



Financial Update Q2 FY25

NYSE: CRM
@Salesforce_ir



Safe Harbor



"Safe harbor" statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements about the Company's financial and operating results and guidance, which include, but are not limited to, expected GAAP and non-GAAP financial and other operating and non-operating results, including revenue, net income, earnings per share, operating cash flow growth, operating margin, expected revenue growth, expected foreign currency exchange rate impact, expected current remaining performance obligation growth, expected tax rates or provisions, stock-based compensation expenses, amortization of purchased intangibles, shares outstanding, market growth, strategic investments, expected restructuring expense or charges, and expected timing of product releases and enhancements. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, the Company's results or outcomes could differ materially and adversely from those expressed or implied by our forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements.

The risks and uncertainties referred to above include -- but are not limited to -- risks associated with: our ability to maintain sufficient security levels and service performance, avoid downtime and prevent, detect and remediate performance degradation and security breaches; our ability to secure sufficient data center capacity; our reliance on third-party infrastructure providers, including hardware, software and platform providers and the organizations responsible for the development and maintenance of the infrastructure of the Internet; uncertainties regarding AI technologies and their integration into our product offerings; our ability to achieve our aspirations, goals and projections related to our environmental, social and governance ("ESG") initiatives; the effect of evolving government regulations, including those related to our industry and providing services on or accessing the Internet, and those addressing ESG matters, data privacy, cybersecurity, cross-border data transfers, government contracting and procurement, and import and export controls; current and potential litigation and regulatory investigations involving us or our industry; our ability to successfully expand or introduce new services and product features; our ability to successfully complete, integrate and realize the benefits from acquisitions or other strategic transactions; uncertainties regarding the pace of change and innovation and our ability to compete in the markets in which we participate; our ability to successfully execute our business strategy and our business plans, including efforts to expand internationally and related risks; our ability to predict and meet expectations regarding our operating results and cash flows, including revenue and remaining performance obligation, including as a result of the seasonal nature of our sales cycle and the variability in our results arising from the accounting for term license revenue products and some complex transactions; our ability to predict and limit customer attrition and costs related to those efforts; the demands on our personnel and infrastructure resulting from significant growth in our customer base and operations, including as a result of acquisitions; our real estate and office facilities strategy and related costs and uncertainties; the performance of our strategic investment portfolio, including fluctuations in the fair value of our investments; our ability to protect our intellectual property rights; our ability to maintain and enhance our brands; uncertainties regarding the valuation and potential availability of certain tax assets; the impact of new accounting pronouncements and tax laws; uncertainties affecting our ability to estimate our tax rate, including our tax obligations in connection with potential jurisdictional transfer of intellectual property; uncertainties regarding the effect of geopolitical events, inflationary pressures, market and macroeconomic volatility, financial institution instability, changes in monetary policy, foreign currency exchange rate and interest rate fluctuations, a potential shutdown of the U.S. federal government and climate change, natural disasters and actual or threatened public health emergencies on our workforce, business, and operating results; uncertainties regarding the impact of expensing stock options and other equity awards; the sufficiency of our capital resources, including our ability to execute our share repurchase program and declare future cash dividends; our ability to comply with our debt covenants and lease obligations; and uncertainties regarding impacts to our workforce and workplace culture, such as those arising from our current and future office environments or remote work policies or our ability to realize the expected benefits of the restructuring plan.

Further information on these and other factors that could affect the Company's actual results or outcomes is included in the reports on Forms 10-K, 10-Q and 8-K and in other filings it makes with the Securities and Exchange Commission from time to time. These documents are available on the SEC Filings section of the Financials section of the Company's website at <http://investor.salesforce.com/financials/>. Salesforce, Inc. assumes no obligation and does not intend to revise or update publicly any forward-looking statements for any reason, except as required by law.



Company Overview



Delivering profitable growth at scale

- Salesforce is the **#1 CRM software provider worldwide** by revenue for 11 consecutive years¹
- **Consistently delivering durable revenue growth**, more than tripling from \$10.5 billion in FY18 to \$34.9 billion in FY24
- **Fastest growing** top five enterprise software company with \$34.9 billion in revenue in FY24
- Uniquely positioned to help our customers **drive broad-based digital transformation**



¹Source: IDC, Worldwide Semiannual Software Tracker, April 2024. CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising and Digital Commerce Applications.





Financial Overview

Quarterly Results





Q2 FY25 Financial Summary

Our framework for profitable growth generated strong financial results

	GAAP		Non-GAAP ¹	
	Quarterly Results	Change Y/Y	Quarterly Results	Change Y/Y
Total Revenue	\$9,325M	8%	\$9,397M	9%
Subscription & Support Revenue	\$8,764M	9%	\$8,831M	10%
Current Remaining Performance Obligation	\$26.5B	10%	N/A	11%
Total Remaining Performance Obligation	\$53.5B	15%	N/A	N/A
Operating Margin	19.1%	190 bps	33.7%	210 bps
Diluted Earnings Per Share ²	\$1.47	15%	\$2.56	21%
Operating Cash Flow	\$892M	10%	N/A	N/A
Free Cash Flow ¹	N/A	N/A	\$755M	20%

¹The non-GAAP columns present non-GAAP financial metrics, including non-GAAP operating margin, free cash flow and the related non-GAAP growth rates as compared to prior periods. Non-GAAP revenue and non-GAAP current performance obligation ("cRPO") represent constant currency ("CC") results. Refer to slides 7 and 8 for explanations of non-GAAP CC revenue growth and slide 10 for non-GAAP CC cRPO growth. Refer to the Appendix for an explanation of non-GAAP financial measures, why we believe these measures can be helpful and a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable.

²Diluted Earnings Per Share is calculated using GAAP revenue.





Guidance

Compounding top and bottom-line growth

	Q3 FY25 ¹ Guidance	Full Year FY25 Guidance ¹
Total Revenue	\$9.31 - \$9.36 Billion	\$37.7 - \$38.0 Billion
Y/Y Growth	7%	8 - 9%
FX Impact ²	None	(\$100M) Y/Y FX
Subscription & Support Revenue Growth (Y/Y) ^{3, 4}	N/A	Slightly below 10%, Approx 10% CC
GAAP Operating Margin	N/A	19.7%
Non-GAAP Operating Margin ⁴	N/A	32.8%
GAAP Diluted Earnings per Share ⁴	\$1.41 - \$1.43	\$6.05 - \$6.13
Non-GAAP Diluted Earnings per Share ⁴	\$2.42 - \$2.44	\$10.03 - \$10.11
Operating Cash Flow Growth (Y/Y)	N/A	23% - 25%
Current Remaining Performance Obligation Growth (Y/Y)	9%	N/A
FX Impact ²	\$100M Y/Y FX	N/A

¹This guidance does not reflect any potential future gains or losses on our strategic investment portfolio, as it is not possible to forecast future gains and losses, and is based on estimated GAAP tax rates that reflect the Company's currently available information and excludes forecasted discrete tax items such as excess tax benefits from stock-based compensation. The GAAP tax rates may fluctuate due to discrete tax items and related effects in conjunction with certain provisions in the Tax Cuts and Jobs Act, future acquisitions or other transactions.

²Revenue FX impact is calculated by taking the current period rates compared to the prior period average rates. Current Remaining Performance Obligation FX impact is calculated by taking the current period rates compared to the prior period ending rates.

³Subscription & Support revenue excludes professional services revenue.









⁴Non-GAAP CC revenue growth, non-GAAP operating margin and non-GAAP diluted earnings per share are non-GAAP financial measures. Refer to the Appendix for an explanation of non-GAAP financial measures. The Company's shares used in computing GAAP diluted earnings per share guidance and non-GAAP diluted earnings per share guidance excludes any impact to share count from potential Q3 - Q4 FY25 repurchase activity under our Share Repurchase Program.





Q2 FY25 Disaggregation of Revenue

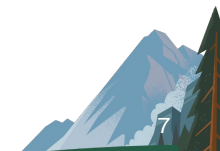
Subscription & Support and Acquisition Growth Trends

	FY24				FY25	
Year-over-Year Growth in Constant Currency ¹	Q1	Q2	Q3	Q4	Q1	Q2
 Sales	13%	12%	10%	10%	11%	10%
 Service	13%	12%	11%	12%	11%	11%
 Platform and Other	12%	11%	11%	10%	10%	10%
 Marketing and Commerce	10%	10%	8%	7%	10%	7%
 Integration and Analytics ²	20%	16%	22%	21%	25%	14%
Total Subscription & Support Revenue	13%	12%	12%	12%	13%	10%
 MuleSoft Total Revenue (CC) ³	26%	17%	26%	19%	27%	13%
 Tableau Total Revenue (CC) ³	12%	13%	16%	20%	21%	11%
 Slack Total Revenue ^{3,4}	20%	16%	18%	16%	17%	17%

¹Non-GAAP revenue CC growth rates as compared to the comparable prior period. Refer to the Appendix for an explanation of constant currency calculations and the basis of presentation.

²In the fourth quarter of fiscal year 2024, the Company renamed the service offering previously referred to as Data to Integration and Analytics, which includes MuleSoft and Tableau.

³MuleSoft, Tableau and Slack's contributions to total revenue include professional services revenue and subscription and support revenue.





Q2 FY25 Revenue by Region

Incremental investments in international markets driving growth



Year-Over-Year Growth in Constant Currency ¹	FY24				FY25	
	Q1	Q2	Q3	Q4	Q1	Q2
Americas	10%	10%	9%	9%	11%	8%
EMEA	17%	11%	10%	11%	9%	11%
APAC	24%	24%	21%	19%	21%	16%
Total Revenue²	13%	11%	10%	10%	11%	9%

¹Non-GAAP revenue CC growth rates as compared to the comparable prior period. Refer to the Appendix for an explanation of constant currency calculations and the basis of presentation.

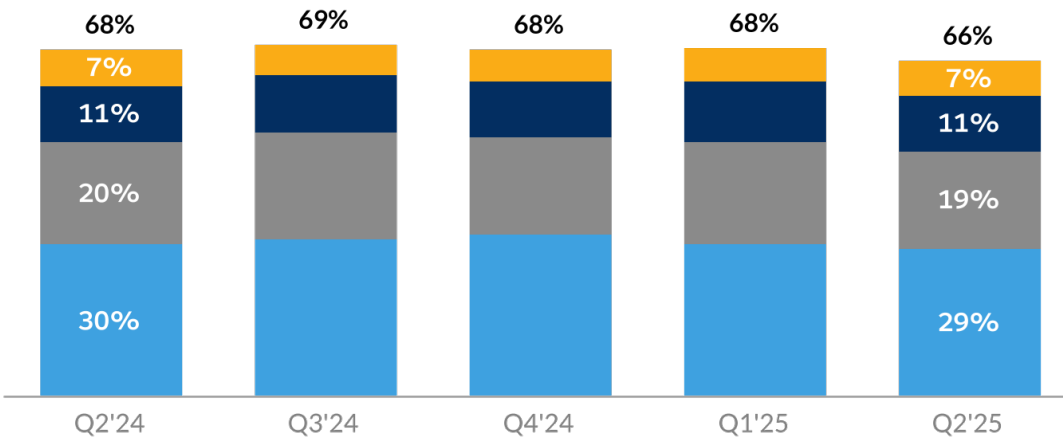
²Revenues by geography are determined based on the region of the Company's contracting entity, which may be different than the region of the customer.





Q2 FY25 Non-GAAP Expense Profile

A New Day for Profitable Growth – driving efficiency across the business



Q2 FY25
Y/Y

210 bps
Non-GAAP Operating Margin¹

190 bps
GAAP Operating Margin

- Non-GAAP Sales & Marketing % of Revenue¹
- Non-GAAP Cost of Revenues % of Revenue¹
- Non-GAAP Research & Development % of Revenue¹
- Non-GAAP General & Administrative % of Revenue¹

¹Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue and is a non-GAAP financial measure. Non-GAAP expense as a percentage of revenue is the proportion of non-GAAP expense categories as a percentage of GAAP revenue and is a non-GAAP financial measure. Refer to the Appendix for an explanation of which items are excluded from our non-GAAP financial measures and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable.



Q2 FY25 Key Financial Metric Trends



Year-over-Year Growth	FY24				FY25	
	Q1	Q2	Q3	Q4	Q1	Q2
Current Remaining Performance Obligation (cRPO) GAAP / CC ¹	12% / 12%	12% / 11%	14% / 13%	12% / 13%	10% / 10%	10% / 11%
FX \$ (Headwind) / Tailwind ²	-	-	-	-	(\$200M)	(\$300M)
Total Remaining Performance Obligation	11%	12%	21%	17%	15%	15%
Operating Cash Flow	22%	142%	389%	22%	39%	10%
Free Cash Flow ³	21%	379%	1088%	27%	43%	20%

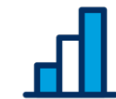
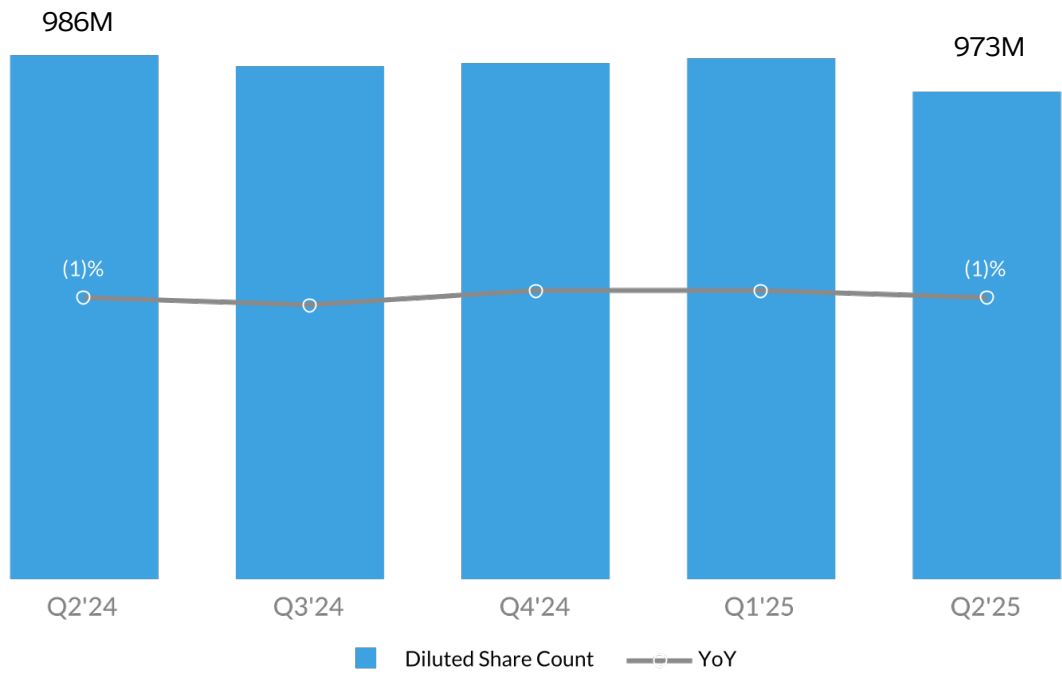
¹To present non-GAAP CC cRPO growth, cRPO balances in local currencies in previous comparable periods are converted using the United States dollar currency exchange rate as of the most recent balance sheet date.

²As of Q1'25, the Company is prospectively disclosing the FX (headwind) / tailwind in dollars to cRPO.

³Free cash flow is a non-GAAP financial measure. Refer to the Appendix for an explanation of non-GAAP financial measures and why we believe these measures can be useful, as well as a table including a reconciliation of free cash flow to the most comparable GAAP financial measure.



In Q2 FY25, \$4.7B Capital Returned to Stockholders



Q2 FY25

(1%) YoY
Diluted Share Count

\$18.1B
Repurchased Since
Inception of the Total
\$30B Authorized

\$772M
Quarterly Dividend
Payments to Date





Thank you





Appendix



Non-GAAP Financial Measures

This presentation includes information about non-GAAP earnings per share, non-GAAP income from operations, non-GAAP expenses, non-GAAP operating margin, free cash flow and constant currency revenue and constant currency current remaining performance obligation growth rates (collectively the “non-GAAP financial measures”). These non-GAAP financial measures are measurements of financial performance that are not prepared in accordance with U.S. generally accepted accounting principles and computational methods may differ from those used by other companies. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with the Company’s condensed consolidated financial statements prepared in accordance with GAAP. Management uses both GAAP and non-GAAP financial measures when planning, monitoring and evaluating the Company’s performance.

The primary purpose of using non-GAAP financial measures is to provide supplemental information that may prove useful to investors and to enable investors to evaluate the Company’s results in the same way management does. Management believes that supplementing GAAP disclosure with non-GAAP disclosure provides investors with a more complete view of the Company’s operational performance and allows for meaningful period-to-period comparisons and analysis of trends in the Company’s business. Further, to the extent that other companies use similar methods in calculating non-GAAP financial measures, the provision of supplemental non-GAAP information can allow for a comparison of the Company’s relative performance against other companies that also report non-GAAP operating results.

Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue. Non-GAAP income from operations excludes the impact of the following items: stock-based compensation expense, amortization of acquisition-related intangibles and charges related to the restructuring initiatives.

Non-GAAP diluted earnings per share excludes, to the extent applicable, the impact of the following items: stock-based compensation expense, amortization of purchased intangibles, charges related to the restructuring initiatives and income tax adjustments. These items are excluded because the decisions that give rise to them are not made to increase revenue in a particular period, but instead for the Company’s long-term benefit over multiple periods.

The Company defines the non-GAAP measure free cash flow as GAAP net cash provided by operating activities, less capital expenditures.

Constant currency information is provided as a framework for assessing how our underlying business performed excluding the effect of foreign currency rate fluctuations. To present constant currency revenue, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the weighted average exchange rate for the quarter being compared to for growth rate calculations presented, rather than the actual exchange rates in effect during that period. To present current remaining performance obligation on a constant currency basis, we convert the current remaining performance obligation balances in local currencies in previous comparable periods using the United States dollar currency exchange rate as of the most recent balance sheet date.





GAAP to Non-GAAP Financial Reconciliation

(in millions)	Three Months Ended July 31,		Non-GAAP Operating Margin	Full Year FY25 Guidance
	2023	2024		
Non-GAAP income from operations¹				
GAAP income from operations	\$ 1,476	\$ 1,783	GAAP operating margin ²	19.7%
Plus:			Plus:	
Amortization of purchased intangibles	472	454	Amortization of purchased intangibles ³	4.3 %
Stock-based compensation expense ⁴	724	808	Stock-based compensation expense ^{3,4}	8.4 %
Restructuring	49	99	Restructuring ^{3,4}	0.4 %
Non-GAAP income from operations ²	\$ 2,721	\$ 3,144	Non-GAAP operating margin ²	<u>32.8 %</u>
Revenue	8,603	9,325		
Non-GAAP operating margin ²	31.6 %	33.7 %		

(in millions)	Three Months Ended July 31,	
Computations of free cash flow, a non-GAAP measure	2023	2024
GAAP net cash provided by operating activities	\$ 808	\$ 892
(Capital expenditures)	(180)	(137)
Free cash flow	<u>\$ 628</u>	<u>\$ 755</u>

Non-GAAP diluted earnings per share	Three Months Ended July 31,		Q3 FY25 Guidance	Full Year FY25 Guidance
	2023	2024		
GAAP diluted net income per share	\$ 1.28	\$ 1.47	\$1.41 - \$1.43	\$6.05 - \$6.13
Plus:				
Amortization of purchased intangibles	0.48	0.47	0.36	1.66
Stock-based compensation expense ⁴	0.73	0.83	0.85	3.26
Restructuring	0.05	0.10	0.03	0.17
(Income tax effects and adjustments)	(0.42)	(0.31)	(0.23)	(1.11)
Non-GAAP diluted earnings per share	<u>\$ 2.12</u>	<u>\$ 2.56</u>	<u>\$2.42 - \$2.44</u>	<u>\$10.03 - \$10.11</u>
Shares used in computing non-GAAP diluted net income per share (millions)	986	973	972	977

¹Used to calculate non-GAAP Operating Margin by dividing non-GAAP income from operations by GAAP revenue.

²GAAP operating margin is the proportion of GAAP income from operations as a percentage of GAAP revenue. Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue. Non-GAAP income from operations excludes the impact of the amortization of purchased intangibles, stock-based compensation expense and charges related to the Company's restructuring initiatives.

³The percentages shown above have been calculated based on the midpoint of the low and high ends of the revenue guidance for full year FY25.

⁴The percentages shown in the restructuring line have been calculated based on charges associated with the Company's restructuring initiatives. Stock-based compensation expense excludes stock-based compensation expense related to the Company's restructuring initiatives, which is included in the restructuring line.



GAAP to Non-GAAP Financial Reconciliation



(in millions)

Period	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25
Revenue	8,603	8,720	9,287	9,133	9,325
GAAP Cost of Revenues	2,113	2,155	2,148	2,162	2,159
Less:					
Amortization of purchased intangibles	250	245	235	238	231
Stock-based compensation expense ¹	112	109	107	119	132
Non-GAAP Cost of Revenues	1,751	1,801	1,806	1,805	1,796
Non-GAAP Cost of Revenues as a % of Revenue²	20 %	21 %	19 %	20 %	19 %
GAAP Sales and Marketing Expense	3,113	3,173	3,437	3,239	3,224
Less:					
Amortization of purchased intangibles	222	223	223	223	223
Stock-based compensation expense ¹	277	275	247	290	309
Non-GAAP Sales and Marketing Expense	2,614	2,675	2,967	2,726	2,692
Non-GAAP Sales and Marketing Expense as a % of Revenue²	30 %	31 %	32 %	30 %	29 %
GAAP Research and Development Expense	1,220	1,204	1,275	1,368	1,349
Less:					
Stock-based compensation expense ¹	256	238	237	260	276
Non-GAAP Research and Development Expense	964	966	1,038	1,108	1,073
Non-GAAP Research and Development Expense as a % of Revenue²	11 %	11 %	11 %	12 %	11 %
GAAP General and Administrative Expense	632	632	632	647	711
Less:					
Stock-based compensation expense ¹	79	71	76	81	91
Non-GAAP General and Administrative Expense	553	561	556	566	620
Non-GAAP General and Administrative Expense as a % of Revenue²	7 %	6 %	6 %	6 %	7 %

¹Stock-based compensation expense included in the GAAP to non-GAAP reconciliation tables above excludes those expenses related to the Company's restructuring initiatives. For the three months ended July 31, 2024 and January 31, 2024, \$2 million and \$7 million of such expense is excluded, respectively. For the three months ended July 31, 2024, this stock-based compensation expense related to restructuring initiatives is included in the restructuring line on slide 15. No other quarters presented in this slide incurred stock-based compensation expense related to restructuring.

²Non-GAAP expense categories as a % of revenue are calculated using GAAP revenue.

