



CYBERARK®
The Identity Security Company

Investor Relations Presentation

May 2023

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, levels of activity, performance or achievements to differ materially from the results, levels of activity, 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: changes to the drivers of the Company's growth and its ability to adapt its solutions to IT security market demands; fluctuation in the Company's results due to sales cycles and multiple pricing and delivery models; the Company's ability to sell into existing and new customers and industry verticals; an increase in competition within the Privileged Access Management and Identity Security markets; unanticipated product vulnerabilities or cybersecurity breaches of the Company's, or the Company's customers' or partners' systems; complications or risks in connection with the Company's subscription model, including uncertainty regarding renewals from its existing customer base, and retaining sufficient subscription or maintenance and support service renewal rates; risks related to compliance with privacy and data protection laws and regulations; risks regarding potential negative economic conditions in the global economy or certain regions, including conditions resulting from financial and credit market fluctuations, rising interest rates, bank failures, inflation, and the potential for regional or global recessions; the Company's ability to hire, train, retain and motivate qualified personnel; reliance on third-party cloud providers for the Company's operations and SaaS solutions; the Company's history of incurring net losses and its ability to achieve profitability in the future; risks related to the Company's ongoing transition to a new Chief Executive Officer; the Company's ability to find, complete, fully integrate or achieve the expected benefits of strategic acquisitions; the duration and scope of the COVID-19 pandemic and its resulting effect on the demand for the Company's solutions and on its expected revenue growth rates and costs; the Company's ability to expand its sales and marketing efforts and expand its channel partnerships across existing and new geographies; risks related to sales made to government entities; regulatory and geopolitical risks associated with global sales and operations (including the current conflict between Russia and Ukraine) and changes in regulatory requirements or fluctuations in currency exchange rates; the ability of the Company's products to help customers achieve and maintain compliance with government regulations or industry standards; risks related to intellectual property claims or the Company's ability to protect its proprietary technology and intellectual property rights; 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 presentation are made pursuant to the safe harbor provisions contained in the U.S. 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.

01 | Overview

CyberArk at a Glance



Strong ARR Growth

- Grew ARR 42% Year-over-Year in Q1 2023*
- Subscription ARR grew 84% Year-over-Year in Q1 2023*
- Total Revenue Growth Accelerated To 27% Year-over-Year in Q1 2023



Durable Industry Tailwinds

- Digital Transformation, adoption of Zero Trust and attacker innovation driving durable demand for identity security
- Mission-critical nature of Identity Security makes it a Top Priority for CISOs
- 92% of Cybersecurity professionals consider Identity Security mission-critical, but only 9% stated they have a comprehensive strategy in place**



Predictable Business Model

- Recurring Revenue Grew 37% Year-Over-Year in Q1 2023; 90% of Total Revenue is Recurring Revenue
- ~1,400 customers with >\$100k in ARR, up >40% Year-over-Year



Guidance

- Increased Full Year ARR Guidance
- Normalizing for Headwind from Increased Subscription Bookings Mix, we are effectively raising Total Revenue Guidance

*as of March 31, 2023

**Enterprise Strategy Group, "The Holistic Identity Security Maturity Model: Raising the Bar for Cyber Resilience," February 2023 by Jack Poller

Our Mission

Secure the world
against cyber
threats so
together we can
move fearlessly
forward.



02 | Growth

IDENTITY SECURITY TRENDS



Adopting Zero
Trust

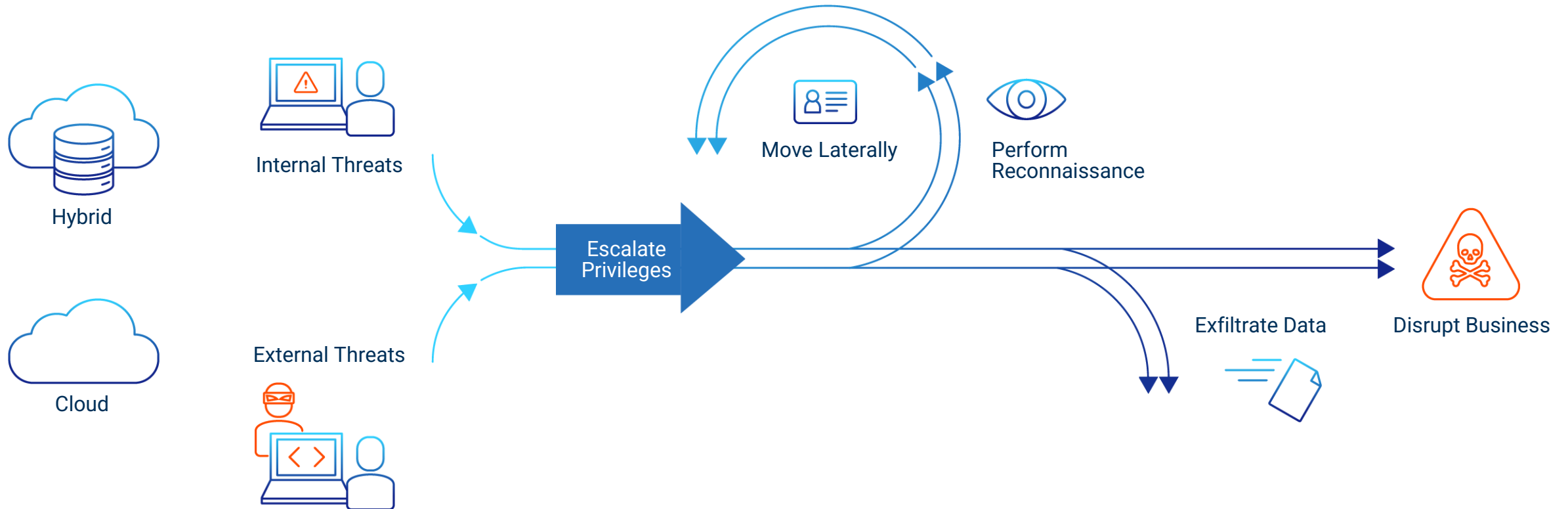


Attacker Innovation

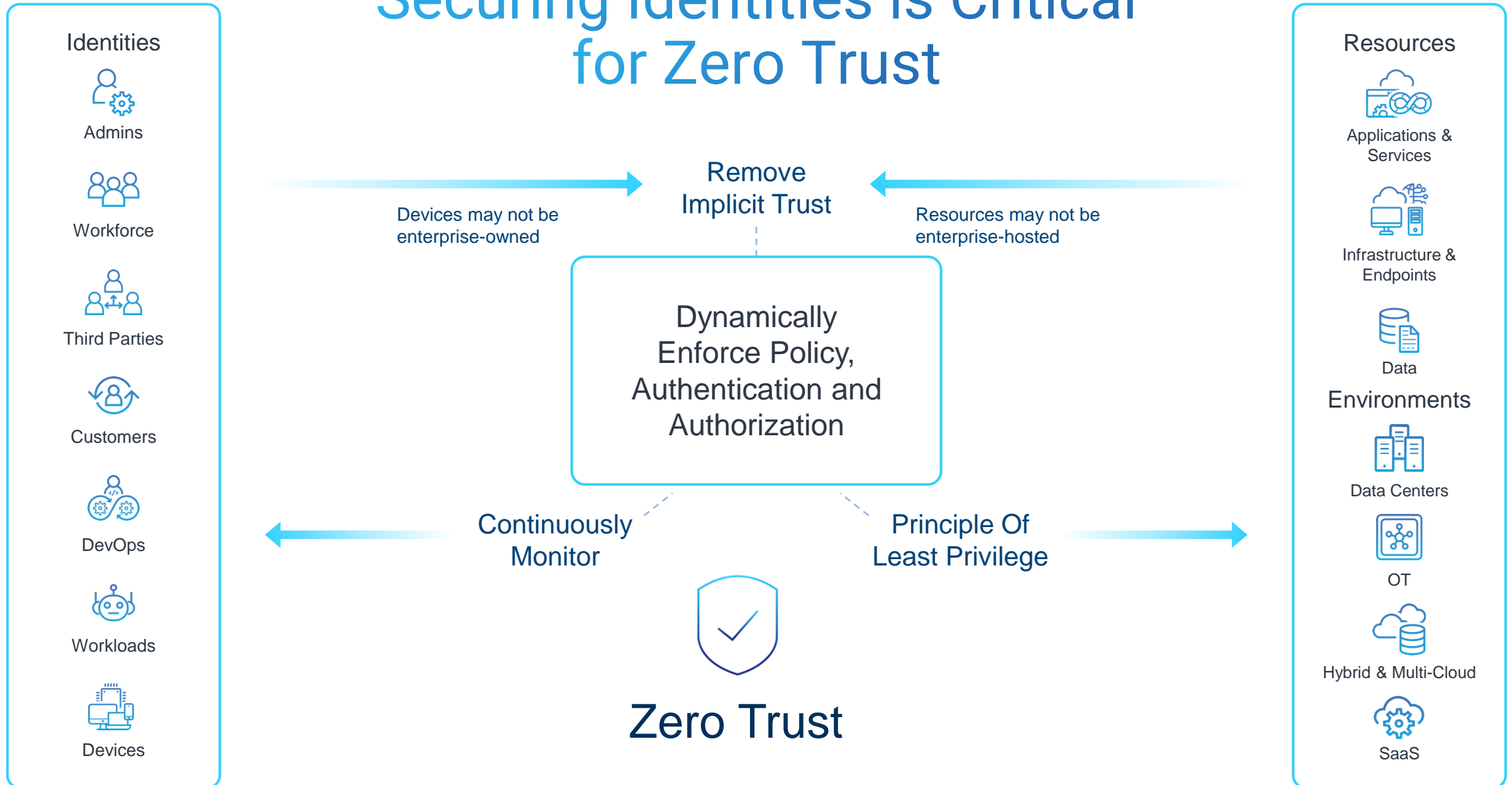


Securing Digital
Transformation

IT environments evolves, attack paths don't

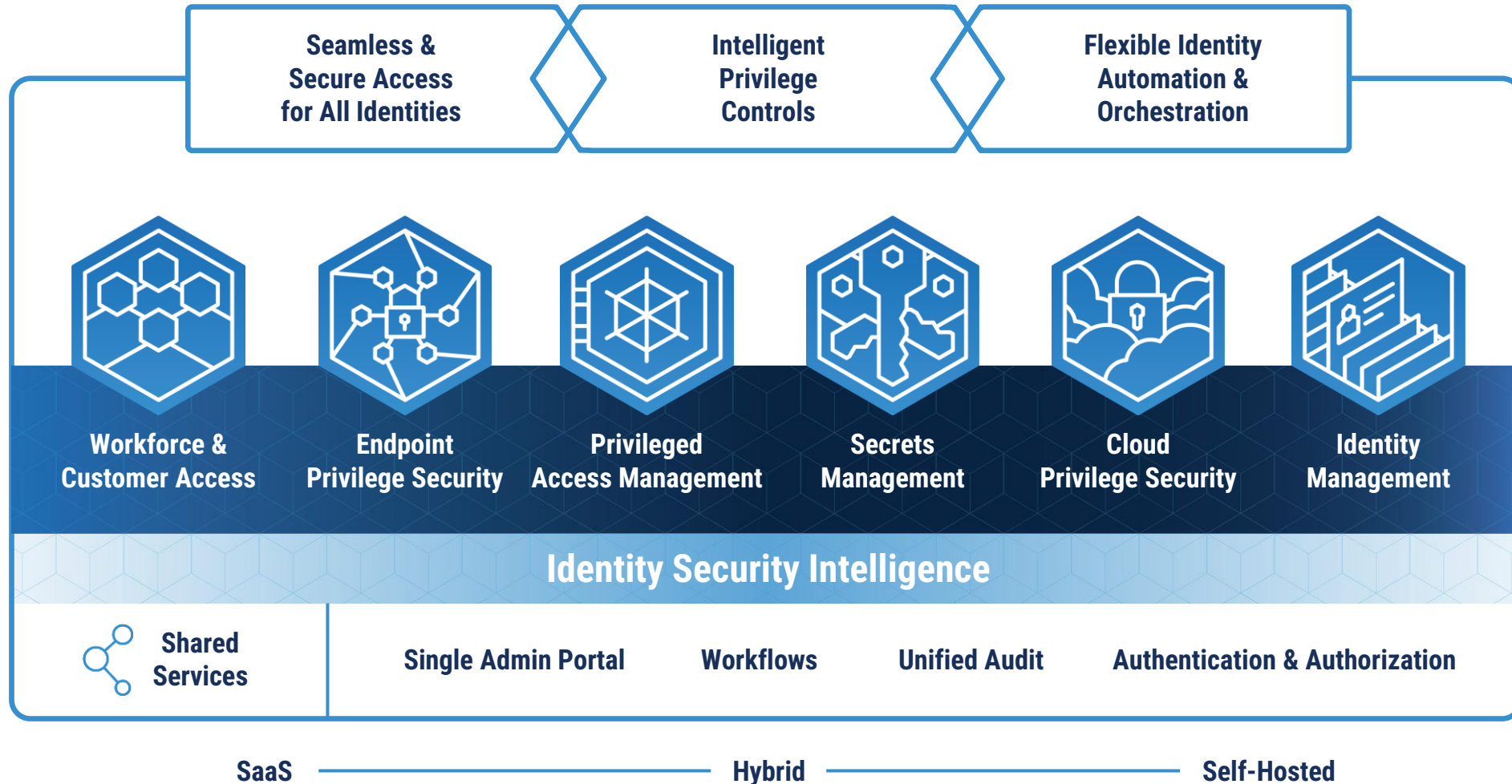


Securing Identities is Critical for Zero Trust



 **CYBERARK®**

Identity Security Platform



Identity Security Business Value



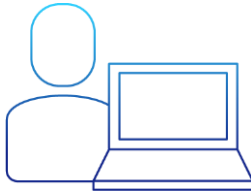
Deliver Measurable Cyber-Risk Reduction

Protect from identity
and credential-oriented
attacks.



Secure your Digital Transformation

Improve business agility
and balance security with
a frictionless user
experience.



Enable Operational Efficiency

Reduce complexity
while improving
security.



Satisfy Audit and Compliance

Deliver on extensive
compliance requirements with
a holistic approach.

>200 Certified Partners



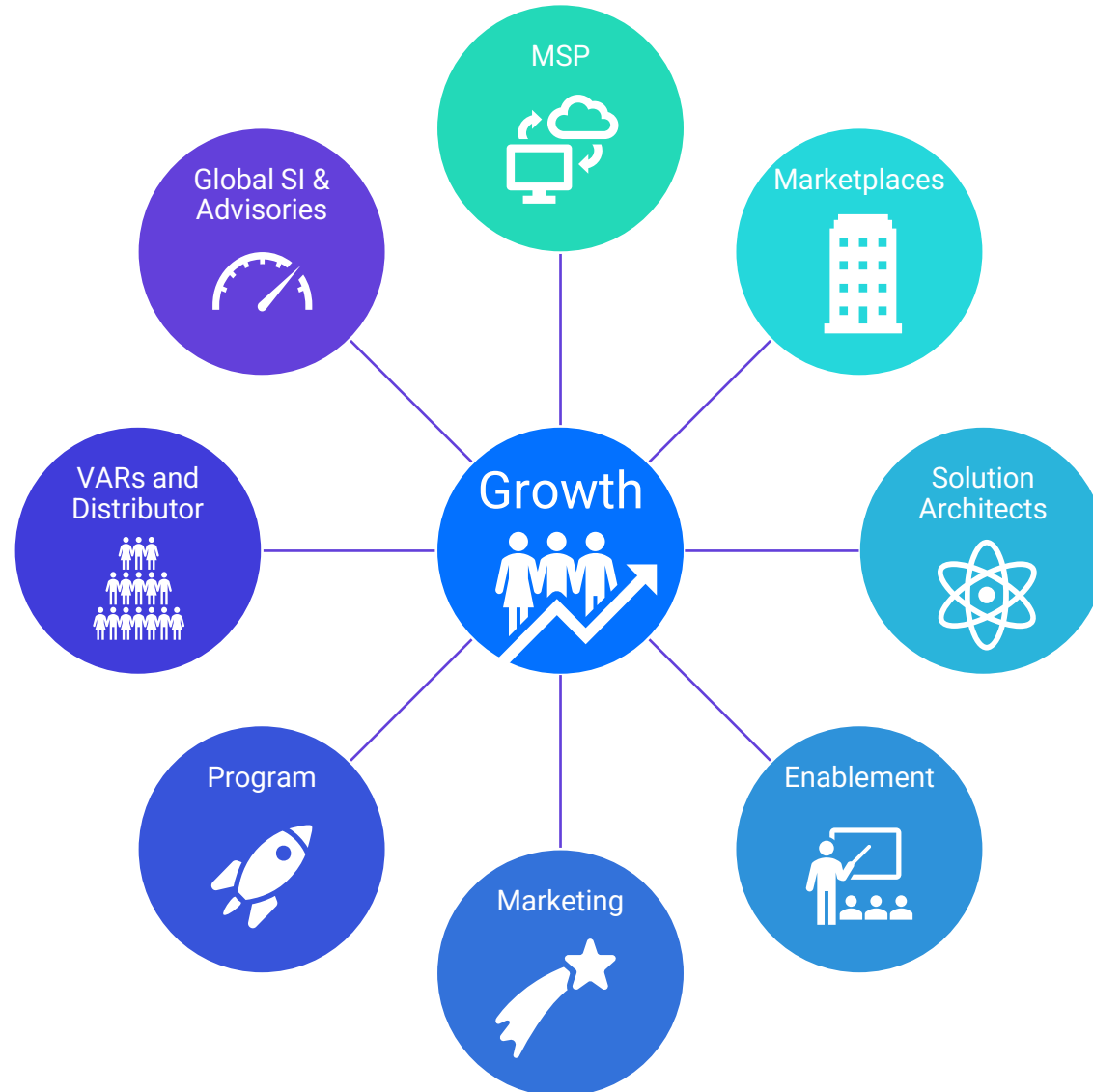
>300 Certified Joint Solutions



200+ Plug-ins



Strong Partner Network Drives New Business Growth



03 | Innovation

Driving Depth and Breadth of Most Comprehensive Platform in the Market

Recent Innovation Milestones

Workforce Password Management

Enhancements to cloud-based enterprise password management solution, can now also be used in conjunction with CyberArk Secure Web Sessions

B2B Identity

Delivering secure and seamless access for partners and vendors to SaaS applications while protecting critical business systems

Shared Services

Auto discover, review and onboard privileged accounts through an integration of EPM and Privilege Cloud

MULTIPLE DRIVERS FOR LONG-TERM GROWTH



04 | Q1 2023 Financial Results

\$604M
42%Y-Y

Annual Recuring Revenue (ARR)

\$403M
84%Y-Y

Subscription Annual Recurring Revenue (ARR)

\$162M
27%Y-Y

Total Revenue

\$93M
78%Y-Y

Subscription Revenue

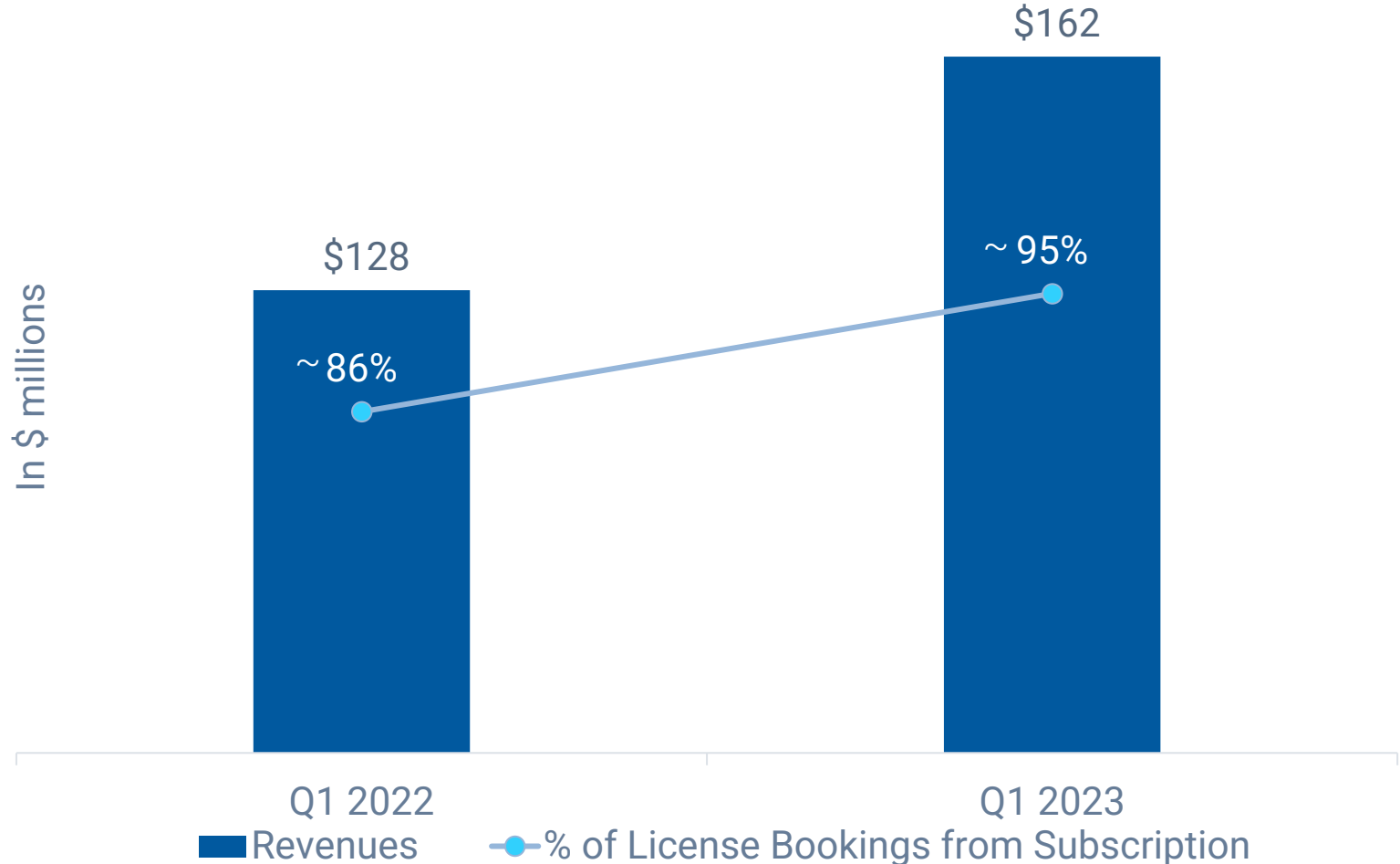
\$146M
37%Y-Y

Recurring Revenue

Subscription Bookings Mix of 95% Well Above Guidance Range

Key Takeaways

- **Total revenue growth accelerated to 27% YoY**
- ~95% of new license bookings is from subscription in Q1 2023, up from ~86% in Q1 2022, well ahead of our guidance framework
- Increased bookings mix created incremental revenue headwind

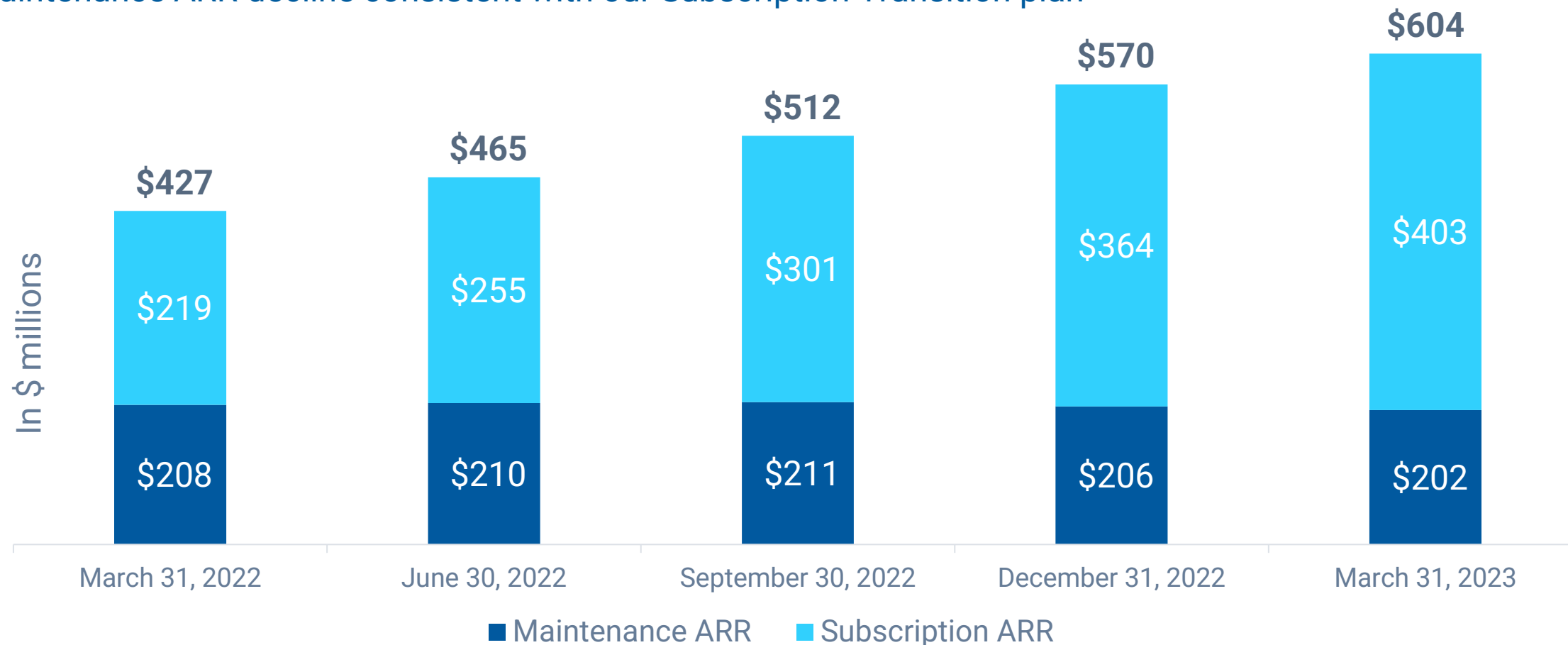


Continued Growth in ARR

Subscription Annual Recurring Revenue (ARR) grew 84%, reaching 67% of Total ARR

Total ARR growth of 42% year-over-year

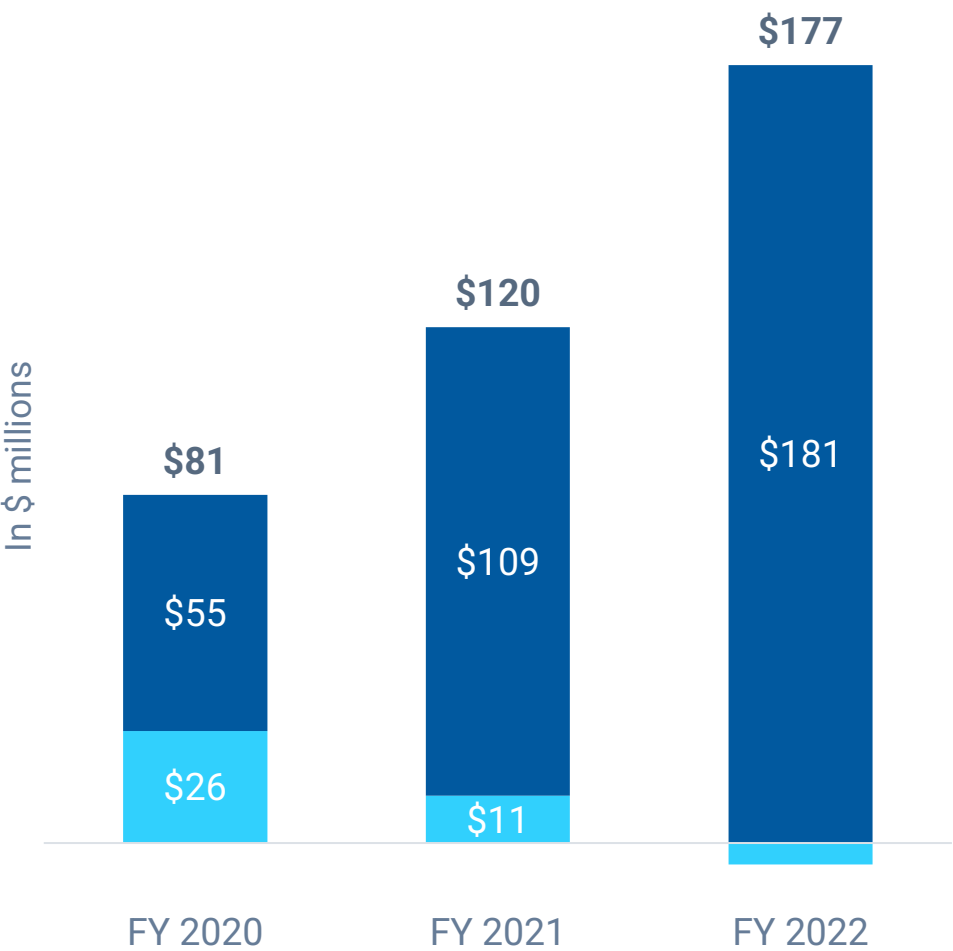
Maintenance ARR decline consistent with our Subscription Transition plan



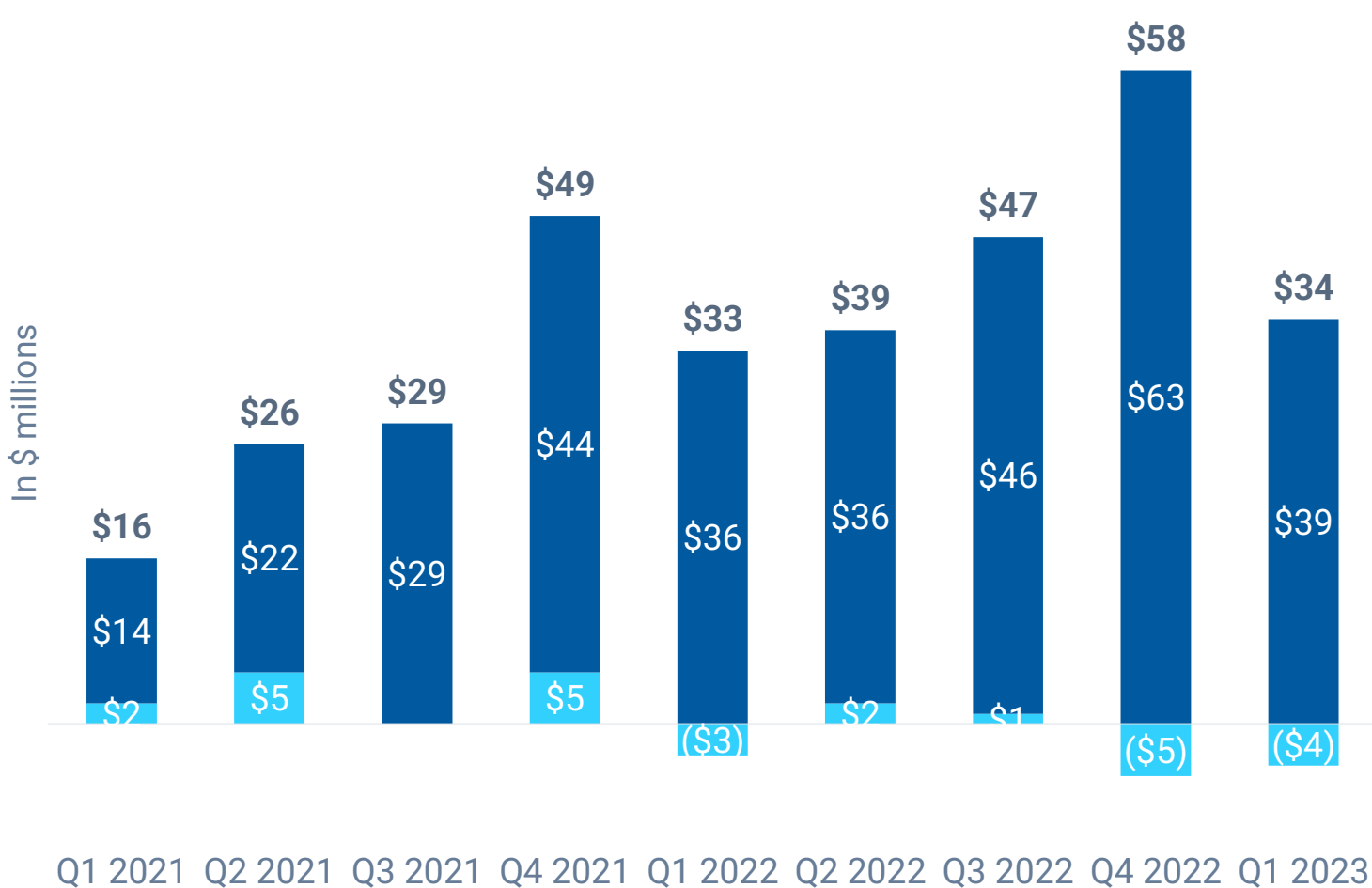
Totals do not sum because of rounding.

Net New ARR Growth

Annual Net New ARR



Quarterly Net New ARR



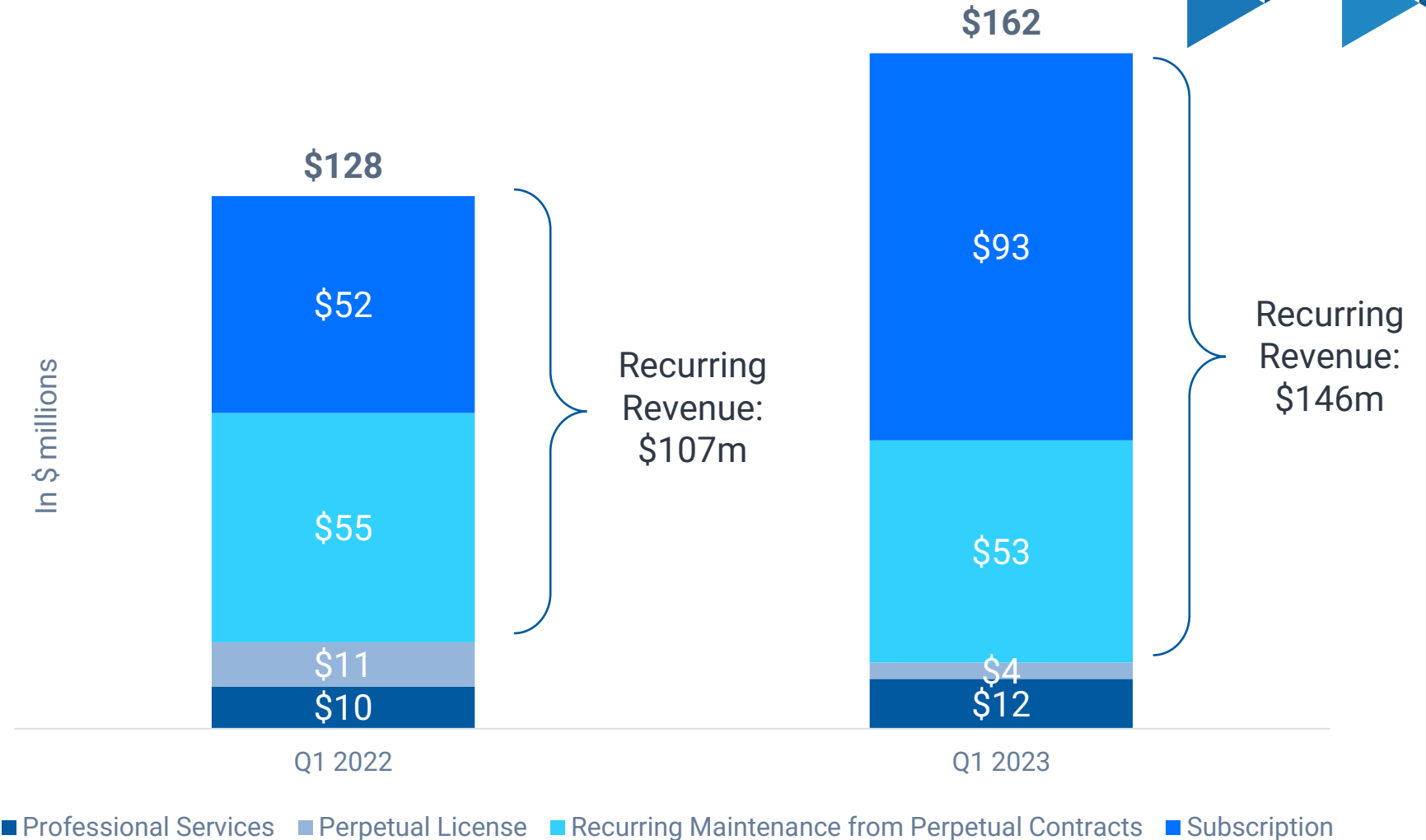
■ Net New Maintenance ARR ■ Net New Subscription ARR

Totals may not sum because of rounding
Net New ARR refers to difference in Annual Recurring Revenue (ARR) per the end of last period compared to end of previous period (quarter or year, as applicable)

Subscription Revenue grew 78%

Key Takeaways

- 90% of Total Revenue in Q1 2023 is recurring, up from 84% in Q1 2022
- 57% of Total Revenue in Q1 is from Subscription, compared to 41% in Q1 2022



Subscription = SaaS + Self-Hosted Subscription (both License + Ratable Maintenance of self-hosted Subscription Revenue)

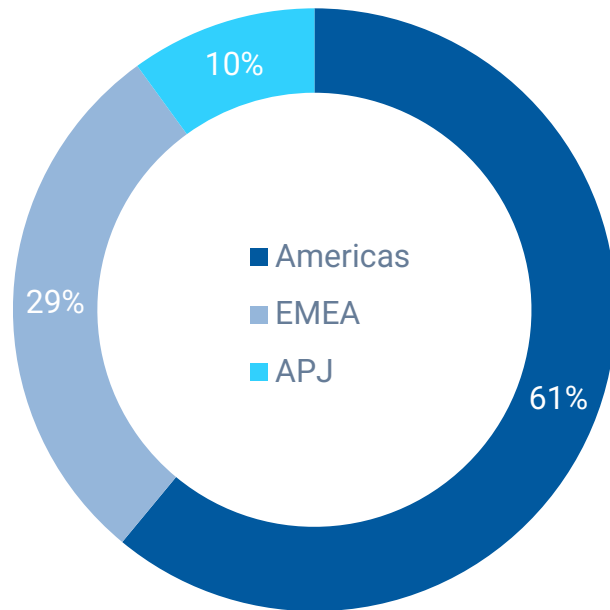
Totals may not sum because of rounding

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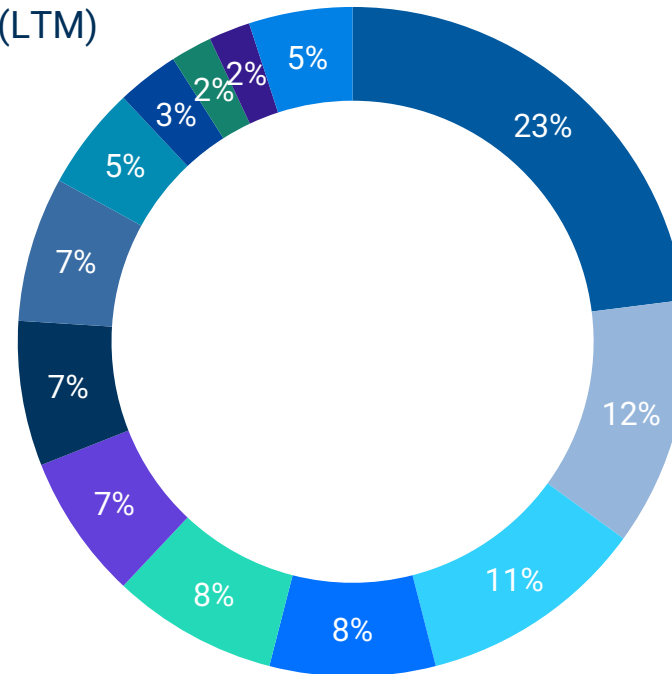
Global Business across Diverse Industries

Nine verticals comprising 5% or more of bookings

Revenue by
Geography – Q1 2023



Bookings by
Vertical – Q1 2023
(LTM)

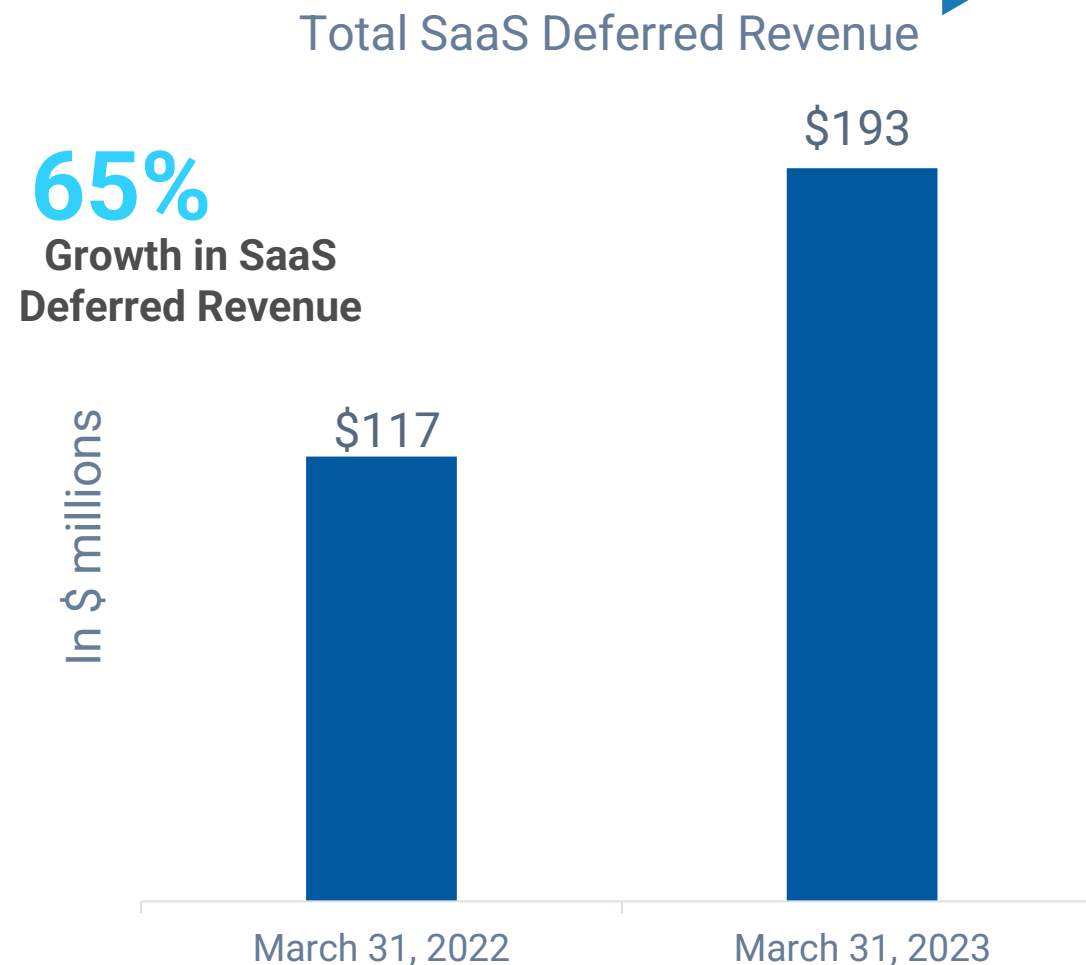
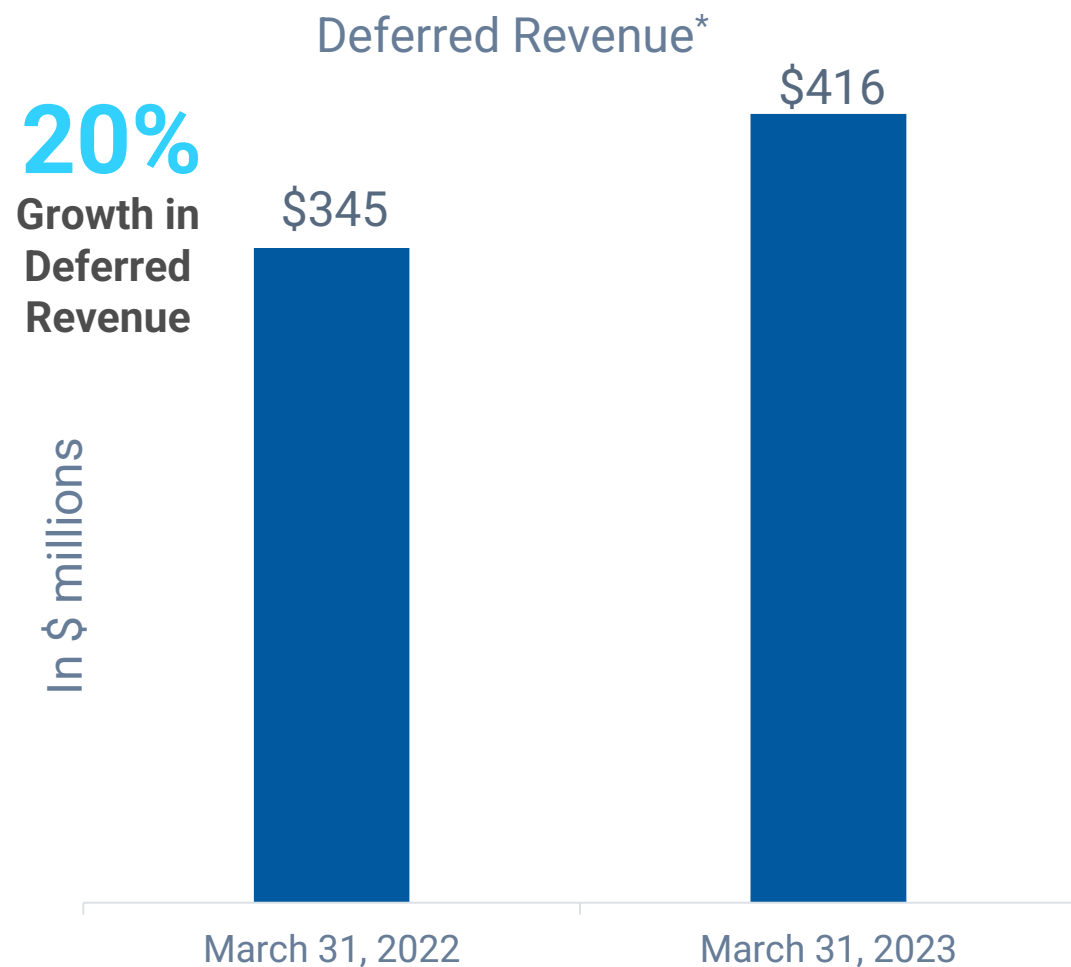


- Banking & Financial
- Manufacturing
- Government
- Healthcare
- IT Services & Software
- Insurance
- Energy & Utilities
- Retail & Wholesale
- Telecommunication
- Transportation & Travel
- Pharmaceuticals
- Professional Services
- Other

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.

Deferred Revenue growth driven by SaaS business

Short-Term Deferred Revenue Grew 33% Year-over-Year



*We are moving our perpetual maintenance contracts to one-year terms deliberately as part of our subscription transition and we continued to experience shorter contract lengths for self-hosted subscription contracts, which lowered our long-term deferred revenue in the quarter, impacting our year-over-year total deferred revenue growth rate.

05 | Guidance

Guidance

Even with increased subscription bookings mix assumptions underlying our guidance framework, we are maintaining our Full Year 2023 total revenue guidance

We are raising ARR guidance for Full Year 2023

	Q2 2023	Full Year 2023
Total Revenue	\$170.0 to \$175.0 million	\$724.0 to \$736.0 million
Non-GAAP Operating Income/(Loss)	\$(10.5) to \$(6.5) million	\$(5.0) to \$5.0 million
Non-GAAP EPS	\$(0.19) to \$(0.09) per basic and diluted share	\$0.16 to \$0.38 per diluted share
Annual Recurring Revenue (ARR)*	--	\$735 to \$745 million
Weighted Average Shares Outstanding	41.7 million basic and diluted shares	46.3 million diluted shares

Based on information available as of May 11th, 2023, CyberArk is issuing guidance for the second quarter and full year as indicated above.

*as of December 31, 2023

06 | 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.

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

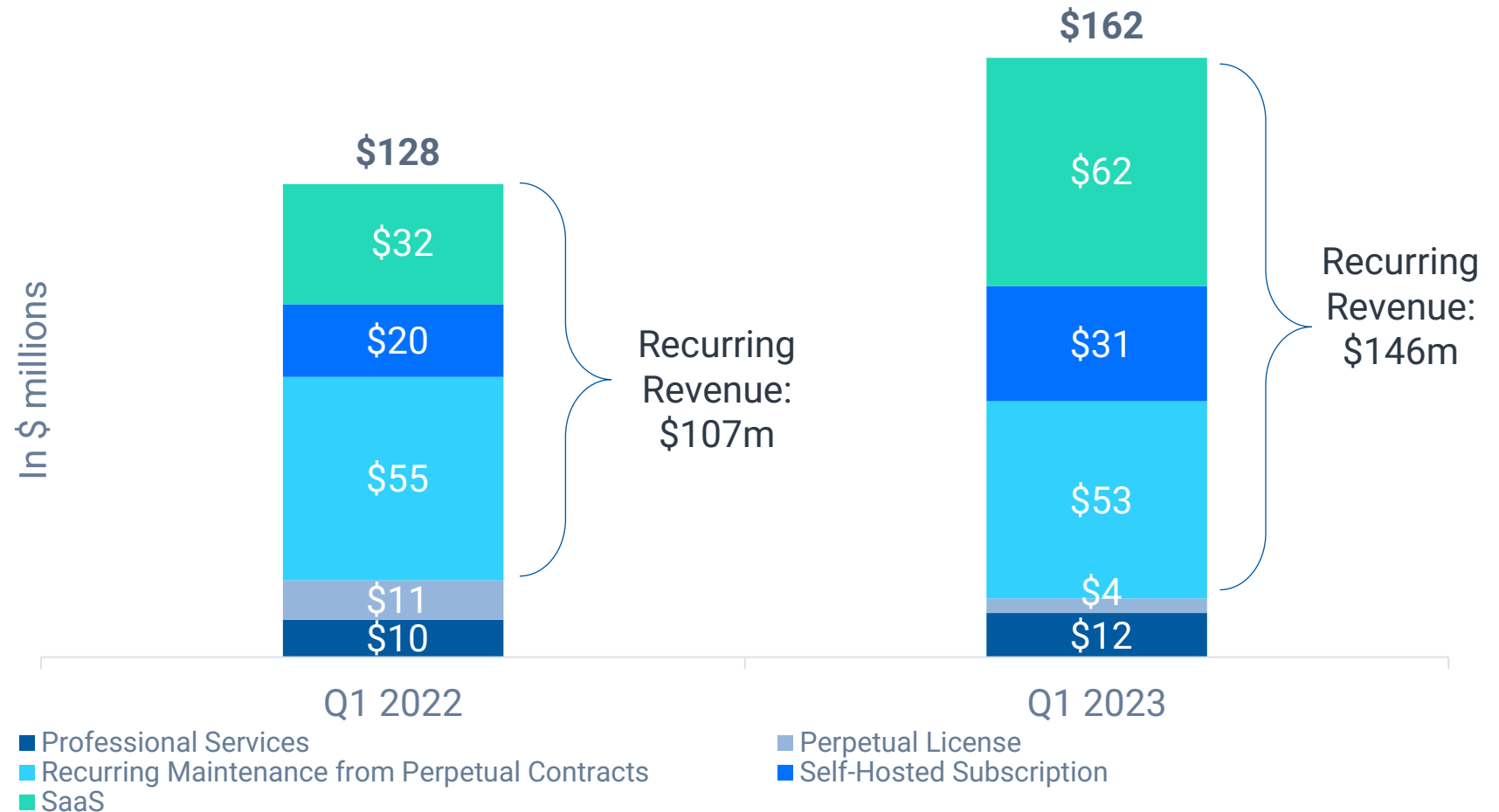


Subscription Revenue Grew 78%

57% of total revenue is Subscription compared to 41% in Q1 2022

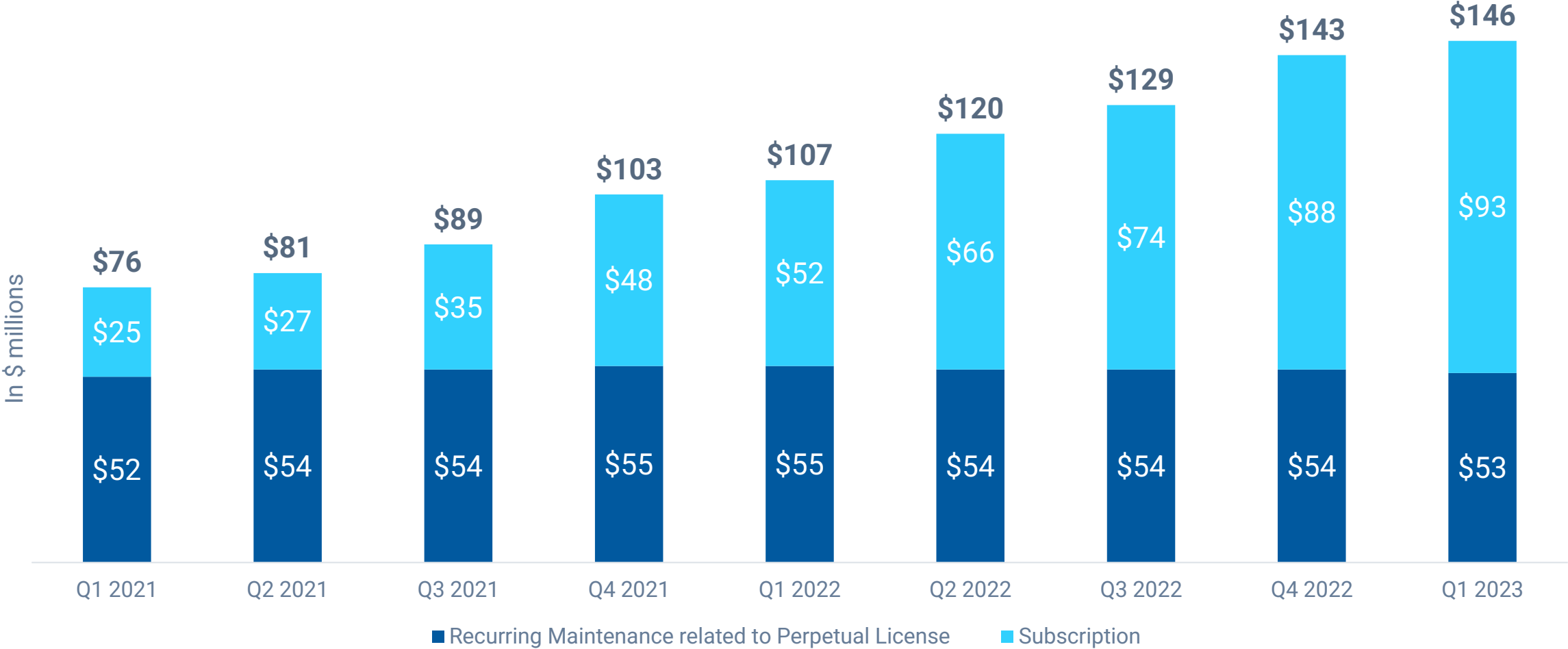
Key Takeaway

- 57% of total revenue is Subscription, compared to 41% in Q1 2022
- Subscription revenue was up 78% compared to same period last year



Totals may not sum because of rounding

Recurring Revenue is Driving Growth



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

GAAP to Non-GAAP Reconciliation

(In Thousands)	2020	2021	2022	Q1 2022	Q1 2023
GAAP gross profit to Non-GAAP gross profit :					
Gross Profit	\$381,860	\$409,610	\$465,664	\$99,528	\$125,733
Share-based compensation	8,734	11,158	15,060	3,190	3,953
Amortization of share-based compensation capitalized in software development costs	--	242	346	88	103
Amortization of intangible assets	8,244	5,112	6,044	1,278	1,704
Acquisition related expenses	447	--	--	--	--
Non-GAAP gross profit	\$399,285	\$426,122	\$487,114	\$104,084	\$131,493

GAAP to Non-GAAP Reconciliation

	2020	2021	2022	Q1 2022	Q1 2023
GAAP operating income (loss) to Non-GAAP operating income (loss):					
Operating Income (loss)	\$6,006	\$(78,337)	\$(152,450)	\$(41,084)	\$(46,126)
Share-based compensation	71,849	95,436	120,821	27,278	31,596
Amortization of stock-based compensation capitalized in software development costs	--	242	346	88	103
Amortization of intangible assets	8,927	5,810	6,655	1,430	1,841
Acquisition related expenses	4,526	--	2,244	478	--
Facility exit and transition costs	140	760	--	--	--
Non-GAAP operating income (loss)	\$91,448	\$23,911	\$(22,384)	\$(11,810)	\$(12,586)
GAAP net income (loss) to Non-GAAP net income (loss):					
Net Income (loss)	\$(5,758)	\$(83,946)	\$(130,368)	\$(37,811)	\$(35,028)
Share-based compensation	71,849	95,436	120,821	27,278	31,596
Amortization of stock-based compensation capitalized in software development costs	--	242	346	88	103
Amortization of intangible assets	8,927	5,810	6,655	1,430	1,841
Acquisition related expenses	4,526	--	2,244	478	--
Facility exit and transition costs	140	760	--	--	--
Amortization of debt discount and issuance costs	17,183	17,790	2,980	744	748
Unrealized gain from investment in privately held companies	--	--	(324)	--	--
Non-GAAP tax adjustments	(15,771)	(22,682)	(20,189)	(4,111)	(6,206)
Non-GAAP Net Income/(Loss)	\$81,096	\$13,410	\$(17,835)	\$(11,904)	\$(6,946)

GAAP to Non-GAAP Reconciliation

(In Thousands)	2020	2021	2022	Q1 2022	Q1 2023
Net Cash Provided by Operating Activities:					
Net cash provided by operating activities	\$106,769	\$74,740	\$49,708	\$24,984	\$5,821
Purchase of Property and Equipment	(7,174)	(8,928)	(12,517)	(2,013)	(1,775)
Free Cash Flow	\$99,595	\$65,812	\$37,191	\$22,971	\$4,046

Thank You



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The Identity Security Company