



COMPANY OVERVIEW

Rapid7

May 7, 2020

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), ARR growth per customer, revenue growth, and our 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 second quarter and full-year 2020, the assumptions underlying such guidance and the timing of global economic recovery 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 DivvyCloud, 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 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2020, in the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2020 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 May 7, 2020 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, we have not reconciled our expectations as to non-GAAP measures in future periods to their most directly comparable GAAP measure because certain costs and expenses, namely stock based compensation expense, amortization of intangible assets and general purchase accounting, are out of our control or cannot be reasonably predicted. Accordingly, reconciliation is not available without unreasonable effort, although it is important to note that these factors could be material to our results computed in accordance with GAAP.

Rapid7 Snapshot

Strong
Recurring
Revenue
Growth

ARR growth of
31% YoY⁽¹⁾

High Quality
of Revenue

Recurring
revenue
**90% of total
revenue⁽¹⁾**

Attractive
Customer
Economics

15% growth
in ARR per
customer⁽¹⁾

Investing in
Profitable
Growth

Positive Non-
GAAP
Operating
Income in 2019

Attractive
Prospects

Projected ARR growth of 17% in 2020⁽²⁾
Projected Revenue growth of 20% in 2020⁽²⁾

1: As of Q1 2020

2: Guidance given on April 28, 2020. Growth rates are at the mid-point of guidance range.

Our Mission

Rapid7 will close the security achievement gap by creating great teaming experiences across development, IT and security and making the most successful security operations practices accessible to all.



**Best of Breed
Technology**

Award-winning cloud products deliver visibility, analytics, and automation to unite teams and tools



**Unified Cloud
Platform**

Collect data across the IT environment, scale with ease and integrate seamlessly with existing tools



**Community
Expertise**

Experienced researchers and consultants coupled with global user base

Securely Advance

Cybersecurity is no longer a concern of the few, but for all of us.

Your data is your
currency

Security teams are
entrusted to protect our
data and keep our
connected society
functioning

Change is happening at
an accelerated pace,
making it tougher to
keep up

Security is now a competitive advantage.

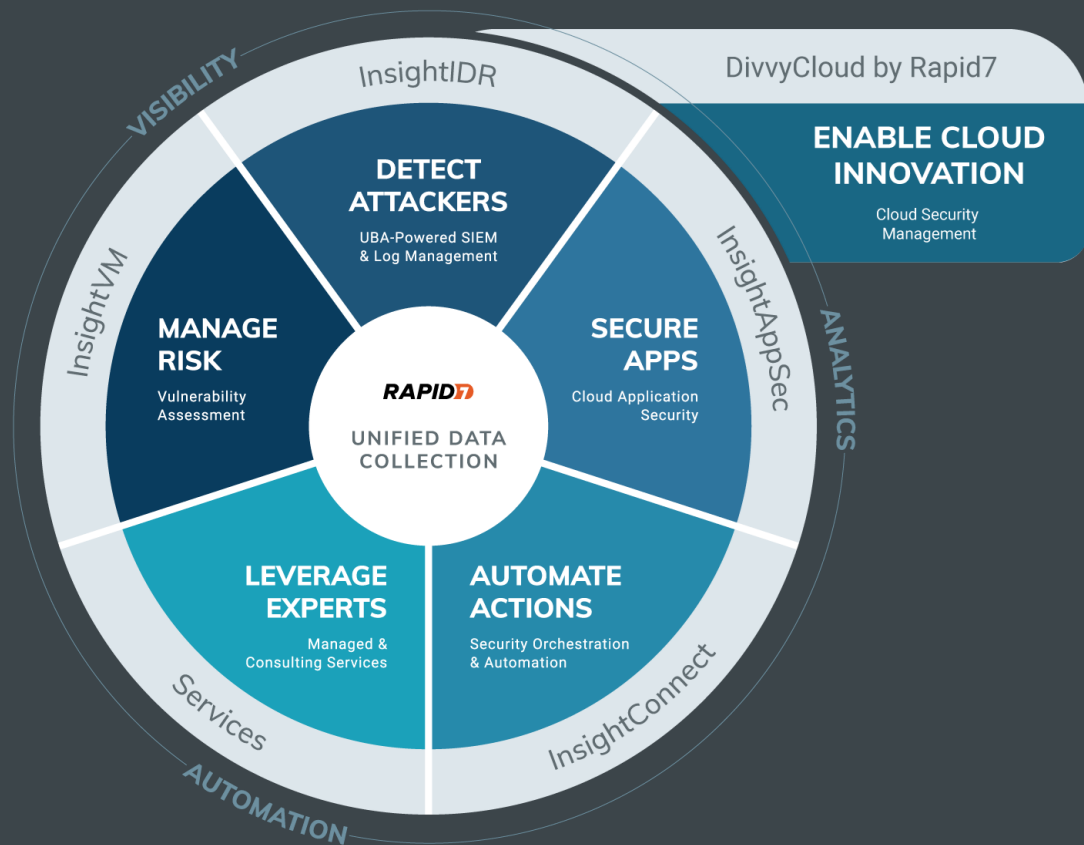
At Rapid7 we help advance security—through technology and expertise—making it simple for organizations to securely advance.

Rapid7 Insight

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 malicious behaviour, investigates and shuts down attacks, or automates operations.



Landing across Four Core Pillars

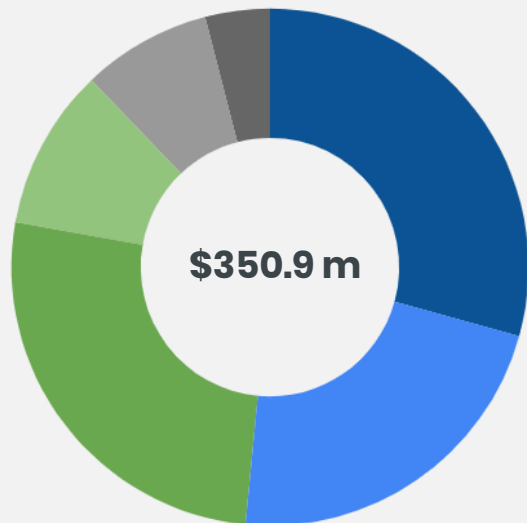
	Vulnerability Management	SIEM & IDR	Cloud & Application Security	Automation
Position	Leader	Leader & Disruptor	Leader	Disruptor
Product	insightVM	insightIDR	insightAppSec DivvyCloud TCELL BY RAPID	insightConnect
Sources of Growth	Mid Market Legacy Displacement Asset Management Enterprise Expansion	Mid Market Legacy Displacement Managed Service Enterprise Expansion	Mid Market Enterprise Legacy Displacement Managed Service	Mid Market SecDevOps Expansion Patch and Configuration

Managed and Advisory Services

Customer ARR Composition by Market Segment

Enterprise-level customers comprise over 50% of the Rapid7 Customer base ARR

Customer ARR Distribution



● Large Enterprise ● Mid-Sized Enterprise
● Mid-Market ● Small Market ● SMB ● Other

"Other" includes Federal and State & Local Government customers and smaller international and IT Search customers. Pie chart represents distribution of ARR as of March 31, 2020.

Business Classification

Large Enterprise

Annual Revenue above \$10B USD or more than 10,000 employees

Mid-Sized Enterprise

Annual Revenue of \$1B - <\$10B USD or between 2,500-<10,000 employees

Mid-Market

Annual Revenue of \$100M - <\$1B USD or between 500-<2,500 employees

Small-Market

Annual Revenue of \$10M - <\$100M USD or between 100-<500 employees

SMB

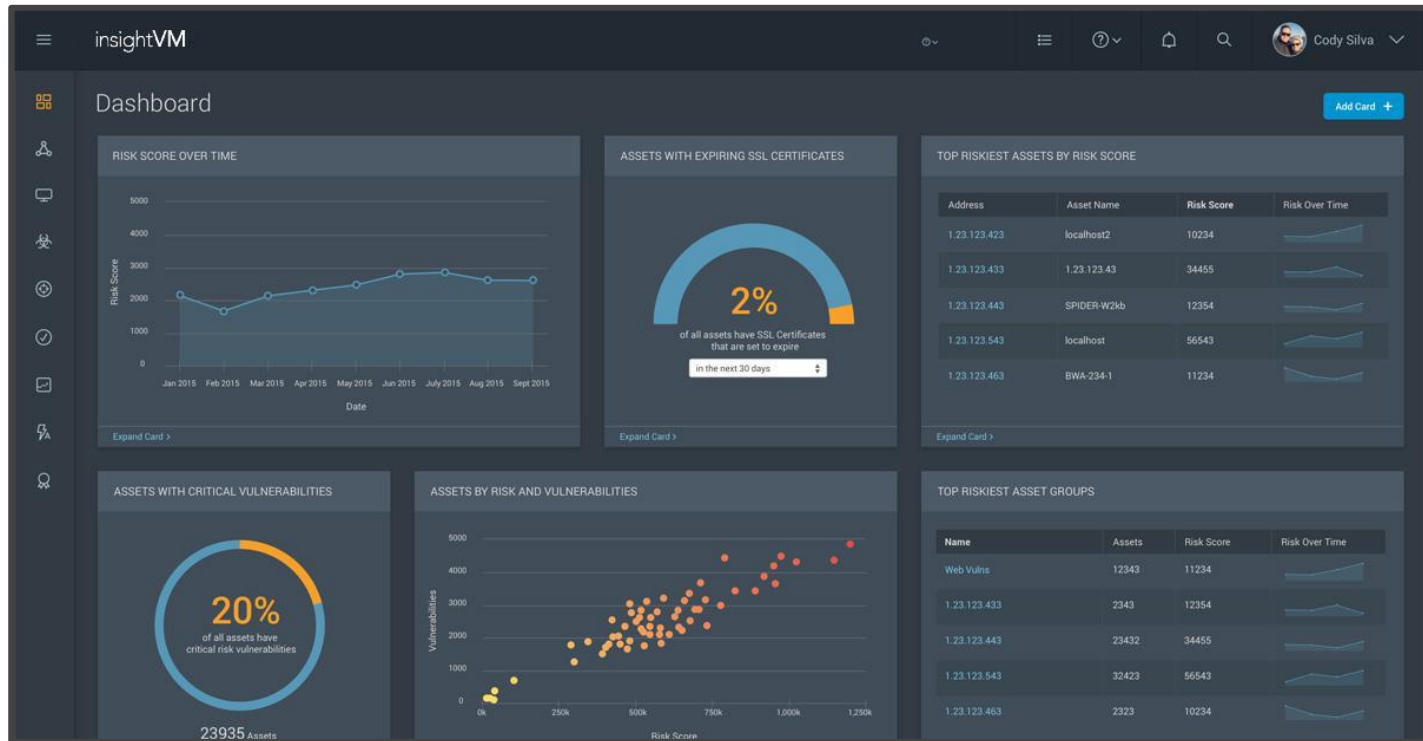
Annual Revenue under \$10M USD and under 100 employees

insightVM Vulnerability Assessment

COLLECT
data across your entire
modern ecosystem

PRIORITIZE
risk using attacker
analytics
and live dashboards

REMEDiate
quickly with SecOps agility
and automated actions



insightIDR User Behavior Analytics & SIEM

UNIFY

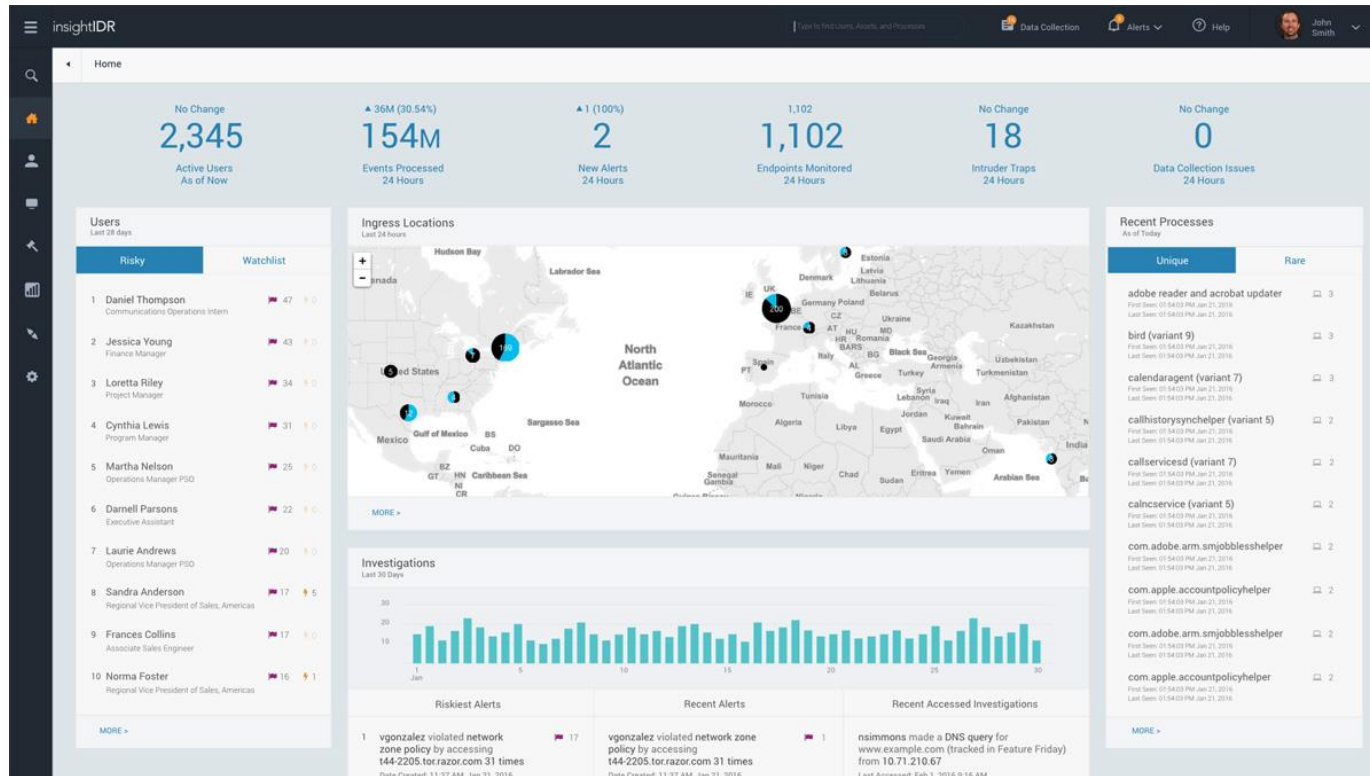
your security data without special expertise or hardware

DETECT

compromised users and activity across the ATT&CK Framework

RESPOND

fast and automatically contain compromised users and assets

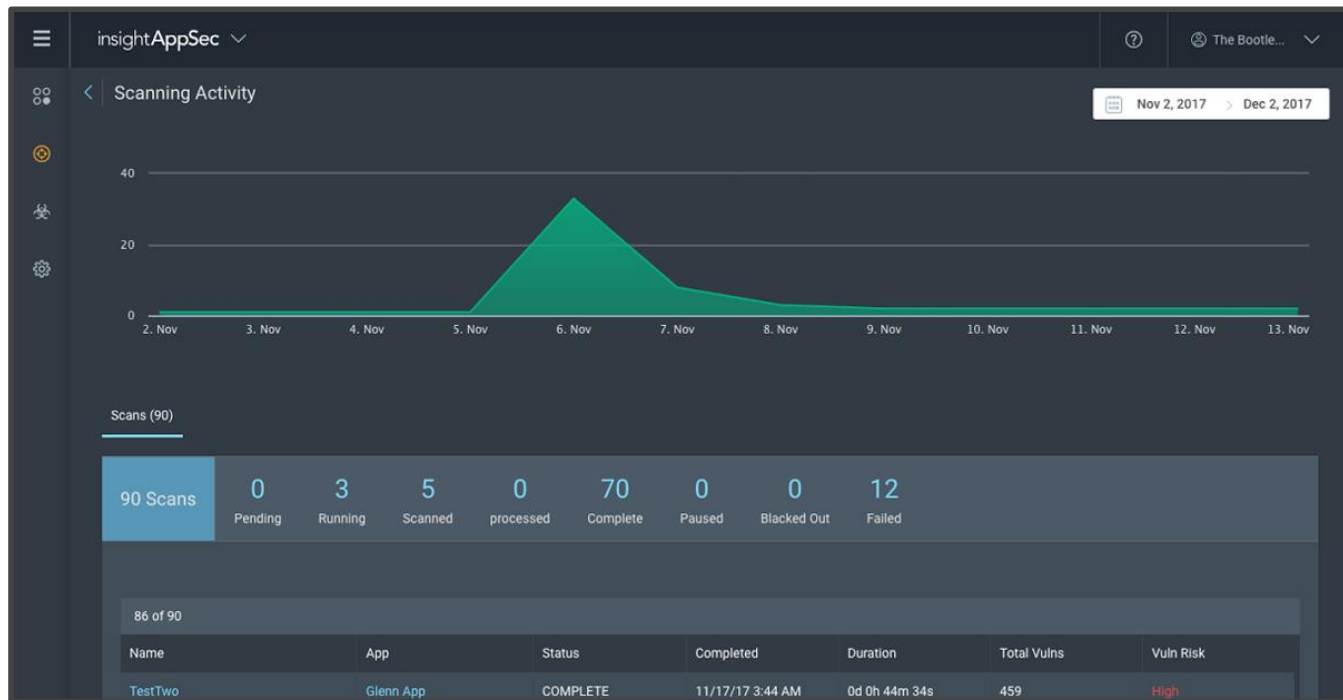


insightAppSec Application Security

SECURE
modern web apps and APIs

COLLABORATE
to fast-track fixes with rich
reporting and integrations

SCALE
to manage the security
assessment of any size app
portfolio



insightConnect Security Orchestration & Automation

ORCHESTRATE

your teams and tools with 275+ plugins (or build your own)

AUTOMATE

manual, repetitive tasks with custom workflows

ACCELERATE

security and IT operations without sacrificing human analysis

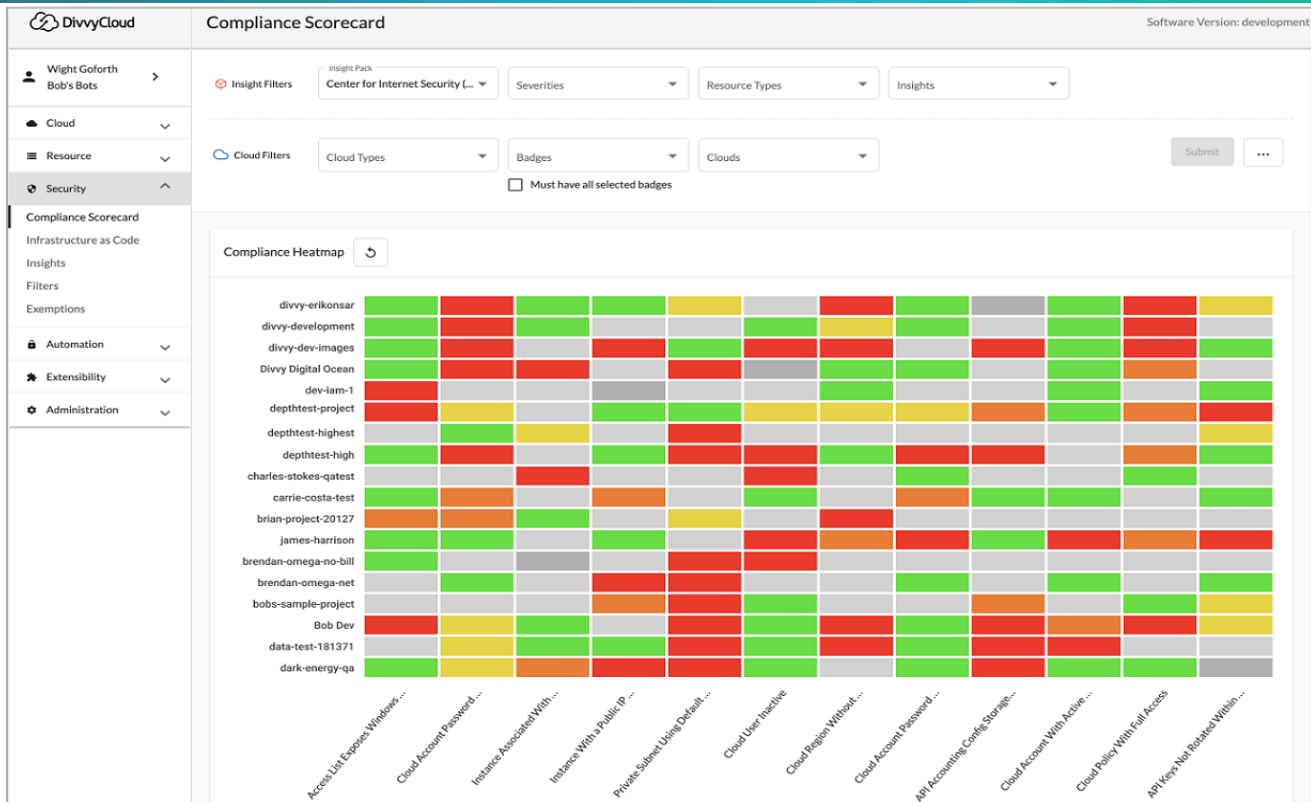
The screenshot displays the 'insightConnect' interface, specifically the 'Active Workflows' section. The left sidebar contains navigation options: Workflows (Active), Draft, Inactive, Reusable Elements, Jobs, and Settings. The main area shows a table of active workflows with the following columns: Workflow, Edited by, Date Edited, Steps, Decisions, and Tags. The table lists seven workflows, each with a status icon, a name, the editor's name, the date edited, the number of steps and decisions, and associated tags. The 'RAPID7' logo is visible in the bottom left corner of the interface.

Workflow	Edited by	Date Edited	Steps	Decisions	Tags
Automation-Assisted Patching with Microsoft SCCM	Kevin Flynn	Aug 23, 2018	8	1	vulnerability management, remediation
Create a Ticket with ServiceNow	Kevin Flynn	Aug 23, 2018	2	0	case management
ChatOps - Investigate url	Gem Holo	Aug 28, 2018	4	0	chatops, enrichment
ChatOps - Ilogins	Gem Holo	Aug 28, 2018	4	0	chatops, enrichment
ChatOps - Isearch	Gem Holo	Aug 28, 2018	3	0	chatops, enrichment
Daily Asset Scan - All	Gem Holo	Aug 25, 2018	5	1	vulnerability management, assessment
Disable a User with Active Directory	Kevin Flynn	Aug 23, 2018	3	0	detection and response, containment

UNIFY
infrastructure data model for
more comprehensive analysis

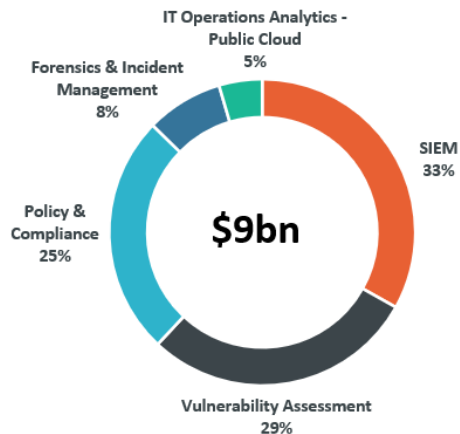
AUTOMATE
policy and remediation to
keep up with pace of change

EXTEND
the platform or build new
applications

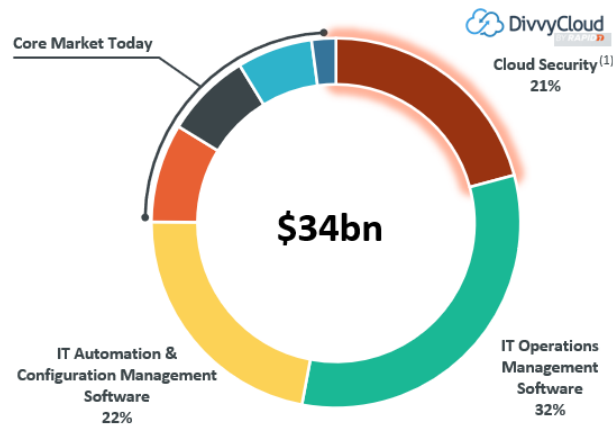


Expanding TAM through Innovation & Acquisition

Core Market Today



SecOps and Cloud Security Opportunity



- Industry leading capabilities in several key security segments: VM, SIEM, Cloud & Application Security, and SOAR
- Unification of Security and IT operational data creates growth opportunity

Extensive, Beneficial 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

Recent Recognition



Forrester
Positioned as **Leader**
amongst VRM vendors in
2019 and 2018 Forrester
Wave



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



Frost & Sullivan
2018 Global Vulnerability
Management Market
Leadership Award



Gartner
Positioned as highest rated
Dynamic Application Security
Testing vendor in 2020 Critical
Capabilities for Application
Security Testing

Our Culture is our Competitive Advantage

Culture & Core Values

Bring You

Our people are at the center of our success

Be an Advocate

We work relentlessly to act as a champion to propel our people, our customers, and our industry forward

Challenge Convention

We challenge old ways of thinking and forge new paths with foresight, discipline, and determination

Impact Together

We support each other on our journey forward, and actively look for ways to collaborate, strengthen our ideas, and learn from each other

Never Done

We pursue excellence through continuous learning to keep growing personally and professionally

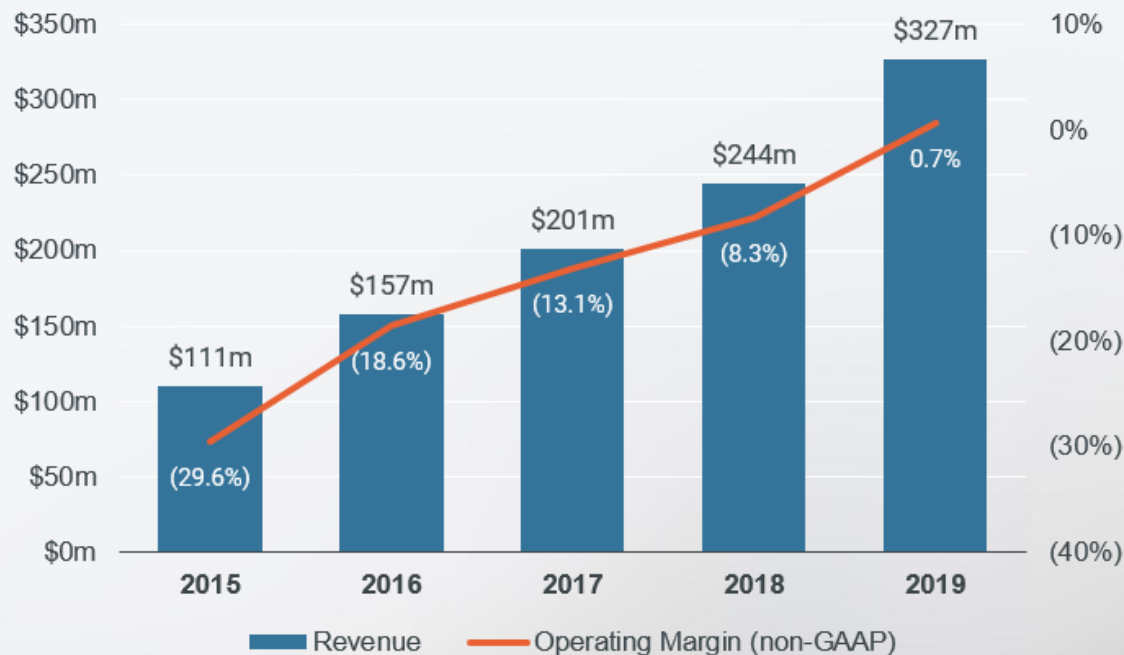
Our culture and core values aren't just for our employees; they align with our customer experience.

- Inclusion in Bloomberg Gender Equality Index, 2019 & 2020
- ATD BEST for Talent Development Excellence - *Association for Talent Development*, 2019
- Top Places to Work - *Boston Globe*, 2019
- Tech Culture Award - *TMCnet*, 2019
- Parity Pledge Member, *since 2018*

Financial Overview

Sustained Revenue Growth With Improving Margin

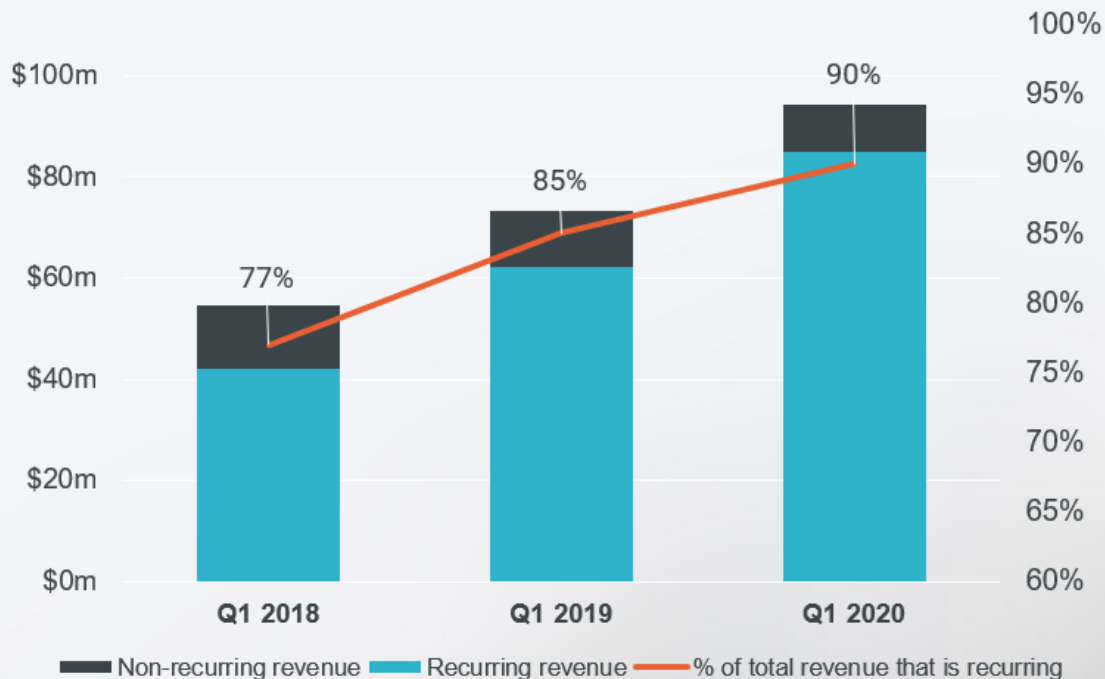
- **Q1 2020 revenue growth of 29% year-over-year**
- **Revenue CAGR (2015-2019): 31%**
- **Significant Non-GAAP operating margin improvement over time**



2015 - 2017 numbers are under ASC 605 and 2018 and beyond numbers are under ASC 606

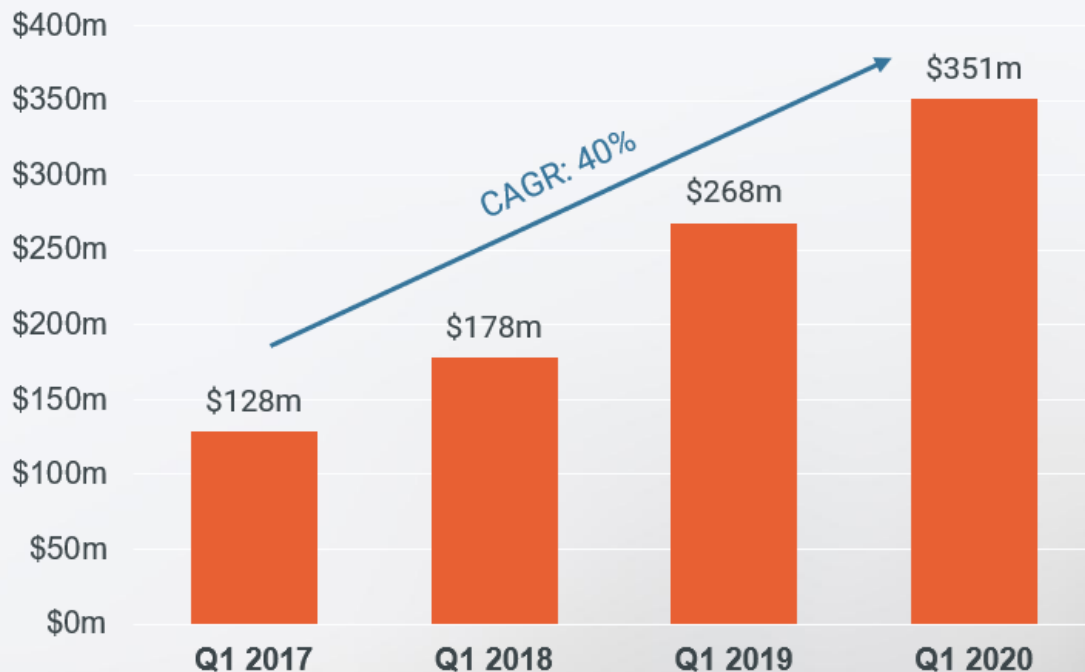
Predictable Recurring Revenue Model

- **Achieved 90% mix of recurring revenue in Q1 2020**
- **Recurring revenue grew 35% year-over-year in Q1 2020**



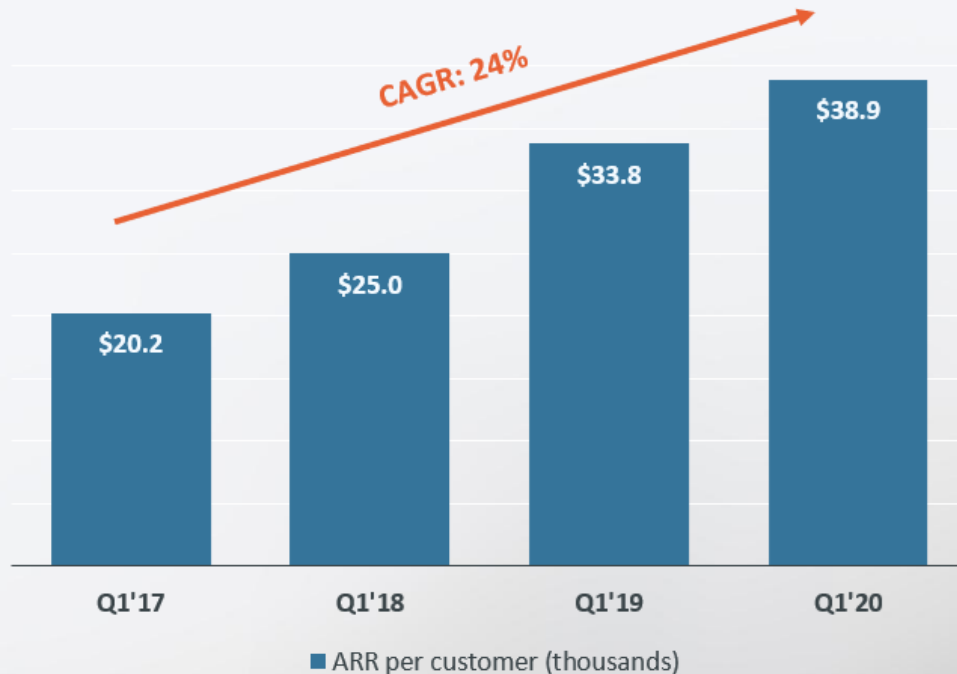
Annualized Recurring Revenue

- **ARR grew by 31% year-over-year in Q1 2020**
- **CAGR: 40% from Q1 2017 to Q1 2020**



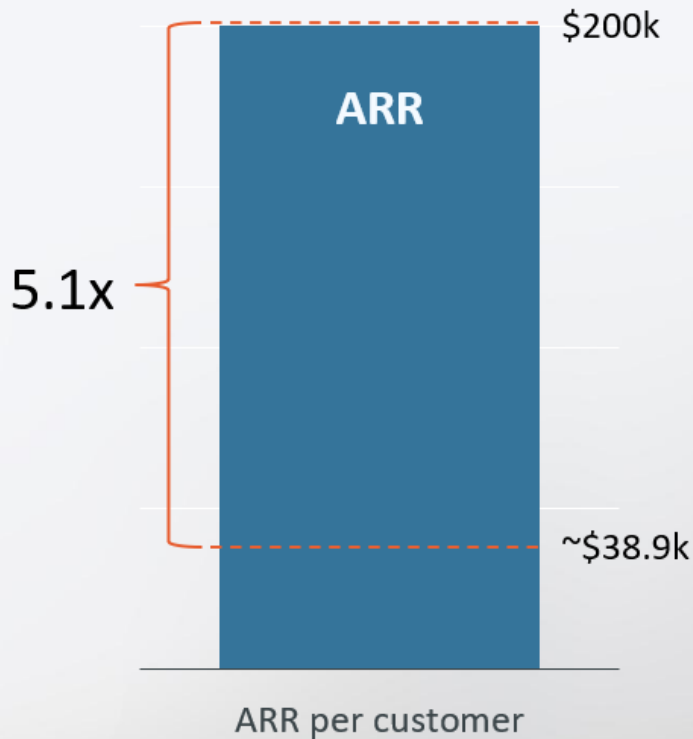
Upsells & Cross-Sells Drive ARR Per Customer Growth

- ARR per customer was approximately \$38.9k in Q1 2020
- CAGR: 24% from Q1 2017 to Q1 2020



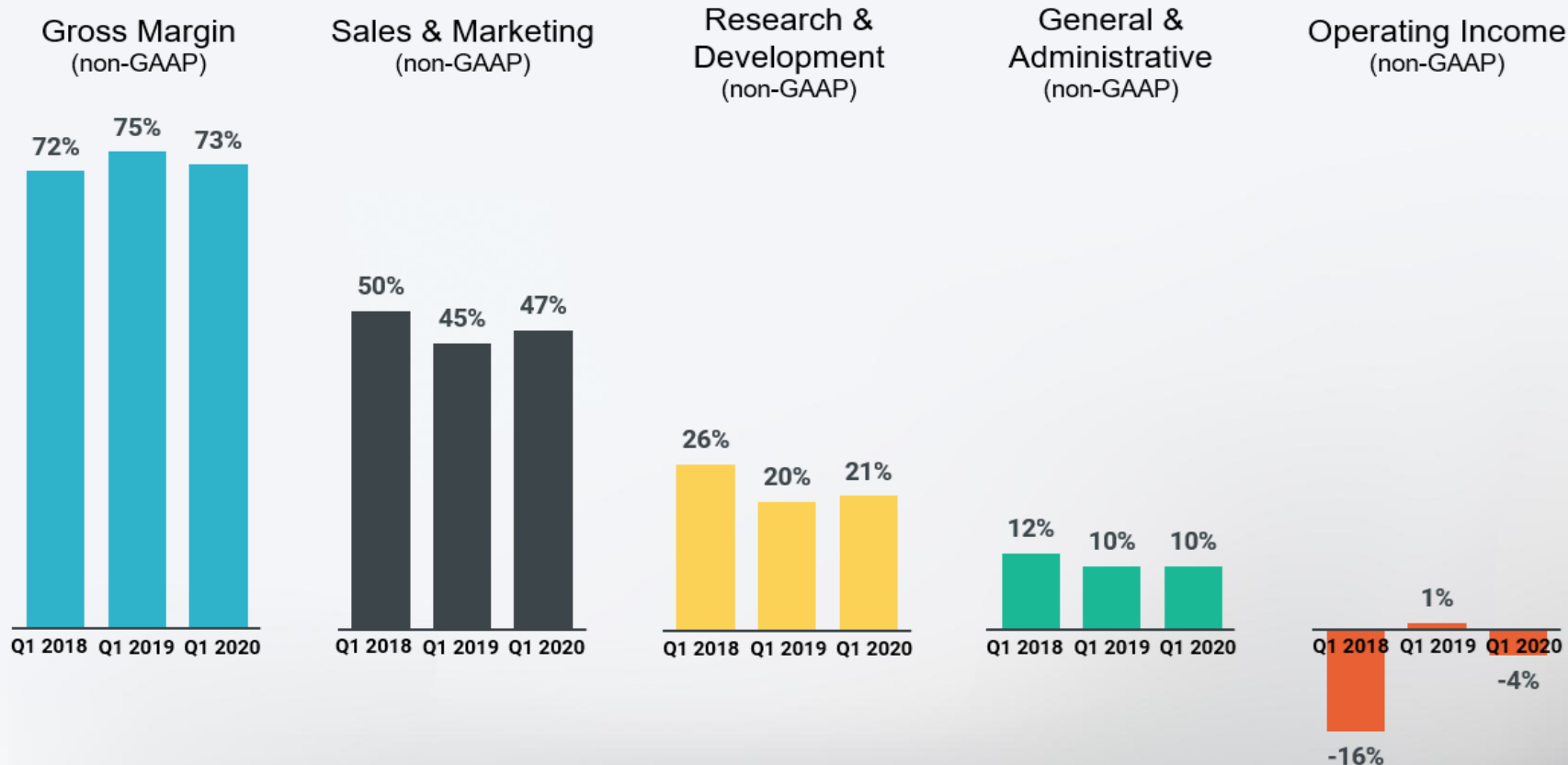
Significant Long-Term ARR Per Customer Opportunity

- Our recurring revenue potential for an average-sized customer is \$200k per year (excluding DivvyCloud)
- ARR per customer was approximately \$38.9k in Q1 2020



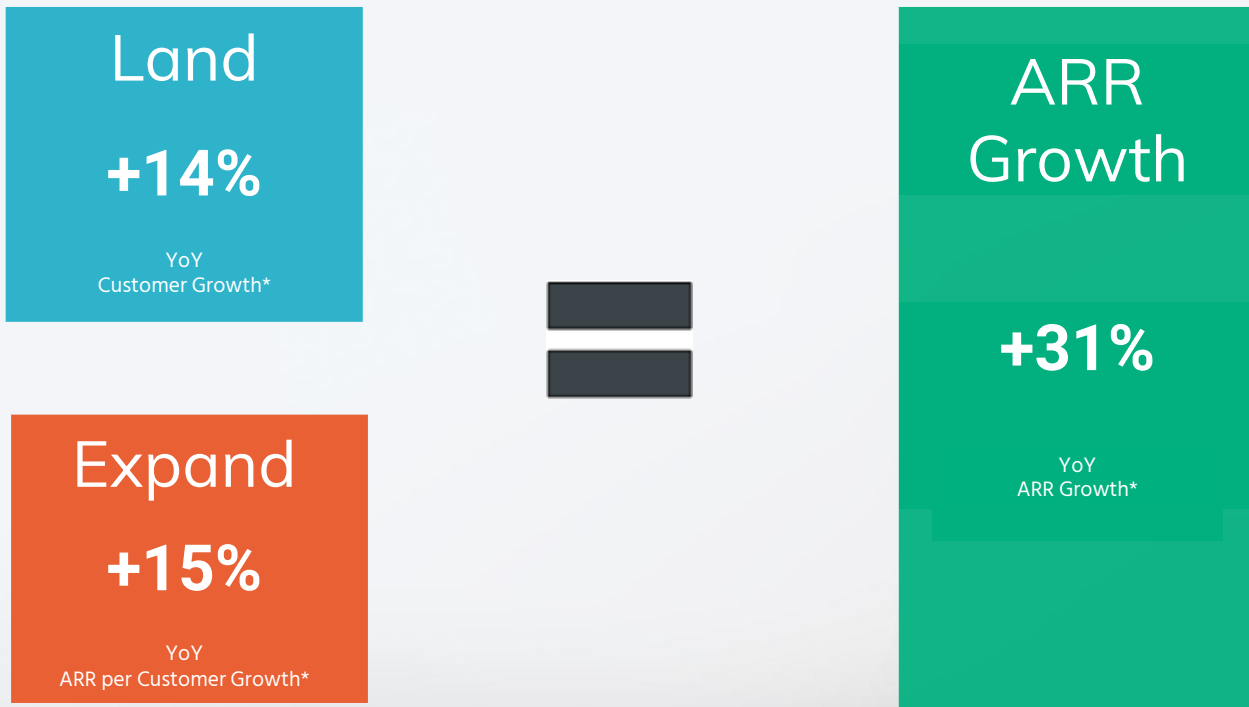
Focused on Profitability Improvement over time

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



Powerful Land And Expand Model

Compelling Track Record of Customer Acquisition, Retention and Expansion



*As of Q1 2020

Guidance | Q2 2020 and Full-Year 2020

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

	Q2 2020	Full Year 2020
Annualized Recurring Revenue	-	\$387 to \$407 m
ARR Growth		14% to 20%
Revenue	\$94.6 to \$96.2 m	\$388 to \$395 m
Revenue Growth	20% to 22%	19% to 21%
Non-GAAP Income (Loss) From Operations ⁽¹⁾	\$1.0 to \$2.0 m	\$(3.0) to \$(1.0) m
Non-GAAP Net Income (Loss) ⁽¹⁾ Per Share	\$(0.02) to \$0.00	\$(0.19) to \$(0.15)
Weighted-average shares outstanding	50.7 m*	51.0 m*

See End Notes for additional information and definitions

*Weighted average shares outstanding for the second quarter and full-year 2020 represent basic shares outstanding given our projected non-GAAP net loss

(1) A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is not available on a forward looking basis without unreasonable efforts due to the high variability, complexity and low visibility with respect to the charges excluded from these non GAAP measures

Supplemental

GAAP to Non-GAAP Reconciliations: Q1 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	\$ 87,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,549	\$ -	\$ -	\$ 87,549
Professional services	6,791	-	-	-	-	-	6,791	-	-	6,791
Total revenue	94,340	-	-	-	-	-	94,340	-	-	94,340
Cost of revenue:										
Products	\$ 21,256	\$ 573	\$ 1,658	\$ -	\$ -	\$ -	\$ 19,025	\$ 298	\$ 478	\$ 18,249
Professional services	6,458	358	-	-	-	-	6,100	189	-	5,911
Total cost of revenue	27,714	931	1,658	-	-	-	25,125	487	478	24,160
Gross margin %	71%						73%			
Research and development	24,202	4,645	-	-	-	-	19,557	659	-	18,898
Sales and marketing	48,145	3,678	32	-	-	-	44,435	1,134	-	43,301
General and administrative	14,099	4,093	-	307	543	-	9,156	395	-	8,761
Loss from operations	\$ (19,820)	\$ (13,347)	\$ (1,690)	\$ (307)	\$ (543)	\$ -	\$ (3,933)	\$ (2,675)	\$ (478)	\$ (780)
Interest income	1,048	-	-	-	-	-	1,048	-	-	-
Interest expense	(3,462)	-	-	-	-	(2,743)	(719)	-	-	-
Other income (expense), net	(447)	-	-	-	-	-	(447)	-	-	-
Loss before income taxes	(22,681)	(13,347)	(1,690)	(307)	(543)	(2,743)	(4,051)	-	-	-
Provision for income taxes	243	-	-	-	-	-	243	-	-	-
Net loss	\$ (22,924)	\$ (13,347)	\$ (1,690)	\$ (307)	\$ (543)	\$ (2,743)	\$ (4,294)	-	-	-
Net loss per share:										
Basic	\$ (0.46)						\$ (0.09)			
Diluted	\$ (0.46)						\$ (0.09)			
Weighted-average shares used in computing net loss per share:										
Basic	50,127,310						50,127,310			
Diluted	50,127,310						50,127,310			

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

GAAP to Non-GAAP Reconciliations: Q1 2019

	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	\$ 65,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,845	\$ -	\$ -	\$ 65,845
Professional services	7,340	-	-	-	-	-	7,340	-	-	7,340
Total revenue	73,185	-	-	-	-	-	73,185	-	-	73,185
Cost of revenue:										
Products	\$ 14,368	\$ 277	\$ 1,358	\$ -	\$ -	\$ -	\$ 12,733	\$ 199	\$ 180	\$ 12,354
Professional services	5,605	296	-	-	-	-	5,309	170	-	5,139
Total cost of revenue	19,973	573	1,358	-	-	-	18,042	369	180	17,493
Gross margin %	73%						75%			
Research and development	17,865	3,174	-	-	-	-	14,691	430	-	14,261
Sales and marketing	35,138	2,464	38	-	-	-	32,636	772	-	31,864
General and administrative	9,953	2,423	1	217	73	-	7,239	279	-	6,960
Loss from operations	\$ (9,744)	\$ (8,634)	\$ (1,397)	\$ (217)	\$ (73)	\$ -	\$ 577	\$ (1,850)	\$ (180)	\$ 2,607
Interest income	1,731	-	-	-	-	-	1,731			
Interest expense	(3,229)	-	-	-	-	(2,510)	(719)			
Other income (expense), net	(206)	-	-	-	-	-	(206)			
(Loss) income before income taxes	(11,448)	(8,634)	(1,397)	(217)	(73)	(2,510)	1,383			
Provision for income taxes	225	-	-	-	-	-	225			
Net (loss) income	\$ (11,673)	\$ (8,634)	\$ (1,397)	\$ (217)	\$ (73)	\$ (2,510)	\$ 1,158			
Net (loss) income per share:										
Basic	\$ (0.24)						\$ 0.02			
Diluted	\$ (0.24)						\$ 0.02			
Weighted-average shares used in computing net (loss) income per share:										
Basic	47,827,939						47,827,939			
Diluted	47,827,939						51,184,402			

End Notes

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- 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.

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- Annualized Recurring Revenue (ARR) is defined as the annual value of all recurring revenue related 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.

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- ARR per Customer is defined as ARR divided by the number of customers at the end of the period.
- A customer is defined as any entity that has (1) an active Rapid7 contract or a contract that expired within 90 days or less of the applicable measurement date; and for Logentries products, those customers with a contract value equal to or greater than \$2,400 per year, or (2) purchased Rapid7 professional services within the 12 months preceding the applicable measurement date.

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- 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.

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- Guidance for the second quarter and full-year 2020 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 discount and issuance costs, and certain other items such as acquisition-related expenses and litigation-related expenses. A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is not available on a forward-looking basis. Rapid7 has provided a reconciliation of historical non-GAAP financial measures to the most comparable GAAP measures in the financial statement tables included in these End Notes.
- In addition, fluctuations in quarterly operating results may be particularly pronounced in the current economic environment due to the uncertainty caused by, and the unprecedented nature of, the current COVID-19 pandemic, whose severity, duration and ultimate impact is difficult to predict at this time. The guidance for the second quarter and full-year 2020 also assumes that there are no new or recurrent shocks to the global economy, that the quarter ended June 30, 2020 will see the highest negative impact to economic growth and that it will be a 12-to-24 month economic recovery period. The primary set of drivers of actual financial performance relative to the ranges provided will be a function of how long the economy remains closed and at what pace it recovers when it reopens.