



# Q2'25 Quarterly Results

August 28, 2024

# Safe Harbor and Other Information

This presentation and associated commentary contain forward-looking statements regarding Veeva’s expected future performance and, in particular, includes guidance, provided as of August 28, 2024, about Veeva’s expected future financial results. Estimating guidance accurately for future periods is difficult. It involves assumptions and internal estimates that may prove to be incorrect and is based on plans that may change. Hence, there is a significant risk that actual results could differ materially from the guidance we have provided in this presentation and associated commentary and we have no obligation to update such guidance. There are also numerous risks that have the potential to negatively impact our financial performance, including issues related to the performance, availability, security, or privacy of our products, competitive factors, customer decisions and priorities, events that impact the life sciences industry, general macroeconomic and geopolitical events (including inflationary pressures, changes in interest rates, currency exchange fluctuations and impacts related to Russia’s invasion of Ukraine and the Israel-Hamas conflict), and issues that impact our ability to hire, retain and adequately compensate talented employees. We have summarized what we believe are the principal risks to our business in a section titled “Summary of Risk Factors” on pages 35 and 36 in our filing on Form 10-Q for the period ended April 30, 2024 which you can find [here](#). Additional details on the risks and uncertainties that may impact our business can be found in the same filing on Form 10-Q and in our subsequent SEC filings, which you can access at [sec.gov](https://www.sec.gov). We recommend that you familiarize yourself with these risks and uncertainties before making an investment decision.



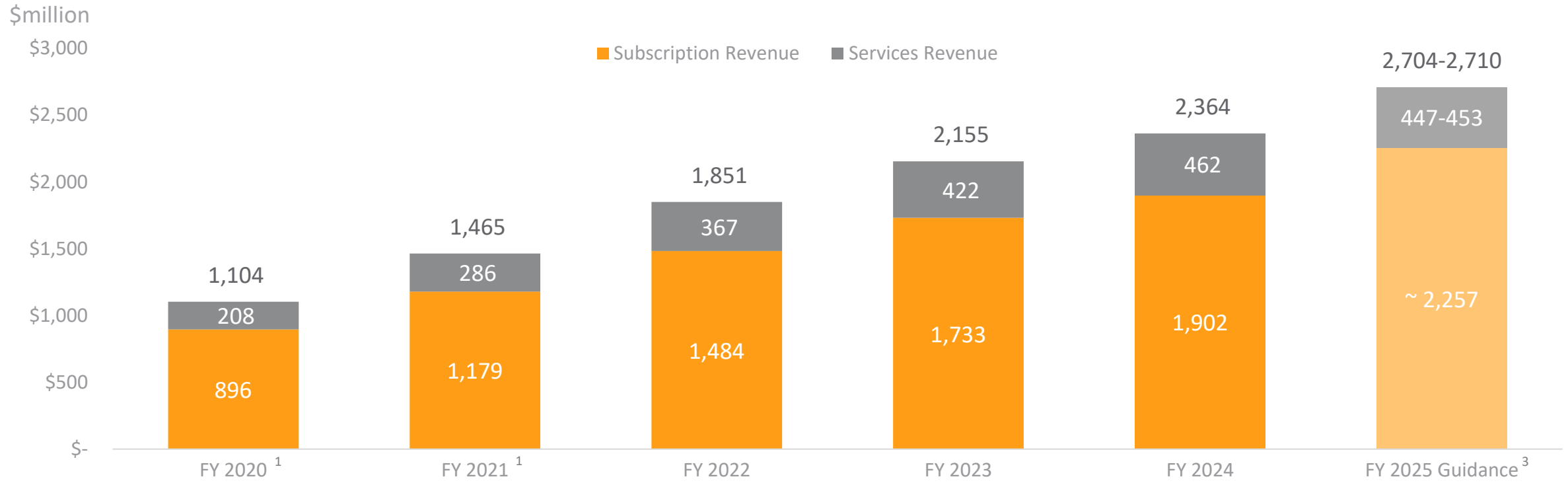
# Statement Regarding Use of Non-GAAP Financial Measures

We provide the following non-GAAP measures, which we define as financial information that has not been prepared in accordance with generally accepted accounting principles in the United States, or GAAP: Non-GAAP gross margin, non-GAAP operating income and margin, non-GAAP net income, non-GAAP net income per share, and non-GAAP operating cash flow. In addition to our GAAP measures, we use these non-GAAP financial measures internally for budgeting and resource allocation purposes and in analyzing our financial results. We believe that excluding stock-based compensation expense, amortization of purchased intangibles, litigation settlement costs, income tax effects of the same, and Excess Tax Benefit (as defined in the Appendix) provides information that is helpful in understanding our operating results, evaluating our future prospects, comparing our financial results across accounting periods, and comparing our financial results to our peers, many of which provide similar non-GAAP financial measures.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We encourage our investors and others to review our financial information in its entirety, not to rely on any single financial measure to evaluate our business, and to view our non-GAAP financial measures in conjunction with the most directly comparable GAAP financial measures. A reconciliation of GAAP to non-GAAP financial measures has been provided in the Appendix.



# Total Revenue – Annual



## Y/Y Growth<sup>2</sup>

|              | FY 2020 <sup>1</sup> | FY 2021 <sup>1</sup> | FY 2022    | FY 2023    | FY 2024    | FY 2025 Guidance <sup>3</sup> |
|--------------|----------------------|----------------------|------------|------------|------------|-------------------------------|
| Subscription | 29%                  | 32%                  | 26%        | 17%        | 10%        | ~ 19%                         |
| Services     | 24%                  | 37%                  | 28%        | 15%        | 9%         | ~ (2%)                        |
| <b>Total</b> | <b>28%</b>           | <b>33%</b>           | <b>26%</b> | <b>16%</b> | <b>10%</b> | <b>~ 15%</b>                  |

Fiscal Year Ending January 31

Components of total revenue may not sum to total revenue due to rounding

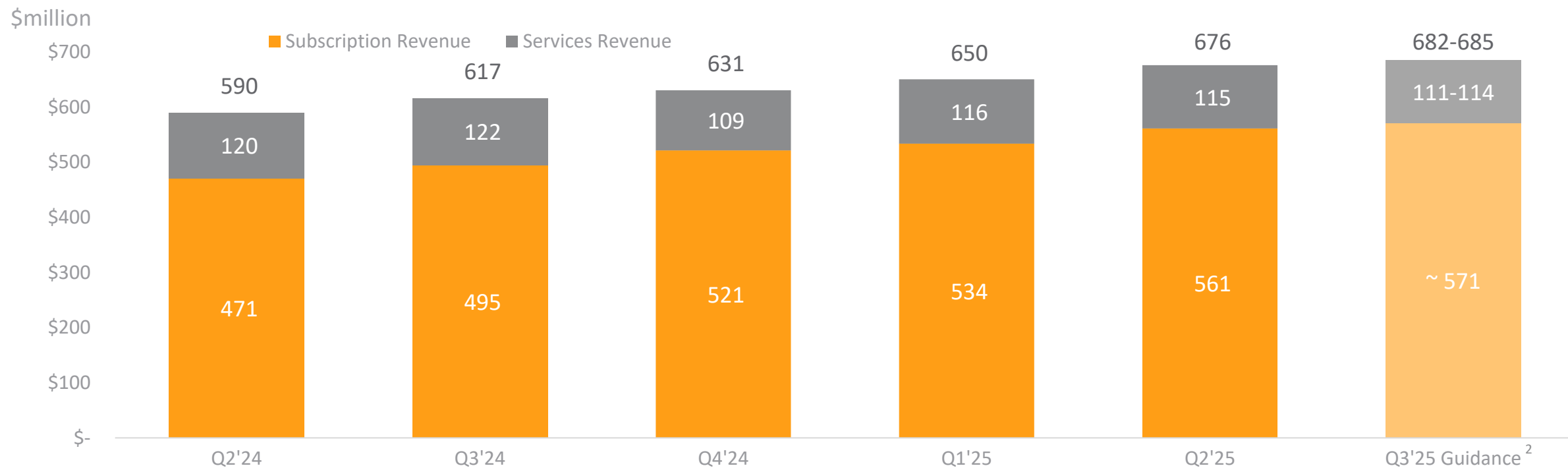
<sup>1</sup> The Crossix and Physicians World acquisitions closed in the quarter ended January 31, 2020 and contributed an aggregate of \$20M in total revenue for the year ended January 31, 2020 and \$103M for the year ended January 31, 2021

<sup>2</sup> Y/Y revenue growth normalized for the estimated impact of termination for convenience (TFC) standardization for FY 2024 and FY 2025 Guidance is set forth in the Appendix

<sup>3</sup> Guidance issued on August 28, 2024. Our FY 2025 revenue guidance assumes foreign currency exchange rates will remain constant. FY 2025 growth reflects the high-end of our guidance range.



# Total Revenue – Quarterly



## Y/Y Growth<sup>1</sup>

|              |            |            |            |            |            |              |
|--------------|------------|------------|------------|------------|------------|--------------|
| Subscription | 10%        | 12%        | 13%        | 29%        | 19%        | ~ 15%        |
| Services     | 13%        | 10%        | 6%         | 4%         | (4%)       | ~ (6%)       |
| <b>Total</b> | <b>10%</b> | <b>12%</b> | <b>12%</b> | <b>24%</b> | <b>15%</b> | <b>~ 11%</b> |

Fiscal Year Ending January 31

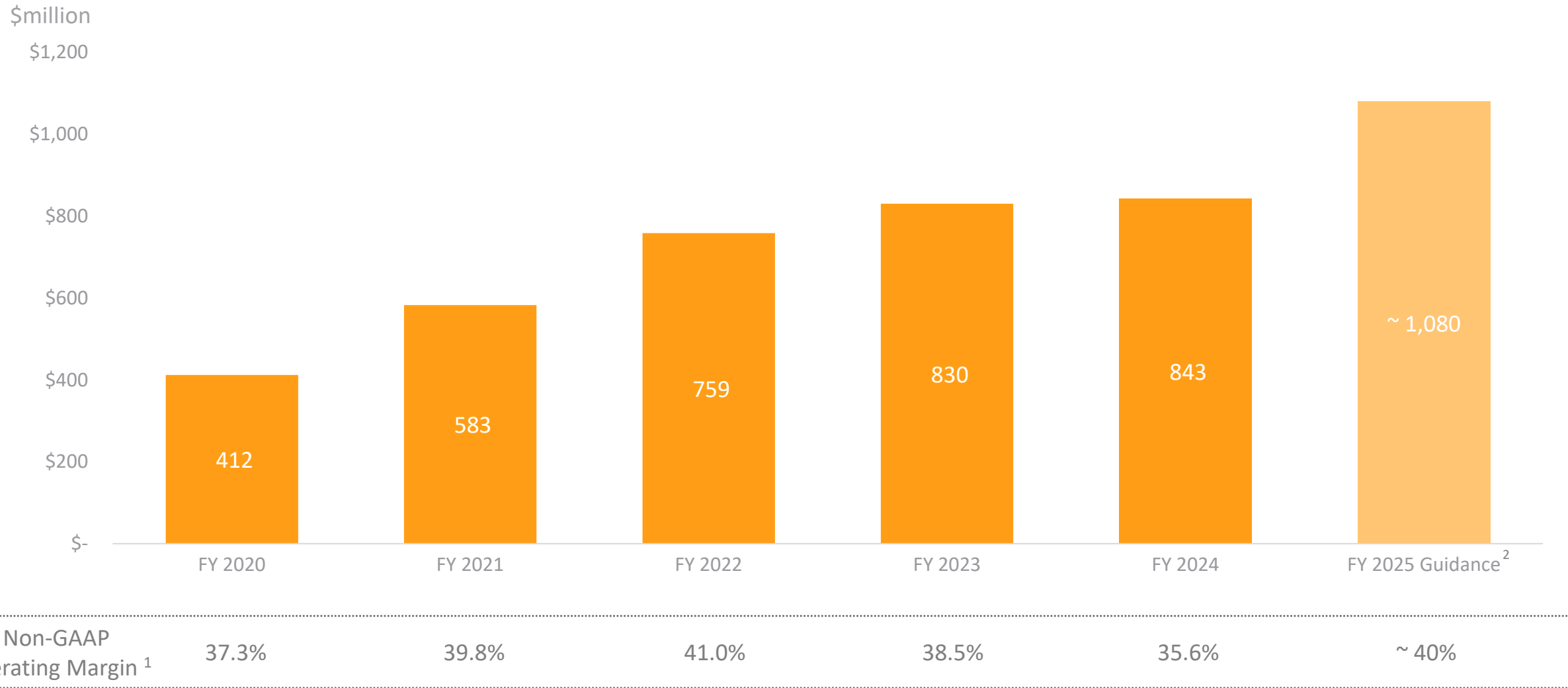
Components of total revenue may not sum to total revenue due to rounding

<sup>1</sup>Y/Y revenue growth normalized for the estimated impact of TFC standardization for Q1'24 through Q2'25 and Q3'25 Guidance is set forth in the Appendix

<sup>2</sup>Guidance issued on August 28, 2024. Our Q3'25 revenue guidance assumes foreign currency exchange rates will remain constant. Q3'25 growth reflects the high-end of our guidance range.



# Non-GAAP Operating Income – Annual



Fiscal Year Ending January 31

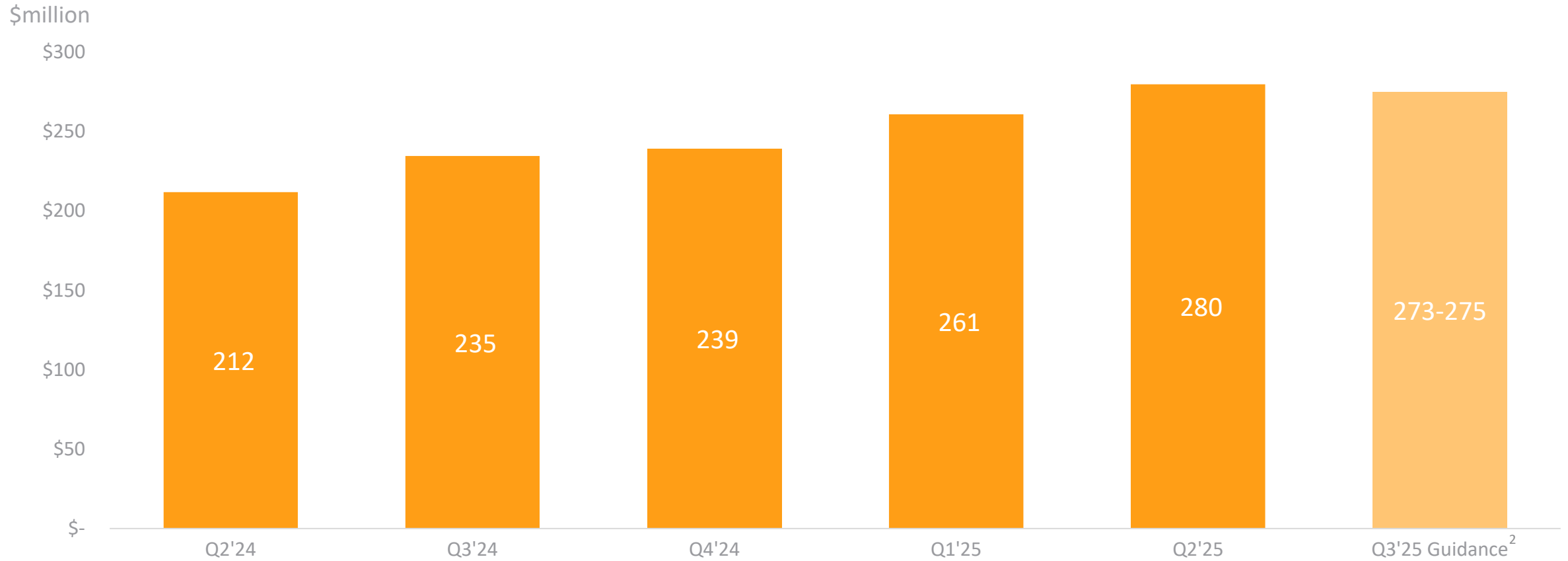
A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix

<sup>1</sup> FY 2024 non-GAAP operating margin normalized for the estimated impact of TFC standardization is set forth in the Appendix

<sup>2</sup> Guidance issued on August 28, 2024. Our FY 2025 non-GAAP operating income guidance assumes foreign currency exchange rates will remain constant.



# Non-GAAP Operating Income – Quarterly



| Non-GAAP Operating Margin <sup>1</sup> | 35.9% | 38.1% | 37.9% | 40.1% | 41.4% | ~ 40% |
|--|-------|-------|-------|-------|-------|-------|
|  |       |       |       |       |       |       |

Fiscal Year Ending January 31

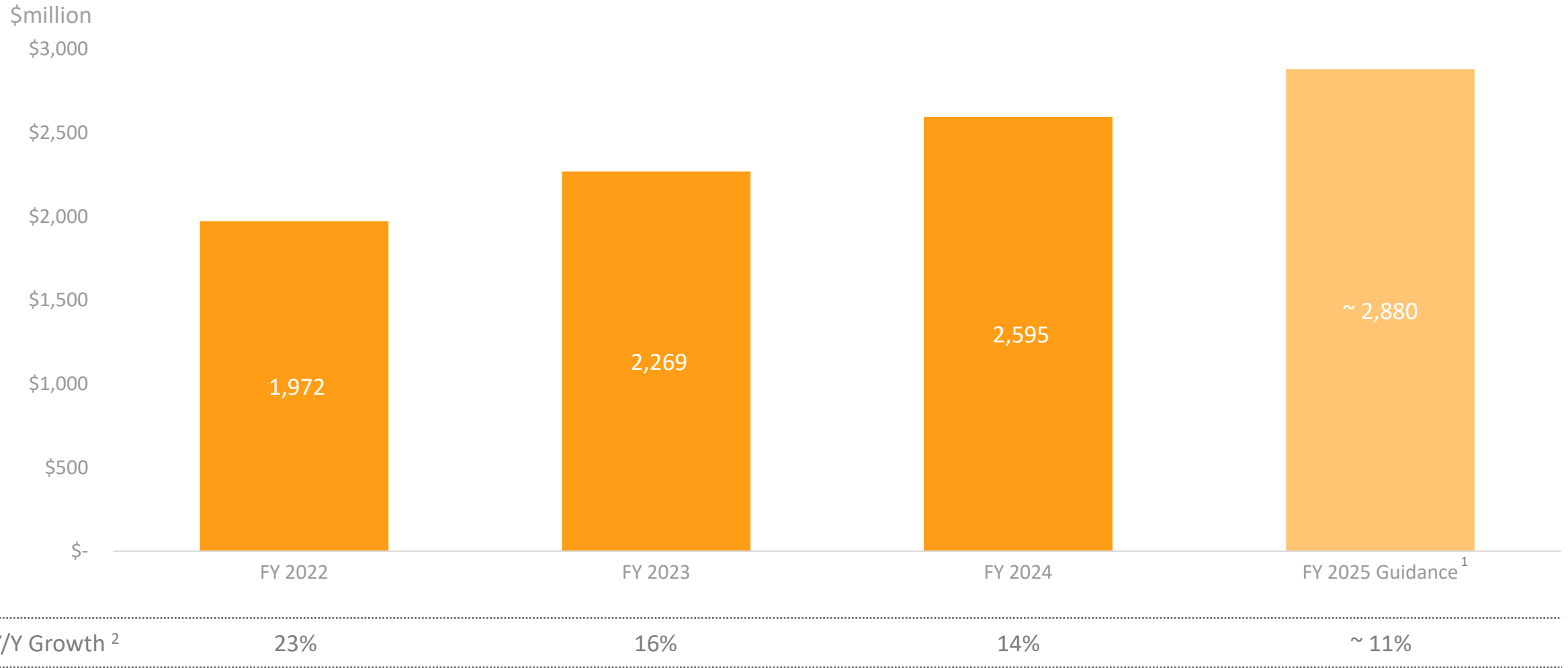
A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix

<sup>1</sup> Q1'24 through Q4'24 non-GAAP operating margin normalized for the estimated impact of TFC standardization is set forth in the Appendix

<sup>2</sup> Guidance issued on August 28, 2024. Our Q3'25 non-GAAP operating income guidance assumes foreign currency exchange rates will remain constant.



# Normalized Billings – Annual



Fiscal Year Ending January 31

Normalized Billings is defined in the Appendix

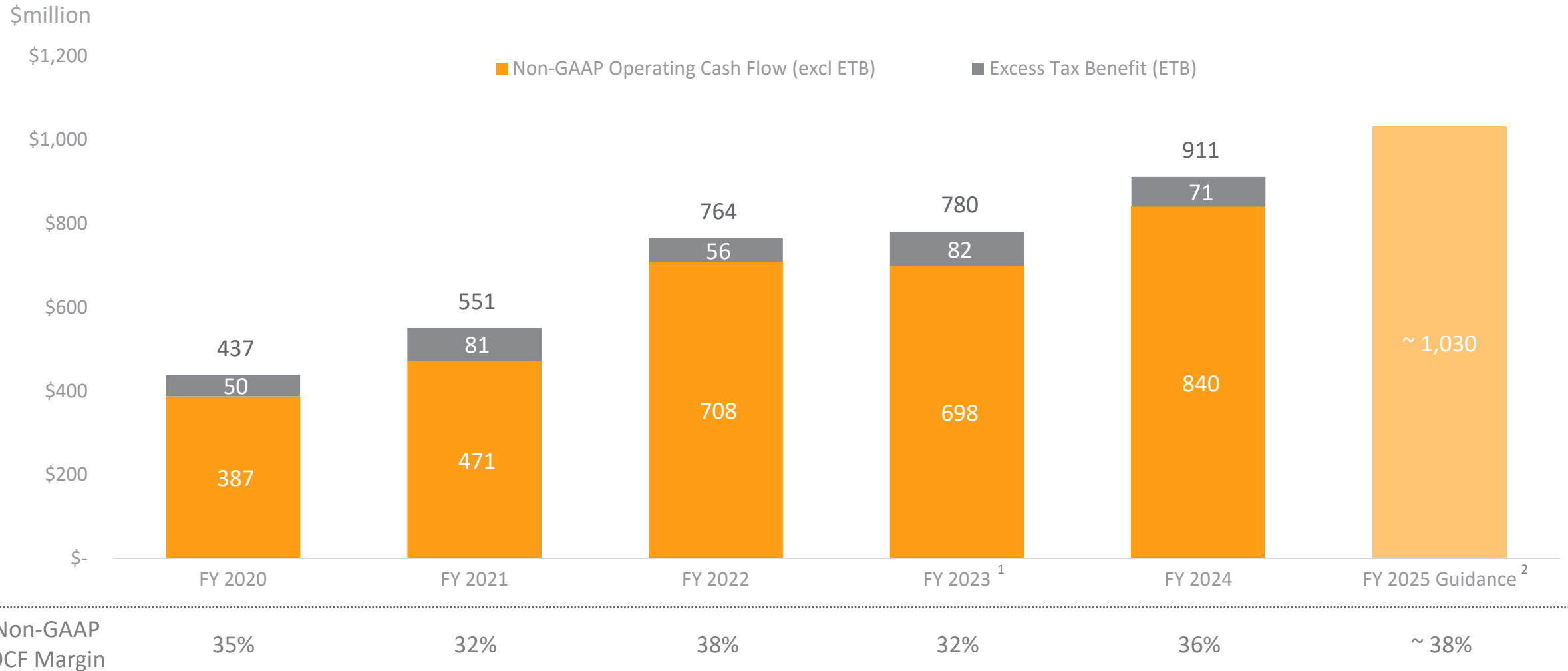
<sup>1</sup>Guidance issued on August 28, 2024. Our FY 2025 normalized billings guidance assumes foreign currency exchange rates will remain constant. Our FY 2025 Normalized Billings guidance adjusts for an expected \$15 million tailwind to Calculated Billings (as defined in the Appendix) due to customer billing term changes.

<sup>2</sup>Normalized Billings growth reflects the current period Normalized Billings amount as compared to the year ago Calculated Billings amount.





# Operating Cash Flow – Annual



Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix

<sup>1</sup> Starting in FY 2023, non-GAAP operating cash flow included the direct cash payments associated with tax legislation that requires the capitalization of certain R&D expenses. This included a roughly \$91 million payment in FY 2023, which resulted in an incremental headwind compared to FY 2022.

<sup>2</sup> Guidance issued on August 28, 2024. Non-GAAP guidance excludes any potential impact of the Excess Tax Benefit (as defined in the Appendix).



# FY 2025 Guidance

|   | Guidance              |
|---|-----------------------|
| Total Revenue                               | \$2,704-2,710 million |
| Subscription Revenue                        | ~\$2,257 million      |
| Commercial Solutions Subscription Revenue   | ~\$1,090 million      |
| R&D Solutions Subscription Revenue          | ~\$1,167 million      |
| Services Revenue                            | \$447-453 million     |
| Non-GAAP Operating Income                   | ~\$1,080 million      |
| Non-GAAP Fully Diluted Net Income per Share | ~\$6.22               |
| Normalized Billings                         | ~\$2,880 million      |
| Non-GAAP Cash from Operations               | ~\$1,030 million      |

Guidance issued on August 28, 2024. Our FY 2025 guidance assumes foreign currency exchange rates will remain constant. Our FY 2025 normalized billings guidance reflects an expected \$15 million tailwind to calculated billings due to customer billing term changes. We are not able, at this time, to provide GAAP targets for operating income and fully diluted net income per share for the fiscal year ending January 31, 2025 because of the difficulty of estimating certain items excluded from non-GAAP operating income and non-GAAP fully diluted net income per share that cannot be reasonably predicted, such as charges related to stock-based compensation expense. Non-GAAP cash from operations excludes any potential impact of Excess Tax Benefit. We do not guide to GAAP cash from operations because of the difficulty of estimating the potential impact of Excess Tax Benefit (as defined in the Appendix), due to the nature of equity compensation activity and related stock-based compensation expense. The effect of any of these excluded items may be significant.



# Q3'25 Guidance

|   | Guidance          |
|---|-------------------|
| Total Revenue                               | \$682-685 million |
| Subscription Revenue                        | ~\$571 million    |
| Services Revenue                            | \$111-114 million |
| Non-GAAP Operating Income                   | \$273-275 million |
| Non-GAAP Fully Diluted Net Income per Share | \$1.57-\$1.58     |
| Normalized Billings                         | ~\$449 million    |

Guidance issued on August 28, 2024. Our Q3'25 guidance assumes foreign exchange rates will remain constant. Our Q3'25 normalized billings guidance reflects an expected \$10 million tailwind to calculated billings due to billing term changes in customer renewals. We are not able, at this time, to provide GAAP targets for operating income and fully diluted net income per share for the third fiscal quarter ending October 31, 2024 because of the difficulty of estimating certain items excluded from non-GAAP operating income and non-GAAP fully diluted net income per share that cannot be reasonably predicted, such as charges related to stock-based compensation expense. The effect of these excluded items may be significant.





# Appendix

# Definitions

- Excess Tax Benefit (ETB) – The realized tax benefit related to employee equity compensation, including the vesting of restricted stock units and the exercising and selling of stock options.
- Calculated Billings – Revenue for the period plus the change in deferred revenue from the immediately preceding period minus the change in unbilled accounts receivable from the immediately preceding period.
- Normalized Billings – Reflects Calculated Billings, adjusted for the impact of customer term changes for renewal business during the period, such as timing (e.g., changing the renewal date of multiple products to be coterminous) or billing frequency (e.g., changing from annual to quarterly billings).



# Quarterly Information

|   | Q3'23        | Q4'23        | Q1'24        | Q2'24        | Q3'24        | Q4'24        | Q1'25        | Q2'25        | Y/Y Growth  |              |            |            |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|------------|------------|--------------|
|   |              |              |              |              |              |              |              |              | Q2'24       | Q3'24        | Q4'24      | Q1'25      | Q2'25        |
| <b>Revenue</b>  |              |              |              |              |              |              |              |              |             |              |            |            |              |
| Commercial Solutions - Subscription                     | 239.3        | 242.9        | 239.3        | 243.4        | 251.2        | 261.9        | 261.3        | 271.8        | 3%          | 5%           | 8%         | 9%         | 12%          |
| R&D Solutions - Subscription                            | 202.3        | 217.3        | 175.2        | 227.2        | 243.7        | 259.6        | 272.6        | 289.5        | 18%         | 20%          | 19%        | 56%        | 27%          |
| <b>Total Subscription Revenue (\$M)</b>                 | <b>441.6</b> | <b>460.1</b> | <b>414.5</b> | <b>470.6</b> | <b>494.9</b> | <b>521.5</b> | <b>534.0</b> | <b>561.3</b> | <b>10%</b>  | <b>12%</b>   | <b>13%</b> | <b>29%</b> | <b>19%</b>   |
| Commercial Solutions - Services                         | 45.3         | 44.2         | 44.9         | 47.3         | 47.9         | 45.9         | 48.8         | 45.1         | 7%          | 6%           | 4%         | 9%         | (5%)         |
| R&D Solutions - Services                                | 65.5         | 59.1         | 66.9         | 72.3         | 73.7         | 63.2         | 67.6         | 69.8         | 18%         | 13%          | 7%         | 1%         | (3%)         |
| <b>Total Services Revenue (\$M)</b>                     | <b>110.8</b> | <b>103.2</b> | <b>111.8</b> | <b>119.6</b> | <b>121.6</b> | <b>109.1</b> | <b>116.4</b> | <b>114.9</b> | <b>13%</b>  | <b>10%</b>   | <b>6%</b>  | <b>4%</b>  | <b>(4%)</b>  |
| <b>Total Revenue (\$M)</b>                              | <b>552.4</b> | <b>563.4</b> | <b>526.3</b> | <b>590.2</b> | <b>616.5</b> | <b>630.6</b> | <b>650.3</b> | <b>676.2</b> | <b>10%</b>  | <b>12%</b>   | <b>12%</b> | <b>24%</b> | <b>15%</b>   |
| Non-GAAP Subscription Gross Margin                      | 85.7%        | 85.6%        | 84.3%        | 85.5%        | 85.5%        | 85.7%        | 85.9%        | 86.5%        | -           | -            | -          | -          | -            |
| Non-GAAP Services Gross Margin                          | 32.5%        | 20.6%        | 22.9%        | 30.2%        | 34.1%        | 23.9%        | 28.6%        | 31.9%        | -           | -            | -          | -          | -            |
| <b>Non-GAAP Total Gross Margin</b>                      | <b>75.1%</b> | <b>73.7%</b> | <b>71.3%</b> | <b>74.3%</b> | <b>75.4%</b> | <b>75.0%</b> | <b>75.6%</b> | <b>77.2%</b> | -           | -            | -          | -          | -            |
| <b>Non-GAAP Operating Income (\$M)</b>                  | <b>219.5</b> | <b>209.4</b> | <b>157.0</b> | <b>211.9</b> | <b>234.6</b> | <b>239.1</b> | <b>260.9</b> | <b>279.8</b> | <b>5%</b>   | <b>7%</b>    | <b>14%</b> | <b>66%</b> | <b>32%</b>   |
| Non-GAAP Operating Income Margin                        | 39.7%        | 37.2%        | 29.8%        | 35.9%        | 38.1%        | 37.9%        | 40.1%        | 41.4%        | -           | -            | -          | -          | -            |
| GAAP Operating Cash Flow                                | 143          | 63           | 506          | 265          | 83           | 58           | 764          | 93           | 184%        | (42%)        | (9%)       | 51%        | (65%)        |
| Excess Tax Benefit                                      | (1)          | (76)         | (62)         | (3)          | (3)          | (2)          | (3)          | (1)          | -           | -            | -          | -          | -            |
| <b>Non-GAAP Operating Cash Flow (\$M)</b>               | <b>142</b>   | <b>(13)</b>  | <b>444</b>   | <b>262</b>   | <b>79</b>    | <b>55</b>    | <b>760</b>   | <b>92</b>    | <b>187%</b> | <b>(44%)</b> | <b>NM</b>  | <b>71%</b> | <b>(65%)</b> |
| Calculated Billings                                     | 374          | 926          | 569          | 556          | 417          | 1,055        | 617          | 603          | 16%         | 12%          | 14%        | 8%         | 9%           |
| Customer Term Changes                                   | (1)          | (4)          | (15)         | (3)          | 12           | 3            | 14           | 14           | -           | -            | -          | -          | -            |
| <b>Normalized Billings (\$M)</b>                        | <b>373</b>   | <b>922</b>   | <b>554</b>   | <b>553</b>   | <b>429</b>   | <b>1,059</b> | <b>631</b>   | <b>617</b>   | <b>16%</b>  | <b>15%</b>   | <b>14%</b> | <b>11%</b> | <b>11%</b>   |
| <b>Cash, Cash Equivalents, and ST Investments (\$M)</b> | <b>3,023</b> | <b>3,103</b> | <b>3,615</b> | <b>3,869</b> | <b>3,942</b> | <b>4,028</b> | <b>4,765</b> | <b>4,885</b> | <b>33%</b>  | <b>30%</b>   | <b>30%</b> | <b>32%</b> | <b>26%</b>   |
| <b>Employee Headcount</b>                               | <b>6,503</b> | <b>6,744</b> | <b>6,879</b> | <b>7,136</b> | <b>7,206</b> | <b>7,172</b> | <b>7,157</b> | <b>7,200</b> | <b>19%</b>  | <b>11%</b>   | <b>6%</b>  | <b>4%</b>  | <b>1%</b>    |
| Quarterly Net Additions                                 | 483          | 241          | 135          | 257          | 70           | (34)         | (15)         | 43           | -           | -            | -          | -          | -            |

Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix



# Annual Information

|   |              |              |              |              |              | Y/Y Growth  |            |            |             |            |
|---|--------------|--------------|--------------|--------------|--------------|-------------|------------|------------|-------------|------------|
|   | FY 2020      | FY 2021      | FY 2022      | FY 2023      | FY 2024      | FY 2020     | FY 2021    | FY 2022    | FY 2023     | FY 2024    |
| <b>Revenue</b>  |              |              |              |              |              |             |            |            |             |            |
| Commercial Solutions - Subscription                     | 594          | 745          | 876          | 946          | 996          | 20%         | 25%        | 18%        | 8%          | 5%         |
| R&D Solutions - Subscription                            | 303          | 435          | 608          | 787          | 906          | 51%         | 44%        | 40%        | 30%         | 15%        |
| <b>Total Subscription Revenue (\$M)</b>                 | <b>896</b>   | <b>1,179</b> | <b>1,484</b> | <b>1,733</b> | <b>1,902</b> | <b>29%</b>  | <b>32%</b> | <b>26%</b> | <b>17%</b>  | <b>10%</b> |
| Commercial Solutions - Services                         | 104          | 142          | 165          | 177          | 186          | 18%         | 37%        | 16%        | 7%          | 5%         |
| R&D Solutions - Services                                | 104          | 144          | 202          | 245          | 276          | 30%         | 38%        | 40%        | 21%         | 13%        |
| <b>Total Services Revenue (\$M)</b>                     | <b>208</b>   | <b>286</b>   | <b>367</b>   | <b>422</b>   | <b>462</b>   | <b>24%</b>  | <b>37%</b> | <b>28%</b> | <b>15%</b>  | <b>9%</b>  |
| <b>Total Revenue (\$M)</b>                              | <b>1,104</b> | <b>1,465</b> | <b>1,851</b> | <b>2,155</b> | <b>2,364</b> | <b>28%</b>  | <b>33%</b> | <b>26%</b> | <b>16%</b>  | <b>10%</b> |
| Non-GAAP Subscription Gross Margin                      | 85.5%        | 85.2%        | 85.4%        | 85.8%        | 85.3%        | -           | -          | -          | -           | -          |
| Non-GAAP Services Gross Margin                          | 28.1%        | 31.3%        | 34.0%        | 28.7%        | 28.0%        | -           | -          | -          | -           | -          |
| <b>Non-GAAP Total Gross Margin</b>                      | <b>74.7%</b> | <b>74.7%</b> | <b>75.2%</b> | <b>74.6%</b> | <b>74.1%</b> | -           | -          | -          | -           | -          |
| <b>Non-GAAP Operating Income (\$M)</b>                  | <b>412</b>   | <b>583</b>   | <b>759</b>   | <b>830</b>   | <b>843</b>   | <b>34%</b>  | <b>41%</b> | <b>30%</b> | <b>9%</b>   | <b>1%</b>  |
| Non-GAAP Operating Income Margin                        | 37.3%        | 39.8%        | 41.0%        | 38.5%        | 35.6%        | -           | -          | -          | -           | -          |
| GAAP Operating Cash Flow                                | 437          | 551          | 764          | 780          | 911          | 41%         | 26%        | 39%        | 2%          | 17%        |
| Excess Tax Benefit                                      | (50)         | (81)         | (56)         | (82)         | (71)         | -           | -          | -          | -           | -          |
| <b>Non-GAAP Operating Cash Flow (\$M)</b>               | <b>387</b>   | <b>471</b>   | <b>708</b>   | <b>698</b>   | <b>840</b>   | <b>46%</b>  | <b>22%</b> | <b>51%</b> | <b>(1%)</b> | <b>20%</b> |
| Non-GAAP OCF Margin                                     | 35.0%        | 32.1%        | 38.3%        | 32.4%        | 35.6%        | -           | -          | -          | -           | -          |
| Calculated Billings                                     | 1,193        | 1,599        | 1,950        | 2,277        | 2,598        | 26%         | 34%        | 22%        | 17%         | 14%        |
| Customer Term Changes                                   | n/a          | n/a          | 23           | (7)          | (3)          | -           | -          | -          | -           | -          |
| <b>Normalized Billings (\$M)</b>                        | <b>n/a</b>   | <b>n/a</b>   | <b>1,972</b> | <b>2,269</b> | <b>2,595</b> | -           | -          | <b>23%</b> | <b>16%</b>  | <b>14%</b> |
| <b>Cash, Cash Equivalents, and ST Investments (\$M)</b> | <b>1,087</b> | <b>1,664</b> | <b>2,376</b> | <b>3,103</b> | <b>4,028</b> | <b>(0%)</b> | <b>53%</b> | <b>43%</b> | <b>31%</b>  | <b>30%</b> |
| <b>Employee Headcount</b>                               | <b>3,501</b> | <b>4,506</b> | <b>5,482</b> | <b>6,744</b> | <b>7,172</b> | <b>37%</b>  | <b>29%</b> | <b>22%</b> | <b>23%</b>  | <b>6%</b>  |
| Annual Net Additions                                    | 948          | 1,005        | 976          | 1,262        | 428          | -           | -          | -          | -           | -          |

Fiscal Year Ending January 31

A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix



# Reconciliation of GAAP to non-GAAP Measures

|   | Q3'23           | Q4'23            | Q1'24           | Q2'24           | Q3'24           | Q4'24           | Q1'25           | Q2'25           |
|---|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Gross margin on total revenues on a GAAP basis</b>                               | <b>72.1 %</b>   | <b>70.8 %</b>    | <b>68.3 %</b>   | <b>71.4 %</b>   | <b>72.8 %</b>   | <b>72.4 %</b>   | <b>73.3 %</b>   | <b>74.8 %</b>   |
| Stock-based compensation expense  | 2.7 %           | 2.7 %            | 2.7 %           | 2.7 %           | 2.4 %           | 2.4 %           | 2.2 %           | 2.2 %           |
| Amortization of purchased intangibles   | 0.3 %           | 0.2 %            | 0.3 %           | 0.2 %           | 0.2 %           | 0.2 %           | 0.1 %           | 0.2 %           |
| <b>Gross margin on total revenues on a non-GAAP basis</b>                           | <b>75.1 %</b>   | <b>73.7 %</b>    | <b>71.3 %</b>   | <b>74.3 %</b>   | <b>75.4 %</b>   | <b>75.0 %</b>   | <b>75.6 %</b>   | <b>77.2 %</b>   |
| <b>Gross margin on subscription services revenues on a GAAP basis</b>               | <b>85.1 %</b>   | <b>85.0 %</b>    | <b>83.7 %</b>   | <b>84.9 %</b>   | <b>85.0 %</b>   | <b>85.2 %</b>   | <b>85.4 %</b>   | <b>86.0 %</b>   |
| Stock-based compensation expense  | 0.4 %           | 0.4 %            | 0.4 %           | 0.4 %           | 0.3 %           | 0.3 %           | 0.3 %           | 0.3 %           |
| Amortization of purchased intangibles   | 0.2 %           | 0.2 %            | 0.2 %           | 0.2 %           | 0.2 %           | 0.2 %           | 0.2 %           | 0.2 %           |
| <b>Gross margin on subscription services revenues on a non-GAAP basis</b>           | <b>85.7 %</b>   | <b>85.6 %</b>    | <b>84.3 %</b>   | <b>85.5 %</b>   | <b>85.5 %</b>   | <b>85.7 %</b>   | <b>85.9 %</b>   | <b>86.5 %</b>   |
| <b>Gross margin on professional services and other revenues on a GAAP basis</b>     | <b>20.4 %</b>   | <b>7.6 %</b>     | <b>11.4 %</b>   | <b>18.2 %</b>   | <b>23.3 %</b>   | <b>11.5 %</b>   | <b>17.7 %</b>   | <b>20.3 %</b>   |
| Stock-based compensation expense  | 11.9 %          | 12.9 %           | 11.4 %          | 11.9 %          | 10.6 %          | 12.3 %          | 10.8 %          | 11.5 %          |
| Amortization of purchased intangibles   | 0.2 %           | 0.1 %            | 0.2 %           | 0.1 %           | 0.2 %           | 0.1 %           | 0.1 %           | 0.1 %           |
| <b>Gross margin on professional services and other revenues on a non-GAAP basis</b> | <b>32.5 %</b>   | <b>20.6 %</b>    | <b>23.0 %</b>   | <b>30.2 %</b>   | <b>34.1 %</b>   | <b>23.9 %</b>   | <b>28.6 %</b>   | <b>31.9 %</b>   |
| <b>Operating income on a GAAP basis (\$M)</b>                                       | <b>\$ 121.4</b> | <b>\$ 108.9</b>  | <b>\$ 61.5</b>  | <b>\$ 104.0</b> | <b>\$ 128.5</b> | <b>\$ 135.3</b> | <b>\$ 155.2</b> | <b>\$ 166.5</b> |
| Stock-based compensation expense  | 93.2            | 95.5             | 90.7            | 103.0           | 101.2           | 98.9            | 95.9            | 108.4           |
| Amortization of purchased intangibles   | 4.9             | 4.9              | 4.7             | 4.9             | 4.9             | 4.9             | 4.8             | 4.9             |
| Litigation settlement   | -               | -                | -               | -               | -               | -               | 5.0             | -               |
| <b>Operating income on a non-GAAP basis (\$M)</b>                                   | <b>\$ 219.5</b> | <b>\$ 209.4</b>  | <b>\$ 157.0</b> | <b>\$ 211.9</b> | <b>\$ 234.6</b> | <b>\$ 239.1</b> | <b>\$ 260.9</b> | <b>\$ 279.8</b> |
| <b>Operating margin on a GAAP basis</b>   | <b>22.0 %</b>   | <b>19.3 %</b>    | <b>11.7 %</b>   | <b>17.6 %</b>   | <b>20.8 %</b>   | <b>21.4 %</b>   | <b>23.9 %</b>   | <b>24.6 %</b>   |
| Stock-based compensation expense  | 16.9 %          | 17.0 %           | 17.2 %          | 17.4 %          | 16.4 %          | 15.7 %          | 14.7 %          | 16.0 %          |
| Amortization of purchased intangibles   | 0.8 %           | 0.9 %            | 0.9 %           | 0.9 %           | 0.9 %           | 0.8 %           | 0.7 %           | 0.8 %           |
| Litigation settlement   | -               | -                | -               | -               | -               | -               | 0.8 %           | -               |
| <b>Operating margin on a non-GAAP basis</b>   | <b>39.7 %</b>   | <b>37.2 %</b>    | <b>29.8 %</b>   | <b>35.9 %</b>   | <b>38.1 %</b>   | <b>37.9 %</b>   | <b>40.1 %</b>   | <b>41.4 %</b>   |
| <b>Operating cash flow on a GAAP basis (\$M)</b>                                    | <b>\$ 142.7</b> | <b>\$ 63.3</b>   | <b>\$ 505.9</b> | <b>\$ 265.0</b> | <b>\$ 82.6</b>  | <b>\$ 57.8</b>  | <b>\$ 763.5</b> | <b>\$ 92.9</b>  |
| Excess Tax Benefit (ETB)  | (0.9)           | (76.0)           | (62.1)          | (3.2)           | (3.3)           | (2.5)           | (3.1)           | (1.1)           |
| <b>Operating cash flow on a non-GAAP basis (\$M)</b>                                | <b>\$ 141.8</b> | <b>\$ (12.7)</b> | <b>\$ 443.8</b> | <b>\$ 261.8</b> | <b>\$ 79.3</b>  | <b>\$ 55.3</b>  | <b>\$ 760.4</b> | <b>\$ 91.8</b>  |





# Reconciliation of GAAP to non-GAAP Measures

|   | FY 2020         | FY 2021         | FY 2022         | FY 2023         | FY 2024         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Gross margin on total revenues on a GAAP basis</b>                               | <b>72.5 %</b>   | <b>72.1 %</b>   | <b>72.8 %</b>   | <b>71.7 %</b>   | <b>71.3 %</b>   |
| Stock-based compensation expense  | 1.8 %           | 2.2 %           | 2.2 %           | 2.6 %           | 2.6 %           |
| Amortization of purchased intangibles   | 0.4 %           | 0.4 %           | 0.2 %           | 0.2 %           | 0.2 %           |
| <b>Gross margin on total revenues on a non-GAAP basis</b>                           | <b>74.7 %</b>   | <b>74.7 %</b>   | <b>75.2 %</b>   | <b>74.6 %</b>   | <b>74.1 %</b>   |
| <b>Gross margin on subscription services revenues on a GAAP basis</b>               | <b>84.8 %</b>   | <b>84.4 %</b>   | <b>84.8 %</b>   | <b>85.1 %</b>   | <b>84.7 %</b>   |
| Stock-based compensation expense  | 0.3 %           | 0.4 %           | 0.3 %           | 0.4 %           | 0.4 %           |
| Amortization of purchased intangibles   | 0.4 %           | 0.4 %           | 0.3 %           | 0.3 %           | 0.2 %           |
| <b>Gross margin on subscription services revenues on a non-GAAP basis</b>           | <b>85.5 %</b>   | <b>85.2 %</b>   | <b>85.4 %</b>   | <b>85.8 %</b>   | <b>85.3 %</b>   |
| <b>Gross margin on professional services and other revenues on a GAAP basis</b>     | <b>19.6 %</b>   | <b>21.4 %</b>   | <b>24.0 %</b>   | <b>16.7 %</b>   | <b>16.3 %</b>   |
| Stock-based compensation expense  | 8.4 %           | 9.7 %           | 9.9 %           | 11.9 %          | 11.6 %          |
| Amortization of purchased intangibles   | 0.1 %           | 0.2 %           | 0.1 %           | 0.1 %           | 0.1 %           |
| <b>Gross margin on professional services and other revenues on a non-GAAP basis</b> | <b>28.1 %</b>   | <b>31.3 %</b>   | <b>34.0 %</b>   | <b>28.7 %</b>   | <b>28.0 %</b>   |
| <b>Operating income on a GAAP basis (\$M)</b>                                       | <b>\$ 286.2</b> | <b>\$ 377.8</b> | <b>\$ 505.5</b> | <b>\$ 459.1</b> | <b>\$ 429.3</b> |
| Stock-based compensation expense  | 115.9           | 185.0           | 234.6           | 351.9           | 393.7           |
| Amortization of purchased intangibles   | 10.1            | 20.0            | 18.5            | 19.5            | 19.5            |
| <b>Operating income on a non-GAAP basis (\$M)</b>                                   | <b>\$ 412.2</b> | <b>\$ 582.8</b> | <b>\$ 758.7</b> | <b>\$ 830.5</b> | <b>\$ 842.5</b> |
| <b>Operating margin on a GAAP basis</b>   | <b>25.9 %</b>   | <b>25.8 %</b>   | <b>27.3 %</b>   | <b>21.3 %</b>   | <b>18.2 %</b>   |
| Stock-based compensation expense  | 10.5 %          | 12.6 %          | 12.7 %          | 16.3 %          | 16.6 %          |
| Amortization of purchased intangibles   | 0.9 %           | 1.4 %           | 1.0 %           | 0.9 %           | 0.8 %           |
| <b>Operating margin on a non-GAAP basis</b>   | <b>37.3 %</b>   | <b>39.8 %</b>   | <b>41.0 %</b>   | <b>38.5 %</b>   | <b>35.6 %</b>   |
| <b>Operating cash flow on a GAAP basis (\$M)</b>                                    | <b>\$ 437.4</b> | <b>\$ 551.2</b> | <b>\$ 764.5</b> | <b>\$ 780.5</b> | <b>\$ 911.3</b> |
| Excess Tax Benefit (ETB)  | (50.4)          | (80.7)          | (56.2)          | (82.0)          | (71.0)          |
| <b>Operating cash flow on a non-GAAP basis (\$M)</b>                                | <b>\$ 387.0</b> | <b>\$ 470.6</b> | <b>\$ 708.3</b> | <b>\$ 698.5</b> | <b>\$ 840.3</b> |
| <b>Operating cash flow margin on a GAAP basis</b>                                   | <b>39.6 %</b>   | <b>37.6 %</b>   | <b>41.3 %</b>   | <b>36.2 %</b>   | <b>38.6 %</b>   |
| Excess Tax Benefit (ETB)  | (4.6)%          | (5.5)%          | (3.0)%          | (3.8)%          | (3.0)%          |
| <b>Operating cash flow margin on a non-GAAP basis</b>                               | <b>35.0 %</b>   | <b>32.1 %</b>   | <b>38.3 %</b>   | <b>32.4 %</b>   | <b>35.6 %</b>   |



# Customer Contracting Change

## Standardizing Termination for Convenience (TFC) Rights

### Historically

- Most customer orders had a one-year term, thus TFC rights were not meaningful
- TFC rights differed customer to customer

### As of February 1, 2023

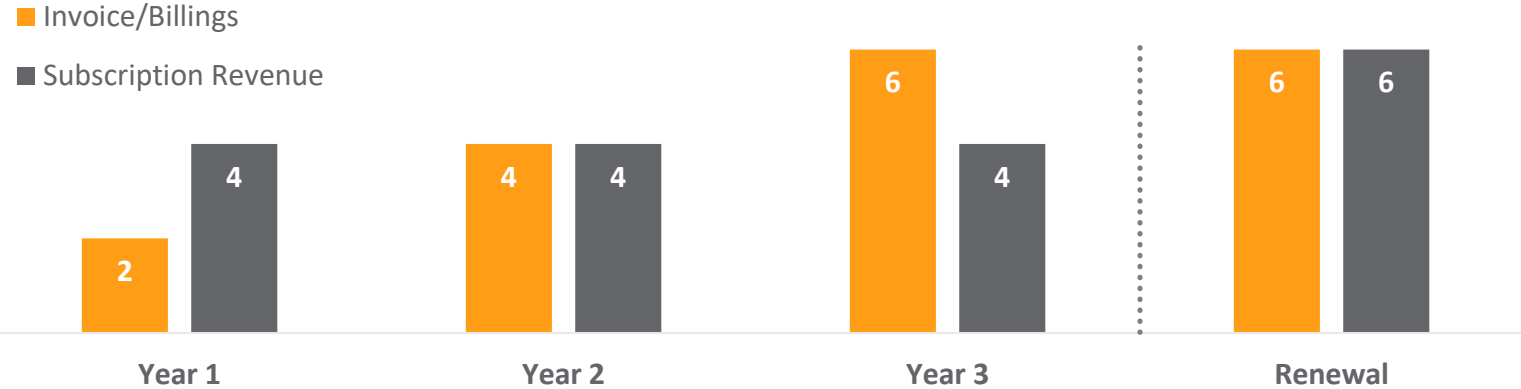
- More orders are multi-year in duration
- TFC rights standardized for customers with multi-year ramping deals



# Impact of TFC on Subscription Revenue Timing

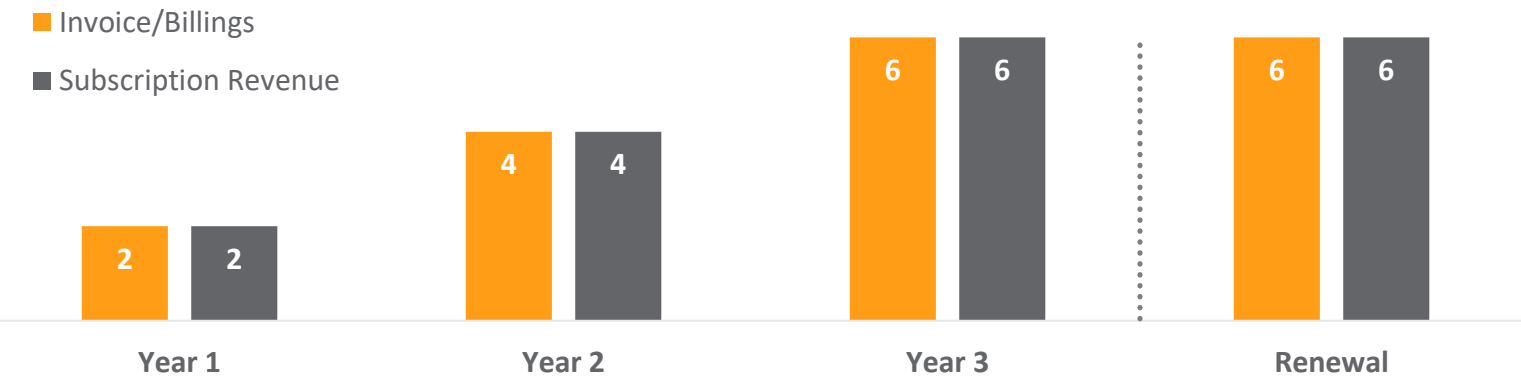
Revenue is recognized ratably over the duration of the committed term

## EXAMPLE 1: Multi-Year Ramping Deal **without** TFC



Revenue is generally recognized consistent with customer billing terms

## EXAMPLE 2: Multi-Year Ramping Deal **with** TFC



# Key Takeaways - TFC Change

- ✓ Consistent TFC treatment of customers with multi-year ramping deals
- ✓ With continued execution, we do not expect an impact to:
  - Cash flows
  - Billings
  - Expected total revenue on multi-year ramping deals



# Results and Guidance Normalized for Estimated TFC Impacts

## Reported

|   | Q1'24      | Q2'24      | Q3'24      | Q4'24      | Q1'25      | Q2'25      | Q3'25<br>Guidance | FY 2024    | FY 2025<br>Guidance |
|---|------------|------------|------------|------------|------------|------------|-------------------|------------|---------------------|
| <b>Y/Y Growth</b>                       |            |            |            |            |            |            |                   |            |                     |
| Subscription Revenue Growth             | 3%         | 10%        | 12%        | 13%        | 29%        | 19%        | ~15%              | 10%        | ~19%                |
| Services Revenue Growth                 | 9%         | 13%        | 10%        | 6%         | 4%         | (4%)       | ~(6%)             | 9%         | (2%)                |
| <b>Total Revenue Growth</b>             | <b>4%</b>  | <b>10%</b> | <b>12%</b> | <b>12%</b> | <b>24%</b> | <b>15%</b> | <b>~11%</b>       | <b>10%</b> | <b>~15%</b>         |
| <b>Non-GAAP Operating Income Margin</b> | <b>30%</b> | <b>36%</b> | <b>38%</b> | <b>38%</b> | <b>40%</b> | <b>41%</b> | <b>~40%</b>       | <b>36%</b> | <b>~40%</b>         |

## Normalized for Estimated TFC Impact

|   | Q1'24      | Q2'24      | Q3'24      | Q4'24      | Q1'25      | Q2'25      | Q3'25<br>Guidance | FY 2024    | FY 2025<br>Guidance |
|---|------------|------------|------------|------------|------------|------------|-------------------|------------|---------------------|
| <b>Y/Y Growth<sup>1</sup></b>                       |            |            |            |            |            |            |                   |            |                     |
| Subscription Revenue Growth                         | 16%        | 14%        | 15%        | 15%        | 15%        | 15%        | ~13%              | 15%        | ~14%                |
| Services Revenue Growth                             | 9%         | 13%        | 10%        | 6%         | 4%         | (4%)       | ~(6%)             | 9%         | (2%)                |
| <b>Total Revenue Growth</b>                         | <b>14%</b> | <b>14%</b> | <b>14%</b> | <b>14%</b> | <b>13%</b> | <b>12%</b> | <b>~9%</b>        | <b>14%</b> | <b>~11%</b>         |
| <b>Non-GAAP Operating Income Margin<sup>2</sup></b> | <b>36%</b> | <b>38%</b> | <b>39%</b> | <b>39%</b> | <b>40%</b> | <b>41%</b> | <b>~40%</b>       | <b>38%</b> | <b>~40%</b>         |

Fiscal Year Ending January 31

Guidance issued on August 28, 2024. Growth reflects the high-end of our guidance ranges. A reconciliation of GAAP to non-GAAP measures is set forth in the Appendix.

Customer contracts were standardized to include termination for convenience (TFC) rights effective February 1, 2023, which created a one-time impact to revenue and operating income in fiscal 2024.

<sup>1</sup> Normalized subscription revenue growth rates and normalized total revenue growth rates for the fiscal 2024 quarters and full year reflect estimated fiscal 2024 revenue had TFC rights not been standardized compared to reported fiscal 2023 revenue.

Normalized subscription revenue growth rates and normalized total revenue growth rates for the fiscal 2025 quarters and full year reflect fiscal 2025 revenue compared to estimated fiscal 2024 revenue had TFC rights always been in place.

<sup>2</sup> Normalized non-GAAP operating income margin for the fiscal 2024 quarters and full year reflect estimated fiscal 2024 revenue and non-GAAP operating income had TFC rights not been standardized. TFC standardization will have no impact on non-GAAP operating income margin in fiscal 2025.

