

**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): February 14, 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<br>Symbol(s) | Name of each exchange<br>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 February 14, 2024, Fastly, Inc. (the "Company") announced its financial results for the quarter and full year ended December 31, 2023 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 and fiscal year ended December 31, 2023 (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<br/>No.</b> | <b>Exhibit Description</b>   |
|------------------------|--|
| 99.1                   | <a href="#">Press Release dated February 14, 2024</a>                          |
| 99.2                   | <a href="#">Investor Supplement for Fourth Quarter and Fiscal 2023 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: February 14, 2024

By:

/s/ Ronald W. Kisling

Ronald W. Kisling

Chief Financial Officer

**Fastly Announces Fourth Quarter and Full Year 2023 Financial Results**  
*Company reports record fourth quarter revenue of \$137.8 million*

**SAN FRANCISCO — February 14, 2024** — Fastly, Inc. (NYSE: FSLY), one of the world’s fastest edge cloud platforms, today announced financial results for its fourth quarter and full year ended December 31, 2023.

“This quarter demonstrated the progress we’ve made in operational and financial rigor resulting in strong gross margins and non-GAAP net income,” said Todd Nightingale, CEO of Fastly.

“Our go-to-market, packaging and channel efforts through 2023 delivered an inflection in our customer acquisition as we closed out the year,” continued Nightingale. “This positions us well for 2024, driving our mission to make every user experience fast, safe, and engaging.”

|   | Three months ended<br>December 31, |             | Year ended<br>December 31, |              |
|---|------------------------------------|-------------|----------------------------|--------------|
|   | 2023                               | 2022        | 2023                       | 2022         |
| <b>Revenue</b>  | \$ 137,777                         | \$ 119,321  | \$ 505,988                 | \$ 432,725   |
| <b>Gross margin</b>   |                                    |             |                            |              |
| GAAP gross margin   | 55.0 %                             | 52.4 %      | 52.6 %                     | 48.5 %       |
| Non-GAAP gross margin   | 59.2 %                             | 57.0 %      | 56.9 %                     | 53.6 %       |
| <b>Operating loss</b>   |                                    |             |                            |              |
| GAAP operating loss   | \$ (42,584)                        | \$ (48,462) | \$ (198,028)               | \$ (246,199) |
| Non-GAAP operating loss                                       | \$ (2,268)                         | \$ (11,994) | \$ (36,679)                | \$ (76,468)  |
| <b>Net loss per share</b>                                     |                                    |             |                            |              |
| GAAP net loss per common share—basic and diluted              | \$ (0.18)                          | \$ (0.38)   | \$ (1.03)                  | \$ (1.57)    |
| Non-GAAP net income (loss) per common share—basic and diluted | \$ 0.01                            | \$ (0.08)   | \$ (0.17)                  | \$ (0.59)    |

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.

#### Fourth Quarter 2023 Financial Summary

- Total revenue of \$137.8 million, representing 15% year-over-year growth and 8% sequential increase.
- GAAP gross margin of 55.0%, compared to 52.4% in the fourth quarter of 2022. Non-GAAP gross margin of 59.2%, compared to 57.0% in the fourth quarter of 2022.
- GAAP net loss of \$23.4 million, compared to \$46.7 million in the fourth quarter of 2022. Non-GAAP net income of \$1.7 million, compared to non-GAAP net loss of \$9.5 million in the fourth quarter of 2022.
- GAAP net loss per basic and diluted shares of \$0.18 compared to \$0.38 in the fourth quarter of 2022. Non-GAAP net income per basic and diluted shares of \$0.01, compared to non-GAAP net loss per basic and diluted shares of \$0.08 in the fourth quarter of 2022.

#### Full Year 2023 Financial Summary

- Total revenue of \$506.0 million, representing 17% growth year-over-year.
- GAAP gross margin of 52.6%, compared to 48.5% in fiscal 2022. Non-GAAP gross margin of 56.9%, compared to 53.6% in fiscal 2022.
- GAAP net loss of \$133.1 million, compared to \$190.8 million in fiscal 2022. Non-GAAP net loss of \$21.7 million, compared to \$72.3 million in fiscal 2022.
- GAAP net loss per basic and diluted shares of \$1.03 compared to \$1.57 in fiscal 2022. Non-GAAP net loss per basic and diluted shares of \$0.17, compared to \$0.59 in fiscal 2022.

## Key Metrics

- 12-month net retention rate (LTM NRR)<sup>1</sup> decreased to 113% in the fourth quarter from 114% in the third quarter.
- Total customer count<sup>2</sup> was 3,243 in the fourth quarter, up 141 from the third quarter; 578 were enterprise customers<sup>2</sup> in the fourth quarter, up 31 from the third quarter.
- Average enterprise customer spend<sup>3</sup> of \$880 thousand in the fourth quarter, up 3% quarter-over-quarter.
- Annual revenue retention rate (ARR)<sup>7</sup> was 99.2% in 2023, increasing from 98.9% in 2022.
- Remaining performance obligations (RPO)<sup>4</sup> were \$245 million, down 1% from \$248 million in the third quarter of 2023 and up 24% from \$198 million in the fourth quarter of 2022.

## Fourth Quarter Business and Product Highlights

- Fastly was named a Leader in The Forrester Wave™: Edge Development Platforms, Q4 2023 report, highlighted by Fastly's Compute platform receiving the highest rating possible (5/5) in 22 criteria.
- Kip Compton joined Fastly as Chief Product Officer, bringing over 25 years of senior leadership experience driving innovation, most recently as SVP of Strategy at Cisco Networking where he led teams responsible for strategy, portfolio management, investments and acquisitions.
- Repurchased \$130.9 million of our convertible notes' principal balance in the fourth quarter for \$113.6 million in cash or approximately 87 cents on the dollar.
- Channel partner deal registration continues to expand as our 2023 deal registration more than tripled 2022 levels and we grew our partner engagement by over 65%.
- Our packaging motion is accelerating as more customers purchased package deals in the fourth quarter of 2023 than the first nine months of 2023 combined.
- Launched our new annual global cybersecurity report, The Race to Adapt, uncovering the impacts of cyber attacks on leading businesses across the globe and how 76% of the businesses surveyed plan to increase their cybersecurity budgets in the next year.
- Released multiple new features to Fastly's Next-Gen WAF solution to improve performance and simplify the user experience, including Hashicorp Vault Integration, Agent Auto-Update, WAF Simulator, New Anomaly Signal: Out-of-Band Domain, and Simplified Attack Signal Thresholds.
- Released our new observability page, allowing customers to monitor their Fastly Delivery and Compute services via metrics and logs within customizable dashboards.
- Released our Bot Mitigation solution in limited availability to select customers.

## First Quarter and Full Year 2024 Guidance

|  | Q1 2024             | Full Year 2024      |
|--|---------------------|---------------------|
| Total Revenue (millions)                               | \$131 - \$135       | \$580 - \$590       |
| Non-GAAP Operating Loss (millions)                     | (\$14.0) - (\$10.0) | (\$20.0) - (\$14.0) |
| Non-GAAP Net Income (Loss) per share <sup>(5)(6)</sup> | (\$0.09) - (\$0.05) | (\$0.06) - \$0.00   |

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, February 14, 2024.

Date: Wednesday, February 14, 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, February 14 through February 28, 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 some of the best online experiences possible through edge compute, delivery, security, and observability offerings improving site performance, enhancing security, and empowering innovation at global scale. Compared to legacy providers, Fastly's powerful and modern network architecture is one of the fastest on the planet, empowering developers to deliver secure websites and apps with rapid time-to-market and industry-leading cost savings. Organizations around the world trust Fastly to help them upgrade the internet experience, including Reddit, Wendy's, Stripe, Neiman Marcus, Universal Music Group, SeatGeek, and Advance Publications. 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, 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 in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023. Additional information will also be set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. 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 income (loss), non-GAAP basic and diluted net income (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 income (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.

**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 income (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 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 executives' 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 impairment charge related to our computer and networking equipment, including software, we expect to not be used. 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.

**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 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 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 press release.

## 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> Under our new methodology, 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. Under our prior methodology, 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 last month of the quarter. Under our new methodology, 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. Under our prior methodology, our enterprise customers are defined as those with revenue in excess of \$100,000 in the trailing 12-month period. Under our prior methodology, our total customer count was 3,097 in the fourth quarter, up 78 from the third quarter of 2023; 532 were enterprise customers in the fourth quarter, up 2 from the third quarter of 2023.

<sup>3</sup> Under our new methodology, our average enterprise customer spend is calculated by taking the annualized current quarter revenue contributed by enterprise customers existing as of the current period, and dividing that by the number of enterprise customers as of the current period. Under our prior methodology, our average enterprise customer spend is calculated by taking the sum of the trailing 12-month revenue contributed by enterprise customers existing as of the current period, and dividing that by the number of enterprise customers as of the current period. Under our prior methodology, our average enterprise customer spend was \$859 thousand in the fourth quarter, up 3% quarter-over-quarter.

<sup>4</sup> 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.

<sup>5</sup> Non-GAAP net income (loss) per basic share is calculated as Non-GAAP net income (loss) divided by weighted average basic shares for 2024.

<sup>6</sup> Assumes weighted average basic shares outstanding of 134.3 million in Q1 2024 and 137.5 million for the full year 2024.

<sup>7</sup> Annual Revenue Retention rate is calculated by first calculating "Annual Revenue Churn", which 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. Our ARR rate is calculated by subtracting the quotient of the Annual Revenue Churn from all of our Churned Customers from which we recognized revenue during the last quarter of the prior year divided by our annual revenue of the same calendar year from 100%. Under the prior methodology, our ARR rate is calculated by subtracting the quotient of the Annual Revenue Churn from all of our Churned Customers from which we recognized revenue during the last month of the prior year divided by our annual revenue of the same calendar year from 100%. Under our prior methodology, our ARR was 99.1%, down 0.1% year-over-year.

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

|   | Three months ended<br>December 31, |                    | Year ended<br>December 31, |                     |
|---|------------------------------------|--------------------|----------------------------|---------------------|
|   | 2023                               | 2022               | 2023                       | 2022                |
| Revenue   | \$ 137,777                         | \$ 119,321         | \$ 505,988                 | \$ 432,725          |
| Cost of revenue <sup>(1)</sup>  | 62,003                             | 56,738             | 239,660                    | 222,944             |
| <b>Gross profit</b>   | <b>75,774</b>                      | <b>62,583</b>      | <b>266,328</b>             | <b>209,781</b>      |
| <b>Operating expenses:</b>  |                                    |                    |                            |                     |
| Research and development <sup>(1)</sup>   | 38,270                             | 37,197             | 152,190                    | 155,308             |
| Sales and marketing <sup>(1)</sup>  | 48,662                             | 44,623             | 191,773                    | 179,869             |
| General and administrative <sup>(1)</sup>   | 31,426                             | 29,225             | 116,077                    | 120,803             |
| Impairment expense  | —                                  | —                  | 4,316                      | —                   |
| <b>Total operating expenses</b>   | <b>118,358</b>                     | <b>111,045</b>     | <b>464,356</b>             | <b>455,980</b>      |
| <b>Loss from operations</b>   | <b>(42,584)</b>                    | <b>(48,462)</b>    | <b>(198,028)</b>           | <b>(246,199)</b>    |
| Net gain on extinguishment of debt  | 15,656                             | —                  | 52,416                     | 54,391              |
| Interest income   | 4,584                              | 2,894              | 18,186                     | 7,044               |
| Interest expense  | (744)                              | (1,354)            | (4,051)                    | (5,887)             |
| Other income (expense)  | (763)                              | 46                 | (1,832)                    | (29)                |
| <b>Loss before income taxes</b>   | <b>(23,851)</b>                    | <b>(46,876)</b>    | <b>(133,309)</b>           | <b>(190,680)</b>    |
| Income tax expense (benefit)  | (465)                              | (223)              | (221)                      | 94                  |
| <b>Net loss</b>   | <b>\$ (23,386)</b>                 | <b>\$ (46,653)</b> | <b>\$ (133,088)</b>        | <b>\$ (190,774)</b> |
| <b>Net income (loss) per share attributable to common stockholders, basic and diluted</b>   | <b>\$ (0.18)</b>                   | <b>\$ (0.38)</b>   | <b>\$ (1.03)</b>           | <b>\$ (1.57)</b>    |
| <b>Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic and diluted</b> | <b>131,843</b>                     | <b>123,587</b>     | <b>128,770</b>             | <b>121,723</b>      |

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

|                            | Three months ended<br>December 31, |                  | Year ended<br>December 31, |                   |
|----------------------------|------------------------------------|------------------|----------------------------|-------------------|
|                            | 2023                               | 2022             | 2023                       | 2022              |
| Cost of revenue            | \$ 3,278                           | \$ 2,938         | \$ 11,656                  | \$ 12,050         |
| Research and development   | 12,019                             | 11,469           | 47,827                     | 58,435            |
| Sales and marketing        | 8,060                              | 7,885            | 33,703                     | 39,083            |
| General and administrative | 12,090                             | 9,126            | 43,117                     | 36,228            |
| <b>Total</b>               | <b>\$ 35,447</b>                   | <b>\$ 31,418</b> | <b>\$ 136,303</b>          | <b>\$ 145,796</b> |

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

|  | Three months ended<br>December 31, |                    | Year ended<br>December 31, |                    |
|--|------------------------------------|--------------------|----------------------------|--------------------|
|  | 2023                               | 2022               | 2023                       | 2022               |
| <b>Gross Profit</b>  |                                    |                    |                            |                    |
| GAAP gross profit  | \$ 75,774                          | \$ 62,583          | \$ 266,328                 | \$ 209,781         |
| Stock-based compensation   | 3,278                              | 2,938              | 11,656                     | 12,050             |
| Amortization of acquired intangible assets                           | 2,475                              | 2,475              | 9,900                      | 9,900              |
| <b>Non-GAAP gross profit</b>   | <b>\$ 81,527</b>                   | <b>\$ 67,996</b>   | <b>\$ 287,884</b>          | <b>\$ 231,731</b>  |
| <b>GAAP gross margin</b>   | <b>55.0 %</b>                      | <b>52.4 %</b>      | <b>52.6 %</b>              | <b>48.5 %</b>      |
| <b>Non-GAAP gross margin</b>   | <b>59.2 %</b>                      | <b>57.0 %</b>      | <b>56.9 %</b>              | <b>53.6 %</b>      |
| <b>Research and development</b>                                      |                                    |                    |                            |                    |
| GAAP research and development  | \$ 38,270                          | \$ 37,197          | \$ 152,190                 | \$ 155,308         |
| Stock-based compensation   | (11,728)                           | (11,469)           | (45,840)                   | (58,435)           |
| Executive transition costs   | (385)                              | —                  | (2,791)                    | —                  |
| <b>Non-GAAP research and development</b>                             | <b>\$ 26,157</b>                   | <b>\$ 25,728</b>   | <b>\$ 103,559</b>          | <b>\$ 96,873</b>   |
| <b>Sales and marketing</b>   |                                    |                    |                            |                    |
| GAAP sales and marketing   | \$ 48,662                          | \$ 44,623          | \$ 191,773                 | \$ 179,869         |
| Stock-based compensation   | (8,060)                            | (7,885)            | (33,703)                   | (39,083)           |
| Amortization of acquired intangible assets                           | (2,300)                            | (2,575)            | (10,026)                   | (10,891)           |
| <b>Non-GAAP sales and marketing</b>                                  | <b>\$ 38,302</b>                   | <b>\$ 34,163</b>   | <b>\$ 148,044</b>          | <b>\$ 129,895</b>  |
| <b>General and administrative</b>                                    |                                    |                    |                            |                    |
| GAAP general and administrative                                      | \$ 31,426                          | \$ 29,225          | \$ 116,077                 | \$ 120,803         |
| Stock-based compensation   | (12,090)                           | (9,126)            | (43,117)                   | (33,195)           |
| Executive transition costs   | —                                  | —                  | —                          | (4,207)            |
| Acquisition-related expenses   | —                                  | —                  | —                          | (1,970)            |
| <b>Non-GAAP general and administrative</b>                           | <b>\$ 19,336</b>                   | <b>\$ 20,099</b>   | <b>\$ 72,960</b>           | <b>\$ 81,431</b>   |
| <b>Operating loss</b>  |                                    |                    |                            |                    |
| GAAP operating loss  | \$ (42,584)                        | \$ (48,462)        | \$ (198,028)               | \$ (246,199)       |
| Stock-based compensation   | 35,156                             | 31,418             | 134,316                    | 142,763            |
| Executive transition costs   | 385                                | —                  | 2,791                      | 4,207              |
| Amortization of acquired intangible assets                           | 4,775                              | 5,050              | 19,926                     | 20,791             |
| Impairment expense   | —                                  | —                  | 4,316                      | —                  |
| Acquisition-related expenses   | —                                  | —                  | —                          | 1,970              |
| <b>Non-GAAP operating loss</b>                                       | <b>\$ (2,268)</b>                  | <b>\$ (11,994)</b> | <b>\$ (36,679)</b>         | <b>\$ (76,468)</b> |
| <b>Net loss</b>  |                                    |                    |                            |                    |
| GAAP net loss  | \$ (23,386)                        | \$ (46,653)        | \$ (133,088)               | \$ (190,774)       |
| Stock-based compensation   | 35,156                             | 31,418             | 134,316                    | 142,763            |
| Executive transition costs   | 385                                | —                  | 2,791                      | 4,207              |
| Amortization of acquired intangible assets                           | 4,775                              | 5,050              | 19,926                     | 20,791             |
| Acquisition-related expenses   | —                                  | —                  | —                          | 1,970              |
| Net gain on extinguishment of debt                                   | (15,656)                           | —                  | (52,416)                   | (54,391)           |
| Impairment expense   | —                                  | —                  | 4,316                      | —                  |
| Amortization of debt discount and issuance costs                     | 456                                | 716                | 2,477                      | 3,169              |
| <b>Non-GAAP income (loss)</b>  | <b>\$ 1,730</b>                    | <b>\$ (9,469)</b>  | <b>\$ (21,678)</b>         | <b>\$ (72,265)</b> |
| <b>Non-GAAP net income (loss) per common share—basic and diluted</b> | <b>\$ 0.01</b>                     | <b>\$ (0.08)</b>   | <b>\$ (0.17)</b>           | <b>\$ (0.59)</b>   |
| <b>Weighted average basic common shares</b>                          | <b>131,843</b>                     | <b>123,587</b>     | <b>128,770</b>             | <b>121,723</b>     |
| <b>Weighted average diluted common shares</b>                        | <b>141,162</b>                     | <b>123,587</b>     | <b>128,770</b>             | <b>121,723</b>     |

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

|  | Three months ended<br>December 31, |                | Year ended<br>December 31, |                |
|--|------------------------------------|----------------|----------------------------|----------------|
|  | 2023                               | 2022           | 2023                       | 2022           |
| <b>Reconciliation of GAAP to Non-GAAP diluted shares</b> |                                    |                |                            |                |
| <b>GAAP diluted shares</b>                               | <b>131,843</b>                     | <b>123,587</b> | <b>128,770</b>             | <b>121,723</b> |
| Other dilutive equity awards                             | 9,319                              | —              | —                          | —              |
| <b>Non-GAAP diluted shares</b>                           | <b>141,162</b>                     | <b>123,587</b> | <b>128,770</b>             | <b>121,723</b> |
| <b>Non-GAAP diluted net income (loss) per share</b>      | <b>0.01</b>                        | <b>(0.08)</b>  | <b>(0.17)</b>              | <b>(0.59)</b>  |

|  | Three months ended<br>December 31, |                | Year ended<br>December 31, |                    |
|--|------------------------------------|----------------|----------------------------|--------------------|
|  | 2023                               | 2022           | 2023                       | 2022               |
| <b>Adjusted EBITDA</b>                           |                                    |                |                            |                    |
| <b>GAAP net loss</b>                             | \$ (23,386)                        | \$ (46,653)    | \$ (133,088)               | \$ (190,774)       |
| Stock-based compensation                         | 35,156                             | 31,418         | 134,316                    | 142,763            |
| Executive transition costs                       | 385                                | —              | 2,791                      | 4,207              |
| Net gain on extinguishment of debt               | (15,656)                           | —              | (52,416)                   | (54,391)           |
| Impairment expense                               | —                                  | —              | 4,316                      | —                  |
| Acquisition-related expenses                     | —                                  | —              | —                          | 1,970              |
| Depreciation and other amortization              | 13,727                             | 11,903         | 52,139                     | 43,524             |
| Amortization of acquired intangible assets       | 4,775                              | 5,050          | 19,926                     | 20,791             |
| Amortization of debt discount and issuance costs | 456                                | 716            | 2,477                      | 3,169              |
| Interest income                                  | (4,584)                            | (2,894)        | (18,186)                   | (7,044)            |
| Interest expense                                 | 288                                | 638            | 1,574                      | 2,718              |
| Other expense (income)                           | 763                                | (46)           | 1,832                      | 29                 |
| Income tax expense (benefit)                     | (465)                              | (223)          | (221)                      | 94                 |
| <b>Adjusted EBITDA</b>                           | <b>\$ 11,459</b>                   | <b>\$ (91)</b> | <b>\$ 15,460</b>           | <b>\$ (32,944)</b> |

Condensed Consolidated Balance Sheets  
(in thousands)

|   | As of<br>December 31, 2023<br>(unaudited) | As of<br>December 31, 2022<br>(audited) |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| <b>Current assets:</b>                                  |   |   |
| Cash and cash equivalents                               | \$ 107,921                                | \$ 143,391                              |
| Marketable securities, current                          | 214,799                                   | 374,581                                 |
| Accounts receivable, net of allowance for credit losses | 120,498                                   | 89,578                                  |
| Prepaid expenses and other current assets               | 20,455                                    | 28,933                                  |
| <b>Total current assets</b>                             | <b>463,673</b>                            | <b>636,483</b>                          |
| Property and equipment, net                             | 176,608                                   | 180,378                                 |
| Operating lease right-of-use assets, net                | 55,212                                    | 68,440                                  |
| Goodwill  | 670,356                                   | 670,185                                 |
| Intangible assets, net                                  | 62,475                                    | 82,900                                  |
| Marketable securities, non-current                      | 6,088                                     | 165,105                                 |
| Other assets  | 90,779                                    | 92,622                                  |
| <b>Total assets</b>                                     | <b>\$ 1,525,191</b>                       | <b>\$ 1,896,113</b>                     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>             |   |   |
| <b>Current liabilities:</b>                             |   |   |
| Accounts payable  | \$ 5,611                                  | \$ 4,786                                |
| Accrued expenses  | 61,818                                    | 61,161                                  |
| Finance lease liabilities, current                      | 15,684                                    | 28,954                                  |
| Operating lease liabilities, current                    | 24,042                                    | 23,026                                  |
| Other current liabilities                               | 40,539                                    | 34,394                                  |
| <b>Total current liabilities</b>                        | <b>147,694</b>                            | <b>152,321</b>                          |
| Long-term debt  | 343,507                                   | 704,710                                 |
| Finance lease liabilities, non-current                  | 1,602                                     | 15,507                                  |
| Operating lease liabilities, non-current                | 48,484                                    | 61,341                                  |
| Other long-term liabilities                             | 4,416                                     | 7,076                                   |
| <b>Total liabilities</b>                                | <b>545,703</b>                            | <b>940,955</b>                          |
| <b>Stockholders' equity:</b>                            |   |   |
| Common stock  | 3   | 2                                       |
| Additional paid-in capital                              | 1,815,245                                 | 1,666,106                               |
| Accumulated other comprehensive loss                    | (1,008)                                   | (9,286)                                 |
| Accumulated deficit                                     | (834,752)                                 | (701,664)                               |
| <b>Total stockholders' equity</b>                       | <b>979,488</b>                            | <b>955,158</b>                          |
| <b>Total liabilities and stockholders' equity</b>       | <b>\$ 1,525,191</b>                       | <b>\$ 1,896,113</b>                     |

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

|  | Three months ended<br>December 31, |                   | Year ended<br>December 31, |                   |
|--|------------------------------------|-------------------|----------------------------|-------------------|
|  | 2023                               | 2022              | 2023                       | 2022              |
| <b>Cash flows from operating activities:</b>   |                                    |                   |                            |                   |
| Net loss   | \$ (23,386)                        | \$ (46,653)       | \$ (133,088)               | \$ (190,774)      |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities:                      |                                    |                   |                            |                   |
| Depreciation expense   | 13,587                             | 11,371            | 51,602                     | 42,619            |
| Amortization of intangible assets  | 4,899                              | 5,582             | 20,424                     | 21,696            |
| Non-cash lease expense   | 5,451                              | 7,835             | 22,678                     | 25,448            |
| Amortization of debt discount and issuance costs   | 456                                | 715               | 2,476                      | 3,169             |
| Amortization of deferred contract costs  | 4,295                              | 2,896             | 15,548                     | 8,916             |
| Stock-based compensation   | 35,447                             | 31,418            | 136,303                    | 145,796           |
| Deferred income taxes  | (900)                              | —                 | (900)                      | —                 |
| Provision for credit losses  | 714                                | 624               | 2,025                      | 2,406             |
| Loss on disposals of property and equipment  | —                                  | —                 | 505                        | 854               |
| Amortization and accretion of discounts and premiums on investments  | (990)                              | 515               | (646)                      | 3,137             |
| Impairment of operating lease right-of-use assets  | 156                                | 2,083             | 744                        | 2,083             |
| Impairment expense   | —                                  | —                 | 4,316                      | —                 |
| Net gain on extinguishment of debt   | (15,656)                           | —                 | (52,416)                   | (54,391)          |
| Other adjustments  | 905                                | 3,980             | 648                        | 3,688             |
| Changes in operating assets and liabilities:   |                                    |                   |                            |                   |
| Accounts receivable  | (22,590)                           | (17,288)          | (32,945)                   | (27,359)          |
| Prepaid expenses and other current assets  | 4,107                              | (971)             | 8,709                      | (6,758)           |
| Other assets   | (6,868)                            | (15,492)          | (23,137)                   | (35,396)          |
| Accounts payable   | (876)                              | (1,267)           | 382                        | (4,724)           |
| Accrued expenses   | (1,603)                            | 3,799             | (7,856)                    | 8,289             |
| Operating lease liabilities  | (5,137)                            | (6,377)           | (22,074)                   | (22,778)          |
| Other liabilities  | 612                                | 5,102             | 7,064                      | 4,447             |
| <b>Net cash provided by (used in) operating activities</b>   | <b>(7,377)</b>                     | <b>(12,128)</b>   | <b>362</b>                 | <b>(69,632)</b>   |
| <b>Cash flows from investing activities:</b>   |                                    |                   |                            |                   |
| Purchases of marketable securities   | (59,142)                           | —                 | (132,233)                  | (355,479)         |
| Sales of marketable securities   | 24,850                             | 65                | 25,625                     | 161,918           |
| Maturities of marketable securities  | 5,642                              | 94,303            | 433,767                    | 535,040           |
| Business acquisitions, net of cash acquired  | —                                  | 1,843             | —                          | (25,902)          |
| Advance payment for purchase of property and equipment   | —                                  | (10,923)          | —                          | (42,197)          |
| Purchases of property and equipment  | (2,693)                            | (8,529)           | (10,976)                   | (19,975)          |
| Proceeds from sale of property and equipment   | —                                  | 126               | 49                         | 492               |
| Capitalized internal-use software  | (5,902)                            | (4,290)           | (21,292)                   | (18,146)          |
| <b>Net cash provided by (used in) investing activities</b>   | <b>(37,245)</b>                    | <b>72,595</b>     | <b>294,940</b>             | <b>235,751</b>    |
| <b>Cash flows from financing activities:</b>   |                                    |                   |                            |                   |
| Cash paid for debt extinguishment  | (113,606)                          | —                 | (310,540)                  | (177,082)         |
| Repayments of finance lease liabilities  | (5,932)                            | (4,427)           | (27,175)                   | (22,532)          |
| Cash received for restricted stock sold in advance of vesting conditions                                       | —                                  | —                 | —                          | 10,655            |
| Cash paid for early sale of restricted shares  | —                                  | —                 | —                          | (10,655)          |
| Payment of deferred consideration for business acquisitions  | —                                  | —                 | (4,393)                    | —                 |
| Proceeds from exercise of vested stock options   | 161                                | 364               | 2,169                      | 5,688             |
| Proceeds from employee stock purchase plan   | 1,550                              | (949)             | 8,559                      | 4,777             |
| <b>Net cash used in financing activities</b>   | <b>(117,827)</b>                   | <b>(5,012)</b>    | <b>(331,380)</b>           | <b>(189,149)</b>  |
| Effects of exchange rate changes on cash, cash equivalents, and restricted cash                                | 70                                 | 39                | 608                        | (390)             |
| Net increase in cash, cash equivalents, and restricted cash  | (162,379)                          | 55,494            | (35,470)                   | (23,420)          |
| <b>Cash, cash equivalents, and restricted cash at beginning of period</b>                                      | <b>270,450</b>                     | <b>88,047</b>     | <b>143,541</b>             | <b>166,961</b>    |
| <b>Cash, cash equivalents, and restricted cash at end of period</b>  | <b>108,071</b>                     | <b>143,541</b>    | <b>108,071</b>             | <b>143,541</b>    |
| <b>Reconciliation of cash, cash equivalents, and restricted cash as shown in the statements of cash flows:</b> |                                    |                   |                            |                   |
| Cash and cash equivalents  | 107,921                            | 143,391           | 107,921                    | 143,391           |
| Restricted cash, current   | 150                                | 150               | 150                        | 150               |
| <b>Total cash, cash equivalents, and restricted cash</b>   | <b>\$ 108,071</b>                  | <b>\$ 143,541</b> | <b>\$ 108,071</b>          | <b>\$ 143,541</b> |

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

|   | Three months ended<br>December 31, |                    | Year ended<br>December 31, |                     |
|---|------------------------------------|--------------------|----------------------------|---------------------|
|   | 2023                               | 2022               | 2023                       | 2022                |
| Cash flow provided by (used in) operations                            | \$ (7,377)                         | \$ (12,128)        | \$ 362                     | \$ (69,632)         |
| Capital expenditures <sup>(1)</sup>                                   | (14,527)                           | (17,120)           | (59,394)                   | (60,161)            |
| Advance payment for purchase of property and equipment <sup>(2)</sup> | —                                  | (10,923)           | —                          | (42,197)            |
| <b>Free Cash Flow</b>   | <b>\$ (21,904)</b>                 | <b>\$ (40,171)</b> | <b>\$ (59,032)</b>         | <b>\$ (171,990)</b> |

(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) As reflected in our statement of cash flows. In the year ended December 31, 2023, we received \$8.7 million of capital equipment that was prepaid prior to the current year.

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Source: Fastly, Inc.



## Corporate Highlights

- Fastly was named a Leader in The Forrester Wave™: Edge Development Platforms, Q4 2023 report, highlighted by Fastly's Compute platform receiving the highest rating possible (5/5) in 22 criteria.
- Kip Compton joined Fastly as Chief Product Officer, bringing 25 years of senior leadership experience driving innovation, most recently as SVP of Strategy at Cisco Networking where he led teams responsible for strategy, portfolio management, investments and acquisitions.
- Repurchased \$130.9 million of our convertible notes' principal balance in the fourth quarter for \$113.6 million in cash or approximately 87 cents on the dollar.
- Launched our new annual global cybersecurity report, The Race to Adapt, uncovering the impacts of cyber attacks on leading businesses across the globe and how 76% of the businesses surveyed plan to increase their cybersecurity budgets in the next year.

## Customer and Partner Highlights

- Channel partner deal registration continues to expand as our 2023 deal registration more than tripled 2022 levels and we grew our partner engagement by over 65%.
- Our packaging motion is accelerating as more customers purchased package deals in the fourth quarter of 2023 than the first nine months of 2023 combined.
- BeReal, a social media app that emphasizes authenticity and winner of the 2022 iPhone app of the year, chose Fastly's platform due to its edge compute capabilities.
- MoxiWorks, a revolutionary real estate brokerage and agent tech platform, selected Fastly for its delivery requirements to replace an incumbent provider exiting the business.
- The E.W. Scripps Company, a diversified media company focused on creating a better-informed world, selected Fastly's Next-Gen WAF solution.

## Product Innovation and Developments

- Released multiple new features to Fastly's Next-Gen WAF solution to improve performance and simplify the user experience, including Hashicorp Vault Integration, Agent Auto-Update, WAF Simulator, New Anomaly Signal: Out-of-Band Domain, and Simplified Attack Signal Thresholds.
- Released our updated observability page, allowing customers to monitor their Fastly Delivery and Compute services via system or customizable dashboards.
- Released our Bot Mitigation solution in limited availability to select customers.

## Key Metrics Highlights

- 12-month net retention rate (LTM NRR)<sup>1</sup> decreased to 113% in the fourth quarter from 114% in the third quarter.
- Total customer count<sup>2</sup> was 3,243 in the fourth quarter, up 141 from the third quarter; 578 were enterprise customers<sup>2</sup> in the fourth quarter, up 31 from the third quarter.
- Average enterprise customer spend<sup>3</sup> of \$880 thousand in the fourth quarter, up 3% quarter-over-quarter.
- Annual revenue retention rate (ARR)<sup>7</sup> was 99.2% in 2023, increasing from 98.9% in 2022.
- Remaining performance obligations (RPO)<sup>4</sup> were \$245 million, down 1% from \$248 million in the third quarter of 2023 and up 24% from \$198 million in the fourth quarter of 2022.

## First Quarter and Full Year 2024 Guidance:

|  | Q1 2024             | Full Year 2024      |
|--|---------------------|---------------------|
| <b>Total Revenue (millions)</b>                              | \$131 - \$135       | \$580 - \$590       |
| <b>Non-GAAP Operating Loss (millions)<sup>(5)</sup></b>      | (\$14.0) - (\$10.0) | (\$20.0) - (\$14.0) |
| <b>Non-GAAP Net Income (Loss) per share<sup>(6)(7)</sup></b> | (\$0.09) - (\$0.05) | (\$0.06) - \$0.00   |

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

|  | Q1 2022    | Q2 2022    | Q3 2022    | Q4 2022    | Q1 2023    | Q2 2023    | Q3 2023    | Q4 2023    |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Total Customer Count <sup>(2)</sup>  | 2,965      | 3,025      | 3,039      | 3,062      | 3,100      | 3,072      | 3,102      | 3,243      |
| Enterprise Customer Count <sup>(2)</sup>   | 488        | 499        | 511        | 533        | 540        | 551        | 547        | 578        |
| Average Enterprise Customer Spend (in thousands) <sup>(3)</sup>                    | \$ 758     | \$ 742     | \$ 771     | \$ 822     | \$ 795     | \$ 818     | \$ 858     | \$ 880     |
| Enterprise Customer Revenue %  | 90 %       | 90 %       | 91 %       | 92 %       | 91 %       | 92 %       | 92 %       | 92 %       |
| Annual Revenue Retention (ARR) Rate <sup>(8)</sup>                                 | — %        | — %        | — %        | 98.9 %     | — %        | — %        | — %        | 99.2 %     |
| Total Customer Count (prior methodology) <sup>(2)</sup>                            | 2,880      | 2,894      | 2,925      | 2,958      | 3,001      | 2,965      | 3,019      | 3,097      |
| Enterprise Customer Count (prior methodology) <sup>(2)</sup>                       | 457        | 471        | 482        | 493        | 514        | 520        | 530        | 532        |
| Average Enterprise Customer Spend (in thousands; prior methodology) <sup>(3)</sup> | \$ 722     | \$ 730     | \$ 759     | \$ 782     | \$ 778     | \$ 809     | \$ 832     | \$ 859     |
| Enterprise Customer Revenue % (prior methodology)                                  | 89 %       | 88 %       | 89 %       | 89 %       | 89 %       | 90 %       | 90 %       | 90 %       |
| Net Retention Rate (NRR) Quarter <sup>(9)</sup>                                    | 114 %      | 128 %      | 115 %      | 111 %      | 105 %      | 106 %      | 110 %      | 110 %      |
| Net Retention Rate (NRR) LTM <sup>(1)</sup>  | 115 %      | 117 %      | 118 %      | 119 %      | 116 %      | 116 %      | 114 %      | 113 %      |
| Dollar-Based Net Expansion Rate (DBNER) <sup>(10)</sup>                            | 118 %      | 120 %      | 122 %      | 123 %      | 121 %      | 123 %      | 120 %      | 119 %      |
| Global Network Capacity  | 198 TB/sec | 215 TB/sec | 233 TB/sec | 252 TB/sec | 265 TB/sec | 277 TB/sec | 291 TB/sec | 313 TB/sec |
| Countries  | 34         | 34         | 35         | 35         | 35         | 35         | 35         | 35         |
| Markets  | 75         | 78         | 79         | 79         | 79         | 79         | 79         | 79         |

\*Note: The reporting of the dual key metrics with respect to Total Customer and Enterprise Customer counts and associated key metrics will be disclosed through the fourth quarter of fiscal year 2023, ending December 31, 2023.



## Key Metrics

1. We calculate LTM Net Retention Rate by dividing the total customer revenue for the prior 12-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.
2. Under our new methodology, 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. Under our prior methodology, 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 last month of the quarter. Under our new methodology, 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. Under our prior methodology, our enterprise customers are defined as those with revenue in excess of \$100,000 in the trailing 12-month period. Under our prior methodology, our total customer count was 3,097 in the fourth quarter, up 78 from the third quarter of 2023; 532 were enterprise customers in the fourth quarter, up 2 from the third quarter of 2023.
3. Under our new methodology, our average enterprise customer spend is calculated by taking the annualized current quarter revenue contributed by enterprise customers existing as of the current period, and dividing that by the number of enterprise customers as of the current period. Under our prior methodology, our average enterprise customer spend is calculated by taking the sum of the trailing 12-month revenue contributed by enterprise customers existing as of the current period, and dividing that by the number of enterprise customers as of the current period. Under our prior methodology, our average enterprise customer spend was \$859 thousand in the fourth quarter, up 3% quarter-over-quarter.
4. 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.
5. 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.
6. Assumes weighted average basic shares outstanding of 134.3 million in Q1 2024 and 137.5 million for the full year 2024.
7. Non-GAAP Net Income (Loss) per basic share is calculated as Non-GAAP Net Income (Loss) divided by weighted average basic shares for 2024.
8. Annual Revenue Retention rate is calculated by first calculating "Annual Revenue Churn", which 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. Our ARR rate is calculated by subtracting the quotient of the Annual Revenue Churn from all of our Churned Customers from which we recognized revenue during the last quarter of the prior year divided by our annual revenue of the same calendar year from 100%. Under the prior methodology, our ARR rate is calculated by subtracting the quotient of the Annual Revenue Churn from all of our Churned Customers from which we recognized revenue during the last month of the prior year divided by our annual revenue of the same calendar year from 100%. Under our prior methodology, our ARR was 99.1%, down 0.1% year-over-year.
9. 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.
10. 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.

## 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 products; 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, and additional information set forth in Fastly's Annual Report on Form 10-K for the year ended December 31, 2023 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 income (loss), non-GAAP basic and diluted net income (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 income (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.

**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 income (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 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 impairment charge related to our computer and networking equipment, including software, we expect to not be used. 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.

**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)

|  | Q1 2022            | Q2 2022            | Q3 2022            | Q4 2022            | Q1 2023            | Q2 2023            | Q3 2023            | Q4 2023            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue  | \$ 102,382         | \$ 102,518         | \$ 108,504         | \$ 119,321         | \$ 117,564         | \$ 122,831         | \$ 127,816         | \$ 137,777         |
| Cost of revenue <sup>(1)</sup>   | 53,915             | 56,466             | 55,825             | 56,738             | 57,310             | 58,617             | 61,730             | 62,003             |
| <b>Gross profit</b>  | <b>48,467</b>      | <b>46,052</b>      | <b>52,679</b>      | <b>62,583</b>      | <b>60,254</b>      | <b>64,214</b>      | <b>66,086</b>      | <b>75,774</b>      |
| <b>Operating expenses:</b>   |                    |                    |                    |                    |                    |                    |                    |                    |
| Research and development <sup>(1)</sup>  | 40,437             | 38,717             | 38,957             | 37,197             | 37,431             | 37,421             | 39,068             | 38,270             |
| Sales and marketing <sup>(1)</sup>   | 41,480             | 46,760             | 47,006             | 44,623             | 44,271             | 47,797             | 51,043             | 48,662             |
| General and administrative <sup>(1)</sup>  | 29,554             | 29,543             | 32,481             | 29,225             | 25,827             | 28,823             | 30,001             | 31,426             |
| Impairment expense   | —                  | —                  | —                  | —                  | —                  | —                  | 4,316              | —                  |
| <b>Total operating expenses</b>  | <b>111,471</b>     | <b>115,020</b>     | <b>118,444</b>     | <b>111,045</b>     | <b>107,529</b>     | <b>114,041</b>     | <b>124,428</b>     | <b>118,358</b>     |
| <b>Loss from operations</b>  | <b>(63,004)</b>    | <b>(68,968)</b>    | <b>(65,765)</b>    | <b>(48,462)</b>    | <b>(47,275)</b>    | <b>(49,827)</b>    | <b>(58,342)</b>    | <b>(42,584)</b>    |
| Net gain on extinguishment of debt   | —                  | 54,391             | —                  | —                  | —                  | 36,760             | —                  | 15,656             |
| Interest income  | 681                | 1,502              | 1,967              | 2,894              | 4,186              | 4,508              | 4,908              | 4,584              |
| Interest expense   | (1,622)            | (1,530)            | (1,381)            | (1,354)            | (1,213)            | (1,232)            | (862)              | (744)              |
| Other income (expense)   | (279)              | (1,673)            | 1,877              | 46                 | (250)              | (803)              | (16)               | (763)              |
| Loss before income taxes   | (64,224)           | (16,278)           | (63,302)           | (46,876)           | (44,552)           | (10,594)           | (54,312)           | (23,851)           |
| Income tax expense (benefit)   | 40                 | 159                | 118                | (223)              | 135                | 110                | (1)                | (465)              |
| <b>Net loss</b>  | <b>\$ (64,264)</b> | <b>\$ (16,437)</b> | <b>\$ (63,420)</b> | <b>\$ (46,653)</b> | <b>\$ (44,687)</b> | <b>\$ (10,704)</b> | <b>\$ (54,311)</b> | <b>\$ (23,386)</b> |
| <b>Net loss per share attributable to common stockholders, basic and diluted</b>   | <b>\$ (0.54)</b>   | <b>\$ (0.14)</b>   | <b>\$ (0.52)</b>   | <b>\$ (0.38)</b>   | <b>\$ (0.36)</b>   | <b>\$ (0.08)</b>   | <b>\$ (0.42)</b>   | <b>\$ (0.18)</b>   |
| <b>Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted</b> | <b>119,673</b>     | <b>121,242</b>     | <b>122,339</b>     | <b>123,587</b>     | <b>125,418</b>     | <b>127,863</b>     | <b>129,873</b>     | <b>131,843</b>     |

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

|                            | Q1 2022          | Q2 2022          | Q3 2022          | Q4 2022          | Q1 2023          | Q2 2023          | Q3 2023          | Q4 2023          |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cost of revenue            | \$ 2,946         | \$ 3,188         | \$ 2,978         | \$ 2,938         | \$ 2,681         | \$ 2,837         | \$ 2,860         | \$ 3,278         |
| Research and development   | 18,589           | 13,889           | 14,488           | 11,469           | 11,481           | 12,205           | 12,122           | 12,019           |
| Sales and marketing        | 10,094           | 10,184           | 10,920           | 7,885            | 6,705            | 9,877            | 9,061            | 8,060            |
| General and administrative | 8,393            | 7,717            | 10,992           | 9,126            | 7,284            | 12,073           | 11,670           | 12,090           |
| <b>Total</b>               | <b>\$ 40,022</b> | <b>\$ 34,978</b> | <b>\$ 39,378</b> | <b>\$ 31,418</b> | <b>\$ 28,151</b> | <b>\$ 36,992</b> | <b>\$ 35,713</b> | <b>\$ 35,447</b> |

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

|  | Q1 2022            | Q2 2022            | Q3 2022            | Q4 2022           | Q1 2023            | Q2 2023           | Q3 2023           | Q4 2023         |
|--|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-----------------|
| <b>Gross Profit</b>  |                    |                    |                    |                   |                    |                   |                   |                 |
| GAAP gross Profit  | \$ 48,467          | \$ 46,052          | \$ 52,679          | \$ 62,583         | \$ 60,254          | \$ 64,214         | \$ 66,086         | \$ 75,774       |
| Stock-based compensation   | 2,946              | 3,188              | 2,978              | 2,938             | 2,681              | 2,837             | 2,860             | 3,278           |
| 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>53,888</b>      | <b>51,715</b>      | <b>58,132</b>      | <b>67,996</b>     | <b>65,410</b>      | <b>69,526</b>     | <b>71,421</b>     | <b>81,527</b>   |
| <b>GAAP gross margin</b>   | <b>47.3 %</b>      | <b>44.9 %</b>      | <b>48.6 %</b>      | <b>52.4 %</b>     | <b>51.3 %</b>      | <b>52.3 %</b>     | <b>51.7 %</b>     | <b>55.0 %</b>   |
| <b>Non-GAAP gross margin</b>   | <b>52.6 %</b>      | <b>50.4 %</b>      | <b>53.6 %</b>      | <b>57.0 %</b>     | <b>55.6 %</b>      | <b>56.6 %</b>     | <b>55.9 %</b>     | <b>59.2 %</b>   |
| <b>Research and development</b>                                      |                    |                    |                    |                   |                    |                   |                   |                 |
| GAAP research and development  | 40,437             | 38,717             | 38,957             | 37,197            | 37,431             | 37,421            | 39,068            | 38,270          |
| Stock-based compensation   | (18,589)           | (13,889)           | (14,488)           | (11,469)          | (11,481)           | (12,205)          | (10,426)          | (11,728)        |
| Executive transition costs   | —                  | —                  | —                  | —                 | —                  | —                 | (2,406)           | (385)           |
| <b>Non-GAAP research and development</b>                             | <b>21,848</b>      | <b>24,828</b>      | <b>24,469</b>      | <b>25,728</b>     | <b>25,950</b>      | <b>25,216</b>     | <b>26,236</b>     | <b>26,157</b>   |
| <b>Sales and marketing</b>   |                    |                    |                    |                   |                    |                   |                   |                 |
| GAAP sales and marketing   | 41,480             | 46,760             | 47,006             | 44,623            | 44,271             | 47,797            | 51,043            | 48,662          |
| Stock-based compensation   | (10,094)           | (10,184)           | (10,920)           | (7,885)           | (6,705)            | (9,877)           | (9,061)           | (8,060)         |
| Amortization of acquired intangible assets                           | (2,709)            | (2,710)            | (2,897)            | (2,575)           | (2,575)            | (2,575)           | (2,576)           | (2,300)         |
| <b>Non-GAAP sales and marketing</b>                                  | <b>28,677</b>      | <b>33,866</b>      | <b>33,189</b>      | <b>34,163</b>     | <b>34,991</b>      | <b>35,345</b>     | <b>39,406</b>     | <b>38,302</b>   |
| <b>General and administrative</b>                                    |                    |                    |                    |                   |                    |                   |                   |                 |
| GAAP general and administrative                                      | 29,554             | 29,543             | 32,481             | 29,225            | 25,827             | 28,823            | 30,001            | 31,426          |
| Stock-based compensation   | (8,393)            | (7,717)            | (7,959)            | (9,126)           | (7,284)            | (12,073)          | (11,670)          | (12,090)        |
| Executive transition costs   | —                  | —                  | (4,207)            | —                 | —                  | —                 | —                 | —               |
| Acquisition-related expenses   | (58)               | (1,912)            | —                  | —                 | —                  | —                 | —                 | —               |
| <b>Non-GAAP general and administrative</b>                           | <b>21,103</b>      | <b>19,914</b>      | <b>20,315</b>      | <b>20,099</b>     | <b>18,543</b>      | <b>16,750</b>     | <b>18,331</b>     | <b>19,336</b>   |
| <b>Operating loss</b>  |                    |                    |                    |                   |                    |                   |                   |                 |
| GAAP operating loss  | (63,004)           | (68,968)           | (65,765)           | (48,462)          | (47,275)           | (49,827)          | (58,342)          | (42,584)        |
| Stock-based compensation   | 40,022             | 34,978             | 36,345             | 31,418            | 28,151             | 36,992            | 34,017            | 35,156          |
| Executive transition costs   | —                  | —                  | 4,207              | —                 | —                  | —                 | 2,406             | 385             |
| Amortization of acquired intangible assets                           | 5,184              | 5,185              | 5,372              | 5,050             | 5,050              | 5,050             | 5,051             | 4,775           |
| Impairment expense   | —                  | —                  | —                  | —                 | —                  | —                 | 4,316             | —               |
| Acquisition-related expenses   | 58                 | 1,912              | —                  | —                 | —                  | —                 | —                 | —               |
| <b>Non-GAAP operating loss</b>                                       | <b>(17,740)</b>    | <b>(26,893)</b>    | <b>(19,841)</b>    | <b>(11,994)</b>   | <b>(14,074)</b>    | <b>(7,785)</b>    | <b>(12,552)</b>   | <b>(2,268)</b>  |
| <b>Net loss</b>  |                    |                    |                    |                   |                    |                   |                   |                 |
| GAAP net loss  | (64,264)           | (16,437)           | (63,420)           | (46,653)          | (44,687)           | (10,704)          | (54,311)          | (23,386)        |
| Stock-based compensation   | 40,022             | 34,978             | 36,345             | 31,418            | 28,151             | 36,992            | 34,017            | 35,156          |
| Executive transition costs   | —                  | —                  | 4,207              | —                 | —                  | —                 | 2,406             | 385             |
| Amortization of acquired intangible assets                           | 5,184              | 5,185              | 5,372              | 5,050             | 5,050              | 5,050             | 5,051             | 4,775           |
| Acquisition-related expenses   | 58                 | 1,912              | —                  | —                 | —                  | —                 | —                 | —               |
| Net gain on extinguishment of debt                                   | —                  | (54,391)           | —                  | —                 | —                  | (36,760)          | —                 | (15,656)        |
| Impairment expense   | —                  | —                  | —                  | —                 | —                  | —                 | 4,316             | —               |
| Amortization of debt issuance costs                                  | 963                | 776                | 714                | 716               | 716                | 803               | 502               | 456             |
| <b>Non-GAAP net income (loss)</b>                                    | <b>\$ (18,037)</b> | <b>\$ (27,977)</b> | <b>\$ (16,782)</b> | <b>\$ (9,469)</b> | <b>\$ (10,770)</b> | <b>\$ (4,619)</b> | <b>\$ (8,019)</b> | <b>\$ 1,730</b> |
| <b>GAAP net loss per common share—basic and diluted</b>              |                    |                    |                    |                   |                    |                   |                   |                 |
|  | \$ (0.54)          | \$ (0.14)          | \$ (0.52)          | \$ (0.38)         | \$ (0.36)          | \$ (0.08)         | \$ (0.42)         | \$ (0.18)       |
| <b>Non-GAAP net income (loss) per common share—basic and diluted</b> |                    |                    |                    |                   |                    |                   |                   |                 |
|  | \$ (0.15)          | \$ (0.23)          | \$ (0.14)          | \$ (0.08)         | \$ (0.09)          | \$ (0.04)         | \$ (0.06)         | \$ 0.01         |
| <b>Weighted average basic common shares</b>                          | <b>119,673</b>     | <b>121,242</b>     | <b>122,339</b>     | <b>123,587</b>    | <b>125,418</b>     | <b>127,863</b>    | <b>129,873</b>    | <b>131,843</b>  |
| <b>Weighted average diluted common shares</b>                        | <b>119,673</b>     | <b>121,242</b>     | <b>122,339</b>     | <b>123,587</b>    | <b>125,418</b>     | <b>127,863</b>    | <b>129,873</b>    | <b>141,162</b>  |

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

|   | Q1 2022           | Q2 2022            | Q3 2022           | Q4 2022        | Q1 2023           | Q2 2023         | Q3 2023       | Q4 2023          |
|---|-------------------|--------------------|-------------------|----------------|-------------------|-----------------|---------------|------------------|
| <b>Reconciliation of GAAP to Non-GAAP diluted shares:</b> |                   |                    |                   |                |                   |                 |               |                  |
| <b>GAAP diluted shares</b>                                | 119,673           | 121,242            | 122,339           | 123,587        | 125,418           | 127,863         | 129,873       | 131,843          |
| Other dilutive equity awards                              | —                 | —                  | —                 | —              | —                 | —               | —             | 9,319            |
| <b>Non-GAAP diluted shares</b>                            | 119,673           | 121,242            | 122,339           | 123,587        | 125,418           | 127,863         | 129,873       | 141,162          |
| <b>Non-GAAP diluted net income (loss) per share</b>       | (0.15)            | (0.23)             | (0.14)            | (0.08)         | (0.09)            | (0.04)          | (0.06)        | 0.01             |
|   |                   |                    |                   |                |                   |                 |               |                  |
|   | Q1 2022           | Q2 2022            | Q3 2022           | Q4 2022        | Q1 2023           | Q2 2023         | Q3 2023       | Q4 2023          |
| <b>Adjusted EBITDA</b>                                    |                   |                    |                   |                |                   |                 |               |                  |
| GAAP net loss   | \$ (64,264)       | \$ (16,437)        | \$ (63,420)       | \$ (46,653)    | \$ (44,687)       | \$ (10,704)     | \$ (54,311)   | \$ (23,386)      |
| Stock-based compensation                                  | 40,022            | 34,978             | 36,345            | 31,418         | 28,151            | 36,992          | 34,017        | 35,156           |
| Executive transition costs                                | —                 | —                  | 4,207             | —              | —                 | —               | 2,406         | 385              |
| Net gain on extinguishment of debt                        | —                 | (54,391)           | —                 | —              | —                 | (36,760)        | —             | (15,656)         |
| Impairment expense  | —                 | —                  | —                 | —              | —                 | —               | 4,316         | —                |
| Acquisition-related expenses                              | 58                | 1,912              | —                 | —              | —                 | —               | —             | —                |
| Depreciation and other amortization                       | 9,975             | 10,860             | 10,786            | 11,903         | 12,179            | 13,030          | 13,202        | 13,727           |
| Amortization of acquired intangible assets                | 5,184             | 5,185              | 5,372             | 5,050          | 5,050             | 5,050           | 5,051         | 4,775            |
| Amortization of debt discount and issuance costs          | 963               | 776                | 714               | 716            | 716               | 803             | 502           | 456              |
| Interest income   | (681)             | (1,502)            | (1,967)           | (2,894)        | (4,186)           | (4,508)         | (4,908)       | (4,584)          |
| Interest expense  | 659               | 754                | 667               | 638            | 497               | 429             | 360           | 288              |
| Other (income) expense, net                               | 279               | 1,673              | (1,877)           | (46)           | 250               | 803             | 16            | 763              |
| Income tax (benefit) expense                              | 40                | 159                | 118               | (223)          | 135               | 110             | (1)           | (465)            |
| <b>Adjusted EBITDA</b>                                    | <b>\$ (7,765)</b> | <b>\$ (16,033)</b> | <b>\$ (9,055)</b> | <b>\$ (91)</b> | <b>\$ (1,895)</b> | <b>\$ 5,245</b> | <b>\$ 650</b> | <b>\$ 11,459</b> |



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

|   | Q1 2022            | Q2 2022            | Q3 2022            | Q4 2022           | Q1 2023            | Q2 2023           | Q3 2023           | Q4 2023         |
|---|--------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-----------------|
| Revenue   | \$ 102,382         | \$ 102,518         | \$ 108,504         | \$ 119,321        | \$ 117,564         | \$ 122,831        | \$ 127,816        | \$ 137,777      |
| Cost of revenue <sup>(1)(2)</sup>   | 48,494             | 50,803             | 50,372             | 51,325            | 52,154             | 53,305            | 56,395            | 56,250          |
| <b>Gross profit</b>   | <b>53,888</b>      | <b>51,715</b>      | <b>58,132</b>      | <b>67,996</b>     | <b>65,410</b>      | <b>69,526</b>     | <b>71,421</b>     | <b>81,527</b>   |
| <b>Operating expenses:</b>  |                    |                    |                    |                   |                    |                   |                   |                 |
| Research and development <sup>(1)(7)</sup>  | 21,848             | 24,828             | 24,469             | 25,728            | 25,950             | 25,216            | 26,236            | 26,157          |
| Sales and marketing <sup>(1)(2)</sup>   | 28,677             | 33,866             | 33,189             | 34,163            | 34,991             | 35,345            | 39,406            | 38,302          |
| General and administrative <sup>(1)(3)(7)</sup>   | 21,103             | 19,914             | 20,315             | 20,099            | 18,543             | 16,750            | 18,331            | 19,336          |
| <b>Total operating expenses<sup>(8)</sup></b>   | <b>71,628</b>      | <b>78,608</b>      | <b>77,973</b>      | <b>79,990</b>     | <b>79,484</b>      | <b>77,311</b>     | <b>83,973</b>     | <b>83,795</b>   |
| <b>Loss from operations<sup>(1)(2)(3)(7)</sup></b>  | <b>(17,740)</b>    | <b>(26,893)</b>    | <b>(19,841)</b>    | <b>(11,994)</b>   | <b>(14,074)</b>    | <b>(7,785)</b>    | <b>(12,552)</b>   | <b>(2,268)</b>  |
| Interest income   | 681                | 1,502              | 1,967              | 2,894             | 4,186              | 4,508             | 4,908             | 4,584           |
| Interest expense <sup>(4)</sup>   | (659)              | (754)              | (667)              | (638)             | (497)              | (429)             | (360)             | (288)           |
| Other income (expense), net   | (279)              | (1,673)            | 1,877              | 46                | (250)              | (803)             | (16)              | (763)           |
| <b>Income (loss) before income tax expense (benefit)<sup>(5)</sup></b>  | <b>(17,997)</b>    | <b>(27,818)</b>    | <b>(16,664)</b>    | <b>(9,692)</b>    | <b>(10,635)</b>    | <b>(4,509)</b>    | <b>(8,020)</b>    | <b>1,265</b>    |
| Income tax expense (benefit) <sup>(6)</sup>   | 40                 | 159                | 118                | (223)             | 135                | 110               | (1)               | (465)           |
| <b>Net income (loss)<sup>(1)(2)(3)(4)(5)(6)(7)(8)</sup></b>   | <b>\$ (18,037)</b> | <b>\$ (27,977)</b> | <b>\$ (16,782)</b> | <b>\$ (9,469)</b> | <b>\$ (10,770)</b> | <b>\$ (4,619)</b> | <b>\$ (8,019)</b> | <b>\$ 1,730</b> |
| <b>Net income (loss) per share attributable to common stockholders, basic and diluted</b>                                 | <b>\$ (0.15)</b>   | <b>\$ (0.23)</b>   | <b>\$ (0.14)</b>   | <b>\$ (0.08)</b>  | <b>\$ (0.09)</b>   | <b>\$ (0.04)</b>  | <b>\$ (0.06)</b>  | <b>\$ 0.01</b>  |
| <b>Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic</b>   | <b>119,673</b>     | <b>121,242</b>     | <b>122,339</b>     | <b>123,587</b>    | <b>125,418</b>     | <b>127,863</b>    | <b>129,873</b>    | <b>131,843</b>  |
| <b>Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted</b> | <b>119,673</b>     | <b>121,242</b>     | <b>122,339</b>     | <b>123,587</b>    | <b>125,418</b>     | <b>127,863</b>    | <b>129,873</b>    | <b>141,162</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.
- (8) Excludes impairment expense. See GAAP to Non-GAAP reconciliations.



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

|   | Q1 2022             | Q2 2022             | Q3 2022             | Q4 2022             | Q1 2023             | Q2 2023             | Q3 2023             | Q4 2023             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Current assets:</b>                            |                     |                     |                     |                     |                     |                     |                     |                     |
| Cash and cash equivalents                         | \$ 245,794          | \$ 62,510           | \$ 87,897           | \$ 143,391          | \$ 348,463          | \$ 273,742          | \$ 270,300          | \$ 107,921          |
| Marketable securities                             | 393,950             | 419,905             | 445,048             | 374,581             | 198,116             | 123,605             | 158,055             | 214,799             |
| Accounts receivable, net                          | 73,717              | 68,218              | 72,914              | 89,578              | 85,344              | 78,295              | 98,622              | 120,498             |
| Prepaid expenses and other current assets         | 23,616              | 29,037              | 31,321              | 28,933              | 29,717              | 29,500              | 24,481              | 20,455              |
| <b>Total current assets</b>                       | <b>737,077</b>      | <b>579,670</b>      | <b>637,180</b>      | <b>636,483</b>      | <b>661,640</b>      | <b>505,142</b>      | <b>551,458</b>      | <b>463,673</b>      |
| Property and equipment, net                       | 174,550             | 173,950             | 179,080             | 180,378             | 179,922             | 179,045             | 171,914             | 176,608             |
| Operating lease right-of-use assets, net          | 63,455              | 69,861              | 72,374              | 68,440              | 60,615              | 56,733              | 52,927              | 55,212              |
| Goodwill  | 637,570             | 670,186             | 670,158             | 670,185             | 670,192             | 670,356             | 670,356             | 670,356             |
| Intangible assets, net                            | 97,287              | 93,978              | 88,482              | 82,900              | 77,725              | 72,550              | 67,375              | 62,475              |
| Marketable securities, non-current                | 394,464             | 284,951             | 186,066             | 165,105             | 117,518             | 78,042              | 32,280              | 6,088               |
| Other assets                                      | 30,020              | 60,199              | 73,258              | 92,622              | 94,798              | 95,550              | 94,353              | 90,779              |
| <b>Total assets</b>                               | <b>\$ 2,134,423</b> | <b>\$ 1,932,795</b> | <b>\$ 1,906,598</b> | <b>\$ 1,896,113</b> | <b>\$ 1,862,410</b> | <b>\$ 1,657,418</b> | <b>\$ 1,640,663</b> | <b>\$ 1,525,191</b> |
| <b>Liabilities and Stockholders' Equity</b>       |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Current liabilities:</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |
| Accounts payable                                  | \$ 8,248            | \$ 10,011           | \$ 8,265            | \$ 4,786            | \$ 4,668            | \$ 5,561            | \$ 5,723            | \$ 5,611            |
| Accrued expenses                                  | 49,902              | 49,943              | 54,186              | 61,161              | 42,311              | 47,001              | 56,595              | 61,818              |
| Finance lease liabilities                         | 26,766              | 28,088              | 27,807              | 28,954              | 24,763              | 22,233              | 19,250              | 15,684              |
| Operating lease liabilities                       | 18,688              | 19,243              | 20,919              | 23,026              | 20,516              | 20,575              | 21,533              | 24,042              |
| Other current liabilities                         | 36,569              | 33,705              | 33,422              | 34,394              | 32,942              | 36,234              | 40,234              | 40,539              |
| <b>Total current liabilities</b>                  | <b>140,173</b>      | <b>140,990</b>      | <b>144,599</b>      | <b>152,321</b>      | <b>125,200</b>      | <b>131,604</b>      | <b>143,335</b>      | <b>147,694</b>      |
| Long-term debt, less current portion              | 934,121             | 703,375             | 704,042             | 704,710             | 705,378             | 472,369             | 472,823             | 343,507             |
| Finance lease liabilities, noncurrent             | 28,867              | 26,479              | 21,027              | 15,507              | 10,858              | 7,026               | 3,860               | 1,602               |
| Operating lease liabilities, noncurrent           | 52,334              | 60,657              | 62,750              | 61,341              | 56,275              | 51,448              | 47,775              | 48,484              |
| Other long-term liabilities                       | 2,205               | 7,556               | 7,201               | 7,076               | 6,144               | 7,217               | 4,298               | 4,416               |
| <b>Total liabilities</b>                          | <b>1,157,700</b>    | <b>939,057</b>      | <b>939,619</b>      | <b>940,955</b>      | <b>903,855</b>      | <b>669,664</b>      | <b>672,091</b>      | <b>545,703</b>      |
| <b>Stockholders' equity:</b>                      |                     |                     |                     |                     |                     |                     |                     |                     |
| Class A and Class B common stock                  | 2                   | 2                   | 2                   | 2                   | 2                   | 2                   | 2                   | 3                   |
| Additional paid-in capital                        | 1,561,371           | 1,597,869           | 1,634,666           | 1,666,106           | 1,710,498           | 1,747,959           | 1,781,870           | 1,815,245           |
| Accumulated other comprehensive loss              | (9,496)             | (12,542)            | (12,678)            | (9,286)             | (5,594)             | (3,152)             | (1,934)             | (1,008)             |
| Accumulated deficit                               | (575,154)           | (591,591)           | (655,011)           | (701,664)           | (746,351)           | (757,055)           | (811,366)           | (834,752)           |
| <b>Total stockholders' equity</b>                 | <b>976,723</b>      | <b>993,738</b>      | <b>966,979</b>      | <b>955,158</b>      | <b>958,555</b>      | <b>987,754</b>      | <b>968,572</b>      | <b>979,488</b>      |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 2,134,423</b> | <b>\$ 1,932,795</b> | <b>\$ 1,906,598</b> | <b>\$ 1,896,113</b> | <b>\$ 1,862,410</b> | <b>\$ 1,657,418</b> | <b>\$ 1,640,663</b> | <b>\$ 1,525,191</b> |



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

|   | Q1 2022           | Q2 2022          | Q3 2022          | Q4 2022           | Q1 2023           | Q2 2023           | Q3 2023           | Q4 2023           |
|---|-------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                    |                   |                  |                  |                   |                   |                   |                   |                   |
| Net loss  | \$ (64,264)       | \$ (16,437)      | \$ (63,420)      | \$ (46,653)       | \$ (44,687)       | \$ (10,704)       | \$ (54,311)       | \$ (23,386)       |
| Adjustments to reconcile net loss to net cash used in operating activities:     |                   |                  |                  |                   |                   |                   |                   |                   |
| Depreciation expense  | 9,850             | 10,736           | 10,662           | 11,371            | 12,040            | 12,920            | 13,055            | 13,587            |
| Amortization of intangible assets   | 5,309             | 5,309            | 5,496            | 5,582             | 5,175             | 5,175             | 5,175             | 4,899             |
| Non-cash lease expense  | 5,914             | 5,608            | 8,133            | 5,793             | 6,115             | 5,648             | 5,464             | 5,451             |
| Amortization of debt discount and issuance costs                                | 964               | 775              | 715              | 715               | 716               | 803               | 501               | 456               |
| Amortization of deferred contract costs   | 1,851             | 2,138            | 2,031            | 2,896             | 3,425             | 3,746             | 4,082             | 4,295             |
| Stock-based compensation  | 40,022            | 34,978           | 39,378           | 31,418            | 28,151            | 36,992            | 35,713            | 35,447            |
| Deferred income taxes   | —                 | —                | —                | —                 | —                 | —                 | —                 | (900)             |
| Provision for credit losses   | 127               | 402              | 1,253            | 624               | 533               | 567               | 211               | 714               |
| (Gain) loss on disposals of property and equipment                              | 268               | 586              | —                | —                 | 251               | 296               | (42)              | —                 |
| Amortization and accretion of discounts and premiums on investments             | 957               | 894              | 771              | 515               | 449               | 298               | (403)             | (990)             |
| Impairment of operating lease right-of-use assets                               | —                 | —                | —                | 2,083             | —                 | 187               | 401               | 156               |
| Impairment expense  | —                 | —                | —                | —                 | —                 | —                 | 4,316             | —                 |
| Net gain on extinguishment of debt  | —                 | (54,391)         | —                | —                 | —                 | (36,760)          | —                 | (15,656)          |
| Other adjustments   | 128               | (67)             | (353)            | 3,980             | (243)             | (85)              | 71                | 905               |
| <b>Changes in operating assets and liabilities:</b>                             |                   |                  |                  |                   |                   |                   |                   |                   |
| Accounts receivable   | (9,219)           | 5,097            | (5,949)          | (17,288)          | 3,701             | 6,482             | (20,538)          | (22,590)          |
| Prepaid expenses and other current assets                                       | (2,111)           | (2,701)          | (975)            | (971)             | (634)             | 217               | 5,019             | 4,107             |
| Other assets  | (2,451)           | (3,948)          | (13,505)         | (15,492)          | (7,212)           | (4,771)           | (4,286)           | (6,868)           |
| Accounts payable  | (2,492)           | 3,336            | (4,301)          | (1,267)           | (175)             | 1,119             | 314               | (876)             |
| Accrued expenses  | 4,891             | (3,729)          | 3,328            | 3,799             | (6,827)           | 234               | 340               | (1,603)           |
| Operating lease liabilities   | (5,632)           | (5,349)          | (7,462)          | (4,335)           | (5,750)           | (6,682)           | (4,505)           | (5,137)           |
| Other liabilities   | 2,698             | 83               | (3,436)          | 5,102             | (3,889)           | 9,308             | 1,033             | 612               |
| <b>Net cash provided by (used in) operating activities</b>                      | <b>(13,190)</b>   | <b>(16,680)</b>  | <b>(27,634)</b>  | <b>(12,128)</b>   | <b>(8,861)</b>    | <b>24,990</b>     | <b>(8,390)</b>    | <b>(7,377)</b>    |
| <b>Cash flows from investing activities:</b>                                    |                   |                  |                  |                   |                   |                   |                   |                   |
| Purchases of marketable securities  | (148,193)         | (207,286)        | —                | —                 | —                 | —                 | (73,091)          | (59,142)          |
| Sales of marketable securities  | 2,301             | 159,552          | —                | 65                | —                 | 774               | 1                 | 24,850            |
| Maturities of marketable securities   | 240,547           | 127,333          | 72,857           | 94,303            | 227,211           | 114,884           | 86,030            | 5,642             |
| Business acquisitions, net of cash acquired                                     | (775)             | (25,224)         | (1,746)          | 1,843             | —                 | —                 | —                 | —                 |
| Advance payment for purchase of property and equipment                          | —                 | (29,310)         | (1,964)          | (10,923)          | —                 | —                 | —                 | —                 |
| Purchases of property and equipment <sup>(1)</sup>                              | (2,387)           | (6,428)          | (2,631)          | (8,529)           | (3,494)           | (4,464)           | (325)             | (2,693)           |
| Proceeds from sale of property and equipment                                    | —                 | 241              | 125              | 126               | 22                | 14                | 13                | —                 |
| Capitalized internal-use software   | (3,810)           | (4,926)          | (5,120)          | (4,290)           | (4,209)           | (6,230)           | (4,951)           | (5,902)           |
| <b>Net cash provided by (used in) investing activities<sup>(1)</sup></b>        | <b>87,683</b>     | <b>13,952</b>    | <b>61,521</b>    | <b>72,595</b>     | <b>219,530</b>    | <b>219,530</b>    | <b>219,530</b>    | <b>(37,245)</b>   |
| <b>Cash flows from financing activities:</b>                                    |                   |                  |                  |                   |                   |                   |                   |                   |
| Cash paid for debt extinguishment   | —                 | (177,082)        | —                | —                 | —                 | (196,934)         | —                 | (113,606)         |
| Repayments of finance lease liabilities <sup>(1)</sup>                          | (7,159)           | (3,870)          | (7,076)          | (4,427)           | (8,645)           | (6,557)           | (6,041)           | (5,932)           |
| 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)          | —                 | —                 | —                 | —                 | —                 |
| Payment of deferred consideration for business acquisitions                     | —                 | —                | —                | —                 | —                 | (4,393)           | —                 | —                 |
| Proceeds from exercise of vested stock options                                  | 3,048             | 1,721            | 555              | 364               | 336               | 535               | 1,137             | 161               |
| Proceeds from employee stock purchase plan                                      | 2,406             | 1,571            | 1,749            | (949)             | 2,596             | 2,191             | 2,222             | 1,550             |
| <b>Net cash provided by (used in) financing activities<sup>(1)</sup></b>        | <b>5,452</b>      | <b>(181,199)</b> | <b>(8,390)</b>   | <b>(5,012)</b>    | <b>(5,713)</b>    | <b>(205,158)</b>  | <b>(2,682)</b>    | <b>(117,827)</b>  |
| Effects of exchange rate changes on cash, cash equivalents, and restricted cash | (219)             | (100)            | (110)            | 39                | 116               | 469               | (47)              | 70                |
| Net increase (decrease) in cash, cash equivalents, and restricted cash          | 79,726            | (184,027)        | 25,387           | 55,494            | 205,072           | (74,721)          | (3,442)           | (162,379)         |
| Cash, cash equivalents, and restricted cash at beginning of period              | 166,961           | 246,687          | 62,660           | 88,047            | 143,541           | 348,613           | 273,892           | 270,450           |
| <b>Cash, cash equivalents, and restricted cash at end of period</b>             | <b>\$ 246,687</b> | <b>\$ 62,660</b> | <b>\$ 88,047</b> | <b>\$ 143,541</b> | <b>\$ 348,613</b> | <b>\$ 273,892</b> | <b>\$ 270,450</b> | <b>\$ 108,071</b> |

(1) Amounts disclosed for Q1 2022 and Q2 2022 have been revised from the amounts disclosed in our previous investor supplements to match amounts reported in the applicable Quarterly Reports on Form 10-Q.

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

|   | Quarter ended      |                    |                    |                    |                    |                 |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------|--------------------|--------------------|
|   | Q1 2022            | Q2 2022            | Q3 2022            | Q4 2022            | Q1 2023            | Q2 2023         | Q3 2023            | Q4 2023            |
| Cash flow provided by (used in) operations                            | \$ (13,190)        | \$ (16,680)        | \$ (27,634)        | \$ (12,128)        | \$ (8,861)         | \$ 24,990       | \$ (8,390)         | \$ (7,377)         |
| Capital expenditures <sup>(1)</sup> :                                 |                    |                    |                    |                    |                    |                 |                    |                    |
| Purchases of property and equipment                                   | (2,387)            | (6,428)            | (2,631)            | (8,529)            | (3,494)            | (4,464)         | (325)              | (2,693)            |
| Proceeds from sale of property and equipment                          | —                  | 241                | 125                | 126                | 22                 | 14              | 13                 | —                  |
| Capitalized internal-use software                                     | (3,810)            | (4,926)            | (5,120)            | (4,290)            | (4,209)            | (6,230)         | (4,951)            | (5,902)            |
| Repayments of finance lease liabilities                               | (7,159)            | (3,870)            | (7,076)            | (4,427)            | (8,645)            | (6,557)         | (6,041)            | (5,932)            |
| Advance payment for purchase of property and equipment <sup>(2)</sup> | —                  | (29,310)           | (1,964)            | (10,923)           | —                  | —               | —                  | —                  |
| <b>Free Cash Flow</b>   | <u>\$ (26,546)</u> | <u>\$ (60,973)</u> | <u>\$ (44,300)</u> | <u>\$ (40,171)</u> | <u>\$ (25,187)</u> | <u>\$ 7,753</u> | <u>\$ (19,694)</u> | <u>\$ (21,904)</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) As reflected in our statement of cash flows. In the year ended December 31, 2023, we received \$8.7 million of capital equipment that was prepaid prior to the current year.