# CYBER EXPOSURE

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

October 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. 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.

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 with focus on enterprise customers

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

**#1 Market Share** in Vulnerability Management(1)

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

**$138.7 mm** Q3 Rev.
**23%** Rev. Growth

**95%** Q3 Recurring Rev.

**83%** Q3 Non-GAAP Gross Margin(2)

**14%** Q3 Unlevered Free Cash Flow Margin(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.

# Investment Highlights

Unique approach to secular growth opportunity

Best of Breed strategy in Cyber Exposure

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

Data science driven analytics - prioritization, benchmarking

High growth, recurring model

Attractive margin profile with operating leverage

# Digital Transformation Increases Complexity & Risk

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

Digitization of IoT and OT

Hybrid workforce

Growth of Applications

Adoption of Cloud Computing

Rise of DevOps

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

**User Permissions**

**Visibility**

**Prioritization**

**Comparative Assessment**

**Exposure Dashboard**

**Remediation**

# Understanding Cyber Risk is Strategic and Foundational

Where are we exposed?

Where should we prioritize based on risk?

Are we reducing exposure over time?

How do we compare to our peers?

tenable

Cyber Exposure

**Protection**

Symantec. paloalto NETWORKS McAfee Together is power.

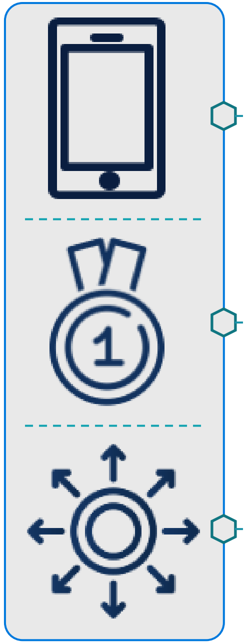
**Detection and response**

splunk> FireEye TANIUM CROWDSTRIKE SentinelOne ForeScout



tenable

# Best of Breed Strategy in Vulnerability Management



## #1 in Vulnerability Management Market Share[1]

28% Market share in Device VM[1]

## #1 In Vulnerability Coverage[2]

>20% More CVEs than competitors[2]

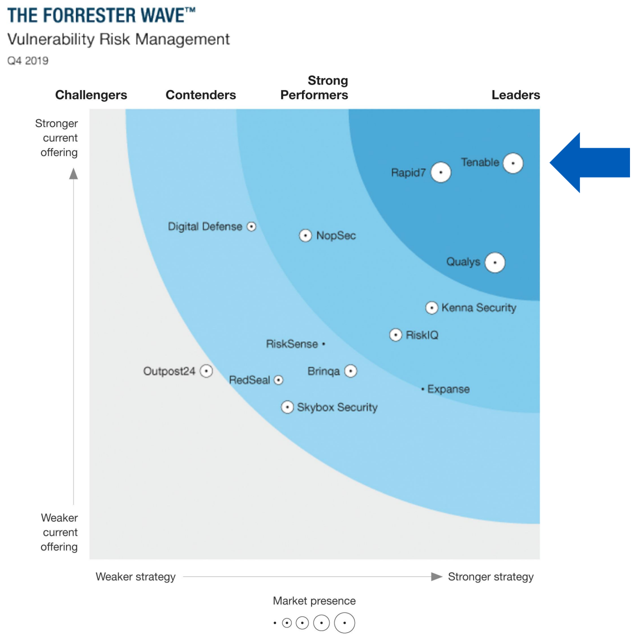
## Leader In Zero-day Research[3]

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

[1] Source: IDC, "Worldwide Device Vulnerability Management Market Shares 2019: Finding the Transitional Elements Between Device Assessment Scanning and Risk-Based Remediation" - May 2020.
[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 Named a Leader by Market Analysts and Recognized by Customers

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






Gartner peerinsights customers' choice 2020 ™

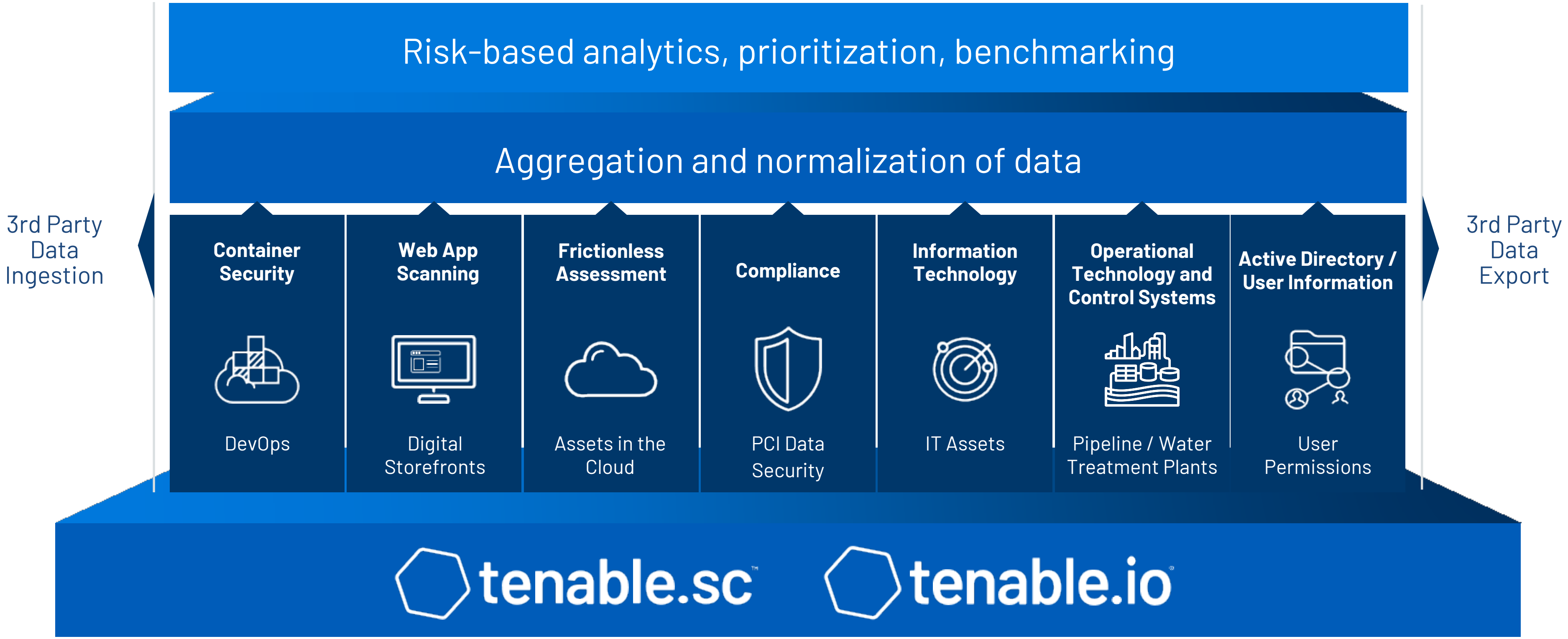
## Tenable Named a 2020 Gartner Peer Insights Customers' Choice for Vulnerability Assessment for the second year in a row

*"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

# One Platform Unifying Data Across the Attack Surface




tenable®

# 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.**

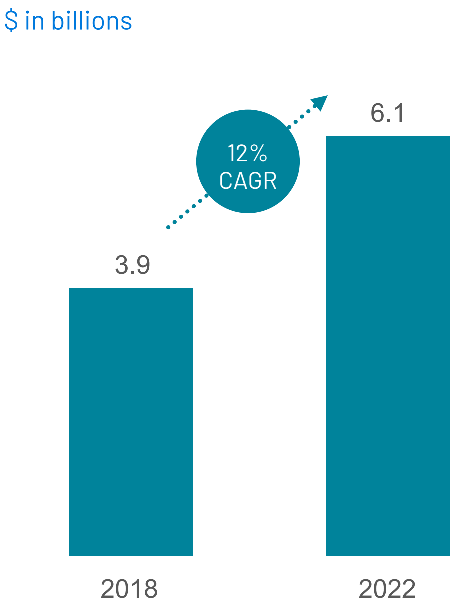
Leverage cloud native management tools for frictionless collection of state information

**Continuous Visibility.**

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

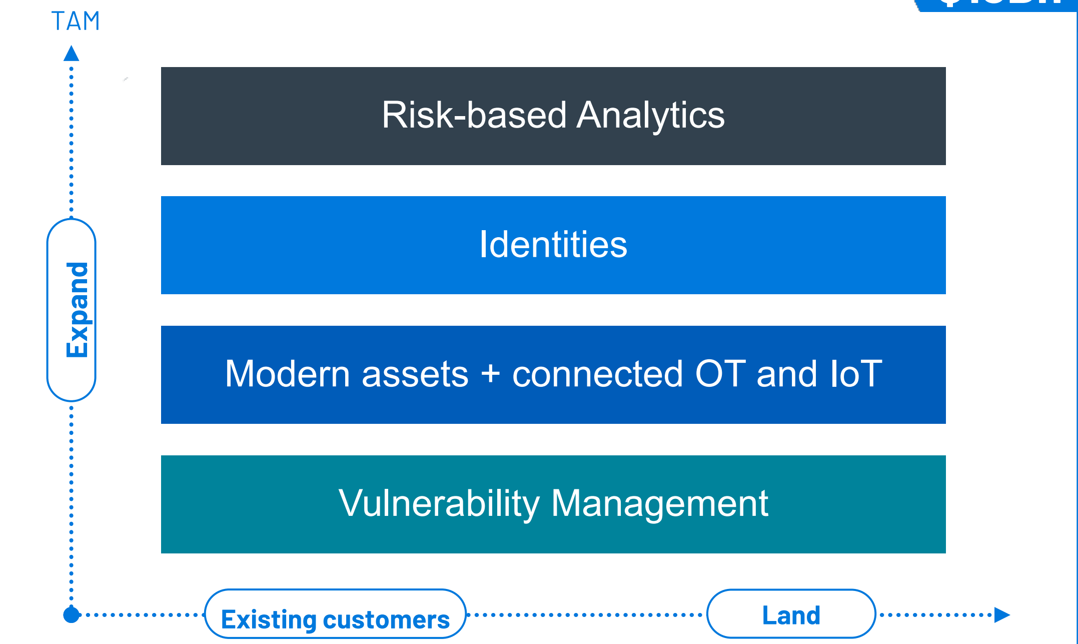
# Large and Underpenetrated TAM

## Traditional vulnerability management market[1]




## Bottoms-up analysis

**$18Bn+**




[1] 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
STARBUCKS COFFEE
wayfair
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
TRI MET
USDA

# Best of Breed Strategy Strengthens Technology Ecosystem

112 Integrations

74 Technology Partners

# 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

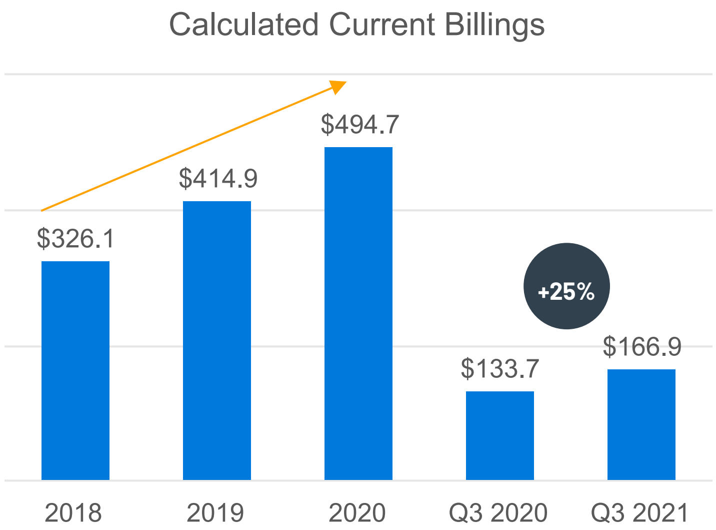
Strong land and expand dynamic

Balanced and diversified business mix

Balanced philosophy between growth and profitability

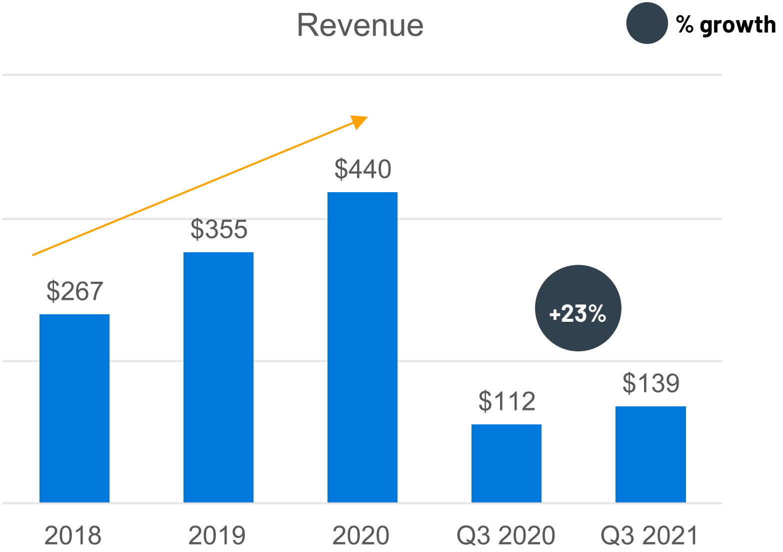
# Rapidly Growing, High-Quality CCB and Revenue

## Calculated current billings[1] ($M)




**Annual prepaid / multi-year contracts**

## Revenue ($M)




**95% recurring revenue**

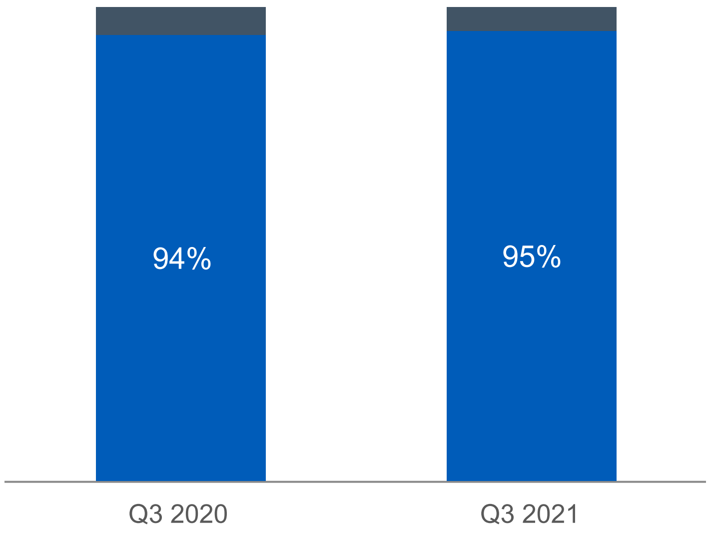
[1] Calculated current billings (CCB) figures presented here are Non-GAAP financial measures. Refer to Appendix for the definitions of non-GAAP financial measures and reconciliation of GAAP to Non-GAAP financial measures.



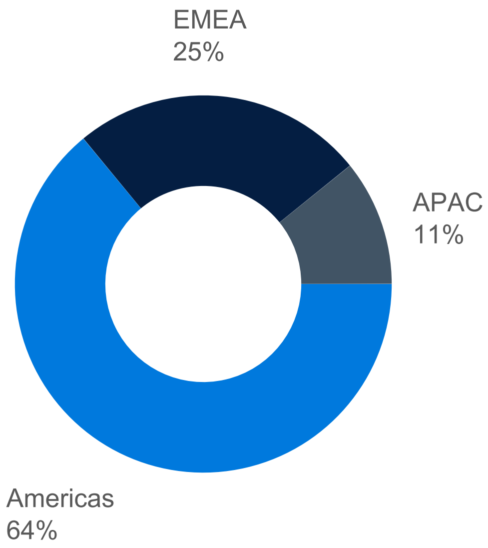
tenable

# Attractive Composition of Revenue

Recurring Revenue




Q3 2021 Revenue by Geography

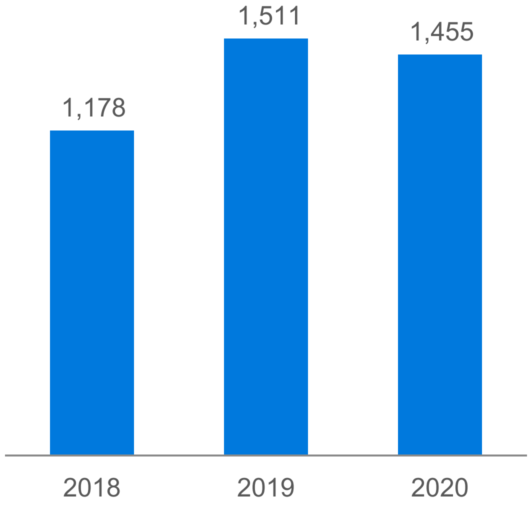




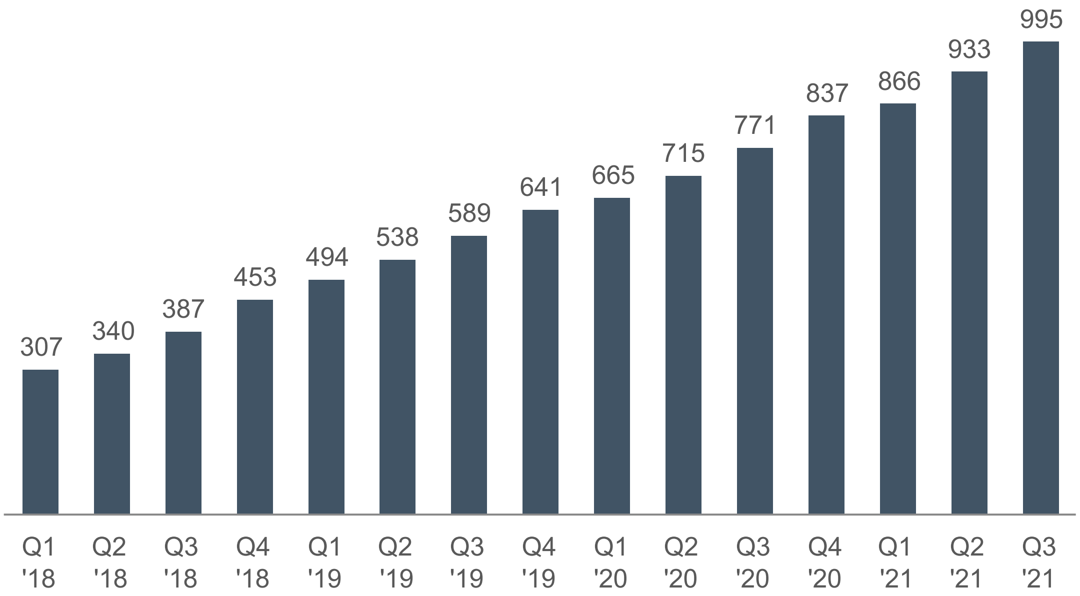

tenable

# Landing Higher Value Customers

New logo enterprise platform customers(1)




LTM $100K+ ACV accounts(2)



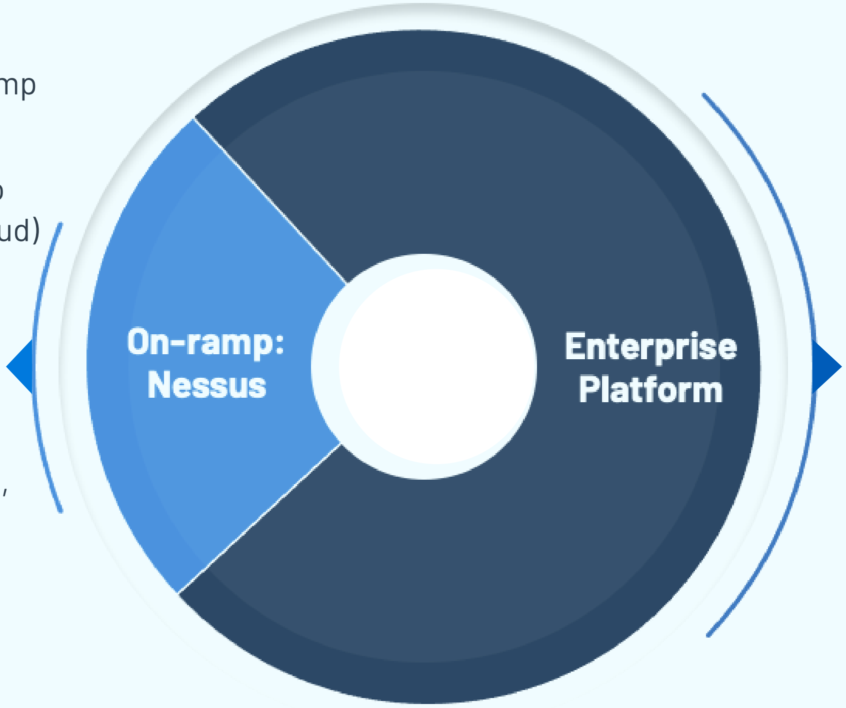

[1] Chart represents new enterprise platform customer acquisitions excluding upsells. Enterprise platform customer defined as a customer that has licensed Tenable.io, Tenable.sc, Tenable.ad, Tenable.ot or Tenable.ep for an annual amount of $5,000 or greater.
[2] Chart represents the number of customers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



tenable

# 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



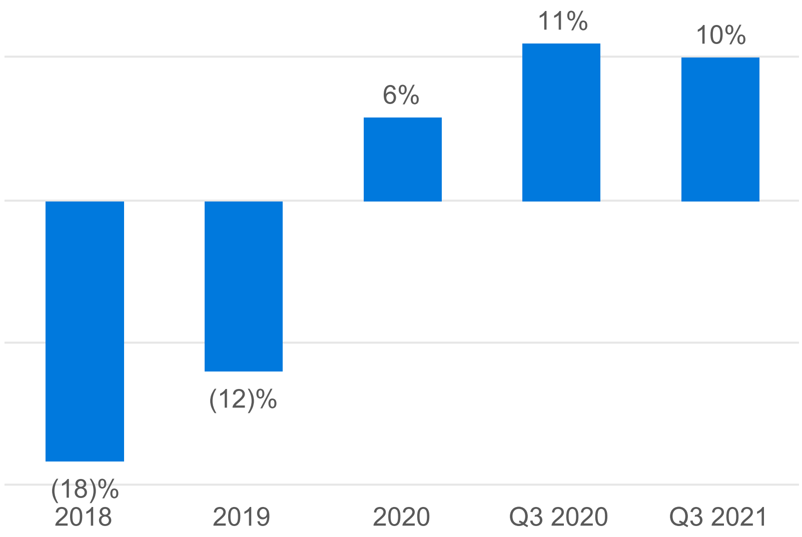

- New logos
- Nessus upsells
- More assets and applications



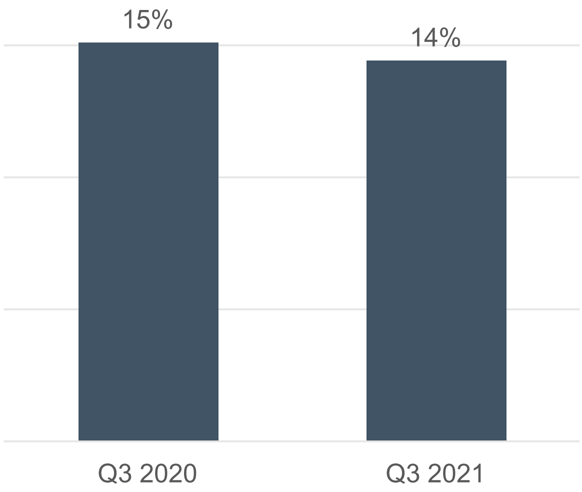
tenable

# 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.

# 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 | Q3 2020 | Q3 2021 |
|---|---|---|---|---|---|
| Revenue | $ 267,360 | $ 354,586 | $ 440,221 | $ 112,282 | $ 138,664 |
| Add: Deferred revenue (current), end of period | 213,644 | 274,348 | 328,819 | 296,360 | 362,308 |
| Less: Deferred revenue (current), beginning of period[(1)] | (154,898) | (214,069) | (274,348) | (274,953) | (334,106) |
| Calculated current billings | $ 326,106 | $ 414,865 | $ 494,692 | $ 133,689 | $ 166,866 |

[1] Deferred revenue (current), beginning of period for 2019 includes $0.4 million related to acquired deferred revenue.



tenable

# 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 and Unlevered 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. 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 (Loss) Income from Operations | 2018 | 2019 | 2020 | Q3 2020 | Q3 2021 |
|---|---|---|---|---|---|
| Loss from operations | $ (72,581) | $ (90,799) | $ (36,433) | $ (3,465) | $ (11,218) |
| Stock-based compensation | 22,875 | 43,443 | 59,573 | 15,300 | 20,912 |
| Acquisition-related expenses | — | 3,970 | 339 | — | 2,270 |
| Amortization of acquired intangible assets | 603 | 620 | 2,314 | 579 | 1,721 |
| Non-GAAP (loss) income from operations | $ (49,103) | $ (42,766) | $ 25,793 | $ 12,414 | $ 13,685 |
| Non-GAAP operating margin | (18)% | (12)% | 6 % | 11 % | 10 % |



tenable

# Non-GAAP Reconciliations (continued)

| Non-GAAP Gross Profit | Q3 2021 |
| --- | --- |
| Gross Profit | $ 111,602 |
| Stock-based compensation[1] | 1,197 |
| Amortization of acquired intangible assets | 1,721 |
| Non-GAAP gross profit | $ 114,520 |
| Non-GAAP gross margin | 83 % |

| Free Cash Flow and Unlevered Free Cash Flow | Q3 2020 | Q3 2021 |
| --- | --- | --- |
| Net cash provided by operating activities | $ 24,807 | $ 19,633 |
| Purchases of property and equipment | (8,069) | (1,174) |
| Free cash flow[2] | $ 16,738 | $ 18,459 |
| Cash paid for interest and other | 239 | 1,614 |
| Unlevered free cash flow[2] | $ 16,977 | $ 20,073 |
| Free cash flow margin | 15 % | 13 % |
| Unlevered free cash flow margin | 15 % | 14 % |
| Free cash flow and unlevered free cash flow were impacted by: | | |
| Employee stock purchase plan activity | (2.3) | (2.8) |
| Acquisition-related expenses | — | (0.3) |
| Proceeds from lease incentives | 5.6 | — |
| Capital expenditures - new headquarters | (6.8) | (0.1) |

1 Cost of revenue portion of total stock-based compensation
2 Free cash flow and unlevered free cash flow for Q3 2021 were benefited by approximately $1 million as a result of the accelerated timing of payments for insurance, professional fees and rent in the three months ended December 31, 2020.



tenable