

# Investor Presentation

Second Quarter Fiscal Year 2023



This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements. These statements include, but are not limited to, statements regarding our future operating results and financial position, anticipated future expenses and investments, expectations relating to certain of our key financial and operating metrics, our business strategy and plans, market growth, our market position and potential market opportunities, and our objectives for future operations. The words “believe,” “may,” “will,” “estimate,” “potential,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “target,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on management’s expectations, assumptions, and projections based on information available at the time the statements were made. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change due to inherent risks and uncertainties, many of which are beyond our control. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include 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; and our hiring model. 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 hereof or to reflect the occurrence of unanticipated events, except as required by law.

This presentation also contains estimates and other statistical data made by independent parties and by GitLab relating to market size and growth and other industry data. Such data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. GitLab has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the markets in which GitLab competes are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by GitLab.

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), which are used by management as a supplemental measure, have certain limitations, and should not be construed as alternatives to financial measures determined in accordance with GAAP. The non-GAAP measures as defined by us may not be comparable to similar non-GAAP measures presented by other companies. Our presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that our future results will be unaffected by other unusual or non-recurring items. A reconciliation is provided in the Appendix to the most directly comparable financial measure stated in accordance with GAAP.

For further information with respect to GitLab, we refer you to our most recent Quarterly Report on Form 10-Q filed with the SEC. In addition, we are subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, accordingly file periodic reports, current reports, proxy statements and other information with the SEC. These periodic reports, current reports, proxy statements and other information are available for review at the SEC’s website at <http://www.sec.gov>.



# GitLab at a Glance

5,864

Base Customers<sup>1</sup>

593

>\$100K Customers

\$404M

Run-Rate Revenue<sup>1</sup>

74%

YOY Run-Rate Revenue Growth<sup>2</sup>

89%

Non-GAAP Gross Margin<sup>3</sup>

>130%

Dollar-Based Net Retention Rate<sup>1</sup>

100%

Remote since inception

1

Platform



Note: Figures as of the three months ended July 31, 2022 (Q2 FY23) unless otherwise noted.

<sup>1</sup> Definition can be found in the Appendix. <sup>2</sup> Represents growth in revenue from annualized Q2 FY22 to annualized Q2 FY23. <sup>3</sup> See Appendix for reconciliation with most directly comparable GAAP figure.

# High growth market opportunity

According to Gartner, we'll see **3X** adoption of DevOps platforms in the next few years.

**\$40B**

estimated total  
addressable market\*

**85%**

of organizations are  
using 2-10 DevOps  
tools\*\*

**69%**

of organizations would like  
to consolidate their  
toolchains\*\*



Sources: \* TAM based on GitLab internal analysis; \*\* GitLab 2022 DevSecOps Report

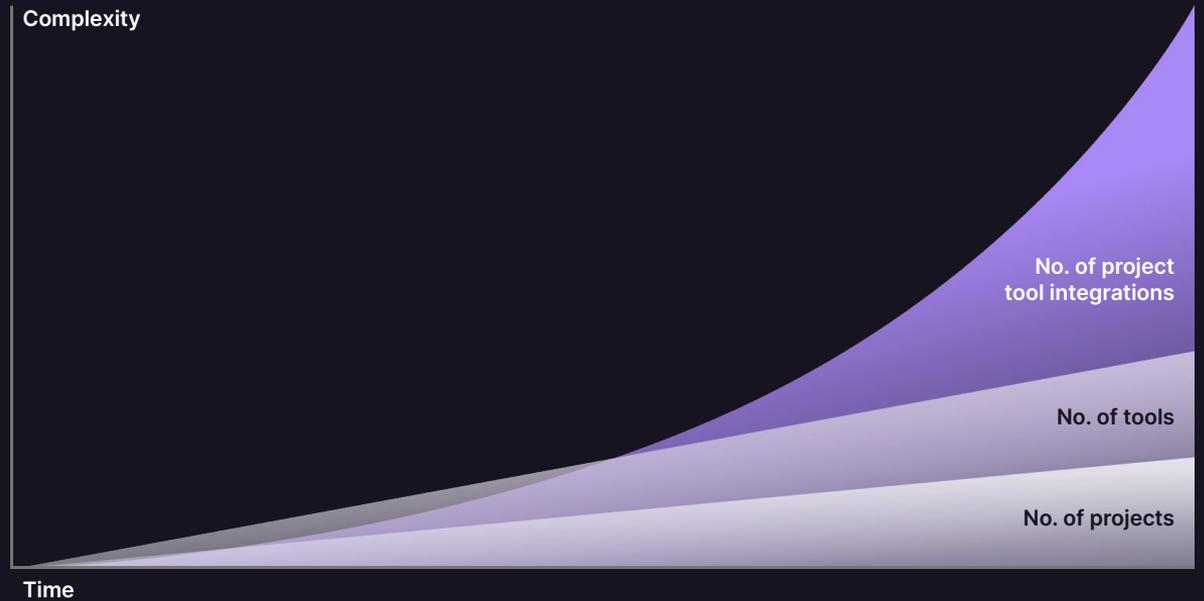
# The Challenge





# DIY DevOps is Getting Exponentially Harder

- Exponential growth of project tool integrations
- DevOps maturity  $\Rightarrow$  More tools per project
- Microservices  $\Rightarrow$  More projects



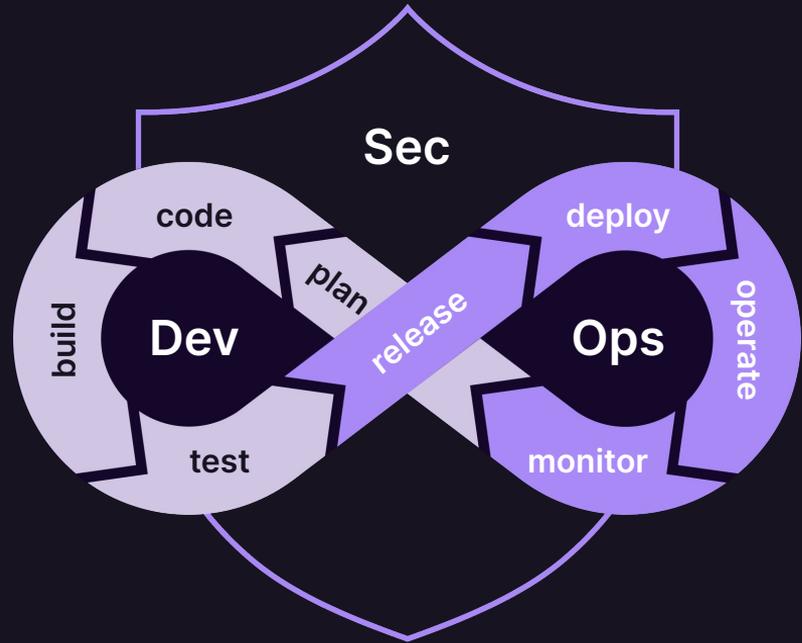
# The Solution



# GitLab offers a better approach

## The One DevOps Platform

- ✓ Unified data model
- ✓ One user interface
- ✓ Single application
- ✓ Cloud agnostic
- ✓ Superior user experience



A single application



By 2024, **60% of organizations** will have **switched from multiple point solutions to value stream delivery platforms** to streamline application delivery, up from 20% in 2021.



# Why customers choose GitLab



Deliver better products faster



Travis Perkins **increased developer velocity, cut costs by 20%**, and built new customer-facing digital services instead of managing their toolchain.



Increase operational efficiency



Airbus releases features **144x faster** with GitLab.



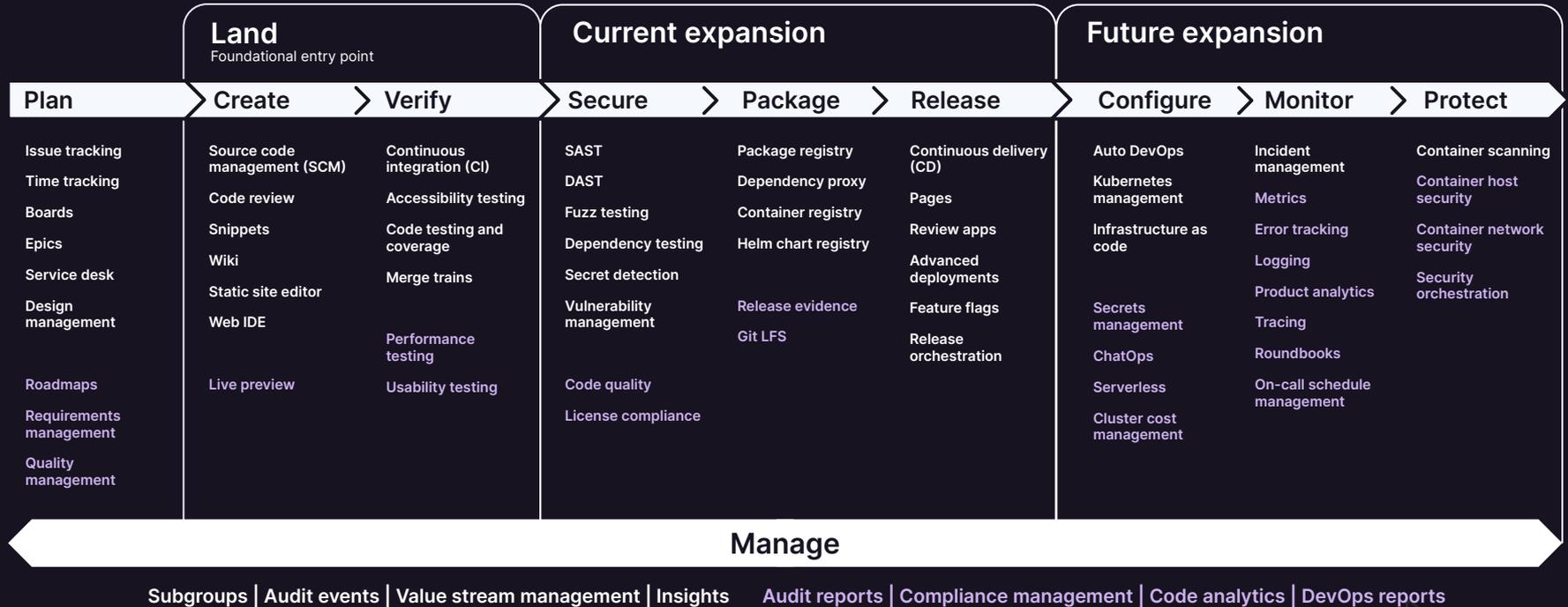
Reduce security and compliance risk



Hilti **increased security code checks by 400%** with GitLab.



# A comprehensive platform across the entire software delivery lifecycle



Feature maturity key:

Mature

Early

# GitLab enables delivery of 407% ROI



Source: Forrester Consulting Total Economic Impact™ study in 2020. 407% within the first three years of deployment to revenue-generating applications.

# Competitive differentiators



## DevSecOps Platform

- An all-in-one DevSecOps solution with security integrated throughout the platform



## Flexibility

- SaaS for customers who want to consume as a service
- Self-Managed for customers who want deployment control



## Cloud Agnostic

- Deploy anywhere enabling multi-cloud strategy
- Avoid vendor lock-in - no single cloud preferential treatment



## User Experience

- Integrated, one platform experience prevents context switching



## Open Core Platform

- We build with our customers



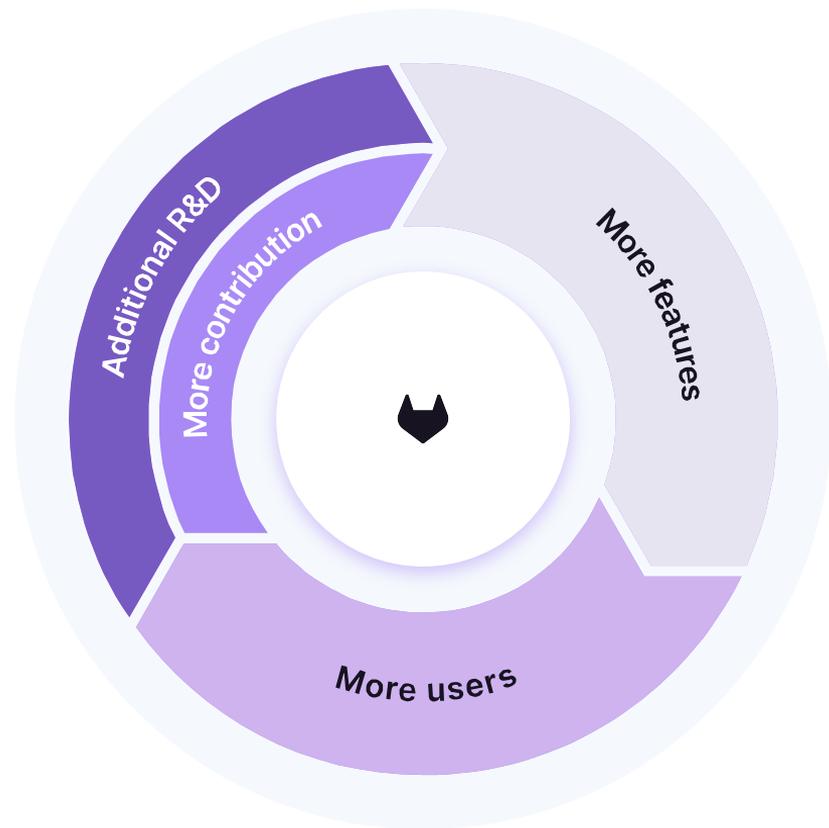
# Iteration drives innovation

## Dual Flywheel Approach:

- Innovation from GitLab
- Innovation from community contribution

## Result:

**130\*** consecutive monthly releases drive more use cases, capabilities, and functionality.

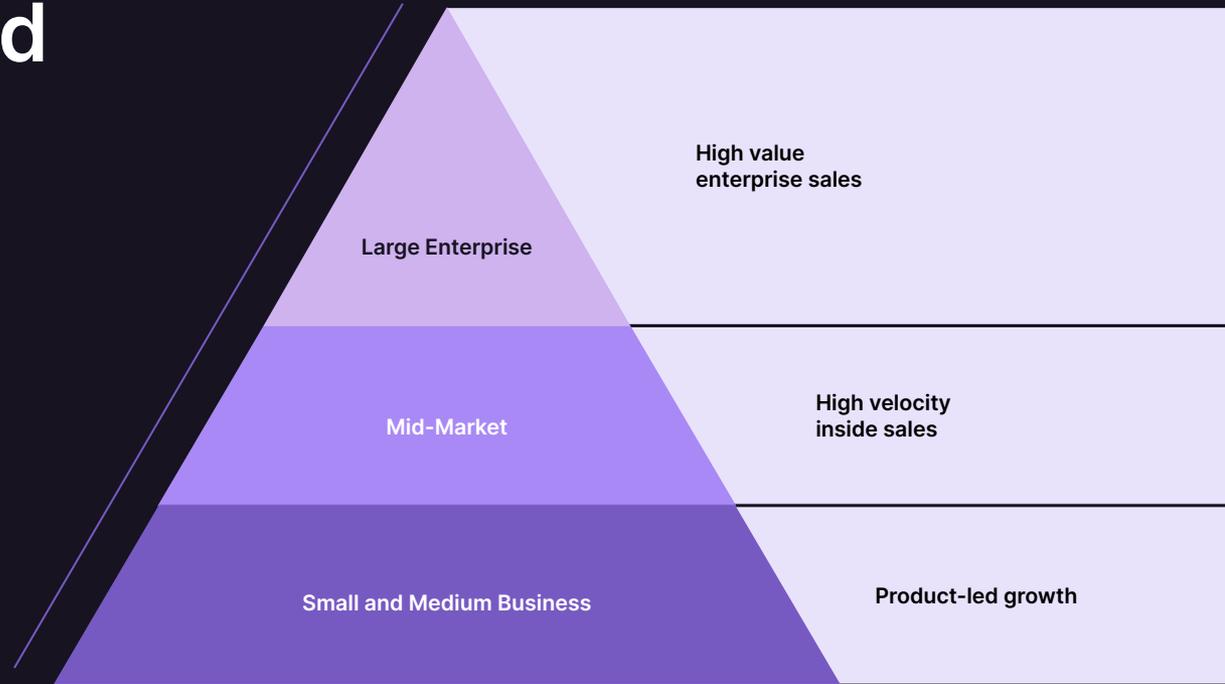


\*As of July 31, 2022

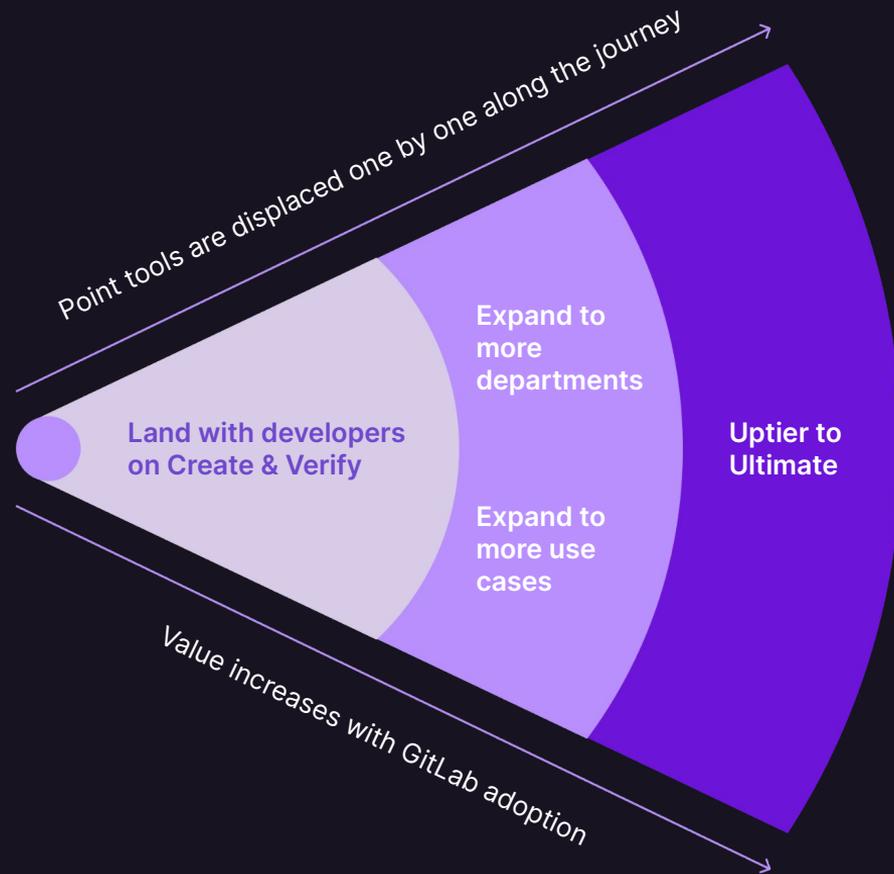
# Go-to-Market Strategy



# Leading the category via multi-faceted go-to-market



# Land and expand model



# Investing in building our ecosystem

## Cloud Partners



Allow GitLab to deliver better software faster. Our cloud native integrations are a direct line to environments trusted by developers

## Technology Partners



Integrate with GitLab to deliver customized DevOps solutions across industries and use cases

## Service Partners



Sales and integration partners that help customers achieve technical and business goals in digital transformation

### Representative Partners



# All users in a company are on the same tier

## Free

**\$0** per user  
per month

Buyer Persona: **Individual Contributors**

- All stages of the DevOps lifecycle
- Open source license (MIT)

## Premium

**\$19** per user  
per month

Buyer Persona: **Directors**  
(all users within organization  
have the same plan)

- All the benefits of Free
- Faster code reviews
- Operational insights
- Project management
- Code and deployment release controls
- 24/7 customer support

## Fastest Growing Tier

Growing at over 100%

## Ultimate

**\$99** per user  
per month

Buyer Persona: **Executives**  
(all users within organization  
have the same plan)

- All the benefits of Premium
- Advanced security testing
- Portfolio management
- Compliance and planning
- Value stream analytics
- Unlimited guest users at no additional cost



# Our Customers



# Global customers across a wide array of verticals

Transportation	Financial Services	Public Sector / Education	Consumer / Retail	Technology / Internet
				
				
				
				
				
				





**It's simple. All teams operate around this one tool. Instantly, that made communication easier. We wouldn't be where we are today if we didn't have GitLab in our stack.**

**Logan Weber**

Software Automation Engineer, Airbus



### **Problem**

Airbus wanted one platform to support a better developer workflow and collaboration

### **Solution**

GitLab Self Managed Premium

### **Result**

GitLab has delivered better code quality, and improved collaboration and developer happiness for Airbus.

- ✓ 144x increase in product release velocity.
- ✓ 425% increase in project growth – from 50 to 850 projects – in five years.
- ✓ Decreased feature release time from 24 hours to 10 minutes.

[Airbus case study](#)



**GitLab is far ahead of its competitors and provides one product which offers an easy-to-set-up, easy-to-start product with all these capabilities integrated.**

**Daniel Widerin**

Head of Software Delivery, Hilti



### **Problem**

Hilti wanted to enrich software capabilities, security, and source code management.

### **Solution**

GitLab Self Managed Ultimate

### **Result**

- ✓ 400% increase in code checks – increase from 6 to 24 code checks every three months.
- ✓ 50% shortened feedback loops – feedback loops decreased from 6 days to 3 days.
- ✓ 15 minute deployment time down from 3 hours.

[Hilti case study](#)

# Financial Highlights



# Financial Highlights

Q2 FY'2023

**\$404M**

Run-Rate Revenue<sup>1</sup>

**74%**

YoY Run-Rate  
Revenue Growth<sup>2</sup>

**5,864**

Base Customers<sup>1</sup>

**593**

> \$100K Customers

**89%**

Non-GAAP Gross  
Margin<sup>3</sup>

**>130%**

Dollar-Based Net  
Retention



<sup>1</sup> Definition can be found in the Appendix.

<sup>2</sup> Represents growth in revenue from annualized Q2 FY22 to annualized Q2 FY23.

<sup>3</sup> See Appendix for reconciliation with most directly comparable GAAP figure.

# Strong Momentum at Scale

Run-Rate Revenue<sup>1</sup> (millions)

**74%**  
YOY Growth

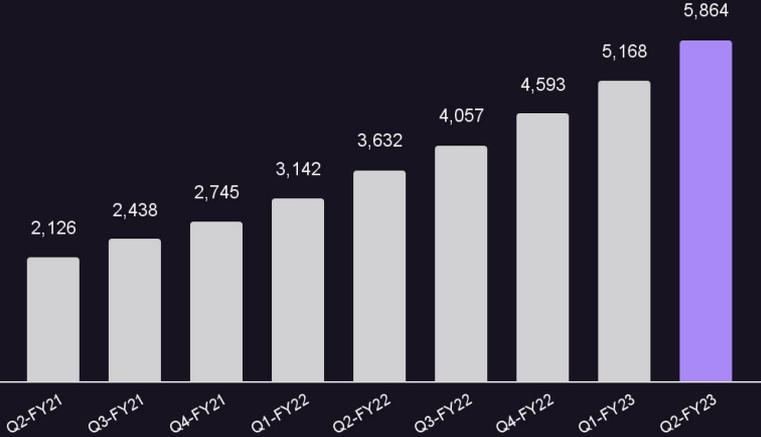


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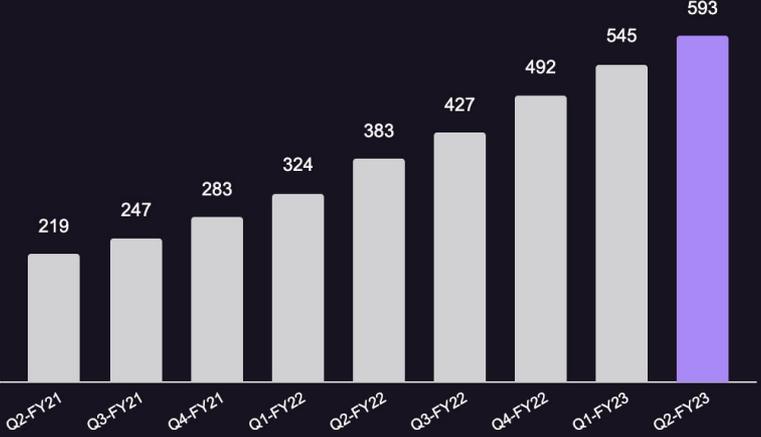


# Growing Customer Base

Base Customers <sup>1</sup>



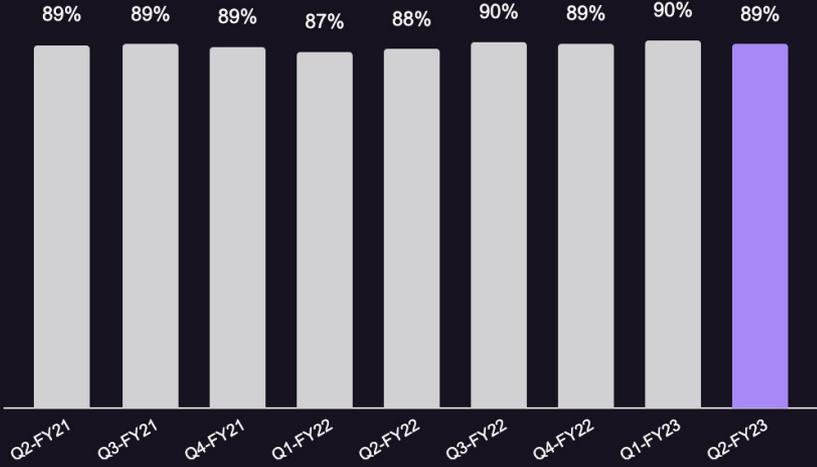
Customers Generating > \$100k ARR



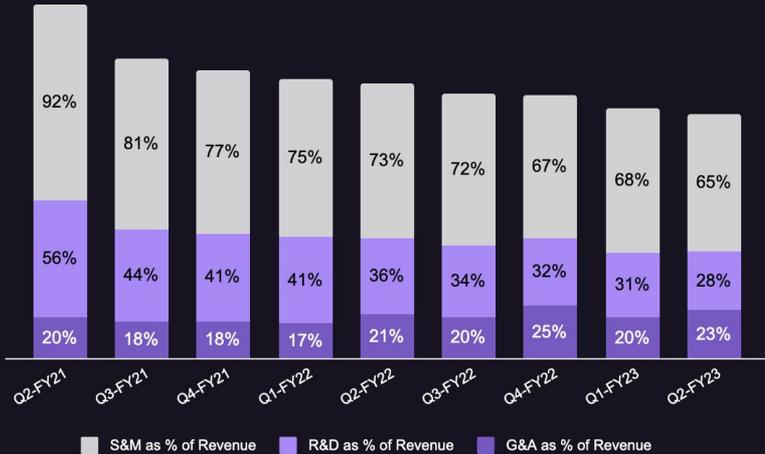
<sup>1</sup> Definition can be found in the Appendix.

# Continued Investment in Growth with Significant Operating Leverage

Non-GAAP Gross Margin <sup>1</sup>



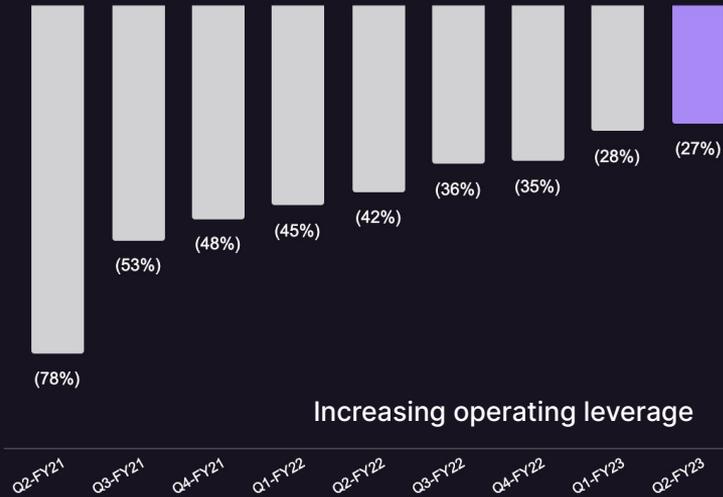
Non-GAAP Operating Expenses <sup>1</sup> (% of Revenue)



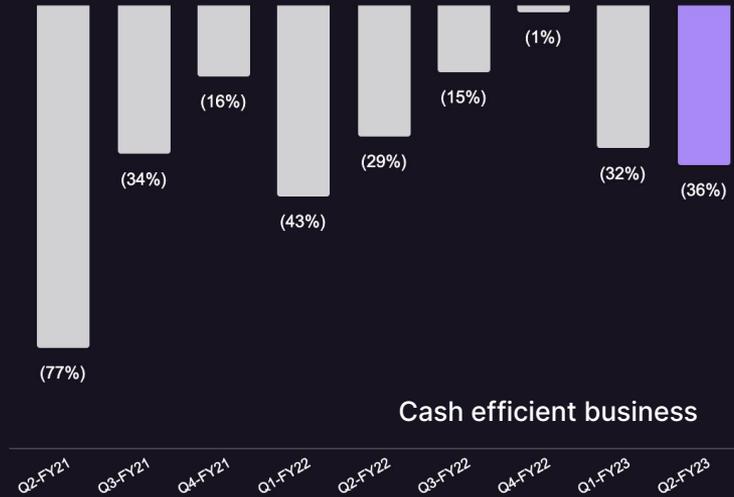
<sup>1</sup> Non-GAAP metrics—see Appendix for reconciliation with most directly comparable GAAP figure.

# Driving Operating Efficiency While Maintaining Growth

## Non-GAAP Operating Loss<sup>1</sup> (% of Revenue)



## GAAP Operating Cash Flow (% of Revenue)



<sup>1</sup> Non-GAAP metrics—see Appendix for reconciliation with most directly comparable GAAP figure.

# Enduring Tailwinds



**Platform shift** is still early, estimated \$40B TAM



High productivity helps **reduce growing cost** of quality engineers



Ultimate penetration has **room to expand**



Large and growing number of **open source registrations**



Strong **ARPU growth**



# Financial Outlook

Third Quarter and Fiscal Year 2023  
(\$ in millions, except per share data)

	<u>Q3FY 2023 Guidance</u>	<u>FY 2023 Guidance</u>
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	\$(0.16) - \$(0.15)	\$(0.67) - \$(0.64)



Note: Non-GAAP net loss per share assuming approximately 149 million and 148 million weighted average shares outstanding as of Q3 FY2023 and FY23, respectively.

# GAAP to Non-GAAP Reconciliation

Gross Profit (\$ in thousands)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>Q2 FY22</u>	<u>Q2 FY23</u>
GAAP Gross Profit	\$133,713	\$222,668	\$50,935	\$88,011
Add: Stock-based Compensation Expense	\$1,185	\$1,300	\$239	\$1,585
Add: Amortization of Intangible Assets	\$0	\$334	\$0	\$521
Non-GAAP Gross Profit	\$134,898	\$224,302	\$51,174	\$90,117
<i>Non-GAAP Gross Profit Margin %</i>	89%	89%	88%	89%



Note: Fiscal year ends January 31. Numbers are rounded for presentation purposes.

# GAAP to Non-GAAP Reconciliation

## Sales & Marketing Expense (\$ in thousands)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>Q2 FY22</u>	<u>Q2 FY23</u>
Sales & Marketing Expense	\$154,086	\$190,754	\$44,165	\$80,689
Less: Stock-based Compensation Expense	\$(21,504)	\$(10,550)	\$(1,687)	\$(14,851)
Non-GAAP Sales & Marketing Expense	\$132,582	\$180,204	\$42,478	\$65,838
<i>As % of Revenue</i>	87%	71%	73%	65%



Note: Fiscal year ends January 31. Numbers are rounded for presentation purposes.

# GAAP to Non-GAAP Reconciliation

## Research & Development Expense (\$ in thousands)

	FY 2021	FY 2022	Q2 FY22	Q2 FY23
Research & Development Expense	\$106,643	\$97,217	\$22,603	\$39,520
Less: Stock-based Compensation Expense	\$(31,519)	\$(8,305)	\$(1,541)	\$(11,339)
Non-GAAP Research & Development Expense	\$75,124	\$88,912	\$21,062	\$28,181
<i>As % of Revenue</i>	49%	35%	36%	28%



Note: Fiscal year ends January 31. Numbers are rounded for presentation purposes.

# GAAP to Non-GAAP Reconciliation

## General & Administrative Expense (\$ in thousands)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>Q2 FY22</u>	<u>Q2 FY23</u>
General & Administrative Expense	\$86,868	\$63,654	\$13,998	\$33,104
Less: Stock-based Compensation Expense	\$(57,638)	\$(9,854)	\$(1,765)	\$(9,972)
Add: Amortization of Acquired Intangibles	\$(222)	\$(331)	\$(85)	\$(74)
Non-GAAP General & Administrative Expense	\$29,008	\$53,469	\$12,148	\$23,058
<i>As % of Revenue</i>	19%	21%	21%	23%



Note: Fiscal year ends January 31. Numbers are rounded for presentation purposes.

# GAAP to Non-GAAP Reconciliation

Operating Loss (\$ in thousands)

	FY 2021	FY 2022	Q2 FY22	Q2 FY23
GAAP Operating Loss	\$(213,884)	\$(128,957)	\$(29,831)	\$(65,302)
Add: Stock-based Compensation Expense	\$111,846	\$30,009	\$5,232	\$37,747
Add: Amortization of Acquired Intangibles	\$222	\$665	\$85	\$595
Non-GAAP Operating Loss	\$(101,816)	\$(98,283)	\$(24,514)	\$(26,960)
<i>Non-GAAP Operating Loss Margin %</i>	<i>(67%)</i>	<i>(39%)</i>	<i>(42%)</i>	<i>(27%)</i>



Note: Fiscal year ends January 31. Numbers are rounded for presentation purposes.

# GAAP to Non-GAAP Reconciliation

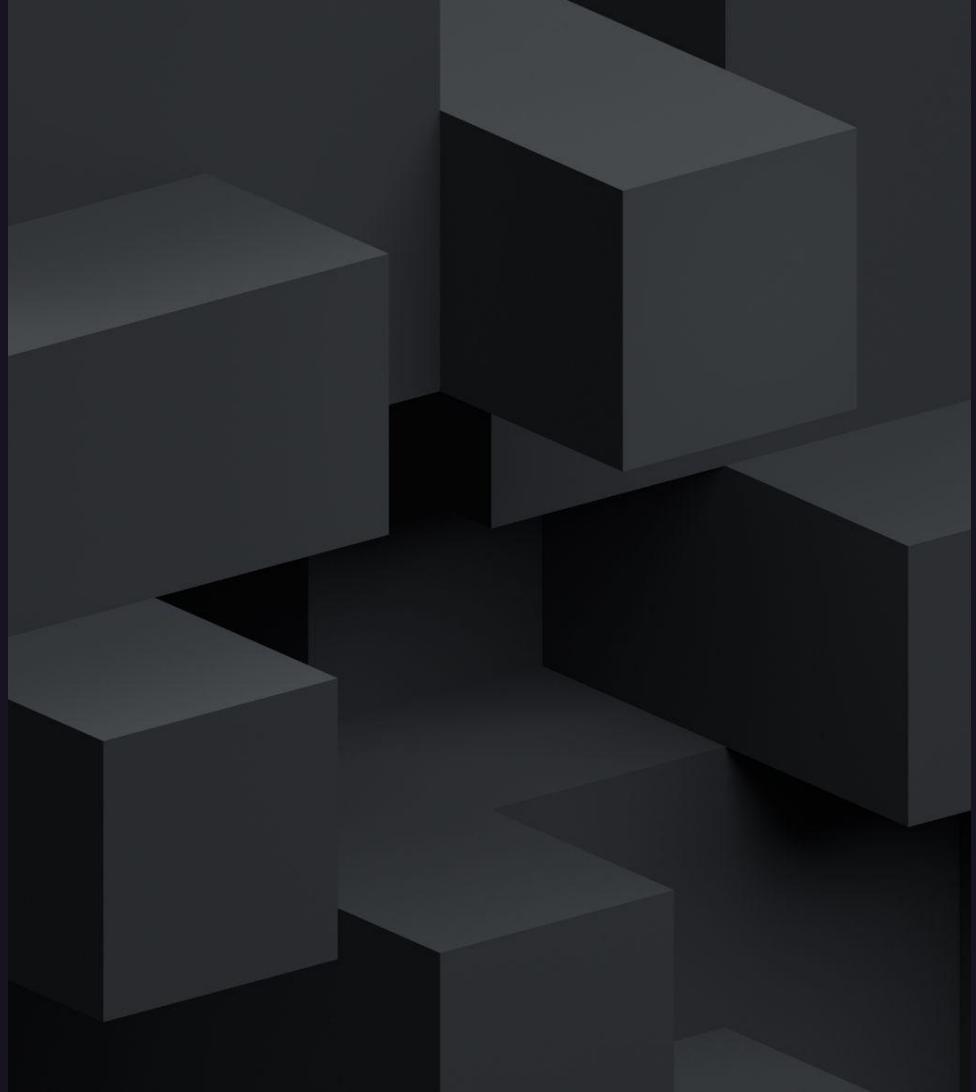
Net Loss Attributable to GitLab (\$ in thousands)

	FY 2021	FY 2022	Q2 FY22	Q2 FY23
Net Loss Attributable to GitLab	\$(192,194)	\$(155,138)	\$(40,189)	\$(59,024)
Add: Stock-based Compensation Expense	\$111,846	\$30,009	\$5,232	\$37,747
Add: Amortization of Acquired Intangibles	\$222	\$665	\$85	\$595
Add: Foreign Exchange (Gains) Losses, Net	\$(23,423)	\$29,140	\$8,821	\$(1,646)
Add: Loss from Equity Method Investment, Net of Tax	\$0	\$0	\$0	\$816
Add: De-Consolidation (Gains) Losses	\$0	\$0	\$0	\$0
Non-GAAP Net Loss Attributable to GitLab	\$(103,549)	\$(95,324)	\$(26,051)	\$(21,512)
<i>Non-GAAP Net Loss Margin %</i>	<i>(68%)</i>	<i>(38%)</i>	<i>(45%)</i>	<i>(21%)</i>



Note: Fiscal year ends January 31. Numbers are rounded for presentation purposes.

# Appendix



# Definitions

**Customer:** a single organization with separate subsidiaries, segments, or divisions that use The one DevOps Platform is considered a single customer for determining each organization's ARR. Reseller or distributor channel partners are not counted as customers. In cases where customers subscribe to The One DevOps Platform through our channel partners, each end customer is counted separately.

**Base Customers:** customers generating \$5,000 or more in ARR.

**Monthly Recurring Revenue ("MRR"):** aggregate monthly revenue for all customers during that month from committed contractual amounts of subscriptions, including self-managed and SaaS offerings but excluding professional services.

**Annual Recurring Revenue ("ARR"):** monthly recurring revenue multiplied by 12.

**Current Period ARR:** includes any upsells, price adjustments, user growth within a customer, contraction, and attrition.

**Dollar-Based Net Retention:** the percentage change in ARR derived from the customer base at a point in time. Calculated as of a period end by starting with customers as of 12 months prior to such period end ("Prior Period ARR"). Then ARR for the same customers is calculated as of the current period end ("Current Period ARR"). Then divide the total Current Period ARR by the total Prior Period ARR to arrive at the Dollar-Based Net Retention Rate.

**Run-Rate Revenue:** the sum of the most recent three months of revenue at the end of each quarter multiplied by 4.



# All-remote Company since 2014

- Wider, more diverse, and more uniquely skilled global talent pool
- Measurable objectives > prescribed hours
- Shifts based on when employees are most productive
- Engaged and passionate team
- No physical locations



**1,800+**

Team Members

**~60**

Countries

**2,600+**

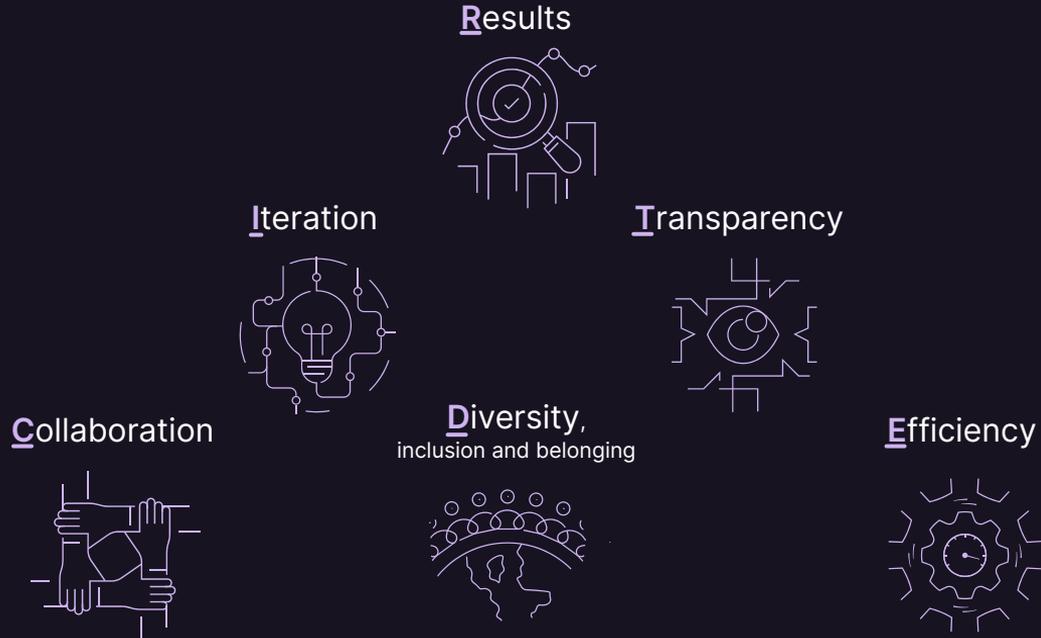
Handbook Webpages

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Offices

# Driven by a Distinguished Company Culture

**CREDIT** Value Hierarchy  
Prioritizes Results



Thank you

