

# **Q4 and Fiscal Year 2022 Financial Review**

# Safe Harbor

This presentation 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. Forward-looking statements include all statements that are not historical facts and can be identified by terms 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 in this press release include, among other things, statements under "Outlook" above and any other statements about expected financial metrics, such as revenue, billings, non-GAAP gross margin, non-GAAP diluted weighted-average shares outstanding, and non-financial metrics, such as customer growth, as well as statements related to our expectations regarding the benefits of the DocuSign Agreement Cloud and DocuSign's intention to implement a program to repurchase up to \$200 million of DocuSign's common stock, including the expected timing, duration, volume and nature of such stock repurchase program. They also include statements about our future operating results and financial position, our business strategy and plans, market growth and trends, and our objectives for future operations. These statements are subject to substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

These risks and uncertainties include, among other things, risks related to our expectations regarding the impact of the COVID-19 pandemic, including the easing of related regulations and measures as the pandemic and its related effects begin to abate or have abated, on our business, results of operations, financial condition, and future profitability and growth; our expectations regarding the impact of the evolving COVID-19 pandemic on the businesses of our customers, partners and suppliers, and the economy, as well as the macro- and micro-effects of the pandemic, including the pace of the digital transformation of business and differing levels of demand for our products as our customers' priorities, resources, financial conditions and economic outlook change; our ability to estimate the size of our total addressable market, and the development of the market for our products, which is new and evolving; our ability to effectively sustain and manage our growth and future expenses, achieve and maintain future profitability, attract new customers and maintain and expand our existing customer base; our ability to scale and update our platform to respond to customers' needs and rapid technological change; the effects of increased competition in our market and our ability to compete effectively; 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 expand our direct sales force, customer success team and strategic partnerships around the world; the impact of any data breaches, cyberattacks or other malicious activity on our technology systems; our ability to identify targets for and execute potential acquisitions; our ability to successfully integrate the operations of businesses we may acquire, and to 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 or other indebtedness; 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 attract large organizations as users; our ability to maintain our corporate culture; our ability to offer high-quality customer support; our ability to hire, retain and motivate qualified personnel; our ability to estimate the size and potential growth of our target market; uncertainties regarding the impact of general economic and market conditions, including as a result of regional and global conflicts or related government sanctions; 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 quarterly report on Form 10-Q for the quarter ended October 31, 2021 filed on December 6, 2021 with the Securities and Exchange Commission (the "SEC"), and other filings that we make from time to time with the SEC. In addition, any forward-looking statements contained in this press release are based on assumptions that we believe to be reasonable as of this date. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements.

# 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 are presenting 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 and non-GAAP operating margin:** 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, amortization of debt discount and issuance costs, acquisition-related expenses, fair value adjustments to strategic investments, impairment of operating lease right-of-use assets, 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.

**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 believe billings is a key metric to measure our periodic performance. 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 use billings to measure and monitor our ability to provide our business with the working capital generated by upfront payments from our customers.

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" in the Appendix.

# How Customers Buy from Us

## Prepaid Model

### Product Functionality

**Pricing by Functionality**  
Multiple levels of product functionality

eSignature

Single-user

Multi-user

Business Pro

Enterprise Pro

Platform

### Capacity-Based Model

**Volume Capacity**  
Pre-Set # of Envelopes Provisioned

Envelopes



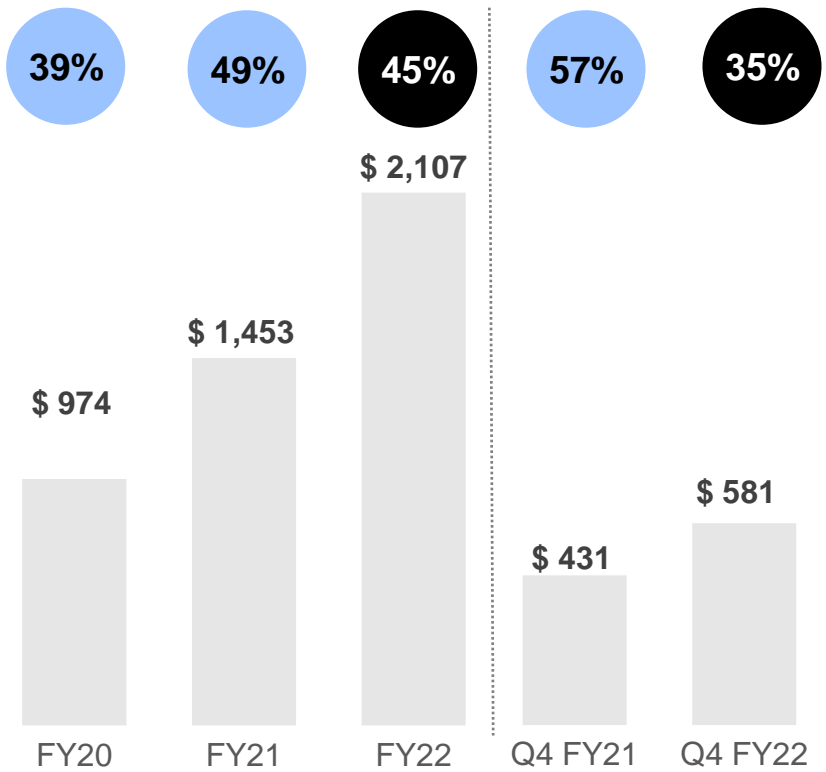
### Dollar Weighted Average Contract Length<sup>1</sup>



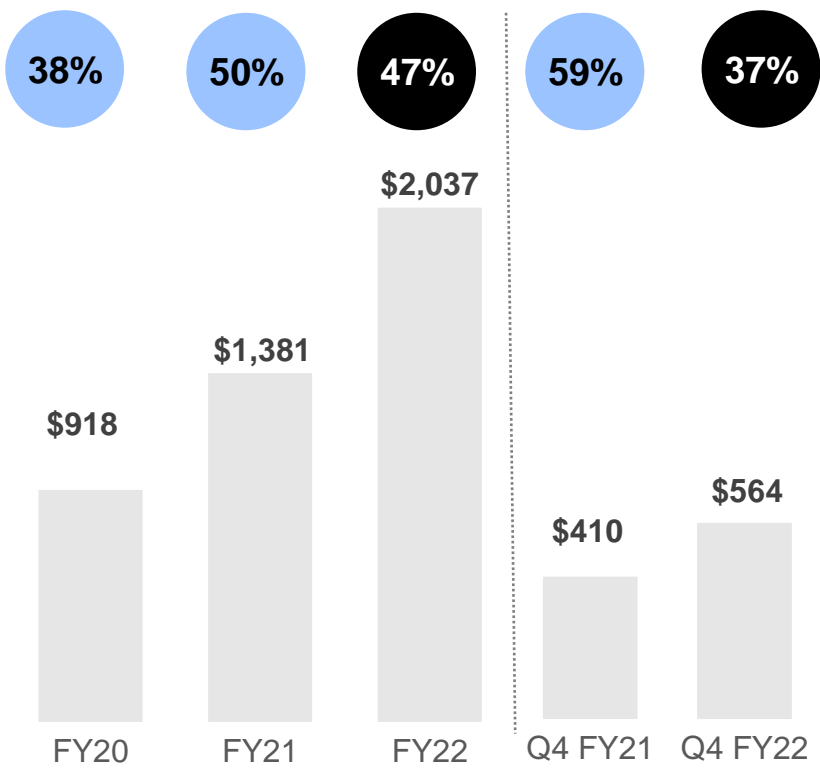
(1) Rolling 4-quarter average through fiscal quarter ended January 31, 2022.

# Strong and Consistent Revenue Growth at Scale

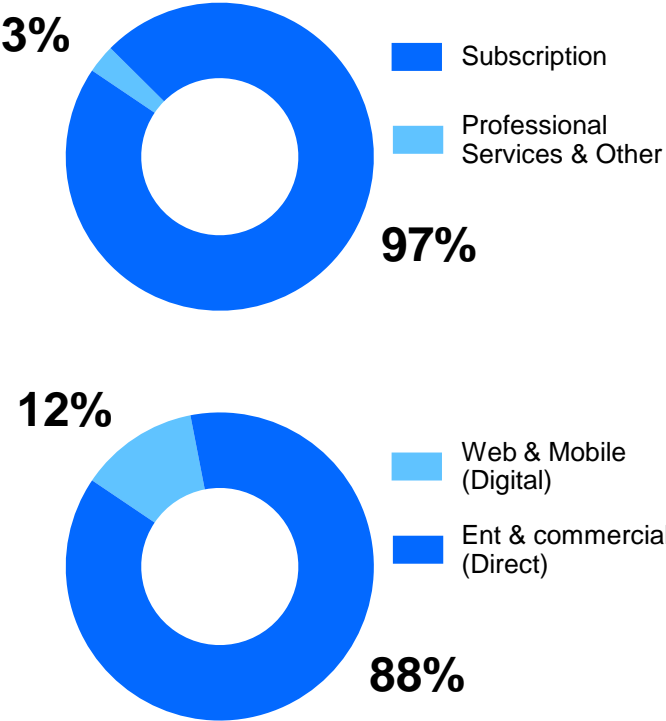
Total Revenue<sup>1</sup>



Subscription Revenue<sup>1</sup>



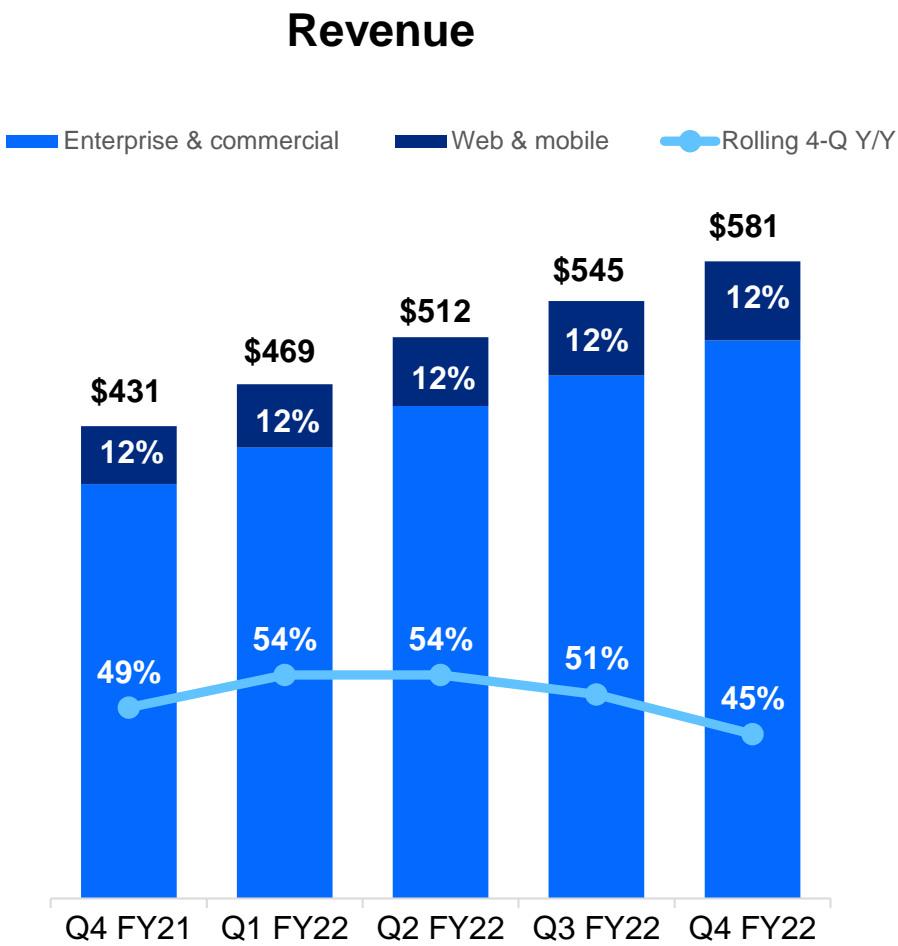
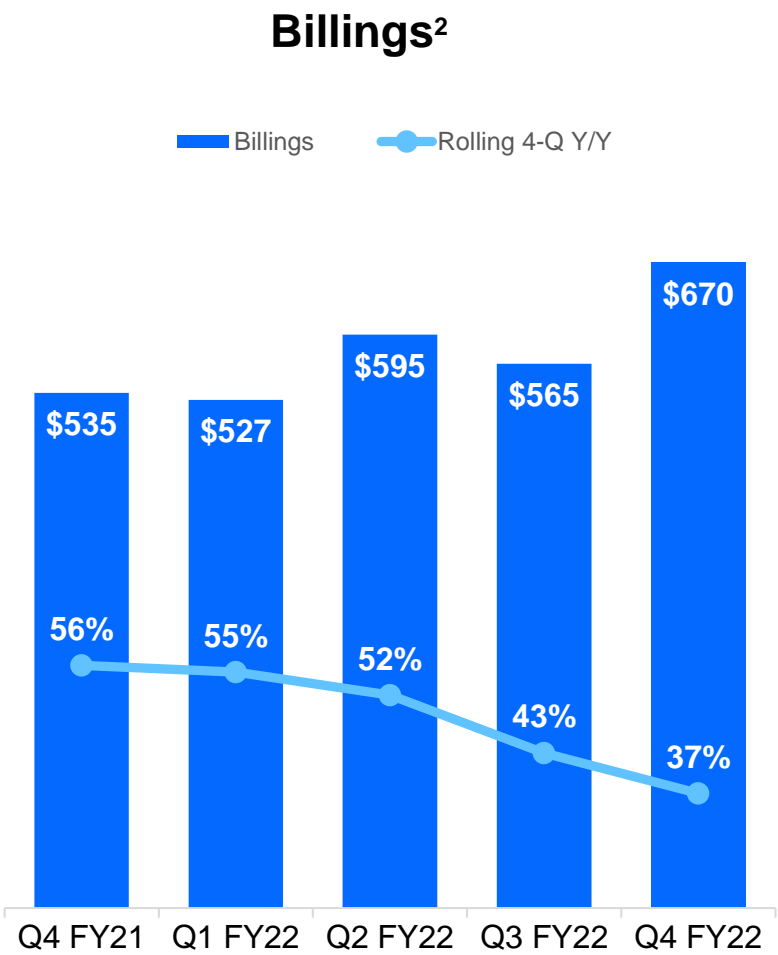
Revenue Contribution<sup>2</sup>



Y/Y Growth

(1) Fiscal years ended January 31 and fiscal quarters ended January 31. \$ in millions.  
(2) Fiscal quarter ended January 31, 2022.

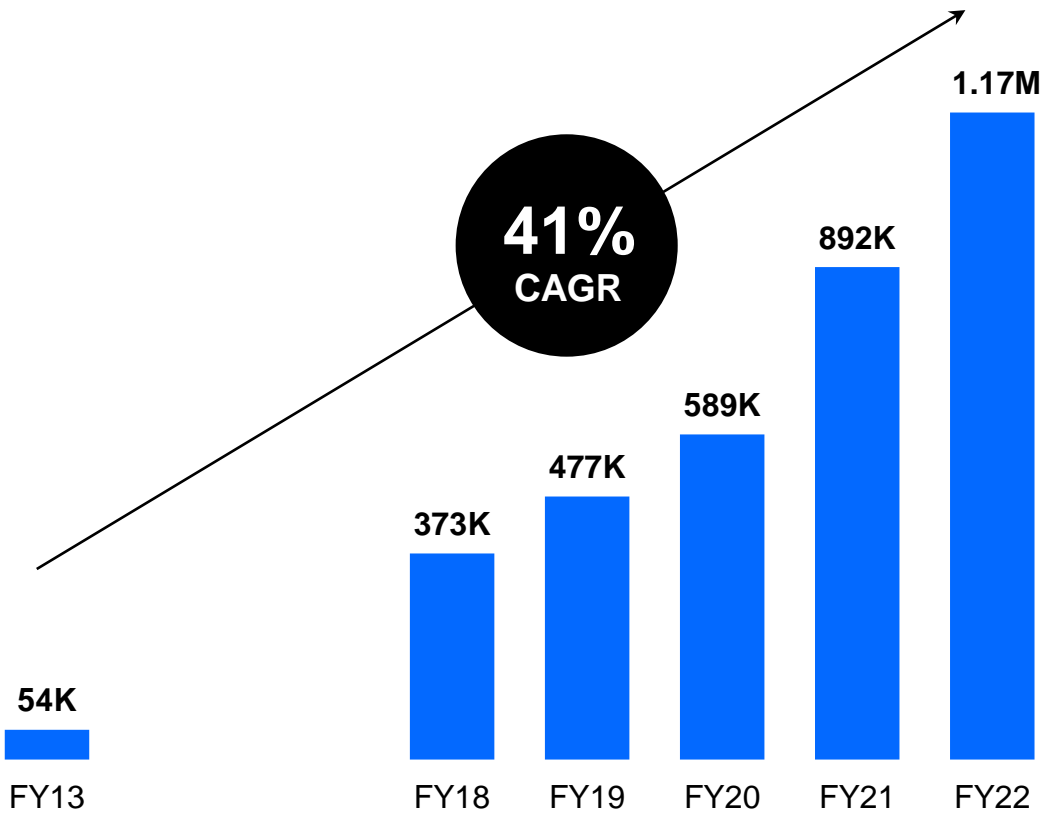
# Solid Growth in Billings and Revenue<sup>1</sup>



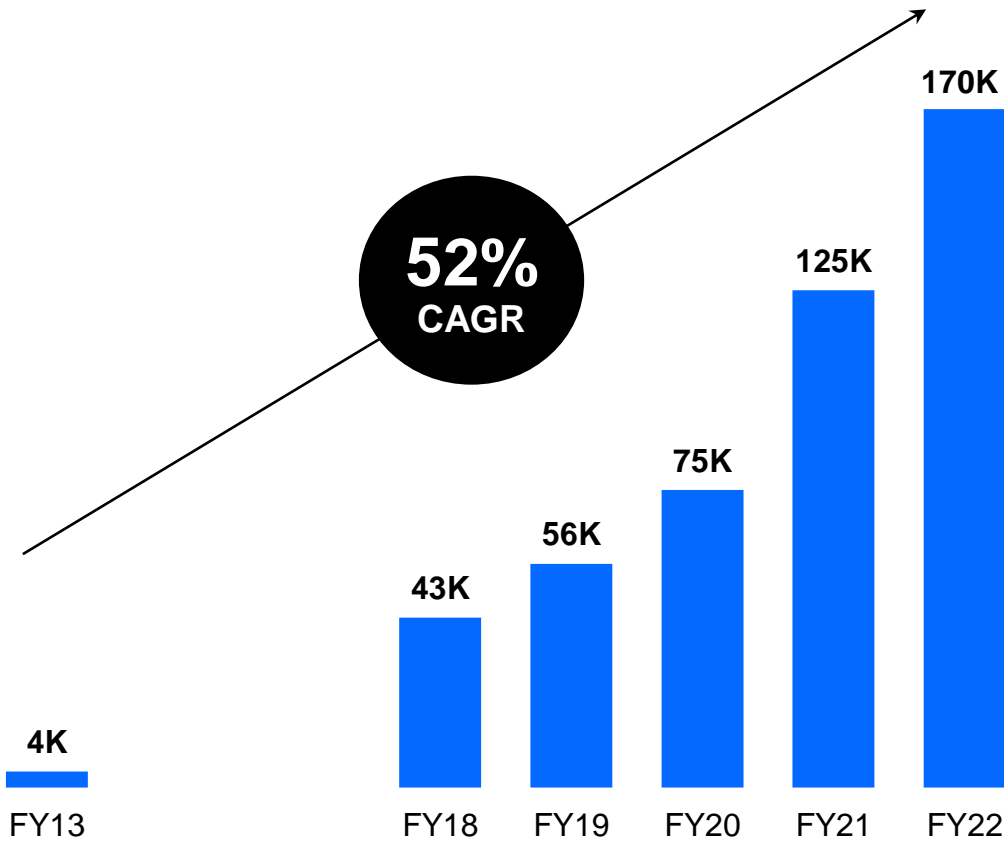
(1) For the fiscal quarter ended January 31, 2022, and the four fiscal quarters prior. \$ in millions.  
(2) Billings = total revenues plus the change in contract liabilities and refund liability less contract assets and unbilled accounts receivable in a given period. Please see Appendix for non-GAAP reconciliation.

# Large and Growing Customer Base<sup>1</sup>

Total Customers



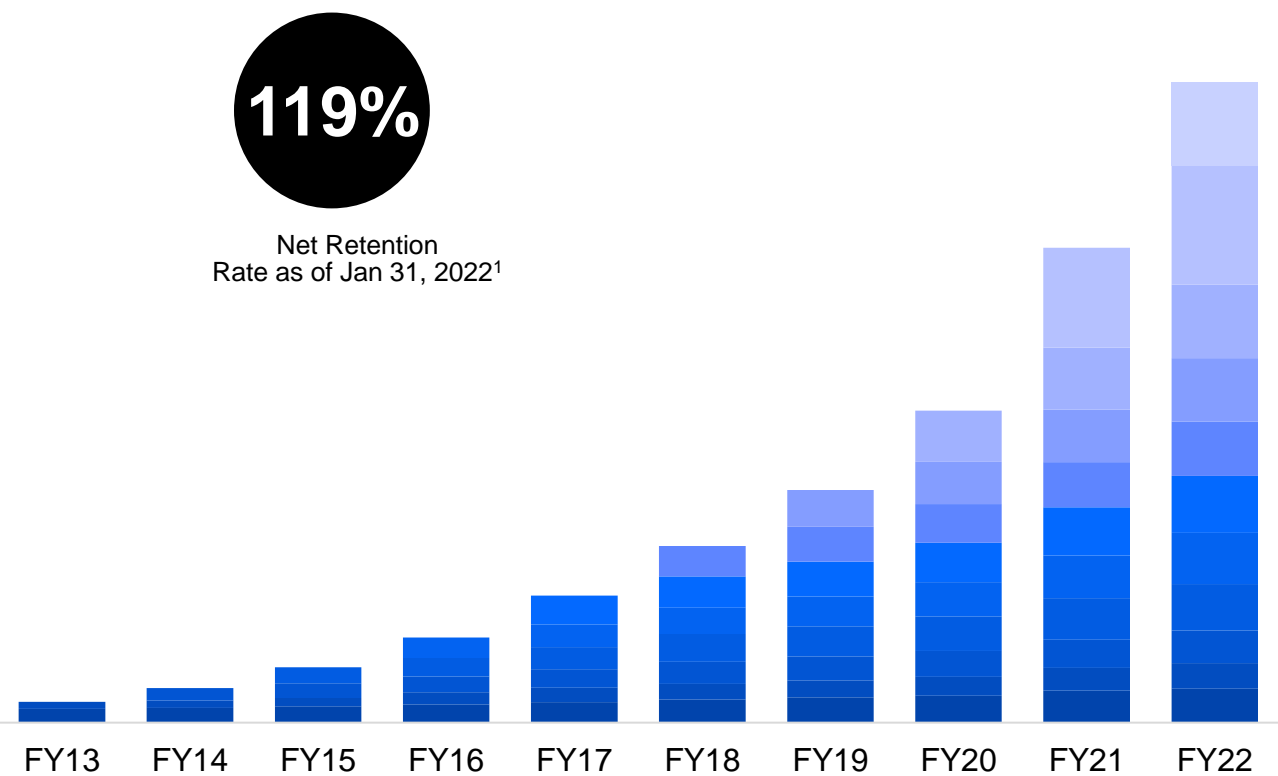
Enterprise & Commercial Customers<sup>2</sup>



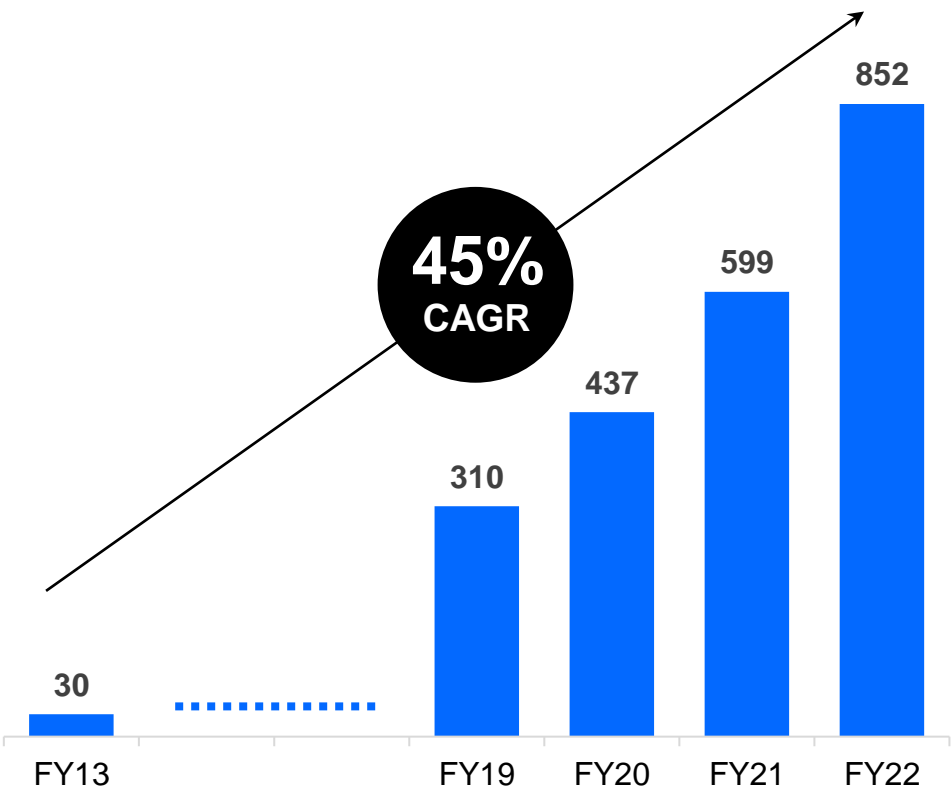
(1) For the fiscal years ended January 31  
(2) Comprised of customers who were not acquired through our self-service channel.

# Cohort and Large Customer Expansion

Cohort analysis



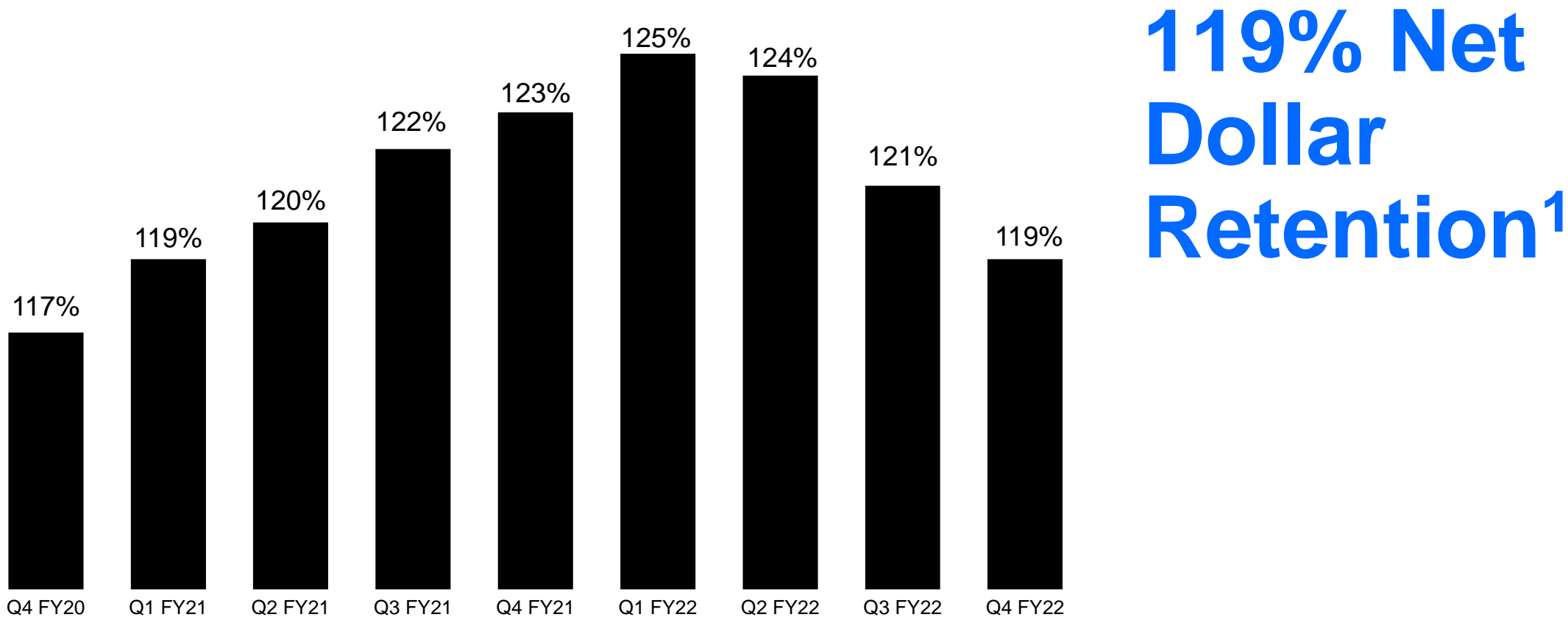
Customers with >\$300K in ACV<sup>2</sup>



(1) Compares the ACV for subscription contracts from a set of enterprise and commercial customers at two period end dates. To calculate our dollar-based net retention rate at the end of a base year (e.g., January 31, 2022), we first identify the set of customers that were customers at the end of the prior year (e.g., January 31, 2021) and then divide the ACV attributed to that set of customers at the end of the base year by the ACV attributed to that same set at the end of the prior year. The quotient obtained from this calculation is the dollar-based net retention rate.  
(2) Average Contract Value.



# Strength in Customer Demand Driving Growth at Scale



(1) Compares the ACV for subscription contracts from a set of enterprise and commercial customers at two period end dates. To calculate our dollar-based net retention rate at the end of a base year (e.g., January 31, 2022), we first identify the set of customers that were customers at the end of the prior year (e.g., January 31, 2021) and then divide the ACV attributed to that set of customers at the end of the base year by the ACV attributed to that same set at the end of the prior year. The quotient obtained from this calculation is the dollar-based net retention rate.

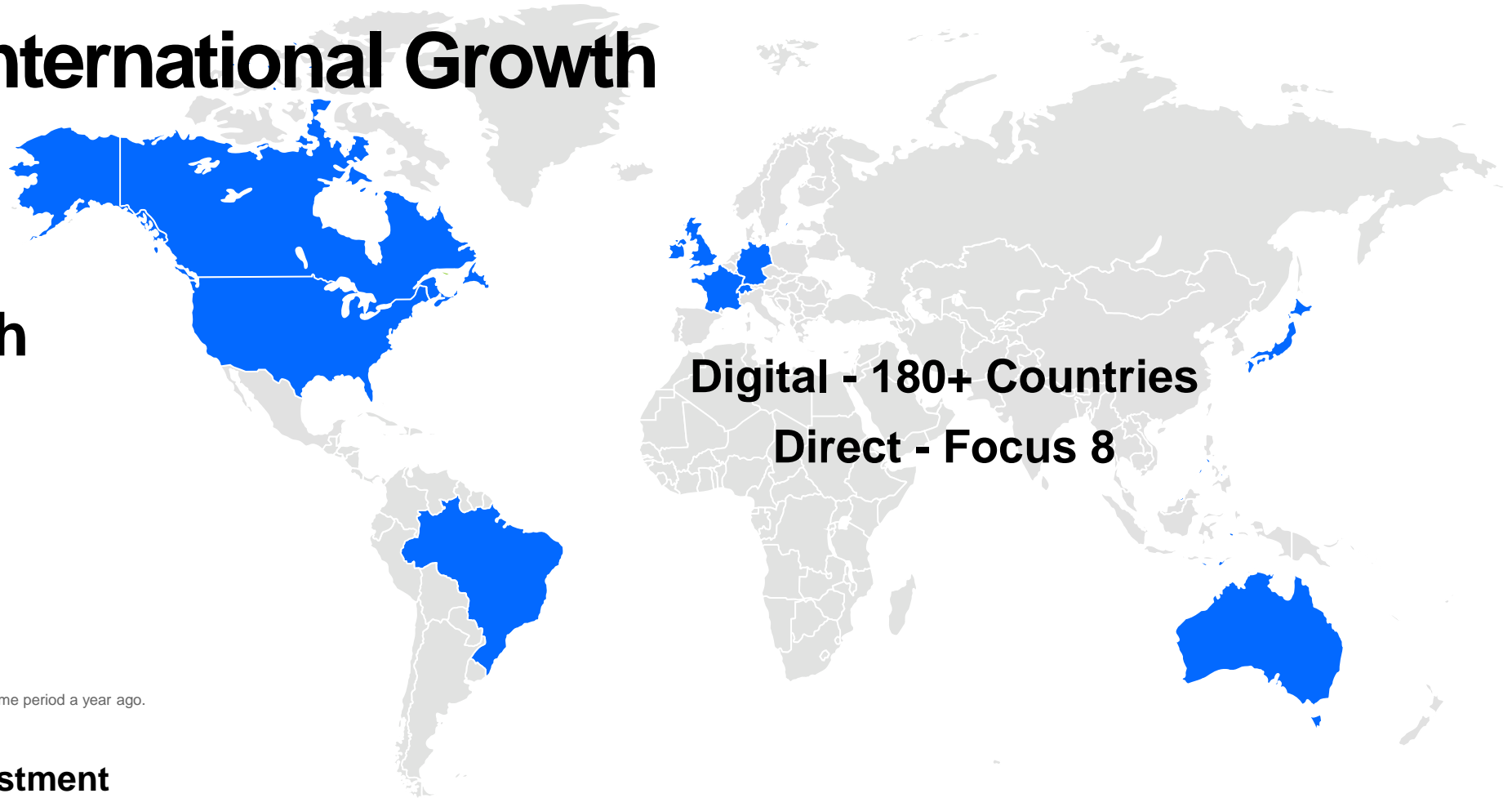
# Investing in International Growth

**55% y/y Int'l  
Revenue Growth**  
(Q4 FY22)<sup>1</sup>

**24% of Total  
Revenue**  
(Q4 FY22)<sup>1</sup>

(1) For the fiscal quarter ended January 31, 2022 compared to same period a year ago.

## Market Prioritization & Investment



### Tier 1: Market Leader

- Primary market focus for Direct GTM investment
- Fully localized digital experience
- Targeted investment in Resell partners

### Tier 2: Seed and Grow

- High potential investment countries
- Seed with targeted direct investments, localized sales & support through partner and digital

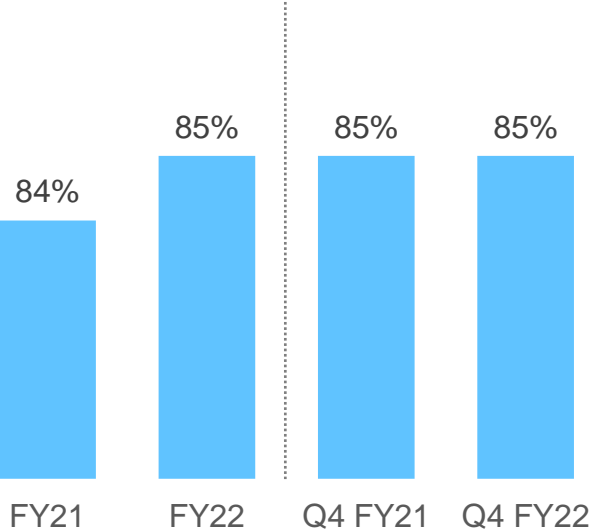
### Tier 3: Digital & Emerging

- Digital First strategy
- Indirect selling via key resellers

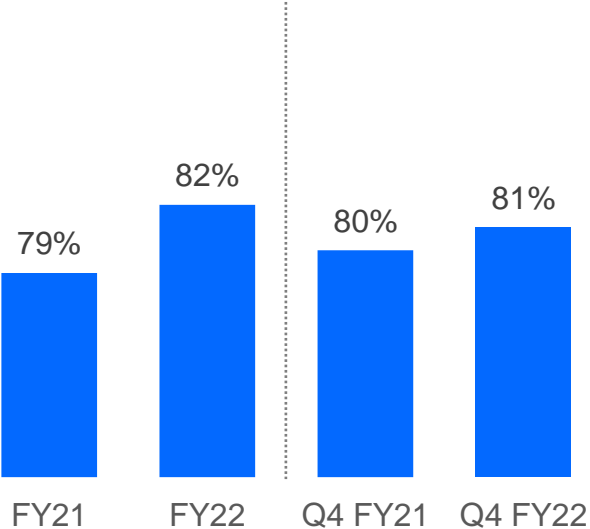
# Achieving Increased Leverage

## Non-GAAP gross margin<sup>1</sup>

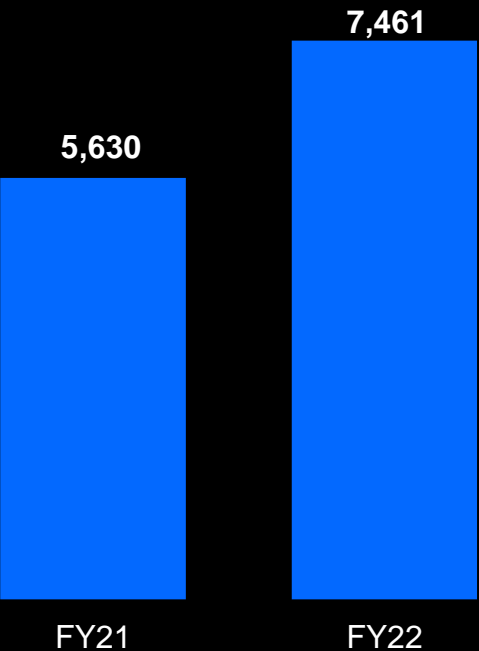
### Subscription Gross Margin



### Total Gross Margin



## Headcount<sup>2</sup>

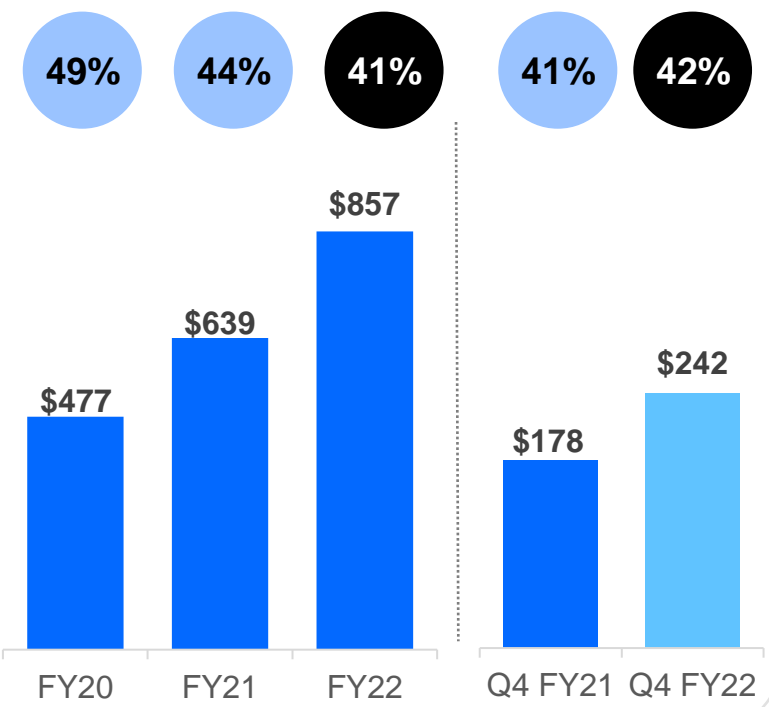


(1) For the fiscal years ended January 31, 2021 and 2022 and the fiscal quarters ended January 31, 2021 and 2022. Margins are as % of revenue. Please see Appendix for GAAP to non-GAAP reconciliation.

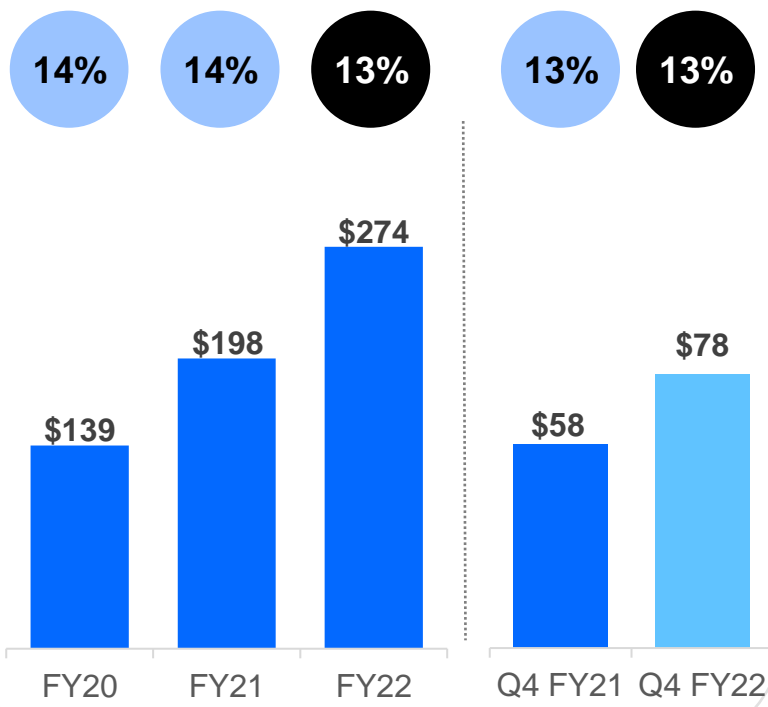
(2) As of January 31, 2021 and 2022.

# Achieving Leverage

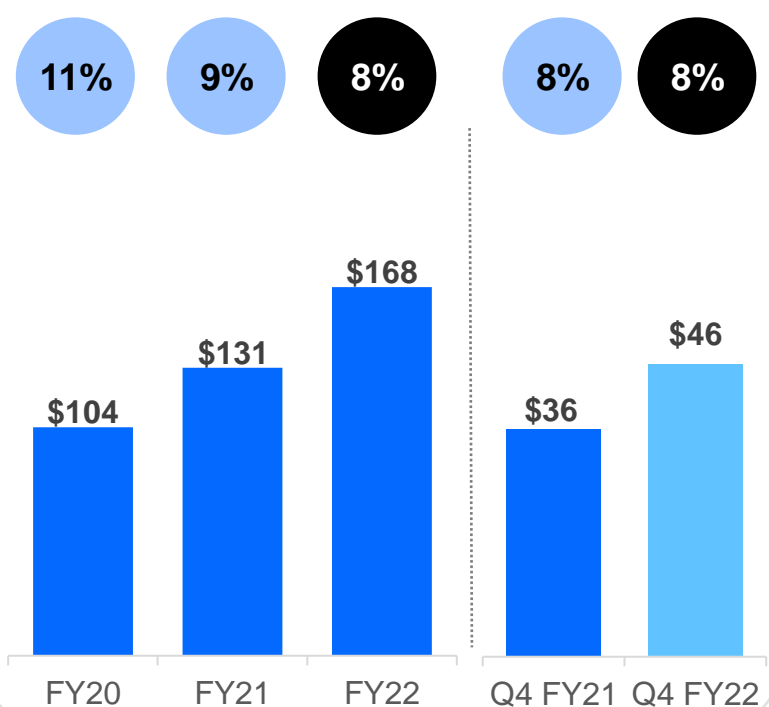
## Non-GAAP S&M<sup>1</sup>



## Non-GAAP R&D<sup>1</sup>



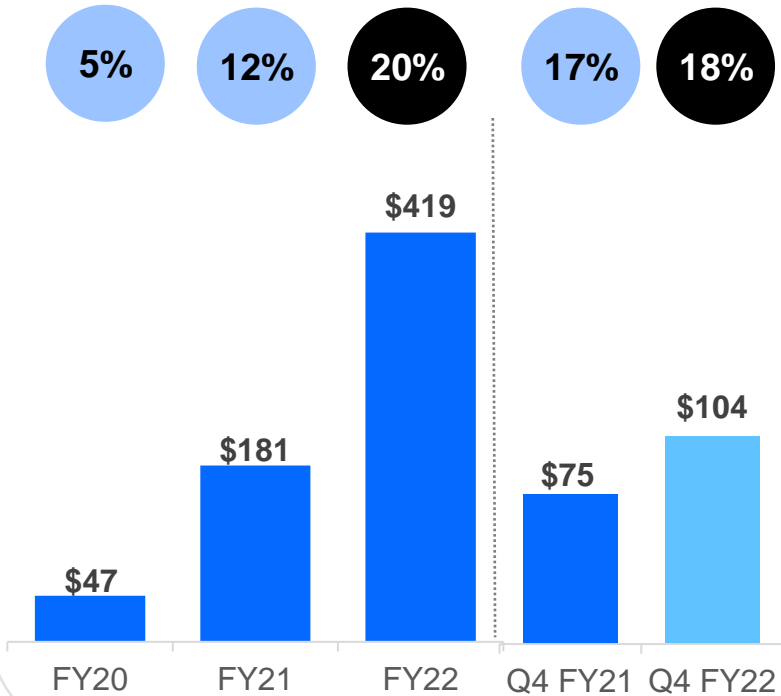
## Non-GAAP G&A<sup>1</sup>



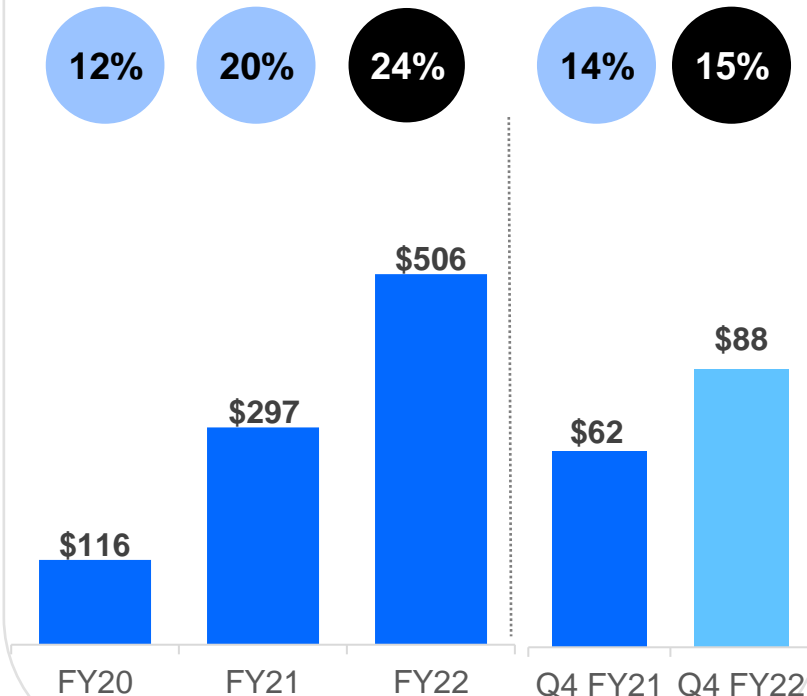
(1) For the fiscal years ended January 31, 2020, 2021, and 2022 and the fiscal quarters ended January 31, 2021, and 2022. \$ in millions. Margins are as % of revenue. Please see Appendix slides for non-GAAP reconciliation.

# Improving Profitability and Cash Flow

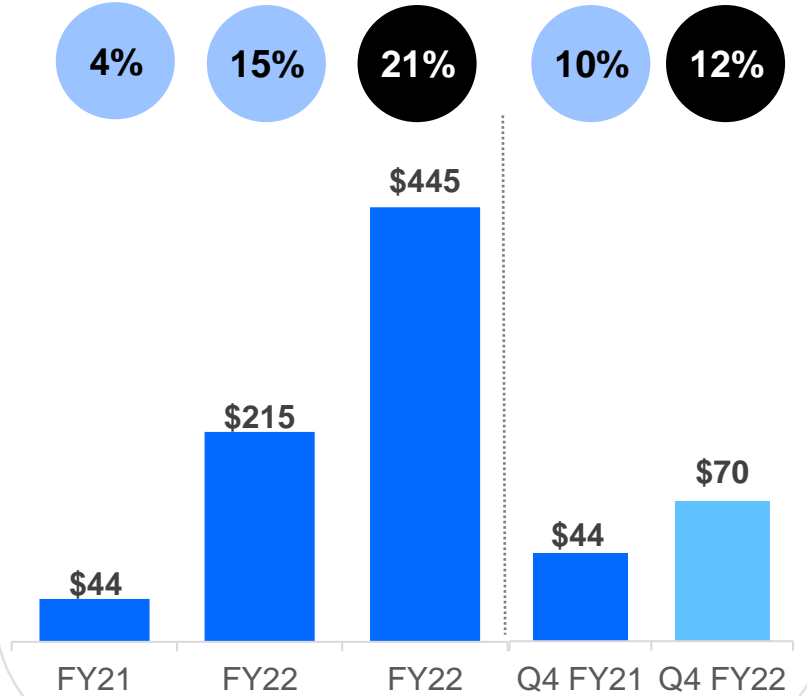
## Non-GAAP Operating Income<sup>1</sup>



## Operating Cash Flow



## Free Cash Flow<sup>2</sup>



(1) For the fiscal years ended January 31, 2020, 2021, and 2022 and the fiscal quarters ended January 31, 2021, and 2022. \$ in millions. Margins are as % of revenue.  
 (2) FCF calculated as Operating Cash Flow – CapEx. Please see Appendix for calculation.  
 Please see Appendix slides for non-GAAP reconciliation.

# Q1 FY2023 Guidance

Q1 Fiscal 2023			
Total revenue	\$579M	-	\$583M
Subscription revenue	\$562	-	\$566
Billings	\$573	-	\$583
Non-GAAP gross margin	79%	-	81%
Non-GAAP operating margin	16%	-	18%
Non-GAAP diluted weighted-average shares o/s	205M	-	210M

# FY2023 Guidance

	Fiscal 2023		
Total revenue	\$2,470M	-	\$2,482M
Subscription revenue	\$2,394M	-	\$2,406M
Billings	\$2,706M	-	\$2,726M
Non-GAAP gross margin	79%	-	81%
Non-GAAP operating margin	16%	-	18%
Provision for income taxes	\$4M	-	\$8M
Non-GAAP diluted weighted-average shares o/s	205M	-	210M

# Appendix



# GAAP to Non-GAAP Gross Profit Reconciliation

Gross Profit (in \$K)	Quarter Ended Jan 31,		Year Ended January 31,	
	2022	2021	2022	2021
GAAP Gross Profit	449,374	329,318	1,640,762	1,088,989
Add: Stock-based Compensation in Cost of Revenue	17,596	12,648	58,499	42,658
Add: Amortization of Acquisition-related Intangibles in Cost of Revenue	2,403	3,196	11,670	11,052
Add: Employer Payroll Tax on Employee Stock Transactions in Cost of Revenue	829	1,454	7,524	5,904
> Non-GAAP Gross Profit	470,202	346,616	1,718,455	1,148,603
GAAP Gross Margin	77%	76%	78%	75%
Non-GAAP Gross Margin	81%	80%	82%	79%

Subscription Gross Profit (in \$K)	Quarter Ended January 31,		Year Ended January 31,	
	2022	2021	2022	2021
GAAP Subscription Revenue	564,006	410,215	2,037,272	1,381,397
Less: GAAP Subscription Cost of Revenue	96,556	73,347	343,661	259,992
> GAAP Subscription Gross Profit	467,450	336,868	1,693,611	1,121,405
Add: Stock-based Compensation in Subscription Cost of Revenue	9,500	6,138	31,152	20,793
Add: Amortization of Acquisition-related Intangibles in Subscription Cost of Revenue	2,403	3,196	11,670	11,052
Add: Employer Payroll Tax on Employee Stock Transactions in Subscription Cost of Revenue	417	679	3,703	2,862
> Non-GAAP Subscription Gross Profit	479,770	346,881	1,740,136	1,156,112
GAAP Subscription Gross Margin	83%	82%	83%	81%
Non-GAAP Subscription Gross Margin	85%	85%	85%	84%

# GAAP to Non-GAAP Operating Gain / (loss) and Free Cash Flow Reconciliation

Adjusted Operating Gain / (Loss) (in \$K)	Quarter Ended January 31,		Year Ended January 31,	
	2022	2021	2022	2021
GAAP Operating Loss	(25,178)	(24,897)	(61,884)	(173,855)
Add: Stock-based Compensation in Cost of Revenue	17,596	12,648	58,499	42,658
Add: Amortization of Intangibles in Cost of Revenue	2,403	3,196	11,670	11,052
Add: Employer Payroll Tax on Employee Stock Transactions in Cost of Revenue	829	1,454	7,524	5,904
Add: Stock-based Compensation in Operating Expenses	100,411	70,991	350,043	244,219
Add: Amortization of Intangibles in Operating Expenses	3,205	3,390	13,100	14,566
Add: Employer Payroll Tax on Employee Stock Transactions in Operating Expenses	3,391	7,822	34,668	28,138
Add: Acquisition-related Operating Expenses	-	-	387	7,962
Add: Impairment of Lease-related Assets	1,207	-	5,099	-
> Non-GAAP Operating Income	103,864	74,604	419,106	180,644
Operating Margin (GAAP)	(4%)	(6%)	(3%)	(12%)
Operating Margin (Non-GAAP)	18%	17%	20%	12%

Free Cash Flow (in \$K)	Quarter Ended January 31,		Year Ended January 31,	
	2022	2021	2022	2021
Net Cash Provided by Operating Activities	87,793	62,233	506,467	296,954
Less: Purchases of Property, Plant, and Equipment	(17,470)	(18,251)	(61,396)	(82,395)
> Free Cash Flow	70,323	43,982	445,071	214,559
Free Cash Flow Margin	12%	10%	21%	15%
Net Cash Provided by (Used in) Investing Activities	(5,224)	(18,335)	(162,909)	81,229
Net Cash Provided by (Used in) Financing Activities	(73,930)	143,459	(394,621)	(58,976)

# GAAP to Non-GAAP Operating Expenses Reconciliation

Sales & Marketing (in \$K)	Quarter Ended January 31,		Year Ended January 31,	
	2022	2021	2022	2021
GAAP Sales & Marketing	299,417	221,896	1,076,527	798,625
Less: Stock-based Compensation in Sales & Marketing	(52,040)	(37,190)	(186,759)	(131,041)
Less: Amortization of Acquisition-related Intangibles in Sales & Marketing	(3,205)	(3,390)	(13,100)	(14,566)
Less: Acquisition-related Expenses in Sales & Marketing	-	-	-	(186)
Less: Employer Payroll Tax on Employee Stock Transactions in Sales & Marketing	(1,960)	(3,198)	(19,628)	(14,190)
> Non-GAAP Sales & Marketing	242,212	178,118	857,040	638,642
Sales & Marketing as % of Revenue (GAAP)	52%	51%	51%	55%
Sales & Marketing as % of Revenue (Non-GAAP)	42%	41%	41%	44%

Research & Development (in \$K)	Quarter Ended January 31,		Year Ended January 31,	
	2022	2021	2022	2021
GAAP Research & Development	110,692	80,135	393,362	271,522
Less: Stock-based Compensation in Research & Development	(31,712)	(20,328)	(108,523)	(65,890)
Less: Employer Payroll Tax on Employee Stock Transactions in Research & Development	(1,097)	(2,012)	(10,341)	(7,329)
> Non-GAAP Research & Development	77,883	57,795	274,498	198,303
Research & Development as % of Revenue (GAAP)	19%	19%	19%	19%
Research & Development as % of Revenue (Non-GAAP)	13%	13%	13%	14%

General & Administrative (in \$K)	Quarter Ended January 31,		Year Ended January 31,	
	2022	2021	2022	2021
GAAP General & Administrative	64,443	52,184	232,757	192,697
Less: Stock-based Compensation in General & Administrative	(16,659)	(13,473)	(54,761)	(47,288)
Less: Acquisition-related Expenses in General & Administrative	-	-	(387)	(7,776)
Less: Employer Payroll Tax on Employee Stock Transactions in General & Administrative	(334)	(2,612)	(4,699)	(6,619)
Less: Impairment of Lease-related Assets	(1,207)	-	(5,099)	-
> Non-GAAP General & Administrative	46,243	36,099	167,811	131,014
General & Administrative as % of Revenue (GAAP)	10%	12%	11%	13%
General & Administrative as % of Revenue (Non-GAAP)	8%	9%	8%	9%

# Computation of Billings

Computation of Billings (in \$K)	Quarter Ended January 31,		Year Ended January 31	
	2022	2021	2022	2021
Revenue	580,828	430,898	2,107,213	1,453,047
Add: Contract Liabilities and Refund Liability, End of Period	1,049,106	800,940	1,049,106	800,940
Less: Contract Liabilities and Refund Liability, Beginning of Period	(961,243)	(702,691)	(800,940)	(522,201)
Add: Contract Assets and Unbilled Accounts Receivable, Beginning of Period	19,708	26,808	21,021	15,082
Less: Contract Assets and Unbilled Accounts Receivable, End of Period	(18,273)	(21,021)	(18,273)	(21,021)
Add: Contract Assets and Unbilled Accounts Receivable by Acquisitions	-	-	-	6,589
Less: Contract Liabilities and Refund Liability Contributed by Acquisitions	-	-	-	(9,344)
Billings	670,126	534,934	2,358,127	1,723,092