

21 March 2023

Kape Technologies plc
("Kape," the "Company" or the "Group")

FULL YEAR RESULTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2022

*Record financial performance, delivering sixth consecutive year of high double-digit growth
Pro Forma Adjusted EBITDA exceeding management expectations at \$176 million*

Kape Technologies plc (AIM: KAPE), the digital security and privacy software business, announces its audited results for the twelve months ended 31 December 2022 ("FY 2022").

Financial Highlights

- A record financial performance across FY 2022 driven by significant organic growth across digital privacy, security, and content divisions and robust market tailwinds
 - Revenues of \$623.5 million, an increase of 170.3% (2021: \$230.7 million)
 - Strong recurring revenue contribution at 86.8% of total revenue (2021: c.92% on a pro forma basis)
 - Pro Forma Adjusted EBITDA up 125.6% to \$176.0 million (2021: \$78.0 million), exceeding management expectations
 - Increase of 140.7% in Fully Diluted Adjusted Earnings Per Share to 55.6 cents (2021: 23.1 cents)
 - Strong cash generation; adjusted operating cashflow increased by 275.1% to \$165.5 million (2021: \$44.1 million)
 - Operating profit up 161.6% to \$100.1 million (2021: \$38.3 million)
 - Profit after tax up 203.2% to \$70.9 million (2021: \$23.4 million)
- In September 2022, the Company completed a significantly oversubscribed capital raise of £190.1 million.
- Secured modified debt facilities of \$425.0 million in November 2022
 - Included existing lenders and two new banks
 - Adjusted leverage at the end of the period is now below 1x
 - Generating c.\$20 million in net debt reduction and c.\$8 million in savings on financing costs

Operational Highlights

- Kape now serves over 7.4 million paying customers globally, a 12% increase from the previous year
- Integration of ExpressVPN exceeded expectations, not only accelerating our growth but strengthening the capabilities of our entire digital privacy division to deliver market-leading privacy products
- The Company realised \$9 million of synergies in FY 2022 and expects to realise the full planned operational synergies of \$30 million in FY 2023
- Unveiled new products and features across key brands, underlining the Group's commitment to digital innovation and consumer privacy, including the ExpressVPN Aircover, a groundbreaking Wi-Fi6 router with built-in VPN
- Secured a number of new partnerships to expand distribution footprint, including an agreement with Remote to provide the Group's industry-leading brands with access to the business' global customer base to support greater privacy protection in the remote work sector

Post Period-end and Outlook

- The Group has made a strong start to FY 2023, driven by ongoing cross-sell initiatives and well-established customer acquisition methodologies
- After overperforming in 2022, the strong start to 2023 underpins the Board and management team's confidence in the future performance of the Group.
- Supported by the capital raise in September 2022, robust balance sheet, and proven track record of acquiring and integrating businesses, Kape is well positioned to explore potential M&A opportunities in 2023 to complement the Group's organic growth, which is directly in line with its ambitious buy-and-build strategy.

Ido Erlichman, Chief Executive Officer of Kape, commented:

"Kape delivered an outstanding performance in 2022, delivering our strongest year to date.

Over 7.4 million paying subscribers globally now consider Kape their company of choice in the digital privacy and security space, up 12% from the previous year.

The need for greater digital privacy and security has been key, as more and more individuals are recognising Kape's brands as household names in the digital privacy arena.

Kape has delivered consistent profitable growth, executing on our strategic objectives year over year for six years in a row. We believe we are in a perfect position to capitalise on the growing demand in the markets in which we operate, through organic growth and strategic M&A activity."

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About Kape

Kape is a leading 'privacy-first' digital security software provider to consumers. Through its range of privacy and security products, Kape focuses on protecting consumers and their personal data as they go about their daily digital lives.

Kape has c. 7.4 million paying subscribers, supported by a team of over 1,400 people across ten locations worldwide. Kape has a proven track record of revenue and EBITDA growth, underpinned by a strong business model which leverages our digital marketing expertise.

Through its subscription-based platform, Kape has fast established a highly scalable SaaS-based operating model, geared towards capitalising on the vast global consumer digital privacy market.

www.kape.com**Chairman's Statement**

After six consecutive years of high double-digit revenue growth, 2022 has been another strong period for Kape, and the most successful year to date.

During this time, Kape has been transformed into one of the leading platforms in the consumer digital privacy and security space, with over 7.4 million subscribers enjoying Kape's products as they become a household name across Europe, America, and Asia. We have seen digital privacy grow in priority for individuals, as their digital footprint expands, and we believe this trend will continue to accelerate. As we continue to aggressively grow our product reach, we are in a premium position to provide best-in-class products to assist our customers in managing their digital identity.

Our teams have been busy across the year, delivering strong organic growth across all our segments, to deliver revenue at the top end guidance and exceeding our proforma Adjusted EBITDA estimates, following the full integration of ExpressVPN, our largest acquisition to date. We also secured additional growth capital from our investors and secured a substantial long-term debt package for the business.

The integration of ExpressVPN was expertly delivered during the year, surpassing all expectations and strengthening our digital privacy division capabilities to deliver market-leading privacy products. Concurrently, Kape's Digital Privacy, Security, and Content divisions all delivered strong organic growth. The Digital Content Division has seen accelerated growth since joining the Group, and continues to provide Kape with unrivalled market insight, enabling the continued enhancement of our product suite and underpinning R&D, marketing, and advertising strategies.

In October 2022, we completed an oversubscribed £190.1 million equity raise. This is testament to our overarching business strategy and global reputation as a leading pure-play digital security and privacy provider, as well as demonstrating the support from investors to pursue our M&A strategy, where we have a successful record of executing accretive acquisitions to support our strong organic growth.

Additionally, we expanded our teams in Asia and Europe, two key growth geographies for the Group, recruiting new employees to facilitate the acceleration of our R&D and sales and marketing efforts across the territories. We also rolled out a range of innovative products and features across the year, including Threat Manager, Parallel Connections, custom DNS and the award-winning ExpressVPN Aircover router - the world's first Wi-Fi 6 router with a built-in VPN.

Board Changes

We welcomed Dan Pomerantz, co-founder of ExpressVPN, as a Non-Executive Director in 2022. Dan is also an executive of the Company in his capacity as the General Manager of its Digital Privacy Division. Dan's extensive experience building products and brands at scale, together with his business acumen and financial knowledge, will be invaluable as Kape looks to enter the company's next phase of growth and expansion.

Environmental, Social, and Governance

After a tumultuous year for environmental, social and governance ("ESG") issues at a macro level, it's never been

more important for us to do our part. At Kape, our commitment to ESG underpins all of the work we do to ensure the digital privacy and safety of people online.

In 2021, we launched our corporate ESG framework. We continued this positive ESG momentum in 2022, responding effectively and prudently to the challenges our organisation faced to ensure we remain on track to deliver a sustainable and resilient future for Kape, our employees, our stakeholders and the communities we serve.

Most notably in 2022, we introduced a range of new ESG policies and procedures, including Kape's Code of Conduct, Modern Slavery Statement and Anti-Sexual Harassment Policy. We also published a new online trust centre and expanded our volunteering and donation efforts to support individuals and NGOs during times of crisis.

We were pleased to have launched our 'Women at Kape' Employee Resource Group ("ERG"). Equality in the workplace is everyone's responsibility, and the launch of this ERG reflects our commitment to building an inclusive and equal workplace culture by ensuring issues impacting female and LGBTQIA+ employees are raised and addressed. As we continue through 2023, we intend to expand our ERG activity to ensure we're accounting for the diverse requirements of our teams.

Further, as we continue to expand our scale and global reach, sustainability is increasingly becoming an integral part of our commercial strategy. The introduction of our new carbon footprint measurement and green office initiatives ensures that Kape's business operations reflect a responsible approach in our efforts to help the world transition to a low-carbon economy.

Significantly, Kape jumped two rating points for ESG with MSCI, the organisation responsible for measuring and modelling environmental, social, and governance risk to provide critical insights into company behaviours.

Behind all our ESG work, we're empowering people across all levels of our organisation with a better understanding of ESG, so that they can recognise how their day-to-day activities and the work they do contributes to achieving our collective ESG targets. For the board in particular we've provided focused training on ESG as well as delivering ongoing ESG knowledge-building activities.

Important issues lie ahead for the environment, and Kape is taking every action to ensure it remains focused on playing its part on the sustainability front. Overall, we're proud of our ESG progress this year, and look forward to advancing our ESG agenda in 2023 and beyond.

Offer for Kape

On 13 February 2023, Unikmind Holding Limited ("Unikmind"), Kape's majority shareholder, announced a cash offer to acquire the entire issued share capital of Kape not already held by Unikmind at a price of \$3.44 for each Kape share, equivalent 285 pence per Kape Share based on the Announcement Exchange Rate ("the Offer").

The independent Directors (being all of the Directors save for Pierre Lallia) view is that the Offer does not represent the full value of Kape. The Offer was received after a previous proposal by Unikmind of 265 pence was rejected by the independent Directors. Unikmind stated it intends to seek a delisting of the Company regardless of the outcome of the Offer, hence the Independent Directors believed that it was in the interests of shareholders for the Company to grant Unikmind a partial standstill release from the NDA Standstill to allow Unikmind's proposal to be presented to Kape shareholders for their consideration.

On 6 March 2023, Unikmind posted their Offer Document to Kape shareholders, noting that the Offer Document Exchange Rate meant the Offer price of \$3.44 for each Kape Share was worth 288 pence per Kape Share as at 6 March 2023.

On 20 March 2023, the Independent Directors wrote to Kape shareholders with their views on the Offer.

Summary and Outlook

Across 2022, we have seen digital privacy and cybersecurity continue to dominate both the political and business agendas. Actions taken by various governments to expand censorship and erode the cybersecurity landscape have continued to highlight the need for companies like Kape.

With an increasing number of corporations and consumers acknowledging that online freedom and protection is imperative to their daily lives, Kape finds itself ideally placed to capture new business and strengthen its position in an ever-growing privacy and security market.

After overperforming in 2022, Kape has made a strong start to 2023, underpinning the Board and management team's confidence in the future performance of the Group.

I would like to express my sincere gratitude to all Kape employees for their continued dedication and tenacity, in helping to make 2022 Kape's most successful year to-date. The substantial progress achieved during the year could not have been accomplished without their unwavering commitment to the Group's mission.

Looking ahead, we continue to focus on expanding and innovating, both through evolving our product portfolio to ensure we're responding to nascent sector trends, and through improving our operational efficiency to further accelerate the Group's organic growth. Boosted by our capital raise, robust balance sheet and proven track record of acquiring and integrating businesses, we are well positioned to explore potential M&A opportunities in 2023 to complement the Group's organic growth, which is directly in line with our ambitious buy and build strategy.

Don Elgie
Non-Executive Chair
20 March 2023

Chief Executive Officer's Review

Introduction

Kape delivered an outstanding performance in 2022, recording its strongest year-to-date.

Over 7.4 million paying subscribers globally now consider Kape their company of choice in the digital privacy and security space, up 12% from the previous year.

Kape delivered a record financial performance across FY 2022, achieving revenue of \$623.5 million (2021: \$230.7 million), up 170.3% year-on-year or 18.9% organic growth on a proforma basis with recurring revenue contributing 86.8% (2021: c. 92% on a proforma basis). Additionally, we grew Pro Forma Adjusted EBITDA² by 125.6% to \$176.0 million (2021: \$78.0 million). We reached 94% adjusted cash conversion along with significantly growing our subscribers; this year alone we have added 791,000 new subscribers to our customer base.

Six and a half years after setting our new strategic direction and gradually achieving milestone after milestone, we have created significant equity value for all stakeholders in excess of \$1.5 billion, it is a testament to the success of our strategic journey and we appreciate the continued support from all our investors.

Our significant progress and financial success are best articulated in the following chart⁵.



Market Dynamics

The global digital privacy software market is forecast to grow to \$25.8 billion by 2029, expanding at a CAGR of c. 40%³. Despite the cost-of-living crisis, consumers continue to view digital privacy and security as a priority and are willing to pay more to ensure they receive best-in-class services. Given that remote working has been adopted by a large number of individuals across the globe, the importance of dependable digital protection has increased substantially, and is now central to consumers' business and leisure activities.

20-45-year-olds constitute 70% of the market, and this demographic continues to underpin the fast-paced growth in the privacy market, together with the rise in individuals worldwide owning multiple IoT devices.

For consumers, owning a broader range of IoT devices means purchasing premium digital privacy protection, such as those Kape offers, which not only provides greater value per device, but is a necessity to comprehensively safeguard their digital lives.

Buy, Build and Grow

A key highlight of 2022 was the seamless integration of ExpressVPN into the wider Group. This acquisition was our seventh consecutive buy, build and grow deal in the last seven years, realising our vision to help millions of people around the world to live more secure and private digital lives.

Kape today is a top-tier digital privacy platform that serves millions of subscribers worldwide. When we embarked on our strategy six and a half years ago, we had no subscribers, yet after our continued growth, today we serve over 7.4 million paying subscribers worldwide.

In 2022, as we progressed in the integration project with ExpressVPN, we were able to deliver c. \$9 million in operational synergies, representing \$30 million in annualised cost savings, reflecting our successful know-how and M&A track record to date. This transaction extended our reach to the premium part of the digital privacy market and enhanced our customer lifetime value, accelerated our R&D timeline and expanded our marketing reach. Management expects to realise further synergies in 2023.

We are delighted that ExpressVPN's management and employees have joined the Group, demonstrating their confidence in our business model and growth strategy. These highly know-how and innovative individuals have brought a wealth of digital privacy and security experience to Kape, boosting our product development and market reach capabilities across the globe.

Product Development

Kape has progressed to become an established player in the digital security and privacy space. Alongside our growth from existing products, the Group has recognised its potential to spearhead innovation in the industry. In H2 2022, our ExpressVPN brand launched its award-winning Aircove router - the world's first Wi-Fi 6 router with a built-in VPN. Designed for individuals seeking to safeguard their families with a VPN, Aircove was introduced in September 2022 and has already generated strong sales traction in the US, complementing ExpressVPN's highly innovative software.

Other products and features launched this year include a beta password manager ExpressVPN Keys, which has been gathering momentum as users welcome a broader range of privacy and security tools. We have also introduced end-point protection for PC for Private Internet Access customers with our Privacy First Anti-Virus solution for PC. We continue to focus on rolling out the features across all of our key brands in the year ahead.

Financing

Kape completed an oversubscribed and upscaled c. £188 million placing and c. £2.1 retail offer in H2 2022. We were delighted to receive such strong support from new and existing institutional shareholders, including blue-chip

investors from the UK, US, Europe and Israel. This injection of capital is a strong endorsement of our strategy. It will enable the Group to capitalise on potential acquisition opportunities whilst further supporting organic growth initiatives.

Additionally, we entered into an agreement for Modified bank facilities with our existing lenders Bank of Ireland, Barclays, Citizens Bank, BNP Paribas, Citi Commercial Bank, and Leumi Bank, as well as two new banks, HSBC and Credit Suisse, who have joined the enlarged syndicate. Replacing the existing debt facilities, by paying early the deferred consideration of the ExpressVPN acquisition, Kape immediately realised approximately \$19.9 million in net debt reduction and approximately \$8 million of savings on financing costs from terminating the underwriting commitment.

Key Performance Indicators

Significantly, Kape delivered strongly across its KPIs in 2022, demonstrating the resilience of the Group's SaaS business model. Kape's highly scalable model not only underpins the profitability and earnings predictability of the Group, but also our growth potential.

	31 Dec 2022 '000	31 Dec 2021 '000
Subscribers (thousands)	7,364	6,573
Retention rate ⁴	83%	81%
Deferred income (\$'000)	168,342	155,856
Revenue (\$'000)	623,483	230,665
Operating Income (\$'000)	100,093	38,258

	2022 \$'000	2021 \$'000
Adjusted EBITDA	283,689	86,042
Proforma Deferred Contract expenses adjustment	(107,688)	(8,016)
Proforma Adjusted EBITDA ^{1,2}	176,001	78,026
Cash flow from operations	161,311	35,489
Exceptional and non-recurring cash outflow	4,215	8,636
Adjusted cash flow from operations	165,526	44,125
% of Adjusted EBITDA	58.3%	51.3%
Proforma Adjusted EBITDA	176,001	78,026
% of Proforma Adjusted EBITDA	94.0%	56.6%

Growth Drivers

Kape has delivered consistent profitable growth, executing on our strategic objectives year over year for six years in a row. We believe we are in a perfect position to capitalise on the growing demand in the markets we operate in. We remain committed to delivering on our future growth aspirations and capitalising on strong market tailwinds, with the following key pillars continuing to drive our accelerated growth:

- **Reach:** Over 7.4 million paying subscribers globally, providing significant opportunity to generate further cross-sell and upsell momentum.
- **Go-to-market capabilities:** With the leading brands in the space, including ExpressVPN, and Webselenese's unparalleled market insight, Kape benefits from a robust platform which facilitates the optimisation of CAC and retention rates.
- **Strong product portfolio:** Expert solutions at the pinnacle of sector innovation, with high levels of recurring revenues and a growing global R&D team to help realise product development potential.
- **M&A:** Proven track record of acquiring market-leading businesses, delivering increased synergies and greater market penetration.

Outlook

The global demand for cutting-edge digital security and privacy products is stronger than ever, and we recognise the pivotal role Kape has in safeguarding businesses and consumers from existing and emerging cyber threats. We remain focused on delivering on our strategic priorities to further consolidate our position as a market leader in digital privacy and security.

On behalf of the management team, I would like to share my deepest thanks to our hugely talented global team for their drive and determination throughout FY 2022. Without their continued support and diligence, our focus on building a world-class digital security and privacy provider trusted by millions across the globe would never have been achieved.

Ido Erlichman
Chief Executive Officer
20 March 2023

¹ Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating income/(expense) and employee share-based payment charges.

² Proforma Adjusted EBITDA is a non GAAP measure, it's the Company Adjusted EBITDA after adding back

deferred contracts costs fair value accounting adjustment following ExpressVPN consolidation.

³ <https://www.fortunebusinessinsights.com/data-privacy-software-market-105420>

⁴ Retention rates are calculated on a six-month basis.

⁵ Excluding Kape's discontinued operations (2018-2020)

Chief Financial Officer's review

Revenues for the year to 31 December 2022 increased by 170.3% to \$623.5 million (2021: \$230.7 million), or 18.9% on a proforma basis. The increase in revenues is a result of an increase in Kape's subscriptions base of 12% to c.7.4 million (2021: c.6.6 million) as well as twelve months' contribution from ExpressVPN. Pro Forma Adjusted EBITDA increased by 125.6% to \$176.0 million (2021: \$78.0 million). Operating profit increased by 161.6% to \$100.1 million (2021: \$38.3 million) mainly due to twelve months' contribution from ExpressVPN and Webselene compared to half month and ten months in 2021, respectively.

Adjusted cash flow from operations attributable to the current financial period was \$165.5 million (2021: \$44.1 million), which represents a cash conversion of 94.0% from the proforma Adjusted EBITDA (2021: 56.6%). The increase is a result of a growing percentage of customers that continue to use Kape's products after the end of the initial subscription period. As 31 December 2022, the Group's cash balance was \$251.6 million (31 December 2021: \$27.0 million) and net debt was \$119.8 million.

On 3 October 2022, the Company completed an oversubscribed capital raise, issuing a total of 71,762,618 new ordinary shares of US \$0.0001 each ("Ordinary Shares") subscribed for by investors, at an issue price of 265 pence per share. The net proceeds after issue costs from the share issuance were \$213.1 million (c.£188.2 million).

On 12 September 2022, the Company announced that it had entered into an Early repayment agreement with the ExpressVPN founders to pay the deferred cash consideration in advance of the contractual dates in the purchase agreement.

On 2 November 2022, the Company announced it had entered into an agreement for Modified bank facility with its existing lenders Bank of Ireland, Barclays, Citizens Bank, BNP Paribas, Citi Commercial Bank, and Leumi Bank, and two new banks, HSBC and Credit Suisse, who joined the enlarged syndicate. This Modified debt facility replaced all Kape's existing loan facilities, including the Deferred Consideration resulting from the ExpressVPN acquisition and the Deferred Consideration Facility arrangement with TSNLI. As a result, the Company realised \$19.9 million of cash saving following the Cash Deferred Consideration early repayment and approximately \$8.0 million of savings on financing costs from terminating the underwriting commitment, in addition, the early repayment resulted in a gain of \$17.2 million.

The debt facility comprises a \$275.0 million senior secured term facility (the "Modified Term Facility"), a \$150.0 million revolving credit facility (the "RCF") and an uncommitted \$75.0 million facility (together the "Modified Debt Facilities"). Bank of Ireland is the agent bank. The Modified Debt Facilities have a four-years term with an option to extend the term by up to an additional one year. The Modified Term Facility will be amortised on a quarterly basis across 48 months starting December 2022, and a bullet payment on 2 November 2026 and will carry an opening Margin of 2.75% above Applicable Reference Rate per annum.

Segment Result

	Revenue		Segment result	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Digital Privacy	512,575	117,042	363,575	74,450
Digital Content	71,433	75,581	14,402	38,271
Digital Security	39,475	38,042	15,233	14,609
Revenue	623,483	230,665	393,210	127,330

The segment result has been calculated using revenue less costs directly attributable to that segment, comprises cost of sales and direct sales and marketing costs. Segment cost of sales comprises payment processing fees and infrastructure costs of the Group's privacy products. Direct sales and marketing costs are mainly user acquisition costs.

Digital Privacy

	2022 \$'000	2021 \$'000
Revenue	512,575	117,042
Cost of sales	(46,206)	(13,370)
Direct sales and marketing costs	(102,794)	(29,222)
Segment result	363,575	74,450
Segment margin (%)	70.9	63.6
Proforma Deferred Contract expenses adjustment	(107,688)	(8,016)
Proforma Adjusted Segment result	255,887	66,434

Proforma Adjusted Segment result	2022	2021
Proforma Adjusted Segment margin (%)	49.9	56.7

During the period, the Digital Privacy segment has seen continued growth with a 337.9% increase in revenue to \$512.6 million (2021: \$117.1 million), 14.25% on proforma basis, and a 388.3% increase in the segment result to \$363.6 million (2021: \$74.5 million). Proforma base revenue growth was driven by subscriber base growth of 10.6% to 6.5 million and maintaining a strong healthy retention rate. Proforma Adjusted Segment result is calculated by adding back the Proforma Deferred contract costs expenses adjustment related to the ExpressVPN acquisition. The decrease in proforma adjusted Segment margin is attributed to the higher cost to serve of ExpressVPN's premium product. When comparing the period ending 31 December 2022 to 31 December 2021 on a full proforma basis (as ExpressVPN is part of the Company for twelve months for the period ended 31 December 2021), the Proforma Adjusted Segment margin is slightly increased by 1.44%.

Digital Content

	2022	2021
	\$'000	\$'000
Revenue	71,433	75,581
Cost of sales	-	-
Direct sales and marketing costs	(57,031)	(37,310)
Segment result	14,402	38,271
Segment margin (%)	20.2	50.6

During the period, revenue from the Digital Content segment was \$71.4 million and segment results were \$14.4 million. On a proforma basis, excluding revenue that was generated from Kape brands, revenue for the twelve months ended 31 December 2022 has significantly increased by 90.3% compared with the period ended 31 December 2021. The revenue growth has been driven by revenue generated from new verticals introduced during the last twelve months, \$31.6 million, while supported by continued growth of 6% on a proforma basis from old verticals. The segment margin decreased to 20.2%. Usually new verticals attribute lower margins during the initial period until the organic traffic is established and the acquired sources are fully optimised.

Digital Security

	2022	2021
	\$'000	\$'000
Revenue	39,475	38,042
Cost of sales	(2,784)	(2,602)
Direct sales and marketing costs	(21,458)	(20,831)
Segment result	15,233	14,609
Segment margin (%)	38.6	38.4

During the period, revenue from the Digital Security segment grew by an increase of 3.8% to \$39.5 million (2021: \$38.1 million). The slight increase was driven by a 15.9% growth in revenue from Intego's Endpoint security products and offset by a revenue decrease of 9.8% from the PC performance products. The Company is not investing further in the PC performance products activity and Digital Security future growth will derive mainly from Intego's Endpoint security products and new security products.

Adjusted EBITDA

Adjusted EBITDA for the year to 31 December 2022 was \$283.7 million (2021: \$86.0 million). Adjusted EBITDA is a non-GAAP company specific measure that is considered to be a key performance indicator of the Group's financial performance. Adjusted EBITDA is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating income/(expense) and employee share-based payment. Proforma Adjusted EBITDA is calculated by adding the proforma deferred contract costs expenses adjustment related to the ExpressVPN acquisition. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. Such amounts are excluded from the following analysis:

	2022	2021
	\$'000	\$'000
Revenue	623,483	230,665
Cost of sales	(48,990)	(15,972)
Direct sales and marketing costs	(181,283)	(87,363)
Segment result	393,210	127,330
Indirect sales and marketing costs	(45,322)	(19,687)
Research and development costs	(31,635)	(8,176)
Management, general and administrative cost	(32,564)	(13,425)
Adjusted EBITDA	283,689	86,042
Proforma Deferred Contract expenses adjustment	(107,688)	(8,016)
Proforma Adjusted EBITDA	176,001	78,026

The Proforma Adjusted EBITDA for the year to 31 December 2022 was \$176.0 million (2021: \$78.0 million) and margin of 28.2% (2021: 33.8%). The decrease in the Proforma Adjusted EBITDA margin is attributable to the lower

EBITDA margin of ExpressVPN slightly offset by the cost synergies savings following the acquisition on December 2021 and the decrease of the Digital Content segment margin following the investment in new verticals, as explained above.

In 2022, as we progressed in the integration project with ExpressVPN, we were able to deliver c.\$9 million in operational synergies, representing \$30 million in annualised cost savings, reflecting our successful know-how and M&A track record to date. Management expects to realise further synergies in 2023. The percentage of Management, general and administrative cost and indirect sales and marketing costs out of revenues decreased from 6% to 5% and 8% to 7% respectively, while research and development costs increased from 3% to 5%.

The increase in costs is mainly due to ExpressVPN and Webselenese's twelve months contribution compared to half-month and ten months in 2021, respectively.

Operating Profit

A reconciliation of Adjusted EBITDA to operating profit is provided as follows:

	2022 \$'000	2021 \$'000
Adjusted EBITDA	283,689	86,042
Employee share-based payment charge	(23,614)	(5,224)
Other operating (expense)/income	(1,525)	947
Exceptional and non-recurring costs	(3,764)	(9,850)
Depreciation and amortisation	(154,693)	(33,657)
Operating profit	100,093	38,258

Increase in depreciation and amortisation is driven by \$124.0 million (2021: \$11.1) amortisation charge of Webselenese and ExpressVPN acquired intangibles assets.

Exceptional or non-recurring costs in 2022 are comprised of non-recurring staff costs of \$0.8 million, \$0.9 million termination costs of Onerous contract and \$2.1 million professional services and other business combinations related costs.

Profit before tax

Profit before tax was \$92.9 million (2021: \$32.7 million). Finance costs net of Finance income of \$7.2 million comprised mainly of \$10.5 million of interest on debt facilities (2021: \$3.3 million), expenses of \$3.0 million due to unwinding of discounting on deferred consideration expense (2021: \$0.9 million), \$7.0 million full amortization of the Shareholder facility revolver issuance cost following the termination of the Shareholder facility (2021: \$0.1 million) and \$10.2 million of commitment fees on the TSNLI revolving facility related to the ExpressVPN acquisition until the point the facility was terminated (2021: \$3.6 million), this slightly offsets with \$8.9 million net foreign exchange profit and \$17.2 million gain on early payment of Deferred Cash Consideration resulting from the ExpressVPN acquisition.

Profit after tax

Profit after tax was \$70.9 million (2021: \$23.4 million). Tax expenses for the period are \$22.0 million (2021: \$9.3 million), the tax charge derives mainly from group subsidiaries' residual profits. Since the amortisation of acquired intangibles and share-based payment charges are not tax-deductible in several of the jurisdictions in which the Company operates, management believes it is appropriate to examine the effective tax rate out of Proforma Adjusted EBITDA rather than profit before tax. The effective tax rate out of Proforma Adjusted EBITDA increased to 12.5% (2021: c.11.9%).

Cash flow

	2022 \$'000	2021 \$'000
Adjusted EBITDA	283,689	86,042
Proforma Deferred Contract expenses adjustment	(107,688)	(8,016)
Proforma Adjusted EBITDA ^{1,2}	176,001	78,026
Cash flow from operations	161,311	35,489
Exceptional and non-recurring cash outflow	4,215	8,636
Adjusted cash flow from operations	165,526	44,125
% of Adjusted EBITDA	58.3%	51.3%
Proforma Adjusted EBITDA	176,001	78,026
% of Proforma Adjusted EBITDA	94.0%	56.6%

Cash flow from operations was \$161.3 million (2021: \$35.5 million). Adjusted cash flow from operations after adding back one-off payments was \$165.5 million (2021: \$44.1 million), which represents a cash conversion of 94.0% from the Proforma Adjusted EBITDA. The increase is a result of growing percentage of customers that continue to use the Kape's products after the end of the initial subscription period.

Tax paid in the period was \$6.3 million (2021: \$3.3 million). The increase was mainly due to Israeli tax prepayments that were paid in 2022 by Group subsidiaries.

Net cash used in investing activities was \$364.9 million (2021: \$465.9 million), mainly comprises \$325.0 million for the early repayment of the Deferred Cash consideration resulted from ExpressVPN acquisition (see Note 8), \$20.0 million related to the six-month anniversary of completion of ExpressVPN acquisition, \$15.4 million (2021: \$5.3 million) capitalised development costs and \$2.9 million (2020: \$2.4 million) purchase of fixed assets. As a result of the Deferred Cash Consideration early repayment the Company saved cash \$19.9 million of cash outflow.

Net cash generated from financing activities was \$434.5 million (2021: \$411.0 million) included \$213.0 million net proceeds from the capital raised completed on 3 October 2022, a drawdown of \$180.5 million and \$93.6 million of the Modified Bank facilities (Term loan and Revolving facility, respectively) completed on 2 November 2022, \$4.5 million resulted from debt issuance cost related to the Modified bank facilities, \$13.8 million commitment fees payment of the Shareholder facility revolver facility (2021: \$Nil), repayments of long-term loan principal interest payments of \$21.9 million and \$4.6 million, respectively (2021: \$11.8 million and \$1.9 million, respectively), \$1.7 million (2021: \$0.9 million) has been received following the exercise of employee share options and \$8.2 million (2021: \$2.8 million) were paid for the Group's leases. As a result of the termination of the Shareholder revolver facility the Company saved cash outflow of \$1.4 million for the period ended 31 December 2022 and future cash outflow of \$6.0 million for 2023.

Financial position

At 31 December 2022, the Company had cash of \$251.6 million (31 December 2021: \$27.0 million), net assets of \$1,172.9 million (31 December 2021: \$863.5 million) and net debt of \$119.8 million (2021: net debt of \$457.5 million). At 31 December 2022, trade receivables were \$26.9 million (31 December 2021: \$38.4 million).

In November, the Company signed a Modified Bank facility for Term Facility of \$275.0 million (2021: \$120.0 million), Revolver Facility of \$150.0 million (2021: \$80.0 million) and uncommitted facility of \$75.0 million and completed the early repayment of the deferred cash consideration along with termination of the Shareholder revolver facility.

Kape is well positioned to support and invest future growth as a result of the Company's capital structure modification together with the \$213.1 million capital raise completed in October 2022.

The Adjusted Leverage (as defined in Note 10) of the Group is c. 0.68 (2021: 2.88).

Oded Baskind
Chief Financial Officer
20 March 2023

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Revenue	2,3	623,483	230,665
Cost of sales		(48,990)	(15,972)
Gross profit		574,493	214,693
Selling and marketing costs	2c	(232,554)	(108,580)
Research and development costs		(40,399)	(10,865)
Management, general and administrative costs		(45,229)	(24,280)
Depreciation and amortisation	5	(154,693)	(33,657)
Other operating (expense) /income		(1,525)	947
Total operating costs		(474,400)	(176,435)
Operating profit	4	100,093	38,258
Adjusted EBITDA	4	283,689	86,042
Employee share-based payment charge		(23,614)	(5,224)
Other operating (expense) / income		(1,525)	947
Exceptional or non-recurring costs	4	(3,764)	(9,850)
Depreciation and amortisation	5	(154,693)	(33,657)
Operating profit		100,093	38,258
Finance income		26,133	5,580
Finance costs		(33,352)	(11,179)
Profit before taxation		92,874	32,659
Tax charge		(21,956)	(9,273)
Profit for the year		70,918	23,386
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Foreign exchange differences on translation of foreign operations		-	1
Total comprehensive Income for the year		70,918	23,387
Total profit for the year attributable to Owners of the parent:			

Continuing operations		70,918	23,386
		70,918	23,386
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents)	7	19.2	9.6
Diluted earnings per share (cents)	7	18.8	9.4

Consolidated statement of financial position

As of 31 December 2022

	Note	2022 \$'000	2021 \$'000
Non-current assets			
Intangible assets	5	1,351,995	1,480,686
Property, plant and equipment		6,714	5,794
Right-of-use assets		18,234	23,757
Deferred contract costs	2c	160,576	50,698
Deferred tax asset		1,974	2,466
Long-term deposit		613	-
		1,540,106	1,563,401
Current assets			
Inventory		537	70
Deferred contract costs	2c	81,463	35,791
Trade and other receivables		38,904	54,213
Cash and cash equivalents		251,559	26,984
		372,463	117,058
Total assets		1,912,569	1,680,459
Equity			
Share capital	6	43	36
Additional paid in capital		1,099,530	883,337
Share to be issued		-	1,350
Foreign exchange differences on translation of foreign operations		773	773
Retained earnings		72,529	(22,003)
Total equity		1,172,875	863,493
Non-current liabilities			
Contract liabilities	2b	14,084	10,885
Deferred tax liabilities		81,717	64,369
Long term lease liabilities		10,396	16,984
Deferred and contingent consideration	11	-	168,950
Loans and Borrowings	10	338,214	97,830
		444,411	359,018
Current liabilities			
Trade and other payables		91,813	80,919
Contract liabilities	2b	154,258	144,971
Short term lease liabilities		8,143	7,912
Deferred and contingent consideration	11	8,285	199,337
Onerous contract liability		-	741
Loans and Borrowings	10	30,604	19,554
Current tax liability		2,180	4,514
		295,283	457,948
Total equity and liabilities		1,912,569	1,680,459

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share capital \$'000	Additional paid in capital \$'000	Share to be issued \$'000	Foreign exchange differences on translation of foreign operations \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2021	22	273,358	1,350	772	(46,746)	228,756

Profit for the year	-	-	-	-	23,386	23,386
Other comprehensive income:						
Foreign exchange differences on translation of foreign operations	-	-	-	1	-	1
Total comprehensive profit for the year	-	-	-	1	23,386	23,387
Transactions with owners:						
Share based payments	-	-	-	-	5,224	5,224
Exercise of employee options (note 6)	-	939	-	-	-	939
Share issuance net of transaction cost (note 6)	8	348,382	-	-	-	348,390
Issue of equity share capital (note 6)	6	260,658	-	-	-	260,664
Acquisition of treasury shares (note 6)	-	-	-	-	(3,867)	(3,867)
At 31 December 2021	36	883,337	1,350	773	(22,003)	863,493
At 1 January 2022	36	883,337	1,350	773	(22,003)	863,493
Profit for the year	-	-	-	-	70,918	70,918
Other comprehensive income:						
Foreign exchange differences on translation	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	-	70,918	70,918
Transactions with owners:						
Share based payments	-	-	-	-	23,614	23,614
Exercise of employee options (note 6)	-	1,747	-	-	-	1,747
Issue of equity share capital (note 6)	7	213,096	-	-	-	213,103
Issue of equity share capital from treasury (note 6)	*	1,350	(1,350)	-	-	-
At 31 December 2022	43	1,099,530	-	773	72,529	1,172,875

*amounts below 1 thousands

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Cash flow from operating activities			
Profit for the year after taxation		70,918	23,386
Adjustments for:			
Amortisation of intangible assets	5	143,814	29,066
Amortisation of right-to-use assets		8,964	3,895
Depreciation of property, plant and equipment		1,915	696
(Gain)/ Loss on sale of property, plant and equipment		(89)	378
Loss/ (Gain) on sale of intangible assets	5	345	(485)
Profit from lease modification		(25)	(848)
Tax Expenses		21,956	9,273
Profit from Forward contract		-	(5,580)
Interest expenses, fair value movements on deferred consideration	10,11	33,379	10,331
Share based payment charge		23,614	5,224
Gain from bank loan modification		(660)	-
Gain on early payment of Deferred Cash Consideration		(17,213)	-
Unrealised foreign exchange differences		(788)	(269)
Operating cash flow before movement in working capital		286,130	75,067
Decrease /(Increase) in trade and other receivables		7,262	(13,784)

(Decrease)/Increase in software licenses inventory		(467)	54
Increase in trade and other payables		12,751	12,246
Decrease in onerous contract liability		(688)	(688)
Increase in deferred contract costs	2c	(155,550)	(33,955)
Increase in Long-term deposit		(613)	-
Increase/ (Decrease) in contract liabilities		12,486	(3,451)
Cash Inflow from operations		161,311	35,489
Tax paid		(6,274)	(3,345)
Cash generated from operations		155,037	32,144
Cash flow from investing activities			
Purchase of property, plant and equipment		(2,949)	(2,444)
Proceeds from sale of property, plant and equipment		217	2
Intangible assets acquired	5	(392)	(794)
Disposal of intangible assets	5	342	1,261
Cash paid on business combination, net of cash acquired	8,11	(346,679)	(464,149)
Proceeds from Forward contract		-	5,580
Capitalisation of development costs	5	(15,418)	(5,326)
Net cash used in investing activities		(364,879)	(465,870)
Cash flow from financing activities			
Payment of leases		(8,216)	(2,839)
Cash outflow from Currency Option Transaction, net		(1,450)	-
Proceeds from Shareholder loan	10	-	85,000
Proceeds from modification of loans	10	180,455	85,000
Proceeds from RCF	10	93,644	8,207
Debt issuance costs	10	(4,479)	(2,690)
Shareholder facility revolver issuance cost	10	-	(7,125)
Shareholder facility revolver commitment fees	10	(13,762)	-
Repayment of interest on Shareholder loan	10	-	(1,275)
Repayment of Shareholder loan	9,10	-	(85,000)
Repayment of interest on loan	10	(4,566)	(1,934)
Repayments of long-term loan	10	(21,875)	(11,818)
Payment of purchase of own shares	6	-	(3,867)
Proceeds from issuance of shares, net of transaction costs	6	213,016	348,390
Proceeds from exercise of options by employees		1,720	939
Net cash generated from financing activities		434,487	410,988
Net increase/ (decrease) in cash and cash equivalents		224,645	(22,738)
Revaluation of cash due to changes in foreign exchange rates		(70)	(190)
Cash and cash equivalents at beginning of year		26,984	49,912
Cash and cash equivalents at end of year		251,559	26,984

Notes to the consolidated financial statements

1 Basis of preparation

The financial information provided is for Kape Technologies Plc and its subsidiary undertakings (together the "Group", "the Company" or "Kape") in respect of the financial years ended 31 December 2022 and 2021. The Company is incorporated in the Isle of Man.

The financial information has been prepared in accordance with UK adopted international accounting standards (collectively IFRS).

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The results shown for the year ended 31 December 2022 and 31 December 2021 are audited. The consolidated financial information contained in this announcement does not constitute statutory accounts. Statutory accounts of the Company in respect of the financial year ended 31 December 2022 were approved by the Board of directors on 20 March 2023 and will be delivered to the shareholders in due course. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph.

Going concern

The Directors, having considered the Group's resources financially and the associated risks with doing business in the current economic and geo-political climate, believe the Group is capable of successfully managing these risks. The Board has considered the current trading performance, financial position, liquidity of the Group and business plan as provided by management which includes the rate of revenue growth, EBITDA margins, costs, cash conversion ratio and capital expenditure. The cash flow forecast prepared by management for assessing going concern extends to 31 March 2024 ("the going concern period"). Management's base case forecast is aligned with the management's forecast for the year ending 31 December 2023. The going concern assessment is based upon the business and operations as of the date of signing these financial statements. No assumptions or modelling has been performed for any future impact that may arise from the outcome of the announcement by Unikmind Holdings Ltd ("Unikmind") of a cash offer to acquire the entire issued and to be issued share capital of the Company not already held by Unikmind (see note 12, Subsequent Events).

The Group holds a strong liquidity position with Cash balance of \$251.6 million (31 December 2021: \$27.0 million), with the increase from prior year explained by the placement completed in October 2022 (\$213.1 million), strong Cash flow generated from operation (\$155.0 million), proceeds from modification of Debt facilities partially offset by the early repayment of the Deferred Cash Consideration related to

of Debt facility partially offset by the early repayment of the Deferred Cash Consideration related to ExpressVPN acquisition.

The Group has in place debt facilities comprising a \$275.0 million senior secured term facility, a \$150.0 million revolving credit facility and a \$75.0 million uncommitted facility. The term facility includes 48 quarterly capital repayments of \$6.875 million and bullet payment on 2 November 2026. As at 31 December 2022, the Group had drawn down \$103.2 million on the revolving credit facility and \$nil on the uncommitted facility. The debt facilities are subject to the following financial covenants.

- The ratio of EBITDA to Net Finance Charges ("Interest Cover") shall not be less than 4.0x in respect of any Relevant Period.
- The ratio of Total Net Debt on the last day of the relevant period to Adjusted EBITDA in respect of that Relevant period ("Adjusted Leverage"), shall not exceed 3.0x.

The Debt Facility replaced all Kape's previous loan facilities, including the deferred consideration facility arrangements put in place with TS Next Level Investments Limited (an affiliate of Unikmind Holdings Limited, the Company's majority shareholder) at the time of the acquisition of ExpressVPN (the "Deferred Consideration Facility").

Based on management's base case forecast the Group is able to meet liabilities as they fall due and operate within financial covenants throughout the forecast period.

In addition to the base case, management also considered sensitivities in respect of potential stress tests, a reverse stress test and the mitigating actions available to management. The modelling of the downside scenarios assessed if there was a significant risk to the Group's liquidity and covenant compliance position. These scenarios make assumptions on revenue declines and costs saving from freezing planned recruitment, capital expenditure reductions and other general operating costs.

Under the stress tests the Group is still able to meet liabilities as they fall due and operate within financial covenants throughout the forecast period.

The reverse test was used to find what would be the level of EBITDA and consequently the cash burn that would lead to a breach in the Group's financial covenants before the end of the going concern period. The financial covenants would be breached only if revenues from new users declined more than 70% or revenues from Renewals declined more than 35% below management's base case. As a result of completing this assessment management considered the likelihood of the reverse stress test scenario arising to be remote. In reaching this conclusion management considered:

- Cash collection is strong and bad debt risk is limited as clients typically pay for services upfront.
- Flexible cost base - a significant portion of the Group's costs are discretionary in nature.
- The contract liabilities balance is growing (an increase of +8% compared to the balance at 31 December 2021) supporting attractive future revenue growth and good future revenue visibility. The contract liabilities balance as of 31 December 2022 of \$168.3 million includes \$154.3 million to be released into revenue in the following 12 months. Whilst this has no future cash impact, it supports the Directors confidence in forecast EBITDA utilised in bank covenants test.
- We continuously monitor and invest in market needs. In the year to 31 December 2022 the Group continued its strong investment in technology capability and innovation demonstrated by the increase of research and development expenses by 274.0% compared to the comparative period.
- The cash conversion of the Group is trading strong with level of 85-100% and expected to remain in this range due to billing profile of the Group and Cash generated from recurring revenue.

The Directors continue to carefully monitor the current macroeconomic environment, and its impact on the operations, revenues and growth plans of the Group.

The Directors have also considered the conflict in Ukraine, and whilst the impact on the Group is currently deemed minimal, the Directors remain vigilant and ready to implement mitigation action in the event of an impact on operations. The Group has no employees or operations in Russia or Belarus and revenues from Russia and Belarus are less than 1% of Group's revenues for the year ended 31 December 2022.

The Directors continue to carefully monitor the current macroeconomic environment, and its impact on the on the operations, revenues and growth plans of the Group. The Group has not seen any significant impact on renewals and new users from the impact on consumers of the impact of rising inflation. The Company operates a multi brand strategy which allows us to capture a wider price range across the competitive landscape. The Group is mostly significantly exposed to inflationary cost rises from staff costs and infrastructure services. The Group seeks to manage these by the flexibility of the Group to change and work with different providers and utilize the Group ability to recruit talents within few locations. As noted above, the Group has Debt Facilities that are subject to variable interest based on the underlying Applicable Reference Rates.

The Directors are also not aware of any significant matters that occur outside the going concern period that could reasonably possibly impact the going concern conclusion.

Having performed the assessments as detailed above, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence over the relevant going concern period and have therefore considered it appropriate to adopt the going concern basis of preparation in the consolidated financial statements.

Adoption of new and revised standards

New standards impacting the Group that were adopted in the annual financial statements for the year ended 31 December 2022, and which have given rise to changes in the Group's accounting policies are:

- *IAS 37 (Amendment Onerous Contracts - Cost of Fulfilling a Contract)*, clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.
- *Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)*.
- *References to Conceptual Framework (Amendments to IFRS 3)*. Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)* The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of fixed asset any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

The adoption of these standards did not have a material impact on the Group's financial statements.

2 Revenue

	2022 \$'000	2021 \$'000
Sale of Digital Privacy software solutions	512,575	117,042
Sale of Digital Content and software distribution services	71,433	75,581
Sale of Digital Security, malware protection and PC performance products	39,475	38,042
	<u>623,483</u>	<u>230,665</u>

Revenues from the provision of Digital privacy solutions are generated from the Digital Privacy CGU, revenues from Digital Content and software distribution services are generated from Digital Content CGU and revenues from software and SAAS products offering security, malware protection and PC performance are generated from the Digital Security CGU.

(a) Disaggregation of revenue

The following table presents our revenues disaggregated by the timing of revenue recognition in accordance with our reporting segments:

	2022 (USD, in thousands)				2021 (USD, in thousands)			
	Digital Privacy	Digital Content	Digital Security	Total	Digital Privacy	Digital Content	Digital Security	Total
Revenue recognised over a period	472,064	-	6,234	478,298	80,180	-	5,375	85,555
Revenue recognised at a point in time	40,511	71,433	33,241	145,185	36,862	75,581	32,667	145,110
Total	512,575	71,433	39,475	623,483	117,042	75,581	38,042	230,665

(b) Contract liabilities

The company has recognised the following revenue-related contract liabilities:

	31 December 2022 (USD, in thousands)	31 December 2021 (USD, in thousands)
Contract liabilities	168,342	155,856

Significant changes in relation to contract liabilities

The following table shows the significant changes in the current reporting period which relate to carried-forward contract liabilities.

Significant changes in the contract liabilities balances during the period are as follows:	31 December 2022 (USD, in thousands)	31 December 2021 (USD, in thousands)
Contract liabilities balance at the beginning of the period	(155,856)	(36,594)
Business combination	-	(122,713)
Revenue recognised that was included in the contract liability balance from Business combination	-	13,397
Revenue recognised that was included in the contract liability balance at the beginning of the period	144,971	29,095
Increase due to cash received, excluding amounts recognised as revenue during the period	(157,457)	(39,041)
Contract liabilities balance at the end of the period	(168,342)	(155,856)

Current Contract liabilities	(154,258)	(144,971)
Non- Current Contract liabilities	(14,084)	(10,885)

Management expects that 91.63% (2021:93.0%) of the transaction price allocated to the unsatisfied contracts as of 31 December 2022 will be recognised as revenue during the next annual reporting period (\$154,258 thousands), 6.75% and 1.59% (\$11,357 thousands and \$2,675 thousands) will be recognised in 2024 and 2025 financial years, respectively. The remaining 0.03% (\$52 thousand) will be recognised during the following financial years.

(c) Assets recognised from costs to obtain and fulfil a contract

Significant changes in relation to assets recognised from costs to obtain and fulfil a contract

	31 December 2022 (USD, in thousands)	31 December 2021 (USD, in thousands)
Current Asset recognised from marketing cost to obtain a contract	70,713	33,618

to obtain a contract		
Non-Current Asset recognised from marketing cost to obtain a contract	159,941	50,201
Current Asset recognised from fulfilment cost to fulfil a contract	10,750	2,173
Non-Current Asset recognised from fulfilment cost to fulfil a contract	635	497
Significant changes in the deferred contract costs balances during the period are as follows:		
Balance at the beginning of the period	86,489	52,534
Amortization recognised during the period - marketing costs	(86,577)	(38,853)
Amortization recognised during the period - fulfilment cost	(28,948)	(5,631)
Increases due to cash paid - marketing costs	233,412	72,161
Increases due to cash paid - fulfilment cost	37,663	6,278
Balance at the end of the period	242,039	86,489

The amortization of marketing costs to obtain a contract of \$86.6 million (2021: \$38.9 million) are included in total Sales and marketing expense of \$232.5 million in period ended 31 December 2022 (2021: \$108.6 million).

Management expects that 30.7% of the Asset recognized from marketing cost to obtain a contract as of 31 December 2022 will be recognised as Selling and marketing costs during the next annual reporting period (\$70,713 thousands), 26.7% will be recognised in 2024 (\$61,592 thousands) and 42.6% (\$98,349 thousands) will be recognised thereafter.

3 Segmental information

Segments revenues and results

The Group's reportable segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer. The Group operates three reportable segments:

- Digital Privacy - comprising virtual private network ("VPN") solutions and other privacy SaaS products.
- Digital Content - comprising digital platforms which provide reviews and content.
- Digital Security - comprising software and SaaS products offering security, endpoint protection and PC performance.

Year ended 31 December 2022

	Digital Privacy	Digital Content	Digital Security	Total
	2022	2022	2022	2022
	\$'000	\$'000	\$'000	\$'000
Revenue	512,575	71,433	39,475	623,483
Cost of sales	(46,206)	-	(2,784)	(48,990)
Direct sales and marketing costs	(102,794)	(57,031)	(21,458)	(181,283)
Segment result	363,575	14,402	15,233	393,210
Central operating costs				(109,521)
Adjusted EBITDA ⁽¹⁾				283,689
Other operating (expense)/income				(1,525)
Depreciation and amortisation				(154,693)
Employee share-based payment charge				(23,614)
Exceptional or non-recurring costs				(3,764)
Operating profit				100,093
Finance income				26,133
Finance costs				(33,352)
Profit before tax				92,874
Taxation				(21,956)
Profit for the year				70,918

Exceptional or non-recurring costs in 2022 are comprised of non-recurring staff costs of \$0.8 million, \$0.9 million termination costs of onerous contract and \$2.1 million professional services and other business combinations related costs.

Year ended 31 December 2021

	Digital Privacy	Digital Content	Digital Security	Total
	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000
Revenue	117,042	75,581	38,042	230,665
Cost of sales	(13,370)	-	(2,602)	(15,972)
Direct sales and marketing costs	(29,222)	(37,310)	(20,831)	(87,363)
Segment result	74,450	38,271	14,609	127,330
Central operating costs				(41,288)
Adjusted EBITDA ⁽¹⁾				86,042

Adjusted EBITDA	38,258
Other operating (expense)/income	947
Depreciation and amortisation	(33,657)
Employee share-based payment charge	(5,224)
Exceptional or non-recurring costs	(9,850)
Operating profit	38,258
Finance income	5,580
Finance costs	(11,179)
Profit before tax	32,659
Taxation	(9,273)
Profit for the year	23,386

Exceptional or non-recurring costs in 2021 are comprised of non-recurring staff costs of \$6.0 million which comprise of \$4.4 million one-off bonus award to the management team for the acquisition of ExpressVPN, \$0.9 million employer cost related to management share option exercise, \$0.6 million employees onerous contract termination costs and \$3.9 million professional services and other business combinations related costs.

(1) Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating income/(expense) and employee share-based payment charges as set out in note 4.

Assets and liabilities by reportable segment

Total assets and liabilities per segment are not regular provided to the chief operating decision maker and as such no segment disclosure for assets and liabilities has been disclosed.

Information about major customers

In 2022 and 2021 there were no customers contributing more than 10% of total revenue of the Group.

Geographical analysis of revenue

Revenue by residence of the recording subsidiary:

	2022 \$'000	2021 \$'000
Europe	147,257	143,965
Asia	414,190	20,466
US	62,036	66,234
	623,483	230,665

Geographical analysis of non-current assets

	2022 \$'000	2021 \$'000
US	185,083	198,864
Singapore	1,013,739	1,124,335
France	5,588	5,690
Romania	14,253	12,954
Germany	4,696	5,904
Israel	146,139	149,580
UK	560	154
Other	6,885	12,756
Total intangible assets, right-to-use assets and property, plant and equipment	1,376,943	1,510,237

4 Operating profit

Adjusted EBITDA

Adjusted EBITDA is a company-specific measure which is calculated as operating profit before depreciation (including right-to-use assets amortisation), amortisation, exceptional or non-recurring costs, other operating income/(expense) and employee share-based payment charges.

As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

Adjusted EBITDA is calculated as follows:

	2022 \$'000	2021 \$'000
Operating profit	100,093	38,258
Depreciation and amortisation	154,693	33,657
Other operating expense/(income)	1,525	(947)
Employee share-based payment charge	23,614	5,224
Non-recurring costs:		
Non-recurring staff costs	752	5,969
Professional services related to business combination	2,087	3,881
Termination cost of Onerous contract	925	-
Adjusted EBITDA	283,689	86,042

Other operating expense in 2022 is comprised mainly of \$1.3 million expense from deferred consideration Fair value movement through profit and loss and \$0.3 million loss from disposals of Cryptocurrencies, this partially offsets with \$0.1 million gain from fixed assets disposals.

Operating profit has been arrived at after charging:

	2022 \$'000	2021 \$'000
Exceptional or non-recurring operating costs		
Non-recurring staff costs	752	5,969
Professional services related to business combination	2,087	3,881
Termination cost of Onerous contract	925	-
	<u>3,764</u>	<u>9,850</u>

Auditor's remuneration:

Group audit and Parent Company (BDO)	398	304
Audit of subsidiaries (BDO)	389	270
Audit of subsidiaries (non-BDO)	80	-
Amortisation of intangible assets	143,814	29,066
Depreciation	1,915	696
Amortisation of Right-to-use assets	8,964	3,895
Employee share-based payment charge	<u>23,614</u>	<u>5,224</u>

Operating costs

Operating costs are further analysed as follows:

	2022 Adjusted \$'000	2022 Total \$'000	2021 Adjusted \$'000	2021 Total \$'000
Direct sales and marketing costs	181,283	181,283	87,363	87,363
Indirect sales and marketing costs	45,322	51,271	19,687	21,217
Selling and marketing costs	<u>226,605</u>	<u>232,554</u>	<u>107,050</u>	<u>108,580</u>
Research and development costs	31,635	40,399	8,176	10,865
Management, general and administrative cost	32,564	45,229	13,425	24,280
Other operating expense/(income)	-	1,525	-	(947)
Depreciation and amortisation	16,704	154,693	7,612	33,657
Total operating costs	<u>307,508</u>	<u>474,400</u>	<u>136,263</u>	<u>176,435</u>

Adjusted operating costs exclude share-based payment charges, exceptional or non-recurring costs, other operating expense/ (income) and amortisation of acquired intangible assets. See note 3.

5 Intangible assets

	Intellectual Property \$'000	Trademarks and Brand \$'000	Customer Lists \$'000	Goodwill \$'000	Internet Domains \$'000	Capitalised Software Development Costs \$'000	Non- Compete \$'000	Cryptocurrencies \$'000	Total \$'000
Cost									
At 1 January 2021	72,264	46,908	31,302	133,181	325	11,700	-	277	295,957
Additions	-	-	-	-	-	5,326	-	794	6,120
Disposals	-	-	-	-	-	-	-	(776)	(776)
Acquisition through business combination	170,332	110,426	332,458	668,952	-	-	4,291	-	1,276,459
At 31 December 2021	242,596	157,334	363,760	792,133	325	17,026	4,291	295	1,577,760
Additions	-	-	-	-	-	15,418	-	392	15,810
Disposals	-	-	-	-	-	-	-	(687)	(687)
At 31 December 2022	242,596	157,334	363,760	792,133	325	32,444	4,291	-	1,592,883
Accumulated amortisation									
At 1 January 2021	(40,722)	(11,769)	(8,362)	-	-	(7,165)	-	-	(68,008)
Charge for the year	(8,445)	(5,575)	(11,145)	-	-	(3,021)	(880)	-	(29,066)
At 31 December 2021	(49,167)	(17,344)	(19,497)	-	-	(10,186)	(880)	-	(97,074)
Charge for the period	(38,429)	(10,379)	(88,109)	-	-	(5,825)	(1,072)	-	(143,814)
At 31 December 2022	(87,596)	(27,723)	(107,606)	-	-	(16,011)	(1,952)	-	(240,888)
Net book value									
At 1 January 2021	31,542	35,139	22,940	133,181	325	4,535	-	277	227,957
At 31 December 2021	193,429	140,000	343,257	792,133	325	6,840	4,291	392	1,480,687
At 31 December 2022	155,000	129,611	256,154	792,133	325	16,433	4,291	-	1,349,007

At 1 January 2021	31,542	35,139	22,950	133,181	325	4,535	-	277	227,949
At 31 December 2021	193,429	139,990	344,263	792,133	325	6,840	3,411	295	1,480,686
At 31 December 2022	155,000	129,611	256,154	792,133	325	16,433	2,339	-	1,351,995

Business Combinations

On 5 March 2021, the Group acquired 100% of the share capital of Uma Capital Ltd and Ani Ariel Ltd, the owners of Webselenese Ltd ("Webselenese"), a digital platform which provides independent and highly valued consumer privacy and security content to millions of users globally via market leading review sites.

On 15 December 2021, the Group acquired certain assets, liabilities and service entities together comprising the ExpressVPN business ("ExpressVPN") from Access Global Limited and its subsidiaries ("Access Global"). ExpressVPN is one of the most recognised brands in the digital privacy space and the Acquisition creates a premium digital privacy and security player best positioned to serve the growing demand for digital privacy.

During the measurement period the Company recorded adjustments to assets and liabilities assumed, an increase in the value of trademark and technology of \$5.5 million and \$26.2 million, respectively, and a reduction of the customer list value by \$32.1 million, as well as a reduction in the deferred tax liabilities of \$5.5 million. The net effect of these adjustments was a corresponding \$5.1 million increase in goodwill. See Note 8.

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGUs), or group of units that are expected to benefit from that business combination. ExpressVPN was allocated to the Digital Privacy group of CGUs. Digital Privacy is the group of CGUs that is expected to benefit from the synergies of the business combination and represents the lowest level in the Company at which the goodwill is monitored for internal management purposes.

Impairment

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. Goodwill allocated to the Digital Privacy group of CGUs has a carrying amount of \$681.5 million (2021: \$681.5 million), the Digital Content CGU has a carrying amount of \$98.9 million (2021: \$98.9 million) and the Digital Security group of CGUs has a carrying amount of \$11.7 million (2021: \$11.7 million).

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

For the Digital Privacy group of CGUs, the recoverable value has been determined from value in use calculations based on cash flow projections for the next five years from the most recent budgets approved by management and extrapolated cash flows beyond this period using an estimated growth rate of 3 per cent (2021: 3 per cent). This rate does not exceed the average long-term growth rate for the relevant markets. If the growth rate was decreased by 2 percentage point the recoverable amount would still exceed the carrying value. The rate used to discount these forecast cash flows is 13.5 per cent (2021: 14 per cent). The change with the discount rate is attributed to a change with the group of CGUs Risk Premium and Risk-free rates.

If the discount rate was increased by 7 percentage points the recoverable amount would still exceed the carrying value. There is no reasonably possible change in assumption that would give rise to an impairment.

For the Digital Content CGU, the recoverable value has been determined from value in use calculations based on cash flow projections for the next five years from the most recent budgets approved by management and extrapolated cash flows beyond this period using an estimated growth rate of 3 per cent (2021: 3 per cent). This rate does not exceed the average long-term growth rate for the relevant markets. If the growth rate was decreased by 2 percentage point the effect on the recoverable amount would still exceed the carrying value. The rate used to discount these forecast cash flows is 16 per cent (2021: 15 per cent). The change with the discount rate is attributed to a change with the CGU Risk Premium and Risk-free rates.

If the discount rate was increased by 9 percentage points the recoverable amount would still exceed the carrying value. There is no reasonably possible change in assumption that would give rise to an impairment.

For the Digital Security group of CGUs, the recoverable value has been determined from value in use calculations based on cash flow projections for the next five years from the most recent budgets approved by management and extrapolated cash flows beyond this period using an estimated growth rate of 3 per cent (2021: 3 per cent). This rate does not exceed the average long-term growth rate for the relevant markets. If the growth rate was decreased by 2 percentage point the recoverable amount would still exceed the carrying value. The rate used to discount these forecast cash flows is 13.5 per cent (2021: 17 per cent).

If the discount rate was increased by 4 percentage points the recoverable amount would still exceed the carrying value. There is no reasonably possible change in assumption that would give rise to an impairment.

6 Shareholder's equity

	2022 Number of Shares	2021 Number of Shares
Issued and paid-up ordinary shares of \$0.0001	431,274,804	358,747,494

Movement in shareholder's equity

Ref	Ordinary shares	Additional paid in capital	Total consideration
	Number	\$'000	\$'000
At 1 January 2021	222,297,716	22	
Webselenese (a)	12,123,769	1	28,548
			28,549

acquisition				
Share issuance (net of fees)	(b)	76,543,209	8	348,382
ExpressVPN acquisition	(c)	47,782,800	5	232,110
At 31 December 2021		358,747,494	36	
Share issuance (net of fees)	(d)	71,762,618	7	213,096
Consideration shares	(e)	764,692	*	-
At 31 December 2022		431,274,804	43	

* amounts below 1 thousands

- (a) On 26 March 2021, the company issued total of 12,123,769 ordinary shares of \$0.0001, as part of Webselenese acquisition to Webselenese's founders and two senior members of staff. Webselenese's founders share consideration is subject to lock-up periods, of which 50% until the first anniversary of closing, 25% until 18 months from closing and the remaining 25% until the second anniversary.
- (b) On 1 October 2021, the company issued a total of 76,543,209 new ordinary shares of \$0.0001 each were subscribed by investors, at an issue price of 337.5 pence per Placing Share. Total issue costs amounted to \$2,636 thousands. The Net amount proceeds after issue costs from the share issuance is \$348.4 million.
- (c) On 16 December 2021, the company issued total of 47,782,800 ordinary shares of \$0.0001, to Peter Burchhardt and Dan Pomerantz, ExpressVPN's co-founders, representing approximately 13.6% of the enlarged issued share capital of Kape. The share consideration is subject to lock-up periods, of which 50% until the first anniversary of closing, 25% until 18 months from closing and the remaining 25% until the second anniversary, as further disclosed in Note 8.
- (d) On 3 October 2022, the company issued a total of 71,762,618 new ordinary shares of \$0.0001 each were subscribed for by investors, at an issue price of 265 pence per share. The amount proceeds from the share issuance is \$213.1 million net of issue costs of \$2.4 million.
- (e) As part of the LTM Holdings acquisition in 2019, the Company undertook to issue 42,701,548 new ordinary shares ('Consideration Shares') to be paid in three phases. LTM co-founders Andrew Lee and Steve DeProspero would each been entitled to be issued 19,247,723 Consideration Shares, representing approximately 10.4% of the enlarged issued share capital of Kape, of which 5,250,363 were issued on completion, 10,498,020 were due to be issued on the first anniversary of completion and 3,499,340 would have been issued on the second anniversary of completion. On 28 October 2020, the Company and LTM Co-founders have reached an agreement with respect to the repurchase of the Initial Consideration Shares and their right to receive the Deferred Consideration Shares by the Company, for a total consideration of approximately \$72.5 million. Out of which, \$52.7 million were paid for the deferred share consideration and \$19.8 million paid for the Initial consideration shares and recognised as treasury. On 6 November 2020, the Company completed the transaction. The balance of the Consideration Shares, being 4,206,102 in aggregate, are to be issued to four senior executives of PIA, of which 1,147,333 were issued on completion, 2,294,077 were issued on the first anniversary of completion and 764,692 were issued on 5 January 2022.

Treasury shares and company's Employee Benefit Trust

As at 31 December 2022, the Company holds in the treasury total of 3,502,933 of ordinary shares of \$0.0001 par value (2021: 9,800,809) and company's Employee Benefit Trust holds 4,000,000 (2021: Nil) ordinary shares. During 2022, 2,297,876 of ordinary shares of \$0.0001 par value were transferred out of treasury to satisfy the exercise of options by the company employees (2021: 1,540,482), 4,000,000 of ordinary shares of \$0.0001 par value were transferred out of treasury to the company's Employee Benefit trust as part of a jointly owned equity shares award to members of the executive management, and Nil (2021: 901,823) of ordinary shares of \$0.0001 par value were transferred into treasury following surrendering of share by the Group's Executive Directors when exercised while utilising the net cashless exercise and indemnification from PIA share consideration ESCROW.

Dividends

No dividend was declared in 2022 and 2021.

Reserves

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed or share capital in excess of nominal value)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income
Foreign exchange	Cumulative foreign exchange differences of translation of foreign operations
Shares to be issued	Deferred share consideration

In accordance with Isle of Man Company Law, all of the reserves with the exception of share capital are distributable.

7 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2022 cents	2021 Cents
Basic earnings per share:		
From continuing operations	19.2	9.6
Total basic earnings per share	19.2	9.6
Diluted earnings per share:		
From continuing operations	18.8	9.4
Total diluted earnings per share	18.8	9.4
Adjusted basic	56.9	23.8

Adjusted basic	55.6	23.1
Adjusted diluted	55.6	23.1

Adjusted earnings per share is a non-GAAP measure and therefore the approach may differ between companies. Adjusted earnings have been calculated as follows:

	2022 \$'000	2021 \$'000
Profit for the year	70,918	23,386
Post tax adjustments:		
Employee share-based payment charge	24,397	5,546
Exceptional or non-recurring costs	3,410	8,968
Amortisation on acquired intangible assets	122,171	24,217
Other operating expense/(income)	1,473	(852)
Gain on early payment of Deferred Cash Consideration	(17,213)	-
Finance expenses/(income) on deferred consideration for business combination, lease liabilities, forward contract and currency option transaction	4,500	(3,640)
Adjusted profit for the year	209,656	57,625
	Number	Number
Denominator - basic:		
Weighted average number of equity shares for the purpose of earnings per share	368,719,684	241,960,504
Adjustments for calculation of diluted earnings per share:		
Impact of potentially dilutive shares related to employee options	8,183,989	7,002,360
Denominator - diluted		
Weighted average number of equity shares for the purpose of diluted earnings per share	376,903,673	248,962,864

The Company holds shares in treasury and in the Company's Employee Benefit Trust. These are excluded from the weighted average number of ordinary shares for the purposes of calculating EPS as they are not outstanding. The Deferred Consideration Shares issuable to the sellers of PIA, of which 764,692 were issued on 5 January 2022, are included for the full period in calculating the weighted average number of shares outstanding as solely the passage of time means they are not contingently issuable shares.

The difference between weighted average number of Ordinary shares used for basic earnings per share and the diluted earnings per share 8,183,989 (2021: 7,002,360) being the effect of all potentially dilutive shares derived from the number of share options granted to employees.

8 Business combinations

(a) Acquisition of Webselenese Ltd.

On 5 March 2021, the Group acquired 100% of the share capital of Uma Capital Ltd and Ani Ariel Ltd, which are the owners of Webselenese Ltd ("Webselenese"), a digital platform which provides independent and highly valued consumer privacy and security content to millions of users globally via market leading review sites, and Gclid Ltd ("Gclid") assets, owed reviews website.

No changes have been recorded to the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, as previously disclosed. As summary of the acquisition is included below:

	Acquiree's carrying amount before combination	Fair value
	\$'000	\$'000
Fixed assets, net	255	255
Trade and other receivables	7,257	7,257
Deferred tax asset	615	615
Cash and Cash equivalents	3,087	3,087
Right of use assets	509	591
Brand	-	25,829
Customer lists	-	10,927
Non-compete	-	4,291
Technology	1,224	12,993
Trade and other payables	(2,887)	(2,887)
Lease liabilities	(554)	(591)
Deferred tax liability	-	(6,185)
	9,506	56,182

Fair value of consideration	
Cash	119,160
Shares	28,548
Deferred and contingent cash considerations	7,357
Goodwill	98,883

Net cash outflow on acquisition of business

	2021 \$'000
Cash consideration	119,160
Cash and cash equivalents acquired	(3,087)
	<u>116,073</u>

Webselesene was acquired for a total consideration of \$155.1 million (including the acquisition of Gclid assets) to be satisfied by combination of:

- A payment upon closing of \$119.2 million in cash.
- Issuance of 12,123,769 ordinary shares of \$0.0001, to Webselesene's founders and two senior members of staff. Webselesene's founders share consideration is subject to lock-up periods, of which 50% until the first anniversary of closing, 25% until 18 months from closing and the remaining 25% until the second anniversary.
- Deferred cash consideration of \$2.99 million for the excess working capital of Webselesene at the closing date. The consideration was settled 90 days after closing.
- Contingent consideration of \$2.6 million which depends on Gclid's assets performance, see note 11.
- Deferred cash consideration of \$1.76 million which represents the excess income tax advances that were paid by Webselesene before the acquisition date. The Company paid \$1.6 million of the consideration during 2022. The consideration balance as of 31 December 2022 is \$0.1 million (2021: \$1.9 million).

(b) Acquisition of ExpressVPN

On 15 December 2021, the Group acquired certain assets, liabilities and service entities together comprising the ExpressVPN business ("ExpressVPN"). ExpressVPN is one of the most recognised brands in the digital privacy space and the acquisition creates a premium digital privacy and security player best-positioned to serve the growing demand for digital privacy.

New information about facts and circumstances existing at the acquisition date may be obtained within one year of the acquisition date that would give rise to measurement period adjustments. These adjustments may be made to the provisional fair values of assets and liabilities previously recognized or may result in the recognition of additional assets and liabilities, and they are applied on a retrospective basis with comparative prior periods revised in subsequent financial statements to include the effect of those adjustments.

As disclosed in last year's Annual Report, the value of the identifiable net assets of ExpressVPN had only been determined on a provisional basis due to the proximity of the acquisition to the year end and due to an independent valuation being carried out on certain assets not being finalised when the 2021 financial statements were issued. During the year ended December 31, 2022, the Company recognised measurement period adjustments, as follows:

- Trade receivables reduced by \$3.8 million and trade payables increased by \$3.3 million, with a corresponding net increase in goodwill of \$0.5 million.
- Recognition of additional right-of-use assets and lease liabilities, with no impact in goodwill.
- An increase in the value of trademark and technology of \$5.5 million and \$26.2 million, respectively, and a reduction of the customer list value by \$32.1 million, as well as a reduction in the deferred tax liabilities of \$5.5 million. The net effect of these adjustments was a corresponding \$5.1 million decrease in goodwill. As a result, a decrease of \$0.1 million was recognized within the amortization of intangible assets which was slightly offset by increase of \$0.05 million of Deferred tax charge.

Details of the final fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill, are as follows:

	Provisional fair value	Final Fair value \$'000	Change in fair value	Ref
Fixed assets, net	2,214	2,214	-	
Trade and other receivables	20,747	16,979	(3,768)	(a)
Deferred Contract costs	-	-	-	
Cash and Cash equivalents	509	509	-	
Right of use assets	7,245	9,122	1,877	(b)
Trademark	79,082	84,597	5,515	(c)
Customer lists	353,592	321,531	(32,061)	(c)
Technology	131,145	157,339	26,194	(c)
Trade and other payables	(43,242)	(39,896)	3,346	(a)
Contract liabilities	(122,713)	(122,713)	-	
Lease liabilities	(7,245)	(9,122)	(1,877)	(b)

Deferred tax liability	(60,270)	(54,819)	5,451	(c)
	361,064	365,741	4,677	
Fair value of consideration				
Cash	334,539	334,539	-	
Shares	232,115	232,115	-	
Deferred cash consideration	359,156	359,156	-	
Goodwill	564,746	560,069	(4,677)	

Net cash outflow on acquisition of business

	2022 \$'000	2021 \$'000
Cash consideration	-	334,539
Cash and cash equivalents acquired	-	(509)
Deferred cash consideration early settlement payment	345,132	-
	345,132	334,030

ExpressVPN was acquired for a total consideration of \$925.8 million to be satisfied by combination of:

- A payment upon closing of \$334.5 million in cash ("Initial Consideration"). The cash element of the Initial Consideration is subject to adjustment for net cash or debt in the two corporate service entities being acquired as part of the hybrid asset and share acquisition.
- A payment on or before the six-month anniversary of completion, of \$20.0 million. The payment was completed during the period ended 31 December 2022.
- A payment on the first anniversary of completion of \$172.5 million in cash and on the second anniversary of completion of \$172.5 million in cash (the "Deferred Cash Consideration"). The Deferred Cash Consideration was not subject to performance or other conditions and its payment by Kape was secured by way of a charge over the shares in the Buyer. The fair value of the Deferred Cash Consideration as of the acquisition date was \$359.2 million. On September 12, 2022 Kape has signed an agreement (the "Prepayment Agreement") that permits early settlement of the deferred consideration for the acquisition of ExpressVPN. On November 2, 2022 the Company fully repaid the Deferred Cash consideration capturing cash discount of \$19.9 million and finance income of \$17.2 million.
- Issuance of 47,782,800 ordinary shares of \$0.0001, to Peter Burchhardt and Dan Pomerantz, ExpressVPN's co-founders, representing approximately 13.6% of the enlarged issued share capital of Kape. The share consideration is subject to lock-up periods, of which 50% until the first anniversary of closing, 25% until 18 months from closing and the remaining 25% until the second anniversary.

The acquisition agreement contains customary warranties for a transaction of this nature, given by the selling entities in favour of the Buyer and certain limited warranties given by the Group. In addition, the Acquisition agreement contains certain indemnities to the Buyer in respect of a limited number of specific issues identified by the Group. The warranties and indemnities are each subject to certain limitations. The co-founders of ExpressVPN have personally guaranteed to the Buyer the performance by the selling entities of their obligations in respect of the Acquisition. The Group has guaranteed the performance by the Buyer of certain of its obligations in respect of the acquisition.

Peter Burchhardt has the right to appoint one non-executive director to the Board of Kape. This right will continue for so long as the ExpressVPN co-founders, their close family members and their respective wholly owned companies, taken together, hold at least 5% of Kape's ordinary shares, subject to certain anti-dilution protections. Mr Burchhardt exercised this right in September 2022 by nominating Mr Pomerantz as a Non-Executive Director which is also employed by Kape Group in an executive capacity as the General Manager of its Digital Privacy Division

An amount of \$10.8 million of the Consideration Shares will be held in escrow for 24 months from completion of the Acquisition to provide security for claims under the Acquisition documents which are agreed or determined in favour of the Buyer.

9 Related party transactions

The Group is controlled by Unikmind Holdings Limited ("Unikmind") incorporated in British Virgin Islands, which owns 54.8% of the Company's shares as at 31 December 2022. The controlling party, Unikmind Holdings Ltd, has redomiciled from the British Virgin Islands to the Isle of Man. Mr. Teddy Sagi is the sole ultimate beneficiary of Unikmind Holdings Ltd. The Company believe that all Related party transactions were made on an arm's length basis.

(a) Related party transactions

The following transactions were carried out with related parties:

	2022 \$'000	2021 \$'000
Revenue from common controlled company	208	-
Technical support services to end customers and administration services provided by common controlled company	(25)	(271)
Office expenses to common controlled companies	(85)	(44)
Amortisation of Right-to-use assets with common controlled companies	(983)	(410)
Interest expenses from lease liabilities to common controlled companies	(56)	(24)
Other operating income from lease modification to common controlled company	24	38
Software fees provided by common controlled company	(28)	(32)
Issuance cost amortization for Shareholder Deferred Consideration Facility (Note 10)	(6,982)	(144)

Shareholder Deferred Consideration Facility commitment fees (Note 10)	(10,156)	(3,606)
Office subleasing to a common controlled company	54	-
Interest expenses from shareholder short-term loan		(1,275)
Debt issuance costs on short-term shareholder loan	-	(850)
	<u>(18,029)</u>	<u>(6,618)</u>

On 5 March 2021, Kape entered into a binding commitment letter with TS Next Level Investments Limited ("TSNLI"), an affiliate of Unikmind, under which TSNLI committed, subject to limited conditions, to provide to Kape the Bridge Loan of up to \$120.0 million in aggregate. The Bridge Loan carried a fixed coupon of 6.0% per annum payable on funds drawn and an arrangement fee of 1.0%. The Bridge Loan was subordinated to Kape's existing bank facilities and was repayable no later than 31 December 2021. On 2 June 2021, Kape fully repaid the Bridge Loan and its accumulated interest.

On 14 September 2021, TSNLI has entered into binding commitment letters with the Group ("Deferred Consideration Facility"), subject to limited conditions, to make available to Group, if required, loan facilities of up to \$345.0 million in aggregate in connection with Kape's obligation to pay ExpressVPN's Deferred Consideration. Furthermore, Refinancing Facility of up to \$130.0 million provided until the Group achieved the club of banks consent to the acquisition.

The Deferred Consideration Facility also carried an arrangement fee of 1.5% of the total commitments, paid in December 2021 following the completion of ExpressVPN acquisition, and a commitment fee accruing at the rate of 3.50% per annum on undrawn commitments, payable on the earlier of the commitments being cancelled or utilised. Should Kape find an alternative source of financing to fund the payment of the Deferred Consideration or to refinance the Deferred Consideration Facility, the commitment fees will only be payable pro rata for the period during which the commitment under the Deferred Consideration Facility is in place.

On 12 September 2022, the Company entered into an Early repayment agreement with the ExpressVPN founders to pay the deferred cash consideration in advance of the contractual dates in the purchase agreement.

On 2 November 2022, the Company entered into an agreement for Modified bank facility (see Note 10). This Modified debt facility replaced all Kape's existing loan facilities, including the Deferred Consideration resulting from the ExpressVPN acquisition and the Deferred Consideration Facility arrangement with TSNLI. As a result, the Company terminated the Deferred consideration facility from TSNLI and paid the pro-rata Commitment fees up to that date. As of 31 December 2022, the Company paid all the obligations to TSNLI.

(b) Receivables owed by related parties

Name	Nature of transaction	2022 \$'000	2021 \$'000
Parent company	Unpaid share capital	10	10
Companies related by virtue of common control	Other	144	40
		<u>154</u>	<u>50</u>

(c) Payables to related parties

Name	Nature of transaction	2022 \$'000	2021 \$'000
Companies related by virtue of common control	Other	6	74
Companies related by virtue of common control	Accrued commitment fees	-	3,606
		<u>6</u>	<u>3,680</u>

(d) Right-to-use assets and Lease liabilities to related parties

	2022 \$'000	2021 \$'000
Right-to-use assets	7,428	5,313
Lease liabilities	<u>(7,415)</u>	<u>(5,346)</u>

10 Loans and Borrowings

	Term facility \$'000	Revolving credit facility \$'000	Shareholder loan \$'000
At 1 January 2021	35,176	1,560	-
Cash movements:	-	-	-
Bridge Loan	-	-	85,000
Term Facility	85,000	-	-
Revolving credit facility	-	8,207	-
Debt issuance costs	(2,186)	-	(850)
Repayment of loan	(11,818)	-	(85,000)
Interest paid	(1,844)	(90)	(1,275)
Non-cash movements:			

Interest expenses	3,117	204	1,275
Debt issuance costs	-	-	850
Net foreign exchange	-	58	-
At 31 December 2021	107,445	9,939	-
Current liability	19,554	-	-
Non-Current liability	87,891	9,939	-
Cash movements:			
Term Facility	180,455	-	-
Revolving credit facility	-	93,644	-
Debt issuance costs	(3,969)	(1,615)	-
Interest paid	(3,470)	(1,096)	-
Repayment of loan	(21,875)	-	-
Non-cash movements:			
Interest expenses	7,576	2,926	-
Net foreign exchange	-	(482)	-
Gain on loan modification	(169)	(491)	-
At 31 December 2022	265,993	102,825	-
Current liability	29,417	1,187	-
Non-Current liability	236,576	101,638	-

Shareholder loan

On 5 March 2021, Kape has entered into a binding commitment letter with TS Next Level Investments Limited ("TSNLI") under which TSNLI committed, subject to limited conditions, to provide to Kape the Bridge Loan of up to \$120 million in aggregate. The Bridge Loan carried a fixed coupon of 6.0% per annum payable on funds drawn and an arrangement fee of 1.0%. The Bridge Loan was subordinated to Kape's existing bank facilities and was repayable no later than 31 December 2021. On 2 June 2021, Kape repaid the Bridge Loan in full and accumulated interest following closing of a bank debt facility as described below.

Shareholder Deferred Consideration Facility

On 14 September 2021, TS Next Level Investments Limited ("TSNLI"), an affiliate of Unikmind, has entered into binding commitment letters with the Group ("Deferred Consideration Facility"), subject to limited conditions, to make available to Group, if required, loan facilities of up to \$345 million in aggregate in connection with Kape's obligation to pay ExpressVPN's Deferred Cash Consideration. Furthermore, Refinancing Facility of up to \$130 million provided until the Group achieved the club of banks consent to the acquisition.

The Deferred Consideration Facility also carried an arrangement fee of 1.5% of the total commitments, paid in December 2021 following the completion of ExpressVPN acquisition, and a commitment fee accruing at the rate of 3.50% per annum on undrawn commitments, payable on the earlier of the commitments being cancelled or utilised. Should Kape find an alternative source of financing to fund the payment of the Deferred Consideration or to refinance the Deferred Consideration Facility, the commitment fees will only be payable pro rata for the period during which the commitment under the Deferred Consideration Facility is in place.

On 12 September 2022, the Company announced that it had entered into an Early repayment agreement with the ExpressVPN founders to pay the deferred cash consideration in advance of the contractual dates in the purchase agreement. On 2 November 2022 following entering a Modified Bank Facility the Company terminated the Deferred consideration facility from TSNLI and paid the pro-rata Commitment fees up to that date, \$13.8 million (see Note 9).

Bank loan

(a) General

On 28 May 2021 the Company agreed with Bank of Ireland, Barclays Bank PLC, Citi Bank, Citizens Bank, BNP Paribas and Leumi Bank, to replace the existing bank facilities and Shareholder loan with a Modified senior secured bank facilities of up to \$220 million. The bank facilities comprise a \$120 million senior secured term facility, a \$10 million revolving credit facility and a \$90 million uncommitted acquisition facility. Bank of Ireland is the agent bank. These bank facilities had a three-years term with an option to extend the term by up to an additional two years. 50% of the Term Facility will be amortised on a quarterly basis across 36 and the rest was to be paid at a lump-sum payment.

On 15 December 2021 the Banks, have given its consent to the ExpressVPN Acquisition and extended their revolving credit facility to Kape from \$10 million to \$80 million. The revolving credit facility can be utilized according to Kape's needs.

On 2 November 2022, the Company has entered to an agreement for modified bank facilities with its existing lenders Bank of Ireland, Barclays, Citizens Bank, BNP Paribas, Citi Commercial Bank, and Leumi Bank, and two new banks, HSBC and Credit Suisse, who will join the enlarged syndicate. This Modified debt facility replaced all Kape's existing loan facilities, including the Deferred Consideration resulting from the ExpressVPN acquisition and the Deferred Consideration Facility arrangement with TSNLI (see Note 9).

The modified debt facility comprises a \$275.0 million senior secured term facility (the "Modified Term Facility"), a \$150.0 million revolving credit facility (the "RCF") and an uncommitted \$75.0 million facility (together the "Modified Debt Facilities"). Bank of Ireland is the agent bank. The Modified Debt Facilities have a four-years term with an option to extend the term by up to an additional one year. 40% of the Term Facility will be amortised on a quarterly basis across 48 months starting December 2022, and a bullet payment on 2 November 2026. The Modified Debt Facilities carry an opening Margin of 2.75% above Applicable Reference Rate per annum. The Company paid arrangement fees of 0.75% for the Modified Term Facility and the RCF, \$3.2 million.

Term Facility

The term facility comprised from \$94.5 million remaining from the existing term facility and net proceeds of the Modified Term Facility of \$176.5 million after deducting commissions and other direct costs of the Term Facility. Commissions and other direct costs of the Term Facility have been offset against the principal balance and are amortised throughout the loan.

The Term Facility carries an interest rate of 3 months Applicable Reference Rate, which is USD SOFR or EUR EURIBOR or GBP SONIA, (as of the beginning of the relevant period) plus an opening Margin of 2.75% per annum.

The applicable Margin is linked to the Adjusted Leverage, tested at the end of each quarter for the preceding 12 months, with a range of 2%-3% per annum.

The applicable margin as of 31 December 2022, is 2.75% (2021: 2.75%) and the effective interest rate, after considering debt issuance, cost is 7.72% (2021: 3.866%).

RCF

A \$150.0 million revolving credit facility, that carries a commitment fee for the unused facility of 35% of the applicable Margin and interest rate as of the Term Facility for the used facility. As of 31 December 2022, the total credit facility drawn amount is \$103.2 million.

(b) Security

The Modified Debt Facilities are secured by first ranking security over all assets (including material Intellectual Property) of Kape Technologies Plc ("Parent") and her material subsidiaries ("Obligors") and over the shares in all Obligors (other than the Parent).

(c) Loan Covenants

The Group is required to comply with the following financial covenants:

- The ratio of EBITDA to Net Finance Charges ("Interest Cover") shall not be less than 4.0x in respect of any Relevant Period.
- The ratio of Total Net Debt on the last day of the relevant period to Adjusted EBITDA in respect of that Relevant period ("Adjusted Leverage"), shall not exceed 3x. Under some condition agreed with club of bank, the Company Net leverage can reach up to 3.5x due to acquisition spike for a period of 6 months following acquisition.

As of 31 December 2022, the Group has met the financial covenants as follows:

- Interest Cover: 8
- Adjusted Leverage: 0.68

The Group has been fully compliant with debt covenants through the period.

Fair Value

As of December 31, 2022, the fair values are not materially different from the carrying amount of the Bank Loan, since the interest payable is deemed to be market rate.

Interest

For the year ended 31 December 2022 the difference between the interest expense and the interest paid is mainly due to the interest payable balance of \$4.3 million and difference between the effective interest rate to the nominal interest rate of the loan.

11 Deferred and contingent consideration

	DriverAgent Acquisition	Private Internet Access Inc acquisition - deferred cash consideration	Private Internet Access Inc acquisition - deferred assets consideration	Websele nense acquisition	ExpressVPN acquisition	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	192	14,302	247	-	-	14,741
Deferred consideration payments	-	(10,714)	-	(3,332)	-	(14,046)
Non-Cash deferred consideration proceeds	-	-	(247)	-	-	(247)
Arising from business combination (see note 8)	-	-	-	7,357	359,156	366,513
Fair value movement through profit and loss	(140)	-	-	370	-	230
Unwinding of discount	-	696	-	42	170	908
Foreign Exchange movements	-	-	-	188	-	188
At 31 December 2021	52	4,284	-	4,625	359,326	368,287
Current	-	4,284	-	4,625	190,428	199,337
Non Current	52	-	-	-	168,898	168,950
Contingent consideration	-	-	-	(472)	-	(472)

payments						
Deferred consideration	-	-	-	(1,547)	(345,132)	(346,679)
payments						
Fair value movement	(52)	-	-	1,434	-	1,382
through profit and loss						
Early settlement discount	-	-	-	-	(17,213)	(17,213)
Unwinding of discount	-	-	-	63	3,019	3,082
Foreign Exchange movements	-	-	-	(102)	-	(102)
At 31 December 2022	-	4,284	-	4,001	-	8,285
Current	-	4,284	-	4,001	-	8,285
Non Current	-	-	-	-	-	-

(a) Acquisition of DriverAgent intangibles

In October 2016, the Group acquired the intellectual property of PC maintenance software product, DriverAgent, from eSupport.com, Inc for a total consideration of \$1.2 million. As for 31 December 2022, the consideration balance is \$Nil (2021: \$0.05 million).

(b) Acquisition of Private Internet Access Inc

On 13 December 2019, the Group acquired 100% of the share capital of LTMI Holdings ("PIA"). LTMI is the holding company for Private Internet Access Inc ("PIA"), a leading US-based digital privacy company with strong position in the data privacy services. PIA was acquired for a total consideration of \$130.1 million (including the \$5.7 million to PIA phantom shareholder) and an enterprise value of \$162.3 million (including \$32.2 million for repayment of PIA's existing debt), to be satisfied by a combination of \$85.0 million cash and issuance of 42,701,548 new Kape ordinary shares to be paid in three phases:

- A payment upon closing of \$65.0 million in cash of which \$27.1 million to PIA founders, \$5.7 million to PIA phantom shareholder and \$32.2 million for repayment of PIA's existing debt, and 11,648,059 Consideration shares.
- A payment on the first anniversary of completion of \$5.0 million in cash ("Deferred cash consideration"), 23,290,117 Consideration shares and Company owned cars ("Deferred assets consideration").
- A payment on the second anniversary of completion of \$15.0 million in cash ("Deferred cash consideration"), 7,763,372 Consideration shares and Company owned cars ("Deferred assets consideration").

On 28 October 2020, the Company and the LTMI Founders reached an agreement with respect to the sale and purchase of the Initial Consideration Shares and their right to receive the Deferred Consideration Shares, for a total consideration of approximately \$72.5 million. On 6 November 2020, the Company completed the transaction. As of 31 December 2020, the Company holds the Initial Consideration Shares in Treasury.

On 6 January 2022, the Company issued 764,692 new ordinary shares following the second anniversary of completion. As of 31 December 2022, the share consideration balance is \$Nil (2021: \$1.35 million).

As of 31 December 2022, the deferred consideration balance included \$4.3 million (2021: \$4.3 million) of deferred cash consideration. The balance is expected to be paid on the year ending 31 December 2023.

(c) Acquisition of Webselenese

On 5 March 2021, the Group acquired 100% of the share capital of Uma Capital Ltd and Ani Ariel Ltd, which are the owners of Webselenese Ltd ("Webselenese") and assets from Gclid Ltd, a digital platform which provides independent and highly valued consumer privacy and security content to millions of users globally via market leading review sites, as further described in Note 8. The acquisition consideration included the following deferred and contingent considerations:

- Deferred cash consideration of \$2.99 million for the excess working capital of Webselenese at the closing date. The consideration was settled 90 days after closing.
- Gclid will receive 8% from EBITDA resulted from Gclid assets sold. The Company can acquire the royalties right at any point, in amount equal the last 12 months EBITDA multiple by 5.5. As of the acquisition date the fair value of the contingent consideration was \$2.6 million. The Company paid \$0.5 million during 2022. As of 31 December 2022, the contingent consideration fair value is \$3.9 million (2021: \$2.7 million).
- Deferred cash consideration of \$1.76 million which represents the excess income tax advances that were paid by Webselenese before the acquisition date. The Company paid \$1.6 million of the consideration during 2022. The consideration balance as of 31 December 2022 is \$0.1 million (2021: \$1.9 million).

(d) Acquisition of ExpressVPN

On 15 December 2021 (the "Closing date", "Completion"), the Group acquired certain assets, liabilities and service entities together comprising the ExpressVPN business ("ExpressVPN") from Access Global Limited and its subsidiaries ("Access Global"). ExpressVPN is one of the most recognised brands in the digital privacy space and the Acquisition creates a premium digital privacy and security player best positioned to serve the growing demand for digital privacy, as further described in Note 8.

ExpressVPN was acquired for a total consideration of \$925.8 million to be satisfied by combination of:

- A payment upon closing of \$334.5 million in cash ("Initial Consideration"). The cash element of the Initial Consideration is subject to adjustment for net cash or debt in the two corporate service entities being acquired as part of the hybrid asset and share acquisition.
- A payment on or before the six-month anniversary of completion, of \$20.0 million. The payment was completed during the period ended 31 December 2022.
- A payment on the first anniversary of completion of \$172.5 million in cash and on the second anniversary of completion of \$172.5 million in cash (the "Deferred Cash Consideration"). The Deferred Cash Consideration was not subject to performance or other conditions and its payment by Kape was secured by way of a charge over the shares in the Buyer. The fair value of the Deferred Cash Consideration as of the acquisition date was \$359.2 million. On September 12, 2022 Kape has

signed an agreement (the "Prepayment Agreement") that permits early settlement of the deferred consideration for the acquisition of ExpressVPN. On November 2, 2022 the Company fully repaid the Deferred Cash consideration capturing cash discount of \$19.9 million and finance income of \$17.2 million.

- Issuance of 47,782,800 ordinary shares of \$0.0001, to Peter Burchhardt and Dan Pomerantz, ExpressVPN's co-founders, representing approximately 13.6% of the enlarged issued share capital of Kape. The share consideration is subject to lock-up periods, of which 50% until the first anniversary of closing, 25% until 18 months from closing and the remaining 25% until the second anniversary.

12 Subsequent events

(a) [Offer for Kape Technologies plc](#)

Unikmind Holdings Ltd ("Unikmind") under Rule 2.7 of the City Code on Takeovers and Mergers (the "Code") has made a cash offer to acquire the entire issued and to be issued share capital of the Company not already held by Unikmind at a price of \$3.44, being equivalent to 285 pence per Kape share based on the exchange rate of £1:US\$1.2058 as at 21:59 UKT on 10 February 2023 as derived from data provided by Bloomberg ("Announcement Exchange Rate") (the "Offer").

Unikmind first approached the Company on 9 December 2022 with a proposal to make an offer for the Company at 265 pence per share. Having carefully considered this proposal, the Independent Directors rejected it as offering insufficient value to shareholders. However, the Independent Directors did agree, on Unikmind entering into a non-disclosure agreement ("NDA") which, inter alia, included a standstill provision precluding Unikmind from buying Kape shares in the market until the earlier of (i) the date on which Kape announces its full year results for the twelve months ended 31 December 2022 and (ii) 31 March 2023 ("NDA Standstill"), to provide to Unikmind access to certain limited information about the business and its prospects in order to encourage a higher offer from Unikmind.

On 13 January 2023, Unikmind made a revised proposal to the Independent Directors at the amount equivalent of 285 pence per ordinary share. In light of the stated intention of Unikmind to seek a delisting of the Company regardless of the outcome of the Offer, and the ability of Unikmind to acquire further Kape shares without constraint once the NDA Standstill expires, the Independent Directors believe that it was in the interests of shareholders for the Company to grant Unikmind a partial standstill release from the NDA Standstill to allow Unikmind's proposal to be presented to Kape shareholders for their consideration.

(b) **Silicon Valley Bank Collapsing**

On Friday, March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection & Innovation and the FDIC was named Receiver. No advance notice is given to the public when a financial institution is closed. The FDIC has created the Deposit Insurance National Bank of Santa Clara (DINB) to facilitate the resolution of Silicon Valley Bank. To protect the depositors, the FDIC created the Deposit Insurance National Bank of Santa Clara (DINB) to allow depositors access to their insured deposits and time to open accounts at other insured institutions.

The Company held immaterial cash balance with Silicon Valley Bank and all was withdrawn to other bank accounts.

Shareholder information and advisors

Shareholder information, including financial results, news and information on products and services, can be found at www.kape.com.

Independent Auditor	Corporate Legal Advisors
BDO LLP 55 Baker Street London W1U 7EU	Bryan Cave Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Nominated Advisor and Joint Broker	Joint Broker
Shore Capital & Corporate Limited Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V6ET
Investor Relations	Registrars
Vigo Communications Sackville House 40 Piccadilly London W1J 0DR	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES

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Stock exchanges

The Company's ordinary shares are listed on the AIM market of the London Stock Exchange under the symbol "KAPE". The Company does not maintain listings on any other stock exchanges.

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