Dear Fellow Shareholders,

Fiscal year 2023 (FY23) was another strong year for Smartsheet. We extended our leadership position in Collaborative Work Management, delivered our best year ever for new customer bookings, acquired Outfit to strengthen our marketing and creative management solutions, added 2.2 million users to the Smartsheet platform, and generated annual free cash flow for the first time.

As a cash generating company, we enter a new phase in the lifecycle of our business. We expect our scale, combined with our increasingly efficient operating model, to deliver significant free cash flow and improve GAAP and Non-GAAP profitability, which in turn should drive shareholder returns.

In FY23, we improved our operating efficiency by eliminating lower-value activities across the business and moderating our hiring plan while exiting the year with meaningfully higher ramped sales capacity. In fiscal year 2024 (FY24), we will continue to deliver efficient growth through operational rigor and thoughtful investments with quantifiable returns.

Our scalable business model supports Smartsheet's leadership position in Collaborative Work Management. We are operating at an annual recurring revenue (ARR) scale, enterprise adoption rate, and profitability level that are unrivaled in the category.

In FY23, we drove our total ARR to more than $854 million, and expanded our number of customers with ARR over $1 million to 45. We achieved positive free cash flow of $9.8 million. Total revenue was $766.9 million, an increase of 39% year over year. Calculated billings were $892 million, an increase of 35% year over year. Our dollar-based net retention rate exiting FY23 was a category-leading 125%.

Our financial results only tell part of the story. At Smartsheet, we work to earn the trust of our customers and drive results for them every day. In FY23, our gross renewal rate of greater than 96% remained best in our category.

Today, our platform enables modern work for more than 120,000 organizations worldwide, including 90% of the Fortune 100 and over 80% of the Fortune 500. More than 12 million people are connected to our platform to manage their work.

Our product investment and go-to-market strategy are focused on the enterprise, and we have seen great success in this segment. Our unique land, expand, and climb go-to-market motion continues to be a key

differentiator for Smartsheet. We help our customers "climb" by enabling them to use the core and premium elements of the platform for increasingly sophisticated, mission-critical workflows.

This approach has proved resilient in economic cycles of all kinds. We now have over 3,300 large enterprise customers, defined as organizations with over 10,000 employees. ARR from this customer segment grew over 40% in FY23 and is now over $260 million dollars, representing 30% of our total ARR. We believe this segment alone represents a multi-billion dollar revenue opportunity for Smartsheet.

While we have seen the changing macroeconomic environment negatively impact expansion rates across customer segments, our enterprise customers continue to exhibit the fastest growth rates. We believe that in the long-term, enterprises – especially large enterprises – remain the best opportunity to drive durable, profitable growth. And no one in this category is winning the enterprise like we are.

In addition to our category-leading financial performance, our leadership position in the enterprise has been recognized by top industry analysts and peer review sites. For example, Smartsheet was recognized as a Leader in The Forrester Wave™: Collaborative Work Management Tools, Q4 2022 for the fourth time running. Smartsheet was also named in the top five on G2's Best Products for Enterprise list, the only Collaborative Work Management vendor to rank in the top 50.

In FY23, our product innovations focused on the needs of the enterprise, specifically around wide-spread usability, security, and ability to scale, including:

- An enhanced Smartsheet experience for all users that enables them to find and act on their work quickly, including our Desktop Application, our machine learning powered Home, and re-imagined Search function.
- Project Assistant, a guided experience that helps customers quickly create and share the sheets, reports, and dashboards they need to manage new projects with just a few simple inputs.
- Outfit's integration into Brandfolder, which lets customers realize greater value from a more powerful digital asset management and content automation experience.
- Portfolio WorkApps, which combine the power of Control Center for managing large portfolios with the end-user simplicity of WorkApps.
- New resource management capabilities, including Capacity View that gives resource managers increased visibility of their capacity for planning and deploying talent, deepening our investment in Project Portfolio Management (PPM).
- DataTable, which supports data integration at a massive scale, enabling customers to bring millions of records of data from external systems into Smartsheet to better visualize and collaborate on previously siloed data.
- New enterprise-grade security and scalability features including Data Egress Controls, Deactivate User, and a direct integration with Okta's active directory service.

Our ability to deliver for our customers is powered by the dedication and drive of our team. Attracting, developing, and retaining top talent remains a priority. In FY23, we expanded our team in a measured way, adding 652 new roles and growing our total headcount to 3,191 team members. We strive to build and maintain a diverse team and an inclusive culture as we continue to grow. Our diversity, equity, and

inclusion (DEI) representation goals, tied to executive compensation, hold our leaders accountable to this important work.

Smartsheet's commitment to DEI extends beyond our employees into our global communities. The pursuit of our mission to empower anyone to drive meaningful change requires that we create a world where anyone can work toward their goals. In FY24, we plan to publish our first Corporate Social Responsibility report, looking at sustainability and social impact here at Smartsheet.

Thank you for your partnership and support over the preceding year. Participating in an active dialogue with shareholders is a key component of our success as an organization. We value your perspectives on topics related to strategy, corporate governance, executive compensation, and more. Our directors remain committed to these conversations, and we will continue to consider what we learn from our shareholders as we engage in FY24.

The scale of our platform and the talents of our team give us a clear advantage when it comes to delivering value to our customers at scale. As enterprises across the globe continue to push the boundaries of what's possible, we're helping them solve their hardest problems and supporting their critical workflows. We believe that the Smartsheet platform will enable our enterprise customers, and all of our customers, to generate more revenue, improve operational efficiency, and keep their teams engaged and productive as they work to drive meaningful change.

Thank you for your continued confidence in Smartsheet.

Sincerely,

Mark P. Mader
President and Chief Executive Officer
Smartsheet Inc.