



CyberArk Transformation journey to Subscription

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CyberArk – Business Card

CyberArk has the most comprehensive security offering for any identity – human or machine across the organization

Our mission is to provide a modern approach to IDENTITY SECURITY anchored on privilege to protect against advanced cyber threats

- Corporate HQ and IP in Israel
- Established in 1999, as a perpetual business (not cloud native)
- >7K customer, > 50% of fortune 500 customers

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

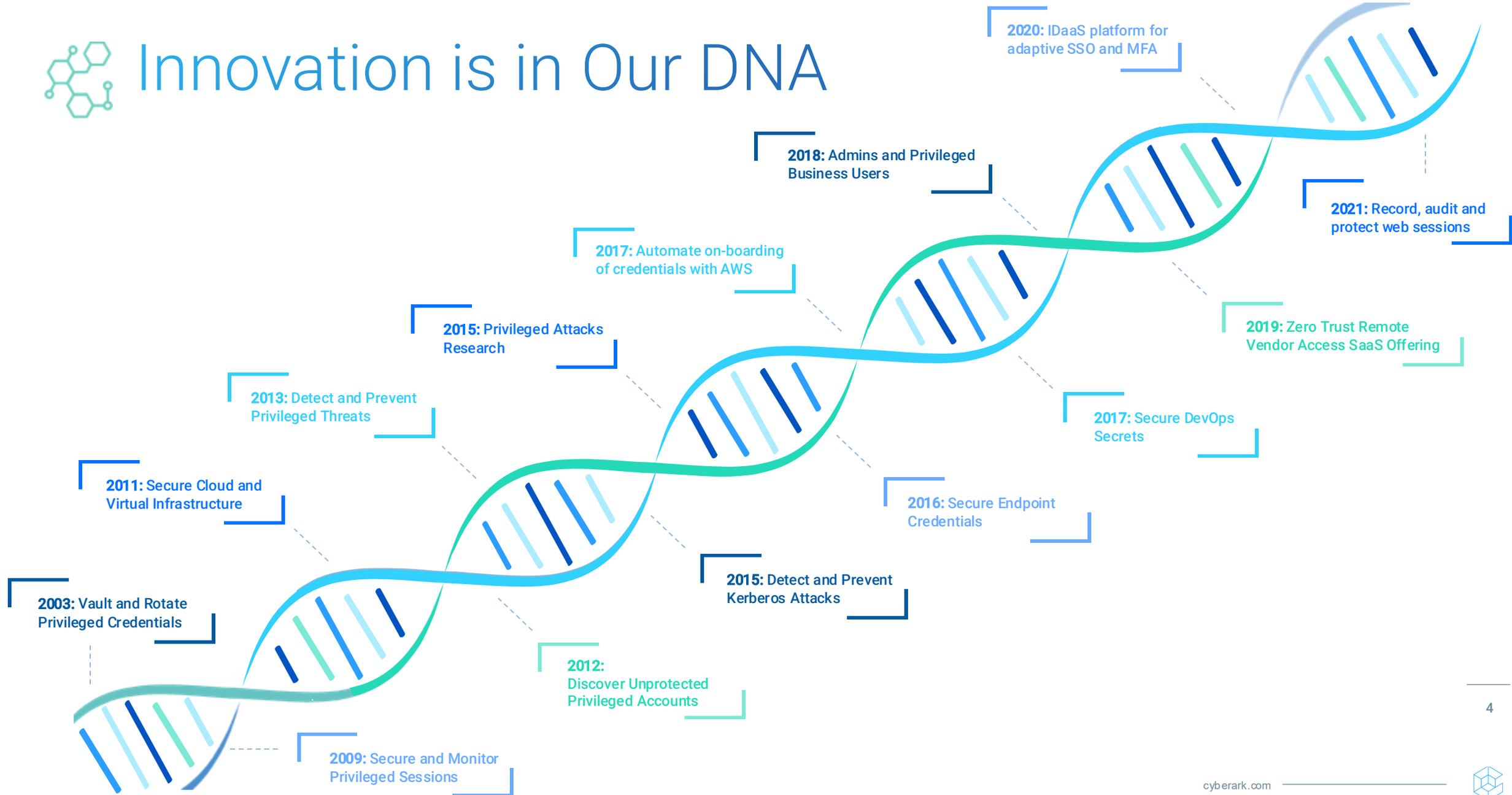
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Innovation is in Our DNA



Agenda

- Why to transition
- Transformation approach
- Financial Impact deep dive
- Summary



Why to transition to Subscription – Customer's perspective

**Improve Customer
Experience - Ease of
doing business with**

**Increase Value at
lower Cost**

Why to transition to Subscription – CyberArk's perspective

**Drive shareholder value,
higher valuation
(multiplier)**

**Visibility to
projections**

**Accelerated
Revenue Growth &
Profitability**

TRANSITION TO SUBSCRIPTION

Deeper Customer Relationships

Increased Customer Value

Higher LTV

Increased model visibility & durability

Drive shareholder value



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The Impact is across the board



Leadership Approach

Strategize

Program approach with dedicated attention

PMO and workstreams

Phase planning

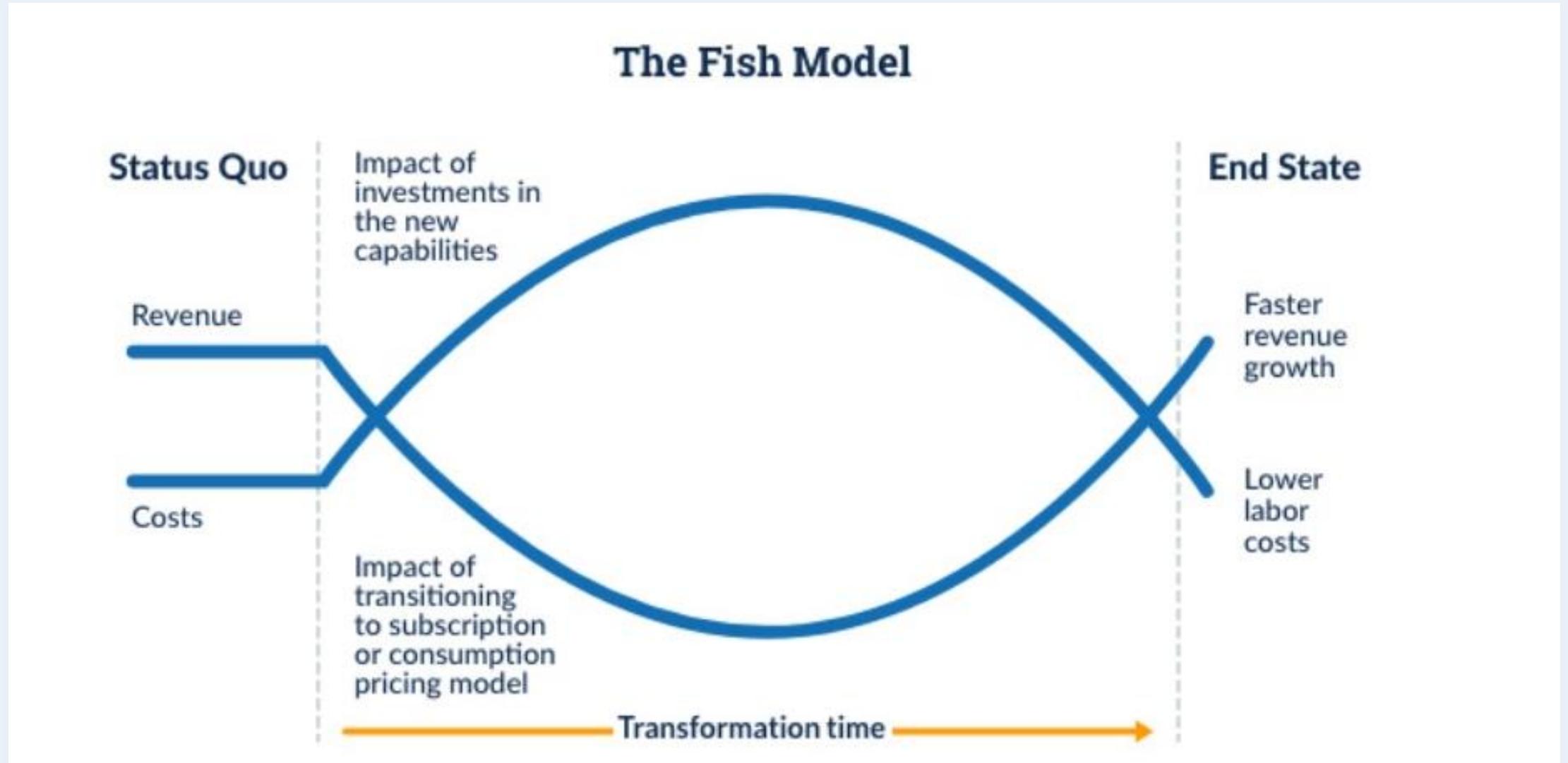
Set Goals and Measure

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Long Term Model



IR Story



New KPIs
ARR, % recurring mix, Headwind



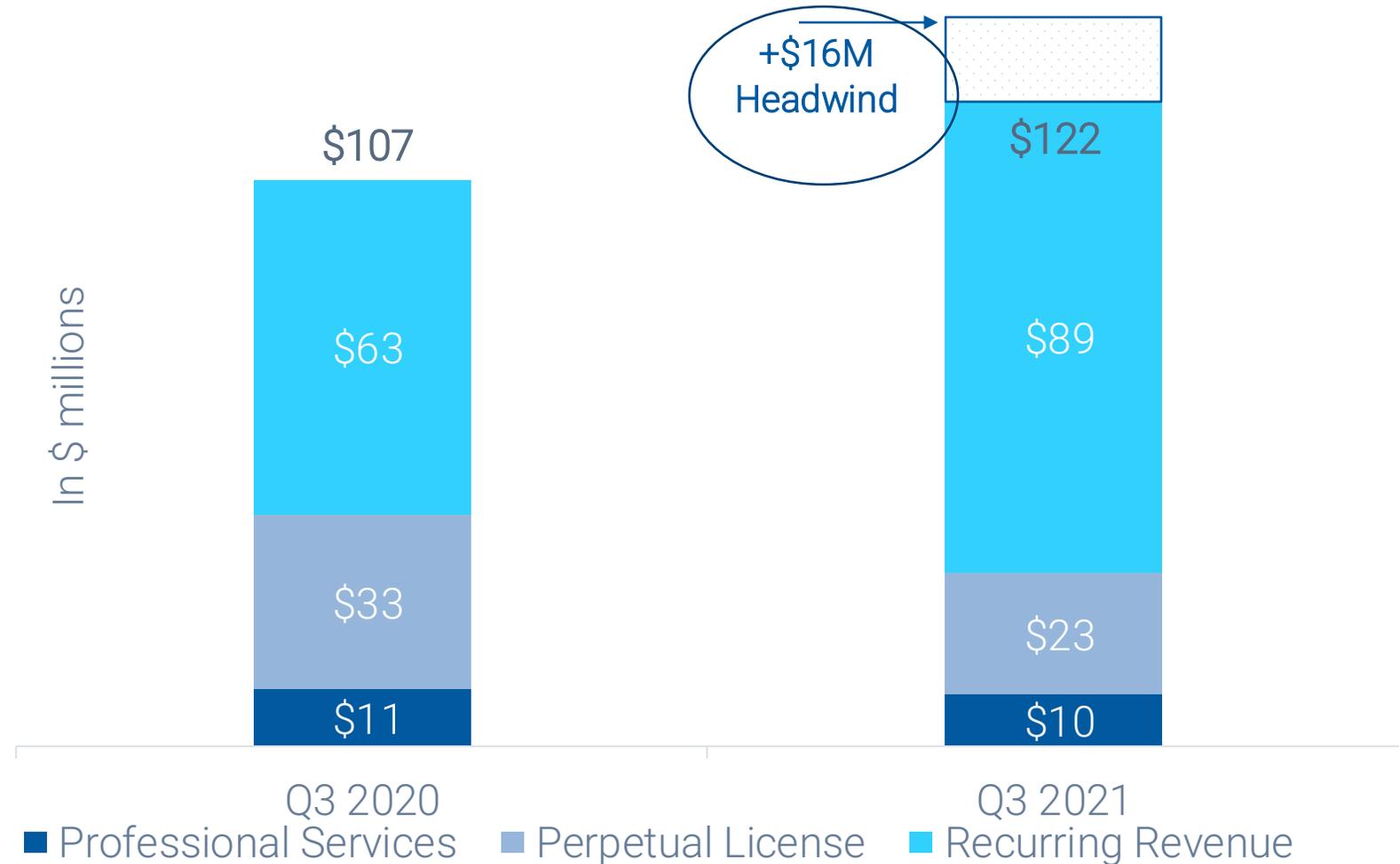
Set expectations , manage the Analysts journey
External vs. internal



Underlying business accelerating: Strong subscription bookings mix creates revenue headwind

Key Takeaways

- Taking \$16 million headwind from higher-than-expected subscription booking mix into account, topline growth would have been 29% and license revenue over 50%

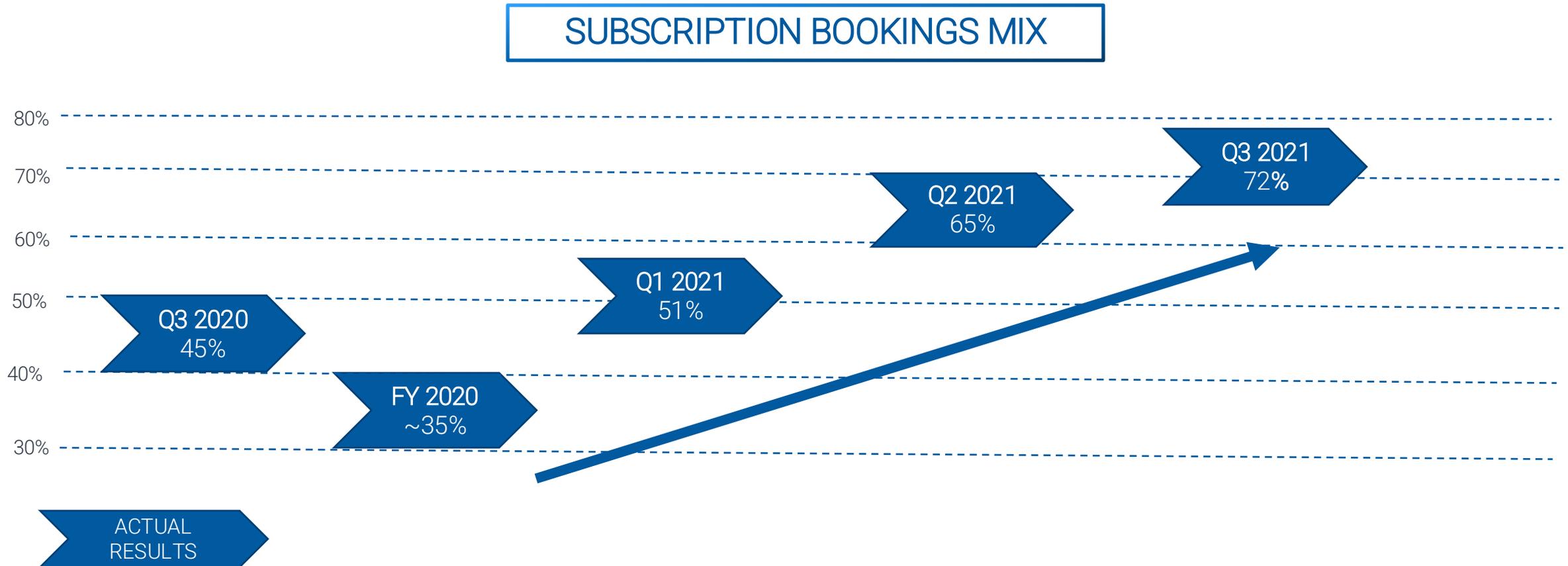


Headwind reflects an assumption that subscription and perpetual bookings mix as a percentage of total bookings remained the same as the prior period (with the incremental subscription booked as perpetual license). This estimate is useful for quantifying the impact of our bookings mix on our recognized 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.



Strong Subscription Transition Progress

Strong subscription bookings mix, growth driven by record SaaS bookings



*From our IR PPT as of September 30, 2021



Summary

- The transition is crucial for the business success
- The transformation impacts every area in the organization
- The transition requires close attention and management
- IR story to manage expectations

Thank you

