



# CYBER EXPOSURE

***MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA***

July 2021



# 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](http://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. Such risks and uncertainties may be amplified by the COVID-19 pandemic and its potential impact on our business and the global economy. 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.

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An aerial photograph of a dense urban skyline, likely New York City, featuring numerous skyscrapers and buildings. The image is overlaid with a semi-transparent blue filter. Centered on the image is white text.

We help organizations  
confidently answer the question:

*“How secure are we?”*

# Tenable at a Glance



Category-leader in strategically important Cyber Exposure market with focus on enterprise customers



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

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

**30K+** Customers  
**50%+** of Fortune 500  
**30%+** of Global 2000

**\$130.3 mm** Q2 Rev.  
**22%** Rev. Growth

**94%** Q2 Recurring Rev.

**82%** Q2 Non-GAAP Gross  
Margin<sup>(2)</sup>

**12%** Q2 Free Cash Flow  
Margin<sup>(2)</sup>

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.



# Investment Highlights



Unique approach to secular growth opportunity



Data science driven analytics - prioritization, benchmarking



Best of Breed strategy in Cyber Exposure



High growth, recurring model



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

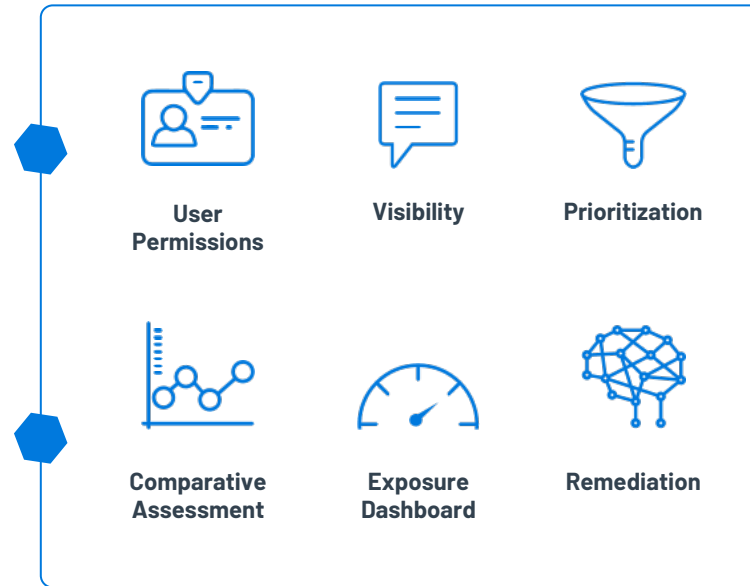
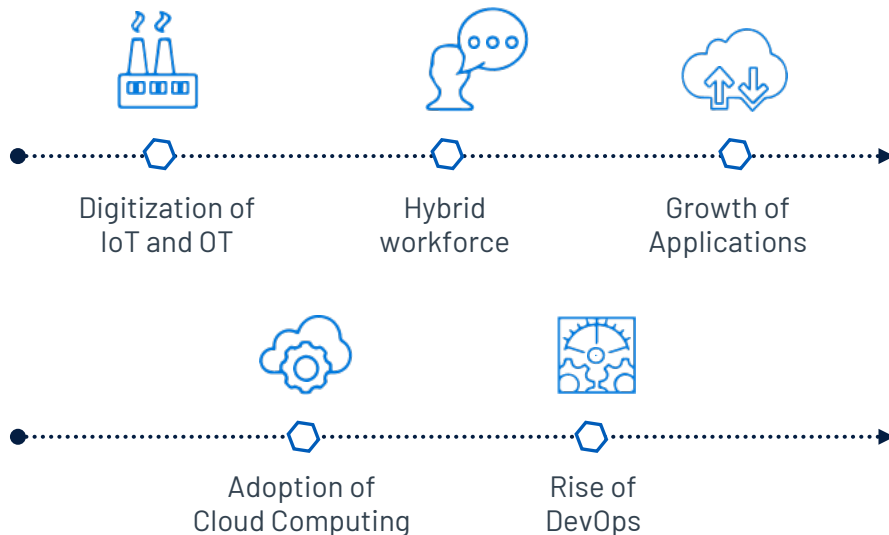


Attractive margin profile with operating leverage

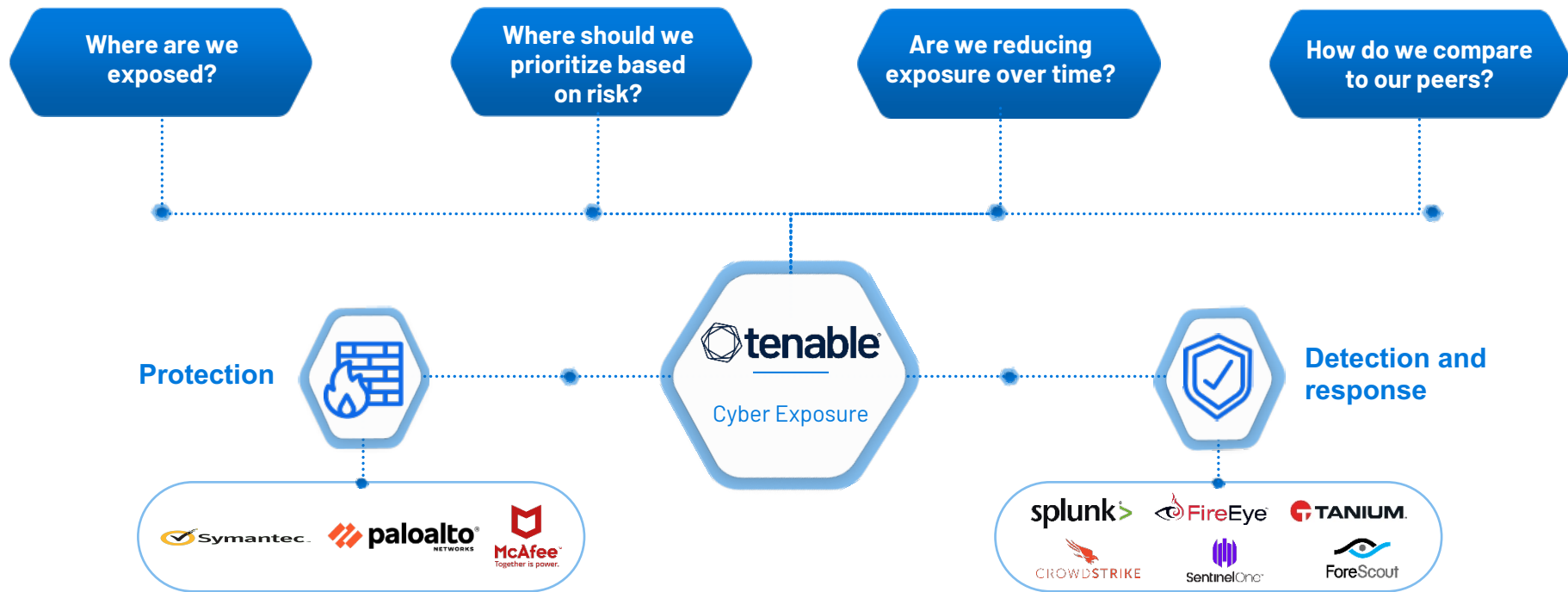
# Digital Transformation Increases Complexity & Risk

**Proliferation of assets has resulted in increasing Surface of Attack...**

**...requiring Unified Cyber Risk Insights into alerts and behavior**



# Understanding Cyber Risk is Strategic and Foundational



# Best of Breed Strategy in Vulnerability Management



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

28% Market share in Device VM<sup>(1)</sup>



**#1 In Vulnerability Coverage<sup>(2)</sup>**

>20% More CVEs than competitors<sup>(2)</sup>



**Leader In Zero-day Research<sup>(3)</sup>**

147/141 Zero-day vulnerabilities discovered in 2019 / 2020

<sup>1</sup> Source: IDC, "Worldwide Device Vulnerability Management Market Shares 2019: Finding the Transitional Elements Between Device Assessment Scanning and Risk-Based Remediation" - May 2020.

<sup>2</sup> Reported in A Principled Technologies report: "Comparing vulnerability and security configuration assessment coverage of leading VM vendors" - September, 2019.

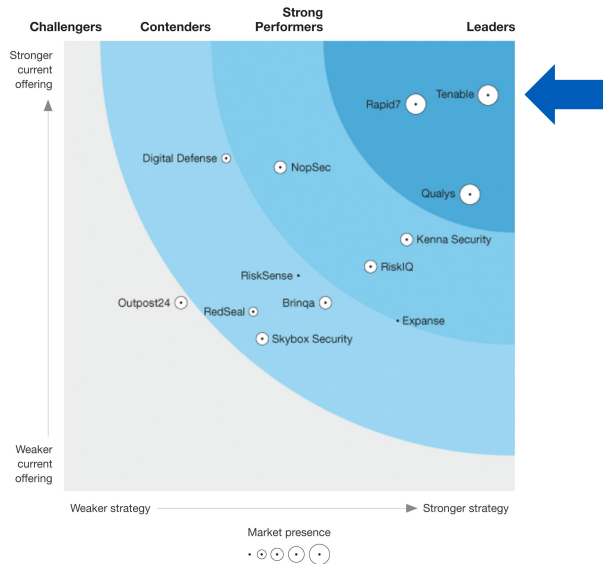
<sup>3</sup> Refer to <https://www.tenable.com/security/research> for published vulnerabilities and research advisories.



# Tenable Named a Leader by Market Analysts and Recognized by Customers

Tenable is Top Ranked in both **strategy** and **current offering** categories

THE FORRESTER WAVE™  
Vulnerability Risk Management  
Q4 2019



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Tenable Named a 2020 Gartner Peer Insights Customers' Choice for Vulnerability Assessment for the second year in a row

*"We needed to switch to a new vulnerability management tool when BeyondTrust announced they were getting out of the v-m business, and even they recommend Tenable. I see why - they are the industry leader and deserve to be. I wish we'd switched a long time ago."*

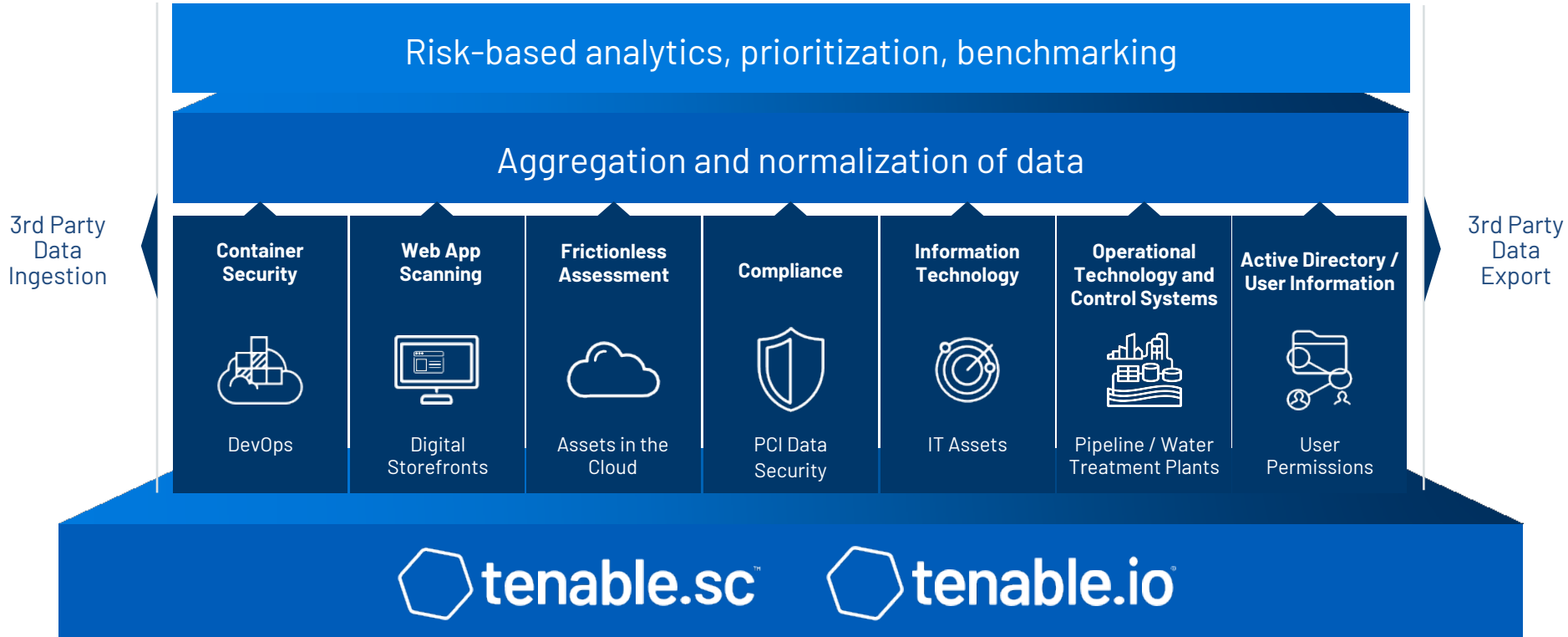
**-Analyst Network and Infrastructure in the Transportation Industry**

<https://www.gartner.com/reviews/market/vulnerability-assessment/vendor/tenable/product/tenable-sc/review/view/1315226>

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# One Platform Unifying Data Across the Attack Surface



# Frictionless Assessment Of Cloud Assets

## PURPOSE BUILT FOR VM IN THE CLOUD



### **Deploy at the speed of Cloud.**

Setup in seconds and receive actionable results in minutes - no scanner installs or agents required



### **Cloud Native.**

Leverage cloud native management tools for frictionless collection of state information



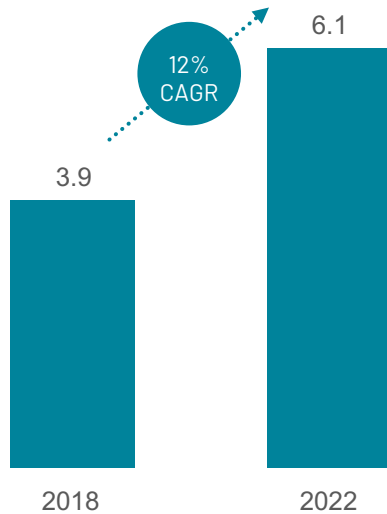
### **Continuous Visibility.**

Continuously assess the cloud as new assets are discovered or vulnerabilities disclosed

# Large and Underpenetrated TAM

## Traditional vulnerability management market<sup>(1)</sup>

\$ in billions



## Bottoms-up analysis

**\$18Bn+**

TAM

Expand

Risk-based Analytics

User Permissions

Modern assets + connected OT and IoT

Vulnerability Management

Existing customers

Land

<sup>1</sup> Traditional Vulnerability Management Market includes the Policy and Compliance and Device and Application Vulnerability Assessment segments as reported by IDC in their *Worldwide Cybersecurity Analytics, Intelligence, Response, and Orchestration Forecast, 2019-2023: Finding and Mitigating the Adversary*.



# Large and Diverse Customer Base



30,000+  
Customers

>30%  
of Global 2000

>50%  
of Fortune 500

Deutsche Bank 

 First Data.

 Nasdaq

Sysco

WELLS  
FARGO

 Albertsons

AMERICAN EAGLE

 DARDEN

 globalpayments

O'Reilly AUTO PARTS.  
PROFESSIONAL. PARTS PEOPLE.

STARBUCKS  
COFFEE

wayfair  
a million things home

SHEETZ

 Alcoa

TESLA

 Dropbox

amazon.com

DocuSign

 vodafone

 World Wide Technology, Inc.

SONICWALL

BERKSHIRE  
HATHAWAY INC.

 Steward

 Quest  
Diagnostics™

 BON SECOURS HEALTH SYSTEM

 SENTARA®

 NTT Communications

CPS ENERGY

ENBRIDGE

 Entergy.

 Exelon.

BR PETROBRAS

TVA

 TransGrid

DISA

NASA

TRIOMET

USDA

DEPARTMENT OF HOMELAND SECURITY  
UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY  
UNITED STATES OF AMERICA

DEPARTMENT OF JUSTICE  
UNITED STATES OF AMERICA

DEPARTMENT OF AGRICULTURE  
UNITED STATES OF AMERICA

# Best of Breed Strategy Strengthens Technology Ecosystem

SIEMENS

splunk>

servicenow



112 Integrations



74 Technology Partners



RSA



# Growth Strategy



Acquire new  
enterprise platform  
customers



Expand asset  
coverage



Invest in  
technology and  
expand use cases



Explore acquisition  
opportunities

# Experienced Management Team



**Amit Yoran**  
CEO & Chairman



**Steve Vintz**  
CFO



**Mark Thurmond**  
COO



**Renaud Deraison**  
Co-Founder & CTO



**Bridgett Paradise**  
Chief People Officer



**Nico Popp**  
Chief Product Officer



**Steve Riddick**  
General Counsel



**Terry Dolce**  
SVP, Global Operations



**Dave Feringa**  
SVP, Worldwide Sales



**Michela Stribling**  
Chief Communications Officer



**Matt Olton**  
SVP, Corp. Development





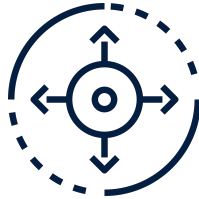


# Financial Overview

# Key Business Model Highlights



Rapid revenue  
growth via  
attractive, recurring  
model



Strong land and  
expand dynamic



Balanced and  
diversified business  
mix

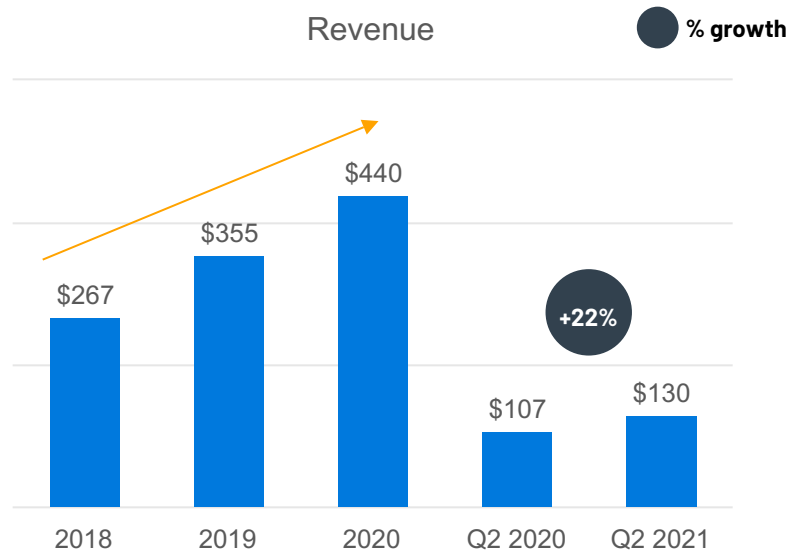
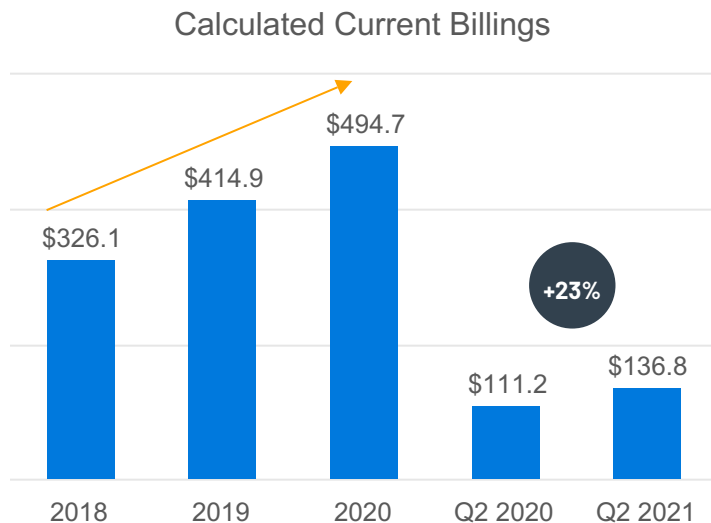


Balanced  
philosophy between  
growth and  
profitability

# Rapidly Growing, High-Quality CCB and Revenue

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

## Revenue (\$M)

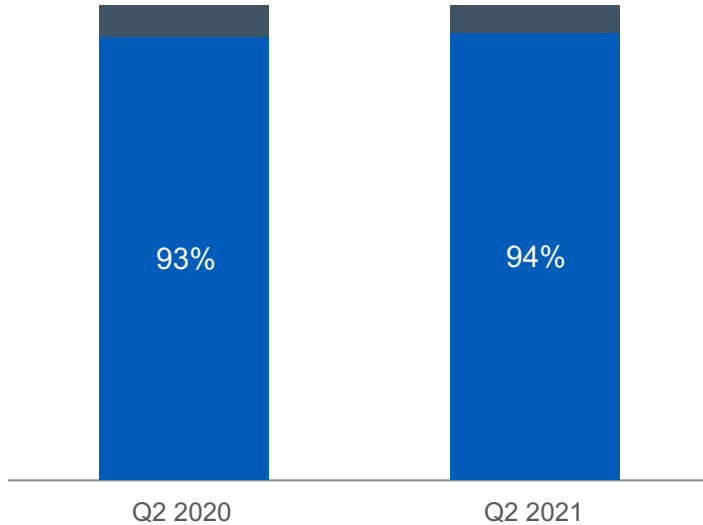


**Annual prepaid / multi-year contracts**

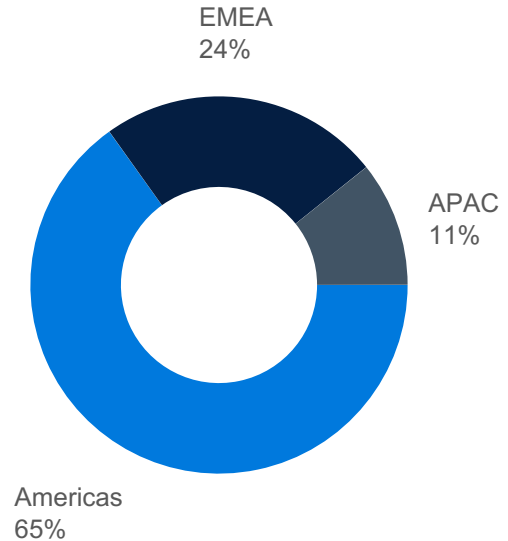
**94% recurring revenue**

# Attractive Composition of Revenue

Recurring Revenue



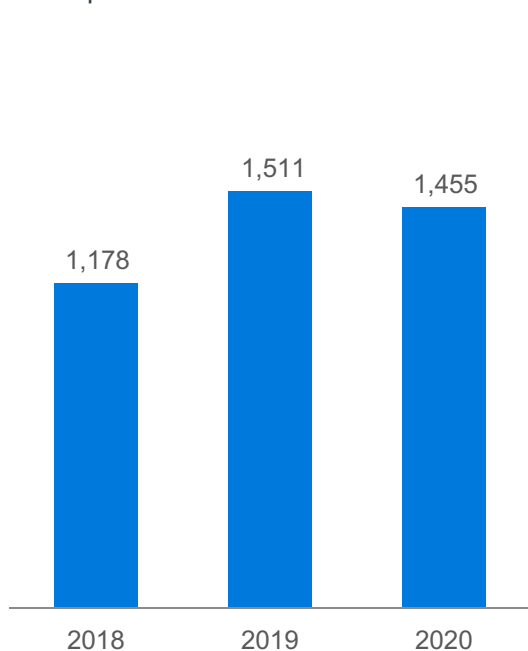
Q2 2021 Revenue by Geography



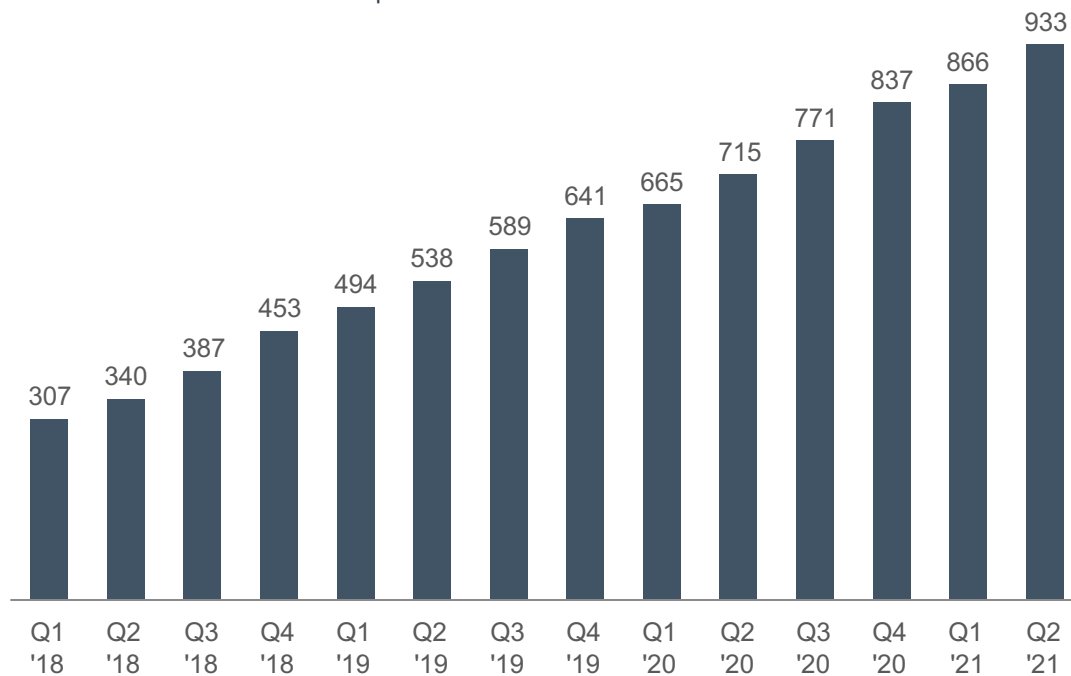


# Landing Higher Value Customers

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



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

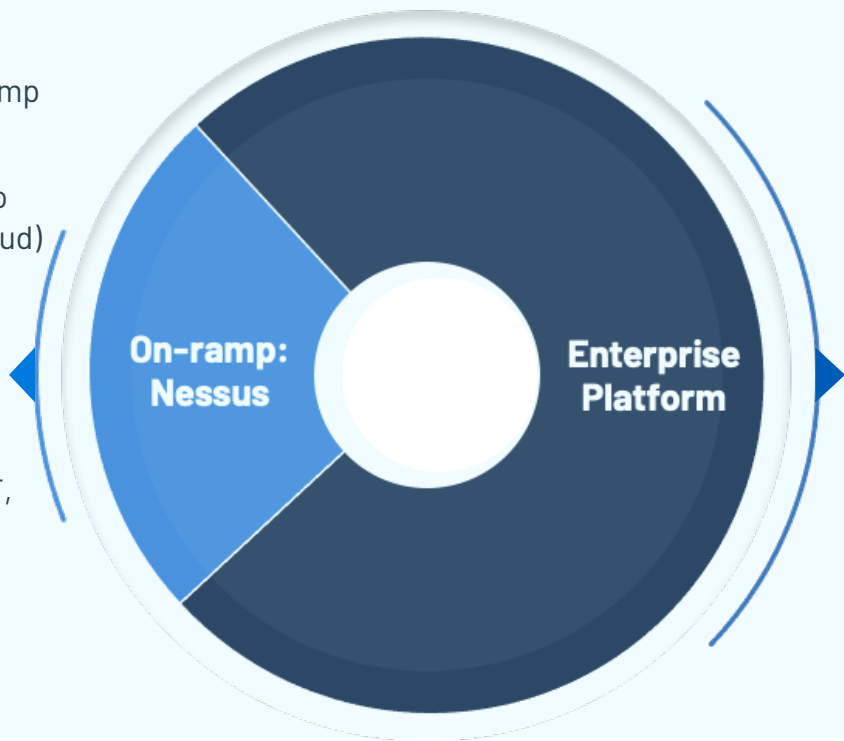


<sup>1</sup> Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable.io, Tenable.sc, Tenable.ad or Tenable.ot for an annual amount of \$5,000 or greater.

<sup>2</sup> Chart represents the number of customers with \$100K and greater of annual contract value (ACV) for the last 12 months.

# 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



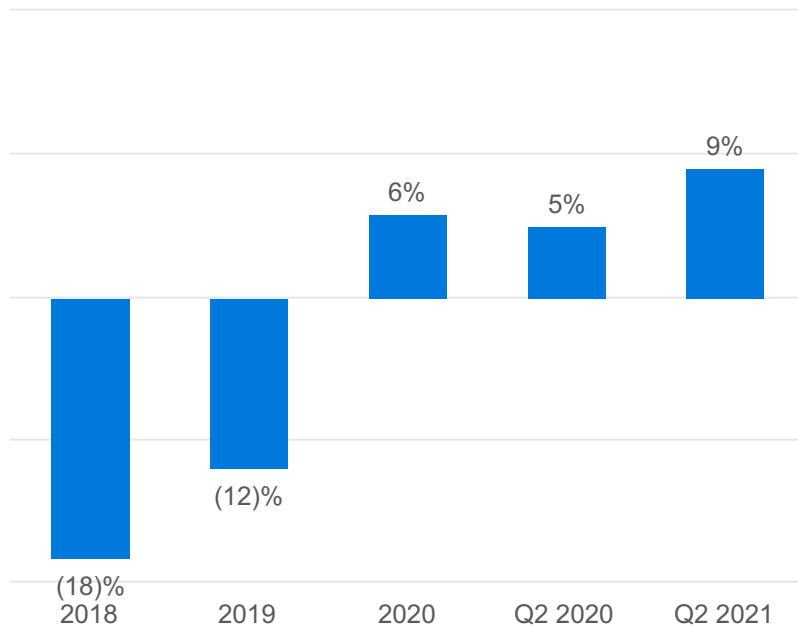
Nessus upsells



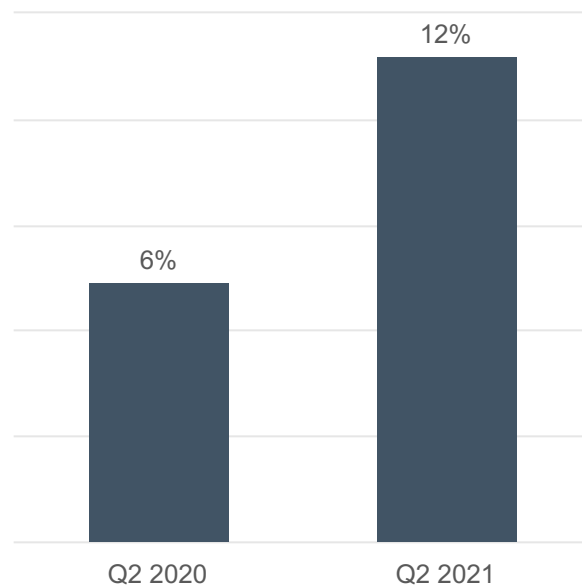
More assets and applications

# Improving Operating Leverage

## Improving non-GAAP operating margins<sup>(1)</sup>



## Improving 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.

# 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:	2018			2019		2020		Q2 2020	Q2 2021
Revenue	\$	267,360	\$	354,586	\$	440,221	\$	107,209	\$ 130,259
Add: Deferred revenue (current), end of period		213,644		274,348		328,819		274,953	334,106
Less: Deferred revenue (current), beginning of period <sup>(1)</sup>		(154,898)		(214,069)		(274,348)		(270,916)	(327,569)
Calculated current billings	\$	326,106	\$	414,865	\$	494,692	\$	111,246	\$ 136,796

<sup>1</sup> Deferred revenue (current), beginning of period for 2019 and Q2 2021 includes \$0.4 million and \$2.5 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 and amortization of acquired intangible assets. Acquisition-related expenses include transaction expenses and costs related to the 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:** We define free cash flow, a non-GAAP financial measure, as net cash (used in) provided by operating activities less purchases of property and equipment. 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 to investors as a liquidity measure because it measures our ability to generate or use cash.

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	2018			2019			2020			Q2 2020		Q2 2021	
Loss from operations	\$	(72,581)	\$	(90,799)	\$	(36,433)	\$	(10,565)	\$	(11,881)			
Stock-based compensation		22,875		43,443		59,573		15,666		20,469			
Acquisition-related expenses		—		3,970		339		—		1,542			
Amortization of acquired intangible assets		603		620		2,314		578		1,404			
Non-GAAP (loss) income from operations	\$	(49,103)	\$	(42,766)	\$	25,793	\$	5,679	\$	11,534			
Non-GAAP operating margin		(18)%		(12)%		6 %		5 %		9 %			

# Non-GAAP Reconciliations (continued)

Non-GAAP Gross Profit	Q2 2021
Gross Profit	\$ 103,834
Stock-based compensation <sup>(1)</sup>	1,202
Amortization of acquired intangible assets	1,404
Non-GAAP gross profit	<u>\$ 106,440</u>
Non-GAAP gross margin	82 %

Free Cash Flow	Q2 2020	Q2 2021
Net cash provided by operating activities	\$ 16,999	\$ 16,535
Purchases of property and equipment	(10,390)	(1,534)
Free cash flow <sup>(2)</sup>	<u>\$ 6,609</u>	<u>\$ 15,001</u>
Free cash flow margin	6 %	12 %
Free cash flow was impacted by:		
Employee stock purchase plan activity	\$ 3.3	\$ 3.1
Acquisition-related expenses	—	(1.6)
Proceeds from lease incentives	8.6	—
Capital expenditures - new headquarters	(9.7)	(0.6)

1 Cost of revenue portion of total stock-based compensation

2 Free cash flow for Q2 2021 was benefited by approximately \$5 million as a result of the accelerated timing of payments for insurance, professional fees and rent in the three months ended December 31, 2020.