



# CYBER EXPOSURE

*MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA*

February 2024



# Forward-Looking Statements

This presentation includes forward-looking statements. All statements contained in this presentation other than statements of historical fact, including statements regarding our future results of operations and financial position, 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 assumptions and risks and uncertainties, many of which involve factors or circumstances that are beyond our control. 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 for the year ended December 31, 2022, our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 and other filings that we make from time to time with the SEC, which are available on the SEC's website at [sec.gov](https://www.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. Except as required by law, we are under no obligation to update these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations. 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.

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An aerial, top-down view of a dense urban skyline, likely New York City, featuring numerous skyscrapers and buildings. The image is overlaid with a semi-transparent blue filter. The text is centered in the upper half of the image.

We help organizations  
confidently answer the question:

*“How secure are we?”*

# Tenable at a Glance



Category-leader in strategically important Exposure Management



Holistic approach to Exposure Management focusing on measuring and managing cyber risk across the attack surface



Leveraging our core competency in VM, Cloud, Identity and OT to deliver an integrated unified platform

**#1 Market Share** in  
Vulnerability Management<sup>(1)</sup>

**~44K** Customers  
**~65%** of Fortune 500  
**~50%** of Global 2000

**\$213.3 mm** Q4 Rev.  
**16%** Rev. Growth

**95%** Q4 Recurring Rev.

**81%** Q4 Non-GAAP Gross  
Margin<sup>(2)</sup>

**\$43.3 mm** Q4 Unlevered Free  
Cash Flow<sup>(2)</sup>

1. IDC Worldwide Device Vulnerability Management Market Shares 2022: Worldwide Device Vulnerability Management Market Shares, 2022: Exposures Present a Clear and Present Danger, December 2023  
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



Data science driven analytics - prioritization, benchmarking



Best-in-Class strategy in Exposure Management



High growth, recurring model

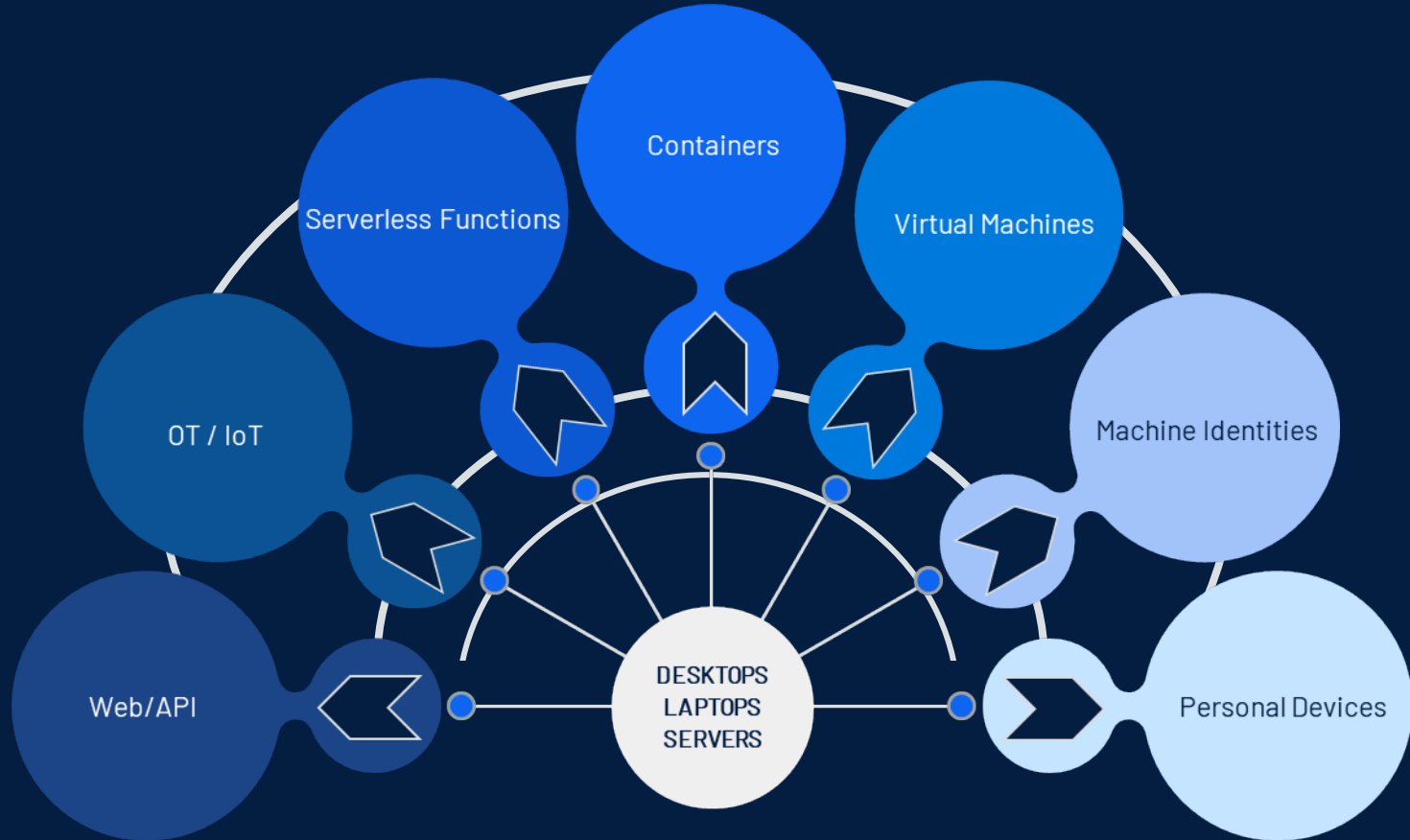


One platform unifying data across network, cloud, Identity, OT and DevOps environments



Attractive margin profile with operating leverage

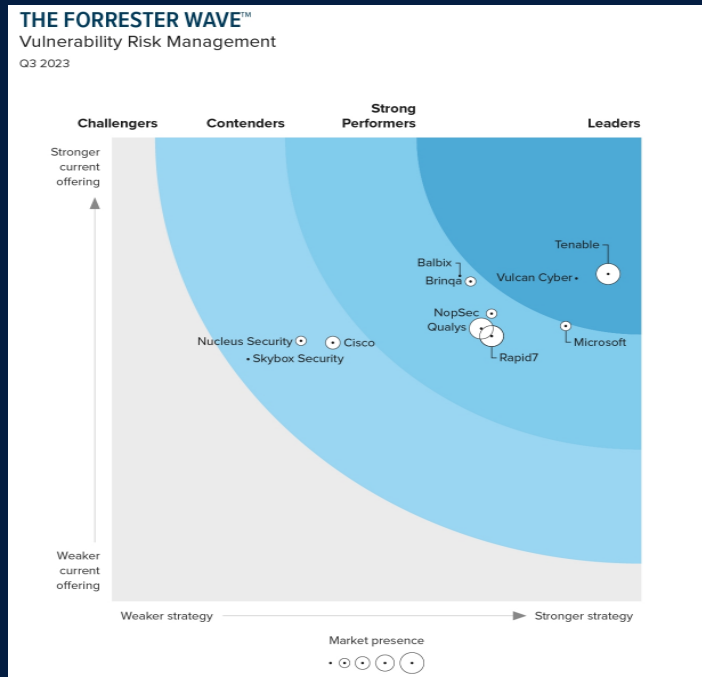
# Use of Tech is Exploding in Modern Infrastructure





# Tenable is an Industry and Market Share Leader in Vulnerability Management

- ✓ Recognized as a leader by **Frost & Sullivan** in the firm's Frost Radar™: Global Vulnerability Management Market, 2021 report<sup>1</sup>
- ✓ Ranked #1 by **IDC** in market share in the Worldwide Vulnerability Management market<sup>2</sup>
- ✓ Named a leader in the **Forrester Wave: Vulnerability Risk Management, Q3 2023**<sup>3</sup>



1. Frost Radar™: Global Vulnerability Management Market, 2021 report

2. IDC Worldwide Device Vulnerability Management Market Shares 2022: Worldwide Device Vulnerability Management Market Shares, 2022: Exposures Present a Clear and Present Danger, December 2023

3. 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.



# tenable one™

Exposure Management Platform

**EXPOSURE VIEW**

**ATTACK PATH ANALYSIS**

**ASSET INVENTORY**

**VULNERABILITY  
MANAGEMENT**

**WEB APP  
SECURITY**

**CLOUD  
SECURITY**

**IDENTITY  
SECURITY**

**ATTACK  
SURFACE  
MANAGEMENT**

**OT  
SECURITY**

**THIRD  
PARTY  
DATA**

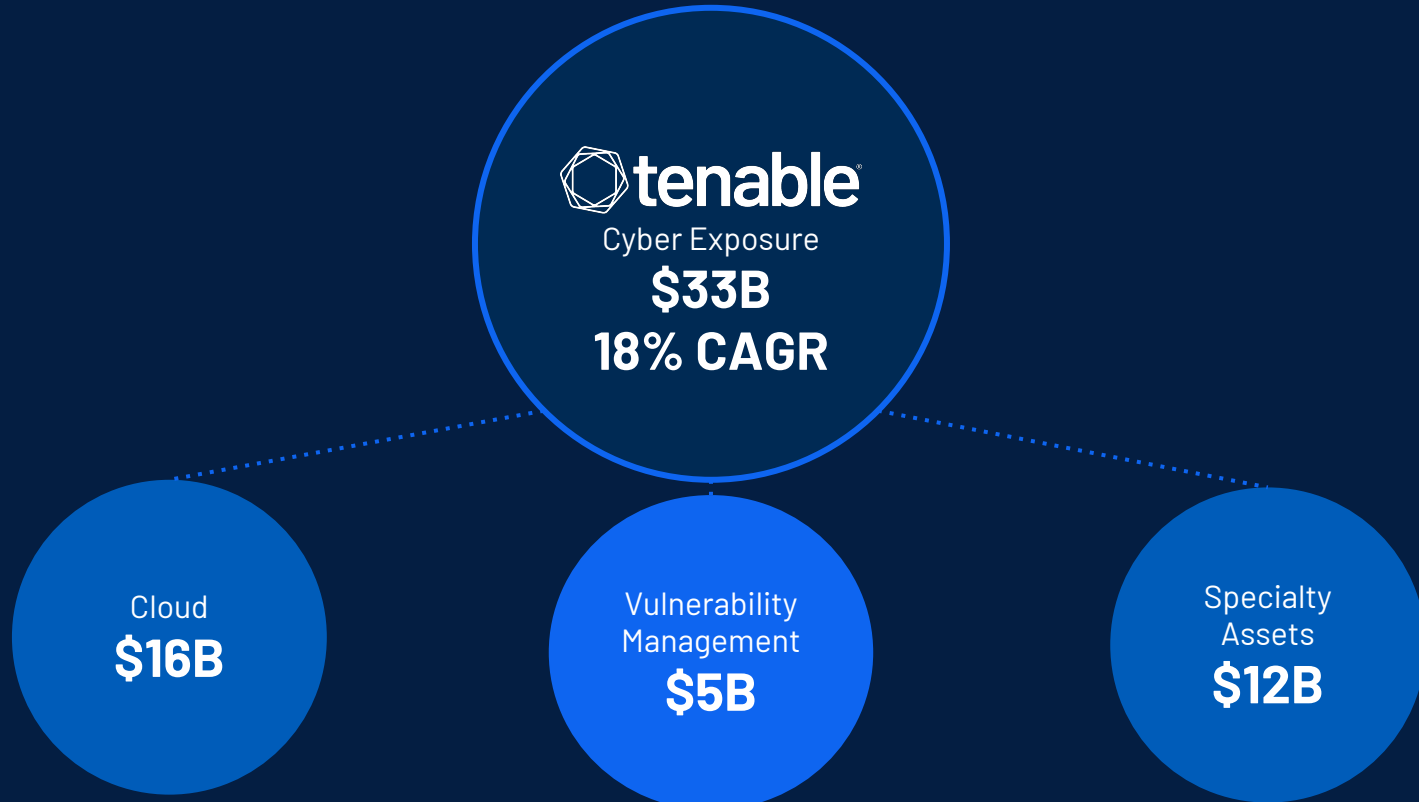
**ExposureAI**

**THIRD  
PARTY  
DATA**

**EXPOSURE GRAPH**



# Tenable Total Addressable Market



Sources: Represents 2027 forecasts based on a blended view of recent forecasts from IDC, Gartner and Tenable assumptions.  
"Cloud" includes CNAPP and Analytics; "Specialty Assets" includes ASM, OT, AD, WebApp



# Financial Overview

# Key Business Model Highlights



Rapid revenue  
growth via  
attractive, recurring  
model



Strong land and  
expand dynamic



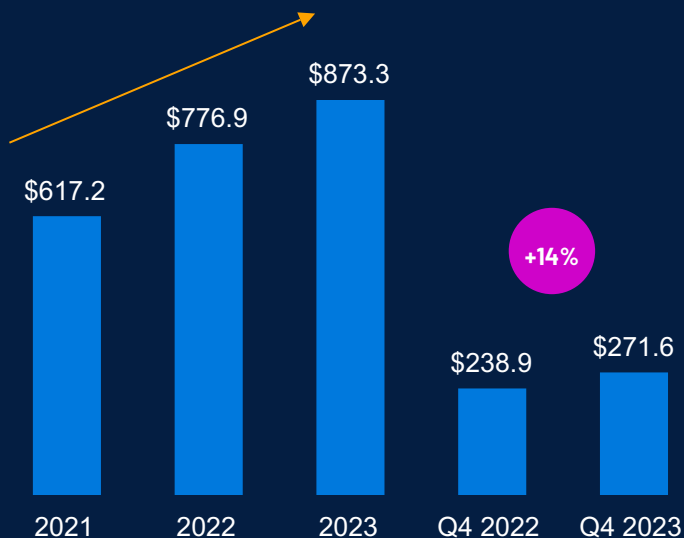
Balanced and  
diversified business  
mix



Balanced  
philosophy between  
growth and  
profitability

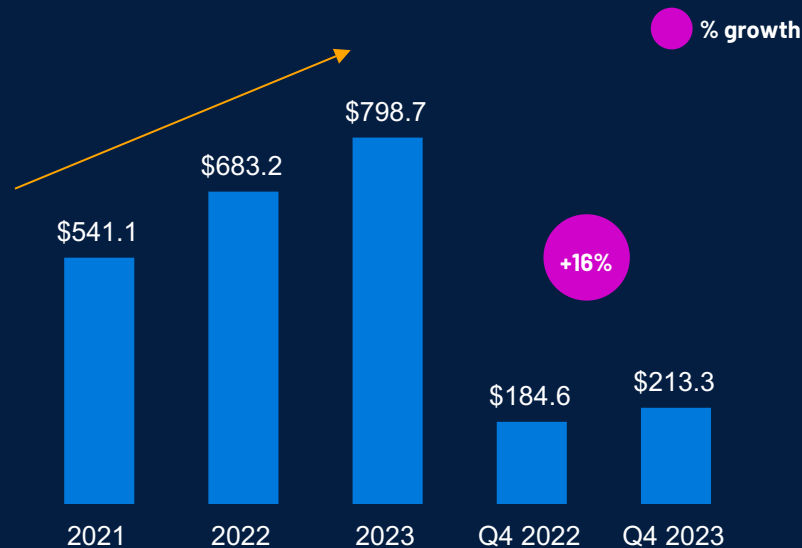
# Rapidly Growing, High-Quality CCB and Revenue

## Calculated current billings<sup>(1)</sup> (\$M)



Annual prepaid / multi-year contracts

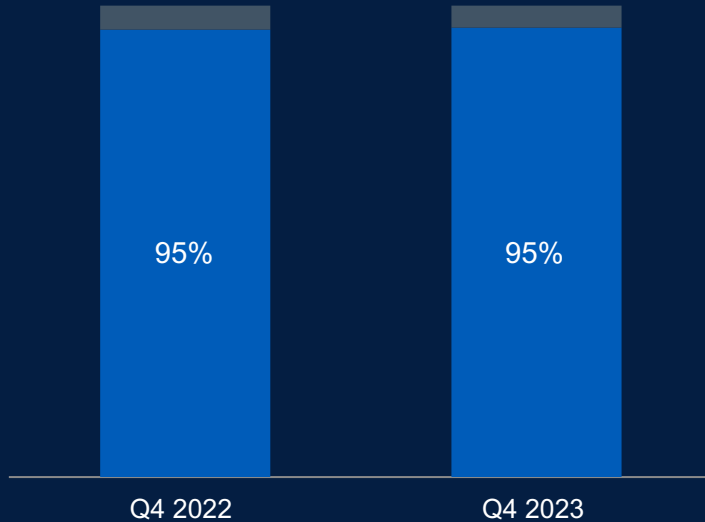
## Revenue (\$M)



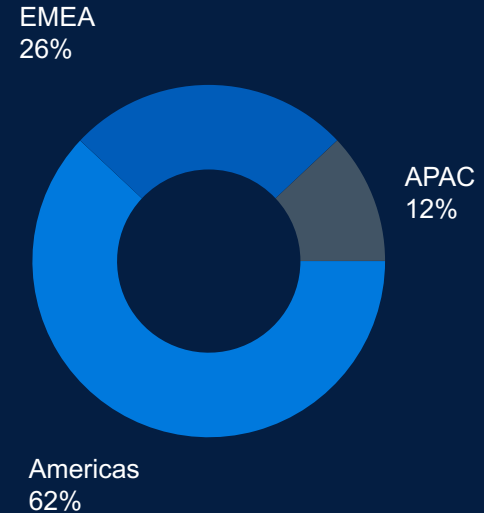
95% recurring revenue

# Attractive Composition of Revenue

## Recurring Revenue

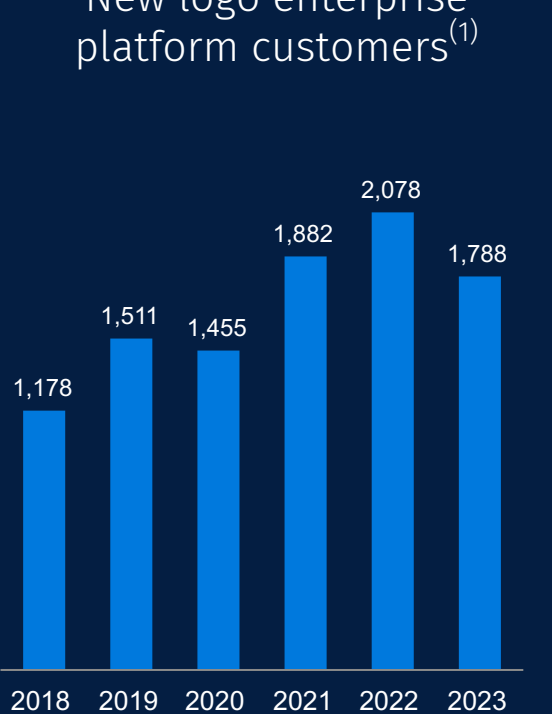


## Q4 2023 Revenue by Geography

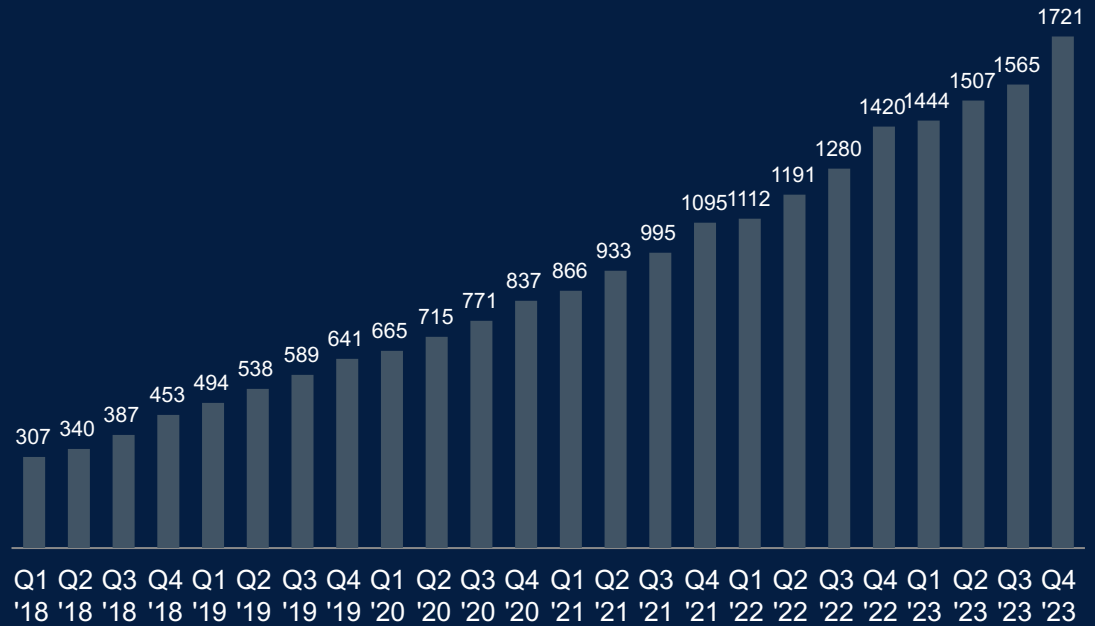


# Landing Higher Value Customers

New logo enterprise platform customers<sup>(1)</sup>



LTM \$100K+ ACV accounts<sup>(2)</sup>

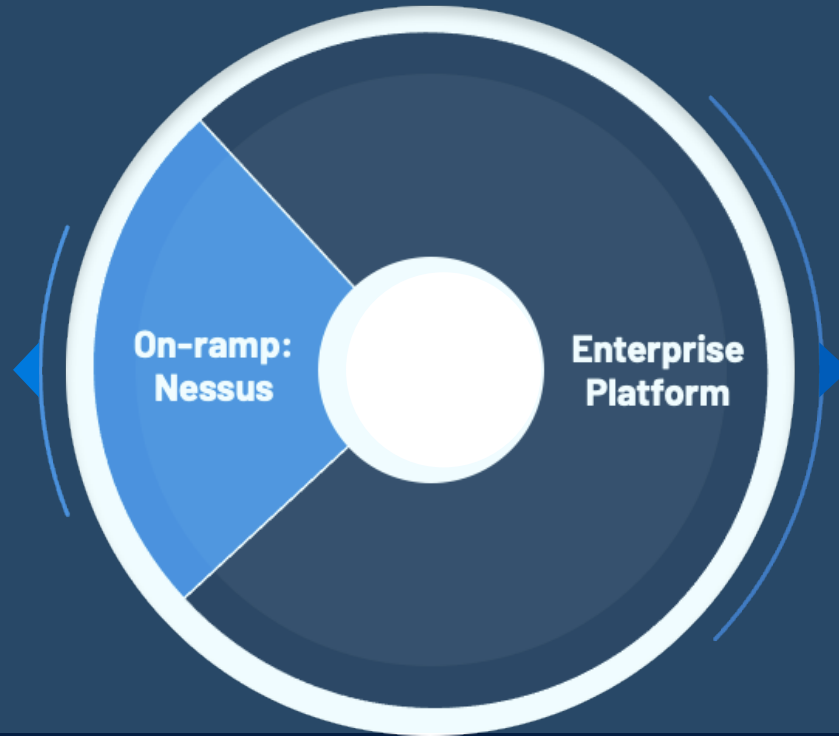


<sup>1</sup> Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable One, Tenable.io, Tenable.sc, Tenable.ad, Tenable.ot or Tenable.cs for an annual amount of \$5,000 or greater. The number of new enterprise platform customers added in 2021 and 2023 includes 95 and 104 legacy customers, respectively, from our acquisitions.

<sup>2</sup> Chart represents the number of customers with \$100K and greater of annual contract value (ACV) for the last 12 months. The number of new six-figure customers in Q4 2023 includes 15 six-figure customers added in connection with our acquisition of Ermetic.

# Multiple Ways to Land and Expand

- Nessus is a cost-effective on-ramp to larger enterprise platform
- Nessus Professional upgrades to either TSC (on prem) or TIO (cloud) or both (hybrid)
- Nessus Expert includes all of the capabilities of Nessus Professional plus cloud infrastructure and external attack surface scanning



New logos



Nessus upsells

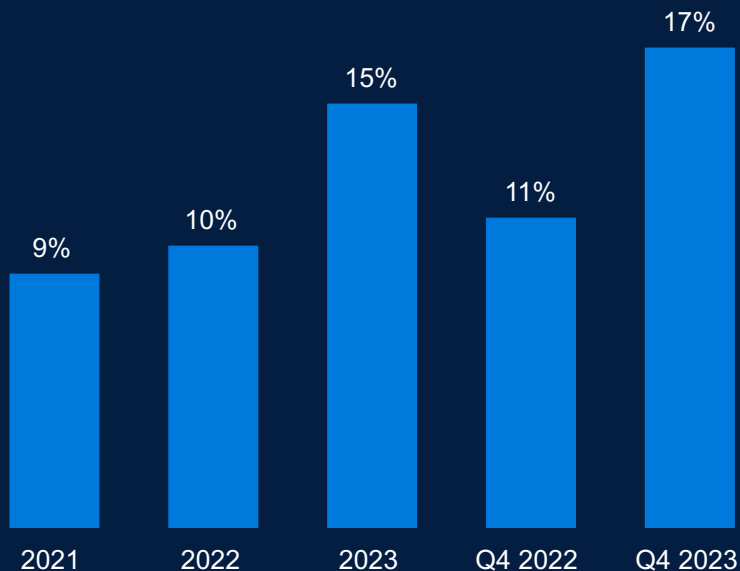


More assets and applications

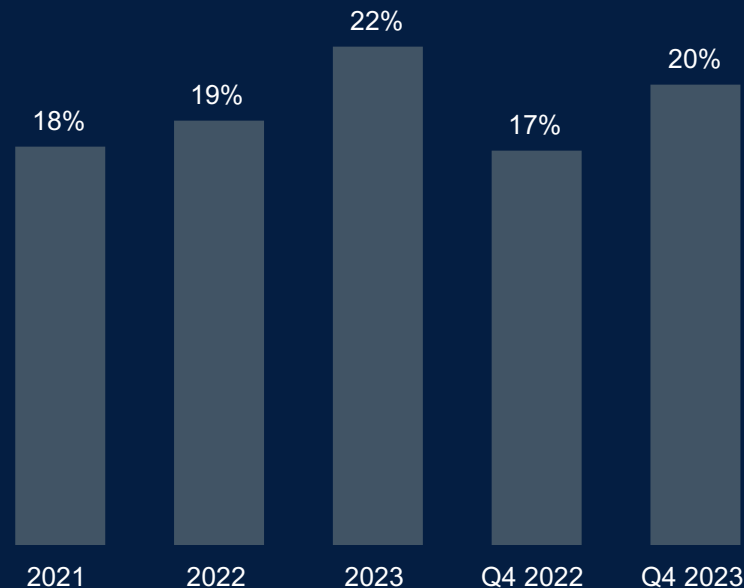


# Strong Operating Leverage

Non-GAAP operating margins<sup>(1)</sup>



Unlevered free cash flow margin profile<sup>(1)</sup>



<sup>1</sup> 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.

# Q1 and FY 2024 Outlook

	<u>Q1 2024 Forecast</u>	<u>FY2024 Forecast</u>
Current Calculated Billings	NA	\$982.0 million - \$992.0 million
Revenue	\$212.00 - \$214.0 million	\$895.0 million - \$905.0 million
Non-GAAP Income From Ops	\$27.0 million - \$29.0 million	\$152.0 million - \$160.0 million
Non-GAAP Net Income	\$20.0 million - \$22.0 million <sup>(1)</sup>	\$129.0 million - \$137.0 million <sup>(2)</sup>
Non-GAAP EPS	\$0.16 - \$0.18	\$1.03-\$1.10
Diluted Weighted Average Shares Outstanding	123.0 million	125.0 million
Unlevered Free Cash Flow	NA	\$220.0 million - \$230.0 million

1 - Assumes interest income of \$5.2 million, interest expense of \$8.2 million and a provision for income taxes of \$3.9 million.

2 - Assumes interest income of \$21.7 million, interest expense of \$32.2 million and a provision for income taxes of \$10.6 million.

# 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:	2021	2022	2023	Q4 2022	Q4 2023
Revenue	\$ 541,130	\$ 683,191	\$ 798,710	\$ 184,631	\$ 213,306
Add: Deferred revenue (current), end of period	407,498	502,115	580,779	502,115	580,779
Less: Deferred revenue (current), beginning of period <sup>(1)</sup>	(331,462)	(408,443)	(506,192)	(447,863)	(522,449)
Calculated current billings	\$ 617,166	\$ 776,863	\$ 873,297	\$ 238,883	\$ 271,636

<sup>1</sup> Deferred revenue (current), beginning of period for 2021, 2022, 2023, and Q4 2023 includes \$2.6 million, \$0.9 million, \$4.1 million and \$4.1 million, respectively, related to acquired deferred revenue.

# Non-GAAP Reconciliations (continued)

**Non-GAAP Income 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, restructuring expenses and amortization of acquired intangible assets. Acquisition-related expenses include transaction and integration expenses and costs related to the intercompany transfer of acquired intellectual property. Restructuring expenses include non-ordinary course severance, employee related benefits and other charges.

**Non-GAAP Net Income and Non-GAAP Earnings Per Share:** We define non-GAAP net income as GAAP net loss, excluding the effect of stock-based compensation, acquisition-related expenses, restructuring expenses and amortization of acquired intangible assets, including the applicable tax impacts. In addition, we exclude the tax impact and related costs of intra-entity asset transfers resulting from the internal restructuring of legal entities as well as deferred income tax benefits recognized in connection with acquisitions. We use non-GAAP net income to calculate non-GAAP earnings per share.

**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 and capitalized software development costs. We believe free cash flow is an important liquidity measure of the cash (if any) that is available, after purchases of property and equipment and capitalized software development costs, for investment in our business and to make acquisitions. We believe that free cash flow is useful to investors 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.

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 Income from Operations	2020	2021	2022	Q4 2021	Q4 2022
Loss from operations	\$ (41,768)	\$ (67,815)	\$ (52,160)	\$ (14,089)	\$ (14,346)
Stock-based compensation	79,405	120,633	145,327	30,679	36,515
Acquisition-related expenses	6,901	2,642	9,472	266	4,744
Restructuring	—	—	4,499	—	4,499
Costs related to intra-entity asset transfer	—	838	—	—	—
Amortization of acquired intangible assets	6,447	11,372	13,859	3,080	4,651
Non-GAAP income from operations	\$ 50,985	\$ 67,670	\$ 120,997	\$ 19,936	\$ 36,063
Non-GAAP operating margin	9 %	10 %	15 %	11 %	17 %

# Non-GAAP Reconciliations (continued)

Free Cash Flow and Unlevered Free Cash Flow	2021	2022	2023	Q4 2022	Q4 2023
(in thousands)					
Net cash provided by operating activities	\$ 96,765	\$ 131,151	\$ 149,855	\$ 31,918	\$ 38,505
Purchases of property and equipment	(3,887)	(9,359)	(1,704)	(4,227)	(405)
Capitalized software development costs <sup>(1)</sup>	(2,674)	(9,789)	(7,052)	(1,011)	(2,345)
Free cash flow <sup>(2)</sup>	\$ 90,204	\$ 112,003	\$ 141,099	\$ 26,680	\$ 35,755
Cash paid for interest and other financing costs	4,978	16,047	34,323	5,428	7,537
Unlevered free cash flow <sup>(2)</sup>	\$ 95,182	\$ 128,050	\$ 175,422	\$ 32,108	\$ 43,292
Free cash flow margin	17 %	16 %	18 %	14 %	17 %
Unlevered free cash flow margin	18 %	19 %	22 %	17 %	20 %
Free cash flow and unlevered free cash flow were impacted by:					
(in thousands)					
Employee stock purchase plan activity	(283)	837	1,077	5,375	3,584
Acquisition-related expenses	(6,464)	(2,655)	(9,336)	(260)	(8,506)
Costs related to intra-entity asset transfer	—	(838)	—	—	—
Tax payment on intra-entity asset transfers	(2,808)	(2,697)	—	—	—
Capital expenditures related to new headquarters	(928)	—	—	—	—

1 Capitalized software development costs were previously included in purchases of property and equipment.

2 Free cash flow and unlevered free cash flow for the year ended December 31, 2022 were benefited by approximately \$8 million, respectively, from prepayments of software subscription costs, insurance and rent made in prior quarters. These prepayments were offset by a benefit of approximately \$15 million for the year ended December 31, 2021 from similar prepayments made in 2020.

# Non-GAAP Reconciliations (continued)

Non-GAAP Gross Profit	Q4 2023
Gross Profit	\$ 164,503
Stock-based compensation <sup>(1)</sup>	2,705
Amortization of acquired intangible assets	4,651
Non-GAAP gross profit	\$ 171,859
Non-GAAP gross margin	81 %

1 Cost of revenue portion of total stock-based compensation



# Non-GAAP Reconciliations (continued)

The following adjustments to reconcile forecasted non-GAAP income from operations, non-GAAP net income, non-GAAP earnings per share, free cash flow and unlevered free cash flow are subject to a number of uncertainties and assumptions, each of which are inherently difficult to forecast. As a result, actual adjustments and GAAP results may differ materially.

Forecasted Non-GAAP Income from Operations (in millions)	Three months ended March 31, 2024		Year ended December 31, 2024	
	Low	High	Low	High
Forecasted loss from operations	\$ (27.7)	\$ (23.7)	\$ (41.7)	\$ (31.7)
Forecasted stock-based compensation	40.0	40.0	165.0	165.0
Forecasted restructuring expense	10.0	8.0	10.0	8.0
Forecasted amortization of acquired intangible assets	4.7	4.7	18.7	18.7
Forecasted non-GAAP income from operations	\$ 27.0	\$ 29.0	\$ 152.0	\$ 160.0

Forecasted Free Cash Flow and Unlevered Free Cash Flow (in millions)	Year ended December 31, 2023	
	Low	High
Forecasted net cash provided by operating activities	\$ 201.0	\$ 211.0
Forecasted purchases of property and equipment	(7.7)	(7.7)
Forecasted capitalized software development costs	(4.0)	(4.0)
Forecasted free cash flow	189.3	199.3
Forecasted cash paid for interest and other financing costs	30.7	30.7
Forecasted unlevered free cash flow	\$ 220.0	\$ 230.0

# Non-GAAP Reconciliations (continued)

Forecasted Non-GAAP Net Income and Non-GAAP Earnings Per Share (in millions, except per share data)	Three months ended March 31, 2023		Year ended December 31, 2023	
	Low	High	Low	High
Forecasted net loss <sup>(1)</sup>	\$ (34.6)	\$ (30.6)	\$ (68.9)	\$ (58.9)
Forecasted stock-based compensation	40.0	40.0	165.0	165.0
Forecasted tax impact of stock-based compensation	(0.4)	(0.4)	3.2	3.2
Forecasted tax impact of acquisitions	0.3	0.3	1.0	1.0
Forecasted restructuring expense	10.0	8.0	10.0	8.0
Forecasted amortization of acquired intangible assets	4.7	4.7	18.7	18.7
Forecasted non-GAAP net income	\$ 20.0	\$ 22.0	\$ 129.0	\$ 137.0
Forecasted net loss per share, diluted <sup>(1)</sup>	\$ (0.29)	\$ (0.26)	\$ (0.58)	\$ (0.49)
Forecasted stock-based compensation	0.34	0.34	1.39	1.39
Forecasted tax impact of stock-based compensation	—	—	0.03	0.03
Forecasted tax impact of acquisitions	—	—	0.01	0.01
Forecasted restructuring expense	0.09	0.07	0.08	0.07
Forecasted amortization of acquired intangible assets	0.04	0.04	0.16	0.16
Adjustment to diluted earnings per share <sup>(2)</sup>	(0.02)	(0.01)	(0.06)	(0.07)
Forecasted non-GAAP earnings per share, diluted	\$ 0.16	\$ 0.18	\$ 1.03	\$ 1.10
Forecasted weighted-average shares used to compute GAAP net loss per share, diluted	117.5	117.5	119.0	119.0
Forecasted weighted-average shares used to compute non-GAAP earnings per share, diluted	123.0	123.0	125.0	125.0

1 The forecasted GAAP net loss assumes income tax expense of \$3.8 million and \$14.8 million in the three months ending March 31, 2024 and year ending December 31, 2024, respectively.

2 Adjustment to reconcile GAAP net loss per share, which excludes potentially dilutive shares, to non-GAAP earnings per share, which includes potentially dilutive shares.