

**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): August 7, 2024

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 August 7, 2024, Fastly, Inc. (the "Company") announced its financial results for the quarter ended June 30, 2024 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 June 30, 2024 (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.

Item 9.01 **Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Exhibit Description
99.1	Press Release dated August 7, 2024
99.2	Investor Supplement for Second Quarter 2024 Results

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: August 7, 2024

By:

/s/ Ronald W. Kisling

Ronald W. Kisling

Chief Financial Officer

Fastly Announces Second Quarter 2024 Financial Results

SAN FRANCISCO — August 7, 2024 — Fastly, Inc. (NYSE: FSLY), a leader in global edge cloud platforms, today announced financial results for its second quarter ended June 30, 2024.

“We continued to drive customer acquisition in the second quarter, achieving 4% sequential growth in Enterprise customer count,” said Todd Nightingale, CEO of Fastly. “This, along with the acceleration of our go-to-market motions, contributed to revenue growth above the midpoint of our guidance.” “However, we are experiencing demand challenges with some of our largest customers, and we are taking measures to align our cost structure accordingly,” continued Nightingale. “This change will enable focused investment in edge cloud innovation and continued go-to-market transformation.”

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 132,371	\$ 122,831	\$ 265,891	\$ 240,395
Gross margin				
GAAP gross margin	55.1 %	52.3 %	55.0 %	51.8 %
Non-GAAP gross margin	58.5 %	56.6 %	58.6 %	56.1 %
Operating loss				
GAAP operating loss	\$ (46,734)	\$ (49,827)	\$ (92,994)	\$ (97,102)
Non-GAAP operating loss	\$ (12,673)	\$ (7,785)	\$ (22,337)	\$ (21,859)
Net loss per share				
GAAP net loss per common share—basic and diluted	\$ (0.32)	\$ (0.08)	\$ (0.64)	\$ (0.44)
Non-GAAP net loss per common share—basic and diluted	\$ (0.07)	\$ (0.04)	\$ (0.12)	\$ (0.12)

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.

Second Quarter 2024 Financial Summary

- Total revenue of \$132.4 million, representing 8% year-over-year growth. Network services revenue of \$104.2 million, representing 6% year-over-year growth. Security revenue of \$25.4 million, representing 13% year-over-year growth. Network Services include solutions designed to improve performance of websites, apps, APIs, and digital media. Security includes products designed to protect websites, apps, APIs, and users.
- GAAP gross margin of 55.1%, compared to 52.3% in the second quarter of 2023. Non-GAAP gross margin of 58.5%, compared to 56.6% in the second quarter of 2023.
- GAAP net loss of \$43.7 million, compared to \$10.7 million in the second quarter of 2023. Non-GAAP net loss of \$9.3 million, compared to \$4.6 million in the second quarter of 2023.
- GAAP net loss per basic and diluted shares of \$0.32, compared to \$0.08 in the second quarter of 2023. Non-GAAP net loss per basic and diluted shares of \$0.07, compared to \$0.04 in the second quarter of 2023.

Key Metrics

- 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.

Second Quarter Business and Product 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 the U.S. News & World Report's 2024-2025 Best Companies to Work For.
- 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.
- 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).

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)	(\$12.0) - (\$8.0)	(\$33.0) - (\$27.0)
Non-GAAP Net Loss per share ⁽⁴⁾⁽⁵⁾	(\$0.08) - (\$0.03)	(\$0.16) - (\$0.11)

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, August 7, 2024.

Date: Wednesday, August 7, 2024

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, August 7 through August 21, 2024 by dialing 800-770-2030 or 647-362-9199 and entering the passcode 7543239.

About Fastly, Inc.

Fastly's powerful and programmable edge cloud platform helps the world's top brands deliver online experiences that are fast, safe, and engaging through edge compute, delivery, security, and observability offerings that improve site performance, enhance security, and empower innovation at global scale. Compared to other providers, Fastly's powerful, high-

performance, and modern platform architecture empowers developers to deliver secure websites and apps with rapid time-to-market and demonstrated, industry-leading cost savings. Organizations around the world trust Fastly to help them upgrade the internet experience, including Reddit, Wendy's, Neiman Marcus, Universal Music Group, and SeatGeek. 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, our operating performance, our ability to innovate, the success of our products and product enhancements, the capabilities of Fastly's AI Accelerator, our customer acquisition and go-to-market efforts, our ability to monetize, 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 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 our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024. 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, 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, 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 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.

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 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 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.

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.

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 press release.

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 Non-GAAP Net Loss per share is calculated as Non-GAAP Net Loss divided by weighted average basic shares for 2024.

⁵ Assumes weighted average basic shares outstanding of 139.3 million in Q3 2024 and 137.5 million for the full year 2024.

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 132,371	\$ 122,831	\$ 265,891	\$ 240,395
Cost of revenue ⁽¹⁾	59,470	58,617	119,756	115,927
Gross profit	72,901	64,214	146,135	124,468
Operating expenses:				
Research and development ⁽¹⁾	35,106	37,421	73,354	74,852
Sales and marketing ⁽¹⁾	52,959	47,797	102,566	92,068
General and administrative ⁽¹⁾	28,433	28,823	60,072	54,650
Impairment expense	3,137	—	3,137	—
Total operating expenses	119,635	114,041	239,129	221,570
Loss from operations	(46,734)	(49,827)	(92,994)	(97,102)
Net gain on extinguishment of debt	—	36,760	—	36,760
Interest income	3,937	4,508	7,785	8,694
Interest expense	(464)	(1,232)	(1,043)	(2,445)
Other income (expense), net	193	(803)	104	(1,053)
Loss before income tax expense	(43,068)	(10,594)	(86,148)	(55,146)
Income tax expense	661	110	1,008	245
Net loss	\$ (43,729)	\$ (10,704)	\$ (87,156)	\$ (55,391)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.32)	\$ (0.08)	\$ (0.64)	\$ (0.44)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	137,444	127,863	136,015	126,648

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 2,044	\$ 2,837	\$ 4,823	\$ 5,518
Research and development	7,983	12,205	18,306	23,686
Sales and marketing	7,058	9,877	14,901	16,582
General and administrative	9,063	12,073	19,939	19,357
Total	\$ 26,148	\$ 36,992	\$ 57,969	\$ 65,143

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Gross profit				
GAAP gross profit	\$ 72,901	\$ 64,214	\$ 146,135	\$ 124,468
Stock-based compensation	2,044	2,837	4,823	5,518
Amortization of acquired intangible assets	2,475	2,475	4,950	4,950
Non-GAAP gross profit	\$ 77,420	\$ 69,526	\$ 155,908	\$ 134,936
GAAP gross margin	55.1 %	52.3 %	55.0 %	51.8 %
Non-GAAP gross margin	58.5 %	56.6 %	58.6 %	56.1 %
Research and development				
GAAP research and development	\$ 35,106	\$ 37,421	\$ 73,354	\$ 74,852
Stock-based compensation	(7,983)	(12,205)	(18,306)	(23,686)
Non-GAAP research and development	\$ 27,123	\$ 25,216	\$ 55,048	\$ 51,166
Sales and marketing				
GAAP sales and marketing	\$ 52,959	\$ 47,797	\$ 102,566	\$ 92,068
Stock-based compensation	(7,058)	(9,877)	(14,901)	(16,582)
Amortization of acquired intangible assets	(2,301)	(2,575)	(4,601)	(5,150)
Non-GAAP sales and marketing	\$ 43,600	\$ 35,345	\$ 83,064	\$ 70,336
General and administrative				
GAAP general and administrative	\$ 28,433	\$ 28,823	\$ 60,072	\$ 54,650
Stock-based compensation	(9,063)	(12,073)	(19,939)	(19,357)
Non-GAAP general and administrative	\$ 19,370	\$ 16,750	\$ 40,133	\$ 35,293
Operating loss				
GAAP operating loss	\$ (46,734)	\$ (49,827)	\$ (92,994)	\$ (97,102)
Stock-based compensation	26,148	36,992	57,969	65,143
Amortization of acquired intangible assets	4,776	5,050	9,551	10,100
Impairment expense	3,137	—	3,137	—
Non-GAAP operating loss	\$ (12,673)	\$ (7,785)	\$ (22,337)	\$ (21,859)
Net loss				
GAAP net loss	\$ (43,729)	\$ (10,704)	\$ (87,156)	\$ (55,391)
Stock-based compensation	26,148	36,992	57,969	65,143
Amortization of acquired intangible assets	4,776	5,050	9,551	10,100
Net gain on extinguishment of debt	—	(36,760)	—	(36,760)
Impairment expense	3,137	—	3,137	—
Amortization of debt discount and issuance costs	349	803	703	1,519
Non-GAAP net loss	\$ (9,319)	\$ (4,619)	\$ (15,796)	\$ (15,389)
Non-GAAP net loss per common share—basic and diluted	\$ (0.07)	\$ (0.04)	\$ (0.12)	\$ (0.12)
Weighted average basic and diluted common shares	137,444	127,863	136,015	126,648

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Adjusted EBITDA				
GAAP net loss	\$ (43,729)	\$ (10,704)	\$ (87,156)	\$ (55,391)
Stock-based compensation	26,148	36,992	57,969	65,143
Net gain on extinguishment of debt	—	(36,760)	—	(36,760)
Impairment expense	3,137	—	3,137	—
Depreciation and other amortization	13,443	13,030	26,843	25,210
Amortization of acquired intangible assets	4,776	5,050	9,551	10,100
Amortization of debt discount and issuance costs	349	803	703	1,519
Interest income	(3,937)	(4,508)	(7,785)	(8,694)
Interest expense	115	429	340	926
Other income (expense), net	(193)	803	(104)	1,053
Income tax expense	661	110	1,008	245
Adjusted EBITDA	\$ 770	\$ 5,245	\$ 4,506	\$ 3,351

Condensed Consolidated Balance Sheets
(in thousands, unaudited)

	As of June 30, 2024	As of December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 147,196	\$ 107,921
Marketable securities, current	164,569	214,799
Accounts receivable, net of allowance for credit losses	113,878	120,498
Prepaid expenses and other current assets	25,312	20,455
Total current assets	450,955	463,673
Property and equipment, net	177,058	176,608
Operating lease right-of-use assets, net	52,451	55,212
Goodwill	670,356	670,356
Intangible assets, net	52,676	62,475
Marketable securities, non-current	—	6,088
Other assets	79,176	90,779
Total assets	\$ 1,482,672	\$ 1,525,191
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,532	\$ 5,611
Accrued expenses	34,445	61,818
Finance lease liabilities, current	8,178	15,684
Operating lease liabilities, current	25,399	24,042
Other current liabilities	35,748	40,539
Total current liabilities	109,302	147,694
Long-term debt	344,167	343,507
Finance lease liabilities, non-current	—	1,602
Operating lease liabilities, non-current	44,634	48,484
Other long-term liabilities	3,382	4,416
Total liabilities	501,485	545,703
Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	1,903,374	1,815,245
Accumulated other comprehensive loss	(282)	(1,008)
Accumulated deficit	(921,908)	(834,752)
Total stockholders' equity	981,187	979,488
Total liabilities and stockholders' equity	\$ 1,482,672	\$ 1,525,191

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net loss	\$ (43,729)	\$ (10,704)	\$ (87,156)	\$ (55,391)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation expense	13,318	12,920	26,595	24,960
Amortization of intangible assets	4,900	5,175	9,799	10,350
Non-cash lease expense	5,800	5,648	11,356	11,763
Amortization of debt discount and issuance costs	349	803	703	1,519
Amortization of deferred contract costs	4,531	3,746	9,104	7,171
Stock-based compensation	26,148	36,992	57,969	65,143
Deferred income taxes	333	—	561	—
Provision for credit losses	393	567	1,346	1,100
Loss on disposals of property and equipment	45	296	444	547
Amortization of premiums (discounts) on investments	(1,244)	298	(2,402)	747
Impairment of operating lease right-of-use assets	—	187	—	187
Impairment expense	3,137	—	3,137	—
Net gain on extinguishment of debt	—	(36,760)	—	(36,760)
Other adjustments	(178)	(85)	(437)	(328)
Changes in operating assets and liabilities:				
Accounts receivable	(6,754)	6,482	5,274	10,183
Prepaid expenses and other current assets	(2,131)	217	(4,831)	(417)
Other assets	(3,210)	(4,771)	(5,024)	(11,983)
Accounts payable	(341)	1,119	(240)	944
Accrued expenses	1,911	234	(6,849)	(6,593)
Operating lease liabilities	(4,406)	(6,682)	(12,012)	(12,432)
Other liabilities	(3,820)	9,308	(1,153)	5,419
Net cash provided by (used in) operating activities	(4,948)	24,990	6,184	16,129
Cash flows from investing activities:				
Purchases of marketable securities	(60,249)	—	(117,197)	—
Sales of marketable securities	—	774	—	774
Maturities of marketable securities	77,597	114,884	176,677	342,095
Advance payment for purchase of property and equipment	(790)	—	(790)	—
Purchases of property and equipment	(1,762)	(4,464)	(3,365)	(7,958)
Proceeds from sale of property and equipment	24	14	24	36
Capitalized internal-use software	(6,829)	(6,230)	(13,674)	(10,439)
Net cash provided by investing activities	7,991	104,978	41,675	324,508
Cash flows from financing activities:				
Cash paid for debt extinguishment	—	(196,934)	—	(196,934)
Repayments of finance lease liabilities	(4,236)	(6,557)	(9,108)	(15,202)
Payment of deferred consideration for business acquisitions	(3,771)	(4,393)	(3,771)	(4,393)
Proceeds from exercise of vested stock options	180	535	291	871
Proceeds from employee stock purchase plan	1,034	2,191	3,915	4,787
Net cash used in financing activities	(6,793)	(205,158)	(8,673)	(210,871)
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(13)	469	(61)	585
Net increase (decrease) in cash, cash equivalents, and restricted cash	(3,763)	(74,721)	39,125	130,351
Cash, cash equivalents, and restricted cash at beginning of period	150,959	348,613	108,071	143,541
Cash, cash equivalents, and restricted cash at end of period	147,196	273,892	147,196	273,892
Reconciliation of cash, cash equivalents, and restricted cash as shown in the statements of cash flows:				
Cash and cash equivalents	147,196	273,742	147,196	273,742
Restricted cash, current	—	150	—	150
Total cash, cash equivalents, and restricted cash	\$ 147,196	\$ 273,892	\$ 147,196	\$ 273,892

Free Cash Flow
(in thousands, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net cash provided by (used in) operating activities	\$ (4,948)	\$ 24,990	\$ 6,184	\$ 16,129
Capital expenditures ⁽¹⁾	(12,803)	(17,237)	(26,123)	(33,563)
Advance payment for purchase of property and equipment ⁽²⁾	(790)	—	(790)	—
Free Cash Flow	\$ (18,541)	\$ 7,753	\$ (20,729)	\$ (17,434)

(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.

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Source: Fastly, Inc.

Second Quarter 2024 Investor Supplement

Exhibit 99.2

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⁾	(\$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 ⁽¹⁾⁽²⁾	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⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	77,973	79,990	79,484	77,311	83,973	83,795	88,152	90,093
Loss from operations⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	(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)⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽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)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
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.