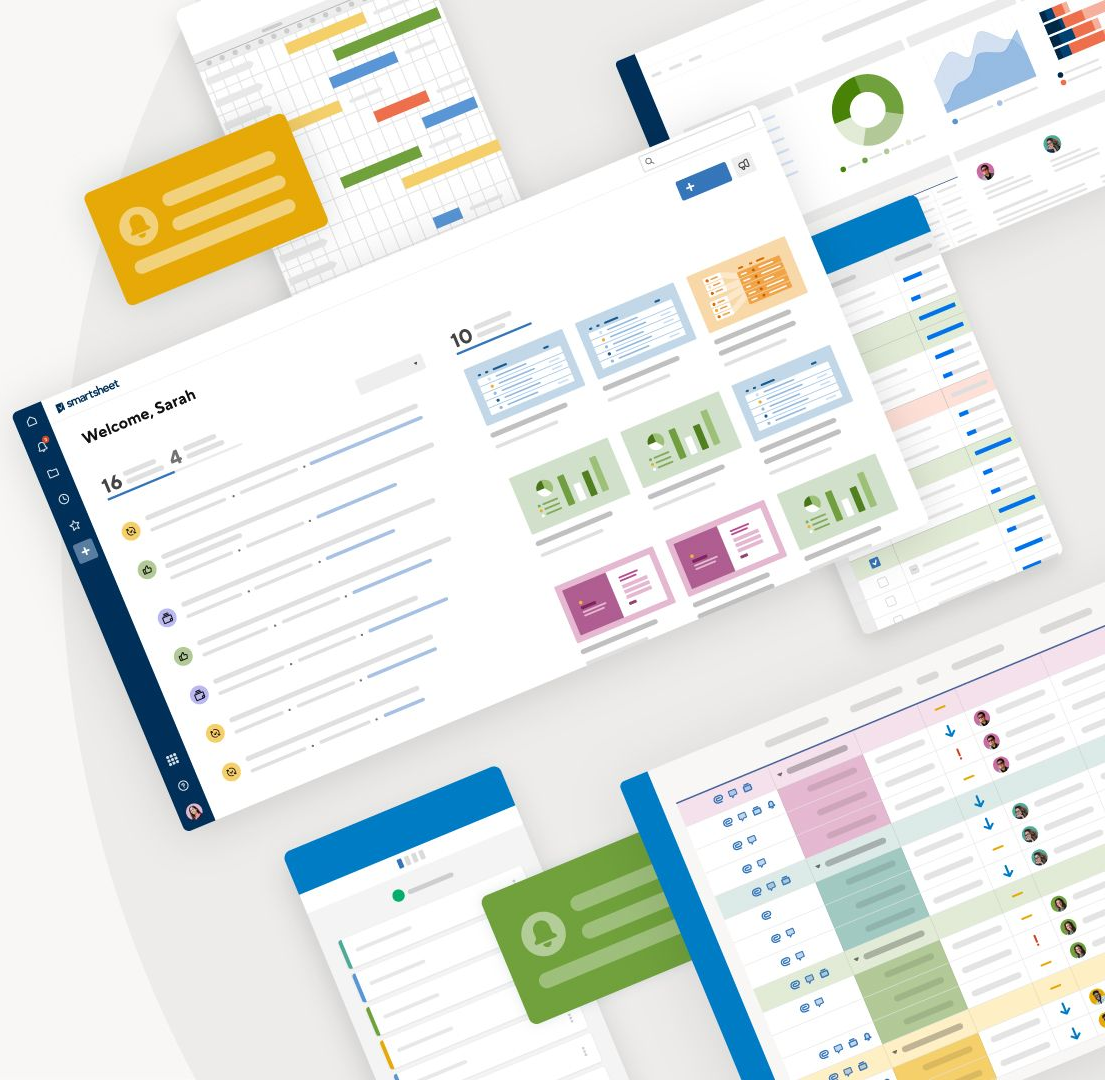




Earnings Conference Call

Q2 Fiscal Year 2022

September 7, 2021



Forward-Looking Statements

This presentation (including the accompanying oral presentation) contains forward-looking statements within the meaning of the federal securities laws, including statements regarding future financial performance, business strategy and objectives, potential market and growth opportunities, technological or market trends, and projected sales and customer retention rates.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations, and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, assumptions, and other factors including, but not limited to, those described in our SEC filings. Moreover, we operate in a competitive and rapidly changing environment in which new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results or performance to differ materially from those contained in any forward-looking statements we may make. Although we believe that the expectations reflected in the forward looking statements are reasonable, these and other factors may cause our actual results, performance, or achievements to differ materially and adversely from those anticipated or implied in our forward-looking statements.

All forward-looking statements contained herein are based on information available to us as of the date hereof and we do not assume any obligation to update these statements as a result of new information or future events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including non-GAAP gross margin, calculated billings, free cash flow, non-GAAP operating expenses, and non-GAAP loss per share. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. Our non-GAAP financial measures may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable U.S. GAAP measure is included in the Appendix to these slides.

Additional risks and uncertainties that could affect our financial results are included in filings we make with the SEC from time to time, including under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These filings are available on our Investor Relations website at <https://investors.smartsheet.com> and on the SEC website at www.sec.gov.



Business highlights



**Mark
Mader**
President & CEO



Financial highlights

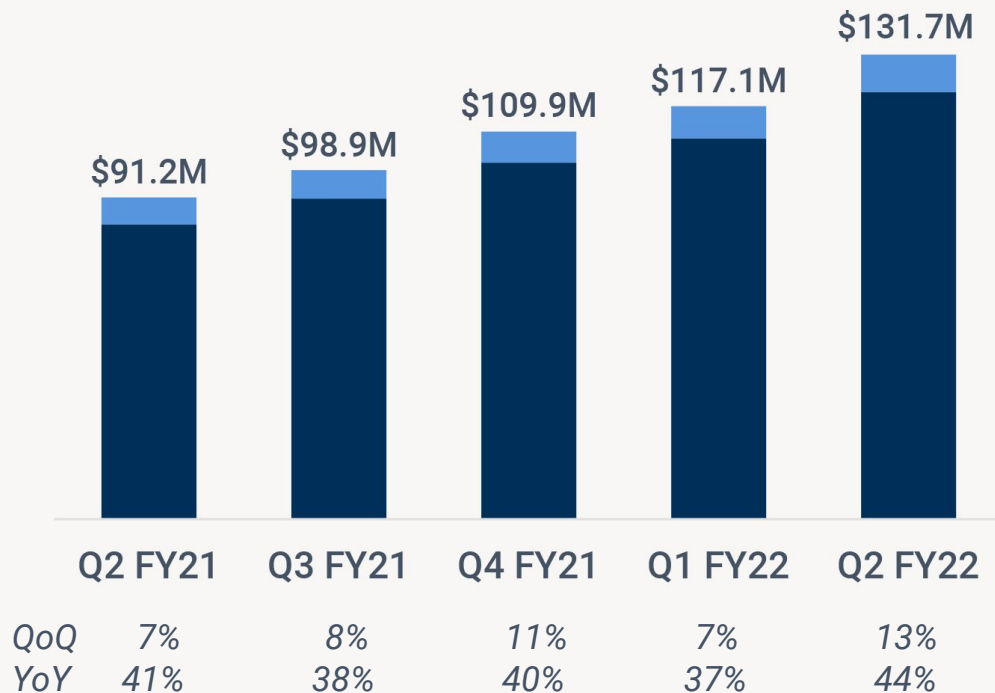


**Pete
Godbole**
CFO



Revenue

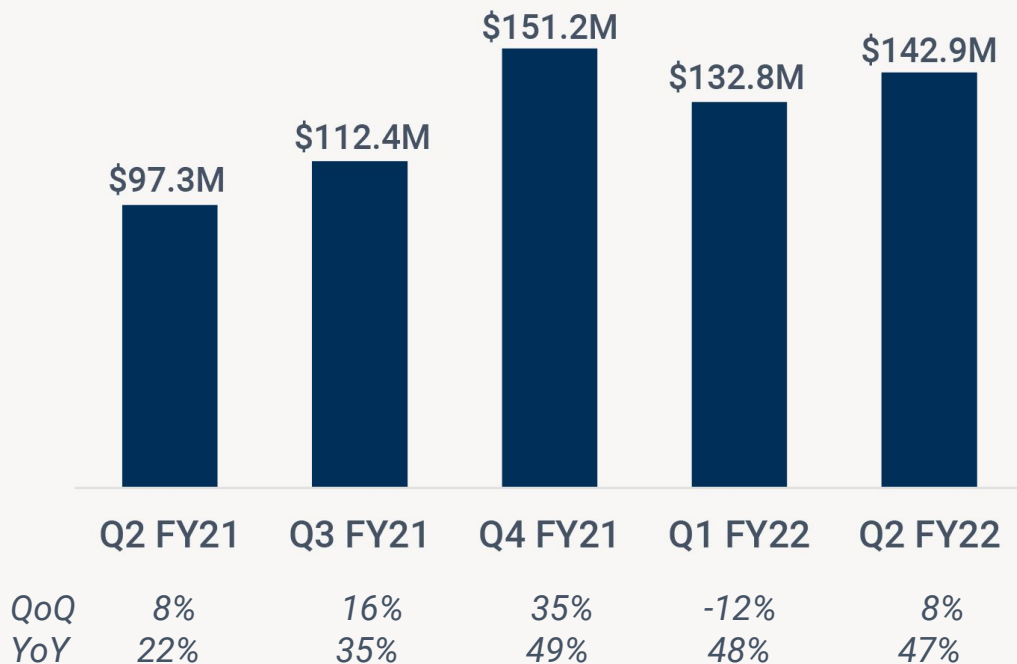
■ Subscription ■ Services



- ◇ Q2 FY22 Subscription revenue was \$121.1M, up 45% YoY
- ◇ Q2 FY22 Services revenue was \$10.6M, up 40% YoY



Calculated Billings



- ◇ Q2 FY22 Subscription billings: 91% annual, 6% monthly and over 3% other
- ◇ Q2 FY22 Services were 7% of billings



Customers by Annualized Contract Value



Annualized contract value (ACV) is the annualized customer contract subscription value



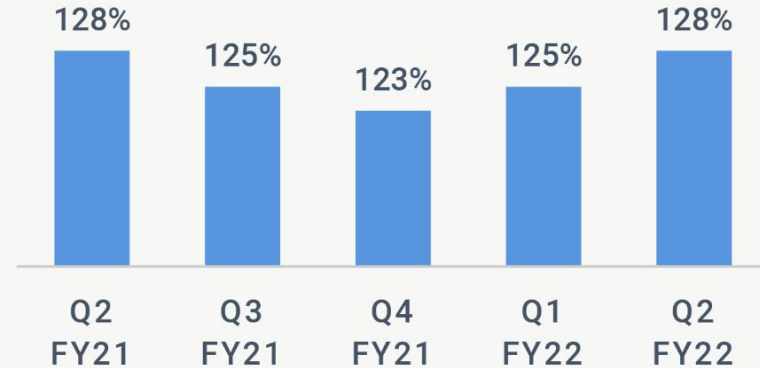
Subscription Metrics

Average Domain ACV



Domain customers are all customers with a unique domain name.

Dollar-Based Net Retention Rate



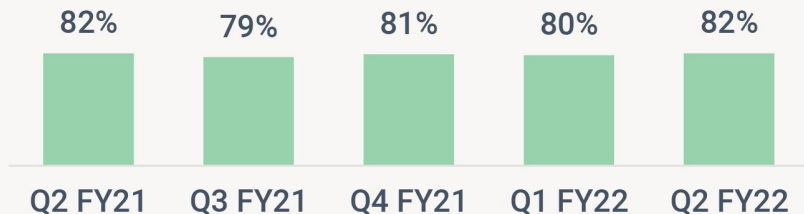
Dollar-based net retention rate is calculated by dividing the aggregate ACV as of the end of the quarter (net of expansions, reductions and cancellations) by the same customer cohort's net aggregate ACV as of the end of the comparable year-ago quarter. This calculation excludes customers acquired within the previous 12 months. Includes domain customers and ISP customers. The calculation excludes customers obtained via the Brandfolder acquisition.



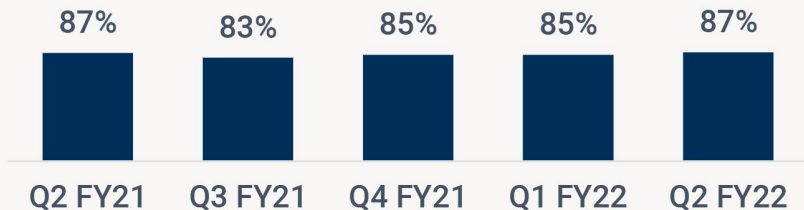
Non-GAAP Gross Margin

Q2 FY22 GAAP Total Gross Margin was 79%

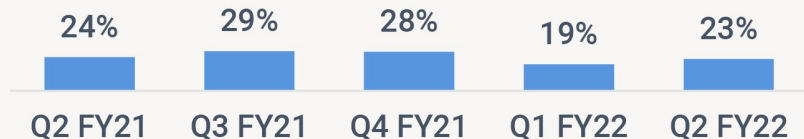
Non-GAAP Total Gross Margin



Non-GAAP Subscription Gross Margin



Non-GAAP Services Gross Margin



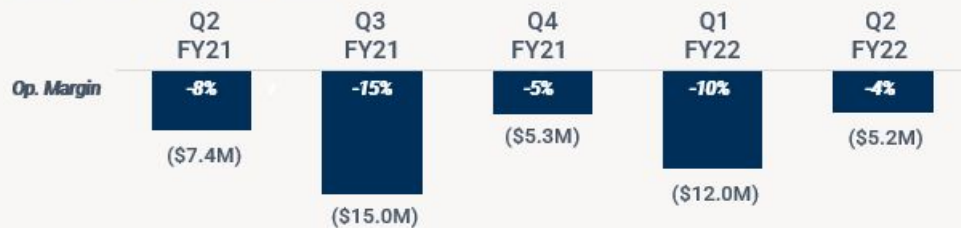
- ◇ QoQ subscription margin improvement driven by scaling personnel and hosting costs
- ◇ QoQ services margin improvement driven by scaling personnel costs



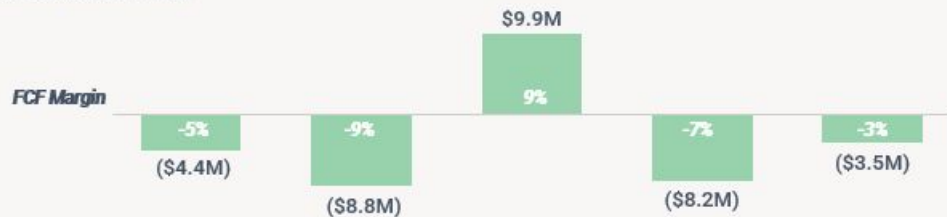
Non-GAAP Operating & Free Cash Flow Margins

Q2 FY22 GAAP Operating Loss was \$43.5M, -33% Op. Margin

Non-GAAP Operating Loss



Free Cash Flow



- ◇ 69% of Q2 FY22 non-GAAP expenses driven by personnel
- ◇ Q2 FY22 CAPEX and capitalized IUS payments were \$5.3M, or 4% of revenue

Free cash flow is defined as net cash provided by (used in) operating activities less cash used for purchases of property and equipment (including internal-use software) and payments on capital lease obligations.



Q3 and Full Year FY22 Guidance

Non-GAAP in \$ millions	FY22			
	Q3		Full Year	
	Low	High	Low	High
Total Revenue	\$138	\$139	\$530	\$533
<i>YoY Change</i>	39%	40%	37%	38%
Operating Income/(Loss)	(\$15)	(\$12)	(\$55)	(\$45)
<i>Operating Margin</i>	-11%	-9%	-10%	-8%
Earnings per Share	(\$0.12)	(\$0.10)	(\$0.44)	(\$0.36)
Calculated Billings	\$149	\$150	\$619	\$622
<i>YoY Change</i>	33%	34%	37%	38%
Free Cash Flow	(\$17)	(\$15)		
<i>FCF Margin</i>	-12%	-11%		

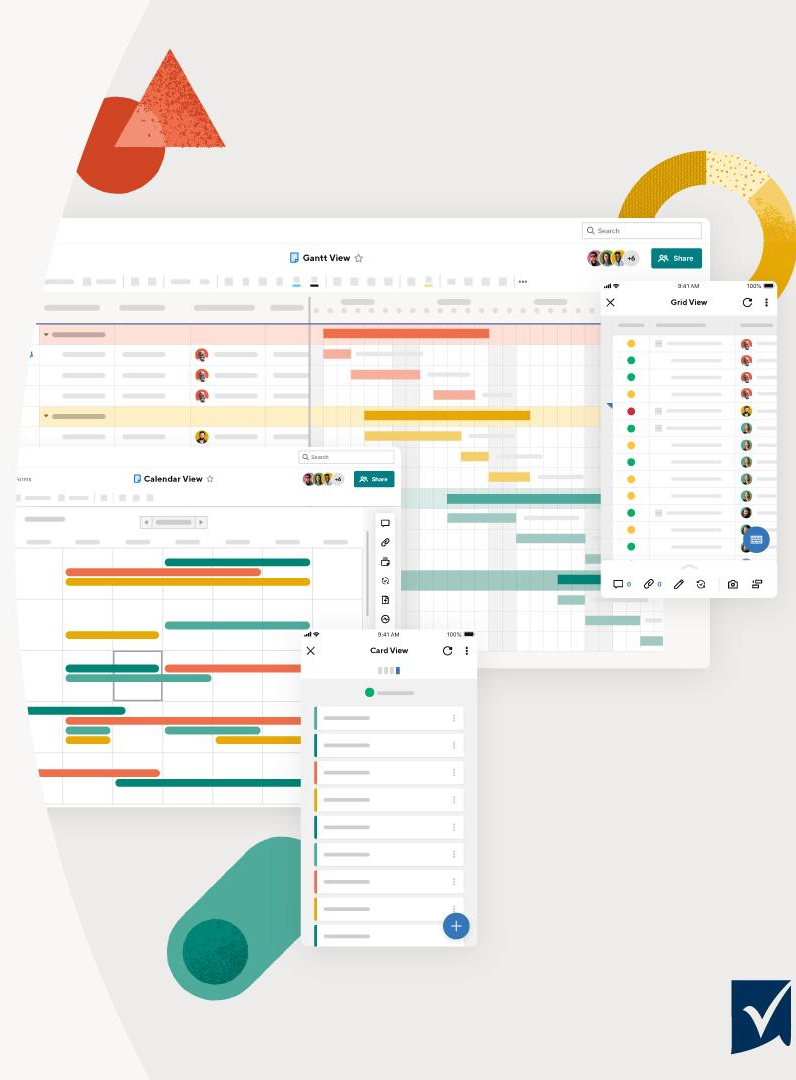
- ◇ Expect Services Revenue to be 7-8% of total FY revenue
- ◇ Expect FY22 Free Cash Flow margin between -6% and -4%

Q3 weighted average basic and diluted shares estimated to be 126.0M

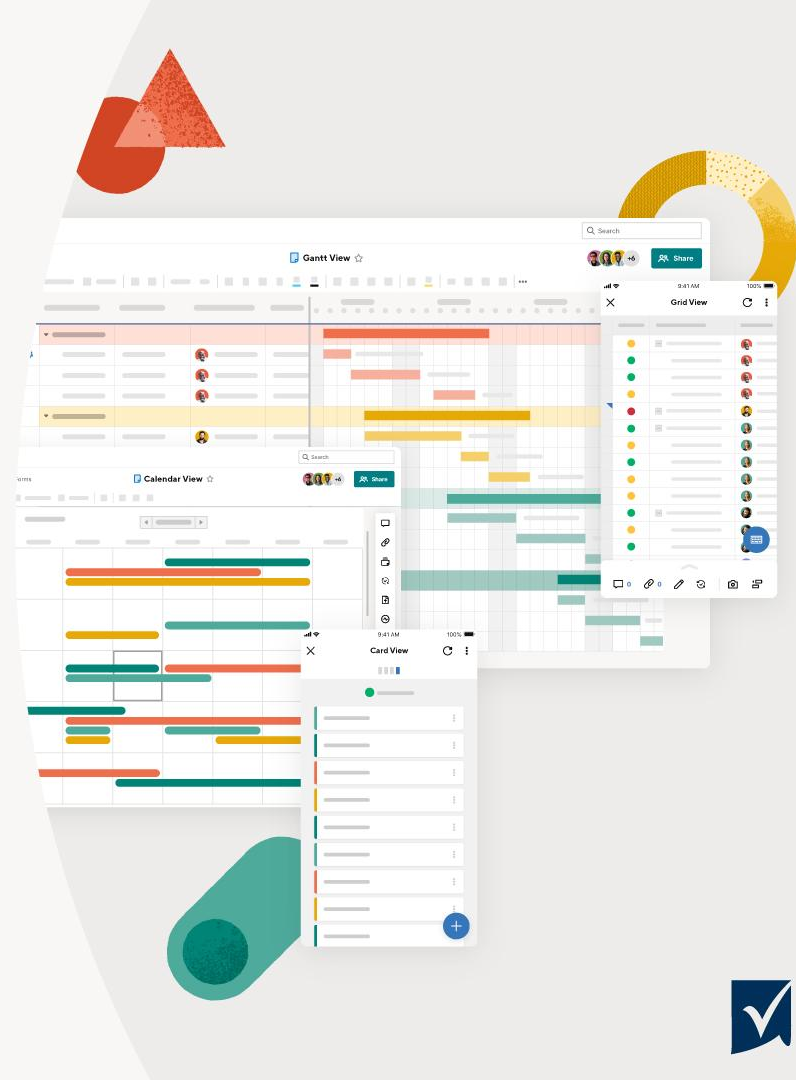
Full year weighted average basic and diluted shares estimated to be 125.0M



Q&A



Appendix



Reconciliation from GAAP to Non-GAAP Operating Loss and Operating Margin

<i>(In Thousands)</i>	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Loss from operations	\$ (43,550)	\$ (26,710)	\$ (81,911)	\$ (55,534)
Add:				
Share-based compensation expense*	28,633	18,160	52,492	32,578
Amortization of acquisition-related intangible assets	2,517	845	5,034	1,689
One-time acquisition costs	-	334	17	342
Litigation expenses and settlements**	7,250	-	7,250	-
Non-GAAP operating loss	<u>\$ (5,150)</u>	<u>\$ (7,371)</u>	<u>\$ (17,118)</u>	<u>\$ (20,925)</u>
Operating margin	-33%	-29%	-33%	-31%
Non-GAAP operating margin	-4%	-8%	-7%	-12%

* Includes amortization related to share-based compensation that was capitalized in internal-use software and other assets in previous periods.

** Relates to matters that are outside the ordinary course of our business.

Reconciliation from GAAP to Non-GAAP Net Loss

<i>(In Thousands)</i>	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Net loss	\$ (44,168)	\$ (26,559)	\$ (81,240)	\$ (54,343)
Add:				
Share-based compensation expense*	28,633	18,160	52,492	32,578
Amortization of acquisition-related intangible assets	2,517	845	5,034	1,689
One-time acquisition costs	-	334	17	342
Litigation expenses and settlements**	7,250	-	7,250	-
Non-GAAP net loss	<u>\$ (5,768)</u>	<u>\$ (7,220)</u>	<u>\$ (16,447)</u>	<u>\$ (19,734)</u>

* Includes amortization related to share-based compensation that was capitalized in internal-use software and other assets in previous periods.

** Relates to matters that are outside the ordinary course of our business.

Non-GAAP Reconciling Items by Functional Area

(In Thousands)	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Share-based compensation expense				
Cost of subscription revenue	\$ 1,602	\$ 1,113	\$ 3,097	\$ 2,008
Cost of professional services revenue	941	566	1,614	999
Research and development	10,024	6,199	18,331	11,327
Sales and marketing	10,315	6,738	18,971	11,844
General and administrative	5,751	3,544	10,479	6,400
Total share-based compensation expense*	\$ 28,633	\$ 18,160	\$ 52,492	\$ 32,578
Amortization of acquisition-related intangible assets**				
Cost of subscription revenue	\$ 1,270	\$ 555	\$ 2,540	\$ 1,111
Sales and marketing	1,247	290	2,494	578
Total amortization of acquisition-related intangible assets	\$ 2,517	\$ 845	\$ 5,034	\$ 1,689
One-time acquisition costs**				
General and administrative	\$ -	\$ 334	\$ 17	\$ 342
Total one-time acquisition costs	\$ -	\$ 334	\$ 17	\$ 342
Litigation expenses and settlements**°				
General and administrative	\$ 7,250	\$ -	\$ 7,250	\$ -
Total litigation expenses and settlements	\$ 7,250	\$ -	\$ 7,250	\$ -

* Includes amortization related to share-based compensation that was capitalized in internal-use software and other assets in previous periods.

** Functional areas not listed are zero for all periods presented.

° Relates to matters that are outside the ordinary course of our business.

Reconciliation from Net Operating Cash Flow to Free Cash Flow

<i>(In Thousands)</i>	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Net cash provided by (used) in operating activities	\$ 1,762	\$ (1,318)	\$ (1,199)	\$ (25,603)
Less:				
Purchases of property and equipment	(3,755)	(971)	(6,975)	(1,989)
Capitalized internal-use software	(1,539)	(1,467)	(3,556)	(3,711)
Payments of principal on finance leases	-	(667)	-	(1,347)
Free cash flow	<u>\$ (3,532)</u>	<u>\$ (4,423)</u>	<u>\$ (11,730)</u>	<u>\$ (32,650)</u>

Reconciliation from Revenue to Calculated Billings

<i>(In Thousands)</i>	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Total revenue	\$ 131,736	\$ 91,222	\$ 248,818	\$ 176,709
Add: Deferred revenue (end of period)	250,826	169,258	250,826	169,258
Less: Deferred revenue (beginning of period)	239,667	163,214	223,997	158,809
Calculated billings	<u>\$ 142,895</u>	<u>\$ 97,266</u>	<u>\$ 275,647</u>	<u>\$ 187,158</u>

Anti-Dilutive Shares at Period End

<i>(In Thousands)</i>	July 31,	
	2021	2020
Shares subject to outstanding common stock awards	11,315	13,103
Shares issuable pursuant to the ESPP	143	145
Total potentially dilutive shares	11,458	13,248

Reconciliation from GAAP to Non-GAAP Operating Loss Guidance

<i>(In Thousands)</i>	Q3 FY 2022		Full Year	
	Low	High	Low	High
Loss from operations	\$ (51,500)	\$ (48,500)	\$ (201,367)	\$ (191,367)
Add:				
Share-based compensation expense*	34,000	34,000	129,000	129,000
Amortization of acquisition-related intangible assets	2,500	2,500	10,100	10,100
One-time costs of acquisition	-	-	17	17
Litigation expenses and settlements**	-	-	7,250	7,250
Non-GAAP operating loss	<u>\$ (15,000)</u>	<u>\$ (12,000)</u>	<u>\$ (55,000)</u>	<u>\$ (45,000)</u>

* Includes amortization related to share-based compensation that was capitalized in internal-use software and other assets in previous periods.

** Relates to matters that are outside the ordinary course of our business.

Reconciliation from GAAP to Non-GAAP Net Loss Guidance

(In Thousands)	Q3 FY 2022		Full Year	
	Low	High	Low	High
Net loss	\$ (51,500)	\$ (48,500)	\$ (201,367)	\$ (191,367)
Add:				
Share-based compensation expense*	34,000	34,000	129,000	129,000
Amortization of acquisition-related intangible assets	2,500	2,500	10,100	10,100
One-time costs of acquisition	-	-	17	17
Litigation expenses and settlements**	-	-	7,250	7,250
Non-GAAP net loss	<u>\$ (15,000)</u>	<u>\$ (12,000)</u>	<u>\$ (55,000)</u>	<u>\$ (45,000)</u>

* Includes amortization related to share-based compensation that was capitalized in internal-use software and other assets in previous periods.

** Relates to matters that are outside the ordinary course of our business.

Q3 weighted average basic and diluted shares estimated to be 126.0M

Full year weighted average basic and diluted shares estimated to be 125.0M

