THIRD QUARTER 2021 FINANCIAL RESULTS

Oct 28, 2021
Forward Looking Statement

During the course of this presentation, Check Point’s representatives may make certain forward-looking statements. These forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 include but are not limited to, statements related to Check Point’s expectations regarding:

Business, financial performance and customers; The introduction of new products and programs and the success of those products and programs; The environment for security threats and trends in the market; Our strategy, focus areas and demand for our solutions; The impact of COVID-19 on our business, including on our supply chain, product development and sales and marketing efforts, and on our financial condition and results of operations; The impact of COVID-19 on our customers, suppliers and business partners and the macroeconomic environment as a whole; our acquisition Avanan; the growth of the markets in which we operate; and our business and financial outlook, including our guidance for Q4 2021.

Because these statements pertain to future events, they are subject to risks and uncertainties. Actual results could differ materially from Check Point's current expectations and beliefs. Factors that could cause or contribute to such differences are contained in Check Point's earnings press release issued on October 28, 2021, which is available on our website; and other factors and risks including those discussed in Check Point's latest annual report on Form 20-F, which is on file with the SEC.

Check Point assumes no obligation to update information concerning its expectations or beliefs except as required by law. In our press release, which has been posted on our website, we present GAAP and non-GAAP results, along with a reconciliation of such results as well as the reasons for our presentation of non-GAAP information.
Revenues & EPS Above Our Guidance

Non-GAAP

Revenues

$7 Million

Above the mid-point of our guidance

$534M

Actual

$515M

Mid Point

$527M

$540M

EPS

Surpassing the top end of our guidance

$1.65

Actual

$1.54

$1.64

*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.
### Strong Billings and Revenues

<table>
<thead>
<tr>
<th></th>
<th>Q3-20</th>
<th>Q3-21</th>
<th>Y/Y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$509M</td>
<td>$534M</td>
<td>5%</td>
</tr>
<tr>
<td>Billings*</td>
<td>$473M</td>
<td>$517M</td>
<td>9%</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>$1,302M</td>
<td>$1,456M</td>
<td>12%</td>
</tr>
</tbody>
</table>

*Billings is a non-GAAP measure that we define as revenues recognized in accordance with GAAP plus the change in deferred revenues from the beginning to the end of the period less any deferred revenues balances acquired from business combination during the period.
Security Subscriptions Accelerated growth

Double Digit Growth in Harmony

Double Digit Growth in CloudGuard

Q3-19 | $154M
Q3-20 | $169M
Q3-21 | $190M
Strong Adoption Of Our Infinity Strategy

Q3-19: 81%
Q3-20: 172%
Q3-21:
Revenues By Geographies

Q3 2020

- 42% EMEA
- 46% Americas
- 12% APAC

Q3 2021

- 12% APAC
- 44% EMEA
- 44% Americas

EMEA and APAC with Double Digit Growth Year Over Year
## P&L Highlights

### Non-GAAP

<table>
<thead>
<tr>
<th></th>
<th>Q3-20</th>
<th>Q3-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$509M</td>
<td>$534M</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$458M</td>
<td>$474M</td>
</tr>
</tbody>
</table>

- Gross profit strong $474M @ 89%
- Investment in cloud infrastructure as we grow the cloud business and services
- Delivery on time to our customers with higher cost relating to supply chain constraints

*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.*
# Operating Expenses

**Non-GAAP**

<table>
<thead>
<tr>
<th></th>
<th>Q3-20</th>
<th>Q3-21</th>
<th>Y/Y %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Development</td>
<td>$53M</td>
<td>$62M</td>
<td>17%</td>
</tr>
<tr>
<td>Selling and Marketing</td>
<td>$124M</td>
<td>$134M</td>
<td>8%</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>$16M</td>
<td>$17M</td>
<td>8%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$193M</td>
<td>$213M</td>
<td>10%</td>
</tr>
</tbody>
</table>

- **Added over 250 employees**
- **Dollar weakness increased cost by ~$5M**

*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.
## Strong Profitability

### Non-GAAP

<table>
<thead>
<tr>
<th></th>
<th>Q3-20</th>
<th>Q3-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>$265M</td>
<td>$261M</td>
</tr>
<tr>
<td>Financial Income, Net</td>
<td>$15M</td>
<td>$9M</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>($49M)</td>
<td>($50M)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$231M</td>
<td>$220M</td>
</tr>
<tr>
<td>EPS</td>
<td>$1.64</td>
<td>$1.65</td>
</tr>
</tbody>
</table>

49% Operating margin  41% Net income margin

*Non-GAAP excludes equity-based compensation charges, amortization of acquired intangibles and acquisition related expenses and their related tax effects. A reconciliation of non-GAAP to GAAP can be found in the appendix and our press release.*
Cash Flow and Cash Position

$3.8 Billion
Cash, Marketable Securities & ST Deposits

$251 Million
Operating Cash Flow*

Include $14M relating to Avanan Acquisition

$234 Million
Net cash paid for Avanan Acquisition

$325 Million
Share Repurchase
Share Repurchase Program

Expansion of $2 Billion

Up to $325 Million a quarter
Business Update
THE STATE OF CYBER SECURITY

The threat landscape has never been greater

Surge in Large Scale Gen 5 attacks

SOLAR WINDS  |  CODECOV  |  COLONIAL PIPELINE  |  KASEYA
“Everywhere Employee”

WHY IS THIS HAPPENING?

Cloud Transformation

Hybrid Datacenter
EXISTING SOLUTIONS FAIL TO ADDRESS

- DON’T FOCUS ON PREVENTION
- FRAGMENTED SECURITY STACK
- LACK OF INTEGRATION AND MANAGEABILITY
INFINITY – WE HAVE THE SOLUTION TO ADDRESS EVERY POSSIBLE THREAT

- Secure the Cloud
- Secure the Network
- Secure Users & Access
- Consolidated Management & Security Operations
CUSTOMER WINS
INFINITY

GAINING MARKET TRACTION
INFINITY MOMENTUM

Across geographies and industries

**US**
- OIL REFINEMENT
  - Fortune 500 company
- LARGE HEALTH SERVICES
  - 63,000 Employees
- MEDICAL DEVICES MANUFACTURER
  - $10B Revenues

**EMEA**
- GERMANY, OIL & GAS CORPORATION
  - 12% of Germany’s oil capacity
- MULTINATIONAL TELECOM COMPANY
  - 18M mobile subscribers

**APAC**
- AUSTRALIA, UTILITIES COMPANY
  - Covering 95% of the state geography
- LARGE INSURANCE COMPANY
  - 14,000 employees
INFINITY WIN
SAMPLE CUSTOMER

Large apparel manufacturer
60,000 employees
Operates in 160 countries
7 Digits deal

WHY CHECK POINT

CONSOLIDATED SOLUTION
protecting Network, Endpoint, Mobile and Cloud

PROVEN HIGHEST PERFORMANCE AGAINST COMPETITION

SUPERIOR MANAGEMENT
Easy and intuitive, centralized from single console

SCALABILITY with MAESTRO
HARMONY

EXPANDING BUSINESS MOMENTUM

DOUBLE DIGIT GROWTH
HARMONY MOMENTUM

Across geographies and industries

US
- SEMICONDUCTOR MANUFACTURER
  75,000 mobile users
- WATER PURIFICATION
  Malware package for more than 40,000 users

EMEA
- SOFTWARE COMPANY
  New Customer. Competitive replacement
- HEALTHCARE SERVICES
  New customer. More than 450,000 patients a year. Replacing two vendors with Harmony
- GOVERNMENT INSTITUTION
  90,000 Endpoint users. 20 Million Customers
An international health and lifestyle company
40,000 employees
Operates in 48 countries

FROM RANSOMWARE TO PREVENTION IN 12 DAYS

July 3rd
Attacked by ransomware

July 4th
Contacted our incident response team

July 5th
Demo and trial

July 15th
Deal signed

CONSOLIDATED SOLUTION
Replaced multiple vendors

THREAT INTELLIGENCE & THREAT HUNTING
Real-time alerts to block attacks
HARMONY

EXTEND HARMONY WITH CLOUD E-MAIL
CLOUD EMAIL SECURITY MARKET

Enterprises moving email to the cloud (Office 365, G-Suite)

Conventional email security solutions don’t fit cloud email

Source: Gartner, Information security and risk management worldwide 1Q21
EMAIL SECURITY
MORE CRUCIAL THAN EVER, ATTACKED MORE THAN EVER

95% of Cyber Attacks Start with E-Mail
CHECK POINT ACQUIRES AVANAN

THE FASTEST GROWING CLOUD EMAIL SECURITY VENDOR

5,000 Customers

2.5M Protected Users

#1 on peer-insights for email security

30% more attacks are prevented
UNIQUE TECHNOLOGY FOR CLOUD EMAIL SECURITY

- Born in Cloud, API based
- Prevention-first
- Best catch rate
HARMONY E-MAIL & COLLABORATION

GREAT EXPANSION OPPORTUNITY

IMPORTANT ACQUISITION
SUMMARY
SUMMARY

SOLID EXECUTION ON STRATEGY

- **Strong Q3-2021 Financial Results**
  - Revenues at the Top Half of Our Guidance
  - EPS Exceeded Guidance

- **Infinity Gaining Momentum**
  - Double-Digit Growth in CloudGuard & Harmony
  - Triple-Digit Growth for Infinity Deals

- **Expanding into the cloud email security market**
ONE MORE THING...

GUIDANCE
Q4-2021 Projections

<table>
<thead>
<tr>
<th>Revenues</th>
<th>$560M - $605M</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>$2.02 - $2.22</td>
</tr>
<tr>
<td></td>
<td>GAAP EPS is expected to be 26 cents less</td>
</tr>
</tbody>
</table>

Projecting future results is very challenging, there is always a high level of uncertainty. Results can be better or worse than our projections.
Updated 2021 Projections

Revenues

$2,127M - $2,172M

EPS

$6.81 - $7.01

GAAP EPS is expected to be 94 cents less

Projecting future results is very challenging, there is always a high level of uncertainty
Results can be better or worse than our projections
Q&A
### GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

<table>
<thead>
<tr>
<th>(In millions, except per share amounts)</th>
<th>Three Months Ended September 30, 2020</th>
<th>Three Months Ended September 30, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GAAP</td>
<td>Stock-based compensation</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Products and Licenses</td>
<td>$120.2</td>
<td>$120.2</td>
</tr>
<tr>
<td>Security Subscriptions</td>
<td>168.8</td>
<td>168.8</td>
</tr>
<tr>
<td>Total Products &amp; Security Subscriptions</td>
<td>289.0</td>
<td>309.1</td>
</tr>
<tr>
<td>Software updates and maintenance</td>
<td>220.0</td>
<td>224.9</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>509.0</td>
<td>534.0</td>
</tr>
<tr>
<td>Cost of products and licenses</td>
<td>22.9</td>
<td>22.8</td>
</tr>
<tr>
<td>Cost of security subscriptions</td>
<td>5.9</td>
<td>5.9</td>
</tr>
<tr>
<td>Total Cost of products and security subscriptions</td>
<td>28.8</td>
<td>28.7</td>
</tr>
<tr>
<td>Cost of software updates and maintenance</td>
<td>23.3</td>
<td>22.2</td>
</tr>
<tr>
<td>Amortization of technology</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Total Cost of revenues</td>
<td>53.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>135.8</td>
<td>123.8</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>26.8</td>
<td>16.0</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>277.7</td>
<td>244.0</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>277.7</td>
<td>244.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>231.3</td>
<td>265.0</td>
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<tr>
<td>Financial &amp; Other Income, Net</td>
<td>14.4</td>
<td>14.4</td>
</tr>
<tr>
<td>Income Taxes (Tax Benefit)</td>
<td>45.0</td>
<td>(3.6)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$200.7</td>
<td>$230.8</td>
</tr>
<tr>
<td>Diluted Earnings per share</td>
<td>$1.42</td>
<td>$1.64</td>
</tr>
<tr>
<td>Number of Shares (M), diluted</td>
<td>141.1</td>
<td>141.1</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(In millions, except per share amounts)</td>
<td>GAAP</td>
<td>Non-GAAP</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>$353.0</td>
<td>$347.5</td>
</tr>
<tr>
<td>Amortization of intangible assets and acquisition related expenses</td>
<td>491.6</td>
<td>551.1</td>
</tr>
<tr>
<td>Products and Licenses</td>
<td>$844.6</td>
<td>$898.6</td>
</tr>
<tr>
<td>Security Subscriptions</td>
<td>656.5</td>
<td>669.1</td>
</tr>
<tr>
<td>Total Products &amp; Security Subscriptions</td>
<td>1,501.1</td>
<td>1,567.7</td>
</tr>
<tr>
<td>Software updates and maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of products and licenses</td>
<td>66.3</td>
<td>70.7</td>
</tr>
<tr>
<td>Cost of security subscriptions</td>
<td>18.5</td>
<td>26.0</td>
</tr>
<tr>
<td>Total Cost of products and security subscriptions</td>
<td>84.8</td>
<td>96.7</td>
</tr>
<tr>
<td>Cost of software updates and maintenance</td>
<td>70.5</td>
<td>76.7</td>
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<tr>
<td>Amortization of technology</td>
<td>4.9</td>
<td>5.6</td>
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<tr>
<td>Total Cost of revenues</td>
<td>160.2</td>
<td>179.0</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>185.9</td>
<td>207.2</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>419.2</td>
<td>437.2</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>83.0</td>
<td>82.7</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>848.3</td>
<td>906.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>652.8</td>
<td>751.7</td>
</tr>
<tr>
<td>Financial &amp; Other Income, Net</td>
<td>52.4</td>
<td>32.2</td>
</tr>
<tr>
<td>Income Taxes (Tax Benefit)</td>
<td>129.4</td>
<td>137.9</td>
</tr>
<tr>
<td>Net Income</td>
<td>$575.8</td>
<td>$555.9</td>
</tr>
<tr>
<td>Diluted Earnings per share</td>
<td>$3.99</td>
<td>$4.13</td>
</tr>
<tr>
<td>Number of Shares (M), diluted</td>
<td>144.4</td>
<td>143.4</td>
</tr>
</tbody>
</table>

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