

OneStream Q3 2025 Earnings Call

Annie Leschin, VP Investor Relations and Strategic Finance

Thank you, operator. Good afternoon, everyone. Welcome to OneStream's third quarter 2025 earnings conference call. Joining me on the call today is our co-founder and CEO and President, Tom Shea, and our CFO, Bill Koefoed.

The press release announcing our third quarter 2025 results issued earlier today is posted on our Investor Relations website at investor.onestream.com, along with an earnings highlights presentation.

Now let me remind everyone that some of the statements on today's call are forward-looking, including statements related to guidance for the fourth quarter and year ending December 31, 2025. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors. Some of these risks are described in greater detail in the documents we file with the SEC from time to time, including our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 that we filed today. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

During our call today we will also reference certain non-GAAP financial measures. There are limitations to our non-GAAP measures, and they may not be comparable to similarly titled measures of other companies. The non-GAAP measures referenced on today's call should not be considered in isolation from or as a substitute for their most directly comparable

GAAP measures. Our management believes that our non-GAAP measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses that may not be indicative of our ongoing core operating performance. Reconciliations of our historical non-GAAP measures to the most directly comparable GAAP measures can be found in this afternoon's press release and the earnings highlights presentation posted on our Investor Relations website. We are not able to provide reconciliations for forward-looking non-GAAP measures without unreasonable effort because certain adjustments cannot be predicted with reasonable certainty and could be significant, particularly related to equity-based compensation and employee stock transactions and the related tax effects.

Now I'll turn the call over to Tom, Tom?

Tom Shea, President and CEO

Thank you for joining us this afternoon.

The third quarter was a story of focused execution. Facing headwinds and contract rationalization in our US Federal business, the team exceeded expectations with strong billings growth in the quarter. More recently, at our sold-out Splash EMEA user conference, I was incredibly energized by the enthusiasm we received for our purpose-built Finance AI. As we usher in the Finance AI Era, we remain one of the most innovative vendors in the CPM space. And we are not stopping there. We are constantly pushing forward and anticipating the growing demands of the office of the CFO.

Let me start with some highlights of our third quarter performance.

- Year-over-year Subscription revenue grew 27% and Billings grew 20%.
- International revenue grew 37% year-over-year, particularly due to strong legacy replacement momentum in Europe.
- In the Federal business, we renewed all of our Q3 agency customers with only one exception at a discontinued agency. We added one new Federal customer and began multiple SaaS conversions, including one at our largest agency customer.
- CPM Express and our SensibleAI portfolio continued to show early momentum with customers. We are attracting new and existing customers by leveraging the proven customer ROI from SensibleAI Forecast.
- Additionally, OneStream was recognized as the “Exemplary” leader in the 2025 Record to Report Buyers Guide by ISG Research, covering Financial Close, Consolidation and overall Record to Report, achieving the highest scores in both customer and product experience.

With AI at the forefront across all facets of business today, the drivers of our industry have never been more important for the office of the CFO.

#1, Finance is in the initial phase of its transformation.

Legacy financial systems, often more than 20 years old, simply do not have the agility required for today's CFOs to effectively steer their businesses, nevermind to maximize the value of AI. Finance organizations continue to look to modernize by unifying corporate data and moving core financial operations to the cloud.

#2, The role of the CFO is evolving and expanding.

CFOs are being asked to do more than ever by becoming a strategic partner for the business. An integral part of that is helping them proactively look around corners to anticipate challenges and opportunities, and produce more timely and accurate forecasts.

#3, The use of AI is enabling Finance teams to drive more business performance, not only measure it.

In many cases, CFOs are the executive leaders taking responsibility for the AI evolution at their companies. They are being tasked with identifying key functions that can leverage these AI tools for productivity improvements and cost efficiencies.

We believe platforms that provide purpose-built, applied AI solutions will win the AI battle given the need for a single, consistent data model and security framework.

At OneStream, we have always challenged ourselves to raise the bar. Our approach to AI has been both forward-thinking and deliberate. Since we began this journey a decade ago, we have gained a foundational understanding of what AI can bring to the office of the CFO by combining powerful Quantitative, Generative and Agentic capabilities throughout our

SensibleAI portfolio. We understood early on that AI for Finance must run on clean data, provide context, and solve specific use cases – because 80% accurate, is 0% useful for finance. Ultimately, we believe OneStream provides the key that unlocks the value of AI for finance through unified, secure, transparent and, most importantly, contextualized information.

Through our many AI announcements this year, customers are beginning to realize the growing power of our platform to drive better and faster decision-making and enhance their productivity. By modernizing the financial close process, customers are now able to:

#1, unify their data on a common platform,

#2, interrogate that data using financially intelligent embedded AI, and

#3, enhance and optimize the close process, enabling Finance teams to focus on strategic, high-value priorities, such as integrated planning and forecasting.

Just a few weeks ago at Splash EMEA, we again pushed the boundaries of Applied AI for Finance. We showed real packaged solutions designed specifically for Finance, which we expect to deliver significant value for our customers.

Let me recap some of our exciting product announcements.

- Since we introduced SensibleAI Studio in May, we have roughly doubled the number of algorithms currently available to 60. As you recall, Studio enables customers to quickly access a library of algorithms and routines and apply them to their own

workflows. We showcased an example of this power and flexibility at Splash EMEA. Just one month after Studio's launch, our forward deployed engineers rapidly built our AI Powered Benchmarking and Outlier Detection routine based on real-time customer specifications. Studio allows us to meet customers where they are in their AI journey. And we believe we are just scratching the surface of Studio's potential.

- We also took a big step with our SensibleAI Agents, moving them out of private preview and into limited availability. So now, our customers can begin to take advantage of them. Our Agents are unique because they do not act alone. What's important is that they have financial context. They are embedded into solutions within OneStream, giving them direct access to all of the customer's secured data stored on the platform. This allows Finance teams to do tasks like ask questions in natural language, generate dynamic visualizations, query financial models, and analyze contract data. Agents provide the ability to help automate repetitive work, reveal insights, and help every analyst operate more like a strategic partner.
- We also unveiled AI-Powered ESG. This enhanced solution is the culmination of our three strategic pillars: Core Finance, Operational Analytics and Finance AI. With AI-Powered ESG, Finance teams are able to link ESG reporting back to the Core platform using real-time operational drivers, while automating quantitative forecasting by using SensibleAI Forecast. Further, we plan to embed our SensibleAI Agents throughout the workflow to assist with data interrogation and reporting.

- Lastly, we continued to advance our best-in-class Core Finance capabilities by expanding our rapid-deployment CPM Express with IFRS compliance and management. This includes a number of confirmation and validation rules adhering to IFRS accounting standards for our international customers. This is but one example of how we plan to expand our Express offerings - leveraging our plug-and-play architecture to bring a variety of rapid deployment, productized use cases to our customers.

Both at Splash EMEA and during the quarter, we had several noteworthy examples of how our customers are seeing increased value from our strong and growing product line.

- Continuing the trend in recent quarters, OneStream is quickly becoming the CPM vendor of choice for companies transitioning from legacy systems nearing their end-of-life.
 - One of the largest deals this quarter came from a Swiss multinational healthcare leader and a global leader in cancer treatments. A long-time customer of a competitive legacy CPM solution, the organization moved to OneStream to better unify its financial consolidation, reporting and tax processes. They chose OneStream for our extensibility and flexibility. This significant legacy replacement marks our first big pharma win, highlighting how leading enterprises are modernizing with our unified platform.
- Additionally, with CPM Express, Commercial customers are gaining access to the full power of OneStream with rapid-deployment and best-practice templates,

workflows and frameworks all built in. Today, companies that are earlier in their financial journeys are starting to recognize just how valuable it can be to access our single, unified platform with a pre-configured offering that can be implemented in as little as 8-12 weeks.

- One significant CPM Express win this quarter was with a leading residential real estate services company. Having recently centralized its finance and other core functions under a shared services model, the company needed greater visibility, agility and standardization across the business. Facing a legacy system infrastructure across their environment, we leveraged CPM Express to give the customer confidence in a faster, best-practice-driven implementation with rapid time to value. Ultimately, they chose OneStream for our superior data integration, flexibility and finance-owned architecture. This empowered the Finance team to streamline and modernize account reconciliations and transaction matching, all while reducing their dependency on IT.
- Lastly, we wanted to provide an update on a few major multinational customers that have gone live with SensibleAI Forecast and the remarkable ROI that they are realizing with the product.
 - One of the great stories comes from the domestic healthcare division of a leading global logistics provider. They implemented SensibleAI Forecast across their US operations to enhance financial forecasting. As the company

is developing an AI-powered approach, they reported that OneStream's SensibleAI Forecast is delivering measurable results:

- gross revenue forecast accuracy has improved by 5 percentage points;
- payroll forecast accuracy has improved by 8 percentage points;
- forecast generation time has been reduced by 94%, freeing up more than 13,000 labor hours annually, and;
- eliminating the need for third-party specialized tools and staff augmentation.

With these strong results, the organization is now expanding its use of SensibleAI Forecast to the healthcare division's international operations.

- Another long time US customer that builds systems and technology solutions deployed SensibleAI Forecast earlier this year. The customer was looking to transform its forecasting process for key financial metrics, including revenue, margin, and SG&A using OneStream's single, unified data model. SensibleAI Forecast has taken their forecasting and planning cycles from 20 days to less than 2 days – a 90%+ reduction. Additionally, the customer saw a noticeable improvement in forecast accuracy. One of the key features that led to the selection of SensibleAI Forecast was its ability to provide clear insights into how internal and external factors drive forecast outcomes. It is this level of transparency that is strengthening their trust in OneStream across its finance organization.

In summary, the overarching drivers of the office of the CFO remain front and center today. OneStream has always looked to the future to anticipate and invest in what our customers will need and want to run their businesses more effectively. We have consistently been ahead in recognizing industry trends and emerging technologies, as we have demonstrated with AI.

Today, our customers are realizing the value that a unified and infinitely extensible platform delivers. Our SensibleAI provides insights and actions that are quantifiable and supercharged because of the high quality and contextualized data controlled in OneStream. Our comprehensive platform has positioned us to lead the Finance AI Era and become the Operating System for Modern Finance.

Together with our exceptional team, we believe we have built a solid foundation to grow and scale the business. This gives me confidence in our ability to deliver unparalleled value for our customers, partners and shareholders over the long term.

I will now turn the call over to Bill to provide details on Q3 financials and our financial guidance.

Bill Koefoed, CFO

Thanks Tom.

Good afternoon everyone and thank you for joining today's call. We are pleased to discuss the results of our third quarter, which proved stronger than expected as the team executed

well, particularly in EMEA, while managing through a tough Federal government environment in the US.

Subscription revenue increased 27% year-over-year to \$141 million while total revenue grew 19% year-over-year to \$154 million. License revenue of \$4 million declined 64% compared with last year, due to contract rationalization and our success in driving SaaS conversions, including at our largest Federal agency customer. Professional Services and Other revenue was \$9 million, up 38% year-over-year due to demand for our consulting services.

Our international business had another strong quarter, with revenue growth of 37% year-over-year, representing 34% of total revenue.

Billings increased 20% year-over-year to \$178 million and 21% on a trailing 12-month basis, which we believe is the best indicator of our billings momentum. This included roughly \$4 million of accelerated billings from Q4 due to early renewals and add-ons.

Free cash flow for the third quarter was \$5 million and exceeded our expectations.

We ended the quarter with 1,739 customers, up 13% year-over-year. We saw exceptional new business growth in EMEA, while in the US, we had particularly strong add-on business, partially offsetting the Federal new business weakness and illustrating the value of our multi-product strategy.

For the first nine months of the year, Subscription revenue has increased 29% year-over-year to \$400 million. Total revenue grew 23% year-over-year to \$438 million. AI bookings

were up 60% year-over-year. And our free cash flow for the first nine months of the year was \$70 million, up 107% over last year.

Our 12-month cRPO was up 29% year-over-year and total RPO was up 24% year-over-year to \$1.2 billion.

Non-GAAP gross margin for the third quarter was 69% compared to 71% last year, and our non-GAAP software gross margin for the third quarter was 75% compared with 78% last year, primarily due to lower license revenue in the third quarter.

Non-GAAP operating income for the third quarter was \$9.3 million, or 6% of revenue, and increased significantly by \$3.8 million or 69% compared with the prior year. This increase was due to a combination of strong revenue growth and the scaling of our operating expenses.

Non-GAAP net income of \$15.2 million in the third quarter increased \$3.9 million from the prior year and non-GAAP earnings per share was 8 cents, flat with last year.

Total equity-based compensation expense for the third quarter was \$25 million.

We ended the quarter with \$654 million in cash and cash equivalents.

Now let me turn to guidance. Given our Q3 outperformance, we are raising our 2025 growth and profitability outlook. Together with our strong pipeline, we enter Q4 with a growing and more differentiated product portfolio than ever.

With that, we are offering the following outlook, including an update to a one-time measure that we gave last quarter.

In Q4:

- We expect total revenue to be between \$156 million to \$158 million.
- We expect non-GAAP operating margin to be between 4% to 6%.
- We expect non-GAAP net income per share to be between 4 cents to 7 cents.
- We expect stock-based compensation expense to be approximately \$25 million.
- Taking into account the roughly \$4 million of accelerated billings in Q3, we expect billings growth of roughly 20% year-over-year for the fourth quarter.

For full year 2025:

- We expect total revenue to be between \$594 million to \$596 million.
- We expect non-GAAP operating margin to be between 2% to 3%.
- We expect non-GAAP net income per share to be between 15 cents to 19 cents.
- We expect stock-based compensation expense to be between \$115 million to \$120 million.

While we plan to give formal 2026 guidance in February, the combination of our Q3 outperformance, strong pipeline and innovative product portfolio, makes us comfortable with current Wall Street consensus for full year 2026 revenue and non-GAAP operating income.

In conclusion, Q3 was a strong quarter. Our results underscore the power of the OneStream platform to bring the office of Finance into the AI era.

Now let's turn it over to the Operator for Q&A.