



Investor Relations Presentation

February 2022

Cautionary Language concerning Forward Looking Statements

This presentation contains forward-looking statements, which express the current beliefs and expectations of CyberArk's (the "Company") management. In some cases, forward-looking statements may be identified by terminology such as "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "predict," "potential" or the negative of these terms or other similar expressions. Such statements involve a number of known and unknown risks and uncertainties that could cause the Company's future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: the duration and scope of the COVID-19 pandemic and the impact of the pandemic and actions taken in response, on global and regional economies and economic activity and the resulting impact on the demand for the Company's solutions and on its expected revenue growth rates and costs; the Company's ability to adjust its operations in response to impacts from the COVID-19 pandemic; difficulties predicting future financial results, including due to impacts from the COVID-19 pandemic; the Company's continued transition of its business to a recurring revenue model in 2022 and the Company's ability to complete the transition in the time frame expected; the Company's ability to meet financial and operating targets during the transition period and after the transition is complete; changes to the drivers of the Company's growth and our ability to adapt our solutions to IT security market demands; the Company's ability to sell into existing and new industry verticals; the Company's sales cycles and multiple licensing models may cause results to fluctuate; the Company's ability to sell into existing customers; potential changes in the Company's operating and net profit margins and the Company's revenue growth rate; the Company's ability to successfully find, complete, fully integrate and achieve the expected benefits of future acquisitions, including the Company's ability to integrate and achieve the expected benefits of Idaptive; real or perceived shortcomings, defects or vulnerabilities in the Company's solutions or internal network systems; the Company's ability to hire, retain and motivate qualified personnel; the Company's ability to expand its channel partnerships across existing and new geographies; the Company's ability to further diversify its product deployments and licensing options; and other factors discussed under the heading "Risk Factors" in the Company's most recent annual report on Form 20-F filed with the Securities and Exchange Commission. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.



Overview



OUR MISSION

Provide a modern approach to
IDENTITY SECURITY
anchored on privilege
to protect against
advanced cyber threats



Security
First

AI-based approach architected on the principles of Zero Trust and least privilege access



Modern Identity
Platform

SaaS platform to secure all identities with various levels of privilege from hybrid to multi-cloud, leveraging modern authentication



Market
Leadership

Market Leading PAM and Identity as a Service Solutions

Key Takeaways from Q4 2021

- Record fourth quarter revenue as business momentum continues accelerating; identity security resonating with customers
- Strong bookings in Q4 2021, significantly beating guidance framework
- Subscription ARR increased 146% year-over-year; total ARR growth accelerated to 44% year-over-year, the fastest rate in the last two years
 - Largest ever sequential increase in subscription ARR
 - Record SaaS bookings drove ARR growth
- Accelerating new business, adding a record more than 375 new logos
- Subscription transformation program ahead of plan with subscription bookings mix percentage at 71% in the quarter, up from about 35% in Q4 2020



Key Takeaways from Full Year 2021

- Historic year with record revenue while transitioning to subscription business model
- Sustainable growth drivers– move to the cloud, digital transformation, attacker innovation – continue to drive strong demand environment and record pipeline build
- Accelerating new business, adding nearly 1,000 new logos
- Added over 450 net new employees for a total of >2,100 CyberArk employees globally as of year-end
- Subscription transformation program ahead of plan with subscription bookings mix percentage at 66% on a full year-basis
 - Subscription transition exit by Q2 2022, by reaching about 85% bookings mix
- Guidance highlights
 - Annual Recurring Revenue to grow by 36% in 2022



Growth



The threat landscape evolves. Attack paths don't.

Evolution of Ransomware



Cloud-Native Cyberthreats



State-sponsored Attacks



Supply-chain Attacks



Breach price tags



Recent Examples



WSJ

Iowa Grain Cooperative Hit by Cyberattack Linked to Ransomware Group

BlackMatter demanded \$5.9 million to unlock New Cooperative's data, security researchers say

PRO CYBER NEWS

The Log4j Vulnerability: Millions of Attempts Made Per Hour to Exploit Software Flaw

Hundreds of millions of devices are at risk, U.S. officials say; hackers could use the bug to steal data, install malware or take control



CBS NEWS



Foreign hacking group targets hospitals, clinics with ransomware attacks, says new report

Microsoft Warns of Destructive Cyberattack on Ukrainian Computer Networks

The malware was revealed as Russian troops remained massed at the Ukrainian border, and after Ukrainian government agencies had their websites defaced.



Identity is the New Security Battleground



Digital
Transformation



Attacker
Innovation

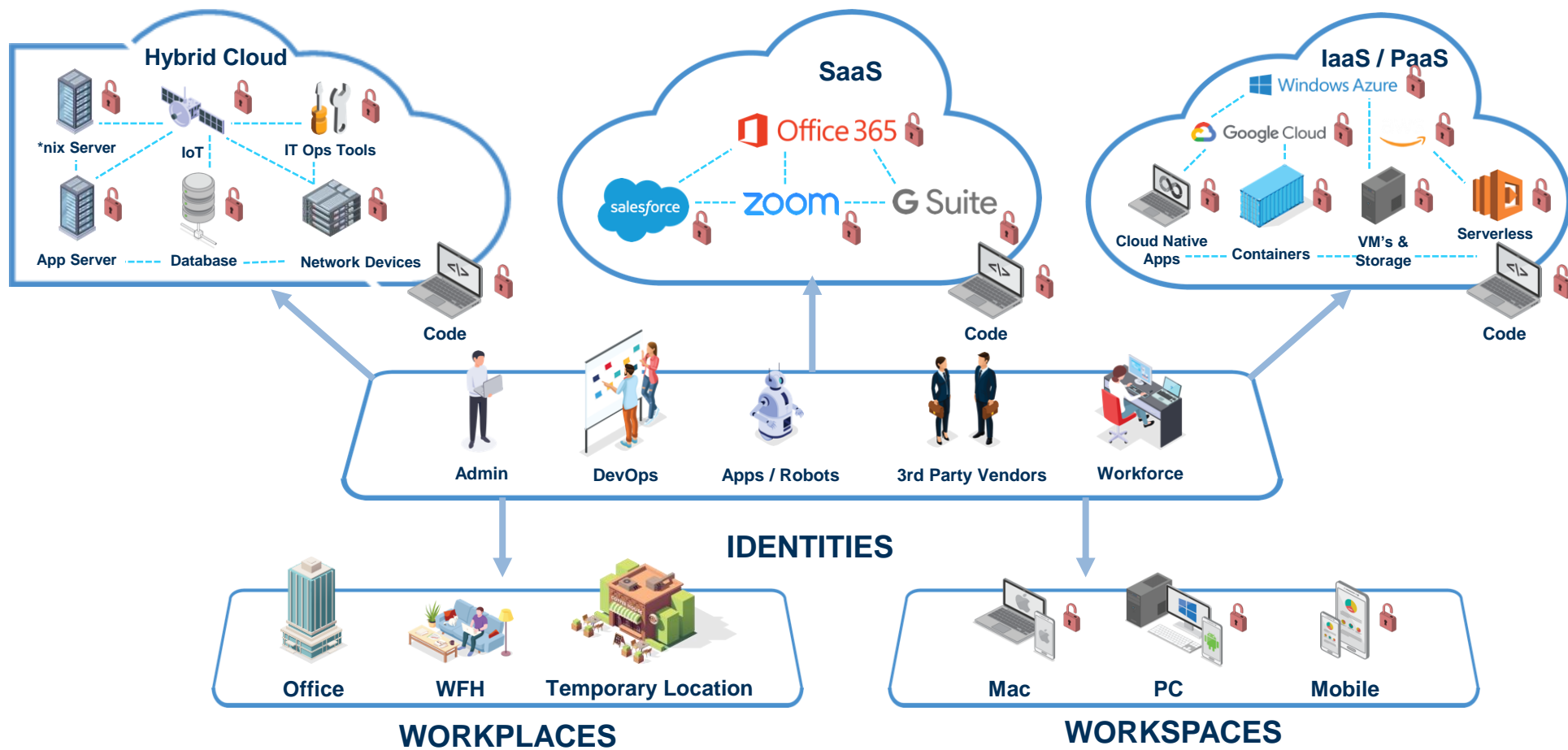


Cloud Migration

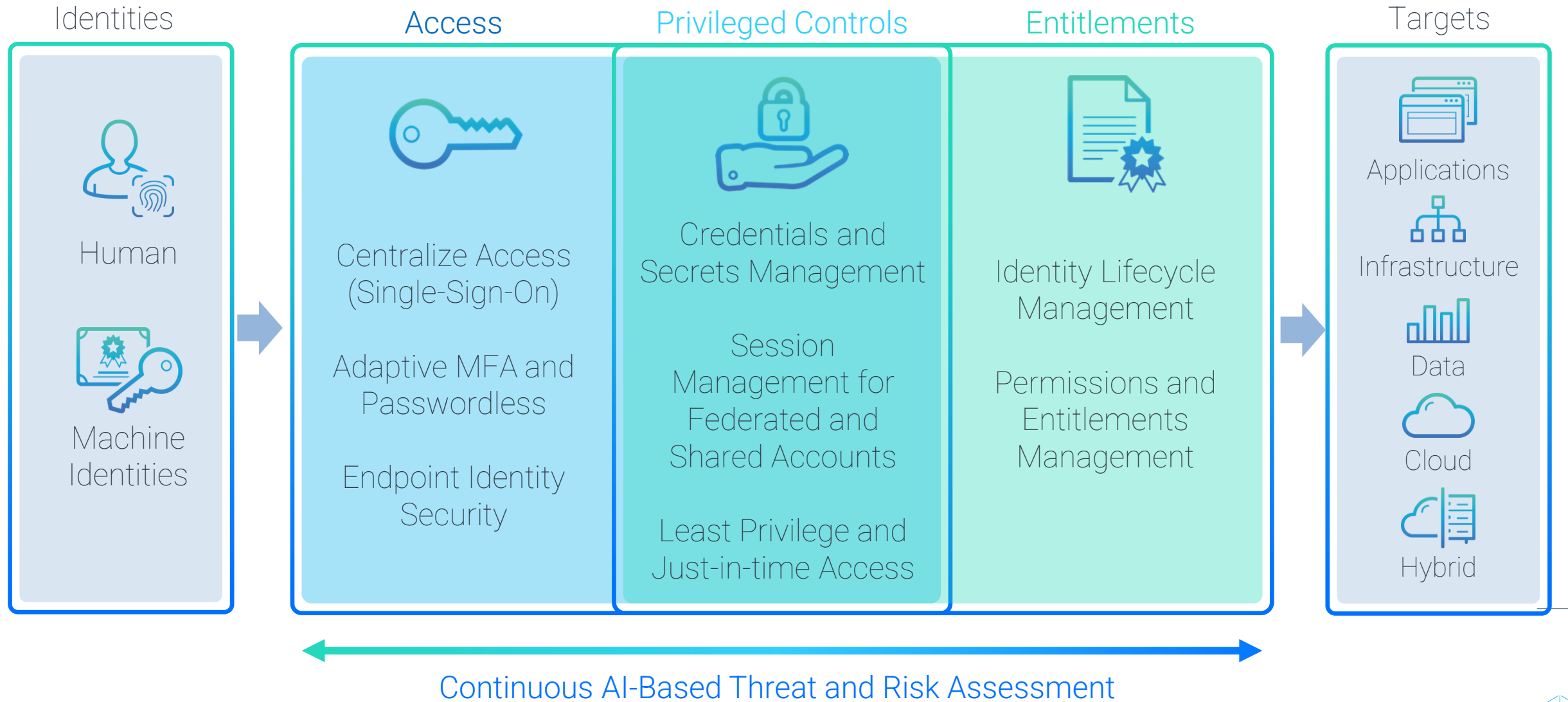


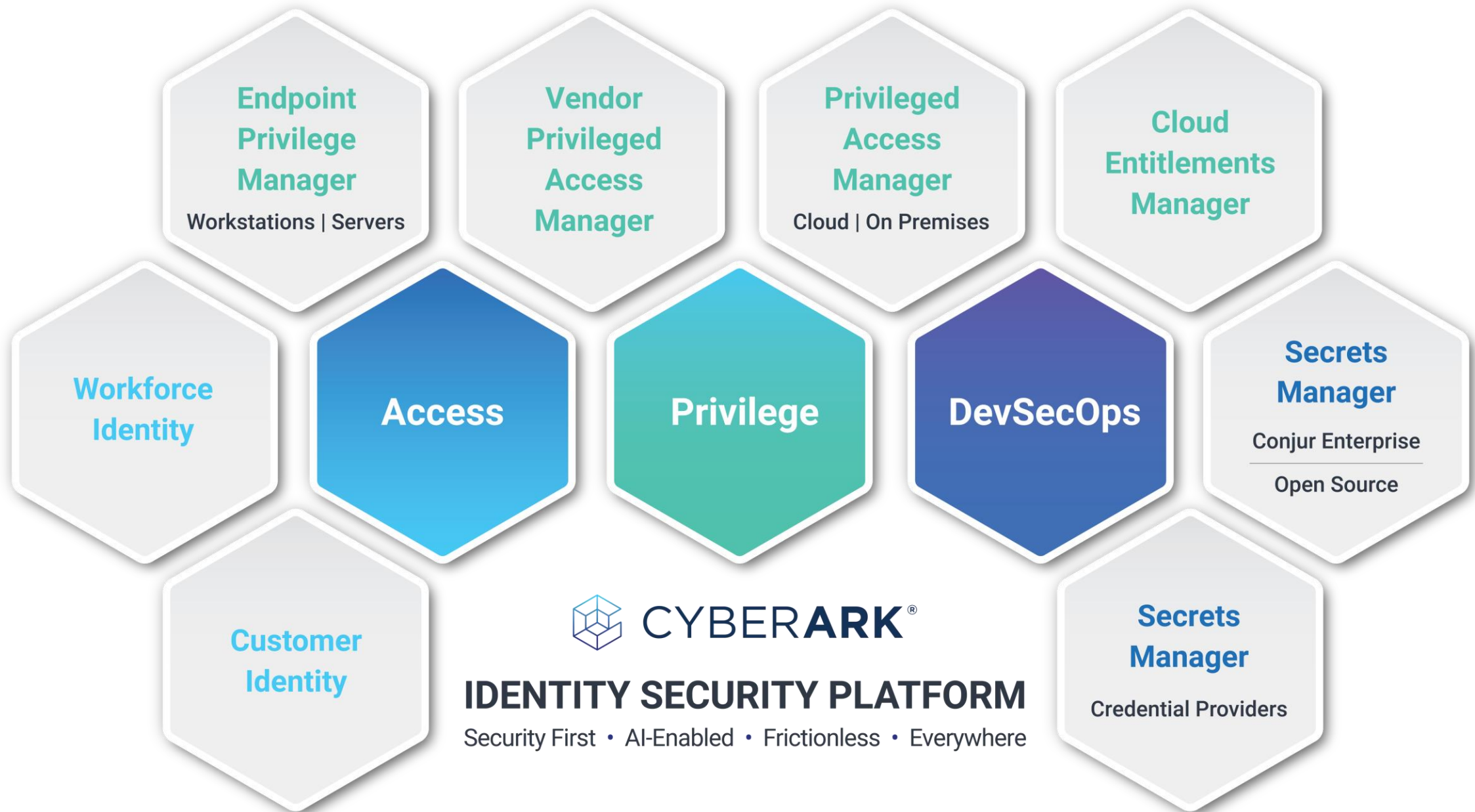
Privilege is Everywhere

All identities can be privileged under certain conditions.



Privilege is at the Center of Identity Security





210+ Certified Partners



325+ Certified Joint Solutions



200+ Plug-ins



Strong partner network drives new business growth



Subscription Transition



**SUBSCRIPTION ANNUAL
RECURRING REVENUE
(ARR)**

\$183M

146%Y-Y

**ANNUAL RECURRING
REVENUE (ARR)**

\$393M

44%Y-Y

**RECURRING
REVENUE**

\$103M

48%Y-Y

**SUBSCRIPTION
BOOKINGS MIX**

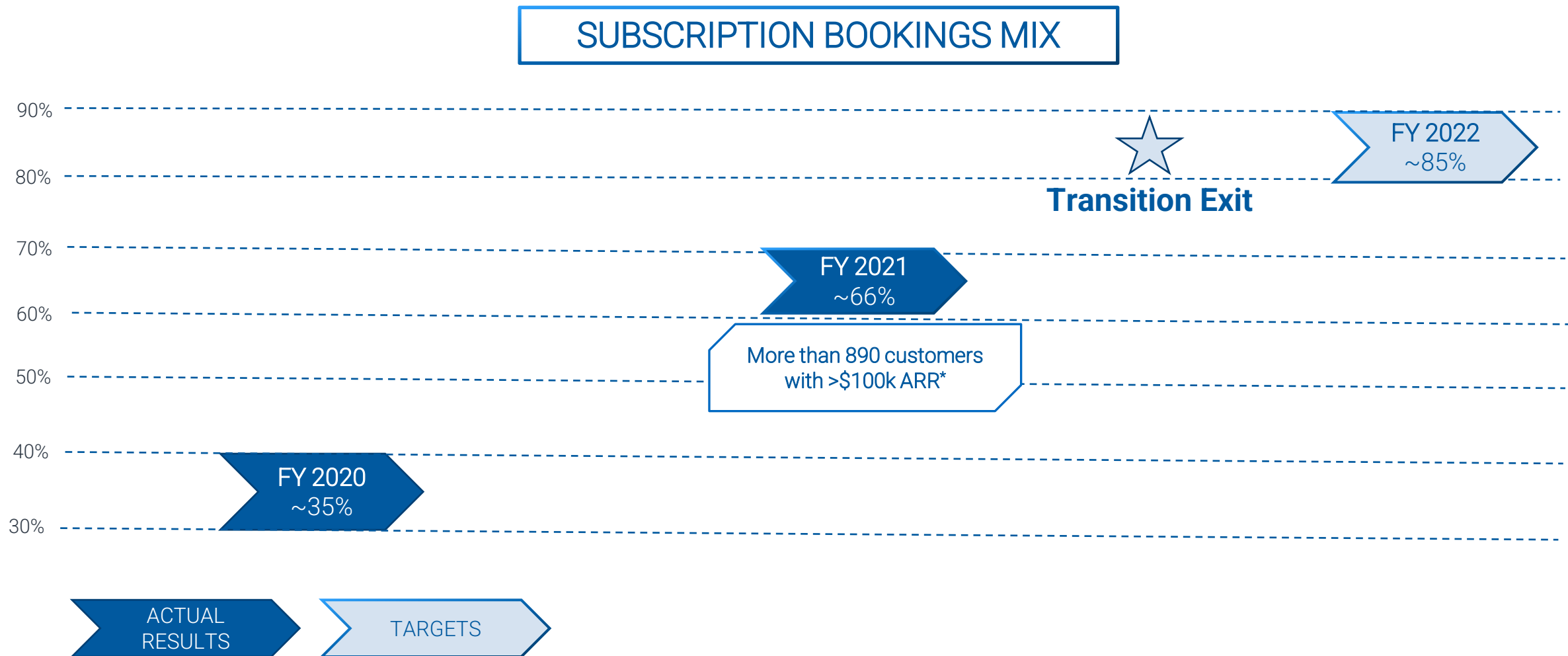
~71%

~35% in Q4 '20

*Q4 2021 compared to Q4 2020
Subscription Revenue = SaaS + On-Premises Subscription Revenue.
Recurring Revenue = Subscription Revenue + Recurring Maintenance related to perpetual license contracts.
Subscription Bookings Mix = (Subscription Bookings) / (Subscription Bookings + Perpetual License Bookings, excluding renewals).
Annual Recurring Revenue and Subscription Annual Recurring Revenue refer to appendix.

Strong Subscription Transition Progress

Strong subscription bookings mix, growth driven by record SaaS bookings



*as of December 31, 2021

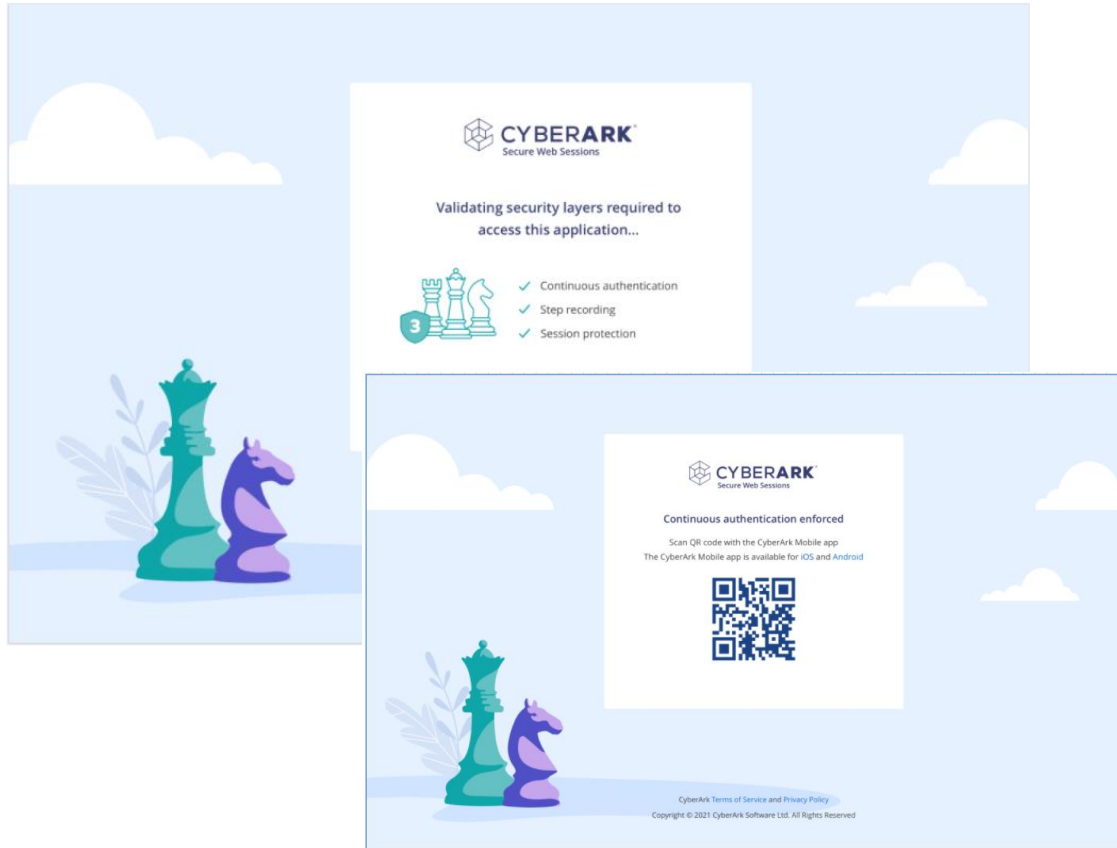


Innovation



Secure Web Sessions

Record, audit, and protect end-user activity within web applications secured by CyberArk Identity.



Context-aware session recording and auditing without impacting end-user experience.



SESSION RECORDING

Seamlessly record screenshots of all actions taken by specific end-users within protected applications



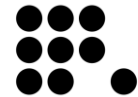
AUDIT TRAILS

Easily search recorded sessions using free-text input and quickly filter events by dates and actions



CONTINUOUS AUTHENTICATION

Automatically determine when end-users walk away, leaving a session open and force them to re-authenticate



SESSION PROTECTION

Isolate web sessions at the endpoint and prevent end-users from copying data or downloading files



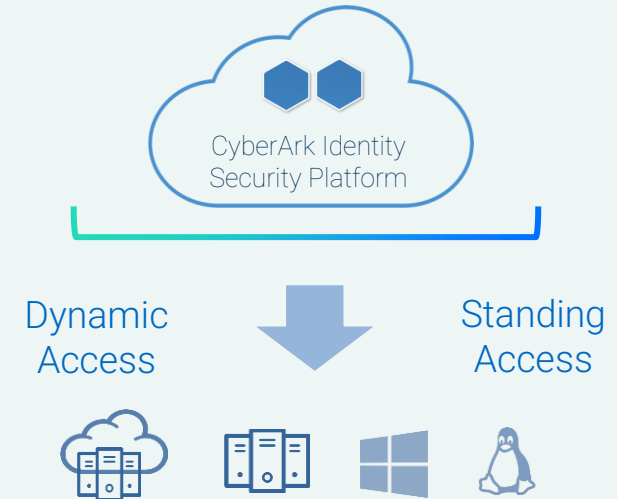
Dynamic Privileged Access



Reduce Risk of
Standing Access



Dynamic Security for
Dynamic Workloads



Consistent Solution
for All Access



CyberArk Named a Leader by Analyst Firms

Gartner®

Positioned as a
Leader in 2021, 2020
and 2018 Gartner®
Magic Quadrant™ for
**Privileged Access
Management (PAM)**

FORRESTER®

Positioned as a
Leader amongst
**Identity-As-A-Service
(IDaaS)** vendors in
2021 Forrester
Wave™ : Identity-As-
A-Service (IDaaS) for
Enterprise, Q3 2021

Gartner®

Positioned as a
Visionary in 2021
Gartner® Magic
Quadrant™ for **Access
Management**

FORRESTER®

Positioned as a
Leader amongst
**Privileged Identity
Management (PIM)**
vendors in 2020
Forrester Wave™ :
Privileged Identity
Management (PIM),
Q4 2020

MULTIPLE DRIVERS FOR LONG-TERM GROWTH



Environmental, Social and Governance (ESG)

2021 Highlights

- Formalized ESG Program with cross-functional ESG Committee and Supervisory Board oversight
- Published first annual ESG report
 - Outlined ESG topics most material to CyberArk, including:
 - Cybersecurity
 - Business ethics
 - Human Capital Management,
 - Diversity, Equity and Inclusion (DEI)
 - Environmental stewardship

“The principles of ESG are embedded into
CyberArk’s strategy”

- Udi Mokady, Chief Executive Officer



Q4 & Full Year 2021 Financial Results





Q4 2021 Financial Highlights

\$393M

ARR
(December 31, 2021)

\$183M

Subscription ARR
(December 31, 2021)

68%

of Total Revenue is
Recurring Revenue
(Q4 2021)

~71%

of New License Bookings is
Subscription
(Q4 2021)

44%

ARR Growth
(Y-Y as of December 31, 2021)

146%

Subscription ARR Growth
(Y-Y as of December 31, 2021)

48%

Recurring Revenue Growth
(Y-Y in Q4 2021)

>375

New Logos*

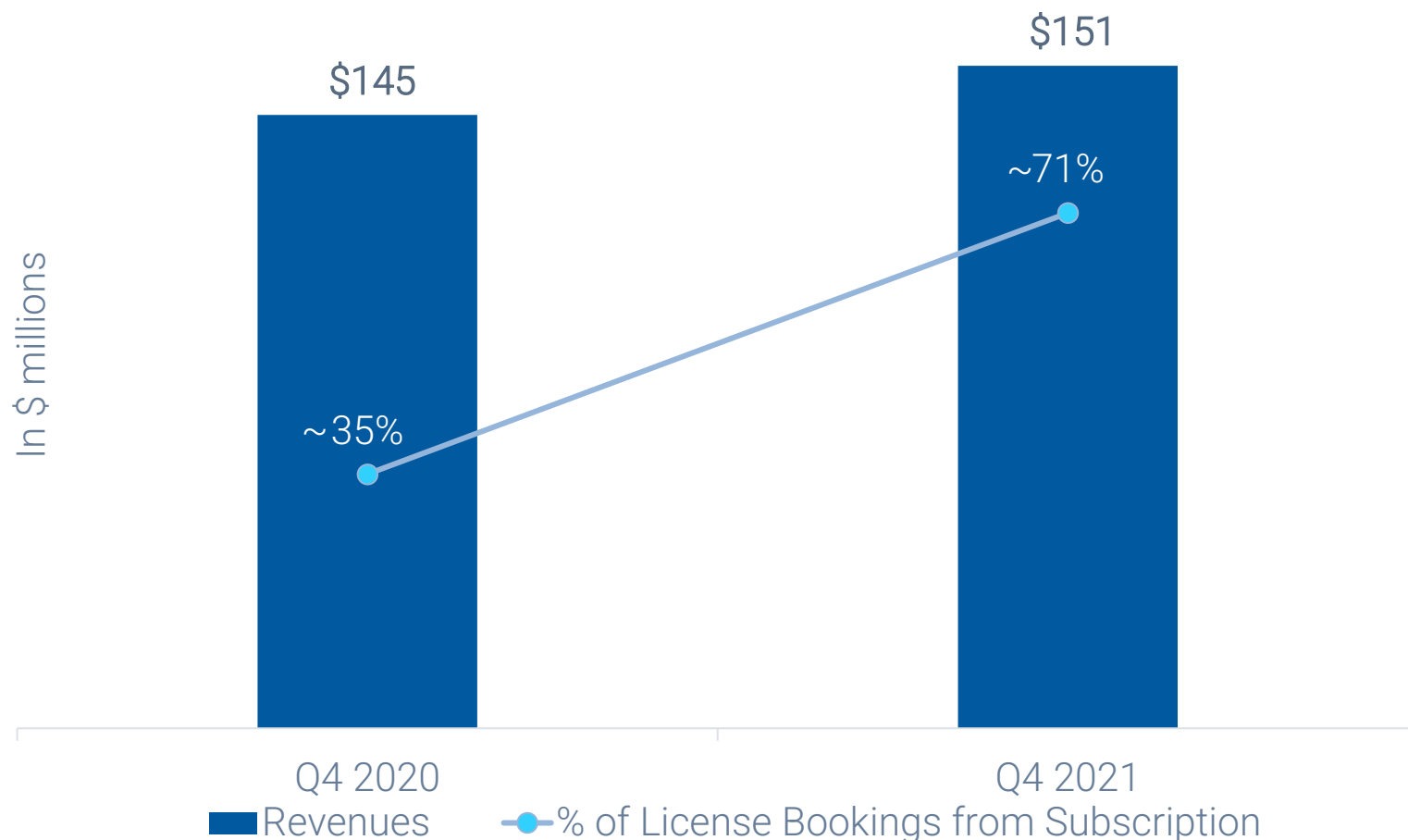
*CyberArk added Q4, 2021.



Stronger than expected bookings drove revenue above guidance

Key Takeaways

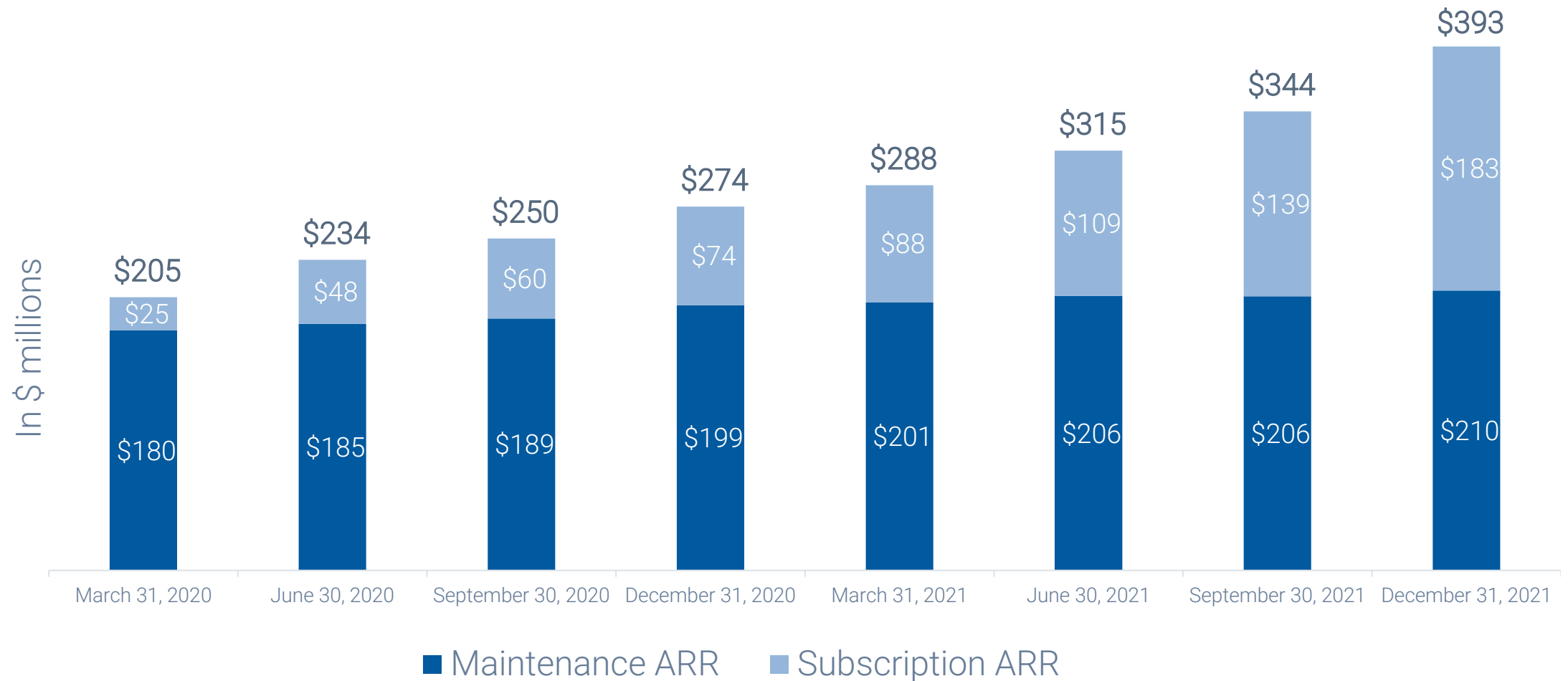
- ~71% of new license bookings is from subscription in Q4 2021, up from ~35% in Q4 2020
- Total bookings higher than guidance assumptions



Largest sequential increase in Subscription ARR

Subscription Annual Recurring Revenue (ARR) grew 146%; reaching 46% of total ARR

Total ARR growth accelerated to 44% year-over-year



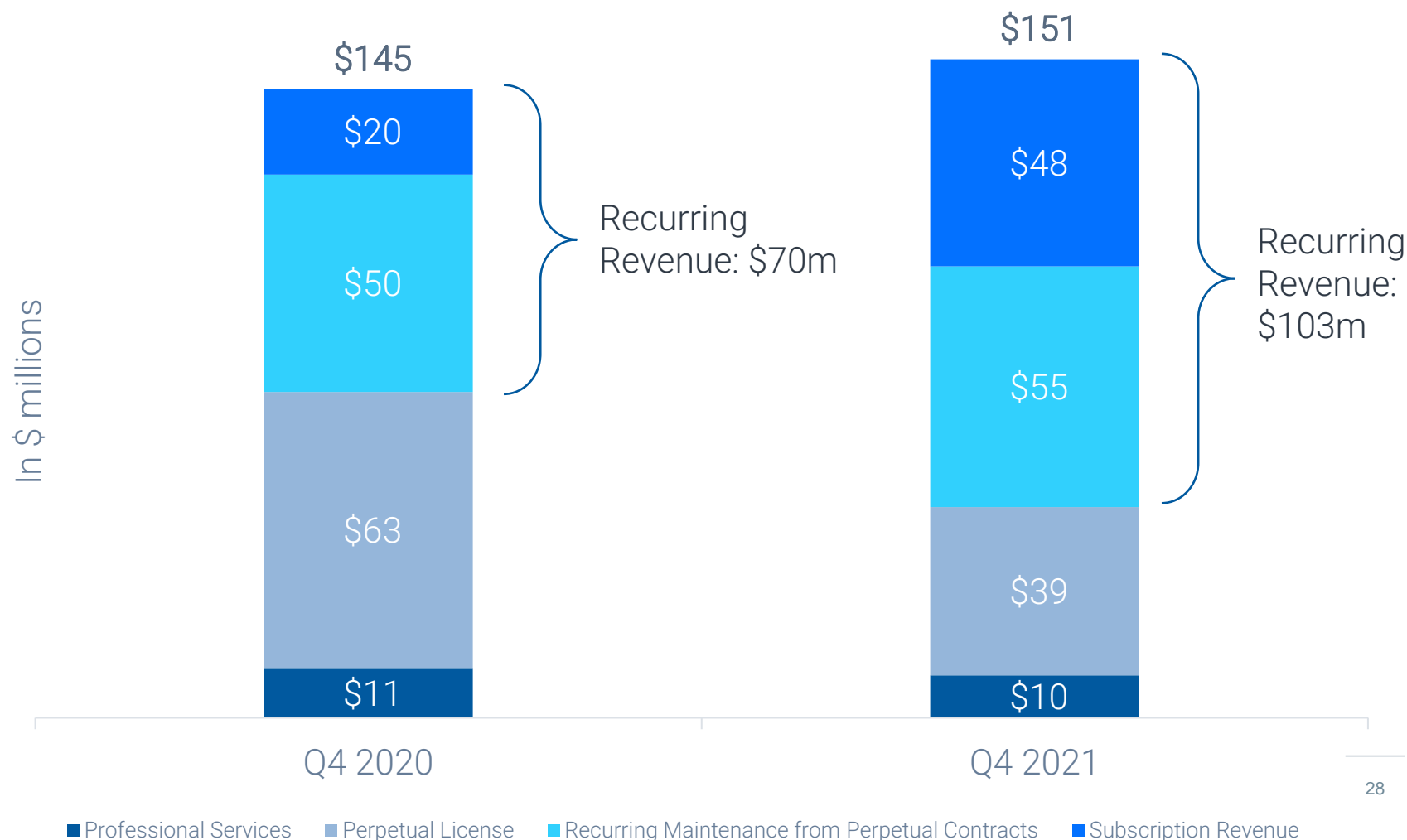
Totals do not sum because of rounding.



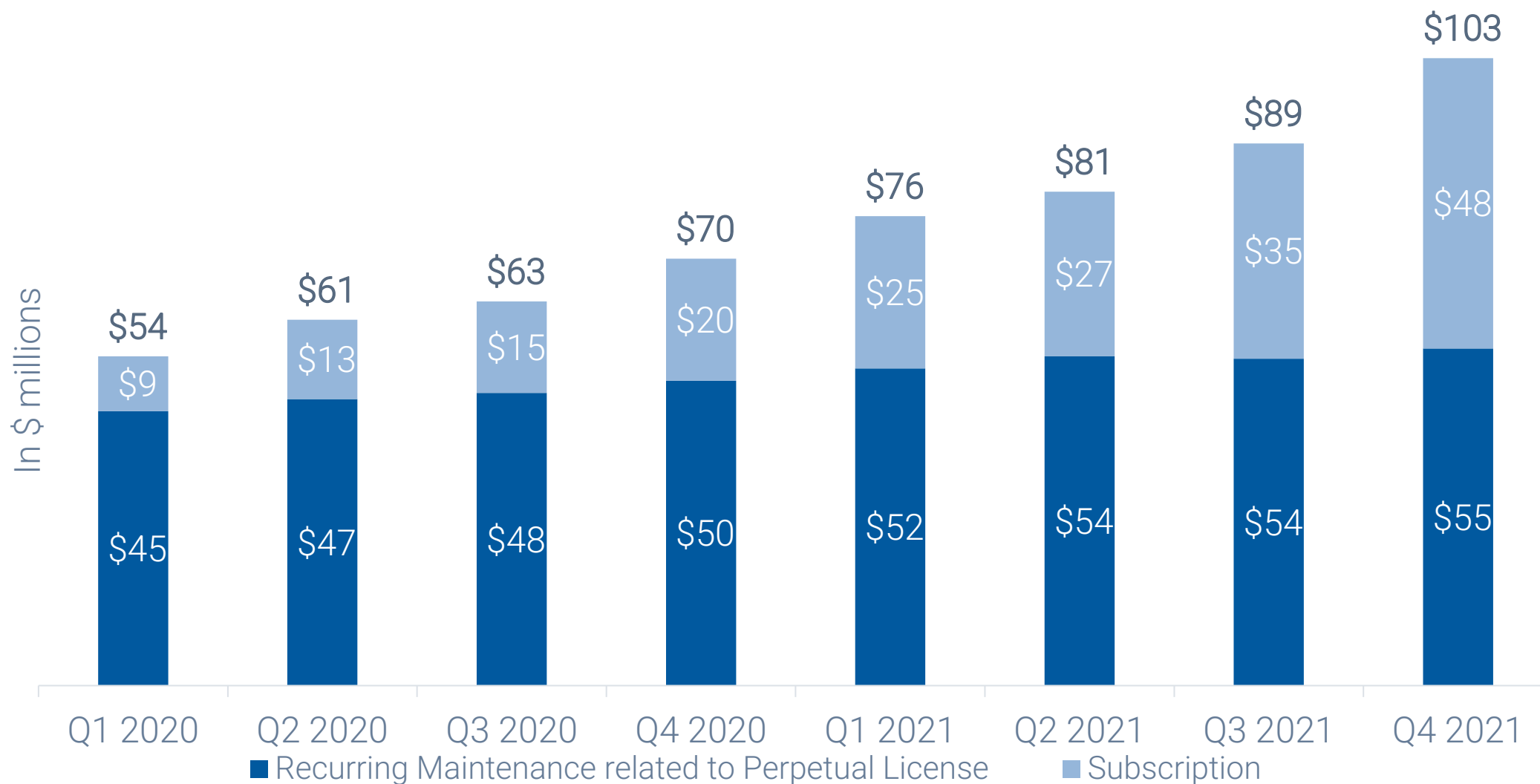
Subscription Revenue grew 142%

Key Takeaways

- Subscription Revenue grew an impressive 142% year over year
- 31% of Total Revenue in Q4 is from Subscription, compared to 14% last year
- 68% of Total Revenue in Q4 is recurring, up from 48% in 2020



Recurring revenue driving growth



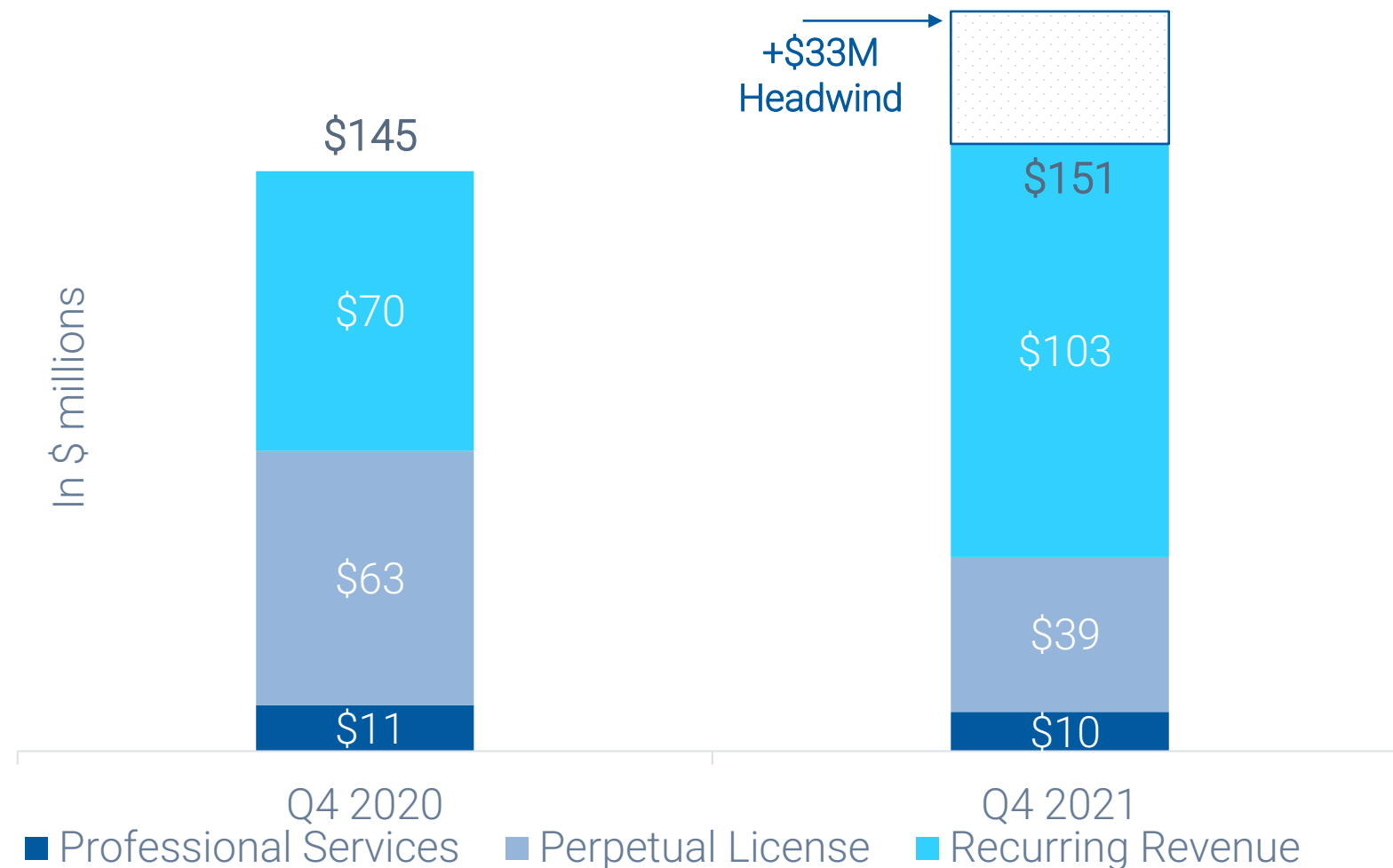
Recurring Revenue = Subscription Revenue + Recurring Maintenance related to perpetual license contracts. Subscription Revenue = SaaS + On-Premises Subscription Revenue.
Assumes new presentation of revenue in P&L for 2021, specifically the maintenance component of on-premises subscription revenue is moved to the subscription line from the maintenance line.
Totals may not sum because of rounding.



Underlying business accelerating: Strong subscription bookings mix creates revenue headwind

Key Takeaways

- Taking \$33 million headwind from higher-than-expected subscription booking mix into account, **topline growth** would have been 28% and license revenue approx. 40%



Headwind reflects an assumption that subscription and perpetual bookings mix as a percentage of total bookings remained the same as the prior period (with the incremental subscription booked as perpetual license).

This estimate is useful for quantifying the impact of our bookings mix on our recognized revenue, but should not be viewed as comparable to, or a substitute for, revenues provided in accordance with U.S. GAAP.

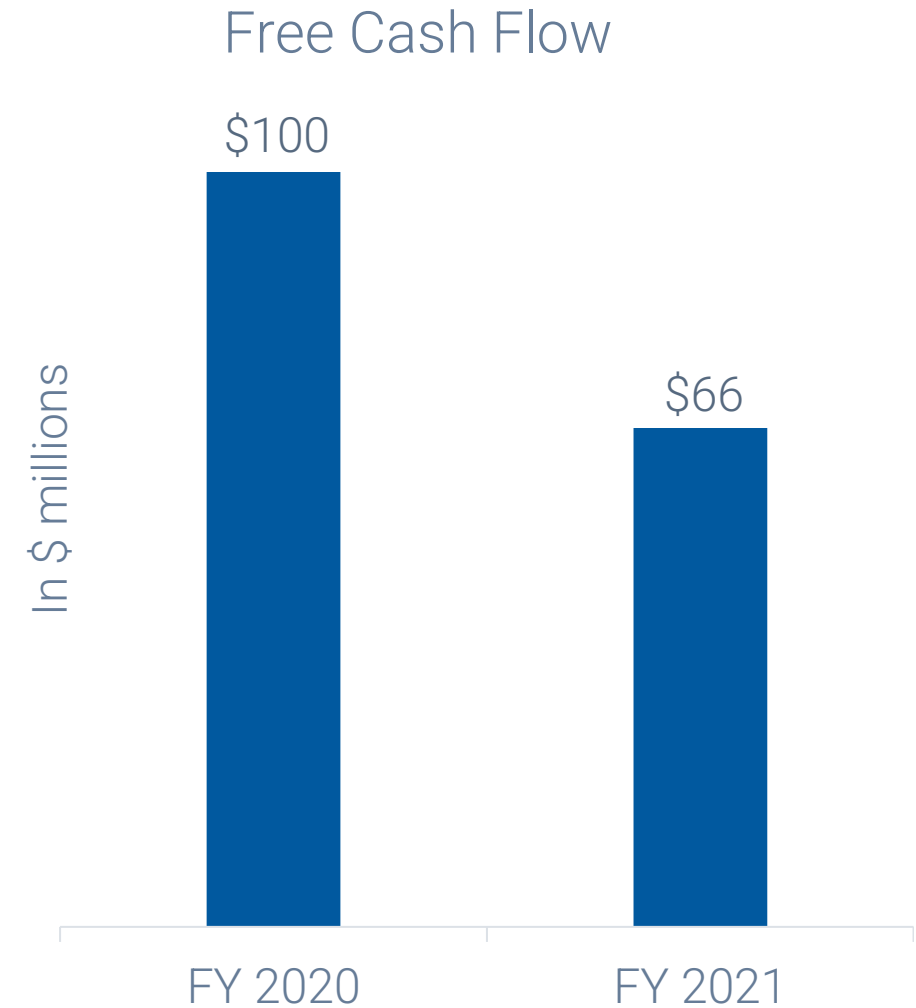
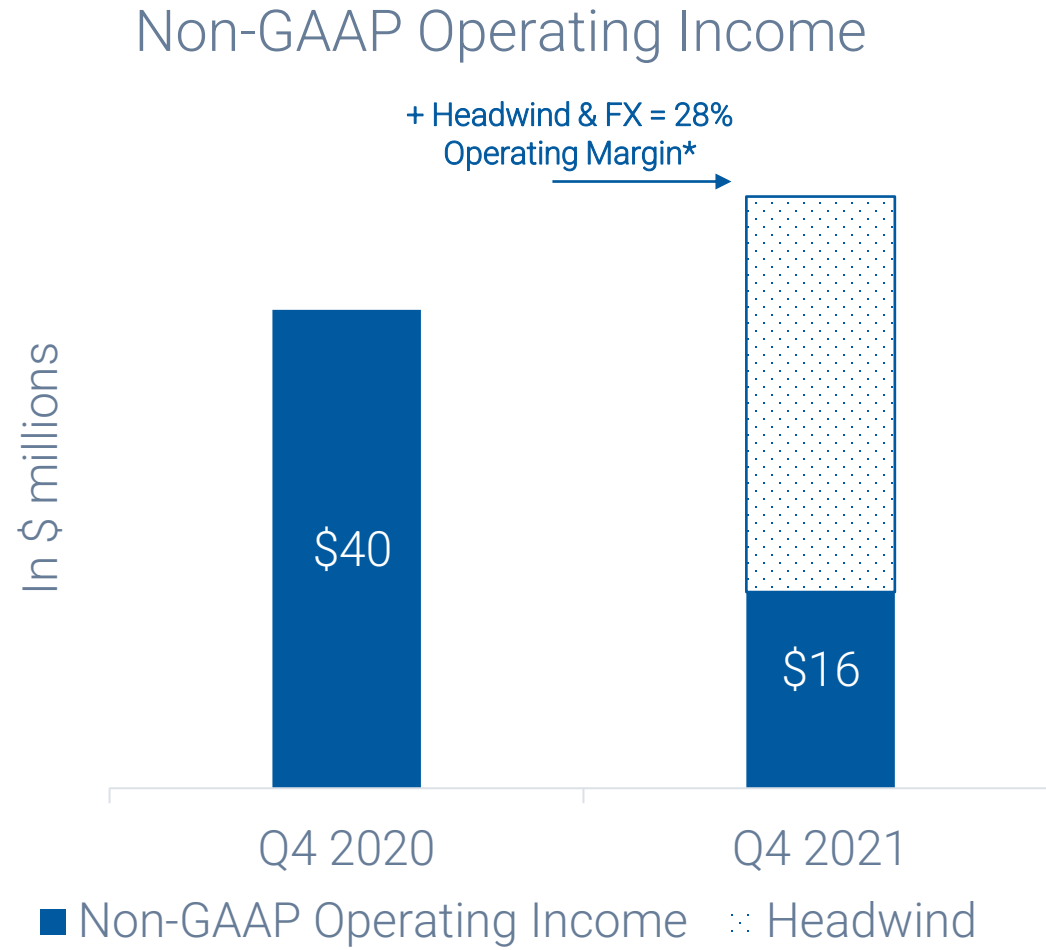
Recurring Revenue = Subscription Revenue + Recurring Maintenance related to perpetual license contracts. Subscription Revenue = SaaS Revenue + On-Premises Subscription Revenue.

Assumes new presentation of revenue in P&L for 2021, specifically the maintenance component of on-premises subscription revenue is moved to the subscription line from the maintenance line.

Totals may not sum because of rounding.



Profitability and free cash flow impacted by subscription transition



Headwind reflects an assumption that subscription and perpetual bookings mix as a percentage of total bookings remained the same as the prior period (with the incremental subscription booked as perpetual license). This estimate is useful for quantifying the impact of our bookings mix on our recognized revenue, but should not be viewed as comparable to, or a substitute for, revenues provided in accordance with U.S. GAAP.

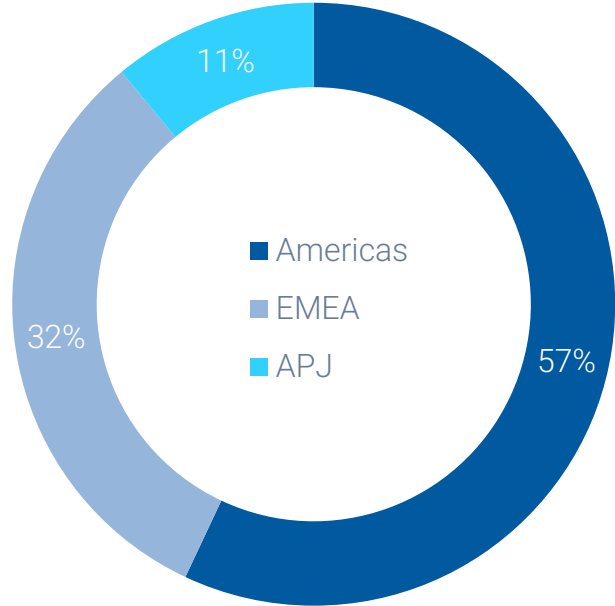
*Accounting for the headwind impact and higher expenses from foreign exchange rates, our operating margin would have been approximately 28%.



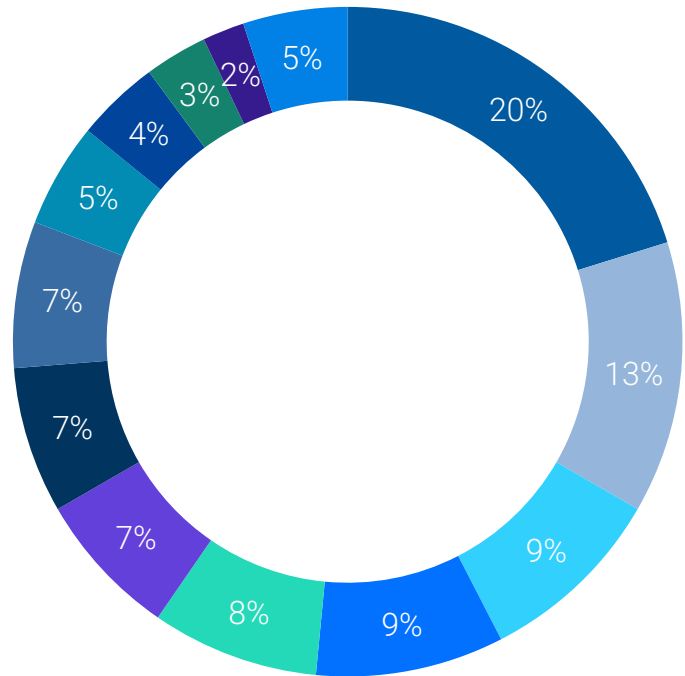
Global business across diverse industries

Nine verticals comprising 5% or more of bookings, U.S. region has strongest mix of our SaaS solutions

Revenue by
Geography – FY 2021



Bookings by
Vertical – FY 2021

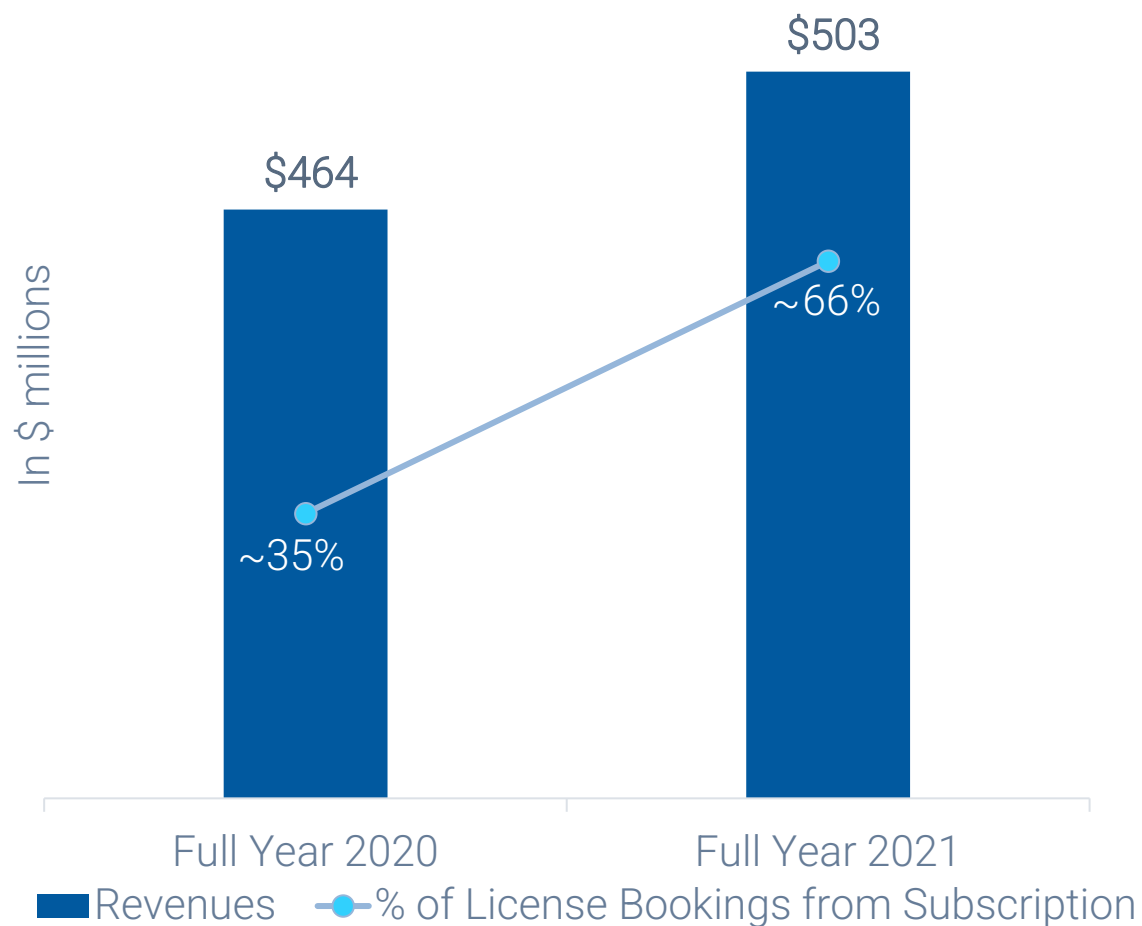


- Banking & Financial
- Manufacturing
- Government
- Energy & Utilities
- IT Services & Software
- Healthcare
- Insurance
- Retail & Wholesale
- Telecommunication
- Professional Services
- Pharmaceuticals
- Transportation & Travel
- Other

Industry percentages is based on net new bookings annualized, excluding renewals, over the last 12 months. Previously industry percentages were based on total contract value.



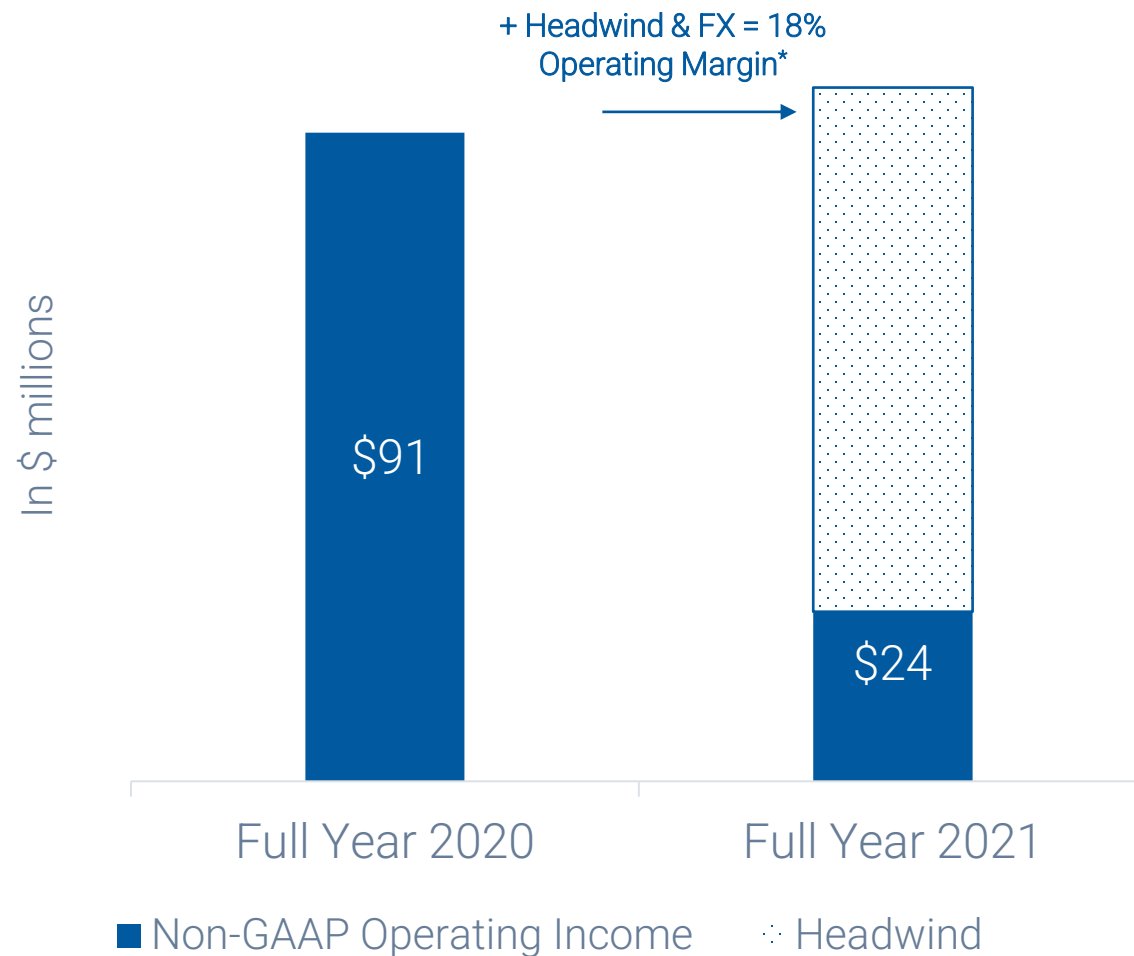
Stronger than expected bookings drove revenue above guidance



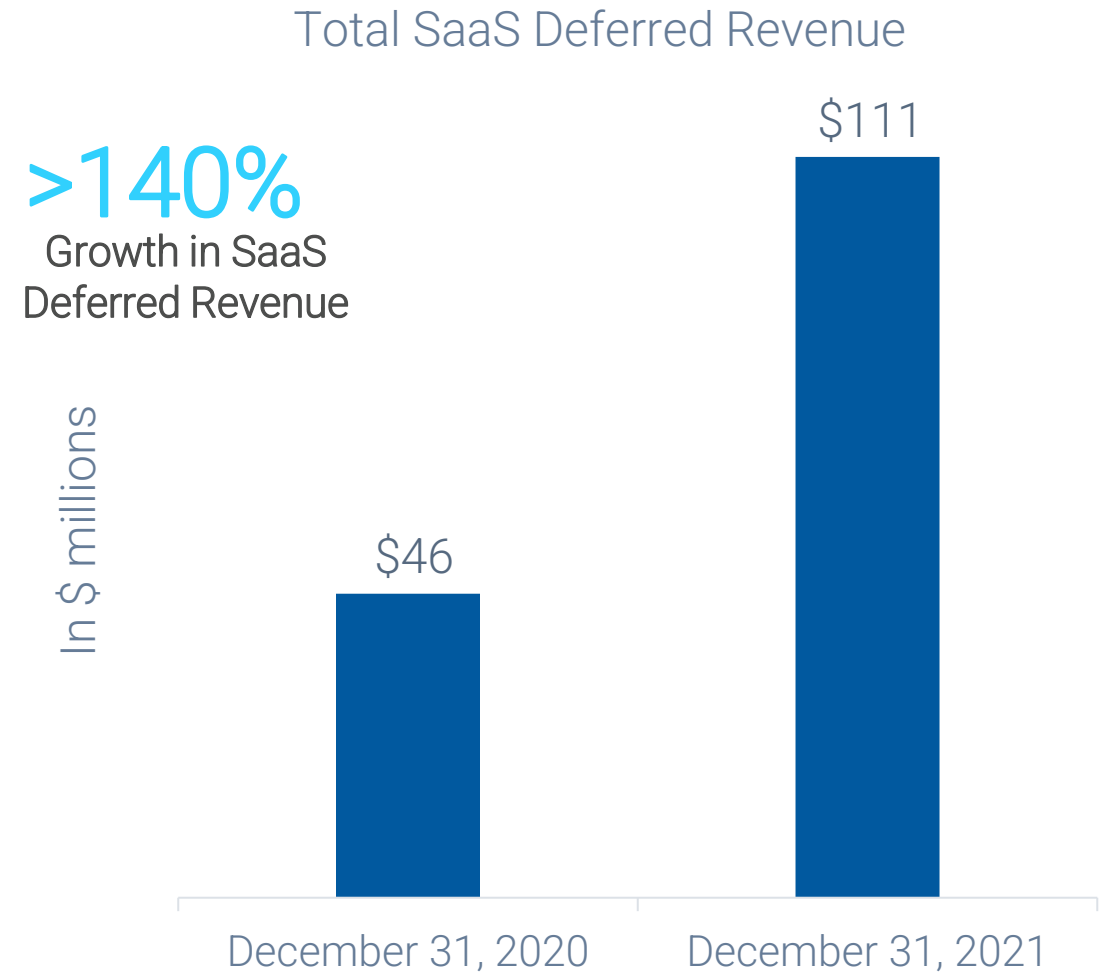
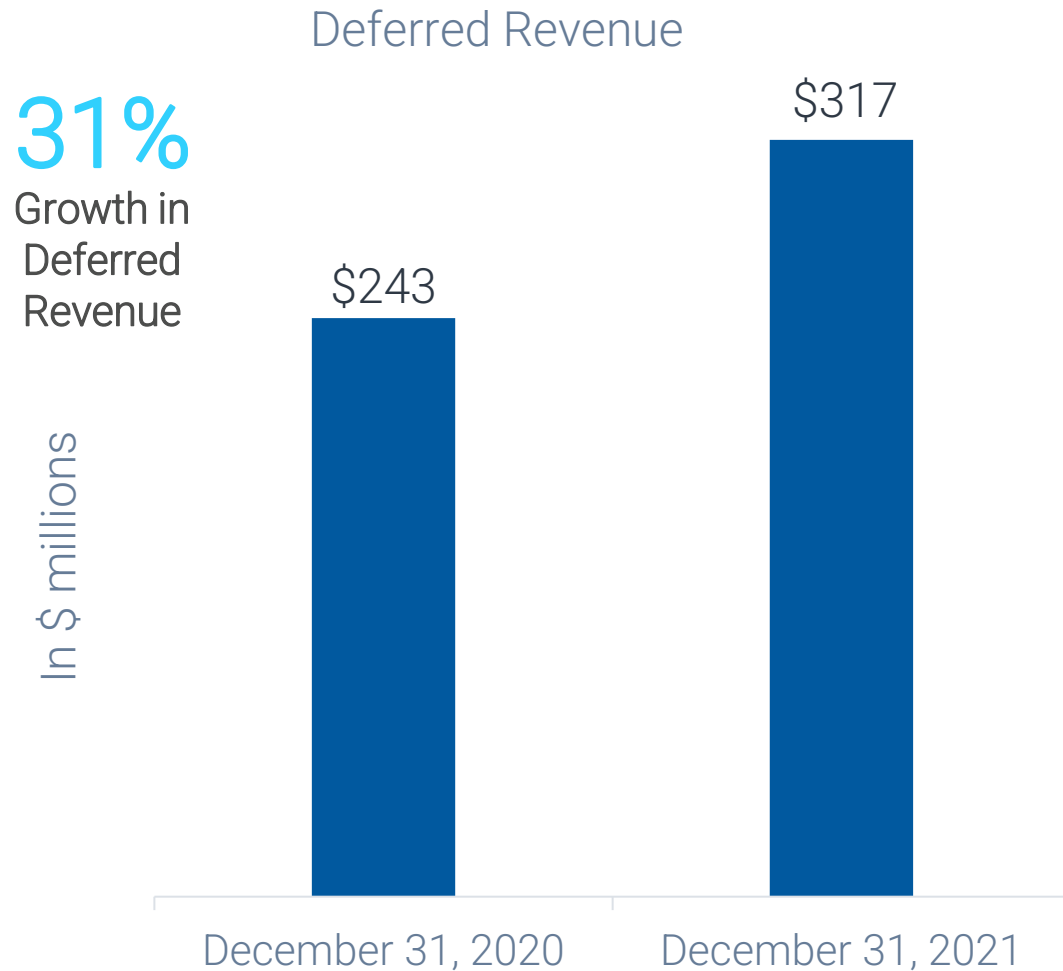
Headwind reflects an assumption that subscription and perpetual bookings mix as a percentage of total bookings remained the same as the prior period (with the incremental subscription booked as perpetual license). This estimate is useful for quantifying the impact of our bookings mix on our recognized revenue, but should not be viewed as comparable to, or a substitute for, revenues provided in accordance with U.S. GAAP.

*Accounting for the headwind impact and higher expenses from foreign exchange rates, our operating margin would have been approximately 16%

Non-GAAP Operating Income



Deferred revenue growth driven by SaaS business



Guidance



Guidance

Reflecting robust industry tailwinds, record pipeline build, strong execution and progress of our subscription transition in 2021

	Q1 2022	Full Year 2022
Total Revenue	\$125.0 to \$133.0 million	\$582.0 to \$598.0 million
Non-GAAP Operating Loss	\$(16.0) to \$(9.0) million	\$(34.0) to \$(20.0) million
Non-GAAP EPS	\$(0.42) to \$(0.25) per basic and diluted share	\$(0.98) to \$(0.64) per basic and diluted share
Weighted Average Shares Outstanding	40.3 million basic and diluted shares	40.7 million basic and diluted shares
Annual Recurring Revenue (ARR)	--	\$530.0 to \$536.0 million

Based on information available as of February 10, 2022, CyberArk is issuing guidance for the first quarter and full year as indicated above. Guidance assumes a calculated headwind of \$13 million to revenue for the first quarter related to an 79% subscription bookings mix, and a \$53 million headwind for the full year related to an 85% subscription bookings mix. Normalizing for the mix and resulting from the calculated revenue headwind, total revenue at the midpoint of the range would grow approximately 26% for the first quarter and approximately 28% for the full year 2022. Headwind above reflects an assumption that SaaS, subscription and perpetual bookings mix as a percentage of total bookings remained the same as the prior period (with the incremental SaaS and subscription booked as perpetual license). This estimate is useful for quantifying the impact of our bookings mix on our recognized revenue, but should not viewed as comparable to, or a substitute for, revenues provided in accordance with U.S. GAAP.



Appendix



How We Calculate ARR

Annual Recurring Revenue (ARR) is the annualized value of SaaS, Subscription (term-based license) and Recurring Maintenance related to perpetual licenses customer contracts as of the end of the reporting period.

Subscription Annual Recurring Revenue (Subscription ARR) is defined as the annualized value of active SaaS and subscription or term-based license contracts in effect at the end of the reporting period. Subscription ARR excludes maintenance contracts related to perpetual licenses.

$$ARR = \frac{TCV \times 365}{Duration (days)}$$

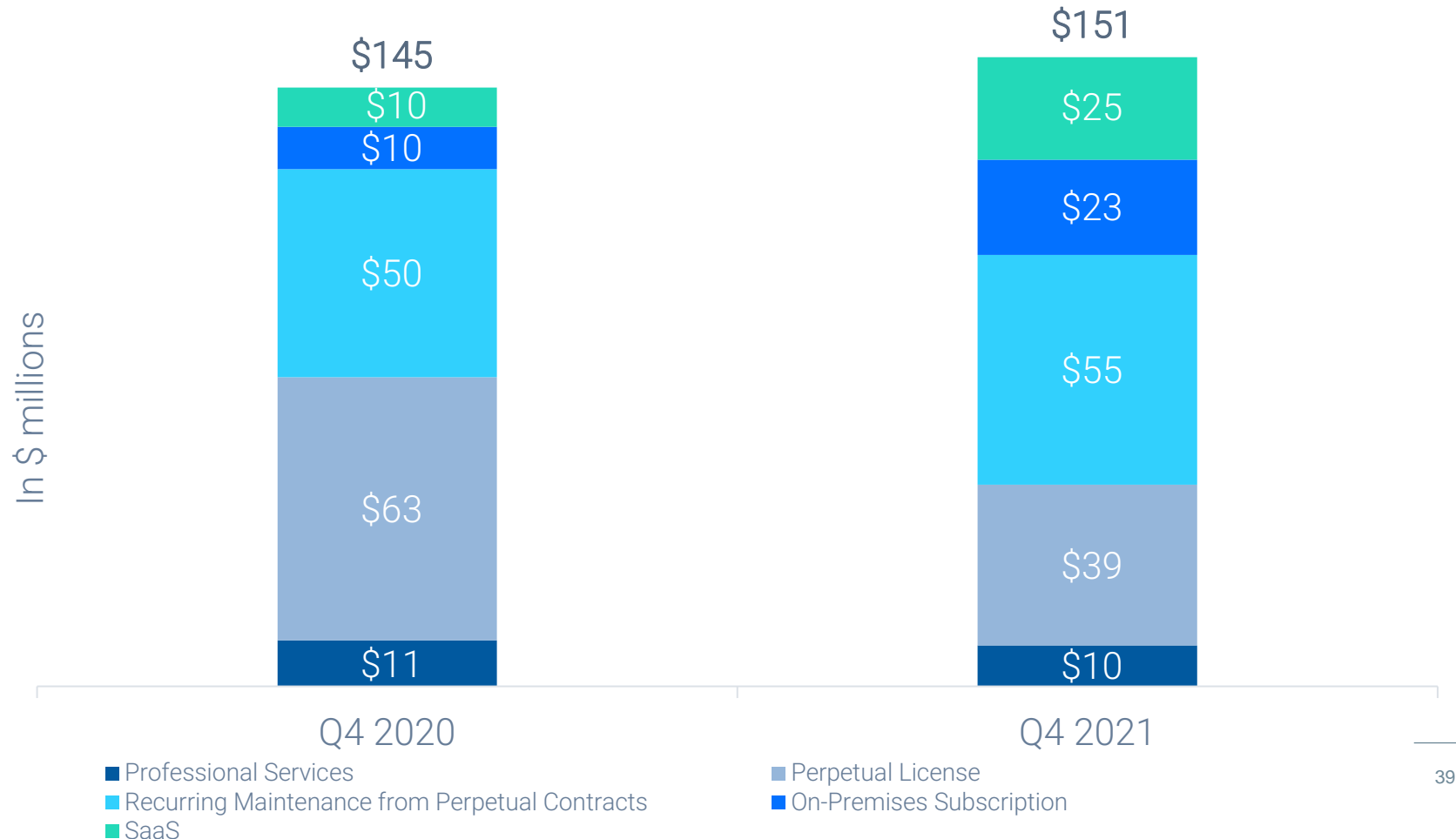


Subscription revenue grew 142%

31% of total revenue is Subscription compared to 14% last year

Key Takeaway

- 31% of total revenue is Subscription, compared to 14% last year
- Subscription revenue was up over 142% compared to last year

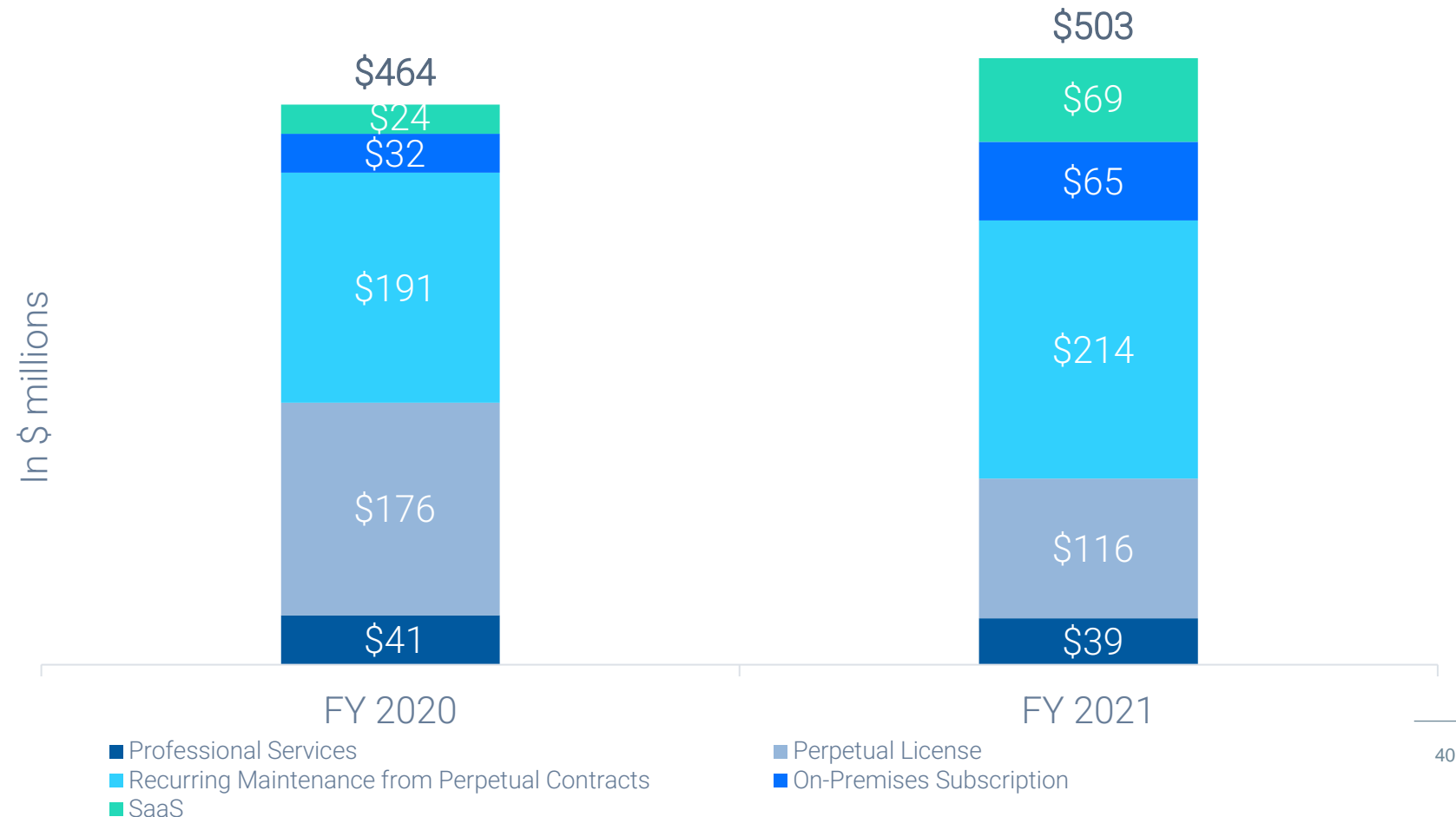


Subscription revenue grew 139%

27% of total revenue is Subscription compared to 12% last year

Key Takeaway

- 27% of total revenue is Subscription, compared to 12% last year
- Subscription revenue was up over 139% compared to last year



Analyst Recognition

CyberArk Named a Leader in 2021 Gartner® Magic Quadrant™ for Privileged Access Management

Positioned both highest in ability to execute and furthest in completeness of vision

Figure 1: Magic Quadrant for Privileged Access Management



Source: Gartner (July 2021)

Gartner, Magic Quadrant for Privileged Access Management, Felix Gaehtgens, Abhyuday Data, Michael Kelley, Swati Rakheja, July 19 2021

This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from <https://www.cyberark.com/gartner-mq-pam/>

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CyberArk Named an IDaaS for Enterprise Leader

Receives Highest Possible Scores in Product Vision and Innovation Roadmap Criteria

The Forrester Wave™: Identity-As-A-Service For Enterprise, Q3 2021 by Sean Ryan with Merritt Maxim, Elsa Pikulik and Peggy Dostie, August 31, 2021

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THE FORRESTER WAVE™

Identity As A Service (IDaaS) For Enterprise

Q3 2021



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GAAP to Non-GAAP Reconciliation

(In Thousands)	2019	2020	2021		Q4 2020	Q4 2021
GAAP operating income (loss) to Non-GAAP operating income:						
Operating Income (loss)	\$62,284	\$6,006	\$(78,337)		\$18,789	\$(11,849)
Share-based compensation	55,517	71,849	95,436		18,474	26,662
Amortization of stock-based compensation capitalized in software development costs	--	--	242		--	70
Amortization of intangible assets	5,605	8,927	5,810		2,620	1,454
Acquisition related expenses	--	4,526	--		--	--
Facility exit and transition costs	--	140	760		--	--
Non-GAAP operating income	\$123,406	\$91,448	\$23,911		\$39,883	\$16,337
GAAP net income (loss) to Non-GAAP net income:						
Net Income (loss)	\$63,064	\$(5,758)	\$(83,946)	—	\$12,054	\$(16,887)
Share-based compensation	55,517	71,849	95,436		18,474	26,662
Amortization of stock-based compensation capitalized in software development costs	--	--	242		--	70
Amortization of intangible assets	5,605	8,927	5,810		2,620	1,454
Acquisition related expenses	--	4,526	--		--	--
Facility exit and transition costs	--	140	760		--	--
Amortization of debt discount and issuance costs	1,966	17,183	17,790		4,352	4,505
Non-GAAP tax adjustments & IP Transfer	(18,251)	(15,771)	(22,682)		(4,851)	(4,045)
Non-GAAP net income	\$107,901	\$81,096	\$13,410		\$32,649	\$11,759



GAAP to Non-GAAP Reconciliation

(In Thousands)	2019	2020	2021	Q4 2020	Q4 2021
GAAP gross profit to Non-GAAP gross profit :					
Gross Profit	\$371,280	\$381,860	\$409,610	\$121,811	\$125,624
Share-based compensation	5,690	8,734	11,158	2,409	3,167
Amortization of share-based compensation capitalized in software development costs	--	--	242	--	70
Amortization of intangible assets	5,029	8,244	5,112	2,415	1,279
Acquisition related expenses	--	447	--	--	--
Non-GAAP gross profit	\$381,999	\$399,285	\$426,122	\$126,635	\$130,140



GAAP to Non-GAAP Reconciliation

(In Thousands)	FY 2019	FY 2020	FY 2021	
Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	—	\$141,710	\$106,769	\$74,740
Purchase of Property and Equipment		(7,036)	(7,174)	(8,928)
Free Cash Flow		\$134,674	\$99,595	\$65,812



New View P&L

\$M	2020										2021									
REVENUE																				
	Q1	Y-Y	Q2	Y-Y	Q3	Y-Y	Q4	Y-Y	2020	Y-Y	Q1	Y-Y	Q2	Y-Y	Q3	Y-Y	Q4	Y-Y	2021	Y-Y
Subscription	\$8.8	133%	\$13.4	342%	\$14.5	197%	\$19.6	204%	\$56.4	211%	\$24.7	180%	\$27.1	101%	\$35.3	143%	\$47.6	142%	\$134.6	139%
Perpetual License	43.8	-9%	35.7	-28%	33.1	-38%	63.4	-10%	176.1	-21%	26.7	-39%	27.3	-24%	23.0	-30%	38.7	-39%	115.7	-34%
Maintenance & Services	54.2	23%	57.3	21%	58.9	19%	61.4	17%	231.9	20%	61.3	13%	62.9	10%	63.3	7%	65.1	6%	252.6	9%
Total	\$106.8	11%	\$106.5	6%	\$106.6	-1%	\$144.5	11%	\$464.4	7%	\$112.8	6%	\$117.2	10%	\$121.6	14%	\$151.3	5%	\$502.9	8%
NON-GAAP COST OF REVENUE																				
Subscription	\$1.3	61%	\$2.2	163%	\$3.2	261%	\$3.0	164%	\$9.7	165%	\$3.8	194%	\$4.8	120%	\$5.1	58%	\$6.6	117%	\$20.3	109%
Perpetual License	0.9	2%	0.7	-38%	0.7	-25%	1.0	-27%	3.4	-24%	0.8	-17%	0.8	3%	0.7	6%	0.8	-23%	3.0	-10%
Maintenance & Services	12.1	28%	12.9	23%	13.2	7%	13.8	20%	52.1	19%	12.6	4%	13.8	7%	13.3	1%	13.8	0%	53.5	3%
Total	14.3	28%	\$15.8	26%	\$17.1	21%	\$17.9	27%	\$65.1	26%	\$17.2	20%	\$19.3	22%	19.1	12%	\$21.2	18%	\$76.8	18%

Totals may not sum because of rounding



Thank You

