

Q2 2023 Financials

November 2022

The background features a blue-to-purple gradient. In the top-left and bottom-right corners, there are white geometric patterns of interconnected lines forming triangles and diamonds.

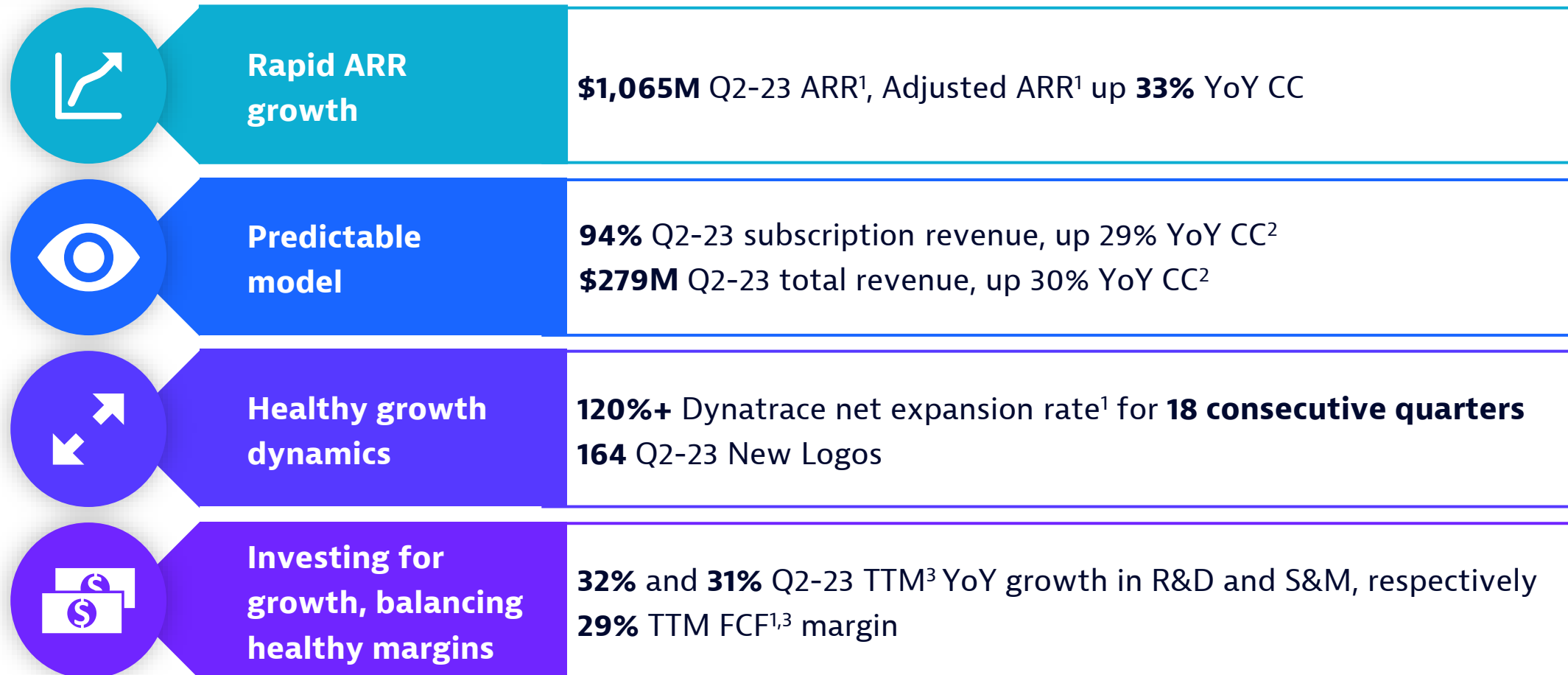
Legal Disclaimer

This presentation includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding management’s expectations of future financial and operational performance and operational expenditures, expected growth, and business outlook, including our financial guidance for the third quarter and full year of fiscal 2023, and statements regarding the impact of foreign exchange rate changes. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” or words of similar meaning. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation, the effect of the COVID-19 pandemic on our business operations and demand for our products as well as its impact on general economic and financial market conditions, a potential downturn in or instability of general economic conditions including currency fluctuations, our ability to maintain our subscription revenue growth rates in future periods, our ability to service our indebtedness, market adoption of software intelligence solutions for application performance monitoring, digital experience monitoring, infrastructure monitoring, AIOps, business intelligence and analytics and application security, continued spending on and demand for software intelligence solutions, our ability to maintain and acquire new customers, our ability to differentiate our platform from competing products and technologies, our ability to successfully recruit and retain highly-qualified personnel, the price volatility of our common stock, and other risks set forth under the caption “Risk Factors” in our Form 10-K filed on May 26, 2022 and our other SEC filings. We assume no obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

This presentation includes non-GAAP financial measures which have certain limitations and should not be considered in isolation, or as alternatives to or substitutes for, financial measures determined in accordance with generally accepted accounting principles in the United States (“GAAP”). The non-GAAP measures as defined by the Company may not be comparable to similar non-GAAP measures presented by other companies. The Company’s presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that its future results will be unaffected by these or other unusual or non-recurring items. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the Appendix to these slides.



Compelling Financial Profile



1) See Appendix for definitions.

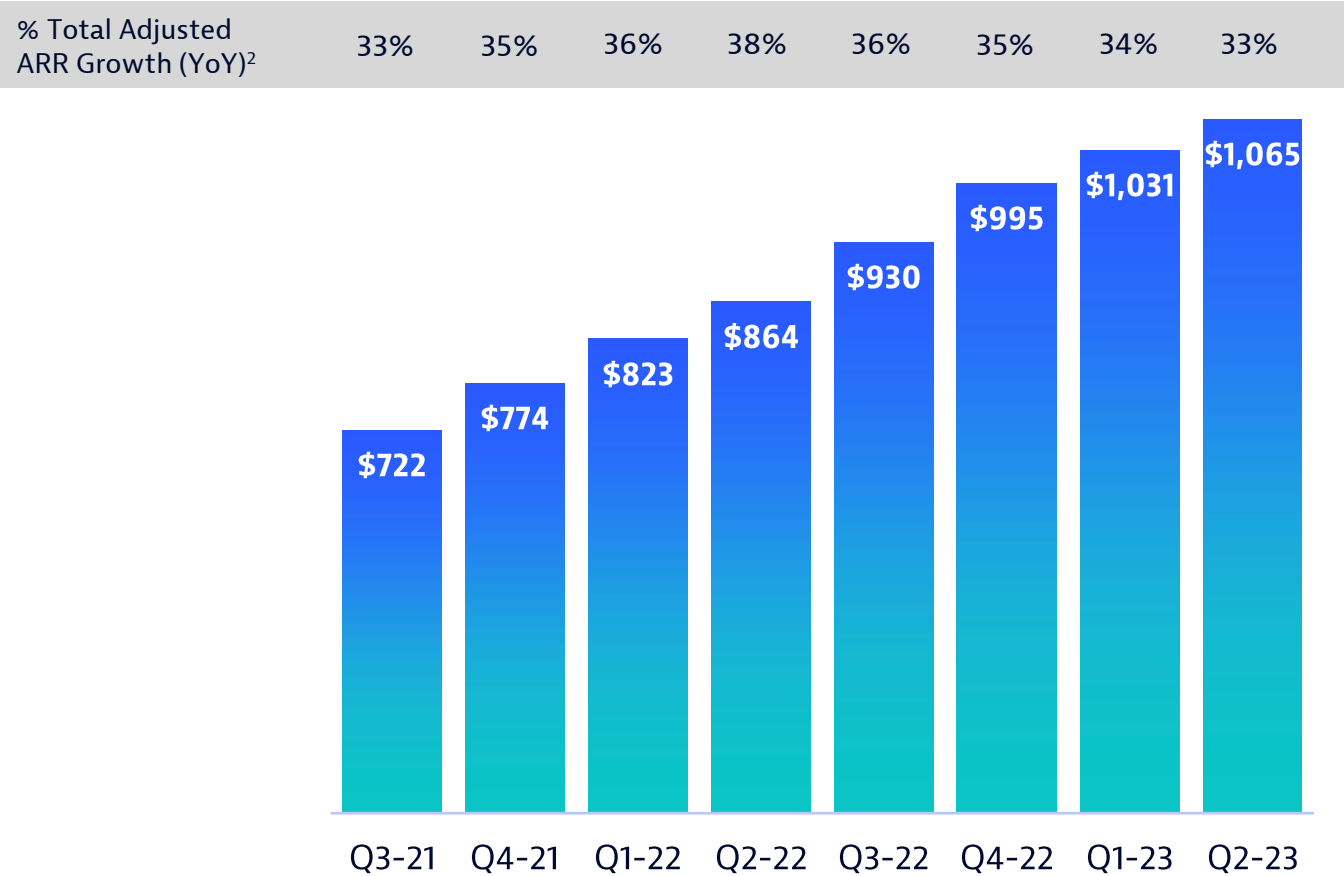
2) Denotes growth when adjusted for constant currency exchange rates.

3) Non-GAAP R&D, S&M and FCF are non-GAAP financial measures. See Appendix for reconciliation of GAAP to non-GAAP financial measures.



Sustainable ARR Growth at CC

Quarterly Total ARR (\$M)¹

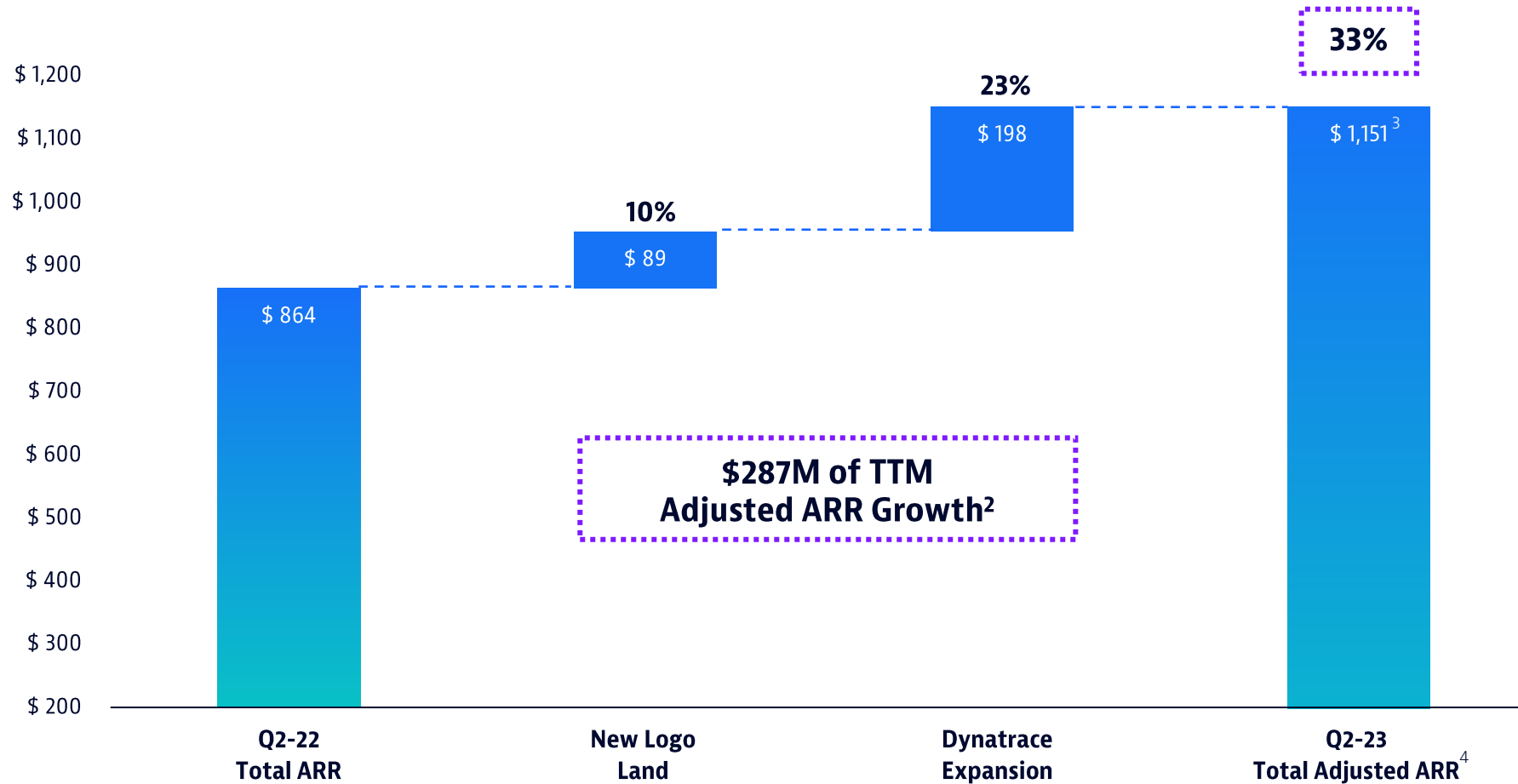


1) Quarterly Total ARR amounts shown in bar graphs are 'As Reported' metrics.
2) See Appendix for definition.



Total Adjusted ARR Growth at CC¹

Q2-23 +\$287M year over year or 33% at CC



1) Values have been rounded and may not add up precisely to the totals

2) Represents total new logo and net expansion dollars added in the TTM period ending September 30, 2022, compared to as reported Adjusted ARR a year ago ending September 30, 2021.

3) This excludes the \$6M impact associated with the discontinuation of business in Russia offset by the \$3M variance in quarterly FX headwind vs. the TTM FX headwind included in the Appendix.

4) See appendix for definition.

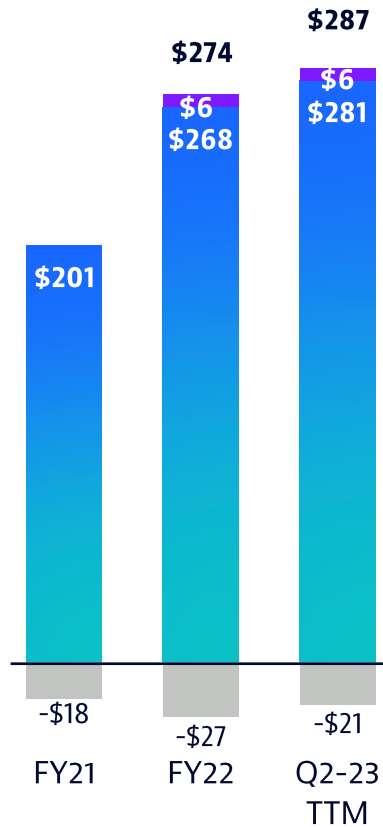


New ARR Growth

Quarterly ARR Expansion @ CC ex-Perp

Annual New ARR (\$M)¹

New ARR Growth @ CC ex-Perp (YoY) ²	11%	36% ³	17% ³
--	-----	------------------	------------------

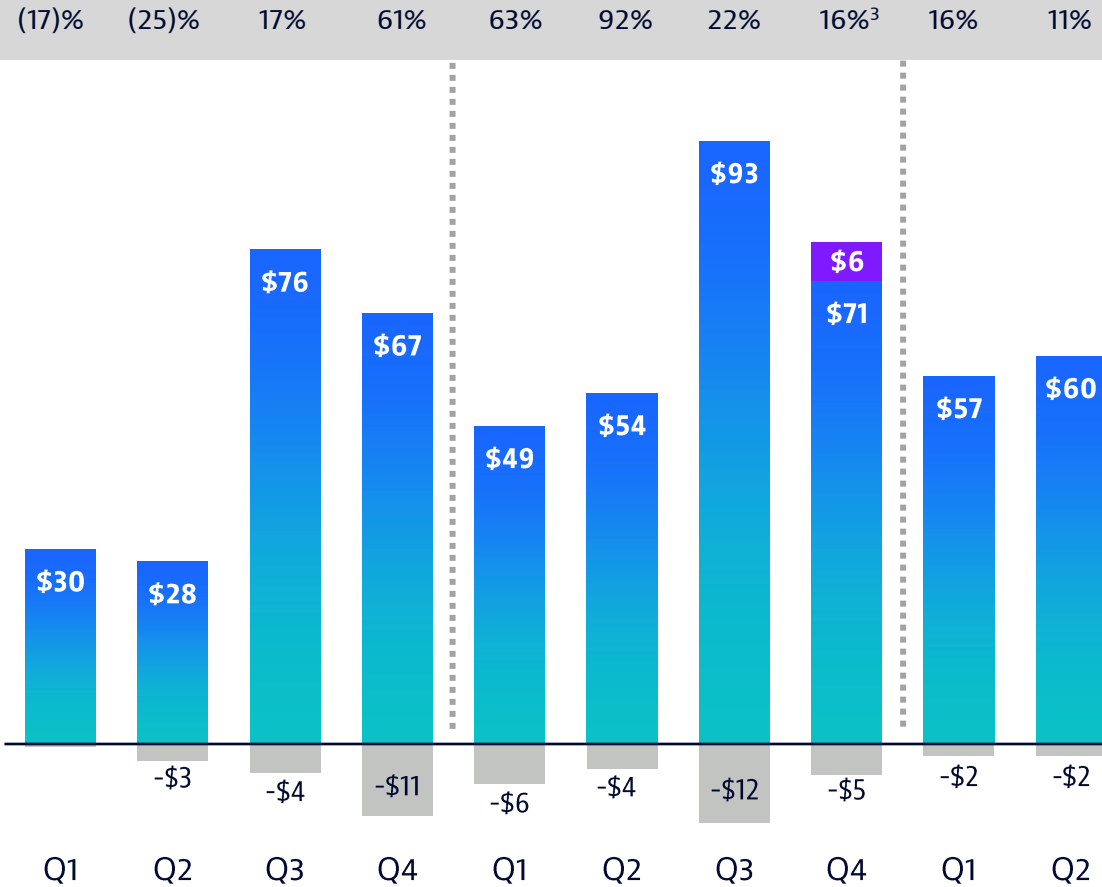


Quarterly New ARR (\$M)¹

FY 2021

FY 2022

FY 2023



■ Total ARR ex-Perp Runoff @ CC ■ Perp Runoff @ CC ■ Impact from Russia Exit

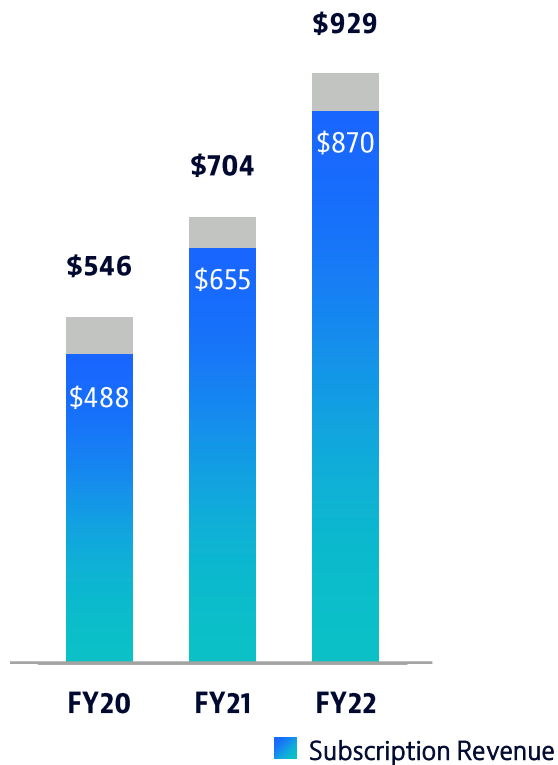
1) Annual and Quarterly New ARR amounts shown in bar graphs represent Total ARR at constant currency excluding the amount of Dynatrace perpetual license ARR at constant currency that had reached the end of its revenue recognition schedule, net of new perpetual ARR signed in the period. See Appendix for more detail.
 2) Constant currency growth rates reflect YoY growth when using exchange rates compared to the as reported results from the same quarter in the prior year.
 3) Q2-23 TTM, FY22 and Q4-22 New ARR growth rates represents total ARR at constant currency excluding the impact of quarterly perpetual license rolloff and the \$6M impact associated with the discontinuation of business in Russia.



Subscription & Total Revenue Growth at CC

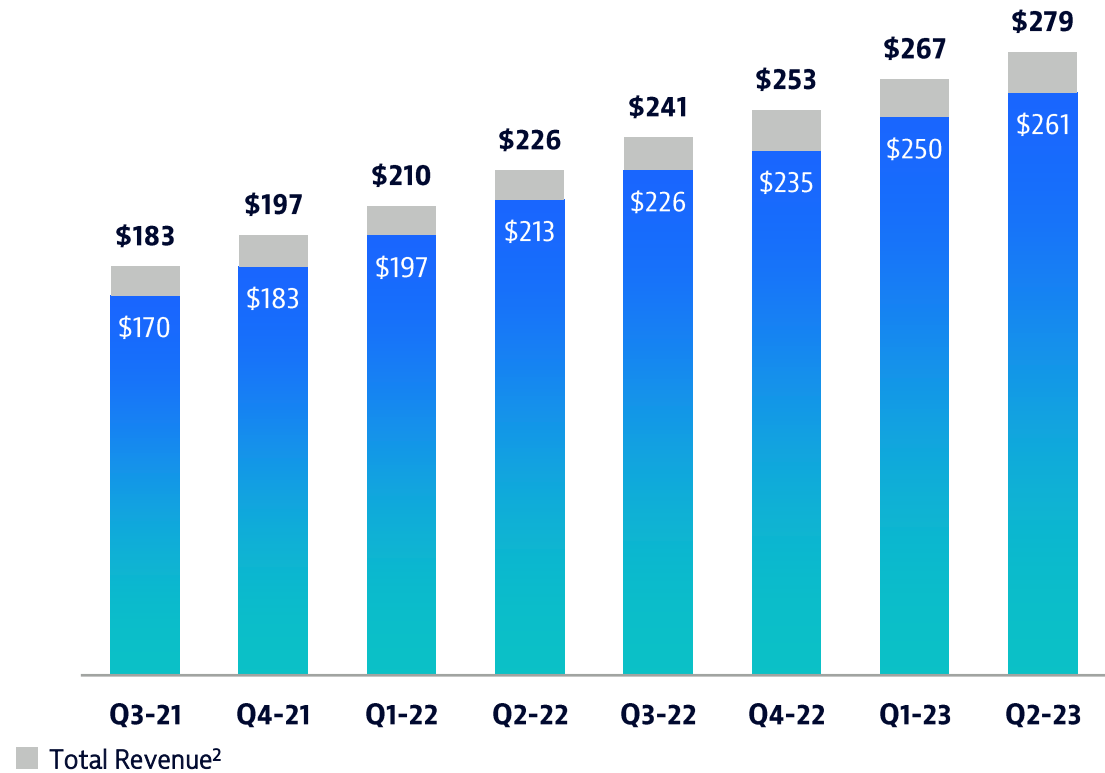
Annual Revenue (\$M)

Total Revenue Growth CC (YoY) ¹	29%	28%	32%
Subscription Revenue Growth CC (YoY) ¹	42%	33%	32%



Quarterly Revenue (\$M)

Total Revenue Growth CC (YoY) ¹	25%	27%	29%	33%	33%	31%	32%	30%
Subscription Revenue Growth CC (YoY) ¹	30%	32%	30%	33%	34%	31%	32%	29%

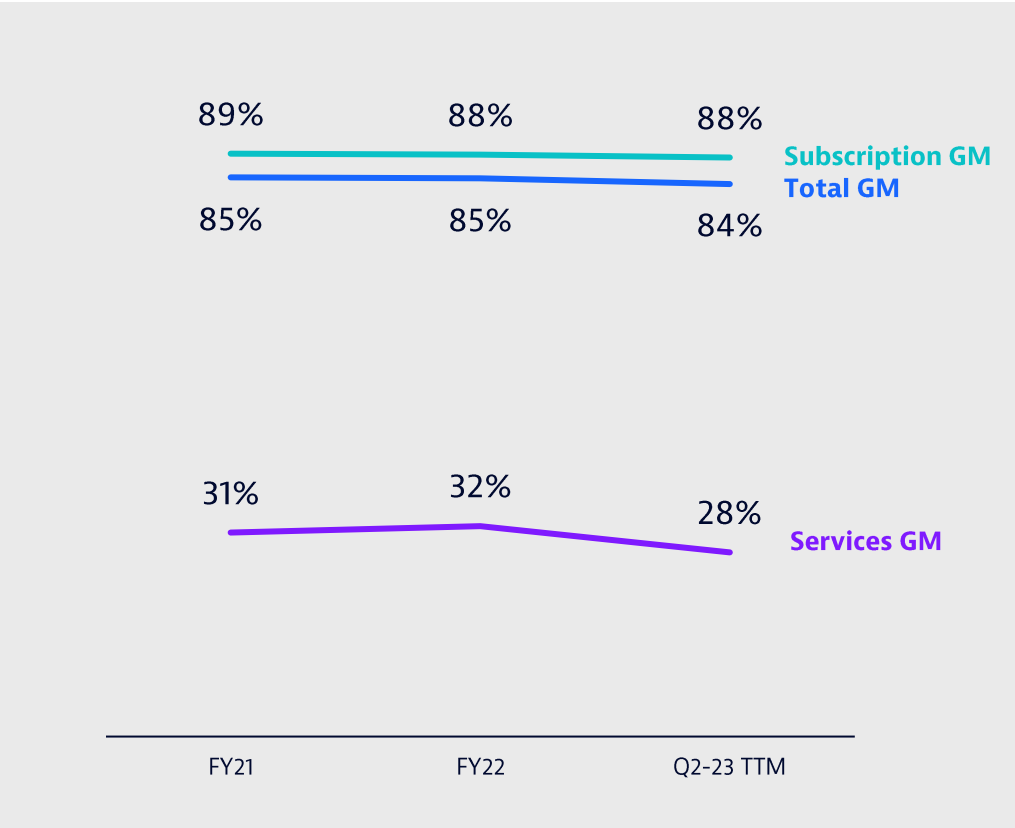


1) Constant currency growth rates reflect YoY growth when using exchange rates from the same quarter in the prior year.
 2) Total revenue includes subscription, services and license revenue.

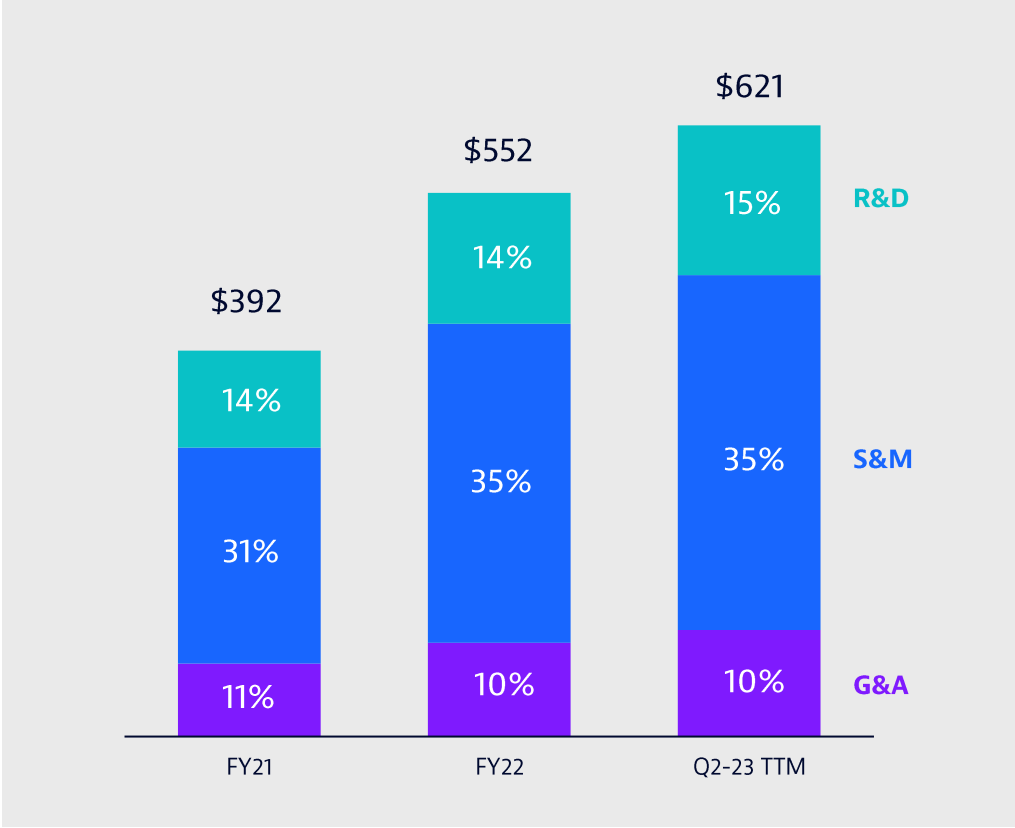


Efficient Model with Best-in-Class Margins¹

Non-GAAP Gross Profit Margin



Non-GAAP OPEX \$'s & as % of Revenue (\$M)



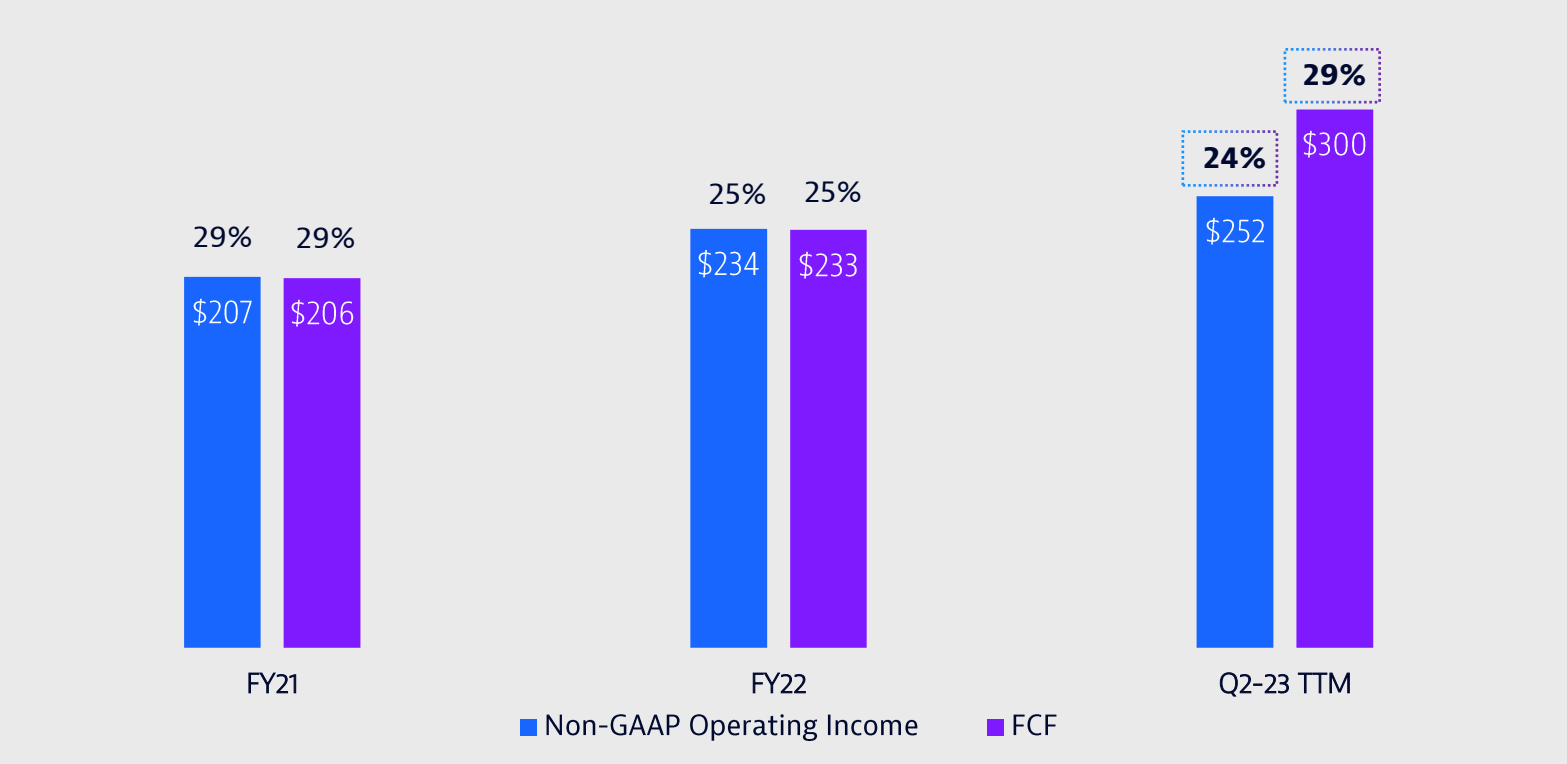
FY22 & Q2-23 TTM Non-GAAP OPEX reflects increased investments in S&M and R&D

1) These are non-GAAP financial measures. See Appendix to presentation for reconciliation of GAAP to non-GAAP financial measures.



Proven Profitable Business Model

Non-GAAP Operating Income and Free Cash Flow (FCF)^{1,2} (\$M)



FY21 Non-GAAP Op Inc and FCF driven by COVID-related cost savings.

FY22 & Q2-23 TTM driven by increased investments in S&M and R&D.

1) These are non-GAAP financial measures. See Appendix to presentation for reconciliation of GAAP to non-GAAP financial measures.

2) As reported dollars and percent of revenue.



FY23 Guidance Summary

Since March 31, 2022, Dynatrace has seen an incremental strengthening of the U.S. dollar resulting in a foreign exchange ("FX") headwind in fiscal 2023. Total FY23 FX impact on a constant currency basis is expected to be approximately \$60 million on ARR, up from prior quarter expectations of approximately \$40 million. Total FY23 FX impact is expected to be approximately \$60 million on Revenue, up from prior quarter expectations of approximately \$47 million.

Growth rates for Adjusted ARR, Total revenue, and Subscription revenue are presented in constant currency in the table below to provide better visibility into the underlying growth of the business.

Based on information available, as of November 2, 2022, Dynatrace is issuing guidance for the third quarter Fiscal 2023 and updating guidance for full year Fiscal 2023 as follows:

(in millions, except per share data)	Current FY 2023 Guidance	Prior FY 2023 Guidance	Change at Midpoint*
Total ARR	\$1,164 – \$1,172	\$1,213 – \$1,226	\$(52)
As reported	17% – 18%	22% – 23%	(500) bps
Constant currency	23% – 24%	26% – 27%	(300) bps
Adjusted ARR growth	24%	27% – 28%	(300) bps
Total revenue	\$1,119 – \$1,126	\$1,125 – \$1,136	\$(8)
As reported	20% – 21%	21% – 22%	(100) bps
Constant currency	27%	26% – 27%	50 bps
Subscription revenue	\$1,047 – \$1,052	\$1,053 – \$1,062	\$(8)
As reported	20% – 21%	21% – 22%	(100) bps
Constant currency	27%	26% – 27%	50 bps
Non-GAAP operating income	\$273 – \$279	\$252 – \$261	\$20
Non-GAAP Operating Margin	24.5%	22.5% - 23%	175 bps
Non-GAAP net income	\$237.5 – \$242.5	\$214.5 – \$223	\$21
Non-GAAP net income per diluted share	\$0.81 – \$0.83	\$0.73 – \$0.76	\$0.07
Diluted weighted average shares outstanding	292 – 293	292 – 294	0.5
Free cash flow¹	\$308 – \$321	\$310 – \$325	\$(3)
Free cash flow margin	27.5% – 28.5%	27.5% – 28.5%	0 bps

(in millions, except per share data)	Q3 Fiscal 2023 Guidance
Total revenue	\$283 – \$286
As reported	18% – 19%
Constant currency	24% – 25%
Subscription revenue	\$266.5 – \$268.5
As reported	18% – 19%
Constant currency	24% – 25%
Non-GAAP operating income	\$71.5 – \$73.5
Non-GAAP Operating Margin	25.5%
Non-GAAP net income	\$62 – \$63.5
Non-GAAP net income per diluted share	\$0.21 – \$0.22
Diluted weighted average shares outstanding	292 – 293

All growth rates are compared to the third quarter and full year of fiscal 2022 unless otherwise noted.

*Changes in our guidance for full year ARR and Revenue metrics are rounded to the nearest 50 bps.



Definitions & Non-GAAP Reconciliations

Appendix - Definitions

- 1) **Annual Recurring Revenue "ARR"** is defined as the daily revenue of all subscription agreements that are actively generating revenue as of the last day of the reporting period multiplied by 365. We exclude from our calculation of Total ARR any revenues derived from month-to-month agreements and/or product usage overage billings.
- 2) **Adjusted ARR** is defined as ARR excluding the impact of foreign exchange rate fluctuations that occurred over the trailing twelve-month period. This calculation also excludes the headwind associated with the Dynatrace® perpetual license ARR that rolled off in the trailing twelve-month period.
- 3) **Adjusted ARR Growth** is defined as year-over-year growth in Adjusted ARR divided by ARR as reported.
- 4) **Dynatrace® Net Expansion Rate** is defined as the Dynatrace® ARR at the end of a reporting period for the cohort of Dynatrace® accounts as of one year prior to the date of calculation, divided by the Dynatrace® ARR one year prior to the date of calculation for that same cohort. This calculation excludes the benefit of Dynatrace® ARR resulting from the conversion of Classic products to the Dynatrace® platform. Effective the first quarter of fiscal year 2023, we began to exclude the headwind associated with the Dynatrace perpetual license ARR given diminishing impact of perpetual license ARR. We believe that eliminating the perpetual license headwind will result in a Net Expansion Rate metric that better reflects Dynatrace's ability to expand existing customer relationships. We present Dynatrace® net expansion rate on a constant currency basis to provide a framework for assessing how our business performed excluding the effects of foreign currency rate fluctuations.
- 5) **Dynatrace customers** are defined as accounts, as identified by a unique account identifier, that generate at least \$10,000 of Dynatrace® ARR as of the reporting date. In infrequent cases, a single large organization may comprise multiple customer accounts when there are distinct divisions, departments or subsidiaries that operate and make purchasing decisions independently from the parent organization. In cases where multiple customer accounts exist under a single organization, each customer account is counted separately based on a mutually exclusive accounting of ARR.
- 6) **Free Cash Flow** is defined as net cash provided by (used in) operating activities less capital expenditures.



Total ARR Expansion Trends¹

(\$ in millions)	FY21				FY22				FY23		TTM
	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	
Year-over-Year											
ARR (As Reported)	\$601	\$638	\$722	\$774	\$823	\$864	\$930	\$995	\$1,031	\$1,065	
<i>Year-over-Year increase</i>	37%	35%	35%	35%	37%	35%	29%	29%	25%	23%	
TTM FX headwind/(tailwind) ²	<u>8</u>	<u>(9)</u>	<u>(18)</u>	<u>(19)</u>	<u>(30)</u>	<u>(8)</u>	<u>21</u>	<u>20</u>	<u>47</u>	<u>61</u>	
ARR - Constant Currency	609	629	704	755	794	856	951	1,014	1,078	1,126	
<i>Year-over-Year ARR Increase - Constant Currency³</i>	39%	33%	32%	32%	32%	34%	32%	31%	31%	30%	
TTM Perpetual License Rolloff - Constant Currency ⁴	<u>4</u>	<u>7</u>	<u>8</u>	<u>18</u>	<u>24</u>	<u>25</u>	<u>34</u>	<u>27</u>	<u>23</u>	<u>21</u>	
ARR Excluding TTM Perp License Rolloff - Constant Currency	613	635	711	773	817	881	985	1,041	1,102	1,148	
<i>Year-over-Year ARR Growth ex-Perp - Constant Currency</i>	39%	35%	33%	35%	36%	38%	36%	35%	34%	33%	
	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	TTM
Quarter-over-Quarter											
ARR (As Reported)	\$601	\$638	\$722	\$774	\$823	\$864	\$930	\$995	\$1,031	\$1,065	
Net New ARR (As Reported) ⁵	29	37	84	52	49	41	66	65	36	34	201
Discontinuation of business in Russia ⁶								6			6
Quarterly FX headwind/(tailwind) ⁷	<u>1</u>	<u>(11)</u>	<u>(12)</u>	<u>3</u>	<u>(6)</u>	<u>10</u>	<u>15</u>	<u>1</u>	<u>19</u>	<u>24</u>	<u>59</u>
Net New ARR - Constant Currency	30	26	72	56	43	50	81	72	55	58	266
Quarterly Perpetual License Rolloff - Constant Currency ⁸	<u>0</u>	<u>3</u>	<u>4</u>	<u>11</u>	<u>6</u>	<u>4</u>	<u>12</u>	<u>5</u>	<u>2</u>	<u>2</u>	<u>21</u>
Net New ARR Excluding Perpetual License Rolloff - Constant Currency	30	28	76	67	49	54	93	77	57	60	287
<i>Year-over-Year ARR Growth ex-Perp - Constant Currency</i>	(17)%	(25)%	17%	61%	63%	92%	22%	16%	16%	11%	17%

1) Values have been rounded and may not add up precisely to the totals.
2) Year-over-year FX headwind/(tailwind) using exchange rates from the same quarter in the prior year.
3) Represents the year-over-year growth rate excluding the FX headwind/(tailwind).
4) Represents the cumulative trailing-twelve-month amount of Dynatrace perpetual license ARR that had reached the end of its revenue recognition schedule.
5) Defined as the quarterly increase/(decrease) in the current quarter as reported ARR compared to the previous quarters as reported ARR.
6) Quarterly FX impact using exchange rates at the time of discontinuation.
7) Quarterly FX impact using exchange rates from the prior quarter.
8) Represents the quarterly amount of Dynatrace perpetual license ARR that had reached the end of its revenue recognition schedule in constant currency, net of new perpetual license ARR signed in the quarter.



Non-GAAP Operating Income Reconciliation¹

(\$ in millions)	FY22					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort of Other Intangibles	Restructuring & Other	
Cost of Revenues	173	(13)	(1)	(16)	-	143
Gross Profit	\$757	\$13	\$1	\$16	-	\$786
<i>Gross Margin</i>	81%					85%
Research and Development	156	(21)	(2)	-	-	133
Sales and Marketing	362	(36)	(2)	-	-	324
General and Administrative	127	(29)	(1)	-	(1)	95
Amortization of other intangibles	30	-	-	(30)	-	-
Restructuring and other	-	-	-	-	-	-
Operating Income (loss)¹	\$81	\$100	\$6	\$46	\$1	\$234
<i>Operating Margin</i>	9%					25%

(\$ in millions)	Q2-23 TTM					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort. of Other Intangibles	Restructuring & Other	
Cost of Revenues	200	(16)	(1)	(16)	-	167
Gross Profit	\$840	\$16	\$1	\$16	-	\$873
<i>Gross Margin</i>	81%					84%
Research and Development	184	(30)	(2)	-	-	152
Sales and Marketing	405	(43)	(2)	-	-	360
General and Administrative	144	(35)	-	-	(1)	108
Amortization of other intangibles	28	-	-	(28)	-	-
Restructuring and other	-	-	-	-	-	-
Operating Income (loss)¹	\$78	\$124	\$5	\$44	\$1	\$252
<i>Operating Margin</i>	8%					24%

1) Values have been rounded and may not add up precisely to the totals.



FCF Reconciliation¹

(\$ in millions)	FY22	Q2-23 TTM
Free Cash Flow		
Net Cash Provided by Operating Activities	\$ 251	\$ 321
PP&E	(18)	(21)
Total FCF	\$ 233	\$ 300
FCF % of Revenue	25%	29%

1) Values have been rounded and may not add up precisely to the totals.





CLOUD DONE RIGHT