

Dear Secureworks Stakeholders:

I address this message to all of our key stakeholders, including our investors, clients, team members, and the communities in which we live and work. To all of these very important people, my message is the same. On behalf of the management team and Board of Directors, thank you.

Thank you for putting your trust in us. For investors, you have entrusted us with your capital, to use it wisely and to increase the value of your investment. For our more than 4,400 clients in almost 60 countries around the world, you have entrusted us, as your cybersecurity partner, to help safeguard your organization's assets and protect your intellectual property and other valuable data. For our 2,500 team members, you have entrusted us with your careers and your livelihood. For the communities where we operate, you have entrusted us to be a good corporate citizen and partner. We are honored to serve you and accept that with your trust comes a great responsibility to deliver value to you each and every day.

We are in the midst of the next technology evolution, and the pace of change is accelerating. Our clients are facing the challenges of updating their legacy business processes and applications, moving workloads to the cloud, adapting to the "Internet of Things," redefining themselves digitally while staying safe from cyber threats, and complying with regulatory requirements. The more organizations use and rely on technology, the more vulnerable they become to cyberattacks.

I believe cybercrime is not a technology problem, it is a growing crime wave perpetrated by people. It is estimated that cybercrime is growing to an estimated \$6 trillion problem by 2021.¹ In the United States alone, the number of reported breaches has nearly doubled over the last two years, to 1,600,² and some of the most well-known corporate names are at the top of the victims list. The army of adversaries is increasing in size, well-funded, becoming more sophisticated, coordinated and organized. Adversaries are still finding success through well-known methods and techniques, the security talent to combat them is scarce and everyone needs help navigating the best solutions to reduce risk.

The cybersecurity industry is large and fragmented, with thousands of consulting, managed service and technology products in the market, trying to combat an enemy that is more nimble and organized than we are. As an industry, we can seek to improve what we do on behalf of our clients, by working more collaboratively and opening our technology in a way that allows our collective solutions to create a maximum reduction in risk for our common clients.

At Secureworks, we focus exclusively on cybersecurity, using human and artificial intelligence, leveraging years of collected attack data, threat algorithms and technology, to deliver our security solutions and consulting services. We utilize our proprietary technology and partner with more than 130 industry and other organizations creating measurable differentiated value that reduces risk for our clients by preventing attacks that can be prevented, detecting attacks that can't be prevented, responding rapidly when an attack occurs and using this information to predict future attacks.

Over the long term, our business strategy, solutions roadmap and operating plans are focused on delivering security value regardless of client technology, tools and resources and to be the security employer of choice. We will accomplish these longer-term goals with renewed focus on what we will and will not do.

Our goal is to be the leader in our industry, not only in thought leadership and vision, but in size and scale as well. Scale is important. We are committed to growing the business by investing wisely in our solutions and executing for our clients, which will also put us on a path to sustained profitability. At scale, I believe the business will generate attractive margins and free cash flow, leading to increased shareholder value.

The market we address is estimated to be in excess of \$20 billion worldwide and growing about 10% per year. In fiscal 2018, we invested in our sales and marketing capacity and capability and increased revenue to \$468 million, growing in line with the market. In the near term, we are focused on returning to above-industry growth rates and expect to leverage these investments with continued focus on productivity across our sales organization and some expansion of the quota-carrying team, primarily in North America, which is the largest part of the market. We still have work to do to improve our sales execution, but we finished fiscal 2018 with strong sales momentum and we recently hired a new Chief Revenue Officer who will build on the

progress made in the last fiscal year. Our operating loss increased with the sales and marketing investments in fiscal 2018, but with growth we improved gross margins by 100 basis points and we generated positive cash flow from operations.

Key metrics that we use to manage the business include monthly recurring revenue (MRR), which is the monthly value of our subscription revenue; revenue retention rate, which measures our ability to retain revenue and grow within our subscription client base; and average revenue per client. We finished Fiscal 2018 with MRR of \$35.3 million, up 12% year over year. Our revenue retention rate was 96%, compared with a goal of 100%. We serve 4,400 clients worldwide and average revenue per client increased 11% year over year, reflecting our continued investment and sales focus on larger client opportunities.

The second reason scale is important, is that it allows us to create even more powerful security solutions and results for our clients. The more clients we serve around the globe, the more, and more diverse, data we see. The more data we see, the smarter we get. The smarter we get, the better we can protect our clients and reduce their risks. This is the power of the network effect.

One area of investment for us in Fiscal 2019 is the development of a new application framework that we believe will allow clients and partners to leverage the years of attack data and threat algorithms that we have developed in a different way, expanding opportunities for our business, partners and clients. This new framework will utilize policy-based controls over data, allow our algorithms to go to the data instead of the data coming to us, and allow clients and partners to contribute to the platform, continuously improving the effectiveness of the tools. We are in the early stages of this effort and I look forward to providing updates in the future.

In addition to the work on our application framework, we will also focus our development efforts this year on refining our detection capabilities, enhancing our response capabilities through automation and expanding our cloud security offerings. The focus on these three areas is key to the evolution of our core business and will allow us to increase the velocity of improvements we can bring to the market. We listen carefully to our clients and put their needs first in everything we do. We believe our knowledge of the threat actors' activities combined with our deep security expertise and broad capability will allow us to be successful in the marketplace.

Talent is also key to our long-term success. We continue to enhance our reputation as the security employer of choice through our culture, engagement and inclusion programs. An important part of our culture is our dedication to giving back to the communities in which we live and work. We annually sponsor a charitable trip for 50 Secureworks team members to a developing community in Nicaragua to assist with building schools and water systems and working in the local villages. Our team members participate in numerous local events and, for the fourth year, we are a corporate sponsor and job partner for the Cristo Rey Atlanta High School, which fuses a college preparatory curriculum with a work/study program to provide a meaningful work experience for high school students from families with limited financial resources. It is a life-changing experience that educates the students about work life and technology careers, and prepares them for the future. These are just a few of the things we do in our communities around the world. Our contributions make a meaningful difference in the community, and we receive much more than we give.

We have a passion to protect our clients and believe that no one understands the threat better than Secureworks. We convert this knowledge into an effective cybersecurity strategy for our clients. We are helping our clients navigate their business transformation, run their businesses safely and effectively, and protect against cyber threats. I am proud of the work we do and of the men and women of Secureworks who fight the good fight every day. Thank you again for putting your trust in us.

Michael R. Cote
Chief Executive Officer

¹ Cybersecurity Venture's 2017 Annual Cybercrime Report

² Identity Theft Resource Center (ITRC): 2017 Annual Data Breach Year-End Review