



Investor Presentation

First Quarter 2023

walk me

Safe harbor and other information.

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements contained in this press release other than statements of historical fact, including, without limitation, statements regarding the Company's future financial results, including revenue and non-GAAP operating loss guidance, and expectations regarding the company's operations and future profitability are forward looking statements. The words "believe," "may," "will," "estimate," "potential," "continue," "anticipate," "intend," "expect," "could," "would," "project," "plan," "target," and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the following: our ability to manage our growth effectively, sustain our historical growth rate in the future or achieve or maintain profitability; the impact of the COVID-19 pandemic or adverse macroeconomic changes on our business, financial condition and results of operations; the growth and expansion of the markets for our offerings and our ability to adapt and respond effectively to evolving market conditions; the effects of increased competition in our target markets and our ability to compete effectively; our ability to attract and retain new customers and to expand within our existing customer base; the percentage of our remaining performance obligations that we expect to recognize as revenue; our ability to effectively develop and expand our marketing and sales capabilities; risks related to our international operations and our ability to expand our international business operations; the effects of unfavorable conditions in our industry or the global economy or reductions in information technology spending; and other risk factors set forth in the section titled "Risk Factors" in our Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 14, 2023, and other documents filed with or furnished to the SEC. You should not put undue reliance on any forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by applicable law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Unless otherwise indicated, information contained in this presentation concerning economic conditions, our industry, the markets in which we operate and our competitive position is based on a variety of sources, including information from independent industry analysts and publications, as well as our own estimates and research. Management estimates are derived from publicly available information released by independent third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of our industry and the markets in which we operate, which we believe to be reasonable. Although we believe the data from these third-party sources is reliable, we have not independently verified any such information, and these sources generally state that the information they contain has been obtained from sources believed to be reliable. In addition, as discussed above, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors that could cause our actual results to differ materially from those expressed in the estimates made by the independent third parties and by us.

Our use of Non-GAAP financial measures.

In addition to our financial information reported in accordance with GAAP, this presentation may contain one or more of the following non-GAAP financial measures: Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Income (Loss), Non-GAAP Operating Margin, Non-GAAP Net Income (Loss) attributable to WalkMe Ltd., Non-GAAP Net Income (Loss) per share attributable to WalkMe Ltd. and Free Cash Flow, all of which are non-GAAP financial measures. We believe that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key measures used by management in its financial and operational decision making. Non-GAAP financial measures have limitations as analytical tools and may differ from similarly titled measures presented by other companies. The presentation of this financial information is not intended to be considered as a substitute for the financial information prepared and presented in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.

Non-GAAP Gross Profit and Non-GAAP Gross Margin. We define Non-GAAP Gross Profit as gross profit excluding share-based compensation and amortization of acquired intangibles. We exclude these items because they occur for reasons that may be unrelated to our core operating performance during the period, and because we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult. We use Non-GAAP Gross Profit with traditional GAAP measures to evaluate our financial performance. Non-GAAP Gross Margin is calculated as a percentage of revenues.

Non-GAAP Operating Income (Loss) and Non-GAAP Operating Margin. We define Non-GAAP Operating Income (Loss) as net income (loss) from operations excluding share-based compensation and amortization and impairment of acquired intangible assets. We exclude these items because they occur for reasons that may be unrelated to our core operating performance during the period, and because we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult. We use Non-GAAP Operating Income (Loss) with traditional GAAP measures to evaluate our financial performance. Non-GAAP Operating Margin is calculated as a percentage of revenues.

Non-GAAP Net Income (Loss) attributable to WalkMe Ltd. We define Non-GAAP Net Income (Loss) attributable to WalkMe Ltd. as net income (loss) attributable to WalkMe Ltd. excluding share-based compensation, amortization and impairment of acquired intangibles and adjustment attributable to non-controlling interest. We exclude these items because they occur for reasons that may be unrelated to our core operating performance during the period, and because we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult. We use Non-GAAP Net Income (Loss) attributable to WalkMe Ltd. with traditional GAAP measures to evaluate our financial performance.

Non-GAAP Net Income (Loss) per Share attributable to WalkMe Ltd. is calculated based on ordinary shares outstanding after accounting for the exchange of our outstanding convertible preferred shares into ordinary shares as though such event had occurred at the beginning of the periods.

Free Cash Flow. We define Free Cash Flow as net cash provided by (used in) operating activities, less cash used for purchases of property and equipment and capitalized internal-use software development costs. We believe that Free Cash Flow is a useful indicator of liquidity that provides information to management and investors, even if negative, about the amount of cash used in our business. Our Free Cash Flow may vary from period to period and be impacted as we continue to invest for growth in our business.

ARR. We define ARR as the annualized value of customer subscription contracts as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms (including contracts for which we are negotiating a renewal). Our calculation of ARR is not adjusted for the impact of any known or projected future events (such as customer cancellations, upgrades or downgrades, or price increases or decreases) that may cause any such contract not to be renewed on its existing terms. In addition, the amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to new bookings, cancellations, upgrades, downgrades or other changes in pending renewals, as well as the effects of professional services revenue and acquisitions or divestitures. As a result, ARR should be viewed independently of, and not as a substitute for or forecast of, revenue and deferred revenue. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

For more information on the non-GAAP financial measures, please see the reconciliation tables provided in the appendix to this presentation. The accompanying reconciliation tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures.

WalkMe at a glance*

Digital Adoption Platform accredited market category



\$61M

1Q23 Subscription Revenue



113%

\$-Net Retention T4Q,
customers with 500 or more
employees.⁽¹⁾



~1100

Employees as of
3/31/2023



\$66M

1Q23 Total Revenue



18%

Y/Y Subscription Revenue Growth.
Total Revenue growth at 16%



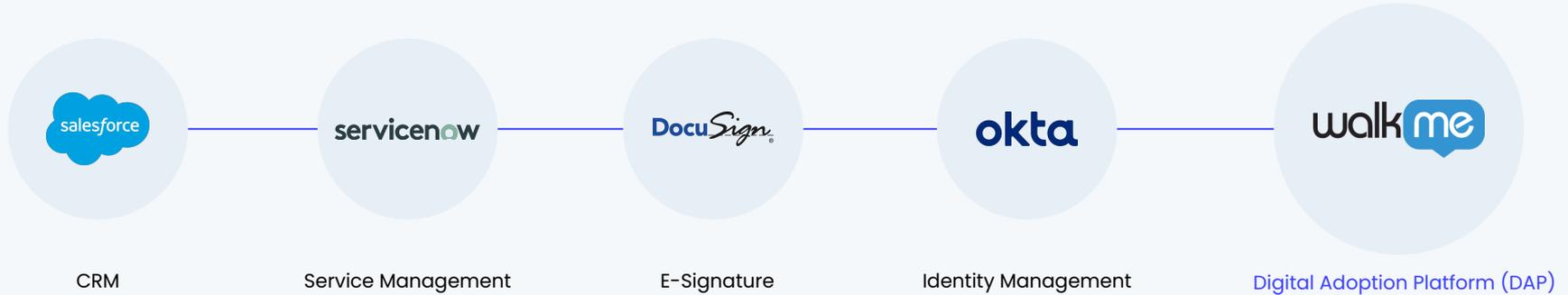
\$(8.8)M

Non-GAAP Operating Loss
(13%) Non-GAAP Operating Margin

Realize exponential value with technology.



Defining and Leading a new market category - Digital Adoption.



“

By 2025, 70% of organizations will use digital adoption solutions across the entire technology stack to overcome still insufficient application user experience.

Gartner | November 2020

Digital Adoption

TAM

\$34B*

Our value proposition.

CIO & Management

Realize the ROI of digital transformation

Gain visibility into the tech stack as you constantly identify gaps and problem areas to drive user adoption of digital assets.

Employees & Customers

Experience success

Effortlessly use any digital asset as you remain efficient and productive across digital journeys.

The digital transformation challenge.

A steady stream of new applications creates a compounding problem.



CIO Lacks Visibility

Without insight to digital assets and business processes, extracting value from apps requires clicking through logs in every app to find actionable data. Each new app makes it that much harder to have proper visibility to the entire tech stack.

Poor User Experiences

Software for single use cases do not, by their nature, consider the user experience across all of the apps required to complete business processes. With no UI standards for apps, employees and customers are increasingly overwhelmed.

Achieving digital transformation remains elusive for organizations.

70%

of digital transformations **fall** short of their objectives ⁽¹⁾

- ⊗ Inability to drive change in user behaviors
 - ⊗ Proliferation of enterprise applications
 - ⊗ Lack of analytics to optimize digital initiatives
-

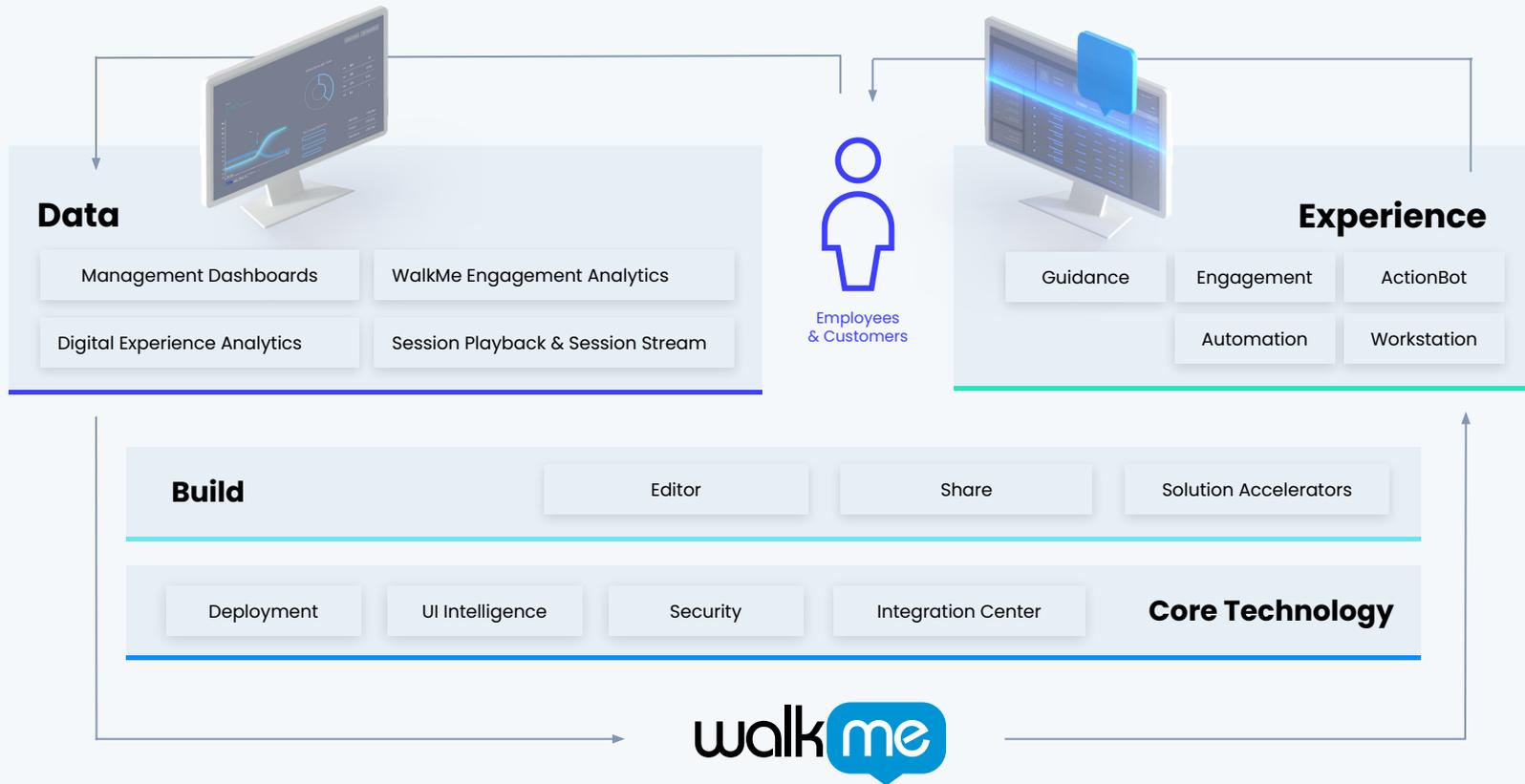
Inconsistent user adoption drives **low **return** on technology investments.**

The Digital Adoption Platform.

WalkMe's Digital Adoption Platform (DAP)

is a code-free software & platform that enables organizations to measure, drive, and act to ultimately maximize the impact of their digital transformation and accelerate the return on their software investment.

The WalkMe Digital Adoption Platform.



Data & visibility.

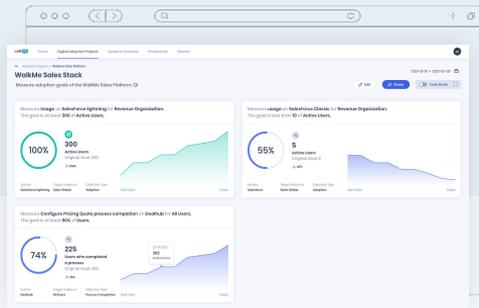
WalkMe provides business executives with visibility across the tech stack and the insights needed to measure, drive, and act to ultimately maximize the impact of their digital transformation strategy.

Management Dashboards

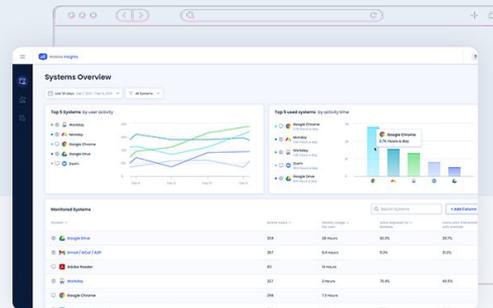
WalkMe Engagement Analytics

Digital Experience Analytics

Session Playback & Session Stream



Track & measure digital transformation initiatives



Analyze tech-stack adoption and utilization



Make data-based decisions across your organization

Experience.

User experience is the driving force of WalkMe. Design unified, contextual and personalized experiences that engage and drive user adoption of your digital assets on mobile, web, and desktop.

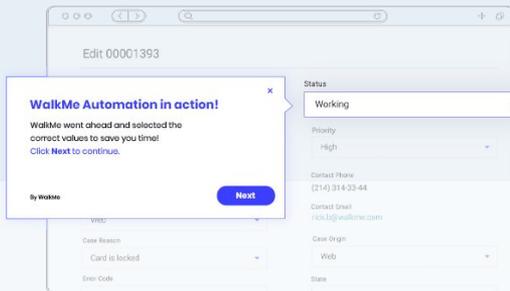
Engagement

Guidance

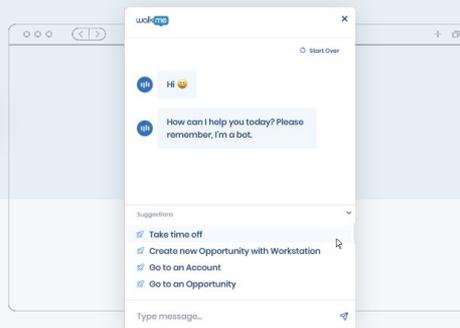
ActionBot

Automation

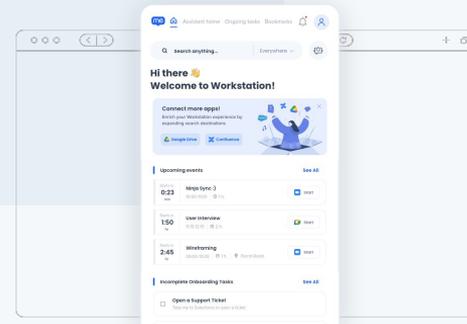
Workstation



Proactively drive users to complete any business process across applications



Simplify user experiences by automating mundane tasks- within and across applications.



Centralize and simplify search, form fills or the need to sift through convoluted flows

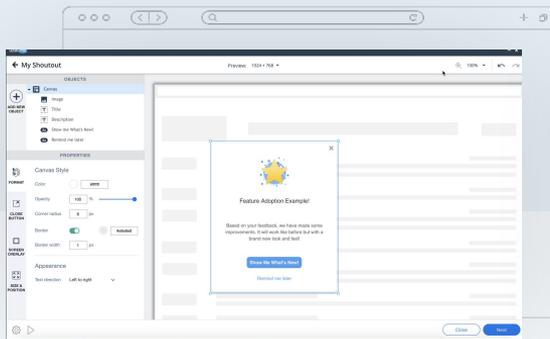
Build.

With WalkMe's code-free editor, design elegant experiences for employees and customers using a suite of features to deliver guidance and drive user engagement, productivity, and efficiency.

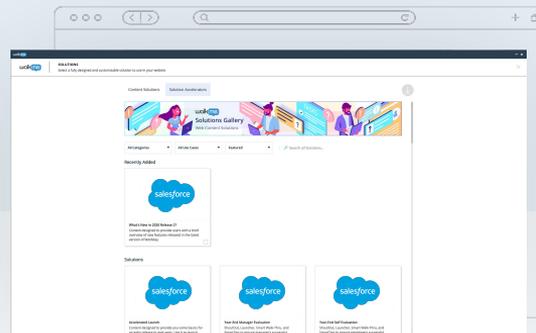
Editor

Share

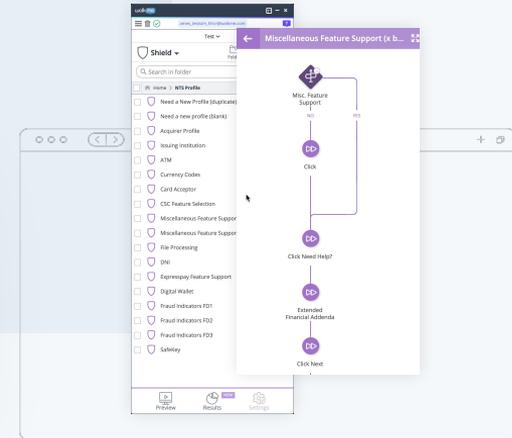
Solution Accelerators



No-code simplicity, enterprise grade functionality



Best practices and templates for ease of use and immediate time-to-value



Agile to website changes, browser updates, and platform version releases

Core technology.

Powered by UI Intelligence, our core, patented technology leverages machine learning and AI to drive users to success.

Deployment

UI Intelligence

Security

Integration Center

- Simple and flexible deployment across any enterprise environment
- Cloud-native architecture for performance, reliability, and availability
- Security and privacy by design



Global customers.

CONSUMER & RETAIL



FINANCIAL SERVICES



HEALTHCARE & LIFE SCIENCES



EDUCATION & NON PROFIT



TECHNOLOGY



ENERGY, INDUSTRIAL, & TRANSPORTATION



COMMUNICATIONS



Financial Overview.

Q1-23 Financial Highlights.



\$61M

Subscription Revenue.
+18% Growth Y/Y



92%

Of Revenue from Subscription



89%

GAAP Subscription Gross Margin



(13%)

Non-GAAP Operating Margin



(\$8.3)M

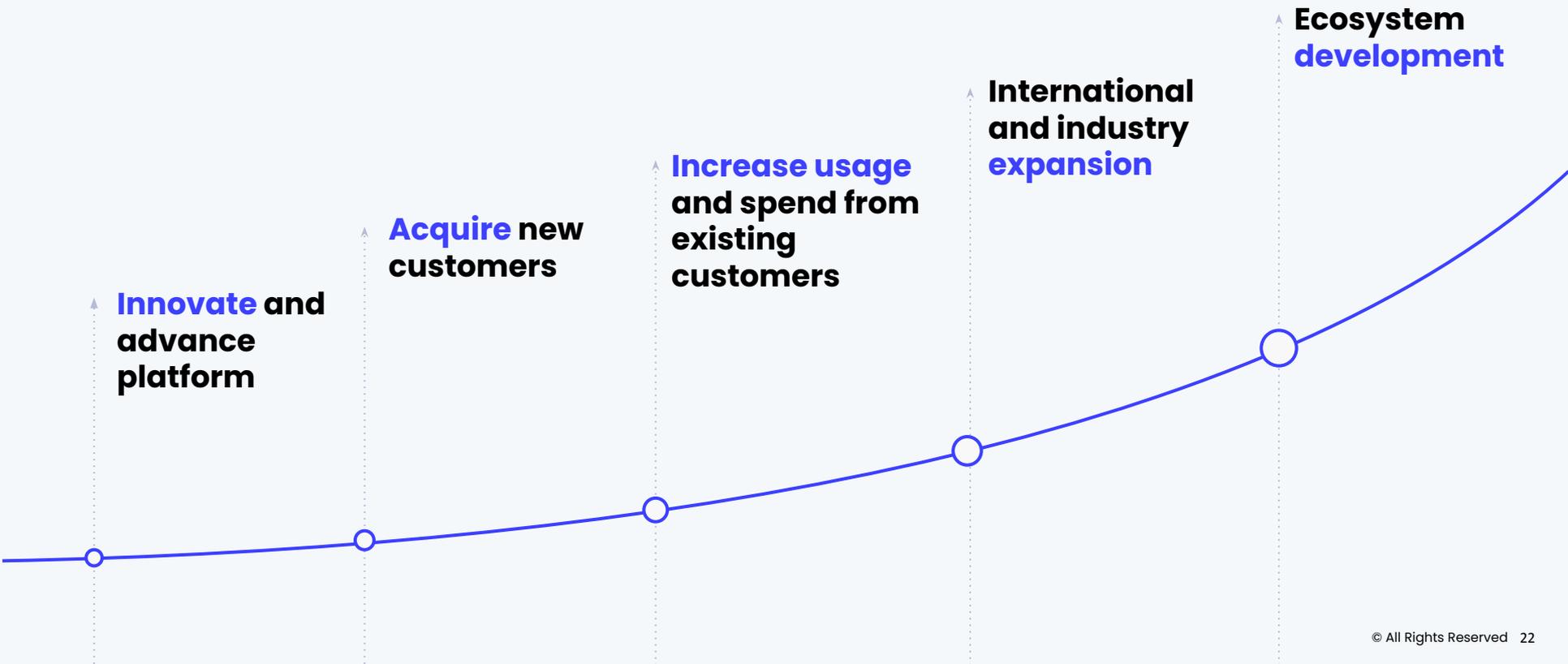
Free Cash Flow



34%

Growth in DAP Customers Y/Y

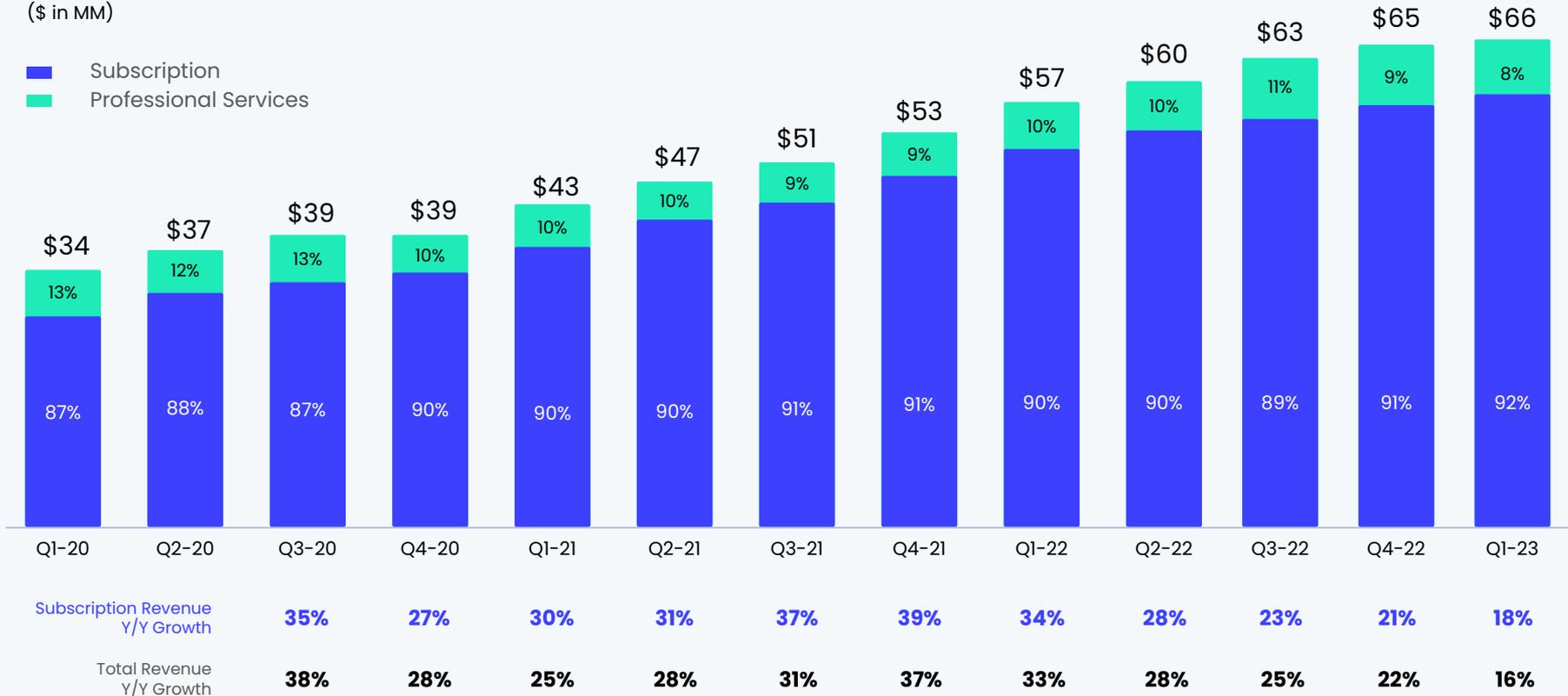
Multiple growth drivers.



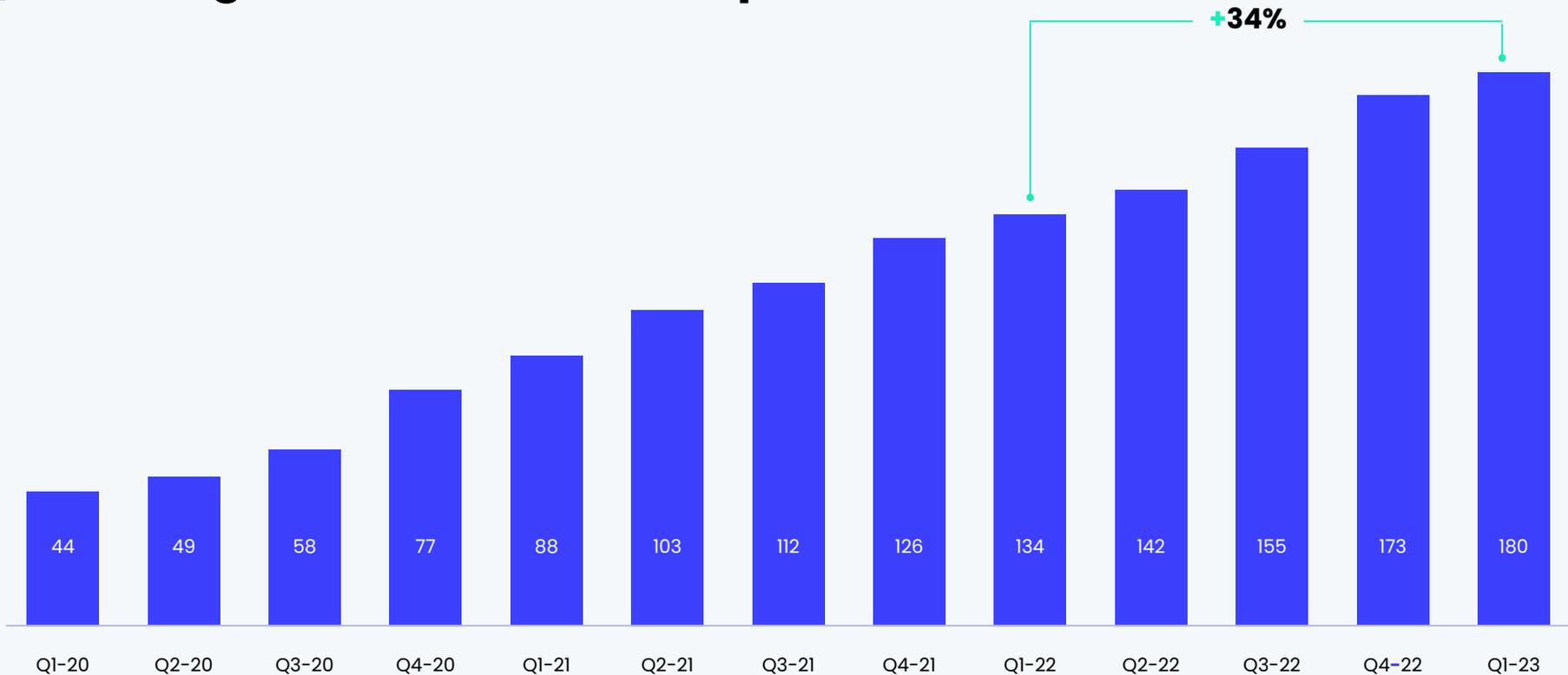
Delivering Sustained Subscription Revenue Growth.

(\$ in MM)

■ Subscription
■ Professional Services



Growing DAP Customer Footprint.*

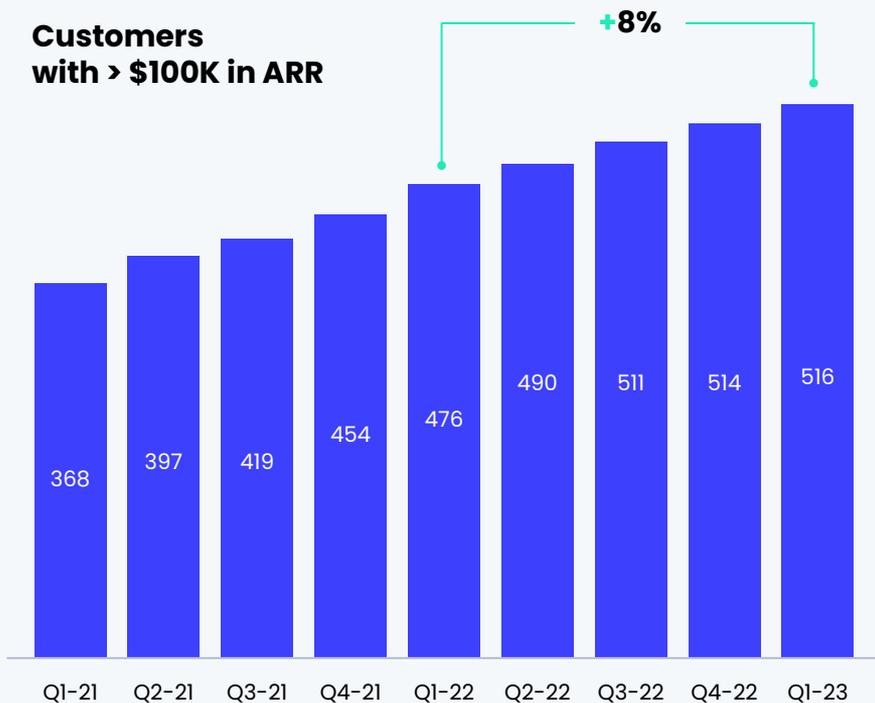


*We call customers who have broadly adopted our platform DAP customers. DAP customers are those who have purchased enterprise-wide subscriptions or who have department-wide usage of our Digital Adoption Platform across four or more applications.

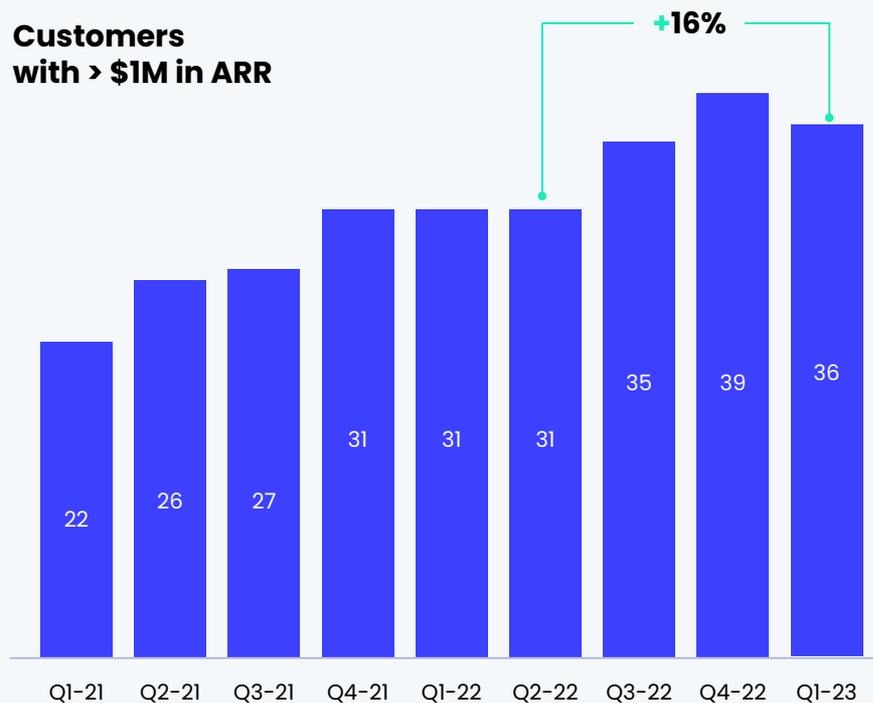
Based on rounded numbers | Financial data as of March 31, 2023

Quarterly Customer Count.

Customers with > \$100K in ARR

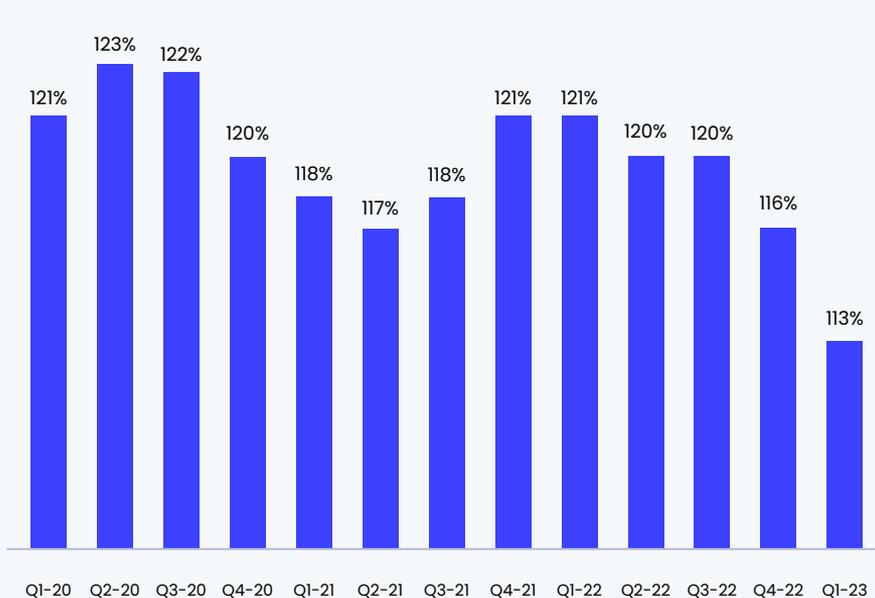


Customers with > \$1M in ARR

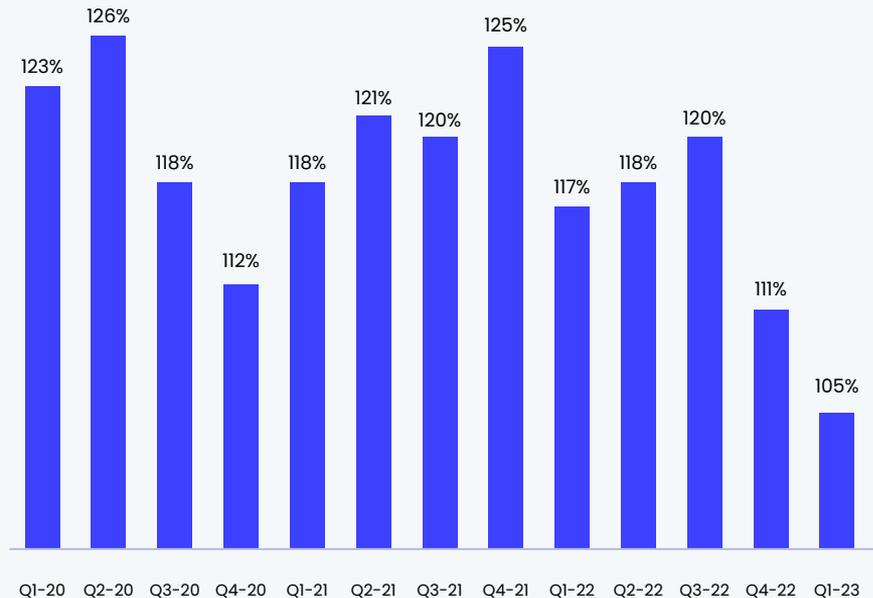


\$- Net Retention.

500 or more Employees



Trailing 4 Quarters



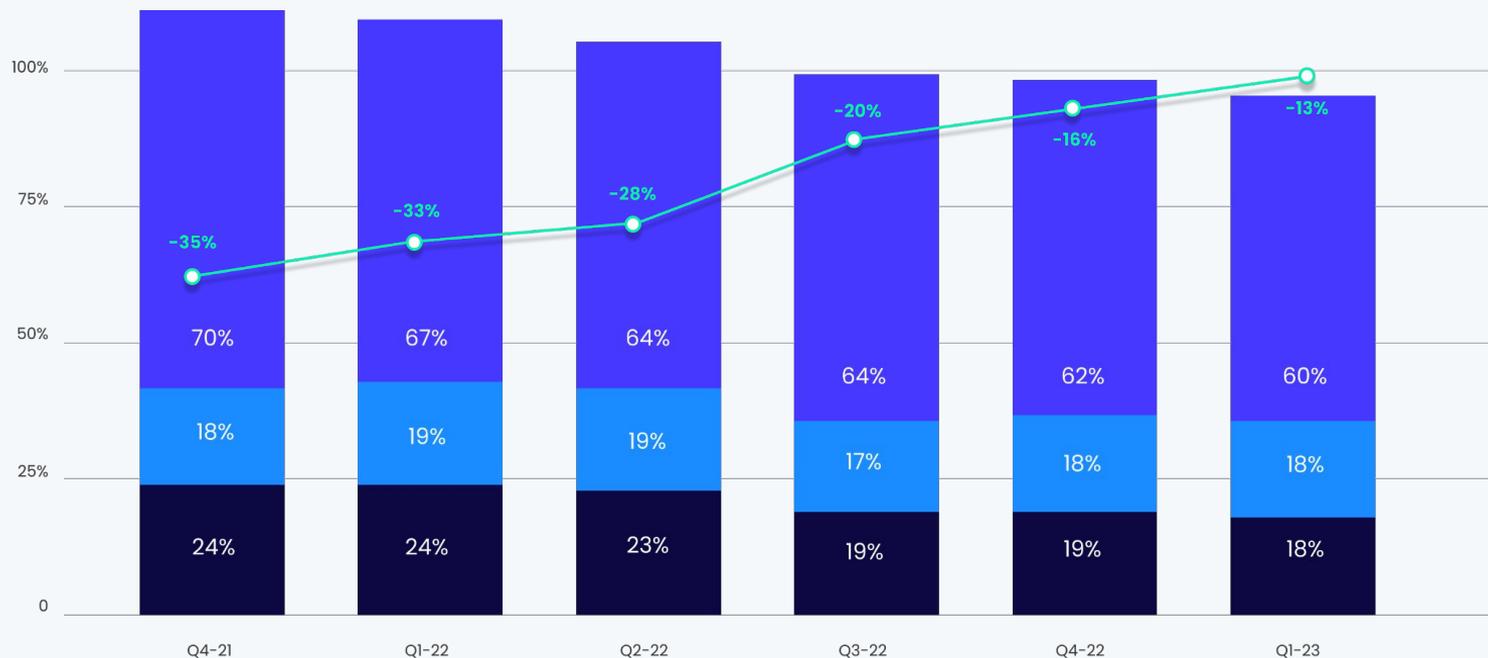
Quarterly View

\$-Based Net Retention Definition: Trailing four quarters customer value growth; reflects customer renewals, expansion, contraction and churn. Enterprise is customers with 500 employees or more.

Path to Profitability through Operational Leverage.

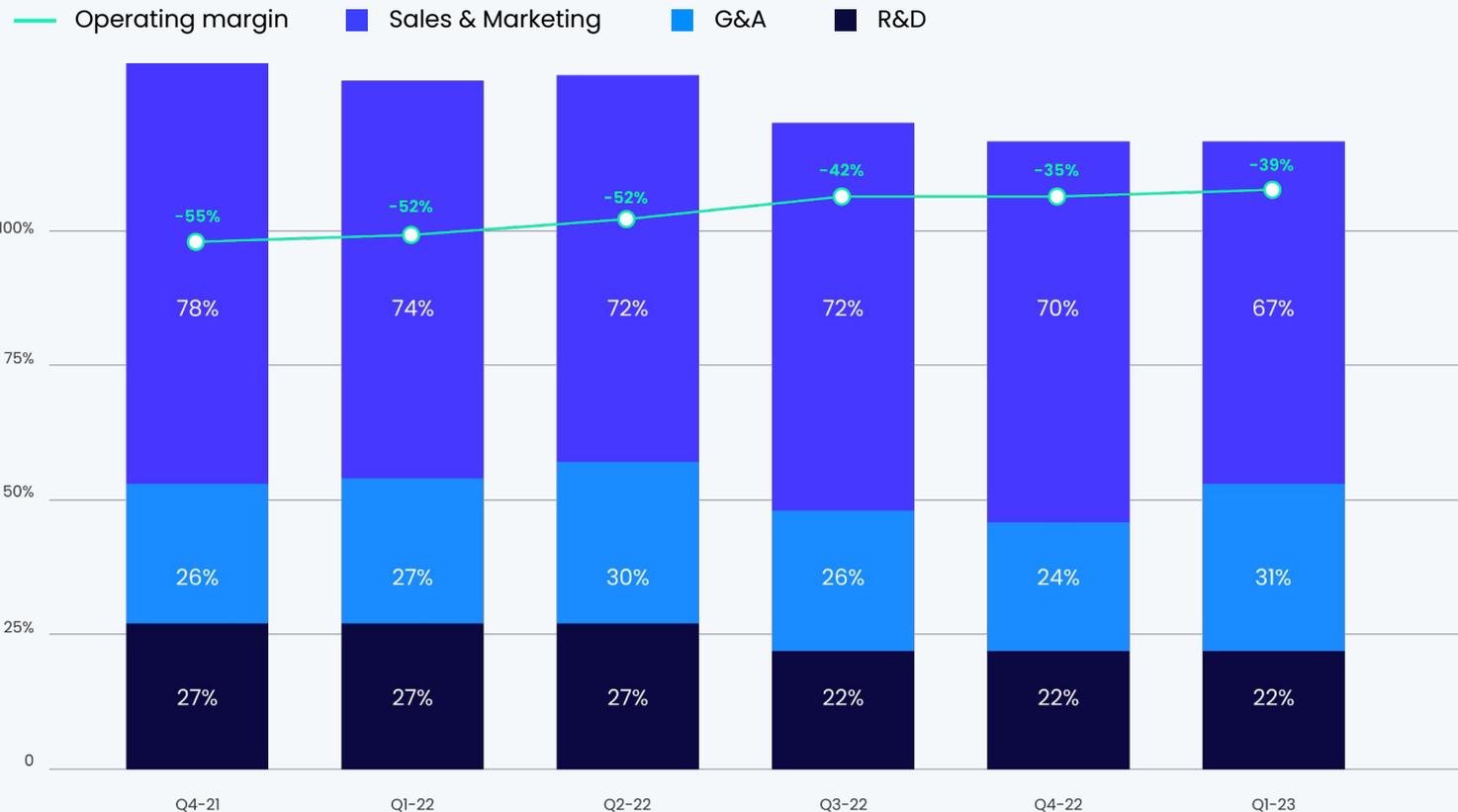
Non-GAAP Operating Expense as % of Revenue*

— Operating margin ■ Sales & Marketing ■ G&A ■ R&D



Path to Profitability through Operational Leverage.

GAAP Operating Expense as % of Revenue*



**GAAP to Non-GAAP
Reconciliation and Selected Other Data.**

Reconciliation from GAAP to Non-GAAP Results.

(In thousands; unaudited)

	Three months ended March 31,	
	2023	2022
Reconciliation of gross profit and gross margin		
GAAP gross profit	\$ 53,700	\$ 43,080
Plus: Share-based compensation expense	823	851
Plus: Amortization of acquired intangibles	68	176
Non-GAAP gross profit	<u>\$ 54,591</u>	<u>\$ 44,107</u>
GAAP gross margin	81%	76%
Non-GAAP gross margin	83%	78%
Reconciliation of operating loss and operating margin		
GAAP operating loss	\$ (25,777)	\$ (29,642)
Plus: Share-based compensation expense	16,897	10,876
Plus: Amortization of acquired intangibles	68	176
Non-GAAP operating loss	<u>\$ (8,812)</u>	<u>\$ (18,590)</u>
GAAP operating margin	(39)%	(52)%
Non-GAAP operating margin	(13)%	(33)%

Reconciliation from GAAP to Non-GAAP Results.

(In thousands; unaudited)

Reconciliation of GAAP operating expenses to non-GAAP operating expenses

	Three months ended March 31,	
	2023	2022
GAAP research and development	\$ 14,272	\$ 15,475
Less: Share-based compensation expense	(2,369)	(1,566)
Non-GAAP research and development	\$ 11,903	\$ 13,909
GAAP Research and development margin	22%	27%
Non-GAAP research and development margin	18%	24%
GAAP sales and marketing	\$ 44,458	\$ 42,079
Less: Share-based compensation expense	(4,611)	(3,812)
Non-GAAP sales and marketing	\$ 39,847	\$ 38,267
GAAP sales and marketing margin	67%	74%
Non-GAAP sales and marketing margin	60%	67%
GAAP general and administrative	\$ 20,747	\$ 15,168
Less: Share-based compensation expense	(9,094)	(4,647)
Non-GAAP general and administrative	\$ 11,653	\$ 10,521
GAAP general and administrative margin	31%	27%
Non-GAAP general and administrative margin	18%	19%

Reconciliation from GAAP to Non-GAAP Results.

(In thousands, except share and per share; unaudited)

	Three months ended March 31,	
	2023	2022
Reconciliation of net loss		
GAAP net loss attributable to WalkMe Ltd.	\$ (26,123)	\$ (23,029)
Plus: Share-based compensation expense	16,897	10,876
Plus: Amortization of acquired intangibles	68	176
Plus: Adjustment attributable to non-controlling interest	2,500	(6,458)
Non-GAAP net loss attributable to WalkMe Ltd.	\$ (6,658)	\$ (18,435)
Non-GAAP net loss per share attributable to WalkMe Ltd. basic and diluted	\$ (0.08)	\$ (0.22)
Shares used in non-GAAP per share calculations:		
GAAP weighted-average shares used to compute net loss per share, basic and diluted	87,288,085	83,964,074
Non-GAAP weighted-average shares used to compute net loss per share, basic and diluted	87,288,085	83,964,074

Reconciliation of GAAP Cash Flow from Operating Activities to Free Cash Flow.

(In thousands; unaudited)

	Three months ended March 31,	
	2023	2022
Net cash used in operating activities	\$ (7,532)	\$ (18,287)
Less: Purchases of property and equipment	(180)	(650)
Less: Capitalized software development costs	(567)	(1,372)
Free cash flow	\$ (8,279)	\$ (20,309)

Selected Other Data.

(\$ In thousands; unaudited)

	As of March 31,	
	2023	2022
\$100,000+ ARR Customers	516	476
Dollar-Based Net Retention Rate Trailing 4 quarters (all customers)	110%	115%
Dollar-Based Net Retention Rate Trailing 4 Quarters (customers having 500 or more employees)	113%	121%