Acquisition Update
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## Acquisition Details

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Integrating security alerts from InfoSec layers (Network/EP/etc) to identify real-world security failures remediated via real-time micro-learning to correct behavior</th>
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</thead>
</table>
| Company | **Headquarters:** Sunnyvale, California  
**Founded:** 2018 |
| Product | Real-time user behavior analysis with micro-learning integrated to Slack/Teams fed by active integration to existing leading security stack layers. 100% SaaS model. Reduces IT Admin/SOC workload. |
| TAM     | Potential brand-new **category** that adds an estimated TAM of ~$5B  
Increases KnowBe4's TAM to ~$23B |
| Target Audience | Medium SMB to Enterprise |
| Considerations | **Estimated Purchase Price:** $80M ($50M at Closing, net of acquired Cash / $30M in Incentives)  
**Expected to Close:** Q4 2021  
**Expected Integration:** Second Half of 2022 |
Security Advisor Already has **50 Integrations** Within the Most Important Vendors of the **Entire Security Ecosystem**
The Most Exploited Layer in Cybersecurity: The Human Layer

According to the Verizon 2021 Data Breach Investigations report, 85% of data breaches involved a human element.
Human Detection & Response: The Human Defense Layer

IT Security Budget
- Security Awareness Training
- Phishing Simulation & Analysis
- SOAR Capabilities

SOC Budget
- Real-Time Security Behavior Analysis
- Micro-Learning

Expected New Category: Human Detection & Response
- SOC Budget Entry Point
- CIO/CISO Strategic
- Improves Existing Security Layers
- Deeper Alliance Opportunities
Human Detection & Response

Strategic InfoSec Integration
Correlation of real-world security behavior with existing security stack to identify and remediate vulnerabilities and improve efficacy of the SOC

SAT & Phishing Simulation
Users are taught security fundamentals and tested with frequent phishing campaigns

Real-Time Behavior Response
Unsecure user behavior is identified and remediated via real-time micro-learning
The Expanded KnowBe4 Platform Produces Quantifiable Results Across the Entire Security Stack

Current KnowBe4 Capabilities:

8X Reduction in Phish Prone Percentage

<table>
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<tr>
<th>Month 0</th>
<th>Month 3</th>
<th>Month 12</th>
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</thead>
<tbody>
<tr>
<td>37.9%</td>
<td>14.1%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

KMSAT Platform use resulting in 8x less users clicking on phishing attack emails

Security Advisor (Illustrative customer examples)

- **99% dip in Endpoint Infection**
  - Month 1: 9,978
  - Month 4: 135
  - High risk users identified by Palo Alto Traps were corrected

- **Web Violations reduced by 50%+**
  - Month 1: 52
  - Month 4: 25
  - Zscaler detected web violations reduced within 4 months

- **MFA User Count increased by 80%**
  - Month 1: 250
  - Month 3: 450
  - Integrated with G-Suite to coach users to enable MFA

Note: Security Advisor data is reflective of individual customer examples and does not represent a full sample size of results.
Strategic Rationale

Platform Expansion

- Roadmap Acceleration
  - Capability Expansion
- TAM Expansion
  - Additional ~$5B
- Further Integration into Security Ecosystem
  - Vendor Integration
  - More Value from Security Stack

Go to Market

- Cross-Sell Capabilities
  - Motion Improvement
- Greater Wallet Share
  - Multi-Product Leverage

Enhanced Capabilities

- R&D Talent
  - Global Diversification¹
- Deeper Insights
  - Real-time User Analytics

¹Our R&D headcount now includes locations in India and California, in addition to our existing locations in Florida, Brazil and South Africa
# KnowBe4 Products and Monetization Model

<table>
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<tr>
<th>Monetization Model</th>
<th>Budget Location</th>
<th>Adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priced Per</strong></td>
<td><strong>Used By</strong></td>
<td><strong>Organization-wide Land</strong></td>
</tr>
<tr>
<td>Employee</td>
<td>General Users</td>
<td>-</td>
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<tr>
<td>Compliance Admin</td>
<td>IT Admins</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>SOC</td>
<td>-</td>
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<tr>
<td></td>
<td>Compliance Admins</td>
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</tbody>
</table>

## Budget Location
- IT/Security Admin
- Compliance
- SOC
- SOC / CISO
- Compliance

## Adoption
- Subscription (1 or 3 yr.) priced per user
- Multi-tiered product offering
- Cross-sell Within Existing Base
- Attach to New Sale / Cross-Sell
- Subscription (1 or 3 yr.) priced per user
- Attach to New Sale / Cross-Sell
- Subscription (1 or 3 yr.) priced per user
- Subscription (1 or 3 yr.) priced per organization
Deal Mechanics

**Estimated Purchase Price:** $80M
- $50M Upfront ($22.5M Cash, $27.5M Stock)
- $30M Incentives ($5M Cash, $10M Stock, $15M RSU)

**Expected to Close:** Q4 2021

**Expected Integration:** Second Half of 2022

**Full Incentive Payout if the New Product Generates $40M in ARR in Year 3**
Acquisition Impact

- Cross-Sell Capability Expansion – Enhanced Retention
- Minimal 2021 Revenue and ARR Impact
- Minimal 2021 Expense Impact
Thank you