



# 2022 THIRD QUARTER FINANCIAL RESULTS

October 27, 2022

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**Founder & CEO**



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**CFO & COO**



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**Global Head of IR**



**YOU DESERVE THE BEST SECURITY**

# 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:

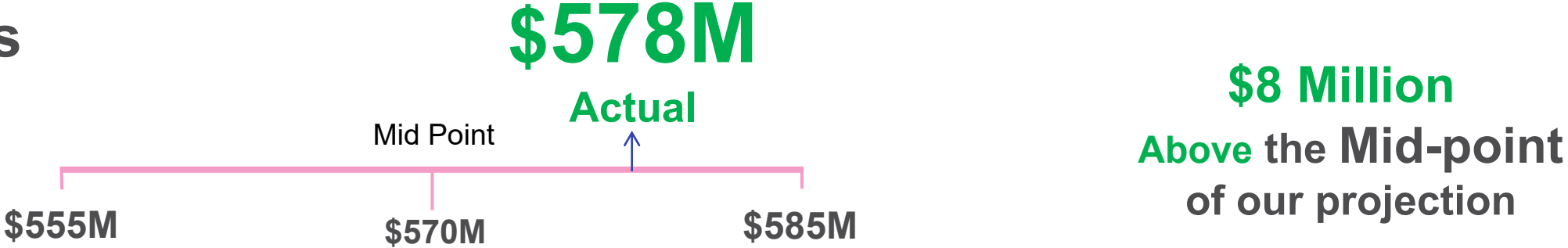
Our expectations regarding our products and solutions, our expectations regarding customer adoption of our products and solutions, expectations related to cybersecurity and other threats, our projections regarding the growing market for IT security; and our financial projections for future quarter and year end results. **Our expectations and beliefs regarding these matters may not materialize, and actual results or events in the future are subject to risks and uncertainties that could cause actual results or events to differ materially from those projected.** These risks include our ability to continue to develop platform capabilities and solutions; customer acceptance and purchase of our existing products and solutions and new products and solutions; the continued effects on our business of the COVID-19 pandemic, the market for IT security continuing to develop; competition from other products and services; and general market, political, economic and business conditions. These forward-looking statements are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission, including our Annual Report on Form 20-F filed with the Securities and Exchange Commission. The forward-looking statements in this presentation are based on information available to Check Point as of the date hereof, and Check Point disclaims any obligation to update any forward-looking statements, 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.

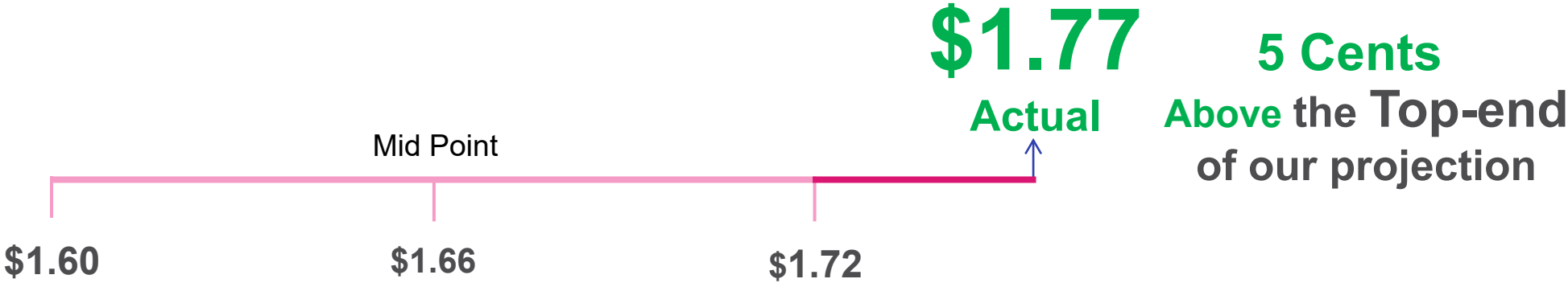
# Q3-22: Strong Revenues & EPS

Non-GAAP

## Revenues



## EPS



\*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.

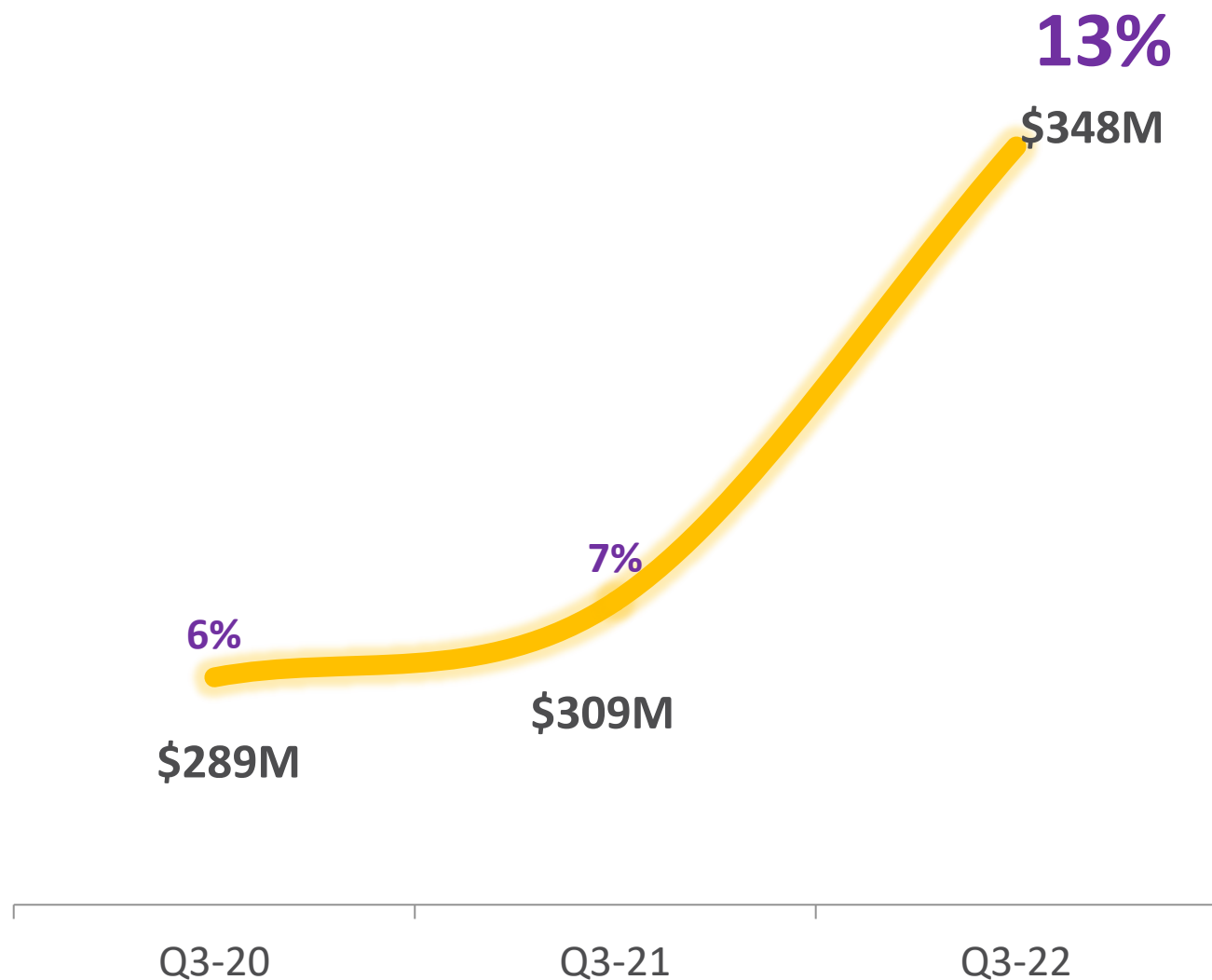
# Accelerated Revenues Growth

	Q3-21	Q3-22	Y/Y %
Revenues	\$534M	\$578M	8%
Deferred Revenues	\$1,456M	\$1,647M	13%

- Revenues growth accelerated to **8%** from 5% last year
- Billings\* grew by 8% reaching \$559M

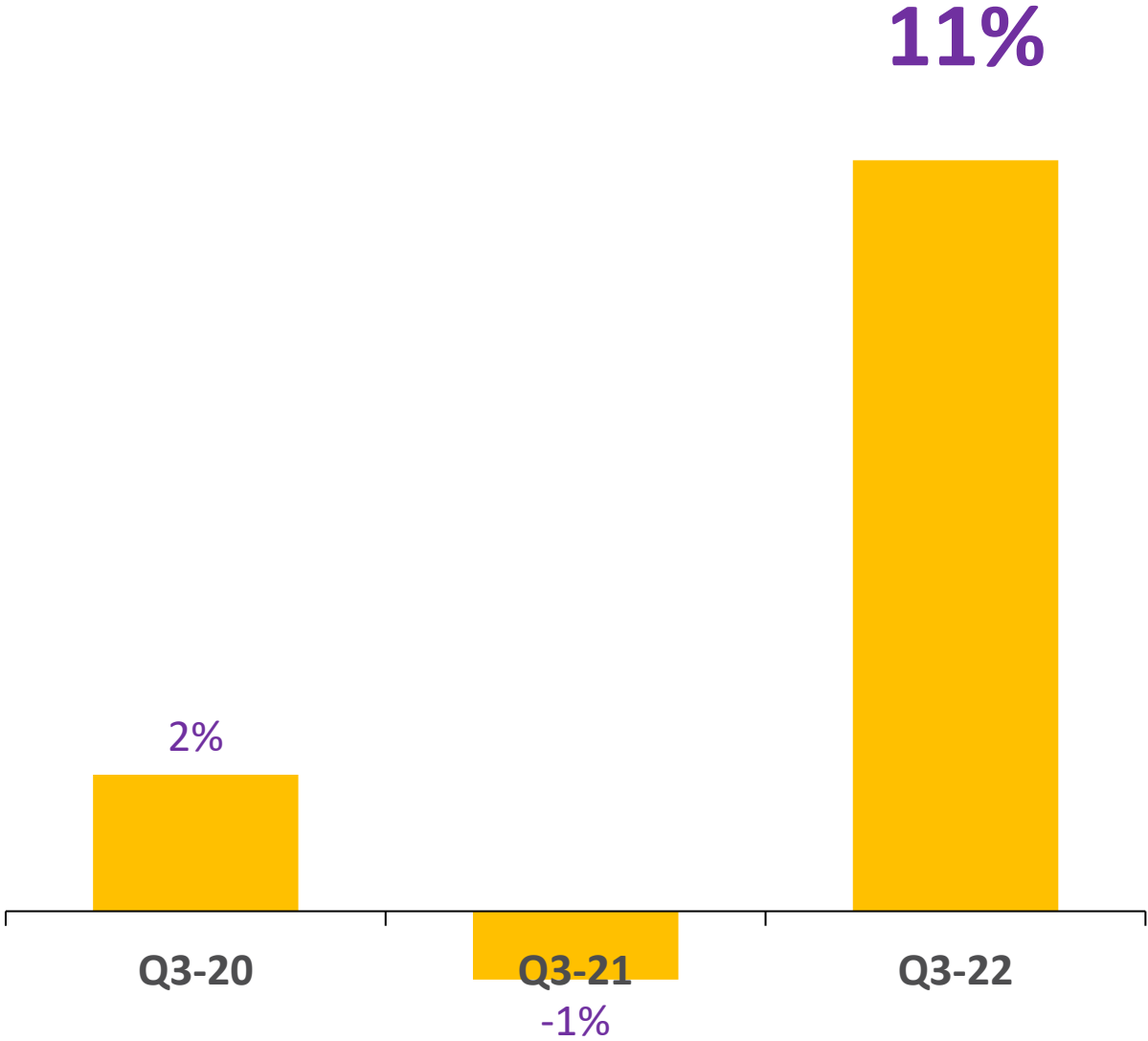
\*Billings is a measure that we defined as total revenues recognized in accordance with GAAP plus the change in total deferred revenues during the period

# Products & Security Subscription Revenues

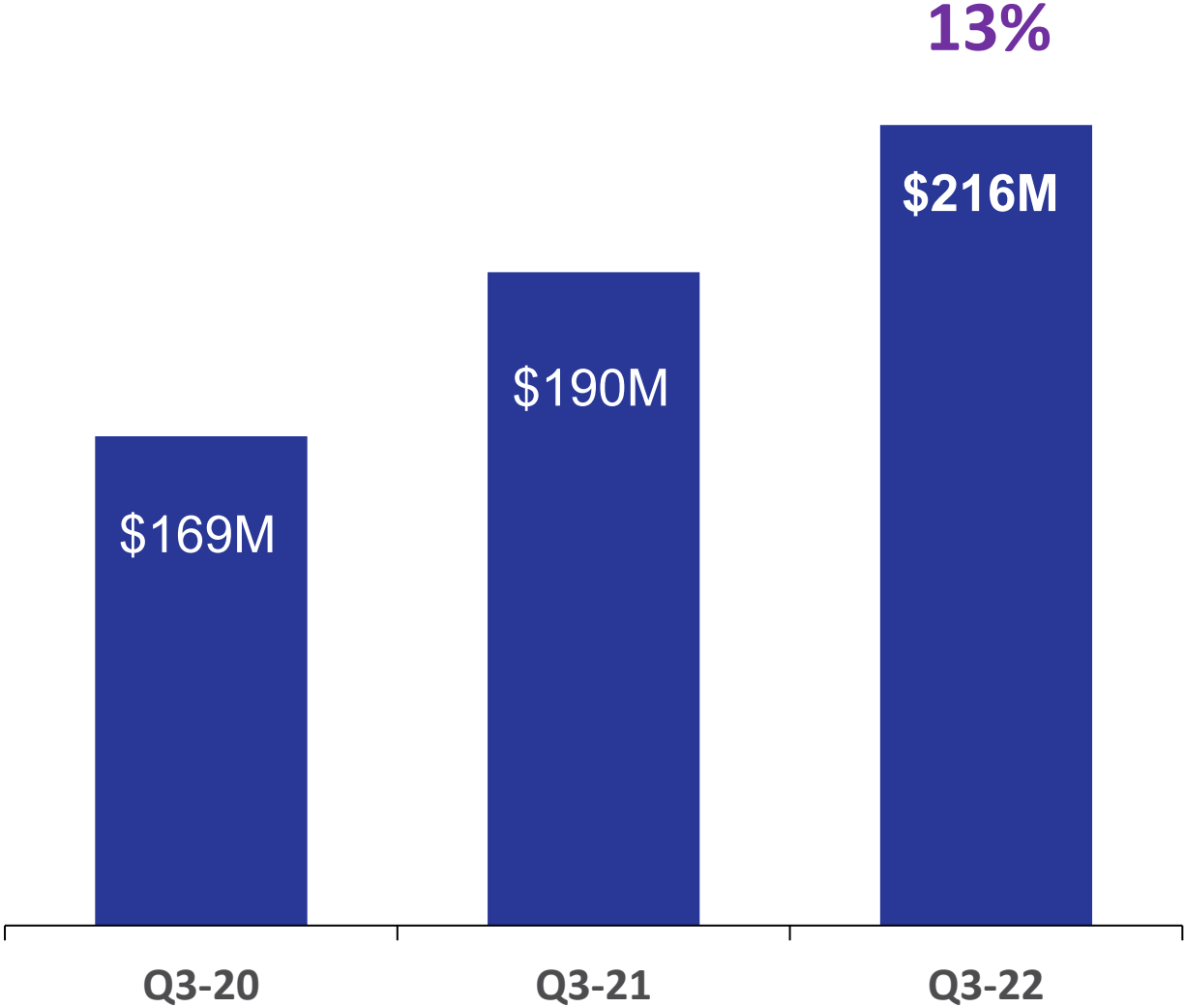


**DOUBLE-DIGIT  
GROWTH 3rd  
consecutive  
quarter**

# Strong Quarter In Products & License Revenues



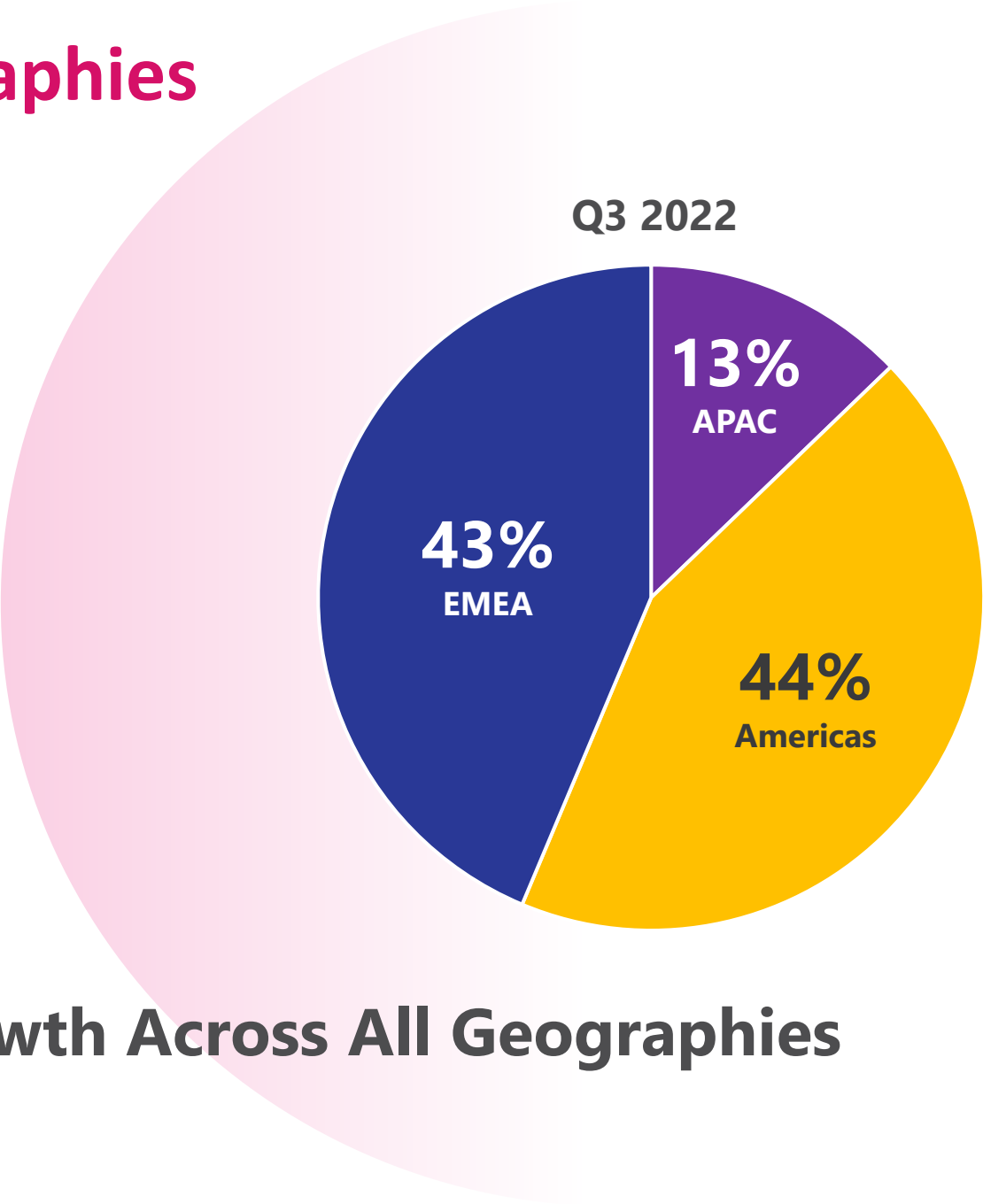
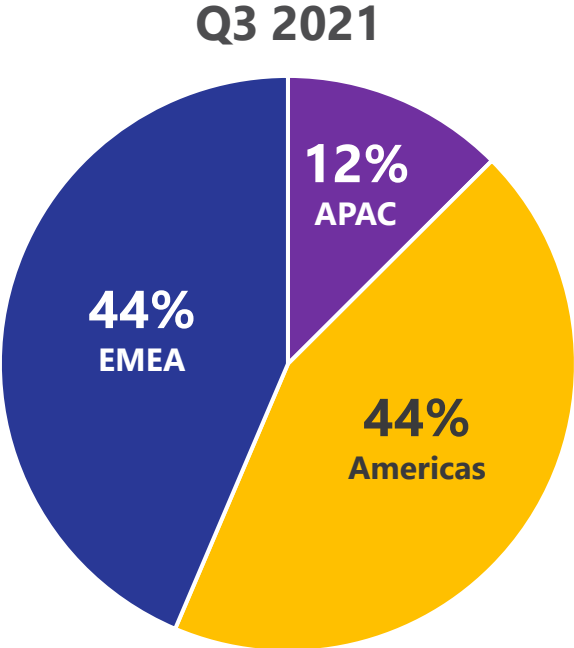
# Strong Security Subscription Revenues Growth



Growth Driven  
By CloudGuard &  
Harmony



# Q3-22 Revenues By Geographies



Revenues Growth Across All Geographies



# Gross Profit Highlights

Non-GAAP

	Q3-21	Q3-22
Revenues	\$534M	\$578M
Gross Profit	\$474M	\$506M

- **Strong Gross Margin @ 88%**
- **Delivery to Our Customers with Higher Materials Cost**

\*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 Highlights

Non-GAAP

	Q3-21	Q3-22	Y/Y %
Research and Development	\$62M	\$73M	17%
Selling and Marketing	\$134M	\$153M	14%
General and Administrative	\$17M	\$18M	5%
Operating Expenses	\$213M	\$244M	14%

## ➤ Continued Investment in our workforce

\*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.

# High Profitability

Non-GAAP

	Q3-21	Q3-22
<b>Operating Income</b>	<b>\$261M</b>	<b>\$263M</b>
<b>Financial Income, Net</b>	<b>\$9M</b>	<b>\$12M</b>
<b>Tax Expenses</b>	<b>\$51M</b>	<b>\$54M</b>
<b>Net Income</b>	<b>\$220M</b>	<b>\$221M</b>
<b>EPS</b>	<b>\$1.65</b>	<b>\$1.77</b>

**45% Operating Margin**

**EPS 5 Cents Above the Top-End, 7% Growth YoY**

\*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

**\$3.6 Billion**

Cash, Marketable Securities & ST Deposits

**\$240 Million**

Strong Operating Cash Flow

**\$325 Million**

Share Repurchase

# Financial Summary

- **Strong Revenues and EPS**
  - **Revenues:** Above Mid of our Projections
  - **Non-GAAP EPS:** Exceeded the Top-End
- **Double-Digit Growth for Product & Security Subscription**
- **Focus on Top Line While Maintaining Strong Profitability**

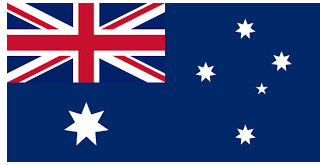


# BUSINESS UPDATE

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# The State of Cyber Security

Attacks continue to spread across geographies and industries



**Telstra** hit by data breach,  
2 weeks after attack on **Optus**  
Reuters, Oct. 4<sup>th</sup>, 2022

**Woolworths** - 2.2 million  
customers' details exposed  
Guardian, Oct. 15<sup>th</sup>, 2022

**Medibank** drops after  
ransomware attack in IT  
network  
Reuters, Oct. 17<sup>th</sup>, 2022



Hackers release data after  
**LA Unified School District**  
refuses to pay ransom  
Los Angeles Times, Oct 2nd, 2022



Cyber attack continues to hit  
**NHS** trust's services  
BBC News, Sep. 27<sup>th</sup>

# The Threat Landscape Continues to Intensify

## 28% Increase

In Average Weekly **Cyber-Attacks** Globally  
reaching **1,130 attacks per week**

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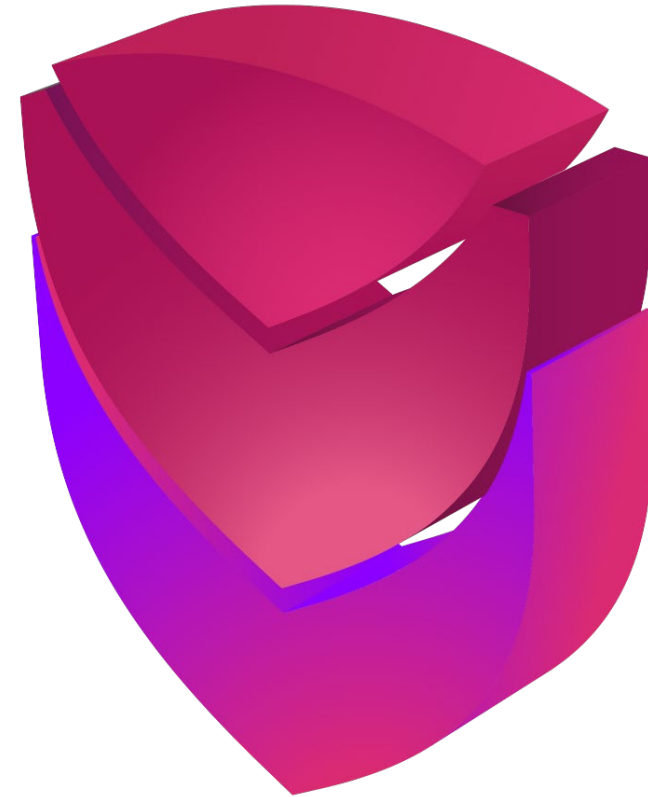
## 1 in every 63

Organizations is Impacted by  
**Ransomware**

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## Pervasive Attacks

Country Extortion  
Nation State Gen V Attacks  
Geopolitical Uncertainty







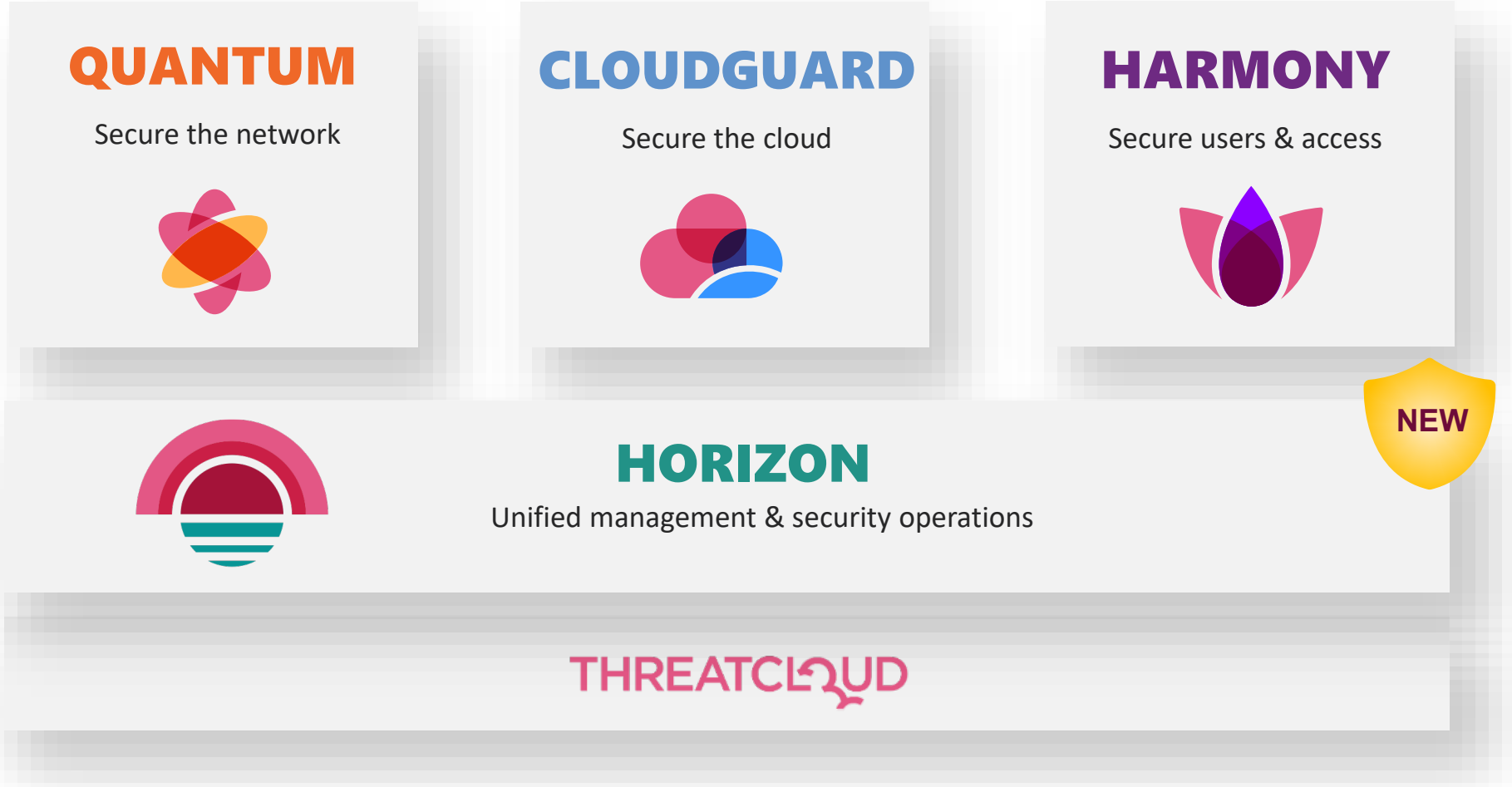
# CHECK POINT INFINITY

Continues to be our vision in times when CISOs face complex cyber landscape

**The only prevention-first,  
consolidated security architecture**

# Check Point Infinity: Best Security

## Introducing Horizon - the newest pillar of our portfolio





# Best Security with Prevention First Security Operations

## Addressing a growing need in the MDR/MPR market (Managed Detection & Response / Managed Prevention & Response)

- Prevention First Approach
  - Powered by Check Point Research & Our Automated AI Tools
- Managed (SaaS) operation
  - Most organization cannot afford in-house Security Operation Center (SOC)
- One solution across all attack vectors

# Horizon is an Industry Game Changer

*"Check Point Horizon's strategy of going **prevention-first** is a **game-changing feature** in the crowded MDR market"*

*IDC Analyst Firm, September 2022*



# Check Point Infinity: Best Security

## Advanced Prevention in Network Security



### QUANTUM

Secure the network



### CLOUDGUARD

Secure the cloud



### HARMONY

Secure users & access



### HORIZON

Unified management & security operations

### THREATCLOUD

# Quantum Titan

Best Security with AI-Enabled Threat Prevention

**3 NEW software blades** – AI & Deep Learning

New advanced **DNS Security**

New **Zero-Day Phishing** Prevention

New **IOT** Autonomous Threat Prevention



The logo features a stylized atom symbol with three overlapping lobes in shades of purple, red, and yellow. Below the symbol, the text 'Quantum' is in orange, 'Cyber Security Platform' is in black, and 'Titan release' is in orange. The entire logo is enclosed in a thick orange circular border.

Quantum  
Cyber Security Platform  
Titan release

# Best Security with most innovative AI and Deep Learning Technologies

## Zero-Day Phishing

**4X**

More attacks blocked compared to **Signature** based technologies

## Advanced DNS Security

**5X**

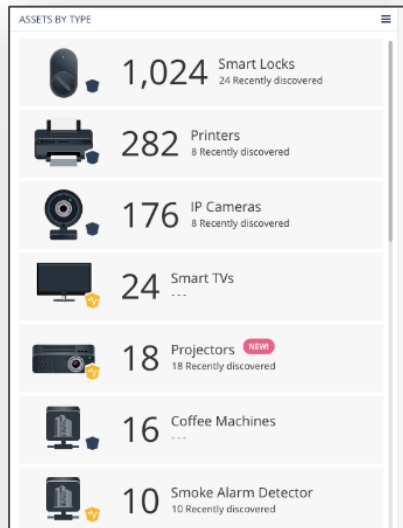
More attacks blocked compared to **Signature** based technologies

Check Point Threat Cloud and Virus Total Analysis, September 2022

# Introducing: Quantum IoT Protect Software Blade

## The Only Autonomous Threat Prevention for IoT Devices

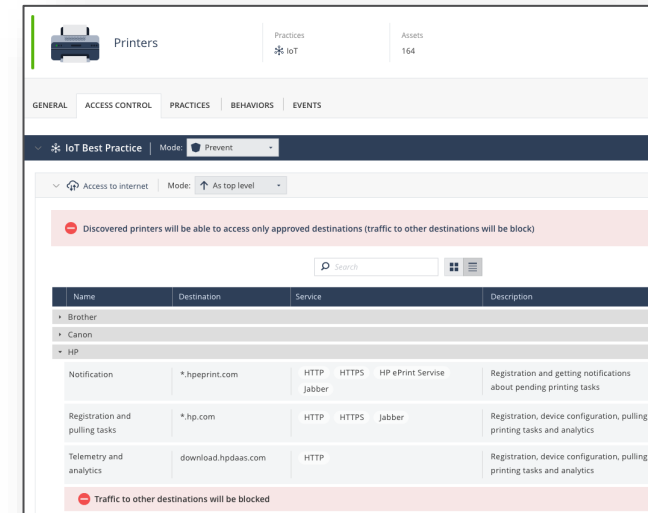
1 DISCOVER & PROFILE  
IoT ASSETS



ASSETS BY TYPE

	1,024	Smart Locks	24 Recently discovered
	282	Printers	8 Recently discovered
	176	IP Cameras	8 Recently discovered
	24	Smart TVs	...
	18	Projectors	18 Recently discovered
	16	Coffee Machines	...
	10	Smoke Alarm Detector	10 Recently discovered

2 AUTONOMOUS IOT  
THREAT PREVENTION



Printers

Practices IoT Assets 164

GENERAL ACCESS CONTROL PRACTICES BEHAVIORS EVENTS

IoT Best Practice Mode: Prevent

Access to internet Mode: As top level

Discovered printers will be able to access only approved destinations (traffic to other destinations will be block)

Name	Destination	Service	Description
Brother			
Canon			
HP			
Notification	*.hpeprint.com	HTTP HTTPS Jabber	HP ePrint Service Registration and getting notifications about pending printing tasks
Registration and pulling tasks	*.hp.com	HTTP HTTPS Jabber	Registration, device configuration, pulling printing tasks and analytics
Telemetry and analytics	download.hpdaas.com	HTTP	Registration, device configuration, pulling printing tasks and analytics

Traffic to other destinations will be blocked

# IoT Threat Prevention in 5 Minutes. Not 5 Months!



“Check Point stops malicious DNS requests automatically, and blocks phishing in real time!”

Clarks.



“Check Point protected my IoT devices in minutes!”

— Large Automotive Company, Germany





# CYBER SECURITY LEADERSHIP

YOU DESERVE THE BEST SECURITY

# Market Leadership across the Infinity Portfolio

**FORRESTER®**

Check Point Named a Leader in the Forrester Wave™:  
Enterprise Firewalls, Q4, 2022

Customer Obsession | Admirable Prevention Vision



**GIGAOM**

Check Point named a Leader in GigaOm Radar  
for Cloud Security Posture Management



**GIGAOM**

Check Point SASE named a "Fast Mover" in GigaOm Radar  
for evaluating Secure Service Access

# Across Regions and Verticals Organizations Trust Check Point for Best Security



Quantum  
Security Gateway

US

## Financial Services

- Faced an attack due to management complexity
- Quantum and Maestro: Ease of use and Management



Competitive Replacement

New Customer



CloudGuard

EMEA

## Education

- leading university looking for consolidation due to cost and complexity
- Standardized on Infinity replacing 4 vendors



Competitive Replacement

New Customer



Harmony

US

## Carnival Cruise

- Selected Harmony Email for superior email security
- Prevention-first. Best catch rate proven daily
- High Customer Satisfaction



Horizon

US

## ARCH

- The second-largest supplier in the energy US market  
“After purchasing Check Point MDR/MPR the decision to leverage Infinity was an obvious choice”

ARCH

**WORLD'S BEST  
EMPLOYERS**

**Forbes**

**2022**

POWERED BY STATISTA

Recognized by Forbes as World's  
Leading Cybersecurity Employer

# SUMMARY

- Strong Financial Results
  - Revenues toward the high-end of our projections
  - Non-GAAP earnings per share exceeded projections
- Best Security Innovation
  - **Horizon**  
Prevention-First Security Operations
  - **Quantum Titan**  
Advanced Prevention for DNS, Phishing, IOT



# PROJECTIONS

YOU DESERVE THE BEST SECURITY

# Q4-2022 Projections

Revenues

**\$608M - \$658M**

Non-GAAP EPS

**\$2.22 - \$2.42**

GAAP EPS is expected to be 31 cents less

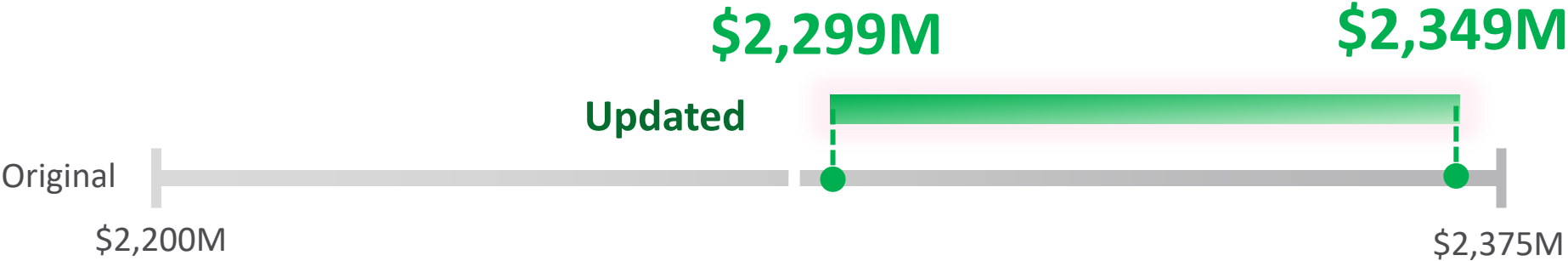
Projecting future results is very challenging, there is a high level of uncertainty  
Results can be better or worse than our projections



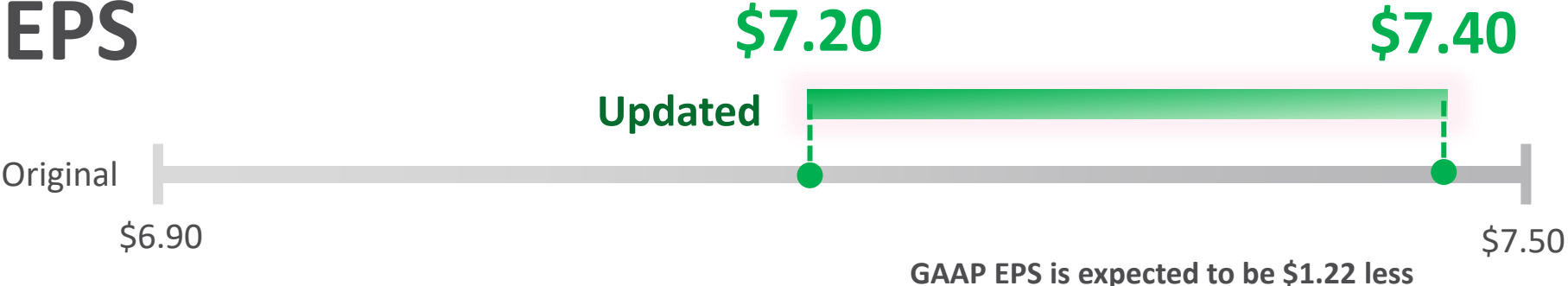
# Updated 2022 Projections

Non-GAAP

## Revenues



## Non-GAAP EPS



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

\*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.



**THANK YOU**

**YOU DESERVE THE BEST SECURITY**

# GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Three Months Ended September 30, 2022					Three Months Ended September 30, 2021				
	GAAP	Stock-based compensation	Amortization of intangible assets and acquisition related expenses	Taxes on reconciliation items	Non-GAAP	GAAP	Stock-based compensation	Amortization of intangible assets and acquisition related expenses	Taxes on reconciliation items	Non-GAAP
Products and Licenses	\$ 132.4				\$ 132.4	\$ 119.1				\$ 119.1
Security Subscriptions	215.5				215.5	190.0				190.0
<b>Total Products &amp; Security Subscriptions</b>	<b>347.9</b>				<b>347.9</b>	<b>309.1</b>				<b>309.1</b>
Software updates and maintenance	229.7				229.7	224.9				224.9
<b>Total Revenues</b>	<b>577.6</b>				<b>577.6</b>	<b>534.0</b>				<b>534.0</b>
Cost of products and licenses	35.4	0.1			35.3	25.9	0.1			25.8
Cost of security subscriptions	11.3				11.3	9.3				9.3
<b>Total Cost of products and security subscriptions</b>	<b>46.7</b>	<b>0.1</b>			<b>46.6</b>	<b>35.2</b>	<b>0.1</b>			<b>35.1</b>
Cost of software updates and maintenance	26.1	1.5			24.6	25.8	1.2			24.6
Amortization of technology	2.9		2.9			2.2		2.2		
<b>Total Cost of revenues</b>	<b>75.7</b>	<b>1.6</b>	<b>2.9</b>		<b>71.2</b>	<b>63.2</b>	<b>1.3</b>	<b>2.2</b>		<b>59.7</b>
Research & Development	86.3	11.3	2.1		72.9	71.3	7.8	1.3		62.2
Sales & Marketing	166.0	12.1	1.2		152.7	148.3	12.7	2.1		133.5
General & Administrative	28.3	10.2			18.1	26.7	9.4			17.3
<b>Total Operating Expenses</b>	<b>356.3</b>	<b>35.2</b>	<b>6.2</b>		<b>314.9</b>	<b>309.5</b>	<b>31.2</b>	<b>5.6</b>		<b>272.7</b>
<b>Operating Income</b>	<b>221.3</b>	<b>35.2</b>	<b>6.2</b>		<b>262.7</b>	<b>224.5</b>	<b>31.2</b>	<b>5.6</b>		<b>261.3</b>
Financial & Other Income, Net	11.9				11.9	9.2				9.2
Income Taxes	49.2			(4.4)	53.6	46.7		(4.0)		50.7
<b>Net Income</b>	<b>\$ 184.0</b>	<b>35.2</b>	<b>6.2</b>	<b>(4.4)</b>	<b>\$ 221.0</b>	<b>\$ 187.0</b>	<b>31.2</b>	<b>5.6</b>	<b>(4.0)</b>	<b>\$ 219.8</b>
<b>Diluted Earnings per share</b>	<b>\$ 1.47</b>	<b>0.28</b>	<b>0.05</b>	<b>(0.03)</b>	<b>\$ 1.77</b>	<b>\$ 1.40</b>	<b>0.24</b>	<b>0.04</b>	<b>(0.03)</b>	<b>\$ 1.65</b>
Number of Shares (M), diluted	125.0				125.0	133.4				133.4

# GAAP to Non-GAAP Consolidated Statement of Income Reconciliation

(In millions, except per share amounts)	Nine Months Ended September 30, 2022					Nine Months Ended September 30, 2021				
	GAAP	Stock-based compensation	Amortization of intangible assets and acquisition related expenses	Taxes on reconciliation items	Non-GAAP	GAAP	Stock-based compensation	Amortization of intangible assets and acquisition related expenses	Taxes on reconciliation items	Non-GAAP
Products and Licenses	\$ 381.5				\$ 381.5	\$ 347.5				\$ 347.5
Security Subscriptions	627.0				627.0	551.1				551.1
<b>Total Products &amp; Security Subscriptions</b>	<b>1,008.5</b>				<b>1,008.5</b>	<b>898.6</b>				<b>898.6</b>
Software updates and maintenance	682.9				682.9	669.1				669.1
<b>Total Revenues</b>	<b>1,691.4</b>				<b>1,691.4</b>	<b>1,567.7</b>				<b>1,567.7</b>
Cost of products and licenses	103.5	0.3			103.2	70.7	0.3			70.4
Cost of security subscriptions	30.8				30.8	26.0				26.0
<b>Total Cost of products and security subscriptions</b>	<b>134.3</b>	<b>0.3</b>			<b>134.0</b>	<b>96.7</b>	<b>0.3</b>			<b>96.4</b>
Cost of software updates and maintenance	77.3	3.8			73.5	76.7	3.2			73.5
Amortization of technology	9.0		9.0			5.6		5.6		
<b>Total Cost of revenues</b>	<b>220.6</b>	<b>4.1</b>	<b>9.0</b>		<b>207.5</b>	<b>179.0</b>	<b>3.5</b>	<b>5.6</b>		<b>169.9</b>
Research & Development	259.1	32.1	6.3		220.7	207.2	21.5	3.9		181.8
Sales & Marketing	495.2	33.5	3.1		458.6	437.2	31.5	5.9		399.8
General & Administrative	86.2	31.6			54.6	82.7	31.2			51.5
<b>Total Operating Expenses</b>	<b>1,061.1</b>	<b>101.3</b>	<b>18.4</b>		<b>941.4</b>	<b>906.1</b>	<b>87.7</b>	<b>15.4</b>		<b>803.0</b>
<b>Operating Income</b>	<b>630.3</b>	<b>101.3</b>	<b>18.4</b>		<b>750.0</b>	<b>661.6</b>	<b>87.7</b>	<b>15.4</b>		<b>764.7</b>
Financial & Other Income, Net	28.7				28.7	32.2				32.2
Income Taxes (Tax Benefit)	132.0			(12.8)	144.8	137.9		(11.1)		149.0
<b>Net Income</b>	<b>\$ 527.0</b>	<b>101.3</b>	<b>18.4</b>	<b>(12.8)</b>	<b>\$ 633.9</b>	<b>\$ 555.9</b>	<b>87.7</b>	<b>15.4</b>	<b>(11.1)</b>	<b>\$ 647.9</b>
<b>Diluted Earnings per share</b>	<b>\$ 4.11</b>	<b>0.79</b>	<b>0.14</b>	<b>(0.10)</b>	<b>\$ 4.94</b>	<b>\$ 4.13</b>	<b>0.66</b>	<b>0.11</b>	<b>(0.08)</b>	<b>\$ 4.82</b>
Number of Shares (M), diluted	128.3				128.3	134.4				134.4