

REFINITIV

# DELTA REPORT

## 10-Q

TENB - TENABLE HOLDINGS, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 888

■ CHANGES 179

■ DELETIONS 556

■ ADDITIONS 153

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended **September 30, 2023** **March 31, 2024**  
or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-38600

**TENABLE HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-5580846

(I.R.S. Employer Identification Number)

6100 Merriweather Drive, Columbia, Maryland 21044

(Address of principal executive offices, including zip code)

(410) 872-0555

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | TENB              | The Nasdaq Stock Market LLC               |

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            |                           |                          |
| Emerging growth company | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the Registrant's common stock outstanding as of **November 3, 2023** **May 3, 2024** was **116,934,931** **118,867,830**.

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**Where You Can Find More Information**

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (<https://investors.tenable.com>), our filings with the Securities and Exchange Commission (SEC), our website, webcasts, press releases, and conference calls. We use these mediums, including our website, to communicate with investors and the general public about our company, our products, and other issues, and for complying with our disclosure obligations under Regulation FD. It is possible that the information that we make available on our website may be deemed to be material information. We therefore encourage investors and others interested in our company to review the information that we make available on our website, in addition to following our SEC filings, our webcasts, press releases, and conference calls. The information we post through these channels is not a part of this Quarterly Report on Form 10-Q. These channels be may updated from time to time on our investor relations website.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**TENABLE HOLDINGS, INC.**

**CONSOLIDATED BALANCE SHEETS**

|  | September 30, 2023  | December 31, 2022   |
|--|---------------------|---------------------|
|  | (unaudited)         |                     |
| <b>(in thousands, except per share data)</b>   |                     |                     |
| <b>Assets</b>  |                     |                     |
| Current assets:  |                     |                     |
| Cash and cash equivalents  | \$ 445,316          | \$ 300,866          |
| Short-term investments   | 247,658             | 266,569             |
| Accounts receivable (net of allowance for doubtful accounts of \$225 and \$1,400 at September 30, 2023 and December 31, 2022, respectively)                              | 179,432             | 187,341             |
| Deferred commissions   | 46,132              | 44,270              |
| Prepaid expenses and other current assets  | 52,529              | 58,121              |
| <b>Total current assets</b>  | <b>971,067</b>      | <b>857,167</b>      |
| Property and equipment, net  | 44,076              | 46,726              |
| Deferred commissions (net of current portion)  | 65,412              | 67,238              |
| Operating lease right-of-use assets  | 35,989              | 38,495              |
| Acquired intangible assets, net  | 66,169              | 75,376              |
| Goodwill   | 316,520             | 316,520             |
| Other assets   | 25,213              | 38,008              |
| <b>Total assets</b>  | <b>\$ 1,524,446</b> | <b>\$ 1,439,530</b> |
| <b>Liabilities and Stockholders' Equity</b>  |                     |                     |
| Current liabilities:   |                     |                     |
| Accounts payable and accrued expenses  | \$ 26,880           | \$ 18,722           |
| Accrued compensation   | 44,850              | 52,620              |
| Deferred revenue   | 518,372             | 502,115             |
| Operating lease liabilities  | 5,655               | 5,821               |
| Other current liabilities  | 4,986               | 4,882               |
| <b>Total current liabilities</b>   | <b>600,743</b>      | <b>584,160</b>      |
| Deferred revenue (net of current portion)  | 163,086             | 162,487             |
| Term loan, net of issuance costs (net of current portion)  | 359,941             | 361,970             |
| Operating lease liabilities (net of current portion)   | 49,382              | 52,611              |
| Other liabilities  | 7,621               | 7,436               |
| <b>Total liabilities</b>   | <b>1,180,773</b>    | <b>1,168,664</b>    |
| Stockholders' equity:  |                     |                     |
| Common stock (par value: \$0.01; 500,000 shares authorized; 116,470 and 113,056 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively) | 1,165               | 1,131               |
| Additional paid-in capital   | 1,146,435           | 1,017,837           |
| Accumulated other comprehensive loss   | (540)               | (1,351)             |
| Accumulated deficit  | (803,387)           | (746,751)           |
| <b>Total stockholders' equity</b>  | <b>343,673</b>      | <b>270,866</b>      |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 1,524,446</b> | <b>\$ 1,439,530</b> |

|   | March 31, 2024 | December 31, 2023 |
|---|----------------|-------------------|
|   | (unaudited)    |                   |
| <b>(in thousands, except per share data)</b>  |                |                   |
| <b>Assets</b>   |                |                   |
| Current assets:   |                |                   |
| Cash and cash equivalents   | \$ 259,977     | \$ 237,132        |
| Short-term investments  | 250,794        | 236,840           |
| Accounts receivable (net of allowance for doubtful accounts of \$288 and \$470 at March 31, 2024 and December 31, 2023, respectively) | 156,804        | 220,060           |

|  |                     |                     |
|--|---------------------|---------------------|
| Deferred commissions   | 49,168              | 49,559              |
| Prepaid expenses and other current assets  | 66,013              | 61,882              |
| <b>Total current assets</b>  | <b>782,756</b>      | <b>805,473</b>      |
| Property and equipment, net  | 45,581              | 45,436              |
| Deferred commissions (net of current portion)  | 68,447              | 72,394              |
| Operating lease right-of-use assets  | 33,694              | 34,835              |
| Acquired intangible assets, net  | 102,349             | 107,017             |
| Goodwill   | 518,539             | 518,539             |
| Other assets   | 15,656              | 23,177              |
| <b>Total assets</b>  | <b>\$ 1,567,022</b> | <b>\$ 1,606,871</b> |
| <b>Liabilities and Stockholders' Equity</b>  |                     |                     |
| Current liabilities:   |                     |                     |
| Accounts payable and accrued expenses  | \$ 17,667           | \$ 16,941           |
| Accrued compensation   | 43,547              | 66,492              |
| Deferred revenue   | 562,575             | 580,779             |
| Operating lease liabilities  | 5,985               | 5,971               |
| Other current liabilities  | 5,069               | 5,655               |
| <b>Total current liabilities</b>   | <b>634,843</b>      | <b>675,838</b>      |
| Deferred revenue (net of current portion)  | 160,133             | 169,718             |
| Term loan, net of issuance costs (net of current portion)  | 358,622             | 359,281             |
| Operating lease liabilities (net of current portion)   | 46,317              | 48,058              |
| Other liabilities  | 8,159               | 7,632               |
| <b>Total liabilities</b>   | <b>1,208,074</b>    | <b>1,260,527</b>    |
| Stockholders' equity:  |                     |                     |
| Common stock (par value: \$0.01; 500,000 shares authorized; 119,625 and 117,504 shares issued at March 31, 2024 and December 31, 2023, respectively) | 1,196               | 1,175               |
| Additional paid-in capital   | 1,237,283           | 1,185,100           |
| Treasury stock (at cost: 882 and 356 shares at March 31, 2024 and December 31, 2023, respectively)   | (39,925)            | (14,934)            |
| Accumulated other comprehensive (loss) income  | (185)               | 38                  |
| Accumulated deficit  | (839,421)           | (825,035)           |
| <b>Total stockholders' equity</b>  | <b>358,948</b>      | <b>346,344</b>      |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 1,567,022</b> | <b>\$ 1,606,871</b> |

The accompanying notes are an integral part of these consolidated financial statements.

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**TENABLE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

|                                       | Three Months Ended                    |           | Nine Months Ended |           |                              |                                       |      |      |
|---------------------------------------|---------------------------------------|-----------|-------------------|-----------|------------------------------|---------------------------------------|------|------|
|                                       | September 30,                         |           | September 30,     |           |                              |                                       |      |      |
|                                       | Three Months Ended March 31,          |           |                   |           | Three Months Ended March 31, |                                       |      |      |
| (in thousands, except per share data) | (in thousands, except per share data) | 2023      | 2022              | 2023      | 2022                         | (in thousands, except per share data) | 2024 | 2023 |
| Revenue                               | Revenue                               | \$201,529 | \$174,851         | \$585,404 | \$498,560                    |                                       |      |      |
| Cost of revenue                       | Cost of revenue                       | 45,754    | 38,582            | 134,774   | 109,549                      |                                       |      |      |

|   |   |             |             |             |             |
|---|---|-------------|-------------|-------------|-------------|
| Gross profit  | Gross profit  | 155,775     | 136,269     | 450,630     | 389,011     |
| Operating expenses:   | Operating expenses:   |             |             |             |             |
| Sales and marketing   | Sales and marketing   | 94,759      | 88,123      | 289,750     | 258,119     |
| Sales and marketing   |   |             |             |             |             |
| Research and development  | Research and development  | 37,052      | 36,131      | 113,080     | 106,649     |
| General and administrative  | General and administrative  | 31,877      | 24,973      | 85,614      | 77,969      |
| Restructuring   |   |             |             |             |             |
| Total operating expenses  | Total operating expenses  | 163,688     | 149,227     | 488,444     | 442,737     |
| Loss from operations  | Loss from operations  | (7,913)     | (12,958)    | (37,814)    | (53,726)    |
| Interest income   | Interest income   | 7,662       | 1,803       | 19,323      | 2,746       |
| Interest expense  | Interest expense  | (8,119)     | (5,082)     | (23,208)    | (12,246)    |
| Other expense, net  | Other expense, net  | (6,502)     | (2,073)     | (7,993)     | (4,880)     |
| Loss before income taxes  | Loss before income taxes  | (14,872)    | (18,310)    | (49,692)    | (68,106)    |
| Provision for income taxes  | Provision for income taxes  | 693         | 420         | 6,944       | 2,629       |
| Net loss  | Net loss  | \$ (15,565) | \$ (18,730) | \$ (56,636) | \$ (70,735) |
| Net loss per share, basic and diluted   | Net loss per share, basic and diluted   | \$ (0.13)   | \$ (0.17)   | \$ (0.49)   | \$ (0.64)   |
| Net loss per share, basic and diluted   |   |             |             |             |             |
| Net loss per share, basic and diluted   |   |             |             |             |             |
| Weighted-average shares used to compute net loss per share, basic and diluted | Weighted-average shares used to compute net loss per share, basic and diluted | 115,954     | 111,937     | 114,967     | 110,843     |

The accompanying notes are an integral part of these consolidated financial statements.

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**TENABLE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited)

|                |                | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |                              |      |
|----------------|----------------|-------------------------------------|-------------|------------------------------------|-------------|------------------------------|------|
|                |                | Three Months Ended March<br>31,     |             |                                    |             | Three Months Ended March 31, |      |
| (in thousands) | (in thousands) | 2023                                | 2022        | 2023                               | 2022        | (in thousands)               | 2024 |
| Net loss       | Net loss       | \$ (15,565)                         | \$ (18,730) | \$ (56,636)                        | \$ (70,735) |                              | 2023 |

|   |                    |            |            |            |            |
|---|--------------------|------------|------------|------------|------------|
| Other comprehensive income (loss), net of tax:                  |                    |            |            |            |            |
| Unrealized gains (losses) on available-for-sale securities, net | 161                | (13)       | 811        | (1,563)    |            |
| Other comprehensive income (loss)                               | 161                | (13)       | 811        | (1,563)    |            |
| Other comprehensive (loss) income, net of tax:                  |                    |            |            |            |            |
| Unrealized (losses) gains on available-for-sale securities, net |                    |            |            |            |            |
| Unrealized (losses) gains on available-for-sale securities, net |                    |            |            |            |            |
| Unrealized (losses) gains on available-for-sale securities, net |                    |            |            |            |            |
| Other comprehensive (loss) income                               |                    |            |            |            |            |
| Comprehensive loss  | Comprehensive loss | \$(15,404) | \$(18,743) | \$(55,825) | \$(72,298) |

The accompanying notes are an integral part of these consolidated financial statements.

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**TENABLE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited)**

|                             |                             | Common Stock |          | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
|-----------------------------|-----------------------------|--------------|----------|----------------------------|--------------------------------------|---------------------|----------------------------|
| (in thousands)              | (in thousands)              | Shares       | Amount   | Paid-in Capital            | Additional Other Comprehensive Loss  | Accumulated Deficit | Total Stockholders' Equity |
|                             |                             | 115,529      | \$ 1,156 |                            |                                      |                     |                            |
|                             |                             |              |          |                            |                                      |                     |                            |
|                             |                             |              |          |                            |                                      |                     |                            |
|                             |                             |              |          |                            |                                      |                     |                            |
|                             |                             |              |          |                            |                                      |                     |                            |
| Exercise of stock options   | Exercise of stock options   | 123          | 1        | 883                        | —                                    | —                   | 884                        |
| Vesting of restricted stock | Vesting of restricted stock | 611          | 6        | (6)                        | —                                    | —                   | —                          |

|   |   |         |          |              |            |              |            |          |   |
|---|---|---------|----------|--------------|------------|--------------|------------|----------|---|
| units   | units   |         |          |              |            |              |            |          |   |
| Vesting of performance stock units                          | Vesting of performance stock units                          | 13      | —        | —            | —          | —            | —          | —        | — |
| Issuance of common stock under employee stock purchase plan | Issuance of common stock under employee stock purchase plan | 194     | 2        | 6,308        | —          | —            | —          | 6,310    |   |
| Purchase of treasury stock                                  |   |         |          |              |            |              |            |          |   |
| Stock-based compensation                                    | Stock-based compensation                                    | —       | —        | 37,322       | —          | —            | —          | 37,322   |   |
| Other comprehensive income                                  |   | —       | —        | —            | 161        | —            | —          | 161      |   |
| Other comprehensive loss                                    |   |         |          |              |            |              |            |          |   |
| Net loss  | Net loss  | —       | —        | —            | —          | —            | (15,565)   | (15,565) |   |
| <b>Balance at September 30, 2023</b>                        |   | 116,470 | \$ 1,165 | \$ 1,146,435 | \$ (540)   | \$ (803,387) | \$ 343,673 |          |   |
| <b>Balance at March 31, 2024</b>                            |   |         |          |              |            |              |            |          |   |
| <b>Balance at December 31, 2022</b>                         |   |         |          |              |            |              |            |          |   |
| <b>Balance at December 31, 2022</b>                         | <b>Balance at December 31, 2022</b>                         | 113,056 | \$ 1,131 | \$ 1,017,837 | \$ (1,351) | \$ (746,751) | \$ 270,866 |          |   |
| Exercise of stock options                                   | Exercise of stock options                                   | 289     | 3        | 2,418        | —          | —            | 2,421      |          |   |
| Vesting of restricted stock units                           | Vesting of restricted stock units                           | 2,541   | 25       | (25)         | —          | —            | —          |          |   |
| Vesting of performance stock units                          | Vesting of performance stock units                          | 78      | 1        | (1)          | —          | —            | —          |          |   |
| Issuance of common stock under employee stock purchase plan | Issuance of common stock under employee stock purchase plan | 506     | 5        | 16,219       | —          | —            | 16,224     |          |   |
| Stock-based compensation                                    | Stock-based compensation                                    | —       | —        | 109,987      | —          | —            | 109,987    |          |   |
| Other comprehensive income                                  | Other comprehensive income                                  | —       | —        | —            | 811        | —            | 811        |          |   |
| Net loss  | Net loss  | —       | —        | —            | —          | (56,636)     | (56,636)   |          |   |
| <b>Balance at September 30, 2023</b>                        |   | 116,470 | \$ 1,165 | \$ 1,146,435 | \$ (540)   | \$ (803,387) | \$ 343,673 |          |   |
| <b>Balance at June 30, 2022</b>                             |   | 111,574 | \$ 1,116 | \$ 944,799   | \$ (1,856) | \$ (706,534) | \$ 237,525 |          |   |
| Exercise of stock options                                   |   | 158     | 2        | 1,977        | —          | —            | 1,979      |          |   |



|   |                |                 |                   |                   |                     |                   |
|---|----------------|-----------------|-------------------|-------------------|---------------------|-------------------|
| Vesting of restricted stock units                           | 482            | 4               | (4)               | —                 | —                   | —                 |
| Issuance of common stock under employee stock purchase plan | 187            | 2               | 5,907             | —                 | —                   | 5,909             |
| Stock-based compensation                                    | —              | —               | 33,185            | —                 | —                   | 33,185            |
| Other comprehensive loss                                    | —              | —               | —                 | (13)              | —                   | (13)              |
| Net loss  | —              | —               | —                 | —                 | (18,730)            | (18,730)          |
| <b>Balance at September 30, 2022</b>                        | <b>112,401</b> | <b>\$ 1,124</b> | <b>\$ 985,864</b> | <b>\$ (1,869)</b> | <b>\$ (725,264)</b> | <b>\$ 259,855</b> |
| <b>Balance at December 31, 2021</b>                         | <b>108,929</b> | <b>\$ 1,089</b> | <b>\$ 869,059</b> | <b>\$ (306)</b>   | <b>\$ (654,529)</b> | <b>\$ 215,313</b> |
| Exercise of stock options                                   | 1,090          | 11              | 10,644            | —                 | —                   | 10,655            |
| Vesting of restricted stock units                           | 1,939          | 19              | (19)              | —                 | —                   | —                 |
| Issuance of common stock under employee stock purchase plan | 443            | 5               | 14,786            | —                 | —                   | 14,791            |
| Stock-based compensation                                    | —              | —               | 91,394            | —                 | —                   | 91,394            |
| Other comprehensive loss                                    | —              | —               | —                 | (1,563)           | —                   | (1,563)           |
| Net loss  | —              | —               | —                 | —                 | (70,735)            | (70,735)          |
| <b>Balance at September 30, 2022</b>                        | <b>112,401</b> | <b>\$ 1,124</b> | <b>\$ 985,864</b> | <b>\$ (1,869)</b> | <b>\$ (725,264)</b> | <b>\$ 259,855</b> |
| <b>Balance at March 31, 2023</b>                            |                |                 |                   |                   |                     |                   |

The accompanying notes are an integral part of these consolidated financial statements.

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**TENABLE HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

|   |   | Nine Months Ended<br>September 30, |             | Three Months Ended March<br>31, |      | Three Months Ended March 31, |  |
|---|---|------------------------------------|-------------|---------------------------------|------|------------------------------|--|
| (in thousands)  | (in thousands)  | 2023                               | 2022        | (in thousands)                  | 2024 | 2023                         |  |
| <b>Cash flows from operating activities:</b>                                    | <b>Cash flows from operating activities:</b>                                    |                                    |             |                                 |      |                              |  |
| Net loss  | Net loss  | \$ (56,636)                        | \$ (70,735) |                                 |      |                              |  |
| Net loss  |   |                                    |             |                                 |      |                              |  |
| Adjustments to reconcile net loss to net cash provided by operating activities: | Adjustments to reconcile net loss to net cash provided by operating activities: |                                    |             |                                 |      |                              |  |
| Depreciation and amortization   | Depreciation and amortization   | 18,900                             | 15,911      |                                 |      |                              |  |
| Depreciation and amortization   |   |                                    |             |                                 |      |                              |  |
| Depreciation and amortization   |   |                                    |             |                                 |      |                              |  |

|   |   |         |          |
|---|---|---------|----------|
| Stock-based compensation  | Stock-based compensation                                    | 108,812 | 89,954   |
| Net accretion of discounts and amortization of premiums on short-term investments |   |         |          |
| Amortization of debt issuance costs   |   |         |          |
| Other   | Other   | 1,838   | 2,102    |
| Changes in operating assets and liabilities:                                      | Changes in operating assets and liabilities:                |         |          |
| Accounts receivable   | Accounts receivable   |         |          |
| Accounts receivable   | Accounts receivable   | 9,084   | (10,727) |
| Prepaid expenses and other assets   | Prepaid expenses and other assets                           | 17,524  | 20,355   |
| Accounts payable, accrued expenses and accrued compensation                       | Accounts payable, accrued expenses and accrued compensation | 447     | (8,829)  |
| Deferred revenue  | Deferred revenue  | 16,856  | 61,731   |
| Other current and noncurrent liabilities  | Other current and noncurrent liabilities                    | (5,475) | (529)    |
| Net cash provided by operating activities   | Net cash provided by operating activities                   | 111,350 | 99,233   |
| Cash flows from investing activities:   | Cash flows from investing activities:                       |         |          |
| Cash flows from investing activities:   |   |         |          |
| Purchases of property and equipment   |   |         |          |
| Purchases of property and equipment   | Purchases of property and equipment                         | (1,299) | (5,132)  |

|  |  |           |           |
|--|--|-----------|-----------|
| Capitalized software development costs   | Capitalized software development costs   | (4,707)   | (8,778)   |
| Purchases of short-term investments  | Purchases of short-term investments  | (217,239) | (190,440) |
| Sales and maturities of short-term investments                                 | Sales and maturities of short-term investments                                 | 242,864   | 163,340   |
| Business combinations, net of cash acquired                                    |  | —         | (66,993)  |
| Net cash provided by (used in) investing activities                            |  | 19,619    | (108,003) |
| Proceeds from other investments  |  |           |           |
| Net cash (used in) provided by investing activities                            |  |           |           |
| Net cash (used in) provided by investing activities                            |  |           |           |
| Net cash (used in) provided by investing activities                            |  |           |           |
| Cash flows from financing activities:  | Cash flows from financing activities:  |           |           |
| Cash flows from financing activities:  |  |           |           |
| Cash flows from financing activities:  |  |           |           |
| Payments on term loan  |  |           |           |
| Payments on term loan  |  |           |           |
| Payments on term loan  | Payments on term loan  | (2,813)   | (2,813)   |
| Proceeds from loan agreement   |  | 424       | 572       |
| Proceeds from stock issued in connection with the employee stock purchase plan |  |           |           |
| Proceeds from stock issued in connection with the employee stock purchase plan |  |           |           |
| Proceeds from stock issued in connection with the employee stock purchase plan | Proceeds from stock issued in connection with the employee stock purchase plan | 16,224    | 14,791    |
| Proceeds from the exercise of stock options                                    | Proceeds from the exercise of stock options                                    | 2,421     | 10,655    |
| Purchase of treasury stock   |  |           |           |
| Other financing activities   | Other financing activities   | (213)     | (10)      |

|  |  |                  |                  |
|--|--|------------------|------------------|
| Net cash provided by financing activities  |  | 16,043           | 23,195           |
| Net cash (used in) provided by financing activities                              |  |                  |                  |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | Effect of exchange rate changes on cash and cash equivalents and restricted cash | (2,562)          | (4,276)          |
| Net increase in cash and cash equivalents and restricted cash                    | Net increase in cash and cash equivalents and restricted cash                    | 144,450          | 10,149           |
| Cash and cash equivalents and restricted cash at beginning of period             | Cash and cash equivalents and restricted cash at beginning of period             | 300,866          | 278,271          |
| <b>Cash and cash equivalents and restricted cash at end of period</b>            | <b>Cash and cash equivalents and restricted cash at end of period</b>            | <b>\$445,316</b> | <b>\$288,420</b> |
| <b>Supplemental disclosure of cash flow information:</b>                         | <b>Supplemental disclosure of cash flow information:</b>                         |                  |                  |
| <b>Supplemental disclosure of cash flow information:</b>                         | <b>Supplemental disclosure of cash flow information:</b>                         |                  |                  |
| Cash paid for interest   | Cash paid for interest   | \$ 26,786        | \$ 10,619        |
| Cash paid for income taxes, net of refunds                                       | Cash paid for income taxes, net of refunds                                       | 6,166            | 7,630            |
| <b>Supplemental cash flow information related to leases:</b>                     | <b>Supplemental cash flow information related to leases:</b>                     |                  |                  |
| Cash payments for operating leases   | Cash payments for operating leases   | \$ 6,797         | \$ 3,641         |
| Cash payments for operating leases   |  |                  |                  |
| Cash payments for operating leases   |  |                  |                  |

The accompanying notes are an integral part of these consolidated financial statements.

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**TENABLE HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## 1. Business and Summary of Significant Accounting Policies

### *Business Description*

Tenable Holdings, Inc. (the "Company," "we," "us," or "our") is a provider of exposure management solutions, which solutions. Exposure management is an effective discipline for managing, measuring, comparing and comparing reducing cybersecurity risk in today's complex IT environments. Our solutions provide broad visibility into security issues such as vulnerabilities, misconfigurations, internal and regulatory compliance violations and other indicators of the state of an organization's security across IT infrastructure and applications, cloud environments, Active Directory and industrial internet of things and operational technology environments.

### *Basis of Presentation*

The accompanying consolidated financial statements include the accounts of Tenable Holdings, Inc. and our wholly owned subsidiaries and have been prepared in conformity with United States generally accepted accounting principles ("GAAP") for interim financial information. All intercompany accounts and transactions have been eliminated in consolidation.

The consolidated statements are unaudited and should be read in conjunction with the consolidated financial statements and related notes included in our 2022 2023 Annual Report on Form 10-K ("10-K") filed with the Securities and Exchange Commission on February 24, 2023 February 28, 2024. The consolidated financial statements have been prepared on a basis consistent with the audited annual consolidated financial statements included in the 10-K and, in the opinion of management, include all adjustments of a normal recurring nature necessary to fairly state our financial position, our results of operations, and cash flows.

The results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the operating results expected for the year ending December 31, 2023 December 31, 2024 or any other future period.

### *Use of Estimates*

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates include, but are not limited to, the determination of the estimated economic life of perpetual licenses for revenue recognition, the estimated period of benefit for deferred commissions, the useful lives of long-lived assets, the fair value of acquired intangible assets, the valuation of stock-based compensation, the incremental borrowing rate for operating leases, and the valuation of deferred tax assets and investments. We base these estimates on historical experience and on various other assumptions that we believe to be reasonable. Actual results could differ significantly from these estimates.

### *Significant Accounting Policies*

Our significant accounting policies are described in our 10-K. During the nine three months ended September 30, 2023 March 31, 2024, there were no material changes to our significant accounting policies from those described in our 10-K.

### *Recently Issued Accounting Pronouncements*

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities with a single reportable segment to provide all the disclosures required by this standard and all existing segment disclosures in Topic 280 on an interim and annual basis, including new requirements to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within the reported measure(s) of a segment's profit or

Table loss, the amount and composition of Contents any other segment items, the title and position of the CODM, and how the CODM uses the reported measure(s) of a segment's profit or loss to assess performance and decide how to allocate resources. The guidance is effective for our annual period beginning January 1, 2025, and interim periods thereafter, applied retrospectively with early adoption permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities to provide greater disaggregation within their annual rate reconciliation, including new requirements to present reconciling items on a gross basis in specified categories, disclose both percentages and dollar amounts, and disaggregate individual reconciling items by jurisdiction and nature when the effect of the items meet a quantitative threshold. The guidance also requires disaggregating the annual disclosure of income taxes paid, net of refunds received, by federal (national), state, and foreign taxes, with separate presentation of individual jurisdictions that meet a quantitative threshold. The guidance is effective for our annual periods beginning January 1, 2025 on a prospective basis, with a retrospective option, and early adoption is permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

## 2. Revenue

### *Disaggregation of Revenue*

The following table presents a summary of revenue:

|   |   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |                              |      |      |  |
|---|---|-------------------------------------|-----------|------------------------------------|-----------|------------------------------|------|------|--|
|   |   | Three Months Ended<br>March 31,     |           |                                    |           | Three Months Ended March 31, |      |      |  |
| (in thousands)                            | (in thousands)                            | 2023                                | 2022      | 2023                               | 2022      | (in thousands)               | 2024 | 2023 |  |
| Subscription revenue                      | Subscription revenue                      | \$183,268                           | \$156,764 | \$531,133                          | \$446,257 |                              |      |      |  |
| Perpetual license and maintenance revenue | Perpetual license and maintenance revenue | 12,200                              | 12,658    | 36,535                             | 38,214    |                              |      |      |  |
| Professional services and other revenue   | Professional services and other revenue   | 6,061                               | 5,429     | 17,736                             | 14,089    |                              |      |      |  |
| Revenue                                   | Revenue                                   | \$201,529                           | \$174,851 | \$585,404                          | \$498,560 |                              |      |      |  |

#### Concentrations

We sell and market our products and services through our field sales force that works closely with our channel partners, which includes a network of distributors and resellers, in developing sales opportunities. We use a two-tiered channel model whereby we sell our products and services to our distributors, which in turn sell to resellers, which then sell to end-users. We Revenue derived 93% of revenue through our channel network comprised 93% of revenue in the three and nine months ended September 30, 2023 March 31, 2024 and 92% of revenue through our channel network in the three and nine months ended September 30, 2022, 2023. One of our distributors accounted for 36% 34% of revenue in the three and nine months ended September 30, 2023 March 31, 2024 and 38% 37% of revenue in the three and nine months ended September 30, 2022 March 31, 2023. That same distributor accounted for 37% and 36% 32% of accounts receivable at September 30, 2023 March 31, 2024 and December 31, 2022, respectively, December 31, 2023.

#### Contract Balances

We generally bill our customers in advance and accounts receivable are recorded when we have the right to invoice the customer. Contract liabilities consist of deferred revenue and include customer billings and payments received in advance of performance under the contract. In the three months ended September 30, 2023 March 31, 2024 and 2022 and the nine months ended September 30, 2023 and 2022, 2023, we recognized revenue of \$185.9 million, \$156.3 million, \$430.8 million \$201.0 million and \$350.6 million \$174.0 million, respectively, that was included in the deferred revenue balance at the beginning of each of the respective periods.

#### Remaining Performance Obligations

At September 30, 2023 March 31, 2024, the future estimated revenue related to unsatisfied performance obligations was \$697.2 million \$742.4 million, of which \$528.4 million \$572.9 million is expected to be recognized as revenue over the next twelve months, and the remainder is expected to be recognized over the four years thereafter.

#### Deferred Commissions

The following summarizes the activity of deferred incremental costs of obtaining a contract:

|  |  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |                              |      |      |  |
|--|--|-------------------------------------|-----------|------------------------------------|-----------|------------------------------|------|------|--|
|  |  | Three Months Ended<br>March 31,     |           |                                    |           | Three Months Ended March 31, |      |      |  |
| (in thousands)                               | (in thousands)                               | 2023                                | 2022      | 2023                               | 2022      | (in thousands)               | 2024 | 2023 |  |
| Beginning balance                            | Beginning balance                            | \$109,582                           | \$100,000 | \$111,508                          | \$ 99,949 |                              |      |      |  |
| Capitalization of contract acquisition costs | Capitalization of contract acquisition costs | 14,527                              | 12,837    | 36,819                             | 35,240    |                              |      |      |  |



|                                      |                                      |           |       |            |           |
|--------------------------------------|--------------------------------------|-----------|-------|------------|-----------|
| Money market funds                   | Money market funds                   | \$201,476 | \$ —  | \$ —       | \$201,476 |
| Total cash equivalents               | Total cash equivalents               | \$201,476 | \$ —  | \$ —       | \$201,476 |
| <b>Short-term investments</b>        | <b>Short-term investments</b>        |           |       |            |           |
| <b>Short-term investments</b>        |                                      |           |       |            |           |
| <b>Short-term investments</b>        |                                      |           |       |            |           |
| Commercial paper                     |                                      |           |       |            |           |
| Commercial paper                     |                                      |           |       |            |           |
| Commercial paper                     | Commercial paper                     | \$144,093 | \$ 2  | \$ (377)   | \$143,718 |
| Corporate bonds                      | Corporate bonds                      | 37,778    | —     | (194)      | 37,584    |
| Asset backed securities              | Asset backed securities              | 19,723    | 11    | (161)      | 19,573    |
| Certificates of deposit              |                                      | 10,000    | —     | —          | 10,000    |
| Supranational bonds                  |                                      | 4,017     | —     | (67)       | 3,950     |
| Yankee bonds                         |                                      |           |       |            |           |
| U.S. Treasury and agency obligations | U.S. Treasury and agency obligations | 52,309    | —     | (565)      | 51,744    |
| Total short-term investments         | Total short-term investments         | \$267,920 | \$ 13 | \$ (1,364) | \$266,569 |

We considered the extent to which any unrealized losses on our short-term investments were driven by credit risk and other factors, including market risk, and if it is more likely-than-not that we would have to sell the security before the recovery of the amortized cost basis. At **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**, our unrealized losses were due to rising market interest rates compared to when the investments were initiated. We do not believe any unrealized losses represent credit losses, and it is unlikely we would sell the investments before we would recover their amortized cost basis.

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The contractual maturities of our short-term investments are as follows:

|                               |                               | September 30, 2023 |            | December 31, 2022 |            |                |                | March 31, 2024       |                | December 31, 2023    |  |
|-------------------------------|-------------------------------|--------------------|------------|-------------------|------------|----------------|----------------|----------------------|----------------|----------------------|--|
|                               |                               | March 31, 2024     |            | March 31, 2024    |            | March 31, 2024 |                | March 31, 2024       |                | December 31, 2023    |  |
|                               |                               | Amortized          |            | Amortized         |            | Amortized      |                | Amortized            |                | Amortized            |  |
|                               |                               | Estimated          |            | Estimated         |            | Estimated      |                | Estimated            |                | Estimated            |  |
| (in thousands)                | (in thousands)                | Cost               | Fair Value | Cost              | Fair Value | (in thousands) | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |  |
| Due within one year           | Due within one year           | \$232,140          | \$231,721  | \$243,430         | \$242,129  |                |                |                      |                |                      |  |
| Due between one and two years | Due between one and two years | 16,058             | 15,937     | 24,490            | 24,440     |                |                |                      |                |                      |  |
| Total short-term investments  | Total short-term investments  | \$248,198          | \$247,658  | \$267,920         | \$266,569  |                |                |                      |                |                      |  |

At **September 30, 2023**, **March 31, 2024** and **December 31, 2022**, **December 31, 2023**, cash and cash equivalents included \$5.9 million and \$5.8 million, respectively, of restricted cash primarily related to collateral for our outstanding letters of credit.

#### 4. Fair Value Measurements

We measure certain financial instruments at fair value using a fair value hierarchy. In the hierarchy, assets are classified based on the lowest level inputs used in valuation into the following categories:

- *Level 1* — Quoted prices in active markets for identical assets and liabilities;



- *Level 2* — Observable inputs including quoted market prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in inactive markets, or inputs that are corroborated by observable market data; and
- *Level 3* — Unobservable inputs.

The following tables summarize assets that are measured at fair value on a recurring basis:

| September 30, 2023                   |                                      |           |           |      |           | March 31, 2024 |         |         |         |       |
|--------------------------------------|--------------------------------------|-----------|-----------|------|-----------|----------------|---------|---------|---------|-------|
| (in thousands)                       | (in thousands)                       | Level     |           |      |           | (in thousands) | Level 1 | Level 2 | Level 3 | Total |
|                                      |                                      | Level 1   | Level 2   | 3    | Total     |                |         |         |         |       |
| <b>Cash equivalents</b>              | <b>Cash equivalents</b>              |           |           |      |           |                |         |         |         |       |
| Money market funds                   | Money market funds                   | \$103,979 | \$ —      | \$ — | \$103,979 |                |         |         |         |       |
| <b>Money market funds</b>            |                                      |           |           |      |           |                |         |         |         |       |
| <b>Money market funds</b>            |                                      |           |           |      |           |                |         |         |         |       |
| Total cash equivalents               | Total cash equivalents               | \$103,979 | \$ —      | \$ — | \$103,979 |                |         |         |         |       |
| <b>Short-term investments</b>        | <b>Short-term investments</b>        |           |           |      |           |                |         |         |         |       |
| <b>Short-term investments</b>        |                                      |           |           |      |           |                |         |         |         |       |
| <b>Short-term investments</b>        |                                      |           |           |      |           |                |         |         |         |       |
| Commercial paper                     |                                      |           |           |      |           |                |         |         |         |       |
| Commercial paper                     |                                      |           |           |      |           |                |         |         |         |       |
| Commercial paper                     | Commercial paper                     | \$ —      | \$ 86,212 | \$ — | \$ 86,212 |                |         |         |         |       |
| Corporate bonds                      | Corporate bonds                      | —         | 54,505    | —    | 54,505    |                |         |         |         |       |
| Asset backed securities              | Asset backed securities              | —         | 16,358    | —    | 16,358    |                |         |         |         |       |
| Certificates of deposit              | Certificates of deposit              | —         | 10,000    | —    | 10,000    |                |         |         |         |       |
| Yankee bonds                         | Yankee bonds                         | —         | 6,834     | —    | 6,834     |                |         |         |         |       |
| U.S. Treasury and agency obligations | U.S. Treasury and agency obligations | —         | 73,749    | —    | 73,749    |                |         |         |         |       |
| Total short-term investments         | Total short-term investments         | \$ —      | \$247,658 | \$ — | \$247,658 |                |         |         |         |       |

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| December 31, 2022         |                         |           |         |      |           | December 31, 2023 |         |         |         |       |
|---------------------------|-------------------------|-----------|---------|------|-----------|-------------------|---------|---------|---------|-------|
| (in thousands)            | (in thousands)          | Level     |         |      |           | (in thousands)    | Level 1 | Level 2 | Level 3 | Total |
|                           |                         | Level 1   | Level 2 | 3    | Total     |                   |         |         |         |       |
| <b>Cash equivalents</b>   | <b>Cash equivalents</b> |           |         |      |           |                   |         |         |         |       |
| <b>Money market funds</b> |                         |           |         |      |           |                   |         |         |         |       |
| <b>Money market funds</b> |                         |           |         |      |           |                   |         |         |         |       |
| Money market funds        | Money market funds      | \$201,476 | \$ —    | \$ — | \$201,476 |                   |         |         |         |       |
| Total cash equivalents    | Total cash equivalents  | \$201,476 | \$ —    | \$ — | \$201,476 |                   |         |         |         |       |

| Short-term investments               | Short-term investments               |    |   |           |      |           |
|--------------------------------------|--------------------------------------|----|---|-----------|------|-----------|
| Commercial paper                     | Commercial paper                     | \$ | — | \$143,718 | \$ — | \$143,718 |
| Corporate bonds                      | Corporate bonds                      |    | — | 37,584    | —    | 37,584    |
| Asset backed securities              | Asset backed securities              |    | — | 19,573    | —    | 19,573    |
| Certificates of deposit              |                                      |    | — | 10,000    | —    | 10,000    |
| Supranational bonds                  |                                      |    | — | 3,950     | —    | 3,950     |
| Yankee bonds                         |                                      |    |   |           |      |           |
| U.S. Treasury and agency obligations | U.S. Treasury and agency obligations |    | — | 51,744    | —    | 51,744    |
| Total short-term investments         | Total short-term investments         | \$ | — | \$266,569 | \$ — | \$266,569 |

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we had **\$10.0 million** **\$5.9 million** and **\$15.0 million** **\$9.4 million**, respectively, of non-marketable simple agreements for future equity ("SAFE") SAFE investments with privately held companies, which are included in other assets on our consolidated balance sheets. We record our SAFE investments at cost, less any impairment, plus or minus observable price changes for similar investments of the same issuer. During the three months ended **September 30, 2023** **March 31, 2024**, we identified impairment indicators for **received \$3.5 million in proceeds from** one of our SAFE investments and **determined** expect to collect the remaining \$0.9 million once escrow funds have been released. No material events impacted the carrying value of our investment was impaired, **resulting SAFE investments in an impairment loss of \$5.0 million that was recorded in other expense, net on our consolidated statement of operations. the three months ended March 31, 2024 and 2023.**

We did not have any liabilities measured and recorded at fair value on a recurring basis at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

## 5. Property and Equipment, Net

Property and equipment, net consisted of the following:

| (in thousands)                                  | (in thousands)                                  | September 30, 2023 | December 31, 2022 | (in thousands)                  | March 31, 2024 | December 31, 2023 |
|---|---|--------------------|-------------------|---------------------------------|----------------|-------------------|
| Computer software and equipment                 | Computer software and equipment                 | \$ 22,247          | \$ 22,424         | Computer software and equipment | \$ 21,526      | \$ 21,845         |
| Internally developed software                   | Internally developed software                   | 29,362             | 23,479            | Internally developed software   | 35,521         | 32,261            |
| Furniture and fixtures                          | Furniture and fixtures                          | 5,949              | 5,940             | Furniture and fixtures          | 6,620          | 6,513             |
| Leasehold improvements                          | Leasehold improvements                          | 28,532             | 28,214            | Leasehold improvements          | 28,552         | 29,354            |
| Total   | Total   | 86,090             | 80,057            | Total                           | 92,219         | 89,973            |
| Less: accumulated depreciation and amortization | Less: accumulated depreciation and amortization | (42,014)           | (33,331)          |                                 |                |                   |
| Property and equipment, net                     | Property and equipment, net                     | \$ 44,076          | \$ 46,726         | Property and equipment, net     | \$ 45,581      | \$ 45,436         |

Depreciation and amortization related to property and equipment was **\$3.2 million**, **\$2.7 million**, **\$9.7 million** **\$3.6 million** and **\$7.6 million** **\$3.3 million** in the three months ended **September 30, 2023** **March 31, 2024** and **2022** and the nine months ended **September 30, 2023** and **2022**, **2023**, respectively.

## 6. Goodwill and Intangible Assets

At **September 30, 2023** March 31, 2024 and **December 31, 2022** December 31, 2023, our goodwill balance was **\$316.5 million** \$518.5 million.

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Acquired intangible assets subject to amortization are as follows:

|                     |                     | September 30, 2023 |                          |                 |                          |                    |                          | December 31, 2022 |                          |                 |                          |                 |                          |
|---------------------|---------------------|--------------------|--------------------------|-----------------|--------------------------|--------------------|--------------------------|-------------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|
|                     |                     | March 31, 2024     |                          |                 |                          |                    |                          | December 31, 2023 |                          |                 |                          |                 |                          |
| (in thousands)      | (in thousands)      | Gross              |                          | Net             |                          | Gross              |                          | Net               |                          | Gross           |                          | Net             |                          |
|                     |                     | Carrying Amount    | Accumulated Amortization | Carrying Amount | Accumulated Amortization | Carrying Amount    | Accumulated Amortization | Carrying Amount   | Accumulated Amortization | Carrying Amount | Accumulated Amortization | Carrying Amount | Accumulated Amortization |
| Acquired technology | Acquired technology | \$97,037           | \$ (30,868)              | \$66,169        | \$97,037                 | \$ (21,738)        | \$75,299                 |                   |                          |                 |                          |                 |                          |
| Trade name          | Trade name          | 490                | (490)                    | —               | 490                      | (413)              | 77                       |                   |                          |                 |                          |                 |                          |
|                     |                     | <u>\$97,527</u>    | <u>\$ (31,358)</u>       | <u>\$66,169</u> | <u>\$97,527</u>          | <u>\$ (22,151)</u> | <u>\$75,376</u>          |                   |                          |                 |                          |                 |                          |
|                     |                     | <u>\$</u>          |                          |                 |                          |                    |                          |                   |                          |                 |                          |                 |                          |

Amortization of acquired intangible assets was \$3.0 million, \$4.7 million and \$3.1 million, \$9.2 million and \$8.3 million in the three months ended **September 30, 2023** March 31, 2024 and **2022** and the nine months ended **September 30, 2023** and **2022, 2023**, respectively. At **September 30, 2023** March 31, 2024, our acquired intangible assets are expected to be amortized over an estimated remaining weighted average period of 6.0 years.

At **September 30, 2023** March 31, 2024, estimated future amortization of acquired intangible assets is as follows:

| (in thousands)                               | (in thousands)                |
|--|-------------------------------|
| Year ending December 31, 2023 <sup>(1)</sup> | Year ending December 31, 2023 |
| 2024   | 2024                          |
| Year ending December 31, 2024 <sup>(1)</sup> | Year ending December 31, 2024 |
| 2025   | 2025                          |
| 2026   | 2026                          |
| 2027   | 2027                          |
| 2028   | 2028                          |
| Thereafter                                   | Thereafter                    |
| Total  | Total                         |
|  | \$                            |
|  | 3,044                         |
|  | 12,175                        |
|  | 12,175                        |
|  | 11,990                        |
|  | 9,960                         |
|  | 16,825                        |
|  | \$ 66,169                     |

(1) Represents the **three** nine months ending **December 31, 2023** December 31, 2024.

## 7. Leases

We have operating leases for office facilities. The components of lease expense were as follows:

|                      |                      | Three Months Ended September 30, |         | Nine Months Ended September 30, |         |                              |      |
|----------------------|----------------------|----------------------------------|---------|---------------------------------|---------|------------------------------|------|
|                      |                      | Three Months Ended March 31,     |         |                                 |         | Three Months Ended March 31, |      |
| (in thousands)       | (in thousands)       | 2023                             | 2022    | 2023                            | 2022    | (in thousands)               | 2024 |
| Operating lease cost | Operating lease cost | \$1,900                          | \$1,977 | \$5,690                         | \$5,564 |                              |      |



In July 2021, we entered into a credit agreement ("Credit Agreement") which is comprised of:

- a \$375.0 million senior secured term loan facility ("Term Loan"); and
- a \$50.0 million senior secured revolving credit facility ("Revolving Credit Facility").

The table below summarizes the carrying value of the Term Loan:

| (in thousands)  | September 30,<br>2023 | March 31, 2024 |
|---|-----------------------|----------------|
| Term loan   | \$ 368,438            | 366,562        |
| Less: Unamortized debt discount and issuance costs        | (5,807)               | (5,286)        |
| Term loan, net of issuance costs                          | 362,631               | 361,276        |
| Less: Term loan, net, current <sup>(1)</sup>              | (2,690)               | (2,654)        |
| Term loan, net of issuance costs (net of current portion) | \$ 359,941            | 358,622        |

(1) Term loan, net current is included in other current liabilities on our consolidated balance sheets.

On June 1, 2023, we began using the Secured Overnight Financing Rate ("SOFR") instead of LIBOR. The Term Loan bears interest at a rate of 2.75% per annum over SOFR, the Secured Overnight Financing Rate ("SOFR"), subject to a 0.50% floor, plus a credit spread adjustment depending on the interest period. The Term Loan is being amortized at 1% per annum in equal quarterly installments until the final payment of \$350.6 million on the July 7, 2028 maturity date.

Our Term Loan is recorded at its carrying value. At September 30, 2023 March 31, 2024, the fair value of our Term Loan was approximately \$367.5 million \$366.1 million. In the fair value hierarchy, our Term Loan is classified as Level 2 as it is traded in less active markets.

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The maturities of the Term Loan at September 30, 2023 March 31, 2024 were as follows:

| (in thousands)           | (in thousands)           |            |
|--------------------------|--------------------------|------------|
| Year ending December 31, | Year ending December 31, |            |
| 2023 <sup>(1)</sup>      |                          | \$ 938     |
| 2024                     |                          | 3,750      |
| Year ending December 31, |                          |            |
| Year ending December 31, |                          |            |
| 2024 <sup>(1)</sup>      |                          |            |
| 2024 <sup>(1)</sup>      |                          |            |
| 2024 <sup>(1)</sup>      |                          |            |
| 2025                     | 2025                     | 3,750      |
| 2026                     | 2026                     | 3,750      |
| 2027                     | 2027                     | 3,750      |
| Thereafter               |                          | 352,500    |
| 2028                     |                          |            |
| Total                    | Total                    | \$ 368,438 |

(1) Represents the three nine months ending December 31, 2023 December 31, 2024.

We may be subject to mandatory Term Loan prepayments related to the excess cash flow provisions. These prepayments would only be required if our first lien net leverage ratio (as defined in our Credit Agreement) exceeds 3.5 at the end of each year. At September 30, 2023 March 31, 2024, our first lien net leverage ratio was 1.21, 1.14.

The Revolving Credit Facility bears interest at a rate, depending on first lien net leverage, ranging from 2.00% to 2.50% over SOFR and matures on July 7, 2026. Additionally, we pay a commitment fee during the term ranging from 0.25% to 0.375% per annum of the average daily undrawn portion of the revolving commitments based on the first lien net leverage ratio. The Revolving Credit Facility contains a \$15.0 million letter of credit sublimit. At September 30, 2023 March 31, 2024, we had \$0.2 million of standby letters of credit outstanding under our Revolving Credit Facility related to one of our operating leases. At September 30, 2023 March 31, 2024, we were in compliance with the covenants under the Credit Agreement.

## 9. Commitments and Contingencies

### Commitments

In December 2023, we entered into a contract with Microsoft for cloud services from February 2024 through January 2027. Under the terms of the contract we committed to spend €28.5 million. If we do not meet our commitment by the end of the term, we will be required to pay the difference. As of March 31, 2024, we have spent €1.2 million of our commitment.

In July 2021, we entered into a contract with Amazon Web Services, Inc. ("AWS") for cloud services from August 2021 through July 2024. Under the terms of the contract, we committed to spend \$43.7 million, \$46.8 million and \$50.1 million in contract years one, two and three, respectively, for a total of \$140.6 million. If we do not meet the minimum purchase obligation during any of those years, we will be required to pay the difference. We met our commitments for both the first and second years of our contract with AWS, and as of September 30, 2023 March 31, 2024, we have spent \$12.9 million \$47.7 million of our third year commitment.

#### Letters of Credit

At September 30, 2023 March 31, 2024, we had \$5.7 million of standby letters of credit related to our grant agreements with the State of Maryland and our operating leases.

#### 10. Stock-Based Compensation

In 2018, our Board of Directors adopted, and our stockholders approved, our 2018 Equity Incentive Plan ("2018 Plan"). Under the evergreen provision in our the 2018 Equity Incentive Plan, in January 2023 2024 we reserved an additional 5.7 million 5.9 million shares of our common stock. At September 30, 2023 March 31, 2024, there were 24.0 million 26.3 million shares available for grant.

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Stock-based compensation expense included in the consolidated statements of operations was as follows:

|  |  | Three Months Ended September 30, |          |           |          | Nine Months Ended September 30,        |           |           |  |
|--|--|----------------------------------|----------|-----------|----------|--|-----------|-----------|--|
|  |  | Three Months Ended March 31,     |          |           |          | Three Months Ended March 31,           |           |           |  |
| (in thousands)                         | (in thousands)                         | 2023                             | 2022     | 2023      | 2022     | (in thousands)                         | 2024      | 2023      |  |
| Cost of revenue                        | Cost of revenue                        | \$ 3,011                         | \$ 2,341 | \$ 8,542  | \$ 5,968 | Cost of revenue                        | \$ 2,982  | \$ 2,625  |  |
| Sales and marketing                    | Sales and marketing                    | 15,805                           | 13,589   | 46,622    | 36,420   | Sales and marketing                    | 15,300    | 14,394    |  |
| Research and development               | Research and development               | 9,242                            | 8,754    | 27,871    | 23,294   | Research and development               | 11,161    | 8,865     |  |
| General and administrative             | General and administrative             | 8,777                            | 7,959    | 25,777    | 24,272   | General and administrative             | 10,276    | 8,233     |  |
| Total stock-based compensation expense | Total stock-based compensation expense | \$36,835                         | \$32,643 | \$108,812 | \$89,954 | Total stock-based compensation expense | \$ 39,719 | \$ 34,117 |  |

At September 30, 2023, A summary of the unrecognized stock-based compensation expense related to unvested restricted stock units ("RSUs") was \$282.4 million, which at March 31, 2024 is expected to be recognized over an estimated remaining weighted average period of 2.6 years. presented below:

At September 30, 2023, the unrecognized stock-based compensation expense related to unvested performance stock units ("PSUs") was \$7.4 million, which is expected to be recognized over an estimated remaining weighted average period of 3.1 years.

|   | Unrecognized Stock-Based Compensation Expense (in thousands) | Estimated Weighted Average Period (in years) |
|---|--|--|
| Restricted Stock Units ("RSUs")                 | \$ 374,535   | 3.0  |
| Performance Stock Units ("PSUs")                | 11,281   | 3.5  |
| Restricted Share Awards                         | 11,400   | 2.0  |
| 2018 Employee Stock Purchase Plan ("2018 ESPP") | 5,508  | 0.8  |

At September 30, 2023, the unrecognized stock-based compensation expense related to our 2018 Employee Restricted Stock, Purchase Plan ("2018 ESPP") was \$7.4 million, which is expected to be recognized over an estimated weighted average period of 0.6 years.

#### RSUs and PSUs

A summary of our restricted stock, RSU and PSU activity is presented below:

|  | RSUs | PSUs |
|--|------|------|
|  |      |      |

| Restricted Stock                          |   |                  |                 |                  |                 | Restricted Stock                          |                  | RSUs                                   |                  | PSUs                                   |                  |  |
|---|---|------------------|-----------------|------------------|-----------------|---|------------------|--|------------------|--|------------------|--|
| (in thousands, except for per share data) | (in thousands, except for per share data) | Weighted Average |                 | Weighted Average |                 | (in thousands, except for per share data) | Number of Shares | Weighted Average Grant Date Fair Value | Number of Shares | Weighted Average Grant Date Fair Value | Number of Shares | Weighted Average Grant Date Fair Value |
|   |   | Number of Shares | Date Fair Value | Number of Shares | Date Fair Value |   |                  |  |                  |  |                  |  |
| Unvested balance at December 31, 2022     |   | 6,894            | \$ 43.26        | 196              | \$ 44.97        |   |                  |  |                  |  |                  |  |
| Unvested balance at December 31, 2023     |   |                  |                 |                  |                 |   |                  |  |                  |  |                  |  |
| Granted                                   | Granted                                   | 3,491            | 43.19           | 188              | 43.24           |   |                  |  |                  |  |                  |  |
| Performance adjustment <sup>(1)</sup>     | Performance adjustment <sup>(1)</sup>     | —                | —               | 12               | 44.97           |   |                  |  |                  |  |                  |  |
| Vested                                    | Vested                                    | (2,541)          | 41.86           | (78)             | 44.97           |   |                  |  |                  |  |                  |  |
| Forfeited                                 | Forfeited                                 | (501)            | 45.16           | —                | —               |   |                  |  |                  |  |                  |  |
| Unvested balance at September 30, 2023    |   | 7,343            | 43.58           | 318              | 43.95           |   |                  |  |                  |  |                  |  |
| Unvested balance at March 31, 2024        |   |                  |                 |                  |                 |   |                  |  |                  |  |                  |  |

(1) Represents adjustments due to the achievement of predefined financial performance targets.

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**Stock Options**

A summary of our stock option activity is presented below:

| (in thousands, except for exercise prices and years) | (in thousands, except for exercise prices and years) | Weighted Average |                | Contractual Term (in years) | Aggregate Intrinsic Value | (in thousands, except for exercise prices and years) | Number of Shares | Weighted Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value |
|--|--|------------------|----------------|-----------------------------|---------------------------|--|------------------|---------------------------------|--|---------------------------|
|  |  | Number of Shares | Exercise Price |                             |                           |  |                  |                                 |  |                           |
| Outstanding at December 31, 2022                     |  | 5,485            | \$ 8.96        | 4.5                         | \$160,135                 |  |                  |                                 |  |                           |
| Granted  |  | —                | —              |                             |                           |  |                  |                                 |  |                           |
| Outstanding at December 31, 2023                     |  |                  |                |                             |                           | Outstanding at December 31, 2023                     | 5,095            | \$ 8.95                         | 3.5  | \$189,108                 |
| Exercised  |  |                  |                |                             |                           |  |                  |                                 |  |                           |
| Exercised  | Exercised  | (289)            | 8.38           |                             | 10,265                    |  | (455)            | 4.11                            | 20,073   | 20,073                    |
| Forfeited/canceled                                   | Forfeited/canceled                                   | —                | —              |                             |                           |  |                  |                                 |  |                           |
| Outstanding and exercisable at September 30, 2023    |  | 5,196            | 8.99           | 3.7                         | 186,092                   |  |                  |                                 |  |                           |
| Outstanding and exercisable at March 31, 2024        |  |                  |                |                             |                           | Outstanding and exercisable at March 31, 2024        | 4,640            | 9.42                            | 3.3  | 185,636                   |

**2018 Employee Stock Purchase Plan**

Under the evergreen provision in our 2018 ESPP, in January 2023 2024 we reserved an additional 1.7 million 1.8 million shares of our common stock. At September 30, 2023 March 31, 2024, there were 8.7 million 10.1 million shares reserved for issuance under our 2018 ESPP.

In the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, employees purchased **506,390** **304,753** shares of our common stock at a weighted average price of **\$32.04** **\$32.43** per share, resulting in **\$16.2 million** **\$9.9 million** of cash proceeds. At **September 30, 2023** **March 31, 2024**, there was **\$4.3 million** **\$1.6 million** of employee contributions to the 2018 ESPP included in accrued compensation.

The fair value of the 2018 ESPP purchase rights was estimated on the offering or modification dates using a Black-Scholes option-pricing model and the following assumptions:

|                          |                          | Nine Months Ended September 30, 2023 |           | 2022                     |               | Three Months Ended March 31, 2024 |               | 2023                     |               |
|--------------------------|--------------------------|--------------------------------------|-----------|--------------------------|---------------|-----------------------------------|---------------|--------------------------|---------------|
| Expected term (in years) | Expected term (in years) | 0.5 — 2.0                            | 0.5 — 2.0 | Expected term (in years) | 0.5 — 2.0     | Expected term (in years)          | 0.5 — 2.0     | Expected term (in years) | 0.5 — 2.0     |
| Expected volatility      | Expected volatility      | 46.9%                                | 42.8%     | Expected volatility      | 41.1% — 51.4% | Expected volatility               | 51.0% — 58.1% | Expected volatility      | 51.0% — 58.1% |
| Risk-free interest rate  | Risk-free interest rate  | 4.8%                                 | 0.1%      | Risk-free interest rate  | 4.4% — 5.1%   | Risk-free interest rate           | 4.8% — 5.0%   | Risk-free interest rate  | 4.8% — 5.0%   |
| Expected dividend yield  | Expected dividend yield  | —                                    | —         | Expected dividend yield  | —             | Expected dividend yield           | —             | Expected dividend yield  | —             |

## 11. Income Taxes

In the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, the provision for income taxes included **\$4.3 million** **\$0.4 million** of income taxes in foreign jurisdictions in which we conduct business and **\$2.8** **\$1.3** million of discrete items primarily related to withholding taxes on sales to **customers**, partially offset by **\$0.2 million** of deferred tax benefits related to the **Alsic acquisition**, **customers**.

In the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, the provision for income taxes included **\$3.1 million** **\$1.9 million** of income taxes in foreign jurisdictions in which we conduct business **\$2.1 million** of current expense from the restructuring of our research and development operations in Israel, partially offset by **\$1.8 million** of deferred tax benefits related to the **Alsic acquisition**. Additionally, the provision included **\$1.7** **\$1.3** million of discrete items expense primarily related to withholding taxes on sales to **customers**, which was more than offset by a benefit of **\$2.5 million** from partially releasing the valuation allowance associated with the **Bit Discovery acquisition**, **customers**.

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## 12. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share:

|                                       |                                       | Three Months Ended September 30, 2023 |            | Nine Months Ended September 30, 2022 |            | Three Months Ended March 31, 2024     |      | Three Months Ended March 31, 2023 |      |
|---------------------------------------|---------------------------------------|---------------------------------------|------------|--------------------------------------|------------|---------------------------------------|------|-----------------------------------|------|
| (in thousands, except per share data) | (in thousands, except per share data) | 2023                                  | 2022       | 2023                                 | 2022       | (in thousands, except per share data) | 2024 |                                   | 2023 |
| Net loss                              | Net loss                              | \$(15,565)                            | \$(18,730) | \$(56,636)                           | \$(70,735) |                                       |      |                                   |      |



|   |   |         |         |         |         |
|---|---|---------|---------|---------|---------|
| Weighted-average shares used to compute net loss per share, basic and diluted | Weighted-average shares used to compute net loss per share, basic and diluted | 115,954 | 111,937 | 114,967 | 110,843 |
|---|---|---------|---------|---------|---------|

Weighted-average shares used to compute net loss per share, basic and diluted

Weighted-average shares used to compute net loss per share, basic and diluted

|                                       |                                       |           |           |           |           |
|---------------------------------------|---------------------------------------|-----------|-----------|-----------|-----------|
| Net loss per share, basic and diluted | Net loss per share, basic and diluted | \$ (0.13) | \$ (0.17) | \$ (0.49) | \$ (0.64) |
|---------------------------------------|---------------------------------------|-----------|-----------|-----------|-----------|

The following potentially dilutive securities have been excluded from the diluted per share calculations because they would have been antidilutive:

|   |   | September 30, |               | March 31,      |      | March 31, |      |
|---|---|---------------|---------------|----------------|------|-----------|------|
| (in thousands)                          | (in thousands)                          | 2023          | 2022          | (in thousands) | 2024 |           | 2023 |
| RSUs                                    | RSUs                                    | 7,343         | 7,515         |                |      |           |      |
| Stock options                           | Stock options                           | 5,196         | 5,569         |                |      |           |      |
| Shares to be issued under the 2018 ESPP | Shares to be issued under the 2018 ESPP | 128           | 58            |                |      |           |      |
| PSUs                                    | PSUs                                    | 130           | —             |                |      |           |      |
| PSUs                                    |   |               |               |                |      |           |      |
| Restricted stock                        |   |               |               |                |      |           |      |
| <b>Total</b>                            | <b>Total</b>                            | <b>12,797</b> | <b>13,142</b> |                |      |           |      |

### 13. Geographic Information

We operate as one operating segment. Our Chief Executive Officer, who is our chief operating decision maker, reviews financial information on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance.

Revenue by region, based on the address of the end user as specified in our subscription, license or service agreements, was as follows:

|                |                | Three Months Ended September 30, |           | Nine Months Ended September 30, |           | Three Months Ended March 31, |      | Three Months Ended March 31, |      |
|----------------|----------------|----------------------------------|-----------|---------------------------------|-----------|------------------------------|------|------------------------------|------|
| (in thousands) | (in thousands) | 2023                             | 2022      | 2023                            | 2022      | (in thousands)               | 2024 |                              | 2023 |
| The Americas   | The Americas   | \$127,016                        | \$111,227 | \$368,510                       | \$315,706 |                              |      |                              |      |

|                                |                                |           |           |           |           |
|--------------------------------|--------------------------------|-----------|-----------|-----------|-----------|
| Europe, Middle East and Africa | Europe, Middle East and Africa | 51,397    | 44,117    | 150,437   | 128,779   |
| Asia Pacific                   | Asia Pacific                   | 23,116    | 19,507    | 66,457    | 54,075    |
| Revenue                        | Revenue                        | \$201,529 | \$174,851 | \$585,404 | \$498,560 |

Customers located in the United States accounted for 55% 54% of revenue in the three and nine months ended September 30, 2023 March 31, 2024 and 57% 56% of revenue in the three and nine months ended September 30, 2022 March 31, 2023. No other country accounted for 10% or more of revenue in the periods presented.

Our property and equipment, net by geographic area is summarized as follows:

| (in thousands)              | (in thousands)              | September 30, 2023 | December 31, 2022 | (in thousands) | March 31, 2024 | December 31, 2023 |
|-----------------------------|-----------------------------|--------------------|-------------------|----------------|----------------|-------------------|
| United States               | United States               | \$ 38,610          | \$ 39,843         |                |                |                   |
| International               | International               | 5,466              | 6,883             |                |                |                   |
| Property and equipment, net | Property and equipment, net | \$ 44,076          | \$ 46,726         |                |                |                   |

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#### 14. Subsequent Events

In October 2023, we acquired Ermetic Ltd. ("Ermetic"). Ermetic is an innovative cloud-native application protection platform company and a leading provider of cloud infrastructure entitlement management. This acquisition will add capabilities to our Tenable One Exposure Management Platform and Tenable Cloud Security solution to deliver contextual risk visibility, prioritization and remediation across infrastructure and identities, both on-premises and in the cloud. We acquired Ermetic for a total purchase price of approximately \$244 million, subject to customary purchase price adjustments.

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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (1) our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, or this Form 10-Q, and (2) our consolidated financial statements, related notes and management's discussion and analysis of financial condition and results of operations in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, or the 10-K, filed with the Securities and Exchange Commission on February 24, 2023 February 28, 2024. This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words or similar expressions or variations. Such forward-looking statements are subject to a number of risks, 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. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled "Risk Factors," set forth in Part I, Item 1A of the 10-K, in Part II, Item 1A of this Form 10-Q and in our other filings with the SEC. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. 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.

### Overview

We are a leading provider of exposure management solutions. Exposure management is an effective discipline for managing, measuring, comparing and comparing reducing cybersecurity risk in today's complex IT environments.

Our Tenable One Exposure Management Platform, or Tenable One, unifies a variety of data sources into a single exposure view to help organizations gain visibility, prioritize efforts and communicate cyber risks. Building on our existing products, Tenable One is designed to take advantage of the integrations that already exist with our partners and form the foundation of an exposure management program, alongside the other tools, such as endpoint detection and response and firewalls, and required business processes.

With Tenable One, organizations can translate technical data about assets, vulnerabilities and threats into clear business insights and actionable intelligence for security executives and practitioners. The platform combines broad, industry-leading vulnerability coverage, in the industry, spanning IT assets, cloud resources, containers, web apps and identity systems. Tenable One builds on the speed and breadth of vulnerability coverage from Tenable Research and adds aggregated exposure view analytics, guidance on mitigating attack pathways and a centralized asset inventory.

Tenable One incorporates Tenable Vulnerability Management, Tenable Web App Scanning, Tenable Lumin, Tenable Cloud Security, Tenable Identity Exposure, Tenable Attack Surface Management, Tenable Security Center and Tenable Security Center. OT Security. All of these products are also offered as standalone solutions, alongside Tenable OT Security and Tenable Nessus.

Our platform offerings are primarily sold on a subscription basis with a one-year term. Our subscription terms are generally not longer than three years. These offerings are typically prepaid in advance. To a lesser extent, we recognize revenue ratably from perpetual licenses and from the related ongoing maintenance.

We sell and market our products and services through our field sales force that works closely with our channel partners, which includes a network of distributors and resellers, in developing sales opportunities. We use a two-tiered channel model whereby we sell our enterprise platform offerings to our distributors, which in turn sell to our resellers, which then sell to end users, which we call customers.

Revenue in the three months ended September 30, 2023, March 31, 2024 and 2022, 2023 was \$216.0 million and the nine months ended September 30, 2023 and 2022 was \$201.5 million, \$174.9 million, \$585.4 million and \$498.6 million \$188.8 million, respectively, representing year-over-year growth of 15% and 17% in the quarterly and year-to-date periods, respectively. 14%. Our recurring revenue, which includes revenue from subscription arrangements for software (both revenue recognized ratably over the subscription term and upon delivery) and cloud-based solutions and maintenance associated with perpetual licenses, represented 96% and 95% of

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revenue in the three and nine months ended September 30, 2023, March 31, 2024 and 2022, 2023, respectively. Our net loss in the three months ended September 30, 2023, March 31, 2024 and 2022, 2023

was \$14.4 million and the nine months ended September 30, 2023 and 2022 was \$15.6 million, \$18.7 million, \$56.6 million and \$70.7 million \$25.1 million, respectively, as we continue to invest in our business and market opportunity. business. Our cash flows from operating activities was \$42.4 million, \$35.9 million, \$111.4 million \$50.3 million and \$99.2 million \$38.7 million in the three months ended September 30, 2023, March 31, 2024 and 2022 and the nine months ended September 30, 2023 and 2022, 2023, respectively.

**Financial Highlights**

Below are our key financial results:

|   |   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |                                       |      |
|---|---|-------------------------------------|-----------|------------------------------------|-----------|---------------------------------------|------|
|   |   | Three Months Ended<br>March 31,     |           |                                    |           | Three Months Ended March 31,          |      |
| (in thousands, except per share data)     | (in thousands, except per share data)     | 2023                                | 2022      | 2023                               | 2022      | (in thousands, except per share data) | 2024 |
| Revenue                                   | Revenue                                   | \$201,529                           | \$174,851 | \$585,404                          | \$498,560 |                                       |      |
| Loss from operations                      | Loss from operations                      | (7,913)                             | (12,958)  | (37,814)                           | (53,726)  |                                       |      |
| Net loss                                  | Net loss                                  | (15,565)                            | (18,730)  | (56,636)                           | (70,735)  |                                       |      |
| Net loss per share, basic and diluted     | Net loss per share, basic and diluted     | (0.13)                              | (0.17)    | (0.49)                             | (0.64)    |                                       |      |
| Net cash provided by operating activities | Net cash provided by operating activities | 42,411                              | 35,853    | 111,350                            | 99,233    |                                       |      |
| Purchases of property and equipment       | Purchases of property and equipment       | (201)                               | (1,896)   | (1,299)                            | (5,132)   |                                       |      |

|  |  |         |         |         |         |
|--|--|---------|---------|---------|---------|
| Capitalized software development costs | Capitalized software development costs | (1,894) | (2,451) | (4,707) | (8,778) |
|--|--|---------|---------|---------|---------|

### Key Operating and Financial Metrics

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use and monitor the following operating and financial metrics, which include non-GAAP financial measures, to understand and evaluate our core operating and financial performance.

#### Calculated Current Billings

We use the non-GAAP measure of calculated current billings, which we believe is a key metric to measure our periodic performance. Given that most of our customers pay in advance, we typically recognize a majority of the related revenue ratably over time. We use calculated current billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers.

Calculated current billings consists of revenue recognized in a period plus the change in current deferred revenue in the corresponding period. We believe that calculated current billings, which excludes deferred revenue for periods beyond twelve months in a customer's contractual term, more closely correlates with annual contract value. Variability in total billings, depending on the timing of large multi-year contracts and the preference for annual billing versus multi-year upfront billing, may distort growth in one period over another.

Calculated current billings may vary from period-to-period for a number of reasons, and therefore has a number of limitations as a quarter-to-quarter or year-over-year comparative measure. Calculated current billings in any one period may be impacted by the timing and amount of new sales transactions, the timing and amount of renewal transactions, including early renewals, the mix of the amount of subscriptions and perpetual licenses, and the timing of billing professional services, as well as the timing and amount of multi-year prepaid contracts, all of which could favorably or unfavorably impact quarter-to-quarter and year-over-year comparisons. For example, an increasing number of large sales transactions, for which the timing has and will continue to vary, may occur in quarters subsequent to or in advance of those that we anticipate. Additionally, our calculation of calculated current billings may be different from other companies that report similar financial measures. Because of these and other limitations, you should consider calculated current billings along with revenue and our other GAAP financial results.

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The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to calculated current billings:

| (in thousands)   | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|--|----------------------------------|------------|---------------------------------|------------|
|  | 2023                             | 2022       | 2023                            | 2022       |
| Revenue  | \$ 201,529                       | \$ 174,851 | \$ 585,404                      | \$ 498,560 |
| Deferred revenue (current), end of period                      | 518,372                          | 447,863    | 518,372                         | 447,863    |
| Deferred revenue (current), beginning of period <sup>(1)</sup> | (495,199)                        | (415,378)  | (502,115)                       | (408,443)  |
| Calculated current billings                                    | \$ 224,702                       | \$ 207,336 | \$ 601,661                      | \$ 537,980 |

(1)Deferred revenue (current), beginning of period for the nine months ended September 30, 2022 includes \$0.9 million related to acquired deferred revenue.

| (in thousands)                                  | Three Months Ended March 31, |            |
|---|------------------------------|------------|
|   | 2024                         | 2023       |
| Revenue   | \$ 215,961                   | \$ 188,839 |
| Deferred revenue (current), end of period       | 562,575                      | 490,076    |
| Deferred revenue (current), beginning of period | (580,779)                    | (502,115)  |
| Calculated current billings                     | \$ 197,757                   | \$ 176,800 |

#### Free Cash Flow

We use the non-GAAP measure of free cash flow, which we define as GAAP net cash flows from operating activities reduced by purchases of property and equipment and capitalized software development costs. We believe free cash flow is an important liquidity measure of the cash (if any) that is available, after purchases of property and equipment and capitalized software development costs, for investment in our business and to make acquisitions. We believe that free cash flow is useful as a liquidity measure because it measures our ability to generate or use cash.

Our use of free cash flow has limitations as an analytical tool and you should not consider it in isolation or as a substitute for an analysis of our results under GAAP. First, free cash flow is not a substitute for net cash flows from operating activities. Second, other companies may calculate free cash flow or similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of free cash flow as a tool for comparison. Additionally, the utility of free cash flow is further limited as it does not reflect our future contractual commitments and does not represent the total increase or decrease in our cash balance.

for a given period. Because of these and other limitations, you should consider free cash flow along with net cash provided by operating activities and our other GAAP financial measures.

The following table presents a reconciliation of net cash provided by operating activities, the most directly comparable financial measure calculated in accordance with GAAP, to free cash flow:

|   |   | Three Months Ended September 30, |          |           |          | Three Months Ended March 31, |      |
|---|---|----------------------------------|----------|-----------|----------|------------------------------|------|
|   |   | 2023                             |          | 2022      |          | 2023                         |      |
| (in thousands)  | (in thousands)  | 2023                             | 2022     | 2023      | 2022     | (in thousands)               | 2024 |
| Net cash provided by operating activities             | Net cash provided by operating activities             | \$42,411                         | \$35,853 | \$111,350 | \$99,233 |                              |      |
| Purchases of property and equipment                   | Purchases of property and equipment                   | (201)                            | (1,896)  | (1,299)   | (5,132)  |                              |      |
| Capitalized software development costs <sup>(1)</sup> | Capitalized software development costs <sup>(1)</sup> | (1,894)                          | (2,451)  | (4,707)   | (8,778)  |                              |      |
| Free cash flow <sup>(2)</sup>                         | Free cash flow <sup>(2)</sup>                         | \$40,316                         | \$31,506 | \$105,344 | \$85,323 |                              |      |
| Capitalized software development costs                | Capitalized software development costs                |                                  |          |           |          |                              |      |
| Free cash flow <sup>(1)</sup>                         | Free cash flow <sup>(1)</sup>                         |                                  |          |           |          |                              |      |

(1) Capitalized software development costs were previously included in purchases of property and equipment.

(2) Free cash flow for the periods presented was impacted by:

|  |  | Three Months Ended September 30, |           |            |            | Three Months Ended March 31, |      |
|--|--|----------------------------------|-----------|------------|------------|------------------------------|------|
|  |  | 2023                             |           | 2022       |            | 2023                         |      |
| (in thousands)                                   | (in thousands)                                   | 2023                             | 2022      | 2023       | 2022       | (in thousands)               | 2024 |
| Cash paid for interest and other financing costs | Cash paid for interest and other financing costs | \$(7,843)                        | \$(3,253) | \$(26,786) | \$(10,619) |                              |      |
| Employee stock purchase plan activity            | Employee stock purchase plan activity            | (2,236)                          | (4,845)   | (2,507)    | (4,538)    |                              |      |
| Acquisition-related expenses                     | Acquisition-related expenses                     | (571)                            | (398)     | (830)      | (2,395)    |                              |      |
| Costs related to intra-entity asset transfers    | Costs related to intra-entity asset transfers    | —                                | —         | —          | (838)      |                              |      |
| Tax payment on intra-entity asset transfers      | Tax payment on intra-entity asset transfers      | —                                | —         | —          | (2,697)    |                              |      |
| Restructuring                                    | Restructuring                                    |                                  |           |            |            |                              |      |

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Free cash flow for the nine months ended September 30, 2022 was benefited by approximately \$8 million from prepayments of software subscription costs, insurance and rent in prior quarters.

**Customer Metrics**

We believe that our customer base provides a significant opportunity to expand sales of our enterprise platform offerings. The following tables summarize key components of our customer base:

|  | Three Months Ended September 30, |      |            |
|--|----------------------------------|------|------------|
|  | 2023                             | 2022 | Change (%) |
| Number of new enterprise platform customers added in period <sup>(1)</sup> | 386                              | 508  | (24)%      |

<sup>(1)</sup> We define an enterprise platform customer as a customer that has licensed Tenable One, Tenable Vulnerability Management, Tenable Cloud Security, Tenable Identity Exposure, Tenable OT Security or Tenable Security Center for an annual amount of \$5,000 or greater. New enterprise platform customers represent new customer logos during the periods presented and do not include customer conversions from Tenable Nessus Expert to enterprise platforms. The following tables summarize key components of our customer base:

|  | September 30, |       |            |
|--|---------------|-------|------------|
|  | 2023          | 2022  | Change (%) |
| Number of customers with \$100,000 and greater in annual contract value at end of period | 1,565         | 1,280 | 22%        |

|   | Three Months Ended March 31, |      |            |
|---|------------------------------|------|------------|
|   | 2024                         | 2023 | Change (%) |
| Number of new enterprise platform customers added in period | 410                          | 379  | 8%         |

|  | March 31, |       |            |
|--|-----------|-------|------------|
|  | 2024      | 2023  | Change (%) |
| Number of customers with \$100,000 and greater in annual contract value at end of period | 1,717     | 1,444 | 19%        |

**Dollar-Based Net Expansion Rate**

Our dollar-based net expansion rate reflects both our customer retention and ability to drive additional sales to our existing customers. Our dollar-based net expansion rate has historically fluctuated and is expected to continue to fluctuate on a quarterly basis as a result of a number of factors, including existing customers' satisfaction with our solutions, existing customer retention, the pricing of our solutions, the availability of competing solutions and the pricing thereof, and the timing of customer renewals. In addition, our sales pipeline opportunities vary from quarter to quarter between new customers and expansion from existing customers, and we do not prioritize one over the other to maximize the dollar-based net expansion rate.

Our dollar-based net expansion rate is evaluated on a last twelve months, or LTM, basis, and is calculated as follows:

- Denominator: To calculate our dollar-based net expansion rate as of the end of a reporting period, we first determine the annual recurring revenue, or ARR, from all active subscriptions (both revenue recognized ratably over the subscription term and upon delivery) and maintenance from perpetual licenses as of the last day of the same reporting period in the prior year. This represents recurring payments that we expect to receive in the next 12-month period from the cohort of customers that existed on the last day of the same reporting period in the prior year.
- Numerator: We measure the ARR for that same cohort of customers representing all subscriptions and maintenance from perpetual licenses based on customer orders as of the end of the reporting period.

We calculate dollar-based net expansion rate by dividing the numerator by the denominator.

The following table presents our dollar-based net expansion rate:

| (in thousands)                  | September 30, |       |
|---------------------------------|---------------|-------|
|                                 | 2023          | 2022  |
| Dollar-based net expansion rate | 111 %         | 118 % |

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|                                 | March 31, |       |
|---------------------------------|-----------|-------|
|                                 | 2024      | 2023  |
| Dollar-based net expansion rate | 109 %     | 113 % |

### Non-GAAP Income from Operations and Non-GAAP Operating Margin

We use non-GAAP income from operations along with non-GAAP operating margin as key indicators of our financial performance. We define these non-GAAP financial measures as their respective GAAP measures, excluding the effects of stock-based compensation, acquisition-related expenses, restructuring expenses, costs related to the intra-entity asset transfers resulting from the internal restructuring of legal entities and amortization of acquired intangible assets.

Acquisition-related expenses include transaction and integration expenses, as well as costs related to the intercompany transfer of acquired intellectual property. Restructuring expenses include non-ordinary course severance, employee related benefits and other charges to reorganize business operations.

We believe that these non-GAAP financial measures provide useful information about our core operating results over multiple periods. There are a number of limitations related to the use of the non-GAAP financial measures as compared to GAAP loss from operations and operating margin, including that non-GAAP income from operations and non-GAAP operating margin exclude stock-based compensation expense, which has been, and will continue to be, a significant recurring expense in our business and an important part of our compensation strategy.

The following table presents a reconciliation of loss from operations, the most directly comparable financial measure calculated in accordance with GAAP, to non-GAAP income from operations, and operating margin, the most directly comparable financial measure calculated in accordance with GAAP, to non-GAAP operating margin:

| (dollars in thousands)                                       | Three Months Ended September 30, |             | Nine Months Ended September 30, |             |
|--|----------------------------------|-------------|---------------------------------|-------------|
|  | 2023                             | 2022        | 2023                            | 2022        |
| Loss from operations   | \$ (7,913)                       | \$ (12,958) | \$ (37,814)                     | \$ (53,726) |
| Stock-based compensation                                     | 36,835                           | 32,643      | 108,812                         | 89,954      |
| Acquisition-related expenses                                 | 4,598                            | 322         | 4,728                           | 2,376       |
| Costs related to intra-entity asset transfers <sup>(1)</sup> | —                                | —           | —                               | 838         |
| Amortization of acquired intangible assets                   | 3,055                            | 3,080       | 9,208                           | 8,292       |
| Non-GAAP income from operations                              | \$ 36,575                        | \$ 23,087   | \$ 84,934                       | \$ 47,734   |
| Operating margin   | (4)%                             | (7)%        | (6)%                            | (11)%       |
| Non-GAAP operating margin                                    | 18 %                             | 13 %        | 15 %                            | 10 %        |

(1) The costs related to the intra-entity asset transfers resulted from our internal restructuring of Cymptom.

| (dollars in thousands)                     | Three Months Ended March 31, |             |
|--|------------------------------|-------------|
|  | 2024                         | 2023        |
| Loss from operations                       | \$ (8,930)                   | \$ (19,156) |
| Stock-based compensation                   | 39,719                       | 34,117      |
| Acquisition-related expenses               | 161                          | 100         |
| Restructuring                              | 1,389                        | —           |
| Amortization of acquired intangible assets | 4,669                        | 3,080       |
| Non-GAAP income from operations            | \$ 37,008                    | \$ 18,141   |
| Operating margin                           | (4)%                         | (10)%       |
| Non-GAAP operating margin                  | 17 %                         | 10 %        |

### Non-GAAP Net Income and Non-GAAP Earnings Per Share

We use non-GAAP net income, which excludes stock-based compensation, acquisition-related expenses, restructuring expenses and amortization of acquired intangible assets, as well as the related tax impacts, and the tax impact and related costs of intra-entity asset transfers resulting from the internal restructuring of legal entities as well as deferred income tax benefits recognized in connection with acquisitions, to calculate non-GAAP earnings per share. We believe that these non-GAAP measures provide important information because they facilitate comparisons of our core operating results over multiple periods.

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The following table presents a reconciliation of net loss and net loss per share, the most comparable financial measures calculated in accordance with GAAP, to non-GAAP net income and non-GAAP earnings per share:

|   |   | Three Months Ended<br>September 30, |            | Nine Months Ended<br>September 30, |            |  |      |      |
|---|---|-------------------------------------|------------|------------------------------------|------------|--|------|------|
|   |   | Three Months Ended March<br>31,     |            |                                    |            | Three Months Ended March 31,                 |      |      |
| (in thousands,<br>except for per<br>share amounts)              | (in thousands,<br>except for per<br>share amounts)          | 2023                                | 2022       | 2023                               | 2022       | (in thousands, except for per share amounts) | 2024 | 2023 |
| Net loss  | Net loss  | \$(15,565)                          | \$(18,730) | \$(56,636)                         | \$(70,735) |  |      |      |
| Stock-based<br>compensation                                     | Stock-based<br>compensation                                 | 36,835                              | 32,643     | 108,812                            | 89,954     |  |      |      |
| Tax impact of<br>stock-based<br>compensation <sup>(1)</sup>     | Tax impact of<br>stock-based<br>compensation <sup>(1)</sup> | (1,207)                             | 318        | 1,046                              | 1,572      |  |      |      |
| Acquisition-<br>related<br>expenses <sup>(2)</sup>              | Acquisition-<br>related<br>expenses <sup>(2)</sup>          | 4,598                               | 322        | 4,728                              | 2,376      |  |      |      |
| Costs related to intra-entity<br>asset transfers <sup>(3)</sup> |   | —                                   | —          | —                                  | 838        |  |      |      |
| Amortization of acquired<br>intangible assets <sup>(4)</sup>    |   | 3,055                               | 3,080      | 9,208                              | 8,292      |  |      |      |
| Tax impact of acquisitions <sup>(5)</sup>                       |   | (48)                                | (958)      | (161)                              | (4,307)    |  |      |      |
| Tax impact of intra-entity asset<br>transfers <sup>(6)</sup>    |   | —                                   | 508        | —                                  | 2,121      |  |      |      |
| Restructuring <sup>(2)</sup>                                    |   |                                     |            |                                    |            |  |      |      |
| Amortization of acquired<br>intangible assets <sup>(3)</sup>    |   |                                     |            |                                    |            |  |      |      |
| Amortization of acquired<br>intangible assets <sup>(3)</sup>    |   |                                     |            |                                    |            |  |      |      |
| Amortization of acquired<br>intangible assets <sup>(3)</sup>    |   |                                     |            |                                    |            |  |      |      |
| Tax impact of<br>acquisitions                                   |   |                                     |            |                                    |            |  |      |      |
| Non-GAAP net income   |   |                                     |            |                                    |            |  |      |      |
| Non-GAAP net income   |   |                                     |            |                                    |            |  |      |      |
| Non-GAAP<br>net income  | Non-GAAP<br>net income                                      | \$ 27,668                           | \$ 17,183  | \$ 66,997                          | \$ 30,111  |  |      |      |
| Net loss per share, diluted                                     |   |                                     |            |                                    |            |  |      |      |
| Net loss per<br>share, diluted                                  | Net loss per<br>share, diluted                              | \$ (0.13)                           | \$ (0.17)  | \$ (0.49)                          | \$ (0.64)  |  |      |      |
| Stock-based<br>compensation                                     | Stock-based<br>compensation                                 | 0.32                                | 0.29       | 0.94                               | 0.81       |  |      |      |
| Tax impact of<br>stock-based<br>compensation <sup>(1)</sup>     | Tax impact of<br>stock-based<br>compensation <sup>(1)</sup> | (0.01)                              | —          | 0.01                               | 0.01       |  |      |      |
| Acquisition-<br>related<br>expenses <sup>(2)</sup>              | Acquisition-<br>related<br>expenses <sup>(2)</sup>          | 0.04                                | —          | 0.04                               | 0.02       |  |      |      |
| Costs related to intra-entity<br>asset transfers <sup>(3)</sup> |   | —                                   | —          | —                                  | 0.01       |  |      |      |



|  |  |         |         |         |         |
|--|--|---------|---------|---------|---------|
| Amortization of acquired intangible assets <sup>(4)</sup>                    |  | 0.02    | 0.03    | 0.08    | 0.08    |
| Tax impact of acquisitions <sup>(5)</sup>                                    |  | —       | (0.01)  | —       | (0.04)  |
| Tax impact of intra-entity asset transfers <sup>(6)</sup>                    |  | —       | 0.01    | —       | 0.02    |
| Adjustment to diluted earnings per share <sup>(7)</sup>                      |  | (0.01)  | —       | (0.02)  | (0.01)  |
| Restructuring <sup>(2)</sup>   |  |         |         |         |         |
| Amortization of acquired intangible assets <sup>(3)</sup>                    |  |         |         |         |         |
| Amortization of acquired intangible assets <sup>(3)</sup>                    |  |         |         |         |         |
| Amortization of acquired intangible assets <sup>(3)</sup>                    |  |         |         |         |         |
| Tax impact of acquisitions   |  |         |         |         |         |
| Adjustment to diluted earnings per share <sup>(4)</sup>                      |  |         |         |         |         |
| Adjustment to diluted earnings per share <sup>(4)</sup>                      |  |         |         |         |         |
| Adjustment to diluted earnings per share <sup>(4)</sup>                      |  |         |         |         |         |
| Non-GAAP earnings per share, diluted   | Non-GAAP earnings per share, diluted   | \$ 0.23 | \$ 0.15 | \$ 0.56 | \$ 0.26 |
| Weighted-average shares used to compute GAAP net loss per share, diluted     | Weighted-average shares used to compute GAAP net loss per share, diluted     | 115,954 | 111,937 | 114,967 | 110,843 |
| Weighted-average shares used to compute GAAP net loss per share, diluted     |  |         |         |         |         |
| Weighted-average shares used to compute GAAP net loss per share, diluted     |  |         |         | 117,542 | 113,791 |
| Weighted-average shares used to compute non-GAAP earnings per share, diluted | Weighted-average shares used to compute non-GAAP earnings per share, diluted | 121,473 | 117,334 | 120,273 | 117,524 |
| Weighted-average shares used to compute non-GAAP earnings per share, diluted |  |         |         |         |         |
| Weighted-average shares used to compute non-GAAP earnings per share, diluted |  |         |         | 123,266 | 119,264 |

- (1) The tax impact of stock-based compensation is based on the tax treatment for the applicable tax jurisdictions.
- (2) The tax impact of acquisition-related expenses is and restructuring are not material.
- (3) The costs related to the intra-entity asset transfers resulted from our internal restructuring of Cymptom.
- (4) The tax impact of the amortization of acquired intangible assets is included in the tax impact of acquisitions.

(5) The tax impact of acquisitions for all periods presented includes the deferred tax benefits of the Alsid acquisition. Additionally, the tax impact of acquisitions for the nine months ended September 30, 2022 includes a reversal of the \$2.5 million income tax benefit recognized for GAAP purposes related to the partial release of our valuation allowance associated with the Bit Discovery acquisition.

(6) The tax impact of the intra-entity transfers is related to current tax expense based on the applicable Israeli tax rates resulting from our internal restructuring of Cymptom.

(7) (4) An adjustment to reconcile GAAP net loss per share, which excludes potentially dilutive shares, to non-GAAP earnings per share, which includes potentially dilutive shares.

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### Components of Our Results of Operations

#### Revenue

We generate revenue from subscription arrangements for our software and cloud-based solutions, perpetual licenses, maintenance associated with perpetual licenses and professional services.

Our subscription arrangements generally have annual or multi-year contractual terms to use our software or cloud-based solutions, including ongoing software updates during the contractual period. For software subscriptions that are dependent on ongoing software updates and the ability to identify the latest cybersecurity vulnerabilities, revenue is recognized ratably over the subscription term given the critical utility provided by the ongoing updates that are released through the contract period. When the critical utility of our software does not depend on ongoing updates, we recognize revenue attributable to the license at the time of delivery and the revenue attributable to the maintenance and support ratably over the contract period.

Our perpetual licenses are generally sold with one or more years of maintenance, which includes ongoing software updates. Given the critical utility provided by the ongoing software updates and updated ability to identify network vulnerabilities included in maintenance, we combine the perpetual license and the maintenance into a single performance obligation. Perpetual license arrangements generally contain a material right related to the customer's ability to renew maintenance at a price that is less than the initial license fee. We apply a practical alternative to allocating a portion of the transaction price to the material right performance obligation and estimate a hypothetical transaction price which includes fees for expected maintenance renewals based on the estimated economic life of perpetual license contracts. We allocate the transaction price between the cybersecurity subscription provided in the initial contract and the material right related to expected contract renewals based on the hypothetical transaction price. We recognize the amount allocated to the combined license and maintenance performance obligation over the initial contractual period, which is generally one year. We recognize the amount allocated to the material right over the expected maintenance renewal period, which begins at the end of the initial contractual term and is generally four years. We have estimated the five-year economic life of perpetual license contracts based on historical contract attrition, expected renewal periods, the lifecycle of our technology and other factors. This estimate may change over time.

Professional services and other revenue is primarily comprised of advisory services and training related to the deployment and optimization of our products. These services do not result in significant customization of our products. Professional services and other revenue is recognized as the services are performed.

We have historically experienced, and expect in the future to experience, seasonality in entering into agreements with customers. We typically enter into a significantly higher percentage of agreements with new customers, as well as renewal agreements with existing customers, in the third and fourth quarters of the year. The increase in customer agreements in the third quarter is primarily attributable to U.S. government and related agencies, and the increase in the fourth quarter is primarily attributable to large enterprise account buying patterns typical in the software industry. The ratable nature of our subscription revenue makes this seasonality less apparent in our overall financial results. At While sales cycles improved in the end of the first quarter of 2023, three months ended March 31, 2024, we experienced continue to expect longer sales cycle times in the purchasing and approval phases of our sales cycle and this trend has continued during 2023 and may continue into 2024.

#### Cost of Revenue, Gross Profit and Gross Margin

Cost of revenue includes personnel costs related to our technical support group that provides assistance to customers, including salaries, benefits, bonuses, payroll taxes, stock-based compensation and any ordinary course severance. Cost of revenue also includes cloud infrastructure costs, the costs related to professional services and training, depreciation, amortization of acquired and developed technology, hardware costs and allocated overhead costs, which consist of information technology, facilities and facilities, insurance.

We intend to continue to invest additional resources in our cloud-based platform and customer support team as we grow our business. The level and timing of investment in these areas could affect our cost of revenue in the future.

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Gross profit, or revenue less cost of revenue, and gross margin, or gross profit as a percentage of revenue, have been and will continue to be affected by various factors, including the timing of our acquisition of new customers and our renewals of and follow-on sales to existing customers, the costs associated with operating our cloud-based

platform, the extent to which we expand our customer support team and the extent to which we can increase the efficiency of our technology and infrastructure through technological improvements.

We expect our gross profit to increase in absolute dollars but our gross margin may fluctuate from period to period depending on the interplay of all of these factors, particularly as it relates to cloud infrastructure costs, as we expect revenue from our cloud-based subscriptions to increase as a percentage of revenue.

### **Operating Expenses**

Our operating expenses consist of sales and marketing, research and development, and general and administrative and restructuring expenses. Personnel costs are the most significant component of operating expenses and consist of salaries, benefits, bonuses, payroll taxes, stock-based compensation and any ordinary course severance. Operating expenses also include depreciation and amortization as well as allocated overhead costs, including IT and facilities costs.

#### *Sales and Marketing*

Sales and marketing expense consists of personnel costs, sales commissions, marketing programs, travel and entertainment, expenses for conferences, meetings and events and allocated overhead costs. We capitalize sales commissions, including related fringe benefit costs, and recognize the expense over an estimated period of benefit, which ranges between three and four years for subscription arrangements and five years for perpetual license arrangements. Sales commissions on contract renewals are capitalized and amortized ratably over the contract term, with the exception of contracts with renewal periods that are one year or less, in which case the incremental costs are expensed as incurred. Sales commissions on professional services arrangements are expensed as incurred as the contractual periods of these arrangements are generally less than one year.

We intend to continue to make investments in our sales and marketing teams to increase revenue, further penetrate the market and expand our global customer base. We expect our sales and marketing expense to increase in absolute dollars annually and to be our largest operating expense category for the foreseeable future. However, as our revenue increases, we expect our sales and marketing expense to decrease as a percentage of our revenue over the long term. Our sales and marketing expense may fluctuate from period to period due to the timing and extent of these expenses, including sales commissions, which may fluctuate depending on the mix of sales and related expense recognition.

#### *Research and Development*

Research and development expense consists of personnel costs, software used to develop our products, travel and entertainment, consulting and professional fees for third-party development resources as well as allocated overhead. Our research and development expense supports our efforts to continue to add capabilities to our existing products and enable the continued detection of new network vulnerabilities.

We expect our research and development expense to continue to increase annually in absolute dollars for the foreseeable future as we continue to invest in research and development efforts to enhance the functionality of our cloud-based platform. However, we expect our research and development expense to decrease as a percentage of our revenue over the long term, although our research and development expense may fluctuate from period to period due to the timing and extent of these expenses.

#### *General and Administrative*

General and administrative expense consists of personnel costs for our executive, finance, legal, human resources and administrative departments. Additional expenses include travel and entertainment, professional fees, insurance, allocated overhead and acquisition-related costs.

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We expect our general and administrative expense to continue to increase in absolute dollars and decrease as a percentage of our revenue over the long term, although our general and administrative expense may fluctuate from period to period due to the timing and extent of these expenses.

#### *Restructuring*

Restructuring expenses consist of non-ordinary course severance, employee related benefits and other charges to reorganize business operations.

#### **Interest Income, Interest Expense and Other Expense, Net**

Interest income consists of income earned on cash and cash equivalents and short-term investments. Interest expense consists primarily of interest expense in connection with our senior secured term loan facility, or Term Loan, unused commitment fees on our senior secured revolving credit facility, or Revolving Credit Facility, and letter of credit fees. Other expense, net consists primarily of foreign currency remeasurement and transaction gains and losses and any realized and unrealized gains and losses, including impairment loss if one of losses related to our SAFE investments is determined to be impaired, non-marketable simple agreements for future equity ("SAFE") investments.

#### **Provision (Benefit) for Income Taxes**

Provision (benefit) for income taxes consists of income taxes in all foreign jurisdictions in which we conduct business and the related withholding taxes on sales with customers. We have recorded deferred tax assets for which a full valuation allowance has been provided, including net operating loss carryforwards and tax credits. We expect to maintain this full valuation allowance for the foreseeable future as it is more likely than not that some or all of those deferred tax assets may not be realized based on our history of losses.

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**Results of Operations**

The following tables set forth our consolidated results of operations for the periods presented:

|                                    |   | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             | Three Months Ended March 31, |      | Three Months Ended March 31, |  |
|------------------------------------|---|-------------------------------------|-------------|------------------------------------|-------------|------------------------------|------|------------------------------|--|
| (in thousands)                     | (in thousands)                            | 2023                                | 2022        | 2023                               | 2022        | (in thousands)               | 2024 | 2023                         |  |
| Revenue                            | Revenue                                   | \$201,529                           | \$174,851   | \$585,404                          | \$498,560   |                              |      |                              |  |
| Cost of revenue <sup>(1)</sup>     | Cost of revenue <sup>(1)</sup>            | 45,754                              | 38,582      | 134,774                            | 109,549     |                              |      |                              |  |
| Gross profit                       | Gross profit                              | 155,775                             | 136,269     | 450,630                            | 389,011     |                              |      |                              |  |
| Operating expenses:                | Operating expenses:                       |                                     |             |                                    |             |                              |      |                              |  |
| Sales and marketing <sup>(1)</sup> | Sales and marketing <sup>(1)</sup>        | 94,759                              | 88,123      | 289,750                            | 258,119     |                              |      |                              |  |
|                                    | Sales and marketing <sup>(1)</sup>        |                                     |             |                                    |             |                              |      |                              |  |
|                                    | Research and development <sup>(1)</sup>   | 37,052                              | 36,131      | 113,080                            | 106,649     |                              |      |                              |  |
|                                    | General and administrative <sup>(1)</sup> | 31,877                              | 24,973      | 85,614                             | 77,969      |                              |      |                              |  |
|                                    | Restructuring                             |                                     |             |                                    |             |                              |      |                              |  |
| Total operating expenses           | Total operating expenses                  | 163,688                             | 149,227     | 488,444                            | 442,737     |                              |      |                              |  |
| Loss from operations               | Loss from operations                      | (7,913)                             | (12,958)    | (37,814)                           | (53,726)    |                              |      |                              |  |
| Interest income                    | Interest income                           | 7,662                               | 1,803       | 19,323                             | 2,746       |                              |      |                              |  |
| Interest expense                   | Interest expense                          | (8,119)                             | (5,082)     | (23,208)                           | (12,246)    |                              |      |                              |  |
| Other expense, net                 | Other expense, net                        | (6,502)                             | (2,073)     | (7,993)                            | (4,880)     |                              |      |                              |  |
| Loss before income taxes           | Loss before income taxes                  | (14,872)                            | (18,310)    | (49,692)                           | (68,106)    |                              |      |                              |  |
| Provision for income taxes         | Provision for income taxes                | 693                                 | 420         | 6,944                              | 2,629       |                              |      |                              |  |
| Net loss                           | Net loss                                  | \$ (15,565)                         | \$ (18,730) | \$ (56,636)                        | \$ (70,735) |                              |      |                              |  |

(1) Includes stock-based compensation expense as follows:

|                            |                            | Three Months<br>Ended September<br>30, |          | Nine Months Ended<br>September 30, |          | Three Months Ended March 31, |          | Three Months Ended March 31, |  |
|----------------------------|----------------------------|--|----------|------------------------------------|----------|------------------------------|----------|------------------------------|--|
| (in thousands)             | (in thousands)             | 2023                                   | 2022     | 2023                               | 2022     | (in thousands)               | 2024     | 2023                         |  |
| Cost of revenue            | Cost of revenue            | \$ 3,011                               | \$ 2,341 | \$ 8,542                           | \$ 5,968 | Cost of revenue              | \$ 2,982 | \$ 2,625                     |  |
| Sales and marketing        | Sales and marketing        | 15,805                                 | 13,589   | 46,622                             | 36,420   | Sales and marketing          | 15,300   | 14,394                       |  |
| Research and development   | Research and development   | 9,242                                  | 8,754    | 27,871                             | 23,294   | Research and development     | 11,161   | 8,865                        |  |
| General and administrative | General and administrative | 8,777                                  | 7,959    | 25,777                             | 24,272   | General and administrative   | 10,276   | 8,233                        |  |

|  |  |          |          |           |          |  |           |    |        |
|--|--|----------|----------|-----------|----------|--|-----------|----|--------|
| Total stock-based compensation expense | Total stock-based compensation expense | \$36,835 | \$32,643 | \$108,812 | \$89,954 | Total stock-based compensation expense | \$ 39,719 | \$ | 34,117 |
|--|--|----------|----------|-----------|----------|--|-----------|----|--------|

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### Comparison of the Three Months Ended September 30, 2023, March 31, 2024 and 2022-2023

#### Revenue

The following table presents the increase in revenue:

|   |   | Three Months Ended September 30, |           |          |      | Change                                    |           |           |          | Three Months Ended March 31, |    |     |   | Change |  |
|---|---|----------------------------------|-----------|----------|------|---|-----------|-----------|----------|------------------------------|----|-----|---|--------|--|
| (dollars in thousands)                    | (dollars in thousands)                    | 2023                             | 2022      | (\$)     | (%)  | (dollars in thousands)                    | 2024      | 2023      | (\$)     |                              |    | (%) |   |        |  |
| Subscription revenue                      | Subscription revenue                      | \$183,268                        | \$156,764 | \$26,504 | 17 % | Subscription revenue                      | \$197,635 | \$171,098 | \$26,537 | 16                           | 16 | %   |   |        |  |
| Perpetual license and maintenance revenue | Perpetual license and maintenance revenue | 12,200                           | 12,658    | (458)    | (4)% | Perpetual license and maintenance revenue | 12,156    | 12,181    | (25)     | (25)                         | —  | —   | % |        |  |
| Professional services and other revenue   | Professional services and other revenue   | 6,061                            | 5,429     | 632      | 12 % | Professional services and other revenue   | 6,170     | 5,560     | 610      | 610                          | 11 | 11  | % |        |  |
| Revenue                                   | Revenue                                   | \$201,529                        | \$174,851 | \$26,678 | 15 % | Revenue                                   | \$215,961 | \$188,839 | \$27,122 | 14                           | 14 | %   |   |        |  |

The increase in revenue of \$26.7 million included \$30.6 million from existing customers at October 1, 2022, net of a decrease from new customers of \$3.9 million. U.S. revenue increased \$12.7 million, or 13%. International revenue increased \$14.0 million, or 18%.

#### Cost of Revenue, Gross Profit and Gross Margin

|                        |                        | Three Months Ended September 30, |          |         |      | Change                 |          |          |         | Three Months Ended March 31, |    |     |   | Change |  |
|------------------------|------------------------|----------------------------------|----------|---------|------|------------------------|----------|----------|---------|------------------------------|----|-----|---|--------|--|
| (dollars in thousands) | (dollars in thousands) | 2023                             | 2022     | (\$)    | (%)  | (dollars in thousands) | 2024     | 2023     | (\$)    |                              |    | (%) |   |        |  |
| Cost of revenue        | Cost of revenue        | \$45,754                         | \$38,582 | \$7,172 | 19 % | Cost of revenue        | \$48,932 | \$45,506 | \$3,426 | 8                            | 8  | %   |   |        |  |
| Gross profit           | Gross profit           | 155,775                          | 136,269  | 19,506  | 14 % | Gross profit           | 167,029  | 143,333  | 23,696  | 23,696                       | 17 | 17  | % |        |  |
| Gross margin           | Gross margin           | 77 %                             | 78 %     |         |      |                        |          |          |         |                              |    |     |   |        |  |

The increase in cost of revenue of \$7.2 million was primarily due to:

- a \$3.4 million increase in third-party amortization of acquired intangibles;
- a \$0.9 million increase in cloud infrastructure costs;
- a \$2.6 million increase in personnel costs, including a \$0.7 million primarily due to an increase in stock-based compensation; and
- a \$0.6 million increase in depreciation and amortization expenses, professional fees.

#### Operating Expenses

##### Sales and Marketing

|                        |                        | Three Months Ended September 30, |          |         |     | Change                 |           |           |          | Three Months Ended March 31, |  |  |  | Change |   |
|------------------------|------------------------|----------------------------------|----------|---------|-----|------------------------|-----------|-----------|----------|------------------------------|--|--|--|--------|---|
| (dollars in thousands) | (dollars in thousands) | 2023                             | 2022     | (\$)    | (%) | (dollars in thousands) | 2024      | 2023      | (\$)     | (%)                          |  |  |  |        |   |
| Sales and marketing    | Sales and marketing    | \$94,759                         | \$88,123 | \$6,636 | 8 % | Sales and marketing    | \$ 99,825 | \$ 97,191 | \$ 2,634 | 3                            |  |  |  | 3      | % |

The increase in sales and marketing expense of \$6.6 \$2.6 million was primarily due to:

- a \$3.2 million \$1.1 million increase in personnel costs, including a \$2.2 million increase in stock-based compensation; allocated overhead;
- a \$1.3 million \$0.7 million increase in sales commissions;
- a \$0.5 million increase in expenses for demand generation programs, including advertising, sponsorships and brand awareness efforts;
- a \$1.3 million increase in selling expenses, including a \$0.7 million increase in travel and meeting costs;
- a \$0.4 million increase in allocated overhead; and
- a \$0.4 million increase in sales commissions, selling expenses.

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*Research and Development*

|                          |                          | Three Months Ended September 30, |          |       |     | Change                   |           |           |          | Three Months Ended March 31, |  |  |  | Change |   |
|--------------------------|--------------------------|----------------------------------|----------|-------|-----|--------------------------|-----------|-----------|----------|------------------------------|--|--|--|--------|---|
| (dollars in thousands)   | (dollars in thousands)   | 2023                             | 2022     | (\$)  | (%) | (dollars in thousands)   | 2024      | 2023      | (\$)     | (%)                          |  |  |  |        |   |
| Research and development | Research and development | \$37,052                         | \$36,131 | \$921 | 3 % | Research and development | \$ 43,727 | \$ 38,183 | \$ 5,544 | 15                           |  |  |  | 15     | % |

The increase in research and development expense of \$0.9 \$5.5 million was primarily due to:

- a \$1.2 million \$2.5 million increase in personnel costs, including \$2.3 million increase in stock-based compensation expense, partially offset by a \$2.0 million increase in capitalized wages;
- a \$0.9 million decrease in tax credits;
- a \$0.8 million increase in third-party cloud infrastructure costs;
- a \$0.7 million increase in allocated overhead;
- a \$0.3 million increase in depreciation and amortization; and
- a \$0.2 million \$0.3 million increase in allocated overhead; partially offset by
- a \$0.5 million decrease in personnel subscription costs.

*General and Administrative*

|                            |                            | Three Months Ended September 30, |          |         |      | Change                     |           |           |          | Three Months Ended March 31, |  |  |  | Change |   |
|----------------------------|----------------------------|----------------------------------|----------|---------|------|----------------------------|-----------|-----------|----------|------------------------------|--|--|--|--------|---|
| (dollars in thousands)     | (dollars in thousands)     | 2023                             | 2022     | (\$)    | (%)  | (dollars in thousands)     | 2024      | 2023      | (\$)     | (%)                          |  |  |  |        |   |
| General and administrative | General and administrative | \$31,877                         | \$24,973 | \$6,904 | 28 % | General and administrative | \$ 31,018 | \$ 27,115 | \$ 3,903 | 14                           |  |  |  | 14     | % |

The increase in general and administrative expense of \$6.9 \$3.9 million was primarily due to:

- a \$4.3 million \$3.3 million increase in acquisition-related expenses; personnel costs, including a \$2.0 million increase in stock-based compensation expense;

- a \$1.5 million \$0.7 million increase in personnel costs largely associated with an increase in headcount and a \$0.8 million increase in stock-based compensation;
- a \$0.6 million increase in professional fees;
- a \$0.4 million increase in bank fees; and
- a \$0.2 million \$0.1 million increase in indirect taxes such as VAT, acquisition-related expenses; partially offset by
- a \$0.3 million decrease in allocated overhead.

#### Restructuring

| (dollars in thousands) | Three Months Ended March 31, |      | Change   |       |
|------------------------|------------------------------|------|----------|-------|
|                        | 2024                         | 2023 | (\$)     | (%)   |
| Restructuring          | \$ 1,389                     | \$ — | \$ 1,389 | 100 % |

The \$1.4 million in restructuring includes non-ordinary course severance and employee related benefits related to the optimization of our go-to-market efforts including a reduced reliance on sales specialists and an emphasis on streamlining layers of management. We are currently in negotiation to sublease a portion of our headquarters, which could result in a non-cash impairment charge of \$6 million to \$7 million in the three months ending June 30, 2024.

#### Interest Income, Interest Expense and Other Expense, Net

|                    |                    | Three Months Ended September 30, |         |         |       | Change             |          | Three Months Ended March 31, |        |       |        |       |       | Change |  |
|--------------------|--------------------|----------------------------------|---------|---------|-------|--------------------|----------|------------------------------|--------|-------|--------|-------|-------|--------|--|
|                    |                    | 2023                             | 2022    | (\$)    | (%)   |                    |          | 2024                         |        | 2023  |        | (\$)  |       | (%)    |  |
| Interest income    | Interest income    | \$7,662                          | \$1,803 | \$5,859 | 325 % | Interest income    | \$ 5,624 | \$ 5,095                     | \$ 529 | \$ 10 | \$ 529 | 10 %  | \$ 10 | 10 %   |  |
| Interest expense   | Interest expense   | (8,119)                          | (5,082) | (3,037) | 60 %  | Interest expense   | (8,112)  | (7,339)                      | (773)  | (773) | (773)  | 11 %  | 11 %  | 11 %   |  |
| Other expense, net | Other expense, net | (6,502)                          | (2,073) | (4,429) | 214 % | Other expense, net | (1,310)  | (547)                        | (763)  | (763) | (763)  | 139 % | 139 % | 139 %  |  |

The \$5.9 million \$0.5 million increase in interest income was due to higher interest rates on an increased amount of cash and cash equivalents and short-term investments. The \$3.0 million \$0.8 million increase in interest expense was primarily related to an increase in the variable rate of our Term Loan. The \$4.4 million \$0.8 million increase in other expense, net was primarily due to a \$5.0 million impairment loss on one of our SAFE investments, partially offset by a \$0.6 million decrease in foreign exchange losses.

#### Provision for Income Taxes

| (dollars in thousands)     | Three Months Ended September 30, |        | Change |      |
|----------------------------|----------------------------------|--------|--------|------|
|                            | 2023                             | 2022   | (\$)   | (%)  |
| Provision for income taxes | \$ 693                           | \$ 420 | \$ 273 | 65 % |

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| (dollars in thousands)     | Three Months Ended March 31, |          | Change     |        |
|----------------------------|------------------------------|----------|------------|--------|
|                            | 2024                         | 2023     | (\$)       | (%)    |
| Provision for income taxes | \$ 1,658                     | \$ 3,150 | \$ (1,492) | (47) % |

In the three months ended September 30, 2023 March 31, 2024, the provision for income taxes included:

- \$0.6 1.3 million of discrete items primarily related to withholding taxes on sales to customers; and
- \$0.1 0.4 million of income taxes in foreign jurisdictions in which we conduct business.

In the three months ended September 30, 2022 March 31, 2023, the provision for income taxes included:

- \$0.5 million of current expense from the restructuring of our research and development operations in Israel;

- \$0.2 million of income taxes in foreign jurisdictions in which we conduct business; and
- \$0.7 million of discrete items primarily related to withholding taxes on sales to customers; partially offset by
- \$1.0 million of deferred tax benefits related to the Alsid acquisition.

## Comparison of the Nine Months Ended September 30, 2023 and 2022

### Revenue

The following table presents the increase in revenue:

| (dollars in thousands)                    | Nine Months Ended September 30, |            | Change    |      |
|---|---------------------------------|------------|-----------|------|
|   | 2023                            | 2022       | (\$)      | (%)  |
| Subscription revenue                      | \$ 531,133                      | \$ 446,257 | \$ 84,876 | 19 % |
| Perpetual license and maintenance revenue | 36,535                          | 38,214     | (1,679)   | (4)% |
| Professional services and other revenue   | 17,736                          | 14,089     | 3,647     | 26 % |
| Revenue                                   | \$ 585,404                      | \$ 498,560 | \$ 86,844 | 17 % |

The increase in revenue of \$86.8 million included \$95.3 million from existing customers at October 1, 2022, net of a decrease from new customers of \$8.5 million. U.S. revenue increased \$42.8 million, or 15%. International revenue increased \$44.0 million, or 20%.

### Cost of Revenue, Gross Profit and Gross Margin

| (dollars in thousands) | Nine Months Ended September 30, |            | Change    |      |
|------------------------|---------------------------------|------------|-----------|------|
|                        | 2023                            | 2022       | (\$)      | (%)  |
| Cost of revenue        | \$ 134,774                      | \$ 109,549 | \$ 25,225 | 23 % |
| Gross profit           | 450,630                         | 389,011    | 61,619    | 16 % |
| Gross margin           | 77 %                            | 78 %       |           |      |

The increase in cost of revenue of \$25.2 million was primarily due to:

- an \$11.2 million increase in personnel costs, largely associated with an increase in headcount and including a \$2.6 million increase in stock-based compensation as well as support for cloud-based products;
- a \$10.0 million increase in third-party cloud infrastructure costs;
- a \$1.6 million increase in depreciation and amortization expenses;
- a \$0.9 million increase in amortization of intangible assets due to acquired intangible assets; and
- a \$0.6 million increase in allocated overhead.

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### Operating Expenses

#### Sales and Marketing

| (dollars in thousands) | Nine Months Ended September 30, |            | Change    |      |
|------------------------|---------------------------------|------------|-----------|------|
|                        | 2023                            | 2022       | (\$)      | (%)  |
| Sales and marketing    | \$ 289,750                      | \$ 258,119 | \$ 31,631 | 12 % |

The increase in sales and marketing expense of \$31.6 million was primarily due to:

- an \$18.3 million increase in personnel costs, largely associated with an increase in headcount and a \$10.2 million increase in stock-based compensation;
- an \$8.1 million increase in selling expenses, including a \$6.7 million increase in travel and meeting costs;
- a \$4.9 million increase in expenses for demand generation programs, including advertising, sponsorships and brand awareness efforts; and
- a \$0.9 million increase in allocated overhead; partially offset by
- a \$0.8 million decrease in sales commissions.

#### Research and Development

|  | Nine Months Ended September 30, |  | Change |  |
|--|---------------------------------|--|--------|--|
|--|---------------------------------|--|--------|--|



| (dollars in thousands)   | 2023       |            | 2022     |      | (\$) | (% ) |
|--------------------------|------------|------------|----------|------|------|------|
|                          | 2023       | 2022       | 2023     | 2022 |      |      |
| Research and development | \$ 113,080 | \$ 106,649 | \$ 6,431 | 6 %  |      |      |

The increase in research and development expense of \$6.4 million was primarily due to:

- a \$4.0 million increase in third-party cloud infrastructure costs;
- a \$2.7 million net increase in personnel costs, largely associated with an increase in headcount, including a \$4.6 million increase in stock-based compensation and net of increased support for cloud-based products;
- a \$0.5 million increase in allocated overhead; and
- a \$0.4 million increase in travel and meeting costs; partially offset by
- a \$0.9 million increase in tax credits.

#### General and Administrative

| (dollars in thousands)     | Nine Months Ended September 30, |           | Change   |      |
|----------------------------|---------------------------------|-----------|----------|------|
|                            | 2023                            | 2022      | (\$)     | (%)  |
| General and administrative | \$ 85,614                       | \$ 77,969 | \$ 7,645 | 10 % |

The increase in general and administrative expense of \$7.6 million was primarily due to:

- a \$2.6 million increase in personnel costs, largely associated with an increase in headcount and a \$1.5 million increase in stock-based compensation;
- a \$2.4 million increase in acquisition-related expenses;
- a \$1.4 million increase in professional fees;
- a \$1.0 million increase in indirect taxes such as VAT;
- a \$0.8 million increase in bank fees; and
- a \$0.3 million increase in travel and meeting costs; partially offset by
- a \$0.8 million decrease in intra-entity asset transfer costs related to Cymptom.

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#### Interest Income, Interest Expense and Other Expense, Net

| (dollars in thousands) | Nine Months Ended September 30, |          | Change    |       |
|------------------------|---------------------------------|----------|-----------|-------|
|                        | 2023                            | 2022     | (\$)      | (%)   |
| Interest income        | \$ 19,323                       | \$ 2,746 | \$ 16,577 | 604 % |
| Interest expense       | (23,208)                        | (12,246) | (10,962)  | 90 %  |
| Other expense, net     | (7,993)                         | (4,880)  | (3,113)   | 64 %  |

The \$16.6 million increase in interest income was due to higher interest rates on an increased amount of short-term investments and cash and cash equivalents. Interest expense increased \$11.0 million due to an increase in the interest rate on our Term Loan. Other expense, net increased \$3.1 million primarily due to a \$5.0 million impairment loss on one of our SAFE investments, partially offset by a \$1.7 million decrease in foreign exchange losses.

#### Provision for Income Taxes

| (dollars in thousands)     | Nine Months Ended September 30, |          | Change   |       |
|----------------------------|---------------------------------|----------|----------|-------|
|                            | 2023                            | 2022     | (\$)     | (%)   |
| Provision for income taxes | \$ 6,944                        | \$ 2,629 | \$ 4,315 | 164 % |

In the nine months ended September 30, 2023, the provision for income taxes included:

- \$4.3 million of income taxes in foreign jurisdictions in which we conduct business; and
- \$2.8 million of discrete items primarily related to withholding taxes on sales to customers; partially offset by
- \$0.2 million of deferred tax benefits related to the Alsid acquisition.

In the nine months ended September 30, 2022, the provision for income taxes included:

- \$3.1 million income taxes in foreign jurisdictions in which we conduct business;
- \$2.1 million of current expense from the restructuring of our research and development operations in Israel; and

- \$1.7 million of discrete items primarily related to withholding taxes on sales to customers; partially offset by
- a \$2.5 million benefit from partially releasing the valuation allowance associated with the Bit Discovery acquisition; and
- \$1.8 million deferred tax benefits related to the Alsid acquisition. customers.

## Liquidity and Capital Resources

At September 30, 2023 March 31, 2024, we had \$445.3 million \$260.0 million of cash and cash equivalents, which consisted of bank deposits and money market funds, and \$247.7 million \$250.8 million of short-term investments, which consisted of commercial paper, asset backed securities, certificates of deposit, U.S. Treasury and agency obligations and corporate and Yankee bonds.

Since our inception, we have primarily financed our operations through cash provided by operations, including payments received from customers using our software products and services. Prior to our IPO, we did not raise any primary institutional capital, and the proceeds of our Series A and Series B redeemable convertible preferred stock financings were used to repurchase shares of capital stock from former stockholders. We have generated significant operating losses as reflected by our accumulated deficit of \$803.4 million \$839.4 million at September 30, 2023 March 31, 2024.

We typically invoice our customers annually in advance and, to a lesser extent, multi-years in advance. Therefore, a substantial source of our cash is from such prepayments, which are included in deferred revenue on our consolidated balance sheets. Deferred revenue consists primarily of the unearned portion of billed fees for our subscriptions and perpetual licenses, which is subsequently recognized as revenue in accordance with our revenue recognition policy. At September 30, 2023 March 31, 2024, we had deferred revenue of \$681.5 million \$722.7 million, of which \$518.4 million \$562.6 million was recorded as a current

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liability and is expected to be recognized as revenue in the next 12 months, provided all other revenue recognition criteria are met.

Our principal uses of cash in recent periods have been funding our operations, expansion of our sales and marketing and research and development activities, investments in infrastructure, and acquiring complementary businesses and technology. In October 2023, we acquired Ermetic for approximately \$244 million \$244 million in cash. We may in the future enter into arrangements to acquire or invest in other complementary businesses, services and technologies, including intellectual property rights.

We expect to continue incurring operating losses in the near term. Even though we generated positive cash flows from operations and free cash flow in the nine three months ended September 30, 2023 March 31, 2024, we may not be able to sustain these cash flows. We believe that our existing cash and cash equivalents and short-term investments will be sufficient to fund our operating and capital needs for at least the next 12 months and for the foreseeable future. Our future capital requirements will depend on many factors, including our revenue growth rate, subscription renewal activity, the timing and extent of spending to support further infrastructure and research and development efforts, the timing and extent of additional capital expenditures to invest in new and existing office spaces, the expansion of sales and marketing and international operating activities, any acquisitions of complementary businesses and technologies, the timing of our introduction of new product capabilities and enhancements of our platform and the continuing market acceptance of our platform. It may be necessary to seek additional equity or debt financing to fund our operating and capital needs. In the event that financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, operating results and financial condition would be adversely affected.

### Stock Repurchase Plan

In November 2023, our Board of Directors authorized the repurchase of up to \$100 million of our common stock. In the three months ended March 31, 2024 we purchased 525,773 shares for \$25.0 million. The remaining amount available to purchase stock under the stock repurchase program was \$60.1 million at March 31, 2024.

### Term Loan and Revolving Credit Facility

In July 2021, we entered into a credit agreement, or the Credit Agreement, which is comprised of a \$375.0 million Term Loan and a \$50.0 million Revolving Credit Facility, with a \$15.0 million letter of credit sublimit. On June 1, 2023, we began using SOFR instead of LIBOR. The Term Loan bears interest at a rate of 2.75% per annum over SOFR, subject to a 0.50% floor, plus a credit spread adjustment depending on the interest period.

From January to September 2023, March 2024, interest rates on our Term Loan have been between 7.16% 8.19% and 8.20% 8.22%. In October 2023 and November 2023, the Term Loan has interest rates of 8.18% and 8.19%, respectively. The Term Loan is being amortized at 1% per annum in equal quarterly installments until the final payment of \$350.6 million on the July 7, 2028 maturity date. We may be subject to mandatory Term Loan prepayments related to the excess cash provisions in the Credit Agreement if our first lien net leverage ratio (as defined in the Credit Agreement) exceeds 3.5. At September 30, 2023 March 31, 2024, our first lien net leverage ratio was 1.21, 1.14.

The Revolving Credit Facility bears interest at a rate, depending on first lien net leverage, ranging from 2.00% to 2.50% over SOFR and matures on July 7, 2026. We pay a commitment fee during the term ranging from 0.25% to 0.375% per annum of the average daily undrawn portion of the revolving commitments based on the first lien net leverage ratio. The Credit Agreement contains customary representations and warranties and affirmative and negative covenants. Additionally, if at least 35% of the Revolving

Credit Facility is drawn on the last day of the quarter, the total net leverage ratio cannot be greater than 5.50 to 1.00. At **September 30, 2023** **March 31, 2024**, we were in compliance with the covenants and had \$0.2 million of standby letters of credit outstanding under the Revolving Credit Facility.

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**Cash Flows**

The following table summarizes our cash flows for the periods presented:

|  |  | Nine Months Ended<br>September 30, |           | Three Months Ended<br>March 31, |      | Three Months Ended March 31, |  |
|--|--|------------------------------------|-----------|---------------------------------|------|------------------------------|--|
| (in thousands)   | (in thousands)   | 2023                               | 2022      | (in thousands)                  | 2024 | 2023                         |  |
| Net cash provided by operating activities  | Net cash provided by operating activities  | \$111,350                          | \$ 99,233 |                                 |      |                              |  |
| Net cash provided by (used in) investing activities                              | Net cash provided by (used in) investing activities                              | 19,619                             | (108,003) |                                 |      |                              |  |
| Net cash provided by financing activities  | Net cash provided by financing activities  | 16,043                             | 23,195    |                                 |      |                              |  |
| Net cash (used in) provided by investing activities                              | Net cash (used in) provided by investing activities                              |                                    |           |                                 |      |                              |  |
| Net cash (used in) provided by financing activities                              | Net cash (used in) provided by financing activities                              |                                    |           |                                 |      |                              |  |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | Effect of exchange rate changes on cash and cash equivalents and restricted cash | (2,562)                            | (4,276)   |                                 |      |                              |  |
| Net increase in cash and cash equivalents and restricted cash                    | Net increase in cash and cash equivalents and restricted cash                    | \$144,450                          | \$ 10,149 |                                 |      |                              |  |

### Operating Activities

Our largest source of cash provided by operating activities is cash collections from sales of our products and services, as we typically invoice our customers in advance. Our primary uses of cash are employee compensation costs, third-party cloud infrastructure and other software subscription costs, demand generation expenditures and general corporate costs.

### Investing Activities

Net cash provided by used in investing activities increased by \$127.6 million \$22.7 million, primarily due to a \$67.0 million decrease in cash paid for acquisitions, a \$52.7 million \$24.4 million net increase in sales purchases of short-term investments, a \$4.1 million decrease \$1.5 million increase in capitalized software development costs and a \$3.8 million decrease \$0.3 million increase in purchases of property and equipment. equipment, partially offset by \$3.5 million in proceeds from one of our SAFE investments in the three months ended March 31, 2024.

### Financing Activities

Net cash provided by used in financing activities decreased increased by \$7.2 million \$24.0 million, primarily due to the repurchase of common stock under our stock repurchase program of \$25.0 million, partially offset by a \$8.2 million decrease \$0.9 million increase in proceeds from the exercise of stock options, which was partially offset by a \$1.4 million increase in proceeds from stock issued in connection with our employee stock purchase plan. options.

### Contractual Obligations

We have certain contractual obligations for future payments. Refer to Note 7 to our consolidated financial statements for our required operating lease payments and Note 9 for our required payments to Amazon Web Services, Inc. Microsoft and AWS for cloud services.

At September 30, 2023 March 31, 2024, there were no other material changes in our contractual obligations and commitments from those disclosed in our 10-K.

### Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, as well as related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

There have been no material changes to our critical accounting policies and estimates as described in our 10-K.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business, including interest rate, foreign currency exchange and inflation risks.

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#### Interest Rate Risk

At September 30, 2023 March 31, 2024, we had \$445.3 million \$260.0 million of cash and cash equivalents, which consisted of cash deposits and money market funds. We also had \$247.7 million \$250.8 million of short-term investments, which consisted of commercial paper, asset backed securities, certificates of deposit, U.S. treasury and agency securities and corporate and Yankee bonds. Our investments are carried at their fair market values with cumulative unrealized gains or losses recorded as a component of accumulated other comprehensive loss (loss) income within stockholders' equity. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Interest-earning instruments carry a degree of interest rate risk; however, a hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

In July 2021, we entered into the Credit Agreement comprised of a \$375.0 million Term Loan and a \$50.0 million Revolving Credit Facility. From January to September 2023, March 2024, interest rates on our Term Loan have been between 7.16% 8.19% and 8.20% 8.22%. In October 2023 April and November 2023, May 2024, the Term Loan has interest rates of 8.18% 8.19% and 8.19% 8.18%, respectively. A one percentage point increase in the rate would increase 2023 2024 interest expense by \$0.3 million \$2.1 million.

#### Foreign Currency Exchange Risk

Substantially all of our sales contracts are denominated in U.S. dollars, with a limited number of contracts denominated in foreign currencies, including foreign denominated leases. A portion of our operating expenses are incurred outside the United States, denominated in foreign currencies and subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound, Australian dollar, Israeli New Shekel and Indian Rupee. Strengthening of the U.S. dollar compared to other currencies could result in lower international sales as our products would seem more expensive and could result in lower international operating costs as the U.S. dollar is the functional currency for all of our international subsidiaries. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize remeasurement and transaction gains (losses) in our consolidated statements of operations. As the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currencies becomes more significant.

#### ***Inflation Risk***

While we do not believe that inflation has had a material effect on our business, results of operations, or financial condition through **September 30, 2023** **March 31, 2024**, our costs, specifically employee-related and third-party cloud infrastructure costs, may become subject to significant inflationary pressures, and our inability or failure to fully offset such higher costs could harm our business, results of operations, or financial condition.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

We maintain "disclosure controls and procedures," as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act ), as of the end of the period covered by this Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that at **September 30, 2023** **March 31, 2024**, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in this Form 10-Q was (a) reported

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within the time periods specified by SEC rules and regulations, and (b) communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding any required disclosure.

#### ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this **Quarterly Report on** Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### ***Inherent Limitations on Effectiveness of Internal Controls***

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud.

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## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. We have received, and may in the future continue to receive, claims from third parties asserting, among other things, infringement of their intellectual property rights. Future

litigation may be necessary to defend ourselves, our partners and our customers by determining the scope, enforceability and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

## Item 1A. Risk Factors

Except for the risk factors disclosed below, there have been no material changes to the risk factors disclosed in Part 1, Item 1A. "Risk Factors" of our [Annual Report on Form 10-K](#) for the year ended [December 31, 2022](#) December 31, 2023 filed with the United States Securities and Exchange Commission ("SEC") on [February 24, 2023](#) February 28, 2024. Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and trading price of our securities. In addition to the other information set forth in this [Quarterly Report on Form 10-Q](#), you should carefully consider the factors described in Part I, Item 1A. "Risk Factors" of our [Annual Report on Form 10-K](#) for the year ended [December 31, 2022](#) December 31, 2023. We may disclose additional changes to risk factors or disclose additional factors from time to time in our future filings with the SEC. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

***We have incorporated and may in the future further incorporate generative and other types of artificial intelligence, or AI, processes, algorithms, and technologies into certain of our products and services. This technology is new and developing, and may generate output that is inaccurate or flawed or may not achieve market acceptance, which could result in operational, financial, regulatory, and reputational harm and other adverse consequences to our business.***

We have incorporated and may in the future further incorporate AI features in certain of our products and services, including ExposureAI and Tenable AI Assistant. The use of generative AI processes at scale is relatively new, and may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of these technologies in our products and services becomes more important to our operations over time. The technologies underpinning these features are in the early stages of commercial use and exist in an emerging regulatory environment, which presents regulatory, litigation, ethical, reputational, operational and financial risks. AI in our products and services may be difficult to deploy successfully due to operational issues inherent to the nature of such technologies, including the development, maintenance and operation of deep learning datasets. Additionally, if we do not have adequate rights to utilize the data or other materials and content that our AI technologies depend on, we may face legal consequences for violating applicable laws, third-party intellectual property, privacy or other rights, or contracts to which we are a party.

Uncertainty in the legal regulatory regime relating to AI and emerging ethical issues surrounding the use of AI may require significant resources to modify and maintain business practices to comply with U.S. and non-U.S. laws, the nature of which cannot be determined at this time. Existing laws and regulations may apply to us or our suppliers, vendors, partners and customers in new ways, and new laws and regulations may be instituted. Many U.S. and international governmental bodies and regulators have proposed, or are in the process of developing, new regulations related to the use of AI and machine learning technologies. For example, the European Union authorities have concluded a provisional agreement on AI regulation, the Artificial Intelligence Act ("AI Act"), which will apply beyond the European Union's borders and which will establish obligations for AI providers and those deploying AI systems. Other jurisdictions may adopt similar or potentially more restrictive laws, which may render the use of such technologies challenging. The final form of these may impose obligations related to our development, offering and use of AI technologies and expose us to increased risk of regulatory enforcement and litigation.

Our AI technology features may also generate output that is misleading, insecure, inaccurate, harmful or otherwise flawed. Our customers or others may rely on or use such misleading, insecure, harmful or otherwise flawed content to their detriment, which may harm our brand, reputation, business or customers, cause competitive harm or expose us to legal liability. For example, AI algorithms use machine learning and predictive analytics which may be insufficient or of poor quality and reflect inherent biases and could lead to flawed, biased, and inaccurate results. Deficient or inaccurate recommendations, forecasts, or analyses that generative AI applications assist in producing could lead to customer rejection or skepticism of our products, affect our reputation or brand, and negatively affect our financial results. Further, unauthorized use or misuse of AI by our employees or others may result in disclosure of confidential company and customer data, reputational harm, privacy law violations and legal liability. Our use of generative AI may also lead to novel and urgent cybersecurity risks, including related to personal data, which may adversely affect our operations and reputation.

***The nature of our business requires the application of complex accounting rules and regulations and public reporting and corporate governance requirements. If there are significant changes in current principles, financial reporting standards, interpretations or public reporting and corporate governance requirements, or if our estimates or judgments relating to our critical accounting policies or reporting or governance requirements prove to be incorrect, we may experience unexpected financial reporting fluctuations or increased compliance costs and strain on our resources and our results of operations could be adversely affected.***

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. In addition, many companies' accounting disclosures are being subjected to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could impact our financial statements.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States, or U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Significant assumptions and estimates used in preparing our consolidated financial statements include the determination of the estimated economic life of perpetual licenses for revenue recognition, the estimated period of benefit for deferred commissions, useful lives of long-lived assets, the valuation of stock-based compensation, the incremental borrowing rate for operating leases, and the valuation of deferred tax assets. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

As a public company, we are also subject to the reporting and corporate governance requirements of the Exchange Act, the listing requirements of the Nasdaq Stock Market and other applicable securities rules and regulations, including the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Compliance with these

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rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources.

Additionally, we regularly monitor our compliance with applicable financial reporting standards and SEC and applicable listing standard requirements and review new pronouncements, drafts and interpretations thereof that are relevant to us. We might be required to change our accounting policies, alter our operational policies and implement new or enhance existing systems, or we may be required to restate our published financial statements, as a result of new standards or requirements, changes to existing standards or requirements and changes in their interpretation. Such changes to existing standards or requirements or changes in their interpretation may have an adverse effect on our reputation, business, financial position and profit, or cause an adverse deviation from our revenue and operating profit target, which may negatively impact our financial results. Additionally, we may incur substantial professional fees and expend significant management efforts, and we may need to hire additional staff with the appropriate experience and compile systems and processes necessary to adopt these new standards and disclosure or governance requirements.

For example, a number of climate disclosure regulations have been enacted, including the Corporate Sustainability Reporting Directive, the State of California's climate disclosure legislation, and most recently the SEC's climate-related disclosure requirements. These rules may require disclosure on climate-related risks, risk management, governance and targets, and may require the company to calculate and disclose greenhouse gas emissions data and obtain assurance reports on these disclosures. Ongoing compliance with these regulations is expected to be challenging and will heighten the compliance risks identified above. Additionally, our failure or perceived failure to comply with these disclosure requirements could lead to regulatory investigations, litigation, reputational harm, and other adverse business consequences.

In addition, in July 2023, the SEC adopted rules requiring the disclosure of information about a material cybersecurity incident on Form 8-K within four business days of determining that the incident is material, unless the US Attorney General concludes that such a disclosure would pose a substantial risk to national security or public safety. Additionally, these These rules also require disclosures describing the processes used to identify, assess and manage cybersecurity risks, management's role in assessing and managing material risks from cybersecurity threats and the board of directors' role in overseeing cybersecurity risks.

## Recent and future acquisitions could disrupt our business and adversely affect our business operations and financial results.

We have acquired products, technologies and businesses from other parties, such as our October 2023 acquisition of Ermetic, and we expect to expand our current business by acquiring additional businesses or technologies in the future. Acquisitions involve many risks, including the following:

- an acquisition may negatively affect our financial results because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatment, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company;
- we may encounter difficulties in, or may be unable to, successfully sell any acquired solutions;
- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- our use of cash to pay for an acquisition would limit other potential uses for our cash;
- the issuance of additional stock in connection with an acquisition could result in substantial dilution to our existing stockholders; and
- if we incur debt to fund such acquisition, such debt may subject us to material restrictions on our ability to conduct our business as well as financial maintenance covenants.

Acquired businesses have had, and may in the future have a less mature cybersecurity program than our own. While we take steps designed to ensure our data and system security protection measures cover the acquired business, there may be cybersecurity risks and vulnerabilities arising from those acquired or integrated entities' systems, technologies and services, that could also impact our existing systems, technologies and services and increase our cybersecurity risks.

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The occurrence of any of these risks could have a material adverse effect on our business operations and financial results. In addition, we may only be able to conduct limited due diligence on an acquired company's operations. Following an acquisition, we may be subject to unforeseen liabilities arising from an acquired company's past or present operations and these liabilities may be greater than the warranty and indemnity limitations that we negotiate. Any unforeseen liability that is greater than these warranty and indemnity limitations could have a negative impact on our financial condition.

In addition, Ermetic principally operates in Israel and the recent conflict there may also have the effect of heightening the risks identified above.

**Our business, financial condition and results of operations could be materially adversely affected by the recent conflict in Israel and subsequent hostilities in the region, as well as any negative impact on the regional or global economies and capital markets resulting therefrom or from the ongoing conflict between Ukraine and Russia and any other geopolitical tensions.**

U.S. and global markets have experienced volatility and disruption following the escalation of geopolitical tensions, including the conflict in Israel and the ongoing conflict between Ukraine and Russia. The length, scale and impact of these military conflicts are highly unpredictable and could continue to result in market disruptions, including significant volatility in commodity prices, credit and capital markets, disruption in the energy market as well as supply chain interruptions.

Furthermore, our research and development teams for Tenable OT Security and for Ermetic are located in Tel Aviv, Israel. Recent and ongoing hostilities in the region may have a material impact on our ability to deliver on our product roadmaps for these solutions.

It is impossible to predict the extent to which our operations, or those of our partners or customers, will be impacted in the short and long term, or the ways in which these conflicts may impact our business. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial.

## Item 2. Unregistered Sales of Equity Securities and Use Issuer Purchases of Proceeds Equity Securities

### Unregistered Sales of Equity Securities

None.

### Use of Proceeds

None.

### Issuer Purchases of Equity Securities

A summary of stock repurchases during the three months ended March 31, 2024 is presented below:

| (in thousands, except for per share data)              | Shares Purchased | Average Price Paid<br>Per Share | Total Number of Shares   |   |
|--|------------------|---------------------------------|--|---|
|  |                  |                                 | Purchased as Part of<br>Publicly Announced Plan <sup>(1)</sup> | Approximate Dollar Value of Shares that May Yet<br>Be Purchased Under Plan <sup>(1)</sup> |
| Shares purchased January 1, 2024 to January 31, 2024   | —                | \$ —                            | —  | \$ 85,066   |
| Shares purchased February 1, 2024 to February 29, 2024 | 250              | 48.51                           | 250  | 72,968  |
| Shares purchased March 1, 2024 to March 31, 2024       | 276              | 46.65                           | 276  | 60,075  |
|  | <u>526</u>       | \$ 47.53                        |  |   |

(1) On November 27, 2023, we announced that our Board of Directors authorized the repurchase of up to \$100 million of our common stock. Repurchases under the share repurchase program may be made in the open market, in privately negotiated transactions, or in such other manner as determined by us, including through repurchase plans complying with the rules and regulations of the Securities and Exchange Commission. The authorization has no expiration date.

Items 3, 4 and 5 are not applicable and have been omitted.

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## Item 6. Exhibits

The following is a list of Exhibits filed as part of this Quarterly Report on Form 10-Q:



| Exhibit Number | Description   | Location  |
|----------------|---|---|
| 2.1            | <a href="#">Share Purchase Agreement, dated as of September 7, 2023, by and among Tenable, Inc., Ermetic Ltd., the shareholders of Ermetic identified on the signature pages thereto and Shareholder Representative Services LLC.</a> | Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-38600) on September 7, 2023   |
| 3.1            | <a href="#">Amended and Restated Certificate of Incorporation of Tenable Holdings, Inc.</a>   | Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38600) on July 30, 2018   |
| 3.2            | <a href="#">Second Amended and Restated Bylaws of Tenable Holdings, Inc.</a>  | Previously filed as Exhibit 3.43.1 to the Company's Registration Statement Current Report on Form S-1 K (File No. 333-226002) 001-38600) on June 29, 2018 November 15, 2023 |
| 4.1            | <a href="#">Common Stock Certificate of Tenable Holdings, Inc.</a>  | Previously filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-226002) on July 16, 2018  |
| 10.1           | <a href="#">Form of Restricted Stock Unit Grant Notice and Agreement under the 2018 Equity Incentive Plan</a>   | Filed herewith  |
| 31.1           | <a href="#">Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>                               | Filed herewith  |
| 31.2           | <a href="#">Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>                               | Filed herewith  |
| 32.1*          | <a href="#">Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>                         | Furnished herewith  |
| 101.SCH        | Inline XBRL Taxonomy Extension Schema Document  |   |
| 101.CAL        | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |   |
| 101.DEF        | Inline XBRL Taxonomy Extension Definition Linkbase Document   |   |
| 101.LAB        | Inline XBRL Taxonomy Extension Label Linkbase Document  |   |
| 101.PRE        | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |   |
| 104            | Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.SCH, 101.CAL, 101.DEF, 101.LAB and 101.PRE)   |   |

(\*) This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### TENABLE HOLDINGS, INC.

Date: **November 8, 2023** May 7, 2024

By: /s/ Amit Yoran  
Amit Yoran  
Chairman and Chief Executive Officer  
(On Behalf of the Registrant and as Principal Executive Officer)

Date: **November 8, 2023** May 7, 2024

By: /s/ Stephen A. Vintz  
Stephen A. Vintz  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

**Tenable Holdings, Inc.****Restricted Stock Unit Grant Notice  
(2018 Equity Incentive Plan)**

Tenable Holdings, Inc. (the "**Company**"), pursuant to its 2018 Equity Incentive Plan (the "**Plan**"), hereby awards to Participant a Restricted Stock Unit Award for the number of shares of the Company's Common Stock ("**Restricted Stock Units**") set forth below (the "**Award**"). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this "**Restricted Stock Unit Grant Notice**"), and in the Plan and the Restricted Stock Unit Award Agreement (the "**Award Agreement**"), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in this Restricted Stock Unit Grant Notice or the Award Agreement and the Plan, the terms of the Plan shall control.

Participant: \_\_\_\_\_  
 Date of Grant: \_\_\_\_\_  
 Vesting Commencement Date: \_\_\_\_\_  
 Number of Restricted Stock Units: \_\_\_\_\_

**Vesting Schedule:** The Award vests as follows: 25% of the RSUs will vest on the twelve (12) month anniversary of the Vesting Commencement Date, rounded down to the nearest whole share, and the remaining seventy-five percent (75%) of the RSUs will vest in twelve (12) quarterly instalments over the three year period following the twelve (12) month anniversary of the Vesting Commencement Date, in each case rounded down to the nearest whole share; provided, that with respect to the last such quarterly installment, the number of RSUs that vest in the installment shall be such that the Participant will be fully vested in the total number of RSUs listed above as of the fourth (4th) anniversary of the Vesting Commencement Date, subject to Participant's Continuous Service through each such vesting date and the potential vesting acceleration described in Section 2 of the Restricted Stock Unit Award Agreement.

In addition, (i) if the Participant remains in Continuous Service through the closing of a Change in Control and the Participant's unvested RSUs upon the closing of the Change in Control are not continued, assumed or substituted for as permitted by Section 9(c) of the Plan in connection with a Change in Control, or if the Participant's Continuous Service terminates due to an involuntary termination by the Company without Cause or due to the Participant's voluntary termination with Good Reason at any time between the date a definitive agreement providing for a Change in Control is entered into and on or before the closing of a Change in Control (provided that such Change in Control closes and becomes effective (and the Common Stock underlying the Participant's RSUs is issued) by no later than March 15 of the calendar year immediately following the calendar year in which the definitive agreement is entered into), then the remaining unvested RSUs will become fully vested as of the closing of the Change in Control, or (ii) if the Participant's unvested RSUs are continued, assumed or substituted for as permitted by Section

9(c) of the Plan in connection with a Change in Control and if at any time between the closing of a Change in Control and the date which is twelve (12) months after the closing of such Change in Control, the Participant's Continuous Service terminates due to an involuntary termination by the Company without Cause or due to the Participant's voluntary termination with Good Reason, then the remaining unvested RSUs at that time will accelerate and be deemed to be vested in full upon such termination of Continuous Service. Furthermore, any remaining unvested RSUs will vest in full upon the termination of the Participant's Continuous Service due to the Participant's death or Disability.

**Issuance Schedule:** Subject to any Capitalization Adjustment, one share of Common Stock (or its cash equivalent, at the discretion of the Company) will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

**Additional Terms/Acknowledgements:** Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant acknowledges and agrees that this Restricted Stock Unit Grant Notice and the Award Agreement may not be modified, amended, or revised except as provided in the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, with the exception, if applicable, of (i) equity awards previously granted and delivered to Participant, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement or other written agreement entered into between the Company and Participant specifying the terms that should govern this Award upon the terms and conditions set forth therein.

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By accepting this Award, Participant acknowledges having received and read the Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan and related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**Tenable Holdings, Inc.**

**Participant**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_ Signature

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachments:** Award Agreement and 2018 Equity Incentive Plan

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**Attachment I**

**Tenable Holdings, Inc.**

**2018 Equity Incentive Plan**

**Restricted Stock Unit Award Agreement**

Pursuant to the Restricted Stock Unit Grant Notice (the "**Grant Notice**") and this Restricted Stock Unit Award Agreement (the "**Agreement**"), Tenable Holdings, Inc. (the "**Company**") has awarded you ("**Participant**") a Restricted Stock Unit Award (the "**Award**") pursuant to the Company's 2018 Equity Incentive Plan (the "**Plan**") for the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

**1. Grant of the Award.** This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "**Account**") the number of Restricted Stock Units/shares of Common Stock subject to the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock in connection with the vesting of the Restricted Stock Units, and, to the extent applicable, references in this Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right. This Award was granted in consideration of your services to the Company.

**2. Vesting.** Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Subject to the provisions in this Section 2 regarding accelerated vesting in certain circumstances, vesting will cease upon the termination of your Continuous Service and the Restricted Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the shares of Common Stock to be issued in respect of such portion of the Award. In addition, (i) if you remain in Continuous Service through the closing of a Change in Control and your unvested Restricted Stock Units upon the closing of the Change in Control are not continued, assumed or substituted for as permitted by Section 9(c) of the Plan in connection with a Change in Control, or if your Continuous Service terminates due to an involuntary termination by the Company without Cause or due to your voluntary termination with Good Reason at any time between the date a definitive agreement providing for a Change in Control is entered into and on or before the closing of a Change in Control (provided that such Change in Control closes and becomes effective (and the Common Stock underlying your Restricted Stock Units is issued) by no later than March 15 of the calendar year immediately following the calendar year in which the definitive agreement is entered into), then the remaining unvested Restricted Stock Units will become fully vested as of the closing of the Change in Control, or (ii) if your unvested Restricted Stock Units are continued, assumed or substituted for as permitted by Section 9(c) of the Plan in connection with a Change in Control and if at any time between the closing of a Change in Control and the date which is twelve (12) months after the closing of such Change in Control, your Continuous Service terminates due to an involuntary termination by the Company without Cause or due to your voluntary termination with Good Reason, then the remaining unvested Restricted Stock Units at that time will accelerate and be deemed to be vested in full upon such termination of Continuous Service. Furthermore, any remaining unvested Restricted Stock Units will vest in full upon the termination of your Continuous Service due to your death or Disability.

For this purpose, "**Good Reason**" shall mean that any of following actions are taken by the Company without your prior written consent: (i) a material reduction by the Company of your base salary (other than in a broad based reduction similarly affecting all members of Company's executive management); (ii) a material breach by the Company of your employment agreement or any other material written agreement between you and the Company concerning the terms and conditions of your employment with the Company; (iii) the relocation of your principal place of employment, without your

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consent, to a place that increases your one-way commute by more than fifty (50) miles as compared to your then-current principal place of employment immediately prior to such relocation; or (iv) a material reduction in your duties, authority, or responsibilities relative to your duties, authority, or responsibilities in effect immediately prior to such reduction; provided, however, that, any such termination by you shall only be deemed for Good Reason pursuant to this definition if: (1) you give the Company written notice of your intent to terminate for Good Reason within thirty (30) days following your learning of the occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s); (2) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "**Cure Period**"); and (3) you voluntarily terminate your employment within sixty (60) days following the end of the Cure Period.

**3. Number of Shares.** The number of Restricted Stock Units subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

**4. Securities Law Compliance.** You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

**5. Transfer Restrictions.** Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) **Death.** Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease (subject to any accelerated vesting upon your death in accordance with Section 2 of this Agreement) and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death (including with respect to any portion of the Award that vests upon your death in accordance with Section 2 of this Agreement).

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument as permitted by applicable law that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

**6. Date of Issuance.**

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Withholding Obligation set forth in Section 11 of this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any

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adjustment under Section 3 above, and subject to any different provisions in the Grant Notice). Each issuance date determined by this paragraph is referred to as an "**Original Issuance Date**."

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "**10b5-1 Arrangement**")), and

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer pursuant to Section 11 of this Agreement to satisfy the Withholding Obligation, if applicable and (C) not to permit you to pay your Withholding Obligation in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) The form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

**7. Dividends.** You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

**8. Restrictive Legends.** The shares of Common Stock issued in respect of your Award shall be endorsed with appropriate legends as determined by the Company.

**9. Execution of Documents.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

**10. Award not a Service Contract.**

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued

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under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "**reorganization**"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company's right to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

**11. Withholding Obligation.**

(a) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any other time as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision, including in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your Award (the "**Withholding Obligation**").

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your Restricted Stock Units by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 6) equal to the amount of the Withholding Obligation; provided, however, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Withholding Obligation using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*,

further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; and/or (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Common Stock or any other consideration pursuant to this Award.

(c) In the event the Withholding Obligation arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

**12. Tax Consequences.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/

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or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

**13. Unsecured Obligation.** Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

**14. Notices.** Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**15. Headings.** The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

**16. Miscellaneous.**

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

**17. Governing Plan Document.** Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for “good reason,” or for a “constructive termination” or any similar term under any plan of or agreement with the Company.

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**18. Effect on Other Employee Benefit Plans.** The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

**19. Severability.** If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

**20. Other Documents.** You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain “window” periods and the Company's insider trading policy, in effect from time to time.

**21. Amendment.** This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

**22. Compliance with Section 409A of the Code.** This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the “short-term deferral” rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a “Specified Employee” (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your “Separation from Service” (as defined in Section 409A), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a “separate payment” for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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**Attachment II**

**2018 Equity Incentive Plan**

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Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amit Yoran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tenable Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** May 7, 2024

By: /s/ Amit Yoran

Amit Yoran  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen A. Vintz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tenable Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** May 7, 2024

By: /s/ Stephen A. Vintz

Stephen A. Vintz  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned hereby certifies to the best of his or her knowledge that, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Tenable Holdings, Inc. for the fiscal quarter ended **September 30, 2023** **March 31, 2024** fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Tenable Holdings, Inc.

Date: **November 8, 2023** May 7, 2024

By: /s/ Amit Yoran

Amit Yoran  
Chairman and Chief Executive Officer  
*(Principal Executive Officer)*

Date: **November 8, 2023** May 7, 2024

By: /s/ Stephen A. Vintz

Stephen A. Vintz  
Chief Financial Officer  
*(Principal Financial Officer and Principal Accounting Officer)*

#### DISCLAIMER

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