

 jamf  
**Investor**  
**Day** 2024   
 Nasdaq | New York

**Driving Profitable Growth**

March 13, 2024







**Introduction**  
Jennifer Gaumond  
Investor Relations



# Safe Harbor

Unless otherwise specified, financial information and other data in this presentation is presented as of December 31, 2023. Jamf's historical results are not necessarily indicative of the results that may be expected in the future.

## Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of federal securities laws, which statements involve substantial risks and uncertainties. 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," "can," "will," "would," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "forecasts," "potential" or "continue," or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking statements. These statements include, but are not limited to, statements regarding our future financial and operating performance (including our outlook and guidance), the demand for our platform, anticipated impacts of macroeconomic conditions on our business, our expectations regarding business benefits and financial impacts from our acquisitions, partnerships and investments, and our ability to deliver on our long-term strategy.

The forward-looking statements contained in this presentation are also subject to additional risks, uncertainties, and factors, including those more fully described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Additional information is also set forth in the subsequent periodic and current reports and other filings that we make with the Securities and Exchange Commission from time to time. Moreover, we operate in a very competitive and rapidly changing environment, and new risks and uncertainties may emerge that could have an impact on the forward-looking statements contained in this presentation.

Given these factors, as well as other variables that may affect our operating results, you should not rely on forward-looking statements, assume that past financial performance will be a reliable indicator of future performance, or use historical trends to anticipate results or trends in future periods. The forward-looking statements included in this presentation relate only to events as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

## Market and Industry Data

This presentation includes information concerning economic conditions, the Company's industry, the Company's markets and the Company's competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as Jamf's own estimates and research. Jamf's estimates are derived from publicly available information released by third party sources, as well as data from its internal research, and are based on such data and the Company's knowledge of its industry, which the Company believes to be reasonable. The independent industry publications used in this presentation were not prepared on the Company's behalf. While the Company is not aware of any misstatements regarding any information in this presentation, forecasts, assumptions, expectations, beliefs, estimates and projections involve risk and uncertainties and are subject to change based on various factors.

## Non-GAAP Financial Measures

This presentation contains the financial measures Non-GAAP Gross Profit, Non-GAAP Gross Profit Margin, Non-GAAP Operating Income (Loss), Non-GAAP Operating Income (Loss) Margin, Non-GAAP Operating Expenses, Non-GAAP Operating Expenses as a Percentage of Total Revenue, Non-GAAP Sales and Marketing, Non-GAAP Sales and Marketing Margin, Non-GAAP Research and Development, Non-GAAP Research and Development Margin, Non-GAAP General and Administrative, Non-GAAP General and Administrative Margin, Non-GAAP Free Cash Flow, Free Cash Flow Margin, Unlevered Free Cash Flow, and Unlevered Free Cash Flow Margin, which are not recognized under generally accepted accounting principles in the United States ("GAAP").

In addition to our results determined in accordance with GAAP, we believe the non-GAAP measures of Non-GAAP Gross Profit, Non-GAAP Gross Profit Margin, Non-GAAP Operating Income (Loss), Non-GAAP Operating Income (Loss) Margin, Free Cash Flow, Free Cash Flow Margin, Unlevered free Cash Flow, and Unlevered Free Cash Flow Margin are useful in evaluating our operating performance. Certain of these non-GAAP measures exclude stock-based compensation, amortization expense, acquisition-related expenses, acquisition-related earnout, offering costs, payroll taxes related to stock-based compensation, loss on extinguishment of debt, amortization of debt issuance costs, system transformation costs, restructuring charges, and extraordinary legal settlements and other non-recurring litigation costs. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by our management about which expenses are excluded or included in determining these non-GAAP financial measures. We strongly encourage investors to review our consolidated financial statements included in our publicly filed reports in their entirety and not rely solely on any single financial measurement or communication.

Definitions of Non-GAAP Gross Profit, Non-GAAP Operating Income (Loss), Non-GAAP Operating Expenses, Free Cash Flow, and Unlevered Free Cash Flow, and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measure can be found at the end of this presentation.

# Today's Agenda: Driving Profitable Growth

Time	Topic	Speaker
9:00a – 9:05a	<b>Introduction</b>	Jennifer Gaumond, IR
9:05a – 9:30a	<b>Our Success, Positioning and Strategy</b>	John Strosahl, Chief Executive Officer
9:30a – 9:55a	<b>Market Opportunity and Growth Drivers</b>	Henry Patel, Chief Strategy Officer
9:55a – 10:20a	<b>Q&amp;A</b>	<b>Management Team</b>
10:20a – 10:35a	<b>Break</b>	
10:35a – 11:05a	<b>Customer Successes</b>	Sam Johnson, Chief Customer Officer
11:05a – 11:30a	<b>Financial Performance and Outlook</b>	Ian Goodkind, Chief Financial Officer
11:30a – 11:55a	<b>Q&amp;A</b>	<b>Management Team</b>
11:55a – 12:00p	<b>Closing</b>	John Strosahl, Chief Executive Officer





# Taking a Successful Strategy to the Next Level

John Strosahl  
Chief Executive Officer



# What You Will Hear Today

1

Strong foundation with demonstrated success

2

Differentiated position

3

Proven strategy to drive the next stage of growth

4

Long growth runway in large markets

5

Multiple growth drivers

6

Clear 3-year roadmap to achieve financial goals



# Taking a Successful Strategy to the Next Level

**1**

A strong  
foundation with  
demonstrated success

**2**

A truly  
differentiated  
position

**3**

Building on a proven  
strategy



A ONE-OF-A-KIND COMPANY

# Defining Apple in the Enterprise

Market Position

**No. 1**

Subscription Revenue

**97%**

**28%**  
**CAGR**

Annual Revenue Growth<sup>1</sup>  
since 2020 IPO

**108%**

Net Retention Rate

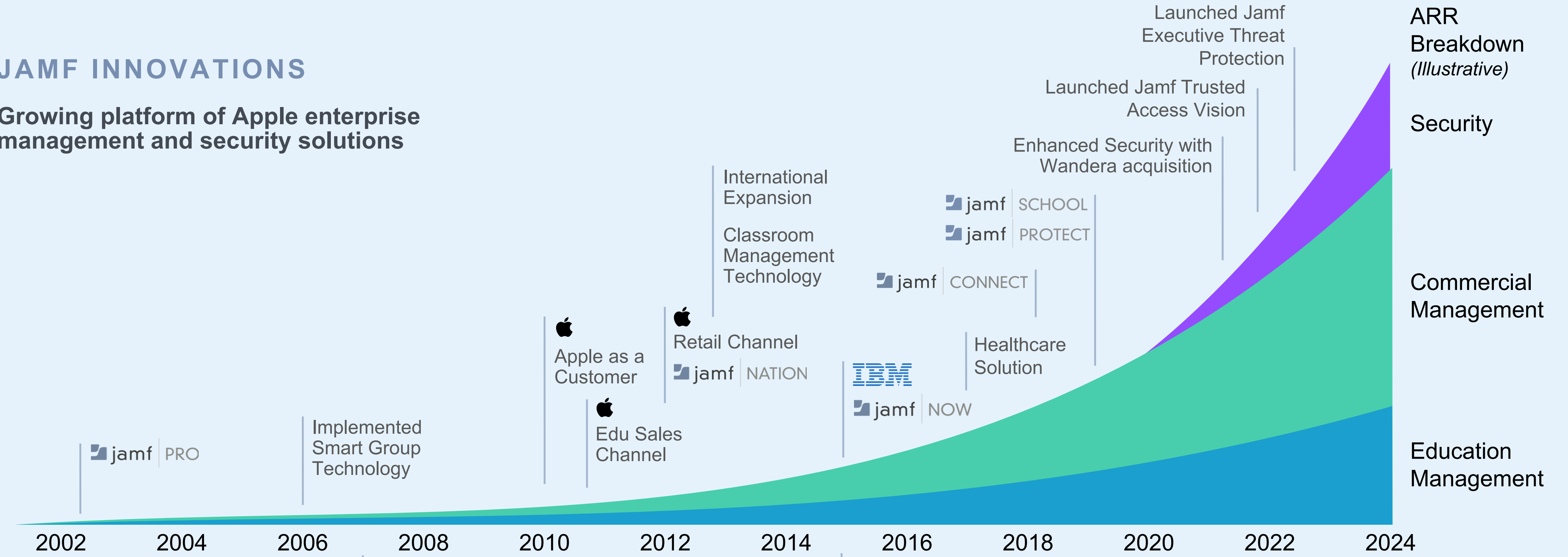




# 22 Year History of Innovations Helping Simplify Work

## JAMF INNOVATIONS

Growing platform of Apple enterprise management and security solutions



## INDUSTRY CATALYSTS

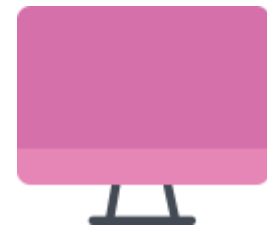




# We Serve an Impressive Roster of US and Global Customers



Top Fortune 500<sup>1</sup>  
**8** of the top **10**



Top Fortune 500 Technology<sup>1</sup>  
**8** of the top **10**



Top Global Universities<sup>2</sup>  
**15** of the top **15**



US Banks<sup>3</sup>  
**10** of the top **10**



US School Districts<sup>4</sup>  
**8** of the top **10**



Best US Hospitals<sup>2</sup>  
**16** of the top **20**





# Impressive Success Since IPO in 2020





# Jamf's Security Evolution

jamf | EXECUTIVE THREAT PROTECTION

Launched advanced Endpoint Security capabilities for mobile

jamf | BUSINESS PLAN

Enhanced offerings with bundled management and security solutions

wandera

Enhanced Jamf Connect & Jamf Protect with mobile capabilities

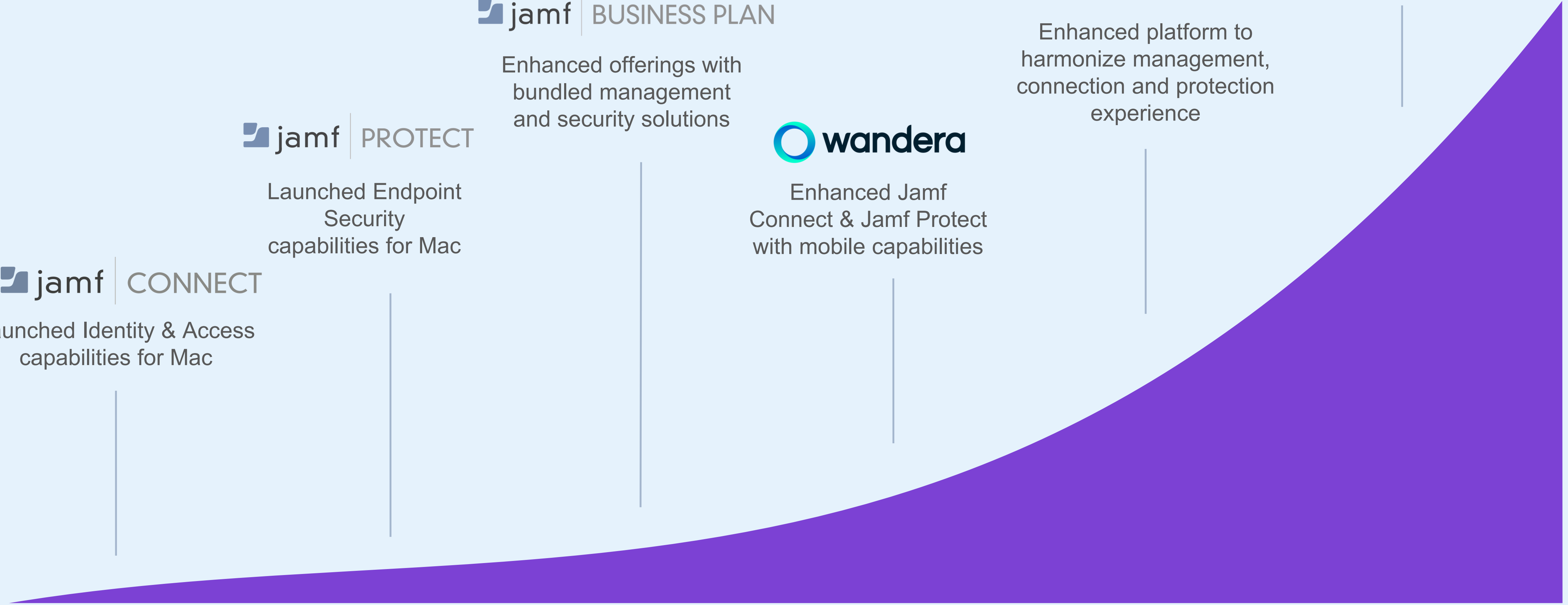
Enhanced platform to harmonize management, connection and protection experience

jamf | PROTECT

Launched Endpoint Security capabilities for Mac

jamf | CONNECT

Launched Identity & Access capabilities for Mac



2018

2019

2020

2021

2022

2023



# Taking a Successful Strategy to the Next Level

**1**

A strong  
foundation with  
demonstrated success

**2**

A truly  
differentiated  
position

**3**

Building on a proven  
strategy



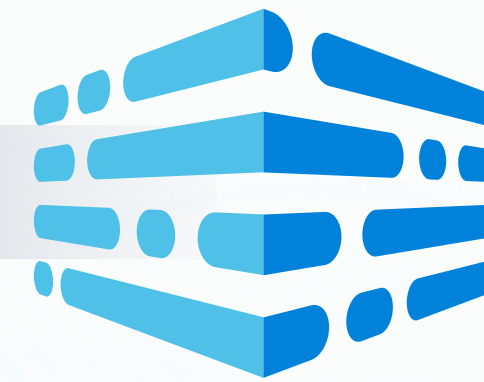
# Truly Differentiated with A Deep Moat





# Market Leader Defining Apple in the Workplace

Bridging the Gap Between what Apple Provides and the Enterprise Requires



75.3k  
Customers

Evolving Enterprise Needs Met With Jamf's Complete Platform

Only

**Authorized users**

on

**Trusted devices**

gain

**Secure access**



32.3m  
Devices






# Robust Platform Designed for a Seamless, User-Friendly Experience

## Built First

Built for Windows then adapted to Apple



- Complex integration
- Frustrating user experience
- Lowest common denominator

-  UEM Providers
-  Threat Defense Providers
-  ZTNA Providers



## Built First Apple built purposely



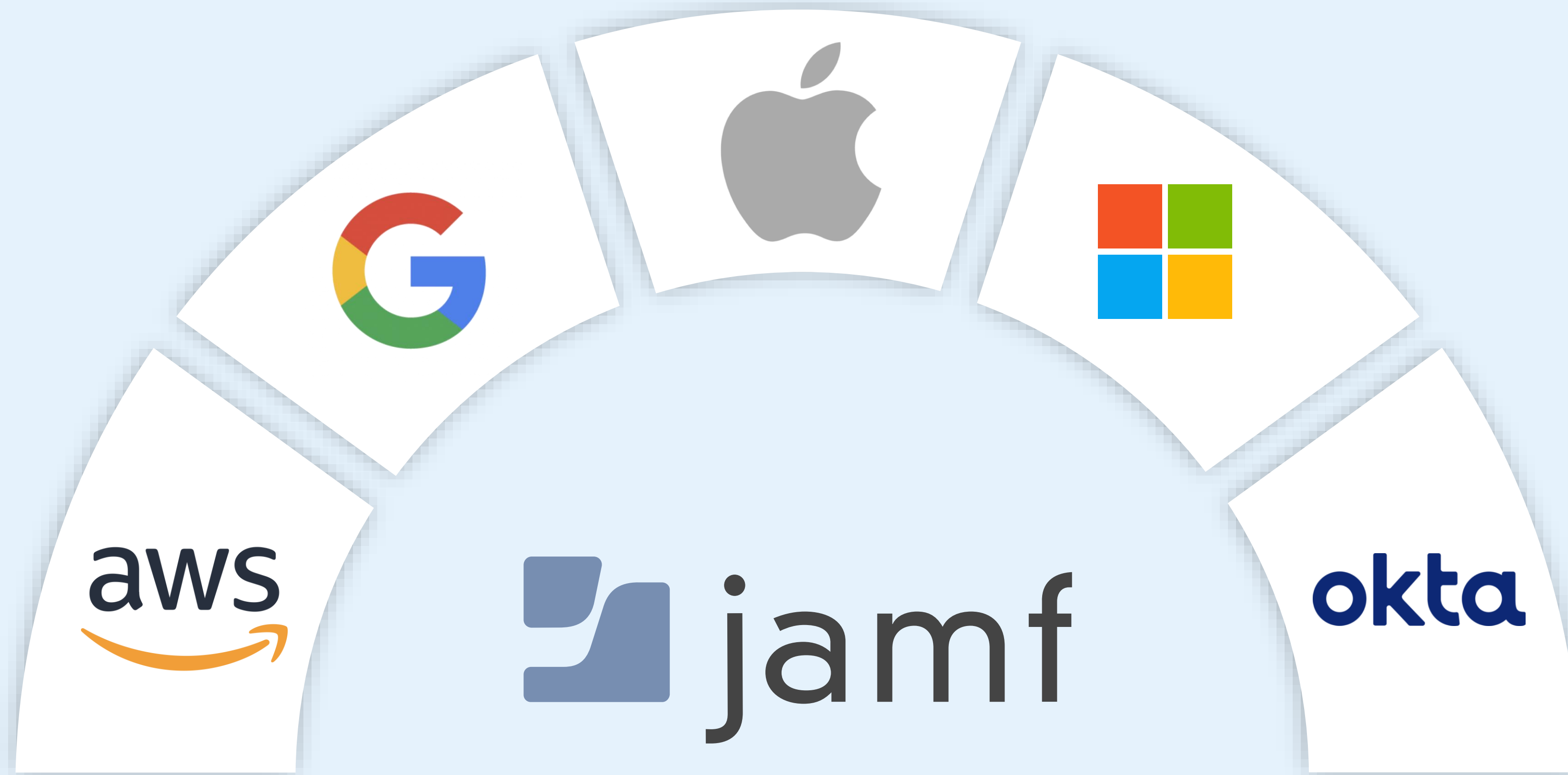
- Seamless integration
- Quick and easy for users
- Brings together management, identity & security – **Trusted Access**





STRENGTH #3

# Strong Partner Ecosystem Amplifies Jamf's Market Position





# Key Trends Play to Our Strengths

## Industry Trends

- ✓ Growing popularity of Apple devices
- ✓ Consumerization of IT
- ✓ Technology is driving business processes
- ✓ Increased security threats
- ✓ Limitations of legacy enterprise solutions

## Our Mission



**The leader in helping  
organizations succeed  
with Apple**



STRENGTH #5

# Jamf Nation – World’s Largest Apple Admin Community Strengthens and Improves Jamf

## Jamf Nation

**World’s Largest**

Online community of Apple administrators

**3,300**  
2023 attendees

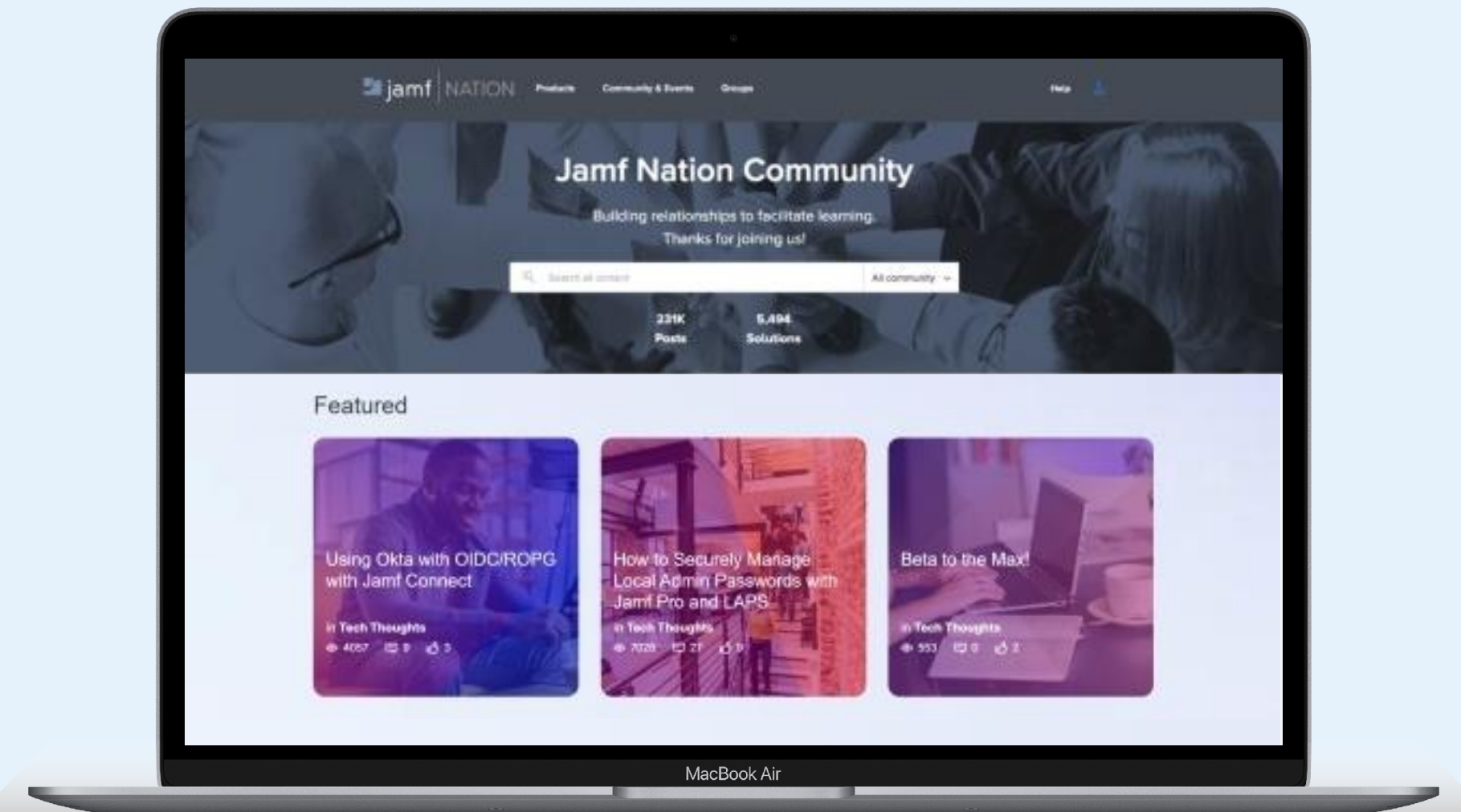
Jamf Nation User Conference (JNUC) is largest Apple administrator event in world

**Loyal**  
supporters

Jamf Nation acts as a resource for existing and potential customers

**Important Asset**

Jamf Nation provides product ideas, M&A opportunities and improves retention





# Strong Company Culture Drives Market Leadership

## Strong Company Culture

- 88% of Jamfs say they are proud to work at Jamf
- High voluntary retention of >90%
- Customer- and community-centric culture

## Loyal Customer Base

- One of the industry's best NPS scores of 55<sup>1</sup>
- Strong and stable gross retention of 89%



# Taking a Successful Strategy to the Next Level

**1**

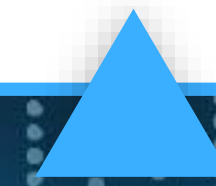
A strong  
foundation with  
demonstrated success

**2**

A truly  
differentiated  
position

**3**

Building on a proven  
strategy





# Building on a Proven Strategy

## Extend Market Leadership in the Apple Ecosystem

**Expand  
with  
Security**



**Increase  
Mobile  
Penetration**



**Grow  
International  
Presence**



**Drive Efficiencies and Scalability**



# Executing Our Strategy: Driving Efficiencies and Scalability

- Build world-class systems and processes
- Build Platform of the Future
- Drive scalable GTM approach
- Grow strategic partnerships
- Expand international business

**Reaccelerated  
Growth**

**&**

**Significant Margin  
Expansion**



IN SUMMARY

# Jamf Well-Positioned for Continued Success

- Strong foundation with demonstrated success
- Truly differentiated market position with massive moat
- Building on a proven strategy







# Large Market Opportunity and Growth Roadmap

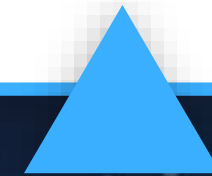
Henry Patel  
Chief Strategy Officer



# Large Market Opportunity and Growth Roadmap

**1**

Large market opportunity



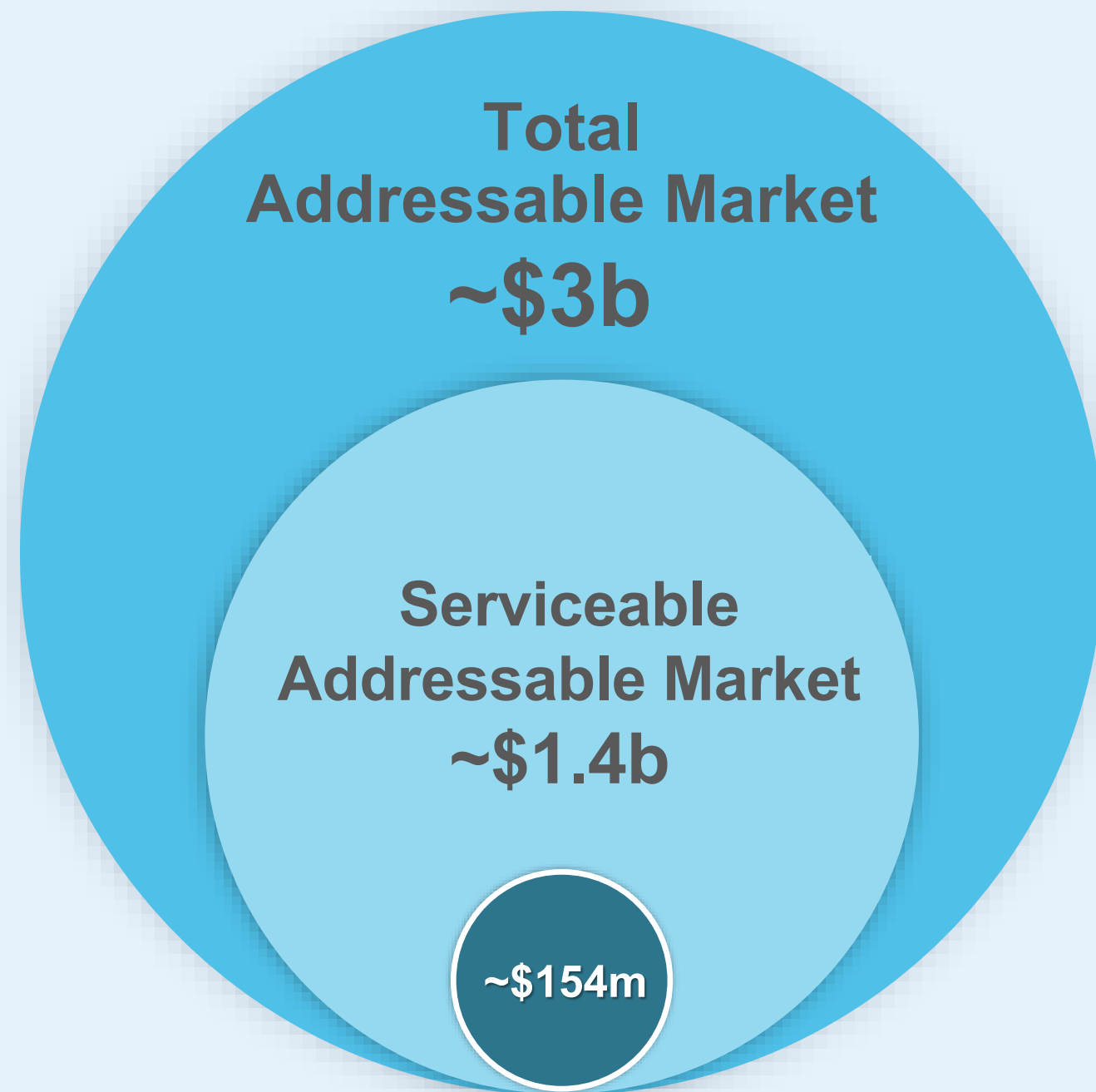
**2**

Key growth drivers



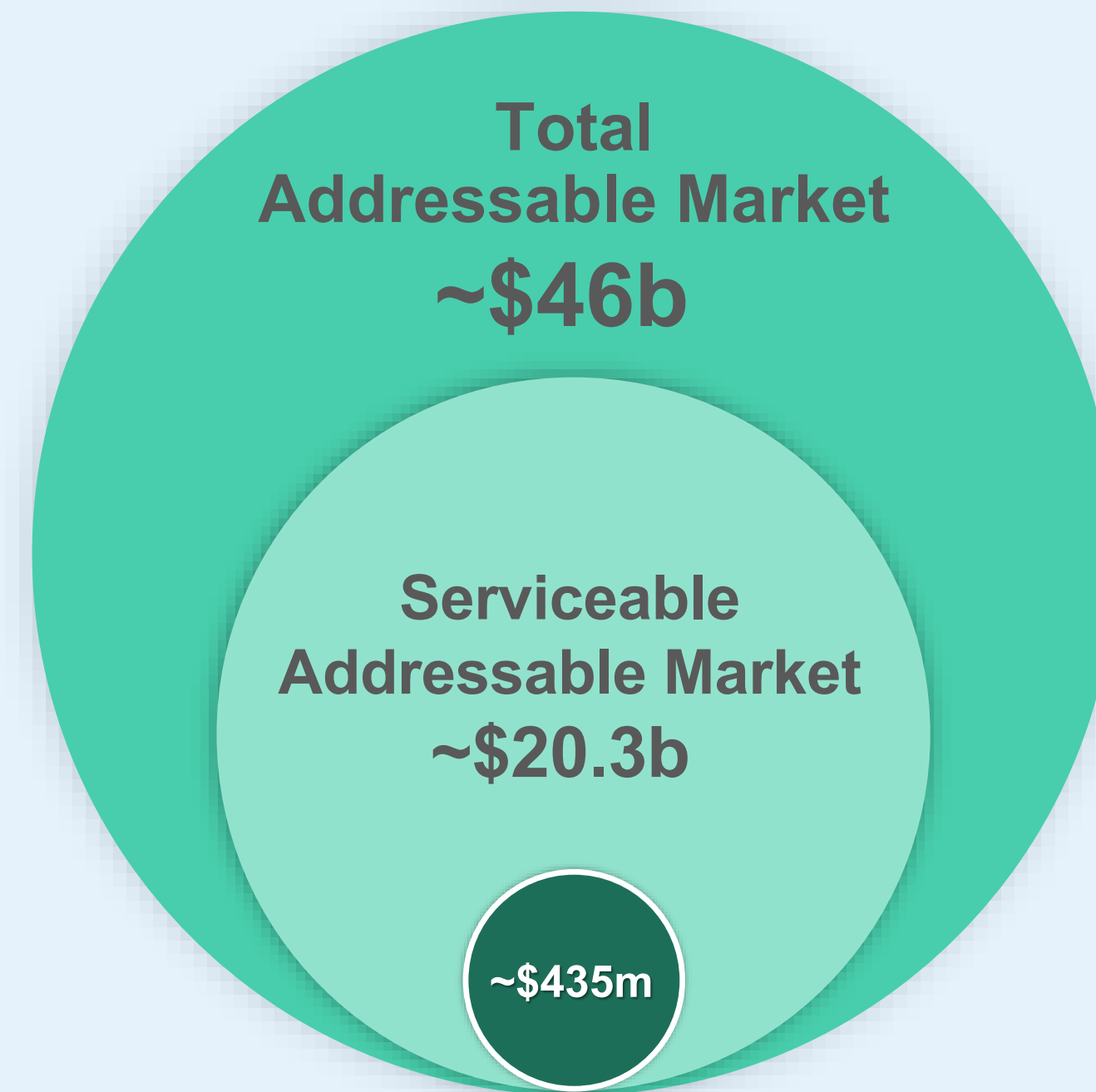
# Positioned in Two Large Addressable Markets

## Education



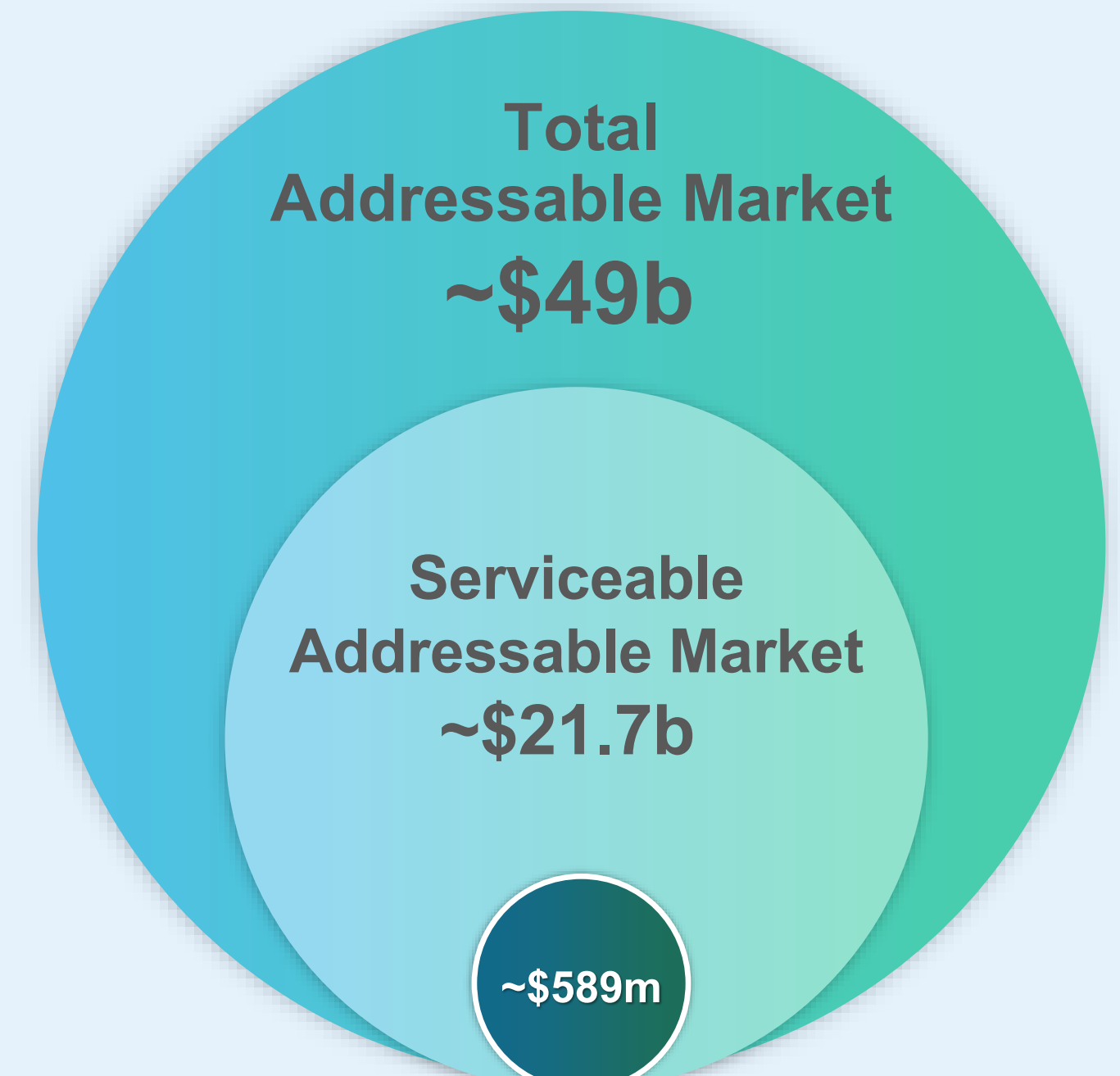
~11% Market Share  
of SAM

## Commercial



~2% Market Share  
of SAM

## Total

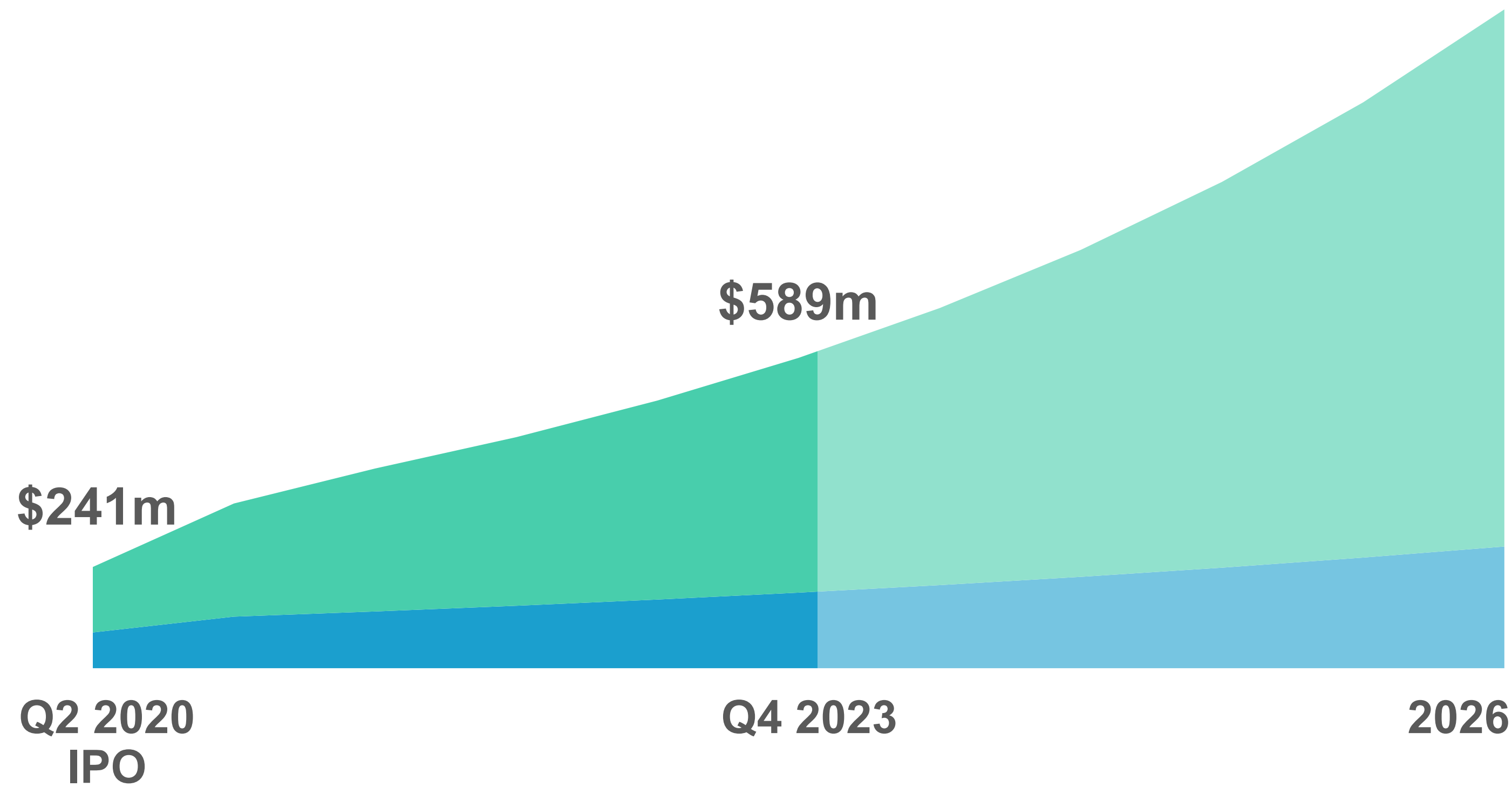


~3% Market Share  
of SAM



# Long Runway of Sustainable Growth

## Jamf ARR

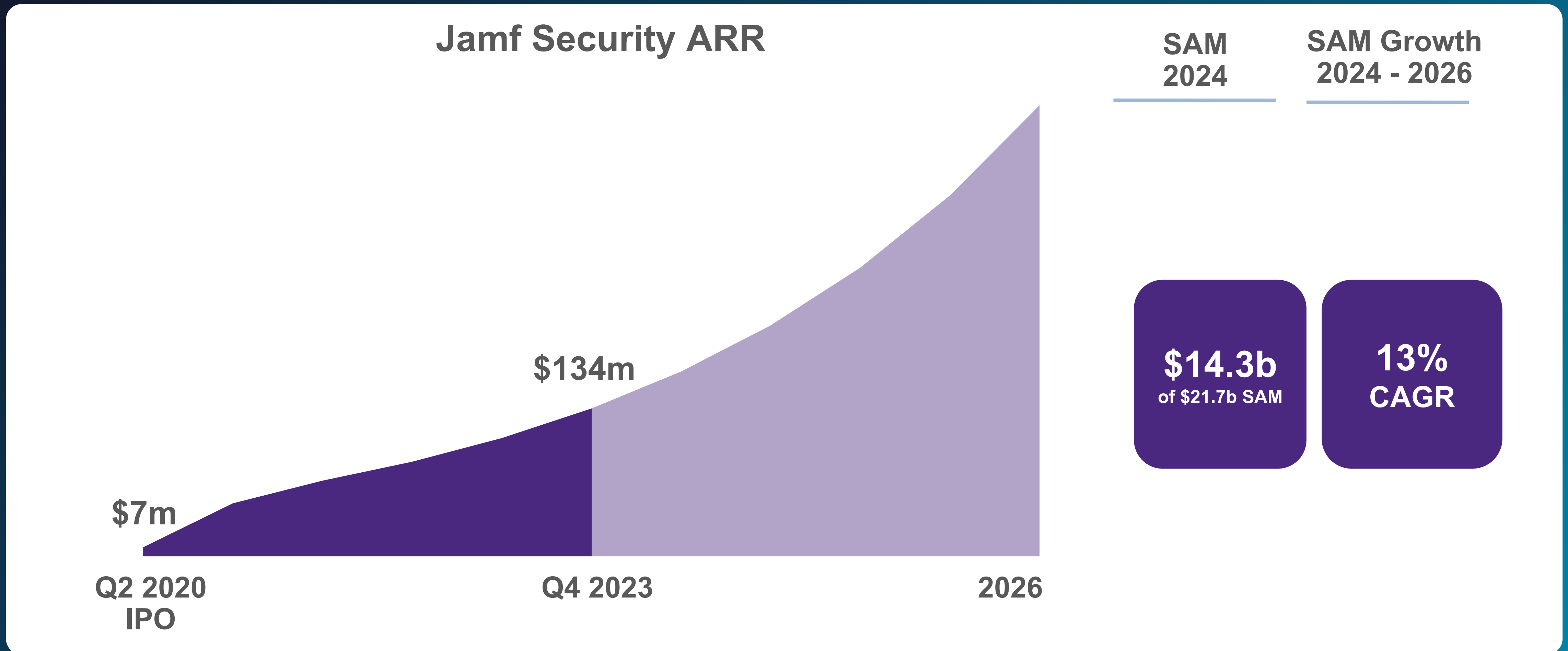


	SAM 2024	SAM Growth 2024 - 2026
Total	\$21.7b	13% CAGR
Commercial	\$20.3b	13% CAGR
Education	\$1.4b	9% CAGR

**Total SAM to grow to ~\$27b by 2026**



# Security is a Key Growth Driver Across Both Market Segments

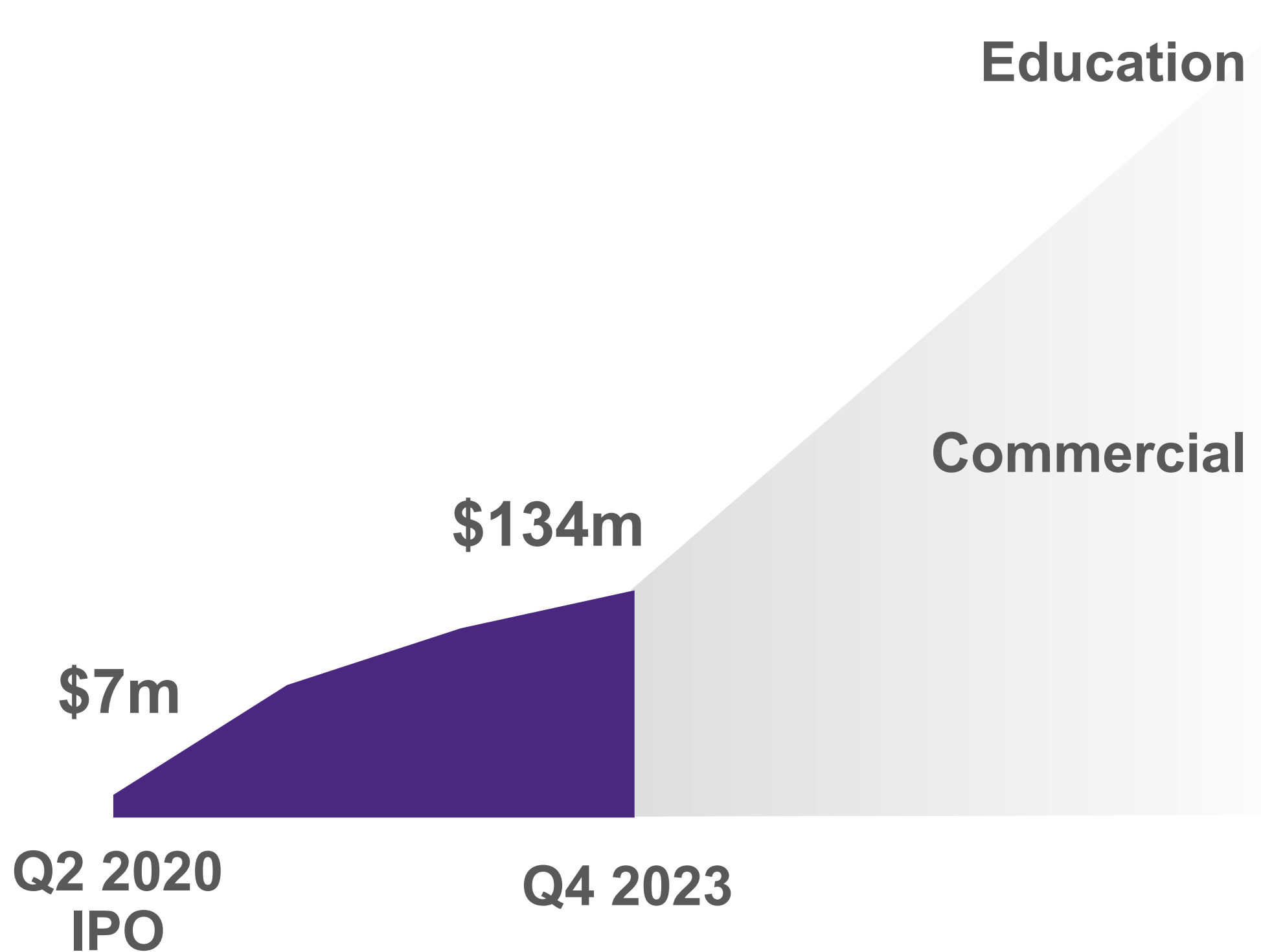


**Security market expected to reach ~\$19b by 2026**



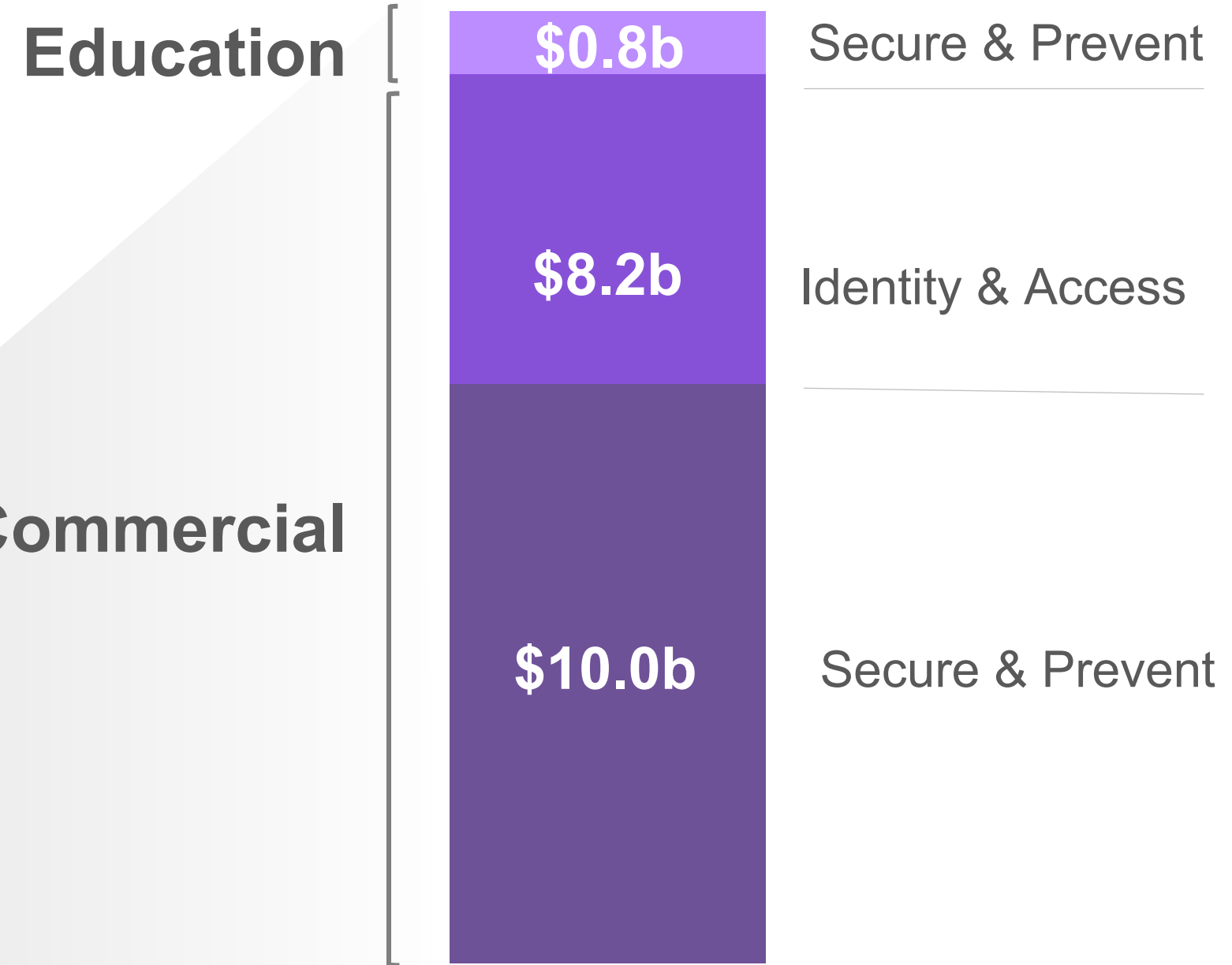
# Security is a Key Growth Driver Across Both Market Segments – Key Opportunities

## Jamf Security ARR



## Security Market SAM – 2026

\$19b



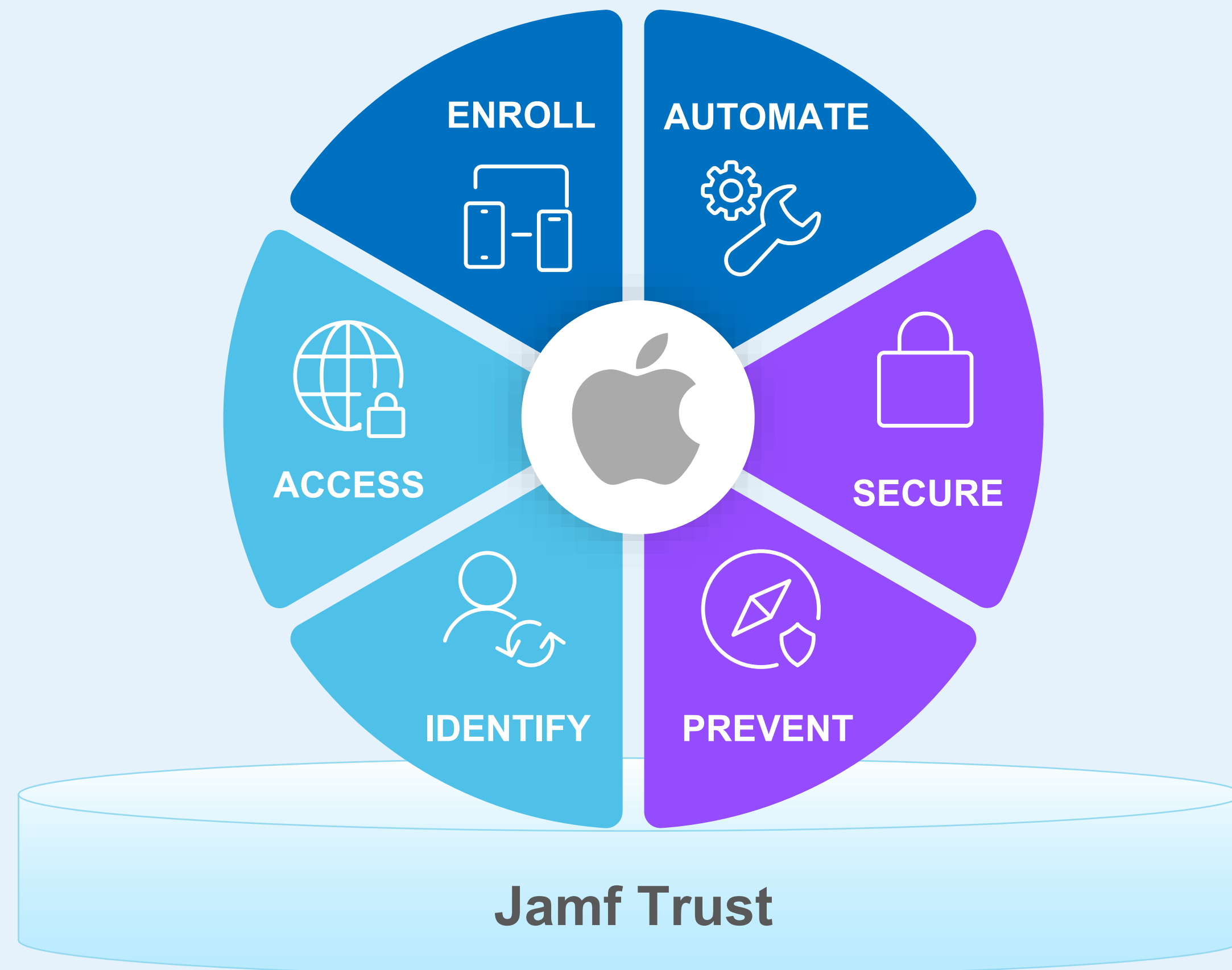
## Jamf Growth Potential





# Robust Platform Built to Further Protect Apple Users

Built  First  
Apple-built purposely

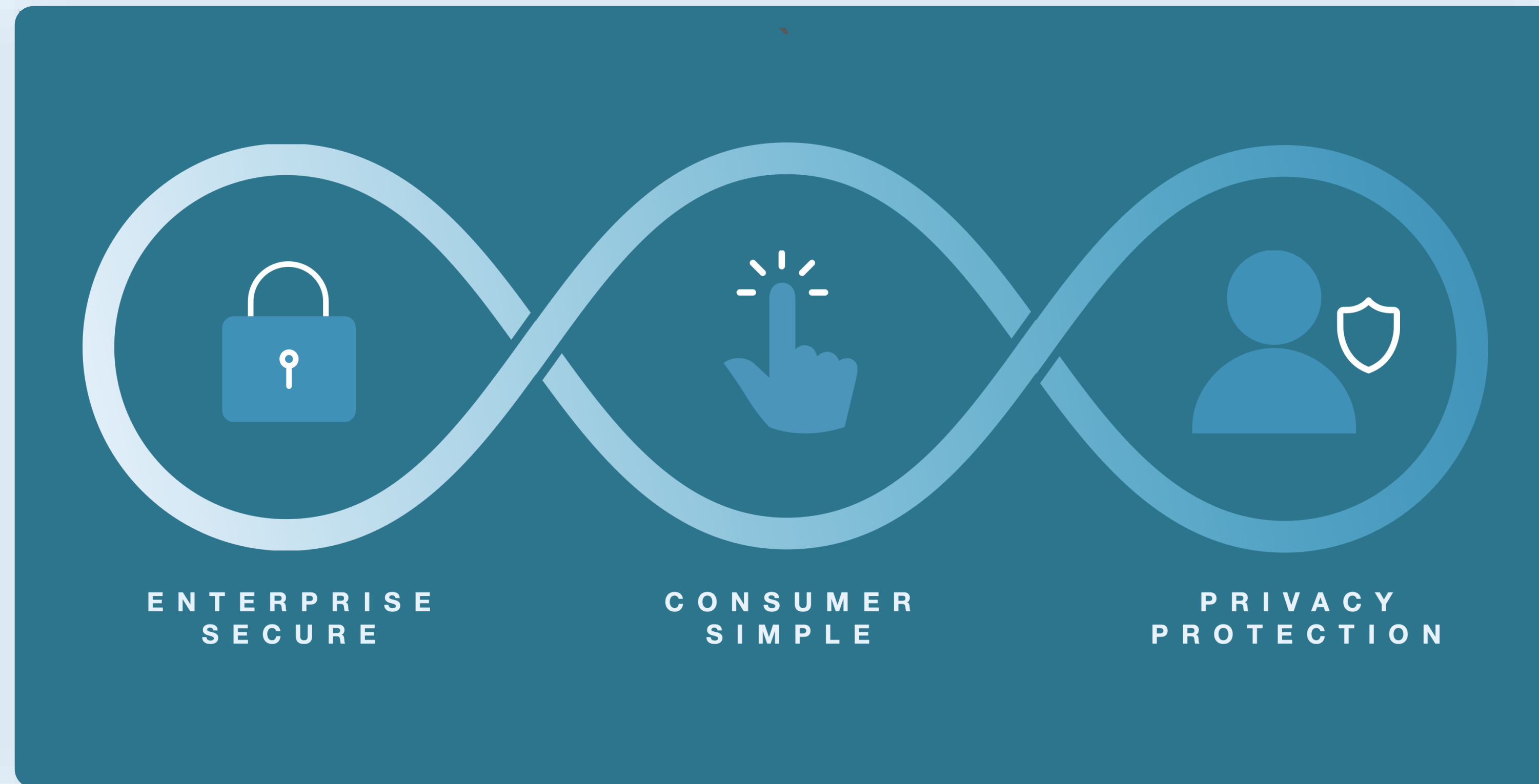


## Jamf Platform Capabilities

- **Jamf Connect** brings device level health along with identity to make ZTNA decisions
- **Jamf Protect** is built native to MacOS and iOS to provide better awareness of security threats
- **Jamf Management** provides the basis for a security posture as well as seamless remediation path
- **Jamf Trust** provides a unified end user experience across the Jamf Platform on all Apple devices



# Innovation Engine Delivers Value-Added User Experience to Jamf's Platform



## Innovation Priorities

- Remain Apple-Best
- Unify the User Experience
- Streamline the Customer Journey
- Adapt AI into Key Workflows
- Simplify Device Compliance



# Large Market Opportunity and Growth Roadmap

**1**

Large market  
opportunity

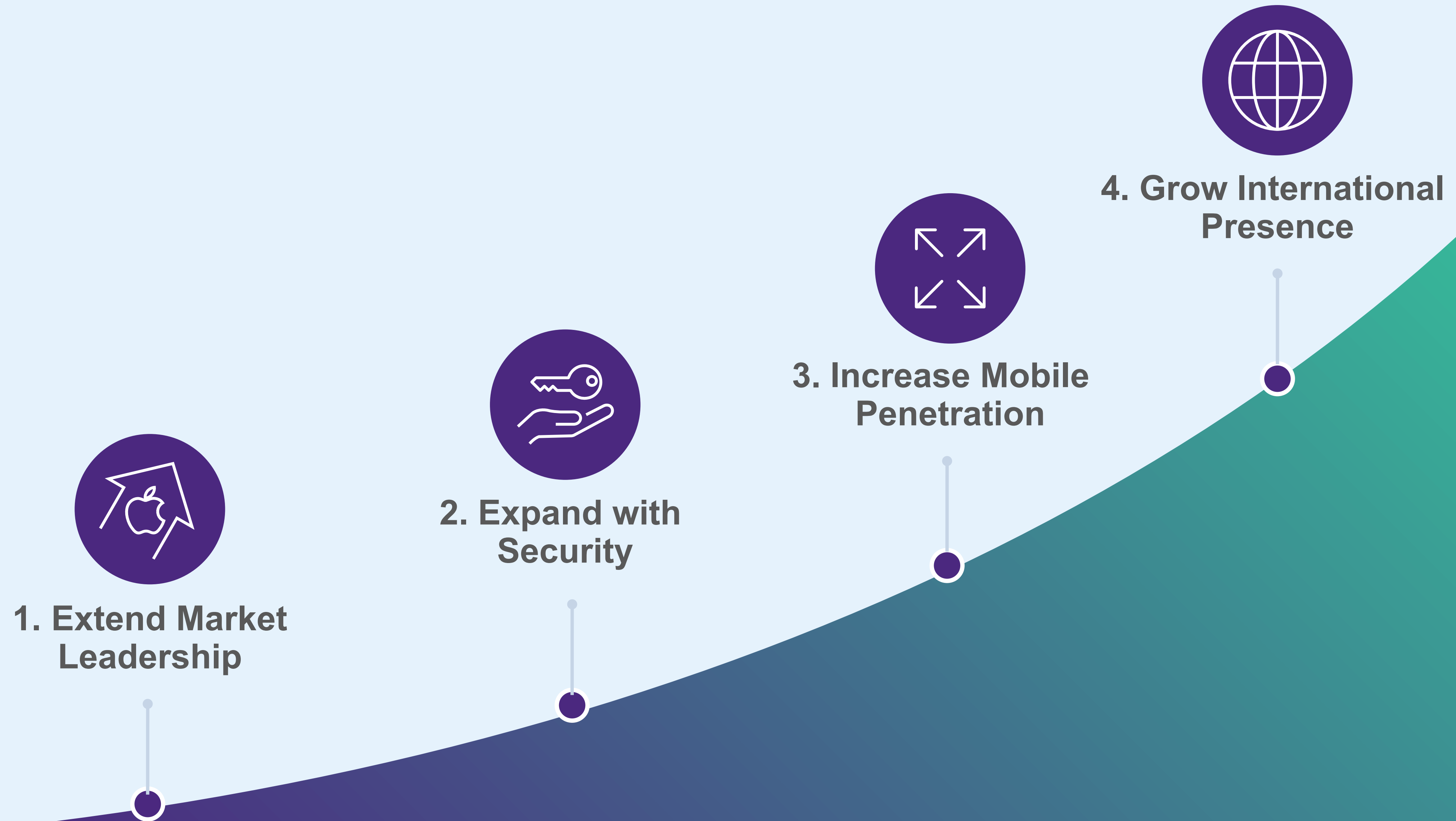
**2**

Key growth  
drivers





# Strategic Pillars Support Growth, Amplified by Jamf's Powerful GTM





## GROWTH DRIVER #1

# Strong Tailwinds, Long Growth Runway for Apple in the Enterprise

*“2024 is expected to be a strong year for Commercial PC refresh”*

IDC 4Q23 Worldwide PC Shipments Press Release<sup>1</sup>

*“Apple returned to the lead position of the ranking table after seven quarters...Apple will aim to capitalize on the impending refresh cycle.”*

Canalys Press Release on Q4 2023 European Smartphone Market<sup>2</sup>

## Mac in the Enterprise: A CIO's Perspective by the Numbers<sup>3</sup>

(Fletcher Previn, Cisco)

**\$148-\$395**

Savings over 3 years with Mac vs. PC

**33%**

Fewer IT admins required for Mac vs. PC

**9.9%**

Acceleration in deal closure by sales teams using Mac vs. PC

**11.5%**

More code written by software engineers with Mac vs. PC

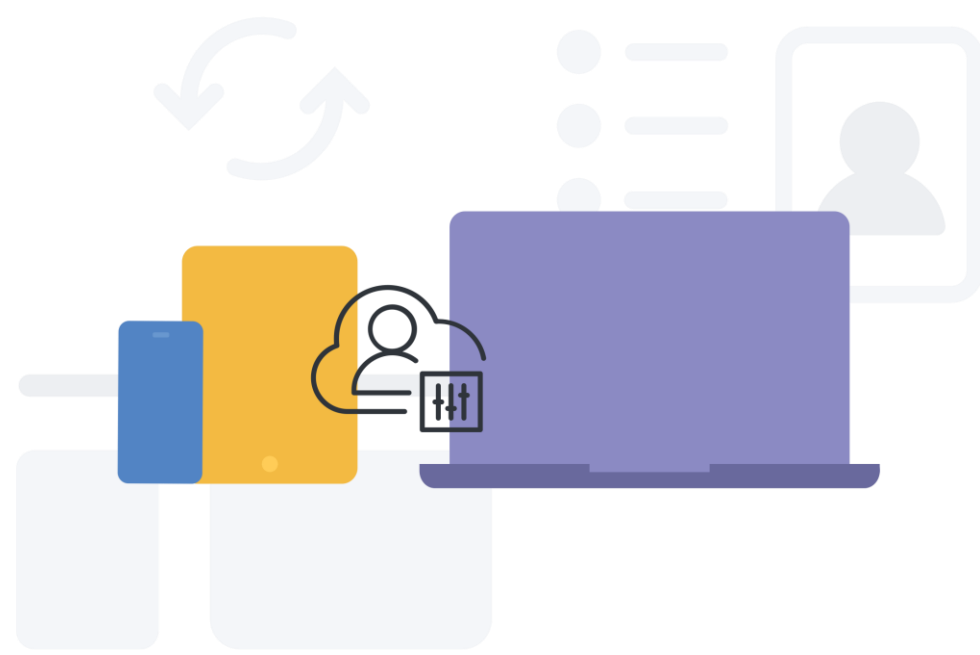


GROWTH DRIVER #2

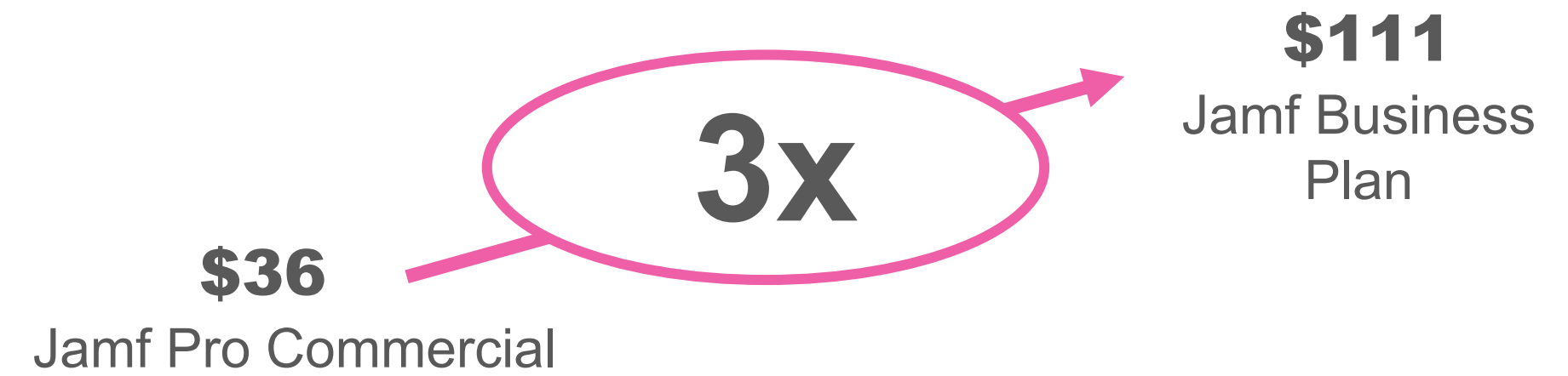
# Large Security Cross-Sell Opportunity Within 75k+ Customer Base

Customers with Management and  
at least one Security solution

**30.7k**  
(41%)



Average Sales Price Uplift



Security ARR Opportunity with  
Current Install Base

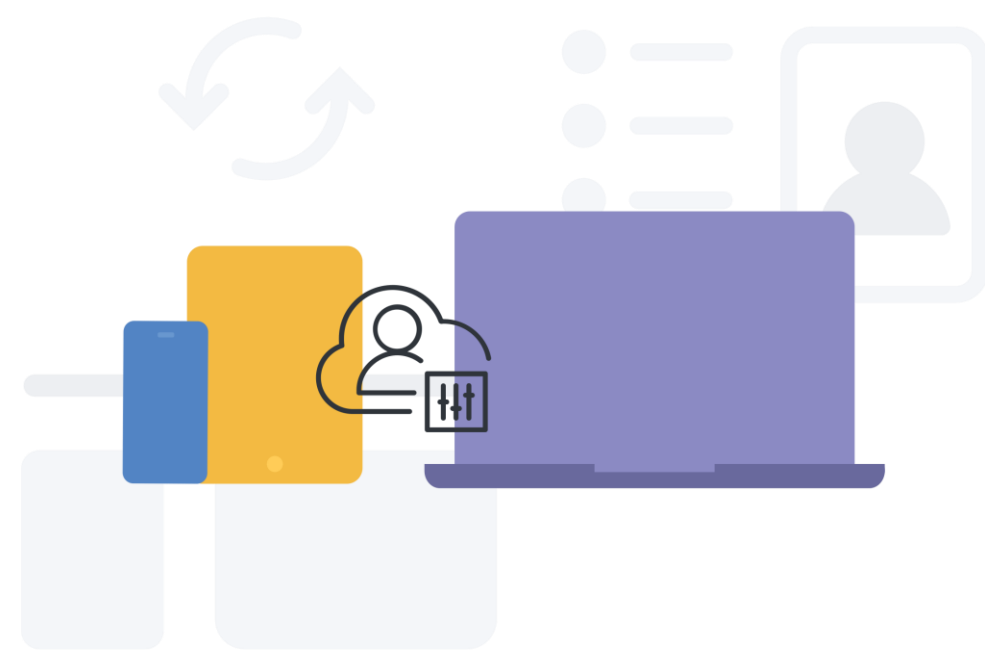
**\$350m**



# Large Mobile Expansion Opportunity

## Jamf Commercial Mobile Devices

~5m

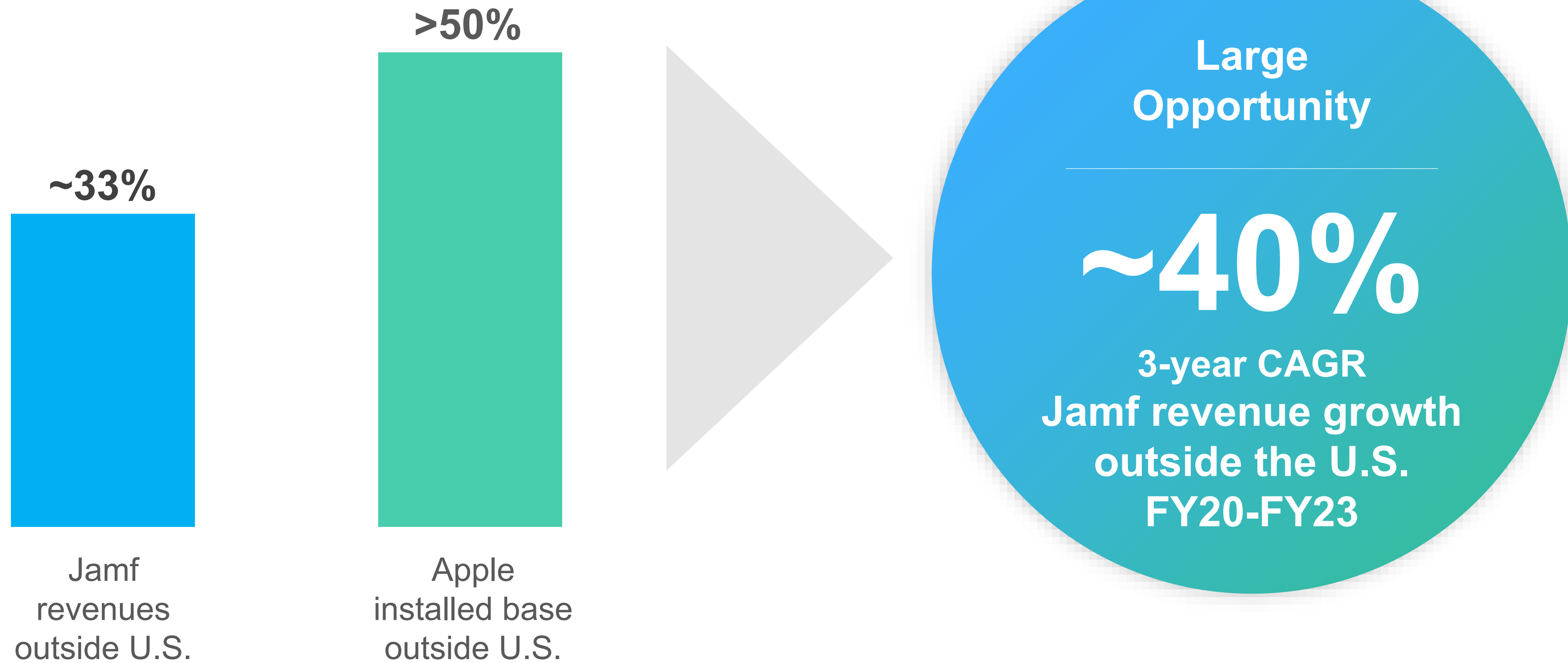


## Serviceable Mobile Devices (Corporate Ownership)

104m



# Large Potential for Continuing Faster Growth Outside U.S.





# Leveraging Powerful Go-to-Market Engine that Reaches Customers Around the World

Direct Sales Team



Resellers



Partners



e-Commerce





IN SUMMARY

## Large Market Opportunity and Clear Roadmap to Drive Continued Revenue Growth

- Positioned in large \$22b SAM, with significant opportunity in Security
- Multiple drivers will accelerate growth beginning in 2025





# Q&A

# 15 MINUTE BREAK





# Customer Successes

Sam Johnson

Chief Customer Officer



# Customer Success, Partnering with Jamf



**Mike Viola**  
Principal Technologist  
**NASDAQ**



**Harald Bosman**  
Senior Endpoint Security Engineer  
**Amsterdam Internet Exchange**



**Lisa Brown**  
IT Strategic Initiatives Director  
**SAP**









# Driving Renewed Growth and Scaling Profitably

Ian Goodkind  
Chief Financial Officer



# Driving Renewed Growth and Scaling Profitably

**1**

Performance  
highlights

**2**

Disciplined capital  
allocation

**3**

Reaccelerating  
growth and scaling  
profitably



# Business Model Drives Profitable Growth

1

## Sustainable Revenue Growth

- Growth levers of new logo, device expansion, cross-sell
- 97% subscription revenue for FY2023



2

## Stable Margins, Set to Expand

- Non-GAAP Gross Margin  $\geq 80\%$  consistently since IPO<sup>1</sup>
- ~300 bps of Non-GAAP Operating Income margin expansion in FY2023<sup>1</sup>



3

## Consistent Cash Generation

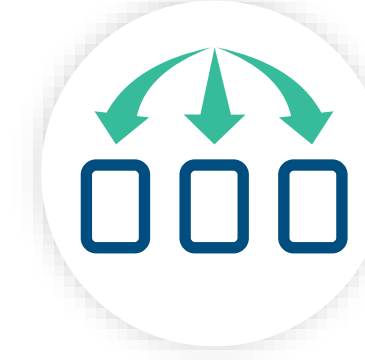
- ~\$220 million of free cash flow generated 2020-2023
- FY2023 uFCF margin 10%<sup>1</sup>



4

## Disciplined Capital Allocation

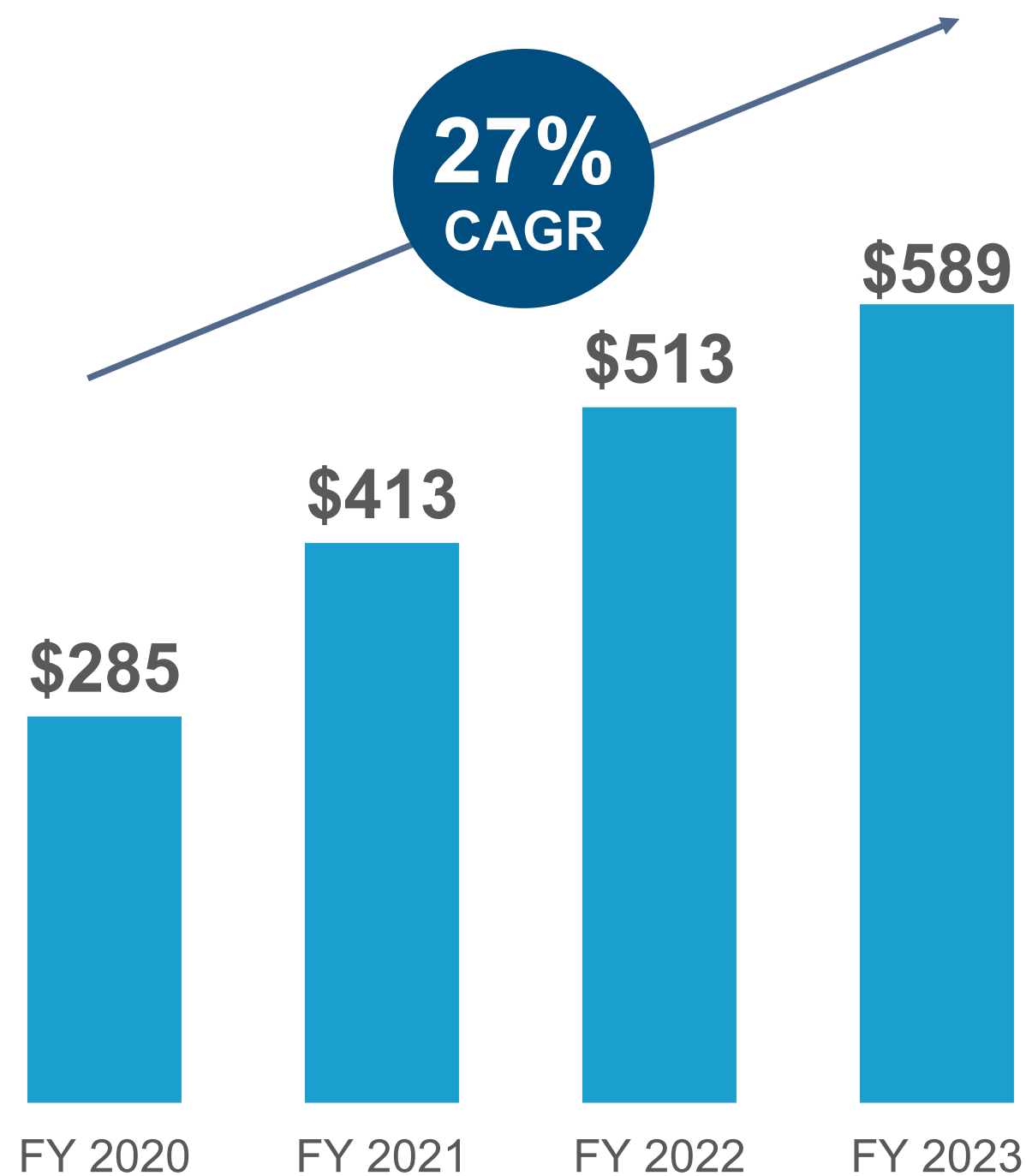
- Investments focused on accelerating growth through innovation and go-to-market
- Minimal, low-cost debt



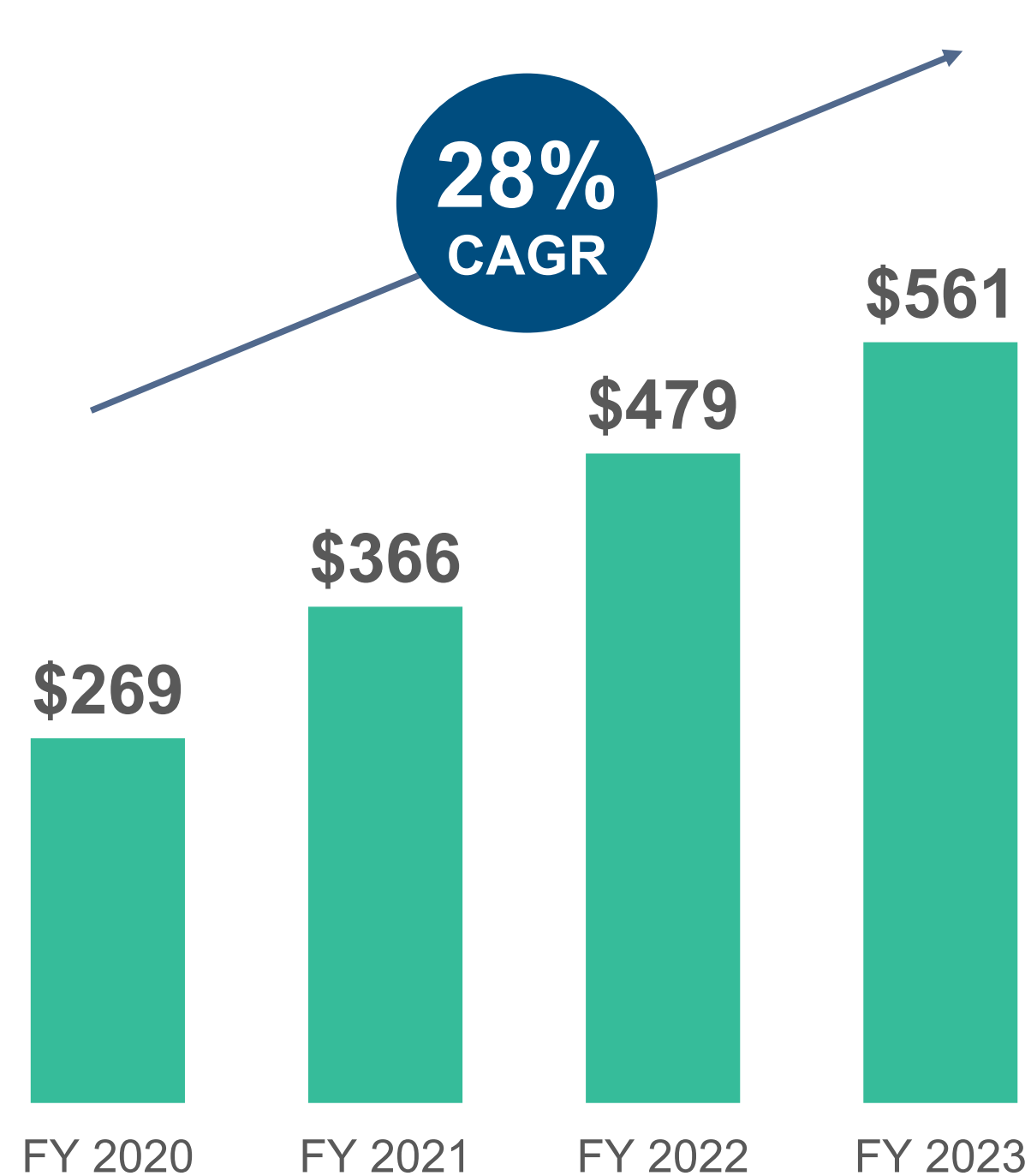


# Strong Revenue Growth and Margin Improvement

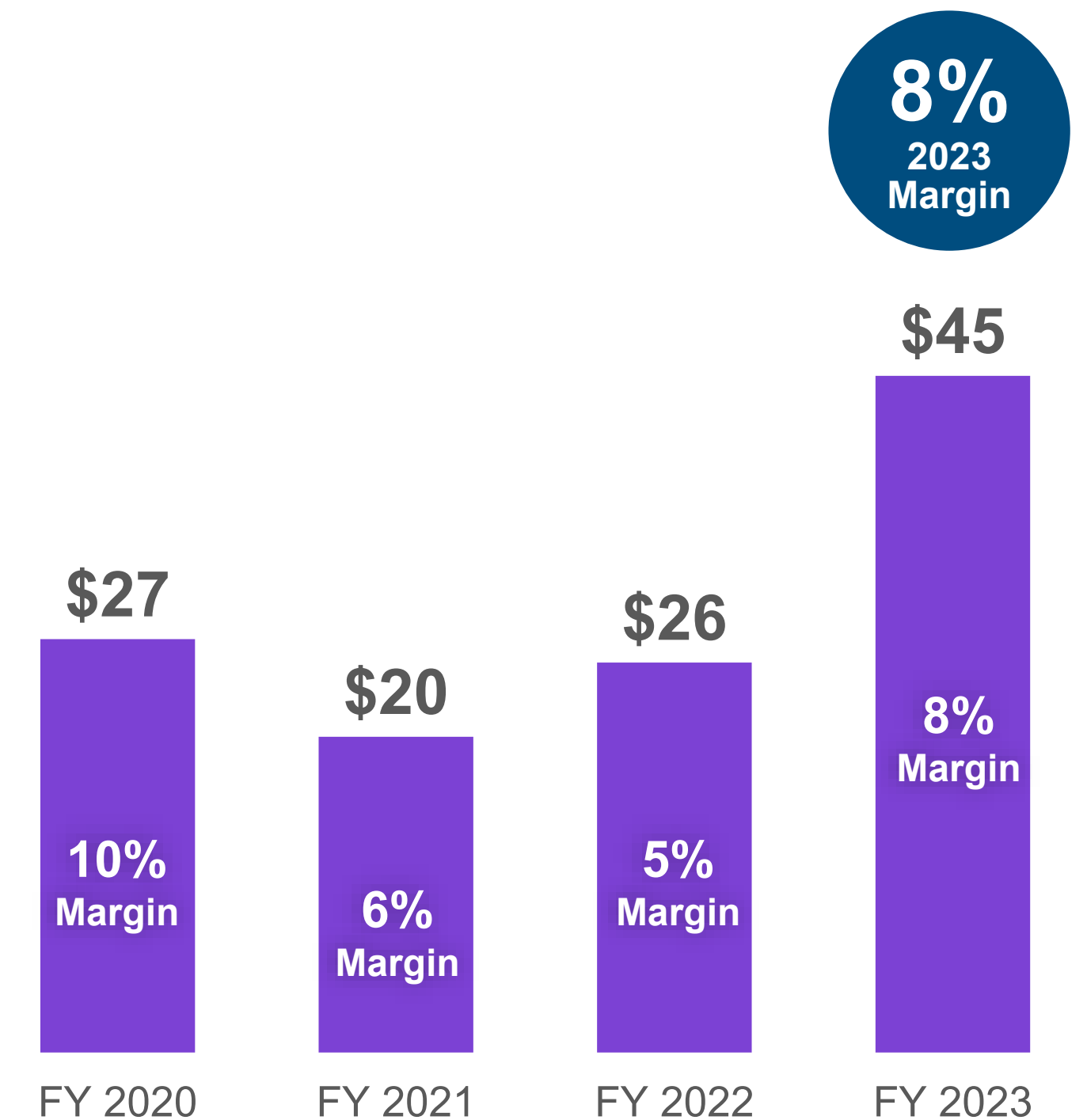
## Annual Recurring Revenue (\$ in millions)



## Total Revenue (\$ in millions)

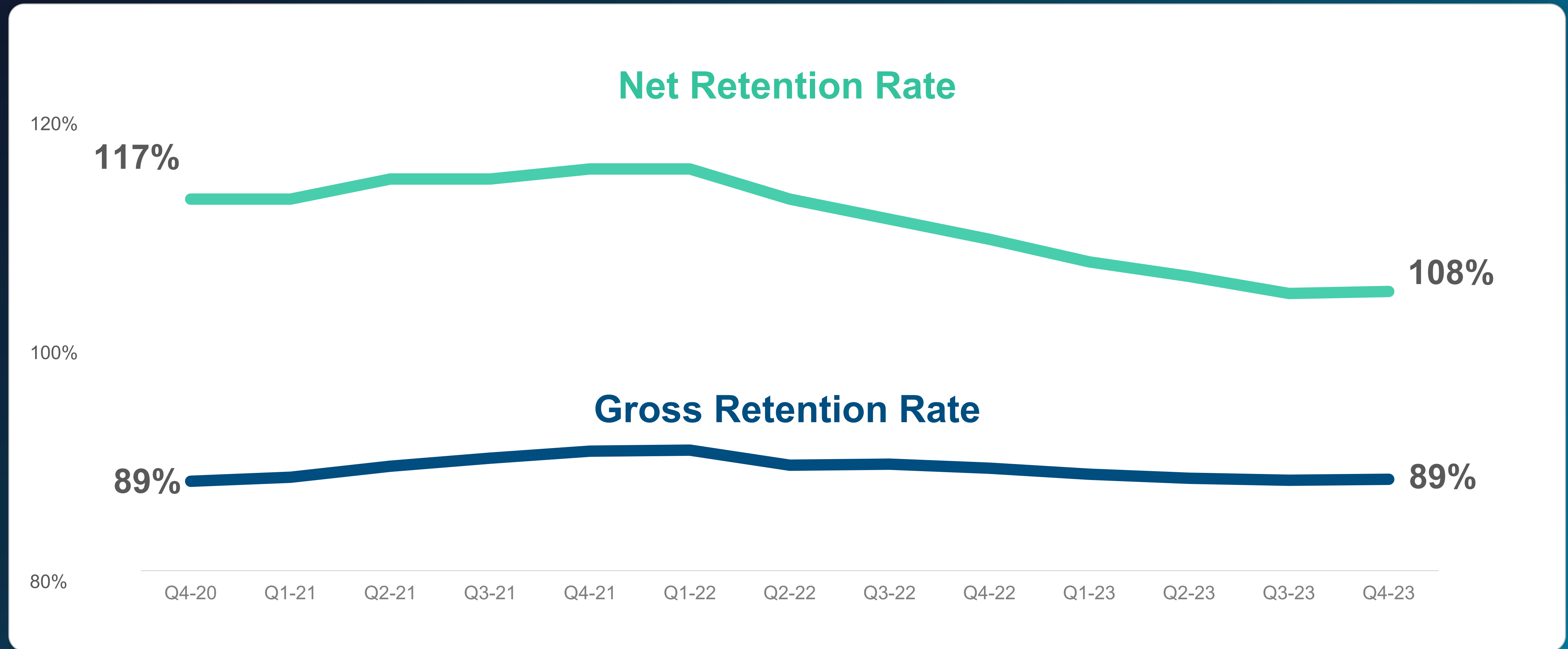


## Non-GAAP Operating Income<sup>1</sup> (\$ in millions)





# Strong and Stable Gross Retention

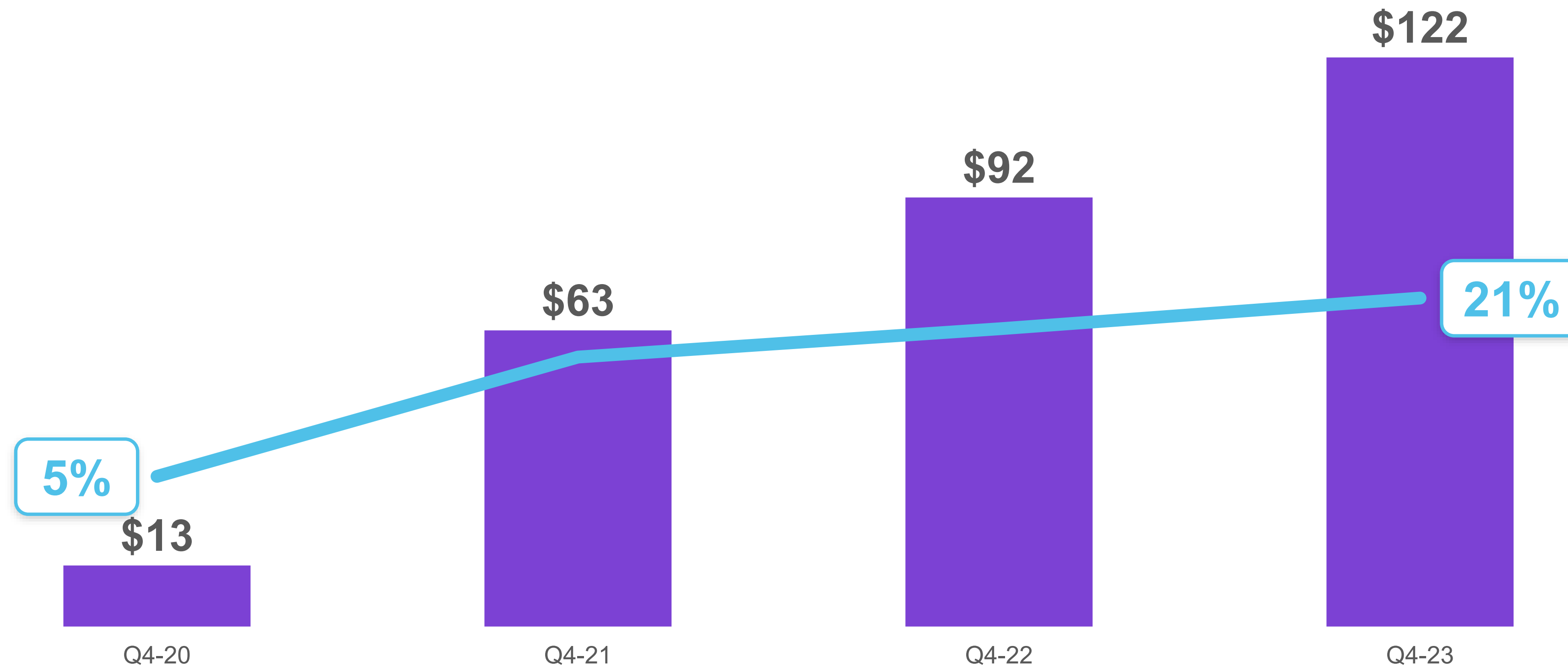


Gross retention similar for both Commercial and Education Segments



# Security Cross-Sell Efforts are Making an Impact

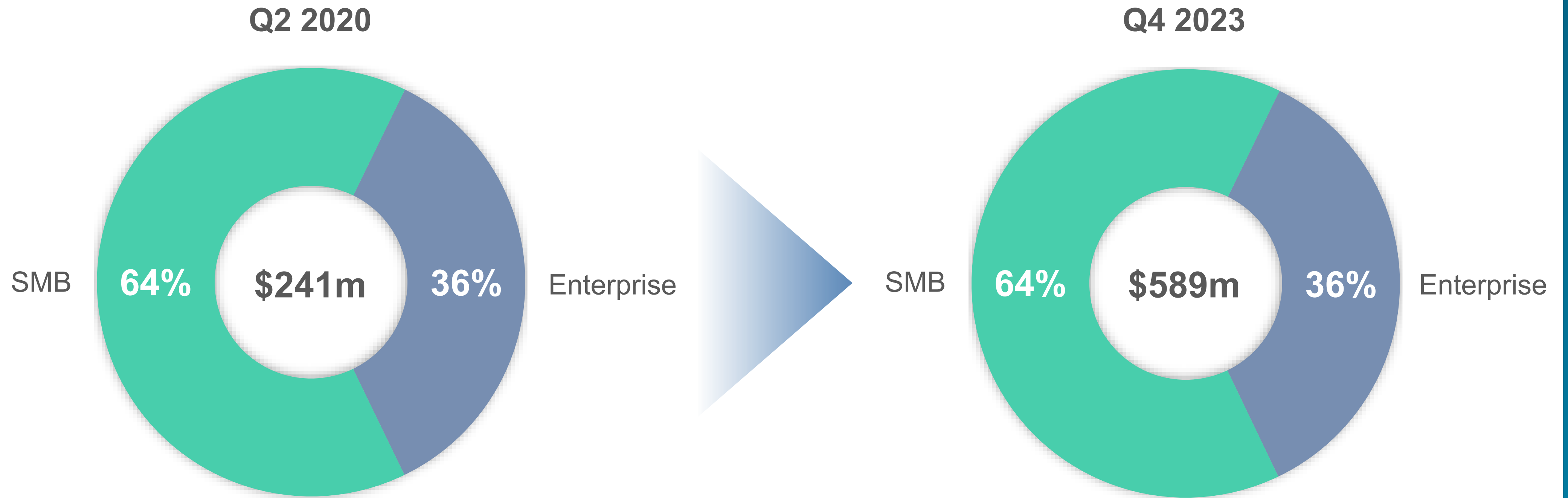
Commercial Security ARR and % of Total ARR  
(\$ in millions)





# SMB Customers Continue to be the Main Driver of Our Business

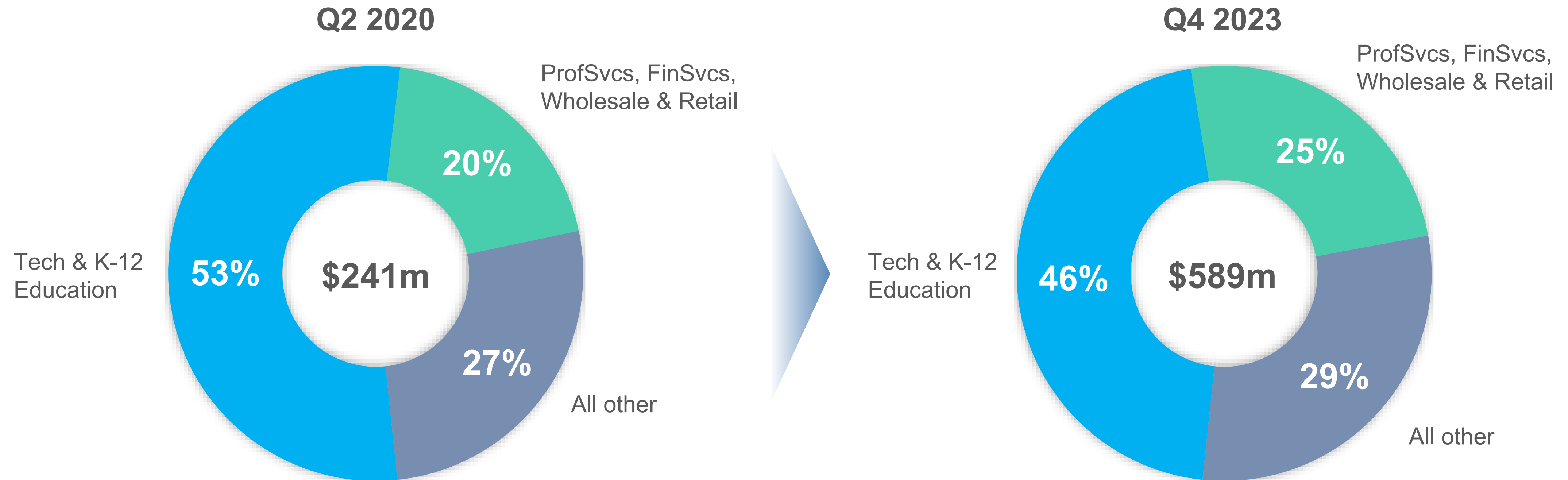
## Breakdown of ARR by Customer Size



SMB (Small and Mid-Market) = 0 - 2,500 employees  
Enterprise = 2,500+ employees

# Less Reliance on Tech & K-12 Education Over Time

## Breakdown of ARR by Industry





# Driving Renewed Growth and Scaling Profitably

**1**

Performance  
highlights

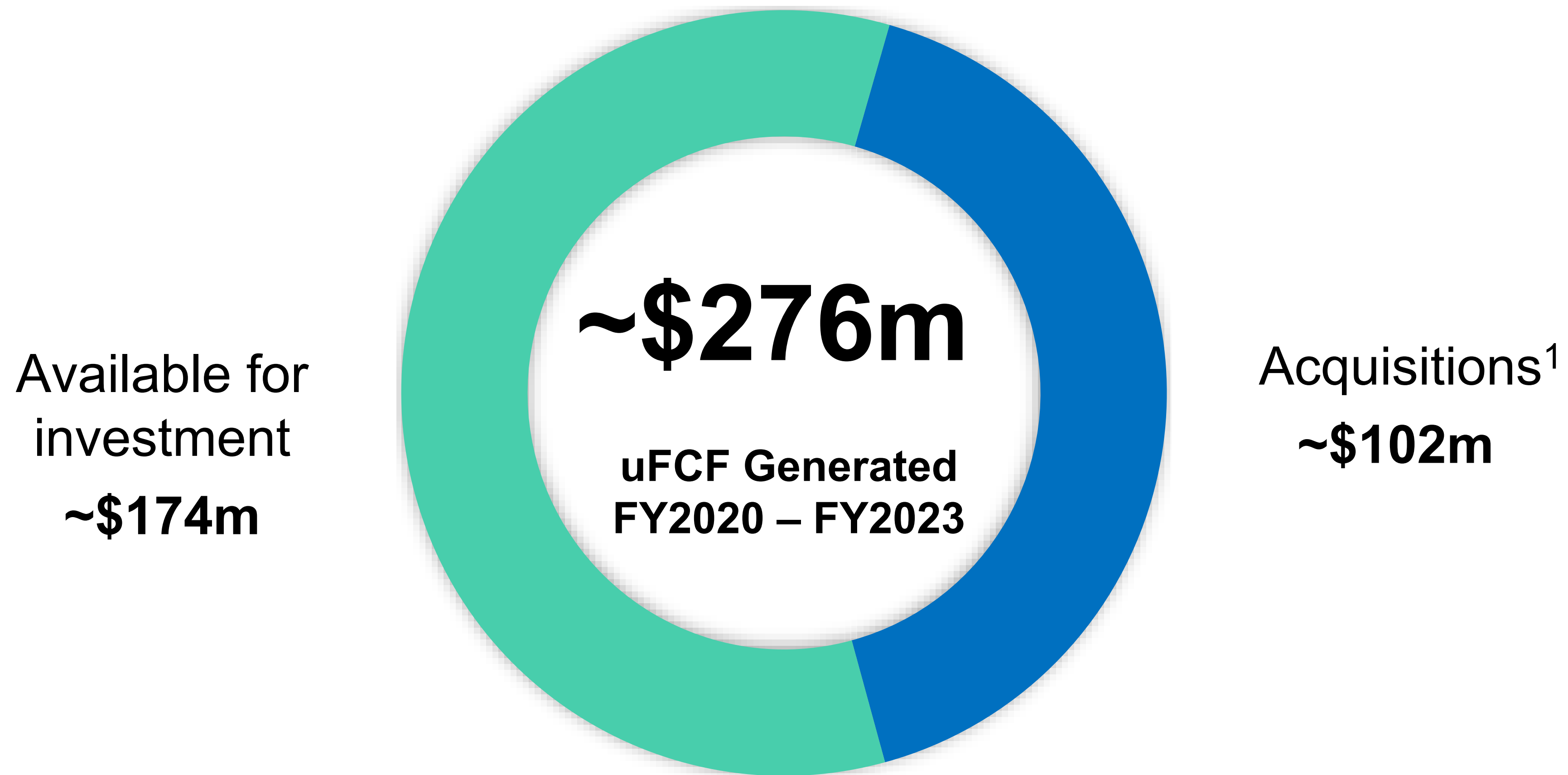
**2**

Disciplined capital  
allocation

**3**

Reaccelerating  
growth and scaling  
profitably

# Strong Cash Generation History





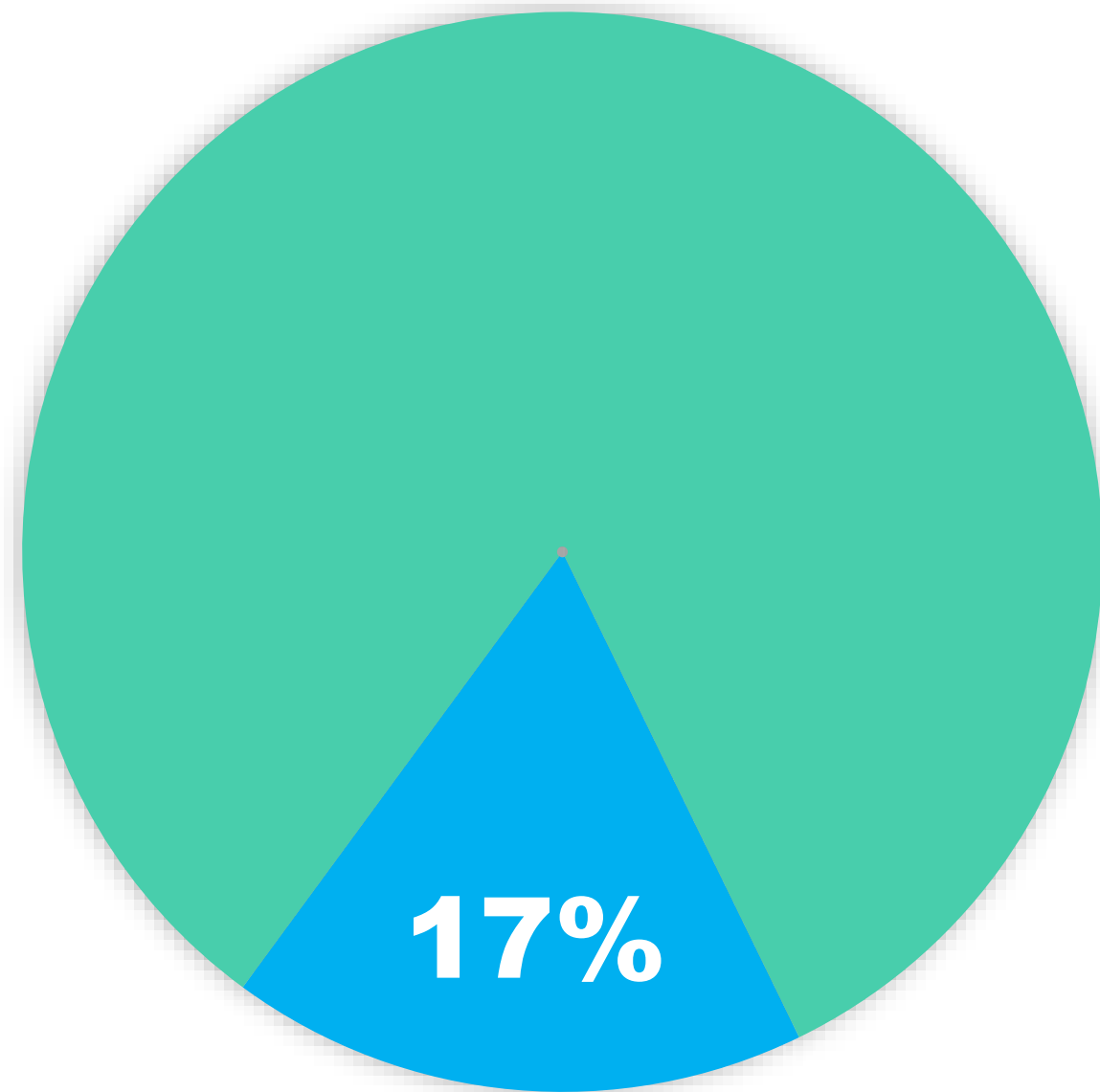
# Capital Allocation Priorities

**1****Maintain strong balance sheet****2****Invest for organic growth****3****Selective M&A**

PRIORITY #1

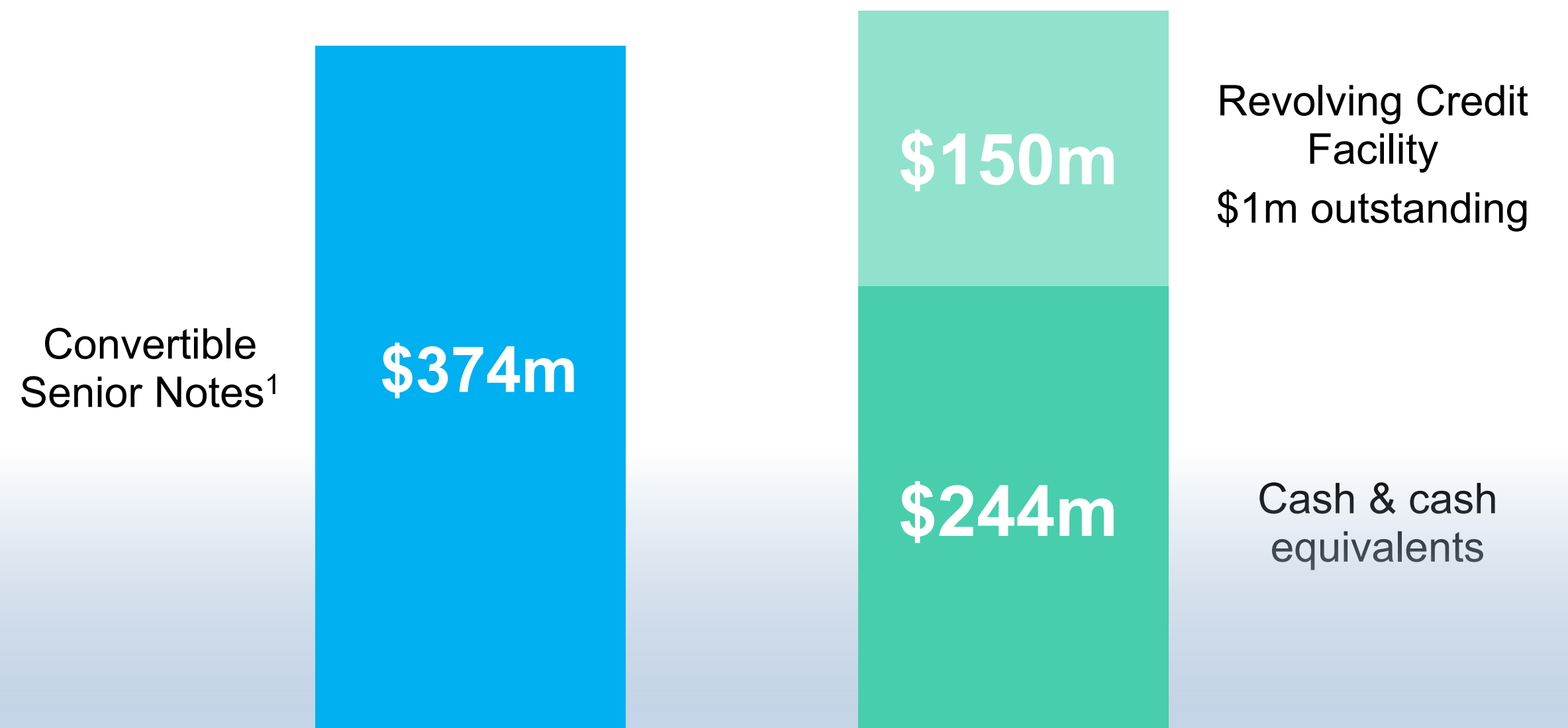
# Maintain Strong Balance Sheet

## Debt to Total Enterprise Value



Provides flexibility for organic growth and acquisitions

## Convertible Debt at Favorable Terms, Plus Flexibility





PRIORITY #2

# Invest for Organic Growth

1

Build World Class Systems and Processes



2

Build Platform of the Future



3

Drive Scalable GTM Approach



4

Grow Strategic Partnerships



5

Expand International Business



# Selective Acquisitions – Key Tenets of Our M&A Philosophy

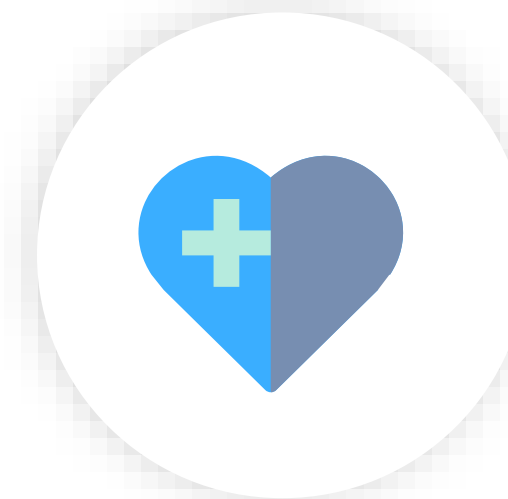
Customer  
Pain Points



Platform  
Enhancement  
Technology



Talented  
Individuals



Apple First





PRIORITY #3

# Selective Acquisitions with Focus on Trusted Access

## Security



2022



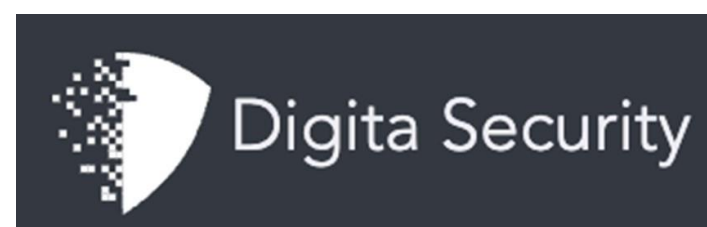
2022



2021



2021



2019



2018

~\$480m invested

## Management



2023



2022



2020



ZULUdesk

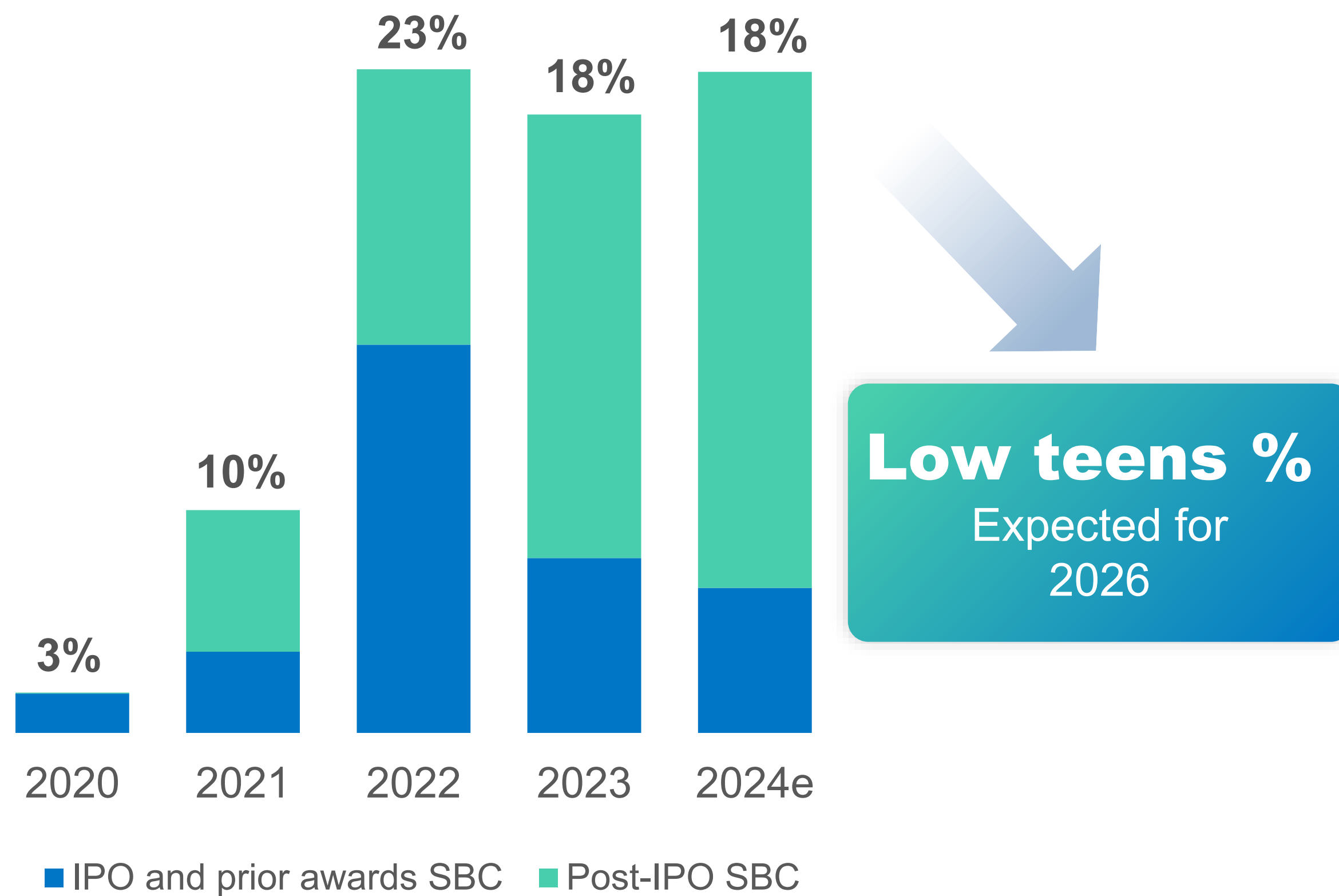
2019

~\$70m invested

Total ROI: 24%

# Stock-Based Compensation Reflects at IPO and Prior Periods, Set to Decline Beginning in 2025

### SBC as % of Revenue



### Expected Annual Dilution Related to Employee Awards

**2.5% - 3.0%**  
2024 through 2026



# Driving Renewed Growth and Scaling Profitably

**1**

Performance  
highlights

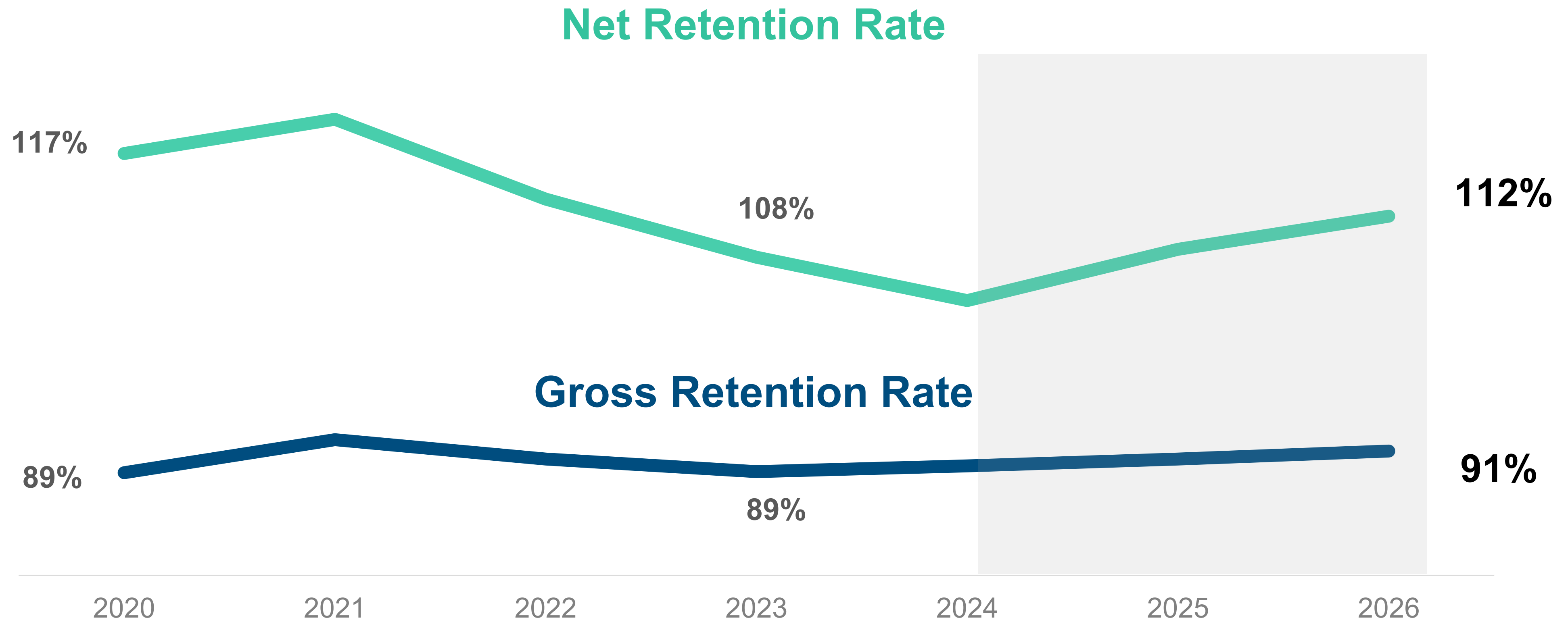
**2**

Disciplined capital  
allocation

**3**

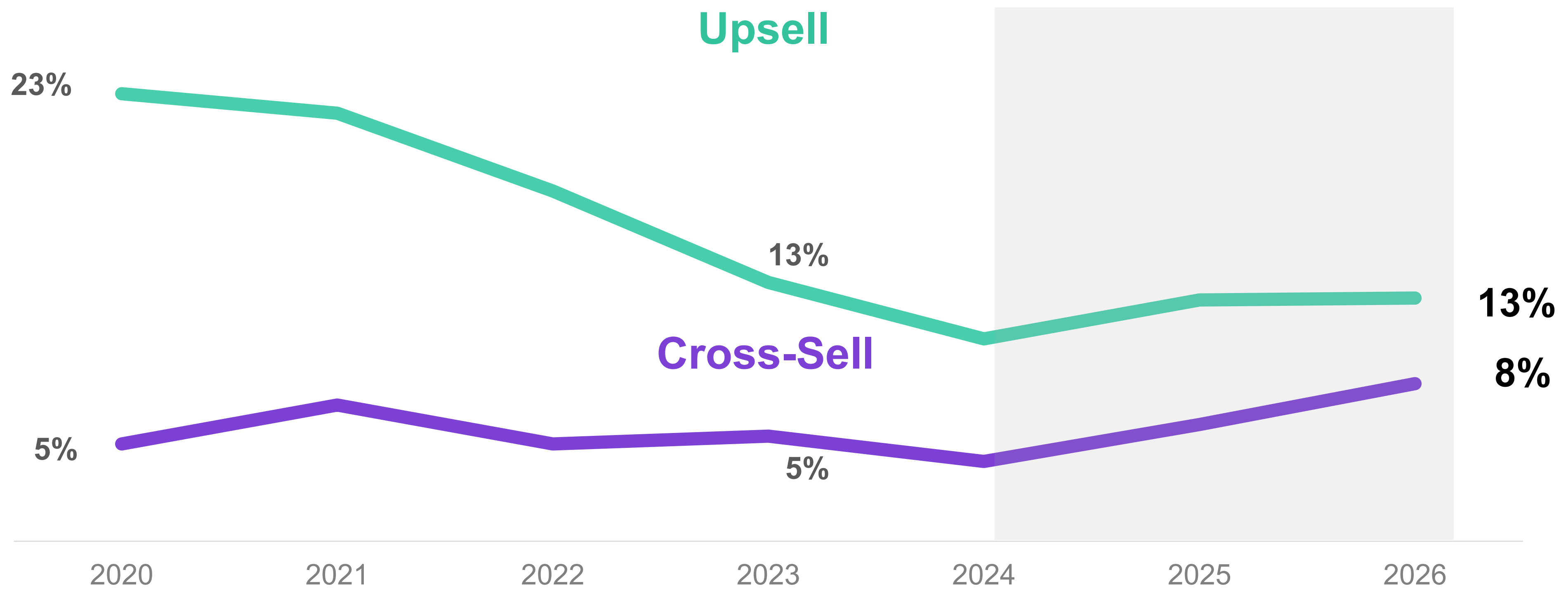
Reaccelerating  
growth and scaling  
profitably

# Gross Retention Improves to 91% in 2026



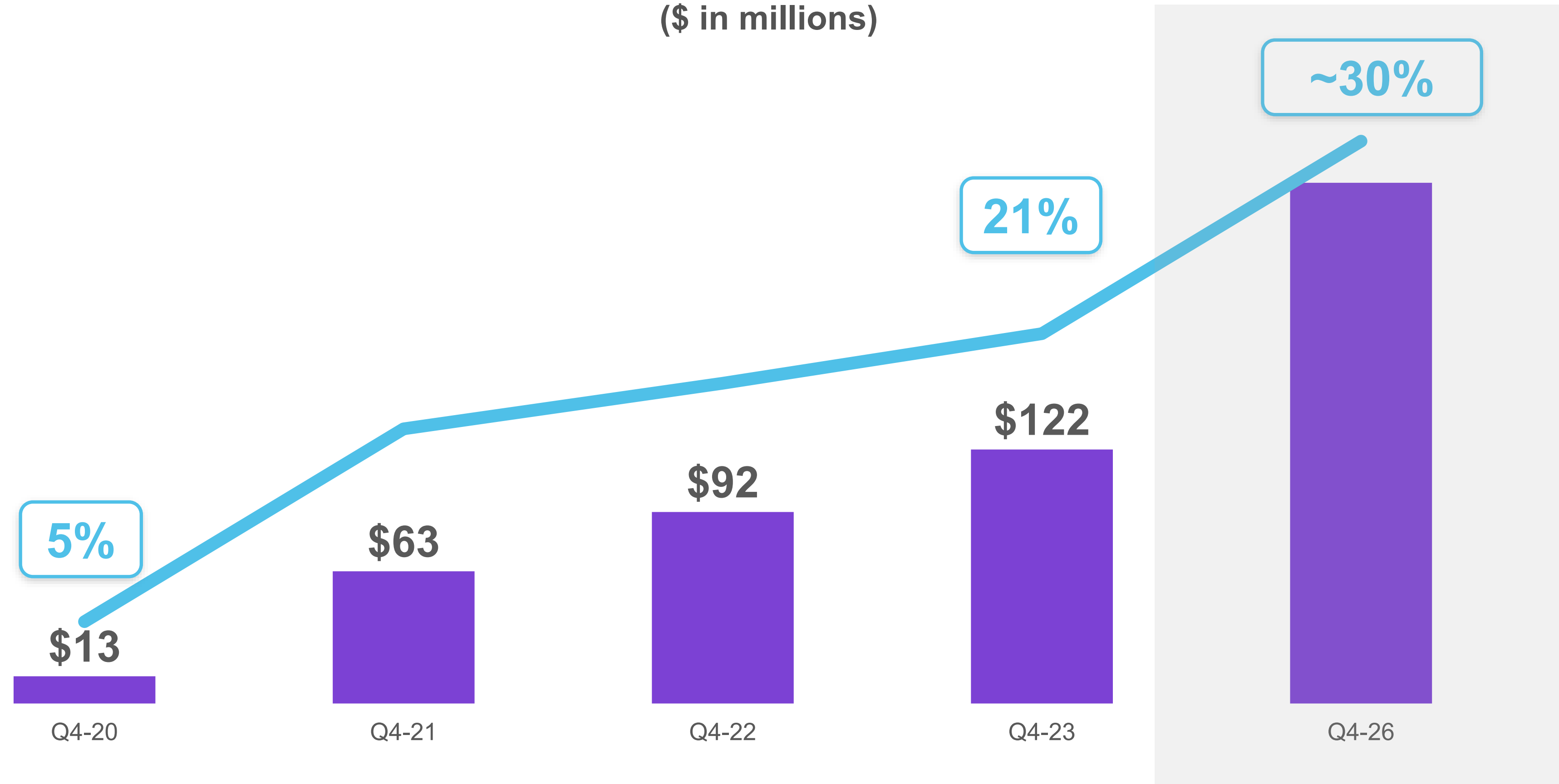


# NRR Contribution from Upsell Continues to Decline while Cross-Sell Becomes More Impactful



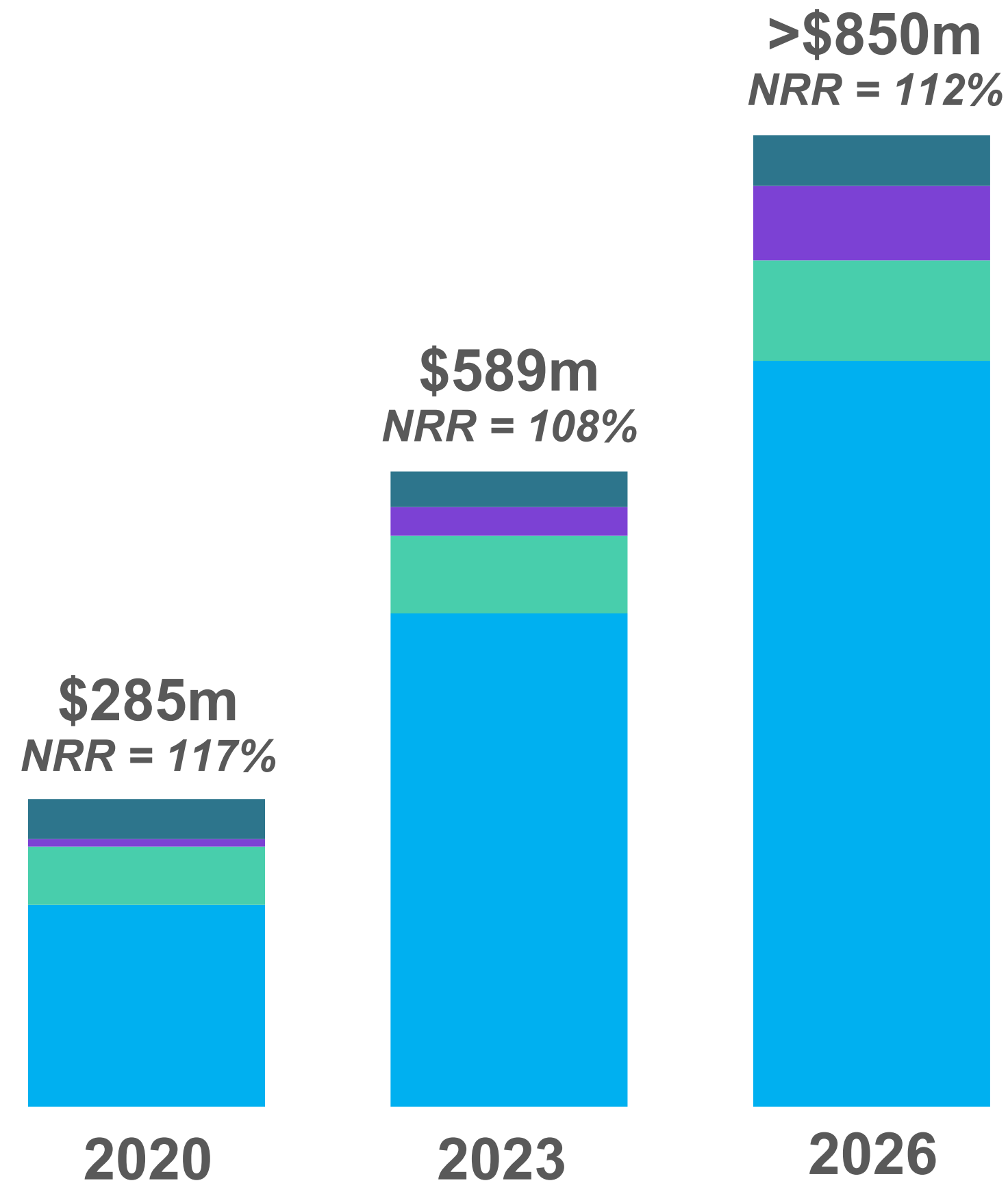
# Commercial Security Will Be the Main Driver of Cross-Sell

Commercial Security ARR and % of Total ARR  
(\$ in millions)





# Multiple Growth Drivers Provide Line of Sight to >\$850m ARR in 2026



ARR Contribution 2026 vs. 2023

	Growth Contribution %	Dollars
New Logo	Flat	Increase
Cross-sell	Increase	Increase
Upsell	Decrease	Increase
Gross Retention	Increase	Increase

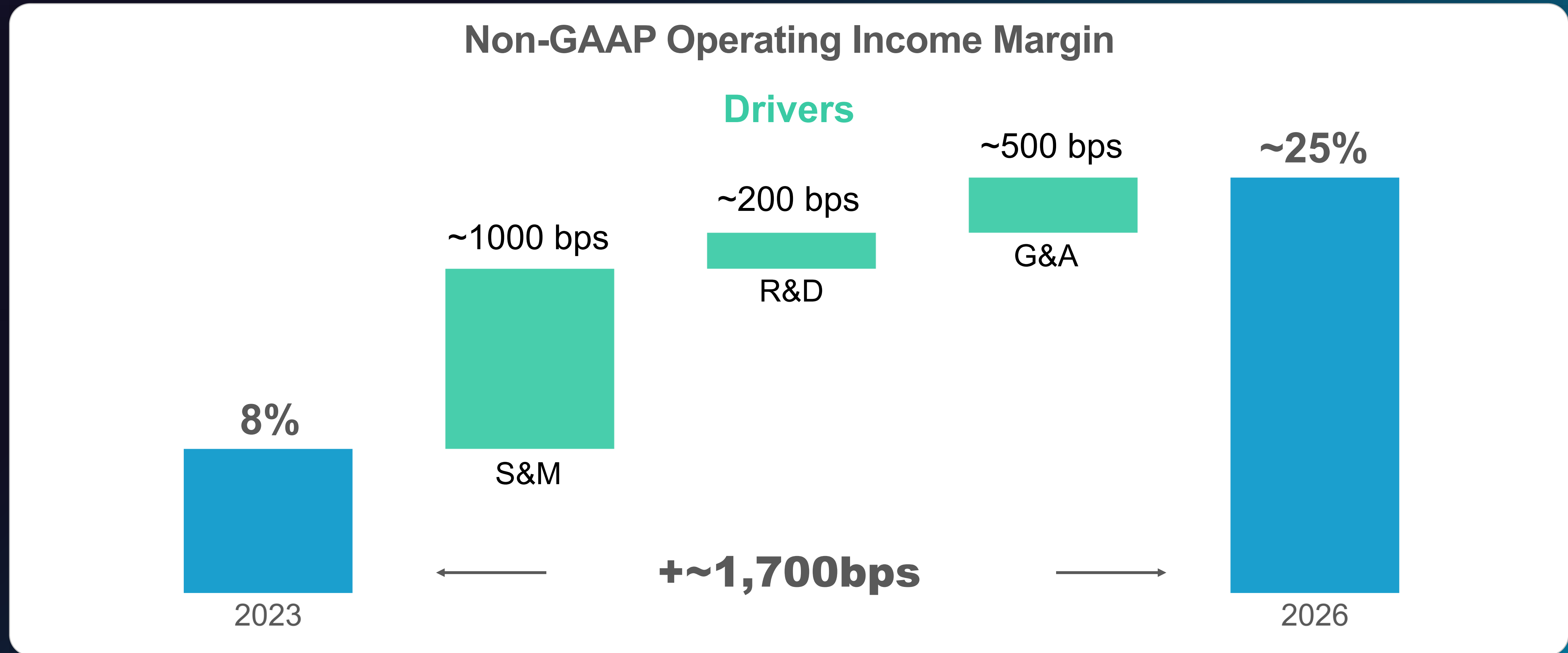
# Significant Upside from Small Improvements in Metrics

A 1% increase in Upsell contribution for both 2025 and 2026 would result in an ARR uplift of ~\$14m

	Current Upsell Contribution Assumption	+ 1%	ARR uplift
2025	~12.5%	~13.5%	~6.5m
2026	~12.5%	~13.5%	~7.5m
<b>Total</b>			<b>~\$14m</b>

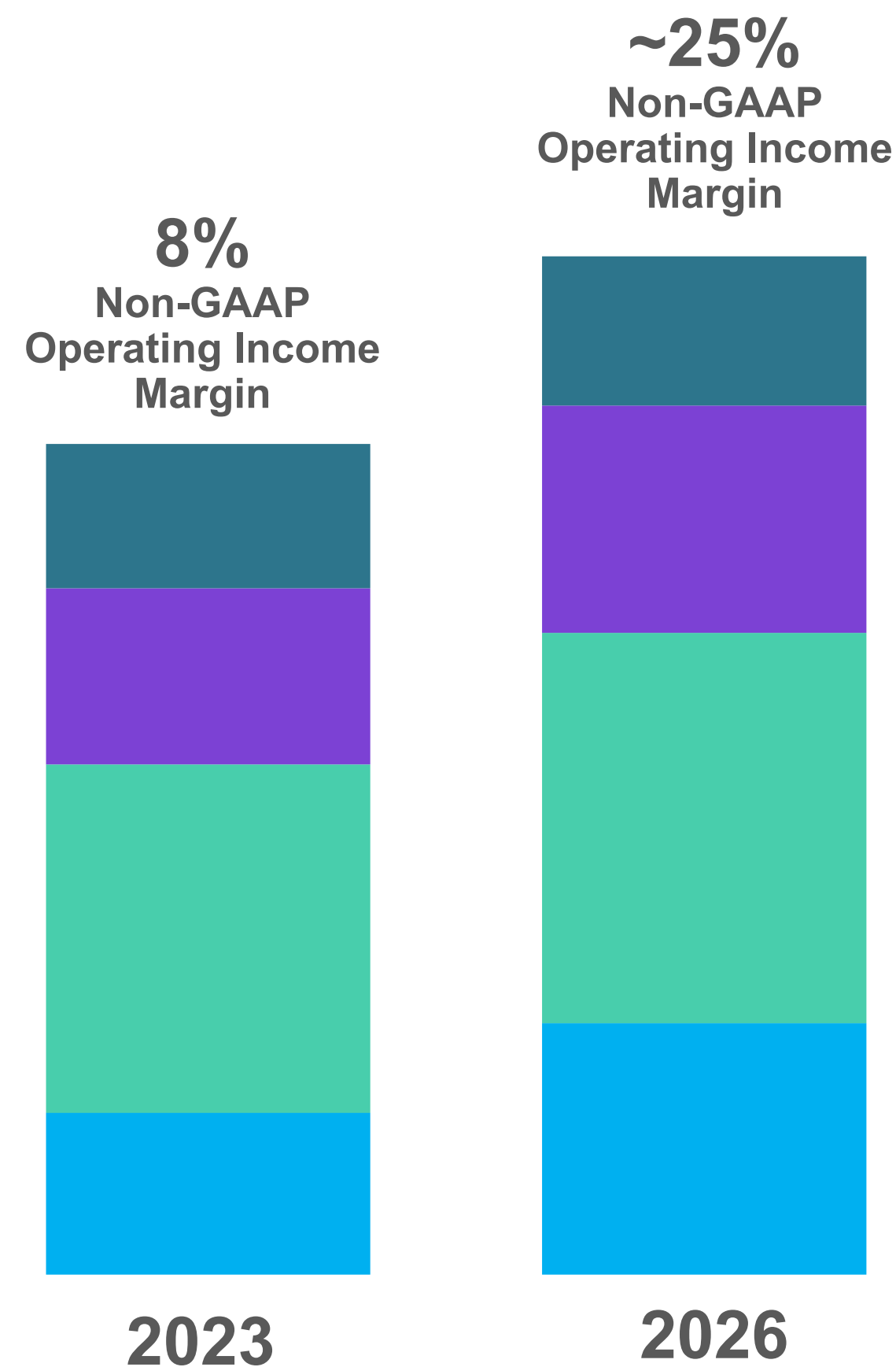


# Clear Line of Sight to ~25%+ Margin by 2026



Represents calculations based on Non-GAAP measures. See appendix for reconciliation of GAAP to non-GAAP measures. Jamf is unable to provide a quantitative reconciliation of forward-looking guidance of Non-GAAP Operating Income to GAAP operating income (loss) because certain items are out of Jamf's control or cannot be reasonably predicted. Historically, these items have included, but are not limited to, acquisition-related expenses and acquisition-related earn-out, offering costs, amortization, stock-based compensation and related payroll taxes, system transformation costs, restructuring charges, and extraordinary legal settlements and other non-recurring litigation costs. Accordingly, a reconciliation for forward-looking Non-GAAP Operating Income is not available without unreasonable effort. These items are uncertain, depend on various factors, and could result in projected GAAP operating income (loss) being materially less than is indicated by currently estimated Non-GAAP Operating Income.

# Minimal Increase of Total Expenses Over the Next Three Years



## Non-GAAP COGS and Operating Expenses 2026 vs. 2023

	<u>% Margin</u>	<u>Dollars</u>	<u>Key Scalability Initiative</u>
Non-GAAP G&A	<b>Decrease</b>	<b>Flat</b>	Back-office automation
Non-GAAP R&D	<b>Decrease</b>	<b>Increase</b>	Optimize for platform
Non-GAAP S&M	<b>Decrease</b>	<b>Increase</b>	Increased productivity
Non-GAAP COGS	<b>Flat</b>	<b>Increase</b>	Scales with revenue growth

Represents calculations based on Non-GAAP measures. See appendix for reconciliation of GAAP to non-GAAP measures. Jamf is unable to provide a quantitative reconciliation of forward-looking guidance of Non-GAAP measures to GAAP measures because certain items are out of Jamf's control or cannot be reasonably predicted. Historically, these items have included, but are not limited to, acquisition-related expenses and acquisition-related earn-out, offering costs, amortization, stock-based compensation and related payroll taxes, system transformation costs, restructuring charges, and extraordinary legal settlements and other non-recurring litigation costs. Accordingly, a reconciliation for forward-looking Non-GAAP measures is not available without unreasonable effort. These items are uncertain, depend on various factors, and could result in projected GAAP measures being materially different than is indicated by currently estimated Non-GAAP measures.



# Three Year Model

	FY 2023	FY 2024 Target	FY 2025 Target	FY 2026 Target <sup>SEP</sup>
ARR Growth	16%	~10%	~14%	~17%
Revenue Growth	17%	~10%	~14%	~16%
Non-GAAP Gross Profit Margin	82%	80% - 82%	80% - 82%	80% - 82%
Non-GAAP S&M %	39%	~33%	~30%	~28%
Non-GAAP R&D %	19%	~19%	~17%	~17%
Non-GAAP G&A %	16%	~14%	~12%	~11%
Non-GAAP Operating Income Margin	8%	~15%	~22%	~25%
uFCF %	10%	~15%	~24%	~26%

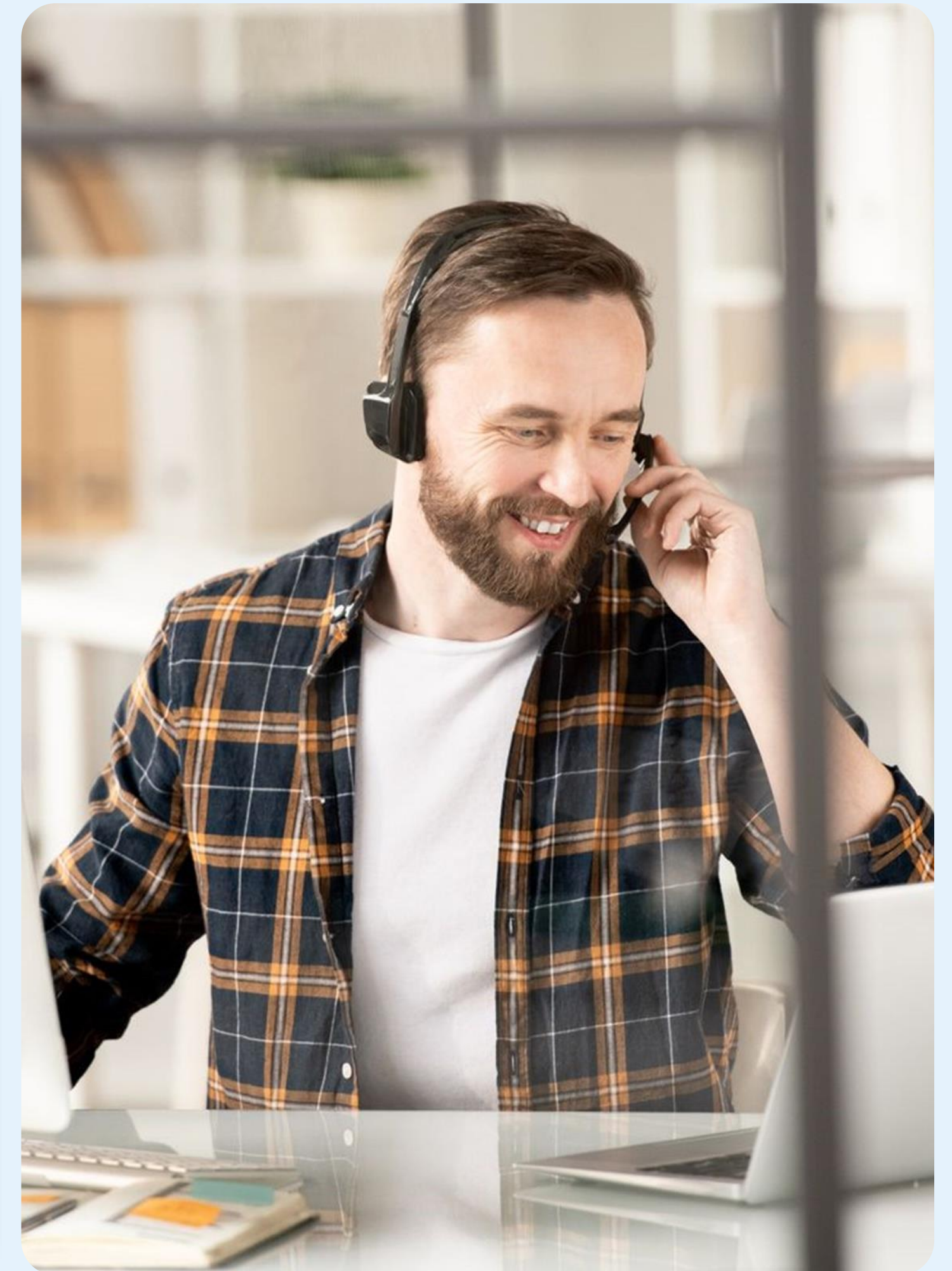
# Rule of 40 Commitment for 2026

	Revenue Growth		uFCF Margin		RULE OF
2024	~10%	+	~15%	=	~25
2025	~14%	+	~24%	=	~38
2026	~16%	+	~26%	=	~42



# Key Milestones in 2024 to Track Progress

- ✓ Meet quarterly financial outlook
- ✓ Decrease in Sales & Marketing Expense as a % of total revenue by ~600 bps
- ✓ Decrease in G&A Expense as a % of total revenue by ~150 bps
- ✓ Achieve at least 25% growth in Security ARR by end of 2024

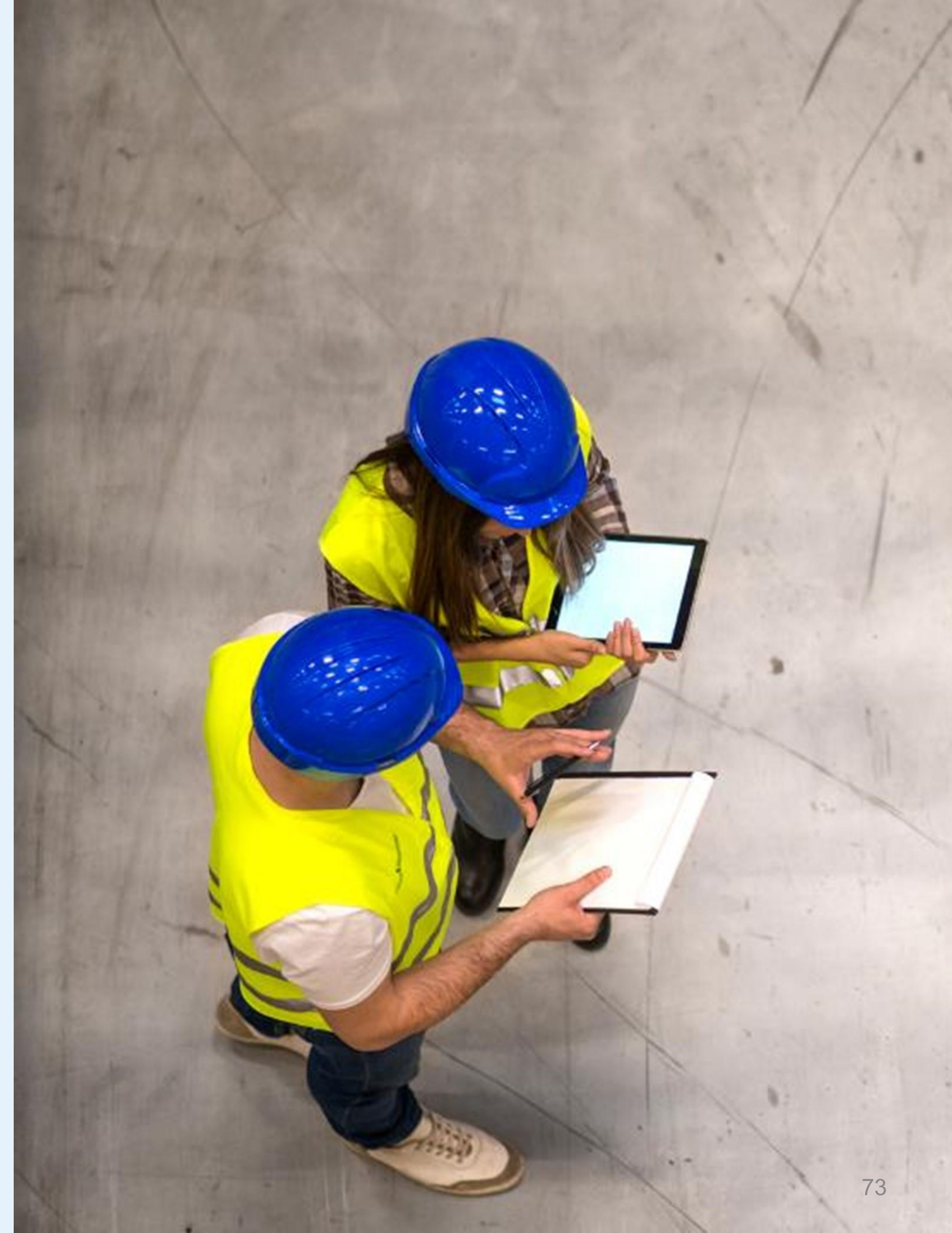




IN SUMMARY

# Driving Renewed Growth and Scaling Profitably

- Strong financial foundation
- Accelerate growth through focused investments
- Line of sight to >\$850m of ARR by 2026
- Significant improvement in operating margins





# Q&A



 jamf  
**Investor**  
**Day** 2024   
 Nasdaq | New York

**Driving Profitable Growth**

March 13, 2024





# Appendix

# Select Definitions

**Non-GAAP  
Gross Profit**

Gross profit adjusted for amortization expense, stock-based compensation expense, acquisition-related expense, payroll taxes related to stock-based compensation, and system transformation costs

**Non-GAAP  
Operating Income and  
Expenses**

Operating loss or expense adjusted for amortization expense, stock-based compensation expense, acquisition-related expense, acquisition-related earnout, offering costs, payroll taxes related to stock-based compensation, system transformation costs, restructuring charges, and extraordinary legal settlements and other non-recurring litigation costs

**Free Cash Flow**

Net cash provided by operating activities less cash paid for purchases of equipment and leasehold improvements

**Unlevered Free  
Cash Flow**

Free cash flow plus cash paid for interest, cash paid for acquisition-related expense, cash paid for system transformation costs, cash paid for contingent consideration, and cash paid for extraordinary legal settlements and other non-recurring litigation costs



# GAAP to Non-GAAP Gross Profit Reconciliation

(\$ in millions)	FY2020	FY2021	FY2022	FY2023
Gross profit	\$208	\$276	\$360	\$435
Amortization expense	11	16	20	14
Stock-based compensation	1	4	10	12
Acquisition-related expense	—	—	—	—
Payroll taxes related to stock-based compensation	—	—	—	—
System transformation costs	—	—	—	—
<b>Non-GAAP gross profit</b>	<b>\$220</b>	<b>\$297</b>	<b>\$390</b>	<b>\$460</b>
Total revenue	\$269	\$366	\$479	\$561
Gross profit margin	77%	75%	75%	78%
Non-GAAP gross profit margin	82%	81%	81%	82%

# GAAP to Non-GAAP Operating Income Reconciliation

(\$ in millions)	FY2020	FY2021	FY2022	FY2023
Operating loss	\$(17)	\$(76)	\$(139)	\$(115)
Amortization expense	33	41	48	43
Stock-based compensation	7	36	109	101
Acquisition-related expense	5	6	5	7
Acquisition-related earnout	(1)	6	1	—
Offering costs	1	1	—	—
Payroll taxes related to stock-based compensation	—	2	2	3
System transformation costs	—	—	—	5
Restructuring charges	—	—	—	1
Legal settlements and other non-recurring litigation costs	—	5	—	1
<b>Non-GAAP operating income</b>	<b>\$27</b>	<b>\$20</b>	<b>\$26</b>	<b>\$45</b>
Total revenue	\$269	\$366	\$479	\$561
Operating loss margin	(6)%	(21)%	(29)%	(21)%
Non-GAAP operating income margin	10%	6%	5%	8%



# GAAP to Non-GAAP Operating Expenses

(\$ in millions)	FY2023		
	S&M	R&D	G&A
Operating expenses	\$251	\$134	\$135
Stock-based compensation	(33)	(24)	(33)
Acquisition-related expense	—	(1)	(6)
Acquisition-related earnout	—	—	—
Offering costs	—	—	—
Payroll taxes related to stock-based compensation	(1)	(1)	—
System transformation costs	—	—	(5)
Restructuring charges	—	—	(1)
Legal settlements and other non-recurring litigation costs	—	—	(1)
<b>Non-GAAP operating expenses</b>	<b>\$216</b>	<b>\$109</b>	<b>\$90</b>
Total revenue	\$561	\$561	\$561
Operating expenses as a percentage of total revenue	45%	24%	24%
Non-GAAP operating expenses as a percentage of total revenue	39%	19%	16%

# Free Cash Flow and Unlevered Free Cash Flow

(\$ in millions)	FY2020	FY2021	FY2022	FY2023
Net cash provided by operating activities	\$53	\$65	\$90	\$36
Less:				
Cash paid for purchases of equipment and leasehold improvements	(4)	(10)	(8)	(3)
Free cash flow	48	55	82	33
Add:				
Cash paid for interest	13	1	1	1
Cash paid for acquisition-related expense	5	5	4	3
Cash paid for system transformation costs	—	—	—	12
Cash paid for contingent consideration	—	—	—	6
Cash paid for legal settlements and other non-recurring litigation costs	—	5	—	—
<b>Unlevered free cash flow</b>	<b>\$66</b>	<b>\$66</b>	<b>\$88</b>	<b>\$55</b>
Total revenue	\$269	\$366	\$479	\$561
Net cash provided by operating activities as a percentage of total revenue	20%	18%	19%	6%
Free cash flow margin	18%	15%	17%	6%
Unlevered free cash flow margin	25%	18%	18%	10%