



Q1 2025 Investor Presentation

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May 8, 2025

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)



~\$542M
Revenue



14%
Revenue CAGR
(’12 – ’24)



600+
Customers



\$103M
EBITDA



19%
EBITDA
Margin



72%
Recurring
& reoccurring



\$60B+
Global TAM



38
Countries

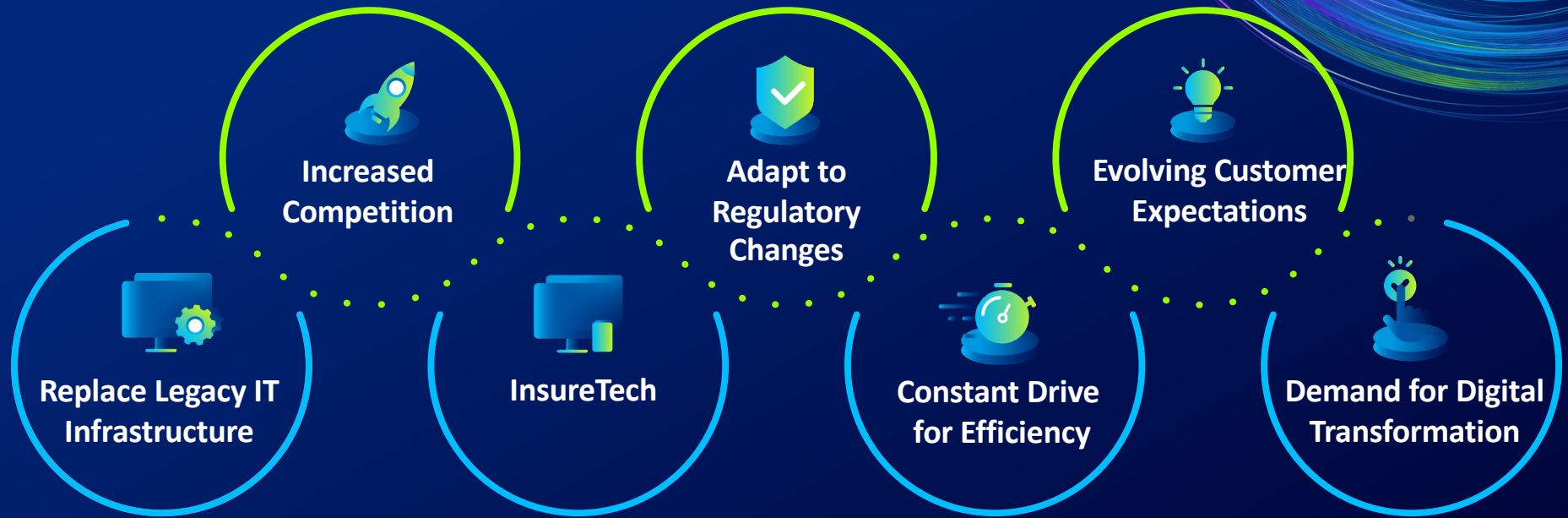


Serving
P&C and L&A

SAPIENS

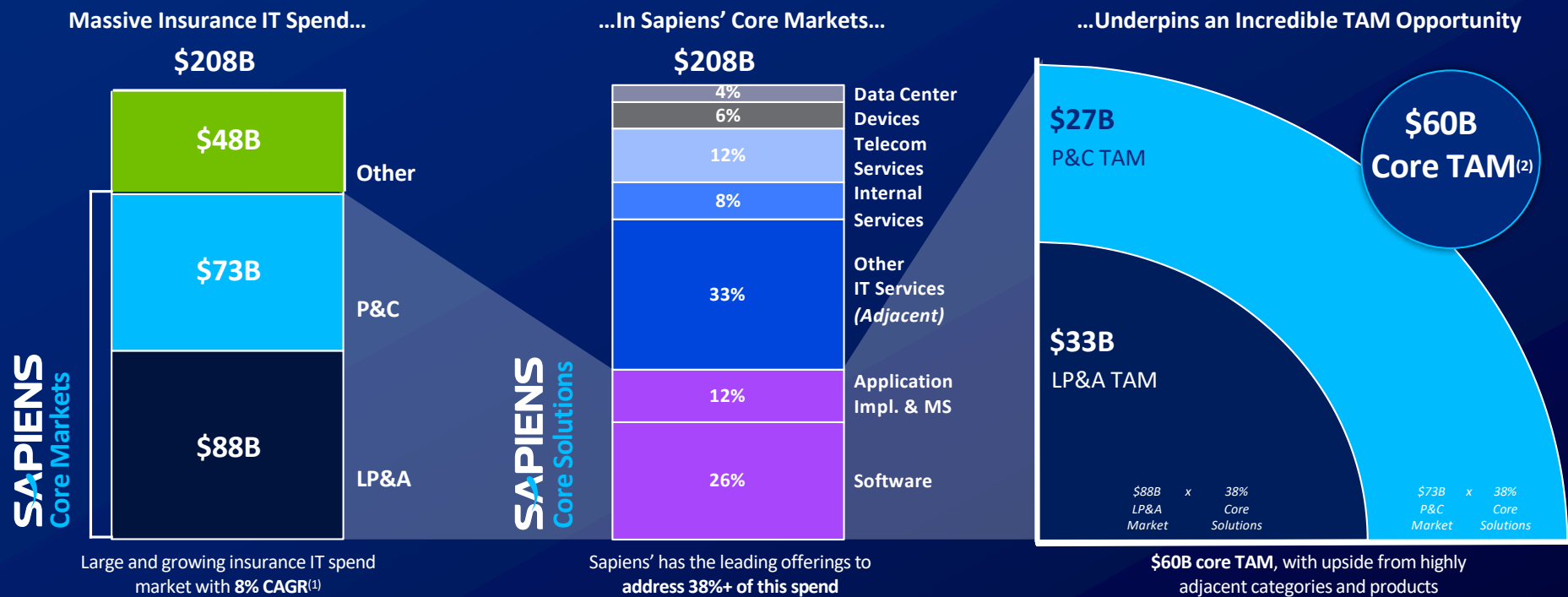
(1) Figures represent 2024 actuals unless otherwise specified
(2) Retention for Recurring + Reoccurring Revenue of Growth products as of LTM Q4-23.

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



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

Outdated insurers technology presents a MASSIVE market for Sapiens



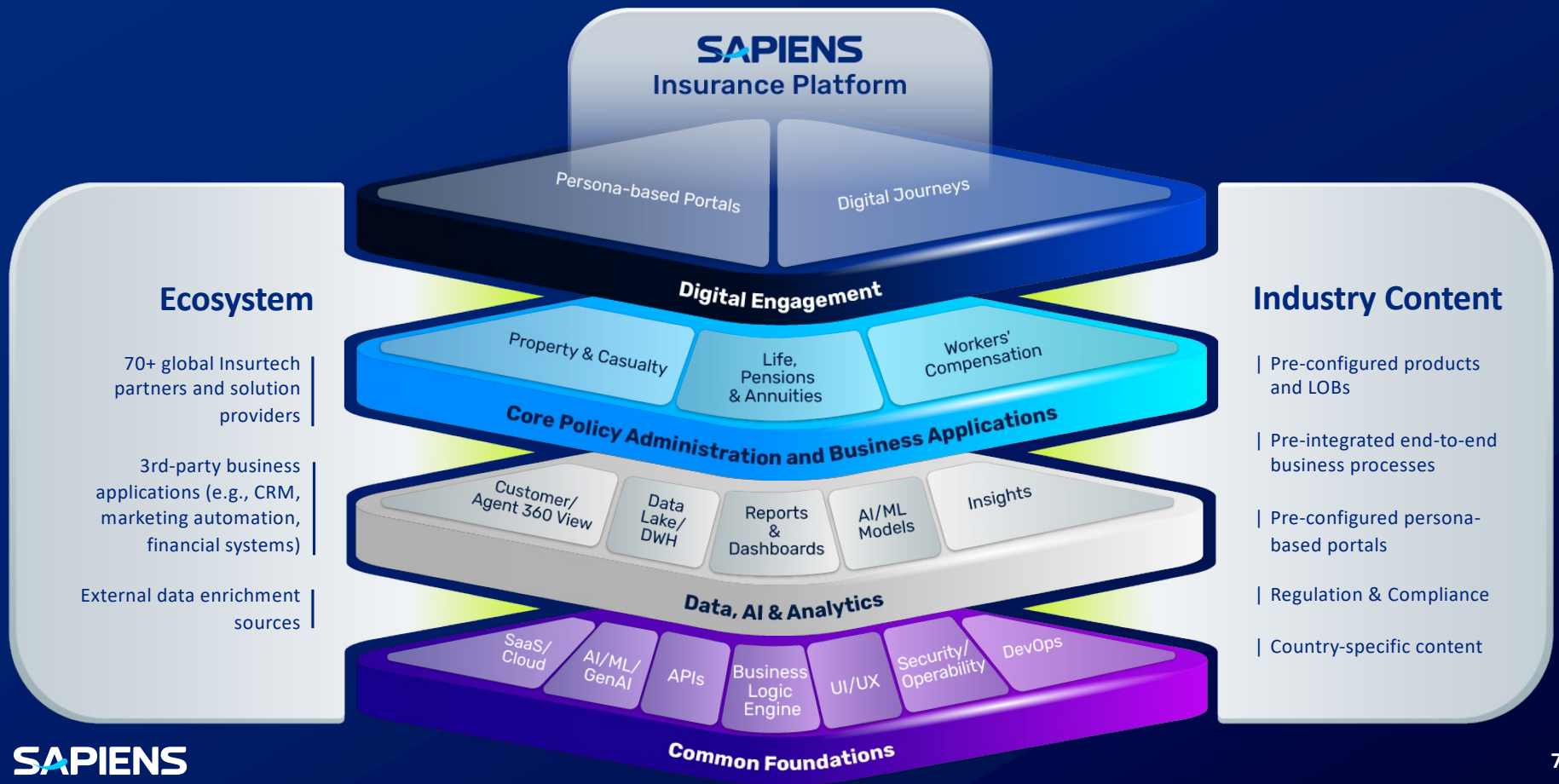
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Source: Gartner, 2023.

(1) Represents 2022-2027 CAGR per Gartner.

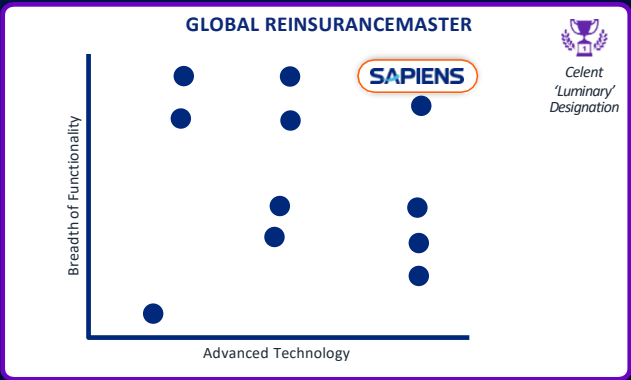
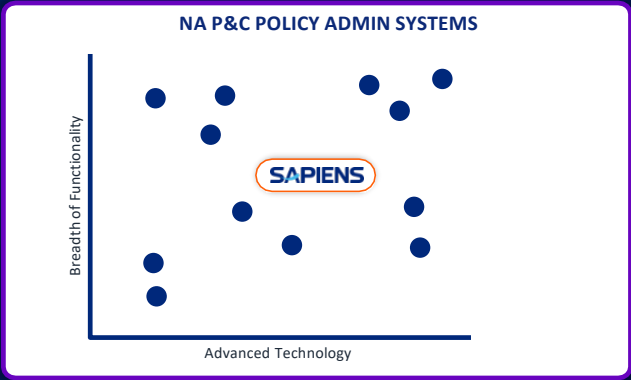
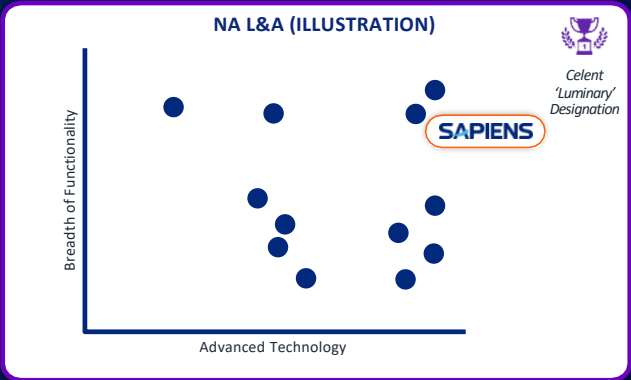
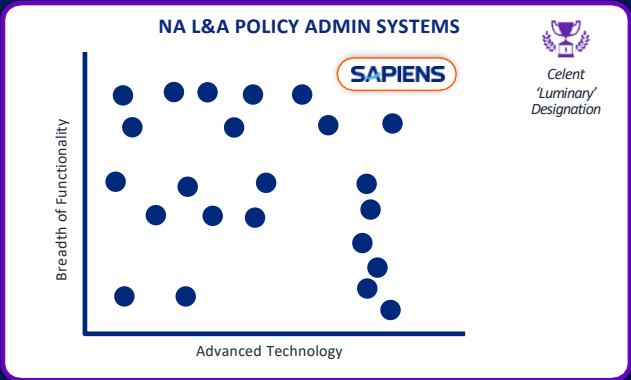
(2) Includes LP&A TAM and P&C TAM for Sapiens' core solution areas (Software and Application Implementation & Managed Services).

Sapiens Insurance Platform



Sapiens is the Recognized Leader by Analysts

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



CELENT
ABC Vendor Maps

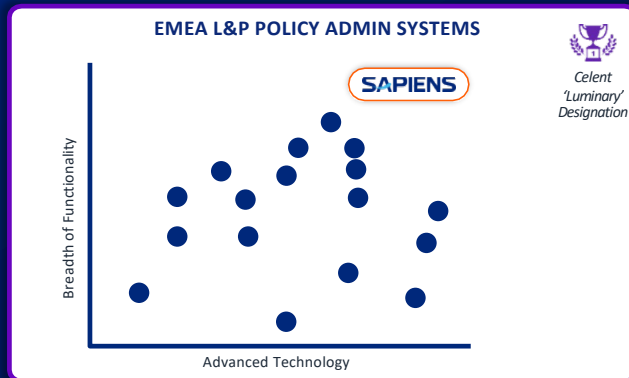
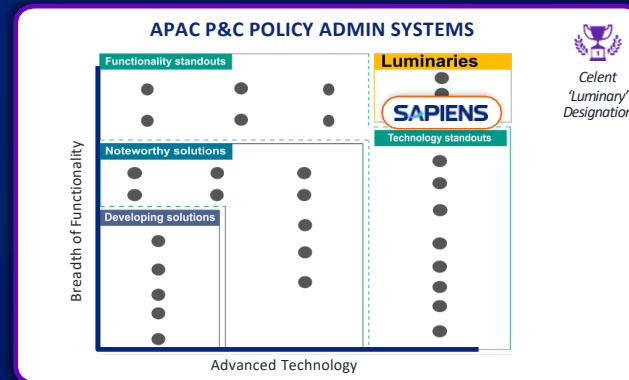
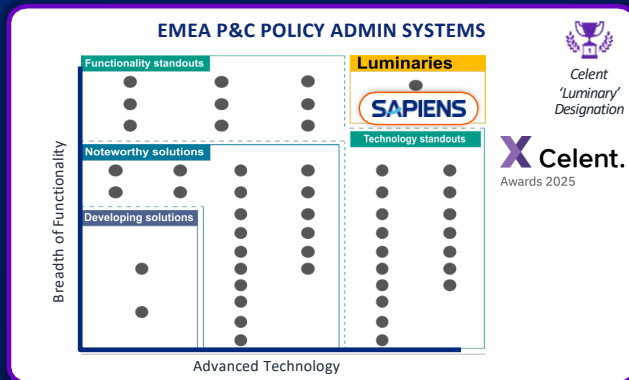


Source: Celent, 2023-2024.
Note: Celent’s luminary designation denotes companies that excel in both Advanced Technology and Breadth of Functionality.

Sapiens is the Recognized Leader by Analysts

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

EMEA & APAC



CELENT

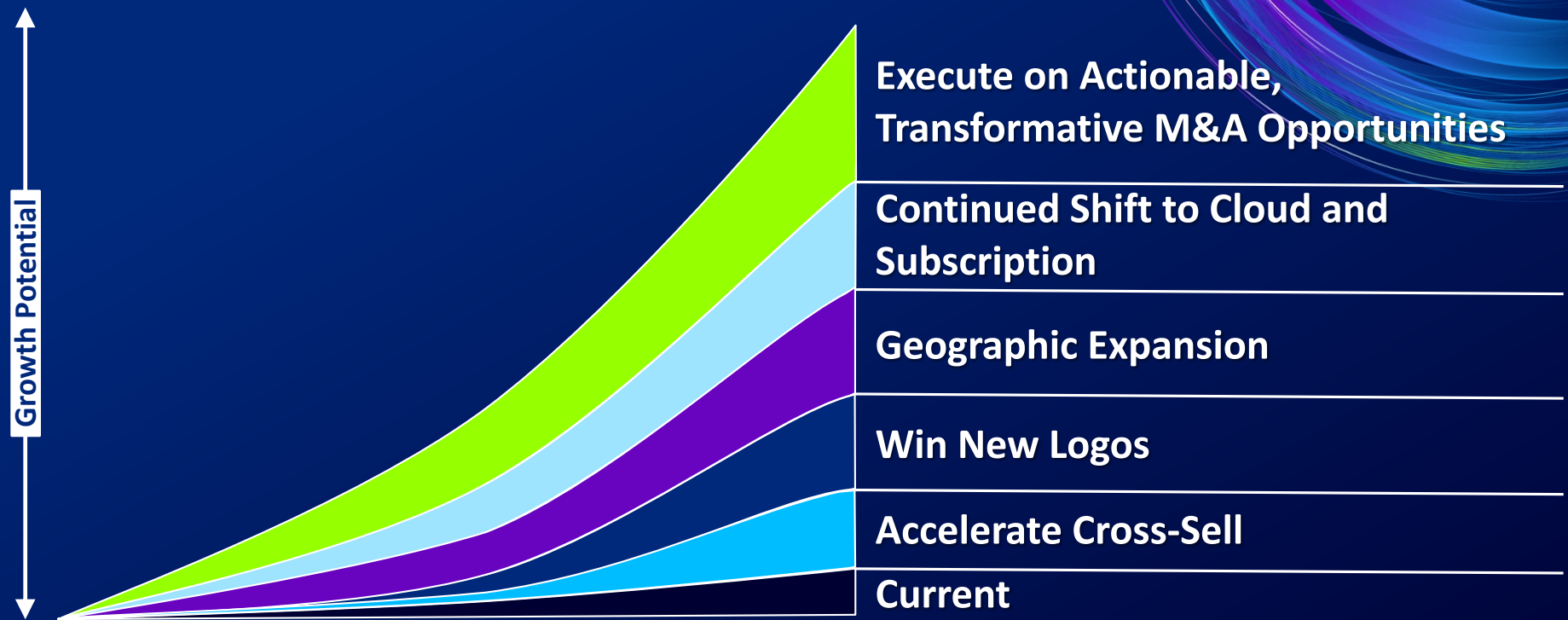
ABC Vendor Maps

SAPIENS

Source: Celent, 2023-2025.

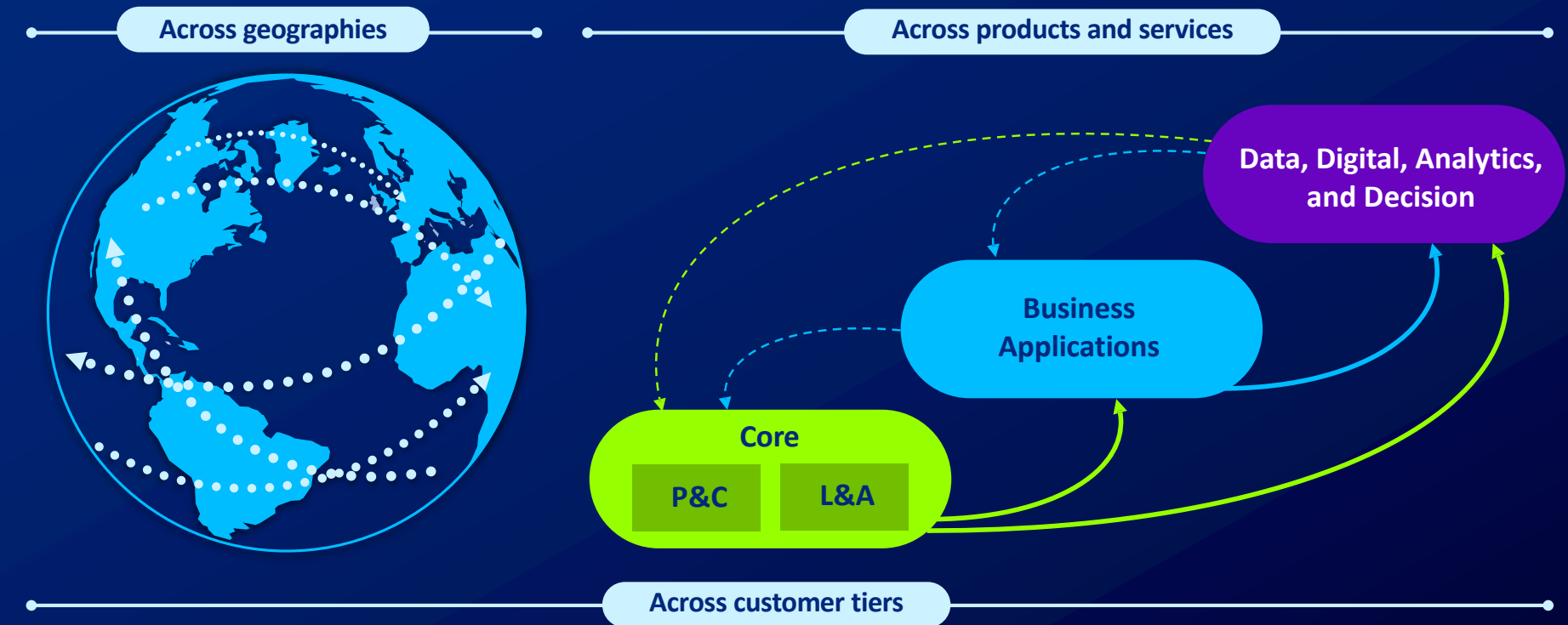
Note: Celent's luminary designation denotes companies that excel in both Advanced Technology and Breadth of Functionality.

Clear Growth Opportunities to Achieve Long-Term Vision

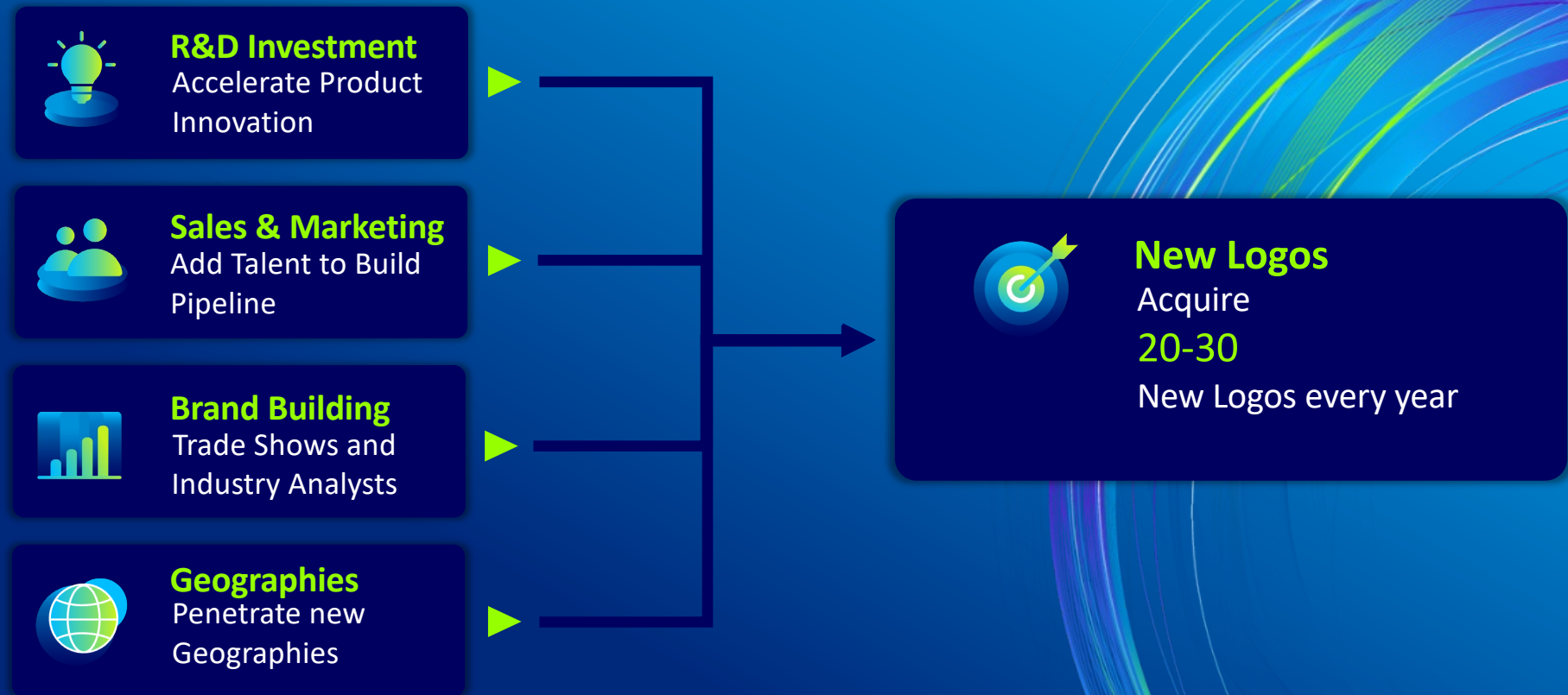


Cross-Sell: Massive Acceleration Opportunity

Multi-directional cross selling opportunities across all customer tiers



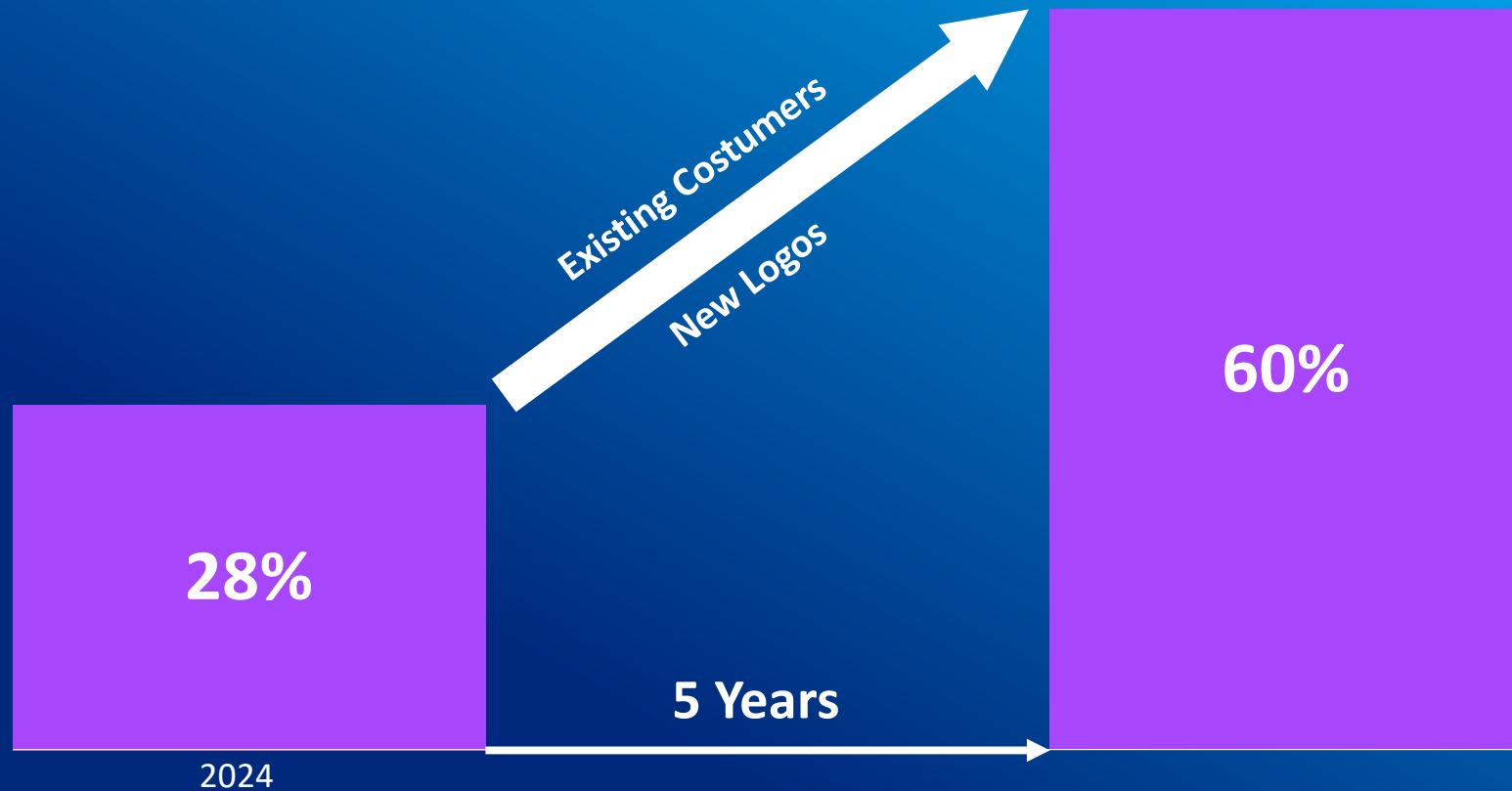
Capture Market Share with New Logo



Territory Snapshot

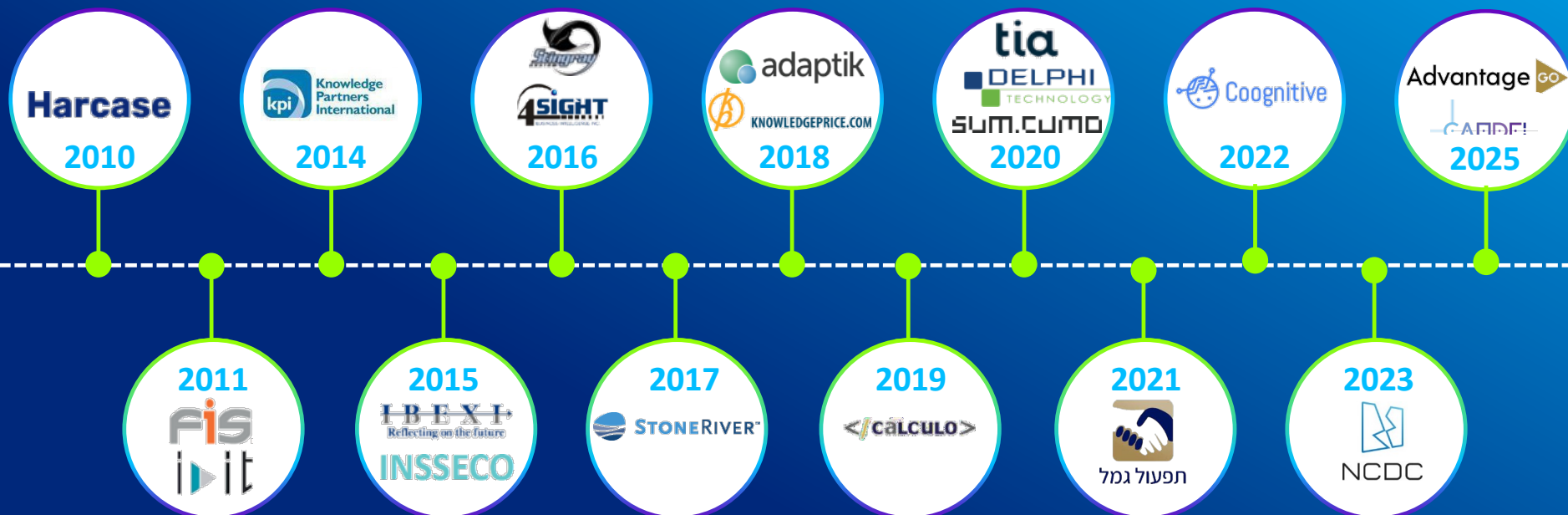


Accelerate Cloud SaaS Transformation



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**



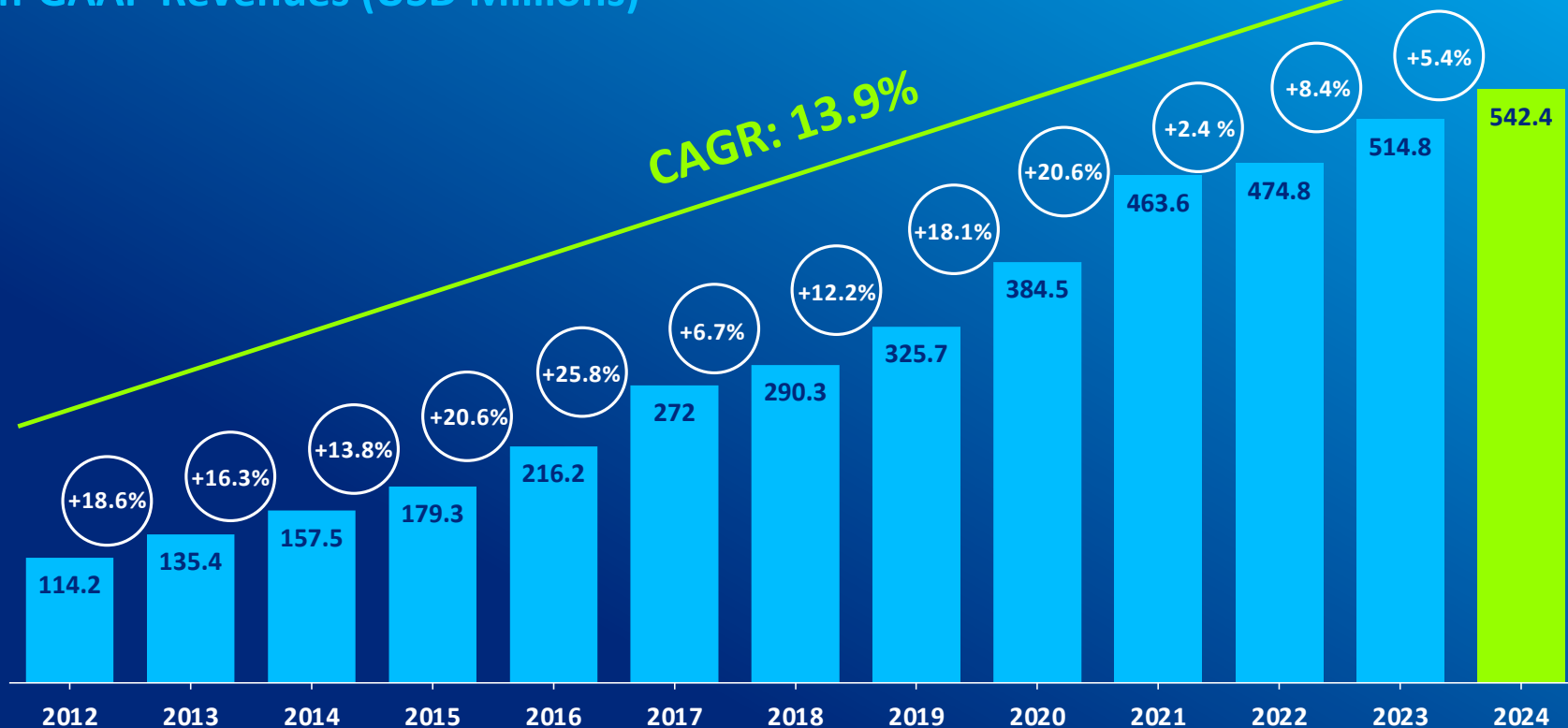
**Profit and
margin
expansion**



**Resilient
balance sheet,
cash
generation**

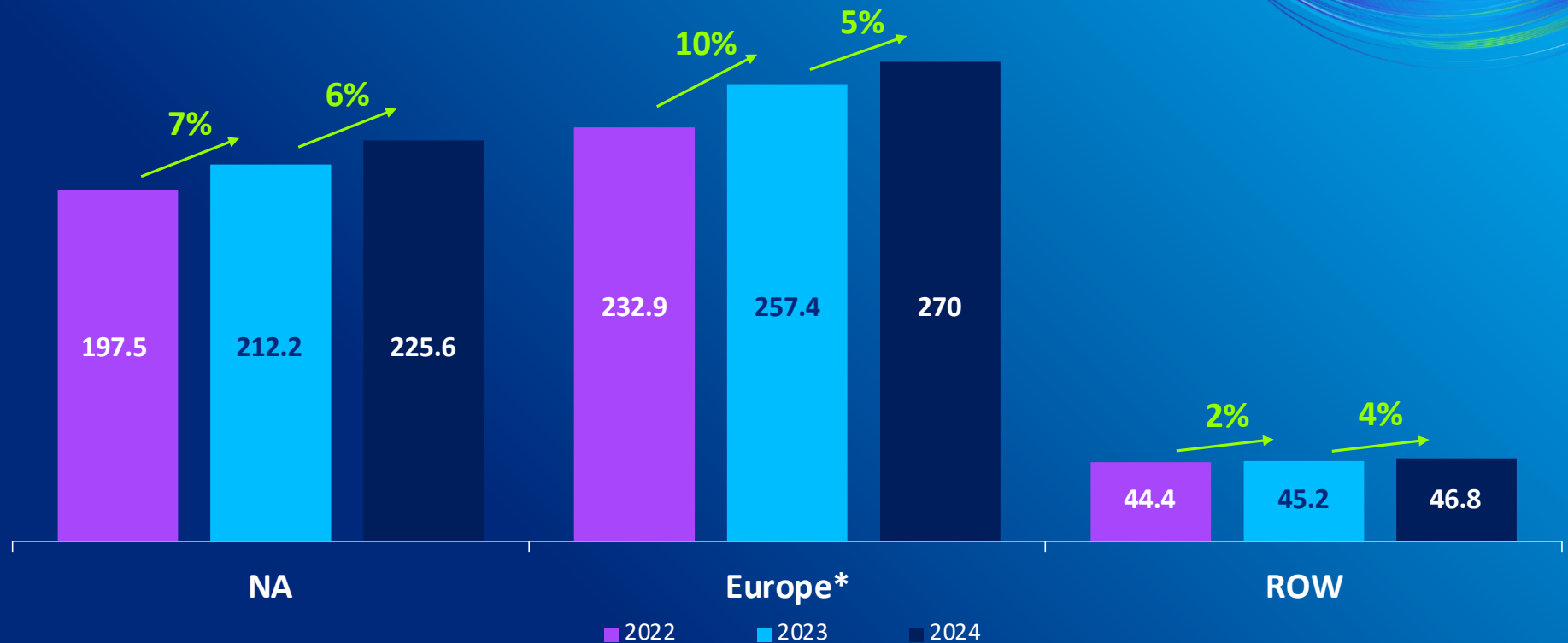
Revenue Growth Achieved Year-Over-Year

Non-GAAP Revenues (USD Millions)



Annual Revenue Growth - By Geography

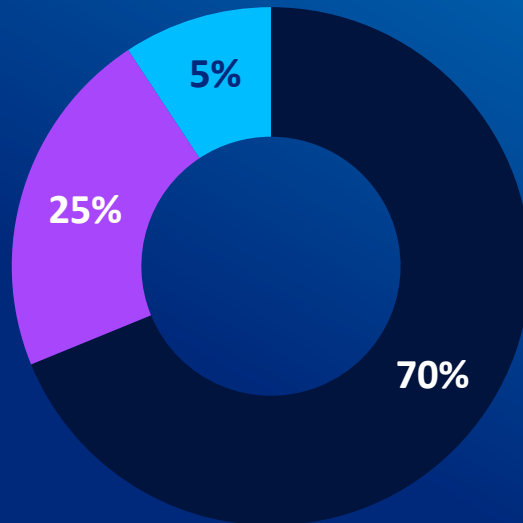
Non-GAAP Revenue (USD millions)



2024 Annual Analysis: Unique Proposition

Multiple Segments

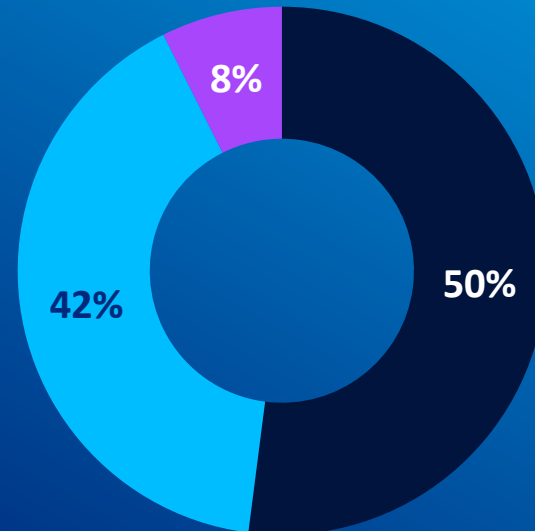
By Market



■ P&C ■ L&A ■ Other

Global Player

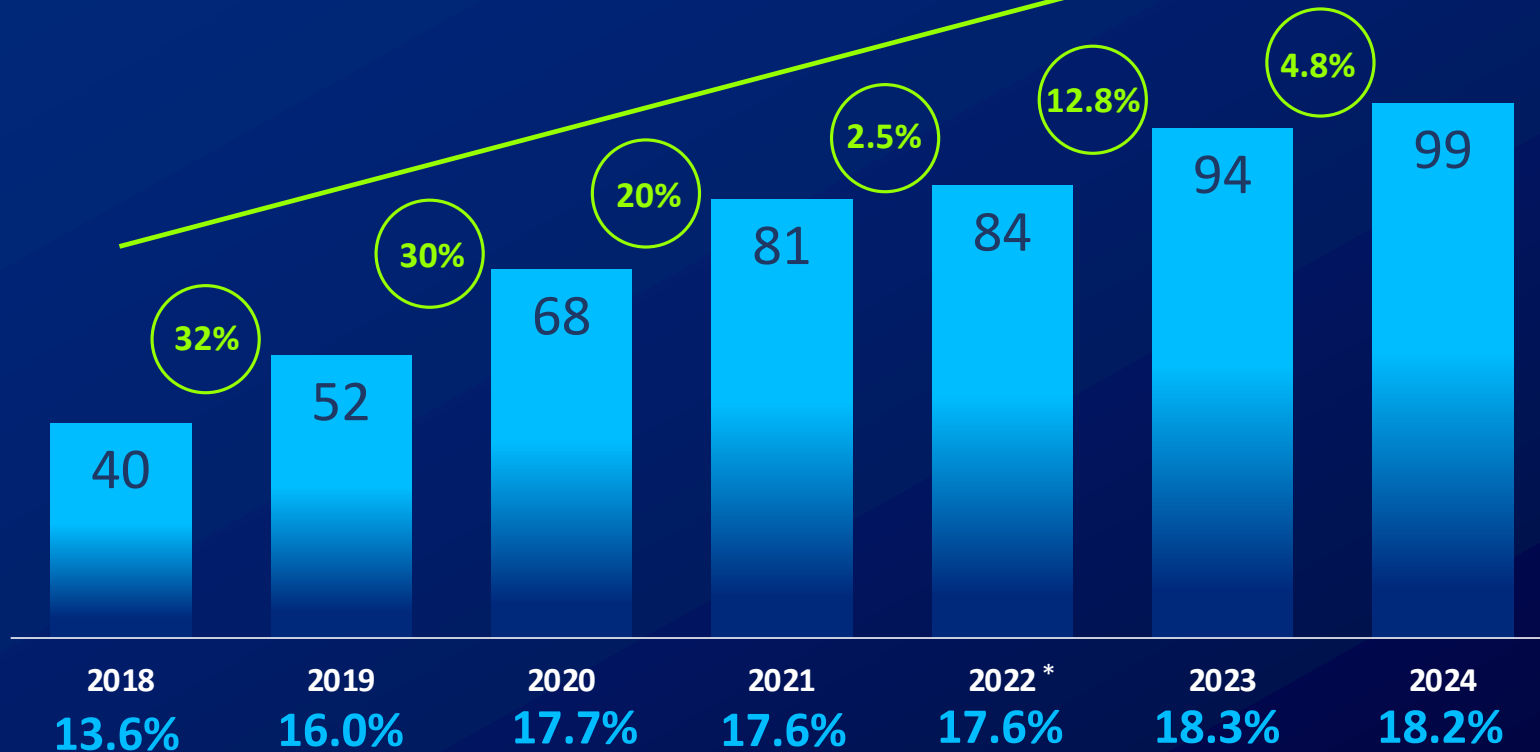
By Geography



■ EUROPE ■ North America ■ ROW

Annual Operating Profit Growth

Non-GAAP Profit (USD millions)





Q1 2025

SAPIENS

Q1 2025 Highlights

Non-GAAP	Q1 2025	Q1 2024	% Change
Revenue	\$136.1	\$134.2	1.4 %
Gross Profit	\$63.0	\$60.9	3.5%
Gross Margin	46.3%	45.4%	90 bps
Operating Income	\$24.6	\$24.3	1.2%
Operating Margin	18.0%	18.1%	-10 bps
Net Income (*)	\$20.7	\$20.4	1.3%
Diluted EPS	\$0.37	\$0.36	2.8%

Quarterly Highlights

- Constant currency growth of 2.6%.
- Two acquisitions announced: Candela, Advantage Go.

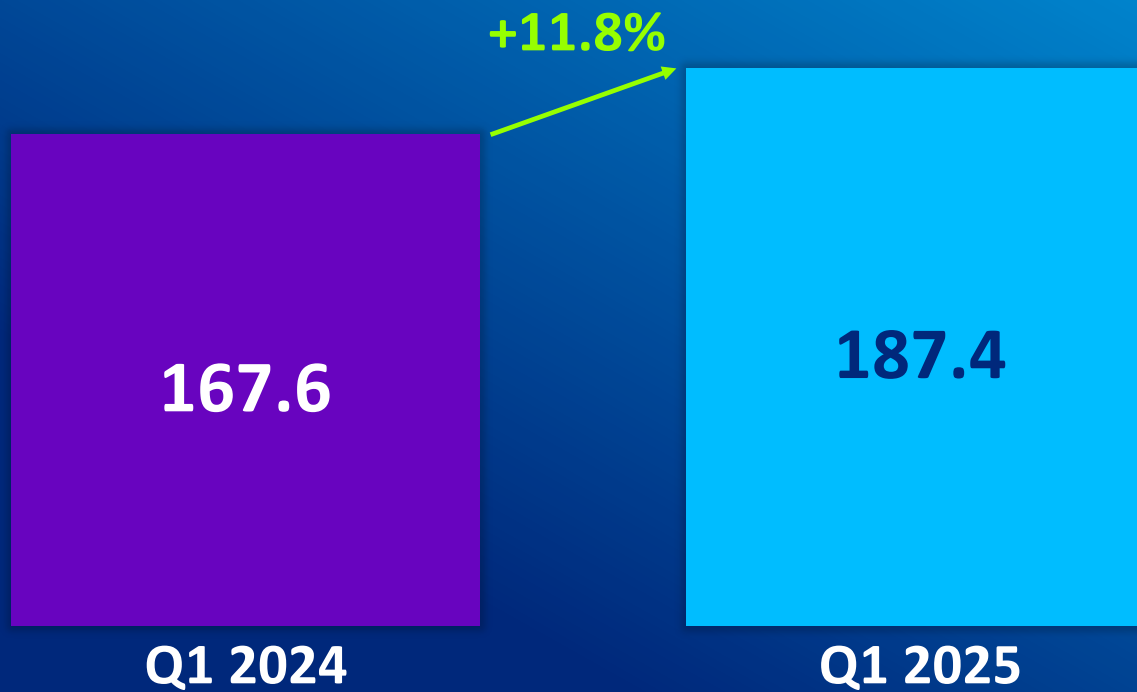
QOQ regional performance :

- North America grew **3.1%**
- Europe down **1.8%** (constant exchange rate 0.6%)
- ARR growth **11.8 %**
- Raising 2025 revenue, revising Operating Profit guidance

Business Stickiness - Recurring and Re-Occurring



Annualized Recurring Revenue – ARR



Cash and Cash Equivalents (March 31, 2025)

USD millions

\$206M

Cash

Cash and Cash Investments

\$20M

Debt

S&P Israel (Mallot): ilAA-/Stable

2022 - \$ 38.6M*
2023 - \$ 28.1M
2024 - \$ 31.8M
2025 - \$36.9**

Dividend Distribution

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

SAPIENS

* In 2022, we distributed dividend for full year 2021 and for H1 2022.

** Include special dividend of \$20.1M

Adjusted Free Cash Flow Q1 2025

Non-GAAP (USD Thousands)

Free Cash Flow	Q1 2025	Q1 2024
Cash flow from operating activities	25.3	18.5
Increase in capitalized software development costs	(1.9)	(1.7)
Capital expenditures	(0.4)	(0.5)
Free cash flow	23.0	16.3
Cash payments attributed to acquisition-related costs (included in cash flow from operating activities)	-	0.8
Adjusted Free cash flow	23.0	17.1
Non-GAAP Net Income	20.7	20.4
Adjusted Free Cash Flow/Non-GAAP Net Income	111%	84%

Guidance



Revised 2025 Guidance

Non-GAAP (USD millions)

	2025 Guidance Low	2025 Guidance High		2025 Guidance Mid
Revenue	\$574M	\$578 M		\$576 M Growth of 6%
Operating Profit	\$94M	\$96M		\$95M
Operating Margin	16.5%			16.5%



Growth 2026 and Beyond

Growth 2026 and Beyond

New logos

- Increase sales team
- Platform

Cross-sell

- Increase client partner team
- Platform with integrated solutions

SIs

- Initiative started in 2023
- Partner with several SIs globally
- 2 deals signed in NA
- Increase pipeline

Transition to Cloud/SaaS

- Increase from 28% to 60%
- Proven transition through all tiers
- Strong partnership with Microsoft

Life

- Strong momentum
- Leading product
- Less competitive market

M&A

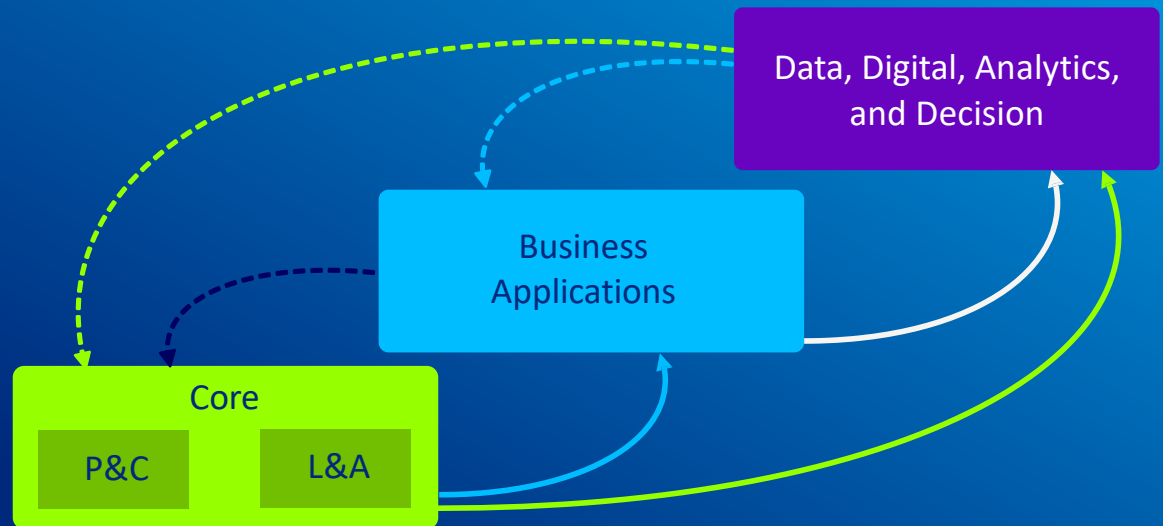
- Back to business

Cross-Sell: Massive Acceleration Opportunity

Multi-directional cross selling opportunities across all customer tiers

Across geographies

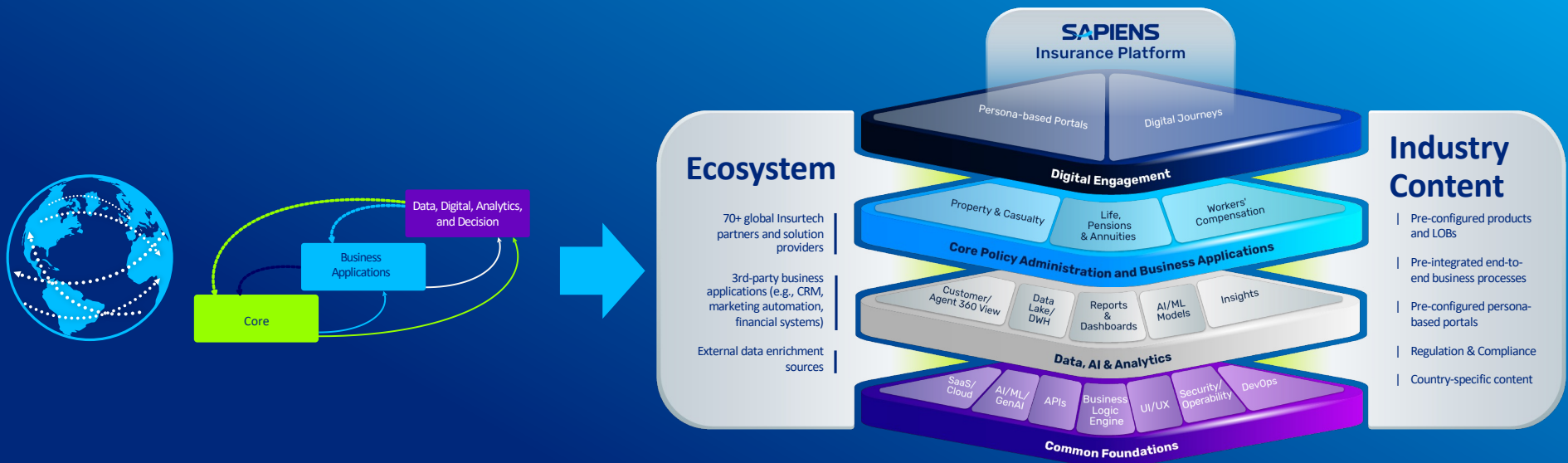
Across products and services



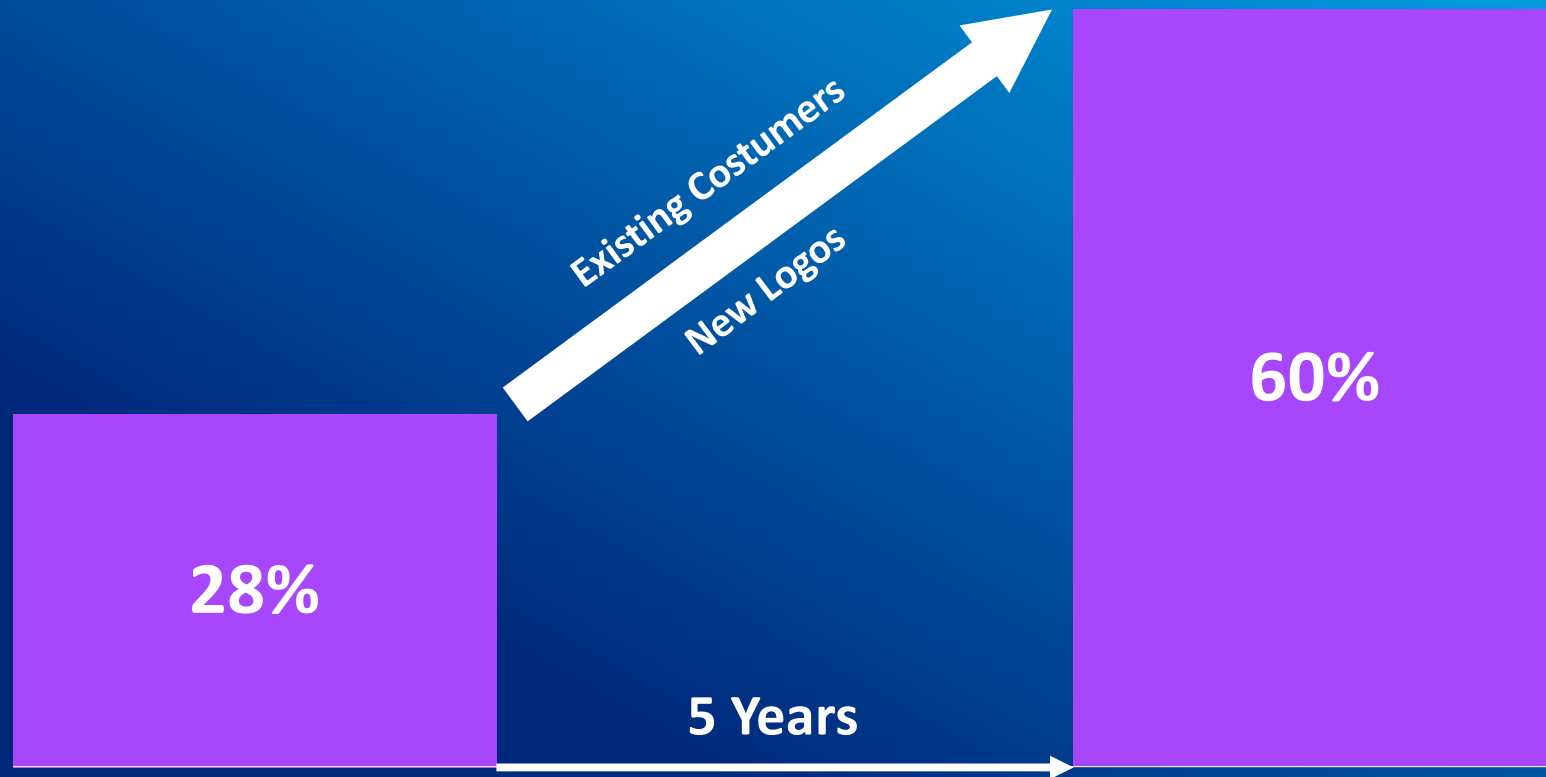
Across customer tiers

Cross-Sell: Massive Acceleration Opportunity

Multi-directional cross selling opportunities across all customer tiers



Transition to Cloud/SaaS



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



Thank you!

Contact Us

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