

Acquisition Update

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Acquisition Details

Purpose

Integrating security alerts from InfoSec layers (Network/EP/etc) to identify real-world security failures remediated via real-time micro-learning to correct behavior

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

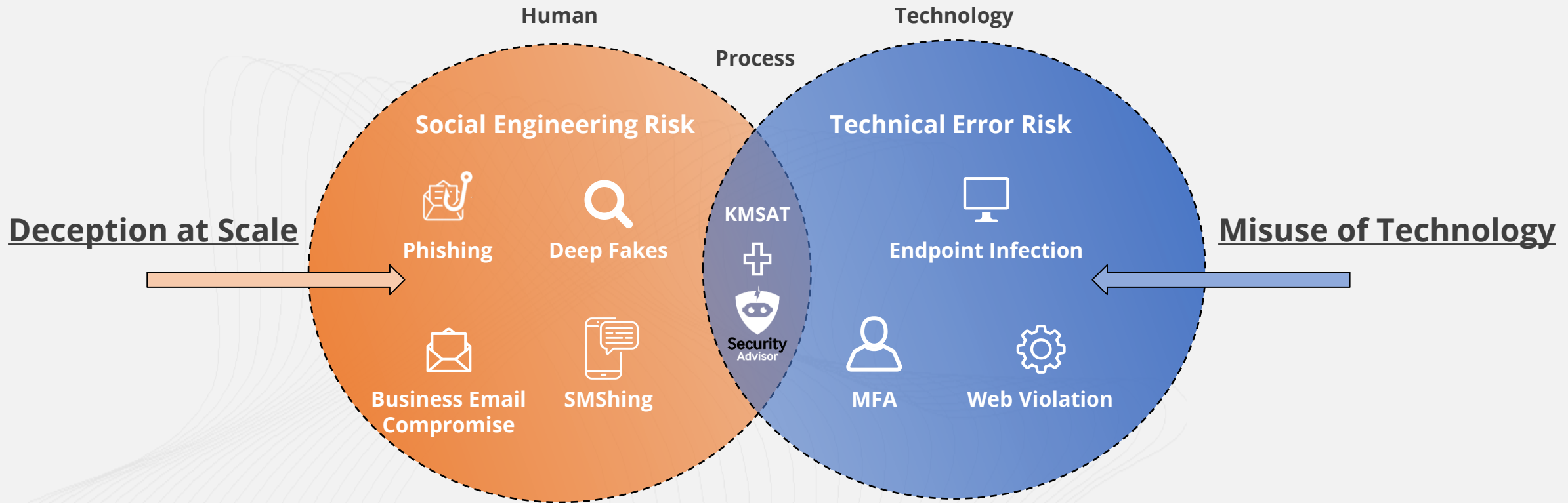
Expected Integration: Second Half of 2022



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



Human Detection & Response

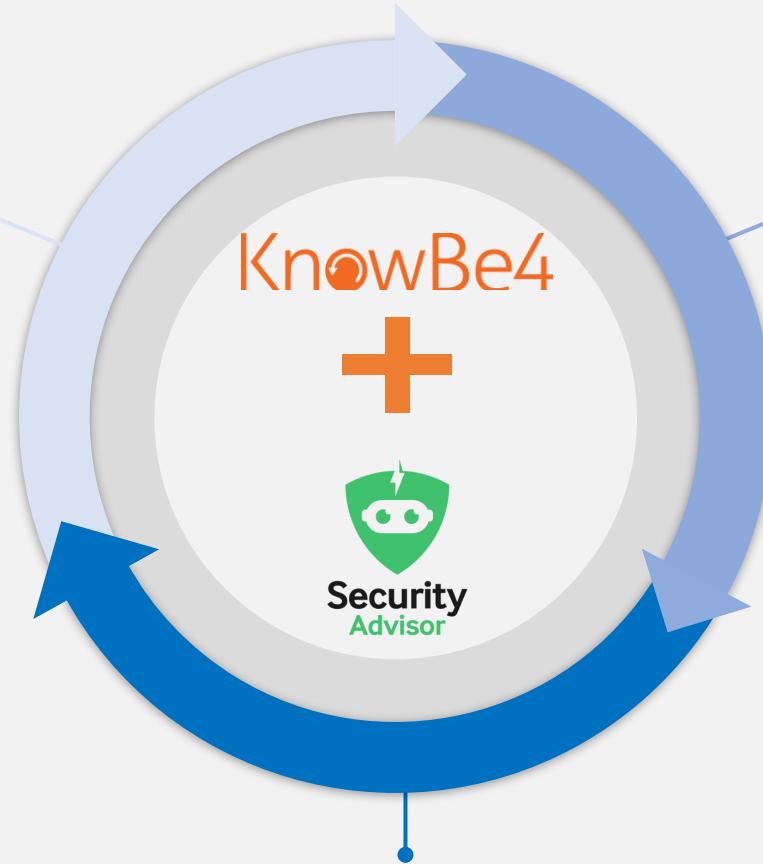
Strategic InfoSec Integration

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



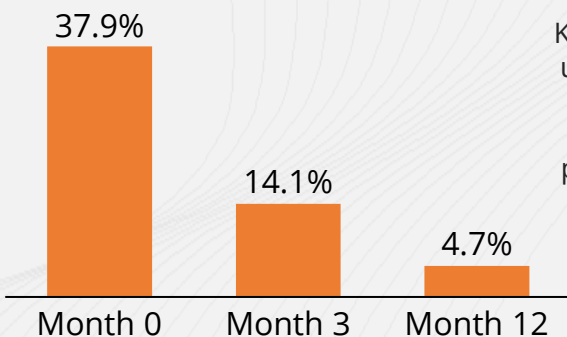
Real-Time Behavior Response

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

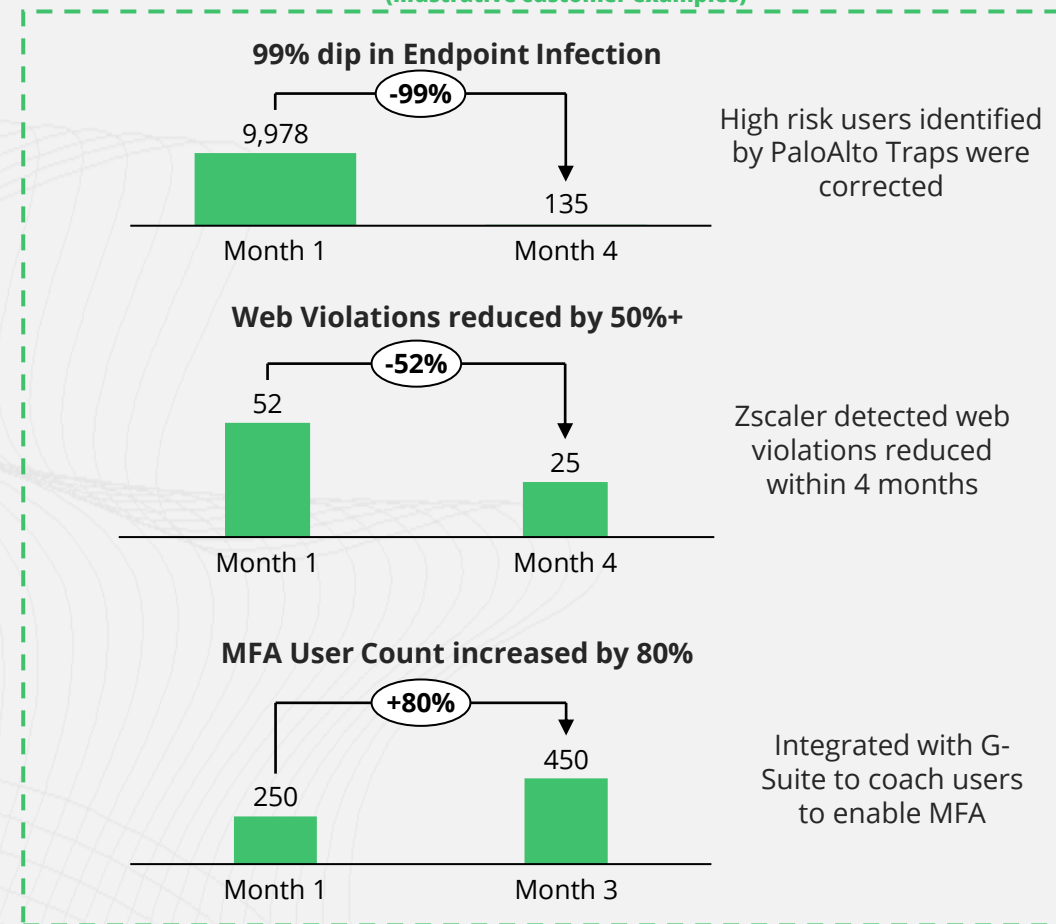


KMSAT Platform use resulting in 8x less users clicking on phishing attack emails



Security Advisor

(illustrative customer examples)



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

KnowBe4 Products and Monetization Model

	Monetization Model						Budget Location	Adoption
	Priced Per		Used By					
	Employee	Compliance Admin	General Users	IT Admins	SOC	Compliance Admins		
	✓		✓	✓			IT/Security Admin	Organization-wide Land Subscription (1 or 3 yr.) priced per user Multi-tiered product offering
	✓		✓			✓	Compliance	Cross-sell Within Existing Base Subscription (1 or 3 yr.) priced per user
	✓			✓	✓		SOC	Attach to New Sale / Cross-Sell Subscription (1 or 3 yr.) priced per user
	✓		✓	✓	✓		SOC / CISO	Attach to New Sale / Cross-Sell Subscription (1 or 3 yr.) priced per user
		✓				✓	Compliance	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