



# Investor Presentation

Fourth Quarter 2021



# Safe harbor and other information.

Certain statements in this presentation may constitute “forward-looking” statements and information, within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible” or similar words. 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, including variants, 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 Prospectus filed with the Securities and Exchange Commission on June 16, 2021, and other documents filed with or furnished to the SEC. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this press release. 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 income (loss) from operations 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 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 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 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 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



## \$17.9M

Q4-21 Net New ARR



## 121%

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



## ~1100

Employees



## \$220M

Annual Recurring  
Revenue



## 54%

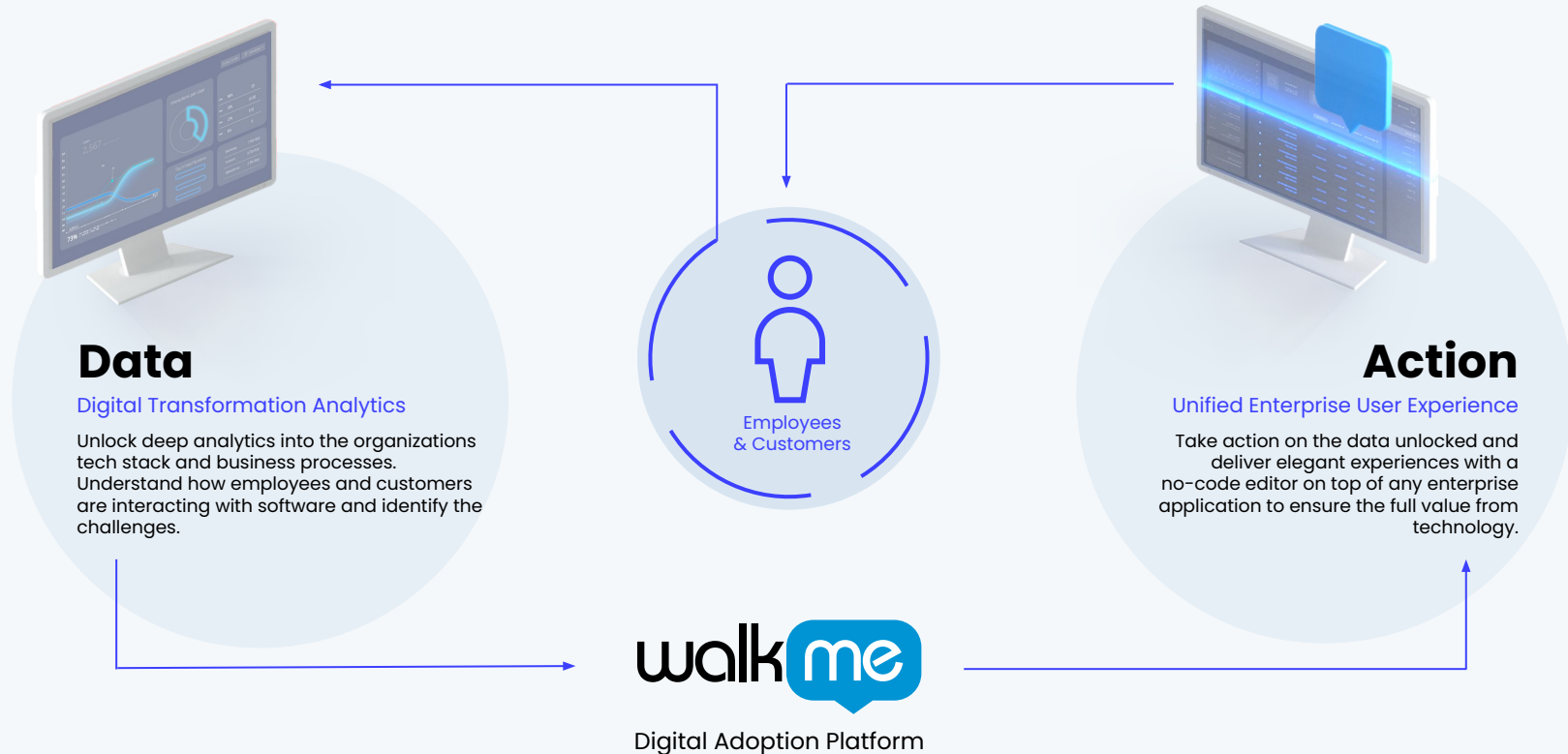
Y/Y Increase in RPO to \$316M  
and 84% LT Y/Y to \$138M



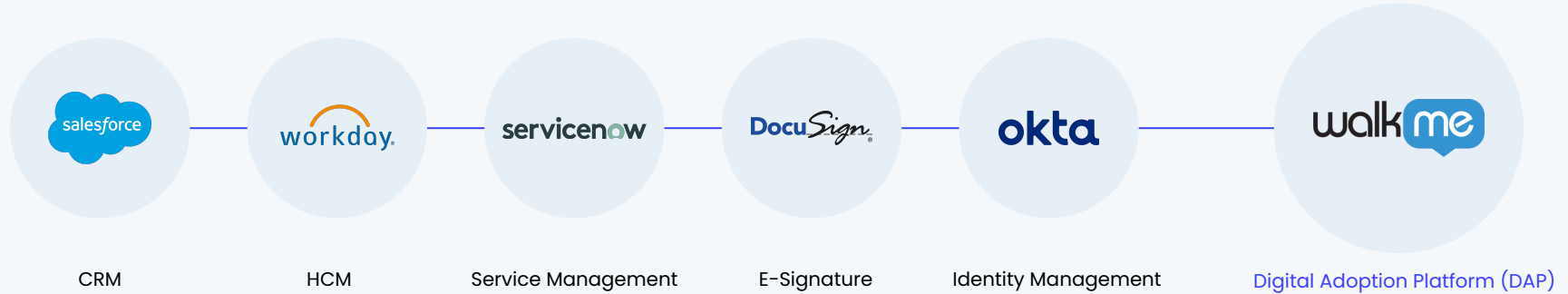
## 39%

Y/Y Subscription Revenue Growth.  
Total Revenue growth at 37%

# 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 <sup>(1)</sup>

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- ⊗ 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.**

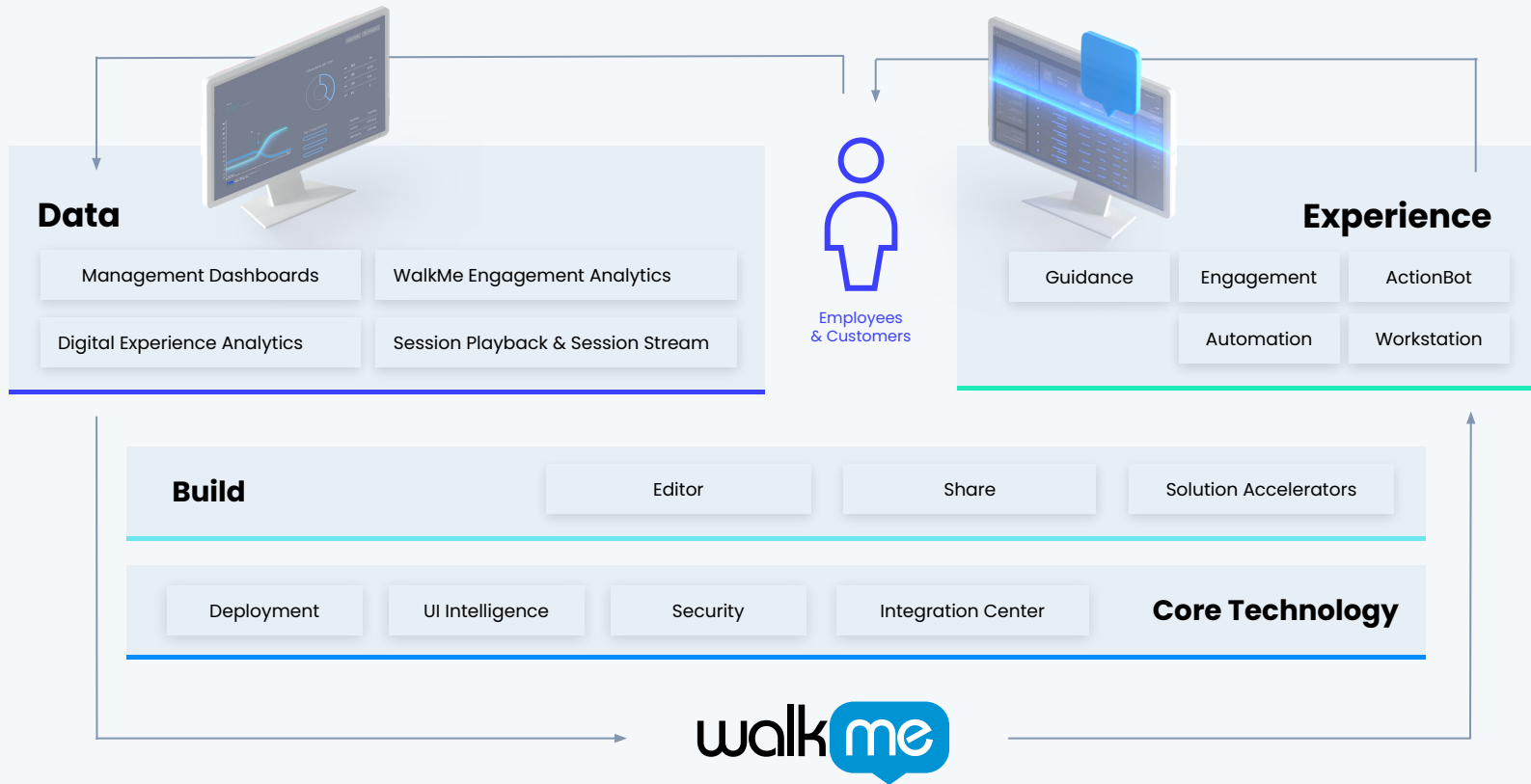
**The Digital Adoption Platform.**

## **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.

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# The WalkMe Digital Adoption Platform.



# Data & visibility.

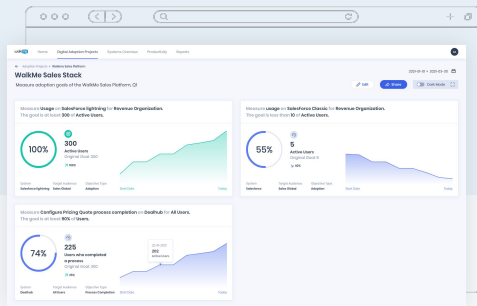
**WalkMe provides business executives with visibility across the tech stack** and the insights needed to measure, drive, and act to ultimately maximize the impact of their digital transformation strategy.

Management Dashboards

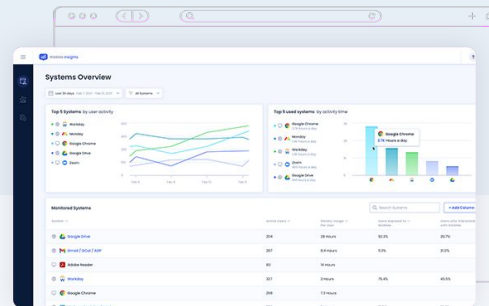
WalkMe Engagement Analytics

Digital Experience Analytics

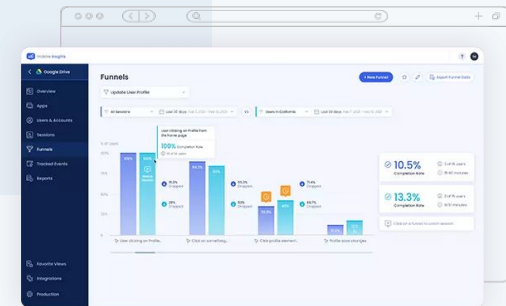
Session Playback & Session Stream



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.

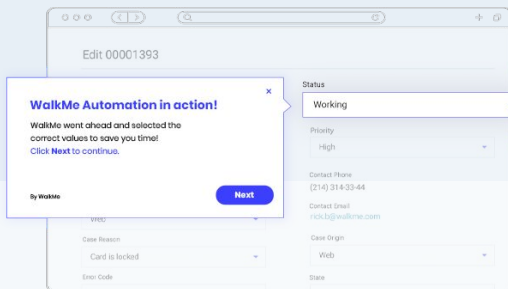
Engagement

Guidance

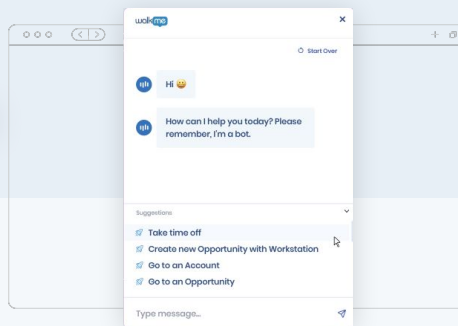
ActionBot

Automation

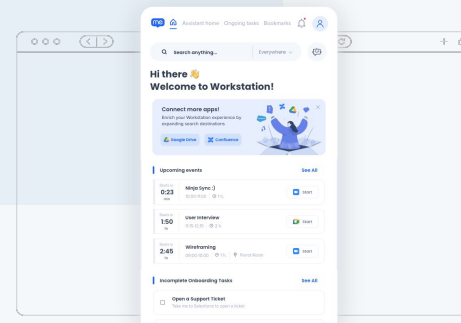
Workstation



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



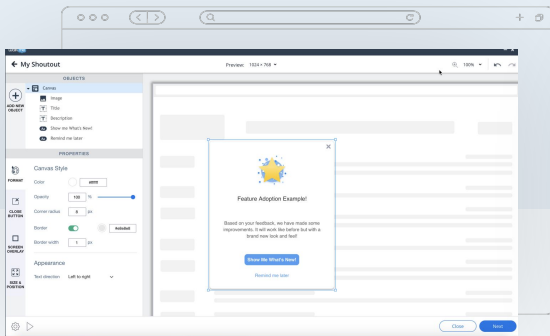
# Build.

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.

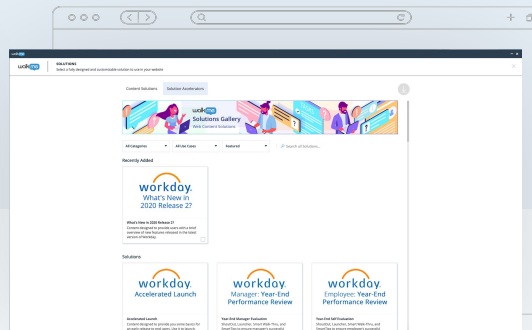
Editor

Share

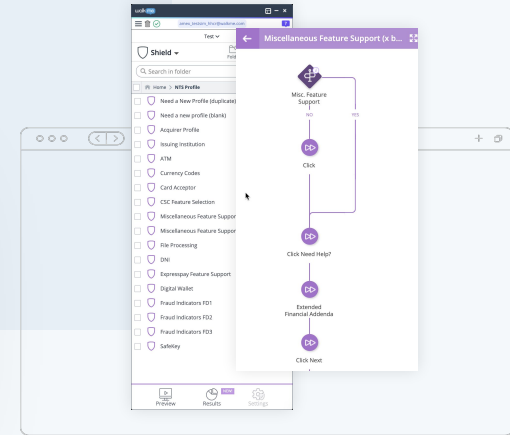
Solution Accelerators



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



## TECHNOLOGY



## FINANCIAL SERVICES



## ENERGY, INDUSTRIAL, & TRANSPORTATION



## HEALTHCARE & LIFE SCIENCES



## COMMUNICATIONS



## EDUCATION & NON PROFIT



# Financial Overview.

# Q4-21 Financial Highlights.



## \$219.6M

Annual Recurring Revenue



## 121%

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



## 92%

Y/Y DAP ARR Growth in (37% of total ARR)



## \$17.9M

Q4-21 Net New ARR



## 39%

Y/Y subscription revenue growth.  
Total revenue growth at 37%



## 54%

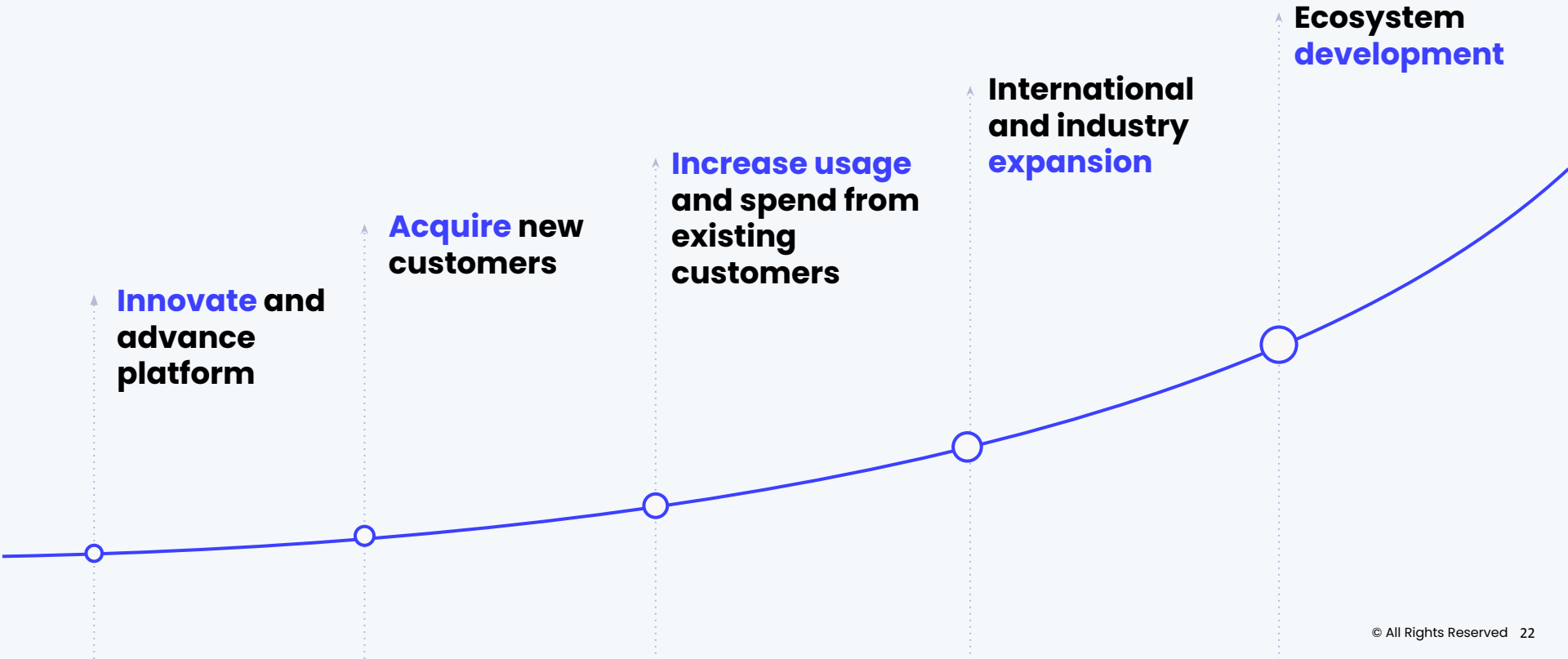
Y/Y Increase in RPO to \$316M  
and 84% LT Y/Y to \$138M



## 31%

Y/Y Growth in # of  
customers >\$100k

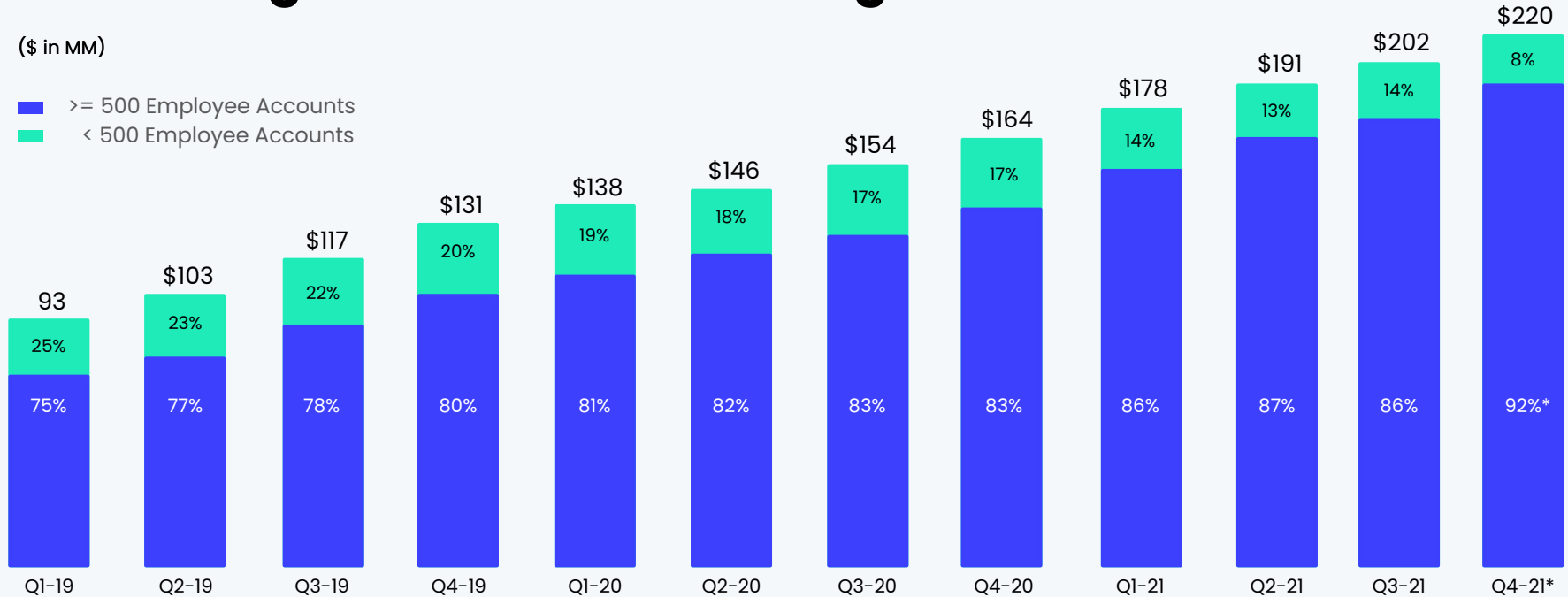
# Multiple growth drivers.



# Increasing Annualized Recurring Revenue.

(\$ in MM)

■ >= 500 Employee Accounts  
■ < 500 Employee Accounts



>= 500 Employee Accounts ARR Y/Y Growth

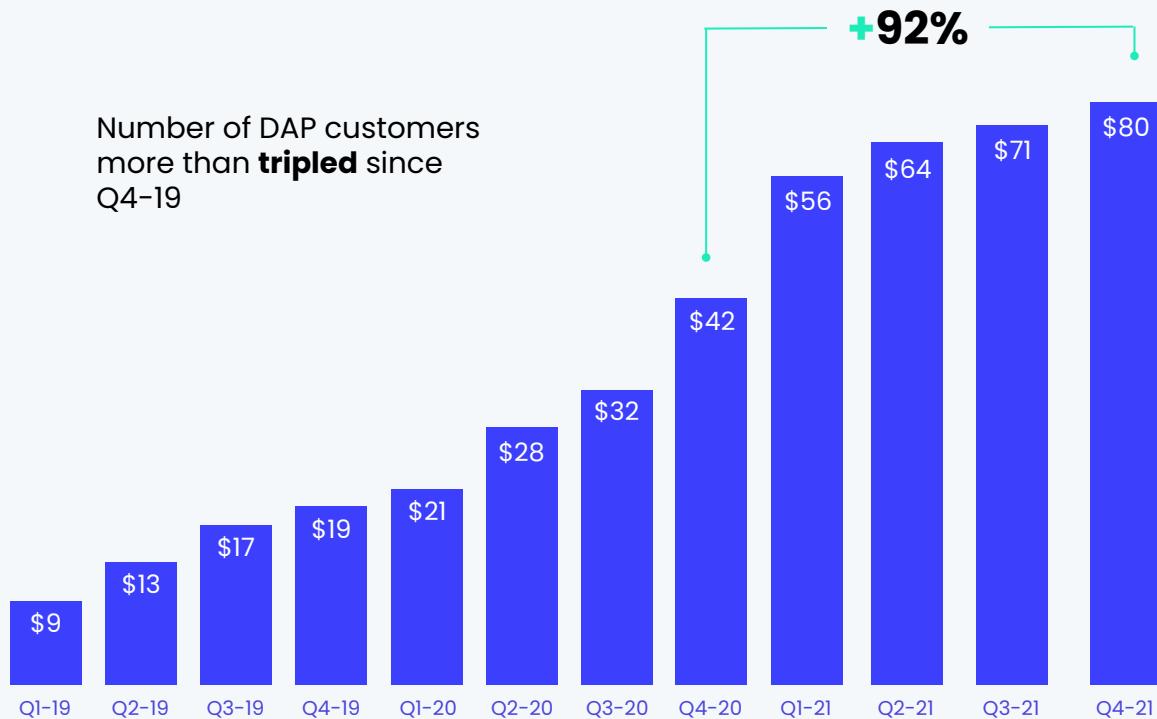
59% 50% 39% 31% 36% 38% 36% 40/48%\*

Total ARR Y/Y Growth

48% 41% 32% 25% 29% 31% 31% 34%

\*In the fourth quarter 2021, we updated and enhanced our third party data sources for identifying customers with 500 or more employees and as a result now capture a greater number of customers in this category than we did previously. For comparative purposes without the new data source, ARR from customers with 500 or more employees grew **40% year-over-year** and represented 87% of total ARR. With the new data source ARR from customers with 500 or more employees grew 48% year-over-year and represented 92% of total ARR.

# Increasing ARR from customers who have broadly adopted.\*



**126** (+64% y/y growth)

Customers as of Q4-21

**\$637k** (+17% y/y growth)

Q4-21 Average ARR

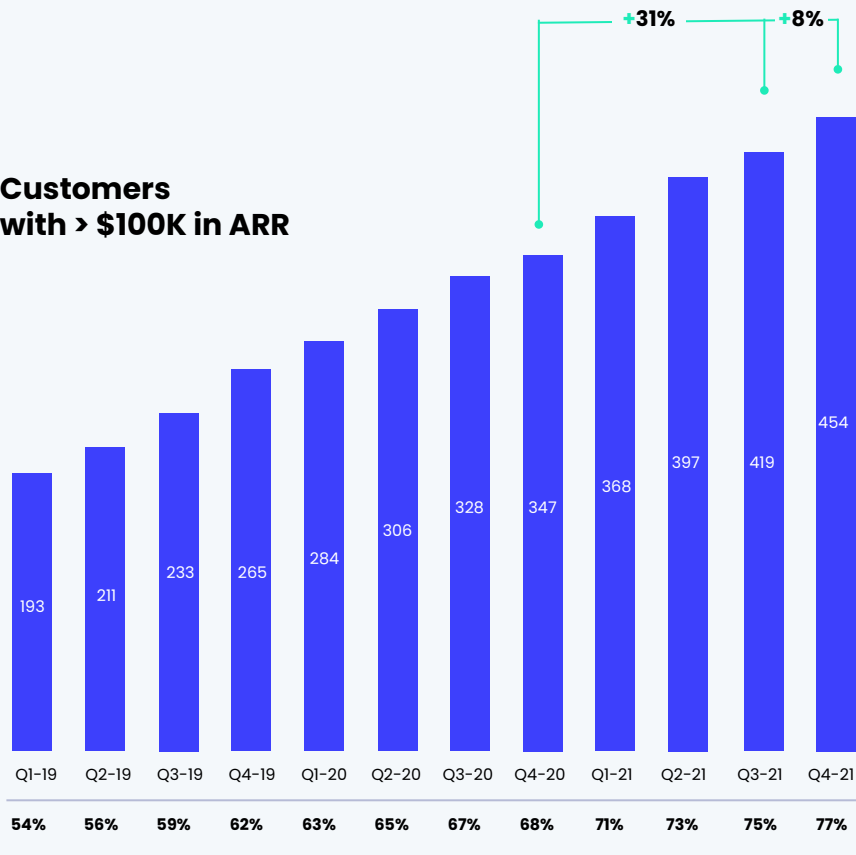
\*We call customers who have broadly adopted our platform DAP customers. DAP customers are those who have purchased enterprise-wide subscriptions or who have department-wide usage of our Digital Adoption Platform across four or more applications.

Based on rounded numbers | Financial, customer, and employee data as of December 31, 2021

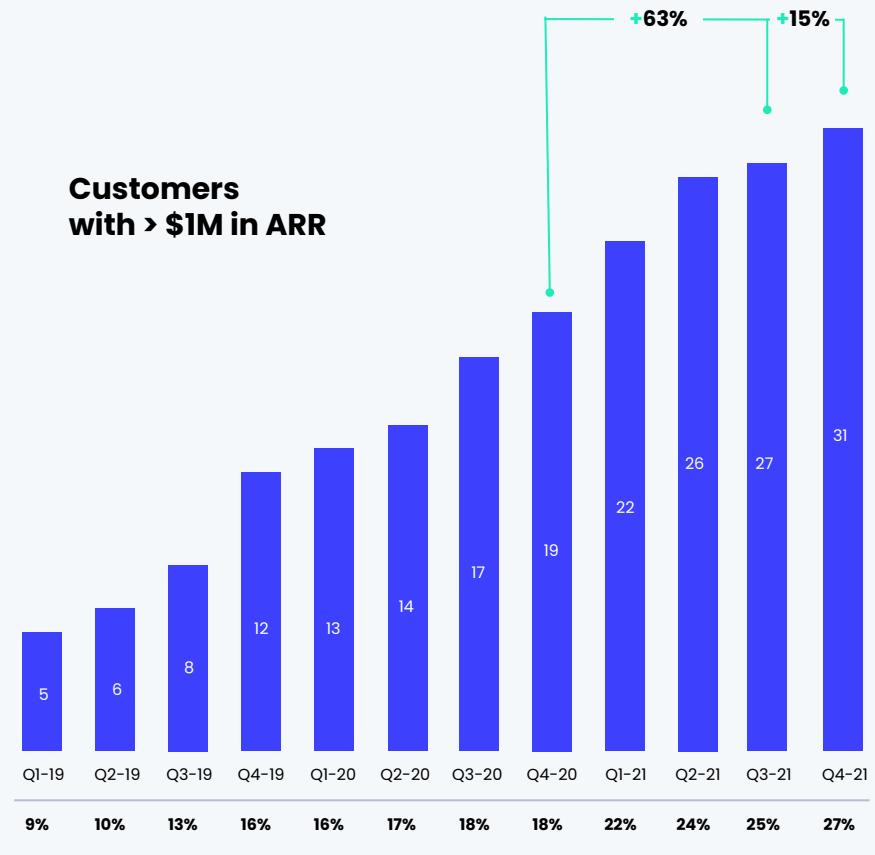


# Quarterly Customer Count.

Customers with > \$100K in ARR

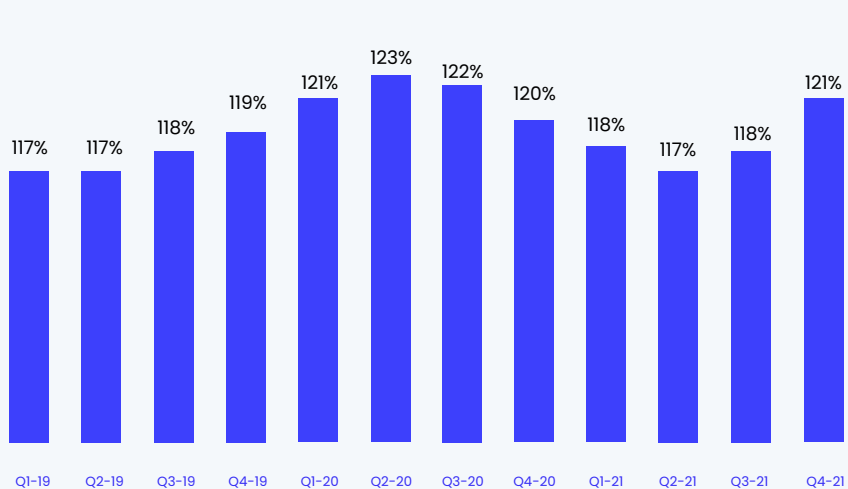


Customers with > \$1M in ARR

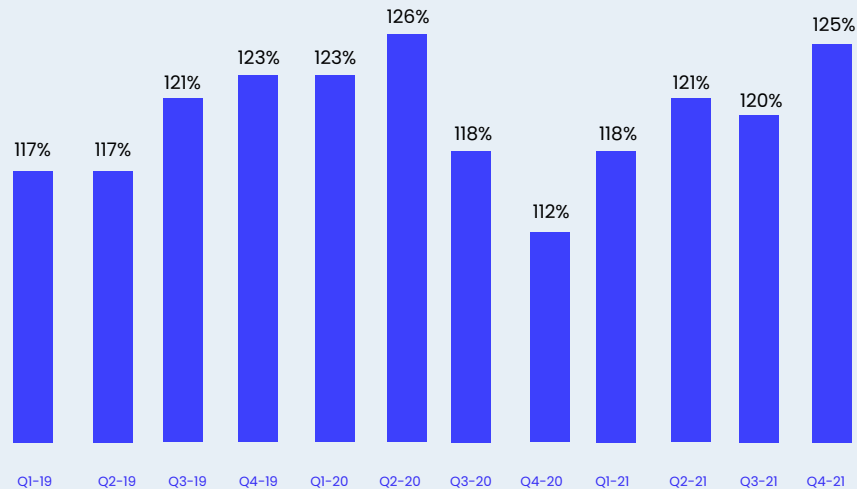


# \$- Net Retention.

500 or more Employees



Trailing 4 Quarters



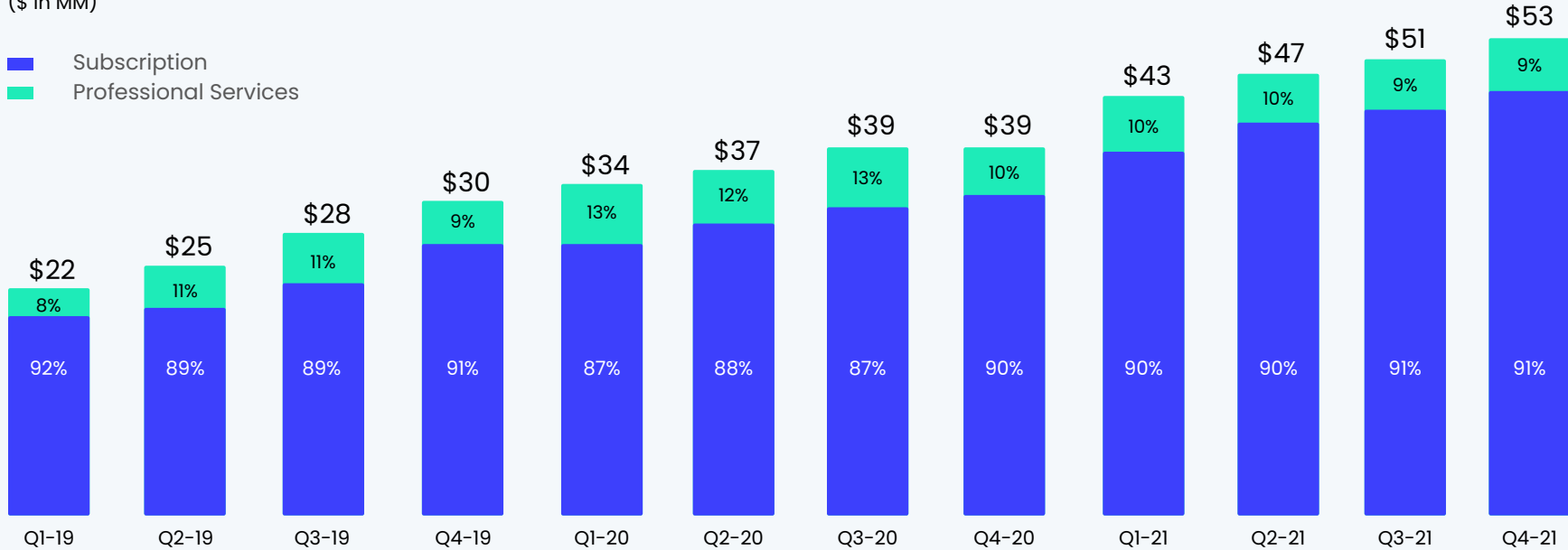
Quarterly View

**\$-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. See "Selected Other Data" in the appendix of this presentation for additional information regarding dollar-based net retention

# Delivering Accelerating Subscription Revenue Growth.

(\$ in MM)

Subscription  
Professional Services



Subscription Revenue  
Y/Y Growth

47% 45% 35% 27% 30% 31% 37% 39%

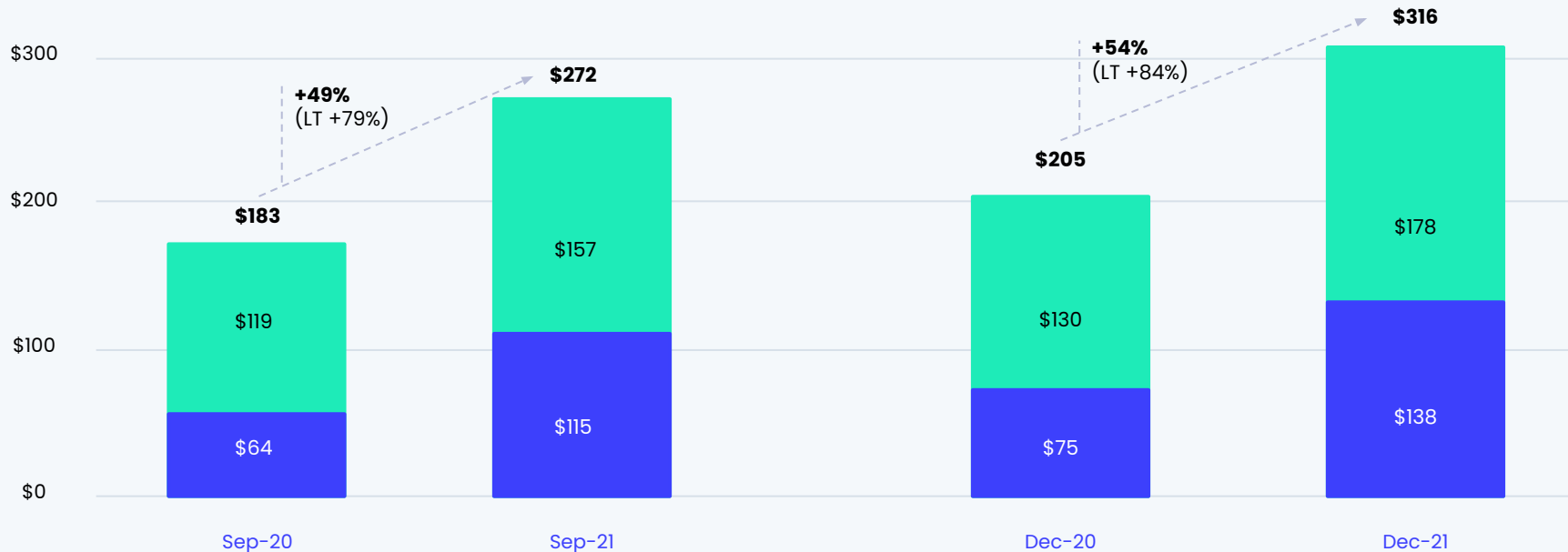
Total Revenue  
Y/Y Growth

56% 47% 38% 28% 25% 28% 31% 37%

# Remaining Performance Obligations.

(\$ in MM)

Long Term Short Term



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

# Reconciliation from GAAP to Non-GAAP Results.

(In thousands; unaudited)

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
<b>Reconciliation of gross profit and gross margin</b>				
GAAP gross profit	\$ 40,281	\$ 28,324	\$ 146,646	\$ 109,148
Plus: Share-based compensation expense	807	71	1,804	201
Plus: Amortization of acquired intangibles	176	-	299	44
Non-GAAP gross profit	\$ 41,264	\$ 28,395	\$ 148,749	\$ 109,393
GAAP gross margin	76%	73%	76%	74%
Non-GAAP gross margin	77%	73%	77%	74%
<b>Reconciliation of operating loss and operating margin</b>				
GAAP operating loss	\$ (29,059)	\$ (15,493)	\$ (77,790)	\$ (43,161)
Plus: Share-based compensation expense	10,031	6,023	27,332	14,017
Plus: Amortization of acquired intangibles	176	-	299	44
Non-GAAP operating loss	\$ (18,852)	\$ (9,470)	\$ (50,159)	\$ (29,100)
GAAP operating margin	(55)%	(40)%	(40)%	(29)%
Non-GAAP operating margin	(35)%	(24)%	(26)%	(20)%

# Reconciliation from GAAP to Non-GAAP Results.

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

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
<b>Reconciliation of net loss</b>				
GAAP net loss attributable to WalkMe Ltd.	\$ (26,481)	\$ (17,803)	\$ (95,813)	\$ (53,770)
Plus: Share-based compensation expense	10,031	6,023	27,332	14,017
Plus: Amortization of acquired intangibles	176	-	299	44
Plus: Adjustment attributable to non-controlling interest	(2,703)	2,075	16,689	5,487
Plus: Deemed dividend to ordinary shareholders	-	-	-	4,569
Non-GAAP net loss attributable to WalkMe Ltd.	\$ (18,977)	\$ (9,705)	\$ (51,493)	\$ (29,653)
Non-GAAP net loss per share attributable to WalkMe Ltd. basic and diluted	\$ (0.23)	\$ (0.13)	\$ (0.65)	\$ (0.42)
Shares used in non-GAAP per share calculations:				
GAAP weighted-average shares used to compute net loss per share, basic and diluted	83,633,127	13,666,871	51,763,032	13,217,183
Add: Additional weighted average shares giving effect to exchange of convertible preferred shares at the beginning of the period	-	58,724,580	26,972,186	58,132,717
Non-GAAP weighted-average shares used to compute net loss per share, basic and diluted	83,633,127	72,391,451	78,735,218	71,349,900

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

(In thousands; unaudited)

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
<b>Net cash used in operating activities</b>	\$ (13,904)	\$ (2,064)	\$ (34,225)	\$ (8,653)
Less: Purchases of property and equipment	(1,267)	(52)	(2,642)	(822)
Less: Capitalized software development costs	(1,189)	(446)	(3,912)	(1,530)
<b>Free cash flow</b>	<b>\$ (16,360)</b>	<b>\$ (2,562)</b>	<b>\$ (40,779)</b>	<b>\$ (11,005)</b>



# Selected Other Data.

(\$ In thousands; unaudited)

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
Annualized Recurring Revenue	\$219,571	\$164,343
\$100,000+ ARR Customers	454	347
Dollar-Based Net Retention Rate Trailing 4 quarters (all customers)	115%	112%
Dollar-Based Net Retention Rate Trailing 4 Quarters (customers having 500 or more employees)	121%	120%
Remaining Performance Obligations	\$316,159	\$205,146