



Investor Presentation

Q2 FY26

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: investor.workday.com.

Workday assumes no obligation for, and does not intend to update, any forward-looking statements, except as required by law. 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.

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 restructuring costs.

Workday at a Glance

Workday by the Numbers

\$160B

Market Opportunity¹

\$8.227B 14.7% YoY Growth

Trailing Twelve Month Subscription Revenues²

\$2.511B 28.0% Margin

Trailing Twelve Month Non-GAAP Operating Income^{2,3}

\$2.591B 28.9% Margin

Trailing Twelve Month Operating Cash Flow^{2,3}



Leading AI Platform

For Finance, HR, Planning, Spend Management and Analytics



11,000+ Global Customers

Operating across 175+ Countries



Serving 65%+ of the Fortune 500

Including 70%+ of the top 50 Fortune 500 companies



75M+ Users Under Contract

Generating more than 1 trillion transactions annually⁴



19,500+ 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 7.31.2025

³ Reconciliations of GAAP to Non-GAAP financial data included in the Appendix

⁴ Reflects transaction volume as of fiscal 2025

The Workday Platform



Extensibility and Interoperability

Workday Extend

Workday Integrations

Experience

Natural Language Interactions

Unified Experience

Mobile

Partner Integrations

The Workday Suite

HR



Finance



Planning • Industry Solutions • Analytics

illuminate

Intelligent Data Core

Enterprise LLMs

AI Gateway

Agent System of Record

AI Agents

Core Technology

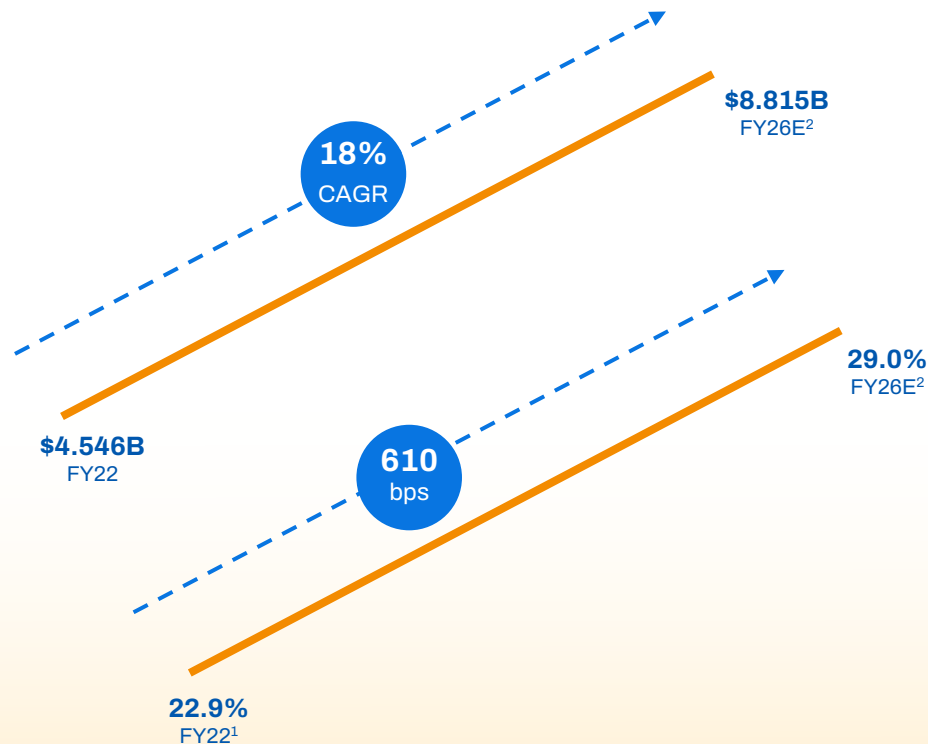
Security

Resiliency

Business Process

Driving Profitable Growth at Scale

Annual
Subscription
Revenues



97%
Gross Revenue
Retention³

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

² As provided on Q2 FY26 Earnings Call on 8.21.2025

³ Refer to Appendix - Other Business Metrics for further details

While Growing Responsibly

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

Industry-leading privacy and security practices, designed to safeguard our customers' data

Putting People First

Skills-Based Organization

Investing in employee growth and development by putting skills at the center of our talent strategy

VIBE®

Value Inclusion & Belonging for Everyone™ by leveraging the unique skills of our people to ignite innovation and build tomorrow's solutions

Investing in Talent and Training

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

Protecting the Planet

Net-Zero Carbon Footprint

Achieved net-zero residual carbon emissions¹ every year since fiscal 2021 and continued matching 100% of the electricity we use at our offices and data centers globally with clean, renewable sources

Commitment to 1.5°C

Science-based targets across all three scopes of emissions

For More Information:

[Sustainability and Reporting with Workday](#)
[Download our 2025 Global Impact Report](#)

¹ All references to “net-zero” encompass Workday emissions from offices, data centers and public cloud, and business travel.

Financial Highlights and Guidance

Q2 FY26 Financial Highlights

	Q2 FY26 Results	Increase (Decrease) YoY
Total Revenues	\$2.348B	12.6%
Subscription Revenues	\$2.169B	14.0%
Total Subscription Revenue Backlog	\$25.37B	17.6%
12-month Subscription Revenue Backlog	\$7.91B	16.4%
GAAP Operating Margin	10.6%	524 bps
Non-GAAP Operating Margin ¹	29.0%	412 bps
Operating Cash Flows	\$616M	7.8%
Free Cash Flows ¹	\$588M	13.9%

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

Q2 FY26 Customer Wins and Expansions



Recent Business Highlights

- Workday welcomed **new customers** including Banamex, Carrefour, Masan Group, Memorial Health, and Red Coats, and **expanded existing relationships** with Google, Nationwide Insurance, Qantas Airways, Randstad, Tokyo Electron, and University of Virginia.
- Workday entered into a definitive agreement to **acquire Paradox**, a candidate experience agent that uses conversational AI to simplify every step of the job application journey, for approximately \$1.0 billion in cash, and **acquired Flowise**, a low-code platform that makes it easy to build AI agents.
- Workday unveiled a **new AI developer toolset** and introduced the **Workday Agent Partner Network**, a global ecosystem of partners building AI agents that will connect with the Workday Agent System of Record.
- Workday launched **Workday Government**, a new subsidiary dedicated to serving the U.S. Government.
- The Workday customer community now represents **more than 75 million** users under contract and **more than 65%** of the Fortune 500.
- **DailyPay was named Workday's strategic partner** for on-demand pay, giving employees easier access to earned wages before payday.
- Workday **grew its presence in India** with an expanded team, including the **appointment of Sunil Jose as President of India**, and a commitment to offer services from a local data center.
- Workday was named a Leader in the **2025 Gartner® Magic Quadrant™ for Cloud-Based ERP for U.S. Local Government**¹.
- Workday VNDLY was named a Leader and Star Performer in **Everest Group's Vendor Management Systems (VMS) PEAK Matrix® Assessment 2025**.
- Workday was named a **Customers' Choice in the 2025 Gartner® Peer Insights™ Voice of the Customer** for Cloud ERP for Service-Centric Enterprises², Financial Planning Software³, and Cloud HCM Suites for 1,000+ Employee Enterprises⁴.

¹ Gartner Magic Quadrant for Cloud-Based ERP for U.S. Local Government, Albert Gauthier, Robert Stoneman, Todd Kimbriel, 19 May 2025

² Gartner Voice of the Customer for Cloud ERP for Service-Centric Enterprises, By Peer Contributors, 23 May 2025

³ Gartner Voice of the Customer for Financial Planning Software, By Peer Contributors, 30 May 2025

⁴ Gartner Voice of the Customer for Cloud HCM Suites for 1,000+ Employee Enterprises, By Peer Contributors, 23 May 2025

Guidance Summary

Q3 FY26	Quarterly Guidance	Increase (Decrease) YoY
Total Revenues	\$2.415B	12%
Subscription Revenues	\$2.235B	14%
12-month Subscription Revenue Backlog	n/a	15% - 16%
Non-GAAP Operating Margin	28.0%	168 bps
GAAP Operating Margin	~17 points lower than non-GAAP	n/a
Full Year FY26	Full Year Guidance	Increase (Decrease) YoY
Total Revenues	\$9.515B	13%
Subscription Revenues	\$8.815B	14%
Non-GAAP Operating Margin	29.0%	312 bps
GAAP Operating Margin	~21 points lower than non-GAAP	n/a
Non-GAAP Tax Rate	19%	n/a
Operating Cash Flows	\$2.850B	16%
Capital Expenditures	\$200M	(26)%

Appendix

Reconciliations of GAAP to Non-GAAP Data

(in millions, except percentages and per share data)	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Non-GAAP operating income				
Operating income	\$ 248	\$ 111	\$ 287	\$ 175
Share-based compensation expense ⁽¹⁾	391	370	809	755
Employer payroll tax-related items on employee stock transactions ⁽¹⁾	12	10	39	48
Amortization of acquisition-related intangible assets	21	20	42	37
Acquisition-related costs	7	6	14	10
Restructuring costs ⁽²⁾	1	1	167	8
Non-GAAP operating income	\$ 680	\$ 518	\$ 1,358	\$ 1,033
Non-GAAP operating margin ⁽³⁾				
Operating margin	10.6 %	5.3 %	6.3 %	4.3 %
Share-based compensation expense ⁽¹⁾	16.7 %	17.7 %	17.6 %	18.5 %
Employer payroll tax-related items on employee stock transactions ⁽¹⁾	0.5 %	0.6 %	0.8 %	1.2 %
Amortization of acquisition-related intangible assets	0.9 %	1.0 %	0.9 %	1.0 %
Acquisition-related costs	0.3 %	0.3 %	0.3 %	0.2 %
Restructuring costs ⁽²⁾	0.0 %	0.0 %	3.7 %	0.2 %
Non-GAAP operating margin	29.0 %	24.9 %	29.6 %	25.4 %

Reconciliations of GAAP to Non-GAAP Data (cont'd)

(in millions, except percentages and per share data)	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Non-GAAP diluted net income per share ⁽³⁾⁽⁴⁾				
Diluted net income per share	\$ 0.84	\$ 0.49	\$ 1.09	\$ 0.89
Share-based compensation expense ⁽¹⁾	1.45	1.38	2.99	2.80
Employer payroll tax-related items on employee stock transactions ⁽¹⁾	0.04	0.04	0.14	0.18
Amortization of acquisition-related intangible assets	0.08	0.07	0.15	0.14
Acquisition-related costs	0.03	0.02	0.05	0.04
Restructuring costs ⁽²⁾	0.00	0.00	0.62	0.03
Losses (gains) on strategic investments, net	0.01	0.01	0.01	0.04
Income tax effects	(0.24)	(0.26)	(0.61)	(0.63)
Non-GAAP diluted net income per share	\$ 2.21	\$ 1.75	\$ 4.44	\$ 3.49

¹ The Share-based compensation expense and Employer payroll tax-related items on employee stock transactions lines in the GAAP to non-GAAP reconciliation tables above exclude \$42 million and \$2 million, respectively, related to restructuring initiatives for the six months ended July 31, 2025. These expenses are included in the Restructuring costs lines.

² In February 2025, Workday announced a restructuring plan ("Fiscal 2026 Restructuring Plan") intended to prioritize its investments and continue advancing its ongoing focus on durable growth. The plan reduced Workday's workforce by approximately 7.5%. In connection with the plan, Workday has exited certain owned office space. During the six months ended July 31, 2025, Workday recorded expenses of \$133 million for employee transition, severance payments, employee benefits, and share-based compensation expense, and \$34 million related to an impairment of office space under the Fiscal 2026 Restructuring Plan. During the six months ended July 31, 2024, Workday recorded exit charges of \$8 million associated with office space reductions under a separate restructuring plan.

³ Operating margin and diluted net income per share are calculated using unrounded data.

⁴ For the three months ended July 31, 2025, GAAP and non-GAAP diluted net income per share were calculated based upon 270,180 diluted weighted-average shares of common stock. For the three months ended July 31, 2024, GAAP and non-GAAP diluted net income per share were calculated based upon 267,949 diluted weighted-average shares of common stock. For the six months ended July 31, 2025, GAAP and non-GAAP diluted net income per share were calculated based upon 270,240 diluted weighted-average shares of common stock. For the six months ended July 31, 2024, GAAP and non-GAAP diluted net income per share were calculated based upon 269,128 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, 2022
Non-GAAP operating margin⁽¹⁾		
Operating margin		(2.3) %
Share-based compensation expense		21.6 %
Employer payroll tax-related items on employee stock transactions		1.5 %
Amortization of acquisition-related intangible assets		1.5 %
Acquisition-related costs		0.6 %
Non-GAAP operating margin		22.9 %

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

Reconciliations of GAAP to Non-GAAP Data

Cash from Operations to Free Cash Flows

(in millions)	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 616	\$ 571	\$ 1,073	\$ 943
Less: Capital expenditures	(28)	(55)	(64)	(136)
Free cash flows	\$ 588	\$ 516	\$ 1,009	\$ 807

Supplemental Financial Information

(in millions)	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
<u>Share-based compensation expense ⁽¹⁾</u>				
Costs and expenses:				
Costs of subscription services	\$ 39	\$ 35	\$ 81	\$ 73
Costs of professional services	28	28	58	59
Product development	170	163	353	336
Sales and marketing	84	77	177	149
General and administrative	70	67	140	138
Restructuring	0	0	0	0
Total share-based compensation expense	\$ 391	\$ 370	\$ 809	\$ 755
<u>Employer payroll tax-related items on employee stock transactions</u>				
Costs and expenses:				
Costs of subscription services	\$ 1	\$ 1	\$ 4	\$ 4
Costs of professional services	1	1	4	5
Product development	4	4	16	21
Sales and marketing	4	3	10	12
General and administrative	2	1	5	6
Restructuring	0	0	0	0
Total employer payroll tax-related items on employee stock transactions	\$ 12	\$ 10	\$ 39	\$ 48
<u>Amortization of acquisition-related intangible assets</u>				
Costs and expenses:				
Costs of subscription services	\$ 12	\$ 12	\$ 25	\$ 21
Costs of professional services	0	0	0	0
Product development	1	0	0	0
Sales and marketing	8	8	17	16
General and administrative	0	0	0	0
Restructuring	0	0	0	0
Total amortization of acquisition-related intangible assets	\$ 21	\$ 20	\$ 42	\$ 37

Supplemental Financial Information (cont'd)

(in millions)	Three Months Ended July 31,		Six Months Ended July 31,	
	2025	2024	2025	2024
Acquisition-related costs				
Costs and expenses:				
Costs of subscription services	\$ 0	\$ 0	\$ 0	\$ 0
Costs of professional services	0	0	0	0
Product development	4	3	7	5
Sales and marketing	0	0	0	0
General and administrative	3	3	7	5
Restructuring	0	0	0	0
Total acquisition-related costs	\$ 7	\$ 6	\$ 14	\$ 10
Restructuring 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	0	0
Restructuring	1	1	167	8
Total restructuring costs	\$ 1	\$ 1	\$ 167	\$ 8

¹ Share-based compensation expense and Employer payroll tax-related items on employee stock transactions lines in the Supplemental Financial Information table above exclude \$42 million and \$2 million, respectively, related to restructuring initiatives for the six months ended July 31, 2025.

About Non-GAAP Financial Measures

To provide investors and others with additional information regarding Workday's results, the following non-GAAP financial measures are disclosed: non-GAAP operating income, non-GAAP operating margin, non-GAAP diluted net income per share, and free cash flows. Workday has provided a reconciliation of each non-GAAP financial measure used in this presentation to the most directly comparable GAAP financial measure. Non-GAAP operating income and non-GAAP operating margin differ from GAAP in that they exclude share-based compensation expense, employer payroll tax-related items on employee stock transactions, amortization expense for acquisition-related intangible assets, acquisition-related costs, and restructuring costs. Non-GAAP diluted net income per share differs from GAAP in that it excludes share-based compensation expense, employer payroll tax-related items on employee stock transactions, amortization expense for acquisition-related intangible assets, acquisition-related costs, restructuring 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 expense.* Share-based compensation primarily consists of non-cash expenses for employee restricted stock units and our employee stock purchase plan. 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 expense is 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 expense has on our operating results. Similar to share-based compensation expense, 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.
- *Restructuring costs.* Restructuring costs are associated with a formal restructuring plan and are primarily related to workforce reductions, the closure of facilities, and other exit and disposal activities. 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 2026 and 2025, 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 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.

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