



FINANCIAL UPDATE Q3 FY2021 // October 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, acquisition related costs, and the tax impact of the non-GAAP adjustments, as applicable. 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

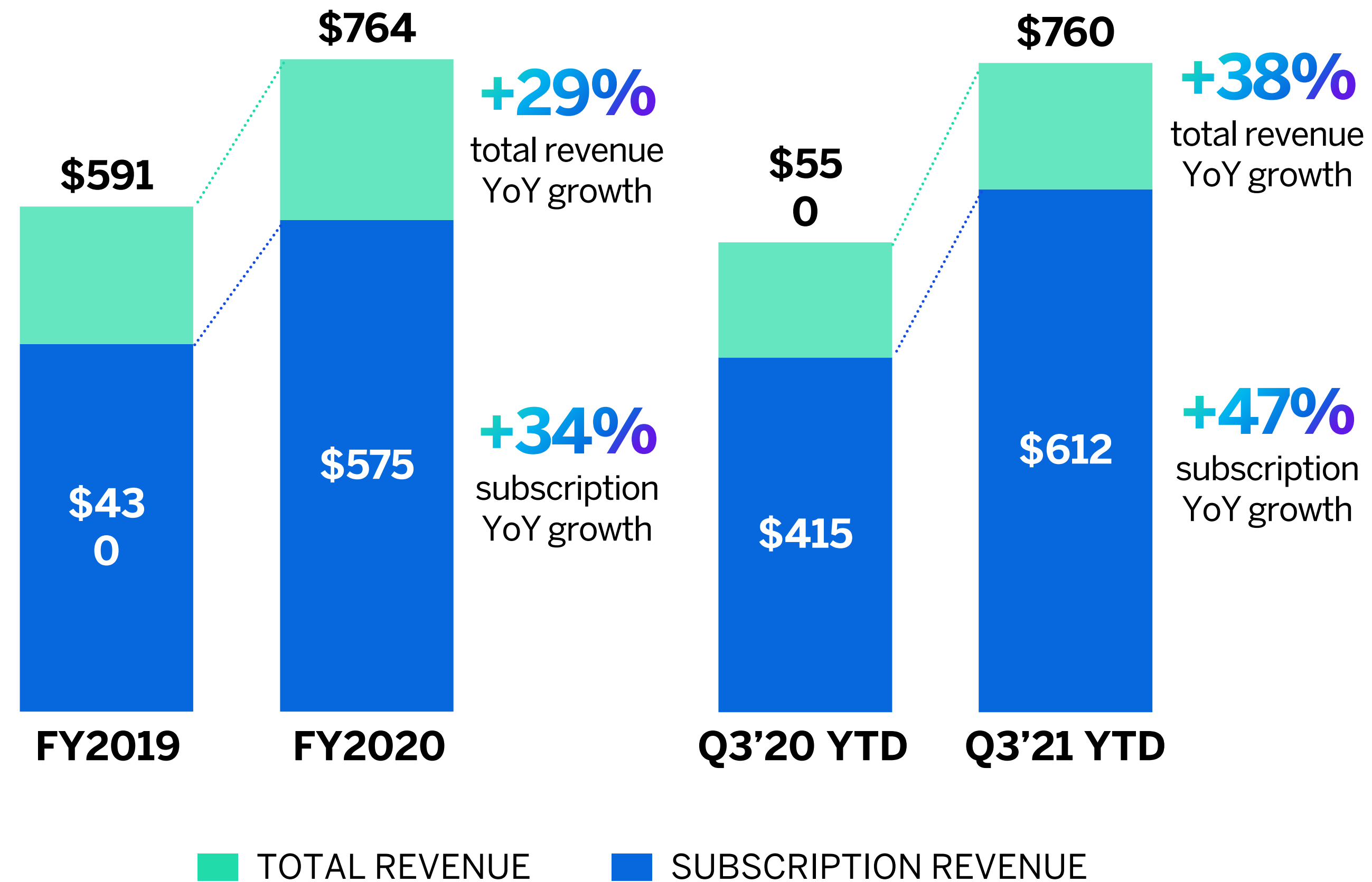
4,100+
employees¹

1,650+
customers with >\$100K
in annualized recurring
revenue¹

125%
net retention rate²

2019, 2020, and Q3'21 YTD Revenue and Revenue Growth

in \$MM



\$1.4Bn
Remaining Performance
Obligations – 67%
YoY Growth¹

\$60Bn
total addressable
market³

4%
Q3'21 YTD 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



Experience Design

Design breakthrough products, services, cultures, and brands



Experience Improvement

Continuously improve each experience

*PLATFORM EXPANSION
ACROSS SIX
PRODUCT LINES*



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Expert designed programs. White-glove implementation and management.

DISCOVER

Tune in to every conversation happening about your company. Understand intent/emotion/effort, at scale. Overhaul & optimize products, processes, and services.



- Market R&D
- Digital Experience Design
- Returns / Claims



- Contact Center
- Digital Optimization
- Location-based Reviews



- Product Quality
- Product Safety
- Competitive Intel



- Agent QM
- Agent Coaching
- Compliance



- Crisis Management
- Perception
- Brand Health



- Service Quality Improvement
- Digital Transformation
- Process / Product Improvement



ENGAGE

Ask customers and employees for feedback. Spot gaps and uncover opportunities. Take action and drive improvement.

- Market Research
- Research Design
- Testing & Optimization
- Sample Management



- Customer Care
- Digital Experience
- On-site / In-store
- B2B Account Management



- Pricing & Packaging
- Product Market Fit
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Expert designed programs. White-glove implementation and management.

DISCOVER

Tune in to all the conversations happening about your brand. Deeply understand the "why". Find opportunities and drive precise action.

- Market R&D
- Digital Experience Design
- Returns / Claims

+

- Contact Center
- Digital Optimization
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- Product Quality
- Product Safety
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- Service Quality Improvement
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ENGAGE

Ask customers and employees for feedback. Spot gaps and uncover opportunities. Take action and drive improvement.

- Market Research
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- Customer Care
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- XM Program Design / Audit
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+



CONTINUED CATEGORY AND PLATFORM INNOVATION

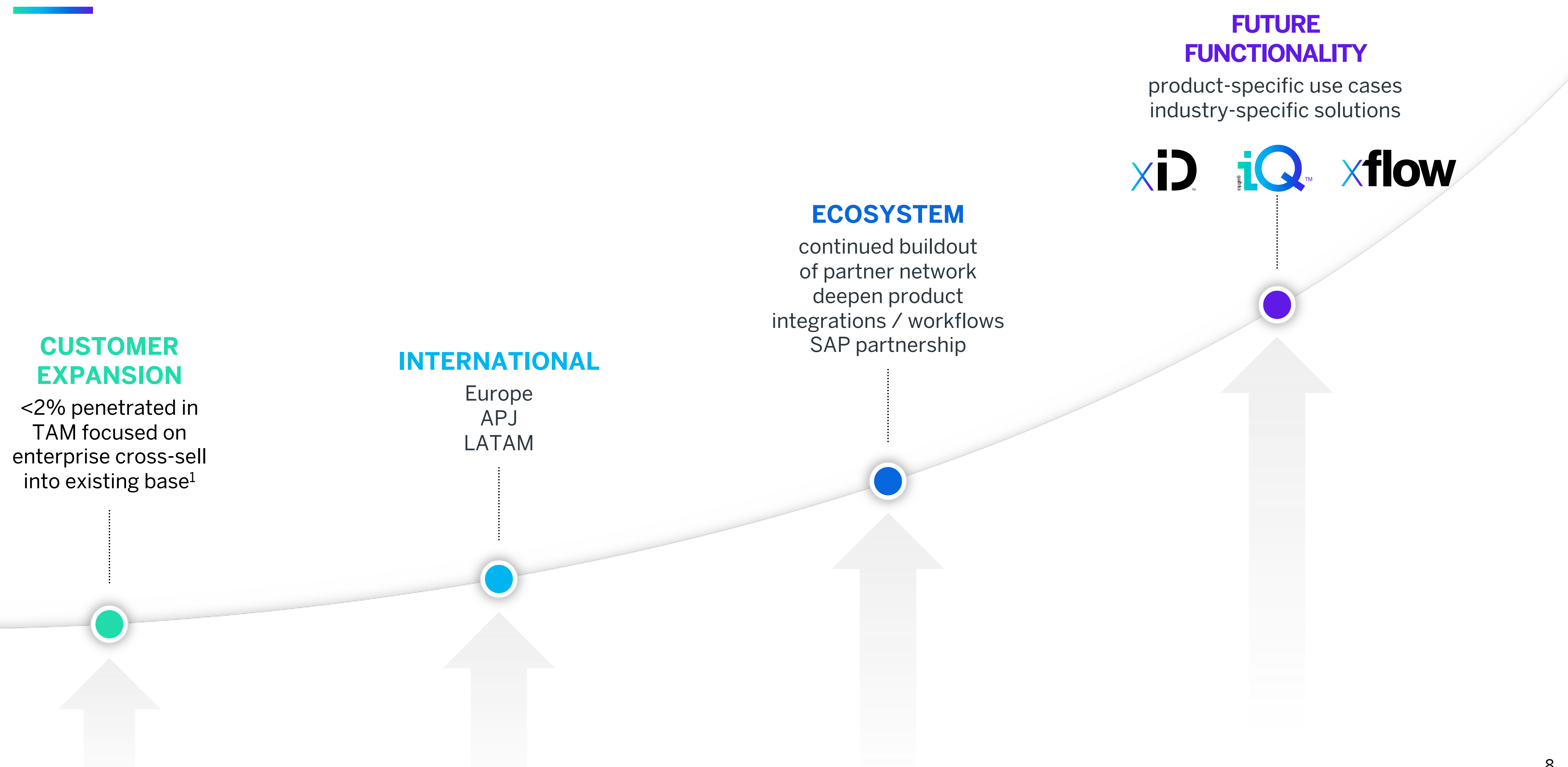


Know Where to Focus and What to do



Build a Culture of Action

Ongoing growth opportunities



1 – As of September 30, 2021

Q3'21 customer wins



Our customers span across all industries

ENTERPRISE

85+
OF FORTUNE 100¹

LARGE DEPLOYMENTS

1,650+
CUSTOMERS WITH >\$100K ARR²

DIVERSITY

<3%
LARGEST CUSTOMER AS
% OF TOTAL REVENUE³

BANKING/INSURANCE



RETAIL



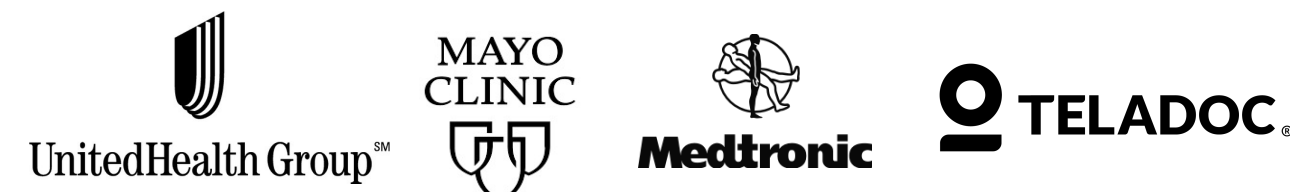
TRAVEL & HOSPITALITY



GOVERNMENT



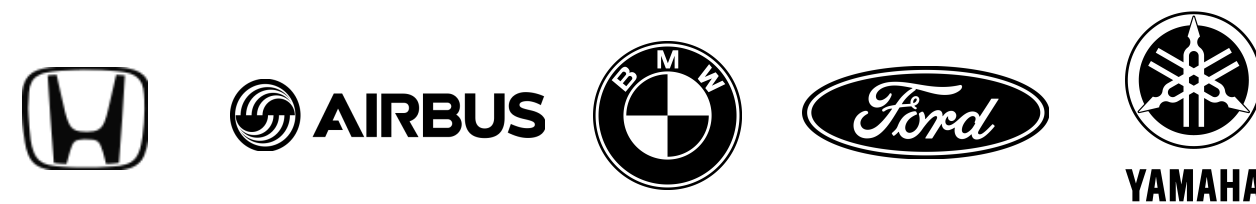
HEALTHCARE/LIFE SCIENCES



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

23% **26%** **28%**
FY2018¹ FY2019¹ FY2020¹

Local sales presence around the globe

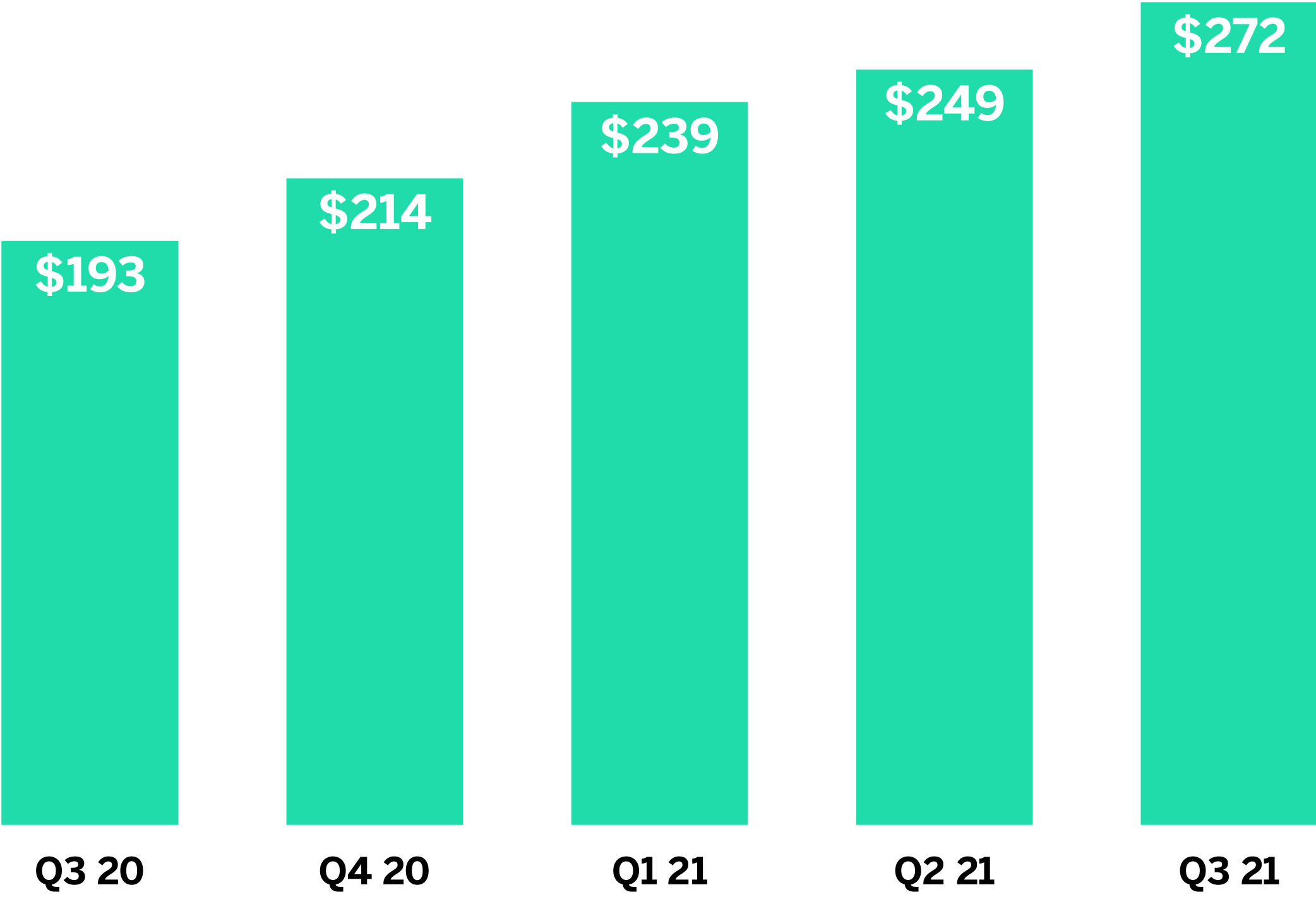
Provo	Seattle	Dublin	Sydney
Dallas	Toronto	Munich	Singapore
Raleigh	Vancouver	London	Tokyo
Chicago	São Paulo	Paris	Hong Kong
Atlanta	Mexico City	Stockholm	Melbourne
D.C.	Buenos Aires	Madrid	Seoul
Newton	Bogota	Zurich	Mumbai
New York	San José	Brussels	Bangkok
Denver		Copenhagen	Brisbane
			Auckland



Continued revenue growth at scale

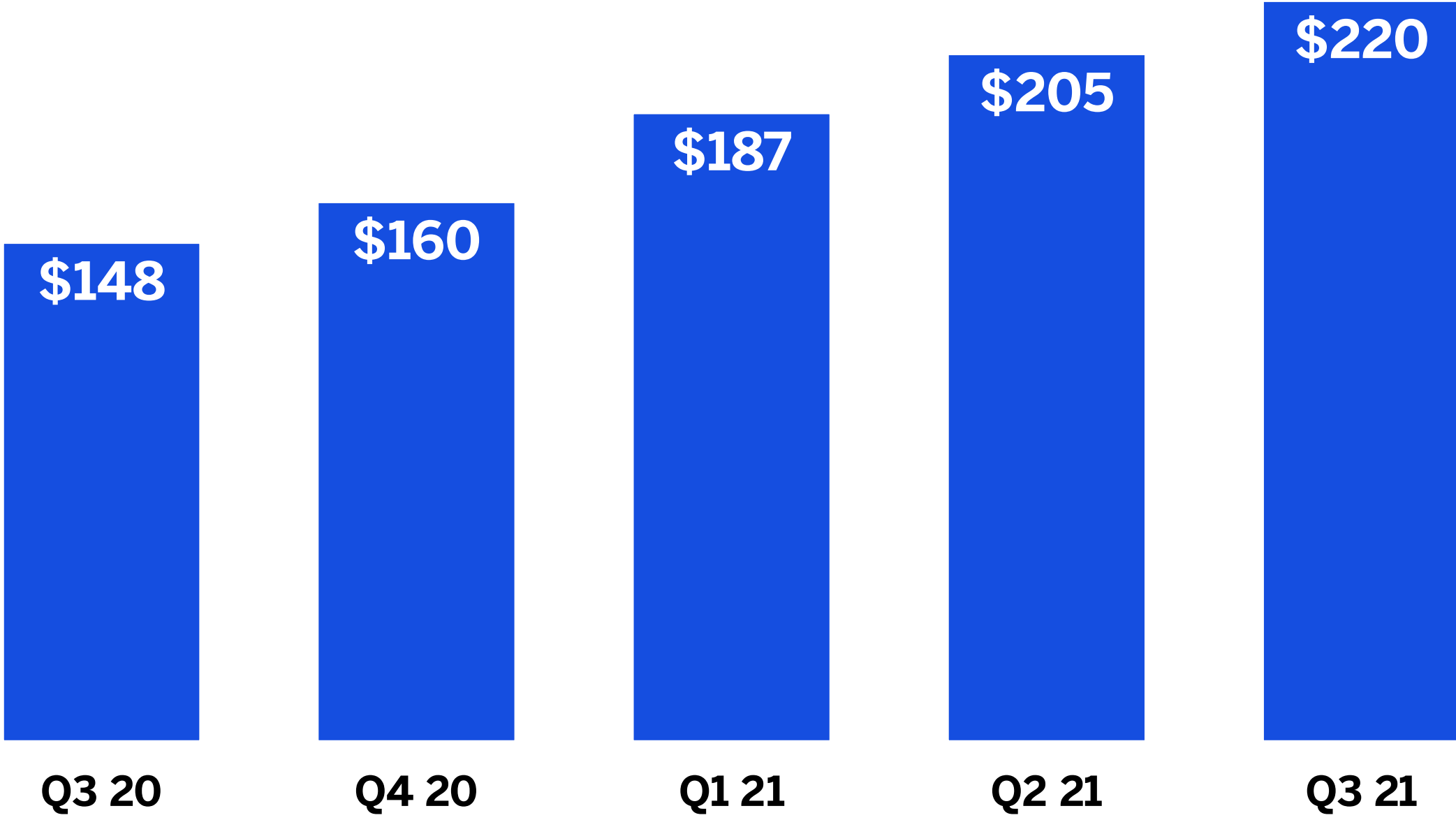
Quarterly Total Revenue

in \$MM



Quarterly Subscription Revenue

in \$MM



% YoY Growth

27%

24%

36%

38%

41%

% YoY Growth

34%

33%

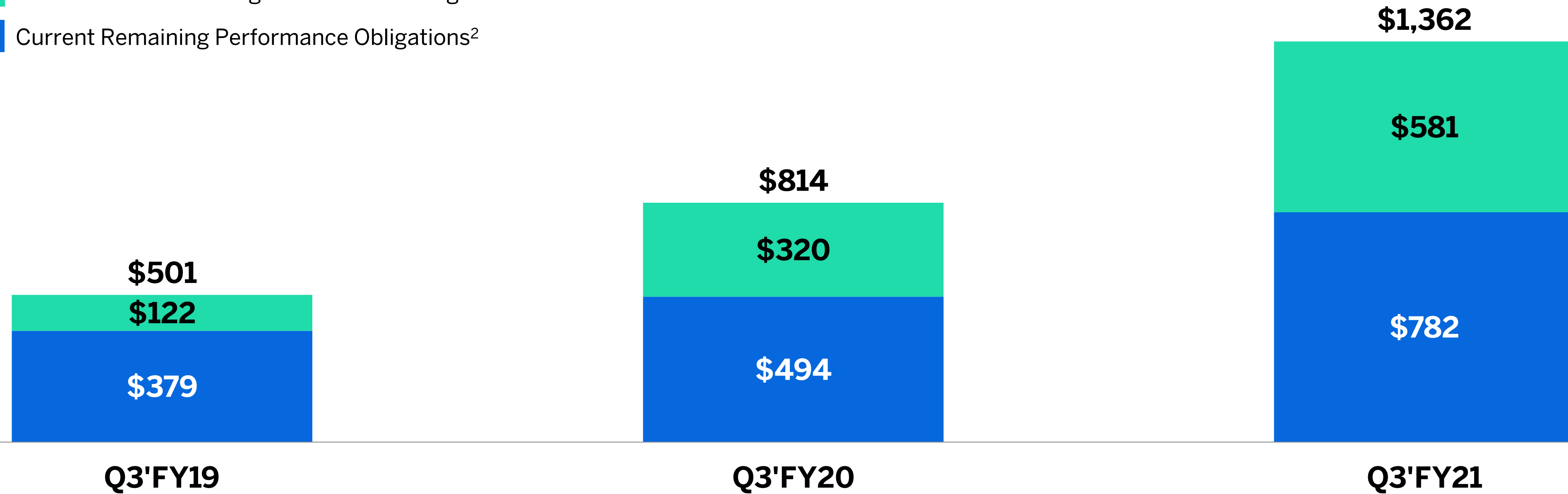
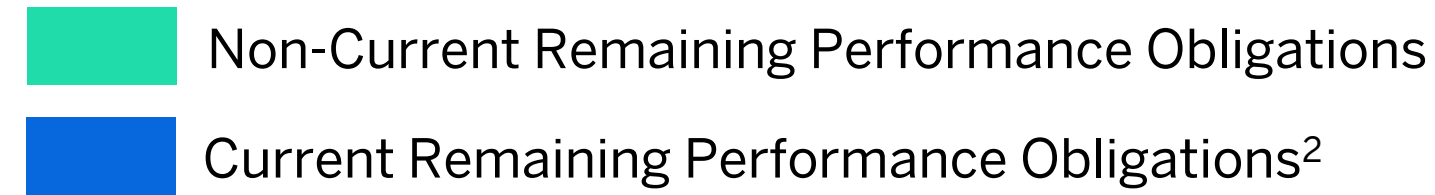
46%

48%

49%

Historical remaining performance obligations¹

in \$MM



YoY Growth %	Total RPO	Q3'FY19	Q3'FY20	Q3'FY21
	Total RPO	85%	62%	67%
	Current RPO	60%	31%	58%

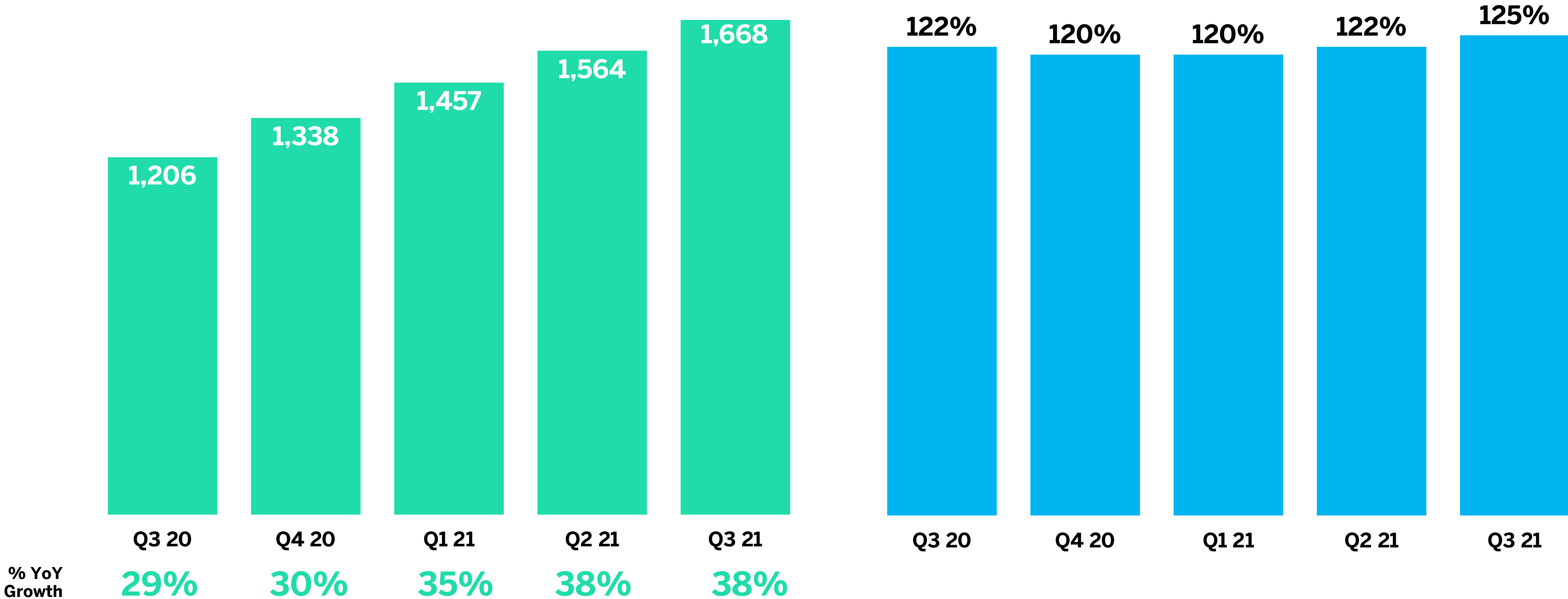
¹–Remaining performance obligations represent all contracted future revenue that has not yet been recognized, including both deferred revenue and non-cancelable contracted amounts that will be invoiced and recognized as revenue in future periods

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

Net Retention Rate¹

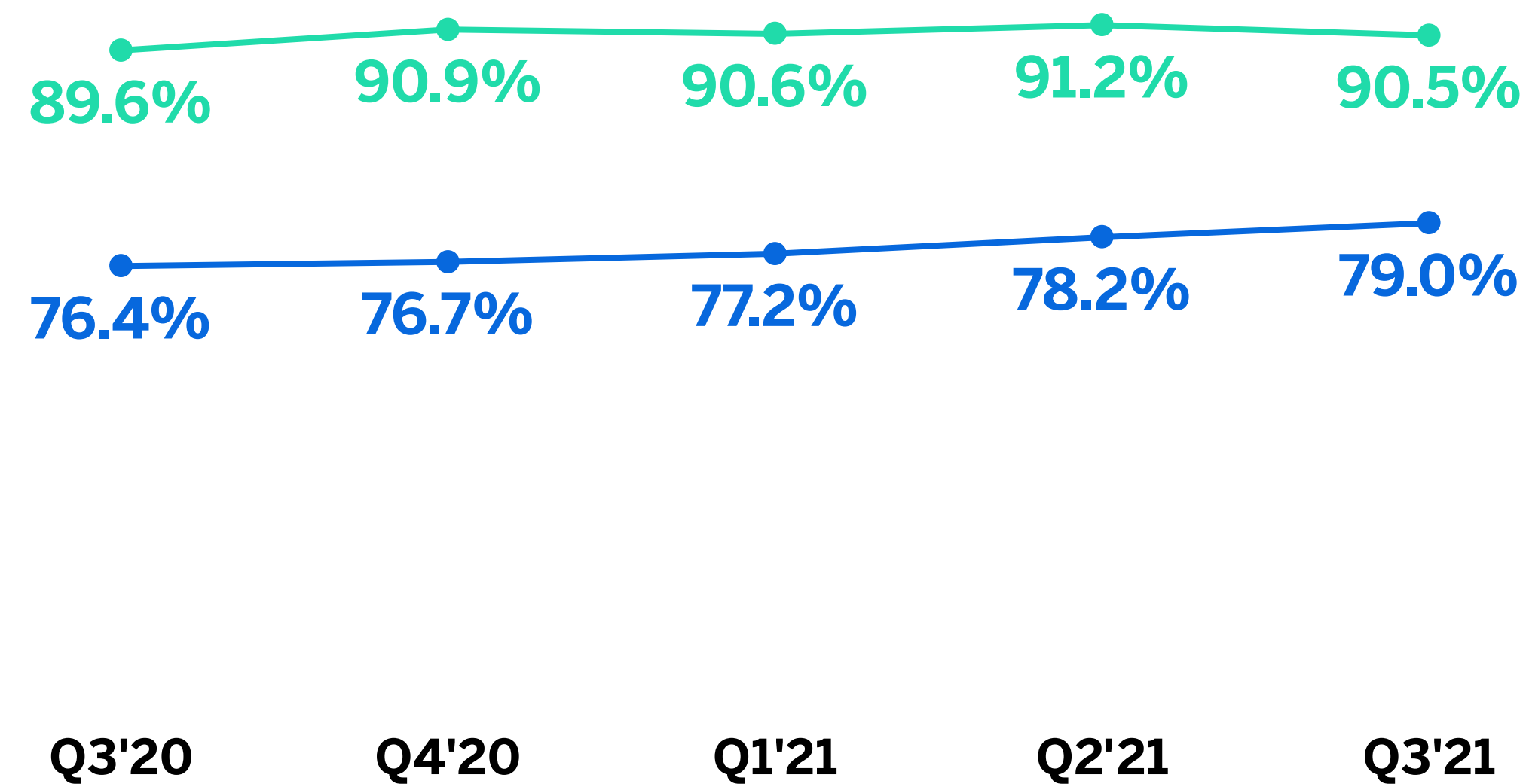


¹–Net retention rate is calculated using subscription revenue. We first calculate the subscription revenue in one quarter from a cohort of customers that were customers at the beginning of the same quarter in the prior fiscal year, or cohort customers. We repeat this calculation for each quarter in the 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

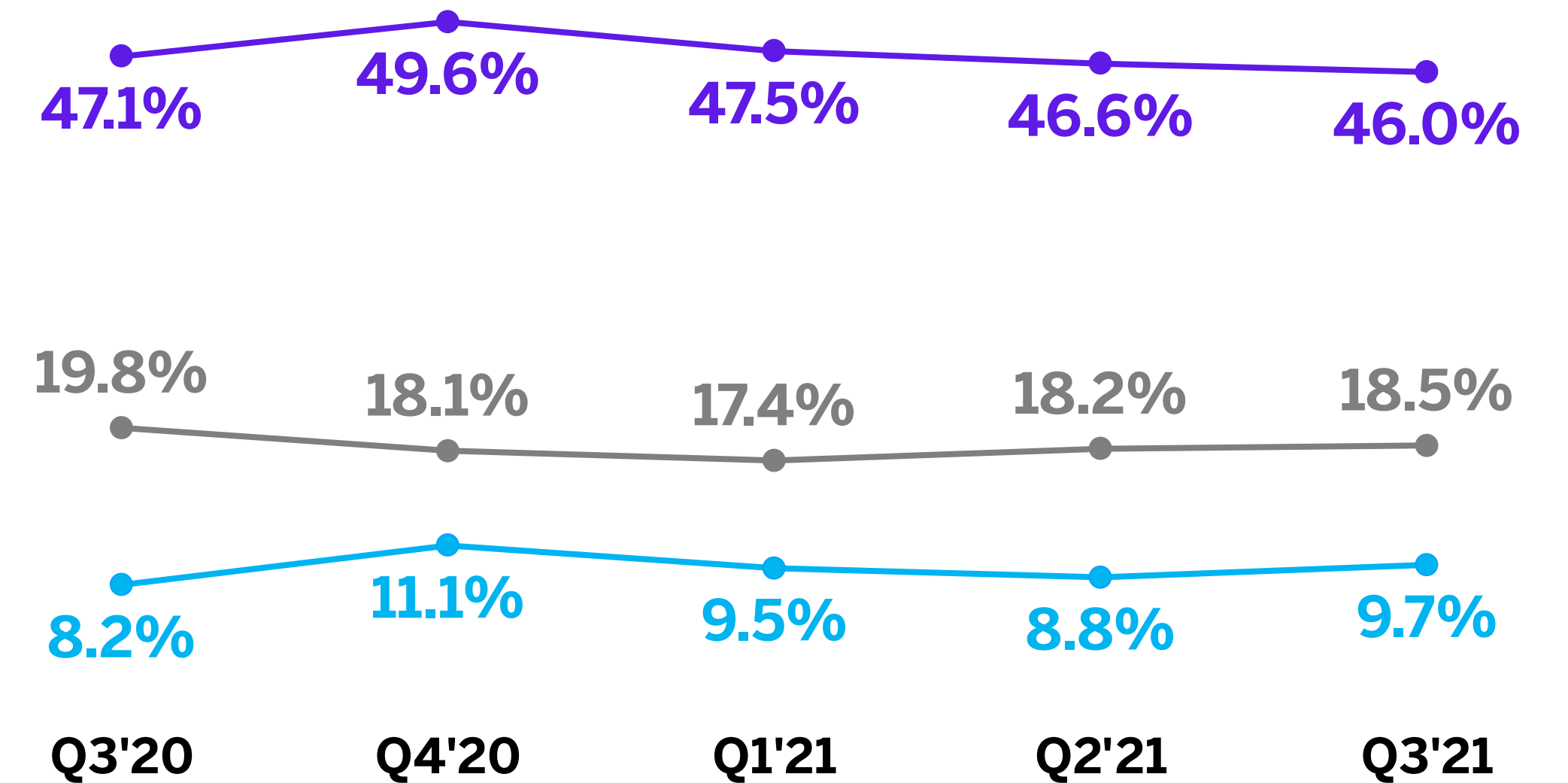
Non-GAAP Gross Margin

- SUBSCRIPTION GROSS MARGIN
- TOTAL GROSS MARGIN



Non-GAAP Operating Expenses
as % of Revenue

- S&M
- R&D
- G&A



NON-GAAP OPERATING MARGIN

1% (2%) 3% 5% 5%

Guidance summary

Q4 2021	Quarterly Guidance	Increase Y/Y (At Midpoint)
Subscription Revenue	\$242M – \$244M	51%
Total Revenue	\$296M – \$298M	39%
Non-GAAP Operating Margin	(1%) – 0%	+168bps
Non-GAAP Net Loss Per Share	(\$0.04) – (\$0.02)	-

Assuming 550M weighted average shares outstanding

Q4'2021 and Full-Year 2021 Guidance includes \$18M from Clarabridge (\$16M subscription and \$2M services)

Full-Year 2021	Full-Year Guidance	Increase Y/Y (At Midpoint)
Subscription Revenue	\$854M - \$856M	49%
Total Revenue	\$1,056M - \$1,058M	38%
Non-GAAP Operating Margin	2.5% – 3.5%	+687bps
Non-GAAP Net Income Per Share	\$0.02 – \$0.04	-

Assuming 515M weighted average shares outstanding

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

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

	3 MONTHS ENDED 9/30/2020	3 MONTHS ENDED 9/30/2021	9 MONTHS ENDED 9/30/2020	9 MONTHS ENDED 9/30/2021	LTM 9/30/2021
GAAP Total Gross Profit	\$143,813	\$204,791	\$402,922	\$566,235	\$728,348
<i>GAAP Gross Margin</i>	<i>75%</i>	<i>75%</i>	<i>73%</i>	<i>75%</i>	<i>75%</i>
Add: Stock-based compensation expense, including cash settled	3,307	9,493	10,002	26,683	28,050
Add: Amortization of acquired intangible assets	265	442	797	973	1,238
Non-GAAP Total Gross Profit	\$147,385	\$214,726	\$413,721	\$593,891	\$757,636
<i>Non-GAAP Gross Margin</i>	<i>76%</i>	<i>79%</i>	<i>75%</i>	<i>78%</i>	<i>78%</i>
GAAP Subscription Gross Profit	\$131,897	\$196,512	\$368,026	\$545,883	\$690,583
<i>GAAP Subscription Gross Margin</i>	<i>89%</i>	<i>89%</i>	<i>89%</i>	<i>89%</i>	<i>89%</i>
Add: Cost of Revenue Stock-based Compensation Expense	725	2,516	3,809	8,522	9,345
Add: Cost of Revenue Amortization of Acquired Intangible Assets	265	442	797	973	1,238
Non-GAAP Subscription Gross Profit	\$132,887	\$199,470	\$372,632	\$555,378	\$701,166
<i>Non-GAAP Subscription Gross Margin</i>	<i>90%</i>	<i>91%</i>	<i>90%</i>	<i>91%</i>	<i>91%</i>

GAAP to Non-GAAP reconciliation

	3 MONTHS ENDED 9/30/2020	3 MONTHS ENDED 9/30/2021	9 MONTHS ENDED 9/30/2020	9 MONTHS ENDED 9/30/2021	LTM 9/30/2021
<i>(\$ in thousands, Fiscal Year Ending December 31)</i>					
GAAP Sales and Marketing Expense	\$103,008	\$161,570	\$322,775	\$449,446	\$558,465
<i>GAAP Sales and Marketing Expense (as % of Revenue)</i>	53%	59%	59%	59%	57%
Less: Stock-based Compensation Expense, including cash settled	(12,086)	(36,651)	(34,933)	(94,917)	(97,861)
Less: Amortization of Acquired Intangible Assets	(51)	(74)	(153)	(176)	(227)
Non-GAAP Sales and Marketing Expense	\$90,871	\$124,845	\$287,689	\$354,353	\$460,377
<i>Non-GAAP Sales and Marketing Expense (as % of Revenue)</i>	47%	46%	52%	47%	47%
GAAP Research and Development Expense	\$62,065	\$83,875	\$168,985	\$226,552	\$270,362
<i>GAAP Research and Development Expense (as % of Revenue)</i>	32%	31%	31%	30%	28%
Less: Stock-based Compensation Expense, including cash settled	(23,919)	(33,697)	(63,165)	(89,410)	(94,600)
Less: Amortization of Acquired Intangible Assets	-	-	-	-	-
Non-GAAP Research and Development Expense	\$38,146	\$50,178	\$105,820	\$137,142	\$175,762
<i>Non-GAAP Research and Development Expense (as % of Revenue)</i>	20%	18%	19%	18%	18%
GAAP General and Administrative Expense	\$60,731	\$236,810	\$155,225	\$637,944	\$658,218
<i>GAAP General and Administrative Expense (as % of Revenue)</i>	31%	87%	28%	84%	68%
Less: Stock-based Compensation Expense, including cash settled	(44,810)	(196,979)	(109,949)	(553,582)	(550,045)
Less: Amortization of Acquired Intangible Assets	(47)	(47)	(141)	(141)	(188)
Less: Acquisition related costs	-	(13,430)	-	(13,430)	(13,430)
Non-GAAP General and Administrative Expense	\$15,874	\$26,354	\$45,135	\$70,791	\$94,555
<i>Non-GAAP General and Administrative Expense (as % of Revenue)</i>	8%	10%	8%	9%	10%

GAAP to Non-GAAP reconciliation

	3 MONTHS ENDED 9/30/2020	3 MONTHS ENDED 9/30/2021	9 MONTHS ENDED 9/30/2020	9 MONTHS ENDED 9/30/2021	LTM 9/30/2021
<i>(\$ in thousands except share and per share amounts, Fiscal Year Ending December 31)</i>					
GAAP Operating Income (Loss)	(\$81,991)	(\$277,464)	(\$244,063)	(\$747,707)	(\$758,697)
<i>GAAP Operating Margin</i>	<i>(43%)</i>	<i>(102%)</i>	<i>(44%)</i>	<i>(98%)</i>	<i>(78%)</i>
Add: Stock-based Compensation Expense, including cash settled	84,122	276,820	218,049	764,592	770,556
Add: Amortization of Acquired Intangible Assets	363	563	1,091	1,290	1,653
Add: Acquisition related costs	-	13,430	-	13,430	13,430
Non-GAAP Operating Income (Loss)	\$2,494	\$13,349	(\$24,923)	\$31,605	\$26,942
<i>Non-GAAP Operating Margin</i>	<i>1%</i>	<i>5%</i>	<i>(5%)</i>	<i>4%</i>	<i>3%</i>
GAAP Net Loss	(\$85,688)	(\$286,033)	(\$258,027)	(\$749,374)	(\$763,849)
<i>GAAP Net Loss Margin</i>	<i>(44%)</i>	<i>(105%)</i>	<i>(47%)</i>	<i>(99%)</i>	<i>(78%)</i>
Add: Stock-based Compensation Expense, including cash settled	84,122	276,820	218,049	764,592	770,556
Add: Amortization of Acquired Intangible Assets	363	563	1,091	1,290	1,653
Add: Acquisition related costs	-	13,430	-	13,430	13,430
Add: Tax Impact of the Non-GAAP adjustments	821	1,094	1,046	3,481	3,481
Non-GAAP Net Income (Loss)	(\$382)	\$5,874	(\$37,841)	\$33,419	\$25,271
<i>Non-GAAP Net Income (Loss) Margin</i>	<i>(0%)</i>	<i>2%</i>	<i>(7%)</i>	<i>4%</i>	<i>3%</i>
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	423,170,610	515,212,996	423,170,610	503,781,082	483,627,209
Non-GAAP Net Income (loss) per share attributable to common stockholders, basic and diluted	\$0.00	\$0.01	(\$0.09)	\$0.07	\$0.05
Net Cash Provided by Operating Activities	(\$90,007)	\$410	(\$312,229)	(\$10,863)	(\$109,356)
<i>Operating Cash Flow Margin</i>	<i>(47%)</i>	<i>0%</i>	<i>(57%)</i>	<i>(1%)</i>	<i>(11%)</i>
Less: Capital Expenditures	(17,217)	(13,464)	(43,054)	(29,711)	(76,175)
Free Cash Flow	(\$107,224)	(\$13,054)	(\$355,283)	(\$40,574)	(\$185,531)
<i>Free Cash Flow Margin</i>	<i>(56%)</i>	<i>(5%)</i>	<i>(65%)</i>	<i>(5%)</i>	<i>(19%)</i>