



Second Quarter 2024 Investor Supplement

Product Innovation and Developments

- Released beta version of [Fastly AI Accelerator](#), the company's first AI solution to help developers speed up the performance of their ChatGPT-powered apps and reduce the costs of using OpenAI's large language model API.
- Redesigned our [pricing page](#) to provide clarification around our new self-serve checkout plan (Usage), mix-and-match packages, and our free tier offerings.
- Launched free developer accounts alongside [Simplified Compute Service Creation](#), which allows developers to set up, configure, and sync a new Compute service to their local machine using a single command.
- Enhanced [Fastly Managed Security Service](#) offering with Fastly Bot Management, and an industry-leading 30-minute time-to-notify service level agreement (SLA).

Customer and Partner Highlights

- Product package deals doubled compared to the first quarter of 2024, driven by the successful introduction of Observability packages in addition to Compute, Security, and Delivery.
- New deal registrations grew 33% quarter-over-quarter in the second quarter, and year-to-date revenue contribution more than doubled year-over-year.
- Valve Corporation, a video game developer and digital distribution company, selected Fastly's Delivery services to support its Steam platform.
- Epicor, a leading enterprise resource planning software developer, selected Fastly's Network Services, Next-Gen WAF, DDoS Mitigation, Observability, Bot Management and Professional Services.
- Yottaa, a leader in website optimization and performance solutions, became a Fastly managed services provider.

Corporate Highlights

- Scott R. Lovett [joined Fastly](#) as Chief Revenue Officer, bringing more than 30 years of experience in the network services and cybersecurity industries.
- Fastly [recognized](#) as a 2024 Gartner® Peer Insights™ Customers' Choice for Cloud Web Application and API Protection (WAAP) for the sixth consecutive year – and the only vendor to be recognized for six years running.
- Fastly Security Research Team [identified](#) the active exploitation of unauthenticated stored XSS vulnerabilities in WordPress Plugins.
- Fastly [named](#) to U.S. News & World Report's 2024-2025 Best Companies to Work For.

Key Metrics Highlights

- Enterprise customer¹ count was 601 in the second quarter, up 24 from the first quarter of 2024. Total customer count¹ was 3,295 in the second quarter, up 5 from the first quarter of 2024.
- Last 12-month net retention rate (LTM NRR)² decreased to 110% in the second quarter from 114% in the first quarter of 2024.
- Remaining performance obligations (RPO)³ were \$223 million, down 2% from \$227 million in the first quarter of 2024.

Third Quarter and Full Year 2024 Guidance

| | Q3 2024 | Full Year 2024 |
|---|---------------------|---------------------|
| Total Revenue (millions) | \$130.0 - \$134.0 | \$530.0 - \$540.0 |
| Non-GAAP Operating Loss (millions)⁽⁴⁾ | (\$12.0) - (\$8.0) | (\$33.0) - (\$27.0) |
| Non-GAAP Net Loss per share⁽⁵⁾⁽⁶⁾ | (\$0.08) - (\$0.03) | (\$0.16) - (\$0.11) |

Calculations of Key and Other Selected Metrics – Quarterly (unaudited)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Customer Metrics: | | | | | | | | |
| Enterprise Customer Count ⁽¹⁾ | 511 | 533 | 540 | 551 | 547 | 578 | 577 | 601 |
| Enterprise Customer Revenue % | 91 % | 92 % | 91 % | 92 % | 92 % | 92 % | 91 % | 91 % |
| Total Customer Count ⁽¹⁾ | 3,039 | 3,062 | 3,100 | 3,072 | 3,102 | 3,243 | 3,290 | 3,295 |
| LTM Net Retention Rate (NRR) ⁽²⁾ | 118 % | 119 % | 116 % | 116 % | 114 % | 113 % | 114 % | 110 % |
| Annual Revenue Retention Rate (ARR) ⁽⁷⁾ | — % | 98.9 % | — % | — % | — % | 99.2 % | — % | — % |
| Revenue Metrics (in millions): | | | | | | | | |
| Network Services Revenue | \$ 87.1 | \$ 96.8 | \$ 94.3 | \$ 98.5 | \$ 102.5 | \$ 109.8 | \$ 106.0 | \$ 104.2 |
| Security Revenue | \$ 19.8 | \$ 20.7 | \$ 21.2 | \$ 22.5 | \$ 23.3 | \$ 25.8 | \$ 24.6 | \$ 25.4 |
| Other Revenue | \$ 1.6 | \$ 1.8 | \$ 2.0 | \$ 1.8 | \$ 1.9 | \$ 2.2 | \$ 2.9 | \$ 2.8 |
| Remaining Performance Obligation (RPO) ³ | \$ 173.0 | \$ 198.3 | \$ 242.4 | \$ 230.9 | \$ 247.6 | \$ 235.7 | \$ 227.0 | \$ 223.1 |



Key Metrics

1. Our number of customers is calculated based on the number of separate identifiable operating entities with which we have a billing relationship in good standing, from which we recognized revenue during the current quarter. Our enterprise customers are defined as those with annualized current quarter revenue in excess of \$100,000. This is calculated by taking the revenue for each customer within the quarter and multiplying it by four.
2. We calculate LTM Net Retention Rate by dividing the total customer revenue for the prior twelve-month period ("prior 12-month period") ending at the beginning of the last twelve-month period ("LTM period") minus revenue contraction due to billing decreases or customer churn, plus revenue expansion due to billing increases during the LTM period from the same customers by the total prior 12-month period revenue. We believe the LTM Net Retention Rate is supplemental as it removes some of the volatility that is inherent in a usage-based business model.
3. Remaining performance obligations include future committed revenue for periods within current contracts with customers, as well as deferred revenue arising from consideration invoiced for which the related performance obligations have not been satisfied.
4. For a reconciliation of non-GAAP financial measures to their corresponding GAAP measures, please refer to the reconciliation table at the end of this supplement.
5. Assumes weighted average basic shares outstanding of 139.3 million in Q3 2024 and 137.5 million for the full year 2024.
6. Non-GAAP Net Loss per share is calculated as Non-GAAP Net Loss divided by weighted average basic shares for 2024.
7. Annual revenue retention rate is calculated by subtracting the quotient of the Annual Revenue Churn from all of our Churned Customers divided by our annual revenue of the same calendar year from 100%. Our "Annual Revenue Churn" is calculated by multiplying the final full month of revenue from a customer that terminated its contract with us (a "Churned Customer") by the number of months remaining in the same calendar year.



Forward-Looking Statements

This investor supplement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, about us and our industry that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or Fastly's future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," "continue," "would," or the negative of these words or other similar terms or expressions that concern Fastly's expectations, goals, strategy, priorities, plans, projections, or intentions. Forward-looking statements in this investor supplement include, but are not limited to, statements regarding Fastly's future financial and operating performance, including its outlook and guidance; the performance of our existing and new products and product enhancements; the capabilities of the Fastly AI Accelerator; the growth and success of Fastly's partner program; and Fastly's strategies, product and business plans. Fastly's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include the possibility that: Fastly is unable to attract and retain customers; Fastly's existing customers and partners do not maintain or increase usage of Fastly's platform; Fastly's platform and product features do not meet expectations, including due to defects, interruptions, security breaches, delays in performance or other similar problems; Fastly is unable to adapt to meet evolving market and customer demands and rapid technological change; Fastly is unable to comply with modified or new industry standards, laws and regulations; Fastly is unable to generate sufficient revenues to achieve or sustain profitability; Fastly's limited operating history makes it difficult to evaluate its prospects and future operating results; Fastly is unable to effectively manage its growth; and Fastly is unable to compete effectively. The forward-looking statements contained in this investor supplement are also subject to other risks and uncertainties, including those more fully described in Fastly's Annual Report on Form 10-K for the year ended December 31, 2023 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024. Additional information will also be set forth in Fastly's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, and other filings and reports that Fastly may file from time to time with the SEC. The forward-looking statements in this investor supplement are based on information available to Fastly as of the date hereof, and Fastly disclaims any obligation to update any forward-looking statements, except as required by law.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), the Company uses the following non-GAAP measures of financial performance: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss, non-GAAP basic and diluted net loss per common share, non-GAAP research and development, non-GAAP sales and marketing, non-GAAP general and administrative, free cash flow and adjusted EBITDA. The presentation of this additional financial information is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. These non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. In addition, these non-GAAP financial measures may be different from the non-GAAP financial measures used by other companies. These non-GAAP measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures. Management compensates for these limitations by reconciling these non-GAAP financial measures to the most comparable GAAP financial measures within our earnings releases.

Non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP net income (loss) and non-GAAP basic and diluted net loss per common share, non-GAAP research and development, non-GAAP sales and marketing, and non-GAAP general and administrative differ from GAAP in that they exclude stock-based compensation expense, amortization of acquired intangible assets, acquisition-related expenses, executive transition costs, net gain on extinguishment of debt, impairment expense and amortization of debt discount and issuance costs.

Adjusted EBITDA: excludes stock-based compensation expense, depreciation and other amortization expenses, amortization of acquired intangible assets, acquisition-related expenses, executive transition costs, interest income, interest expense, including amortization of debt discount and issuance costs, net gain on extinguishment of debt, impairment expense, other income (expense), net, and income taxes.

Amortization of Acquired Intangible Assets: consists of non-cash charges that can be affected by the timing and magnitude of asset purchases and acquisitions. Management considers its operating results without this activity when evaluating its ongoing non-GAAP performance and its adjusted EBITDA performance because these charges are non-cash expenses that can be affected by the timing and magnitude of asset purchases and acquisitions and may not be reflective of our core business, ongoing operating results, or future outlook.

Amortization of Debt Discount and Issuance Costs: consists primarily of amortization expense related to our debt obligations. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net income (loss) performance and its adjusted EBITDA performance because it is not believed by management to be



reflective of our core business, ongoing operating results or future outlook. These are included in our total interest expense.

Capital Expenditures: consists of cash used for purchases of property and equipment, net of proceeds from sale of property and equipment, capitalized internal-use software and payments on finance lease obligations, as reflected in our statement of cash flows.

Depreciation and Other Amortization Expense: consists of non-cash charges that can be affected by the timing and magnitude of asset purchases. Management considers its operating results without this activity when evaluating its ongoing adjusted EBITDA performance because these charges are non-cash expenses that can be affected by the timing and magnitude of asset purchases and may not be reflective of our core business, ongoing operating results, or future outlook.

Executive Transition Costs: consists of one-time cash and non-cash charges recognized with respect to changes in our executive's employment status. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net income (loss) performance and its adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Free Cash Flow: calculated as net cash used in operating activities less purchases of property and equipment, net of proceeds from sale of property and equipment, principal payments of finance lease liabilities, capitalized internal-use software costs and advance payments made related to capital expenditures. Management specifically identifies adjusting items in the reconciliation of GAAP to non-GAAP financial measures. Management considers non-GAAP free cash flow to be a profitability and liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that can possibly be used for investing in Fastly's business and strengthening its balance sheet, but it is not intended to represent the residual cash flow available for discretionary expenditures. The presentation of non-GAAP free cash flow is also not meant to be considered in isolation or as an alternative to cash flows from operating activities as a measure of liquidity.

Impairment Expense: consists of non-recurring charges related to our long-lived assets. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net loss performance and its adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Income Taxes: consists primarily of expenses recognized related to state and foreign income taxes. Management considers its operating results without this activity when evaluating its ongoing adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Interest Expense: consists primarily of interest expense related to our debt instruments, including amortization of debt discount and issuance costs. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net income (loss) performance and its adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Interest Income: consists primarily of interest income related to our marketable securities. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net income (loss) performance and adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Net Gain on Debt Extinguishment: relates to net gain on the partial repurchase of our outstanding convertible debt. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net income (loss) performance and its adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Other Income (Expense), Net: consists primarily of foreign currency transaction gains and losses. Management considers its operating results without this activity when evaluating its ongoing adjusted EBITDA performance because it is not believed by management to be reflective of our core business, ongoing operating results or future outlook.

Stock-Based Compensation Expense: consists of expenses for stock options, restricted stock units, performance awards, restricted stock awards and Employee Stock Purchase Plan ("ESPP") under our equity incentive plans. Although stock-based compensation is an expense for the Company and is viewed as a form of compensation, management considers its operating results without this activity when evaluating its ongoing non-GAAP net income (loss) performance and its adjusted EBITDA performance, primarily because it is a non-cash expense not believed by management to be reflective of our core business, ongoing operating results, or future outlook. In addition, the value of some stock-based instruments is determined using formulas that incorporate variables, such as market volatility, that are beyond our control.



Management believes these non-GAAP financial measures and adjusted EBITDA serve as useful metrics for our management and investors because they enable a better understanding of the long-term performance of our core business and facilitate comparisons of our operating results over multiple periods and to those of peer companies, and when taken together with the corresponding GAAP financial measures and our reconciliations, enhance investors' overall understanding of our current financial performance.

In the financial tables below, the Company provides a reconciliation of the most comparable GAAP financial measure to the historical non-GAAP financial measures used in this investor supplement.



Consolidated Statements of Operations – Quarterly
(unaudited, in thousands, except per share amounts)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue | \$ 108,504 | \$ 119,321 | \$ 117,564 | \$ 122,831 | \$ 127,816 | \$ 137,777 | \$ 133,520 | \$ 132,371 |
| Cost of revenue ⁽¹⁾ | 55,825 | 56,738 | 57,310 | 58,617 | 61,730 | 62,003 | 60,286 | 59,470 |
| Gross profit | 52,679 | 62,583 | 60,254 | 64,214 | 66,086 | 75,774 | 73,234 | 72,901 |
| Operating expenses: | | | | | | | | |
| Research and development ⁽¹⁾ | 38,957 | 37,197 | 37,431 | 37,421 | 39,068 | 38,270 | 38,248 | 35,106 |
| Sales and marketing ⁽¹⁾ | 47,006 | 44,623 | 44,271 | 47,797 | 51,043 | 48,662 | 49,607 | 52,959 |
| General and administrative ⁽¹⁾ | 32,481 | 29,225 | 25,827 | 28,823 | 30,001 | 31,426 | 31,639 | 28,433 |
| Impairment expense | — | — | — | — | 4,316 | — | — | 3,137 |
| Total operating expenses | 118,444 | 111,045 | 107,529 | 114,041 | 124,428 | 118,358 | 119,494 | 119,635 |
| Loss from operations | (65,765) | (48,462) | (47,275) | (49,827) | (58,342) | (42,584) | (46,260) | (46,734) |
| Net gain on extinguishment of debt | — | — | — | 36,760 | — | 15,656 | — | — |
| Interest income | 1,967 | 2,894 | 4,186 | 4,508 | 4,908 | 4,584 | 3,848 | 3,937 |
| Interest expense | (1,381) | (1,354) | (1,213) | (1,232) | (862) | (744) | (579) | (464) |
| Other income (expense), net | 1,877 | 46 | (250) | (803) | (16) | (763) | (89) | 193 |
| Loss before income taxes | (63,302) | (46,876) | (44,552) | (10,594) | (54,312) | (23,851) | (43,080) | (43,068) |
| Income tax expense (benefit) | 118 | (223) | 135 | 110 | (1) | (465) | 347 | 661 |
| Net loss | \$ (63,420) | \$ (46,653) | \$ (44,687) | \$ (10,704) | \$ (54,311) | \$ (23,386) | \$ (43,427) | \$ (43,729) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.52) | \$ (0.38) | \$ (0.36) | \$ (0.08) | \$ (0.42) | \$ (0.18) | \$ (0.32) | \$ (0.32) |
| Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 131,843 | 134,587 | 137,444 |

(1) Includes stock-based compensation expense as follows:

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cost of revenue | \$ 2,978 | \$ 2,938 | \$ 2,681 | \$ 2,837 | \$ 2,860 | \$ 3,278 | \$ 2,779 | \$ 2,044 |
| Research and development | 14,488 | 11,469 | 11,481 | 12,205 | 12,122 | 12,019 | 10,323 | 7,983 |
| Sales and marketing | 10,920 | 7,885 | 6,705 | 9,877 | 9,061 | 8,060 | 7,843 | 7,058 |
| General and administrative | 10,992 | 9,126 | 7,284 | 12,073 | 11,670 | 12,090 | 10,876 | 9,063 |
| Total | \$ 39,378 | \$ 31,418 | \$ 28,151 | \$ 36,992 | \$ 35,713 | \$ 35,447 | \$ 31,821 | \$ 26,148 |



Reconciliation of GAAP to Non-GAAP Financial Measures - Quarterly
(unaudited, in thousands, except per share amounts)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|--|-------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| Gross Profit | | | | | | | | |
| GAAP gross Profit | \$ 52,679 | \$ 62,583 | \$ 60,254 | \$ 64,214 | \$ 66,086 | \$ 75,774 | \$ 73,234 | \$ 72,901 |
| Stock-based compensation | 2,978 | 2,938 | 2,681 | 2,837 | 2,860 | 3,278 | 2,779 | 2,044 |
| Amortization of acquired intangible assets | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 | 2,475 |
| Non-GAAP gross profit | 58,132 | 67,996 | 65,410 | 69,526 | 71,421 | 81,527 | 78,488 | 77,420 |
| GAAP gross margin | 48.6 % | 52.4 % | 51.3 % | 52.3 % | 51.7 % | 55.0 % | 54.8 % | 55.1 % |
| Non-GAAP gross margin | 53.6 % | 57.0 % | 55.6 % | 56.6 % | 55.9 % | 59.2 % | 58.8 % | 58.5 % |
| Research and development | | | | | | | | |
| GAAP research and development | 38,957 | 37,197 | 37,431 | 37,421 | 39,068 | 38,270 | 38,248 | 35,106 |
| Stock-based compensation | (14,488) | (11,469) | (11,481) | (12,205) | (10,426) | (11,728) | (10,323) | (7,983) |
| Executive transition costs | — | — | — | — | (2,406) | (385) | — | — |
| Non-GAAP research and development | 24,469 | 25,728 | 25,950 | 25,216 | 26,236 | 26,157 | 27,925 | 27,123 |
| Sales and marketing | | | | | | | | |
| GAAP sales and marketing | 47,006 | 44,623 | 44,271 | 47,797 | 51,043 | 48,662 | 49,607 | 52,959 |
| Stock-based compensation | (10,920) | (7,885) | (6,705) | (9,877) | (9,061) | (8,060) | (7,843) | (7,058) |
| Amortization of acquired intangible assets | (2,897) | (2,575) | (2,575) | (2,575) | (2,576) | (2,300) | (2,300) | (2,301) |
| Non-GAAP sales and marketing | 33,189 | 34,163 | 34,991 | 35,345 | 39,406 | 38,302 | 39,464 | 43,600 |
| General and administrative | | | | | | | | |
| GAAP general and administrative | 32,481 | 29,225 | 25,827 | 28,823 | 30,001 | 31,426 | 31,639 | 28,433 |
| Stock-based compensation | (7,959) | (9,126) | (7,284) | (12,073) | (11,670) | (12,090) | (10,876) | (9,063) |
| Executive transition costs | (4,207) | — | — | — | — | — | — | — |
| Non-GAAP general and administrative | 20,315 | 20,099 | 18,543 | 16,750 | 18,331 | 19,336 | 20,763 | 19,370 |
| Operating loss | | | | | | | | |
| GAAP operating loss | (65,765) | (48,462) | (47,275) | (49,827) | (58,342) | (42,584) | (46,260) | (46,734) |
| Stock-based compensation | 36,345 | 31,418 | 28,151 | 36,992 | 34,017 | 35,156 | 31,821 | 26,148 |
| Executive transition costs | 4,207 | — | — | — | 2,406 | 385 | — | — |
| Amortization of acquired intangible assets | 5,372 | 5,050 | 5,050 | 5,050 | 5,051 | 4,775 | 4,775 | 4,776 |
| Impairment expense | — | — | — | — | 4,316 | — | — | 3,137 |
| Non-GAAP operating loss | (19,841) | (11,994) | (14,074) | (7,785) | (12,552) | (2,268) | (9,664) | (12,673) |
| Net loss | | | | | | | | |
| GAAP net loss | (63,420) | (46,653) | (44,687) | (10,704) | (54,311) | (23,386) | (43,427) | (43,729) |
| Stock-based compensation | 36,345 | 31,418 | 28,151 | 36,992 | 34,017 | 35,156 | 31,821 | 26,148 |
| Executive transition costs | 4,207 | — | — | — | 2,406 | 385 | — | — |
| Amortization of acquired intangible assets | 5,372 | 5,050 | 5,050 | 5,050 | 5,051 | 4,775 | 4,775 | 4,776 |
| Net gain on extinguishment of debt | — | — | — | (36,760) | — | (15,656) | — | — |
| Impairment expense | — | — | — | — | 4,316 | — | — | 3,137 |
| Amortization of debt issuance costs | 714 | 716 | 716 | 803 | 502 | 456 | 354 | 349 |
| Non-GAAP net income (loss) | \$(16,782) | \$(9,469) | \$(10,770) | \$(4,619) | \$(8,019) | \$ 1,730 | \$(6,477) | \$(9,319) |
| GAAP net loss per common share—basic and diluted | | | | | | | | |
| | \$ (0.52) | \$ (0.38) | \$ (0.36) | \$ (0.08) | \$ (0.42) | \$ (0.18) | \$ (0.32) | \$ (0.32) |
| Non-GAAP net income (loss) per common share—basic and diluted | | | | | | | | |
| | \$ (0.14) | \$ (0.08) | \$ (0.09) | \$ (0.04) | \$ (0.06) | \$ 0.01 | \$ (0.05) | \$ (0.07) |
| Weighted average basic common shares | | | | | | | | |
| | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 131,843 | 134,587 | 137,444 |
| Weighted average diluted common shares | | | | | | | | |
| | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 141,162 | 134,587 | 137,444 |



Reconciliation of GAAP to Non-GAAP Financial Measures - Quarterly (Continued)
(unaudited, in thousands, except per share amounts)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reconciliation of GAAP to Non-GAAP diluted shares: | | | | | | | | |
| GAAP diluted shares | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 131,843 | 134,587 | 137,444 |
| Other dilutive equity awards | — | — | — | — | — | 9,319 | — | — |
| Non-GAAP diluted shares | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 141,162 | 134,587 | 137,444 |
| Non-GAAP diluted net income (loss) per share | (0.14) | (0.08) | (0.09) | (0.04) | (0.06) | 0.01 | (0.05) | (0.07) |

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|--|-------------------|----------------|-------------------|-----------------|---------------|------------------|-----------------|---------------|
| Adjusted EBITDA | | | | | | | | |
| GAAP net loss | \$ (63,420) | \$ (46,653) | \$ (44,687) | \$ (10,704) | \$ (54,311) | \$ (23,386) | \$ (43,427) | \$ (43,729) |
| Stock-based compensation | 36,345 | 31,418 | 28,151 | 36,992 | 34,017 | 35,156 | 31,821 | 26,148 |
| Depreciation and other amortization | 10,786 | 11,903 | 12,179 | 13,030 | 13,202 | 13,727 | 13,400 | 13,443 |
| Amortization of acquired intangible assets | 5,372 | 5,050 | 5,050 | 5,050 | 5,051 | 4,775 | 4,775 | 4,776 |
| Amortization of debt discount and issuance costs | 714 | 716 | 716 | 803 | 502 | 456 | 354 | 349 |
| Executive transition costs | 4,207 | — | — | — | 2,406 | 385 | — | — |
| Net gain on extinguishment of debt | — | — | — | (36,760) | — | (15,656) | — | — |
| Impairment expense | — | — | — | — | 4,316 | — | — | 3,137 |
| Interest income | (1,967) | (2,894) | (4,186) | (4,508) | (4,908) | (4,584) | (3,848) | (3,937) |
| Interest expense | 667 | 638 | 497 | 429 | 360 | 288 | 225 | 115 |
| Other (income) expense, net | (1,877) | (46) | 250 | 803 | 16 | 763 | 89 | (193) |
| Income tax (benefit) expense | 118 | (223) | 135 | 110 | (1) | (465) | 347 | 661 |
| Adjusted EBITDA | \$ (9,055) | \$ (91) | \$ (1,895) | \$ 5,245 | \$ 650 | \$ 11,459 | \$ 3,736 | \$ 770 |



Non-GAAP Consolidated Statements of Operations - Quarterly
(unaudited, in thousands, except per share amounts)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|--------------------|-------------------|--------------------|-------------------|-------------------|-----------------|-------------------|-------------------|
| Revenue | \$108,504 | \$ 119,321 | \$ 117,564 | \$ 122,831 | \$ 127,816 | \$ 137,777 | \$ 133,520 | \$ 132,371 |
| Cost of revenue ⁽¹⁾⁽²⁾ | 50,372 | 51,325 | 52,154 | 53,305 | 56,395 | 56,250 | 55,032 | 54,951 |
| Gross profit | 58,132 | 67,996 | 65,410 | 69,526 | 71,421 | 81,527 | 78,488 | 77,420 |
| Operating expenses: | | | | | | | | |
| Research and development ⁽¹⁾⁽³⁾ | 24,469 | 25,728 | 25,950 | 25,216 | 26,236 | 26,157 | 27,925 | 27,123 |
| Sales and marketing ⁽¹⁾⁽²⁾ | 33,189 | 34,163 | 34,991 | 35,345 | 39,406 | 38,302 | 39,464 | 43,600 |
| General and administrative ⁽¹⁾⁽³⁾ | 20,315 | 20,099 | 18,543 | 16,750 | 18,331 | 19,336 | 20,763 | 19,370 |
| Total operating expenses ⁽⁴⁾ | 77,973 | 79,990 | 79,484 | 77,311 | 83,973 | 83,795 | 88,152 | 90,093 |
| Loss from operations ⁽¹⁾⁽²⁾⁽³⁾ | (19,841) | (11,994) | (14,074) | (7,785) | (12,552) | (2,268) | (9,664) | (12,673) |
| Interest income | 1,967 | 2,894 | 4,186 | 4,508 | 4,908 | 4,584 | 3,848 | 3,937 |
| Interest expense ⁽⁵⁾ | (667) | (638) | (497) | (429) | (360) | (288) | (225) | (115) |
| Other income (expense), net | 1,877 | 46 | (250) | (803) | (16) | (763) | (89) | 193 |
| Income (loss) before income tax expense (benefit) ⁽⁶⁾ | (16,664) | (9,692) | (10,635) | (4,509) | (8,020) | 1,265 | (6,130) | (8,658) |
| Income tax expense (benefit) | 118 | (223) | 135 | 110 | (1) | (465) | 347 | 661 |
| Net income (loss) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ | \$ (16,782) | \$ (9,469) | \$ (10,770) | \$ (4,619) | \$ (8,019) | \$ 1,730 | \$ (6,477) | \$ (9,319) |
| Net income (loss) per share attributable to common stockholders, basic and diluted | \$ (0.14) | \$ (0.08) | \$ (0.09) | \$ (0.04) | \$ (0.06) | \$ 0.01 | \$ (0.05) | \$ (0.07) |
| Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 131,843 | 134,587 | 137,444 |
| Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted | 122,339 | 123,587 | 125,418 | 127,863 | 129,873 | 141,162 | 134,587 | 137,444 |

(1) Excludes stock-based compensation. See GAAP to Non-GAAP reconciliations.

(2) Excludes amortization of acquired intangible assets. See GAAP to Non-GAAP reconciliations.

(3) Excludes executive transition costs. See GAAP to Non-GAAP reconciliations.

(4) Excludes impairment expense. See GAAP to Non-GAAP reconciliations.

(5) Excludes amortization of debt discount and issuance costs. See GAAP to Non-GAAP reconciliations.

(6) Excludes net gain on extinguishment of debt. See GAAP to Non-GAAP reconciliations.



Consolidated Balance Sheets - Quarterly
(unaudited, in thousands)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 87,897 | \$ 143,391 | \$ 348,463 | \$ 273,742 | \$ 270,300 | \$ 107,921 | \$ 150,809 | \$ 147,196 |
| Marketable securities | 445,048 | 374,581 | 198,116 | 123,605 | 158,055 | 214,799 | 178,677 | 164,569 |
| Accounts receivable, net | 72,914 | 89,578 | 85,344 | 78,295 | 98,622 | 120,498 | 107,517 | 113,878 |
| Prepaid expenses and other current assets | 31,321 | 28,933 | 29,717 | 29,500 | 24,481 | 20,455 | 23,207 | 25,312 |
| Total current assets | 637,180 | 636,483 | 661,640 | 505,142 | 551,458 | 463,673 | 460,210 | 450,955 |
| Property and equipment, net | 179,080 | 180,378 | 179,922 | 179,045 | 171,914 | 176,608 | 177,574 | 177,058 |
| Operating lease right-of-use assets, net | 72,374 | 68,440 | 60,615 | 56,733 | 52,927 | 55,212 | 54,420 | 52,451 |
| Goodwill | 670,158 | 670,185 | 670,192 | 670,356 | 670,356 | 670,356 | 670,356 | 670,356 |
| Intangible assets, net | 88,482 | 82,900 | 77,725 | 72,550 | 67,375 | 62,475 | 57,576 | 52,676 |
| Marketable securities, non-current | 186,066 | 165,105 | 117,518 | 78,042 | 32,280 | 6,088 | 1,743 | — |
| Other assets | 73,258 | 92,622 | 94,798 | 95,550 | 94,353 | 90,779 | 84,044 | 79,176 |
| Total assets | \$1,906,598 | \$1,896,113 | \$1,862,410 | \$1,657,418 | \$1,640,663 | \$1,525,191 | \$1,505,923 | \$1,482,672 |
| Liabilities and Stockholders' Equity | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ 8,265 | \$ 4,786 | \$ 4,668 | \$ 5,561 | \$ 5,723 | \$ 5,611 | \$ 5,485 | \$ 5,532 |
| Accrued expenses | 54,186 | 61,161 | 42,311 | 47,001 | 56,595 | 61,818 | 35,555 | 34,445 |
| Finance lease liabilities | 27,807 | 28,954 | 24,763 | 22,233 | 19,250 | 15,684 | 11,974 | 8,178 |
| Operating lease liabilities | 20,919 | 23,026 | 20,516 | 20,575 | 21,533 | 24,042 | 22,580 | 25,399 |
| Other current liabilities | 33,422 | 34,394 | 32,942 | 36,234 | 40,234 | 40,539 | 44,633 | 35,748 |
| Total current liabilities | 144,599 | 152,321 | 125,200 | 131,604 | 143,335 | 147,694 | 120,227 | 109,302 |
| Long-term debt, less current portion | 704,042 | 704,710 | 705,378 | 472,369 | 472,823 | 343,507 | 343,837 | 344,167 |
| Finance lease liabilities, noncurrent | 21,027 | 15,507 | 10,858 | 7,026 | 3,860 | 1,602 | 440 | — |
| Operating lease liabilities, noncurrent | 62,750 | 61,341 | 56,275 | 51,448 | 47,775 | 48,484 | 46,857 | 44,634 |
| Other long-term liabilities | 7,201 | 7,076 | 6,144 | 7,217 | 4,298 | 4,416 | 2,756 | 3,382 |
| Total liabilities | 939,619 | 940,955 | 903,855 | 669,664 | 672,091 | 545,703 | 514,117 | 501,485 |
| Stockholders' equity: | | | | | | | | |
| Common stock | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Additional paid-in capital | 1,634,666 | 1,666,106 | 1,710,498 | 1,747,959 | 1,781,870 | 1,815,245 | 1,870,503 | 1,903,374 |
| Accumulated other comprehensive loss | (12,678) | (9,286) | (5,594) | (3,152) | (1,934) | (1,008) | (521) | (282) |
| Accumulated deficit | (655,011) | (701,664) | (746,351) | (757,055) | (811,366) | (834,752) | (878,179) | (921,908) |
| Total stockholders' equity | 966,979 | 955,158 | 958,555 | 987,754 | 968,572 | 979,488 | 991,806 | 981,187 |
| Total liabilities and stockholders' equity | \$1,906,598 | \$1,896,113 | \$1,862,410 | \$1,657,418 | \$1,640,663 | \$1,525,191 | \$1,505,923 | \$1,482,672 |



Consolidated Statements of Cash Flows – Quarterly
(unaudited, in thousands)

| | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 |
|---|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash flows from operating activities: | | | | | | | | |
| Net loss | \$ (63,420) | \$ (46,653) | \$ (44,687) | \$ (10,704) | \$ (54,311) | \$ (23,386) | \$ (43,427) | \$ (43,729) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | | | | | |
| Depreciation expense | 10,662 | 11,371 | 12,040 | 12,920 | 13,055 | 13,587 | 13,277 | 13,318 |
| Amortization of intangible assets | 5,496 | 5,582 | 5,175 | 5,175 | 5,175 | 4,899 | 4,899 | 4,900 |
| Non-cash lease expense | 8,133 | 5,793 | 6,115 | 5,648 | 5,464 | 5,451 | 5,556 | 5,800 |
| Amortization of debt discount and issuance costs | 715 | 715 | 716 | 803 | 501 | 456 | 354 | 349 |
| Amortization of deferred contract costs | 2,031 | 2,896 | 3,425 | 3,746 | 4,082 | 4,295 | 4,573 | 4,531 |
| Stock-based compensation | 39,378 | 31,418 | 28,151 | 36,992 | 35,713 | 35,447 | 31,821 | 26,148 |
| Deferred income taxes | — | — | — | — | — | (900) | 228 | 333 |
| Provision for credit losses | 1,253 | 624 | 533 | 567 | 211 | 714 | 953 | 393 |
| (Gain) loss on disposals of property and equipment | — | — | 251 | 296 | (42) | — | 399 | 45 |
| Amortization and accretion of discounts and premiums on investments | 771 | 515 | 449 | 298 | (403) | (990) | (1,158) | (1,244) |
| Impairment of operating lease right-of-use assets | — | 2,083 | — | 187 | 401 | 156 | — | — |
| Impairment expense | — | — | — | — | 4,316 | — | — | 3,137 |
| Net gain on extinguishment of debt | — | — | — | (36,760) | — | (15,656) | — | — |
| Other adjustments | (353) | 3,980 | (243) | (85) | 71 | 905 | (259) | (178) |
| Changes in operating assets and liabilities: | | | | | | | | |
| Accounts receivable | (5,949) | (17,288) | 3,701 | 6,482 | (20,538) | (22,590) | 12,028 | (6,754) |
| Prepaid expenses and other current assets | (975) | (971) | (634) | 217 | 5,019 | 4,107 | (2,700) | (2,131) |
| Other assets | (13,505) | (15,492) | (7,212) | (4,771) | (4,286) | (6,868) | (1,814) | (3,210) |
| Accounts payable | (4,301) | (1,267) | (175) | 1,119 | 314 | (876) | 101 | (341) |
| Accrued expenses | 3,328 | 3,799 | (6,827) | 234 | 340 | (1,603) | (8,760) | 1,911 |
| Operating lease liabilities | (7,462) | (4,335) | (5,750) | (6,682) | (4,505) | (5,137) | (7,606) | (4,406) |
| Other liabilities | (3,436) | 5,102 | (3,889) | 9,308 | 1,033 | 612 | 2,667 | (3,820) |
| Net cash provided by (used in) operating activities | (27,634) | (12,128) | (8,861) | 24,990 | (8,390) | (7,377) | 11,132 | (4,948) |
| Cash flows from investing activities: | | | | | | | | |
| Purchases of marketable securities | — | — | — | — | (73,091) | (59,142) | (56,948) | (60,249) |
| Sales of marketable securities | — | 65 | — | 774 | 1 | 24,850 | — | — |
| Maturities of marketable securities | 72,857 | 94,303 | 227,211 | 114,884 | 86,030 | 5,642 | 99,080 | 77,597 |
| Business acquisitions, net of cash acquired | (1,746) | 1,843 | — | — | — | — | — | — |
| Advance payment for purchase of property and equipment | (1,964) | (10,923) | — | — | — | — | — | (790) |
| Purchases of property and equipment | (2,631) | (8,529) | (3,494) | (4,464) | (325) | (2,693) | (1,603) | (1,762) |
| Proceeds from sale of property and equipment | 125 | 126 | 22 | 14 | 13 | — | — | 24 |
| Capitalized internal-use software | (5,120) | (4,290) | (4,209) | (6,230) | (4,951) | (5,902) | (6,845) | (6,829) |
| Net cash provided by (used in) investing activities | 61,521 | 72,595 | 219,530 | 104,978 | 7,677 | (37,245) | 33,684 | 7,991 |
| Cash flows from financing activities: | | | | | | | | |
| Cash paid for debt extinguishment | — | — | — | (196,934) | — | (113,606) | — | — |
| Repayments of finance lease liabilities | (7,076) | (4,427) | (8,645) | (6,557) | (6,041) | (5,932) | (4,872) | (4,236) |
| Cash paid for early sale of restricted shares | (3,618) | — | — | — | — | — | — | — |
| Payment of deferred consideration for business acquisitions | — | — | — | (4,393) | — | — | — | (3,771) |
| Proceeds from exercise of vested stock options | 555 | 364 | 336 | 535 | 1,137 | 161 | 111 | 180 |
| Proceeds from employee stock purchase plan | 1,749 | (949) | 2,596 | 2,191 | 2,222 | 1,550 | 2,881 | 1,034 |
| Net cash used in financing activities | (8,390) | (5,012) | (5,713) | (205,158) | (2,682) | (117,827) | (1,880) | (6,793) |
| Effects of exchange rate changes on cash, cash equivalents, and restricted cash | (110) | 39 | 116 | 469 | (47) | 70 | (48) | (13) |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 25,387 | 55,494 | 205,072 | (74,721) | (3,442) | (162,379) | 42,888 | (3,763) |
| Cash, cash equivalents, and restricted cash at beginning of period | 62,660 | 88,047 | 143,541 | 348,613 | 273,892 | 270,450 | 108,071 | 150,959 |
| Cash, cash equivalents, and restricted cash at end of period | \$ 88,047 | \$ 143,541 | \$ 348,613 | \$ 273,892 | \$ 270,450 | \$ 108,071 | \$ 150,959 | \$ 147,196 |



Free Cash Flow
(in thousands, unaudited)

| | <u>Q3 2022</u> | <u>Q4 2022</u> | <u>Q1 2023</u> | <u>Q2 2023</u> | <u>Q3 2023</u> | <u>Q4 2023</u> | <u>Q1 2024</u> | <u>Q2 2024</u> |
|---|--------------------|--------------------|--------------------|-----------------|--------------------|--------------------|-------------------|--------------------|
| Net cash provided by (used in) operating activities | \$ (27,634) | \$ (12,128) | \$ (8,861) | \$ 24,990 | \$ (8,390) | \$ (7,377) | \$ 11,132 | \$ (4,948) |
| Capital expenditures ⁽¹⁾ : | | | | | | | | |
| Purchases of property and equipment | (2,631) | (8,529) | (3,494) | (4,464) | (325) | (2,693) | (1,603) | (1,762) |
| Proceeds from sale of property and equipment | 125 | 126 | 22 | 14 | 13 | — | — | 24 |
| Capitalized internal-use software | (5,120) | (4,290) | (4,209) | (6,230) | (4,951) | (5,902) | (6,845) | (6,829) |
| Repayments of finance lease liabilities | (7,076) | (4,427) | (8,645) | (6,557) | (6,041) | (5,932) | (4,872) | (4,236) |
| Advance payment for purchase of property and equipment ⁽²⁾ | (1,964) | (10,923) | — | — | — | — | — | (790) |
| Free Cash Flow | <u>\$ (44,300)</u> | <u>\$ (40,171)</u> | <u>\$ (25,187)</u> | <u>\$ 7,753</u> | <u>\$ (19,694)</u> | <u>\$ (21,904)</u> | <u>\$ (2,188)</u> | <u>\$ (18,541)</u> |

(1) Capital expenditures are defined as cash used for purchases of property and equipment, net of proceeds from sale of property and equipment, capitalized internal-use software and payments on finance lease obligations, as reflected in our statement of cash flows.

(2) In the six months ended June 30, 2024, we received \$7.8 million of capital equipment that was prepaid prior to the current quarter, as reflected in the supplemental disclosure of our statement of cash flows.