Catherine - Intro and Safe Harbor

Good afternoon, and thank you for joining us on today's conference call to discuss the financial results for Asana’s first quarter fiscal year 2022. With me on today's call are Dustin Moskovitz, Asana’s Co-Founder and CEO; Tim Wan, the Company's Chief Financial Officer; and Chris Farinacci, the Company's Chief Operating Officer and Head of Business.

Today's call will include forward-looking statements pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding our financial outlook, market position and growth opportunities. Forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Forward-looking statements represent our management's beliefs and assumptions only as of the date made. Information on factors that could affect the Company's financial results is included in its filings with the SEC from time-to-time, including the section titled Risk Factors in the Annual Report on Form 10-K filed by the Company for the year ended January 31, 2021.

In addition, during today's call we will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. Reconciliation between GAAP and non-GAAP financial measures and a discussion of the limitations of using non-GAAP measures versus their closest GAAP equivalents are available in our earnings release which is posted on our Investor Relations webpage at investors.asana.com.

And with that I'd like to turn the call over to Dustin.
Thanks Catherine and thank you to everyone for joining us today for our Q1 fiscal year 2022 earnings call. We had a remarkable first quarter and continued to see the business accelerate across revenues, paying customers and customer expansions:

- Revenues grew 61% year-over-year, with growth accelerating for the second quarter in a row.
- We added over 7,000 net new paying customers in Q1, up from 4,000 added in the previous quarter.
- And growth in the number of paying customers accelerated for the 3rd quarter in a row to 30% year-over-year.
- Also, dollar based net retention rates continued to be strong; for customers overall, it was over 115%, for customers spending $5,000 and over, it was 123%, and for customers spending $50,000 or more, it was over 140%.

Based on our outlook for the rest of the year, we are raising full year guidance by over 8% to $336-340 million, representing a 48% to 50% year over year growth rate. This is based on several things. First and foremost we continue to see momentum in enterprise. As the flywheel effect of Asana’s Work Graph data model gains traction, we are closing larger deals and expanding in organizations. The number of customers spending $50,000 and over grew 92% year over year. We are clearly seeing more momentum in the market and our investments in our product strategy are paying off. Second, we are seeing a record volume of interest at the top of the funnel, and the increasing demand is geographically broad based, indicating that we are solving a universal problem. Third, both conversion rates and customer adoption metrics are going up. We are seeing customer satisfaction rates, NPS scores, and retention rates at or better than pre-pandemic levels. This is translating into continued strong net new paying customer growth and strong seat expansion, affirmation that Asana is delivering the features and capabilities that users and organizations want.
While the pandemic may have heightened the awareness of how difficult it is to achieve clarity at work, the problems themselves are not new. Even before the pandemic, 1.25 billion global knowledge workers largely relied on outdated tools, email, spreadsheets, and status meetings to get clarity on who is doing what, by when. According to our annual survey called the Anatomy of Work, 60% of knowledge workers’ time is spent on work about work, rather than the work itself. Over the last year, people have expended more effort to have the same or even less impact. The average person is working later each day, 26% are still missing deadlines, and 7 out of 10 people experienced burnout last year. Asana provides a more productive and sustainable way to work.

Going forward, there will be a spectrum of types of environments: from fully remote, to fully back to office, and in many cases, a hybrid of both. Whether teams are working from home, or in offices coordinating work across departments and geographies, clarity on who is doing what by when is essential. This persistent need for clarity will be a durable secular driver for our business.

For those of you who may be new to Asana, we are accelerating our growth and expansion with the Asana Work Graph - our key differentiator. Like the social graph my co-founder, JR, and I worked on - the Asana Work Graph is the flexible data model powering Asana. The Work Graph is a fully-connected, up-to-date map of the work in an organization. It enables Asana to provide clarity at every level of an organization, regardless of size, structure, and complexity. Customers like Japan Airlines, Sky, Under Armour and thousands of others use Asana today, to get products to market faster, budget resources better, and have a bird’s eye view of the business. We are the solution that can provide clarity for the individuals, teams and executives based on a shared source of truth, enabled by our proprietary data model the Asana Work Graph.

First, for executives we provide org-wide visibility and alignment with goals and portfolios. Just this week we announced Universal Reporting, which gives leaders real-time visibility into work across their organizations. This real-time, graphical dashboarding capability is built directly on top of our Asana Work Graph. Unlike other reporting tools, the Work Graph data model enables company and team leaders to create reports by selecting particular projects, teams, or portfolios across their entire
organization and view their progress together in a single chart, not just across individual projects. Executives used to have to wait for their teams to manually prepare Quarterly Reviews for this level of insight. Universal Reporting makes that level of insight available instantly, dynamically, and automatically.

For example, an executive can create single charts that track product roadmaps within or across product lines, track budgets within teams or across departments, or track efficiency and attainment within their area of responsibility or across an entire company objective. They can then add them to a shareable dashboard in a few clicks, making progress reporting easy and ensuring that important decisions are made with up-to-date data.

Second, we provide a single source of truth to power work across teams. Universal reporting gives teams the progress and resourcing reports they need to move quickly. We also continue to enhance our workflow automation capabilities. We are aiming to launch a new workflow gallery by the end of year, our version of an app store.

Lastly, we help individuals maximize their productivity. Next week, on Wednesday, June 9th, we will be hosting our Asana Focus and Flow Summit. We will be joined by some of the leading researchers on high performance, including Adam Grant, organizational psychologist and bestselling author, Dr. Sahar Yousef, cognitive neuroscientist at UC Berkeley, and Dr. Michael Gervais, a renowned psychologist on optimal performance for world class athletes and Fortune 100 CEOs. We are unveiling a new suite of personal productivity features that help individuals prioritize their work, reduce distractions, and improve focus. Some of the new features include

- Video Messaging to reduce meetings
- An upgraded My Tasks experience to enable more ways to prioritize and automate your work
- Smart calendar assistant to create more time for focus
- And an Asana desktop app, one of the top requests from our community.
We will be featuring demos of capabilities that are based on the unique benefits of the Asana Work Graph. So please join us for this event, on June 9th from 10am-11am Pacific Time.

Our Product Roadmap this year is stronger than ever. We are investing aggressively in our product strategy and making great progress toward our vision. We continue to ship capabilities at a rapid pace this year including:

- Asana Partners introduced in Q1 which featured over 200 Technology Partners including ServiceNow, Zendesk and Adobe integrations
- We launched Asana’s Channel Partner network and expanded four new languages
- In Q2 we launched Universal Reporting
- And we have a new suite of personal productivity features coming to market next Wednesday
- We also have additional Enterprise Platform news in Q3
- and we’re on track to launch our entirely new take on Workflows by the end of Q4

Before I hand it over to Chris I would conclude by highlighting that we continue to scale our company while evolving and developing our culture. We are expanding into 7 new languages this year for a total of 13 by the end of the year. We opened offices in Singapore and Paris, bringing us to 11 offices on 4 continents. Lastly Asana has been named to Inc. Magazine’s annual list of the Best Workplaces for 2021 for the 4th year in a row.

So as our company continues to scale rapidly, we also continue to focus on intentionally evolving a great culture, built around ensuring everyone has real-time clarity about what’s expected of them and how their work fits into our higher level goals. As the company grows on top of this strong foundation, we get ever better and faster at delivering value for our customers.

And now I’ll hand it off to Chris -
Thanks Dustin.

Asana had a great first quarter to start off the year. We had another quarter of accelerating revenue growth, with revenues growing 61% year over year. We are firing on all cylinders, from the top of the funnel to large enterprise expansions. Some highlights from the quarter’s business performance include the following:

- First, we accelerated new customer growth, adding over 7,000 net new customers this quarter and passing 100,000 paying customers milestone. Top of Funnel performance continues to be strong globally.

- Second, we’re seeing strong expansion within our existing customer base, particularly with our larger customers. The net retention rate for customers spending $50,000 or more with us annually was again over 140%.

- Third, as Dustin mentioned, we’re seeing our investments pay off with growing enterprise momentum. The number of customers spending $50,000 or more annually grew 92% to 485 customers.

While the numbers speak for themselves, our customer adoption trends tell the story best. Our largest customer deployment expanded to 50,000 seats this quarter. This highlights the scalability of the product and shows our value proposition is resonating with some of the biggest enterprises in the world. It’s a credit to our Work Graph data model, which enables our vision and is a core competitive differentiator. Customers are realizing the benefits, especially our largest customers who have cross-functional teams with complex workflows.

We saw traction in Q1 around the world and across a range of industries. We continue to see significant expansions within our current customer base. Here are just a couple
more highlights:

- In Q1 Vice Media Group, the world’s largest independent youth media company, upgraded its organization to our enterprise solution and added hundreds of new seats. They needed to improve visibility into work happening across the company and centralize it in one place to eliminate silos between departments and teams that are spread across the world. Now teams from marketing to video production to advertising operations, will be using Asana to manage their work and track their strategic goals. With everything in one place, teams can now see how their individual work aligns with department-wide timelines. Additionally, leadership will have real-time reporting on progress and blockers to make informed business decisions.

- Duke Clinical Research Institute and the Center for Health Equity Research at the University of North Carolina at Chapel Hill selected Asana’s solution to manage cross-functional workflows at scale for a large federally funded COVID-19 program targeting underserved populations. Asana Portfolios will help them monitor the program and provide reporting to the sponsor.

As we look toward the rest of the year and beyond, I’m very excited. We’re continuing to focus our business on 3 major growth drivers: acquiring new customers, existing customer expansion, and enterprise momentum.

- First is **new customer acquisition**. We’re continuing to expand our customer reach, to make Asana accessible to a significantly larger portion of the world’s teams, by executing on one of our largest new market expansion initiatives to date. We have already made Asana available in 4 new languages this year (Traditional Chinese, Russian, Dutch, and Polish) with 3 more on the way. We also launched our Channel Partner network to expand our reach.

- Second, we are focused on **customer expansion**. We continue to see a large and growing expansion opportunity in our existing base of now over 100,000 paying customers. I’m particularly excited about the new product launches this quarter, including the personal productivity suites we’re launching at the Focus and Flow
Summit next week and our recently announced new Universal Reporting capabilities.

- Our third major growth driver is **Enterprise**. Not only are we seeing momentum in enterprises broadly, we are seeing rapid adoption and expansion of our product in some of the world’s most valuable companies. The business imperative for real-time clarity and alignment across teams and organizations is accelerating. Our enterprise demand is building and we’re seeing organizations across industries choosing Asana - examples include leaders in financial services, manufacturing, media & entertainment, technology, and retail in our recent quarter. We’re scaling our enterprise sales organization, growing our sales team as fast as we can to service this growing demand. We are also continuing to invest significantly in our enterprise platform and capabilities. Asana is uniquely suited to scale as a trusted partner and provider of real-time clarity & alignment for large enterprises.

With that, I’ll now turn it over to Tim to go through our financial results.

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**Tim**

Thanks Chris. And thank you everyone for joining us today. We are very excited to report another great quarter, with strong results across the board.

- Q1 Revenue growth accelerated from last quarter to $76.7 million, up 61% year-over-year.
- We added over 7,000 net new paying customers and now have over 100,000 at the end of Q1. This represents a 30% year-over-year increase, and our 3rd consecutive quarter of accelerating customer growth.
- We have 11,272 customers spending $5,000 or more on an annualized basis, up 53% year-over-year.
- And growth in larger customers is even stronger. We have 485 customers spending $50,000 or more on an annualized basis, which accelerated this quarter to 92% year-over-year.
As a reminder, we define customers spending $5,000 or more and $50,000 or more based on annualized GAAP revenues in a given quarter.

- Revenue from customers spending $5,000 or more represented 64% of our revenues in Q1 compared to 56% in the year-ago quarter. This part of our business grew 82% year-over-year.
- Our overall dollar-based-net-retention-rate was >115%. As a reminder, our dollar-based-net-retention-rate is a trailing 4 quarter average calculation.
- Among customers spending $5,000 or more, our dollar-based-net-retention-rate was 123%.
- And among customers spending $50,000 or more, our dollar-based-net-retention-rate was again over 140%. This further demonstrates our success with our land and expand strategy and how Asana is resonating particularly with our largest customers.

Before turning to expense items and profitability, I would like to point out that I will be discussing non-GAAP results in the balance of my remarks.

- Gross margins came in at 89.8%, up from 87.1% in the year-ago quarter.
- Research and Development was $30.5 million, or 40% of revenue. As we continue to invest heavily to fuel innovation at a high velocity.
- Sales and Marketing was $52.5 million, or 68% of revenue, reflecting the investment in both our self-serve and direct sales motions.
- G&A was $19.3 million, or 25% of revenue.
- Operating loss was $33.3 million, and operating loss margin was 43%.
- Net loss was $33.8 million, and our loss per share was 21 cents.

Moving on to the balance sheet and cash flow:

- Cash and marketable securities including long term investments at the end of Q1 were approximately $398 million.
- Our Free Cash Flow is defined as net cash from operating activities, less cash used in property and equipment and capitalized software costs, excluding non-recurring items such as direct listing fees and expenses, and the build out of our
SF office. In Q1 free cash flow was negative $7.7 million.

We are very proud of our achievements and the business momentum. Now, moving to our Q2 and fiscal year 2022 Outlook.

For Q2 Fiscal 2022 we expect

- Revenues of $81 million to $83 million, representing growth rates of 56% to 60% year over year.
- We expect Non-GAAP loss from operations of $44 million to $42 million
- And we expect Loss per share of 27 cents to 26 cents assuming basic and diluted weighted average shares outstanding of approximately 163 million.

Now, looking out to the full fiscal year 2022, we are raising our previous guidance and now expect revenue to be $336 million to $340 million, **representing a growth rate of 48% to 50% year-over-year.**

Given the large opportunity ahead, we will continue to invest for growth to maintain our leadership position. **We expect full-year non-gaap operating margins to improve slightly from fiscal year 2021.**

Longer term we believe that we can execute on our growth strategy and that our best in class gross margins and strong unit economics will provide the leverage and flexibility to invest into the enormous market opportunity. We believe this investment will provide durable and sustainable growth as we pursue this large market opportunity with the best in class product.

Operator - let's open the line up for questions.