tenable®

CYBER EXPOSURE

MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA

July 2022

Forward-Looking Statements

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We help organizations confidently answer the question:

“How secure are we?”

Tenable at a Glance

Category-leader in strategically important Cyber Exposure market

Holistic approach to Cyber Exposure focusing on measuring and managing cyber risk

Leveraging our core competency in VM to deliver an integrated unified platform

#1 Market Share in Vulnerability Management[1]

~40K Customers
~60% of Fortune 500
~40% of Global 2000

$164.3 mm Q2 Rev.
26% Rev. Growth

95% Q2 Recurring Rev.

81% Q2 Non-GAAP Gross Margin[2]

$29.1 mm Q2 Unlevered Free Cash Flow[2]

1. Vulnerability Management: IDC Worldwide Device Vulnerability Management Market Shares 2019: Finding the Transitional Elements Between Device Assessment Scanning and Risk-Based Remediation" - May 2020
2. Refer to Appendix for the definitions of non-GAAP financial measures and a reconciliation from the GAAP measures to the non-GAAP measures.

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Investment Highlights

Unique approach to secular growth opportunity

Best-in-Class strategy in Cyber Exposure

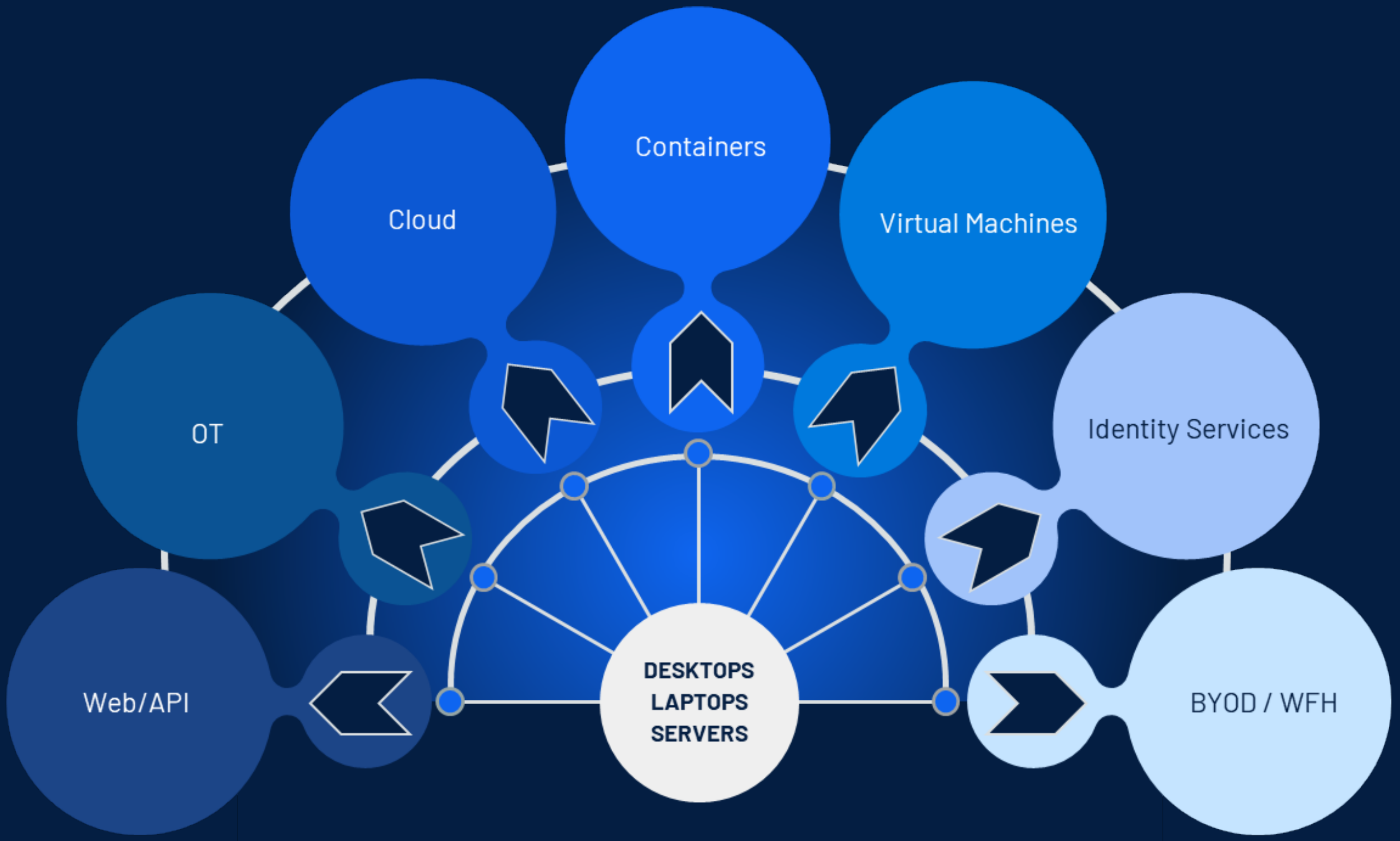
One platform unifying data across network, cloud, Identity, OT and DevOps environments

Data science driven analytics - prioritization, benchmarking

High growth, recurring model

Attractive margin profile with operating leverage

Use of Tech is Exploding in Modern Infrastructure



Best in Class Strategy in Vulnerability Management

#1 in Vulnerability Management Market Share(1)

25% Market share in Device VM(1)

#1 In Vulnerability Coverage(2)

>20% More CVEs than competitors(2)

Leader In Zero-day Research(3)

141/167 Zero-day vulnerabilities discovered in 2020 / 2021

[1] Source: IDC, "Worldwide Device Vulnerability Management Market Shares 2020: Addressing Multiple Attack Surfaces and Realizing Greater Precision Through Prioritization.
[2] Reported in A Principled Technologies report: "Comparing vulnerability and security configuration assessment coverage of leading VM vendors" - September, 2019.
[3] Refer to https://www.tenable.com/security/research for published vulnerabilities and research advisories.

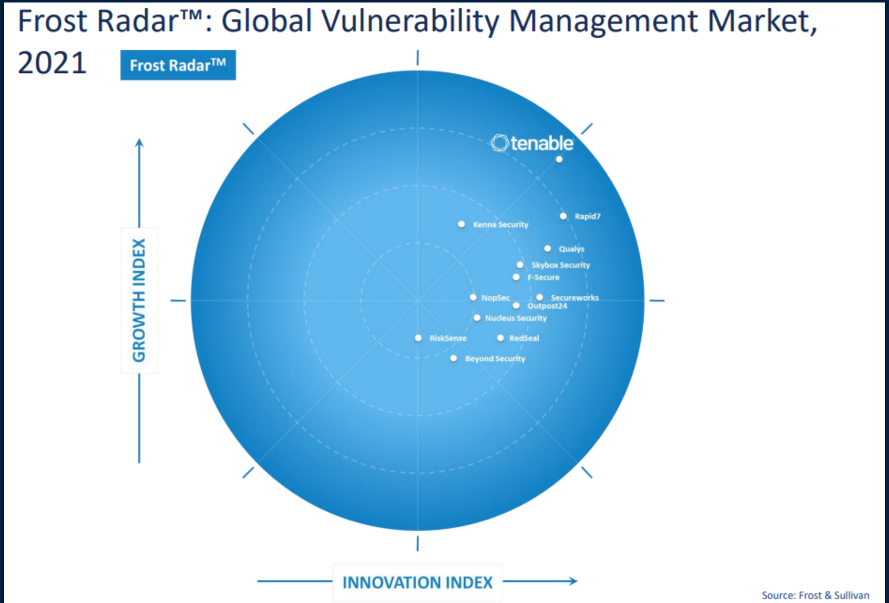
Tenable is an Industry and Market Share Leader in Vulnerability Management

✓ **Gartner** Peer Insights Choice for Vulnerability Assessment 2020[3] for 3yrs in a row[1]

✓ Recognized as a leader by **Frost & Sullivan** in the firm's Frost Radar™: Global Vulnerability Management Market, 2021 report[2]

✓ Ranked #1 by **IDC** in market share in the Worldwide Vulnerability Management market[3]

✓ Named a leader in the **Forrester** Wave: Vulnerability Risk Management, Q4 2019[4]



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2. Frost Radar™: Global Vulnerability Management Market, 2021 report
3. Source: IDC, "Worldwide Device Vulnerability Management Market Shares 2020: Addressing Multiple Attack Surfaces and Realizing Greater Precision Through Prioritization.
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CISO Challenge: The Digital Attack Surface Keeps Expanding

Modern Exposures	"Is my cloud infrastructure secure?"	"Are my containers & workloads securely configured?"	"Are my on-prem systems hardened against ransomware?"	"What is the security hygiene of my remote workforce?"	"Do I have the right access permissions?"	"How vulnerable are my industrial control systems?"

"How Secure Are we?" Still Powerful. More Difficult.

Modern attack surface	Infrastructure as Code	Public Cloud Security	Traditional On-prem IT	WFH	Digital Identity	OT & Critical Infrastructure

Left (Development)

More Complexity: More attacks, more point solutions, more vendors, more integrations...

Right (Run-time)

The New, Unified Exposure Platform: Creating a "Better Together"

Vulnerability Management
(T.IO/T.SC)

Web/API Security
(T.WAS)

OT Security
(T.OT)

Active Directory / Identity
(T.AD)

Infrastructure as Code
(T.CS)

KSPM & CSPM Exposure
(T.CS)

Internet Exposure
(T.ASM)

Tenable Products TODAY

Tenable.EP: Cyber Exposure **Data & Analytics** Platform

CISO Risk Analytics: Risk Based Exposure Mgmt. Across the Attack Surface

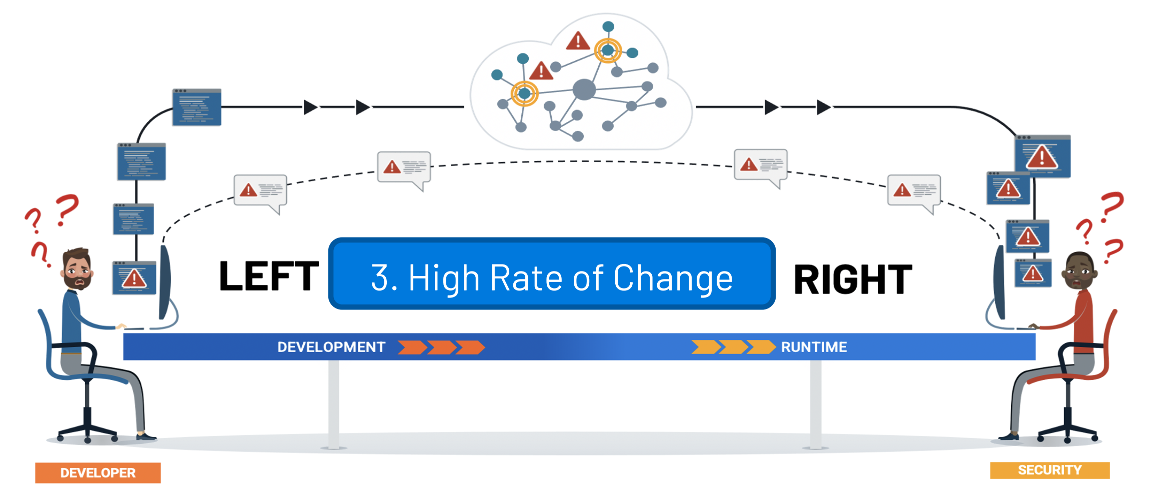
Practitioner Risk Analytics: Risk-Based Prioritization & Attack Pathway Assessment (Expanded Lumin)

External Data

Problem: Digital Transformation & the Rise of Cloud Native Applications

1. New Architectures

1. New Deployment Model



Conclusion: New Approach to Security Required

- Security flaws can no longer be found **late** in prod
- Security **lacks app context** to make decisions
- Runtime SecOps is **powerless** as their changes get **overridden** by dev-driven updates

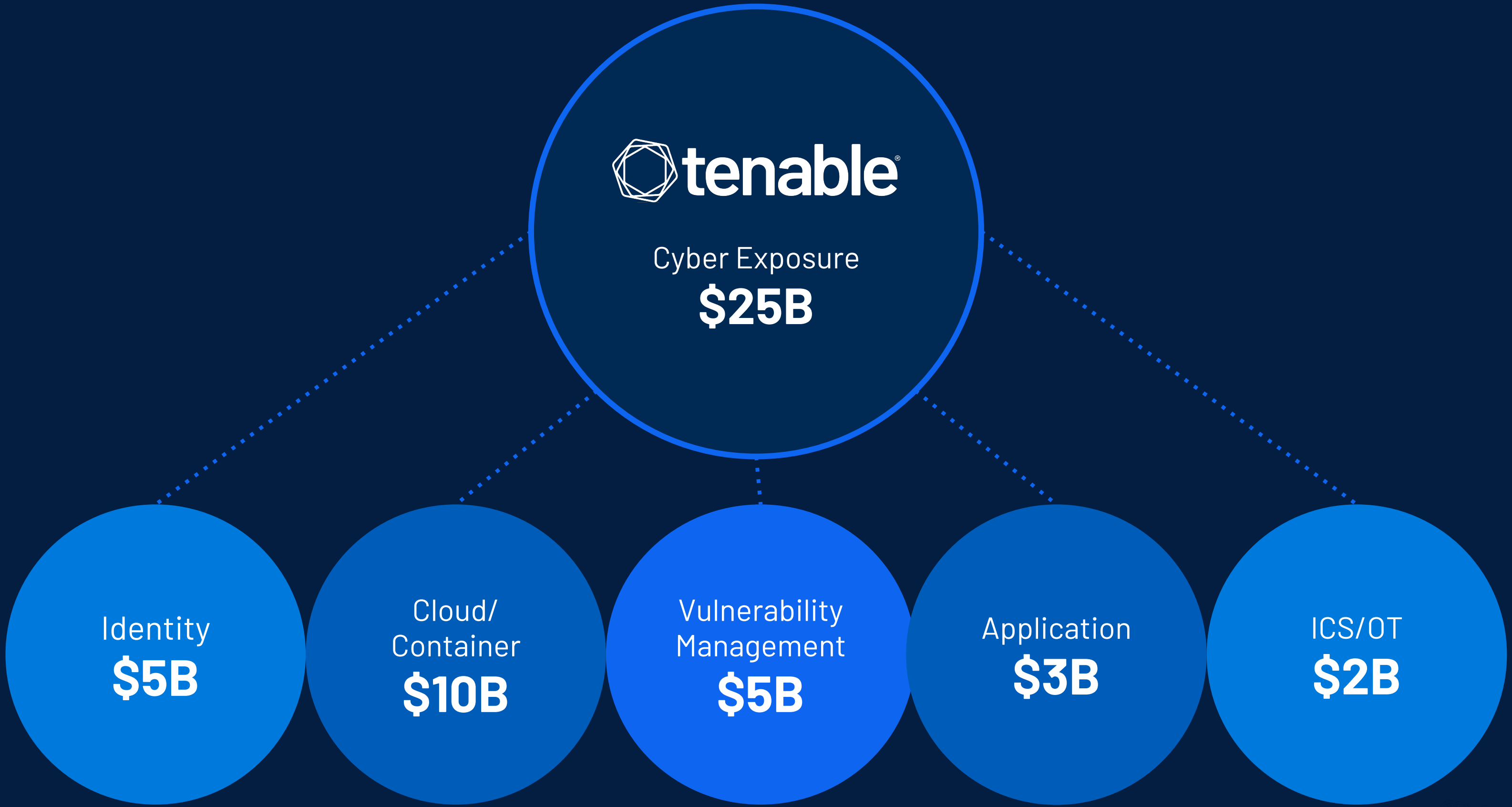
The next generation of cloud applications is disrupting the first generation of cloud security solutions

Unified Exposure Platform

Managing risk across many interconnected and interdependent systems

- Web Application
- Analytics
- Cloud / Container
- Operational Technology
- IT
- Active Directory / Identities

Tenable Total Addressable Market



Sources: Represents 2025 forecasts based on a blended view of recent forecasts from IDC, Gartner and Tenable assumptions.

Growth Strategy

Acquire new enterprise platform customers

Expand asset coverage

Invest in technology and expand use cases

Explore acquisition opportunities

Financial Overview

Key Business Model Highlights

Rapid revenue growth via attractive, recurring model

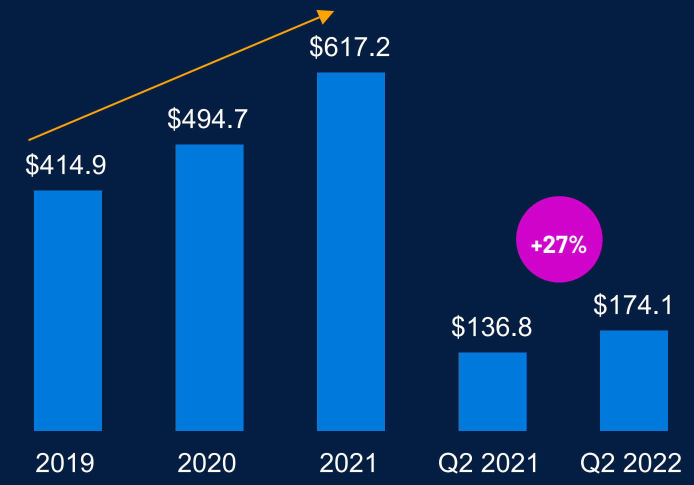
Strong land and expand dynamic

Balanced and diversified business mix

Balanced philosophy between growth and profitability

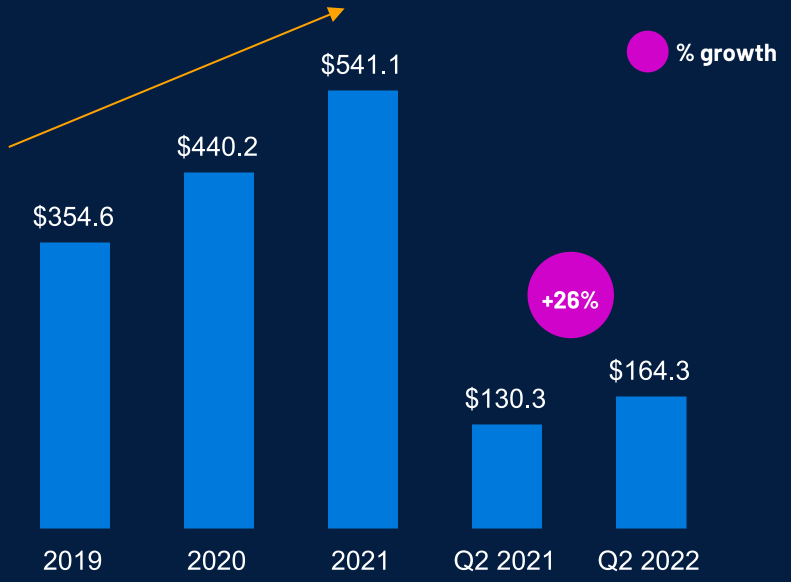
Rapidly Growing, High-Quality CCB and Revenue

Calculated current billings[1] ($M)



Annual prepaid / multi-year contracts

Revenue ($M)



95% recurring revenue

[1] Calculated current billings (CCB) figures presented here are Non-GAAP financial measures. Refer to Appendix for the definitions of non-GAAP financial measures and reconciliation of GAAP to Non-GAAP financial measures.

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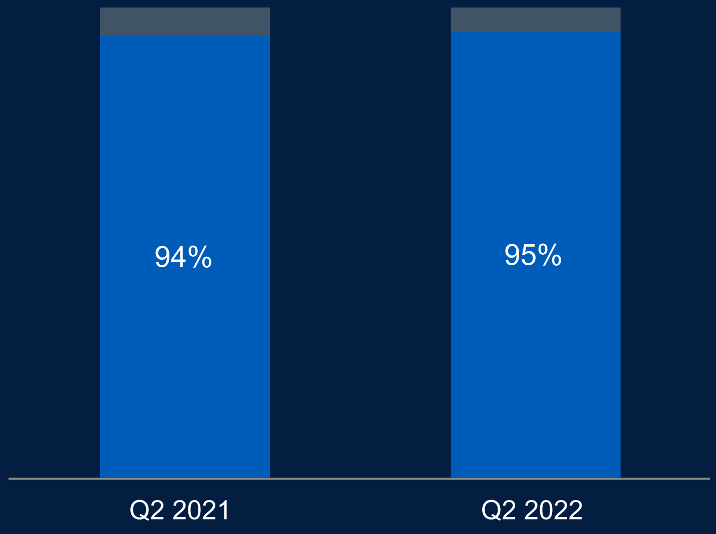
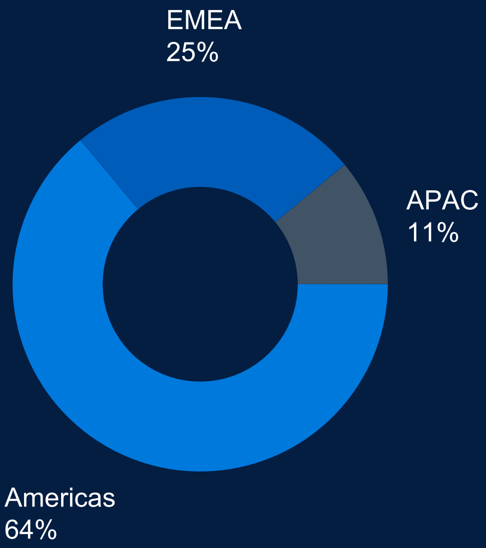
Attractive Composition of Revenue

Recurring Revenue



Q2 2022 Revenue by Geography



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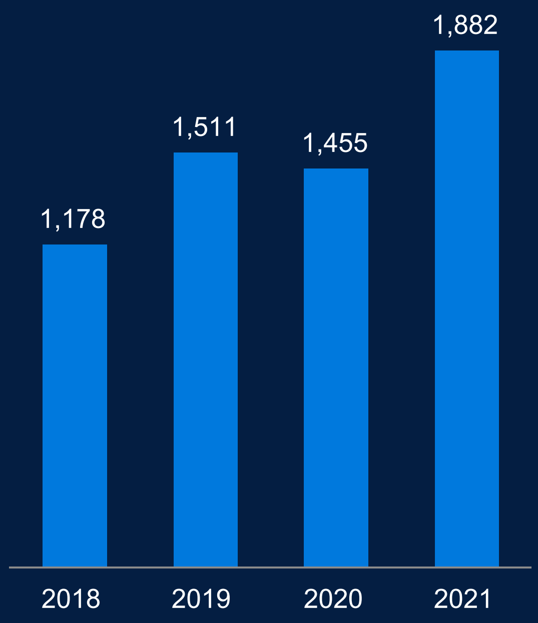
Landing Higher Value Customers

New logo enterprise platform customers[1]



LTM $100K+ ACV accounts[2]

[1] Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable.io, Tenable.cs, Tenable.sc, Tenable.ad, Tenable.ot or Tenable.ep for an annual amount of $5,000 or greater. The number of new enterprise platform customers added in 2021 includes 95 legacy customers from our acquisitions.
[2] Chart represents the number of customers with $100K and greater of annual contract value (ACV) for the last 12 months.

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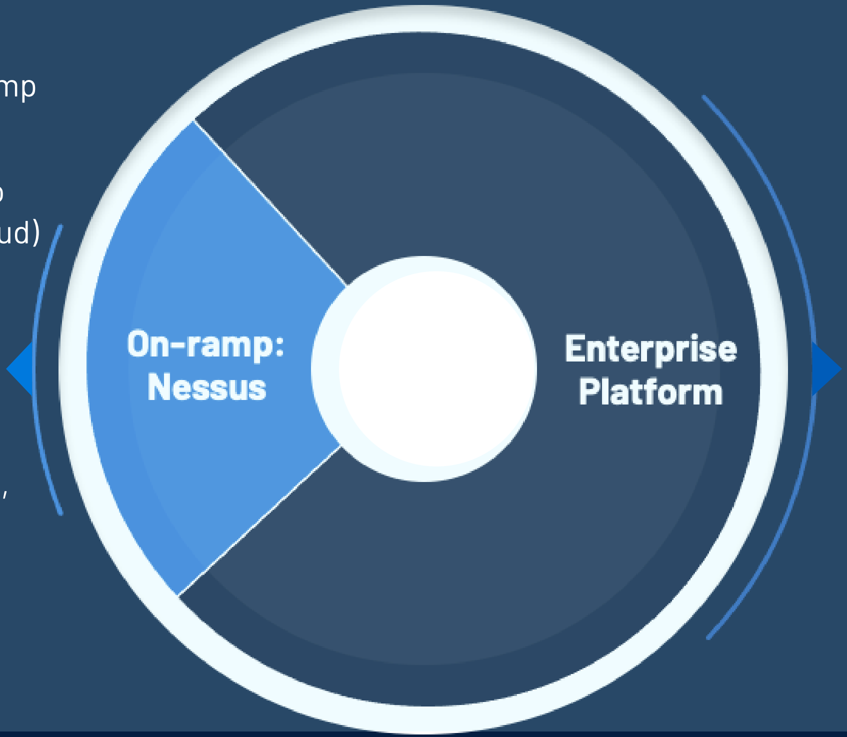
Multiple Ways to Land and Expand

- Nessus is a cost-effective on-ramp to larger enterprise platform
- Nessus Professional upgrades to either T.SC (on prem) or T.IO (cloud) or both (hybrid) can access additional features:
  - Centralized data & reporting
  - Access to more sensors (Agents, Passive, WebApp, OT, etc.)
  - Predictive Prioritization
  - APIs



- New logos
- Nessus upsells
- More assets and applications

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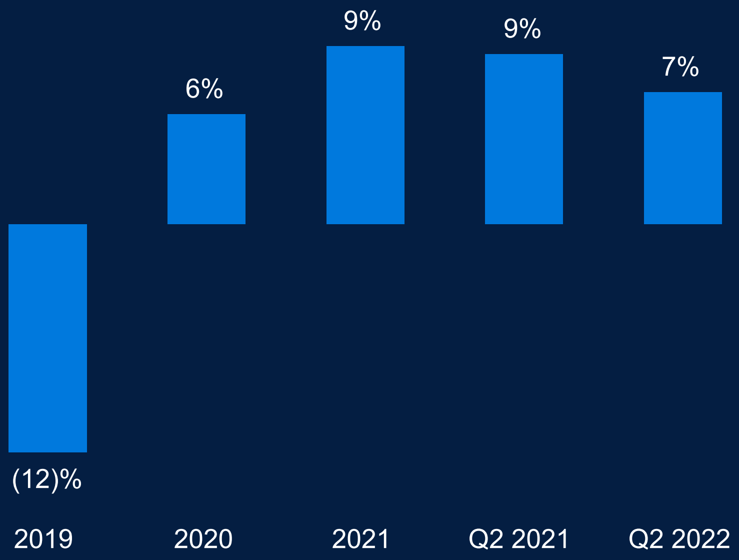
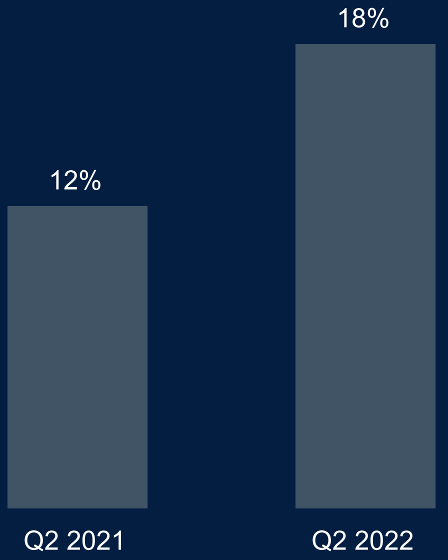
Strong Operating Leverage

Non-GAAP operating margins(1)



Unlevered free cash flow margin profile(1)



[1] Figures presented here are Non-GAAP financial measures. Refer to Appendix for the definitions of non-GAAP financial measures and reconciliation of GAAP to Non-GAAP financial measures.

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Appendix

Non-GAAP Reconciliations

Calculated Current Billings: We define calculated current billings, a non-GAAP financial measure, as total revenue recognized in a period plus the change in current deferred revenue in the corresponding period. We believe that calculated current billings is a key metric to measure our periodic performance. Given that most of our customers pay in advance (including multi-year contracts), but we generally recognize the related revenue ratably over time, we use calculated current billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers. We believe that calculated current billings, which excludes deferred revenue for periods beyond twelve months in a customer's contractual term, more closely correlates with annual contract value and that the variability in total billings, depending on the timing of large multi-year contracts and the preference for annual billing versus multi-year upfront billing, may distort growth in one period over another.

The following table presents a reconciliation of revenue, the most directly comparable GAAP measure, to calculated current billings for each of the periods presented. All dollars are in thousands.

Calculated Current Billings:	2019	2020	2021	Q2 2021	Q2 2022
Revenue	$ 354,586	$ 440,221	$ 541,130	$ 130,259	$ 164,341
Add: Deferred revenue (current), end of period	274,348	328,819	407,498	334,106	415,378
Less: Deferred revenue (current), beginning of period[1]	(214,069)	(274,348)	(331,462)	(327,569)	(405,594)
Calculated current billings	$ 414,865	$ 494,692	$ 617,166	$ 136,796	$ 174,125

[1] Deferred revenue (current), beginning of period for 2019, 2021, Q2 2021 and Q2 2022 includes $0.4 million, $2.6 million, $2.5 million and $0.8 million, respectively, related to acquired deferred revenue.

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Non-GAAP Reconciliations (continued)

Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin: We define these non-GAAP financial measures as their respective GAAP measures, excluding the effect of stock-based compensation, acquisition-related expenses, costs related to the intra-entity asset transfers resulting from the internal restructuring of legal entities and amortization of acquired intangible assets. Acquisition-related expenses include transaction expenses and costs related to the intercompany transfer of acquired intellectual property.

Non-GAAP Gross Profit and Non-GAAP Gross Margin: We define non-GAAP gross profit as GAAP gross profit, excluding the effect of stock-based compensation and amortization of acquired intangible assets. Non-GAAP gross margin is defined as non-GAAP gross profit as a percentage of revenue.

Free Cash Flow and Unlevered Free Cash Flow: We define free cash flow, a non-GAAP financial measure, as net cash provided by operating activities less purchases of property and equipment, which includes capitalized internal use software. We believe free cash flow is an important liquidity measure of the cash (if any) that is available, after purchases of property and equipment, for investment in our business and to make acquisitions. We believe that free cash flow is useful as a liquidity measure because it measures our ability to generate or use cash. We define unlevered free cash flow as free cash flow plus cash paid for interest and other financing costs. We believe unlevered free cash flow is useful as a liquidity measure as it measures the cash that is available to invest in our business and meet our current and future financing needs, however, given our debt obligations, unlevered free cash flow does not represent residual cash flow available for discretionary expenses.

The following tables reconcile the most directly comparable GAAP measures to our non-GAAP measures for each of the periods presented. All dollars are in thousands.

Non-GAAP (Loss) Income from Operations	2019	2020	2021	Q2 2021	Q2 2022
Loss from operations	$ (90,799)	$ (36,433)	$ (41,768)	$ (11,881)	$ (23,220)
Stock-based compensation	43,443	59,573	79,405	20,469	31,913
Acquisition-related expenses	3,970	339	6,901	1,542	713
Amortization of acquired intangible assets	620	2,314	6,447	1,404	2,785
Non-GAAP (loss) income from operations	$ (42,766)	$ 25,793	$ 50,985	$ 11,534	$ 12,191
Non-GAAP operating margin	(12)%	6 %	9 %	9 %	7 %

Non-GAAP Reconciliations (continued)

Non-GAAP Gross Profit	Q2 2022
Gross Profit	$ 128,304
Stock-based compensation[1]	2,114
Amortization of acquired intangible assets	2,785
Non-GAAP gross profit	$ 133,203
Non-GAAP gross margin	81 %

Free Cash Flow and Unlevered Free Cash Flow	Q2 2021	Q2 2022
Net cash provided by operating activities	$ 16,535	$ 30,518
Purchases of property and equipment	(1,534)	(4,752)
Free cash flow[2]	$ 15,001	$ 25,766
Cash paid for interest and other financing costs	79	3,315
Unlevered free cash flow[2]	$ 15,080	$ 29,081
Free cash flow margin	12 %	16 %
Unlevered free cash flow margin	12 %	18 %
(in millions) Free cash flow and unlevered free cash flow were impacted by:		
Employee stock purchase plan activity	3.1	4.3
Acquisition-related expenses	(1.6)	(2.5)

1 Cost of revenue portion of total stock-based compensation
2 Free cash flow and unlevered free cash flow for the three months ended June 30, 2022 and 2021 were benefited by approximately $2 million and $5 million, respectively, as a result of the accelerated timing of payments for insurance, professional fees and rent in prior quarters.

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