



# Investor Presentation

February 28, 2022



# Forward-looking statements and non-GAAP financial measures

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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 elsewhere in this presentation for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

# UserTesting Overview

**~\$170MM**

Annualized Q4'21 Revenue<sup>(1)</sup>

**45%**

Q4'21 Revenue YoY Growth<sup>(2)</sup>

**90%+**

Subscription Revenue in 2021<sup>(5)</sup>

**2,300+**

Customers<sup>(2)(4)</sup>

**300+**

Large Customers (\$100K+ of ARR<sup>(2)(4)</sup>); **60%+** YoY Growth

**76%**

YoY International Revenue Growth; **20%** of total revenue<sup>(2)</sup>

**118%**

Net Dollar-Based Revenue Retention<sup>(2)(3)</sup>

**80%**

Non-GAAP Subscription Gross Margin in 2021<sup>(5)(6)</sup>

**(30%)**

Free Cash Flow Margin in 2021<sup>(5)(6)</sup>

## Notes

1. Calculated as Q4'21 revenue x 4.

2. For the three months ended December 31, 2021.

3. 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.

4. 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.

5. For year ended December 31, 2021.

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

# The interface between businesses and customers has dramatically changed

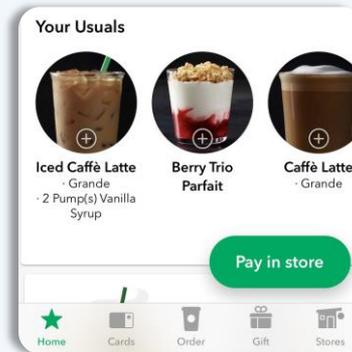
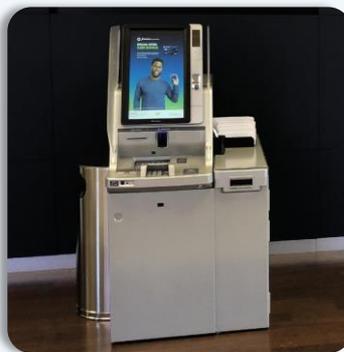
## Then:

Face-to-face

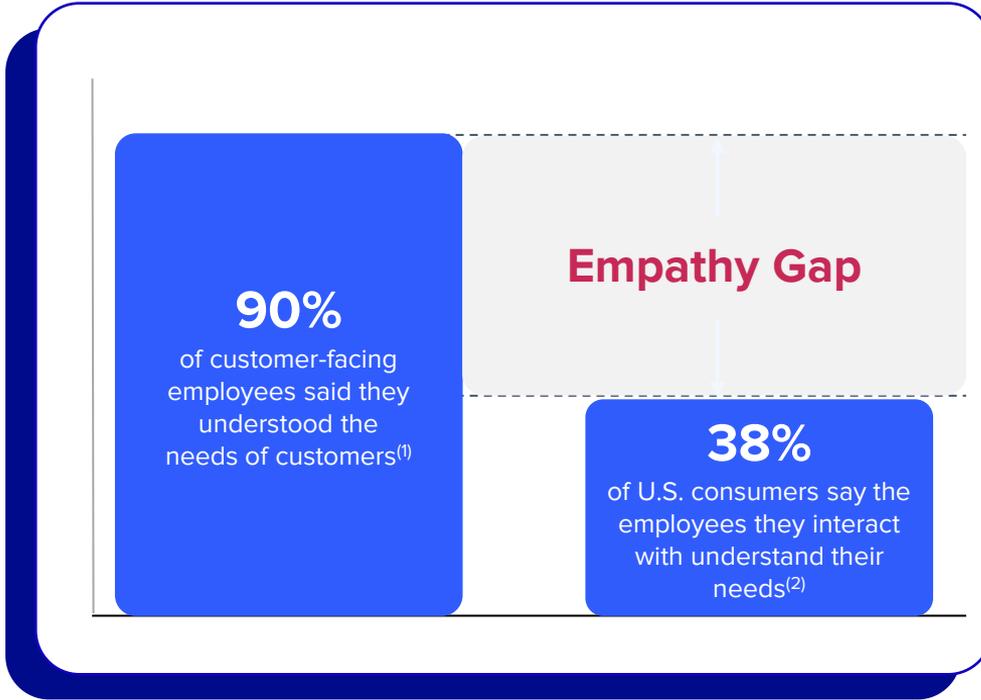


## Now:

Behind a computer or a device



# Creating a disconnect between customer needs and experiences delivered



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

Notes:

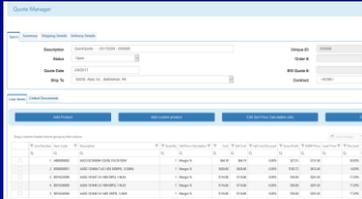
1. Gartner, Executive Leadership: Customer Experience Strategies Primer for 2021, February 4, 2021.

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

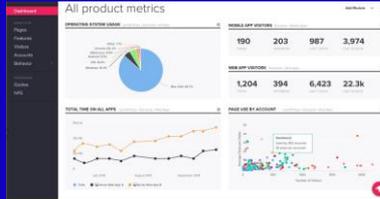
But one essential question remains...

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

Create a test plan to ask any question or request people to perform tasks. Explore, validate, compare.



## Target anyone

Target the UserTesting Contributor Network or connect with your own audiences.



## Engage & empathize

Engage with your audience through self-guided video recordings or live conversations.



## Discover & analyze

Get to insights more quickly with visualizations, transcripts, metrics, and analysis.



## Share insights

Create highlight reels, download, export or share in your favorite tools like Slack, JIRA and Trello.



1. Observe their facial expressions and body language



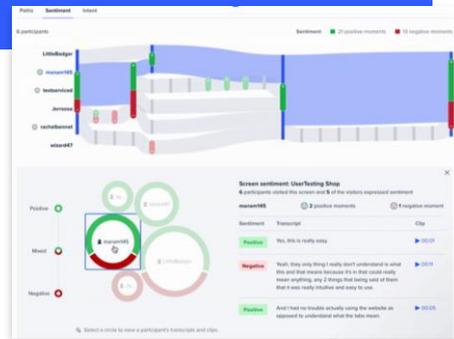
2. See visuals of their experience



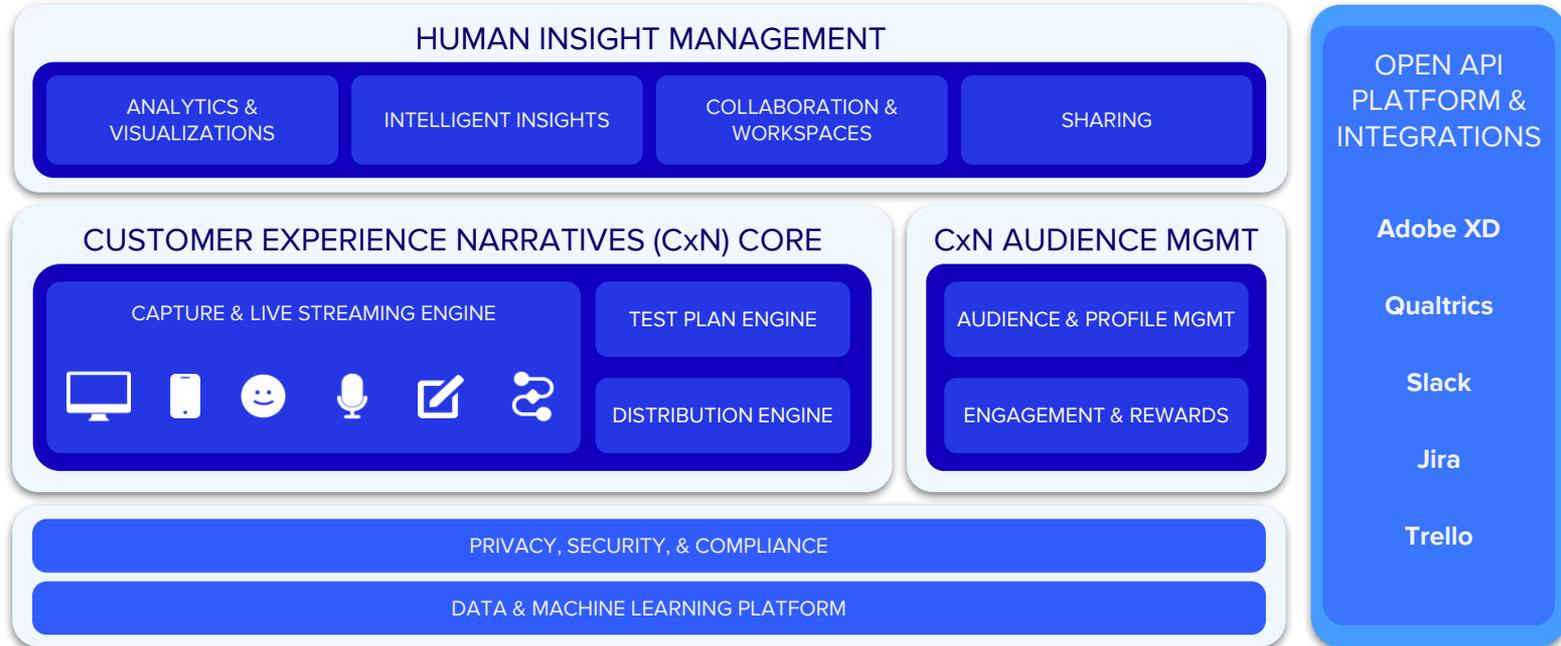
3. Hear their tone of voice and intonation



4. Learn from their digital and real world interactions

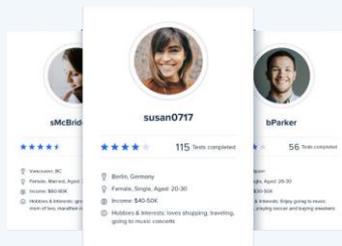


# The UserTesting Human Insight Platform



# 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<sup>(1)(2)</sup>



## 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 December 31, 2021.

# 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
								 <small>COACH   kate spade   STUART WEITZMAN</small>	

# 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 insights helped make digital experiences as good as the #1 product experience

[See Story →](#)



RETAIL AND E-COMMERCE

## Burberry

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

[See Story →](#)



RETAIL AND E-COMMERCE

## HelloFresh

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

[See Story →](#)



CONSUMER PRODUCTS

## Scotts Miracle-Gro

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

[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



FINANCIAL SERVICES

## Wise

How Wise relies on UserTesting to help over 10 million people and businesses manage their money across the world



CONSUMER PRODUCTS

## My Pup Powered by Purina

How Purina uses human insight from UserTesting to make their My Pup app a treat for dog owners



MEDIA AND 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 →](#)



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 AND E-COMMERCE

## Rothy's

How Rothys's successfully relaunched their eCommerce website

[See Story →](#)



MEDIA AND ENTERTAINMENT

## Fandango

See how Fandango drives 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 →](#)

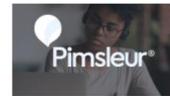


RETAIL AND E-COMMERCE

## Walmart

How Walmart increases online conversions with tailored experiences

[See Story →](#)



EDUCATION

## Pimsleur

How Pimsleur's small team is discovering actionable insights



TECHNOLOGY

## IBM

How IBM leverages customer insights into business success

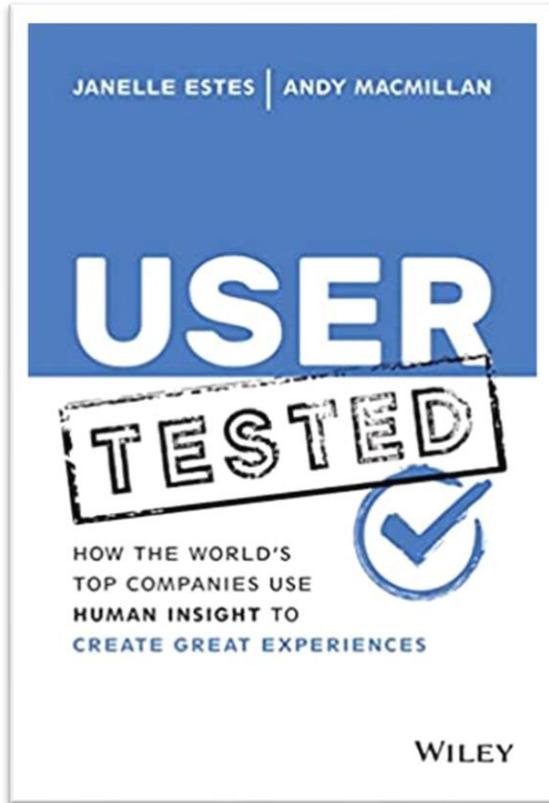


TECHNOLOGY

## Tucows

How Tucows uses human insights to attract top talent

# Companies and case studies in the User Tested book



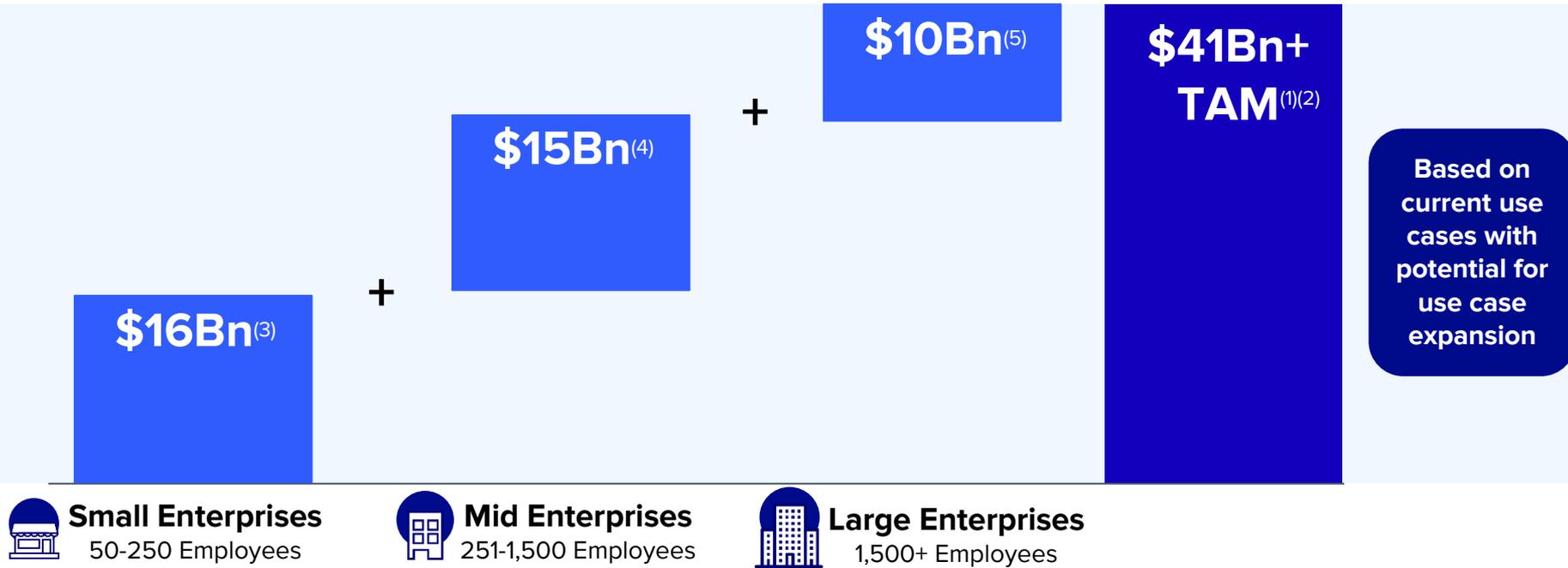
CARVANA



ERICSSON



# Massive global market opportunity



**Small Enterprises**  
50-250 Employees



**Mid Enterprises**  
251-1,500 Employees



**Large Enterprises**  
1,500+ Employees

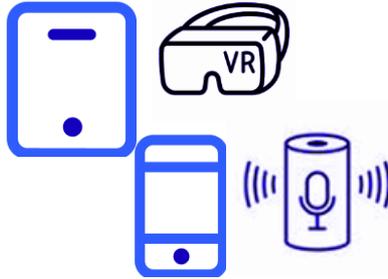
#### Notes

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).

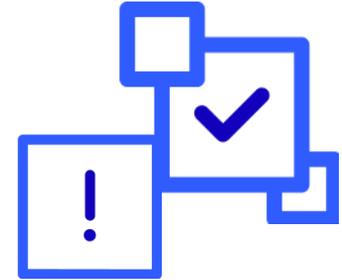
# Market dynamics as we enter 2022...



**Rapid changing  
consumer sentiment  
& behaviors**



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



**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<sup>XM</sup>

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

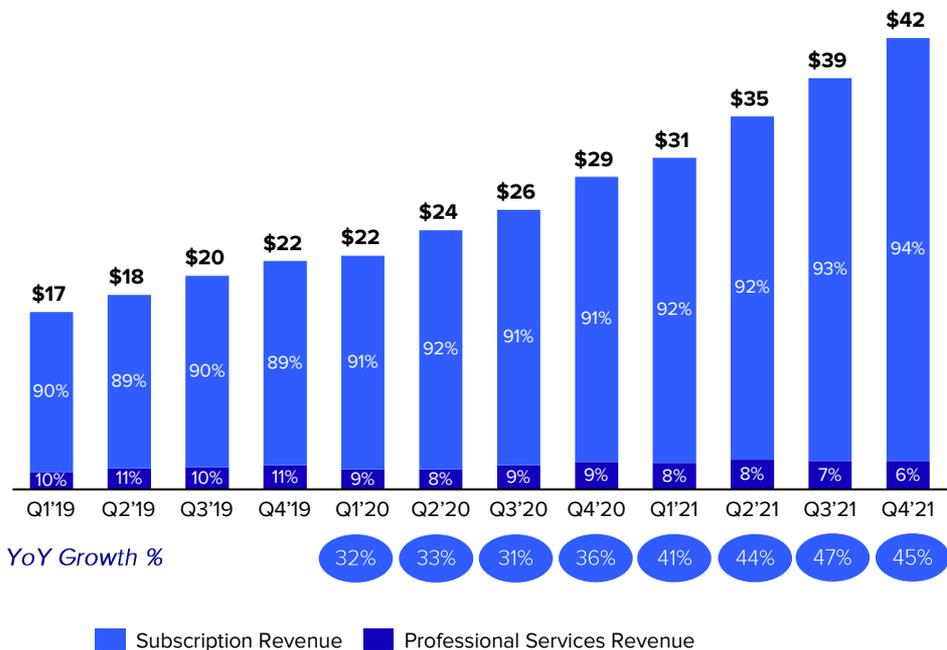




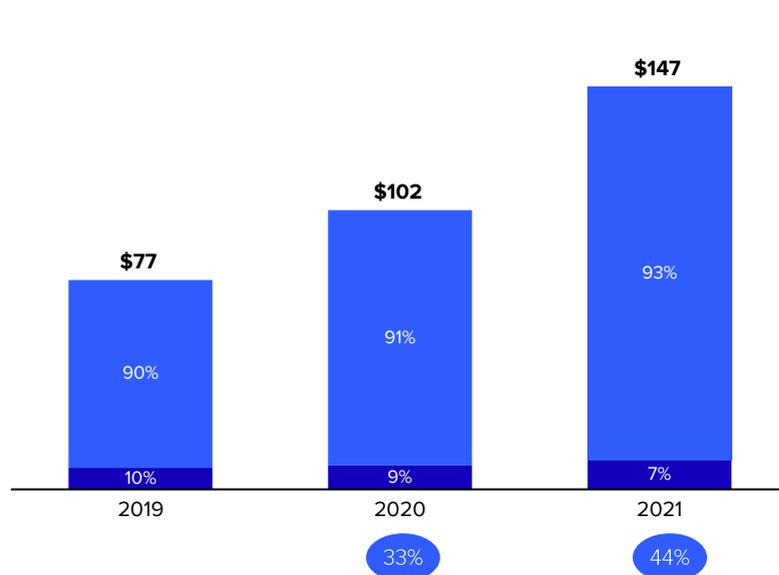
## Financial Overview

# Strong revenue growth

Quarterly Revenue, \$MM

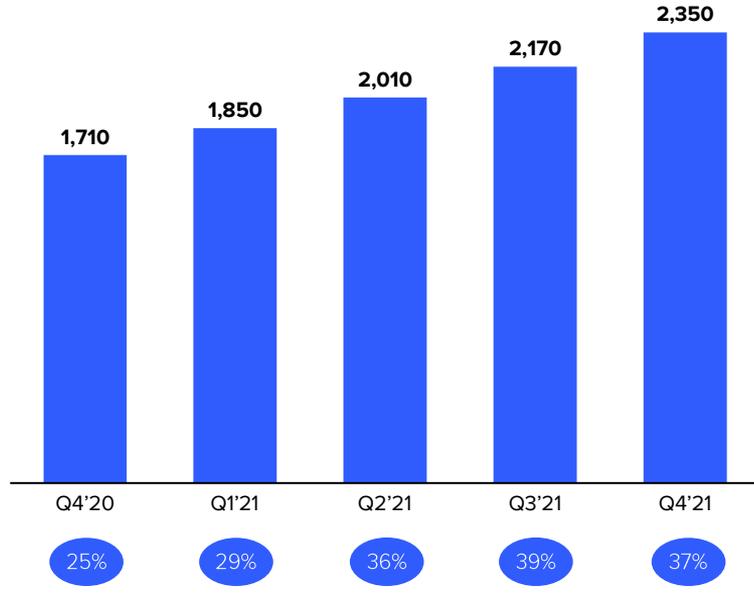


Annual Revenue, \$MM

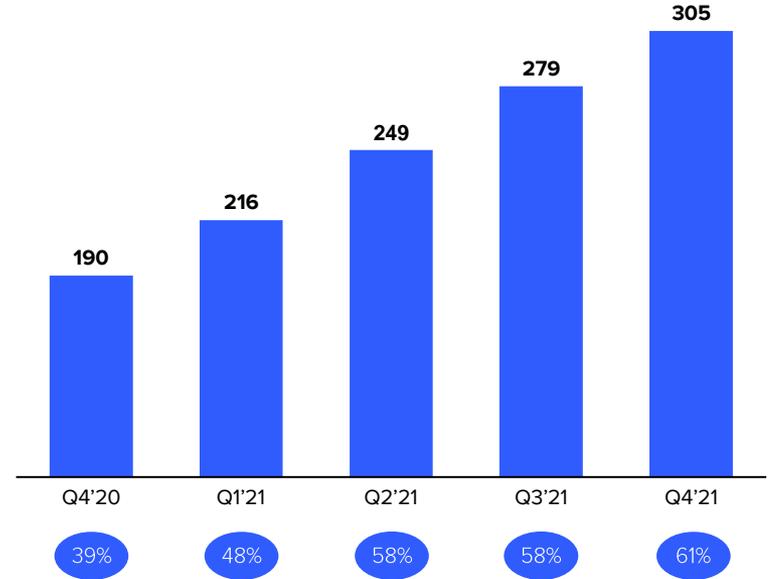


# Growing customer base

Total Number of Customers<sup>(1)(2)</sup>



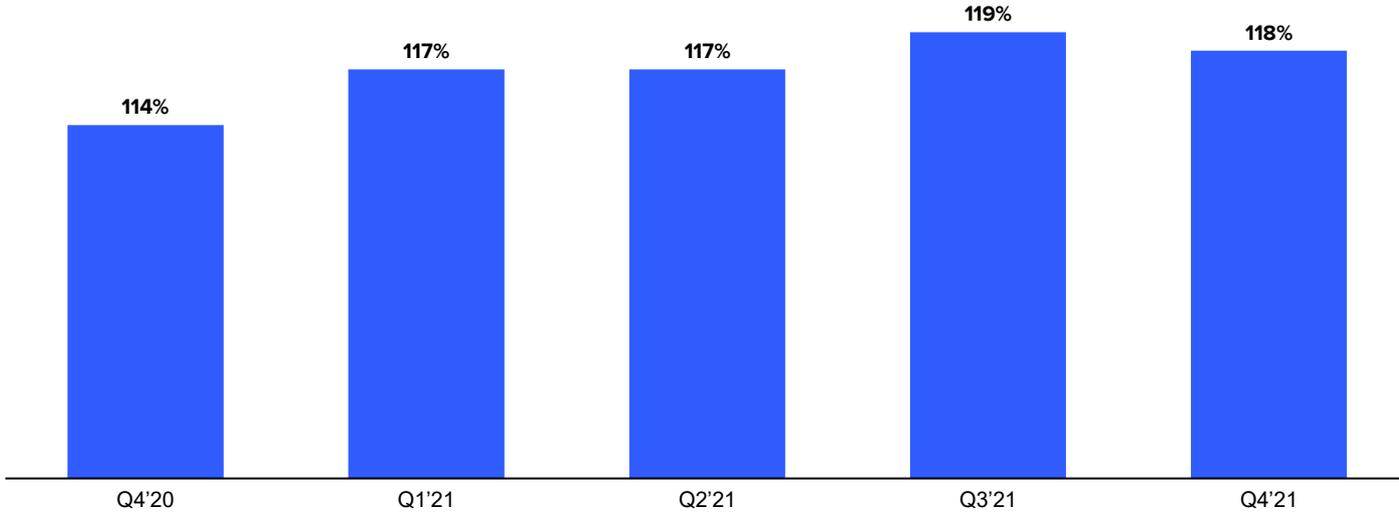
Customers with ARR > \$100K<sup>(1)(3)</sup>



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

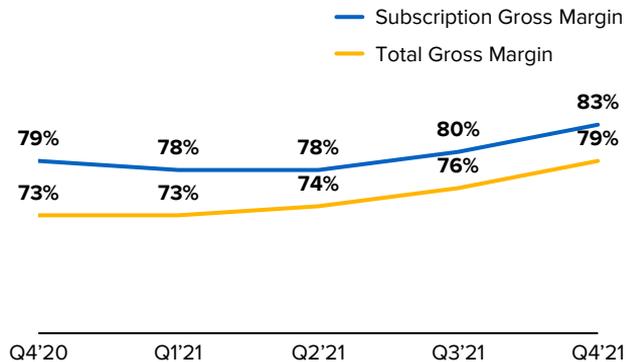


**Notes:**

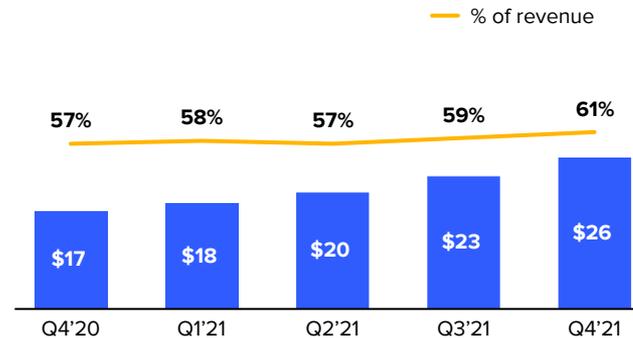
1. Net dollar-based retention rate in a quarter is calculated by dividing: (i) the total subscription revenue of the customer cohort in the current quarter by (ii) the total subscription revenue of those same customers in the same quarter of the prior year. For each quarter, the cohort of customers are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

# Strong gross margins while investing for growth

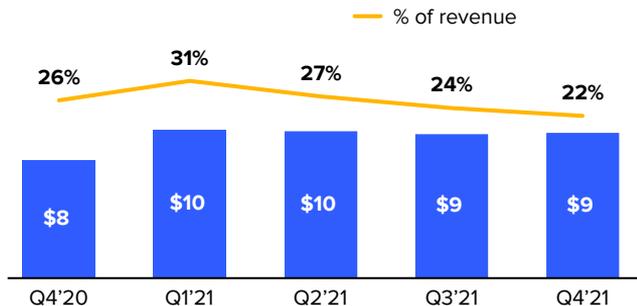
## Non-GAAP Gross Margin <sup>(1)</sup>



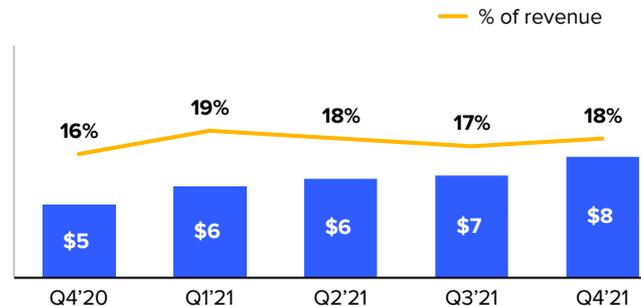
## Non-GAAP Sales and Marketing <sup>(1)</sup>



## Non-GAAP Research and Development <sup>(1)</sup>



## Non-GAAP General and Administrative <sup>(1)</sup>

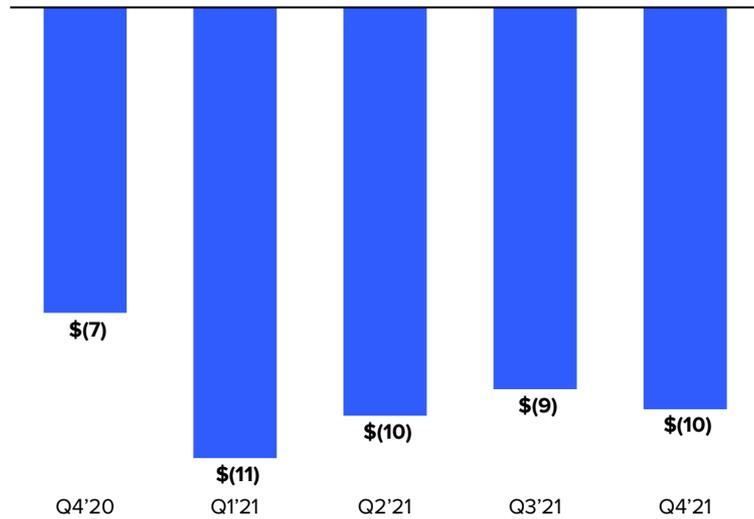


Notes:  
1. See appendix for reconciliation of non-GAAP metrics to most comparable GAAP metrics.

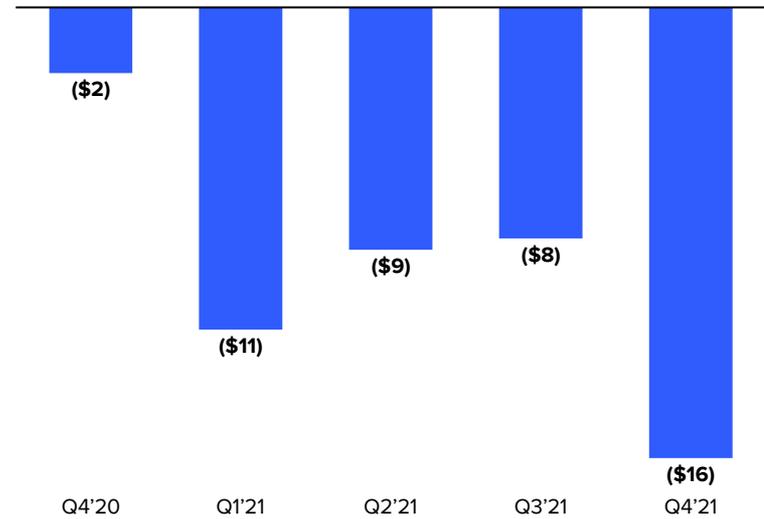
# Non-GAAP operating loss and free cash flow

Cash & Cash  
Equivalents  
of \$178M<sup>(2)</sup>

Non-GAAP Operating Loss and Operating Margin, \$MM<sup>(1)</sup>



Free Cash Flow and Free Cash Flow Margin, \$MM<sup>(1)</sup>



Non-GAAP  
Operating  
Margin<sup>(1)</sup>

(26%) (35%) (29%) (24%) (23%)

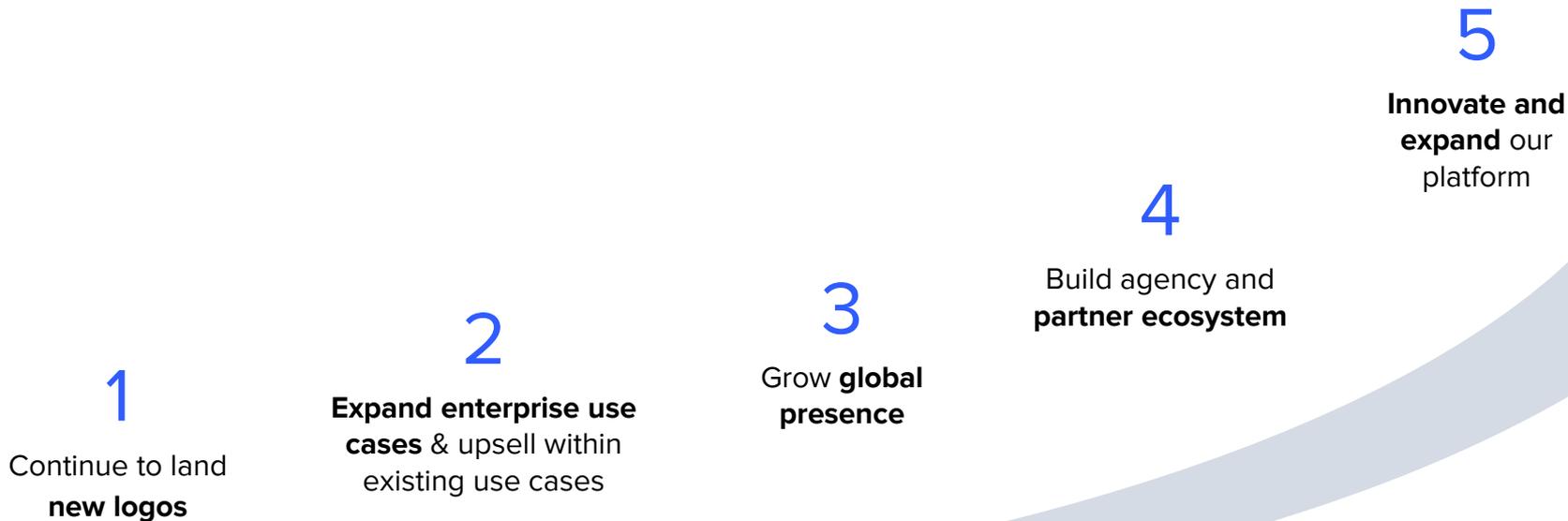
Free Cash  
Flow Margin<sup>(1)</sup>

(8%) (36%) (24%) (21%) (37%)

Notes:

- See appendix for reconciliation of non-GAAP metrics to most comparable GAAP metrics.
- As of December 31, 2021.

# Early innings of growth





# Appendix

# GAAP to Non-GAAP reconciliation

Gross Margin

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
GAAP Total Gross Profit	\$ 21,505	\$ 22,488	\$ 25,816	\$ 29,133	\$ 32,801	\$ 53,582	\$ 72,628	\$ 110,238
GAAP Gross Margin	73%	72%	74%	75%	77%	70%	71%	75%
Add: Stock-Based Compensation Expense	\$ 12	\$ 44	\$ 57	\$ 89	\$ 295	\$ 132	\$ 49	\$ 485
Add: Amortization of Intangible Assets	\$ 80	\$ 162	\$ 167	\$ 163	\$ 333	\$ 46	\$ 245	\$ 825
Non-GAAP Gross Profit	\$ 21,597	\$ 22,694	\$ 26,040	\$ 29,385	\$ 33,429	\$ 53,760	\$ 72,922	\$ 111,548
Non-GAAP Gross Margin	73%	73%	74%	76%	79%	70%	71%	76%

Subscription Gross Margin

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
GAAP Subscription Gross Profit	\$ 21,055	\$ 22,065	\$ 25,025	\$ 28,563	\$ 32,463	\$ 53,414	\$ 71,933	\$ 108,116
GAAP Subscription Gross Margin	79%	77%	78%	79%	82%	78%	77%	79%
Add: Stock-Based Compensation Expense	\$ 4	\$ 8	\$ 11	\$ 11	\$ 93	\$ 49	\$ 14	\$ 123
Add: Amortization of Intangible Assets	\$ 80	\$ 162	\$ 167	\$ 163	\$ 333	\$ 46	\$ 245	\$ 825
Non-GAAP Subscription Gross Profit	\$ 21,139	\$ 22,235	\$ 25,203	\$ 28,737	\$ 32,889	\$ 53,509	\$ 72,192	\$ 109,064
Non-GAAP Subscription Gross Margin	79%	78%	78%	80%	83%	78%	77%	80%

# GAAP to Non-GAAP reconciliation

## Sales and Marketing Expense

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
GAAP Sales and marketing	\$ 17,144	\$ 18,593	\$ 20,535	\$ 23,384	\$ 29,122	\$ 37,256	\$ 59,737	\$ 91,634
Less: Stock-Based Compensation Expense	\$ (239)	\$ (300)	\$ (375)	\$ (404)	\$ (2,520)	\$ (810)	\$ (868)	\$ (3,599)
Less: Amortization of Intangible Assets	\$ (47)	\$ (48)	\$ (49)	\$ (47)	\$ (513)	\$ -	\$ (145)	\$ (657)
Non-GAAP Sales and marketing	\$ 16,858	\$ 18,245	\$ 20,111	\$ 22,933	\$ 26,089	\$ 36,446	\$ 58,724	\$ 87,378
% Revenue	57%	58%	57%	59%	61%	48%	57%	59%

## Research and Development Expense

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
GAAP Research and development	\$ 7,723	\$ 9,769	\$ 9,816	\$ 9,543	\$ 10,698	\$ 20,845	\$ 27,897	\$ 39,826
Less: Stock-Based Compensation Expense	\$ (99)	\$ (161)	\$ (222)	\$ (237)	\$ (1,271)	\$ (790)	\$ (346)	\$ (1,891)
Less: Amortization of Intangible Assets	\$ (40)	\$ (41)	\$ (46)	\$ (43)	\$ (42)	\$ (61)	\$ (140)	\$ (172)
Non-GAAP Research and development	\$ 7,584	\$ 9,567	\$ 9,548	\$ 9,263	\$ 9,385	\$ 19,994	\$ 27,411	\$ 37,763
% Revenue	26%	31%	27%	24%	22%	26%	27%	26%

## General and Administrative Expense

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
GAAP General and administrative	\$ 5,010	\$ 6,351	\$ 6,974	\$ 6,492	\$ 10,137	\$ 15,177	\$ 18,960	\$ 29,954
Less: Stock-Based Compensation Expense	\$ (355)	\$ (403)	\$ (570)	\$ (2,057)	\$ (3,220)	\$ (1,529)	\$ (1,284)	\$ (6,250)
Less: Amortization of Intangible Assets	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ (22)	\$ (15)	\$ -
Add: Reversal of sales tax accrual, penalties and interest	\$ -	\$ -	\$ -	\$ 2,122	\$ 900	\$ -	\$ -	\$ 3,022
Non-GAAP General and administrative	\$ 4,654	\$ 5,948	\$ 6,404	\$ 6,557	\$ 7,817	\$ 13,626	\$ 17,661	\$ 26,726
% Revenue	16%	19%	18%	17%	18%	18%	17%	18%

# GAAP to Non-GAAP reconciliation

## Operating Income/(Loss)

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
GAAP Operating Income/(Loss)	\$ (8,372)	\$ (12,225)	\$ (11,509)	\$ (10,286)	\$ (17,156)	\$ (19,696)	\$ (33,966)	\$ (51,176)
<i>GAAP Operating Margin</i>	-28%	-39%	-33%	-27%	-40%	-26%	-33%	-35%
Add: Stock-Based Compensation Expense	\$ 705	\$ 908	\$ 1,224	\$ 2,787	\$ 7,306	\$ 3,261	\$ 2,547	\$ 12,225
Add: Amortization of Intangible Assets	\$ 168	\$ 251	\$ 262	\$ 253	\$ 888	\$ 129	\$ 545	\$ 1,654
Add: Reversal of sales tax accrual, penalties and interest	\$ -	\$ -	\$ -	\$ (2,122)	\$ (900)	\$ -	\$ -	\$ (3,022)
Non-GAAP Operating Income/(Loss)	\$ (7,499)	\$ (11,066)	\$ (10,023)	\$ (9,368)	\$ (9,862)	\$ (16,306)	\$ (30,874)	\$ (40,319)
<i>Non-GAAP Operating Margin</i>	-26%	-35%	-29%	-24%	-23%	-21%	-30%	-27%

## Free Cash Flow

<i>\$ in thousands, Fiscal Year Ending December 31</i>	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	2019	2020	2021
Net Cash Used in Operating Activities	\$ (1,643)	\$ (10,835)	\$ (8,011)	\$ (7,159)	\$ (15,073)	\$ (8,672)	\$ (14,305)	\$ (41,078)
Add: Purchases of property and equipment	\$ (637)	\$ (436)	\$ (535)	\$ (984)	\$ (702)	\$ (474)	\$ (1,002)	\$ (2,657)
Free Cash Flow	\$ (2,280)	\$ (11,271)	\$ (8,546)	\$ (8,143)	\$ (15,775)	\$ (9,146)	\$ (15,307)	\$ (43,735)
<i>Free Cash Flow Margin</i>	-8%	-36%	-24%	-21%	-37%	-12%	-15%	-30%

# 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, 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 to those of peer companies and over multiple periods.

**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.**

