docusign

Q3 FY26 Investor Prepared Remarks

December 4, 2025

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These prepared remarks should only be viewed together with this quarter's earnings webcast and press release. The webcast includes these prepared remarks and a question and answer session. To access the webcast of the executive comments and Q&A session, please visit the IR section of our website at investor.docusign.com. A reconciliation of GAAP to non-GAAP financial measures is provided in the tables at the end of this document.

Disclosures

Safe Harbor

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management's beliefs and assumptions and on information currently available to management, and which statements involve substantial risk and uncertainties. All statements contained in this document other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth and trends, objectives for future operations, and the impact of such assumptions on our financial condition and results of operations are forward-looking statements. Forward-looking statements in this document also include, among other things, statements on pages titled "Guidance" and "Modeling Considerations" and any other statements about expected financial metrics, such as revenue, billings, free cash flow, non-GAAP gross margin, non-GAAP operating margin, non-GAAP operating expenses, and non-financial metrics, as well as statements related to our expectations regarding: the impact of foreign exchange rates; the timing and extent of customer renewals; the effectiveness of changes to our sales force and go-to-market strategy; the effects of seasonality; the timing and impact of our cloud migration transition; the benefits, the timing or rollout of future products and capabilities; customer demand and adoption of the Docusign Intelligent Agreement Management ("IAM") platform; and our utilization of our stock repurchase program, including the expected timing, duration, volume and nature of share repurchase under such program. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

Forward-looking statements contained in this document include, but are not limited to, statements about: our expectations regarding global macro-economic conditions, including the effects of inflation, volatile interest rates or foreign exchange rates, and market volatility on the global economy; our inability to accurately estimate our market opportunity; our ability to compete effectively in an evolving and competitive market; the impact of any interruptions or delays in performance of our technical infrastructure, or data breaches, cyberattacks or other fraudulent or malicious activity attempting to exploit our technology systems, platform or brand name; our ability to effectively sustain and manage our growth and future expenses and maintain or increase profitability; our ability to attract new customers and retain and expand our existing customer base, including our ability to attract large organizations as users; our ability to scale and update our platform to respond to customers' needs and rapid technological change, including our ability to successfully incorporate generative artificial intelligence into our existing and future products and to successfully deploy them; our ability to successfully develop, launch and sell IAM solutions; our ability to expand use cases within existing customers and vertical solutions; our ability to expand our operations and increase adoption of our platform internationally; our ability to strengthen and foster our relationships with developers; our ability to retain our direct sales force, customer success team and strategic partnerships around the world; our ability to identify targets for and execute potential acquisitions and to successfully integrate and realize the anticipated benefits of such acquisitions; our ability to maintain, protect and enhance our brand; the sufficiency of our cash, cash equivalents and capital resources to satisfy our liquidity needs; limitations on us due to obligations we have under our credit facility; our ability to realize the anticipated benefits of our stock repurchase program; our failure or the failure of our software to comply with applicable industry standards, laws and regulations; our ability to maintain, protect and enhance our intellectual property; our ability to successfully defend litigation against us; our ability to maintain our corporate culture; our ability to offer high-quality customer support; our ability to hire, retain and motivate qualified personnel, including executive level management; our ability to successfully manage and integrate executive management transitions; uncertainties regarding the impact of general economic and market conditions, including as a result of geopolitical conflict or changes in trade policies and practices; and our ability to maintain proper and effective internal controls.

Additional risks and uncertainties that could affect our financial results are included in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended January 31, 2025, filed on March 18, 2025, our quarterly report on Form 10-Q for the quarter ended October 31, 2025, which we expect to file on December 5, 2025 with the Securities and Exchange Commission (the "SEC"), and other filings that we make from time to time with the SEC. The forward-looking statements made in this document relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date of this document or to conform such statements to actual results or revised expectations, except as required by law.

Non-GAAP Financial Measures and Other Key Metrics

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly-titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We present these non-GAAP measures to assist investors in seeing our financial performance using a management view, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. However, these non-GAAP measures are not intended to be considered in isolation from, a substitute for, or superior to our GAAP results.

Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income and non-GAAP net income per share: We define these non-GAAP financial measures as the respective GAAP measures, excluding expenses related to stock-based compensation, employer payroll tax on employee stock transactions, amortization of acquisition-related intangibles, acquisition-related expenses, restructuring and other related charges, as these costs are not reflective of ongoing operations and, as applicable, other special items. The amount of employer payroll tax-related items on employee stock transactions is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of the business.

When evaluating the performance of our business and making operating plans, we do not consider these items (for example, when considering the impact of equity award grants, we place a greater emphasis on overall stockholder dilution rather than the accounting charges associated with such grants). We believe it is useful to exclude these expenses in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies and over multiple periods. In addition to these exclusions, we subtract an assumed provision for income taxes to calculate non-GAAP net income. We utilize a fixed long-term projected tax rate in our computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. We have determined the projected non-GAAP tax rate to be 20% for fiscal 2025 and 21% for fiscal 2026 due to the impact of the One Big Beautiful Bill Act.

Free cash flow: We define free cash flow as net cash provided by operating activities less purchases of property and equipment. We believe free cash flow is an important liquidity measure of the cash that is available (if any), after purchases of property and equipment, for operational expenses, investment in our business, and to make acquisitions. Free cash flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash in excess of our capital investments in property and equipment. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth.

Billings: We define billings as total revenues plus the change in our contract liabilities and refund liability less contract assets and unbilled accounts receivable in a given period. Billings reflects sales to new customers plus subscription renewals and additional sales to existing customers. Only amounts invoiced to a customer in a given period are included in billings. We believe billings can be used to measure our periodic performance, when taking into consideration the timing aspects of customer renewals, which represents a large component of our business. Given that most of our customers pay in annual installments one year in advance, but we typically recognize a majority of the related revenue ratably over time, we use billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see "Reconciliation of GAAP to Non-GAAP Financial Measures" at the end of this document.

Allan Thygesen
CEO

Introduction

Q3 was a standout quarter for Docusign. We delivered one of the higher growth quarters over the past two years, driven by continued customer investment in core products and the Intelligent Agreement Management (IAM) platform.

Revenue was $818 million, up 8% year-over-year, and billings were $829 million, up 10% year-over-year. Our ongoing commitment to operational efficiency once again delivered strong profitability, with a non-GAAP operating margin of 31%. Free cash flow grew 25% year-over-year to $263 million and a 32% margin, supporting $215 million in share repurchases, our largest quarterly buyback to date.

We are executing effectively across our three strategic pillars: meeting growing demand for Docusign IAM and eSignature with an improving go-to-market motion; maintaining the rapid pace of platform evolution and AI innovation; and driving greater operational efficiency. We remain focused on our long-term goal to deliver sustainable, profitable double-digit growth.

Omnichannel Go-to-Market

Let's start with our go-to-market motion, which has been instrumental in driving IAM's growth across commercial and enterprise customer segments. By the end of Q3, more than 25,000 paying direct and digital customers had adopted IAM, up from more than 10,000 in April. We remain on pace for IAM to represent a low-double-digit percentage of recurring revenue at year-end. We are also encouraged by the early strong retention rates in our first IAM renewal cohorts, as well as the continued trend of IAM customers increasing their eSignature usage after moving to the IAM platform.

IAM is a system of record that enables customers of all sizes to ingest a vast, complex body of agreements into a single repository, build agreement workflows that operate at scale, and take action on high-accuracy insights from agreement data. IAM builds on a track record of enterprise customers working with Docusign to realize a 75% faster contracting cycle, and an 81% improvement in document turnaround time.

That value resonates with customers across all segments. One of Docusign's top 10 customers became our second-largest this quarter through a multi-million dollar commitment to IAM. In the commercial space, Perceptyx, which provides an AI-powered employee experience platform, generates new documents in 99% less time, while the administrative offices in San Miguel County, Colorado, have cut agreement finalization time by 96%.

The broader eSignature business also performed well in Q3. Dollar net retention improved by 2% points year-over-year to 102%, continuing to benefit from steady demand and sales-driven execution. eSignature customers continued to increase overall usage, with utilization rates at multi-year highs, and consistent, positive growth in envelopes sent. New York Life, the largest mutual life insurance company in the U.S., streamlined critical end-to-end workflows for agents and millions of policyholders by integrating eSignature with Salesforce, and now has 65% of all customer agreements signed within just a few hours.

Docusign CLM remains a top choice for enterprise customers with sophisticated workflows, and it will become even more valuable as we integrate CLM with Docusign Navigator, our intelligent repository, and other IAM features. In Q3, Docusign was also named a leader in the Gartner Magic Quadrant for CLM for the sixth year in a row.

Also, international revenue showed sustained growth and is now approximately 30% of our overall business for the first time. Our sales efforts continued to support international expansion, and in Q3, we hosted Momentum events for customers and partners in Sydney, Singapore, and Tokyo. This year's Momentum series drew 3x as many attendees as in 2024, reflecting growing interest in IAM.

Across all segments and geographies, we're deepening our solution-selling motion. Greater engagement and stronger customer relationships helped deliver the business resilience and consistency we've seen over the last two quarters.

NEW YORK LIFE

"Docusign eSignature was the one solution that could meet all of our needs, internally and externally. I like to say that when we're working with Docusign, anything is possible."

Tyisha Serrano
Corporate Vice President, Digital Service

Product Innovation

Turning to product innovation, we are rapidly adding new features to IAM, as Docusign matures from a single product company into the category-leading platform in agreement management. Earlier this week, we launched Agreement Desk, an internal central workspace that keeps teams aligned so agreements are processed faster, and our first AI contract agents, now in beta.

Agreement management is a $2 trillion global market problem, and over the past 18 months, we've helped tens of thousands of customers begin to solve it. From the beginning, a key part of our IAM platform vision has involved combining a decade of in-house AI experience with leading 3rd-party innovation. We believe IAM excels in several key areas:

Unmatched proprietary data
Models trained on the best data deliver the best, most accurate results to customers. One of Docusign's biggest differentiators is our enormous library of consented, private agreements, covering a wide variety of contract types, clauses, customer segments, languages, and verticals. We estimate that by training IAM on this rich body of private data, we can achieve a 15% point improvement in precision and recall compared to our models trained on public contract data. On a 100-point scale, a 15-point jump in accuracy is a game-changer, especially when managing business-critical workflows and legal contracts.

When customers adopt IAM, their eSignature documents are automatically available in Navigator, and they can include virtually any other agreements as well. To date, we have approximately 150 million opted-in customer agreements ingested into Navigator, including 20 million in October alone, up approximately 140% over the past two quarters. Our average new IAM customer has over 5,000 active contracts.

Perceptyx

"If we can get rid of manual processes with technology, it's better for everybody. Docusign has been a fantastic partner in helping us close out our own deals, dotting the i's, crossing the t's, and making the entire process seamless."

Brendan Mills
Contracts Administrator

An unrivaled ecosystem
Docusign has more than 1,000 third-party integrations and enterprise-ready APIs that connect the agreement process directly into the core business systems that customers already use. In Q3 we expanded our ecosystem by adding new AI tools and platforms. At our annual Docusign Discover developer conference in October, we announced that IAM will be available in ChatGPT, and can also connect to Anthropic Claude, Gemini Enterprise, GitHub Copilot, Copilot Studio, and Agentforce, all using the Model Context Protocol (MCP) server that's currently in beta. At Discover, we also launched APIs that enable customers to connect Navigator and Maestro to third-party systems and proprietary internal apps.

In October, at Dreamforce, we received a Salesforce Partner Innovation Award in the tech category for our Docusign for Agentforce solution, which accelerates deal velocity by surfacing agentic action and AI-powered agreement insights inside Agentforce. The expansion of our ecosystem partnerships and native integrations reinforces our position as the essential agreement layer across the enterprise.

Trustworthy AI at enterprise scale
Our largest customers have millions of agreements in Navigator, and our AI models are designed to handle hundreds of millions of agreements efficiently. In addition to scalability, customers tell us that trust is paramount when deploying AI to manage sensitive agreement information. In a recent Docusign survey, 70% of professionals said they trust a dedicated enterprise contract AI solution over a general-purpose model for handling agreements.

IAM draws on Docusign's years-long track record of delivering highly secure solutions for some of the world's most security-conscious companies, and meeting stringent standards of compliance, data security, and privacy protection. In Q3, IAM achieved FedRAMP Moderate and GovRAMP authorization, and we expanded our identity portfolio by launching CLEAR and Risk-Based Verification. For two years in a row, Newsweek has named Docusign the most trustworthy software company in the U.S.

In closing, our innovation is turning into outcomes for our commercial and enterprise customers, who are realizing IAM's growing value in boosting productivity, saving time and money, and transforming their businesses. We're honored that in Q3, Docusign's AI innovation garnered recognition on the 2025 Fortune Future 50 list, which celebrates companies with the greatest long-term growth prospects, and the Inc. Power Partners Awards for companies that have proven track records supporting entrepreneurs and helping startups grow.

I'd like to thank the entire Docusign team for their commitment to putting our nearly 1.8 million customers first as we drive the evolution of the category-leading intelligent agreement management platform. IAM momentum continues to build, and we are focused on pursuing the vast opportunity ahead.

Blake Grayson
CFO

Introduction

Q3 results demonstrated another quarter of resiliency, with consistent overall growth and IAM demand momentum. We also continued to generate strong operating profitability and cash flow, and translated that performance into our single-largest quarterly dollar buyback in the company’s history.

Q3 FY26 Business Performance

In Q3, total revenue was $818 million, up 8% year-over-year, and subscription revenue was $801 million, up 9% year-over-year. Revenue outperformance was driven by modest sales-driven strength. Q3 billings were $829 million, up 10% year-over-year. Revenue and billings had small foreign currency benefits of approximately 50 basis points year-over-year.

Billings outperformance was primarily driven by two elements:

- The first was renewal timing and early renewal strength, which drove slightly more than half of the outperformance in Q3. Similar to Q2, we saw slightly higher early renewals than forecasted. Importantly, the quality of those early renewals continued to improve year-over-year as the percentage of early renewals with expansion grew and the share of early renewals that were flat, declined.
- The second element was a collection of smaller impacts, including a small shift in payment frequency to annual, bookings performance, and slight F/X favorability.

When removing the impact from timing relative to our forecast, billings growth for Q3 was approximately 8% year-over-year. As a reminder, we also saw elevated early renewal activity in the second half of Fiscal 2025, creating a more difficult year-over-year billings comparison in Q3 and Q4 of this year.

SAN MIGUEL COUNTY COLORADO

"I save so much time. All our files are on one platform, and I'm no longer the keeper of it all. Anybody can go in and find a document as easily as I can."

Carmen Warfield
Deputy Clerk to the San Miguel County Board

A consistent theme in our quarterly billings results has been that renewal timing can create significant variability in billings as a reporting metric. This quarter, we are previewing three future disclosure updates that will take effect in our Q4 2026 earnings call in March. These updates reflect investor feedback, and our primary goals are to provide better transparency in measuring both our long-term growth rate and IAM's role as a growth driver, as well as to focus on the underlying dynamics of growth in our business rather than those affected by timing. Please see slide 28 in our Q3 earnings deck for a full summary of the changes.

1. First, at the end of every fiscal year, starting this Q4 2026, we will disclose **Annual Recurring Revenue ("ARR")** , including historical data for recent years. We will also provide full-year ARR growth guidance for Fiscal 2027, which we will update quarterly during our first, second, and third quarters.
2. Second, we will also introduce **IAM as a % of ARR** as a quarterly reporting metric beginning in Q4 2026. Consistent with the approach in Fiscal 2026, we will also provide guidance in Fiscal 2027 for the approximate year-end IAM % of ARR to create greater transparency into IAM's anticipated contribution to total growth.
3. Finally, as previously discussed, we will no longer report **billings** in Fiscal 2027. This quarter will be the last quarter we provide billings guidance, and Q4 2026 will be the last quarter we report non-GAAP billings and reconciliations in earnings materials and SEC filings. We believe replacing billings as a reporting metric with ARR metrics will improve investor understanding of how Docusign is managing its long-term growth trajectory and minimize quarter-to-quarter timing volatility in our reporting.

One question we anticipate is why not report ARR on a quarterly basis? The reason is that our quarterly net new ARR, as it is relatively small compared to our book of business, is subject to timing volatility similar or even more pronounced than quarterly billings, and can be highly volatile on a year-over-year basis.

For example, in Fiscal 2026 we are forecasting to add approximately $240 million in net new subscription revenue, or around $60 million on average per quarter. With that small of an absolute figure, slight timing fluctuations on deals can have large growth rate impacts. Similar to billings, these timing fluctuations can detract from the insight that ARR provides along with our aspiration to focus on accelerating our long term growth. Our goal through providing annual ARR guidance, updated each quarter, along with quarterly IAM disclosures, is to provide a full, transparent picture of that growth.

In Q3, we continued to see a strong and resilient business. The dollar net retention rate ("DNR") was 102%, up from 100% in the prior year and consistent with 102% in Q2 of Fiscal 2026. DNR stability is supported by improving consumption, a measure of envelope utilization, which is amongst the highest levels we have seen since early Fiscal 2022. Also, the volume of envelopes sent in Q3 continued to increase at a consistent year-over-year rate as compared to prior quarters. The fundamentals in our business remain solid.

For IAM, in Q3, we surpassed 25,000 direct and digital customers on our IAM platform, up from 10,000, which we shared in April. We continue to be encouraged by IAM customers' financial profile, with the first early renewal cohorts showing a gross retention rate several percentage points higher than our corporate average. We remain on track for IAM to contribute a low-double-digit percentage share of the subscription book of business exiting Q4.

For the first time, international revenue reached approximately 30% of total revenue and grew 14% year-over-year, accelerating slightly from the prior quarter. In Q3, total customers grew 9% year-over-year, ending the quarter at nearly 1.8 million. Growth in customers spending over $300K annually accelerated to 8% year-over-year to 1,165 in Q3. This is the highest quarterly growth in over 2 years for this metric as the solution-selling motion with larger customers continues to improve following Q1's go-to-market changes.

Turning to our financials, our focus on operating efficiency continued to yield strong results this quarter.

Non-GAAP gross margin for Q3 was 81.8%, down 70 basis points versus the prior year, due primarily to the cloud migration transition cost we've discussed throughout the year.

We delivered non-GAAP operating income in Q3 of $257 million. Operating margin was 31.4%, up nearly 2% points versus last year, mostly attributable to higher revenue, continued cost discipline, and some savings from one-time expense items. We had approximately 1.5% points of margin benefit from one-time and timing-related savings in Q3, without which our operating margin would have been approximately 30%. We ended Q3 with 6,940 employees, up modestly vs. 6,838 at Fiscal 2025 year-end. This reflects our measured approach to hiring in Fiscal 2026 to support our strategic initiatives while maintaining efficiency.

In Q3, we generated $263 million of free cash flow, a 32% margin, up over 4% points versus the prior year. This strength was better than we expected, driven primarily by higher-than-expected collections efficiency, higher in-quarter billings, and lower expenses.

Our balance sheet is strong. We ended the quarter with approximately $1 billion of cash, cash equivalents, and investments. We have no debt on the balance sheet. In Q3, we increased the pace of our buyback activity and repurchased $215 million dollars in shares. This was our single-largest quarterly dollar buyback in the company's history as we redeployed the majority of our quarterly free cash flow to shareholders. We will continue to opportunistically repurchase shares with over $1 billion in remaining buyback authorization. While the pace of this activity may fluctuate quarter-to-quarter, share repurchases underscore our commitment to returning excess capital to shareholders.

Non-GAAP diluted EPS for Q3 was $1.01, up from $0.90 last year. GAAP diluted EPS was $0.40 vs. $0.30 last year.

Guidance

For the fourth quarter and Fiscal Year 2026 we expect total revenue of $825 million to $829 million in Q4 or a 7% year-over-year increase at the midpoint, and $3.208 billion to $3.212 billion for Fiscal 2026 or a 8% year-over-year increase at the midpoint. Of this, we expect subscription revenue of $808 million to $812 million in Q4 or a 7% year-over-year increase at the midpoint, and $3.140 billion to $3.144 billion for Fiscal 2026 or a 8% year-over-year increase at the midpoint.

For billings, we expect $992 million to $1.002 billion in Q4, or a 8% growth rate year-over-year at the midpoint, and $3.379 billion to $3.389 billion for Fiscal 2026 or growth of 9% year-over-year at the midpoint.

Our updated full-year topline guidance reflects the following dynamics present in our business and the external environment:

- For full-year revenue, the annual guidance midpoint is increasing by $15 million from last quarter's full year guidance. The majority of the increase is driven by Q3 outperformance, and the expectation that some of these trends will continue to the fiscal year end.

- For full-year billings, the annual guidance midpoint is increasing by $44 million from last quarter's full year guidance. This increase reflects a portion of the non-timing impact from Q3 business strength.

- As a reminder, both full-year revenue and billings have hard year-over-year comparisons against last year's higher volume of early renewals, particularly in the second half of the year. Revenue growth also has a hard year-over-year comparison against strength from last year's PLG initiatives, including high volumes of digital customers adding envelope capacity as a result of improved self-service flows as described a year ago.

For profitability, we expect non-GAAP gross margin to be between 80.8% to 81.2% for Q4, and between 81.7% to 81.8% for Fiscal 2026.

We expect non-GAAP operating margin to reach 28.3% to 28.7% for Q4 and 29.8% to 29.9% for Fiscal 2026.

For the full year, we included the following two considerations in our non-GAAP profitability guidance:

- For gross margins:
  - We expect approximately 1% point of headwind year-over-year from our ongoing cloud data center migration efforts in Q4. For full year Fiscal 2026, we expect our topline strength and continued cost discipline to partially offset cloud migration costs, and expect an approximately 0.5% point year-over-year decline on margins. We continue to expect a gradual easing in migration cost impacts in Fiscal 2027 and beyond.

- For operating margins:
  - We expect to achieve flat year-over-year operating margins for Fiscal 2026, a strong reflection of our continued cost discipline. This strength offsets the margin pressures we've described throughout the year, including the impact of cloud migration, the shift of some roles to cash compensation from equity, and the comp against one-time professional fee savings last year in Q2 2025.
  - In Q4, we also have a small timing-related headwind from one-time costs pushed to Q4 from Q3. As a reminder, in Q3, we had approximately 1.5% points of margin benefit from one-time and timing related savings.

We expect non-GAAP fully diluted weighted average shares outstanding of 203 million to 208 million for Q4 and 208 million to 211 million for Fiscal 2026. Please see the "Modeling considerations" slides in our Q3 earnings deck for a full summary of guidance context.

In summary, this quarter highlighted Docusign's commitment to our core strategic priorities and operational roadmap: driving product innovation, enhancing our go-to-market motions, and continuously improving efficiencies across the business. Our focus on both consistent growth and financial discipline will remain the guidepost for maximizing customer, employee, and shareholder value.

Appendix

Modeling Considerations

Please refer to the guidance section in the CFO Prepared Remarks for context on topline and profitability guidance for Fiscal 2026 and Q4 2026. In addition, please note the following modeling considerations.

Topline:

- **Foreign Exchange Rates (F/X) Growth Impact:**
  - Revenue: For Q4 and Fiscal 2026, we expect a positive 0.7% point year-over-year impact on revenue for Q4 and an approximately neutral impact on revenue for the full year. This is consistent with our prior expected neutral year-over-year impact for revenue in our prior Fiscal 2026 guidance issued on September 4, 2025.
  - Billings: For Q4, we expect a positive billings impact of approximately 1.6% point year-over-year. For Fiscal 2026, we expect a positive billings impact of approximately 0.9% point year-over-year. This compares to the prior expected positive tailwind of approximately 0.8% point year-over-year for billings in our prior Fiscal 2026 guidance issued on September 4, 2025.
- **IAM:** We continue to expect that IAM will represent a low double-digit percentage of the subscription book of business exiting Q4 of Fiscal 2026.
- **Early Renewal Impact on FY26 Billings Growth:** As a reminder, we have a hard comparison against last year's higher volume of early renewals, particularly in the second half of the year. Adjusting for early renewals compared to last year, we continue to expect full-year billings growth would be approximately 0.5% point higher year-over-year.

Modeling Considerations (Continued)

Profitability:

- **Non-GAAP Gross Margin:**
    - Q4: We expect approximately 1% point of headwind year-over-year from our ongoing cloud data center migration efforts in Q4.
    - Fiscal 2026: For the full Fiscal 2026, we expect our topline strength and continued cost discipline to offset cloud migration costs, and expect approximately 0.5% point year-over-year decline on margins. We continue to expect a gradual easing in migration cost impacts in Fiscal 2027 and beyond.
- **Non-GAAP Operating Margin:**
    - Q4: In Q4, we have a small timing-related headwind from one-time costs pushed to Q4 from Q3. As a reminder, in Q3 Fiscal 2026, we had approximately 1.5% points of margin benefit from one-time and timing-related savings.
    - Fiscal 2026: We expect to achieve flat year-over-year operating margins for Fiscal 2026, a reflection of continued cost discipline. This strength offsets the margin pressures we've described throughout the year, including the impact of cloud migration, the shift of some roles to cash compensation from equity, and the comparison against one-time professional fee savings last year in Q2 2025.
- **Free Cash Flow (FCF) Margin:** We expect FCF dollars in Q4 to be greater vs. Q3, primarily due to higher in-quarter billings from normal seasonality trends and efficiencies in collections.
- **Non-GAAP Tax Rate:** We continue to expect non-GAAP tax rate to be 21% for Fiscal 2026 due to the impact of the One Big Beautiful Bill Act ("OBBBA"). This rate is 1% point higher than in Fiscal 2025.
- **Non-GAAP Fully Diluted Weighted Average S/O:** We expect non-GAAP fully diluted weighted average shares outstanding of 203 million to 208 million for Q4 and 208 million to 211 million for Fiscal 2026. This range compares to our prior guidance of 207 million to 212 million issued on September 4, 2025.

Reconciliation of GAAP to Non-GAAP Financial Measures

GAAP to Non-GAAP gross profit reconciliation

Gross Profit ($ in thousands)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Nine Months Ended October 31, 2025	Nine Months Ended October 31, 2024
GAAP gross profit	647,804	598,283	1,889,362	1,739,039
Add: Stock-based compensation	19,010	19,627	54,506	59,101
Add: Employer payroll tax on employee stock transactions	1,180	894	4,628	2,733
Add: Amortization of acquisition-related intangibles	1,495	3,566	6,622	8,703
Non-GAAP gross profit	669,489	622,370	1,955,118	1,809,576
GAAP gross margin	79.2%	79.3%	79.3%	79.0%
Non-GAAP gross margin	81.8%	82.5%	82.1%	82.2%

Subscription Gross Profit ($ in thousands)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Nine Months Ended October 31, 2025	Nine Months Ended October 31, 2024
GAAP subscription revenue	800,958	734,693	2,331,548	2,143,542
Less: GAAP subscription cost of revenue	150,372	134,587	431,812	393,561
GAAP subscription gross profit	650,586	600,106	1,899,736	1,749,981
Add: Stock-based compensation	15,018	14,862	42,439	44,636
Add: Employer payroll tax on employee stock transactions	889	574	3,554	1,961
Add: Amortization of acquisition-related intangibles	1,495	3,566	6,622	8,703
Non-GAAP subscription gross profit	667,988	619,108	1,952,351	1,805,281
GAAP subscription gross margin	81.2%	81.7%	81.5%	81.6%
Non-GAAP subscription gross margin	83.4%	84.3%	83.7%	84.2%

GAAP to Non-GAAP operating income and free cash flow reconciliation

Operating Income ($ in thousands)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Nine Months Ended October 31, 2025	Nine Months Ended October 31, 2024
GAAP income from operations	85,355	59,030	210,837	139,459
Add: Stock-based compensation	160,642	153,228	466,776	455,552
Add: Employer payroll tax on employee stock transactions	6,182	4,274	26,489	15,450
Add: Amortization of acquisition-related intangibles	4,873	6,920	16,708	17,799
Add: Acquisition-related expenses	—	(376)	—	4,340
Add: Restructuring and other related charges	—	—	—	29,721
Non-GAAP income from operations	257,052	223,076	720,810	662,321
GAAP operating margin	10.4%	7.8%	8.8%	6.3%
Non-GAAP operating margin	31.4%	29.6%	30.3%	30.1%

Free Cash Flow ($ in thousands)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Nine Months Ended October 31, 2025	Nine Months Ended October 31, 2024
Net cash provided by operating activities	290,274	234,326	787,786	709,360
Less: Purchases of property and equipment	(27,374)	(23,613)	(79,423)	(68,646)
Non-GAAP free cash flow	262,900	210,713	708,363	640,714
Free cash flow margin	32%	28%	30%	29%
Net cash used in investing activities	(37,748)	(43,698)	(93,125)	(280,585)
Net cash used in financing activities	(270,461)	(198,335)	(767,316)	(607,277)

GAAP to Non-GAAP operating expenses reconciliation

	Three Months Ended October 31,		Nine Months Ended October 31,	
Sales & Marketing ($ in thousands)	2025	2024	2025	2024
GAAP sales and marketing	296,516	290,597	898,379	859,705
Less: Stock-based compensation	(48,018)	(49,347)	(143,184)	(154,396)
Less: Employer payroll tax on employee stock transactions	(2,356)	(1,618)	(9,258)	(5,351)
Less: Amortization of acquisition-related intangibles	(3,378)	(3,354)	(10,086)	(9,096)
Non-GAAP sales and marketing	242,764	236,278	735,851	690,862
GAAP sales and marketing as a percentage of revenue	36.2%	38.4%	37.7%	39.1%
Non-GAAP sales and marketing as a percentage of revenue	29.7%	31.3%	30.9%	31.4%
Research & Development ($ in thousands)	2025	2024	2025	2024
GAAP research and development	167,626	151,101	496,703	432,992
Less: Stock-based compensation	(60,806)	(53,184)	(177,102)	(150,816)
Less: Employer payroll tax on employee stock transactions	(1,918)	(1,273)	(9,599)	(5,592)
Non-GAAP research and development	104,902	96,644	310,002	276,584
GAAP research and development as a percentage of revenue	20.5%	20.0%	20.9%	19.7%
Non-GAAP research and development as a percentage of revenue	12.8%	12.8%	13.0%	12.6%
General & Administrative ($ in thousands)	2025	2024	2025	2024
GAAP general and administrative	98,307	97,555	283,443	277,162
Less: Stock-based compensation	(32,808)	(31,070)	(91,984)	(91,239)
Less: Employer payroll tax on employee stock transactions	(728)	(489)	(3,004)	(1,774)
Less: Acquisition-related expenses	—	376	—	(4,340)
Non-GAAP general and administrative	64,771	66,372	188,455	179,809
GAAP general and administrative as a percentage of revenue	12.1%	12.9%	11.9%	12.6%
Non-GAAP general and administrative as a percentage of revenue	7.9%	8.8%	7.9%	8.1%

Computation of billings

	Three Months Ended October 31,		Nine Months Ended October 31,	
Computation of Billings ($ in thousands)	2025	2024	2025	2024
Revenue	818,350	754,820	2,382,640	2,200,487
Add: Contract liabilities and refund liability, end of period	1,479,491	1,332,828	1,479,491	1,332,828
Less: Contract liabilities and refund liability, beginning of period	(1,468,618)	(1,334,461)	(1,479,266)	(1,343,792)
Add: Contract assets and unbilled accounts receivable, beginning of period	13,824	17,461	17,825	20,189
Less: Contract assets and unbilled accounts receivable, end of period	(13,588)	(18,341)	(13,588)	(18,341)
Add: Contract assets and unbilled accounts receivable by acquisitions	—	—	—	53
Less: Contract liabilities and refund liability contributed by acquisitions	—	—	—	(5,071)
Non-GAAP billings	829,459	752,307	2,387,102	2,186,353