SOR-0158 STRATEGIC OPTIONS REVIEW · OWNER REPORT

Let the US come to you.

Tallowood Technology Pty Ltd

Managed IT and cybersecurity for law, accounting and allied-health firms · Adelaide, South Australia · founded 2013

YOUR QUESTION

US expansion, or a sale or partnership at home?

WHAT WE FOUND

- Buyers are already in Adelaide: at least six local IT firms bought or merged since 2024.
- [redacted]
- Six roads are compared on page 7. The choice is yours.

MONDAY: THREE FIRST MOVES, WHICHEVER ROAD YOU CHOOSE

1 Name a sales lead and hand over 40 client relationships.

2 [redacted]

3 [redacted]

PREPARED FOR	PREPARED BY	BASED ON	DATE
Founder & Managing Director (100% owner)	Valeriia Chumachenko Head of Advisory	Two calls · NDA in place Numbers shared by the owner	November 2026 Market data to 3Q26

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04 Your growth and exit options p.7

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06 [redacted] p.9

07 [redacted] p.10

FOUR NUMBERS THAT MATTER MOST

58%

of revenue is recurring · buyers pay full price at 70%+

[redacted]

[redacted]

6%

[redacted]

01 HOW BUYERS AND INVESTORS SEE YOU

A loyal client base in a regulated niche, held back by slow growth and founder-led sales.

Tallowood keeps its clients, knows a regulated niche and makes money. A buyer will also see a company that grows slowly, earns 42% of its revenue from projects and resold hardware, and wins new clients through one person. None of that is fatal, and all of it can change before you talk to anyone.

YOUR POSITIONING, IN ONE LINE

[redacted]

WHAT WORKS IN YOUR FAVOUR

- 120 clients in one niche: law, accounting and allied-health firms that hold sensitive data.
- [redacted]
- Essential Eight compliance work already done for 38 clients.

WHAT WILL COST YOU WITH BUYERS

- [redacted]
- Most fees are per device. AI cuts the hours behind them, and clients will notice.
- [redacted]

WHERE THE OPENINGS ARE

- [redacted]
- Security spending grows faster than IT support (page 4).
- [redacted]

WHAT COULD CHANGE THE PICTURE

- Clients ask why a per-device fee stays the same when AI resolves tickets faster.
- [redacted]
- A US office burns cash before it brings a client.

FIVE THINGS THAT MAKE TALLOWOOD INTERESTING NOW

TREND	WHAT IS HAPPENING	FOR TALLOWOOD
Consolidation has reached Adelaide	[redacted]	You are a likely target, and your local rivals now have national owners.
[redacted]	Managed security is forecast to grow 14.4% in 2026; managed services about 10% (Omdia).	[redacted]
AI changes the cost of support	[redacted]	The saving is real. The question is whether you keep it as margin or give it away in price.
[redacted]	Drake Star: buyers now underwrite AI that is in use, not AI that is promised.	[redacted]
Size widens the buyer pool	[redacted]	You sit just above that line. Growth and recurring share decide how many buyers you attract.

Omdia via Acronis, as summarised by Let's Data Science, 2026 · Drake Star, Global MSP Report Q2 2026 · Aventis Advisors, MSP valuations webinar · Sector churn average: DeskDay, cited in the same summary.

01 HOW BUYERS AND INVESTORS SEE YOU · CONTINUED

Clients who stay, in a niche that is hard to win. Six numbers a buyer will ask about first.

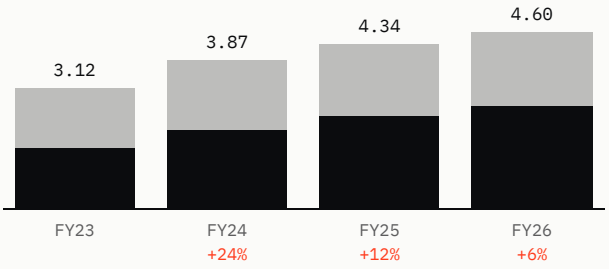
6%
clients lost a year
half the 12% sector average

[blurred]

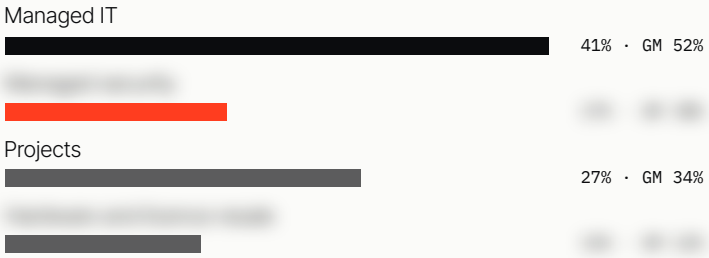
38
clients on Essential Eight work
security already embedded

[blurred]

REVENUE, A$M · BLACK IS RECURRING



WHERE FY26 REVENUE COMES FROM · SHARE · GROSS MARGIN



WHAT WILL HOLD THE PRICE DOWN

NUMBER	TODAY	WHAT BUYERS LOOK FOR	EFFECT
[blurred]	58%	[blurred]	LOWERS
Growth	[blurred]	Steady double digits (24% in FY24)	[blurred]
[blurred]	70%	[blurred]	LOWERS
Agreements on month-to-month terms	[blurred]	Multi-year terms that renew automatically	[blurred]

Figures as shared by the owner, not audited. Sector churn average: DeskDay. "What buyers look for" combines cited figures with our judgement.

02 [redacted]

MSP deals rose 20% in 2025, and Adelaide is part of it. Buyers pay for security, AI proof and scale.

MSP DEALS, 2025

466

worldwide, up 20% on 2024 · M&A Signal

[redacted]

ADELAIDE, SINCE 2024

6+

local IT firms bought or merged · our count of public announcements

[redacted]

WHAT YOU SELL, AGAINST WHERE THE MARKET IS GOING

WHAT YOU SELL	REVENUE	WHERE THE MARKET IS GOING	SIGNAL	WHAT TO DO
Managed IT helpdesk, devices, Microsoft 365	[redacted]	AI cuts ticket time 40–70% at leading MSPs. Per-device fees will be questioned.	[redacted]	Price by tier or outcome, not by device. Keep the time AI saves as margin.
[redacted]	17%	[redacted]	GREEN	[redacted]
Projects migrations, office moves	[redacted]	Lumpy revenue. Buyers price it like consulting.	[redacted]	End every project with an offer of a managed agreement.
[redacted]	15%	[redacted]	RED	[redacted]
AI adoption Copilot pilots, 9 clients	[redacted]	Buyers pay for AI in use, with numbers, not AI on a slide.	[redacted]	Package it as a service. Measure hours saved per client, monthly.

Signals are our reading of what the owner told us on call 1 and public market data, not a technical audit.

YOUR WINDOW [redacted]

Want the product and code checked too?

This page reads what you sell, from what you told us and public data. A technical review looks at code, architecture and security the way a buyer's diligence team will. It is a separate service; ask about it on call 2.

M&A Signal, 2026 MSP M&A Report, via Let's Data Science · Drake Star, Global MSP Report Q2 2026 · Omdia via Acronis · Deals: TechPartner News, ChannelLife, InDaily, efex, Advent One, CIO Influence, IT Brief, Consultancy.com.au, 2024–26.

03 [redacted]

Your local rivals now have national owners. Your edge is the niche, not the scale.

COMPETITOR CATEGORY	NICHE	[redacted]	LOCAL	SCALE	[redacted]	PRICE	DEAL LENS
Tallowood you	●●●●●	●●●○○	●●●●●	●●○○○	●●●○○	●●●○○	–
Platform-backed local MSPs [redacted]	●●●○○	●●●●○	●●●●○	●●●●○	●●●●○	●●●○○	[redacted]
[redacted]	●●○○○	●●●●○	●●○○○	●●●●●	●●●●○	●●○○○	[redacted]
Independent local MSPs [redacted]	●●○○○	[redacted]	●●●●●	●○○○○	[redacted]	●●●●○	[redacted]
[redacted]	●●○○○	●●●●●	●●○○○	●●●●○	●●●○○	●●○○○	[redacted]
Microsoft and AI specialists [redacted]	●●○○○	[redacted]	●○○○○	●●●○○	[redacted]	●●○○○	[redacted]

Ratings are our judgement from public information and what you told us, five dots = strongest. "Price" = most competitive on price. Example names are public companies, not contacts.

WHERE YOU WIN, AND WHERE YOU LOSE

AGAINST	YOU WIN ON	YOU LOSE ON
Platform-backed local MSPs	Niche depth, founder attention, 7-year relationships	[redacted]
[redacted]	[redacted]	Scale; credentials with large clients
Independent local MSPs	[redacted]	[redacted]
[redacted]	[redacted]	Depth of security
Microsoft and AI specialists	[redacted]	[redacted]

What this says

The buyers are already in your city (page 6), and the long-term ones keep local brands and teams.

Hard to build quickly

[redacted]

The risk

[redacted]

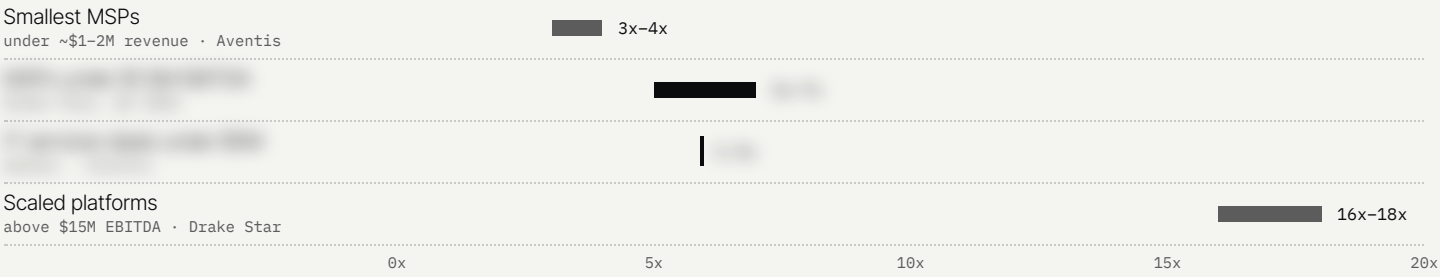
03 [redacted]

Six Adelaide deals since 2024.
Part of the price often depends on results after the sale.

DEALS AROUND YOU, 2024–26

WHEN	BUYER	TARGET	WHAT IT TELLS YOU
Sep 2026	**Evergreen**	Concept Data, Adelaide	Managed IT, security, AI enablement. Brands and CEO kept.
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

WHAT COMPANIES LIKE YOURS SELL FOR · EV / EBITDA · A SECTOR RANGE, NOT A VALUE FOR TALLOWOOD



COMPARABLE DEALS WITH A PUBLISHED PRICE

YEAR	BUYER	TARGET	PRICE	WHAT IT TELLS YOU
2025	[redacted]	Blue Connections, Melbourne	[redacted]	29% of the price tied to results and key staff staying
[redacted]	**efex**	[redacted]	A$30M	[redacted]
–	[redacted]	50% of efex	[redacted]	A private equity partner buying half, founder staying on
[redacted]	**Atturra**	[redacted]	US$3.15M upfront + up to US$3.18M	[redacted]

What this means for you

[redacted]

Aventis Advisors via Windsor Drake · Drake Star Q2 2026 · ASX and press announcements: Atturra (Blue Connections, Kitepipe), IT Brief (efex–onPlatinum), ChannelE2E / AFR (Alceon–efex). Ranges in US$ deal terms.

04 [redacted]

Six roads from here, compared against your goals.

Each road is rated against the goals you shared with us on call 1. Here is what each one gives you, what it costs, and how long it takes.

ROAD	WHAT YOU GET	WHAT YOU GIVE UP	TIMING
Keep going as you are the baseline	No disruption. Profit stays steady for now.	[redacted]	[redacted]
Open a US office your idea on call 1	[redacted]	[redacted]	[redacted]
Sell now	[redacted]	[redacted]	[redacted]
Merge with a peer an MSP in another state	[redacted]	[redacted]	[redacted]
Partner with a US platform	[redacted]	[redacted]	[redacted]
Grow and prepare, then choose Best fit for your stated goals	[redacted]	[redacted]	[redacted]

Before you decide on the US office

[redacted]

If your timeline changes

[redacted]

WHERE EACH ROAD LEADS IN THREE YEARS, IF NOTHING ELSE CHANGES

As you are	US office	Sell now	Grow and prepare
[redacted]	[redacted]	[redacted]	[redacted]

05 [redacted]

Main priority: roll-ups and long-term holders already buying in Adelaide.
Lead with your regulated client base.

BUYER OR PARTNER SECTOR	WHAT THEY WOULD WANT FROM YOU	HOW TO POSITION TALLOWOOD	EXAMPLES
Australian MSP roll-ups Strategic	A client base and engineers in Adelaide, plus a specialty in professional firms.	"A specialist in regulated professional firms, ready to plug into your platform."	efex (Advent Partners) · Entag (Anchorage) · VITG (Riverside)
Buy-and-hold groups Long-term holder	[redacted]	[redacted]	Evergreen, via Lyra Technology Group
Search funds Financial	[redacted]	"A steady business with a service lead and a sales lead ready for a new MD."	[redacted]
[redacted] Strategic	[redacted]	[redacted]	Integris (via First Focus) · 11:11 Systems
National IT services groups Strategic	[redacted]	"Recurring revenue and a South Australian client base your national team can serve."	[redacted]
[redacted] No ownership	[redacted]	[redacted]	Practice-management software vendors to law and accounting firms
Private equity Financial	[redacted]	"An add-on for your platform in South Australia."	[redacted]
[redacted] Strategic	[redacted]	[redacted]	CyberCX
Growth and minority investors Growth partner	[redacted]	"A profitable specialist raising capital to grow security and sales."	[redacted]

Sectors are listed in order of likely interest; the first two are highlighted. Examples are named from public deals and investments; not contacts, no relationship implied, no introductions.

One story, written once

One set of numbers, a different opening line for each sector. Never change a number to fit a partner.

Lead with what they can't build

[redacted]

06 [redacted]

Three areas strong, five to work on. Sales is the one risk.

The same ten areas we look at in every review, in the same order, so you can check your progress against it.

	AREA	STATUS	WHAT WE SAW	WHAT TO DO
A	[redacted]	WORK ON	[redacted]	Move new contracts to tiered pricing. Measure hours saved per client.
B	Market and trends	[redacted]	Consolidation has reached Adelaide; security spending is growing fastest.	[redacted]
C	[redacted]	STRONG	[redacted]	Bring the largest client under 10% by growing the rest.
D	Business model, pricing, contracts	[redacted]	58% recurring; 30% of agreements month-to-month; transfer terms unknown.	[redacted]
E	[redacted]	RISK	[redacted]	Hire or promote a sales lead. Add one software-vendor partnership.
F	Team	[redacted]	19 staff; two senior engineers hold most of the know-how; no second-in-command.	[redacted]
G	[redacted]	WORK ON	[redacted]	Bring part of security in-house. Review the partner's terms and exit clause.
H	Finances	[redacted]	EBITDA 11%; quarterly accounts; no margin by service line.	[redacted]
I	[redacted]	STRONG	[redacted]	Keep it clean: put any equity promise to staff in writing.
J	Legal and risk	[redacted]	Not covered by this review.	[redacted]

Status is our reading of what you shared on two calls, not an audit. "Not checked" means outside the scope of this review.

07 [redacted]

18 months to get ready, then you choose.

First 90 days — **Months 4–18: move the numbers** — **Choose**

Nov 2026 · Feb 2027 · Sep 2027 · May 2028

FIRST 90 DAYS

ACTION	OWNER
[redacted]	You
Hire or promote a sales lead and hand over 40 client relationships.	[redacted]
[redacted]	You + service lead
Close every project with a managed-agreement offer.	[redacted]
[redacted]	Service lead
Monthly report: recurring share, client losses, margin by service line.	[redacted]
[redacted]	Lawyer

TARGETS FOR MONTH 18

NUMBER	TODAY	TARGET
[redacted]	58%	[redacted]
Won by the founder	[redacted]	under 30%
[redacted]	6%	[redacted]
Security share	[redacted]	30%
[redacted]	11%	[redacted]
Largest client	[redacted]	under 10%

WHEN TO COME BACK TO THE QUESTION

[redacted]

Test the US without an office

Support the US offices of your Australian clients, and take referrals from a US platform's Australian arm. If US clients come, you will have proof before you spend.

If a buyer writes before May 2028

[redacted]