

AppRiver Acquisition Conference Call

NASDAQ: ZIXI

January 15, 2019

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Detailed explanations of our non-GAAP financial measures and reconciliations of our adjusting items to the most directly comparable GAAP financial measure can be found at <http://investor.zixcorp.com> and in appendix A.



Agenda

- I. The Big Picture
- II. Transaction Overview
- III. Rationale & Benefits
- IV. AppRiver Overview
- V. AppRiver Product and Solutions Overview
- VI. Combined Company Snapshot
- VII. Prelim Q4 & FY 2018 Results
- VIII. Pro-forma Financial Highlights
- IX. Combined Company Q4 & FY 2019 Outlook
- X. Acquisition Key Takeaways
- XI. Q&A

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I. Combining Two Leading Cloud-based Email Security Companies



Email Encryption

Advanced Threat Protection

Unified Archiving

Advanced Threat Protection

Secured Archiving

Email Encryption

Secure Hosted Exchange

Microsoft Office 365 Reseller

Creating a Complete Email and Security Solutions Provider for SMBs

II. Transaction Overview

Signed

January 14, 2019

Total Consideration

\$275 million of cash at close, plus transaction expenses

Sources of Financing

\$100 million convertible preferred equity investment by True Wind Capital; New five-year \$175 million term loan commitment from SunTrust Bank and KeyBanc Capital Markets

Financial Impact

- **Accelerating Growth:** Expected to add \$105 million to annual recurring revenue (ARR) as of deal close
- **Synergies:** Approximately \$8 million of cost savings are expected to be realized in approximately the first 12 to 18 months following the acquisition's close

Board of Directors

Existing Zix Board of Directors to be expanded at closing to include True Wind Capital Founding Partner James H. Greene Jr. and Principal Brandon Van Buren

Anticipated Close

Q1 2019; subject to HSR clearance and other customary closing conditions



III. Rationale & Benefits

Enhancing Shareholder Value Through Scale, Strengthened Market Position, Cross-Selling Opportunities and a Stronger Platform for Future Acquisitions



Significant Scale & Accelerating Growth



Strengthened Position in Cloud-based Email Security Market



Attractive Cross-Selling Opportunities



IV. AppRiver Overview

- **Founded** in 2002
- **Headquartered** in Gulf Breeze, FL
- **Channel-first provider** of **cloud-based** cybersecurity solutions, including advanced threat protection, web protection, email encryption, secure archiving and email continuity
- One of the **world's leading providers of secure hosted email solutions** for SMB with enhanced security and compliance functionality for Microsoft Office 365 solutions
- **Best in class and award-winning customer support** through **Phenomenal Customer Care**
- **AppRiver's proprietary Nautical platform** provides superior deployment and ease-of-use for partners and customers to provision & manage customers and users
- **100% cloud-based** subscription revenue with 60,000+ customers and 4,500+ partners



V. AppRiver Product and Solutions Overview

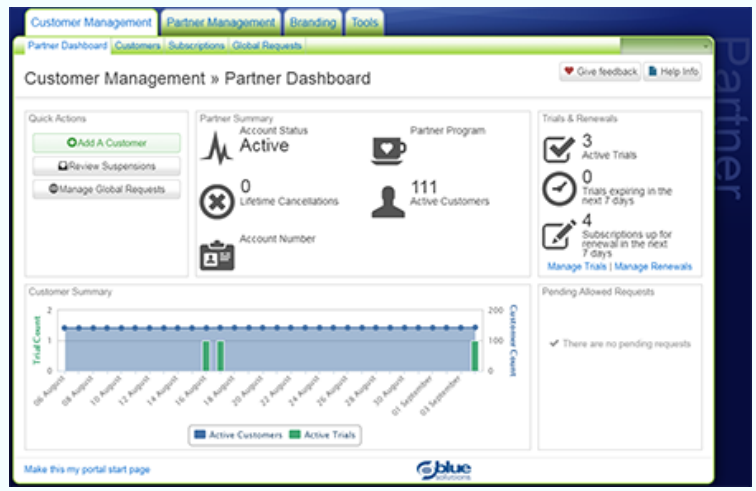
Products Nautical Cloud Platform Support & Services

Office 365 Secure Hosted Exchange Email Security

Endpoint Security Email Encryption Email Continuity

Email Archiving Web Security

- Leading cloud-based cybersecurity and productivity suite
- Advanced proprietary technology and machine learning in combination with expert human analysis protects SMBs worldwide



- Next-generation business management platform specifically designed to support full suite of AppRiver products and services
- Nautical increases the opportunity for creative add-on packaging and offers incentives to increase cross-sell velocity of AppRiver’s proprietary products
- Enables smooth management of customers and partners through its modern architecture, which allows rapid integration of SaaS applications



- Free Trial for all products
- Personalized on-boarding experience with expert migration assistance
- 24x7 U.S.-based technical support
- ~70 experienced support associates
- Award-winning 24x7 white-glove Phenomenal Care customer service

VI. Combination Creates Leading Cloud-based Email Security Provider to SMB Market¹

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appriver

Combined Company²

~\$70.4M

2018 Forecast Revenue

7%

2018 Forecast Revenue Growth

~\$76.0M

2018 Forecast Annual Recurring Revenue

28%

Adjusted EBITDA Margin³

21,000+

Total Customers

~\$97M

2018 Forecast Revenue

14%

2018 Forecast Revenue Growth

~\$105M

2018 Forecast Annual Recurring Revenue

12%

Adjusted EBITDA Margin

60,000+

Total Customers

~\$167.4M

2018 Forecast Revenue

11%

2018 Forecast Revenue Growth

~\$181.0M

2018 Forecast Annual Recurring Revenue

20%

Adjusted EBITDA Margin

80,000+

Total Customers



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1. All numbers are preliminary and unaudited
2. Pro-forma

3. Zix adjusted EBITDA Margin is for the year-to-date period ending September 2018

VII. Zix Preliminary Q4 and FY 2018 Financial Results

<i>\$ in millions</i>	2016	2017	Prelim Q4 2018 Results	Prelim 2018 Results	Prelim 2018 Growth Rate
New First Year Orders (NYFOs)	\$9.5	\$9.3	\$3.0-\$3.1	\$11.2-\$11.3	20%
Revenue	\$60.1	\$65.7	\$18.3-18.4	\$70.3-\$70.4	7%
Annual Contract Value (ACV)	\$61.7	\$67.3	\$76.0	\$76.0	13%

All 2018 numbers are preliminary and unaudited

VIII. Pro-forma Financial Highlights

- Expected to add **\$105 million** of **Annual Recurring Revenue (ARR)** upon acquisition close
- **Combined ARR** expected to scale to more than **\$180 million**
- Acquisition expected to **more than double** standalone revenue and adjusted EBITDA
- Approximately **\$8 million of cost savings** expected to be realized within first 12 to 18 months after closing *(not reflected in this chart)*



2018 Prelim Results	zix®	appriver	Combined Company ¹
Total Forecast Revenue	\$70.4	\$97.0	\$167.4
Forecast Annual Recurring Revenue (ARR)	\$76.0	\$105.0	\$181.0
Adjusted EBITDA Margin ³	28%	12%	20%

	Dec. 31, 2018 ²	AppRiver Transaction	Pro-Forma ¹
Cash & Investments	\$27.1	\$4.0	\$31.1
Total Debt	\$0	\$175.0	\$175.0
Total Preferred Equity	\$0	\$100.0	\$100.0

1. Preliminary unaudited financial information
 2. Unaudited summary pro-forma information
 3. Zix Adjusted EBITDA Margin is for the year-to-date period ending September 2018

IX. Combined Company Q4 and FY 2019 Outlook

Q4 2019

- **Revenue:** \$47 million to \$50 million
- **Adjusted EBITDA margin:** 24%

FY 2019

- **ARR:** \$200 million to \$207 million at year-end representing a growth rate of approximately 11% to 15% year-over-year

X. Acquisition Key Takeaways



Significant Scale & Accelerating Growth

- Expected to more than double revenue and adjusted EBITDA
- ARR expected to scale to more than \$180 million
- Approximately \$8 million of cost savings expected to be realized in first 12 to 18 months after closing



Strengthened Position in Cloud-based Email Security Market

- Enhances opportunity to capture more mailboxes undergoing migration to the cloud
- Expands go-to-market channels with a 4,500 strong Managed Service Provider (MSP) reseller community and Nautical platform
- Bolsters security offering, including adding endpoint anti-virus solution



Attractive Cross-Selling Opportunities

- Significantly expands customer base with minimal overlap
- Provides opportunity to sell Zix's proprietary security products into AppRiver's 60,000+ customer base
- Provides opportunity to attach AppRiver's O365 solutions to Zix's base



Shareholder Value Creation

- Enables continued profitable growth with opportunity to accelerate growth trajectory
- Provides a platform to drive higher attach rates, customer retention and capture greater share of business communication market

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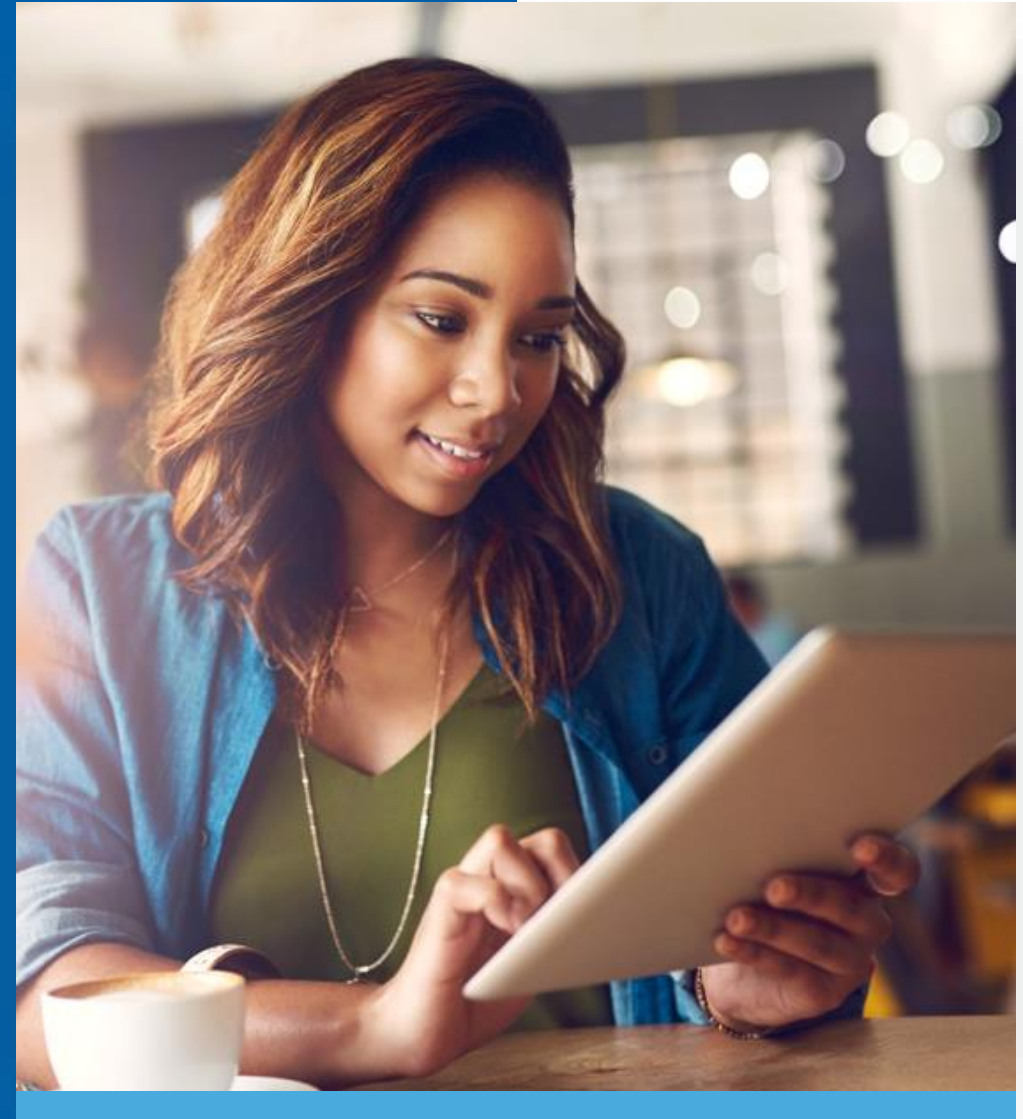
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Appendix

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Reconciliation of GAAP to Non-GAAP Financial Measures

ZIX CORPORATION

Reconciliation of GAAP Net income to EBITDA and Adjusted EBITDA:

(Unaudited)

	Nine Months Ended September 30, 2018
Revenue	52,029,000
Net income	\$ 6,188,000
Income tax provision	2,455,000
Depreciation	1,756,000
Amortization	877,000
EBITDA	\$ 11,276,000
Stock-based compensation charges	2,373,000
Strategic consulting and litigation costs	923,000
Corporate separation payment	(12,000)
Adjusted EBITDA	\$ 14,560,000
Adjusted EBITDA %	28%