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

Dat	e of Report (Date of earliest event reported): December 5	, 2019
	CrowdStrike Holdings, Inc. (Exact name of registrant as specified in its charter)	
Delaware	001-38933	45-3788918
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
	150 Mathilda Place	
	Suite 300	
Sunnyvale	California	94086
(Address of principal executive offices)		(Zip Code)
Reg	sistrant's telephone number, including area code: (888) 51	2-8906
(Not Applicable (Former name or former address, if changed since last rep	ort)
Check the appropriate box below if the Form 8-1 provisions (see General Instruction A.2. below):	K filing is intended to simultaneously satisfy the filing ob	ligation of the registrant under any of the following
☐ Written communications pursuant to Rule 4	25 under the Securities Act (17 CFR 230.425)	
\square Soliciting material pursuant to Rule 14a-12	under the Exchange Act (17 CFR 240.14a-12)	
☐ Pre-commencement communications pursua	ant to Rule 14d-2(b) under the Exchange Act (17 CFR 24d	0.14d-2(b))
☐ Pre-commencement communications pursua	ant to Rule 13e-4(c) under the Exchange Act (17 CFR 240).13e-4(c))
Securities registered pursuant to Section 12(b) of	the Act:	
Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0005 par value	CRWD	The Nasdaq Stock Market LLC
Indicate by check mark whether the registrant is or Rule 12b-2 of the Securities Exchange Act of	an emerging growth company as defined in Rule 405 of the 1934 (§ 240.12b-2 of this chapter).	ne Securities Act of 1933 (§ 230.405 of this chapter)
Emerging growth company	\boxtimes	
	ck mark if the registrant has elected not to use the extende ovided pursuant to Section 13(a) of the Exchange Act.	d transition period for complying with any \Box

Item 2.02 Results of Operations and Financial Condition.

On December 5, 2019, CrowdStrike Holdings, Inc. issued a press release announcing its financial results for the fiscal quarter ended October 31, 2019. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 2.02 and Item 9.01 in this Current Report on Form 8-K, including the accompanying Exhibit 99.1 hereto, 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 in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number		Description of Exhibit
99.1	Press release dated December 5, 2019.	
		3

SIGNATURES

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

CrowdStrike Holdings, Inc.

Date: December 5, 2019 /s/ Burt W. Podbere

Burt W. Podbere

Chief Financial Officer

CrowdStrike Reports Record Fiscal Third Quarter 2020 Financial Results

Surpasses \$500 million in ARR and achieves positive cash flow from operations and free cash flow Increases full year revenue outlook

- Subscription revenue grew 98% year-over-year to \$114.2 million
- ARR grew 97% year-over-year to \$501.7 million
- Record net new ARR of \$77.9 million, increased 32% quarter-over-quarter
- Subscription customers increased 112% year-over-year to reach 4,561 customers
- Generated \$38.6 million in cash from operations and \$7.0 million in free cash flow

SUNNYVALE, Calif., December 5, 2019 -- CrowdStrike Holdings, Inc., (Nasdaq: CRWD), a leader in cloud-delivered endpoint protection, today announced financial results for the third quarter of its fiscal 2020, ended October 31, 2019.

"Third quarter results well exceeded our expectations and CrowdStrike delivered the best quarter yet in company history with strength in multiple areas of the business including 98% subscription revenue growth and record net new ARR. We achieved two significant milestones as ARR grew 97% year-over-year to exceed half a billion dollars and we generated positive cash flow in the quarter," said George Kurtz, CrowdStrike's co-founder and chief executive officer.

"Strong demand among organizations across diverse sizes and industries and our frictionless go-to-market engine drove our rapid growth at scale, which we believe continues to demonstrate our growing leadership in the Security Cloud category and ongoing growth potential," concluded Kurtz.

Burt Podbere, CrowdStrike's chief financial officer, said, "Robust growth along with our relentless focus on execution and strong unit economics drove improved operating leverage, positive cash flow from operations and positive free cash flow. Given our strong performance and growing momentum in the market, we are raising our guidance for fiscal year 2020. Looking forward into fiscal year 2021 ending January 31, 2021, we expect to be free cash flow positive for the year and achieve non-GAAP operating income breakeven in the fourth quarter of fiscal year 2021, while at the same time continuing to aggressively invest in our market opportunity."

Third Quarter Fiscal 2020 Financial Highlights

- **Revenue:** Total revenue was \$125.1 million, an 88% increase, compared to \$66.4 million in the third quarter of fiscal 2019. Subscription revenue was \$114.2 million, a 98% increase, compared to \$57.7 million in the third quarter of fiscal 2019.
- Annual Recurring Revenue (ARR) increased 97% year-over-year and grew to \$501.7 million as of October 31, 2019, of which \$77.9 million was net new ARR added in the quarter.
- Subscription Gross Margin: GAAP subscription gross margin was 74%, compared to 70% in the third quarter of fiscal 2019. Non-GAAP subscription gross margin was 76%, compared to 71% in the third quarter of fiscal 2019.
- Loss from Operations: GAAP loss from operations was \$38.5 million, compared to \$42.1 million in the third quarter of fiscal 2019. Non-GAAP loss from operations was \$16.5 million, compared to \$28.6 million in the third quarter of fiscal 2019.
- **Net Loss:** GAAP net loss was \$35.5 million, compared to \$42.3 million in the third quarter of fiscal 2019. GAAP net loss per share was \$0.17, compared to \$0.93 in the third quarter of fiscal 2019. Non-GAAP net loss was \$13.4 million, compared to \$28.8 million in the third quarter of fiscal 2019. Non-GAAP net loss per share was \$0.07, compared to \$0.64 in the third quarter of fiscal 2019.
- Cash Flow: Net cash generated from operations was \$38.6 million, compared to a use of \$3.6 million in the third quarter of fiscal 2019. Free cash flow was \$7.0 million, compared to negative \$13.1 million in the third quarter of fiscal 2019.
- Cash, cash equivalents and marketable securities increased to \$833.7 million as of October 31, 2019.

Recent Highlights

- Added a record 772 net new subscription customers in the quarter for a total of 4,561 subscription customers as of October 31, 2019, representing 112% growth year-over-year.
- CrowdStrike's subscription customers that have adopted four or more cloud modules increased to over 50% and those with five or more cloud modules increased to 30% as of October 31, 2019.
- Expanded cloud-native Falcon Platform with the announcement of a new Firewall Management module that delivers simple, centralized host firewall management to help customers transition from legacy endpoint suites to CrowdStrike's next-generation solution.
- Introduced Falcon for Amazon Web Services to simplify cloud workload protection and provide enhanced visibility. Falcon for AWS will be
 available in AWS Marketplace, allowing customers to easily purchase and deploy the solution with integrated metered billing.
- Partnered with Wipro, a leading global information technology consulting and business process services company, to bring the CrowdStrike Falcon platform for comprehensive, real-time endpoint protection to Wipro's global customers.
- Announced seven new third-party applications for the CrowdStrike Store that will extend the power of the CrowdStrike Falcon platform, addressing additional use cases to strengthen the security posture of customers.
- Industry Recognition: Received highest score for "Lean Forward" Organizations (Type A Use Cases) in Gartner's Second Critical Capabilities for Endpoint Protection Platforms Report. Named by Forrester Research, Inc. as a Leader in Endpoint Security in The Forrester Wave: Endpoint Security Suites (ESS), Q3 2019 report. Named Best New Endpoint Solution by SE Labs in annual report.

Financial Outlook

CrowdStrike is providing the following guidance for the fourth quarter of fiscal 2020 (ending January 31, 2020) and is raising its guidance for fiscal year 2020 (ending January 31, 2020):

	Q4 FY20 Guidance	Full Year FY20 Guidance
Total revenue	\$135.9 – \$ 138.6 million	\$ 465.2 – \$ 468.0 million
Non-GAAP loss from operations	\$(21.6) – \$(19.7) million	(80.5) - (78.6) million
Non-GAAP net loss	\$(19.1) – \$(17.2) million	\$(77.7) – \$(75.8) million
Non-GAAP net loss per share, basic and diluted	\$(0.09) - \$(0.08)	\$(0.53) - \$(0.52)
Weighted average shares used in computing Non-GAAP net loss per share attributable to common stockholders, basic and diluted	205.2 million	146.7 million

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 and amortization expense of acquired intangible assets. We have not provided the most directly comparable GAAP measures because certain items are out of our control or cannot be reasonably predicted. Accordingly, a reconciliation for non-GAAP loss from operations, non-GAAP net loss, and non-GAAP net loss per share is not available without unreasonable effort.

Conference Call Information

CrowdStrike will host a conference call for analysts and investors to discuss its earnings results for the third quarter of fiscal 2020 and outlook for its fiscal fourth quarter and year 2020 today at 2:00 p.m. Pacific time (5:00 p.m. Eastern time). A recorded webcast of the event will also be available for one year on the CrowdStrike Investor Relations website ir.crowdstrike.com.

Date: December 5, 2019

Time: 2:00 p.m. Pacific time / 5:00 p.m. Eastern time

Dial-in number: 800-525-5356 or 409-937-8967, conference ID: 7382028

Webcast: ir.crowdstrike.com

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding our future financial and operating performance, including our financial outlook for the fiscal fourth quarter and year 2020. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: our limited operating history; our ability to identify and effectively implement the necessary changes to address execution challenges; risks associated with managing our rapid growth; our limited experience with new product and subscription and support introductions and the risks associated with new products and subscription and support offerings, including the risk of defects, errors, or vulnerabilities; our ability to attract new and retain existing customers; the failure to timely develop and achieve market acceptance of new products and subscriptions as well as existing products and subscriptions and support; rapidly evolving technological developments in the market for security products and subscription and support offerings; length of sales cycles; and general market, political, economic, and business conditions.

Additional risks and uncertainties that could affect our financial results are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth from time to time in our filings and reports with the Securities and Exchange Commission ("SEC"), including our prospectus filed with the SEC pursuant to Rule 424(b), dated June 11, 2019, and in our Quarterly Report on Form 10-Q for the quarter ended October 31, 2019, that will be filed with the SEC following this earnings release.

You should not rely on these forward-looking statements, as actual outcomes and results may differ materially from those contemplated by these forward-looking statements as a result of such risks and uncertainties. All forward-looking statements in this press release are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

Use of Non-GAAP Financial Information

We believe that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. For further information regarding these non-GAAP measures, including the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, please refer to the financial tables below, as well as the "Explanation of Non-GAAP Financial Measures" section of this press release.

Channels for Disclosure of Information

We intend to announce material information to the public through the CrowdStrike Investor Relations website ir crowdstrike.com, SEC filings, press releases, public conference calls, and public webcasts. We use these channels, as well as social media and our blog, to communicate with our investors, customers, and the public about our company, our offerings, and other issues. It is possible that the information we post on social media and our blog could be deemed to be material information. As such, we encourage investors, the media, and others to follow the channels listed above, including the social media channels listed on our investor relations website, and to review the information disclosed through such channels. Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website.

About CrowdStrike Holdings

CrowdStrike provides cloud-delivered endpoint protection. Leveraging artificial intelligence (AI), the CrowdStrike Falcon platform protects customers against cyberattacks on endpoints on or off the network by offering visibility and protection across the enterprise.

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Investor Relations Contact

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Press Contact

CrowdStrike Holdings, Inc. Ilina Cashiola, Director of Public Relations ilina.cashiola@crowdstrike.com 202-340-0517

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

	Three Months H				nded October 31,		
	2019		2018		2019		2018
Revenue							
Subscription	\$ 114,221	\$	57,651	\$	297,787	\$	146,570
Professional services	10,898		8,728		31,517		22,799
Total revenue	 125,119		66,379		329,304		169,369
Cost of revenue							
Subscription (1)	29,221		17,302		77,858		47,077
Professional services (1)	8,134		4,972		20,353		13,166
Total cost of revenue	 37,355		22,274		98,211		60,243
Gross profit	87,764		44,105		231,093		109,126
Operating expenses							
Sales and marketing (1)	68,675		46,614		190,792		123,344
Research and development (1)	35,992		25,968		91,497		62,546
General and administrative (1)	21,615		13,614		63,737		28,868
Total operating expenses	126,282		86,196		346,026		214,758
Loss from operations	(38,518)		(42,091)		(114,933)		(105,632)
Interest expense	(132)		_		(297)		(428)
Other income (expense), net	 3,579		303		3,523		(1,739)
Loss before provision for income taxes	(35,071)		(41,788)		(111,707)		(107,799)
Provision for income taxes	 (434)		(535)		(1,664)		(1,018)
Net loss	\$ (35,505)	\$	(42,323)	\$	(113,371)	\$	(108,817)
Net loss per share attributable to Class A and Class B common stockholders, basic and diluted	\$ (0.17)	\$	(0.93)	\$	(0.89)	\$	(2.45)
Weighted-average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic and diluted	204,096		45,287		128,009	_	44,344

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

	Three Months Ended October 31,					tober 31,		
		2019		2018		2019		2018
	·	(in the	ousand	s)		(in the	ousands)
Subscription cost of revenue	\$	1,666	\$	382	\$	3,164	\$	533
Professional services cost of revenue		784		53		1,531		156
Sales and marketing		7,355		2,137		15,511		3,941
Research and development		4,696		6,245		10,353		7,232
General and administrative		7,465		4,643		25,018		5,541
Total stock-based compensation expense	\$	21,966	\$	13,460	\$	55,577	\$	17,403

Condensed Consolidated Balance Sheets

(in thousands) (unaudited)

	(October 31,		January 31,		
		2019		2019		
Assets						
Current assets:						
Cash and cash equivalents	\$	743,605	\$	88,408		
Marketable securities		90,083		103,247		
Accounts receivable, net		145,694		92,476		
Deferred contract acquisition costs, current		35,924		28,847		
Prepaid expenses and other current assets		37,914		18,410		
Total current assets		1,053,220		331,388		
Property and equipment, net		129,504		73,735		
Deferred contract acquisition costs, noncurrent		58,260		9,918		
Goodwill		7,794		7,947		
Intangible assets, net		637		1,048		
Other assets		6,639		9,183		
Total assets	\$	1,256,054	\$	433,219		
Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Equity (Deficit)	_					
Current liabilities:						
Accounts payable	\$	5,244	\$	6,855		
Accrued expenses		29,460		32,541		
Accrued payroll and benefits		36,905		19,284		
Deferred revenue		335,801		218,700		
Other current liabilities		8,194		4,040		
Total current liabilities		415,604	_	281,420		
Deferred revenue, noncurrent		111,838		71,367		
Other liabilities, noncurrent		11,570		10,313		
Total liabilities		539,012		363,100		
Commitments and contingencies						
Redeemable Convertible Preferred Stock						
Redeemable convertible preferred stock		_		557,912		
Stockholders' Equity (Deficit)						
Preferred stock		_		_		
Common stock		_		24		
Common stock, Class A and Class B		103		_		
Additional paid-in capital		1,326,116		31,211		
Accumulated deficit		(609,079)		(519,126)		
Accumulated other comprehensive income (loss)		(98)		98		
Total stockholders' equity (deficit)		717,042		(487,793)		
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	\$	1,256,054	\$	433,219		
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Condensed Consolidated Statements of Cash Flows

(in thousands) (unaudited)

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Accretion of marketable securities purchased at a discount (8.25) (8.25) Non-cash interest expense 293 187 Changes in operating assets and liabilities (8.35, 31) (7.975) Deferred contract acquisition costs (8.52, 38) (2.373) Prepaid expenses and other assets (19,883) (2.307) Accounts payable (3.73) (6.28) Accurated expenses and other current liabilities 3,405 (2.31) Accurated payroll and benefits 17,621 3,408 Deferred current (58) 155 Deferred trevene (58) 155 Deterrated payroll and benefits (58) 155 Net cash provided by (used in) operating activities (38) 155 Net cash provided by (used in) operating activities (66, 48) (15,64) Purchases of marketable securities (68, 48) (51,64) Specialized internal-use software (52,08) (50,402) Purchase of marketable securities (57,56) (13,302) Purchase of marketable securities (57,56) (13,502)	Allowance for doubtful accounts	413	485
Non-cash interest expense 293 187 Changes in operating assets and liabilities (35,631) (17,956) Deferred contract acquisition costs (35,831) (27,951) Deferred contract acquisition costs (19,883) (2,307) Accounds payable (3,773) (6,280) Accrued expenses and other current liabilities 3,00 (2,311) Accrued expenses and other current liabilities 17,621 3,888 Deferred revenue 157,239 72,219 Other liabilities, noncurrent (88) 155,759 Net cash provided by (used in) operating activities 33,336 3,8776) Investing activities (66,848) (1,664) Capitalized internal-use software (68,989) (1,664) Capitalized internal-use software (87,907) (13,253) Procease from sales of marketable securities (87,907) (13,253) Processes from the issuance of common stock upon initial public offering, net of underwriting discounts 66,902 — Proceeds from the issuance of redecable convertible preferred stock, net of issuance costs — (6,808)	Stock-based compensation expense	55,577	17,403
Changes in operating assets and liabilities	Accretion of marketable securities purchased at a discount	(1,313)	(625)
Accounts receivable (55,581) (79,56) Deferred contract acquisition costs (55,288) (27,51) Prepaid expenses and other assets (19,83) (2,307) Accounts payable (3,773) (6,280) Accrued expenses and other current liabilities 3,405 (2,311) Accrued payroll and benefits 17,621 3,488 Deferred revenue 157,239 72,219 Other liabilities, noncurrent (58) 155 Net cash provided by (used in) operating activities 33,836 08,760 Investing activities (50,848) (11,64) User liabilities, noncurrent (66,848) (21,64) Net cash provided by (used in) operating activities (66,848) (21,64) Provesting activities (52,08) (50,42) Purchases of property and equipment (66,848) (21,64) Capitalized internal-uses orbrance (187,697) (135,252) Purchases of marketable securities (57,516) (131,359) Proceds from atherities of marketable securities (57,516) (131,359) <td< td=""><td>Non-cash interest expense</td><td>293</td><td>187</td></td<>	Non-cash interest expense	293	187
Deferred contract acquisition costs (55.288) (27.531) Prepaid expenses and other assets (19.88) (2.307) Accounts payable 3,405 (2.311) Accrued expenses and other current liabilities 3,405 (2.311) Accrued expenses and other current liabilities 17.62 3,408 Accrued payable 157,239 72.219 Other liabilities, noncurrent (58) 155 Net cash provided by (used in) operating activities 33,85 36,876 Investing activities (66.848) (21,664) Purchases of property and equipment (66.848) (21,664) Capitalized internal-use software (52.08) (59.20) Purchases of marketable securities (52.08) (50.40) Purchases of marketable securities (67.00) (187,607) (135.233) Proceeds from an institutable securities (57.01) (187,607) (135.233) Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,922 — Proceeds from the issuance of redeathle convertible preferred stock, net of issuance costs 66	Changes in operating assets and liabilities		
Prepaid expenses and other assets (19,83) (2,307) Accounts payable (3,773) (6,280) Accrued expenses and other current liabilities 3,405 (2,331) Accrued payroll and benefits 17,621 3,498 Deferred reveme 157,239 22,219 Other liabilities, noncurent (58) 155 Net cash provided by (used in) operating activities 33,836 (38,776) Purchases of property and equipment (66,848) (1,644) Capitalized intenda-uses software (65,208) (5,042) Purchases of property and equipment (47,30) -6 Capitalized intenda-uses software (65,208) (5,042) Purchases of marketable securities (187,697) (135,253) Proceeds from sales of marketable securities (47,97) (305,208) Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,922 - Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs 665,922 - Proceeds from the issuance of redemable convertible preferred stock, net of issuance costs 665,922	Accounts receivable	(53,631)	(17,936)
Acounts payable 3,73 (6,280) Accrued expenses and other current liabilities 3,405 (2,31) Accrued expenses and other current liabilities 17,621 3,498 Defered revenue 187,239 72,219 Other labilities, noncurrent 187,39 38,30 38,770 Investigate Time 33,30 38,770 Investigate Time 66,848 21,664 Purchases of property and equipment (6,684) 21,664 Purchases of property and equipment (6,084) (3,040) Purchase of marketable securities (8,040) (3,050) Proceeds from sales of marketable securities 4,473 - Proceeds from sales of marketable securities 4,473 - Materias of marketable securities 6,500 (3,000) Net cash used in investing activities 65,000 (3,000) Net cash used in investing activities 65,000 - Proceeds from the issaunce of common stock upon initial public offering net of underwiting discours 65,000 - Proceeds from the issaunce of redeemable convertible preferred stock, net of iss	Deferred contract acquisition costs	(55,238)	(27,531)
Accrued expenses and other current liabilities 3,405 (2,33) Accrued payrolla otheritis 17,621 3,498 Deferred revenue 157,239 72,219 Other liabilities, noncurent 38,365 155 Net cash provided by (used in) operating activities 38,365 (38,70) Investing activities Purchases of property and equipment (6,648) (1,644) Capitalized internal-uses software (2,088) (5,042) Purchases of marketable securities (8,707) (135,253) Proceds from sales of marketable securities (87,677) (130,253) Proceds from tarketable securities (87,676) (131,359) Proceds from sales of marketable securities (87,516) (131,359) Proceds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,092 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 6,6188 Repayment of floan payable — 6,6158 6,6158 Proceeds from the issuance of credit — 1,618 Repayment o	Prepaid expenses and other assets	(19,883)	(2,307)
Accrued payroll and benefits 17,621 3,498 Deferred revenue 157,239 72,199 Other liabilities, noncurent 33,836 155 Net cash provided by (used in) operating activities 33,836 38,760 Investing activities 80,604 15,604 Purchases of property and equipment (66,848) (21,604) Purchases of marketable securities (5,008) (50,402) Purchease of marketable securities 43,73 — Proceeds from sales of marketable securities 49,73 — Proceeds and subsed in investing activities 19,764 30,600 Net cash used in investing activities 19,764 30,600 Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,922 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 20,686 Repayment of incompanyable — 0,6158 Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 0,618 Repayment of notes receivable from related parties — 0,618 <td>Accounts payable</td> <td>(3,773)</td> <td>(6,280)</td>	Accounts payable	(3,773)	(6,280)
Deferred revenue 157,239 72,219 Other labilities, noncurent (58) 155 Net cash provided by (used in) operating activities 33,836 38,767 Investing activities 7 7 Purchases of property and equipment (56,684) (21,664) Capitalized internal-use software (50,082) (50,208) (50,202) Purchases of marketable securities (187,697) (185,253) Proceeds from arketable securities (197,764) 30,600 Mutarrities of marketable securities (57,510) (131,359) Proceeds from arketable securities (57,510) (131,359) Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 66,902 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs 66,902 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs 66,902 — Repayment of interestival from related parties — (10,000) Repayment of interestival from related parties — (10,000) Repayment of indenmity holdback <td>Accrued expenses and other current liabilities</td> <td>3,405</td> <td>(2,331)</td>	Accrued expenses and other current liabilities	3,405	(2,331)
Other liabilities, noncurrent (58) 155 Net cash provided by (used in) operating activities 33,836 (38,766) Investing activities 20 (66,848) (21,664) Capital packing activities (5,208) (5,028) (5,028) Capital packing activities (187,677) (185,253) Proceeds from sales of marketable securities 4,473 Proceeds from sales of marketable securities 4,473 Maturities of marketable securities 4,576 Metash used in investing activities 5,516 (31,359) Froceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,902 Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs 65,902 Proceeds from revolving line of credit (6,158) Proceeds from revolving line of credit (20,000) Repayment of revolving line of credit (20,000) Repayment of contingent consideration (35,000) Repayment of fine prociving line of credit	Accrued payroll and benefits	17,621	3,498
Net cash provided by (used in) operating activities 33,836 (38,76) Investing activities 8 Purchases of property and equipment (66,848) (21,664) Capitalized internal-use software (5,208) (5,042) Purchases of marketable securities (187,607) (135,253) Proceeds from sales of marketable securities 4,473 — Maturities of marketable securities 197,64 30,600 Net cash used in investing activities (57,516) (131,359) Financing activities 665,092 — Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,092 — Proceeds from the issuance of redemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (65,892) — Proceeds from revolving line of credit — (20,000) Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — (500 Repayments of contingent consideration — (520) Repaym	Deferred revenue	157,239	72,219
Net cash provided by (used in) operating activities 33.836 (38,76) Investing activities 1 Purchases of property and equipment (66,848) (21,664) Capitalized internal-use software (5,008) (5,042) Purchases of marketable securities (187,677) (135,253) Proceeds from sales of marketable securities 4,473 Muturities of marketable securities 197,64 30,600 Net cash used in investing activities (57,516) (131,359) Financing activities 665,002 Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,002 Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs 206,896 Repayment of loan payable (20,000) Repayment of revolving line of credit (20,000) Repayment of revolving line of credit (20,000) Repayment of indermity holdback (500 Repayments of indermity holdback (500 Repurchase of stock options	Other liabilities, noncurrent		155
Investing activities C66,848 C1,664 Purchases of property and equipment (66,848) (21,664) Capitalized internal-use software (5,208) (5,042) Capitalized internal-use software (187,697) (152,533) Proceeds from sales of marketable securities 4473 — Muturities of marketable securities (57,516) (31,359) Muturities of marketable securities (57,516) (31,359) Net eash used in investing activities (57,516) (31,359) Froceads from the issuance of common stock upon initial public offering, net of underwriting discounts 66,5092 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 60,5092 Repayment of loan payable — 6,158 Proceeds from revolving line of credit — 20,000 Repayment of rotevolving line of credit — 6,000 Repayments of contingent consideration — 6,500 Repayments of inemity holdback — 6,500 Payments of inemity holdback — 6,500 Proceeds from the issuanc	Net cash provided by (used in) operating activities		(38.776)
Purchases of property and equipment (66,848) (21,646) Capitalized internal-use software (5,208) (5,042) Purchases of marketable securities (187,697) (135,253) Proceeds from sales of marketable securities 4,473 — Maturities of marketable securities (197,764) 30,600 Net cash used in investing activities (197,516) (131,359) Financing activities — 206,896 Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,092 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (61,588) Proceeds from revolving line of credit — (20,000) Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — (80) Repayments of indiregate consideration — (500) Repayments of indiregate consideration — (500) Repurents of ofentingent consideration — (500) <td< td=""><td></td><td></td><td>(0 0,, 1 0)</td></td<>			(0 0,, 1 0)
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Purchases of marketable securities (187,697) (135,253) Proceeds from sales of marketable securities 4,473 — Maturities of marketable securities 197,764 30,600 Net cash used in investing activities 657,516 (131,359) Financing activities - 206,896 Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,092 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (6,158) Proceeds from revolving line of credit — (20,000) Repayment of revolving inne of credit — (20,000) Repayment of notes receivable from related parties — (184 Payments of indermity holdback — (300) Repurchase of stock options (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of sealy exercisable stock options 10,264 — Net cash provided by financing activities			
Proceeds from sales of marketable securities 4,473 — Maturities of marketable securities 197,764 30,600 Net cash used in investing activities (57,516) (131,359) Financing activities — 206,896 Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts — 206,896 Repayment of loan payable — (6,158) Proceeds from revolving line of credit — (20,000) Repayment of revolving line of credit — (20,000) Repayments of contingent consideration — (184) Payments of contingent consideration — (500) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from issuance of common stock upon exercise of early exercisable stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 678,834 19			
Maturities of marketable securities 197,64 30,600 Net cash used in investing activities (57,516) (131,359) Financia activities 8 (57,516) (131,359) Financia activities 8 6 50,922 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs 6 50,922 — Proceeds from revolving line of credit — (6,158) Proceeds from revolving line of credit — (20,000) Repayment of notes receivable from related parties — (20,000) Repayments of indermity holdback — (500) Payments of indermity holdback — (2,330) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Proceeds from the issuance of common stock upon exercise of early exercisable stock options 678,834 190,714 Eff			(155,255)
Net cash used in investing activities (57,516) (13,359) Financing activities Financing activities (65,092) — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (6,158) Proceeds from revolving line of credit — (20,000) Repayment of notes receivable from related parties — (180) Repayments of contingent consideration — (180) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from the issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Proceeds from the issuance of common stock upon exercise of early exercisable stock options 67			30,600
Financing activities Conceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,092 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (6,158) Proceeds from revolving line of credit — (20,000) Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — (184) Payments of contingent consideration — (500) Repurchase of stock options — (2,330) Repurchase of stock options 5,872 — Payments of deferred offering costs (5,872) — Proceeds from its issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 655,197 20,283 Net increase in cash and cash equivalents 655,197 20,283			
Proceeds from the issuance of common stock upon initial public offering, net of underwriting discounts 665,092 — Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (6,158) Proceeds from revolving line of credit — 10,000 Repayment of notes receivable from related parties — 198 Payments of contingent consideration — (184) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 296 Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179	•	(37,310)	(131,339)
Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs — 206,896 Repayment of loan payable — (6,158) Proceeds from revolving line of credit — 10,000 Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — (184) Payments of contingent consideration — (508) Payments of indemnity holdback — (5,330) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179	The state of the s	445,002	
Repayment of loan payable — (6,158) Proceeds from revolving line of credit — 10,000 Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — 198 Payments of contingent consideration — (184) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179		003,092	
Proceeds from revolving line of credit — 10,000 Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — 198 Payments of contingent consideration — (184) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179			
Repayment of revolving line of credit — (20,000) Repayment of notes receivable from related parties — 198 Payments of contingent consideration — (184) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179		_	
Repayment of notes receivable from related parties — 198 Payments of contingent consideration — (184) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179	·		
Payments of contingent consideration — (184) Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179	• •	_	
Payments of indemnity holdback — (500) Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179			
Repurchase of stock options — (2,330) Payments of deferred offering costs (5,872) — Proceeds from issuance of common stock upon exercise of stock options 9,350 2,792 Proceeds from the issuance of common stock upon exercise of early exercisable stock options 10,264 — Net cash provided by financing activities 678,834 190,714 Effect of foreign exchange rates on cash and cash equivalents 43 (296) Net increase in cash and cash equivalents 655,197 20,283 Cash and cash equivalents, beginning of period 88,408 63,179	•	_	` ′
Payments of deferred offering costs(5,872)—Proceeds from issuance of common stock upon exercise of stock options9,3502,792Proceeds from the issuance of common stock upon exercise of early exercisable stock options10,264—Net cash provided by financing activities678,834190,714Effect of foreign exchange rates on cash and cash equivalents43(296)Net increase in cash and cash equivalents655,19720,283Cash and cash equivalents, beginning of period88,40863,179	·		` ′
Proceeds from issuance of common stock upon exercise of stock options9,3502,792Proceeds from the issuance of common stock upon exercise of early exercisable stock options10,264—Net cash provided by financing activities678,834190,714Effect of foreign exchange rates on cash and cash equivalents43(296)Net increase in cash and cash equivalents655,19720,283Cash and cash equivalents, beginning of period88,40863,179		(5.072)	(2,330)
Proceeds from the issuance of common stock upon exercise of early exercisable stock options Net cash provided by financing activities Effect of foreign exchange rates on cash and cash equivalents At 10,264 190,714 Effect of foreign exchange rates on cash and cash equivalents At 2096 Net increase in cash and cash equivalents Cash and cash equivalents, beginning of period 88,408 63,179			
Net cash provided by financing activities678,834190,714Effect of foreign exchange rates on cash and cash equivalents43(296)Net increase in cash and cash equivalents655,19720,283Cash and cash equivalents, beginning of period88,40863,179	•		2,792
Effect of foreign exchange rates on cash and cash equivalents43(296)Net increase in cash and cash equivalents655,19720,283Cash and cash equivalents, beginning of period88,40863,179			
Net increase in cash and cash equivalents655,19720,283Cash and cash equivalents, beginning of period88,40863,179	Net cash provided by financing activities	678,834	190,714
Cash and cash equivalents, beginning of period 88,408 63,179	Effect of foreign exchange rates on cash and cash equivalents	43	(296)
	Net increase in cash and cash equivalents	655,197	20,283
Cash and cash equivalents, end of period \$ 743,605 \$ 83,462	Cash and cash equivalents, beginning of period	88,408	63,179
	Cash and cash equivalents, end of period	\$ 743,605 \$	83,462

Non-GAAP Financial Measures with Reconciliation to GAAP

(in thousands, except percentages) (unaudited)

	Three Months Ended October 31,				Nine Months I	october 31,	
	 2019		2018		2019		2018
GAAP subscription revenue	\$ 114,221	\$	57,651	\$	297,787	\$	146,570
GAAP subscription gross profit	\$ 85,000	\$	40,349	\$	219,929	\$	99,493
Add: Stock-based compensation expense	1,666		382		3,164		533
Add: Amortization of acquired intangible assets	61		20		262		222
Non-GAAP subscription gross profit	\$ 86,727	\$	40,751	\$	223,355	\$	100,248
GAAP subscription gross margin	74 %	ó	70 %)	74 %	ó	68 %
Non-GAAP subscription gross margin	76 %	ó	71 %)	75 %	ó	68 %
	Three Months Ended October 31,						
	 Three Months	Ended C	October 31,		Nine Months I	Ended (October 31,
	 Three Months	Ended C	October 31, 2018		Nine Months I 2019	Ended (October 31, 2018
GAAP total revenue	\$	Ended C		\$		Ended (
GAAP total revenue GAAP loss from operations	\$ 2019		2018	\$	2019		2018
	2019 125,119	\$	2018 66,379	·	2019 329,304	\$	2018 169,369
GAAP loss from operations	2019 125,119 (38,518)	\$	2018 66,379 (42,091)	·	2019 329,304 (114,933)	\$	2018 169,369 (105,632)
GAAP loss from operations Add: Stock-based compensation expense	2019 125,119 (38,518) 21,966	\$	2018 66,379 (42,091) 13,460	·	2019 329,304 (114,933) 55,577	\$	2018 169,369 (105,632) 17,403
GAAP loss from operations Add: Stock-based compensation expense Add: Amortization of acquired intangible assets	\$ 2019 125,119 (38,518) 21,966 101	\$ \$ \$	2018 66,379 (42,091) 13,460 62	\$	2019 329,304 (114,933) 55,577 385	\$ \$	2018 169,369 (105,632) 17,403 435

Non-GAAP Financial Measures with Reconciliation to GAAP (Continued) (in thousands, except percentages) (unaudited)

	Three Months Ended October 31,				Nine Months Ended October 31,			
		2019		2018		2019		2018
GAAP net loss	\$	(35,505)	\$	(42,323)	\$	(113,371)	\$	(108,817)
Add: Stock-based compensation expense	\$	21,966	\$	13,460	\$	55,577	\$	17,403
Add: Amortization of acquired intangible assets		101		62		385		435
Less: Gain on settlement of lawsuit		_		_		(1,250)		_
Non-GAAP net loss	\$	(13,438)	\$	(28,801)	\$	(58,659)	\$	(90,979)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted		204,096		45,287		128,009		44,344
GAAP net loss per share attributable to common stockholders, basic and								
diluted	\$	(0.17)	\$	(0.93)	\$	(0.89)	\$	(2.45)
Non- GAAP net loss per share attributable to common stockholders, basic and								
diluted	\$	(0.07)	\$	(0.64)	\$	(0.46)	\$	(2.05)

	Three Months	Ended (October 31,		Nine Months I	l October 31,		
	2019		2018		2019		2018	
GAAP total revenue	\$ 125,119	\$	66,379	\$	329,304	\$	169,369	
GAAP net cash provided by (used in) operating activities	38,635		(3,639)		33,836		(38,776)	
Less: Purchases of property and equipment	(29,689)		(7,596)		(66,848)		(21,664)	
Less: Capitalized internal-use software	(1,898)		(1,841)		(5,208)		(5,042)	
Free cash flow	\$ 7,048	\$	(13,076)	\$	(38,220)	\$	(65,482)	
GAAP net cash used in investing activities	\$ (27,262)	\$	(36,486)	\$	(57,516)	\$	(131,359)	
GAAP net cash provided by (used in) financing activities	\$ (968)	\$	8,094	\$	678,834	\$	190,714	
GAAP net cash used in operating activities as a percentage of revenue	31 %	<u>′</u>	(5)%		10 %	_	(23)%	
			` '					
Less: Purchases of property and equipment as a percentage of revenue	(24)%	Ó	(11)%)	(20)%)	(13)%	
Less: Capitalized internal-use software as a percentage of revenue	(2)%	ó	(3)%)	(2)%	ò	(3)%	
Free cash flow margin	6 %	0	(20)%)	(12)%	,)	(39)%	

Statements of Operations: GAAP to Non-GAAP Reconciliations (in thousands)

(unaudited)

		Three Months Ended October 31,				Nine Months Ended October 31,				
		2019		2018	-	2019		2018		
GAAP cost of revenue	\$	37,355	\$	22,274	\$	98,211	\$	60,243		
Less:										
Stock based compensation expense		2,450		435		4,695		689		
Amortization of acquired intangible assets		61		20		262		222		
Non-GAAP cost of revenue	\$	34,844	\$	21,819	\$	93,254	\$	59,332		
GAAP subscription gross profit	\$	85,000	\$	40,349	\$	219,929	\$	99,493		
Add:										
Stock based compensation expense		1,666		382		3,164		533		
Amortization of acquired intangible assets		61		20		262		222		
Non-GAAP subscription gross profit	\$	86,727	\$	40,751	\$	223,355	\$	100,248		
GAAP professional services gross profit	\$	2,764	\$	3,756	\$	11,164	\$	9,633		
Add:	~	2,701	Ψ	3,750	Ψ	11,101	Ψ	,,033		
Stock based compensation expense		784		53		1,531		156		
	\$	3,548	\$	3,809	\$	12,695	\$	9,789		
Non-GAAP professional services gross profit	<u> </u>	3,340	<u> </u>	3,007	=	12,073	Ψ	7,107		
GAAP Sales and marketing operating expenses	\$	68,675	\$	46,614	\$	190,792	\$	123,344		
Less:										
Stock based compensation expense		7,355		2,137		15,511		3,941		
Amortization of acquired intangible assets		30		32		92		111		
Non-GAAP sales and marketing operating expenses	\$	61,290	\$	44,445	\$	175,189	\$	119,292		
GAAP research and development operating expenses	\$	35,992	\$	25,968	\$	91,497	\$	62,546		
Less:										
Stock based compensation expense		4,696		6,245		10,353		7,232		
Amortization of acquired intangible assets		10		10		31		102		
Non-GAAP research and development operating expenses	\$	31,286	\$	19,713	\$	81,113	\$	55,212		
GAAP general and administrative operating expenses	\$	21,615	\$	13,614	\$	63,737	\$	28,868		
Less:										
Stock based compensation expense		7,465		4,643		25,018		5,541		
Non-GAAP general and administrative operating expenses	\$	14,150	\$	8,971	\$	38,719	\$	23,327		
GAAP loss from operations	\$	(38,518)	\$	(42,091)	\$	(114,933)	\$	(105,632)		
Add:	ψ	(50,510)	Ψ	(42,071)	Ψ	(114,755)	Ψ	(105,052)		
Stock based compensation expense		21,966		13,460		55,577		17,403		
Amortization of acquired intangible assets		101		62		385		435		
Non-GAAP loss from operations	\$	(16,451)	\$	(28,569)	\$	(58,971)	\$	(87,794)		
aup d		(2.2.20.2)	Φ.	//2.22	Φ.	(112.25)		(100.015		
GAAP net loss	\$	(35,505)	\$	(42,323)	\$	(113,371)	\$	(108,817)		
Add:		21.077		12.460		55.575		17,400		
Stock based compensation expense		21,966		13,460		55,577		17,403		
Amortization of acquired intangible assets		101		62		385		435		
Less: Gain on settlement of lawsuit						(1,250)				
	<u> </u>	(13,438)	\$	(28,801)	\$	(58,659)	\$	(90,979)		
Non-GAAP net loss	\$	(13,430)	φ	(20,001)	φ	(30,039)	φ	(90,979)		

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Explanation of Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. generally accepted accounting principles ("GAAP"), we believe the following non-GAAP measures are useful in evaluating our operating performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, 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.

Other companies, including companies in our industry, may calculate similarly titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. In addition, the utility of free cash flow as a measure of our financial performance and liquidity is limited as it does not represent the total increase or decrease in our cash balance for a given period.

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.

Non-GAAP Subscription Gross Profit and Non-GAAP Subscription Gross Margin

We define non-GAAP subscription gross profit and non-GAAP subscription gross margin as GAAP subscription gross profit and GAAP subscription gross margin, respectively, excluding stock-based compensation expense and amortization of acquired intangible assets. We believe non-GAAP subscription gross profit and non-GAAP subscription gross margin provide our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as these measures eliminate the effects of certain variables unrelated to our overall operating performance.

Non-GAAP Loss from Operations

We define non-GAAP loss from operations as GAAP loss from operations excluding stock-based compensation expense, amortization of acquired intangible assets, and acquisition-related expenses. We believe non-GAAP loss from operations provides our management and investors consistency and comparability with our past financial performance and facilitate period-to-period comparisons of operations, as this metric generally eliminates the effects of certain variables unrelated to our overall operating performance.

Non-GAAP Net Loss per Share Attributable to Common Stockholders, Basic and Diluted

We define non-GAAP net loss per share attributable to common stockholders, as non-GAAP net loss divided by the weighted-average shares outstanding, which includes the dilutive effect of potentially diluted common stock equivalents outstanding during the period. We may periodically incur charges or receive payments in connection with litigation settlements. We exclude these charges and payments received from non-GAAP net loss when associated with a significant settlement because we do not believe they are reflective of ongoing business and operating results.

Free Cash Flow

Free cash flow is a non-GAAP financial measure that we define as net cash used in operating activities less purchases of property and equipment, capitalized internal-use software, acquisition of intangible assets, and cash used for business combinations. We monitor free cash flow as one measure of our overall business performance, which enables us to analyze our future performance without the effects of non-cash items and allow us to better understand the cash needs of our business. While we believe that free cash flow is useful in evaluating our business, free cash flow is a non-GAAP financial measure that has limitations as an analytical tool, and free cash flow should not be considered as an alternative to, or substitute for, net cash used in operating activities in accordance with GAAP. The utility of free cash flow as a measure of our liquidity is further limited as it does not represent the total increase or decrease in our cash balance for any given period. In addition, other companies, including companies in our industry, may calculate free cash flow differently or not at all, which reduces the usefulness of free cash flow as a tool for comparison.

Explanation of Operational Measures

Annual Recurring Revenue

ARR is calculated as the annualized value of our customer subscription contracts as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms. To the extent that we are negotiating a renewal with a customer after the expiration of the subscription, we continue to include that revenue in ARR if we are actively in discussion with such an organization for a new subscription or renewal, or until such organization notifies us that it is not renewing its subscription.

Magic Number

Magic Number is calculated by performing the following calculation for the most recent four quarters and taking the average: annualizing the difference between a quarter's Subscription Revenue and the prior quarter's Subscription Revenue, and then dividing the resulting number by the previous quarter's Non-GAAP Sales & Marketing Expense. Magic Number = Average of previous four quarters: ((Quarter Subscription Revenue – Prior Quarter Subscription Revenue) x 4) / Prior Quarter Non-GAAP Sales & Marketing Expense.