[Kristie Thomas]

Thank you for joining us today for GitLab's fourth quarter and fiscal 2022 year end financial results presentation. GitLab's co-founder and CEO Sid Sijbrandij and GitLab's Chief Financial Officer, Brian Robins, will provide commentary on the quarter and fiscal year.

Please note we will be opening up the call for panelist questions. To ask a question please use the chat feature and post your question directly to "IR Questions" using the drop-down menu.

Before we begin, I'll cover the Safe Harbor statement:

During this conference call, we may make forward-looking statements within the meaning of the federal securities laws. These statements involve assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those discussed or anticipated. For a complete discussion of risks associated with these forward-looking statements in our business, we encourage you to refer to our earnings release distributed today and our SEC filings, including our most recent quarterly report on Form 10-Q.

Our forward-looking statements are based upon information currently available to us. We caution you to not place undue reliance on forward looking statements, and we do not undertake any duty or obligation to update or release any revisions to any forward-looking statement, or to report any future events, or circumstances, or to reflect the occurrence of unanticipated events.

In addition, during this call, certain financial performance measures may be discussed that differ from comparable measures contained in our financial statements prepared in accordance with U.S. generally accepted accounting principles referred to by the Securities and Exchange Commission as non-GAAP financial measures.These non-GAAP measures are not intended to be a substitute for our GAAP results.

We believe that these non-GAAP financial measures assist management and investors in evaluating our performance and comparing period-to-period results of operations as discussed in greater detail in the supplemental schedules to our earnings release. A reconciliation of these

non-GAAP measures to the most comparable GAAP financial measures is included in our earnings press release submitted to the SEC.

These reconciliations together with additional supplemental information are available at the Investor Relations section of our website. A replay of today's call will also be posted on the website.

I will now turn the call over to GitLab's co-founder and Chief Executive Officer, Sid Sijbrandij.

[Sid Sijbrandij]

Thank you for joining us for our 2022 fourth quarter and fiscal year end earnings presentation.

Before discussing the quarterly results, I'd like to begin by saying we remain deeply saddened and concerned by the unprovoked and unjustified Russian military invasion of Ukraine, the horrific acts of violence against a sovereign nation and its people, and the terrible impact to all of those in the region, including our GitLab team members, family and friends. I am heartbroken by what I've been seeing.

We have been in continuous contact with all our team members in the region. Before the military invasion we had 13 team members in Ukraine some of whom are still there. We have been working directly with those impacted and we will provide ongoing assistance and economic support.

Now, turning to the results. We had a great quarter and are excited to share today that we exceeded our own expectations for the fourth quarter of fiscal year 2022 with revenue of $77.8 million dollars. This represents revenue growth of 69% year over year. Our dollar based net retention rate exceeded the 152% we reported in our S-1 filing, primarily driven by more users at existing customers, which we believe demonstrates the significant return on investment we provide. This acceleration in growth was broad-based, driven by strong customer additions across all company sizes – enterprise, mid-market, and SMB. In addition, we continued to achieve success in both upgrading and signing new customers to Ultimate, which remains our fastest growing tier.

We believe these results demonstrate that the market is moving from DIY DevOps composed of different tools to a DevOps Platform. This shift enables organizations to accelerate the time-to-market of their most important software and applications, providing them with a distinct competitive advantage. The Gartner Market Guide for Value Stream Delivery Platforms further supports our view. It states that by 2024, 60% of organizations will have switched to a platform approach. This would represent 300% growth from a 20% adoption rate in 2021.

There are three main topics that we will cover today. First, I will explain the core aspects of our product differentiation. Second, I will discuss how this differentiation is translating into success in the marketplace by solving critical customer problems. And third, Brian Robins, our Chief Financial Officer, will summarize how our unique value proposition translates into a strong financial profile.

First, we believe the source of our product differentiation is our platform approach to DevOps.

DevOps is a set of practices that allows development, security, and operations teams to collaborate and work together to shorten the software development lifecycle, typically from months to hours.

But there is a problem for the IT and engineering teams responsible for building these applications: their Do-It-Yourself DevOps toolchain, which we call DIY DevOps, has evolved into something that no longer serves their business-critical mission.

Most companies are juggling many different tools, plus homegrown integration scripts related to code development, deployment, and operations. And the more point solutions there are, the harder it is to integrate them all. You not only get a disjointed toolchain—but you also get a disjointed organization which constrains your ability to deliver software innovation. This process we call digital duct tape.

GitLab as The DevOps Platform eliminates this problem of digital duct tape and moves organizations out of DIY DevOps. It allows these teams to collaboratively and efficiently plan, build, secure, and deploy software in one single application with one user interface and a unified data model.

GitLab replaces the need for teams to switch between tools allowing companies to cut their complex point solution toolchain. We believe our single application helps companies to deliver software faster, improve organizational efficiency, and reduce security and compliance risk.

The DevOps Platform also enables our customers to manage and secure their entire DevOps workflow across any hybrid or multi-cloud environment. This enables our customers to select the best cloud provider for their application and it allows our customers to avoid vendor lock-in and overreliance on a single cloud provider. We believe this provides us with a competitive advantage to help empower our customers to embrace the full benefits of a multi cloud strategy.

At GitLab, our platform first approach enables us to be extremely effective at rapid innovation. That's super important because the faster we innovate, the more mature the different stages will be, and maturing features will continue to drive positive business outcomes for our customers.

We are able to innovate faster because of the contributions from our users and our customers. Every quarter, hundreds of improvements in GitLab come from the people using the product. We are able to partner effectively with that wider community and help them get their contributions over the finish line increasing the pace of innovation – while also increasing the vested interest they feel in the product. We call this our Dual Flywheel strategy that creates a virtuous cycle where more contributions lead to more features, which leads to more users, leading back to more contributions.

Another reason for our fast innovation is our value of iteration. Iteration means reducing the scope of the next piece of work to the smallest valuable thing possible so that it can be delivered fast.

Our innovation is also predictable as we have shipped on the 22nd day every month for 124 months in a row as of January. This allows our customers to benefit from new innovation every month and it allows us to get feedback very rapidly.

To provide some examples of this innovation, in the fourth quarter, we delivered enhancements in the following areas:

- First, software supply-chain security continues to be a key focus for enterprises, and providing controls that empower teams is critical as this helps everyone be more secure.

With this in mind, we improved [fine-grain security approval controls](#) and merge request approval controls, by enabling every software change to be reviewed by at least two people This allows organizations to better manage their security risk.

- Second, digital transformations continue to drive cloud-native adoption, and we see this as a key enterprise initiative for quite some time. To support this, we are continuing to expand our cloud-native capabilities including [improving the user experience for our GitLab Agent for Kubernetes](#) and [infrastructure-as-code (IaC) security scanning capabilities](#).

- Third, we recognize that GitLab is a critical business application for our customers, whether they are a new startup with a small team or our enterprise customers with tens of thousands of users. Thus, we continue to invest in improving both the performance and scalability of our DevOps platform. We recently made improvements to our [GitLab Container Registry to enable better performance while also reducing storage costs](#). Additionally we made sure that our Geo capabilities work [seamlessly worldwide with better performance](#).

- Fourth, we improved our core functionality, including source code management, CI/CD, and security features. These investments support our typical customer journey, as today, our customers tend to start with source code and CI, then expand to use secure, package, and release. We also continued to invest in adjacent markets to expand what customers can do with GitLab. I'd like to share two examples of this expansion:
  - The first example is our acquisition of [Opstrace](#), a pre-revenue open source observability solution. With this acquisition, we endeavor to offer robust monitoring and observability capabilities that will enable organizations to lower incident rates, increase developer productivity, and reduce mean-time-to-resolution.
  - The second example of this is our expansion of the DevOps Platform to include data science. We are meeting data teams as well as ML/AI engineers where they are today. An example of this has been our focus on [improving the GitLab user experience when rendering Jupyter notebooks diffs](#). Jupyter notebooks are key to data scientist and ML/AI engineer workflows, but the file structure makes code review challenging. This improvement makes it easier to review the substance of changes.

Next, I will discuss how this differentiation is translating into success in the marketplace by solving critical customer problems.

Every company must become a software company to remain competitive. Enterprise companies are being asked to modernize their applications and move them to the cloud, and small businesses are building cloud-native applications. We believe our DevOps platform is addressing a $40 billion market opportunity. To support our view regarding the early stage nature of this market, according to a recent Bain & Company Study, 90% of companies have stated DevOps is a priority but only 12% believe their DevOps practices are mature.

GitLab helps companies mature their DevOps practices faster, which in turn enables them to translate their business vision into reality — innovating faster, scaling more easily, and serving and retaining customers more effectively.

Our DevOps Platform delivers positive business outcomes for a very wide range of customers – from single users to tens of thousands of users, from small organizations to Fortune 500 companies. GitLab's user base is spread across a large number of geographies and across a wide number of verticals.

Given the successes customers are achieving by leveraging GitLab many of them have expanded their usage. We saw a continued increase in Ultimate adoption as customers want security and compliance capabilities built into their DevOps platform. This is also evidenced by the continual growth of our quarterly cohorts from over 6 years ago.

This value proposition translated into a number of strong business highlights. I'm proud to share that in the fourth quarter we added over 500 net new base customers. Some of our new logos or major expansions include the US Army, Deutsche Telekom, and Travis Perkins. We continued to see increasing traction with our channel partners. From a qualitative perspective, we are pleased with the increasing number of strategic conversations happening at the C-level, which is also resulting in an increasing pipeline of opportunities moving forward.

Please let me give you three examples of customer expansions:

First, Travis Perkins is the UK's largest distributor of building materials and leading partner to the construction industry. The team at Travis Perkins has accelerated their migration to the

cloud using GitLab Premium by consolidating their software tooling. Doing so increased their velocity, cut down overall costs by 20%, and allowed the team members to focus on building new customer-facing digital services and capabilities, instead of managing their tool chain. This quarter, they upgraded from Premium to Ultimate licenses and more than doubled the users on the system. This will expand usage of GitLab to their security teams and allow Development, Operations and Security to collaborate on a single DevOps platform.

Second, a world leading German multinational automotive corporation expanded its use of GitLab from 3,000 to 10,000 seats by upgrading from Starter to Premium this quarter. The business challenges faced by this customer were their need to migrate their complex, monolithic CI pipelines from a competitor solution to a modular GitLab CI pipeline library. These changes have unlocked increased efficiency and scalability of their CI workloads, while creating an improved, more consistent developer experience. The customer is now consolidating their supply chain management on GitLab as their internal DevOps platform.

Third, a leading provider of mortgage financing in the U.S., expanded their investment in GitLab Ultimate this quarter. The company wanted to change their development culture to improve the way their security and development teams work together. With GitLab Ultimate the company is now able to perform security tests earlier in the DevOps life-cycle. The company anticipates that developers will be able to immediately address security vulnerabilities instead of waiting for days or weeks in the prior approach. The company expects to increase deployment frequency by 25%, and reduce the deployment failure rate by 25% as well.

As we look forward, we are seeing continued strong momentum for customers adopting our DevOps platform and we feel we are still early in a large and growing market.

I'll now turn the call over to Brian Robins, GitLab's Chief Financial Officer.

[Brian Robins]

Thank you Sid, and thank you again to everyone joining us. Before I begin I want to echo Sid, I would like to take a moment to acknowledge what is happening in Ukraine. We are devastated by what has transpired and are supporting team members who are impacted by this terrible situation.

I want to spend a moment summarizing how strong demand for a DevOps platform translates into a strong financial profile. Then, I will quickly recap our fourth quarter financial results and key operating metrics, and conclude with our guidance.

We believe that our revenue growth, our dollar-based net expansion rate, and our gross margin all serve to highlight a strong financial profile underlying our strong business momentum.

At GitLab, we use revenue as our key metric to evaluate the health and performance in our business. Because approximately 90% of our revenue is ratable, it serves as a predictable and transparent benchmark for how we are growing.

What makes GitLab unique is how we both sustain the growth in our cohorts over a long period of time and also expand the size of our cohorts. To illustrate this, cohorts from 6 years ago are still expanding today. This is a testament to how we are constantly adding value to our customers.

Most of our customers start using GitLab with a small team with just 1-2 stages of our platform. From there, they typically increase their spend with us 2x over the first year as our platform is adopted across multiple teams. Customers then continue to increase their spend as our platform expands to more teams across their organization or they upgrade to a higher paid tier.

We are also effective at retaining our customers. Once customers deploy the DevOps platform, it becomes the central platform from which all of their DevOps workflows originate from, making it sticky and difficult to replace.

The result is that we ended our fourth quarter with a dollar-based net retention rate exceeding 152%, which is higher than the disclosure we provided in our S-1 at the time of our IPO. Moving forward, we anticipate disclosing a tighter threshold for this metric on an annual basis each fourth quarter, as we believe this will allow investors to fine-tune their models. Next quarter we will revert back to reporting this as a threshold metric using 130%.

GitLab is a highly strategic platform for our customers. Our platform is offered with a free version and two paid subscription tiers, which we call Premium and Ultimate. Our paid tiers are priced

per user with different features per tier. Every user within an organization is on the same plan, which helps to keep our business model transparent and easy to understand.

The Ultimate tier is our fastest growing tier, now representing 37% of Annual Recurring Revenue for the fourth quarter, compared with 26% of Annual Recurring Revenue in the fourth quarter of FY 2021, and growing in excess of 100%.

In FY22 our non-GAAP gross margin held steady at 89%. Over time, we expect this to compress as our SaaS offering becomes a larger portion of our business, and associated hosting costs will increase. On the operating expense side, we are committed to investing in growth, however, we will do this responsibly.

We believe the investments we are making in our business will enable us to sustain significant revenue growth rates for the next several years while continuing to improve our margins to ultimately drive long term profitability.

Finally, because GitLab operates as a fully remote workforce, this ensures that we have minimal capital expenditures, which produces a cash efficient business.

Now, let me turn to the quarter. Revenue of $77.8 million increased 69% organically from the prior year. As of quarter end, we had over 4,500 customers with ARR of at least $5,000, compared to over 4,000 customers in the prior quarter, and over 2,700 customers in the prior year. This represents a year-over-year growth rate of approximately 67%. Currently, customers with >$5,000 in ARR represent approximately 95% of our ARR.

We also measure the performance and growth of our larger customers, who we define as those spending more than $100,000 in ARR with us. For this quarter we had over 490 customers with ARR of at least $100,000, up from over 420 customers and over 280 customers compared to the prior quarter and year, respectively. This represents a year-over-year growth rate of approximately 74%. At the end of FY2022, we had 39 customers with ARR of at least $1 million, compared to 20 at the end of the prior fiscal year, which represents a year-over-year growth rate of 95%.

As many of you know, we do not believe calculated billings to be a good indicator for our business, given that prior period comparisons can be impacted by a number of factors, most notably our history of large prepaid multi-year deals. This quarter provided an excellent example of this as we saw strong revenue growth acceleration, and an even stronger billings growth acceleration. Total RPO grew 95% year over year to $312 million.

Non-GAAP gross margins were 89% for the quarter, which compares to 90% in the immediately preceding quarter and 89% for the fourth quarter last year. As we move forward, we are estimating a moderate reduction in this metric due to the rapid year-over-year growth rate of our SaaS offering.

We saw improved operating leverage across the business this quarter, largely driven by revenue outperformance. Non-GAAP operating loss was $27.4 million, or (35%) of revenue, compared to a loss of $22.2 million, or (48%) of revenue in Q4 of the last fiscal year. Q4 includes $5 million of expenses related to our JV and majority owned subsidiary.

Operating cash use was $1.1 million in the quarter, compared to $7.4 million use in the same quarter last year.

We performed well during the quarter and year on both the top and bottom line and believe our business is set up for continued strength.

Now let's turn to guidance:

For the first quarter of FY 2023:
- We expect total revenue of $77 million to $78 million, representing a growth rate of 54% to 56% year-over-year.
- We expect a non-GAAP operating loss of $38.5 million to $37.5 million.
- And, we expect a non-GAAP net loss per share of $0.28 to $0.27 assuming 147 million weighted average shares outstanding.

For the full year FY 2023:
- We expect total revenue of $385.5 million to $390.5 million, representing a growth rate of 53% to 55% year-over-year.

- We expect a non-GAAP operating loss of $142.0 million to $138.0 million.
- And, we expect a non-GAAP net loss per share of $1.02 to $0.97 assuming 148 million weighted average shares outstanding.

We recognize that it is important to exercise a disciplined approach to investments, and note that our operating expenses are anticipated to rise in FY2023 due in part to the resumption of travel and in-person customer and marketing events, as well as new public company costs, which combined we anticipate will be approximately $20 million. In addition, we are also forecasting approximately $30 million of expenses related to our joint venture and majority owned subsidiary, up from $12 million in FY2022. Of this $30 million, we expect approximately $6.5M of expenses in Q1. Nonetheless, despite these added expenses, we believe improved unit economics in our business are already becoming apparent. Our annual FY2023 guidance implies non-GAAP operating margin improvement of almost 300 basis points year-over-year at the midpoint of our guidance ranges. Over the longer term, we believe that a continued, targeted focus on growth initiatives and scaling the business will yield further improvement in unit economics.

With that, we will now move to Q&A. To ask a question please use the chat feature and post your question directly to "IR Questions." We are ready for the first question.