Shareholder Letter

Q1 FY25 | June 6th, 2024

Legal Disclaimer

This shareholder letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, market size and growth, industry developments and trends, the calculation of certain of our financial and operating metrics, capital expenditures, future payroll tax obligations, plans for future operations, including expansion into new geographies and products, headcount and productivity growth, macroeconomic conditions, competitive position, technological capabilities, including AI, inventory capacity and supply chain conditions, customer adoption of and expected results from our Connected Operations™ Cloud, including cost-savings and return on investment, and strategic relationships, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and could cause actual results and events to differ. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing”, “guidance” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are based on information available at the time those statements are made, including information furnished to us by third parties that we have not independently verified, and/or management’s good faith beliefs and assumptions as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. In light of these risks and uncertainties, the future events and circumstances discussed in this shareholder letter may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties include our ability to retain customers and expand the Applications used by our customers, our ability to attract new customers, our future financial performance, including trends in revenue and annual recurring revenue (“ARR”), annual contract value (“ACV”), net retention rate, costs of revenue, gross profit or gross margin, operating expenses, customer counts, non-GAAP financial measures (such as adjusted revenue, adjusted revenue growth rate, non-GAAP gross margin, non-GAAP operating margin, free cash flow, adjusted free cash flow, and adjusted free cash flow margin), our ability to achieve or maintain profitability, the demand for our products or for solutions for connected operations in general, the Russia-Ukraine conflict, geopolitical tensions involving China, the conflict in Israel and Gaza, the emergence of pandemics and epidemics, and other macroeconomic conditions globally on our and our customers’, partners’ and suppliers’ operations and future financial performance, possible harm caused by silicon component shortages and other supply chain constraints, the length of our sales cycles, possible harm caused by a security breach or other incident affecting our or our customers’ assets or data, our ability to compete successfully in competitive markets, our ability to respond to rapid technological changes, and our ability to continue to innovate and develop new Applications. The forward-looking statements contained in this shareholder letter are also subject to other risks and uncertainties, including those more fully described in our filings and reports that we may file from time to time with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

This letter contains statistical data, estimates and forecasts that are based on publicly available information or information and data furnished to us by third parties such as our customers, as well as other information based on our internal sources. While we believe the information and data included in this letter are based on reasonable assumptions, this information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the information and data provided by third parties and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date that this letter is first released.

The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the platform and products of Samsara.

This letter also includes certain non-GAAP financial measures. Reconciliations between our GAAP and non-GAAP financial measures, as well as important information about our use of non-GAAP financial results and non-GAAP financial guidance for future quarters, can be found in our investor presentation and/or earnings press release, both of which are available on our investor relations website. A reconciliation of non-GAAP guidance financial measures to corresponding GAAP guidance financial measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty and potential variability of expenses, such as stock-based compensation expense-related charges and timing of capital expenditures, that may be incurred in the future and cannot be reasonably determined or predicted at this time. It is important to note that these factors could be material to our results of operations computed in accordance with GAAP.

Sanjit Biswas

Chief Executive Officer and Co-Founder

Samsara had a strong Q1 of our new fiscal year as we continue to deliver durable and efficient growth. We ended Q1 with $1.18B in ARR, growing 37% year-over-year. As the strategic partner to the world's leading and most complex physical operations organizations, large customer momentum continues to fuel our growth. This includes recent wins with the Departments of Transportation for both Iowa and Kansas, and VINCI, a Fortune Global 500 construction company based in France with more than 275,000 employees and 70,000 construction projects annually.

Our success with large customers is driven by our continued innovation, which is powered by our customer feedback loop. Over the past few months, I visited many of our largest customers in the US, Canada, Mexico, and Europe. I walked in the boots of some of the largest operators across construction, field services, transportation & logistics, and energy utilities. Seeing their operations firsthand allows us to better understand their toughest challenges and priorities as they digitize their organizations. These customer insights help shape our vision of how we will continue to expand Samsara's platform for the future of connected operations.

Physical operations problems are universal

- High asset and people intensity at scale
- Legacy systems with a lack of real-time data
- Common challenges: insurance, fuel savings, workplace accidents, maintenance, and more

Customers are accelerating digitization

- Converting pen and paper to digital
- Removing data silos
- Automation with robots and drones

Across the board, our customers are investing in technology that helps them achieve their goal of having safer, more efficient, and more sustainable operations.

DELIVERING CLEAR AND FAST ROI FOR OUR CUSTOMERS

We partner with our customers to deliver clear and fast ROI and improve their operations. Recently, we commissioned IDC to survey 130 Samsara customers to assess the value of our platform, the results of which are published in a white paper entitled The Business Value of Samsara[1]. The IDC research shows that customers partner with Samsara to be their system of record because we deliver valuable customer impact and provide a fast and meaningful return on investment. We believe their findings demonstrate that Samsara delivers significant cost and operational efficiencies, as well as important safety and sustainability gains.

Statistics from IDC Business Value White Paper, sponsored by Samsara, The Business Value of Samsara, IDC #US52102724, and published June 2024

Based on information provided by the customers they surveyed, IDC estimated that Samsara customers realize $2M of savings on average per customer per year, which equates to more than 8x ROI. This includes reducing costs related to vehicle crashes and insurance, spending less on fuel, lowering maintenance costs and extending vehicle lifespans, minimizing lost revenue and other business loss associated with vehicle availability, and increasing driver productivity.

IDC CUSTOMER INTERVIEW

“Samsara has opened up a **whole new world for us**… Every minute of efficiency gained is significant. **Samsara is our most utilized company-wide business system and responsible for millions in savings in our bottom line**.”

[1] IDC Business Value White Paper, sponsored by Samsara, The Business Value of Samsara, IDC #US52102724, and published June 2024.

PARTNERING WITH CUSTOMERS TO BUILD A SAFER AND MORE SUSTAINABLE WORLD

Our customers have large, complex operations that are asset and labor-intensive. They often require tens of thousands of frontline workers and assets to build the infrastructure supporting our global economy. At this scale, our customers' top priorities often include improving the efficiency of their operations, tracking and reducing carbon emissions, and getting their employees safely home to their families every night. This is critical to how they run their organizations. We estimate that our Connected Operations Cloud helped our customers avoid 200,000 crashes from occurring and 3 billion pounds of CO_2 emissions from entering the atmosphere in one year.

IN ONE YEAR, SAMSARA HELPED PREVENT

200K Crashes

3B pounds of CO_2 from entering the atmosphere

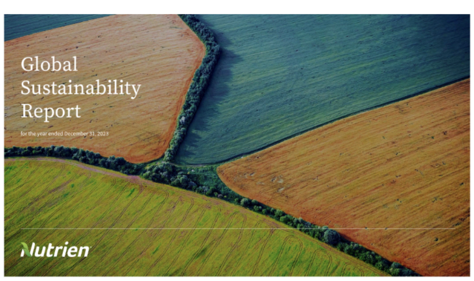
Samsara estimates based on internal analysis

Social Impact

Employee safety is among our customers' top priorities, especially as many work in hazardous environments. Samsara helps organizations reduce accidents and improve their safety programs. This includes helping prevent accidents with AI-detected safety events for real-time alerting and coaching, reducing driver distraction with Mobile Experience Management (MEM), and improving driver protection and security with our engine immobilizer and panic button.

Customer Case Study: Nutrien Ag Solutions

Nutrien Ag Solutions, the world's largest agriculture inputs and services provider, is using Samsara's Video-Based Safety to improve driver safety for their North American commercial fleet, as featured in their most recent ESG report. In 2023, they saw a 40% reduction in unsafe driving practices, including speeding, harsh braking, and distracted driving. They use Samsara on more than 11K vehicles in their Retail commercial fleet with plans to continue expansion.



Nutrien

Environmental Impact

Our customers are also faced with a growing demand to run more sustainable operations. Using Samsara, they can track their carbon emissions and reduce fuel consumption. This allows customers to better understand where they can make improvements and comply with increasing reporting requirements. Many customers are also exploring the transition from internal combustion to electric vehicles. Using data and AI-driven insights, Samsara can help identify the vehicles that deliver the highest ROI in an EV transition. To further increase efficiency and reduce waste, customers are using Samsara's Apps and Workflows to reduce paper usage. In one year alone, our customers digitized 240M documents by using Samsara.

Customer Case Study: Frontier Communications

Frontier Communications, a top provider of broadband internet and digital television service to residential and business customers, is using Samsara to optimize fuel efficiency and reduce fuel costs across their fleet, as featured in their most recent ESG report. They installed Samsara Telematics in 8,100 vehicles, saving them 320K gallons of fuel a year, which is equal to more than 6M pounds of carbon in 2023.

FRONTIER

Like our customers, we use a data-driven approach to help us achieve our ambitious goals and understand where we can make the greatest impact. One area that we're making good progress with is our own sustainability efforts. We are committed to achieving net zero carbon emissions by 2040 with the Science Based Targets initiative (SBTi). Our near-term focus is on reducing emissions by working closely with our key suppliers. We are also investing in clean energy and helping to scale innovative and impactful carbon removal technologies. This includes a virtual power purchase agreement and initiatives like Frontier that help increase the supply of high-integrity carbon removal credits. You can read Samsara's 2024 Impact Report for more details and information.

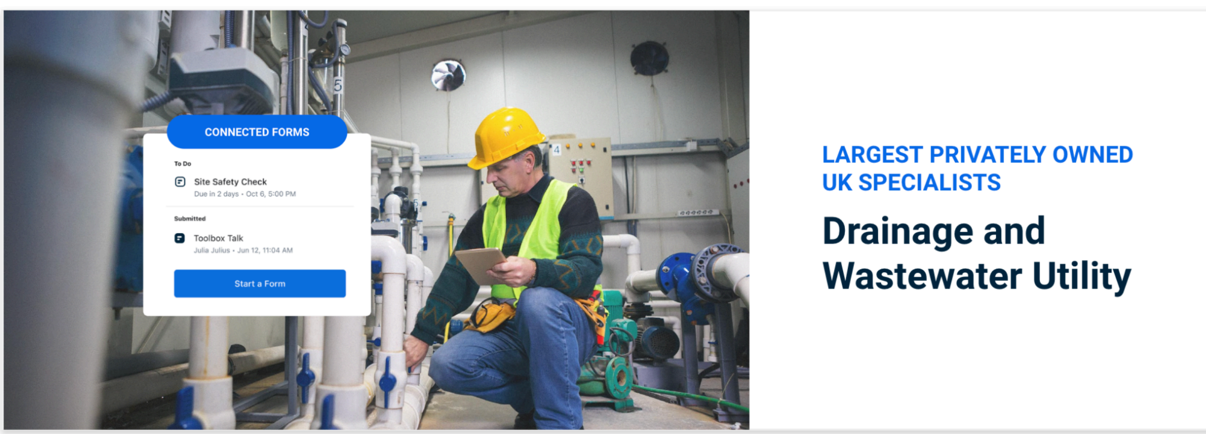
BUILDING FOR THE LONG-TERM

As we build for the long-term, we will continue to invest in emerging products, our culture, and our customers as we scale and grow.

Transforming the Frontline Worker Experience

We are seeing strong momentum in our emerging products. Last quarter, we released our Connected Forms application into general availability, and our customers are excited to adopt it to improve their frontline worker experience. Connected Forms is our workflow solution that allows our customers' frontline workers to streamline their operations, including inspections and incident reports, through digital forms.

Our customers are already finding value from this Application. A good example is with one of the largest privately owned drainage and wastewater utility specialists in the UK. They are a service utility provider with more than 3,800 employees and 3,000 assets to serve local government, transportation, rail, telecom, and construction. They have been a customer since 2020, starting with our Video-based Safety and Telematics applications, and this quarter they expanded the partnership further with Connected Forms. Currently, they have more than 30 use cases for Connected Forms, including compliance, labor tracking, attendance, safety briefings, vehicle inspections, and avoiding timesheet fraud. Their long-term vision is to have one system of record for their entire operations. This will enable them to manage more of their operations data and extract insights and value from one unified platform.

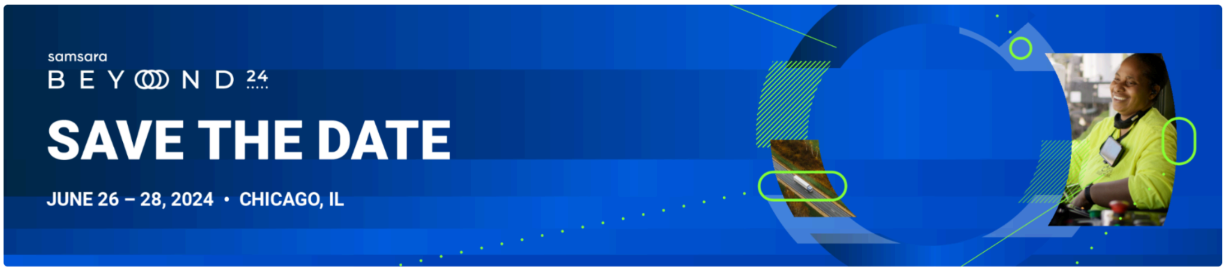


Building a World-Class Team

Samsara has quickly become a destination for some of the world's top talent. This is critical as we scale our global talent base to support our rapidly growing customer base. We are proud to be certified by Great Place To Work® in the US, UK, and Poland. This marks the second consecutive year of certification in the US and UK, and a first-time honor in Poland. On average, more than 93% of US, UK, and Poland employees said they were proud to work for Samsara. For many of our employees, it's because they can see their contributions positively impact their communities and the organizations that power the global economy. We were also listed as #8 on Glassdoor's inaugural award list for Best-Led Companies in 2024.

Hosting our Annual Customer Conference

We are looking forward to seeing many of you at Beyond, our annual customer conference, from June 26th to 28th in Chicago. At Beyond, we'll bring together thousands of leaders across physical operations to discuss the challenges they're facing, learn about new products we're announcing, and discover new ways to use Samsara to deliver impact and value for their organizations. We will also be hosting Investor Day on June 27th in Chicago. We hope you join us.



Thank You

It was a great start to the new fiscal year. Thank you to our customers, partners, investors, and Samsarians across the globe for your shared commitment to increasing the safety, efficiency, and sustainability of the operations that power the global economy. We are excited about the year ahead.

Dominic Phillips

Chief Financial Officer

Q1 FY25 was highlighted by sustained high growth at scale and continued operating efficiency improvements, including:

- Maintaining the same adjusted revenue growth rate as Q4 at a larger scale
- Achieving a quarterly record for non-GAAP gross margin
- Achieving a quarterly record for adjusted free cash flow margin

Our durable and increasingly efficient growth demonstrates the large and growing opportunity for digital transformation across the world of physical operations. Regardless of the broader economic environment, our business has continued to be incredibly resilient and deliver consistent results due to a few key reasons:

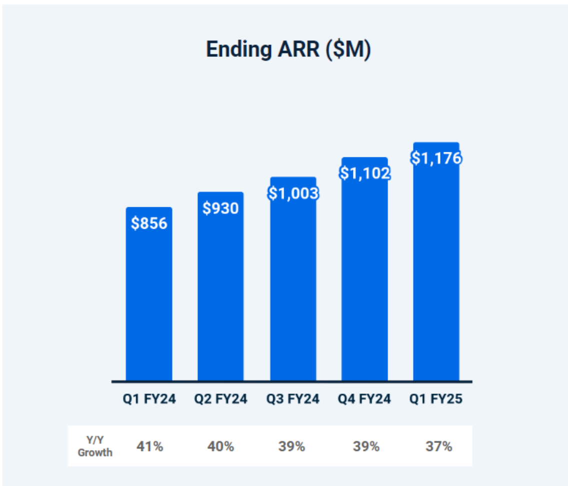
1. Most importantly, our products create clear ROI for customers (e.g., reducing accidents, lowering insurance premiums, generating fuel and EV energy savings, lowering maintenance costs, and improving asset utilization), often delivering a quick investment payback period measured in months.
2. We primarily sell into a different budget than many other enterprise software companies. The Operations budget is generally larger and less discretionary for our customers.
3. Samsara has a subscription business model (subscription revenue mix is ~98% of total revenue) that produces highly predictable revenue, and we price most of our subscriptions based on a customer's number of physical assets (as opposed to headcount-based pricing), which results in lower ACV risk if our customers' hiring slows or contracts.

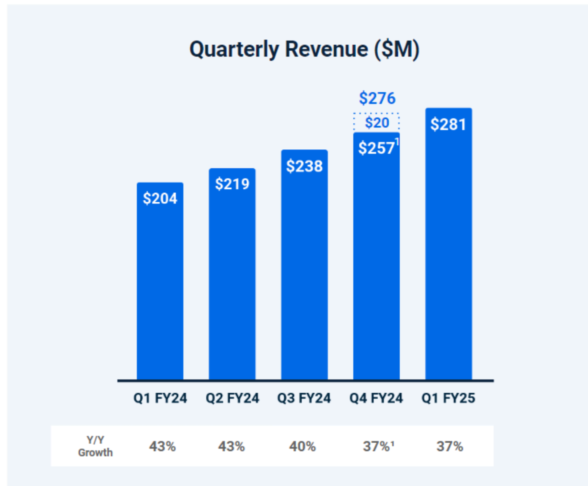
The physical economy continues to see strong demand and is labor and asset-intensive. Our customers are increasingly looking for digital solutions to help them reduce costs and improve productivity as they scale their businesses. As a result, physical operations businesses are adopting Samsara's Connected Operations Cloud to achieve their safety, efficiency, and sustainability goals.

Q1 FY25 HIGHLIGHTS

Top-line Results

Q1 was another quarter of sustained high growth at scale with $1.18 billion of ending ARR, growing 37% year-over-year, including $74 million of net new ARR, representing 21% year-over-year growth. Additionally, Q1 revenue was $281 million, an increase of 37% year-over-year, the same year-over-year revenue growth as last quarter (after adjusting for the extra week of revenue recognition in Q4 FY24 to enable comparability across periods).

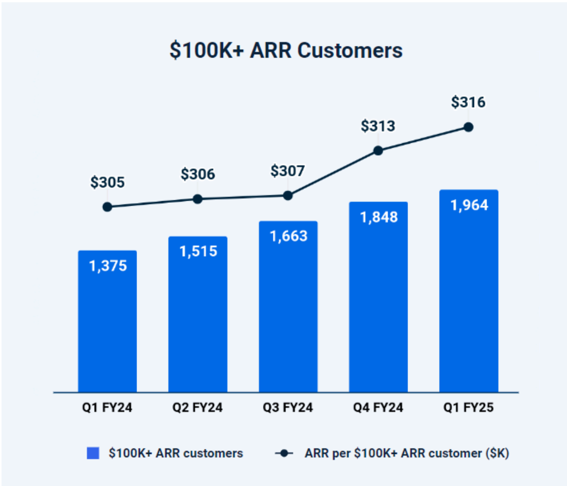




Fiscal year ends on the Saturday closest to February 1
See Appendix for definitions
[1]Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. Adjusted revenue and adjusted revenue growth remove the impact of the additional week of revenue recognition in Q4 FY24 to enable comparability across periods. Actual Q4 FY24 revenue was $276M, including a $20M revenue impact from the additional week

Several factors drove our strong top-line performance in Q1:

- **Large Customer Momentum:** We focus on serving large enterprise customers to drive durable and efficient growth at scale. Our applications are purpose-built for large customers with complex operations that want extensive visibility over tens of thousands of disparate assets and frontline workers, all on one integrated platform. In general, enterprise customers also provide significant benefits, including valuable feedback to fuel our innovation, greater resilience during economic uncertainty due to their size and financial stability, and typically more attractive unit economics, including higher retention rates.
  - **$100K+ ARR customer count:** We ended Q1 with 1,964 $100K+ ARR customers, a quarterly increase of 116, representing 43% year-over-year growth.
  - **ARR per $100K+ ARR customer:** In addition to increasing our $100K+ ARR customer count, we also grew our average ARR per $100K+ ARR customer from $305K in Q1 FY24 to $316K in Q1 FY25, representing an increase of 4% year-over-year, compared to 0% year-over-year growth in Q1 FY24.
  - **Total ARR mix:** The combination of more $100K+ ARR customers and an increase in ARR per $100K+ ARR customer grew the overall ARR mix for $100K+ ARR customers to 53% in Q1, an increase from 49% one year ago and 45% two years ago.



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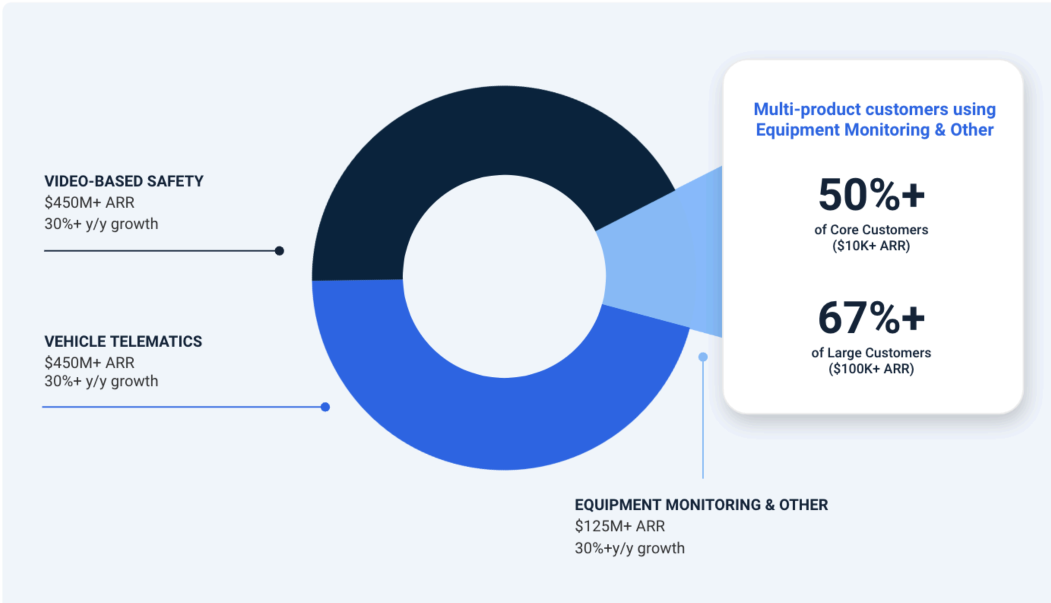
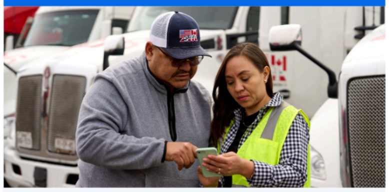
- **Multi-Product Strength:** Our customers increasingly utilize Samsara as a system of record for physical operations by subscribing to multiple applications, all on one unified platform.
  - **Multi-product customers:**
    - 94% of $100K+ ARR customers and 83% of core customers subscribe to 2+ products.
    - 58% of $100K+ ARR customers and 34% of core customers subscribe to 3+ products.
  - **Multiple products at scale:**
    - At the end of Q1 FY25, our two vehicle-based applications, Video-Based Safety and Vehicle Telematics, represented more than $450 million of ARR each, and our largest non-vehicle application, Equipment Monitoring, used to locate and manage field assets, represented more than $125 million of ARR.
    - Additionally, each of these three product categories grew 30%+ year-over-year in Q1 FY25.
  - **Large multi-product new logos:**
    - For the first time since our IPO in December 2021, all of the quarter's top 10 new customer deals by net new ACV included 2+ products.
    - Additionally, 6 of the top 10 new customer deals by net new ACV in Q1 included 3+ products.
  - **Large multi-product expansions:**
    - 9 of the top 10 expansion deals by net new ACV in Q1 included 2+ products.
    - One of our largest Q1 transactions was an expansion with one of the largest US telecommunications companies. This top-20 customer landed in FY23 with Vehicle Telematics as a greenfield opportunity. After achieving significant efficiency improvements and fuel savings, they signed a $1M+ expansion in Q1 FY25, which included more Telematics licenses and the addition of Video-Based Safety licenses to a subset of their total vehicles. During the pilot, the customer saw a 62% reduction in safety events and a 92% decrease in mobile usage. After this initial rollout, we expect the customer to add more licenses across a broader set of vehicles over time.

        - We achieved our dollar-based net retention rate targets for core customers ($10K+ ARR customers) and large customers ($100K+ ARR customers) of 115% and 120%, respectively.



- **New Frontiers:** Our at-scale breadth across different products, customer sizes, end markets, and geographies is a key differentiator and driver of strong top-line performance. While our core businesses drove most of our Q1 performance, we executed well across several frontiers.
    - **International:** A quarterly record 18% of net new ACV came from non-US geographies driven by strength in Mexico and Europe, which contributed its highest-ever quarterly net new ACV mix in Q1.
    - **End Market Diversity:** The world of physical operations makes up more than 40% of global GDP, and we serve many end markets with a horizontal platform of applications.
        - 87% of Q1 net new ACV came from non-transportation verticals (such as construction, energy, utilities, logistics, public sector, food & beverage, wholesale & retail, and field services), an increase from 82% in Q1 FY24.
        - Construction drove the highest net new ACV mix for the third consecutive quarter.
        - Field Services contributed its highest-ever net new ACV mix and represented the second-highest overall vertical mix.
    - **Emerging Products:** In addition to our at-scale products, we have several emerging products that provide additional expansion opportunities.
        - The City of Pittsburgh was one of our largest new logos in Q1. In addition to landing with Vehicle Telematics and Equipment Monitoring, they also included Mobile Experience Management and Connected Forms in their initial transaction.
        - We signed a $250K+ Connected Forms expansion with one of the UK's leaders in water and wastewater solutions and services.
        - An existing top 50 customer, one of the country's largest food distribution service providers, signed an approximately $400K Site Visibility expansion in Q1.

International Momentum



18%

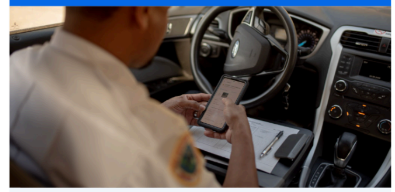
Quarterly record net new ACV mix from international geographies in Q1

End Market Diversity

87%

of Q1 net new ACV from non-transportation verticals

Emerging Products



~$400K

Site Visibility Expansion

$250K+

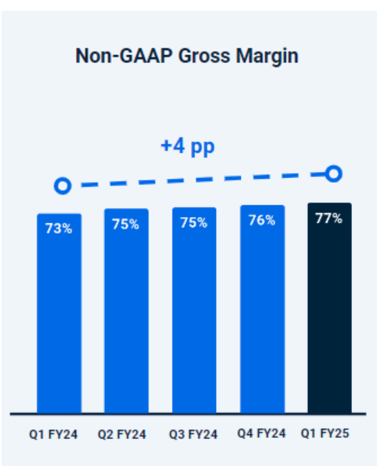
Connected Forms Expansion

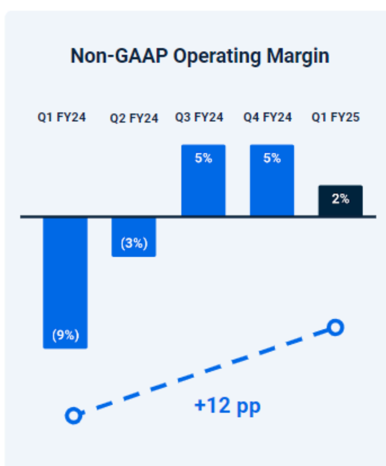
Profitability Results

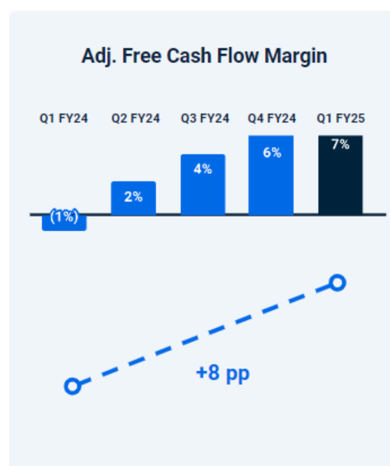
In addition to driving strong top-line growth, we continued to deliver operating efficiency improvements across our business as we scale.

Q1 FY25 compared to Q1 FY24

- **Non-GAAP gross margin:** 77% in Q1 FY25, a quarterly record, and approximately 4 percentage points higher than Q1 FY24, driven largely by optimizing cellular, customer support, and warranty costs.
- **Non-GAAP operating margin:** +2% in Q1 FY25, compared to (9%) in Q1 FY24, an improvement of approximately 12 percentage points year-over-year: 4 percentage points from COGS (see commentary above), 5 percentage points from S&M, 2 percentage points from R&D, and 1 percentage point from G&A.
- **Adjusted free cash flow margin**: +7% or +$19M in Q1 FY25, a quarterly record, compared to (1%) or ($2M) in Q1 FY24, an improvement of approximately 8 percentage points or $21M year-over-year, primarily from improved operating leverage (see above) and continued working capital improvements.







Fiscal year ends on the Saturday closest to February 1
See Appendix for reconciliation to GAAP financial measures

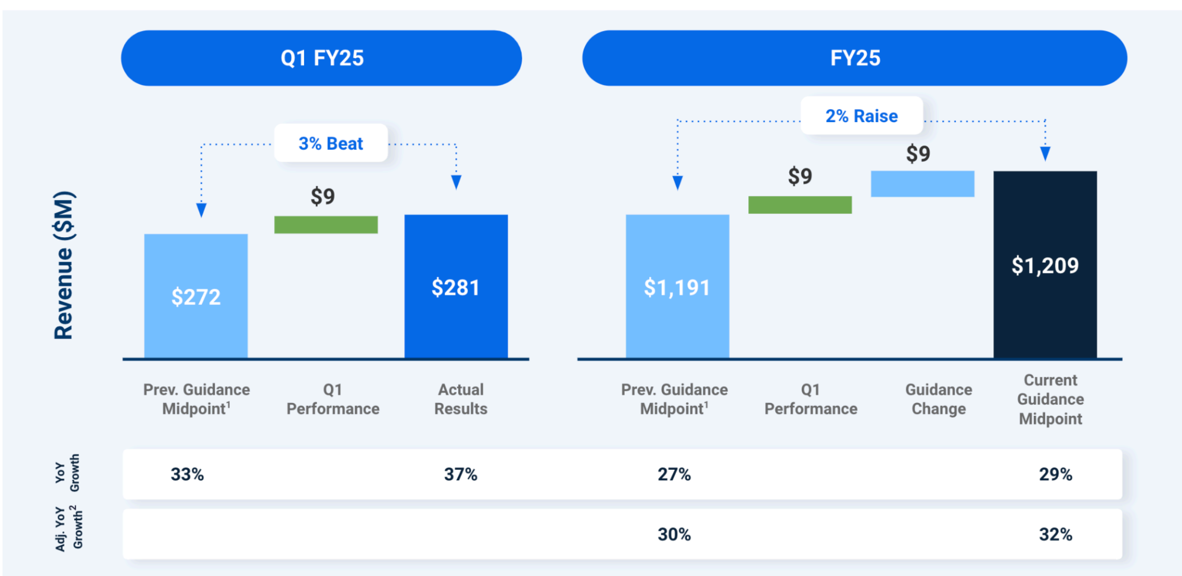
Q2 AND FULL-YEAR FY25 GUIDANCE

We're raising our guidance across all key metrics because of our strong Q1 performance and outlook for the rest of FY25. We've also analyzed various scenarios and believe this guidance is adequately de-risked to account for the potential impact of worsening macroeconomic factors on our business.

- **Q2 FY25:**
  - Revenue between $288 and $290 million, representing between 31% and 32% year-over-year growth
  - Non-GAAP operating margin of (2%)
  - Non-GAAP EPS between $0.00 - $0.01
- **Full-year FY25:**
  - Revenue between $1.205 and $1.213 billion, representing 31% and 32% adjusted revenue growth (adjusted revenue growth removes the impact of the additional week of revenue recognition in Q4 FY24 to enable comparability across periods)
  - Non-GAAP operating margin of 3%
  - Non-GAAP EPS between $0.13 and $0.15

	Q2 FY25	FY25
Total Revenue ***Y/Y Revenue Growth*** ***Y/Y Adj. Revenue Growth[1]***	$288 million - $290 million *31% - 32% growth*	$1.205 billion - $1.213 billion *29% growth* *31% - 32% growth*
Non-GAAP Operating Margin %	(2%)	3%
Non-GAAP EPS	$0.00 - $0.01	$0.13 - $0.15

[1] Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. Adjusted revenue and adjusted revenue growth remove the impact of the additional week of revenue recognition in Q4 FY24 to enable comparability across periods



Fiscal year ends on the Saturday closest to February 1

[1] Refers to previously issued financial guidance dated 03/07/24

[2] Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. Adjusted revenue and adjusted revenue growth remove the impact of the additional week of revenue recognition in Q4 FY24 to enable comparability across periods

To wrap up, we are pleased with our start to the year and our improved outlook for FY25. In Q1, we sustained our revenue growth rate at a larger scale while also achieving a record free cash flow margin. We are now operating in rarified air in terms of scale, growth, and profitability. Samsara is one of only two public software companies at more than $1 billion of scale, expected to grow more than 30% this year, and generating positive FCF.

Source: CapIQ data as of June 5, 2024 for publicly listed Application Software, System Software and Internet Services and Infrastructure companies
[1] For companies other than Samsara, Q1 CY24 total revenue multiplied by four used as a proxy for ARR
[2] For Samsara, used adjusted revenue to remove the impact of the additional week of revenue recognition in Q4 FY24 to match the comparative period. Excludes companies with less than 75% software revenues in CY23
[3] Represents adjusted free cash flow for Samsara. LTM refers to the last four fiscal quarters

Looking forward, we believe we're well-positioned to continue delivering durable and efficient growth because:

- We're digitizing the world of physical operations, which is a very large and underserved market opportunity, and that's driving strong customer demand.
- Our products offer real ROI and a fast payback period.
- We're targeting a very different Operations budget

And we're excited to continue helping our customers operate more safely, efficiently, and sustainably.

APPENDIX

Additional Modeling Notes:

- For FY25 net new ARR, we expect Q2, Q3, and Q4 net new ARR growth to be roughly in line with consensus estimates at the time of this earnings release. After analyzing various scenarios, we believe this is adequately de-risked to account for the potential impact of worsening macroeconomic factors on our business.
- We expect the linearity of FY25 revenue to be similar to FY24 revenue (after adjusting for the extra week of revenue recognition in Q4 FY24).
- No changes to non-GAAP gross margin outlook for FY25, which is expected to be roughly in line with FY24 (please note that non-GAAP gross margin in a given quarter may be above or below the FY25 non-GAAP gross margin due to the timing of expenses).
- Similar to previous years, we expect FY25 non-GAAP operating margin to be lower in the first half of the year and increase in the second half of the year. We also expect Q3 FY25 non-GAAP operating margin to be roughly in line with our current guidance for FY25 non-GAAP operating margin.
- We expect Q2 FY25 adjusted free cash flow margin to be break-even and our seasonally weakest quarter. For Q3 FY25 and full-year FY25, we expect adjusted free cash flow margin to be roughly in line with Q1 FY25 adjusted free cash flow margin.
- Weighted average shares outstanding:
    - Q2 FY25: If we report non-GAAP net income, we expect diluted weighted average shares outstanding to be 577 million. If we report breakeven or non-GAAP net loss, we expect basic weighted average shares outstanding to be 554 million.
    - Full-year FY25: We expect diluted weighted average shares outstanding to be 578 million.

Definitions/Methodology

Annual Contract Value (ACV)
We define ACV as the annualized value of a customer's total contract value for Samsara products as of the measurement date.

Net New ACV (NN ACV)
Net New ACV is calculated as the incremental annual contract value, through upsells, cross-sells, or new business, that is recognized in a given reporting period and that was not present as of the beginning of the reporting period.

Annual Recurring Revenue (ARR)
We define ARR as the annualized value of subscription contracts that have commenced revenue recognition as of the measurement date.

Net New ARR (NN ARR)
Net New ARR is calculated as the difference between the annualized value of subscription contracts that have commenced revenue recognition as of the end of the reporting period and the annualized value of subscription contracts that have commenced revenue recognition as of the end of the prior reporting period.

Customer
We define a customer as an entity that has an ARR of greater than $1,000 at the end of a reporting period.

Core Customer
We define a core customer as an entity that has an ARR of greater than or equal to $10,000 at the end of a reporting period.

Large Customer
We define a large customer as an entity that has an ARR of greater than $100,000 at the end of a reporting period.

Dollar-Based Net Retention Rate
We calculate our dollar-based net retention rate as of a period end by starting with the ARR from the specified cohort of customers as of 12 months prior to such period-end, or the Prior Period ARR. We then calculate the ARR from these same customers as of the current period-end, or the Current Period ARR. Current Period ARR includes any expansion, and is net of contraction or attrition over the last 12 months, but excludes ARR from new customers in the current period, as well as any ARR associated with paid trials. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. We then calculate the weighted average of the trailing 12-month point-in-time dollar-based net retention rates to arrive at the dollar-based net retention rate.

In calculating the dollar-based net retention rate for core customers and for $100K+ ARR customers, we look at the cohort of customers with a Prior Period ARR greater than $0 who have met or exceeded $10,000 ARR in the case of core customers, or $100,000 ARR in the case of $100K+ ARR customers, during their lifetime as a Samsara customer.

Non-GAAP Financial Measures

Adjusted Revenue and Adjusted Revenue Growth Rate

Q4 FY24 was a 14-week fiscal quarter instead of a typical 13-week fiscal quarter. To enable comparability across periods, adjusted revenue and adjusted revenue growth rate are calculated by multiplying Q4 FY24 revenue by 13/14 to remove the impact of an additional week of revenue recognition in Q4 FY24.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We define non-GAAP gross profit as gross profit excluding the effect of stock-based compensation expense-related charges, including the amortization of deferred stock-based compensation expense for capitalized software and employer taxes on employee equity transactions, included in cost of revenue. Non-GAAP gross margin is defined as non-GAAP gross profit as a percentage of total revenue. We use non-GAAP gross profit and non-GAAP gross margin in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP gross profit and non-GAAP gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations.

Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin

We define non-GAAP income (loss) from operations, or non-GAAP operating income (loss), as income (loss) from operations excluding the effect of stock-based compensation expense-related charges, including the amortization of deferred stock-based compensation expense for capitalized software and employer taxes on employee equity transactions, lease modification, impairment, and related charges, and legal settlements. Non-GAAP operating margin is defined as non-GAAP operating income (loss) as a percentage of total revenue. We use non-GAAP income (loss) from operations and non-GAAP operating margin in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP income (loss) from operations and non-GAAP operating margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations.

Non-GAAP Net Income (Loss) and Non-GAAP Net Income (Loss) per Share

We define non-GAAP net income (loss) as net loss excluding the effect of stock-based compensation expense-related charges, including the amortization of deferred stock-based compensation expense for capitalized software and employer taxes on employee equity transactions, lease modification, impairment, and related charges, and legal settlements. Our non-GAAP net income (loss) per share–basic is calculated by dividing non-GAAP net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Our non-GAAP net income per share–diluted is calculated by giving effect to all potentially dilutive common stock equivalents (stock options, restricted stock units, and shares issued under our 2021 Employee Stock Purchase Plan) to the extent they are dilutive. Non-GAAP net loss per share–diluted is the same as non-GAAP net loss per share–basic as the inclusion of all potential dilutive common stock equivalents would be antidilutive. We use non-GAAP net income (loss) and non-GAAP net income (loss) per share in conjunction with traditional GAAP measures to evaluate our financial performance. We believe that non-GAAP net income (loss) and non-GAAP net income (loss) per share provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations.

Adjusted Free Cash Flow and Adjusted Free Cash Flow Margin

We define adjusted free cash flow as net cash provided by (used in) operating activities reduced by cash used for purchases of property and equipment and excluding the cash impact of non-recurring capital expenditures associated with the build-out of our corporate office facilities in San Francisco, California, net of tenant allowances, and legal settlements. Adjusted free cash flow margin is calculated as adjusted free cash flow as a percentage of total revenue. We believe that adjusted free cash flow and adjusted free cash flow margin, even if negative, are useful in evaluating liquidity and provide information to management and investors about our ability to fund future operating needs and strategic initiatives by excluding the impact of non-recurring events.