

Dynatrace Reports First Quarter of Fiscal Year 2021 Financial Results

- Subscription revenue of \$144.4 million, up 34% year-over-year, 37% on a constant currency basis
- ARR of \$601.4 million, up 37% year-over-year, 39% on a constant currency basis
- GAAP EPS of \$0.05 and non-GAAP EPS of \$0.13

WALTHAM, Mass.--(BUSINESS WIRE)-- Dynatrace (NYSE: DT), the market-leading software intelligence provider, purpose-built for dynamic multiclouds, today released financial results for the first quarter of its fiscal 2021 ended June 30, 2020.

“Dynatrace reported strong first quarter results across our key operating measures,” said John Van Sicken, Dynatrace’s CEO. “We continued to see digital transformation projects accelerate as customers drive to do much more with less time, resource and cost. Our essential role in providing intelligent observability into the dynamic multicloud ecosystems underpinning these transformations differentiates us from our competitors and positions us well for continued growth and success moving forward.”

First Quarter Fiscal 2021 and Other Recent Business Highlights

All growth rates are compared to the first quarter of fiscal 2020 unless otherwise noted.

Financial Highlights:

- Total Revenue of \$155.5 million, an increase of 27% as reported, and 30% on a constant currency basis
- Total ARR of \$601.4 million, an increase of 37% as reported, and 39% on a constant currency basis
- Subscription revenue of \$144.4 million, an increase of 34% as reported, and 37% on a constant currency basis, and representing 93% of total revenue
- GAAP Operating Income of \$24.1 million and Non-GAAP Operating Income of \$50.8 million
- GAAP EPS of \$0.05 and non-GAAP EPS of \$0.13

Business Highlights:

- Enhanced Kubernetes support with full-stack infrastructure and cloud native application observability unified and analyzed by Davis[®], the Dynatrace[®] AI-engine. Now, dynamic, multicloud Kubernetes clusters can be easily understood, managed and optimized for smoother migrations, greater scalability, and faster application innovation.
- Achieved FedRAMP authorization at Moderate Impact Level opening wider access to US government digital transformation projects. According to IDC¹, the US government is expected to spend \$94B on digital transformation by 2023.
- Rated the observability platform leader by G2 reviewers - including #1 rankings across Cloud Infrastructure Monitoring, AIOps Platforms, Application Performance Monitoring,

Container Monitoring, Digital Experience Monitoring, and Session Replay categories.

First Quarter 2021 Financial Highlights (Unaudited – in thousands, except per share amounts)

| | Three Months Ended June 30, | |
|--|-----------------------------|------------|
| | 2020 | 2019 |
| Annualized recurring revenue | \$ 601,376 | \$ 437,622 |
| Year-over-Year Increase | 37% | |
| Annualized recurring revenue - constant currency (*) | \$ 609,011 | \$ 437,622 |
| Year-over-Year Increase | 39% | |
| Revenues: | | |
| Total revenue | \$ 155,508 | \$ 122,550 |
| Year-over-Year Increase | 27% | |
| Total revenue - constant currency (*) | \$ 159,084 | \$ 122,550 |
| Year-over-Year Increase | 30% | |
| Subscription revenue | \$ 144,357 | \$ 108,128 |
| Year-over-Year Increase | 34% | |
| Subscription revenue - constant currency (*) | \$ 147,681 | 108,128 |
| Year-over-Year Increase | 37% | |
| Non-GAAP operating income (*) | \$ 50,828 | \$ 27,097 |
| Non-GAAP operating margin (*) | 33% | 22% |
| Non-GAAP net income (*) | \$ 36,938 | \$ 9,307 |
| Non-GAAP net income per share - diluted | \$ 0.13 | \$ 0.04 |
| Non-GAAP shares outstanding - diluted | 284,309 | 238,619 |
| Unlevered Free Cash Flow (*) | \$ 36,950 | \$ 45,798 |

* Use of Non-GAAP Financial Measures

In our earnings press releases, conference calls, slide presentations, and webcasts, we may use or discuss non-GAAP financial measures, as defined by Regulation G. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure, are included in this press release after the consolidated financial statements. Our earnings press releases containing such non-GAAP reconciliations can be found in the Investors section of our website at <https://ir.dynatrace.com>.

Financial Outlook

Based on information available, as of July 29, 2020, Dynatrace is issuing guidance for the second quarter and raising full year fiscal 2021 as follows:

Second Quarter of Fiscal Year 2021:

- Total revenue is expected to be in the range of \$159.0 million to \$161.0 million, 23% to

24% growth as reported, and 25% to 26% on a constant currency basis

- Subscription revenue is expected to be in the range of \$149.0 million to \$150.5 million, 29% to 30% growth as reported, 30% to 32% on a constant currency basis
- Non-GAAP operating income is expected to be in the range of \$43.0 million to \$45.0 million
- Non-GAAP net income is expected to be in the range of \$27.0 million to \$28.5 million
- Non-GAAP net income per diluted share is expected to be in the range of \$0.09 to \$0.10, based on a range of 288 million to 289 million diluted weighted-average shares outstanding

Full Year Fiscal 2021:

- Total revenue is expected to be in the range of \$646.0 million to \$656.0 million, 18% to 20% growth as reported, and 20% to 22% on a constant currency basis
- Subscription revenue is expected to be in the range of \$603.0 million to \$612.0 million, 24% to 25% growth as reported, 26% to 27% on a constant currency basis
- Total ARR is expected to be in the range of \$698.0 million to \$708.0 million, 22% to 24% growth as reported, 23% to 25% on a constant currency basis
- Non-GAAP operating income is expected to be in the range of \$166.0 million to \$175.0 million
- Non-GAAP net income is expected to be in the range of \$133.0 million to \$141.0 million
- Non-GAAP net income per diluted share is expected to be in the range of \$0.46 to \$0.49, based on a range of 288 million to 290 million diluted weighted-average shares outstanding
- Total unlevered free cash flow is expected to be in the range of \$187.0 million to \$195.0 million, 29% to 30% of revenue

Our guidance is based on foreign exchange rates as of June 30, 2020 for entities reporting in currencies other than U.S. Dollars.

While we believe we are in a strong financial position to weather the impact to our business from COVID-19, many of our customers and prospects are operating under very challenging circumstances and may reduce or re-evaluate their spend. As such, in our second quarter and full year 2021 guidance we factor in the expected impacts of COVID-19 on our business and results of operations based on information available to us today. Our outlook assumes a continued challenging economic environment and incorporates a wider range of outcomes for the remainder of the fiscal year. Significant variation from these assumptions could cause us to raise, lower or modify our expectations and our guidance, and we undertake no obligation to update our assumptions, expectations or our guidance. These statements are forward-looking, and actual results may differ materially, as further discussed below under the heading "Cautionary Language Concerning Forward-Looking Statements".

Reconciliation of non-GAAP operating income, non-GAAP net income, non-GAAP net income per share and unlevered free cash flow guidance to the most directly comparable GAAP measures is not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity and low visibility with respect to the charges excluded from these non-GAAP measures; in particular, the measures and effects of stock-based compensation expense, employer taxes and tax deductions specific to equity compensation awards that are directly impacted by future hiring, turnover and retention needs, as well as

unpredictable fluctuations in our stock price. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.

These statements are forward-looking and actual results may differ materially. Refer to the section under the heading Forward-Looking Statements below for information on the factors that could cause our actual results to differ materially.

Conference Call and Webcast Information

Dynatrace will host a conference call today, July 29, 2020, to discuss its results and business outlook at 8:00 a.m. Eastern Time. The call will be accessible by telephone at 833-714-0933 (domestic) or 833-714-0959 (international). The call will also be available live via webcast on the Company's website at <https://ir.dynatrace.com>. A telephone replay of the conference call will be available at 800-585-8367 or 416-621-4642 (access code 1137277) until August 12, 2020. A webcast replay will be available at <https://ir.dynatrace.com>.

The company has used, and intends to continue to use, the investor relations portion of its website as a means of disclosing material non-public information and for complying with disclosure obligations under Regulation FD.

Non-GAAP Financial Measures & Key Metrics

In addition to disclosing financial measures prepared in accordance with GAAP, this press release and the accompanying tables contain certain non-GAAP financial measures.

Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. Dynatrace considers these non-GAAP financial measures to be important because they provide useful indicators of its performance and liquidity measures. These are key measures used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operational plans. In addition, investors often use similar measures to evaluate the performance of a company. Non-GAAP financial measures are presented for supplemental informational purposes only for understanding the company's operating performance. The non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from non-GAAP financial measures presented by other companies. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure, are included in this press release after the consolidated financial statements.

Dynatrace presents constant currency amounts for Revenue and Annual Recurring Revenue to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. All growth comparisons relate to the corresponding period in the last fiscal year.

Dynatrace provides this non-GAAP financial information to aid investors in better understanding our performance.

Adjusted EBITDA is defined as Net Income (loss) adjusted by removing the impact of our capital structure (net interest income or expense from our outstanding debt), asset base (depreciation and amortization), tax consequences, restructuring and other gains and losses, transaction and sponsor related costs, gains and losses on foreign currency and stock-based compensation.

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.

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.

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.

Adjusted EBITDA/Net Debt Leverage Ratio is defined as our Net Debt divided by our trailing twelve month Adjusted EBITDA. Net Debt is defined as total principal less cash and cash equivalents.

Unlevered Free Cash Flow is defined as net cash provided by (used in) operating activities and adjusted to exclude cash paid for interest (net of tax), non-recurring restructuring and acquisition related costs, along with costs associated with one-time offerings and filings, less cash used in investing activities for acquisition of property and equipment. However, given our debt obligations, unlevered free cash flow does not represent residual cash flow available for discretionary expenses.

About Dynatrace

Dynatrace provides software intelligence to simplify cloud complexity and accelerate digital transformation. With advanced observability, AI, and continuous automation, our all-in-one platform provides precise answers about the performance of applications, the underlying infrastructure and the experience of all users to enable organizations to innovate faster, collaborate efficiently, and deliver more value with dramatically less effort. That's why many of the world's largest enterprises trust Dynatrace to modernize and automate cloud operations, release better software faster, and deliver unrivaled digital experiences. Curious to see how you can simplify your cloud? Let us show you. Visit our trial page for a free 15-day Dynatrace trial. To learn more about how Dynatrace can help your business, visit

<https://www.dynatrace.com>, visit our blog and follow us on Twitter @dynatrace.

Cautionary Language Concerning Forward-Looking Statements

This press release 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 second fiscal quarter and full year 2021, and statements regarding the size of our market and our positioning for capturing a larger share of our market. 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, our ability to maintain our subscription revenue growth rates in future periods, our ability to service our substantial level of indebtedness, market adoption of software intelligence solutions for application performance monitoring, digital experience monitoring and infrastructure monitoring, 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 27, 2020 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.

DYNATRACE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited – In thousands, except per share amounts)

| | Three Months Ended | |
|-------------------------------------|--------------------|----------------|
| | June 30, | |
| | 2020 | 2019 |
| Revenue: | | |
| Subscription | \$ 144,357 | \$ 108,128 |
| License | 638 | 3,784 |
| Service | 10,513 | 10,638 |
| Total revenue | <u>155,508</u> | <u>122,550</u> |
| Cost of revenue: | | |
| Cost of subscription | 16,706 | 16,177 |
| Cost of service | 8,010 | 8,809 |
| Amortization of acquired technology | 3,826 | 4,557 |
| Total cost of revenue | <u>28,542</u> | <u>29,543</u> |
| Gross profit | <u>126,966</u> | <u>93,007</u> |

| | | |
|--------------------------------------|-----------|-------------|
| Operating expenses: | | |
| Research and development | 23,505 | 25,659 |
| Sales and marketing | 49,163 | 58,215 |
| General and administrative | 21,527 | 31,882 |
| Amortization of other intangibles | 8,686 | 10,142 |
| Restructuring and other | (21) | 115 |
| Total operating expenses | 102,860 | 126,013 |
| Income (loss) from operations | 24,106 | (33,006) |
| Interest expense, net | (4,113) | (19,186) |
| Other income, net | 19 | 94 |
| Income (loss) before income taxes | 20,012 | (52,098) |
| Income tax (expense) benefit | (7,147) | 2,943 |
| Net income (loss) | \$ 12,865 | \$ (49,155) |
| Net income (loss) per share: | | |
| Basic | \$ 0.05 | \$ (0.21) |
| Diluted | \$ 0.05 | \$ (0.21) |
| Weighted average shares outstanding: | | |
| Basic | 279,069 | 237,693 |
| Diluted | 284,309 | 237,693 |

UNAUDITED SHARE-BASED COMPENSATION

| | | |
|--|--|-------------|
| | Three Months Ended June 30, | |
| | 2020 | 2019 |
| Cost of revenue | \$ 1,498 | \$ 3,309 |
| Research and development | 2,418 | 7,127 |
| Sales and marketing | 5,405 | 15,104 |
| General and administrative | 3,351 | 15,885 |
| Total share-based compensation expense | \$ 12,672 | \$ 41,425 |

DYNATRACE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands, except share data)

| | | |
|---|--------------------------|---------------------------|
| | June 30, 2020 | March 31, 2020 |
| | (unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 250,377 | \$ 213,170 |
| Accounts receivable, net | 93,763 | 157,058 |
| Deferred commissions, current | 39,080 | 38,509 |
| Prepaid expenses and other current assets | 58,716 | 61,188 |
| Total current assets | 441,936 | 469,925 |
| Property and equipment, net | 33,673 | 31,508 |
| Operating lease right-of-use asset, net | 44,209 | — |
| Goodwill | 1,270,986 | 1,270,733 |
| Other intangible assets, net | 188,717 | 201,592 |
| Deferred tax assets, net | 21,181 | 20,460 |
| Deferred commissions, non-current | 37,778 | 39,736 |
| Other assets | 8,350 | 8,126 |
| Total assets | \$2,046,830 | \$2,042,080 |
| Liabilities and shareholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,767 | \$ 11,112 |
| Accrued expenses, current | 74,907 | 93,728 |
| Deferred revenue, current | 352,803 | 384,060 |
| Operating lease liabilities, current | 9,712 | — |

| | | |
|--|--------------------|--------------------|
| Total current liabilities | 441,189 | 488,900 |
| Deferred revenue, non-current | 49,580 | 60,711 |
| Accrued expenses, non-current | 18,062 | 20,987 |
| Operating lease liabilities, non-current | 38,970 | — |
| Long-term debt | 510,452 | 509,985 |
| Total liabilities | 1,058,253 | 1,080,583 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Common shares, \$0.001 par value, 600,000,000 shares authorized, 281,055,994 and 280,853,040 shares issued and outstanding at June 30, 2020 and March 31, 2020, respectively | 281 | 281 |
| Additional paid-in capital | 1,589,598 | 1,573,347 |
| Accumulated deficit | (580,855) | (594,026) |
| Accumulated other comprehensive loss | (20,447) | (18,105) |
| Total shareholders' equity | 988,577 | 961,497 |
| Total liabilities and shareholders' equity | \$2,046,830 | \$2,042,080 |

DYNATRACE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – In thousands)

| | Three Months Ended June 30, | |
|--|--|------------------|
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ 12,865 | \$(49,155) |
| Adjustments to reconcile net income (loss) to cash provided by operations: | | |
| Depreciation | 1,590 | 2,034 |
| Amortization | 13,019 | 15,081 |
| Share-based compensation | 12,672 | 41,425 |
| Deferred income taxes | (175) | (8,877) |
| Other | 466 | 416 |
| Net change in operating assets and liabilities: | | |
| Accounts receivable | 64,265 | 34,116 |
| Deferred commissions | 2,229 | (720) |
| Prepaid expenses and other assets | 275 | (924) |
| Accounts payable and accrued expenses | (23,212) | (8,464) |
| Operating leases, net | 311 | — |
| Deferred revenue | (47,297) | 9,235 |
| Net cash provided by operating activities | 37,008 | 34,167 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (4,418) | (4,151) |
| Capitalized software additions | (131) | (333) |
| Net cash used in investing activities | (4,549) | (4,484) |
| Cash flows from financing activities: | | |
| Repayment of term loans | — | (19,000) |
| Equity repurchases | (13) | (53) |
| Proceeds from employee stock purchase plan | 3,592 | — |
| Installments related to acquisition | — | (4,694) |
| Net cash provided by (used in) financing activities | 3,579 | (23,747) |
| Effect of exchange rates on cash and cash equivalents | 1,169 | 203 |
| Net increase in cash and cash equivalents | 37,207 | 6,139 |
| Cash and cash equivalents, beginning of period | 213,170 | 51,314 |
| Cash and cash equivalents, end of period | <u>\$250,377</u> | <u>\$ 57,453</u> |

DYNATRACE, INC.
GAAP to Non-GAAP Reconciliations
(Unaudited - In thousands)

Three Months Ended June 30, 2020

| | GAAP | Share-based compensation | Amortization of other intangibles | Restructuring & other | Non- GAAP |
|-----------------------------------|-----------|-----------------------------|---|--------------------------|--------------|
| Non-GAAP operating income: | | | | | |
| Cost of revenue | \$ 28,542 | \$ (1,498) | \$ (3,826) | \$ — | \$ 23,218 |
| Gross profit | 126,966 | 1,498 | 3,826 | — | 132,290 |
| <i>Gross margin</i> | 82% | | | | 85% |
| Research and development | 23,505 | (2,418) | — | — | 21,087 |
| Sales and marketing | 49,163 | (5,405) | — | — | 43,758 |
| General and administrative | 21,527 | (3,351) | — | (1,559) | 16,617 |
| Amortization of other intangibles | 8,686 | — | (8,686) | — | — |
| Restructuring and other | (21) | — | — | 21 | — |
| Operating income | 24,106 | 12,672 | 12,512 | 1,538 | 50,828 |
| <i>Operating margin</i> | 16% | | | | 33% |

Three Months Ended June 30, 2019

| | GAAP | Share-based compensation | Amortization of other intangibles | Restructuring & other | Non- GAAP |
|-----------------------------------|-----------|-----------------------------|---|--------------------------|--------------|
| Non-GAAP operating income: | | | | | |
| Cost of revenue | \$ 29,543 | \$ (3,309) | \$ (4,557) | \$ — | \$ 21,677 |
| Gross profit | 93,007 | 3,309 | 4,557 | — | 100,873 |
| <i>Gross margin</i> | 76% | | | | 82% |
| Research and development | 25,659 | (7,127) | — | — | 18,532 |
| Sales and marketing | 58,215 | (15,104) | — | — | 43,111 |
| General and administrative | 31,882 | (15,885) | — | (3,864) | 12,133 |
| Amortization of other intangibles | 10,142 | — | (10,142) | — | — |
| Restructuring and other | 115 | — | — | (115) | — |
| Operating (loss) income | (33,006) | 41,425 | 14,699 | 3,979 | 27,097 |
| <i>Operating margin</i> | (27)% | | | | 22% |

DYNATRACE, INC.
GAAP to Non-GAAP Reconciliations
(Unaudited - In thousands, except per share amounts)

| | Three Months Ended June 30, | |
|------------------------------|--------------------------------|-------------|
| | 2020 | 2019 |
| Non-GAAP net income: | | |
| Net income (loss) | \$ 12,865 | \$ (49,155) |
| Income tax expense (benefit) | 7,147 | (2,943) |
| Cash paid for tax | (10,127) | (2,052) |
| Interest expense, net | 4,113 | 19,186 |

| | | |
|---------------------------------------|------------------|-----------------|
| Cash paid for interest | (3,763) | (15,738) |
| Share-based compensation | 12,672 | 41,425 |
| Amortization of other intangibles | 8,686 | 10,142 |
| Amortization of acquired technology | 3,826 | 4,557 |
| Transaction and sponsor related costs | 1,559 | 3,864 |
| Restructuring and other | (21) | 115 |
| Gain on currency translation | (19) | (94) |
| Non-GAAP net income | <u>\$ 36,938</u> | <u>\$ 9,307</u> |

Share count:

| | | |
|---|---------|---------|
| Weighted-average shares outstanding - basic | 279,069 | 237,693 |
| Weighted-average shares outstanding - diluted | 284,309 | 237,693 |

Shares used in non-GAAP per share calculations:

| | | |
|---|---------|---------|
| Weighted-average shares outstanding - basic | 279,069 | 237,693 |
| Weighted-average shares outstanding - diluted | 284,309 | 238,619 |

Net income (loss) per share:

| | | |
|---|---------|-----------|
| Net income (loss) per share - basic | \$ 0.05 | \$ (0.21) |
| Net income (loss) per share - diluted | \$ 0.05 | \$ (0.21) |
| Non-GAAP net income per share - basic | \$ 0.13 | \$ 0.04 |
| Non-GAAP net income per share - diluted | \$ 0.13 | \$ 0.04 |

DYNATRACE, INC.
GAAP to Non-GAAP Reconciliations
(Unaudited - In thousands)

| | <u>Three Months Ended June 30,</u> | | Trailing Twelve Months Ended June 30, 2020 |
|---------------------------------------|--|------------------|---|
| | <u>2020</u> | <u>2019</u> | |
| Adjusted EBITDA: | | | |
| Net income (loss) | \$ 12,865 | \$ (49,155) | \$ (356,004) |
| Income tax expense (benefit) | 7,147 | (2,943) | 209,581 |
| Interest expense, net | 4,113 | 19,186 | 30,324 |
| Amortization | 13,019 | 15,081 | 56,395 |
| Depreciation | 1,590 | 2,034 | 7,420 |
| Restructuring and other | (21) | 115 | 956 |
| Transaction and sponsor related costs | 1,559 | 3,864 | 19,314 |
| (Gain) loss on currency translation | (19) | (94) | 1,272 |
| Share-based compensation | 12,672 | 41,425 | 193,725 |
| Adjusted EBITDA | <u>\$52,925</u> | <u>\$ 29,513</u> | <u>\$ 162,983</u> |

| | <u>Three Months Ended June 30,</u> | |
|--|--|------------------|
| | <u>2020</u> | <u>2019</u> |
| Unlevered Free Cash Flow ("uFCF") (After tax adjustment): | | |
| Net cash provided by operating activities | \$ 37,008 | \$ 34,167 |
| Cash paid for interest expense | 3,763 | 15,738 |
| Restructuring and other | (21) | 115 |
| Purchase of property, plant, and equipment | (4,418) | (4,151) |
| Transaction and sponsor related costs | 1,559 | 3,864 |
| Total uFCF | <u>37,891</u> | <u>49,733</u> |
| Interest tax adjustment | (941) | (3,935) |
| uFCF (After tax adjustment) | <u>\$ 36,950</u> | <u>\$ 45,798</u> |

**June 30,
2020**

Adjusted EBITDA/Net Debt Leverage Ratio:

| | |
|---------------------|----------------|
| Long-term debt | \$ 510,452 |
| Cash | <u>250,377</u> |
| Net debt | 260,075 |
| TTM Adjusted EBITDA | \$ 162,983 |
| Leverage Ratio | <u>1.6x</u> |

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<https://www.businesswire.com/news/home/20200729005259/en/>

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