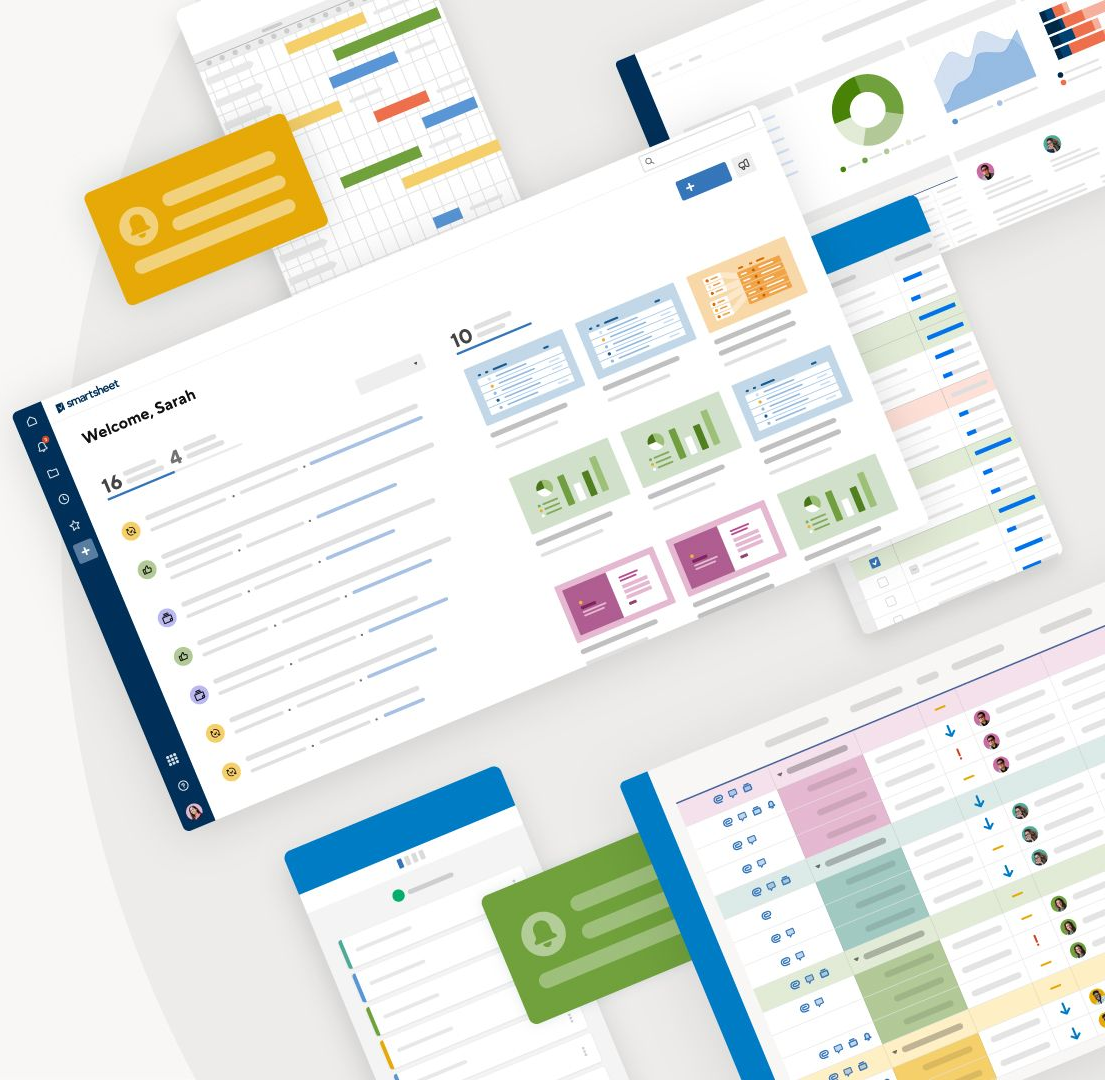




# Investor Day

## Fiscal Year 2022

January 7, 2022



# 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](http://www.sec.gov).

# Agenda



Mark Mader, President & Chief Executive Officer

30 min

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Praerit Garg, Chief Product Officer and EVP, Engineering

30 min

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Pete Godbole, Chief Financial Officer

15 min

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Q&A

30 min

## BUSINESS HIGHLIGHTS

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**Mark Mader**

President and CEO



# Key Business Metrics



ARR Approaching

**\$600M**

Nearly

**10M**

Users

OVER

**100k**

Customers

(Domains + ISPs)

**90%+**

Fortune 100

DBNR - All Customers

**131%**

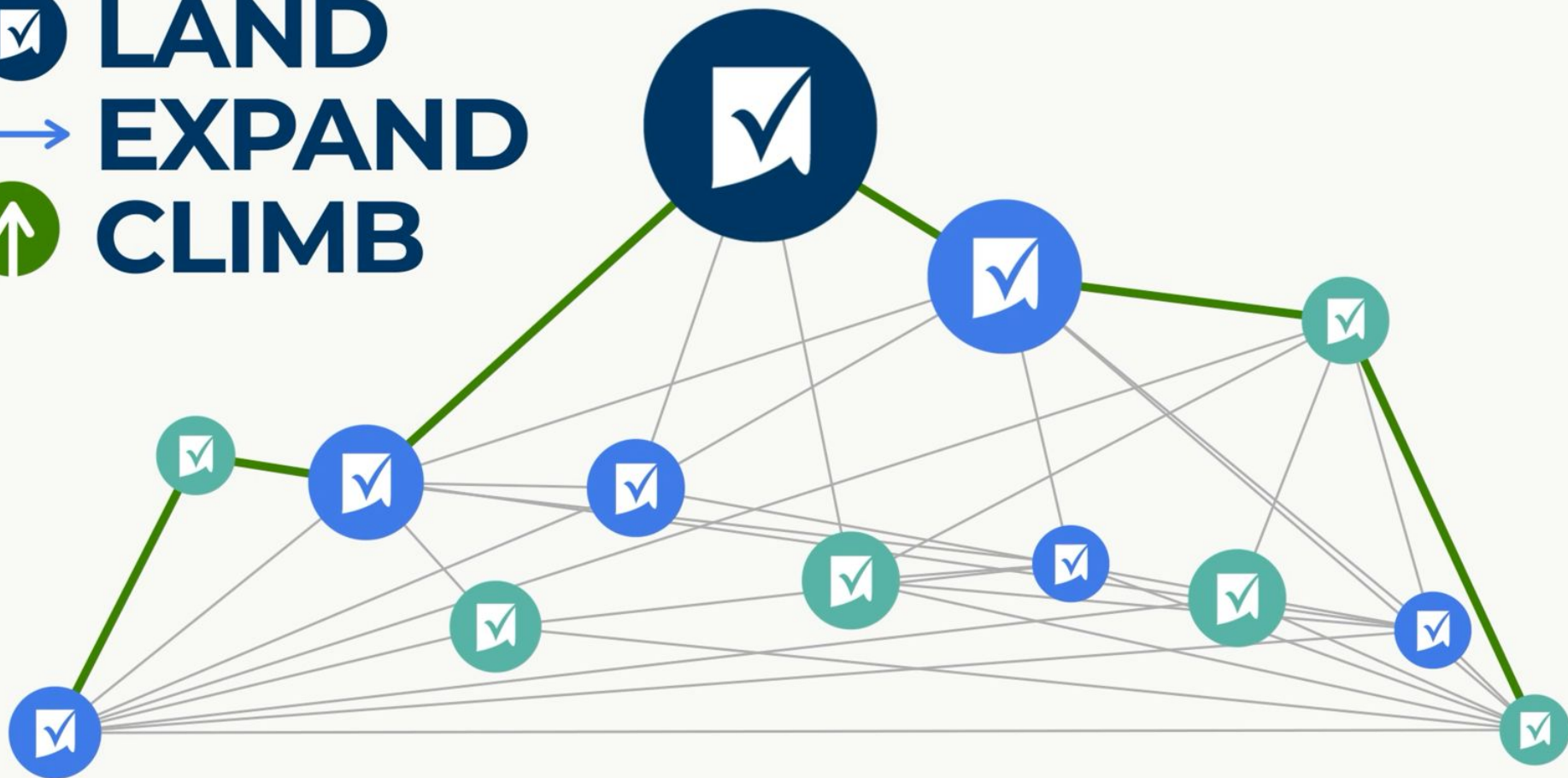
DBNR - Fortune 100

**163%**

# Progress Since 2018 IPO



 **LAND**  
 **EXPAND**  
 **CLIMB**



# Recent Enhancements to the Platform



Improved User Experience

Migrated to Public Cloud

Expanded No-Code Capabilities

Added European & Fedramp  
Authorized Deployment Options

New Market Differentiating  
Products





# Helping organizations scale

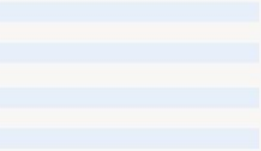


Data Shuttle

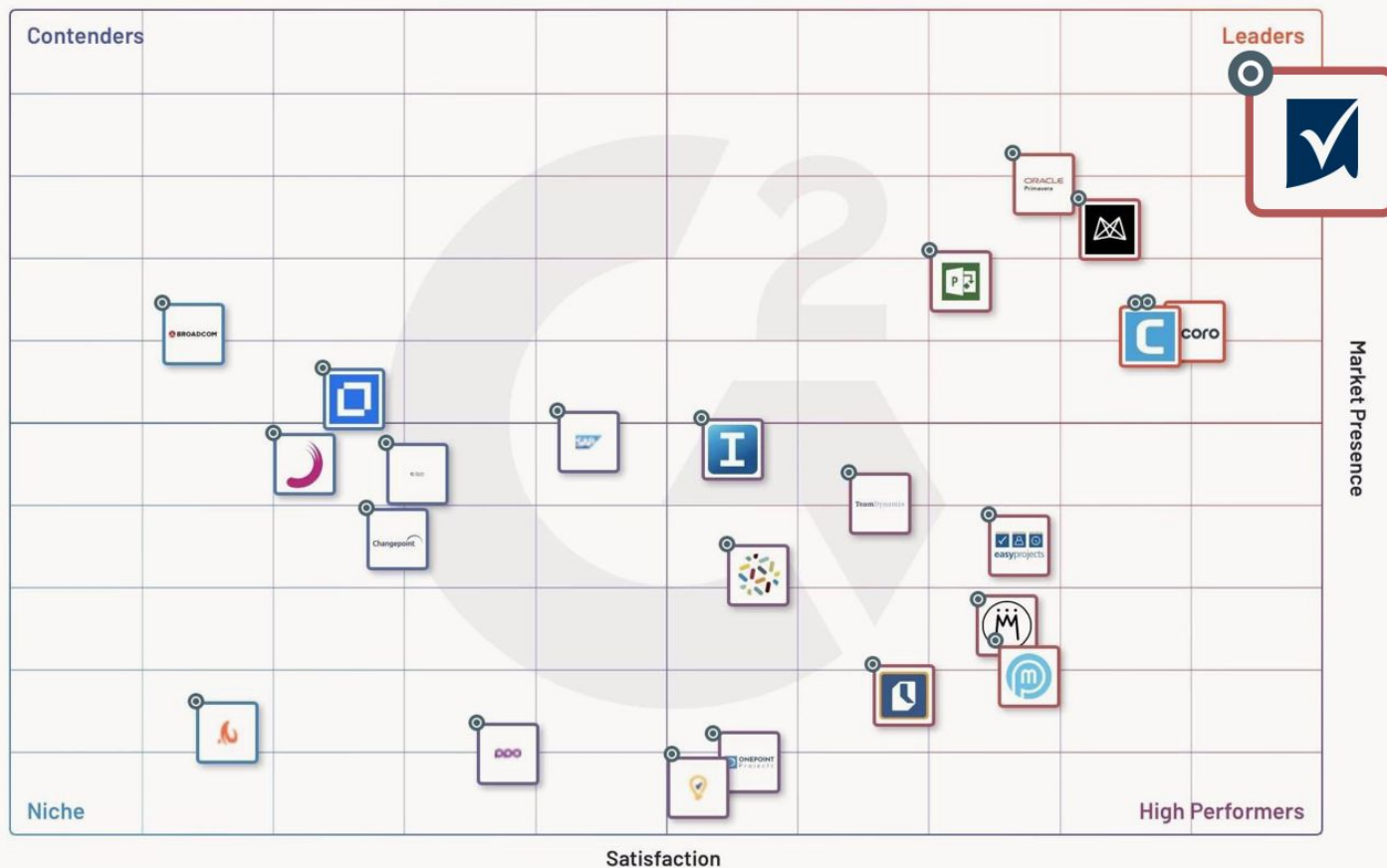
Data Table

Control Center

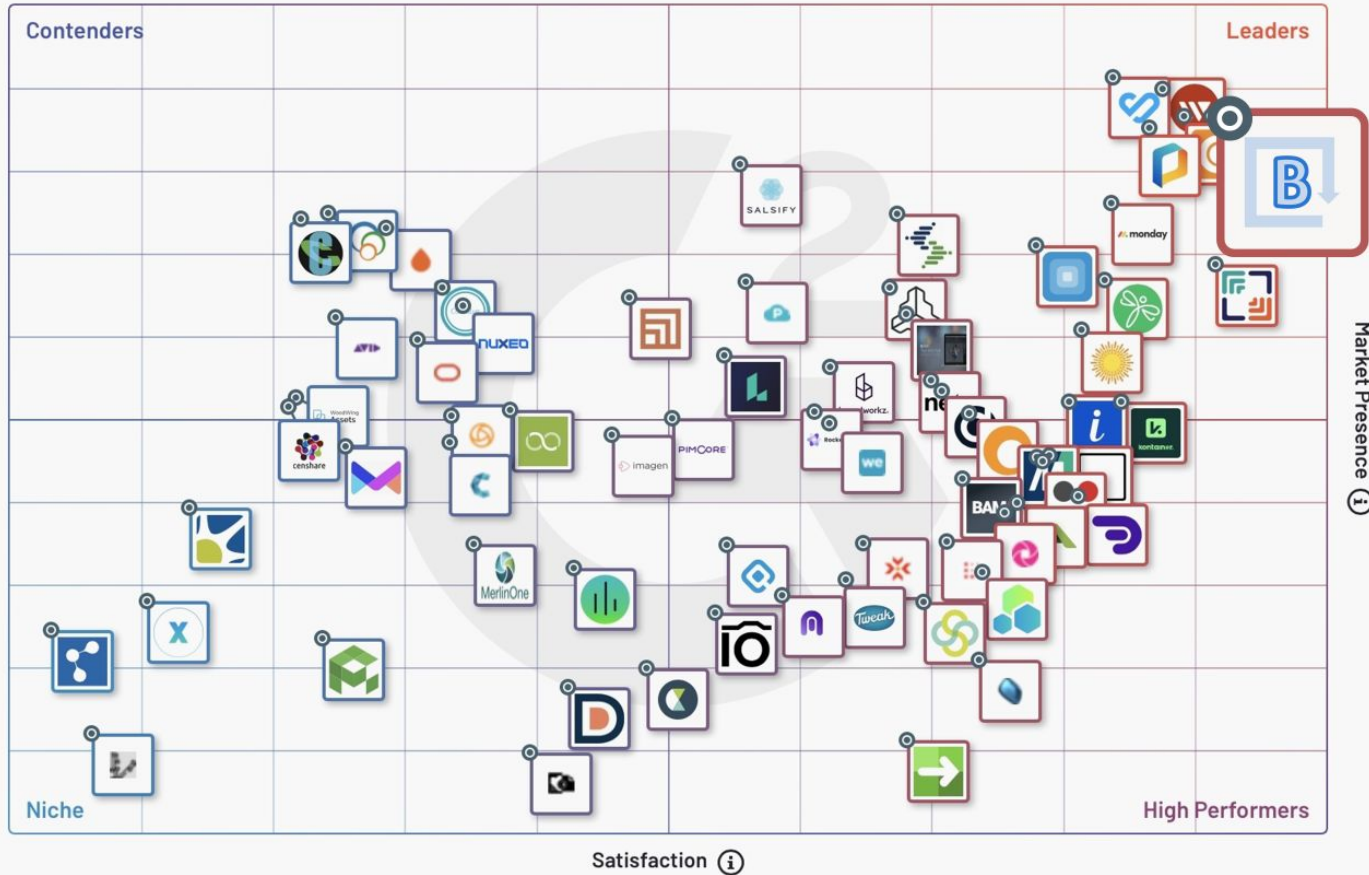
WorkApps



# G2 Grid for PPM



# G2 Grid for DAM



# Three Focus Areas for Sustaining Leadership



**Deliver**  
Enterprise  
Grade  
Experiences

**Customer**  
at the Center  
of All We Do

Relentless  
Focus on  
**Growth**

# Entering 3rd Phase of Growth



## Phase 1: First 10 Years

Identified Unmet Market Need

Created New Market Category

Invested in Go-to-Market

\$50M in AAR

## Phase 2: 2016 to 2021

10x'd our ARR to \$500M

Drove Adoption

Completed Strategic Acquisitions to Enhance Value

Ability to Service Leading Companies at Scale

## Phase 3: 2022 & Beyond

Further Scaling in Existing Markets

Growing Faster in New Markets

Build Business for Durable Long-Term Growth

## PRODUCT HIGHLIGHTS

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**Praerit Garg**

Chief Product Officer and EVP, Engineering

# Audiences we serve

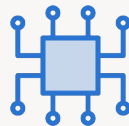


Smartsheet serves organizations of all shapes and sizes from start-ups to small businesses to large enterprises with a focus on the needs of three distinct audiences



## Managers

Need tools that are easy to configure and use to manage increasingly demanding jobs and increase productivity



## IT


Need to ensure the solutions deployed meet the bar for security, compliance, and manageability



## CxO

Need solutions that improve effectiveness, have the agility to adapt to changing needs and scale to support growth

# High Value Workloads Managed at Scale



Smartsheet is a dynamic work platform that is optimized for managing and driving all kinds of **projects**, **programs**, and **processes** happening at organizations of all sizes and across all industries around the world.

- Marketing Programs
- Brand Campaigns
- HR Processes
- IT Projects
- R&D Programs
- Product Launches
- Procurement Processes
- Manufacturing Processes
- Logistics



# Traditional tech stack exposes the challenges in the way we all work.



**SILOED**

Collaboration is cumbersome causing a disconnect between work, people, information



**INVISIBLE**

No view into the status of work and a lack of transparency leads to lack of ownership.



**SLOW**

Tools are hard to configure and use which results in a lack of agility and ability to respond quickly.



**UNCLEAR**

At scale, important information lacks a single source of truth and this hurts decision making.



**FRAGMENTED**

Content and context is disjointed and requires tons of manual effort to sync.



**DISCONNECTED**

Critical information and data stays separated in different systems.

# Traditional Enterprise Tech Stack



## **Systems of Record**

ERP, CRM, ITSM, HCM

## **Email, Docs, Calendar, Storage & Communications**

Microsoft, Google, Dropbox, Slack, Zoom

# But today's work is dynamic...



Processes, programs and projects change, overlap, and frequently have no clear end point.

## **Systems of Record**

ERP, CRM, ITSM, HCM



## **Email, Docs, Calendar, Storage & Communications**

Microsoft, Google, Dropbox, Slack, Zoom

... and requires a dynamic solution.



## **Systems of Record**

ERP, CRM, ITSM, HCM

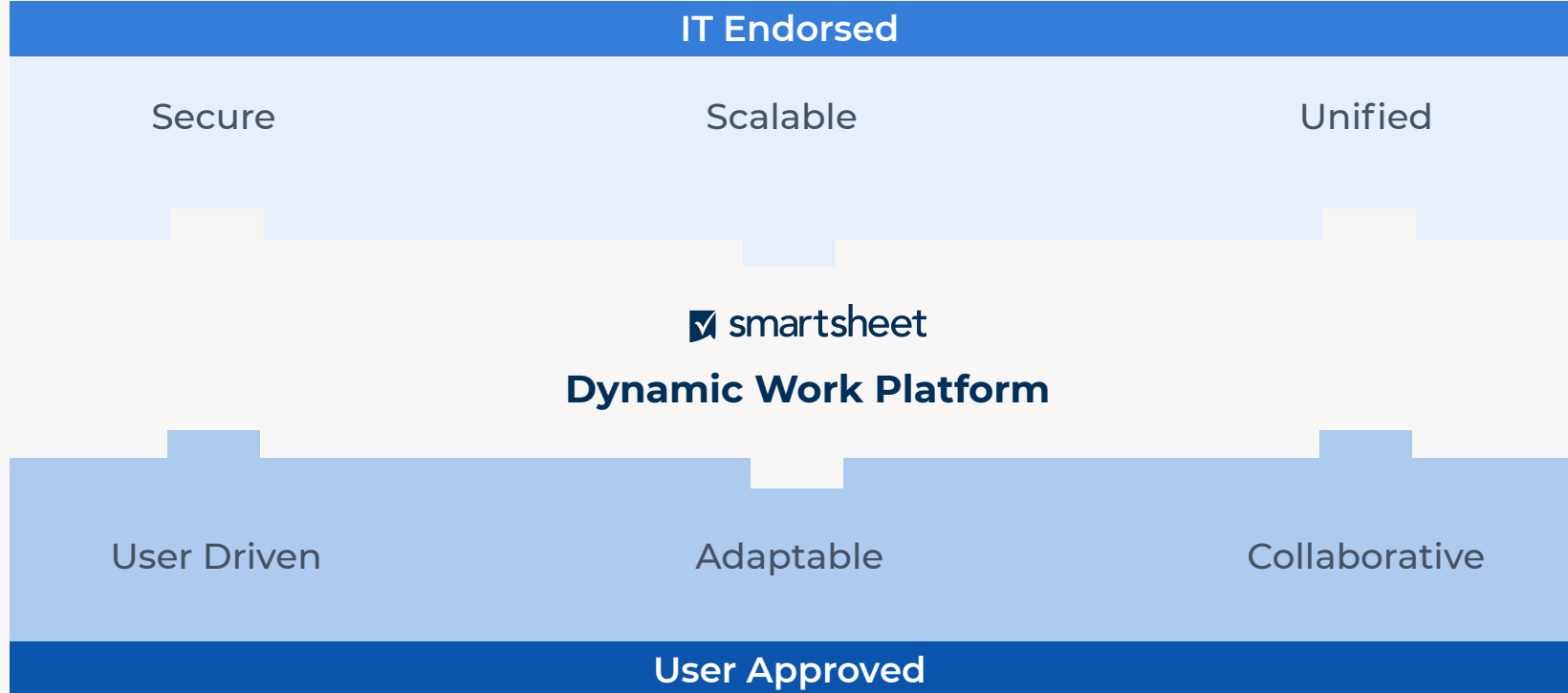


## **Dynamic Work Platform**

## **Email, Docs, Calendar, Storage & Communications**

Microsoft, Google, Dropbox, Slack, Zoom

# Dynamic Platform Principals



# Smartsheet Platform for Dynamic Work



<b>Integrations</b> Seamlessly connect to your enterprise ecosystem	<b>Sales &amp; Marketing</b>    	<b>Finance &amp; HR</b>   	<b>IT &amp; Engineering</b>   	<b>Productivity</b>    	<b>Content</b>   	<b>Chat</b>    	<b>Visualization</b>  	
<b>Solutions</b> Built on Smartsheet Advance	 <b>Smartsheet for PPM</b>		 <b>Smartsheet for Marketing</b>		 <b>Customer Configured Solutions</b>		 <b>Pro-Serve Configured Solutions</b>	
<b>Smartsheet Advance</b> PREMIUM CAPABILITIES A rich set of new capabilities that extend the value of our platform to serve every aspect of business	 <b>Process Management at Scale</b>	 <b>Secure Request Management</b>	 <b>Data Connections</b>	 <b>Intelligent Workflows</b>	 <b>Governance &amp; Administration</b>	 <b>Workforce Insights</b>	 <b>Resource Mgmt.</b>	 <b>Digital Asset Mgmt.</b>
<b>Smartsheet</b> USER LICENSES The flexible, secure platform unifying collaboration, workflows and content	 <b>Executive Visibility</b>	 <b>Team Collaboration</b>	 <b>Project Management</b>	 <b>Project Intake</b>	 <b>Task Automation</b>	 <b>Content Management</b>	 <b>No-Code Apps</b>	

# Smartsheet Advance



## Silver



✓ smartsheet  
**Control Center**

**WorkApps**



✓ smartsheet  
**Dynamic View**



✓ smartsheet  
**Data Shuttle**

## Gold



✓ smartsheet  
**Control Center**

**WorkApps**



✓ smartsheet  
**Dynamic View**



✓ smartsheet  
**Data Table**



✓ smartsheet  
**Data Shuttle  
Bridge**



Connectors



Microsoft  
Dynamics 365

## Platinum



✓ smartsheet  
**Control Center**

**WorkApps**



✓ smartsheet  
**Dynamic View**



✓ smartsheet  
**Data Table**



✓ smartsheet  
**Data Shuttle  
Bridge**



Connectors



Microsoft  
Dynamics 365



Security

- ✓ Event Reporting
- ✓ Customer Managed Encryption Key
- ✓ Data Retention Controls

## FINANCIAL HIGHLIGHTS

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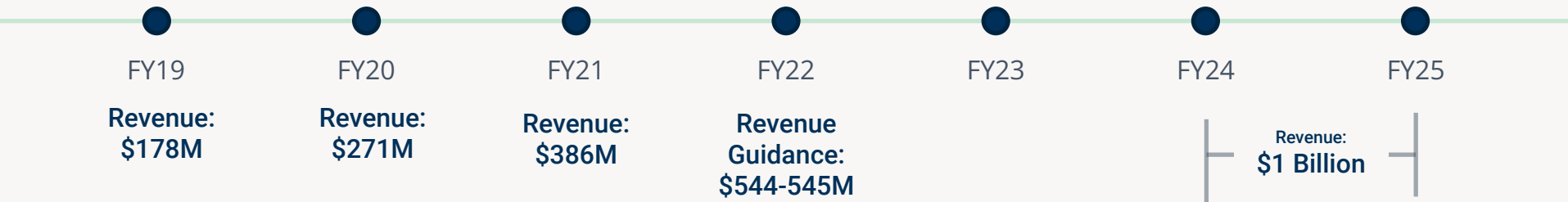
**Pete Godbole**

Chief Financial Officer





# Path to \$1B



## Factors Driving Conviction

- Re-acceleration of revenue and billings
- Improvement across nearly all business metrics
- ARR growth across all industries and customer sizes

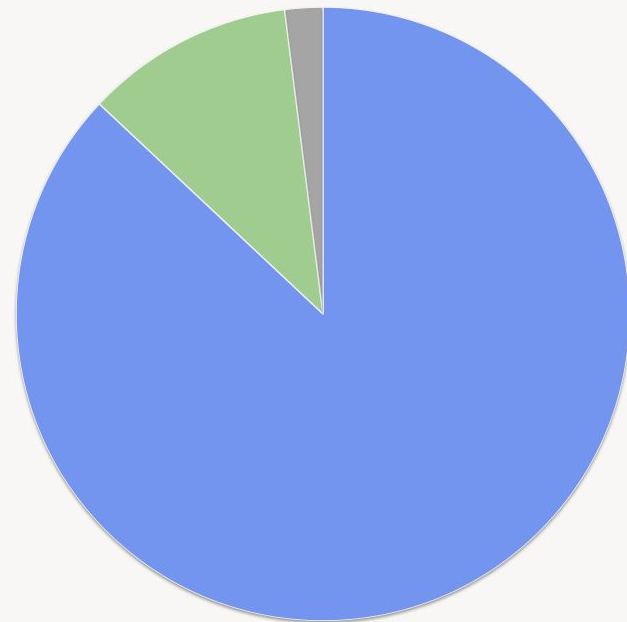
# Large Market Opportunity Ahead



Collaborative Applications **\$51B**

Project & Portfolio Management **\$6B**

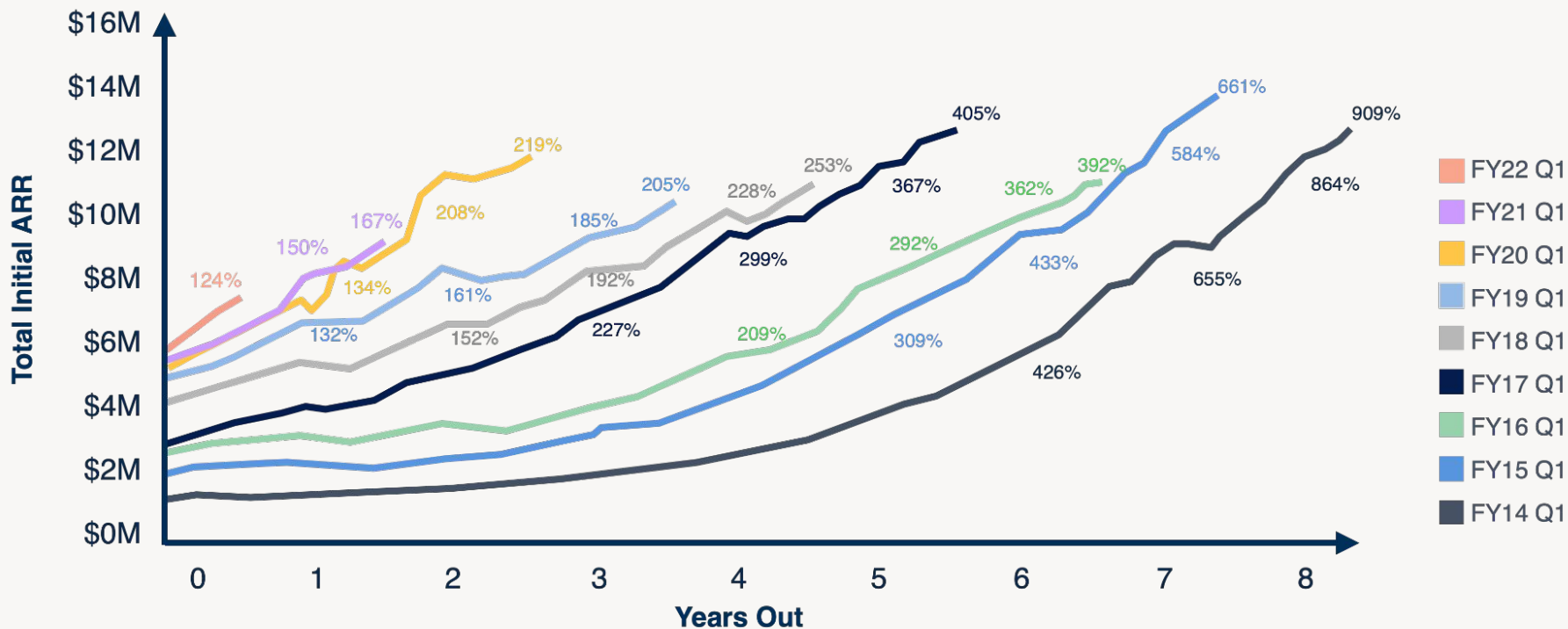
Digital Asset Management **\$1B**



● Collaborative Application ● PPM ● DAM

Note: Based on IDC data for 2025, representing the relevant segments of the entire market

# Customer Cohort Trends\*



# Core Sales Motion



Viral  
Self Discovery and  
Adoption

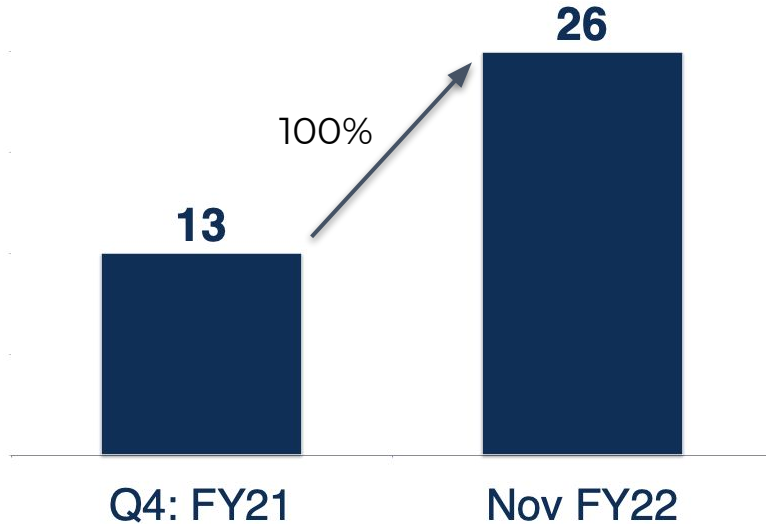
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Assisted  
Sales Motion

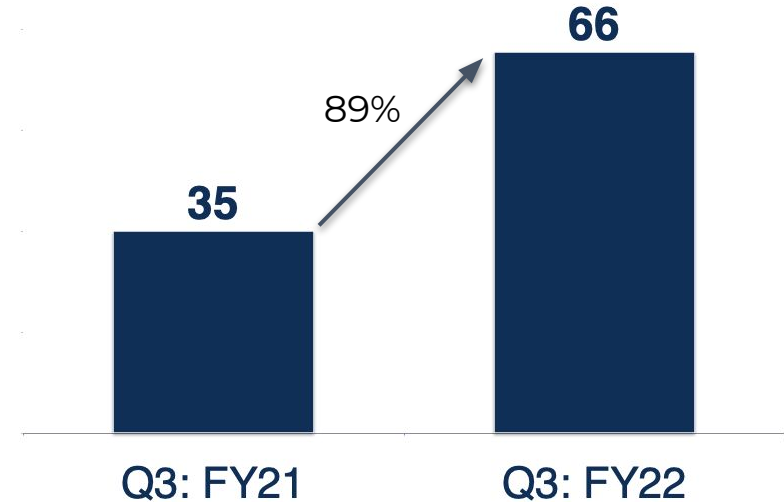
# Large Customer Expansion Journey



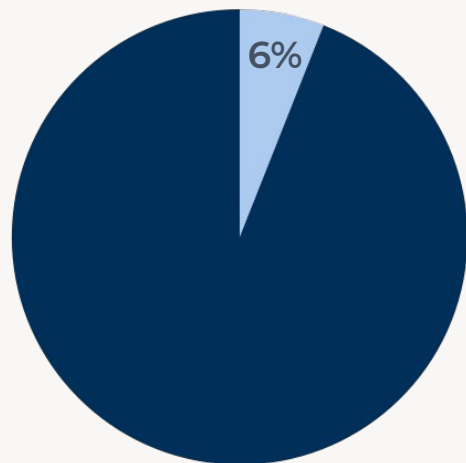
**\$1M ARR Customer Count**



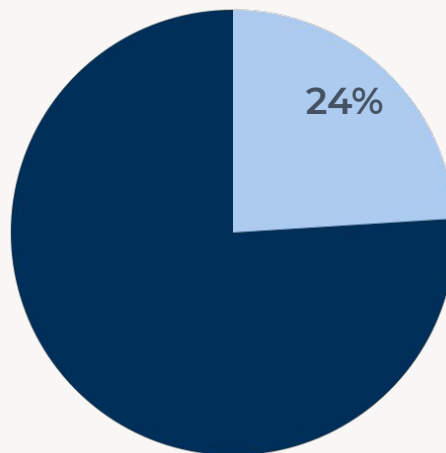
**\$500K ARR Customer Count**



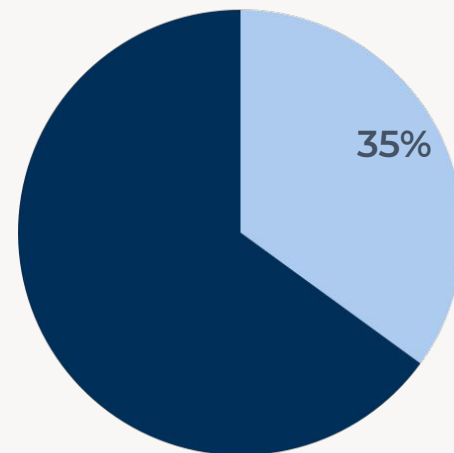
# Makeup of Subscription Revenue



IPO  
Q1:FY19



Current  
Quarter  
Q3:FY22



\$1B Revenue  
FY24-FY25  
(estimated)



Capabilities Revenue



License Revenue

# Large Customer Expansion Journey



Land

Expand

Climb

Initial Land  
< \$1k ARR

Enterprise  
Upgrade  
\$7k ARR

First Capability  
Deployment  
< \$100k ARR

> \$5M  
in ARR

End-User Managed Assessments  
IT Risk Assessments  
End-User Footprint & Needs Assessments  
Enterprise Contracting & Consolidation

Security & User Management

IT Ecosystem Alignment

Use Case & Solution Idea Vetting

Solution Support & End-User Enablement

Communities of Practice Established / Fostering End-User Innovation

Driving Co-Innovation / Advisory Council Participation

2013

2014

2015

2016

2017

2018

2019

2020

2021

# Target Model at Scale



Percent of Revenue	FY19	FY20	FY21	FY22 YTD	Target Ranges
Total Gross Margin	82%	82%	80%	82%	78–80%
Research & Development	30%	30%	24%	22%	13–15%
Sales & Marketing	57%	60%	52%	51%	37–39%
General & Administrative	17%	16%	15%	14%	6–8%
Operating Margin	(22%)	(23%)	(11%)	(5%)	20%+
FCF Margin	(8%)	(10%)	(8%)	(5%)	20%+

As of 10/31/21  
All results and targets presented are Non-GAAP



# Target Model - Medium Term (FY25)



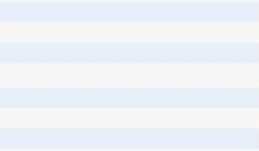
Continue to Invest Responsibly while Achieving the Rule of 40



30% Revenue Growth Rate



FCF Margin Approximately 10%



# The Opportunity Ahead



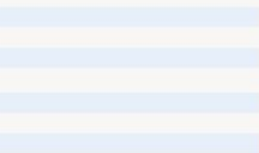
**Strong business momentum across key business metrics**



**Product-market fit spanning organizations of all sizes and verticals**



**Resonance across a variety of customer personas allowing us to rapidly climb within organizations**





# Reconciliation of Non-GAAP Financial Measures

(dollars in thousands)	Year Ended January 31,			
	2019	2020	2021	Nine Months Ended Oct 31, 2021
<b>Reconciliation of gross profit and gross margin</b>				
GAAP Gross profit	\$143,873	\$217,982	\$299,974	\$309,993
Add: Share-based compensation expense	\$812	\$2,651	\$6,531	\$7,374
Add: Amortization of acquisition-related intangible assets	\$456	\$1,631	\$3,656	\$3,810
Add: One-time acquisition costs	\$0	\$69	\$0	\$0
Non-GAAP gross profit	\$145,141	\$222,533	\$310,161	\$321,177
GAAP gross margin	81%	80%	78%	79%
Non-GAAP adjustments	1%	2%	2%	3%
Non-GAAP gross margin	82%	82%	80%	82%
<b>Reconciliation of operating expenses</b>				
GAAP research and development	\$58,841	\$95,469	\$118,722	\$116,706
Less: Share-based compensation expense	\$5,873	\$14,260	\$25,072	\$26,426
Less: One-time acquisition costs	\$5	\$76	\$1	\$0
Non-GAAP research and development	\$52,963	\$81,133	\$93,649	\$88,280
GAAP research and development as a percentage of revenue	33%	35%	31%	30%
Non-GAAP research and development as a percentage of revenue	30%	30%	24%	22%
GAAP sales and marketing	\$106,067	\$176,060	\$230,281	\$231,613
Less: Share-based compensation expense	\$5,163	\$12,937	\$25,921	\$28,566
Less: Amortization of acquisition-related intangible assets	\$24	\$903	\$2,610	\$3,741
Less: One-time acquisition costs	\$16	\$42	\$0	\$0
Non-GAAP sales and marketing	\$100,864	\$162,178	\$201,750	\$199,306
GAAP sales and marketing as a percentage of revenue	60%	65%	60%	59%
Non-GAAP sales and marketing as a percentage of revenue	57%	60%	52%	51%
GAAP general and administrative	\$34,049	\$50,227	\$71,443	\$79,567
Less: Share-based compensation expense	\$4,055	\$7,716	\$14,498	\$16,186
Less: One-time acquisition costs	\$175	\$499	\$376	\$17
Less: Litigation expenses and settlements	\$0	\$0	\$0	\$10,000
Non-GAAP general and administrative	\$29,819	\$42,012	\$55,969	\$53,364
GAAP general and administrative as a percentage of revenue	19%	19%	19%	20%
Non-GAAP general and administrative as a percentage of revenue	17%	16%	15%	14%
<b>Reconciliation of operating loss and operating margin</b>				
GAAP operating loss	(\$55,084)	(\$103,774)	(\$120,472)	(\$117,891)
Add: Share-based compensation expense	\$15,903	\$37,564	\$72,022	\$80,552
Add: Amortization of acquisition-related intangible assets	\$480	\$2,734	\$6,266	\$7,551
Add: One-time acquisition costs	\$196	\$686	\$977	\$17
Add: Litigation expenses and settlements	\$0	\$0	\$0	\$10,000
Non-GAAP operating loss	(\$38,505)	(\$62,790)	(\$41,207)	(\$19,771)
GAAP operating margin	-31%	-38%	-31%	-30%
Non-GAAP adjustments	3%	15%	21%	25%
Non-GAAP operating margin	-22%	-23%	-11%	-5%
<b>Reconciliation of free cash flow</b>				
Net cash used in operating activities	(\$2,855)	(\$10,870)	(\$15,648)	(\$3,360)
Less: Purchases of property and equipment	(\$5,767)	(\$5,153)	(\$4,176)	(\$3,169)
Less: Capitalized internal-use software development costs	(\$3,017)	(\$6,699)	(\$7,608)	(\$5,509)
Less: Payments on principal of finance leases	(\$3,253)	(\$4,167)	(\$4,129)	\$0
Free cash flow	(\$14,892)	(\$26,889)	(\$31,561)	(\$16,038)
Net cash used in operating activities margin	-2%	-4%	-4%	-1%
Non-GAAP adjustments	-6%	-6%	-4%	-4%
Free cash flow margin	-8%	-10%	-8%	-5%