



# Investor Presentation

Q3 FY2024



# Safe Harbor

Unless otherwise specified, financial information and other data in this presentation is presented as of September 30, 2024. 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 our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024, as well as 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 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 Gross Profit Margin, Non-GAAP Operating Income (Loss), Non-GAAP Operating Income Margin, Non-GAAP Operating Expenses, Free Cash Flow, Free Cash Flow Margin, Unlevered Free Cash Flow, and Unlevered Free Cash Flow Margin, 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.

# Jamf's Winning Growth and Profitability Strategy

**1**

Strong foundation with demonstrated success

**2**

Differentiated position with a deep moat

**3**

Large and growing market opportunity

**4**

Taking a successful strategy to the next level

**5**

Driving renewed growth and scalability

A ONE-OF-A-KIND COMPANY

# Defining Apple in the Enterprise

Market Position

**No. 1**

Subscription Revenue

**98%**

**26%**  
**CAGR**

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

**106%**

Net Retention Rate

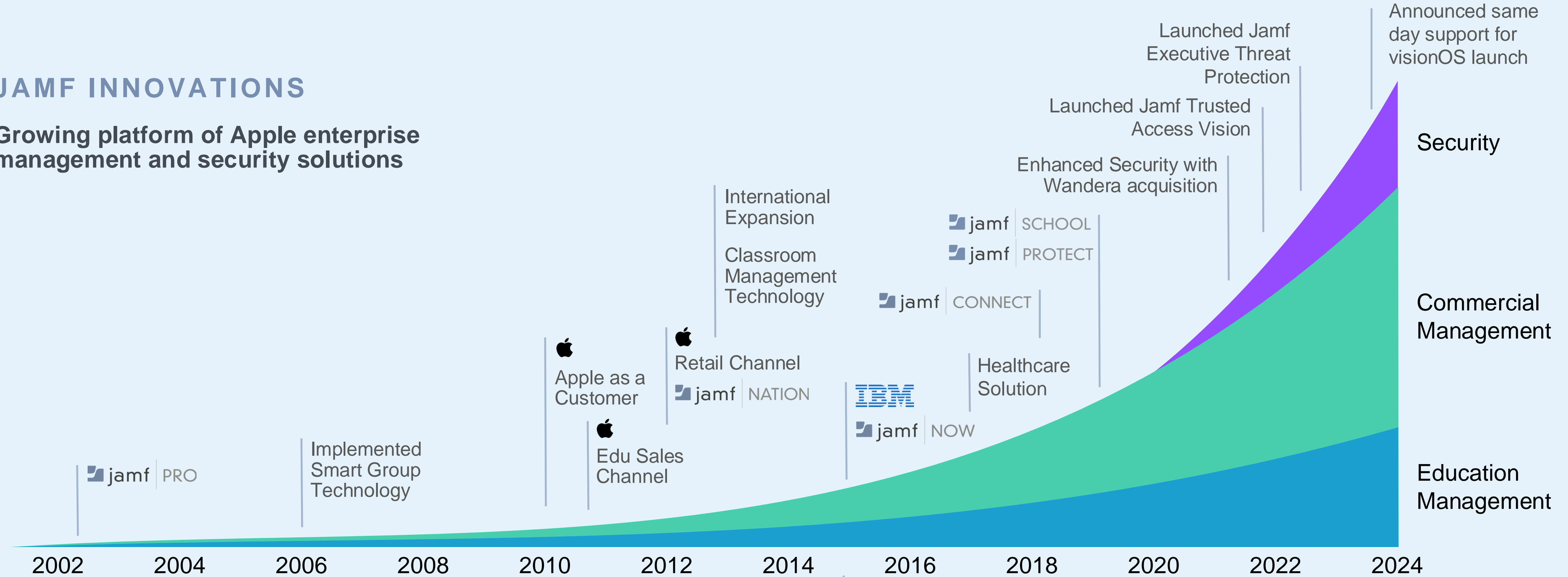


# 22 Year History of Innovations Helping Simplify Work

(Illustrative ARR Breakdown)

## JAMF INNOVATIONS

Growing platform of Apple enterprise management and security solutions



## INDUSTRY CATALYSTS

Consumerization of IT (BYOD)

iPhone

Apple in the Enterprise (MDM)

iPad

IBM Launches Mac @ IBM

Mac@work

Apple Launches M1 Chip

Apple Silicon



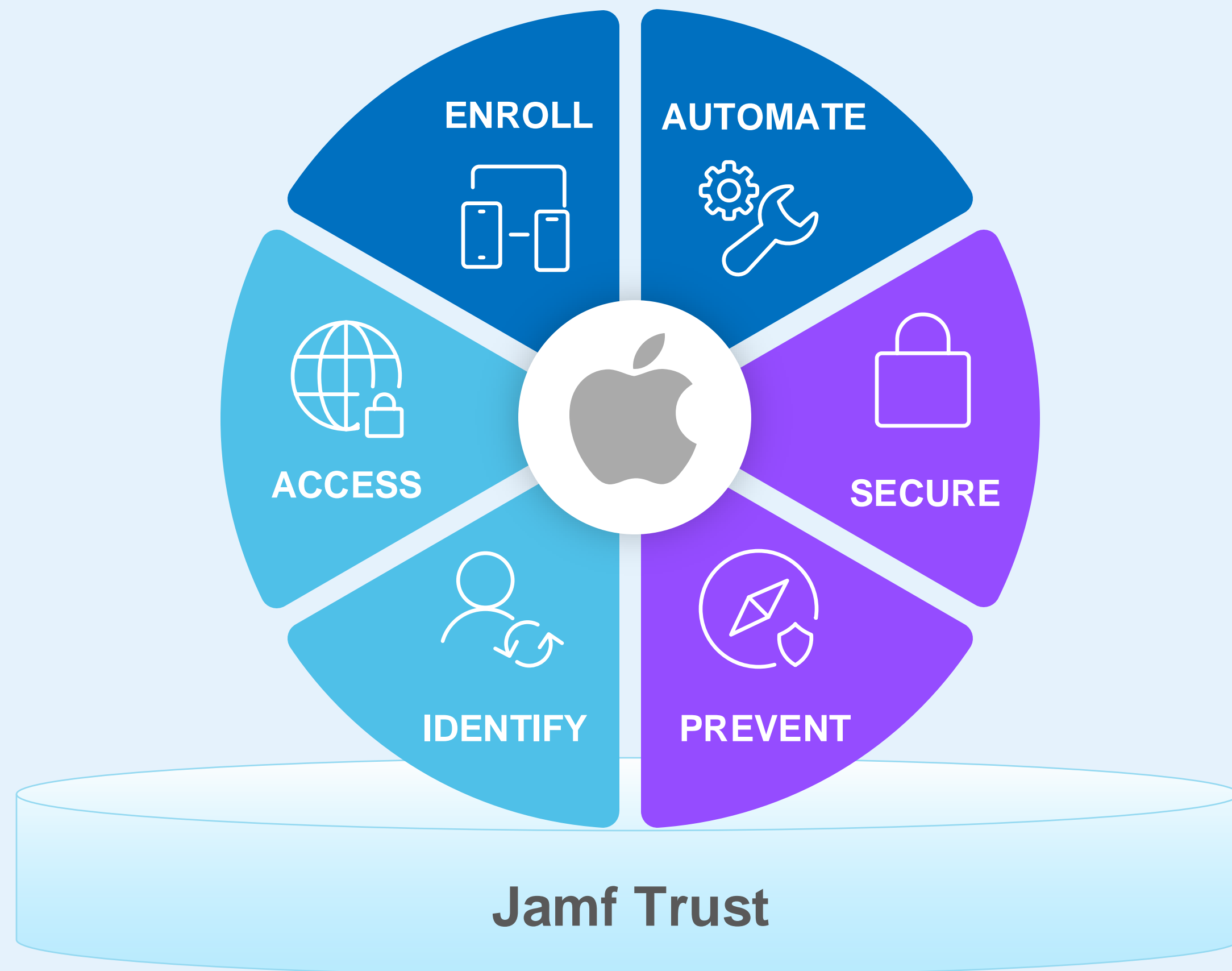
Apple Launches Spatial Computer

Vision Pro



# Robust Platform Built to Further Protect Apple Users

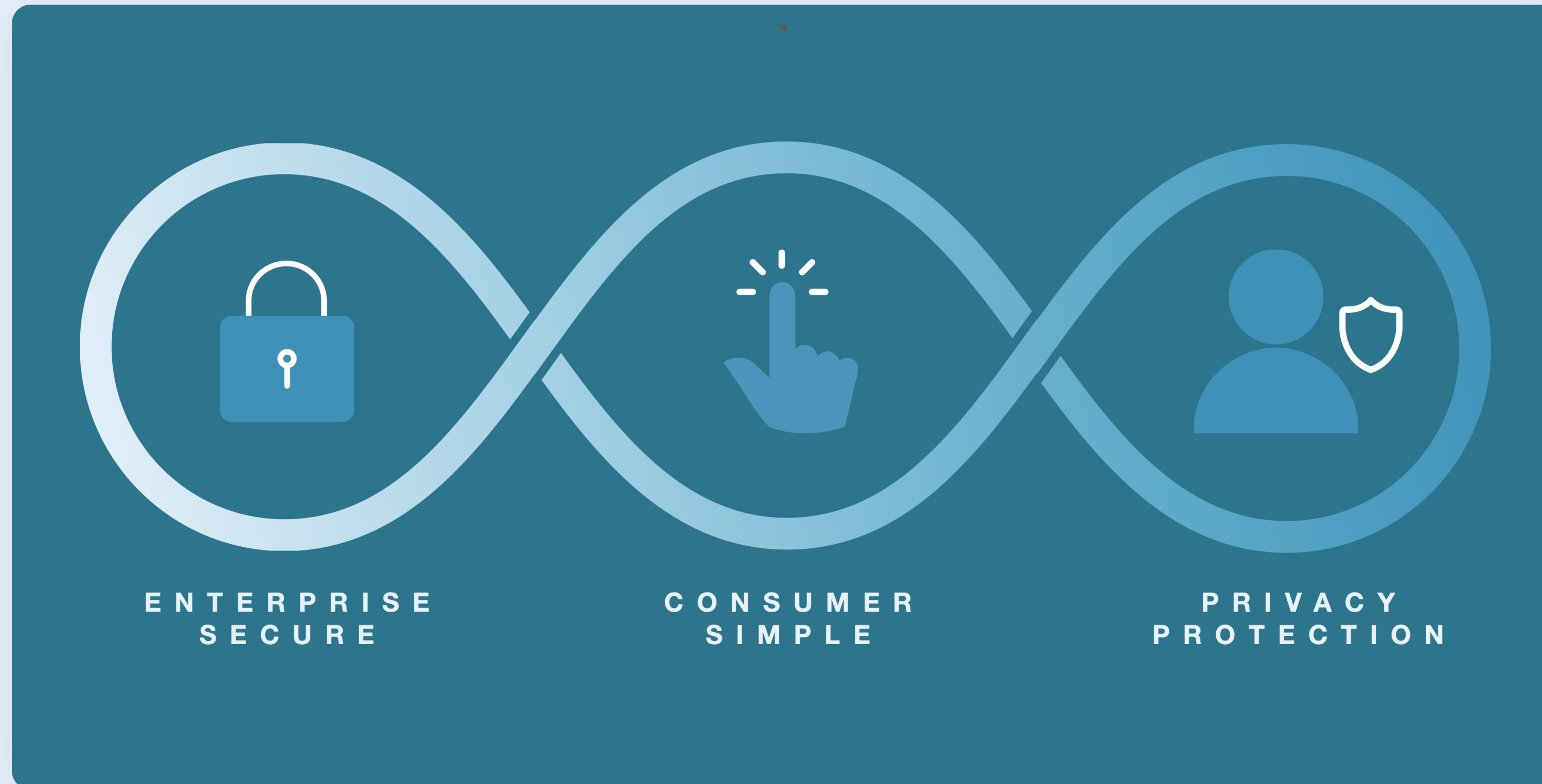
Built  First  
Apple-built purposely



## 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 a 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

# Jamf's Security Evolution

jamf | EXECUTIVE THREAT PROTECTION

jamf | BUSINESS PLAN

Enhanced offerings with bundled management and security solutions

jamf | PROTECT

Launched Endpoint Security capabilities for Mac

wandera

Enhanced Jamf Connect & Jamf Protect with mobile capabilities

Enhanced platform to harmonize management, connection and protection experience

Launched advanced Endpoint Security capabilities for mobile

jamf | CONNECT

Launched Identity & Access capabilities for Mac

2018

2019

2020

2021

2022

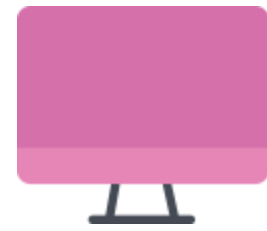
2023



# 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>  
**6** 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>  
**9** of the top **10**



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



Serving Customers in 100+ Countries

# Impressive Success Since IPO in 2020



# Jamf's Winning Growth and Profitability Strategy

**1**

Strong foundation with demonstrated success

**2**

Differentiated position with a deep moat

**3**

Large and growing market opportunity

**4**

Taking a successful strategy to the next level

**5**

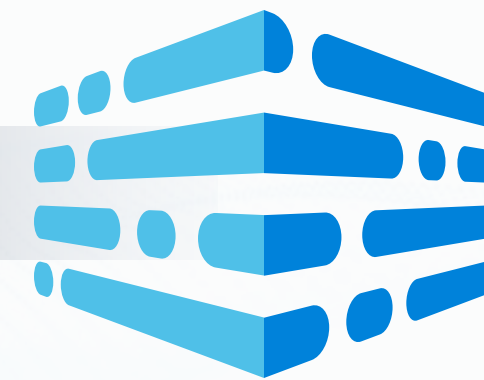
Driving renewed growth and scalability

# Truly Differentiated with A Deep Moat



# Market Leader Defining Apple in the Workplace

Bridging the Gap Between what Apple Provides  
and the Enterprise Requires



Evolving Enterprise Needs Met With Jamf's Complete Platform

Only **Authorized users** on **Trusted devices** gain **Secure access**




# 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

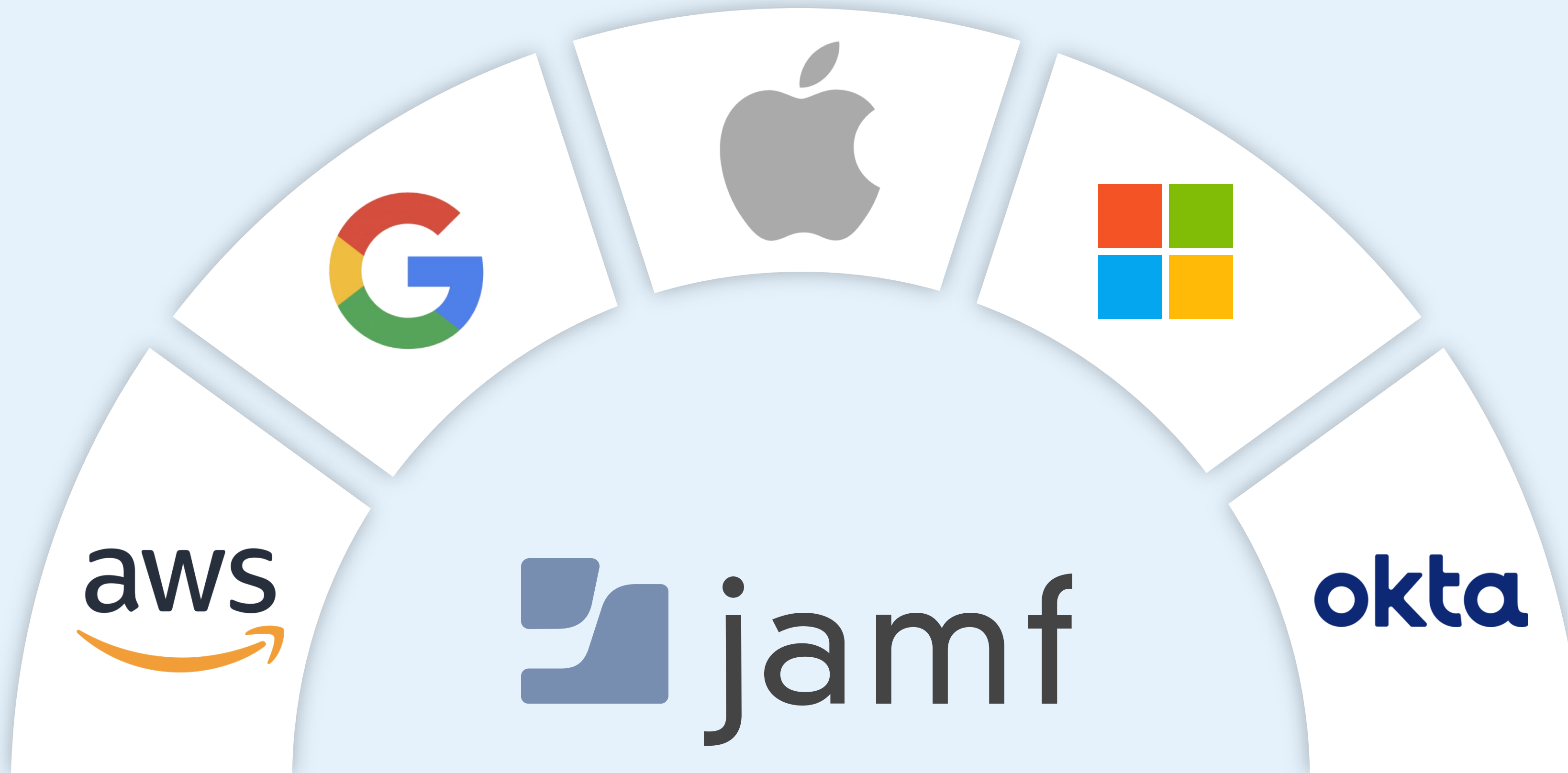


- Seamless integration
- Quick and easy for users
- Brings together management, identity & security – **Trusted Access**



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

**1,900**  
2024 attendees

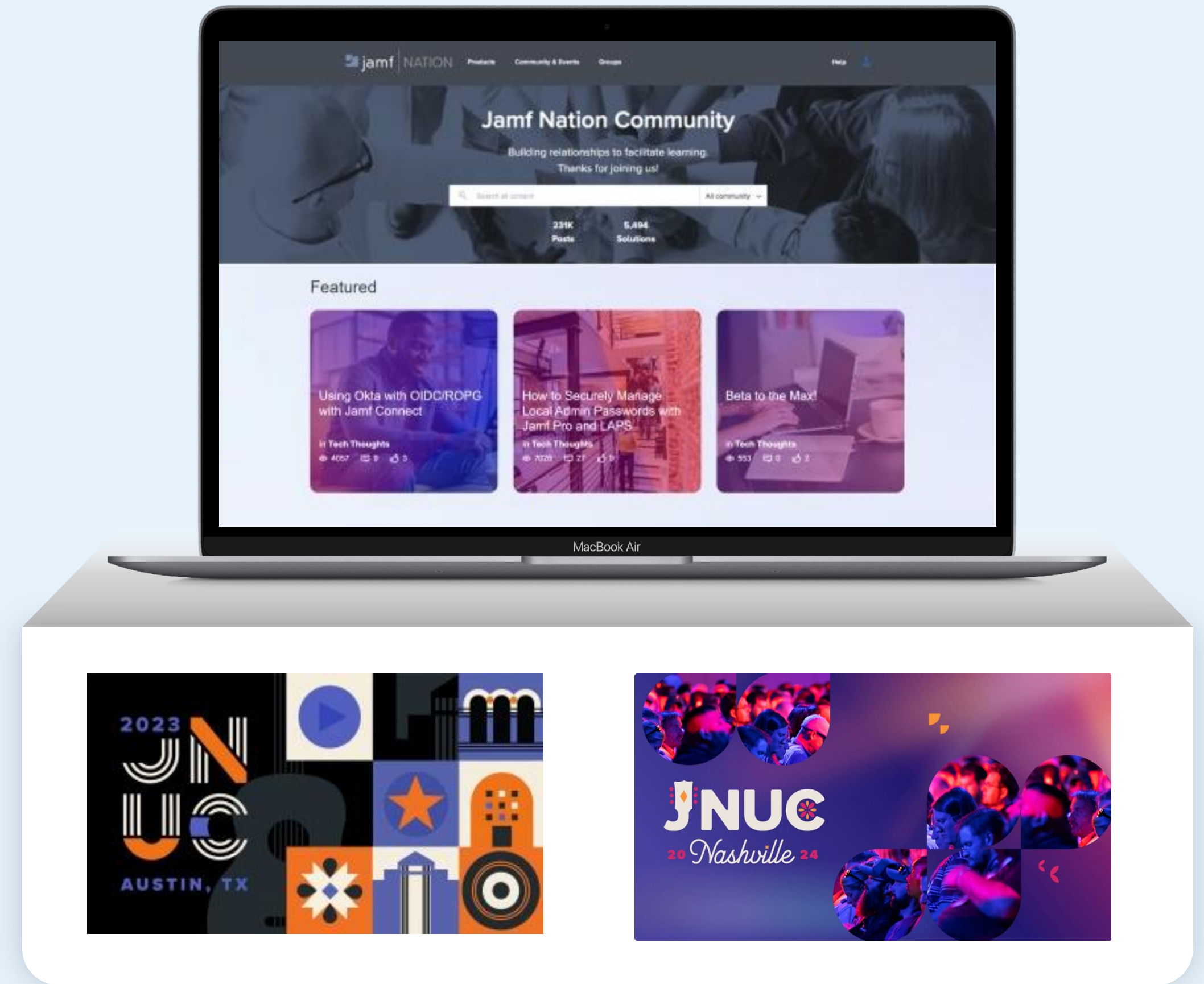
Jamf Nation User Conference (JNUC) is largest Apple administrator event in world

**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 56<sup>1</sup>
- Strong and stable gross retention of 89%

# Jamf's Winning Growth and Profitability Strategy

**1**

Strong foundation with demonstrated success

**2**

Differentiated position with a deep moat

**3**

Large and growing market opportunity

**4**

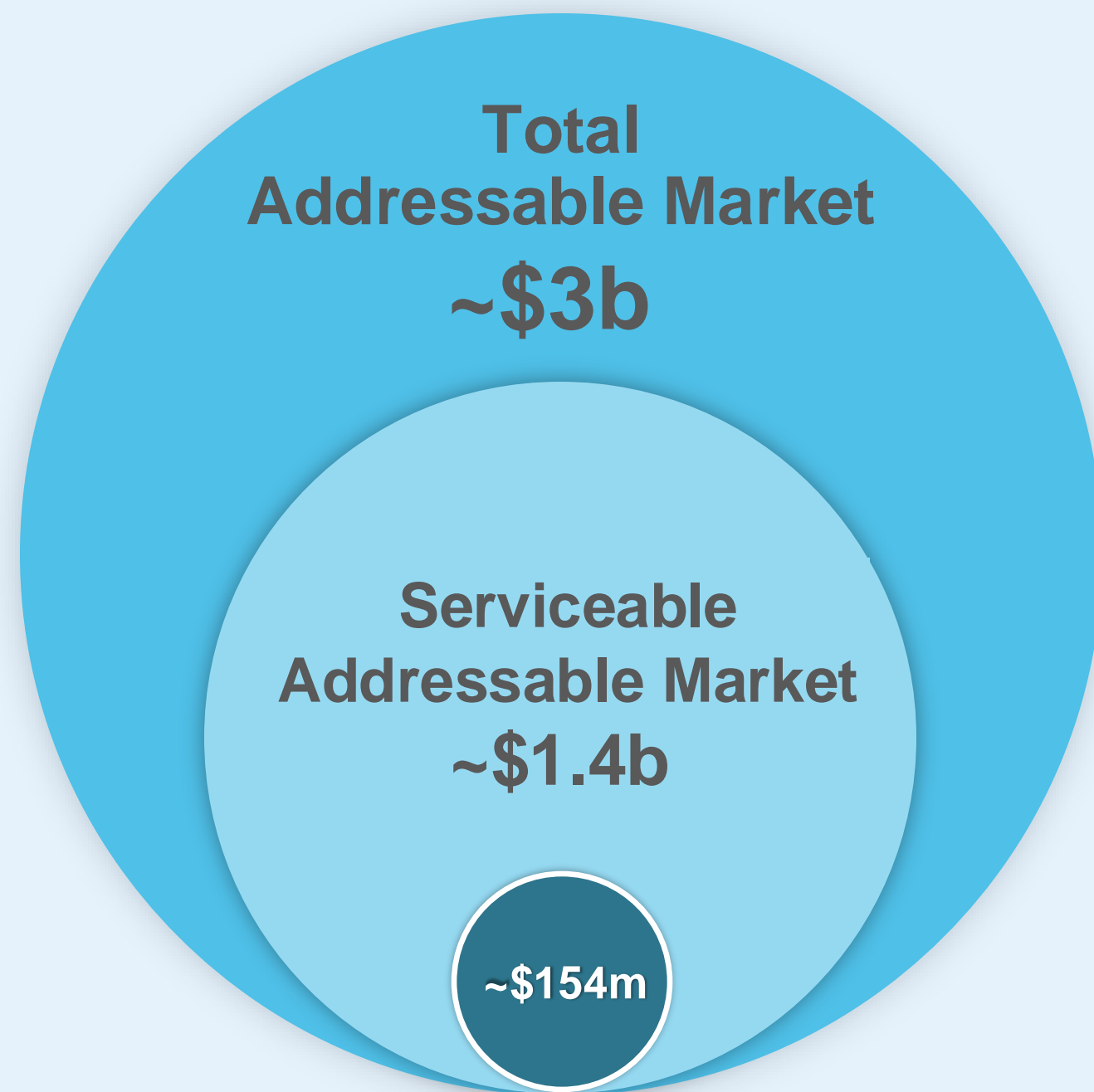
Taking a successful strategy to the next level

**5**

Driving renewed growth and scalability

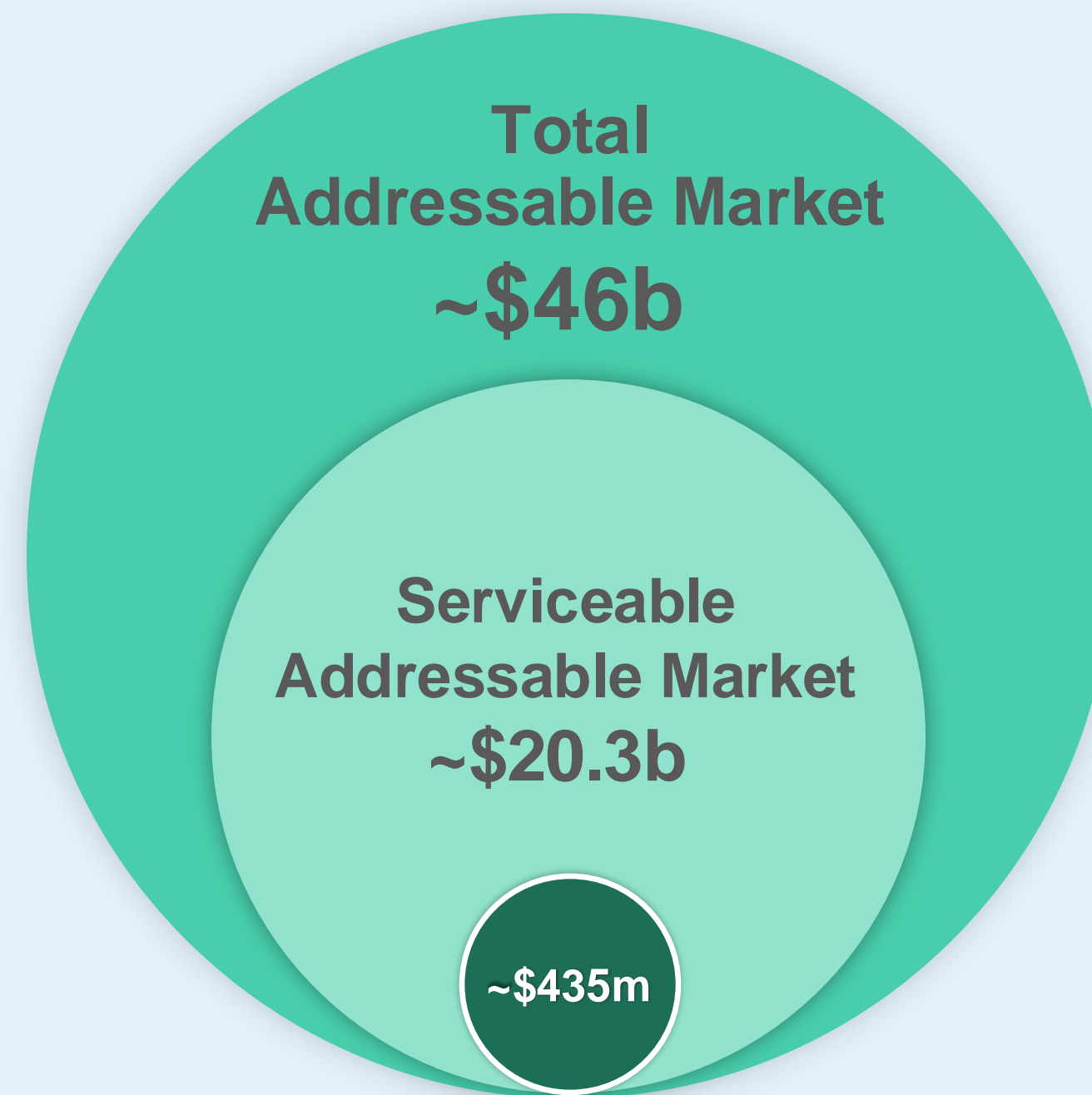
# Positioned in Two Large Addressable Markets

## Education



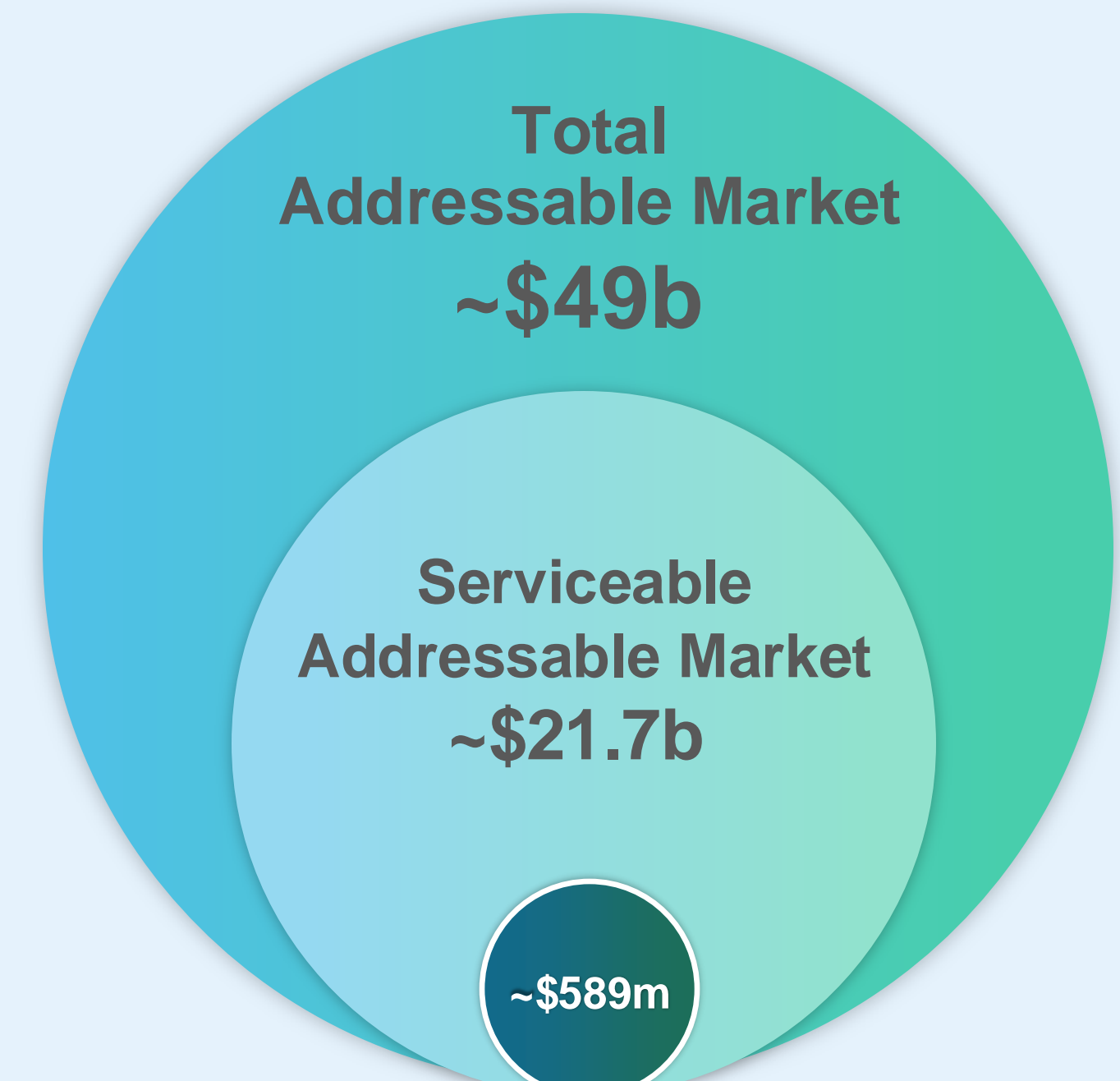
~11% Market Share  
of SAM

## Commercial



~2% Market Share  
of SAM

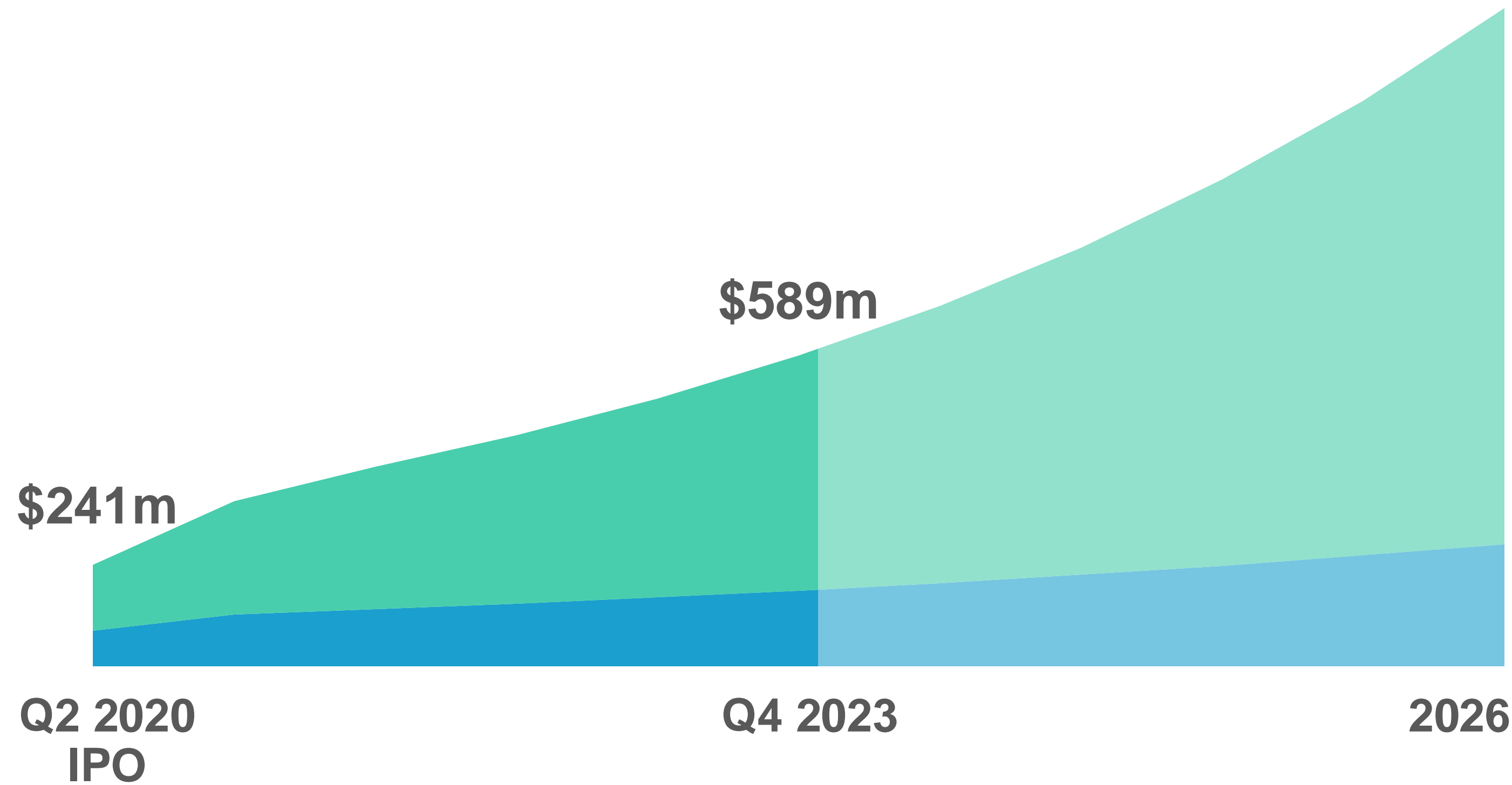
## Total



~3% Market Share  
of SAM

# Long Runway of Sustainable Growth

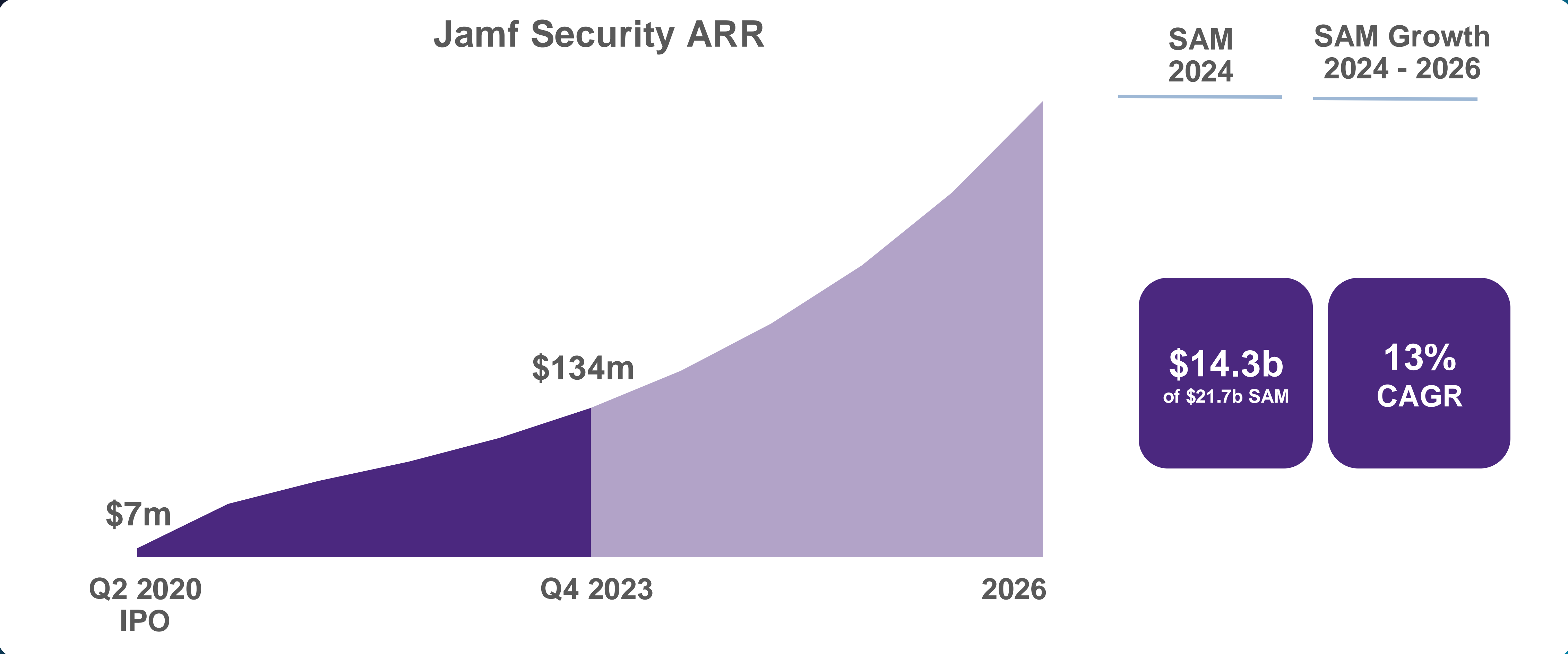
## Jamf ARR



	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**

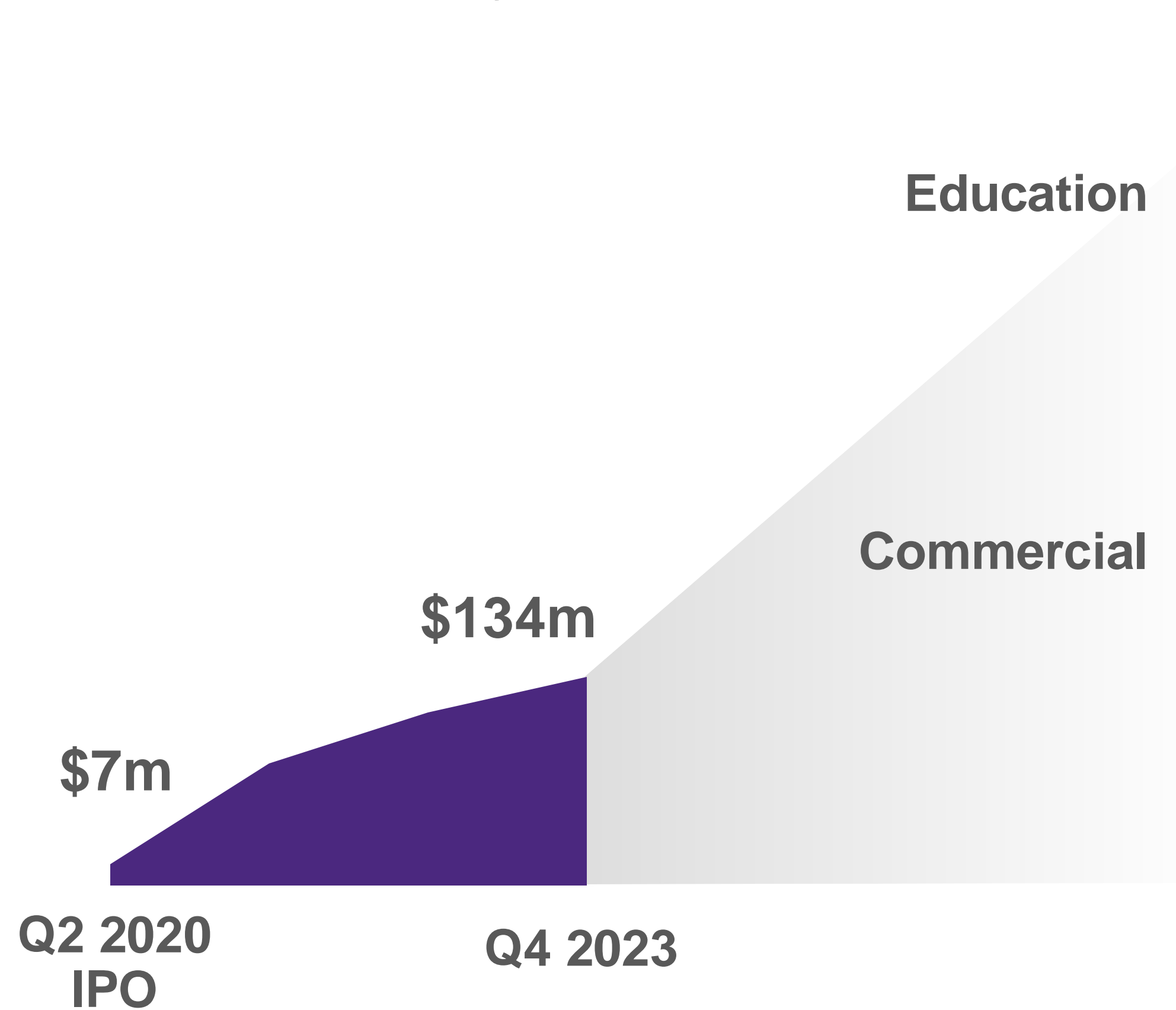
# Security is a Key Growth Driver Across Both Commercial and Education



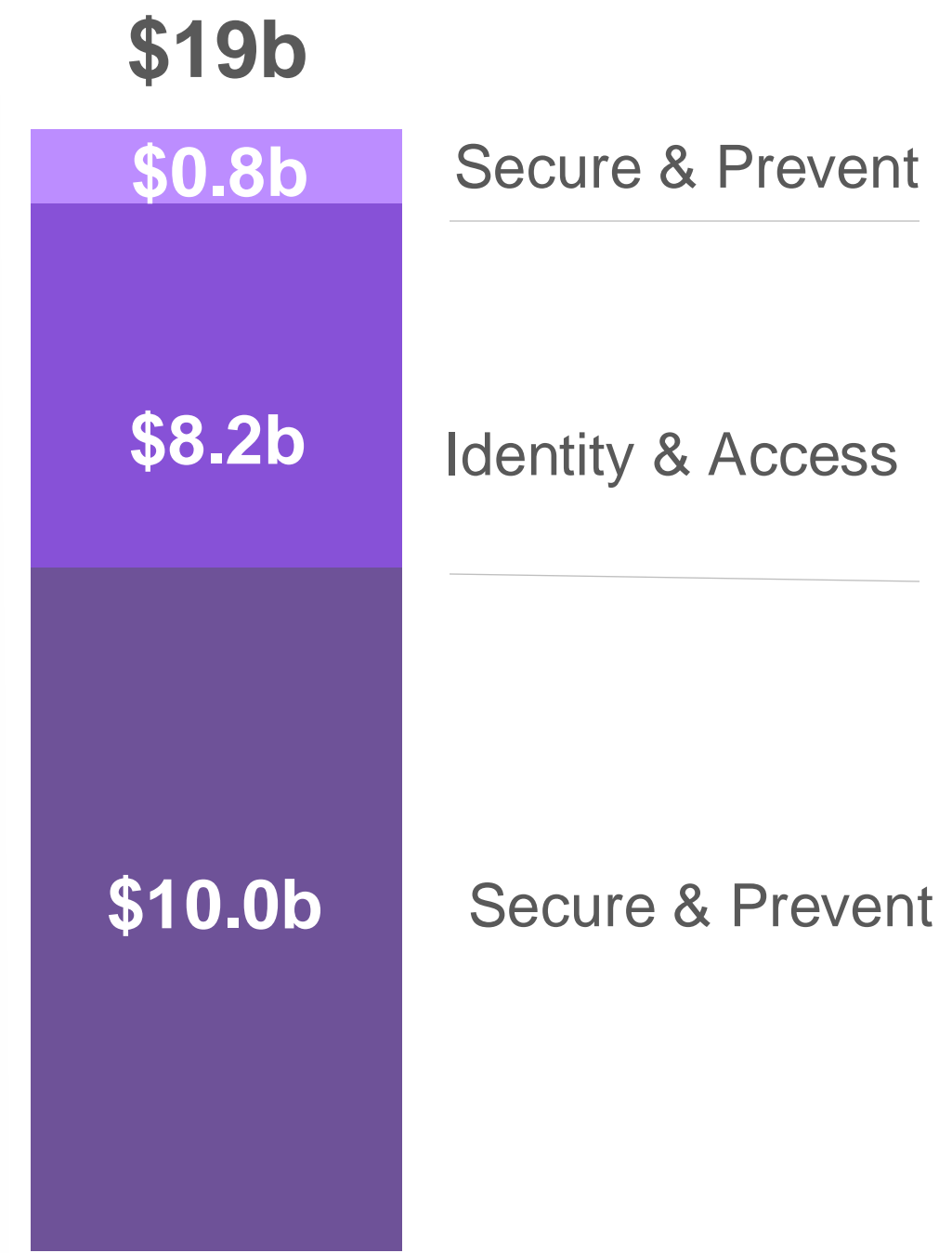
Security market expected to reach ~\$19b by 2026

# Security is a Key Growth Driver Across Both Commercial and Education – Key Opportunities

Jamf Security ARR



Security Market SAM – 2026



Jamf Growth Potential



# Jamf's Winning Growth and Profitability Strategy

**1**

Strong foundation with demonstrated success

**2**

Differentiated position with a deep moat

**3**

Large and growing market opportunity

**4**

Taking a successful strategy to the next level

**5**

Driving renewed growth and scalability



# 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

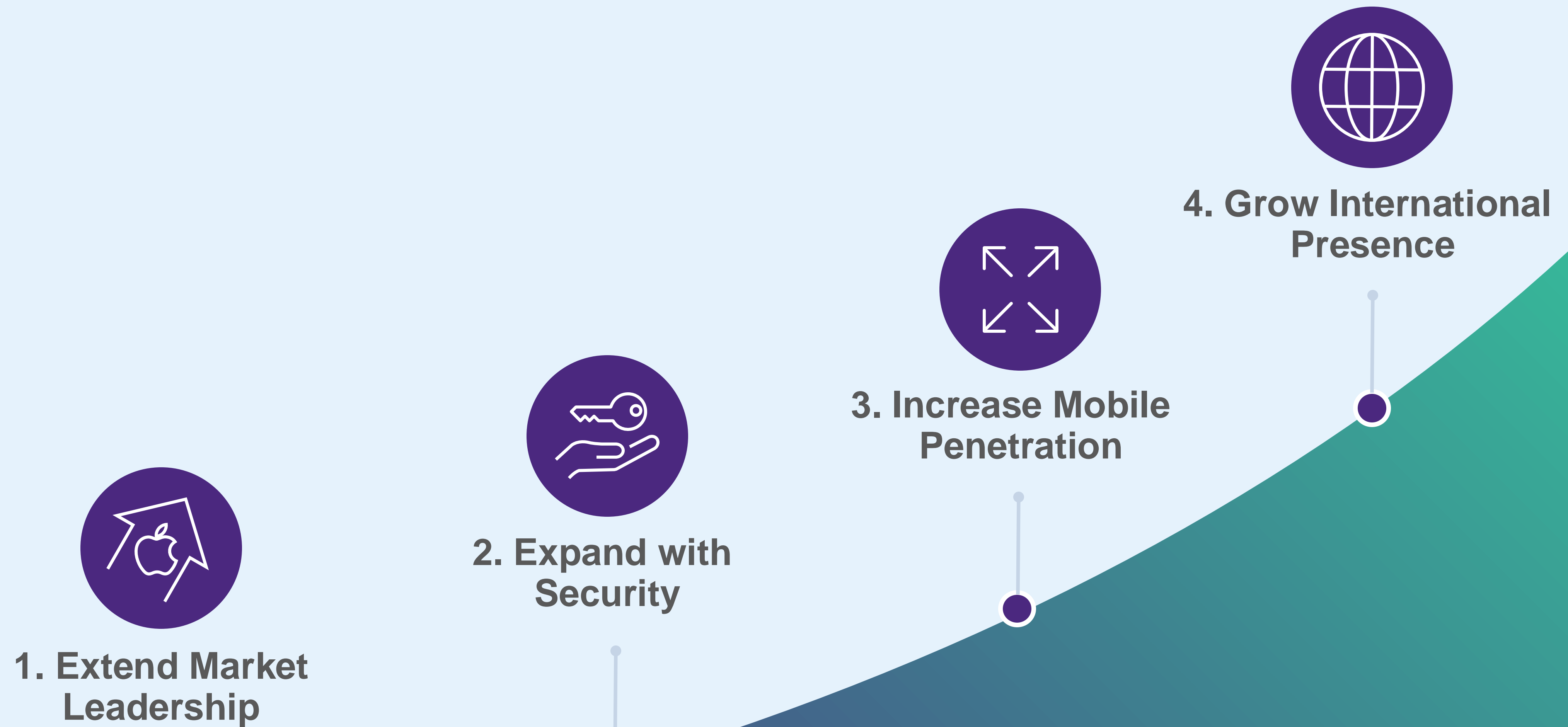
- Build world-class systems and processes
- Build Platform of the Future
- Drive scalable GTM approach
- Grow strategic partnerships
- Expand international business

**Reaccelerated  
Growth**

**&**

**Significant Margin  
Expansion**

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



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

*“Despite the year-over-year decline in the third quarter, the PC market is still on a recovery track. At the worldwide level, PC demand will see more uptake toward the end of 2024 and more robust growth in 2025, when the PC refresh will be at its peak.”*

Gartner 3Q24 Worldwide PC Shipments Press Release<sup>1</sup>

*“Apple achieved its highest third-quarter volume to date and has never been closer to leading the global smartphone market in a Q3 than now. The ongoing strong demand for the iPhone 15 series, along with Apple’s legacy models, played a crucial role in its Q3 performance. The market’s shift towards premium devices, intersected by an ongoing refresh cycle of devices bought during the pandemic, is benefiting Apple.”*

Canalys 3Q24 Worldwide Smartphone Market Press Release<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

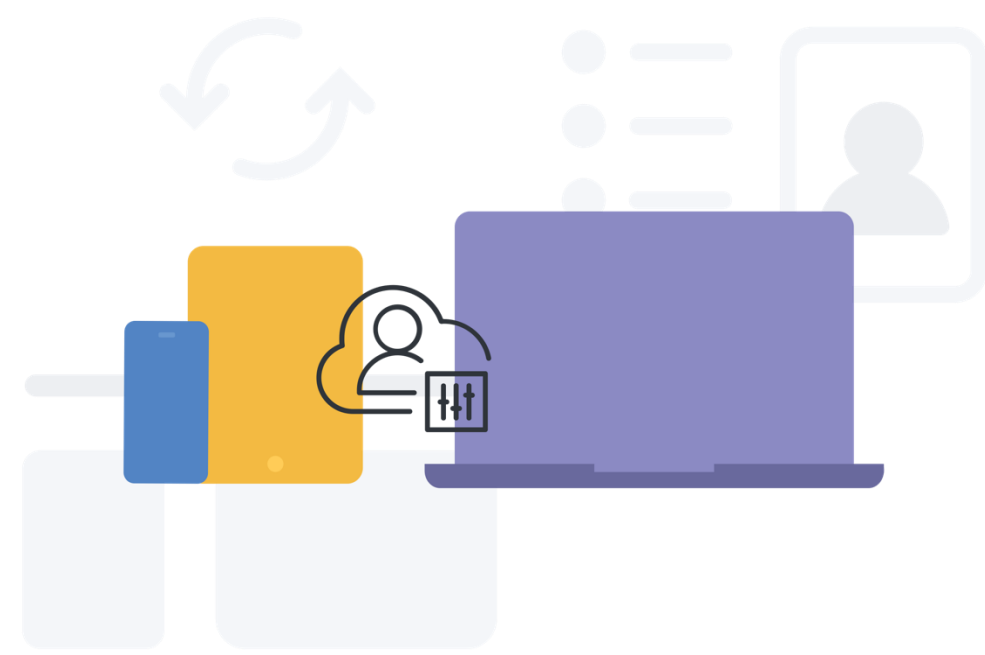
**11.5%**

More code written by software engineers with Mac vs. PC

# Large Security Cross-Sell Opportunity Within 76k Customer Base

Customers with Management and  
at least one Security solution

**31.8k**  
(42%)



Average Sales Price Uplift

Jamf Pro  
Commercial

~3x

Jamf Business  
Plan

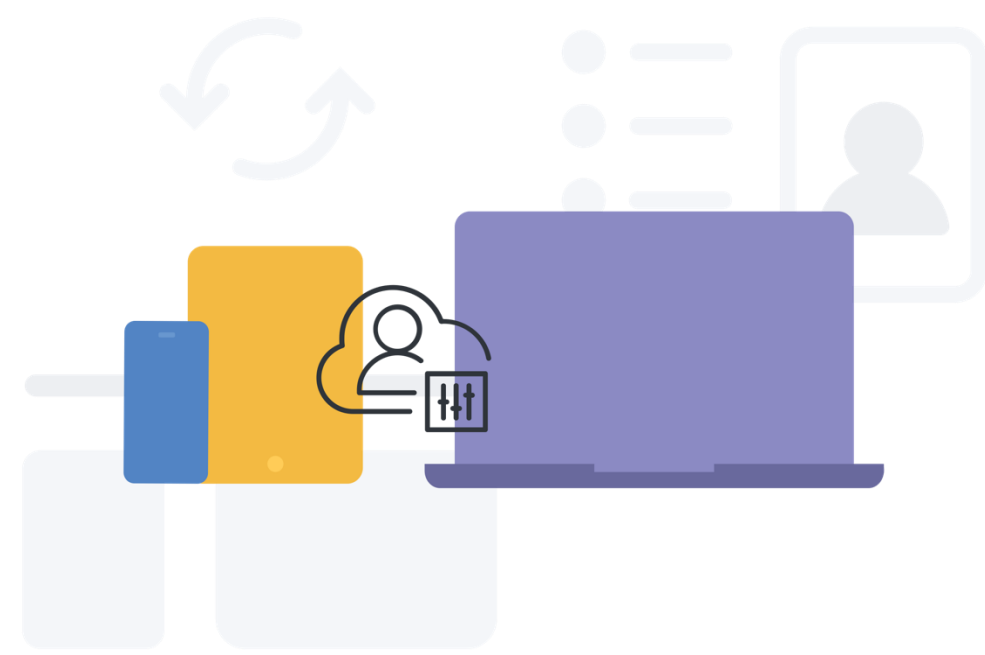
Security ARR Opportunity with  
Current Install Base

~\$350m

# Large Mobile Expansion Opportunity

## Jamf Commercial Mobile Devices

~5m

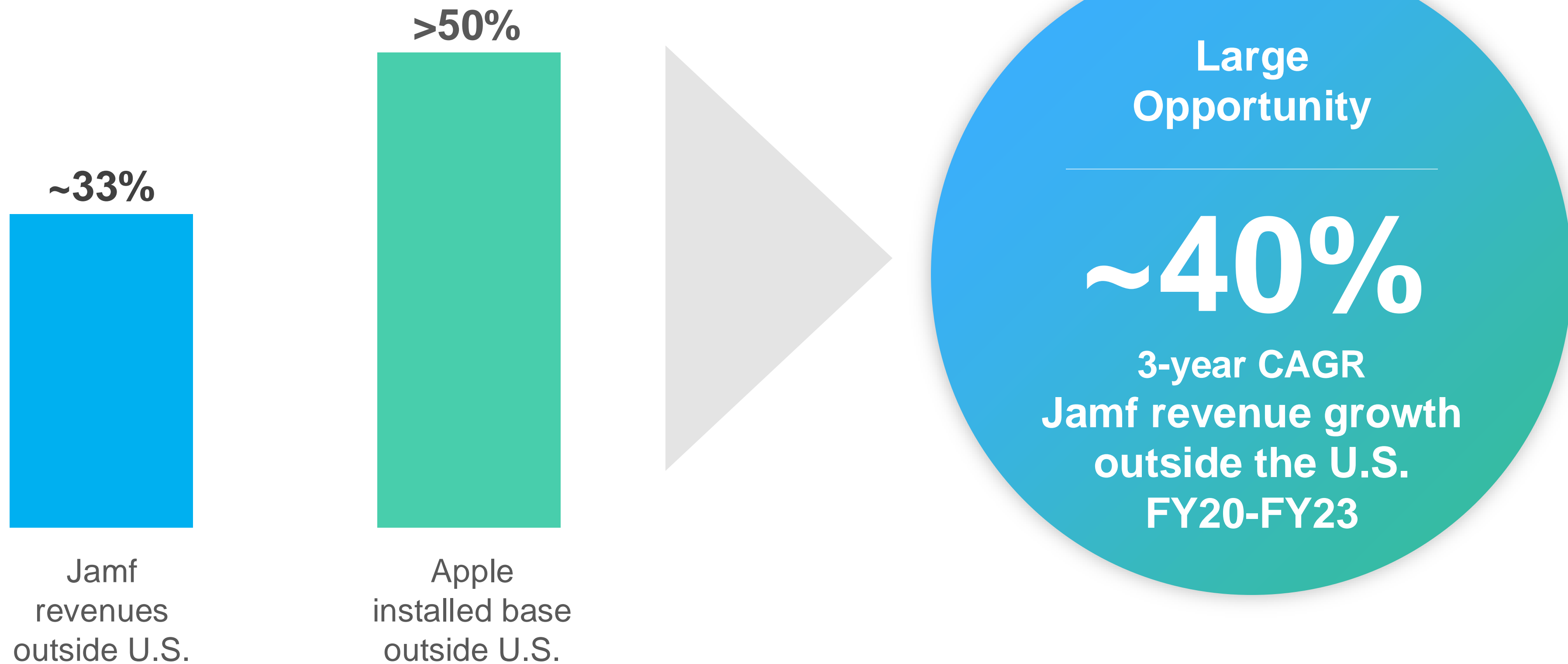


## Serviceable Mobile Devices (Corporate Ownership)

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





# Jamf's Winning Growth and Profitability Strategy

**1**

Strong foundation with demonstrated success

**2**

Differentiated position with a deep moat

**3**

Large and growing market opportunity

**4**

Taking a successful strategy to the next level

**5**

Driving renewed growth and scalability

# Business Model Drives Profitable Growth

1

**Sustainable  
Revenue Growth**



2

**Stable Margins,  
Set to Expand**



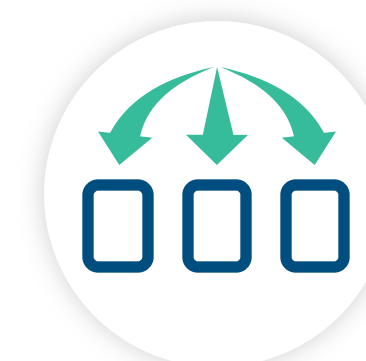
3

**Consistent Cash  
Generation**



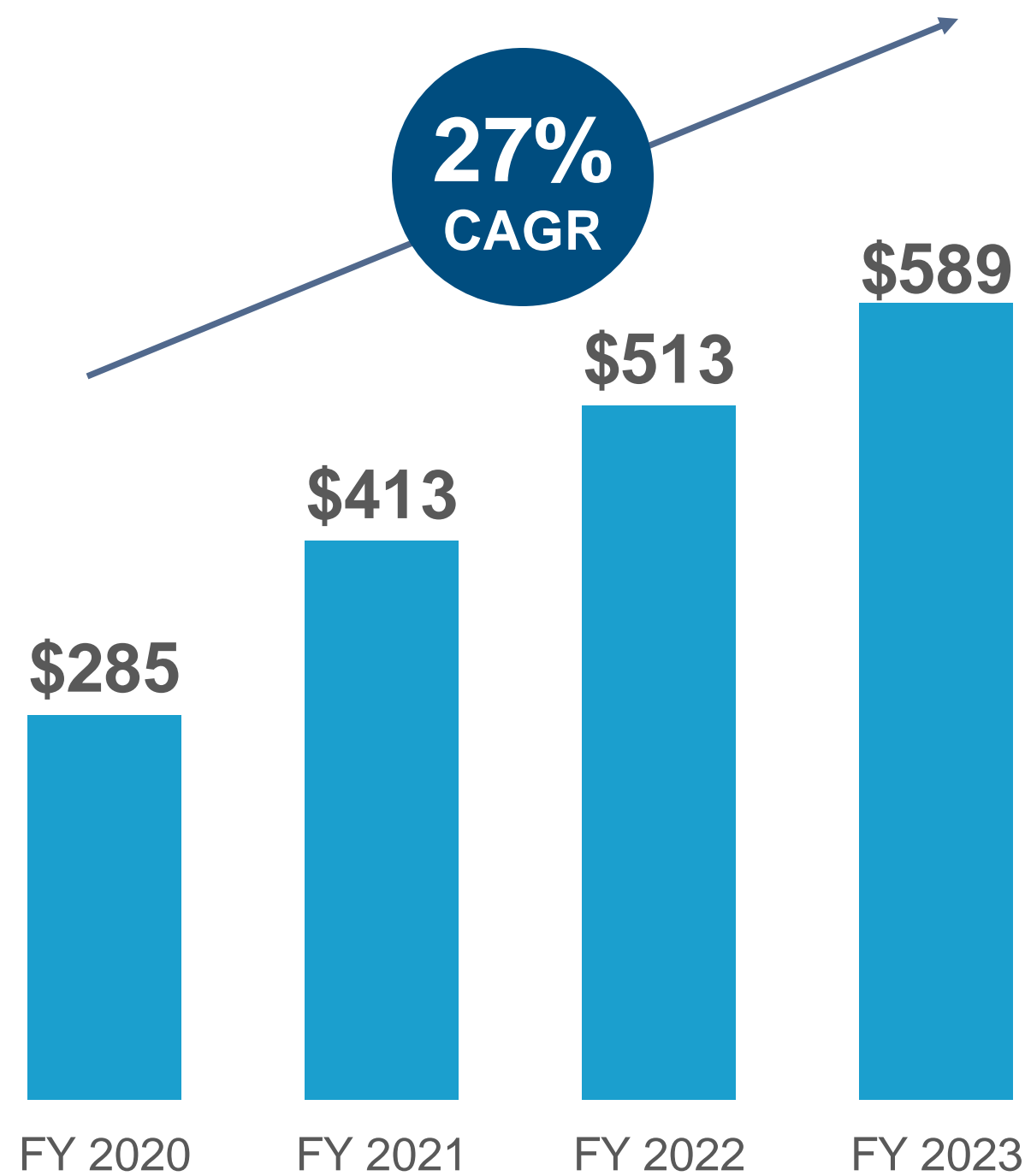
4

**Disciplined Capital  
Allocation**

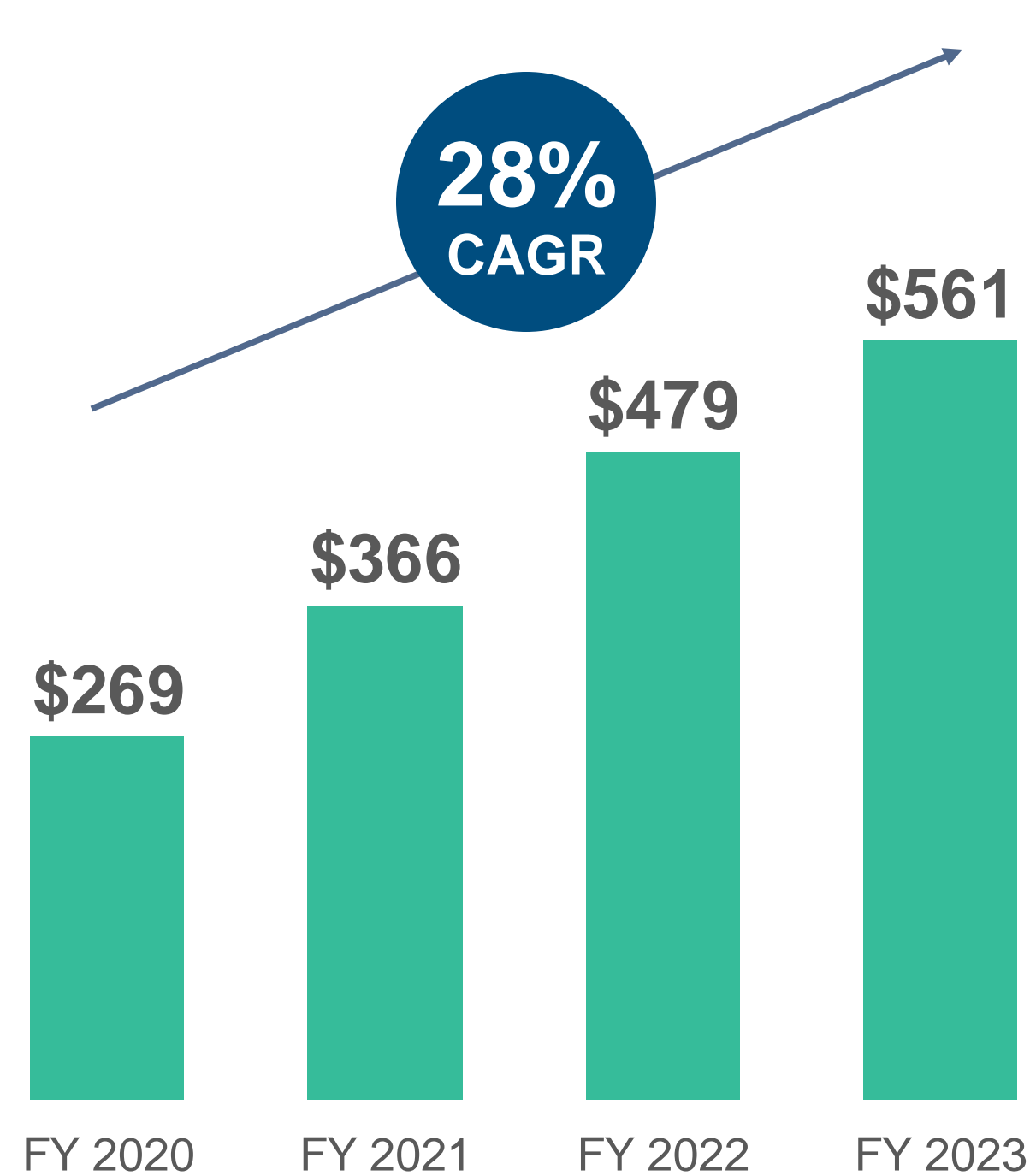


# Strong Revenue Growth and Margin Improvement

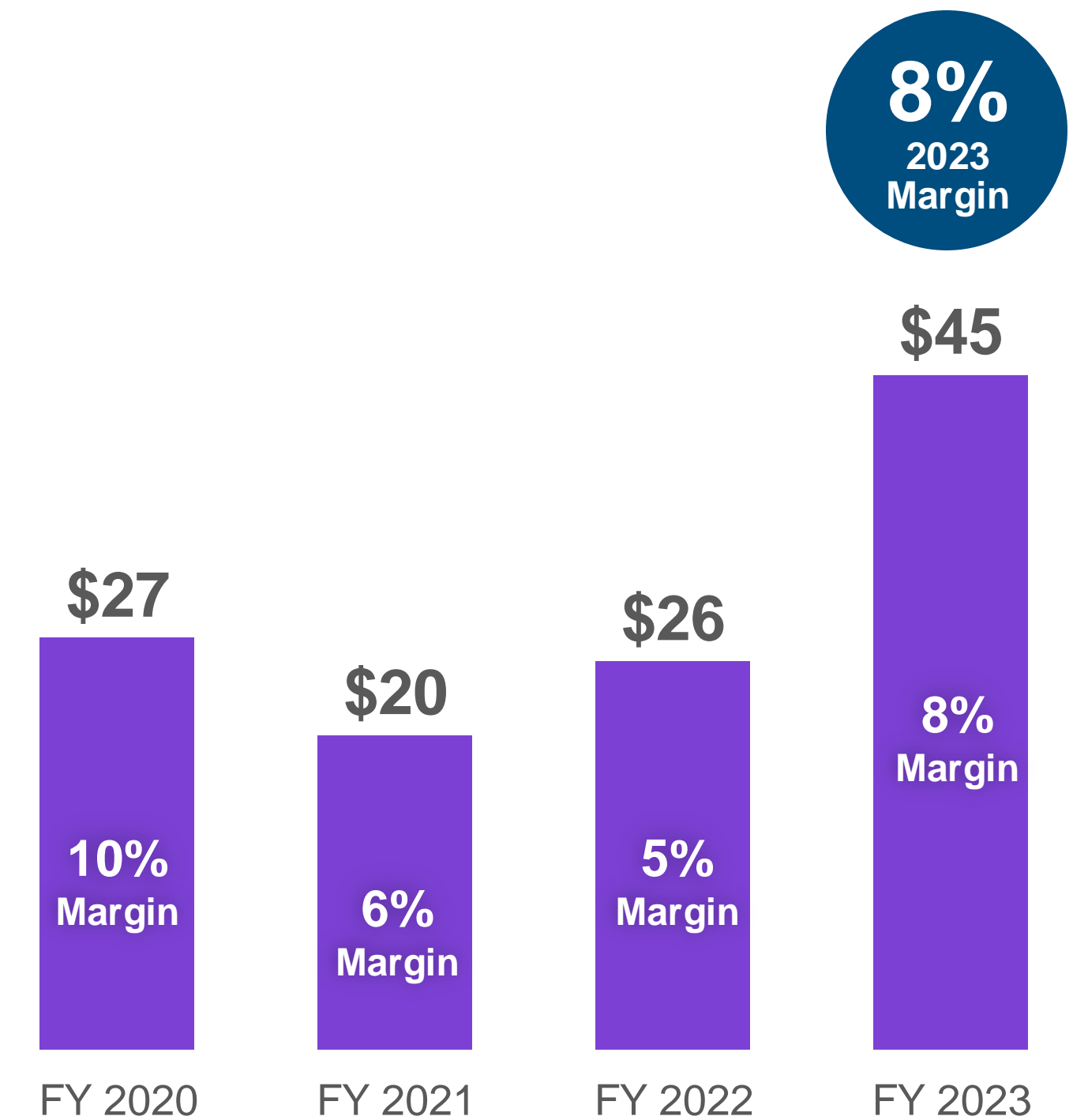
## Annual Recurring Revenue (\$ in millions)



## Total Revenue (\$ in millions)

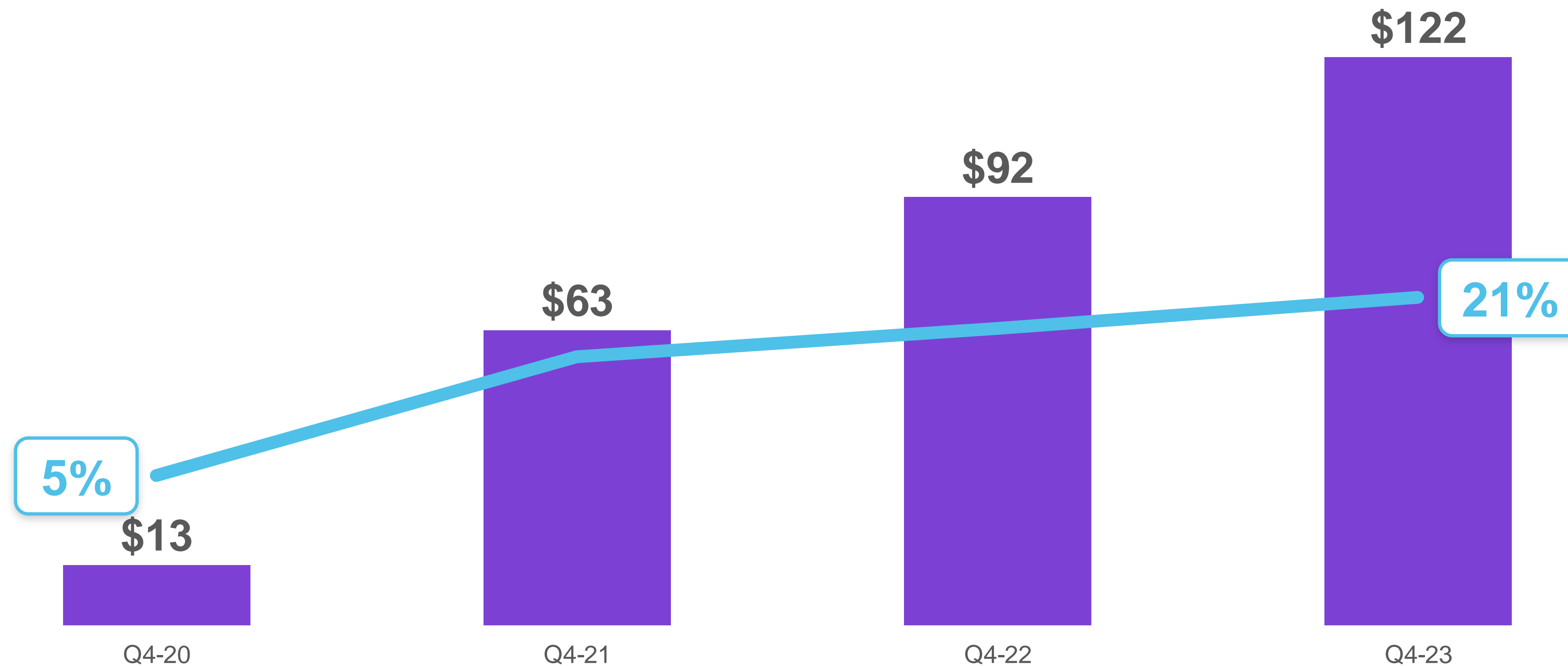


## Non-GAAP Operating Income<sup>1</sup> (\$ in millions)



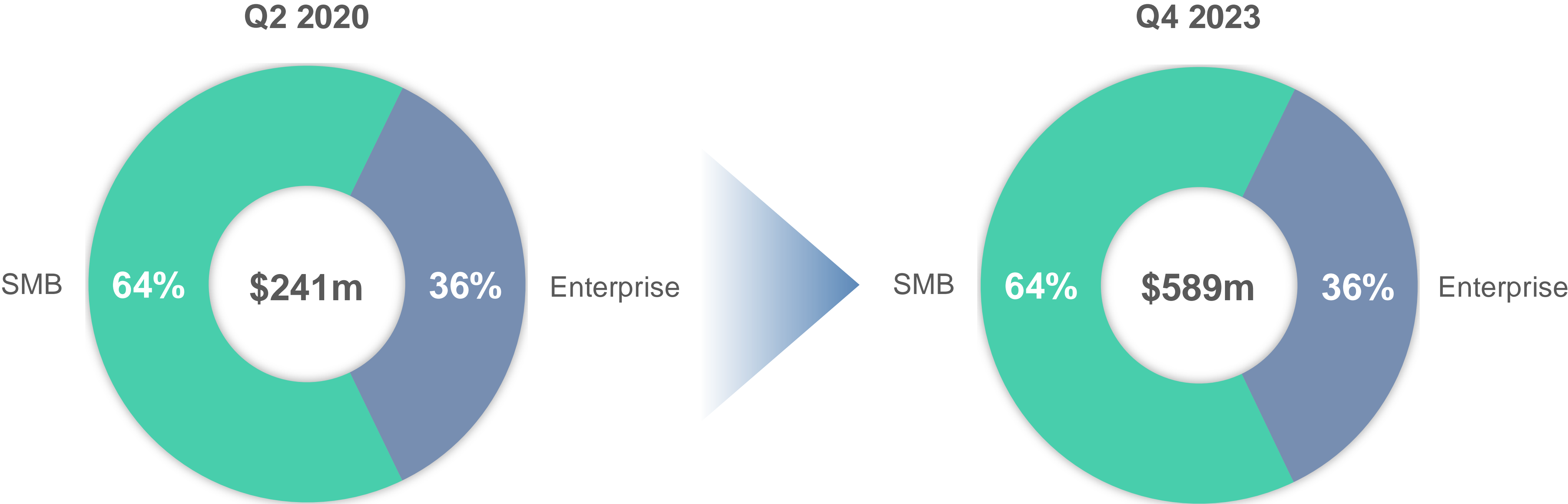
# Security Cross-Sell Efforts are Making an Impact

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



# SMB Customers (<2,500 Employees) Continue to be the Main Driver of Our Business

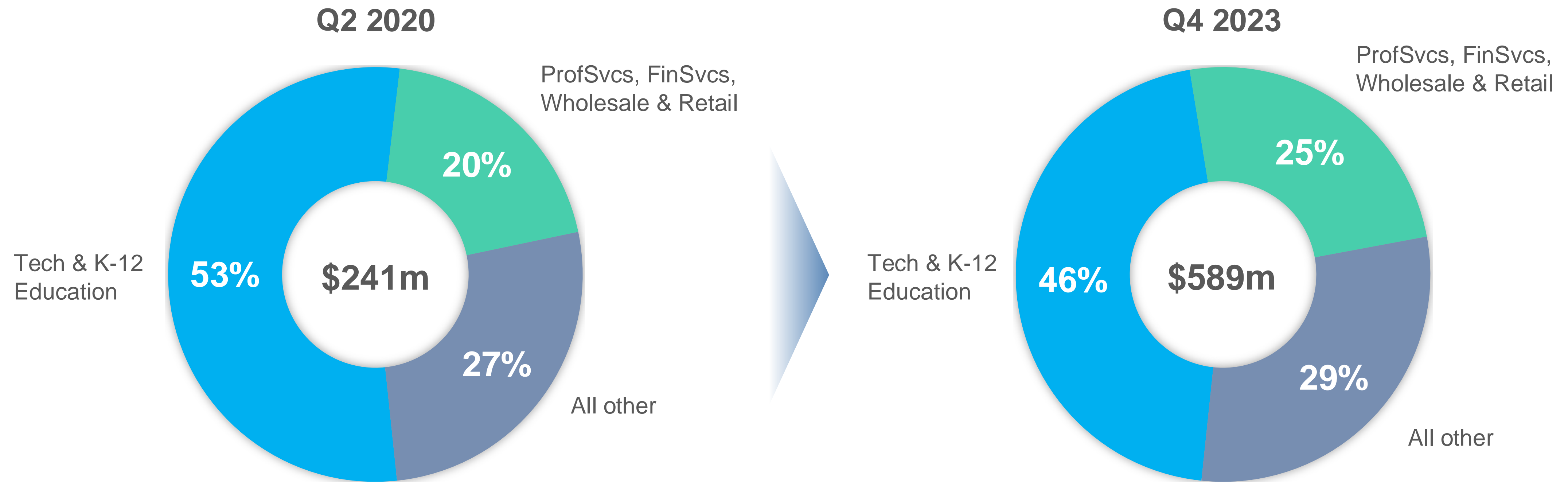
### Breakdown of ARR by Customer Size



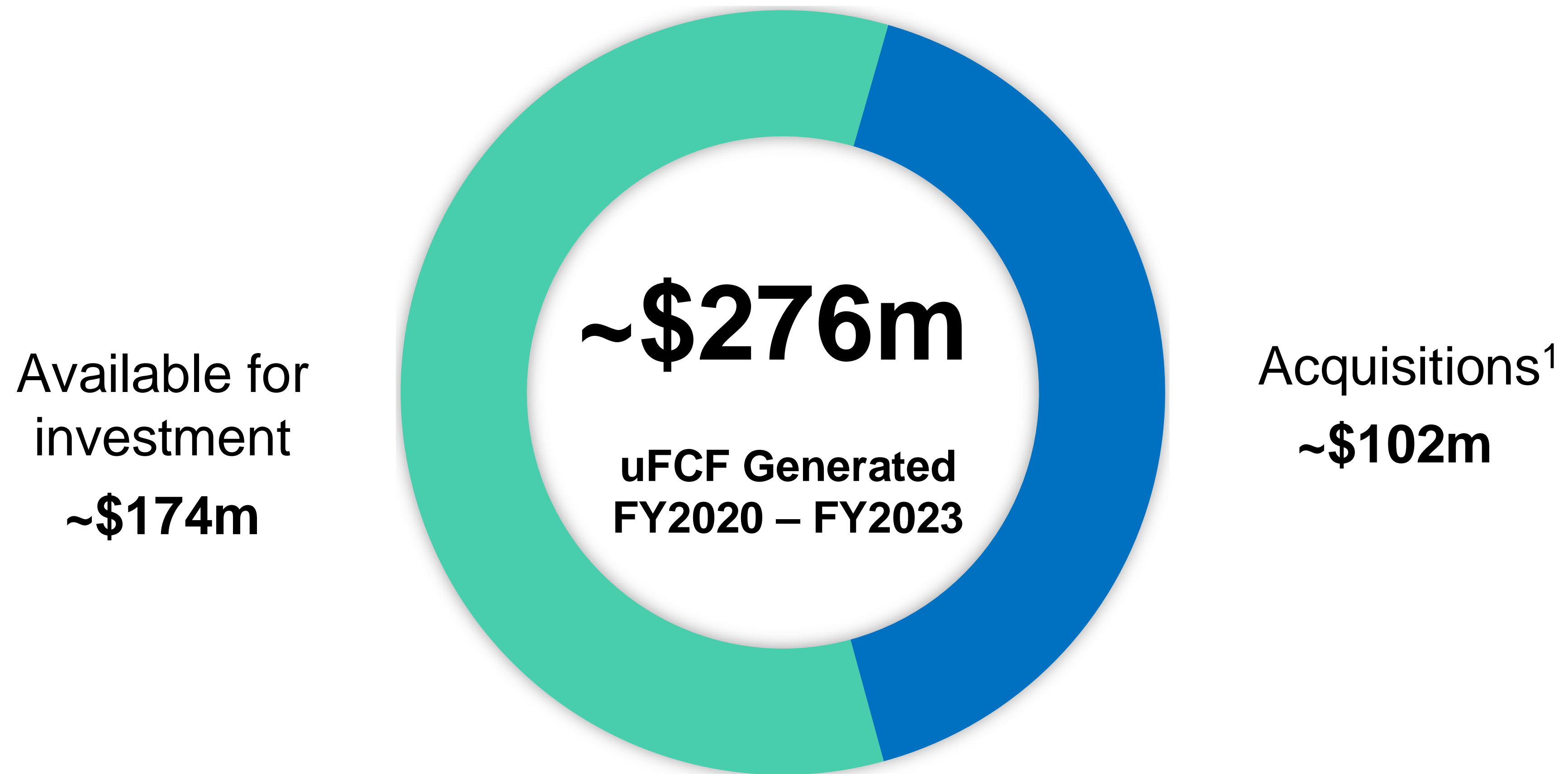
SMB (Small and Mid-Market) = 0 - 2,500 employees  
Enterprise = 2,500+ employees

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

## Breakdown of ARR by Industry



# Strong Cash Generation History



# Capital Allocation Priorities

**1**

**Maintain strong balance sheet**



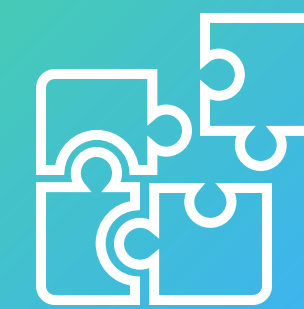
**2**

**Invest for organic growth**



**3**

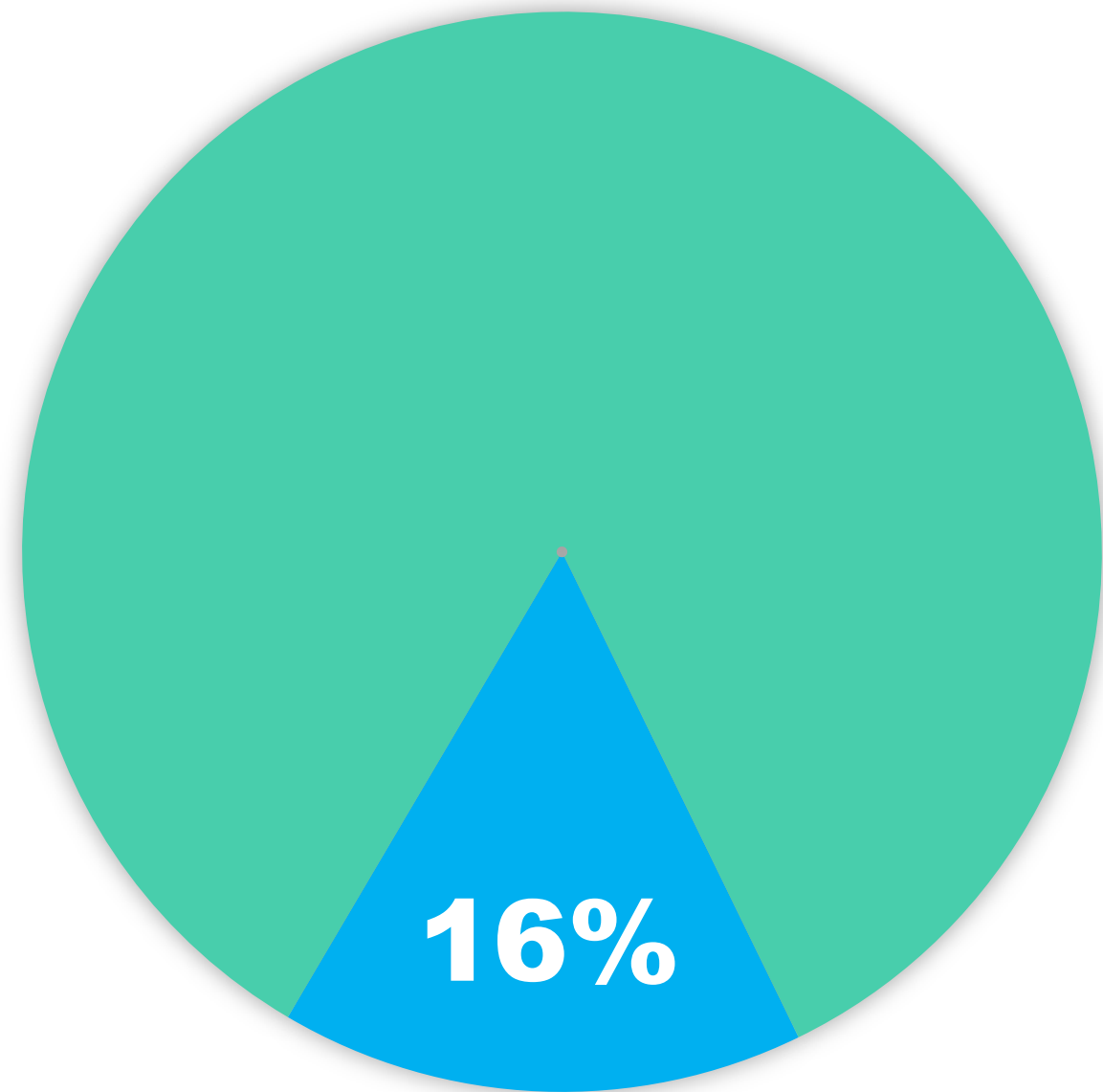
**Selective M&A**





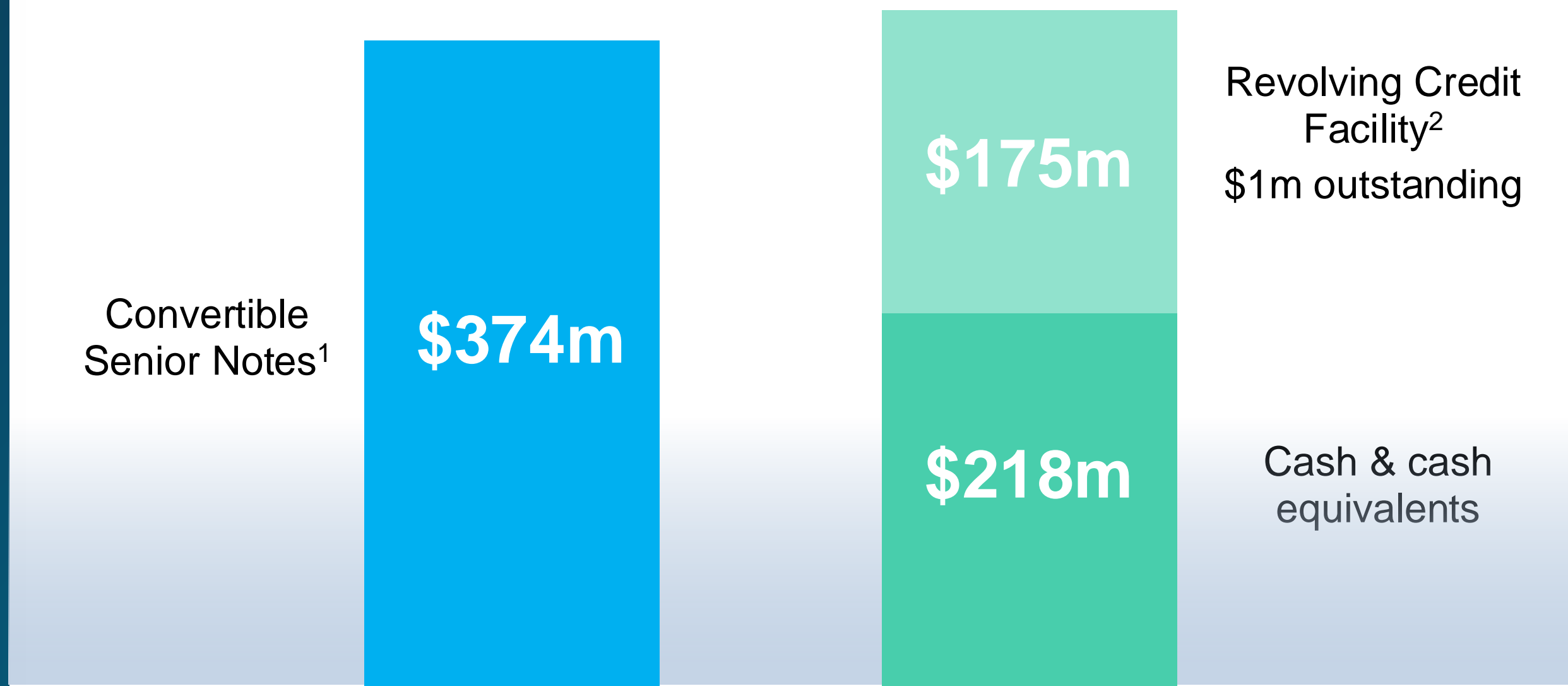
# Maintain Strong Balance Sheet

## 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



PRIORITY #3

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

Customer  
Pain Points



Platform  
Enhancement  
Technology



Talented  
Individuals



Apple First



# Selective Acquisitions with Focus on Trusted Access

## Security



zecOps

2022



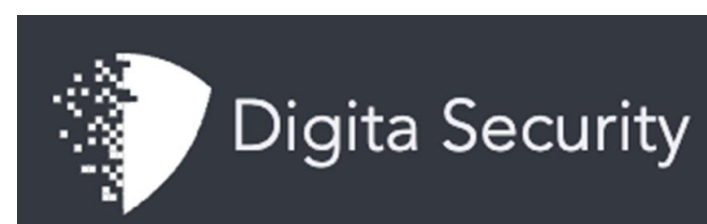
2022



2021



2021



2019



2018

~\$480m invested

## Management



2023



2022



2020



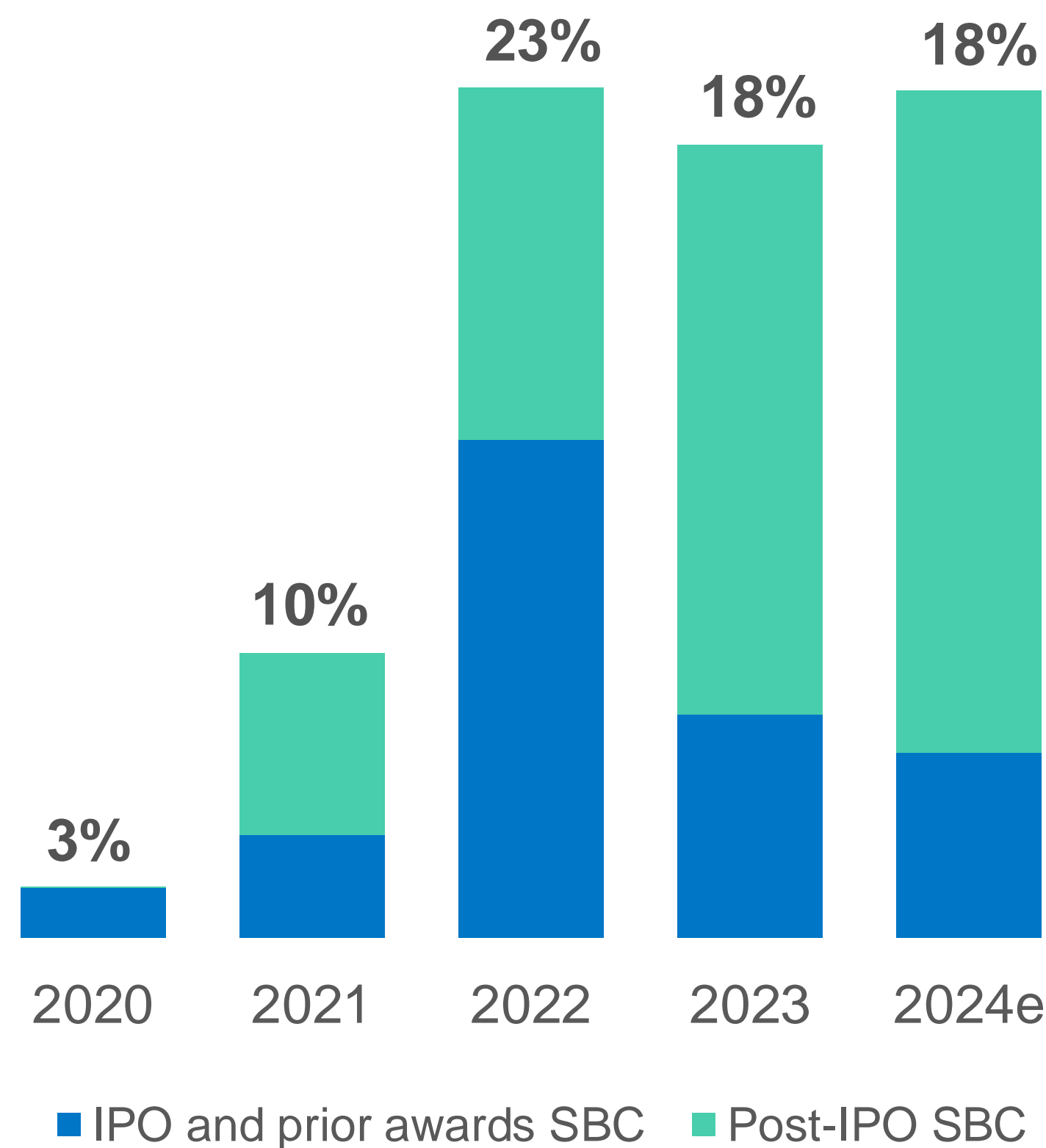
ZULUdesk

2019

~\$70m invested

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

## SBC as % of Revenue



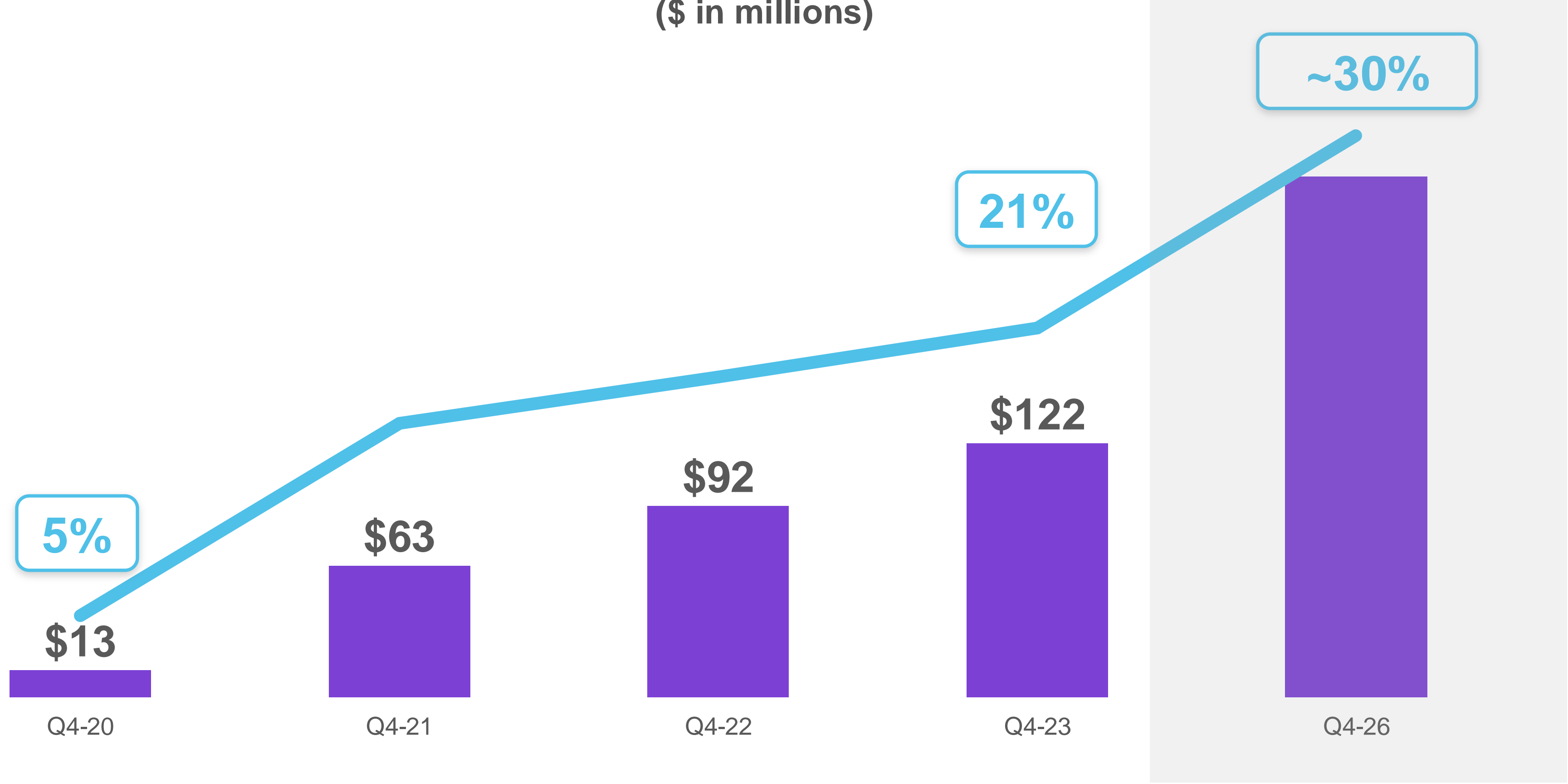
**Low teens %**  
Expected for  
2026

## Expected Annual Dilution Related to Employee Awards

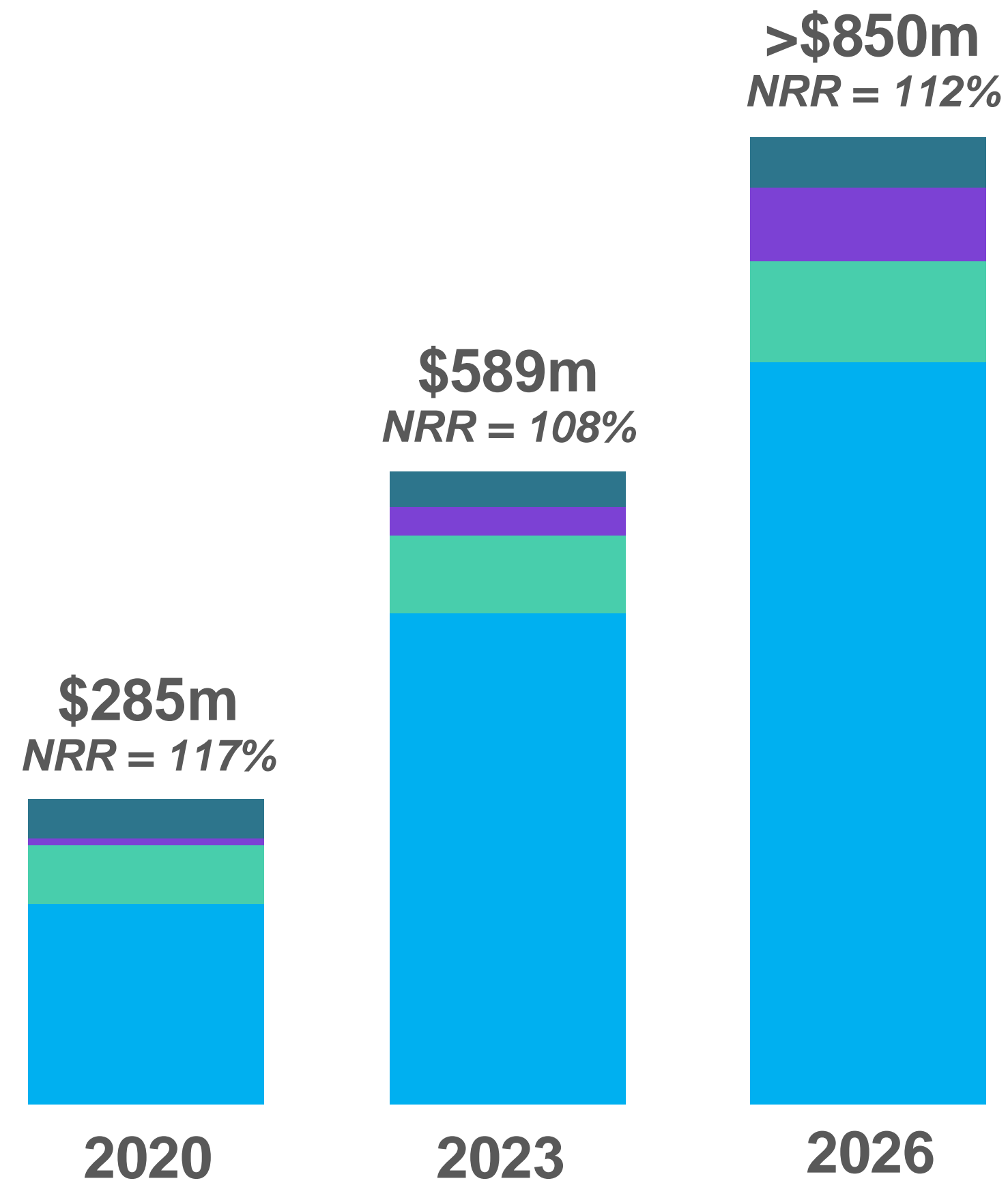
**2.5% - 3.0%**  
2024 through 2026

# 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

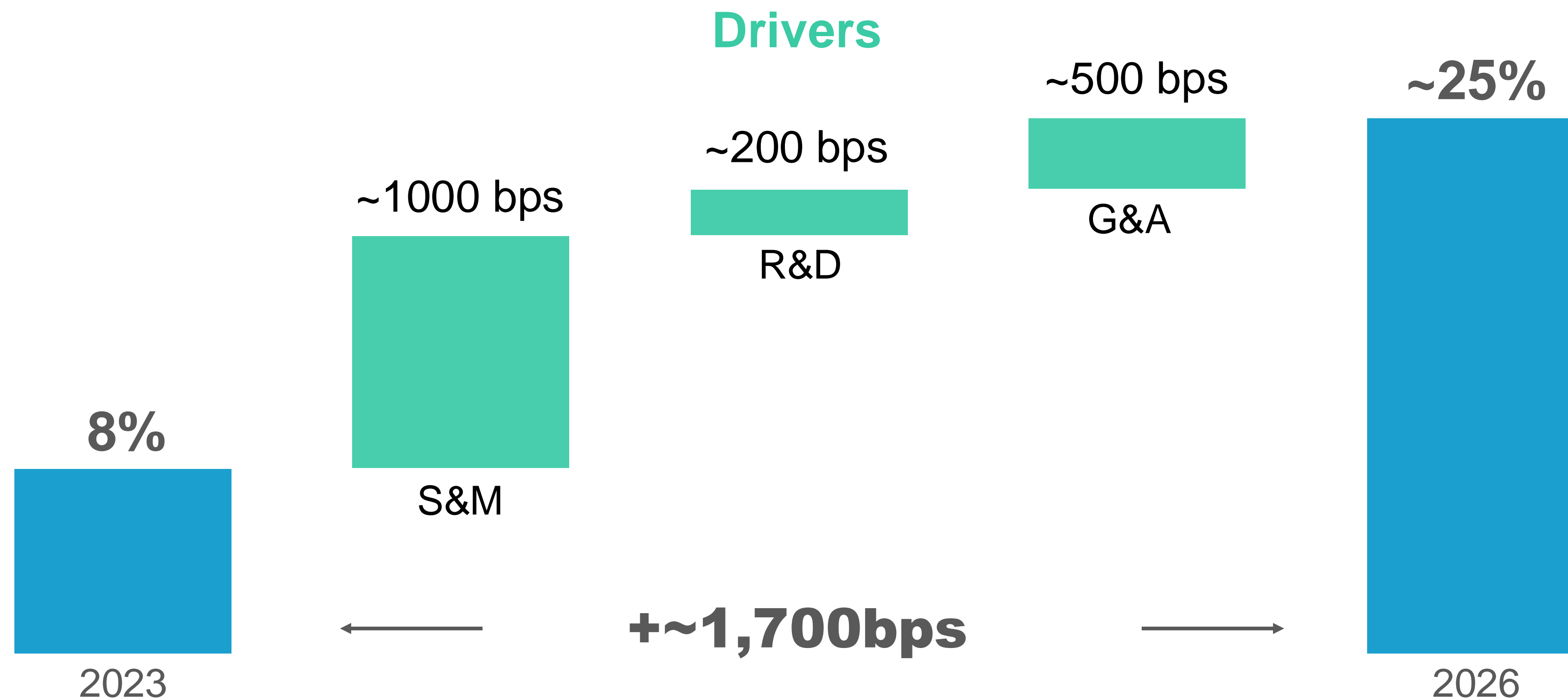


## ARR Contribution 2026 vs. 2023

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

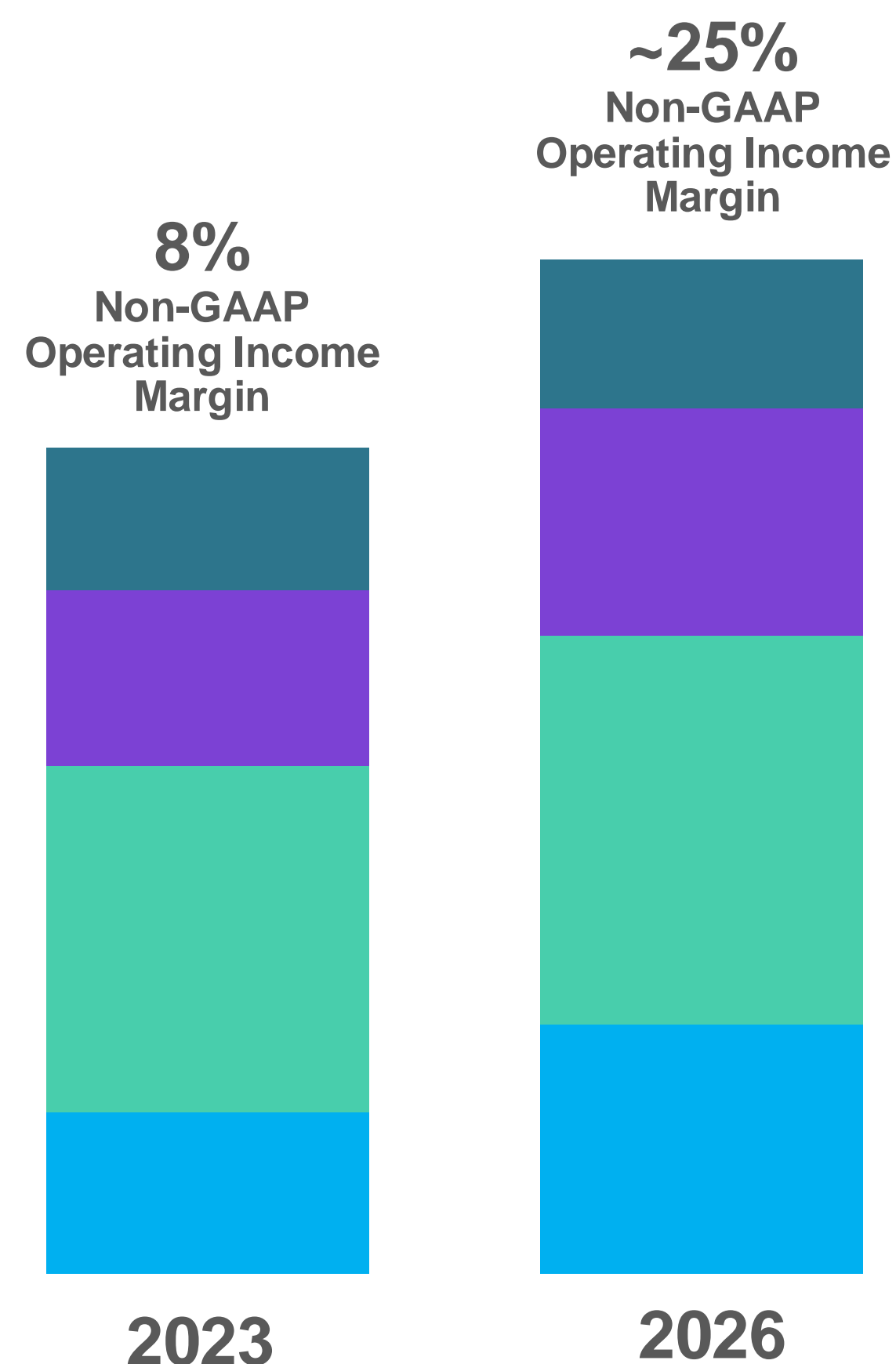
# Clear Line of Sight to ~25%+ Margin by 2026

## Non-GAAP Operating Income Margin





# 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

# Three Year Model

	FY 2023	FY 2024 Target	FY 2025 Target	FY 2026 Target <sup>SEP</sup>
ARR Growth	16%	~11%	~14%	~17%
Revenue Growth	17%	~12%	~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%	~16%	~22%	~25%
uFCF %	10%	~15%	~24%	~26%

# Rule of 40 Commitment for 2026

	Revenue Growth		uFCF Margin		RULE OF
2024	~12%	+	~15%	=	~27
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



# Appendix

# Select Definitions

<b>Net Retention Rate</b>	Measures our ability to increase revenue across our existing customer base through expanded use of our software solutions, offset by customers whose subscription contracts with us are not renewed or renew at a lower amount
<b>Annual Recurring Revenue</b>	Represents the annualized value of all subscription and support and maintenance contracts as of the end of the period
<b>Recurring Revenue</b>	Represents revenue from SaaS and on-premise subscriptions and support and maintenance contracts
<b>Non-GAAP Gross Profit</b>	Gross profit adjusted for amortization expense, stock-based compensation expense, acquisition-related expense, payroll taxes related to stock-based compensation, system transformation costs, and restructuring charges
<b>Non-GAAP Gross Profit Margin</b>	Non-GAAP gross profit as a percentage of total revenue
<b>Non-GAAP Operating Income and Expenses</b>	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 non-recurring litigation costs
<b>Non-GAAP Operating Income Margin</b>	Non-GAAP operating income as a percentage of total revenue
<b>Free Cash Flow</b>	Net cash provided by (used in) operating activities less cash paid for purchases of equipment and leasehold improvements
<b>Free Cash Flow Margin</b>	Free cash flow as a percentage of total revenue
<b>Unlevered Free Cash Flow</b>	Free cash flow plus cash paid for interest, cash paid for acquisition-related expense, cash paid for system transformation costs, cash paid for restructuring charges, cash paid for contingent consideration, and cash paid for extraordinary legal settlements and non-recurring litigation costs
<b>Unlevered Free Cash Flow Margin</b>	Unlevered free cash flow as a percentage of total revenue

# GAAP to Non-GAAP Gross Profit Reconciliation

(\$ in millions)	FY2020	FY2021	FY2022	FY2023	Q3 2022	Q3 2023	Q3 2024
Gross profit	\$208	\$276	\$360	\$435	\$93	\$110	\$123
Amortization expense	11	16	20	14	5	3	3
Stock-based compensation	1	4	10	12	3	3	3
Acquisition-related expense	—	—	—	—	—	—	—
Payroll taxes related to stock-based compensation	—	—	—	—	—	—	—
System transformation costs	—	—	—	—	—	—	—
Restructuring charges	—	—	—	—	—	—	—
<b>Non-GAAP gross profit</b>	<b>\$220</b>	<b>\$297</b>	<b>\$390</b>	<b>\$460</b>	<b>\$102</b>	<b>\$117</b>	<b>\$130</b>
Total revenue	\$269	\$366	\$479	\$561	\$125	\$143	\$159
Gross profit margin	77%	75%	75%	78%	75%	77%	77%
Non-GAAP gross profit margin	82%	81%	81%	82%	82%	82%	82%

# GAAP to Non-GAAP Operating Income Reconciliation

(\$ in millions)	FY2020	FY2021	FY2022	FY2023	TTM 9/30/23	TTM 9/30/24	Q3 2022	Q3 2023	Q3 2024	Q3 2022 YTD	Q3 2023 YTD	Q3 2024 YTD
Operating loss	\$(17)	\$(76)	\$(139)	\$(115)	\$(120)	\$(77)	\$(29)	\$(32)	\$(16)	\$(114)	\$(95)	\$(57)
Amortization expense	33	41	48	43	43	41	12	11	10	37	32	30
Stock-based compensation	7	36	109	101	98	95	20	28	25	90	78	72
Acquisition-related expense	5	6	5	7	5	8	2	3	—	3	4	5
Acquisition-related earnout	(1)	6	1	—	—	—	—	—	—	—	—	—
Offering costs	1	1	—	—	—	1	—	—	—	—	—	1
Payroll taxes related to stock-based compensation	—	2	2	3	3	3	1	1	1	1	2	2
System transformation costs	—	—	—	5	3	12	—	1	6	—	3	11
Restructuring charges	—	—	—	1	—	10	—	—	1	—	—	9
Legal settlements and non-recurring litigation costs	—	5	—	1	—	—	—	—	—	—	—	—
<b>Non-GAAP operating income</b>	<b>\$27</b>	<b>\$20</b>	<b>\$26</b>	<b>\$45</b>	<b>\$33</b>	<b>\$94</b>	<b>\$7</b>	<b>\$12</b>	<b>\$28</b>	<b>\$17</b>	<b>\$24</b>	<b>\$73</b>
Total revenue	\$269	\$366	\$479	\$561	\$540	\$615	\$125	\$143	\$159	\$348	\$410	\$464
Operating loss margin	(6)%	(21)%	(29)%	(21)%	(22)%	(13)%	(23)%	(22)%	(10)%	(33)%	(23)%	(12)%
Non-GAAP operating income margin	10%	6%	5%	8%	6%	15%	6%	9%	17%	5%	6%	16%



# Free Cash Flow and Unlevered Free Cash Flow

(\$ in millions)	FY2020	FY2021	FY2022	FY2023	TTM 9/30/23	TTM 9/30/24	Q3 2022	Q3 2023	Q3 2024	Q3 2022 YTD	Q3 2023 YTD	Q3 2024 YTD
Net cash provided by operating activities	\$53	\$65	\$90	\$36	\$47	\$37	\$46	\$33	\$23	\$63	\$20	\$22
Less:												
Cash paid for purchases of equipment and leasehold improvements	(4)	(10)	(8)	(3)	(5)	(7)	(3)	(1)	(4)	(6)	(3)	(7)
Free cash flow	48	55	82	33	43	30	44	33	19	57	18	15
Add:												
Cash paid for interest	13	1	1	1	1	1	—	—	—	1	1	1
Cash paid for acquisition-related expense	5	5	4	3	4	11	—	1	8	2	2	10
Cash paid for system transformation costs	—	—	—	12	7	29	—	5	9	—	7	24
Cash paid for restructuring charges	—	—	—	—	—	9	—	—	—	—	—	9
Cash paid for contingent consideration	—	—	—	6	6	—	—	—	—	—	6	—
Cash paid for legal settlements and non-recurring litigation costs	—	5	—	—	—	—	—	—	—	—	—	—
<b>Unlevered free cash flow</b>	<b>\$66</b>	<b>\$66</b>	<b>\$88</b>	<b>\$55</b>	<b>\$61</b>	<b>\$81</b>	<b>\$44</b>	<b>\$38</b>	<b>\$37</b>	<b>\$60</b>	<b>\$33</b>	<b>\$59</b>
Total revenue	\$269	\$366	\$479	\$561	\$540	\$615	\$125	\$143	\$159	\$348	\$410	\$464
Net cash provided by operating activities as a percentage of total revenue	20%	18%	19%	6%	9%	6%	37%	23%	15%	18%	5%	5%
Free cash flow margin	18%	15%	17%	6%	8%	5%	35%	23%	12%	16%	4%	3%
Unlevered free cash flow margin	25%	18%	18%	10%	11%	13%	36%	27%	23%	17%	8%	13%

# GAAP to Non-GAAP Operating Expenses Reconciliation

(\$ 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 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%