Shareholder Letter

Q3 FY25 | December 5th, 2024

Legal Disclaimer

This shareholder letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, market size and growth, industry developments and trends, the calculation of certain of our financial and operating metrics, capital expenditures, future payroll tax obligations, plans for future operations, including expansion into new geographies and products, headcount and productivity growth, macroeconomic conditions, competitive position, technological capabilities, including AI, inventory capacity and supply chain conditions, customer adoption of and expected results from our Connected Operations® Cloud, including cost-savings and return on investment, and strategic relationships, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and could cause actual results and events to differ. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential," "would," "continue," "ongoing", "guidance" or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are based on information available at the time those statements are made, including information furnished to us by third parties that we have not independently verified, and/or management's good faith beliefs and assumptions as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. In light of these risks and uncertainties, the future events and circumstances discussed in this shareholder letter may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties include our ability to retain customers and expand the Applications used by our customers, our ability to attract new customers, our future financial performance, including trends in revenue and annual recurring revenue ("ARR"), annual contract value ("ACV"), net retention rate, costs of revenue, gross profit or gross margin, operating expenses, customer counts, non-GAAP financial measures (such as adjusted revenue, adjusted revenue growth rate, non-GAAP gross margin, non-GAAP operating margin, free cash flow, adjusted free cash flow, and adjusted free cash flow margin), our ability to achieve or maintain profitability, the demand for our products or for solutions for connected operations in general, the Russia-Ukraine conflict, geopolitical tensions involving China, the conflict in the Middle East, the emergence of public health crises, the results of the recent presidential election and congressional elections in the United States, and other macroeconomic conditions globally on our and our customers', partners' and suppliers' operations and future financial performance, possible harm caused by silicon component shortages and other supply chain constraints, the length of our sales cycles, possible harm caused by a security breach or other incident affecting our or our customers' assets or data, our ability to compete successfully in competitive markets, our ability to respond to rapid technological changes, and our ability to continue to innovate and develop new Applications. The forward-looking statements contained in this shareholder letter are also subject to other risks and uncertainties, including those more fully described in our filings and reports that we may file from time to time with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

This letter contains statistical data, estimates and forecasts that are based on publicly available information or information and data furnished to us by third parties such as our customers, as well as other information based on our internal sources. While we believe the information and data included in this letter are based on reasonable assumptions, this information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the information and data provided by third parties and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date that this letter is first released.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the platform and products of Samsara.

This letter also includes certain non-GAAP financial measures. Reconciliations between our GAAP and non-GAAP financial measures, as well as important information about our use of non-GAAP financial results and non-GAAP financial guidance for future quarters, can be found in our investor presentation and/or earnings press release, both of which are available on our investor relations website. A reconciliation of non-GAAP guidance financial measures to corresponding GAAP guidance financial measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty and potential variability of expenses, such as stock-based compensation expense-related charges and timing of capital expenditures, that may be incurred in the future and cannot be reasonably determined or predicted at this time. It is important to note that these factors could be material to our results of operations computed in accordance with GAAP.

Sanjit Biswas

Chief Executive Officer and Co-Founder

Samsara achieved another strong quarter of durable and efficient growth. We ended Q3 with $1.35B in ARR, growing 35% year-over-year. We also delivered a quarterly record 10% adjusted free cash flow margin. Our growth is powered by our deep partnerships with the world's largest and most complex operations organizations. We added 170 customers with more than $100K in ARR, our second highest quarterly additions ever. This includes major customer wins with large organizations including Papa Johns, the world's third largest pizza delivery company with more than 5,900 restaurants in approximately 50 countries and territories, a Fortune 500 American multinational company specializing in confectionery, food, and beverages, and a Fortune 1000 network of full-service medical equipment companies.

As we continue to grow, we are excited about the innovation that we're unlocking with more scale. This includes:

- Better AI models and benchmarking
- Stronger customer feedback loops to better understand our customers' challenges, and
- More R&D dollars to invest in technology

To continue scaling our customer base we're investing in the following priorities:

PARTNERING WITH OUR CUSTOMERS TO DELIVER ROI

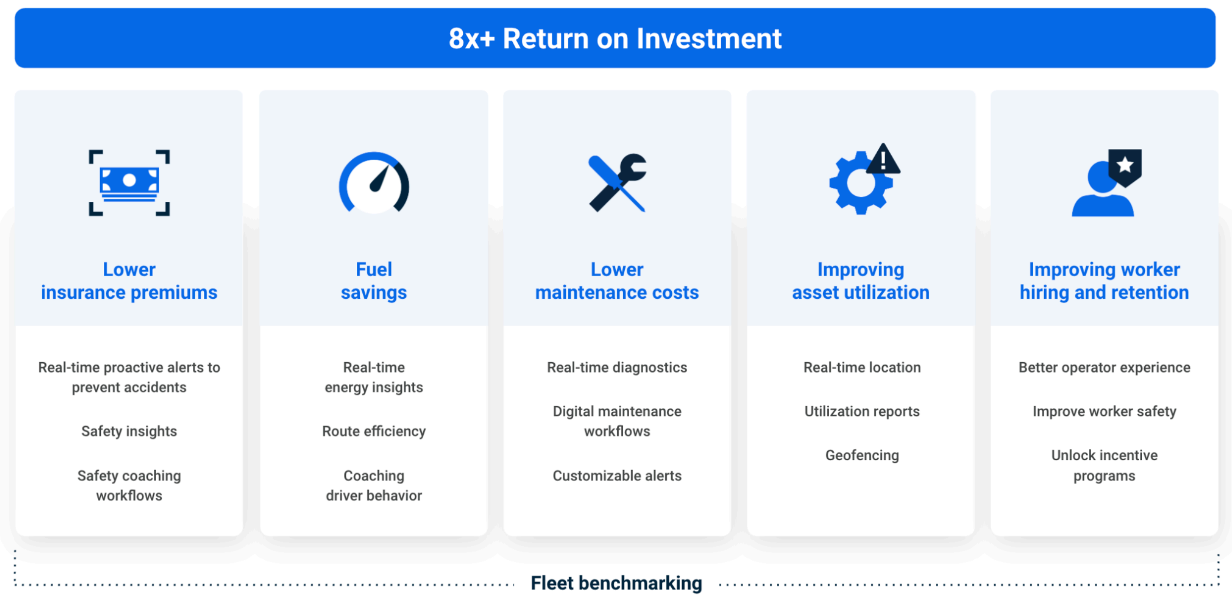
BRINGING AI TO PHYSICAL OPERATIONS

INVESTING IN INTERNATIONAL FOR THE LONG-TERM

PARTNERING WITH OUR CUSTOMERS TO DELIVER ROI

Our customers provide the mission-critical infrastructure that keeps the world running. They represent industries that make up more than 40% of global GDP, including construction, field services, utilities, and transportation and logistics. They have complex operations that are asset-heavy and labor-intensive with tens of thousands of frontline workers and expensive assets.

We are partnering with our customers to digitally transform their organizations. Our growing data asset feeds our AI-powered platform that gives our customers insights so they can improve their operations. This translates to clear and fast ROI with payback periods often measured in months. Typical savings include lower insurance premiums and payouts, improved fuel efficiency, lower maintenance costs, better utilization of assets, and improved worker hiring and retention. As our customers achieve ROI, they often expand with us for even more savings.



Return on Investment statistic from IDC Business Value White Paper, sponsored by Samsara, The Business Value of Samsara, IDC #US52102724, and published June 2024

Customer Spotlight: Comfort Systems

A good example of a customer expansion in Q3 is Comfort Systems. Comfort Systems is a Fortune 1000 company that provides commercial, industrial and institutional heating, ventilation, air conditioning, and electrical contracting services. Their operations span over 170 locations with over 40 operating units and over 18,000 employees. Comfort Systems prioritizes safety as a core value and is committed to a zero-harm work environment. With Samsara, they achieved an 85% reduction in vehicle safety events and a 72% reduction in speeding in just six months. They are now a top 25 customer and have had nine expansions with us since becoming a customer in 2022. In Q3, they added Asset Tags and expanded with more of Samsara's Safety, Telematics, and Equipment Monitoring. They're using Asset Tags to track high value, smaller equipment on job sites like scissor lifts, welders, and pipe machines and to improve their asset utilization.

COMFORT SYSTEMS USA

9

expansions since 2022

↓ **85%** in safety events

↓ **72%** in speeding

Customer Spotlight: Fortune 500 Water, Hygiene, & Infection Prevention Services Company

In Q3, we also had a $1M+ expansion with a Fortune 500 global company that provides water, hygiene, and infection prevention solutions and services. They have 48,000 employees and a large fleet of 11,000 light-duty vehicles to support nearly 3 million customer locations worldwide. They became a Samsara customer in 2021 and they have had 11 expansions with us. They are using our Safety and Telematics products across two of their divisions, and there are additional expansion opportunities in five more divisions. With Samsara, they have decreased harsh driving events by 37% using Samsara AI dash cams and in-cab coaching. In a pilot this year, they also reduced severe speeding by 48% and decreased forward collision warning events by 50% with in-cab alerts.

11

expansions since 2021

↓ **37%** in harsh driving

↓ **48%** severe speeding

BRINGING AI TO PHYSICAL OPERATIONS

We are excited by the impact that AI is having on the safety, efficiency, and sustainability of our customers' operations. We recently surveyed over 1,500 leaders in physical operations across 21 industries and seven countries in our 2024 State of Connected Operations Report. We found that AI-driven advancements are fundamentally reshaping how these organizations operate. These leaders are experiencing the benefits of AI and 87% reported that they are planning to increase AI investments in the coming year. Among the top reported benefits of AI adoption, 45% cited improvements in safety, 45% highlighted enhanced data and analytics capabilities, and 43% reported gains in operational efficiency. These findings show the powerful role AI will play in the future of connected operations.

87% of organizations report that they will **increase investments in AI in the next year**

45%	45%	43%
Reported **Safety** Benefits	Reported **Data & Analytics** Benefits	Reported **Operational Efficiency** Benefits

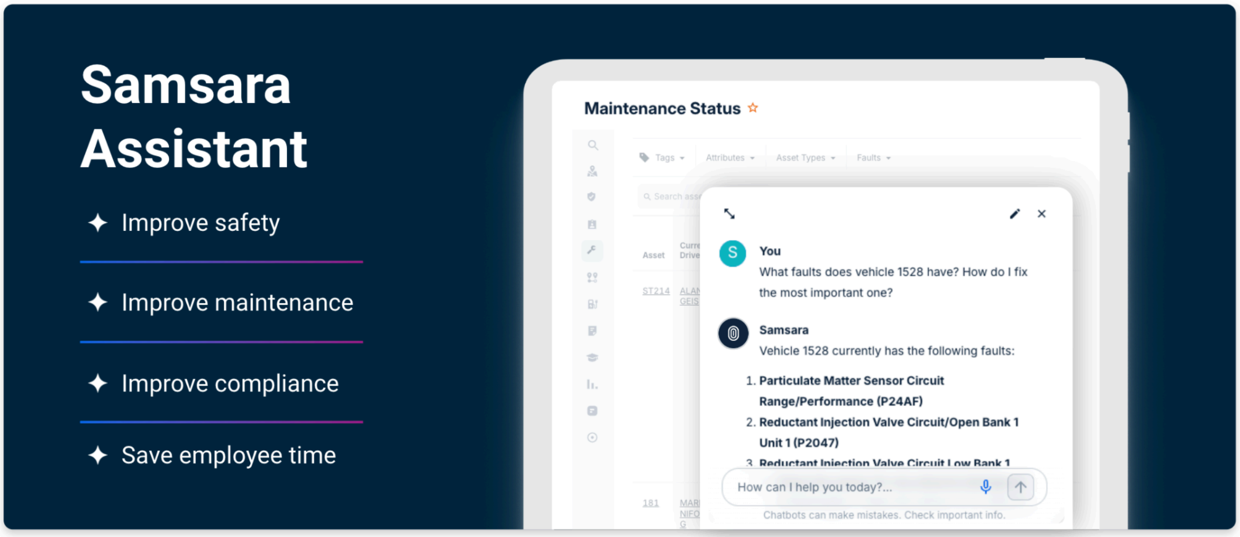
Statistics from Samsara State of Connected Operations Report

Introducing Samsara Intelligence

Earlier this week, we announced our newest AI innovations to support our customers' needs. We introduced Samsara Intelligence, an expanded suite of AI offerings, which helps teams make smarter decisions and run safer, more efficient operations. This includes:

- Samsara Assistant, which provides instant answers to complex operational questions.
- Intelligent Experiences, which offers AI-driven recommendations and actions embedded into our existing applications to enhance our customers' critical operations processes.

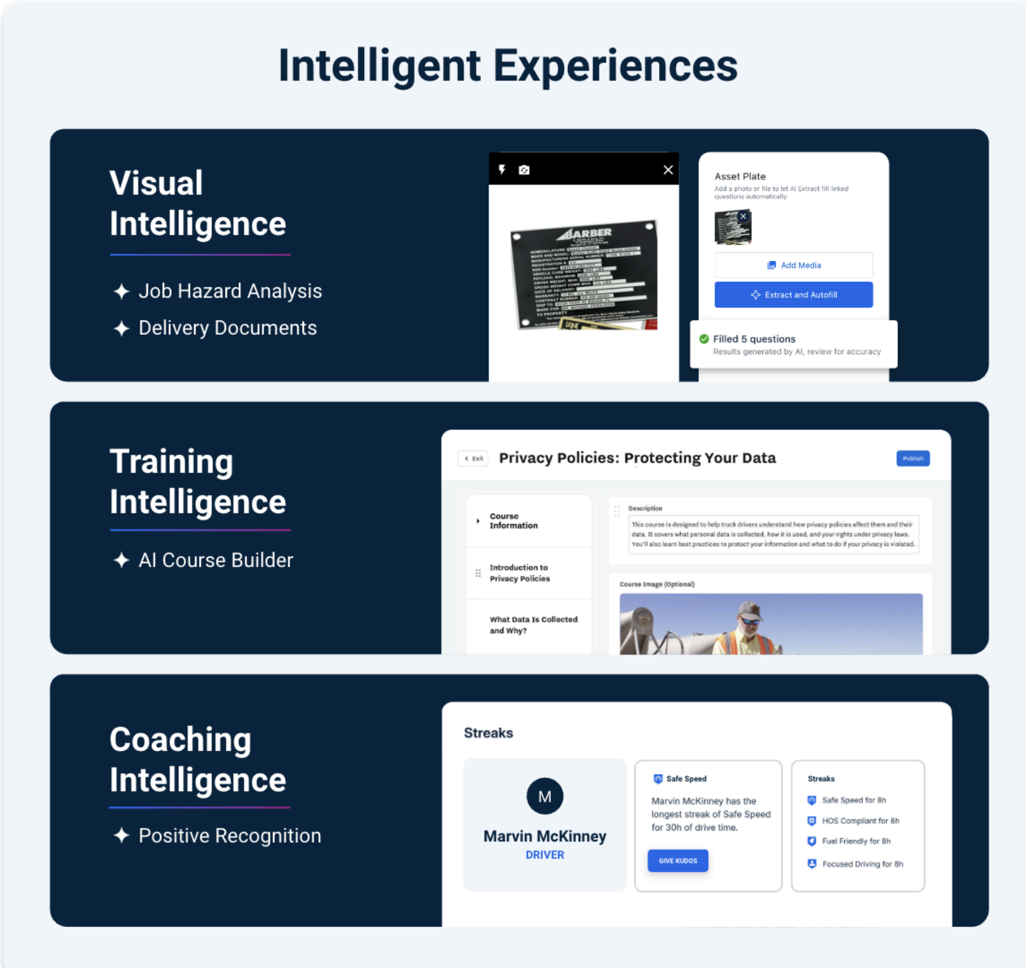
Samsara Intelligence is trained on our expansive data set, which we have built through years of supporting the world's largest and most complex operations. We now process more than 10 trillion data points and 70 billion miles driven annually. In addition to scale, our dataset also has incredible breadth. It spans a broad and diverse group of asset types, end markets, data types, geographies, and customer sizes. Our customers face tough challenges and our AI models use this data to help them solve real-world use cases.



Samsara Assistant is an interactive generative AI tool that helps operations teams save time by providing immediate answers to a wide range of questions they encounter every day.

Some examples include:

- Identifying vehicles with severe fault codes and receiving step by step instructions to resolve them,
- Spotting time-sensitive disruptions in daily operations like unexpected stops, which might signal a driver at risk or in need of assistance,
- Determining the safest drivers and recognizing them for their performance, and
- Understanding hours of service regulatory requirements for a new geography or customer type.



Intelligent Experiences embeds AI insights, recommendations, and actions throughout the Samsara platform. It uses multi-modal intelligence, including data across video, text, sensor, and diagnostics to make AI accessible for the frontline. Specific visual, training, and coaching intelligence offerings include:

- Visual Intelligence with Job Hazard Analysis and Delivery Documents: give frontline workers actionable insights from a photo. Early use cases include identifying safety hazards from a photo of a jobsite and providing proof of delivery records from a photo of a bill of lading.
- Training Intelligence with AI Course Builder: improve safety and compliance while reducing administrative time by quickly creating worker training modules by just uploading a policy document
- Coaching Intelligence with Positive Recognition: automatically recognize and send kudos to the safest drivers

Samsara Assistant and Intelligent Experiences are now available in beta to customers in North America and will be generally available after running our customer feedback loop. We're excited to see many of our initial customers already achieving significant impact from the new AI products. Over the next couple of months, we are focused on improving the core use cases that drive the highest ROI.

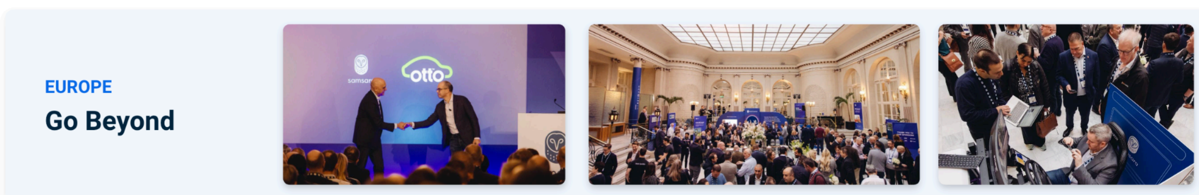
INVESTING IN INTERNATIONAL FOR THE LONG-TERM

I've met with dozens of customers in our international markets this year. Every time I meet with them, I'm inspired by the long-term opportunity to expand our impact.

- First, the international market is very large. There are more assets and frontline workers in our targeted international markets of Europe, Canada, and Mexico than in the US.
- Second, the international market is less penetrated than the U.S. and earlier in its digitization journey.
- Third, despite the low penetration, the opportunity for impact and customer ROI is comparable in these regions. These customers are achieving similar savings from fuel costs, insurance payouts and premiums, improved worker retention, and asset utilization.

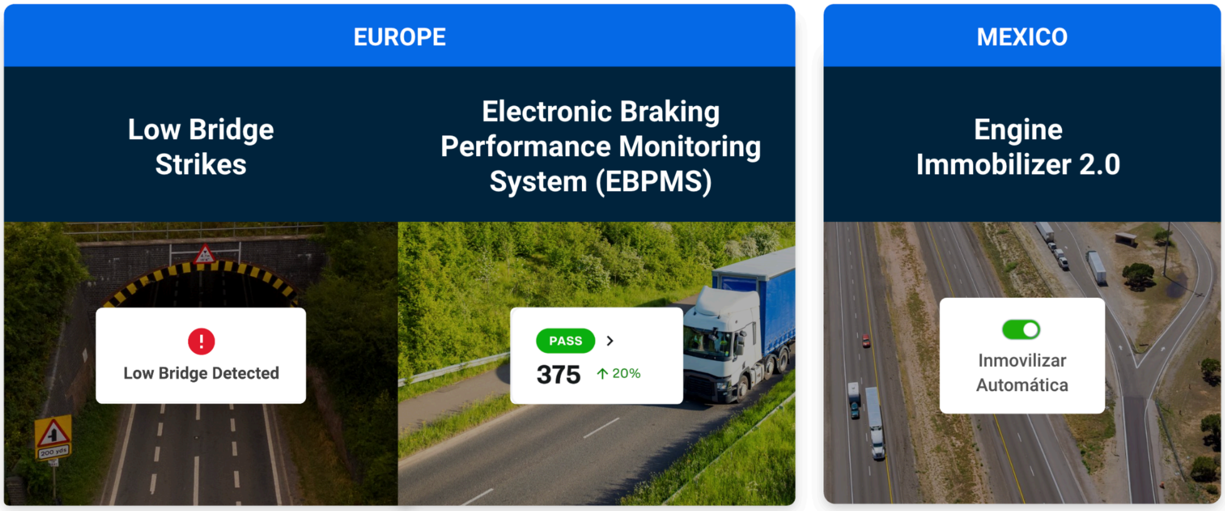
Customer Conferences: Go Beyond & Innovation Day

In November, we hosted two international customer events - Go Beyond, our inaugural European customer conference, and Innovation Day in Mexico. We brought together hundreds of local customers at each event to discuss how data and AI are impacting the world of connected operations. We also announced several new product features tailored for customers in these local markets.



At Go Beyond in Europe, we announced two new features: Low Bridge Strikes and Electronic Braking Performance Monitoring System (EBPMS). Low Bridge Strikes uses AI to help our customers minimize the risk of trucks with tall trailers hitting the underside of low bridges that are common in Europe. Customers set the maximum vehicle height and drivers are alerted whenever they approach a bridge that is too low to pass. Nearly 2,000 bridge strikes happen in the UK every year, costing UK taxpayers around £23 million a year. We also introduced EBPMS to help our customers maintain their braking performance record and alert fleet operators when braking performance falls below acceptable standards or if it detects faults. We expect that in 2025, EBPMS will become one of the two accepted methods for brake testing in the UK.

At Innovation Day in Mexico, we announced the Engine Immobilizer 2.0 feature. Physical security is a top priority for our Mexican customers, and this feature allows new customizable alerts to meet operators' needs when their safety is compromised. It also provides detailed real-time reports through the Samsara dashboard, helping customers effectively monitor the safety of their vehicles.



Our investments in our international customers are delivering results. We are partnering with customers to achieve their goals and making an impact. In Q3, Fraikin Group, Europe's largest Full Service Operation Lease company operating in 10 countries, became one of our largest customers in Europe. They are using both our Safety and Telematics applications. Fraikin's central platform for their customers harnesses the vast data provided by Samsara to enable real-time tracking, predictive maintenance, and fleet optimization insights. Fraikin is in the process of expanding Samsara from thousands of vehicles in the UK to more than 10,000 vehicles and all new vehicles in their 60,000 vehicle fleet across their European operations.

Thank You

It's been another exciting quarter of durable and efficient growth for Samsara, and we are grateful for the partnership with our customers across the globe. Each year, our customer impact grows, and we're excited about the decades-long opportunity ahead. We would like to thank all of our Samsarians, customers, partners, and investors for being a part of this journey—together, we're just getting started.

Dominic Phillips

Chief Financial Officer

Q3 FY25 was highlighted by surpassing notable milestones and achieving quarterly records across several important operating metrics, namely:

- Surpassing 100 $1M+ ARR customers
- Adding 170 $100K+ ARR customers (second highest number of quarterly additions)
- More than 100% quarter-over-quarter growth in Asset Tags net new ACV in our second quarter of selling the product
- 78% non-GAAP gross margin (quarterly record)
- 11% non-GAAP operating margin (quarterly record)
- 10% adjusted free cash flow margin (quarterly record)

More broadly, our durable and increasingly efficient growth demonstrates the large and growing opportunity for digital transformation across the world of physical operations. Additionally, our business has been resilient and delivered consistent results due to a few key reasons:

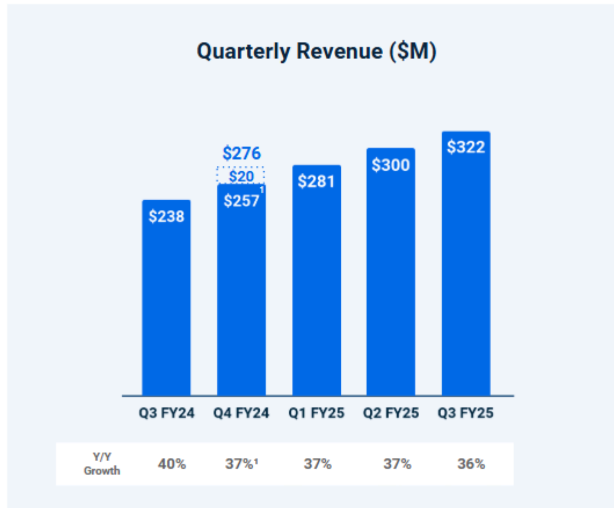
1. Most importantly, our products create tangible ROI for customers (e.g., helping reduce accidents, lowering insurance premiums, generating fuel and EV energy savings, lowering maintenance costs, and improving asset utilization), often delivering a quick investment payback period measured in months.
2. We primarily sell into a different budget than many other enterprise software companies. The Operations budget is generally larger and less discretionary for our customers.
3. Samsara has a subscription business model (subscription revenue mix is ~98% of total revenue) that produces highly predictable revenue, and we price most of our subscriptions based on a customer's number of physical assets (as opposed to headcount-based pricing), which results in lower ACV risk if our customers' hiring slows or contracts.

The physical economy continues to see strong demand and is labor and asset-intensive. Our customers are increasingly looking for digital solutions to help them reduce costs and improve productivity as they scale their businesses. As a result, physical operations businesses are adopting Samsara's Connected Operations Cloud to achieve their safety, efficiency, and sustainability goals.

Q3 FY25 HIGHLIGHTS

Top-line Results

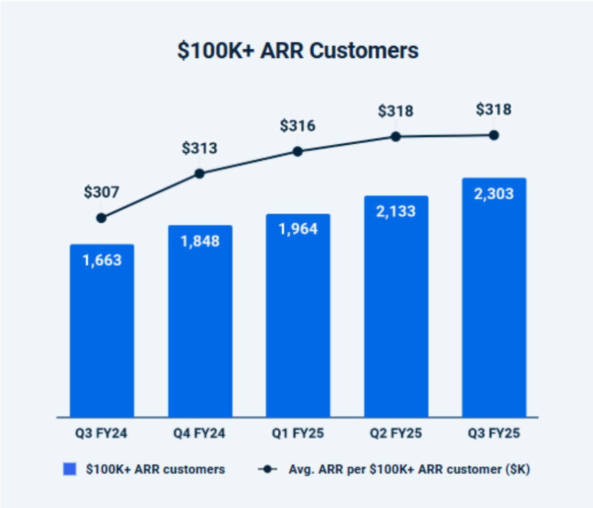
Q3 was another quarter of sustained high growth at scale, including $1.35 billion of ending ARR, growing 35% year-over-year, and $322 million of Q3 revenue, growing 36% year-over-year.



Fiscal year ends on the Saturday closest to February 1
See Appendix for definitions
[1]Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. Adjusted revenue and adjusted revenue growth remove the impact of the additional week of revenue recognition in Q4 FY24 to enable comparability across periods. Actual Q4 FY24 revenue was $276M, including a $20M revenue impact from the additional week.

Several factors drove our strong top-line performance in Q3:

- **Large Customer Momentum:** We focus on serving large enterprise customers to drive durable and efficient growth at scale. Our applications are purpose-built to support large customers with complex operations that want extensive visibility over tens of thousands of disparate assets and frontline workers, all on one integrated platform. In general, enterprise customers also provide significant benefits, including valuable feedback to fuel our innovation, greater resilience during economic uncertainty due to their size and financial stability, and typically more attractive unit economics, including higher retention rates.
  - **Number of large customers:** We ended Q3 with 2,303 $100K+ ARR customers, growing 38% year-over-year, including a quarterly increase of 170 (second highest number of quarterly $100K+ ARR customer additions).
  - **ARR per large customer:** In addition to increasing our $100K+ ARR customer count, we also grew our average ARR per $100K+ ARR customer from $307K in Q3 FY24 to $318K in Q3 FY25.
  - **Total ARR mix:** The combination of adding more $100K+ ARR customers and a higher average ARR per $100K+ ARR customer increased the overall ARR mix for $100K+ ARR customers to 54% in Q3, an increase from 51% one year ago and 47% two years ago.



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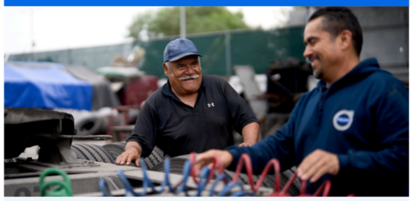
- **Land and Expand Strength:** Landing new customers is an important component of our growth strategy that fuels future expansion opportunities, including upsells of existing products to a broader set of physical operations assets and frontline workers and cross-sells of additional products. In Q3, we saw a relatively balanced mix of both new customers and expansions that drove strong top-line performance.
    - **New Customers**
        - 1,000+ core customers added for the fifth consecutive quarter, including our second-highest number of quarterly core customers added.
        - 78 (or 46%) of the 170 $100K+ ARR customers added were new customers, a quarterly record.
        - 9 of the top-10 largest new customers signed with multiple products. One of our largest new customers, a global leader in third-party logistics with over 110,000 employees, signed a $1M+ transaction across four applications. In addition to licensing our two vehicle-based applications, Video-Based Safety and Vehicle Telematics, this customer also subscribed to Equipment Monitoring and one of our newer software-only SKUs in their initial transaction.
    - **Expansions to Existing Customers:**
        - 16 of our top 25 ARR customers expanded in Q3, and 21 of our top 25 ARR customers expanded over the past two quarters.
        - 8 of the top-10 largest Q3 expansions included multiple products.
        - 92 (or 54%) of the 170 $100K+ ARR customers added were existing customer expansions.
        - Achieved our target dollar-based net retention rate of 115% for core customers ($10K+ ARR) and 120% for large customers ($100K+ ARR).

NEW CUSTOMERS	CUSTOMER EXPANSIONS
1,000+ new core customers	**16 of Top-25** customers expanded
78 new $100K+ ARR customers	**92** $100K+ ARR customers added from expansions
9 of Top-10 new customer transactions included multiple products	**8 of Top-10** expansion transactions included multiple products

- **New Frontiers:** Our at-scale breadth across different products, customer sizes, end markets, and geographies is a key differentiator and driver of strong top-line performance. While our core businesses drove most of our Q3 performance, we executed well across several frontiers.
  - **International:** 17% of net new ACV came from non-US geographies, the second-highest quarterly contribution ever. Mexico contributed its highest-ever quarterly net new ACV mix, including 9 $100K+ net new ACV transactions, and Europe accelerated year-over-year ARR growth for the fourth consecutive quarter (compared to Q3 FY24 year-over-year growth).
  - **End Market Diversity:** The world of physical operations makes up more than 40% of global GDP, and we serve many end markets with a horizontal platform of applications.
    - Construction drove the highest net new ACV mix for the fifth consecutive quarter.
    - Public Sector contributed its highest net new ACV mix over the last four years, including a quarterly record 16 $100K+ net new ACV transactions, led by customers such as the City of Omaha, Fresno County, and the Florida Department of Fish & Wildlife.
  - **Emerging Products:** In addition to our at-scale products, we have several emerging products that provide additional opportunities to drive more impact for our customers.
    - In Q3, we surpassed 70% of large multiproduct customers using a non-vehicle application.
    - More than 100% quarter-over-quarter growth in Asset Tags net new ACV in our second quarter of selling the product.

INTERNATIONAL MOMENTUM



17%

net new ACV mix from non-US geographies in Q3

END MARKET DIVERSITY

5th

consecutive quarter the construction vertical contributed the highest net new ACV mix

EMERGING PRODUCTS

100%+

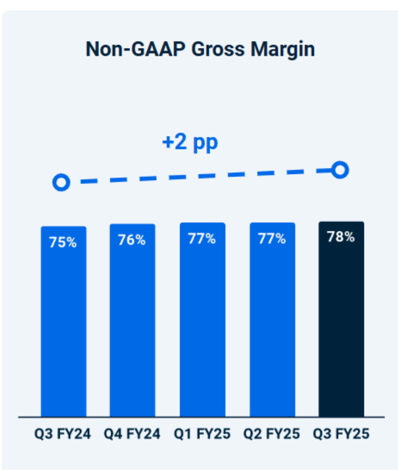
quarter-over-quarter growth in Asset Tags net new ACV (second quarter of selling)

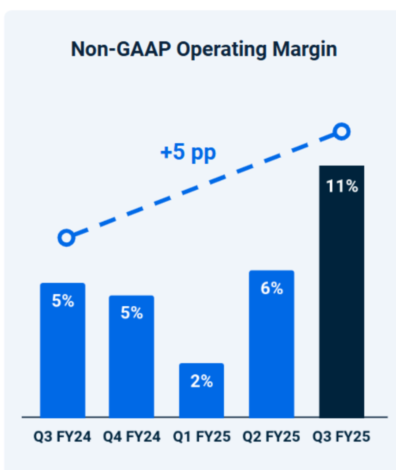
Profitability Results

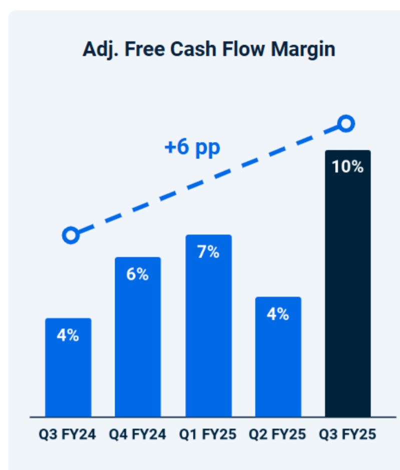
In addition to driving strong top-line growth, we continued to deliver operating efficiency improvements across our business as we scale.

Q3 FY25 compared to Q3 FY24

- **Non-GAAP gross margin:** 78% in Q3 FY25 (quarterly record), approximately 2 percentage points higher year-over-year, driven largely by optimizing hardware, customer support, and warranty costs.
- **Non-GAAP operating margin:** 11% in Q3 FY25 (quarterly record), approximately 5 percentage points higher year-over-year: 2 percentage points from COGS (see commentary above), 1 percentage point from S&M, 1 percentage point from R&D, and 1 percentage point from G&A.
- **Adjusted free cash flow margin**: 10% in Q3 FY25 (quarterly record), approximately 6 percentage points higher year-over-year, primarily from improved operating leverage (see commentary above) and continued working capital improvements.







Fiscal year ends on the Saturday closest to February 1
See our Q3 FY25 investor presentation for reconciliation to GAAP financial measures
Note that some numbers may not add up due to rounding

Q4 AND FULL-YEAR FY25 GUIDANCE

Based on our Q3 results, we're raising our revenue and profitability guidance (both dollars and margin) for full-year FY25. For Q4, we're leaving our implied Q4 revenue guidance from last quarter unchanged and raising our previously implied profitability guidance.

As a reminder, last year's fiscal Q4 (Q4 FY24) included a 14th week compared to a standard 13-week quarter in this year's fiscal Q4 (Q4 FY25). We expect the impact of having one fewer week in Q4 this year will remove 3 percentage points of year-over-year revenue growth in FY25 (already factored into previous and current guidance) compared to FY24.

- **Full-year FY25:**
  - Revenue between $1.237 and $1.239 billion, representing 35% year-over-year adjusted revenue growth[1]
  - Non-GAAP operating margin of 7%
  - Non-GAAP EPS between $0.22 and $0.23
- **Implied Q4 FY25:**
  - Revenue between $334 and $336 million, representing between 30% and 31% year-over-year adjusted revenue growth[1]
  - Non-GAAP operating margin of 9%
  - Non-GAAP EPS between $0.07 - $0.08

	Q4 FY25	FY25
Total Revenue *Y/Y Revenue Growth* *Y/Y Adj. Revenue Growth[1]*	$334 - $336 million *21% - 22% growth* *30% - 31% growth*	$1.237 - $1.239 billion *32% growth* *35% growth*
Non-GAAP Operating Margin %	9%	7%
Non-GAAP EPS	$0.07 - $0.08	$0.22 - $0.23

[1] Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. Adjusted revenue and adjusted revenue growth remove the impact of the additional week of revenue recognition in Q4 FY24 to enable comparability across periods

To wrap up, we are pleased with our Q3 performance and our improved outlook for FY25. In Q3, we continued high growth at scale while also delivering record profitability metrics. Looking forward, we believe we're well-positioned to continue delivering durable and efficient growth because:

- We're digitizing the world of physical operations, which is a very large and underserved market opportunity, and that's driving strong customer demand.
- Our products can offer customers tangible ROI and a fast payback period.
- We're targeting a generally large and less discretionary Operations budget.

And we're excited to continue helping our customers operate more safely, efficiently, and sustainably.

APPENDIX

Additional Modeling Notes:

- We expect Q4 net new ARR to be roughly in line with consensus estimates at the time of this earnings release. After analyzing various scenarios, we believe this is adequately de-risked.
- We expect FY25 non-GAAP gross margin to be approximately 200 basis points higher than in FY24.
- We expect FY25 adjusted free cash flow margin to be roughly in line with consensus estimates at the time of this earnings release.
- We expect FY25 equity dilution to be less than 2%.
- Weighted average shares outstanding:
    - We expect diluted weighted average shares outstanding to be 584 million in Q4 FY25.
    - We expect diluted weighted average shares outstanding to be 579 million for full-year FY25.

Definitions/Methodology

Annual Contract Value (ACV)
We define ACV as the annualized value of a customer's total contract value for Samsara products as of the measurement date.

Net New ACV (NN ACV)
Net New ACV is calculated as the incremental annual contract value, through upsells, cross-sells, or new business, that is recognized in a given reporting period and that was not present as of the beginning of the reporting period.

Annual Recurring Revenue (ARR)
We define ARR as the annualized value of subscription contracts that have commenced revenue recognition as of the measurement date.

Net New ARR (NN ARR)
Net New ARR is calculated as the difference between the annualized value of subscription contracts that have commenced revenue recognition as of the end of the reporting period and the annualized value of subscription contracts that have commenced revenue recognition as of the end of the prior reporting period.

Customer
We define a customer as an entity that has an ARR of greater than $1,000 at the end of a reporting period.

Core Customer
We define a core customer as an entity that has an ARR of greater than or equal to $10,000 at the end of a reporting period.

Large Customer
We define a large customer as an entity that has an ARR of greater than $100,000 at the end of a reporting period.

Dollar-Based Net Retention Rate
We calculate our dollar-based net retention rate as of a period end by starting with the ARR from the specified cohort of customers as of 12 months prior to such period-end, or the Prior Period ARR. We then calculate the ARR from these same customers as of the current period-end, or the Current Period ARR. Current Period ARR includes any expansion, and is net of contraction or attrition over the last 12 months, but excludes ARR from new customers in the current period, as well as any ARR associated with paid trials. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. We then calculate the weighted average of the trailing 12-month point-in-time dollar-based net retention rates to arrive at the dollar-based net retention rate.

In calculating the dollar-based net retention rate for core customers and for $100K+ ARR customers, we look at the cohort of customers with a Prior Period ARR greater than $0 who have met or exceeded $10,000 ARR in the case of core customers, or $100,000 ARR in the case of $100K+ ARR customers, during their lifetime as a Samsara customer.

Non-GAAP Financial Measures

Adjusted Revenue and Adjusted Revenue Growth Rate
Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. To enable comparability across periods, adjusted revenue and adjusted revenue growth rate are calculated by multiplying Q4 FY24 revenue by 13/14 to remove the impact of an additional week of revenue recognition in Q4 FY24.

Non-GAAP Gross Profit and Non-GAAP Gross Margin
We define non-GAAP gross profit as gross profit excluding the effect of stock-based compensation expense-related charges, including the amortization of deferred stock-based compensation expense for capitalized software and employer taxes on employee equity transactions, included in cost of revenue. Non-GAAP gross margin is defined as non-GAAP gross profit as a percentage of total revenue. We use non-GAAP gross profit and non-GAAP gross margin in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP gross profit and non-GAAP gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations.

Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin
We define non-GAAP income (loss) from operations, or non-GAAP operating income (loss), as income (loss) from operations excluding the effect of stock-based compensation expense-related charges, including the amortization of deferred stock-based compensation expense for capitalized software and employer taxes on employee equity transactions, lease modification, impairment, and related charges, and legal settlements. Non-GAAP operating margin is defined as non-GAAP operating income (loss) as a percentage of total revenue. We use non-GAAP income (loss) from operations and non-GAAP operating margin in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP income (loss) from operations and non-GAAP operating margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations.

Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per Share
We define non-GAAP net income (loss) as net income (loss) excluding the effect of stock-based compensation expense-related charges, including the amortization of deferred stock-based compensation expense for capitalized software and employer taxes on employee equity transactions, lease modification, impairment, and related charges, and legal settlements. Our non-GAAP net income (loss) per share–basic is calculated by dividing non-GAAP net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Our non-GAAP net income per share–diluted is calculated by giving effect to all potentially dilutive common stock equivalents (stock options, restricted stock units, and shares issued under our 2021 Employee Stock Purchase Plan) to the extent they are dilutive. Non-GAAP net loss per share–diluted is the same as non-GAAP net loss per share–basic as the inclusion of all potential dilutive common stock equivalents would be antidilutive. We use non-GAAP net income (loss) and non-GAAP net income (loss) per share in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP net income (loss) and non-GAAP net income (loss) per share provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations.

Adjusted Free Cash Flow and Adjusted Free Cash Flow Margin
We define adjusted free cash flow as net cash provided by (used in) operating activities reduced by cash used for purchases of property and equipment and excluding the cash impact of non-recurring capital expenditures associated with the build-out of our corporate office facilities in San Francisco, California, net of tenant allowances, and legal settlements. Adjusted free cash flow margin is calculated as adjusted free cash flow as a percentage of total revenue. We believe that adjusted free cash flow and adjusted free cash flow margin, even if negative, are useful in evaluating liquidity and provide information to management and investors about our ability to fund future operating needs and strategic initiatives by excluding the impact of non-recurring events.

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