

Darktrace plc FY 2021 results

15 September 2021



Disclaimer

Cautionary Statement

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Meet the Team

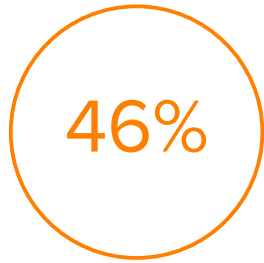


Poppy Gustafsson
Chief Executive Officer
with Darktrace since inception
16 years' industry experience

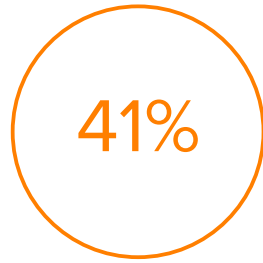


Cathy Graham
Chief Financial Officer
Joined Darktrace in 2020
30 years' industry experience

Key Milestones FY 2021



Constant currency
ARR growth



Y-o-Y revenue
growth



Y-o-Y customer
base growth



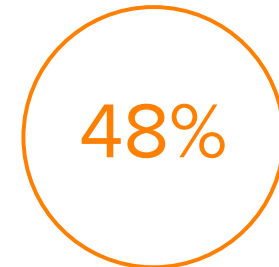
Closed largest ever deal
in our history

\$1m+

Antigena Email deal

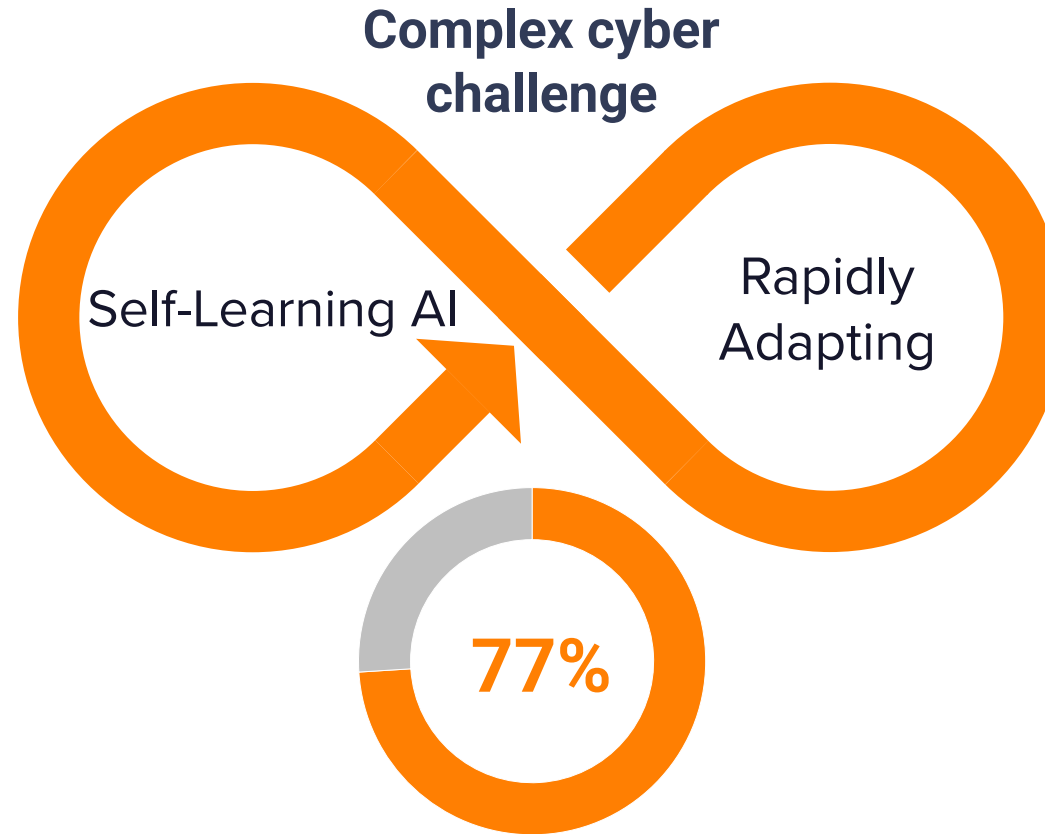


Employee headcount
globally



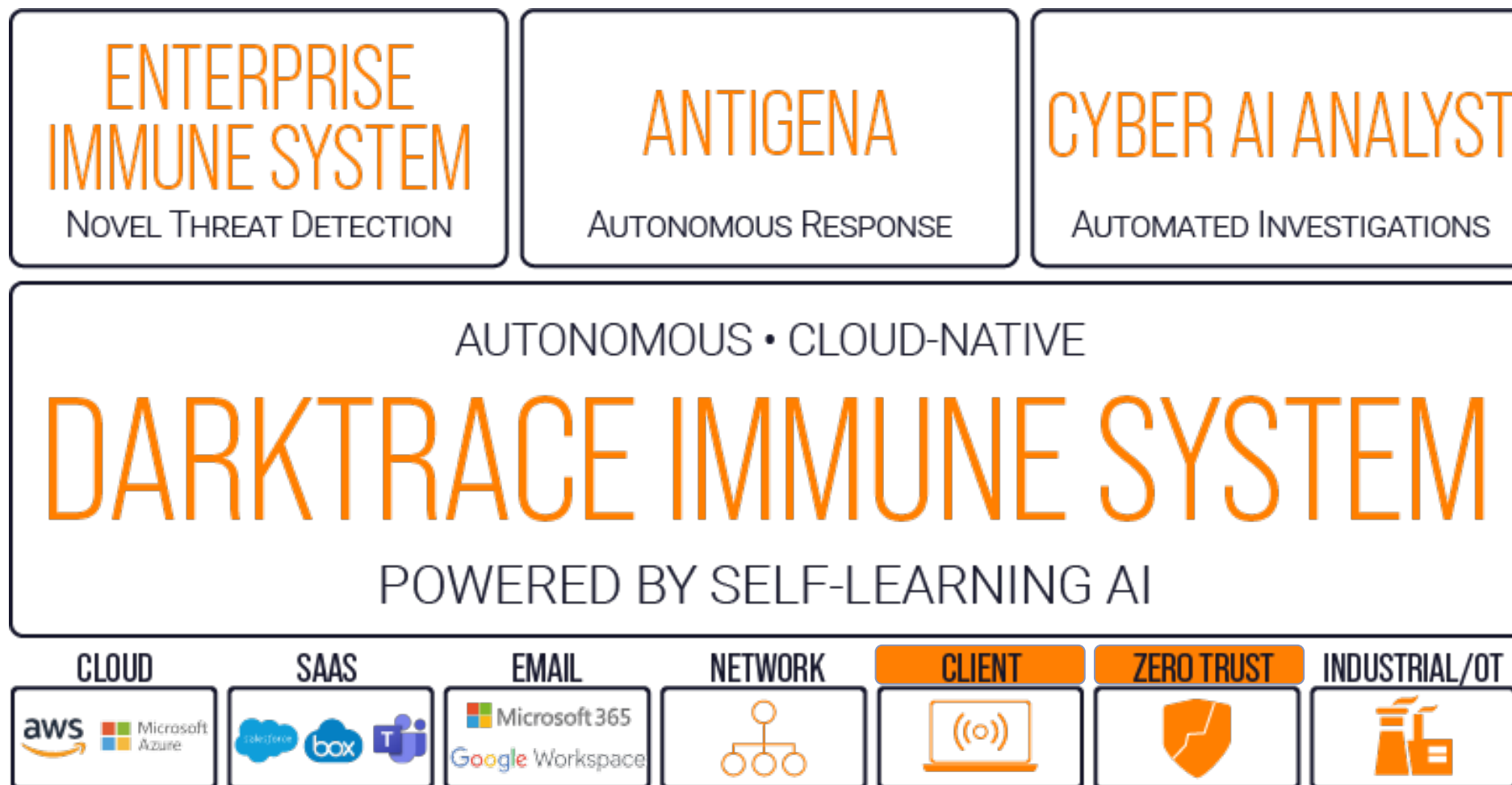
Growth of R&D Team

Drivers of Strong Performance



of Darktrace trial deployments detect serious threats others have missed

Leading Autonomous Cyber AI Platform



Darktrace spans the digital business, providing overarching capabilities critical to complete cyber security

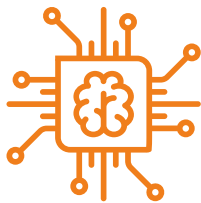
Darktrace AI Delivers Value in the Real World

FT FINANCIAL
TIMES

Cyber attack shuts major
US pipeline system

WSJ SolarWinds Hack Victims:
From Tech Companies to a
Hospital and University

c|net Ransomware attack on Kaseya,
a software firm, threatens
businesses worldwide



**Darktrace AI stops
ransomware on average
within one second**



**Stopped REvil from
exploiting Kaseya software
vulnerabilities**



**Darktrace Antigena stops an
attack somewhere in the world
every single minute**

Awards



computing
Technology
Product
Awards



The Washington Post

Marcus Fowler: Biden should embrace autonomous defense systems that are trained to stop sophisticated attacks



FORTUNE

How artificial intelligence can fight cyberattacks

CITY A.M.

Darktrace: Why football clubs face an increased threat from cyber criminals during the transfer window

THE TIMES

Britain must improve its cyber defences against new threats



FT FINANCIAL TIMES

Letter from Darktrace's Dave Palmer: Malicious AI is what keeps the experts awake at night

Bloomberg

Why Global Power Grids Are Still Vulnerable to Cyber Attacks

MONEYFM



MONEYFM
89.3
STAY AHEAD

PRIME TIME
WEDNESDAY | 24 MAR | 4:15PM

SANJAY AURORA
Managing Director of APAC, Darktrace

THE AUSTRALIAN

Artificial intelligence arms race could lead to world war

IT WORLD CANADA

The Florida water plant attack signals a new era of digital warfare — it's time to fight back

LE FIGARO

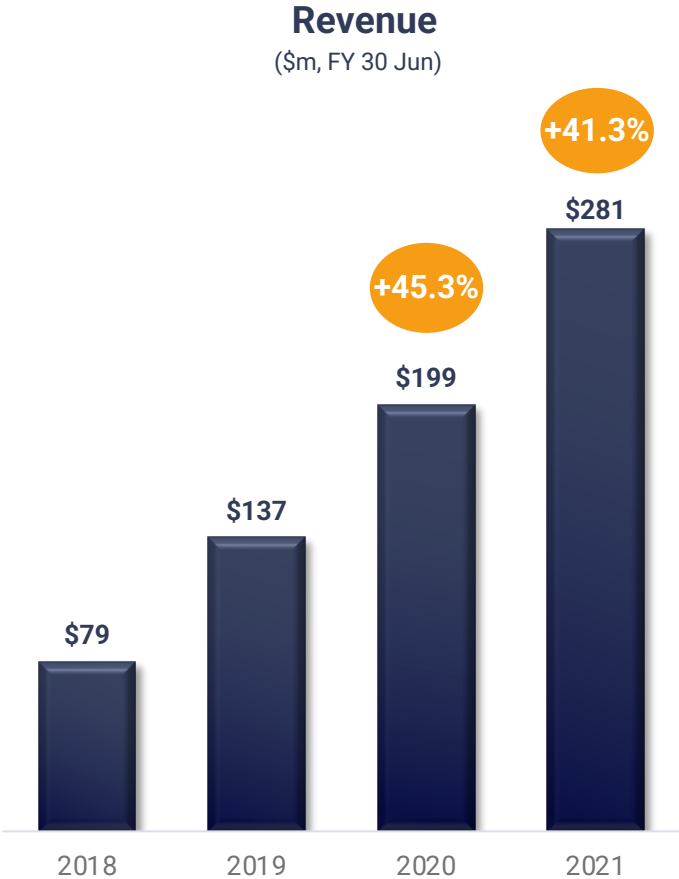
Face aux attaques informatiques, les groupes français contraints de revoir leurs défenses

BUSINESS INSIDER

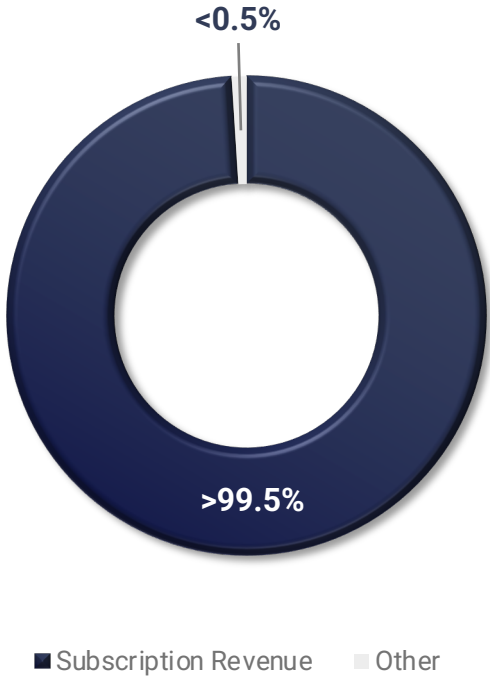
CEO of Darktrace on the challenges of 2021: 'The old ways of doing things have gone out the window.'

Cathy Graham, CFO

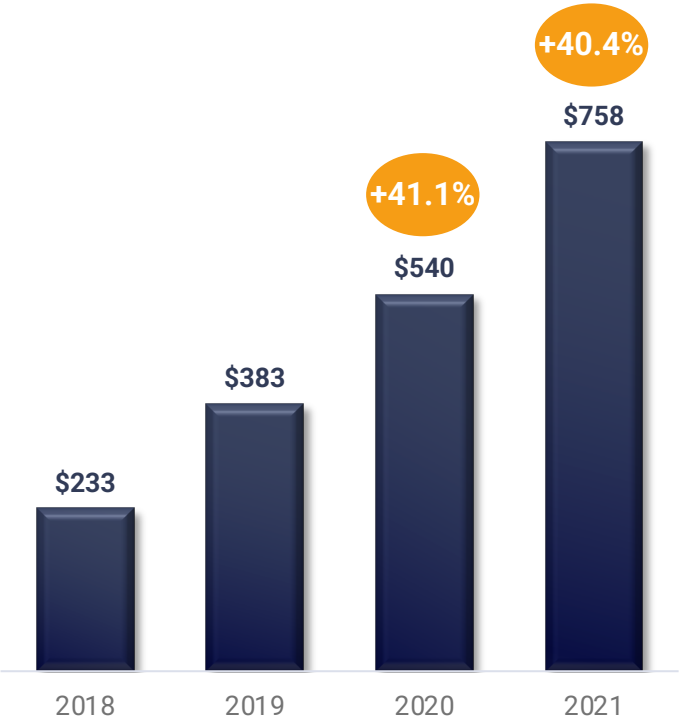
Revenue: Robust Growth & Recurring Features



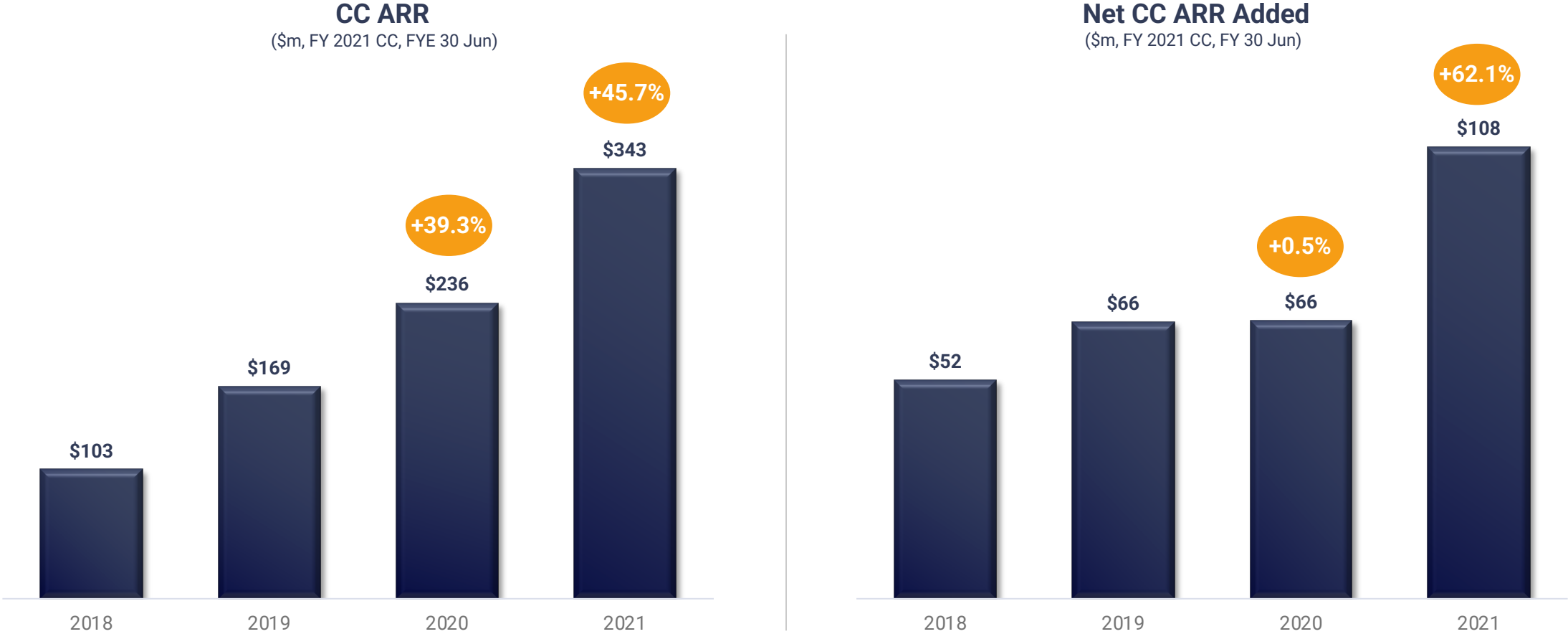
Highly recurring revenue
(% of 2021 Revenue, FY 30 Jun)



Significant Contracted Backlog
(Remaining Performance Obligations, \$m, FYE 30 Jun)



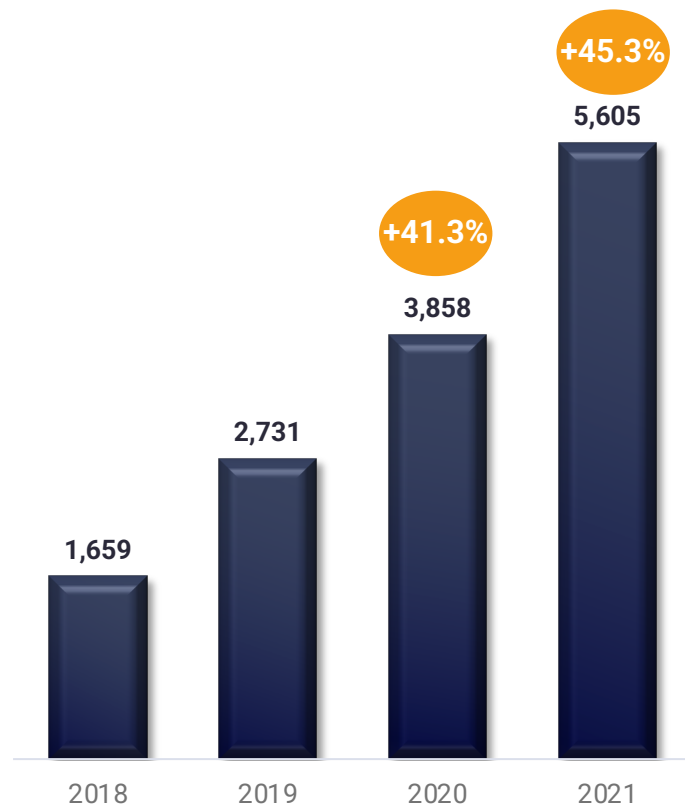
Strong Constant Currency ARR Growth



Broad & Rapidly Expanding Customer Base

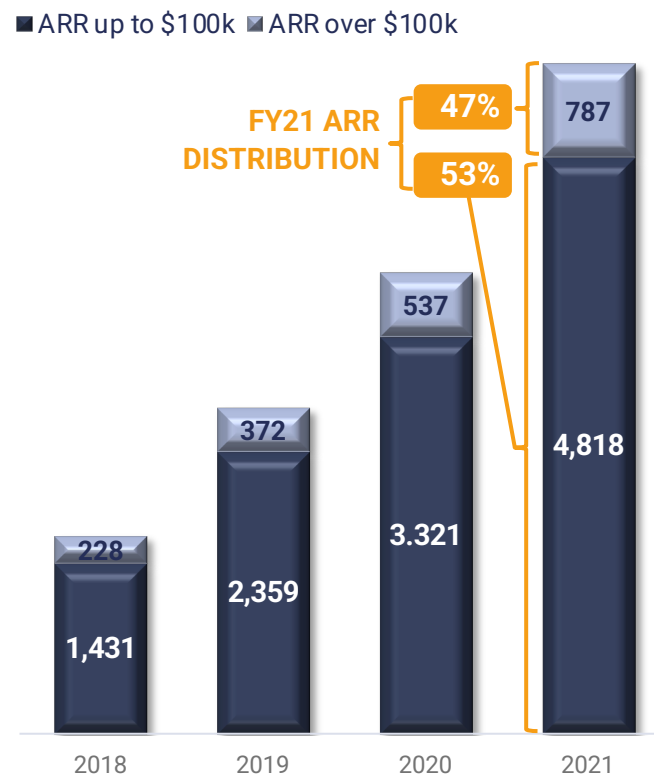
Customer logos

(# customer logos, FYE 30 Jun)



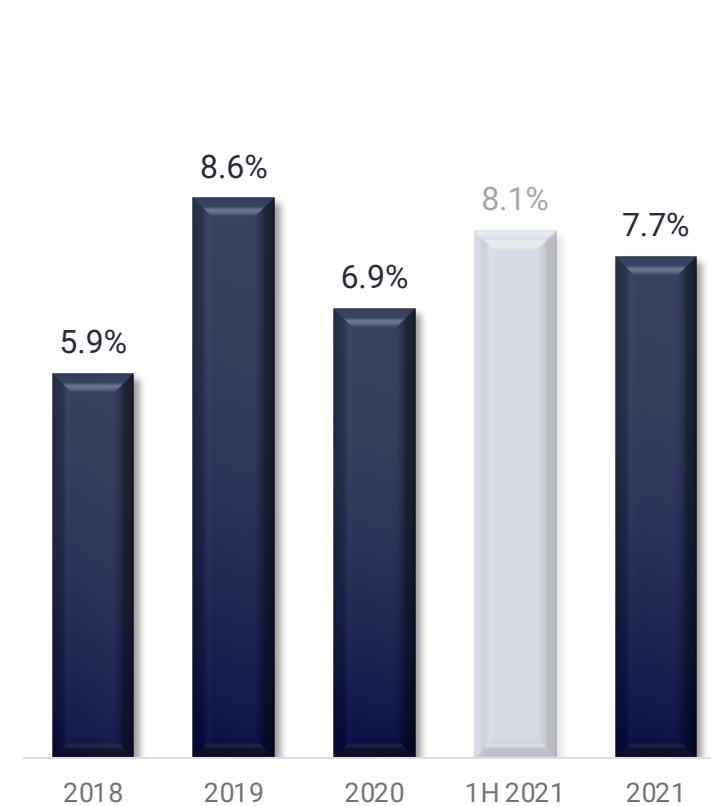
Customers with ARR over \$100k

(% customers, FYE 30 Jun)



One Year Gross CC ARR Churn

(One Year Gross ARR Churn %, FY 2021 CC, FYE 30 Jun)

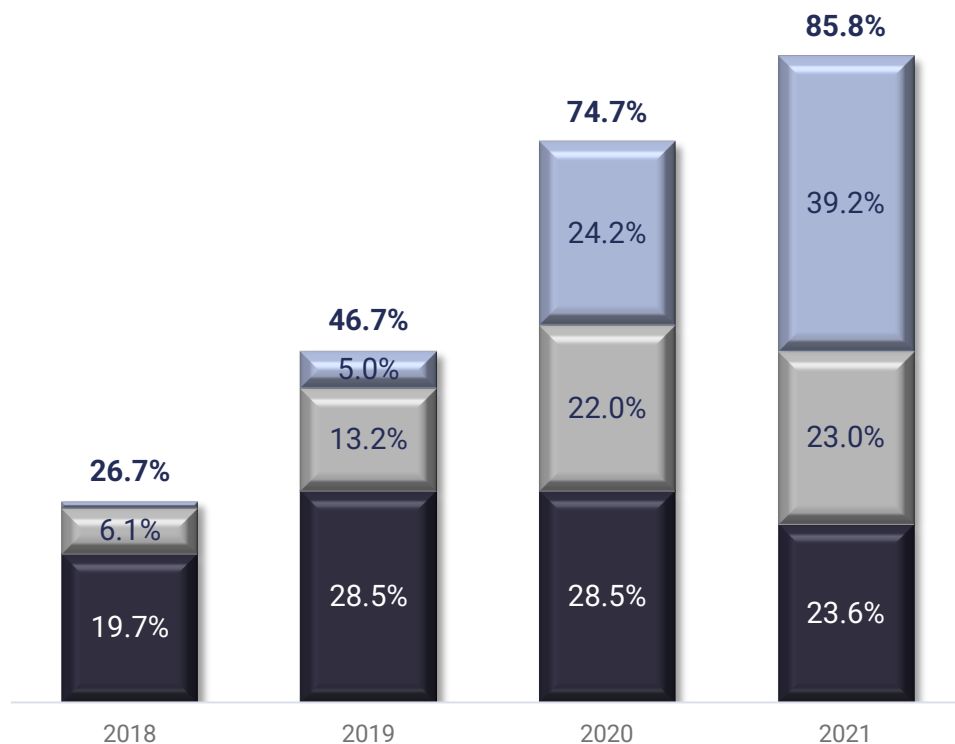


High & Increasing Platform Adoption

Platform Adoption

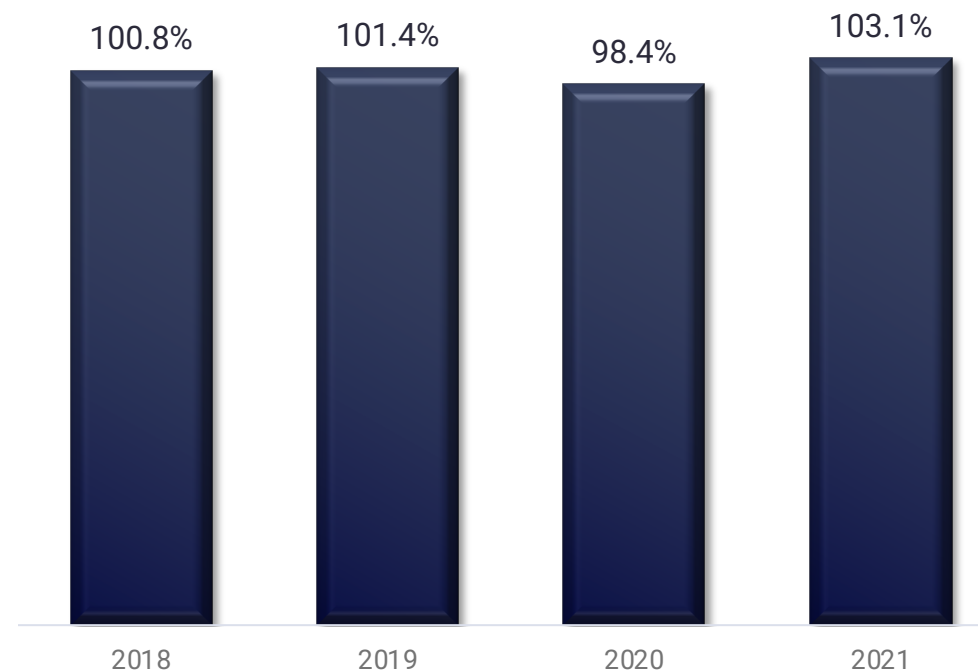
(% customers with multiple products, FYE 30 Jun)

■ 2 products ■ 3 products ■ 4+ products



Net ARR Retention Rate

(%, FY 2021 CC, FYE 30 Jun)



Key Cost Movements

\$000	FY 2020	% Revenue	FY 2021	% Revenue
Cost of sales				
Total cost of sales	(17,477)	9%	(28,456)	10%
<i>Gross Margin (%)</i>	<i>91.2%</i>		<i>89.9%</i>	
Sales and marketing costs				
Non T&E operating	(138,921)	70%	(172,533)	1 61%
Travel and Entertainment	(19,429)	10%	(1,518)	2 1%
Share-based payment (SBP) charges	(4,762)	2%	(6,446)	5 2%
SBP related employer tax charges	60	0%	(8,439)	3%
Total sales and marketing costs	(163,052)	82%	(188,936)	67%
Research and development costs				
Non T&E operating	(8,840)	4%	(18,604)	3 7%
Travel and Entertainment	(669)	0%	(55)	0%
Share-based payment (SBP) charges	(2,522)	1%	(2,730)	5 1%
SBP related employer tax charges	1	0%	(7,425)	3%
Total research and development cost	(12,030)	6%	(28,814)	10%
Other administrative expenses				
Non T&E operating	(22,939)	12%	(42,678)	4 15%
Travel and Entertainment	(882)	0%	(229)	0%
Share-based payment (SBP) charges	(3,072)	2%	(7,870)	5 3%
SBP related employer tax charges	6	0%	(5,663)	2%
Total other administrative expenses	(26,887)	14%	(56,440)	20%
IPO Costs	0	0%	(15,250)	5%
Finance costs	(2,405)	1%	(109,157)	6 39%
Net loss for the financial year	(28,672)	14%	(149,588)	53%

1

Achieving economies of scale despite continued staffing increases and increases in direct marketing spend to drive growth

2

Significant YoY reduction in T&E; expected to reverse as global travel restrictions ease

3

Reflects accelerated R&D hiring to expand new product development capabilities, allowing for broader span of projects

4

Driven by increase in customer success team, scaling up from 2H FY 2020 creation, and increases in finance, legal, and other staffing to enable successful operation as a listed company

5

SBP charges increase driven by participant growth and grants made as part of transitioning from private to public equity plan structures. Disproportionate rise in related employer tax charges due to catch up for pre-IPO vesting, additional transition grants and a significant rise in share price

6

\$107.3m in non-cash expense related to convertible loan notes; notes converted and costs eliminated at IPO

EBITDA & Adj. EBITDA Reconciliation

\$'000	FY 2020	FY 2021
Net Loss	(28,672)	(149,588)
Taxation	1,746	1,967
Finance income	(382)	(50)
Finance cost	2,405	109,157
Operating loss / (EBIT loss)	(24,903)	(38,514)
Depreciation & Amortisation	32,925	41,305
EBITDA	8,022	2,791
Appliance depreciation in Cost of sales	(9,392)	(11,639)
Share-based payment (SBP) charges	10,356	17,045
SBP related employer tax charges	(67)	21,527
Adjusted EBITDA	8,919	29,724

Depreciation / Amortisation of:

	FY 2020	FY 2021
Appliances (CoS + S&M)	13,535	15,923
Intangible assets	1,429	2,729
Capitalised commission	10,441	14,101
PPE	2,093	2,524
Right-of-use assets	5,427	6,028
Total	32,925	41,305

FY 2022 Guidance Increase

CURRENT FY 2022 GUIDANCE		FOR COMPARISON: AS OF 15 JULY'S FY 2021 TRADING UPDATE
YoY Revenue Growth	35% to 37%	29% to 32%
YoY CC ARR Growth	34% to 36%	32% to 34%
Net CC ARR Added	12% to 14%	N/A
Adj. EBITDA Margin	2% to 5%	1% to 4%

~45% to 46% of Revenue and Net CC ARR Added expected to be recognised in first half of FY 2022

Poppy Gustafsson, CEO

Purpose

We exist to protect businesses, critical services and infrastructure from cyber-threats with Self-Learning AI.

Self-Learning AI

*Built from the ground up
to defend across the entire
attack spectrum*

- Learns on the job
- Understands 'self' for any organization
- No reliance on historical attack data, no need for constant updating
- Brings the AI to your data
- Continually learns as a business evolves and grows

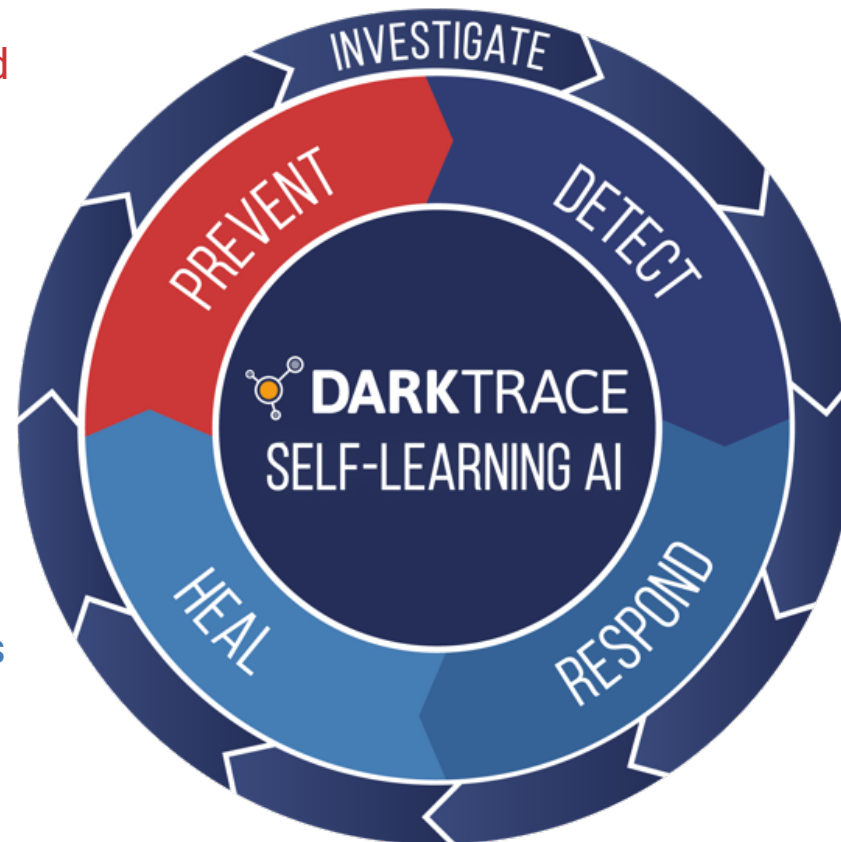
Ambitious Technology Vision

Prevent

- Shipping to early adopters end calendar 2021
- AI-powered mitigation of risks and weaknesses

Heal

- In development
- Self-healing and self-remediating technologies
- Addressing the aftermath of attacks



Detect

Enterprise Immune System

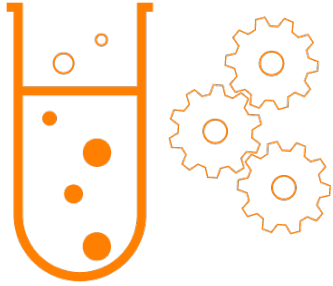
- Launched 2014
- Self-learning AI system
- Spots the subtle signals of advanced attacks with no reliance on rules

Respond

Antigena Network & Email

- Launched 2018
- World's first autonomous response solution
- Digital antibody
- Responds in seconds

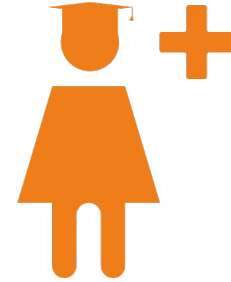
Strategic Focus



R&D Investment



Land, Land, Land



Recruitment



Salesforce Evolution



Customer Success

Land, Land, Land



Bottom-up
TAM



Top-down
TAM



~5,600

The number of companies
currently benefiting from
the Darktrace cyber
security platform

>150,000

The number of companies
that could potentially
adopt the Darktrace cyber
security platform

Recruitment

Unconstrained Talent Pool



employee headcount growth Y-o-Y
Well established graduate recruitment model

Salesforce Evolution



Customer Success

- 1 Doubled headcount
- 2 18 countries, 15 languages
- 3 Advocates for the customer
- 4 Increase customer
Engagement
Satisfaction
Retention

One year gross ARR churn

8.1%

(H1 FY 2021)

7.7%

(H2 FY 2021)

Net ARR retention

99.7%

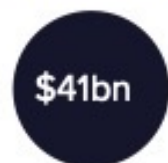
(H1 FY 2021)

103.1%

(H2 FY 2021)



Total Addressable Market (TAM)



Darktrace Bottom-up
TAM Value



Darktrace Top-down
TAM Value



5,600

The number of companies
currently benefiting from
the Darktrace cyber
security platform

>150,000

The number of companies
that could potentially
adopt the Darktrace cyber
security platform

Our Investment Case



Unique Fundamental Technology

- Self-learning AI underpins the platform
- Only solution capable of defending all digital environments
- Brings AI to the data, wherever that data lives



Predictable Subscription Model

- High quality recurring revenue
- Average contract length of 3 years
- 99.5%+ of revenue is subscription-based



Multiple Growth Vectors

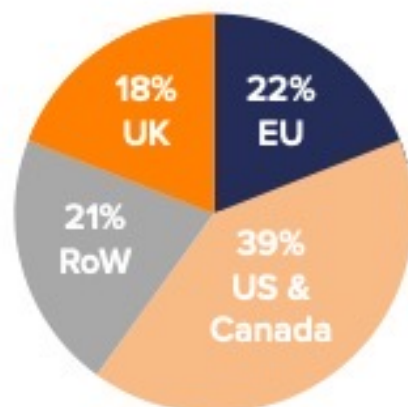
- Significant greenfield opportunity
- Technology beneficial to any organization >250 employees
- Potential to leverage AI technology beyond cyber



Cyber Threat Landscape Demands New Solution

- Rise in machine speed ransomware attacks
- Increasing business complexity due to digital transformation
- AI constantly learns and evolves

Revenue by Geography



Key Achievements FY21



Closed largest ever deal



77%

In 77% of companies, Darktrace AI detected
threats others missed



\$1m+

Closed first ever \$1m+
Antigena Email only deal



Technology interrupted a
cyber-threat every second

#1



Ransomware was #1 Use Case for
Autonomous Response Technology