Tufin Q4 and Full Year 2020 Earnings Webcast
February 12, 2021
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This presentation contains certain supplemental financial measures that are not calculated pursuant to U.S. generally accepted accounting principles ("GAAP"). These non-GAAP measures are in addition to, and not a substitute or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation of non-GAAP measures to the most directly comparable GAAP measures is contained in the appendix to this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.
Q4 and FY 2020 Review
Ruvi Kitov, CEO and Co-Founder
Jack Wakileh, CFO
Strong end to challenging 2020

Positioned for long-term growth with transition to subscription beginning in 2021

- Transitioning to Subscription business model
- Q4 revenues return to growth
  - SecureTrack and SecureChange strong
  - Continued traction with SecureCloud
- Improved Sales Execution and Environment
  - Ray Brancato named CRO January 2021
FY 2020 – A Tale of Two Halves

Q1
- Global lockdowns commence
- Customers focus on WFH
- Product revenues impacted

Q2
- Customer engagement returns
- Budget pressure emerges
- Sales execution improvement initiatives in full swing

Q3
- SecureTrack, SecureChange recovering
- SecureCloud gaining traction
- Sales execution improving
- Uncertainty still high

Q4
- Record quarterly revenue
- Return to revenue growth
- Better sales execution
- Budget pressures easing

Q1 Q2 Q3 Q4

Global lockdowns commence
Security Policy Management is more critical than ever
# Q4’20 Financial Review

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4 2020</th>
<th>Q4 YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$30.1M</td>
<td>$31.0M</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>$14.3M</td>
<td>$15.0M</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Maintenance &amp; PS</strong></td>
<td>$15.8M</td>
<td>$16.0M</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Gross Profit (non-GAAP)</strong></td>
<td>$24.8M</td>
<td>$26.1M</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Gross Profit Margin (non-GAAP)</strong></td>
<td>82%</td>
<td>84%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit/(Loss) (non-GAAP)</strong></td>
<td>($1.9M)</td>
<td>$0.4M</td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flow Used in Operating Activities</strong></td>
<td>($6.6M)</td>
<td>($1.7M)</td>
<td></td>
</tr>
</tbody>
</table>

Note: Please see Appendix for calculation of non-GAAP financial measure and GAAP reconciliations.
# FY 2020 Financial Review

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY YOY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$103.3M</td>
<td>$100.8M</td>
<td>(2%)</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>$47.4M</td>
<td>$38.7M</td>
<td>(18%)</td>
</tr>
<tr>
<td><strong>Maintenance &amp; PS</strong></td>
<td>$55.9M</td>
<td>$62.1M</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Gross Profit (non-GAAP)</strong></td>
<td>$84.9M</td>
<td>$82.6M</td>
<td>(3%)</td>
</tr>
<tr>
<td><strong>Gross Profit Margin (non-GAAP)</strong></td>
<td>82%</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit/(Loss) (non-GAAP)</strong></td>
<td>($15.2M)</td>
<td>($18.5M)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flow Used in Operating Activities</strong></td>
<td>($9.6M)</td>
<td>($17.4M)</td>
<td></td>
</tr>
<tr>
<td><strong>Headcount as of year end</strong></td>
<td>568</td>
<td>533</td>
<td>(6%)</td>
</tr>
</tbody>
</table>

Note: Please see Appendix for calculation of non-GAAP financial measure and GAAP reconciliations.
Tufin 2024
Strategic Vision
Ruvi Kitov, CEO and Co-Founder
Company Mission:

We help the world's largest organizations significantly improve their **Security** and **Agility**.
Maximize Security & Business Agility with Security Policy Orchestration

- Implement security changes in minutes instead of days
- Gain visibility and control across on-premises, cloud-native, and hybrid cloud environments
- Ensure continuous compliance with security standards
- Enable agile development through integration with cloud-native controls and DevOps processes
Strategic Thesis

Connectivity and Access in 2024

• Most large organizations will have a hybrid network and use multi-cloud for IaaS / PaaS

• Adoption of Kubernetes-based platforms that run applications anywhere will be pervasive

• Corporate networks (on-premise + cloud IaaS/PaaS) will be even more complex and fragmented than today
  - Un-manageable without automation

• Companies will need a comprehensive access policy across their entire set of controls where their workloads are deployed
  - Physical and virtualized/SDN networks, cloud-native platforms, Kubernetes
  - Identity and Access Management in the cloud – “who can talk to whom”
Tufin 2024 Product Vision:

The Security Policy Platform

A unified suite addressing Network Access policies everywhere – physical network, SDN/Private cloud, public cloud

- TOS (Tufin Orchestration Suite) offered both as SaaS and on-premise
- Larger Tufin Marketplace with third party and home-grown apps
- More separately-licensed services leveraging the platform
- Pluggable architecture for wider platform coverage
- Actionable Network Access Intelligence
Taking Tufin to the next level

Running in microservices on Kubernetes
- Enable us to shift to SaaS
- More agile development
- Ability to scale out to largest networks on earth

Modern User Experience

Rollout has begun and will continue for next 15 months
SecureCloud

Building momentum in 2021

2020: Launch

✓ Successful launch
✓ Refine GTM motion
✓ Traction in market
✓ Close deals with early adopters

2021: Build Momentum

• Deliver Customer success
  - Strong customer references, measurable product usage growth
• Expand market presence & Tufin brand in Cloud market
• Product Innovation
  - Tighter integration with SecureTrack & SecureChange
  - Expand cloud-native support beyond network controls to support Connectivity & Access
  - Support DevOps, DevSecOps, CloudOps to deliver ongoing agility for Cloud workloads
Transition to Subscription
The right model for software at the right time for Tufin

Win, Win for Customers and Tufin

- Customers increasingly want to buy this way
- More flexibility, lower risk
- Higher customer LTV
- More predictability

The Time is Right

- Customers more receptive to subscription
- Significant preparation complete
- Team in place
Leveraging existing abilities with new incentives to drive change

• Already offer subscription options for all products

• Now incentivizing the salesforce to sell subscription over perpetual

• Focus will be on new logos

• Will continue selling both subscription and perpetual

• Expecting a gradual transition process (~3 years)
Significant preparation work has been completed

• Extensive planning process to create the right transition plan for Tufin
  - Worked with consultants
  - Researched peers’ experience

• Built out sales org to enable transition and a much larger revenue base over time
  - We believe new CRO Ray Brancato has the experience needed to lead this effort
  - Sales Ops
    ▪ Sales Enablement
    ▪ Deal desk
New CRO has successfully transitioned larger businesses

AnyVision (CRO)
- Fast growth, private artificial intelligence company
- Led transition to subscription

CA Technologies (SVP Business Unit Sales)
- Key contributor to transition of $2.0 billion revenue business to subscription prior to Broadcom acquisition

Kabira (VP Sales Americas)
- Provider of memory-based transactional computing solutions

Remedy/BMC Software (Director of Sales)

“I look forward to working with the team that has fueled Tufin’s growth and I’m confident in our ability to transition to subscription and take the business to the next level.”

Ray Brancato
CRO
Financial Outlook

Jack Wakileh, CFO
Key Financial Takeaways on Transition to Subscription

- Transition expected to be gradual
  - Targeting vast majority of business on subscription\(^1\) over \(~3\) years
  - Targeting more than 1/2 of new business from new logos moving to subscription\(^1\) in 2021
  - Targeting \(~1/3\) of our total new business (existing customers and new logos) from subscription\(^1\) in 2021
  - Existing customers may take longer to transition, more focus on new logos initially
    - Some may remain perpetual, e.g. Gov’t/Defense and select Financial Services

- Subscription is expected to have a significant mix of multi-year deals
  - Large, complex IT infrastructure projects tend to be budgeted for more than 1 year

- Incentivizing sales force

- Key Metric: Annualized Recurring Revenue (“ARR”)

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1. Subscription revenue includes SaaS revenue and targets are expressed as a percentage of new business bookings.
Annualized Recurring Revenue

• Annualized Recurring Revenue¹ ("ARR")
  definition:
  - Annualized value of all recurring revenue related contracts in place at the end of the quarter.

• Maintained 13% growth in ARR through challenging 2020.

• Will update annually as indicator of progress on transition and long-term growth of business.

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1. Annualized recurring revenues ("ARR") is a key performance indicator defined as the annualized value of active term-based subscription license contracts, SaaS contracts and maintenance contracts related to perpetual licenses in effect at the end of that period. Such contracts are annualized by dividing the total contract value by the number of months of its term and multiplying by 12. The annualized value of contracts is a legal and contractual determination made by assessing the contractual terms with our customers. ARR is not determined by reference to historical revenues, deferred revenues or any other GAAP financial measure over any period. ARR is not a forecast of future revenues, which can be impacted by contract start and end dates and renewal rates.
Continued Investment for Growth through Transition

- Strategic investment in the transition to drive long-term growth and operating leverage
- Positioned to maintain and extend technology leadership
  - Next-generation SaaS-enabled platform and Security Policy Management for Cloud
- Investment in sales force to address market opportunity
- G&A now scaled to support strategic initiatives and business of a public company
## Financial Guidance

<table>
<thead>
<tr>
<th></th>
<th>Q1 2021</th>
<th>Full-Year 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$20.6 - $24.6</td>
<td>$105.0 - $113.0</td>
</tr>
<tr>
<td>Non-GAAP Operating Loss</td>
<td>($10.6) – ($7.2)</td>
<td>($38.4) – ($31.6)</td>
</tr>
</tbody>
</table>
Appendix
### GAAP to non-GAAP reconciliation

**Reconciliation of Gross Profit to Non-GAAP Gross Profit:**

<table>
<thead>
<tr>
<th></th>
<th>Q4’19 (in thousands)</th>
<th>FY’19 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>$ 24,124</td>
<td>$ 83,413</td>
</tr>
<tr>
<td>Add: Share based compensation</td>
<td>$ 627</td>
<td>$ 1,514</td>
</tr>
<tr>
<td>Non-GAAP Gross Profit</td>
<td>$ 24,751</td>
<td>$ 84,927</td>
</tr>
</tbody>
</table>

**Reconciliation of Operating Loss to Non-GAAP Operating Income (Loss):**

<table>
<thead>
<tr>
<th></th>
<th>Q4’19 (in thousands)</th>
<th>FY’19 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Loss</td>
<td>$ (7,380)</td>
<td>$ (27,023)</td>
</tr>
<tr>
<td>Add: Share based compensation</td>
<td>$ 4,592</td>
<td>$ 10,927</td>
</tr>
<tr>
<td>Add: Secondary offering costs</td>
<td>$ 862</td>
<td>$ 862</td>
</tr>
<tr>
<td>Non-GAAP Operating income (loss)</td>
<td>$ (1,926)</td>
<td>$ (15,234)</td>
</tr>
</tbody>
</table>
### GAAP to non-GAAP reconciliation

#### Reconciliation of Gross Profit to Non-GAAP Gross Profit:

<table>
<thead>
<tr>
<th></th>
<th>Q4’20 (in thousands)</th>
<th>FY’20 (in thousands)</th>
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<tbody>
<tr>
<td>Gross Profit</td>
<td>$ 25,598</td>
<td>$ 80,587</td>
</tr>
<tr>
<td>Add: Share based compensation</td>
<td>$ 488</td>
<td>$ 2,024</td>
</tr>
<tr>
<td>Non-GAAP Gross Profit</td>
<td>$ 26,086</td>
<td>$ 82,611</td>
</tr>
</tbody>
</table>

#### Reconciliation of Operating Loss to Non-GAAP Operating Income (Loss):

<table>
<thead>
<tr>
<th></th>
<th>Q4’20 (in thousands)</th>
<th>FY’20 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Loss</td>
<td>$(3,461)</td>
<td>$(33,925)</td>
</tr>
<tr>
<td>Add: Share based compensation</td>
<td>$ 3,841</td>
<td>$ 15,025</td>
</tr>
<tr>
<td>Add: One-time reorganization charges (Q1), Shelf registration costs (Q2)</td>
<td>-</td>
<td>$ 448</td>
</tr>
<tr>
<td>Non-GAAP Operating income (loss)</td>
<td>$ 380</td>
<td>$(18,452)</td>
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</table>