



Qualtrics Reports Second Quarter 2021 Financial Results

July 20, 2021

- Q2 2021 Total Revenue of \$249.3M, up 38% Year-over-year
- Q2 2021 Subscription Revenue of \$204.5M, up 48% Year-over-year
- Total Remaining Performance Obligations[1] of \$1,296.1M, up 76% Year-over-year
- Next 12 Months Remaining Performance Obligations of \$754.8M, up 61% Year-over-year

PROVO, Utah and SEATTLE, July 20, 2021 /PRNewswire/ -- Qualtrics (NASDAQ: XM), the world's No. 1 Experience Management (XM) provider and creator of the XM category, today announced financial results for the second quarter ended June 30, 2021.



"Today the experiences companies deliver are absolutely vital to staying competitive," said Zig Serafin, Qualtrics CEO. "Every company is going through an experience transformation, and they're turning to Qualtrics to help them deliver breakthrough experiences for their employees and customers. We've never been more relevant, which you can see in our strong Q2 results and our revenue guidance of more than \$1 billion in 2021."

Second Quarter 2021 Financial Highlights:

- **Revenue:** Total revenue for the second quarter was \$249.3 million, up from \$181.0 million one year ago, an increase of 38% year-over-year. Subscription revenue for the second quarter was \$204.5 million, up from \$138.5 million one year ago, an increase of 48% year-over-year.
- **Operating Income (Loss) and Margin:** Second quarter operating loss was \$(273.7) million, compared to \$(125.1) million one year ago. Non-GAAP operating income (see discussion of non-GAAP operating income (loss) and margin measures below) was \$11.5 million, compared to non-GAAP operating loss of \$(3.4) million one year ago. For the second quarter, GAAP operating margin was (110)% and non-GAAP operating margin was 5%.
- **Net Income (Loss) and Net Income (Loss) Per Share:** Second quarter net loss was \$(263.5) million, or \$(0.51) per share, compared to \$(127.5) million, or \$(0.30) per share in the second quarter of fiscal year 2020. Non-GAAP net income (see discussion of the non-GAAP net income (loss) measure below) for the second quarter was \$22.3 million, or \$0.04 per share, compared to non-GAAP net loss of \$(5.6) million, or \$(0.01) per share in the second quarter of fiscal year 2020.
- **Cash and Cash Equivalents:** Total cash and cash equivalents as of June 30, 2021 was \$635.1 million.

Financial Outlook:

Qualtrics is providing guidance for its third quarter ending September 30, 2021 as follows:

- Total revenue between \$257 and \$259 million.
- Subscription revenue between \$209 and \$211 million.
- Non-GAAP operating margin between 0% and 1%.
- Non-GAAP net loss per share between \$(0.03) and \$(0.01) assuming 515 million weighted shares outstanding.

Qualtrics is updating its guidance for its full year ending December 31, 2021 as follows:

- Total revenue between \$1,007 and \$1,011 million.
- Subscription revenue between \$813 and \$817 million.
- Non-GAAP operating margin between 0% and 1%.
- Non-GAAP net loss per share between \$(0.02) and \$0.00 assuming 510 million weighted shares outstanding.

The guidance provided above are forward-looking statements and actual results may differ materially. Refer to the "Forward-Looking Statements" safe harbor section below for information on the factors that could cause our actual results to differ materially from these forward-looking statements.

Non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), and non-GAAP net income (loss) per share are

non-GAAP financial measures. Additional information on Qualtrics' reported results, including a reconciliation of the non-GAAP financial measures to their most comparable GAAP measures, is included in the financial tables below. A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty of expenses that may be incurred in the future, although it is important to note that these factors could be material to Qualtrics' results computed in accordance with GAAP.

A supplemental financial presentation and other information can be accessed through Qualtrics' investor relations website at <https://www.qualtrics.com/investors/>.

Qualtrics Earnings Call

Qualtrics plans to host a conference call today to review its fiscal second quarter 2021 financial results and to discuss its financial outlook. The call is scheduled to begin at 3:00 p.m. MT/5:00 p.m. ET. Investors are invited to join the webcast by visiting: <https://qualtrics.com/investors/events>. The webcast will be available live, and a replay will be available following completion of the live broadcast for approximately 90 days.

About Qualtrics

Qualtrics, the leader in customer experience and creator of the Experience Management (XM) category, is changing the way organizations manage and improve the four core experiences of business, customer, employee, product, and brand. Over 13,500 organizations around the world are using Qualtrics to listen, understand, and take action on experience data (X-data™) the beliefs, emotions, and intentions that tell you why things are happening, and what to do about it. The Qualtrics XM Platform™ is a system of action that helps businesses attract customers who stay longer and buy more, engage employees who build a positive culture, develop breakthrough products people love, and build a brand people are passionate about. To learn more, please visit qualtrics.com.

Forward-Looking Statements

This press release contains express and implied "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our financial outlook for the third quarter of 2021 and full year 2021, Qualtrics' growth strategy and business aspirations, its market position, and the continued impact of COVID-19 on its business and operations. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "target," "explore," "continue," or the negative of these terms, and similar expressions intended to identify forward-looking statements. By their nature, these statements are subject to numerous uncertainties and risks, including factors beyond our control, that could cause actual results, performance, or achievement to differ materially and adversely from those anticipated or implied in the statements, including: our future financial performance, including our revenue, cost of revenue, gross profit, operating expenses, ability to generate positive cash flow, and ability to be profitable; our ability to grow at or near historical growth rates; anticipated technology trends, such as the use of and demand for experience management software; our ability to attract and retain customers to use our products; our ability to respond to and overcome challenges brought by the COVID-19 pandemic; our ability to attract enterprises and international organizations as customers for our products; our ability to expand our network with content consulting partners, delivery partners, and technology partners; the evolution of technology affecting our products and markets; our ability to introduce new products and enhance existing products and to compete effectively with competitors; our ability to successfully enter into new markets and manage our international expansion; the attraction and retention of qualified employees and key personnel; our ability to effectively manage our growth and future expenses and maintain our corporate culture; our anticipated investments in sales and marketing and research and development; our ability to maintain, protect, and enhance our intellectual property rights; our ability to successfully defend litigation brought against us; our ability to maintain data privacy and data security; the sufficiency of our cash and cash equivalents to meet our liquidity needs; our ability to comply with modified or new laws and regulations applying to our business; and our reduced ability to leverage resources at SAP as an independent company from SAP. Additional risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are and/or will be included under the caption "Risk Factors" and elsewhere in Qualtrics' Annual Report on Form 10-K and most recent Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission and any subsequent public filings. Forward-looking statements speak only as of the date the statements are made and are based on information available to Qualtrics at the time those statements are made and/or management's good faith belief as of that time with respect to future events. Qualtrics assumes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as required by law.

Non-GAAP Financial Measures

To supplement our financial results, which are prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than similarly-titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP measures to assist investors in seeing our financial performance using a management view, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. You should consider non-GAAP results alongside other financial performance measures and results presented in accordance with GAAP. In addition, in evaluating non-GAAP results, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments in deriving non-GAAP results and you should not infer from our non-GAAP results that our future results will not be affected by these expenses or any unusual or non-recurring items.

Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per share, free cash flow, free cash flow margin: We define these non-GAAP financial measures as the respective GAAP measures, excluding equity and cash settled stock-based compensation expenses, amortization of acquired intangible assets, and the tax impact of the non-GAAP adjustments. When evaluating the performance of our business and making operating plans, we do not consider these items (for example, when considering the impact of equity award grants, we place a greater emphasis on overall stockholder dilution rather than the accounting charges associated with such grants). We believe it is useful to exclude these expenses in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies and over multiple periods.

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Qualtrics International Inc.
Consolidated Balance Sheets
(Unaudited, in thousands, except share and par value)

| | As of June 30, 2021 | As of December 31, 2020 |
|---|------------------------|----------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 635,149 | \$ 203,891 |
| Accounts receivable, net of allowance | 242,515 | 296,148 |
| Deferred contract acquisition costs, net | 48,337 | 43,429 |
| Prepaid expenses and other current assets | 51,263 | 48,130 |
| Total current assets | 977,264 | 591,598 |
| Non-current assets: | | |
| Property and equipment, net | 119,102 | 116,120 |
| Right-of-use assets from operating leases | 187,050 | 195,372 |
| Goodwill | 6,709 | 6,709 |
| Other intangible assets, net | 3,232 | 3,959 |
| Deferred contract acquisition costs, net of current portion | 120,664 | 115,837 |
| Deferred tax assets | 205 | 92 |
| Other assets | 19,850 | 9,368 |
| Total assets | \$ 1,434,076 | \$ 1,039,055 |
| Liabilities and equity (deficit) | | |
| Current liabilities: | | |
| Lease liabilities | \$ 13,441 | \$ 7,125 |
| Accounts payable | 39,517 | 30,452 |
| Accrued liabilities | 88,840 | 225,046 |
| Liability-classified, stock-based awards | 7,297 | 209,286 |
| Deferred revenue | 503,280 | 495,638 |
| Total current liabilities | 652,375 | 967,547 |
| Non-current liabilities: | | |
| Lease liabilities, net of current portion | 226,034 | 235,620 |
| Liability-classified, stock-based awards, net of current portion | 731 | 76,627 |
| Deferred revenue, net of current portion | 6,048 | 5,477 |
| Note payable | 502,869 | — |
| Deferred tax liabilities | 6,060 | 5,970 |
| Other liabilities | 4,694 | 16,716 |
| Total liabilities | \$ 1,398,811 | \$ 1,307,957 |
| Commitments and contingencies | | |
| Equity (deficit) | | |
| Preferred stock, par value \$0.0001 per share; authorized 100,000,000 shares; no shares outstanding | — | — |
| Class A common stock, par value \$0.0001 per share; authorized 2,000,000,000 shares; issued and outstanding 91,035,764 and 6,000,000 shares as of June 30, 2021 and December 31, 2020 | 9 | 1 |
| Class B common stock, par value \$0.0001 per share; authorized 1,000,000,000 shares; issued and outstanding 423,170,610 and 423,170,610 as of June 30, 2021 and December 31, 2020 | 42 | 42 |
| Additional paid in capital | 1,895,938 | 1,126,631 |
| Accumulated other comprehensive income | 1,384 | 3,191 |
| Accumulated deficit | (1,862,108) | (1,398,767) |
| Total equity (deficit) | 35,265 | (268,902) |
| Total liabilities and equity (deficit) | \$ 1,434,076 | \$ 1,039,055 |

Qualtrics International Inc.
Consolidated Statements of Operations
(Unaudited, in thousands, except share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------------------|-----------------------------|------------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenue: | | | | |
| Subscription | \$ 204,538 | \$ 138,476 | \$ 391,434 | \$ 266,741 |
| Professional services and other | 44,807 | 42,567 | 96,554 | 90,366 |
| Total revenue | 249,345 | 181,043 | 487,988 | 357,107 |
| Cost of revenue: | | | | |

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Subscription | 21,693 | 16,896 | 42,063 | 30,612 |
| Professional services and other | 43,070 | 33,178 | 84,481 | 67,386 |
| Total cost of revenue | 64,763 | 50,074 | 126,544 | 97,998 |
| Gross profit | 184,582 | 130,969 | 361,444 | 259,109 |
| Operating expenses: | | | | |
| Research and development | 79,871 | 71,431 | 142,677 | 106,920 |
| Sales and marketing | 151,695 | 112,672 | 287,876 | 219,767 |
| General and administrative | 226,685 | 72,007 | 401,134 | 94,494 |
| Total operating expenses | 458,251 | 256,110 | 831,687 | 421,181 |
| Operating loss | (273,669) | (125,141) | (470,243) | (162,072) |
| Other non-operating income (expense), net | (1,191) | (412) | (2,931) | 73 |
| Loss before income taxes | (274,860) | (125,553) | (473,174) | (161,999) |
| (Benefit) provision for income taxes | (11,373) | 1,951 | (9,833) | 10,340 |
| Net loss | \$ (263,487) | \$ (127,504) | \$ (463,341) | \$ (172,339) |
| Net loss per share attributable to common stockholders, basic | \$ (0.51) | \$ (0.30) | \$ (0.93) | \$ (0.41) |
| Weighted-average Class A and Class B shares used in computing net loss per share attributable to common stockholders, basic | 513,507,669 | 423,170,610 | 497,970,385 | 423,170,610 |

Cost of revenue and operating expenses includes:

Stock-based compensation expense as follows:

| in thousands | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------|---------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of subscription revenue | \$ 3,382 | \$ 2,915 | \$ 6,006 | \$ 3,084 |
| Cost of professional services and other revenue | 6,754 | 3,522 | 11,184 | 3,611 |
| Research and development | 34,381 | 37,282 | 55,713 | 39,246 |
| Sales and marketing | 35,489 | 19,064 | 58,266 | 22,847 |
| General and administrative | 204,767 | 58,642 | 356,603 | 65,139 |
| Total stock-based compensation expense, including cash settled ^(a) | \$ 284,773 | \$ 121,425 | \$ 487,772 | \$ 133,927 |

(a) As a result of the SAP Acquisition, our stock-based compensation expense reflects the recognition of both equity-classified awards and liability-classified awards. Liability-classified awards are settled in cash in accordance with SAP's employee equity compensation programs. Our stock-based compensation expense for the three and six months ended June 30, 2021 consisted of \$284.8 million and \$487.8 million, respectively, of liability-classified and equity-classified awards. During the three and six months ended June 30, 2021 awards of \$2.0 million and \$74.0 million, respectively, were settled in cash. Our stock-based compensation expense for the three and six months ended June 30, 2020 consisted of \$121.4 million and \$133.9 million, respectively, of liability-classified awards. During the three and six months ended June 30, 2020 awards of \$88.8 million and \$187.1 million, respectively, were settled in cash. Liability-classified awards are recorded according to mark-to-market accounting.

Amortization of acquired intangible assets as follows:

| in thousands | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|--------|---------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Cost of subscription revenue | \$ 265 | \$ 266 | \$ 531 | \$ 532 |
| Sales and marketing | 51 | 51 | 102 | 102 |
| General and administrative | 47 | 47 | 94 | 94 |
| Total amortization of acquired intangible assets | \$ 363 | \$ 364 | \$ 727 | \$ 728 |

Qualtrics International Inc.
Consolidated Statements of Cash Flows
(Unaudited, in thousands)

| | Six Months Ended June 30, | |
|--|---------------------------|--------------|
| | 2021 | 2020 |
| Cash flows from operating activities | | |
| Net loss | \$ (463,341) | \$ (172,339) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation and amortization | 15,602 | 12,126 |
| Loss on disposal of property and equipment | 115 | — |
| Reduction of right-of-use assets from operating leases | 11,124 | 8,178 |
| Stock-based compensation expense, including cash settled | 487,772 | 133,927 |
| Amortization of deferred contract acquisition costs | 23,173 | 14,197 |
| Deferred income taxes | 172 | 1,740 |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 53,396 | 47,078 |
| Prepaid expenses and other current assets | (4,900) | (809) |

| | | |
|---|-------------------|------------------|
| Deferred contract acquisitions costs | (33,892) | (42,686) |
| Other assets | (10,651) | (4,751) |
| Lease liabilities | (6,016) | (2,925) |
| Accounts payable | 7,121 | (5,061) |
| Accrued liabilities | (15,972) | (10,467) |
| Deferred revenue | 8,213 | (18,424) |
| Other liabilities | (9,225) | 5,084 |
| Settlement of stock-based payments liabilities | (73,964) | (187,090) |
| Net cash flows used in operating activities | <u>(11,273)</u> | <u>(222,222)</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment | (16,247) | (25,837) |
| Net cash flows used in investing activities | <u>(16,247)</u> | <u>(25,837)</u> |
| Cash flows from financing activities | | |
| Proceeds from capital contributions from SAP | 115,000 | 280,000 |
| Proceeds from issuance of class A common stock, net of underwriting discounts and commissions | 2,244,322 | — |
| Payment of costs related to initial public offering | (3,081) | — |
| Repayment of promissory note | (1,892,280) | — |
| Payments for taxes related to net share settlement of equity awards | (4,832) | — |
| Net cash flows provided by financing activities | <u>459,129</u> | <u>280,000</u> |
| Effect of changes in exchange rates on cash and cash equivalents | (351) | 1,123 |
| Net increase in cash and cash equivalents | 431,258 | 33,064 |
| Cash and cash equivalents at the beginning of the period | 203,891 | 42,467 |
| Cash and cash equivalents at the end of the period | <u>\$ 635,149</u> | <u>\$ 75,531</u> |

Qualtrics International Inc.
Reconciliation of GAAP to Non-GAAP Measures
(Unaudited, in thousands)

Non-GAAP Gross Profit and Margin

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|--|------------------------------------|-------------------|----------------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| | (In thousands) | | | |
| GAAP gross profit | \$ 184,582 | \$ 130,969 | \$ 361,444 | \$ 259,109 |
| Add: Stock-based compensation expense, including cash settled ⁽¹⁾ | 10,136 | 6,437 | 17,190 | 6,695 |
| Add: Amortization of acquired intangible assets | 265 | 266 | 531 | 532 |
| Non-GAAP gross profit | <u>\$ 194,983</u> | <u>\$ 137,672</u> | <u>\$ 379,165</u> | <u>\$ 266,336</u> |
| Non-GAAP gross margin | 78 % | 76 % | 78 % | 75 % |

We calculate non-GAAP gross profit, as GAAP gross profit excluding equity and cash settled stock-based compensation expense allocated to cost of revenue and amortization of acquired intangible assets allocated to cost of revenue. Non-GAAP gross margin is calculated as non-GAAP gross profit divided by total revenue.

Non-GAAP Operating Income (Loss) and Margin

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|--|------------------------------------|-------------------|----------------------------------|--------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| | (In thousands) | | | |
| GAAP operating loss | \$ (273,669) | \$ (125,141) | \$ (470,243) | \$ (162,072) |
| Add: Stock-based compensation expense, including cash settled ⁽¹⁾ | 284,773 | 121,425 | 487,772 | 133,927 |
| Add: Amortization of acquired intangible assets | 363 | 364 | 727 | 728 |
| Non-GAAP operating income (loss) | <u>\$ 11,467</u> | <u>\$ (3,352)</u> | <u>\$ 18,256</u> | <u>\$ (27,417)</u> |
| Non-GAAP operating margin | 5 % | (2) % | 4 % | (8) % |

We calculate non-GAAP operating income (loss), as GAAP operating loss excluding equity and cash settled stock-based compensation expense and amortization of acquired intangible assets. Non-GAAP operating margin is calculated as non-GAAP operating income (loss) divided by total revenue.

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

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|--|---|--------------|----------------------------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| | (In thousands, except share and per share data) | | | |
| GAAP net loss | \$ (263,487) | \$ (127,504) | \$ (463,341) | \$ (172,339) |
| Add: Stock-based compensation expense, including cash settled ⁽¹⁾ | 284,773 | 121,425 | 487,772 | 133,927 |

| | | | | |
|---|------------------|-------------------|------------------|--------------------|
| Add: Amortization of acquired intangible assets | 363 | 364 | 727 | 728 |
| Add: Tax impact of the non-GAAP adjustments | 624 | 106 | 2,387 | 225 |
| Non-GAAP net income (loss) | <u>\$ 22,273</u> | <u>\$ (5,609)</u> | <u>\$ 27,545</u> | <u>\$ (37,459)</u> |

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Weighted-average Class A and Class B shares used in computing non-GAAP net income (loss) per share attributable to common stockholders, basic and diluted | <u>513,507,669</u> | <u>423,170,610</u> | <u>497,970,385</u> | <u>423,170,610</u> |
| Non-GAAP net income (loss) per share attributable to common stockholders, basic and diluted | \$ 0.04 | \$ (0.01) | \$ 0.06 | \$ (0.09) |

We calculate non-GAAP net income (loss) as GAAP net loss excluding equity and cash settled stock-based compensation expense, amortization of acquired intangible assets, and the tax impact of the non-GAAP adjustments. Non-GAAP net income (loss) per share is calculated as non-GAAP net income (loss) divided by the weighted-average Class A and Class B shares attributable to common stockholders.

Free Cash Flow and Margin

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|------------------|---------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | (In thousands) | | (In thousands) | |
| Net cash provided by (used in) operating activities | \$ 58,812 | \$ (90,466) | \$ (11,273) | \$ (222,222) |
| Less: Capital expenditures | <u>(5,098)</u> | <u>(16,764)</u> | <u>(16,247)</u> | <u>(25,837)</u> |
| Free cash flow | <u>53,714</u> | <u>(107,230)</u> | <u>(27,520)</u> | <u>(248,059)</u> |
| Free cash flow margin | 22 % | (59) % | (6) % | (69) % |

We calculate free cash flow as net cash provided by operating activities less capital expenditures. Free cash flow margin is calculated as free cash flow divided by total revenue. We incurred significant cash outflows in connection with the settlement of liability-classified, stock-based awards in accordance with SAP's employee equity compensation programs. Our free cash flow for the three months ended June 30, 2021 and 2020 includes \$2.0 million and \$88.8 million, respectively, in cash outflows related to the settlement of liability-classified, stock-based awards. Our free cash flow for the six months ended June 30, 2021 and 2020 includes \$74.0 million and \$187.1 million, respectively, in cash outflows related to the settlement of liability-classified, stock-based awards.

(1) Our stock-based compensation expense reflects the recognition of both equity-classified awards and liability-classified awards. Liability-classified awards are settled in cash in accordance with SAP's employee equity compensation programs. Liability-classified awards are recorded according to mark-to-market accounting. On January 28, 2021, the Company completed a voluntary exchange offer pursuant to which 5.4 million cash-settled legacy restricted stock awards, restricted stock unit (RSU) awards, and options (together, Qualtrics Rights) and 1.3 million cash-settled SAP RSU awards were exchanged into 12.8 million equity-settled Qualtrics RSU awards, representing 93% of the outstanding Qualtrics Rights and SAP RSU awards.

¹ Remaining performance obligations represent all contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods.

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