workday.

Investor Presentation

Q1 FY24

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/company/investor_relations.php

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 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 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. 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, without unreasonable efforts, to quantify share-based compensation expense, which is excluded from our non-GAAP operating margin, as it requires additional inputs such as the number of shares granted and market prices that are not ascertainable.

Workday at a Glance

Workday by the Numbers

$125B+
Market Opportunity

$5.82B 22% YoY Growth
Trailing Twelve Month Subscription Revenue[1]

$9.79B 23% YoY Growth
24-Month Subscription Revenue Backlog[2]

$1.49B 23% Margin
Trailing Twelve Month Operating Cash Flow[1]

Enterprise Management Cloud
For Finance, HR, Planning, Spend Management and Analytics

10,000+ Global Customers
Operating across 175+ Countries

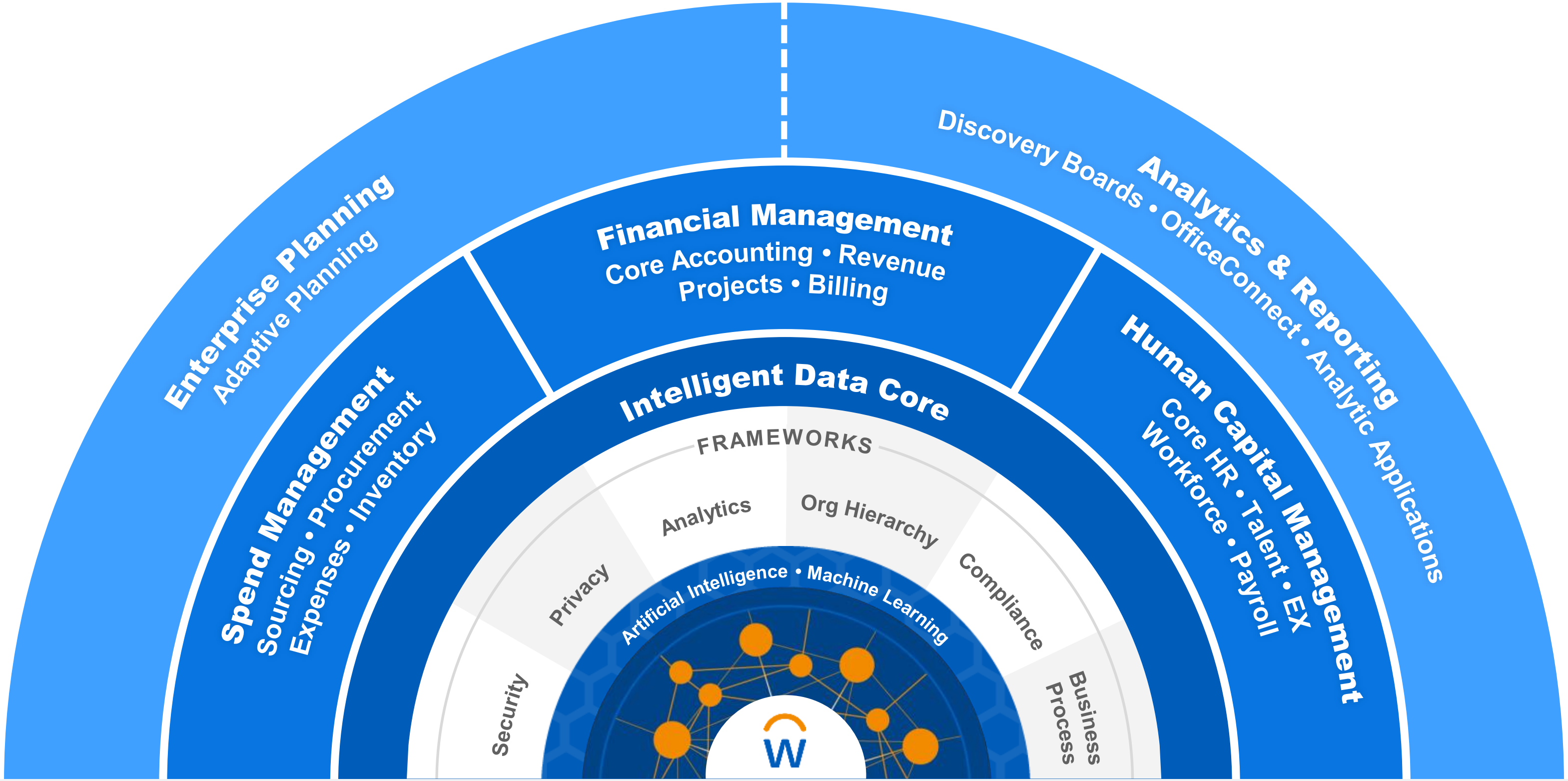
Serving 50%+ of the *Fortune* 500
Including 70%+ of the top 50 *Fortune* 500 companies

60M+ Global Users
95%+ Customer Satisfaction[3]

17,800+ Employees Worldwide
Offices in 30+ Countries

[1] For the trailing twelve months ended 4.30.2023
[2] As of 4.30.2023
[3] Based on a survey conducted by Workday of Named Support Contacts in May 2022

Workday Enterprise Management Cloud



True Cloud Scale • Elasticity • Performance • Availability • Continuous Delivery of Innovation • Single Version

Workday Delivers AI and ML Differently

Data Quality and Quantity
Unified data-model; 60M+ global users[1]

Platform Approach
Embedded, not bolted on

Trustworthy
Transparent and human-centric

[1] As of 4.30.2023

Serving Organizations of all Sizes and Across Industries

$125B+

Addressing a Large and Expanding Opportunity

<5%

Penetration

HCM $52B

Human Capital Management/ Workforce Management

Workforce Planning and People Analytics

Talent Management

Employee Experience

Payroll

FINS+ $73B

Financial Management

Financial Planning

Spend Management

Platform

Analytics

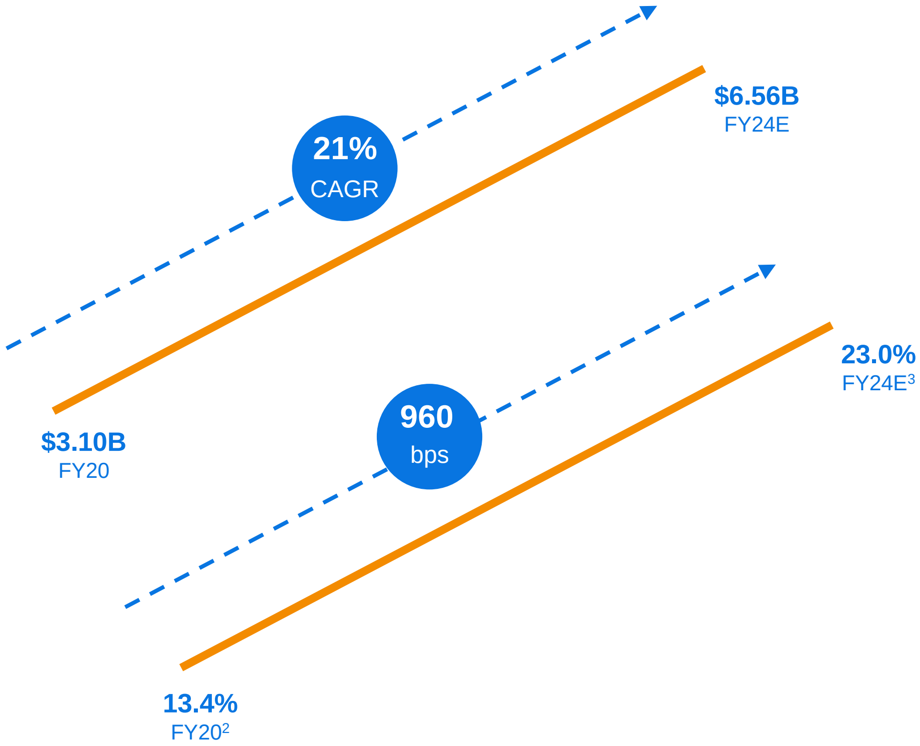
Student

Workday estimates based on IDC data as of 9.13.2022

Driving Profitable Growth at Scale

Annual Subscription Revenue[1]

Non-GAAP Operating Margin



95%+
Gross Revenue Retention[4]

[1] CAGR calculation is based on FY20 actual subscription revenue and the mid-point of our FY24 subscription revenue guidance as provided on 5.25.23
[2] Reconciliations of GAAP to Non-GAAP financial data included in the Appendix
[3] FY24 Non-GAAP operating margin guidance as provided on 5.25.23
[4] Measures the annual recurring revenue of our customers as of 4.30.22 that we have maintained as of 4.30.23, without giving credit for additional upsells or price and/or seats related changes. The metric captures only customer and product churn

While Growing Responsibly and Inclusively

Our Employees

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

Our Customers

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

Building Sustainable Solutions
Helping customers improve sustainability and resilience of their supply chains

Empowering our Ecosystem
Workday's adaptable platform enables customers and partners to manage their emissions reduction strategy

The World Around Us

Net-Zero Carbon Footprint
Achieved net-zero emissions in fiscal 2022 and match 100% of the electricity we use at our offices and data centers globally with clean, renewable sources

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

Driving Policy Change
Working to advance polices that support a skills-based approach to talent

For More Information:
Resource Pages: Sustainability and Reporting with Workday
Download our 2021 Global Impact Report

Financial Highlights and Guidance

Q1 FY24 Financial Highlights

	Q1 FY24 Results	Increase (Decrease) YoY
Total Revenue	$1.68B	17%
Subscription Revenue	$1.53B	20%
Total Subscription Revenue Backlog	$16.65B	32%
24-month Subscription Revenue Backlog	$9.79B	23%
GAAP Operating Margin	(1.2)%	390 bps
Non-GAAP Operating Margin[1]	23.5%	340 bps
Operating Cash Flows	$277M	(37)%

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

Q1 FY24 Customer Wins and Expansions

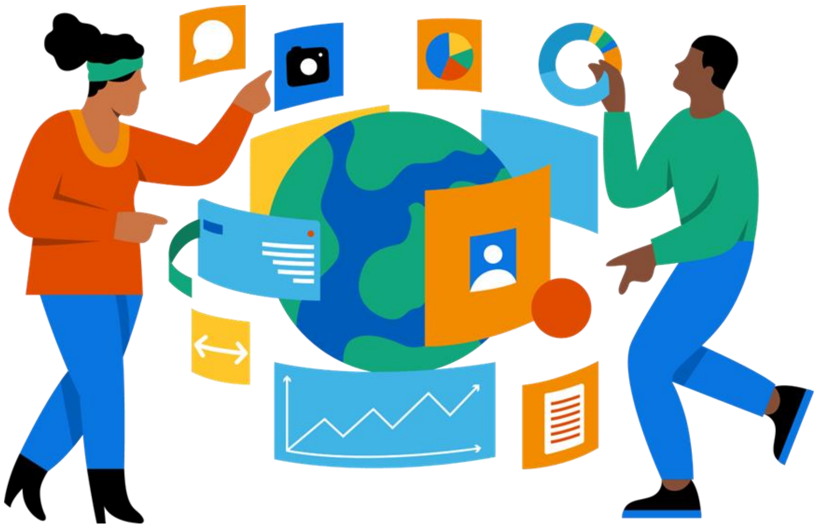
CLYDE&CO
DOLLAR TREE
equinor
FIRST AMERICAN
ibex.

IPG Interpublic Group
iu GROUP
JCORP Johor Corporation
McLANE
NISSAN

NORTHEASTERN UNIVERSITY 18 98 LVX VERITAS VIRTVS
PIMA COUNTY
Rio LAS VEGAS
Stevens Transport
TOKIO MARINE NICHIDO

Q1 FY24 Business Highlights

- Workday **announced the appointment of Zane Rowe** to chief financial officer.
- **Workday Financial Management customer wins:** Halifax Hospital Medical Center, Prometeia SpA, GreenYellow, Northeastern University, and Tokio Marine Management (Australasia) + others.
- **Workday HCM customer wins:** Dollar Tree, Johor Corporation, Equinor ASA, and McLane Company + others.
- Expanded partnership with Alight to deliver an **integrated payroll experience.**
- Workday and AWS created a **native integration from Workday Extend to AWS** to enable developers to leverage AWS services in their Extend applications.
- **AI and ML** innovation:
  - **Semantic search for Workday Peakon Employee Voice** to help make employee feedback more accessible using AI
  - **Predictive Forecaster**, a capability within Workday Adaptive Planning that creates ML-based forecasts with the ability to add additional regressors and data sets
  - Workday's **first set of ML APIs** to enable Workday Extend customers to build extensions that leverage ML
- Workday joined **Frontier**, an advance market commitment to accelerate carbon removal.
- Workday was named one of the **World's Most Ethical Companies®** by Ethisphere for the third consecutive year.



Guidance Summary

Q2 FY24	Quarterly Guidance	Increase (Decrease) YoY
Total Revenue	$1.770B - $1.773B	15%
Subscription Revenue	$1.611B - $1.613B	18%
24-month Subscription Revenue Backlog	n/a	20%
Non-GAAP Operating Margin	22%	240 bps
GAAP Operating Margin	~22 points lower than non-GAAP	n/a
Full Year FY24	**Full Year Guidance**	**Increase (Decrease) YoY**
Total Revenue	$7.180B - $7.225B	16%
Subscription Revenue	$6.550B - $6.575B	18%
Non-GAAP Operating Margin	23%	350 bps
GAAP Operating Margin	~22 points lower than non-GAAP	n/a
Non-GAAP Tax Rate	19%	n/a
Operating Cash Flows	$1.950B	18%
Capital Expenditures[1]	$300M	(18%)

As provided on Q1 FY24 Earnings Call on 5.25.2023

[1] Capital expenditures include owned real estate projects

Appendix

Reconciliation of GAAP to Non-GAAP Data

Three Months Ended April 30, 2023

(in thousands, except percentages and per share data)	GAAP	Share-Based Compensation Expenses	Other Operating Expenses[2]	Income Tax and Dilution Effects[3]	Non-GAAP
Costs and expenses:					
Costs of subscription services	$ 239,027	$ (29,262)	$ (15,672)	$ —	$ 194,093
Costs of professional services	178,417	(30,040)	(3,015)	—	145,362
Product development	600,457	(169,934)	(11,257)	—	419,266
Sales and marketing	518,637	(80,123)	(13,749)	—	424,765
General and administrative	167,574	(60,101)	(2,591)	—	104,882
Operating income (loss)	(19,800)	369,460	46,284	—	395,944
Operating margin	*(1.2) %*	*21.9 %*	*2.8 %*	*— %*	*23.5 %*
Other income (expense), net	26,709	—	—	—	26,709
Income (loss) before provision for (benefit from) income taxes	6,909	369,460	46,284	—	422,653
Provision for (benefit from) income taxes	6,773	—	—	73,531	80,304
Net income (loss)	$ 136	$ 369,460	$ 46,284	$ (73,531)	$ 342,349
Net income (loss) per share, basic[1]	$ 0.00	$ 1.43	$ 0.18	$ (0.29)	$ 1.32
Net income (loss) per share, diluted[1]	$ 0.00	$ 1.41	$ 0.18	$ (0.28)	$ 1.31

1. GAAP and non-GAAP net income per share are both calculated based upon 258,820 basic and 261,371 diluted weighted-average shares of common stock.
2. Other operating expenses include employer payroll tax-related items on employee stock transactions of $25.1 million and amortization of acquisition-related intangible assets of $21.2 million.
3. 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. For fiscal 2024, the non-GAAP tax rate is 19%.

Reconciliation of GAAP to Non-GAAP Data

Three Months Ended April 30, 2022

(in thousands, except percentages and per share data)	GAAP	Share-Based Compensation Expenses	Other Operating Expenses[2]	Income Tax and Dilution Effects[3]	Non-GAAP
Costs and expenses:					
Costs of subscription services	$ 232,922	$ (26,230)	$ (16,326)	$ —	$ 190,366
Costs of professional services	169,899	(27,584)	(3,899)	—	138,416
Product development	541,509	(153,304)	(13,011)	—	375,194
Sales and marketing	429,301	(59,169)	(14,046)	—	356,086
General and administrative	133,869	(45,219)	(2,613)	—	86,037
Operating income (loss)	(72,843)	311,506	49,895	—	288,558
Operating margin	*(5.1) %*	*21.7 %*	*3.5 %*	— %	*20.1 %*
Other income (expense), net	(20,163)	—	—	—	(20,163)
Income (loss) before provision for (benefit from) income taxes	(93,006)	311,506	49,895	—	268,395
Provision for (benefit from) income taxes	9,167	—	—	41,828	50,995
Net income (loss)	$ (102,173)	$ 311,506	$ 49,895	$ (41,828)	$ 217,400
Net income (loss) per share, basic[1]	$ (0.41)	$ 1.24	$ 0.20	$ (0.17)	$ 0.86
Net income (loss) per share, diluted[1]	$ (0.41)	$ 1.24	$ 0.20	$ (0.20)	$ 0.83

1. GAAP net loss per share is calculated based upon 251,743 basic and diluted weighted-average shares of common stock. Non-GAAP net income per share is calculated based upon 251,743 basic and 263,473 diluted weighted-average shares of common stock. The numerator used to compute non-GAAP diluted net income per share was increased by $1.3 million for after-tax interest expense on our convertible senior notes in accordance with the if-converted method.
2. Other operating expenses include employer payroll tax-related items on employee stock transactions of $28.3 million and amortization of acquisition-related intangible assets of $21.6 million.
3. 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. For fiscal 2023, the non-GAAP tax rate was 19%. Included in the per share amount is a dilution impact of $0.03 from the conversion of GAAP diluted net loss per share to non-GAAP diluted net income per share.

Reconciliation of GAAP to Non-GAAP Data

Year Ended January 31, 2020

(in thousands, except percentages and per share data)	GAAP	Share-Based Compensation Expenses	Other Operating Expenses[2]	Amortization of Debt Discount and Issuance Costs[3]	Income Tax and Dilution Effects[4]	Non-GAAP
Costs and expenses:						
Costs of subscription services	$ 488,513	$ (49,919)	$ (40,326)	$ —	$ —	$ 398,268
Costs of professional services	576,745	(80,401)	(6,440)	—	—	489,904
Product development	1,549,906	(434,188)	(30,684)	—	—	1,085,034
Sales and marketing	1,146,548	(176,758)	(40,774)	—	—	929,016
General and administrative	367,724	(118,614)	(8,592)	—	—	240,518
Operating income (loss)	(502,230)	859,880	126,816	—	—	484,466
Operating margin	*(13.8) %*	*23.7 %*	*3.5 %*	— %	— %	*13.4 %*
Other income (expense), net	19,783	—	—	54,034	—	73,817
Income (loss) before provision for (benefit from) income taxes	(482,447)	859,880	126,816	54,034	—	558,283
Provision for (benefit from) income taxes	(1,773)	—	—	—	96,681	94,908
Net income (loss)	$ (480,674)	$ 859,880	$ 126,816	$ 54,034	$ (96,681)	$ 463,375
Net income (loss) per share, basic[1]	$ (2.12)	$ 3.78	$ 0.56	$ 0.24	$ (0.42)	$ 2.04
Net income (loss) per share, diluted[1]	$ (2.12)	$ 3.78	$ 0.56	$ 0.24	$ (0.58)	$ 1.88

1. GAAP net loss per share is calculated based upon 227,185 basic and diluted weighted-average shares of common stock. Non-GAAP net income per share is calculated based upon 227,185 basic and 247,013 diluted weighted-average shares of common stock.
2. Other operating expenses include amortization of acquisition-related intangible assets of $71.8 million and employer payroll tax-related items on employee stock transactions of $55.0 million.
3. Prior to the adoption of Accounting Standard Update No. 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40),* on February 1, 2021, we were required to separately account for liability (debt) and equity (conversion option) components of the convertible senior notes that were issued in private placements in June 2013 and September 2017. Accordingly, for GAAP purposes we were required to recognize the effective interest expense on our convertible senior notes and amortize the issuance costs over the term of the notes. The difference between the effective interest expense and the contractual interest expense, and the amortization expense of issuance costs were excluded from management's assessment of our operating performance because management believed that these non-cash expenses were not indicative of ongoing operating performance. Management believed that the exclusion of the non-cash interest expense provided investors an enhanced view of Workday's operational performance.
4. 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. For fiscal 2020, the non-GAAP tax rate was 17%. Included in the per share amount is a dilution impact of $0.15 from the conversion of basic and diluted net loss per share to diluted net income per share.

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, and non-GAAP net income (loss) per share. 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, and amortization expense for acquisition-related intangible assets. Non-GAAP 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, and income tax effects.

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.* Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies. Share-based compensation expenses are 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.

About Non-GAAP Financial Measures (cont’d)

- *Other operating expenses*. Other operating expenses includes employer payroll tax-related items on employee stock transactions and amortization of acquisition-related intangible assets. The amount of employer payroll tax-related items on employee stock transactions is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of the business. 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 its related amortization can vary significantly and are unique to each acquisition and thus we do not believe it is reflective of ongoing operations. Although we exclude the amortization of acquisition-related intangible assets from these non-GAAP measures, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.
- *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 share-based compensation and related employer payroll taxes, amortization of acquisition-related intangible assets, and amortization of debt discount and issuance costs. 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 2024 and 2023, 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, based on our ongoing analysis of the 2017 U.S. Tax Cuts and Jobs Act, relevant tax law changes, material changes in the forecasted geographic earnings mix, and any significant acquisitions.

The use of non-GAAP operating income (loss), non-GAAP operating margin, and non-GAAP net income (loss) per share measures have certain limitations as they do not reflect all items of expense 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.

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