



**Interim results for the six months
ended 30 June 2020**

15 September 2020

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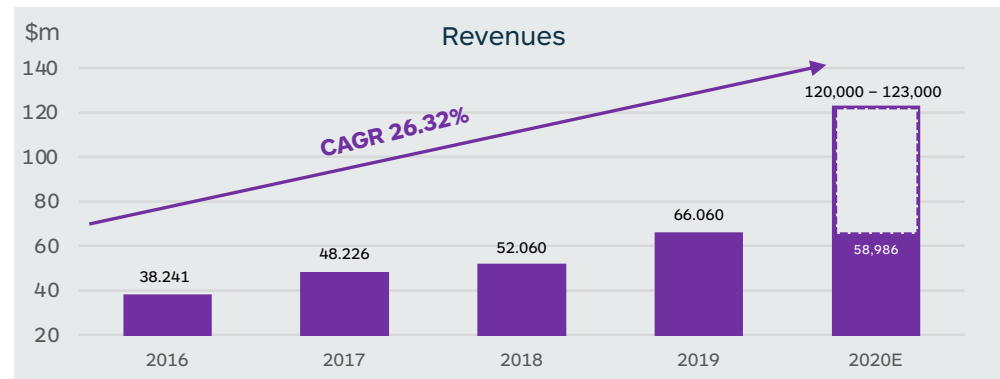
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Investment summary

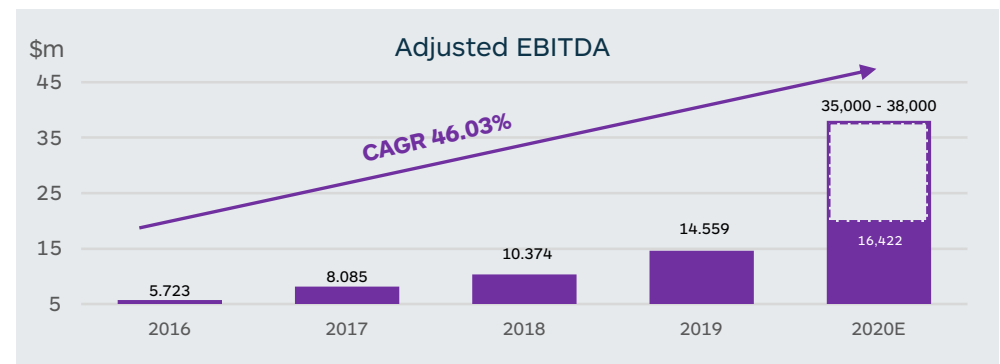
1. Ideally positioned to capitalise on market growth
 - Digital privacy market expected to grow 18% in 2020*
2. User acquisition model performing well
 - 30% of new PIA sales generated through our technology platform
3. Strong earnings visibility
 - 86% SaaS-based recurring revenue
4. Proven record of acquiring, integrating and growing businesses
 - Executed on five earnings enhancing acquisitions, deploying \$159 million in four and a half years
5. Profit and cash generation growth year-on-year
 - \$8.8 million in adjusted operating cash flow in H1 2020

* Global Market Insight report – April 2020
** Excluding Kape's discontinued operations

Revenue CAGR of 26% across five years**



Adj. EBITDA CAGR of 46% across five years**



H1 2020 highlights

FINANCIAL HIGHLIGHTS

Record revenue and profit growth

- Revenues* increased 97% to **\$59.0 million** (H1 2019: \$29.9 million)
- Strong growth in recurring revenues to **\$50.8 million**, up 140% (H1 2019: \$21.2 million)
- Adjusted EBITDA** up 185% to **\$16.4 million** (H1 2019: \$5.8 million)
- Increase of 142% in Adjusted Earnings Per Share to **6.3 cents** (H1 2019: 2.5 cents)
- Strong cash generation; adjusted operating cashflow of **\$8.8 million** (H1 2019: \$0.2 million)
- Secured new senior term loan and revolving credit facilities of **up to \$70 million**, significantly strengthening the Group's balance sheet
- On-track to meet the **upper end of our full-year expectations**

OPERATIONAL HIGHLIGHTS

Rapid PIA integration supports ongoing R&D and innovation

- Visibility over revenues from existing users increased to **\$106.6 million** (30 June 2019: \$98.9 million), with 86% of revenues on a subscription basis
- Maintained high levels of **user retention of 80%** (31 December 2019: 81%)
- **Significant product launches** across both the Digital Privacy and Digital Security divisions in the period
- **Integration of PIA progressing rapidly** and expected to complete in the second half of 2020
- Enlarged group already benefiting from increased economies of scale and expected to deliver synergies towards the **upper end of the previous \$3.5-4.5 million** guidance
- On track to achieve a **40% reduction in PIA's monthly operating costs** in Q3 2020 as part of the integration

* Adjusted EBITDA is a non GAAP measure and a company specific measure which excludes other operating income and expenses which are considered to be one off and non-recurring in nature

** Adjusted EPS was calculated from the earnings per share adding back share-based payments and non-recurring costs

Data privacy

Ever-expanding market

- Continued data breaches drive customer awareness and demand
- Average internet user's information will be shared with 800 different websites daily
- Exposure of personal information including names, e-mail addresses, credit card numbers, and IP addresses

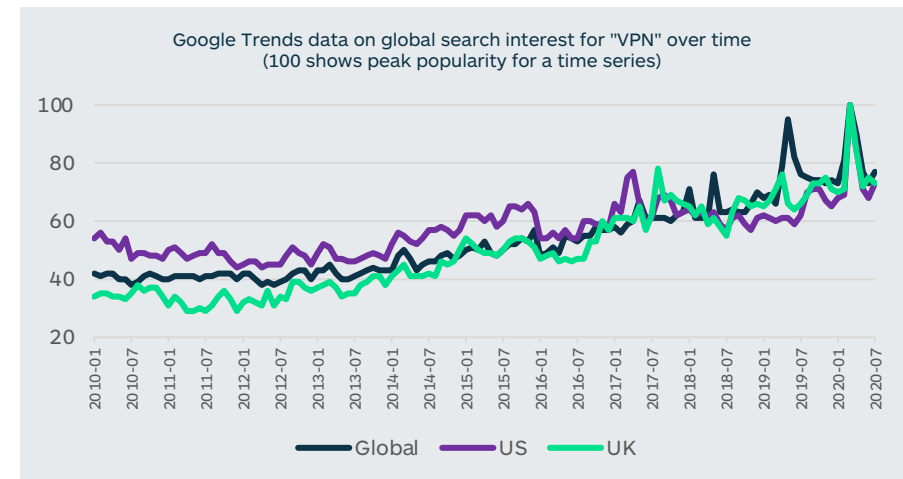
Global privacy is front and centre

Global legislation addressing privacy

- **EU:** GDPR in response to pressure from constituents
- **US:** passed legislation permitting ISPs to capture and sell consumer data to third parties



Sources: Wired, Bloomberg, Krebs on Security, Washington Post, ZD Net, Fortune



* Global Market Insight report - April 2020

Market awareness is constantly growing

The global privacy market is a fast growing billion-dollar market

59%

of consumers lack understanding about what is done with their data

81%

of Americans say they have little/no control over the data collected about them

79%

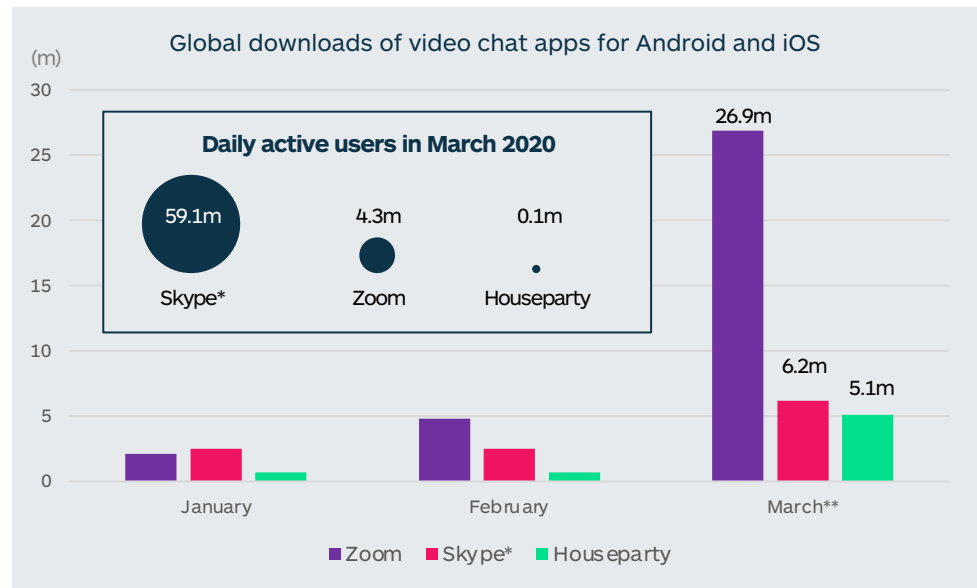
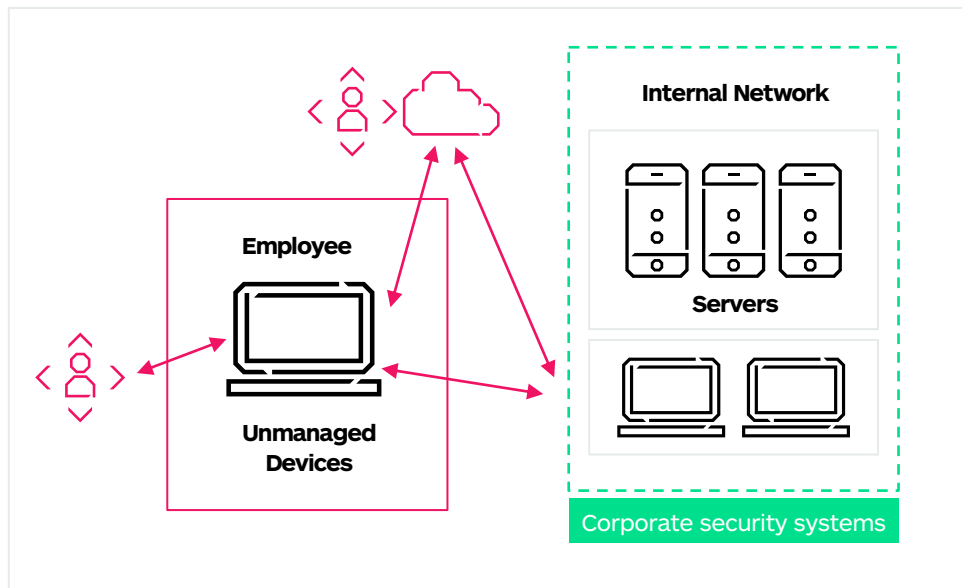
of consumers are concerned over data use

People want peace of mind for a better online experience and secure digital lives

Source: Pew Research

COVID-19: Work from home

Increased number of **personal devices used**
=
increased risk for individuals & companies



*Excluding Skype for Business | **March data as of March 26 | Source: Priori Data

Strong SaaS product suite focused on digital privacy and digital security

Foundation is set for future opportunities

Data
encryption

 **privateinternetaccess**[®]

 **CyberGhost**

 **ZenMate**

End-point
security

 **intego**

 **RESTORO**

 **DRIVERFIX**

Private
browser

 **CyberGhost**
PrivateBrowser

Password
Manager

 **CyberGhost**
PasswordManager

Digital
identity
protection

 **CyberGhost**
IDGuard

And more to
come...



 **Kape**[®]

Unified customer service, management, marketing and technology

Financial highlights

\$M	H1 2019	H1 2020	Chg
Digital Privacy	12.2	42.2	245%
Digital Security	17.7	16.8	(5.4%)
Revenue	29.9	59.0	97.0%
Digital Privacy segment result	6.5	24.6	276%
Digital Security segment results	8.2	7.0	(13.9%)
Segment results	14.7	31.6	115.0%
Segment margin %	49.1%	53.6%	+4.5
Adjusted Opex	(8.9)	(15.2)	69.7%
Adjusted EBITDA	5.8	16.4	185.3%
EBITDA %	19.2%	27.8%	+8.4

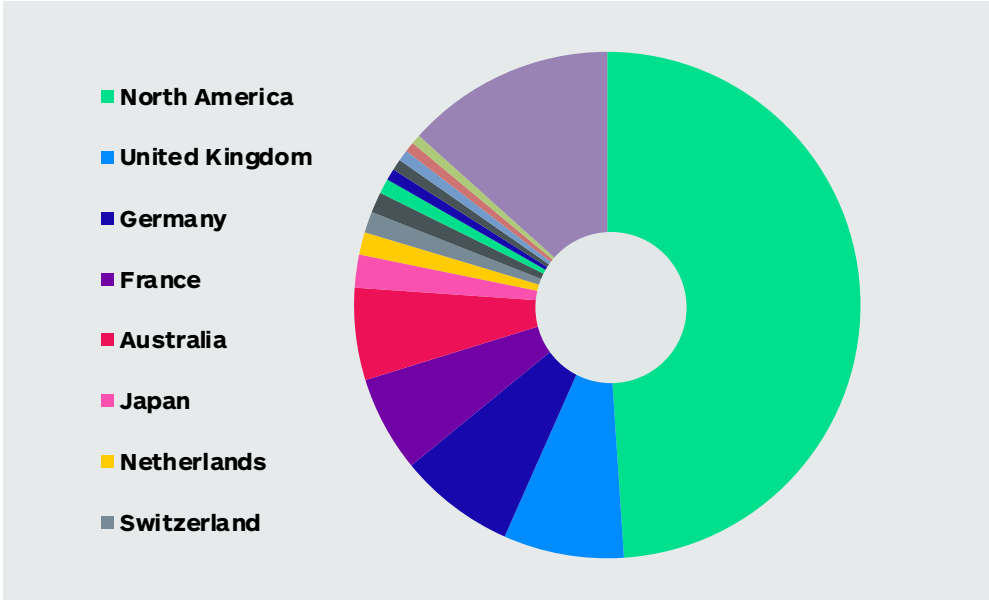
- Revenues up 97% to **\$59.0 million** (H1 2019: \$29.9 million). Organic revenue growth of 12% excluding contribution of PIA
- Adjusted EBITDA up 185% to **\$16.4 million** (H1 2019: \$5.8 million). Organic EBITDA growth of 22% excluding contribution of PIA
- EBITDA margin significantly increased to **27.8%** from 19.2%
- Revenue from the Digital Privacy segment increased by 276% to **\$42.2 million** (H1 2019: \$12.2 million). Organic Growth of 47% excluding PIA
- Adjusted EPS up 142% to **6.3 cents** (H1 2019: 2.6 cents)
- Increase in Research and Development investment of **62%** to drive product development
- Strong balance sheet with cash balance of **\$17.0 million** (December 2019: \$8.2 million) and net debt of **\$25.6 million** (December 2019 :\$32 million). Adjusted EBITDA leverage of **0.7**

¹ EBITDA, Adjusted EBITDA and Adjusted cash flow from operations are non GAAP measures. Adjusted EBITDA and adjusted cash flow from operations are company specific measures which exclude certain expenses which are considered to be one off and non-recurring in nature.

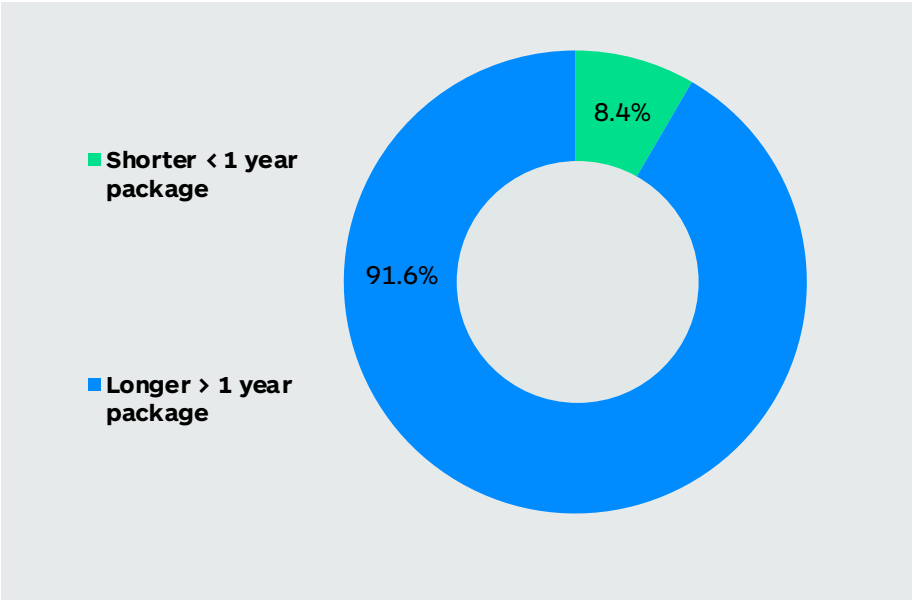
Revenue analysis

Increase of recurring revenue as subscription sales reach 86% of revenues; up from 78% in 2019

Revenue by geography



Subscription mix



*Analysis includes PIA for the full year

Cash flow analysis

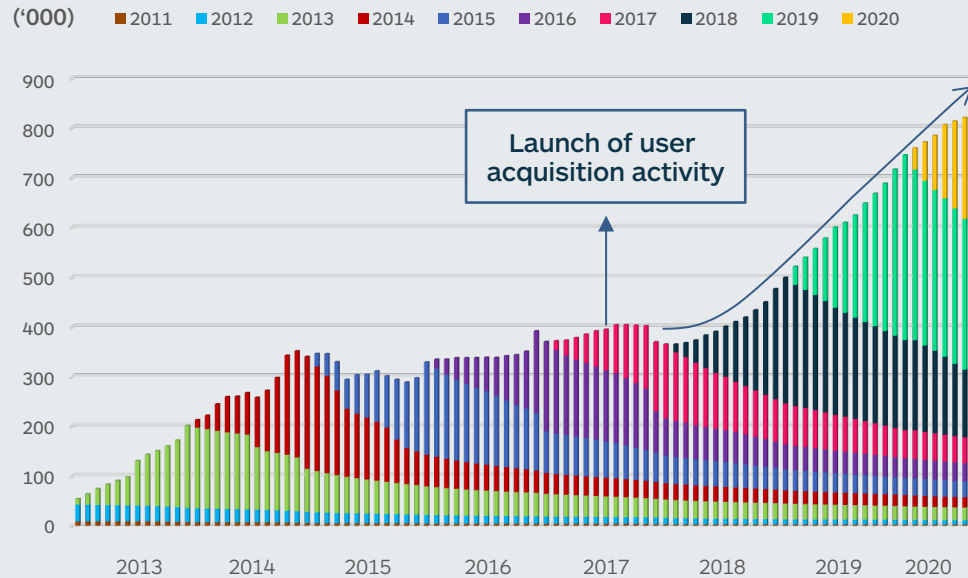
\$M	H1 2019	H1 2020	Chg
<u>Adjusted operating cash flow:</u>			
Attributable to current year	7.3	19.2	163%
Cash conversion from EBITDA	127%	117%	
Movement in capitalised CAC	(7.1)	(10.5)	47.9%
Total Adjusted operating cash flow	0.2	8.8	4212%
Cash conversion from EBITDA	4%	53%	
<u>Cash flow from investing activities:</u>			
Capitalised development	(1.1)	(1.2)	11.2%
PPE and intangible assets acquired	(0.3)	(0.2)	(31.3%)
Net cash used in Investing activities	(1.4)	(1.4)	2.0%
<u>Cash flow from financing activities:</u>			
Refinance of debt	-	(0.4)	N/A
Payment for leases	(0.6)	(0.7)	17.2%
Cash flow related to employee options	(0.8)	5.9	738%
Net cash used in financing activities	(1.4)	4.8	546%

- Adjusted cash flow from operations was **\$8.8 million** (H1 2019: \$0.2 million). Improved cash conversion of 53% from adjusted EBITDA (H1 2019: 4%). Cash flow from operations was **\$5.9 million** (H1 2019: \$0.3 million cash outflow)
- Adjusted operating cash flow attributable to the current financial period increased to **\$19.2 million** (H1 2019: \$7.3 million). Cash conversion of **117%** from adjusted EBITDA (H1 2019: 127%)
- Refinance of Shareholder Bridge loan with a long-term bank debt. Debt cost decreased to **Libor + 2%** (from Libor +5%)

Established revenue model delivering strong visibility

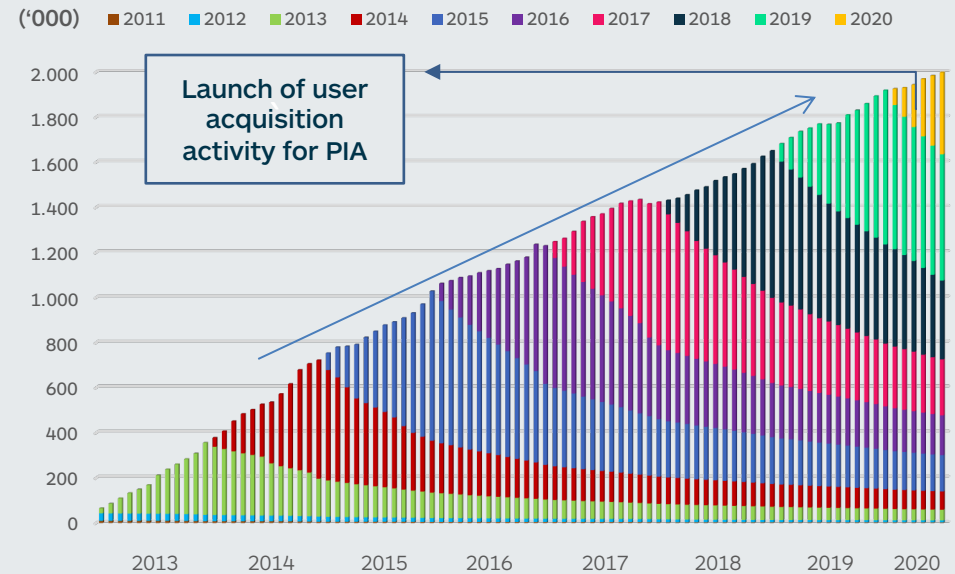
- Strong increase in new subscribers
- Subscriber renewals increasing year on year
- Growth in retention rate as the cohorts mature

Subscriber cohort analysis **excl. PIA**



Note: Numbers include Zenmate, Intego and CyberGhost

Subscriber cohort analysis **incl. PIA**



Note: Numbers include Zenmate, Intego, CyberGhost and PIA

Generating further integration upside

Integration in numbers:

- **30% of new PIA sales** derived through Kape's user acquisition platform
- Cost savings expected in the **upper range of \$3.5-4.5 million**
- Opex: **40% reduction** in monthly operating expenses*
- Customer support – **800% increase** in chat support; **45% more** cost effective

*Expected Q3 2020 compared to Q3 2019

PIA + KAPE = The “new” PIA



Marketing integration enhancing branding through innovation

User acquisition platform

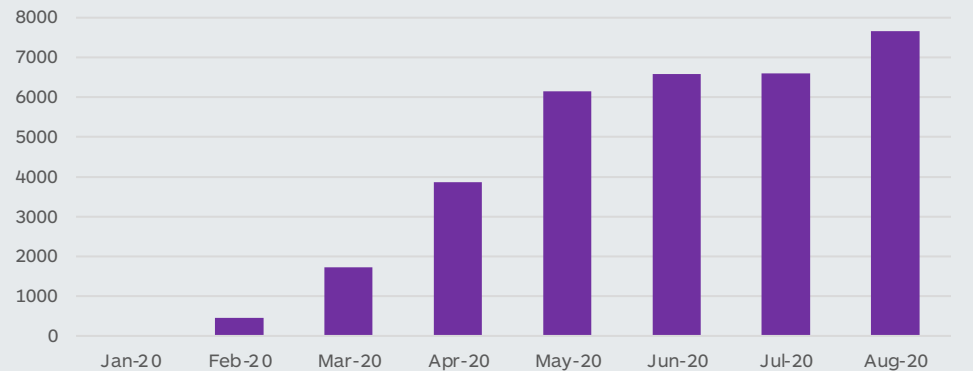
1. Advanced BI enabling new approaches
2. In-house affiliate programme. Expanding and creating new marketing channels to address proven untapped addressable markets
3. New channels – influencers, podcasts



Brand Innovation

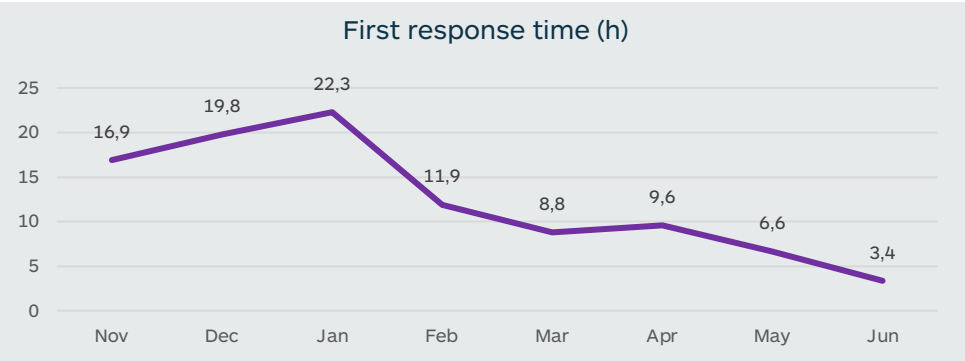
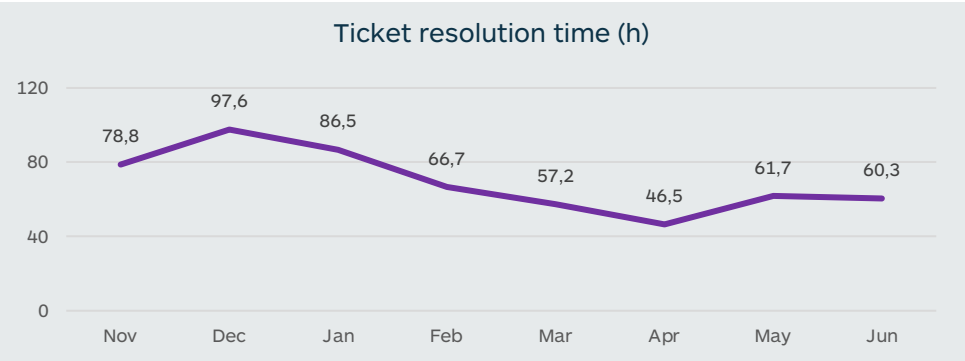
Privacy News Online, a weekly video roundup of privacy-related news, already garnering over 40,000 views per episode within a few months of launch

Private Internet Access new sign-ups from Kape's user acquisition platform



Customer service functions integrated

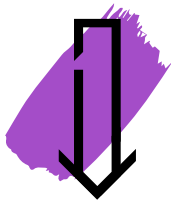
Improvements delivered across all metrics



Realising economies of scale and improving infrastructure

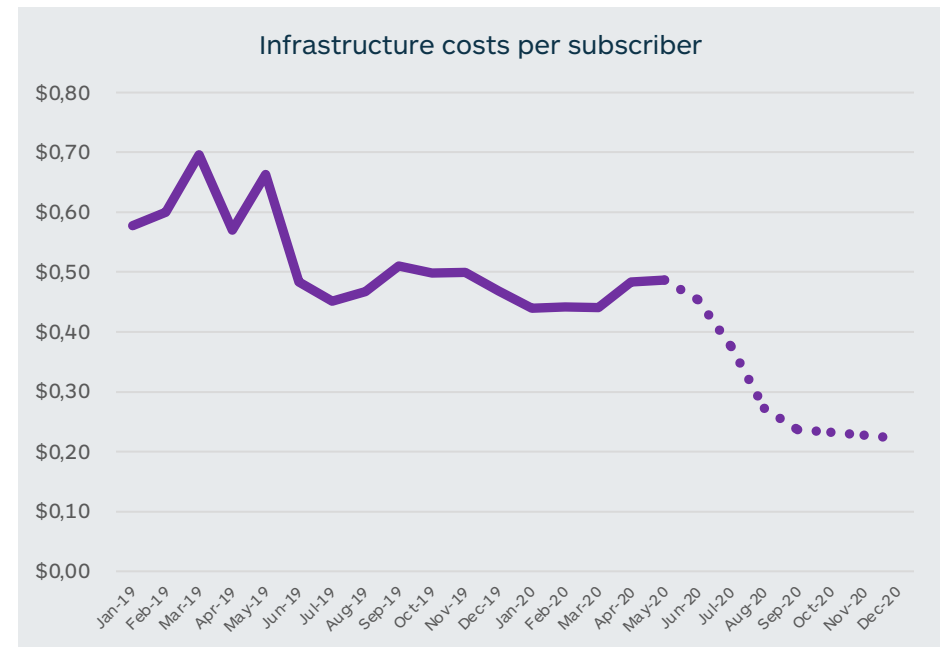
Synergies on Track

- Economies of scale with vendors
- Merging into next generation infrastructure
 - Wider geographic server coverage; co location servers
 - New technology protocols – first in the industry to implement wireguard protocol providing state of the art cryptography



40% decrease in monthly operating expenses*

*Expected Q3 2020 compared to Q3 2019



Integration of PIA's and Kape's cultures

Seamless integration and retention of Private Internet Access technology and development teams



privateinternetaccess[®]
always use protection[®]

Bringing together two companies with shared mutual objectives

1. Investing and **growing Private Internet Access brand**
2. Private Internet Access team integrated to key position within the Digital Privacy segment. **Less than 3% staff turnover**, excluding pre-planned departures
3. **Remote working culture** of Private Internet Access integrating well into Kape

Kape's ongoing strategic priorities and outlook

1. **Expand global customer base in a fast-growing market**

The group services 2.4 million paying subscribers, providing a significant global platform for continued growth

2. **Product innovation and R&D to enhance competitive advantage and optimise user's life-time-value**

Kape's enhanced product stack includes a suite of privacy-based software solutions focused on online identity, browsing, security, encryption and connectivity

3. **Leverage customer acquisition platform**

Significant opportunity to leverage Kape's proprietary technology platform to deliver continued strong organic growth, complete the integration of PIA and enhance subscriber growth

4. **Continue acquisitive expansion**

On-track to complete PIA's integration Q4 of 2020. Continue to leverage Kape's success in integrating and growing SaaS products



Highly cash generative business, built on a robust SaaS model

Contact

Awards



Deloitte.
Technology Fast500



For further information please contact: ir@kape.com
+44 (0) 203 983 9655

1 Water Lane
London NW1 8NZ
www.kape.com

Kape's journey to becoming a leader in the digital privacy space

- Completed 5 acquisitions over 3.5 years; deployed over \$159 million of capital on M&A
- Proven track record of acquiring and successfully integrating businesses

