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 growth per customer, revenue growth, non-GAAP operating margin expansion, 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 third quarter and full-year 2021, 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 May 7, 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 August 4, 2021 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 certain acquisition-related expenses and litigation-related expenses for the third quarter and full year 2021, which we are not able to predict without unreasonable effort due to their inherent uncertainty.
Rapid7 Snapshot

Strong Recurring Revenue Growth

ARR growth of 29% YoY

High Quality of Revenue

Recurring revenue 93% of total revenue

Attractive Customer Economics

14% growth in ARR per customer

Investing in Profitable Growth

Non-GAAP Operating Margin expansion and positive Free Cash Flow Projected in 2021

Attractive Prospects

Projected ARR growth of 33% in 2021
Projected Revenue growth of 27% in 2021

1 As of Q2 2021
2 Based on FY 2021 guidance provided as of August 4, 2021. Revenue growth rate is at the mid-point of the guidance range.
Managing Risk and Enabling Innovation

Data keeps our connected society functioning.

We trust security teams to protect our data.

Accelerated change makes it tougher to stay ahead of risks.

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.
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

SECURITY TRANSFORMATION SOLUTIONS

- Threat Detection & Response
- Cloud Security
- Vulnerability Risk Management

INSIGHTS Threat Intelligence

Intelligent Automation

SHARED RAPID7 INSIGHT ENGINE
Collection, Data, Analytics Services

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

Threat Detection & Response

Cloud Security

Vulnerability Risk Management

SHARED RAPID INSIGHT ENGINE

AUTOMATION
Orchestration  Workflow  Action

ANALYTICS
User Behavior  Attacker Behavior  Vulnerability Prioritization  Policy Compliance  Identity Governance  Remediation

DATA
Searchable  Unstructured & Structured  Long Term Archival  High Volume  Integrations

COLLECTION
Endpoint  Cloud  Logs  Network  Apps  API
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

<table>
<thead>
<tr>
<th>Automation</th>
<th>Custom Processes</th>
<th>Workflows</th>
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</thead>
<tbody>
<tr>
<td>Analytics</td>
<td>Attacker Behavior</td>
<td>Vulnerability Prioritization</td>
</tr>
<tr>
<td>Data</td>
<td>Searchable</td>
<td>Integrations</td>
</tr>
<tr>
<td>Collection</td>
<td>Cloud</td>
<td>Endpoint</td>
</tr>
</tbody>
</table>
Massive Market Opportunity

**TOP DOWN (2021)**

- $30bn
- $25bn
- $20bn
- $15bn
- $10bn
- $5bn

**UNDER-PENETRATED OPPORTUNITY**

$20bn

**SECURITY TRANSFORMATION**

$20bn

**BOTTOM UP (2021)**

- >$30 bn

**SECURITY TRANSFORMATION**

~$420k

ARR Opportunity for an average-sized customer

**GLOBAL ADDRESSABLE CUSTOMER OPPORTUNITY**

> 74,000

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2. Data is as of the fiscal quarter ended March 31, 2021 based on new methodology on customer count provided at Rapid7’s 2021 Investor Day. 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

**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 Command**
- Leading External Cyber Threat Intelligence Platform

**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).


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

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**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.

**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

- Q2 2021 revenue growth of 28% year-over-year
- Revenue CAGR (2016-2020): 27%
- Significant Non-GAAP operating margin improvement over time
Annualized Recurring Revenue

- ARR grew by 29% year-over-year in Q2 2021
- ARR CAGR of 35% from Q2 2018 to Q2 2021
Upsells & Cross-Sells Drive ARR Per Customer Growth

- ARR per customer was approximately $52.5k in Q2 2021
- ARR per customer CAGR of 20% from Q2 2018 to Q2 2021

ARR per customer is based on the new customer count methodology provided at Rapid7’s 2021 Investor Day on March 10, 2021.
Our recurring revenue potential for an average-sized customer is $420k per year (excluding IntSights).

ARR per customer was approximately $52.5k in Q2 2021.

Calculations based on data as of the fiscal quarter ended March 31, 2021 based on new methodology on customer count provided at Rapid7’s 2021 Investor Day. 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.
Focused on Long-term Profitability Improvement

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

Gross Margin (non-GAAP)
- Q2 2019: 75%
- Q2 2020: 74%
- Q2 2021: 73%

Sales & Marketing (non-GAAP)
- Q2 2019: 45%
- Q2 2020: 41%
- Q2 2021: 40%

Research & Development (non-GAAP)
- Q2 2019: 20%
- Q2 2020: 20%
- Q2 2021: 20%

General & Administrative (non-GAAP)
- Q2 2019: 10%
- Q2 2020: 9%
- Q2 2021: 8%

Operating Income (non-GAAP)
- Q2 2019: 1%
- Q2 2020: 4%
- Q2 2021: 5%
Powerful Land And Expand Model
Compelling Track Record of Customer Acquisition, Retention and Expansion

Land
+13% YoY Customer Growth ¹

Expand
+14% YoY ARR per Customer Growth ¹

ARR Growth
+29% YoY ARR Growth ¹

¹ As of Q2 2021
## Guidance | Q3 2021 and Full-Year 2021

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

<table>
<thead>
<tr>
<th></th>
<th>Q3 2021</th>
<th>Full Year 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annualized Recurring Revenue Growth</strong></td>
<td></td>
<td>Approximately $576 m</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td>$133.4 to $135.0 m</td>
</tr>
<tr>
<td>Revenue Growth</td>
<td>27% to 28%</td>
<td>26% to 27%</td>
</tr>
<tr>
<td>Non-GAAP (Loss) Income From Operations</td>
<td>($0.5) m</td>
<td>$7.0 m</td>
</tr>
<tr>
<td>Non-GAAP Net Loss Per Share</td>
<td>$(0.07)</td>
<td>$(0.09)</td>
</tr>
<tr>
<td>Weighted-average shares outstanding</td>
<td>56.1 m*</td>
<td>55.3 m*</td>
</tr>
<tr>
<td>Free cash flow</td>
<td></td>
<td>Approximately $20 m</td>
</tr>
</tbody>
</table>

See End Notes for additional information and definitions

* Weighted average shares outstanding for the third quarter and full-year 2021 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 provided in the supplemental financial tables. The reconciliation does not reflect any items that are unknown at this time, such as certain acquisition-related expenses, litigation-related expenses and the amortization of acquired intangible assets associated with the IntSights acquisition, which we are not able to predict without unreasonable effort due to their inherent uncertainty.
Supplemental
GAAP to Non-GAAP Reconciliations: Q2 2021

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Stock-based compensation expense</th>
<th>Amortization of acquired intangible assets</th>
<th>Acquisition-related expenses</th>
<th>Litigation-related expenses</th>
<th>Amortization of debt discount and issuance costs</th>
<th>Non-GAAP</th>
<th>Depreciation expense</th>
<th>Amortization of intangible assets</th>
<th>Adjusted EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Products</td>
<td>$119,147</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<td>$ -</td>
<td>$119,147</td>
<td>$ -</td>
<td>$ -</td>
<td>$119,147</td>
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<tr>
<td>Professional services</td>
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<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>7,274</td>
<td>$ -</td>
<td>$ -</td>
<td>7,274</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>126,421</td>
<td></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>126,421</td>
<td>$ -</td>
<td>$ -</td>
<td>126,421</td>
</tr>
<tr>
<td><strong>Cost of revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td>$33,169</td>
<td>$ 1,200</td>
<td>$ 2,920</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$29,049</td>
<td>$ 393</td>
<td>$ 907</td>
<td>$27,749</td>
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<tr>
<td>Professional services</td>
<td>6,139</td>
<td>612</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>5,527</td>
<td>165</td>
<td>$ -</td>
<td>5,362</td>
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<tr>
<td><strong>Total cost of revenue</strong></td>
<td>39,308</td>
<td>1,812</td>
<td>$ 2,920</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>34,576</td>
<td>558</td>
<td>$ 907</td>
<td>33,111</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Research and development</strong></td>
<td>35,305</td>
<td>9,420</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>25,885</td>
<td>871</td>
<td>$ -</td>
<td>25,014</td>
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<tr>
<td><strong>Sales and marketing</strong></td>
<td>56,246</td>
<td>6,038</td>
<td>$ 103</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>50,105</td>
<td>1,202</td>
<td>$ -</td>
<td>48,903</td>
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<td><strong>General and administrative</strong></td>
<td>17,488</td>
<td>6,544</td>
<td>$ 45</td>
<td>$ 863</td>
<td>$ 251</td>
<td>$ -</td>
<td>9,785</td>
<td>422</td>
<td>$ -</td>
<td>9,363</td>
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<tr>
<td><strong>(Loss) income from operations</strong></td>
<td>$ (21,296)</td>
<td>$ (23,814)</td>
<td>$ (3,068)</td>
<td>$ (863)</td>
<td>$ (251)</td>
<td>$ -</td>
<td>$ 6,070</td>
<td>$ (3,053)</td>
<td>$ (907)</td>
<td>$10,030</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>122</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(3,059)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,133)</td>
<td></td>
<td></td>
<td>(1,926)</td>
</tr>
<tr>
<td><strong>Other income (expense), net</strong></td>
<td>148</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>148</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>$ (24,715)</td>
<td>$ (23,814)</td>
<td>$ (3,068)</td>
<td>$ (863)</td>
<td>$ (251)</td>
<td>$ (1,133)</td>
<td>4,414</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Provision for income taxes</strong></td>
<td>9,449</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,965</td>
<td></td>
<td></td>
<td>484</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$ (34,164)</td>
<td>$ (23,814)</td>
<td>$ (3,068)</td>
<td>$ (9,828)</td>
<td>$ (251)</td>
<td>$ (1,133)</td>
<td>$ 3,930</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net (loss) income per share:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.62)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 0.07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.62)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 0.07</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Unaudited, in thousands, except share and per share data)
## GAAP to Non-GAAP Reconciliations: Q2 2020

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

<table>
<thead>
<tr>
<th></th>
<th>GAAP</th>
<th>Stock-based compensation expense</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td>$92,430</td>
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<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$92,430</td>
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<td>$ -</td>
<td>$92,430</td>
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<tr>
<td>Professional services</td>
<td>6,482</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,482</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>98,912</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>98,912</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Products</td>
<td>$23,118</td>
<td>$710</td>
<td>$2,175</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$20,233</td>
<td>$313</td>
<td>$551</td>
<td>$19,369</td>
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<tr>
<td>Professional services</td>
<td>5,963</td>
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<td></td>
<td>5,542</td>
<td>199</td>
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<tr>
<td><strong>Total cost of revenue</strong></td>
<td>29,081</td>
<td>1,131</td>
<td>2,175</td>
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<td></td>
<td>25,775</td>
<td>512</td>
<td>551</td>
<td>24,712</td>
</tr>
<tr>
<td><strong>Gross margin %</strong></td>
<td>71%</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>74%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td>26,120</td>
<td>6,389</td>
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<td></td>
<td>19,731</td>
<td>693</td>
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</tr>
<tr>
<td><strong>Sales and marketing</strong></td>
<td>44,959</td>
<td>4,345</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td>40,534</td>
<td>1,144</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General and administrative</strong></td>
<td>14,484</td>
<td>4,581</td>
<td>30</td>
<td>831</td>
<td>435</td>
<td></td>
<td>8,607</td>
<td>391</td>
<td></td>
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</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>$15,732</td>
<td>$16,446</td>
<td>$2,285</td>
<td>$831</td>
<td>$435</td>
<td></td>
<td>$4,265</td>
<td>$2,740</td>
<td>$551</td>
<td>$7,556</td>
</tr>
<tr>
<td>Interest income</td>
<td>208</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>208</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>(5,917)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(4,264)</td>
<td>(1,653)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income (expense), net</td>
<td>210</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>210</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loss before income taxes</strong></td>
<td>(21,231)</td>
<td>(16,446)</td>
<td>(2,285)</td>
<td>(831)</td>
<td>(435)</td>
<td></td>
<td>(4,264)</td>
<td>(2,740)</td>
<td>(551)</td>
<td>(3,030)</td>
</tr>
<tr>
<td>Provision for (benefit from)</td>
<td>235</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>235</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>income taxes</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(21,466)</td>
<td>(16,446)</td>
<td>(2,285)</td>
<td>(831)</td>
<td>(435)</td>
<td></td>
<td>(4,264)</td>
<td>(2,745)</td>
<td>(551)</td>
<td>(3,030)</td>
</tr>
<tr>
<td><strong>Basic income per share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$0.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0.06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>$0.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0.05</td>
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</tr>
</tbody>
</table>

Weighted average shares used in non-GAAP per share calculation:

- Basic: 50,695,706
- Diluted: 50,695,706

53,063,251
The reconciliation does not reflect any items that are unknown at this time, such as certain acquisition-related expenses, litigation-related expenses and the amortization of acquired intangible assets associated with the IntSights acquisition, 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 2021

Reconciliation of net cash provided by operating activities to free cash flow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Full-Year 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$37.0</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Capitalized internal-use software costs</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$20.0</td>
</tr>
</tbody>
</table>

(All amounts in millions)
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 third quarter and full-year 2021 includes the contribution from the acquisition of IntSights as of July 16, 2021 and 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 certain acquisition-related expenses and litigation-related expenses for the third quarter and full year 2021, which we are not able to predict without unreasonable effort due to their inherent uncertainty.