

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2026

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 001-35580

The logo for ServiceNow, featuring the word "servicenow" in a bold, lowercase sans-serif font. The "now" part is green, and the "o" is a stylized white circle with a green outline. A registered trademark symbol (®) is at the end.

SERVICENow, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-2056195
(I.R.S. Employer
Identification Number)

ServiceNow, Inc.
2225 Lawson Lane
Santa Clara, California 95054

(Address, including zip code, of Registrant's principal executive offices)

(408) 501-8550
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.001 per share	NOW	The New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of September 30, 2026, there were approximately 1,038 million shares of the Registrant's Common Stock outstanding.

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Part I

Item 1. Financial Statements

ServiceNow, Inc.

Condensed Consolidated Balance Sheets

(in millions, except number of shares which are reflected in thousands and per share data)

	September 30, 2026	December 31, 2025
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,393	\$ 3,726
Marketable securities	2,214	2,558
Accounts receivable, net	2,222	2,627
Current portion of deferred commissions	606	590
Prepaid expenses and other current assets	1,042	970
Total current assets	8,477	10,471
Deferred commissions, less current portion	1,158	1,114
Long-term marketable securities	2,354	3,771
Strategic investments	2,050	1,542
Property and equipment, net	2,145	2,289
Operating lease right-of-use assets	779	806
Intangible assets, net	3,594	1,121
Goodwill	10,012	3,578
Deferred tax assets	804	1,056
Other assets	457	290
Total assets	\$ 31,830	\$ 26,038
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 231	\$ 204
Accrued expenses and other current liabilities	1,760	1,813
Current portion of deferred revenue	7,600	8,314
Current portion of operating lease liabilities	118	112
Short-term debt, net	2,086	—
Total current liabilities	11,795	10,443
Deferred revenue, less current portion	133	120
Operating lease liabilities, less current portion	773	800
Long-term debt, net	5,438	1,491
Other long-term liabilities	595	220
Total liabilities	18,734	13,074
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 10,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value; shares authorized: 3,000,000; shares issued: 1,076,478 and 1,065,776; shares outstanding: 1,037,917 and 1,047,278	1	1
Treasury stock, at cost (shares held: 38,561 and 18,498)	(5,366)	(3,045)
Additional paid-in capital	12,451	10,747
Accumulated other comprehensive income (loss)	(276)	19
Retained earnings	6,286	5,242
Total stockholders' equity	13,096	12,964
Total liabilities and stockholders' equity	\$ 31,830	\$ 26,038

See accompanying notes to condensed consolidated financial statements

ServiceNow, Inc.

Condensed Consolidated Statements of Comprehensive Income

(in millions, except number of shares which are reflected in thousands and per share data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenues:				
Subscription	\$ 3,988	\$ 3,299	\$ 11,536	\$ 9,417
Professional services and other	118	108	327	293
Total revenues	4,106	3,407	11,863	9,710
Cost of revenues ⁽¹⁾ :				
Subscription	1,054	666	2,904	1,852
Professional services and other	157	108	416	297
Total cost of revenues	1,211	774	3,320	2,149
Gross profit	2,895	2,633	8,543	7,561
Operating expenses ⁽¹⁾ :				
Sales and marketing	1,271	1,056	3,859	3,238
Research and development	956	750	2,694	2,187
General and administrative	283	255	940	755
Total operating expenses	2,510	2,061	7,493	6,180
Income from operations	385	572	1,050	1,381
Interest income	69	115	227	346
Interest expense	(81)	(6)	(153)	(18)
Other income (expense), net	(3)	13	357	11
Income before income taxes	370	694	1,481	1,720
Provision for income taxes	93	192	437	373
Net income	\$ 277	\$ 502	\$ 1,044	\$ 1,347
Net income per share - basic	\$ 0.27	\$ 0.48	\$ 1.01	\$ 1.30
Net income per share - diluted	\$ 0.27	\$ 0.48	\$ 1.01	\$ 1.29
Weighted-average shares used to compute net income per share - basic	1,034,942	1,038,150	1,033,810	1,035,962
Weighted-average shares used to compute net income per share - diluted	1,043,011	1,047,523	1,038,593	1,046,853
Other comprehensive income (loss):				
Foreign currency translation adjustments	\$ (218)	\$ (11)	\$ (295)	\$ 140
Unrealized (losses) gains on marketable securities, net of tax	(22)	7	(51)	26
Unrealized gains (losses) on derivative instruments, net of tax	9	36	61	(115)
Defined benefit plan, net of tax	(1)	—	(10)	—
Other comprehensive income (loss)	(232)	32	(295)	51
Comprehensive income	\$ 45	\$ 534	\$ 749	\$ 1,398

⁽¹⁾ Includes stock-based compensation as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenues:				
Subscription	\$ 96	\$ 78	\$ 276	\$ 222
Professional services and other	13	11	38	33
Operating expenses:				
Sales and marketing	175	141	504	444
Research and development	282	203	801	584
General and administrative	67	59	227	178

See accompanying notes to condensed consolidated financial statements

ServiceNow, Inc.

Condensed Consolidated Statements of Stockholders' Equity

(in millions, except number of shares which are reflected in thousands)

(unaudited)

	Three Months Ended September 30, 2026								Three Months Ended September 30, 2025							
					Addi tional Paid-in Capital	Retain ed Earnin gs	Accum ulated Other Compr ehensi ve Loss	Total Stockh olders' Equity					Addi tional Paid-in Capital	Retain ed Earnin gs	Accum ulated Other Compr ehensi ve Loss	Total Stockh olders' Equity
	Common Stock		Treasury Stock						Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount					Shares	Amount	Shares	Amount				
Balance at beginning of the period	1,072,455	\$ 1	(38,593)	\$ (5,371)	\$11,921	\$ 6,009	\$ (44)	\$12,516	1,049,338	\$ 1	(11,743)	\$ (1,871)	\$ 8,512	\$ 4,339	\$ (49)	\$10,932
Common stock and treasury stock issued under employee stock plans	4,023	—	32	4	75	—	—	79	3,416	—	32	4	113	—	—	117
Common stock repurchased	—	—	—	1	—	—	—	1	—	—	(3,222)	(584)	—	—	—	(584)
Taxes paid related to net share settlement of equity awards	—	—	—	—	(175)	—	—	(175)	—	—	—	—	(190)	—	—	(190)
Stock-based compensation	—	—	—	—	630	—	—	630	—	—	—	—	492	—	—	492
Other comprehensive (loss) income, net of tax	—	—	—	—	—	—	(232)	(232)	—	—	—	—	—	—	32	32
Net income	—	—	—	—	—	277	—	277	—	—	—	—	—	502	—	502
Balance at end of the period	1,076,478	\$ 1	(38,561)	\$ (5,366)	\$12,451	\$ 6,286	\$ (276)	\$13,096	1,052,754	\$ 1	(14,933)	\$ (2,451)	\$ 8,927	\$ 4,841	\$ (17)	\$11,301

	Nine Months Ended September 30, 2026								Nine Months Ended September 30, 2025							
					Addi tional Paid-in Capital	Retain ed Earnin gs	Accum ulated Other Compr ehensi ve Incom e (Loss)	Total Stockh olders' Equity					Addi tional Paid-in Capital	Retain ed Earnin gs	Accum ulated Other Compr ehensi ve Loss	Total Stockh olders' Equity
	Common Stock		Treasury Stock						Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount					Shares	Amount	Shares	Amount				
Balance at beginning of the period	1,065,776	\$ 1	(18,498)	\$ (3,045)	\$10,747	\$ 5,242	\$ 19	\$12,964	1,040,757	\$ 1	(8,320)	\$ (1,219)	\$ 7,401	\$ 3,494	\$ (68)	\$ 9,609
Common stock and treasury stock issued under employee stock plans	10,702	—	91	11	222	—	—	233	9,654	—	93	11	259	—	—	270
Common stock repurchased	—	—	(20,154)	(2,332)	100	—	—	(2,232)	—	—	(6,706)	(1,243)	—	—	—	(1,243)
Taxes paid related to net share settlement of equity awards	—	—	—	—	(456)	—	—	(456)	—	—	—	—	(628)	—	—	(628)
Stock-based compensation	—	—	—	—	1,829	—	—	1,829	—	—	—	—	1,461	—	—	1,461
Issuance of common stock for business combinations	—	—	—	—		—	—	—	2,343	—	—	—	434	—	—	434
Equity awards assumed in business combinations	—	—	—	—	9	—	—	9	—	—	—	—	—	—	—	—
Other comprehensive (loss) income, net of tax	—	—	—	—	—	—	(295)	(295)	—	—	—	—	—	—	51	51
Net income	—	—	—	—	—	1,044	—	1,044	—	—	—	—	—	1,347	—	1,347
Balance at end of the period	1,076,478	\$ 1	(38,561)	\$ (5,366)	\$12,451	\$ 6,286	\$ (276)	\$13,096	1,052,754	\$ 1	(14,933)	\$ (2,451)	\$ 8,927	\$ 4,841	\$ (17)	\$11,301

See accompanying notes to condensed consolidated financial statements

ServiceNow, Inc.

Condensed Consolidated Statements of Cash Flows

(in millions)

(unaudited)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 1,044	\$ 1,347
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,055	526
Amortization of deferred commissions	519	454
Stock-based compensation	1,829	1,461
Deferred income taxes	167	172
Unrealized (gains) losses on strategic investments	(367)	(27)
Other	103	70
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	442	740
Deferred commissions	(589)	(462)
Prepaid expenses and other assets	(221)	(199)
Accounts payable	81	48
Deferred revenue	(845)	(713)
Accrued expenses and other liabilities	(122)	(211)
Net cash provided by operating activities	\$ 3,096	\$ 3,206
Cash flows from investing activities:		
Purchases of property and equipment	(346)	(630)
Business combinations, net of cash acquired	(9,167)	(215)
Purchases of other intangibles	—	(43)
Purchases of marketable securities	(1,448)	(2,719)
Purchases of strategic investments	(191)	(1,020)
Sales and maturities of marketable securities	3,160	3,410
Other	49	26
Net cash used in investing activities	\$ (7,943)	\$ (1,191)
Cash flows from financing activities:		
Proceeds from borrowings on senior notes, net of discount and issuance costs	3,943	—
Proceeds from term loan, net of issuance costs	3,991	—
Repayment of term loan	(4,000)	—
Proceeds from issuance of commercial paper, net of discount	4,529	—
Repayments of commercial paper	(2,484)	—
Proceeds from employee stock plans	233	270
Repurchases of common stock	(2,225)	(1,243)
Taxes paid related to net share settlement of equity awards	(456)	(628)
Other	(7)	—
Net cash provided by (used in) financing activities	\$ 3,524	\$ (1,601)
Foreign currency effect on cash, cash equivalents and restricted cash	(4)	10
Net change in cash, cash equivalents and restricted cash	(1,327)	424
Cash, cash equivalents and restricted cash at beginning of period	3,732	2,310
Cash, cash equivalents and restricted cash at end of period	\$ 2,405	\$ 2,734
Cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 2,393	\$ 2,725
Restricted cash included in prepaid expenses and other current assets	8	9

	Nine Months Ended September 30,	
	2026	2025
Restricted cash included in other assets	4	—
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	<u>\$ 2,405</u>	<u>\$ 2,734</u>
Supplemental disclosures of other cash flow information:		
Interest paid	\$ 50	\$ 22
Income taxes paid, net of refunds	\$ 198	\$ 181
Non-cash investing and financing activities:		
Property and equipment included in accounts payable, accrued expenses and other liabilities	\$ 84	\$ 66
Fair value of common stock issued for business combinations	\$ —	\$ 434

See accompanying notes to condensed consolidated financial statements

ServiceNow, Inc.

Notes to Condensed Consolidated Financial Statements

(unaudited)

Unless the context requires otherwise, references in this report to “ServiceNow,” the “Company,” “we,” “us,” and “our” refer to ServiceNow, Inc. and its consolidated subsidiaries.

(1) Description of the Business

ServiceNow delivers solutions that help public and private organizations govern, secure and manage artificial intelligence (“AI”) and digitalize and streamline workflows to drive collaboration, productivity and better experiences across the enterprise. At the core of these solutions is the ServiceNow AI Platform (“Platform”), a robust, cloud-based Platform that facilitates comprehensive delivery of seamless workflows and drives digital transformation across all departments and personas within an organization. Our Platform’s single data fabric and integrated data layer supports organizations’ operationalization of their AI strategy with speed, scale and security. Our workflow applications built on the Platform are grouped into four areas: Technology, CRM and Industry, Core Business, and Creator and Other. We offer an innovative suite of products, including AI-powered applications, and services designed to automate workflows, integrate systems and empower employees, regardless of existing systems, cloud environments or collaboration tools. The combination of ServiceNow’s Security Operations with Armis’ cyber asset intelligence and Veza’s identity governance capabilities delivers end-to-end visibility, risk controls, and automated responses across the enterprise. Our one platform architecture provides the foundation for organizations to seamlessly integrate AI, data, and workflows and create intelligent processes across their enterprise.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and condensed footnotes have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by United States (“U.S.”) generally accepted accounting principles (“GAAP”) for complete financial statements due to the permitted exclusion of certain disclosures for interim reporting. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary under GAAP for fair statement of results for the interim periods presented have been included. As a result of displaying amounts in millions, rounding differences may exist in the condensed consolidated financial statements and footnote tables. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026 or for other interim periods or future years. The condensed consolidated balance sheet as of December 31, 2025 is derived from audited consolidated financial statements; however, it does not include all of the information and footnotes required by GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on January 29, 2026.

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP, and include our accounts and the accounts of our wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Common Stock Split

On December 5, 2025, our board of directors approved and declared a 5-for-1 split of our common stock ("Stock Split"), with a proportionate increase in the number of shares of authorized common stock. The Stock Split had a record date of December 16, 2025 and an effective date of December 17, 2025. The par value per share of our common stock remains unchanged at \$0.001 per share after the Stock Split. Accordingly, an amount equal to the par value of the additional issued shares resulting from the Stock Split was reclassified from additional paid-in capital to common stock. All references made to common share, equity award and per share amounts in the accompanying condensed consolidated financial statements and applicable disclosures have been retroactively adjusted to reflect the effects of the Stock Split.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting period. Such management estimates and assumptions include, but are not limited to, standalone selling price for each distinct performance obligation included in customer contracts with multiple performance obligations, the period of benefit for deferred commissions, valuation of intangible assets, the useful life of property and equipment and identifiable intangible assets, stock-based compensation expense and income taxes. Actual results could differ from those estimates.

Significant Accounting Policies

During the three and nine months ended September 30, 2026, we have incorporated one update to our significant accounting policies related to employee severance associated with our 2026 workforce optimization strategy. There were no other significant changes to our significant accounting policies disclosed in Note 2 "Summary of Significant Accounting Policies" of our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on January 29, 2026.

Employee Severance

During the nine months ended September 30, 2026, the Company initiated a workforce optimization strategy that streamlines certain functions in the organization by leveraging AI-driven efficiencies and investing in talent in key strategic areas. Employee severance and related costs associated with the strategy are recognized as one-time employee termination costs when employee notification occurs. For ongoing employee benefit arrangements, severance and related costs are recognized when it becomes probable that an obligation has been incurred and the amount can be reasonably estimated.

Concentration of Credit Risk and Significant Customers

Credit risk arising from accounts receivable is mitigated to a certain extent due to our large number of customers and their dispersion across various industries and geographies. We had one customer, a U.S. federal channel partner and systems integrator, that represented 20% and 11% of our accounts receivable balance as of September 30, 2026 and December 31, 2025, respectively. This customer represented 12% of our total revenues for each of the three and nine months ended September 30, 2026 and 11% of our total revenues for each of the three and nine months ended September 30, 2025. Based on our periodic credit evaluations, there have been no historical collection concerns with this customer. For purposes of assessing concentration of credit risk and significant customers, a group of customers under common control or customers that are affiliates of each other are regarded as a single customer.

Prior Period Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications did not result in a restatement of prior period condensed consolidated financial statements.

(3) Investments

Marketable Securities

The following is a summary of our available-for-sale debt securities recorded within marketable securities and long-term marketable securities on the condensed consolidated balance sheets (in millions):

	September 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale debt securities:				
Commercial paper	\$ 39	\$ —	\$ —	\$ 39
Corporate notes and bonds	3,308	1	(12)	3,297
Certificates of deposit	12	—	—	12
U.S. government and agency securities	1,138	—	(10)	1,128
Mortgage-backed and asset-backed securities	110	—	(18)	92
Total available-for-sale debt securities	<u>\$ 4,607</u>	<u>\$ 1</u>	<u>\$ (40)</u>	<u>\$ 4,568</u>

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale debt securities:				
Commercial paper	\$ 173	\$ —	\$ —	\$ 173
Corporate notes and bonds	4,759	34	—	4,793
Certificates of deposit	11	—	—	11
U.S. government and agency securities	1,257	6	—	1,263
Mortgage-backed and asset-backed securities	103	—	(14)	89
Total available-for-sale debt securities	<u>\$ 6,303</u>	<u>\$ 40</u>	<u>\$ (14)</u>	<u>\$ 6,329</u>

As of September 30, 2026, the contractual maturities of our available-for-sale debt securities, excluding those securities classified within cash and cash equivalents on the condensed consolidated balance sheet and mortgage-backed and asset-backed securities that do not have a single maturity, did not exceed 37 months. The fair values of available-for-sale debt securities, by remaining contractual maturity, are as follows (in millions):

	September 30, 2026
Due within 1 year	\$ 2,214
Due in 1 year through 5 years	2,262
Instruments not due in single maturity	92
Total	<u>\$ 4,568</u>

As of September 30, 2026 and December 31, 2025, unrealized losses of \$17 million and \$14 million, respectively,

are from available-for-sale debt securities in a continuous unrealized loss position greater than 12 months. As of September 30, 2026, the fair value of available-for-sale debt securities in a continuous unrealized loss position totaled \$3,488 million, the majority of which was in a continuous unrealized loss position for less than 12 months. As of December 31, 2025, the fair value of available-for-sale debt securities in a continuous unrealized loss position totaled \$171 million, the majority of which was in a continuous unrealized loss position for greater than 12 months.

For all available-for-sale debt securities that were in unrealized loss positions, we have determined that it is more likely than not we will hold the securities until maturity or a recovery of the cost basis. Unrealized losses on available-for-sale debt securities were due primarily to changes in market interest rates, and credit-related impairment losses were immaterial as of September 30, 2026.

Strategic Investments

As of September 30, 2026 and December 31, 2025, the total amount of strategic investments in privately held companies included in our condensed consolidated balance sheets was \$2,050 million and \$1,542 million, respectively. Our strategic investments are predominantly comprised of non-marketable equity investments, which are primarily accounted for using the measurement alternative. Under this approach, the investments are measured at cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes resulting from the issuance of similar or identical securities in an orderly transaction by the same issuer. Determining whether an observed transaction is similar to a security within our portfolio requires judgment based on the rights and preferences of the securities. Recording upward and downward adjustments to the carrying value of our non-marketable equity investments as a result of observable price changes requires quantitative assessments of the fair value of our non-marketable equity investments using various valuation methodologies and involves the use of estimates. The remaining strategic investments consist of privately held equity securities accounted for under the equity method of accounting and privately held debt securities classified as available-for-sale. During the nine months ended September 30, 2026, we recorded net upward adjustments of \$367 million. The net adjustments made during the three months ended September 30, 2026 and the three and nine months ended September 30, 2025 were immaterial. We classify these fair value measurements as Level 3 within the fair value hierarchy.

(4) Fair Value Measurements

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis as of September 30, 2026 (in millions):

	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	\$ 1,299	\$ —	\$ 1,299
Commercial paper	—	25	25
Deposits	81	—	81
U.S. government and agency securities	—	9	9
Marketable securities:			
Commercial paper	—	39	39
Corporate notes and bonds	—	3,297	3,297
Certificates of deposit	—	12	12
U.S. government and agency securities	—	1,128	1,128
Mortgage-backed and asset-backed securities	—	92	92
Total	\$ 1,380	\$ 4,602	\$ 5,982

The following table presents our fair value hierarchy for our assets measured at fair value on a recurring basis as of December 31, 2025 (in millions):

	Level 1	Level 2	Total
Cash equivalents:			
Money market funds	\$ 2,055	\$ —	\$ 2,055
Commercial paper	—	137	137
Corporate notes and bonds	—	6	6
Deposits	219	—	219
U.S. government and agency securities	—	515	515
Marketable securities:			
Commercial paper	—	173	173
Corporate notes and bonds	—	4,793	4,793
Certificates of deposit	—	11	11
U.S. government and agency securities	—	1,263	1,263
Mortgage-backed and asset-backed securities	—	89	89
Total	\$ 2,274	\$ 6,987	\$ 9,261

We determine the fair value of our security holdings based on pricing from our service providers and market prices from industry-standard independent data providers. Such market prices may be quoted prices in active markets for identical assets (Level 1 inputs), pricing determined using inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) or using unobservable inputs that are supported by little or no market activity (Level 3 inputs). Our strategic investments are not included in the table above and are discussed in Note 3 “Investments.” Refer to Note 8 “Derivative Contracts” for the fair value measurement of our derivative contracts and Note 11 “Debt” for the fair value measurement of our short-term and long-term debt, which are also not included in the table above.

(5) Business Combinations

2026 Business Combinations

Armis Security Ltd.

On April 20, 2026, we acquired all outstanding shares of Armis Security Ltd. (“Armis”), a cyber-exposure management and cyber-physical security solutions provider, for preliminary purchase price consideration of approximately \$7.6 billion, settled in cash. The acquisition is intended to expand our security workflow offerings and advance AI-native, proactive cybersecurity and vulnerability response across all connected devices.

Veza Technologies, Inc.

On March 2, 2026, we acquired all outstanding shares of Veza Technologies, Inc. (“Veza”), a privately held AI identity security company that provides a unified access platform, with native products offering access capabilities across search, intelligence, monitoring and workflows, for approximately \$1.2 billion, substantially in cash. The acquisition is intended to extend the capabilities of our security and risk portfolios to include identity security, which will enable organizations to understand and control who and what has access to their critical data, applications, systems, and AI artifacts.

The allocation of the total purchase price for Armis and Veza is summarized below (in millions):

	Armis	Veza
Current assets	\$ 273	\$ 109
Intangible assets	2,530	356
Goodwill	5,323	826
Deferred tax assets, non-current	405	53
Other assets	77	1
Assets acquired	\$ 8,608	\$ 1,345
Deferred revenue, current	137	18
Other liabilities	240	7
Deferred tax liabilities, non-current	594	83
Net assets acquired	\$ 7,637	\$ 1,237

Identifiable intangible assets acquired in connection with the Armis and Veza acquisitions (in millions) and the weighted-average lives are as follows:

	Armis	Veza	Asset Life (years)
Developed technology	\$ 1,950	\$ 190	5 - 6
Customer relationships	473	150	5 - 6
Order backlog	54	16	2
Brand assets	53	—	4
Total	\$ 2,530	\$ 356	

Goodwill, which is not deductible for income tax purposes, is primarily attributed to the expected synergies from integrating Armis' and Veza's technologies into our product portfolio and expanded market opportunities. The fair values assigned to tangible and intangible assets acquired, liabilities assumed and income taxes payable and deferred taxes are based on management's estimates and assumptions. The provisional measurements of fair value for certain assets and liabilities may be subject to change as additional information is received. The Company expects to finalize the valuations as soon as practicable, but not later than one year from the respective acquisition dates.

Other Business Combinations

During the nine months ended September 30, 2026, we also completed five other acquisitions for total purchase consideration of \$612 million, primarily to enhance our products with the acquired technologies and engineering workforces. The total aggregate purchase price was primarily allocated to \$474 million of goodwill, with the remainder largely allocated to the developed technology intangible assets based on the respective estimated fair values. The goodwill from each of the acquisitions is not deductible for income tax purposes.

2025 Business Combinations

Moveworks, Inc.

On December 15, 2025, we acquired all outstanding shares of Moveworks, Inc. ("Moveworks"), a privately held company that provides enterprise search and front-end virtual agent technology. The acquisition is intended to drive use of our Platform to accelerate enterprise adoption and innovation across key growth areas, including

CRM. The aggregate purchase price consideration for Moveworks was \$2.4 billion, which was comprised of the following (in millions):

	Fair Value
Fair value of common stock issued ⁽¹⁾	\$ 1,467
Cash	905
Settlement of pre-existing loan	31
Stock-based compensation awards attributable to pre-combination services	4
Total purchase consideration	<u>\$ 2,407</u>

(1) The fair value of the stock consideration is based on the December 15, 2025 closing price of ServiceNow common stock at \$153.04 and approximately 9.6 million shares of ServiceNow common stock.

The allocation of the total purchase price is summarized below (in millions):

	Purchase Price Allocation
Current assets	\$ 48
Intangible assets	770
Goodwill	1,748
Other assets	124
Assets acquired	<u>\$ 2,690</u>
Current liabilities assumed	83
Long-term liabilities assumed	13
Deferred tax liabilities, non-current	187
Net assets acquired	<u>\$ 2,407</u>

Identifiable intangible assets acquired in connection with the Moveworks acquisition (in millions) and the weighted-average lives are as follows:

	Intangible Assets	Asset Life (years)
Developed technology	\$ 505	5
Customer relationships	220	5
Order backlog	25	2
Brand assets	20	4
Total	<u>\$ 770</u>	

Goodwill, which is not deductible for income tax purposes, is primarily attributed to the value expected from synergies resulting from the business combination. The fair values assigned to tangible and intangible assets acquired, liabilities assumed and income taxes payable and deferred taxes are based on management's estimates and assumptions. The provisional measurements of fair value for certain assets and liabilities may be subject to change as additional information is received. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

As contemplated by the terms of the merger agreement, in August 2025, the Company and Moveworks entered into a term loan credit agreement pursuant to which Moveworks drew \$25 million. In December 2025, Moveworks drew an additional \$5 million on the term loan credit agreement. The loan was settled on the closing date of the Moveworks acquisition.

Logik.io Inc.

On May 30, 2025, we acquired all outstanding shares of Logik.io Inc., a provider of an AI-powered, composable Configure, Price, Quote (“CPQ”) solution for total purchase consideration of \$506 million, which consists primarily of approximately 2.1 million shares of ServiceNow common stock with a value of approximately \$434 million and \$62 million in cash. The fair value of the stock consideration is based on the May 30, 2025 closing price of ServiceNow common stock at \$202.22. The acquisition is intended to expand our growing CRM footprint and accelerate our sales and order management capabilities with the acquired CPQ solutions technology.

The purchase price was allocated based on the estimated fair value of the developed technology intangible asset of \$85 million (five-year estimated useful life), customer-related and backlog assets of \$14 million (three-year estimated useful life), net tangible assets of \$25 million, deferred tax liabilities of \$22 million and goodwill of \$404 million, which is not deductible for income tax purposes.

Goodwill is primarily attributed to the value expected from synergies resulting from the business combination. The fair values assigned to tangible and intangible assets acquired, liabilities assumed and income taxes payable and deferred taxes are based on management’s estimates and assumptions.

Other Business Combinations

During the year ended December 31, 2025, we also completed other acquisitions that were not material to our condensed consolidated financial statements, either individually or in the aggregate.

Additional Acquisition-Related Information

We have included the financial results of all business combinations in the condensed consolidated financial statements from the respective dates of acquisition, which were not material. Pro forma financial results related to the 2026 acquisitions have not been presented for the three and nine months ended September 30, 2026 and 2025 because the effects of these acquisitions were not material to our consolidated results of operations.

Aggregate acquisition-related costs associated with business combinations were \$118 million for the nine months ended September 30, 2026 and immaterial for the three months ended September 30, 2026 and for the comparable prior periods. These costs were included in general and administrative expenses in our condensed consolidated statements of comprehensive income as incurred. In addition, aggregate deferred compensation for certain key employees associated with the 2026 acquisitions was \$211 million for the nine months ended September 30, 2026 and immaterial for the three months ended September 30, 2026 and for the comparable prior periods. The costs were included in prepaid expenses and other current assets and other assets in our condensed consolidated balance sheets, with amortization recognized over the applicable service periods in research and development expenses in our condensed consolidated statements of comprehensive income.

(6) Goodwill and Intangible Assets

The changes in the carrying amount of goodwill were as follows (in millions):

	Carrying Amount
Balance as of December 31, 2025	\$ 3,578
Goodwill acquired	6,623
Foreign currency translation adjustments	(189)
Balance as of September 30, 2026	<u>\$ 10,012</u>

Intangible assets, net consists of the following (in millions):

	September 30, 2026	December 31, 2025
Developed technology	\$ 3,461	\$ 1,316
Customer relationships	858	238
Patents	83	83
Other	191	72
Intangible assets, gross	\$ 4,593	\$ 1,709
Less: accumulated amortization	(999)	(588)
Intangible assets, net	<u>\$ 3,594</u>	<u>\$ 1,121</u>

The weighted-average useful life of the acquired developed technology for the nine months ended September 30, 2026 and 2025 was approximately six years and five years, respectively. The weighted-average useful life of the acquired customer relationships for the nine months ended September 30, 2026 and 2025 was approximately five years and three years, respectively. Amortization expense for intangible assets for the three months ended September 30, 2026 and 2025 was \$198 million and \$33 million, respectively, and for the nine months ended September 30, 2026 and 2025 was \$494 million and \$79 million, respectively.

The following table presents the estimated future amortization expense related to intangible assets held as of September 30, 2026 (in millions):

Fiscal Period:		
Remainder of 2026	\$	197
2027		783
2028		730
2029		702
2030		649
Thereafter		533
Total future amortization expense	<u>\$</u>	<u>3,594</u>

(7) Property and Equipment

Property and equipment, net consists of the following (in millions):

	September 30, 2026	December 31, 2025
Computer equipment	\$ 3,437	\$ 3,332
Computer software	170	126
Leasehold and other improvements	514	433
Furniture and fixtures	124	117
Construction in progress	146	117
Property and equipment, gross	4,391	4,125
Less: Accumulated depreciation	(2,246)	(1,836)
Property and equipment, net	<u>\$ 2,145</u>	<u>\$ 2,289</u>

Construction in progress consists of costs primarily related to leasehold and other improvements. Depreciation expense for the three months ended September 30, 2026 and 2025 was \$162 million and \$133 million, respectively, and for the nine months ended September 30, 2026 and 2025 was \$465 million and \$365 million, respectively.

(8) Derivative Contracts

Derivatives Designated as Hedging Instruments

We enter into forward contracts to hedge a portion of our forecasted foreign currency denominated revenues, and beginning in the fourth quarter of 2025, we also entered into forward contracts to hedge a portion of our forecasted foreign currency denominated expenses. These forward contracts are recorded at fair value and have maturities of up to 34 months. We had outstanding cash flow hedges with total notional values of \$2.2 billion as of September 30, 2026 and December 31, 2025. We classify cash flows related to our cash flow hedges as operating activities in our condensed consolidated statements of cash flows.

The total gross fair values of derivatives designated as hedging instruments recorded within the condensed consolidated balance sheets were as follows (in millions):

Condensed Consolidated Balance Sheets Location	September 30, 2026	December 31, 2025
Prepaid expenses and other current assets	\$ 37	\$ 11
Other assets	\$ 14	\$ 3
Accrued expenses and other current liabilities	\$ (12)	\$ (49)
Other long-term liabilities	\$ (2)	\$ (8)

As of September 30, 2026, the net pre-tax derivative gains expected to be reclassified from accumulated other comprehensive income (loss) into subscription revenues, sales and marketing expenses and research and development expenses within the next 12 months are immaterial.

All hedging relationships are formally documented at the inception of the hedge and the hedges must be highly effective in offsetting changes to future cash flows on hedged transactions. We evaluate hedge effectiveness at the inception of the hedge prospectively, and on an ongoing basis both retrospectively and prospectively. We report changes in fair value of these cash flow hedges as a component of accumulated other comprehensive income (loss) and subsequently reclassify into earnings in the same period the forecasted transaction affects earnings. Amounts reclassified to subscription revenues were a gain of \$1 million and a loss of \$9 million for the three and nine months ended September 30, 2026, respectively, and a loss of \$16 million and \$24 million for the three and nine months ended September 30, 2025, respectively. Amounts reclassified to sales and marketing expenses and research and development expenses were immaterial for the three and nine months ended September 30, 2026.

There was no ineffectiveness in the Company's cash flow hedging program for each of the three and nine months ended September 30, 2026 and 2025.

Derivatives not Designated as Hedging Instruments

Our derivatives not designated as hedging instruments consist of foreign currency forward contracts that we primarily use to hedge monetary assets and liabilities denominated in non-functional currencies. These foreign currency forward contracts are recorded at fair value and have maturities of 12 months or less. The changes in the fair value of these contracts are recorded in other income (expense), net on the condensed consolidated statements of comprehensive income. For the periods ended September 30, 2026 and December 31, 2025, we had foreign currency forward contracts with total notional values of \$3.4 billion and \$2.5 billion, respectively, which were not designated as hedging instruments. The gross fair value of these foreign currency forward contracts was immaterial as of September 30, 2026 and December 31, 2025. For each of the three and nine months ended September 30, 2026 and the three months ended September 30, 2025, the gains (losses) recognized for foreign currency forward contracts from derivatives not designated as hedging instruments were immaterial. For the nine

months ended September 30, 2025, the gains recognized for foreign currency forward contracts from derivatives not designated as hedging instruments in other income (expense), net of \$100 million, primarily offset the remeasurement losses of the related foreign currency denominated assets and liabilities of \$114 million. Realized gains (losses) from settlement of the derivative assets and liabilities are classified as investing activities in the condensed consolidated statements of cash flows.

All foreign currency forward contracts, both designated and not designated as hedging instruments, are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates.

(9) Supply Chain Finance Program

Our supply chain finance (“SCF”) program provides suppliers with the opportunity to sell their receivables due from us to a global financial institution acting as our paying agent. A supplier’s election to receive early payment at a discounted amount from the financial institution does not change the amount that we must remit to the financial institution on our payment date, which is generally 90 days from the invoice date. Participating suppliers negotiate their sales of receivables directly with the financial institution at their sole discretion and we have no economic interest in a supplier’s decision to participate in the SCF program. We do not have pledged assets or other guarantees under our SCF program. Our outstanding payment obligations to suppliers participating in the SCF program totaled \$18 million and \$87 million as of September 30, 2026 and December 31, 2025, respectively. These obligations are included in accounts payable in our condensed consolidated balance sheets and all activity related to these obligations is presented within operating activities in our condensed consolidated statements of cash flows.

(10) Deferred Revenue and Performance Obligations

Revenues recognized from beginning period deferred revenue during the three months ended September 30, 2026 and 2025 were \$3.6 billion and \$3.0 billion, respectively, and \$7.3 billion and \$6.1 billion for the nine months ended September 30, 2026 and 2025, respectively.

Remaining Performance Obligations

Transaction price allocated to remaining performance obligations (“RPO”) represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancellable amounts that will be invoiced and recognized as revenues in future periods. RPO excludes contracts that are billed in arrears, such as certain time and materials contracts, as we apply the “right to invoice” practical expedient under relevant accounting guidance.

As of September 30, 2026, the total non-cancellable RPO under our contracts with customers was \$29.7 billion and we expect to recognize revenues on approximately 46% of these RPO over the following 12 months. The majority of the non-current RPO will be recognized over the next 13 to 36 months.

(11) Debt

The following table summarizes the carrying value of our outstanding debt (in millions, except percentages):

	Effective Interest Rate	September 30, 2026	December 31, 2025
Long-Term Debt			
Senior notes issued August 2020:			
1.40% notes due September 2030	1.53%	\$ 1,500	\$ 1,500
Senior notes issued May 2026:			
4.25% notes due May 2028	4.68%	750	—
4.70% notes due August 2031	5.00%	600	—
5.05% notes due May 2033	5.36%	650	—
5.40% notes due May 2036	5.68%	1,250	—
6.30% notes due May 2056	6.57%	750	—
Total senior notes		\$ 5,500	\$ 1,500
Unamortized debt discount and issuance costs		(62)	(9)
Total carrying value of long-term debt		\$ 5,438	\$ 1,491
Short-Term Debt			
Commercial paper		\$ 2,100	\$ —
Unamortized debt discount		(14)	—
Total carrying value of short-term debt		\$ 2,086	\$ —

Total interest expense recognized related to our outstanding debt was \$81 million and \$6 million for the three months ended September 30, 2026 and 2025, respectively, and \$153 million and \$18 million for the nine months ended September 30, 2026 and 2025, respectively.

Senior Notes

In May 2026, we issued five series of fixed-rate senior unsecured notes for an aggregate principal amount of \$4.0 billion (collectively, the “Notes”). The proceeds from the issuance were \$3.9 billion, net of debt discount and issuance costs of \$57 million. The debt discount and issuance costs are amortized to interest expense using the effective interest rate method over the term of the Notes. The net proceeds from the Notes were used to fund the repayment of outstanding borrowings under the Term Loan (as defined below). Interest is payable semi-annually in arrears on May 15 and November 15 of each year, except for our senior notes due in August 2031, for which interest is payable semi-annually in arrears on February 15 and August 15 of each year.

The Notes are unsecured obligations and rank equally with all existing and future unsecured and unsubordinated indebtedness of the Company. We may redeem any series of the Notes, in whole or in part, at any time or from time to time, at specified redemption dates and prices. In addition, upon the occurrence of certain change of control triggering events, at the option of the holders, the Company will be required to make an offer to repurchase all or any part of such holders’ Notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus accrued and unpaid interest up to, but not including, the date of repurchase. The indentures governing the Notes contain customary events of default and covenants that, among others and subject to exceptions, restrict our ability to incur or guarantee debt secured by liens on specified assets or enter into sale and lease-back transactions with respect to specified properties.

In August 2020, we issued 1.40% fixed-rate ten-year notes with an aggregate principal amount of \$1.5 billion due on September 1, 2030 (the “2030 Notes” and together with the Notes, the “Senior Notes”). The 2030 Notes were

issued at 99.63% of principal and we incurred \$13 million for debt issuance costs. The effective interest rate for the 2030 Notes was 1.53% and included interest payable, amortization of debt issuance cost and amortization of debt discount. Interest is payable semi-annually in arrears on March 1 and September 1 of each year, beginning on March 1, 2021, and the entire outstanding principal amount is due at maturity on September 1, 2030. The 2030 Notes are unsecured obligations and the indentures governing the 2030 Notes contain customary events of default and covenants that, among others and subject to exceptions, restrict our ability to incur or guarantee debt secured by liens on specified assets or enter into sale and lease-back transactions with respect to specified properties.

We consider the fair value of the Senior Notes at September 30, 2026 and December 31, 2025 to be a Level 2 measurement. The estimated fair value of the Senior Notes based on the closing trading price per \$100, was \$5,100 million and \$1,324 million at September 30, 2026 and December 31, 2025, respectively.

Term Loan

In April 2026, we borrowed an aggregate principal amount of \$4.0 billion under a senior unsecured term loan (the "Term Loan") to fund a portion of the cash consideration for our acquisition of Armis. In May 2026, we repaid the outstanding balance on the Term Loan primarily through issuance of the Notes.

Commercial Paper

In April 2026, we established a commercial paper program pursuant to which we may issue short-term, unsecured commercial paper notes up to a total of \$3.0 billion outstanding at any time, with maturities not to exceed 397 days from the date of issuance. The notes are sold at a discount from par or at par and bear interest at rates determined at the time of issuance. Net proceeds from this program are expected to be used for general corporate purposes. Commercial paper is carried at amortized cost, which approximates its fair value due to the short-term nature of these instruments. As of September 30, 2026 we have \$2.1 billion of commercial paper outstanding, with a weighted-average interest rate of 4.05% and a weighted-average remaining term of 62 days.

Revolving Credit Facility

In April 2026, we entered into a credit agreement with certain institutional lenders that provides for a \$3.0 billion unsecured revolving credit facility (the "Credit Facility"), with an option to increase the amount of the Credit Facility by up to \$2.0 billion, subject to certain conditions, including board approval. The Credit Facility matures on April 1, 2031. Any borrowings under our Credit Facility bear interest, at our option, either at a base rate, or at an adjusted benchmark rate plus a spread of 0.60% to 1.00% with such spread being determined based on our credit rating. We are also obligated to pay an ongoing commitment fee on undrawn amounts. The Credit Facility contains customary affirmative and negative covenants, including restrictions on indebtedness, liens, asset dispositions, dividends, and acquisitions, subject to certain permitted exceptions. Funds borrowed under the Credit Facility may be used for general corporate purposes. As of September 30, 2026, there were no outstanding borrowings under the Credit Facility, and we were in compliance with all covenants governing the Credit Facility.

(12) Accumulated Other Comprehensive Income (Loss)

The following tables show the components of accumulated other comprehensive income (loss), net of tax, in the stockholders' equity section of our condensed consolidated balance sheets (in millions):

	Unrealized Gains (Losses) on Derivative Instruments	Unrealized Gains (Losses) on Marketable Securities	Defined Benefit Plan ⁽¹⁾	Foreign Currency Translation Adjustment	Total
Balance as of December 31, 2025	\$ (38)	\$ —	\$ —	\$ 57	\$ 19
Other comprehensive income (loss) before reclassifications	47	(51)	(10)	(295)	(309)
Amounts reclassified from accumulated other comprehensive income	14	—	—	—	14
Net current period other comprehensive income (loss)	61	(51)	(10)	(295)	(295)
Balance as of September 30, 2026	<u>\$ 23</u>	<u>\$ (51)</u>	<u>\$ (10)</u>	<u>\$ (238)</u>	<u>\$ (276)</u>

	Unrealized Gains (Losses) on Derivative Instruments	Unrealized Gains (Losses) on Marketable Securities	Defined Benefit Plan ⁽¹⁾	Foreign Currency Translation Adjustment	Total
Balance as of December 31, 2024	\$ 50	\$ (27)	\$ —	\$ (91)	\$ (68)
Other comprehensive income (loss) before reclassifications	(139)	26	—	140	27
Amounts reclassified from accumulated other comprehensive loss	24	—	—	—	24
Net current period other comprehensive income (loss)	(115)	26	—	140	51
Balance as of September 30, 2025	<u>\$ (65)</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ 49</u>	<u>\$ (17)</u>

(1) Relates to our defined benefit plan for an international subsidiary.

(13) Stockholders' Equity

Common Stock

We are authorized to issue a total of 3.0 billion shares of common stock as of September 30, 2026. Holders of our common stock are not entitled to receive dividends unless declared by our board of directors. As of September 30, 2026, we had 1,038 million shares of common stock, net of treasury stock, outstanding and had reserved shares of common stock for future issuance as follows (in thousands):

	September 30, 2026
Stock plans:	
Options outstanding	6,900
RSUs ⁽¹⁾	41,808
Shares of common stock available for future grants:	
Amended and Restated 2021 Equity Incentive Plan ⁽²⁾	53,935
Amended and Restated 2012 Employee Stock Purchase Plan ⁽²⁾	36,554
Total shares of common stock reserved for future issuance	<u>139,197</u>

(1) Represents the number of shares issuable upon settlement of outstanding restricted stock units ("RSUs") and performance-based RSUs ("PRSUs"), as discussed in Note 14 "Equity Awards."

(2) Refer to Note 14 "Equity Awards" for a description of these plans.

During the nine months ended September 30, 2026 and 2025, we issued a total of 10.8 million and 9.7 million shares, respectively, from stock option exercises, vesting of RSUs, net of employee payroll taxes, and purchases from the employee stock purchase plan ("ESPP").

Treasury Stock

In May 2023, our board of directors authorized a program to repurchase up to \$1.5 billion of our common stock (the "Share Repurchase Program"). In January 2025 and January 2026, our board of directors authorized an additional \$3.0 billion and \$5.0 billion, respectively, in repurchases under the Share Repurchase Program. Under the program, we may repurchase our common stock from time to time through open market purchases, accelerated share repurchase ("ASR") transactions, in privately negotiated transactions, or by other means, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The Share Repurchase Program does not have a fixed expiration date, may be suspended or discontinued at any time, and does not obligate us to acquire any amount of common stock. The timing, manner, price, and amount of any repurchases will be determined by us at our discretion and will depend on a variety of factors, including business, economic and market conditions, prevailing stock prices, corporate and regulatory requirements, and other considerations.

On January 30, 2026, we entered into an ASR agreement with a financial institution under which we purchased an aggregate of \$2.0 billion of our common stock as part of the Share Repurchase Program. During the three months ended March 31, 2026, the Company completed the ASR transaction with 18.5 million shares of common stock repurchased at an average price of \$107.97 per share. The total number of shares delivered and the average purchase price paid per share were determined upon final settlement based on the volume weighted-average price over the term of the ASR, less an agreed upon discount. The total price of the ASR transaction is reflected as an increase to treasury stock and additional paid-in capital on our condensed consolidated balance sheet.

During the nine months ended September 30, 2026, the Company repurchased an additional 1.6 million shares of its common stock for \$225 million in open market transactions. There were no share repurchases during the three months ended September 30, 2026. During the three and nine months ended September 30, 2025, the Company repurchased 3.2 million and 6.7 million shares of its common stock for \$584 million and \$1,243 million, respectively, in open market transactions. Repurchases of common stock are recognized as treasury stock and held for future issuance.

As of September 30, 2026, approximately \$4.2 billion of the authorized amount under the Share Repurchase Program remained available for future repurchases.

(14) Equity Awards

We have three equity incentive plans: 2012 Equity Incentive Plan (the “2012 Plan”), amended and restated 2021 Equity Incentive Plan (the “2021 Plan”) and 2022 New-Hire Equity Incentive Plan (the “2022 Plan”). The 2012 Plan was terminated in connection with the initial approval of the 2021 Plan on June 7, 2021 but continues to govern the terms of outstanding equity awards that were granted prior to the termination of the 2012 Plan. As of June 7, 2021, we no longer grant equity awards pursuant to the 2012 Plan. The 2021 Plan, as amended and restated, was approved by the shareholders on June 1, 2023 and May 21, 2026 to increase shares available for future grants by approximately 50 million and 38 million shares, respectively. The 2022 Plan was terminated in June 2023 and no additional awards were granted thereafter under the 2022 Plan. Outstanding equity awards under the 2022 Plan continue to be subject to the terms and conditions of the 2022 Plan.

The 2021 Plan and the 2012 Plan provide for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, RSUs, performance-based stock awards and other forms of equity compensation (collectively, “equity awards”). The 2022 Plan permits the grant of any of the foregoing awards with the exception of incentive stock options. In addition, the 2022 Plan, the 2021 Plan and the 2012 Plan provide for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other equity awards may be granted to employees, including officers, as well as directors and consultants.

Our Amended and Restated 2012 Employee Stock Purchase Plan (the “2012 ESPP”) authorizes the issuance of shares of common stock pursuant to purchase rights granted to our employees. The price at which common stock is purchased under the 2012 ESPP is equal to 85% of the fair market value of our common stock on the first or last day of the offering period, whichever is lower. Offering periods are six months long and begin on February 1 and August 1 of each year. The number of shares of common stock reserved for issuance will not be increased without shareholder approval.

Stock Options

A summary of stock option activity for the nine months ended September 30, 2026 was as follows:

	Number of Shares	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in millions)
Outstanding as of December 31, 2025	4,829	\$ 114.78		
Granted ⁽¹⁾	2,695	\$ 13.15		
Exercised	(292)	\$ 14.05		\$ 30
Forfeited	(332)	\$ 42.82		
Outstanding as of September 30, 2026	6,900	\$ 82.79	6.0	\$ 369
Vested and expected to vest as of September 30, 2026	6,711	\$ 84.51	5.9	\$ 348
Vested and exercisable as of September 30, 2026	2,981	\$ 97.84	5.0	\$ 116

(1) Stock options related to business combinations include 2.3 million shares from the Armis acquisition.

Aggregate intrinsic value represents the difference between the estimated fair value of our common stock and the exercise price of outstanding, in-the-money options.

The total fair value of stock options vested during the nine months ended September 30, 2026 was \$75 million. The weighted-average grant-date fair value of stock options granted was \$88.81 for the nine months ended September 30, 2026.

During the year ended December 31, 2021, a one-time long-term performance-based option award was granted to the Chief Executive Officer (“2021 CEO Performance Award”) and to certain executives (collectively “2021 Performance Awards”) under the 2021 Plan at a total grant-date fair value of \$232 million. The 2021 Performance Awards were designed to vest in eight equal tranches based on service and achievement of both performance and market conditions, subject to continued employment and specifically for the 2021 CEO Performance Award, as CEO or Executive Chairman of the Company, through each vesting date. The performance and market conditions for a particular tranche could have been achieved at different points in time and in any order but would have become eligible to vest only when all service, performance and market conditions for the respective tranche were met but no earlier than two years from date of grant. The performance and market conditions were required to be achieved by September 30, 2026 (the “Performance Period”). The stock price metric is achieved when both the 180-day volume weighted-average price (“VWAP”) and the 30-day VWAP equal or exceed the respective tranche stock price metric on any day during the Performance Period. The performance metric is achieved when the trailing four-quarter cumulative GAAP subscription revenues equal or exceed the respective tranche performance target. The vested tranches of the 2021 Performance Awards expire ten years from the respective date of grant.

The Performance Period ended on September 30, 2026 and as of the end of the Performance Period, the first four tranches had vested based on achievement of both the performance and market conditions. Fair value was measured on the grant date using a Monte Carlo simulation and compensation expense was recognized on a graded vesting basis over the applicable requisite service period for each respective tranche. No compensation expense was recognized for tranches that did not achieve their applicable performance condition before the end of the Performance Period.

As of September 30, 2026, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested stock options was approximately \$168 million. The weighted-average remaining vesting period of unvested stock options at September 30, 2026 was approximately two years.

RSUs

A summary of RSU activity for the nine months ended September 30, 2026 was as follows:

	Number of Shares (in thousands)	Weighted-Average Grant-Date Fair Value Per Share
Outstanding as of December 31, 2025	26,011	\$ 158.53
Granted ⁽¹⁾	33,097	\$ 105.76
Vested	(12,407)	\$ 132.84
Forfeited	(4,893)	\$ 139.06
Outstanding as of September 30, 2026	41,808	\$ 126.67
Expected to vest as of September 30, 2026	36,402	

(1) Includes RSUs related to business combinations, of which 5.9 million shares relate to the Armis acquisition.

RSUs outstanding as of September 30, 2026 were comprised of 39.3 million RSUs with only service conditions and 2.5 million RSUs with both service and performance conditions, including certain RSUs with additional market conditions. The total intrinsic value of the RSUs vested was \$1.3 billion for the nine months ended September 30, 2026. As of September 30, 2026, the aggregate intrinsic value of RSUs outstanding was \$5.6 billion and RSUs expected to vest was \$4.9 billion.

PRsUs have service, performance and market vesting conditions. The ultimate number of shares eligible to vest ranges from 0% to 250%, subject to our board of directors compensation committee's approval of performance metrics achievement and, for certain PRsUs, total shareholder return relative to that of the S&P 500 index. The

eligible shares subject to PRSUs granted during the nine months ended September 30, 2026 will vest in one to three years contingent on each holder's continuous status as an employee on the applicable vesting dates. The number of PRSUs granted included in the table above reflects the shares that could be eligible to vest at 100% of target for PRSUs and includes adjustments for over or under achievement for PRSUs granted in the prior years, as applicable.

We recognized \$151 million and \$119 million of stock-based compensation expense, net of actual and estimated forfeitures, associated with PRSUs on a graded vesting basis during the nine months ended September 30, 2026 and 2025, respectively.

As of September 30, 2026, total unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested RSUs was \$4.2 billion, and the weighted-average remaining vesting period was approximately three years.

(15) Employee Severance

As a strategy to optimize our workforce through AI-driven efficiencies and investment in talent in key strategic areas, the Company streamlined certain functions in our organizational structure. As a result, total employee severance and related costs recorded during the three and nine months ended September 30, 2026 were \$87 million and \$167 million, respectively. The Company's approved program focused on driving further operational efficiencies is expected to be substantially completed in 2026.

Severance and related costs are included within our condensed consolidated statements of comprehensive income across all functional expenses, with the majority recorded in sales and marketing expenses, research and development expenses and general and administrative expenses.

For the nine months ended September 30, 2026, changes in current liabilities resulting from severance and related costs were as follows (in millions):

	Severance and related costs
Balance as of December 31, 2025	\$ 20
Severance and related costs	167
Cash payments	(153)
Balance as of September 30, 2026	<u>\$ 34</u>

(16) Net Income Per Share

Basic net income per share attributable to common stockholders is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for the effects of dilutive shares of common stock, which are comprised of outstanding stock options, RSUs and ESPP obligations. Stock awards with performance or market conditions are included in dilutive shares to the extent all conditions are met. The potentially dilutive shares of common stock are computed using the treasury stock method or the as-if converted method, as applicable. The effects of outstanding stock options, RSUs and ESPP obligations are excluded from the computation of diluted net income per share in periods in which the effect would be antidilutive.

The following table presents the calculation of basic and diluted net income per share attributable to common stockholders (in millions, except for number of shares reflected in thousands and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income	\$ 277	\$ 502	\$ 1,044	\$ 1,347
Denominator:				
Weighted-average shares outstanding - basic	1,034,942	1,038,150	1,033,810	1,035,962
Weighted-average effect of potentially dilutive securities:				
Common stock options, RSUs and ESPP obligations	8,069	9,373	4,783	10,891
Weighted-average shares outstanding - diluted	1,043,011	1,047,523	1,038,593	1,046,853
Net income per share - basic	\$ 0.27	\$ 0.48	\$ 1.01	\$ 1.30
Net income per share - diluted	\$ 0.27	\$ 0.48	\$ 1.01	\$ 1.29
Common stock options, RSUs and ESPP obligations excluded from diluted net income per share because their effect would have been antidilutive	19,733	11,934	22,124	12,091

(17) Provision for Income Taxes

We compute our provision for income taxes by applying the estimated annual effective tax rate to year-to-date income from recurring operations and adjust the provision for discrete tax items recorded in the period.

Our income tax provision was \$93 million and \$437 million for the three and nine months ended September 30, 2026, respectively, and was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and stock-based compensation shortfalls. For the nine months ended September 30, 2026, the provision was also impacted by the release of a valuation allowance on certain California deferred tax assets. Our income tax provision was \$192 million and \$373 million for the three and nine months ended September 30, 2025, respectively, and was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates, offset by excess tax benefits of stock-based compensation.

We are subject to taxation in the United States and foreign jurisdictions. As of September 30, 2026, our tax years 2004 to 2025 remain subject to examination in most jurisdictions.

Due to differing interpretations of tax laws and regulations, tax authorities may dispute our tax filing positions. We periodically evaluate our exposures associated with our tax filing positions and believe that adequate amounts have been reserved for adjustments that may result from tax examinations.

On July 4, 2025, H.R. 1, the "One Big Beautiful Bill Act," was enacted into law, bringing significant amendments to the U.S. tax code. This legislation extends and modifies provisions from the 2017 Tax Cuts and Jobs Act and introduces new tax measures affecting both businesses and individuals. The enacted legislation had an immaterial impact on the Company's effective tax rate for the three and nine months ended September 30, 2026 and 2025.

(18) Commitments and Contingencies

Operating Leases

For some of our offices and data centers, we have entered into non-cancellable operating lease agreements with various expiration dates through 2036. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore are not factored into our determination of lease payments.

Total operating lease costs were \$40 million and \$125 million for the three and nine months ended September 30, 2026, respectively, and \$37 million and \$109 million for the three and nine months ended September 30, 2025, respectively.

For the nine months ended September 30, 2026 and 2025, total cash paid for amounts included in the measurement of operating lease liabilities was \$93 million and \$80 million, respectively. Operating lease liabilities arising from obtaining operating right-of-use assets totaled \$75 million and \$195 million for the nine months ended September 30, 2026 and 2025, respectively.

As of September 30, 2026, the weighted-average remaining lease term is approximately seven years, and the weighted-average discount rate is 4%.

Maturities of operating lease liabilities as of September 30, 2026 are presented in the table below (in millions):

Fiscal Period:			
Remainder of 2026		\$	34
2027			155
2028			154
2029			146
2030			131
Thereafter			408
Total operating lease payments			1,028
Less: imputed interest			(137)
Present value of operating lease liabilities		\$	891

In addition to the amounts above, as of September 30, 2026, we have leases, primarily for offices, that have not yet commenced with minimum undiscounted cash flows of \$355 million. These leases are expected to commence between 2026 and 2027 with lease terms of five to sixteen years.

Other Commitments

Other contractual commitments primarily consist of data center and IT operations, cloud services and sales and marketing activities related to our daily business operations. There were no material contractual obligations that were entered into during the nine months ended September 30, 2026 that were outside the ordinary course of business. We have entered into various non-cancellable agreements with cloud service providers, and as of September 30, 2026, we have remaining payments under these agreements of approximately \$262 million for the

remainder of fiscal 2026, \$432 million in fiscal 2027, \$606 million in fiscal 2028, \$737 million in fiscal 2029 and \$2.8 billion in fiscal 2030. Payment schedules vary from the timing of actual service consumption. In addition, we have entered into non-cancellable agreements with an information technology equipment provider, under which we have remaining payments of approximately \$1.6 billion due between the remainder of fiscal 2026 and fiscal 2030.

In addition to the amounts above, our Senior Notes have an aggregate principal amount of \$5.5 billion, with maturities ranging from May 2028 through May 2056. We also have \$2.1 billion of commercial paper outstanding as of September 30, 2026, which has a weighted-average remaining term of 62 days. Refer to Note 11 “Debt” for further information.

Further, \$197 million of unrecognized tax benefits have been recorded as liabilities as of September 30, 2026.

Legal Proceedings

We are party to certain litigation and other legal proceedings. While legal proceedings are inherently unpredictable and subject to uncertainties, we do not believe the ultimate resolution of any such proceedings is likely to result in a material loss. We accrue for loss contingencies when it is both probable that we will incur the loss and when we can reasonably estimate the amount of the loss or range of loss.

Other

As previously disclosed, through its internal processes, the Company received a complaint that raised potential compliance issues related to one of its government contracts. The Company initiated an internal investigation, with the assistance of outside legal counsel, into the validity of these claims that concern the hiring of the Chief Information Officer of the U.S. Army as the Company’s Head of Global Public Sector in March 2023. As a result of the investigation, the Company’s board of directors determined that the Company’s President and Chief Operating Officer and the hired individual violated Company policy regarding a possible conflict relating to such individual’s hiring. On July 24, 2024, the Company and its President and Chief Operating Officer came to a mutual agreement that he would resign from all positions with the Company, effective immediately. The other individual also has departed the Company. The Company has informed the Department of Justice, the Department of Defense Office of Inspector General and the Army Suspension and Debarment Office of the investigation and is continuing to cooperate with the Department of Justice, which has commenced its own investigation and required the Company to deliver certain documents in connection with these matters. The Company cannot predict the timing, outcome or possible impact of the investigation.

Indemnification Provisions

Our agreements include provisions indemnifying customers against intellectual property and other third-party claims. In addition, we have entered into indemnification agreements with our directors, executive officers and certain other officers that will require us, among other things, to indemnify them against certain liabilities that may arise as a result of their affiliation with us. We have not incurred any material costs as a result of such indemnification obligations and have not recorded any material liabilities related to such obligations in the condensed consolidated financial statements.

(19) Segment and Geographic Information

Segment Information

Our chief operating decision maker (“CODM”), the Chief Executive Officer, manages the Company’s business activities as a single operating and reportable segment at the consolidated level. Accordingly, our CODM uses

consolidated net income to measure segment profit or loss, allocate resources and assess performance. Further, the CODM reviews and utilizes functional expenses (cost of revenues, sales and marketing, research and development, and general and administrative) at the consolidated level to manage the Company's operations. Other segment items included in consolidated net income are interest income, interest expense, other income (expense), net and the provision for income taxes, which are reflected in the condensed consolidated statements of comprehensive income.

Geographic Information

Revenues by geographic area, based on the location of our users, were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
North America ⁽¹⁾	\$ 2,574	\$ 2,133	\$ 7,455	\$ 6,102
EMEA ⁽²⁾	1,027	873	3,003	2,489
Asia Pacific and other	505	401	1,405	1,119
Total revenues	<u>\$ 4,106</u>	<u>\$ 3,407</u>	<u>\$ 11,863</u>	<u>\$ 9,710</u>

Property and equipment, net by geographic area were as follows (in millions):

	September 30, 2026	December 31, 2025
North America ⁽³⁾	\$ 1,413	\$ 1,437
EMEA ⁽²⁾	476	563
Asia Pacific and other	256	289
Total property and equipment, net	<u>\$ 2,145</u>	<u>\$ 2,289</u>

(1) Revenues attributed to the United States were 95% of North America revenues for each of the three and nine months ended September 30, 2026 and 94% for each of the three and nine months ended September 30, 2025.

(2) Europe, the Middle East and Africa ("EMEA").

(3) Property and equipment, net attributed to the United States were 84% and 82% of property and equipment, net attributable to North America as of September 30, 2026 and December 31, 2025, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results Of Operations

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the (1) unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2025 included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC"), on January 29, 2026. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to those identified herein, and those discussed in the section titled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on January 29, 2026 and in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. We disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Investors and others should note that we announce material financial information to our investors using our investor relations website (<https://www.servicenow.com/company/investor-relations.html>), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our Company, our services and other issues. It is possible that the information we post on social media could be deemed to be material information. Therefore, we encourage investors, the media and others interested in our Company to review the information we post on the social media channels listed on our investor relations website.

Our free cash flow and non-GAAP consolidated income from operations measures included in the section entitled "Key Business Metrics—Free Cash Flow," and "Key Business Metrics—Non-GAAP Consolidated Income from Operations" are not in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. These measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP results, to more fully understand our business.

Overview

ServiceNow delivers solutions that help public and private organizations govern, secure and manage artificial intelligence and digitalize and streamline workflows to drive collaboration, productivity and better experiences across the enterprise. At the core of these solutions is the ServiceNow AI Platform ("Platform"), a robust, cloud-based Platform that facilitates comprehensive delivery of seamless workflows and drives digital transformation across all departments and personas within an organization. Our Platform's single data fabric and integrated data layer supports organizations' operationalization of their AI strategy with speed, scale and security. Our workflow applications built on the Platform are grouped into four areas: Technology, CRM and Industry, Core Business, and Creator and Other. We offer an innovative suite of products, including AI-powered applications, and services designed to automate workflows, integrate systems and empower employees, regardless of existing systems, cloud environments or collaboration tools. The combination of ServiceNow's Security Operations with Armis' cyber asset intelligence and Veza's identity governance capabilities delivers end-to-end visibility, risk controls, and

automated responses across the enterprise. Our one platform architecture provides the foundation for organizations to seamlessly integrate AI, data, and workflows and create intelligent processes across their enterprise.

We are closely monitoring ongoing global conflicts. While those events are continuing to evolve and the outcomes remain highly uncertain, we do not believe they will have a material impact on our business and results of operations. However, if the conflicts persist or worsen, leading to greater global economic disruptions and uncertainty, our business and results of operations could be materially impacted.

Additionally, other macroeconomic events, including interest rates, global inflation and tariffs, have led to economic uncertainty in the global economy. To mitigate risk, our cash and cash equivalents are distributed across several large financial institutions and are not concentrated in one financial institution. We have not experienced any impact to our liquidity or to our current and projected business operations and financial condition due to recent macroeconomic events. Further, we have policy restrictions on the types of securities that can be purchased as part of our available-for-sale debt securities portfolio. These restrictions take industry and company concentration limits into consideration among other things. We will continue to monitor the direct and indirect impact of macroeconomic events on our business and financial results.

As a strategy to optimize our workforce through AI-driven efficiencies and investment in talent in key strategic areas, the Company streamlined certain functions in our organizational structure. While we eliminated roles in some areas, we plan to continue to hire in key strategic areas. As a result, total employee severance and related costs recorded during the three and nine months ended September 30, 2026 were \$87 million and \$167 million, respectively.

On December 5, 2025, our board of directors approved and declared a 5-for-1 split of our common stock ("Stock Split"), with a proportionate increase in the number of shares of authorized common stock. The Stock Split had a record date of December 16, 2025 and an effective date of December 17, 2025. The par value per share of our common stock remains unchanged at \$0.001 per share after the Stock Split. Accordingly, an amount equal to the par value of the additional issued shares resulting from the Stock Split was reclassified from additional paid-in capital to common stock. All references made to common share, equity award and per share amounts throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations have been retroactively adjusted to reflect the effects of the Stock Split.

See the "Risk Factors" section in Part I, Item 1A of our Annual Report on Form 10-K filed with the SEC on January 29, 2026 for further discussion of the possible impact of conflicts and macroeconomic events on our business and financial results.

Key Business Metrics

Remaining performance obligations. Transaction price allocated to remaining performance obligations ("RPO") represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancellable amounts that will be invoiced and recognized as revenue in future periods. RPO excludes contracts that are billed in arrears, such as certain time and materials contracts, as we apply the "right to invoice" practical expedient under relevant accounting guidance. Current remaining performance obligations ("cRPO") represents RPO that will be recognized as revenue in the next 12 months.

As of September 30, 2026, our RPO was \$29.7 billion, of which 46% represented cRPO. RPO and cRPO increased by 22% and 20%, respectively, compared to September 30, 2025. Factors that may cause our RPO to vary from period to period include the following:

- *Foreign currency exchange rates.* While a majority of our contracts have historically been in U.S. Dollars, an increasing percentage of our contracts in recent periods has been in foreign currencies, particularly the Euro and British Pound Sterling. Fluctuations in foreign currency exchange rates as of the balance sheet date will cause variability in our RPO.

- *Mix of offerings.* In a minority of cases, we allow our customers to host our software by themselves or through a third-party service provider. In self-hosted offerings, we recognize a portion of the revenue upfront upon the delivery of the software and as a result, such revenue is excluded from RPO.
- *Subscription start date.* From time to time, we enter into contracts with a subscription start date in the future and these amounts are included in RPO if such contracts are signed by the balance sheet date.
- *Timing of contract renewals.* While customers typically renew their contracts at the end of the contract term, from time to time, customers may do so either before or after the scheduled expiration date. For example, in cases where we are successful in selling additional products or services to an existing customer, a customer may decide to renew its existing contract early to ensure that all its contracts expire on the same date. In other cases, prolonged negotiations or other factors may result in a contract not being renewed until after it has expired.
- *Contract duration.* While we typically enter into multi-year subscription services, the duration of our contracts varies. Further, we continue to see an increase in the number of 12-month agreements entered into with the U.S. federal government throughout the year, with the highest number of agreements entered into in the quarter ended September 30, driven primarily by timing of their annual budget expenditures. We sometimes also enter into contracts with durations that have a 12-month or shorter term to enable the contracts to co-terminate with the existing contract. The contract duration will cause variability in our RPO.

Number of customers with ACV greater than \$5 million. We count the total number of customers with annual contract value (“ACV”) greater than \$5 million as of the end of the period. We had 680 and 553 customers with ACV greater than \$5 million as of September 30, 2026 and 2025, respectively. For purposes of customer count, a customer is defined as an entity that has a unique Dunn & Bradstreet Global Ultimate (“GULT”) Data Universal Numbering System (“DUNS”) number and an active subscription contract as of the measurement date. The DUNS number is a global standard for business identification and tracking. We make exceptions for holding companies, government entities and other organizations for which the GULT, in our judgment, does not accurately represent the ServiceNow customer. For example, while all U.S. government agencies roll up to “Government of the United States” under the GULT, we count each government agency that we contract with as a separate customer. Our customer count is subject to adjustments for acquisitions, spin-offs and other market activity; accordingly, we restate previously disclosed number of customers with ACV greater than \$5 million calculations to allow for comparability. ACV is calculated based on the foreign exchange rate in effect at the time the contract was signed. Foreign exchange rate fluctuations could cause some variability in the number of customers with ACV greater than \$5 million. We believe information regarding the total number of customers with ACV greater than \$5 million provides useful information to investors because it is an indicator of our growing customer base and demonstrates the value customers are receiving from the Platform.

Free cash flow. We define free cash flow, a non-GAAP financial measure, as GAAP net cash provided by operating activities plus cash outflows for legal settlements and business combination and other related costs including compensation expense, reduced by purchases of property and equipment. Purchases of property and equipment are otherwise included in cash used in investing activities under GAAP. We believe information regarding free cash flow provides useful information to investors because it is an indicator of the strength and performance of our business operations. However, our calculation of free cash flow may not be comparable to similar measures used by other companies. Our calculation of free cash flow is provided below:

	Nine Months Ended September 30,		% Change
	2026	2025	
	(dollars in millions)		
GAAP net cash provided by operating activities	\$ 3,096	\$ 3,206	(3%)
Purchases of property and equipment	(346)	(630)	(45%)
Business combination and other related costs	371	28	NM
Non-GAAP free cash flow	\$ 3,121	\$ 2,604	20%

NM - Not meaningful

We have historically seen higher collections in the quarter ended March 31 due to seasonality in timing of entering into customer contracts, which is significantly higher in the quarter ended December 31. Additionally, we have historically seen higher disbursements in the quarters ended March 31 and September 30 due to payouts under our annual commission plans, purchases under our employee stock purchase plan, payouts under our bonus plans and coupon payments related to our 2030 Notes.

Non-GAAP consolidated income from operations. Non-GAAP consolidated income from operations is identified as an additional measure of profit or loss. This non-GAAP measure is used by the chief operating decision maker to allocate resources and assess performance. We define non-GAAP consolidated income from operations as income from operations excluding certain non-cash or non-recurring items, including stock-based compensation expense, amortization of purchased intangibles, legal settlements, impairment of assets, severance costs, contract termination costs and business combination and other related costs including compensation expense. We believe these adjustments provide useful supplemental information to investors and facilitate the analysis of our operating results and comparison of those results across reporting periods. The following table shows the reconciliation of our reported consolidated income from operations to non-GAAP consolidated income from operations.

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
GAAP income from operations	\$ 385	\$ 572	(33%)	\$ 1,050	\$ 1,381	(24%)
Stock-based compensation	633	492	29%	1,846	1,461	26%
Amortization of purchased intangibles	198	33	NM	494	79	NM
Business combination and other related costs	35	19	84%	153	44	248%
Impairment of assets	—	—	—%	—	30	(100%)
Severance costs	87	24	263%	167	53	215%
Non-GAAP income from operations	\$ 1,338	\$ 1,140	17%	\$ 3,710	\$ 3,048	22%

NM - Not meaningful

Renewal rate. We calculate our renewal rate by subtracting our attrition rate from 100%. Our attrition rate for a period is equal to the ACV from customers lost during the period, divided by the sum of (i) the total ACV from all customers that renewed during the period, excluding changes in price or users, and (ii) the total ACV from all customers lost during the period. Accordingly, our renewal rate is calculated based on ACV and is not based on the number of customers that have renewed. Further, our renewal rate does not reflect increased or decreased purchases from our customers to the extent such customers are not lost customers or lapsed renewals. A lost customer is a customer that did not renew an expiring contract and that, in our judgment, will not be renewed. Typically, a customer that reduces its subscription upon renewal is not considered a lost customer. However, in instances where the subscription decrease represents the majority of the customer's ACV, we may deem the renewal as a lost customer. For our renewal rate calculation, we define a customer as an entity with a separate

production instance of our service and an active subscription contract as of the measurement date, instead of an entity with a unique GULT or DUNS number. We adjust our renewal rate for acquisitions, consolidations and other customer events that cause the merging of two or more accounts occurring at the time of renewal. Our renewal rate was 98% for each of the three and nine months ended September 30, 2026 and 97% and 98% for the three and nine months ended September 30, 2025, respectively. As our renewal rate is impacted by the timing of renewals, which could occur in advance of, or subsequent to the original contract end date, period-to-period comparison of renewal rates may not be meaningful.

Components of Results of Operations

Revenues

Subscription revenues. Subscription revenues are primarily comprised of fees that give customers access to the ordered subscription service for both self-hosted offerings and cloud-based subscription offerings, and related standard and enhanced support and updates, if any, to the subscription service during the subscription term. For our cloud-based offerings, we recognize revenue ratably over the subscription term. For self-hosted offerings, a substantial portion of the sales price is recognized upon delivery of the software, which may cause greater variability in our subscription revenues and subscription gross margin. Pricing includes multiple instances, hosting and support services, data backup and disaster recovery services, as well as future updates, when and if available, offered during the subscription term. We typically invoice our customers for subscription fees in annual increments upon execution of the initial contract or subsequent renewal. Our contracts are generally non-cancellable during the subscription term, though a customer can terminate for breach if we materially fail to perform.

Professional services and other revenues. Our arrangements for professional services are primarily on a time-and-materials basis, and we generally invoice our customers monthly in arrears for the professional services based on actual hours and expenses incurred. Some of our professional services arrangements are on a fixed fee basis. Professional services revenues are recognized as services are delivered. Other revenues primarily consist of fees from customer training delivered on-site or through publicly available classes. Typical payment terms require our customers to pay us within 30 days of invoice.

We sell our subscription services primarily through our direct sales organization. We also sell services through managed service providers and resale partners. We also generate revenues from certain professional services and from training of customers and partner personnel, through both our direct team and indirect sales channel. Revenues from our direct sales organization represented 76% of our total revenues for each of the three and nine months ended September 30, 2026 and 78% of our total revenues for each of the three and nine months ended September 30, 2025. For purposes of calculating revenues from our direct sales organization, revenues from systems integrators and managed services providers are included as part of the direct sales organization.

Seasonality. We have historically experienced seasonality in terms of when we enter into customer agreements. We sign a significantly higher percentage of agreements with new customers, as well as expansion with existing customers, in the fourth quarter of each year. The increase in customer agreements for the fourth quarter is primarily a result of both large enterprise account buying patterns typical in the software industry, which are driven primarily by the expiration of annual authorized budgeted expenditures, and the terms of our commission plans, which incentivize our direct sales organization to meet their annual quotas by December 31. Furthermore, we usually sign a significant portion of these agreements during the last month, and often the last two weeks, of each quarter. This seasonality of entering into customer agreements is sometimes not immediately apparent in our revenues, due to the fact that we recognize subscription revenues from our cloud offering contracts over the term of the subscription agreement, which is generally 12 to 36 months. In addition, we continue to see an increase in the number of 12-month agreements entered into with the U.S. federal government throughout the year, with the highest number of agreements entered into in the third quarter, driven primarily by the timing of their annual budget expenditures. This larger mix of contracts with 12-month renewal terms in the third quarter will generally cause variability in our RPO and cRPO in subsequent quarters until they are renewed. Although these seasonal factors may be common in the technology industry, historical patterns should not be considered a reliable indicator of our future sales activity or performance.

Cost of Revenues

Cost of subscription revenues. Cost of subscription revenues consists primarily of expenses related to hosting our services and providing support to our customers. These expenses are comprised of data center capacity costs, which include colocation costs associated with our data centers as well as interconnectivity between data centers, depreciation related to our infrastructure hardware equipment dedicated for customer use, amortization of intangible assets, expenses associated with software, public cloud service costs, IT services and dedicated customer support, personnel-related costs directly associated with data center operations and customer support, including salaries, benefits, bonuses, stock-based compensation and allocated overhead.

Cost of professional services and other revenues. Cost of professional services and other revenues consists primarily of personnel-related costs directly associated with our professional services and training departments, including salaries, benefits, bonuses and stock-based compensation, the costs of contracted third-party partners, travel expenses and allocated overhead.

Professional services are performed directly by our services team, as well as by contracted third-party partners. Fees paid by us to third-party partners are primarily recognized as cost of revenues as the professional services are delivered. Cost of revenues associated with our professional services engagements contracted with third-party partners as a percentage of professional services and other revenues was 53% and 44% for the three and nine months ended September 30, 2026, respectively, and 33% for each of the three and nine months ended September 30, 2025.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses directly associated with our sales and marketing staff, including salaries, benefits, bonuses, stock-based compensation and allocated overhead. Sales and marketing expenses also include the amortization of commissions paid to our sales employees, including related payroll taxes and fringe benefits, and amortization of intangible assets. In addition, sales and marketing expenses include branding expenses, marketing program expenses, which include events such as Knowledge, and costs associated with purchasing advertising and marketing data, software and subscription services dedicated for sales and marketing use and allocated overhead.

Research and Development

Research and development expenses consist primarily of personnel-related expenses directly associated with our research and development staff, including salaries, benefits, bonuses, stock-based compensation and allocated overhead. Research and development expenses also include data center capacity costs, costs associated with outside services contracted for research and development purposes and depreciation of infrastructure hardware equipment that is used solely for research and development purposes.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses for our executive, finance, legal, human resources, facilities and administrative personnel, including salaries, benefits, bonuses, stock-based compensation, external legal, accounting and other professional services fees, other corporate expenses, amortization of intangible assets and allocated overhead.

Provision for Income Taxes

Provision for income taxes consists of federal, state and foreign income taxes. Our income tax provision for the three and nine months ended September 30, 2026 is primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and stock-based compensation shortfalls. For the nine months ended

September 30, 2026, the provision was also impacted by the release of a valuation allowance on certain California deferred tax assets. We continue to maintain a valuation allowance against a portion of our California deferred tax assets due to the uncertainty regarding realizability of these deferred tax assets as they have not met the “more likely than not” realization criteria, particularly as we expect research and development tax credit generation to exceed our ability to use the credits in future years.

Comparison of the Three and Nine Months Ended September 30, 2026 and 2025

Revenues

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Revenues:						
Subscription	\$ 3,988	\$ 3,299	21%	\$ 11,536	\$ 9,417	23%
Professional services and other	118	108	9%	327	293	12%
Total revenues	<u>\$ 4,106</u>	<u>\$ 3,407</u>	21%	<u>\$ 11,863</u>	<u>\$ 9,710</u>	22%
Percentage of revenues:						
Subscription	97%	97%		97%	97%	
Professional services and other	3%	3%		3%	3%	
Total	<u>100%</u>	<u>100%</u>		<u>100%</u>	<u>100%</u>	

Subscription revenues increased by \$689 million and \$2,119 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily driven by increased purchases by new and existing customers. Included in subscription revenues is \$96 million and \$104 million of revenues recognized upfront from the delivery of software associated with self-hosted offerings during the three months ended September 30, 2026 and 2025, respectively, and \$383 million and \$370 million during the nine months ended September 30, 2026 and 2025, respectively.

We expect subscription revenues for the year ending December 31, 2026 to increase in absolute dollars and remain relatively flat as a percentage of revenue as we continue to add new customers and existing customers increase their usage of our products compared to the year ended December 31, 2025.

Our expectations for revenues, cost of revenues and operating expenses for the remainder of 2026 are based on the 30-day average of foreign exchange rates for September 30, 2026.

Professional services and other revenues increased by \$10 million and \$34 million during the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily due to an increase in services provided to new and existing customers.

We expect professional services and other revenues for the year ending December 31, 2026 to increase in absolute dollars and remain relatively flat as a percentage of revenue compared to the year ended December 31, 2025.

Cost of Revenues and Gross Profit Percentage

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Cost of revenues:						
Subscription	\$ 1,054	\$ 666	58%	\$ 2,904	\$ 1,852	57%
Professional services and other	157	108	45%	416	297	40%
Total cost of revenues	<u>\$ 1,211</u>	<u>\$ 774</u>	56%	<u>\$ 3,320</u>	<u>\$ 2,149</u>	54%
Gross profit (loss) percentage:						
Subscription	74%	80%		75%	80%	
Professional services and other	(33%)	—%		(27%)	(1%)	
Total gross profit percentage	71%	77%		72%	78%	
Gross profit	\$ 2,895	\$ 2,633		\$ 8,543	\$ 7,561	

Cost of subscription revenues increased by \$388 million and \$1,052 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily due to increased headcount and increased costs to support the growth of our subscription offerings including costs to support customers in regulated markets. Personnel-related costs, including stock-based compensation and overhead expenses increased by \$112 million and \$341 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. Depreciation expense related to infrastructure hardware equipment and expenses associated with software, maintenance and other costs, which together support the expansion of data center capacity, increased by \$56 million and \$179 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. Expenses associated with our contractual commitments with third-party cloud service providers increased by \$79 million and \$183 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. In addition, amortization of intangible assets increased by \$119 million and \$313 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025 as a result of acquisitions.

We expect our cost of subscription revenues for the year ending December 31, 2026 to increase in absolute dollars and increase as a percentage of revenue compared to the year ended December 31, 2025 as we provide subscription services to more customers, increase usage within our customer instances and continue to recognize amortization of acquired intangible assets. We will continue to incur incremental costs to attract customers by adopting public cloud offerings as well as increased support for customers impacted by new and evolving data residency requirements. To the extent future acquisitions are consummated, our cost of subscription revenues may increase due to additional non-cash charges associated with the amortization of intangible assets acquired.

Our subscription gross profit percentage was 74% and 75% for the three and nine months ended September 30, 2026, respectively, and 80% for each of the three and nine months ended September 30, 2025. We expect our subscription gross profit percentage to decrease for the year ending December 31, 2026 compared to the year ended December 31, 2025, primarily due to the ongoing growth of our third-party cloud services usage and incremental amortization of intangible assets acquired.

Cost of professional services and other revenues increased by \$49 million and \$119 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily driven by increased personnel-related costs and an increase in partner ecosystem spend to further help accelerate customer value realization.

Our professional services and other gross loss percentage was 33% for the three months ended September 30, 2026 compared to breakeven for the three months ended September 30, 2025. Our professional services and other gross loss percentage was 27% for the nine months ended September 30, 2026 compared to 1% for the nine months ended September 30, 2025. Our professional services and other gross loss percentage was primarily driven by personnel-related costs and partner ecosystem spend to further help accelerate customer value realization increasing at a faster rate than revenue. We expect our professional services and other gross loss percentage to increase for the year ending December 31, 2026 compared to the year ended December 31, 2025 as we continue to accelerate customer value realization and support our customers in gaining the maximum value of our latest offerings.

Sales and Marketing

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Sales and marketing	\$ 1,271	\$ 1,056	20%	\$ 3,859	\$ 3,238	19%
Percentage of revenues	31%	31%		33%	33%	

Sales and marketing expenses increased by \$215 million and \$621 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily due to increased headcount resulting in an increase in personnel-related costs including stock-based compensation and overhead expenses of \$104 million and \$315 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. The increase in personnel-related costs includes an increase of \$1 million and \$28 million in employee severance and related costs for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, in connection with our initiatives to optimize our workforce through AI-driven efficiencies and investment in talent in key strategic areas. Amortization expenses associated with deferred commissions increased by \$17 million and \$61 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily due to an increase in contracts with new customers, expansion and renewal contracts. Other sales and marketing program expenses, which include branding, costs associated with purchasing advertising, marketing events and market data, increased by \$19 million and \$81 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, with the increase in the nine-month period primarily due to increased program costs and travel costs for our annual Knowledge user conference. In addition, amortization of intangible assets increased by \$44 million and \$100 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025 as a result of acquisitions.

We expect sales and marketing expenses for the year ending December 31, 2026 to increase in absolute dollars but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2025, as we continue to see leverage from increased sales productivity and marketing efficiencies.

Research and Development

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Research and development	\$ 956	\$ 750	27%	\$ 2,694	\$ 2,187	23%
Percentage of revenues	23%	22%		23%	23%	

Research and development expenses (“R&D”) increased by \$206 million and \$507 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. Personnel-related costs including stock-based compensation and overhead expenses increased \$178 million and \$456 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. The increase in personnel-related costs includes an increase of \$35 million and \$37 million in employee severance and related costs for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, in connection with our initiatives to optimize our workforce through AI-driven efficiencies and investment in talent in key strategic areas.

We expect R&D expenses for the year ending December 31, 2026 to increase in absolute dollars but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2025, as we continue to improve the existing functionality of our services, develop new applications to fill market needs and enhance our core platform, including investments in AI capabilities such as agentic AI and AI security.

General and Administrative

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
General and administrative	\$ 283	\$ 255	11%	\$ 940	\$ 755	25%
Percentage of revenues	7%	7%		8%	8%	

General and administrative expenses (“G&A”) increased by \$28 million and \$185 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. Personnel-related costs including stock-based compensation increased \$23 million and \$89 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025. The increase in personnel-related costs includes an increase of \$10 million and \$31 million in employee severance and related costs for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, in connection with our initiatives to optimize our workforce through AI-driven efficiencies and investment in talent in key strategic areas. In addition, for the nine months ended September 30, 2026, outside services increased by \$100 million, largely related to recent acquisitions, and was partially offset by an impairment of assets of \$30 million that was recorded in the nine months ended September 30, 2025.

We expect G&A expenses for the year ending December 31, 2026 to increase in absolute dollars but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2025, as we continue to see leverage from continued G&A productivity.

Stock-based Compensation

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Cost of revenues:						
Subscription	\$ 96	\$ 78	23%	\$ 276	\$ 222	24%
Professional services and other	13	11	18%	38	33	15%
Operating expenses:						
Sales and marketing	175	141	24%	504	444	14%
Research and development	282	203	39%	801	584	37%
General and administrative	67	59	14%	227	178	28%
Total stock-based compensation	<u>\$ 633</u>	<u>\$ 492</u>	29%	<u>\$ 1,846</u>	<u>\$ 1,461</u>	26%
Percentage of revenues	15%	14%		16%	15%	

Stock-based compensation increased by \$141 million and \$385 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily due to additional grants to current and new employees and stock-based awards granted in connection with acquisitions.

Stock-based compensation is inherently difficult to forecast due to fluctuations in our stock price. Based upon our stock price as of September 30, 2026, we expect stock-based compensation to continue to increase in absolute dollars for the year ending December 31, 2026 as we continue to issue stock-based awards to our employees but remain relatively flat as a percentage of revenue compared to the year ended December 31, 2025. We expect stock-based compensation as a percentage of revenue to decline over time as we continue to grow.

Foreign Currency Exchange

Our international operations have provided and will continue to provide a significant portion of our total revenues. Revenues outside North America represented 37% for each of the three and nine months ended September 30, 2026 and 2025.

We primarily transact in certain foreign currencies for sales outside of the United States. The general strengthening of the U.S. Dollar relative to other major foreign currencies had an immaterial impact on our revenues for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The general weakening of the U.S. Dollar relative to other major foreign currencies had a favorable impact on our revenues for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. For entities reporting in currencies other than the U.S. Dollar, if we had translated our results for the nine months ended September 30, 2026 at the exchange rates in effect for the nine months ended September 30, 2025 rather than the actual exchange rates in effect during the period, our reported subscription revenues would have been \$134 million lower, excluding the impact of our cash flow hedging program. The impact from foreign currency movements was not material to professional services and other revenues for the three and nine months ended September 30, 2026.

In addition, we primarily transact in several foreign currencies for cost of revenues and operating expenses outside of the United States. The movement of the U.S. Dollar had an immaterial impact on our expenses for the three and nine months ended September 30, 2026.

Interest Income

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Interest income	\$ 69	\$ 115	(40%)	\$ 227	\$ 346	(34%)
Percentage of revenues	2%	3%		2%	4%	

Interest income decreased by \$46 million and \$119 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily driven by a decrease in investment income from our managed portfolio resulting from lower average portfolio balances and lower interest rates.

Interest Expense

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Interest expense	\$ (81)	\$ (6)	NM	\$ (153)	\$ (18)	NM
Percentage of revenues	2%	—%		1%	—%	

NM - Not meaningful

Interest expense increased by \$75 million and \$135 million for the three and nine months ended September 30, 2026, respectively, compared to the three and nine months ended September 30, 2025, primarily due to the issuance of senior notes and commercial paper.

Other Income (Expense), net

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Other income (expense), net	(3)	13	(123%)	357	11	NM
Percentage of revenues	—%	—%		3%	—%	

NM - Not meaningful

Other income (expense), net decreased by \$16 million for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. Other income (expense), net increased by \$346 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily driven by unrealized gains on strategic investments.

To mitigate our risks associated with fluctuations in foreign currency exchange rates, we enter into foreign currency forward contracts with maturities of 12 months or less to hedge a portion of our net outstanding monetary assets and liabilities. These hedging contracts may reduce, but cannot entirely eliminate, the impact of adverse currency exchange rate movements. For each of the three and nine months ended September 30, 2026

and the three months ended September 30, 2025, the gains (losses) recognized for these foreign currency forward contracts in other income (expense), net were immaterial. For the nine months ended September 30, 2025, the gains recognized for foreign currency forward contracts from derivatives not designated as hedging instruments in other income (expense), net of \$100 million, primarily offset the remeasurement losses of the related foreign currency denominated assets and liabilities of \$114 million.

Provision for Income Taxes

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2026	2025		2026	2025	
	(dollars in millions)			(dollars in millions)		
Income before income taxes	\$ 370	\$ 694	(47%)	\$ 1,481	\$ 1,720	(14%)
Provision for income taxes	\$ 93	\$ 192	(52%)	\$ 437	\$ 373	17%
Effective tax rate	25%	28%		30%	22%	

Our income tax provision was \$93 million and \$437 million for the three and nine months ended September 30, 2026, respectively, and was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates and stock-based compensation shortfalls. For the nine months ended September 30, 2026, the provision was also impacted by the release of a valuation allowance on certain California deferred tax assets. Our income tax provision was \$192 million and \$373 million for the three and nine months ended September 30, 2025, respectively, and was primarily attributable to the mix of earnings and losses in countries with differing statutory tax rates, offset by excess tax benefits of stock-based compensation. We may continue to see fluctuations in our effective tax rate and tax obligations as we further integrate Armis into our corporate structure and intercompany relationships.

On July 4, 2025, H.R. 1, the "One Big Beautiful Bill Act," was enacted into law, bringing significant amendments to the U.S. tax code. This legislation extends and modifies provisions from the 2017 Tax Cuts and Jobs Act and introduces new tax measures affecting both businesses and individuals. The enacted legislation had an immaterial impact on the Company's effective tax rate for the three and nine months ended September 30, 2026 and 2025. The Company will continue to monitor any future changes in its business or interpretations of the new tax law that could affect its tax position in subsequent periods.

Liquidity and Capital Resources

We generate cash inflows from operations primarily from selling subscription services which are generally paid in advance of provisioning services, and expend cash outflows to develop new services and core technologies that further enhance the Platform, engage our customers and enhance their experience, and enable and transform our business operations. Subscription services arrangements typically have a three-year duration, and we have experienced a renewal rate of 98% over the last three years. Cash outflows from operations are principally comprised of the salaries, bonuses, commissions, and benefits for our workforce, licenses and services arrangements, including cloud services, that are integral to our business operations and data centers and operating lease arrangements that underlie our facilities. We have generated positive operating cash flows for more than ten years as we continue to grow our business in pursuit of our business strategy, and we expect to grow our business and generate positive cash flows from operations during 2026. When assessing sources of liquidity, we also include cash and cash equivalents, marketable securities and long-term marketable securities totaling \$7.0 billion as of September 30, 2026. Our unsecured revolving credit facility and our commercial paper program also serve as sources of liquidity. Refer to the "Debt" section below for more details.

Our capital requirements are principally comprised of capital expenditures to support data center capacity expansion, non-contract workforce salaries, bonuses, commissions, and benefits and, to a lesser extent, cancellable and non-cancellable licenses, operating leases and services arrangements that are integral to our

business operations. We also acquire technology and businesses to expand our service offerings and functionality. Operating lease obligations totaling \$1.0 billion are principally associated with leased facilities and have varying maturities with \$704 million due over the next five years.

Supply Chain Finance Program

Our supply chain finance ("SCF") program provides suppliers with the opportunity to sell their receivables due from us to a global financial institution. A supplier's election to receive early payment at a discounted amount from the financial institution does not change the amount that we must remit to the financial institution on our payment date, which is generally 90 days from the invoice date. As of September 30, 2026, our outstanding payment obligations to suppliers participating in the SCF program totaled \$18 million. These obligations are included in accounts payable in our condensed consolidated balance sheets, and all activity related to these obligations is presented within operating activities in the condensed consolidated statements of cash flows.

Share Repurchase Program

We may repurchase our shares of common stock through open market purchases, accelerated share repurchase ("ASR") transactions, privately negotiated transactions or by other means, with the objective to return value to our stockholders and manage the dilution from future employee equity grants and employee stock purchase programs. In May 2023, our board of directors authorized a program to repurchase up to \$1.5 billion of our common stock (the "Share Repurchase Program"). In January 2025 and January 2026, our board of directors authorized an additional \$3.0 billion and \$5.0 billion, respectively, in repurchases under the Share Repurchase Program.

On January 30, 2026, we entered into an ASR agreement with a financial institution to repurchase an aggregate of \$2.0 billion of our common stock as part of the Share Repurchase Program. During the three months ended March 31, 2026, the Company completed the ASR transaction with 18.5 million shares of common stock repurchased at an average price of \$107.97 per share, which was determined based on the volume weighted-average price over the term of the ASR, less an agreed upon discount. Repurchased shares are recognized as treasury stock and held for future issuance.

During the nine months ended September 30, 2026, the Company repurchased an additional 1.6 million shares of our common stock for \$225 million in open market transactions. There were no share repurchases during the three months ended September 30, 2026. As of September 30, 2026, approximately \$4.2 billion of the authorized amount under the Share Repurchase Program remained available for future repurchases.

Debt

We have also issued long-term debt to finance our business. In May 2026, we issued five series of fixed-rate senior unsecured notes with an aggregate principal amount of \$4.0 billion (collectively, the "Notes") with maturities starting in May 2028 and extending through May 2056. In August 2020, we issued 1.40% fixed-rate ten-year notes with an aggregate principal amount of \$1.5 billion due on September 1, 2030.

In April 2026, we borrowed an aggregate principal amount of \$4.0 billion under an unsecured term loan (the "Term Loan") to fund a portion of the cash consideration for our acquisition of Armis Security Ltd. In May 2026, we repaid the outstanding balance on the Term Loan primarily through the issuance of the Notes.

In April 2026, we entered into a credit agreement with certain institutional lenders that provides for a \$3.0 billion unsecured revolving credit facility (the "Credit Facility"), with an option to increase the amount of the Credit Facility by up to \$2.0 billion, subject to certain conditions, including board approval. The Credit Facility matures on April 1, 2031. As of September 30, 2026, no amounts were outstanding under the Credit Facility.

In April 2026, we established a commercial paper program under which we may issue unsecured commercial paper up to a total of \$3.0 billion outstanding at any time, with maturities of up to 397 days from the date of

issuance. As of September 30, 2026, we have \$2.1 billion of commercial paper outstanding, with a weighted-average interest rate of 4.05% and a weighted-average remaining term of 62 days.

For additional information on our debt transactions, refer to Note 11 “Debt” in the notes to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Cash Flows

Our operating cash flows, together with our other sources of liquidity, are available to service our liabilities as well as our cancellable and non-cancellable arrangements. We anticipate cash flows generated from operations, cash, cash equivalents, marketable securities and long-term marketable securities will be sufficient to meet our liquidity needs for at least the next 12 months. As we look beyond the next 12 months, we seek to continue to grow cash flows necessary to fund our operations and grow our business. If we require additional capital resources, we may seek to finance our operations from the current funds available or additional equity or debt financing.

	Nine Months Ended September 30,	
	2026	2025
	(dollars in millions)	
Net cash provided by operating activities	\$ 3,096	\$ 3,206
Net cash used in investing activities	\$ (7,943)	\$ (1,191)
Net cash provided by (used in) financing activities	\$ 3,524	\$ (1,601)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (1,327)	\$ 424

Operating Activities

Net cash provided by operating activities was \$3,096 million for the nine months ended September 30, 2026 compared to \$3,206 million for the nine months ended September 30, 2025. The net decrease in operating cash flows was primarily due to higher business combination and related costs to support business growth.

Investing Activities

Net cash used in investing activities was \$7,943 million for the nine months ended September 30, 2026 compared to \$1,191 million for the nine months ended September 30, 2025. The net increase in cash used in investing activities was primarily due to a \$8,952 million increase in cash used in business combinations and a \$250 million decrease in sales and maturities of marketable securities, partially offset by a \$1,271 million decrease in purchases of marketable securities, a \$829 million decrease in purchases of strategic investments and a \$284 million decrease in purchases of property and equipment.

Financing Activities

Net cash provided by financing activities was \$3,524 million for the nine months ended September 30, 2026 compared to net cash used of \$1,601 million for the nine months ended September 30, 2025. The net increase in cash provided by financing activities is primarily due to net proceeds from commercial paper of \$4,529 million, proceeds of \$3,943 million from the issuance of the Notes, net of discount and issuance costs and a decrease in taxes paid related to net share settlement of equity awards of \$172 million, partially offset by repayments of commercial paper of \$2,484 million and an increase in repurchases of common stock of \$982 million.

Critical Accounting Policies and Significant Judgments and Estimates

There have been no significant changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on January 29, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except for the fixed-rate senior notes and unsecured revolving credit facility entered into during the three months ended June 30, 2026, there have been no other changes in our market risk compared to the disclosures in Part II, Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on January 29, 2026.

In May 2026, we issued five series of fixed-rate senior unsecured notes for an aggregate principal amount of \$4.0 billion (collectively, the “Notes”). The proceeds from the issuance were \$3.9 billion, net of debt discount and issuance costs of \$57 million. Interest is payable semi-annually in arrears on May 15 and November 15 of each year, except for our notes due in August 2031, for which interest is payable semi-annually in arrears on February 15 and August 15 of each year. In August 2020, we issued 1.40% fixed-rate ten-year notes with an aggregate principal amount of \$1.5 billion due on September 1, 2030 (the “2030 Notes,” and together with the Notes, the “Senior Notes”). The 2030 Notes were issued at 99.63% of principal and we incurred approximately \$13 million of debt issuance costs. Interest is payable on the 2030 Notes semi-annually in arrears on March 1 and September 1 of each year. As the Senior Notes bear interest at fixed rates, we have no financial statement risk associated with changes in interest rates. However, the fair value of the Senior Notes will fluctuate with movement in market interest rates.

In April 2026, we entered into a credit agreement with certain institutional lenders that provides for a \$3.0 billion unsecured revolving credit facility (the “Credit Facility”). Any borrowings under our Credit Facility bear interest, at our option, either at a base rate, or at an adjusted benchmark rate plus a spread of 0.60% to 1.00% with such spread being determined based on our credit rating. Because the interest rates applicable to borrowings under the Credit Facility are variable, we are exposed to market risk from changes in the underlying index rates, which affect our cost of borrowing. As of September 30, 2026, no amounts were outstanding under the Credit Facility.

Refer to Note 11 “Debt” in the notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Regulations under the Exchange Act require public companies, including our Company, to maintain “disclosure controls and procedures,” which are defined in Rule 13a-15(e) and Rule 15d-15(e) to mean a company’s controls and other procedures that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted

under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required or necessary disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer have concluded, based on the evaluation of the effectiveness of the disclosure controls and procedures by our management as of September 30, 2026, that our disclosure controls and procedures were effective at the reasonable assurance level for this purpose.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2026 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II

Item 1. Legal Proceedings

We are party to certain litigation and other legal proceedings. While legal proceedings are inherently unpredictable and subject to uncertainties, we do not believe that the ultimate resolution of any such proceedings, whether taken individually or in the aggregate, is likely to have a material adverse effect on our business, financial position, results of operations or cash flows.

For additional information regarding legal proceedings, see Note 18 “Commitments and Contingencies” in the notes to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

The Company’s business, financial condition, results of operations and stock price can be affected by a number of factors, whether currently known or unknown, including those described under the section “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on January 29, 2026. When any one or more of these risks materialize from time to time, the Company’s business, financial condition, results of operations and stock price can be materially adversely affected. There have been no material changes to the Company’s risk factors since our Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities

On May 16, 2023, our board of directors authorized a program to repurchase up to \$1.5 billion of our common stock (the “Share Repurchase Program”). In January 2025 and January 2026, our board of directors authorized an additional \$3.0 billion and \$5.0 billion, respectively, in repurchases under the Share Repurchase Program. During the three months ended September 30, 2026, we did not repurchase any shares pursuant to the Share Repurchase Program. As of September 30, 2026, approximately \$4.2 billion of the authorized amount under the Share Repurchase Program remained available for future repurchases.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2026, the following director and Section 16 officer adopted trading arrangements intended to satisfy the affirmative defense of Rule 10b5-1(c):

- Paul Chamberlain, a member of our board of directors, adopted a trading plan on August 27, 2026. The plan, which expires November 15, 2027, provides for the sale of up to 2,700 shares of our common stock.
- Gina Mastantuono, our President and Chief Financial Officer, adopted a trading plan on August 28, 2026. The plan, which expires May 18, 2027, provides for the sale of (i) up to 30,000 shares of our common stock and (ii) up to 100% of the net shares resulting from the vesting of 67,028 restricted stock units and performance-based restricted stock units during the plan period, subject to certain vesting conditions. Net shares are net of tax withholding.

Compensatory Arrangements of Certain Officers

On October 26, 2026, the Leadership Development and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of ServiceNow, Inc. (the “Company”) unanimously approved grants to certain senior executive leaders of the Company (each, a “Recipient”) of restricted stock unit awards (each such award, a “Leadership Award” and collectively, the “Leadership Awards”) under the Company’s Amended and Restated 2021 Equity Incentive Plan.

The Leadership Awards reflect the Board’s desire to retain and incentivize our current senior leadership team during an exceptionally competitive period for enterprise technology talent, and to promote the stability and retention of a high-performing leadership team over the longer term. The awards recognize the strong execution and momentum our leadership has demonstrated in advancing our strategic priorities and are designed to incentivize sustained focus on long-term shareholder value creation, particularly as we navigate the significant industry transitions driven by AI innovation and heightened competition for top enterprise technology talent. The grants are designed with back-loaded vesting through 2029 to sustain leadership continuity, reinforce long-term commitment to our strategic objectives and maintain a strong succession plan.

The Leadership Awards, granted on October 26, 2026, are scheduled to vest as follows: 25% on December 31, 2027, 35% on December 31, 2028, and 40% on December 31, 2029, subject to the Recipient’s continued employment with the Company through each applicable vesting date. Each of the Company’s named executive officers for fiscal year 2025 who remains employed by the Company is a Recipient, and the target values of their Leadership Awards are as follows: William R. McDermott, Chairman and Chief Executive Officer (\$50,000,000), Amit Zavery, President, Chief Product Officer and Chief Operating Officer (\$25,000,000), Paul Fipps, President, Global Customer Operations (\$22,500,000), Gina Mastantuono, President and Chief Financial Officer (\$17,750,000) and Jacqueline C. Canney, Chief People and AI Enablement Officer (\$11,300,000).

Under the terms of the award agreement, any unvested portion of a Recipient’s Leadership Award will be forfeited when such Recipient’s service with the Company ends, except in connection with a Recipient’s death, Disability or a Qualifying Termination in connection with a Change in Control, in which case the Leadership Award will be treated in accordance with the Company’s Executive Severance Policy. Capitalized terms not defined here have the meanings given in the Severance Policy.

The foregoing summary of the terms and conditions of the Leadership Awards set forth above does not purport to be complete and is qualified by reference to the provisions of the Company’s Amended and Restated 2021 Equity Incentive Plan and form of Global Restricted Stock Unit Agreement, copies of which were filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed May 22, 2026, and Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed April 23, 2026, respectively.

Item 6. Exhibits

Exhibit Index

Exhibit Number	Description of Document	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation of Registrant	8-K	001-35580	3.1	5/27/2025	
3.2	Restated Bylaws of Registrant	8-K	001-35580	3.1	2/12/2025	
31.1	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

* Indicates a management contract, compensatory plan or arrangement.

** The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SERVICENOW, INC.

Date: October 28, 2026

By: /s/ William R. McDermott
William R. McDermott
Chief Executive Officer
(Principal Executive Officer)

Date: October 28, 2026

By: /s/ Gina Mastantuono
Gina Mastantuono
President and Chief Financial Officer
(Principal Financial Officer)

Date: October 28, 2026

By: /s/ Danielle Fontaine
Danielle Fontaine
Chief Accounting Officer
(Principal Accounting Officer)