FY24 Analyst Day

May 25, 2023
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Agenda

01 Vision & Mission
Bill Staples, Chief Executive Officer

02 Platform Advantage - Today & Tomorrow
Manav Khurana, Chief Product Officer  |  Peter Pezaris, Chief Design & Strategy Officer

03 Executing Against the Opportunity
Ishan Mukherjee, SVP Growth  |  Mark Dodds, Chief Revenue Officer

04 Customer Journey
Chad Verbowski, Chief Technology Officer, Confluent  |  Arun Natarajan, Senior Director of Enterprise Observability, Capital One
Micheal Cook, Director of Observability, BlackLine  |  Moderated by Kristy Friedrichs, Chief Operating Officer

05 Delivering Profitable Growth
David Barter, Chief Financial Officer

06 Executive Q&A
New Relic Vision & Mission

Bill Staples, Chief Executive Officer
# New Relic Consumption Business FY23

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$925.6M</td>
<td>+18%</td>
</tr>
<tr>
<td>Consumption Revenue</td>
<td>$707.7M</td>
<td>+60%</td>
</tr>
<tr>
<td>% of Total Revenue from Consumption Customers</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>Consumption Revenue YoY Growth (ex. Migrations)</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Total Paid Active Customer Accounts</td>
<td>16,000</td>
<td>+1,200</td>
</tr>
<tr>
<td>Consumption Customers</td>
<td>12,000</td>
<td>+3,400</td>
</tr>
<tr>
<td>New Platform Customers</td>
<td>+3,800</td>
<td></td>
</tr>
<tr>
<td>Total Active Customers</td>
<td>57,500</td>
<td>+16,200</td>
</tr>
<tr>
<td>% of Customers with 4+ Capabilities</td>
<td>84%</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Consumption Customers is defined as customers at the parent hierarchy level where (a) we recognized any revenue in the fiscal quarter, and (b) either all revenue is under a consumption buying program or the largest individual account is under a consumption buying program. The number of Consumption Customers that is reported as of a particular date is rounded to the nearest hundred.
2. Net new paid platform customers is defined as customers that were acquired on our PayGo buying program in the quarter, and recognized any revenue in the fiscal quarter, net of those PayGo customers that left in the quarter.
3. Sum of Total Paid Active Customer Accounts plus unique free tier accounts sending >100MB (created after 7/30/2020)

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New Relic’s Mission: Data for Engineers

*Be the source of truth for every engineer to make decisions every day — with data, not opinions — at every stage of the software lifecycle.*
Secular Tailwinds Drive Observability

“Cloud initiatives that go wrong are the ones that lack sufficient observability.”

“Digital transformations that aren’t data driven are shots in the dark.”

“Exploding technical complexity requires engineers to become more data driven to manage at scale.”

Customers need New Relic to navigate cloud migration, digital transformation & complexity
Public Cloud Spend Fuels Observability Growth

Public Cloud Market Forecast

Telemetry data multiplies as a result of

> Infrastructure scale
> Service instance and scale
> Application count and scale
> User engagement
> Device growth

Source: Morgan Stanley report on Public Cloud (March 2023)
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Digital Transformation: Still Early Days

Top 3
CIO Priority

$2.3T
spend on IT

*30%
YoY growth in new business applications

Insights are required to understand

> How is my digital business performing?
> Are the services up and running?
> Do customers love their experience?
> Where can I optimize?
> Where should I innovate next?

Source: Morgan Stanley report on Public Cloud (March 2023)
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Customers are grappling with dozens of legacy specialized tools on top of data silos, which isolate and reinforce team silos.
Addressing a Massive Observability TAM

- **Expanding insights to run & grow a digital business**
- **$22B** in 2022
- **Full Stack Observability**
- **Core TAM**
- **Security**
- **DevOps**
- **ITSM**

Source: IDC, Gartner

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Growing to $62B TAM in 2026

- Exploding Telemetry Data
- Empowering Every Engineer with Insights
- Rapidly Developing New Platform Capabilities

Fyi - for voice over we could say that the cloud part of this Core TAM grows 20% CAGR. This growth rate is sourced from an IDC forecast for IT Operations Software segment, which include observability.
Observability Today and Tomorrow

Today
- All 5 leading observability companies combined
  - 800K - 1.2M Active Users
  - ~80K Paid Customers
  - ~800K - 1.2M Active Users

Today
- Atlassian, Github, and other ubiquitous developer tools
  - 50-100M Active Users
  - ~200 Paid Customers

Tomorrow
- The New Relic we aspire to become in the coming decade
  - Tens of Millions of Active Users
  - 1,000 Paid Customers
  - 1,000 $1M+
Customer Adoption Across Industries

Enterprise customers

Media & Entertainment
- RIOT GAMES
- verizon
- Paramount Network
- William Hill
- Bell Media

Retail
- McDonald's
- TESCO
- Domino's
- ABInBev
- mercado libre

Technology
- GitHub
- ATLASIAN
- Confluent
- aruba
- BLACKLINE

Financial Services
- Capital One
- ATLASIAN
- Morningstar
- PicPay
- NIC

Public Sector
- American Red Cross
- H&R BLOCK
- CMS
- National Guard Bureau
- WorldPay

Manufacturing
- TOYOTA
- BOSCH
- PORSCHE
- SUBARU
## Providing Customers Significant Value

### Helping Customers Make Money

<table>
<thead>
<tr>
<th>Company</th>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>McDonald's</td>
<td>$4M</td>
<td>digital sales per hour monitored</td>
</tr>
<tr>
<td>William Hill</td>
<td>35%</td>
<td>improvement detection time</td>
</tr>
<tr>
<td>benevity</td>
<td>&lt;30</td>
<td>minutes MTTR</td>
</tr>
<tr>
<td>CARATLANE</td>
<td>90%</td>
<td>increase in YOY online sales</td>
</tr>
<tr>
<td>mercado libre</td>
<td>0%</td>
<td>error rate</td>
</tr>
</tbody>
</table>

### Helping Customers Save Money

<table>
<thead>
<tr>
<th>Company</th>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>TESCO</td>
<td>20%</td>
<td>tools consolidated</td>
</tr>
<tr>
<td>BLACKLINE</td>
<td>8</td>
<td>tools to be consolidated</td>
</tr>
<tr>
<td>TOYOTA</td>
<td>96%</td>
<td>reduction in time to set up production</td>
</tr>
<tr>
<td>bigbasket</td>
<td>35%</td>
<td>reduced infrastructure cost</td>
</tr>
<tr>
<td>IGS</td>
<td>58%</td>
<td>observability cost reduction</td>
</tr>
</tbody>
</table>
New Relic’s Transformation Plan for Ubiquity

“All-in-One” Platform

Efficient Go to Market

Consumption Business Model
New Relic’s Transformation Plan for Ubiquity

Deliver the world’s only “all-in-one” Observability platform that democratizes data driven insights for all engineers
The Problem

Tool Proliferation Creates Silos

% of Customers Reporting

0% 1% 2% 3% 4% 5% 6% 7% 8% 9% 10+ Not Sure

Number of Observability Tools Used

0.2% 1.7% 4.0% 7.8% 9.5% 14.9% 15.8% 19.8% 13.1% 5.1% 4.0% 4.0%

Source: 2022 Observability Forecast
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Every tool brings more:

⚠️ Data silos
⚠️ Screen swivels
⚠️ Cost

+75% Customers Using 5+ Tools
All-in-One Observability Platform

One Place for All Data
All data sources, all data types, open integrations, OpenTelemetry... all in one place and at a low cost.

One Place for All Insights
30+ capabilities in one seamlessly connected experience.
Unified Data Platform

- One place for all data types and sources, OpenTelemetry native
- Multi-cloud, multi-tenant, high performance at scale
- Low incremental cost of data, 2-4x more data/price

- 3.1 exabytes of data annually
- 333B+ requests per day
- 5B+ events a minute
- 60ms Median response time
- 700ms P95 response time
- 79% Non-GAAP Gross margin

2023

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“All-in-One” Platform Experience

Seamlessly connected user experience with 30+ capabilities for everyone
All-in-One Platform Unlocks Ubiquity

Percent of Customers Using...

<table>
<thead>
<tr>
<th>Capabilities</th>
<th>New Relic</th>
<th>Competitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+</td>
<td>90%</td>
<td>81%</td>
</tr>
<tr>
<td>4+</td>
<td>86%</td>
<td>43%</td>
</tr>
<tr>
<td>6+</td>
<td>79%</td>
<td>19%</td>
</tr>
<tr>
<td>10+</td>
<td>63%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note: as of quarter ending 3/31/2023
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New Relic’s Transformation Plan for Ubiquity

* Unique combination of product-led new customer acquisition and nurturing with sales-led expansion and standardization
GTM: Overcoming the Challenges of 2020

- Introduce high-scale, highly efficient product-led growth GTM motion
- Align business model and field compensation with customer value
- Focus on increasing execution excellence and discipline

High S&M Spend, Customer Churn, Revenue Growth Deceleration
PayGo Customer Growth
Winning net new consumption platform customers at record levels

Results

PayGo customers:
• Category leading customer adds
• 100% YoY Revenue Growth

Note: As part of the external reporting, some of the PAYG customers are aggregated under a family ID

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Results

New Relic is the Most Ubiquitous Platform

- Active Customer Accounts (Paid)
- Active Free Accounts

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>41.3K</td>
<td>53.3K</td>
</tr>
<tr>
<td>Q1</td>
<td>26.5</td>
<td>37.6</td>
</tr>
<tr>
<td>Q2</td>
<td>29.9</td>
<td>33.8</td>
</tr>
<tr>
<td>Q3</td>
<td>15.1</td>
<td>15.3</td>
</tr>
<tr>
<td>Q4</td>
<td>14.8</td>
<td>15.7</td>
</tr>
<tr>
<td></td>
<td>57.5K</td>
<td>41.5</td>
</tr>
</tbody>
</table>

Note: 1) Unique free tier accounts sending >100MB, created after 7/30/2020
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Large Customer Growth Also Accelerating

# of Consumption Customers > $100K

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>953</td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>1,013</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>1,070</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>1,122</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>1,173</td>
<td></td>
</tr>
</tbody>
</table>

23% YoY

# of Consumption Customers > $1M

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>141</td>
<td></td>
</tr>
</tbody>
</table>

64% YoY

Note: Revenue based on trailing twelve month basis

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Results

Sales and Marketing Spend Efficiency

Non-GAAP S&M as % of Revenue

FY20: 48%
FY21: 46%
FY22: 42%
FY23: 37%

(11) pts.

Note: Please refer to the appendix for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measures.

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New Relic’s Transformation Plan for Ubiquity

Deliver more economical, transparent and modern consumption pricing, aligned with value

Consumption Business Model
The Problem

Legacy, Host-Based Subscription Pricing Price Gouges Customers

1. Pricing not aligned with cloud model
   - Host-based pricing, with peak-rate billing is not aligned with elastic cloud and container based architecture. Impossible to predict and manage budgets.

2. 18+ SKUs explodes budget complexity
   - Costs rack-up as customers billed for 18+ SKUs separately with hidden limits that drive overage fees.

3. Company and sales incentivized to max commitments
   - Company and sales team incentivized to drive high commitments with usage as a secondary focus.
The Solution

New Relic’s Platform
Consumption
Pricing Prioritizes Customer Value

1. Pricing not aligned with cloud model
   Predictable cost-plus ingest and user-seats

2. 18+ SKUs explodes budget complexity
   One price for users to access all 30+ capabilities

3. Company and sales incentivized to max commitments
   Company and sales team performance aligned with usage and customer success
Pricing Plans Drive Monetization

**Full Platform User** from $99 - $549/mo

30+ Capabilities

- Additional Query
- $1.50/ Billion Scanned Events

**Standard Data**

- 600+ I/O Quickstarts
- OpenTelemetry
- Improved dashboards
- Faster queries
- Errors Inbox
- APM & Infrastructure ++
- Extended retention
- Streaming export
- FedRamp, HIPAA
- Cloud provider choice
- Vulnerability Management

**Add-ons**

- $0.30 / GB
- + $0.05 / GB extra month
- + $0.10 / GB
- + $0.10 / GB
- + $0.10 / GB

Note: US pricing for services hosted in a US datacenter

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Pricing Plans Drive Monetization

**Full Platform User** from $99 - $549/mo

- 30+ Capabilities
- + Additional Query Capacity
- + $1.50/ Billion Scanned Events

**Standard Data**
- + 600+ I/O Quickstarts
- + OpenTelemetry
- + Improved dashboards
- + Faster queries
- + Errors Inbox
- + APM & Infrastructure ++
- + Extended retention
- + Streaming export
- + FedRamp, HIPAA
- + Cloud provider choice
- + Vulnerability Management

**Data Plus**
- $0.50/GB (Instead of $0.75/GB)

Note: US pricing for services hosted in a US datacenter
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Results

Business Model Leadership...

"New Relic offers a clearly differentiated and disruptive pricing model in the field that has contributed to its recent growth [...] This model is increasingly resonating with clients looking to manage ever-increasing monitoring bills.

Gartner®
Understanding Subscription vs. Consumption

<table>
<thead>
<tr>
<th>Feature</th>
<th>Subscription</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platform capabilities</td>
<td>Limited to licensed product</td>
<td>All capabilities</td>
</tr>
<tr>
<td>Pricing meters</td>
<td>Hosts, transactions, GBs...</td>
<td>Users + data</td>
</tr>
<tr>
<td>Sales compensation</td>
<td>Commitment</td>
<td>Consumption</td>
</tr>
<tr>
<td>Shelfware guarantee</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Revenue Recognition</td>
<td>Ratable</td>
<td>On usage</td>
</tr>
</tbody>
</table>
# Customer Growth During Complex Transition

## Results

### Total Customers

<table>
<thead>
<tr>
<th>Total Customers</th>
<th>15.4K</th>
<th>14.4K</th>
<th>13.9K</th>
<th>14.1K</th>
<th>14.1K</th>
<th>14.3K</th>
<th>14.6K</th>
<th>14.8K</th>
<th>15.1K</th>
<th>15.3K</th>
<th>15.7K</th>
<th>16.0K</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>15.4K</td>
<td>13.9K</td>
<td>12.2K</td>
<td>11.0K</td>
<td>8.6K</td>
<td>7.7K</td>
<td>6.9K</td>
<td>6.2K</td>
<td>5.6K</td>
<td>5.0K</td>
<td>4.6K</td>
<td>4.1K</td>
</tr>
<tr>
<td>Q1</td>
<td>15.4K</td>
<td>0.5K</td>
<td>1.4K</td>
<td>1.7K</td>
<td>3.2K</td>
<td>3.1K</td>
<td>3.6K</td>
<td>4.0K</td>
<td>5.4K</td>
<td>4.1K</td>
<td>4.0K</td>
<td>3.9K</td>
</tr>
<tr>
<td>Q2</td>
<td>15.4K</td>
<td>0.5K</td>
<td>1.4K</td>
<td>1.7K</td>
<td>3.2K</td>
<td>3.1K</td>
<td>3.6K</td>
<td>4.0K</td>
<td>5.4K</td>
<td>4.1K</td>
<td>4.0K</td>
<td>3.9K</td>
</tr>
<tr>
<td>Q3</td>
<td>15.4K</td>
<td>0.5K</td>
<td>1.4K</td>
<td>1.7K</td>
<td>3.2K</td>
<td>3.1K</td>
<td>3.6K</td>
<td>4.0K</td>
<td>5.4K</td>
<td>4.1K</td>
<td>4.0K</td>
<td>3.9K</td>
</tr>
<tr>
<td>Q4</td>
<td>15.4K</td>
<td>0.5K</td>
<td>1.4K</td>
<td>1.7K</td>
<td>3.2K</td>
<td>3.1K</td>
<td>3.6K</td>
<td>4.0K</td>
<td>5.4K</td>
<td>4.1K</td>
<td>4.0K</td>
<td>3.9K</td>
</tr>
</tbody>
</table>

### Notes

- May not add up to total due to rounding
- Consumption Customers is defined as customers at the parent hierarchy level where (a) we recognized any revenue in the fiscal quarter, and (b) either all revenue is under a consumption buying program or the largest individual account is under a consumption buying program. The number of Consumption Customers that is reported as of a particular date is rounded to the nearest hundred.
Consumption Revenue Above Market Growth

Consumption Revenue Growth:
- 35% excluding effect of migrations
- 60% including effect of migrations

Subscription Revenue Decline:
- (4%) excluding effect of migrations
- (37%) including effect of migrations

Results

Notes: Consumption: Volume, Savings, Annual pool of funds, Paygo, Japan
Subscription: Legacy site license, NR1 site license, Annual subscription, Month-to-month subscription, other

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Delivered More Than 30 Point Improvement Toward Rule of 40+

Rule of 40 = YoY revenue growth plus Non-GAAP operating margin
FY24: The Acceleration

**Priorities**

- Focused on completing the migration from subscription to consumption
- Investing in customer success and value realization during economic uncertainty
- Introducing consumption revenue outlook for FY24 to reflect focus on completing migration and consumption growth net of migrations
- Focusing on cost and efficiency to build a stronger core business and generate profits

**FY24 Metrics**

- 30% YoY consumption revenue growth
- 14-15% Non-GAAP operating margin
- $150M Free Cash Flow
Long Range Plan

20-25% \text{ Top Line Growth} + 20\%+ \text{ Op Margin} = 40\%+

Rule of 40+
New Relic Investment Thesis

1. New Relic is competing in a category with long term, secular tailwinds

2. Addressing a massive, under-penetrated TAM with our unique vision and “all-in-one” platform

3. Efficient GTM wins mindshare and powers customer and top-line growth

4. Consumption business outperforming market

5. Proven execution and clear path to “Rule of 40+” company and market leadership
Platform Advantage - Today & Tomorrow

Manav Khurana, Chief Product Officer
Peter Pezaris, Chief Design & Strategy Officer
Observability plays an essential role for every engineering team in a digital business.
The Stakes Have Never Been Higher

- **80%** of customers churn in <1 min
- **30 min** Avg. time to recover from downtime
- **~$4M** in digital sales / hour
- **$700B+** annual productivity loss from downtimes
- **$1-5M** loss per hour of outage for 33% of enterprises

Our Platform Approach To Drive Ubiquity

Multiple years ahead of the competition

- Superior performance and ease-of-use to collect All Telemetry
- Superior insights and debug workflows for All Engineers
Our Platform Approach To Drive Ubiquity

Multiple years ahead of the competition

- Free tier
- Superior performance and ease-of-use to collect
  All Telemetry
- Low cost-per-GB for all data types
- Ungated access to 30+ capabilities
- Superior insights and debug workflows for
  All Engineers
- Dev tool integrations

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Innovation Leadership...
Why Customers Love New Relic

Superiority in APM

- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem
Dashboards are noisy; at best tell you what’s broken, not why.

Solution
APM debug workflows & code-level insights.

01 Understand root-cause
02 Quantify change impact
03 Test & deploy fix

Drives data, user, and new logo revenue
Why Customers Love New Relic

Superiority in APM

- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem

Hard to unpack distributed arch with in other APM tools.

Solution

Automatic dependency visualizations without “tags”.

Drives data and user revenue
Why Customers Love New Relic

Superiority in APM

- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem

Most APM tools are not useful beyond incident response.

Solution

360° APM health indicators for everyday use-cases.

Drives data and user revenue
Why Customers Love New Relic

Superiority in APM

- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem
ML models & GPT integrations need performance optimization.

Solution
Industry’s first ML Model & GPT integration monitoring.

Drives data and user revenue
**Why Customers Love New Relic**

- Superiority in APM
  - **Differentiated logs experience**
  - 30+ tools in one platform
  - Most affordable ingest
  - Open standards leadership

<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of logs make it unusable, slow to query &amp; high cost.</td>
<td>Centralized Log Management with modern &amp; responsive experience.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Traditional Logs Tools</th>
<th>New Relic Logs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor usability to sift through 1000s of log lines</td>
<td>Logs-in-context gives one click to arrive at the right log line</td>
</tr>
<tr>
<td>Low performance with slow search speeds</td>
<td>Lightning fast search speed with our telemetry platform</td>
</tr>
<tr>
<td>High TCO with added indexing &amp; overhead costs</td>
<td>Low TCO with no indexing, no infrastructure to manage</td>
</tr>
</tbody>
</table>

**Drives data revenue**

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Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
  - 30+ tools in one platform
  - Most affordable ingest
  - Open standards leadership

**Problem**
Compliance use-cases need longer term storage at lower cost.

**Solution**
Live Archives for affordable storage & on-demand querying.

**Coming Soon**
- Log Forwarder
  - Ops Logs
  - Cold logs

**Drives data revenue**
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem
Tool proliferation hurts productivity & costs more.

Solution
One ungated & cohesive experience for all tools.

Drives data and query revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- **30+ tools in one platform**
  - Infrastructure
  - Security
  - CodeStream
- Most affordable ingest
- Open standards leadership

**Problem**
Lack of integration between APM & Infrastructure Monitoring.

**Solution**
Best-in-class Infrastructure Monitoring, integrated with APM.

Drives data and user revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- 30+ tools in one platform
  Infrastructure | Security | CodeStream
- Most affordable ingest
- Open standards leadership

Problem

Application developers need security insights.

Solution

Vulnerability Management using existing telemetry & integrations.

Drives add-on revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- **30+ tools in one platform**
- Infrastructure | Security | CodeStream
- Most affordable ingest
- Open standards leadership

Problem

Observability tools are a foreign concept for most developers.

Solution

CodeStream brings the power of Observability in the IDE.

Drives user and query revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem
High ingest cost forces telemetry blind spots.

Solution
Low per-GB prices with cost-efficient architecture.

“At Cox Automotive, we want to instrument everything in order to understand every aspect of our architecture. New Relic’s disruptive pricing model will allow our teams to experiment with new approaches to do that without breaking the budget.”

Chris Dillon,
Vice President, Architecture & Cloud Enablement
Cox Automotive

Compare full-stack observability costs: New Relic, Datadog, and Dynatrace

Drives data and new logo revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem

Some customers need local data residency to adopt observability

Solution

New Relic FlexCloud enables cloud & region choice at low GB price.

Expanding Soon

Superiority in APM
Differentiated logs experience
30+ tools in one platform
Most affordable ingest
Open standards leadership

Drives data revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest
- Open standards leadership

Problem
Generating the right data requires dev time & specific expertise.

Solution
OTEL support and library of open integrations.

~600 Open Integrations

Native OpenTelemetry Support

70% YoY increase

Drives data revenue
Why Customers Love New Relic

- Superiority in APM
- Differentiated logs experience
- 30+ tools in one platform
- Most affordable ingest

Open standards leadership

Coming Soon

**Problem:** OTEL & multiple agent types.

**Solution:** A single agent based on open standards (OTEL) for all telemetry. Better than ONE agent technologies.

‘Super’ Agent

Drives Data Revenue

**Problem:** Control what data goes where.

**Solution:** Route, filter, transform telemetry from multiple sources to multiple destinations.

Telemetry Pipelines

Drives Add-on Revenue

**Problem:** Complex agent configuration.

**Solution:** Centralized install, upgrade, config, & remote control for all agents & telemetry pipelines.

Fleet Manager

Drives Add-on Revenue
One more thing...
DEMO

Generative AI
To my knowledge, New Relic is first to market in the observability space with a generative AI solution [...]. New Relic also has a competitive advantage with their more advanced, high data cardinality, which means more accuracy, faster speed, improved team collaboration when using technology like Generative AI. This is another layer of value on top of New Relic’s platform that will be attractive to many more engineers - devops, product managers and more.

Source: IDC, Group Vice President Stephen Elliot, April 2023
Accelerated Innovation Last 2 Years

- **Founding to IPO** (2008 - 2014)
  - ~1 major launch per year
  - 4-5 minor launches per year

- **IPO to NR One Launch** (2014 - 2020)
  - 4-5 minor launches per year
  - 6+ major launches per year

- **Current** (2021 onwards)
  - 6+ major launches per year
  - 16 minor launches per year

---

### Key Features

- **APM**
- **Mobile**
- **Browser**
- **Synthetics**
- **Custom Dashboards**
- **Infra Monitoring**
- **AI/ops**
- **Distributed Traces**
- **Serverless**
- **Custom Apps**

---

**Cloud APM**

- **Cloud APM Suite**

- **Cloud APM Suite**

- **All-in-one Platform**

---

- **Vulnerability Mgmt**
- **Logs in Context**
- **Network Monitoring**
- **SAP Monitoring**
- **Service Levels**
- **Change Tracking**
- **Error Tracking**
- **HITRUST & HIPAA**
- **Profiler**
- **Pixie Open Source**
- **Data Plus**
- **Correlation**
- **Root Cause**
- **Automation Workflows**
- **Core Users**
- **Lookout Trends**
- **Topology Maps**
- **ML Models**
- **CodeStream**
- **I/O**
- **Collaboration**
- **Log Management**
- **New UX**

---

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Continued Innovation Velocity
Building on our superior platform

Founding to IPO (2008 - 2014)
Cloud APM

IPO to NR One Launch (2014 - 2020)
Cloud APM Suite

Current (2021 onwards)
All-in-one Platform

-1 major launch per year
4-5 minor launches per year

~1 major launch per year
6+ major launches per year
16 minor launches per year

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10 Minute Break
Executing Against the Opportunity

Ishan Mukherjee, SVP Growth
Mark Dodds, Chief Revenue Officer
GTM Designed to Realize Ubiquity

Product-Led “land and expand” motion: self-service acquisition and sales-led standardization

Land New Customers via PLG
Category’s first at-scale PLG funnel acquiring high potential customers via perpetual free tier at low cost and high volume

Expand Consumption via PLG + SLG
Platform network effects increase users and data causing customers to graduate from self-serve to sales-led GTM

Drive Standardization on New Relic
Customers standardize all observability needs on New Relic and co-develop observability strategy via sales-led GTM
GTM Designed to Realize Ubiquity

Re-prioritized in FY21, PLG strategy acquiring customer across enterprise, mid-market & SMB

Land New Customers via PLG

Expand Consumption via PLG + SLG
Regained Mindshare Leadership

Fundamental to drive new customers across all segments and verticals

Negative Community Sentiment

Positive Community Sentiment

Press Share of Voice

Sources: 1) Sentiment Analysis: Sprinklr (SaaS Tool) and Brandwatch (SaaS Tool)
2) Press share of Voice in AMER & APJ: Cision (SaaS Tool)

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At-Scale, Hyper Efficient PLG Engine

Strategy driving more engaged free and paid customers than any other commercial vendor

- **Free Tier Sign-ups**
  - 1.5X YoY growth based on reclaiming mindshare leadership and demand generation efficiency

- **In-Product Activation**
  - 80% YoY increase in accounts exceeding free-tier limits via in-product onboarding & UX improvements

- **PAYG Conversion**
  - 800+ PAYGs per quarter based on product innovations and efficient inside-sales

- **Contracts**
  - New ISR motion started to sign committed contracts on modern buying programs
PLG Investments Aimed at Ubiquity

90%+ of net new lands today, increasing investment to become default

Long Range Plan

Be the default observability solution for all teams

- #1 Engineer Mindshare
- Seamless Product Experience
- Efficient Inside Sales

Note: 1) Unique free tier accounts sending >100MB, created after 7/30/2020

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Broad Customer Base to Drive Expansion

1.3K Customers with estimated $1B+ TAS graduated to Sales-Led in FY24

- $5M+
- $750K-$5M
- $150K-$750K
- <$150K

1.3K Customers graduated to sales-led at the start of FY24

41K+ Active Free Accounts\(^1\) as of FY23-Q4

Note: 1) Unique free tier accounts sending >100MB, created after 7/30/2020
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Sales-Led + Product-Led Expansion

Product-Led “land and expand” motion: self-service acquisition and sales-led standardization

Expand Consumption via PLG + SLG

Drive Standardization on New Relic
$3B Revenue Opportunity Within Our Existing Customer Base!

~$3B Potential Revenue in Existing Customers

1,300+ Customers graduated to sales-led at the start of FY24

Source: Management consulting analysis
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GTM Teams Drive Both Commitment and Consumption

- **Contracted Commitment**
  - Secure customer budget through annual and multi-year contracts

- **Consumption**
  - Increase consumption of the platform (users + data + add-ons) by delivering value each day

- **Product- and Sales-led Growth**
  - Grow consumption through Sales plays and PLG
  - Value-added buying programs
Sales Plays to Expand Data and Users

Cloud Migration

Digital Transformation

Tool Consolidation

Observability Center of Excellence
Cloud Migration Drives 5x Growth in Consumption

Leading Financial Services Company

Co-pitched cloud migration strategy with a partner

Collaborating with a partner to help move 1,100+ apps to the cloud with observability
Digital Transformation
Driving 5x Growth in Consumption

Leading IT Infrastructure Vendor

Graph showing growth in annual consumption rate with a commitment ramped to full spend in <3 months. Selected as observability provider to support digital transformation.
Standardization Opportunity on New Relic

% of Customers Reporting

Number of Observability Tools Used

>75% Customers Using 5+ Tools

Source: 2022 Observability Forecast
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Tool Consolidation Driving 5x Growth in Consumption

Major Sports Streaming Provider
Developing Observability COE Drives: 6x Expansion in 6 Quarters

Leading Business Applications Provider

Annual Consumption Rate

Commitment

<table>
<thead>
<tr>
<th>Quarterly Period</th>
<th>Annual Consumption Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>$0</td>
</tr>
<tr>
<td>Q2</td>
<td>$200K</td>
</tr>
<tr>
<td>Q3</td>
<td>$400K</td>
</tr>
<tr>
<td>Q4</td>
<td>$600K</td>
</tr>
<tr>
<td>Q5</td>
<td>$800K</td>
</tr>
<tr>
<td>Q6</td>
<td>$1000K</td>
</tr>
</tbody>
</table>

Use cases drive AIOps, APM, dashboards and synthetics

Added distributed tracing and logs capabilities

Roll-out use cases to more teams

Growth 6x
Success With Standardization

APM
- RIOT GAMES
- MORNINGSTAR
- BLACKLINE
- MetaPack
- mercado libre

Logs
- Trimble
- Cellulant
- PicPay
- inter

Infra
- CONFLUENT
- BASF
- ONEFOOTBALL
- COX
Scaling via Hyperscalers

**AWS**
- Launched in FY21
- Top 10 ISV on AWS Marketplace within 2.5 years

**Azure**
- Launched in January 2023
- Azure native service
- Reaching millions of engineers

**Scaling**
- Expand into Asia Pacific
- Multi-cloud and new hyperscalers
- Broaden AWS and Azure footprint
GTM Conclusions

1. Efficient PLG Growth - ubiquity, mindshare and 800+ net new paid every quarter

2. Four Sales-Led Plays - driving more data and more users

3. Hyperscaler Strategy - accelerates customer acquisition and increases GTM efficiency
Customer Journey

Moderated by Kristy Friedrichs, Chief Operating Officer
Delivering Profitable Growth

David Barter, Chief Financial Officer
Key Drivers of Financial Model

**Revenue**
- Consumption has been growing over 30% (ex. effect of migrations)
- Shift to consumption substantially complete within next 4-6 quarters

**Non-GAAP Operating Income**
- Efficient cloud on AWS yields 80% non-GAAP gross margin
- Sales productivity fueled by PLG; increased product investments
- Driving durable double digit margins

**FCF Margin**
- Expect it to expand 10 pts. in line with non-GAAP operating margin
- Expect to generate approximately $150M of free cash flow with room for a meaningful expansion in the following year
- Low CapEx model due to leverage from hyperscalers

Note: Please refer to the appendix for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measures.

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**Strong Progress in Transitioning to Consumption**

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumption</strong></td>
<td>$599.5M</td>
<td>$667.7M</td>
<td>$785.5M</td>
<td>$925.6M</td>
</tr>
<tr>
<td><strong>Subscription</strong></td>
<td>100%</td>
<td>89%</td>
<td>56%</td>
<td>76%</td>
</tr>
</tbody>
</table>

**Consumption Revenue Growth:**
- 35% excluding effect of migrations
- 60% including effect of migrations

**Subscription Revenue Decline:**
- (4%) excluding effect of migrations
- (37%) including effect of migrations

- **Acquired 7.6K** new logos
- **Migrated 4.3K** subscription customers to consumption
- **Expanded existing customer base** - driving adoption of more capabilities (currently 86% of customers using 4+ capabilities)
- **Expect migrations to be substantially complete over next 4-6 quarters**

Notes:
- Consumption: Volume, Savings, Annual pool of funds, Paygo, Japan
- Subscription: Legacy site license, NR1 site license, Annual subscription, Month-to-month subscription, other

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Consumption Model Fueling Revenue Growth

Consumption Revenue Growth:
- 32% excluding effect of migrations
- 55% including effect of migrations

Subscription Revenue Decline:
- (8%) excluding effect of migrations
- (48%) including effect of migrations

Notes: Consumption: Volume, Savings, Annual pool of funds, Paygo, Japan
Subscription: Legacy site license, NR1 site license, annual subscription, month-to-month subscription, Other
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PLG and Migrations Driving Consumption Customer Growth

Notes: May not add up to total due to rounding. Consumption Customers is defined as customers at the parent hierarchy level where (a) we recognized any revenue in the fiscal quarter, and (b) either all revenue is under a consumption buying program or the largest individual account is under a consumption buying program. The number of Consumption Customers that is reported as of a particular date is rounded to the nearest hundred.

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PayGo Consumption Customer Growth

Continued focus on PLG and net new account growth producing positive results

PayGo customers:
- Category leading customer adds
- 100% YoY Revenue Growth

Consumption customers:
- 141 customers > $1M
- 1,173 customers > $100K
- ~10.8K customers < $100k

PAYG revenue growth driven by customer growth and capability adoption

Note: As part of the external reporting, some of the PAYG customers are aggregated under a family ID

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Dollar Net Revenue Retention

Three-month methodology

Consumption Business

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churn</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>24.5%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td>124%</td>
</tr>
</tbody>
</table>

Note: FY23-Q4 quarterly NRR compares the revenue of the customer cohort in FY22-Q4 to the revenue of the same customers one year later in FY23-Q4.

Total Company

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Churn</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Expansion</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td>20%</td>
</tr>
</tbody>
</table>

Expansion continues to be fueled by data ingest and customer engagement.

Migrating subscription customers unlocks consumption growth.

Churn principally driven by subscription agreements.

Note: FY23-Q4 quarterly NRR compares the revenue of the customer cohort in FY22-Q4 to the revenue of the same customers one year later in FY23-Q4.

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Full Platform Adoption Drives NRR Expansion

Percent of Customers Using...

<table>
<thead>
<tr>
<th>Capabilities</th>
<th>New Relic</th>
<th>Competitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+</td>
<td>90%</td>
<td>81%</td>
</tr>
<tr>
<td>4+</td>
<td>86%</td>
<td>43%</td>
</tr>
<tr>
<td>6+</td>
<td>79%</td>
<td>19%</td>
</tr>
<tr>
<td>10+</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note: as of quarter ending 3/31/23
Non-GAAP Gross Margin Expansion

Expanding margins and cloud footprint through better architecture

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>$64.7M</td>
<td>$53.6M</td>
</tr>
<tr>
<td>Q4</td>
<td>$59.6M</td>
<td>$51.0M</td>
</tr>
<tr>
<td>Q1</td>
<td>$59.5M</td>
<td>$77.6%</td>
</tr>
<tr>
<td>Q2</td>
<td>$59.7M</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td></td>
<td>$79.0%</td>
</tr>
<tr>
<td>Q4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Efficiency levers:
- Continue auto-scaling rollout
- Close remaining legacy data centers
- Switch to lower cost AWS Graviton

Expansion areas:
- Expand into Asia Pacific
- Multi-cloud and new hyperscalers
- Broaden AWS and Azure footprint

Note: Please refer to the appendix for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measures.
Achieving Efficiencies in Operating Expenses

- Scaling PLG-led customer acquisition and graduation to Sales team
- Investing in our all-in-one platform: Logs, infrastructure, security, generative AI
- Building scalability and multi-cloud
- Streamlining operations
- Reducing real estate footprint

<table>
<thead>
<tr>
<th>Year</th>
<th>S&amp;M as % of Revenue</th>
<th>R&amp;D as % of Revenue</th>
<th>G&amp;A as % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>46%</td>
<td>22% 2%</td>
<td>13%</td>
</tr>
<tr>
<td>FY22</td>
<td>42%</td>
<td>22% 21%</td>
<td>13%</td>
</tr>
<tr>
<td>FY23</td>
<td>37%</td>
<td>25% 23%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Note: Please refer to the appendix for a reconciliation of these non-GAAP financial measures to their most directly comparable GAAP measures.

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Laying the Groundwork for Margin Expansion

<table>
<thead>
<tr>
<th></th>
<th>Non-GAAP Operating Income</th>
<th>Non-GAAP Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>($16.0M)</td>
<td>(7.8%)</td>
</tr>
<tr>
<td>Q1</td>
<td>($17.1M)</td>
<td>(7.9%)</td>
</tr>
<tr>
<td>FY23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>$26.1M</td>
<td>10.7%</td>
</tr>
<tr>
<td>Q3</td>
<td>$18.7M</td>
<td>7.8%</td>
</tr>
<tr>
<td>Q2</td>
<td>$6.8M</td>
<td>3.0%</td>
</tr>
<tr>
<td>Q1</td>
<td>$6.8M</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Note: Please refer to the appendix for a reconciliation of historical non-GAAP financial measures to their most directly comparable GAAP measures.

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## Our Path to Rule of 40+

<table>
<thead>
<tr>
<th></th>
<th>Today (FY23-Q4)</th>
<th>LTM</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue Growth</strong></td>
<td>18%</td>
<td>20-25%</td>
<td></td>
</tr>
<tr>
<td><strong>Consumption Revenue Growth</strong> (excluding impact of migrations)</td>
<td>32%</td>
<td>20-25%</td>
<td>Accelerate new logo acquisition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Capture $3B of customer base potential</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>79%</td>
<td>80-82%</td>
<td>Operating leverage from hyperscalers</td>
</tr>
<tr>
<td><strong>% of revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>35%</td>
<td>23-24%</td>
<td>Efficient lands through PLG</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Improve sales force productivity</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>23%</td>
<td>26-27%</td>
<td>Continue platform &amp; capability investments</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Utilize low-cost development regions</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>11%</td>
<td>8-9%</td>
<td>Streamline operations</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating Margin</strong></td>
<td>11%</td>
<td>20-25%</td>
<td>Track to non-GAAP operating margin on a TTM basis</td>
</tr>
<tr>
<td>FCF Margin (TTM basis)</td>
<td>4%</td>
<td>22-27%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Please refer to the appendix for a reconciliation of FY23-Q4 non-GAAP financial measures to their most directly comparable GAAP measures.

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We’re On Our Way

We have improved by 30 points ...

Where we were | Where we are | Where we will be
---|---|---
**FY21 Exit** | **FY23 Exit** | **LTM**
(2.5) | 28 | 40+

**Planted the Seeds**

- Started with AWS (80% GM), expanded to Azure
- Spanned APM, Log Mgmt., Infra Monitoring

**Harvesting the Crops**

- Expanding to new hyperscalers and geos at >80% GM
- Driving to feature superiority: AI, OTel, More Use-cases

**“All-In-One” Platform**

**PLG and SLG GTM**

- >800 net new paid customers through PLG

**Consumption Pricing**

- 80% of revenue from higher growth consumption
- Data and user consumption pricing

- Accelerate new customer acquisition
- Capture $3B of customer base potential
- Continued sales force productivity improvements

- 100% consumption; no more cloud subscriptions
- Adding query based pricing for Generative AI

... And we have a plan for 15-20 more points

Note: “Rule of” defined as YoY revenue growth plus non-GAAP operating margin
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Continued Progress Shifting to Consumption

FY24 contemplates:

- Growing consumption despite cloud optimization and macro headwinds
- Shifting the final wave of subscription contracts; this might lead to a step-up in downgrades or churn

FY25 marks the beginning of growing and scaling as a consumption company

Note: FY24 and FY25 stack bars are illustrative.
Strong Margin Expansion Exiting the Transition

Non-GAAP Operating Income
Non-GAAP Operating Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-GAAP Operating Income</th>
<th>Non-GAAP Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>$25.0M</td>
<td>4.1%</td>
</tr>
<tr>
<td>FY21</td>
<td>($24.6M)</td>
<td>(3.7%)</td>
</tr>
<tr>
<td>FY22</td>
<td>($49.1M)</td>
<td>(6.3%)</td>
</tr>
<tr>
<td>FY23</td>
<td>$34.5M</td>
<td>3.7%</td>
</tr>
<tr>
<td>FY24E</td>
<td>$145-155M</td>
<td>14-15%</td>
</tr>
</tbody>
</table>

Note: Please refer to the appendix for a reconciliation of historical non-GAAP financial measures to their most directly comparable GAAP measures.
Financial Goals and Principles

Committed to profitable growth, delivering meaningful cash flow, and achieving Rule of 40+

1. Winning customers and capturing market share via PLG
2. Growing at scale through customer value centric consumption model
3. Expanding margins while broadening global reach on hyperscalers
4. Efficiently allocating capital to support innovation and GTM
5. Disciplined management of dilution
Executive Q&A
Thank you
Appendix
# New Relic GAAP Income Statement

(in $ thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>$162,585</td>
<td>$166,054</td>
<td>$172,669</td>
</tr>
<tr>
<td><strong>Cost of Revenue</strong></td>
<td>33,273</td>
<td>45,198</td>
<td>45,968</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>129,312</td>
<td>120,856</td>
<td>120,372</td>
</tr>
<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and Development</td>
<td>40,844</td>
<td>44,628</td>
<td>45,773</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>85,136</td>
<td>89,378</td>
<td>92,392</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>29,434</td>
<td>29,798</td>
<td>30,249</td>
</tr>
<tr>
<td><strong>Loss from Operations</strong></td>
<td>(26,102)</td>
<td>(42,948)</td>
<td>(48,042)</td>
</tr>
<tr>
<td><strong>Other income (expense):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>2,781</td>
<td>2,220</td>
<td>1,734</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(6,104)</td>
<td>(6,216)</td>
<td>(6,229)</td>
</tr>
<tr>
<td><strong>Other Income (Expense), Net</strong></td>
<td>(395)</td>
<td>(604)</td>
<td>(811)</td>
</tr>
<tr>
<td><strong>Loss Before Income Taxes</strong></td>
<td>(29,820)</td>
<td>(47,548)</td>
<td>(53,348)</td>
</tr>
<tr>
<td>Income Tax Provision (Benefit)</td>
<td>332</td>
<td>380</td>
<td>564</td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>(30,152)</td>
<td>(47,928)</td>
<td>(53,912)</td>
</tr>
<tr>
<td><strong>Net Loss and Adjustment Attributable to Redeemable Non-controlling Interest</strong></td>
<td>396</td>
<td>377</td>
<td>286</td>
</tr>
<tr>
<td><strong>Net Loss Attributable to New Relic per Share, Basic and Diluted</strong></td>
<td>($0.50)</td>
<td>($0.79)</td>
<td>($0.88)</td>
</tr>
<tr>
<td><strong>Weighted-average Shares used to Compute Net Loss per Share, Basic and Diluted</strong></td>
<td>59,927</td>
<td>60,545</td>
<td>61,209</td>
</tr>
</tbody>
</table>

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# GAAP to Non-GAAP Reconciliation

## Gross Profit, Gross Margin (in $ thousands)

<table>
<thead>
<tr>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td><strong>GAAP Gross Profit</strong></td>
<td>$129,312</td>
<td>$120,856</td>
</tr>
<tr>
<td>Plus: Stock-Based Compensation Expense</td>
<td>1,502</td>
<td>1,622</td>
</tr>
<tr>
<td>Plus: Amortization of Purchased Intangibles</td>
<td>1,276</td>
<td>1,276</td>
</tr>
<tr>
<td>Plus: Amortization of Stock-based Compensation Capitalized in Software Development Costs</td>
<td>239</td>
<td>265</td>
</tr>
<tr>
<td>Plus: Employer Payroll Tax on Employee Equity Incentive Plans</td>
<td>91</td>
<td>50</td>
</tr>
<tr>
<td>Plus: Restructuring Charges</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-GAAP Gross Profit</strong></td>
<td>$132,420</td>
<td>$124,069</td>
</tr>
<tr>
<td><strong>GAAP Gross Margin</strong></td>
<td>79.5%</td>
<td>72.8%</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments</strong></td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Non-GAAP Gross Margin</strong></td>
<td>81.4%</td>
<td>74.7%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliation

### Operating Expense (in $ thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td><strong>GAAP Research and Development</strong></td>
<td>$40,844</td>
<td>$44,628</td>
<td>$45,773</td>
</tr>
<tr>
<td>Less: Stock-based Compensation Expense</td>
<td>(8,804)</td>
<td>(10,450)</td>
<td>(10,960)</td>
</tr>
<tr>
<td>Less: Restructuring Charges</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-GAAP Research and Development</strong></td>
<td>$31,691</td>
<td>$33,968</td>
<td>$34,659</td>
</tr>
<tr>
<td><strong>GAAP Sales and Marketing</strong></td>
<td>$85,136</td>
<td>$89,378</td>
<td>$92,392</td>
</tr>
<tr>
<td>Less: Stock-based Compensation Expense</td>
<td>(13,308)</td>
<td>(14,537)</td>
<td>(15,115)</td>
</tr>
<tr>
<td>Less: Restructuring Charges</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-GAAP Sales and Marketing</strong></td>
<td>$71,469</td>
<td>$74,684</td>
<td>$77,122</td>
</tr>
<tr>
<td><strong>GAAP General and Administrative</strong></td>
<td>$29,434</td>
<td>$29,798</td>
<td>$30,249</td>
</tr>
<tr>
<td>Less: Stock-based Compensation Expense</td>
<td>(7,594)</td>
<td>(8,758)</td>
<td>(8,922)</td>
</tr>
<tr>
<td>Less: Transaction Costs Related to Acquisitions</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Less: Lawsuit Litigation Cost and Other Expense</td>
<td>0</td>
<td>(37)</td>
<td>(217)</td>
</tr>
<tr>
<td>Less: Restructuring Charges</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-GAAP General and Administrative</strong></td>
<td>$21,691</td>
<td>$20,709</td>
<td>$20,109</td>
</tr>
</tbody>
</table>
### GAAP to Non-GAAP Reconciliation

#### Operating Income and Margin (in $ thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Loss From Operations</strong></td>
<td>($26,102)</td>
<td>($42,948)</td>
<td>($54,308)</td>
</tr>
<tr>
<td>Plus: Stock-based Compensation Expense</td>
<td>31,208</td>
<td>35,367</td>
<td>32,099</td>
</tr>
<tr>
<td>Plus: Amortization of Purchased Intangibles</td>
<td>1,276</td>
<td>1,276</td>
<td>1,277</td>
</tr>
<tr>
<td>Plus: Amortization of Stock-based Compensation Capitalized in Software Development Costs</td>
<td>239</td>
<td>265</td>
<td>339</td>
</tr>
<tr>
<td>Plus: Transaction Costs Related to Acquisitions</td>
<td>0</td>
<td>0</td>
<td>361</td>
</tr>
<tr>
<td>Plus: Amortization of Stock-based Compensation Capitalized in Software Development Costs</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Plus: Lawsuit Litigation Expense</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Plus: Restructuring Charges</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Plus: Employer Payroll Tax on Employee Equity Incentive Plans</td>
<td>948</td>
<td>711</td>
<td>461</td>
</tr>
<tr>
<td><strong>Non-GAAP Income (Loss) From Operations</strong></td>
<td>$7,569</td>
<td>($5,292)</td>
<td>($8,394)</td>
</tr>
<tr>
<td><strong>GAAP Operating Margin</strong></td>
<td>(16.1%)</td>
<td>(25.9%)</td>
<td>(28.9%)</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments</strong></td>
<td>20.7%</td>
<td>22.7%</td>
<td>23.8%</td>
</tr>
<tr>
<td><strong>Non-GAAP Operating Margin</strong></td>
<td>4.6%</td>
<td>(3.2%)</td>
<td>(5.1%)</td>
</tr>
</tbody>
</table>

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GAAP to Non-GAAP Reconciliation

Operating Income and Margin (in $ thousands)

<table>
<thead>
<tr>
<th>GAAP Loss From Operations</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($85,489)</td>
<td>($171,400)</td>
<td>($228,553)</td>
<td>($185,243)</td>
</tr>
<tr>
<td>Plus: Stock-based Compensation Expense</td>
<td>99,536</td>
<td>135,143</td>
<td>153,039</td>
<td>160,015</td>
</tr>
<tr>
<td>Plus: Amortization of Purchased Intangibles</td>
<td>1,663</td>
<td>5,505</td>
<td>7,649</td>
<td>11,433</td>
</tr>
<tr>
<td>Plus: Transaction Costs Related to Acquisitions</td>
<td>251</td>
<td>885</td>
<td>361</td>
<td>929</td>
</tr>
<tr>
<td>Plus: Amortization of Stock-based Compensation Capitalized in Software Development Costs</td>
<td>835</td>
<td>1,222</td>
<td>2,402</td>
<td>4,077</td>
</tr>
<tr>
<td>Plus: Lawsuit Litigation Expense</td>
<td>1,531</td>
<td>254</td>
<td>(10)</td>
<td>88</td>
</tr>
<tr>
<td>Plus: Employer Payroll Tax on Employee Equity Incentive Plans</td>
<td>3,042</td>
<td>3,800</td>
<td>3,911</td>
<td>4,143</td>
</tr>
<tr>
<td>Plus: Restructuring Charges</td>
<td>3,641</td>
<td>0</td>
<td>12,119</td>
<td>39,059</td>
</tr>
<tr>
<td>Non-GAAP Income (Loss) From Operations</td>
<td>$25,010</td>
<td>($24,591)</td>
<td>($49,082)</td>
<td>$34,501</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GAAP Operating Margin</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(14.3%)</td>
<td>(25.7%)</td>
<td>(29.1%)</td>
<td>(20.0%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-GAAP Adjustments</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18.4%</td>
<td>22.0%</td>
<td>22.8%</td>
<td>23.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-GAAP Operating Margin</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.1%</td>
<td>(3.7%)</td>
<td>(6.3%)</td>
<td>3.7%</td>
</tr>
</tbody>
</table>
## GAAP to Non-GAAP Reconciliation

### Net Income per Share (in $ thousands, except per share data)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP Net Loss</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td></td>
<td>($30,152)</td>
<td>($47,928)</td>
<td>($53,912)</td>
</tr>
<tr>
<td>Plus: Stock-based Compensation Expense</td>
<td>31,208</td>
<td>35,367</td>
<td>36,469</td>
</tr>
<tr>
<td>Plus: Amortization of Purchased Intangibles</td>
<td>1,276</td>
<td>1,276</td>
<td>1,277</td>
</tr>
<tr>
<td>Plus: Transaction Costs Related to Acquisitions</td>
<td>0</td>
<td>0</td>
<td>885</td>
</tr>
<tr>
<td>Plus: Amortization of Stock-based Compensation Capitalized in Software Development Costs</td>
<td>239</td>
<td>265</td>
<td>339</td>
</tr>
<tr>
<td>Plus: Lawsuit Litigation Expense</td>
<td>0</td>
<td>37</td>
<td>217</td>
</tr>
<tr>
<td>Plus: Employer Payroll Tax on Employee Equity Incentive Plans</td>
<td>948</td>
<td>711</td>
<td>461</td>
</tr>
<tr>
<td>Plus: Amortization of Debt Discount and Issuance Costs</td>
<td>5,466</td>
<td>5,544</td>
<td>5,622</td>
</tr>
<tr>
<td>Plus: Restructuring Charges</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-GAAP Net Income (Loss)</strong></td>
<td>$8,985</td>
<td>($4,728)</td>
<td>($8,642)</td>
</tr>
<tr>
<td>Shares Used in Non-GAAP Diluted EPS</td>
<td>61,285</td>
<td>60,545</td>
<td>61,209</td>
</tr>
<tr>
<td><strong>Non-GAAP Diluted EPS</strong></td>
<td>$0.15</td>
<td>($0.08)</td>
<td>($0.14)</td>
</tr>
</tbody>
</table>

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Revenue Detail

(in $ millions)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>Consumption revenue</td>
<td>0</td>
<td>2.5</td>
<td>20.7</td>
</tr>
<tr>
<td>Subscription revenue</td>
<td>162.6</td>
<td>163.5</td>
<td>145.6</td>
</tr>
<tr>
<td>Total</td>
<td>162.6</td>
<td>166.0</td>
<td>166.3</td>
</tr>
</tbody>
</table>

Consumption revenue:
(a) a consumption-based agreement for a committed contractual amount where the committed contractual amount is drawn down as usage occurs and may or may not include a usage overage component, e.g. Annual pool of funds, Savings plan, Volume plans
(b) a consumption-based arrangement that is billed based on usage, e.g. “Pay as You Go”

Subscription revenue: a subscription-based agreement for a committed contractual amount that is apportioned ratably over the term of the subscription period, e.g. a site license plan
Operating Metrics

### FY21
<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,400</td>
<td>14,500</td>
<td>13,900</td>
<td>14,100</td>
</tr>
</tbody>
</table>

### FY22
<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,100</td>
<td>14,300</td>
<td>14,600</td>
<td>14,800</td>
</tr>
</tbody>
</table>

### FY23
<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,100</td>
<td>15,300</td>
<td>15,700</td>
<td>16,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Active Customer Accounts &gt;$100,000</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>862</td>
<td>894</td>
<td>913</td>
<td>945</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Revenue from Active Customer Accounts &gt;$100,000</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>76%</td>
<td>77%</td>
<td>78%</td>
<td>79%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Revenue Retention Rate (NRR)</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>122%</td>
<td>119%</td>
<td>115%</td>
<td>112%</td>
</tr>
</tbody>
</table>

Note: 1) Twelve month methodology
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Definitions

**Active Customer Accounts (ACA)**
New Relic defines an Active Customer Account at the end of any period as an individual account, as identified by a unique account identifier, aggregated at the parent hierarchy level, for which New Relic has recognized any revenue in the fiscal quarter. The number of Active Customer Accounts that is reported as of a particular date is rounded down to the nearest hundred.

**Number of Active Customer Accounts with Revenue Greater than $100,000**
As a measure of New Relic’s ability to scale with its customers and attract large enterprises to its platform, New Relic counts the number of Active Customer Accounts for which it has recognized greater than $100,000 in revenue in the trailing 12 months.

**Percentage of Revenue from Active Customer Accounts Greater than $100,000**
New Relic also looks at its percentage of overall revenue it receives from its Active Customer Accounts with revenue greater than $100,000 in any given quarter as an indicator of its relative performance when selling to New Relic’s large customer relationships or its smaller revenue accounts.

**Net Revenue Retention Rate ("NRR")**

**Twelve Month Methodology** – NRR monitors the growth in use of New Relic’s platform by its existing active customer accounts and allows New Relic to measure the health of its business and future growth prospects. To calculate NRR, New Relic first identifies the cohort of Active Customer Accounts that were Active Customer Accounts in the same quarter of the prior fiscal year. Next, New Relic identifies the measurement period as the 12-month period ending with the period reported and the prior comparison period as the corresponding period in the prior year. NRR is the quotient obtained by dividing the revenue generated from a cohort of Active Customer Accounts in the measurement period by the revenue generated from that same cohort in the prior comparison period.

**Three Month Methodology** – Same as Twelve Month Methodology, except the revenue contemplated is for the 3-month period of the relevant quarter only.
Thank you.