Annual Contract Value

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Overview of ACV[1]

ACV is an estimate of the annual value of our portfolio of term license and software maintenance and support (SMS) agreements

Provides insight into the growth and retention rate of our recurring revenue base

Leading indicator of recurring cash inflow

Demonstrates impact of DGM and SSE business model transformation to token models

Used internally to evaluate the growth and performance of our business

Primary corporate performance goal utilized for management compensation

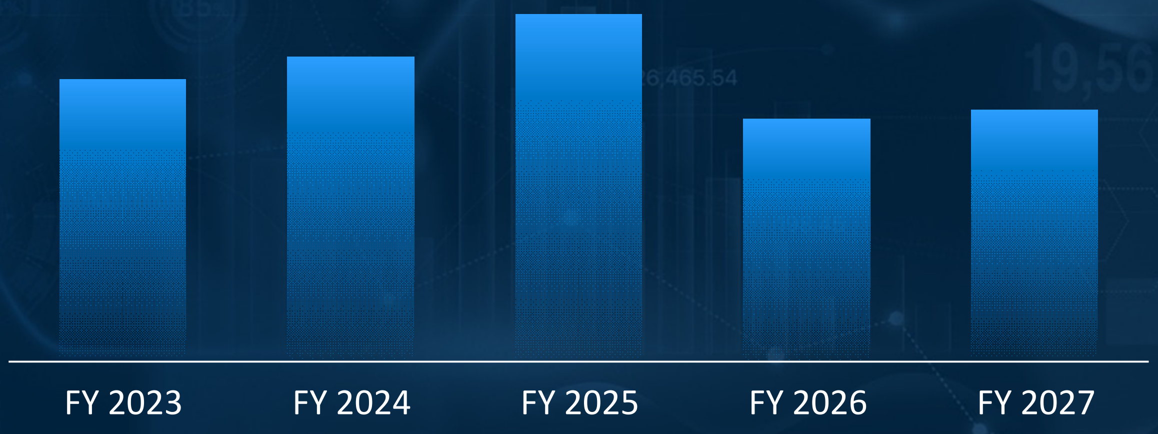
[1] ACV is a metric the Company uses to better understand the business. There is no GAAP measure comparable to ACV.

Topic 606 Impact on Revenue Model

- Topic 606 impacts the way we recognize revenue, but not the value we create for customers and investors
- Our license revenue is heavily impacted by the timing of bookings and, more specifically, the timing of renewals
- Bookings is defined as the total value of customer term license and perpetual SMS contracts delivered in the current period
- The timing of renewals is not linear between quarters or fiscal years
- Actual timing of renewal bookings can be impacted by early renewals

Long-term contracts, recurring revenue model, annual payments in advance, annual price escalations

Renewal Bookings by Fiscal Year*



** Renewal detail is for illustrative purposes only*

Topic 606 Revenue Model – Revenue Recognition

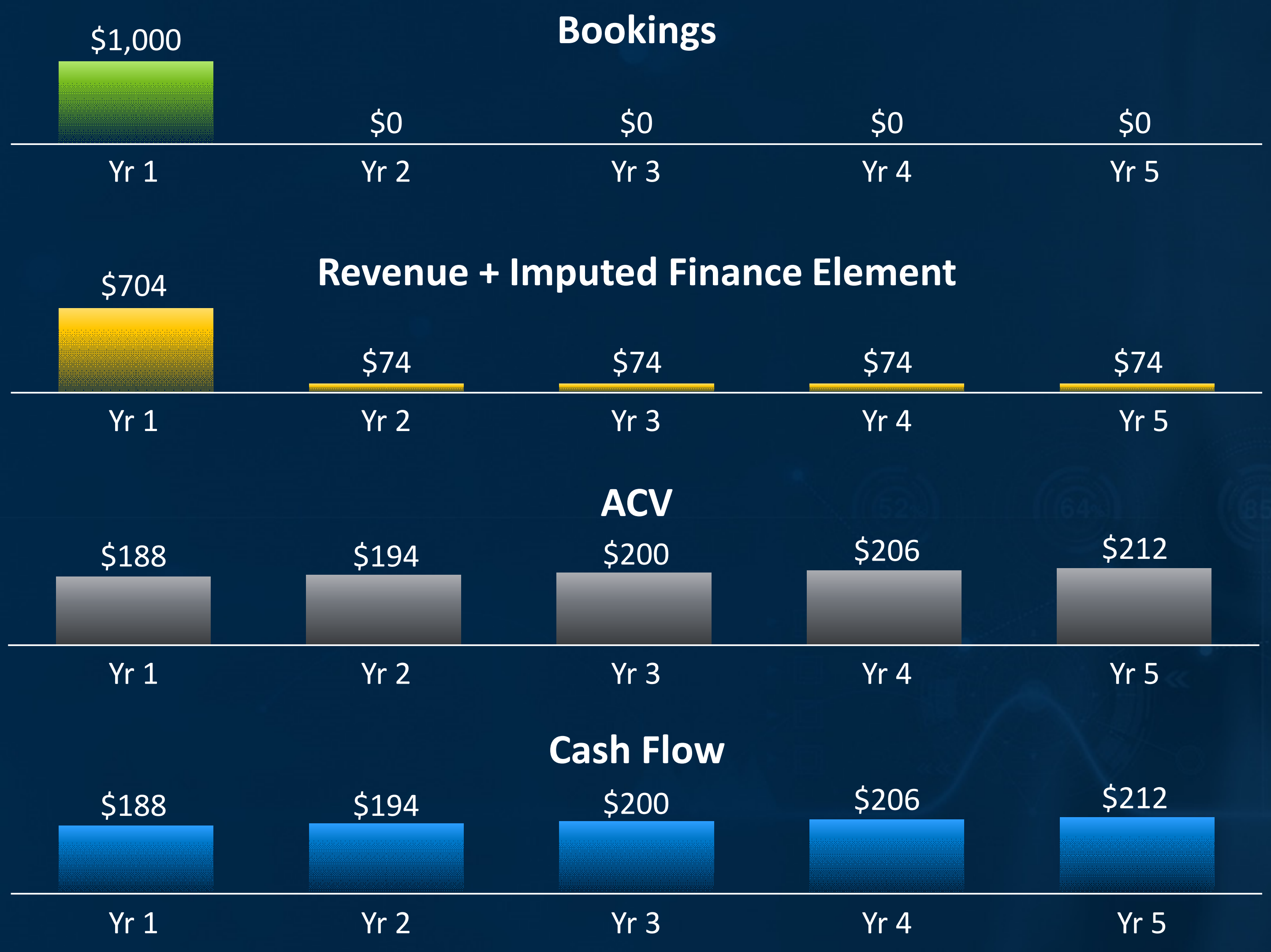
STEP 1 CONTRACT BOOKING → STEP 2 PERFORMANCE OBLIGATIONS → STEPS 3+4 ALLOCATE CONSIDERATION* → STEP 5 RECOGNIZE AS DELIVERED

Initial license	62% – 67%	Upfront
New products	< 1%	Ratably
Maintenance	30% – 33%	Ratably
Financing element	3% – 5%**	Ratably
Other	Variable	Variable

* *Allocation values can change based on business conditions and external factors. The percentages presented are subject to change.*

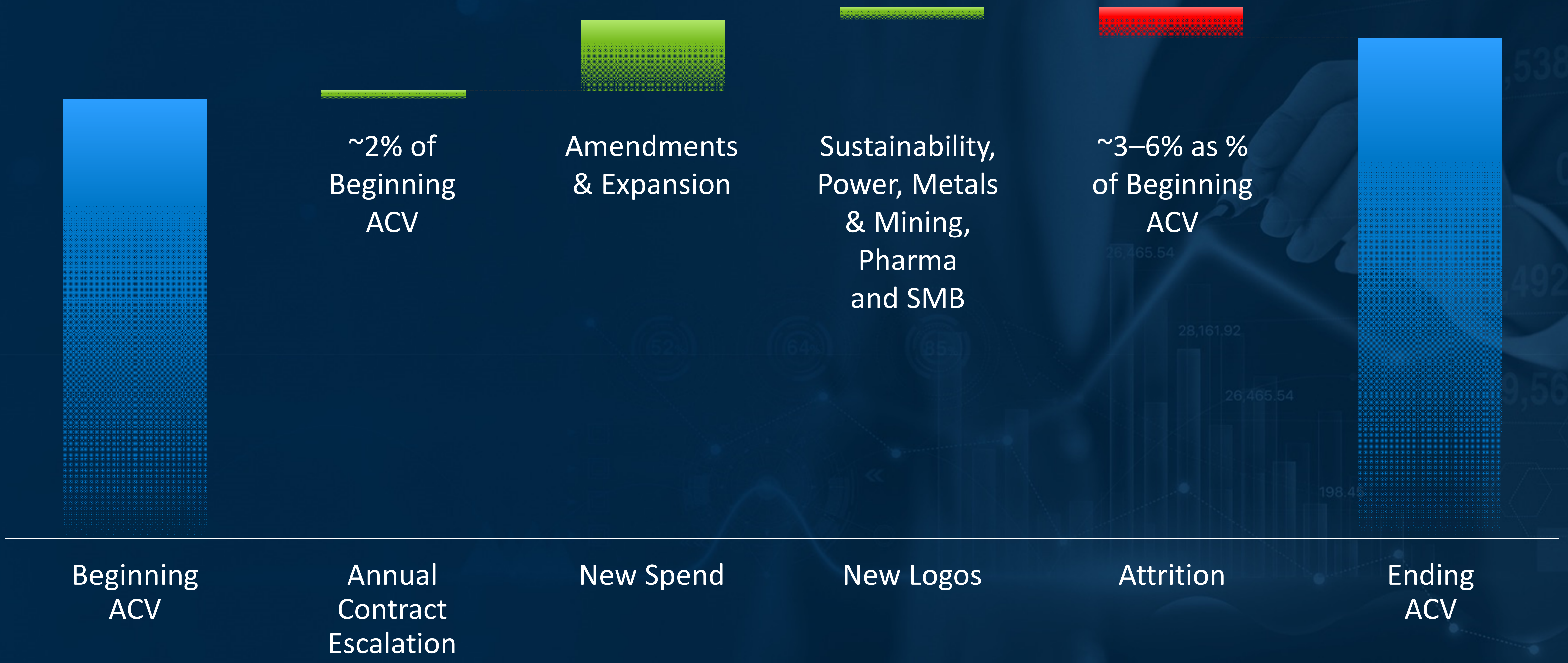
** *Interest income is dependent on our estimate for our customer-specific incremental borrow rate and is subject to change.*

ACV Term License Example



- Example for illustrative purposes only
- Assumes a booking with total contract value of $1,000
- ACV recognition is coordinated with shipment of software and bookings recognition
- Assumes contract term length is 5 years with annual 3% price escalation

How ACV Grows[1]



[1] Example for illustrative purposes only

ACV vs. Annual Spend[1]

	ACV	Annual Spend
Term License	✓	✓
Perp SMS	✓	✗
Non-Recurring SW	✗	✗
Services	✗	✗
HW	✗	✗

- Both metrics serve to provide an accurate view of the growth dynamics of the business
- Focus on recurring revenue and business model transformation of DGM and SSE
- ACV provides visibility into DGM and SSE's existing recurring revenue streams
- ACV does not include non-recurring software, such as perpetual licenses, as well as services and hardware

[1] Annual spend is an estimate of the annualized value of our portfolio of term license agreements, as of a specific date. Annual Spend is calculated by summing the most recent annual invoice value of each of our active term license agreements. Annual spend also includes the annualized value of standalone SMS agreements purchased with certain legacy term license agreements, which have become an immaterial part of our business.

Thank You!