

# Purpose Report

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## FY 2021



# Disclaimer

## Note about Forward-Looking Statements

Various statements in this report, including estimates, projections, objectives and expected results are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are generally identified by words “believe”, “expect”, “anticipate”, “intend”, “opportunity”, “plan”, “project”, “will”, “should”, “could”, “would”, “likely”, and similar expressions and include statements about our strategies, product releases, markets, business, and opportunities. Forward-looking statements are based on current assumptions that are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements, including the risks and uncertainties more fully described in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. We undertake no obligation to update or revise publicly any forward-looking statements, except as required by applicable law.

## Industry and Market Data

Unless otherwise indicated, estimates and information contained in this report concerning our industry and the market in which we operate, including our general expectations, market position, market opportunity, and market size, are based on industry publications and reports generated by third-party providers, other publicly available studies and our internal sources and estimates. This information involves a number of assumptions and imitations, and you are cautioned not to give undue weight to such estimates. Although we believe the information from the industry publications and other third-party sources included in this report is reliable, we have not independently verified the accuracy or completeness of the data contained in such sources. The content of, or accessibility through, the below sources and websites, except to the extent specifically set forth in this report, does not constitute a portion of this report and is not incorporated herein.

## Non-GAAP Financial Measures

In addition to the GAAP financials, this presentation includes certain non-GAAP financial measures. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. First, annual recurring revenue and free cash flow are not substitutes for total revenue or cash used in operating activities, respectively. Second, other companies, including companies in the company's industry, may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the company's non-GAAP financial measures as tools for comparison.

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## A Message from the CEO

I started in this industry 40 years ago and have used all of my experience in building companies to make KnowBe4 the best possible organization. Creating a sane working environment where it is fun to come to work is the goal I've kept in mind.

To achieve that goal, I firmly believe that all of us, no matter what sector of the organization we're in, must behave ethically while caring for each other, our communities, and our planet.

At KnowBe4, we believe that by creating a diverse and inclusive environment that is accountable for ensuring equity exists across our organization, we can truly achieve our goals and continue to innovate in the Cybersecurity space.

For us, that means ensuring pay equity amongst all genders, safeguarding against racial bias through education and action, and engaging in our local communities to continue to learn as we grow. Our intent is to foster a culture that invites and embraces all backgrounds and creates a strong culture that also serves as a competitive advantage.

We recognize that there is only one planet Earth and we all share the responsibility of caring for this planet. We strive to be green in everything we do and keep sustainability at the heart of our policies, procedures, and culture.

We practice radical transparency, extreme ownership, and complete honesty. We rely on internal and external audits to provide us with independent and objective oversight of all our actions. In doing so, we ensure that KnowBe4 stays on the straight and narrow path to achieving our goals while maintaining our ethical standards.

KnowBe4 is dedicated to making the impact on our world a positive one.



**Stu Sjouerman**

KnowBe4 Founder & CEO



## **Our Mission**

Enable employees to  
make smarter security  
decisions, everyday



# Who We Are



KnowBe4 is the world's first and largest New-school security awareness training and simulated phishing platform that helps you manage the ongoing problem of **social engineering**.

The KnowBe4 Platform is user-friendly and intuitive. It was built to scale for busy IT pros that have 16 other fires to put out. Our goal was to design the most powerful, yet easy-to-use platform available.

Customers of all sizes can get the KnowBe4 platform deployed and into production twice as fast as our competitors. Our Customer Success team gets you going in no time, without the need for consulting hours.



# Why We Do What We Do

You don't need us to tell you that ransomware is a major issue, the news does that for us. Nearly every day you hear about widespread attacks crippling networks, compromising critical infrastructure, and exposing credentials in masse.

This is mostly driven by **social engineering attacks at scale**. In fact, the 2021 Verizon Data Breach Investigations Report found that 85% of data breaches involved a **human element**<sup>1</sup>. These attacks have major social implications as jobs are lost, and critical social services are disrupted.

That's why we do what we do. Our platform is as robust as it is intuitive, and it's set at a no-brainer price. With it, we're committed to a future where every IT professional has the tools to educate and actively defend their network from the constant attacks on their people.



# KnowBe4's Platform Is Purpose-Built to Protect the Human Layer



## KMSAT

Our Core Product- Analyze, assess, and train user security behavior. Launch simulated phishing campaigns, assign training, and monitor individual user risk scores.



## PhishER

Our SOAR Product- Uses ML to analyze and prioritize all user-reported phishing attacks. Includes features to RIP from every inbox and FLIP into a new simulated attack.



## Compliance Plus

New-School Compliance Training- Highly engaging, interactive, customizable content that expands the KMSAT platform with a compliance library.



## KCM

Our GRC Product- Assign and document all requirements to keep an organization compliant. Complete audits in half the time.



## **Security Coach** (H2 2022 Launch Date)

Human Detection & Response- Uses an organization's security stack to identify human-based security alerts, notify end-users, and correct their behavior in real-time.

  
Engaging  
Content

  
Advanced Analytics  
and Insights

  
Artificial  
Intelligence

  
Cloud-Based  
Software

  
Machine  
Learning

  
Deeply  
Localized

  
Award  
Winning

# KnowBe4 Platform





# Our Philosophy

We are happy to go against the grain. We're not a company that turns out bloatware year after year. We don't work with only the bottom line in mind. And we feel fine with that.

We're a team of free-thinking techies who look at IT security issues a little differently. Where other IT security companies may value profits, we value, well... security, and a strong human firewall. We are not in the pocket of any of the large players. We answer to no one but IT admins in the trenches.

Our rules are: "Do it right the first time, do it fast, and have fun while you do it.". We work like that, because we think it's the only way to go. We believe that only with community you can effectively secure your domains. We believe that as IT admins we need to hang together, because if we don't, we will hang alone.

So far, we've scaled this to over 47,000 customers across the globe generating over \$285 million in Annual Recurring Revenue. We're not just a different kind of security company, we are a security company that, together with you, makes a difference.

Note: All financial metrics are as of December 31<sup>st</sup>, 2021

We define ARR as the annualized value of all contractual subscription agreements as of the end of the period. This is performed on an individual contract basis by: (Total dollar amount of a contract) / (Total contract term stated in months) X 12 to annualize.

# Our Priorities

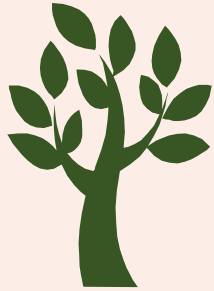


At KnowBe4, we recognize that people are at the heart of our success. We celebrate the creativity, innovation, and increased performance that comes from an inclusive and diverse workspace culture. Our goal is a culture with a collective mindset that will positively impact our communities, country, and world. Our commitment to our employees translates to our devotion for taking care of the communities in which we serve and the environment.

As a leader in human-centric cybersecurity, we look to the experts when aligning our sustainability goals. The United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) and the Principles for Responsible Investment are just a few of the entities we use for guidance.



# Managing our Environmental Impact



**Our 2021 sustainability efforts included dozens of contributions ranging from local cleanups, events, volunteer projects, pledges, charitable outreach, and more.**





# Managing our Environmental Impact



## KnowBe4

Joined The Climate Pledge on May 10, 2021.

KnowBe4 is the provider of the world's largest security awareness training and simulated phishing platform. KnowBe4 takes environmental responsibility seriously, and embraces sustainability for the good of its customers, its staff, and the planet. KnowBe4 is committed to reaching net-zero carbon emissions by 2040, including Scope 1, 2 and 3 emissions. As a part of this commitment, the company is improving energy efficiency with new technologies and best practices, and pledging to increase its use of clean, renewable energy to at least 25% for all of its offices globally by 2025.

[Visit KnowBe4](#)

## THE Paris... CLIMATE 10 years PLEDGE Early

**KnowBe4**  
Human error. Conquered.



# Managing our Environmental Impact



## Sustainability

- 56% reduction in waste to landfill in our Clearwater headquarters in 2021
- Japan office is converting to clean energy in 2022
- Over 70% of employees have taken the personal “Knowster Climate Pledge”
- Sustainability education program comprising of videos, weekly blogs, and training for all new hires
- Courtesy employee recycling program in Clearwater offices for home goods in addition to in office sustainability efforts

## Partnerships

- Partnered with One Tree Planted and Pinellas Beekeepers Association to plant 10,000 trees and adopt 11 beehives
- Member of Duke Clean Energy Program to move us towards our goal to reduce carbon emissions
- Certified Green Business Partnership by the University of Florida
- Partnership with Keep Pinellas Beautiful, Ocean Allies, City of Clearwater, SPC, Farm 527, and Adventure Outfitters to organize land, beach, and ocean cleanups



# Managing our Social Impact



KnowBe4 continues to make a multitude of contributions to diversity and inclusion efforts that include community outreach, summits, charitable donations, awards, and pledges.





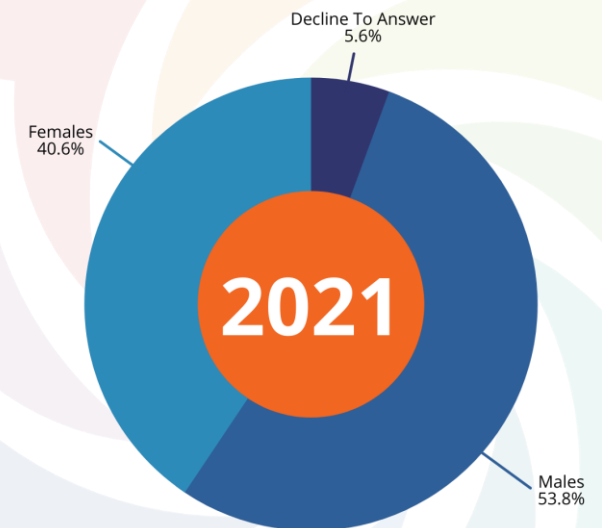
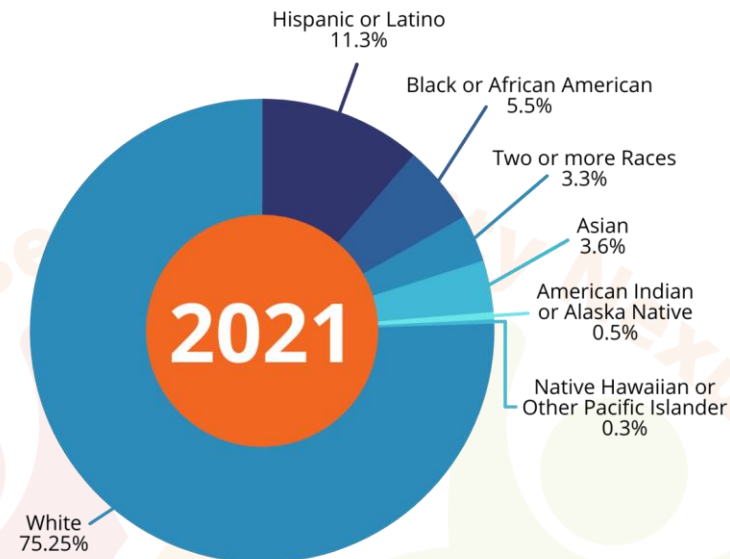


# Diversity in the Workplace

Women have been historically underrepresented in the tech workforce, with national estimates putting them at around 29% in 2020<sup>1</sup>. We pride ourselves on having an award-winning, diverse culture that goes well beyond this.

At KnowBe4, we know people. Our entire philosophy is based around enabling them to become one of the most valuable assets in your cybersecurity stack- the **human firewall**. We believe in the power of having a strong, inclusive culture, and the positive impact that this has on an organization. It's in our DNA.

KnowBe4 is an active member of the National Diversity Council and partners with several local organizations to raise awareness of issues that impact our diverse workforce.



1) <https://anitab.org/research-and-impact/top-companies/2020-results/>



# Employee Resource Groups

Our employee resource groups are mission-driven to create an inclusive culture that fosters creativity and a sense of community.



Each one provides support, networking opportunities, career development, and so much more to bring out the best in every Knowster organization-wide.





# Investing in Our Communities

From monetary donations to hours of community service, we are dedicated to making a positive impact. We've hosted pet adoption drives, donated to local animal shelters, collected supplies for schools in need, sponsorship for Ocean Allies, support of multiple LGBTQIA+ organizations, hosted numerous blood drives, helped build houses with Habitat for Humanity, sponsored the largest amount of Angel Tree gifts for foster children in Tampa Bay and more.





# Investing in Our People

At KnowBe4, our culture is part of our secret sauce. We've always operated under 3 rules: Radical Transparency, Complete Honesty, and Extreme Ownership.

We love what we do. You can only get the kinds of awards we're honored with by having a diverse workforce of highly trained, well-informed people who are ridiculously happy.

We pride ourselves on building the kind of environment that people flourish in. A few of the perks that go along with that include open paid time off, gym benefits, yoga classes, tuition and certification reimbursement, 8 weeks of parental leave, miscarriage grief leave, IVF reimbursement, a no door policy, and a robust employee assistance program that includes financial wellness and life coaching services.



# We're Being Recognized & Awarded



glassdoor



glassdoor





# Employee Health and Safety – Adaptability

COVID-19 made for a few challenging years, exposing businesses the world over to a whole new set of risks while working from home. Not only did we immediately update our content to train for this, we also released a free home course to the public that covers the best cybersecurity practices for remote work.

Our platform is completely cloud based and built to scale from day one. Because of this, we were able to rapidly transition all employees to be fully remote. A longer-term transition involved providing all remote employees with ergonomic amenities, such as standing desks, monitor stands, and desk chairs.

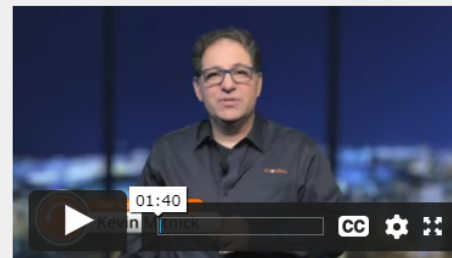
To this day, we continue to operate at maximum efficiency with a hybrid model.



## Free Course: Internet Security When You Work From Home

Use this 15-minute online training course to help your users understand the challenges when preparing to work remote and train them on best practices for implementing a secure office environment while working from home.

*Available in 9 languages!*



## A Special Message From Kevin Mitnick About Covid-19

Hear a special message from KnowBe4's Chief Hacking Officer Kevin Mitnick on straight-forward talk to help you stay safe while working at home from phishing attacks and what to watch out for.

*Keep Calm and Don't Click. We're all in this together.*



# Cybersecurity is a Core Component of Governance



"Software & IT services companies are targets of growing data security threats from cyber attacks and **social engineering**, which puts their own data and their customers' data at risk."<sup>1</sup>

J.P.Morgan

"ESG frameworks are a tangible means of evaluating corporate behavior; by incorporating cybersecurity, a new dimension is added, giving insight into cyber behaviors and risks which form a critical part of the bigger ESG picture."<sup>5</sup>



"For organizations across all industries, cyber security's connection to ESG includes not only governance, but social and environmental programs as well."<sup>6</sup>



RBC's 2021 Responsible Investment survey ranks **Cybersecurity** as the 2<sup>nd</sup> most important ESG issue that investors consider, placing it **above** Climate Change and just below Anti-Corruption.<sup>2</sup>



"Cybersecurity and governance should go hand-in-hand."<sup>3</sup>



Considering disclosures regarding cybersecurity risk and related governance.<sup>4</sup>



1) <https://www.sasb.org/standards/download/>  
2) <https://www.rbcgam.com/en/ca/about-us/responsible-investment/our-latest-independent-research>  
3) <https://www.unpri.org/pri-blog/why-cyber-security-and-governance-should-go-hand-in-hand/5700.article>  
4) <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202110&RIN=3235-AM89>  
5) <https://www.jpmorgan.com/insights/research/why-is-cybersecurity-important-to-esg>  
6) <https://advisory.kpmg.us/articles/2021/cyber-security-report-on-esg.html>