

Secureworks®

# Investor Presentation

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March 2021

# Disclaimers

## Non-GAAP Financial Measures

This presentation includes information about SecureWorks Corp.'s non-GAAP gross margin and adjusted EBITDA, which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). A reconciliation of historic non-GAAP gross margin to the most directly comparable GAAP financial measure is provided in the slide captioned "GAAP to non-GAAP Reconciliations."

We do not provide a reconciliation of forward-looking non-GAAP gross margin or adjusted EBITDA to the most directly comparable GAAP financial measures because the GAAP financial measures are not accessible on a forward-looking basis and reconciling information is not available without unreasonable effort due to the inherent difficulty of forecasting and quantifying certain amounts that are necessary for such a reconciliation. The probable significance of each of these items is high and, based on historical experience, could be material.

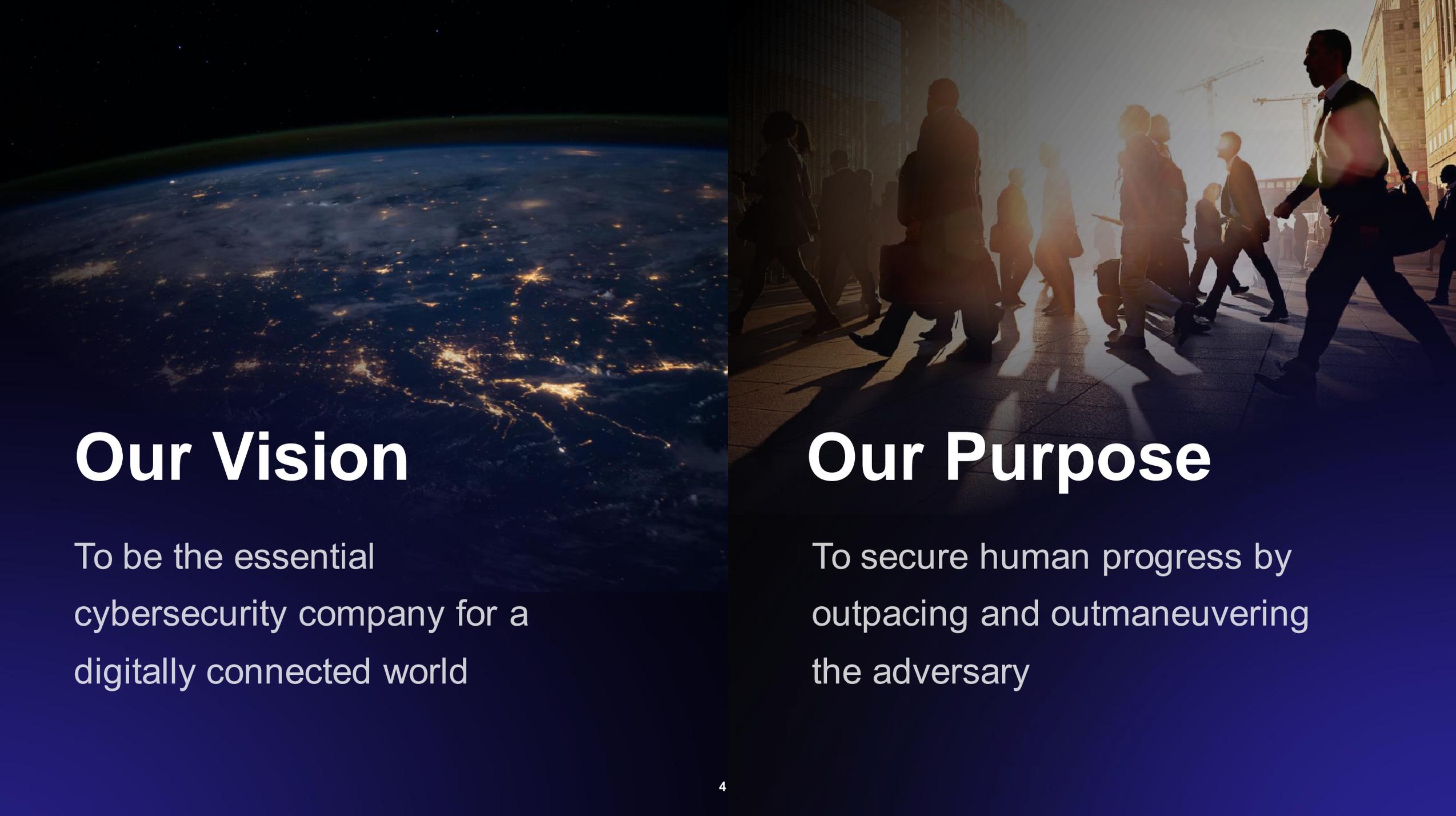
## Operating Metrics

The Company defines annual recurring revenue (ARR) as the value of its subscription contracts as of a particular date. Because the Company uses recurring revenue as a leading indicator of future annual revenue, it includes operational backlog. Operational backlog is defined as the recurring revenue associated with pending contracts, which are contracts that have been sold but for which the service period has not yet commenced.

## Special Note on Forward Looking Statements

Statements in this material that relate to future results and events are forward-looking statements and are based on SecureWorks Corp.'s current expectations. In some cases, you can identify these statements by such forward-looking words as "anticipate," "believe," "could," "estimate," "expect," "intend," "confidence," "may," "plan," "potential," "should," "will" and "would," or similar expressions and include, but are not limited to, the Company's expectations regarding non-GAAP gross margin and adjusted EBITDA. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including those discussed in SecureWorks Corp.'s periodic reports filed with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this presentation. SecureWorks Corp. assumes no obligation to update its forward-looking statements.

# Company Overview



# Our Vision

To be the essential  
cybersecurity company for a  
digitally connected world

# Our Purpose

To secure human progress by  
outpacing and outmaneuvering  
the adversary

# Who We Are

We are passionate about protecting our customers and strengthening the security community to fight the ever-evolving adversary

- ✓ Global provider of intelligence-driven cyber security solutions
- ✓ Leveraging deep expertise as the market leader in Managed Security Services (MSS) to empower more customers with our cloud-native security analytics platform Taegis™
- ✓ Holistic, vendor-inclusive approach to security
- ✓ Advancing the collective strength of the security community through collaboration

## Key Figures

**20+ years** of threat actor intelligence and security research

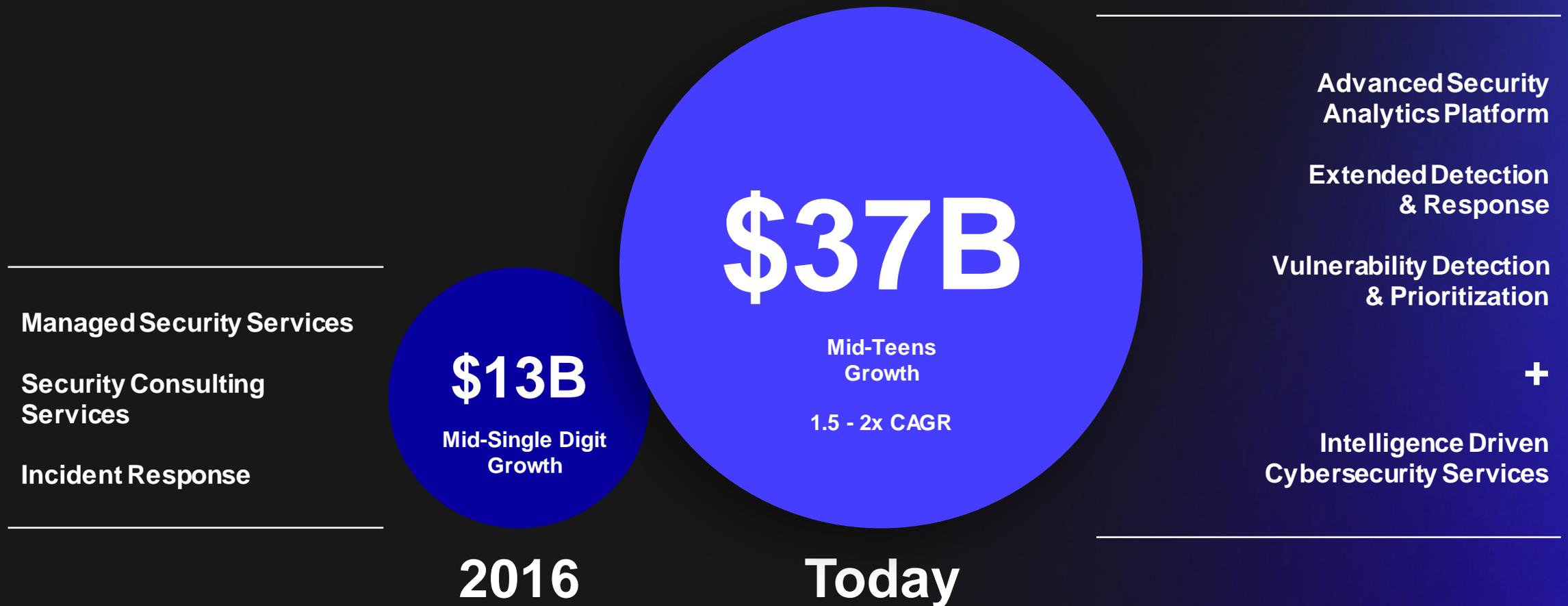
**5,200+ customers**, including 3,800 on subscription

**50+ countries** in global client base and threat landscape monitoring

**135+ threat groups** actively monitored

# Expanded Growth Opportunity

As a cloud-native security analytics platform, we now operate in a market growing nearly twice the rate of the traditional MSSP market



# Value Creation

Our key focus areas outline a compelling investment thesis, focused on creating sustainable long-term value for our shareholders



**Large and Growing TAM**



**Leverage deep expertise and leadership in security**



**Scalable SaaS platform to land and expand**



**Rapidly expanding go-to-market and channel capabilities**



**Increasing ARPC and recurring revenue model**

# Focus Areas

# Transforming Our Business

We are becoming the security analytics platform of choice, and broadening our reach with the partner community to deliver our holistic approach to security at scale

## Focus Areas



**Product  
Innovation**



**Customer  
Success**

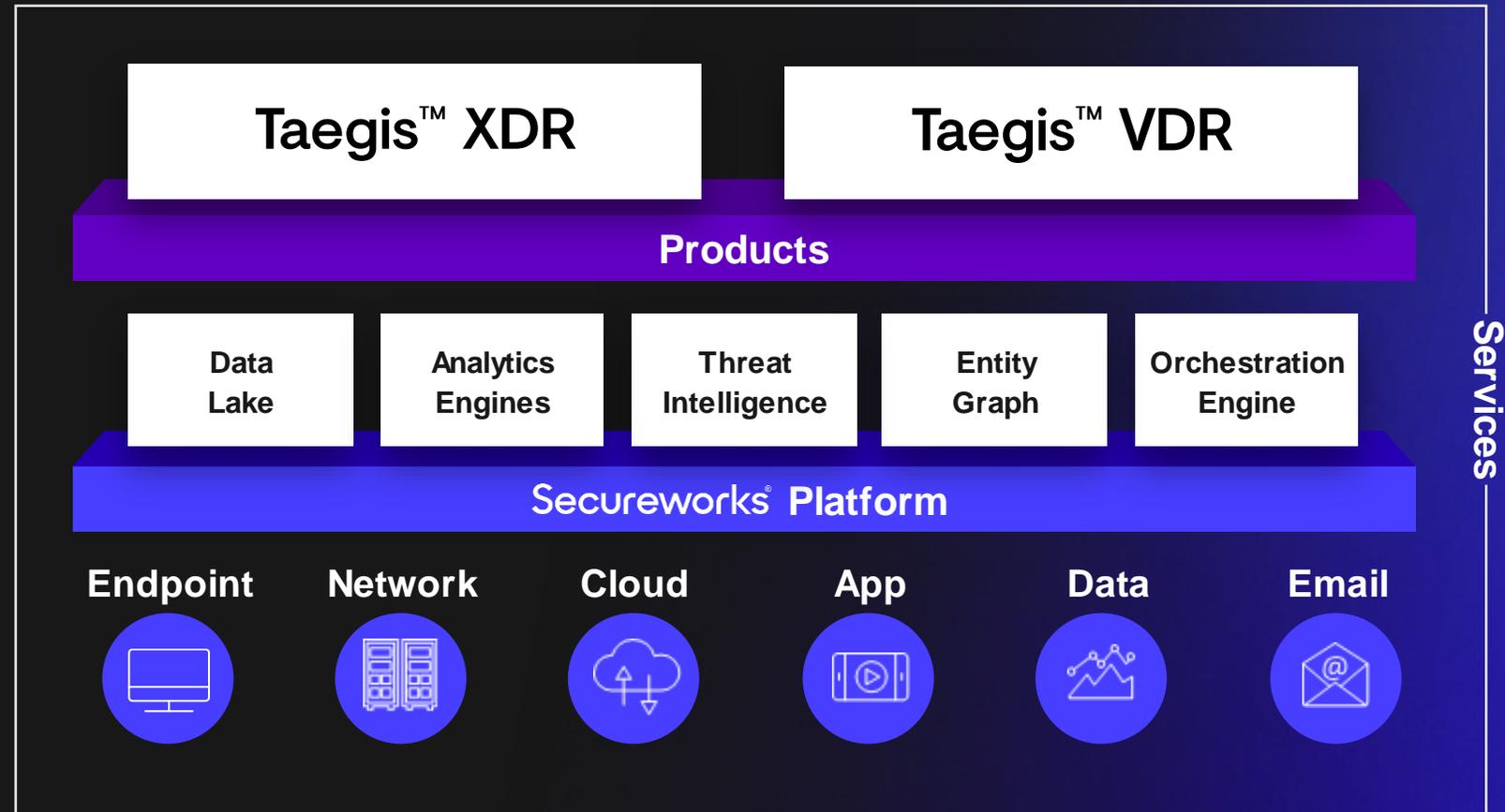


**Go-to-Market  
Expansion**

# Taegis™ XDR Platform

Our cloud-native security analytics platform was built from the ground up, leaning on our leadership in security operations to understand how to best defend customers

- ✓ **Deep experience** across tens of thousands of environments as the managed security services leader
- ✓ **Broad visibility** on a daily basis to see how threat actors' tactics, techniques and procedures avoid point product security controls
- ✓ **Advanced analytics** enriched and informed by our own intellectual property, threat intelligence and third-party telemetry



# Customer Momentum

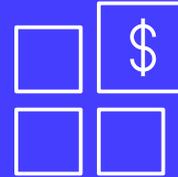
Seeing continued success with both new logos and existing customers realizing the value of our Taegis™ security analytics platform<sup>1</sup>



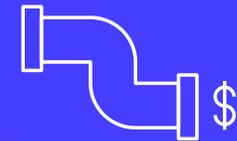
**50%**  
of ARR from  
new logos



**~13%+**  
of total ARR



**~25%**  
ARPC premium<sup>2</sup>



**40%+**  
of total pipeline

<sup>1</sup> Includes Extended Detection & Response (XDR), Managed Detection & Response (MDR) and Vulnerability Detection & Prioritization (VDP)

<sup>2</sup> Percentage represents Taegis ARR/#Taegis Subscription Customer Base compared to Total Secureworks ARR/# Total Secureworks Subscription Customer Base

# Scaling Channel Mix

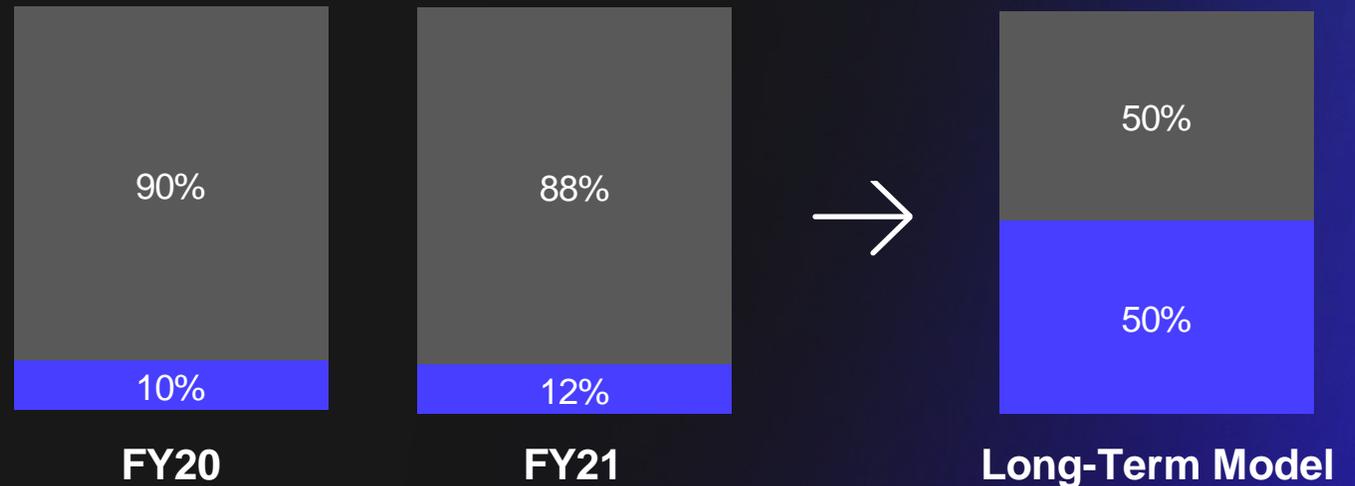
By accelerating channel growth, we will fundamentally shift our long-term GTM model and mix through the scale and reach of a global partner community

## Revenue Mix

■ **Direct**

■ **Channel, including:**

- **Distribution** help to support our regional solution providers
- **Resellers/VARs** that market and sell our offerings
- **Managed Service Providers** that are enabled to do service delivery
- **Dell** partnership



## Benefits of GTM Expansion

Accelerates Taegis™ sales

Increases visibility through more connected customers

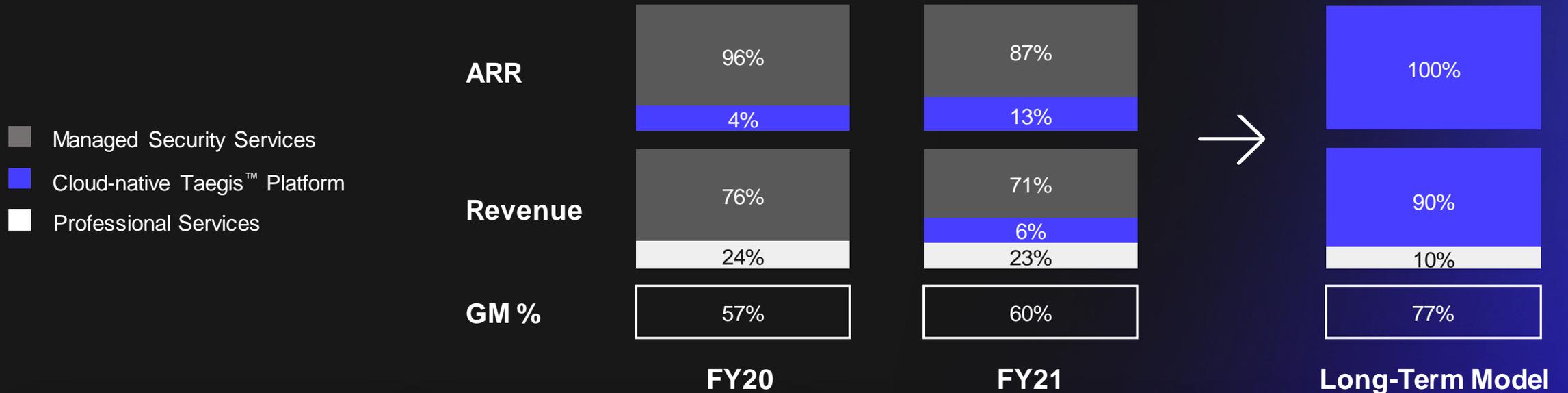
Allows partner community to leverage our platform, best-practices and training programs

Addresses talent shortages, creating a larger force of well-trained security experts

# Financial Framework

# SaaS Transition

Shift from services to an integrated SaaS platform will increase our software mix, percentage of ARR and margins over time



## Benefits of SaaS Transition

- Provides greater revenue visibility and scalability
- Accelerates margin and free cash flow conversion
- Increases customer spend, with expansion opportunities
- Improves retention rates

\*All percentages are approximations

# Long-Term Financial Model

Our journey to an integrated SaaS platform will provide compelling future economics, positioning us alongside leading SaaS companies

	Today <sup>1</sup>	Long-term Target
 <b>Highly Recurring Revenue Model</b>	85%+ Subscription Services <sup>2</sup>	1.5x SaaS Industry ARR Growth
 <b>Significant Margin Expansion</b>	60% Gross Margin* 6% Adj. EBITDA	Mid-High 70s Gross Margin Low-Mid 30s Adj. EBITDA
 <b>Strong Balance Sheet and Cash Flow</b>	\$220MM Cash CFFO Positive since FY18	Mid-Upper 30s CFFO Margin
 <b>Attractive ARPC Profile</b>	Low \$100k (MSS)	\$200k+

<sup>1</sup> Full Year FY21 Non-GAAP

<sup>2</sup> Percentage represents all revenue sold as subscription services (MSS, Taegis, etc.)

# Appendix

# GAAP to Non-GAAP Reconciliations

## Gross Margins

	Twelve Months Ended	
	January 29, 2021	January 31, 2020
GAAP & Non-GAAP revenue	\$ 561,034	\$ 552,765
GAAP gross margin	\$ 318,867	\$ 299,969
Amortization of intangibles	14,587	14,089
Stock-based compensation expense	1,346	1,206
Non-GAAP gross margin	\$ 334,800	\$ 315,264

	Twelve Months Ended	
	January 29, 2021	January 31, 2020
<b><u>Percentage of Total Net Revenue</u></b>		
GAAP gross margin	56.8%	54.3%
Non-GAAP adjustment	2.9%	2.7%
Non-GAAP gross margin	59.7%	57.0%

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