



# 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



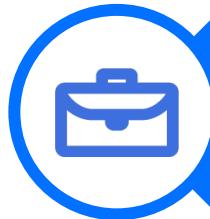
## Strong ARR Growth

- 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

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



02

Growth

# IDENTITY SECURITY TRENDS

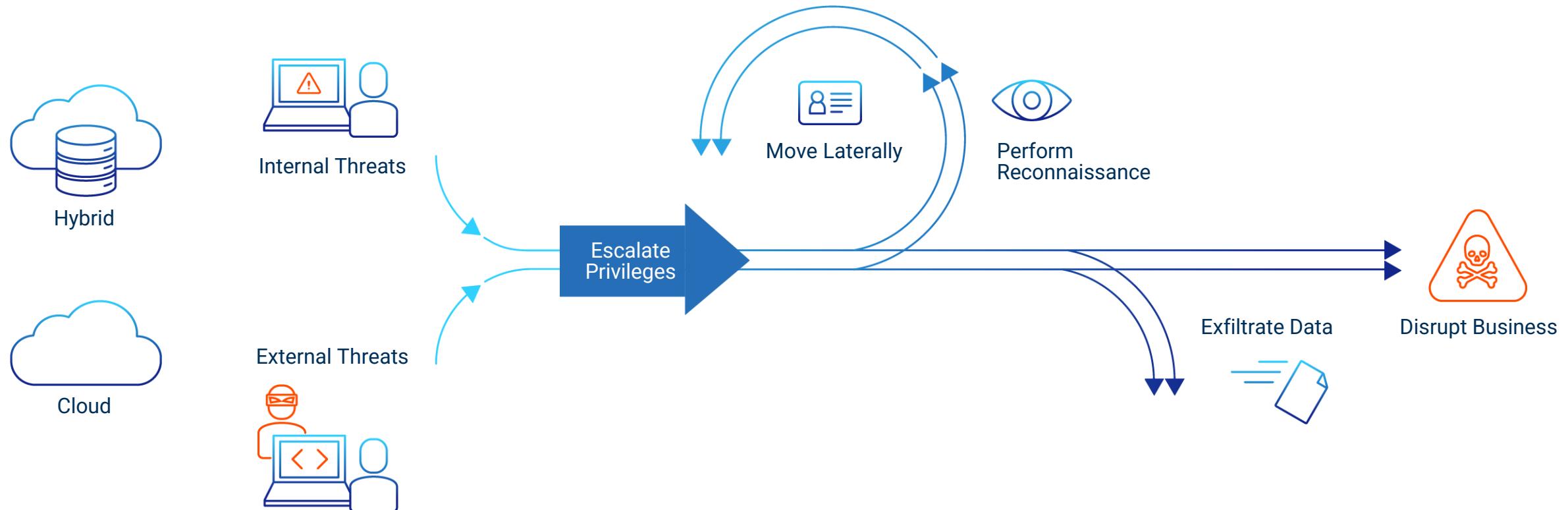


Adopting Zero  
Trust

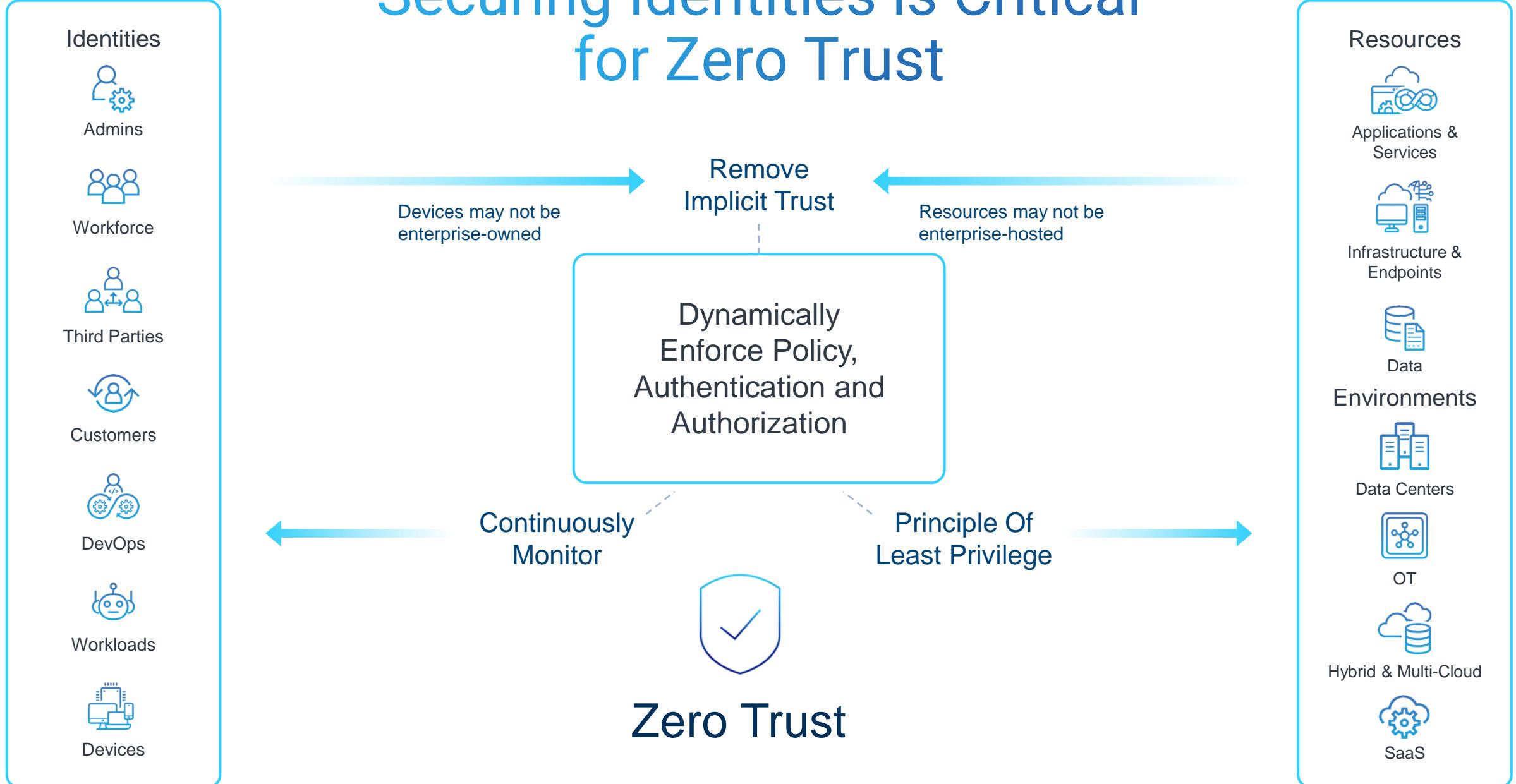
Attacker Innovation

Securing Digital  
Transformation

# IT environments evolves, attack paths don't

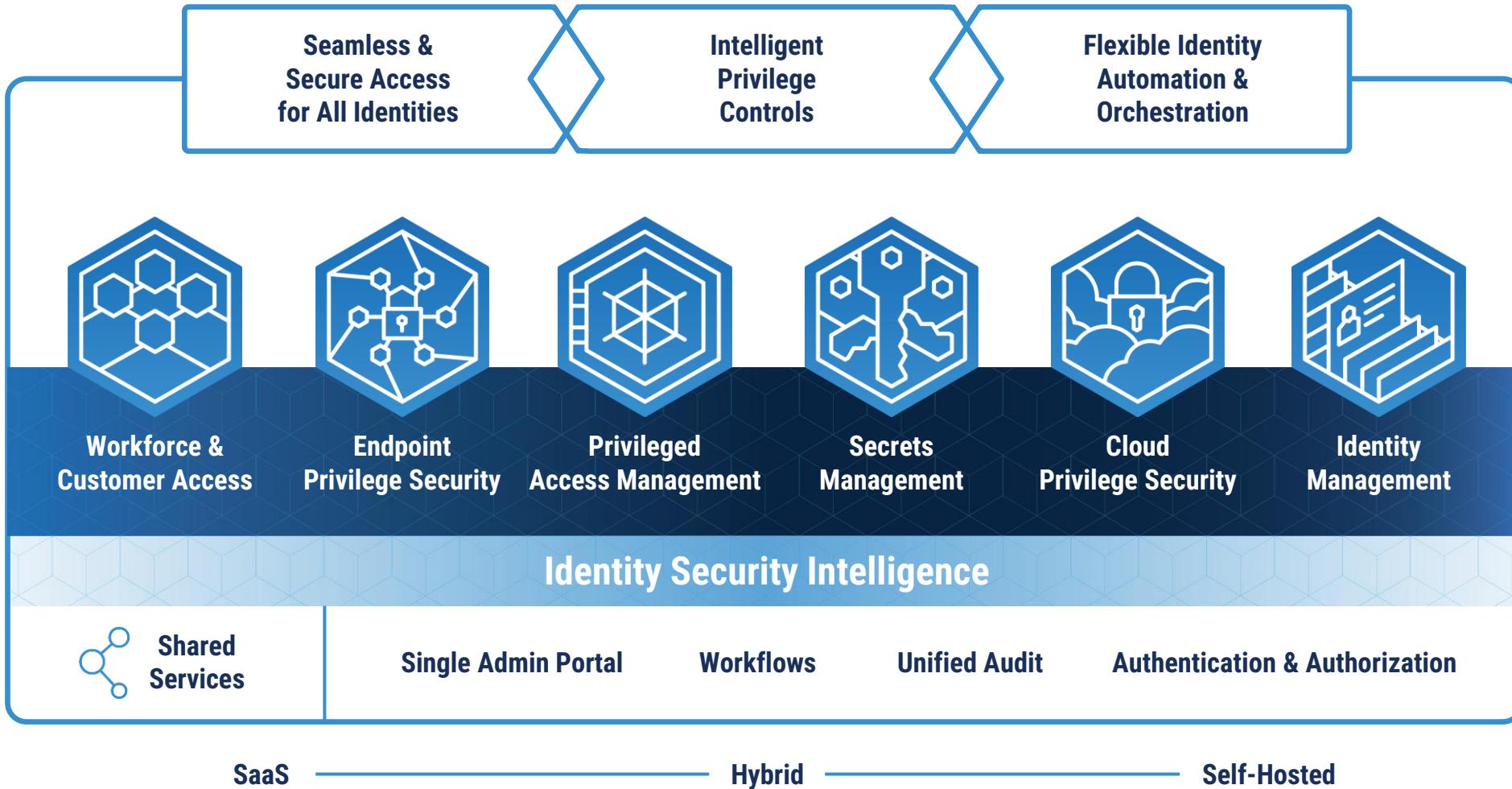


# Securing Identities is Critical for Zero Trust





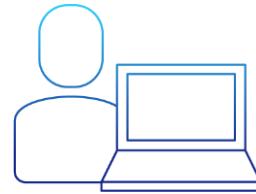
## Identity Security Platform



# Identity Security Business Value



**Deliver Measurable Cyber-Risk Reduction**  
Protect from identity and credential-oriented attacks.



**Enable Operational Efficiency**  
Reduce complexity while improving security.



**Secure your Digital Transformation**  
Improve business agility and balance security with a frictionless user experience.



**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

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## Recent Innovation Milestones

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### 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

Growth  
Vectors

Industry  
Tailwinds

Extend PAM  
Deployments

Rise of Zero  
Trust

Land New  
Customers

Cloud  
Migration  
(Hybrid & Multi-  
Cloud)

Deliver New  
Innovation

Digital  
Transformation

Expand & Cross-  
Sell with New  
Products

Increasing  
Attack Surface  
& Attacker  
Innovation



04

# Q1 2023 Financial Results

**\$604M**

42%Y-Y

**\$403M**

84%Y-Y

**\$162M**

27%Y-Y

**\$93M**

78%Y-Y

**\$146M**

37%Y-Y

**Annual Recurring Revenue (ARR)**

**Subscription Annual Recurring  
Revenue (ARR)**

**Total Revenue**

**Subscription Revenue**

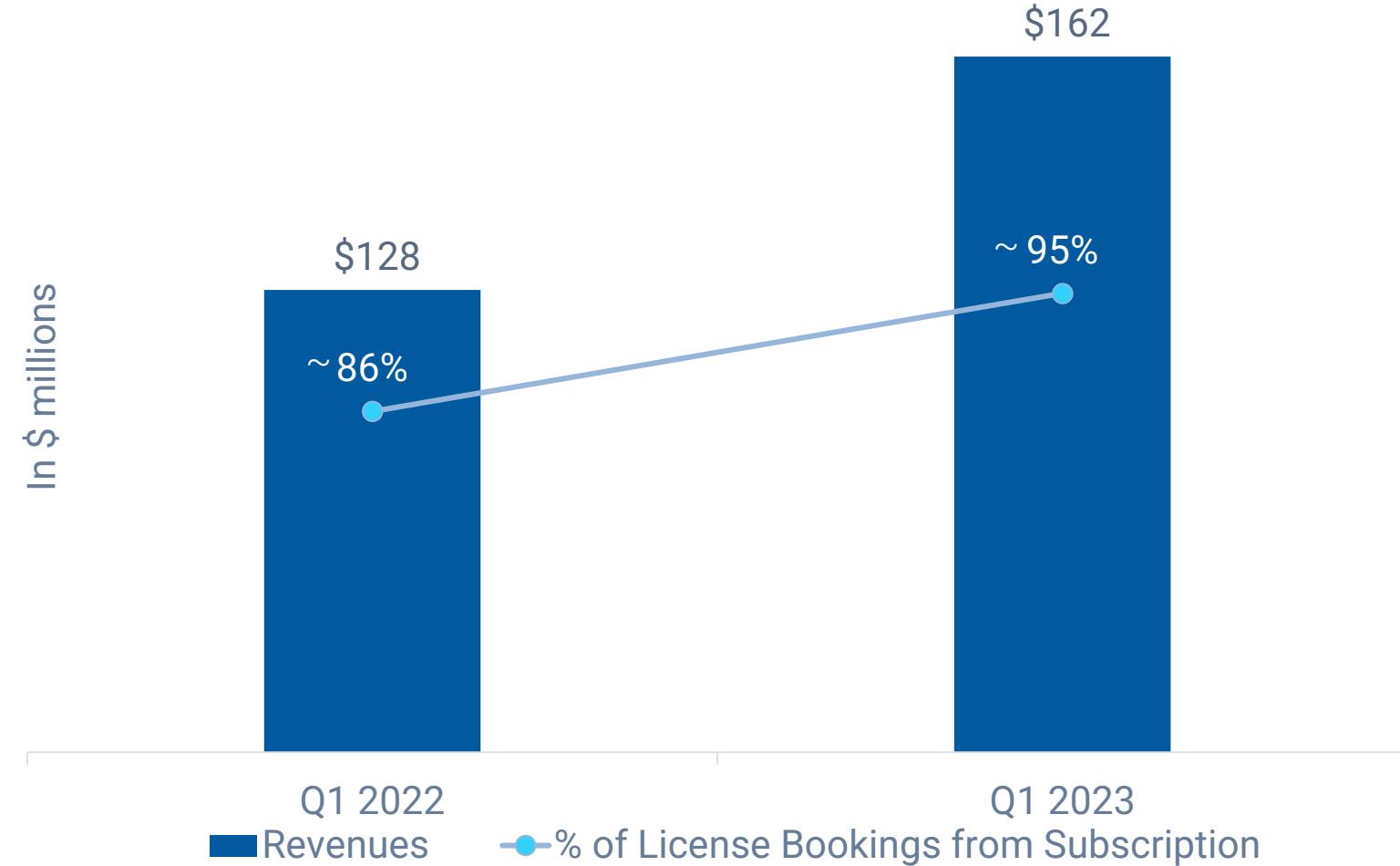
**Recurring Revenue**

# 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

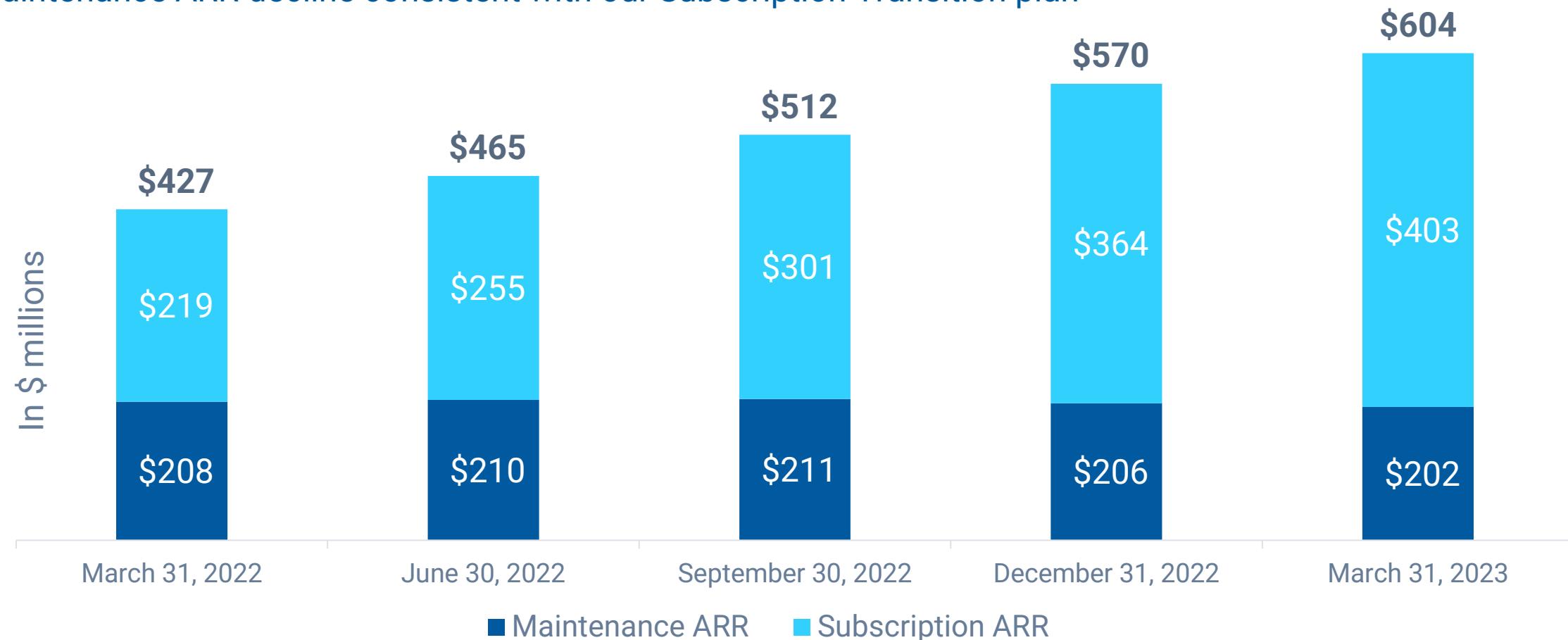


# Continued Growth in ARR

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

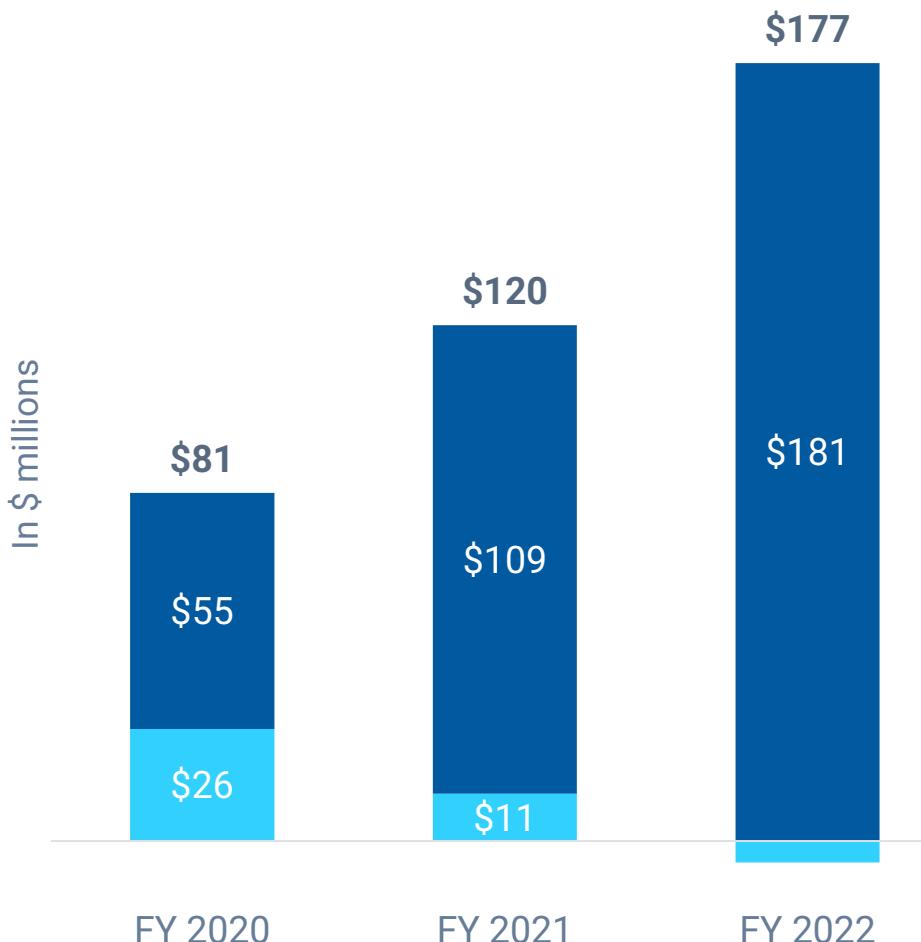


Totals do not sum because of rounding.

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# Net New ARR Growth

Annual 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)

Quarterly Net New ARR



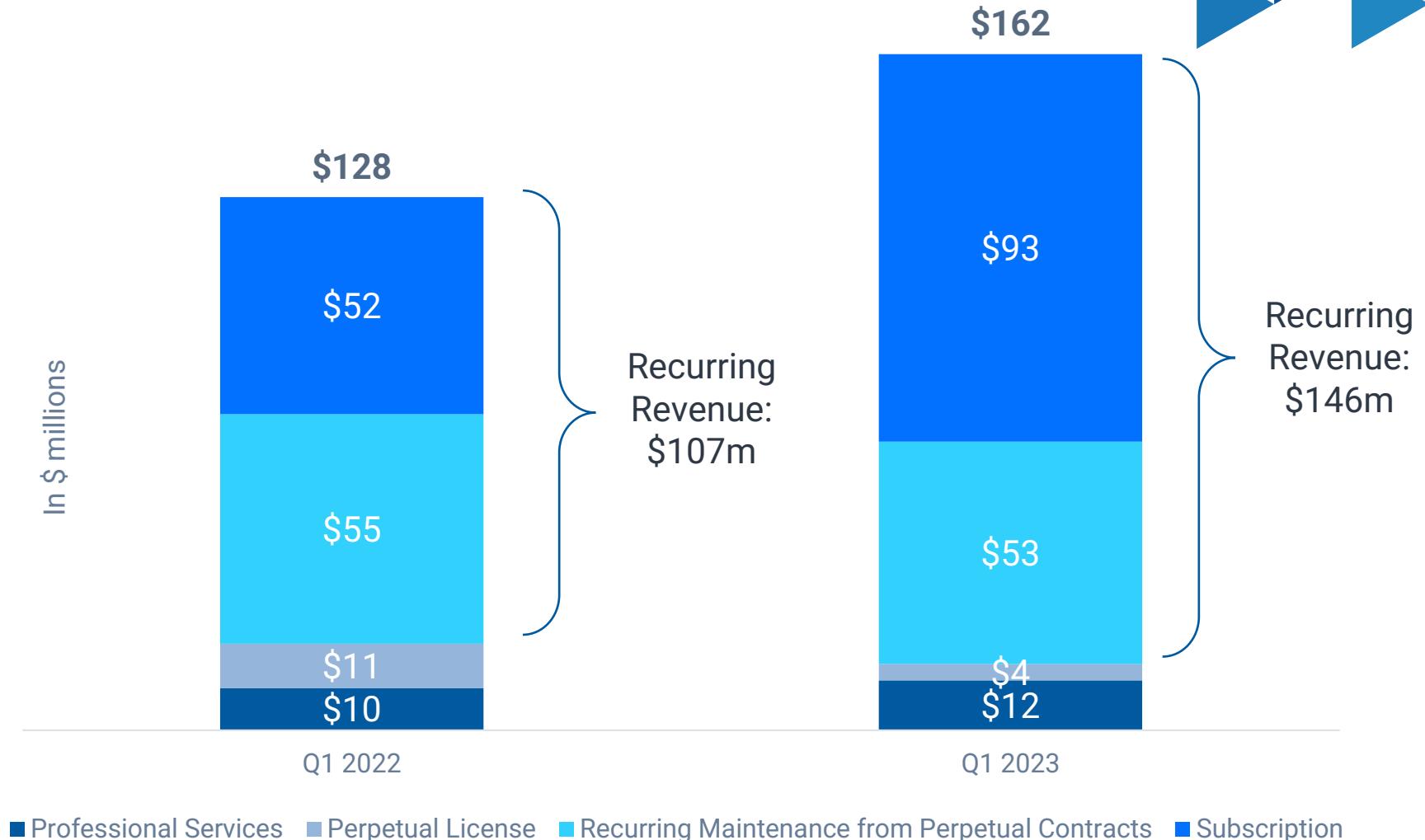
■ Net New Maintenance ARR   ■ Net New Subscription ARR

 CYBERARK®

# 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)

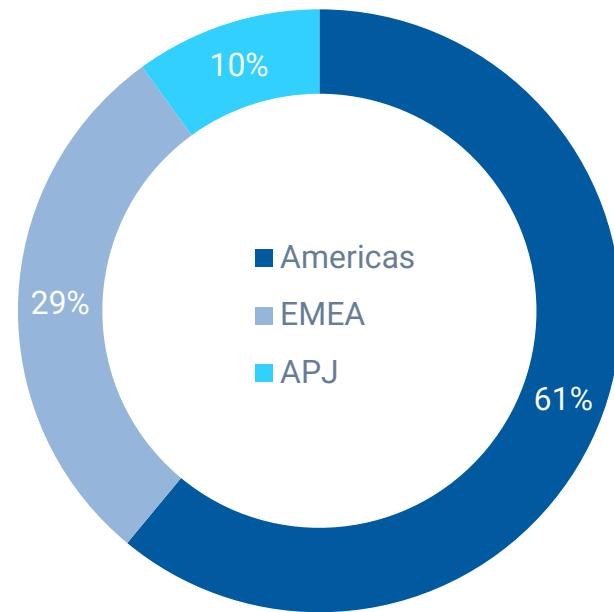
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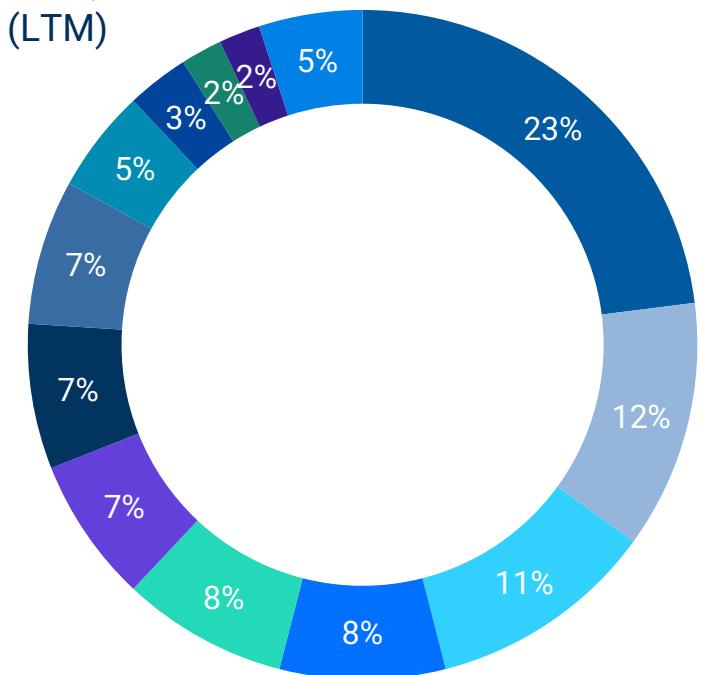
# Global Business across Diverse Industries

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.

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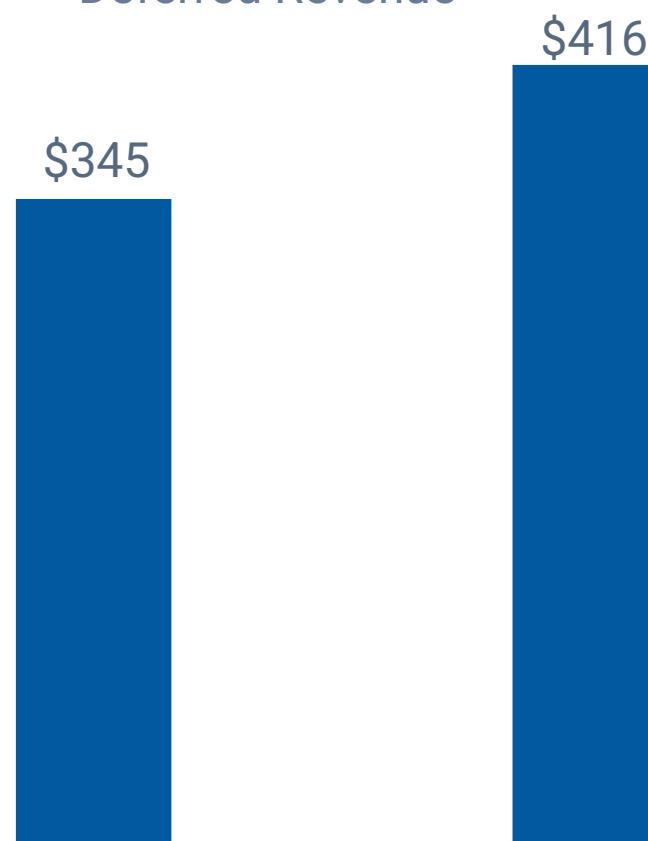
# Deferred Revenue growth driven by SaaS business

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

Deferred Revenue\*

**20%**  
Growth in  
Deferred  
Revenue

In \$ millions



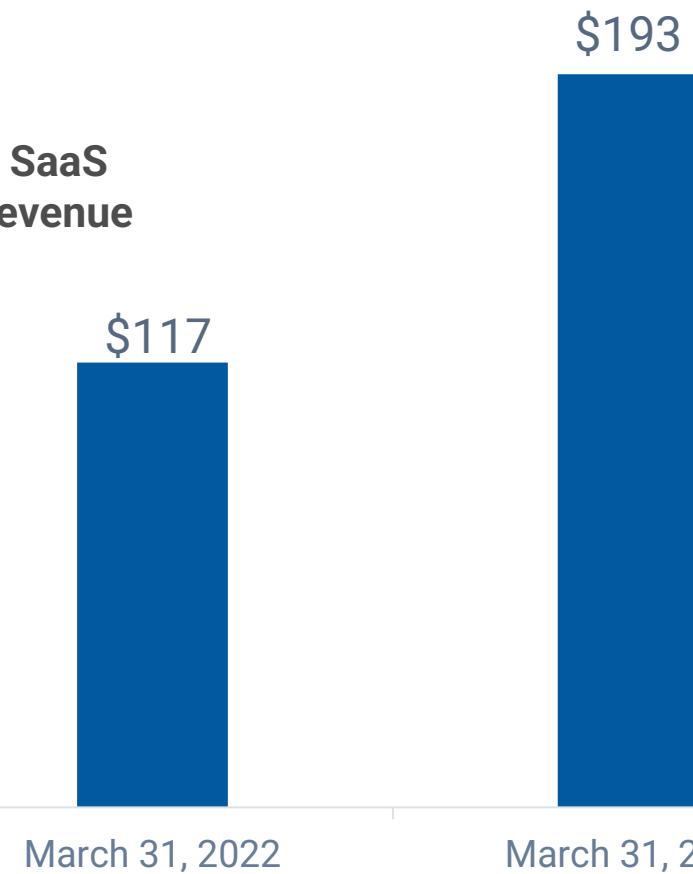
March 31, 2022

March 31, 2023

Total SaaS Deferred Revenue

**65%**  
Growth in SaaS  
Deferred Revenue

In \$ millions



March 31, 2022

March 31, 2023

\*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.

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

Based on information available as of May 11<sup>th</sup>, 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.

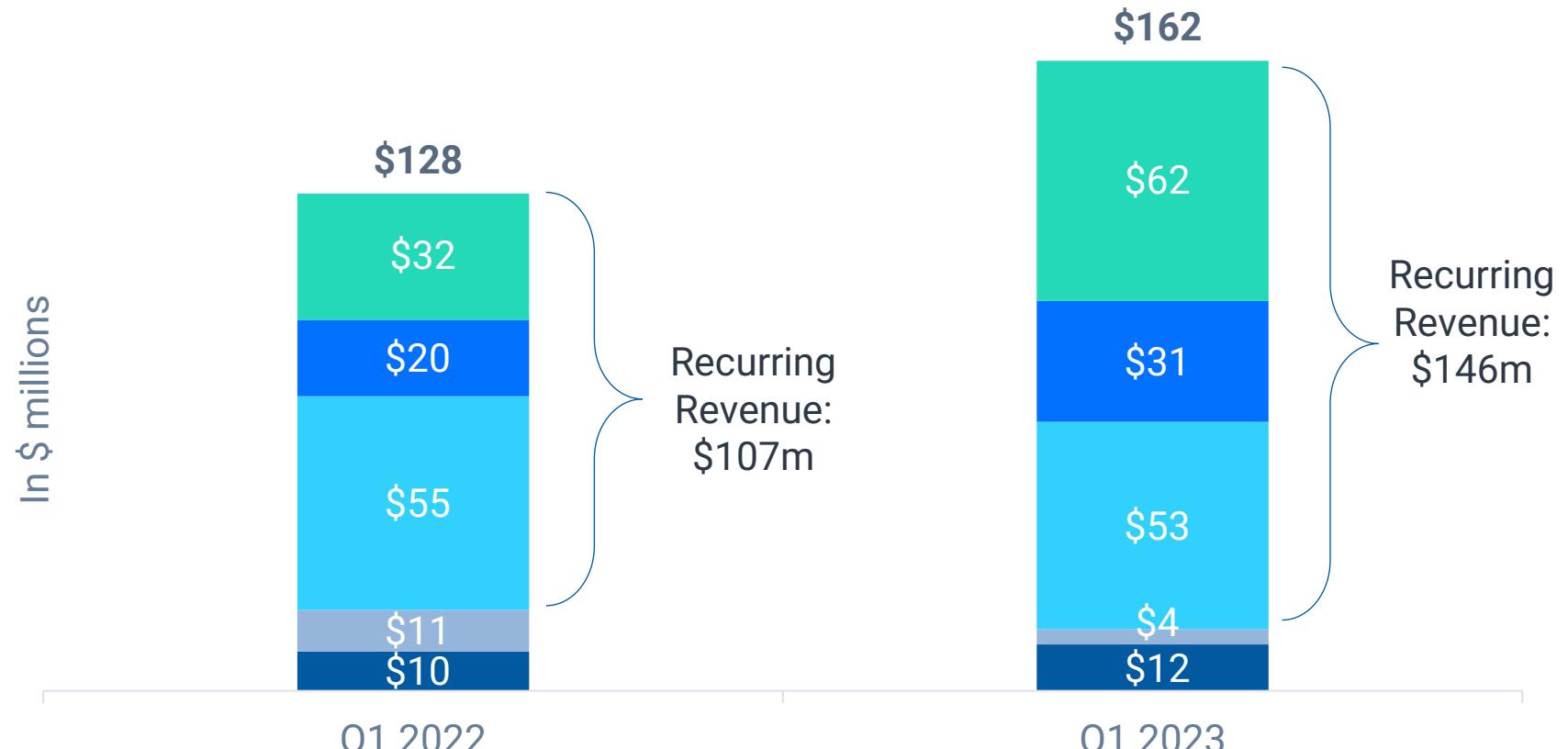
Subscription Annual Recurring Revenue (Subscription ARR) is defined as the annualized value of active SaaS and subscription or term-based license contracts in effect at the end of the reporting period. Subscription ARR excludes maintenance contracts related to perpetual licenses.

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



# Subscription Revenue Grew 78%

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



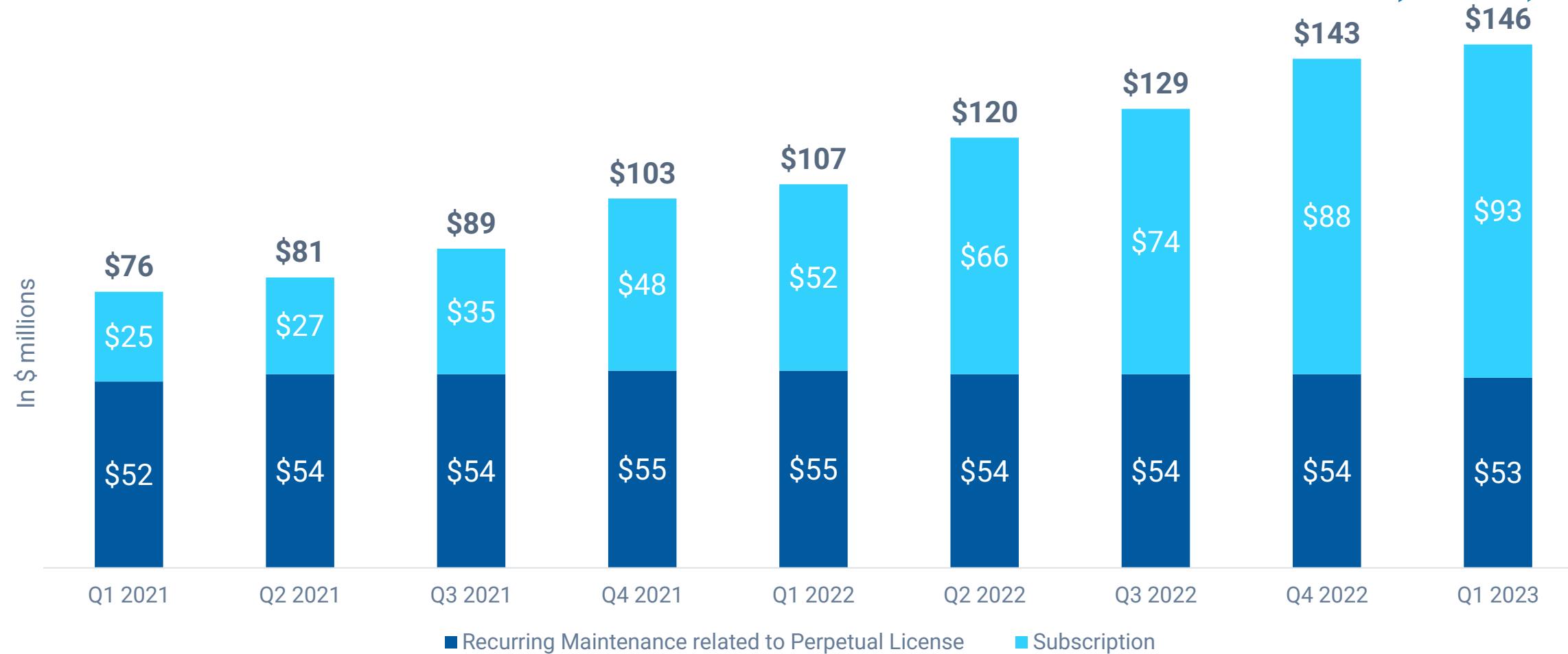
## Key Takeaway

- 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

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# 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
<b>GAAP gross profit to Non-GAAP gross profit :</b>					
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	--	--	--	--
<b>Non-GAAP gross profit</b>	<b>\$399,285</b>	<b>\$426,122</b>	<b>\$487,114</b>	<b>\$104,084</b>	<b>\$131,493</b>

# GAAP to Non-GAAP Reconciliation

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

# GAAP to Non-GAAP Reconciliation



(In Thousands)	2020	2021	2022	Q1 2022	Q1 2023
<b>Net Cash Provided by Operating Activities:</b>					
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)
<b>Free Cash Flow</b>	<b>\$99,595</b>	<b>\$65,812</b>	<b>\$37,191</b>	<b>\$22,971</b>	<b>\$4,046</b>

# Thank You



**CYBERARK®**  
The Identity Security Company