Investor Presentation

Q3 FY25

Safe Harbor Statement

This presentation may contain forward-looking statements for which there are risks, uncertainties, and assumptions. Forward-looking statements may include any statements regarding strategies or plans for future operations; any statements concerning new features, enhancements or upgrades to our existing applications or plans for future applications; any projections of revenues, gross margins, earnings, or other financial items; and any statements of expectation or belief. Forward-looking statements are based only on currently available information and our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements, and therefore you should not rely on any forward-looking statements that we may make. Further information on risks that could affect Workday's results is included in our filings with the Securities and Exchange Commission which are available on the Workday investor relations webpage: www.workday.com/en-us/company/about-workday/investor-relations/overview.html.

Workday assumes no obligation for, and does not intend to update, any forward-looking statements. Any unreleased services, features, functionality or enhancements referenced in any Workday document, roadmap, blog, our website, press release or public statement that are not currently available are subject to change at Workday's discretion and may not be delivered as planned or at all.

Customers who purchase Workday services should make their purchase decisions based upon services, features, and functions that are currently available.

Use of Non-GAAP Measures

In addition to financial results presented in accordance with US generally accepted accounting principles (GAAP), this presentation includes certain non-GAAP financial measures of performance. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Workday's results of operations or cash flows as determined in accordance with GAAP. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are contained in the Appendix to this presentation.

Effective beginning fiscal 2025, Workday will exclude certain acquisition-related costs, realignment costs, and gains and losses on strategic investments from its non-GAAP results as these items may vary from period to period independent of the operating performance of Workday's business. Prior period amounts have been recast to conform to this presentation.

The Company has not provided a reconciliation of its forward outlook for non-GAAP operating margin with its forward-looking GAAP operating margin in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable to predict with reasonable certainty the amount and timing of adjustments that are used to calculate this non-GAAP financial measure, particularly related to stock-based compensation and its related tax effects, acquisition-related costs, and realignment costs.

Workday at a Glance

Workday by the Numbers

$160B
Market Opportunity[1]

$7.437B 17.3% YoY Growth
Trailing Twelve Month Subscription Revenue[2]

$2.06B 25.3% Margin
Trailing Twelve Month Non-GAAP Operating Income[2,3]

$2.34B 28.7% Margin
Trailing Twelve Month Operating Cash Flow[2]

Leading Enterprise Platform
For Finance, HR, Planning, Spend Management and Analytics

10,500+ Global Customers
Operating across 175+ Countries

Serving 60%+ of the Fortune 500
Including 70%+ of the top 50 Fortune 500 companies

70M+ Users Under Contract
95%+ Customer Satisfaction[4]

20,400+ Employees Worldwide
Offices in 30+ Countries

[1] TAM estimates based on Workday and third-party data as of 9.17.2024
[2] For the trailing twelve months ended 10.31.2024
[3] Reconciliations of GAAP to Non-GAAP financial data included in the Appendix
[4] Based on a survey conducted by Workday of HCM and FINS Named Support Contacts in 2023

The Workday Platform

Workday Marketplace

Customers' Industry Ecosystem

Extensibility and Interoperability
- Workday Extend
- Workday Integration Cloud

Experience
- Conversational AI
- Web
- Omni-Channel
- Mobile

The Workday Suite

HR

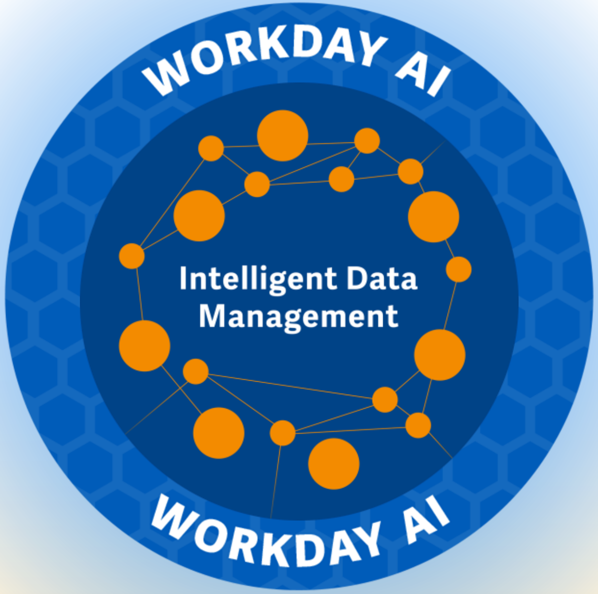
Finance

Planning • Industry Solutions • Analytics

Workday Illuminate
- Intelligent Data Core
- Domain-Specific LLMs
- AI Gateway

Technology Core
- Security
- Resiliency
- Business Process
- Data Model

Workday Delivers AI Differently



Quality Data

Uniform data model, 70M+ users under contract, 800B+ transactions annually

Platform Approach

Embedded, not bolted on

Trustworthy

Transparent and human-centric

$160B

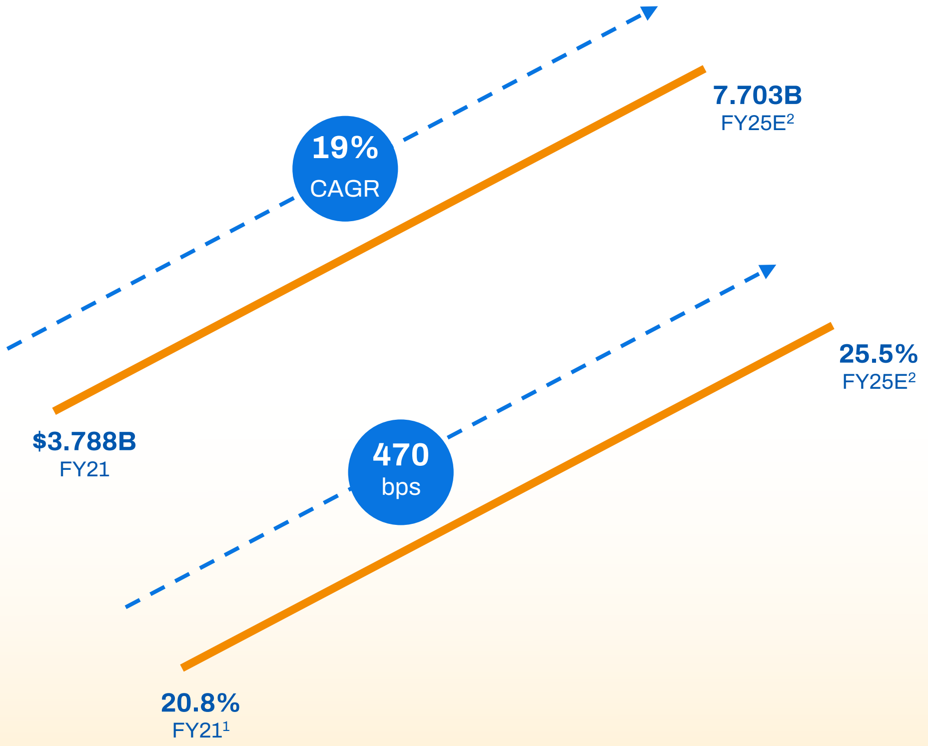
TAM

TAM estimates based on Workday and third-party data as of 9.17.2024

Driving Profitable Growth at Scale

Annual Subscription Revenue

Non-GAAP Operating Margin



98%
Gross Revenue Retention[3]

[1] Reconciliations of GAAP to Non-GAAP financial data included in the Appendix
[2] FY25 subscription revenue and Non-GAAP operating margin guidance as provided on 11.26.2024
[3] Refer to Appendix - Other Business Metrics for further details

Note: Lines not drawn to scale

While Growing Responsibly

Putting People First

VIBE
Our commitment to value inclusion, belonging, and equity for all

Opportunity Onramps®
Provide candidates from diverse, nontraditional backgrounds with training and job opportunities

Investing in Training
To help ensure we attract, recruit, hire, and advance employees of all backgrounds

Helping Others Innovate

Building Inclusive Companies
Investing to help organizations gain valuable insights about equity within their workforce

Creating Sustainable Solutions
Empowering customers and partners to manage their emissions reduction strategy and resilience of their supply chains

Customer Satisfaction
Aims to maintain a customer satisfaction rating of over 95% - and we have for more than a decade

Protecting the Planet

Net-Zero Carbon Footprint
Achieved net-zero emissions in fiscal 2024 and matched 100% of the electricity we used at our offices and data centers globally with clean, renewable sources

Commitment to 1.5ºC
Science-based targets across our entire value chain

Acting with Integrity

Delivering Responsible AI
Developing trustworthy AI solutions to drive meaningful business results

Driving Policy Change
Working to advance policies that support the development of responsible AI and a skills-based approach to talent

Data Privacy and Security
Deeply committed to safeguarding our customers' data, and industry leading privacy and security practices are integrally woven into the foundation of everything we do

For More Information:
Sustainability and Reporting with Workday
Download our 2024 Global Impact Report

Financial Highlights and Guidance

Q3 FY25 Financial Highlights

	Q3 FY25 Results	Increase YoY
Total Revenue	$2.160B	15.8%
Subscription Revenue	$1.959B	15.8%
Total Subscription Revenue Backlog	$22.19B	20.3%
12-month Subscription Revenue Backlog	$6.98B	15.3%
GAAP Operating Margin	7.6%	294 bps
Non-GAAP Operating Margin[1]	26.3%	154 bps
Operating Cash Flows	$406M	(10.0)%
Free Cash Flows[1]	$359M	(8.2)%

[1] Reconciliations of GAAP to Non-GAAP financial data included in the Appendix

Q3 FY25 Customer Wins and Expansions

Brookshire's Since 1928

CommonSpirit

DECATHLON

Estia Health

FITNESS & LIFESTYLE GROUP

FLIGHT CENTRE TRAVEL GROUP

INGRAM

IOI GROUP

LakeCounty

Lenovo

NJIT New Jersey Institute of Technology

PEPPERL+FUCHS

PROMACH

Royal Mail

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA

Q3 FY25 Business Highlights

- Workday **unveiled Workday Illuminate**, the next generation of Workday AI, at its annual customer conference, Workday Rising.
- Workday **introduced a set of new AI agents and a new Workday Assistant** to streamline and simplify common HR and finance processes.
- Workday **added several full suite customers** for Workday Financial Management and Workday Human Capital Management (HCM), including CommonSpirit Health, Fitness and Lifestyle Group in Australia, New Jersey Institute of Technology, and The Department for Science, Innovation and Technology in the UK.
- Workday **appointed Rob Enslin president, chief commercial officer**.
- Workday announced updates to its partner ecosystem, including **12 new Industry Accelerators**; **Workday Wellness**; **AI momentum with Workday Ventures**; and a **partnership with Compa**.
- Workday closed the **acquisition of leading AI-native document intelligence platform, Evisort**.
- Workday was **named a Leader in the 2024 Gartner® Magic Quadrants™** for Cloud HCM Suites for 1,000+ Employee Enterprises[1], Cloud ERP for Service-Centric Enterprises[2], and Financial Planning Software[3].

[1]Gartner Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises, Ranadip Chandra, Sam Grinter, Ron Hanscome, Chris Pang, Anand Chouksey, Josie Xing, Harsh Kundulli, David Bobo, Laura Gardiner, Hiten Sheth, Emi Chiba, Travis Wickesberg, and Michelle Shapiro, 23 October 2024.

[2]Gartner Magic Quadrant for Cloud ERP for Service-Centric Enterprises, Robert Anderson, Denis Torii, Sam Grinter, Naveen Mahendra, Tomas Kienast, Johan Jartelius, 4 November 2024.

[3]Gartner Magic Quadrant for Financial Planning Software, Regina Crowder, Vaughan Archer, Matthew Mowrey, Michelle Carlsen, 18 November 2024.

Guidance Summary

Q4 FY25	Quarterly Guidance	Increase YoY
Total Revenue	$2.180B	13%
Subscription Revenue	$2.025B	15%
12-month Subscription Revenue Backlog	n/a	13.5% - 14.5%
Non-GAAP Operating Margin	25.0%	101 bps
GAAP Operating Margin	~20 points lower than non-GAAP	n/a
Full Year FY25	**Full Year Guidance**	**Increase YoY**
Total Revenue	$8.415B	16%
Subscription Revenue	$7.703B	17%
Non-GAAP Operating Margin	25.5%	153 bps
GAAP Operating Margin	~20 points lower than non-GAAP	n/a
Non-GAAP Tax Rate	19%	n/a
Operating Cash Flows	$2.350B	9%
Capital Expenditures	$300M	29%
Full Year FY26	**Initial Outlook**	**Increase YoY**
Subscription Revenue	$8.800B	14%
Non-GAAP Operating Margin	27.5%	200 bps

As provided on Q3 FY25 Earnings Call on 11.26.2024

Appendix

Reconciliations of GAAP to Non-GAAP Data

(in millions, except percentages and per share data)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Non-GAAP operating income (loss)				
Operating income (loss)	$ 165	$ 88	$ 340	$ 104
Share-based compensation expenses	368	349	1,122	1,071
Employer payroll tax-related items on employee stock transactions	9	9	57	47
Amortization of acquisition-related intangible assets	20	16	58	58
Acquisition-related costs	7	0	16	0
Realignment costs	0	0	9	0
Non-GAAP operating income (loss)	$ 569	$ 462	$ 1,602	$ 1,280
Non-GAAP operating margin[1]				
Operating margin	7.6 %	4.7 %	5.5 %	2.0 %
Share-based compensation expenses	17.0 %	18.7 %	18.0 %	20.1 %
Employer payroll tax-related items on employee stock transactions	0.4 %	0.5 %	0.9 %	0.8 %
Amortization of acquisition-related intangible assets	1.0 %	0.9 %	0.9 %	1.1 %
Acquisition-related costs	0.3 %	0.0 %	0.3 %	0.0 %
Realignment costs	0.0 %	0.0 %	0.1 %	0.0 %
Non-GAAP operating margin	26.3 %	24.8 %	25.7 %	24.0 %
Non-GAAP diluted net income (loss) per share[1][2]				
Diluted net income (loss) per share	$ 0.72	$ 0.43	$ 1.61	$ 0.73
Share-based compensation expenses	1.37	1.31	4.17	4.05
Employer payroll tax-related items on employee stock transactions	0.03	0.03	0.21	0.17
Amortization of acquisition-related intangible assets	0.08	0.06	0.21	0.22
Acquisition-related costs	0.02	0.00	0.06	0.00
Realignment costs	0.00	0.00	0.03	0.00
Losses (gains) on strategic investments, net	(0.01)	0.04	0.03	0.06
Income tax effects	(0.32)	(0.31)	(0.94)	(0.91)
Non-GAAP diluted net income (loss) per share	$ 1.89	$ 1.56	$ 5.38	$ 4.32

[1] Operating margin and diluted net income (loss) per share are calculated using unrounded data.

[2] For the three months ended October 31, 2024, GAAP and non-GAAP diluted net income per share were calculated based upon 268,549 diluted weighted-average shares of common stock. For the three months ended October 31, 2023, GAAP and non-GAAP diluted net income per share were calculated based upon 266,377 diluted weighted-average shares of common stock. For the nine months ended October 31, 2024, GAAP and non-GAAP diluted net income per share were calculated based upon 268,936 diluted weighted-average shares of common stock. For the nine months ended October 31, 2023, GAAP and non-GAAP diluted net income per share were calculated based upon 264,087 diluted weighted-average shares of common stock.

Reconciliations of GAAP to Non-GAAP Data

(in millions, except percentages and per share data)	Year Ended January 31, 2021
Non-GAAP operating margin[(1)]	
Operating margin	(5.8) %
Share-based compensation expenses	23.3 %
Employer payroll tax-related items on employee stock transactions	1.2 %
Amortization of acquisition-related intangible assets	1.4 %
Acquisition-related costs	0.7 %
Realignment costs	0.0 %
Non-GAAP operating margin	20.8 %

[1] Operating margin is calculated based upon the respective underlying, non-rounded data.

Reconciliations of GAAP to Non-GAAP Data from Operations to Free Cash Flows

(in millions)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Net cash provided by operating activities	$ 406	$ 451	$ 1,349	$ 1,153
Less: Capital expenditures	(47)	(60)	(183)	(183)
Free cash flows	$ 359	$ 391	$ 1,166	$ 970

Q3 FY25 Supplemental Information

(in millions)	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Share-based compensation expenses				
Costs and expenses:				
Costs of subscription services	$ 35	$ 30	$ 108	$ 90
Costs of professional services	28	29	86	87
Product development	162	162	498	494
Sales and marketing	78	65	226	212
General and administrative	65	63	204	188
Total share-based compensation expenses	$ 368	$ 349	$ 1,122	$ 1,071
Employer payroll tax-related items on employee stock transactions				
Costs and expenses:				
Costs of subscription services	$ 1	$ 1	$ 5	$ 4
Costs of professional services	1	0	6	6
Product development	3	3	24	19
Sales and marketing	2	3	15	13
General and administrative	2	2	7	5
Total employer payroll tax-related items on employee stock transactions	$ 9	$ 9	$ 57	$ 47
Amortization of acquisition-related intangible assets				
Costs and expenses:				
Costs of subscription services	$ 12	$ 9	$ 34	$ 36
Costs of professional services	0	0	0	0
Product development	0	0	0	0
Sales and marketing	8	7	24	22
General and administrative	0	0	0	0
Total amortization of acquisition-related intangible assets	$ 20	$ 16	$ 58	$ 58

Q3 FY25 Supplemental Information (cont'd)

(in millions)	Three Months Ended October 31,				Nine Months Ended October 31,			
	2024		2023		2024		2023	
Acquisition-related costs								
Costs and expenses:								
Costs of subscription services	$	0	$	0	$	0	$	0
Costs of professional services		0		0		0		0
Product development		3		0		8		0
Sales and marketing		1		0		1		0
General and administrative		3		0		7		0
Total acquisition-related costs	$	7	$	0	$	16	$	0
Realignment costs								
Costs and expenses:								
Costs of subscription services	$	0	$	0	$	0	$	0
Costs of professional services		0		0		0		0
Product development		0		0		0		0
Sales and marketing		0		0		0		0
General and administrative		0		0		9		0
Total realignment costs	$	0	$	0	$	9	$	0

About Non-GAAP Financial Measures

To provide investors and others with additional information regarding Workday's results, we have disclosed the following non-GAAP financial measures: non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP diluted net income (loss) per share, and free cash flows. Workday has provided a reconciliation of each non-GAAP financial measure used in this earnings release to the most directly comparable GAAP financial measure. Non-GAAP operating income (loss) and non-GAAP operating margin differ from GAAP in that they exclude share-based compensation expenses, employer payroll tax-related items on employee stock transactions, amortization expense for acquisition-related intangible assets, acquisition-related costs, and realignment costs. Non-GAAP diluted net income (loss) per share differs from GAAP in that it excludes share-based compensation expenses, employer payroll tax-related items on employee stock transactions, amortization expense for acquisition-related intangible assets, acquisition-related costs, realignment costs, gains and losses on strategic investments, and income tax effects. Free cash flows differ from GAAP cash flows from operating activities in that it treats capital expenditures as a reduction to cash flows.

Workday's management uses these non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Workday's financial performance. Management believes these non-GAAP financial measures reflect Workday's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in Workday's business. Management also believes that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating Workday's operating results and prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

Management believes excluding the following items from the GAAP Condensed Consolidated Statements of Operations is useful to investors and others in assessing Workday's operating performance due to the following factors:

- *Share-based compensation expenses.* Share-based compensation primarily consists of non-cash expenses for employee restricted stock units and our employee stock purchase plan, and includes share-based compensation associated with acquisitions. Although share-based compensation is an important aspect of the compensation of our employees and executives, this expense is determined using a number of factors, including our stock price, volatility, and forfeiture rates, that are beyond our control and generally unrelated to operational decisions and performance in any particular period. Further, share-based compensation expenses are not reflective of the value ultimately received by the grant recipients.

- *Employer payroll tax-related items on employee stock transactions*. We exclude the employer payroll tax-related items on employee stock transactions in order to show the full effect that excluding share-based compensation expenses has on our operating results. Similar to share-based compensation expenses, this tax expense is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of our business.

About Non-GAAP Financial Measures (cont'd)

- *Amortization of acquisition-related intangible assets*. For business combinations, we generally allocate a portion of the purchase price to intangible assets. The amount of the allocation is based on estimates and assumptions made by management and is subject to amortization. The amount of purchase price allocated to intangible assets and the term of the related amortization can vary significantly and are unique to each acquisition and thus we do not believe this activity is reflective of our ongoing operations. Although we exclude the amortization of acquisition-related intangible assets from these non-GAAP financial measures, we believe that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.
- *Acquisition-related costs.* Acquisition-related costs include direct transaction costs, such as due diligence and advisory fees, and certain compensation and integration-related expenses. We exclude the effects of acquisition-related costs as we believe these transaction-specific expenses are inconsistent in amount and frequency and do not correlate to the operation of our business.
- *Realignment costs.* Realignment costs are associated with a formal restructuring plan and are primarily related to employee severance, the closure of facilities, and cancellation of certain contracts. We exclude these expenses because they are not reflective of ongoing business and operating results.
- *Gains and losses on strategic investments.* Our strategic investments include investments in early stage companies that are valuable to Workday customers and complementary to Workday products. Gains and losses on strategic investments may result from observable price adjustments and impairment charges on non-marketable equity securities, ongoing mark-to-market adjustments on marketable equity securities, and the sale of equity investments. We do not rely on these securities to fund our ongoing operations nor do we actively trade publicly held securities, and therefore we do not consider the gains and losses on these strategic investments to be reflective of our ongoing operations.
- *Income tax effects.* 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. In projecting this long-term non-GAAP tax rate, we utilize a three-year financial projection that excludes the direct impact of the items excluded from GAAP income in calculating our non-GAAP income. The projected rate considers other factors such as our current operating structure, existing tax positions in various jurisdictions, and key legislation in major jurisdictions where we operate. For fiscal 2025 and 2024, we determined the projected non-GAAP tax rate to be 19%, which reflects currently available information, as well as other factors and assumptions. We will periodically re-evaluate this tax rate, as necessary, for significant events, relevant tax law changes, material changes in the forecasted geographic earnings mix, and any significant acquisitions.

Additionally, with regards to free cash flows, Workday's management believes that reducing cash provided by (used in) operating activities by capital expenditures is meaningful to investors and others because it provides an enhanced view of cash flow generation from the ongoing operations of our business, and it balances operating results, cash management, and capital efficiency.

The use of these non-GAAP measures have certain limitations as they do not reflect all items of expense or cash that affect Workday's operations. Workday compensates for these limitations by reconciling the non-GAAP financial measures to the most comparable GAAP financial measures. These non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Management encourages investors and others to review Workday's financial information in its entirety and not rely on a single financial measure.

Other Business Metrics

Gross Revenue Retention Rate

Gross revenue retention rate measures the percentage of recurring revenue retained from existing customers and is calculated by taking total annual recurring revenue (“ARR”) of our customers as of the corresponding prior period-end and comparing that to ARR from that same set of customers as of the current period-end. The metric takes into account recurring revenues lost to product or customer churn but does not account for additional revenue earned from add-ons or net expansions, which include volume and price adjustments.

Our gross revenue retention rate is based on ARR, which represents the annualized value of active subscription contracts as of the end of each period. Each subscription contract is annualized by dividing the total contract value by the number of days in the contract term and then multiplying by 365. We exclude certain subscription contracts from the calculation, including contracts with terms less than one year that are distinct from our core product offering, such as contracts for tenants which are used for implementation and testing. To the extent that we are negotiating a renewal with a customer after the expiration of the subscription, ARR is only adjusted if the customer churns. We calculate ARR on a constant currency basis using exchange rates set at the beginning of each fiscal year. ARR is a non-GAAP financial measure and should be viewed independently of, and not as a substitute for or combined with, revenue and unearned revenue.

workday™