Welcome to Investor Day 2021
Safe Harbor Statement

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including statements regarding future results of operations and financial position of Rapid7, Inc. ("Rapid7", "we", "us" or "our"), including, without limitation, historical results that may suggest trends for our results of operations and financial position, potential market opportunity, demand for our product and service offerings, the expected financial and business performance of our company, including our financial model, growth and profitability framework, future growth, growth rates and related targets, such as annualized recurring revenue (ARR) and growth, ARR growth per customer, new logo growth, revenue, gross margin, non-GAAP operating margin expansion, and free cash flow, and trends in our market, are forward-looking statements. We have based these forward-looking statements on our current assumptions, expectations and projections as of the date of this presentation and such information is subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause actual results, performance, or achievements to differ materially from those expressed or implied by the forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, including, without limitation, 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 Alcide.IO Ltd., 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 26, 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. 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 acquisition-related expenses, litigation-related expenses and amortization of acquired intangible assets associated with the Alcide.IO Ltd. acquisition for the full year 2021, which we are not able to predict without unreasonable effort due to their inherent uncertainty. We urge investors not to rely on any single financial metric to evaluate our business.
Securing the Digital Experience

Corey Thomas
Chairman & Chief Executive Officer

Delivering Unified SecOps in the Cloud

Lee Weiner
Chief Innovation Officer

Increasing Platform Consumption

Andrew Burton
President & Chief Operating Officer

Driving Long-term Scale

Jeff Kalowski
Chief Financial Officer
How do we secure the digital experience as risk accelerates?

Delivering Unified SecOps in the Cloud

Increasing Platform Consumption

Driving Long-term Scale
Secure the Digital Experience

Corey Thomas
Chairman & Chief Executive Officer
Shifting Dynamics

Attacker Landscape

Pace of Technology

Ability to Manage Cybersecurity Risk
What Trends Are Accelerating the Shifting Dynamic in Technology?

**DIGITAL & REMOTE EXPERIENCE**

74% of CFOs report that some employees will remain remote permanently.
- Gartner CFO Survey

85% say cybersecurity is extremely important or more important than before the pandemic.
- Cisco, Future of Secure Remote Work Report

**CLOUD ADOPTION**

“By the end of 2021, 80% of enterprises will put a mechanism in place to shift to cloud-centric infrastructure and applications twice as fast as before the pandemic.”
- IDC

**SHIFT TO SAAS**

By 2020, all new entrants and 80% of historical vendors will offer subscription-based business models.
- Gartner, 2018

---

1 Gartner, CFO Survey, April 2020
2 Cisco, Future of Secure Remote Work Report, 2020
4 Gartner, Moving to a Software Subscription Model, May 2018: https://www.gartner.com/smarterwithgartner/moving-to-a-software-subscription-model/
INCREASING RISK FROM RAPID INNOVATION

CAPACITY TO MANAGE RISK

Security Achievement Gap
What do we mean by achievability?
Achievability = Capability + Accessibility
Industry Standard Capabilities

Enterprise Analytics
Visibility
Dynamic Visualization
Risk & Threat Prioritization
Attacker Context
Most companies stop here.
Security Acceleration Capabilities

- Silo-breaking Data Integration & Contextualization
- Intelligent Automation
- Policy-centric Workflow Capabilities
- Programatized Detection with Machine Learning
- Integrated Threat Intelligence
Accessibility

Broadly Affordable

Successfully Used with Limited Training

Can be Managed with Few Resources

Works Consistently

Get Value with Minimal Change
If we increase capability without accessibility—we will not close the Security Achievement Gap.
INCREASING RISK FROM RAPID INNOVATION

Access to Capabilities

Capability to Manage Risk
INCREASING RISK FROM RAPID INNOVATION

Increase Access

Accelerate Capabilities
Security Achievability =

Industry Standard Capabilities

Security Acceleration Capabilities

Access to Capabilities
Advanced security meets teams where they are.
Any team. Any data.

Best-in-Class Security Operations
ACCESSIBILITY TO INSIGHT VIA TAILORED SECOPS PILLARS

**Threat Detection & Response**
- Cloud
- Logs
- Network

**Cloud Security**
- User Behavior
- Attacker Behavior
- Vulnerability Prioritization
- Policy Compliance
- Identity Governance
- Remediation

**Vulnerability Risk Management**
- Searchable
- Unstructured & Structured
- Long Term Archival
- High Volume
- Integrations

**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
Security transformation solutions consist of our incident detection & response, cloud security, application security and security orchestration and automation response product offerings.
Massive market opportunity today

**TOP DOWN (2021)**

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

**UNDER-PENETRATED OPPORTUNITY**

- ~$20 bn

**SECURITY TRANSFORMATION**

**BOTTOM UP (2021)**

- >$30 bn

**SECURITY TRANSFORMATION**

**VM**

**Global Addressable Customer Opportunity**

> 74,000


2. Data is as of the fiscal quarter ended December 31, 2020 based on new methodology on customer count provided in this presentation. 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.
Secure the Digital Experience

Best-in-class security capabilities

World-class accessibility

Delivered to more of the growing market
Securing the Digital Experience

How are we building a unified SecOps experience?

Increasing Platform Consumption

Driving Long-term Scale
Deliver Unified SecOps in the Cloud

Lee Weiner
Chief Innovation Officer
Customers need an integrated platform

Customers trust expert-built solutions and recommendations from your experienced researchers and global consultants.”
- VP Cybersecurity, Global Credit Rating Company

“I would love a holistic view (one screen) that quickly drives to root cause and remediation”
- CISO, Bank

“40, 50, 200 security software vendors in my corporation. Give me three that can manage this properly”
- Global VP, Digital Transformations, IT Services Company

...without compromising best-of-breed capabilities.
Why do platforms fail?

Don’t Sustain Best-in-Class Across Suite

Lack Integrated Experiences

Complicated and Slow to Deploy
How we’re set up for success:

- Best in Class Products
- Frictionless Access to Value
- Unified Cloud Platform
BEST IN CLASS

Threat Detection & Response
Broad Visibility Across Cloud and On-premise.
Detection-oriented Analytics.

Machine Learning Capabilities.
Automated Containment & Response

Automation
- Custom Escalation Workflows

Analytics
- Validated Threats
- SOC Expertise
<table>
<thead>
<tr>
<th>Insights</th>
<th>Resource Breakdown</th>
<th>Exempted Resources</th>
<th>Bots</th>
<th>Severity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud Account Without Root</td>
<td>3 Violations / 5 In Scope</td>
<td>1</td>
<td>0</td>
<td>Critical</td>
</tr>
<tr>
<td>Account MFA Protection</td>
<td>83 Total / 3 Supported Clouds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Database Instance Publicly</td>
<td>1 Violations / 72 In Scope</td>
<td>1</td>
<td>1</td>
<td>Critical</td>
</tr>
<tr>
<td>Accessible With Attached</td>
<td>76 Total / 8 Supported Clouds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposed Security Group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snapshot Publicly Available</td>
<td>9 Violations / 4,045 In Scope</td>
<td>1</td>
<td>0</td>
<td>Critical</td>
</tr>
<tr>
<td>API Accounting Config Log Exposed</td>
<td>4,289 Total / 3 Supported Clouds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 Violations / 14 In Scope</td>
<td>0</td>
<td>0</td>
<td>Critical</td>
</tr>
<tr>
<td></td>
<td>15 Total / 3 Supported Clouds</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Multi-cloud Risk Visibility & Analytics

Analytics
- CIEM
- CWPP
- CSPM

Data
- AWS
- Azure
- GCP
- OCI
- Kubernetes
- Alibaba
Extensible & Customizable to Connect Security and DevOps Teams.

Integrate & Extend

Devops Processes
Shift Left
Custom Plugins
REST API
Real-time Automated Remediation

Automation
Native & Integrated

Analytics
Policy Compliance Remediation
BEST IN CLASS

Vulnerability Risk Management
Broad Visibility Across Traditional and Modern Environments

Data

- Searchable
- Integrations

Collection

- Cloud
- Endpoint
- Network
Prioritize Risk with Advanced Analytics

- Attacker Behavior
- Vulnerability Prioritization
- Policy Compliance
- Remediation
Automation-assisted Remediation for Impact and Influence

Automation
- Custom Processes
- Workflows

Analytics
- Remediation
<table>
<thead>
<tr>
<th>AUTOMATION</th>
<th>Orchestration</th>
<th>Workflow</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANALYTICS</td>
<td>User Behavior</td>
<td>Attacker Behavior</td>
<td>Vulnerability Prioritization</td>
</tr>
<tr>
<td>DATA</td>
<td>Searchable</td>
<td>Unstructured &amp; Structured</td>
<td>Long Term Archival</td>
</tr>
<tr>
<td>COLLECTION</td>
<td>Endpoint</td>
<td>Cloud</td>
<td>Logs</td>
</tr>
</tbody>
</table>

ACCESSIBILITY TO INSIGHT VIA TAILORED SECOPS PILLARS

THREAT DETECTION & RESPONSE
- Cloud Security
- Network
- Apps
- API

CLOUD SECURITY
- User Behavior
- Attack Behavior
- Vulnerability Prioritization
- Policy Compliance
- Identity Governance
- Remediation

VULNERABILITY RISK MANAGEMENT
- Searchable
- Unstructured & Structured
- Long Term Archival
- High Volume
- Integrations

SHAREd RAPID INSIGHT ENGINE

THREAT DETECTION & RESPONSE
- Orchestration
- Workflow
- Action

CLOUD SECURITY
- User Behavior
- Attack Behavior
- Vulnerability Prioritization
- Policy Compliance
- Identity Governance
- Remediation

VULNERABILITY RISK MANAGEMENT
- Searchable
- Unstructured & Structured
- Long Term Archival
- High Volume
- Integrations
Centralized Data

Data
- Searchable
- Unstructured & Structured
- Long Term Archival
- High Volume
- Integrations

Collection
- Endpoint
- Cloud
- Logs
- Network
- Apps
- API

Broad data collection and aggregation across multiple security layers

Shared data breaks silos driving unparalleled contextualization

Fast time to value when extending across the Platform

EASIER TO DO MORE TOGETHER
**Advanced Analytics**

Shared analytics enhance incident context driving better decision outcomes.

- **User Behavior**
- **Attacker Behavior**
- **Vulnerability Prioritization**
- **Policy Compliance**
- **Identity Governance**
- **Remediation**

Enriched threat environment context separates the signal from the noise.

Programmatic machine learning capabilities enable quicker threat response.
Intelligent Automation

Intelligent automation that learns customer environments

Extends security teams’ capability & amplifies expertise

Automation

Orchestration
Workflow
Action

Advanced policy workflows improve time to resolution

EASIER TO DO MORE TOGETHER
SEE IT IN ACTION

The Unified Platform Experience
Critical Alert
A high-value system was compromised. @Rapid7
InsightConnect added you and 6 others to the war room.
Rapid7 Insight

Investigation

User
- Alice Smith
  - ENG MGR
  - Last log in: Feb 18, 2021 08:14 EST
  - Account Risk: 3

Asset
- Hostname: BOS-D-1094
- IP address: 10.18.1.124
- Last Heartbeat: Feb 18, 2021 08:15 EST
- Vulnerability Risk: 5

Investigation status
- Status: ACTIVE
- Investigators: @jpagano, @jdoe
- Initial alert time: 08:17 EST (00:14 Elapsed)
- War room: Open in Slack

PowerShell Script Launched from Microsoft Word
- CRITICAL
- Feb 18, 2021; 8:14am EST
- User: Alice Smith, @asmith, ENG MGR

Running: Threat Intelligence by RecordedFuture
- InsightConnect Automation
PowerShell Script Launched from Microsoft Word

Feb 18, 2021; 8:14am EST • User: Alice Smith, @asmith, ENG MGR

Running: Threat Intelligence by RecordedFuture

InsightConnect Automation
### Investigation

<table>
<thead>
<tr>
<th>User</th>
<th>Asset</th>
<th>Investigation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alice Smith</td>
<td>BOS-D-1094</td>
<td>ACTIVE</td>
</tr>
<tr>
<td>ENG MGR</td>
<td>Hostname:</td>
<td>Status:</td>
</tr>
<tr>
<td></td>
<td>10.18.1.124</td>
<td>Investigators: @jpagano, @jdoe</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PowerShell Script Launched from Microsoft Word**

Feb 18, 2021; 8:14am EST  
User: Alice Smith, @asmith, ENG MGR

**Running: Threat Intelligence by RecordedFuture**

InsightConnect Automation
**Investigation**

**DivvyCloud User Risk**
- User: Alice Smith
- ENG MGR
- Last log in: Feb 18, 2021 08:14 EST
- Account Risk: 3

**InsightVM Asset Risk**
- Hostname: BOS-D-1094
- IP address: 10.18.1.124
- Last Heartbeat: Feb 18, 2021 08:15 EST
- Vulnerability Risk: 5

**Investigation status**
- Status: ACTIVE
- Investigators: @jpagano, @jdoe
- Initial alert time: 08:17 EST (00:14 Elapsed)
- War room: Open in Slack

**PowerShell Script Launched from Microsoft Word**
- Critical
- Feb 18, 2021; 8:14am EST
- User: Alice Smith, @asmith, ENG MGR
- Details

**Running: Threat Intelligence by RecordedFuture**
- InsightConnect Automation
PowerShell Script Launched from Microsoft Word

Feb 18, 2021; 8:14am EST • User: Alice Smith, asmith, ENG MGR

- Threat Intelligence by RecordedFuture
  - InsightConnect Automation
- Searching firewall logs for outbound connections...
  - InsightDR Query
- Analyzing AWS Environment Access...
  - DivvyCloud
Investigation

User
Alice Smith
ENG MGR
Last log in: Feb 18, 2021 08:14 EST
Account Risk: 3

Asset
Hostname: BOS-D-1094
IP address: 10.18.1.124
Last Heartbeat: Feb 18, 2021 08:15 EST
Vulnerability Risk: 5

Investigation status
Status: ACTIVE
Investigators: @jpagano @jdoe
Initial alert time: 08:17 EST (00:14 Elapsed)
War room: Open in Slack

Suggested Actions:
Quarantine 6 Assets, 24 Cloud Accounts, 19 Endpoints
Based on threat analysis with InsightConnect, Elevated Asset Risk Level, Cloud Access Logs

PowerShell Script Launched from Microsoft Word
CRITICAL
Feb 18, 2021; 8:14am EST • User: Alice Smith, @asmith, ENG MGR

- Enriched indicators with Recorded Future
- Searched firewall logs for outbound connections
### Investigation

#### User
- **Alice Smith**
  - ENG MGR
- Last log in: Feb 18, 2021 08:14 EST
- Account Risk: 3

#### Asset
- **Hostname**: BOS-D-1094
- **IP address**: 10.18.1.124
- Last Heartbeat: Feb 18, 2021 08:15 EST
- **Vulnerability Risk**: 5

#### Investigation status
- **Status**: ACTIVE
- **Investigators**: @jpagano @jdoe
- **Initial alert time**: 08:17 EST (00:14 Elapsed)
- **War room**: Open in Slack

---

**Suggested Actions:** *Quarantine 6 Assets, 24 Cloud Accounts, 19 Endpoints*

Based on threat analysis with InsightConnect, Elevated Asset Risk Level, Cloud Access Logs

---

**PowerShell Script Launched from Microsoft Word**

- Date: Feb 18, 2021; 8:14am EST
- User: Alice Smith, @asmith, ENG MGR

**Enriched indicators with Recorded Future**

**Searched firewall logs for outbound connections**
Asset “BOS-D-1094” Quarantined

Suggested Next Actions

1. **6 Assets Directly Accessible**
   - Recommended Action: Quarantine 6 assets immediately.
   - Details
   - Quarantine 6 Assets

2. **24 Cloud Accounts Accessible**
   - Recommended Action: Revoke Access to all accounts immediately.
   - Details
   - Revoke 24 Accounts

3. **19 Network Endpoints Show Indicators**
   - Recommended Action: Investigate endpoint details in InsightIDR
   - Details
   - Investigate

Done
Delivering Unified SecOps in the Cloud

Best in Class Products

Frictionless Access to Value

Unified Cloud Platform
Securing the Digital Experience

Delivering Unified SecOps in the Cloud

Driving Long-term Scale

How do we deliver what customers need to meet their challenges?
Increase Platform Consumption

Andrew Burton
President & Chief Operating Officer
Increasing Platform Consumption

Strong Landing
Meets Customers Where They Are

Frictionless Expansion
Scales with Customers

Durable Growth
Strategic Paths to Reach More of the Market
Proven Ability to Land Across Best-In-Class Solutions

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

Intelligent Automation

SHARED RAPID INSIGHT ENGINE
Collection, Data, Analytics Services
Threat Detection & Response

Products Included: Rapid7 InsightIDR

Solution Category: Detection-Focused SIEM / XDR

Combined Capabilities: UBA + SIEM + NTA + EDR + Deception Tech
Investigation Console + SOC Automation

“IDR represents a bit of a shift in how you think of your SIEM. [...] I was used to having to dedicate massive amounts of time to the management and tuning of SIEMs I had used in the past, and just deploying the tool and letting it work its magic was a different experience.” ★★★★★

- Gartner Peer Insights
Vulnerability Risk Management

Products Included: Rapid7 InsightVM & InsightAppSec

Solution Category: Vulnerability Risk Management

Combined Capabilities: VM + DAST + RASP + Automation

“InsightVM really reduces the amount of work that my team has to do. Now the platform is mostly self-service, giving infosec hours back that we can apply elsewhere.”

- Director of Information Security, Healthcare Industry
**Cloud Security**

**Products Included:** DivvyCloud by Rapid7

**Solution Category:** Cloud Security

**Combined Capabilities:** CSPM + CEIM + CWPP + Automation

“DivvyCloud gives us the ability to automate governance, offer flexibility, allow better insights and controls, and enhance compliance - all at the same time”

- Global Head of IT, Communications Industry
OLD WAY

Artificial barriers between capabilities hinder customers from accessing value.

OUR WAY

Best-in-class accessibility enables customers to start anywhere and easily realize more value over time.
Ease of Expansion within a Solution: Today

Builds on our foundation of disruptive, transparent, asset-based pricing.

Meet customers where they are and support them throughout their SecOps maturity journey:

LAND
- Good
- Better
- Best

EXPAND
- Better
- Best
- Best + Automation

Threat Detection & Response

Builds on our foundation of disruptive, transparent, asset-based pricing.

Meet customers where they are and support them throughout their SecOps maturity journey:

LAND
- Good
- Better
- Best

EXPAND
- Better
- Best
- Best + Automation

SHAREd RAPID7 INSIGHT ENGINE
Ease of Expansion within a Solution: Future

Builds on our foundation of disruptive, transparent, asset-based pricing.

Meet customers where they are and support them throughout their SecOps maturity journey:

Vulnerability Risk Management

LAND

EXPAND

Best

Better

Good

+Automation

Best

Better

Best

Best
Threat Detection to Vulnerability Risk Management

Recent Customer Validation
Customer: Net New Healthcare customer
Solutions: InsightIDR, InsightVM
ARR: >$100k

Value Statement: Engaged for IDR to improve attack visibility, added VM in initial deal due to unified Platform Agent experience.
Vulnerability Risk Management to Cloud Security

Recent Customer Validation

**Customer**: Existing Technology customer  
**Solutions**: InsightVM, DivvyCloud  
**ARR**: >$500k

**Value Statement**: Established relationship enabled cloud engagement which demonstrated powerful automation and customization for their unique environment.
As Customers Increase Platform Consumption...

19 of Top 20 Deals¹ in 2020 included **Security Transformation Solutions**
13 of Top 20 Deals¹ in 2020 included **Multiple Platform Products**

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²Reflects contract value by New ARR, as defined in the End Notes.
²See End Notes for definitions.

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1. CUSTOMER 1
2. CUSTOMER 2
3. CUSTOMER 3
4. CUSTOMER 4
5. CUSTOMER 5
6. CUSTOMER 6
7. CUSTOMER 7
8. CUSTOMER 8
9. CUSTOMER 9
10. CUSTOMER 10
11. CUSTOMER 11
12. CUSTOMER 12
13. CUSTOMER 13
14. CUSTOMER 14
15. CUSTOMER 15
16. CUSTOMER 16
17. CUSTOMER 17
18. CUSTOMER 18
19. CUSTOMER 19
20. CUSTOMER 20

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565 843 1,177

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2018 2019 2020

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40%+ CAGR
...It Drives Durable Growth in ARR per Customer

ARR per customer

2018: $35,800  
2019: $42,500  
2020: $49,700  
2023: $65,000+

18% CAGR

PROJECTED GROWTH

1 ARR per customer at the end of fiscal year of 2018, 2019 and 2020 is based on the new customer count methodology provided in this presentation. The future financial results and growth is designed to be illustrative of potential trends and should not be construed as guidance or a financial outlook of any kind. See End Notes for definitions.
Fueling Durable Growth

Scaling the Enterprise and Serving Mid-Market

Broadening Our Partner-First Ecosystem

Expanding Our Global Opportunity
Scaling Enterprise and Serving Mid-market

ARR COMPOSITION BY CUSTOMER MARKET SEGMENT

- **Strong Enterprise Mix**
  - Large Enterprise
  - Mid-Sized Enterprise

- **Underserved Mid-market Opportunity**
  - Mid-Market
  - Small Market
  - SMB
  - Other

DURABLE GROWTH
Broadening Our Partner-First Ecosystem

Opening Multiple Channels to Market
200+ Partners globally and adding new routes to market to drive incremental new business opportunity.

Increasing Insight Accessibility
Broadening Rapid7’s offerings & leveraging partners’ customer knowledge to expand business.

Enabling Digital Transformation
Partnerships with cloud providers, strategic product partners and managed service providers.
Expanding Global Opportunity

Cloud data sovereignty across multiple geographic regions

Strategic focus on AUS and DACH Regions

Regulatory requirements present IDR opportunity in Middle East and LATAM
Increasing Platform Consumption

**Strong Landing**
Meets Customers Where They Are

**Frictionless Expansion**
Scales with Customers

**Durable Growth**
Strategic Paths to Reach More of the Market
How do we drive long-term financial scale and cash flow?

Securing the Digital Experience

Delivering Unified SecOps in the Cloud

Increasing Platform Consumption
Drive Long-Term Scale

Jeff Kalowski
Chief Financial Officer
Drive Long-Term Scale

- Driving Durable Growth
- Scaling Profitability
- Path to $1bn+
## Executing on Our 2020 Vision

### 2017 INVESTOR DAY TARGETS FOR 2020

- **~$350m ARR**
  - 30% CAGR

- **~$350m Total Revenue**
  - 20% CAGR

- **4-7% Non-GAAP Operating Margin**

### 2020 EXECUTION

- **$433m ARR**
  - 38% CAGR

- **$411m Total Revenue**
  - 27% CAGR

- **0.5% Non-GAAP Operating Margin**

---

Refer to the GAAP to non-GAAP reconciliation in the Appendix for further details.
Re-investment in the business drove >$80m in ARR upside to 2020.
Multiple Paths to Durable Growth

- Platform Opportunity
- Land to Expand
- Strategic Customer Growth
- Underpenetrated International Opportunity
GROWTH PATH ONE

Large market opportunity drives new business...

New ARR Mix

Growing urgency to secure Cloud & Digital Transformation

Strong demand for Security Transformation

Sustained growth in Vulnerability Management

1 See End Notes for definition of New ARR
GROWTH PATH ONE

...Scaling our Platform opportunity

Multiple market leading solutions

Growing Security Transformation mix

Multi-product sales opportunity

ARR Mix

<table>
<thead>
<tr>
<th>Year</th>
<th>VM</th>
<th>SECURITY TRANSFORMATION</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>66%</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>2020</td>
<td>53%</td>
<td>40%</td>
<td>7%</td>
</tr>
</tbody>
</table>

CAGR:
- Security Transformation: 28%
- Other: 76%
GROWTH PATH TWO

Land to Expand Engine...

Expanded wallet share opportunity
- Market-leading IDR
- Enterprise-class Cloud Security
- Platform services (i.e. Automation)

Recent Customer Validation

Customer: Mid-market Technology customer
Solutions: InsightVM, InsightIDR + NTA + EET
ARR: >$350k

Value Statement: Leveraging aggregated data to unlock extensive visibility across a diverse technology footprint, enabling improved visibility and expedited incident response.
GROWTH PATH TWO

...Creates huge cross sell opportunity

Underpenetrated Install Base

Lowering barriers to expansion

Increasing monetization paths

Customers¹ 2020

ONE OR FEWER PLATFORM PRODUCTS 78%

MULTIPLE PLATFORM PRODUCTS 22%

¹ Based on new customer count methodology provided in this presentation.
Focus on Strategic Customers

Platform Customer Growing as Percent of Total Customers

Total customer growth understates strategic customer growth

1 Based on new customer count methodology provided in this presentation.
2 Growth rate reflects year-over-year growth from Q4 2019 to Q4 2020.
Better Aligning Our Customer Metric to ARR

Updates to Customer Methodology:

<table>
<thead>
<tr>
<th>Eliminating 90 day Lag in Churned Customers</th>
<th>Removing Services-only Customers</th>
<th>Removing Low-Value InsightOps Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW METHOD Customer Count</strong></td>
<td>Q1 ‘20</td>
<td>Q2 ‘20</td>
</tr>
<tr>
<td>NEW METHOD Customer Count YoY Growth</td>
<td>8,075</td>
<td>8,223</td>
</tr>
<tr>
<td>NEW METHOD Customer Count YoY Growth</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>PUBLICLY REPORTED Customer Count</td>
<td>9,024</td>
<td>9,142</td>
</tr>
<tr>
<td>PUBLICLY REPORTED Customer Count YoY Growth</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>NEW METHOD ARR per Customer</strong></td>
<td>$43.5</td>
<td>$46.2</td>
</tr>
<tr>
<td>NEW METHOD ARR per Customer YoY Growth</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>PUBLICLY REPORTED ARR per Customer</td>
<td>$38.9</td>
<td>$41.6</td>
</tr>
<tr>
<td>PUBLICLY REPORTED ARR per Customer YoY Growth</td>
<td>15%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Reduction in customers but growth rates remain consistent

Corresponding increase to ARR per customer but growth rates remain consistent

1 See End Notes for definitions.
GROWTH PATH FOUR

Underpenetrated International Market Opportunity

Geographic Revenue Mix
2020

INTERNATIONAL
17%

INTERNATIONAL GROWTH OPPORTUNITY

NORTH AMERICA
83%
DRIVING DURABLE GROWTH

Well positioned to capture our growing TAM

Based on data as of the fiscal quarter ended December 31, 2020. The future financial results presented are based on achievement of certain scenarios and are not intended to be a projection for Rapid7's future financial results.
Tracking Our Progress

Calculated Billings
Deferred Revenue
Net Retention

ARR
Customers
ARR Per Customer
Drive Long-Term Scale

Driving Durable Growth
Scaling Profitability
Path to $1bn+
Scaling Efficiently

Growth & Profitability Framework

ARR Growth Non-GAAP Operating Margin Expansion
20-25% 2-3%
25-30% 1-2%
30%+ <1%

Non-GAAP Operating Margin represents Non-GAAP loss from operations as a percentage of Revenue. Refer to the GAAP to non-GAAP reconciliation in the Appendix for further details.

Growth & Profitability Framework is presented based on achievement of certain scenarios and is not intended to be a projection for Rapid7’s future financial results.
Lowering Barriers for Customer Adoption Increases Sales Efficiency

Platform Consumption Drives Sales Efficiency
More products enables Sales Productivity
Higher ASPs Drive Leverage Over Time

Non-GAAP S&M Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-GAAP S&amp;M Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>53% of Rev</td>
</tr>
<tr>
<td>2018</td>
<td>47% of Rev</td>
</tr>
<tr>
<td>2019</td>
<td>45% of Rev</td>
</tr>
<tr>
<td>2020</td>
<td>43% of Rev</td>
</tr>
</tbody>
</table>

Continue driving S&M efficiency

Non-GAAP S&M Margin represents Non-GAAP sales and marketing expenses as a percentage of Revenue. Refer to the GAAP to non-GAAP reconciliation in the Appendix for further details.
Scaling Innovation

- Continue to invest ~20% of Revenue
- Gain innovation leverage due to shared Platform capabilities
- Innovation drives best-in-class leadership
- Focus on common capabilities enables scaling efficiently
- Efficient building brings new opportunities to market quicker

Non-GAAP R&D Expense

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-GAAP R&amp;D Expense</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$44m</td>
<td>22%</td>
</tr>
<tr>
<td>2018</td>
<td>$57m</td>
<td>23%</td>
</tr>
<tr>
<td>2019</td>
<td>$64m</td>
<td>19%</td>
</tr>
<tr>
<td>2020</td>
<td>$84m</td>
<td>20%</td>
</tr>
</tbody>
</table>

Non-GAAP R&D Margin represents Non-GAAP Research and Development expenses as a percentage of Revenue. Refer to the GAAP to non-GAAP reconciliation in the Appendix for further details.
Strong SaaS economics and margin profile

Growing cloud mix has modestly impacted Non-GAAP Gross Margin

Expect Non-GAAP Product Gross Margins consistent with SaaS models in the mid-70s

Non-GAAP Total Gross Margin and Non-GAAP Products Gross Margin represent Non-GAAP Total Gross Profit and Non-GAAP Products Gross Profit as a percentage of Revenue. Refer to the GAAP to non-GAAP reconciliation in the Appendix for further details.
Positioned to scale Free Cash Flow

- **Largely Annual Billings**
- **Recurring Revenue Model**
- **Major Facility Capex Completed**
Drive Long-Term Scale

Driving Durable Growth  Scaling Profitability  Path to $1bn+
Our ARR Path to $1 Billion

- $420k wallet share opportunity
- >74,000 Global customer opportunity
- Focus on strategic Platform customer growth
- Lower barriers to increased Platform consumption
- Multiple market-leading products

The above data for 2021 is based on guidance provided as of February 9, 2021. The data beyond 2021 is designed to be illustrative of potential trends and should not be construed as guidance or a financial outlook of any kind.
### Path to a $1bn Rule of 40 Company

<table>
<thead>
<tr>
<th></th>
<th>FY '20</th>
<th>FY '21 (^1) GUIDANCE</th>
<th>FY '23 MID-TERM TARGET</th>
<th>FY '25 LONG-TERM TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARR</td>
<td>$433m</td>
<td>$520m</td>
<td>~$750m</td>
<td>&gt;$1bn</td>
</tr>
<tr>
<td>Revenue</td>
<td>$411m</td>
<td>$492m</td>
<td>~$700m</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP Operating Margin</td>
<td>0.5%</td>
<td>~2.5-3%</td>
<td>~6.5-9%</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>($15m)</td>
<td>~$10m</td>
<td>~$70m</td>
<td>~$200m</td>
</tr>
</tbody>
</table>

\(^1\) Based on guidance provided as of February 9, 2021. Refer to the GAAP to non-GAAP reconciliation in the Appendix for further details.
Drive Long-Term Scale

Driving Durable Growth
Scaling Profitability
Path to $1bn+
Appendix
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.

New ARR
- New ARR is defined as ARR associated with any new customer contracts or up-sells and cross-sells contracts of existing customers during the specified measurement period.

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.

Free cash flow
- Free cash flow is defined as cash flow from operations less purchases of property and equipment and capitalization of internal-use software.

Guidance
- Guidance for the full-year 2021 does not include any potential impact of foreign exchange gains or losses, and does include the anticipated impact of the Alcide.IO Ltd. acquisition.
- 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. 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 acquisition-related expenses and litigation-related expenses for the full year 2021, which we are not able to predict without unreasonable effort due to their inherent uncertainty.
- In addition, fluctuations in Rapid7’s 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 primary set of drivers of Rapid7’s actual financial performance relative to the ranges provided will be a function of how long portions of the economy remain closed, especially if there are broad regional or systematic closures as a result of a sustained pandemic resurgence, and the pace of recovery.
# GAAP to Non-GAAP Reconciliations

(Amounts reflected in thousands.)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Total Gross Profit</strong></td>
<td>$144,030</td>
<td>$173,008</td>
<td>$235,801</td>
<td>$289,969</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>$1,085</td>
<td>$1,692</td>
<td>$2,580</td>
<td>$4,298</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>$2,639</td>
<td>$3,985</td>
<td>$6,339</td>
<td>$8,700</td>
</tr>
<tr>
<td><strong>Non-GAAP Total Gross Profit</strong></td>
<td><strong>$147,754</strong></td>
<td><strong>$178,685</strong></td>
<td><strong>$244,720</strong></td>
<td><strong>$302,967</strong></td>
</tr>
<tr>
<td>Non-GAAP Total Gross Margin</td>
<td>74%</td>
<td>73%</td>
<td>75%</td>
<td>74%</td>
</tr>
<tr>
<td><strong>GAAP Products Gross Profit</strong></td>
<td>$129,942</td>
<td>$163,306</td>
<td>$229,718</td>
<td>$286,058</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>$583</td>
<td>$726</td>
<td>$1,405</td>
<td>$2,740</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>$2,639</td>
<td>$3,985</td>
<td>$6,339</td>
<td>$8,700</td>
</tr>
<tr>
<td><strong>Non-GAAP Products Gross Profit</strong></td>
<td><strong>$133,164</strong></td>
<td><strong>$168,017</strong></td>
<td><strong>$237,462</strong></td>
<td><strong>$297,498</strong></td>
</tr>
<tr>
<td>Non-GAAP Products Gross Margin</td>
<td>82%</td>
<td>80%</td>
<td>80%</td>
<td>78%</td>
</tr>
<tr>
<td><strong>GAAP Research and Development Expense</strong></td>
<td>$50,938</td>
<td>$67,743</td>
<td>$79,364</td>
<td>$108,568</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>$7,205</td>
<td>$10,822</td>
<td>$15,670</td>
<td>$24,423</td>
</tr>
<tr>
<td><strong>Non-GAAP Research and Development Expense</strong></td>
<td><strong>$43,733</strong></td>
<td><strong>$56,921</strong></td>
<td><strong>$63,694</strong></td>
<td><strong>$84,145</strong></td>
</tr>
<tr>
<td>Non-GAAP Research and Development Expense as a % of Revenue</td>
<td>22%</td>
<td>23%</td>
<td>19%</td>
<td>20%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliations

(Amounts reflected in thousands.)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Sales and Marketing Expense</strong></td>
<td>$111,593</td>
<td>$123,310</td>
<td>$157,722</td>
<td>$195,981</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>$5,756</td>
<td>$7,569</td>
<td>$11,883</td>
<td>$16,826</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>$152</td>
<td>$154</td>
<td>$137</td>
<td>$247</td>
</tr>
<tr>
<td><strong>Non-GAAP Sales and Marketing Expense</strong></td>
<td>$105,685</td>
<td>$115,587</td>
<td>$145,702</td>
<td>$178,908</td>
</tr>
<tr>
<td>Non-GAAP Sales and Marketing Expense as a % of Revenue</td>
<td>53%</td>
<td>47%</td>
<td>45%</td>
<td>43%</td>
</tr>
</tbody>
</table>

**GAAP Loss from Operations**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock-based compensation expense</td>
<td>$19,541</td>
<td>$27,593</td>
<td>$40,664</td>
<td>$63,888</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>$2,813</td>
<td>$4,144</td>
<td>$6,479</td>
<td>$9,138</td>
</tr>
<tr>
<td>Acquisition-related expenses</td>
<td>$167</td>
<td>$115</td>
<td>$514</td>
<td>$1,343</td>
</tr>
<tr>
<td>Litigation-related expenses</td>
<td>$0</td>
<td>$600</td>
<td>$742</td>
<td>$1,762</td>
</tr>
<tr>
<td>Follow-on public offering costs</td>
<td>$0</td>
<td>$205</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Non-GAAP (Loss) Income from Operations</strong></td>
<td>($26,273)</td>
<td>($20,381)</td>
<td>$2,404</td>
<td>$2,032</td>
</tr>
<tr>
<td>Non-GAAP Operating Margin</td>
<td>-13.1%</td>
<td>-8.3%</td>
<td>0.7%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
GAAP to Non-GAAP Reconciliations

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in) operating activities</td>
<td>$13,286</td>
<td>$6,066</td>
<td>($1,420)</td>
<td>$4,887</td>
</tr>
<tr>
<td>Less: Purchases of property and equipment</td>
<td>($4,824)</td>
<td>($12,813)</td>
<td>($29,428)</td>
<td>($13,802)</td>
</tr>
<tr>
<td>Less: Capitalization of internal-use software</td>
<td>($1,162)</td>
<td>($3,285)</td>
<td>($6,087)</td>
<td>($6,130)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>$7,300</strong></td>
<td><strong>($10,012)</strong></td>
<td><strong>($36,935)</strong></td>
<td><strong>($15,045)</strong></td>
</tr>
</tbody>
</table>
GAAP to Non-GAAP Guidance Reconciliations

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated GAAP loss from operations</td>
<td>$(88.3)</td>
</tr>
<tr>
<td>Anticipated stock-based compensation expense</td>
<td>$89.0</td>
</tr>
<tr>
<td>Anticipated amortization of acquired intangible assets</td>
<td>$10.3</td>
</tr>
<tr>
<td>Anticipated acquisition-related expenses</td>
<td>$1.0</td>
</tr>
<tr>
<td>Anticipated Non-GAAP income from operations</td>
<td>$12.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16.0</strong></td>
</tr>
</tbody>
</table>

Anticipated GAAP cash flow provided by operations: $26.5
Less: Anticipated purchases of property and equipment: $(8.5)
Less: Anticipated capitalization of internal-use software: $(8.0)

Anticipated Non-GAAP free cash flow: $10.0

The reconciliation does not reflect any items that are unknown at this time, such as acquisition-related expenses, litigation-related expenses and the amortization of acquired intangible assets associated with the Alcide 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 is expected to change.