



# Varonis Overview

Q4 2025

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# Company Overview

# Varonis at a Glance

The leader in data security,  
fighting a different battle  
than conventional  
cybersecurity companies.



**VRNS**

FOUNDED IN 2004 IPO IN 2014



**~2,650**

EMPLOYEES WORLDWIDE



**\$745.4MM**

ANNUAL RECURRING REVENUES  
16% YoY GROWTH



**\$147.4MM**

2025 OPERATING CASH FLOW



**~86%**

SaaS ARR AS % OF TOTAL ARR



**\$131.9MM**

2025 FREE CASH FLOW

# Proven Technology

## DATA DOMAINS



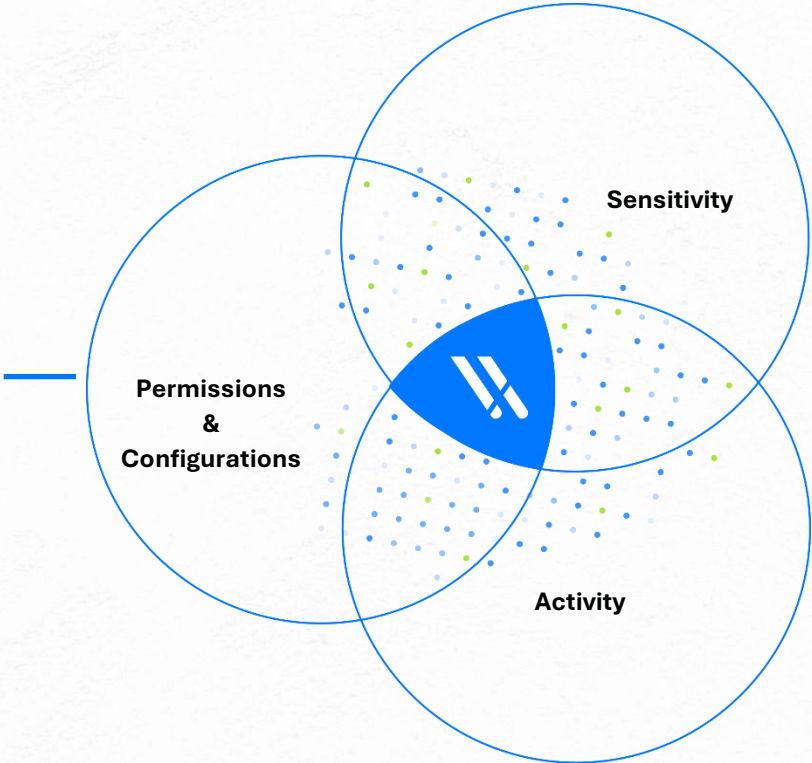
On-prem & Cloud  
File Storage



SaaS Apps  
& Email



Cloud Infrastructure &  
Databases



## VARONIS USES A DIFFERENT APPROACH TO PROTECT DATA



Real-time visibility

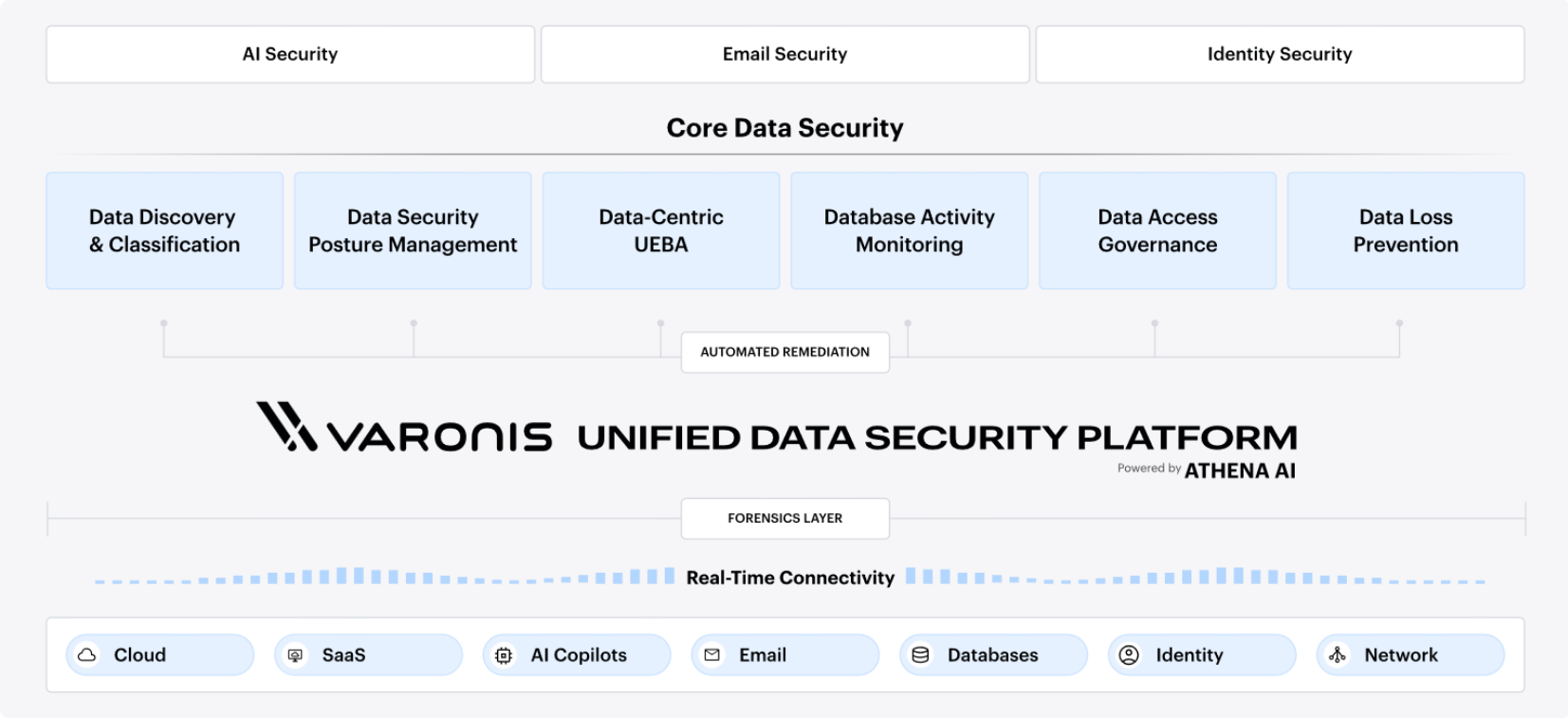


Automated remediation, labeling,  
& data subject access requests



Proactive, data-centric detection

# Unified and Automated Data Security Platform



# Proven Approach



## Find

overexposed sensitive data  
by analyzing data, account  
activity, and user behavior.



## Fix

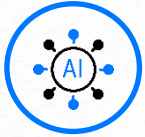
sensitive and stale data  
automatically, to remediate  
current exposure and prevent  
future exposures.



## Alert

on unusual data exposure and  
automatically respond to keep  
data safe.

# Secular Trends



## Data Growth

The amount of data created in the world is expected to grow at a compound annual growth rate of 25% by 2029 with unstructured data accounting for more than 90% of total data generated.<sup>1</sup>



## AI & Cloud Adoption

90% of organizations will adopt a hybrid cloud approach through 2027 and more than 80% of enterprises are expected to use Gen AI by 2026.<sup>2</sup>



## Cyber Threats

In 2024 the global average cost of a data breach was \$4.9 million, which was the highest ever and 40% of breaches involved data stores across multiple environments.<sup>3</sup>

<sup>(1)</sup> IDC Research - International Data Corporation's Global DataSphere Forecast

<sup>(2)</sup> Gartner Research – Gartner Forecast for Worldwide Public Cloud Spend & Hype Cycle for Generative AI, 2023

<sup>(3)</sup> IBM – Cost of a Data Breach Report 2024

# Industry Changes



## Board Awareness

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Boards of Directors are now required to address cyber risks and demonstrate appropriate awareness and action.



## Adoption & Standardization

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A data-centric approach to security is becoming the standard as the digital transformation increased reliance on data. Almost every breach involves data assets that are stored in growing, centralized repositories on-premises and in the cloud.

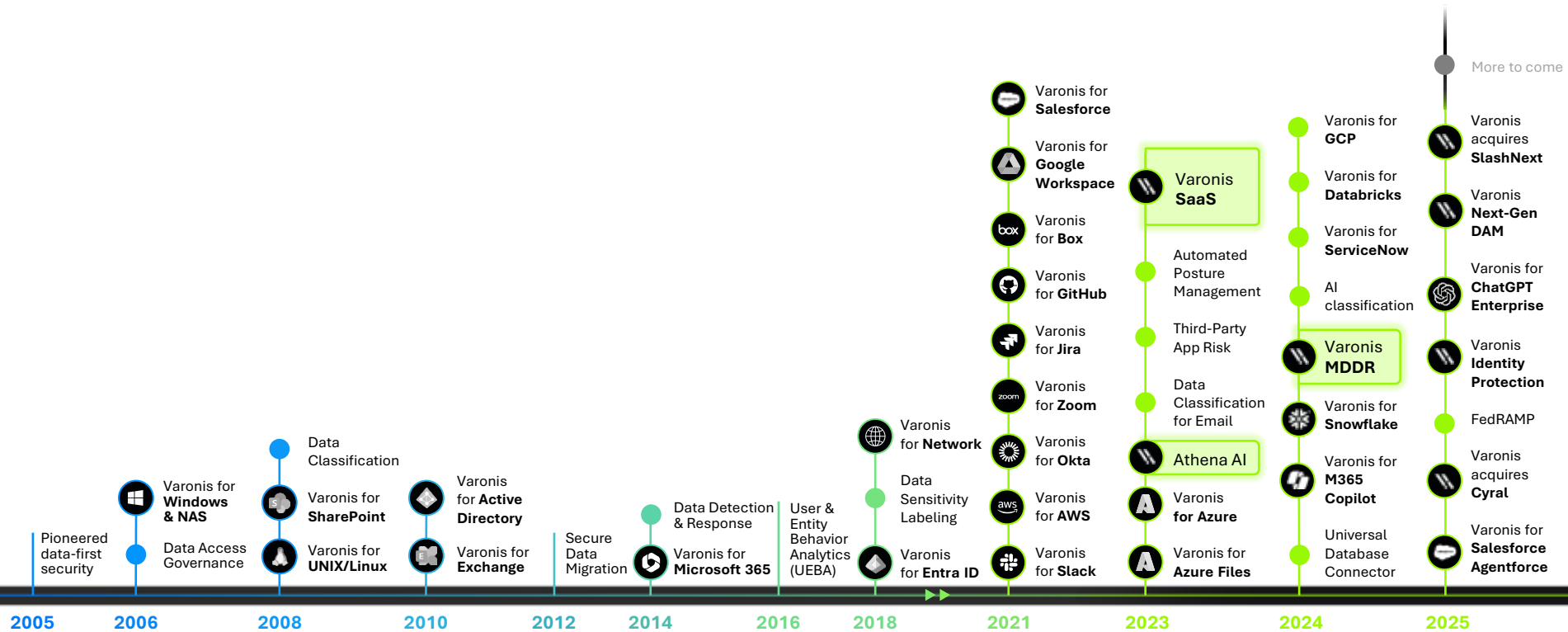


## Regulation

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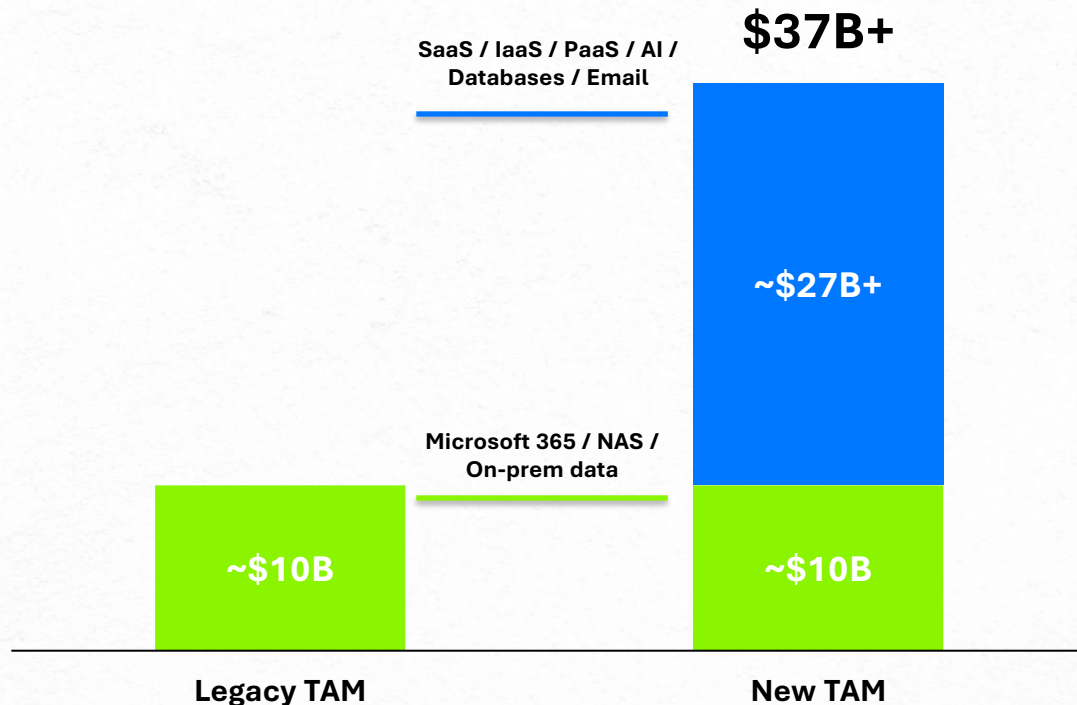
The confluence of notable attacks, media attention, and public outcry has led to data-centric regulations in the EU and North America like GDPR, CCPA, and the SEC disclosure rule around cyber events.

# Our SaaS platform enables relentless innovation



# Innovation has meaningfully expanded our TAM

- + Coverage is now one of our biggest competitive advantages
- + We are a leader in protecting large data stores in the cloud & on-prem
- + We expanded into new markets like Varonis for IaaS, SaaS, PaaS, AI, Databases and Email and more than tripled our TAM
- + New platforms create significant whitespace for expansion in a growing market



TAM analysis based on total ARR of data stores covered by Varonis

# Data Security Platform Use Cases



## Data Discovery & Classification

Accurately discover, classify, and label sensitive data.



## DSPM

Improve your data security posture automatically.



## Data-centric UEBA

Detect, investigate, and respond to attacks on data.



## Data access governance

See exactly who can touch sensitive data at all times.



## DLP

Monitor data activity and prevent exfiltration.



## Identity resolution

Map and classify every human and non-human identity.



## Insider risk management

Identify and prevent insider risks.



## Compliance management

Automate compliance regulations and frameworks.



## Microsoft Copilot

Monitor prompts and secure Microsoft Copilot.



## Identity posture

Detect and remediate risky or over-privileged accounts.



## Data risk assessment

Map data risk and build a path to remediation.



## Data lifecycle automation

Automatically enforce data lifecycle policies.



## Ransomware prevention

Detect and prevent ransomware attacks.



## Email security

Lock down sensitive mailboxes and stop exfiltration.



## AI security

Secure AI copilots and LLMs.



## Cloud data security

Label critical data, monitor flows, and enforce policy.



## Database activity monitoring

Secure your databases with near-zero overhead.



## ChatGPT Enterprise

Monitor interactions and secure ChatGPT Enterprise.

# First-Mover Advantage



2005



## Complexity

Data was stored in fewer places



## Data Volume

Data volumes were much smaller



## High-Frequency Iterations

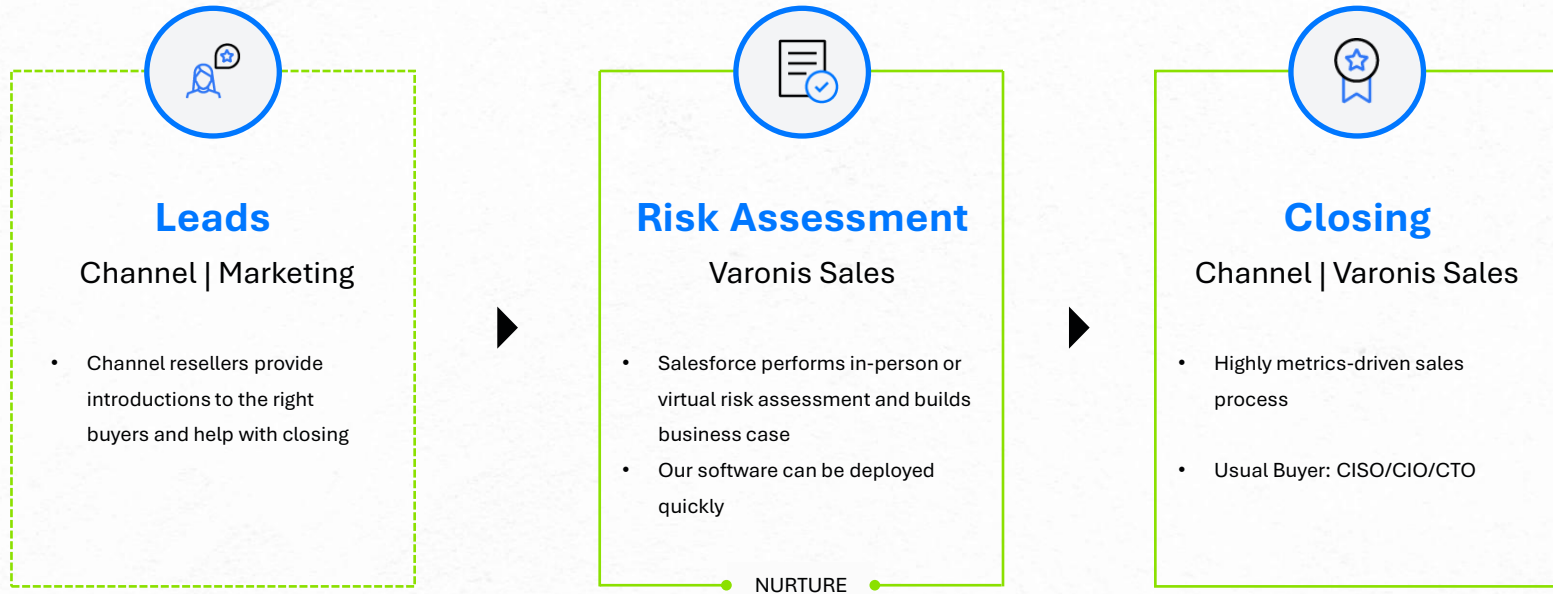
20+ years of battle-testing, refinement, and innovation



## Discipline

Sales process drove tens of thousands of production installs

# Predictable Sales Motion



# Proven Management Team

## **Yaki Faitelson**

CEO, President,  
Co-Founder & Chairman  
Varonis since 2005

## **Guy Melamed**

CFO & COO  
Varonis since 2011

## **David Bass**

Executive VP & CTO  
Varonis since 2005

## **Jim O'Boyle**

Vice Chairman – Sales  
Varonis since 2006

## **Dana Shahar**

Chief Human Resources  
Officer  
Varonis since 2013

## **Gilad Raz**

CIO & VP of Technical  
Services  
Varonis since 2006

## **Shai Cohen-Golan**

Chief of Staff  
Varonis since 2017

## **Dov Gottlieb**

VP & General Counsel  
Varonis since 2021

## **Greg Pomeroy**

SVP of Worldwide Sales  
Varonis since 2008

## **David Gibson**

SVP of Strategic Programs  
Varonis since 2006

## **Rob Sobers**

CMO  
Varonis since 2011

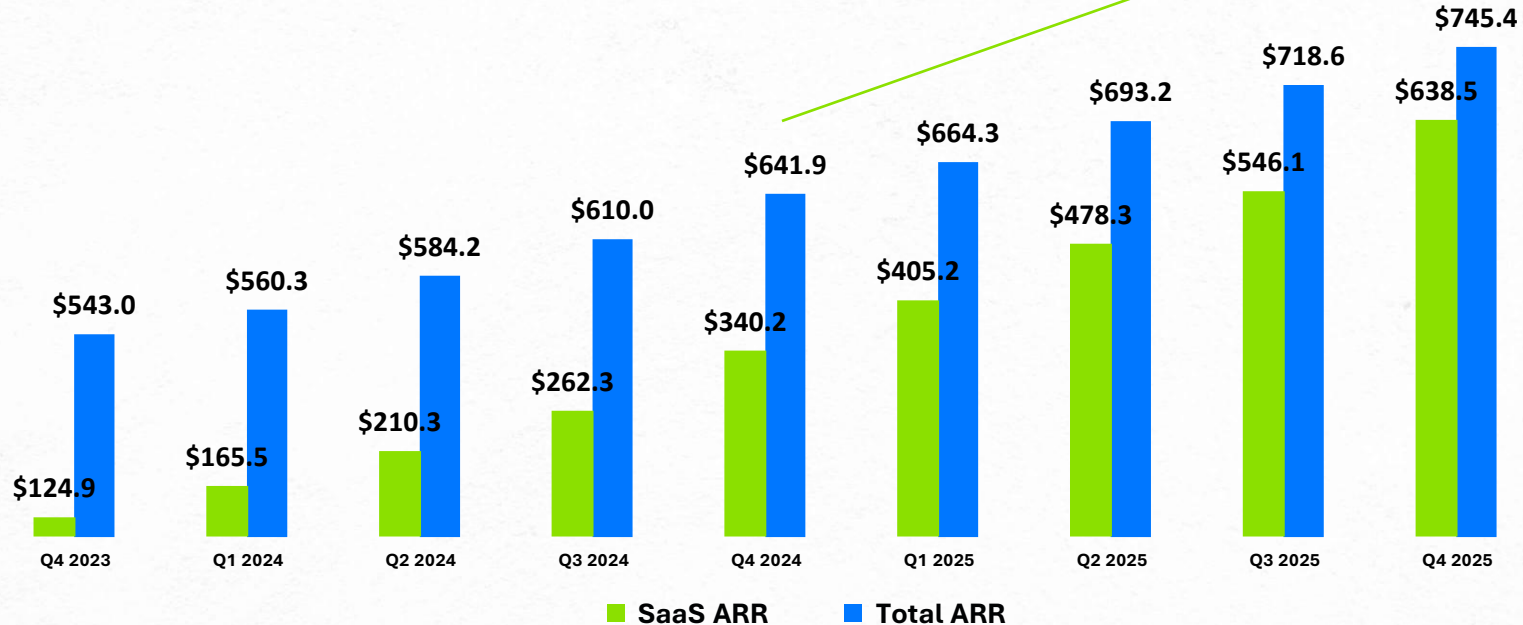
The background is dark with several diagonal stripes in shades of gray. There are also white corner brackets in the top-left and bottom-right corners.

# **Financial Results: Q4 & FY 2025 Highlights**

# Annual Recurring Revenues

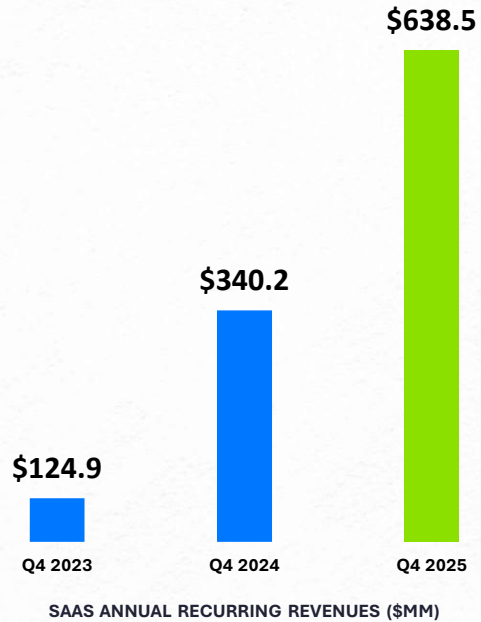
Q4 2025 GROWTH YoY

# 16%



In millions

# Q4 & Full-year 2025 Highlights



**88%**

SaaS ARR YoY Growth



**32%**

SaaS ARR ex. conversion YoY Growth



**~86%**

SaaS ARR as % of Total ARR



**15.9%**

ARR Contribution Margin



**\$131.9MM**

2025 Free Cash Flow

# Quarterly Net New SaaS ARR Breakdown

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	FY 2025	Q1 2026 Guidance at Midpoint	FY 2026 Guidance at Midpoint
Starting SaaS Annual Recurring Revenues (“ARR”)	\$340.2	\$405.2	\$478.3	\$546.1	\$340.2	\$638.5	\$638.5
<b>(+) Net New SaaS ARR Excluding Conversions</b>	<b>\$25.5</b>	<b>\$29.1</b>	<b>\$26.9</b>	<b>\$28.1</b>	<b>\$109.5</b>	<b>\$26.3</b>	<b>\$121.5</b>
(+) Conversion ARR	\$39.6	\$44.0	\$40.9	\$64.3	\$188.8	–*	\$62.5*
Ending SaaS ARR	\$405.2	\$478.3	\$546.1	\$638.5	\$638.5	\$664.8	\$822.5

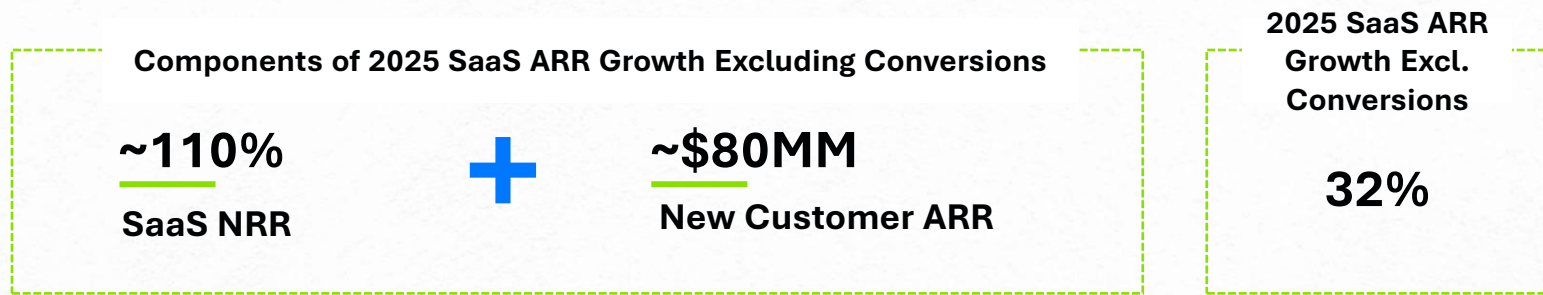
in millions

\*Forward-looking guidance for conversion ARR is only provided on an annual basis.

Totals may not foot due to rounding.

# New 2026 KPI – SaaS ARR Growth Excluding Conversions

- + SaaS ARR is composed of new customers, the expansion of existing SaaS customers, and existing self-hosted customers that convert to our SaaS platform.
- + We expect our remaining self-hosted customers will distort both total ARR growth and SaaS ARR growth in 2026. This cohort serves as a headwind to total ARR growth and a tailwind to SaaS ARR growth. Beginning in 2027, our ARR composition will be 100% SaaS and will no longer be distorted by the self-hosted customers on a go-forward basis.
- + SaaS ARR growth excluding conversions focuses on our ability to sign new customers and expand with existing SaaS customers, which will be the drivers of our business in 2027 and beyond.



## Q4 2025 SaaS ARR Increased 88% YoY

## Q4 2025 SaaS ARR Ex. Conversion Increased 32% YoY

		Growth Rate / Comments
Q4 2024 SaaS ARR	\$340.2MM	
(+) TTM Net New SaaS ARR <b>Excluding Conversions</b>	\$109.5MM	See slide 19 – Second row
<b>Q4 2025 SaaS ARR Excluding Conversions</b>	<b>\$449.7MM</b>	<b>32%*</b>
(+) TTM Conversion ARR	\$188.8MM	See slide 19 – Third row
Q4 2025 SaaS ARR	\$638.5MM	88%*

\*Growth vs. Q4 2024 SaaS ARR of \$340.2MM

# Q1 2026 Financial Guidance (SaaS ARR)

Q1 2026 Guidance assumes Net New SaaS ARR Ex. Conversion of \$24.8M to \$27.8M and \$0 conversion

		Growth Rate / Comments
Q1 2025 SaaS ARR	\$405.2MM	
(+) TTM Net New SaaS ARR <b>Excluding Conversions</b>	\$108.8MM - \$111.8MM	See slide 19 – Second row
<b>Q1 2026 SaaS ARR Excluding Conversions</b>	<b>\$514.0MM - \$517.0MM</b>	<b>27% – 28%^</b>
(+) TTM Conversion ARR	\$149.3MM	See slide 19 – Third row (Q2/25- Q4/25)
Q1 2026 SaaS ARR*	\$663.3MM - \$666.3MM*	64%^

**\*Q1 2026 Net New SaaS ARR guidance assumes \$0 conversion ARR.**

^Growth vs. Q1 2025 SaaS ARR of \$405.2MM

Additional modeling considerations:

- Totals may not foot due to rounding.
- We are primarily focused on growing SaaS ARR excluding the conversions by selling to new customers, upselling existing SaaS customers and maintaining our high SaaS renewal rate. The growth of SaaS ARR excluding conversions is an important KPI for 2026 and believe this is the metric you should primarily focus on.

# FY 2026 Financial Guidance (SaaS ARR)

FY 2026 Guidance assumes Net New SaaS ARR Excluding Conversion of \$116.5M to \$126.5M

		Growth Rate / Comments
Q4 2025 SaaS ARR	\$638.5MM	
(+) FY 2026 Net New SaaS ARR <b>Excluding Conversions</b>	\$116.5MM - \$126.5MM	See slide 19 – Second row
<b>FY 2026 SaaS ARR Excluding Conversions</b>	\$755.0MM - \$765.0MM	<b>18% – 20%^</b>
(+) FY 2026 Conversion ARR	\$50.0MM - \$75.0MM	See slide 19 – Third row
FY 2026 SaaS ARR	\$805.0MM - \$840.0MM	26% – 32%^

^Growth vs. Q4 2025 SaaS ARR of \$638.5MM

Additional modeling considerations:

- We are primarily focused on growing SaaS ARR excluding the conversions by selling to new customers, upselling existing SaaS customers and maintaining our high SaaS renewal rate. The growth of SaaS ARR excluding conversions is an important KPI for 2026 and believe this is the metric you should primarily focus on.
- We have also provided a wide range of outcomes for conversion ARR within our full-year guidance framework in order to bridge SaaS ARR excluding conversions to SaaS ARR for modeling purposes. We believe this range captures a pessimistic and optimistic scenario, with the midpoint representing our base case for 2026. Within the year, the timing of conversions may vary, but we are focused on achieving this range within 2026 and will report on the trailing-twelve-month conversion ARR each quarter.

# Q1 & FY 2026 Financial Guidance (Additional Metrics)

Guidance	Q1 2026	FY 2026
Total Revenues	\$164.0MM – \$166.0MM	\$722.0MM – \$730.0MM
<i>YoY growth</i>	20% – 22%	16% – 17%
Non-GAAP Operating Income (Loss)	(\$11.0MM) – (\$10.0MM)	\$0.0MM – \$4.0MM
<i>Non-GAAP Operating Margin</i>	(6.7%) – (6.0%)	0.0% – 0.5%
Basic and Diluted Shares Outstanding	118.0MM	134.2MM
Non-GAAP Net Income (Loss) per Basic and Diluted Share	(\$0.06) – (\$0.05)	\$0.06 – \$0.10
Free Cash Flow		\$100.0MM – \$105.0MM

**Our goal is to build a  
billion-dollar business  
that grows meaningfully  
with expanding profit  
and cash flow.**

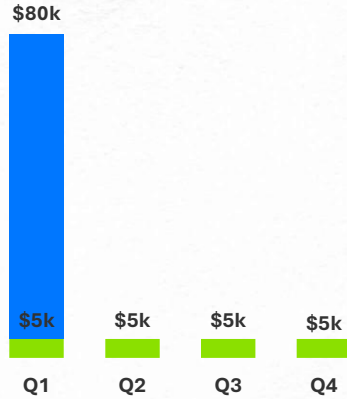


Thank you.

 VARONIS

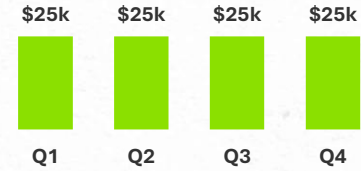
# Appendix: Revenue Recognition Example #1

## TERM-BASED ON-PREM SUBSCRIPTION



~80% Upfront / ~20% Ratable  
~85% of deal recognized in Q1  
100% of deal recognized in fiscal year

## SAAS

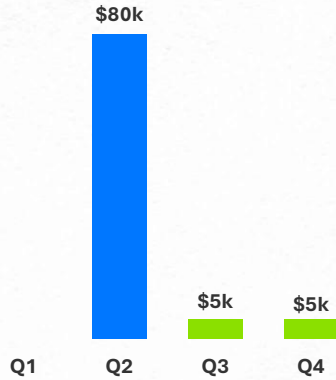


100% Ratable  
~25% of deal recognized in Q1  
100% of deal recognized in fiscal year

Both scenarios assume \$100K ARR deal delivered on January 1 = **ARR impact is the same**  
Both are collected annually in advance = **FCF impact is the same**

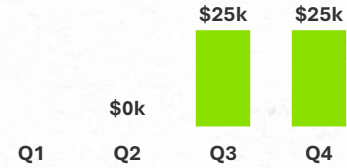
# Appendix: Revenue Recognition Example #2

TERM-BASED ON-PREM SUBSCRIPTION



~80% Upfront / ~20% Ratable  
~80% of deal recognized in Q2  
~90% of deal recognized in fiscal year

SAAS



100% Ratable  
<1% of deal recognized in Q2  
~50% of deal recognized in fiscal year

Both scenarios assume \$100K ARR deal delivered on June 30 = **ARR impact is the same**  
Both are collected annually in advance = **FCF impact is the same**

# Appendix: Revenue Recognition Example #3

## TERM-BASED ON-PREM SUBSCRIPTION

## SAAS

\$80k

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

\$0k

~80% Upfront / ~20% Ratable  
~80% of deal recognized in Q4  
~80% of deal recognized in fiscal year

100% Ratable  
<1% of deal recognized in Q4  
<1% of deal recognized in fiscal year

Both scenarios assume \$100K ARR deal delivered on December 31 = **ARR impact is the same**  
Both are collected annually in advance = **FCF impact is the same**

# Appendix: Reconciliation of GAAP Measures to Non-GAAP

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2025	2024	2025	2024
<b>Reconciliation to non-GAAP operating income (loss):</b>				
<b>GAAP operating loss</b>	<b>(\$30,262)</b>	<b>(\$17,552)</b>	<b>(\$146,514)</b>	<b>(\$117,651)</b>
Add back:				
Stock-based compensation expense	32,578	32,569	130,242	126,682
Payroll tax expenses related to stock-based compensation	176	206	3,980	5,618
Amortization of acquired intangible assets and acquisition-related expenses	2,061	119	8,646	1,263
<b>Non-GAAP operating income (loss)</b>	<b>\$4,553</b>	<b>\$15,342</b>	<b>(\$3,646)</b>	<b>\$15,912</b>
<b>Reconciliation to non-GAAP net income:</b>				
<b>GAAP net loss</b>	<b>(\$27,775)</b>	<b>(\$12,994)</b>	<b>(\$129,324)</b>	<b>(\$95,765)</b>
Add back:				
Stock-based compensation expense	32,578	32,569	130,242	126,682
Payroll tax expenses related to stock-based compensation	176	206	3,980	5,618
Amortization of acquired intangible assets and acquisition-related expenses	2,061	119	8,646	1,263
Foreign exchange rate differences, net	3,597	3,129	7,147	827
Amortization of debt issuance costs	505	880	2,976	2,144
Acquisition-related taxes	—	—	391	—
<b>Non-GAAP net income</b>	<b>\$11,142</b>	<b>\$23,909</b>	<b>\$24,058</b>	<b>\$40,769</b>
GAAP weighted average number of shares used in computing net loss per share of common stock – basic and diluted	117,854,805	112,488,376	114,413,076	111,660,541
Non-GAAP weighted average number of shares used in computing net income per share of common stock – basic	117,854,805	112,488,376	114,413,076	111,660,541
Non-GAAP weighted average number of shares used in computing net income per share of common stock – diluted	133,297,887	135,097,388	134,795,155	130,278,825
<b>GAAP net loss per share of common stock – basic and diluted</b>	<b>(\$0.24)</b>	<b>(\$0.12)</b>	<b>(\$1.13)</b>	<b>(\$0.86)</b>
<b>Non-GAAP net income per share of common stock – basic</b>	<b>\$0.09</b>	<b>\$0.21</b>	<b>\$0.21</b>	<b>\$0.37</b>
<b>Non-GAAP net income per share of common stock – diluted</b>	<b>\$0.08</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.31</b>

In thousands, except share and per share data

# Appendix: Reconciliation of GAAP Measures to Non-GAAP

Reconciliation to non-GAAP free cash flow:	Twelve Months Ended December 31,	
	2025	2024
Net cash provided by operating activities	\$147,431	\$115,200
Purchases of property and equipment	(\$12,628)	(\$6,694)
Capitalized internal-use software	(\$2,893)	—
<b>Free cash flow</b>	<b>\$131,910</b>	<b>\$108,506</b>

In thousands