**Secureworks Reports Second Quarter Fiscal 2021 Results**

**News Summary**

* *32 percent sequential growth in annual recurring revenue from its Red Cloak™ Threat Detection and Response (TDR) and Managed Detection and Response (MDR) offerings.*
* *Second quarter revenue of $138.5 million.*
* *GAAP gross margin increased to a record 56.7 percent during the quarter, and non-GAAP gross margin increased to a record 59.7 percent, as Secureworks leveraged its resilient workforce to help global customers safely operate in their evolving remote environment.*
* *Extended software portfolio with announcement regarding intent to acquire Delve Laboratories, Inc. to address customers’ needs for increased automation and to eliminate manual efforts to reduce vulnerability, as well as enterprise risk.*
* *Continued go-to-market momentum with the launch of the Secureworks Global Partner Program in May to extend reach to even more customers worldwide.*

**ATLANTA, Sept. 09, 2020 (GLOBE NEWSWIRE) --** Secureworks (NASDAQ: SCWX), the essential cybersecurity company for the digitally connected world, today announced financial results for its second fiscal quarter, which ended on July 31, 2020.

**Second Quarter Fiscal 2021 Financial Results Highlights**

* For the second quarter of fiscal 2021, both GAAP and non-GAAP revenue increased 1.4 percent to $138.5 million from $136.6 million in the second quarter of fiscal 2020.
* GAAP gross margin increased to 56.7 percent in the second quarter of fiscal 2021 from 53.4 percent in the same period last year. Non-GAAP gross margin increased to 59.7 percent from 56.3 percent in the second quarter of fiscal 2020.
* GAAP net loss was $1.2 million, or $0.02 per share, in the second quarter of fiscal 2021, improved from $10.3 million, or $0.13 per share, in the same prior year period. Non-GAAP net income was $8.4 million, or $0.10 per share, in the second quarter of fiscal 2021, compared with a non-GAAP net loss of $0.7 million, or $0.01 per share, in the same prior year period.
* Adjusted EBITDA for the quarter increased to $13.1 million from $1.3 million in the second quarter of fiscal 2020.
* Secureworks ended the second quarter with $181.5 million in cash and cash equivalents.

“The second quarter of fiscal 2021 was strong for our evolution to a software-driven security company, as we topped more than 200 customers on our cloud-based SaaS security analytics platform," said Michael R. Cote, Chief Executive Officer of Secureworks. "For more than 20 years, our purpose has been to outpace and outmaneuver adversaries to protect customers worldwide. I am extremely pleased with the progress we’re making to accelerate our multi-year strategy, further build upon our expertise in security operations, and continue to drive a collaborative, community-based approach to cybersecurity in order to meet the digital transformation needs of our customers in this dynamic environment.”

“We’re pleased with our second quarter fiscal 2021 results and our continued momentum, with a year-over-year reduction in GAAP net loss, year-over-year improvement in adjusted EBITDA and records for both GAAP and non-GAAP gross margin percentage,” said Paul Parrish, Chief Financial Officer of Secureworks.

**Highlights include:**

* The Company topped more than 200 Customers on its Red Cloak TDR™ cloud-based SaaS security analytics platform.
* During the second quarter of fiscal 2021, differentiated customer value drove continued momentum in the Company’s SaaS-based solutions, with a 100 percent growth rate in both customers and annual recurring revenue from its Red Cloak™ TDR software and MDR offerings in the first half of this year.
* The Company’s June Global Threat Intelligence Summit was attended by more than 1,200 customers and prospects.
* More than 100 new partners signed up for the Secureworks’ Global Partner Program in its first 90 days.
* Secureworks invited the cybersecurity community to participate and collaborate against adversaries by publishing threat actor profiles on its corporate website on “who’s who in the cyber-criminal world.”

**Conference Call Information**

As previously announced, the Company will hold a conference call to discuss its second quarter fiscal 2021 results on Sept. 9, 2020, at 8:00 a.m. U.S. ET. A live audio webcast of the conference call and the related supplemental financial information will be accessible on the Company’s website at <http://investors.secureworks.com>. The webcast and supplemental information will be archived at the same location for one year.

**Operating Metrics**

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

**Non-GAAP Financial Measures**

This press release presents information about the Company’s non-GAAP revenue, non-GAAP gross margin, non-GAAP research and development expenses, non-GAAP sales and marketing expenses, non-GAAP general and administrative expenses, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP earnings (loss) per share and adjusted EBITDA, which are non-GAAP financial measures provided as a supplement to the results provided in accordance with accounting principles generally accepted in the United States of America (“GAAP”). A reconciliation of each of the foregoing non-GAAP financial measures to the most directly comparable GAAP financial measure is provided below for each of the fiscal periods indicated.

**Special Note Regarding Forward-Looking Statements**

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In some cases, you can identify these statements by such forward-looking words as “anticipate,” “believe,” “confidence,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “outlook,” “should,” “will” and “would,” or similar words or expressions that refer to future events or outcomes. Such forward-looking statements reflect the Company’s current analysis of existing trends and information. These forward-looking statements represent the Company’s judgment only as of the date of this press release.

Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of risks, uncertainties and other factors, including those relating to, among others: the Company’s ability to achieve or maintain profitability; the Company’s ability to enhance its existing solutions and technologies and to develop or acquire new solutions and technologies; the rapidly evolving market in which the Company operates; the Company’s reliance on personnel with extensive information security expertise; fluctuations in the Company’s quarterly results and other operating measures; intense competition in the Company’s markets; the Company’s ability to attract new customers, retain existing customers and increase its annual contract values; the Company’s reliance on customers in the financial services industry; the Company’s ability to manage its growth effectively; the Company’s ability to maintain high-quality client service and support functions; terms of the Company’s service level agreements with customers that require credits for service failures or inadequacies; the Company’s ability to continue expansion of its sales force; the Company’s long and unpredictable sales cycles; risks associated with the Company’s international sales and operations; the effect of Brexit on the Company’s operations; the Company’s ability to expand its key distribution relationships; the Company’s technology alliance partnerships; real or perceived defects, errors or vulnerabilities in the Company’s solutions or the failure of its solutions to prevent a security breach; the risks associated with cyber attacks or other data security incidents; the effect of adverse legislative or regulatory tax changes or unfavorable outcomes in tax audits and other tax compliance matters; the ability of the Company’s solutions to interoperate with its customers’ IT infrastructure; the Company’s ability to use third-party technologies; the effect of evolving information security and data privacy laws and regulations on the Company’s business; the Company’s ability to maintain and enhance its brand; risks associated with the Company’s acquisition of other businesses; the Company’s recognition of revenue ratably over the terms of its managed security and threat intelligence contracts; estimates or judgments relating to the Company’s critical accounting policies; the Company’s exposure to fluctuations in currency exchange rates; the effect of governmental export or import controls on the Company’s business; the Company’s compliance with the Foreign Corrupt Practices Act and similar laws; the Company’s ability to maintain effective disclosure controls and procedures; the effect of natural disasters, public health issues and other catastrophic events on the Company’s ability to serve its customers, including the coronavirus (COVID-19) pandemic; the Company’s reliance on patents to protect its intellectual property rights; the Company’s ability to protect, maintain or enforce its non-patented intellectual property rights and proprietary information; claims by third parties of infringement of their proprietary technology by the Company; the Company’s use of open source technology; and risks related to the Company’s relationship with Dell Technologies Inc. and Dell Inc. and control of the Company by Dell Technologies Inc.

This list of risks, uncertainties and other factors is not complete. The Company discusses these matters more fully, as well as certain risk factors that could affect the Company’s business, financial condition, results of operations and prospects, under the caption “Risk Factors” in the Company’s annual report on Form 10-K, as well as in the Company’s other SEC filings. Any or all forward-looking statements the Company makes may turn out to be wrong and can be affected by inaccurate assumptions the Company might make or by known or unknown risks, uncertainties and other factors, including those identified in this press release. Accordingly, you should not place undue reliance on the forward-looking statements made in this press release, which speak only as of its date. The Company does not undertake to update, and expressly disclaims any obligation to update, any of its forward-looking statements, whether as a result of circumstances or events that arise after the date the statements are made, new information or otherwise.

**About Secureworks**

Secureworks® (NASDAQ: SCWX), a global cybersecurity leader, enables our customers and partners to outpace and outmaneuver adversaries with more precision, so they can rapidly adapt and respond to market forces to meet their business needs. With a unique combination of cloud-native, SaaS security platform and intelligence-driven security solutions, informed by 20+ years of threat intelligence and research, no other security platform is grounded and informed with this much real-world experience.

[www.secureworks.com](http://www.secureworks.com)