DARKTRACE

Darktrace PLC
FY 2022 Results

8 SEPTEMBER 2022

DARKTRACE

Poppy Gustafsson OBE

Chief Executive Officer

With Darktrace since inception | 16 years' industry experience

Cathy Graham

Chief Financial Officer

Joined Darktrace in 2020 | 30 years' industry experience

Max Heinemeyer

Chief Product Officer

Joined Darktrace in 2016 | Over 10 years' industry experience

Disclaimer

This presentation 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 presentation 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 presentation 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.

Past performance of the Company cannot be relied on as a guide for future performance. Nothing in this presentation should be construed as a profit forecast or profit estimate save for the FY 2023 Guidance.

The financial information in this presentation does not contain sufficient detail to allow a full understanding of the results of the Company. For more detailed information, please see the full year results announcement for the financial year to June 2022.

Poppy Gustafsson, CEO

Highlights: FY 2022

42.6%
Constant Currency
ARR Growth

105.5%
Net ARR Retention Rate

1,800+
customers added, **7,400+**
in total - **32%** YoY growth

28.1%
R&D headcount growth

22.0%
Adjusted EBITDA Margin
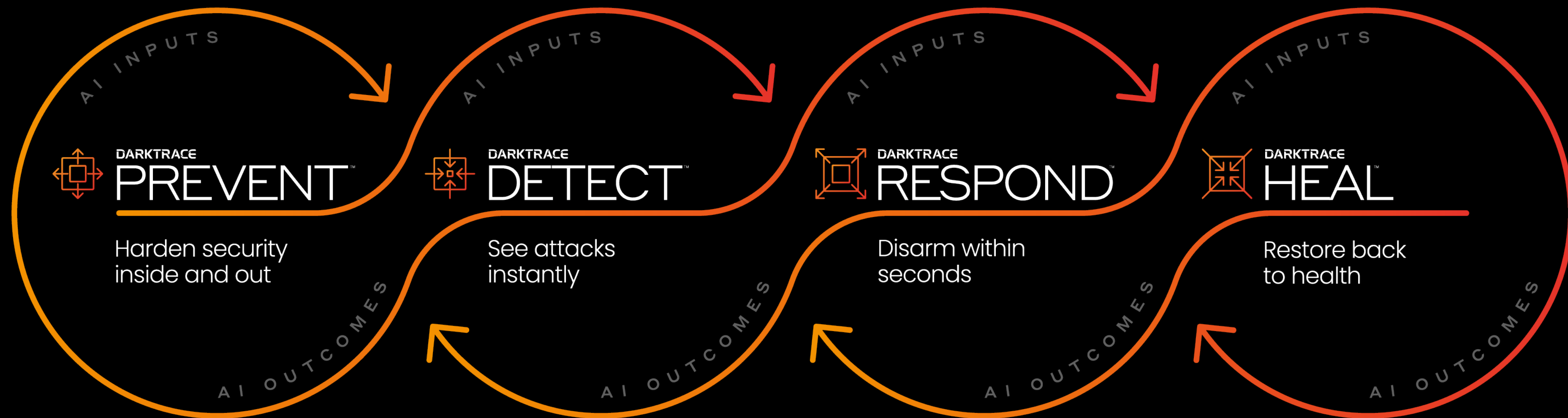
PREVENT
Launched in July 2022

45.7%
YoY Revenue Growth

Acquisition
of Cybersprint

2,000+
employees globally

DARKTRACE

DARKTRACE

Cyber AI Loop

DARKTRACE PREVENT™
Harden security
inside and out

DARKTRACE DETECT™
See attacks
instantly

DARKTRACE RESPOND™
Disarm within
seconds

DARKTRACE HEAL™
Restore back
to health

AI INPUTS
AI OUTCOMES

Self-Learning AI empowers a complete, always-on solution with
autonomous feedback continuously improving the state of security

Self-Learning AI

/ An AI that knows "you"

/ "Learns" an organisation of any size from the inside out

/ No reliance on historical attack data, no need for constant updating

/ Continuously builds an organisation's cyber resilience

/ Uplifts the human security team

DARKTRACE
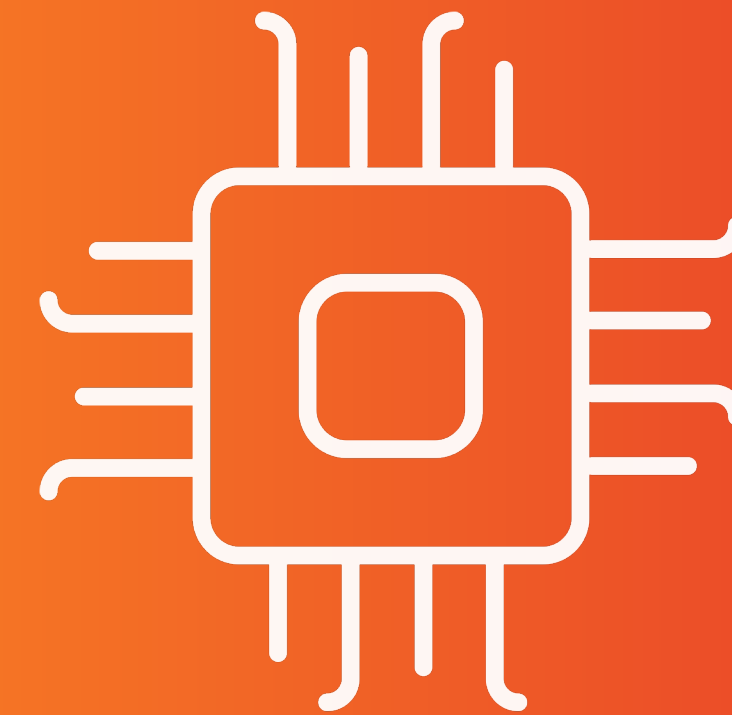
State of Cyber Security
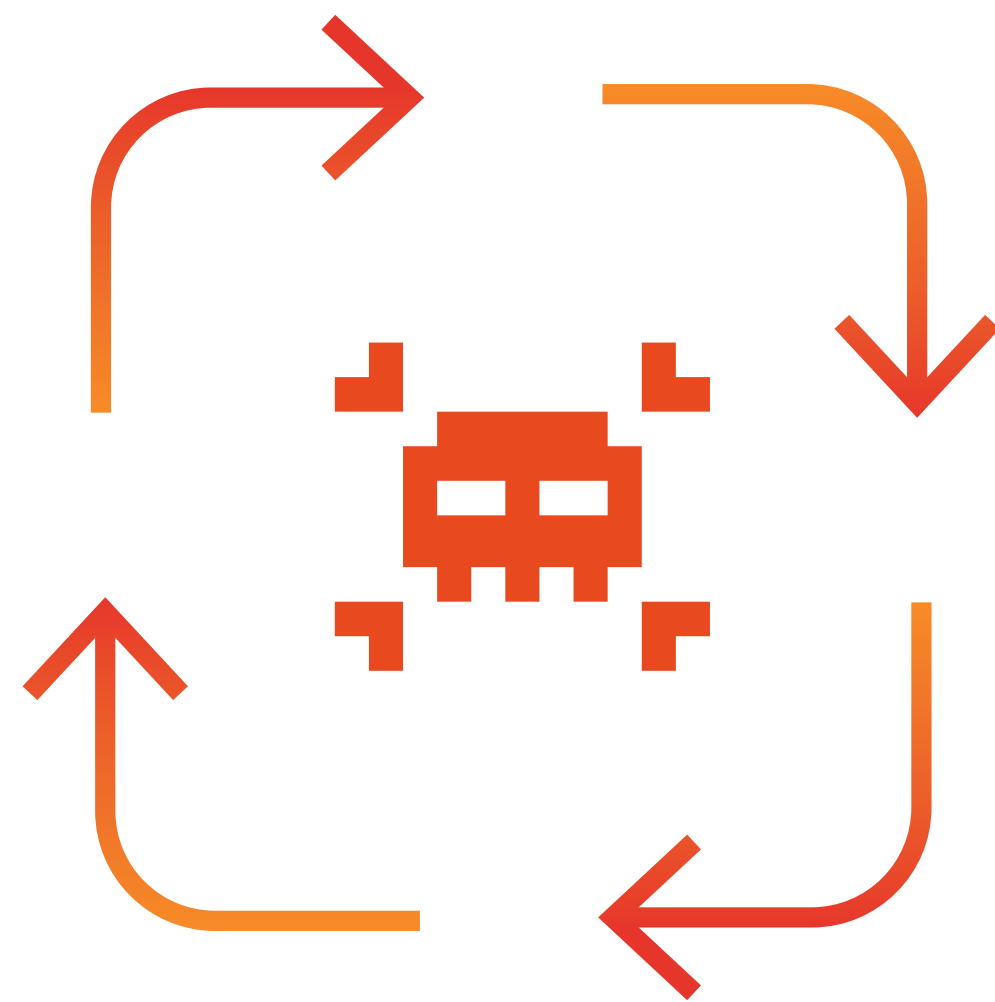
Adversaries continue to innovate, threatening critical infrastructure, the day-to-day running of businesses and global supply chains.

TOP 4 CYBER INCIDENTS IN OUR CUSTOMER BASE IN FY22

- Network Scan Activity
- Lateral Movement breaches
- Data Transfer / Exfiltration
- Crypto mining

HIGHEST VOLUME OF CYBER INCIDENTS IN OUR CUSTOMER BASE BY SECTOR

1. Financial and Insurance
2. Information and Communication
3. Manufacturing
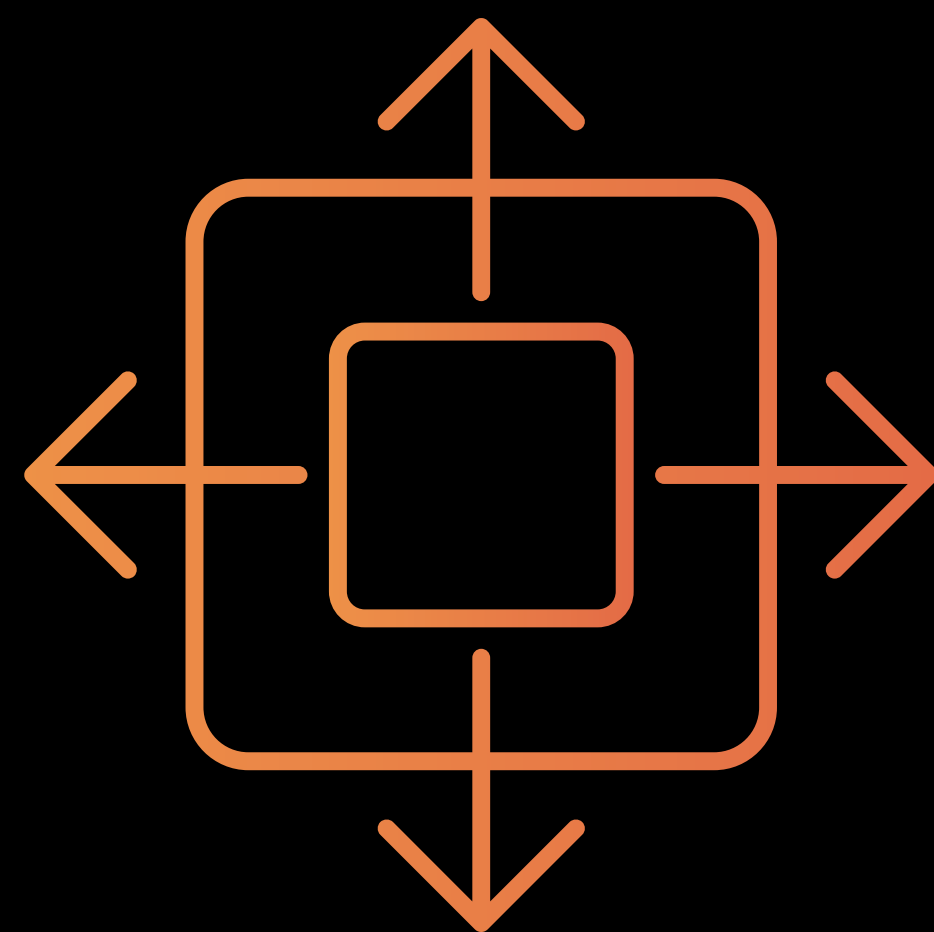4. Human Health and Social Work
5. Education

Note: Please note that these statistics reflect Darktrace's customer base. As such, Darktrace's higher concentration in certain customer demographics may be a factor and, as such, statistics may not represent a determinant spike or targeted increase in a particular sector.

Shifting to Proactive Cyber Security

JULY 2022 RESEARCH BASED ON EXTERNAL VULNERABILITY DATA OF OVER 150 ORGANISATIONS

85%
of high-risk vulnerabilities are not patched within one week

70%
are still unpatched after one month

Defenders cannot afford simply to be reactive anymore, yet they have limited resources.

DARKTRACE **PREVENT**™

Harden security inside and out

DARKTRACE PREVENT

PREVENT / ASM	PREVENT / E2E

| Attack Surface Management | Attack Path Modeling | + | Pentest Augmentation | + | Breach & Attack Emulation | + | Security Awareness Training | + | Cyber Risk Prioritisation |

AI outcomes feed back into DARKTRACE DETECT + RESPOND to harden systems.
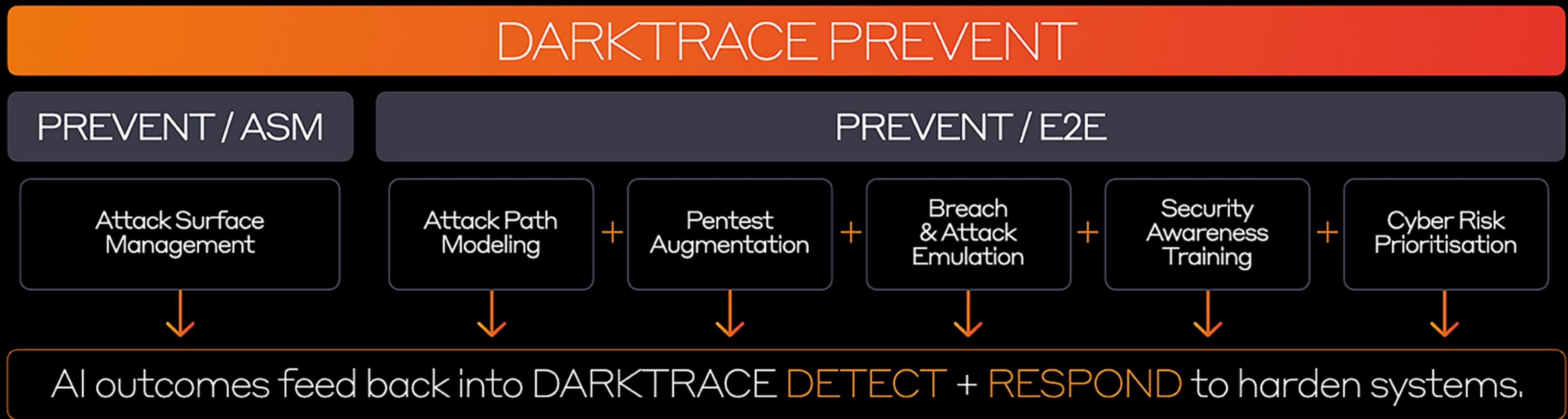
Key Customer Feedback Trends

- Customers want AI that thinks like an attacker

- Outcomes fed back into the Detect and Respond tools to harden systems

- Provides a prioritised list of actions

- Combining internal and external attack data is a gamechanger

VIXXO

"PREVENT is an incredibly helpful way to understand risk, particularly when comparing changes over time. Understanding vulnerabilities is one thing, but actually being able to digest and prioritise them is even better,"

Sun Life

"Darktrace combats some of the most sophisticated ransomware attacks and it does that in a timely manner. This is the future of security"

SOUTH COAST
WATER DISTRICT
Partnering With The Community

"There are a million haystacks out there, we need to find which haystack is the most dangerous and you can't sift through all of them. PREVENT brings the issues to the surface."

DARKTRACE

Relentless Innovation

Leading AI Research Centre
in Cambridge.

150+
Experts - over **80** master's degrees & **30** doctorates.

28%
R&D headcount growth over the period.

PREVENT launched
HEAL coming soon.

115+
Patent applications filed.

New R&D Hub
in the Hague through the acquisition of Cybersprint.
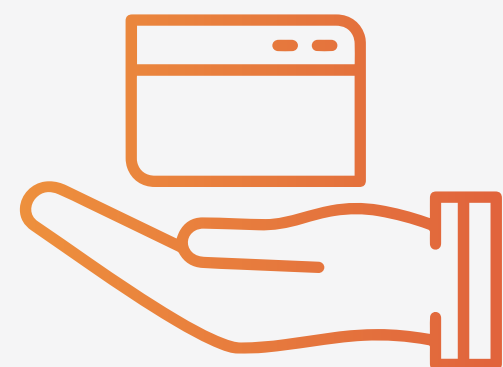
Extended capabilities
For DETECT & RESPOND to zero-trust technologies

Early warning system
Added to Darktrace RESPOND.

DARKTRACE

Protecting Over 7,400 Customers

Protecting Some of Society's Most Important Organisations

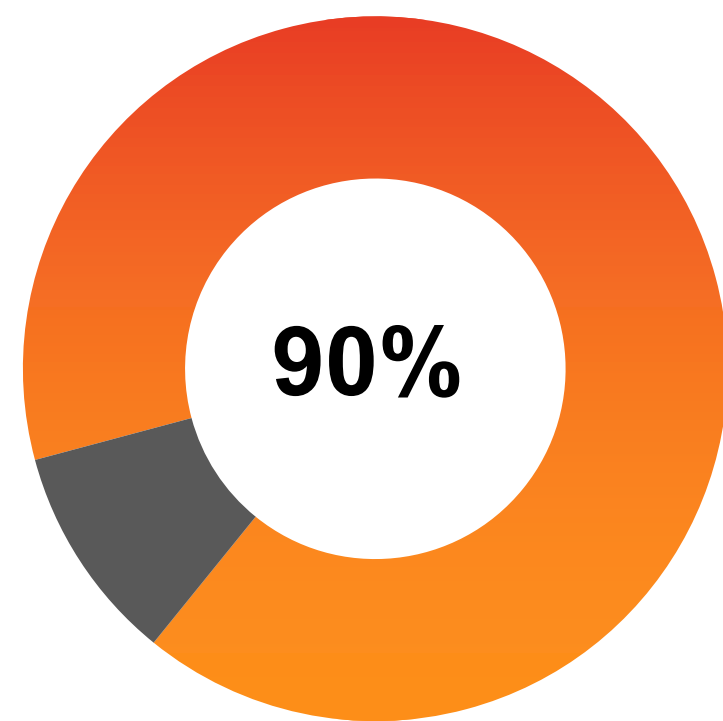Financial Services   Media & Technology   Energy & Utilities   Manufacturing   Government

Customer Success

90% of customers surveyed noted a high satisfaction level with our technology's effectiveness to identify threats over other solutions

- Respondents also highlighted our enablement of scalability and the breadth of use cases Darktrace can address

- Further research insights will be used to enhance our value proposition

ARR retention rate from **103.1%** to **105.5%** in the period.

Continuing to Grow our Customer Base

Biggest ever
new logo win $4.14m
(Top 10 automotive supplier)

Biggest ever
Darktrace/Email upsell $4m
(Broadcasting corporation)

>$1bn
Contracted Backlog
(Recurring Performance Obligations)

**Biggest ever renewal $4.7m**
(UK infrastructure customer)

EMEA, North America, and LATAM all
delivered record number of $1m+ deals

DARKTRACE

Federal Business

Milestones achieved so far

- Darktrace Federal Operations and Infrastructure launched and ready to scale

- Defined Product Offerings and GSA pricing

- Federal Certifications for OnPrem & Cloud Passed and Approved by Sponsor

- Engaged with multiple Defence Partners & Prime Contractors
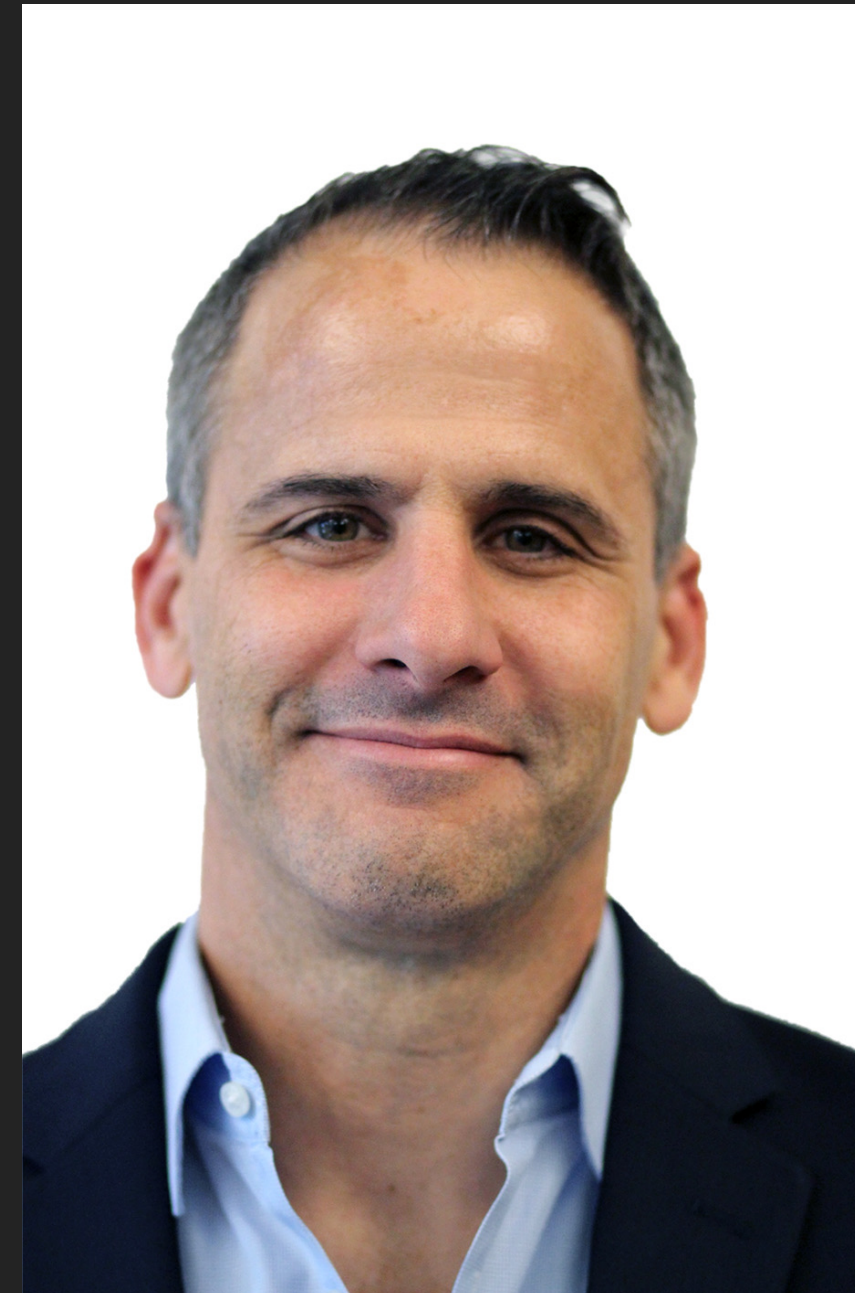
Marcus Fowler
CEO of Federal Business

Joined Darktrace in 2019 | Former US Marine and senior CIA officer

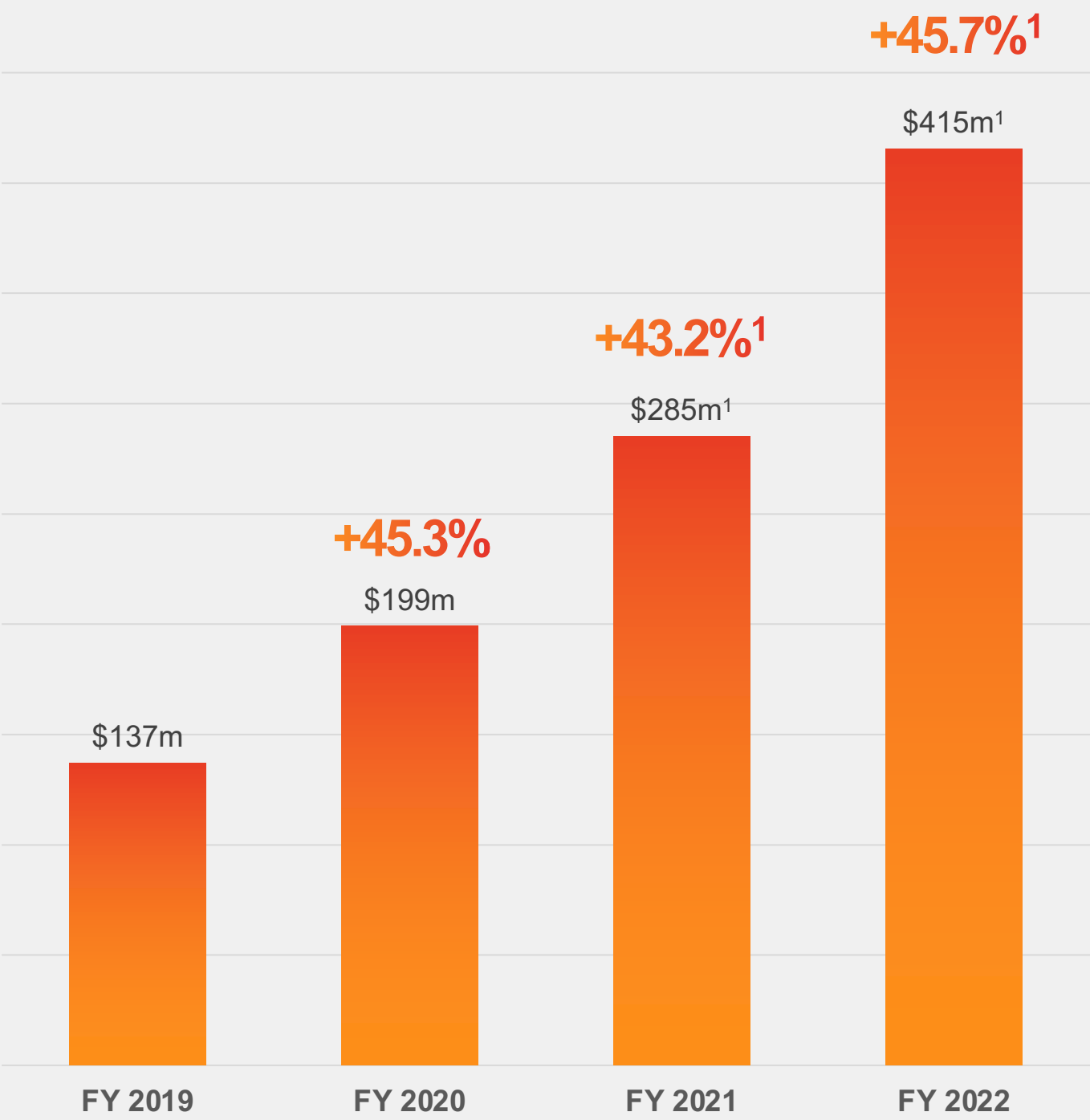# Cathy
Graham, CFO

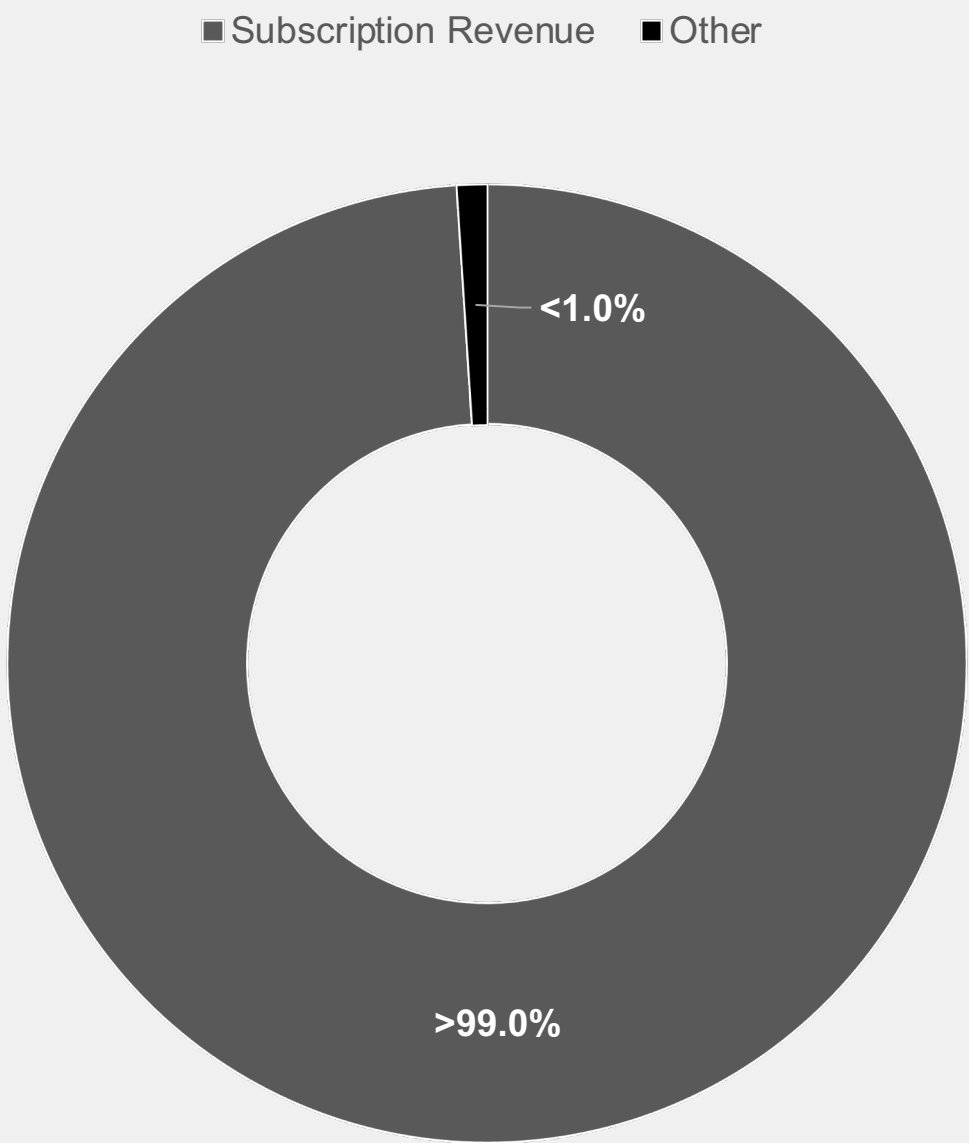**DARKTRACE**

Revenue: Robust Growth & Recurring Features

Revenue

($m, FY 30 Jun)

Note: FY 2021 Revenue has been restated[1]

+45.7%[1]
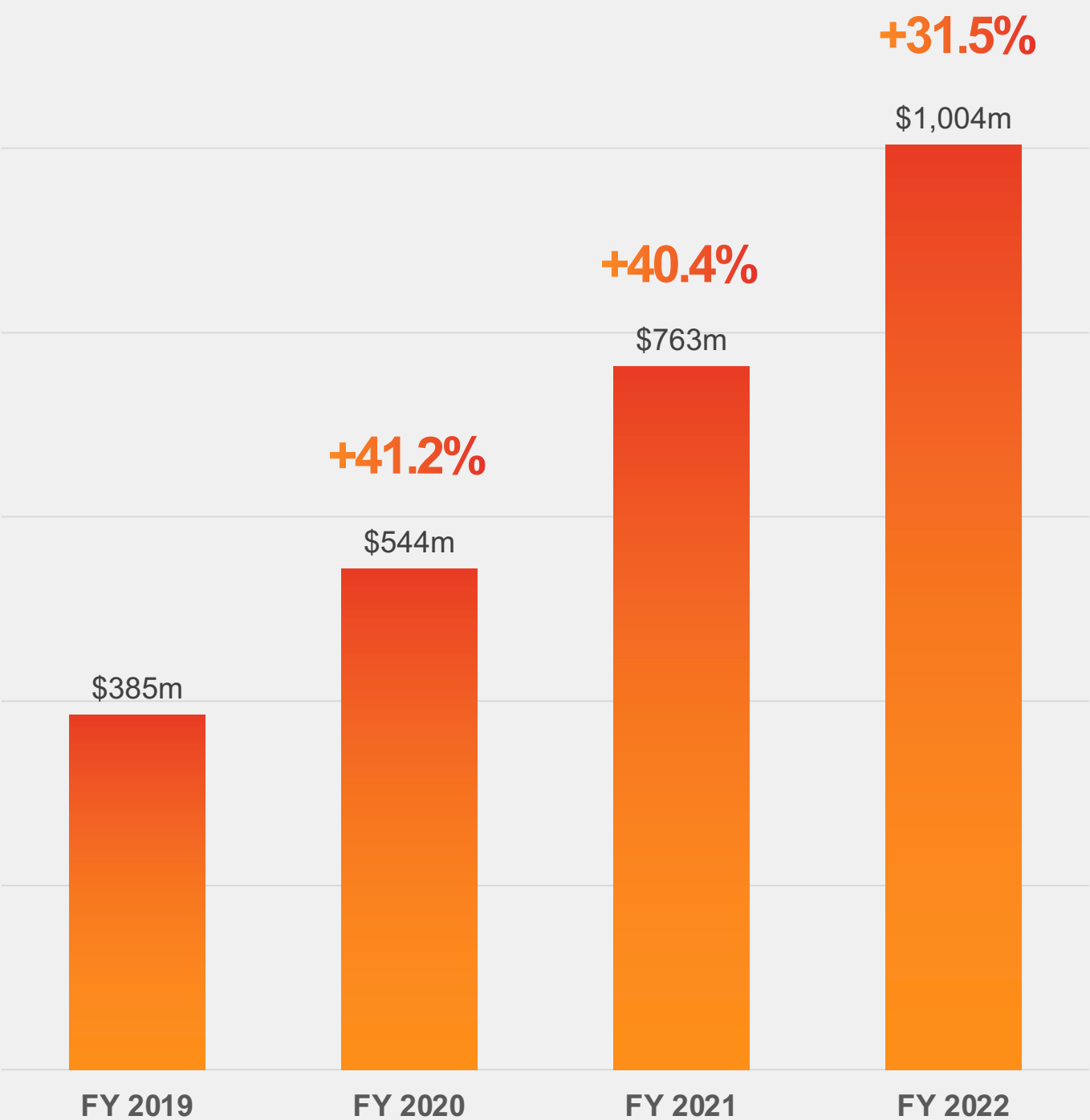
$415m[1]

+43.2%[1]

$285m[1]

+45.3%

$199m

$137m

FY 2019   FY 2020   FY 2021   FY 2022

Highly Recurring Revenue

(% of FY 2022 Revenue, FY 30 Jun)

■ Subscription Revenue   ■ Other

<1.0%

>99.0%

Significant Contracted Backlog

(Remaining Performance Obligations, $m, FYE 30 Jun)

+31.5%

$1,004m

+40.4%

$763m

+41.2%

$544m

$385m

FY 2019   FY 2020   FY 2021   FY 2022

[1] **Prior period adjustment:** Darktrace has determined that $3.8 million of revenue it had been recognising in FY 2022, including a portion recognised and reported in its unaudited 1H 2022 results, was related to prior periods and should instead be recognised in FY 2021. As FY 2021 revenue is increasing by the same amount, the combined revenue of FY 2021 and FY 2022 remains unchanged. Further detail on this adjustment is provided in Note 1 to the consolidated financial statements.

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix. Customers, ARR and ARR-related measures have been re-cast to treat Cybersprint as though it had been owned in all periods presented.

Strong Constant Currency ARR Growth

CC ARR
($m, FY 2022 CC, FYE 30 Jun)

	FY 2019	FY 2020	FY 2021	FY 2022
Value	$176m	$248m	$361m	$514m
Growth		+40.9%	+45.3%	+42.6%
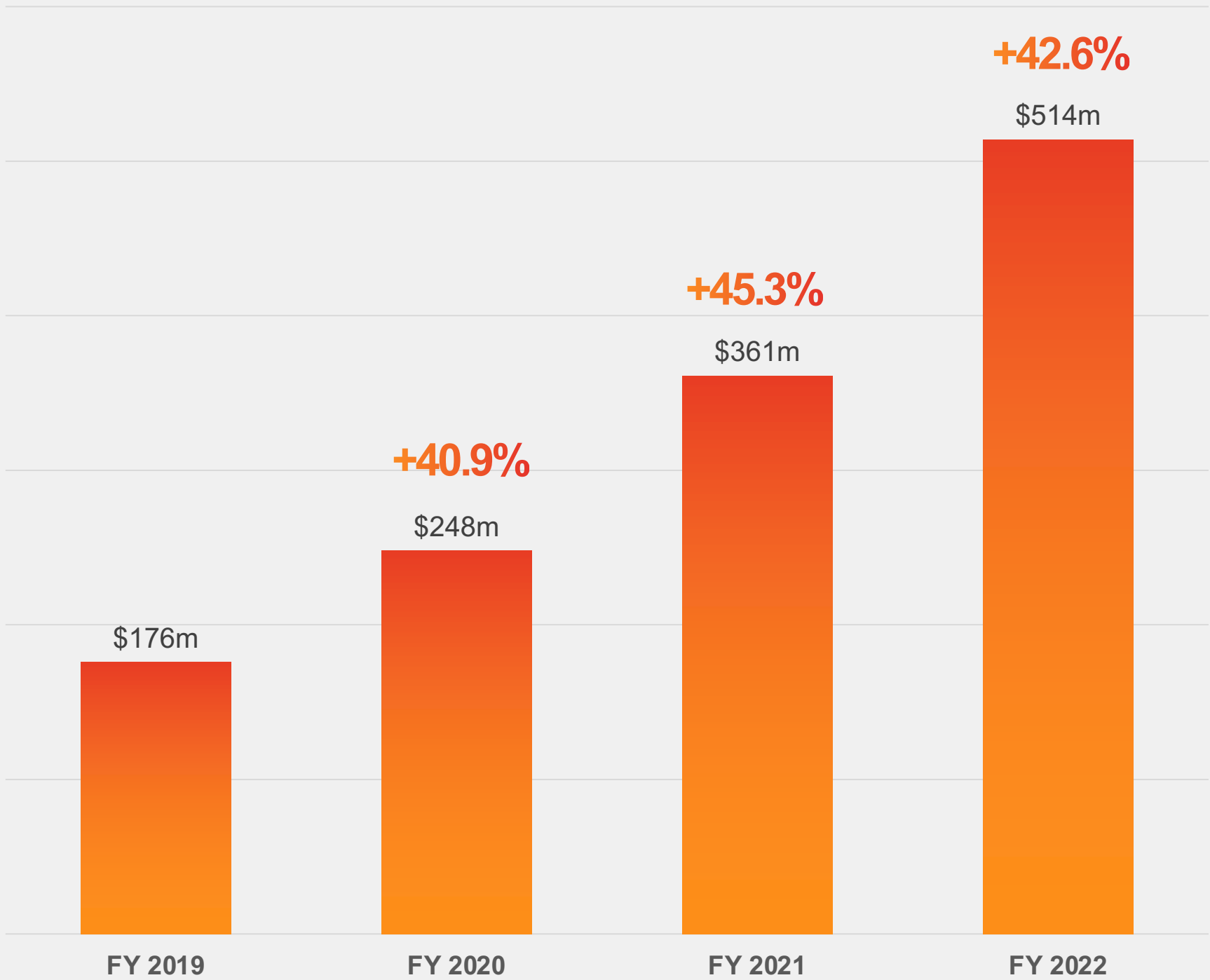
Net CC ARR Added
($m FY 2022 CC, FY 30 Jun)

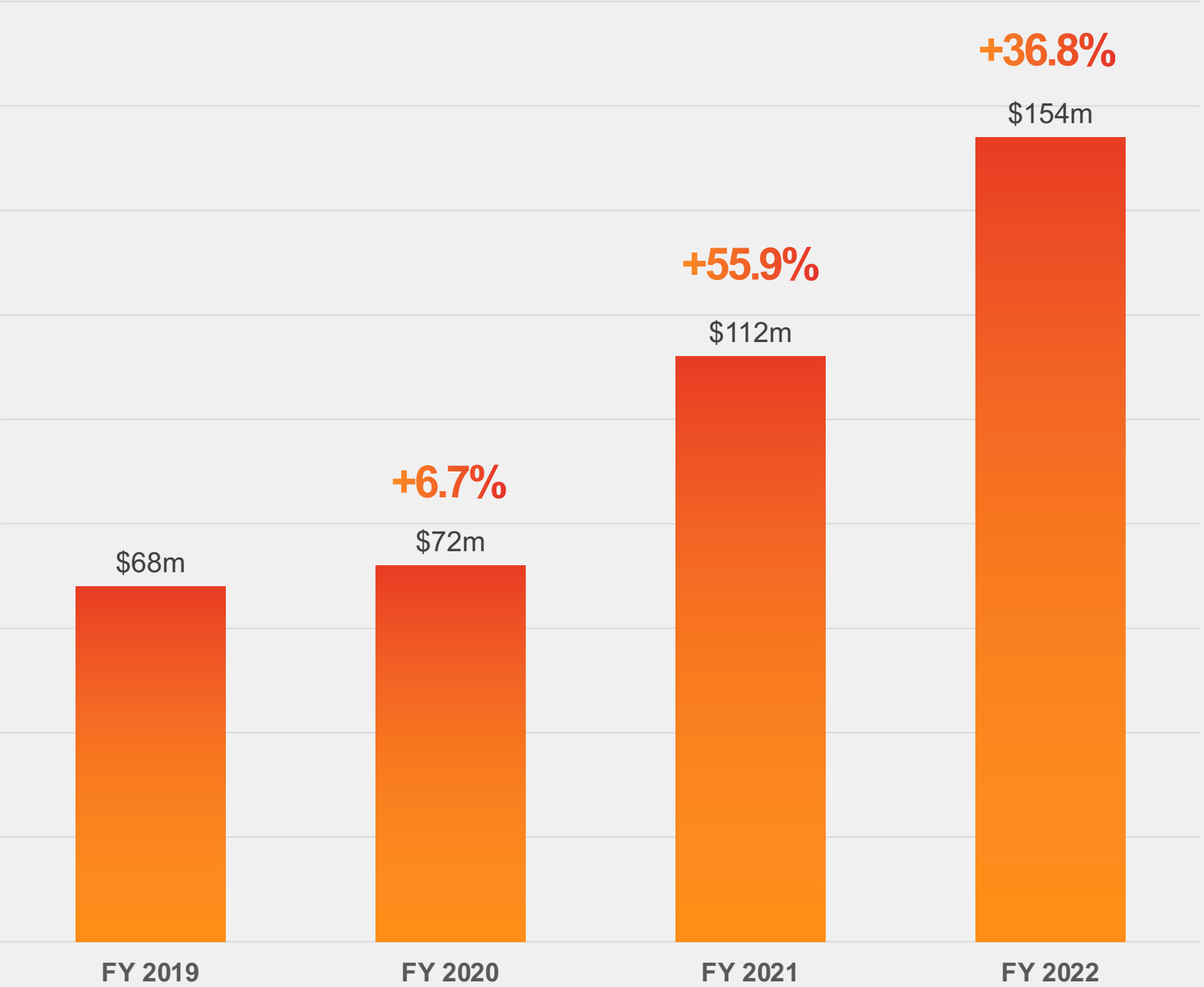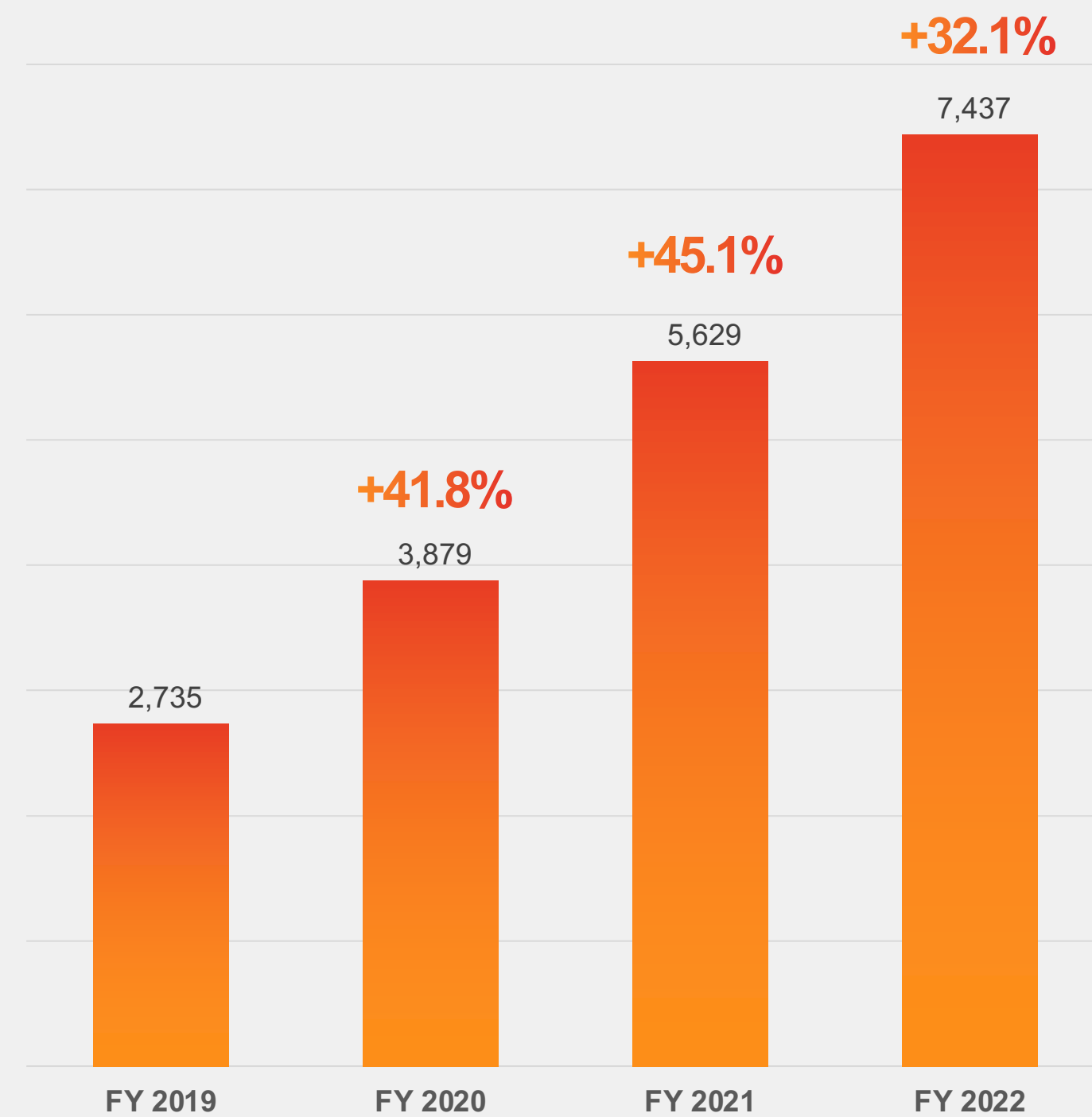|	FY 2019	FY 2020	FY 2021	FY 2022
Value	$68m	$72m	$112m	$154m
Growth		+6.7%	+55.9%	+36.8%

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix. Customers, ARR and ARR-related measures have been re-cast to treat Cybersprint as though it had been owned in all periods presented.

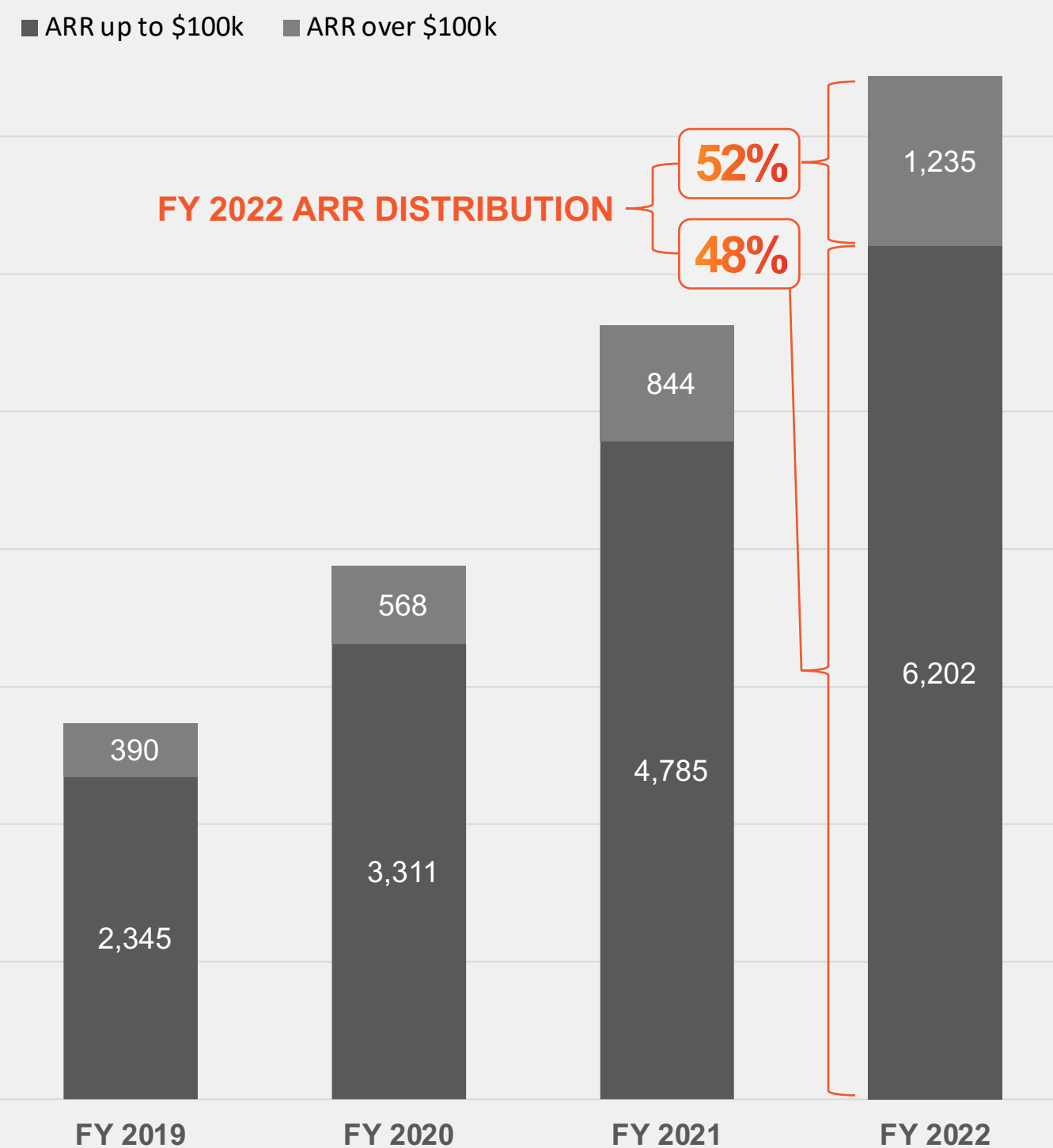**DARKTRACE**

Increasing Customer Base, Contract Size & Platform Adoption
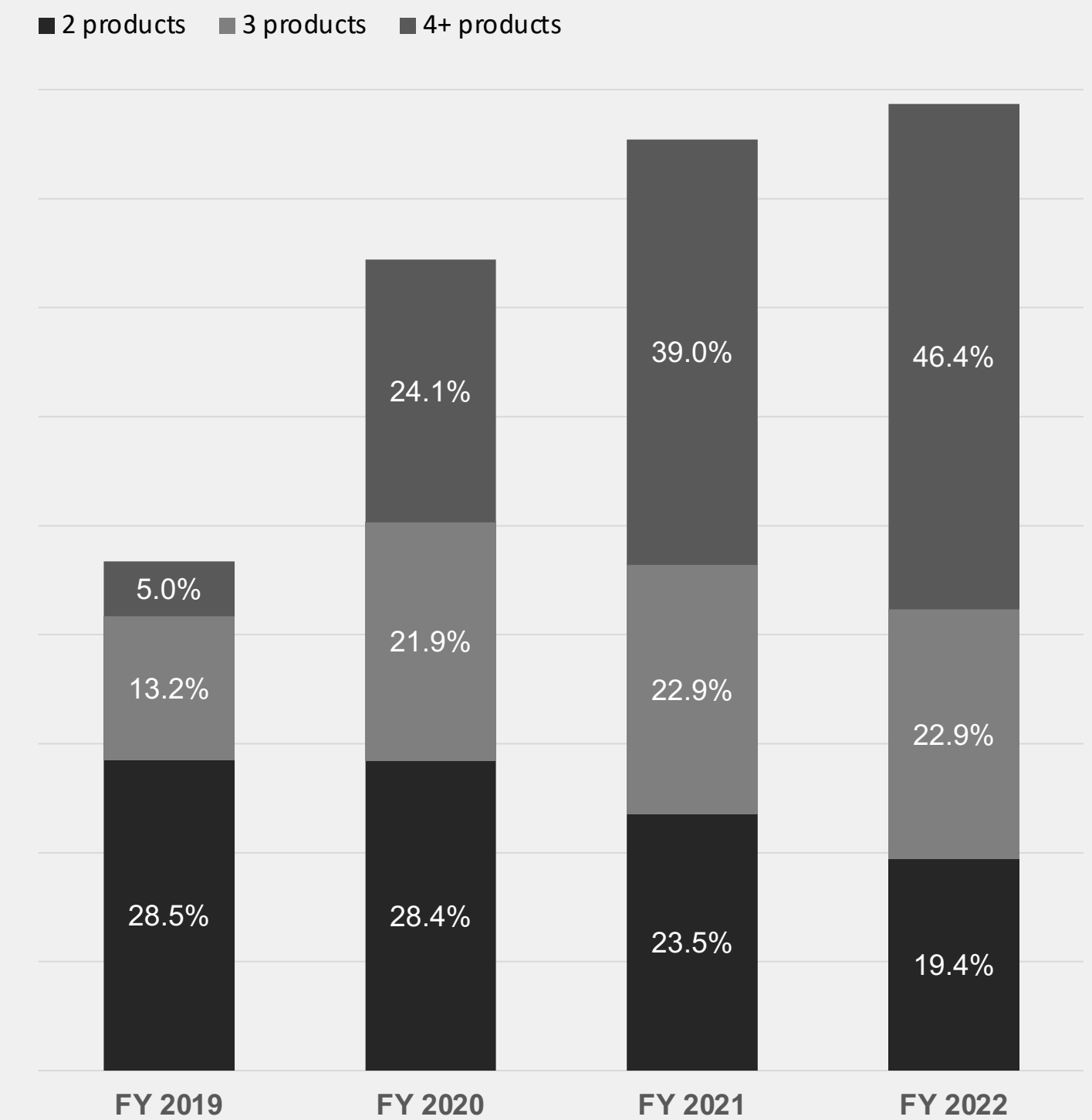
Customer Logos
(# customer logos, FYE 30 Jun)

+32.1%

7,437

+45.1%

5,629

+41.8%

3,879

2,735

| FY 2019 | FY 2020 | FY 2021 | FY 2022 |

Customers with ARR over $100k
(# of customers, FY 2022 CC, FYE 30 Jun)

■ ARR up to $100k   ■ ARR over $100k

FY 2022 ARR DISTRIBUTION

52%

48%

1,235

6,202

844

4,785

568

3,311

390

2,345

| FY 2019 | FY 2020 | FY 2021 | FY 2022 |

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

■ 2 products   ■ 3 products   ■ 4+ products

5.0%

13.2%

28.5%

24.1%

21.9%

28.4%

39.0%

22.9%

23.5%

46.4%

22.9%

19.4%

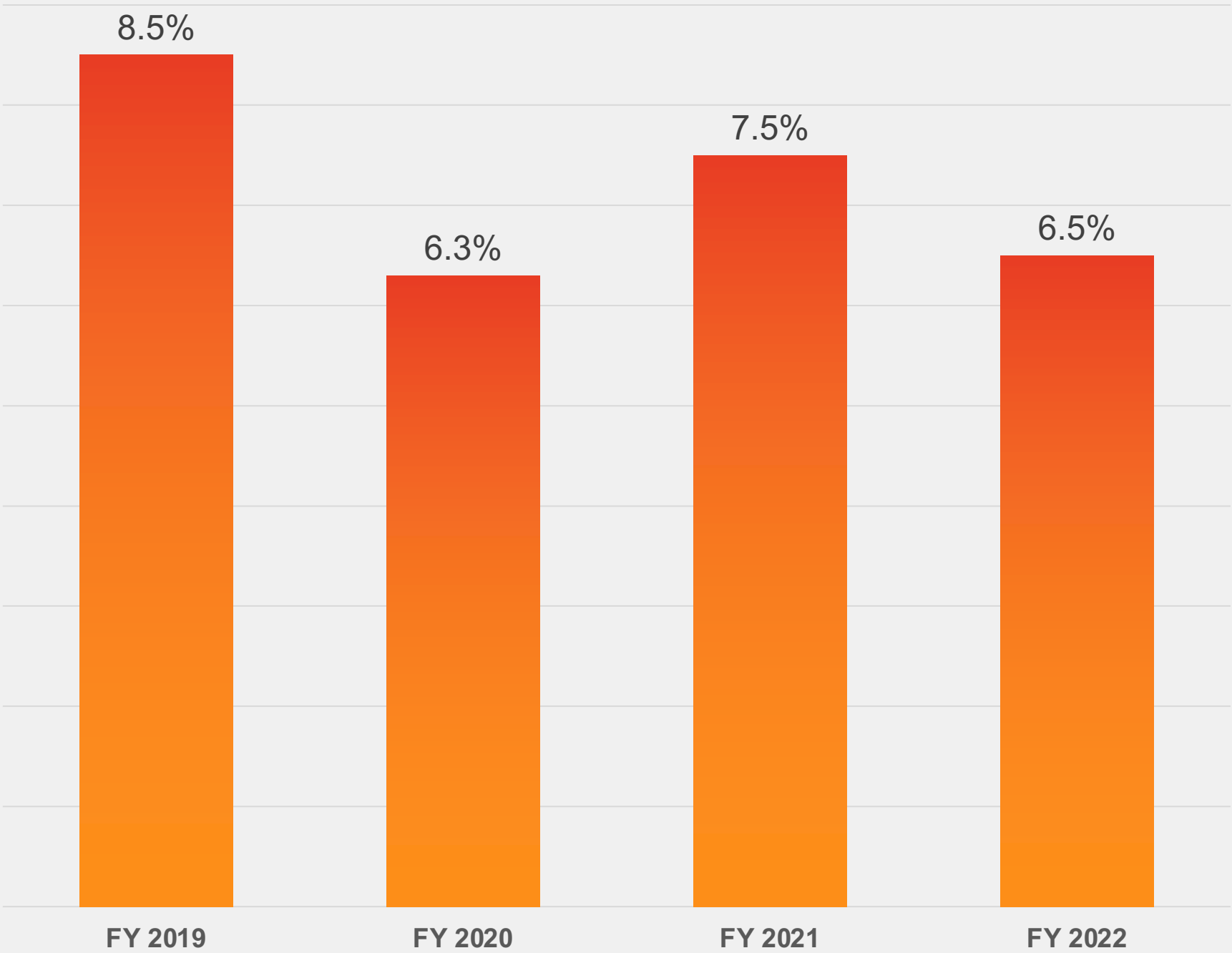| FY 2019 | FY 2020 | FY 2021 | FY 2022 |

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix. Customers, ARR and ARR-related measures have been re-cast to treat Cybersprint as though it had been owned in all periods presented.

DARKTRACE

Improving Churn and Retention Trends

One Year Gross CC ARR Churn

(%, FY 2022 CC, FYE 30 Jun)

8.5%	6.3%	7.5%	6.5%
FY 2019	FY 2020	FY 2021	FY 2022

Net ARR Retention Rate

(%, FY 2022 CC, FYE 30 Jun)

101.7%	99.4%	103.1%	105.5%
FY 2019	FY 2020	FY 2021	FY 2022

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix. Customers, ARR and ARR-related measures have been re-cast to treat Cybersprint as though it had been owned in all periods presented.
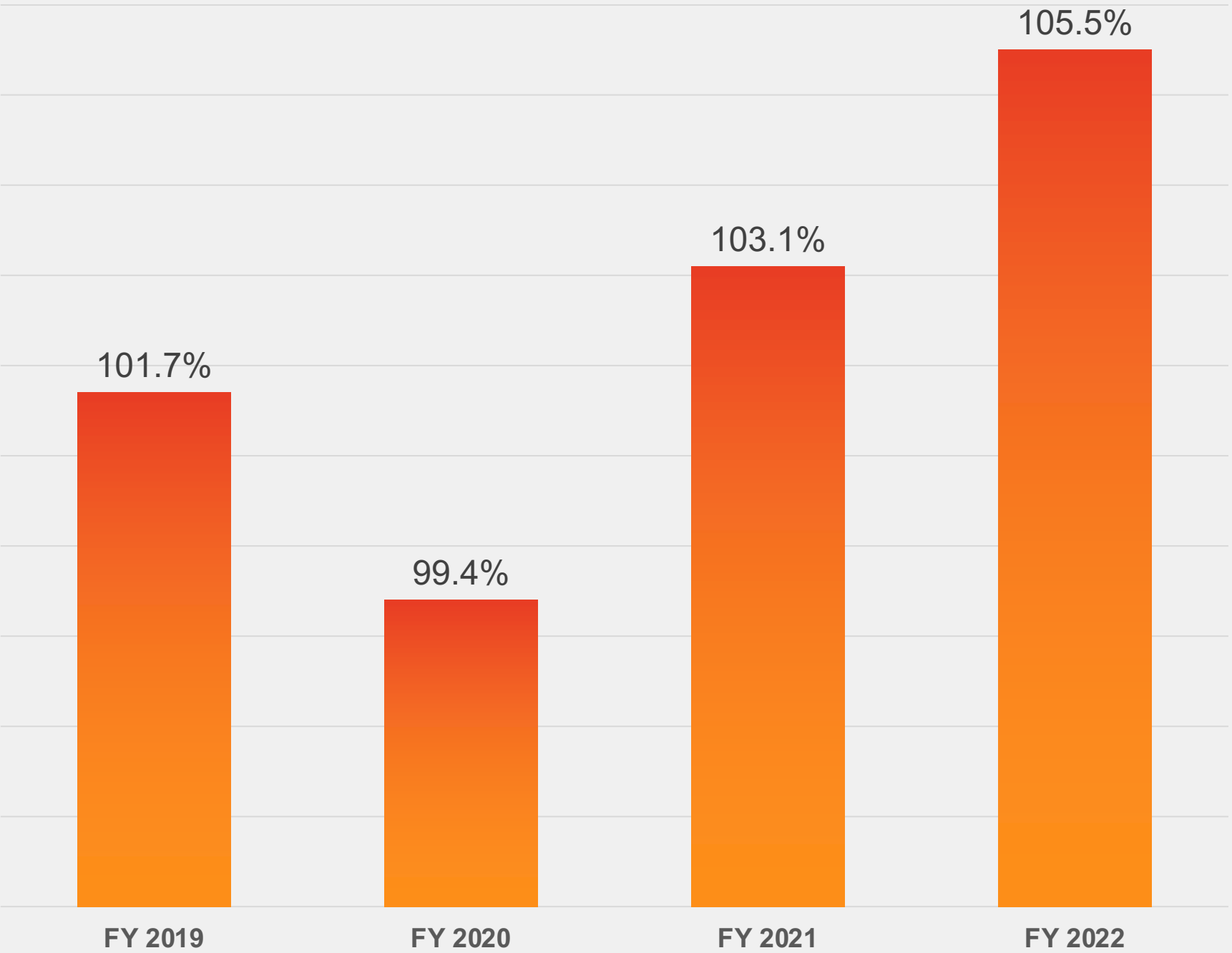
DARKTRACE

Summary P&L

$000	FY 2021	FY 2022	YoY %
Revenue	**285,101**	**415,482**	*45.7%*
Cost of sales	(28,456)	(44,848)	*57.6%*
Gross profit	**256,645**	**370,634**	*44.4%*
Gross Profit Margin (%)	*90.0%*	*89.2%*	
Sales and marketing costs	**(188,936)**	**(232,772)**	*23.2%*
Administrative expenses			
Research and development costs	**(28,814)**	**(44,262)**	*53.6%*
Other administrative expenses	**(75,859)**	**(81,167)**	*7.0%*
Foreign exchange differences	845	(6,502)	*-869.5%*
Other operating income	1,365	1,671	*22.4%*
Operating profit/ (loss) / EBIT	**(34,754)**	**7,602**	*N/A*
Operating / EBIT Margin (%)	*-12.2%*	*1.8%*	
Finance costs	(109,157)	(2,807)	*-97.4%*
Finance income	50	518	*936.0%*
Profit/ (Loss) for the year before taxation	**(143,861)**	**5,313**	*N/A*
Taxation	(1,967)	(3,856)	*96.0%*
Net profit/ (loss) for the year attributable to shareholders of Darktrace plc	**(145,828)**	**1,457**	*N/A*
Net Income Margin (%)	*-51.1%*	*0.4%*	
Items that are, or may be, subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations	-	(3,728)	*N/A*
Total comprehensive profit/ (loss) for the financial year	**(145,828)**	**(2,271)**	*-98.4%*
Earnings per share			
Basic earnings/ (loss) per share	$(0.283)	$0.002	*N/A*
Diluted earnings/ (loss) per share	$(0.283)	$0.002	*N/A*

- Core operating costs (IE excl. SBP, T&E and facilities costs) made up 84% of total **S&M** expenses in FY22.
- **8.7 ppt reduction** in these costs as a percent of revenue, driven by economies of scale being realised in customer acquisition costs.

- Core operating costs made up 64% of total **R&D** expenses in FY22.
- **1.3 ppt increase** in these costs as a percent of revenue, driven by a 45.4% increase in staffing costs as a result of hiring and retention activities.

- Core operating costs made up 71% of total **G&A** expenses in FY22.
- **6.8 ppt reduction** in these costs as a percent of revenue, driven by emerging economies of scale after a period of expansion to prepare for our IPO and absorbing public company costs.

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix. Customers, ARR and ARR-related measures have been re-cast to treat Cybersprint as though it had been owned in all periods presented.

EBITDA & Adj. EBITDA

$000	FY 2021	FY 2022
Net Profit/ (Loss)	**(145,828)**	**1,457**
Taxation	1,967	3,856
Finance income	(50)	(518)
Finance cost	109,157	2,807
Operating profit /(loss) / EBIT	**(34,754)**	**7,602**
Depreciation & Amortisation	41,305	56,185
EBITDA	**6,551**	**63,787**
Appliance depreciation in Cost of sales	(11,639)	(14,589)
SBP charges	17,045	47,207
SBP related employer tax charges	21,527	(1,526)
Capitalised intangibles (SBP charge and related tax)	-	(3,467)
Adjusted EBITDA	**33,484**	**91,412**

	COS	S&M	R&D	G&A
Depreciation & Amortisation				
Amort'n of capitalised commission	-	21,817	-	-
Amort'n of intangible assets	-	-	6,073	-
Dep'n of PPE (excl. Appliances)	-	1,179	1,018	1,195
Dep'n of Right of Use Assets	-	3,970	890	1,689
Dep'n of Appliances (Opex-only)	-	3,766	-	-
Dep'n of Appliances (CoS-only)*	14,589	-	-	-
Share-based Payments (SBP)				
SBP charge (gross of capitalisation)	-	20,084	9,711	17,412
Capitalised development cost			(3,189)	
SBP-related employer tax charge (gross of capitalisation)		(4,737)	5,403	(2,192)
Capitalised development cost			(278)	
Total Adjustments	n/a	46,079	19,628	18,104

Adj. EBIT & EBITDA includes depreciation of appliances attributed to Cost of Sales

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix. Customers, ARR and ARR-related measures have been re-cast to treat Cybersprint as though it had been owned in all periods presented.

Free Cash Flow

$000	FY 2021	FY 2022
Net Profit/ (Loss)	**(145,828)**	**1,457**
Taxation	1,967	3,856
Finance income	(50)	(518)
Finance cost	109,157	2,807
Operating profit /(loss) / EBIT	**(34,754)**	**7,602**
Depreciation & Amortisation	41,305	56,185
EBITDA	**6,551**	**63,787**
Appliance depreciation in Cost of sales	(11,639)	(14,589)
SBP charges	17,045	47,207
SBP related employer tax charges	21,527	(1,526)
Capitalised intangibles (SBP charge and related tax)	-	(3,467)
Adjusted EBITDA	**33,484**	**91,412**
Appliance depreciation in Cost of sales	11,639	14,589
SBP related employer tax charges	(21,527)	1,526
Loss on disposal or impairment	2,805	3,117
Other non-cash movements	(702)	9,612
Working capital movements	36,996	26,498
Tax related payments/receivables	(2,803)	(6,510)
Net cash inflow from operating activities	**59,892**	**140,244**
Capitalised research and development	(2,691)	(1,292)
Property, plant and equipment purchased	(22,641)	(31,863)
Lease costs capitalised	(9,059)	(7,572)
Free Cash Flow	**25,501**	**99,517**
FCF Margin % (as a percentage of Adj. EBITDA)	*76%*	*109%*

Free cash flow (FCF) defined as net cash from operating activities less purchases (other than purchases made in connection with business combinations) of intangible assets and property plant and equipment (PP&E), and payments for leases.

FCF typically expected to be c90 percent of adjusted EBITDA, though invoicing, collections and other cash flow timings create a normal **+ / - 15 percentage point range** in any financial year.

Note: Alternative Performance Measures (APMs) are used by Darktrace management and Board of Directors to understand and manage performance. Definitions of the company's APMs can be found in the Appendix.

FY 2023 Guidance Confirmed

FY 2023 GUIDANCE

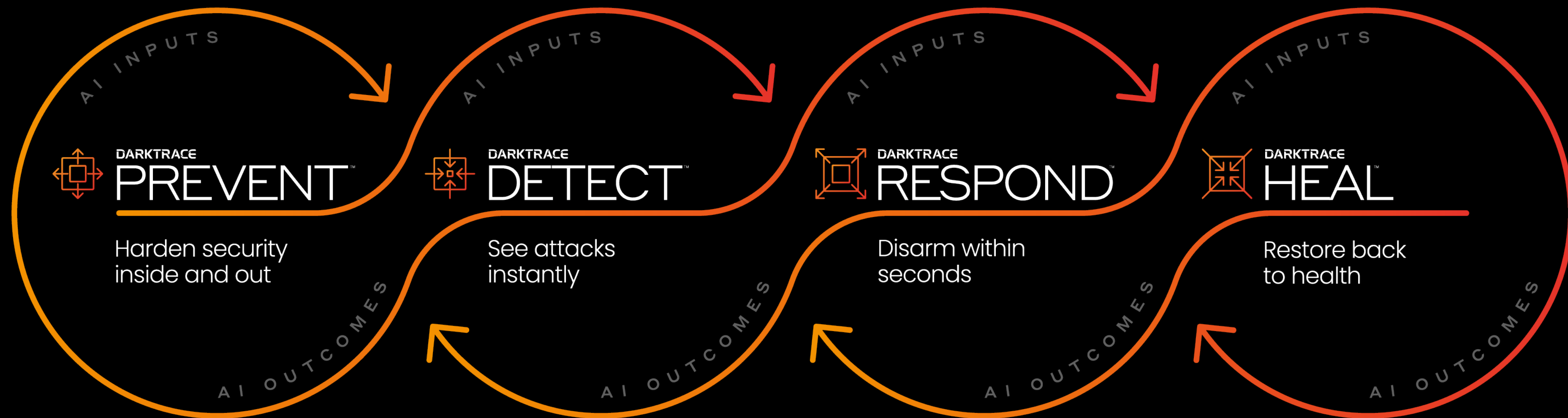|		
YoY Revenue Growth*	**30.0% to 33.0%** (Previously 29.0% to 32.0%)[1]	[1] As a result of the revenue timing adjustment, Darktrace has reported lower FY 22 revenue than it expected at the time of its trading update. Darktrace is increasing FY 23 revenue growth guidance to maintain the USD revenue expectations for FY23 that would have been derived, had revenue we were recognising in FY 2022 not been re-allocated to FY 2021.
YoY CC ARR Growth[2]	**31.0% to 34.0%**	
Net CC ARR Added*	**4% to 14%** (As implied by CC ARR growth range)[2]	
Adj. EBITDA Margin	**15% to 18%**	
Free Cash Flow	**60% to 65%** (As a percent of Adj. EBITDA)	

*Approximately 45% to 46% of revenue and CC ARR added is expected to be recognised in the first half of FY 2023

[2] To enable a consistent basis for evaluating its performance, Darktrace reports ARR in constant currency, established as the average rates on the last day of the prior financial year. Applying FY 2023 rates to the Group's ARR balance for 30th June 2022 and all prior comparison periods, results in a rebased FY 2022 ARR balance of $484.9m.
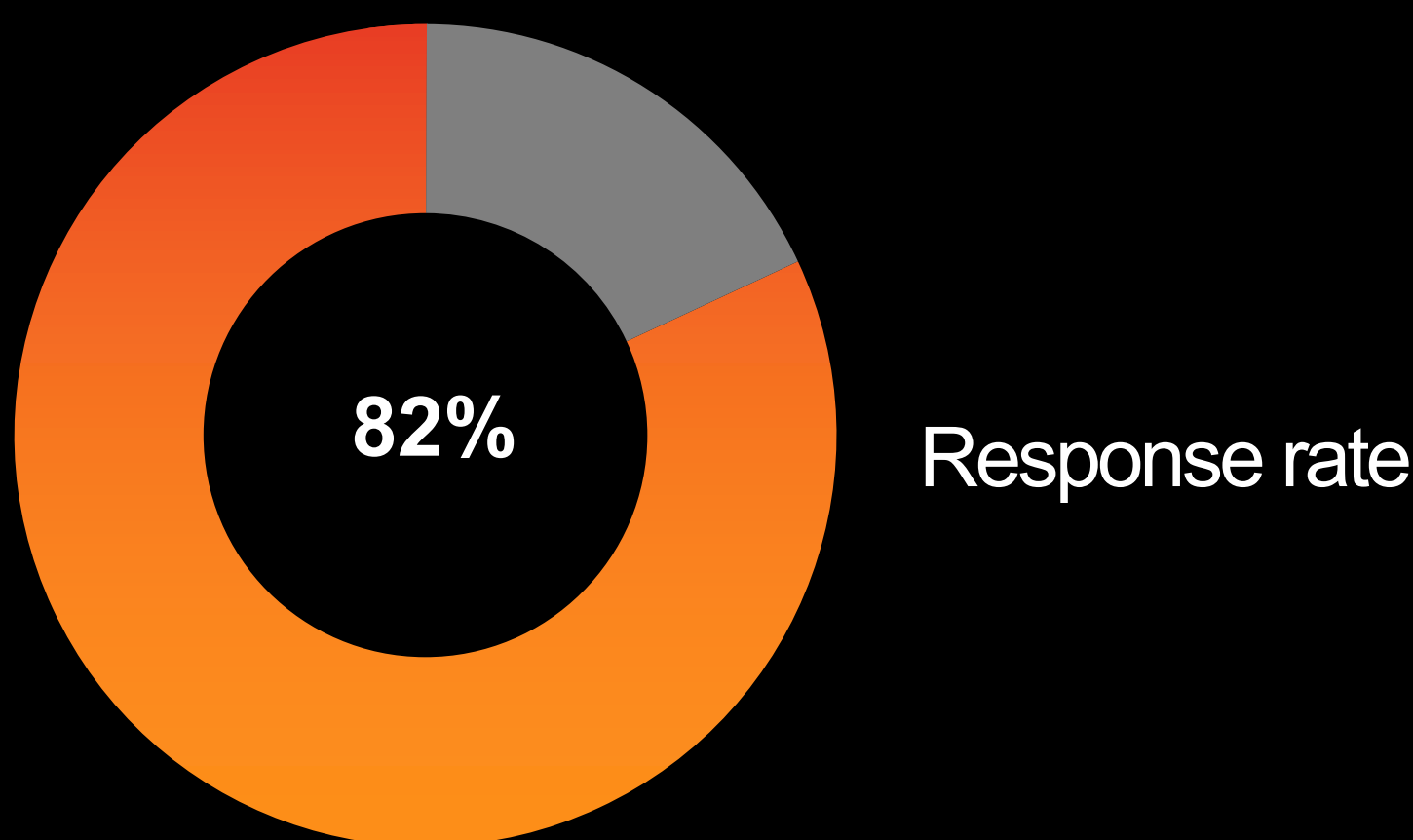
Poppy
Gustafsson, CEO

Darktrace People

EMPLOYEE SURVEY

82%

Response rate

63%
Of responses to
a question were
7 or higher

7.8
Overall score
out of 10

8.6
Meaning
& Purpose

8.6
Relationships

10
The Most
Common
Score

KEY INITIATIVES:

Training and Development
Second annual coaching programme kicking off. Includes coaching workshops to train coaches to support growing number of applicants.

Darktrace Leadership Development Programme
Focused on building confident and and high-trust team environments, empowering leaders to optimise performance.

Fostering Female Leadership
Hosting webinars with McLaren on building inclusive and supportive work environments .
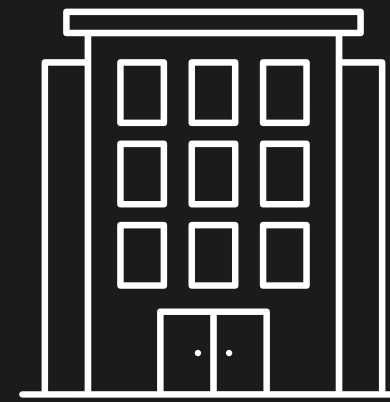
Employee Forum
Chaired by Paul Harrison, our Chair of the Audit and Risk Committee and an independent Non-Executive Director.
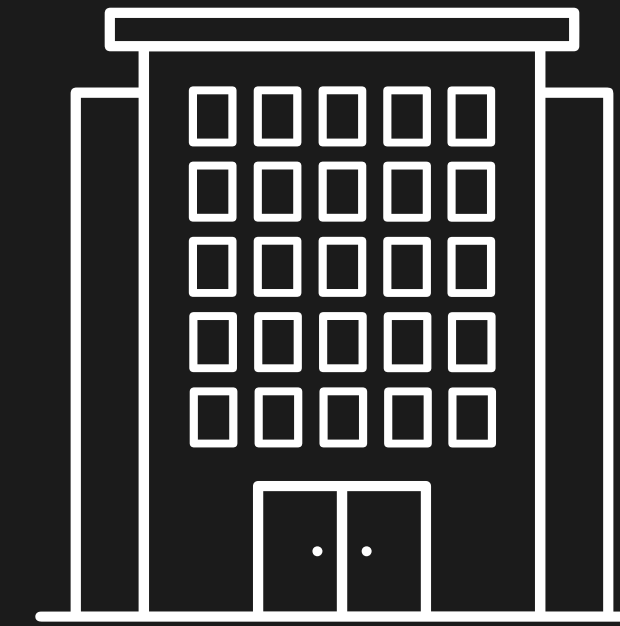
DARKTRACE

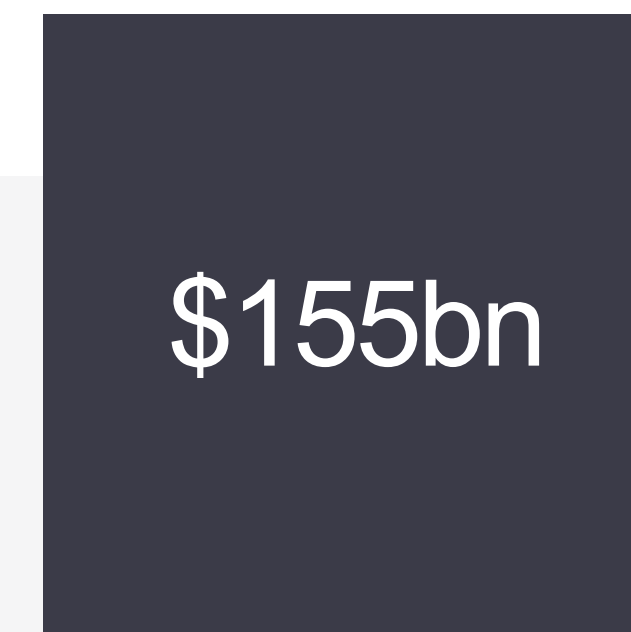# Salesforce Evolution

**HIGH VELOCITY
SMB**

**FIELD SALES
MID-MARKET**

**FIELD SALES
ENTERPRISE**

Total Addressable Market

$47bn	$155bn	Beyond Cyber Security
Bottom-up TAM	Top-down TAM	

7,400+

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

Summary & Outlook

Summary of FY22

Robust results
Delivered for the FY

1,800+
Customers added

2,000+
Employees now
in our workforce

First Acquisition
Completed

Strong guidance
For FY 2023

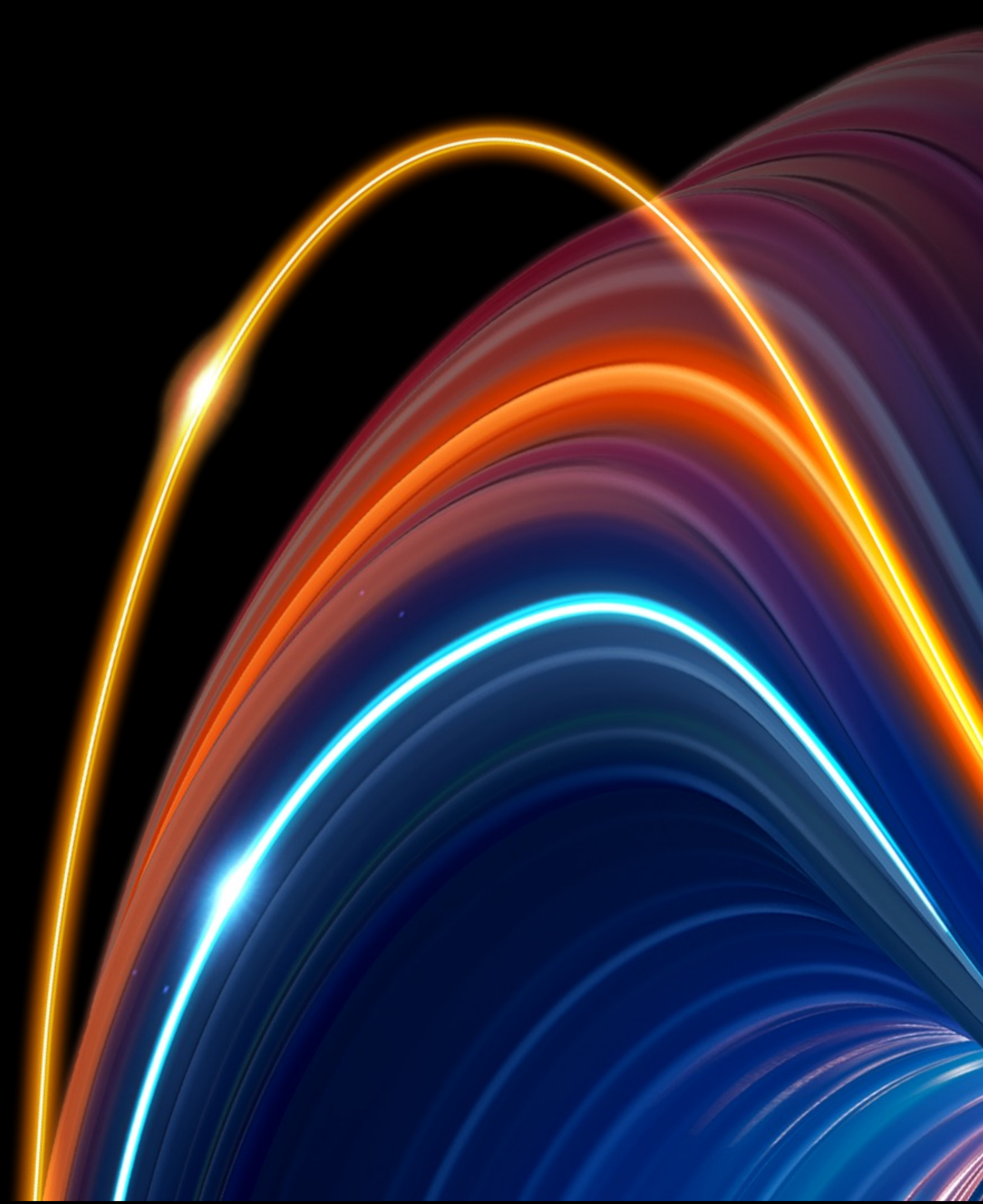**PREVENT**
Delivering to new
and existing
customers

Focus on development of HEAL
The next component of the Cyber AI Loop

Q&A

DARKTRACE

Appendix

Key Cost Movement Detail

$000	FY 2021	% of Revenue	FY 2022	% of Revenue	
Revenue	285,101		415,482		
Cost of sales					
Total cost of sales	(28,456)	*-10.0%*	(44,848)	*-10.8%*	①
Gross Margin (%)	*90.0%*		*89.2%*		
Sales and marketing costs					
Other operating costs	(159,133)	*-55.8%*	(195,592)	*-47.1%*	②
Travel and Entertainment	(1,518)	*-0.5%*	(4,165)	*-1.0%*	
Facilities costs	(13,400)	*-4.7%*	(17,667)	*-4.3%*	
Share-based payment (SBP) charges	(6,446)	*-2.3%*	(20,084)	*-4.8%*	⑤
SBP related employer tax charges	(8,439)	*-3.0%*	4,737	*1.1%*	
Total sales and marketing costs	**(188,936)**	***-66.3%***	**(232,772)**	**-56.0%**	
Research and development costs					
Other operating costs	(15,752)	*-5.5%*	(28,293)	*-6.8%*	③
Travel and Entertainment	(55)	*0.0%*	(363)	*-0.1%*	
Facilities costs	(2,852)	*-1.0%*	(3,959)	*-1.0%*	
Share-based payment (SBP) charges	(2,730)	*-1.0%*	(6,522)	*-1.6%*	⑤
SBP related employer tax charges	(7,425)	*-2.6%*	(5,125)	*-1.2%*	
Total research and development costs	**(28,814)**	***-10.1%***	**(44,262)**	**-10.7%**	
Other administrative expenses					
Other operating costs	(58,748)	*-20.6%*	(57,546)	*-13.9%*	④
Travel and Entertainment	(229)	*-0.1%*	(2,992)	*-0.7%*	
Facilities costs	(3,349)	*-1.2%*	(5,409)	*-1.3%*	
Share-based payment (SBP) charges	(7,870)	*-2.8%*	(17,412)	*-4.2%*	⑤
SBP related employer tax charges	(5,663)	*-2.0%*	2,192	*0.5%*	
Total other administrative expenses	**(75,859)**	***-26.6%***	**(81,167)**	**-19.5%**	
Other operating income	1,365	*0.5%*	1,671	*0.4%*	
Exchange differences	845	*0.3%*	(6,502)	*-1.6%*	
Finance costs, net	(109,107)	*-38.3%*	(2,289)	*-0.6%*	⑥
Taxation	(1,967)	*-0.7%*	(3,856)	*-0.9%*	
Net profit / (loss) for the period	**(145,828)**	***-51.1%***	**1,457**	**0.4%**	

①
- Gross margin stayed within our expected range but declined by 0.8 ppts vs the prior year.
- This was largely driven by an increase in hosting costs as we expand and drive sales of our cloud-based offerings, and customers continue to work in hybrid environments.

②
- 8.7 ppt reduction in core recurring operating costs as a percent of revenue, driven by economies of scale being realised in customer acquisition costs.

③
- 1.3 ppt increase in core operating costs as a percent of revenue, driven by a 45.4% increase in staffing costs as a result of hiring and retention activities.

④
- 6.8 ppt reduction in core operating costs as a percent of revenue, driven by normalised cadence following absorption of IPO and subsequent public company costs.

⑤
- Y-o-y share-based payment charges increased in aggregate, largely reflecting a full period of costs for private-to public-transition schemes put in place at IPO.
- Limited y-o-y increase in net R&D SBP costs due to commencement of capitalisation of these costs in FY22 (including a prior year catch-up), as these charges have now become material.

⑥
- Y-o-y decrease in net finance costs driven by the conversion of convertible loan notes at IPO; returned to a normal level of operating finance costs in FY22.

Steady State Economic Model

Cost on Adj. EBIT basis	% of revenue
Cost of Sales	10 – 13%
Sales & Marketing	40 – 43%
Research & Development	10 – 13%
General & Administrative	10 – 13%
Adjusted EBIT Margin: +/- 20's%	

Note: This long-term steady state is not anticipated to be achieved in the foreseeable future or in a linear fashion, if at all, and the Group's targets may change based on developments in the Group's business.

Alternative Performance Measure Definitions

EBIT
Earnings before interest and taxes, or EBIT is the Group's operating profit or (loss).

Adjusted EBIT
Adjusted EBIT is the Group's EBIT adjusted to remove uncapitalised share-based payment (SBP) charges and related employer tax charges.

EBITDA
EBITDA is the Group's earnings before interest, taxation, depreciation and amortisation.

Adjusted EBITDA
Adjusted EBITDA is the Group's EBITDA, but including appliance depreciation attributed to cost of sales, adjusted to remove uncapitalised share-based payment charges and related employer tax charges.

Free cash flow
Net cash from operating activities less purchases (other than purchases made in connection with business combinations) of intangible assets and property plant and equipment (PP&E), and payments for leases.

Annual Recurring Revenue (ARR)
The sum of all ARR, at the period's constant currency rate, for customers as of the measurement date. The ARR for each customer is the annual committed subscription value of each order booked for which it will be entitled to recognise revenue. In the small number of cases where a customer has an opt-out within six months of entering a contract, Darktrace does not recognise ARR on that contract until after that opt-out period has passed.

Net constant currency ARR added
New customer constant currency ARR added, plus the net impact of upsell, down-sell, and churn activity in the existing customer base, in the same constant currency, for a period.

One-year constant currency ARR gross churn rate
Constant currency ARR value of customers lost from the existing customer cohort one year prior to the measurement date, divided by the total ARR value of that existing customer cohort. This churn rate reflects only customer losses and does not reflect customer expansions or contractions.

Net constant currency ARR retention rate
Current constant currency ARR value for all customers that were customers one year prior to the measurement date, divided by their ARR in the same constant currency one year prior to the measurement date. This retention rate reflects customer losses, expansions, and contractions.

Average contract ARR
Average contract ARR is defined as the total ARR at the measurement date, divided by the number of customers at that measurement date.

Constant currency rates
Rates established at the start of each year and used for reporting ARR and related measures without the impact of foreign exchange movements. For FY 2022, constant currency rates were 1.3835 and 1.1878 for the British Pound and the Euro, respectively.

Number of customers
Count of contracting entities that are generating ARR at the measurement date.

Remaining performance obligations (RPO)
Represents committed revenue backlog. RPO is calculated by summing all committed customer contract ARR values that have not yet been recognised as revenue, valued at the exchange rates on the last day of the reporting period.