

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 June 30, 2026
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)

280 Congress Street, 11th Floor
Boston, Massachusetts
(Address of principal executive offices)

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

02210
(Zip Code)

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

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 289,002,128 shares of common stock outstanding as of August 3, 2026.

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, including, but not limited to, artificial intelligence (“AI”);
- our plans to continue investing in research and development and driving innovation to meet customers’ needs and grow our customer base, including our ability to effectively develop our platform and offerings to incorporate AI;
- 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 (“IP”).

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 U.S. Securities and Exchange Commission (“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.

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.
 - Overall demand and market adoption of the solutions that we offer may not grow as we expect, which may harm our business and prospects.
 - The markets in which we operate are highly competitive, which may adversely affect our ability to add new customers, retain existing customers, and grow our business.
 - 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 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.
 - 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.
 - If our platform and solutions do not effectively interoperate with our customers’ existing or future information technology (“IT”) infrastructures, installations of our solutions could be delayed or canceled, which would harm our business.
 - 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 use of new and evolving technologies, including AI in our offerings and business, may present risks and challenges that can impact our business, including by posing cybersecurity, operational, and other risks to our confidential and/or proprietary information, including personal information, and as a result we may be exposed to reputational harm and liability.
 - Security breaches, computer malware, computer hacking attacks, and other security incidents or compromises 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 IP rights could substantially harm our business, operating results, and financial condition.
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PART I

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PART I

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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

	June 30, 2026	March 31, 2026
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,057,780	\$ 1,097,220
Short-term marketable securities	51,084	74,881
Accounts receivable, net	379,975	710,200
Deferred contract costs, current	130,287	127,495
Prepaid expenses and other current assets	104,575	113,651
Total current assets	1,723,701	2,123,447
Long-term marketable securities	47,079	51,908
Property and equipment, net	71,631	72,993
Operating lease right-of-use assets, net	134,360	139,285
Goodwill	1,413,246	1,350,256
Intangible assets, net	65,264	22,850
Deferred tax assets, net	498,149	508,742
Deferred contract costs, non-current	113,692	113,111
Other assets	42,372	33,133
Total assets	\$ 4,109,494	\$ 4,415,725
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 7,919	\$ 2,728
Accrued expenses, current	287,489	302,260
Deferred revenue, current	1,108,856	1,241,488
Operating lease liabilities, current	23,057	22,588
Total current liabilities	1,427,321	1,569,064
Deferred revenue, non-current	49,791	53,387
Accrued expenses, non-current	43,331	38,205
Operating lease liabilities, non-current	136,216	141,736
Deferred tax liabilities	2,082	1,943
Total liabilities	1,658,741	1,804,335
Commitments and contingencies (Note 10)		
Shareholders' equity:		
Common shares, \$0.001 par value, 600,000,000 shares authorized, 290,346,577 and 294,652,951 shares issued and outstanding at June 30, 2026 and March 31, 2026, respectively	290	295
Additional paid-in capital	2,001,910	2,199,494
Retained earnings	484,247	447,596
Accumulated other comprehensive loss	(35,694)	(35,995)
Total shareholders' equity	2,450,753	2,611,390
Total liabilities and shareholders' equity	\$ 4,109,494	\$ 4,415,725

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 June 30,	
	2026	2025
Revenue:		
Subscription	\$ 530,255	\$ 457,507
Service	24,293	19,842
Total revenue	554,548	477,349
Cost of revenue:		
Cost of subscription	80,260	65,018
Cost of service	21,058	19,355
Amortization of acquired technology	2,135	836
Total cost of revenue	103,453	85,209
Gross profit	451,095	392,140
Operating expenses:		
Research and development	135,990	108,172
Sales and marketing	181,631	165,314
General and administrative	61,736	56,304
Amortization of other intangibles	262	12
Total operating expenses	379,619	329,802
Income from operations	71,476	62,338
Interest income, net	8,893	12,295
Other income, net	432	6,757
Income before income taxes	80,801	81,390
Income tax expense	(44,150)	(33,435)
Net income	\$ 36,651	\$ 47,955
Net income per share:		
Basic	\$ 0.13	\$ 0.16
Diluted	\$ 0.12	\$ 0.16
Weighted average shares outstanding:		
Basic	292,202	300,153
Diluted	293,744	304,160

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

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

	Three Months Ended June 30,	
	2026	2025
Net income	\$ 36,651	\$ 47,955
Other comprehensive income		
Foreign currency translation adjustment	441	185
Unrealized losses on available-for-sale securities, net of taxes	(140)	(45)
Total other comprehensive income	301	140
Comprehensive income	<u>\$ 36,952</u>	<u>\$ 48,095</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)

Three Months Ended June 30, 2026						
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance, March 31, 2026	294,653	\$ 295	\$ 2,199,494	\$ 447,596	\$ (35,995)	\$ 2,611,390
Other comprehensive income	—	—	—	—	301	301
Restricted stock units vested	2,541	2	(2)	—	—	—
Issuance of common stock related to employee stock purchase plan	352	—	12,636	—	—	12,636
Exercise of stock options	80	—	1,591	—	—	1,591
Shares withheld for employee taxes	(197)	—	(8,326)	—	—	(8,326)
Repurchases of common stock	(7,082)	(7)	(277,059)	—	—	(277,066)
Share-based compensation	—	—	73,576	—	—	73,576
Net income	—	—	—	36,651	—	36,651
Balance, June 30, 2026	290,347	\$ 290	\$ 2,001,910	\$ 484,247	\$ (35,694)	\$ 2,450,753

Three Months Ended June 30, 2025						
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance, March 31, 2025	299,813	\$ 300	\$ 2,370,563	\$ 284,927	\$ (34,642)	\$ 2,621,148
Other comprehensive income	—	—	—	—	140	140
Restricted stock units vested	2,622	3	(3)	—	—	—
Restricted stock awards granted	41	—	—	—	—	—
Issuance of common stock related to employee stock purchase plan	254	—	11,871	—	—	11,871
Exercise of stock options	112	—	2,415	—	—	2,415
Shares withheld for employee taxes	(221)	—	(12,107)	—	—	(12,107)
Repurchases of common stock	(905)	(1)	(45,030)	—	—	(45,031)
Share-based compensation	—	—	71,895	—	—	71,895
Net income	—	—	—	47,955	—	47,955
Balance, June 30, 2025	301,716	\$ 302	\$ 2,399,604	\$ 332,882	\$ (34,502)	\$ 2,698,286

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

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

	Three Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 36,651	\$ 47,955
Adjustments to reconcile net income to cash provided by operations:		
Depreciation	4,740	5,095
Amortization	2,914	1,366
Share-based compensation	73,576	71,895
Deferred income taxes	2,604	3,750
Other	(281)	(7,051)
Net change in operating assets and liabilities:		
Accounts receivable	335,226	343,732
Deferred contract costs	(3,505)	2,727
Prepaid expenses and other assets	135	(8,840)
Accounts payable and accrued expenses	(9,024)	(73,110)
Operating leases, net	(49)	605
Deferred revenue	(136,747)	(118,432)
Net cash provided by operating activities	306,240	269,692
Cash flows from investing activities:		
Purchase of property and equipment	(3,151)	(7,482)
Capitalized software additions	—	(194)
Acquisition of a business, net of cash acquired	(99,481)	—
Purchases of marketable securities	(3,713)	(28,824)
Proceeds from sales and maturities of marketable securities	33,436	28,052
Net cash used in investing activities	(72,909)	(8,448)
Cash flows from financing activities:		
Proceeds from employee stock purchase plan	12,636	11,871
Proceeds from exercise of stock options	1,591	2,415
Repurchases of common stock	(275,478)	(45,031)
Taxes paid related to net share settlement of equity awards	(7,627)	(10,347)
Other	(1,104)	(2,762)
Net cash used in financing activities	(269,982)	(43,854)
Effect of exchange rates on cash and cash equivalents	(2,789)	12,952
Net (decrease) increase in cash and cash equivalents	(39,440)	230,342
Cash and cash equivalents, beginning of period	1,097,220	1,017,039
Cash and cash equivalents, end of period	\$ 1,057,780	\$ 1,247,381
Supplemental cash flow data:		
Cash paid for interest	\$ 180	\$ 181
Cash paid for tax, net	\$ 14,230	\$ 30,548

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”) combines broad and deep observability, continuous runtime application security, and advanced agentic artificial intelligence (“AI”) operations to deliver answers and intelligent automation across information technology (“IT”) operations, development, security, business, and executive teams, enabling organizations to optimize cloud and IT operations, accelerate secure software delivery, and improve digital performance.

Fiscal year

The Company’s fiscal year ends on March 31. References to fiscal 2027, for example, refer to the fiscal year ending March 31, 2027.

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 (“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.

Unaudited interim consolidated financial information

The accompanying interim condensed consolidated balance sheet as of June 30, 2026 and the interim condensed consolidated statements of operations, statements of comprehensive income, statements of shareholders’ equity, and statement of cash flows for the three months ended June 30, 2026 and 2025 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 June 30, 2026, and its results of operations and cash flows for the three months ended June 30, 2026 and 2025, are in accordance with GAAP. The results for the three months ended June 30, 2026 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, 2026 (the “Annual Report”).

Use of estimates

The preparation of unaudited condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Management evaluates such estimates and assumptions for continued reasonableness. In particular, the Company makes estimates with respect to revenue recognition, the fair value of assets acquired and liabilities assumed in business combinations, the valuation of long-lived assets, the period of benefit for deferred contract costs, income taxes, share-based compensation expense, and the determination of the incremental borrowing rate used for operating lease liabilities, among other things. Management bases these estimates on historical experiences and on various other assumptions that the Company believes are reasonable. Actual results could differ from those estimates.

Significant accounting policies

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

Recently adopted accounting pronouncements

In July 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which introduces a practical expedient for estimating the expected credit losses on current accounts receivables and contract assets. The Company adopted ASU 2025-05 on a prospective basis on April 1, 2026 and the adoption of this standard did not have a material impact on the Company’s condensed consolidated financial statements.

Recently issued accounting pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires the disclosure of more detailed information on commonly presented expenses. ASU 2024-03 will be effective for the Company’s annual periods beginning fiscal 2028 and interim periods beginning the first quarter of fiscal 2029. The Company is currently evaluating the impact ASU 2024-03 will have on its financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40); Targeted Improvements to the Accounting for Internal-Use Software*, which removes the software development stages in the capitalization guidance and introduces a more judgment-based capitalization approach. ASU 2025-06 is effective for annual periods beginning after December 15, 2027, and interim periods within those annual reporting periods, which is the Company’s fiscal 2029. The Company is currently evaluating the impact ASU 2025-06 will have on its consolidated financial statements and disclosures.

3. Revenue Recognition

Disaggregation of revenue

The following table is a summary of the Company’s total revenue by geographic region based on customer location (in thousands, except percentages):

	Three Months Ended June 30,			
	2026		2025	
	Amount	%	Amount	%
North America	\$ 279,512	50%	\$ 244,064	51%
Europe, Middle East and Africa	177,385	32%	152,034	32%
Asia Pacific	52,730	10%	44,883	9%
Latin America	44,921	8%	36,368	8%
Total revenue	<u>\$ 554,548</u>		<u>\$ 477,349</u>	

For the three months ended June 30, 2026 and 2025, the United States was the only country that represented more than 10% of the Company’s revenue, constituting \$55.6 million and 46% and \$222.5 million and 47% of total revenue, respectively.

Revenue recognized during the three months ended June 30, 2026 and 2025, which was included in the deferred revenue balance at the beginning of each respective period, was \$461.0 million and \$409.7 million, respectively.

Remaining performance obligations

As of June 30, 2026, the aggregate amount of the transaction price allocated to remaining performance obligations was \$3,441.5 million, which consists of both billed consideration in the amount of \$1,158.6 million and unbilled consideration in the amount of \$2,282.9 million that the Company expects to recognize as subscription and service revenue. The Company expects to recognize 53% of the total remaining performance obligations as revenue over the next 12 months and the remainder thereafter.

Contract assets

As of June 30, 2026 and March 31, 2026, contract assets of \$21.7 million and \$19.8 million, respectively, are included in accounts receivable, net, on the Company’s condensed consolidated balance sheets.

4. Business Combinations

Bindplane

On April 14, 2026, the Company acquired all of the outstanding equity of observIQ, Inc. d/b/a Bindplane (“Bindplane”), a provider of an open-standards-based telemetry pipeline that helps organizations capture and manage data at scale, for an aggregate purchase price of \$99.7 million. The acquisition provides Dynatrace’s customers greater access, flexibility, and control of their logs, metrics, and application data. The preliminary purchase consideration consisted of \$100.2 million of cash paid at closing and a \$0.4 million receivable for purchase price adjustments.

In connection with the acquisition, the Company issued \$3.3 million of restricted stock units (“RSUs”) to former Bindplane employees, subject to continuing employment with the Company. During the three months ended June 30, 2026, \$0.3 million was recognized as share-based compensation expense.

The acquisition was accounted for as a business combination. The purchase price was allocated to the preliminary fair value of identifiable assets acquired and liabilities assumed as of the acquisition date, with the excess recorded to goodwill as shown below (in thousands).

Assets acquired:	
Cash and cash equivalents	678
Accounts receivable, net	1,733
Prepaid expenses and other assets	1,077
Property and equipment	74
Intangible assets	44,950
Total assets acquired	<u>\$ 48,512</u>
Liabilities assumed:	
Accounts payable, accrued expenses, and other liabilities	818
Deferred revenue	1,089
Deferred tax liabilities	8,239
Total liabilities assumed	<u>\$ 10,146</u>
Net assets acquired	38,366
Aggregate purchase price	99,749
Goodwill	<u>\$ 61,383</u>

The fair value of assets acquired and liabilities assumed may change as additional information is obtained related to working capital and deferred income taxes 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 single reporting unit. The Company identified developed technology, customer relationships, and trademarks and tradenames as acquired intangible assets. The estimated fair value of these intangible assets was based on valuations using the income approach. The acquired goodwill and intangible assets are not deductible for tax purposes.

The fair value and estimated useful life for these intangible assets were as follows (in thousands, except years):

	Fair Value	Estimated Useful Life
Developed technology	\$ 38,700	7 years
Customer relationships	3,400	4 years
Trademarks and tradenames	2,850	10 years
Total intangible assets	<u>\$ 44,950</u>	

The operating results of Bindplane from the date of acquisition have been included in the Company’s condensed consolidated statements of operations. The revenue and net income attributable to Bindplane for the three months ended June 30, 2026 were not material.

5. Investments and Fair Value Measurements

The following table summarizes the amortized cost, unrealized gains and losses, and fair value of the Company's available-for-sale securities, including those securities classified within "Cash and cash equivalents" in the condensed consolidated balance sheets (in thousands):

June 30, 2026				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	\$ 70,968	\$ 19	\$ (223)	\$ 70,764
Corporate debt securities	23,800	18	(47)	23,771
U.S. government agency securities	1,251	—	(2)	1,249
Total	<u>\$ 96,019</u>	<u>\$ 37</u>	<u>\$ (272)</u>	<u>\$ 95,784</u>

March 31, 2026				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. treasury securities	\$ 92,611	\$ 74	\$ (105)	\$ 92,580
Corporate debt securities	25,491	23	(44)	25,470
U.S. government agency securities	3,987	—	(1)	3,986
Commercial paper	2,588	—	—	2,588
Total	<u>\$ 124,677</u>	<u>\$ 97</u>	<u>\$ (150)</u>	<u>\$ 124,624</u>

Unrealized gains and losses on available-for-sale securities, net of tax, are included within accumulated other comprehensive loss in the condensed consolidated balance sheets. The Company regularly reviews the securities in an unrealized loss position and evaluates the current expected credit loss by considering factors such as credit ratings, issuer-specific factors, current economic conditions, and reasonable and supportable forecasts. The Company does not intend to sell these securities and it is more likely than not that the Company will not be required to sell these securities before recovery of their amortized cost basis. Based on the evaluation of available evidence, the Company does not believe any unrealized losses on its marketable securities as of June 30, 2026 represent credit losses.

As of June 30, 2026, the fair values of available-for-sale securities, excluding those securities classified within "Cash and cash equivalents" in the condensed consolidated balance sheets, by remaining contractual maturity were as follows (in thousands):

	June 30, 2026
Due within one year	\$ 51,084
Due in one year through five years	43,701
Total	<u>\$ 94,785</u>

The Company offers a non-qualified deferred compensation plan to eligible U.S. employees and directors. The Company held \$4 million and \$2.2 million of mutual funds that are associated with this plan and were classified as restricted trading securities as of June 30, 2026 and March 31, 2026, respectively. These securities are not included in the tables above but are included as marketable securities in the condensed consolidated balance sheets.

The following tables present the Company's financial assets that have been measured at fair value on a recurring basis as of June 30, 2026 and March 31, 2026 and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value (in thousands):

	June 30, 2026			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	\$ 287,898	\$ —	\$ —	\$ 287,898
U.S. treasury securities	—	999	—	999
Marketable securities:				
Mutual funds	3,378	—	—	3,378
U.S. treasury securities	—	69,765	—	69,765
Corporate debt securities	—	23,771	—	23,771
U.S. government agency securities	—	1,249	—	1,249
Total financial assets	<u>\$ 291,276</u>	<u>\$ 95,784</u>	<u>\$ —</u>	<u>\$ 387,060</u>

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	\$ 528,169	\$ —	\$ —	\$ 528,169
Marketable securities:				
Mutual funds	2,165	—	—	2,165
U.S. treasury securities	—	92,580	—	92,580
Corporate debt securities	—	25,470	—	25,470
U.S. government agency securities	—	3,986	—	3,986
Commercial paper	—	2,588	—	2,588
Total financial assets	<u>\$ 530,334</u>	<u>\$ 124,624</u>	<u>\$ —</u>	<u>\$ 654,958</u>

The Company recorded interest income from its cash, cash equivalents, and marketable securities of \$9.1 million and \$12.5 million for the three months ended June 30, 2026 and 2025, respectively.

6. Goodwill and Other Intangible Assets, Net

Changes in the carrying amount of goodwill for the three months ended June 30, 2026 consist of the following (in thousands):

	June 30, 2026
Balance, beginning of period	\$ 1,350,256
Goodwill from acquisition	61,383
Foreign currency impact	1,607
Balance, end of period	<u>\$ 1,413,246</u>

Intangible assets, net, excluding goodwill, consist of the following (in thousands):

	June 30, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software	\$ 74,993	\$ (15,913)	\$ 59,080
Customer relationships	3,710	(315)	3,395
Trademarks and tradenames	2,850	(61)	2,789
Total intangible assets	<u>\$ 81,553</u>	<u>\$ (16,289)</u>	<u>\$ 65,264</u>

	March 31, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Capitalized software	\$ 35,710	\$ (13,057)	\$ 22,653
Customer relationships	312	(115)	197
Total intangible assets	\$ 36,022	\$ (13,172)	\$ 22,850

Amortization of intangible assets totaled \$2.9 million and \$1.4 million for the three months ended June 30, 2026 and 2025, respectively.

As of June 30, 2026, the estimated future amortization expense of the Company's intangible assets was as follows (in thousands):

Fiscal Years Ending March 31,	Amount
2027 (remaining nine months)	\$ 9,437
2028	12,578
2029	11,669
2030	10,403
2031	7,837
Thereafter	13,340
Total	\$ 65,264

7. 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 June 30, 2026 was 54.6% compared to 41.1% for the three months ended June 30, 2025. The increase in the effective tax rate for the three months ended June 30, 2026 was primarily due to the tax impact of share-based compensation shortfalls recognized in the current fiscal year as compared to share-based compensation windfalls recognized in the prior fiscal year.

8. Long-term Debt

In December 2022, the Company entered into a Credit Agreement for a senior secured revolving credit facility (as amended to date, the "Credit Facility") in an aggregate amount of \$400.0 million. The Credit Facility has sublimits for swing line loans up to \$0.0 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 June 30, 2026 and March 31, 2026, there were no amounts outstanding under the Credit Facility. There were \$1.1 million and \$1.0 million of letters of credit issued as of June 30, 2026 and March 31, 2026, respectively. The Company had \$398.9 million and \$399.0 million of availability under the Credit Facility as of June 30, 2026 and March 31, 2026, respectively.

Borrowings under the Credit Facility are available in U.S. dollars, Euros, Pounds Sterling, and Canadian Dollars, with a sublimit of \$00.0 million for non-U.S. dollar-denominated borrowings. Borrowings under the Credit Facility currently bear interest at (i) the Term Secured Overnight Financing Rate plus 0.10%, (ii) the Adjusted Euro Interbank Offer Rate, (iii) the Canadian Overnight Repo Rate Average, (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 per the Credit Facility. Interest payments are due quarterly, or more frequently, based on the terms of the Credit Facility.

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 Facility, 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 Facility, 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 \$0.6 million of unamortized debt issuance costs as of June 30, 2026 and March 31, 2026.

Pursuant to the Credit Facility, obligations owed under the Credit Facility are secured by a first priority security interest on substantially all assets of Dynatrace LLC and other wholly owned subsidiaries of the Company, including a pledge of the capital stock and other equity interests of certain subsidiaries. Under certain circumstances, the guarantees may be released without action by, or consent of, the administrative agent of the Credit Facility. The Credit Facility contains customary affirmative and negative covenants, including financial covenants that require the Company to maintain specified financial ratios. At June 30, 2026, the Company was in compliance with all applicable covenants.

Interest expense

Interest expense, including amortization of debt issuance costs and original issuance discount, was \$0.2 million for the three months ended June 30, 2026 and 2025.

9. Leases

The Company leases office space under non-cancelable operating leases which expire at various dates from fiscal 2027 to 2037. As of June 30, 2026, the weighted average remaining lease term was 7.8 years and the weighted average discount rate was 4.0%. The Company did not have any finance leases as of June 30, 2026.

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

	Three Months Ended June 30,	
	2026	2025
Operating lease expense	\$ 5,252	\$ 3,883
Short-term lease expense	\$ 351	\$ 687
Variable lease expense	\$ 519	\$ 295

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

	Three Months Ended June 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities	6,775	4,145
Operating lease assets obtained in exchange for new operating lease liabilities ⁽¹⁾	970	12,280

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

As of June 30, 2026, remaining maturities of lease liabilities were as follows (in thousands):

Fiscal Years Ending March 31,	Amount
2027	\$ 21,753
2028	25,685
2029	23,975
2030	22,608
2031	20,072
Thereafter	71,135
Total operating lease payments	185,228
Less: imputed interest	(25,955)
Total operating lease liabilities	\$ 159,273

As of June 30, 2026, the Company had commitments of \$4.3 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 year 2027 with lease terms ranging from two to five years.

10. 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.

11. Shareholders' Equity

Share Repurchase Program

In May 2024, the Company announced a share repurchase program for up to \$500 million of common stock, which was completed in February 2026.

In February 2026, the Company announced a new share repurchase program under which it is authorized to purchase up to \$1 billion of common stock from time to time on the open market or through privately negotiated transactions, including, without limitation, through Rule 10b5-1 trading plans, any other legally permissible means, or any combination of the foregoing. The new share repurchase program has no time limit and does not obligate the Company to acquire any specific dollar amount or to acquire any specific number of shares on any particular timetable or at all. The number of shares to be repurchased will depend on market conditions and other factors. Repurchases under the program are expected to be funded from a combination of existing cash balances and future cash flow.

For the three months ended June 30, 2026 and 2025, the Company repurchased and retired 7.1 million and 0.9 million shares of its common stock for \$275.5 million and \$45.0 million, respectively, excluding excise taxes. For the three months ended June 30, 2026, the Company recognized \$1.6 million of excise taxes as a cost of shares repurchased, which is included within "Accrued expenses, current" in the condensed consolidated balance sheets. For the three months ended June 30, 2025, the Company did not recognize excise taxes on the cost of shares repurchased, because the fair value of shares issued exceeded shares repurchased. As of June 30, 2026, \$573.1 million remained available for future repurchases.

12. Share-based Compensation

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

	Three Months Ended June 30,	
	2026	2025
Cost of revenue	\$ 9,366	\$ 9,850
Research and development	29,516	26,861
Sales and marketing	19,887	20,034
General and administrative	14,807	15,150
Total share-based compensation	\$ 73,576	\$ 71,895

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 (the "Equity Incentive 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 for the issuance of awards under the Equity Incentive Plan. The Equity Incentive Plan provides that the number of shares reserved and available for issuance under the plan automatically increases each April 1 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 June 30, 2026, 68,589,942 shares of common stock were available for future issuance under the Equity Incentive Plan.

Restricted shares and units

The following table provides a summary of changes in the number of RSUs and restricted stock awards (“RSAs”) for the three months ended June 30, 2026:

	Number of RSUs	Weighted Average Grant Date Fair Value	Number of RSAs	Weighted Average Grant Date Fair Value
	(in thousands)	(per share)	(in thousands)	(per share)
Balance, March 31, 2026	10,403	\$ 51.96	61	\$ 49.05
Granted	6,667	42.66	—	—
Vested	(2,541)	52.89	(15)	49.05
Forfeited	(368)	58.27	—	—
Balance, June 30, 2026	14,161	\$ 47.24	46	\$ 49.05

RSUs outstanding as of June 30, 2026 were comprised of 12.9 million RSUs with only service conditions and 1.3 million RSUs with both service and performance or market-based conditions (“PSUs”).

The Company grants PSUs that contain financial performance conditions (“Financial PSUs”) and PSUs based on relative total stockholder return performance (“rTSR PSUs”). Both the Financial PSUs and rTSR PSUs are not earned if the applicable threshold percentage of the specific metric is not achieved. The maximum number of shares that may be earned is 200% of the target award. The PSUs are also subject to time-based vesting and are contingent upon the employee remaining employed by the Company or one of its subsidiaries through the applicable vesting dates.

The Financial PSUs 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 number of shares that may be earned pursuant to the Financial PSUs is based on specific Company metrics related to the fiscal year in which the award was granted.

The rTSR PSUs generally vest 33% annually after the grant date. The number of shares that may be earned pursuant to the rTSR PSUs granted is based on the Company’s stock price performance relative to companies that are the constituents of the Russell 3000 index over performance periods of one, two, and three fiscal years.

As of June 30, 2026, the total unrecognized compensation expense related to unvested RSUs was \$09.3 million and is expected to be recognized over a weighted average period of 2.4 years. As of June 30, 2026, the total unrecognized compensation expense related to unvested RSAs was \$1.5 million and is expected to be recognized over a weighted average period of 0.6 years.

Stock options

The Company has not granted new stock options since its fiscal 2022. The following table summarizes activity for stock options during the three months ended June 30, 2026:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)	(per share)	(years)	(in thousands)
Balance, March 31, 2026	1,727	\$ 22.11		
Exercised	(80)	19.83		
Forfeited or expired	(4)	49.41		
Balance, June 30, 2026	1,643	\$ 22.16	3.3	\$ 36,206
Options vested and expected to vest at June 30, 2026	1,643	\$ 22.16	3.3	\$ 36,206
Options vested and exercisable at June 30, 2026	1,643	\$ 22.16	3.3	\$ 36,206

As of June 30, 2026, there was no unrecognized compensation expense related to non-vested stock options.

Employee Stock Purchase Plan

In July 2019, the Board adopted, and the Company's stockholders approved, the 2019 Employee Stock Purchase Plan (the "ESPP"). The Company offers, sells, and issues shares of common stock under the ESPP from time to time based on various factors and conditions, although the Company is under no obligation to sell any shares under the 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. During the three months ended June 30, 2026, 352,344 shares of common stock were purchased under the ESPP. As of June 30, 2026, 23,311,662 shares of common stock were available for future issuance under the ESPP.

As of June 30, 2026, there was \$4.0 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.

13. Net Income Per Share

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

	Three Months Ended June 30,	
	2026	2025
Numerator:		
Net income	\$ 36,651	\$ 47,955
Denominator:		
Weighted average shares outstanding, basic	292,202	300,153
Dilutive effect of share-based awards	1,542	4,007
Weighted average shares outstanding, diluted	293,744	304,160
Net income per share, basic	\$ 0.13	\$ 0.16
Net income per share, diluted	\$ 0.12	\$ 0.16

The effect of certain common share equivalents were excluded from the computation of weighted-average diluted shares outstanding for the three months ended June 30, 2026 and 2025 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 June 30,	
	2026	2025
Unvested RSAs and RSUs	5,222	1,951
Stock options	121	44
Shares committed under ESPP	20	13

14. Segment and Geographic Information

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The CODM uses consolidated net income for purposes of making operating decisions, assessing financial performance and allocating resources in the budget and forecasting process and budget-to-actual reviews. As such, the Company has determined that it operates as one operating and reportable segment.

The CODM also utilizes expense information in order to assess the Company's financial performance. The Company's significant expenses and other segment items, as included in consolidated net income, are provided in the table below (in thousands):

	Three Months Ended June 30,	
	2026	2025
Revenue	\$ 554,548	\$ 477,349
Adjusted cost of revenue ⁽¹⁾	90,998	73,107
Adjusted research and development expenses ⁽¹⁾	103,428	77,908
Adjusted sales and marketing expenses ⁽¹⁾	159,949	142,979
Adjusted general and administrative expenses ⁽¹⁾	38,573	40,249
Share-based compensation and related employer payroll taxes	80,034	79,920
Amortization of intangibles	2,397	848
Other segment items ⁽²⁾	42,518	14,383
Segment net income	\$ 36,651	\$ 47,955
Consolidated net income	\$ 36,651	\$ 47,955

⁽¹⁾ Excludes share-based compensation; employer payroll taxes on employee stock transactions; amortization of intangibles; and acquisition-related, restructuring and other non-recurring or unusual items, which are independently reviewed by the CODM.

⁽²⁾ Other segment items primarily includes interest income, net; other income, net; and income tax expense, as reported in the condensed consolidated statements of operations. Other segment items also includes \$7.7 million of acquisition-related, restructuring, and other non-recurring or unusual items for the three months ended June 30, 2025. There were no acquisition-related, restructuring, and other non-recurring or unusual items for the three months ended June 30, 2026.

Revenue

Revenues by geography are based on the location of the customer (or end-customer under partner transactions). Refer to Note 3, Revenue Recognition, for a disaggregation of revenue by geographic region.

Long-lived assets, net

The following table presents the Company's long-lived assets, net, which consists of property and equipment, net, and operating lease right-of-use asset, net, by geographic region for the periods presented (in thousands):

	June 30, 2026	March 31, 2026
North America	\$ 39,398	\$ 40,905
Europe, Middle East and Africa	159,377	163,985
Asia Pacific	6,409	6,876
Latin America	807	512
Total long-lived assets, net	\$ 205,991	\$ 212,278

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. We prepare our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable SEC rules and regulations regarding interim financial reporting. 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 Form 10-K for the fiscal year ended March 31, 2026 (the "Annual Report"). 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 combines broad and deep observability, continuous runtime application security, and advanced agentic AI operations to deliver answers and intelligent automation across IT operations, development, security, business, and executive teams. This unified approach enables organizations to optimize their rapidly evolving AI, cloud, and IT operations, accelerate secure software delivery, and improve digital performance. Our vision is a world where software works perfectly.

Our customers include many of the world's largest enterprises which deploy the Dynatrace platform to support increasingly complex IT environments. As workloads scale and cybersecurity threats evolve, cloud modernization and rapid AI adoption have significantly increased data volume and complexity, rendering traditional monitoring or observability approaches insufficient for many organizations. We believe this positions Dynatrace to address a significant market opportunity through our differentiated platform, deep cloud ecosystem integrations, and trusted customer and partner relationships.

We take Dynatrace to market through a combination of our global direct sales team and a network of partners, including global system integrators ("GSIs"), cloud providers, resellers and technology alliance partners. Dynatrace addresses customer needs at various scales and sizes, but our global direct sales team targets the largest 15,000 companies globally.

We generate revenue primarily by selling subscriptions, which we define as Software-as-a-Service ("SaaS") agreements, term-based 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. We also provide options to deploy our platform in customer-provisioned infrastructure.

Our Dynatrace Platform Subscription ("DPS") licensing model provides customers with a flexible, scalable, and transparent subscription for the modern cloud. Under the DPS licensing model, a customer makes a minimum annual spend commitment at the platform level and then consumes that commitment based on actual usage and a straightforward rate card. Any platform capability can be used in any quantity at any time based on the customer's evolving needs.

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

First-Quarter 2027 Financial Highlights

Our financial highlights for the three months ended June 30, 2026 were:

- Our annual recurring revenue ("ARR") was \$2,136 million as of June 30, 2026, which reflected 17% growth year-over-year;
- Our total revenue was \$555 million, which reflected 16% growth year-over-year;
- Our subscription revenue was \$530 million, which reflected 16% growth year-over-year;
- We delivered GAAP income from operations of \$71 million and non-GAAP income from operation⁽¹⁾ of \$162 million; and
- Our net cash provided by operating activities and adjusted free cash flow⁽¹⁾ was \$306 million and \$309 million, respectively.

(1) Non-GAAP financial measure. For additional information, please see the "Key Metrics" section below for applicable definitions and the "Non-GAAP Financial Results" section below for a reconciliation to the most directly comparable GAAP financial measure.

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 relationships. 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 the current macroeconomic environment, which can include geopolitical considerations, tariffs and trade policies, 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. In the ongoing dynamic macroeconomic landscape, we have seen resiliency in our industry and we remain confident in our ability to execute in this environment. Please see the section titled “Risk Factors” included under Part II, Item 1A of this Quarterly Report for further discussion of the possible impact of macroeconomic conditions on our business and regarding fluctuations in our annual and quarterly operating results.

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 a leading AI-powered observability platform through increased investment in research and development, and innovation. We plan to expand the functionality of our end-to-end Dynatrace platform and invest in capabilities that address new market opportunities. We plan to continue evolving our AI capabilities to drive differentiation, with a continued focus on agentic AI capabilities and functionalities that can act autonomously to make decisions and take actions without human intervention. We also believe we are well positioned to continue growing our next generation log management offering, which integrates logs, traces, metrics, and other core observability and security data types into a fully integrated platform with a single datastore, providing customers with greater value than log management solutions that are viewed as too expensive, providing too little value, or largely operating independently from existing monitoring tools. We believe this strategy will enable new growth opportunities and allow us to deliver differentiated high-value outcomes to our customers.
- **Expand and strengthen our relationships with existing customers.** We plan to establish new and deeper relationships within our existing customers’ organizations and expand the breadth of our platform capabilities to provide for expansion opportunities. In addition, we believe the ease of implementation of Dynatrace provides us with the opportunity to expand adoption within our existing enterprise customers, across new customer applications, with AI-native, cloud-native and development teams, and into additional business units or divisions. We also believe that our DPS licensing model will drive broader consumption of the Dynatrace platform and further expansion opportunities for customers that prefer the flexibility and predictability of pricing under that model. With access to the full Dynatrace platform, DPS customers are able to adopt Dynatrace more broadly across their IT environments, which can lead to increased consumption.
- **Grow our customer base.** We intend to drive new customer growth through ongoing investments in our go-to-market strategy focused on customer segmentation, partner enablement, and continued expansion of our sales motion beyond application performance to include end-to-end observability, tool consolidation, and cloud modernization. We plan to continue addressing customer needs at various scales and sizes, with our global direct sales team targeting the largest 15,000 companies globally. In addition, we plan to expand our reach internationally to what we believe are large, mostly untapped, markets for our company, while leveraging our sector specialization globally. We also are focused on intuitive ways for customer teams to onboard and receive additional value from Dynatrace, including through our free trial program.
- **Leverage our strategic partner ecosystem.** We intend to invest in our strategic partner ecosystem, with a particular emphasis on building and deepening AI- and cloud-focused, loyal and comprehensive partnerships with GSIs and hyperscaler cloud providers. Cloud migration and modernization are foundational growth drivers for our strategic partners and our company. Our strategic partners 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

We monitor the following key metrics to help us measure and evaluate the effectiveness of our operations:

	As of June 30,	
	2026	2025
	(in thousands, except percentages)	
Total ARR	\$ 2,135,982	\$ 1,822,205
Year-over-year increase	17 %	18 %
Dollar-based net retention rate	110 %	111 %

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
Non-GAAP income from operations ⁽¹⁾	\$ 161,600	\$ 143,106
Adjusted free cash flow ⁽¹⁾	309,177	262,157

(1) Non-GAAP financial measure. For additional information, please see the applicable definitions below and the “Non-GAAP Financial Results” section below for a reconciliation to the most directly comparable GAAP financial measure.

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.

Dollar-based net retention rate: We define the dollar-based net retention rate as the 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 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. Dollar-based net retention rate is presented on a constant currency basis.

Non-GAAP income from operations: We define non-GAAP income from operations as GAAP income from operations adjusted for the following items: share-based compensation; employer payroll taxes on employee stock transactions; amortization of intangibles; acquisition-related, restructuring, and other non-recurring or unusual items that may arise from time to time.

Adjusted free cash flow: We define adjusted free cash flow as the net cash provided by or used in operating activities less capital expenditures, reflected as purchase of property and equipment and capitalized software additions in our financial statements, plus cash paid for acquisition-related, restructuring, and other non-recurring or unusual items.

Beginning in the first quarter of fiscal 2027, we updated our non-GAAP liquidity measure from free cash flow to adjusted free cash flow to exclude the impact of certain items that management does not consider indicative of ongoing operating performance. We believe that adjusted free cash flow is a more useful measure as excluding payments for acquisition-related, restructuring, and other non-recurring and unusual items provides investors with better comparability of cash generated from our business period over period. Adjusted free cash flow is not residual cash flow available for our discretionary expenditures. Prior period results have been recast to conform to the current period presentation for comparability.

Non-GAAP Financial Results

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we provide investors with certain non-GAAP financial measures, including non-GAAP income from operations and adjusted free cash flow. We use these non-GAAP financial measures for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons and liquidity. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance, and allow for greater transparency with respect to metrics used by our management in its financial and operational decision-making.

The presentation of the non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Our non-GAAP financial measures may not provide information that is directly comparable to similarly titled metrics provided by other companies.

The tables below provide a reconciliation of our non-GAAP income from operations and adjusted free cash flow to their most directly comparable GAAP measure:

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
GAAP income from operations	\$ 71,476	\$ 62,338
Share-based compensation	73,576	71,895
Employer payroll taxes on employee stock transactions	6,458	8,025
Amortization of intangibles	2,397	848
Acquisition-related, restructuring, and other	7,693	—
Non-GAAP income from operations	\$ 161,600	\$ 143,106

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
Net cash provided by operating activities	\$ 306,240	\$ 269,692
Purchase of property and equipment	(3,151)	(7,482)
Capitalized software additions	—	(194)
Cash paid for acquisition-related, restructuring, and other costs	6,088	141
Adjusted free cash flow	\$ 309,177	\$ 262,157

Key Components of Results of Operations

Revenue

Revenue includes subscriptions and services.

Subscription. Our subscription revenue consists of (i) SaaS agreements, (ii) term-based licenses which are recognized ratably over the contract term, and (iii) 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. See the section titled “Revenue Recognition” within the footnote titled “Significant Accounting Policies” included in Part II, Item 8 of the Annual Report for more information.

Service. Service revenue consists of revenue from helping our customers deploy our software in operational environments and training their personnel. We recognize the revenues associated with these professional 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, bonuses, share-based compensation, and related expenses such as employer taxes, third-party hosting fees related to our cloud services, allocated overhead for depreciation, facilities, and 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, bonuses, share-based compensation, and related expenses such as employer taxes, and allocated overhead for depreciation, 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 from business combinations and asset acquisitions. To the extent significant future acquisitions are consummated, we expect that our amortization of acquired technology may increase.

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 depreciation, facilities, IT, and other costs.

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, people and culture 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.

Amortization of other intangibles. Amortization of other intangibles primarily consists of amortization of customer relationships and tradenames acquired from business combinations and asset acquisitions. To the extent significant future acquisitions are consummated, we expect that our amortization of other intangibles may increase.

Interest Income, Net

Interest income, net, consists primarily of interest income from money market funds, bank deposits, and debt securities held as marketable securities, partially offset by interest expense associated with fees on our Credit Facility (as defined later in this section) and amortization of debt issuance costs.

Other Income, Net

Other income, net, consists primarily of foreign currency realized and unrealized gains and losses related to the impact of transactions denominated in a foreign currency, including balances between subsidiaries.

Income Tax Expense

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 net global intangible low-taxed income (“GILTI”) inclusion, (2) foreign withholding taxes, (3) royalty income related to the intra-entity asset transfer of the global economic rights of our IP from a wholly-owned U.S. subsidiary to a wholly-owned Swiss subsidiary, and (4) nondeductible executive compensation. We expect these items to continue to affect our income tax rate and income tax expense.

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 June 30, 2026 and 2025

	Three Months Ended June 30,			
	2026		2025	
	Amount	Percent	Amount	Percent
	(in thousands, except percentages)			
Revenue:				
Subscription	\$ 530,255	96 %	\$ 457,507	96 %
Service	24,293	4 %	19,842	4 %
Total revenue	554,548	100 %	477,349	100 %
Cost of revenue:				
Cost of subscription	80,260	15 %	65,018	14 %
Cost of service	21,058	4 %	19,355	4 %
Amortization of acquired technology	2,135	— %	836	— %
Total cost of revenue ⁽¹⁾	103,453	19 %	85,209	18 %
Gross profit	451,095	81 %	392,140	82 %
Operating expenses:				
Research and development ⁽¹⁾	135,990	25 %	108,172	23 %
Sales and marketing ⁽¹⁾	181,631	33 %	165,314	35 %
General and administrative ⁽¹⁾	61,736	11 %	56,304	12 %
Amortization of other intangibles	262	— %	12	— %
Total operating expenses	379,619		329,802	
Income from operations	71,476	13 %	62,338	13 %
Interest income, net	8,893		12,295	
Other income, net	432		6,757	
Income before income taxes	80,801		81,390	
Income tax expense	(44,150)		(33,435)	
Net income	\$ 36,651		\$ 47,955	

⁽¹⁾ Includes share-based compensation expense as follows:

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
Cost of revenue	\$ 9,366	\$ 9,850
Research and development	29,516	26,861
Sales and marketing	19,887	20,034
General and administrative	14,807	15,150
Total share-based compensation	\$ 73,576	\$ 71,895

Revenue

	Three Months Ended June 30,		Change	
	2026	2025	Amount	Percent
	(in thousands, except percentages)			
Subscription	\$ 530,255	\$ 457,507	\$ 72,748	16%
Service	24,293	19,842	4,451	22%
Total revenue	<u>\$ 554,548</u>	<u>\$ 477,349</u>	<u>\$ 77,199</u>	<u>16%</u>

Subscription

Subscription revenue increased by \$72.7 million, or 16%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025, primarily due to existing customers expanding their use of the Dynatrace platform combined with the adoption of our solutions by new customers.

Service

Service revenue increased by \$4.5 million, or 22%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily due to growth in customer demand for product enablement and adoption services.

Cost of Revenue

	Three Months Ended June 30,		Change	
	2026	2025	Amount	Percent
	(in thousands, except percentages)			
Cost of subscription	\$ 80,260	\$ 65,018	\$ 15,242	23%
Cost of service	21,058	19,355	1,703	9%
Amortization of acquired technology	2,135	836	1,299	155%
Total cost of revenue	<u>\$ 103,453</u>	<u>\$ 85,209</u>	<u>\$ 18,244</u>	<u>21%</u>

Cost of subscription

Cost of subscription increased by \$15.2 million, or 23%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily due to increased cloud-based hosting costs of \$13.3 million to support the growing usage of our SaaS platform.

Cost of service

Cost of service increased by \$1.7 million, or 9%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily the result of increased personnel costs, inclusive of share-based compensation, as our service delivery organization has scaled to support our product enablement and adoption within our customer base.

Amortization of acquired technologies

Amortization of acquired technology increased by \$1.3 million, or 155%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily attributable to amortization from developed technology acquired as part of the Bindplane acquisition during the first quarter of fiscal 2027. For additional information, please see Note 4, Business Combinations, of the condensed consolidated financial statements in this Quarterly Report.

Gross Profit and Gross Margin

	Three Months Ended June 30,		Change	
	2026	2025	Amount	Percent
(in thousands, except percentages)				
Gross profit:				
Subscription	\$ 449,995	\$ 392,489	\$ 57,506	15%
Service	3,235	487	2,748	564%
Amortization of acquired technology	(2,135)	(836)	(1,299)	155%
Total gross profit	<u>\$ 451,095</u>	<u>\$ 392,140</u>	<u>\$ 58,955</u>	<u>15%</u>
Gross margin:				
Subscription	85%	86%		
Service	13%	2%		
Total gross margin	<u>81%</u>	<u>82%</u>		

Subscription

Subscription gross profit increased by \$57.5 million, or 15%, during the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. Subscription gross margin decreased to 85% for the three months ended June 30, 2026 compared to 86% for the three months ended June 30, 2025. The decrease in gross margin was primarily due to higher cloud-based hosting costs, which were driven by increased customer utilization of our SaaS platform and expanding adoption of platform features, slightly offset by efficiencies in personnel costs.

Service

Service gross profit increased by \$2.7 million, or 564%, during the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. Service gross margin increase to 13% compared to 2% for the three months ended June 30, 2025. The increase in gross margin was primarily due to growth in customer demand for product enablement and adoption services and efficiencies in personnel costs.

Operating Expenses

	Three Months Ended June 30,		Change	
	2026	2025	Amount	Percent
(in thousands, except percentages)				
Operating expenses:				
Research and development	\$ 135,990	\$ 108,172	\$ 27,818	26%
Sales and marketing	181,631	165,314	16,317	10%
General and administrative	61,736	56,304	5,432	10%
Amortization of other intangibles	262	12	250	2,083%
Total operating expenses	<u>\$ 379,619</u>	<u>\$ 329,802</u>	<u>\$ 49,817</u>	<u>15%</u>

Research and development

Research and development expenses increased by \$27.8 million, or 26%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily the result of increased personnel costs of \$23.5 million, inclusive of a \$2.7 million increase in share-based compensation, largely due to headcount growth to support the continued expansion of functionality and capabilities of our platform. Cloud-based hosting costs incurred in developing our platform also increased by \$2.2 million.

Sales and marketing

Sales and marketing expenses increased by \$16.3 million, or 10%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily due to increased personnel costs of \$9.4 million, inclusive of share-based compensation, due to headcount growth as we continue to invest in our go-to-market strategy, and increased advertising and marketing costs of \$3.1 million.

General and administrative

General and administrative expenses increased \$5.4 million, or 10%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily due to increased professional fees of \$6.6 million, due to acquisition-related and other non-recurring costs.

Amortization of other intangibles

Amortization of other intangibles increased \$0.3 million for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025. The increase was primarily attributable to amortization from other intangible assets acquired as part of the Bindplane acquisition during the first quarter of fiscal 2027. For additional information, please see Note 4, Business Combinations, of the condensed consolidated financial statements in this Quarterly Report.

Interest Income, Net

Interest income, net, for the three months ended June 30, 2026 decreased 28% relative to the three months ended June 30, 2025. The decrease is primarily due to reduced cash equivalent and marketable securities balances, because we increased the amount of our share repurchases.

Other Income, Net

Other income, net, was \$0.4 million for the three months ended June 30, 2026 compared to \$6.8 million for the three months ended June 30, 2025. The change was primarily the result of foreign currency realized and unrealized gains and losses related to the impact of transactions denominated in a foreign currency, including balances between subsidiaries.

Income Tax Expense

Income tax expense was \$44.2 million for the three months ended June 30, 2026, which increased by \$10.8 million from \$33.4 million for the three months ended June 30, 2025. This increase was primarily due to the tax impact of share-based compensation shortfalls recognized in the current fiscal year as compared to share-based compensation windfalls recognized in the prior fiscal year.

Liquidity and Capital Resources

We have historically maintained a disciplined and balanced approach to optimizing costs and improving the efficiency and profitability of our business, while continuing to invest in future growth opportunities that we expect will drive long-term value. Our principal sources of liquidity are cash and cash equivalents, marketable securities and cash provided by operating activities. From time to time, we may borrow under our Credit Facility (as defined below). As of June 30, 2026, we had \$1,057.8 million of cash and cash equivalents, \$94.8 million of unrestricted marketable securities, consisting of U.S. Treasury securities, corporate debt securities, and U.S. agency securities that have maturities between one and 28 months, and \$398.9 million available under our Credit Facility.

We have historically financed our operations primarily through payments by our customers for use of our product offerings and related services.

Over the past several years, cash flows from customer collections have increased. Operating expenses have also increased to a lesser extent, growing our cash flows from operations. Our operating cash requirements may increase in the future as we continue to invest in the strategic growth of our company.

Our billings may vary over time due to a number of factors, including the mix of subscription and service revenue, the contract length of our customer agreements, and the timing of customer contracts, including renewals. 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 entered into in the ordinary course of business, primarily for cloud hosting support. As of June 30, 2026, total contractual commitments were \$719.8 million, with \$178.9 million committed within the next 12 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” included under Part II, Item 1A of this Quarterly Report. However, we believe that our existing cash, cash equivalents, marketable securities, 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 12 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.

Share Repurchase Program

In May 2024, we announced a share repurchase program for up to \$500 million of common stock. In February 2026, we completed repurchases under this program and announced a new share repurchase program for up to \$1 billion of common stock.

For the three months ended June 30, 2026 and 2025, we repurchased and retired 7.1 million and 0.9 million shares of our common stock for a repurchased cost, excluding unpaid excise taxes, of \$275.5 million and \$45.0 million, respectively. As of June 30, 2026, \$573.1 million remained available for future repurchases. For additional information, please see Part II, Item 2 of this Quarterly Report.

Our Credit Facilities

In December 2022, we entered into a senior secured revolving credit facility in an aggregate amount of \$400.0 million (as amended to date, the “Credit Facility”). As of June 30, 2026, we had \$398.9 million available under the Credit Facility with \$1.1 million of letters of credit outstanding. As of June 30, 2026, we were in compliance with all applicable covenants pertaining to the Credit Facility. The Credit Facility is discussed further in Note 8, Long-term Debt, of the condensed consolidated financial statements included in this Quarterly Report.

Summary of Cash Flows

	Three Months Ended June 30,	
	2026	2025
	(in thousands)	
Net cash provided by operating activities	\$ 306,240	\$ 269,692
Net cash used in investing activities	(72,909)	(8,448)
Net cash used in financing activities	(269,982)	(43,854)
Effect of exchange rate changes on cash and cash equivalents	(2,789)	12,952
Net (decrease) increase in cash and cash equivalents	<u>\$ (39,440)</u>	<u>\$ 230,342</u>

Operating Activities

Net cash provided by operating activities was \$306.2 million during the three months ended June 30, 2026 as compared to \$269.7 million during the three months ended June 30, 2025. The \$36.5 million increase in net cash provided by operating activities was primarily due to higher collections driven by revenue growth.

Investing Activities

Net cash used in investing activities was \$72.9 million during the three months ended June 30, 2026 as compared to \$8.4 million during the three months ended June 30, 2025. The \$64.5 million increase in net cash used in investing activities was primarily driven by \$99.5 million paid for the Bindplane acquisition, partially offset by a \$30.5 million increase in proceeds from sales and maturities of investments, net of purchases, and a \$4.3 million decrease in the purchases of property and equipment.

Financing Activities

Net cash used in financing activities was \$270.0 million during the three months ended June 30, 2026 as compared to \$43.9 million during the three months ended June 30, 2025. The \$226.1 million increase in net cash used in financing activities was driven by a \$230.4 million increase in repurchases of common stock and a \$0.8 million decrease in proceeds from exercises of stock options, partially offset by a \$2.7 million decrease in taxes paid for net share settlement of equity awards, a \$1.7 million decrease in other

financing activities, consisting of deferred consideration paid for an acquisition of a business and capitalized software additions, and a \$0.8 million increase in proceeds from the employee share purchase plan.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in accordance with GAAP. 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 our estimates. 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 three months ended June 30, 2026, as compared to the critical accounting policies and estimates disclosed within “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, and the impact of these pronouncements on our condensed consolidated financial statements, see Note 2, Significant Accounting Policies, of our condensed consolidated financial statements included 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.

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.

Interest Rate Risk

As of June 30, 2026, we had cash and cash equivalents of \$1,057.8 million, consisting primarily of money market funds, bank deposits, and highly liquid securities with an original maturity of three months or less, and unrestricted marketable securities of \$94.8 million, primarily consisting of U.S. Treasury securities, corporate debt securities, and U.S. agency securities. 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.

As of June 30, 2026, we also had the Credit Facility in place, with availability of \$398.9 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 Overnight Repo Rate Average, (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 Facility.

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 June 30, 2026, 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 June 30, 2026 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

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, 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 19% in the year ended March 31, 2026 compared to the prior year. Our revenue for the three months ended June 30, 2026 grew 16% 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 platform;
- our ability to develop our existing platform, introduce new solutions, enhance and improve existing solutions on our platform, and keep pace with technological developments (including rapid advances in AI and other emerging technologies);
- 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, research and development, and general and administrative personnel; and
- our ability to expand into new geographies and markets, including the application security and log management markets, and expand our global operations.

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

Overall demand and market adoption of the solutions that we offer may not grow as we expect, which may harm our business and prospects.

We believe our future success will depend in large part on the growth, if any, in the overall demand and market adoption for observability and related solutions that utilize analytics and AI 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 AI observability, log management and analytics, modern cloud observability, infrastructure observability, application observability, digital experience, application security, software delivery, developer experience, and business analytics. 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 markets depend on a number of factors, including the continued and growing use and reliance of enterprises on software applications to manage and drive critical business functions and customer interactions, increased cloud computing adoption and use, increased use of microservices and containers, and the continued proliferation of mobile applications, large data sets, and the Internet of Things. If our solutions do not achieve widespread adoption, we are not able to develop new or innovative solutions that meet customer needs, or there is a reduction in demand for observability and related 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.

The markets in which we operate are highly competitive, 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, new and evolving uses of AI) and customer needs, 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 have incorporated AI into our platform and AI is changing the competitive dynamics of our industry. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, may invest more in AI development than us, or have access to more advanced AI models or autonomous agents with greater capabilities or broader functionality, which could reduce demand for our platform and adversely affect our results of operations. We may also face greater competition from non-specialist solutions relying on generic large language models (“LLMs”), generative AI, and general-purpose agents to address a broad range of business needs. As part of our sales efforts, we must demonstrate to existing and prospective customers that our offerings are preferable to other solutions available to their organizations, including generic LLMs, software created using natural language prompts and generative AI (referred to as vibe coding) and other emerging technologies. If we are unable to continue developing and integrating advanced AI functionality into our platform in a way that meets customer expectations or competitive benchmarking, our market position and growth prospects could be adversely affected. For a description of additional risks related to AI, please see the risk below entitled, “*Our use of new and evolving technologies, including AI in our offerings and business, may present risks and challenges that can impact our business, including by posing cybersecurity, operational, and other risks to our confidential and/or proprietary information, including personal information, and as a result we may be exposed to reputational harm and liability*” along with AI-related references in other risks discussed in this section.

We compete either directly or indirectly with infrastructure monitoring vendors, application performance monitoring (“APM”) vendors, log management vendors, digital experience monitoring vendors, security vendors, open source and commercial open source vendors, point solutions from public cloud providers, and IT operations management 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, Cisco acquired Splunk in 2024 and Palo Alto Networks acquired Chronosphere in 2026.

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

- greater brand recognition, longer operating histories, and greater familiarity with some of our target customers;
- 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 IP 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 related needs. Any such in-house solutions could leverage AI and 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 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 related 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 compelling, AI-driven, end-to-end, near 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. We plan to continue evolving our AI capabilities to drive differentiation, with a continued focus on agentic AI capabilities and functionalities that can act autonomously to make decisions and take actions without human intervention.

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;
- failures to accurately predict market or customer demands, priorities, and practices, including other technologies utilized by customers in their environments and competitors and partners that they prefer to work with;
- the introduction or anticipated introduction of competing products by existing and emerging competitors;
- the inability to execute our go-to-market strategy effectively, which depends on our sales and marketing teams and our partners to sell solutions for new markets and product categories;
- 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;
- defects, errors, or failures in the design or performance of our new solutions or solution enhancements;
- the perceived value of our solutions or enhancements relative to their cost; and
- negative publicity about the performance or effectiveness of our solutions.

In addition to developing new solutions or solution enhancements using internal resources, we may license or 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, license, 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 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, AI-driven, end-to-end platform that combines broad and deep observability and continuous runtime application security to support IT operations, development, security, business, and executive teams;
- design and 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 Accenture, Atos, Deloitte, DXC, and Kyndryl, and hyperscalers such as Amazon Web Services (“AWS”), Google Cloud Platform (“GCP”), Microsoft Azure (“Azure”), 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, or at the same prices and terms. 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 platform, the competitiveness of other software products and services, utilization rates of our platform by our customers, reductions in our customers’ spending levels, customer concerns about macroeconomic trends, our prices and pricing plans, the impact of mergers and acquisitions on our customers, leadership changes at our customers, our customer support and professional services, changes to our go-to-market strategy, user adoption of our solutions, deployment success, 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 models, including our DPS licensing 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. The increasing adoption of generic LLMs and AI-driven assistants may also impact how customers access, interpret, and derive value from Dynatrace, which could affect how we market, sell, and position our solutions. 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, online investments are unable to achieve desired productivity levels in a reasonable period of time, or if we do not create an effective strategy for our personnel to execute, our ability to increase our customer base and achieve broader market acceptance of our offerings could be harmed.

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 and hyperscalers 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. 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.

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 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, or if tariffs or tax changes increase the effective price that customers pay for our solutions, 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 believe the Dynatrace brand is integral to our future success and if we fail to cost-effectively maintain and enhance awareness of our company, 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 knowledge of our existing and future solutions. Increasing awareness is important to attract and retain customers, partners, and employees, particularly as we continue to introduce new capabilities and enhancements and expand internationally. 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. In addition, the increasing adoption of generic LLMs and AI-driven assistants may influence how customers discover, recognize, and attribute value to brands across the observability and security market segments.

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 and market enterprise-grade observability and related solutions, share our thought leadership, and continue to differentiate our solutions successfully 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 awareness 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. In addition, we are experiencing, and we may continue to experience, an increase in the number of large, strategic deals where customers are looking to make broader observability architecture decisions. These deals come with a higher degree of variability, longer sales cycles, greater uncertainty of completing the sale, and specially negotiated terms. 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 and fourth fiscal quarters 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.

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 application security and log management markets;
- the budgeting cycles and internal purchasing priorities of our customers;
- changes in go-to-market strategy, 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 adjusted 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 markets for observability, application security, analytics, and AI-enabled 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 that 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, potential changes in the U.S. and foreign laws and regulations on international trade (e.g., export controls, import tariffs and trade agreements), or other disruptions to commerce;
- the U.S. federal government cancelling, consolidating, or not awarding contracts to us or our customers or suppliers;
- 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.

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 three years, we hired a new Chief Customer Officer and Chief People Officer and various new leaders in their organizations, among other leadership changes. On August 5, 2026, we announced that our Chief Financial Officer will retire by the end of our current fiscal year end on March 31, 2027.

Our employment agreements with members of our senior management team do not require them to remain employed with us for any specified period. Accordingly, and despite our efforts to retain our senior management team, they could terminate their employment with us at any time, subject to any applicable notice period. The loss of a member of senior management team 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 personnel, 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 can lead to increased compensation and other personnel costs. In addition, competition for employees with experience in our industry and with AI and machine learning can be intense, particularly in Europe, where our research and development 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 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 research and development, and also through the acquisition of other companies, product lines, technologies, and personnel. In the last two years, we acquired Metis, DevCycle, and Bindplane. 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 IT 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.

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.

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 as of March 31, 2026 increased approximately 18% compared to our total headcount as of March 31, 2024 and we also expanded our international employee presence. The addition of new employees 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 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 distributors and 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, such as to reform federal government processes and reduce government expenditures, 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, including in connection with an extended federal government shutdown. 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.

Risks Related to AI, IT, IP, and Data Security and Privacy

Our use of new and evolving technologies, including AI in our offerings and business, may present risks and challenges that can impact our business, including by posing cybersecurity, operational, and other risks to our confidential and/or proprietary information, including personal information, and as a result, we may be exposed to reputational harm and liability.

Our company has significant experience with the use and integration of AI and we have incorporated it within our offerings for several years. We use AI technologies as a core component of the products and services we offer to customers, and for internal purposes to support our operations and performance. The operations of third parties upon which we rely also use AI. AI is rapidly evolving and developing, and our use of AI involves a broad range of risks and challenges that could negatively impact our business, including cybersecurity, data privacy, IT, IP, regulatory, legal, operational, competitive, and reputational. While we continue to invest in AI solutions and we believe that AI-related capabilities will be increasingly important to the value that our platform provides to our customers and to the efficiency of our operations, there can be no assurance that we will realize the desired or anticipated benefits from our AI investments.

AI technologies and solutions, including agentic and generative AI tools, may have bias, produce inaccurate, misleading, harmful, or incomplete data, content, analyses, and recommendations, or other discriminatory, hallucinatory, or unexpected results, inferences, or behaviors. As we integrate more agentic AI workflows into our platform, the actions that are taken or suggested by AI-powered agents performing without human oversight could be incorrect or unintended, resulting in negative impacts for both our company and our customers. If our use of AI were to draw controversy, it could harm our reputation and could give rise to legal or regulatory action.

While we focus on using AI in a responsible, ethical, and legal manner, our use of AI and the impact of laws, regulations, and ethical considerations for AI generally, and as they apply to our customers, are evolving rapidly and becoming increasingly complex. We expect to see increasing government and supranational regulation related to AI use and ethics, which may also significantly increase the burden and cost of research, development, and compliance in this area. A growing number of legislators and regulators are adopting laws and regulations and have focused enforcement efforts on the adoption of AI and use of such technologies in compliance with ethical standards and societal expectations. These developments may increase our compliance burden and costs in connection with use of AI and lead to legal liability if we fail to meet evolving legal standards or if use of such technologies results in harms or other causes of action we did not predict. For example, the European Union (“EU”) adopted the Artificial Intelligence Act (the “AI Act”) on August 1, 2024, with significant components of the AI Act continuing to come into effect in the near future. As currently enacted, the AI Act, which may be amended as part of the EU’s Digital Omnibus, imposes significant obligations on providers and deployers of high-risk AI systems, and encourages providers and deployers of AI systems to account for EU ethical principles in their development and use of these systems. The scope of requirements depends on judicial interpretations and forthcoming legislative amendments, and non-compliance can lead to significant fines.

In the United States, new AI-related laws and rulemakings are underway or being proposed at the federal, state, and local levels. Over the past year, states have advanced, and in some cases passed, dozens of laws focusing on AI governance and regulation, including on deployment of AI in healthcare settings. At the federal level, the Trump Administration has endorsed a federal moratorium on the enforcement of state AI laws, including through a December 11, 2025 executive order on “Ensuring a National Policy Framework for Artificial Intelligence.” So far, these efforts have not been successful at curtailing state action on AI regulation, contributing to a complicated legislative patchwork, which may be litigated in state and federal courts. Current or future laws, regulations, and ethical considerations related to the use of AI technology may impact our ability to provide insights from data and use certain data to develop our offerings.

The rapid evolution of AI will require the application of significant resources to design, develop, test, and maintain our products and services to help ensure that AI is implemented in accordance with applicable law and regulation and in a socially responsible manner and to minimize any real or perceived unintended harmful impacts.

We rely on third-party vendors for both our customer facing AI capabilities and AI-enabled internal tools. These vendors may not meet existing or rapidly evolving regulatory or industry standards and best practices, including with respect to privacy and data security.

Bad actors around the world use increasingly sophisticated methods, including the use of AI, to engage in fraud, scams, targeted attacks (such as model poisoning or data poisoning), and other illegal activities involving the theft and misuse of data, personal information, confidential information, and IP. Our development, use, and deployment of AI may also result in misinformation or an erosion of shared understanding, increased inequality, environmental harms, and other adverse effects. These risks or their effects may also impose burdensome and costly requirements on our ability and our customers’ ability to utilize data in innovative ways.

IP ownership and license rights related to AI technologies have not been fully addressed by U.S. courts or other federal, state, or international laws or regulations, and our use of certain AI technology could also give rise to risks of third party claims of infringement, misappropriation, or violation of IP rights.

As AI technology is evolving rapidly, it is not possible to predict all of the operational, technological, and legal risks that may arise related to the use of AI. For a description of additional risks related to AI, please see the AI-related references in other risks discussed in this “Risk Factors” section.

Security breaches, computer malware, computer hacking attacks, and other security incidents or compromises 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 social engineering (such as email phishing) and other types of attacks. In general, security incidents, breaches, and compromises have increased in sophistication and have become more prevalent across industries and may occur on our systems; on the systems of third parties that we use to host our solutions or SaaS solutions that we use in the operation of our business; on the systems or libraries of third parties that we use to develop our products; or on third-party hosting platforms on which our customers host their systems. These security incidents or compromises may be caused by, or result in, but are not limited to, security breaches, computer malware or malicious software, ransomware attacks, supply chain attacks, phishing attacks, computer hacking, denial of service attacks, security system control failures in our own systems or vendor systems that we or our customers use, software vulnerabilities, social engineering, sabotage, malicious downloads, and the errors, wrongful conduct, or malfeasance of our own or our customers’ or vendors’ employees. Although we have taken significant measures to detect, effectively remediate, and prevent these 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, incidents, or compromises of, or denial-of-service attacks against our platform could result in the unauthorized access to, or use of, and/or loss of, our data, as well as loss of IP, customer data, employee data, trade secrets, or other confidential or proprietary information, or cause us to incur the costs of potential data breach notification obligations. In particular, because we utilize a multi-tenant platform for our SaaS solution, any security breach, incident, or compromise could potentially affect a significant amount of our customers.

The consequences of a security breach, incident, or compromise 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 or compromises affecting confidential or personal information. Any security breach, incident, compromise, 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 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, breach, or compromise 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 (“EU GDPR”) or other privacy laws, private lawsuits, and costs associated with changed security controls, system architecture, or 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, may be enhanced or facilitated by AI, 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. In addition, geopolitical tensions have contributed to an increase in the number, severity, and sophistication of state sponsored attacks, which are also increasingly leveraging AI technologies. We may therefore experience security breaches, incidents, or compromises 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. A vendor or other supply chain-related breach or compromise could spread to our own systems or affect our operations or financial systems in material ways that we cannot yet anticipate. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our privacy and data security obligations.

A majority of our employees have the ability to work either partially or fully remote and we also engage service providers who work remotely. 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 EU 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 risks and incidents related to data security, 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. As AI technologies are increasingly used and deployed, infrastructure capacity requirements (including network capacity and computing power and energy requirements) may increase and agentic systems may act faster and at greater scale, which could lead to an increase in service interruptions that we experience. 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. AI may not work as we had anticipated or it may produce unexpected results or outcomes. 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 IP 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 IP 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 IP rights against us, our partners, our technology partners, or our customers. As the number of patents and competitors in our market increases, allegations of infringement, misappropriation, and other violations of IP rights may also increase. Our broad solution portfolio and the competition in our markets further exacerbate the risk of additional third-party IP claims against us in the future. In addition, non-practicing entities are driving a growing number of patent lawsuits and demands. Any allegation of infringement, misappropriation, or other violation of IP 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 IP rights.

Furthermore, third parties that bring allegations against us may have the capability to dedicate substantially greater resources to enforce their IP 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' IP 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 IP infringement assertions. There also is a market for acquiring third-party IP rights and a competitor, or other entity, could acquire third-party IP rights and pursue similar assertions based on the acquired IP. 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 IP 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 IP 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 IP 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 IP 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 IP 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 IP rights, throughout the world. We attempt to protect our IP under patent, trademark, copyright, and trade secret laws, and through a combination of patent applications and trademark registrations, confidentiality procedures, contractual provisions, internal policies, security controls, and other methods. However, the steps we take to protect our IP may be inadequate. We will not be able to protect our IP if we are unable to secure or enforce our rights or if we do not detect unauthorized use of our IP. 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, create security risks, 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 IP. 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 IP rights.

The process of obtaining patent protection is expensive and time consuming, and we may not be able to successfully prosecute 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, or that our issued patents and other IP 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 IP is difficult, expensive, and time consuming, particularly in foreign countries where the laws may not be as protective of IP rights as those in the United States and where mechanisms for enforcement of IP rights may be weak. We may be unable to determine the extent of any unauthorized use or infringement of our solutions, technologies, or IP rights.

From time to time, legal action by us may be necessary to enforce our patents and other IP rights, to protect our trade secrets, to determine the validity and scope of the IP 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 IP 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 IP 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 our 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, 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. 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. To date, numerous other states have enacted laws that impose privacy obligations that are similar to the CCPA and we also anticipate that more states will pass similar legislation. The existence of comprehensive privacy laws in different U.S. states 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.
- Plaintiffs’ attorneys have sent demand letters and initiated claims and class action lawsuits alleging that companies’ uses of online trackers, such as cookies and pixels, constitutes a violation of state wiretapping laws, primarily the California Invasion of Privacy Act. To date, companies have settled most of these claims, though a risk of costly legal proceedings now exists for business practices that are common. We have been subject to some of these actions and may become subject to additional such actions in the future.
- 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 EU and United Kingdom (“UK”).
 - In the EU and UK, 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 EU GDPR, and the UK has incorporated the EU GDPR into its national laws (“UK GDPR”, and together with EU GDPR, referred to as “GDPR”) which imposes strict obligations on the processing of personal data. These requirements encompass: (i) providing information to individuals regarding data processing activities; (ii) ensuring a legal basis or condition applies to the processing of personal data and, where applicable, obtaining consent from individuals to whom the data processing relates; (iii) responding to data subject requests; (iv) imposing requirements to notify the competent national data protection authorities and data subjects of personal data breaches; (v) implementing safeguards in connection with the security and confidentiality of the personal data; (vi) accountability requirements; and (vii) taking certain measures when engaging third-party processors. Serious breaches of the GDPR may result in monetary penalties of up to €20 million (or £17.5 million in the UK) or 4% of worldwide annual revenue, whichever is greater, for 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.
 - 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 or have enacted comprehensive data protection legislation, cybersecurity legislation, or both. These include Australia, Brazil, China, Japan, Mexico, Saudi Arabia, Singapore, and United Arab Emirates.
- We are subject to various data transfer rules related to our ability to transfer data from one country to another. For example, regulators and legislators in the U.S. are increasingly scrutinizing and restricting certain personal data transfers and transactions involving foreign countries. For example, the U.S. Department of Justice’s January 8, 2025 rule on “Preventing Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons” prohibits data brokerage transactions involving certain sensitive personal data categories, including health data, genetic data, and biospecimens, to countries of concern, including China. The regulations also restrict certain investment agreements, employment agreements, and vendor agreements involving such data and countries of concern, absent specified cybersecurity controls. Actual or alleged violations of these regulations may be punishable by criminal and/or civil sanctions and may result in exclusion from participation in federal and state programs. These restrictions 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.

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 Global Operations and Global Economic Conditions

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

Revenue from customers located outside of the United States represented 54% of our total revenue for the three months ended June 30, 2026. As of March 31, 2026, approximately 70% of our employees were located outside of the United States. 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 U.S. 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 GDPR and the CCPA;
- limited or uncertain protection of IP rights in some countries and the risks and costs associated with monitoring and enforcing IP 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 a global company, our business is increasingly exposed to risks arising from adverse changes in U.S. and international economic conditions and geopolitical instability. Uncertainty in the macroeconomic environment has resulted, and may continue to result, in volatility in credit, equity, and foreign currency markets and fluctuating business confidence. Factors that could negatively affect the global economy include inflationary pressures and higher interest rates, volatile capital markets, financial and credit market disruptions, trade disputes and tariffs, political instability, natural disasters, epidemics, warfare (including the ongoing conflicts in Ukraine and the Middle East), terrorist activity, and other geopolitical events.

Economic uncertainty or instability in the U.S. or abroad could lead to a slowdown or recession, or the perception that such conditions may occur, and could result in reduced spending on technology. During periods of economic or political uncertainty, our current and prospective customers may reduce or defer operating or IT expenditures, delay or cancel technology initiatives, or seek to lower costs through contract renegotiations or reduced renewal commitments. As a result, we may experience longer sales cycles, reduced deal sizes, lower pricing, decreased subscription renewals, and lower revenue, which could adversely affect our business, operating results, and financial condition.

Macroeconomic volatility may also affect our business indirectly through disruptions to financial markets and government operations. For example, any future U.S. federal government shutdowns, prolonged continuing resolutions, disputes over the federal debt ceiling, a U.S. sovereign default, or changes in governmental laws, regulations or policies (including the imposition of additional tariffs or taxes on U.S.-based service providers) could increase uncertainty and volatility in global markets and adversely affect customer spending decisions, capital availability, and foreign exchange rates.

We continue to invest in and operate across international markets, which exposes us to additional risks. Deterioration of economic or geopolitical conditions in regions where we conduct business, particularly Europe, where we maintain a significant portion of our research and development operations, could lead to delays or cancellations of customer orders, operational disruptions, or reduced growth opportunities. Increased geopolitical tensions, trade policy uncertainty, or the expansion or persistence of armed conflict could also heighten cybersecurity risks, disrupt our customers’ or partners’ operations, impair collections of accounts receivable, or delay payments from resellers and other partners.

Although we do not have material operations in Ukraine or the Middle East, instability in those or other regions may limit our ability to sell or export our platform in affected markets and contribute to broader economic or geopolitical instability. We cannot predict the timing, severity or duration of adverse economic conditions, geopolitical developments, or any subsequent recovery. If economic conditions worsen, recovery is delayed or uneven, or geopolitical instability intensifies, our business, operating results, and financial condition could be materially adversely affected.

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.

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

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, AI, privacy, cybersecurity and data protection laws, anti-bribery laws, sanctions, trade controls, public procurement 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. In addition, as we expand our business into new jurisdictions, as we serve customers in certain regulated industries, and as these laws and regulations are subject to change over time, we must continue to monitor and dedicate resources to ensure continued compliance. We also anticipate continued changes in the laws and regulations governing cybersecurity controls and processes, data governance, data transfers, data sovereignty, sanctions, trade controls, and the use of AI. Non-compliance with applicable regulations or requirements could subject us to litigation, investigations, sanctions, 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. Changes in cybersecurity, data governance, trade, and AI regulation, as well as geopolitical tensions, could increase our cost of doing business, for example, by requiring breach or vulnerability notifications or increased restrictions on trade, or requiring that data be retained, accessed, and viewed only within specific jurisdictional locations.

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 approximately 40 countries around the world and, as a multinational corporation, we are subject to income and non-income 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 domestic deferred tax assets. In addition, changes to our corporate or tax structure may impact our tax attributes and liabilities. For example, during the year ended March 31, 2025, we completed an intra-entity asset transfer of the global economic rights of our IP to Switzerland which resulted in the recognition of a tax benefit and related deferred tax asset of \$320.9 million. 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, assumptions, and judgments 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 or if we experience any unanticipated tax consequences, 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 increase our or our stockholders' 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.

We are subject to governmental export and import controls and economic sanctions laws 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 and import 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, and the transfer or release of our proprietary technology 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.

Recently, due in part to the geopolitical landscape and national security concerns, some countries in which Dynatrace operates have increasingly restricted trade. 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, suspension, or debarment from government contracts for a time, incarceration, and reputational harm.

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

We are subject to the FCPA, the U.K. Bribery Act and other anti-bribery and anti-corruption laws in other jurisdictions. These laws generally prohibit companies, their employees, and their intermediaries from improperly offering 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, conducting training, and implementing appropriate internal controls, 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, penalties, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from government contracts for a time, 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.

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

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, and (iii) maintenance and support agreements, which are recognized ratably over the contract term. 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 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 Part II, Item 7 of the 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 SEC, 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.

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 platform, whether they purchase a SaaS subscription, or a term license, we generally recognize revenue ratably over the term of their subscription. Thus, substantially all of the revenue that we report in each quarter from our platform is derived from the recognition of revenue relating to contracts entered into during previous quarters. For the three months ended June 30, 2026, revenue recognized from deferred revenue at the beginning of the period was \$461.0 million. 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 Credit Facility contains restrictions that impact our business and expose us to risks that could adversely affect our liquidity and financial condition.

We have access to a Credit Facility in the aggregate amount of \$400.0 million. As of June 30, 2026, we had \$398.9 million available under the Credit Facility with \$1.1 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 Our Common Stock

We are and may continue to be subject to shareholder activism, proxy contests, and pressure for strategic alternatives that could disrupt our business and divert management resources.

We are and may continue to be subject to shareholder activism seeking to influence our strategic direction, board composition, capital allocation, or operations. For example, in April 2026, Starboard Value LP ("Starboard") disclosed that it made a substantial investment in our company, and in July 2026, we announced two new appointments to our board of directors following constructive and collaborative engagement with Starboard. Responding to shareholder activism, including proxy contests, public campaigns, or other actions, could divert significant time and attention of our board of directors and management team from executing our business strategy, generate substantial legal, advisory, and public relations costs, create uncertainty among our employees, vendors and partners, result in the departure of key executives or board members, force strategic decisions that prioritize short-term shareholder returns over long-term value creation, lead to unexpected changes in our business strategy, capital structure, or leadership, limit our ability to pursue acquisitions, investments, or other strategic initiatives, and result in significant stock price volatility. Furthermore, the perception that we are vulnerable to activist campaigns or a potential acquisition could make it more difficult to attract and retain key employees or board members, negotiate favorable terms with vendors and partners, or execute long-term strategic initiatives. Even if we are successful in responding to or defending against activist proposals or an activist campaign, the distraction and costs associated with these activities could materially adversely affect our business and financial performance.

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, including SaaS and other software companies, have historically and recently 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 August 3, 2026. Factors that could cause fluctuations in the trading price of our common stock include the following:

- announcements of new products, offerings, or technologies (including those that are AI-related), 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;
- investor and market perceptions regarding the impact of AI on our company and other SaaS/software companies;
- 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;

- 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, including changes to tariffs or trade agreements;
- general economic conditions and trends; and
- major catastrophic events in our domestic and foreign markets.

In addition, if the market for software or 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 condensed 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 our stockholders or us to sell our stock at a time and price deemed appropriate. Substantial sales, or the perception that such sales may occur, could make it more difficult for our stockholders or 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.

We cannot guarantee that our share repurchase program will be fully consummated or will enhance long-term stockholder value, and share repurchases could increase the volatility of the trading price of our common stock and diminish our cash reserves.

In February 2026, we announced a new share repurchase program under which we are authorized to purchase up to \$1 billion of our common stock from time to time on the open market or through privately negotiated transactions, including, without limitation, through Rule 10b5-1 trading plans, any other legally permissible means, or any combination of the foregoing. Our new share repurchase program has no time limit and does not obligate us to acquire any specific dollar amount or to acquire any specific number of shares on any particular timetable or at all. The number of shares to be repurchased will depend on market conditions and other factors. Repurchases under the program are expected to be funded from a combination of existing cash balances and future cash flow.

There can be no assurance that we will repurchase shares at favorable prices. Further, our share repurchases could affect the trading price of our common stock, increase its volatility, reduce our cash reserves, and may be suspended, modified, or terminated at any time, without prior notice, which may result in a lower market valuation of our common stock.

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, 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.

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

Catastrophic events could materially interrupt or disrupt our business and others with which we conduct business.

Catastrophic events, such as natural disasters (e.g., fire, flood, severe storm, earthquake, and other weather events), pandemics (such as COVID-19), epidemics, outbreaks of an infectious disease, acts of war, or terrorism, could interrupt or disrupt our business and our customers, partners, and suppliers, including hyperscaler providers which host Dynatrace solutions on their cloud infrastructure. For a description of some of the risks related to interruption or disruption of our services, please see the risk above entitled, *"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."*

The impact to our business from any catastrophic event depends on many different factors that cannot be accurately predicted, such as its duration and scope and the interruption, disruption, or instability caused by the event. Future catastrophic events 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 catastrophic events 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, especially for a prolonged period, could adversely affect our productivity, employee morale, future sales, operating results, and overall financial performance. Catastrophic events may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Climate change risks, regulatory compliance, and evolving stakeholder expectations 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, 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 particular, increased energy consumption associated with cloud computing and AI-related workloads, energy market volatility, or disruptions affecting critical infrastructure, including data centers, could increase operating costs, constrain infrastructure capacity, or adversely affect the availability or performance of services upon which we and our customers, partners, and suppliers rely.

In addition, changes in U.S. federal and state legislation and regulation and the laws, rules, and regulations of other countries where we have operations related to climate change could result in increased capital expenditures to comply with these new requirements. 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 for increased sustainability 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, rules, and regulations could result in increased compliance costs, and any untimely or inaccurate disclosure could adversely affect our reputation, business, or financial performance. Evolving stakeholder expectations related to climate change and any failure to navigate such expectations successfully may also result in increased costs, reputational harm, loss of customers, regulatory or investment engagement, or other adverse impacts on our business.

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

(c) Issuer Purchases of Equity Securities

Share repurchase activity during the three months ended June 30, 2026 was as follows (in thousands, except shares and per share data):

Period ⁽¹⁾	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share ⁽²⁾	(c) Total Number of Shares Purchased as Part of Publicly Announced Plan or Programs	(d) Approximate Dollar Value of Shares that may Yet be Purchased Under Plans or Programs ⁽³⁾
April 1, 2026 - April 30, 2026	2,279,905	\$ 35.46	2,279,905	\$ 767,713
May 1, 2026 - May 31, 2026	2,350,634	39.18	2,350,634	675,587
June 1, 2026 - June 30, 2026	2,451,457	41.79	2,451,457	573,109
Total	7,081,996	\$ 38.88	7,081,996	

(1) Information is based on trade dates of share repurchase transactions.

(2) Excludes commissions paid and any estimated excise taxes payable on share repurchases.

(3) On February 9, 2026, we announced a share repurchase program for up to \$1 billion of our common stock. Our share repurchase program does not have a time limit.

For additional information, please see Note 11, Shareholders' Equity, of the condensed consolidated financial statements in this Quarterly Report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2026, 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).

ITEM 6. EXHIBITS

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

Exhibit Number	Exhibit Title
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.3 to the Registrant's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated August 23, 2024 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 26, 2024)
3.3	Fourth Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on July 8, 2025)
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1/A, filed with the SEC on July 22, 2019)
31.1*	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
31.2*	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
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act
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: August 5, 2026

By: /s/ Rick McConnell

Rick McConnell
Chief Executive Officer
(Principal Executive Officer)

Date: August 5, 2026

By: /s/ James Benson

James Benson
Executive Vice President, Chief Financial Officer &
Treasurer
(Principal Financial 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, 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: August 5, 2026

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: August 5, 2026

By: /s/ James Benson
James Benson
Executive 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 June 30, 2026 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: August 5, 2026

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 June 30, 2026 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: August 5, 2026

By: /s/ James Benson
James Benson
Executive 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.