

13th April 2022

Darktrace plc Q3 FY 2022 Trading Update

Strong Q3 and YTD performance, leading to increased expectations for FY 2022

Darktrace plc (DARK.L) (together with its subsidiaries, "Darktrace" or "the Group") a global leader in cyber security AI, today provides a trading update for its third quarter and nine months year-to-date of FY 2022, ended 31st March 2022.

Operating and Financial Performance

For Q3 FY 2022, Darktrace continued to deliver strong sales performance, adding 359 net new customers, and bringing the Group's customer base at quarter-end to 6,890. This reflected year-over-year growth of 37.3%, approximately 0.8 percentage points of which came from the net addition of customers gained through the 1st March 2022 acquisition of Cybersprint B.V. ("Cybersprint").

With new customer additions continuing to be the primary driver of constant currency Annualised Recurring Revenue (ARR) measures, net ARR added, including net ARR added from the Cybersprint acquisition, was \$35.4 million for the third quarter and \$105.3 million for the nine months year-to-date ended 31st March 2022. This represented 56.8% and 51.3% growth over the comparable prior year periods, respectively. Without the impact of Cybersprint, third quarter net ARR added increased by 37.0% year-over year, compared to a prior year period where longer sales cycles, resulting from early pandemic spending freezes, drove unusually high sales relative to seasonal norms. For the nine months year-to date, organic net ARR added increased by 44.9%.

The net ARR added during the third quarter, on top of strong performance in recent periods, resulted in constant currency ARR at 31st March 2022 of \$462.6 million. This reflected growth of 46.3% year-over-year, approximately 1.4 percentage points of which was related to the Cybersprint acquisition.

Revenue for Q3 FY 2022 was \$109.8 million, bringing revenue for the nine months year-to-date to \$302.4 million. This reflected year-over-year growth of 50.1% and 51.5% over the same quarter and nine-months of FY 2021, respectively. Relative to earlier FY 2022 periods, third quarter revenue saw additional impact from foreign exchange headwinds, as geopolitical factors strengthened the U.S. Dollar against relevant key international currencies, primarily Pound Sterling and the Euro.

Gross margin, as well as one-year gross ARR churn and net ARR retention rates (both organically and giving retrospective effect to the pre-acquisition customer activity of Cybersprint), remained in the ranges reported in our most recent period.

FY 2022 Outlook

Given continued positive sales momentum and trends in customer metrics, Darktrace is increasing its FY 2022 guidance for constant currency ARR. It now expects year-over-year ARR growth of between 40.0% and 41.5% (previously 38.5% to 40.0%), which implies year-over-year growth in net ARR added of between 29.0% and 34.0% (previously 24.0% to 29.0%).

As for the expected conversion of constant currency ARR to U.S. Dollar revenue, Darktrace notes that at this late stage in its financial year, increases in net ARR added make a limited contribution to revenue in the current year. Additionally, geopolitically driven foreign exchange headwinds have increased and the potential for additional volatility remains heightened. In this context, Darktrace is slightly raising the top end of the FY 2022 revenue growth guidance to reflect Q3 FY 2022 results and is narrowing the expected range. Darktrace now expects FY 2022 year-over-year revenue growth of between 45.5% and 47.0% (previously 44.5% to 46.5%).

Consistent with prior expectations, Darktrace continues to forecast that, relative to 1H FY 2022, its cost structure will increase as a percentage of revenue in 2H FY 2022. This expected increase is largely due to the extrapolation of cost trends related to the return of travel and entertainment, recent and ongoing hiring, facilities for employees returning to offices and, in key locations, the Group moving to larger premises. It is also considering the investment now being made in its recently announced U.S. Federal Division, as well as absorbing the net costs associated with its acquisition of Cybersprint. While the

return of certain costs and the addition of others may temporarily flatten margin growth in the short to intermediate term, scale efficiencies continue to support expected long-term steady state margins.

In its third quarter, Darktrace did see an upward expense trajectory as expected, but for certain costs, the rate of return was slower than predicted. Incorporating its results for the first nine months of FY 2022 with plans for the remainder of the year, Darktrace now expects an adjusted EBITDA margin for the year of between 15% and 17% (previously 10% to 12%).

Darktrace continues to expect higher-than-typical share-based payment and associated employer tax charges resulting from making the transition to listed company equity compensation plan structures, expected to continue through FY 2023.

Cathy Graham, CFO of Darktrace, said:

"In our third quarter, we sustained strong growth trends across our customer base, ARR and revenue, as well as maintaining the gains in churn and net ARR retention rates we made in the first half of the financial year. Year-to-date results and a continuing positive operating outlook have led us to again increase our FY 2022 expectations across all financial and customer measures.

As we pursue our goal of protecting organisations across the globe from cyber-attacks, we remain laser-focused on fulfilling our vision of delivering a continuous AI loop addressing today's complex and constantly changing cyber challenges. In March, we took a step closer to that goal when we completed our acquisition of Cybersprint and welcomed their outstanding attack surface management technology and talented team to Darktrace. Together, we are driven by innovation and committed to developing the world-class technologies, underpinned by our powerful Self-Learning AI, that are so critical to our customers remaining protected in a rapidly evolving threat landscape."

Upcoming Events

On 1st May 2022, the post-IPO lockup on up to 85.5 million shares, held primarily by current employees, is scheduled to expire. To help facilitate an orderly sale of such shares, eligible shareholders will be offered the opportunity to participate in a placing structured by way of an accelerated book-build (the "Placing"). It is expected that Jefferies International Limited would act as Global Coordinator on any such Placing. To accommodate available trading days around the UK May Bank Holiday market closure, the lockup may be terminated shortly prior to its scheduled expiration. Accordingly, the Placing may occur before 1st May 2022.

It is currently expected that the Placing will constitute no more than 20 million shares and any early release from lockup will only be in relation to the shares offered in the Placing. Any Placing will be subject to, among other things, sufficient employee shareholder participation and market conditions. There can be no assurance as to the precise timing of the Placing, if it proceeds at all, or the volume and price of shares that will be available.

We expect that any Holders participating in any Placing will be subject to an additional lockup on their remaining shares through 2nd August 2022, subject to certain exceptions.

About Darktrace

Darktrace (DARK:L), a global leader in cyber security AI, delivers world-class technology that protects over 6,800 customers worldwide from advanced threats, including ransomware and cloud and SaaS attacks. Darktrace's fundamentally different approach applies Self-Learning AI to enable machines to understand the business in order to autonomously defend it. Headquartered in Cambridge, UK, the Group has more than 2,000 employees worldwide. Darktrace was named one of TIME magazine's 'Most Influential Companies' for 2021.

Cautionary Statement

This announcement contains certain forward-looking statements, including with respect to the Company'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.

Important Information

This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation (EU) No. 596/2014 (as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018). Upon publication of this announcement, this information is now considered in the public domain.

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