

# Q4 & FY 2024 Financial Results

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May 15, 2024

# Legal Disclaimer

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This presentation consists of these slides and the associated remarks and comments, which are related and intended to be presented and understood together. Please refer to the appendix of these slides for definitions of certain terms.

## Cautionary Language Concerning Forward-Looking Statements

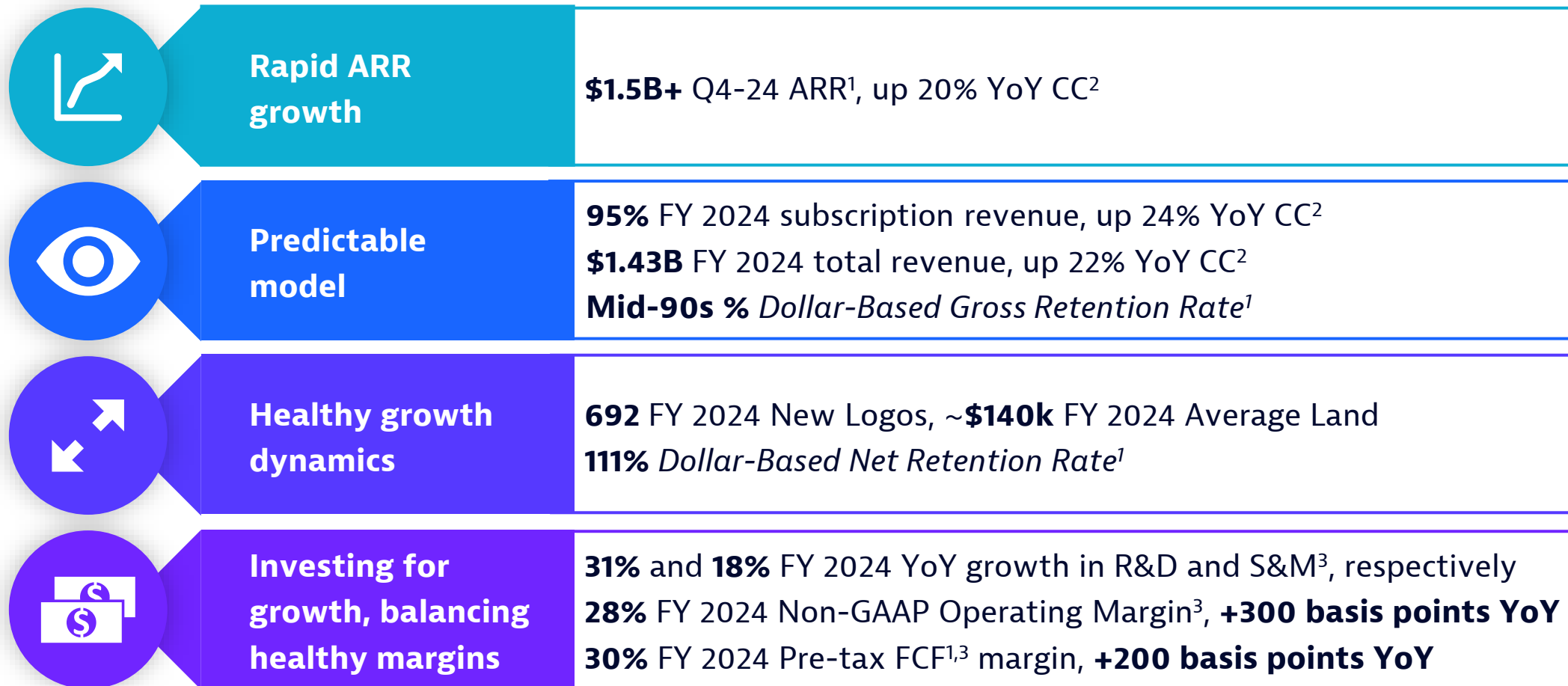
This presentation includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding management’s expectations of future financial and operational performance and operational expenditures, expected growth, and business outlook, including our financial outlook for the first quarter and full year of fiscal 2025. These forward-looking statements include, but are not limited to, plans, objectives, expectations and intentions and other statements contained in this presentation 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, our ability to maintain our revenue growth rates in future periods; market adoption of our product offerings; continued demand for, and spending on, our solutions; our ability to innovate and develop solutions that meet customer needs, including through Davis AI; the ability of our platform and solutions to effectively interoperate with customers’ IT infrastructures; our ability to acquire new customers and retain and expand our relationships with existing customers; our ability to expand our sales and marketing capabilities; our ability to compete; our ability to maintain successful relationships with partners; security breaches, other security incidents and any real or perceived errors, failures, defects or vulnerabilities in our solutions; our ability to protect our intellectual property; our ability to hire and retain necessary qualified employees to grow our business and expand our operations; our ability to successfully complete acquisitions and to integrate newly acquired businesses and offerings; the effect on our business of the macroeconomic environment, associated global economic conditions and geopolitical disruption; and other risks set forth under the caption “Risk Factors” in our Form 10-Q filed on February 8, 2024 and our other SEC filings, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, which we plan to file later this month. We assume no obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

In addition to disclosing financial measures prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), this presentation contains certain non-GAAP financial measures. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. Dynatrace considers these non-GAAP financial measures to be important because they provide useful indicators of its performance and liquidity measures. These are key measures used by our management and Board of Directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operational plans. In addition, investors often use similar measures to evaluate the performance of a company. Non-GAAP financial measures are presented for supplemental informational purposes only for understanding the company’s operating performance. The non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from non-GAAP financial measures presented by other companies. The GAAP financial measure most directly comparable to each non-GAAP financial measure used or discussed, and a reconciliation of the differences between each non-GAAP financial measure and the comparable GAAP financial measure, are included in the Appendix to these slides and also available in our Data Trends Tables on the Investor Relations page on our website.

Dynatrace presents constant currency amounts for Revenue and Annual Recurring Revenue to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. Dynatrace provides this non-GAAP financial information to aid investors in better understanding our performance.

# Compelling Financial Profile



1) See the Appendix for definitions.

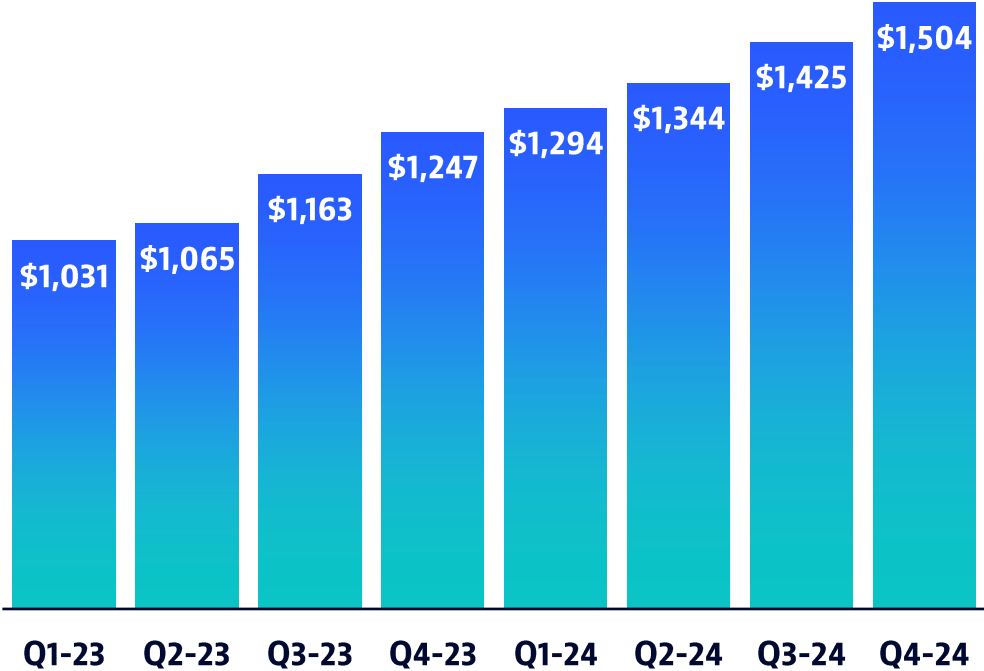
2) Denotes growth when adjusted for constant currency exchange rates. See the Appendix for definition.

3) R&D, S&M, Operating Margin, and pre-tax FCF are non-GAAP financial measures. See the Appendix for reconciliations of GAAP to non-GAAP financial measures.

# Total ARR Growth at CC

Quarterly Total ARR (\$M)<sup>1</sup>

% ARR Growth as Reported (YoY)	25%	23%	25%	25%	25%	26%	23%	21%
% ARR Growth CC (YoY) <sup>2</sup>	31%	30%	28%	28%	25%	24%	21%	20%
% Total Adjusted ARR Growth (YoY) <sup>2</sup>	34%	33%	29%	29%	26%	24%	22%	20%



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

# Net New ARR Growth

## Quarterly ARR Expansion @ CC

### Annual Net New ARR (\$M)<sup>1</sup>

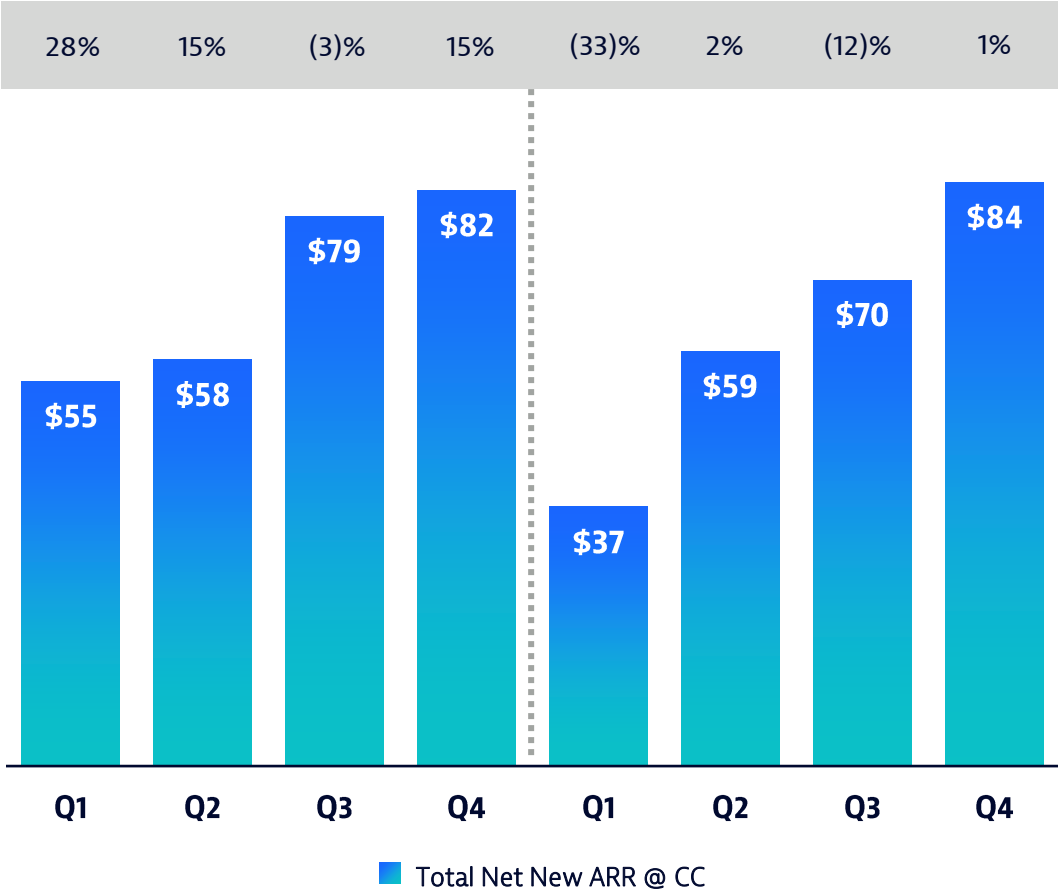
Net New ARR Growth @ CC (YoY) <sup>2</sup>	11%	(9)%
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### Quarterly Net New ARR (\$M)<sup>1</sup>

#### FY 2023

#### FY 2024

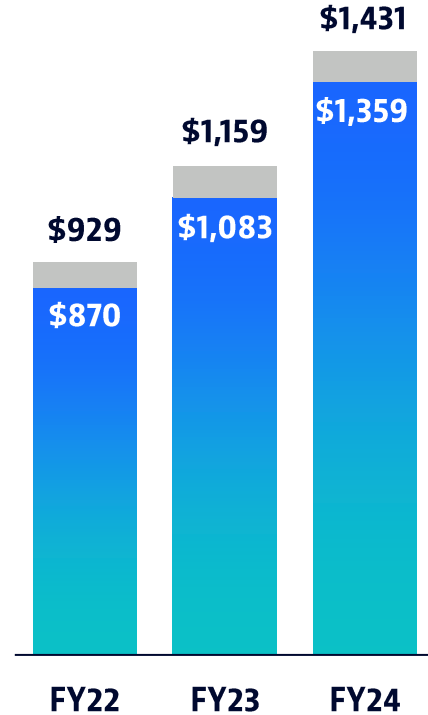


1) Annual and Quarterly New ARR amounts shown in bar graphs represent Total ARR at constant currency.  
 2) Constant currency growth rates reflect YoY growth when using exchange rates compared to the as reported results from the same period in the prior year.

# Subscription & Total Revenue Growth at CC

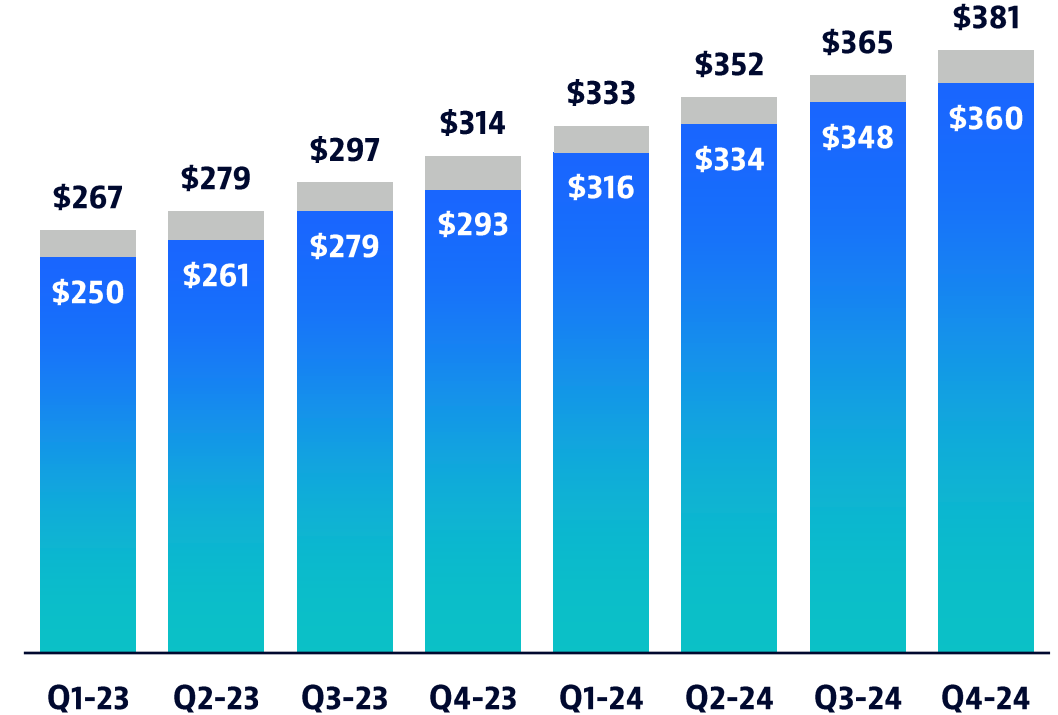
## Annual Revenue (\$M)

Total Revenue Growth CC (YoY) <sup>1</sup>	32%	29%	22%
Subscription Revenue Growth CC (YoY) <sup>1</sup>	32%	29%	24%



## Quarterly Revenue (\$M)

Total Revenue Growth CC (YoY) <sup>1</sup>	32%	30%	29%	27%	25%	24%	21%	21%
Subscription Revenue Growth CC (YoY) <sup>1</sup>	32%	29%	29%	28%	27%	26%	23%	22%



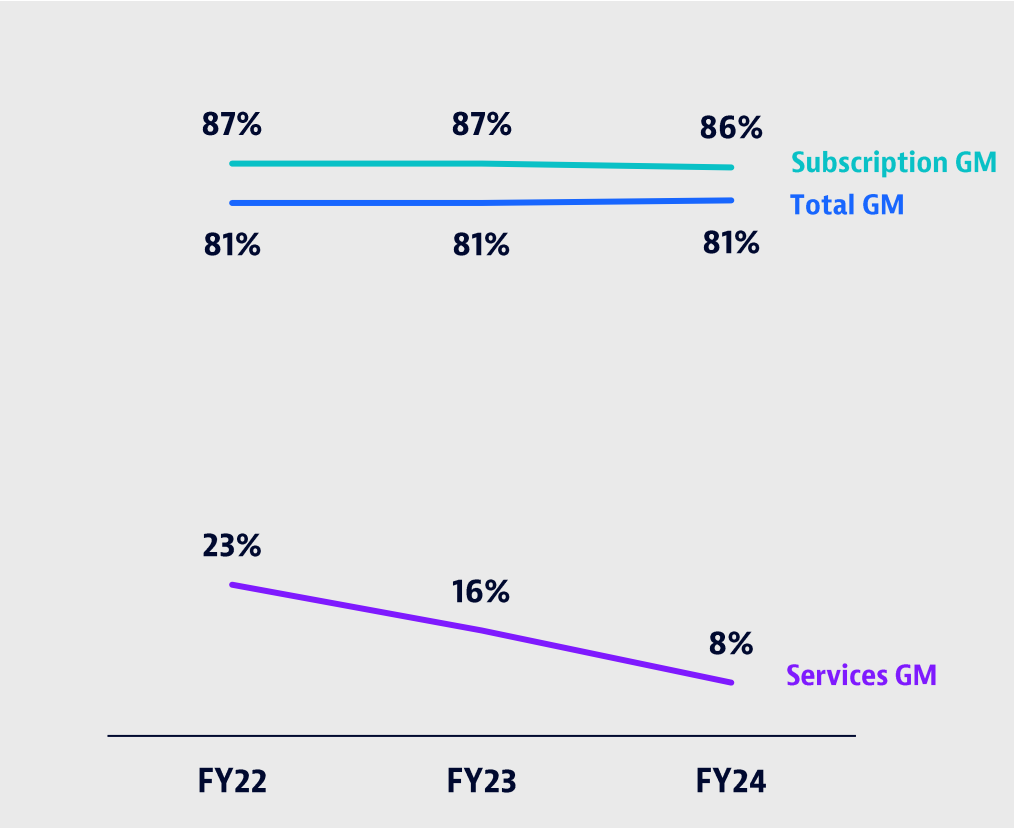
■ Subscription Revenue

■ Total Revenue<sup>2</sup>

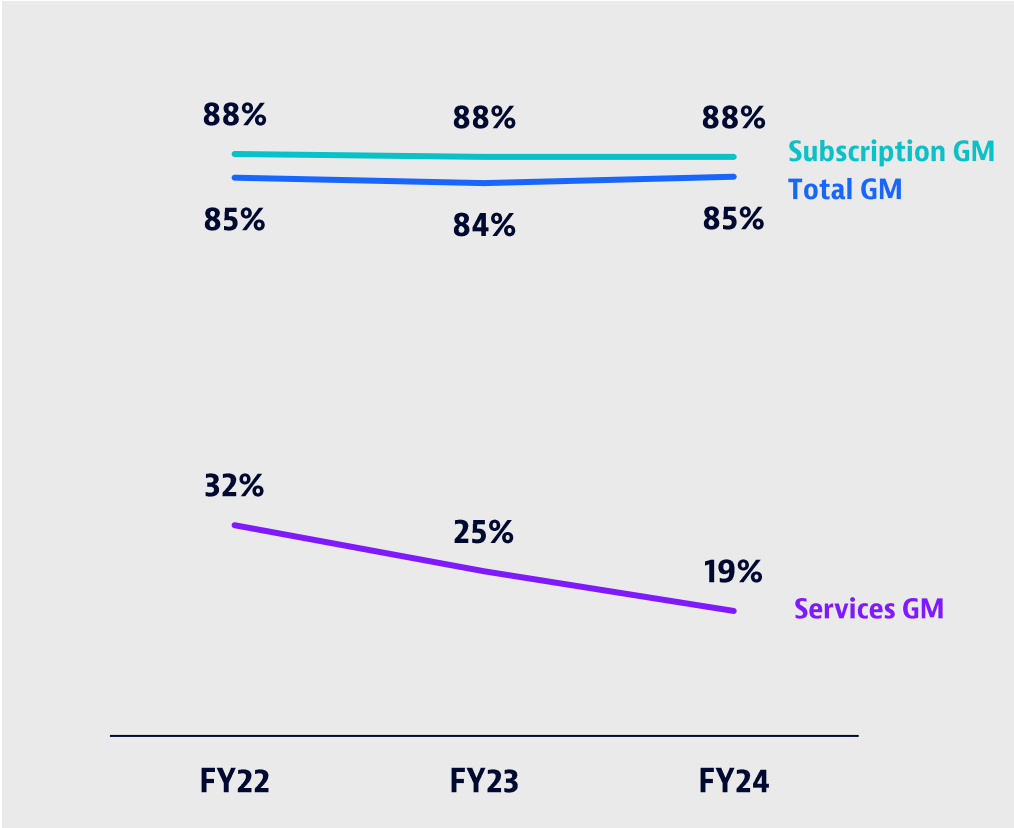
1) Constant currency growth rates reflect YoY growth when using exchange rates from the same period in the prior year. See the Appendix for definition.  
 2) Total revenue includes subscription and services revenue.

# Efficient Model with Best-in-Class Gross Margins<sup>1</sup>

GAAP Gross Profit Margin



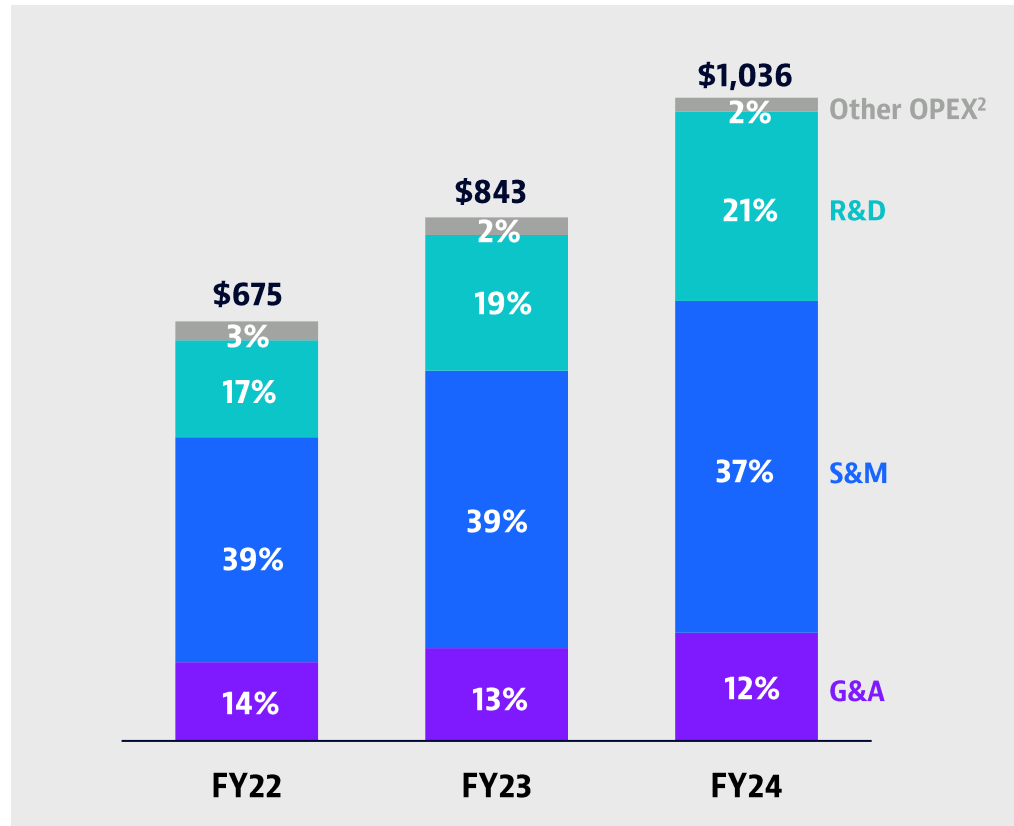
Non-GAAP Gross Profit Margin<sup>2</sup>



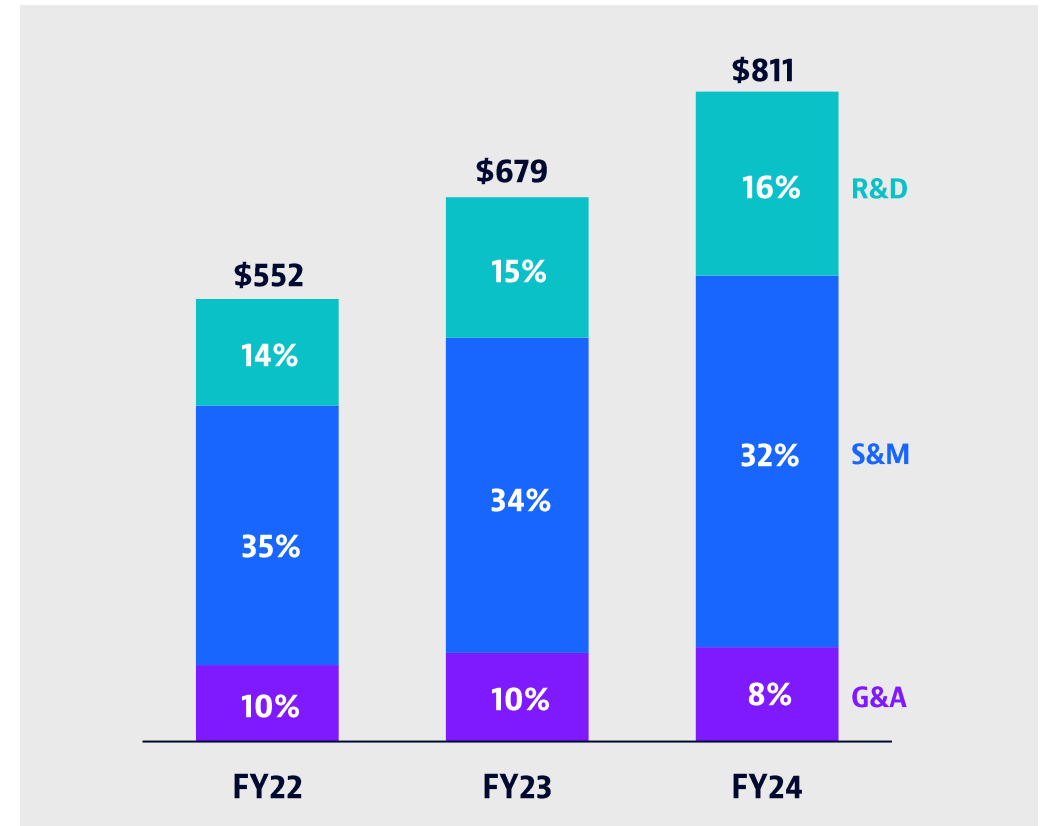
1) Our reference to "best-in-class" is in relation to other public companies that focus on observability.  
 2) These are non-GAAP financial measures. See the Appendix for reconciliations of GAAP to non-GAAP financial measures.

# Highly Efficient Operating Model

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



Non-GAAP OPEX \$'s & as % of Revenue (\$M)<sup>1</sup>



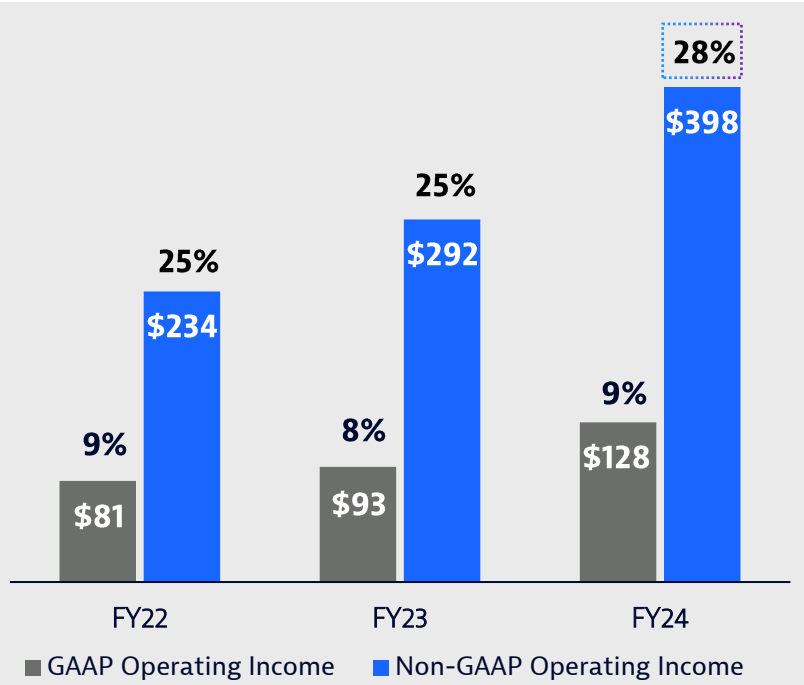
FY23 and FY24 Non-GAAP OPEX reflect increased investments in R&D

1) These are non-GAAP financial measures. See the Appendix for reconciliations of GAAP to non-GAAP financial measures.  
 2) Other OpEx includes amortization of intangibles and restructuring and other expenses.

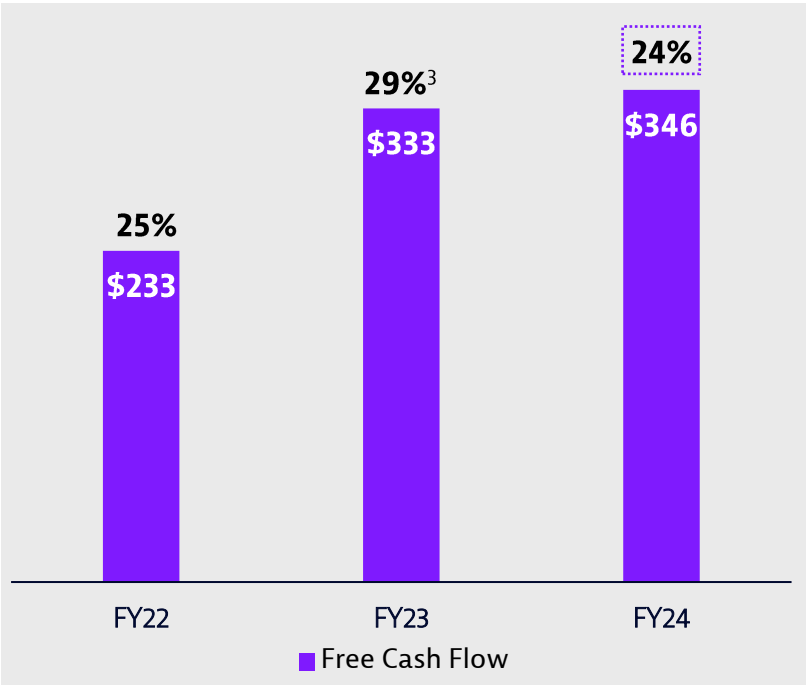


# Proven Profitable Business Model

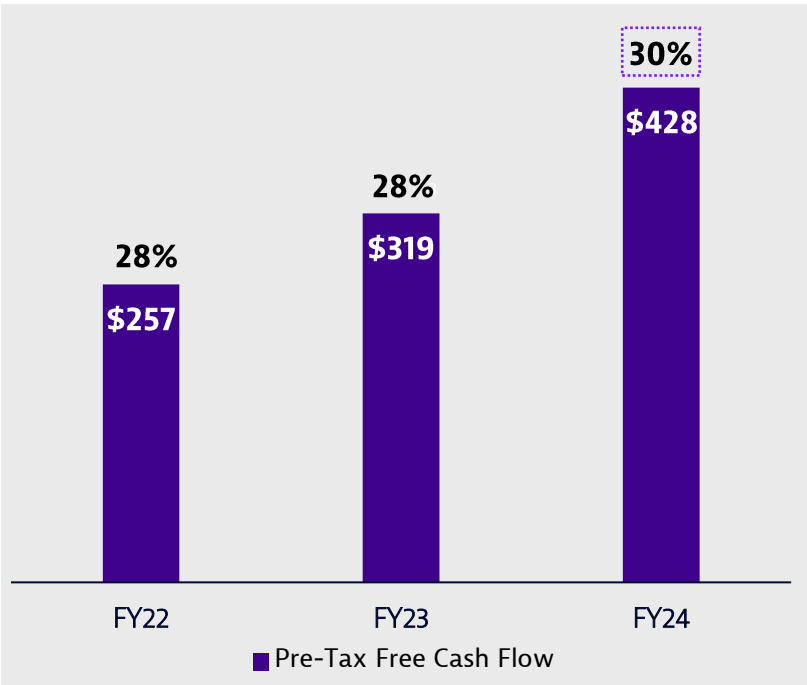
Income from Operations<sup>1,2</sup> (\$M)



Free Cash Flow (FCF)<sup>1,2</sup> (\$M)



Pre-Tax Free Cash Flow (FCF)<sup>1,2</sup> (\$M)



1) These are non-GAAP financial measures. See the Appendix for reconciliations of GAAP to non-GAAP financial measures.  
 2) As reported dollars and percent of revenue. See appendix for definitions.  
 3) Includes a non-recurring \$35 million cash tax benefit received in Q1-23.

# FY25 Guidance Summary

Based on information available as of May 15, 2024, Dynatrace is issuing guidance for the first quarter and full year fiscal 2025 in the table below. This guidance is based on foreign exchange rates as of April 30, 2024. The total foreign exchange headwind for fiscal 2025 is expected to be approximately \$10 million on ARR and revenue. Growth rates for ARR, Total revenue, and Subscription revenue are presented in constant currency to provide better visibility into the underlying growth of the business.

(in millions, except per share data)	FY 2025 Guidance
<b>Total ARR</b>	<b>\$1,720 - \$1,735</b>
As reported	14% - 15%
Constant currency	15% - 16%
<b>Total revenue</b>	<b>\$1,644 - \$1,658</b>
As reported	15% - 16%
Constant currency	16% - 17%
<b>Subscription revenue</b>	<b>\$1,571 - \$1,585</b>
As reported	16% - 17%
Constant currency	16% - 17%
<b>Non-GAAP income from operations</b>	<b>\$459 - \$467</b>
Non-GAAP Operating Margin	28%
<b>Non-GAAP net income</b>	<b>\$383 - \$392</b>
<b>Non-GAAP net income per diluted share</b>	<b>\$1.26 - \$1.29</b>
<b>Diluted weighted average shares outstanding</b>	<b>303 - 305</b>
<b>Free cash flow<sup>1</sup></b>	<b>\$386 - \$398</b>
Free cash flow margin	23.5% - 24%

(in millions, except per share data)	Q1 Fiscal 2025 Guidance
<b>Total revenue</b>	<b>\$391 - \$393</b>
As reported	17% - 18%
Constant currency	18% - 19%
<b>Subscription revenue</b>	<b>\$374 - \$376</b>
As reported	18% - 19%
Constant currency	19%
<b>Non-GAAP income from operations</b>	<b>\$105 - \$108</b>
Non-GAAP Operating Margin	27% - 27.5%
<b>Non-GAAP net income</b>	<b>\$86 - \$89</b>
<b>Non-GAAP net income per diluted share</b>	<b>\$0.29 - \$0.30</b>
<b>Diluted weighted average shares outstanding</b>	<b>301 - 302</b>

All growth rates are compared to the first quarter and full year of fiscal 2024.

Reconciliations of non-GAAP income from operations, non-GAAP net income, non-GAAP net income per diluted share and free cash flow guidance to the most directly comparable GAAP measures are not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity and low visibility with respect to the charges excluded from these non-GAAP measures; in particular, the measures and effects of share-based compensation expense, employer taxes and tax deductions specific to equity compensation awards that are directly impacted by future hiring, turnover and retention needs, as well as unpredictable fluctuations in our stock price. We expect the variability of the above charges to have a significant, and potentially unpredictable, impact on our future GAAP financial results.



# **Definitions & Non-GAAP Reconciliations**

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# Appendix - Definitions

- 1) **Annual Recurring Revenue (ARR)** is defined as the daily revenue of all subscription agreements that are actively generating revenue as of the last day of the reporting period multiplied by 365. We exclude from our calculation of Total ARR any revenues derived from month-to-month agreements and/or product usage overage billings.
- 2) **Adjusted ARR** is defined as ARR excluding the impact of foreign exchange rate fluctuations that occurred over the trailing twelve-month period. This calculation also excludes the headwind associated with the Dynatrace perpetual license ARR that rolled off in the trailing twelve-month period.
- 3) **Adjusted ARR Growth** is defined as year-over-year growth in Adjusted ARR divided by ARR as reported.
- 4) **Constant Currency (CC)** amounts for ARR, Total Revenue and Subscription Revenue are presented to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign exchange rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. All growth comparisons relate to the corresponding period in the last fiscal year. Dynatrace provides this non-GAAP financial information to aid investors in better understanding our performance.
- 5) **Dollar-Based Gross Retention Rate** is defined as the ARR from all customers as of one year prior, less contraction and customer churn, divided by the total ARR from one year prior. This metric reflects the percentage of ARR from all customers as of the year prior that has been retained.
- 6) **Dollar-Based Net Retention Rate** is defined as the Dynatrace ARR at the end of a reporting period for the cohort of Dynatrace accounts as of one year prior to the date of calculation, divided by the Dynatrace ARR one year prior to the date of calculation for that same cohort. Our dollar-based net retention rate reflects customer renewals, expansion, contraction and churn, and excludes the benefit of Dynatrace ARR resulting from the conversion of Classic products to the Dynatrace platform. Effective the first quarter of fiscal year 2023, we began to exclude the headwind associated with the Dynatrace perpetual license ARR given diminishing impact of perpetual license ARR. We believe that eliminating the perpetual license headwind results in a dollar-based net retention rate metric that better reflects Dynatrace's ability to expand existing customer relationships. Dollar-based net retention rate is presented on a constant currency basis.
- 7) **Dynatrace Customers** are defined as accounts, as identified by a unique account identifier, that generate at least \$10,000 of Dynatrace ARR as of the reporting date. In infrequent cases, a single large organization may comprise multiple customer accounts when there are distinct divisions, departments or subsidiaries that operate and make purchasing decisions independently from the parent organization. In cases where multiple customer accounts exist under a single organization, each customer account is counted separately based on a mutually exclusive accounting of ARR.
- 8) **Free Cash Flow (FCF)** is defined as net cash provided by (used in) operating activities less capital expenditures (reflected as "purchase of property and equipment" and "capitalized software additions" in our financial statements).
- 9) **Pre-Tax Free Cash Flow (FCF)** is defined as Free Cash Flow adjusted for cash paid for or received from taxes.



# Total ARR Expansion Trends<sup>1</sup>

	FY22			
(\$ in millions)	Q1-22	Q2-22	Q3-22	Q4-22
<b>Year-over-Year</b>				
<b>ARR (As Reported)</b>	<b>\$823</b>	<b>\$864</b>	<b>\$930</b>	<b>\$995</b>
Year-over-Year increase	37%	35%	29%	29%
TTM FX headwind/(tailwind) <sup>2</sup>	(30)	(8)	21	20
<b>ARR - Constant Currency</b>	<b>794</b>	<b>856</b>	<b>951</b>	<b>1,014</b>
Year-over-Year ARR Increase - Constant Currency <sup>3</sup>	32%	34%	32%	31%
TTM Perpetual License Rolloff - Constant Currency <sup>4</sup>	24	25	34	27
<b>ARR Excluding TTM Perp License Rolloff - Constant Currency</b>	<b>817</b>	<b>881</b>	<b>985</b>	<b>1,041</b>
Year-over-Year ARR Growth ex-Perp - Constant Currency	36%	38%	36%	35%
	Q1-22	Q2-22	Q3-22	Q4-22
<b>Quarter-over-Quarter</b>				
<b>ARR (As Reported)</b>	<b>\$823</b>	<b>\$864</b>	<b>\$930</b>	<b>\$995</b>
Net New ARR (As Reported) <sup>5</sup>	49	41	66	65
Discontinuation of business in Russia <sup>6</sup>				6
Quarterly FX headwind/(tailwind) <sup>7</sup>	(6)	10	15	1
<b>Net New ARR - Constant Currency</b>	<b>43</b>	<b>50</b>	<b>81</b>	<b>72</b>
Year-over-Year Net New ARR Growth - Constant Currency <sup>8</sup>	44%	97%	12%	29%
Quarterly Perpetual License Rolloff - Constant Currency <sup>9</sup>	6	4	12	5
<b>Net New ARR Excluding Perpetual License Rolloff - Constant Currency</b>	<b>49</b>	<b>54</b>	<b>93</b>	<b>77</b>
Year-over-Year Net New ARR Growth ex-Perp - Constant Currency	63%	92%	22%	16%

	FY23			
	Q1-23	Q2-23	Q3-23	Q4-23
<b>ARR (As Reported)</b>	<b>\$1,031</b>	<b>\$1,065</b>	<b>\$1,163</b>	<b>\$1,247</b>
Year-over-Year increase	25%	23%	25%	25%
TTM FX headwind/(tailwind) <sup>2</sup>	47	61	29	29
<b>ARR - Constant Currency</b>	<b>1,078</b>	<b>1,126</b>	<b>1,191</b>	<b>1,276</b>
Year-over-Year ARR Increase - Constant Currency <sup>3</sup>	31%	30%	28%	28%
TTM Perpetual License Rolloff - Constant Currency <sup>4</sup>	23	21	11	8
<b>ARR Excluding TTM Perp License Rolloff - Constant Currency</b>	<b>1,102</b>	<b>1,148</b>	<b>1,203</b>	<b>1,283</b>
Year-over-Year ARR Growth ex-Perp - Constant Currency	34%	33%	29%	29%
	Q1-23	Q2-23	Q3-23	Q4-23
<b>ARR (As Reported)</b>	<b>\$1,031</b>	<b>\$1,065</b>	<b>\$1,163</b>	<b>\$1,247</b>
Net New ARR (As Reported) <sup>5</sup>	36	34	98	84
Discontinuation of business in Russia <sup>6</sup>				
Quarterly FX headwind/(tailwind) <sup>7</sup>	19	24	(19)	(2)
<b>Net New ARR - Constant Currency</b>	<b>55</b>	<b>58</b>	<b>79</b>	<b>82</b>
Year-over-Year Net New ARR Growth - Constant Currency <sup>8</sup>	28%	15%	-3%	15%
Quarterly Perpetual License Rolloff - Constant Currency <sup>9</sup>	2	2	2	2
<b>Net New ARR Excluding Perpetual License Rolloff - Constant Currency</b>	<b>57</b>	<b>60</b>	<b>81</b>	<b>84</b>
Year-over-Year Net New ARR Growth ex-Perp - Constant Currency	16%	11%	-13%	9%

	FY24			
	Q1-24	Q2-24	Q3-24	Q4-24
<b>ARR (As Reported)</b>	<b>\$1,294</b>	<b>\$1,344</b>	<b>\$1,425</b>	<b>\$1,504</b>
Year-over-Year increase	25%	26%	23%	21%
TTM FX headwind/(tailwind) <sup>2</sup>	(3)	(27)	(17)	(10)
<b>ARR - Constant Currency</b>	<b>1,291</b>	<b>1,316</b>	<b>1,408</b>	<b>1,494</b>
Year-over-Year ARR Increase - Constant Currency <sup>3</sup>	25%	24%	21%	20%
TTM Perpetual License Rolloff - Constant Currency <sup>4</sup>	6	5	5	5
<b>ARR Excluding TTM Perp License Rolloff - Constant Currency</b>	<b>1,297</b>	<b>1,322</b>	<b>1,413</b>	<b>1,499</b>
Year-over-Year ARR Growth ex-Perp - Constant Currency	26%	24%	22%	20%
	Q1-24	Q2-24	Q3-24	Q4-24
<b>ARR (As Reported)</b>	<b>\$1,294</b>	<b>\$1,344</b>	<b>\$1,425</b>	<b>\$1,504</b>
Net New ARR (As Reported) <sup>5</sup>	47	50	82	79
Discontinuation of business in Russia <sup>6</sup>				
Quarterly FX headwind/(tailwind) <sup>7</sup>	(10)	10	(12)	5
<b>Net New ARR - Constant Currency</b>	<b>37</b>	<b>59</b>	<b>70</b>	<b>84</b>
Year-over-Year Net New ARR Growth - Constant Currency <sup>8</sup>	-33%	2%	-12%	1%
Quarterly Perpetual License Rolloff - Constant Currency <sup>9</sup>	1	1	2	1
<b>Net New ARR Excluding Perpetual License Rolloff - Constant Currency</b>	<b>38</b>	<b>60</b>	<b>72</b>	<b>85</b>
Year-over-Year Net New ARR Growth ex-Perp - Constant Currency	-34%	1%	-11%	1%

	FY24
<b>ARR (As Reported)</b>	
Net New ARR (As Reported) <sup>5</sup>	257
Discontinuation of business in Russia <sup>6</sup>	-
Quarterly FX headwind/(tailwind) <sup>7</sup>	(8)
<b>Net New ARR - Constant Currency</b>	<b>250</b>
Year-over-Year Net New ARR Growth - Constant Currency <sup>8</sup>	-9%
Quarterly Perpetual License Rolloff - Constant Currency <sup>9</sup>	5
<b>Net New ARR Excluding Perpetual License Rolloff - Constant Currency</b>	<b>255</b>
Year-over-Year Net New ARR Growth ex-Perp - Constant Currency	-10%

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

- 6) Quarterly FX impact using exchange rates at the time of discontinuation.
- 7) Quarterly FX impact using exchange rates from the prior quarter.
- 8) Defined as net new ARR in constant currency compared to the year-ago period net new ARR in constant currency.
- 9) Represents the quarterly amount of Dynatrace perpetual license ARR that had reached the end of its revenue recognition schedule in constant currency, net of new perpetual license ARR signed in the quarter.



# Non-GAAP Subscription and Services Gross Margin Reconciliation<sup>1</sup>

(\$ in millions)	FY23					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort. of Intangibles	Restructuring & Other	
Subscription Cost of Revenue	144	(12)	-	-	-	132
<b>Subscription Gross Profit</b>	<b>\$939</b>	<b>\$12</b>	-	-	-	<b>\$952</b>
<i>Subscription Gross Margin</i>	<i>87%</i>					<i>88%</i>
Services Cost of Revenue	63	(6)	-	-	-	56
<b>Services Gross Profit</b>	<b>\$12</b>	<b>\$6</b>	-	-	-	<b>\$19</b>
<i>Services Gross Margin</i>	<i>16%</i>					<i>25%</i>

(\$ in millions)	FY24					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort. of Intangibles	Restructuring & Other	
Subscription Cost of Revenue	185	(19)	(1)	-	-	164
<b>Subscription Gross Profit</b>	<b>\$1,175</b>	<b>\$19</b>	<b>\$1</b>	-	-	<b>\$1,195</b>
<i>Subscription Gross Margin</i>	<i>86%</i>					<i>88%</i>
Services Cost of Revenue	65	(7)	(1)	-	-	58
<b>Services Gross Profit</b>	<b>\$6</b>	<b>\$7</b>	<b>\$1</b>	-	-	<b>\$14</b>
<i>Services Gross Margin</i>	<i>8%</i>					<i>19%</i>

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

# Non-GAAP Subscription and Services Gross Margin Reconciliation (cont.)<sup>1</sup>

(\$ in millions)	FY22					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort of Intangibles	Restructuring & Other	
Subscription Cost of Revenue	112	(8)	(1)	-	-	103
<b>Subscription Gross Profit</b>	<b>\$759</b>	<b>\$8</b>	<b>\$1</b>	-	-	<b>\$767</b>
<i>Subscription Gross Margin</i>	<i>87%</i>					<i>88%</i>
Services Cost of Revenue	46	(5)	-	-	-	40
<b>Services Gross Profit</b>	<b>\$13</b>	<b>\$5</b>	-	-	-	<b>\$19</b>
<i>Services Gross Margin</i>	<i>23%</i>					<i>32%</i>

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

# Non-GAAP Income from Operations Reconciliation<sup>1</sup>

(\$ in millions)	FY23					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort. of Intangibles	Restructuring & Other	
Cost of Revenues	223	(18)	(1)	(16)	-	188
<b>Gross Profit</b>	<b>\$936</b>	<b>\$18</b>	<b>\$1</b>	<b>\$16</b>	<b>-</b>	<b>\$971</b>
<i>Gross Margin</i>	81%					84%
Research and Development	218	(41)	(2)	-	-	175
Sales and Marketing	448	(51)	(2)	-	(1)	393
General and Administrative	152	(36)	(1)	-	(4)	111
Amortization of other intangibles	26	-	-	(26)	-	-
<b>Income from Operations<sup>1</sup></b>	<b>\$93</b>	<b>\$147</b>	<b>\$6</b>	<b>\$42</b>	<b>\$4</b>	<b>\$292</b>
<i>Operating Margin</i>	8%					25%

(\$ in millions)	FY24					Non-GAAP
	GAAP	Stock-Based Comp.	Employer Payroll Tax on Employee Stock trans.	Amort. of Intangibles	Restructuring & Other	
Cost of Revenues	266	(27)	(2)	(16)	-	222
<b>Gross Profit</b>	<b>\$1,164</b>	<b>\$27</b>	<b>\$2</b>	<b>\$16</b>	<b>-</b>	<b>\$1,209</b>
<i>Gross Margin</i>	81%					85%
Research and Development	305	(70)	(5)	-	-	230
Sales and Marketing	534	(66)	(5)	-	-	463
General and Administrative	174	(47)	(2)	-	(8)	118
Amortization of other intangibles	23	-	-	(23)	-	-
<b>Income from Operations<sup>1</sup></b>	<b>\$128</b>	<b>\$209</b>	<b>\$14</b>	<b>\$39</b>	<b>\$8</b>	<b>\$398</b>
<i>Operating Margin</i>	9%					28%

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



# Non-GAAP Income from Operations Reconciliation (cont.)<sup>1</sup>

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

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

# FCF Reconciliation<sup>1</sup>

(\$ in millions)	FY22	FY23	FY24
<b>Free Cash Flow</b>			
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 251</b>	<b>\$ 355</b>	<b>\$ 378</b>
PP&E	(18)	(22)	(26)
Capitalized software additions	-	-	(6)
<b>Total FCF</b>	<b>\$ 233</b>	<b>\$ 333</b>	<b>\$ 346</b>
<b>FCF % of Revenue</b>	<b>25%</b>	<b>29%</b>	<b>24%</b>
<b>Total FCF</b>	<b>\$ 233</b>	<b>\$ 333</b>	<b>\$ 346</b>
Cash paid for (received from) tax	24	(14)	81
<b>Total Pre-tax FCF</b>	<b>\$257</b>	<b>\$319</b>	<b>\$428</b>
<b>Pre-tax FCF % of Revenue</b>	<b>28%</b>	<b>28%</b>	<b>30%</b>

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



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