

# Analyst Day Presentation

April 14, 2021



**N-ABLE™**

# Disclaimers

## General

This presentation and the accompanying oral presentation do not constitute an offer or invitation for the sale or purchase of securities and has been prepared solely for informational purposes. The information contained in this presentation (the “Presentation”) has been prepared to assist financial analysts in making their own evaluation of N-able, Inc. in connection with publishing independent research reports and for no other purpose. This Presentation is subject to updating, completion, revision, verification and further amendment. None of N-able or its respective affiliates has authorized anyone to provide interested parties with additional or different information. The information contained herein does not purport to be all-inclusive or contain all of the information that may be required to make a full analysis of N-able.

## Forward-Looking Statements

This presentation contains certain forward-looking statements within the meaning of the federal securities law. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include all statements that are not historical facts and may be identified by terms such as “aim,” “anticipate,” “believe,” “can,” “could,” “seek,” “should,” “feel,” “expect,” “will,” “would,” “plan,” “project,” “intend,” “estimate,” “continue,” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the following: (a) the risk that the spin-off may not be completed in a timely manner or at all; (b) our ability to defend against and mitigate cyberattacks, such as the cyberattack on SolarWinds Orion Software Platform and internal systems (the “Cyber Incident”), to our IT systems and those of our MSP partners and their SME customers; (c) potential tax liabilities that may arise as a result of the spin-off; (d) our ability to operate as an independent publicly traded company, including compliance with applicable laws and regulations; (d) financial, legal, reputational and other risks to us related to the Cyber Incident, including risks that the incident may result in the loss, compromise or corruption of data, loss of business as a result of termination or non-renewal of agreements or reduced purchases or upgrades of our products, severe reputational damage adversely affecting customer, partner and vendor relationships and investor confidence, increased attrition of personnel and distraction of key and other personnel; (e) the possibility that the global COVID-19 pandemic and the Cyber Incident may adversely affect our business, results of operations and financial condition; (f) any of the following factors either generally or as a result of the impacts of the global COVID-19 pandemic on the global economy or on our business operations and financial condition or on the business operations and financial conditions of our MSP partners and their SME customers: (1) reductions in information technology spending or delays in purchasing decisions by our MSP partners and their SME customers, (2) the inability to sell products to new MSP partners or to sell additional products or upgrades to our existing MSP partners, (3) any decline in our renewal or net revenue retention rates, (4) the inability to generate significant volumes of high quality sales leads from our digital marketing initiatives and convert such leads into new business at acceptable conversion rates, (5) the timing and adoption of new products, product upgrades or pricing model changes by us our competitors, (6) potential foreign exchange gains and losses related to expenses and sales denominated in currencies other than the functional currency of an associated entity, and (7) risks associated with our international operations; (g) the possibility that our operating income could fluctuate and may decline as percentage of revenue as we make further expenditures to support our business or expand our operations; (h) our inability to successfully identify, complete, and integrate acquisitions and manage our growth effectively; (i) our status as a controlled company; (j) Our status as an emerging growth company; and (k) such other risks and uncertainties described more fully in documents filed with or furnished to the Securities and Exchange Commission by us or by SolarWinds Corporation, including the risk factors discussed in our registration statement on Form 10, as filed with the Securities and Exchange Commission on April 6, 2021 and the SolarWinds Annual Report on Form 10-K for the period ended December 31, 2020 filed on March 1, 2021. All information provided in this presentation is as of the date hereof and we undertake no duty to update this information except as required by law.

# Disclaimers continued

## **Non-GAAP Financial Measures**

In addition to financial information prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), we use certain non-GAAP financial measures to clarify and enhance our understanding, and aid in the period. We believe that these non-GAAP financial measures provide supplemental information that is meaningful when assessing our operating performance because they exclude the impact of certain amounts that our management and board of directors do not consider part of core operating results when assessing our operational performance, allocating resources, preparing annual budgets and determining compensation. The excluded items include the impact of purchase accounting, amortization of acquired intangible assets, stock-based compensation, acquisition and sponsor related costs, restructuring charges, unrealized foreign currency gains (losses) and certain debt-related costs. Please see the appendix at the end of this presentation for a description of these adjustments and a reconciliation of each non-GAAP financial measure to its nearest GAAP equivalent. The non-GAAP measures have limitations, and you should not consider them in isolation or as a substitute for our GAAP financial information.

## **Presentation of Financials**

The spin-off of N-able by SolarWinds Corporation is anticipated to be completed in the second quarter of 2021. The Company’s financial statements for the periods prior to the spin-off are presented on a “carve-out” basis. The historical financial information in this presentation we have included does not reflect what our financial condition, results of operations or cash flows would have been had we been a stand-alone entity during the historical periods presented, or what our financial condition, results of operations or cash flows will be in the future as an independent entity. Accordingly, these historical results should not be relied upon as an indicator of our future performance. In addition, our financial projections do not include any costs or liabilities associated with the Cyber Incident.

## **Confidentiality**

This presentation and the accompanying oral presentation are strictly confidential and is for you to familiarize yourself with the company. All confidential information is subject to the terms of the non-disclosure agreement entered into between the parties and we request that you keep such information we provide at this meeting confidential and that you do not disclose any of the information to any other parties without our prior express written permission.

# Introduction and agenda

## N-able attendees



**John Pagliuca**

*President &  
Chief Executive Officer*



**Tim O'Brien**

*Executive Vice President,  
Chief Financial Officer*



**Mav Turner**

*Group Vice President,  
Product Management*

## Agenda

- 1 | Company Overview
- 2 | Platform & Technology Overview
- 3 | Go-to-Market & Partner Success
- 4 | Financial Overview

# Spin-off transaction summary

## Overview



- In August 2020, SolarWinds announced its board of directors authorized management to explore a potential spin-off of its MSP business into a newly created and separately traded public company (N-able)
- N-able is a leading global provider of cloud-based software solutions for managed service providers (MSPs), enabling them to support digital transformation and growth within small and medium-sized enterprises (SMEs)

## Listing



- NYSE: NABL

## Distribution



- When-issued trading period: Up to 10 days prior to distribution date
- Record date: 9-10 days prior to distribution date
- Distribution date: Targeting May or June (pending SEC review and other factors)
- SolarWinds will file an 8-K with additional information

## Capital Structure



- In connection with the spin-off, we expect to put a new credit facility in place, consisting of a \$350M Term Loan B and a \$60M Revolving Credit Facility
- Pro forma for the transaction, N-able expects total gross and net leverage of ~2.9x and ~2.5x, respectively<sup>1</sup>

# Spin-off optimizes focus on N-able's business and value creation



Enhanced management and employee focus on strategic initiatives

Unique brand identity that resonates with MSP partners

Targeted investments and capital allocation to maximize for growth

Creation of standalone, growth-oriented targeting "Rule of 50" company



# Company Overview

*John Pagliuca (President & CEO)*

# Empowering MSPs

through purpose-built technology **to enable**  
and accelerate digital transformation for  
**small to medium-sized enterprises**



# N-able at a glance

**\$303M**

Revenue

**15%**

YoY Revenue growth

**Rule of 50**

Target

**100%**

Recurring revenue model

**109%**

Dollar-based net retention rate

**87%**

Non-GAAP Gross margin

**25K+**

MSP partners

**500K+**

SME customers

**>1,400**

>\$50K ARR MSPs

# Our history of innovation and growth

## 2013

- SolarWinds acquires N-able

## 2015

- Remote Access & Support capabilities added via BeAnywhere acquisition
- Patch Management integrated into platform via SWI technology migration
- Professional Services Automation & Ticketing added via Capzure acquisition

## 2016

- SolarWinds acquires LOGICNow, combining with N-able to create SWI MSP
- Backup & Recovery added into the platform
- Automation Manager added to RMM solutions
- Web Protection security services launched

## 2017

- Email Security and Archiving solution added via SpamExperts acquisition
- SWI MSP launches EmpowerMSP Partner Conferences
- NetPath integrated into platform via SWI technology migration

## 2018

- MSP Institute founded
- Mobile app available on iOS and Android

## 2019

- Password Management and Documentation service added via Passportal acquisition
- Endpoint Detection and Response launched via strategic partnership with SentinelOne
- Cloud to Cloud backup launched with Office 365 offering

## 2020

- Head Nerds formed
- Ecosystem Framework for integrations implemented
- Technology Alliance Program (TAP) expanded beyond 20 partnerships
- Cisco and Microsoft strategic integration efforts announced

# We believe COVID has validated our value to MSPs and SMEs



## Mission critical value

- Accelerated digital transformation by SMEs throughout the pandemic, with increased demand for secure, modern remote work environments
- We believe MSPs became more important to SMEs during the pandemic, delivering critical services powered by our platform
- We believe IT management and security of distributed workforces sustain long-term demand for our solutions in a post-COVID world



## Transitory headwinds, long-term opportunity

- Q2'20 saw increased churn and downgrades from existing partners and slower pace of partner additions
- Improvement over the remainder of 2020, including expansion within existing partners and growth in new additions

# Update on cyber incident

- On 12/14/20, SolarWinds filed a Form 8-K announcing it had been the victim of a cyberattack on its Orion Software Platform and internal systems
- Malicious code known as Sunburst was injected into builds of SolarWinds' Orion Software Platform released between March and June 2020
  - If present and activated, Sunburst could allow an attacker to compromise the server on which the Orion Software Platform was installed
- Investigations are on-going, but to date:
  - We have not identified Sunburst in any N-able solutions
  - The threat actor had access to, and we believe may have exfiltrated source code and other confidential information across, SolarWinds' environment, of which we were a part
  - We believe the cyber incident has had an adverse impact on our reputation, new subscription sales and retention rates, but the extent of such impact was not significant to our financial results during 2020, and we expect such impacts to diminish over time in the absence of new discoveries or events

# Summary of cyber indemnification

Under the separation agreement, SolarWinds will indemnify us for all liabilities based upon, arising out of, or relating to the cyber incident, including for:

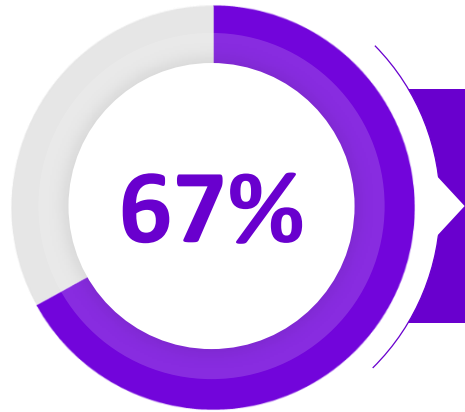
- Actions brought by third parties within four years after the separation related to the cyber incident with respect to either our or SolarWinds' products or services or any breach or exfiltration of information;
- Actions brought by SolarWinds stockholders related to the cyber incident;
- Any investigation that we conduct following our discovery within four years after the separation of a cyber event relating to, arising out of or resulting from the cyber incident; and
- Actions brought by third parties with respect to statements in our public disclosure documents regarding the cyber incident to the extent based on information provided to us by SolarWinds for use in such documents.

In future periods, we may incur additional costs related to the cyber incident but do not have a reasonable estimate of potential costs and have not included amounts in our financial projections. Under the separation agreement, we will be responsible for:

- Our costs related to compliance, mitigation, increased or changed IT, cybersecurity, research and development and additional personnel and related costs with respect to improving, enhancing or hardening the cyber security or defenses of our environment;
- Other than to the extent otherwise covered by SolarWinds' indemnity, our disclosure documents or any other public statements made by us or our directors or officers after the separation related to the cyber incident; and
- Any consequential, special, or exemplary liabilities from any loss of customers, vendors, partners, employees or other commercial relationships or any increase in insurance premiums, whether or not relating to, arising out of resulting from the cyber incident.

Note: The foregoing summary of the separation agreement to be entered into in connection with the spin-off is qualified in its entirety by reference to the full text of such agreement, a form of which is filed with N-able's Form 10 registration statement, available on the SEC website at [www.sec.gov](http://www.sec.gov) under the name "N-able, Inc."

# Digital transformation is a priority for SMEs



of SMEs will have digital transformation as a key part of their IT strategies by end of 2023<sup>1</sup>



**Digital-first,  
Always-on**



**Cloud /  
Hybrid IT**



**Security**



**Distributed  
workforce**

# SMEs face increased IT management and security complexities



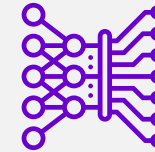
IT management and security **not a core competency**



Growing **cyber threats**



Increasing **IT costs and compliance burdens**

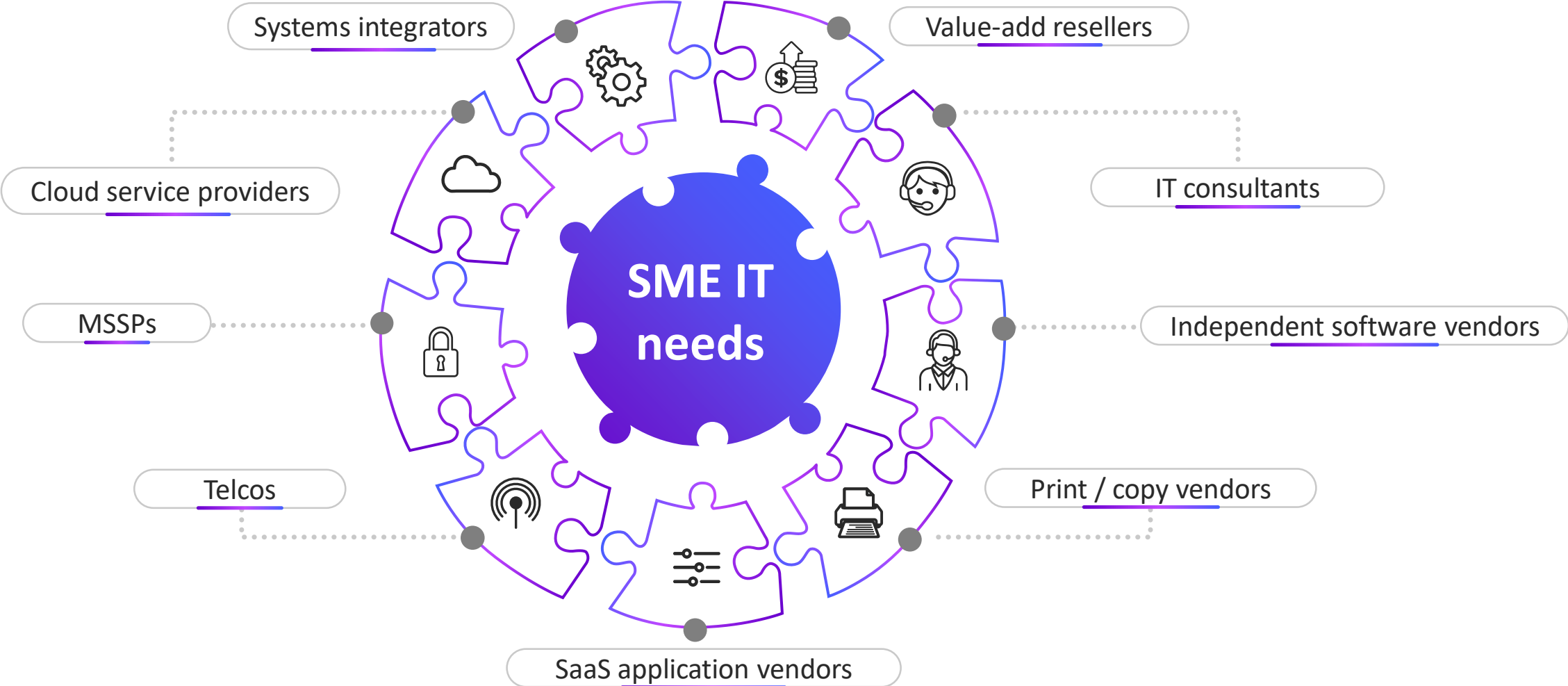


Proliferation of **connected endpoints**



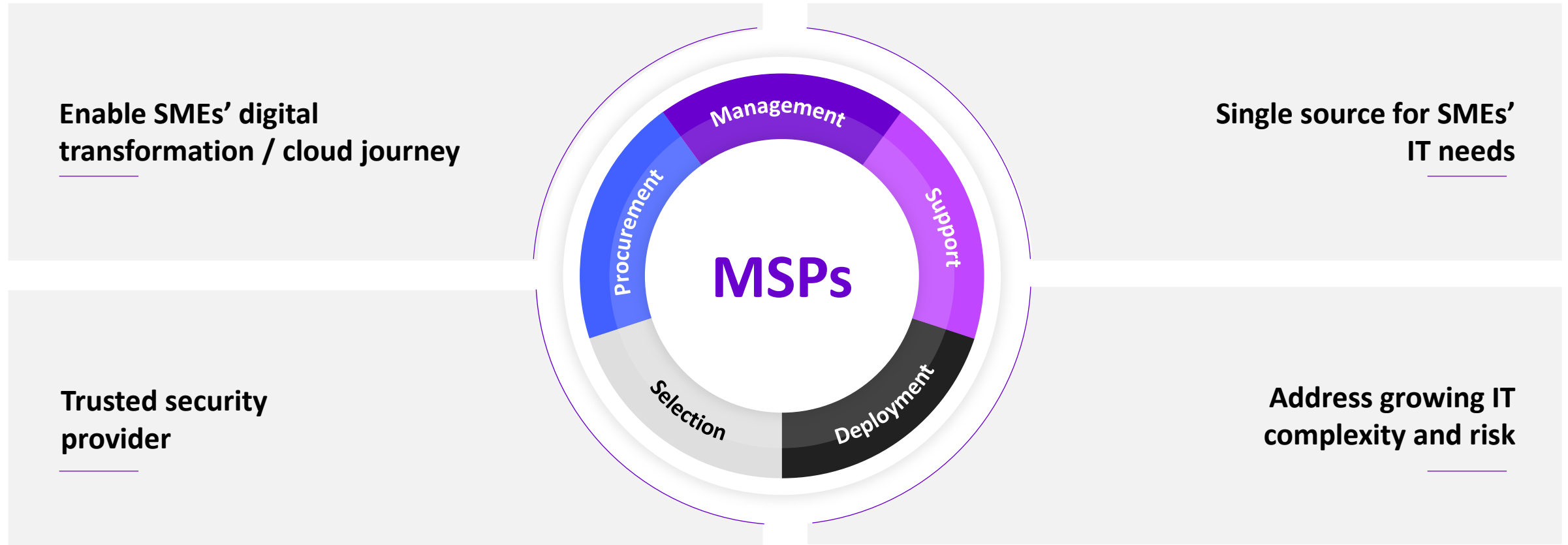
Need for **always-on, always-available** IT environments

# SMEs face vendor and channel sprawl for IT needs





# Rise of the managed IT services model...



*SMEs are increasingly relying on MSPs for proactive and recurring IT services*

# ...across a variety of mission-critical services and industries

## MSPs around the world offering broad range of services



IT service /  
help desk



Device &  
systems  
monitoring



Application  
management



Network  
performance  
monitoring



Managed  
anti-virus



Advanced  
endpoint  
protection



Email security



Web content  
filtering



Security event  
management



Backup &  
recovery



Disaster  
recover-as-a-  
service



Business  
continuity

## ...servicing SMEs across wide variety of industry verticals



Retail



Transportation



Banks



Insurance



Real estate



Health care



Arts and  
entertainment



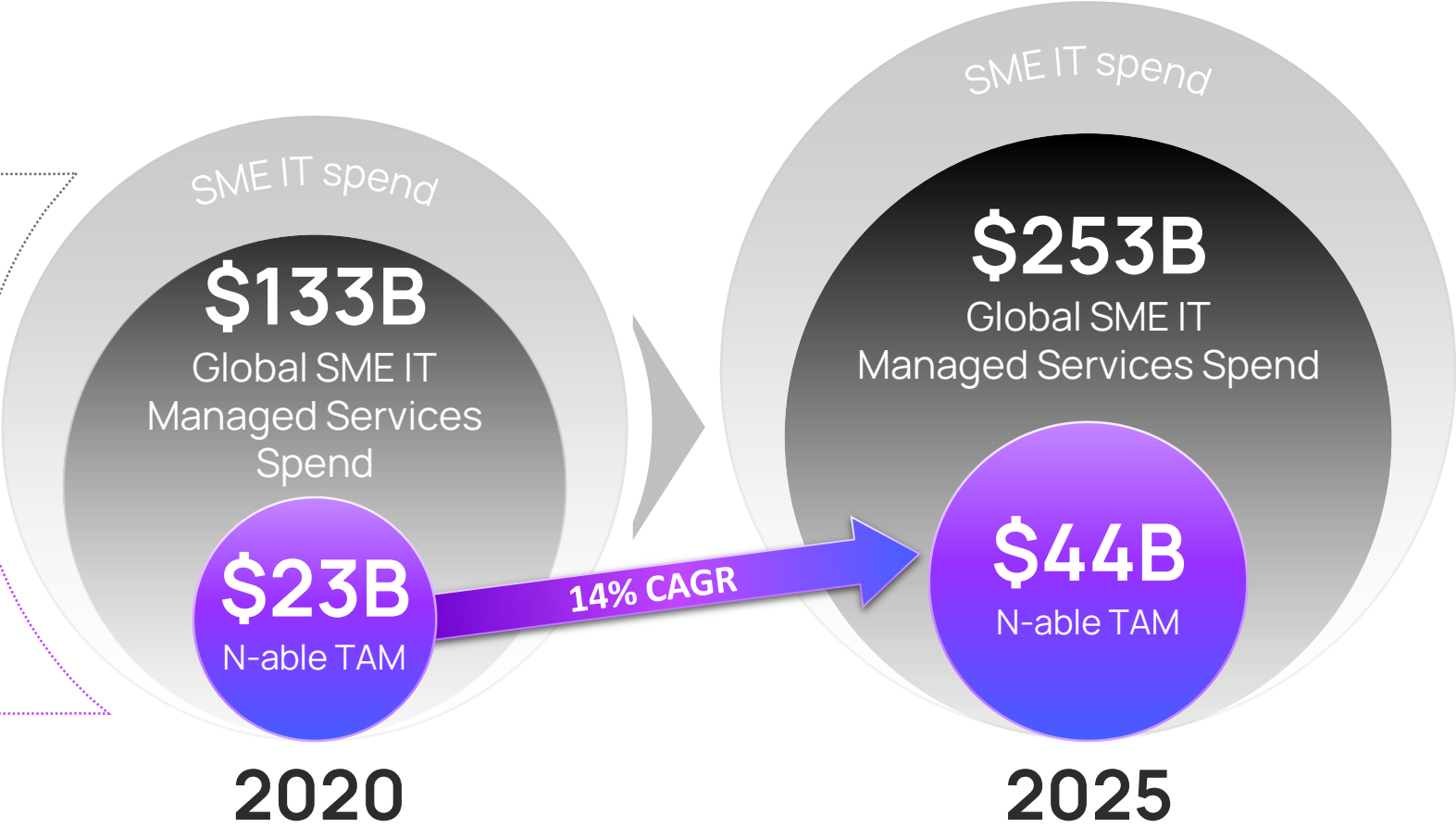
Hotels and  
accommodations



Food service

# Large and attractive market opportunity

- SME IT spending reached ~\$1.2T in 2020<sup>1</sup>
- SMEs increasingly reliant on MSPs for all IT needs
- MSPs have many IT vendors to choose from



MSPs prefer purpose-built solutions that both address disparate SME customers' needs and improve their own operational efficiency



<sup>1</sup> Gartner "Small and Midsize Business IT Spending, Worldwide, 2018-2024," 18 February, 2021  
Note: Global SME IT Managed Services Spend and N-able TAM estimates based on Frost & Sullivan "Total Addressable Market for SMB IT Managed Service Providers," February 2021

# Leading global provider of purpose-built software for MSPs






Monitor everything

Deep security






Business management

## Sell through




### Remote management & monitoring:

-  Endpoints
-  Servers
-  Network devices







### Security solutions:

-  Endpoint protection
-  Web protection
-  E-mail security
-  Vulnerability assessment
-  Patch management

### Data protection:

-  Backup & recovery
-  Disaster recovery
-  Continuity

## Sell to

-  Professional Services Automation
-  Password management
-  Ticketing
-  Document management
-  Billings
-  Business insights and analytics

# Why purpose-built matters

## SME challenges

- ✗ Monitor and protect mission-critical IT
- ✗ Device and SaaS apps sprawl
- ✗ Growing cyberthreats
- ✗ Too many IT vendors / channels
- ✗ IT must support the business, not distract it

## MSP challenges

- ✗ Require centralized views and alerts across all customer environments
- ✗ Different devices, networks and SaaS apps for different customers
- ✗ Secure customers' and own business
- ✗ MSP business opportunity is compelling but challenging
- ✗ Automate and streamline processes

## N-able platform solution

- ✓ Visibility, alerts, and control from one centralized dashboard
- ✓ Complete coverage of devices and services
- ✓ Enterprise-class layered security
- ✓ World-class partner success resources
- ✓ Out-of-the-box automation tools and business management solutions

# Why we win: Breadth and depth of platform

ConnectWise®

datto

COHESITY

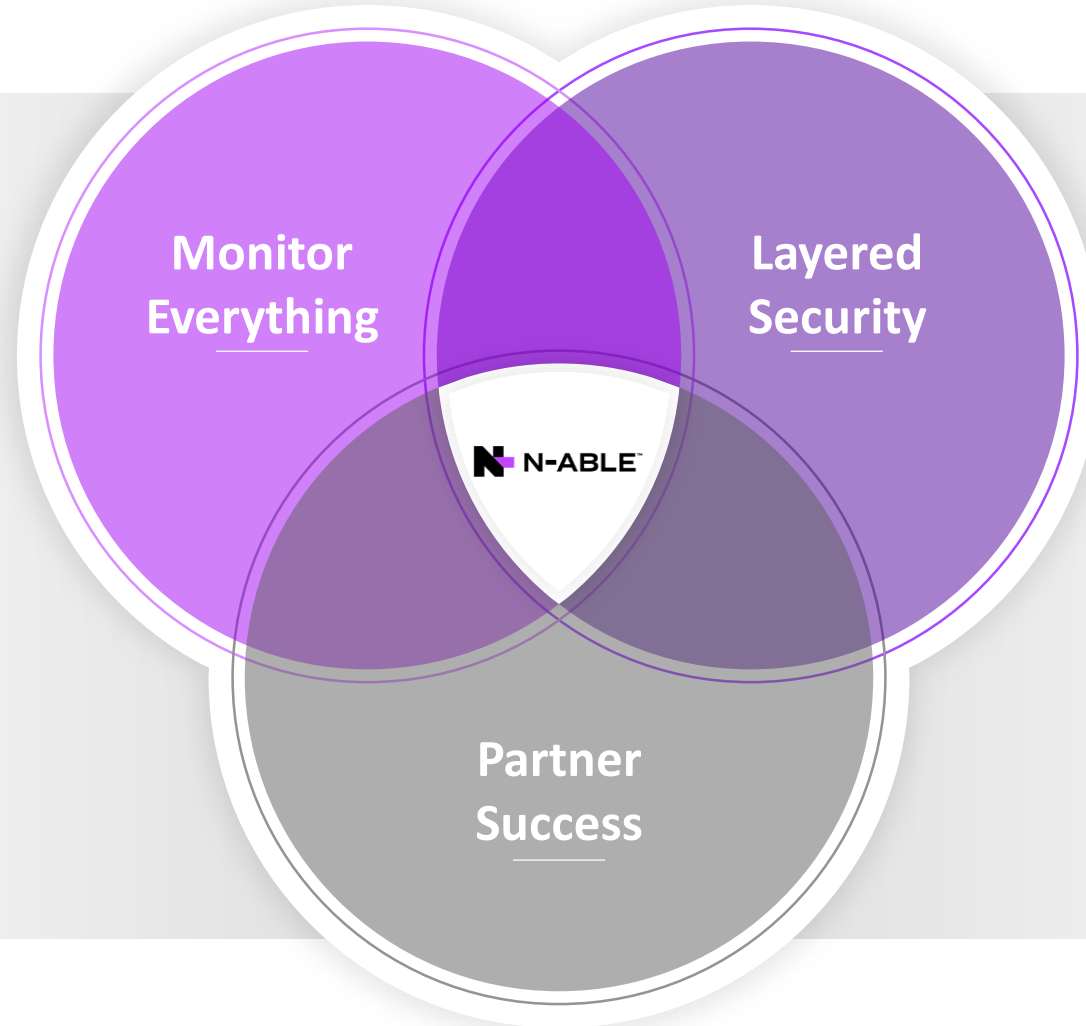
Acronis

Barracuda

Kaseya®

StorageCraft.

veeam



PAESSLER®

SOPHOS

LogMeIn®

ManageEngine®

avast

LogicMonitor

kaspersky

# Experienced management team with culture of innovation



**John Pagliuca**  
*President,  
Chief Executive Officer*



**Tim O'Brien**  
*Executive Vice President,  
Chief Financial Officer*



**Kathleen Pai**  
*Executive Vice President,  
Chief People Officer*



**Mike Adler**  
*Executive Vice President,  
Chief Technology Officer*



**Peter Anastos**  
*Executive Vice President,  
General Counsel*



**Frank Colletti**  
*Executive Vice President,  
Worldwide Sales*



**Kevin Bury**  
*Senior Vice President,  
Chief Customer Officer*



**Mav Turner**  
*Group Vice President,  
Product Management*



**Jim Mulkey**  
*Group Vice President,  
Engineering*



**Joel Kemmerer**  
*Group Vice President,  
Chief Information Officer*



**Mike Cullen**  
*Group Vice President,  
Partner Success*



**Sara Foley**  
*Vice President,  
Product Management*

# Platform & Technology Overview

*Mav Turner (GVP, Product Management)*



# Our product vision

## Market trends



Digital-first, always-on



Cloud / hybrid IT



Security



Distributed workforce

## N-ABLE™ vision



Manage and secure all device types, apps, and ecosystems in always-on world



Designed for on premise, native cloud, and hybrid IT environments

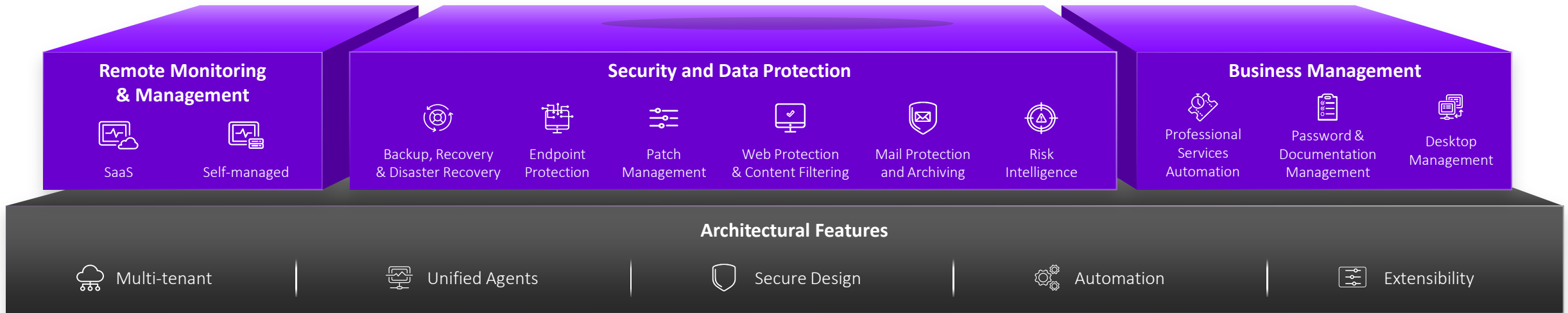


Enterprise-grade security for SMEs and secure-by-design platform for MSPs



Centralized control plane to meet evolving SME customer behavior regardless of IT environment, connectivity, or geography

# N-able's platform and solutions



# We win because of how we are architected

## Key Architectural Design Elements

### Multi-tier, multi-tenancy

Manage complex and heterogenous customer IT environments across on prem, cloud, and hybrid

### Unified agent management

MSPs can seamlessly deploy new solutions, features, and updates to customers

### Secure design

Secure Software Development Lifecycle is a continuously improving process

### Automation

100+ out-of-the-box policies to automate common tasks and resolution of frequently occurring issues

### Extensibility

Rapid integration with many third-party solutions, giving partners choice and customized experiences

### Remote Monitoring & Management



SaaS



Self-managed

### Security and Data Protection



Backup, Recovery & Disaster Recovery



Endpoint Protection



Patch Management



Web Protection & Content Filtering



Mail Protection and Archiving



Risk Intelligence

### Business Management



Professional Services Automation



Password & Documentation Management



Desktop Management

### Architectural Features



Multi-tenant



Unified Agents



Secure Design



Automation



Extensibility

# Secure architectural design



## Cyber Attack Considerations

To date, have not identified Sunburst in any N-able solutions

MSP partners depend on us not only for security solutions, but also expect secure architecture

Increased security, monitoring, and authentication of our solutions

## Secure by Design Elements

- Enhanced endpoint protection and threat detection solutions
- MFA everywhere
- Tighter privileged access
- Bolstered security team

- Enhanced threat modeling
- New, highly secure build systems
- Separation of duties
- Improved monitoring and ongoing static code analysis

- Expanded vulnerability management
- Increased pen testing and red teams
- Improved incident response process
- Reassess security backlog



**Further secure internal environment**



**Enhance development environment**



**Ensure security and integrity of our solutions**





# Monitor Everything from Anywhere

*Visibility and control over disparate devices and IT environments*

## Solution capabilities

- Enables MSPs of all sizes to manage complex SME IT environments
- Single pane of glass to manage thousands of users and devices
- Robust out-of-the-box automation policies and performance checks

## What problems does it solve for the MSP?

-  Rapidly identify and resolve issues
-  Manage complex hybrid IT environments
-  Maximize uptime and productivity for customers
-  Reduce cost and complexity through automation

### Remote Monitoring & Management



SaaS



Self-managed

### Security and Data Protection



Backup, Recovery & Disaster Recovery



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Desktop Management

### Architectural Features



Multi-tenant



Unified Agents



Secure Design



Automation



Extensibility

# Layered Security




*Comprehensive defense via integrated solutions*

## Solution capabilities

Layered protection spanning network and systems infrastructure, applications, and end user devices via:

- ✓ Data protection
- ✓ Patch management
- ✓ Endpoint security
- ✓ Web protection
- ✓ E-mail security and archiving
- ✓ Vulnerability assessment solutions

## What problems does it solve for the MSP?

-  Protect SME customers from multiple attack vectors
-  Preventative protection + recoverability = complete defense
-  Platform integration and unified agent approach enable seamless deployment

### Remote Monitoring & Management



SaaS



Self-managed

### Security and Data Protection



Backup, Recovery & Disaster Recovery



Endpoint Protection



Patch Management



Web Protection & Content Filtering



Mail Protection and Archiving



Risk Intelligence

### Business Management



Professional Services Automation



Password & Documentation Management



Desktop Management

### Architectural Features



Multi-tenant



Unified Agents



Secure Design



Automation



Extensibility





# Data Protection

*Powerful and easy to use, cloud-first backup*

## Solution capabilities

- Fully cloud-based backup, recovery, and disaster recovery for servers, workstations, files, data, and cloud-based applications
- Geographically distributed architecture, primarily on AWS
- File-based backup vs traditional image-based approach enables high speed recovery and low operating costs

## What problems does it solve for the MSP?

-  Efficiently manage exponential data proliferation
-  Solutions do not require hardware
-  Extensive storage location options
-  Reduces technician time spent managing backups

### Remote Monitoring & Management



SaaS



Self-managed

### Security and Data Protection



Backup, Recovery & Disaster Recovery



Endpoint Protection



Patch Management



Web Protection & Content Filtering



Mail Protection and Archiving



Risk Intelligence

### Business Management



Professional Services Automation



Password & Documentation Management



Desktop Management

### Architectural Features



Multi-tenant



Unified Agents



Secure Design



Automation



Extensibility

# Business Management Solutions

Increase MSP operational efficiency and scale

## Solution capabilities

PSA solution enables MSPs to organize workforce, track support issues, schedule technicians, and streamline billing processes

Password and document repositories support secure role-based access into customer environments

## What problems does it solve for the MSP?



Improve MSP technician operational efficiency



Improve customer uptime, productivity, and satisfaction



Workflow optimization increases scale and margins



Simplifies secure storage and audited access to passwords

### Remote Monitoring & Management



SaaS



Self-managed

### Security and Data Protection



Backup, Recovery & Disaster Recovery



Endpoint Protection



Patch Management



Web Protection & Content Filtering



Mail Protection and Archiving



Risk Intelligence

### Business Management



Professional Services Automation



Password & Documentation Management



Desktop Management

### Architectural Features



Multi-tenant



Unified Agents



Secure Design



Automation



Extensibility



# Ecosystem Framework enables freedom of choice

## Technology Alliance Program (TAP)



## Integrated Solution Partnerships



- 3rd party solution options expand platform reach
- Collaborative marketing increases awareness for N-able and TAP partners
- N-able gains visibility into rising trends and solution providers

- Creates immersive platform experience for partners
- Joint roadmap planning fosters “better together” offering
- N-able leads MSP partner relationship from GTM through billing and support

### Remote Monitoring & Management



SaaS



Self-managed

### Security and Data Protection



Backup, Recovery & Disaster Recovery



Endpoint Protection



Patch Management



Web Protection & Content Filtering



Mail Protection and Archiving



Risk Intelligence

### Business Management



Professional Services Automation



Password & Documentation Management



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### Architectural Features



Multi-tenant



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Secure Design



Automation



Extensibility

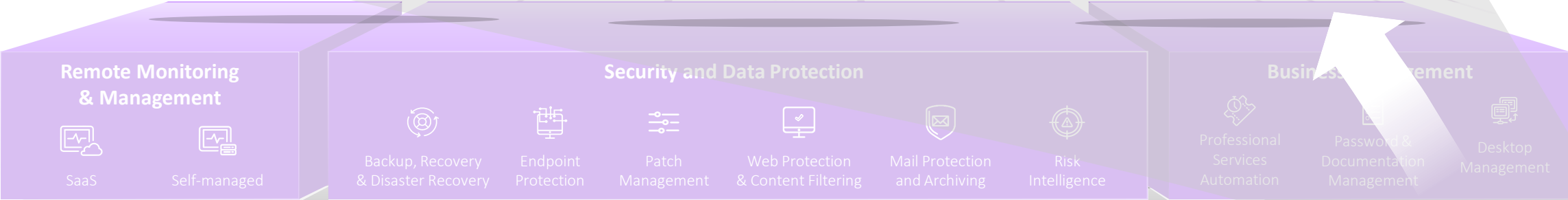
# Horizontal expansion via enterprise tech partnerships



- Pairs N-able’s multi-tier, multi-tenant RMM with Intune MDM for consolidated management and reporting
- Building out our Azure server monitoring capabilities and M365 Cloud Backup

- Robust MDM capabilities for Apple devices, including multi-tenancy, remote control, and integrated backup and EDR
- Once we manage Macs, we can layer on additional services

- Cisco integration expands our monitoring breadth and gives partners direct path to discover and monitor Cisco Meraki devices



# What's next

## Tech Trends Impacting SMEs

- Permanent distributed workforces
- Increasing cloud / hybrid IT complexity
- AI augmentation

- SaaS proliferation
- IoT devices
- Co-managed IT

- Growing attack surfaces
- Dissipating network boundaries
- Data proliferation

## N-able Platform Capabilities and Priorities

- Leading cloud-based platform
- Cloud-native RMM and security
- Next-gen technician efficiency

- Identity management and controls
- Monitor breadth and depth
- Enterprise-class scalability

- Layered security approach
- Network management and security
- Scalable and efficient data management



Platform and Productivity



Monitor Everything



Layered Security



# Go-to-Market & Partner Success

*John Pagliuca (President & CEO)*

# Our GTM and multi-dimensional land and expand strategy

1

High-velocity, low-touch inside sales motion with frictionless free trial approach to acquire MSPs...

2

...driving efficient growth as MSP partners drive sales...

3

...by adding new SME customers...

4

...that add new devices, services, and drive usage

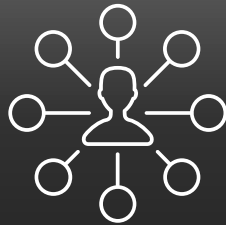
N-able Sales Reps



Localized distributor model internationally

*Frictionless trial approach*

25K+ MSP Partners



500K+ SME Customers



Devices/Networks



Services

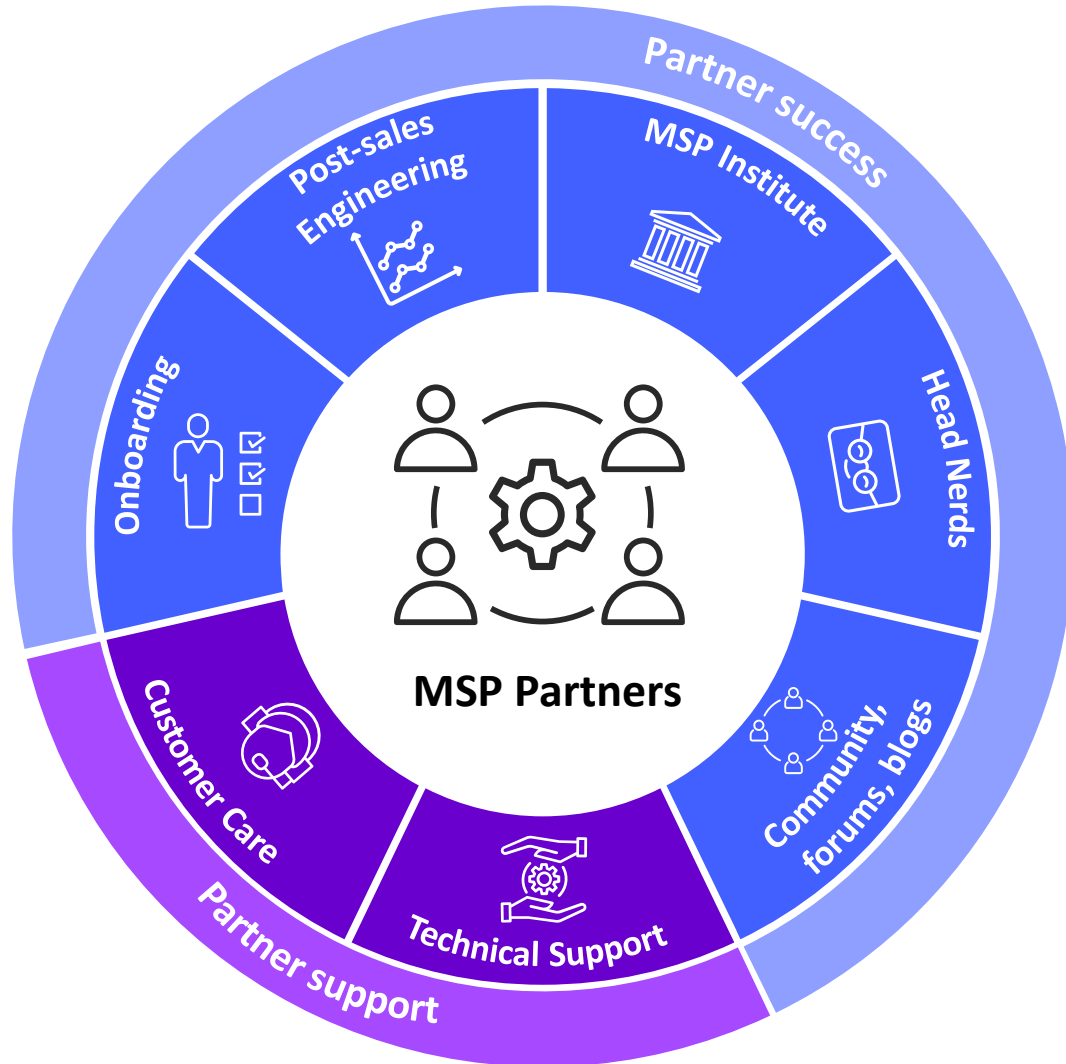


Usage



Powered by N-able Platform

# Best-in-class partner success and support



## We train our MSP partners to:

- Navigate dynamic market trends
- Improve technical expertise
- Create new revenue streams using our platform
- Increase operating efficiency and scale
- Ultimately become better business operators

## In addition to:

- 24/7/365 technical support
- Customer care and account management
- Onboarding
- Post-sales engineering
- Dedicated partner success teams

# Best-in-class partner success initiatives

## Partners get access to:

Partner Success Managers

MSP Institute

Head Nerds (Boot Camps, Office Hours)

MarketBuilder (marketing automation)

Automation Cookbook

Social/Community Interaction

Partner Advisory Groups

All Partner Meetings

**91%**

Average CSAT score of MSP partners (2020)

**>55K** (4.7 of 5 stars)

MSP Institute courses completed since October 2018

**>10K**

Attending Nerd Activities since Feb 2020

# The value of our differentiated go-to-market model

## Go-to-market approach

## Financial impact

Targeted inside-sales strategy

Cost efficient pipeline generation and conversion

Acquiring MSPs that will grow alongside us

Natural revenue expansion

MSPs serve as extension of our sales footprint

Product-led growth with high operating leverage

Best-in-class partner success initiatives

Strong dollar-based net retention rates

Localized channel strategy

High international revenue mix



# MSP industry trends



**Mergers & acquisitions**



**Platform consolidation**



**More security**



**Co-managed IT**



**International maturity**

# Case study A: MSP acquirer standardizing on N-able

Long-term N-able partner with locations throughout Central US and Midwest; has acquired many smaller MSPs over time and standardized nearly all customers on N-able platform.

Growth on N-able platform:

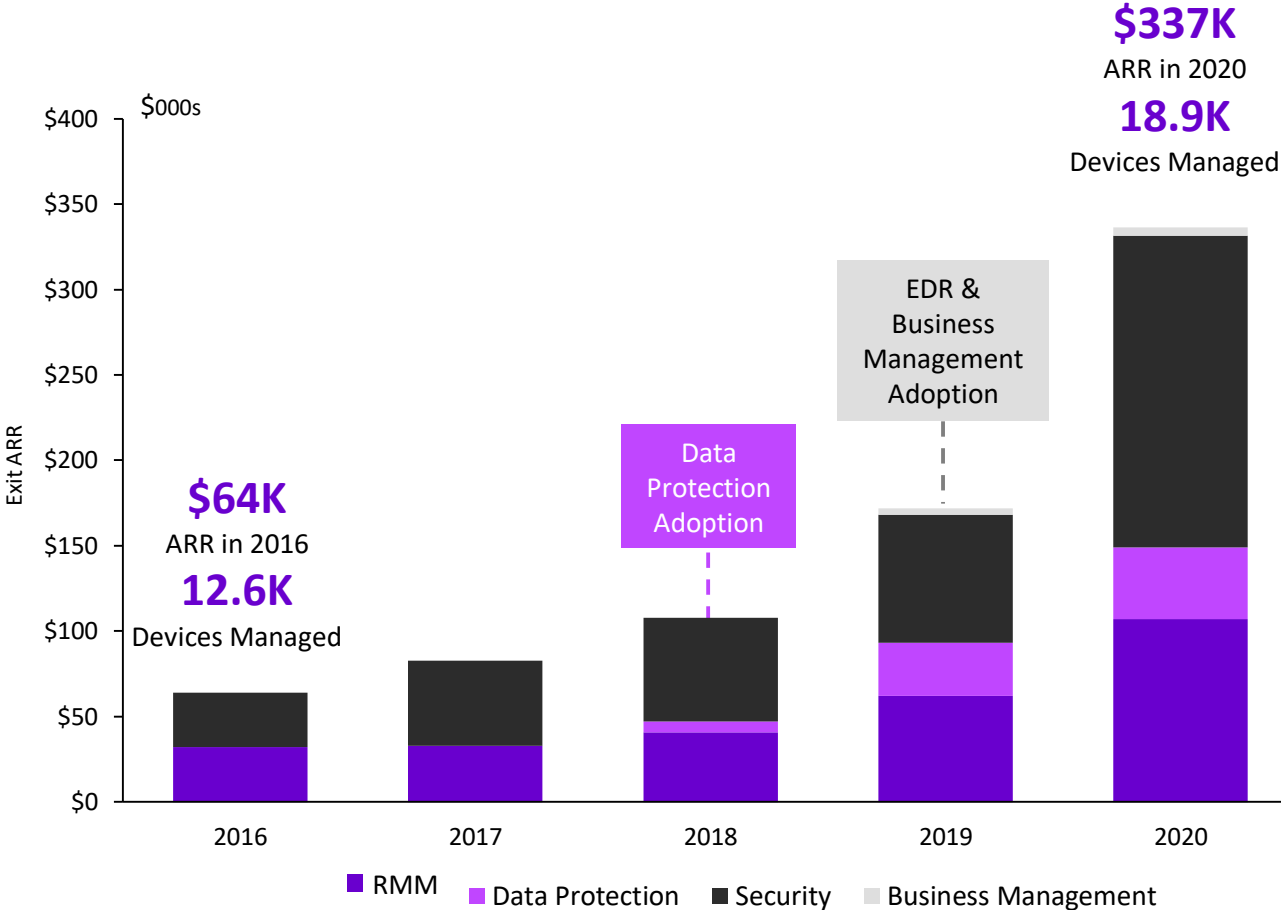
- Grew ARR from \$64K in 2016 to \$337K in 2020 (51% CAGR)
- Nearly doubled total ARR from \$172K 2019 to \$337K in 2020
- Data protection ARR grew from \$6K in 2018 to \$42K in 2020
- EDR ARR ramped form \$4K in 2019 to \$155K in 2020

Value we deliver:

- Ability to scale and standardize as they acquire new MSPs
- Advanced technical training and customizations
- Account managers help set and execute on strategic roadmap

MSP industry trends in play:

- M&A, platform consolidation, more security, co-managed IT



# Case study B: PE-backed MSP; large rip and replace

Large PE-backed nationwide MSP, with some larger mid-enterprise customers. In 2020, acquired company that was using another MSP platform; replaced with N-able and more than doubled ARR on N-able.

**Growth on N-able platform:**

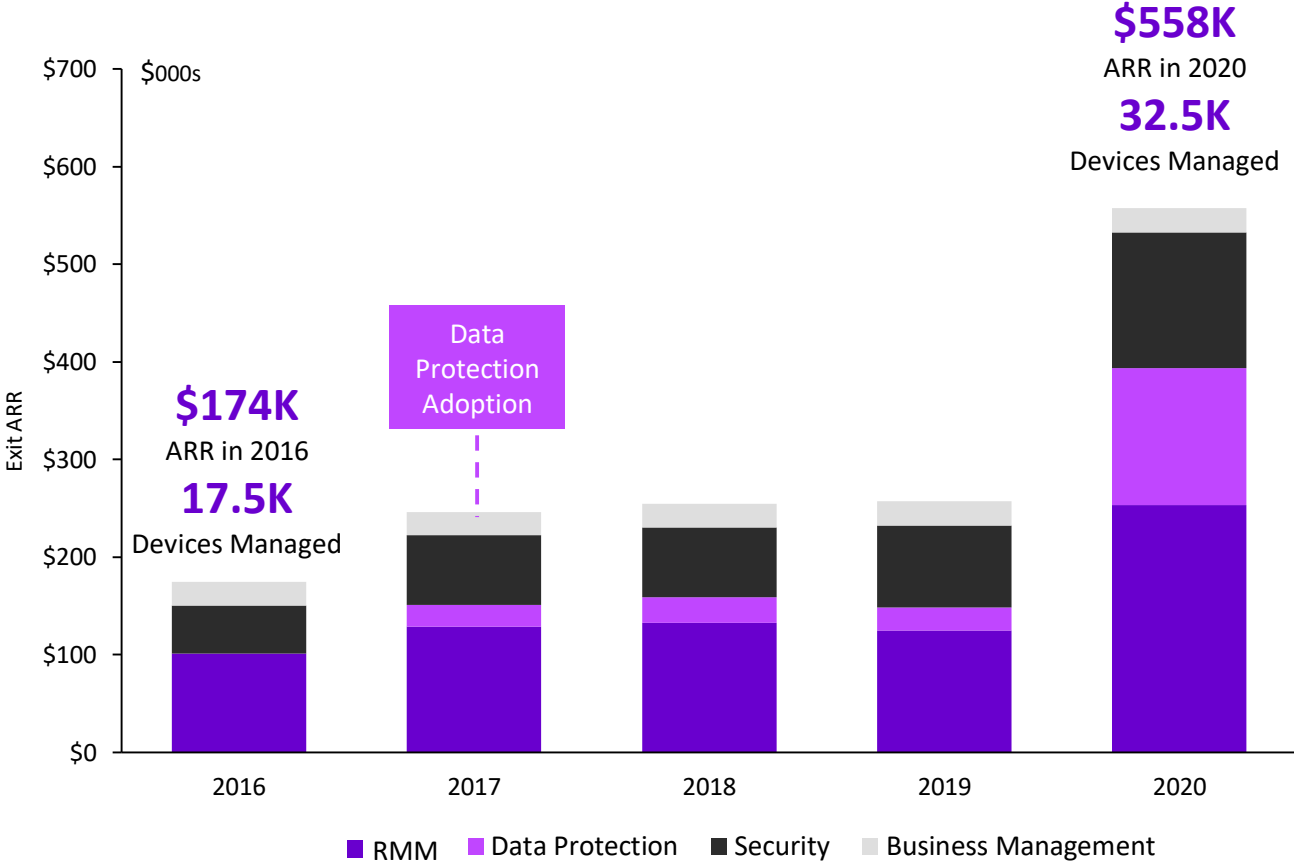
- Grew ARR from \$174K in 2016 to \$558K in 2020 (34% CAGR)
- More than doubled total ARR from \$257K 2019 to \$558K in 2020
- Added data protection in 2017 for ARR of \$20K and has since grown sevenfold to \$140K in 2020

**Value we deliver:**

- Depth of solution stack, especially in monitoring and patch management for larger enterprise customers (co-managed IT)
- Specialized account management for product roadmap input, support on market trends and new revenue streams
- One-to-one engagements to help integrate new acquisitions

**MSP industry trends in play:**

- M&A, platform consolidation, co-managed IT



# Case study C: European-based, multinational MSP

Amsterdam-based MSP with global customer base. Have embraced majority of N-able solutions and built service delivery around N-able.

### Growth on N-able platform:

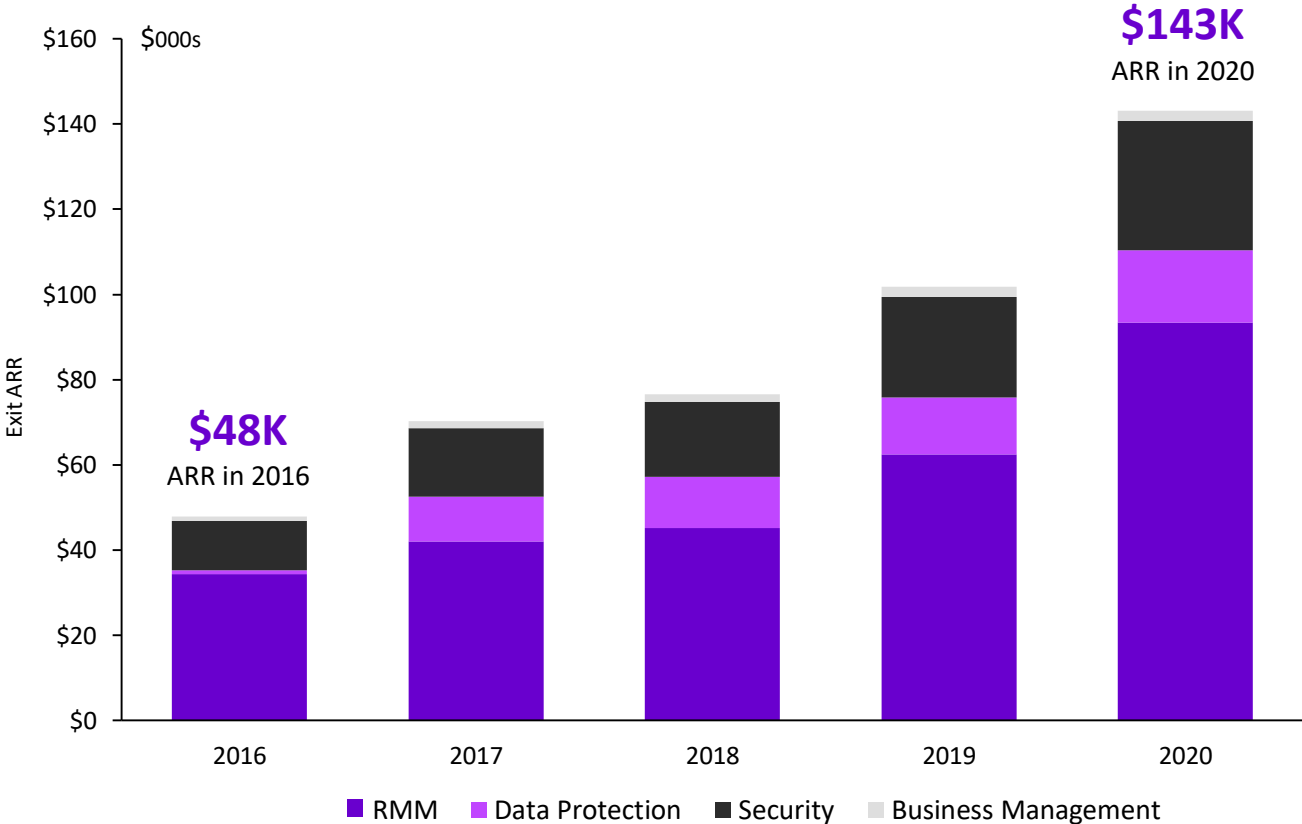
- Grew ARR from \$48K in 2016 to \$143K in 2020 (31% CAGR)
- RMM ARR grew from \$34K in 2016 to \$93K in 2020
- Data protection ARR grew from <\$1K in 2016 to \$17K in 2020
- Security ARR grew from ~\$10K in 2016 to >\$30K in 2020

### Value we deliver:

- Single pane of glass to easily aggregate customer data across multiple customers on real-time basis
- Sells to end customers “fully managed” all-inclusive contracts that are powered by N-able solution stack

### MSP industry trends in play:

- Platform consolidation, more security, international



# Case study D: Massive ramp in multi-solution adoption

Started small via RMM rip and replace. Adopted security solutions in 2019 and then tripled ARR in 2020 across all key solution categories.

**Growth on N-able platform:**

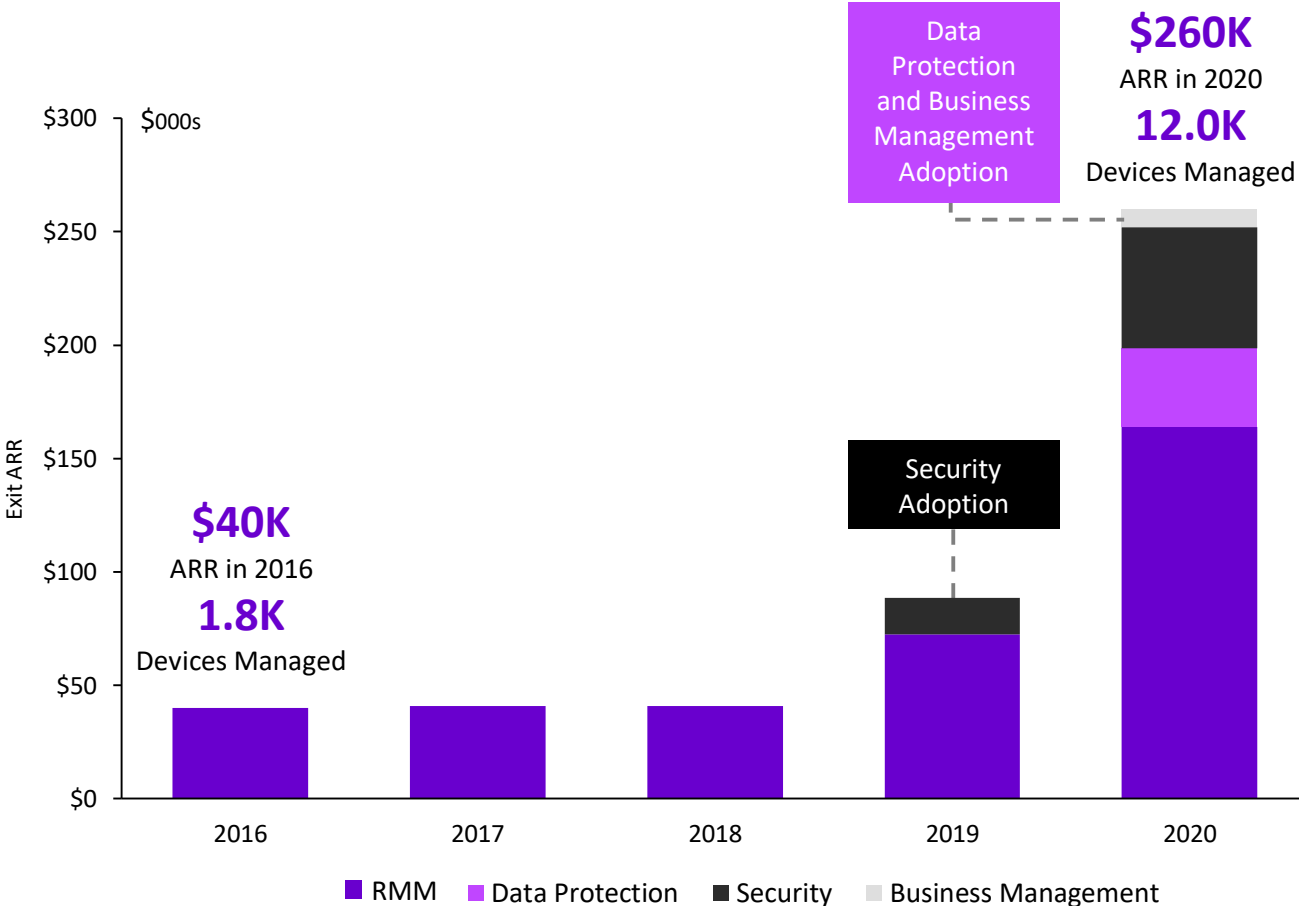
- Grew ARR from \$40K in 2016 to \$260K in 2020 (60% CAGR)
- RMM ARR grew from \$40K in 2016 to \$164K in 2020
- Security ARR grew from ~\$16K in 2016 to >\$53K in 2020
- Adopted data protection in 2020 for ARR of \$35K and business management for ARR of \$8K

**Value we deliver:**

- Single point of glass and single point of vendor contact
- Enable “fully managed” approach for customers via proper monitoring, reporting and security
- Partner success team helps identify areas for greater efficiency

**MSP industry trends in play:**

- Platform consolidation and security



# Financial Overview

*Tim O'Brien (CFO)*

# 2020 financial and operating performance

**\$303M**

Revenue

**15%**

YoY Revenue growth

**100%**

Recurring revenue model

**109%**

Dollar-based  
net revenue retention

**25K+**

MSP partners

**500K+**

SME customers

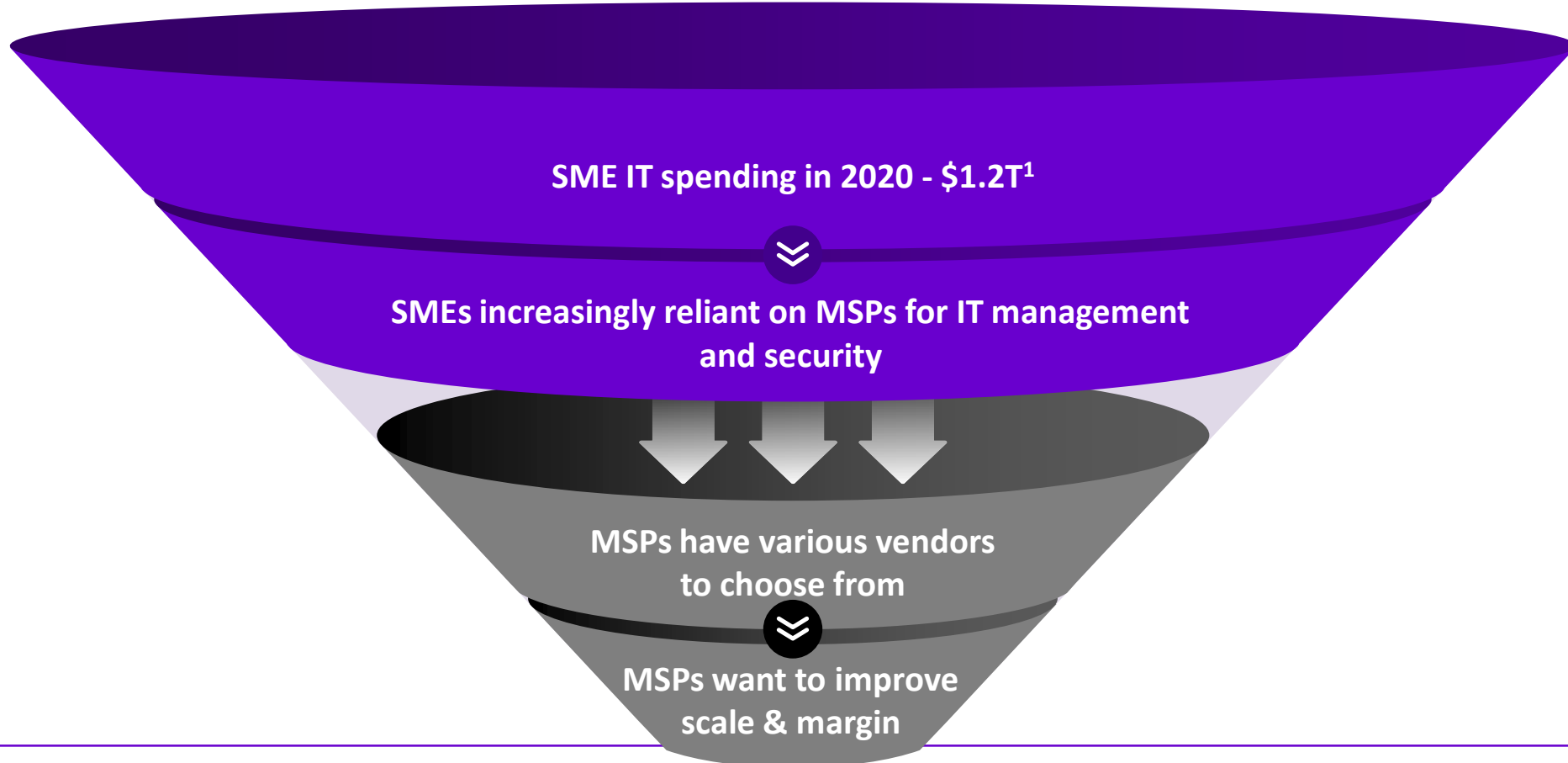
**40%**

Adjusted EBITDA margin

**87%**

Non-GAAP Gross margin

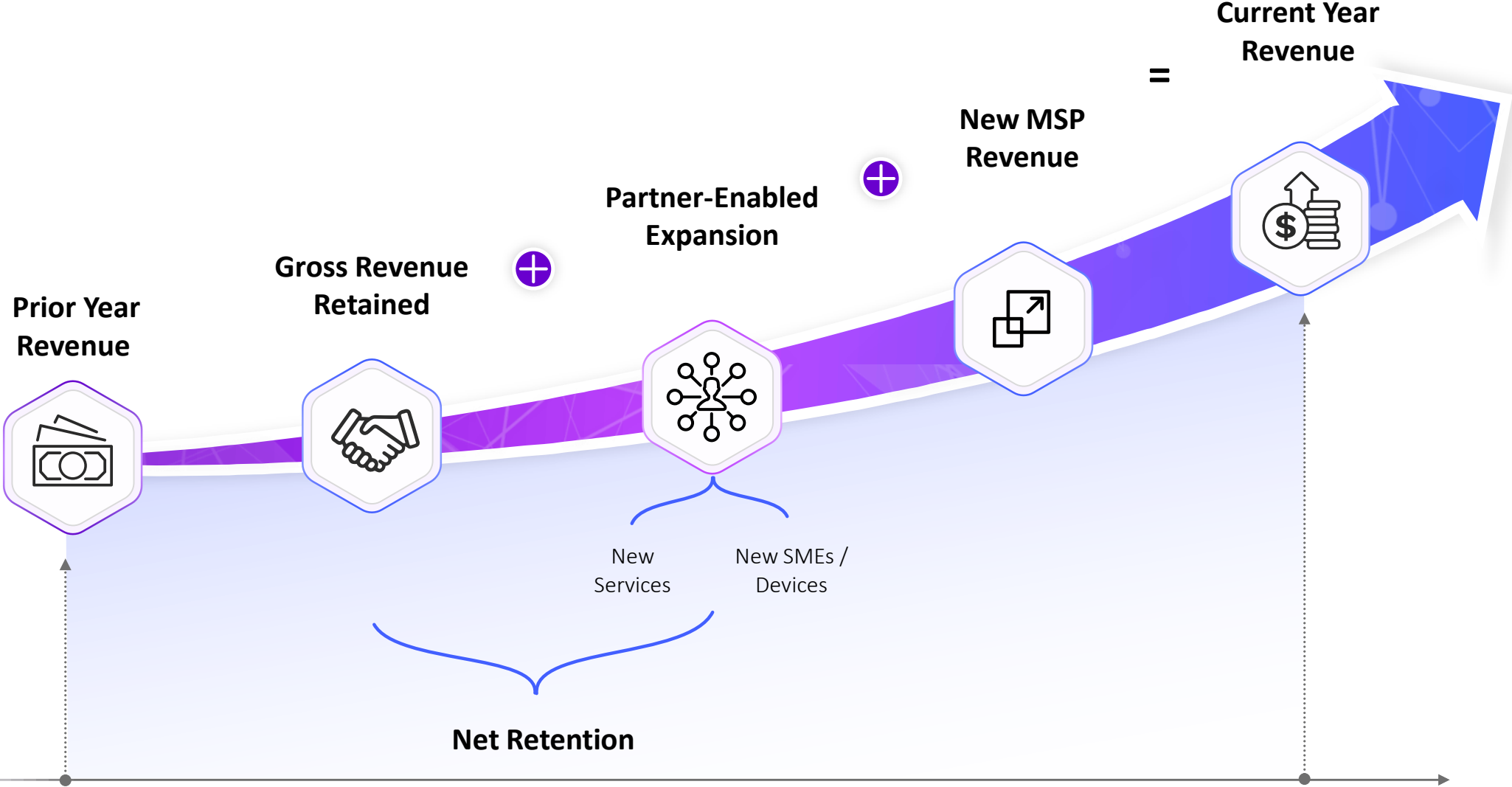
# MSP industry supply chain



***MSPs prefer purpose-built platforms and solutions that address disparate SME customers' needs and improve their own operational efficiency***

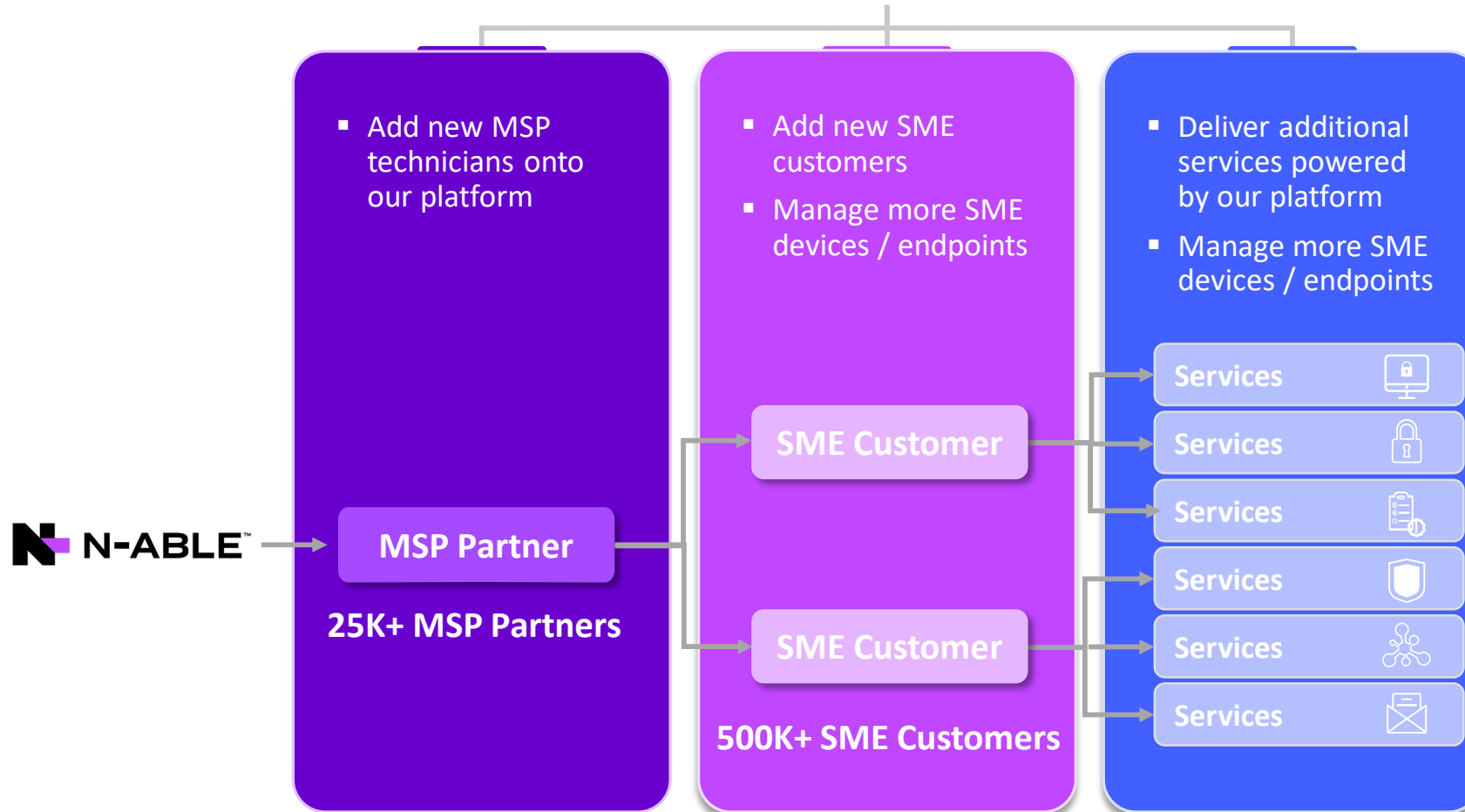


# Our growth algorithm



# Partner-enabled expansion — unique aspect to our model

## Elements of partner-enabled expansion

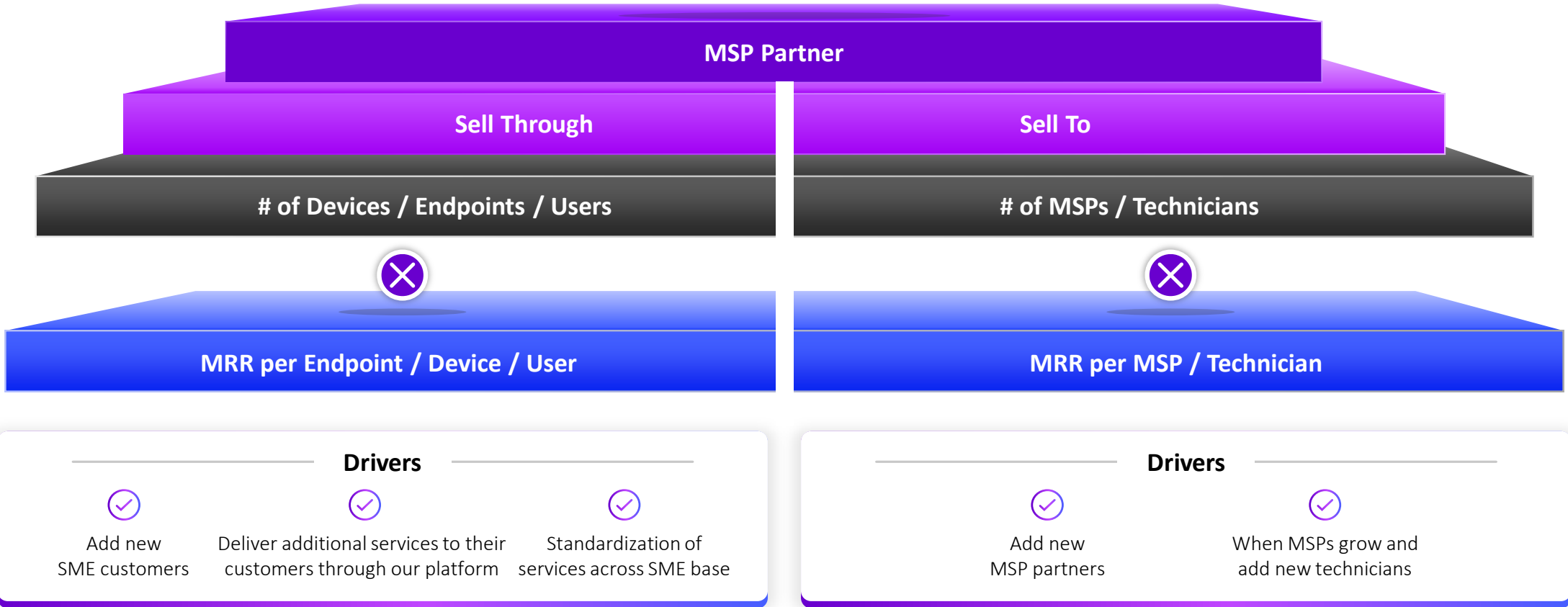


## Benefits of our differentiated GTM approach

- ✓ Sales reach extension into SME market
- ✓ Sales expansion through natural adoption
- ✓ Capital efficient scaling
- ✓ Loyalty and retention
- ✓ Strong international presence

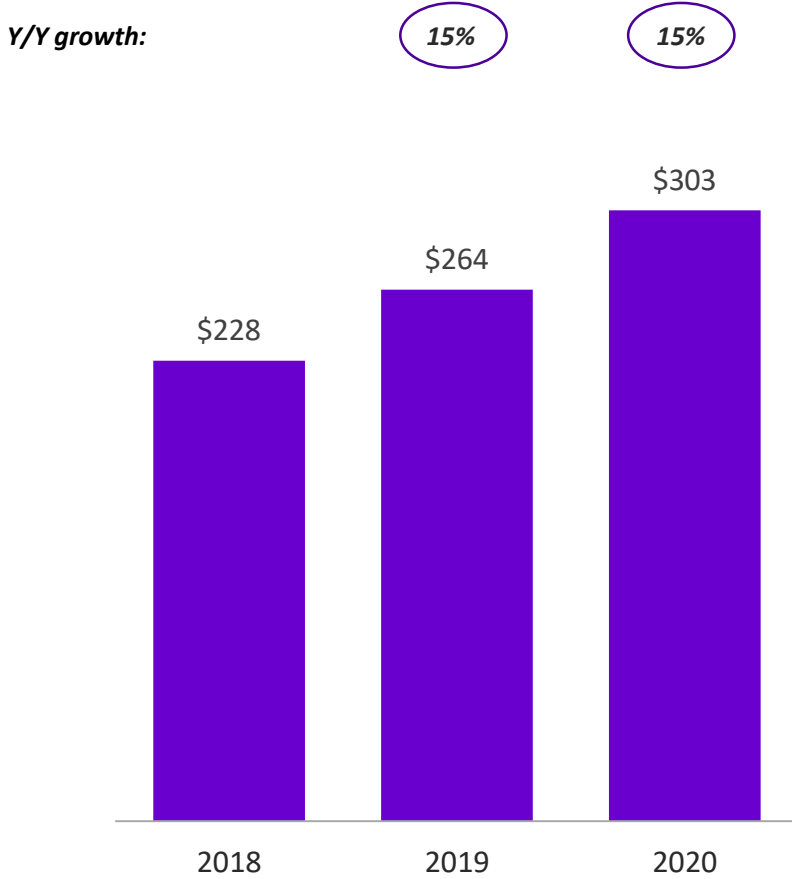
# Revenue / pricing model

## Illustrative Growth Model

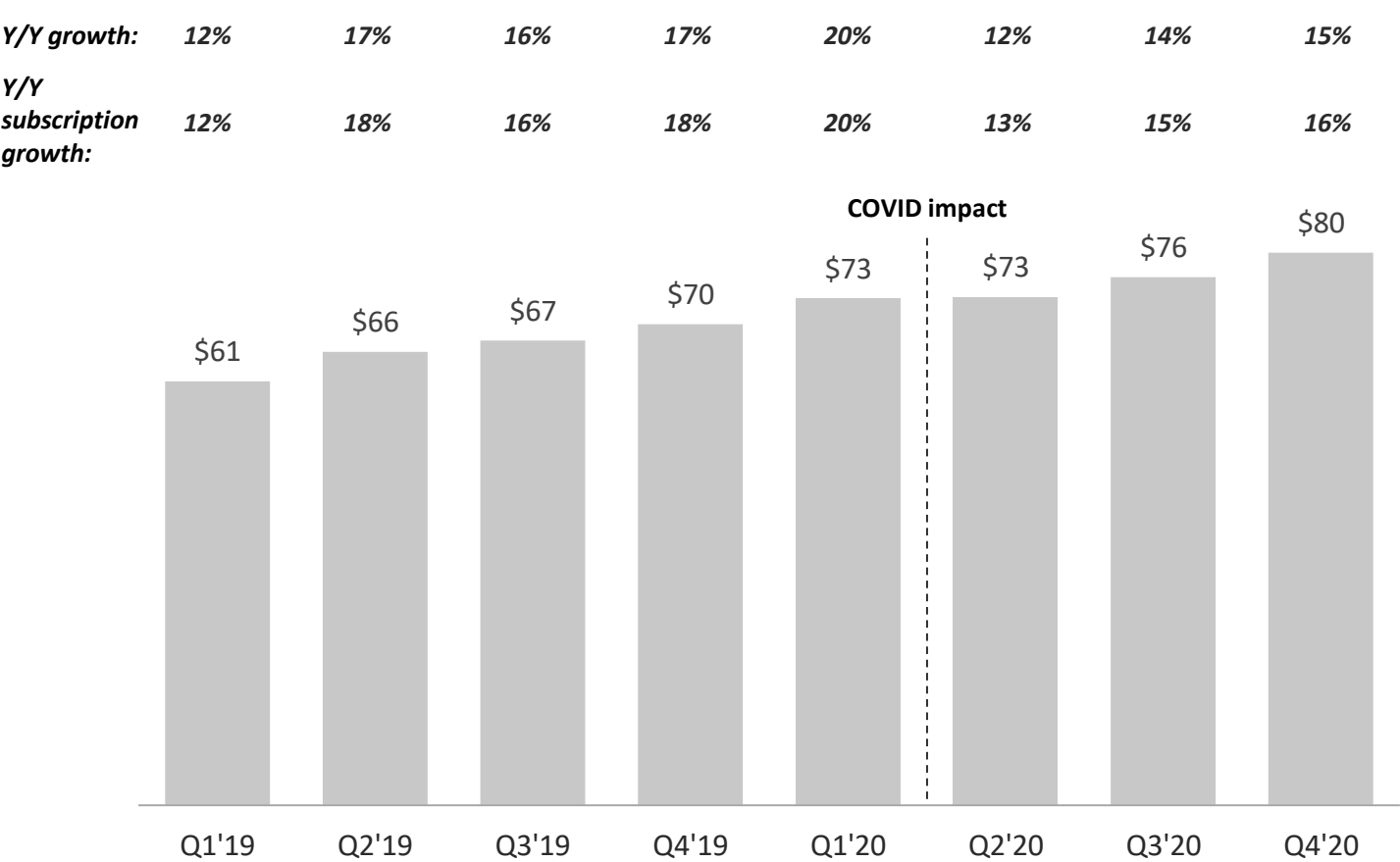


# Strong track record for consistent revenue growth and at scale

## Annual revenue (\$M)



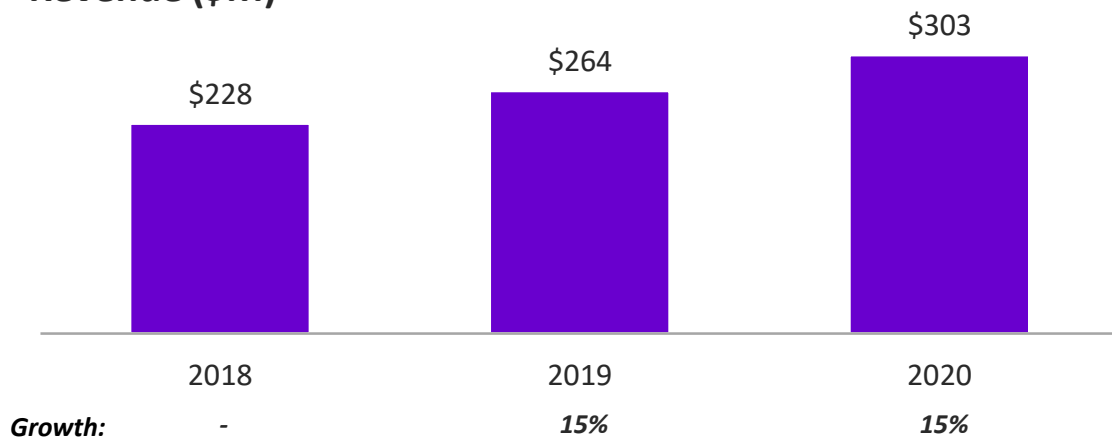
## Quarterly revenue (\$M)



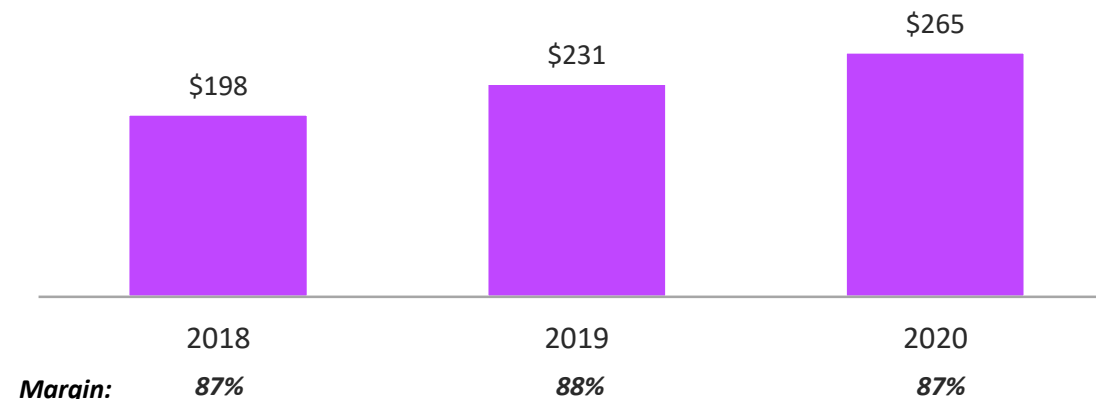
Note: Metrics represent financials on a carve-out basis from SolarWinds Corporation unless otherwise noted. Quarterly revenue presented may not precisely sum to annual revenue due to rounding.

# Attractive financial profile

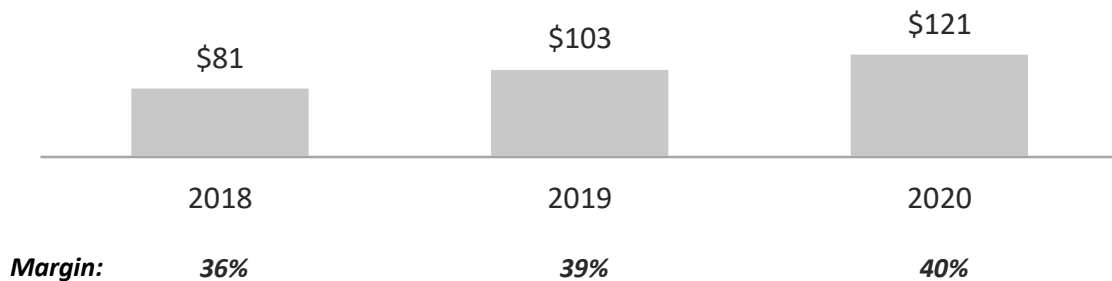
## Revenue (\$M)



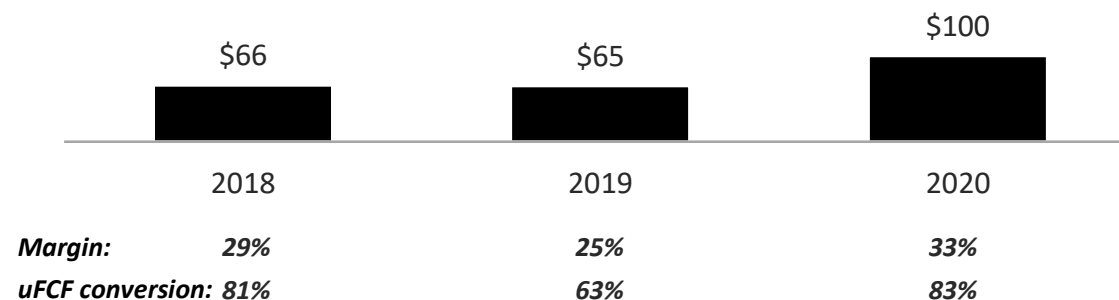
## Non-GAAP Gross profit (\$M)



## Adjusted EBITDA (\$M)

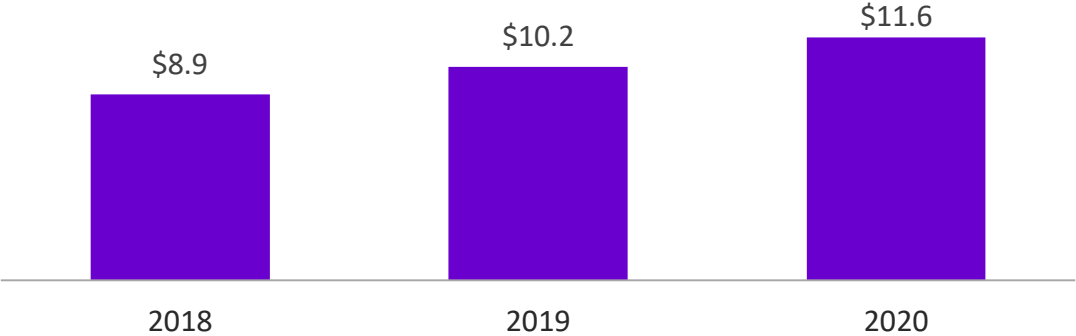


## Unlevered free cash flow (\$M)

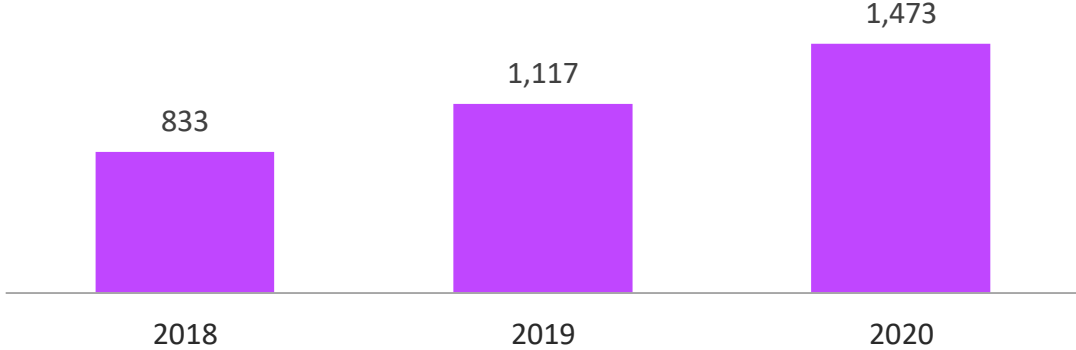


# Highly visible and predictable revenue model

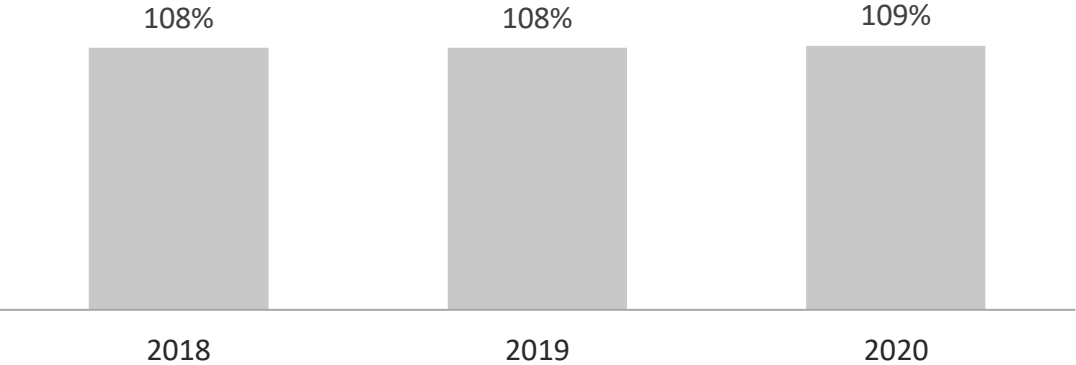
Average revenue per partner (\$000s)



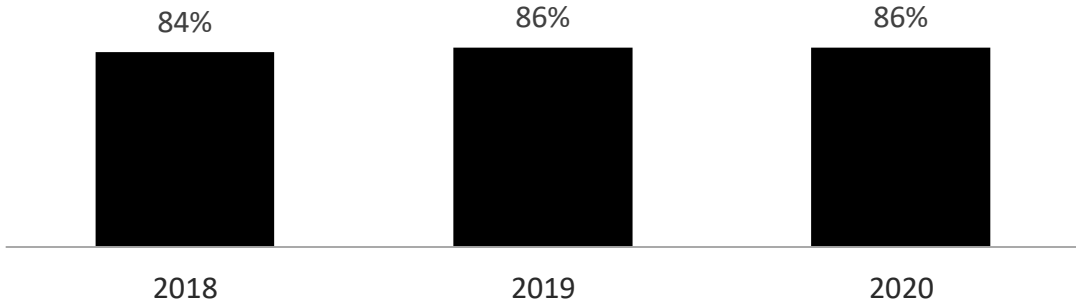
Partners spending ARR of \$50K+



Dollar-based net revenue retention

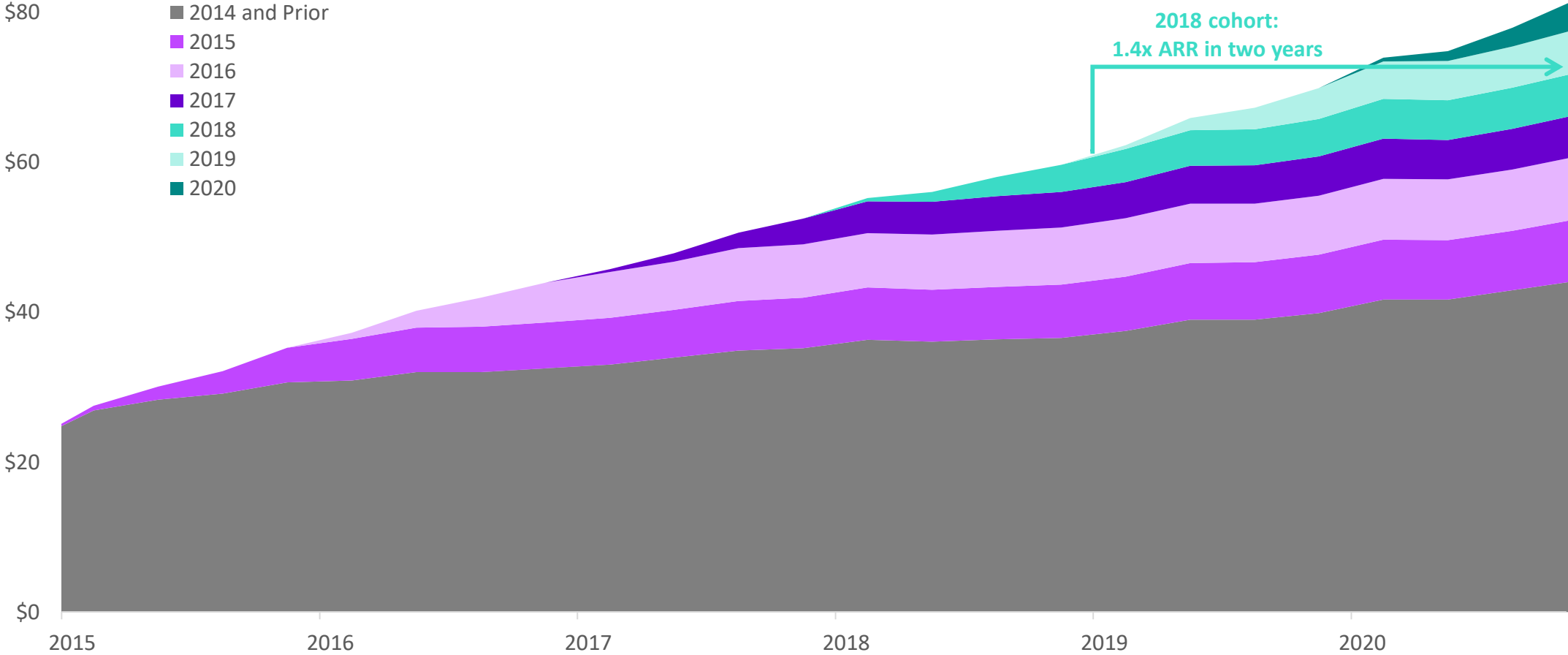


Gross revenue retention



# Partner cohort revenue analysis

(\$M, quarterly)



# Preliminary guidance

	<u>Q1'21E</u>	<u>Q2'21E</u>	<u>FY'21E</u>
Revenue	\$82.7 – \$82.9M	\$83.5 – \$84.0M	\$340 – \$344M
Y/Y growth	~13%	~14%	12% – 14%
Adjusted EBITDA	-	-	\$105 – \$110M
Adjusted EBIDTA margin	-	-	31% – 32%



# 2021 and medium-term targets

% of total revenue, except for revenue growth

	<u>2019</u>	<u>2020</u>	<u>2021E</u>	<u>Medium-Term Target</u>
Revenue growth	15%	15%	12 - 14%	15 - 17%
Gross margin	88%	87%	87 - 88%	87 - 88%
S&M	25%	25%	28 - 29%	27 - 28%
R&D	13%	13%	15 - 16%	14 - 15%
G&A	13%	12%	12 - 13%	10 - 11%
Adjusted EBITDA margin	39%	40%	31 - 32%	33 - 35%

**Rule of 50**

Note: Note: All financial metrics except for revenue growth are presented on a non-GAAP basis. See Non-GAAP Reconciliations in Appendix for further details. 2019 and 2020 metrics represent financials on a carve-out basis from SolarWinds Corporation. FY'21 outlook was provided by SolarWinds on and as of April 13, 2021 with respect to the N-able business and is based on the assumption that the potential separation of the N-able business is completed in the second quarter of 2021.

# Capital structure

Sources as of 12/31/2020	Amount (\$M)
N-able's Existing Cash & Cash Equivalents	\$100
New 5-yr \$60 million Revolving Credit Facility	-
New 7-yr Term Loan B	350
<b>Total</b>	<b>\$450</b>

Uses as of 12/31/2020	Amount (\$M)
Cash to N-able's Balance Sheet <sup>1</sup>	\$50
Repay Intercompany Debt	373
Transfer to Parent <sup>2</sup>	22
Estimated Transaction Fees & Expenses	5
<b>Total</b>	<b>\$450</b>

Pro Forma Capitalization as of 12/31/2020	Amount (\$M)	X Adjusted EBITDA
Cash & Cash Equivalents	\$50	
New 5-yr \$60 million Revolving Credit Facility	-	
New 7-yr Term Loan B	350	
<b>Total Debt</b>	<b>\$350</b>	<b>~2.9x</b>
<b>Total Net Debt</b>	<b>\$300</b>	<b>~2.5x</b>
<b>Adjusted EBITDA as of 12/31/2020</b>	<b>\$121</b>	

Note: If we proceed with a private placement, upon its closing, and prior to consummation of the separation and distribution, we would pay a dividend to SolarWinds in an amount equal to the net proceeds of the private placement. We would not retain any of the net proceeds from the private placement.

<sup>1</sup> Reflects expected minimum cash and cash equivalents balance of \$50.0 million pursuant to the terms of the separation and distribution agreement.

<sup>2</sup> Cash in excess of the \$50.0 million subsequent to the expected repayment of outstanding indebtedness upon the distribution date will be transferred to SolarWinds.

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# Capital allocation targets

## Liquidity

- Maintain a strong liquidity position with approximately \$50M in operating cash post-spin off as standalone public entity and expected \$60M revolving credit facility

## M&A

- Take a disciplined and opportunistic approach to M&A within three tenets of corporate growth strategy that include build, partner, and buy

## Capital Investments

- Expect capex as % of revenue to increase in 2021, due to one time, spin related office buildouts and leasehold improvements prior to stepping back down starting in 2022

## Leverage

- Operate the business with target net leverage below 2x over time, with net leverage declining due to healthy free cash flow generation

# Closing Remarks

*John Pagliuca (CEO)*

# Key investment highlights

- 1 Leading global provider of software enabling MSPs to power digital transformation for SMEs
- 2 Attractive market opportunity driven by growing SME IT needs and increasing reliance on MSPs
- 3 Purpose-built platform that monitors and secures IT regardless of environment or location
- 4 Multi-dimensional, “one to many” land and expand strategy with high velocity go-to-market
- 5 Best-in-class financial profile with 100% subscription model and profitability at scale
- 6 Experienced management team with strong industry roots and culture of innovation

# Purpose-built to address key SME and MSP challenges

## SME Challenges

Managing IT complexity

Growing cyber threats

Growing compliance costs

Device and application sprawl

Distributed workforces

## MSP Trends

M&A

Platform consolidation

More security

Co-managed IT

International maturity

## N-able Platform Capabilities

Leading purpose-built platform for MSPs

Monitor Everything

Layered Security

Robust automation

Best-in-Class Partner Success

# Multiple levers to drive future growth



# Appendix



# Potential private placement

- Prior to the completion of the separation and distribution, with prior written consent of SolarWinds, N-able may enter into privately negotiated transactions with one or more accredited investors unaffiliated with SolarWinds or the Sponsors (the “Investors”) to sell newly-issued shares of N-able common stock (the “Private Placement”)
- If completed, the price per share of shares of N-able common stock to be sold in the Private Placement would be determined through private negotiations between the Investors and N-able
- The issuance and sale of the shares in the Private Placement would be conducted pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended
- The total number of shares sold in the Private Placement (if any) would not exceed 19.5% of the total N-able shares of common stock as of the time of the separation and distribution
- If completed, upon the closing of the Private Placement, and prior to consummation of the separation and distribution, N-able would pay a dividend to SolarWinds in an amount equal to 100% of the net proceeds of the Private Placement

# Definitions of Non-GAAP Financial Measures

**Dollar-based net revenue retention.** To calculate our annual dollar-based net revenue retention rate, we first identify the MSP partners with active paid subscriptions in the last month of the prior-year period, or the base partners. We then divide the subscription revenue in the last month of the current-year period attributable to the base partners by the revenue attributable to those base partners in the last month of the prior-year period. Our dollar-based net revenue retention rate for a particular period is then obtained by averaging the rates from that particular period with the results from each of the prior eleven months. Our calculation includes any expansion revenue and is net of any contraction or cancellation but excludes credits and revenue attributable to any MSP partner who was not a partner with a paid subscription in the prior period.

**Gross Revenue Retention Rate.** To calculate our gross revenue retention rate, we first identify the MSP partners with active paid subscriptions in the last month of the prior-year period, or the base partners. We then deduct from subscription revenue attributable to the base partners, any subscription revenue attrition from MSP partners who are no longer partners as of the last month of the current-year period and subscription revenue contraction from MSP partners whose subscriptions are at a lower value as of the last month of the current-year period, or remaining subscription revenue. We then divide remaining subscription revenue by subscription revenue attributable to base partners to arrive at our gross revenue retention rate. Our gross revenue retention rate for a particular period is then obtained by averaging the rates from that particular period with the results from each of the prior eleven months.

**Annualized Recurring Revenue (ARR).** We determine ARR as the annualized recurring revenue as of the last month of a given period. We calculate ARR by multiplying the recurring revenue and related usage revenue, excluding the impacts of credits and reserves, recognized during the final month of the reporting period from both long-term and month-to-month subscriptions by twelve.

**Non-GAAP Gross Profit and Non-GAAP Gross Margin.** We define non-GAAP gross profit as revenue less total cost of revenue, excluding such items as stock-based compensation expense and related employer-paid payroll taxes, amortization of acquired intangible assets, acquisition related costs, spin-off costs and restructuring costs and other. We define non-GAAP gross margin as non-GAAP gross profit divided by revenue.

**Non-GAAP Operating Expenses.** We define non-GAAP operating expenses as the sum of sales and marketing, research and development, and general and administrative expenses, excluding such items as stock-based compensation expense and related employer-paid payroll taxes, amortization of acquired intangible assets, acquisition related costs, spin-off costs and restructuring costs and other.

**Adjusted EBITDA and Adjusted EBITDA Margin.** We define adjusted EBITDA as net income or loss, excluding amortization of acquired intangible assets and developed technology, depreciation expense, income tax expense (benefit), interest expense, net, unrealized foreign currency (gains) losses, acquisition related costs, spin-off costs, stock-based compensation expense and related employer-paid payroll taxes and restructuring costs and other. We define adjusted EBITDA margin as adjusted EBITDA divided by total revenue. We define adjusted EBITDA margin as adjusted EBITDA divided by revenue.

**Unlevered Free Cash Flow.** We calculate unlevered free cash flow as cash flows from operating activities after the deduction of capital expenditures and prior to the impact of tax-effected cash paid for interest and other debt related items, cash paid for acquisition-related costs, spin-off exploration costs, restructuring costs, employer-paid payroll taxes on stock awards and other one-time items.

# Non-GAAP reconciliations

## Adjusted EBITDA

(\$M)	Q1'20	Q2'20	Q3'20	Q4'20	2018A	2019A	2020A
<b>Net loss</b>	\$ 1	\$ 3	\$ (1)	\$ (10)	\$ (14)	\$ (3)	\$ (7)
Amortization and depreciation	14	14	14	15	56	54	56
Income tax expense (benefit)	2	3	3	3	(4)	6	12
Interest expense, net	8	7	7	7	35	34	28
Unrealized foreign currency losses (gains)	0	1	0	0	2	(1)	2
Acquisition related costs	0	0	-	0	4	3	0
Spin-off costs	-	-	1	6	-	-	7
Stock-based compensation	3	3	6	9	2	9	21
Restructuring costs and other	0	(0)	0	0	1	1	0
<b>Adjusted EBITDA</b>	\$ 27	\$ 31	\$ 31	\$ 31	\$ 81	\$ 103	\$ 121
<i>% margin</i>	37%	43%	41%	38%	36%	39%	40%

## Unlevered Free Cash Flow

(\$M)	Q1'20	Q2'20	Q3'20	Q4'20	2018A	2019A	2020A
<b>Cash flow from operations</b>	\$ 12	\$ 33	\$ 24	\$ 16	\$ 52	\$ 26	\$ 86
(-) Capital expenditures	(3)	(3)	(3)	(7)	(10)	(8)	(16)
<b>Free cash flow</b>	9	30	21	9	42	17	70
(+) Cash paid for interest, net of cash interest received	9	(0)	8	10	25	52	27
(+) Cash paid for acquisition-related costs, restructuring costs, spin-off exploration costs, employer-paid payroll taxes on stock awards and other one-time items	1	0	2	7	6	5	10
<b>Unlevered free cash flow (excluding forfeited tax shield)</b>	19	30	32	26	73	75	106
(-) Forfeited tax shield related to interest payments <sup>1</sup>	(2)	-	(2)	(3)	(7)	(10)	(7)
<b>Unlevered free cash flow</b>	\$ 17	\$ 30	\$ 29	\$ 23	\$ 66	\$ 65	\$ 100
<i>% margin</i>	23%	41%	39%	29%	29%	25%	33%

Note: Metrics represent financials on a carve-out basis from SolarWinds Corporation unless otherwise noted.

<sup>1</sup> Forfeited tax shield related to interest payments assumes a statutory rate of 26.5% for our interest payments made by our Canadian entity and 0% for our interest payments made by our Cayman entity for the years ended December 31, 2020, 2019 and 2018.

# Non-GAAP reconciliations (cont'd)

## Non-GAAP Cost of Revenue

(\$M)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	2018A	2019A	2020A
GAAP cost of revenue	\$ 14	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15	\$ 16	\$ 17	\$ 57	\$ 57	\$ 63
Amortization of acquired technologies	(7)	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(26)	(24)	(24)
Stock-based compensation expense and related employer-paid payroll taxes	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)
Acquisition related costs	(0)	(0)	(0)	0	(0)	-	-	-	(0)	(0)	(0)
<b>Non-GAAP cost of revenue</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 10</b>	<b>\$ 10</b>	<b>\$ 31</b>	<b>\$ 33</b>	<b>\$ 38</b>

## Non-GAAP Sales and Marketing

(\$M)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	2018A	2019A	2020A
GAAP sales and marketing expense	\$ 17	\$ 18	\$ 18	\$ 18	\$ 18	\$ 19	\$ 21	\$ 24	\$ 62	\$ 70	\$ 82
Stock-based compensation expense and related employer-paid payroll taxes	(1)	(1)	(0)	(1)	(1)	(1)	(1)	(2)	(1)	(2)	(5)
Acquisition related costs	(0)	(0)	(0)	0	-	(0)	-	(0)	(2)	(1)	(0)
Restructuring costs and other	-	-	(0)	0	-	-	-	-	(0)	(0)	-
Spin-off exploration costs	-	-	-	-	-	-	(0)	(1)	-	-	(1)
<b>Non-GAAP S&amp;M expense</b>	<b>\$ 16</b>	<b>\$ 17</b>	<b>\$ 17</b>	<b>\$ 17</b>	<b>\$ 18</b>	<b>\$ 18</b>	<b>\$ 20</b>	<b>\$ 21</b>	<b>\$ 60</b>	<b>\$ 66</b>	<b>\$ 77</b>

# Non-GAAP reconciliations (cont'd)

## Non-GAAP General and Administrative

(\$M)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	2018A	2019A	2020A
GAAP general and administrative expense	\$ 10	\$ 10	\$ 10	\$ 10	\$ 12	\$ 10	\$ 14	\$ 22	\$ 33	\$ 39	\$ 57
Stock-based compensation expense and related employer-paid payroll taxes	(1)	(1)	(1)	(1)	(1)	(1)	(4)	(7)	(1)	(4)	(13)
Acquisition related costs	(0)	(1)	(0)	(0)	(0)	(0)	-	(0)	(2)	(2)	(0)
Restructuring costs and other	(0)	0	(0)	(0)	(0)	0	(0)	(0)	(1)	(0)	(0)
Spin-off exploration costs	-	-	-	-	-	-	(1)	(5)	-	-	(7)
<b>Non-GAAP G&amp;A expense</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 11</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 10</b>	<b>\$ 30</b>	<b>\$ 33</b>	<b>\$ 37</b>

## Non-GAAP Research and Development

(\$M)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	2018A	2019A	2020A
GAAP research and development expense	\$ 9	\$ 9	\$ 10	\$ 10	\$ 11	\$ 10	\$ 10	\$ 11	\$ 33	\$ 37	\$ 43
Stock-based compensation expense and related employer-paid payroll taxes	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(2)	(3)
Acquisition related costs	(0)	(0)	(0)	(0)	-	-	-	-	(0)	(0)	-
Restructuring costs and other	(0)	(0)	-	-	-	-	-	-	(0)	(0)	-
Spin-off exploration costs	-	-	-	-	-	-	-	(0)	-	-	(0)
<b>Non-GAAP R&amp;D expense</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 11</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 10</b>	<b>\$ 32</b>	<b>\$ 35</b>	<b>\$ 39</b>