



CYBER EXPOSURE

MANAGING AND MEASURING CYBER RISK IN THE DIGITAL ERA

August 2019

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 for the year ended December 31, 2018, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 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.

The background is a solid blue color with a complex, abstract pattern of white and light blue lines and shapes. These shapes resemble architectural structures, possibly scaffolding or a modern building's framework, viewed from a low angle looking up. The lines are thin and intersect to form various geometric patterns, including triangles and rectangles. The overall effect is a sense of depth and structure.

Empowering every organization
to understand and reduce
their cybersecurity risk

tenable® At-A-Glance

>27,000
Customers

>50%
of Fortune 500

>25%
of Global 2000

~90%⁽³⁾
Recurring Revenue

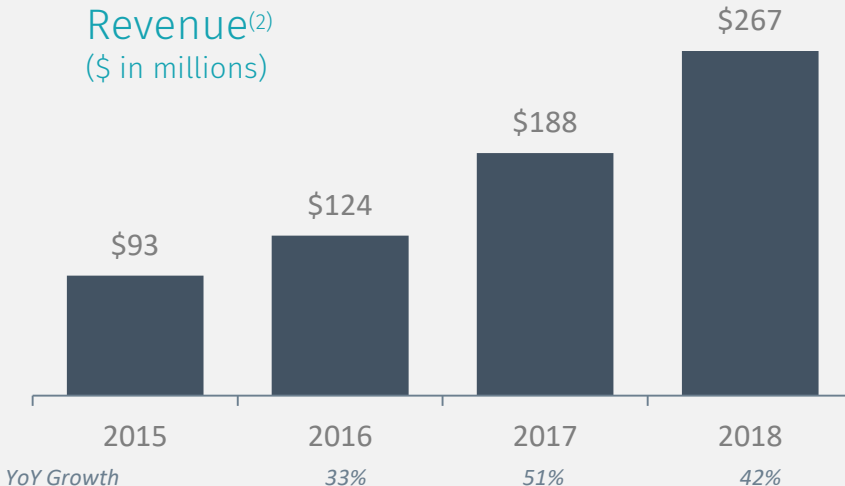
~2M
Cumulative, unique
downloads

Subscription
Business model

160+
Countries

1,200+
Employees

Revenue⁽²⁾
(\$ in millions)



1. All figures presented are as of December 31, 2018, unless otherwise noted.

2. We adopted ASC 606 on January 1, 2017 using the modified retrospective method. The 2015 and 2016 consolidated statements of operations were not adjusted for the adoption of ASC 606.

3. Recurring revenue as a percentage of total revenue for 2018, Q1 2019 and Q2 2019.

Investment Highlights



One of the most recognized brands in security



Data asset drives network effects



Unique approach to secular growth opportunity



High growth, recurring model



System of record for security

Digital Transformation Increases IT Complexity and Cybersecurity Risk

Growth of Applications



Adoption of Cloud Computing



Proliferation of IoT and OT



Rise of DevOps



Cybersecurity Risk is Business Risk

HELPNETSECURITY

Most organizations suffered a business-disrupting cyber event

Massive Amazon S3 leaks highlight user blind spots in enterprise race to the cloud

Data leaks at Dow Jones, Verizon, and a GOP analytics firm show that companies are forgoing security best practices in order to quickly make it to the cloud.

DARKReading

Despite Breaches, Many Organizations Struggle to Quantify Cyber-Risks to Business



US warns of cyber attacks on critical infrastructure

The global ransomware epidemic is just getting started

WannaCry should have been a major warning to the world about ransomware. Then the GoldenEye strain of Petya ransomware arrived. What's next?

THE REAPER IOT BOTNET HAS ALREADY INFECTED A MILLION NETWORKS

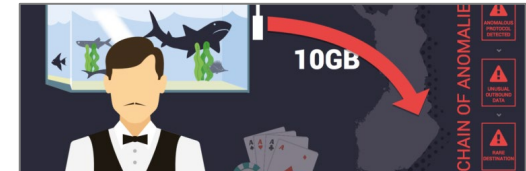
THE WALL STREET JOURNAL.

PRO CYBER COMMENTARY & ANALYSIS

Cyber Matters: Heed the Window of Opportunity

Equifax's Mega-Breach Was Made Possible by a Website Flaw It Could Have Fixed

Vital Boeing computer network infected with WannaCry virus – is it safe to fly?



Casino Gets Hacked Through Its Internet-Connected Fish Tank Thermometer



Capital One hacker exploits a common Amazon cloud vulnerability to access 106 million accounts

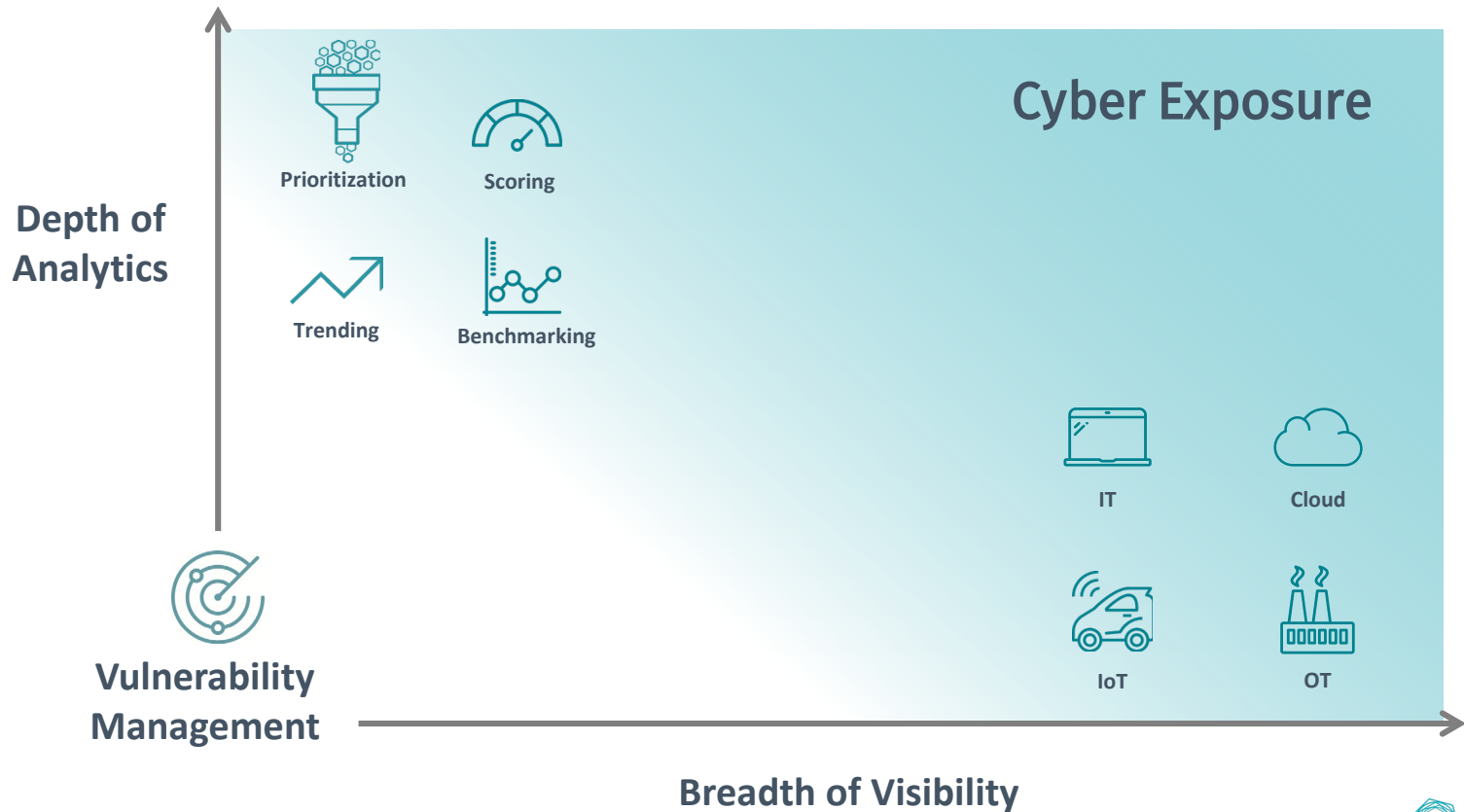


CYBERSECURITY

Accused hacker exploited vulnerability in cloud



Evolving Vulnerability Management to Cyber Exposure



The Journey to Cyber Exposure

IT-Centric
Technical Context
Day to Day Management

**Where are we
exposed?**

Predictive Prioritization

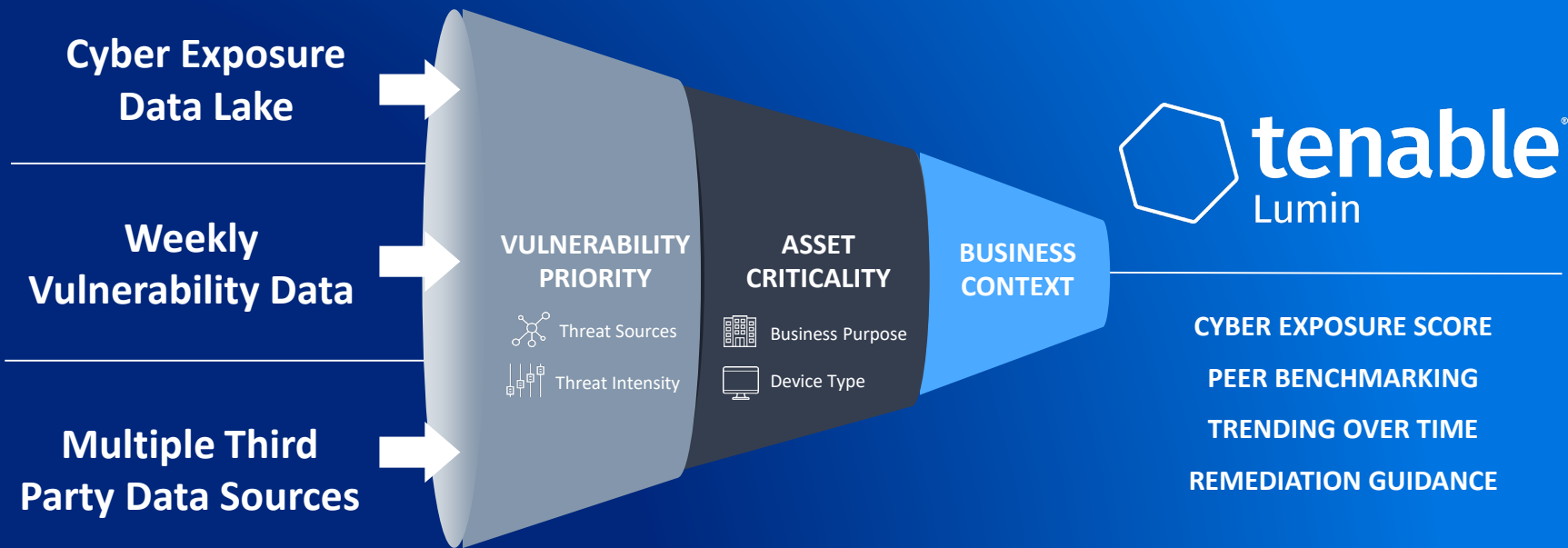
**Where should we
Prioritize based on
exposure?**

Asset-Centric
Business Context
Benchmarking
Strategic Decision Support

**Are we reducing our
risk over time?**

**How do we compare
to our peers?**

Cyber Exposure and Lumin



Understanding Cyber Risk is Strategic and Foundational



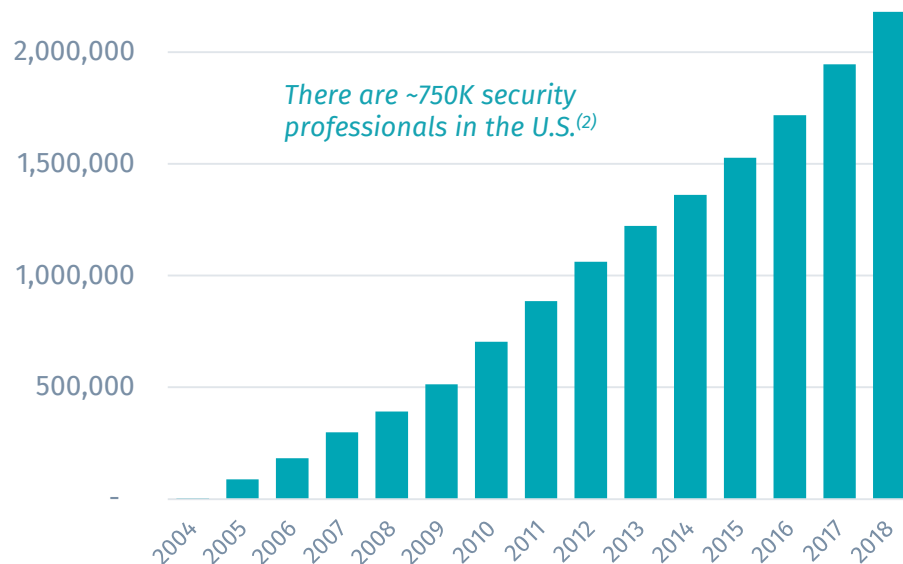
Technology Ecosystem Enhances Platform Value



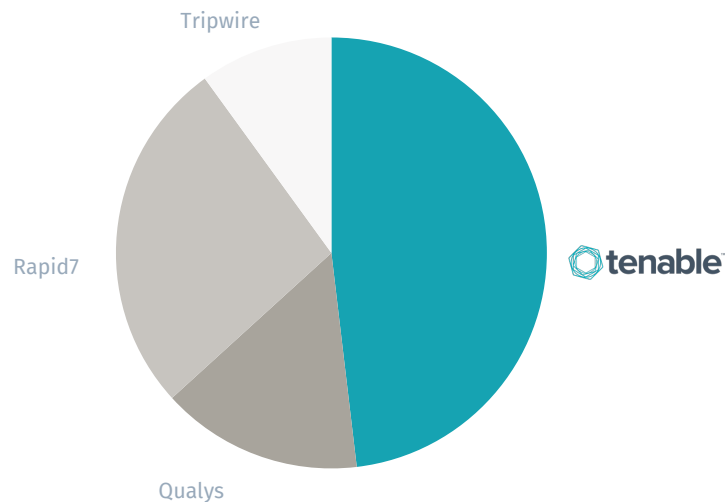
Deeply Trusted Brand Amongst Large Global Community

Over 2M cumulative, unique downloads of Free Nessus globally⁽¹⁾

Cumulative, unique downloads (in millions)



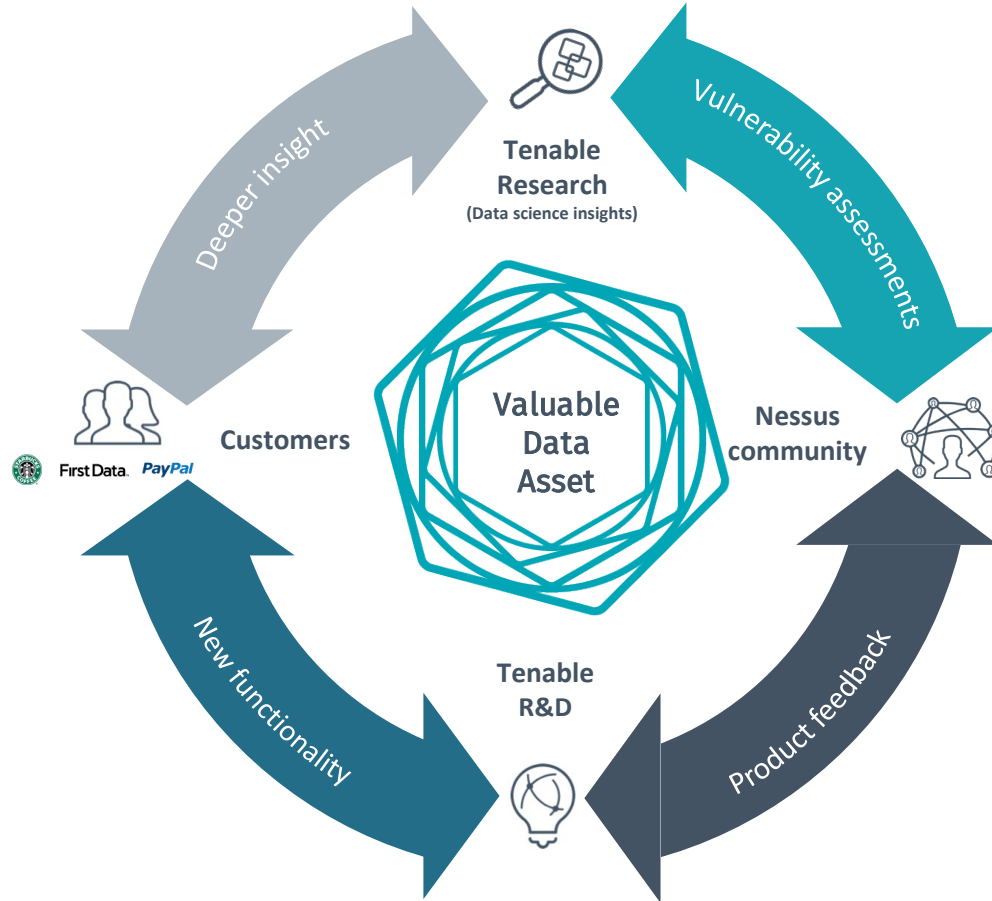
Vulnerability management skills on LinkedIn



1. Unique downloads are based on each unique email address utilized to register for the use of Nessus Essentials.

2. Determined by data available through CyberSeek, part of the U.S. Commerce Department's National Institute of Standards and Technology.

Data Asset Drives Significant Network Effects



Tenable Can Be the System of Record for Security



HR



CRM



IT

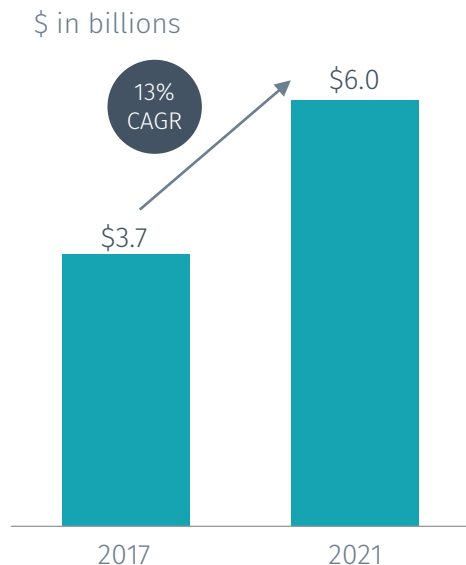


SECURITY

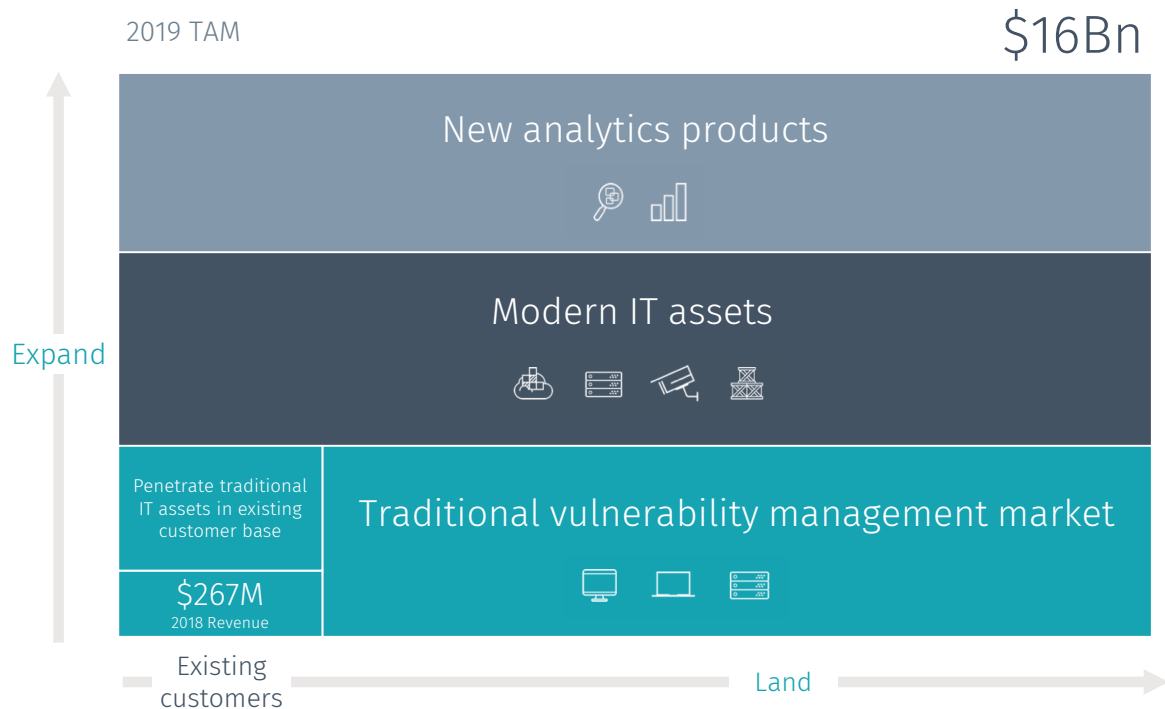


Large and Underpenetrated TAM

Traditional vulnerability management market⁽¹⁾



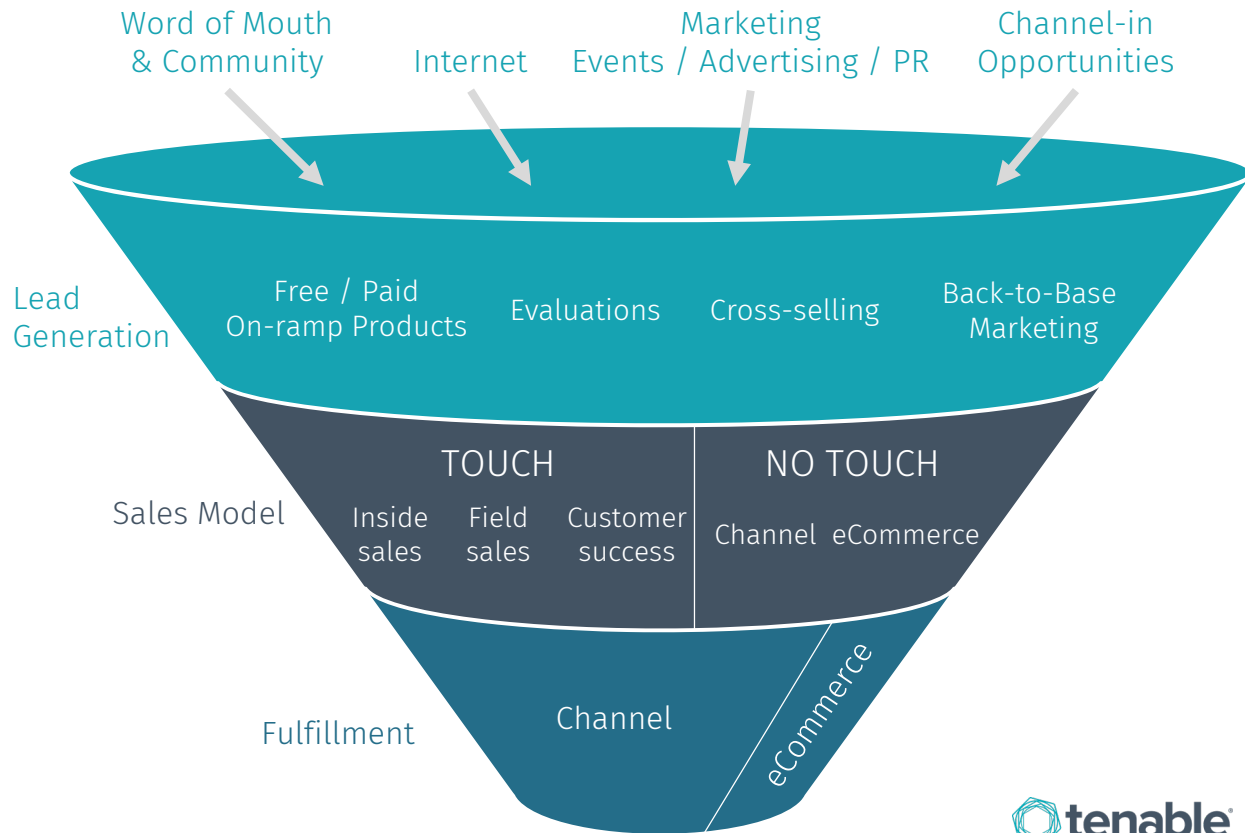
Bottoms-up analysis



1. Traditional Vulnerability Management Market includes the Policy and Compliance and Device and Application Vulnerability Assessment segments as reported by IDC in their *Worldwide Security and Vulnerability Management Forecast, 2017–2021*, dated January 2018.

Differentiated Go-to-Market Efficiently Addresses All Organizations

- Nexus on-ramp contributes to land and expand model
- Broad channel engagement, serving both enterprise and mid-market
 - Currently, channel drives over 20% of new enterprise leads
- Growth in enterprise account management model



World Class Customer Base



27,000+
Customers



>25%
of Global 2000



>50%
of Fortune 500



Growth Strategy



Acquire new enterprise platform customers



Expand asset coverage



Invest in technology and expand use cases



Accelerate international expansion

Experienced Management Team and Board



Amit Yoran
CEO & Chairman



Steve Vintz
CFO



Jack Huffard
Co-Founder, COO & Director



Jennifer Johnson
CMO



Dave Feringa
SVP, Worldwide Sales



Renaud Deraison
Co-Founder & CTO



Ofer Ben-David
CPO



Steve Riddick
General Counsel



Bridgett Paradise
Chief People Officer



ACCEL
PARTNERS

INSIGHT
VENTURE PARTNERS

Art Coviello
Former Chairman and CEO, RSA

Brooke Seawell
Director, Tableau & NVIDIA

Richard Wells
Managing Director, Insight

Ping Li
General Partner, Accel

Kim Hammonds
Former COO, Deutsche Bank

Jerry Kennelly
Former Chairman and CEO, Riverbed

Linda Zecher
Director, Hasbro
 tenable



Financial Overview

August 2019

Financial Highlights



Rapid, recurring revenue growth at scale



Balance and diversified model

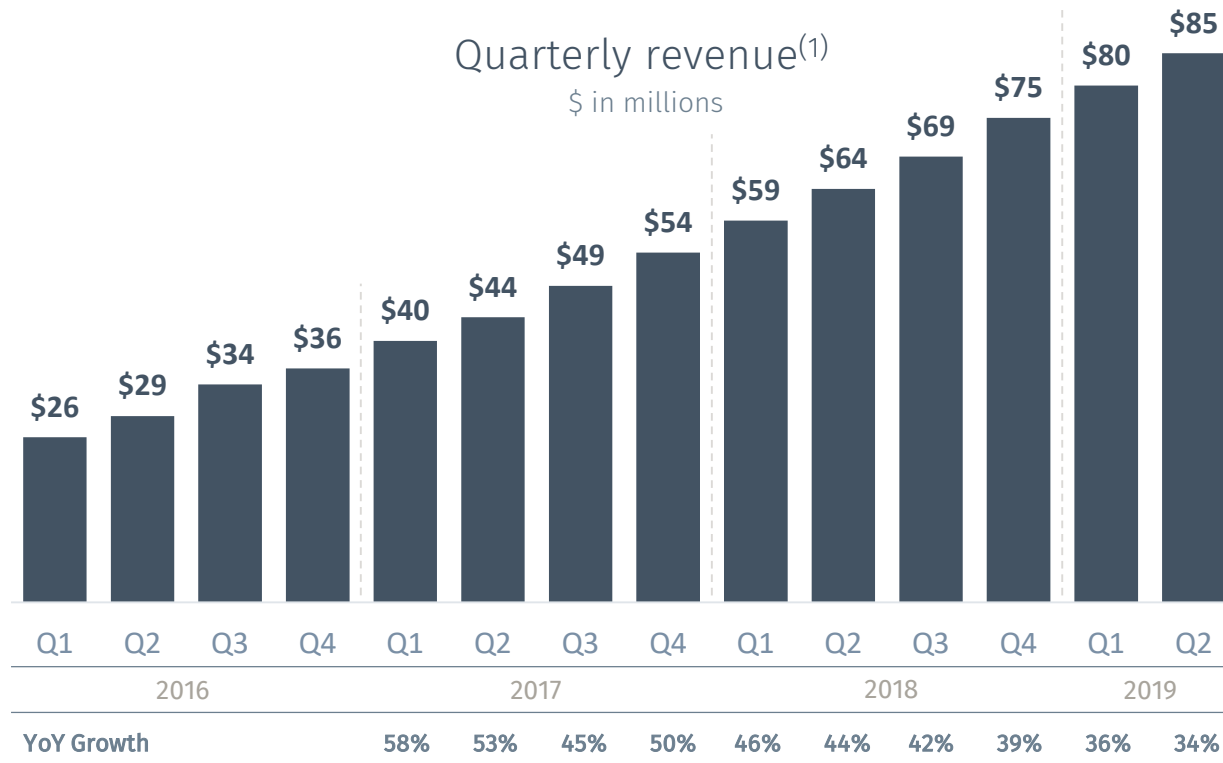
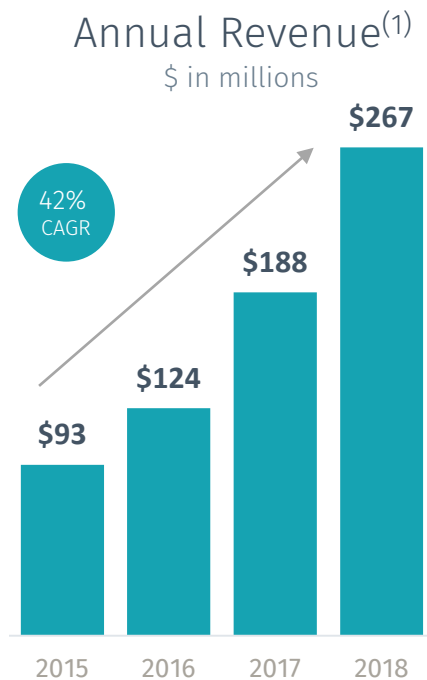


Land-and-expand model



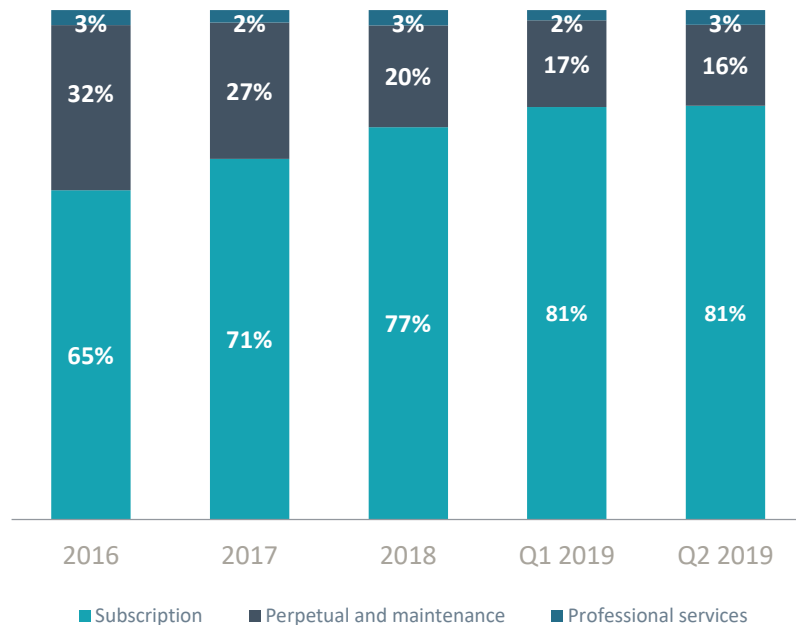
Capital efficient business

Rapidly Growing Revenue

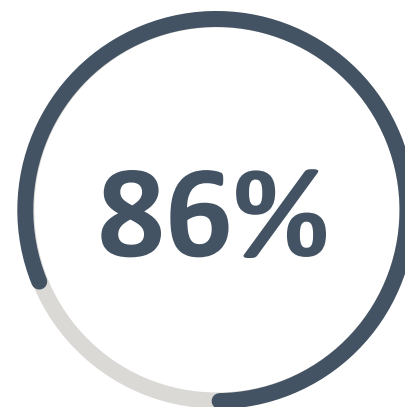


Composition of Revenue

% Revenue by line item⁽¹⁾⁽²⁾



% Recurring⁽¹⁾

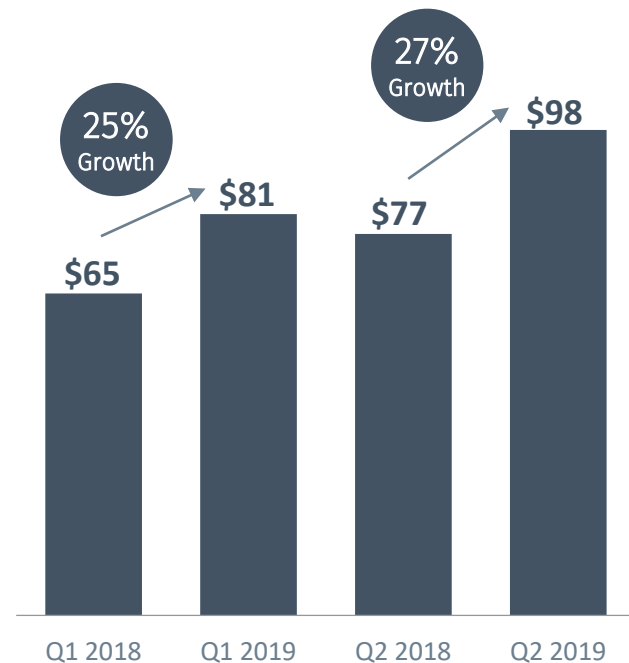
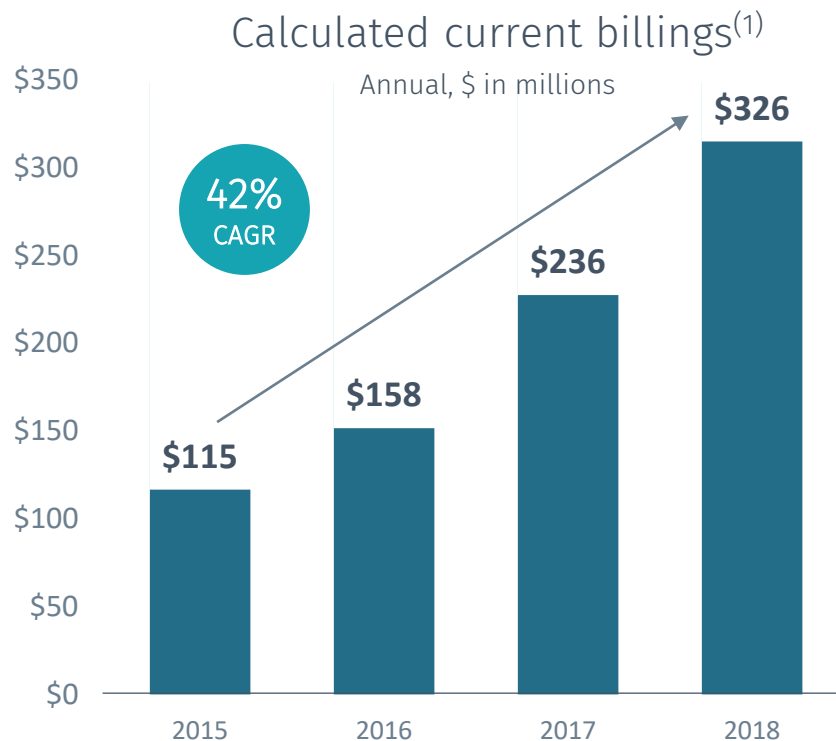


2016 & 2017



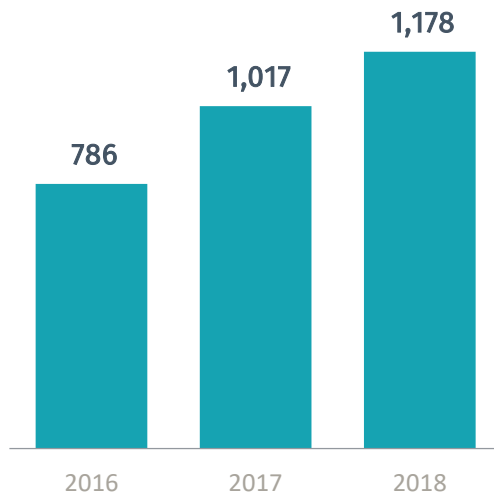
2018 & 2019

Strong Growth in Calculated Current Billings

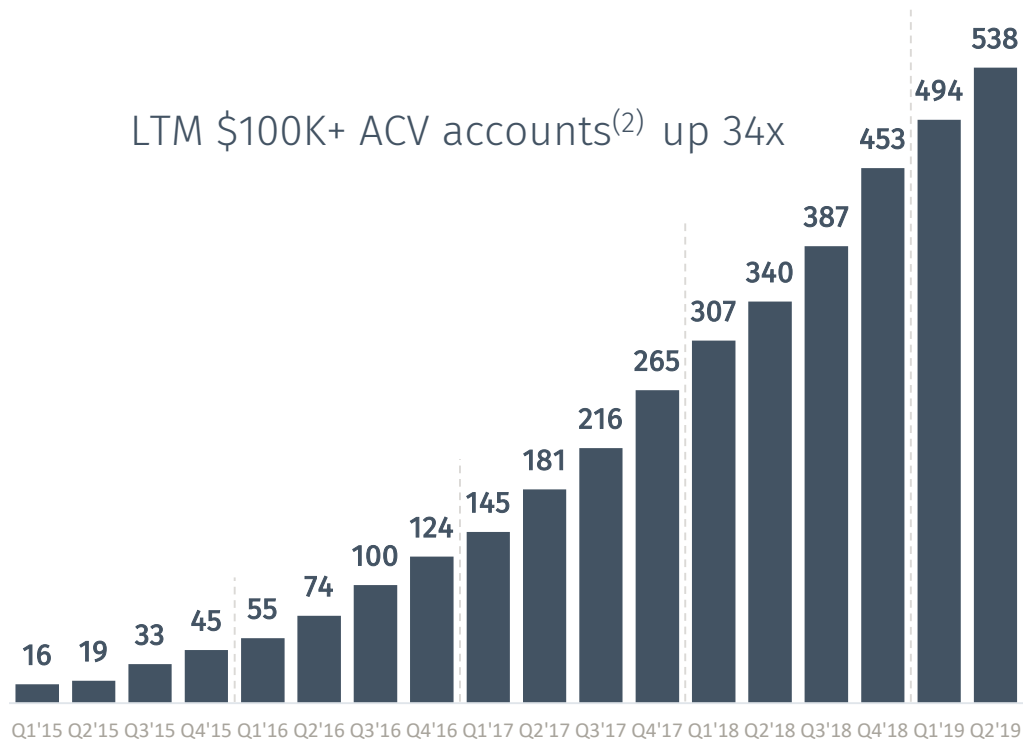


Landing Higher Value Customers

New logo enterprise platform customers⁽¹⁾



LTM \$100K+ ACV accounts⁽²⁾ up 34x

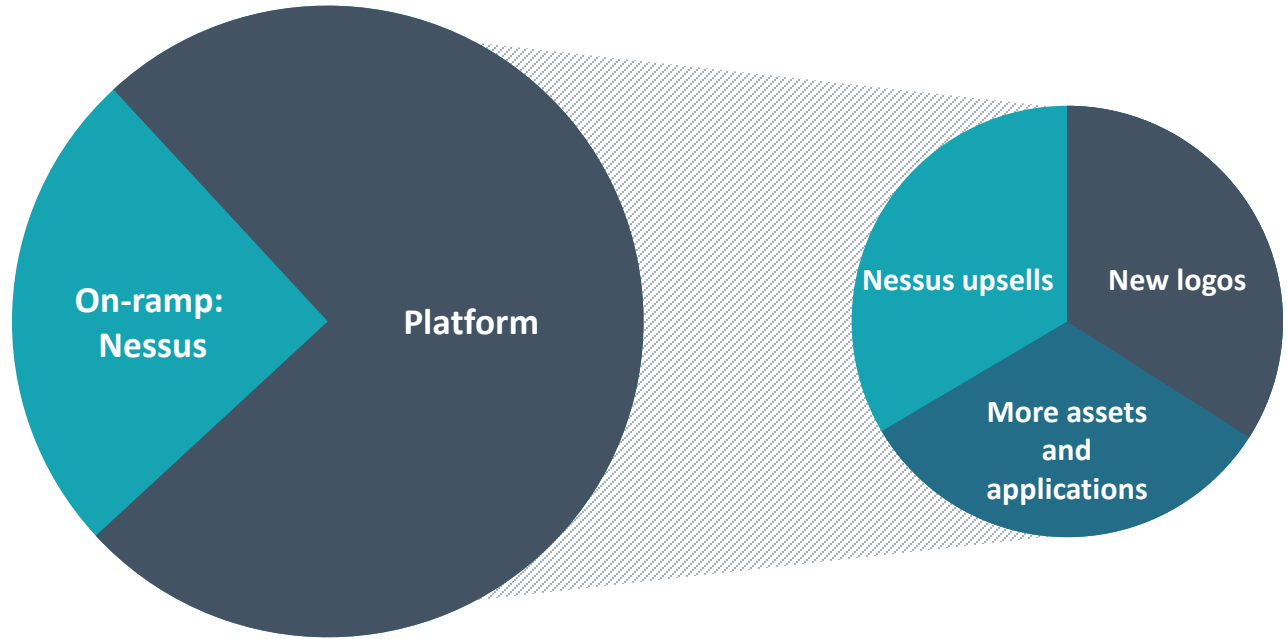


1. Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable.io or Tenable.SC for an annual amount of \$5,000 or greater.
2. Chart represents the number of customers with \$100K and greater of annual contract value for the last 12 months.

Multiple Ways to Land and Expand

Annual contract value

- Nessus serves as a cost-effective on-ramp to larger enterprise platform sales
- Elastic, asset-based pricing model
- Proven land-and-expand strategy
- ~90% recurring revenue⁽¹⁾



1. Recurring revenue figure for 2018, Q1 2019 and Q2 2019.

Non-GAAP Income Statement and Cash Flow Highlights

(in thousands)	Three Months Ended June 30,			
	2018	% of Rev	2019	% of Rev
Revenue	\$ 63,592		\$ 85,384	
Cost of revenue ⁽¹⁾	9,614		13,025	
Gross profit ⁽¹⁾	53,978	85%	72,359	85%
Operating expenses ⁽¹⁾ :				
Sales and marketing ⁽¹⁾	41,151	65%	51,800	61%
Research and development ⁽¹⁾	17,151	27%	19,257	23%
General and administrative ⁽¹⁾	8,946	14%	12,012	14%
Total operating expenses ⁽¹⁾	67,248	106%	83,069	97%
Loss from operations ⁽¹⁾	\$ (13,270)	(21%)	\$ (10,710)	(13%)
Net cash provided by (used in) operating activities	\$ 242		\$ (2,123)	
Purchases of property and equipment	(1,382)		(3,029)	
Free cash flow	\$ (1,140)		\$ (5,152)	

~85%

Gross margin

~25%

Investment in R&D

Modest cash burn

1. Refer to the Appendix for the definitions of the non-GAAP financial measures, and a reconciliation from the GAAP measures to the non-GAAP measures.

Investment Highlights



One of the most recognized brands in security



Data asset drives network effects



Unique approach to secular growth opportunity



High growth, recurring model



System of record for security



Appendix

Non-GAAP Reconciliations

Calculated Current Billings: We define calculated current billings, a non-GAAP financial measure, as 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:	2015	2016	2017	2018	Q1 2018	Q1 2019	Q2 2018	Q2 2019
Revenue	\$93,466	\$124,371	\$187,727	\$267,360	\$59,107	\$80,301	\$63,592	\$85,384
Add: Deferred revenue (current), end of period	54,721	88,011	154,898	213,644	160,503	214,508	174,277	227,227
Less: Deferred revenue (current), beginning of period ⁽¹⁾	(33,163)	(54,721)	(107,006)	(154,898)	(154,898)	(213,644)	(160,503)	(214,508)
Calculated current billings	\$115,024	\$157,661	\$235,619	\$326,106	\$64,712	\$81,165	\$77,366	\$98,103

1. In connection with adopting ASC 606, we recorded \$19.0 million of current deferred revenue on January 1, 2017 related to perpetual license revenue recognized in prior periods.

Non-GAAP Reconciliations (continued)

Non-GAAP Loss from Operations: We define non-GAAP loss from operations as GAAP loss from operations, excluding the effect of stock-based compensation and amortization of intangible assets.

Non-GAAP Net Loss: We define non-GAAP net loss as GAAP net loss attributable to common stockholders, excluding the effect of the accretion of Series A and B redeemable convertible preferred stock, stock-based compensation and amortization of intangible assets, including the applicable tax impact.

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 intangible assets. Non-GAAP gross margin is defined as non-GAAP gross profit as a percentage of revenue.

Non-GAAP Sales and Marketing Expense, Non-GAAP Research and Development Expense and Non-GAAP General and Administrative Expense: We define these non-GAAP measures as their respective GAAP measures, excluding stock-based compensation.

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 from Operations	Q2 2018	Q2 2019
Loss from operations	\$(16,445)	\$(22,234)
Stock-based compensation	3,024	11,373
Amortization of intangible assets	151	151
Non-GAAP loss from operations	\$(13,270)	\$(10,710)

Non-GAAP Gross Profit	Q2 2018	Q2 2019
Gross Profit	\$53,713	\$71,466
Stock-based compensation	114	742
Amortization of intangible assets	151	151
Non-GAAP gross profit	\$53,978	\$72,359

Non-GAAP Reconciliations (continued)

Non-GAAP Sales and Marketing Expense	Q2 2018	Q2 2019
Sales and marketing expense	\$41,826	\$56,015
Less: stock-based compensation	675	4,215
Non-GAAP sales and marketing expense	\$41,151	\$51,800

Non-GAAP General and Administrative Expense	Q2 2018	Q2 2019
General and administrative expense	\$10,541	\$15,987
Less: stock-based compensation	1,595	3,975
Non-GAAP general and administrative expense	\$8,946	\$12,012

Non-GAAP Research and Development Expense	Q2 2018	Q2 2019
Research and development expense	\$17,791	\$21,698
Less: stock-based compensation	640	2,441
Non-GAAP research and development expense	\$17,151	\$19,257