

The background features a large, stylized logo composed of overlapping blue and black shapes. The word "Secureworks" is written in white, sans-serif font across the center of these shapes.

Secureworks®

Second Quarter Fiscal 2018
Investor Presentation

Disclaimers

Non-GAAP Financial Measures

The presentation presents information about the Company's non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP research and development expenses, non-GAAP sales and marketing expenses, non-GAAP cost of revenue, non-GAAP general and administrative expenses, non-GAAP operating loss, non-GAAP net loss, non-GAAP net loss per share and adjusted EBITDA. These are non-GAAP financial measures and are provided as a supplement to the results provided in accordance with generally accepted accounting principles in the United States of America ("GAAP"). A reconciliation of each of the historical and forward-looking non-GAAP financial measures included in this presentation to the most directly comparable historical and forward-looking GAAP financial measures is provided in the appendix to this presentation.

Special Note Regarding Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In some cases, you can identify these statements by such forward-looking words as "anticipate," "believe," "confidence," "could," "estimate," "expect," "guidance," "intend," "may," "plan," "potential," "outlook," "should," "will" and "would," or similar words or expressions that refer to future events or outcomes. Such forward-looking statements include, but are not limited to, the statements in this presentation with respect to the Company's expectations concerning its GAAP and non-GAAP revenue, GAAP and non-GAAP operating income and adjusted EBITDA for the second fiscal quarter of fiscal 2018 and for full year fiscal 2018, which reflect the Company's current analysis of existing trends and information. These forward-looking statements represent the Company's judgment only as of the date of this presentation.

Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of risks, uncertainties and other factors, including those relating to: the Company's ability to achieve or maintain profitability; the Company's ability to enhance its existing solutions and technologies and to develop or acquire new solutions and technologies; the rapidly evolving market in which the Company operates; the Company's reliance on personnel with extensive information security expertise; fluctuations in the Company's quarterly results and other operating measures; intense competition in the Company's markets; the Company's ability to attract new clients, retain existing clients and increase its annual contract values; the Company's reliance on its largest client and on clients in the financial services industry; the Company's ability to manage its growth effectively; the Company's ability to maintain high-quality client service and support functions; the Company's service level agreements with clients requiring credits for service failures or inadequacies; the Company's ability to continue expansion of its sales force; the Company's long and unpredictable sales cycle; risks associated with the Company's international sales and operations; the Company's ability to expand its key distribution relationships; the Company's technology alliance partnerships; real or perceived defects, errors or vulnerabilities in the Company's solutions or the failure of its solutions to prevent a security breach; the ability of the Company's solutions to perform as intended; the Company's ability to use third-party technologies; the effect of evolving information security and data privacy laws and regulations on the Company's business; the Company's ability to maintain and enhance its brand; successful implementation of the Company's strategic acquisitions; the Company's recognition of revenue ratably over the terms of its managed security and threat intelligence contracts; the effect of timing differences between the expensing of sales commissions paid to the Company's strategic and distribution partners and the recognition of associated revenues; estimates or judgments relating to the Company's critical accounting policies; the Company's exposure to fluctuations in currency exchange rates; the effect of governmental export or import controls on the Company's business; the Company's compliance with the Foreign Corrupt Practices Act and similar laws; the Company's ability to maintain effective disclosure controls and procedures; the effect of natural disasters and other catastrophic events on the Company's ability to serve its clients; the Company's reliance on patents to protect its intellectual property rights; the Company's ability to protect, maintain or enforce its non-patented intellectual property rights and proprietary information; claims by third parties of infringement of their proprietary technology by the Company; the Company's use of open source technology; and risks related to the Company's relationship with Dell Inc. and Dell Technologies Inc., and control of the Company by Dell Technologies Inc.

This list of risks, uncertainties and other factors is not complete. The Company discusses these matters more fully, as well as certain risk factors that could affect the Company's business, financial condition, results of operations and prospects, in its filings with the Securities and Exchange Commission (the "SEC"), including its most recent periodic report filed on Form 10-Q and the information disclosed under the caption "Risk Factors" in the Company's annual report on Form 10-K for the fiscal year ended February 3, 2017, which are available for review on the Company's investor relations website at investors.secureworks.com and on the SEC's website at www.sec.gov. Any or all forward-looking statements the Company makes may turn out to be wrong and can be affected by inaccurate assumptions the Company might make or by known or unknown risks, uncertainties and other factors, including those identified in this presentation. Accordingly, you should not place undue reliance on the forward-looking statements made in this presentation, which speak only as of its date. The Company does not undertake to update, and expressly disclaims any obligation to update, any of its forward-looking statements, whether as a result of circumstances or events that arise after the date the statements are made, new information or otherwise.

Secureworks Overview



**“The Cyber Security problem
cannot be solved.”**

Increasing Complexity.

Cyber attacks are growing in complexity...

Less than **4** minutes

for a computer to be infected by a virus once connected to the internet¹

Up to **4** years

Time to detect and respond to 50% of successful attacks²

50%

Bypass existing controls & "Living off the Land"

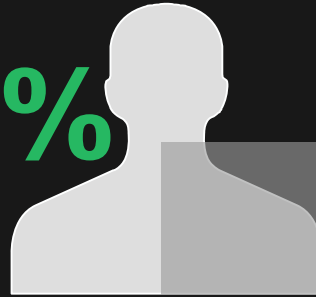
\$4M

Average total cost of a data breach³

Scarcity of Resources.

...security professionals are limited in number...

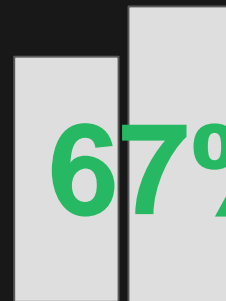
75%



Percentage of security professionals who "have been approached by a hiring organization or headhunter about IT job opportunities in the past year."

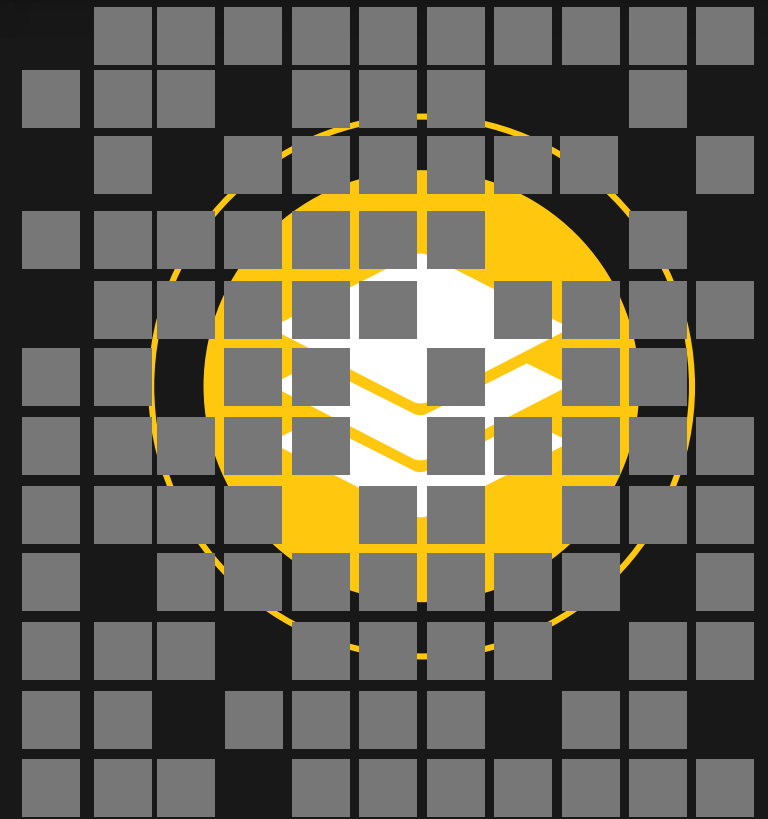
Percentage of IT security professionals who strongly agree they need more experienced, skilled practitioners.⁴

67%



Disparate Solutions.

...lack of true "intelligence" minimizes ability to make the best decisions.



¹ U.S. Department of Justice
² The ROI of Early Threat Detection and Response, Secureworks
³ Ponemon Institute's Cost a Data Breach Study 2016
⁴ Ponemon Megatrends 2015

The Secureworks Advantage



Machine Intelligence

Secureworks Counter Threat Platform™

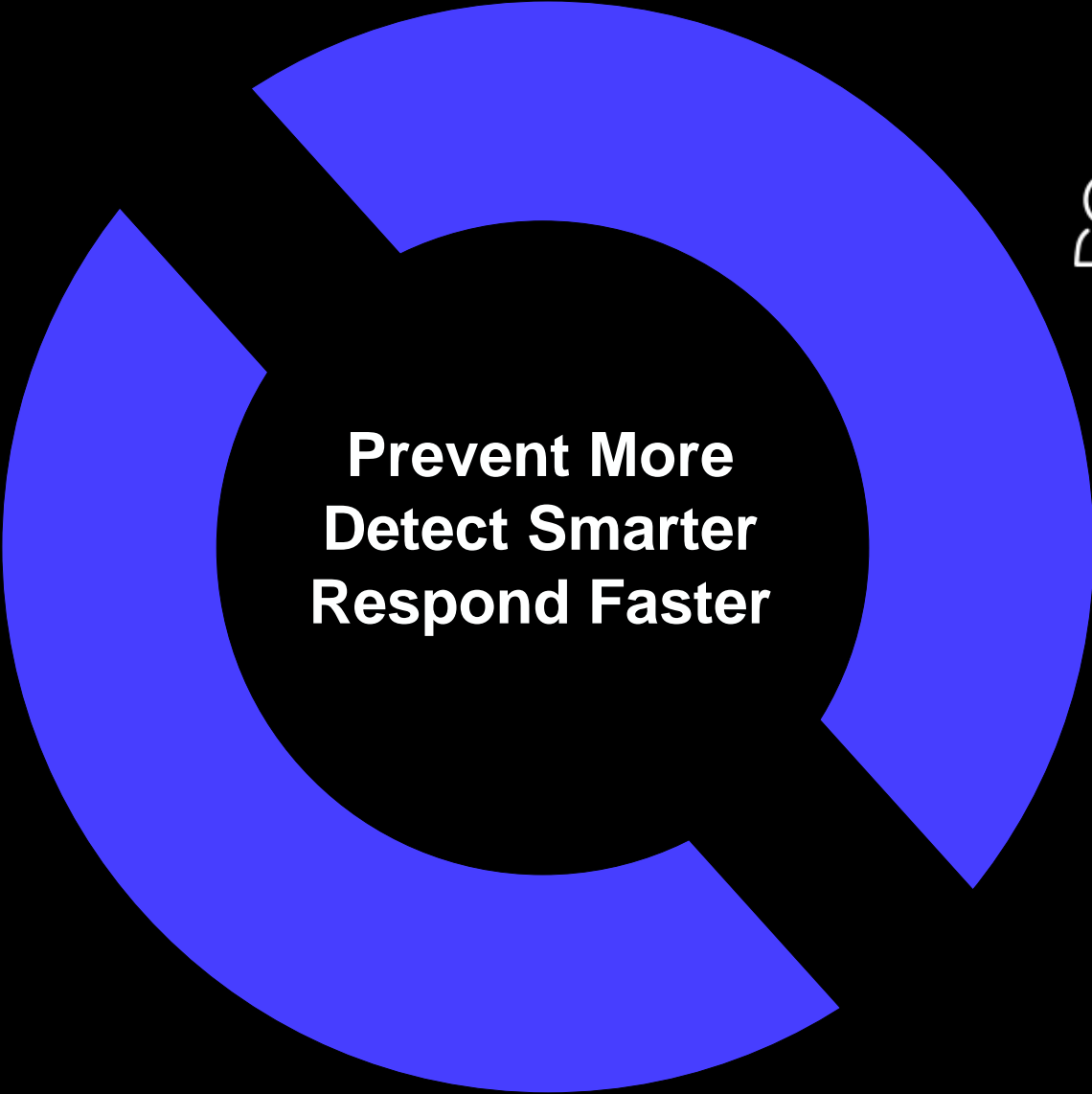
- Data Sciences
- Expert Systems
- Machine Learning
- Applied Intelligence



Human Intelligence

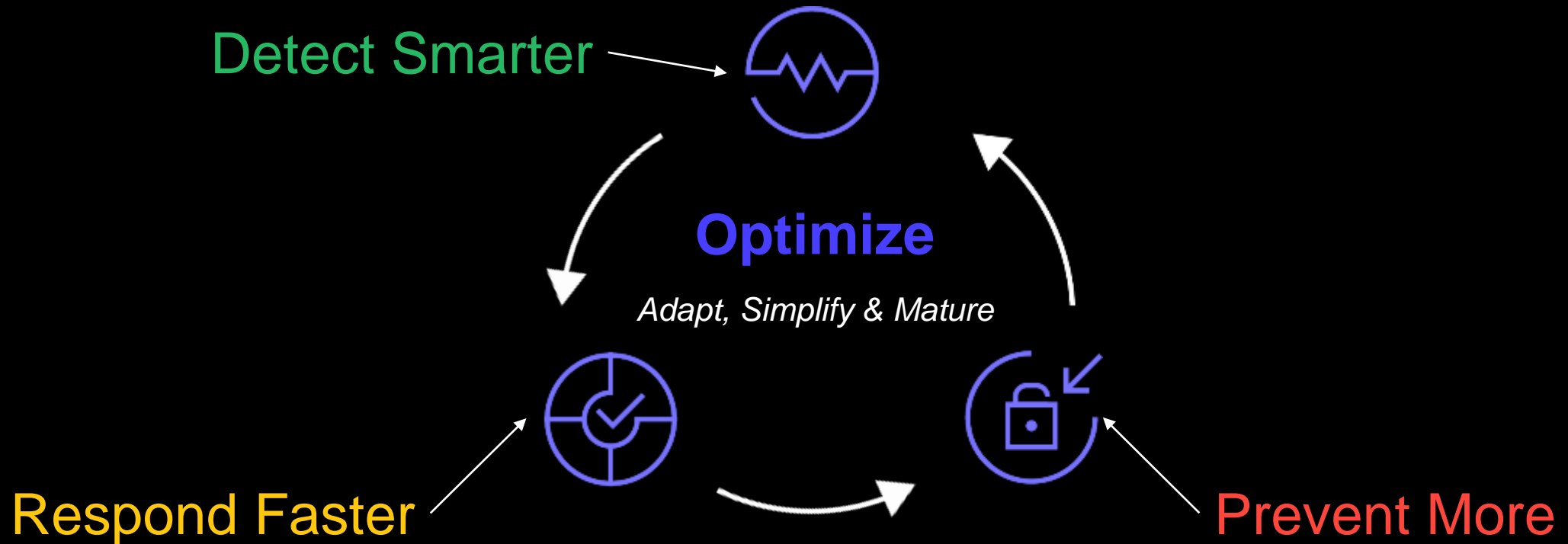
Secureworks Counter Threat Unit™

- Analysts
- Researchers
- Responders
- Engineers



Secureworks Network Effect

across ~4,400 clients in over 60 countries



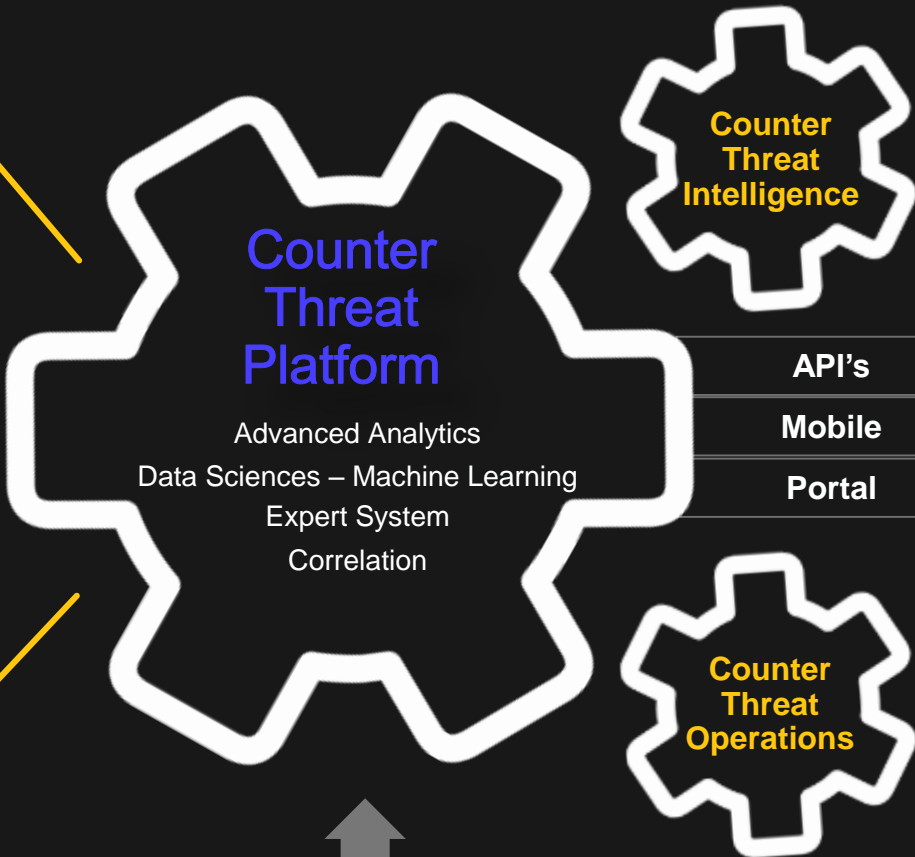
The Secureworks Counter Threat Platform™

Feedback Loop – Tuning / Efficiencies

Global Threat Intelligence
18 Years of Attack and Threat
Actor Group Data – Billions of Threat Indicators

- Data Center
- Endpoint
- Network
- Cloud
- SIEM

Global Visibility
240B+
events / day



Actions
1,000s of
actions / day

- Prevent
- Detect
- Investigate
- Respond

Local Client Intelligence
Vulnerabilities, Asset Data

Network Effect

Secureworks' Comprehensive Suite of Offerings



Subscription Based Solutions

- **Network security**
- **Endpoint security**
- **Vulnerability management**
- **Managed Detect and Response**



Security Risk Consulting

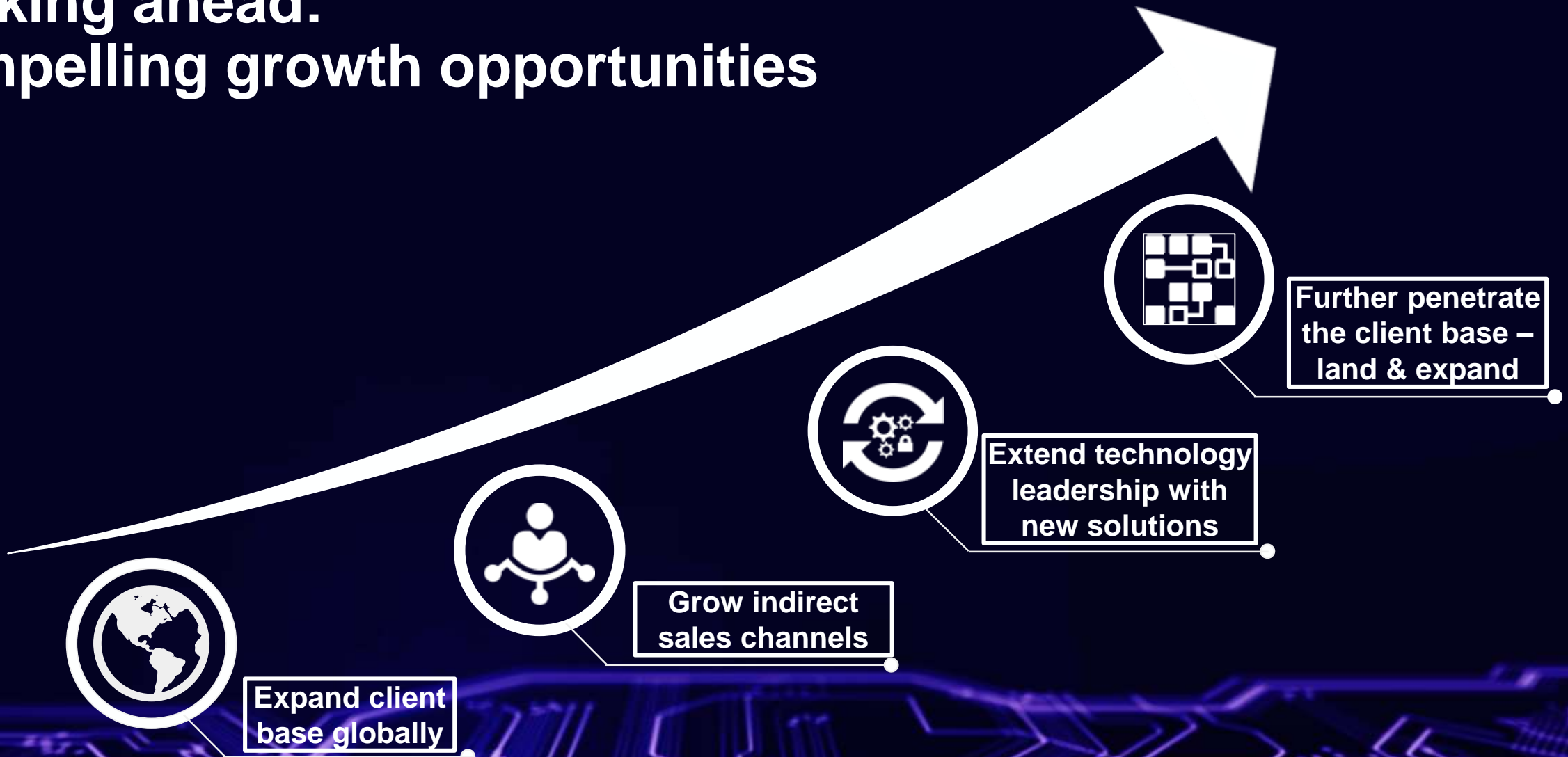
- **Incident response**
- **Strategic Security Consulting**
- **Governance, Risk and Compliance**



Cloud Guardian

- **Strategy assessment**
- **Security Configuration Management**
- **Event monitoring**

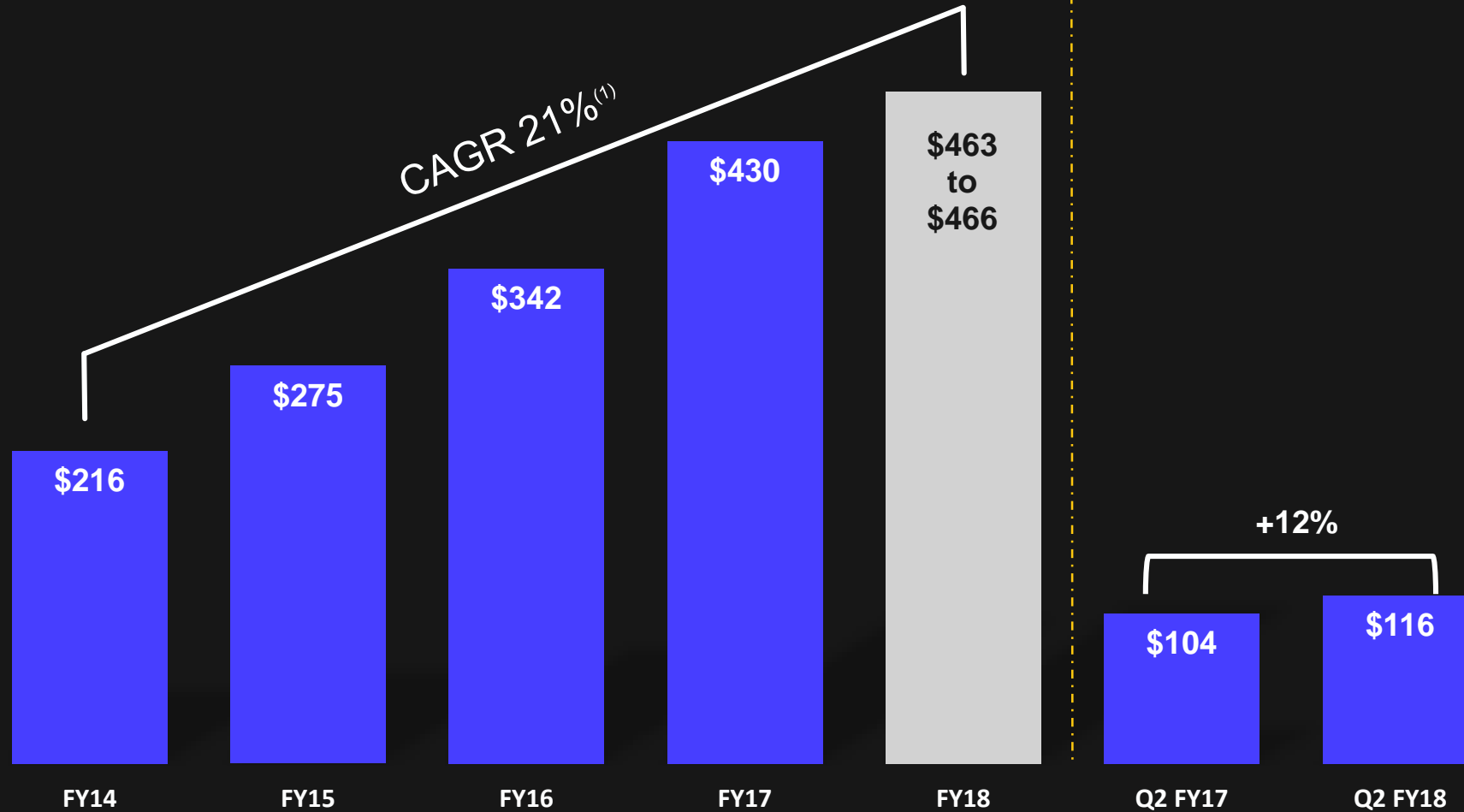
Looking ahead: Compelling growth opportunities



Financial Overview

Non-GAAP Revenue Trend

(in \$millions)

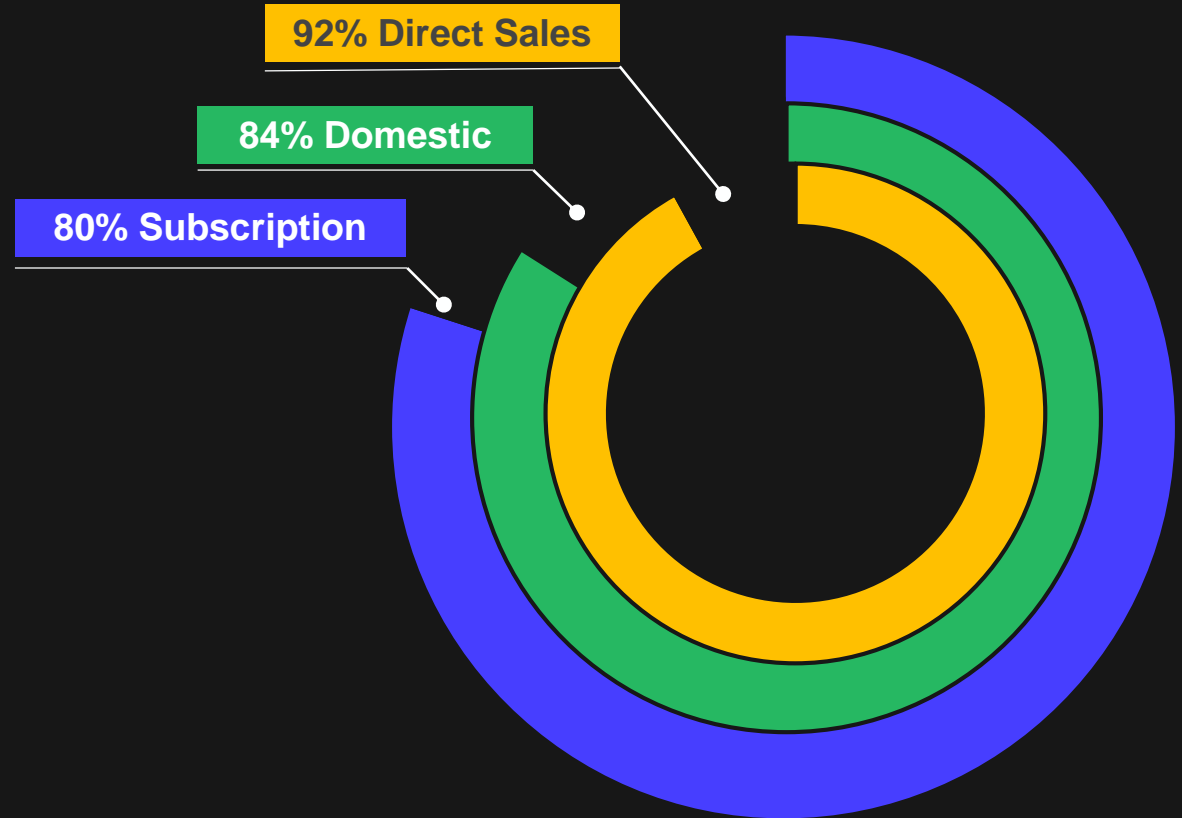
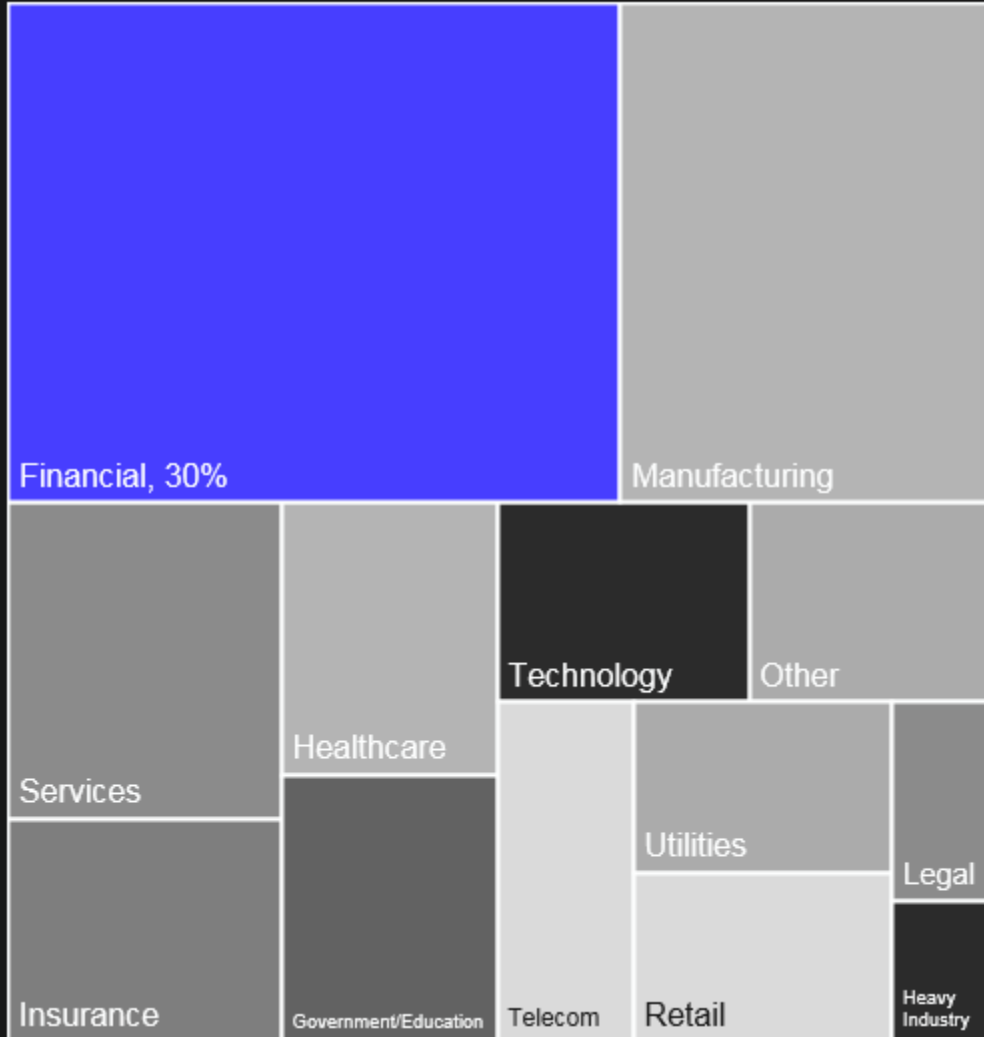


Please refer to Non-GAAP reconciliations in Appendix

(1) Growth rates calculated on the high range of guidance for fiscal 2018.

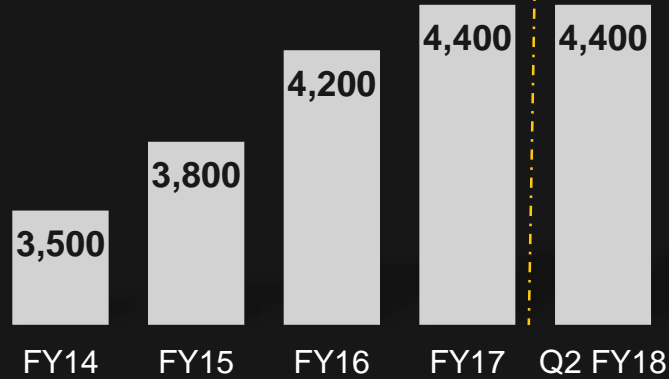
Revenue Characteristics

Q2 FY18

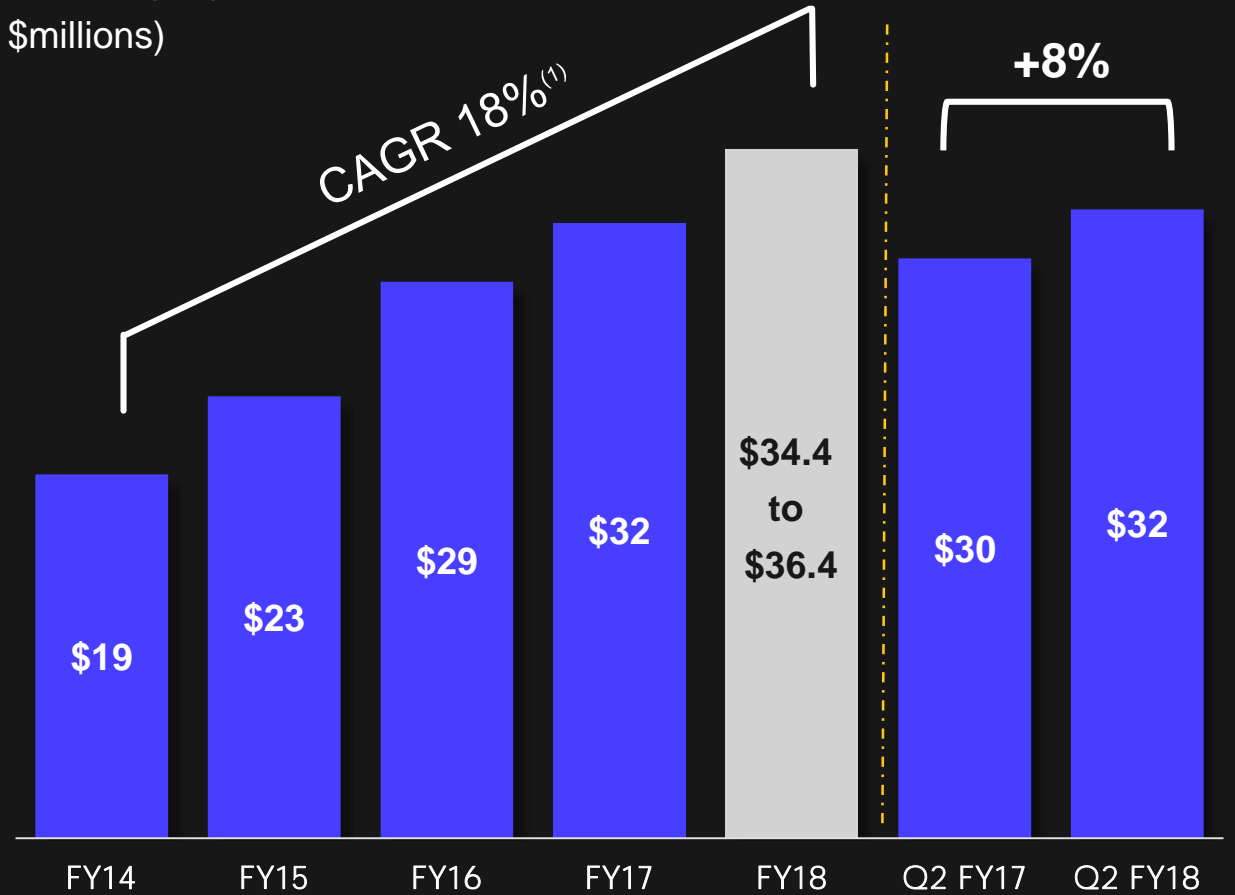


Drivers of Monthly Recurring Revenue

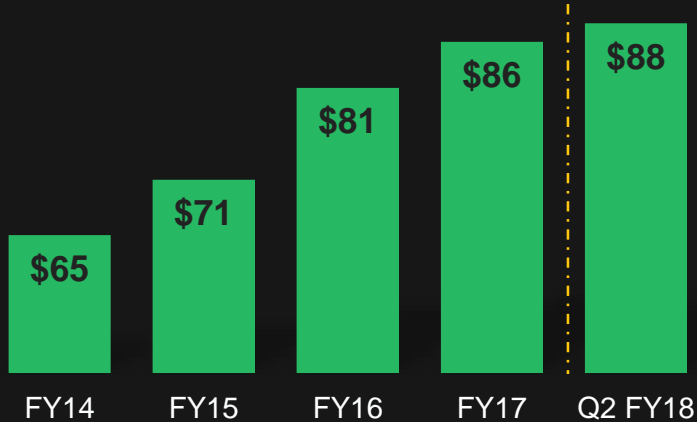
Subscription Client Count
(rounded to nearest 100)



MRR Trend
(in \$millions)

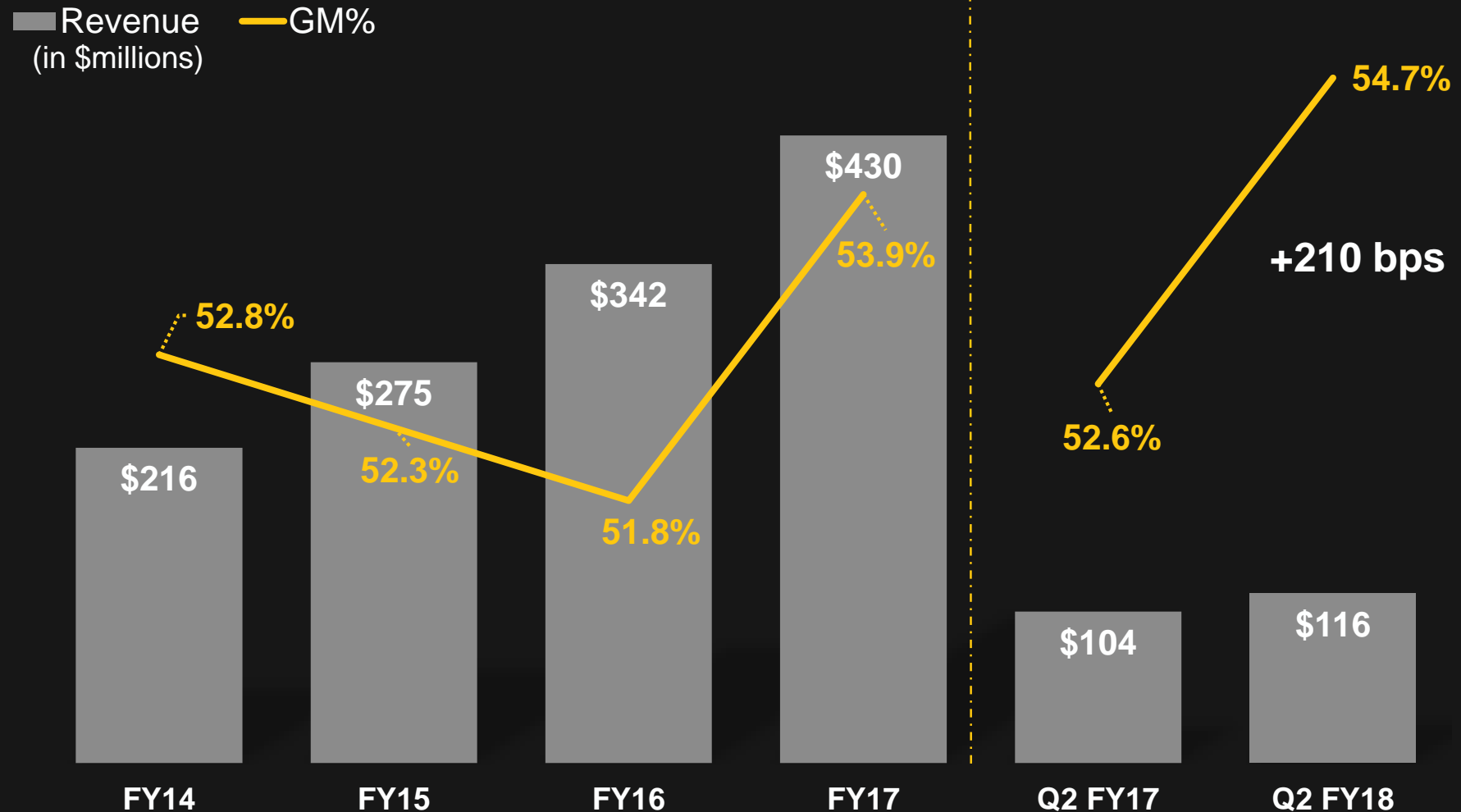


Average Revenue Per Client
(in \$000s)



(1) Growth rates calculated on the high range of guidance for fiscal 2018.

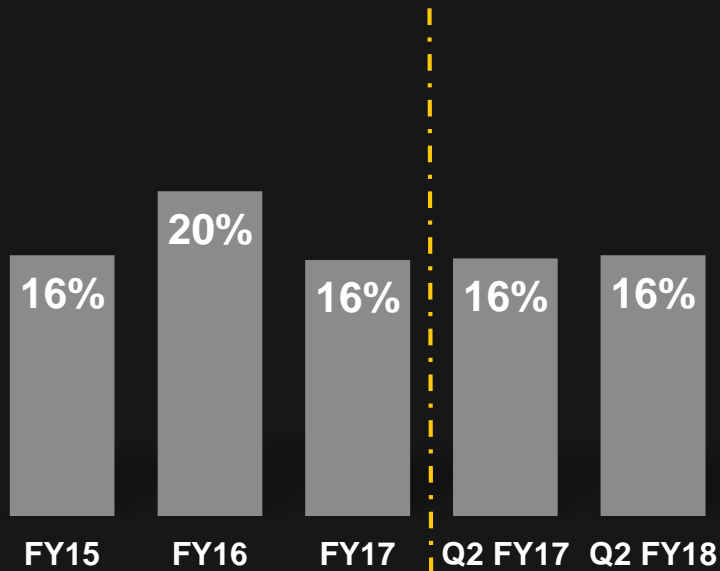
Non-GAAP Revenue and Gross Margin



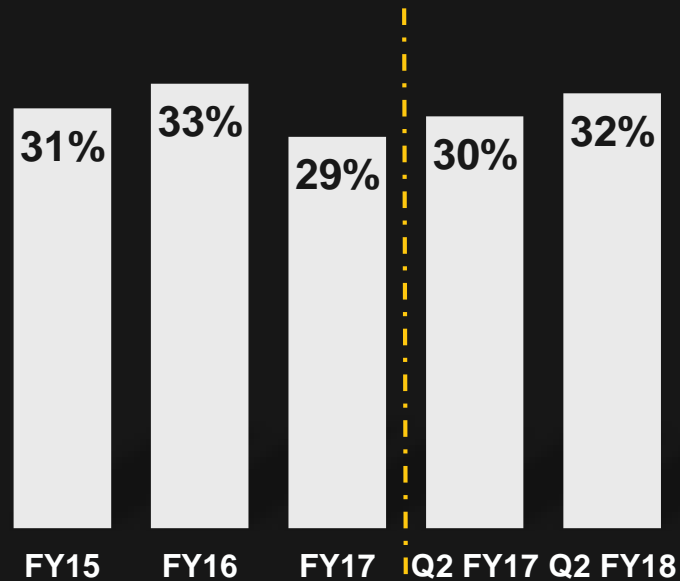
Please refer to Non-GAAP reconciliations in Appendix

Non-GAAP Operating Expenses as % of Revenue

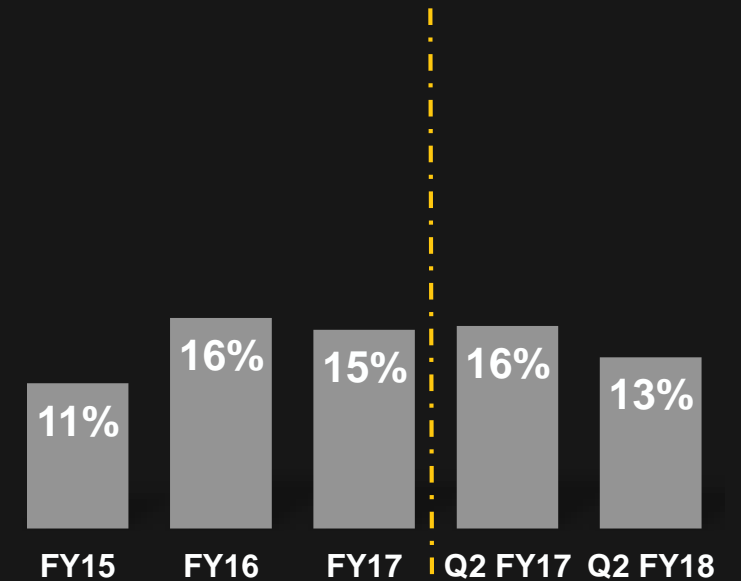
Research and development



Sales and marketing

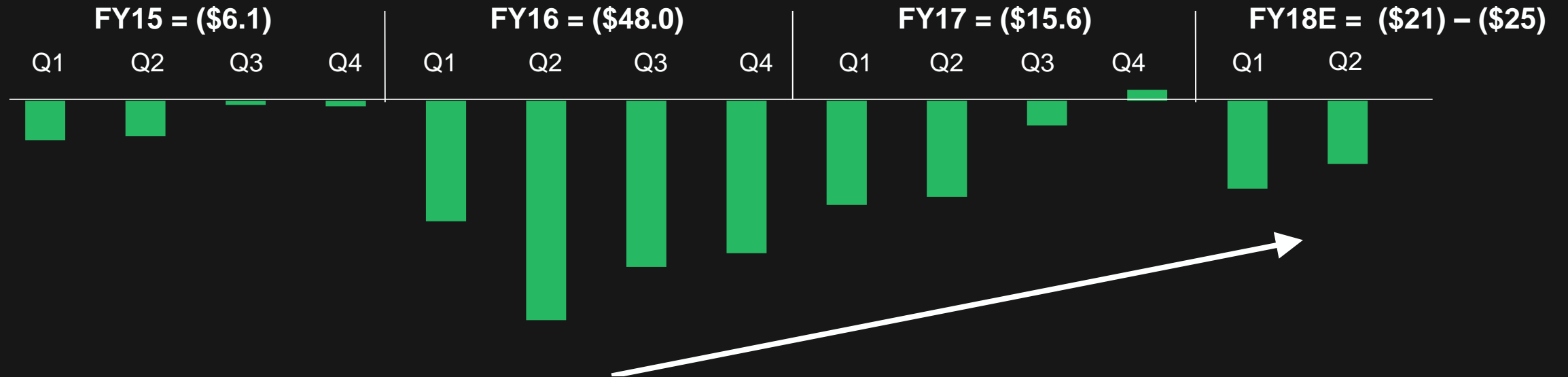


General and administrative



Progress toward profitability

Adjusted EBITDA
(in \$Millions)



Solid liquidity funding growth

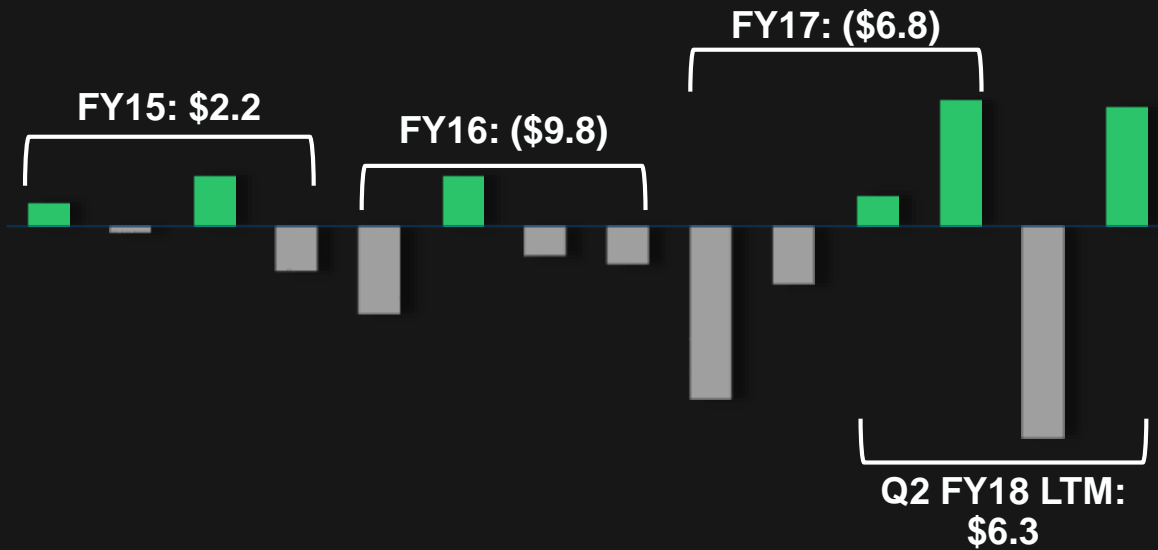
Cash and equivalents
Quarter ending Q2 FY18

\$98M

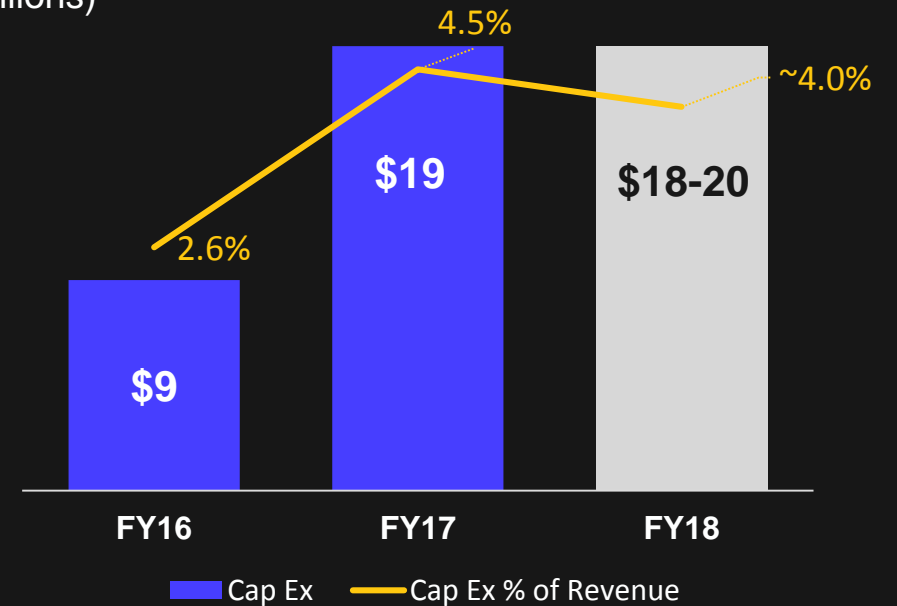
Credit Facility
Quarter ending Q2 FY18

\$30M

Cash Flow from Operations
(in \$millions)



Capital Expenditures
(in \$millions)



Investment Thesis



A leader in a
large and
growing market



Recurring
revenue and
scaling delivery
model



Progress toward
profitability and
positive cash flow



Strong liquidity
position



Appendix

Non-GAAP Reconciliation: Table 1

SECUREWORKS CORP.

Reconciliation of GAAP to Non-GAAP Financial Measures

(in thousands)

(unaudited)

	Fiscal Year Ended			
	January 31, 2014	January 30, 2015	January 29, 2016	February 3, 2017
GAAP revenue	\$ 205,830	\$ 262,130	\$ 339,522	\$ 429,502
Impact of purchase accounting	10,360	12,741	2,769	884
Non-GAAP revenue	<u>\$ 216,190</u>	<u>\$ 274,871</u>	<u>\$ 342,291</u>	<u>\$ 430,386</u>
GAAP gross margin	\$ 92,623	\$ 117,284	\$ 155,713	\$ 216,903
Amortization of intangibles	10,700	13,642	13,640	13,642
Impact of purchase accounting	10,790	12,903	2,932	1,160
Stock-based compensation expense	-	-	-	462
Other	-	-	4,868	-
Non-GAAP gross margin	<u>\$ 114,113</u>	<u>\$ 143,829</u>	<u>\$ 177,153</u>	<u>\$ 232,167</u>
<u>Percentage of Total Net Revenue</u>				
GAAP gross margin	45.0%	44.7%	45.9%	50.5%
Non-GAAP adjustment	7.8%	7.6%	5.9%	3.4%
Non-GAAP gross margin	<u>52.8%</u>	<u>52.3%</u>	<u>51.8%</u>	<u>53.9%</u>

Non-GAAP Reconciliation: Table 2

SECUREWORKS CORP.

Reconciliation of GAAP to Non-GAAP Financial Measures

(in thousands)

(unaudited)

	Three Months Ended		
	July 29, 2016	August 4, 2017	% Growth Rates Year to Year
GAAP revenue	\$ 103,653	\$ 116,123	12%
Impact of purchase accounting	221	146	
Non-GAAP revenue	\$ 103,874	\$ 116,269	12%
GAAP gross margin	\$ 50,746	\$ 59,798	
Amortization of intangibles	3,411	3,411	
Impact of purchase accounting	356	156	
Stock-based compensation expense	156	217	
Other			
Non-GAAP gross margin	\$ 54,669	\$ 63,582	
<u>Percentage of Total Net Revenue</u>			
GAAP gross margin	49.0%	51.5%	
Non-GAAP adjustment	3.6%	3.2%	
Non-GAAP gross margin	52.6%	54.7%	

Non-GAAP Reconciliation: Table 3

SECUREWORKS CORP.

Reconciliation of GAAP to Non-GAAP Financial Measures

(in millions)

(unaudited)

	Fiscal Year 2018	
	Low End of Guidance	High End of Guidance
GAAP revenue	\$ 462	\$ 465
Impact of purchase accounting	1	1
Non-GAAP revenue	<u>\$ 463</u>	<u>\$ 466</u>
GAAP net loss	\$ (54)	\$ (52)
Interest and other, net	2	2
Income tax benefit	(30)	(29)
Depreciation and amortization	41	41
Stock-based compensation expense	15	15
Impact of purchase accounting	2	2
Adjusted EBITDA	<u>\$ (25)</u>	<u>\$ (21)</u>
GAAP net loss per share	\$ (0.68)	\$ (0.65)
Amortization of intangibles	0.35	0.35
Impact of purchase accounting	0.02	0.02
Stock-based compensation expense	0.19	0.19
Aggregate adjustment for income taxes	(0.20)	(0.20)
Non-GAAP net income loss per share *	<u>\$ (0.32)</u>	<u>\$ (0.29)</u>

* Sum of reconciling items may differ from total due to rounding of individual components

Non-GAAP Reconciliation: Table 4

SECUREWORKS CORP.

Reconciliation of GAAP to Non-GAAP Financial Measures

(in thousands)

(unaudited)

	Fiscal Year Ended			Three Months Ended	
	January 30, 2015	January 29, 2016	February 3, 2017	July 29, 2016	August 4, 2017
GAAP revenue	\$ 262,130	\$ 339,522	\$ 429,502	\$ 103,653	\$ 116,123
Impact of purchase accounting	12,741	2,769	884	221	146
Non-GAAP revenue	\$ 274,871	\$ 342,291	\$ 430,386	\$ 103,874	\$ 116,269
GAAP research and development expenses	\$ 45,092	\$ 69,598	\$ 71,030	\$ 17,373	\$ 19,693
Stock-based compensation expense	(259)	(277)	(2,033)	(688)	(759)
Non-GAAP research and development expenses	\$ 44,833	\$ 69,321	\$ 68,997	\$ 16,685	\$ 18,934
GAAP sales and marketing expenses	\$ 85,046	\$ 111,978	\$ 124,950	\$ 31,820	\$ 37,620
Stock-based compensation expense	-	-	(1,068)	(362)	(411)
Non-GAAP sales and marketing expenses	\$ 85,046	\$ 111,978	\$ 123,882	\$ 31,458	\$ 37,209
GAAP general and administrative expenses	\$ 48,239	\$ 80,145	\$ 86,876	\$ 21,600	\$ 21,138
Amortization of intangibles	(16,168)	(14,660)	(14,094)	(3,523)	(3,523)
Impact of purchase accounting	(916)	(916)	(886)	(177)	(256)
Stock-based compensation expense	(526)	(564)	(5,320)	(1,799)	(2,143)
Other	-	(8,917)	(1,164)	-	-
Non-GAAP general and administrative expenses	\$ 30,629	\$ 55,088	\$ 65,412	\$ 16,101	\$ 15,216
Percentage of Total Net Revenue					
GAAP research and development expenses	17.2%	20.5%	16.5%	16.8%	17.0%
Non-GAAP adjustment	(0.9%)	(0.2%)	(0.5%)	(0.7%)	(0.7%)
Non-GAAP research and development expenses	16.3%	20.3%	16.0%	16.1%	16.3%
GAAP sales and marketing expenses	32.4%	33.0%	29.1%	30.7%	32.4%
Non-GAAP adjustment	(1.5%)	(0.3%)	(0.3%)	(0.4%)	(0.4%)
Non-GAAP sales and marketing expenses	30.9%	32.7%	28.8%	30.3%	32.0%
GAAP general and administrative expenses	18.4%	23.6%	20.2%	20.8%	18.2%
Non-GAAP adjustment	(7.3%)	(7.5%)	(5.0%)	(5.3%)	(5.1%)
Non-GAAP general and administrative expenses	11.1%	16.1%	15.2%	15.5%	13.1%

Non-GAAP Reconciliation: Table 5

SECUREWORKS CORP.

Reconciliation of GAAP to Non-GAAP Financial Measures
(in thousands, except per share data)
(unaudited)

	Fiscal Year Ended				Three Months Ended	
	January 31, 2014	January 30, 2015	January 29, 2016	February 3, 2017	July 29, 2016	August 4, 2017
GAAP net loss	\$ (44,515)	\$ (38,490)	\$ (72,381)	\$ (38,213)	\$ (12,051)	\$ (12,118)
Amortization of intangibles	26,180	29,810	28,299	27,736	6,934	6,934
Impact of purchase accounting	11,019	13,819	3,848	2,046	533	412
Stock-based compensation expense	-	785	841	8,883	3,005	3,530
Other	-	-	13,786	1,164	-	-
Aggregate adjustment for income taxes	(14,167)	(16,780)	(17,508)	(16,113)	(3,997)	(4,122)
Non-GAAP net loss	<u>\$ (21,483)</u>	<u>\$ (10,856)</u>	<u>\$ (43,115)</u>	<u>\$ (14,497)</u>	<u>\$ (5,576)</u>	<u>\$ (5,364)</u>
GAAP net loss per share	\$ (0.64)	\$ (0.55)	\$ (1.03)	\$ (0.49)	\$ (0.15)	\$ (0.15)
Amortization of intangibles	0.37	0.43	0.40	0.36	0.09	0.09
Impact of purchase accounting	0.16	0.20	0.05	0.03	0.01	0.01
Stock-based compensation expense	-	0.01	0.01	0.11	0.04	0.04
Other	-	-	0.20	0.01	-	-
Aggregate adjustment for income taxes	(0.20)	(0.25)	(0.25)	(0.21)	(0.06)	(0.05)
Non-GAAP net income loss per share *	<u>\$ (0.31)</u>	<u>\$ (0.16)</u>	<u>\$ (0.62)</u>	<u>\$ (0.19)</u>	<u>\$ (0.07)</u>	<u>\$ (0.07)</u>

* Sum of reconciling items may differ from total due to rounding of individual components

Non-GAAP Reconciliation: Table 6

SECUREWORKS CORP.

Reconciliation of GAAP to Non-GAAP Financial Measures

(in thousands)

(unaudited)

	Fiscal Year Ended		
	2015	2016	2017
GAAP net loss	\$ (38,490)	\$ (72,381)	\$ (38,213)
Interest and other, net	142	6,569	(2,476)
Income tax benefit	(22,745)	(40,196)	(25,264)
Depreciation and amortization	41,425	40,638	39,425
Stock-based compensation expense	785	841	8,883
Impact of purchase accounting	12,741	2,769	884
Other	-	13,786	1,164
Adjusted EBITDA	<u>\$ (6,142)</u>	<u>\$ (47,974)</u>	<u>\$ (15,597)</u>