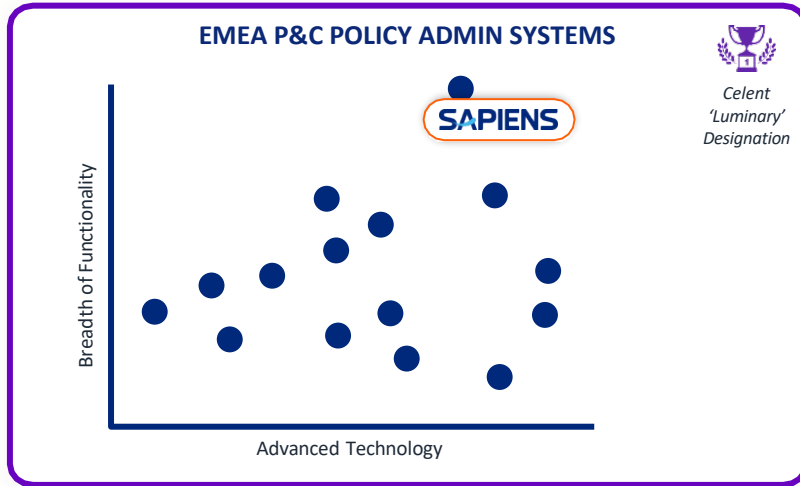


CELENT
ABC Vendor Maps

Sapiens is the Recognized Leader by Analysts...

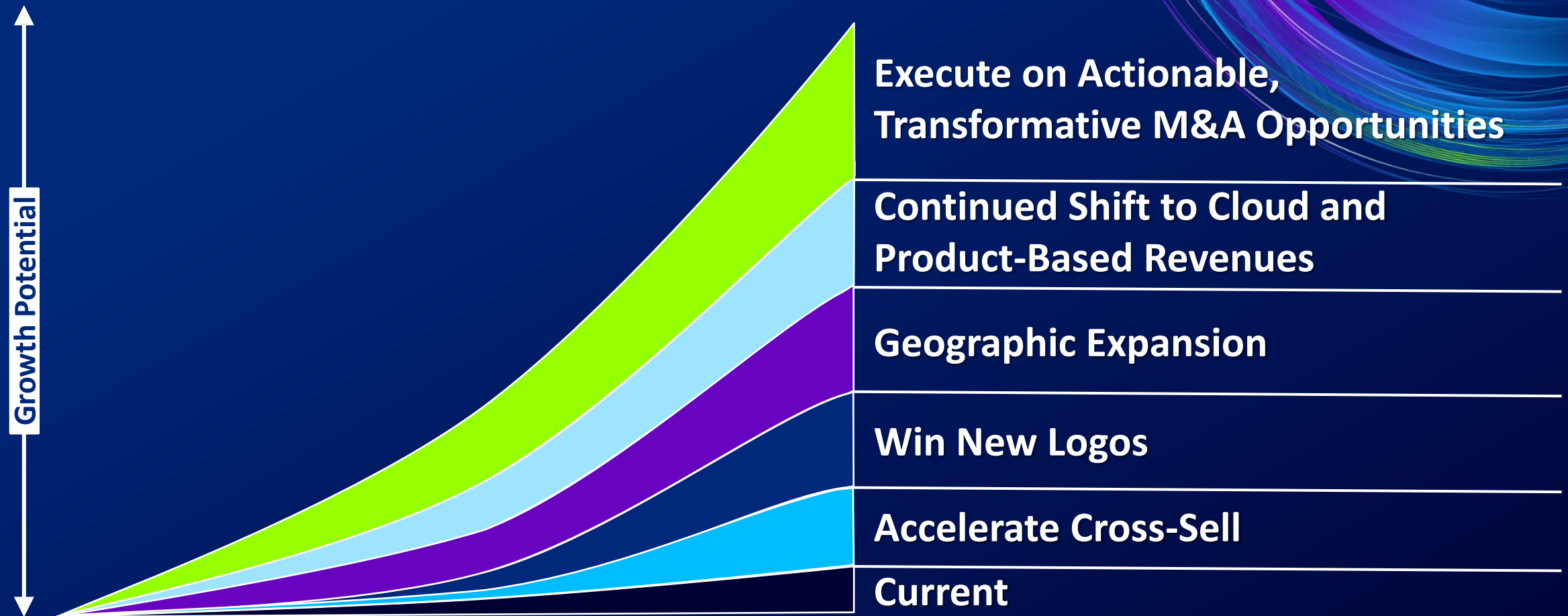
Clear market recognition driven by Sapiens' innovative product strategy and leadership

EMEA & APAC



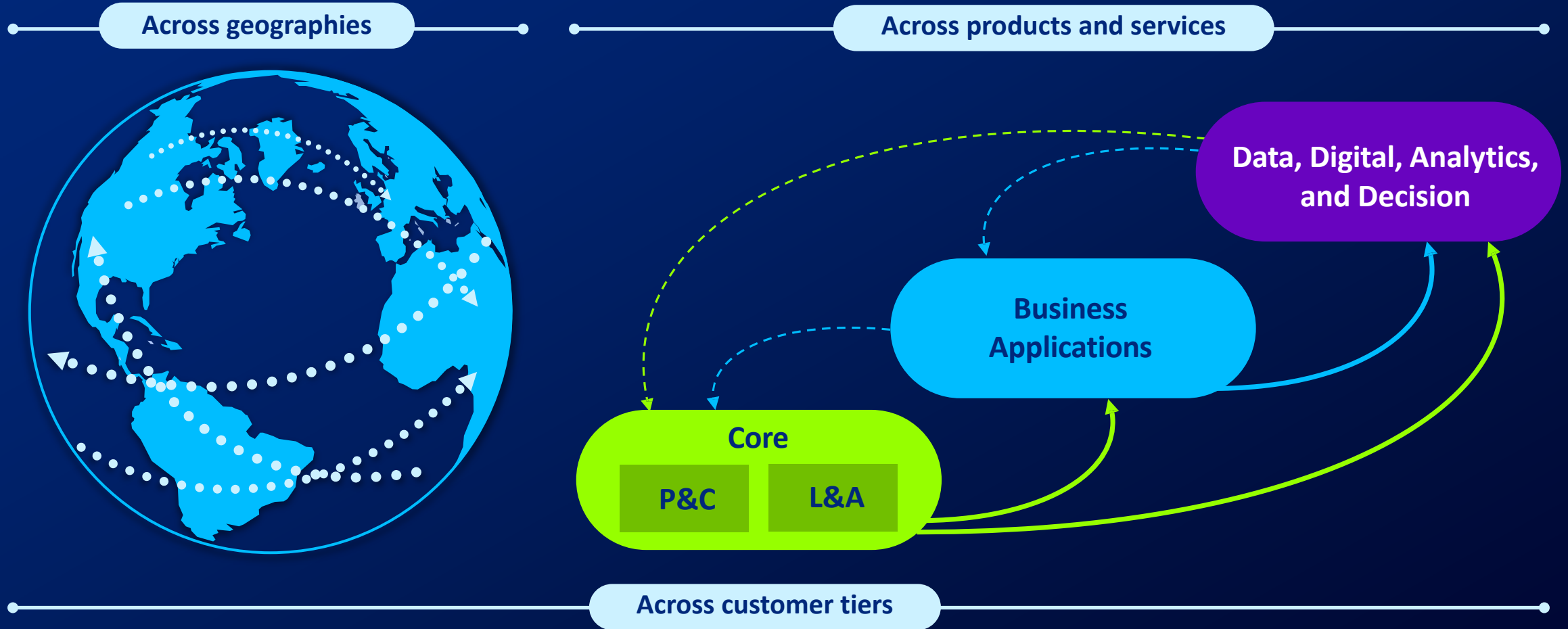
CELENT
ABC Vendor Maps

Clear Growth Opportunities to Achieve Long-Term Vision

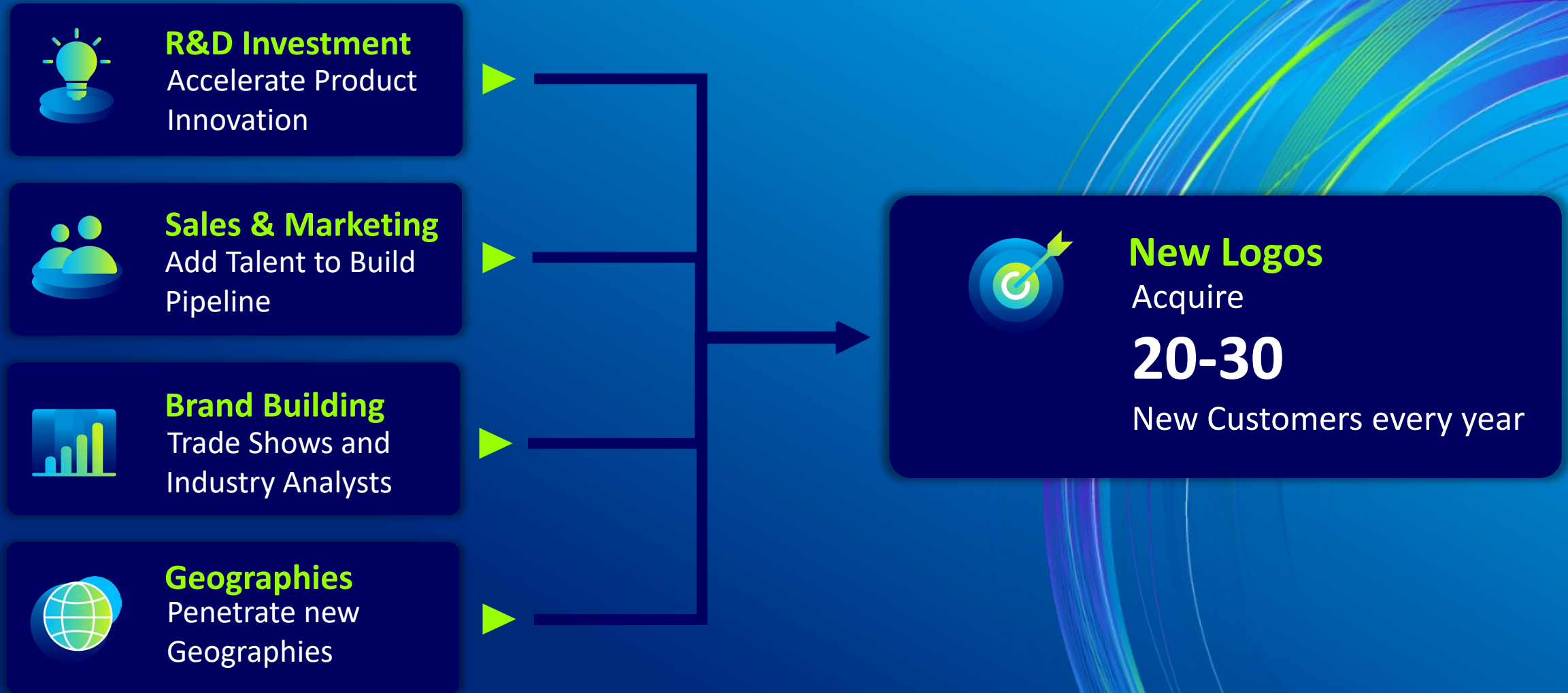


Cross-Sell: Massive Acceleration Opportunity

Multi-directional cross selling opportunities across all customer tiers



Capture Market Share with New Logo



Territory Snapshot



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

A history of strategic acquisitions expands Sapiens' portfolio, capabilities and technology, and increases our presence in high growth markets



Financials

A Compelling Financial Profile



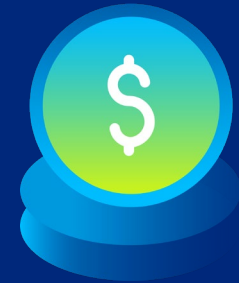
**Double digit
10-Year
Revenue CAGR**



**Recurring and
re-occurring
revenue**



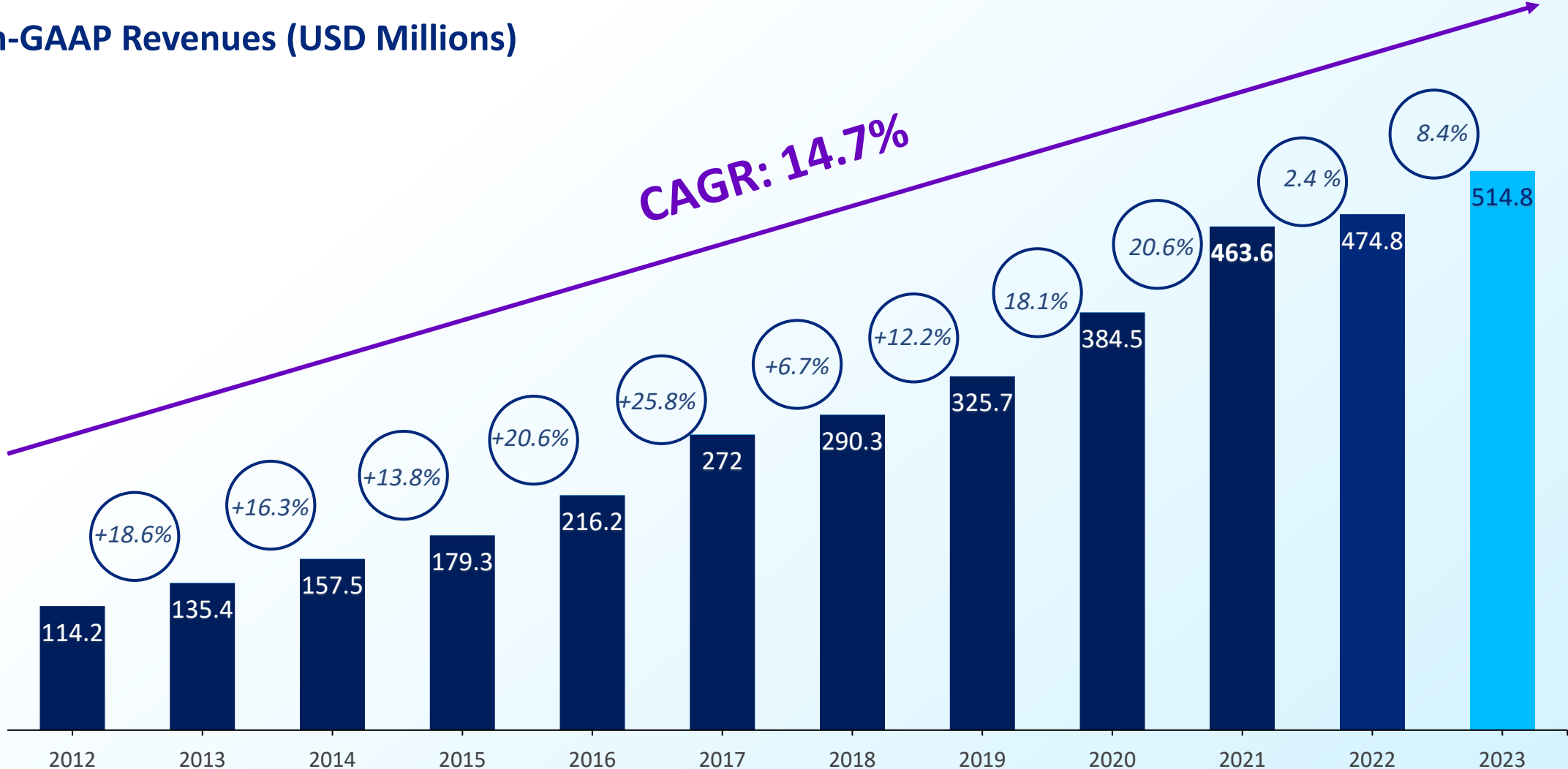
**Profit and
margin
expansion**



**Resilient
balance sheet,
cash
generation**

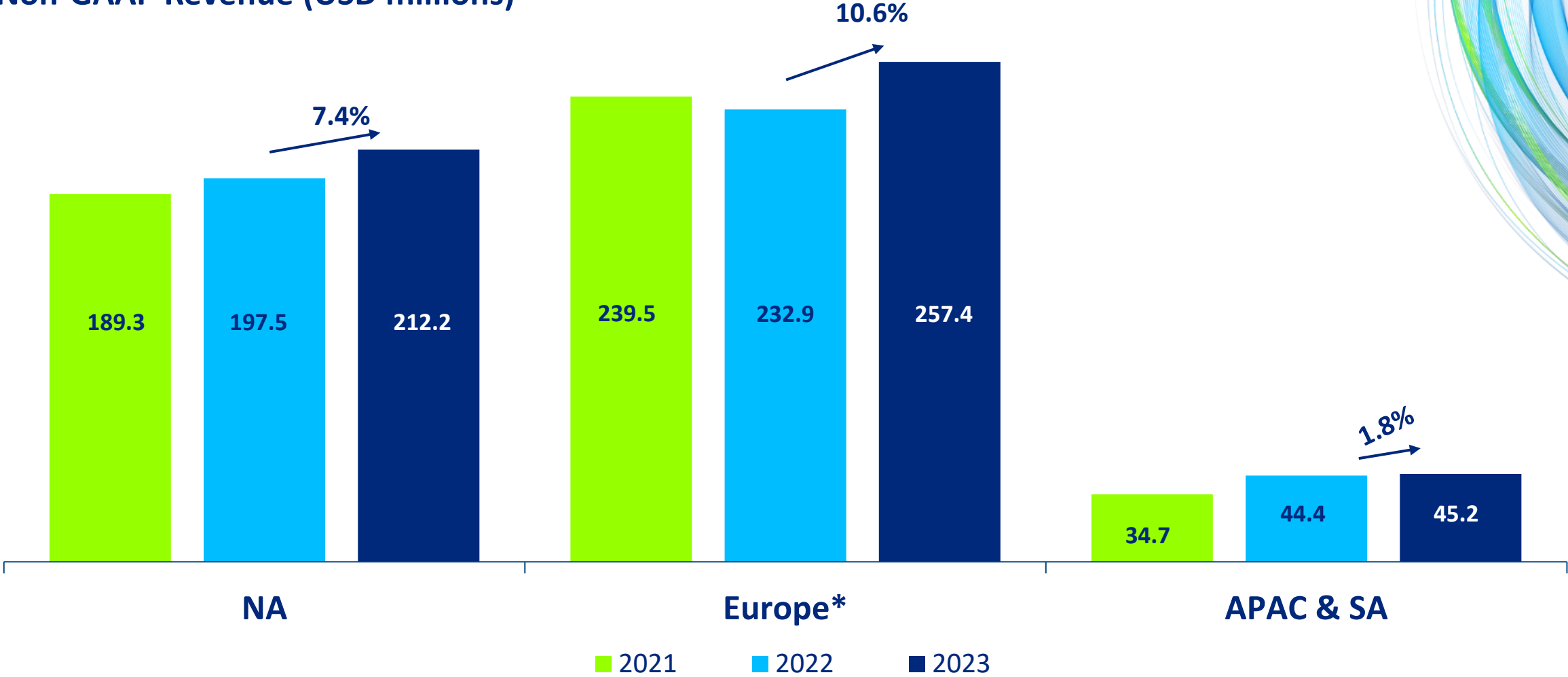
Revenue Growth Achieved Year-Over-Year

Non-GAAP Revenues (USD Millions)

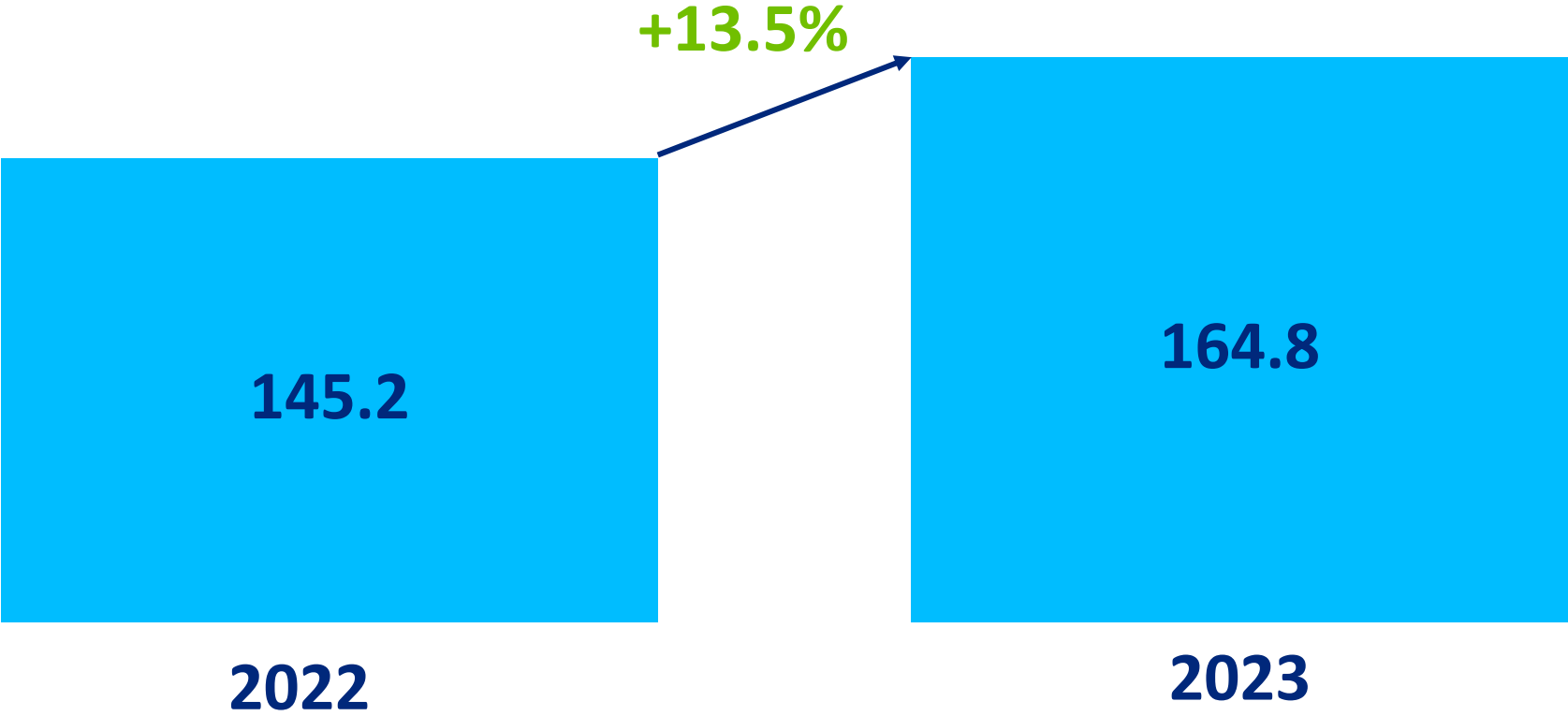


Annual Revenue Growth - by Geography

Non-GAAP Revenue (USD millions)




Annualized Recurring Revenue - ARR



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

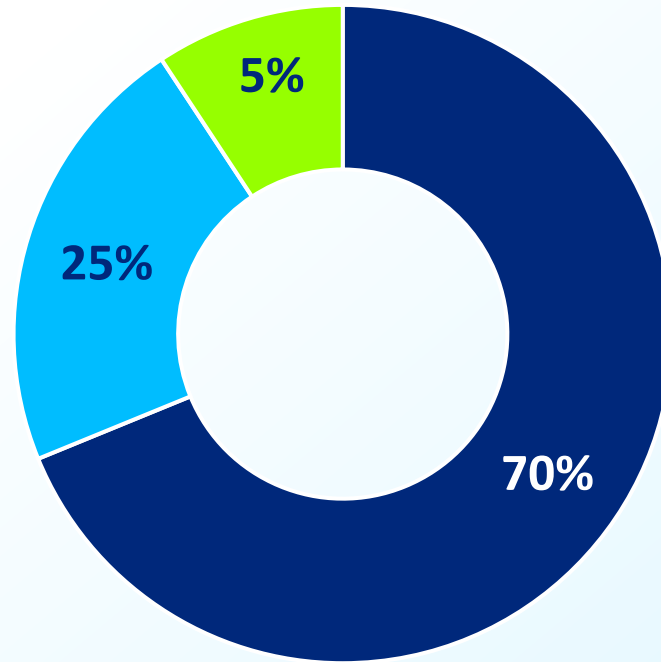
Unique Proposition


600+
Customers Across


30+
Countries

Multiple Segments

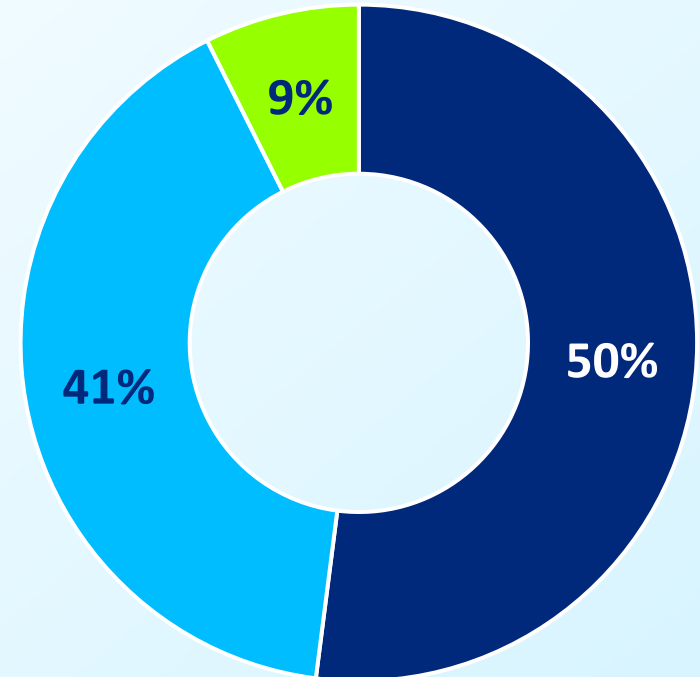
By Market



■ P&C ■ L&A ■ Other

Global Player

By Geography

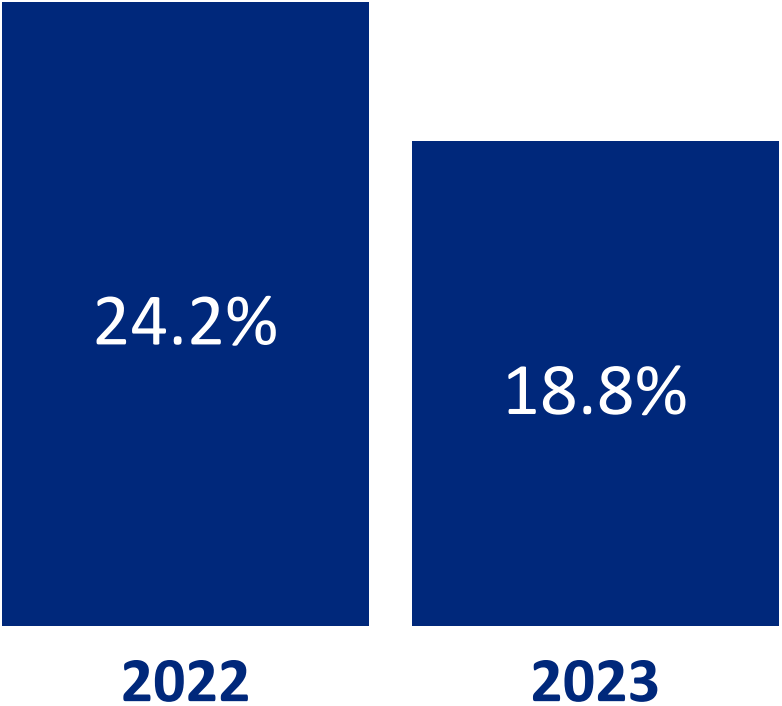


■ EUROPE ■ North America ■ ROW

2023 Revenue - \$515 Million

Customers Concentration – 2023 Vs 2022

Top 10 Customers

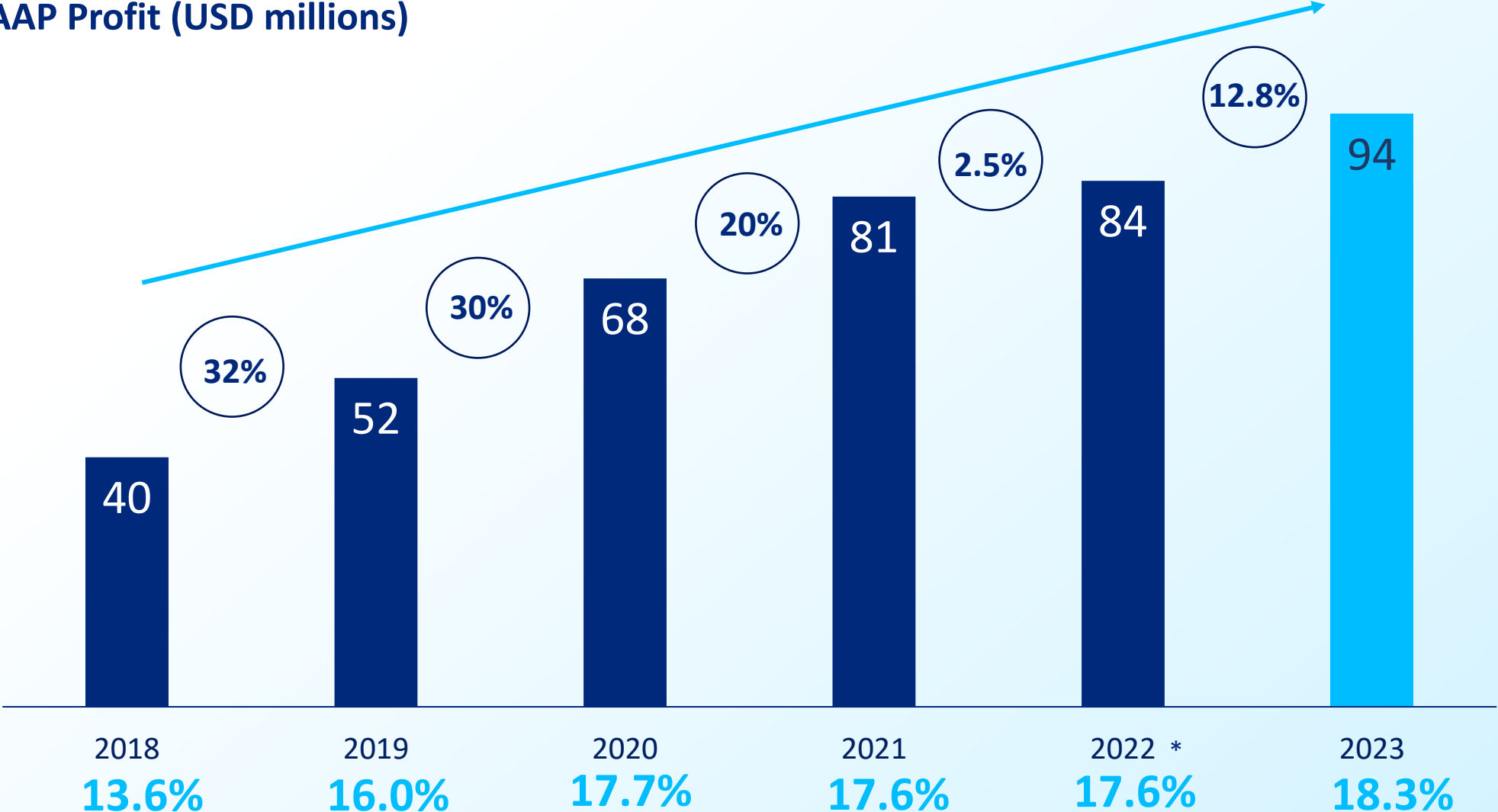


Largest Customers



Annual Operating Profit Growth

Non-GAAP Profit (USD millions)



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

Adjusted Annual 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%

Q2 2024 Results

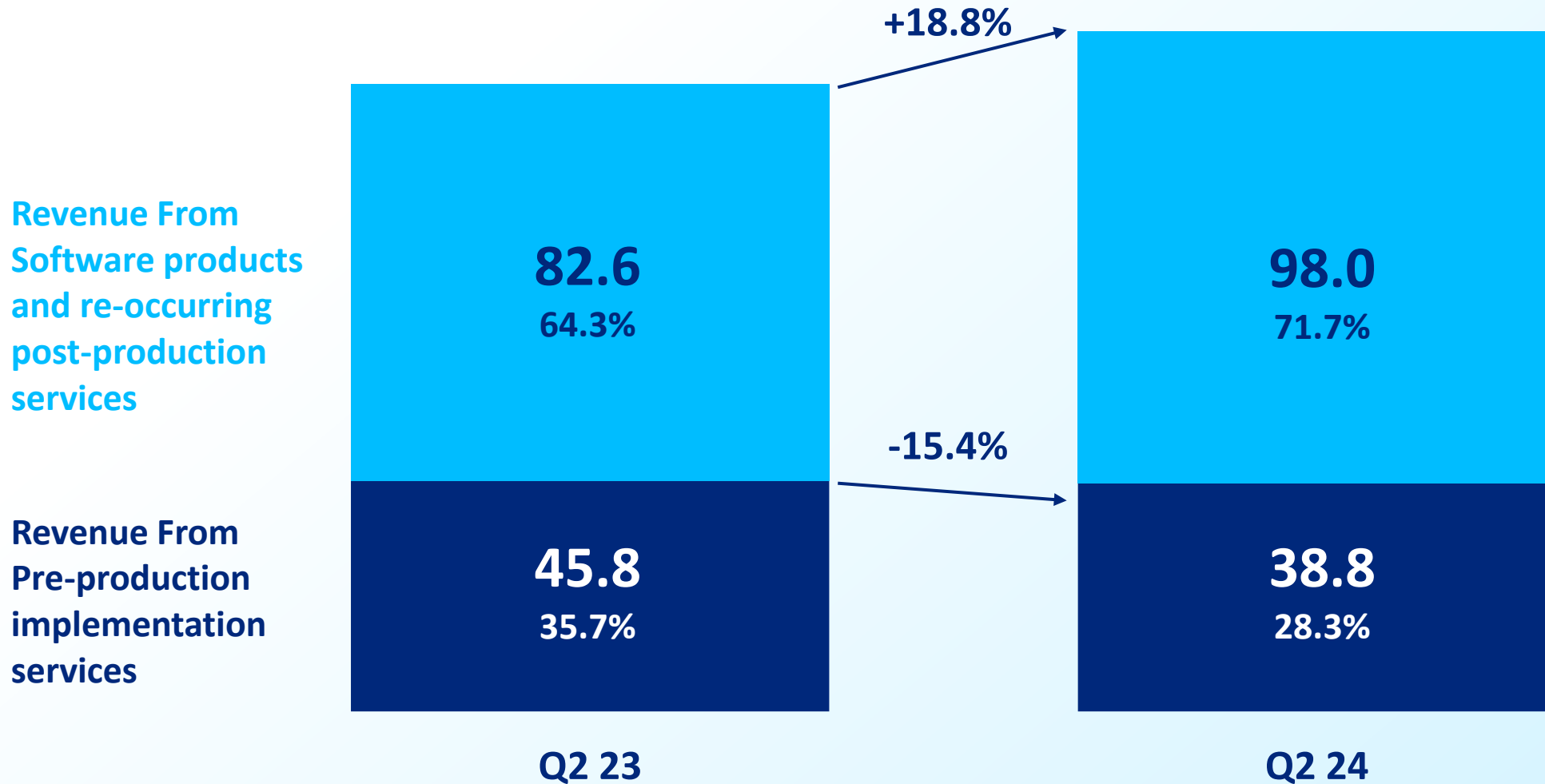
Q2 2024 Highlights

Non-GAAP	Q2 2024	Q2 2023	% Change
Revenue	\$136.8	\$128.4	6.6 %
Gross Profit	\$62.5	\$58.0	7.7 %
Gross Margin	45.7 %	45.2 %	50 bps
Operating Income	\$24.8	\$23.4	6.1 %
Operating Margin	18.2%	18.2%	0 bps
Net Income (*)	\$21.0	\$18.6	13.1 %
Diluted EPS	\$0.37	\$0.33	12.1 %

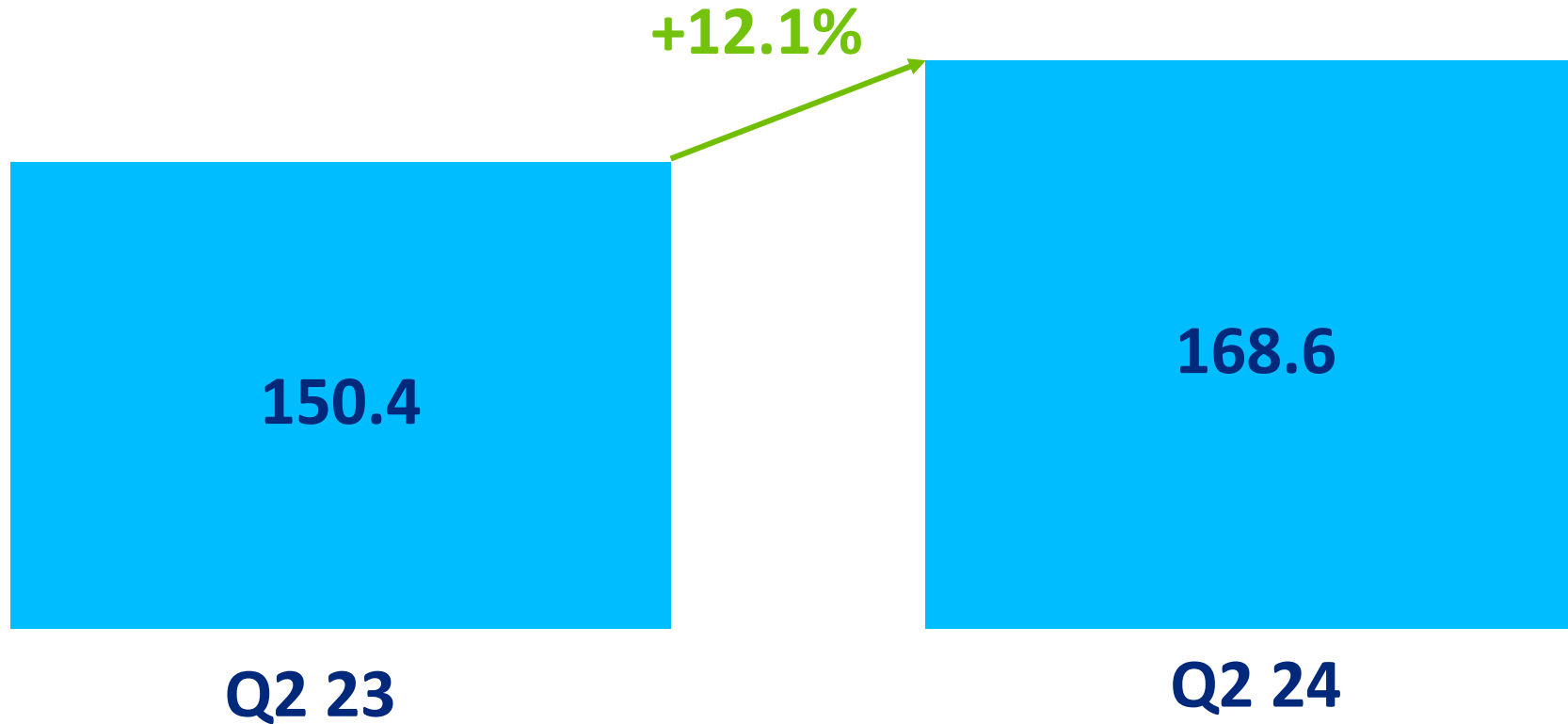
QOQ regional performance :

- North America grew **11.1%**
- Europe grew **5.0%** (constant exchange rate 5.9%)
- ARR growth **12.1%**
- Reiterate 2024 revenue guidance

Business Stickiness –Recurring and Re-Occurring Q2-24



Q2 - Annualized Recurring Revenue - ARR



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

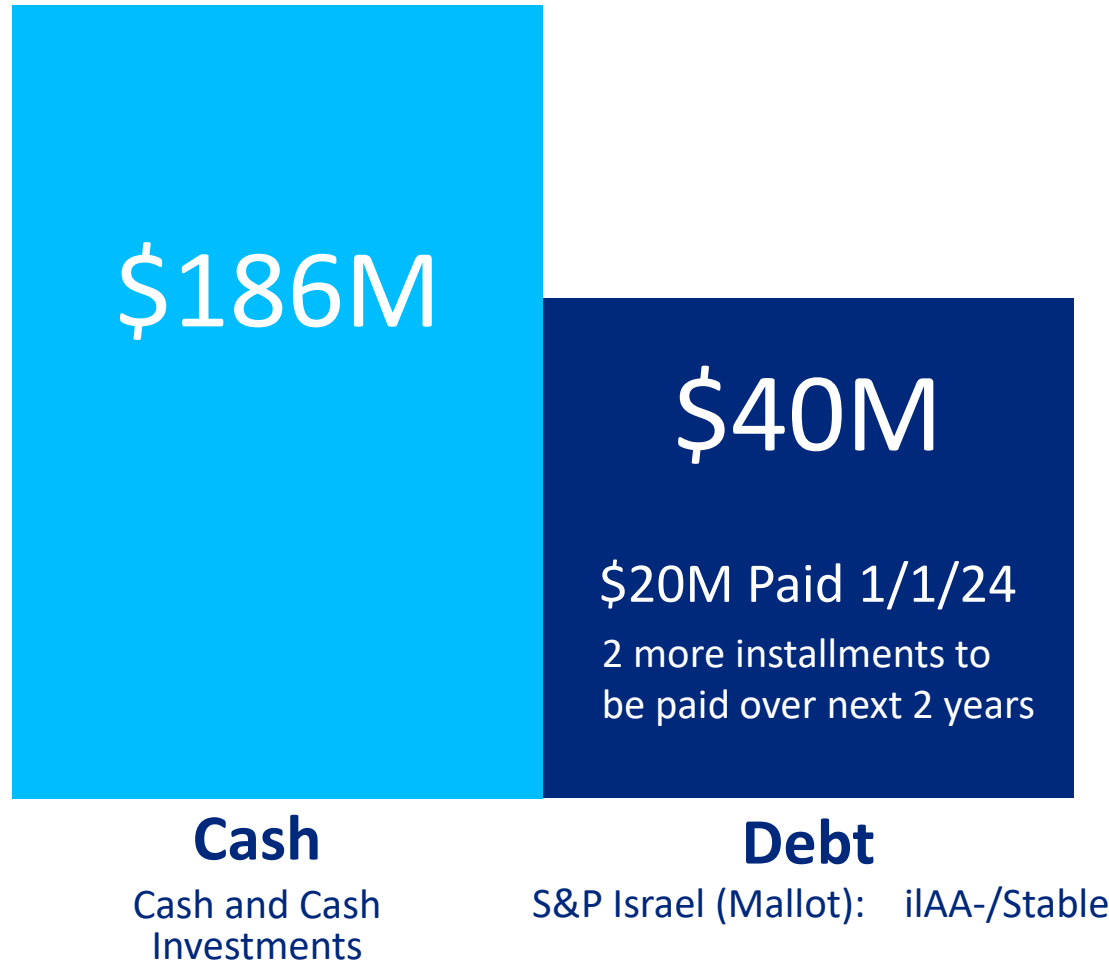
Adjusted Free Cash Flow Q2-24

Non-GAAP (USD Millions)

Free Cash Flow	Q2 23	Q2 24
Cash flow from operating activities	14.6	9.3
Increase in capitalized software development costs	(1.7)	(1.8)
Capital expenditures	(0.8)	(1.4)
Free cash flow	12.1	6.1
Cash payments attributed to acquisition-related costs (included in cash flow from operating activities)	-	0.1
Adjusted Free cash flow	12.1	6.2
Non-GAAP Net Income	18.6	21.0
Adjusted Free Cash Flow/Non-GAAP Net Income	65.3%	29.4%

Cash and Cash Equivalents (June 31, 2024)

USD millions



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

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



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

Best-in-class product offerings

Global leadership

Huge whitespace opportunity and large new logo pipeline

Successful M&A playbook with actionable pipeline

Multiple levers for continued margin expansion

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

The Sapiens logo features the word "SAPIENS" in a bold, white, sans-serif font. A light blue swoosh underline is positioned beneath the letter "A".

SAPIENS

Thank you!

Contact Us

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