

Q4 FY26 Investor Prepared Remarks

March 17, 2026

Allan Thygesen, CEO

Blake Grayson, CFO

These prepared remarks should only be viewed together with this quarter's earnings webcast and press release. The webcast includes these prepared remarks and a question and answer session. To access the webcast of the executive comments and Q&A session, please visit the IR section of our website at investor.docuSign.com. A reconciliation of GAAP to non-GAAP financial measures is provided in the tables at the end of this document.

Disclosures

Safe Harbor

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our management's beliefs and assumptions and on information currently available to management, and which statements involve substantial risk and uncertainties. All statements contained in this document other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, market growth and trends, objectives for future operations, and the impact of such assumptions on our financial condition and results of operations are forward-looking statements. Forward-looking statements in this document also include, among other things, statements on pages titled "Guidance" and "Modeling Considerations" and any other statements about expected financial metrics, such as revenue, annual recurring revenue, free cash flow, non-GAAP gross margin, non-GAAP operating margin, non-GAAP diluted weighted-average shares outstanding, and non-financial metrics, as well as statements related to our expectations regarding: the impact of foreign exchange rates; the timing and extent of customer renewals; the effectiveness of changes to our sales force and go-to-market strategy; the effects of seasonality; the timing and impact of our cloud migration transition; the benefits, the timing or rollout of future products and capabilities; the evolution, customer demand, and adoption of the DocuSign Intelligent Agreement Management ("IAM") platform; and our utilization of our stock repurchase program, including the expected timing, duration, volume and nature of share repurchase under such program. 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," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

Forward-looking statements contained in this document include, but are not limited to, statements about: our expectations regarding global macro-economic conditions, including the effects of inflation, volatile interest rates or foreign exchange rates, and market volatility on the global economy; our inability to accurately estimate our market opportunity; our ability to compete effectively in an evolving and competitive market; the impact of any interruptions or delays in performance of our technical infrastructure, or data breaches, cyberattacks or other fraudulent or malicious activity attempting to exploit our technology systems, platform or brand name; our ability to effectively sustain and manage our growth and future expenses and maintain or increase profitability; our ability to attract new customers and retain and expand our existing customer base, including our ability to attract large organizations as users; our ability to scale and update our platform to respond to customers' needs and rapid technological change, including our ability to successfully incorporate artificial intelligence into our existing and future products and to successfully deploy them; our ability to successfully develop, launch and sell IAM solutions;

our ability to expand use cases within existing customers and vertical solutions; our ability to expand our operations and increase adoption of our platform internationally; our ability to strengthen and foster our relationships with developers; our ability to retain our direct sales force, customer success team and strategic partnerships around the world; our ability to identify targets for and execute potential acquisitions and to successfully integrate and realize the anticipated benefits of such acquisitions; our ability to maintain, protect and enhance our brand; the sufficiency of our cash, cash equivalents and capital resources to satisfy our liquidity needs; limitations on us due to obligations we have under our credit facility; our ability to realize the anticipated benefits of our stock repurchase program; our failure or the failure of our software to comply with applicable industry standards, laws and regulations; our ability to maintain, protect and enhance our intellectual property; our ability to successfully defend litigation against us; our ability to maintain our corporate culture; our ability to offer high-quality customer support; our ability to hire, retain and motivate qualified personnel, including executive level management; our ability to successfully manage and integrate executive management transitions; uncertainties regarding the impact of general economic and market conditions, including as a result of geopolitical conflict or changes in trade policies and practices; and our ability to maintain proper and effective internal controls.

Additional risks and uncertainties that could affect our financial results are included in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended January 31, 2025, filed on March 18, 2025, our quarterly report on Form 10-Q for the quarter ended October 31, 2025, filed on December 5, 2025 with the Securities and Exchange Commission (the "SEC"), and other filings that we make from time to time with the SEC. The forward-looking statements made in this document relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date of this document or to conform such statements to actual results or revised expectations, except as required by law.

Non-GAAP Financial Measures and Other Key Metrics

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly-titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We present these non-GAAP measures to assist investors in seeing our financial performance using a management view, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. However, these non-GAAP measures are not intended to be considered in isolation from, a substitute for, or superior to our GAAP results.

Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income and non-GAAP net income per share: We define these non-GAAP financial measures as the respective GAAP measures, excluding expenses related to stock-based compensation, employer payroll tax on employee stock transactions, amortization of acquisition-related intangibles, acquisition-related expenses, restructuring and other related charges, and, as applicable, other special items. 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. When evaluating the performance of our business and making operating plans, we do not consider these items (for example, when considering the impact of equity award grants, we place a greater emphasis on overall stockholder dilution rather than the accounting charges associated with such grants). We believe it is useful to exclude these expenses in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies and over multiple periods. In addition to these exclusions, we subtract an assumed provision for income taxes to calculate non-GAAP net income. 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. We have determined the projected non-GAAP tax rate to be 20% for fiscal 2025 and 21% for fiscal 2026 due to the impact of the One Big Beautiful Bill Act.

Free cash flow: We define free cash flow as net cash provided by operating activities less purchases of property and equipment. We believe free cash flow is an important liquidity measure of the cash that is available (if any), after purchases of property and equipment, for operational expenses, investment in our business, and to make acquisitions. Free cash flow is useful to investors as a liquidity measure because it measures our ability to generate or use cash in excess of our capital investments in property and equipment. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth.

Billings: We define billings as total revenues plus the change in our contract liabilities and refund liability less contract assets and unbilled accounts receivable in a given period. Billings reflects sales to new customers plus subscription renewals and additional sales to existing customers. Only amounts invoiced to a customer in a given period are included in billings. We considered billings to measure our periodic performance, when taking into consideration the timing aspects of customer renewals, which represent a large component of our business. Given that most of our customers pay in annual installments one year in advance, but we typically recognize a majority of the related revenue ratably over time, we used billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers. Beginning in the first fiscal quarter of 2027, we will no longer report or guide to billings.

Annual Recurring Revenue: We calculate Annual Recurring Revenue ("ARR") as the annualized value of active customer contracts as of the measurement date. This calculation assumes that any contract expiring within the next 12 months renews on its existing terms, and excludes non-recurring revenue streams recognized at a point in time. When evaluating ARR on a product basis for contracts spanning multiple product lines, we allocate the support contract value to each product offering based on its proportional share of the total contract value. To annualize contracts, we divide the total committed contract value by the number of months in the subscription term and multiply by twelve. For international contracts denominated in foreign currencies, ARR is translated into U.S. dollars using a fixed exchange rate set at the beginning of each fiscal year. We adjust previously reported ARR annually to reflect these exchange rate changes for comparative purposes. We believe ARR measures our business performance and serves as a leading indicator of future revenue growth. ARR is an operating metric and should be viewed independently of revenue, deferred revenue, and remaining performance obligations; it does not represent revenue under U.S. GAAP on an annual basis.

For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure, please see "Reconciliation of GAAP to Non-GAAP Financial Measures" at the end of this document.



Allan Thygesen
CEO

Introduction

In Fiscal 2026, Docusign's AI-native Intelligent Agreement Management (IAM) platform established clear market leadership as the agreement system of action for companies of all sizes. After just 18 months, IAM customers are generating over \$350 million in ARR, and delivering strong retention and expansion. We're proud of the improvements in product, go-to-market, and operational execution over the past three years that have led us to this inflection point. We are positioned to begin accelerating the business.

Fiscal 2026 was defined by consistent execution, positioning us for durable, long-term growth. In Q4, revenue was \$837 million, up 8% year-over-year, while billings exceeded \$1 billion for the first time, growing 10% year-over-year. ARR ended at \$3.3 billion, up 8% year-over-year. IAM represented 11% of ARR.

Fiscal 2026 was our first year with Non-GAAP operating margins over 30% and free cash flow over \$1 billion. In Fiscal 2027, we expect to maintain operating margins at a similar level as we reinvest go-to-market efficiencies

into increased R&D investment to accelerate our roadmap. We will also leverage strong cash flow generation to support our repurchase program, which we have expanded to \$2.6 billion.

In Fiscal 2027, we are focused on two priorities to grow IAM:

- First, helping customers automate workflows and drive business results.
- Second, expanding our AI data and innovation advantage.

IAM: Workflows & Results for Customers

IAM is an AI-native end-to-end platform that transforms how customers manage agreements across every part of an organization. In the front office, sales workflows connect to legal, finance, and operations teams, while also integrating with CRM platforms – enabling customers to close deals faster, deliver a better customer experience, and gain meaningful topline benefits. In the back office, IAM's extraction and analysis capabilities enable a CFO in procurement use cases or a General Counsel in legal use cases to better manage vendor relationships and gain previously unattainable insights into the business across hundreds of thousands of documents – using IAM as a system of action.

[Aon](#), a leading global professional services firm, is implementing Docusign's Intelligent Agreement Management to surface intelligence buried in its legacy agreements and deliver it through Aon's Meridian capability, equipping colleagues with the clarity they need to serve clients more effectively.

[Bank of Queensland](#) signed a three-year strategic agreement and upgraded to IAM through the [Microsoft Azure Marketplace](#). By leveraging our global partnership, BOQ will accelerate its digital transformation, streamline agreement workflows to reduce their cost-to-serve, improve speed to market, and strengthen regulatory controls through deeper Microsoft integration.

IAM is now the center of gravity across our direct sales, partner, and product-led growth motions. Building on significant commercial momentum, in Fiscal 2027 we will scale IAM with enterprises by adding a top-down C-suite-focused sales motion. We are launching IAM consumption-based subscription pricing in Q1. Our partner channel is increasingly emphasizing IAM, and made an improved contribution to our direct business in Q4, with total partner-contributed bookings growing by over 30% year-over-year.

Our product strategy is also focused on delivering more use-case value across organizations and enterprises. In Fiscal 2027, IAM will cover more surface area for our customers by introducing new IAM SKUs for specific functions within companies, including IAM for HR and Procurement. We are also building richer agentic tools for

legal teams. This complements existing SKUs for Sales and Customer Experience (CX). We will continue to strengthen trust and compliance functionality through deeper permissioning, access management, and auditing, as well as expanded IAM extensibility to more enterprise-focused third-party public and private applications.

Recently launched AI-powered tools bolster IAM's workflow capabilities. [Agreement Desk](#), [Agreement Preparation](#), and [AI-Assisted Review](#) streamline agreement creation. [Workspaces](#) and [Identity Verification](#) speed up secure agreement commitment. And [Custom Extractions](#) and [SCIM for Docusign](#) deliver sophisticated, scalable capabilities that enterprise customers require. You can see these in action in our demo videos found in page 8 of this document.

The AON logo is displayed in a large, bold, red sans-serif font. It is positioned on the right side of the page, above a quote. A thin blue vertical line is located to the left of the logo.

“Docusign’s Smart Document Repository with AI-based automated metadata extraction enables us to bridge the gap between our historical data and delivering insights for clients. It’s an example of how Aon is leveraging AI to turn information into a competitive advantage.”

Mindy Simon
Chief Operating Officer

eSignature remains a thriving part of our platform vision. In Q4 [we added AI capabilities to eSignature](#) that make every step of the signing process smarter and more trustworthy. We continue to see consistent year-over-year growth in the eSignature base, especially among customers spending \$300,000 or more per year. Q4 envelope consumption once again increased year-over-year at near multi-year highs, while growth in envelopes sent remains healthy and consistent. Our focus on improving sales engagement and reducing customer friction delivered year-over-year improvements in gross and dollar net retention.

AI Data & Innovation Advantage

Three years ago, we recognized that AI would transform how agreements are managed, and we began building the AI-native platform that became IAM. We believed that agreement management was a natural extension of DocuSign's business, and that we had unique competitive advantages. These include a deep understanding of customer agreement workflows and context; a large ecosystem with more than 1,100 integrations; market-leading security and compliance; and customer trust and distribution relationships built over decades with companies around the world.

Our AI-data advantage continues to grow as customers invest in IAM. Today, the number of private, consented agreements ingested has expanded to more than 200 million agreements in [DocuSign Navigator](#), our intelligent repository, up from 150 million in December. AI search leader [Elastic](#) is deploying Navigator to automate contract workflows across the business, while fintech leader [Clasp](#) is leveraging Navigator and our suite of app extensions to automate agreement workflows and centralize its contract data.

DocuSign AI models draw upon an enormous, unmatched body of agreement data gathered over two decades. By leveraging our customer-consented library of private contracts, we believe we can achieve up to a 15% point improvement in precision and recall compared to our models trained on public contract data, while operating at incredible cost efficiency. We've optimized AI processing costs by upwards of 50x compared to running direct prompts on LLMs.

We further extend our AI advantage by directly integrating with the leading AI providers. Last month, we [partnered directly with Anthropic](#) to make IAM available as part of Claude Cowork ([press release](#) | [video demo](#)). The DocuSign MCP connector is available in beta today through



“The next phase for us at ING is to think about how DocuSign can further support our team and streamline our operational processes, so that we can continue to raise the bar for our brokers and our customers.”

Tehani Rupasinghe

Acquisition Lead for Mortgages

Anthropic's Connectors Directory. It enables DocuSign customers to use Cowork's natural language prompts to automate agreement workflows and securely create, review, send, and manage agreements in IAM, all with DocuSign's trusted security and access controls. In addition to Cowork, IAM also connects via MCP server to OpenAI's ChatGPT, Google Gemini, GitHub Copilot, Copilot Studio, and Salesforce's Agentforce.

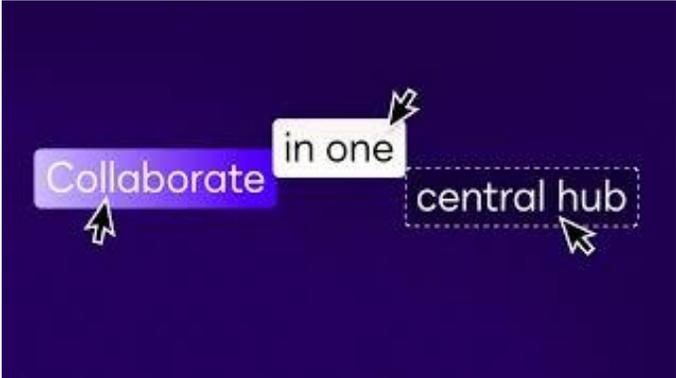
IAM's ability to integrate with customer workflows and third-party applications delivers significant value to our customers. Leading venture-backed fintech company [Vestwell](#) connected IAM to its CRM and reduced the time required to create a new customer agreement package

from 75 minutes to 5 minutes. [Move Forward Financial](#), a real estate lender, is saving money and delivering a better customer experience by using IAM for Sales. [Payworks](#), a Canadian developer of workforce management software, increased 24-hour contract completion rates from 55% to 87%, and recovered more than \$400,000 in annual sales representative productivity by integrating IAM workflows with a complex Salesforce implementation.

Inside DocuSign, we're adopting AI across the organization, deploying new tools and enablement programs to boost productivity and gain efficiencies. The vast majority of our engineering organization is developing with AI, and 60% of new code is AI-assisted.

In closing, we're proud of the immense value IAM delivers to customers by enabling them to build sophisticated and efficient agreement workflows and unlock the power of the data in their agreements. DocuSign IAM has emerged as the category-leading agreement management platform, and puts DocuSign at the leading edge of AI innovation. I want to thank the entire DocuSign team for their dedication to helping our customers move faster, grow their businesses, and operate more efficiently, all while transforming DocuSign into a durable, long-term growth business.

Demo Videos



Q4 Launch Demo

Agreement Desk, Agreement Prep, AI-Assisted Review, Maestro

IAM Demo

Navigator, Maestro, and App Center



Claude Cowork Demo

MCP Integration with Claude Cowork



Blake Grayson
CFO

Introduction

Fiscal 2026 represented a critical year for DocuSign as we continued our transformation, leveraging our recognized leading position amongst the world's most trusted software companies to help customers realize value from their full repository of agreements through IAM. With 1.8 million customers, representing most large enterprises, mid-market companies, and over 1.5 million small businesses, we are in a unique position to provide the insights, productivity, and velocity companies need to improve their performance, particularly via leveraging AI.

Fiscal 2026 was both our first full year integrating IAM into our business as our primary growth driver and our first year generating over \$1 billion in free cash flow. We are proud of the progress we've made over the past three years and aspire to even greater gains in the future.

Q4 FY26 Business Performance

Q4 total revenue was \$837 million, and subscription revenue was \$819 million, both up 8% year-over-year. For the full-year Fiscal 2026, total revenue was \$3.2 billion, up 8% year-over-year, and subscription revenue was also \$3.2 billion, up 9% year-over-year. Revenue in Q4 and for the full year benefited from approximately 80 basis points and 20 basis points year-over-year, respectively, from foreign exchange rates. Additionally, as discussed in prior quarters, Fiscal 2026 revenue also had a slight tailwind from digital add-ons that launched in late Fiscal 2025.

Our annual recurring revenue, or ARR, grew 8% year-over-year in Fiscal 2026 to nearly \$3.3 billion. This is consistent with our Fiscal 2025 ARR growth rate of 8% year-over-year. ARR growth this year was driven by accelerating gross new bookings, primarily from IAM customers, as well as gross retention improvements. Our ARR growth in Fiscal 2025 was driven predominantly by gross retention as we made sizable gains that year. We're excited about the opportunity to accelerate our ARR growth in Fiscal 2027 as we continue to become an even more valuable partner to our customers. As a reminder, and as detailed in our filings, ARR is calculated using fixed exchange rates set at the start of the fiscal year.

Billings for Q4 were up 10% year-over-year, and exceeded \$1 billion for the first time in DocuSign's history. Approximately half of the Q4 billings outperformance relative to our guidance was driven by timing, with the remainder from FX and bookings. For the full-year Fiscal 2026, billings were \$3.4 billion, also up 10% year-over-year. Billings in Q4 and for the full year benefited by approximately 2.3% and 1.1% year-over-year, respectively, from foreign exchange rates.

As a reminder, this quarter will be the last time we report on billings as a topline metric as we shift to discussing ARR going forward. Please see slide 29 in our Q4 earnings deck for a full summary of our topline metrics changes.

The underlying foundation of our business remains durable and healthy. Our dollar net retention rate, or DNR, was 102% in Q4, up from 101% in the prior year, showing moderate sequential improvement over the last six quarters. Both consumption, a measure of envelope utilization, and the volume of envelopes sent in Q4 continued to improve year-over-year, with consumption remaining near multi-year highs across customer segments and verticals.



“We selected DocuSign IAM to create a centralized, trusted system for managing executed agreements across the business. By creating a single system of record, we can reduce compliance risk while automating the proactive management of renewals, obligations, and key contract milestones.”

Carolyn Herzog
Chief Legal Officer

We are seeing continued strong adoption of our IAM platform. In Q4, and after just over 18 months from launch, IAM represented over \$350 million in ARR, or 10.8% of total company ARR, up from 2.3% at the end of Fiscal 2025.

Although still early, our first IAM renewal cohorts are performing better than the company average, and we continue to see adoption rates for IAM features climb as users engage with the platform's expanding functionality.

In Q4, total customers grew 9% year-over-year to over 1.8 million. We ended the quarter with 1,205 customers spending over \$300K annually, a 7% increase year-over-year. International revenue surpassed 30% of total revenue in Q4 and grew 15% year-over-year.

Our commitment to operating efficiency delivered strong profitability for the quarter and Fiscal 2026.

Non-GAAP gross margin for Q4 was 81.8%, down 50 basis points from the prior year, due to ongoing costs associated with our cloud infrastructure migration, as discussed throughout the year. For Fiscal 2026, non-GAAP gross margin was 82.0%, down 20 basis points on a year-over-year basis, a better result than the anticipated full percentage point of headwind in our initial Fiscal 2026 guidance, as higher revenue partially offset the cloud migration impact.

Non-GAAP operating income for Q4 was \$247 million, up 10% year-over-year. Operating margin was 29.5%, up 70 basis points versus last year. For the full year, non-GAAP operating income was \$968 million, up 9% year-over-year, with full year operating margin reaching 30% in the fiscal year for the first time in our company's history, representing a 30 basis point increase year-over-year.

We ended Fiscal 2026 with 7,044 employees, up modestly from 6,838 a year ago, as we continued to invest deliberately in roles focused on growing the IAM platform. While we are hiring across all of our global offices, the vast majority of our net new headcount growth has come from, and we expect will continue to be, in lower-cost locations.

Also in Fiscal 2026, we delivered our first year with over \$1 billion of free cash flow, a 33% margin, compared to 31% a year prior. In Q4, we generated \$350 million of free cash flow, representing 25% year-over-year growth and a 42% margin. Strength in Q4 was driven primarily by improved collections efficiency, as well as higher billings seasonality and the timing of billings.

Our balance sheet remains strong. We ended the quarter with approximately \$1.1 billion of cash, cash equivalents, and investments. We have no debt on the balance sheet.

In Q4, we also increased our buyback activity, repurchasing \$269 million in shares. This was our largest quarterly dollar buyback to date. For the full year Fiscal 2026, we repurchased \$869 million in stock, representing 82% of our annual free cash flow. When including the additional funds used to offset taxes due on RSU vesting, this rate is slightly over 100% for the year. In Q4, we established a 10b5-1 program to repurchase shares before the open window, rather than our typical buybacks that coincide with open trading windows after earnings. This mechanism extends the potential timeframe for share buybacks, and we have already repurchased \$158 million to date in Q1. In addition, today we announced a \$2 billion increase to our repurchase program, bringing our total remaining authorization to \$2.6 billion. Our focus continues to be on improving free cash flow generation and redeploying excess capital opportunistically to shareholders.



“With over a thousand new clients a month, we’re in a spot where if we hadn’t put this solution in place, I don’t know if we could have scaled the way we have. Before DocuSign getting an agreement out the door was like walking through a maze. Now it’s a clear path.”

Jonathan Mark
Chief Operating Officer

Non-GAAP diluted EPS for Q4 was \$1.01, a \$0.15 per share improvement from \$0.86 last year. GAAP diluted EPS for Q4 was \$0.44 vs. \$0.39 last year. For Fiscal 2026, non-GAAP diluted EPS was \$3.84, vs. \$3.55 in Fiscal 2025, and GAAP diluted EPS was \$1.48 vs. \$5.08 last year. As a reminder, GAAP earnings in Fiscal 2025 were positively impacted by the tax valuation allowance release that year.

In Q4 and Fiscal 2026, the buyback program contributed to reducing our share count. Diluted weighted average shares outstanding for Q4 were 204.7 million, a decrease from 214.5 million last year. Basic weighted average shares outstanding for Q4 decreased by 2.8 million year-over-year to 200.5 million from 203.3 million total shares.

Payworks

“Payworks, a leader in delivering payroll and HR solutions paired with the industry's best service to Canadian employers, partnered with DocuSign to push the boundaries of CRM integration, transforming contract and customer intake processes through embedded automated workflows, and delivering measurable improvements in speed, consistency, and customer experience.”

Maureen Kinnear
Chief Technology Officer

Guidance

For ARR, we anticipate accelerating growth in Fiscal 2027 compared to the prior year. We expect a year-over-year growth rate range of 8.25% to 8.75%, or an 8.5% year-over-year increase to \$3.551 billion at the midpoint at the end of Q4 Fiscal 2027. We expect growth to be driven by gross new bookings, primarily from both new and expanding IAM customers, as well as by gross retention improvements vs Fiscal 2026. Related to this, we expect another year of modest improvement in DNR.

We expect IAM to represent approximately 18% of our total ARR at the end of Q4 Fiscal 2027, driving IAM to well over \$600 million in ARR by the end of this year.

This is our first year guiding to ARR, and I want to provide some context on our philosophy and approach around it. Our guidance represents our current best estimates for both total ARR and IAM's trajectory based on the business data and bookings forecast available today. Therefore, we intend to only revise our ARR forecasts as our underlying bookings expectations evolve for the entire year, and not necessarily on a quarterly basis. As you are aware, our bookings are seasonally weighted more heavily to the second half of the year, in particular Q4, which is typically our strongest quarter. As a result, updating our full year ARR forecast will depend on our visibility later into the year, which will take time to achieve.

For total revenue in the first quarter and Fiscal Year 2027, we expect \$822 million to \$826 million in Q1 or an 8% year-over-year increase at the midpoint, and \$3.484 billion to \$3.496 billion for Fiscal 2027 or an 8% year-over-year increase at the midpoint. After adjusting for impacts from FX and the moderate tailwinds from digital add-ons in Fiscal 2026, revenue growth is in line with the prior year.

Beginning Fiscal Year 2027, we will only guide to total revenue, given that subscription revenue has now become the vast majority of our recognized revenue base, specifically 98% of our revenue in Fiscal 2026. We will

continue to report the breakdown between subscription and professional services & other revenue in the footnotes of our SEC filings, based on materiality thresholds.

For profitability, we expect non-GAAP gross margin to be between 80.8% to 81.2% for Q1, and between 81.5% to 82.0% for Fiscal 2027.

We expect non-GAAP operating margin to reach 29.0% to 29.5% for Q1 and 30.0% to 30.5% for Fiscal 2027. Our Fiscal 2027 operating margin guidance reflects a similar level of margin expansion as we saw in Fiscal 2026.

We expect non-GAAP fully diluted weighted average shares outstanding of 196 million to 201 million for Q1 and 190 million to 195 million for Fiscal 2027, a meaningful reduction from the prior year, as we expect that our buyback activity will more than offset dilution.

For detailed commentary on top and bottom line factors to guidance, please see the "*Modeling Considerations*" appendix of this document.

The logo for Clasp, featuring the word "clasp" in a lowercase, blue, sans-serif font.

“By using DocuSign's AI-powered repository, Clasp has significantly streamlined the user experience for students enrolling in loan repayment programs with their future employers - saving time and money as we scale.”

Tess Michaels
Chief Executive Officer

In closing, Fiscal 2026 was defined by the successful global rollout of IAM and our continued commitment to business fundamentals and improving efficiencies while redeploying excess capital to shareholders. As we look toward Fiscal 2027, we remain focused on leveraging efficiency gains to drive product innovation and ultimately accelerating ARR growth, delivering the long term improvements that our customers, shareholders, and employees will be proud of.

Appendix

Modeling Considerations

Please refer to the guidance section in the CFO Prepared Remarks for context on topline and profitability guidance for Fiscal 2027 and Q1 2027. In addition, please note the following modeling considerations.

Topline:

- **IAM:** We expect that IAM will represent approximately 18% of total ARR exiting Q4 of Fiscal 2027, up from 10.8% of total ARR exiting Q4 of Fiscal 2026.
- **Digital Add-On Impact:** For total revenue, we expect approximately 1.6% point and 1.2% point year-over-year headwind for Q1 and for Fiscal 2027, due to lapping the year-over-year contribution of greater digital add-on revenue in Fiscal 2026. As you recall, this was a benefit to our digital growth beginning in late Fiscal 2025 as part of improving our PLG experience for customers.
- **Foreign Exchange Rates (F/X) Growth Impact:** For revenue in Q1 and full-year Fiscal 2027, we expect approximately 1.6% point and 1.4% point year-over-year tailwinds, respectively, from the impact of foreign exchange rates, as of the January 31st fiscal-year end. As a reminder, and as detailed in our filings, ARR is calculated using fixed exchange rates set at the start of the fiscal year.

Profitability:

- **Non-GAAP Gross Margin:**
 - **Cloud Migration Impact:** Fiscal 2026 represented the peak of our migration expenses, and we expect these costs to ease in Fiscal 2027 and beyond. As a result, we anticipate gross margins to remain approximately flat on a year-over-year basis for Fiscal 2027. We expect gross margins in the second-half to be higher than the first-half due to the timing of the cloud migration costs, impacting Q1 in particular.
- **Non-GAAP Operating Margin:**
 - **Fiscal 2027:** We expect operating margins to improve modestly on a full-year basis, as sales and marketing efficiency gains help operating expenses grow more slowly than revenue.
 - **S&M:** We expect sales & marketing expenses to decrease slightly as a percentage of revenue in Fiscal 2027, and we will re-invest some of the efficiencies gained into slightly increasing R&D as a percentage of revenue to further accelerate our IAM platform roadmap.
 - **Seasonality:** We anticipate a sequential step-down in operating margins in Q2, driven primarily by the timing of our Momentum user conference shifting to Q2 from Q1.
- **Free Cash Flow (FCF) Margin:**
 - **Q1:** We expect FCF margins in Q1 to be slightly lower than our operating margins due to payroll timing.
 - **Fiscal 2027:** We continue to expect the relationship between full-year free cash flow margin and Non-GAAP operating margin to be similar to that in Fiscal 2026.
- **Non-GAAP Fully Diluted Weighted Average Shares Outstanding:** We expect non-GAAP fully diluted weighted average shares outstanding of 196 million to 201 million for Q1 and 190 million to 195 million for Fiscal 2027.

Reconciliation of GAAP to Non-GAAP Financial Measures

GAAP to Non-GAAP gross profit reconciliation

Gross Profit (\$ in thousands)	Three Months Ended January 31,		Year Ended January 31,	
	2026	2025	2026	2025
GAAP gross profit	667,076	616,041	2,556,438	2,355,080
Add: Stock-based compensation	17,891	17,886	72,397	76,987
Add: Amortization of acquisition-related intangibles	(1,699)	3,564	4,923	12,267
Add: Employer payroll tax on employee stock transactions	868	1,176	5,496	3,909
Non-GAAP gross profit	684,136	638,667	2,639,254	2,448,243
GAAP gross margin	79.7%	79.4%	79.4%	79.1%
Non-GAAP gross margin	81.8%	82.3%	82.0%	82.2%

Subscription Gross Profit (\$ in thousands)	Three Months Ended January 31,		Year Ended January 31,	
	2026	2025	2026	2025
GAAP subscription revenue	819,003	757,767	3,150,551	2,901,309
Less: GAAP subscription cost of revenue	149,246	138,884	581,058	532,445
GAAP subscription gross profit	669,757	618,883	2,569,493	2,368,864
Add: Stock-based compensation	14,062	13,712	56,501	58,348
Add: Amortization of acquisition-related intangibles	(1,699)	3,564	4,923	12,267
Add: Employer payroll tax on employee stock transactions	647	921	4,201	2,882
Non-GAAP subscription gross profit	682,767	637,080	2,635,118	2,442,361
GAAP subscription gross margin	81.8%	81.7%	81.6%	81.6%
Non-GAAP subscription gross margin	83.4%	84.1%	83.6%	84.2%

GAAP to Non-GAAP operating income and free cash flow reconciliation

Operating Income (\$ in thousands)	Three Months Ended January 31,		Year Ended January 31,	
	2026	2025	2026	2025
GAAP income from operations	87,742	60,469	298,579	199,928
Add: Stock-based compensation	155,545	149,947	622,321	605,499
Add: Amortization of acquisition-related intangibles	(577)	6,918	16,131	24,717
Add: Employer payroll tax on employee stock transactions	4,417	6,343	30,906	21,793
Add: Acquisition-related expenses	—	—	—	4,340
Add: Restructuring and other related charges	—	—	—	29,721
Non-GAAP income from operations	247,127	223,677	967,937	885,998
GAAP operating margin	10.5%	7.8%	9.3%	6.7%
Non-GAAP operating margin	29.5%	28.8%	30.1%	29.8%

Free Cash Flow (\$ in thousands)	Three Months Ended January 31,		Year Ended January 31,	
	2026	2025	2026	2025
Net cash provided by operating activities	377,221	307,912	1,165,007	1,017,272
Less: Purchases of property and equipment	(27,022)	(28,342)	(106,445)	(96,988)
Non-GAAP free cash flow	350,199	279,570	1,058,562	920,284
Free cash flow margin	42%	36%	33%	31%
Net cash used in investing activities	(33,656)	(32,291)	(126,781)	(312,876)
Net cash used in financing activities	(332,586)	(231,514)	(1,099,902)	(838,791)

For additional information about our non-GAAP financial measures, including free cash flow, billings, and ARR, please refer to "Non-GAAP Financial Measures and Other Key Metrics" on page 3 of this document.

**GAAP to
Non-GAAP
operating
expenses
reconciliation**

	Three Months Ended January 31,		Year Ended January 31,	
	2026	2025	2026	2025
Sales & Marketing (\$ in thousands)				
GAAP sales and marketing	305,506	301,288	1,203,885	1,160,993
Less: Stock-based compensation	(46,464)	(48,213)	(189,648)	(202,609)
Less: Amortization of acquisition-related intangibles	(1,122)	(3,354)	(11,208)	(12,450)
Less: Employer payroll tax on employee stock transactions	(1,608)	(2,242)	(10,866)	(7,593)
Non-GAAP sales and marketing	256,312	247,479	992,163	938,341
GAAP sales and marketing as a percentage of revenue	36.5%	38.8%	37.3%	39.0%
Non-GAAP sales and marketing as a percentage of revenue	30.6%	31.9%	30.8%	31.5%
Research & Development (\$ in thousands)				
GAAP research and development	168,282	155,463	664,985	588,455
Less: Stock-based compensation	(59,678)	(53,422)	(236,780)	(204,238)
Less: Employer payroll tax on employee stock transactions	(1,423)	(1,421)	(11,022)	(7,013)
Non-GAAP research and development	107,181	100,620	417,183	377,204
GAAP research and development as a percentage of revenue	20.1%	20.0%	20.7%	19.8%
Non-GAAP research and development as a percentage of revenue	12.8%	13.0%	13.0%	12.7%
General & Administrative (\$ in thousands)				
GAAP general and administrative	105,546	98,821	388,989	375,983
Less: Stock-based compensation	(31,512)	(30,426)	(123,496)	(121,665)
Less: Employer payroll tax on employee stock transactions	(518)	(1,504)	(3,522)	(3,278)
Less: Acquisition-related expenses	—	—	—	(4,340)
Non-GAAP general and administrative	73,516	66,891	261,971	246,700
GAAP general and administrative as a percentage of revenue	12.6%	12.8%	12.1%	12.4%
Non-GAAP general and administrative as a percentage of revenue	8.9%	8.6%	8.1%	8.2%

**Computation
of billings**

	Three Months Ended January 31,		Year Ended January 31,	
	2026	2025	2026	2025
Computation of Billings (\$ in thousands)				
Revenue	836,860	776,252	3,219,500	2,976,739
Add: Contract liabilities and refund liability, end of period	1,663,128	1,479,266	1,663,128	1,479,266
Less: Contract liabilities and refund liability, beginning of period	(1,479,491)	(1,332,828)	(1,479,266)	(1,343,792)
Add: Contract assets and unbilled accounts receivable, beginning of period	13,588	18,341	17,825	20,189
Less: Contract assets and unbilled accounts receivable, end of period	(14,905)	(17,825)	(14,905)	(17,825)
Add: Contract assets and unbilled accounts receivable contributed by acquisitions	—	—	—	53
Less: Contract liabilities and refund liability contributed by acquisitions	—	—	—	(5,071)
Non-GAAP billings	1,019,180	923,206	3,406,282	3,109,559