



Real human insight, delivered real fast

Improve your products, services, and brands by watching video-based feedback from people sharing their real reactions and experiences.

Investor Presentation

August 4, 2022

Forward-looking statements and non-GAAP financial measures

This presentation by UserTesting, Inc. (“UserTesting,” the “Company,” “we,” “us,” or similar terms) contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, market size and growth opportunities, plans for future operations, competitive position, technological capabilities, and strategic relationships, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “target,” “plan,” “expect,” and similar expressions. You should not put undue reliance on any forward-looking statements. There are a significant number of factors that could cause our actual results, performance, or achievement to differ materially and adversely from the statements made in this presentation, including: intense competition in our market; our ability to attract new customers and renew and expand sales to existing customers; our ability to effectively introduce enhancements to our platform, including new products, services, features, and functionality, that achieve market acceptance or keep pace with technological developments; quarterly fluctuations in operating results; our ability to maintain data privacy and data security; our limited operating history under our current business and pricing models; our ability to effectively manage growth; our ability to expand internationally; unfavorable conditions in our industry and other general market, political, economic, and business conditions, including those related to the continuing impact of COVID-19, heightened inflation and rising interest rates. For more information regarding the risks and uncertainties that could cause actual results, performance, or achievement to differ materially and adversely from those expressed or implied in these forward-looking statements, as well as risks relating to our business in general, we refer you to the “Risk Factors” section of our Securities and Exchange Commission (the “SEC”) filings, including our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 filed on May 4, 2022, our Quarterly Report on Form 10-Q to be filed for the quarter ended June 30, 2022, and other filings and reports that we may file from time to time with the SEC, copies of which are available on our website at <https://ir.useresting.com> and on the SEC’s website at www.sec.gov. You should not rely on these forward-looking statements, as actual outcomes and results may differ materially from those contemplated by these forward-looking statements as a result of such risks and uncertainties. All forward-looking statements in this presentation are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date of this presentation or to reflect new information or the occurrence of unexpected 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.

This presentation contains statistical data, estimates, and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation. All trademarks, service marks, and trade names appearing in this presentation are the property of their respective holders and are used for reference purposes only. Solely for convenience, our trademarks and trade names referred to in this presentation appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor, to these trademarks and trade names. Use of trademarks, service names, and trade names in this presentation should not be construed as an endorsement of the platform, products, services, or features of UserTesting. T. Rowe Price has granted us a limited, non-exclusive, non-transferable, revocable, and royalty-free license to use the copyrighted material and the trademarks of T. Rowe Price in accordance with the intended use in the United States for a period of twelve (12) months commencing on August 10, 2021.

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), including non-GAAP gross margin, non-GAAP subscription gross margin, free cash flow margin, and non-GAAP operating expenses, which are used by management in making operating decisions, allocating financial resources, and internal planning and forecasting, and for business strategy purposes, have certain limitations, and should not be construed as alternatives to financial measures determined in accordance with GAAP. The non-GAAP measures as defined by us may not be comparable to similar non-GAAP measures presented by other companies. Our presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that our future results will be unaffected by other unusual or non-recurring items. A reconciliation is provided in the appendix to this presentation for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

UserTesting Overview

~\$190MM

Annualized Revenue
Q2'22⁽¹⁾

36%

Revenue Growth
Q2'22 YoY⁽²⁾

90%+

Subscription
Revenue Mix⁽²⁾

2,500+

Customers;
~25% Q2'22 YoY Growth⁽²⁾⁽³⁾

375+

Large Customers (\$100K+ ARR);
50%+ Q2'22 YoY Growth⁽²⁾⁽³⁾

55%

International Revenue Growth
Q2'22 YoY;
21% of total revenue⁽²⁾

112%

Net Dollar-Based Revenue
Retention⁽²⁾⁽⁴⁾

80%+

Non-GAAP Subscription
Gross Margin⁽²⁾⁽⁶⁾

(19%)

Free Cash Flow Margin
in 1H 2022⁽⁵⁾⁽⁶⁾

Notes
1. Calculated as Q2'22 revenue x 4.
2. For the three months ended or as of June 30, 2022, as applicable.
3. A customer in a particular period is defined as a customer for whom we recognize subscription revenue in the last month of the measurement period. We define a single customer as the parent entity of the subsidiaries and divisions that contract with us. If a customer has multiple subsidiaries or divisions, then we aggregate subscription revenues from all entities to the parent level.
4. Net dollar-based retention rate in a quarter is calculated by dividing: (i) the total subscription revenue of the customer cohort in the current quarter by (ii) the total subscription revenue of those same customers in the same quarter of the prior year.
5. For the six months ended June 30, 2022.
6. See appendix for reconciliation of non-GAAP metrics to most comparable GAAP metrics.

The interface between businesses and customers has dramatically changed

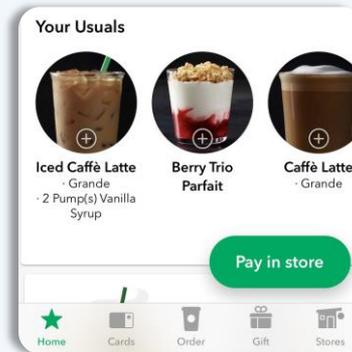
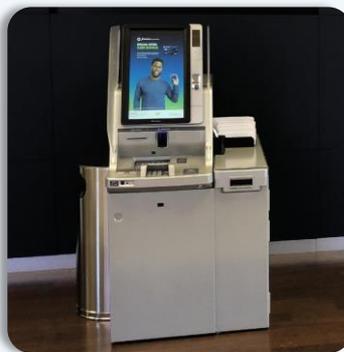
Then:

Face-to-face

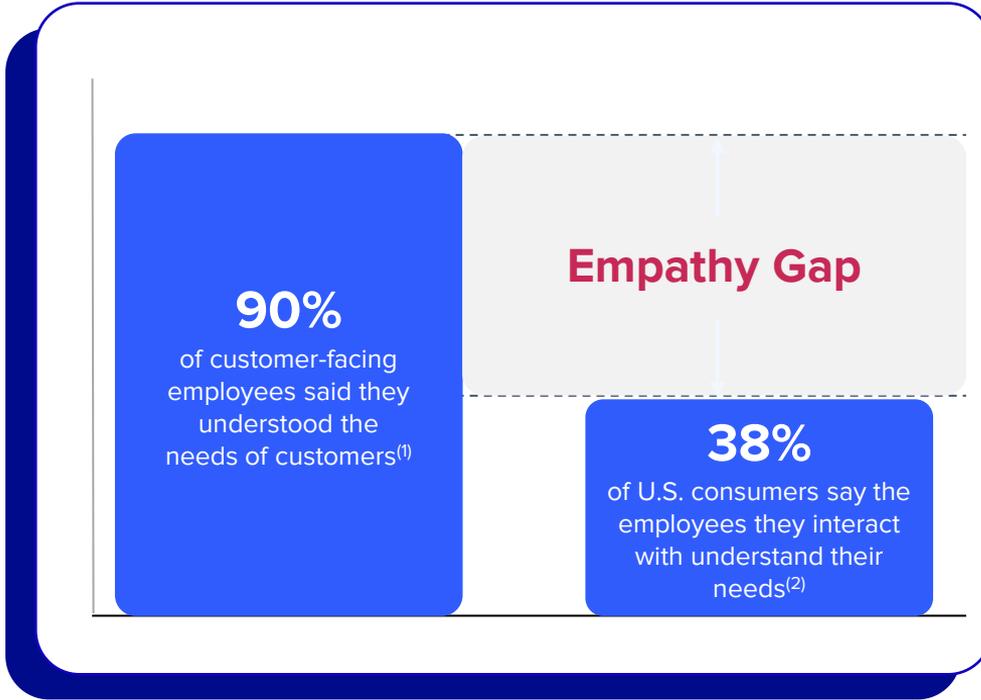


Now:

Behind a computer or a device



Creating a disconnect between customer needs and experiences delivered



**Impacting customer loyalty,
revenue, market share**

Notes:

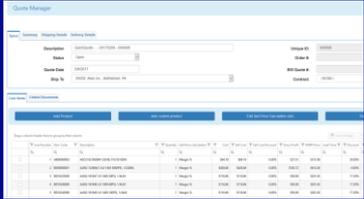
1. Gartner, Executive Leadership: Customer Experience Strategies Primer for 2021, February 4, 2021.

2. PwC, Experience is everything: Here's how to get it right, November 2020, <https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/future-of-customer-experience.html>

Organizations are spending billions to understand their customers through data

But one essential question remains...

What am I doing with my customer?



CRM

What is my customer doing in my product?



Product, Mobile Apps, and Web Analytics

What is the customer sentiment?



Customer Experience Management

What is it like to be my customer?



How it works



Ask any question



Target anyone



Engage & empathize



Discover & analyze



Share insights



1. Observe their facial expressions and body language



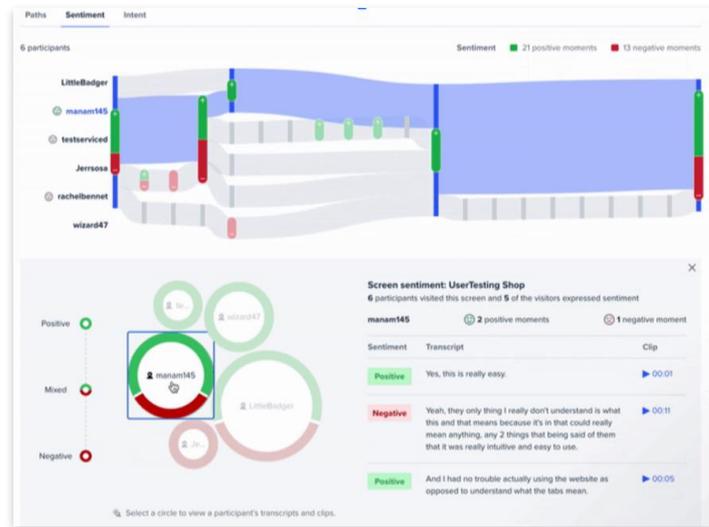
2. See visuals of their experience



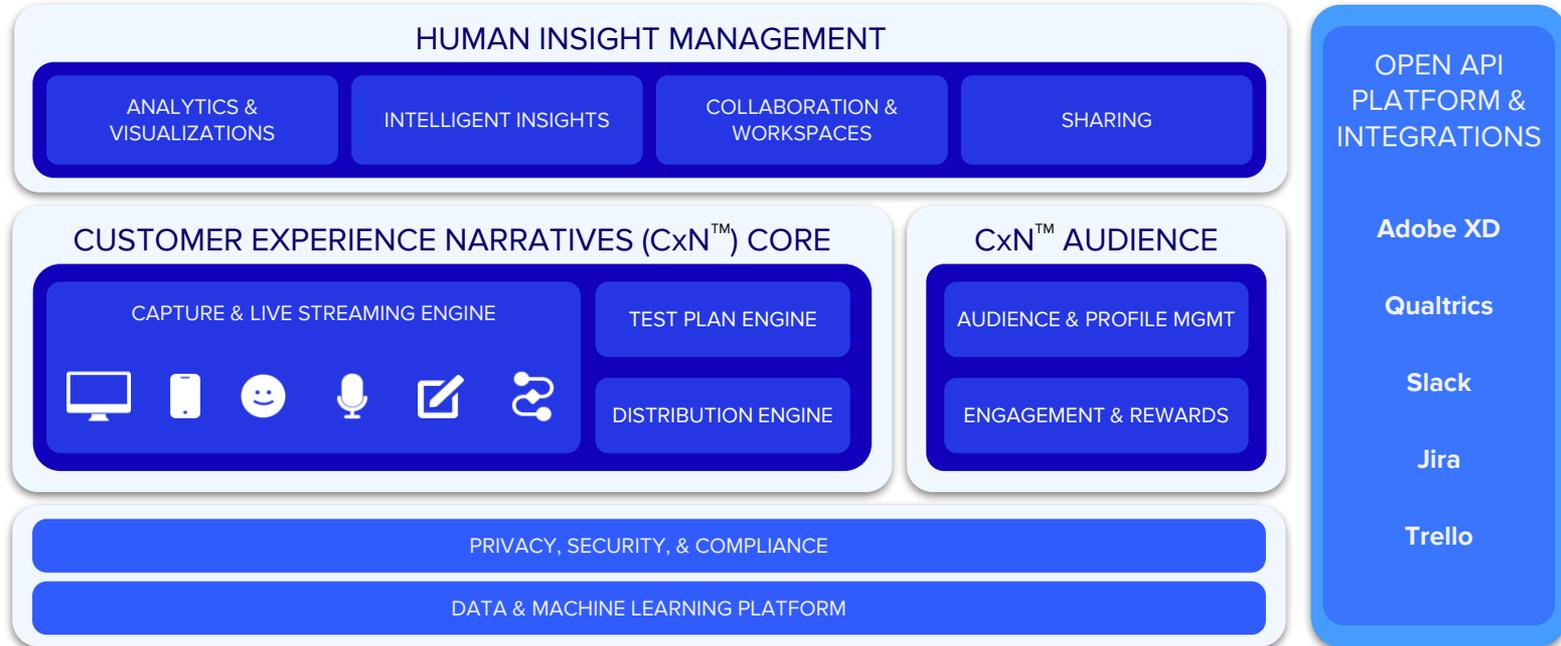
3. Hear their tone of voice and intonation



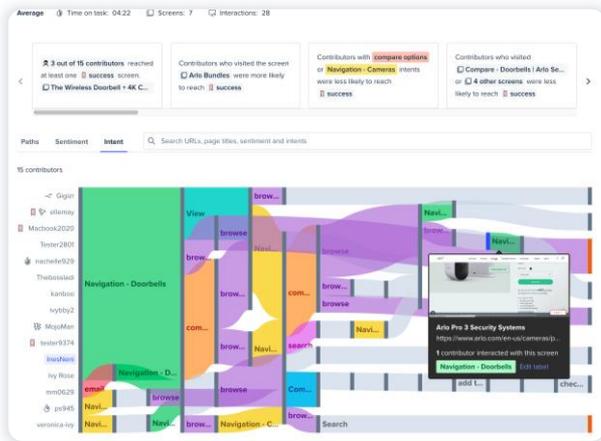
4. Learn from their digital and real world interactions



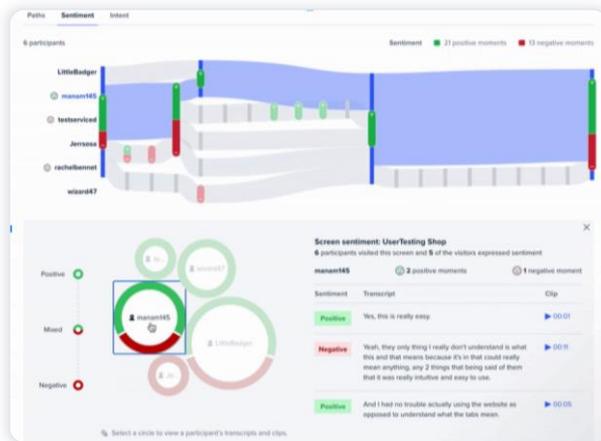
The UserTesting Human Insight Platform



Video analytic capabilities



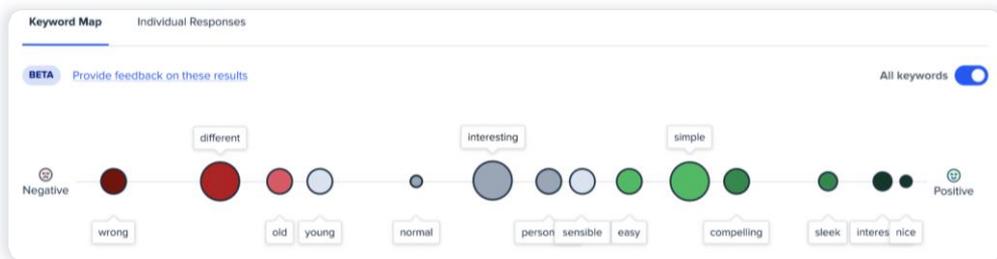
Interactive path flow



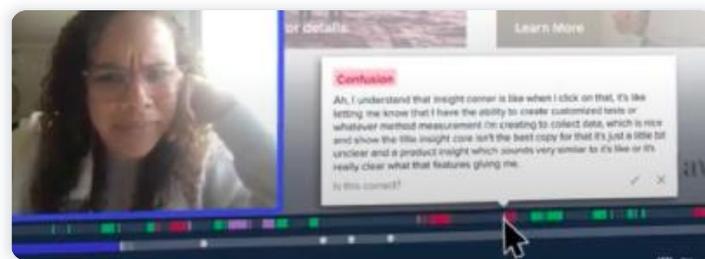
Sentiment overlay

Easy	Wow, that was super easy.
Pain point	Sometimes it's more difficult to find the curbside pickup The map is difficult to navigate on the smaller screen.
Dislike	It's frustrating when it's clear that the experience isn't optimized for mobile and it's more difficult to purchase from
Suggestion	What would be really great is if they could show the closest possible stores based on my current location. It would be amazing if it also included who had it in stock.
Like	Oh, wow, they do have an option to filter by locations with the product in stock. And it looks like they can even do delivery to store. I love that. That makes it super convenient.
Like	Ok, this is a pretty solid experience. I feel like I would shop here more often knowing they offer all these options.
Like	This is pretty good. Love the options that they have now.

Transcripts



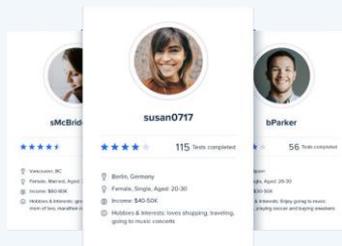
Keyword map



Smart tags

Our industry-leading Contributor Network drives key network effects

Purpose-built UserTesting Contributor Network



Powering more than half of the top brands in the world⁽¹⁾⁽²⁾



Speed, Quality, & Scale

Most CxNs™ delivered
in a few hours

Qualified Global
Contributor Network

Millions of minutes of
video delivered

Notes:

1. Forbes, The 2020 World's Most Valuable Brands.
2. As of June 30, 2022.

To create leading experiences in today's world, organizations must...

build continuous learning into their processes



seek diverse perspectives



measure & learn beyond what they've already built



Expanding enterprise use cases

Today

Digital

- Ecommerce & purchasing
- Browsing experience
- Product detail pages

Product

- Needs discovery
- Problem definition
- Feature prioritization

Marketing

- Buyer persona characteristics
- Messaging and positioning
- Value prop validation

Research & Design

- Diary studies
- Cardsorting & tree testing
- Competitive assessments

Customer Experience

- Customer journey
- Customer satisfaction
- Support experience

Emerging

HR

- Candidate experience
- New hire onboarding
- Benefits registration

Customer Support

- Chat experience
- CSAT optimization
- Self-service experience

IT

- Existing system changes
- Internal security messaging
- Helpdesk experience

Training

- Curriculum design
- Training optimization
- Content comprehension

Operations

- Workflow automation experience
- Business requirements definition
- Internal communications testing

Success across broad range of industries and leading global organizations

B2B Technology	B2C Technology	Health & Fitness	Retail & Apparel	Travel & Hospitality	Financial Services	Automotive & Transportation	Food & Beverage	Consumer Products	Other Industries

Customer stories at UserTesting.com

Explore the power of human insight
across industries

Industry Company Size Role Customer Type Region

APPLY



Automotive, Technology

Adobe Consulting Services - BRP

A partnership story of how human insight helped make digital experiences as good as the #1 product experience

[See Story](#)



Retail & E-commerce

Burberry

How Burberry improved their app experience and their development of personalized content

[See Story](#)



Retail & E-commerce

HelloFresh

How the world's leading meal kit provider uses fast human insight for 9 out of 10 initiatives

[See Story](#)



Media & entertainment

The Philadelphia Inquirer

How The Philadelphia Inquirer expedited their transition to digital, and increased mobile checkout rates by 68%

[See Story](#)



Public sector

Post Office UK

How Post Office obtains insights regarding their digital products and in-store services, to the delight of customers and postmasters

[See Story](#)



Gaming

betway

How Betway utilized human insight to increase app downloads by 600% in emerging markets

[See Story](#)



Consumer products

Scotts Miracle-gro

How Scotts Miracle-Gro creates exceptional digital experiences across its portfolio of brands

[See Story](#)



Non-Profit, Technology

The Readability Consortium

How Adobe, Google, Readability Matters, and the University of Central Florida are creating breakthrough technology that improves reading for everyone

[See Story](#)



Consumer products

Kimberly-clark

How the 150-year-old consumer products leader uses human insight today to be indispensable for generations to come

[See Story](#)



Gaming

Krikey

How Krikey quickly reached one million downloads of their AR gaming app

[See Story](#)



Education

Vernier software & Technology

How Vernier adapted to changing business conditions during the pandemic with a world-class UX function built around UserTesting

[See Story](#)



Retail & E-commerce

Rothy's

How Rothy's successfully relaunched their eCommerce website

[See Story](#)



Automotive

AAA Club Alliance

How AAA Club Alliance mitigates risk while growing its business in today's economy

[See Story](#)



Technology

Microsoft

Learn how Microsoft scales customer empathy to drive innovation and market leadership

[See Story](#)



Education

Notre Dame's IDEA Center

How Notre Dame turns ideas into profitable business realities

[See Story](#)



Media & entertainment

Fandango

See how Fandango draws a crowd of 67 million moviegoers every month

[See Story](#)



Technology

Philips

How Philips improves people's lives using empathy to innovate solutions that better meet their needs

[See Story](#)



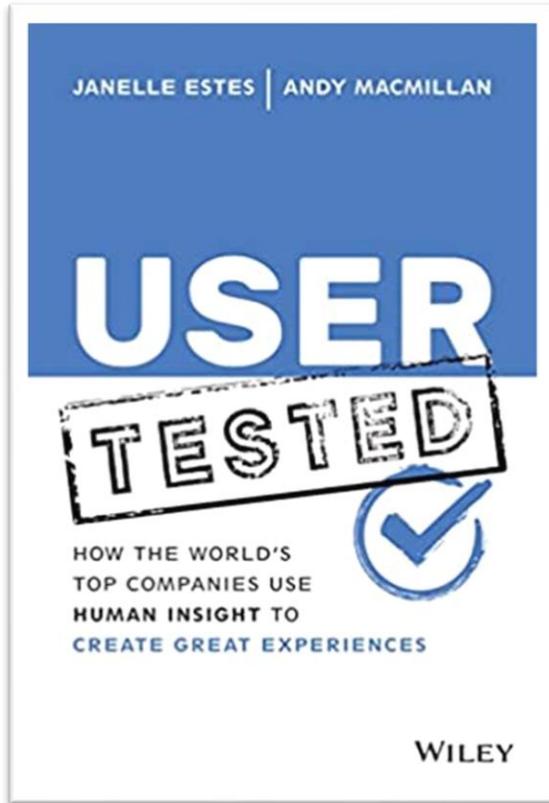
Retail & E-commerce

Walmart

How Walmart increases online conversions with tailored experiences

[See Story](#)

Companies and case studies in the User Tested book



T.Rowe Price 



CARVANA

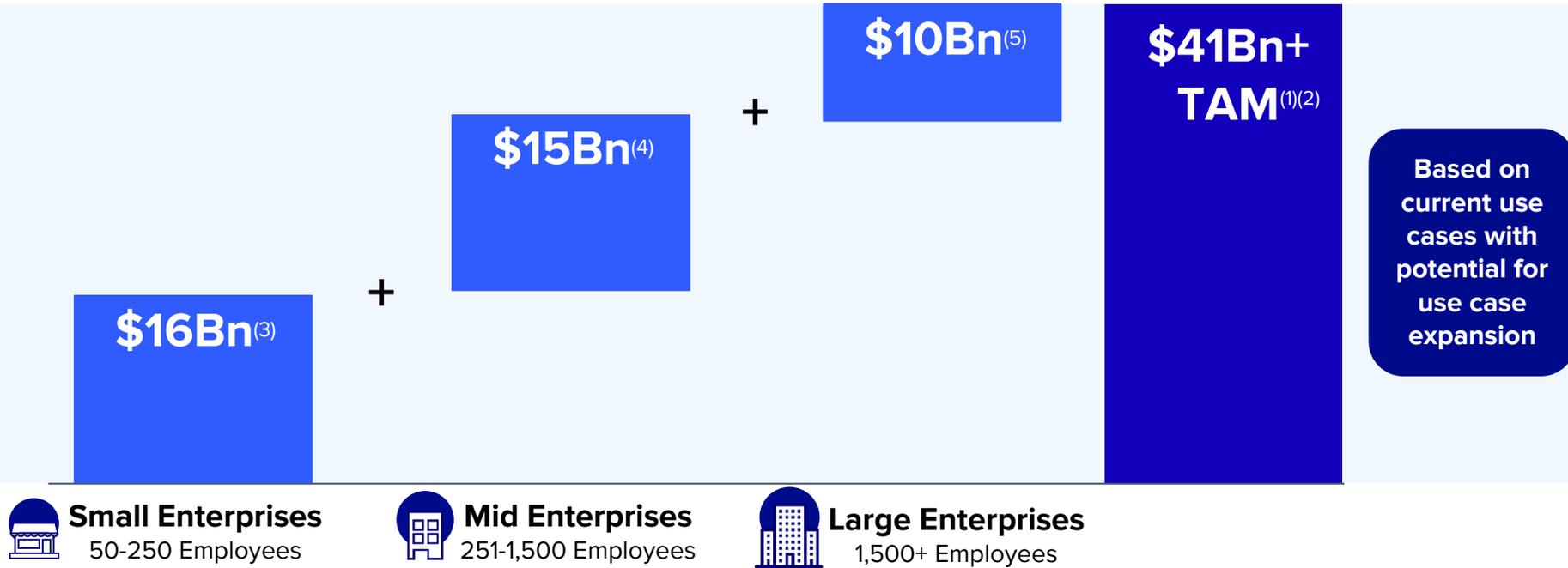
 wise



ERICSSON



Massive global market opportunity



Small Enterprises
50-250 Employees



Mid Enterprises
251-1,500 Employees

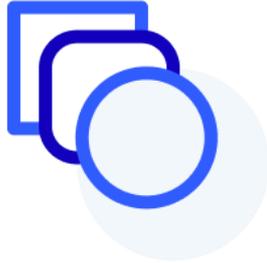


Large Enterprises
1,500+ Employees

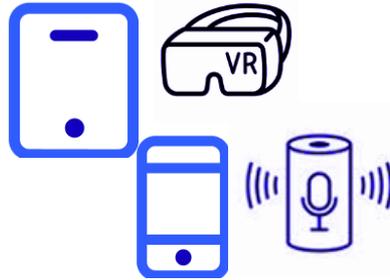
Notes

1. Based on internal data based on ASP based on current average spend by segment and current use cases and industry data on the number of global companies from S&P Capital IQ.
2. The S&P Capital IQ data described herein represents proprietary data gathered by S&P Capital IQ and is not a representation of fact. The S&P Capital IQ data is as of April 2021 (and not as of the date of this presentation) and is subject to change without notice.
3. Quantified by multiplying current average ASP for UserTesting SMB customers by S&P Capital IQ estimates of the global number of small enterprises (defined as having 50-250 employees).
4. Quantified by multiplying current average ASP for UserTesting mid enterprise customers by S&P Capital IQ estimates of the global number of mid enterprises (defined as having 251-1,500 employees).
5. Quantified by multiplying current average ASP for UserTesting large enterprise customers by S&P Capital IQ estimates of the global number of large enterprises (defined as having 1,500+ employees).

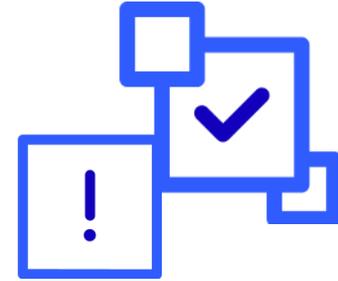
Market dynamics driving interest...



**Rapidly changing
consumer sentiment
& behaviors**



**New immersive
hybrid experiences**
**Off-property, omni-channel,
& ecosystem interactions**



**Further move towards
privacy &
opt-in feedback**

Disrupting a large, existing legacy market with technology + Critical platform in customer experience market



Disrupting Legacy Market Research Agency Spend

- Slow & expensive (weeks & months)
- Not scalable

To Deliver Exceptional Customer Experiences, Organizations Need:

Survey / Sentiment:
*What do customers think
of my product / apps?*

Behavioral Analytics:
*What do customers do
with my product / apps?*

**Human insight and
perspectives:** *What is it
like to be my customer?*

qualtrics^{XM}

Medallia

SurveyMonkey

Amplitude

pendo

Adobe
Analytics

User Testing

Our competitive differentiators – Why we win

Market leader in video-first, opt-in CX solutions



across the user research, software testing, and consumer video feedback

Proprietary technology capturing video-based CxNs™ with analysis and visualization of data



Network effects from the UserTesting Contributor Network



Rapid speed delivering CxNs™ and **easy-to-use UI** with templates and test builder



Powerful machine learning using rich & tagged video data to surface key moments of insight

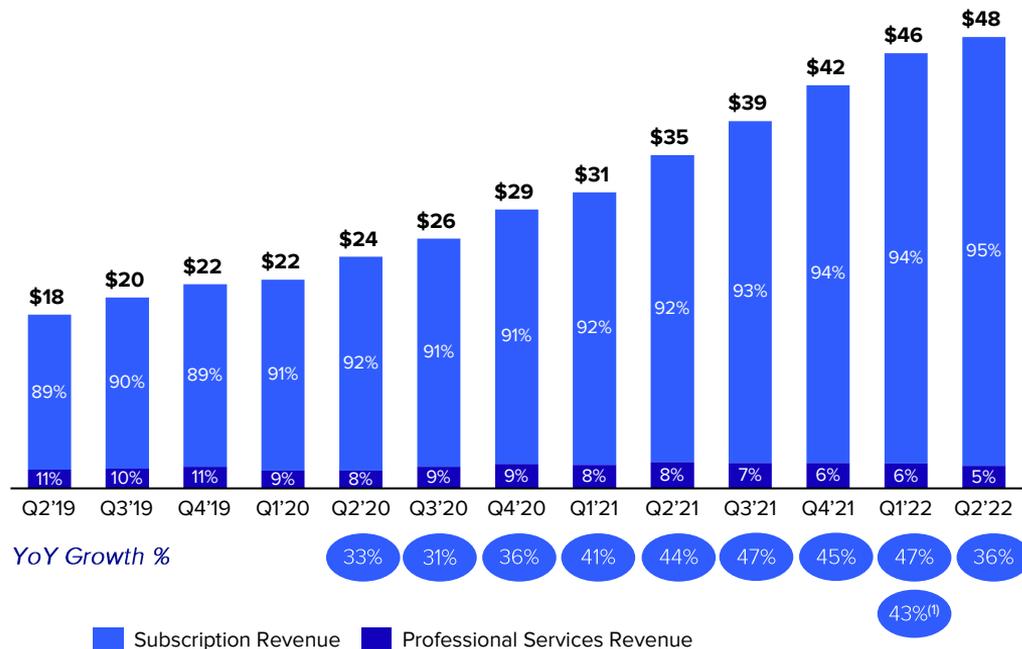




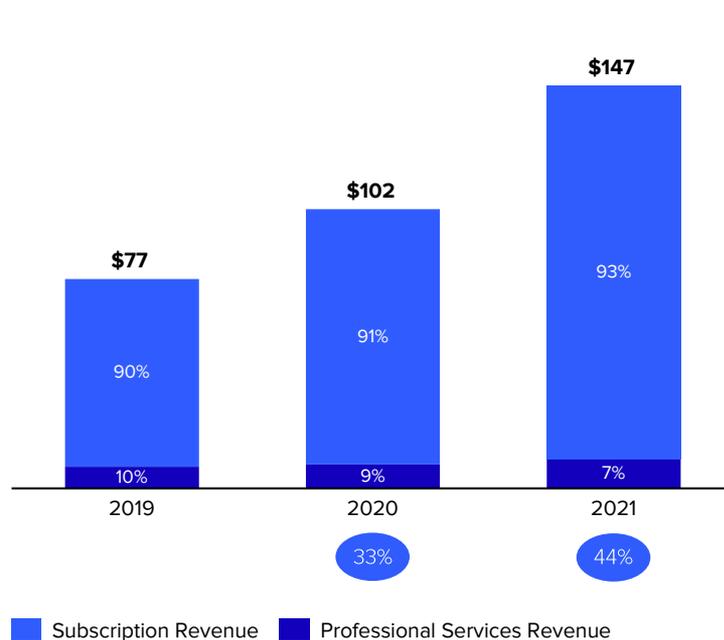
Financial Overview

Strong revenue growth

Quarterly Revenue, \$MM



Annual Revenue, \$MM

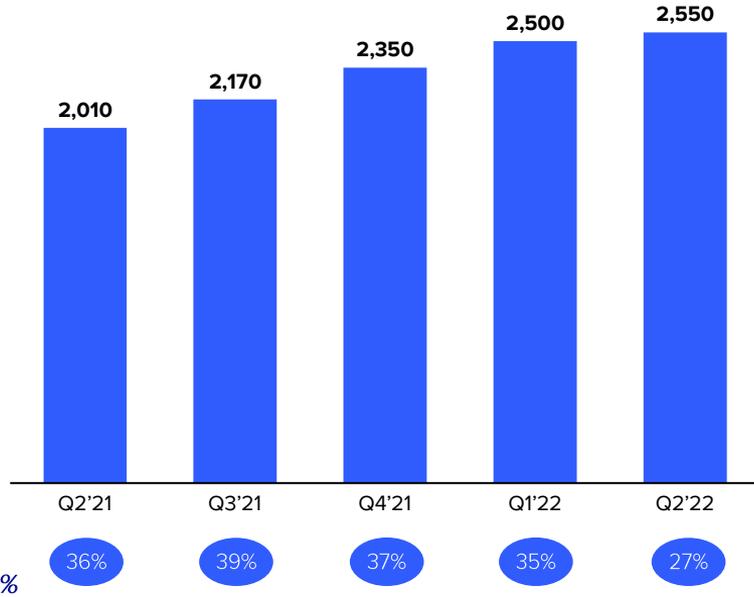


Notes:

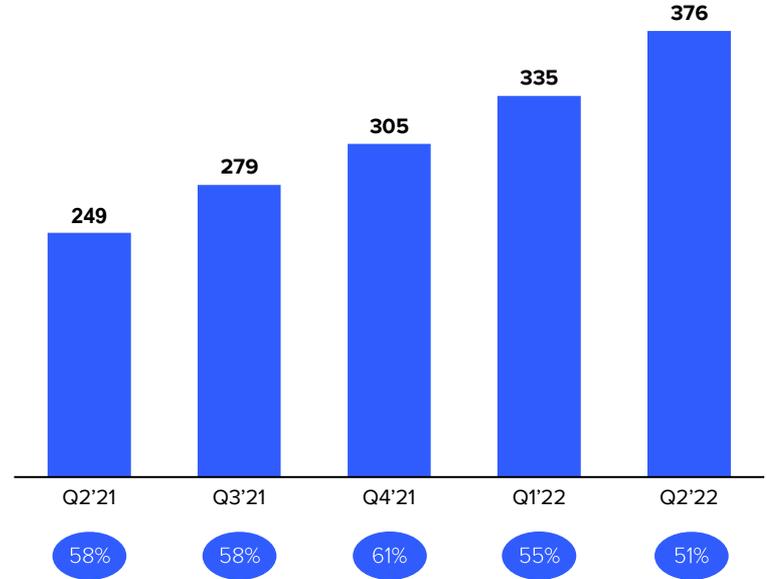
1. Excluding an accounting adjustment relating to sales tax that resulted in a \$1.3 million increase in subscription revenue in the first quarter 2022, total revenue would have been \$44.6 million, up 43% year-over-year.

Growing customer base

Total Number of Customers⁽¹⁾⁽²⁾



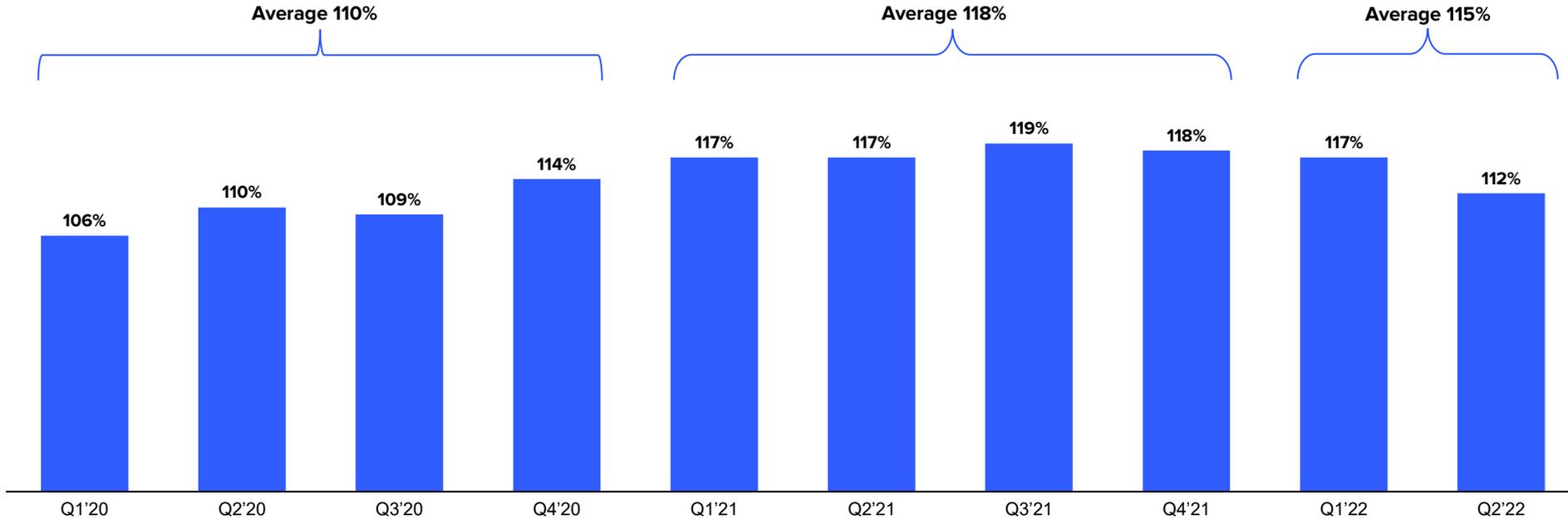
Customers with ARR > \$100K⁽¹⁾⁽³⁾



Notes:

1. A customer in a particular period is defined as a customer for whom we recognize subscription revenue in the last month of the measurement period. We define a single customer as the parent entity of the subsidiaries and divisions that contract with us. If a customer has multiple subsidiaries or divisions, then we aggregate subscription revenues from all entities to the parent level.
2. Customers rounded down to the nearest 10.
3. ARR is defined as the annualized value of subscription revenue in the last month of the measurement period.

Net dollar-based retention rate

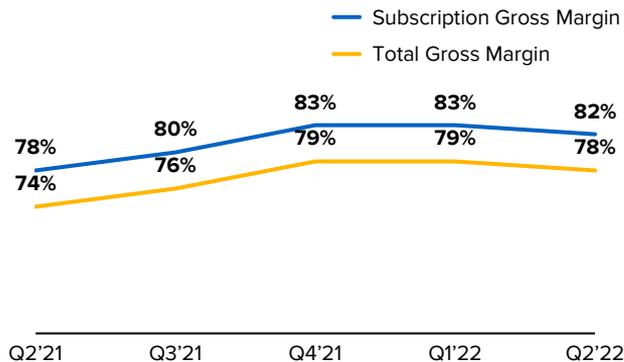


Notes:

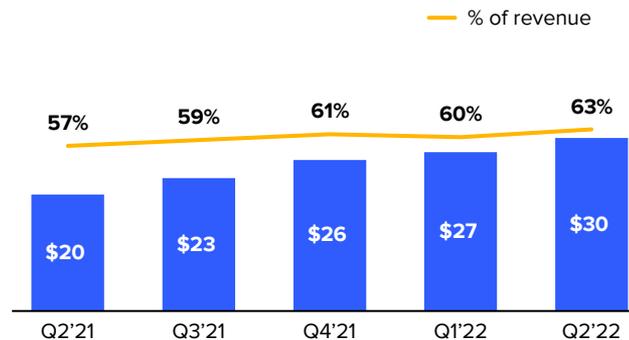
1. Net dollar-based retention rate in a quarter is calculated by dividing: (i) the total subscription revenue of the customer cohort in the current quarter by (ii) the total subscription revenue of those same customers in the same quarter of the prior year. For each quarter, the cohort of customers are identified based on having subscription revenue at the beginning of the same quarter in the prior year.

Strong gross margins and operating leverage trends

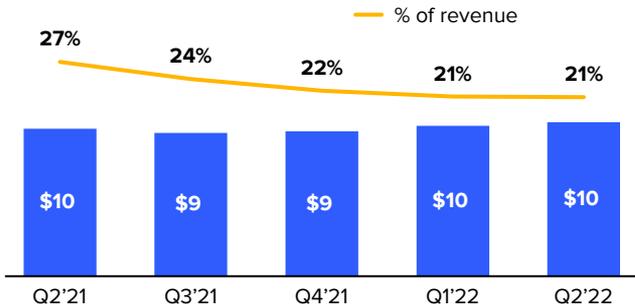
Non-GAAP Gross Margin ⁽¹⁾



Non-GAAP Sales and Marketing, \$MM ⁽¹⁾



Non-GAAP Research and Development, \$MM ⁽¹⁾



Non-GAAP General and Administrative, \$MM ⁽¹⁾



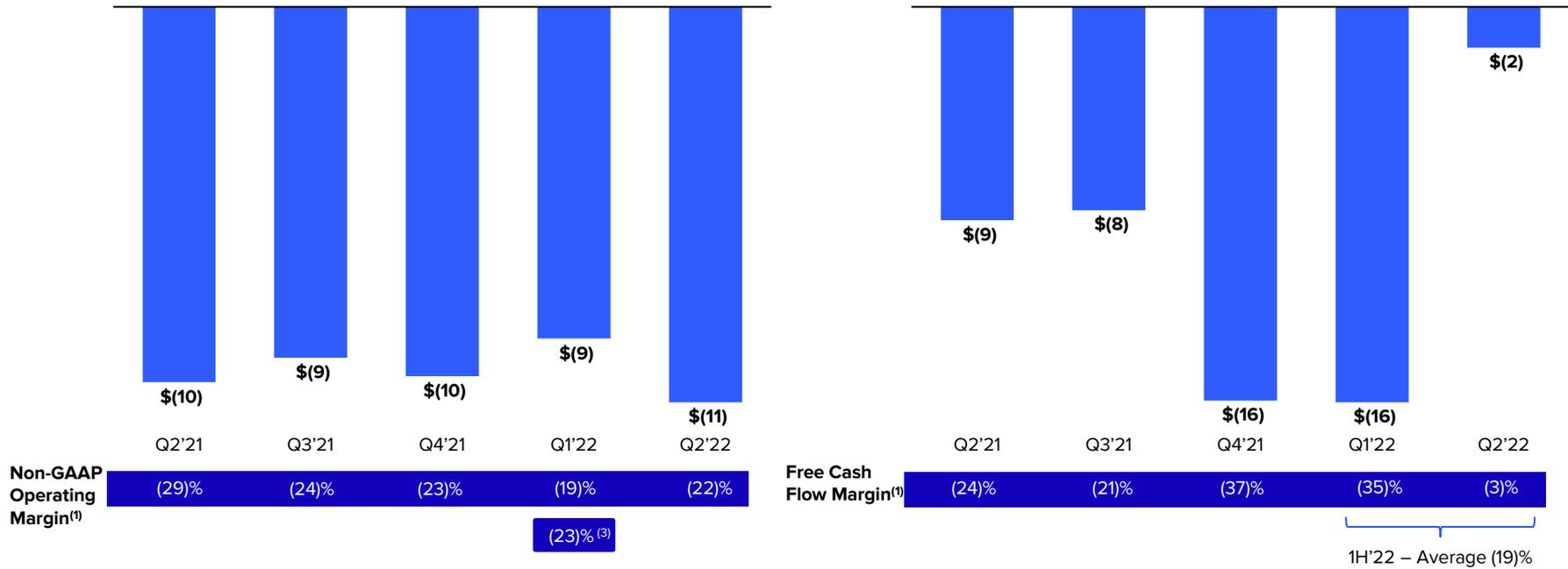
Notes
1. See appendix for reconciliation of non-GAAP metrics to most comparable GAAP metrics.

Non-GAAP operating loss and free cash flow

Cash & Cash
Equivalents
of \$164M⁽²⁾

Non-GAAP Operating Loss and Operating Margin, \$MM⁽¹⁾

Free Cash Flow and Free Cash Flow Margin, \$MM⁽¹⁾



Notes:

1. See appendix for reconciliation of non-GAAP metrics to most comparable GAAP metrics.

2. As of June 30, 2022.

3. Excluding an accounting adjustment relating to sales tax that resulted in a \$1.3 million increase in subscription revenue in the first quarter of 2022.

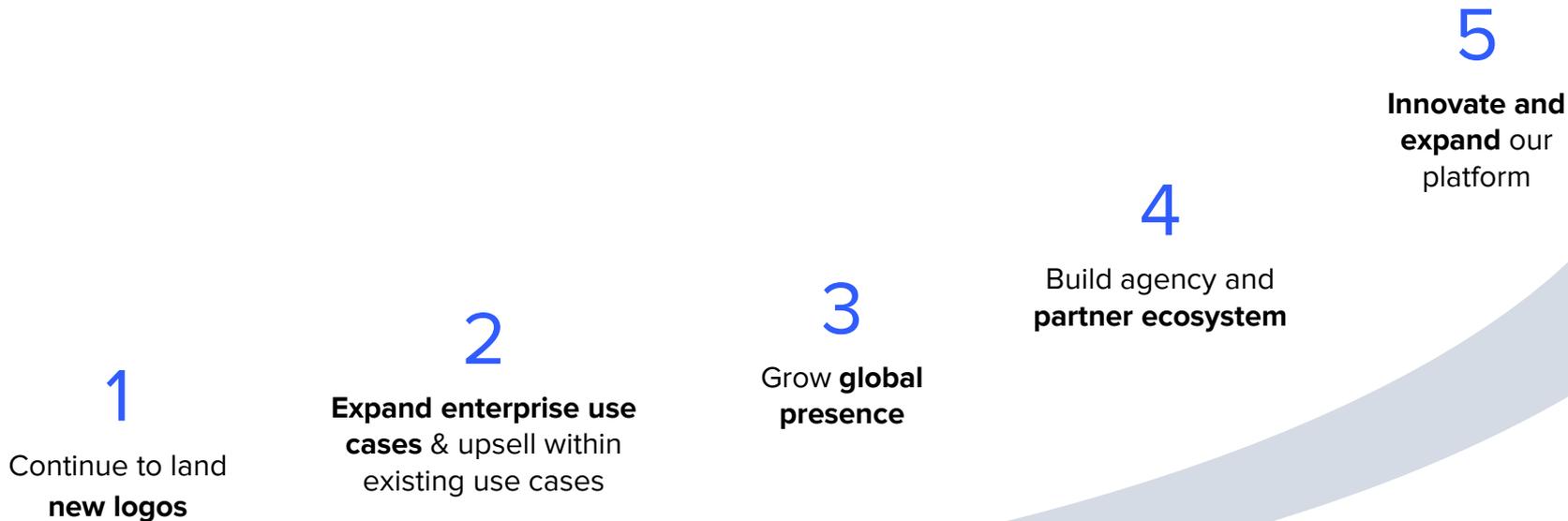
Long term non-GAAP target model⁽¹⁾

	2020	2021	1H 2022	Medium Term Model	Long Term Model
Subscription Gross Margin	77%	80%	82%	78%	78%
Overall Gross Margin	71%	76%	79%	75%	75%
S&M	57%	59%	61%	45%	30%
R&D	27%	26%	21%	17%	15%
G&A	17%	18%	17%	13%	10%
Operating Margin	(30)%	(27)%	(21)%	--	20%
Free Cash Flow Margin	(15)%	(30)%	(19)%	6%	25%

Notes

1. See appendix for reconciliation of non-GAAP metrics to most comparable GAAP metrics.

Early innings of growth





Appendix

GAAP to Non-GAAP reconciliation

Gross Margin

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
GAAP total gross profit	\$ 25,816	\$ 29,133	\$ 32,801	\$ 36,053	\$ 36,543	\$ 72,628	\$ 110,238	\$ 72,596
GAAP gross margin	74%	75%	77%	79%	77%	71%	75%	78%
Add: Stock-based compensation expense	\$ 57	\$ 89	\$ 295	\$ 309	\$ 495	\$ 49	\$ 485	\$ 804
Add: Amortization of intangible assets	\$ 167	\$ 163	\$ 333	\$ 21	\$ 21	\$ 245	\$ 825	\$ 42
Non-GAAP gross profit	\$ 26,040	\$ 29,385	\$ 33,429	\$ 36,383	\$ 37,059	\$ 72,922	\$ 111,548	\$ 73,442
Non-GAAP gross margin	74%	76%	79%	79%	78%	71%	76%	79%

Subscription Gross Margin

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
GAAP subscription gross profit	\$ 25,025	\$ 28,563	\$ 32,463	\$ 35,596	\$ 36,681	\$ 71,933	\$ 108,116	\$ 72,277
GAAP subscription gross margin	78%	79%	82%	82%	81%	77%	79%	82%
Add: Stock-based compensation expense	\$ 11	\$ 11	\$ 93	\$ 125	\$ 217	\$ 14	\$ 123	\$ 342
Add: Amortization of intangible assets	\$ 167	\$ 163	\$ 333	\$ 21	\$ 21	\$ 245	\$ 825	\$ 42
Non-GAAP subscription gross profit	\$ 25,203	\$ 28,737	\$ 32,889	\$ 35,742	\$ 36,919	\$ 72,192	\$ 109,064	\$ 72,661
Non-GAAP subscription gross margin	78%	80%	83%	83%	82%	77%	80%	82%

GAAP to Non-GAAP reconciliation

Sales and Marketing Expense

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
GAAP sales and marketing	\$ 20,535	\$ 23,384	\$ 29,122	\$ 30,069	\$ 33,318	\$ 59,737	\$ 91,634	\$ 63,387
Less: Stock-based compensation expense	\$ (375)	\$ (404)	\$ (2,520)	\$ (2,664)	\$ (3,473)	\$ (868)	\$ (3,599)	\$ (6,137)
Less: Amortization of intangible assets	\$ (49)	\$ (47)	\$ (513)	\$ -	\$ -	\$ (145)	\$ (657)	\$ -
Non-GAAP sales and marketing	\$ 20,111	\$ 22,933	\$ 26,089	\$ 27,405	\$ 29,845	\$ 58,724	\$ 87,378	\$ 57,250
<i>% Revenue</i>	57%	59%	61%	60%	63%	57%	59%	61%

Research and Development Expense

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
GAAP research and development	\$ 9,816	\$ 9,543	\$ 10,698	\$ 11,080	\$ 11,890	\$ 27,897	\$ 39,826	\$ 22,970
Less: Stock-based compensation expense	\$ (222)	\$ (237)	\$ (1,271)	\$ (1,306)	\$ (1,884)	\$ (346)	\$ (1,891)	\$ (3,190)
Less: Amortization of intangible assets	\$ (46)	\$ (43)	\$ (42)	\$ (43)	\$ (42)	\$ (140)	\$ (172)	\$ (85)
Non-GAAP research and development	\$ 9,548	\$ 9,263	\$ 9,385	\$ 9,731	\$ 9,964	\$ 27,411	\$ 37,763	\$ 19,695
<i>% Revenue</i>	27%	24%	22%	21%	21%	27%	26%	21%

General and Administrative Expense

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
GAAP general and administrative	\$ 6,974	\$ 6,492	\$ 10,137	\$ 9,945	\$ 10,056	\$ 18,960	\$ 29,954	\$ 20,001
Less: Stock-based compensation expense	\$ (570)	\$ (2,057)	\$ (3,220)	\$ (2,998)	\$ (2,251)	\$ (1,284)	\$ (6,250)	\$ (5,249)
Less: Amortization of intangible assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15)	\$ -	\$ -
Add: Reversal of sales tax accrual, penalties and interest	\$ -	\$ 2,122	\$ 900	\$ 1,157	\$ -	\$ -	\$ 3,022	\$ 1,157
Non-GAAP general and administrative	\$ 6,404	\$ 6,557	\$ 7,817	\$ 8,104	\$ 7,805	\$ 17,661	\$ 26,726	\$ 15,909
<i>% Revenue</i>	18%	17%	18%	18%	16%	17%	18%	17%

GAAP to Non-GAAP reconciliation

Operating Income/(Loss)

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
GAAP operating income/(loss)	\$ (11,509)	\$ (10,286)	\$ (17,156)	\$ (15,041)	\$ (18,721)	\$ (33,966)	\$ (51,176)	\$ (33,762)
<i>GAAP operating margin</i>	-33%	-27%	-40%	-33%	-39%	-33%	-35%	-36%
Add: Stock-based compensation expense	\$ 1,224	\$ 2,787	\$ 7,306	\$ 7,277	\$ 8,103	\$ 2,547	\$ 12,225	\$ 15,380
Add: Amortization of intangible assets	\$ 262	\$ 253	\$ 888	\$ 64	\$ 63	\$ 545	\$ 1,654	\$ 127
Add: Reversal of sales tax accrual, penalties and interest	\$ -	\$ (2,122)	\$ (900)	\$ (1,157)	\$ -	\$ -	\$ (3,022)	\$ (1,157)
Non-GAAP operating income/(loss)	\$ (10,023)	\$ (9,368)	\$ (9,862)	\$ (8,857)	\$ (10,555)	\$ (30,874)	\$ (40,319)	\$ (19,412)
<i>Non-GAAP operating margin</i>	(29)%	(24)%	(23)%	(19)%	(22)%	(30)%	(27)%	(21)%

Free Cash Flow

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	2020	2021	1H 2022
Net cash used in operating activities	\$ (8,011)	\$ (7,159)	\$ (15,073)	\$ (15,509)	\$ (1,272)	\$ (14,305)	\$ (41,078)	\$ (16,781)
Add: Purchases of property and equipment	\$ (535)	\$ (984)	\$ (702)	\$ (325)	\$ (370)	\$ (1,002)	\$ (2,657)	\$ (695)
Free cash flow	\$ (8,546)	\$ (8,143)	\$ (15,775)	\$ (15,834)	\$ (1,642)	\$ (15,307)	\$ (43,735)	\$ (17,476)
<i>Free cash flow margin</i>	(24)%	(21)%	(37)%	(35)%	(3)%	(15)%	(30)%	(19)%

Definitions

Non-GAAP gross profit, non-GAAP operating loss: We define these non-GAAP financial measures as the respective GAAP measures, excluding stock-based compensation expenses, amortization of acquired intangible assets, reversals of prior sales and use tax accruals and related penalties and interest, restructuring expenses and the tax impact of the non-GAAP adjustments. 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 over multiple periods and to those of peer companies.

Non-GAAP gross margin and non-GAAP operating loss margin: Non-GAAP gross margin is calculated as non-GAAP gross profit divided by total revenue. Non-GAAP operating loss margin is calculated as non-GAAP operating loss divided by total revenue. We use these non-GAAP financial measures in conjunction with traditional GAAP measures to evaluate our financial performance.

Free cash flow and free cash flow margin: We define free cash flow as net cash used in operating activities less cash used for purchases of property and equipment and capitalized internal-used software. Free cash flow margin is calculated as free cash flow divided by total revenue. We believe that these non-GAAP financial measures are useful indicators of liquidity that provides information to management and investors, even if negative, about the amount of cash generated (or used) in our operations that, after investments in property and equipment, can be used for strategic opportunities and strengthening our balance sheet.

Net dollar-based retention rate: Our net dollar-based retention rate compares the quarterly subscription revenue from the same cohort of customers across comparable periods. For each quarter, the cohort of customers are identified based on having subscription revenue at the beginning of the same quarter in the prior year. We calculate our net dollar-based retention rate in a quarter by dividing: (i) the total subscription revenue of the customer cohort in the current quarter, by (ii) the total subscription revenue of those same customers in the same quarter of the prior year.

Thank you.

