CYBER EXPOSURE
MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA
July 2022
Forward-Looking Statements

This presentation includes forward-looking statements. All statements contained in this presentation other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions. These risks and uncertainties are detailed in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K and other filings that we make from time to time with the SEC, which are available on the SEC’s website at sec.gov.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in any forward-looking statements we make.

You should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. Neither we, nor any other person, are under any duty to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements contained in this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk. By receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business.

This presentation includes non-GAAP financial measures which have certain limitations and should not be considered in isolation, or as alternatives to or substitutes for, financial measures determined in accordance with GAAP. The non-GAAP measures as defined by us may not be comparable to similar non-GAAP measures presented by other companies. Our presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that our future results will be unaffected by these or other unusual or non-recurring items. See the GAAP to Non-GAAP Reconciliation section for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

All third-party trademarks, including names, logos and brands, referenced by us in this presentation are property of their respective owners. All references to third-party trademarks are for identification purposes only. Such use should not be construed as an endorsement of our products or services.
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

95% Q2 Recurring Rev.

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

$164.3 mm Q2 Rev.
26% Rev. Growth

81% Q2 Non-GAAP Gross Margin

$29.1 mm Q2 Unlevered Free Cash Flow

---

2. Refer to Appendix for the definitions of non-GAAP financial measures and a reconciliation from the GAAP measures to the non-GAAP measures.
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
25% Market share in Device VM

#1 In Vulnerability Coverage
>20% More CVEs than competitors

Leader In Zero-day Research
141/167 zero-day vulnerabilities discovered in 2020 / 2021

---

Tenable is an Industry and Market Share Leader in Vulnerability Management

- **Gartner** Peer Insights Choice for Vulnerability Assessment 2020⁴ for 3 yrs in a row¹
- Recognized as a leader by **Frost & Sullivan** in the firm’s Frost Radar™: Global Vulnerability Management Market, 2021 report²
- Ranked #1 by **IDC** in market share in the Worldwide Vulnerability Management market³
- Named a leader in the **Forrester** Wave: Vulnerability Risk Management, Q4 2019⁴

---

1. Gartner Peer Insights Customers’ Choice constitute the subjective opinions of individual end-user reviews, ratings, and data applied against a documented methodology; they neither represent the views of, nor constitute an endorsement by, Gartner or its affiliates. The Gartner Peer Insights Customers’ Choice badge is a trademark and service mark of Gartner, Inc., and/or its affiliates, and is used herein with permission. All rights reserved. Gartner Peer Insights Customers’ Choice constitute the subjective opinions of individual end-user reviews, ratings, and data applied against a documented methodology; they neither represent the views of, nor constitute an endorsement by, Gartner or its affiliates.


4. The Forrester Wave™ is copyrighted by Forrester Research, Inc. Forrester and Forrester Wave™ are trademarks of Forrester Research, Inc. The Forrester Wave™ is a graphical representation of Forrester’s call on a market and is plotted using a detailed spreadsheet with exposed scores, weightings, and comments. Forrester does not endorse any vendor, product, or service depicted in the Forrester Wave™. Information is based on best available resources. Opinions reflect
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?"

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

More Complexity: More attacks, more point solutions, more vendors, more integrations...
The New, Unified Exposure Platform: Creating a “Better Together”

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

Tenable Products TODAY

Vulnerability Management (T.IO/T.SC)
Web/API Security (T.WAS)
OT Security (T.OT)
Active Directory / Identity (T.AD)
Infrastructural Exposure (T.CS)
KSPM & CSPM Exposure (T.CS)
Internet Exposure (T.ASM)
Problem: Digital Transformation & the Rise of Cloud Native Applications

1. New Architectures

1. New Deployment Model

• 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

Conclusion: New Approach to Security Required
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

Cyber Exposure
$25B

Identity
$5B

Cloud/Container
$10B

Vulnerability Management
$5B

Application
$3B

ICS/OT
$2B

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)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Q2 2021</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($M)</td>
<td>$414.9</td>
<td>$494.7</td>
<td>$617.2</td>
<td>$136.8</td>
<td>$174.1</td>
</tr>
</tbody>
</table>

\(^{1}\) 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.

### Revenue ($M)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Q2 2021</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($M)</td>
<td>$354.6</td>
<td>$440.2</td>
<td>$541.1</td>
<td>$130.3</td>
<td>$164.3</td>
</tr>
</tbody>
</table>

95% recurring revenue

Annual prepaid / multi-year contracts

\(+27\%\) \(+26\%\)
Attractive Composition of Revenue

Q2 2022 Revenue by Geography

- **Americas**: 64%
- **EMEA**: 25%
- **APAC**: 11%

Recurring Revenue

- **Q2 2021**: 94%
- **Q2 2022**: 95%
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. The number of new enterprise platform customers added in 2021 includes 95 legacy customers from our acquisitions.
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

Nessus upsells: New logos, Nessus upsells, More assets and applications.
Strong Operating Leverage

Non-GAAP operating margins\(^{(1)}\)

Unlevered free cash flow margin profile\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Q2 2021</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>(12)%</td>
<td>6%</td>
<td>9%</td>
<td>9%</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q2 2021</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>12%</td>
<td>18%</td>
</tr>
</tbody>
</table>

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.
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.

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

\(^1\) 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.
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.

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

<table>
<thead>
<tr>
<th>Non-GAAP Gross Profit</th>
<th>Q2 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>$ 128,304</td>
</tr>
<tr>
<td>Stock-based compensation(^{(1)})</td>
<td>2,114</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>2,785</td>
</tr>
<tr>
<td><strong>Non-GAAP gross profit</strong></td>
<td>$ 133,203</td>
</tr>
<tr>
<td><strong>Non-GAAP gross margin</strong></td>
<td>81 %</td>
</tr>
</tbody>
</table>

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

\(^{(1)}\) 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.