

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 2, 2022

**FASTLY, INC.**

(Exact name of Registrant as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-38897**  
(Commission File Number)

**27-5411834**  
(I.R.S. Employer  
Identification Number)

**475 Brannan Street, Suite 300  
San Francisco, CA 94107**  
(Address of principal executive offices) (Zip code)

**(844) 432-7859**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.00002 par value	"FSLY"	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On November 2, 2022, Fastly, Inc. (the "Company") announced its financial results for the quarter ended September 30, 2022 by issuing a press release. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is the Company's investor supplement, regarding results of the quarter ended September 30, 2022 (the "Investor Supplement"). The Investor Supplement will be posted to <http://investors.fastly.com> immediately after the filing of this Form 8-K.

The information furnished on this Form 8-K, including the exhibits attached, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Exhibit Description</b>
99.1	<a href="#">Press Release dated November 2, 2022</a>
99.2	<a href="#">Investor Supplement for Third Quarter 2022 Results</a>

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**FASTLY, INC.**

Dated: November 2, 2022

By:

/s/ Ronald W. Kisling

Ronald W. Kisling

Chief Financial Officer

## Fastly Announces Third Quarter 2022 Financial Results

- Record quarterly revenue exceeded high-end of quarterly guidance range and grew 25% annually compared to prior quarter
- GAAP gross margin grew 370 bps sequentially; non-GAAP gross margin grew 320 basis points sequentially
- Average enterprise customer spend grew 4% sequentially

**SAN FRANCISCO, November 2, 2022** — Fastly, Inc. (NYSE: FSLY), the world's fastest edge cloud platform, today announced financial results for its third quarter ended September 30, 2022.

"We are pleased to announce another record quarter, continuing our revenue momentum into 2022 and exceeding the top end of our guidance range while improving our gross margin significantly," said Todd Nightingale, CEO of Fastly.

"I'm excited that Fastly's platform and differentiated products are driving both amazing new customer acquisition and increased existing customer usage," continued Nightingale. "Our portfolio expansion strategy is working and we will be focusing our efforts on accelerating our cross-selling motion to drive growth into 2023."

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Revenue</b>	\$ 108,504	\$ 86,735	\$ 313,404	\$ 256,613
<b>Gross Margin</b>				
GAAP gross margin	48.6 %	52.4 %	47.0 %	53.6 %
Non-GAAP gross margin	53.6 %	57.5 %	52.2 %	58.4 %
<b>Operating loss</b>				
GAAP operating loss	\$ (65,765)	\$ (54,934)	\$ (197,737)	\$ (162,365)
Non-GAAP operating loss	\$ (19,841)	\$ (12,935)	\$ (64,474)	\$ (43,400)
<b>Net loss per share</b>				
GAAP net loss per common share—basic and diluted	\$ (0.52)	\$ (0.48)	\$ (1.19)	\$ (1.43)
Non-GAAP net loss per common share—basic and diluted	\$ (0.14)	\$ (0.11)	\$ (0.52)	\$ (0.38)

## Third Quarter 2022 Financial Summary

- Total revenue of \$108.5 million, representing 6% sequential growth and 25% year-over-year growth.
- GAAP gross margin of 48.6%, compared to 52.4% in the third quarter of 2021. Non-GAAP gross margin of 53.6%, compared to 57.5% in the third quarter of 2021.
- GAAP net loss of \$63.4 million, compared to \$56.2 million in the third quarter of 2021. Non-GAAP net loss of \$16.8 million, compared to \$13.2 million in the third quarter of 2021.
- GAAP net loss per basic and diluted shares of \$0.52 compared to \$0.48 in the third quarter of 2021. Non-GAAP net loss per basic and diluted shares of \$0.14, compared to \$0.11 in the third quarter of 2021.

## Key Metrics

- Trailing 12-month net retention rate (NRR LTM)<sup>1</sup> increased to 118% in the third quarter from 117% in the second quarter 2022.
- Dollar-Based Net Expansion Rate (DBNER)<sup>2</sup> increased to 122% in the third quarter from 120% in the second quarter 2022.
- Total customer count of 2,925 in the third quarter, of which 482 were enterprise<sup>3</sup> customers.
- Average enterprise customer spend of \$759K in the third quarter, up 4% quarter-over-quarter.

For a reconciliation of non-GAAP financial measures to their corresponding GAAP measures, please refer to the reconciliation table at the end of this press release.

## Third Quarter Business Highlights

- Todd Nightingale joined Fastly as CEO, bringing his experience from Cisco where he led business strategy and development efforts for its multi-billion dollar networking portfolio as Executive VP and GM of Enterprise Networking and Cloud.
- Named a Challenger in Gartner® Magic Quadrant™ for Web Application and API Protection (WAAP). Along with our recent recognition as the Customers' Choice for Web Application and API Protection for a fourth consecutive year, this validates Fastly's first and only unified solution that protects Internet scale in any environment.
- Introduced the AWS Lambda agent for the Fastly Next-Gen WAF, further enhancing the ability to deploy Fastly's Next-Gen WAF in more places and to support serverless and FaaS initiatives with one of the most popular serverless solutions on the market.
- Released general availability of a frictionless security solution, GraphQL inspection with Next-Gen WAF, supporting popular GraphQL APIs with GraphQL visibility and protection available right out of the box. Several customers in media streaming, financial services, and ecommerce achieve threat protection on their GraphQL with our turnkey solution.
- Selected by AWS as VIP Marketing Accelerate Partner to expand sales and distribution of Fastly Next-Gen WAF.

## Fourth Quarter and Full Year 2022 Guidance

	Q4 2022	Full Year 2022
Total Revenue (millions)	\$112 - \$116	\$425 - \$429
Non-GAAP Operating Loss (millions)	(\$18.0) - (\$14.0)	(\$82) - (\$78)
Non-GAAP Net Loss per share <sup>(4)(5)</sup>	(\$0.15) - (\$0.11)	(\$0.67) - (\$0.63)

A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty of expenses that may be incurred in the future and cannot be reasonably determined or predicted at this time, although it is important to note that these factors could be material to Fastly's future GAAP financial results.

## Conference Call Information

Fastly will host an investor conference call to discuss its results at 1:30 p.m. PT / 4:30 p.m. ET on Wednesday, November 2, 2022.

Date: Wednesday, November 2, 2022

Time: 1:30 p.m. PT / 4:30 p.m. ET

Webcast: <https://investors.fastly.com>

Dial-in: 888-330-2022 (US/CA) or 646-960-0690 (Intl.)

Conf. ID#: 7543239

Please dial in at least 10 minutes prior to the 1:30 p.m. PT start time. A live webcast of the call will be available at <https://investors.fastly.com> where listeners may log on to the event by selecting the webcast link under the "Quarterly Results" section.

A telephone replay of the conference call will be available at approximately 5:00 p.m. PT, November 2 through November 16, 2022 by dialing 800-770-2030 or 647-362-9199 and entering the passcode 7543239.

## About Fastly

Fastly's powerful and programmable edge cloud platform helps the world's top brands deliver the fastest online experiences possible, while improving site performance, enhancing security, and empowering innovation at global scale. With world-class support that achieves 95%+ average annual customer satisfaction ratings, Fastly's beloved suite of edge compute, delivery, and security offerings has been recognized as a leader by industry analysts such as IDC, Forrester and Gartner. Compared to legacy providers, Fastly's powerful and modern network architecture is the fastest on the planet, empowering developers to deliver secure websites and apps at global scale with rapid time-to-market and industry-leading cost savings. Thousands of the world's most prominent organizations trust Fastly to help them upgrade the internet experience, including Reddit, Pinterest, Stripe, Neiman Marcus, The New York Times, Epic Games, and GitHub. Learn more about Fastly at <https://www.fastly.com/>, and follow us @fastly.

## Forward-Looking Statements

This press release contains “forward-looking” statements that are based on our beliefs and assumptions and on information currently available to us on the date of this press release. Forward-looking statements may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking statements. These statements include, but are not limited to, statements regarding our future financial and operating performance, including our outlook and guidance, the demand for our platform, and our ability to deliver on our long-term strategy. Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future. Important factors that could cause our actual results to differ materially are detailed from time to time in the reports Fastly files with the Securities and Exchange Commission (“SEC”), including in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2022. Copies of reports filed with the SEC are posted on Fastly’s website and are available from Fastly without charge.

## Use of 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 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 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, other income (expense), net, and income taxes.

**Acquisition-related Expenses:** consists of acquisition-related charges that are not related to ongoing operations. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net loss performance and its adjusted EBITDA performance because these charges may not be reflective of our core business, ongoing operating results, or future outlook.

**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 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 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 capital expenditures, including any advance payments made related to capital expenditures.

**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 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 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 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 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.

## Key Metrics

<sup>1</sup> 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.

<sup>2</sup> We calculate Dollar-Based Net Expansion Rate by dividing the revenue for a given period from customers who remained customers as of the last day of the given period (the “current” period) by the revenue from the same customers for the same period measured one year prior (the “base” period). The revenue included in the current period excludes revenue from (i) customers that churned after the end of the base period and (ii) new customers that entered into a customer agreement after the end of the base period.

<sup>3</sup> Enterprise customers are defined as those spending \$100,000 or more in the trailing twelve-month period.

<sup>4</sup> Assumes weighted average basic shares outstanding of 123.6 million in Q4 2022 and 121.6 million for the full year 2022.

<sup>5</sup> Non-GAAP Net Loss per share is calculated as Non-GAAP Net Loss divided by weighted average basic shares for 2022.

**Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue	\$ 108,504	\$ 86,735	\$ 313,404	\$ 256,613
Cost of revenue <sup>(1)</sup>	55,825	41,244	166,206	119,058
<b>Gross profit</b>	<b>52,679</b>	<b>45,491</b>	<b>147,198</b>	<b>137,555</b>
<b>Operating expenses:</b>				
Research and development <sup>(1)</sup>	38,957	32,528	118,111	91,862
Sales and marketing <sup>(1)</sup>	47,006	39,288	135,246	110,494
General and administrative <sup>(1)</sup>	32,481	28,609	91,578	97,564
<b>Total operating expenses</b>	<b>118,444</b>	<b>100,425</b>	<b>344,935</b>	<b>299,920</b>
<b>Loss from operations</b>	<b>(65,765)</b>	<b>(54,934)</b>	<b>(197,737)</b>	<b>(162,365)</b>
Net gain on extinguishment of debt	—	—	54,391	—
Interest income	1,967	280	4,150	730
Interest expense	(1,381)	(1,555)	(4,533)	(3,652)
Other income (expense)	1,877	41	(75)	155
<b>Loss before income taxes</b>	<b>(63,302)</b>	<b>(56,168)</b>	<b>(143,804)</b>	<b>(165,132)</b>
Income tax expense	118	30	317	44
<b>Net loss</b>	<b>\$ (63,420)</b>	<b>\$ (56,198)</b>	<b>\$ (144,121)</b>	<b>\$ (165,176)</b>
<b>Net income (loss) per share attributable to common stockholders, basic and diluted</b>	<b>\$ (0.52)</b>	<b>\$ (0.48)</b>	<b>\$ (1.19)</b>	<b>\$ (1.43)</b>
<b>Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted</b>	<b>122,339</b>	<b>116,475</b>	<b>121,094</b>	<b>115,320</b>

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cost of revenue	\$ 2,978	\$ 1,897	\$ 9,112	\$ 4,911
Research and development	14,488	14,752	46,966	31,344
Sales and marketing	10,920	9,121	31,198	19,760
General and administrative	10,992	10,866	27,102	44,885
<b>Total</b>	<b>\$ 39,378</b>	<b>\$ 36,636</b>	<b>\$ 114,378</b>	<b>\$ 100,900</b>

**Reconciliation of GAAP to Non-GAAP Financial Measures  
(in thousands, unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Gross Profit</b>				
GAAP gross profit	\$ 52,679	\$ 45,491	\$ 147,198	\$ 137,555
Stock-based compensation	2,978	1,897	9,112	4,911
Amortization of acquired intangible assets	2,475	2,475	7,425	7,425
<b>Non-GAAP gross profit</b>	<b>\$ 58,132</b>	<b>\$ 49,863</b>	<b>\$ 163,735</b>	<b>\$ 149,891</b>
<b>GAAP gross margin</b>	<b>48.6 %</b>	<b>52.4 %</b>	<b>47.0 %</b>	<b>53.6 %</b>
<b>Non-GAAP gross margin</b>	<b>53.6 %</b>	<b>57.5 %</b>	<b>52.2 %</b>	<b>58.4 %</b>
<b>Research and development</b>				
GAAP research and development	\$ 38,957	\$ 32,528	\$ 118,111	\$ 91,862
Stock-based compensation	(14,488)	(14,752)	(46,966)	(31,344)
<b>Non-GAAP research and development</b>	<b>\$ 24,469</b>	<b>\$ 17,776</b>	<b>\$ 71,145</b>	<b>\$ 60,518</b>
<b>Sales and marketing</b>				
GAAP sales and marketing	\$ 47,006	\$ 39,288	\$ 135,246	\$ 110,494
Stock-based compensation	(10,920)	(9,121)	(31,198)	(19,760)
Amortization of acquired intangible assets	(2,897)	(2,709)	(8,316)	(8,234)
<b>Non-GAAP sales and marketing</b>	<b>\$ 33,189</b>	<b>\$ 27,458</b>	<b>\$ 95,732</b>	<b>\$ 82,500</b>
<b>General and administrative</b>				
GAAP general and administrative	\$ 32,481	\$ 28,609	\$ 91,578	\$ 97,564
Stock-based compensation	(7,959)	(10,866)	(24,069)	(44,885)
Executive transition costs	(4,207)	—	(4,207)	—
Acquisition-related expenses	—	(179)	(1,970)	(2,406)
<b>Non-GAAP general and administrative</b>	<b>\$ 20,315</b>	<b>\$ 17,564</b>	<b>\$ 61,332</b>	<b>\$ 50,273</b>
<b>Operating loss</b>				
GAAP operating loss	\$ (65,765)	\$ (54,934)	\$ (197,737)	\$ (162,365)
Stock-based compensation	36,345	36,636	111,345	100,900
Executive transition costs	4,207	—	4,207	—
Amortization of acquired intangible assets	5,372	5,184	15,741	15,659
Acquisition-related expenses	—	179	1,970	2,406
<b>Non-GAAP operating loss</b>	<b>\$ (19,841)</b>	<b>\$ (12,935)</b>	<b>\$ (64,474)</b>	<b>\$ (43,400)</b>
<b>Net loss</b>				
GAAP net loss	\$ (63,420)	\$ (56,198)	\$ (144,121)	\$ (165,176)
Stock-based compensation	36,345	36,636	111,345	100,900
Executive transition costs	4,207	—	4,207	—
Amortization of acquired intangible assets	5,372	5,184	15,741	15,659
Acquisition-related expenses	—	179	1,970	2,406
Net gain on extinguishment of debt	—	—	(54,391)	—
Amortization of debt discount and issuance costs	714	967	2,453	1,960
<b>Non-GAAP loss</b>	<b>\$ (16,782)</b>	<b>\$ (13,232)</b>	<b>\$ (62,796)</b>	<b>\$ (44,251)</b>
<b>Non-GAAP net loss per common share—basic and diluted</b>	<b>\$ (0.14)</b>	<b>\$ (0.11)</b>	<b>\$ (0.52)</b>	<b>\$ (0.38)</b>
<b>Weighted average basic and diluted common shares</b>	<b>122,339</b>	<b>116,475</b>	<b>121,094</b>	<b>115,320</b>

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Adjusted EBITDA</b>				
<b>GAAP net loss</b>	\$ (63,420)	\$ (56,198)	\$ (144,121)	\$ (165,176)
Stock-based compensation	36,345	36,636	111,345	100,900
Executive transition costs	4,207	—	4,207	—
Depreciation and other amortization	10,786	7,489	31,621	20,980
Amortization of acquired intangible assets	5,372	5,184	15,741	15,659
Acquisition-related expenses	—	179	1,970	2,406
Interest income	(1,967)	(280)	(4,150)	(730)
Interest expense	667	588	2,080	1,692
Amortization of debt discount and issuance costs	714	967	2,453	1,960
Net gain on extinguishment of debt	—	—	(54,391)	—
Other expense (income)	(1,877)	(41)	75	(155)
Income tax expense	118	30	317	44
<b>Adjusted EBITDA</b>	<b>\$ (9,055)</b>	<b>\$ (5,446)</b>	<b>\$ (32,853)</b>	<b>\$ (22,420)</b>

**Condensed Consolidated Balance Sheets**  
(in thousands)

	As of September 30, 2022 (unaudited)	As of December 31, 2021 (audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 87,897	\$ 166,068
Marketable securities, current	445,048	361,795
Accounts receivable, net of allowance for credit losses	72,914	64,625
Prepaid expenses and other current assets	31,321	32,160
<b>Total current assets</b>	<b>637,180</b>	<b>624,648</b>
Property and equipment, net	179,080	166,961
Operating lease right-of-use assets, net	72,374	69,631
Goodwill	670,158	636,805
Intangible assets, net	88,482	102,596
Marketable securities, non-current	186,066	528,911
Other assets	73,258	29,468
<b>Total assets</b>	<b>\$ 1,906,598</b>	<b>\$ 2,159,020</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 8,265	\$ 9,257
Accrued expenses	54,186	36,112
Finance lease liabilities, current	27,807	21,125
Operating lease liabilities, current	20,919	20,271
Other current liabilities	33,422	45,107
<b>Total current liabilities</b>	<b>144,599</b>	<b>131,872</b>
Long-term debt	704,042	933,205
Finance lease liabilities, noncurrent	21,027	22,293
Operating lease liabilities, noncurrent	62,750	55,114
Other long-term liabilities	7,201	2,583
<b>Total liabilities</b>	<b>939,619</b>	<b>1,145,067</b>
<b>Stockholders' equity:</b>		
Class A common stock	2	2
Additional paid-in capital	1,634,666	1,527,468
Accumulated other comprehensive loss	(12,678)	(2,627)
Accumulated deficit	(655,011)	(510,890)
<b>Total stockholders' equity</b>	<b>966,979</b>	<b>1,013,953</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,906,598</b>	<b>\$ 2,159,020</b>

**Condensed Consolidated Statements of Cash Flows**  
(in thousands, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Cash flows from operating activities:</b>				
Net loss	\$ (63,420)	\$ (56,198)	\$ (144,121)	\$ (165,176)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation expense	10,662	7,364	31,248	20,710
Amortization of intangible assets	5,496	5,309	16,114	15,929
Amortization of right-of-use assets and other	8,501	7,158	21,879	19,818
Amortization of debt discount and issuance costs	715	966	2,454	2,235
Amortization of deferred contract costs	2,031	1,621	6,020	4,567
Stock-based compensation	39,378	36,636	114,378	100,900
Provision for credit losses	1,253	236	1,782	41
Interest on finance lease	(603)	(524)	(1,843)	(1,259)
Loss on disposals of property and equipment	—	(204)	854	(177)
Amortization and accretion of discounts and premiums on investments	771	—	2,622	—
Net gain on extinguishment of debt	—	—	(54,391)	—
Other adjustments	(353)	683	(292)	1,496
Changes in operating assets and liabilities:				
Accounts receivable	(5,949)	1,595	(10,071)	(4,017)
Prepaid expenses and other current assets	(975)	(8)	(5,787)	(5,502)
Other assets	(13,505)	(2,231)	(19,904)	(7,320)
Accounts payable	(4,301)	(1,815)	(3,457)	(1,653)
Accrued expenses	3,328	6,548	4,490	2,713
Operating lease liabilities	(7,830)	(6,879)	(20,667)	(19,735)
Other liabilities	(2,833)	(2,948)	1,188	5,856
<b>Net cash used in operating activities</b>	<b>(27,634)</b>	<b>(2,691)</b>	<b>(57,504)</b>	<b>(30,574)</b>
<b>Cash flows from investing activities:</b>				
Purchases of marketable securities	—	(443,701)	(355,479)	(777,569)
Sales of marketable securities	—	51,739	161,853	64,236
Maturities of marketable securities	72,857	15,600	440,737	72,853
Business acquisitions, net of cash acquired and other related payments	(1,746)	—	(27,745)	—
Advance payment for purchase of property and equipment	(1,964)	—	(31,274)	—
Purchases of property and equipment	(2,631)	(20,254)	(11,446)	(31,267)
Proceeds from sale of property and equipment	125	291	366	291
Capitalized internal-use software	(5,120)	(7,619)	(13,856)	(10,299)
Purchase of intangible assets	—	1	—	(2,092)
<b>Net cash provided by (used in) investing activities</b>	<b>61,521</b>	<b>(403,943)</b>	<b>163,156</b>	<b>(683,847)</b>
<b>Cash flows from financing activities:</b>				
Issuance of convertible note, net of issuance costs	—	—	—	930,775
Payments of other debt issuance costs	—	—	—	(1,351)
Net cash paid for debt extinguishment	—	—	(177,082)	—
Repayments of finance lease liabilities	(7,076)	(3,985)	(18,105)	(10,564)
Cash received for restricted stock sold in advance of vesting conditions	—	—	10,655	—
Cash paid for early sale of restricted shares	(3,618)	—	(10,655)	—
Proceeds from exercise of vested stock options	555	1,430	5,324	9,094
Proceeds from employee stock purchase plan	1,749	3,489	5,726	5,994
<b>Net cash provided by (used in) financing activities</b>	<b>(8,390)</b>	<b>934</b>	<b>(184,137)</b>	<b>933,948</b>
Effects of exchange rate changes on cash and cash equivalents	(110)	(242)	(429)	(383)
Net increase (decrease) in cash and cash equivalents	25,387	(405,942)	(78,914)	219,144
<b>Cash and cash equivalents and restricted cash at beginning of period</b>	<b>62,660</b>	<b>688,966</b>	<b>166,961</b>	<b>63,880</b>
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>88,047</b>	<b>283,024</b>	<b>88,047</b>	<b>283,024</b>
<b>Reconciliation of cash, cash equivalents, and restricted cash as shown in the statements of cash flows:</b>				
Cash and cash equivalents	87,897	282,131	87,897	282,131
Restricted cash, current	150	—	150	—
Restricted cash, non-current	—	893	—	893
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 88,047</b>	<b>\$ 283,024</b>	<b>\$ 88,047</b>	<b>\$ 283,024</b>

**Free Cash Flow**  
**(in thousands, unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Cash flow used in operations	\$ (27,634)	\$ (2,691)	\$ (57,504)	\$ (30,574)
Capital expenditures <sup>(1)</sup>	(14,702)	(31,567)	(43,041)	(51,839)
Advance payment for purchase of property and equipment <sup>(2)</sup>	\$ (1,964)	\$ —	\$ (31,274)	\$ —
<b>Free Cash Flow</b>	<b>\$ (44,300)</b>	<b>\$ (34,258)</b>	<b>\$ (131,819)</b>	<b>\$ (82,413)</b>

- (1) Capital Expenditures are defined as cash used for purchases of property and equipment, net of proceeds from sale of property and equipment, and capitalized internal-use software and payments on finance lease obligations, as reflected in our statement of cash flows.
- (2) Advance payments for purchase of property and equipment relate to prepayments made for our capital expenditures in advance of receiving the asset, as reflected in our statement of cash flows.

**Contacts:**

**Investor Contact:**

Vernon Essi, Jr.  
ir@fastly.com

**Media Contact:**

press@fastly.com

Source: Fastly, Inc.

## Third Quarter 2022 Investor Supplement

### Product Developments

#### Security:

- Introduced the AWS Lambda agent for the Fastly Next-Gen WAF, further enhancing the ability to deploy Fastly's Next-Gen WAF in more places, to support serverless and FaaS initiatives with one of the most popular serverless solutions on the market.
- Released general availability of GraphQL support with Next-Gen WAF, a frictionless security solution supporting popular GraphQL APIs with GraphQL visibility and protection available right out of the box.

#### Observability:

- Launched general availability of Origin Inspector, enabling users to have real-time and historical visibility into responses delivered from their origin servers to the Fastly Edge Cloud, and Domain Inspector, enabling users with traffic monitoring for a single fully qualified domain name (FQDN) or multiple domains within a Fastly service.

#### Leading Innovation:

- Redesigned the Fastly status page to include resources separated into Fastly's Network Services, Security, Compute, and Observability product categories.
- Released in beta Compute@Edge support for Go, a programming language used to build large-scale network tools such as Docker, Kubernetes, Istio and Terraform.

#### Developer Relations:

- Glitch has surpassed 2 million developers, extending Fastly's opportunity to convert their ideas into globally performant, secure and reliable applications at scale.

### Key Metrics Highlights

- Trailing 12-month net retention rate (NRR LTM)<sup>1</sup> was 118% in the third quarter, up from 117% in the second quarter 2022.
- Dollar-Based Net Expansion Rate (DBNER)<sup>2</sup> was 122% in the third quarter, up from 120% in the second quarter 2022.
- Total customer count was 2,925, of which 482 were enterprise customers.<sup>4</sup>
- Average enterprise customer spend of \$759K in the third quarter, up 4% quarter-over-quarter.

### Corporate Development

- Todd Nightingale joined Fastly as CEO, bringing his experience from Cisco, where he led business strategy and development efforts for its networking portfolio.

### Customer and Partner Highlights

- Named a Challenger in Gartner® Magic Quadrant™ for Web Application and API Protection (WAAP). Along with our recent recognition as the Customers' Choice for Web Application and API Protection for a fourth consecutive year, this validates Fastly's first and only unified solution that protects Internet scale in any environment.
- New Relic, a developer of cloud-based performance software for websites and applications, is now using Fastly's Compute@Edge after experiencing quality issues with a competitor's edge-based solution.
- Nirvana Labs, an innovator in decentralized blockchain solutions, chose Fastly's Edge and WAF capabilities for its rate limit performance over its existing provider.
- Saturn, a time-based scheduling and social network for high school students, chose Fastly's Next-Gen WAF and network services over its incumbent provider.

### Third Quarter 2022 Financial Highlights

- Record revenue of \$108.5 million, representing 6% sequential growth and 25% year-over-year growth.
- GAAP gross margin of 48.6%, compared to 52.4% in the third quarter of 2021. Non-GAAP gross margin of 53.6%, compared to 57.5% in the third quarter of 2021.
- GAAP net loss per basic and diluted shares of \$0.52 compared to \$0.48 in the third quarter of 2021. Non-GAAP net loss<sup>5</sup> per basic and diluted shares of \$0.14, compared to \$0.11 in the third quarter of 2021.

### Fourth Quarter and Full Year 2022 Guidance:

	Q4 2022	Full Year 2022
<b>Total Revenue (millions)</b>	\$112 - \$116	\$425 - \$429
<b>Non-GAAP Operating Loss (millions)<sup>(5)</sup></b>	(\$18.0) - (\$14.0)	(\$82) - (\$78)
<b>Non-GAAP Net Loss per share<sup>(6) (7)</sup></b>	(\$0.15) - (\$0.11)	(\$0.67) - (\$0.63)

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

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Total Customer Count	2,326	2,458	2,581	2,748	2,804	2,880	2,894	2,925
Enterprise Customer Count <sup>(4)</sup>	378	395	408	430	445	457	471	482
Enterprise Revenue % Total LTM	88 %	89 %	89 %	88 %	88 %	89 %	88 %	89 %
Enterprise Customer Average Spend LTM (in thousands) <sup>(8)</sup>	\$ 681	\$ 705	\$ 702	\$ 698	\$ 704	\$ 722	\$ 730	\$ 759
Net Retention Rate (NRR) Quarter <sup>(9)</sup>	116 %	110 %	93 %	112 %	107 %	114 %	128 %	115 %
Net Retention Rate (NRR) LTM <sup>(1)</sup>	137 %	135 %	121 %	114 %	118 %	115 %	117 %	118 %
Dollar-Based Net Expansion Rate (DBNER) <sup>(2)</sup>	144 %	141 %	126 %	118 %	121 %	118 %	120 %	122 %
Annual Revenue Retention Rate (ARR) <sup>(3)</sup>	99.3 %	— %	— %	— %	99.2 %	— %	— %	— %
Global Network Capacity	117 TB/sec	130 TB/sec	145 TB/sec	167 TB/sec	184 TB/sec	198 TB/sec	215 TB/sec	233 TB/sec
Countries	26	26	28	31	32	34	34	35
Markets	56	58	61	68	71	75	78	79

<sup>1</sup> 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.

<sup>2</sup> We calculate Dollar-Based Net Expansion Rate by dividing the revenue for a given period from customers who remained customers as of the last day of the given period (the “current” period) by the revenue from the same customers for the same period measured one year prior (the “base” period). The revenue included in the current period excludes revenue from (i) customers that churned after the end of the base period and (ii) new customers that entered into a customer agreement after the end of the base period.

<sup>3</sup> 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.

<sup>4</sup> Enterprise customers are defined as those spending \$100,000 or more in the trailing twelve-month period.

<sup>5</sup> For a reconciliation of non-GAAP financial measures to their corresponding GAAP measures, please refer to the reconciliation table at the end of this letter.

<sup>6</sup> Assumes weighted average basic shares outstanding of 123.6 million in Q4 2022 and 121.6 million for the full year 2022.

<sup>7</sup> Non-GAAP Net Loss per share is calculated as Non-GAAP Net Loss divided by weighted average basic shares for 2022.

<sup>8</sup> Calculated based on trailing twelve-months.

<sup>9</sup> Net Retention Rate measures the net change in monthly revenue from existing customers in the last month of the period (the “current” period month) compared to the last month of the same period one year prior (the “prior” period month). The revenue included in the current period month includes revenue from (i) revenue contraction due to billing decreases or customer churn and (ii) revenue expansion due to billing increases, but excludes revenue from new customers. We calculate Net Retention Rate by dividing the revenue from the current period month by the revenue in the prior period month.

## 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; 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 fiscal year ended December 31, 2021, and additional information that will be set forth in Fastly's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, and other filings and reports that we 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 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 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, other income (expense), net, and income taxes.

**Acquisition-related Expenses:** consists of acquisition-related charges that are not related to ongoing operations. Management considers its operating results without this activity when evaluating its ongoing non-GAAP net loss performance and its adjusted EBITDA performance because these charges may not be reflective of our core business, ongoing operating results, or future outlook.

**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 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 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 capital expenditures, including any advance payments made related to capital expenditures.

**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 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 loss and adjusted EBITDA results 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 loss 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 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)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue	\$ 82,649	\$ 84,852	\$ 85,026	\$ 86,735	\$ 97,717	\$ 102,382	\$ 102,518	\$ 108,504
Cost of revenue <sup>(1)</sup>	33,753	37,494	40,320	41,244	47,944	53,915	56,466	55,825
<b>Gross profit</b>	<b>48,896</b>	<b>47,358</b>	<b>44,706</b>	<b>45,491</b>	<b>49,773</b>	<b>48,467</b>	<b>46,052</b>	<b>52,679</b>
<b>Operating expenses:</b>								
Research and development <sup>(1)</sup>	25,590	28,988	30,346	32,528	34,997	40,437	38,717	38,957
Sales and marketing <sup>(1)</sup>	34,765	34,872	36,334	39,288	42,151	41,480	46,760	47,006
General and administrative <sup>(1)</sup>	45,885	33,461	35,494	28,609	29,281	29,554	29,543	32,481
<b>Total operating expenses</b>	<b>106,240</b>	<b>97,321</b>	<b>102,174</b>	<b>100,425</b>	<b>106,429</b>	<b>111,471</b>	<b>115,020</b>	<b>118,444</b>
<b>Loss from operations</b>	<b>(57,344)</b>	<b>(49,963)</b>	<b>(57,468)</b>	<b>(54,934)</b>	<b>(56,656)</b>	<b>(63,004)</b>	<b>(68,968)</b>	<b>(65,765)</b>
Net gain on extinguishment of debt	—	—	—	—	—	—	54,391	—
Interest income	178	174	276	280	552	681	1,502	1,967
Interest expense	(452)	(661)	(1,436)	(1,555)	(1,593)	(1,622)	(1,530)	(1,381)
Other income (expense)	(697)	(64)	178	41	201	(279)	(1,673)	1,877
Loss before income taxes	(58,315)	(50,514)	(58,450)	(56,168)	(57,496)	(64,224)	(16,278)	(63,302)
Income tax expense	(12,611)	169	(155)	30	25	40	159	118
<b>Net loss</b>	<b>\$ (45,704)</b>	<b>\$ (50,683)</b>	<b>\$ (58,295)</b>	<b>\$ (56,198)</b>	<b>\$ (57,521)</b>	<b>\$ (64,264)</b>	<b>\$ (16,437)</b>	<b>\$ (63,420)</b>
<b>Net loss per share attributable to common stockholders, basic and diluted</b>	<b>\$ (0.40)</b>	<b>\$ (0.44)</b>	<b>\$ (0.51)</b>	<b>\$ (0.48)</b>	<b>\$ (0.49)</b>	<b>\$ (0.54)</b>	<b>\$ (0.14)</b>	<b>\$ (0.52)</b>
<b>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</b>	<b>112,902</b>	<b>114,134</b>	<b>115,326</b>	<b>116,475</b>	<b>118,161</b>	<b>119,673</b>	<b>121,242</b>	<b>122,339</b>

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

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Cost of revenue	\$ 1,255	\$ 1,186	\$ 1,828	\$ 1,897	\$ 2,316	\$ 2,946	\$ 3,188	\$ 2,9
Research and development	7,017	7,958	8,634	14,752	15,675	18,589	13,889	14,4
Sales and marketing	5,275	5,008	5,631	9,121	11,399	10,094	10,184	10,9
General and administrative	16,134	16,686	17,333	10,866	10,198	8,393	7,717	10,9
<b>Total</b>	<b>\$ 29,681</b>	<b>\$ 30,838</b>	<b>\$ 33,426</b>	<b>\$ 36,636</b>	<b>\$ 39,588</b>	<b>\$ 40,022</b>	<b>\$ 34,978</b>	<b>\$ 39,3</b>

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

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Gross Profit</b>								
GAAP gross Profit	\$ 48,896	\$ 47,358	\$ 44,706	\$ 45,491	\$ 49,773	\$ 48,467	\$ 46,052	\$ 52,679
Stock-based compensation	1,255	1,186	1,828	1,897	2,316	2,946	3,188	2,978
Amortization of acquired intangible assets	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475
<b>Non-GAAP gross profit</b>	<b>52,626</b>	<b>51,019</b>	<b>49,009</b>	<b>49,863</b>	<b>54,564</b>	<b>53,888</b>	<b>51,715</b>	<b>58,132</b>
<b>GAAP gross margin</b>	<b>59.2 %</b>	<b>55.8 %</b>	<b>52.6 %</b>	<b>52.4 %</b>	<b>50.9 %</b>	<b>47.3 %</b>	<b>44.9 %</b>	<b>48.6 %</b>
<b>Non-GAAP gross margin</b>	<b>63.7 %</b>	<b>60.1 %</b>	<b>57.6 %</b>	<b>57.5 %</b>	<b>55.8 %</b>	<b>52.6 %</b>	<b>50.4 %</b>	<b>53.6 %</b>
<b>Research and development</b>								
GAAP research and development	25,590	28,988	30,346	32,528	34,997	40,437	38,717	38,957
Stock-based compensation	(7,017)	(7,958)	(8,634)	(14,752)	(15,675)	(18,589)	(13,889)	(14,488)
<b>Non-GAAP research and development</b>	<b>18,573</b>	<b>21,030</b>	<b>21,712</b>	<b>17,776</b>	<b>19,322</b>	<b>21,848</b>	<b>24,828</b>	<b>24,469</b>
<b>Sales and marketing</b>								
GAAP sales and marketing	34,765	34,872	36,334	39,288	42,151	41,480	46,760	47,006
Stock-based compensation	(5,275)	(5,008)	(5,631)	(9,121)	(11,399)	(10,094)	(10,184)	(10,920)
Amortization of acquired intangible assets	(2,603)	(2,816)	(2,709)	(2,709)	(2,710)	(2,709)	(2,710)	(2,897)
<b>Non-GAAP sales and marketing</b>	<b>26,887</b>	<b>27,048</b>	<b>27,994</b>	<b>27,458</b>	<b>28,042</b>	<b>28,677</b>	<b>33,866</b>	<b>33,189</b>
<b>General and administrative</b>								
GAAP general and administrative	45,885	33,461	35,494	28,609	29,281	29,554	29,543	32,481
Stock-based compensation	(16,134)	(16,686)	(17,333)	(10,866)	(10,198)	(8,393)	(7,717)	(7,959)
Executive transition costs	—	—	—	—	—	—	—	(4,207)
Acquisition-related expenses	(13,625)	(929)	(1,298)	(179)	(149)	(58)	(1,912)	—
<b>Non-GAAP general and administrative</b>	<b>16,126</b>	<b>15,846</b>	<b>16,863</b>	<b>17,564</b>	<b>18,934</b>	<b>21,103</b>	<b>19,914</b>	<b>20,315</b>
<b>Operating loss</b>								
GAAP operating loss	(57,344)	(49,963)	(57,468)	(54,934)	(56,656)	(63,004)	(68,968)	(65,765)
Stock-based compensation	29,681	30,838	33,426	36,636	39,588	40,022	34,978	36,345
Executive transition costs	—	—	—	—	—	—	—	4,207
Amortization of acquired intangible assets	5,078	5,291	5,184	5,184	5,185	5,184	5,185	5,372
Acquisition-related expenses	13,625	929	1,298	179	149	58	1,912	—
<b>Non-GAAP operating loss</b>	<b>(8,960)</b>	<b>(12,905)</b>	<b>(17,560)</b>	<b>(12,935)</b>	<b>(11,734)</b>	<b>(17,740)</b>	<b>(26,893)</b>	<b>(19,841)</b>
<b>Net loss</b>								
GAAP net loss	(45,704)	(50,683)	(58,295)	(56,198)	(57,521)	(64,264)	(64,437)	(63,420)
Stock-based compensation	29,681	30,838	33,426	36,636	39,588	40,022	34,978	36,345
Executive transition costs	—	—	—	—	—	—	—	4,207
Amortization of acquired intangible assets	5,078	5,291	5,184	5,184	5,185	5,184	5,185	5,372
Acquisition-related expenses	13,625	929	1,298	179	149	58	1,912	—
Acquisition-related tax benefit	(13,154)	—	—	—	—	—	—	—
Net gain on extinguishment of debt	—	—	—	—	—	—	(54,391)	—
Amortization of debt issuance costs	—	—	993	967	947	963	776	714
<b>Non-GAAP net loss</b>	<b>\$ (10,474)</b>	<b>\$ (13,625)</b>	<b>\$ (17,394)</b>	<b>\$ (13,232)</b>	<b>\$ (11,652)</b>	<b>\$ (18,037)</b>	<b>\$ (27,977)</b>	<b>\$ (16,782)</b>
<b>GAAP net loss per common share—basic and diluted</b>								
	\$ (0.40)	\$ (0.44)	\$ (0.51)	\$ (0.48)	\$ (0.49)	\$ (0.54)	\$ (0.14)	\$ (0.52)
<b>Non-GAAP net loss per common share—basic and diluted</b>								
	\$ (0.09)	\$ (0.12)	\$ (0.15)	\$ (0.11)	\$ (0.10)	\$ (0.15)	\$ (0.23)	\$ (0.14)
<b>Weighted average basic common shares</b>	<b>112,902</b>	<b>114,134</b>	<b>115,326</b>	<b>116,475</b>	<b>118,161</b>	<b>119,673</b>	<b>121,242</b>	<b>122,339</b>

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

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Adjusted EBITDA</b>								
GAAP net loss	\$ (45,704)	\$ (50,683)	\$ (58,295)	\$ (56,198)	\$ (57,521)	\$ (64,264)	\$ (16,437)	\$ (63,420)
Stock-based compensation	29,681	30,838	33,426	36,636	39,588	40,022	34,978	36,345
Executive transition costs	—	—	—	—	—	—	—	4,207
Depreciation and other amortization	5,568	6,491	7,000	7,489	8,228	9,975	10,860	10,786
Amortization of acquired intangible assets	5,078	5,291	5,184	5,184	5,185	5,184	5,185	5,372
Acquisition-related expenses	13,625	929	1,298	179	149	58	1,912	—
Acquisition-related tax benefit	(13,154)	—	—	—	—	—	—	—
Interest income	(178)	(174)	(276)	(280)	(552)	(681)	(1,502)	(1,967)
Interest expense	452	661	443	588	646	659	754	667
Amortization of debt discount and issuance costs	—	—	993	967	947	963	776	714
Net gain on extinguishment of debt	—	—	—	—	—	—	(54,391)	—
Other (income) expense, net	697	64	(178)	(41)	(201)	279	1,673	(1,877)
Income tax (benefit) expense	543	169	(155)	30	25	40	159	118
<b>Adjusted EBITDA</b>	<b>\$ (3,392)</b>	<b>\$ (6,414)</b>	<b>\$ (10,560)</b>	<b>\$ (5,446)</b>	<b>\$ (3,506)</b>	<b>\$ (7,765)</b>	<b>\$ (16,033)</b>	<b>\$ (9,055)</b>

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

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue	\$ 82,649	\$ 84,852	\$ 85,026	\$ 86,735	\$ 97,717	\$ 102,382	\$ 102,518	\$ 108,504
Cost of revenue <sup>(1)(2)</sup>	30,023	33,833	36,017	36,872	43,153	48,494	50,803	50,372
<b>Gross profit</b>	<b>52,626</b>	<b>51,019</b>	<b>49,009</b>	<b>49,863</b>	<b>54,564</b>	<b>53,888</b>	<b>51,715</b>	<b>58,132</b>
<b>Operating expenses:</b>								
Research and development <sup>(1)</sup>	18,573	21,030	21,712	17,776	19,322	21,848	24,828	24,469
Sales and marketing <sup>(1)(2)</sup>	26,887	27,048	27,994	27,458	28,042	28,677	33,866	33,189
General and administrative <sup>(1)(3)(7)</sup>	16,126	15,846	16,863	17,564	18,934	21,103	19,914	20,315
<b>Total operating expenses</b>	<b>61,586</b>	<b>63,924</b>	<b>66,569</b>	<b>62,798</b>	<b>66,298</b>	<b>71,628</b>	<b>78,608</b>	<b>77,973</b>
<b>Income (loss) from operations<sup>(1)(2)(3)(7)</sup></b>	<b>(8,960)</b>	<b>(12,905)</b>	<b>(17,560)</b>	<b>(12,935)</b>	<b>(11,734)</b>	<b>(17,740)</b>	<b>(26,893)</b>	<b>(19,841)</b>
Interest income	178	174	276	280	552	681	1,502	1,967
Interest expense <sup>(4)</sup>	(452)	(661)	(443)	(588)	(646)	(659)	(754)	(667)
Other income (expense), net	(697)	(64)	178	41	201	(279)	(1,673)	1,877
<b>Income (loss) before income tax expense (benefit)<sup>(5)</sup></b>	<b>(9,931)</b>	<b>(13,456)</b>	<b>(17,549)</b>	<b>(13,202)</b>	<b>(11,627)</b>	<b>(17,997)</b>	<b>(27,818)</b>	<b>(16,664)</b>
Income tax expense (benefit) <sup>(6)</sup>	543	169	(155)	30	25	40	159	118
<b>Net income (loss)<sup>(1)(2)(3)(4)(5)(6)(7)</sup></b>	<b>\$ (10,474)</b>	<b>\$ (13,625)</b>	<b>\$ (17,394)</b>	<b>\$ (13,232)</b>	<b>\$ (11,652)</b>	<b>\$ (18,037)</b>	<b>\$ (27,977)</b>	<b>\$ (16,782)</b>
<b>Net income (loss) per share attributable to common stockholders, basic and diluted</b>	<b>\$ (0.09)</b>	<b>\$ (0.12)</b>	<b>\$ (0.15)</b>	<b>\$ (0.11)</b>	<b>\$ (0.10)</b>	<b>\$ (0.15)</b>	<b>\$ (0.23)</b>	<b>\$ (0.14)</b>
<b>Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted</b>	<b>112,902</b>	<b>114,134</b>	<b>115,326</b>	<b>116,475</b>	<b>118,161</b>	<b>119,673</b>	<b>121,242</b>	<b>122,339</b>

(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 acquisition-related and other expenses. See GAAP to Non-GAAP reconciliations.

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

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

(6) Excludes acquisition-related tax benefit. See GAAP to Non-GAAP reconciliations.

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

**Consolidated Balance Sheets - Quarterly**  
(unaudited, in thousands)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 62,900	\$ 948,783	\$ 687,986	\$ 282,131	\$ 166,068	\$ 245,794	\$ 62,510	\$ 87,897
Marketable securities	131,283	147,793	241,744	361,290	361,795	393,950	419,905	445,048
Accounts receivable, net	50,258	52,363	56,065	54,234	64,625	73,717	68,218	72,914
Prepaid expenses and other current assets	16,815	18,495	22,309	22,230	32,160	23,616	29,037	31,321
<b>Total current assets</b>	<b>261,256</b>	<b>1,167,434</b>	<b>1,008,104</b>	<b>719,885</b>	<b>624,648</b>	<b>737,077</b>	<b>579,670</b>	<b>637,180</b>
Property and equipment, net	95,979	98,608	116,471	147,729	166,961	174,550	173,950	179,080
Operating lease right-of-use assets, net	60,019	63,305	62,630	70,149	69,631	63,455	69,861	72,374
Goodwill	635,590	635,645	635,646	635,635	636,805	637,570	670,186	670,158
Intangible assets, net	121,742	116,379	113,215	107,905	102,596	97,287	93,978	88,482
Marketable securities, non-current	20,448	29,930	173,227	429,489	528,911	394,464	284,951	186,066
Other assets	24,917	26,993	27,578	28,142	29,468	30,020	60,199	73,258
<b>Total assets</b>	<b>\$ 1,219,951</b>	<b>\$ 2,138,294</b>	<b>\$ 2,136,871</b>	<b>\$ 2,138,934</b>	<b>\$ 2,159,020</b>	<b>\$ 2,134,423</b>	<b>\$ 1,932,795</b>	<b>\$ 1,906,598</b>
<b>Liabilities and Stockholders' Equity</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 9,150	\$ 12,019	\$ 10,202	\$ 7,766	\$ 9,257	\$ 8,248	\$ 10,011	\$ 8,265
Accrued expenses	34,334	36,320	28,609	36,063	36,112	49,902	49,943	54,186
Finance lease liabilities	11,033	10,910	14,773	18,675	21,125	26,766	28,088	27,807
Operating lease liabilities	19,895	20,011	19,713	20,007	20,271	18,688	19,243	20,919
Other current liabilities	19,677	19,036	29,735	24,758	45,107	36,569	33,705	33,422
<b>Total current liabilities</b>	<b>94,089</b>	<b>98,296</b>	<b>103,032</b>	<b>107,269</b>	<b>131,872</b>	<b>140,173</b>	<b>140,990</b>	<b>144,599</b>
Long-term debt, less current portion	—	930,291	931,385	932,305	933,205	934,121	703,375	704,042
Finance lease liabilities, noncurrent	14,707	13,648	19,685	24,659	22,293	28,867	26,479	21,027
Operating lease liabilities, noncurrent	44,890	47,505	47,177	54,066	55,114	52,334	60,657	62,750
Other long-term liabilities	4,400	3,520	6,502	5,056	2,583	2,205	7,556	7,201
<b>Total liabilities</b>	<b>158,086</b>	<b>1,093,260</b>	<b>1,107,781</b>	<b>1,123,355</b>	<b>1,145,067</b>	<b>1,157,700</b>	<b>939,057</b>	<b>939,619</b>
<b>Stockholders' equity:</b>								
Class A and Class B common stock	2	2	2	2	2	2	2	2
Additional paid-in capital	1,350,050	1,384,045	1,426,520	1,469,366	1,527,468	1,561,371	1,597,869	1,634,666
Accumulated other comprehensive income (loss)	6	(137)	(261)	(420)	(2,627)	(9,496)	(12,542)	(12,678)
Accumulated deficit	(288,193)	(338,876)	(397,171)	(453,369)	(510,890)	(575,154)	(591,591)	(655,011)
<b>Total stockholders' equity</b>	<b>1,061,865</b>	<b>1,045,034</b>	<b>1,029,090</b>	<b>1,015,579</b>	<b>1,013,953</b>	<b>976,723</b>	<b>993,738</b>	<b>966,979</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,219,951</b>	<b>\$ 2,138,294</b>	<b>\$ 2,136,871</b>	<b>\$ 2,138,934</b>	<b>\$ 2,159,020</b>	<b>\$ 2,134,423</b>	<b>\$ 1,932,795</b>	<b>\$ 1,906,598</b>

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

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
<b>Cash flows from operating activities:</b>								
Net loss	\$ (45,704)	\$ (50,683)	\$ (58,295)	\$ (56,198)	\$ (57,521)	\$ (64,264)	\$ (16,437)	\$ (63,420)
Adjustments to reconcile net loss to net cash used in operating activities:								
Depreciation and amortization	5,713	6,419	6,927	7,364	8,089	9,850	10,736	10,662
Amortization of acquired intangibles	4,933	5,363	5,257	5,309	5,309	5,309	5,309	5,496
Amortization of right-of-use assets and other	5,941	6,357	6,303	7,158	7,065	6,839	6,539	8,501
Amortization of debt issuance costs	161	332	937	966	950	964	775	715
Amortization of deferred contract costs	1,141	1,411	1,535	1,621	1,727	1,851	2,138	2,031
Stock-based compensation	29,681	30,838	33,426	36,636	39,588	40,022	34,978	39,378
Provision for doubtful accounts and credit losses	507	(420)	225	236	155	127	402	1,253
Interest paid on finance leases	(234)	(330)	(405)	(524)	(495)	(591)	(649)	(603)
(Gain) loss on disposal of property and equipment	786	27	—	(204)	(123)	268	586	—
Tax benefit related to release of valuation allowance	(12,950)	—	—	—	—	—	—	—
Amortization and accretion of discounts and premiums on investments	—	—	—	—	—	957	894	771
Net gain on extinguishment of debt	—	—	—	—	—	—	(54,391)	—
Other adjustments	448	64	749	683	729	128	(67)	(353)
<b>Changes in operating assets and liabilities:</b>								
Accounts receivable	(2,595)	(1,685)	(3,927)	1,595	(10,546)	(9,219)	5,097	(5,949)
Prepaid expenses and other current assets	(1,772)	(1,680)	(3,814)	(8)	725	(2,111)	(2,701)	(975)
Other assets	(9,752)	(2,952)	(2,137)	(2,231)	(3,103)	(2,451)	(3,948)	(13,505)
Accounts payable	(2,987)	2,119	(1,957)	(1,815)	1,799	(2,492)	3,336	(4,301)
Accrued expenses	(4,232)	(755)	(3,080)	6,548	1,548	4,891	(3,729)	3,328
Operating lease liabilities	(5,412)	(6,365)	(6,491)	(6,879)	(6,712)	(6,557)	(6,280)	(7,830)
Other liabilities	5,178	1,071	7,733	(2,948)	2,908	3,289	732	(2,833)
<b>Net cash provided by (used in) operating activities</b>	<b>(31,149)</b>	<b>(10,869)</b>	<b>(17,014)</b>	<b>(2,691)</b>	<b>(7,908)</b>	<b>(13,190)</b>	<b>(16,680)</b>	<b>(27,634)</b>
<b>Cash flows from investing activities:</b>								
Purchase of marketable securities	(64,698)	(64,331)	(269,537)	(443,701)	(150,586)	(148,193)	(207,286)	—
Sale of marketable securities	—	12,497	—	51,739	2,291	2,301	159,552	—
Maturities of marketable securities	5,001	25,503	31,750	15,600	45,232	240,547	127,333	72,857
Business acquisitions, net of cash acquired	(200,988)	—	—	—	(1,169)	(775)	(25,224)	(1,746)
Advance for purchase of property and equipment	—	—	—	—	—	—	(29,310)	(1,964)
Purchases of property and equipment	(5,126)	(8,079)	(2,934)	(20,254)	(3,549)	(4,664)	(4,151)	(2,631)
Proceeds from sale of property and equipment	425	—	—	291	297	—	241	125
Capitalized internal-use software	(2,049)	(989)	(1,691)	(7,619)	(3,180)	(3,810)	(4,926)	(5,120)
Purchases of intangible assets	—	—	(2,093)	1	—	—	—	—
<b>Net cash provided by (used in) investing activities</b>	<b>(267,435)</b>	<b>(35,399)</b>	<b>(244,505)</b>	<b>(403,943)</b>	<b>(110,664)</b>	<b>85,406</b>	<b>16,229</b>	<b>61,521</b>
<b>Cash flows from financing activities:</b>								
Issuance of convertible note, net of issuance costs	—	930,775	—	—	—	—	—	—
Payments of debt issuance costs	—	(1,351)	—	—	—	—	—	—
Repayments of notes payable	(20,300)	—	—	—	—	—	—	—
Net Cash paid for debt extinguishment	—	—	—	—	—	—	(177,082)	—
Repayments of finance lease liabilities	(2,713)	(2,951)	(3,628)	(3,985)	(3,004)	(4,882)	(6,147)	(7,076)
Cash received for restricted stock sold in advance of vesting conditions	—	—	—	—	—	10,655	—	—
Cash paid for early sale of restricted shares	—	—	—	—	—	(3,498)	(3,539)	(3,618)
Proceeds from exercise of vested stock options	2,320	2,719	2,886	3,489	3,532	3,048	1,721	555
Proceeds from Employee Stock Purchase Plan	3,112	3,071	1,493	1,430	2,075	2,406	1,571	1,749
<b>Net cash provided by (used in) financing activities</b>	<b>(17,581)</b>	<b>932,263</b>	<b>751</b>	<b>934</b>	<b>2,603</b>	<b>7,729</b>	<b>(183,476)</b>	<b>(8,390)</b>
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(10)	(112)	(29)	(242)	(94)	(219)	(100)	(110)
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>(316,175)</b>	<b>885,883</b>	<b>(260,797)</b>	<b>(405,942)</b>	<b>(116,063)</b>	<b>79,726</b>	<b>(184,027)</b>	<b>25,387</b>
Cash, cash equivalents, and restricted cash at beginning of period	380,055	63,880	949,763	688,966	283,024	166,961	246,687	62,660
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 63,880</b>	<b>\$ 949,763</b>	<b>\$ 688,966</b>	<b>\$ 283,024</b>	<b>\$ 166,961</b>	<b>\$ 246,687</b>	<b>\$ 62,660</b>	<b>\$ 88,047</b>

**Free Cash Flow**  
(in thousands, unaudited)

	Quarter ended							
	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Cash flow provided by (used in) operations	\$ (31,149)	\$ (10,869)	\$ (17,014)	\$ (2,691)	\$ (7,908)	\$ (13,190)	\$ (16,680)	\$ (27,634)
Capital expenditures <sup>(1)</sup>	(9,463)	(12,019)	(8,253)	(31,567)	(9,436)	(13,356)	(14,983)	(14,702)
Advance payment for purchase of property and equipment <sup>(2)</sup>	—	—	—	—	—	—	(29,310)	(1,964)
<b>Free Cash Flow</b>	<u>\$ (40,612)</u>	<u>\$ (22,888)</u>	<u>\$ (25,267)</u>	<u>\$ (34,258)</u>	<u>\$ (17,344)</u>	<u>\$ (26,546)</u>	<u>\$ (60,973)</u>	<u>\$ (44,300)</u>

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

(2) Advance payments for purchase of property and equipment relate to prepayments made for our capital expenditures in advance of receiving the asset, as reflected in our statement of cash flows.