



# Investor Presentation

Second Quarter Fiscal Year 2020



# Forward-looking statements

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our financial outlook and market positioning.

These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as “guidance,” “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall,” and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the control of Slack Technologies, Inc. (“Slack”). Slack’s actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, risks detailed in Slack’s final prospectus filed with the Securities and Exchange Commission (the “SEC”) pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on June 20, 2019. Further information on potential risks that could affect actual results will be included in the subsequent periodic and current reports and other filings that Slack makes with the SEC from time to time, including its Quarterly Report on Form 10-Q for the quarter ended July 31, 2019. Past performance is not necessarily indicative of future results. Slack undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. These forward-looking statements should not be relied upon as representing Slack’s views as of any date subsequent to the date of this presentation.

This presentation includes certain non-GAAP financial measures and corresponding growth rates as defined by SEC rules. For additional information, see the slide titled “Non-GAAP Financial Measures.”

Terms such as “Paid Customers,” “Net Dollar Retention Rate,” and “Paid Customers >\$100K” have the meanings set forth in our filings with the SEC.

Additional information regarding these and other factors that could affect Slack’s results is included in Slack’s SEC filings, which may be obtained by visiting our Investor Relations website at [investor.slackhq.com](http://investor.slackhq.com) or the SEC’s website at [www.sec.gov](http://www.sec.gov).



# Non-GAAP financial measures

This presentation and the accompanying tables contain non-GAAP financial measures. Certain of these non-GAAP financial measures exclude stock-based compensation and amortization of intangible assets.

Slack believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Slack's financial condition and results of operations. Slack's management uses these non-GAAP measures to compare Slack's performance to that of prior periods for trend analysis, and for budgeting and planning purposes. Slack believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing Slack's financial measures with other software companies, many of which present similar non-GAAP financial measures to investors. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies.

Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Slack's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Slack urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in presentations of quarterly financial results, including this presentation, and not to rely on any single financial measure to evaluate Slack's business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this presentation are included with the financial tables at the end of this presentation.

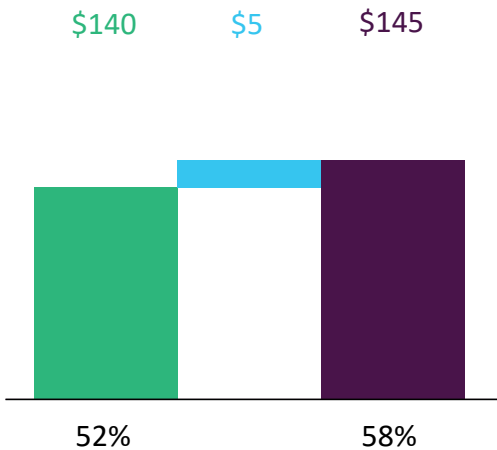


# Comparison to previously issued guidance

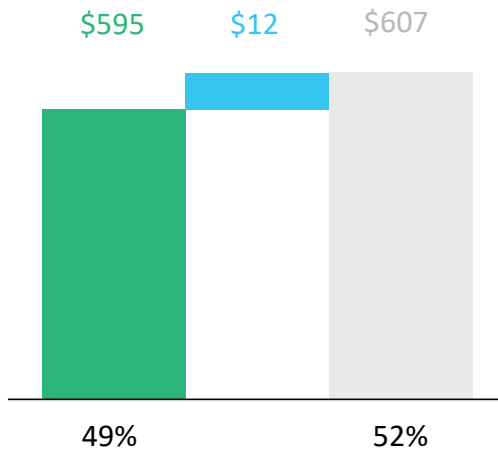
## Revenue & Calculated Billings (\$M)

■ Prev. Guidance (MIDPOINT)<sup>1</sup>
■ Outperformance
 ■ Actual Results
 ■ Guidance (MIDPOINT)<sup>2</sup>

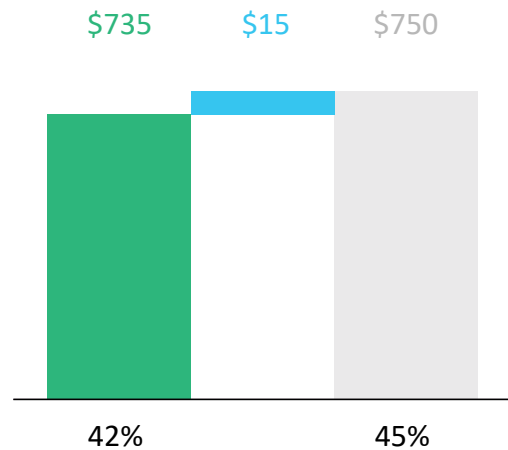
**Q2 FY20 Revenue**



**FY20 Revenue**



**FY20 Calculated Billings<sup>3</sup>**



% Y/Y GROWTH

(1) Refers to financial guidance previously issued on June 10, 2019.

(2) Refers to financial guidance issued on September 4, 2019.

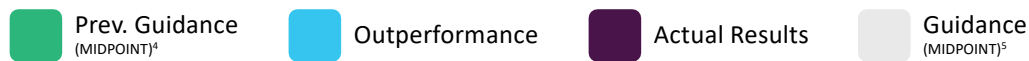
(3) Calculated billings are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures.

Note: Numbers rounded for presentation purposes.



# Comparison to previously issued guidance

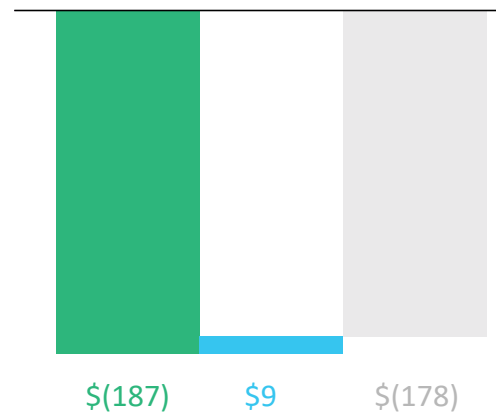
## Operating Income (Loss) & Free Cash Flow (\$M)



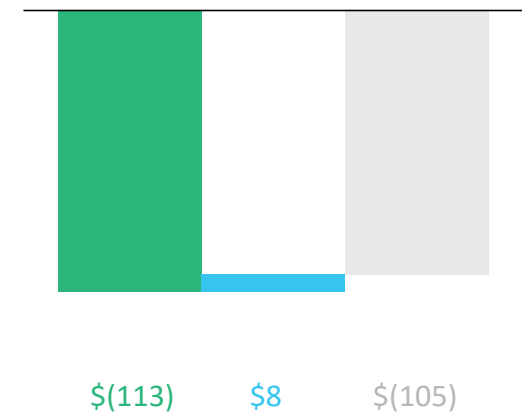
**Q2 FY20 Non-GAAP Operating Loss<sup>6</sup>**



**FY20 Non-GAAP Operating Loss<sup>6</sup>**



**FY20 Free Cash Flow<sup>6</sup>**



(4) Refers to financial guidance previously issued on June 10, 2019.

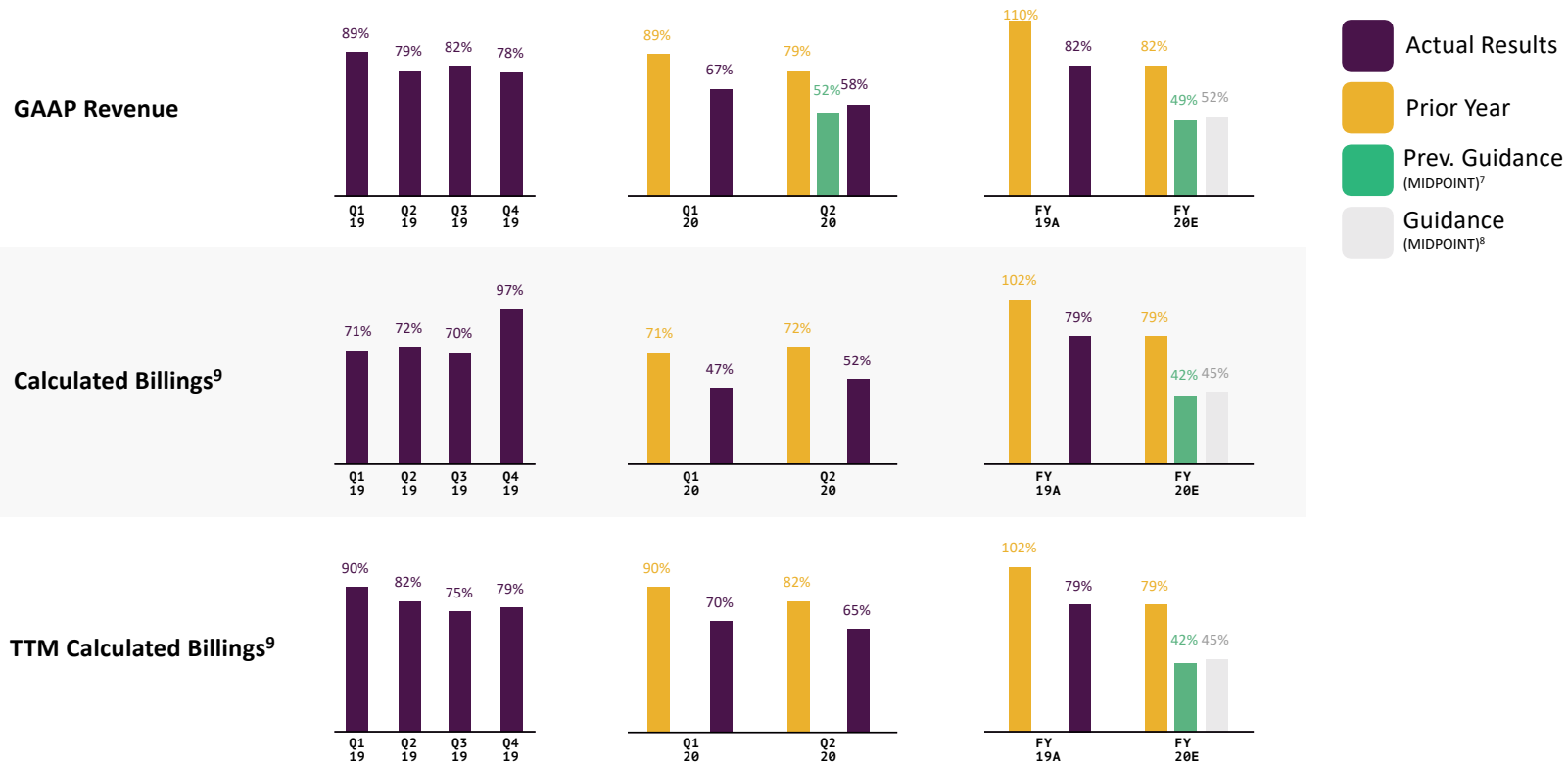
(5) Refers to financial guidance issued on September 4, 2019.

(6) Non-GAAP operating loss and free cash flow are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures.

Note: Numbers rounded for presentation purposes.



# Year-over-year trends: Revenue, Calculated Billings & TTM Calculated Billings



(7) Refers to financial guidance previously issued on June 10, 2019.

(8) Refers to financial guidance issued on September 4, 2019.

(9) Calculated billings are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures.

Note: Percentages rounded for presentation purposes.



# Engaged users, a growing ecosystem and an emerging work network

## High Engagement

**9+ Hours**

per day connected to the service

**90+ Minutes**

of active usage every working day

## Growing Platform Usage

**1800+ Apps**

in the app directory

**500,000+**

Custom apps and integrations used weekly

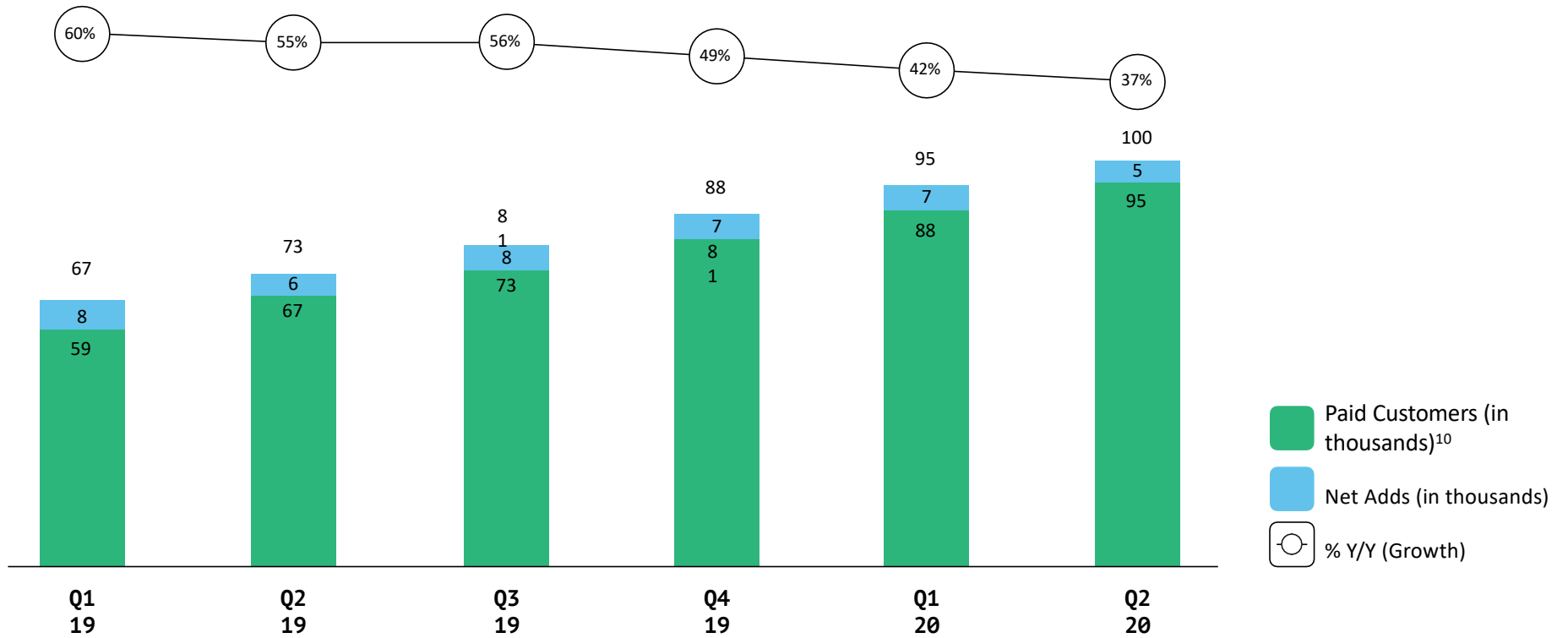
## A Network for Intercompany Collaboration

**20,000+**

Paid Customers have adopted Shared Channels



# A large and rapidly growing customer base

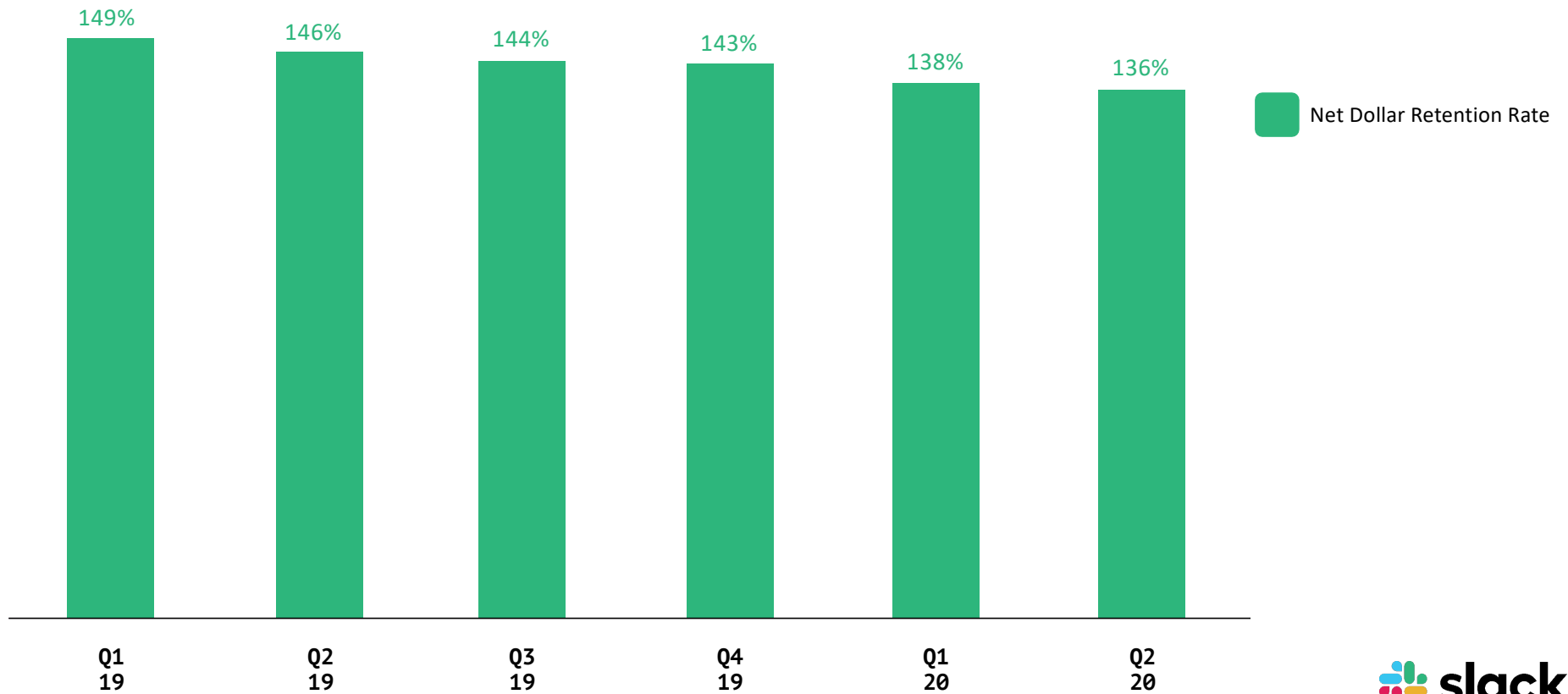


(10) Paid Customers at beginning of period presented.

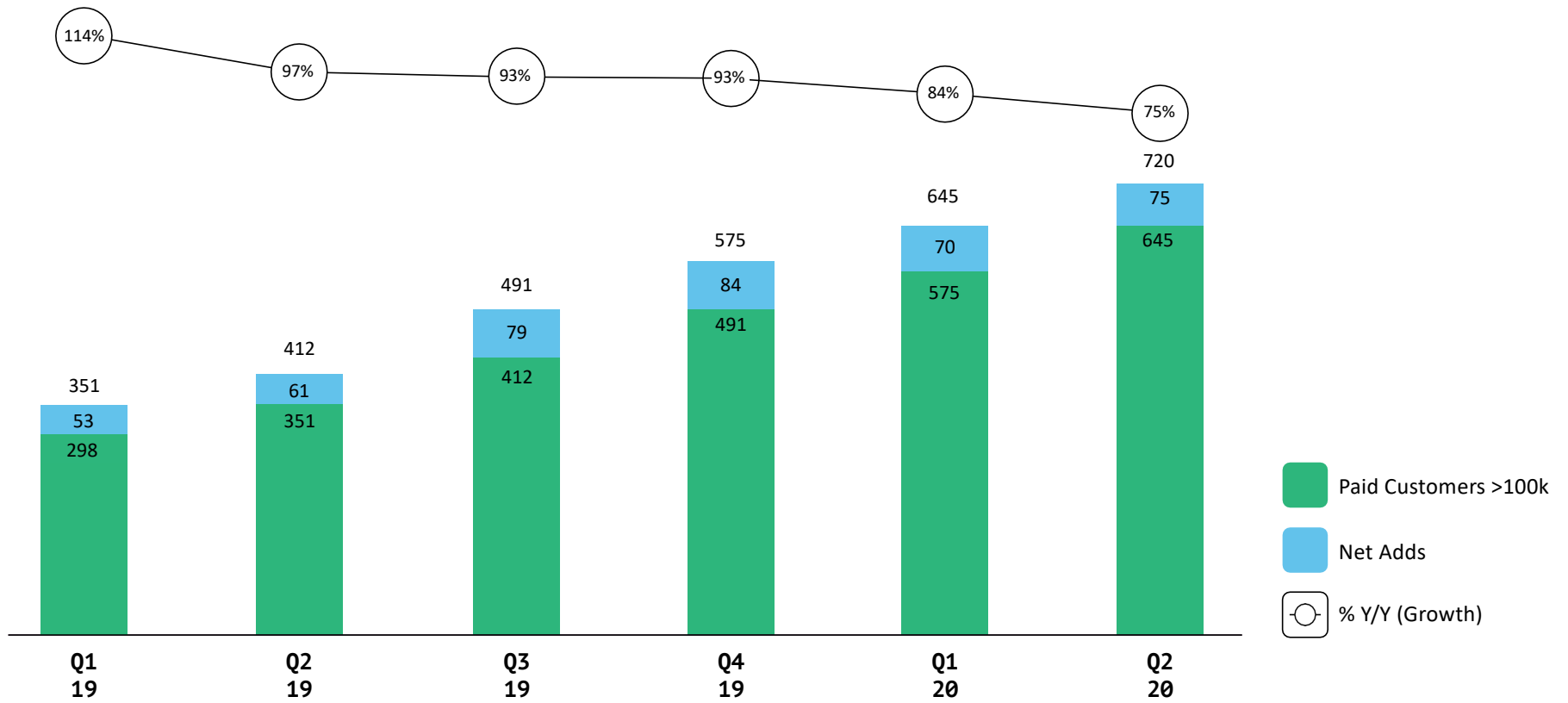




## Strong retention and expansion within existing customers



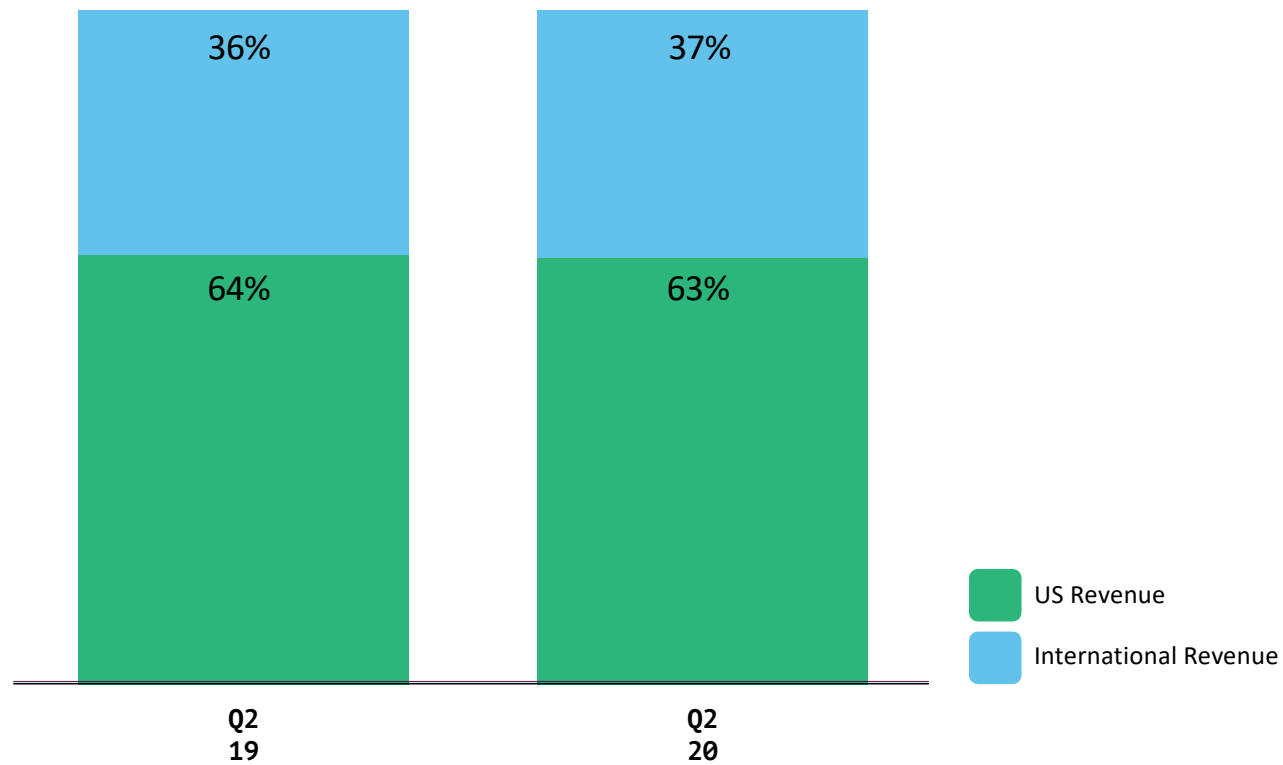
# Significant large customer traction



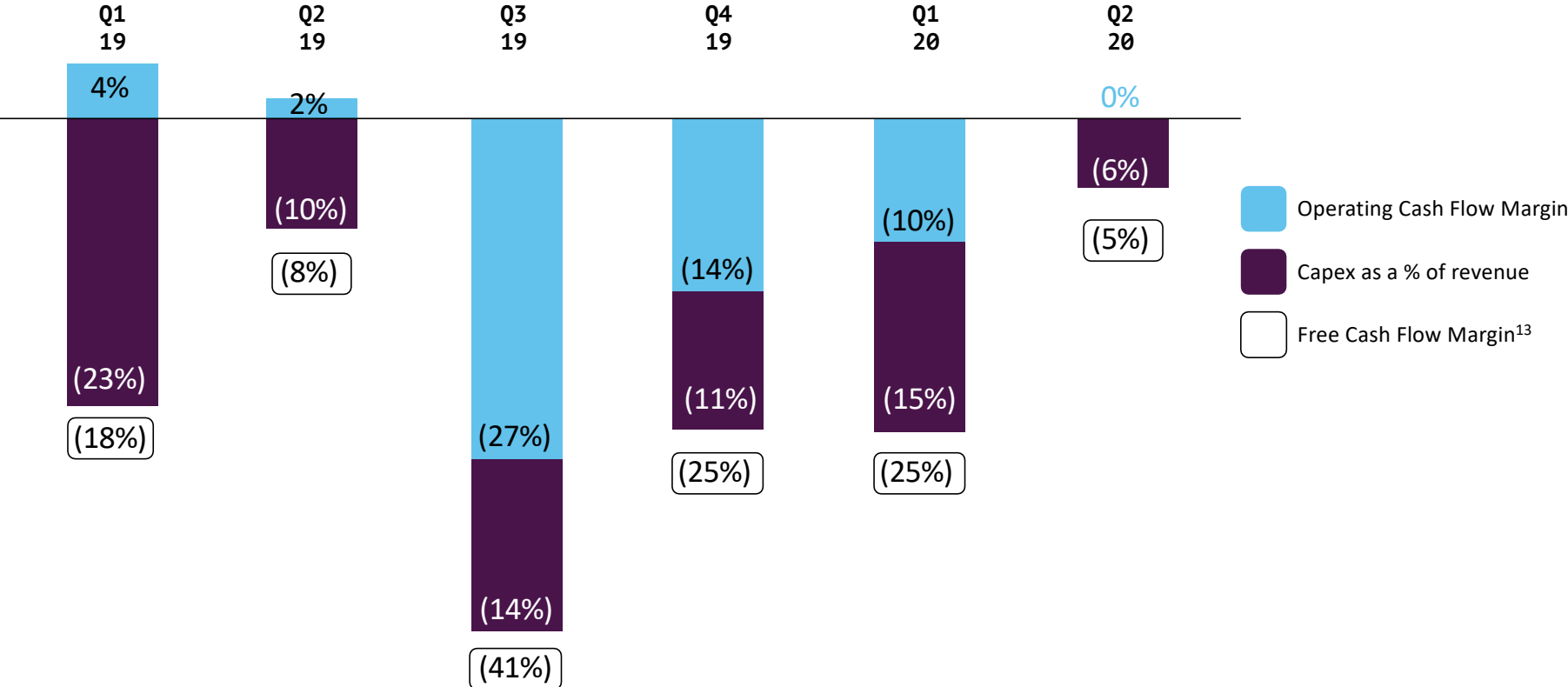
(11) Paid Customers > \$100K at beginning of period presented.



## An international revenue footprint in 150+ countries



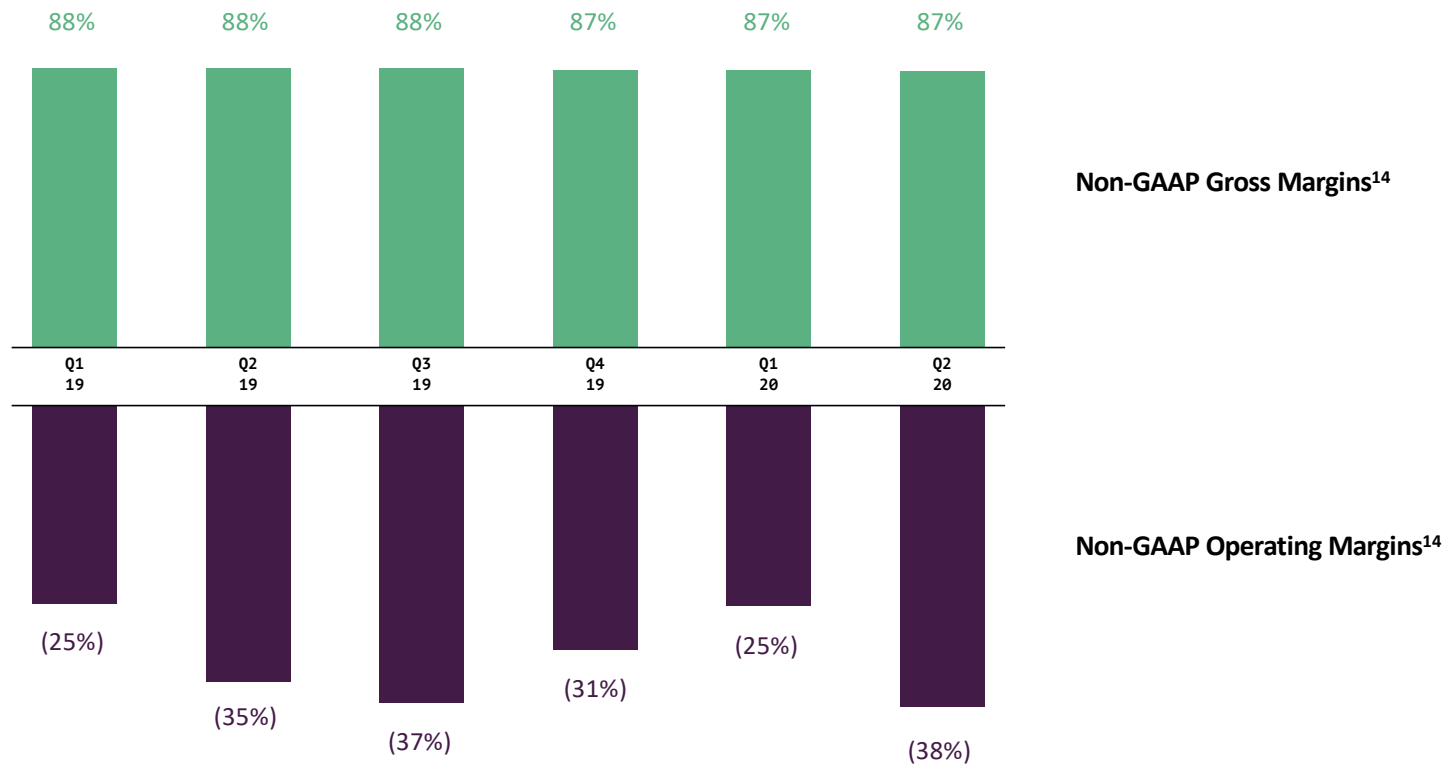
# Free Cash Flows



(13) Free cash flow is calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures.



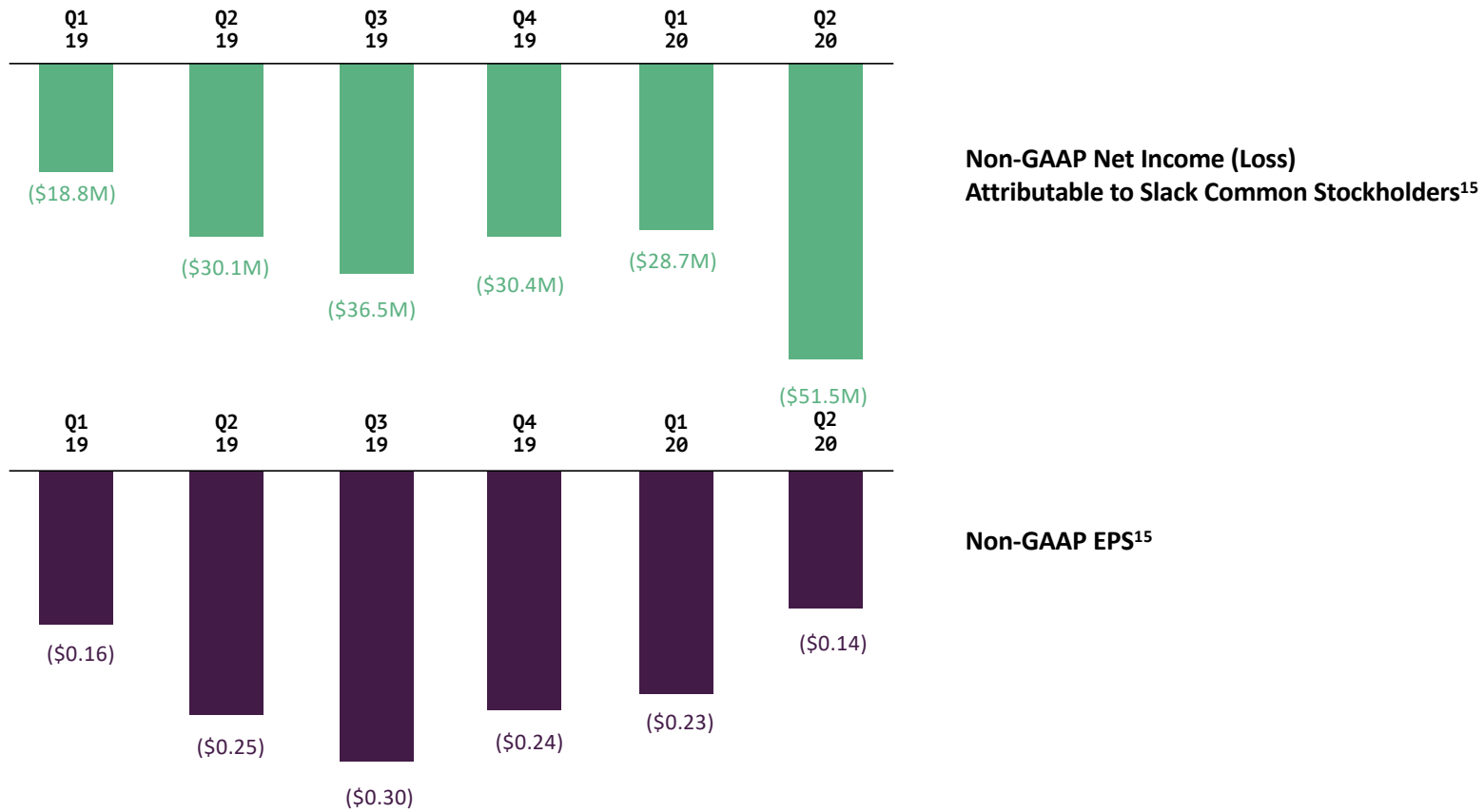
# Non-GAAP Gross Margins & Non-GAAP Operating Margins



(14) Non-GAAP gross margin and non-GAAP operating margins are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures.



# Non-GAAP Net Income (Loss) & EPS



(15) Non-GAAP net income (loss) attributable to Slack common stockholders and non-GAAP EPS are calculated on a non-GAAP basis. See appendix for a reconciliation of non-GAAP financial measures.



# Calculated Billings & TTM Calculated Billings

## Calculated Billings

\$'s in Millions	Q1'19	Y/Y	Q2'19	Y/Y	Q3'19	Y/Y	Q4'19	Y/Y	Q1'20	Y/Y	Q2'20	Y/Y
<b>Revenue</b>	<b>80.9</b>	<b>89%</b>	<b>92.0</b>	<b>79%</b>	<b>105.6</b>	<b>82%</b>	<b>122.0</b>	<b>78%</b>	<b>134.8</b>	<b>67%</b>	<b>145.0</b>	<b>58%</b>
Add: Total deferred revenue, end of period	146.6	98%	169.4	90%	190.2	80%	241.9	93%	256.7	75%	286.5	69%
Less: Total deferred revenue, beginning of period	(125.5)	120%	(146.6)	98%	(169.4)	90%	(190.2)	80%	(241.9)	93%	(256.7)	75%
<b>Calculated Billings</b>	<b>102.1</b>	<b>71%</b>	<b>114.8</b>	<b>72%</b>	<b>126.5</b>	<b>70%</b>	<b>173.7</b>	<b>97%</b>	<b>149.6</b>	<b>47%</b>	<b>174.8</b>	<b>52%</b>

## TTM Calculated Billings

\$'s in Millions	Q1'19	Y/Y	Q2'19	Y/Y	Q3'19	Y/Y	Q4'19	Y/Y	Q1'20	Y/Y	Q2'20	Y/Y
<b>TTM Revenue</b>	<b>258.7</b>	<b>99%</b>	<b>299.4</b>	<b>90%</b>	<b>347.0</b>	<b>87%</b>	<b>400.6</b>	<b>82%</b>	<b>454.5</b>	<b>76%</b>	<b>507.4</b>	<b>69%</b>
Add: Total deferred revenue, end of period	146.6	98%	169.4	90%	190.2	80%	241.9	93%	256.7	75%	286.5	69%
Less: Total deferred revenue, beginning of period	(74.0)	148%	(89.2)	136%	(105.7)	136%	(125.5)	120%	(146.6)	98%	(169.4)	90%
<b>TTM Calculated Billings</b>	<b>331.4</b>	<b>90%</b>	<b>379.6</b>	<b>82%</b>	<b>431.5</b>	<b>75%</b>	<b>517.0</b>	<b>79%</b>	<b>564.5</b>	<b>70%</b>	<b>624.6</b>	<b>65%</b>



# Free Cash Flow

## Free Cash Flow

\$'s in Millions	Q1'19	% of Rev.	Q2'19	% of Rev.	Q3'19	% of Rev.	Q4'19	% of Rev.	Q1'20	% of Rev.	Q2'20	% of Rev.
Net cash provided by (used in) operating activities	3.4	4%	1.5	2%	(28.4)	(27%)	(17.6)	(14%)	(14.1)	(10%)	0.3	0%
Purchases of property and equipment	(18.4)	(23%)	(9.2)	(10%)	(15.1)	(14%)	(13.5)	(11%)	(20.1)	(15%)	(8.2)	(6%)
<b>Free Cash Flow</b>	<b>(15.0)</b>	<b>(18%)</b>	<b>(7.7)</b>	<b>(8%)</b>	<b>(43.5)</b>	<b>(41%)</b>	<b>(31.1)</b>	<b>(25%)</b>	<b>(34.2)</b>	<b>(25%)</b>	<b>(7.9)</b>	<b>(5%)</b>





# Gross Margins & Operating Margins

## Gross Margins

\$'s in Millions	Q1'19	% of Rev.	Q2'19	% of Rev.	Q3'19	% of Rev.	Q4'19	% of Rev.	Q1'20	% of Rev.	Q2'20	% of Rev.
<b>GAAP gross profit</b>	<b>70.8</b>	<b>88%</b>	<b>80.7</b>	<b>88%</b>	<b>92.1</b>	<b>87%</b>	<b>105.7</b>	<b>87%</b>	<b>116.2</b>	<b>86%</b>	<b>113.9</b>	<b>79%</b>
Add: Stock-based compensation and related employer payroll taxes	0.6	1%	0.1	0%	0.0	0%	0.0	0%	0.0	0%	11.8	8%
Add: Amortization of acquired intangible assets	-	-	0.0	0%	0.3	0%	0.6	0%	0.6	0%	0.6	0%
<b>Non-GAAP Gross profit</b>	<b>71.4</b>	<b>88%</b>	<b>80.7</b>	<b>88%</b>	<b>92.5</b>	<b>88%</b>	<b>106.3</b>	<b>87%</b>	<b>116.9</b>	<b>87%</b>	<b>126.3</b>	<b>87%</b>

## Operating Margins

\$'s in Millions	Q1'19	% of Rev.	Q2'19	% of Rev.	Q3'19	% of Rev.	Q4'19	% of Rev.	Q1'20	% of Rev.	Q2'20	% of Rev.
<b>GAAP gross loss</b>	<b>(26.3)</b>	<b>(33%)</b>	<b>(33.7)</b>	<b>(37%)</b>	<b>(50.8)</b>	<b>(48%)</b>	<b>(43.3)</b>	<b>(36%)</b>	<b>(38.4)</b>	<b>(29%)</b>	<b>(363.7)</b>	<b>(251%)</b>
Add: Stock-based compensation and related employer payroll taxes	6.1	8%	1.6	2%	10.5	10%	4.9	4%	3.6	3%	307.0	212%
Add: Amortization of acquired intangible assets	-	-	0.1	0%	0.7	1%	1.0	1%	1.0	1%	1.0	1%
<b>Non-GAAP Operating loss</b>	<b>(20.2)</b>	<b>(25%)</b>	<b>(32.0)</b>	<b>(35%)</b>	<b>(39.6)</b>	<b>(37%)</b>	<b>(37.5)</b>	<b>(31%)</b>	<b>(33.8)</b>	<b>(25%)</b>	<b>(55.6)</b>	<b>(38%)</b>



# Net Income & EPS

## Net Loss

\$'s in Millions	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
<b>Net loss attributable to Slack common stockholders</b>	<b>(24.9)</b>	<b>(31.9)</b>	<b>(47.7)</b>	<b>(36.3)</b>	<b>(33.3)</b>	<b>(359.6)</b>
Add: Stock-based compensation and related employer payroll taxes	6.1	1.6	10.5	4.9	3.6	307.0
Add: Amortization of acquired intangible assets	-	0.1	0.7	1.0	1.0	1.0
<b>Non-GAAP net loss</b>	<b>(18.8)</b>	<b>(30.1)</b>	<b>(36.5)</b>	<b>(30.4)</b>	<b>(28.7)</b>	<b>(51.5)</b>

## Net Loss Per Share

\$'s in Millions	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20
<b>GAAP net loss per share</b>	<b>(0.21)</b>	<b>(0.26)</b>	<b>(0.39)</b>	<b>(0.29)</b>	<b>(0.26)</b>	<b>(0.98)</b>
Add: Amortization of acquired intangible assets	0.05	0.01	0.09	0.04	0.03	0.84
Add: Dividends to preferred stockholders	-	0.00	(0.00)	0.01	(0.00)	0.00
<b>Non-GAAP net loss per share</b>	<b>(0.16)</b>	<b>(0.25)</b>	<b>(0.30)</b>	<b>(0.24)</b>	<b>(0.23)</b>	<b>(0.14)</b>

