



**FINANCIAL UPDATE Q1'FY2021 // April 2021**

# Safe harbor statement



This presentation includes express and implied “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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. However, not all forward-looking statements contain these identifying words. These statements may relate to our market size and growth strategy, our estimated and projected costs, margins, revenue, expenditures and growth rates, our future results of operations or financial condition, our plans and objectives for future operations, growth, initiatives, or strategies. 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 or will be included under the caption “Risk Factors” and elsewhere in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q that we file with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statements are made and are based on information available to us at the time those statements are made and/or management's good faith belief as of that time with respect to future events. We assume no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as required by law.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we compete are necessarily subject to a high degree of uncertainty and risk.

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

To supplement our financial results, which are prepared and presented in accordance with U.S. generally accepted accounting principles (“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.

# Qualtrics at a glance

**3,600+**

employees<sup>1</sup>

**1,450+**

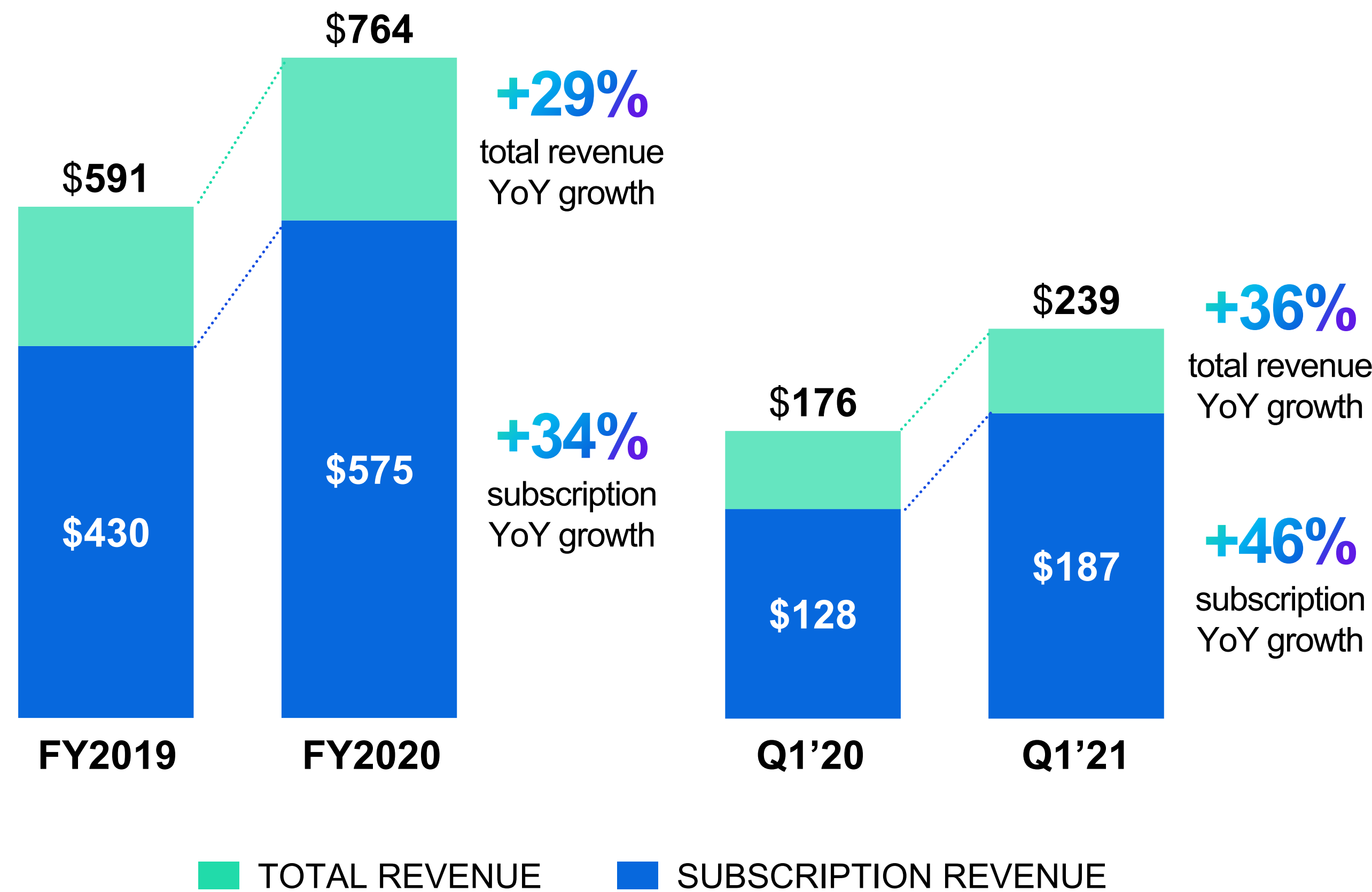
customers with >\$100K  
in annualized recurring  
revenue<sup>1</sup>

**120%**

net retention rate<sup>2</sup>

## 2019, 2020, and Q1'2021 Revenue and Revenue Growth

in \$MM



**\$1.1Bn+**

Remaining Performance  
Obligations – 77%  
YoY Growth<sup>1</sup>

**\$60Bn**

total addressable  
market<sup>3</sup>

**3%**

Q1'21 Non-GAAP  
operating margin

**Software to help turn  
customers into fanatics  
employees into ambassadors  
products into obsessions  
and brands into religions**



# Experience Design

Design breakthrough products, services, cultures, and brands

# Experience Improvement

Continuously improve customer, employee, product, and brand experiences



## Listen & Remember



## Process & Understand



## Build a Culture of Action



Uncover the products, services, and experiences that the market wants next.

Market Research

Research Design

Testing & Optimization

Sample Management



Decrease churn.  
Increase Customer Lifetime Value.  
Reduce cost to serve.

Customer Care

Digital Experience

On-site / In-store

B2B Account Management



Improve product market fit.  
Increase share of wallet.  
Decrease time to market.

Pricing & Packaging

Product Market Fit

Product Testing

Product Satisfaction



Attract and retain talent.  
Increase engagement.  
Improve productivity.

Culture & Development

Engagement

Facilities & IT

Onboarding & Exit



Acquire new customers.  
Increase market share. Improve awareness and perception.

Brand Tracking

Awareness & Perception

Segmentation

Ad Testing



Expert designed programs.  
White-glove implementation and management.

XM Program Design / Audit

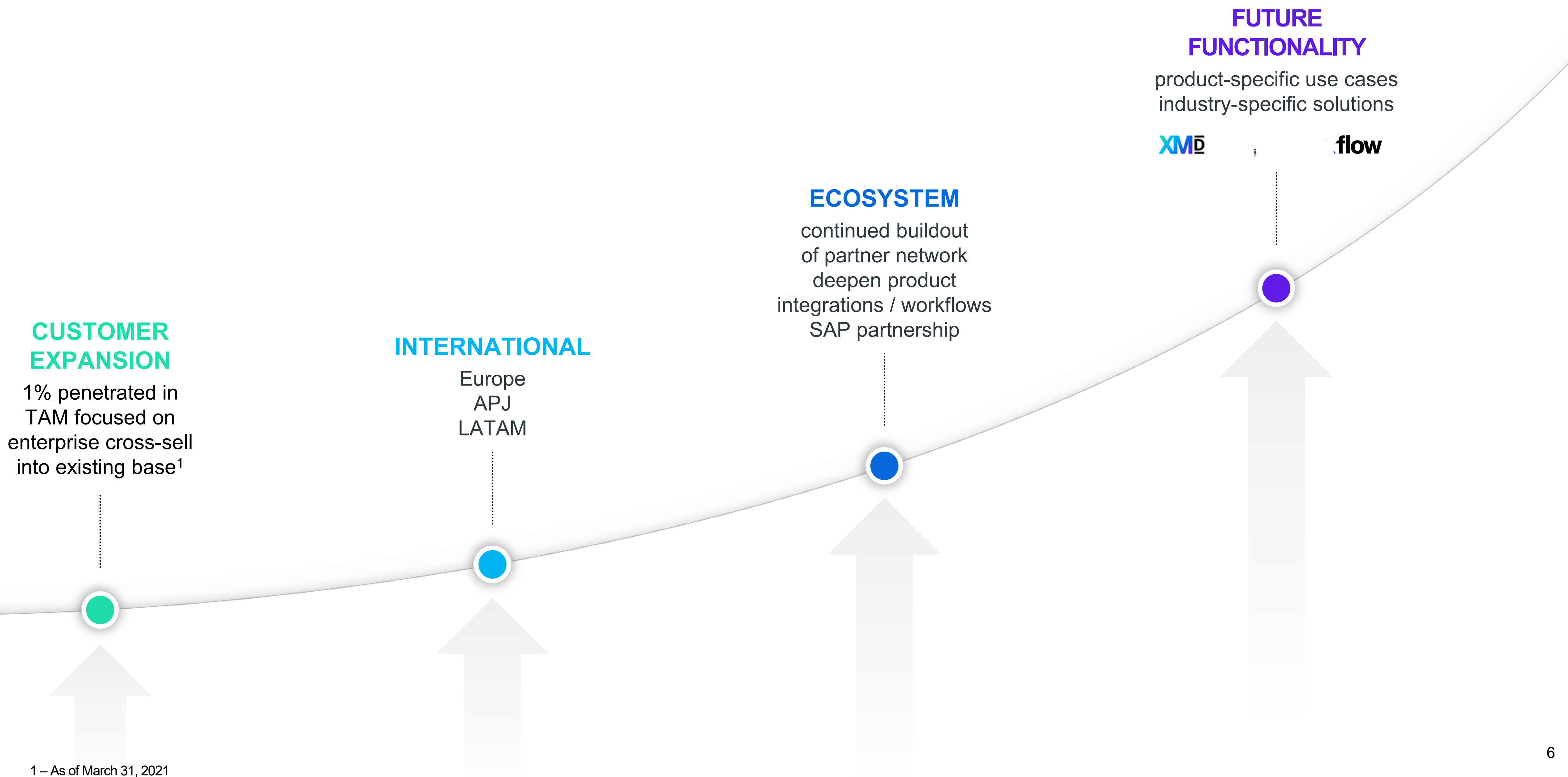
Culture & Compensation

Executive Reporting

Advisory Services



# Ongoing growth opportunities



# Q1 customer wins



• A P T I V •



DocuSign



# Our customers span across all industries

## ENTERPRISE

85+  
OF FORTUNE 100<sup>1</sup>

## LARGE DEPLOYMENTS

1,400+  
CUSTOMERS WITH >\$100K ARR<sup>2</sup>

## DIVERSITY

<2%  
LARGEST CUSTOMER AS  
% OF TOTAL REVENUE<sup>3</sup>

### BANKING/INSURANCE



### RETAIL



### TRAVEL & HOSPITALITY



### GOVERNMENT



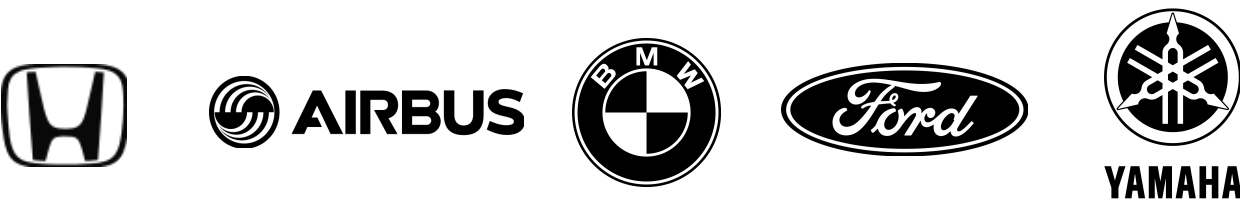
### HEALTHCARE/LIFE SCIENCES



### EDUCATION



### INDUSTRIAL/AUTOMOTIVE



### NON-PROFIT



### OIL AND GAS/UTILITIES



### SERVICES/CONSULTING



### TECHNOLOGY



### TELECOM/MEDIA



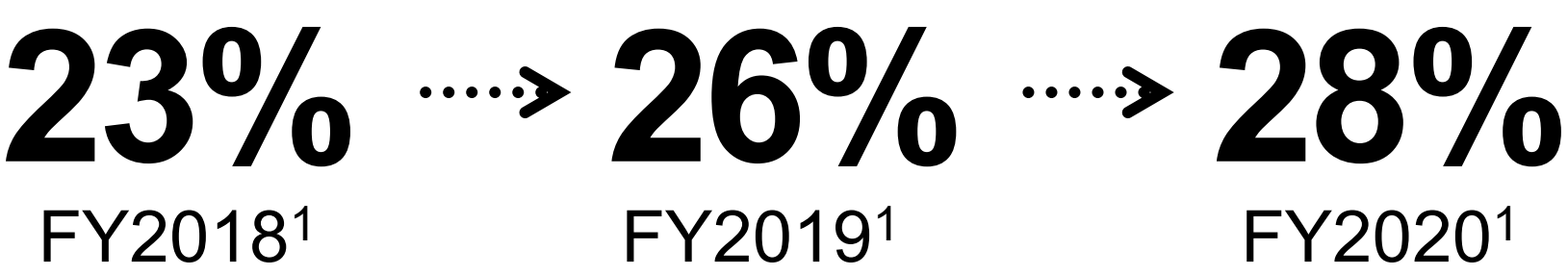
### CPG





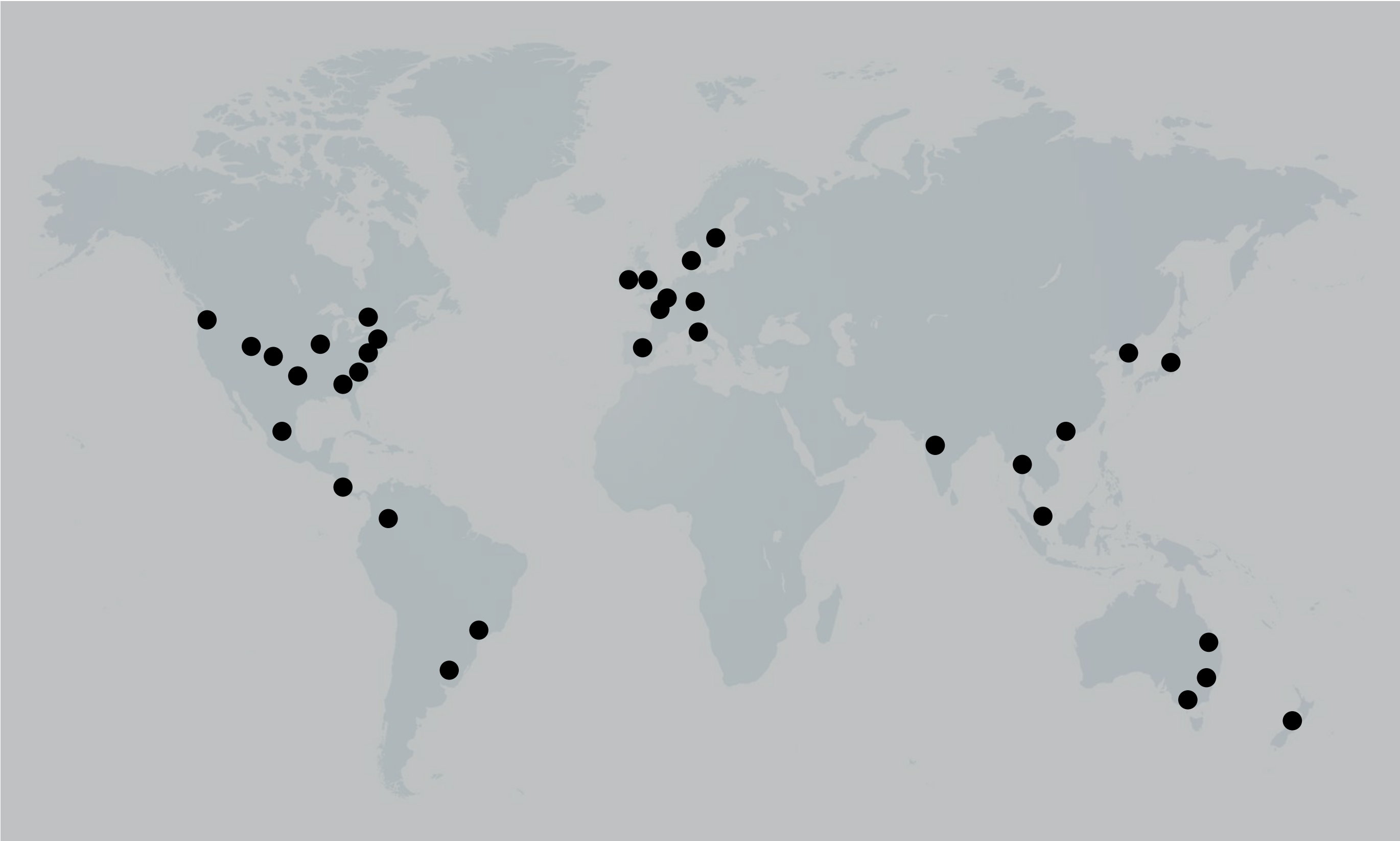
# Rapidly scaling our global presence

## Revenue outside the United States



## Local sales presence around the globe

Provo	Seattle	Dublin	Sydney
Dallas	Toronto	Munich	Singapore
Raleigh	Vancouver	London	Tokyo
Chicago	São Paulo	Paris	Hong Kong
Atlanta	Mexico City	Stockholm	Melbourne
D.C.	Buenos Aires	Madrid	Seoul
Newton	Bogota	Zurich	Mumbai
New York	San José	Brussels	Bangkok
Denver		Copenhagen	Brisbane
			Auckland



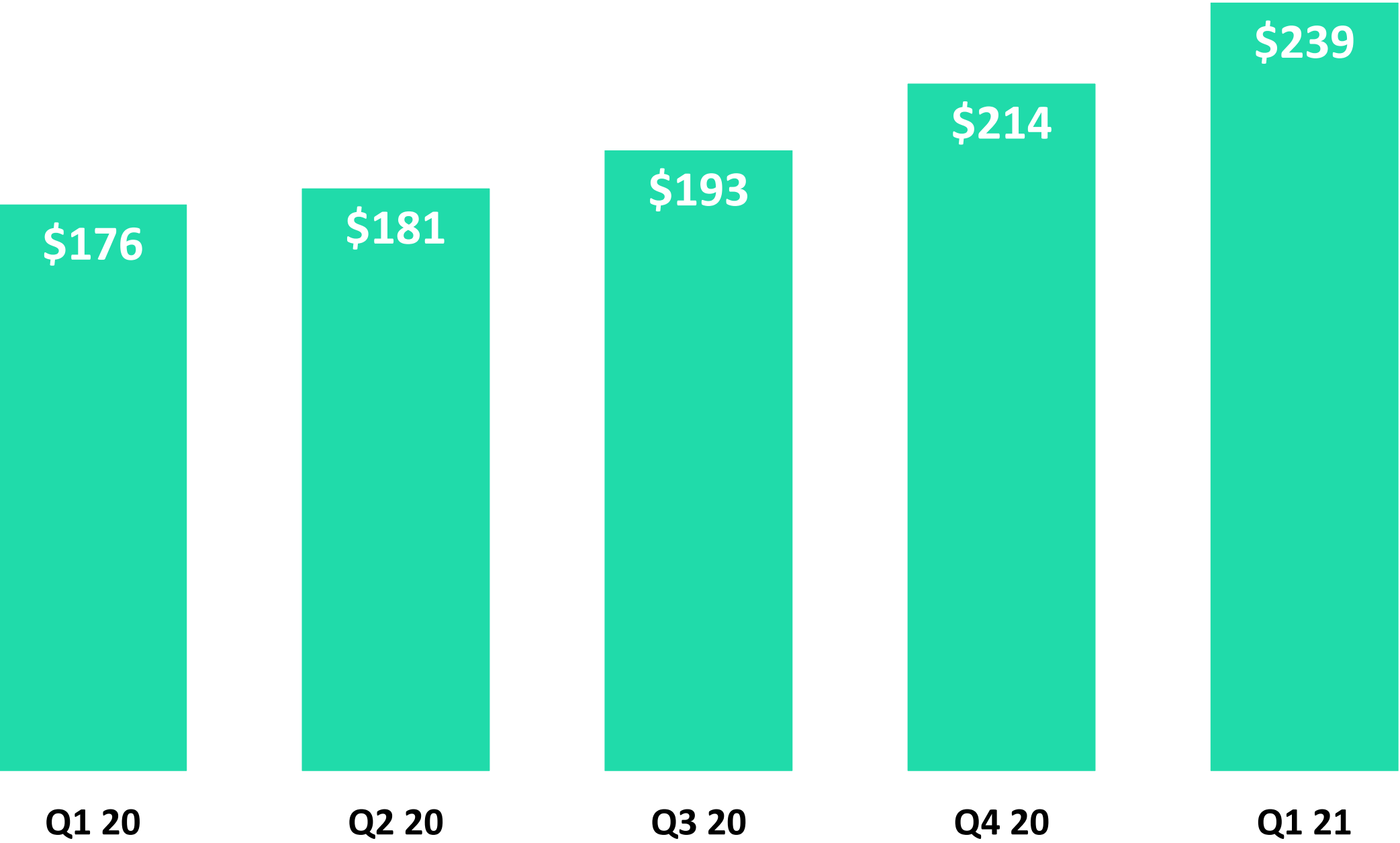
1 – For the year ending December 31

# Continued revenue growth at scale



## Quarterly Total Revenue

in \$MM

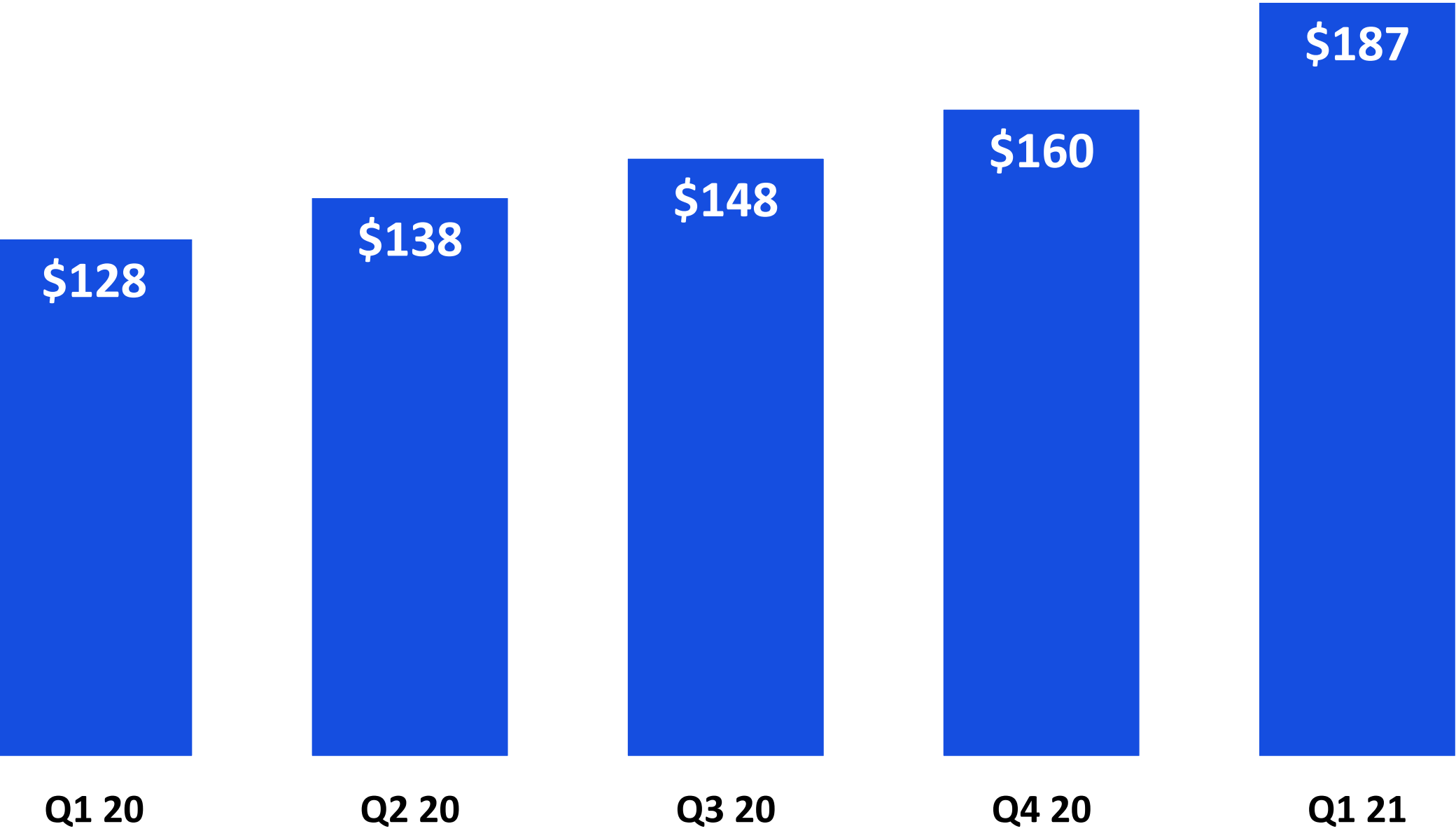


% YoY  
Growth

36% 32% 27% 24% 36%

## Quarterly Subscription Revenue

in \$MM

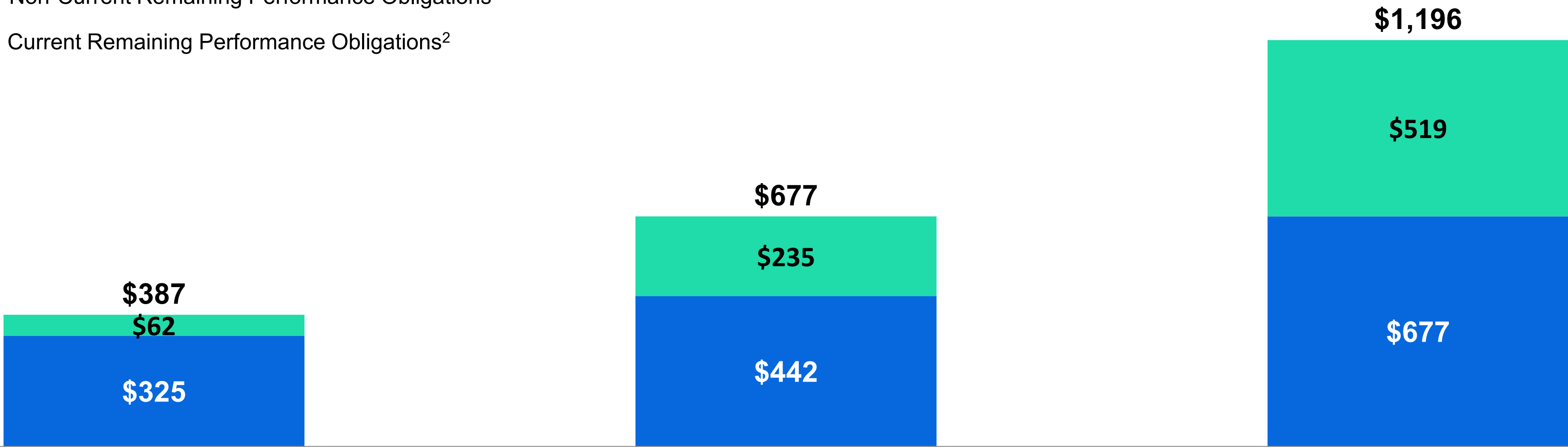
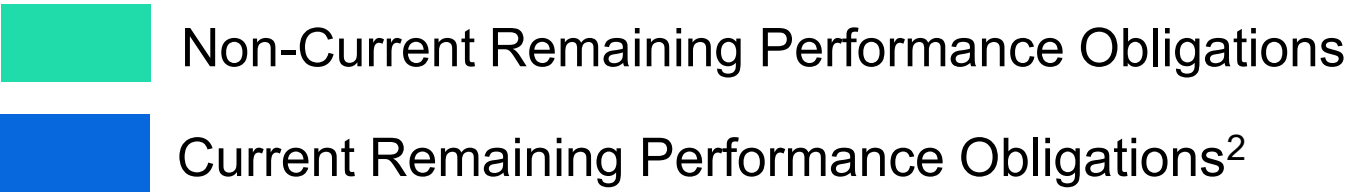


% YoY  
Growth

33% 35% 34% 33% 46%

# Historical remaining performance obligations<sup>1</sup>

in \$MM



Q1'2019

Q1'2020

Q1'2021

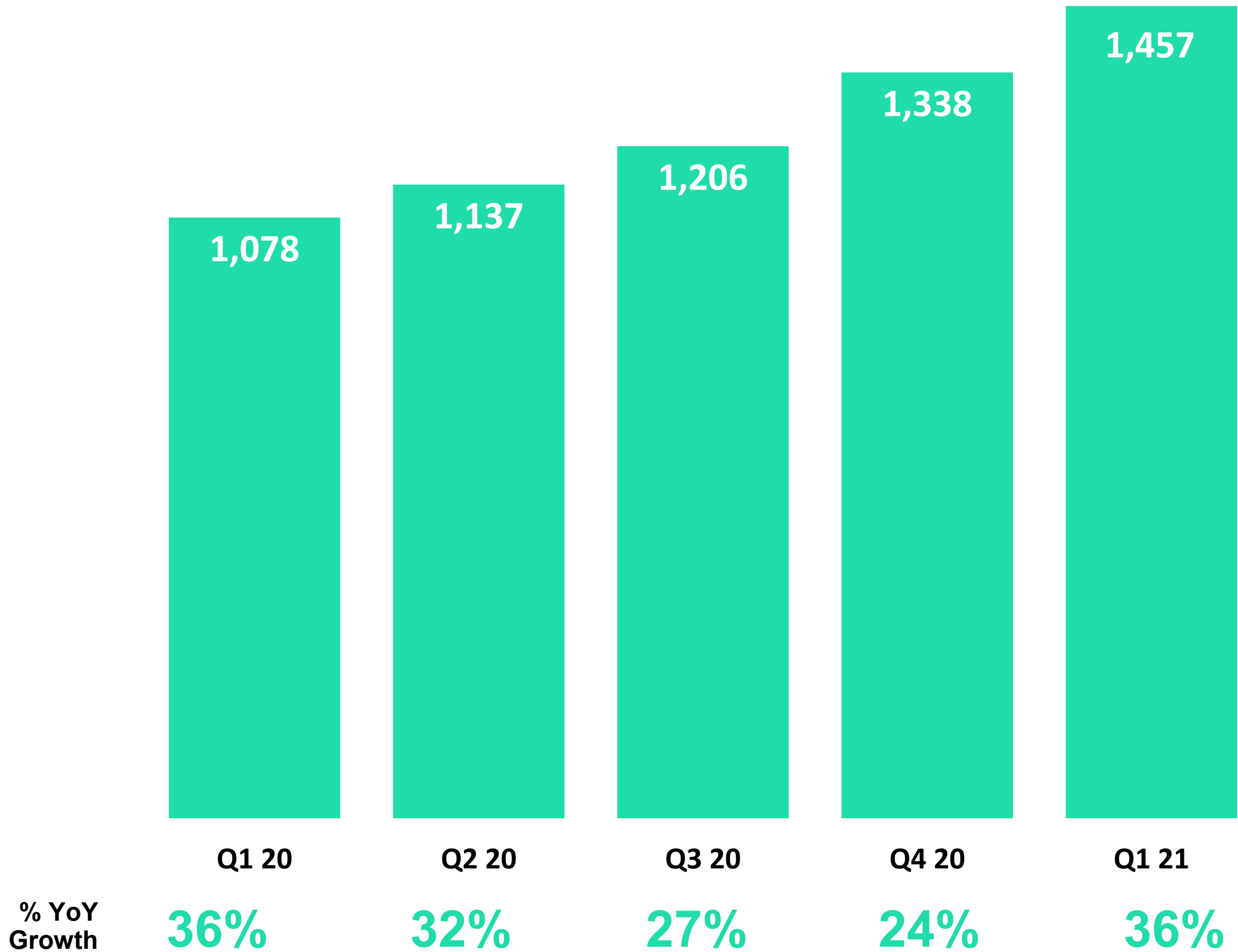
YoY Growth %	Total RPO	61%	75%	77%
	Current RPO	45%	36%	53%

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  
2–Defined as RPOs expected to be recognized as revenue in next 12 months

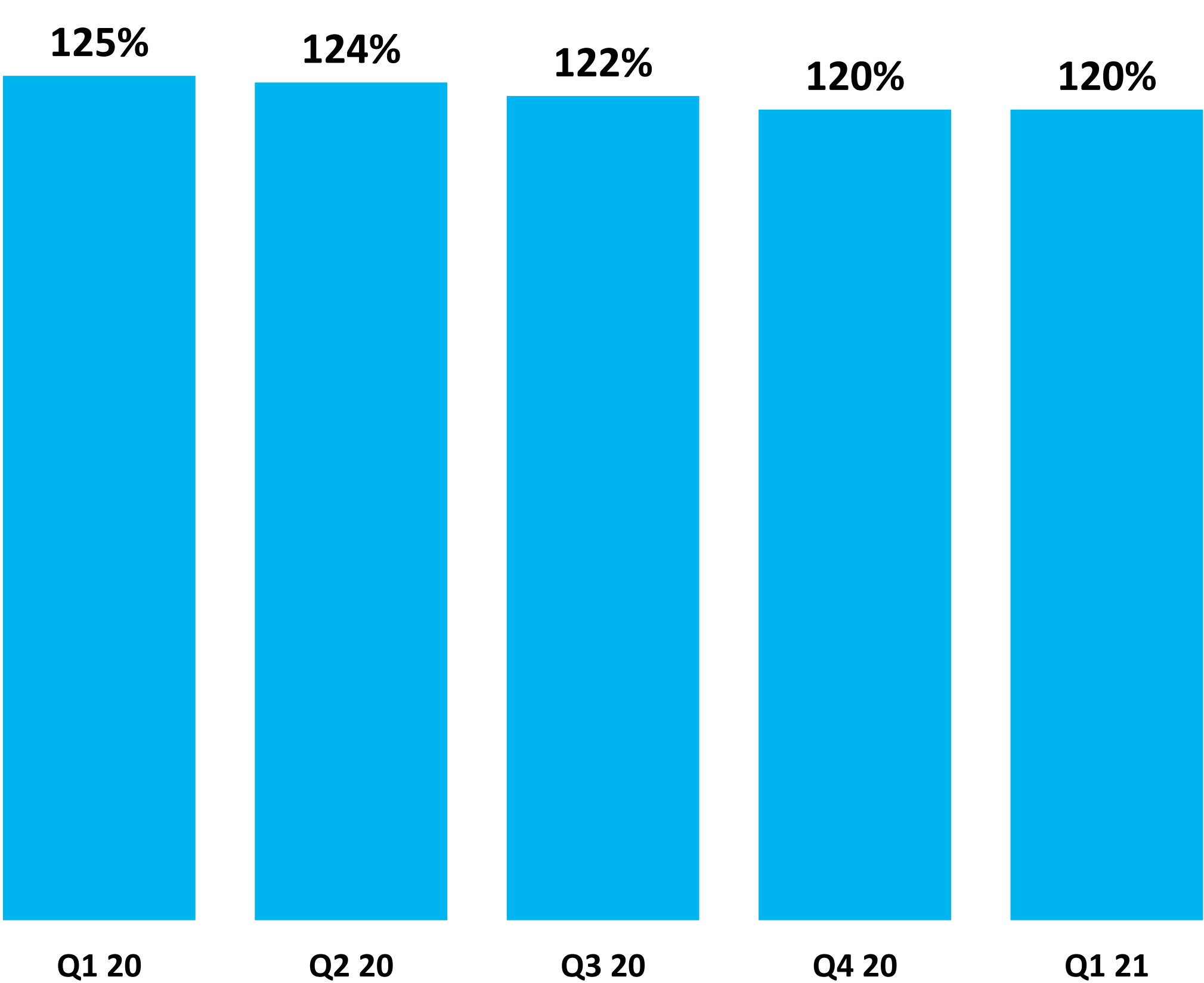
# Growing large customers who still represent small percentage of overall customer base

## Customers with >\$100K in Subscription ARR

Represents ~10% of customer count



## Net Retention Rate<sup>1</sup>



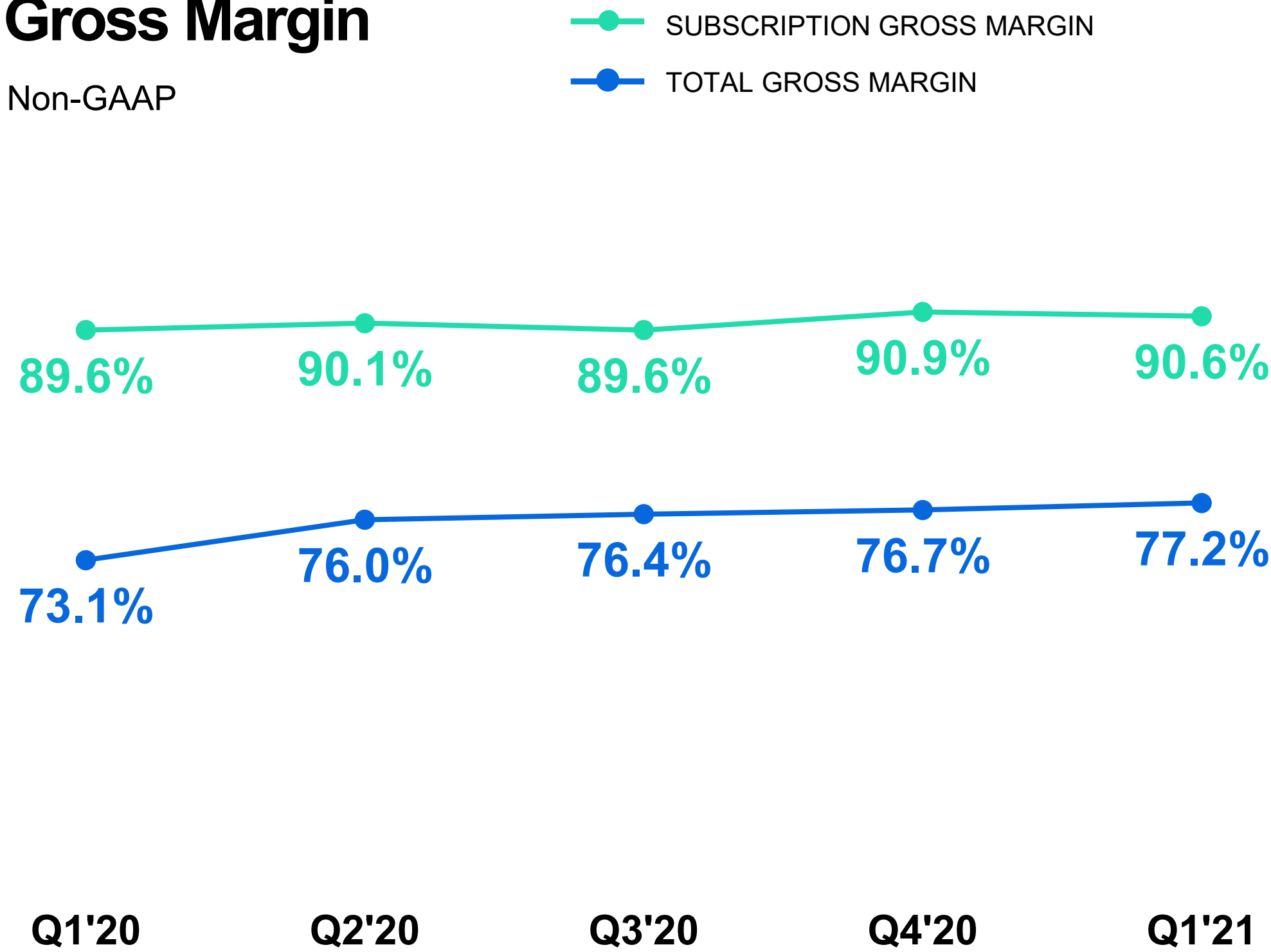
1—Net retention rate is calculated using subscription revenue. We first calculate the subscription revenue in one quarter from a cohort of customers that were customers at the beginning of the same quarter in the prior fiscal year, or cohort customers. We repeat this calculation for each quarter in the trailing four-quarter period. The numerator for net retention rate is the sum of subscription revenue from cohort customers for the four most recent quarters, or numerator period, and the denominator is the sum of subscription revenue from cohort customers for the four quarters preceding the numerator period.



# Steady margins while investing for growth

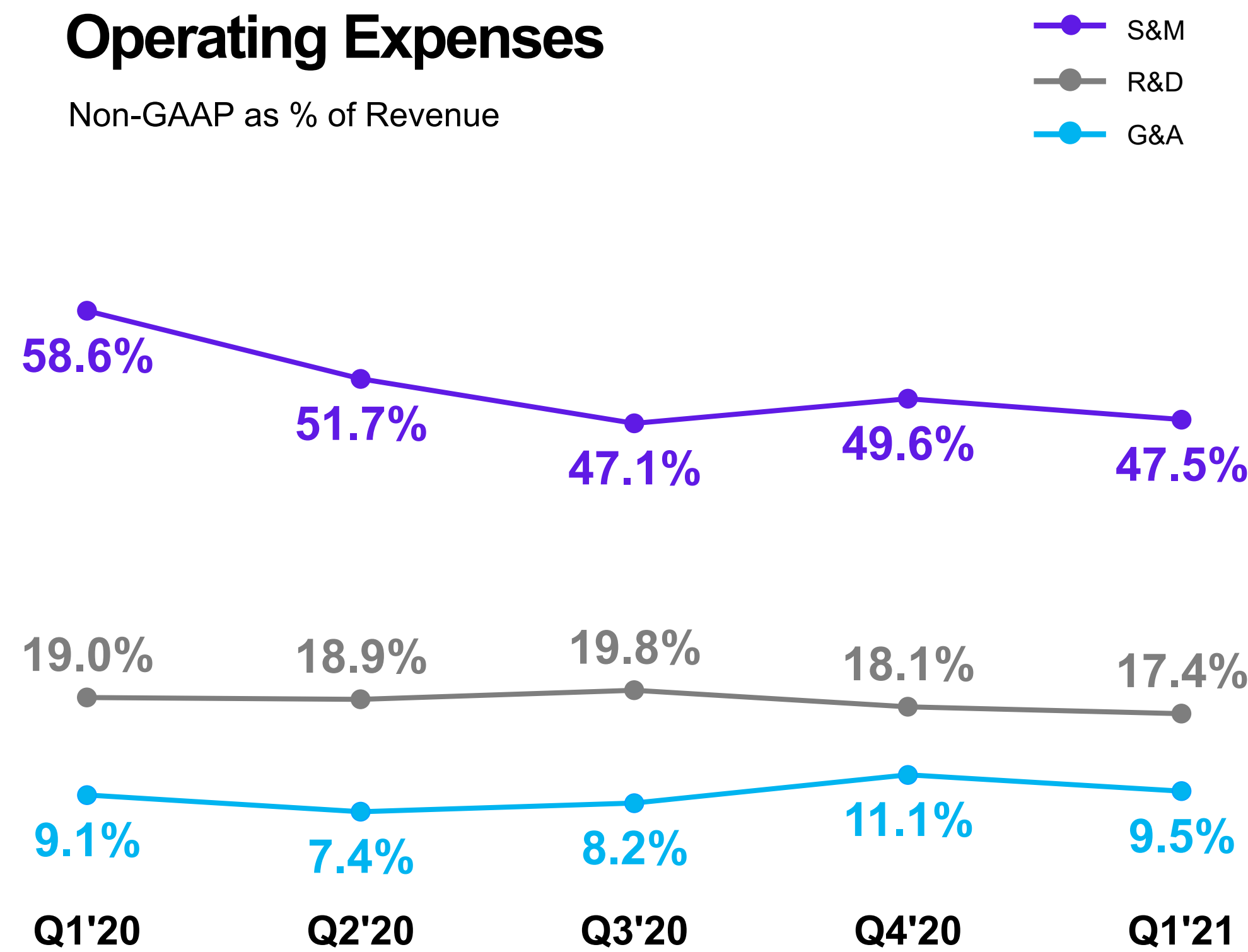
## Gross Margin

Non-GAAP



## Operating Expenses

Non-GAAP as % of Revenue



NON-GAAP OPERATING MARGIN

(14%) (2%) 1% (2%) 3%

# Guidance summary

Q2 2021	Full-Year Guidance	Increase Y/Y (At Midpoint)
Subscription Revenue	\$190M – \$192M	38%
Total Revenue	\$240M – \$242M	33%
Non-GAAP Operating Margin	(1%) – 0%	+135bps
Non-GAAP Net Loss Per Share	<div> (\$0.03) – (\$0.01)   Assuming 515M weighted average shares outstanding </div>	-

Full-Year 2021	Full-Year Guidance	Increase Y/Y (At Midpoint)
Subscription Revenue	\$768M - \$772M	34%
Total Revenue	\$980M - \$984M	29%
Non-GAAP Operating Margin	(3%) – (2%)	+137bps
Non-GAAP Net Loss Per Share	<div> (\$0.13) – (\$0.11)   Assuming 512M weighted average shares outstanding </div>	-

The Company has not provided a reconciliation of the forward-looking information presented in its guidance because material items that impact that reconciliation are not reasonably estimable at this time.

# Appendix

# GAAP to Non-GAAP reconciliation

	3 MONTHS ENDED 3/2020	3 MONTHS ENDED 3/2021	2019	2020	LTM
(\$ in thousands, Fiscal Year Ending December 31)					
GAAP Total Gross Profit	\$1 28,140	\$1 76,862	\$405,664	\$565,035	\$613,757
GAAP Gross Margin	73%	74%	69%	74%	74%
Add: Stock-based compensation expense, including cash settled	258	7,054	41,304	11,369	18,165
Add: Amortization of acquired intangible assets	266	266	1,160	1,062	1,062
<b>Non-GAAP Total Gross Profit</b>	<b>\$1 28,664</b>	<b>\$1 84,182</b>	<b>\$448,128</b>	<b>\$577,466</b>	<b>\$632,984</b>
Non-GAAP Gross Margin	73%	77%	76%	76%	77%
GAAP Subscription Gross Profit	\$1 14,549	\$1 66,526	\$362,056	\$512,726	\$564,703
GAAP Subscription Gross Margin	89%	89%	84%	89%	89%
Add: Cost of Revenue Stock-based Compensation Expense	169	2,624	24,136	4,632	7,087
Add: Cost of Revenue Amortization of Acquired Intangible Assets	266	266	1,160	1,062	1,062
<b>Non-GAAP Subscription Gross Profit</b>	<b>\$1 14,984</b>	<b>\$1 69,416</b>	<b>\$387,352</b>	<b>\$518,420</b>	<b>\$572,852</b>
Non-GAAP Subscription Gross Margin	90%	91%	90%	90%	90%



# GAAP to Non-GAAP reconciliation

	3 MONTHS ENDED 3/2020	3 MONTHS ENDED 3/2021	2019	2020	LTM
(\$ in thousands, Fiscal Year Ending December 31)					
GAAP Sales and Marketing Expense	\$1 07,095	\$1 36,181	\$440,325	\$431,794	\$460,880
GAAP Sales and Marketing Expense (as % of Revenue)	61 %	57%	74%	57%	56%
Less: Stock-based Compensation Expense, including cash settled	(3,783)	(22,777)	(115,581)	(37,877)	(56,871)
Less: Amortization of Acquired Intangible Assets	(51)	(51)	(204)	(204)	(204)
<b>Non-GAAP Sales and Marketing Expense</b>	<b>\$1 03,261</b>	<b>\$1 13,353</b>	<b>\$324,540</b>	<b>\$393,713</b>	<b>\$403,805</b>
Non-GAAP Sales and Marketing Expense (as % of Revenue)	59%	47%	55%	52%	49%
GAAP Research and Development Expense	\$35,489	\$62,806	\$242,124	\$212,795	\$240,112
GAAP Research and Development Expense (as % of Revenue)	20%	26%	41 %	28%	29%
Less: Stock-based Compensation Expense, including cash settled	(1,964)	(21,332)	(130,809)	(68,355)	(87,723)
Less: Amortization of Acquired Intangible Assets	-	-	-	-	-
<b>Non-GAAP Research and Development Expense</b>	<b>\$33,525</b>	<b>\$41,474</b>	<b>\$111,315</b>	<b>\$144,440</b>	<b>\$152,389</b>
Non-GAAP Research and Development Expense (as % of Revenue)	19%	17%	19%	19%	18%
GAAP General and Administrative Expense	\$22,487	\$174,449	\$717,363	\$175,499	\$327,461
GAAP General and Administrative Expense (as % of Revenue)	13%	73%	121 %	23%	40%
Less: Stock-based Compensation Expense, including cash settled	(6,497)	(151,836)	(588,532)	(106,412)	(251,751)
Less: Amortization of Acquired Intangible Assets	(47)	(47)	(114)	(188)	(188)
Less: Advisory and legal costs related to the SAP Acquisition	-	-	(66,992)	-	-
<b>Non-GAAP General and Administrative Expense</b>	<b>\$15,943</b>	<b>\$22,566</b>	<b>\$61,725</b>	<b>\$68,899</b>	<b>\$75,522</b>
Non-GAAP General and Administrative Expense (as % of Revenue)	9%	9%	10%	9%	9%

# GAAP to Non-GAAP reconciliation

*(\$ in thousands, Fiscal Year Ending December 31)*

	3 MONTHS ENDED 3/2020	3 MONTHS ENDED 3/2021	2019	2020	LTM
GAAP Operating Income (Loss)	(\$36,931)	(\$1 96,574)	(\$994,148)	(\$255,053)	(\$414,696)
<i>GAAP Operating Margin</i>	<i>(21%)</i>	<i>(82%)</i>	<i>(168%)</i>	<i>(33%)</i>	<i>(50%)</i>
Add: Stock-based Compensation Expense, including cash settled	12,502	202,999	876,226	224,013	414,510
Add: Amortization of Acquired Intangible Assets	364	364	1,478	1,454	1,454
Add: Advisory and legal costs related to the SAP Acquisition	-	-	66,992	-	-
<b>Non-GAAP Operating Income (Loss)</b>	<b>(\$24,065)</b>	<b>\$6,789</b>	<b>(\$49,452)</b>	<b>(\$29,586)</b>	<b>\$1,268</b>
<i>Non-GAAP Operating Margin</i>	<i>(14%)</i>	<i>3%</i>	<i>(8%)</i>	<i>(4%)</i>	<i>0%</i>
Net Cash Provided by Operating Activities	(\$131,756)	(\$70,085)	(\$370,904)	(\$410,722)	(\$349,051)
<i>Operating Cash Flow Margin</i>	<i>(75%)</i>	<i>(29%)</i>	<i>(63%)</i>	<i>(54%)</i>	<i>(42%)</i>
Less: Capital Expenditures	(9,073)	(11,149)	(33,181)	(89,518)	(91,594)
<b>Free Cash Flow</b>	<b>(\$140,829)</b>	<b>(\$81,234)</b>	<b>(\$404,085)</b>	<b>(\$500,240)</b>	<b>(\$440,645)</b>
<i>Free Cash Flow Margin</i>	<i>(80%)</i>	<i>(34%)</i>	<i>(68%)</i>	<i>(66%)</i>	<i>(53%)</i>