Darktrace plc
FY 2021 results

15 September 2021
Cautionary Statement

This announcement contains certain forward-looking statements, including with respect to the Group’s current targets, expectations and projections about future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which sometimes use words such as “aim”, “anticipate”, “believe”, “intend”, “plan”, “estimate”, “expect” and words of similar meaning, include all matters that are not historical facts and reflect the directors’ beliefs and expectations, made in good faith and based on the information available to them at the time of the announcement. Such statements involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement and should be treated with caution. Any forward-looking statements made in this announcement by or on behalf of Darktrace speak only as of the date they are made. Except as required by applicable law or regulation, Darktrace expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.
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: 46%

Y-o-Y revenue growth: 41%

Y-o-Y customer base growth: 45% (from ~3850 to ~5600)

Closed largest ever deal in our history

Antigena Email deal: $1m+

Employee headcount globally: 46% growth from ~1150 to ~1600

Growth of R&D Team: 48%
Drivers of Strong Performance

Drivers of Strong Performance include:

- Complex cyber challenge
- Self-Learning AI
- Rapidly Adapting

77% of Darktrace trial deployments detect serious threats others have missed.
Leading Autonomous Cyber AI Platform

ENTERPRISE IMMUNE SYSTEM
Novel Threat Detection

ANTIGENA
Autonomous Response

CYBER AI ANALYST
Automated Investigations

AUTONOMOUS • CLOUD-NATIVE
DARKTRACE IMMUNE SYSTEM
POWERED BY SELF-LEARNING AI

Cloud
SAAS
Email
Network
Client
Zero Trust
Industrial/OT

Darktrace spans the digital business, providing overarching capabilities critical to complete cyber security
Darktrace AI Delivers Value in the Real World

Cyber attack shuts major US pipeline system

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

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
Outlook
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 AUSTRALIAN
Artificial intelligence arms race could lead to world war

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

CNBC
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

Revenue ($m, FY 30 Jun)

- 2018: $79
- 2019: $137
- 2020: $199
- 2021: $281

Revenue Growth:
- 2018-2019: +45.3%
- 2019-2020: +41.3%
- 2020-2021: +41.1%

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

- Subscription Revenue: >99.5%
- Other: <0.5%

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

- 2018: $233
- 2019: $383
- 2020: $540
- 2021: $758

Backlog Growth:
- 2018-2019: +40.4%
- 2019-2020: +41.1%
- 2020-2021: +40.4%
Strong Constant Currency ARR Growth

CC ARR
($m, FY 2021 CC, FYE 30 Jun)

<table>
<thead>
<tr>
<th>Year</th>
<th>CC ARR ($m)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$103</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$169</td>
<td>+39.3%</td>
</tr>
<tr>
<td>2020</td>
<td>$236</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$343</td>
<td>+45.7%</td>
</tr>
</tbody>
</table>

Net CC ARR Added
($m, FY 2021 CC, FYE 30 Jun)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net CC ARR Added ($m)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$52</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$66</td>
<td>+0.5%</td>
</tr>
<tr>
<td>2020</td>
<td>$66</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$108</td>
<td>+62.1%</td>
</tr>
</tbody>
</table>
High & Increasing Platform Adoption

Platform Adoption
(% customers with multiple products, FYE 30 Jun)

- 2 products
- 3 products
- 4+ products

<table>
<thead>
<tr>
<th>Year</th>
<th>2 products</th>
<th>3 products</th>
<th>4+ products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>26.7%</td>
<td>6.1%</td>
<td>19.7%</td>
</tr>
<tr>
<td>2019</td>
<td>46.7%</td>
<td>13.2%</td>
<td>28.5%</td>
</tr>
<tr>
<td>2020</td>
<td>74.7%</td>
<td>22.0%</td>
<td>28.5%</td>
</tr>
<tr>
<td>2021</td>
<td>85.8%</td>
<td>39.2%</td>
<td>23.0%</td>
</tr>
</tbody>
</table>

Net ARR Retention Rate
(% FY 2021 CC, FYE 30 Jun)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100.8%</td>
<td>101.4%</td>
<td>98.4%</td>
<td>103.1%</td>
</tr>
</tbody>
</table>

2 products 3 products 4+ products
## Key Cost Movements

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

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

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

### Depreciation / Amortisation of:

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appliances (CoS + S&amp;M)</td>
<td>13,535</td>
<td>15,923</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,429</td>
<td>2,729</td>
</tr>
<tr>
<td>Capitalised commission</td>
<td>10,441</td>
<td>14,101</td>
</tr>
<tr>
<td>PPE</td>
<td>2,093</td>
<td>2,524</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>5,427</td>
<td>6,028</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,925</strong></td>
<td><strong>41,305</strong></td>
</tr>
</tbody>
</table>
## FY 2022 Guidance Increase

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

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

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

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

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

$41bn

Top-down TAM

$125bn

Beyond Cyber Security

~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

45%
Salesforce Evolution

Sales model

Direct Sales
- Field Sales – Enterprise
- Evolving mid market sales force
- Inside Sales – High Velocity SMB

Channel Partners
- Resellers & System Integrators
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: $41bn
- Darktrace Top-down TAM Value: $125bn
- Beyond Cyber Security

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

Revenue by Geography

- 18% UK
- 22% EU
- 21% RoW
- 39% US & Canada

Our Investment Case

Unique Fundamental Technology
- Self-learning AI underpins the platform
- Only solution capable of detecting 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 with 120 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

Key Achievements FY21

- Closed largest ever deal
- Closed first ever $1m+ Antigena Email only deal
- Technology interrupted a cyber threat every second

- In 77% of companies, Darktrace AI detected threats others missed
- Ransomware was #1 Use Case for Autonomous Response Technology