



RAPID7

Company Overview

| February 9, 2022

Disclaimers

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including, without limitation, statements regarding our market opportunity, demand for our product and service offerings, expectations regarding our annualized recurring revenue (ARR) and growth, ARR opportunity for an average-sized customer, ARR growth per customer, revenue growth, non-GAAP operating margin expansion, free cash flow, and our other non-GAAP measures, our business strategy, plans and objectives for future operations and expectations regarding non-GAAP targets, our future financial and business performance for the first quarter and full-year 2022, the assumptions underlying such guidance and the anticipated impact of COVID-19 on our guidance, business, financial condition and results of operations, are forward-looking statements. Our use of the words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. The events described in our forward-looking statements are subject to a number of risks and uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Risks that could cause or contribute to such differences include, but are not limited to, risks arising from the ongoing COVID-19 pandemic, fluctuations in our quarterly results, failure to meet our publicly announced guidance or other expectations about our business, our rapid growth and ability to sustain our revenue growth rate, the ability of our products and professional services to correctly detect vulnerabilities, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to integrate acquired companies, including IntSights, our ability to operate in compliance with applicable laws as well as other risks and uncertainties set forth in the “Risk Factors” section of our most recent Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 4, 2021 and in the subsequent reports that we file with the Securities and Exchange Commission. 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 expressed in any forward-looking statements we may make. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. 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.

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.

This presentation also contains certain non-GAAP financial measures as defined by the SEC rules. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Please refer to our February 9, 2022 press release for additional information as to why we believe these non-GAAP financial measures are useful to investors and others in assessing our operating results. As required by Regulation G, we have provided a reconciliation of those measures to their most directly comparable GAAP measures, which is available in the end notes to this presentation. However, the reconciliation of non-GAAP guidance measures to the most comparable GAAP measures does not reflect any items that are unknown at this time, such as litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty.

Rapid7 Snapshot

Strong Recurring Revenue Growth

ARR growth of
38% YoY¹

High Quality of Revenue

Recurring revenue
92% of total
revenue¹

Attractive Customer Economics

17% growth
in ARR per
customer¹

Investing in Profitable Growth

Expansion of
Non-GAAP
Operating Margin
and Free Cash Flow
Projected in 2022²


Attractive Prospects

Projected ARR growth of **24%** in 2022²
Projected Revenue growth of **28%** in 2022²

¹ As of Q4 2021

² Based on FY 2022 guidance provided as of February 9, 2022. Growth rates are at the mid-point of the guidance range.

Managing Risk and Enabling Innovation

A white line-art icon on a dark background. It features a building on the left, a grid of squares in the center, and a circle with the letter 'i' on the right. A circuit-like line connects these elements, with another circle containing 'i' at the end of the line.

Data keeps our connected society functioning.

A white line-art icon on a dark background. It shows a padlock in the center, with three circles containing the letter 'i' above it. Below the padlock is a shield with a checkmark, and below that are three stylized human figures. A circuit-like line connects these elements.

We trust security teams to protect our data.

A white line-art icon on a dark background. It features a cloud in the center, with a smartphone below it and a laptop to the right. Several circles containing the letter 'i' are scattered around the central elements. A circuit-like line connects these elements.

Accelerated change makes it tougher to stay ahead of risks.

A white line-art icon on a dark background. It shows a lightbulb on the left, a cloud in the center, and a padlock on the right. Below the cloud are three stylized human figures. A circuit-like line connects these elements.

Security needs to keep up with the pace of innovation.

Organizations need best-in-class security that is both sophisticated and accessible.

Delivering on Our Mission

**Make
best-in-class
security
operations
accessible &
achievable
for all.**

**Best-in-Class
Technology**



Unite teams and tools with award-winning cloud products delivering visibility, analytics, and automation.

**Unified Cloud
Platform**



Enrich customer experiences with broad environment visibility, seamless integrations and ease of scaling.

**Expertise &
Community**



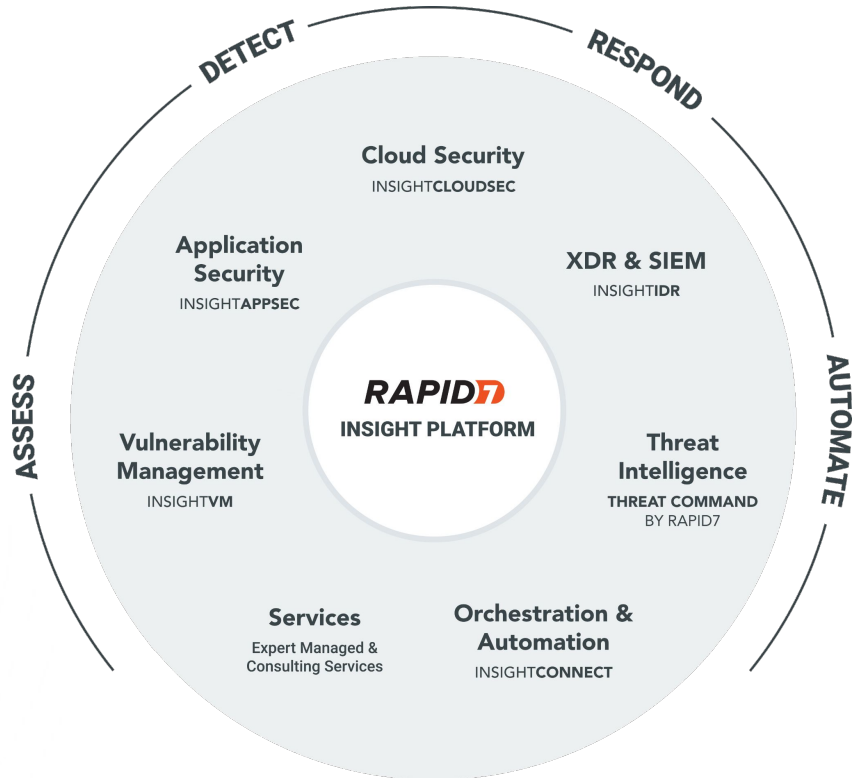
Deliver leading products and expertise built on insights from our experienced security researchers and the security community.

Rapid7 Insight Platform

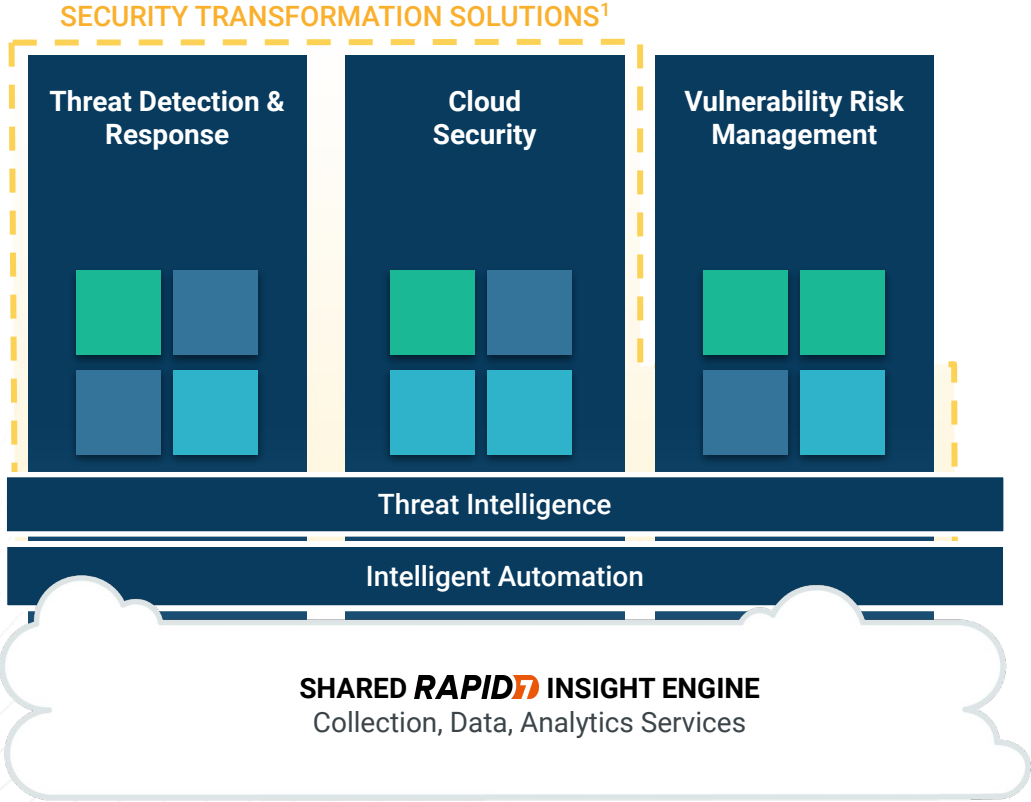
United teams work smarter, not harder.

Our cloud platform helps Security, IT, and Development teams reduce risk across their entire connected environment.

Unified access centrally manages vulnerabilities, monitors for misconfigurations and malicious behavior, investigates and shuts down attacks, or automates operations.

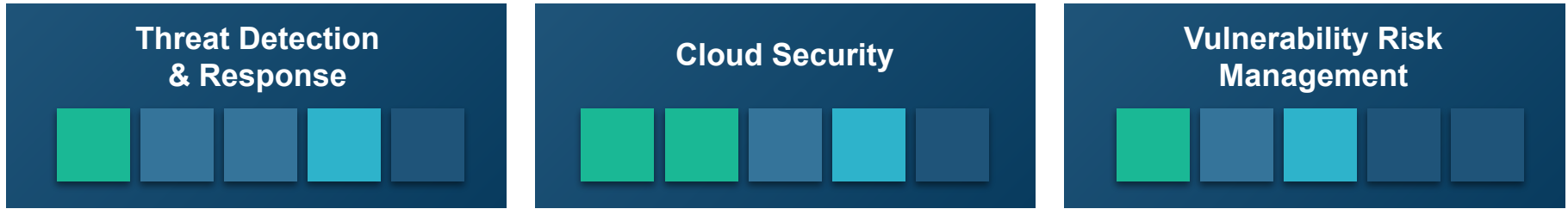


Landing and Expanding Across Multiple Pillars

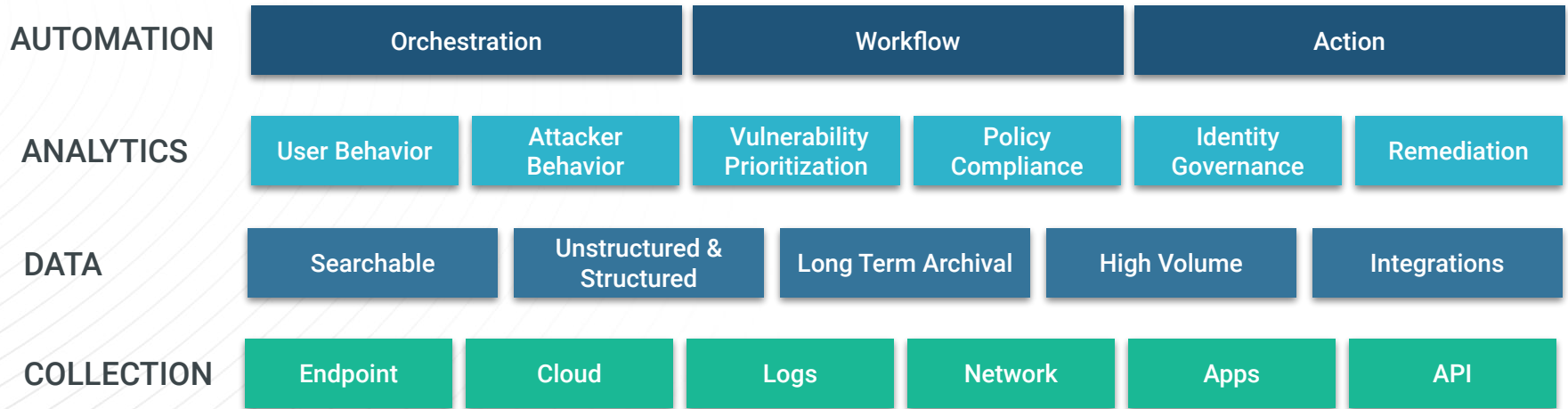


¹ Security transformation solutions consist of our incident detection & response, cloud security, application security, threat intelligence and security orchestration and automation response product offerings.

ACCESSIBILITY TO INSIGHT VIA TAILORED SECOPS PILLARS



SHARED **RAPID7** INSIGHT ENGINE



Best-in-Class Threat Detection & Response

Broad Visibility Across Cloud and On-premise.

Detection-oriented Analytics.

Automated Containment & Response.

Automation

Custom Escalation Workflows

Analytics

UBA

ABA

ML

Data

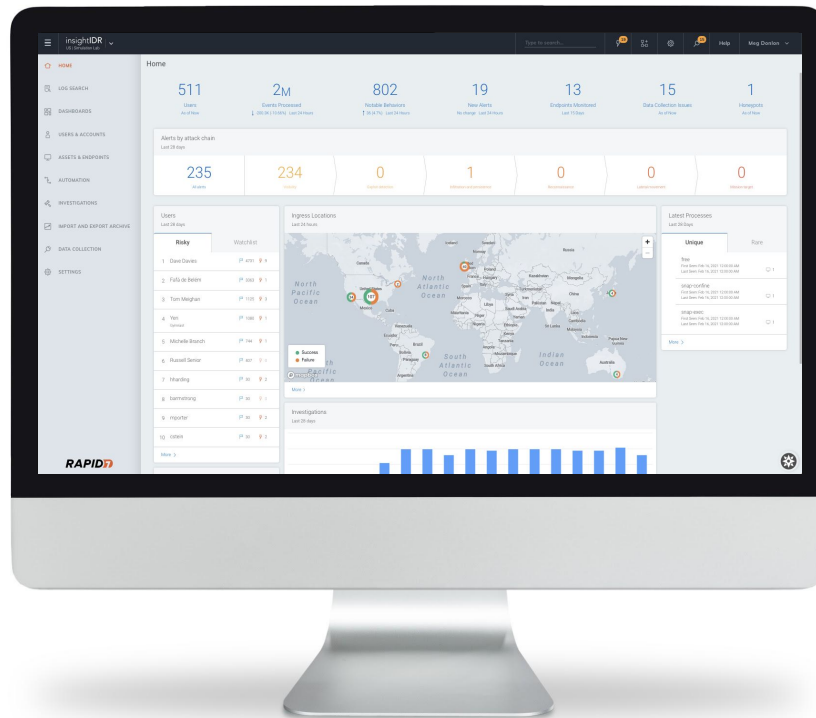
Integrations

Collection

Cloud

Endpoint

Network



Best-in-Class Cloud Security

Multi-cloud Risk Visibility & Analytics.

Extensible & Customizable to Connect Security and DevOps Teams.

Real-time Automated Remediation.

Automation

Native & Integrated

Analytics

CIEM

CWPP

CSPM

Data

AWS

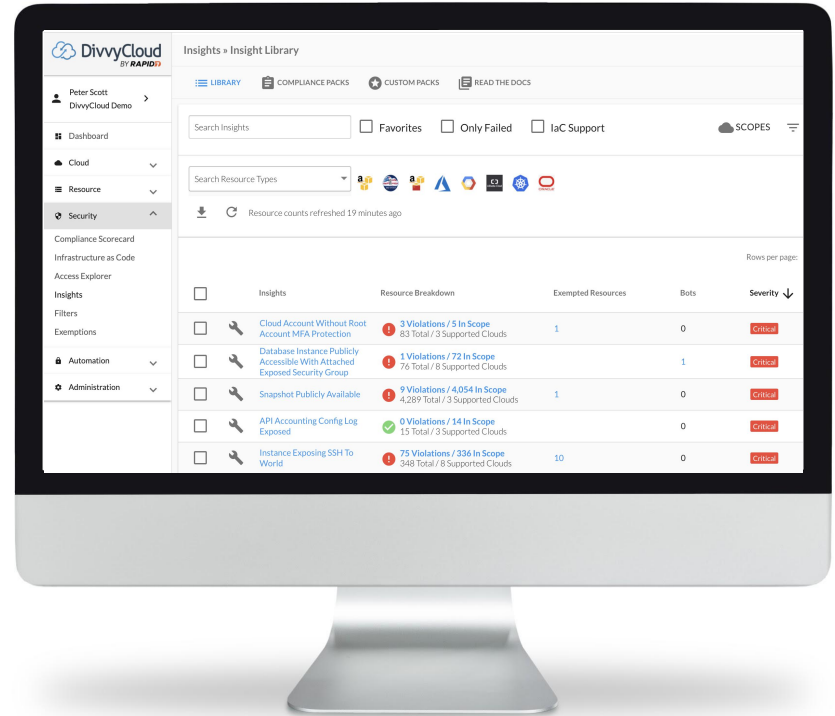
Azure

GCP

OCI

Collection

Cloud



Best-in-Class Vulnerability Risk Management

Broad Visibility Across Traditional and Modern Environments

Prioritize Risk with Advanced Analytics

Automation-assisted Remediation

Automation

Custom Processes

Workflows

Analytics

Attacker Behavior

Vulnerability Prioritization

Data

Searchable

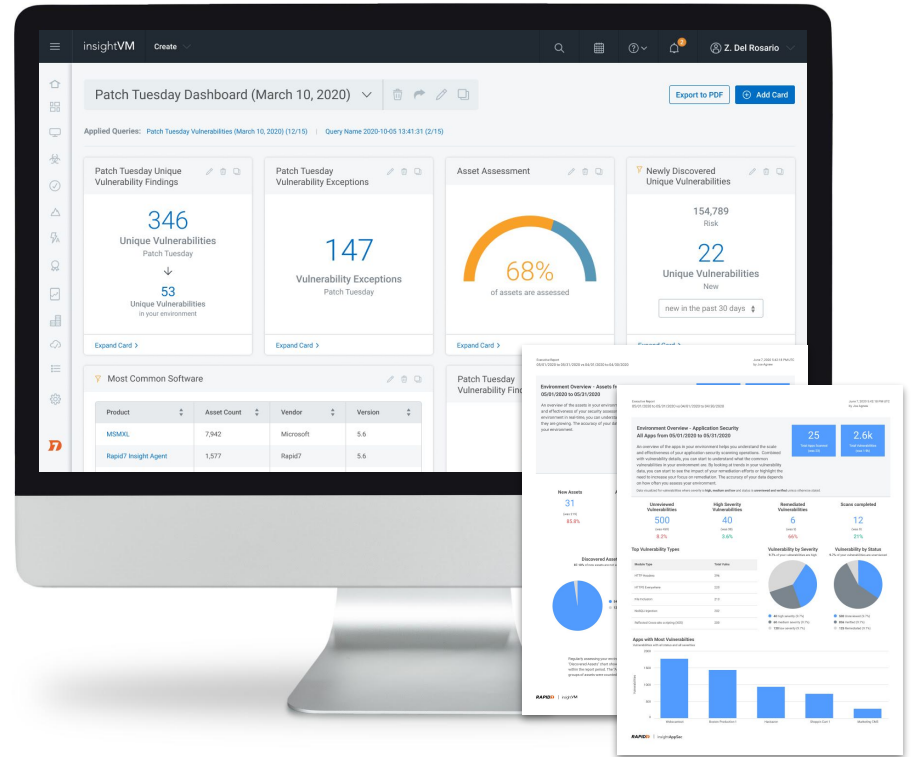
Integrations

Collection

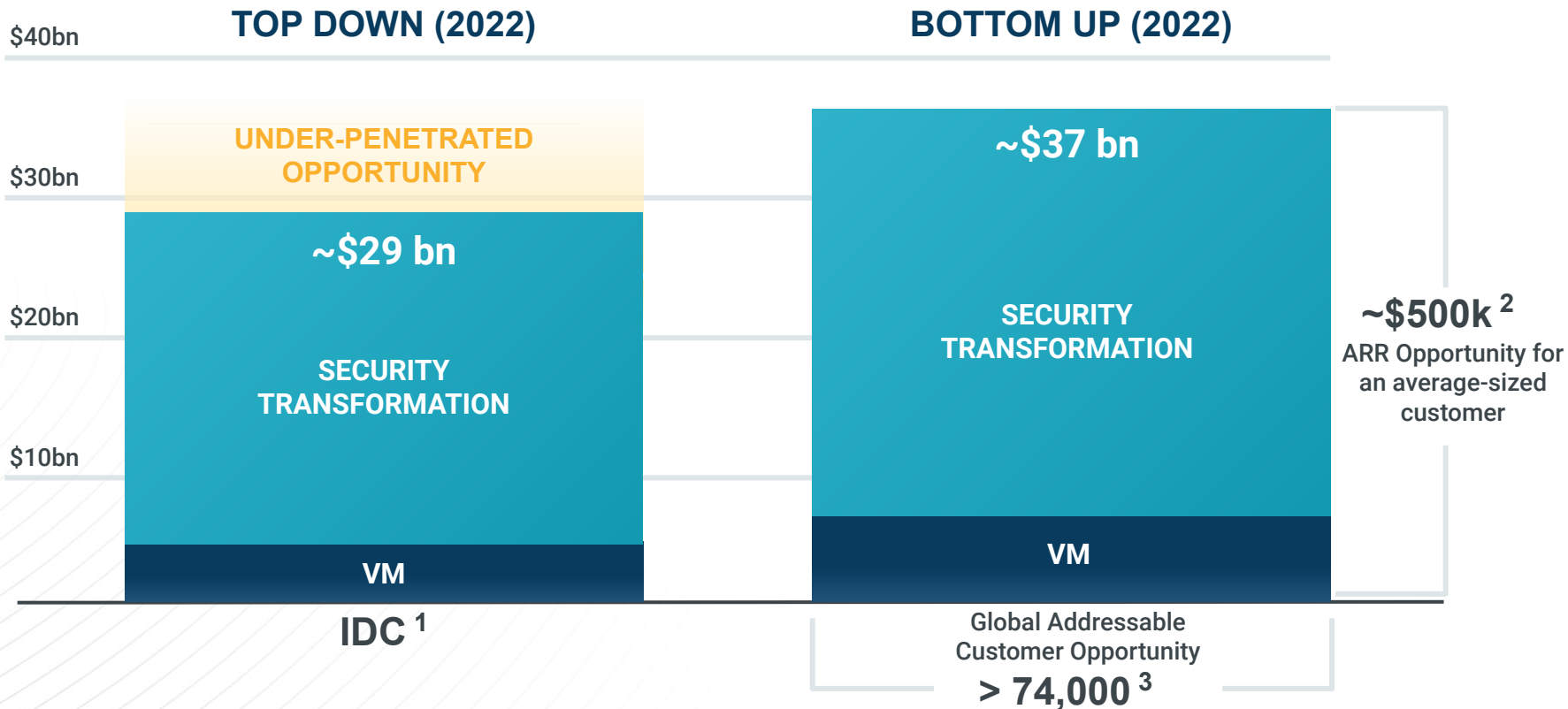
Cloud

Endpoint

Network



Massive Market Opportunity



¹ Based on IDC Forecasts (WW Device Vulnerability Management 2019-2026, WW Cybersecurity AIRO 2018-2025, WW Security as a Service 2021-2025, WW Cloud Workload Security 2019-2025, WW Threat Intelligence Security Services 2018-2023)

² The future financial results presented are hypothetical amounts for achievement of certain scenarios and are not projections, guidance or an outlook for Rapid7's future financial results

³ Based on Dun & Bradstreet Hoovers global business data

Extensive Partner Ecosystem

80+

Platform
Integrations
with Partners

splunk >

IBM



FireEye

servicenow

vmware

RSA Archer



CYBERARK



amazon
webservices™

CISCO

okta

DATA COLLABORATION PARTNERS

- Two-way data sharing
- 'Single pane of glass'
- Enhanced platform value

DATA WORKFLOW PARTNERS

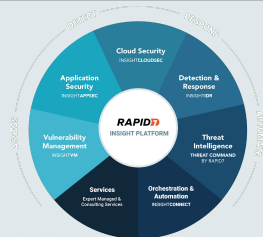
- IT security integration
- Streamlines correction
- Improves IT efficiencies

DATA INGESTION PARTNERS

- Enhances analytics
- Enables detection
- Simplifies investigations

Rapid7 Global Threat Intelligence Community

Insight Cloud



Global customer base

Threat Intelligence



Leading External Cyber Threat Intelligence Capabilities

Intelligence Sharing



Affiliate Member, Board & Committee Seats

Attacker KB



Vulnerability Database & Community

Project Heisenberg



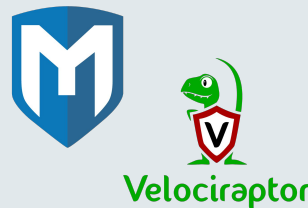
Global Honeypot Network

Project Sonar



Global Internet Scanning

Metasploit & Velociraptor



Penetration Testing & Endpoint Forensics Tools & Communities

Rapid7 Research

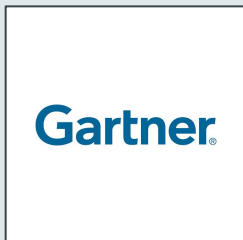


Threat Research

Rapid7 Leadership Among Analysts



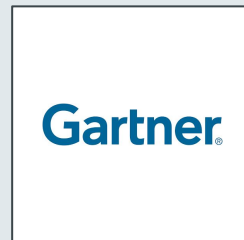
Positioned as **Leader** amongst **Vulnerability Risk Management (VRM)** vendors in 2019 and 2018 Forrester Wave



Positioned as **Leader** in 2021 and 2020 Magic Quadrant for **Security Information & Event Management (SIEM)**



Recognized as **Gartner Peer Insights Customers' Choice** for **Vulnerability Management** and **SIEM** in 2020



Positioned as **Visionary** in 2021 Magic Quadrant for **Application Security Testing**



Positioned as **Leader** amongst **Midsize Managed Security Services** vendors in 2020 Forrester Wave.

Rapid7 for Social Good Beyond ESG

RAPID7 CORE VALUES

Bring You

Thrive by celebrating individuality and diverse perspectives

Be an Advocate

Relentlessly champion our customers to propel the security industry forward

Challenge Convention

Forge new paths with foresight, discipline, and determination

Impact Together

Actively support, collaborate with, and learn from each other

Never Done

Pursue personal and professional excellence through continuous learning

Diversity, Equity, & Inclusion

Leverage diverse hiring practices and data-driven focus to advance a diverse workforce, inclusive culture, and equitable pay. Recognized in Bloomberg Gender Equality Index 2018, 2019, 2020, 2021, 2022.

Environment & Climate Change

Focus on reducing environmental impact by minimizing greenhouse gas emissions, reducing & responsibly disposing of waste, and creating more sustainable workplaces.

Corporate Governance

High ethical standards for governance set by the board of directors.

Community Engagement & Social Impact

Giving back to our communities through partnerships with STEM and inclusion-focused programs, charitable giving, and employee volunteerism.

Non-Profit Support

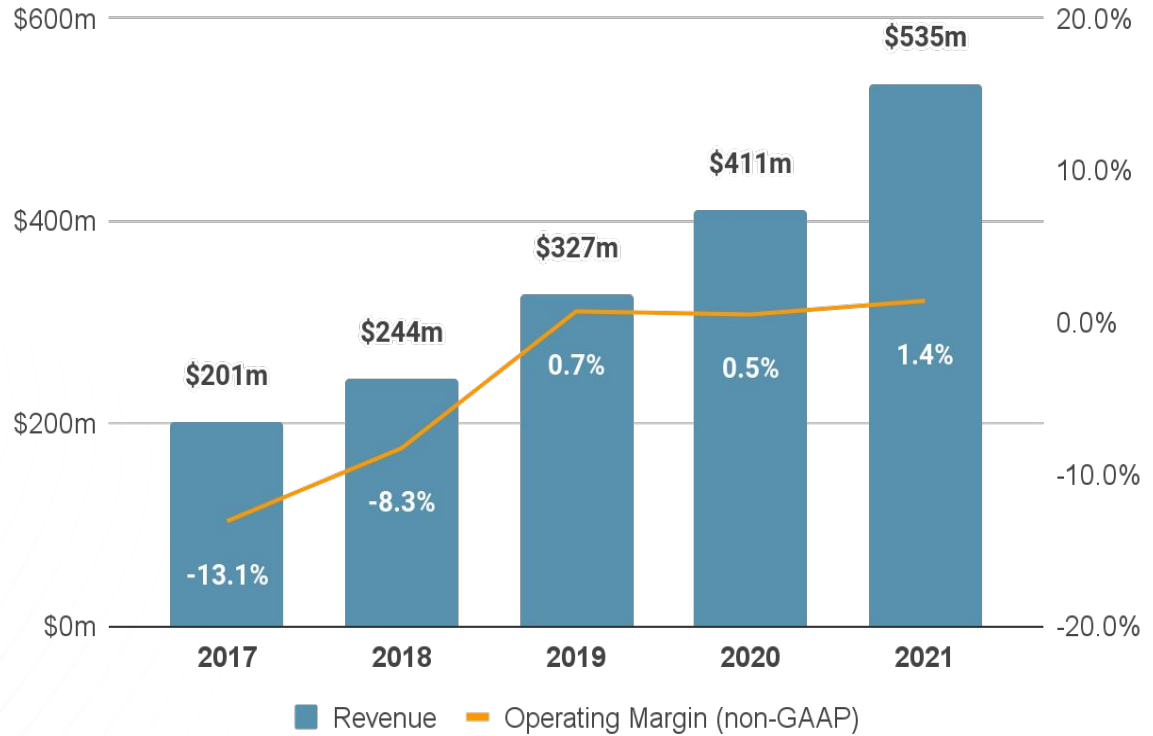
Offering solution discounts to eligible Non-profits so they can focus more of their resources pursuing the good they do in the world.



Financial Overview

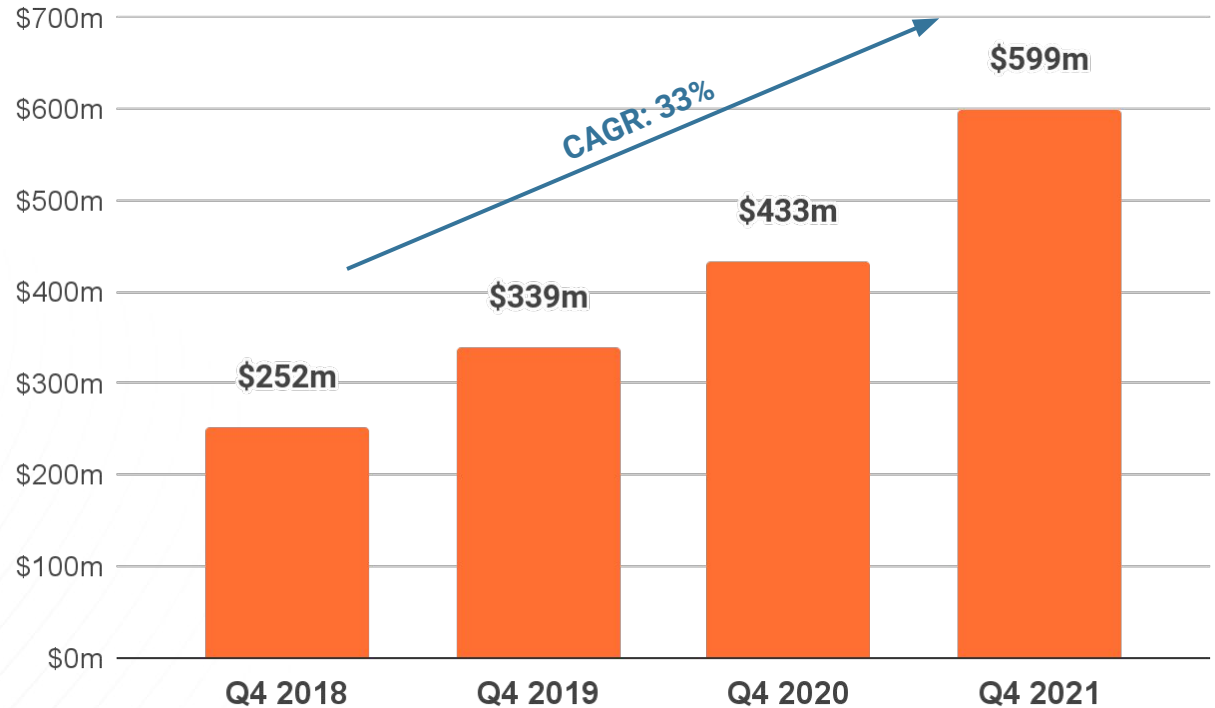
Sustained Revenue Growth

- Q4 2021 revenue growth of 34% year-over-year
- Revenue CAGR (2017-2021): 28%
- Non-GAAP operating margin improvement over time



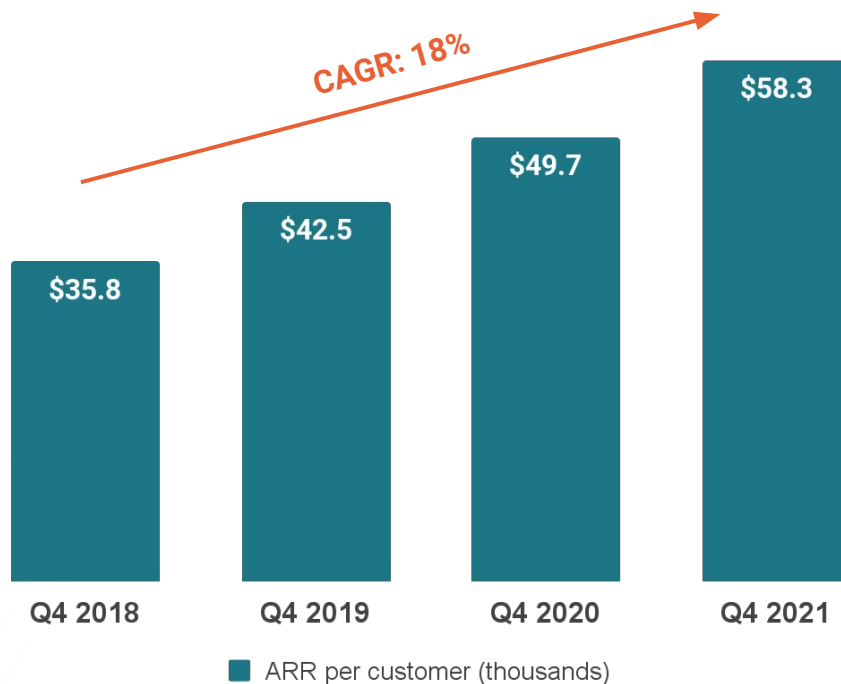
Annualized Recurring Revenue

- ARR grew by 38% year-over-year in Q4 2021
- ARR CAGR of 33% from Q4 2018 to Q4 2021



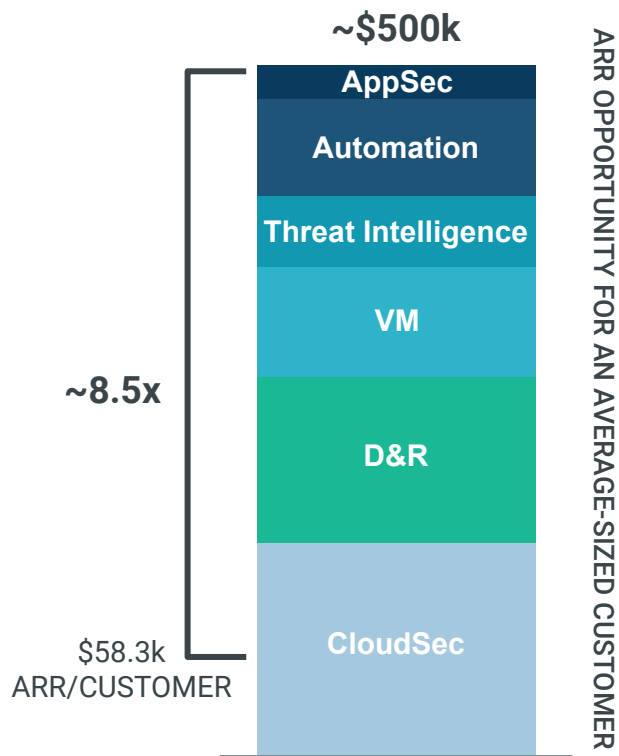
Upsells & Cross-Sells Drive ARR Per Customer Growth

- ARR per customer was approximately \$58.3k in Q4 2021
- ARR per customer CAGR of 18% from Q4 2018 to Q4 2021



Significant Long-Term ARR Per Customer Opportunity

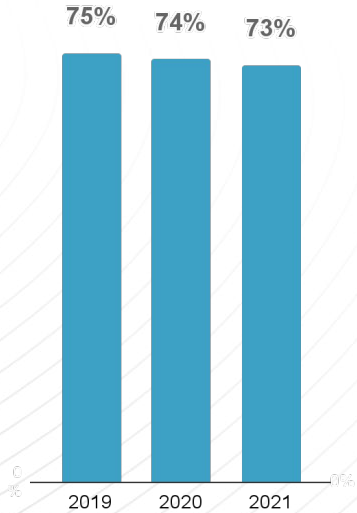
- Our recurring revenue potential for an average-sized customer is \$500k per year
- ARR per customer was approximately \$58.3k in Q4 2021



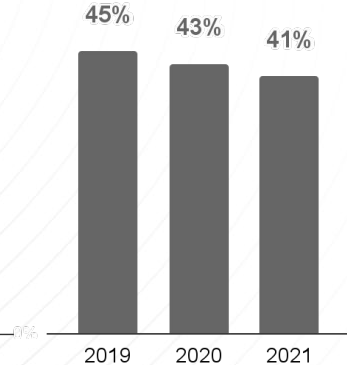
Focused on Long-term Profitability Improvement

Expenses and Operating Income as % of Revenue (non-GAAP)

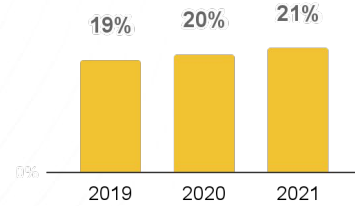
Gross Margin
(non-GAAP)



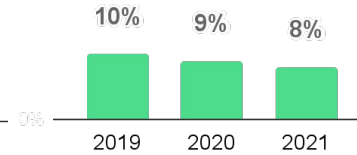
Sales & Marketing
(non-GAAP)



Research & Development
(non-GAAP)



General & Administrative
(non-GAAP)

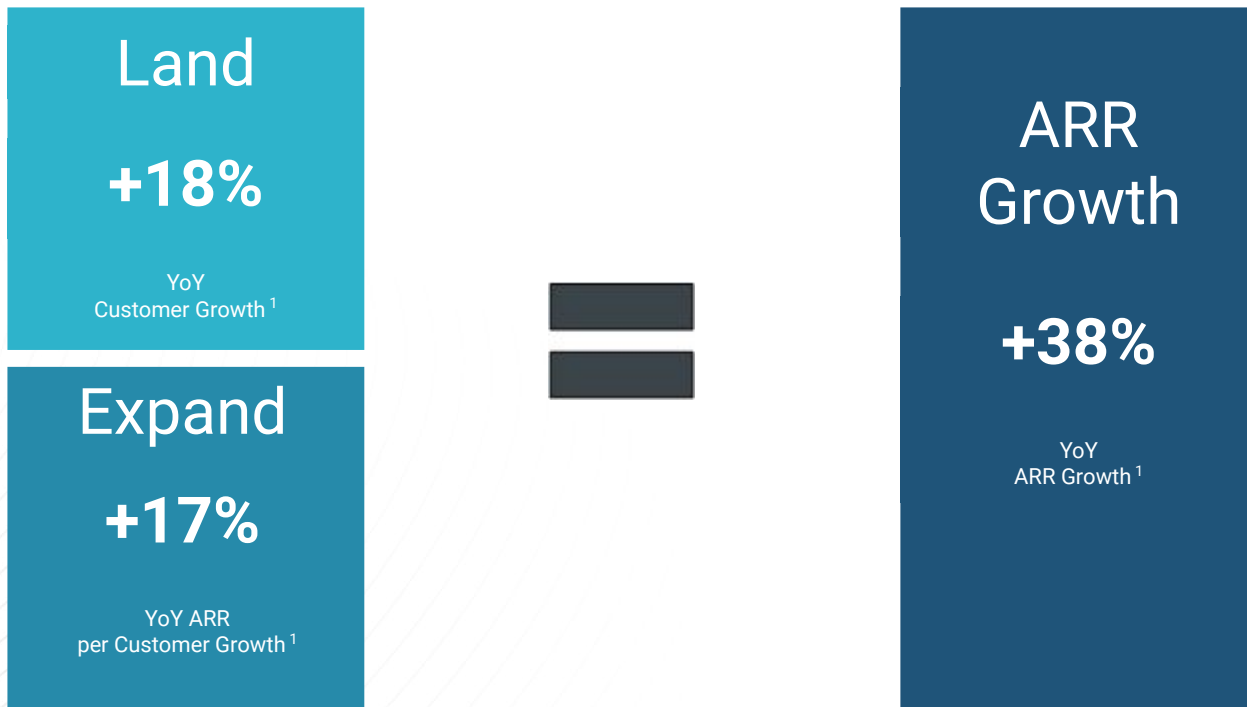


Operating Income
(non-GAAP)



Powerful Land And Expand Model

Compelling Track Record of Customer Acquisition, Retention and Expansion



Guidance | Q1 2022 and Full-Year 2022

Rapid7 anticipates Annualized Recurring Revenue, Revenue, Non-GAAP (loss) income from operations, non-GAAP net (loss) income per share and free cash flow to be in the following ranges:

	Q1 2022	Full Year 2022
Annualized Recurring Revenue		\$740 to \$750m
Annualized Recurring Revenue Growth		24% to 25%
Revenue	\$153 to \$155m	\$682 to \$690m
Revenue Growth	30% to 32%	27% to 29%
Non-GAAP (Loss) Income From Operations ¹	(\$7) to (\$5m)	\$17 to \$24m
Non-GAAP Net (Loss) Income Per Share ¹	\$(0.18) to \$(0.15)	\$0.05 to \$0.16
Weighted-average Shares Outstanding	58.3 m*	60.9 m*
Free Cash Flow		\$40 to \$45m

See End Notes for additional information and definitions

* Weighted average shares outstanding for the first quarter 2022 represent basic shares outstanding given our projected non-GAAP net loss and diluted shares outstanding for the full-year 2022 given our projected range of non-GAAP net income

¹ A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is provided in the supplemental financial tables. The reconciliation does not reflect any items that are unknown at this time, such as litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty.

Supplemental

GAAP to Non-GAAP Reconciliations: Q4 2021

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Litigation-related expenses	Amortization of debt discount and issuance costs	Non-GAAP	Depreciation expense	Amortization of intangible assets	Adjusted EBITDA
Revenue:									
Products	\$ 141,262	\$ -	\$ -	\$ -	\$ -	\$ 141,262	\$ -	\$ -	\$ 141,262
Professional services	10,376	-	-	-	-	10,376	-	-	10,376
Total revenue	151,638	-	-	-	-	151,638	-	-	151,638
Cost of revenue:									
Products	\$ 41,457	\$ 1,066	\$ 4,902	\$ -	\$ -	\$ 35,489	\$ 406	\$ 1,067	\$ 34,016
Professional services	8,423	455	-	-	-	7,968	169	-	7,799
Total cost of revenue	49,880	1,521	4,902	-	-	43,457	575	1,067	41,815
Gross margin %	67%					71%			
Research and development	48,514	14,838	-	-	-	33,676	912	-	32,764
Sales and marketing	73,189	5,696	684	-	-	66,809	1,218	-	65,591
General and administrative	20,763	6,652	195	110	-	13,806	435	-	13,371
(Loss) Income from operations	\$ (40,708)	\$ (28,707)	\$ (5,781)	\$ (110)	\$ -	\$ (6,110)	\$ (3,140)	\$ (1,067)	\$ (1,903)
Interest income	63	-	-	-	-	63	-	-	-
Interest expense	(2,877)	-	-	-	(1,096)	(1,781)	-	-	-
Other income (expense), net	(703)	-	-	-	-	(703)	-	-	-
Loss before income taxes	(44,225)	(28,707)	(5,781)	(110)	(1,096)	(8,531)	-	-	-
Provision for income taxes	400	-	-	-	-	400	-	-	-
Net loss	\$ (44,625)	\$ (28,707)	\$ (5,781)	\$ (110)	\$ (1,096)	\$ (8,931)	-	-	-
Net loss per share, basic and diluted	\$ (0.79)					\$ (0.16)			
Weighted-average shares used in per share calculation, basic and diluted	56,752,295					56,752,295			

(Unaudited, in thousands, except share and per share data)

GAAP to Non-GAAP Reconciliations: Q4 2020

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Acquisition-related expenses	Litigation-related expenses	Amortization of debt discount and issuance costs	Non-GAAP	Depreciation expense	Amortization of intangible assets	Adjusted EBITDA
Revenue:										
Products	\$ 104,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,384	\$ -	\$ -	\$ 104,384
Professional services	8,775	-	-	-	-	-	8,775	-	-	8,775
Total revenue	113,159	-	-	-	-	-	113,159	-	-	113,159
Cost of revenue:										
Products	\$ 27,295	\$ 727	\$ 2,433	\$ -	\$ -	\$ -	\$ 24,135	\$ 363	\$ 787	\$ (1,138)
Professional services	6,399	377	-	-	-	-	6,022	185	-	(2,930)
Total cost of revenue	33,694	1,104	2,433	-	-	-	30,157	548	787	(4,068)
Gross margin %	70%						73%			
Research and development	29,737	6,571	-	-	-	-	23,166	799	-	22,367
Sales and marketing	54,429	4,297	104	-	-	-	50,028	1,146	-	48,882
General and administrative	15,930	4,995	45	205	133	-	10,552	422	-	10,130
(Loss) Income from operations	\$ (20,631)	\$ (16,967)	\$ (2,582)	\$ (205)	\$ (133)	\$ -	\$ (744)	\$ (2,915)	\$ (787)	\$ 2,958
Interest income	111	-	-	-	-	-	111	-	-	-
Interest expense	(7,429)	-	-	-	-	(5,305)	(2,124)	-	-	-
Other income (expense), net	12	-	-	-	-	-	12	-	-	-
Loss before income taxes	(27,937)	(16,967)	(2,582)	(205)	(133)	(5,305)	(2,745)	-	-	-
Provision for income taxes	981	-	-	-	-	-	981	-	-	-
Net loss	\$ (28,918)	\$ (16,967)	\$ (2,582)	\$ (205)	\$ (133)	\$ (5,305)	\$ (3,726)	-	-	-
Net loss per share, basic and diluted	\$ (0.56)						\$ (0.07)			
Weighted-average shares used in per share calculation, basic and diluted	52,017,473						52,017,473			

GAAP to Non-GAAP Guidance Reconciliations: Q1 & Full-Year 2022

	First Quarter 2022		Full-Year 2022	
Reconciliation of GAAP to non-GAAP (loss) income from operations:				
Anticipated GAAP loss from operations.....	\$ (46)	to \$ (44)	\$ (143)	to \$ (136)
Add: Anticipated stock-based compensation expense.....	33	to 33	138	to 138
Add: Anticipated amortization of acquired intangible assets.....	6	to 6	22	to 22
Anticipated non-GAAP (loss) income from operations.....	<u>\$ (7)</u>	<u>to \$ (5)</u>	<u>\$ 17</u>	<u>to \$ 24</u>
Reconciliation of GAAP to non-GAAP net (loss) income:				
Anticipated GAAP net loss.....	\$ (51)	to \$ (49)	\$ (161)	to \$ (154)
Add: Anticipated stock-based compensation expense.....	33	to 33	138	to 138
Add: Anticipated amortization of acquired intangible assets.....	6	to 6	22	to 22
Add: Anticipated amortization of debt issuance costs.....	1	to 1	4	to 4
Anticipated non-GAAP net (loss) income.....	<u>\$ (11)</u>	<u>to \$ (9)</u>	<u>\$ 3</u>	<u>to \$ 10</u>
Anticipated GAAP net loss per share, basic and diluted.....	\$ (0.87)	\$ (0.84)	\$ (2.73)	\$ (2.61)
Anticipated non-GAAP net (loss) income per share, diluted.....	\$ (0.18)	\$ (0.15)	\$ 0.05	\$ 0.16
Weighted average shares used in GAAP per share calculation, basic and diluted.....		58.3		59.0
Weighted average shares used in non-GAAP per share calculation:				
Basic.....		58.3		59.0
Diluted.....		58.3		60.9

The reconciliation does not reflect any items that are unknown at this time, such as litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty. As a result, the estimates shown for Anticipated GAAP loss from operations, Anticipated GAAP net loss and Anticipated GAAP net loss per share are expected to change.

(All amounts in millions, except per share data)

GAAP to Non-GAAP Guidance Reconciliations: Full-Year 2022

	<u>Full-Year 2022</u>	
Reconciliation of net cash provided by operating activities to free cash flow:		
Net cash provided by operating activities.....	\$ 78	to \$ 83
Less: Purchases of property and equipment.....	(25)	to (25)
Less: Capitalized internal-use software costs.....	(13)	to (13)
Free cash flow.....	<u>\$ 40</u>	to <u>\$ 45</u>

End Notes

Annualized Recurring Revenue (ARR)

- Annualized Recurring Revenue (ARR) is defined as the annual value of all recurring revenue related to contracts in place at the end of the period. ARR should be viewed independently of revenue and deferred revenue as ARR is an operating metric and is not intended to be combined with or replace these items. ARR is not a forecast of future revenue and can be impacted by contract start and end dates and renewal rates, and does not include revenue reported as perpetual license or professional services revenue in our consolidated statement of operations.

Recurring Revenue

- Recurring revenue is defined as revenue from the sale of term software licenses, content subscriptions, managed services, cloud-based subscriptions and maintenance and support calculated as % of total revenue.

Customer

- A Customer is defined as any entity that has an active recurring revenue contract as of the specified measurement date, excluding InsightOps and Logentries only customers with a contract value less than \$2,400 per year.

ARR per Customer

- ARR per Customer is defined as ARR divided by the number of Customers at the end of the period.

Non-GAAP metrics

- Non-GAAP gross margins represent the GAAP gross profit, excluding stock-based compensation expense and amortization of acquired intangible assets calculated as a % of revenue. See GAAP to Non-GAAP reconciliation.
- Operating expenses and operating income margin presented are on a non-GAAP basis and exclude stock-based compensation expense, amortization of acquired intangible assets, and certain other items such as acquisition-related expenses and litigation-related expenses.
- Free cash flow is defined as net cash flow provided by (used in) operations less purchases of property and equipment and capitalization of internal-use software costs.

Guidance

- Guidance for the first quarter and full-year 2022 does not include any potential impact of foreign exchange gains or losses.
- Non-GAAP guidance excludes estimates for stock-based compensation expense, amortization of acquired intangible assets, amortization of debt issuance costs and certain other items. A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is provided in the financial statement tables included in these End Notes. The reconciliation does not reflect any items that are unknown at this time, such as litigation-related expenses for the first quarter and full-year 2022, which we are not able to predict without unreasonable effort due to their inherent uncertainty.