

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **September 30, 2023**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM TO**

Commission File Number: **001-39010**

**Dynatrace, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1601 Trapelo Road, Suite 116**  
**Waltham, Massachusetts**  
(Address of principal executive offices)

Registrant's telephone number, including area code: **(781) 530-1000**

**47-2386428**  
(I.R.S. Employer  
Identification No.)

**02451**  
(Zip Code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001 per share	DT	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The Registrant had 294,394,482 shares of common stock outstanding as of October 31, 2023.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Quarterly Report”) includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding:

- our future financial performance, including our expectations regarding key factors driving future performance, our revenue, annual recurring revenue, gross profit or gross margin, operating expenses, ability to generate cash flow, and billing/revenue mix;
- our ability to navigate the current macroeconomic environment;
- anticipated trends in our business and in the markets in which we operate;
- our ability to anticipate market needs and successfully develop new and enhanced solutions to meet those needs;
- the evolution of technology affecting our offerings, platform and markets, including our plans to continue evolving our technology capabilities;
- our plans to continue investing in research and development and driving innovation to meet customers’ needs and grow our customer base;
- our ability to maintain and expand our customer base and our partner ecosystem;
- our expectations regarding the evolving competitive environment;
- our plans to invest in future growth opportunities that we expect will drive long-term value;
- our ability to sell our offerings and expand internationally;
- our ability to hire and retain necessary qualified employees to grow our business and expand our operations; and
- our ability to adequately protect our intellectual property.

These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this Quarterly Report that are not historical facts and statements identified by words such as “will,” “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 risks set forth in the summary below, in Part II, Item 1A. entitled “Risk Factors” in this Quarterly Report, and in our other SEC filings. We assume no obligation to update any forward-looking statements contained in this Quarterly Report as a result of new information, future events or otherwise.

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## SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business. Please see Part II, Item 1A, entitled “Risk Factors” in this Quarterly Report for a discussion of risks that we believe are material. These risks and uncertainties include, but are not limited to, the following:

- We have experienced rapid revenue growth in recent periods, which may not be indicative of our future growth.
  - Our quarterly and annual operating results may be adversely affected due to a variety of factors, which could make our future results difficult to predict.
  - Market adoption of the solutions that we offer is relatively new and may not grow as we expect, which may harm our business and prospects.
  - Our business is dependent on overall demand for observability and security solutions and therefore reduced spending on those solutions or overall adverse economic conditions may negatively affect our business, operating results, and financial condition.
  - If we fail to innovate and do not continue to develop and effectively market solutions that anticipate and respond to the needs of our customers, our business, operating results, and financial condition may suffer.
  - If our platform and solutions do not effectively interoperate with our customers’ existing or future IT infrastructures, installations of our solutions could be delayed or canceled, which would harm our business.
  - If we are unable to acquire new customers or retain and expand our relationships with existing customers, our future revenues and operating results will be harmed.
  - Failure to effectively expand our sales and marketing capabilities could harm our ability to execute on our business plan, increase our customer base, and achieve broader market acceptance of our applications.
  - We face significant competition, which may adversely affect our ability to add new customers, retain existing customers, and grow our business.
  - If we are unable to maintain successful relationships with our partners, or if our partners fail to perform, our ability to market, sell, and distribute our applications and services will be limited, and our business, operating results, and financial condition could be harmed.
  - Security breaches, computer malware, computer hacking attacks and other security incidents could harm our business, reputation, brand and operating results.
  - Real or perceived errors, failures, defects, or vulnerabilities in our solutions could adversely affect our financial results and growth prospects.
  - Failure to protect and enforce our proprietary technology and intellectual property rights could substantially harm our business, operating results, and financial condition.
  - Thoma Bravo has significant influence over matters requiring stockholder approval, which may have the effect of delaying or preventing changes of control, or limiting the ability of other stockholders to approve transactions they deem to be in their best interest.
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**PART I. FINANCIAL INFORMATION**

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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

	<u>September 30, 2023</u>	<u>March 31, 2023</u>
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 701,524	\$ 555,348
Accounts receivable, net	262,733	442,518
Deferred commissions, current	84,181	83,029
Prepaid expenses and other current assets	53,148	37,289
Total current assets	<u>1,101,586</u>	<u>1,118,184</u>
Property and equipment, net	46,946	53,576
Operating lease right-of-use assets, net	67,367	68,074
Goodwill	1,309,549	1,281,812
Other intangible assets, net	52,144	63,599
Deferred tax assets, net	113,827	79,822
Deferred commissions, non-current	74,580	86,232
Other assets	16,161	14,048
<b>Total assets</b>	<u>\$ 2,782,160</u>	<u>\$ 2,765,347</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 15,842	\$ 21,953
Accrued expenses, current	146,775	188,380
Deferred revenue, current	677,837	811,058
Operating lease liabilities, current	15,912	15,652
Total current liabilities	<u>856,366</u>	<u>1,037,043</u>
Deferred revenue, non-current	33,586	34,423
Accrued expenses, non-current	30,392	29,212
Operating lease liabilities, non-current	59,857	59,520
Deferred tax liabilities	305	280
Total liabilities	<u>980,506</u>	<u>1,160,478</u>
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Common shares, \$0.001 par value, 600,000,000 shares authorized, 294,293,922 and 290,411,108 shares issued and outstanding at September 30, 2023 and March 31, 2023, respectively	294	290
Additional paid-in capital	2,114,472	1,989,797
Accumulated deficit	(279,392)	(353,389)
Accumulated other comprehensive loss	(33,720)	(31,829)
Total shareholders' equity	<u>1,801,654</u>	<u>1,604,869</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 2,782,160</u>	<u>\$ 2,765,347</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue:</b>				
Subscription	\$ 334,497	\$ 261,306	\$ 650,951	\$ 510,864
Service	17,203	18,020	33,635	35,735
Total revenue	<u>351,700</u>	<u>279,326</u>	<u>684,586</u>	<u>546,599</u>
<b>Cost of revenue:</b>				
Cost of subscription	44,792	35,764	87,696	68,502
Cost of service	15,675	16,052	31,217	31,220
Amortization of acquired technology	3,900	3,888	7,798	7,780
Total cost of revenue	<u>64,367</u>	<u>55,704</u>	<u>126,711</u>	<u>107,502</u>
Gross profit	<u>287,333</u>	<u>223,622</u>	<u>557,875</u>	<u>439,097</u>
<b>Operating expenses:</b>				
Research and development	74,084	52,905	140,366	102,316
Sales and marketing	127,605	105,348	252,722	211,021
General and administrative	44,749	38,397	83,843	73,131
Amortization of other intangibles	5,627	6,573	11,387	13,146
Restructuring and other	(1)	—	—	(10)
Total operating expenses	<u>252,064</u>	<u>203,223</u>	<u>488,318</u>	<u>399,604</u>
Income from operations	35,269	20,399	69,557	39,493
Interest income (expense), net	8,509	(513)	15,655	(2,688)
Other expense, net	(3,075)	(1,214)	(2,823)	(3,464)
Income before income taxes	40,703	18,672	82,389	33,341
Income tax expense	(4,894)	(8,146)	(8,392)	(20,701)
Net income	<u>\$ 35,809</u>	<u>\$ 10,526</u>	<u>\$ 73,997</u>	<u>\$ 12,640</u>
<b>Net income per share:</b>				
Basic	\$ 0.12	\$ 0.04	\$ 0.25	\$ 0.04
Diluted	\$ 0.12	\$ 0.04	\$ 0.25	\$ 0.04
<b>Weighted average shares outstanding:</b>				
Basic	293,654	287,190	292,504	286,699
Diluted	297,794	290,601	297,492	290,433

The accompanying notes are an integral part of these condensed consolidated financial statements.

**DYNATRACE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited - In thousands)

	<u>Three Months Ended September 30,</u>		<u>Six Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income	\$ 35,809	\$ 10,526	\$ 73,997	\$ 12,640
Other comprehensive (loss) income				
Foreign currency translation adjustment	(474)	1,818	(1,891)	2,298
Total other comprehensive (loss) income	(474)	1,818	(1,891)	2,298
Comprehensive income	<u>\$ 35,335</u>	<u>\$ 12,344</u>	<u>\$ 72,106</u>	<u>\$ 14,938</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**DYNATRACE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited - In thousands)

<b>Three Months Ended September 30, 2023</b>						
	<b>Common Shares</b>		<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Shareholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
Balance, June 30, 2023	293,160	293	2,053,086	(315,201)	(33,246)	1,704,932
Foreign currency translation					(474)	(474)
Restricted stock units vested	959	1	(1)			—
Exercise of stock options	175	—	3,429			3,429
Share-based compensation			57,958			57,958
Net income				35,809		35,809
Balance, September 30, 2023	294,294	\$ 294	\$ 2,114,472	\$ (279,392)	\$ (33,720)	\$ 1,801,654

<b>Three Months Ended September 30, 2022</b>						
	<b>Common Shares</b>		<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Shareholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
Balance, June 30, 2022	287,259	\$ 287	\$ 1,830,782	\$ (459,234)	\$ (26,209)	\$ 1,345,626
Foreign currency translation					1,818	1,818
Restricted stock units vested	378	1	(1)			—
Exercise of stock options	176	—	3,057			3,057
Share-based compensation			40,654			40,654
Equity repurchases			(4)			(4)
Net income				10,526		10,526
Balance, September 30, 2022	287,813	\$ 288	\$ 1,874,488	\$ (448,708)	\$ (24,391)	\$ 1,401,677

The accompanying notes are an integral part of these condensed consolidated financial statements.



**DYNATRACE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited - In thousands)

Six Months Ended September 30, 2023						
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Shareholders' Equity
	Shares	Amount				
Balance, March 31, 2023	290,411	290	1,989,797	(353,389)	(31,829)	1,604,869
Foreign currency translation					(1,891)	(1,891)
Restricted stock units vested	2,780	3	(3)			—
Issuance of common stock related to employee stock purchase plan	313	—	9,584			9,584
Exercise of stock options	790	1	16,618			16,619
Share-based compensation			98,476			98,476
Net income				73,997		73,997
Balance, September 30, 2023	294,294	\$ 294	\$ 2,114,472	\$ (279,392)	\$ (33,720)	\$ 1,801,654

Six Months Ended September 30, 2022						
	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Shareholders' Equity
	Shares	Amount				
Balance, March 31, 2022	286,053	286	1,792,197	(461,348)	(26,689)	1,304,446
Foreign currency translation					2,298	2,298
Restricted stock units vested	1,264	2	(2)			—
Restricted stock awards forfeited	(14)					—
Issuance of common stock related to employee stock purchase plan	266	—	8,627			8,627
Exercise of stock options	244	—	4,332			4,332
Share-based compensation			69,349			69,349
Equity repurchases			(15)			(15)
Net income				12,640		12,640
Balance, September 30, 2022	287,813	\$ 288	\$ 1,874,488	\$ (448,708)	\$ (24,391)	\$ 1,401,677

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	<b>Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 73,997	\$ 12,640
Adjustments to reconcile net income to cash provided by operations:		
Depreciation	7,890	5,746
Amortization	19,207	21,068
Share-based compensation	98,476	69,349
Deferred income taxes	(35,166)	—
Other	3,019	4,484
Net change in operating assets and liabilities:		
Accounts receivable	177,689	153,512
Deferred commissions	8,978	(3,618)
Prepaid expenses and other assets	(22,909)	25,128
Accounts payable and accrued expenses	(33,246)	(14,428)
Operating leases, net	1,333	44
Deferred revenue	(128,488)	(101,429)
Net cash provided by operating activities	<u>170,780</u>	<u>172,496</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(13,017)	(11,237)
Acquisition of a business, net of cash acquired	(32,391)	—
Net cash used in investing activities	<u>(45,408)</u>	<u>(11,237)</u>
<b>Cash flows from financing activities:</b>		
Repayment of term loans	—	(60,000)
Proceeds from employee stock purchase plan	9,584	8,627
Proceeds from exercise of stock options	16,619	4,332
Equity repurchases	—	(15)
Net cash provided by (used in) financing activities	<u>26,203</u>	<u>(47,056)</u>
Effect of exchange rates on cash and cash equivalents	(5,399)	(13,740)
Net increase in cash and cash equivalents	146,176	100,463
Cash and cash equivalents, beginning of period	555,348	462,967
Cash and cash equivalents, end of period	<u>\$ 701,524</u>	<u>\$ 563,430</u>
<b>Supplemental cash flow data:</b>		
Cash paid for interest	\$ 420	\$ 4,743
Cash paid for (received from) tax, net	\$ 41,804	\$ (23,567)

The accompanying notes are an integral part of these condensed consolidated financial statements.

**DYNATRACE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Description of the Business**

***Business***

Dynatrace, Inc. (“Dynatrace”, or the “Company”) designed its unified observability and security platform with analytics and automation at its core to address the growing complexity faced by technology and digital business teams as these enterprises further embrace the cloud to effect their digital transformation. Artificial intelligence and continuous automation deliver precise answers about the performance and security of applications, the underlying infrastructure, and the experience of its customers’ users that enable organizations to innovate faster, operate more efficiently, and improve user experiences for consistently better business outcomes.

***Fiscal year***

The Company’s fiscal year ends on March 31. References to fiscal 2024, for example, refer to the fiscal year ending March 31, 2024.

**2. Significant Accounting Policies**

***Basis of presentation and consolidation***

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. All intercompany balances and transactions have been eliminated in the accompanying condensed consolidated financial statements.

There were no new recently issued accounting pronouncements that were expected to have a material impact on the condensed consolidated financial statements and related notes.

***Unaudited interim consolidated financial information***

The accompanying interim condensed consolidated balance sheet as of September 30, 2023 and the interim condensed consolidated statements of operations, statements of comprehensive income, and statements of shareholders’ equity for the three and six months ended September 30, 2023 and 2022, statements of cash flows for the six months ended September 30, 2023 and 2022, and the related disclosures, are unaudited. In management’s opinion, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all normal and recurring adjustments necessary for the fair presentation of the Company’s financial position as of September 30, 2023, its results of operations for the three and six months ended September 30, 2023 and 2022, and its cash flows for the six months ended September 30, 2023 and 2022 in accordance with U.S. GAAP. The results for the three and six months ended September 30, 2023 are not necessarily indicative of the results to be expected for the full fiscal year or any other interim period.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2023 (the “Annual Report”).

***Reclassification***

During the fourth quarter of fiscal 2023, the Company refined its methodology used to allocate depreciation expense for certain property and equipment to better align the expense with the related use of property and equipment. This change in allocating depreciation expense has been applied retrospectively to April 1, 2022, and had no impact on the Company’s income from operations and net income. Prior period amounts have been reclassified to conform to the current period presentation.

The following table presents the effect of the reclassification and the impact on the Company's condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30, 2022			Six Months Ended September 30, 2022		
	Previous Method	Current Method	Effect of Change	Previous Method	Current Method	Effect of Change
Research and development	\$ 51,907	\$ 52,905	\$ 998	\$ 100,389	\$ 102,316	\$ 1,927
Sales and marketing	104,669	105,348	679	209,684	211,021	1,337
General and administrative	40,074	38,397	(1,677)	76,395	73,131	(3,264)
Net income	10,526	10,526	—	12,640	12,640	—

#### Use of estimates

The preparation of unaudited condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Management periodically evaluates such estimates and assumptions for continued reasonableness. In particular, the Company makes estimates with respect to the stand-alone selling price for each distinct performance obligation in customer contracts with multiple performance obligations, the allowance for credit losses, the fair value of tangible and intangible assets acquired, the valuation of long-lived assets, the period of benefit for deferred commissions and material rights, income taxes, equity-based compensation expense, and the determination of the incremental borrowing rate used for operating lease liabilities, among other things. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Actual results could differ from those estimates.

#### Significant accounting policies

The Company's significant accounting policies are discussed in Note 2, Significant Accounting Policies, in the Company's Annual Report. There have been no changes to the Company's significant accounting policies described in the Company's Annual Report that have had a material impact on its condensed consolidated financial statements and related notes.

### 3. Revenue Recognition

#### Disaggregation of revenue

The following table is a summary of the Company's total revenue by geographic region (in thousands, except percentages):

	Three Months Ended September 30,				Six Months Ended September 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
North America	\$ 208,968	59 %	\$ 167,755	60 %	\$ 407,505	59 %	\$ 324,504	59 %
Europe, Middle East and Africa	87,764	25 %	69,597	25 %	170,913	25 %	139,745	26 %
Asia Pacific	31,189	9 %	27,446	10 %	60,997	9 %	53,541	10 %
Latin America	23,779	7 %	14,528	5 %	45,171	7 %	28,809	5 %
Total revenue	\$ 351,700		\$ 279,326		\$ 684,586		\$ 546,599	

For the three and six months ended September 30, 2023 and 2022, the United States was the only country that represented more than 10% of the Company's revenue in any period, constituting \$197.8 million and 56% and \$158.3 million and 57% of total revenue during the three months ended September 30, 2023 and 2022, respectively, and \$385.8 million and 56% and \$305.8 million and 56% of total revenue during the six months ended September 30, 2023 and 2022, respectively.

#### Deferred revenue

Revenue recognized during the three months ended September 30, 2023 and 2022, which was included in the deferred revenue balance at the beginning of each respective period, was \$235.6 million and \$192.0 million, respectively. Revenue recognized during the six months ended September 30, 2023 and 2022, which was included in the deferred revenue balance at the beginning of each respective period, was \$532.9 million and \$425.7 million, respectively.

### **Remaining performance obligations**

As of September 30, 2023, the aggregate amount of the transaction price allocated to remaining performance obligations was \$1,793.9 million, which consists of both billed consideration in the amount of \$711.4 million and unbilled consideration in the amount of \$1,082.5 million that the Company expects to recognize as subscription and service revenue. The Company expects to recognize 61% of the total remaining performance obligations as revenue over the next twelve months and the remainder thereafter.

### **Contract assets**

As of September 30, 2023 and March 31, 2023, contract assets of \$7.6 million and \$0.4 million, respectively, are including in accounts receivable, net, on the Company's condensed consolidated balance sheets.

## **4. Acquisitions**

On August 31, 2023, the Company acquired 100% of the outstanding equity of Rookout, Ltd. ("Rookout"). Rookout is a provider of enterprise-ready and privacy-aware solutions that enable developers to troubleshoot and debug actively running code in Kubernetes-hosted cloud-native applications. This acquisition offers opportunities to expand the Company's unified observability and security platform from the addition of Rookout's technology and experienced team.

The preliminary purchase consideration of Rookout was \$33.5 million, after considering certain adjustments, and was paid from cash on hand. The preliminary purchase consideration is subject to a final post-closing adjustment.

The acquisition of Rookout has been accounted for as a business combination under the acquisition method of accounting, which results in acquired assets and assumed liabilities being measured at their estimate fair value as of the acquisition date. The purchase consideration was allocated to the tangible assets and liabilities acquired as of the acquisition date, with the excess recorded to goodwill as shown below (in thousands).

Assets acquired:	
Cash and cash equivalents	\$ 1,073
Accounts receivable, prepaid and other assets	504
Property and equipment	208
Intangible asset	7,800
Total assets acquired	<u>\$ 9,585</u>
Liabilities assumed:	
Accounts payable, accrued and other liabilities	3,086
Deferred revenue	1,003
Total liabilities assumed	<u>\$ 4,089</u>
Net assets acquired	5,496
Fair value of consideration transferred	33,464
Goodwill	<u>\$ 27,968</u>

The fair value of assets and liabilities acquired may change as additional information is received during the measurement period. The Company expects to finalize the valuation as soon as practicable, but no later than one year from the acquisition date.

Goodwill is primarily attributable to expected synergies and acquired skilled workforce. The goodwill was allocated to the Company's one reporting unit. The Company identified developed technology as the sole acquired intangible asset. The estimated fair value of the developed technology was \$7.8 million, which was based on a valuation using the income approach and is classified as capitalized software on the condensed consolidated balance sheet. The estimate useful life of the developed technology is seven years. The acquired goodwill and intangible asset were not deductible for tax purposes.

The operating results of Rookout from the date of acquisition, which are not material, have been included in the Company's condensed consolidated statements of operations. The transaction costs related to the Rookout acquisition were \$1.4 million and \$2.0 million for the three and six months ended September 30, 2023, respectively, and are included in general and administrative expense on the condensed consolidated statements of operations.

## 5. Goodwill and Other Intangible Assets, Net

Changes in the carrying amount of goodwill for the six months ended September 30, 2023 consists of the following (in thousands):

	<b>September 30, 2023</b>
Balance, beginning of period	\$ 1,281,812
Goodwill from Rookout acquisition	27,968
Foreign currency impact	(231)
Balance, end of period	<u>\$ 1,309,549</u>

Other intangible assets, net, excluding goodwill consists of the following (in thousands):

	<b>Weighted Average Useful Life (in months)</b>	<b>September 30, 2023</b>	<b>March 31, 2023</b>
Capitalized software	106	\$ 199,598	\$ 191,863
Customer relationships	120	351,555	351,555
Trademarks and tradenames	120	55,003	55,003
Total intangible assets		606,156	598,421
Less: accumulated amortization		(554,012)	(534,822)
Total other intangible assets, net		<u>\$ 52,144</u>	<u>\$ 63,599</u>

Amortization of other intangible assets totaled \$9.5 million and \$10.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$19.2 million and \$21.1 million for the six months ended September 30, 2023 and 2022, respectively.

## 6. Income Taxes

The Company computes its interim provision for income taxes by applying the estimated annual effective tax rate to income from operations and adjusts the provision for discrete tax items occurring in the period. The Company's effective tax rate for the three months ended September 30, 2023 was 12.0% compared to 43.6% for the three months ended September 30, 2022. The Company's effective tax rate for the six months ended September 30, 2023 was 10.2% compared to 62.1% for the six months ended September 30, 2022. The decrease in the effective tax rate for both the three months ended September 30, 2023 and the six months ended September 30, 2023 was primarily due to an increase in share-based compensation windfall benefits as well as additional tax benefits, primarily related to the deferred tax asset resulting from capitalized research and development expenses under Section 174 of the Internal Revenue Code, recognized in the current year due to the reversal of the U.S. valuation allowance as of March 31, 2023.

## 7. Long-term Debt

On December 2, 2022, the Company entered into a Credit Agreement for a senior secured revolving credit facility (the "Credit Facility") in an aggregate amount of \$400.0 million. The Credit Facility has sublimits for swing line loans up to \$30.0 million and for the issuance of standby letters of credit in a face amount up to \$45.0 million. The Credit Facility will mature on December 2, 2027. As of September 30, 2023 and March 31, 2023, there were no amounts outstanding under the Credit Facility. There were \$12.1 million and \$15.5 million of letters of credit issued as of September 30, 2023 and March 31, 2023, respectively. The Company had \$387.9 million and \$384.5 million of availability under the Credit Facility as of September 30, 2023 and March 31, 2023, respectively.

Borrowings under the Credit Facility are available in U.S. dollars, Euros, Pounds Sterling and Canadian Dollars, with a sublimit of \$100.0 million for non-U.S. dollar-denominated borrowings. Borrowings under the Credit Agreement currently bear interest at (i) the Term Secured Overnight Financing Rate plus 0.10%, (ii) the Adjusted Euro Interbank Offer Rate, (iii) the Canadian Dollar Offered Rate, (iv) the Base Rate, as defined per the Credit Agreement, or (v) the Sterling Overnight Index Average, in each case plus an applicable margin as defined per the Credit Agreement. Interest payments are due quarterly, or more frequently, based on the terms of the Credit Agreement.

The Company incurs fees with respect to the Credit Facility, including (i) a commitment fee ranging from 0.175% to 0.35% per annum, dependent on the Company's leverage ratio, as defined per the Credit Agreement, of the unused commitment under the Credit Facility, (ii) a fronting fee of 0.125% per annum of the face amount of each letter of credit, (iii) a participation fee equal to the applicable margin, as defined per the Credit Agreement, applied to the daily average face amount of letters of credit, and (iv) customary administrative fees.

Debt issuance costs of \$1.9 million were incurred in connection with the Credit Facility. The debt issuance costs are included within “Other assets” in the condensed consolidated balance sheets and are being amortized into interest expense over the contractual term of the Credit Facility. There were \$1.6 million and \$1.8 million of unamortized debt issuance costs as of September 30, 2023 and March 31, 2023, respectively.

Pursuant to the Credit Agreement, obligations owed under the Credit Facility are secured by a first priority security interest on substantially all assets of Dynatrace LLC, a wholly owned subsidiary of the Company, including a pledge of the capital stock and other interests of certain subsidiaries. Under certain circumstances, the guarantees may be released without action by, or consent of, the holder of the Credit Facility. The Credit Agreement contains customary affirmative and negative covenants, including financial covenants that require the Company to maintain specified financial ratios. At September 30, 2023, the Company was in compliance with all applicable covenants.

#### ***First lien credit facilities***

The Company’s former First Lien Credit Agreement, as amended, provided for a term loan facility (the “First Lien Term Loan”) in an aggregate principal amount of \$950.0 million and a senior secured revolving credit facility (the “Revolving Facility”), in an aggregate amount of \$60.0 million. The Revolving Facility included a \$25.0 million letter of credit sub-facility. Borrowings under the First Lien Term Loan and Revolving Facility bore interest, at the Company’s election, at either (i) the Alternative Base Rate, as defined per the credit agreement, plus 1.25% per annum, or (ii) LIBOR plus 2.25% per annum. The maturity date on the First Lien Term Loan and Revolving Facility was August 23, 2025 and August 23, 2023, respectively, with payment due in full on the maturity date. Interest payments were due quarterly, or more frequently, based on the terms of the credit agreement.

In December 2022, the Company terminated the First Lien Credit Agreement and repaid all outstanding borrowings, including accrued interest. During the three months ended December 31, 2022, the Company recognized a loss on debt extinguishment of \$5.9 million.

## **8. Leases**

The Company leases office space under non-cancelable operating leases which expire at various dates from fiscal 2024 to 2033. As of September 30, 2023, the weighted average remaining lease term was 6.1 years and the weighted average discount rate was 4.5%. The Company does not have any finance leases as of September 30, 2023.

The Company has a sublease of a former office which expires in fiscal 2025. Sublease income from operating leases, which is recorded as a reduction of rental expense, was \$0.5 million for both the three months ended September 30, 2023 and 2022, and \$1.1 million for both the six months ended September 30, 2023 and 2022.

The following table presents information about leases on the condensed consolidated statements of operations (in thousands):

	<b>Three Months Ended September 30,</b>		<b>Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating lease expense <sup>(1)</sup>	\$ 3,831	\$ 3,071	\$ 7,600	\$ 5,995
Short-term lease expense	\$ 507	\$ 429	\$ 1,006	\$ 851
Variable lease expense	\$ 344	\$ 164	\$ 732	\$ 376

<sup>(1)</sup> Presented gross of sublease income.

The following table presents supplemental cash flow information about the Company’s leases (in thousands):

	<b>Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for amounts included in the measurement of lease liabilities	\$ 9,090	\$ 7,563
Operating lease assets obtained in exchange for new operating lease liabilities <sup>(1)</sup>	\$ 9,387	\$ 13,713

<sup>(1)</sup> Includes the impact of new leases as well as remeasurements and modifications of existing leases.

As of September 30, 2023, remaining maturities of lease liabilities were as follows (in thousands):

Fiscal Years Ending March 31,	Amount
2024	\$ 9,581
2025	17,230
2026	14,100
2027	12,928
2028	8,697
Thereafter	23,033
Total operating lease payments <sup>(1)</sup>	85,569
Less: imputed interest	(9,800)
Total operating lease liabilities	\$ 75,769

<sup>(1)</sup> Presented gross of sublease income.

As of September 30, 2023, the Company had commitments of \$74.3 million for operating leases that have not yet commenced and therefore are not included in the right-of-use assets or operating lease liabilities. These operating leases are expected to commence during fiscal 2024 through 2026 with lease terms ranging from two years to 10 years.

## 9. Commitments and Contingencies

### Legal matters

The Company is, from time to time, party to legal proceedings and subject to claims in the ordinary course of business. Although the outcome of legal proceedings and claims cannot be predicted with certainty, the Company currently believes that the resolution of any such matters will not have a material adverse effect on its business, operating results, financial condition, or cash flows.

## 10. Share-based Compensation

### Amended and Restated 2019 Equity Incentive Plan

In July 2019, the Company's board of directors (the "Board"), upon the recommendation of the compensation committee of the Board, adopted the 2019 Equity Incentive Plan, as amended and restated (the "2019 Plan") which was subsequently approved by the Company's stockholders and was later amended and restated by the Board in January 2021.

The Company initially reserved 52,000,000 shares of common stock, or the Initial Limit, for the issuance of awards under the 2019 Plan. The 2019 Plan provides that the number of shares reserved and available for issuance under the plan automatically increases each April 1, beginning on April 1, 2020, by 4% of the outstanding number of shares of the Company's common stock on the immediately preceding March 31 or such lesser number determined by the compensation committee. This number is subject to adjustment in the event of a stock split, stock dividend or other change in the Company's capitalization. As of September 30, 2023, 50,714,239 shares of common stock were available for future issuance under the 2019 Plan.

### Stock options

The following table summarizes activity for stock options during the six months ended September 30, 2023:

	Number of Options (in thousands)	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Balance, March 31, 2023	4,636	\$ 22.25	6.5	\$ 94,565
Exercised	(790)	21.04		
Forfeited or expired	(37)	44.15		
Balance, September 30, 2023	3,809	\$ 22.29	6.0	\$ 93,850
Options vested and expected to vest at September 30, 2023	3,809	\$ 22.29	6.0	\$ 93,850
Options vested and exercisable at September 30, 2023	3,464	\$ 20.85	5.9	\$ 90,115



As of September 30, 2023, the total unrecognized compensation expense related to non-vested stock options was \$2.2 million and is expected to be recognized over a weighted average period of 0.8 years. The Company recognized \$2.4 million and \$4.0 million of share-based compensation expense related to stock options for the three months ended September 30, 2023 and 2022, respectively, and \$5.7 million and \$9.2 million of share-based compensation expense related to stock options for the six months ended September 30, 2023 and 2022, respectively.

#### *Restricted shares and units*

The following table provides a summary of the changes in the number of restricted stock awards (“RSAs”) and restricted stock units (“RSUs”) for the six months ended September 30, 2023:

	Number of RSAs	Weighted Average Grant Date Fair Value	Number of RSUs	Weighted Average Grant Date Fair Value
	(in thousands)	(per share)	(in thousands)	(per share)
Balance, March 31, 2023	4	\$ 16.00	8,836	\$ 41.76
Granted	—	—	4,934	52.06
Vested	(4)	16.00	(2,780)	39.83
Forfeited	—	—	(264)	43.78
Balance, September 30, 2023	—	\$ —	10,726	\$ 46.95

RSUs outstanding as of September 30, 2023 were comprised of 9.7 million RSUs with only service conditions and 1.0 million RSUs with both service and performance conditions (“PSUs”).

During the six months ended September 30, 2023, the Company granted PSUs to certain key employees that generally vest 33% one year after the grant date and the remaining 67% vest ratably on a quarterly basis over the following two years (the “Annual PSUs”). The number of shares that may be earned pursuant to the Annual PSUs is based on specific company metrics related to the Company’s fiscal year ending March 31, 2024. No Annual PSUs will be earned with respect to any metric if the applicable “threshold” percentage of the specific metric is not achieved, and the overall number of shares that may be earned shall not exceed 200% of the target award. Once the Annual PSUs are earned, they are then also subject to time-based vesting, with 33% of the earned Annual PSUs vesting on the first anniversary of the grant date, and with the remaining 67% vesting in eight equal quarterly installments over the following two years, and provided that the key employee remains employed by the Company through the applicable vesting date.

As of September 30, 2023, the total unrecognized compensation expense related to unvested restricted stock units was \$36.0 million and is to be recognized over a weighted average period of 2.3 years. The Company recognized \$53.8 million and \$34.7 million of share-based compensation expense related to restricted shares and units for the three months ended September 30, 2023 and 2022, respectively, and \$89.3 million and \$56.7 million of share-based compensation expense related to restricted shares and units for the six months ended September 30, 2023 and 2022, respectively.

#### *Employee Stock Purchase Plan*

In July 2019, the Board adopted, and the Company’s stockholders approved, the 2019 Employee Stock Purchase Plan (“ESPP”). The Company offers, sells and issues shares of common stock under this ESPP from time to time based on various factors and conditions, although the Company is under no obligation to sell any shares under this ESPP. The ESPP provides for six-month offering periods and each offering period consists of six-month purchase periods. On each purchase date, eligible employees purchase shares of the Company’s common stock at a price per share equal to 85% of the lesser of (1) the fair market value of the Company’s common stock on the offering date or (2) the fair market value of the Company’s common stock on the purchase date. For the six months ended September 30, 2023, 313,127 shares of common stock were purchased under the ESPP. As of September 30, 2023, 16,085,682 shares of common stock were available for future issuance under the ESPP.

As of September 30, 2023, there was approximately \$1.3 million of unrecognized share-based compensation related to the ESPP that is expected to be recognized over the remaining term of the current offering period. The Company recognized \$1.7 million and \$2.0 million of share-based compensation expense related to the ESPP for the three months ended September 30, 2023 and 2022, respectively, and \$3.4 million and \$3.5 million of share-based compensation expense related to the ESPP for the six months ended September 30, 2023 and 2022, respectively.

### Share-based compensation

The following table summarizes the components of total share-based compensation expense included in the condensed consolidated financial statements for each period presented (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenue	\$ 7,197	\$ 5,235	\$ 12,685	\$ 9,125
Research and development	18,177	10,997	31,441	18,282
Sales and marketing	18,877	13,938	32,876	24,014
General and administrative	13,707	10,484	21,474	17,928
Total share-based compensation	\$ 57,958	\$ 40,654	\$ 98,476	\$ 69,349

### 11. Net Income Per Share

Basic net income per share is calculated by dividing the net income for the period by the weighted-average number of common shares outstanding during the period, without consideration of potentially dilutive securities. Diluted net income per share includes the dilutive effect of common share equivalents and is calculated using the weighted-average number of common shares and the common share equivalents outstanding during the reporting period. The dilutive effect of stock-based awards is calculated by application of the treasury stock method. An anti-dilutive impact is an increase in net income per share or a reduction in net loss per share resulting from the conversion, exercise, or contingent issuance of certain securities.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share data):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income	\$ 35,809	\$ 10,526	\$ 73,997	\$ 12,640
Denominator:				
Weighted average shares outstanding, basic	293,654	287,190	292,504	286,699
Dilutive effect of stock-based awards	4,140	3,411	4,988	3,734
Weighted average shares outstanding, diluted	297,794	290,601	297,492	290,433
Net income per share, basic	\$ 0.12	\$ 0.04	\$ 0.25	\$ 0.04
Net income per share, diluted	\$ 0.12	\$ 0.04	\$ 0.25	\$ 0.04

The effect of certain common share equivalents were excluded from the computation of weighted-average diluted shares outstanding for the three and six months ended September 30, 2023 and 2022 as inclusion would have resulted in anti-dilution. A summary of these weighted-average anti-dilutive common share equivalents is provided in the table below (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Stock options	144	892	152	1,070
Unvested RSAs and RSUs	4,304	2,089	2,926	1,217

## 12. Geographic Information

### *Revenue*

Revenues by geography are based on legal jurisdiction. See Note 3, Revenue Recognition, for a disaggregation of revenue by geographic region.

### *Property and equipment, net*

The following table presents property and equipment by geographic region for the periods presented (in thousands):

	<b>September 30, 2023</b>	<b>March 31, 2023</b>
North America	\$ 16,533	\$ 22,124
Europe, Middle East and Africa	28,522	29,142
Asia Pacific	1,726	2,194
Latin America	165	116
Total property and equipment, net	<u>\$ 46,946</u>	<u>\$ 53,576</u>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. When reviewing the discussion below, you should keep in mind the substantial risks and uncertainties that could impact our business. In particular, we encourage you to review the risks and uncertainties described in the section titled "Risk Factors" included elsewhere in this Form 10-Q and in our Annual Report on Form 10-K. These risks and uncertainties could cause actual results to differ materially from those projected in forward-looking statements contained in this report or implied by past results and trends. Our fiscal year ends on March 31. Our historical results are not necessarily indicative of the results that may be expected for any period in the future, and our interim results are not necessarily indicative of the results we expect for the full fiscal year or any other period.*

### Overview

Dynatrace offers a unified observability and security platform with analytics and automation at its core, purpose-built for dynamic, hybrid, multicloud environments. Our comprehensive solutions help global organizations simplify cloud complexity, innovate faster, and do more with less in the modern cloud.

As enterprises and public sector institutions embrace modern cloud environments as the underlying foundation of their digital transformations, we believe that the scale, growing complexity, and dynamic nature of these environments are rapidly making solutions such as the Dynatrace® platform mandatory instead of optional for many organizations. Our Dynatrace platform combines the only fully unified end-to-end solution for comprehensive observability and continuous runtime application security together with advanced artificial intelligence for IT operations ("AIOps") to provide answers and intelligent automation from data at enormous scale. This approach enables IT, development, security, and business operations teams to modernize and automate operations, deliver software faster and more securely, and provide better digital experiences.

We take Dynatrace to market through a combination of our global direct sales team and a network of partners, including global system integrators, cloud providers (such as Amazon Web Services ("AWS"), Microsoft Azure ("Azure"), and Google Cloud Platform ("GCP")), resellers and technology alliance partners. We target the largest 15,000 global enterprise accounts, which generally have annual revenues in excess of \$1 billion, which we believe see more value from our integrated full-stack platform.

All of our offerings leverage the Dynatrace observability and security platform to provide application performance monitoring ("APM"), runtime application security, infrastructure monitoring, log management and analytics, digital experience monitoring ("DEM"), digital business analytics, and cloud automation in an easy-to-use, highly automated, all-in-one solution.

We generate revenue primarily by selling subscriptions, which we define as Software-as-a-Service ("SaaS") agreements, Dynatrace term-based licenses, Dynatrace perpetual licenses, and maintenance and support agreements.

The majority of our customers deploy Dynatrace as a SaaS solution to get the latest Dynatrace features and updates with greatly reduced administrative effort. Our SaaS solution provides customers with the ability to scale up and down rapidly, without having to purchase, provision, and manage their hardware. We also provide options to deploy our platform at the edge in customer-provisioned infrastructure, which we refer to as Dynatrace Managed. This offering allows customers the flexibility to maintain control of the environment where their data resides, whether in the cloud or on-premises, combining the simplicity of SaaS with the ability to adhere to their own data security and sovereignty requirements. Our Mission Control center automatically upgrades all Dynatrace instances and offers on-premises cluster customers auto-deployment options that suit their specific enterprise management processes.

Our Dynatrace platform has been commercially available since 2016 and is the primary offering we sell.

### **Second-Quarter 2024 Financial Highlights**

We delivered strong financial results during the three months ended September 30, 2023 in a dynamic macroeconomic environment, demonstrating the durability of our business model.

- Our annual recurring revenue ("ARR") was \$1,344 million as of September 30, 2023, which reflected 26% growth year-over-year;
- Total revenue and subscription revenue for the three months ended September 30, 2023 was \$352 million and \$334 million, respectively; and
- We delivered an operating margin of 10% for the three months ended September 30, 2023.

We believe in a disciplined and balanced approach to operating our business. We plan to continue driving innovation to meet customers’ needs and grow our customer base. We also plan to invest in future growth opportunities that we expect will drive long-term value, while leveraging our global partner ecosystem, optimizing costs, and improving efficiency and profitability.

We believe this approach is even more important at this time as we navigate a rapidly evolving and uncertain macroeconomic environment, which can include geopolitical considerations, fluctuations in credit, equity, and foreign currency markets, changes in inflation, interest rates, consumer confidence and spending, and other factors that may affect the buying patterns of our customers and prospective customers, including the size of transactions and length of sales cycles. While we continue to close deals, customers continue to be cautious in their spending, with tighter budget scrutiny. We expect that the elongation of sales cycles that we experienced over the last several quarters will persist throughout our fiscal 2024. Although macroeconomic uncertainty persists, we remain confident in our ability to execute in this environment. Please see the section titled “Risk Factors” included under Part II, Item 1A for further discussion of the possible impact of macroeconomic conditions on our business.

**Key Factors Affecting Our Performance**

Our historical financial performance has been, and we expect our financial performance in the future to be, driven by our ability to:

- **Extend our technology and market leadership position.** We intend to maintain our position as the market-leading unified observability and security platform that utilizes analytics and automation at its core through increased investment in research and development and continued innovation. We expect to focus on expanding the functionality of our unified Dynatrace platform and investing in capabilities that address new market opportunities. We also plan to continue evolving our predictive, causal, and generative AI capabilities to drive differentiation through precise answers and broad-based automation. We believe this strategy will enable new growth opportunities and allow us to continue to deliver differentiated high-value outcomes to our customers.
- **Grow our customer base.** We intend to drive new customer growth by expanding our direct sales force focused on the largest 15,000 global enterprise accounts, which generally have annual revenues in excess of \$1 billion. In addition, we plan to leverage our global partner ecosystem to add new customers in geographies where we have direct coverage and work jointly with our partners.
- **Increase penetration within existing customers.** We plan to continue to increase the penetration within our existing customers by establishing new and deeper relationships within our customers’ organizations and expanding the breadth of our platform capabilities to provide for continued cross-selling opportunities. In addition, we believe the ease of implementation for Dynatrace provides us the opportunity to expand adoption within our existing enterprise customers, across new customer applications, and into additional business units or divisions. Once customers are on the Dynatrace platform, we have seen meaningful dollar-based net retention rate expansion due to the ease of use and power of our platform.
- **Enhance our strategic partner ecosystem.** We intend to continue to invest in our strategic partner ecosystem, with a particular emphasis on cloud-focused partnerships with global system integrators (“GSIs”) and hyperscaler cloud providers. These strategic partners continually work with their customers to help them digitally transform their businesses and reduce cloud complexity. By working more closely with strategic partners, our objective is to participate in digital transformation projects earlier in the purchasing cycle and enable customers to establish more resilient cloud deployments from the start.

**Key Metrics**

In addition to our U.S. GAAP financial information, we monitor the following key metrics to help us measure and evaluate the effectiveness of our operations:

	As of September 30,	
	2023	2022
Total ARR (in thousands)	1,343,530	1,064,951
Dollar-based Net Retention Rate	114 %	120 %

**Annual Recurring Revenue (“ARR”):** We define ARR 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 ARR any revenues derived from month-to-month agreements and/or product usage overage billings, where customers are billed in arrears based on product usage.

**Dollar-based Net Retention Rate:** We define the dollar-based net retention rate 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. Our dollar-based net retention rate reflects customer renewals, expansion, contraction and churn, and excludes the benefit of Dynatrace ARR resulting from the conversion of Classic products to the Dynatrace platform. Dollar-based net retention rate is presented on a constant currency basis.

## Key Components of Results of Operations

### Revenue

Revenue includes subscriptions and services.

**Subscription.** Our subscription revenue consists of (i) SaaS agreements, (ii) Dynatrace term-based licenses which are recognized ratably over the contract term, (iii) Dynatrace perpetual licenses that are recognized ratably over the term of the expected optional maintenance renewals, which is generally three years, and (iv) maintenance and support agreements. We typically invoice SaaS subscription fees and term licenses annually in advance and recognize subscription revenue ratably over the term of the applicable agreement, provided that all other revenue recognition criteria have been satisfied. Fees for our Dynatrace perpetual licenses are generally billed up front. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates-Revenue Recognition” included in Part II, Item 7 of our Annual Report for more information.

**Service.** Service revenue consists of revenue from helping our customers deploy our software in highly complex operational environments and training their personnel. We recognize the revenues associated with these professional services on a time and materials basis as we deliver the services or provide the training. We generally recognize the revenues associated with our services in the period the services are performed, provided that collection of the related receivable is reasonably assured.

### Cost of Revenue

**Cost of subscription.** Cost of subscription revenue includes all direct costs to deliver and support our subscription products, including salaries, benefits, share-based compensation and related expenses such as employer taxes, third-party hosting fees related to our cloud services, allocated overhead for facilities, IT, and amortization of internally developed capitalized software technology. We recognize these expenses as they are incurred.

**Cost of service.** Cost of service revenue includes salaries, benefits, share-based compensation and related expenses, such as employer taxes for our services organization, allocated overhead for depreciation of equipment, facilities and IT. We recognize these expenses as they are incurred.

**Amortization of acquired technology.** Amortization of acquired technology includes amortization expense for technology acquired in the Thoma Bravo Funds’ acquisition of the company in 2014 and business combinations. To the extent significant future acquisitions are consummated, we expect that our amortization of acquired technologies may increase due to additional non-cash charges associated with the amortization of intangible assets acquired.

### Gross Profit and Gross Margin

Gross profit is revenue less cost of revenue, and gross margin is gross profit as a percentage of revenue. Gross profit has been and will continue to be affected by various factors, including the mix of our subscription and service revenue, the costs associated with third-party cloud-based hosting services for our cloud-based subscriptions, and the extent to which we expand our customer support and services organizations. We expect that our gross margin will fluctuate from period to period depending on the interplay of these various factors.

### Operating Expenses

Personnel costs, which consist of salaries, benefits, bonuses, share-based compensation and, with regard to sales and marketing expenses, sales commissions, are the most significant component of our operating expenses. We also incur other non-personnel costs, such as an allocation of our general overhead expenses, including facilities, IT, and other costs.

During the fourth quarter of fiscal 2023, we refined our methodology used to allocate depreciation expense for certain property and equipment to better align the expense with the related use of the property and equipment. This has been retrospectively applied to periods beginning on April 1, 2022. See Note 2, Significant Accounting Policies, of our condensed consolidated financial statements included in this Quarterly Report for a description of the reclassification.

*Research and development.* Research and development expenses primarily consist of the cost of programming personnel. We focus our research and development efforts on developing new solutions, core technologies, and to further enhance the functionality, reliability, performance, and flexibility of existing solutions. We believe that our software development teams and our core technologies represent a significant competitive advantage for us, and we expect that our research and development expenses will continue to increase in absolute dollars as we invest in research and development headcount to further strengthen and enhance our solutions.

*Sales and marketing.* Sales and marketing expenses primarily consist of personnel and facility-related costs for our sales, marketing, and business development personnel, commissions earned by our sales personnel, and the cost of marketing and business development programs. We expect that sales and marketing expenses will continue to increase in absolute dollars as we continue to hire additional sales and marketing personnel and invest in marketing programs.

*General and administrative.* General and administrative expenses primarily consist of the personnel and facility-related costs for our executive, finance, legal, human resources and administrative personnel, and other corporate expenses, including those associated with our ongoing public reporting obligations. We anticipate continuing to incur additional expenses as we continue to invest in the growth of our operations, as well as incur ongoing costs primarily associated with other transactional activities and compliance associated with being a publicly traded company.

*Amortization of other intangibles.* Amortization of other intangibles primarily consists of amortization of customer relationships and capitalized software and tradenames.

*Restructuring and other.* Restructuring and other expenses primarily consist of various restructuring activities we have undertaken to achieve strategic and financial objectives. Restructuring activities include, but are not limited to, product offering cancellation and termination of related employees, office relocation, administrative cost of structure realignment and consolidation of resources.

#### ***Other Income (Expense), Net***

Other income (expense), net, consists primarily of interest income and interest expense, as well as foreign currency realized and unrealized gains and losses related to the impact of transactions denominated in a foreign currency, including balances between subsidiaries. Interest income, net of interest expense, consists primarily of interest income primarily from money market funds, bank deposits, and certificates of deposits, interest expense on our former term loan facility, fees on our revolving credit facility, loss on debt extinguishment and amortization of debt issuance costs.

#### ***Income Tax Expense***

Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

Our income tax rate varies from the U.S. federal statutory rate mainly due to (1) the foreign derived intangibles deduction, (2) the generation of U.S. foreign tax credits, and (3) share-based compensation windfalls, partially offset by (4) foreign withholding taxes, (5) nondeductible executive compensation, and (6) foreign earnings taxed at rates higher than the U.S. statutory tax rate. We expect this fluctuation in income tax rates, as well as its potential impact on our results of operations, to continue.

#### ***Internal Revenue Code ("IRC") Section 174***

For tax years beginning on or after January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminated the option to currently deduct research and development expenses and requires taxpayers to capitalize and amortize them over five years for research activities performed in the United States and fifteen years for research activities performed outside the United States pursuant to IRC Section 174. This law change increases our U.S. federal and state cash taxes and reduces cash flows in fiscal year 2024 and future years.

#### ***Share-based compensation***

The tax effects of the accounting for share-based compensation may significantly impact our effective tax rate from period to period. In periods in which our share price differs from the grant price of the share-based awards vesting or exercised in that period, we will recognize excess tax benefits or deficiencies that will impact our effective tax rate. The amount and value of share-based compensation issued relative to our earnings in a particular period will also affect the magnitude of the impact of share-based compensation on our effective tax rate. These tax effects are dependent on our share price, which we do not control, and a decline in our share price could significantly increase our effective tax rate and adversely affect our financial results.

## Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

### Comparison of the Three Months Ended September 30, 2023 and 2022

	Three Months Ended September 30,			
	2023		2022	
	Amount	Percent	Amount	Percent
	(in thousands, except percentages)			
<b>Revenue:</b>				
Subscription	\$ 334,497	95 %	\$ 261,306	94 %
Service	17,203	5 %	18,020	6 %
Total revenue	351,700	100 %	279,326	100 %
<b>Cost of revenue:</b>				
Cost of subscription	44,792	13 %	35,764	13 %
Cost of service	15,675	4 %	16,052	6 %
Amortization of acquired technology	3,900	1 %	3,888	1 %
Total cost of revenue <sup>(1)</sup>	64,367	18 %	55,704	20 %
Gross profit	287,333	82 %	223,622	80 %
<b>Operating expenses:</b>				
Research and development <sup>(1)</sup>	74,084	21 %	52,905	19 %
Sales and marketing <sup>(1)</sup>	127,605	36 %	105,348	38 %
General and administrative <sup>(1)</sup>	44,749	13 %	38,397	14 %
Amortization of other intangibles	5,627	2 %	6,573	2 %
Restructuring and other	(1)		—	
Total operating expenses	252,064		203,223	
Income from operations	35,269		20,399	
Other income (expense), net	5,434		(1,727)	
Income before income taxes	40,703		18,672	
Income tax expense	(4,894)		(8,146)	
Net income	\$ 35,809		\$ 10,526	

<sup>(1)</sup> Includes share-based compensation expense as follows:

	Three Months Ended September 30,	
	2023	2022
	(in thousands)	
Cost of revenue	\$ 7,197	\$ 5,235
Research and development	18,177	10,997
Sales and marketing	18,877	13,938
General and administrative	13,707	10,484
Total share-based compensation	\$ 57,958	\$ 40,654



## Revenue

	Three Months Ended September 30,		Change	
	2023	2022	Amount	Percent
	(in thousands, except percentages)			
Subscription	\$ 334,497	\$ 261,306	\$ 73,191	28 %
Service	17,203	18,020	(817)	(5 %)
Total revenue	\$ 351,700	\$ 279,326	\$ 72,374	26 %

### Subscription

Subscription revenue increased by \$73.2 million, or 28%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to the growth of the Dynatrace platform by adding new customers combined with existing customers expanding their use of our solutions.

### Service

Service revenue decreased by \$0.8 million, or 5%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. We generally recognize the revenues associated with professional services as we deliver the services.

## Cost of Revenue

	Three Months Ended September 30,		Change	
	2023	2022	Amount	Percent
	(in thousands, except percentages)			
Cost of subscription	\$ 44,792	\$ 35,764	\$ 9,028	25 %
Cost of service	15,675	16,052	(377)	(2 %)
Amortization of acquired technology	3,900	3,888	12	— %
Total cost of revenue	\$ 64,367	\$ 55,704	\$ 8,663	16 %

### Cost of subscription

Cost of subscription increased by \$9.0 million, or 25%, for the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The increase was primarily due to higher personnel costs of \$3.7 million to support the growth of our subscription cloud-based offering and higher share-based compensation of \$1.8 million. Also contributing to the increase were increased overhead costs of \$1.8 million and higher cloud-based hosting costs and subscriptions of \$1.6 million.

### Cost of service

Cost of service decreased by \$0.4 million, or 2%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The decrease was primarily the result of decreased outside services of \$0.4 million.

### Amortization of acquired technology

For the three months ended September 30, 2023 and 2022, amortization of acquired technology was primarily related to amortization expense for technology acquired in connection with Thoma Bravo's acquisition of our company in 2014.

## Gross Profit and Gross Margin

	Three Months Ended September 30,		Change	
	2023	2022	Amount	Percent
(in thousands, except percentages)				
<b>Gross profit:</b>				
Subscription	\$ 289,705	\$ 225,542	\$ 64,163	28 %
Service	1,528	1,968	(440)	(22 %)
Amortization of acquired technology	(3,900)	(3,888)	(12)	— %
<b>Total gross profit</b>	<b>\$ 287,333</b>	<b>\$ 223,622</b>	<b>\$ 63,711</b>	<b>28 %</b>
<b>Gross margin:</b>				
Subscription	87 %	86 %		
Service	9 %	11 %		
Amortization of acquired technology	(100 %)	(100 %)		
<b>Total gross margin</b>	<b>82 %</b>	<b>80 %</b>		

### Subscription

Subscription gross profit increased by \$64.2 million, or 28%, during the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The increase in gross profit and gross margin was primarily due to the subscription revenue growth.

### Service

Service gross profit decreased by \$0.4 million, or 22%, during the three months ended September 30, 2023 compared to the three months ended September 30, 2022. Service gross margin was 9% for the three months ended September 30, 2023 compared to 11% for the three months ended September 30, 2022. The decrease in gross profit and gross margin was primarily due to timing of deliverable backlog.

## Operating Expenses

	Three Months Ended September 30,		Change	
	2023	2022	Amount	Percent
(in thousands, except percentages)				
<b>Operating expenses:</b>				
Research and development	\$ 74,084	\$ 52,905	\$ 21,179	40 %
Sales and marketing	127,605	105,348	22,257	21 %
General and administrative	44,749	38,397	6,352	17 %
Amortization of other intangibles	5,627	6,573	(946)	(14 %)
Restructuring and other	(1)	—	(1)	100 %
<b>Total operating expenses</b>	<b>\$ 252,064</b>	<b>\$ 203,223</b>	<b>\$ 48,841</b>	<b>24 %</b>

### Research and development

Research and development expenses increased by \$21.2 million, or 40%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The increase was due to increased personnel and other costs of \$11.1 million to expand our product offerings and higher share-based compensation of \$7.2 million. Also contributing were higher overhead costs of \$4.0 million.

#### *Sales and marketing*

Sales and marketing expenses increased by \$22.3 million, or 21%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily driven by an increase in personnel costs of \$10.0 million and higher share-based compensation of \$4.9 million. Further contributing to the increase were higher commissions of \$3.0 million, increased advertising expenses of \$2.8 million, and higher overhead costs of \$2.0 million.

#### *General and administrative*

General and administrative expenses increased \$6.4 million, or 17%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to an increase in personnel costs of \$3.9 million and share-based compensation costs of \$3.2 million. Further contributing to this increase were higher professional fees of \$2.9 million and higher IT and facility expenses of \$1.8 million, primarily related to new offices and expansions. Partially offsetting this increase were overhead costs of \$7.5 million.

#### *Amortization of other intangibles*

Amortization of other intangibles decreased by \$0.9 million, or 14%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The decrease was primarily the result of lower amortization for certain intangible assets that are amortized on a systematic basis that reflects the pattern in which the economic benefits of the intangible assets are estimated to be realized and the completion of amortization on certain intangibles.

#### ***Other Income (Expense), Net***

Other income, net, of \$5.4 million for the three months ended September 30, 2023 represented a \$7.2 million, or 415% increase compared to an expense of \$1.7 million for the three months ended September 30, 2022. The increase was primarily the result of higher interest income on cash and cash equivalents and lower interest expense due to the reduction in debt.

#### ***Income Tax Expense***

Income tax expense of \$4.9 million for the three months ended September 30, 2023 represented a \$3.3 million decrease as compared to an expense of \$8.1 million for the three months ended September 30, 2022. This decrease was primarily due to an increase in share-based compensation windfall benefits as well as additional tax benefits, primarily related to the deferred tax asset resulting from capitalized research and development expenses under Section 174 of the IRC, recognized in the current year due to the reversal of the U.S. valuation allowance as of March 31, 2023.

Comparison of the Six Months Ended September 30, 2023 and 2022

	Six Months Ended September 30,			
	2023		2022	
	Amount	Percent	Amount	Percent
	(in thousands, except percentages)			
<b>Revenue:</b>				
Subscription	\$ 650,951	95 %	\$ 510,864	93 %
Service	33,635	5 %	35,735	7 %
Total revenue	684,586	100 %	546,599	100 %
<b>Cost of revenue:</b>				
Cost of subscription	87,696	13 %	68,502	13 %
Cost of service	31,217	5 %	31,220	6 %
Amortization of acquired technology	7,798	1 %	7,780	1 %
Total cost of revenue <sup>(1)</sup>	126,711	19 %	107,502	20 %
Gross profit	557,875	81 %	439,097	80 %
<b>Operating expenses:</b>				
Research and development <sup>(1)</sup>	140,366	21 %	102,316	19 %
Sales and marketing <sup>(1)</sup>	252,722	37 %	211,021	39 %
General and administrative <sup>(1)</sup>	83,843	12 %	73,131	13 %
Amortization of other intangibles	11,387	2 %	13,146	2 %
Restructuring and other	—		(10)	
Total operating expenses	488,318		399,604	
Income from operations	69,557		39,493	
Other income (expense), net	12,832		(6,152)	
Income before income taxes	82,389		33,341	
Income tax expense	(8,392)		(20,701)	
Net income	\$ 73,997		\$ 12,640	

<sup>(1)</sup> Includes share-based compensation expense as follows:

	Six Months Ended September 30,			
	2023		2022	
	(in thousands)			
Cost of revenue	\$	12,685	\$	9,125
Research and development		31,441		18,282
Sales and marketing		32,876		24,014
General and administrative		21,474		17,928
Total share-based compensation	\$	98,476	\$	69,349

**Revenue**

	Six Months Ended September 30,			
	2023		2022	
	Amount		Change	
	(in thousands, except percentages)			
Subscriptions	\$ 650,951	\$ 510,864	\$ 140,087	27 %
Services	33,635	35,735	(2,100)	(6 %)
Total revenue	\$ 684,586	\$ 546,599	\$ 137,987	25 %

### Subscription

Subscription revenue increased by \$140.1 million, or 27%, for the six months ended September 30, 2023, as compared to the six months ended September 30, 2022, primarily due to the growing adoption of the Dynatrace platform by new customers combined with existing customers expanding their use of our solutions.

### Service

Service revenue decreased by \$2.1 million, or 6%, for the six months ended September 30, 2023 as compared to the six months ended September 30, 2022. We generally recognize the revenues associated with professional services as we deliver the services.

### Cost of Revenue

	Six Months Ended September 30,		Change	
	2023	2022	Amount	Percent
	(in thousands, except percentages)			
Cost of subscription	\$ 87,696	\$ 68,502	\$ 19,194	28 %
Cost of service	31,217	31,220	(3)	— %
Amortization of acquired technology	7,798	7,780	18	— %
Total cost of revenue	<u>\$ 126,711</u>	<u>\$ 107,502</u>	<u>\$ 19,209</u>	<u>18 %</u>

### Cost of subscription

Cost of subscription increased \$19.2 million, or 28%, for the six months ended September 30, 2023 as compared to the six months ended September 30, 2022. The increase was primarily due to higher personnel costs of \$8.8 million to support the growth of our subscription cloud-based offering and higher share-based compensation of \$3.4 million. Also contributing to the increase were increased cloud-based hosting costs and subscriptions of \$3.8 million and increased overhead costs of \$3.4 million to support the growth of the business and related infrastructure.

### Cost of service

Cost of service decreased slightly during the six months ended September 30, 2023 as compared to the six months ended September 30, 2022, primarily due to lower overhead costs of \$0.7 million and decreased outside services of \$0.4 million. Partially offsetting this decrease were increased professional fees of \$1.1 million.

### Amortization of acquired technologies

For the six months ended September 30, 2023 and 2022, amortization of acquired technologies was primarily related to amortization expense for technology acquired in connection with Thoma Bravo's acquisition of the company in 2014.

### Gross Profit and Gross Margin

	Six Months Ended September 30,		Change	
	2023	2022	Amount	Percent
	(in thousands, except percentages)			
Gross profit:				
Subscriptions	\$ 563,255	\$ 442,362	\$ 120,893	27 %
Services	2,418	4,515	(2,097)	(46 %)
Amortization of acquired technology	(7,798)	(7,780)	(18)	— %
Total gross profit	<u>\$ 557,875</u>	<u>\$ 439,097</u>	<u>\$ 118,778</u>	<u>27 %</u>
Gross margin:				
Subscriptions	87 %	87 %		
Services	7 %	13 %		
Amortization of acquired technology	(100 %)	(100 %)		
Total gross margin	<u>81 %</u>	<u>80 %</u>		

### Subscriptions

Subscriptions gross profit increased by \$120.9 million, or 27%, during the six months ended September 30, 2023 compared to the six months ended September 30, 2022 and subscription gross margin remained consistent at 87%. The increase in gross profit was primarily due to the subscription revenue growth.

### Services

Services gross profit decreased by \$2.1 million, or 46%, during the six months ended September 30, 2023 compared to the six months ended September 30, 2022. Services gross margin decreased from 13% to 7% during the six months ended September 30, 2023 compared to the six months ended September 30, 2022. The decrease in gross profit and gross margin was primarily due to higher share-based compensation costs.

### Operating Expenses

	Six Months Ended September 30,		Change	
	2023	2022	Amount	Percent
	(in thousands, except percentages)			
Operating expenses:				
Research and development	\$ 140,366	\$ 102,316	\$ 38,050	37 %
Sales and marketing	252,722	211,021	41,701	20 %
General and administrative	83,843	73,131	10,712	15 %
Amortization of other intangibles	11,387	13,146	(1,759)	(13 %)
Restructuring and other	—	(10)	10	(100 %)
Total operating expenses	<u>\$ 488,318</u>	<u>\$ 399,604</u>	<u>\$ 88,714</u>	<u>22 %</u>

### Research and development

Research and development expenses increased \$38.1 million, or 37%, for the six months ended September 30, 2023 as compared to the six months ended September 30, 2022. The increase was primarily attributable to increased personnel and other costs of \$22.7 million to expand our product offerings and higher share-based compensation of \$13.2 million. The increase was also attributable to higher overhead costs of \$7.1 million to support the growth of the business and related infrastructure. Slightly offsetting this were other miscellaneous and employee-related expenses of \$4.1 million.

### Sales and marketing

Sales and marketing expenses increased \$41.7 million, or 20%, for the six months ended September 30, 2023, as compared to the six months ended September 30, 2022, primarily driven by an increase of \$22.1 million in personnel costs and higher share-based compensation of \$8.9 million. Further contributing to the increase were increased commissions of \$6.6 million and increased advertising costs of \$4.8 million.

### General and administrative

General and administrative expenses increased \$10.7 million, or 15%, for the six months ended September 30, 2023, as compared to the six months ended September 30, 2022, primarily due to an increase in personnel costs of \$9.0 million and higher share-based compensation of \$3.5 million.

### Amortization of other intangibles

Amortization of other intangibles decreased by \$1.8 million, or 13%, for the six months ended September 30, 2023 as compared to the six months ended September 30, 2022. The decline was primarily the result of lower amortization for certain intangible assets that are amortized on a systematic basis that reflects the pattern in which the economic benefits of the intangible assets are estimated to be realized and the completion of amortization on certain intangibles.

### Other Income (Expense), Net

Other income was \$12.8 million for the six months ended September 30, 2023 as compared to an expense of \$6.2 million for the six months ended September 30, 2022. The increase was primarily the result of higher interest income on cash and cash equivalents and lower interest expense due to the reduction in debt.

### ***Income Tax Expense***

Income tax expense of \$8.4 million for the six months ended September 30, 2023 represented a \$12.3 million decrease as compared to an expense of \$20.7 million for the six months ended September 30, 2022. This decrease was primarily driven by an increase in share-based compensation tax windfall benefits and effects of the new requirement under Section 174 of the IRC to capitalize and amortize research and development expenses in the U.S., generating current tax expense with no offsetting deferred tax benefit due to our valuation allowance position.

### **Liquidity and Capital Resources**

As of September 30, 2023, we had \$701.5 million of cash and cash equivalents and \$387.9 million available under our revolving credit facility.

We have historically financed our operations primarily through payments by our customers for use of our product offerings and related services and, to a lesser extent, the net proceeds we have received from sales of equity securities.

Over the past three years, cash flows from customer collections have increased. However, operating expenses have also increased as we have invested in growing our business. Our operating cash requirements may increase in the future as we continue to invest in the strategic growth of our company.

Our billings and revenue mix may vary over time due to a number of factors, including the mix of subscriptions and services and the contract length of our customer agreements. Such variability in the timing and amounts of our billings could impact the timing of our cash collections from period to period.

Our material cash requirements from known contractual and other obligations consist of our rent payments required under operating lease agreements and non-cancelable purchase obligations for cloud hosting support. As of September 30, 2023, total contractual commitments were \$317.8 million, with \$42.8 million committed within the next twelve months.

Cash from operations could be affected by various risks and uncertainties, including, but not limited to, the risks detailed in the section titled “Risk Factors” under Part II, Item 1A in this Quarterly Report and our Annual Report. However, we believe that our existing cash, cash equivalents, funds available under our revolving credit facility, and cash generated from operations, will be sufficient to meet our cash requirements for at least the next twelve months. Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support research and development efforts, the continued expansion of sales and marketing activities, the introduction of new and enhanced products, seasonality of our billing activities, timing and extent of spending to support our growth strategy, and the continued market acceptance of our products. In the event that additional financing is required from outside sources, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results, and financial condition would be adversely affected.

### ***Our Credit Facilities***

In December 2022, we entered into a senior secured revolving credit facility in an aggregate amount of \$400.0 million (the “Credit Facility”). As of September 30, 2023, we had \$387.9 million available under the Credit Facility with \$12.1 million of letters of credit outstanding. As of September 30, 2023, we were in compliance with all applicable covenants pertaining to the Credit Facility. The Credit Facility is discussed further in Note 7, Long-term Debt, of the condensed consolidated financial statements in this Quarterly Report.

### ***Summary of Cash Flows***

	<b>Six Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	(in thousands)	
Cash provided by operating activities <sup>(1)</sup>	\$ 170,780	\$ 172,496
Cash used in investing activities	(45,408)	(11,237)
Cash provided by (used in) financing activities	26,203	(47,056)
Effect of exchange rate changes on cash and cash equivalents	(5,399)	(13,740)
Net increase in cash and cash equivalents	<u>\$ 146,176</u>	<u>\$ 100,463</u>

<sup>(1)</sup>Net cash provided by operating activities includes cash payments for interest and tax as follows:

	Six Months Ended September 30,			
	2023		2022	
	(in thousands)			
Cash paid for interest	\$	420	\$	4,743
Cash paid for (received from) tax, net	\$	41,804	\$	(23,567)

#### ***Operating Activities***

For the six months ended September 30, 2023, cash provided by operating activities was \$170.8 million as a result of net income of \$74.0 million, and adjusted by non-cash charges of \$93.4 million and a change of \$3.4 million in our operating assets and liabilities. The non-cash charges were primarily comprised of share-based compensation of \$98.5 million and depreciation and amortization of \$27.1 million, partially offset by deferred income taxes of \$35.2 million. The change in our net operating assets and liabilities was primarily the result of a decrease in accounts receivable of \$177.7 million due to the timing of receipts of payments from customers and a decrease in deferred commissions of \$9.0 million due to commissions paid on new bookings. Partially offsetting this was a decrease in deferred revenue of \$128.5 million due to seasonality in our sales cycle, which is higher in the third and fourth quarters of our fiscal year, a decrease in accounts payable and accrued expenses of \$33.2 million driven by timing of payments, and an increase in prepaid expenses and other assets of \$22.9 million driven by the timing of payments in advance of future services.

For the six months ended September 30, 2022, cash provided by operating activities was \$172.5 million as a result of net income of \$12.6 million, and adjusted by non-cash charges of \$100.6 million and a change of \$59.2 million in our operating assets and liabilities. The non-cash charges were primarily comprised of share-based compensation of \$69.3 million and depreciation and amortization of \$26.8 million. The change in our net operating assets and liabilities was primarily the result of a decrease in accounts receivable of \$153.5 million due to the timing of receipts of payments from customers and a decrease in prepaid expenses and other assets of \$25.1 million driven by the receipt of an income tax refund and timing of payments in advance of future services. Partially offsetting this was a decrease in deferred revenue of \$101.4 million due to seasonality in our sales cycle which is higher in the third and fourth quarters of our fiscal year, and a decrease in accounts payable and accrued expenses of \$14.4 million driven by timing of payments.

#### ***Investing Activities***

Cash used in investing activities during the six months ended September 30, 2023 was \$45.4 million as a result of the Rookout acquisition of \$32.4 million and purchases of property and equipment of \$13.0 million. For additional information about the Rookout acquisition, please see Note 4, Acquisitions, of the condensed consolidated financial statements in this Quarterly Report.

Cash used in investing activities during the six months ended September 30, 2022 was \$11.2 million as a result of purchases of property and equipment.

#### ***Financing Activities***

Cash provided by financing activities during the six months ended September 30, 2023 was \$26.2 million as a result of proceeds from the exercise of our stock options of \$16.6 million and proceeds from our employee stock purchase plan of \$9.6 million.

Cash used in financing activities during the six months ended September 30, 2022 was \$47.1 million as a result of repayments of our term loan of \$60.0 million, partially offset by proceeds from our employee stock purchase plan of \$8.6 million and proceeds from the exercise of our stock options of \$4.3 million.

#### **Critical Accounting Policies and Estimates**

We prepare our condensed consolidated financial statements in accordance with generally accepted accounting principles in the United States. The preparation of condensed consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

There have been no significant changes in our critical accounting policies and estimates during the six months ended September 30, 2023 as compared to the critical accounting policies and estimates disclosed in our Annual Report. For a full discussion of these estimates and policies, see “Critical Accounting Policies and Estimates” within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report.



### Recent Accounting Pronouncements

For a description of recent accounting pronouncements, if any, and the impact of these pronouncements on our consolidated financial statements, if any, see Note 2, Significant Accounting Policies, of our condensed consolidated financial statements included elsewhere in this Quarterly Report.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

#### *Foreign Currency Exchange Risk*

Our international operations have provided and are expected to continue to provide a significant portion of our consolidated revenues and expenses that we report in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our results of operations or cash flows, and to date, we have not engaged in any hedging strategies with respect to foreign currency transactions. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates, and we may choose to engage in the hedging of foreign currency transactions in the future.

#### *Translation exposure*

Our reporting currency is the U.S. dollar, and the functional currency of each of our subsidiaries is either its local currency or the U.S. dollar, depending on the circumstances. As a result, our consolidated revenues and expenses are affected and will continue to be affected by changes in the U.S. dollar against major foreign currencies, particularly the Euro. Fluctuations in foreign currencies impact the amount of total assets, liabilities, earnings and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. In particular, the strengthening of the U.S. dollar generally will reduce the reported amount of our foreign-denominated cash and cash equivalents, total revenues and total expenses that we translate into U.S. dollars and report in our condensed consolidated financial statements. These gains or losses are recorded as a component of accumulated other comprehensive loss within shareholders' equity.

#### *Transaction exposure*

We transact business in multiple currencies. As a result, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates on transactions denominated in currencies other than the functional currencies of our subsidiaries. These gains or losses are recorded within "Other expense, net" in our condensed consolidated statements of operations.

#### *Interest Rate Risk*

We had cash and cash equivalents of \$701.5 million and \$555.3 million as of September 30, 2023 and March 31, 2023, respectively, consisting primarily of money market funds, bank deposits, and certificates of deposits. These interest-earning instruments carry a degree of interest rate risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our condensed consolidated financial statements.

As of September 30, 2023, we also had the Credit Facility in place, with availability of \$387.9 million. The Credit Facility bears interest based on (i) the Term Secured Overnight Financing Rate plus 0.10%, (ii) the Adjusted Euro Interbank Offer Rate, (iii) the Canadian Dollar Offered Rate, (iv) the Base Rate, as defined per the Credit Facility, or (v) the Sterling Overnight Index Average, in each case plus an applicable margin, as defined in the Credit Agreement. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our condensed consolidated financial statements.

### ITEM 4. CONTROLS AND PROCEDURES

#### *Evaluation of Disclosure Controls and Procedures*

Our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Quarterly Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures, as of September 30, 2023, were effective and provided reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and

forms, and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

#### ***Changes in Internal Control Over Financial Reporting***

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### ***Inherent Limitations on Effectiveness of Controls***

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitation in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are, from time to time, party to legal proceedings and subject to claims in the ordinary course of business. Although the outcome of legal proceedings and claims cannot be predicted with certainty, we currently believe that the resolution of any such matters will not have a material adverse effect on our business, operating results, financial condition, or cash flows. Regardless of the outcome, legal proceedings and claims can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

### **ITEM 1A. RISK FACTORS**

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, operating results, financial condition and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose all or part of your investment.*

#### **Risks Related to Our Business and Industry**

***We have experienced rapid revenue growth in recent periods, which may not be indicative of our future growth.***

We have experienced rapid revenue growth in recent periods. Our annual revenue grew 25% in the year ended March 31, 2023 compared to the prior year. Our revenue for the six months ended September 30, 2023 also grew 25% compared to the prior-year period. This revenue growth may not be indicative of our future revenue growth, and we may not be able to sustain revenue growth consistent with recent history, or at all. We believe our ability to continue to increase our revenue depends on several factors, including, but not limited to:

- our ability to attract new customers and retain and increase sales to existing customers;
- our ability to continue to expand customer adoption and usage of our Dynatrace platform;
- our ability to develop our existing platform, introduce new solutions, and enhance and improve existing solutions on our platform;
- continued growth of cloud-based services and solutions;
- our ability to continue to develop offerings and solutions that our customers prefer over those of our competitors;

- our ability to hire and retain sufficient numbers of sales and marketing, R&D, and general and administrative personnel; and
- our ability to expand into new geographies and markets, including the business intelligence, data analytics, and application security markets, and expand our global operations.

If we are unable to achieve any of these, our revenue growth could be adversely affected.

***Our quarterly and annual operating results may be adversely affected due to a variety of factors, which could make our future results difficult to predict.***

Our annual and quarterly revenue and operating results have fluctuated significantly in the past and may vary significantly in the future due to a variety of factors, many of which are outside of our control. Our financial results in any one quarter may not be meaningful and should not be relied upon as indicative of future performance. If our revenues, earnings, or operating results fall below the expectations of investors or securities analysts in a particular quarter, or below any guidance that we may provide, the price of our common stock could decline. We may not be able to accurately predict our future billings, revenues, earnings, or operating results. Some of the important factors that may cause our operating results to fluctuate from quarter to quarter or year to year include:

- fluctuations in the demand for our solutions, the timing of purchases by our customers, and the length of the sales cycles, particularly for larger purchases;
- fluctuations in the rate of utilization by customers of the cloud to manage their business needs, or a slowdown in the migration of enterprise systems to the cloud;
- the impact of recessionary pressures or uncertainties in the global economy, or in the economies of the countries in which we operate, on our customers' purchasing decisions and the length of our sales cycles;
- our ability to attract new customers and retain existing customers;
- our ability to expand into new geographies and markets, including the business intelligence, data analytics, and application security markets;
- the budgeting cycles and internal purchasing priorities of our customers;
- changes in customer renewal rates, churn, and our ability to cross-sell additional solutions to our existing customers and our ability to up-sell additional quantities of previously purchased offerings to existing customers;
- the seasonal buying patterns of our customers;
- the payment terms and contract term length associated with our product sales and their effect on our billings and free cash flow;
- changes in customer requirements or market needs;
- the emergence of significant privacy, data protection, systems and application security or other threats, regulations, or requirements applicable to the use of enterprise systems or cloud-based systems that we are not prepared to meet or that require additional investment by us;
- changes in the demand and growth rate of the market for observability, application security, and analytics solutions;
- our ability to anticipate or respond to changes in the competitive landscape, or improvements in the functionality of competing solutions that reduce or eliminate one or more of our competitive advantages;
- our ability to timely develop, introduce, and gain market acceptance for new solutions and product enhancements;
- our ability to adapt and update our offerings and solutions on an ongoing and timely basis in order to maintain compatibility and efficacy with the frequently changing and expanding variety of software and systems that our offerings are designed to monitor;
- our ability to maintain and expand our relationships with strategic technology partners who own, operate, and offer the major platforms on which applications operate, with which we must interoperate and remain compatible, and from which we must obtain certifications and endorsements in order to maintain credibility and momentum in the market;
- our ability to control costs, including our operating expenses;
- our ability to efficiently complete and integrate any acquisitions or business combinations that we may undertake in the future;
- general economic, industry, and market conditions, both domestically and in our foreign markets, including regional or geopolitical conflicts or other disruptions to commerce;

- the emergence of new technologies or trends in the marketplace, or a change in the trends that are important to our strategy and the value of our platform in the marketplace;
- foreign currency exchange rate fluctuations;
- the timing of revenue recognition for our customer transactions, and the effect of the mix of subscriptions and services on the timing of revenue recognition;
- extraordinary expenses, such as litigation or other dispute-related settlement payments; and
- future accounting pronouncements or changes in our accounting policies.

Any one of the factors referred to above or the cumulative effect of some of the factors referred to above may result in our operating results being below our expectations and the expectations of securities analysts and investors and any guidance that we may provide, or may result in significant fluctuations in our quarterly and annual operating results, including fluctuations in our key performance indicators. This variability and unpredictability could result in our failure to meet our business plan or the expectations of securities analysts or investors for any period. In addition, a significant percentage of our operating expenses are fixed in nature in the short term and based on forecasted revenue trends. Accordingly, in the event of revenue shortfalls, we are generally unable to mitigate the negative impact on margins in the short term.

***Market adoption of the solutions that we offer is relatively new and may not grow as we expect, which may harm our business and prospects.***

The utilization of solutions that we offer on the Dynatrace platform is relatively new. We believe our future success will depend in large part on the growth, if any, in the demand for observability and security solutions that utilize analytics and automation at their core, particularly the demand for enterprise-wide solutions and our ability to provide solutions that meet such ever-evolving needs. We currently target the markets for observability, APM, application security, infrastructure monitoring, log management and analytics, DEM, digital business analytics, and automation. It is difficult to predict customer demand, adoption, churn, and renewal rates for our new and existing solutions, the rate at which existing customers expand their usage of our solutions, and the size and growth rate of the market for our solutions. Expansion in our addressable market depends on a number of factors, including the continued and growing reliance of enterprises on software applications to manage and drive critical business functions and customer interactions, increased use of microservices and containers, as well as the continued proliferation of mobile applications, large data sets, cloud computing, and the Internet of Things. If our solutions do not achieve widespread adoption, we are not able to develop new solutions that meet customer needs, or there is a reduction in demand for observability and security solutions generally, it could result in reduced customer purchases, reduced renewal rates, and decreased revenue, any of which will adversely affect our business, operating results and financial condition.

***Our business is dependent on overall demand for observability and security solutions and therefore reduced spending on those solutions or overall adverse economic conditions may negatively affect our business, operating results, and financial condition.***

Our business depends on the overall demand for observability and security solutions, particularly demand from mid- to large-sized accounts worldwide, and the purchase of our solutions by such organizations is often discretionary. In the last several months, we have observed continued economic uncertainty in the United States and abroad and lengthening sales cycles. In an economic downturn or during periods of economic or political instability, we believe that our customers or prospects may reduce their operating or IT budgets, which could cause them to defer or forego purchases of observability and security solutions, including ours. Customers may delay or cancel IT projects or seek to lower their costs by renegotiating vendor contracts or renewals. To the extent purchases of observability and security solutions are perceived by existing customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general IT spending. Weak or turbulent global economic conditions or a reduction in observability and security spending, even if general economic conditions remain unaffected, could adversely impact our business, operating results and financial condition in a number of ways, including longer sales cycles, lower prices for our solutions, reduced subscription renewals, and lower revenue. In addition, any negative economic effects or instability resulting from changes in the political environment and international relations in the United States or other key markets as well as resulting regulatory or tax policy changes may adversely affect our business and financial results.

As the market for observability and security solutions is new and continues to develop, trends in spending remain unpredictable and subject to reductions due to the changing technology environment and customer needs as well as uncertainties about the future.

***If we fail to innovate and do not continue to develop and effectively market solutions that anticipate and respond to the needs of our customers, our business, operating results, and financial condition may suffer.***

The markets for observability and security solutions are characterized by constant change and innovation, and we expect them to continue to rapidly evolve. Moreover, many of our customers operate in industries characterized by changing technologies and business models, which require them to develop and manage increasingly complex software application and IT infrastructure environments. Our future success, if any, will be based on our ability to consistently provide our customers with a unified, real-time view into the performance of their software applications and IT infrastructure, provide notification and prioritization of degradations and failures, perform root cause analysis of performance issues, and analyze the quality of their end users' experiences and the resulting impact on their businesses and brands. If we do not respond to the rapidly changing needs of our customers by developing and making available new solutions and solution enhancements that can address evolving customer needs on a timely basis, our competitive position and business prospects will be harmed, and our revenue growth and margins could decline.

In addition, the process of developing new technology is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends, our business could be harmed. We believe that we must continue to dedicate significant resources to our research and development efforts, including significant resources to developing new solutions and solution enhancements before knowing whether the market will accept them. For example, we have made significant investments in our new application security offering and in developing our GraiI™ core technology, AutomationEngine, and AppEngine. In July 2023, we announced that we are expanding our Davis® artificial intelligence ("AI") engine to create the observability and security industry's first hypermodal AI, converging fact-based, predictive, and causal AI insights with new generative AI capabilities. Our new solutions and solution enhancements could fail to attain sufficient market acceptance for many reasons, including:

- delays in developing and releasing new solutions or enhancements to the market;
- delays or failures to provide updates to customers to maintain compatibility between Dynatrace and the various applications and platforms being used in the customers' applications and multicloud environments;
- failures to accurately predict market or customer demands, priorities, and practices, including other technologies utilized by customers in their environments and partners that they prefer to work with;
- the introduction or anticipated introduction of competing products by existing and emerging competitors;
- the inability of our sales and marketing teams or those of our partners to sell solutions for new markets and product categories;
- defects, errors, or failures in the design or performance of our new solutions or solution enhancements;
- negative publicity about the performance or effectiveness of our solutions; and
- the perceived value of our solutions or enhancements relative to their cost.

In addition to developing new solutions or enhancements using internal resources, we may acquire technologies from a third party, or acquire another company. Any acquisition of this type could be unsuccessful for a variety of reasons, require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our results of operations. For a description of some of the risks related to potential acquisitions, please see the risk below entitled "*We may acquire other businesses, products or technologies in the future which could require significant management attention, disrupt our business or result in operating difficulties, dilute stockholder value, and adversely affect our results of operations.*"

To the extent that we are not able to continue to execute on our business model to timely and effectively develop or acquire and market applications to address these challenges and attain market acceptance, our business, operating results, and financial condition will be adversely affected.

Further, we may make changes to our solutions that our customers do not value or find useful. We may also discontinue certain features, begin to charge for certain features that are currently free, or increase fees for any of our features or usage of our solutions. If our new solutions, enhancements, or pricing strategies do not achieve adequate acceptance in the market, our competitive position will be impaired, our revenue may decline or grow more slowly than expected and the negative impact on our operating results may be particularly acute, and we may not receive a return on our investment in the upfront research and development, sales and marketing, and other expenses that we incur in connection with new solutions or solution enhancements.

***If our platform and solutions do not effectively interoperate with our customers' existing or future IT infrastructures, installations of our solutions could be delayed or canceled, which would harm our business.***

Our success depends on the interoperability of our platform and solutions with third-party operating systems, applications, cloud platforms, data, and devices that we have not developed and do not control. Any third-party changes that degrade the functionality of our platform or solutions or give preferential treatment to competitive software could adversely affect the adoption and usage of our platform. We may not be successful in adapting our platform or solutions to operate effectively with these systems, applications, cloud platforms, data, or devices. If it is difficult for our customers to access and use our platform or solutions, or if our platform or solutions cannot connect a broadening range of systems, applications, cloud platforms, data, and devices, then our customer growth and retention may be harmed, and our business and operating results could be adversely affected.

Multicloud deployments utilize multiple third-party platforms and technologies, and these technologies are updated to new versions at a rapid pace. As a result, we deliver frequent updates to our solutions designed to maintain compatibility and support for our customers' changing technology environments and ensure our solutions' ability to continue to monitor customers' applications. If our solutions fail to work with any one or more of these technologies or applications, or if our customers fail to install the most recent updates and versions of our solutions that we offer, our solutions will be unable to continuously monitor our customers' critical business applications.

Ensuring that our solutions are up-to-date and compatible with the technology and multicloud platforms utilized by our customers is critical to our success. We have formed alliances with many technology and cloud platform providers to provide updates to our solutions to maintain compatibility. We work with technology and cloud platform providers to understand and align updates to their product roadmaps and engage in early access and other programs to ensure compatibility of our solutions with the technology vendor's generally available release. If our relations with our technology partners degrades or ceases, we may be unable to deliver these updates, or if our customers fail to install the most recent updates and versions of our solutions that we offer, then our customers' ability to benefit from our solution may decrease significantly and, in some instances, may require the customer to de-install our solution due to the incompatibility of our solution with the customer's applications.

***If we are unable to acquire new customers or retain and expand our relationships with existing customers, our future revenues and operating results will be harmed.***

To continue to grow our business, we need to attract new customers and increase deployment, usage, and consumption of our solutions by existing customers. Our success in attracting new customers and expanding our relationships with existing customers depends on numerous factors, including our ability to:

- offer a compelling, unified observability and security platform, together with advanced AIOps, that provides answers and intelligent automation from data at an enormous scale;
- execute our sales and marketing strategy;
- effectively identify, attract, onboard, train, develop, motivate, and retain new sales, marketing, professional services, and support personnel in the markets we pursue;
- develop or expand relationships with technology partners, systems integrators, resellers, online marketplaces, and other partners, including strategic alliances and cloud-focused partnerships with GSIs, including Deloitte and DXC, and hyperscalers such as AWS, GCP, Azure, IBM Red Hat, and others, some of which may also compete with us;
- expand into new geographies and markets, including the business intelligence and data analytics market;
- deploy our platform and solutions for new customers; and
- provide quality customer support and professional services.

Our customers have no obligation to renew their agreements, and our customers may decide not to renew these agreements with a similar contract period, at the same prices and terms or with the same or a greater number of licenses. Although our customer retention rate has historically been strong, some of our customers have elected not to renew their agreements with us, and it is difficult to accurately predict long-term customer retention, churn and expansion rates. Our customer retention and expansion rates may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our solutions platform, our customer support and professional services, our prices and pricing plans, the competitiveness of other software products and services, reductions in our customers' spending levels, customer concerns about macroeconomic trends, user adoption of our solutions, deployment success, utilization rates by our customers, new product releases, and changes to our product offerings. If our customers do not renew their agreements, or renew on less favorable terms, our business, financial condition, and operating results may be adversely affected.

Our ability to increase sales to existing customers depends on several factors, including their experience with implementing and using our platform and the existing solutions they have implemented, their ability to integrate our solutions with existing technologies, and our pricing model. A failure to increase sales to existing customers could adversely affect our business, operating results, and financial condition.

***Failure to effectively expand our sales and marketing capabilities could harm our ability to execute on our business plan, increase our customer base, and achieve broader market acceptance of our applications.***

Our ability to increase our customer base and achieve broader market acceptance of our solutions will depend to a significant extent on the ability of our sales and marketing organizations to work together to drive our sales pipeline and cultivate customer and partner relationships to drive revenue growth. We have invested in and plan to continue expanding our sales and marketing organizations, both in the United States and internationally. We also plan to dedicate significant resources to sales and marketing programs, including lead generation activities and brand awareness campaigns, such as our industry events, webinars, and user events with an increased investment in digital or online activities. If we are unable to effectively identify, hire, onboard, train, develop, motivate, and retain talented sales personnel or marketing personnel or if our new sales personnel or marketing personnel or online investments are unable to achieve desired productivity levels in a reasonable period of time, our ability to increase our customer base and achieve broader market acceptance of our offerings could be harmed.

***We face significant competition, which may adversely affect our ability to add new customers, retain existing customers, and grow our business.***

The markets in which we compete are highly competitive, fragmented, evolving, complex and defined by rapidly changing technology (including, without limitation, the use of AI) and customer demands, and we expect competition to continue to increase in the future. A number of companies, some of which are larger and have more resources than we do, have developed or are developing products and services that currently, or in the future may, compete with some or all of our solutions. We have also been expanding the scope of our solutions to include new offerings and we increasingly compete with other companies in new and adjacent markets. Competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and our failure to increase, or loss of, market share, any of which could adversely affect our business, operating results, and financial condition.

We compete either directly or indirectly with APM vendors, infrastructure monitoring vendors, log management vendors, DEM vendors, security vendors, open source and commercial open source vendors, point solutions from public cloud providers, and IT operations management, AIOps and business intelligence providers with offerings that cover some portion of the capabilities that we provide. Further, to the extent that one of our competitors establishes or strengthens a cooperative relationship with, or acquires one or more software APM, data analytics, compliance, or network visibility vendors, it could adversely affect our ability to compete. We may also face competition from companies entering our market, which has a relatively low barrier to entry in some segments, including large technology companies that could expand their platforms or acquire one of our competitors. For example, in September 2023, Cisco announced that it signed a definitive agreement to acquire Splunk.

Many existing and potential competitors enjoy substantial competitive advantages, such as:

- greater brand recognition and longer operating histories;
- longer-term and more extensive relationships with existing and potential customers, and access to larger customer bases, which often provide incumbency advantages;
- broader global distribution and presence;
- larger sales and marketing budgets and resources;
- the ability to integrate or bundle competitive offerings with other products, offerings, and services;
- lower labor and development costs;
- greater resources to make acquisitions;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical, management and other resources.

Additionally, in certain circumstances, and particularly among large technology companies that have complex and large software application and IT infrastructure environments, customers may elect to build in-house solutions to address their observability and security needs. Any such in-house solutions could leverage open source software, and therefore be made generally available at little or no cost.

These competitive pressures in our markets or our failure to compete effectively may result in fewer customers, price reductions, fewer orders, reduced revenue and gross profit, and loss of market share. Any failure to meet and address these factors could materially and adversely affect our business, operating results, and financial condition.

***If the prices we charge for our solutions and services are unacceptable to our customers, our operating results will be harmed.***

As the market for our solutions matures, or as new or existing competitors introduce new products, offerings or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are consistent with our current pricing model and operating budget. If this were to occur, it is possible that we would have to change our pricing model or reduce our prices, which could harm our revenue, gross margin, and operating results. Pricing decisions may also impact the mix of adoption among our licensing and subscription models, and negatively impact our overall revenue. Moreover, large global accounts, which we expect will account for a large portion of our business in the future, may demand substantial price concessions. If we are, for any reason, required to reduce our prices, our revenue, gross margin, profitability, financial position, and cash flow may be adversely affected.

***We expect our billings and revenue mix to vary over time, which could harm our gross margin, cash flows, and operating results.***

Our billings and revenue mix may vary over time due to a number of factors, including the mix of subscriptions and services and the contract length of our customer agreements. Our gross margins, cash flows, and operating results could also be harmed by further changes in billings and revenue mix and costs, together with numerous other factors, including entry into new lower margin markets or growth in lower margin markets, entry into markets with different pricing and cost structures, pricing discounts, increased price competition, and in response to macroeconomic conditions. Any one of these factors or the cumulative effects of certain of these factors may result in significant fluctuations in our revenues, billings, gross margin, and operating results. This variability and unpredictability could result in our failure to meet internal expectations or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our common stock could decline.

***If we are unable to maintain successful relationships with our partners, or if our partners fail to perform, our ability to market, sell, and distribute our applications and services will be limited, and our business, operating results, and financial condition could be harmed.***

In addition to our sales force, we rely on partners, including our strategic partners, to increase our sales and distribution of our software and services. We also have independent software vendor partners whose integrations may increase the breadth of the ecosystem in which our solutions can operate, and the size of the market that our solutions can address. We also have partnerships with GSIs, including Deloitte and DXC, and hyperscalers such as AWS, GCP, Azure, IBM Red Hat, and others, on which many of our customers depend, and through which our customers may be able to procure and deploy our solutions. We are dependent on these partner relationships to contribute to enabling our sales growth. We expect that our future growth will be increasingly dependent on the success of our partners and our partner relationships, and if those partnerships do not provide such benefits, our ability to grow our business will be harmed. If we are unable to scale our partner relationships effectively, or if our partners are unable to serve our customers effectively, we may need to expand our services organization, which could adversely affect our results of operations.

Our agreements with our partners are generally non-exclusive, meaning our partners may offer products from several different companies to their customers or have their products or technologies also interoperate with products and technologies of other companies, including products that compete with our offerings. Moreover, some of our partners also compete with us, and if our partners do not effectively market and sell our offerings, choose to use greater efforts to market and sell their own products or those of our competitors or fail to meet the needs of our customers, our ability to grow our business and sell our offerings will be harmed. Many of our customers are also customers of hyperscalers such as AWS, GCP, Azure, or IBM Red Hat. If our solutions fail to interoperate effectively with the hyperscalers' products, or if our partnerships with one or more of these hyperscalers are not successful or are terminated, our ability to sell additional products or offerings to these customers and our ability to grow our business will be harmed. Furthermore, our partners may cease marketing our offerings with limited or no notice and with little or no penalty, and new partners could require extensive training and may take several months or more to achieve productivity. The loss of a substantial number of our partners, our possible inability to replace them or our failure to recruit additional partners could harm our results of operations. Our partner structure could also subject us to lawsuits or reputational harm if, for example, a partner misrepresents the functionality of our offerings to customers or violates applicable laws or our corporate policies.

***We believe the Dynatrace brand is integral to our future success and if we fail to cost-effectively maintain and enhance our brand, our business and competitive position may be harmed.***

We believe that maintaining and enhancing the Dynatrace brand and increasing market awareness of our company and our solutions are critical to achieving broad market acceptance of our existing and future solutions and are important elements in attracting and retaining customers, partners, and employees, particularly as we continue to expand internationally and introduce new capabilities and enhancements. In addition, independent industry analysts, such as Gartner and Forrester, often provide reviews of our solutions, as well as those of our competitors, and perception of our solutions in the marketplace may be significantly influenced by these reviews. We have no control over what these or other industry analysts report, and because industry analysts may influence current and potential customers, our brand could be harmed if they do not provide a positive review of our solutions or view us as a market leader.



The successful promotion of the Dynatrace brand and the market's awareness of our solutions and platform will depend largely upon our ability to continue to offer enterprise-grade observability and security solutions, our ability to be thought leaders in application intelligence, our marketing efforts, and our ability to successfully differentiate our solutions from those of our competitors. We have invested, and expect to continue to invest, substantial resources to promote and maintain our brand and generate sales leads, both in the United States and internationally, but there is no guarantee that our brand development strategies will enhance the recognition of our brand or lead to increased sales. If our efforts to promote and maintain our brand are not cost effective or successful, our operating results and our ability to attract and retain customers, partners, and employees may be adversely affected. In addition, even if our brand recognition and customer loyalty increase, this may not result in increased sales of our solutions or higher revenue.

***Our sales cycles can be long, unpredictable and vary seasonally, which can cause significant variation in the number and size of transactions that close in a particular quarter.***

Many of our customers are large enterprises, whose purchasing decisions, budget cycles and constraints, and evaluation processes are unpredictable and out of our control. During recessionary times, or when there is volatility or uncertainty in the global economy or in the economies of the countries in which we operate, our sales cycles may be elongated and our customers' purchasing decisions may be delayed or cancelled. The length of our sales cycle, from initial evaluation to payment for our subscriptions, can range from several months to over a year and can vary substantially from customer to customer. Our sales efforts involve significant investment of resources in field sales, partner development, marketing, and educating our customers about the use, technical capabilities, and benefits of our platform and services. Customers often undertake a prolonged evaluation process, which frequently involves not only our platform, but also those of other companies or the consideration of internally developed alternatives, including those using open source software. Some of our customers initially deploy our platform on a limited basis, with no guarantee that they will deploy our platform widely enough across their organization to justify our substantial pre-sales investment. As a result, it is difficult to predict exactly when, or even if, we will make a sale to a potential customer or if we can increase sales to our existing customers.

We have experienced seasonal and end-of-quarter concentration of our transactions and variations in the number and size of transactions that close in a particular quarter, which impacts our ability to grow revenue over the long term and plan and manage cash flows and other aspects of our business and cost structure. Our transactions vary by quarter, with the third fiscal quarter typically being our largest. In addition, within each quarter, a significant portion of our transactions occur in the last two weeks of that quarter. Large individual sales may also occur in quarters subsequent to those we anticipate, which may make it difficult to forecast our expected sales cycle. If expectations for our business turn out to be inaccurate, our revenue growth may be adversely affected over time and we may not be able to adjust our cost structure on a timely basis and our cash flows and results of operations may suffer.

***Any failure to offer high-quality customer support and professional services may adversely affect our relationships with our customers and our financial results.***

We typically bundle customer support with arrangements for our solutions and offer professional services for implementation and training. In deploying and using our platform and solutions, our customers may require the assistance of our services teams to resolve complex technical and operational issues. Increased customer demand for support, without corresponding revenue, could increase costs and adversely affect our operating results. We may also be unable to respond quickly enough to accommodate short-term increases in customer demand for support. If we fail to meet our service level commitments, which relate to uptime or response times, or if we suffer extended periods of unavailability for our solutions, we may be contractually obligated to provide these customers with service credits or we could face contract terminations and be required to provide refunds of prepaid unused fees. Our sales are highly dependent on our reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support and professional services, or a market perception that we do not maintain high-quality product support or services, could adversely affect our reputation, and our ability to sell our solutions to existing and new customers.

***Our ability to succeed depends on the experience and expertise of our senior management team. If we are unable to attract, retain, and motivate our leadership team, our business, operating results, and prospects may be harmed.***

Our ability to succeed depends in significant part on the experience and expertise of our senior management team. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives. In the last two years, we hired a new Chief Executive Officer, Chief Financial Officer, General Counsel, Chief People Officer, Chief Revenue Officer, and Chief Accounting Officer, among other leadership changes.

All members of our senior management team are employed on an at-will basis, which means that they are not contractually obligated to remain employed with us and could terminate their employment with us at any time (subject to any applicable notice periods). Accordingly, and despite our efforts to retain our senior management team, they could terminate their employment with us at any time, which could disrupt our operations and negatively impact employee morale and our culture. After their termination, such person could go to work for one of our competitors after the expiration of any applicable non-compete period, and the restrictions on non-competition may in any case be difficult to enforce depending on the circumstances. The loss of members of our senior management team, particularly if closely grouped, could disrupt our operations, negatively impact employee morale and our culture, and adversely

affect our ability to formulate and execute our business plan and thus, our business, operating results, and prospects could be adversely affected. If we fail to develop effective succession plans for our senior management team, and to identify, recruit, onboard, train and integrate strategic hires, our business, operating results, and financial condition could be adversely affected.

***We rely on highly skilled personnel and if we are unable to attract, retain, or motivate substantial numbers of qualified personnel or expand and train our sales force, we may not be able to grow effectively.***

Our success largely depends on the talents and efforts of key technical, sales, and marketing employees and our future success depends on our continuing ability to efficiently and effectively identify, hire, onboard, train, develop, motivate, and retain highly skilled personnel for all areas of our organization. Competition in our industry is intense, and often leads to significant increased compensation and other personnel costs. In addition, competition for employees with experience in our industry can be intense, particularly in Europe, where our R&D operations are concentrated and where other technology companies compete for management and engineering talent. Our continued ability to compete and grow effectively depends on our ability to attract substantial numbers of qualified new employees and to retain and motivate our existing employees.

***We believe that our corporate culture has contributed to our success, and if we cannot successfully maintain our culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture.***

We believe that a critical component to our success has been a focus on maintaining an entrepreneurial and innovative corporate culture. We believe our culture has contributed significantly to our abilities to innovate and develop new technologies, and attract and retain employees. We have spent substantial time and resources in building our team while maintaining this corporate culture. Over our last two fiscal years, our total employee headcount increased approximately 51% and we also expanded our international employee presence. The rapid influx of large numbers of people from different business backgrounds in different geographic locations, and the significant number of employees who work either on a hybrid or remote basis may make it difficult for us to maintain our corporate culture. If our culture is negatively affected, our ability to support our growth and innovation may diminish.

***Our credit facility contains restrictions that impact our business and expose us to risks that could adversely affect our liquidity and financial condition.***

In December 2022, we entered into a senior secured revolving credit facility in the aggregate amount of \$400.0 million. As of September 30, 2023, we had \$387.9 million available under the credit facility with \$12.1 million of letters of credit outstanding. The actual amounts of our debt servicing payments vary based on the amounts of indebtedness outstanding, the applicable interest accrual periods and the applicable interest rates and fee margins, which vary based on prescribed formulas. The credit facility contains various customary covenants (including a financial covenant requiring compliance with a maximum leverage ratio) that are operative so long as our credit facility remains outstanding.

If we are unable to generate sufficient cash flow or otherwise to obtain the funds necessary to make required payments under our credit facility, or if we fail to comply with the various covenants and other requirements of our set forth in the credit facility, we could default under our credit facility. Our credit facility also contains provisions that trigger repayment obligations or an event of default upon a change of control, as well as various representations and warranties which, if breached, could lead to an event of default. Any such default that is not cured or waived could result in an acceleration of indebtedness then outstanding under our credit facility, an increase in the applicable interest rates under our credit facility, and a requirement that our subsidiaries that have guaranteed our credit facility pay the obligations in full, and would permit the lenders to exercise remedies with respect to all of the collateral that is securing our credit facility, including substantially all of our and the subsidiary guarantors' assets. We cannot be certain that our future operating results will be sufficient to ensure compliance with the covenants in our credit facility or to remedy any defaults under our credit facility. In the event of any default and related acceleration, we may not have or be able to obtain sufficient funds to make any accelerated payments. Any such default could have a material adverse effect on our liquidity, financial condition, and results of operations.

#### **Risks Related to Information Technology, Intellectual Property, and Data Security and Privacy**

***Security breaches, computer malware, computer hacking attacks, and other security incidents could harm our business, reputation, brand, and operating results.***

We have in the past been, and may in the future be, the target and victim of cybersecurity attacks, including email phishing and other types of attacks. In general, security incidents have increased in sophistication and have become more prevalent across industries and may occur on our systems, or on the systems of third parties we use to host our solutions or SaaS solutions that we use in the operation of our business, or on those third party hosting platforms on which our customers' host their systems. These security incidents may be caused by, or result in, but are not limited to, security breaches, computer malware or malicious software, ransomware, phishing attacks, computer hacking, denial of service attacks, security system control failures in our own systems or from vendors that we or our customers use, software vulnerabilities, social engineering, sabotage, malicious downloads, and the errors or malfeasance of our

own or our customers' or vendors' employees. Although we have taken significant measures to detect, effectively remediate, and prevent future phishing and other attacks and security threats, we cannot be certain that our efforts will be effective to prevent and remediate all attacks and security threats. As a result, unauthorized access to, security breaches of, or denial-of-service attacks against our platform could result in the unauthorized access to, or use of, and/or loss of, such data, as well as loss of intellectual property, customer data, employee data, trade secrets, or other confidential or proprietary information. In particular, because we utilize a multi-tenant platform, any security breach could potentially affect a significant amount of our customers.

The consequences of a security incident may be more severe if customers have chosen to configure our platform to collect and store confidential, personal, sensitive, or proprietary information. Our customers determine, through their configuration, the nature of the customer data processed by Dynatrace, and accordingly the content of the notices that they provide to data subjects as well as the consents that they obtain, if they do in fact, obtain consent. As such, our risks are also affected by how our customers obtain consent or provide transparency to the individuals whose data is provided by the customer to Dynatrace. If our customers fail to comply with applicable law or fail to provide adequate notice or to obtain consent, we could be exposed to a risk of loss, litigation or regulatory action, and possible liability, some or all of which may not be covered by insurance, and our ability to operate our business may be impaired.

We and certain of our service providers have experienced and may in the future experience disruptions, outages, and other performance problems on our internal systems due to service attacks, unauthorized access, or other security related incidents affecting personal information. Any security breach or loss of system control caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss, modification, or corruption of data, software, hardware or other computer equipment and the inadvertent transmission of computer malware could harm our business, operating results, and financial condition, and expose us to claims arising from loss or unauthorized disclosure of confidential or personal information or data and the related breach of our contracts with customers or others, or of privacy or data security laws. If an actual or perceived security incident occurs, the market perception of the effectiveness of our security controls could be harmed, our brand and reputation could be damaged, we could lose customers, and we could suffer financial exposure due to such events or in connection with remediation efforts, investigation costs, regulatory fines, including fines assessed under the European General Data Protection Regulation ("GDPR") or other privacy laws, private lawsuits and changed security control, system architecture, and system protection measures.

We have administrative, technical, and physical security measures in place, as well as policies and procedures in place to contractually require third parties to whom we transfer data to implement and maintain appropriate security measures. We also proactively employ multiple methods at different layers of our systems to defend against intrusion and attack and to protect our data. However, because the techniques used to obtain unauthorized access or to compromise or sabotage systems change frequently and generally are not identified until they are launched against or even penetrate a target, we may be unable to anticipate these techniques or to implement adequate preventative measures that will be sufficient to counter all current and emerging technology threats. We may therefore experience security breaches that may remain undetected for extended periods of time. Vendors' or suppliers' software or systems may be susceptible or vulnerable to breaches and attacks, which could compromise our systems. For example, in December 2020, it was widely reported that SolarWinds, an information technology company, was the subject of a cyberattack earlier in September 2019 where the SUNBURST malicious code was injected into builds of their Orion software platform that created security vulnerabilities to customers who use Orion. We used SolarWinds Orion software and upon learning of the incident, we took recommended actions to detect any unauthorized access as well as mitigate the compromised system. More recently, SolarWinds provided an update from its investigations regarding the deployment of the malicious tool into its build environment. While we do not believe at this time that the SolarWinds matter had a material impact on our systems or operations, should new or different information come to light establishing that the intrusion is broader than now known, it could have a broader impact on our systems and operations and we could incur significant costs in responding to such intrusion. This is likewise true in the event SolarWinds has an impact on our supply chain or vendors in ways that are not yet known. A vendor or other supply chain-related breach could spread to our own systems or affect our operations or financial systems in material ways that we cannot yet anticipate.

A majority of our employees have the ability to work either partially or fully remote. Certain security systems in homes or other remote workplaces may be less secure than those used in our offices, which may subject us to increased security risks, including cybersecurity-related events, and expose us to risks of data or financial loss and associated disruptions to our business operations. We may also be exposed to risks associated with the locations of remote workers, including exposure to compromised Internet infrastructure. If we are unable to effectively manage the cybersecurity and other risks of remote work, our business could be harmed or otherwise negatively impacted.

Because data security is a critical competitive factor in our industry, we make statements in our privacy policies, our online product documentation and in our marketing materials describing the security of our platform, including descriptions of certain security measures we employ or security features embedded within our offerings. In addition, our customer contracts include commitments related to security measures and data protection. Should any of these statements be untrue, become untrue, or be perceived to be untrue, even if through circumstances beyond our reasonable control, or if any of these security measures or features prove to be

ineffective or are perceived to be ineffective, we may face claims, including claims of unfair or deceptive trade practices or breach of regulations including GDPR, brought by the U.S. Federal Trade Commission, state, local, or foreign regulators (e.g., a European Union-based data protection authority) or private litigants, and breach of contract.

While we believe that we maintain a sufficient amount of insurance to cover certain data security-related risks and incidents, our insurance coverage may not always cover all costs or losses. In addition, we cannot be certain that sufficient insurance will continue to be available to us on commercially acceptable terms in the future. Any large, successful claim that exceeds our insurance coverage or any changes in insurance availability and requirements could have a material adverse impact on our financial condition and reputation.

***Interruptions or disruptions with the delivery of our SaaS solutions, or third-party cloud-based systems that we depend on in our operations, may adversely affect our business, operating results, and financial condition.***

Our business and continued growth depends on the ability of our customers to access our platform and solutions, particularly our cloud-based solutions, at any time and within an acceptable amount of time. In addition, our ability to access certain third-party SaaS solutions is important to our operations and the delivery of our customer support and professional services, as well as our sales operations.

We have experienced, and may in the future experience, service disruptions, outages, and other performance problems both in the delivery of our SaaS solutions, and in third-party SaaS solutions we use due to a variety of factors, including infrastructure changes, malicious actors including disgruntled employees, human or software errors, or capacity constraints. We have experienced disruptions, outages, or performance problems in the past causing some of our services to be unavailable for a limited period of time. While none of these occurrences have been material to our business, future events could be more impactful. We utilize a multi-tenant structure, meaning that generally, our customers are hosted on a shared platform. As such, any interruption in service could affect a significant number of our customers. In some instances, we or our third-party service providers may not be able to identify the cause or causes of these performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve the performance of our SaaS solutions as they become more complex. If our SaaS solutions are unavailable or degraded or if our customers are unable to access features of our SaaS solutions within a reasonable amount of time or at all, our business would be adversely affected. In addition, if any of the third-party SaaS solutions that we use were to experience a significant or prolonged outage or security breach, our business could be adversely affected.

We currently host our Dynatrace solutions on cloud infrastructure hyperscaler providers, such as AWS, Azure and GCP. Our Dynatrace solutions reside on hardware operated by these providers. Our operations depend on protecting the virtual cloud infrastructure hosted by a hyperscaler by maintaining its configuration, architecture, features, and interconnection specifications, as well as the information stored in these virtual data centers and which third-party Internet service providers transmit. Although we have disaster recovery plans, including the use of multiple hyperscaler locations, any incident affecting a hyperscaler's infrastructure that may be caused by fire, flood, severe storm, earthquake, or other natural disasters, actual or threatened public health emergencies, cyber-attacks, terrorist or other attacks, and other similar events beyond our control could negatively affect our platform and our ability to deliver our solutions to our customers. A prolonged hyperscaler service disruption affecting our SaaS platform for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the hyperscaler services we use.

Hyperscalers have the right to terminate our agreements with them upon material uncured breach following prior written notice. If any of our hyperscaler service agreements are terminated, or there is a lapse of service, we would experience interruptions in access to our platform as well as significant delays and additional expense in arranging new facilities and services and/or re-architecting our solutions for deployment on a different cloud infrastructure, which would adversely affect our business, operating results, and financial condition.

***Real or perceived errors, failures, defects, or vulnerabilities in our solutions could adversely affect our financial results and growth prospects.***

Our solutions and underlying platform are complex, and in the past, we or our customers have discovered software errors, failures, defects, and vulnerabilities in our solutions after they have been released, including after new versions or updates are released. Our solutions and our platform are frequently deployed and used in large-scale computing environments with different operating systems, system management software and equipment and networking configurations, which have in the past, and may in the future, cause errors in, or failures of, our solutions or other aspects of the computing environment into which they are deployed. In addition, deployment of our solutions into complicated, large-scale computing environments have in the past exposed, and may, in the future, expose undetected errors, failures, defects, or vulnerabilities in our solutions. Despite testing by us, errors, failures, defects, or vulnerabilities may not be found in our solutions until they are released to our customers or thereafter. Real or perceived errors, failures, defects, or vulnerabilities in our solutions (in particular, any failure of our application security offering to perform as warranted) could result in, among other things, negative publicity and damage to our reputation, lower renewal rates, loss of or delay in market acceptance of our solutions, loss of competitive position, or claims by customers for losses sustained by them or expose us to breach of contract claims, regulatory fines, and related liabilities. If vulnerabilities in our solutions are exploited by adversaries, our customers could experience damages or losses for which our customers seek to hold us accountable. In the case of real or perceived errors, failures, defects, or vulnerabilities in our solutions giving rise to claims by customers, we may be required, or may choose, for regulatory, contractual, customer relations, or other reasons, to expend additional resources in order to help correct the problem.

***Assertions by third parties of infringement or other violations by us of their intellectual property rights, or other lawsuits brought against us, could result in significant costs and substantially harm our business, operating results, and financial condition.***

Patent and other intellectual property disputes are common in the markets in which we compete. Some companies in the markets in which we compete, including some of our competitors, own large numbers of patents, copyrights, trademarks, and trade secrets, which they may use to assert claims of infringement, misappropriation, or other violations of intellectual property rights against us, our partners, our technology partners, or our customers. As the number of patents and competitors in our market increase, allegations of infringement, misappropriation, and other violations of intellectual property rights may also increase. Our broad solution portfolio and the competition in our markets further exacerbate the risk of additional third-party intellectual property claims against us in the future. Any allegation of infringement, misappropriation, or other violation of intellectual property rights by a third party, even those without merit, could cause us to incur substantial costs and resources defending against the claim, could distract our management from our business, and could cause uncertainty among our customers or prospective customers, all of which could have an adverse effect on our business, operating results, and financial condition. We cannot assure you that we are not infringing or otherwise violating any third-party intellectual property rights.

Furthermore, companies that bring allegations against us may have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend against similar allegations that may be brought against them than we do. We have received, and may in the future receive, notices alleging that we have misappropriated, misused, or infringed other parties' intellectual property rights, including allegations made by our competitors, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement assertions. There also is a market for acquiring third-party intellectual property rights and a competitor, or other entity, could acquire third-party intellectual property rights and pursue similar assertions based on the acquired intellectual property. They may also make such assertions against our customers or partners.

An adverse outcome of a dispute may require us to take several adverse steps such as pay substantial damages, including potentially treble damages, if we are found to have willfully infringed a third party's patents or copyrights; cease making, using, selling, licensing, importing, or otherwise commercializing solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to attempt to redesign our solutions or otherwise to develop non-infringing technology, which may not be successful; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies or intellectual property rights or have royalty obligations imposed by a court; or indemnify our customers, partners, and other third parties. Any damages or royalty obligations we may become subject to, or any prohibition against our commercializing our solutions as a result of an adverse outcome, could harm our business and operating results.

Additionally, our agreements with customers and partners include indemnification provisions, under which we agree to indemnify them for losses suffered or incurred as a result of allegations of intellectual property infringement and, in some cases, for damages caused by us to property or persons or other third-party allegations. Furthermore, we have agreed in certain instances to defend our partners against third-party claims asserting infringement of certain intellectual property rights, which may include patents, copyrights, trademarks, or trade secrets, and to pay judgments entered on such assertions. Large indemnity payments could harm our business, operating results, and financial condition.

***Failure to protect and enforce our proprietary technology and intellectual property rights could substantially harm our business, operating results, and financial condition.***

The success of our business depends on our ability to protect and enforce our proprietary rights, including our patents, trademarks, copyrights, trade secrets, and other intellectual property rights, throughout the world. We attempt to protect our intellectual property under patent, trademark, copyright, and trade secret laws, and through a combination of confidentiality procedures, contractual provisions, internal policies and other methods, all of which offer only limited protection. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create products, offerings and services that compete with ours. In the past, we have been made aware of public postings of portions of our source code. It is possible that released source code could reveal some of our trade secrets and impact our competitive advantage. Some license provisions protecting against unauthorized use, copying, transfer, reverse engineering, and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and in some countries, there may not be sufficient legal processes available to us, in a timely fashion or at all, to enable us to effectively protect our intellectual property. In expanding our international activities, our exposure to unauthorized copying and use of our technology and proprietary information may increase. In addition, the use of other companies' generative AI tools by our employees or contractors in a manner that violates our internal policies may compromise some of our proprietary or intellectual property rights.

The process of obtaining patent protection is expensive and time consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions. Furthermore, it is possible that our patent applications may not result in issued patents, that the scope of the claims in our issued patents will be insufficient or not have the coverage originally sought, that our issued patents will not provide us with any competitive advantages, and that our issued patents and other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. In addition, issuance of a patent does not guarantee that we have an absolute right to practice our patented technology, or that we have the right to exclude others from practicing our patented technology. As a result, we may not be able to obtain adequate patent protection or to enforce our issued patents effectively.

In addition to patented technology, we rely on our unpatented proprietary technology and trade secrets. Despite our efforts to protect our proprietary technology and trade secrets, unauthorized parties may attempt to misappropriate, reverse engineer, or otherwise obtain and use them. The contractual provisions that we enter into with employees, consultants, partners, vendors, and customers may not prevent unauthorized use or disclosure of our proprietary technology or trade secrets and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or trade secrets.

Moreover, policing unauthorized use of our technologies, solutions and intellectual property is difficult, expensive, and time consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak. We may be unable to determine the extent of any unauthorized use or infringement of our solutions, technologies, or intellectual property rights.

From time to time, legal action by us may be necessary to enforce our patents and other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the intellectual property rights of others, or to defend against allegations of infringement or invalidity. Such litigation could result in substantial costs and diversion of resources and could negatively affect our business, operating results, financial condition, and cash flows. If we are unable to protect our intellectual property rights, our business, operating results and financial condition will be harmed.

***Our use of open source technology could impose limitations on our ability to commercialize our solutions and platform.***

We use open source software in our solutions and platform and expect to continue to use open source software in the future. Although we monitor our use of open source software to avoid subjecting our solutions and platform to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open source licenses have not been interpreted by U.S. courts. As a result, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions. In such an event, we could be required to seek licenses from third parties to continue offering our solutions, to make our proprietary code generally available in source code form, to re-engineer our solutions, or to discontinue the sale of our solutions if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business, operating results, and financial condition.

***Our participation in open source initiatives may limit our ability to enforce our intellectual property rights in certain circumstances.***

As part of our strategy to broaden our target markets and accelerate adoption of our offerings, we contribute software program code to certain open source projects managed by organizations such as Microsoft, Google, and Cloud Native Computing Foundation. We also undertake our own open source initiatives to promote “open innovation” and “enterprise openness,” meaning that we make technologies available under open source licenses with the goal of exchanging insights and experience with other experts in the community, broadening the adoption of our platform by our customers, and providing our partners with the ability to leverage their own technologies through the Dynatrace platform. In some cases, we accept contributions of code from the community, our customers, and partners.

When we contribute to a third-party managed open source project, the copyrights, patent rights, and other proprietary rights in and to the technologies, including software program code owned by us that we contribute to these projects, are often licensed to the project managers and to all other contributing parties without material restriction on further use or distribution. If and to the extent that any of the technologies that we contribute, either alone or in combination with the technologies that may be contributed by others, practice any inventions that are claimed under our patents or patent applications, then we may be unable to enforce those claims or prevent others from practicing those inventions, regardless of whether such other persons also contributed to the open source project (even if we were to conclude that their use infringes our patents with competing offerings), unless any such third party asserts its patent rights against us. This limitation on our ability to assert our patent rights against others could harm our business and ability to compete. In addition, if we were to attempt to enforce our patent rights, we could suffer reputational injury among our customers and the open source community.

***Any actual or perceived failure by us to comply with stringent and evolving privacy laws or regulatory requirements in one or multiple jurisdictions, privacy, and information security policies and/or contractual obligations could result in proceedings, actions, or penalties against us.***

We are subject to U.S. federal, state, and international laws, regulations, and standards relating to the collection, use, disclosure, retention, security, transfer, and other processing of personal data. The legal and regulatory frameworks for privacy, data protection and security issues worldwide are rapidly evolving and as a result, implementation standards, potential fines, enforcement practices, and litigation risks are likely to remain uncertain for the foreseeable future.

- In the United States, state legislatures continue to propose and pass comprehensive privacy legislation, including data breach notification laws, personal data privacy laws, and consumer protection laws. For example, the California Consumer Privacy Act (“CCPA”), as amended by the California Privacy Rights Act in November 2020, effective on January 1, 2023, gives California residents rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. It is not yet fully clear how the CCPA will be interpreted. The effects of the CCPA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses to comply and increase our potential exposure to regulatory enforcement and/or litigation. Certain other state laws impose similar privacy obligations and we also anticipate that more states will increasingly enact legislation similar to the CCPA. The CCPA has prompted a number of proposals for new federal and state-level privacy legislation, and in some states, efforts to pass comprehensive privacy laws have been successful. The existence of comprehensive privacy laws in different states in the country, if enacted, will add additional complexity, variation in requirements, restrictions, and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data, and has resulted in and will result in increased compliance costs and/or changes in business practices and policies.
- Outside of the United States, virtually every jurisdiction in which we operate has established its own privacy, data protection and/or data security legal framework with which we or our customers must comply, including, but not limited to, the European Union (“EU”).
  - In the EU, data protection laws are stringent and continue to evolve, resulting in possible significant operational costs for internal compliance and risk to our business. The EU has adopted the GDPR, which imposes robust obligations upon covered companies, including heightened notice and consent requirements, greater rights of data subjects (e.g., the “right to be forgotten”), increased data portability for EU consumers, additional data breach notification and data security requirements, requirements for engaging third-party processors, and increased fines for non-compliance. Serious breaches of the GDPR (and similar data protection regulations in the United Kingdom) may result in monetary penalties of up to 4% of worldwide annual revenue and fines up to 2% of annual worldwide revenue can be imposed for other violations. In addition to the GDPR, other European legislative proposals and current laws and regulations apply to cookies and similar tracking technologies, electronic communications, and marketing, with an increased focus on online behavioral advertising. The EU also is considering the Regulation on

Privacy and Electronic Communications (“ePrivacy Regulation”) which would replace an existing ePrivacy Directive. The ePrivacy Regulation is focused on privacy regarding electronic communications services and data processed by electronic communications services. The ePrivacy Regulation may require us to further modify some of our data practices and compliance could result in additional costs for our company. In addition, the EU Digital Services Act (“DSA”) and Digital Markets Act (“DMA”) add further complexity and increased consumer protection and technology regulation.

- Many jurisdictions outside of Europe where we do business directly or through resellers today and may seek to expand our business in the future, are also considering and/or have enacted comprehensive data protection and/or cybersecurity legislation. These include Australia, Brazil, China, Japan, Mexico, and Singapore.
- We are subject to various data transfer rules related to our ability to transfer data from one country to another. This may limit our ability to transfer certain data or require us to guarantee a certain level of protection when transferring data from one country to another.
- We are also subject to data localization laws in certain countries that may, for example, require personal information of citizens to be collected, stored, and modified only within that country. These and similar regulations may interfere with our intended business activities, inhibit our ability to expand into those markets, require modifications to our offerings or services, or prohibit us from continuing to offer services in those markets without significant additional costs.
- Current or future laws, regulations, and ethical considerations related to the use of AI technology and machine learning may impact our ability to provide insights from data and use certain data to develop our offerings. Increased focus on online tracking of behavioral advertising may also result in increased regulation on our operations. These factors may also impose burdensome and costly requirements on our ability to utilize data in innovative ways. For example, the EU has proposed a new, comprehensive AI Act and in the United States, a host of new AI-related rulemaking is being proposed at both the state and city level.

The regulatory framework both in the United States and internationally governing the collection, processing, storage, use and sharing of certain information, particularly financial and other personal information, is rapidly evolving and is likely to continue to be subject to uncertainty and varying interpretations. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with laws in other jurisdictions or which our existing data management practices or the features of our services and platform capabilities. We therefore cannot yet fully determine the impact these or future laws, rules, regulations, and industry standards may have on our business or operations.

In addition to the laws and regulations to which we are subject regarding the collection, processing, storage, use, and sharing of certain information, our contracts with customers include specific obligations regarding the protection of confidentiality and the permitted uses of personally identifiable and other proprietary information. We also publicly post documentation regarding our practices concerning the collection, processing, use, and disclosure of data. Although we endeavor to comply with our published policies and documentation and the various laws and regulations that we are subject to, we may at times fail to do so or be alleged to have failed to do so. Any failure or perceived failure by us, or any third parties with which we do business, to comply with our posted privacy policies and product documentation or privacy laws or regulations, changing consumer expectations, evolving laws, rules and regulations, industry standards, or contractual obligations to which we or such third parties are or may become subject, may result in actions or other claims against us by governmental entities or private actors, the expenditure of substantial costs, time and other resources or the imposition of significant fines, penalties or other liabilities, which could, individually or in the aggregate, materially and adversely affect our business, financial condition, and results of operations. In addition, any such action, particularly to the extent we were found to be guilty of violations or otherwise liable for damages, would damage our reputation and adversely affect our business, financial condition, and results of operations.

Additionally, our customers may be subject to differing privacy laws, rules, and legislation, which may mean that they require us to be bound by varying contractual requirements applicable to certain other jurisdictions. Adherence to such contractual requirements may impact our collection, use, processing, storage, sharing, and disclosure of various types of information, including financial information and other personal information, and may mean we become bound by, or voluntarily comply with, self-regulatory or other industry standards relating to these matters that may further change as laws, rules, and regulations evolve. Complying with these requirements and changing our policies and practices may be onerous and costly, and we may not be able to respond quickly or effectively to regulatory, legislative, and other developments. These changes may in turn impair our ability to offer our existing or planned features, products, and services and/or increase our cost of doing business. As we expand our customer base, these requirements may vary from customer to customer, further increasing the cost of compliance and doing business.



## **Risks Related to Legal, Regulatory, Accounting, and Tax Matters**

*Tax matters, including changes in tax laws, rules, regulations, and treaties, could impact our effective tax rate and our results of operations.*

We operate in over 30 countries around the world and, as a multinational corporation, we are subject to income and non-income-based taxes, including payroll, sales, use, value-added, net worth, property, and goods and services taxes, in both the United States and various non-U.S. jurisdictions.

Our effective tax rate has fluctuated in the past and is likely to fluctuate in the future. Our effective tax rate is affected by the allocation of revenues and expenses to different jurisdictions and the timing of recognizing revenues and expenses. In addition, in the ordinary course of our global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain.

The amount of taxes that we pay is subject to our interpretation of applicable tax laws in the jurisdictions in which we file and changes to tax laws. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities, and in determining the realizability of tax attributes such as foreign tax credits and other domestic deferred tax assets. From time to time, we are subject to regular tax audits, examinations, and reviews in the ordinary course of business. While we believe that our tax estimates are reasonable and we have complied with all applicable income tax laws, there can be no assurance that a governing tax authority will not have a different interpretation and require us to pay additional taxes. If any amounts that we ultimately pay to a tax authority differ materially from amounts that we previously recorded, it could negatively affect our financial results and operations for the period at issue and on an ongoing basis.

We do not collect sales and use, value added, and similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable in certain of those jurisdictions. Sales and use, value added, and similar tax laws and rates vary greatly by jurisdiction. Certain jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties, and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties, and interest or future requirements may adversely affect our results of operations.

Tax laws, rules, and regulations are constantly under review by persons involved in the legislative process and by tax authorities. Changes to tax laws (which may have retroactive application) could adversely affect us or holders of our common stock. For example, changes in tax laws, rules, regulations, treaties, rates, changing interpretation of existing laws or regulations, the impact of accounting for share-based compensation, the impact of accounting for business combinations, changes in our international organization, and changes in overall levels of income before tax, can impact our tax liability. In recent years, many changes have been made to applicable tax laws and changes are likely to continue to occur in the future.

*The spin-offs of Compuware and SIGOS in 2019 were taxable transactions for us, and we are subject to tax liabilities in connection with such transactions.*

In 2019, as part of a corporate reorganization, Compuware and SIGOS were spun out of our corporate structure. Neither spin-off qualified as a tax-free spin-off under Section 355 or other provisions of the IRC. Corporate-level U.S. federal, state, and local taxes were paid by us in connection with the Compuware spin-off and in connection therewith, Compuware distributed to us \$265.0 million pursuant to a structuring agreement. These taxes were generally based upon the gain computed as the difference between the fair market value of the Compuware assets distributed and the adjusted tax basis in such assets. The actual amount of our tax liability relating to the Compuware spin-off included on the filed tax returns was \$231.8 million. We did not have sufficient losses available to fully offset the gain we realized as a result of the Compuware spin-off. We do not believe we incurred any material tax liabilities in connection with the SIGOS spin-off because the estimated fair market value of the SIGOS assets was materially similar to the adjusted tax basis in such assets.

If the Internal Revenue Service or other taxing authorities were to successfully challenge in an audit or other tax dispute the amount of taxes owed in connection with either the Compuware or SIGOS spin-off, we could be liable for additional taxes, including interest and penalties. We would be responsible for any such additional amounts, and for the costs of responding to such challenge, which would not be reimbursed to us by Compuware. While we have obtained an insurance policy that provides coverage if the Internal Revenue Service or other taxing authorities assert that additional taxes are owed in connection with the Compuware spin-off, such policy is subject to certain limitations and exclusions, and we cannot offer any assurances that such policy will fully cover any additional taxes owed by us. We did not obtain a tax insurance policy relating to the SIGOS spin-off. Any tax liabilities determined to be owed by us relating to either spin-off following an audit or other tax dispute may adversely affect our results of operations.

***Federal and state fraudulent transfer laws may permit a court to void Compuware's distribution to us to partially satisfy the estimated tax liability incurred by us from the Compuware spin-off.***

As mentioned in the risk factor immediately above, Compuware distributed \$265.0 million to us in 2019 to partially or wholly satisfy the estimated tax liability incurred by us in connection with the Compuware spin-off. This distribution might be subject to challenge under federal and state fraudulent conveyance laws even if the distribution was completed. Under applicable laws, the distribution could be voided as a fraudulent transfer or conveyance if, among other things, the transferor received less than reasonably equivalent value or fair consideration in return for, and was insolvent or rendered insolvent by reason of, the transfer.

We cannot be certain as to the standards that a court would use to determine whether or not Compuware was insolvent at the relevant time. In general, however, a court would look at various facts and circumstances related to the entity in question, including evaluation of whether or not (i) the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair market value of all of its assets; (ii) the present fair market value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or (iii) it could pay its debts as they become due.

If a court were to find that the distribution was a fraudulent transfer or conveyance, the court could void the distribution. In addition, the distribution could also be voided if a court were to find that it is not a legal distribution or dividend under applicable corporate law. The resulting complications, costs, and expenses of either finding could materially adversely affect our financial condition and results of operations.

***We are subject to a number of risks associated with global sales and operations.***

Revenue from customers located outside of the United States represented 44% and 43% for the six months ended September 30, 2023 and 2022, respectively. As a result, our global sales and operations are subject to a number of risks and additional costs, including the following:

- increased expenses associated with international sales and operations, including establishing and maintaining office space and equipment for our international operations;
- fluctuations in exchange rates between the U.S. dollar and other currencies in the markets where we do business, and other controls, regulations, and orders that might restrict our ability to repatriate cash;
- volatility, uncertainties, and recessionary pressures in the global economy or in the economies of the countries in which we operate;
- difficulties in penetrating new markets due to existing competition or local lack of recognition of the Dynatrace brand;
- risks associated with trade restrictions and additional legal requirements, including the exportation of our technology or source code that is required in many of the countries in which we operate;
- greater risk of unexpected changes in regulatory rules, regulations and practices, tariffs and tax laws and treaties;
- compliance with United States and foreign import and export control and economic sanctions laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security and the executive orders and laws implemented by the U.S. Department of the Treasury's Office of Foreign Asset Controls;
- compliance with anti-bribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K. Anti-Bribery Act, and a heightened risk of unfair or corrupt business practices in certain geographies, and of improper or fraudulent sales arrangements that may impact financial results and result in restatements of, or irregularities in, financial statements;
- compliance with privacy, data protection, and data security laws of many countries and jurisdictions, including the EU's GDPR and the CCPA;
- limited or uncertain protection of intellectual property rights in some countries and the risks and costs associated with monitoring and enforcing intellectual property rights abroad;
- greater difficulty in enforcing contracts and managing collections in certain jurisdictions, as well as longer collection periods;
- management communication and integration problems resulting from cultural and geographic dispersion;
- difficulties hiring local staff, differing employer/employee relationships, and the potential need for country-specific benefits, programs, and systems;
- social, economic, and political instability, epidemics and pandemics, terrorist attacks, wars, geopolitical conflicts, disputes, and security concerns in general; and
- potentially adverse tax consequences.

These and other factors could harm our ability to generate future global revenue and, consequently, materially impact our business, results of operations, and financial condition.

***Continued uncertainty in the U.S. and global economies, particularly Europe, along with uncertain geopolitical conditions, could negatively affect sales of our offerings and services and could harm our operating results.***

As our business has grown, we have become increasingly subject to the risks arising from adverse changes in the domestic and global economies. Uncertainty in the macroeconomic environment and associated global economic conditions, as well as geopolitical disruption, may result in extreme volatility in credit, equity, and foreign currency markets. These conditions, including changes in inflationary pressures, rising interest rates, lower consumer confidence or uneven or lower spending, volatile capital markets, financial and credit market fluctuations, political turmoil, natural catastrophes, epidemics, warfare (including the ongoing conflicts in Ukraine and in Israel and surrounding areas), and terrorist attacks on the United States or elsewhere, may also adversely affect the buying patterns of our customers and prospective customers, including the size of transactions and length of sales cycles, which would adversely affect our overall pipeline as well as our revenue growth expectations. For example, we have seen lengthening sales cycles, which may affect our future revenues and results of operations. In addition, increased economic uncertainty in the United States and abroad could lead to periods of economic slowdown or recession, continued inflation and higher interest rates, and the occurrence of such events, or public perception that any of these events may occur, could result in a general decrease in spending on technology or other business interruptions. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within the technology industry. If macroeconomic or geopolitical conditions deteriorate or if the pace of recovery slows or is uneven, our overall results of operations could be adversely affected.

We continue to invest in our international operations. There are significant risks with overseas investments, and our growth prospects in these regions are uncertain. Increased volatility, further declines in the European credit, equity, and foreign currency markets or geopolitical disruptions (including the ongoing conflicts in Ukraine and in Israel and surrounding areas) could cause delays in or cancellations of orders or have other negative impacts on our business operations in Europe (where a significant amount of our R&D operations are concentrated) and other regions throughout the world. If tensions between the United States, members of NATO and other countries continue to escalate and create global security concerns, it may result in an increased adverse impact on regional and global economies and increase the likelihood of cyber-attacks. Deterioration of economic or geopolitical conditions in the countries in which we do business could also cause slower or impaired collections on accounts receivable. In addition, we could experience delays in the payment obligations of our worldwide reseller customers if they experience weakness in the end-user market, which would increase our credit risk exposure and harm our financial condition.

In March 2022, we announced that we suspended all business in Russia and Belarus. Although we do not have material operations in Ukraine, Russia, or Belarus, geopolitical instability in the region, new sanctions, and enhanced export controls has and may continue to impact our ability to sell or export our platform in Ukraine, Russia, Belarus and surrounding countries. Similarly, our operations in Israel and the surrounding areas are not material to our business results, though geopolitical instability in the region may impact our ability to sell or export our platform there. While we do not believe the overall impact to be material to our business results, if these conflicts and the scope of sanctions expand further or persist for an extended period of time, our business could be harmed.

***Because we recognize revenue from our SaaS subscriptions and term licenses over the subscription or license term, downturns or upturns in new sales and renewals may not be immediately reflected in our operating results and may be difficult to discern.***

For customers who purchase a subscription to our Dynatrace platform, whether they purchase a SaaS subscription, or a term license, we generally recognize revenue ratably over the term of their subscription. For customers who purchase a perpetual license, we generally recognize the license revenue ratably over three years. Thus, substantially all of the revenue we report in each quarter from the Dynatrace platform, which constituted over 90% of our total revenue reported for the quarter ended September 30, 2023, is derived from the recognition of revenue relating to contracts entered into during previous quarters. Consequently, a decline in new or renewed customer contracts in any single quarter may have a small impact on our revenue for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our solutions, and potential changes in our rate of renewals, may not be fully reflected in our results of operations until future periods. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the agreement with our customer. As a result, increased growth in the number of our customers could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements.

***Our revenue recognition policy and other factors may distort our financial results in any given period and make them difficult to predict.***

Under accounting standards update No. 2014-09 (Topic 606), Revenue from Contracts with Customers (“ASC 606”), we recognize revenue when our customer obtains control of goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. Our subscription revenue consists of (i) SaaS agreements, (ii) term-based licenses for the Dynatrace platform which are recognized ratably over the contract term, (iii) Dynatrace perpetual license revenue that is recognized ratably or over the term of the expected optional maintenance renewals, which is generally three years, and (iv) maintenance and support agreements. A significant increase or decline in our subscription contracts in any one quarter may not be fully reflected in the results for that quarter, but will affect our revenue in future quarters.

Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period. For a full discussion of these estimates and policies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” included in our Annual Report.

Given the foregoing factors, our actual results could differ significantly from our estimates, comparing our revenue and operating results on a period-to-period basis may not be meaningful, and our past results may not be indicative of our future performance.

***Changes in existing financial accounting standards or practices may harm our operating results.***

Changes in existing accounting rules or practices, new accounting pronouncements, or varying interpretations of current accounting pronouncements or practice could harm our operating results or result in changes to the manner in which we conduct our business. Further, such changes could potentially affect our reporting of transactions completed and reported before such changes are effective.

U.S. Generally Accepted Accounting Principles (“GAAP”) are subject to interpretation by the Financial Accounting Standards Board (“FASB”), the Securities and Exchange Commission, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or a change in these interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. For example, FASB’s Emerging Issues Task Force has taken up certain topics which may result in further guidance which we would need to consider in our related accounting policies.

***We may face exposure to foreign currency exchange rate fluctuations.***

We have transacted in foreign currencies and expect to transact in foreign currencies in the future. In addition, we maintain assets and liabilities that are denominated in currencies other than the functional operating currencies of our global entities. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar will affect our revenue and operating results due to transactional and translational remeasurement that is reflected in our earnings. As a result of such foreign currency exchange rate fluctuations, which have been prevalent over recent periods, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected. We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

***Our sales to government entities are subject to a number of challenges and risks.***

We sell our solutions to U.S. federal and state and foreign governmental agency customers, often through our resellers, and we may increase sales to government entities in the future. Sales to government entities are subject to a number of challenges and risks, including constraints on the budgetary process, including changes in the policies and priorities of the particular government, continuing resolutions, adherence to government audit and certification requirements, debt ceiling disruptions, deficit-reduction legislation, and any shutdown or default of the particular government. Selling to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Contracts and subcontracts with government agency customers are subject to procurement laws and regulations relating to the award, administration, and performance of those contracts. Government demand and payment for our solutions are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our solutions. We may be subject to audit or investigations relating to our sales to government entities, and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refunds of fees received, forfeiture of profits, suspension of payments, fines, and suspension or debarment from future government business including business with governmental agencies across the country involved. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our distributors and resellers for convenience, non-appropriation, or due to a default. Any of these risks relating to our sales to governmental entities could adversely impact our future sales and operating results.

***We may acquire other businesses, products, or technologies in the future which could require significant management attention, disrupt our business or result in operating difficulties, dilute stockholder value, and adversely affect our results of operations.***

Our growth depends upon our ability to enhance our existing offerings and our ability to introduce new offerings on a timely basis. We intend to continue to address the need to develop new offerings and enhance existing offerings both through internal R&D, and also through the acquisition of other companies, product lines, technologies, and personnel. For example, in August 2023, we acquired Rookout, a provider of enterprise-ready and privacy-aware solutions that enable developers to quickly troubleshoot and debug actively

running code in Kubernetes-hosted cloud-native applications. We expect to continue to consider and evaluate a wide array of potential acquisitions as part of our overall business strategy, including, but not limited to, acquisitions of certain businesses, technologies, services, products, and other assets and revenue streams. At any given time, we may be engaged in discussions or negotiations with respect to one or more acquisitions, any of which could, individually or in the aggregate, be material to our financial condition and results of operations. There can be no assurance that we will be successful in identifying, negotiating, and consummating favorable acquisition opportunities, and we may not be able to complete such acquisitions on favorable terms. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers, securities analysts, and investors, and could be disruptive to our operations.

Acquisitions may involve additional significant challenges, uncertainties, and risks, including, but not limited to:

- challenges, difficulties, or increased costs associated with integrating new employees, systems, technologies, and business cultures;
- failure of the acquisition to advance our business strategy and failure to achieve the acquisition's anticipated benefits or synergies;
- disruption of our ongoing operations, diversion of our management's attention, and increased costs and expenses associated with pursuing acquisition opportunities;
- inadequate data security, cybersecurity, and operational and information technology compliance and resilience;
- failure to identify, or our underestimation of, commitments, liabilities, deficiencies, and other risks associated with acquired businesses or assets;
- inconsistency between the business models of our company and the acquired company, and potential exposure to new or increased regulatory oversight and uncertain or evolving legal, regulatory, and compliance requirements;
- the potential loss of key management, other employees, or customers of the acquired business;
- potential reputational risks that could arise from transactions with, or investments in, companies involved in new or developing businesses or markets, which may be subject to uncertain or evolving legal, regulatory, and compliance requirements;
- potential impairment of goodwill or other acquisition-related intangible assets; and
- the potential for acquisitions to result in dilutive issuances of our equity securities or significant additional debt.

The integration process for an acquired business may require significant time and resources, and we may not be able to manage the process successfully. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquired business, including accounting charges. We may have to pay cash, incur debt, or issue equity securities to pay for any such acquisitions, each of which could adversely affect our financial condition or the value of our common stock. The sale of equity or issuance of debt to finance any such acquisitions could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

Acquisitions may also heighten many of the risks described in this "Risk Factors" section. Acquisitions are inherently risky, may not be successful, and may harm our business, results of operations, and financial condition.

***Our business is subject to a wide range of laws and regulations and our failure to comply with those laws and regulations could harm our business, operating results, and financial condition.***

Our business is subject to regulation by various U.S. federal, state, local, and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, privacy, cybersecurity and data protection laws, anti-bribery laws, import and export controls, federal acquisition regulations and guidelines, federal securities laws, and tax laws and regulations. In certain foreign jurisdictions, these regulatory requirements may be more stringent than those in the United States. These laws and regulations are subject to change over time and we must continue to monitor and dedicate resources to ensure continued compliance. We also anticipate continued changes in the laws and regulations governing the use of AI. Non-compliance with applicable regulations or requirements could subject us to litigation, investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results, and financial condition.

***We are subject to governmental export, import, and sanctions controls that could impair our ability to compete in international markets and subject us to liability if we are not in compliance with applicable laws.***

Our solutions are subject to export control and economic sanctions laws and regulations, including the U.S. Export Administration Regulations administered by the U.S. Commerce Department's Bureau of Industry and Security and the economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. Exports, re-exports, and transfers of our software and services must be made in compliance with these laws and regulations. Obtaining the necessary authorizations, including any required license for a particular sale, may be time-consuming, is not guaranteed and may result in the delay or loss of sales opportunities.

Various countries regulate the import of encryption technology. Changes in the encryption or other technology incorporated into our solutions or in applicable export or import laws and regulations may delay the introduction and sale of our solutions in international markets, prevent customers from deploying our solutions or, in some cases, prevent the export or import of our solutions to certain countries, regions, governments, or persons altogether.

Changes in sanctions, export, or import laws and regulations, in the enforcement or scope of existing laws and regulations, or in the countries, regions, governments, persons, or technologies targeted by such laws and regulations, could also result in decreased use of our solutions or in our ability to sell our solutions in certain countries.

Even though we take precautions to prevent our solutions from being provided to restricted countries or persons, our solutions could be provided to those targets by our resellers or customers despite such precautions, and our customers may choose to host their systems including the Dynatrace platform using a hosting vendor that is a restricted person. The decreased use of our solutions or limitation on our ability to export or sell our solutions could adversely affect our business, while violations of these export and import control and economic sanctions laws and regulations could have negative consequences for us and our personnel, including government investigations, administrative fines, civil and criminal penalties, denial of export privileges, incarceration, and reputational harm.

***Due to the global nature of our business, we could be adversely affected by violations of anti-bribery, anti-money laundering and similar laws in other jurisdictions in which we operate.***

We are subject to the FCPA, the U.K. Bribery Act and other anti-corruption and anti-money laundering laws in other jurisdictions. These laws generally prohibit companies, their employees, and their intermediaries from making or offering improper payments or other benefits to government officials and others in the private sector.

As we increase our sales and operations outside of the United States and increase our use of third parties, such as partners, resellers, agents and other intermediaries, our risks under these laws increases. Although we take steps to ensure compliance by adopting policies and conducting training, we cannot guarantee that our employees, partners, resellers, agents, or other intermediaries will not engage in prohibited conduct that could render us responsible under these laws. Non-compliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions and/or sanctions could have a material negative impact on our business, financial condition, and results of operations.

## Risks Related to Our Common Stock

*The trading price of our common stock has been, and may continue to be, volatile and you could lose all or part of your investment.*

Technology stocks have historically experienced high levels of volatility. The trading price of our common stock has fluctuated substantially and will likely continue to be volatile, ranging from an intraday low of \$17.05 to an intraday high of \$80.13 between our initial public offering in 2019 through October 31, 2023. Factors that could cause fluctuations in the trading price of our common stock include the following:

- announcements of new products, offerings or technologies, commercial relationships, acquisitions, or other events by us or our competitors;
- changes in how customers perceive the benefits of our platform;
- shifts in the mix of billings and revenue attributable to SaaS subscriptions, licenses and services from quarter to quarter;
- departures of our Chief Executive Officer, Chief Financial Officer, other executive officers, senior management or other key personnel;
- price and volume fluctuations in the overall stock market from time to time;
- fluctuations in the trading volume of our shares or the size of our public float;
- sales of large blocks of our common stock, including by the Thoma Bravo Funds;
- actual or anticipated changes or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- changes in actual or future expectations of investors or securities analysts;
- litigation, data breaches, or security incidents involving us, our industry or both;
- regulatory developments in the United States, foreign countries or both;
- general economic conditions and trends; and
- major catastrophic events in our domestic and foreign markets.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results, or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company's securities, securities class action litigation has often been brought against that company.

*If our internal controls over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.*

As a public company, we are required to maintain internal control over financial reporting and disclosure controls and procedures. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on our internal control over financial reporting. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock would likely decline and we could be subject to lawsuits, sanctions, or investigations by regulatory authorities, including SEC enforcement actions, and we could be required to restate our financial results, any of which would require additional financial and management resources.

If material weaknesses in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business, results of operations, and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation, or otherwise cause a decline in investor confidence.

***Sales of substantial amounts of our common stock in the public markets, or the perception that such sales could occur, could reduce the market price of our common stock.***

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Our largest shareholder, the Thoma Bravo Funds, sold approximately 14.8 million shares of our common stock and approximately 17.9 million shares of our common stock in February 2023 and June 2023, respectively. As of October 31, 2023, the Thoma Bravo Funds beneficially owned approximately 17.6% of our common stock. Under applicable federal securities laws, the Thoma Bravo Funds may sell additional shares in the public market without our advance knowledge or participation. If Thoma Bravo were to dispose of a substantial portion of our shares in the public market, whether in a single transaction or a series of transactions, it could reduce the trading price of our common stock. In addition, any such sales, or the possibility that these sales may occur, could make it more difficult for us to sell shares of our common stock in the public market in the future.

***Our issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans, or otherwise will dilute all other stockholders.***

We may issue additional capital stock in the future that will result in dilution to all other stockholders. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in complementary companies, products, offerings or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

***Thoma Bravo has significant influence over matters requiring stockholder approval, which may have the effect of delaying or preventing changes of control, or limiting the ability of other stockholders to approve transactions they deem to be in their best interest.***

Thoma Bravo, as the ultimate general partner of the Thoma Bravo Funds, beneficially owned in the aggregate 17.6% of our issued and outstanding shares of common stock as of October 31, 2023. As a result, Thoma Bravo will continue to be able to exert significant influence over our operations and business strategy as well as matters requiring stockholder approval. These matters may include:

- the composition of our board of directors, which has the authority to direct our business and to appoint and remove our officers;
- approving or rejecting a merger, consolidation, or other business combination;
- raising future capital; and
- amending our charter and bylaws, which govern the rights attached to our common stock.

Based on Thoma Bravo's current beneficial ownership of our company, our charter provides that for so long as Thoma Bravo beneficially owns (i) at least 10% (but less than 20%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate a number of directors to our board of directors equal to the lowest whole number that is greater than 20% of the total number of directors (but in no event fewer than one director); and (ii) at least 5% (but less than 10%) of our outstanding shares of common stock, Thoma Bravo will have the right to nominate one director to our board of directors. If Thoma Bravo's beneficial ownership were to increase to at least 20% of our outstanding shares of common stock, it would have additional director nomination rights, as set forth in our charter.

This concentration of ownership of our common stock could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs, or other purchases of our common stock that might otherwise result in the opportunity for stockholders to realize a premium over the then-prevailing market price of our common stock. This concentration of ownership may also adversely affect our share price.

***Thoma Bravo may pursue corporate opportunities independent of us that could present conflicts with our and our stockholders' interests.***

Thoma Bravo is in the business of making or advising on investments in companies and holds (and may from time to time in the future acquire) interests in or provides advice to businesses that may directly or indirectly compete with our business or be suppliers or customers of ours. Thoma Bravo may also pursue acquisitions that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.



Our charter provides that none of our officers or directors who are also an officer, director, employee, partner, managing director, principal, independent contractor, or other affiliate of Thoma Bravo will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual pursues or acquires a corporate opportunity for its own account or the account of an affiliate, as applicable, instead of us, directs a corporate opportunity to any other person, instead of us or does not communicate information regarding a corporate opportunity to us.

***We do not intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.***

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

***Our charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.***

Our charter and bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- directors may only be removed for cause, and subject to the affirmative vote of the holders of 66 2/3% or more of our outstanding shares of capital stock then entitled to vote at a meeting of our stockholders called for that purpose;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- allowing only our board of directors to fill vacancies on our board of directors, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by our board of directors, the chair of our board of directors, our Chief Executive Officer or our president (in the absence of a Chief Executive Officer), which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our charter relating to the management of our business (including our classified board structure) or certain provisions of our bylaws, which may inhibit the ability of an acquirer to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt;
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us; and
- a prohibition of cumulative voting in the election of our board of directors, which would otherwise allow less than a majority of stockholders to elect director candidates.

Our charter also contains a provision that provides us with protections similar to Section 203 of the Delaware General Corporation Law, and prevents us from engaging in a business combination, such as a merger, with an interested stockholder (i.e., a person or group who acquires at least 15% of our voting stock) for a period of three years from the date such person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. However, our charter also provides that transactions with Thoma Bravo, including the Thoma Bravo Funds, and any persons to whom any Thoma Bravo Fund sells its common stock, will be deemed to have been approved by our board of directors.

*We may issue preferred stock, the terms of which could adversely affect the voting power or value of our common stock.*

Our charter authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our common stock.

*Our bylaws designate certain specified courts as the sole and exclusive forum for certain disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.*

Pursuant to our bylaws, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for state law claims for (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of, or a claim based on, a breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders; (3) any action asserting a claim pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws; (4) any action to interpret, apply, enforce, or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine (collectively, the "Delaware Forum Provision"). The Delaware Forum Provision does not apply to any causes of action arising under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act. Our bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the U.S. federal district courts will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the "Federal Forum Provision"). In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provisions; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision may impose additional litigation costs on stockholders in pursuing the claims identified above. Additionally, the Delaware Forum Provision and the Federal Forum Provision in our bylaws may limit our stockholders' ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage the filing of lawsuits against us and our directors, officers, and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court and other state courts have upheld the validity of federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court, there is uncertainty as to whether courts in other states will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable in an action, we may incur additional costs associated with resolving such an action. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware or the U.S. federal district courts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

#### **General Risk Factors**

*A pandemic, epidemic or outbreak of an infectious disease, such as the COVID-19 pandemic, may materially affect how we and our customers are operating our businesses and our financial results.*

We are subject to risks related to public health crises such as the COVID-19 pandemic. The COVID-19 pandemic and policies and regulations implemented by governments in response to the COVID-19 pandemic, most of which have been lifted, have had a significant impact, both directly and indirectly, on global businesses and commerce and indirect effects such as worker shortages and supply chain constraints continue to impact segments of the economy. Future global health concerns could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate.

The impact to our business from any future pandemics or health epidemics depends on multiple factors that cannot be accurately predicted, such as its duration and scope, the extent and effectiveness of containment actions, the disruption caused by such actions, and the efficacy and rates of vaccines. Future pandemics or health epidemics could have severe impacts on our business and our customers' and prospective customers' businesses, for example, by adversely impacting their timing, ability, or willingness to spend on software platforms or purchase our offerings. Negative effects of pandemics, health epidemics, or infectious disease outbreaks on our customers or prospective customers could lead to pricing discounts or extended payment terms, reductions in the amount or duration of customers' subscription contracts or term licenses, or increase customer attrition rates. Any of the foregoing could adversely affect our productivity, employee morale, future sales, operating results, and overall financial performance. Pandemics,

health epidemics, or outbreaks of infectious diseases may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

***Climate change may have a long-term negative impact on our business.***

The long-term effects of climate change on the global economy and the technology industry in particular are unclear. However, there are inherent climate-related risks such as natural disasters, floods, fire, infrastructure disruptions, and geopolitical instability that have the potential to disrupt and impact our business and the third parties with which we conduct business.

In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to comply with these new laws. Numerous treaties, laws, and regulations have been enacted or proposed in an effort to regulate climate change, including regulations aimed at limiting greenhouse gas emissions and the implementation of “green” building codes. These laws and regulations may result in increased operating costs across various levels of our supply chain, which could cause us to increase costs to satisfy service obligations to our customers. We may also incur costs associated with increased regulations or investor requirements for increased environmental, social and governance disclosures and reporting, including reporting requirements and standards or expectations regarding the environmental impacts of our business. The cost of compliance with, or failure to comply with, such laws and regulations could result in increased compliance costs, and any untimely or inaccurate disclosure could adversely affect our reputation, business, or financial performance.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

During the three months ended September 30, 2023, none of the Company’s directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act, except as described below. The trading arrangements described below are both intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

On August 16, 2023, Jim Benson, Senior Vice President, Chief Financial Officer and Treasurer, adopted a Rule 10b5-1 trading arrangement that contemplates the sale of 62,993 shares of the Company’s common stock issuable to him upon vesting of time-based restricted stock units (“RSUs”) during the applicable period. Proceeds from sales under the trading arrangement will be used to cover taxes, including applicable withholding taxes at the time of vesting in accordance with the Company’s mandatory sell to cover policy. The duration of the trading arrangement is from December 18, 2023 through September 30, 2024 (or earlier, if all transactions under the trading arrangement are completed).

On September 12, 2023, Dan Zugelder, Senior Vice President, Chief Revenue Officer, adopted a Rule 10b5-1 trading arrangement that contemplates the sale of the net amount of shares of the Company’s common stock issuable to him after the vesting of 32,771 RSUs on December 5, 2023. The duration of the trading arrangement is from December 15, 2023 through February 29, 2024 (or earlier, if all transactions under the trading arrangement are completed).

## ITEM 6. EXHIBITS

The exhibits listed below are filed or incorporated by reference into this Report.

<b>Exhibit Number</b>	<b>Exhibit Title</b>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019)</a>
3.2	<a href="#">Second Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 21, 2023)</a>
4.1	<a href="#">Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019)</a>
10.1*	<a href="#">English translation of Amendment dated as of August 2, 2023 to the Supplementary Agreement dated as of March 29, 2023 to the Lease Agreement dated as of March 28, 2017 by and between Neunteufel GmbH and Dynatrace Austria GmbH</a>
31.1*	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>
31.2*	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended</a>
32.1**	<a href="#">Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act</a>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Filed herewith.

\*\* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**DYNATRACE, INC.**

Date: November 2, 2023

By: /s/ Rick McConnell  
\_\_\_\_\_  
Rick McConnell  
Chief Executive Officer  
(Principal Executive Officer)

Date: November 2, 2023

By: /s/ James Benson  
\_\_\_\_\_  
James Benson  
Senior Vice President, Chief Financial Officer &  
Treasurer  
(Principal Financial Officer)

## AMENDMENT AGREEMENT

### TO THE SUPPLEMENTARY AGREEMENT OF 29 MARCH 2023 TO THE LEASE AGREEMENT OF 28 MARCH 2017

entered into between

**Neunteufel GmbH**, FN 131077 k  
Zollamtstraße 7, 4020 Linz  
(hereinafter referred to as **NTG**)  
as party of the first part,

and

**Dynatrace Austria GmbH**, FN 91482 h  
Am Fünfundzwanziger Turm 20, 4020 Linz  
(hereinafter referred to as **Dynatrace**)  
as party of the second part

(**NTG** and **DYNATRACE** are together hereinafter referred to as the **CONTRACTING PARTIES**)

as follows:

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## 1. RECITALS

1.1 On 29 March 2023, NTG and DYNATRACE entered into that certain

Supplementary Agreement to the Lease Agreement of 28 March 2017 (hereinafter referred to as the **SUPPLEMENTARY AGREEMENT**);

1.2 The coming into legal effect of the SUPPLEMENTARY AGREEMENT is subject to conditions precedent. Should these conditions precedent not have been fulfilled by 30 September 2023 (hereinafter referred to as the **LONG-STOP DATE**) at the latest, the SUPPLEMENTARY AGREEMENT shall become null and void.

1.3 By entering into this amendment agreement, the CONTRACTING PARTIES agree to push back the LONG-STOP DATE to 31 December 2023 in the SUPPLEMENTARY AGREEMENT. Except as set forth in Section 2. below, all other provisions in the SUPPLEMENTARY AGREEMENT shall remain in full force and effect and shall not be affected by this agreement.

1.4 All definitions used in the SUPPLEMENTARY AGREEMENT shall apply to this agreement as well.

## 2. AGREEMENT

2.1 The CONTRACTING PARTIES agree to amend the SUPPLEMENTARY AGREEMENT as follows (all changes or additions are shown underlined and in italics):

Clause C. Paragraph 2. of the SUPPLEMENTARY AGREEMENT shall read as follows: "Should the condition precedent as set out in Clause C. (1) not have been fulfilled by 31 December 2023 at the latest, and the lease agreement between the Landlord and the Tenant regarding a childcare facility/parking spaces located on plot no. 1154/4, located within EZ 541, KG Lustenau, which is subject to conditions precedent, not have come into legal force by 31 December 2023 at the latest, this Supplementary Agreement shall become null and void. In such an event, the Landlord undertakes to refund to the Tenant, by 15 January 2024, half of the stamp duties paid for setting up this Supplementary Agreement under the Austrian Fees Act [*Gebührengesetz*]. Should the condition precedent as set out in Clause C. (1), second indent, have been fulfilled in due time, the Landlord shall have the right to waive, by means of a unilateral declaration made prior to 31 December 2023,

compliance with the condition precedent as set out in Clause C. (1), first indent, thereby making this Agreement come into legal effect.”

2.2 All other provisions in the SUPPLEMENTARY AGREEMENT shall remain in full force and effect and shall not be affected by this agreement.

Linz, 27 July 2023.

Location Date

Linz, 2 August 2023

/s/ Hans Neunteufel  
**Neunteufel GmbH**  
FN 131077 k

/s/ Sandra Escher  
**Dynatrace Austria GmbH**  
FN 91482 h



**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rick McConnell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dynatrace, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

By: /s/ Rick McConnell  
Rick McConnell  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James Benson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dynatrace, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

By: /s/ James Benson  
James Benson  
Senior Vice President, Chief Financial Officer & Treasurer  
*(Principal Financial Officer)*

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rick McConnell, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of Dynatrace, Inc. for the period ended September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Dynatrace, Inc.

Date: November 2, 2023

By: /s/ Rick McConnell  
Rick McConnell  
Chief Executive Officer  
*(Principal Executive Officer)*

I, James Benson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of Dynatrace, Inc. for the period ended September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Dynatrace, Inc.

Date: November 2, 2023

By: /s/ James Benson  
James Benson  
Senior Vice President, Chief Financial Officer & Treasurer  
*(Principal Financial Officer)*

*The foregoing certifications are not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not to be incorporated by reference into any filing of Dynatrace, Inc. under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.*