



GitLab Reports Second Quarter Fiscal Year 2023 Financial Results

September 6, 2022

*Quarterly revenue of \$101.0 million, up 74% year-over-year
Added largest number of base customers ever in a single quarter*

Fiscal Second Quarter Highlights:

- Total revenue of \$101.0 million
- GAAP operating margin of (65)%; Non-GAAP operating margin of (27)%
- GAAP net loss per share of \$(0.40); Non-GAAP net loss per share of \$(0.15)

SAN FRANCISCO, Sept. 06, 2022 (GLOBE NEWSWIRE) -- **All-Remote** - GitLab Inc. (NASDAQ: GTLB), The One DevOps Platform, today reported financial results for its second quarter fiscal year 2023, ended July 31, 2022.

"We continue to see strong momentum in our business, and our second quarter results indicate that the market is embracing our One DevOps Platform leadership position," said Sid Sijbrandij, GitLab CEO and Co-Founder. "Enterprises are navigating economic uncertainty while still needing to embrace the imperatives of digital transformation, cloud migration, and app modernization. Delivering software fast and efficiently in a secure way is essential for success. GitLab empowers them to do exactly that all in one platform."

"We are pleased to have delivered another strong quarter. Q2 FY23 resulted in 74% year-over-year revenue growth and our largest number of new base customers added ever in a single quarter," said Brian Robins, GitLab CFO. "We also added a substantial number of new team members, and continue to hire across the organization. Our non-GAAP operating margin improved by 1,500 basis points year over year, and we remain committed to growing in a responsible manner."

Second Quarter Fiscal Year 2023 Financial Highlights (in millions, except per share data and percentages):

| | Q2 FY 2023 | Q2 FY 2022 | Y/Y Change |
|--|------------|------------|------------|
| Revenue | \$ 101.0 | \$ 58.1 | 74% |
| GAAP Gross margin | 87% | 88% | |
| Non-GAAP Gross margin | 89% | 88% | |
| GAAP Operating loss | \$ (65.3) | \$ (29.8) | \$ (35.5) |
| Non-GAAP Operating loss | \$ (27.0) | \$ (24.5) | \$ (2.5) |
| GAAP Net loss attributable to GitLab | \$ (59.0) | \$ (40.2) | \$ (18.8) |
| Non-GAAP Net loss attributable to GitLab | \$ (21.5) | \$ (26.1) | \$ 4.6 |
| GAAP Net loss per share attributable to GitLab | \$ (0.40) | \$ (0.75) | \$ 0.35 |
| Non-GAAP Net loss per share attributable to GitLab | \$ (0.15) | \$ (0.49) | \$ 0.34 |

A reconciliation between GAAP and non-GAAP financial measures is contained in this release under the section titled "Non-GAAP Financial Measures."

Second Quarter Fiscal Year 2023 Business Highlights:

- Customers with more than \$5,000 of ARR increased to 5,864, up 61% from Q2 of fiscal year 2022.
- Customers with more than \$100,000 of ARR increased to 593, up 55% from Q2 of fiscal year 2022.
- Dollar-Based Net Retention Rate above 130% in Q2 of fiscal year 2023.
- Released GitLab version 15 bringing forward new cutting edge DevOps capabilities in one platform. Additional releases in the quarter include 15.1 and 15.2, marking 130 consecutive months of innovation as of July 31, 2022.
- New and expansion customers included KeyBank, Indeed, and Worldline.
- GitLab partnered with Dynatrace, LaunchDarkly, Split, Flagsmith, and CloudBees to launch OpenFeature, the new standard for feature flagging and management solutions.
- GitLab Inc. won the 2021 Google Cloud Technology Partner of the Year for Application Development Award.
- GitLab Inc. ranked #49 on Fast Company's 2022 Best Workplaces for Innovators list.

Third Quarter and Fiscal Year 2023 Financial Outlook

For the third quarter of fiscal year 2023, GitLab Inc. expects (in millions, except share and per share data):

| | Q3 FY 2023 Guidance | FY 2023 Guidance |
|-------------------------|------------------------|-----------------------|
| Revenue | \$105.0 - \$106.0 | \$411.0 - \$414.0 |
| Non-GAAP operating loss | \$(27.5) - \$(26.5) | \$(111.5) - \$(108.5) |

Non-GAAP net loss per share assuming approximately 149 million and 148 million weighted average shares outstanding as of Q3 FY2023 and FY23, respectively \$(0.16) - \$(0.15) \$(0.67) - \$(0.64)

These statements are forward-looking and actual results may differ materially as a result of many factors. Refer to the Forward-Looking Statements safe harbor below for information on the factors that could cause our actual results to differ materially from these forward-looking statements.

Guidance for non-GAAP financial measures excludes stock-based compensation expense, amortization of acquired intangible assets, foreign exchange (gain) loss, and equity investment (gain) loss. We have not provided the most directly comparable GAAP financial guidance measures because certain items are out of our control or cannot be reasonably predicted. Accordingly, a reconciliation of non-GAAP guidance for operating loss and net loss per share to the corresponding GAAP measures is not available.

Conference Call Information

GitLab will host a conference call today, September 6, 2022, at 1:30 p.m. (PT) / 4:30 p.m. (ET) to discuss its second quarter and full year fiscal 2023 financial results. Investors and analysts should register for the call in advance by visiting https://gitlab.zoom.us/webinar/register/WN_qf14bKSoR4-cWzuMp2xblQ. A replay of the call will be available on GitLab's investor relations website (ir.gitlab.com).

About GitLab

GitLab is The One DevOps Platform that empowers organizations to maximize the overall return on software development by delivering software faster and efficiently, while strengthening security and compliance. GitLab's single application is easier to use, leads to faster cycle time and allows visibility throughout and control over all stages of the DevOps lifecycle. With GitLab, every team in your organization can collaboratively plan, build, secure, and deploy software to drive business outcomes faster with complete transparency, consistency and traceability.

Non-GAAP Financial Measures

GitLab believes non-GAAP measures are useful in evaluating its operating performance. GitLab uses this supplemental information to evaluate its ongoing operations and for internal planning and forecasting purposes. GitLab believes that non-GAAP financial information, when taken collectively with its GAAP financial information, may be helpful to investors because it provides consistency and comparability with past financial performance. However, non-GAAP financial information is presented for supplemental informational purposes only, has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Reconciliations of non-GAAP financial measures to the most directly comparable financial results as determined in accordance with GAAP are included at the end of this press release following the accompanying financial data. We define non-GAAP financial measures as GAAP measures, excluding stock-based compensation expense, amortization of acquired intangible assets, foreign exchange (gain) loss, (gain) loss from a deconsolidation of a subsidiary, and equity investment (gain) loss. 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. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures and not rely on any single financial measure to evaluate our business.

Forward-Looking Statements

This press release and the accompanying earnings call contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. Although we believe that the expectations reflected in the forward-looking statements contained in this release and the accompanying earnings call are reasonable, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or outcomes to be materially different from any future results or outcomes expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions, and other factors include, but are not limited to the following:

- *our ability to appropriately manage future growth;*
- *our revenue growth rate in the future;*
- *our ability to achieve and sustain profitability, our business, financial condition, and operating results;*
- *our intense competition and loss of market share to our competitors;*
- *the market for our services may not grow;*
- *a decline in our customer renewals and expansions;*
- *our transparency;*
- *our publicly available company Handbook;*
- *security and privacy breaches;*
- *customers staying on our open-source or free SaaS product offering;*
- *fluctuations in our operating results;*
- *our limited operating history;*
- *our ability to manage our growth effectively;*
- *our ability to respond to rapid technological changes;*
- *our ability to accurately predict the long-term rate of customer subscription renewals or adoption, or the impact of these renewals and adoption;*
- *our hiring model;*
- *the effects of the armed conflict in Ukraine on our business; and*
- *general economic conditions (including changes in interest rates and inflation) and slow or negative growth of our markets.*

Further information on these and additional risks, uncertainties, and other factors that could cause actual outcomes and results to differ materially from those included in or contemplated by the forward-looking statements contained in this release are included under the caption "Risk Factors" and

elsewhere in the filings and reports we make with the Securities and Exchange Commission. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as required by law.

Operating Metrics

Annual Recurring Revenue (“ARR”): We define annual recurring revenue as the annual run-rate revenue of subscription agreements, including our self-managed and SaaS offerings but excluding professional services, from all customers as measured on the last day of a given month. We calculate ARR by taking the monthly recurring revenue (“MRR”) and multiplying it by 12. MRR for each month is calculated by aggregating, for all customers during that month, monthly revenue from committed contractual amounts of subscriptions, including our self-managed license, self-managed subscription, and SaaS subscription offerings but excluding professional services.

Dollar-Based Net Retention Rate: We calculate Dollar-Based Net Retention Rate as of a period end by starting with our customers as of the 12 months prior to such period end (“Prior Period ARR”). We then calculate the ARR from these customers as of the current period end (“Current Period ARR”). The calculation of Current Period ARR includes any upsells, price adjustments, user growth within a customer, contraction, and attrition. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the Dollar-Based Net Retention Rate.

GitLab Inc.
Condensed Consolidated Balance Sheets
(in thousands, except per share data)
(unaudited)

| | <u>July 31, 2022⁽¹⁾</u> | <u>January 31, 2022⁽¹⁾</u> |
|---|------------------------------------|---------------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 410,757 | \$ 884,672 |
| Short-term investments | 519,433 | 50,031 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,340 and \$1,098 as of July 31, 2022 and January 31, 2022, respectively | 89,344 | 77,233 |
| Deferred contract acquisition costs, current | 23,648 | 24,363 |
| Prepaid expenses and other current assets | 20,807 | 15,544 |
| Total current assets | <u>1,063,989</u> | <u>1,051,843</u> |
| Property and equipment, net | 5,459 | 3,271 |
| Equity method investment | 14,581 | — |
| Goodwill | 8,145 | 8,145 |
| Intangible assets, net | 5,081 | 6,285 |
| Deferred contract acquisition costs, non-current | 13,945 | 14,743 |
| Other long-term assets | 4,219 | 7,151 |
| TOTAL ASSETS | <u><u>\$ 1,115,419</u></u> | <u><u>\$ 1,091,438</u></u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 5,379 | \$ 4,984 |
| Accrued expenses and other current liabilities | 24,474 | 24,571 |
| Accrued compensation and benefits | 15,503 | 32,820 |
| Deferred revenue, current | 201,348 | 179,224 |
| Total current liabilities | <u>246,704</u> | <u>241,599</u> |
| Deferred revenue, non-current | 24,401 | 32,568 |
| Other non-current liabilities | 13,994 | 18,002 |
| TOTAL LIABILITIES | <u>285,099</u> | <u>292,169</u> |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, \$0.0000025 par value; 50,000 shares authorized as of July 31, 2022 and January 31, 2022; no shares issued and outstanding as of July 31, 2022 and January 31, 2022 | — | — |
| Class A Common stock, \$0.0000025 par value; 1,500,000 shares authorized as of July 31, 2022 and January 31, 2022; 83,025 and 27,141 shares issued and outstanding as of July 31, 2022 and January 31, 2022, respectively | — | — |
| Class B Common stock, \$0.0000025 par value; 250,000 shares authorized as of July 31, 2022 and January 31, 2022; 65,746 and 119,747 shares issued and outstanding as of July 31, 2022 and January 31, 2022, respectively | — | — |
| Additional paid-in capital | 1,413,491 | 1,320,479 |
| Accumulated deficit | (638,460) | (553,337) |
| Accumulated other comprehensive income | 3,456 | 7,724 |
| Total GitLab stockholders' equity | <u>778,487</u> | <u>774,866</u> |
| Noncontrolling interests | 51,833 | 24,403 |
| TOTAL STOCKHOLDERS' EQUITY | <u>830,320</u> | <u>799,269</u> |

(1) As of July 31, 2022 and January 31, 2022, the condensed consolidated balance sheet includes assets of the consolidated variable interest entity, GitLab Information Technology (Hubei) Co., LTD ("JiHu"), of \$60.9 million and \$17.7 million, respectively, and liabilities of \$3.6 million and \$3.7 million, respectively. The assets of JiHu can be used only to settle obligations of JiHu and creditors of JiHu do not have recourse against the general credit of the Company.

GitLab Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

| | <u>Three Months Ended July 31,</u> | | <u>Six Months Ended July 31,</u> | |
|--|------------------------------------|--------------------|----------------------------------|--------------------|
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Revenue: | | | | |
| Subscription—self-managed and SaaS | \$ 88,936 | \$ 51,860 | \$ 165,859 | \$ 96,768 |
| License—self-managed and other | 12,105 | 6,267 | 22,589 | 11,289 |
| Total revenue | <u>101,041</u> | <u>58,127</u> | <u>188,448</u> | <u>108,057</u> |
| Cost of revenue: | | | | |
| Subscription—self-managed and SaaS | 10,671 | 5,809 | 18,604 | 10,758 |
| License—self-managed and other | 2,359 | 1,383 | 4,274 | 2,859 |
| Total cost of revenue | <u>13,030</u> | <u>7,192</u> | <u>22,878</u> | <u>13,617</u> |
| Gross profit | <u>88,011</u> | <u>50,935</u> | <u>165,570</u> | <u>94,440</u> |
| Operating expenses: | | | | |
| Sales and marketing | 80,689 | 44,165 | 147,399 | 83,019 |
| Research and development | 39,520 | 22,603 | 71,350 | 43,943 |
| General and administrative | 33,104 | 13,998 | 54,996 | 23,337 |
| Total operating expenses | <u>153,313</u> | <u>80,766</u> | <u>273,745</u> | <u>150,299</u> |
| Loss from operations | <u>(65,302)</u> | <u>(29,831)</u> | <u>(108,175)</u> | <u>(55,859)</u> |
| Interest income | 3064 | 45 | 3,590 | 99 |
| Other income (expense), net | 1,500 | (9,991) | 19,948 | (11,043) |
| Loss before income taxes and loss from equity method investment | (60,738) | (39,777) | (84,637) | (66,803) |
| Loss from equity method investment, net of tax | (816) | — | (1,019) | — |
| Provision for (benefit from) income taxes | (57) | 989 | 2,454 | 2,245 |
| Net loss | <u>\$ (61,497)</u> | <u>\$ (40,766)</u> | <u>\$ (88,110)</u> | <u>\$ (69,048)</u> |
| Net loss attributable to noncontrolling interest | <u>(2,473)</u> | <u>(577)</u> | <u>(2,987)</u> | <u>(922)</u> |
| Net loss attributable to GitLab | <u>\$ (59,024)</u> | <u>\$ (40,189)</u> | <u>\$ (85,123)</u> | <u>\$ (68,126)</u> |
| Net loss per share attributable to GitLab Class A and Class B common stockholders, basic and diluted | <u>\$ (0.40)</u> | <u>\$ (0.75)</u> | <u>\$ (0.58)</u> | <u>\$ (1.29)</u> |
| Weighted-average shares used to compute net loss per share attributable to GitLab Class A and Class B common stockholders, basic and diluted | 147,797 | 53,424 | 147,248 | 52,941 |

GitLab Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

| | <u>Six Months Ended July 31,</u> | |
|---|----------------------------------|-------------|
| | <u>2022</u> | <u>2021</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss, including amounts attributable to noncontrolling interest | \$ (88,110) | \$ (69,048) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock-based compensation expense | 55,218 | 8,663 |
| Amortization of intangible assets | 1,176 | 169 |
| Depreciation expense | 1,286 | — |
| Amortization of deferred contract acquisition costs | 21,618 | 15,099 |
| Gain from deconsolidation of Meltano Inc. | (17,798) | — |
| Loss from equity method investment | 1,290 | — |
| Net amortization of premiums or discounts on short-term investments | (1,293) | — |

| | | |
|---|-------------------|-------------------|
| Unrealized foreign exchange (gain) loss | (1,572) | 9,839 |
| Other non-cash (income) expense | 469 | (143) |
| Changes in assets and liabilities: | | |
| Accounts receivable | (13,568) | (7,059) |
| Prepaid expenses and other current assets | (5,488) | (215) |
| Deferred contract acquisition costs | (21,210) | (15,112) |
| Other long-term assets | 2,700 | (1,918) |
| Accounts payable | 528 | (1,189) |
| Accrued expenses and other current liabilities | 90 | 4,910 |
| Accrued compensation and benefits | (16,680) | (2,385) |
| Deferred revenue | 17,549 | 19,613 |
| Other long-term liabilities | (696) | 135 |
| Net cash used in operating activities | (64,491) | (38,641) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of short-term investments | (520,664) | (50,000) |
| Proceeds from maturities of short-term investments | 50,031 | — |
| Purchases of property and equipment | (3,234) | — |
| Deconsolidation of Meltano Inc. | (9,620) | — |
| Net cash used in investing activities | (483,487) | (50,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of common stock upon exercise of stock options, including early exercises, net of repurchases | 11,311 | 7,652 |
| Issuance of common stock under employee stock purchase plan | 9,554 | — |
| Repurchase of common stock in a tender offer | — | (590) |
| Contributions received from noncontrolling interests, net of issuance costs | 57,673 | 26,450 |
| Payments of deferred offering costs | — | (825) |
| Net cash provided by financing activities | 78,538 | 32,687 |
| Impact of foreign exchange on cash and cash equivalents | (4,475) | (642) |
| Net decrease in cash and cash equivalents | (473,915) | (56,596) |
| Cash, cash equivalents, and restricted cash at beginning of period | 887,172 | 282,850 |
| Cash, cash equivalents, and restricted cash at end of period | <u>\$ 413,257</u> | <u>\$ 226,254</u> |
| Reconciliation of cash, cash equivalents and restricted cash within the condensed consolidated balance sheets to the amounts shown in the consolidated statements of cash flows above: | | |
| Cash and cash equivalents | \$ 410,757 | \$ 226,254 |
| Restricted cash, current included in prepaid expenses and other current assets | 2,500 | — |
| Total cash, cash equivalents and restricted cash | <u>\$ 413,257</u> | <u>\$ 226,254</u> |

GitLab Inc.
Reconciliation of GAAP to Non-GAAP
(in thousands, except per share data)
(unaudited)

| | Three Months Ended July 31, | | Six Months Ended July 31, | |
|--|-----------------------------|------------------|---------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Gross profit on GAAP basis | \$ 88,011 | \$ 50,935 | \$ 165,570 | \$ 94,440 |
| <i>Gross margin on GAAP basis</i> | 87% | 88% | 88% | 87% |
| Stock-based compensation expense | 1,585 | 239 | 2,375 | 391 |
| Amortization of acquired intangibles | 521 | — | 1,025 | — |
| Gross profit on non-GAAP basis | <u>\$ 90,117</u> | <u>\$ 51,174</u> | <u>\$ 168,970</u> | <u>\$ 94,831</u> |
| <i>Gross margin on non-GAAP basis</i> | 89% | 88% | 90% | 88% |
| Sales and marketing on GAAP basis | \$ 80,689 | \$ 44,165 | \$ 147,399 | \$ 83,019 |
| Stock-based compensation expense | (14,851) | (1,687) | (21,902) | (3,126) |
| Sales and marketing on non-GAAP basis | <u>\$ 65,838</u> | <u>\$ 42,478</u> | <u>\$ 125,497</u> | <u>\$ 79,893</u> |
| Research and development on GAAP basis | \$ 39,520 | \$ 22,603 | \$ 71,350 | \$ 43,943 |
| Stock-based compensation expense | (11,339) | (1,541) | (16,375) | (2,506) |
| Research and development on non-GAAP basis | <u>\$ 28,181</u> | <u>\$ 21,062</u> | <u>\$ 54,975</u> | <u>\$ 41,437</u> |

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| General and administrative on GAAP basis | \$ 33,104 | \$ 13,998 | \$ 54,996 | \$ 23,337 |
| Amortization of acquired intangibles | (74) | (85) | (151) | (169) |
| Stock-based compensation expense | (9,972) | (1,765) | (14,566) | (2,640) |
| General and administrative on non-GAAP basis | <u>\$ 23,058</u> | <u>\$ 12,148</u> | <u>\$ 40,279</u> | <u>\$ 20,528</u> |
| Loss from operations on GAAP basis | \$ (65,302) | \$ (29,831) | \$ (108,175) | \$ (55,859) |
| Stock-based compensation expense | 37,747 | 5,232 | 55,218 | 8,663 |
| Amortization of acquired intangibles | 595 | 85 | 1,176 | 169 |
| Loss from operations on non-GAAP basis | <u>\$ (26,960)</u> | <u>\$ (24,514)</u> | <u>\$ (51,781)</u> | <u>\$ (47,027)</u> |
| Other income (expense), net on GAAP basis | \$ 1,500 | \$ (9,991) | \$ 19,948 | \$ (11,043) |
| Gain from deconsolidation of Meltano Inc. | — | — | (17,798) | — |
| Foreign exchange (gain) loss | (1,646) | 8,821 | (2,506) | 9,872 |
| Other income (expense), net on non-GAAP basis | <u>\$ (146)</u> | <u>\$ (1,170)</u> | <u>\$ (356)</u> | <u>\$ (1,171)</u> |
| Net loss attributable to GitLab common stockholders on GAAP basis | \$ (59,024) | \$ (40,189) | \$ (85,123) | \$ (68,126) |
| Stock-based compensation expense | 37,747 | 5,232 | 55,218 | 8,663 |
| Amortization of acquired intangibles | 595 | 85 | 1,176 | 169 |
| Gain from deconsolidation of Meltano Inc. | — | — | (17,798) | — |
| Loss from equity method investment, net of tax | 816 | — | 1,019 | — |
| Foreign exchange (gain) loss | (1,646) | 8,821 | (2,506) | 9,872 |
| Net loss attributable to GitLab common stockholders on non-GAAP basis | <u>\$ (21,512)</u> | <u>\$ (26,051)</u> | <u>\$ (48,014)</u> | <u>\$ (49,422)</u> |
| Net loss per share on GAAP basis | \$ (0.40) | \$ (0.75) | \$ (0.58) | \$ (1.29) |
| Non-GAAP adjustments to net loss per share | 0.25 | 0.26 | 0.25 | 0.36 |
| Net loss per share on non-GAAP basis | <u>\$ (0.15)</u> | <u>\$ (0.49)</u> | <u>\$ (0.33)</u> | <u>\$ (0.93)</u> |
| Shares used in per share calculation - diluted on GAAP and non-GAAP basis | 147,797 | 53,424 | 147,248 | 52,941 |

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