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Q3 2015 | Financial Highlights

- Strong Revenue Growth of 39% YoY
- High-Visibility Recurring & Ratable Revenue model with 62% Recurring Revenue and 84% of Q3 Revenue on Balance Sheet as of July 1, 2015
- 3 Strong continued **Deferred Revenue Growth** of **52%** YoY
- Growing Renewal Rate of 122% driving attractive customer economics
- 5 Increasing **Gross Margins** driven by investments made in the second half of 2014 and early 2015
- Delivered Positive Operating Cash Flow of \$2.3 million



Q3 2015 | Summary Selected Financial Results

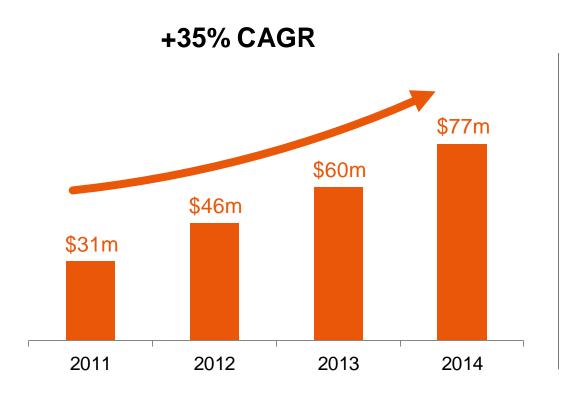
(amounts in millions, except per share data)	Q3 2015	Q3 2014	\$ <u>Change</u>	% Change
Revenue:				
Products	\$16.2	\$12.4	\$3.8	31%
Maintenance & support	7.0	5.0	2.0	40%
Professionalservices	5.1	2.9	2.2	75%
Total Revenue	\$28.3	\$20.3	\$8.0	39%
Loss from operations (GAAP)	\$(10.5)	\$(5.9)	\$(4.6)	(76%)
Loss from operations (non-GAAP) ¹	\$(7.8)	\$(5.1)	\$(2.7)	(52%)
Net loss (GAAP)	\$(11.8)	\$(7.0)	\$(4.8)	(70%)
Net loss (non-GAAP) ¹	\$(9.1)	\$(6.1)	\$(3.0)	(48%)
Net loss per share (GAAP) ²	\$(0.79)	\$(0.25)	\$(0.54)	(216%)
Net loss per share (non-GAAP) ¹	\$(0.27)	\$(0.48)	\$ 0.21	44%
Weighted-average common shares outstanding	33.0	12.8		
Operating cash flow	\$2.3	\$(0.9)	\$3.2	NM
Deferred revenue at period-end	\$110.2	\$72.3	\$37.9	52%

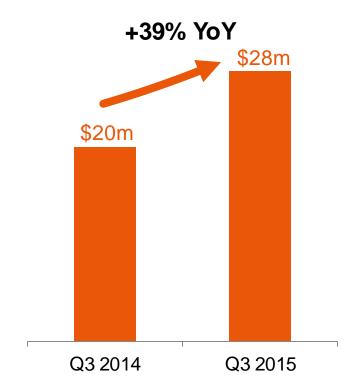
¹The Company defines non-GAAP loss from operations and non-GAAP net loss as GAAP loss from operations and GAAP net loss excluding stock-based compensation expense, amortization of intangible assets, acquisition related expenses and impairment of long-lived assets. See End Notes for definitions and reconciliation of GAAP to non-GAAP metrics.



²Q3 2015 Net loss per share (GAAP) represents net loss per share attributable to common stockholders. Q3 2014 Net loss per share (GAAP) represents net RAPIDI loss per share attributable to common stockholders, diluted. See End Notes for additional information and definitions

Strong Revenue Growth ...







... With High Proportion of Recurring Revenue

82% of revenue

18% of revenue

Products

- Software
 - 20% Content Subscription
 - Appliance
- Managed Services
- Cloud-Based Subscription

Maintenance & Support

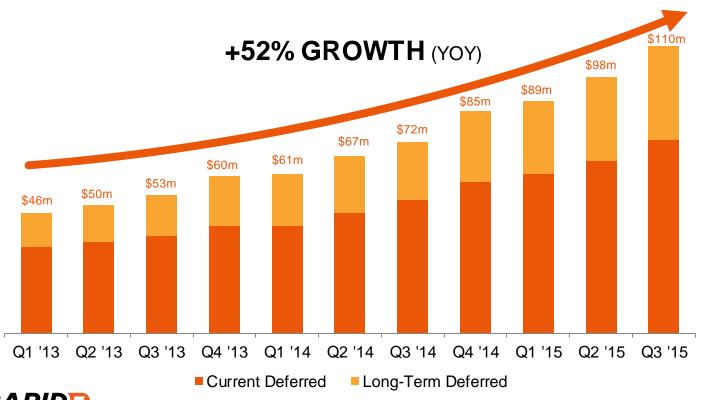
• 15% Maintenance Subscription

Professional Services

Professional Services

62% RECURRING REVENUE

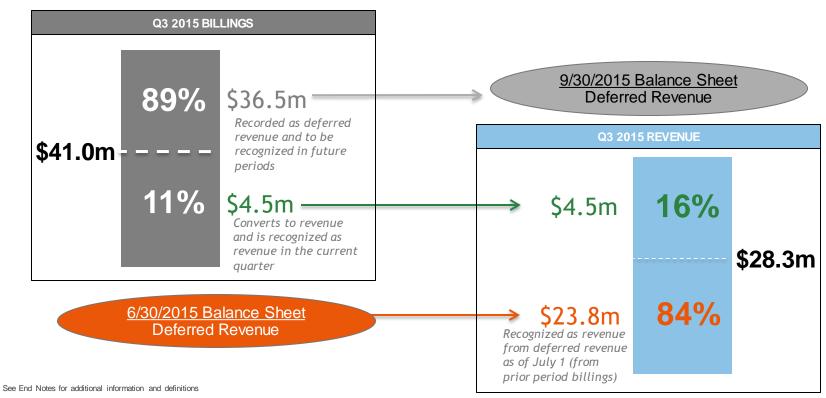
Strong Growth in Deferred Revenue and Visibility



84% of Q3 2015 revenue

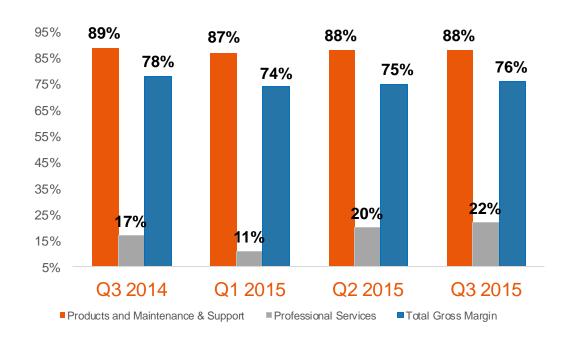
already booked entering the quarter

Q3 2015 | Revenue Flow Driving Strong Visibility





Continued Improvement in Gross Margins

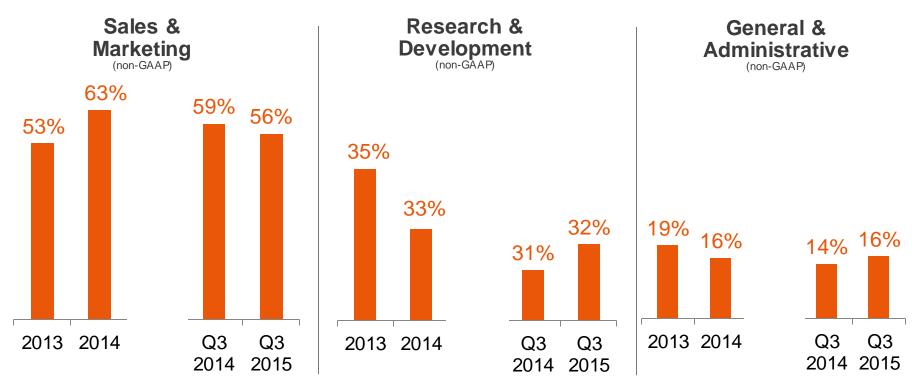


improvements in Q3 2015 non-GAAP **Gross Margin**

driven by investments made in 2H 2014 and early 2015

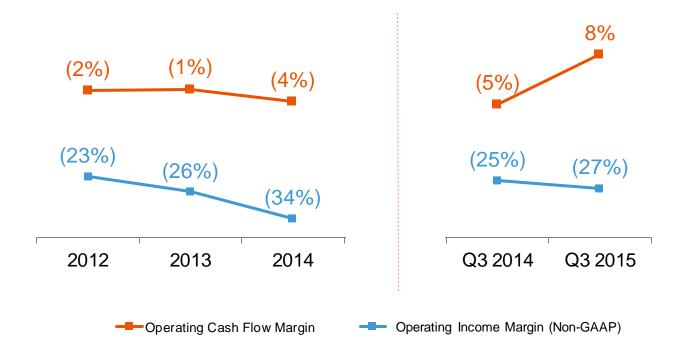


Investing for Growth & Achieving Operating Efficiencies





Positive Operating Cash Flow



Operating Cash Flow

up-front customer payments

vs.
longer-term
ratable
revenue recognition
& subscription model

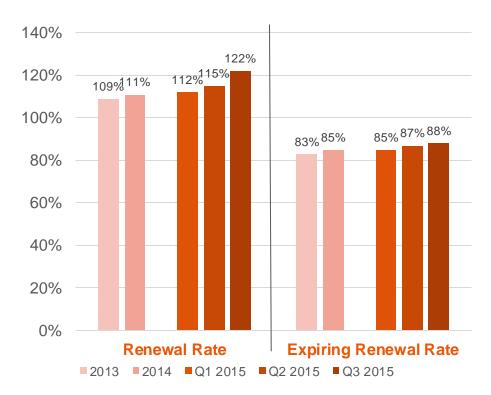


High-Quality, Rapidly Growing Customer Base





Continued Renewal Rate Growth



Increase in Renewal Rate

driven from a combination of large **renewals**, **up-sells** and **cross sells** driving better customer economics.

and

Increase in Expiring Revenue Renewal Rate

with core
Enterprise Customer Renewals
coming in at
more than 90%
for Q3.



Q3 2015 | Summary Balance Sheet

(\$ in millions)	September 30, 2015		
Assets			
Cash & Cash Equivalents	\$124.0		
Accounts Receivable, Net	32.0		
Prepaid Expenses & Other Current Assets	4.1		
Total Current Assets	\$160.1		
Property & Equipment, Net	7.4		
Goodwill & Intangible Assets	18.3		
Other Assets	0.7		
Total Assets	\$186.5		
Liabilities & Stockholders' Equity			
CurrentLiabilities	\$19.6		
Total Deferred Revenue	110.2		
Other Long-Term Liabilities	4.3		
Total Liabilities	\$134.1		
Total Stockholders' Deficit	52.4		
Total Liabilities & Stockholders' Equity	\$186.5		



Guidance | Q4 and Full-Year 2015

Rapid7 anticipates total revenue, non-GAAP loss from operations, and non-GAAP loss per share to be in the following ranges for Q4 and Full-Year 2015:

Q4	201	5
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FULL-YEAR 2015

Total Revenue

\$28.8 to \$30.2 million

\$106.5 to \$107.9 million

Loss From Operations (non-GAAP)¹

\$(14.5) to \$(13.5) million

\$(35.1) to \$(34.1) million

Net Loss Per Share (non-GAAP)¹

\$(0.37) to \$(0.35)

\$(1.56) to \$(1.53)

Weighted average common stock outstanding

40.1 million

24.7 million

Guidance for the fourth quarter and full-year 2015 does not include any potential impact of foreign exchange gains or losses.

¹Non-GAAP guidance excludes estimates for stock-based compensation expense, amortization of intangible assets, acquisition related expenses, and impairments of long-lived assets. A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is not available on a forward-looking basis. Rapid7 has provided a reconciliation of historical non-GAAP financial measures to the most comparable GAAP measures in the financial statement tables included in End Notes of this presentation.



End Notes

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- 62% Recurring Revenue defined as revenue from Content Subscription, Managed Services, Cloud-Based Subscriptions, and Maintenance & Support for Q3 2015.
- Represents renewal rate as of Q3 2015 and is calculated by dividing the dollar value of renewed customer agreements, including upsells and cross-sells of additional products, but excluding professional services, on a monthly basis in a trailing 12-month period by the dollar value of the corresponding expiring customer agreements, and then determining the average for the applicable period.

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· Q3 2015 Net loss per share (GAAP) is calculated from using the net loss attributable to common shareholders of \$26.0m.

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- 20% Content Subscription and 15% Maintenance & Support arrangements represent the approximate percentage of software license list price per year.
- 82% Products and Maintenance & Support and 18% Professional Services metrics represents revenue from those two categories as a percentage of total revenue for Q3 2015.
- 62% Recurring Revenue defined as revenue from Content Subscription, Managed Services, Cloud-Based Subscription and Maintenance & Support for Q3 2015.

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• \$41.0m in billings is for Q3 2015 and derived from financial statements as Q3 2015 revenue of \$28.3m + Q3 2015 deferred revenue balance of \$110.2m - Q2 2015 deferred revenue balance of \$97.5m.

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• Non-GAAP gross margins represent the GAAP gross profit, excluding stock-based compensation expense and amortization of intangible assets calculated as a % of revenue. See GAAP to Non-GAAP reconciliation.

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· Operating expenses presented are on a non-GAAP basis and exclude stock-based compensation expense, amortization of intangible assets, acquisition related expenses and impairment of long-lived assets.

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- Operating cash flow margin represents operating cash flow as a percentage of total revenue.
- Non-GAAP operating margin represents GAAP loss from operations, excluding stock-based compensation expense, amortization of intangible assets, acquisition related expenses and impairment of long-lived assets as a percentage of total revenue.

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- All statistics are for Q3 2015 or as of September 30, 2015, as applicable.
- · International Revenue is the percentage of global revenue, excluding North America.
- Enterprise customers represent customers with greater than \$1 billion in annual revenue or greater than 2,500 employees as a percentage of revenue.

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- Renewal rate is calculated by dividing the dollar value of renewed customer agreements, including upsells and cross-sells of additional products, but excluding professional services, on a monthly basis in a trailing 12-month period by the dollar value of the corresponding expiring customer agreements, and then determining the average for the applicable period.
- · Expiring renewal rate is calculated similar to the renewal rate however does not take into account any upsells or cross-sells.
- Enterprise Revenue represents revenue from customers with greater than \$1 billion in annual revenue or greater than 2,500 employees as a percentage of total revenue.

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- Current liabilities represents accounts payable, accrued expense and other current liabilities.
- Total deferred revenue represents both current and non-current portions of deferred revenue.



End Notes | GAAP to Non-GAAP Reconciliations

GAAP to non-GAAP Reconciliation

(in thousands, except per share data)

	 23 2015	 23 2014
Total gross profit (GAAP) Plus: Stock-based compensation expense ¹ Plus: Amortization of intangible assets ²	\$ 21,249 102 285	\$ 15,673 42 218
Total gross profit (non-GAAP)	\$ 21,636	\$ 15,933
Gross margin (non-GAAP)	76%	78%
Gross profit (GAAP) - Products and Maintenance and support Plus: Stock-based compensation expense	\$ 20,233	\$ 15,216 3
Plus: Amortization of intangible assets	 285	 218
Total gross profit (non-GAAP) - Products and Maintenance and support	\$ 20,541	\$ 15,437
Gross margin (non-GAAP) - Products and Maintenance and support	88%	89%
Gross profit (GAAP) - Professional services Plus: Stock-based compensation expense	\$ 1,016 79	\$ 457 39
Total gross profit (non-GAAP) - Professional services	\$ 1,095	\$ 496
Gross margin (non-GAAP) - Professional services	22%	17%
Loss from operations (GAAP) Plus: Stock-based compensation expense ¹ Plus: Amortization of intangible assets ² Plus: Acquisition related expenses ³ Plus: Impairment of long-lived assets ⁴	\$ (10,498) 1,427 285 551 483	\$ (5,948) 632 218 -
Loss from operations (non-GAAP)	\$ (7,752)	\$ (5,098)



End Notes | GAAP to Non-GAAP Reconciliations

GAAP to non-GAAP Reconciliation

(in thousands, except per share data)

	 Q3 2015	Q3 2014
Net income (loss) attributable to common stockholders (GAAP)	\$ (25,986)	\$ 5,469
Plus: Accretion of preferred stock to redemption value	-	(12,436)
Plus: Beneficial conversion charge relating to IPO Participation Payment	 14,161	
Net loss (GAAP)	(11,825)	(6,967)
Plus: Stock-based compensation expense ¹	1,427	632
Plus: Amortization of intangible assets ²	285	218
Plus: Acquisition related expenses ³	551	-
Plus: Impairment of long-lived assets4	 483	
Net loss (non-GAAP)	\$ (9,079)	\$ (6,117)
Net loss per share, basic and diluted (non-GAAP)	\$ (0.27)	\$ (0.48)
Weighted average shares used in non-GAAP		
net loss per share, basic and diluted	33,020,484	12,790,450
1 Includes stock-based compensation expense as follows:		
Cost of revenue	\$ 102	\$ 42
Research and development	507	126
Sales and marketing	418	225
General and administrative	400	239
² Includes amortization of intangible assets as follow s:		
Cost of revenue	\$ 285	\$ 218
³ Includes acquisition related expenses as follows:		
General and administrative	\$ 551	\$ -
4 Includes impairment of long-lived assets as follows:	165	
Research and development	\$ 483	\$ -





