



COMPANY OVERVIEW

February 12, 2025



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), free cash flow, and our other non-GAAP measures, our business strategy, plans and objectives for future operations and expectations regarding non-GAAP targets, our future financial and business performance for the first quarter and full-year 2025, and the assumptions underlying such guidance, 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, growing macroeconomic uncertainty, unstable market and economic conditions, fluctuations in our quarterly results, effectiveness of our restructuring plan, failure to meet our publicly announced guidance or other expectations about our business, our 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, exposure to greater than anticipated tax liabilities, 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 Reports on Form 10-Q filed with the Securities and Exchange Commission (SEC) on November 7, 2024, August 7, 2024, and May 8, 2024, our most recent Annual Report on Form 10-K filed with the SEC on February 26, 2024 and in the subsequent reports that we file with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed in any forward-looking statements we may make. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

This presentation also contains certain non-GAAP financial measures as defined by the SEC rules. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Please refer to our February 12, 2025 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 non-ordinary course litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty.

Rapid7 Overview

FINANCIAL SCALE

**MASSIVE OPPORTUNITY TO
CONSOLIDATE SECOPS**

\$54BN+

Total Addressable
Market

**SUBSTANTIAL RECURRING
REVENUE BASE**

\$840M

2024 ARR

RAMPING CASH FLOW

\$150M+

2024 Free Cash Flow

GLOBAL SCOPE

11K+

Global Customers

300T+

Events Collected
& Analyzed by
R7 Threat Engine

60M+

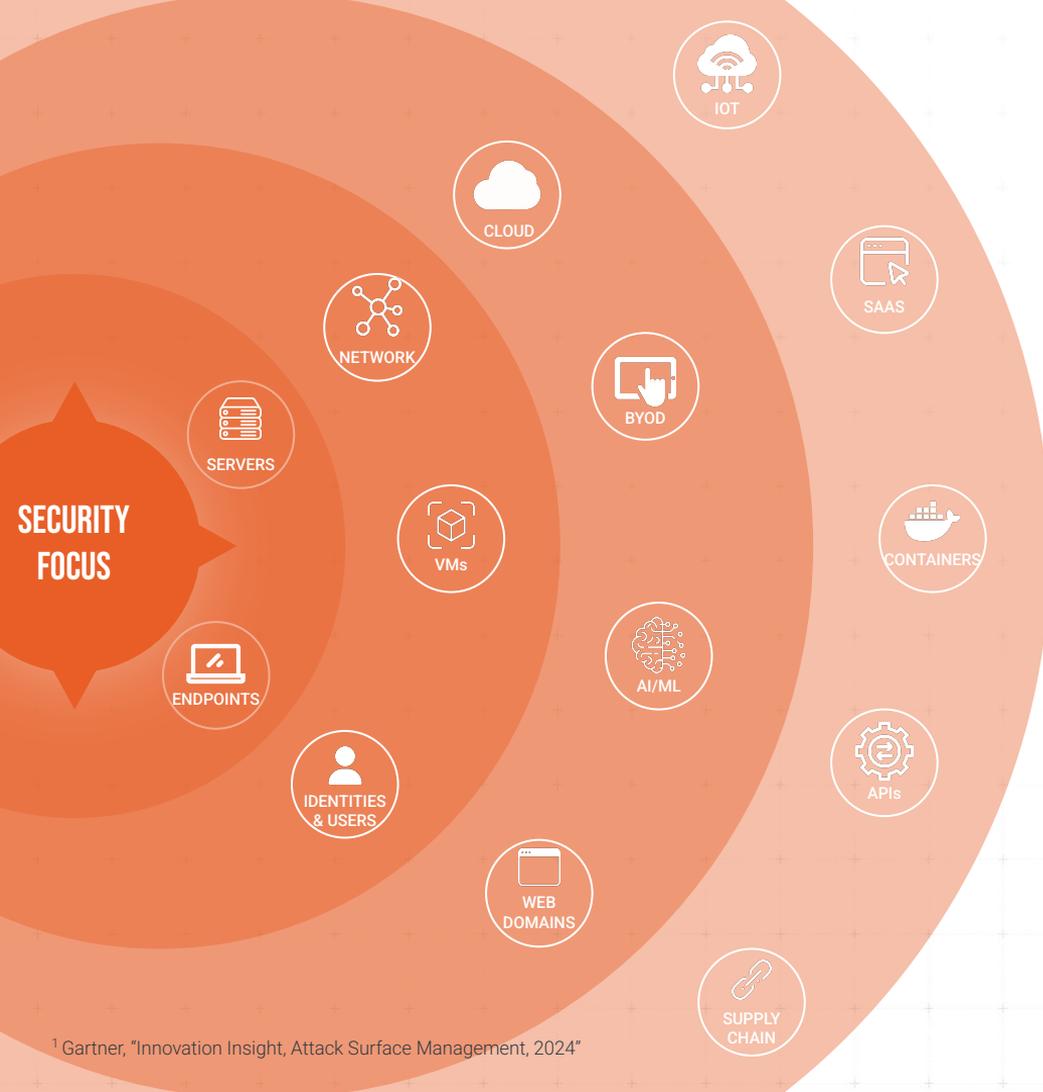
Automation
Workflows

500+

Platform Integrations
for Connectivity

60+

Patents Granted and
Pending Related to AI



THE REALITIES OF SECURING A FRAGMENTED ATTACK SURFACE

Collecting more data, while **getting less** from it.

More than 80% of organizations¹ are not able to see the majority of their attack surface.

Manually integrating **without confidence**.

Spending cycles (and budget) integrating disparate systems without clarity and confidence in the data.

Lacking the clarity and context to prioritize.

Lacking the context to be able to zero-in on what actually matters, take action, and collaborate effectively across teams.

¹ Gartner, "Innovation Insight, Attack Surface Management, 2024"

Compelling Customer Value Proposition

ANTICIPATE, PINPOINT, AND ACT WITH CONFIDENCE



Anticipate and prevent breaches with tailored threat-aware risk context



Gain control over your attack surface by pinpointing the relevant, actionable insights across diverse data sets

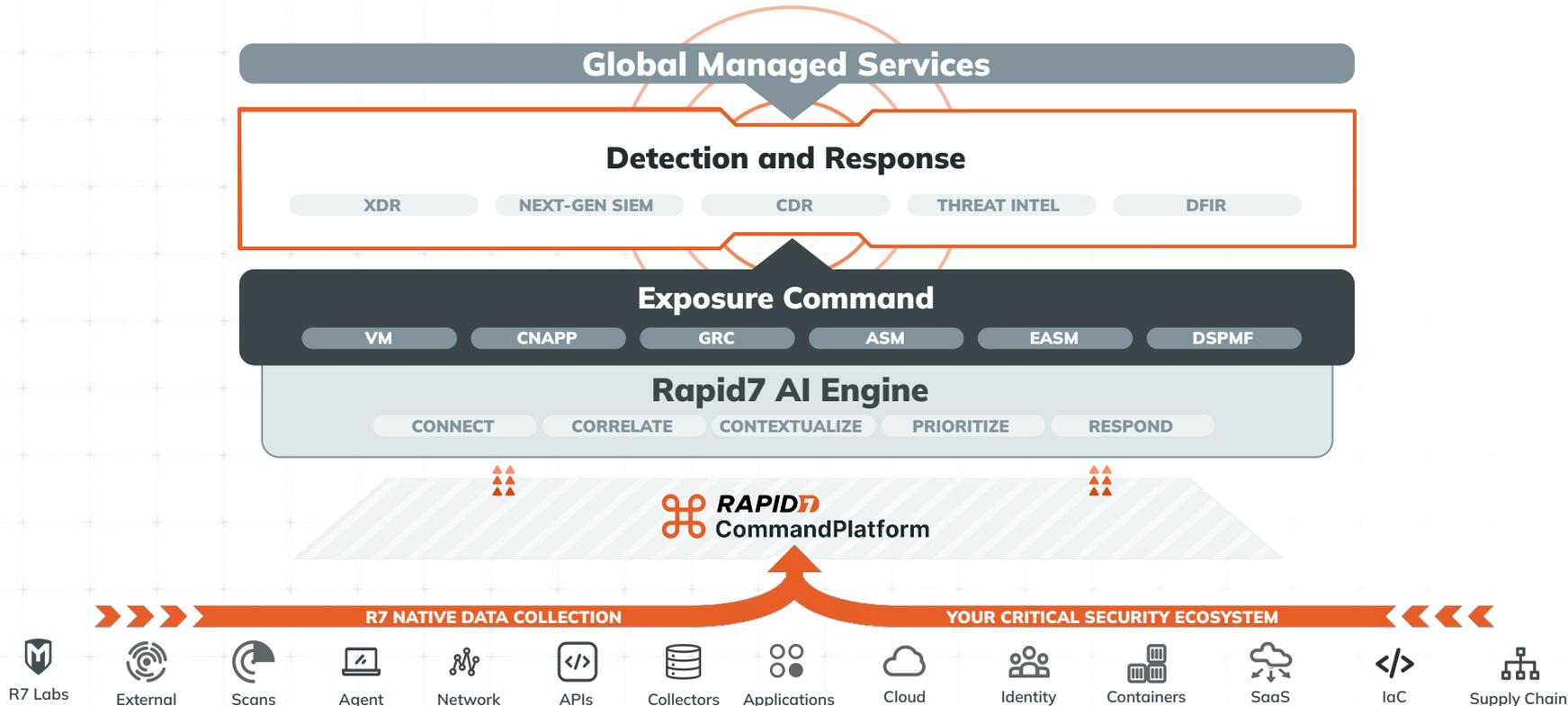


Detect and take action confidently on threats with experts by your side



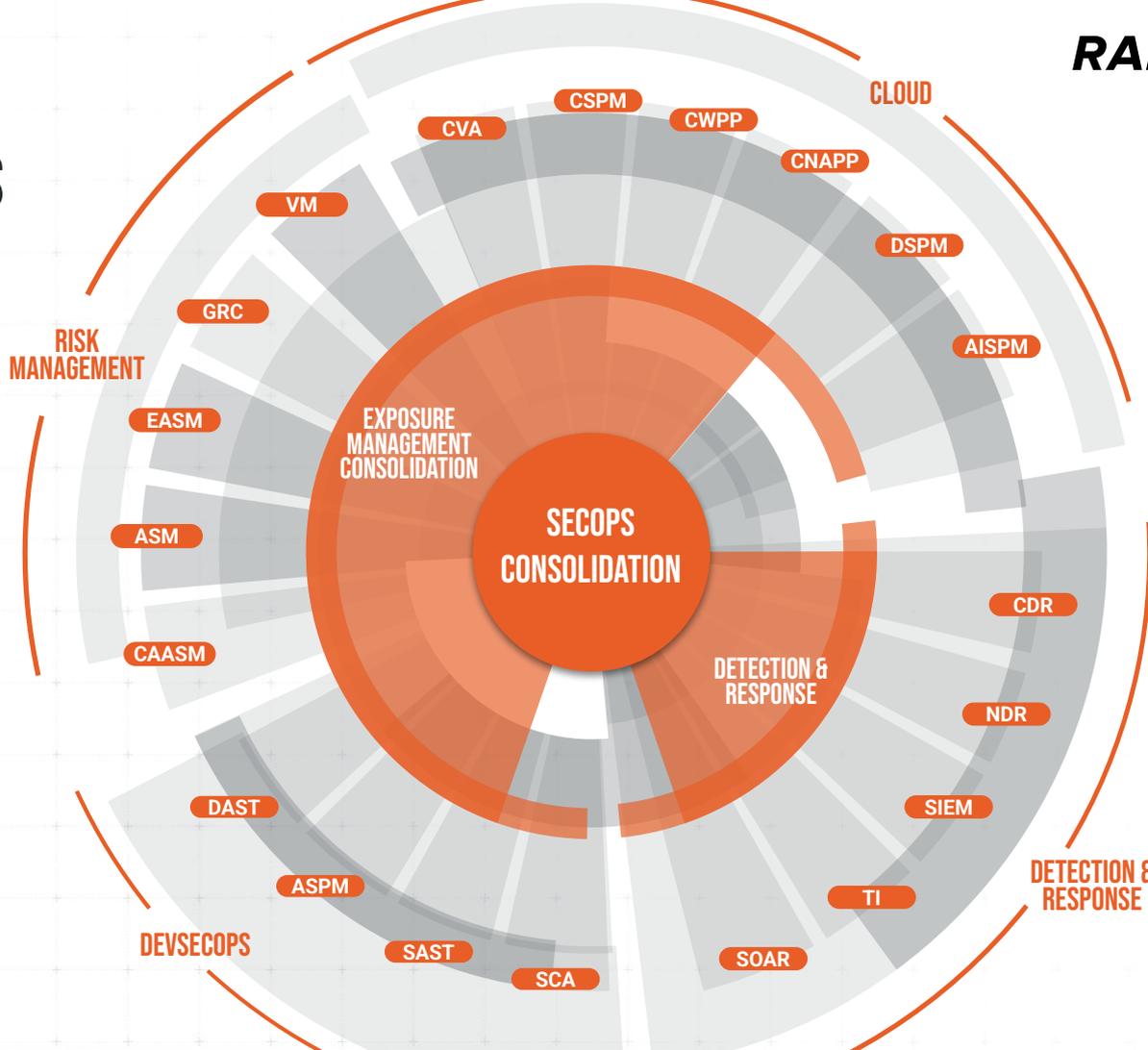
Deliver tangible ROI and outcomes that make it easy to demonstrate success

Command Your Attack Surface



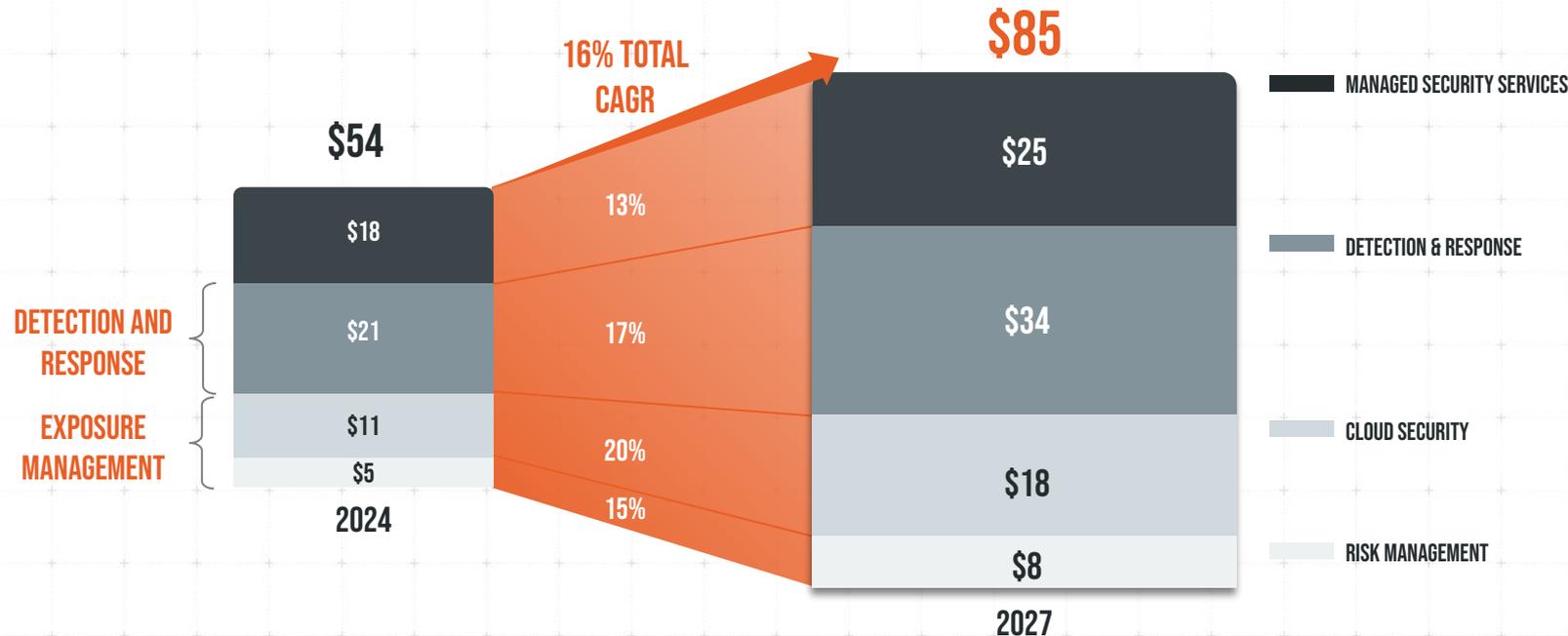
SECURITY OPERATIONS PLATFORM CONSOLIDATION

Rapid7 offers a broader and more comprehensive SecOps platform than traditional competitors



Large Market Opportunity for Security Operations

\$ in billions



Source: Gartner, "Forecast: Information Security and Risk Management, Worldwide, 2022-2028, 2Q24 Update," Gartner, "Emerging Tech: Adoption Growth Insights in Digital Risk Protection Services, Gartner, "Forecast: Cloud Security Posture Management Worldwide, 2021-2017, 4Q23 Update", Gartner "Market Share Analysis: Managed Security Services Worldwide, 2022", and IDC, "Worldwide SOAR and Firewall Automation Market Share," IDC, "Worldwide Cloud-Native XDR Forecast, 2024–2028," IDC, "Worldwide Attack Surface Management and Breach and Attack Simulation Software Forecast, 2024–2028."

Rapid7 Labs: Global Threat Intelligence Community



Intelligence built into our products & services

Active Risk for vulnerability prioritization, custom detection in MDR, and more



Expert analysis of attack trends, emergent threats, and high-priority vulnerabilities

ETR advisory, research reports, vulnerability disclosures



Active security research & open source communities

AttackerKB, Metasploit open-source framework, Velociraptor, Open Data, Project Doppler



Ingestion Sources

- Proprietary research
- IR and Rapid7 SOC
- Commercial threat feeds
- Strategic government and industry partnerships
- Open source communities

Analysis & Development

- Expert threat analysis
- Leverage AI/ML
- Zero-day and other vulnerability research
- Content development for coverage and detection

Customer Delivery

- Pro editions of open source software like Metasploit
- Datasets from proprietary research
- Research reports and high-priority vulnerability analysis

Robust Partner Ecosystem



Extensive Partner Integration Ecosystem



Technology Leadership: Industry Analyst Recognition

Gartner

A Challenger

2024 Magic Quadrant™ for Security Information and Event Management¹

Gartner

Recognition

2024 Market Guide for Managed Detection and Response Services¹

Gartner

Recognition

2023 Market Guide for Vulnerability Assessment¹

Gartner

Recognition

2024 Market Guide for Cloud-Native Application Protection Platforms¹

Gartner

Recognition

2023 Market Guide for Extended Detection and Response¹

Gartner

Recognition

2023 Market Guide for Security Threat Intelligence Products and Services¹

IDC

A Leader

IDC MarketScape: Worldwide Risk-Based Vulnerability Management Platforms 2023 Vendor Assessment²

IDC

A Leader

IDC MarketScape: Worldwide SIEM for Enterprise 2024⁴

IDC

A Leader

IDC MarketScape: Worldwide SIEM for SMB 2024⁵

IDC

Major Player

IDC MarketScape: Worldwide Managed Detection and Response 2024 Vendor Assessment³

FORRESTER

A Strong Performer

The Forrester Wave™: MDR, Q2 2023

FORRESTER

A Strong Performer

The Forrester Wave™: Vulnerability Risk Management, Q3 2023

¹Gartner does not endorse any vendor, product or service depicted in its research publications and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

IntSights, a Rapid7 company was recognized in the 2023 Market Guide for Security Threat Intelligence Products and Services

²IDC MarketScape: Worldwide Risk-Based Vulnerability Management Platforms 2023 Vendor Assessment, #US50302323

³IDC MarketScape: Worldwide Managed Detection and Response 2024 Vendor Assessment, April 2024, #US49006922

⁴IDC MarketScape: Worldwide SIEM for Enterprise 2024, September 2024, #US15141324

⁵IDC MarketScape: Worldwide SIEM for SMB 2024, September 2024, #US52038824

Rapid7 for Social Good Beyond ESG

Rapid7 Core Values

Bring You

Thrive by celebrating individuality and diverse perspectives

Be an Advocate

Relentlessly champion our customers to propel the security industry forward

Challenge Convention

Forge new paths with foresight, discipline, and determination

Impact Together

Actively support, collaborate with, and learn from each other

Never Done

Pursue personal and professional excellence through continuous learning

Diversity, Equity, & Inclusion

Leverage diverse hiring practices and data-driven focus to advance a diverse workforce, inclusive culture, and equitable pay. Recognized in Bloomberg Gender Equality Index 2019, 2020, 2021, 2022, and 2023.

Environment & Climate Change

Focus on reducing environmental impact by minimizing greenhouse gas emissions.

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-profit organizations so they can focus more of their resources pursuing the good they do in the world.

FINANCIAL OVERVIEW

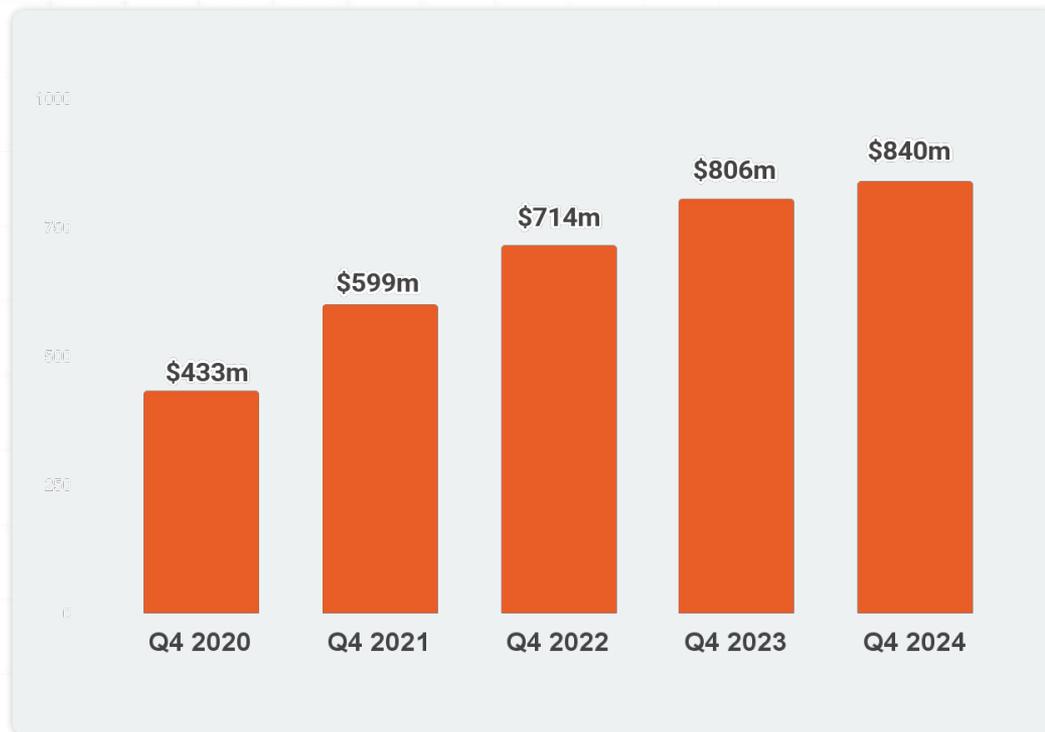
Sustained Revenue Growth and Margin Expansion

- 2024 revenue growth of **9%** year-over-year
- Revenue CAGR (2020 - 2024): **20%**
- Non-GAAP operating margin scaled to over 19%



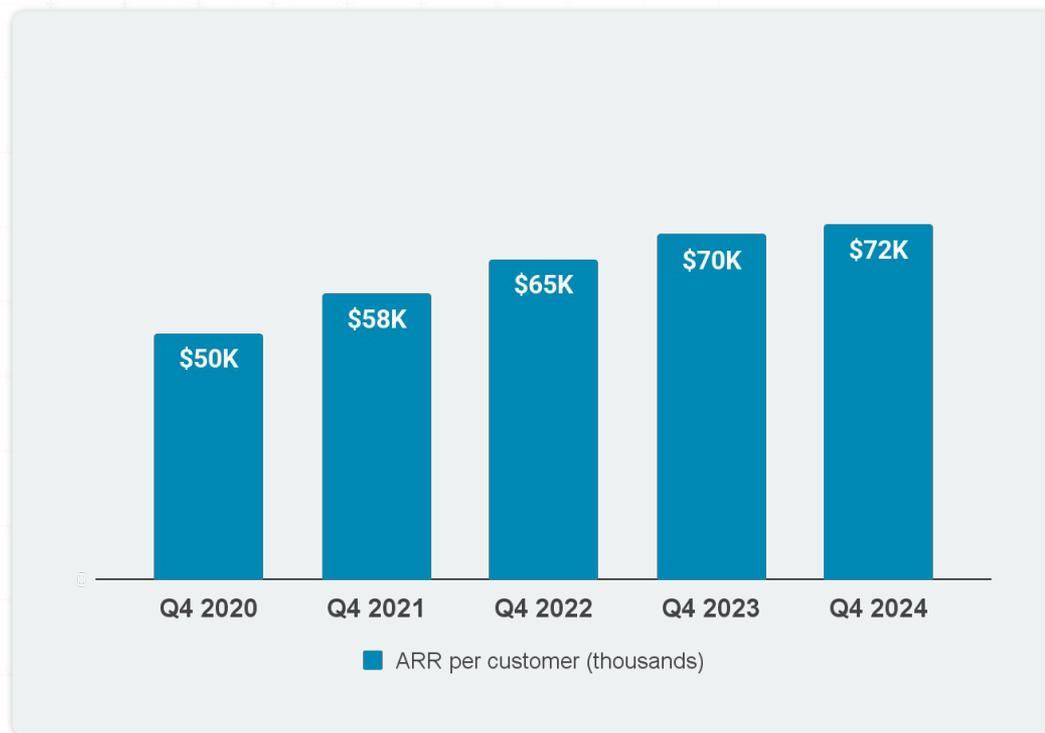
Annualized Recurring Revenue

- ARR grew by **4%** year-over-year in Q4 2024
- ARR CAGR of **18%** from Q4 2020 to Q4 2024



Upsells & Cross-Sells Drive ARR per Customer Growth

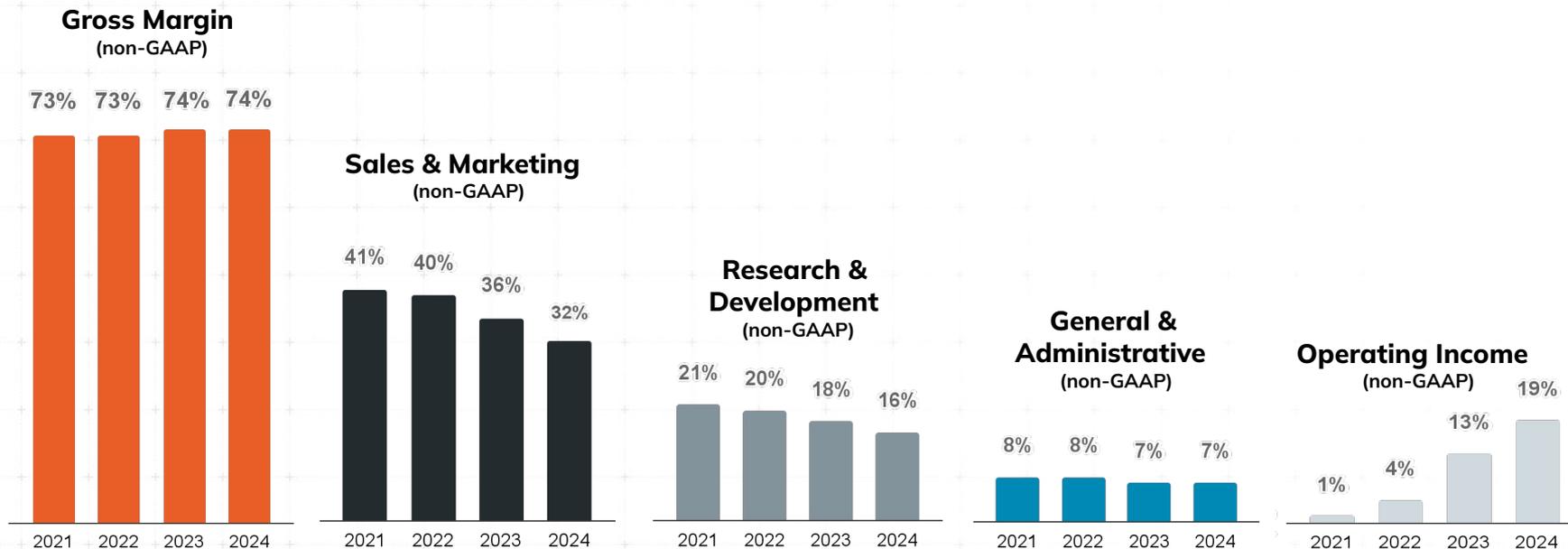
- ARR per customer was approximately **\$72K** in Q4 2024
- ARR per customer CAGR of **10%** from Q4 2020 to Q4 2024



ARR per customer is based on the new customer count methodology provided at Rapid7's 2021 Investor Day on March 10, 2021.

Focused on Long-term Profitability Improvement

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



Guidance: Q1 2025 and Full-Year 2025

Rapid7 anticipates Annualized Recurring Revenue, Revenue, Non-GAAP Income from Operations, Non-GAAP Net Income per Share and Free Cash Flow as follows:

	Q1 2025	Full Year 2025
Annualized Recurring Revenue		\$870 to \$890m
Annualized Recurring Revenue Growth Y/Y		4% to 6%
Revenue	\$207 to \$209m	\$860 to \$870m
Revenue Growth Y/Y	1% to 2%	2% to 3%
Non-GAAP Operating Income ¹	\$23 to \$25	\$125 to \$135
Non-GAAP Net Income Per Share ¹	\$0.33 - \$0.36	\$1.72 - \$1.85
Weighted-average Shares Outstanding, Diluted	75.6	77.3
Free Cash Flow		~\$135m

See End Notes for additional information and definitions

SUPPLEMENTAL

GAAP to Non-GAAP Reconciliations: Q4 2024

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Acquisition-related expenses	Amortization of debt issuance costs	Discrete tax items	Non-GAAP	Depreciation expense	Amortization of intangible assets	Adjusted EBITDA
Revenue:										
Product subscriptions	\$ 206,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,328	\$ -	\$ -	\$ 206,328
Professional services	9,933	-	-	-	-	-	9,933	-	-	9,933
Total revenue	216,261	-	-	-	-	-	216,261	-	-	216,261
Cost of revenue:										
Product subscriptions	\$ 58,933	\$ 2,576	\$ 4,424	\$ -	\$ -	\$ -	\$ 51,933	\$ 374	\$ 3,657	\$ 47,902
Professional services	6,959	533	-	-	-	-	6,426	127	-	6,299
Total cost of revenue	65,892	3,109	4,424	-	-	-	58,359	501	3,657	54,201
Gross margin %	70%						73%			
Research and development	46,334	10,703	-	-	-	-	35,631	810	-	34,821
Sales and marketing	72,767	6,615	652	-	-	-	65,500	982	-	64,518
General and administrative	23,989	6,985	45	183	-	-	16,776	365	-	16,411
Income from operations	\$ 7,279	\$ (27,412)	\$ (5,121)	(183)	\$ -	\$ -	\$ 39,995	\$ (2,658)	\$ (3,657)	\$ 46,310
Interest income	5,551	-	-	-	-	-	-	-	-	5,551
Interest expense	(2,783)	-	-	-	(1,122)	-	(1,661)	-	-	(4,361)
Other income (expense), net	(4,361)	-	-	-	-	-	-	-	-	-
Income before income taxes	5,686	(27,412)	(5,121)	(183)	(1,122)	-	39,524	-	-	34,342
Provision for income taxes	3,514	-	-	-	-	(1,668)	5,182	-	-	1,571
Net income	\$ 2,172	\$ (27,412)	\$ (5,121)	(183)	\$ (1,122)	\$ 1,668	\$ 34,342			\$ 34,342
Add: Interest expense of convertible senior notes	-	-	-	-	-	-	1,571	-	-	1,571
Numerator for non-GAAP earnings per share calculation	\$ 2,172						\$ 35,913			\$ 35,913
Net income per share:										
Basic	\$ 0.03						\$ 0.54			\$ 0.54
Diluted	\$ 0.03						\$ 0.48			\$ 0.48
Weighted-average shares used in GAAP per share calculation:										
Basic	63,339,306									
Diluted	63,901,277									
Weighted-average shares used in non-GAAP per share calculation:										
Basic							63,339,306			
Diluted							75,084,888			

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

GAAP to Non-GAAP Reconciliations: Q4 2023

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Amortization of debt issuance costs	Restructuring expense	Non-GAAP	Depreciation expense	Amortization of intangible assets	Adjusted EBITDA
Revenue:									
Product subscriptions	\$ 194,819	\$ -	\$ -	\$ -	\$ -	\$ 194,819	\$ -	\$ -	\$ 194,819
Professional services	10,449	-	-	-	-	10,449	-	-	10,449
Total revenue	205,268	-	-	-	-	205,268	-	-	205,268
Cost of revenue:									
Product subscriptions	\$ 52,369	\$ 1,932	\$ 4,393	\$ -	\$ -	\$ 46,044	\$ 452	\$ 3,203	\$ 42,389
Professional services	7,457	498	-	-	-	6,959	153	-	6,806
Total cost of revenue	59,826	2,430	4,393	-	-	53,003	605	3,203	49,195
Gross margin %	71%					74%			
Research and development	40,031	7,749	-	-	-	32,282	932	-	31,350
Sales and marketing	73,557	6,482	652	-	-	66,423	1,140	-	65,283
General and administrative	19,623	7,516	45	-	-	12,062	441	-	11,621
Restructuring	2,231	-	-	-	2,231	-	-	-	-
Income (loss) from operations	\$ 10,000	\$ (24,177)	\$ (5,090)	\$ -	\$ (2,231)	\$ 41,498	\$ (3,118)	\$ (3,203)	\$ 47,819
Interest income	4,177	-	-	-	-	4,177	-	-	4,177
Interest expense	(2,695)	-	-	(1,077)	-	(1,618)	-	-	(1,618)
Other income (expense), net	3,571	-	-	-	-	3,571	-	-	3,571
Income before income taxes	15,053	(24,177)	(5,090)	(1,077)	(2,231)	47,628	-	-	47,628
(Benefit from) provision for income taxes	(4,063)	-	-	-	-	(4,063)	-	-	(4,063)
Net income	\$ 19,116	\$ (24,177)	\$ (5,090)	\$ (1,077)	\$ (2,231)	\$ 51,691			1,571
Add: Interest expense of convertible senior notes	-	-	-	-	-	-	-	-	1,571
Numerator for non-GAAP earnings per share calculation	\$ 19,116					\$ 53,262			
Net income per share:									
Basic	\$ 0.31					\$ 0.84			
Diluted	\$ 0.26					\$ 0.72			
Weighted-average shares used in GAAP per share calculation:									
Basic	61,497,797								
Diluted	73,728,912								
Weighted-average shares used in non-GAAP per share calculation:									
Basic						61,497,797			
Diluted						73,728,912			

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

Note: Certain prior period amounts reflect immaterial corrections; Please refer to the Company's earnings press release dated February 12, 2025 for additional information.

GAAP to Non-GAAP Guidance Reconciliation: Q1 & FY 2025

	First Quarter 2025		Full-Year 2025	
Reconciliation of GAAP income from operations to non-GAAP income from operations:				
Anticipated GAAP loss from operations	\$ (10) to \$	(8)	\$ (13) to \$	(3)
Add: Anticipated stock-based compensation expense	28 to	28	118 to	118
Add: Anticipated amortization of acquired intangible assets	5 to	5	20 to	20
Anticipated non-GAAP income from operations	<u>\$ 23 to</u>	<u>\$ 25</u>	<u>\$ 125 to</u>	<u>\$ 135</u>
Reconciliation of GAAP net income to non-GAAP net income:				
Anticipated GAAP net loss	\$ (11) to \$	(9)	\$ (15) to \$	(5)
Add: Anticipated stock-based compensation expense	28 to	28	118 to	118
Add: Anticipated amortization of acquired intangible assets	5 to	5	20 to	20
Add: Anticipated amortization of debt issuance costs	1 to	1	4 to	4
Anticipated non-GAAP net income	<u>\$ 23 to</u>	<u>\$ 25</u>	<u>\$ 127 to</u>	<u>\$ 137</u>
Add: Anticipated interest expense on convertible senior notes	2 to	2	6 to	6
Numerator for non-GAAP earnings per share calculation	<u>\$ 25 to</u>	<u>\$ 27</u>	<u>\$ 133 to</u>	<u>\$ 143</u>
Anticipated GAAP net loss per share, diluted	\$ (0.15)	\$ (0.12)	\$ (0.19)	\$ (0.06)
Anticipated non-GAAP net income per share, diluted	\$ 0.33	\$ 0.36	\$ 1.72	\$ 1.85
Weighted average shares used in earnings per share calculation, diluted	75.6		77.3	

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

GAAP to Non-GAAP Guidance Reconciliation: FY 2025

	<u>Full-Year 2025</u>
Reconciliation of net cash provided by operating activities to free cash flow:	
Anticipated net cash provided by operating activities	\$ 153
Less: Anticipated purchases of property and equipment	(3)
Less: Anticipated capitalized internal-use software costs	(15)
Anticipated free cash flow	<u>\$ 135</u>

(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 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 of 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 cash flow provided by operations less purchases of property and equipment and capitalization of internal-use software costs.

Guidance

- Guidance for the first quarter and full-year 2025 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 such as restructuring expense and discrete tax 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 non-ordinary course litigation-related expenses, for the first quarter and full-year 2025, which we are not able to predict without unreasonable effort due to their inherent uncertainty.

THANK YOU

