

servicenow®

Investor Presentation

Fourth Quarter 2024

Safe Harbor and other information

This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management, the effects of competition on our business and customer trends.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates” (including, without limitation, financial estimates denoted with an “E,” such as FY25E), “targets,” “guidance,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “prospects,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms, although not all forward-looking statements contain these identifying words.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Additionally, these forward-looking statements, particularly our guidance, involve risks, uncertainties and assumptions based on information available to us as of January 29, 2025, including those related to our future financial performance, global economic conditions and demand for digital transformation. Many of these assumptions relate to matters that are beyond our control and changing rapidly, including, but not limited to, fluctuations in the value of foreign currencies relative to the U.S. Dollar; fluctuations in interest rates; the impact armed conflicts and bank failures on macroeconomic conditions; inflation; and fluctuations and volatility in our stock price. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. Further information on these and other factors that could cause or contribute to such differences include, but are not limited to those discussed in the “Risk Factors” section in our Annual Report on Form 10-K filed for the year ended December 31, 2024 and in our other Securities and Exchange Commission (“SEC”) filings. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts’ expectations, or to provide interim reports or updates on the progress of the current financial quarter.

This presentation includes certain non-GAAP financial measures and the corresponding growth rates as defined by SEC rules. For additional information, see the slide titled “Statement Regarding Use of Non-GAAP Financial Measures.”

Terms such as Remaining Performance Obligations (“RPO”), Current Remaining Performance Obligations (“cRPO”) and Renewal Rate shall have the meanings set forth in our filings with the SEC.

The information in this presentation on new products, features, or functionality, including products that incorporate AI technology, is intended to outline our general product direction and should not be relied upon in making a purchasing decision. The information on new products, features, and functionality is for informational purposes only and shall not be incorporated into any contract. The information on new products, features, and functionality is not a commitment, promise, or legal obligation to deliver any material, code or functionality. The development, release, and timing of any features or functionality described for our products remains at our sole discretion.

Statement Regarding Use of Non-GAAP Financial Measures

We report non-GAAP financial measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

We adjust revenues and related growth rates ("revenues"), and current remaining performance obligations ("cRPO") and remaining performance obligations ("RPO") and related growth rates for constant currency to provide a framework for assessing how our business performed excluding the effect of foreign currency rate fluctuations, and for revenues only, any gains or losses from foreign currency hedge contracts that are reported in the current and comparative period. To exclude the effective of foreign currency rate fluctuations, current period revenues results for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the average exchange rates in effect for the comparison period, rather than the actual exchange rates in effect for the current period. Guidance for related growth rates is derived by applying the average exchange rates in effect during the comparison period, rather than the exchange rates for the guidance period, adjusted for any foreign currency hedging effects. We believe the presentation of revenues and corresponding growth rates adjusted for constant currency by excluding effects of foreign currency rate fluctuations and any gains or losses from foreign currency hedge contracts facilitates the comparison of revenues year-over-year. Current period cRPO and RPO results and related growth rates for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the exchange rates in effect at the end of the comparison period rather than the actual end of the period exchange rates in effect during the current period. Guidance for cRPO growth rates is derived by applying the end of period exchange rates in effect during the comparison period rather than the exchange rates in effect during the guidance period. We believe the presentation of cRPO and RPO and related growth rates adjusted for constant currency facilitates the comparison of cRPO and RPO year-over-year, respectively.

Our non-GAAP presentation of gross profit, income from operations, and net income measures exclude certain non-cash or non-recurring items, including stock-based compensation expense, amortization of debt discount and issuance costs related to our convertible senior notes, loss on early note conversions, amortization of purchased intangibles, legal settlements, business combination and other related costs, income tax effects and adjustments, and the income tax benefit from the release of a valuation allowance on deferred tax assets. The non-GAAP weighted-average shares used to compute our non-GAAP net income per share - diluted excludes the dilutive effect of the in-the-money portion of convertible senior notes as they are covered by our note hedges, and includes the dilutive effect of time-based stock awards, the dilutive effect of warrants and the potentially dilutive effect of our stock awards with performance conditions not yet satisfied at forecasted attainment levels to the extent we believe it is probable that the performance condition will be met. We believe these adjustments provide useful supplemental information to investors and facilitates the analysis of our operating results and comparison of operating results across reporting periods.

Free cash flow is defined as net cash provided by operating activities plus cash paid for legal settlements, repayments of convertible senior notes attributable to debt discount and business combination and other related costs including compensation expense, reduced by purchases of property and equipment. Free cash flow margin is calculated as free cash flow as a percentage of total revenues. We believe information regarding free cash flow and free cash flow margin provides useful information to investors because it is an indicator of the strength and performance of our business operations.

Our presentation of non-GAAP financial measures may not be comparable to similar measures used by other companies. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand our business. Please see the tables included at the end of this presentation for the reconciliation of GAAP and non-GAAP results.



Technology Workflows

Accelerate digital transformation with resilient, cost-efficient, and secure technology



Employee Workflows

Drive employee productivity, retention, and growth while lowering costs



Customer and Industry Workflows

Deliver frictionless customer experiences that drive long-term loyalty and improve the bottom line



Creator Workflows

Build connected cross-enterprise workflow apps fast using low-code and hyperautomation that safely deliver agile services at scale



Optimize processes, connect data and silos, and accelerate innovation at scale using the power of generative AI to create new value on a single, unifying platform built for digital transformation.

We are the AI Platform for Business Transformation



We move with the pace of innovation to help customers transform organizations across every industry while upholding a trustworthy, human centered approach to deploying our products and services at scale



Our approximately 8,400 global customers⁽¹⁾ include over 85% of the Fortune 500. They all rely on ServiceNow solutions using the Now Platform—the intelligent and intuitive cloud platform—for successful digital transformation



Our aspiration is to be the defining enterprise software company of the 21st century



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(1) Global customers count is as of the end of fiscal 2024.

Q4-24 Financial Highlights

Q4 2024 Results	Quarterly Results	Increase (Decrease) Y/Y	Currency Impact ⁽¹⁾	Non-GAAP Constant Currency Y/Y ⁽²⁾
Subscription Revenues	\$2,866M	21%	~Flat	21%
Current RPO (cRPO)	\$10.27B	19%	~250bps headwind	22%
Remaining Performance Obligations (RPO)	\$22.3B	23%	~300bps headwind	26%
Non-GAAP Operating Margin ⁽³⁾	29.5%	~Flat	NA	NA
Non-GAAP Free Cash Flow Margin ⁽³⁾	47.5%	~(800bps)	NA	NA

(1) Currency impact on subscription revenue growth rates are derived by applying the average exchange rates in effect during the comparison period, rather than the actual average exchange rates in effect during the current period, excluding any gains or losses from foreign currency hedge contracts that are reported in the current and comparative periods. Currency impact on cRPO and RPO growth rates are derived by applying the exchange rates in effect at the end of the comparison period rather than the actual end of period exchange rates in effect during the current period.

(2) The non-GAAP growth rates for subscription revenues are adjusted for constant currency by excluding effects of foreign currency rate fluctuations and any gains or losses from foreign currency hedge contracts, and cRPO and RPO are adjusted only for constant currency. See slides 11-12 for additional discussion of non-GAAP subscription revenues and their corresponding growth rates. See slide 13 for additional discussion of non-GAAP cRPO and RPO and their corresponding growth rates.

(3) This financial metric and its corresponding growth rate, if applicable, are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Note: Numbers rounded for presentation purposes.

FY24 Financial Highlights

FY 2024 Results	Annual Results	Increase (Decrease) Y/Y	Currency Impact ⁽¹⁾	Non-GAAP Constant Currency Y/Y ⁽²⁾
Subscription Revenues	\$10,646M	23%	~Flat	22.5%
Current RPO (cRPO)	\$10.27B	19%	~250bps headwind	22%
Remaining Performance Obligations (RPO)	\$22.3B	23%	~300bps headwind	26%
Non-GAAP Operating Margin ⁽³⁾	29.5%	~200bps	NA	NA
Non-GAAP Free Cash Flow Margin ⁽³⁾	31.5%	~100bps	NA	NA

(1) Currency impact on subscription revenue growth rates are derived by applying the average exchange rates in effect during the comparison period, rather than the actual average exchange rates in effect during the current period, excluding any gains or losses from foreign currency hedge contracts that are reported in the current and comparative periods. Currency impact on cRPO and RPO growth rates are derived by applying the exchange rates in effect at the end of the comparison period rather than the actual end of period exchange rates in effect during the current period.

(2) The non-GAAP growth rates for subscription revenues are adjusted for constant currency by excluding effects of foreign currency rate fluctuations and any gains or losses from foreign currency hedge contracts, and cRPO and RPO are adjusted only for constant currency. See slides 11-12 for additional discussion of non-GAAP subscription revenues and their corresponding growth rates. See slide 13 for additional discussion of non-GAAP cRPO and RPO and their corresponding growth rates.

(3) This financial metric and its corresponding growth rate, if applicable, are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Note: Numbers rounded for presentation purposes.

2025 Guidance Assumptions

Since September 30, 2024, ServiceNow has seen an incremental strengthening of the U.S. dollar, resulting in a foreign exchange (“FX”) headwind of approximately \$175 million for 2025 subscription revenues, which includes \$40 million in Q1 2025, and \$205 million for Q1 2025 cRPO.

Our guidance assumes a more pronounced second-half weighted linearity in our U.S. Federal business due to seasonality from the change in presidential administration.

In 2025, we will begin shifting more of our business model to include elements of consumption-based monetization across our AI and data solutions. For instance, we will include our new AI Agents in our Pro Plus and Enterprise Plus SKUs, forgoing upfront incremental new subscriptions to instead drive accelerated adoption and monetize increasing usage over time. We are also optimizing certain aspects of our go-to-market approach and creating more integrated solutions that we will announce at Knowledge 2025. Our guidance prudently reflects the flexibility to make these moves while delivering further free cash flow generation. Our free cash flow margin guidance reflects incremental expansion, building on the accelerated trajectory driven by our 2024 outperformance.

Guidance Summary

Q1 2025 Guidance	Quarterly Guidance	Increase (Decrease) Y/Y	Currency Impact Included in Guidance ⁽¹⁾	Non-GAAP Constant Currency Y/Y ⁽²⁾
Subscription Revenues	\$2,995M - \$3,000M	18.5% - 19%	~100bps headwind	19.5% - 20%
Non-GAAP Operating Margin ⁽³⁾	30%	~(50bps)	NA	NA
Current RPO (cRPO) Growth	19.5%	NA	~100bps headwind	20.5%

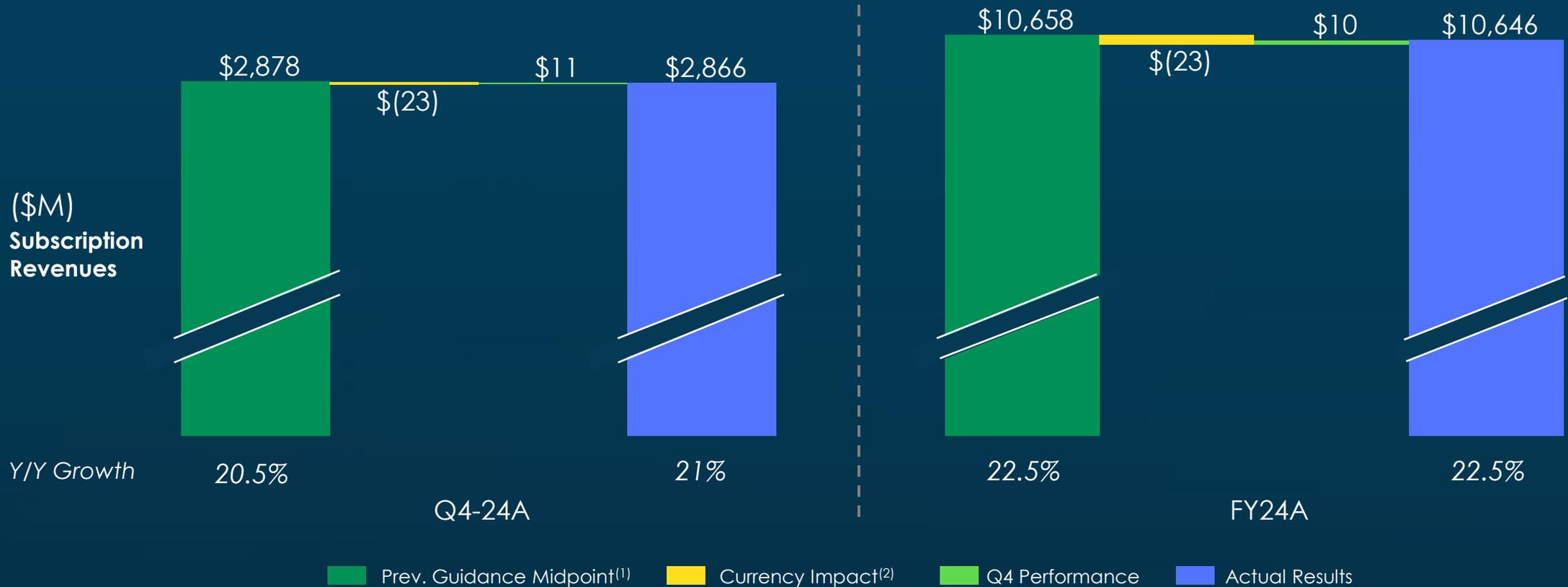
FY 2025 Guidance	Full-Year Guidance	Increase (Decrease) Y/Y	Currency Impact Included in Guidance ⁽¹⁾	Non-GAAP Constant Currency Y/Y ⁽²⁾
Subscription Revenues	\$12,635M - \$12,675M	18.5% - 19%	~100bps headwind	19.5% - 20%
Non-GAAP Subscription Gross Margin ⁽³⁾	83.5%	~(150bps)	NA	NA
Non-GAAP Operating Margin ⁽³⁾	30.5%	~100bps	NA	NA
Non-GAAP Free Cash Flow Margin ⁽³⁾	32%	~50bps	NA	NA

(1) Currency impact on subscription revenues growth rates are derived by applying the average exchange rates in effect during the comparison period, rather than the exchange rates for the guidance period, adjusted for any foreign currency hedging effects. Currency impact on cRPO growth rates are derived by applying the end of period exchange rates in effect during the comparison period rather than the exchange rates in effect during the guidance period.

(2) The non-GAAP growth rates for subscription revenues are adjusted for constant currency by excluding effects of foreign currency rate fluctuations and any gains or losses from foreign currency hedge contracts, and cRPO is adjusted only for constant currency.

(3) This financial metric and its corresponding growth rate, if applicable, are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Comparison to Previously Issued Guidance



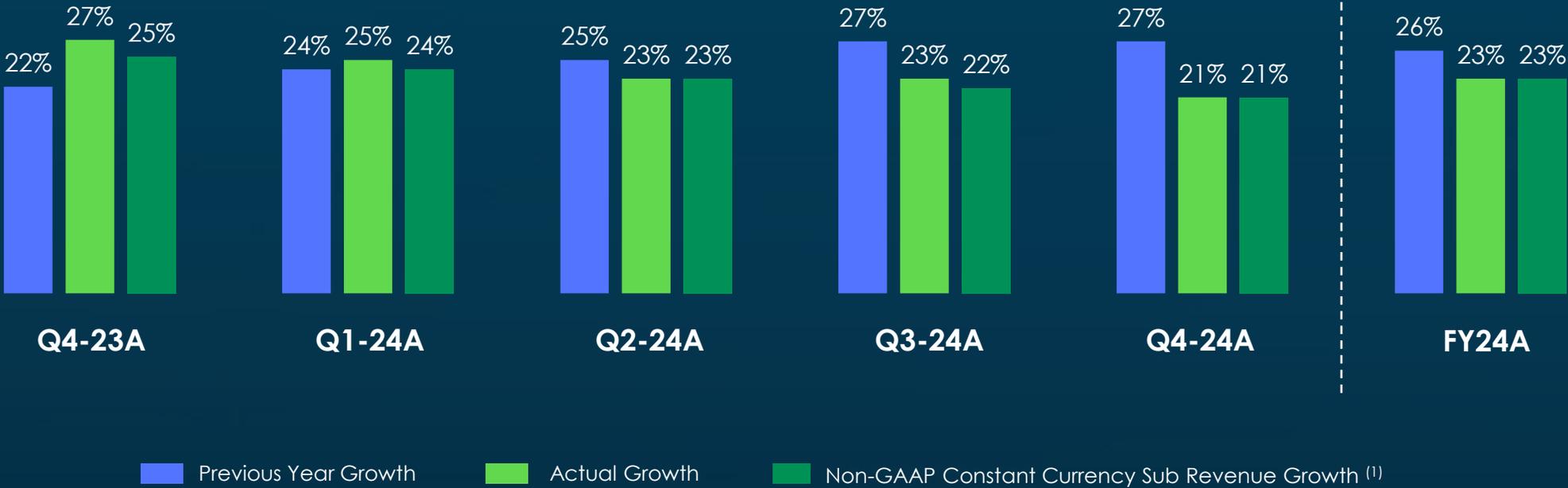
(1) Refers to previously issued financial guidance dated 10/23/24.

(2) GAAP subscription revenues included in our previous guidance is based on the 30-day average foreign exchange rates for September 2024 for entities reporting in currencies other than U.S. Dollars. Currency impact in Q4 2024 represents the impact of the difference between the actual average foreign exchange rates in the period used to calculate our Q4 2024 actual results and the 30-day average foreign exchange rates for September 2024 assumed in our previously issued guidance dated 10/23/24, including any gains or losses from foreign currency hedge contracts. Currency impact on our full year guidance represents the impact of the difference between the 31-day average foreign exchange rates for December 2024 assumed in our updated full-year 2024 guidance, and the 30-day average foreign exchange rates for September 2024 in our previously issued guidance dated 10/23/24, including any gains or losses from foreign currency hedge contracts.

Note: Numbers rounded for presentation purposes and may not foot.

Year-Over-Year Subscription Revenues Growth

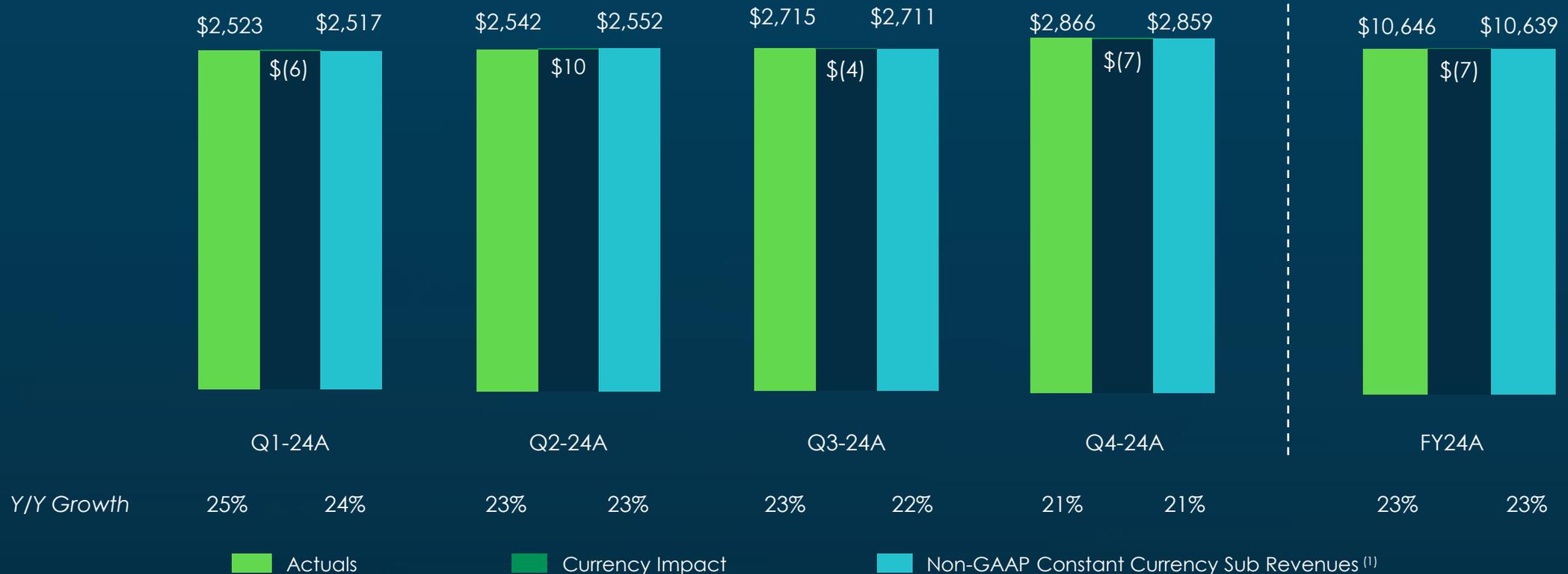
Subscription Revenues (%)



(1) Non-GAAP subscription revenues growth rates are adjusted only for constant currency and derived by adjusting subscription revenues for constant currency by applying the average exchange rates in effect during the comparison period rather than the actual average exchange rate in effect during the current period and excluding any gains or losses from foreign currency hedge contracts.
 Note: Numbers are rounded to the nearest whole percentage.

Currency Impact to Year-Over-Year Sub. Revenues

Subscription Revenues (\$M)



(1) Non-GAAP constant currency subscription revenues and the corresponding growth figures are adjusted only for constant currency and derived by applying the average exchange rates in effect during the comparison period rather than the actual average exchange rate in effect during the current period and excluding any gains or losses from foreign currency hedge contracts.

Note: Numbers rounded for presentation purposes and may not foot.

Remaining Performance Obligations (RPO)

(\$B)

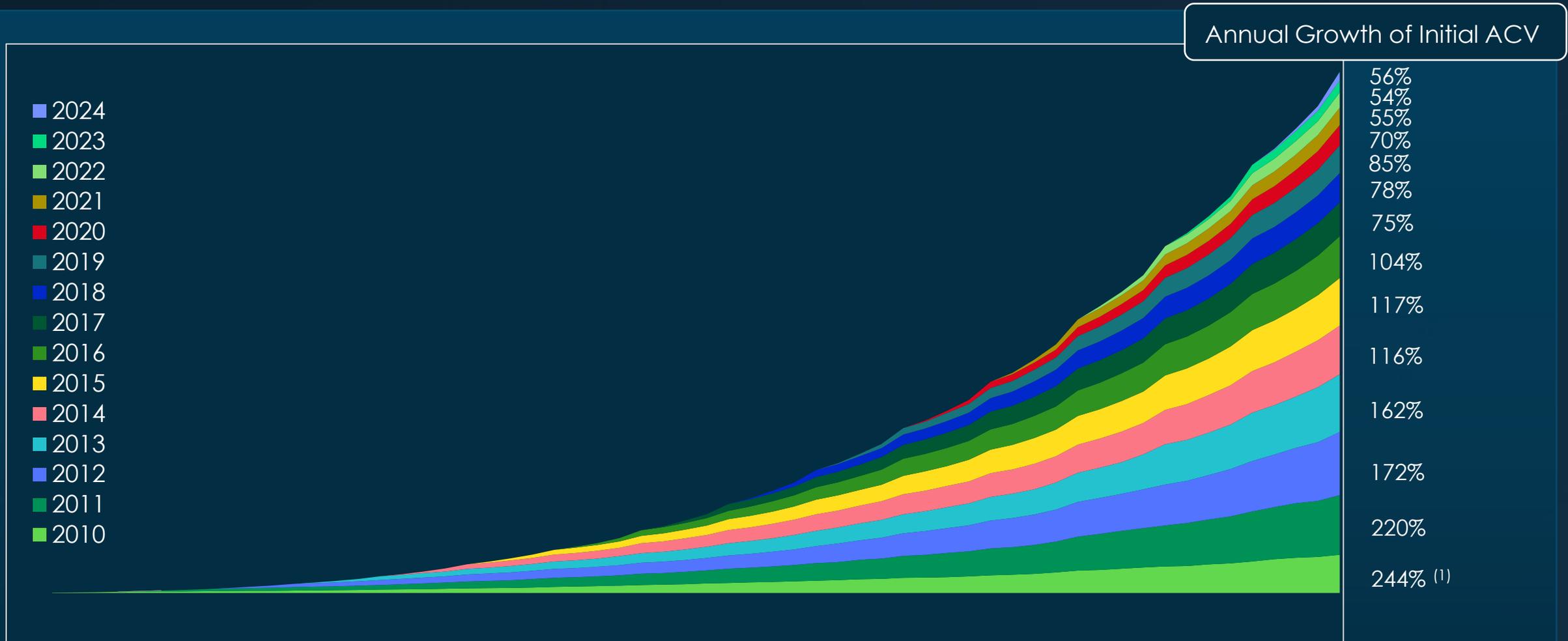


Q4-24
Y/Y
Growth
+23% / +26% cc⁽¹⁾
Total RPO

cRPO Y/Y Growth	24%	21%	22%	26%	19%
cRPO cc ⁽¹⁾ Y/Y Growth	23%	21%	22.5%	23.5%	22%

(1) The total RPO and current RPO growth rates are adjusted only for constant currency. Results for entities reporting in currencies other than U.S. Dollars are converted into U.S. Dollars at the exchange rates in effect at the end of the comparison period, rather than the actual exchange rates in effect at the end of the current period.
Note: Numbers rounded for presentation purposes.

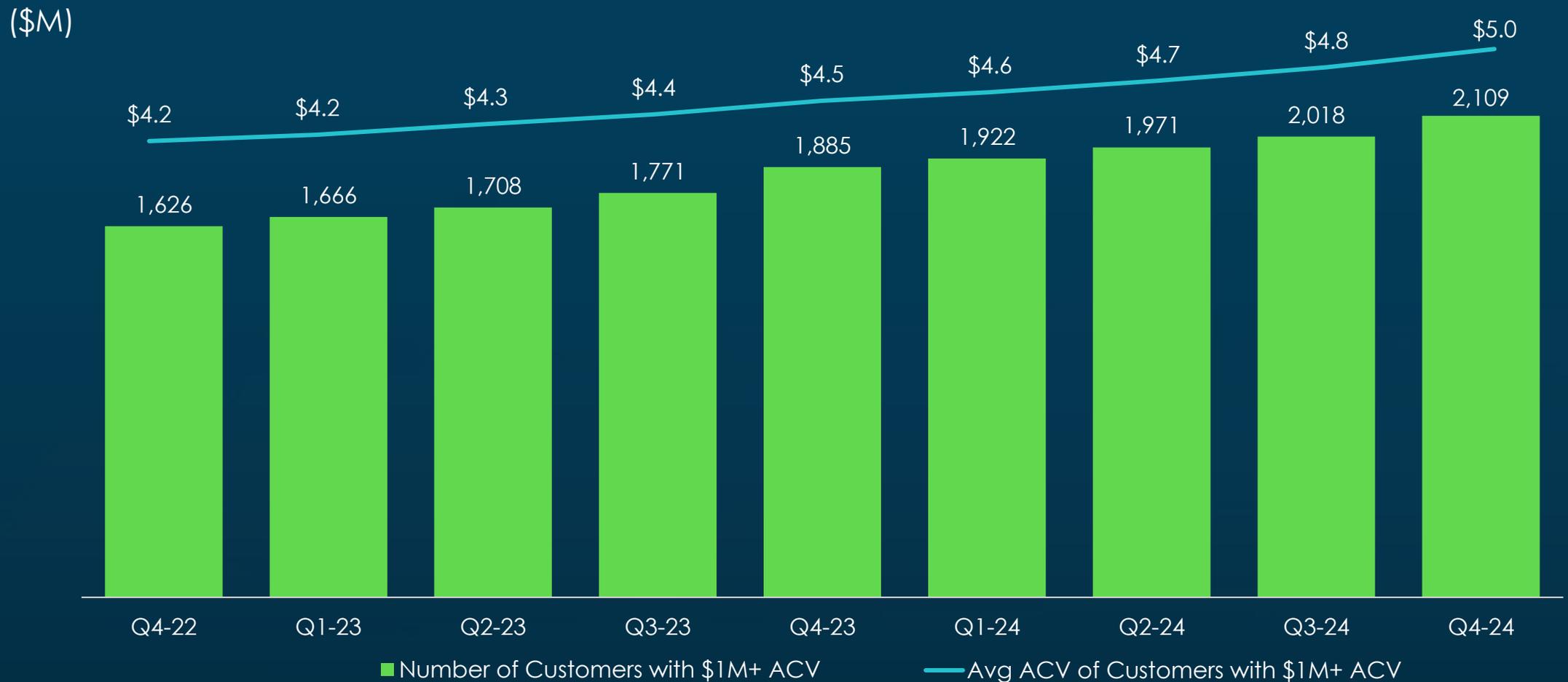
Customer Cohort Growth



(1) As an illustrative example, 2010 customer cohort started with a contract of initial ACV (annual contract value) of \$100 and grew to ACV of \$3,516 as of Q4-24, and represents annual growth of initial ACV of 244%.

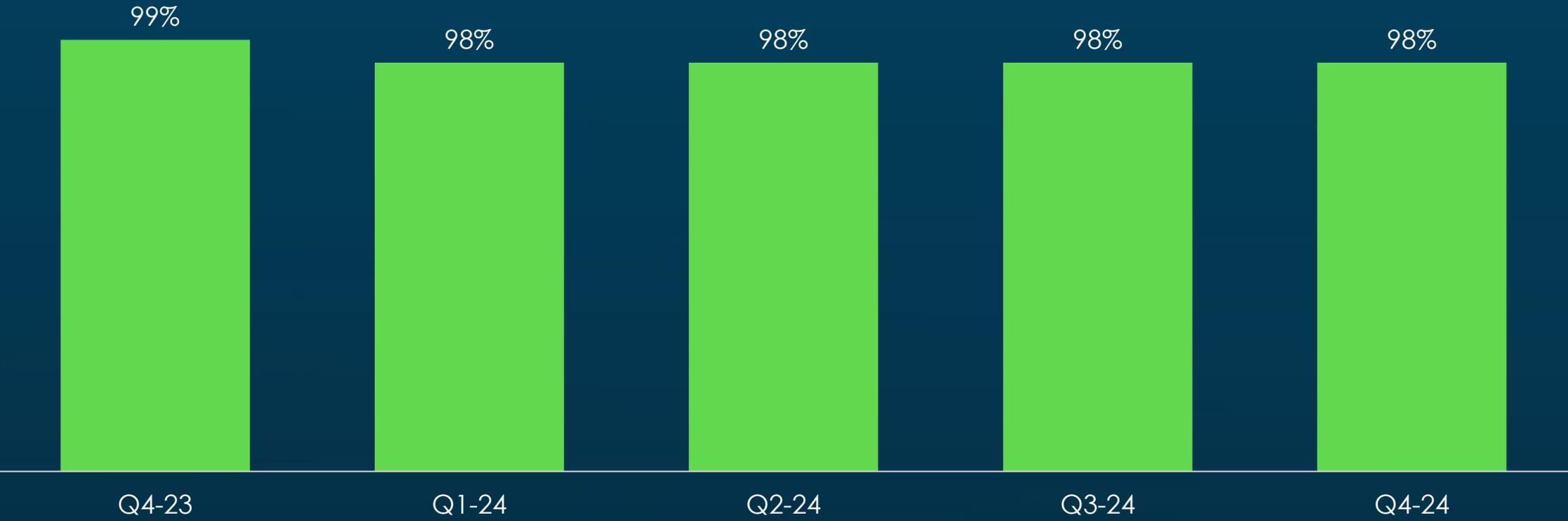
Note: Chart reflects growth in total annual contract value over time, inclusive of losses, for the group of customers that joined ServiceNow in each respective year. Annual Growth represents increases in total annual contract value after the initial contract of each customer.

Expansion of Customer Relationships



Note: Previously disclosed number of customers with ACV greater than \$1 million is restated to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was entered into. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$1 million.

Renewal Rate



Note: We adjust our Renewal Rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal.

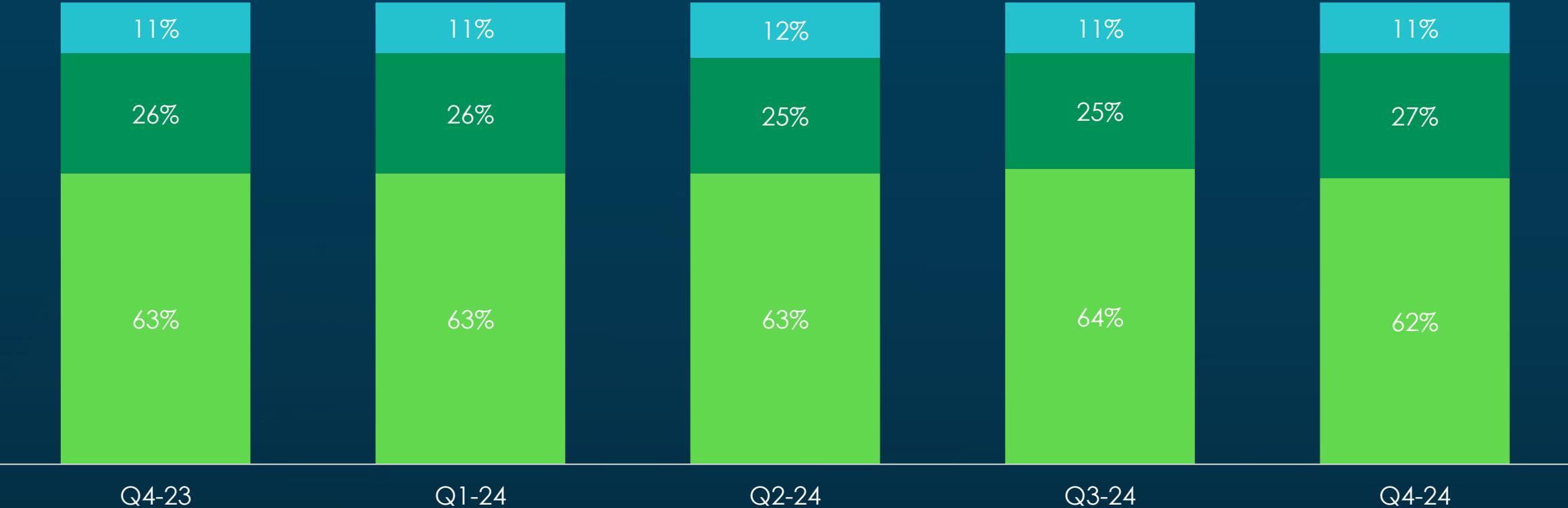
Net New ACV Contribution Across Workflows and Products⁽¹⁾



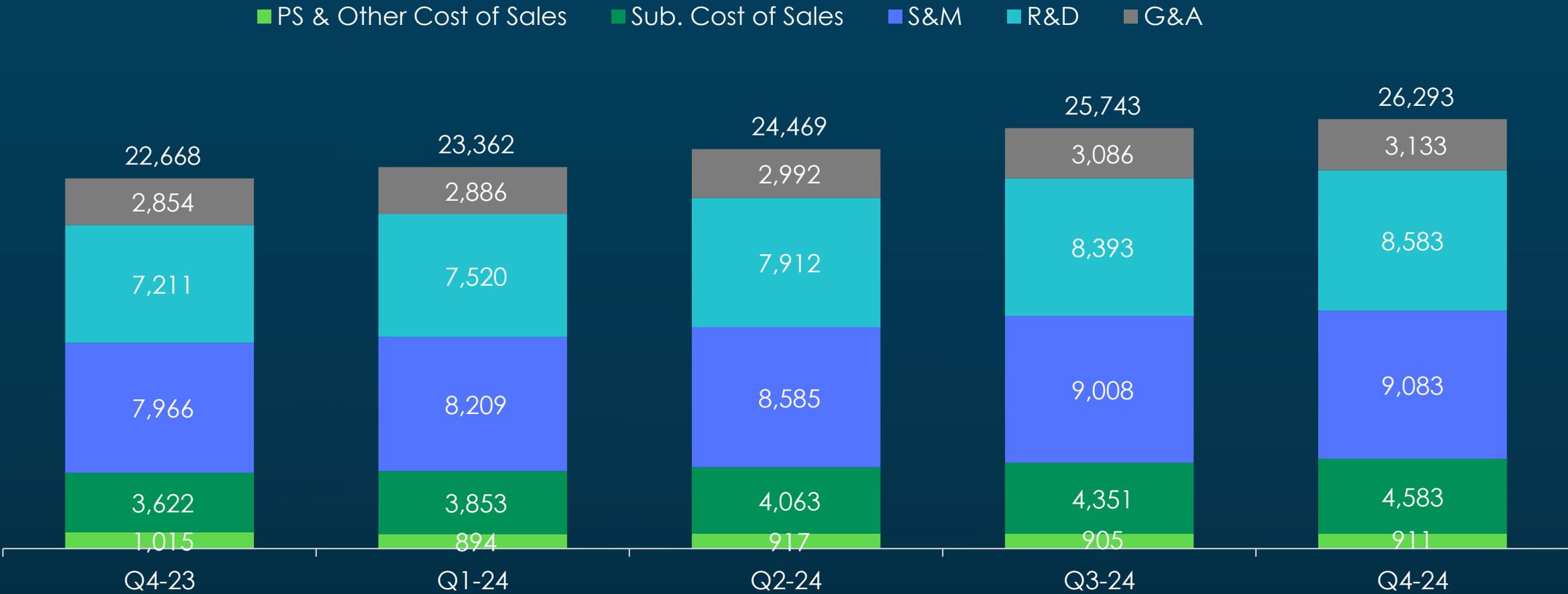
(1) Historical presentations disclosed net new ACV contribution across products and are not comparable to net new ACV contribution across workflows and products disclosed herein. NNACV generated from Industry products is spread across several workflows, the majority of which is reported under Customer and Industry Workflows.
 Note: Technology Workflows include IT Service Management, IT Operations Management, Asset Management, Security Operations, Integrated Risk Management, Strategic Portfolio Management, Operational Technology Management, and others. Customer and Industry & Employee Workflows include Customer Service Management, Field Service Management, HR Service Delivery, Workplace Service Delivery, Legal Service Delivery, and others. Creator Workflows & Others include App Engine, Automation Engine, Platform Privacy & Security, Source-to-Pay Operations, and others.

GAAP Revenues by Geography

■ North America ■ EMEA ■ APAC & Other

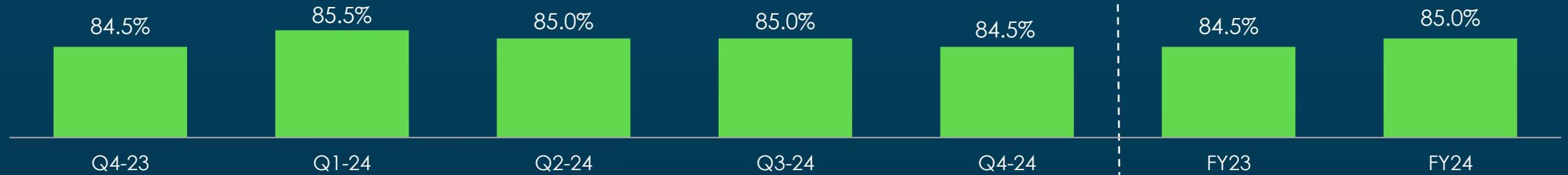


Headcount by Department



Non-GAAP Gross Margins

Non-GAAP Subscription Gross Margin



Non-GAAP PS & Other Gross Margin



Non-GAAP Total Gross Margin



Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Operating and Free Cash Flow Margins

Non-GAAP Operating Margin



Non-GAAP Free Cash Flow Margin



Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

Non-GAAP Net Income and Diluted EPS

Non-GAAP Net Income (\$M)



Non-GAAP Diluted EPS



Note: All figures are calculated on a non-GAAP basis. See appendix for reconciliation of non-GAAP financial measures.

GAAP to Non-GAAP Reconciliation and Supplemental Information

GAAP to Non-GAAP Reconciliation – Other

in millions (except %'s and per share data)	Q1'23	Margin	Q2'23	Margin	Q3'23	Margin	Q4'23	Margin	2023	Margin	Q1'24	Margin	Q2'24	Margin	Q3'24	Margin	Q4'24	Margin	2024	Margin	Q1'25E	Margin	2025E	Margin
GAAP Subscription Gross Profit	\$ 1,670	83%	\$ 1,686	81%	\$ 1,796	81%	\$ 1,922	81%	\$ 7,074	82%	\$ 2,082	83%	\$ 2,073	82%	\$ 2,219	82%	\$ 2,330	81%	\$ 8,704	82%	N/A	N/A	N/A	80.5%
(+) Subscription SBC	\$ 46	2%	\$ 50	2%	\$ 52	2%	\$ 54	2%	\$ 202	2%	\$ 58	2%	\$ 62	2%	\$ 64	2%	\$ 66	2%	\$ 250	2%	N/A	N/A	N/A	2%
(+) Subscription Amort of Purchased Intangibles	\$ 18	1%	\$ 19	1%	\$ 20	1%	\$ 20	1%	\$ 77	1%	\$ 21	1%	\$ 21	1%	\$ 22	1%	\$ 20	1%	\$ 84	1%	N/A	N/A	N/A	1%
(+) Business Combination and Other Related Costs	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	\$ -	0%	N/A	N/A	N/A	0%
Non-GAAP Subscription Gross Profit	\$ 1,734	85.5%	\$ 1,755	84.5%	\$ 1,868	84.5%	\$ 1,996	84.5%	\$ 7,353	84.5%	\$ 2,161	85.5%	\$ 2,156	85%	\$ 2,305	85%	\$ 2,416	84.5%	\$ 9,038	85%	N/A	N/A	N/A	83.5%
GAAP Professional Services and Other Gross Profit (Loss)	\$ (12)	(17%)	\$ (7)	(9%)	\$ (4)	(6%)	\$ (1)	(1%)	\$ (24)	(8%)	\$ 1	1%	\$ 2	2%	\$ (6)	(7%)	\$ (4)	(4%)	\$ (7)	(2%)	N/A	N/A	N/A	N/A
(+) Professional Services and Other SBC	\$ 14	20%	\$ 15	20%	\$ 11	15%	\$ 12	17%	\$ 52	18%	\$ 12	15%	\$ 12	14%	\$ 11	13%	\$ 11	12%	\$ 46	14%	N/A	N/A	N/A	N/A
Non-GAAP Professional Services and Other Gross Profit	\$ 2	4%	\$ 8	11%	\$ 7	10%	\$ 11	15%	\$ 28	9.5%	\$ 13	15.5%	\$ 14	15.5%	\$ 5	7.5%	\$ 7	8.5%	\$ 39	11.5%	N/A	N/A	N/A	N/A
GAAP Gross Profit	\$ 1,658	79%	\$ 1,679	78%	\$ 1,792	78%	\$ 1,921	79%	\$ 7,050	79%	\$ 2,083	80%	\$ 2,075	79%	\$ 2,213	79%	\$ 2,326	79%	\$ 8,697	79%	N/A	N/A	N/A	N/A
(+) SBC	\$ 60	3%	\$ 65	3%	\$ 63	3%	\$ 66	3%	\$ 254	3%	\$ 70	3%	\$ 74	3%	\$ 75	3%	\$ 77	3%	\$ 296	3%	N/A	N/A	N/A	N/A
(+) Amort of Purchased Intangibles	\$ 18	1%	\$ 19	1%	\$ 20	1%	\$ 20	1%	\$ 77	1%	\$ 21	1%	\$ 21	1%	\$ 22	1%	\$ 20	1%	\$ 84	1%	N/A	N/A	N/A	N/A
Non-GAAP Gross Profit	\$ 1,736	83%	\$ 1,763	82%	\$ 1,875	82%	\$ 2,007	82.5%	\$ 7,381	82.5%	\$ 2,174	83.5%	\$ 2,170	82.5%	\$ 2,310	82.5%	\$ 2,423	82%	\$ 9,077	82.5%	N/A	N/A	N/A	N/A
GAAP Income from Operations	\$ 144	7%	\$ 117	5%	\$ 231	10%	\$ 270	11%	\$ 762	8%	\$ 332	13%	\$ 240	9%	\$ 418	15%	\$ 374	13%	\$ 1,364	12%	N/A	13.5%	N/A	14%
(+) SBC	\$ 381	18%	\$ 397	18%	\$ 413	18%	\$ 413	17%	\$ 1,604	18%	\$ 422	16%	\$ 444	17%	\$ 426	15%	\$ 454	15%	\$ 1,746	16%	N/A	16%	N/A	16%
(+) Amort of Purchased Intangibles	\$ 20	1%	\$ 22	1%	\$ 21	1%	\$ 22	1%	\$ 85	1%	\$ 24	1%	\$ 24	1%	\$ 23	1%	\$ 23	1%	\$ 94	1%	N/A	1%	N/A	1%
(+) Business Combination and Other Related Costs	\$ 7	0%	\$ 8	0%	\$ 11	0%	\$ 12	0%	\$ 38	0%	\$ 13	0%	\$ 12	0%	\$ 4	0%	\$ 4	0%	\$ 33	0%	N/A	0%	N/A	0%
(+) Legal Settlements	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	\$ 17	1%	\$ 17	0%	N/A	0%	N/A	0%
Non-GAAP Income from Operations	\$ 552	26.5%	\$ 544	25.5%	\$ 676	29.5%	\$ 717	29.5%	\$ 2,489	27.5%	\$ 791	30.5%	\$ 720	27.5%	\$ 872	31%	\$ 872	29.5%	\$ 3,254	29.5%	N/A	30%	N/A	30.5%
GAAP Net Income	\$ 150	7%	\$ 1,044	49%	\$ 242	11%	\$ 295	12%	\$ 1,731	19%	\$ 347	13%	\$ 262	10%	\$ 432	15%	\$ 384	13%	\$ 1,425	13%	N/A	N/A	N/A	N/A
(+) SBC	\$ 381	18%	\$ 397	18%	\$ 413	18%	\$ 413	17%	\$ 1,604	18%	\$ 422	16%	\$ 444	17%	\$ 426	15%	\$ 454	15%	\$ 1,746	16%	N/A	N/A	N/A	N/A
(+) Amort of Purchased Intangibles	\$ 20	1%	\$ 22	1%	\$ 21	1%	\$ 22	1%	\$ 85	1%	\$ 24	1%	\$ 24	1%	\$ 23	1%	\$ 23	1%	\$ 94	1%	N/A	N/A	N/A	N/A
(+) Business Combination and Other Related Costs	\$ 7	0%	\$ 8	0%	\$ 11	0%	\$ 12	0%	\$ 38	0%	\$ 13	0%	\$ 12	0%	\$ 4	0%	\$ 4	0%	\$ 33	0%	N/A	N/A	N/A	N/A
(+) Legal Settlements	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	\$ 17	1%	\$ 17	0%	N/A	N/A	N/A	N/A
(-) Income Tax Expense Effects Related to the Above Adjustments ⁽¹⁾	\$ 75	4%	\$ 75	3%	\$ 64	3%	\$ 34	1%	\$ 193	2%	\$ 99	4%	\$ 91	3%	\$ 110	4%	\$ 113	4%	\$ 413	4%	N/A	N/A	N/A	N/A
(-) Income Tax benefit from the release of a valuation allowance on the deferred tax asset	-	0%	\$ 910	42%	\$ 20	1%	\$ 65	3%	\$ 1,050	12%	-	0%	-	0%	-	0%	-	0%	-	0%	N/A	N/A	N/A	N/A
Non-GAAP Net Income	\$ 483	23%	\$ 486	22.5%	\$ 603	26.5%	\$ 643	26.5%	\$ 2,215	24.5%	\$ 707	27%	\$ 651	25%	\$ 775	27.5%	\$ 769	26%	\$ 2,902	26.5%	N/A	N/A	N/A	N/A
Weighted-Average Shares Used to Compute Net Income per Share - Diluted	204	N/A	205	N/A	206	N/A	207	N/A	206	N/A	208	N/A	208	N/A	209	N/A	209	NA	208	208	210	N/A	210	N/A
GAAP Net Income (Loss) per Share - Diluted	\$ 0.73	N/A	\$ 5.08	N/A	\$ 1.17	N/A	\$ 1.43	N/A	\$ 8.42	N/A	\$ 1.67	N/A	\$ 1.26	N/A	\$ 2.07	N/A	\$ 1.83	N/A	\$ 6.84	N/A	N/A	N/A	N/A	N/A
Non-GAAP Net Income per Share - Diluted	\$ 2.37	N/A	\$ 2.37	N/A	\$ 2.92	N/A	\$ 3.11	N/A	\$ 10.78	N/A	\$ 3.41	N/A	\$ 3.13	N/A	\$ 3.72	N/A	\$ 3.67	N/A	\$ 13.92	N/A	N/A	N/A	N/A	N/A
GAAP Net Cash Provided by Operating Activities	\$ 902	43%	\$ 580	27%	\$ 311	14%	\$ 1,605	66%	\$ 3,398	38%	\$ 1,341	52%	\$ 620	24%	\$ 671	24%	\$ 1,635	55%	\$ 4,267	39%	N/A	N/A	N/A	40%
(-) Purchases of Property and Equipment	\$ (165)	(8%)	\$ (132)	(6%)	\$ (136)	(6%)	\$ (261)	(11%)	\$ (694)	(8%)	\$ (135)	(5%)	\$ (262)	(10%)	\$ (202)	(7%)	\$ (253)	(9%)	\$ (852)	(8%)	N/A	N/A	N/A	(8%)
(+) Cash Paid for Legal Settlements	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	\$ 17	1%	\$ 17	0%	N/A	N/A	N/A	0%
(+) Business combination and other related costs	-	0%	\$ 3	0%	\$ 21	1%	-	0%	\$ 24	0%	\$ 19	1%	\$ 1	0%	\$ 2	0%	\$ 1	0%	\$ 23	0%	N/A	N/A	N/A	0%
Non-GAAP Free Cash Flow	\$ 737	35%	\$ 451	21%	\$ 196	8.5%	\$ 1,344	55%	\$ 2,728	30.5%	\$ 1,225	47%	\$ 359	13.5%	\$ 471	17%	\$ 1,400	47.5%	\$ 3,455	31.5%	N/A	N/A	N/A	32%

⁽¹⁾ We use a non-GAAP effective tax rate for evaluating our operating results to provide consistency across reporting periods. Based on our long-term projections, we are using a non-GAAP tax rate of 20% and 19% for the ended December 31, 2024 and 2023, respectively. This non-GAAP tax rate could change for various reasons including significant changes in our geographic earnings mix or fundamental tax law changes in major jurisdictions in which we operate.

Supplemental Information

in millions	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024
Stock-based compensation										
Cost of revenues:										
Subscription	\$ 46	\$ 50	\$ 52	\$ 54	\$ 202	\$ 58	\$ 62	\$ 64	\$ 66	\$ 250
Professional services and other	\$ 14	\$ 15	\$ 11	\$ 12	\$ 52	\$ 12	\$ 12	\$ 11	\$ 11	\$ 46
Operating expenses:										
Sales and marketing	\$ 126	\$ 120	\$ 132	\$ 127	\$ 505	\$ 134	\$ 141	\$ 144	\$ 146	\$ 565
Research and development	\$ 135	\$ 145	\$ 150	\$ 149	\$ 579	\$ 159	\$ 170	\$ 150	\$ 176	\$ 655
General and administrative	\$ 60	\$ 67	\$ 68	\$ 71	\$ 266	\$ 59	\$ 59	\$ 57	\$ 55	\$ 230
Total stock-based compensation	\$ 381	\$ 397	\$ 413	\$ 413	\$ 1,604	\$ 422	\$ 444	\$ 426	\$ 454	\$ 1,746
Amortization of purchase intangibles										
Cost of revenues:										
Subscription	\$ 18	\$ 19	\$ 20	\$ 20	\$ 77	\$ 21	\$ 21	\$ 22	\$ 20	\$ 84
Professional services and other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:										
Sales and marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research and development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General and administrative	\$ 2	\$ 3	\$ 1	\$ 2	\$ 8	\$ 4	\$ 2	\$ 1	\$ 3	\$ 10
Total amortization of purchase intangibles	\$ 20	\$ 22	\$ 21	\$ 22	\$ 85	\$ 24	\$ 24	\$ 23	\$ 23	\$ 94
Business combinations and other related costs										
Cost of revenues:										
Subscription	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional services and other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:										
Sales and marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
Research and development	\$ 5	\$ 5	\$ 9	\$ 11	\$ 30	\$ 11	\$ 10	\$ 3	\$ 2	\$ 26
General and administrative	\$ 2	\$ 3	\$ 2	\$ 1	\$ 8	\$ 2	\$ 2	\$ 1	\$ 1	\$ 6
Total Business combinations and other related costs	\$ 7	\$ 8	\$ 11	\$ 12	\$ 38	\$ 13	\$ 12	\$ 4	\$ 4	\$ 33
Legal Settlements										
Cost of revenues:										
Subscription	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional services and other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:										
Sales and marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research and development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General and administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 17
Total Legal Settlements	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 17				

Note: Numbers rounded for presentation purposes and may not foot.

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