



Amplitude Announces Third Quarter 2021 Financial Results

November 9, 2021

- Revenue of \$45.5M, up 72% year-over-year
- Current Remaining Performance Obligations of \$125.9M, up 66% year over year

SAN FRANCISCO--(BUSINESS WIRE)--Nov. 9, 2021-- Amplitude, Inc. (Nasdaq: AMPL), the pioneer in digital optimization, today announced financial results for its third quarter ended September 30, 2021.

"Digital products are powering how businesses operate, go to market and generate revenue," said Spenser Skates, CEO and co-founder of Amplitude. "Organizations have to optimize their digital transformation investments, and to do so they are turning to Amplitude to drive product strategy, innovation and growth. Good execution combined with strong demand for the Amplitude Digital Optimization System drove our third quarter results. We believe we are in the very early stages of a large market opportunity and that Amplitude can help companies of various sizes and digital maturities build great products through data."

Third Quarter 2021 Financial Highlights:

(in millions, except per share and percentage amounts)

	Third Quarter 2021	Third Quarter 2020	Year-Over-Year Change
Revenue	\$45.5	\$26.4	72%
Remaining Performance Obligations	\$152.0	\$84.8	79%
Current Remaining Performance Obligations	\$125.9	\$75.7	66%
GAAP Loss from Operations	\$(36.8)	\$(2.4)	\$(34.4)
Non-GAAP Loss from Operations	\$(2.3)	\$(0.7)	\$(1.6)
GAAP Net Loss Per Share	\$(0.93)	\$(0.10)	\$(0.83)
Non-GAAP Net Loss Per Share	\$(0.05)	\$(0.03)	\$(0.02)
Net Cash provided by (used in) Operating Activities	\$(15.1)	\$2.5	\$(17.6)
Free Cash Flow	\$(15.8)	\$1.9	\$(17.7)

Non-GAAP loss from operations and non-GAAP net loss per share exclude expenses related to stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets, and non-recurring costs, such as direct listing costs. Direct listing costs were \$16.1 million in the third quarter of 2021 and there were no direct listing costs in the third quarter of 2020. Free cash flow is GAAP net cash provided by (used in) operating activities, less cash used for purchases of property and equipment and capitalized internal-use software costs. The section titled "Non-GAAP Financial Measures" below contains a description of the non-GAAP financial measures and reconciliations between historical GAAP and non-GAAP information are contained in the tables below.

Third Quarter and Recent Business Highlights

- Number of paying customers grew 54% year-over-year to 1,417.
- Dollar-based net retention rate at the end of September 30, 2021, was 121% compared to 119% at the end of September 30, 2020.
- Announced the appointment of Jim Whitehurst, formerly president of IBM and CEO of Red Hat, to Amplitude's Board of

Directors.

- Completed the direct listing of Amplitude's Class A common stock which began trading on the Nasdaq Capital Market on September 28, 2021.

Financial Outlook:

The fourth quarter and full year 2021 outlook information provided below are based on Amplitude's current estimates and are not a guarantee of future performance. These statements are forward-looking and actual results may differ materially. Refer to the "Forward-Looking Statements" section below for information on the factors that could cause Amplitude's actual results to differ materially from these forward-looking statements.

For the fourth quarter and full year 2021, the Company expects:

	Fourth Quarter 2021	Full Year 2021
Revenue	\$46 - \$47 million	\$163.8 - \$164.8 million
Non-GAAP Loss from Operations	\$(9.2) - \$(8.2) million	\$(18.5) - \$(17.5) million
Non-GAAP Net Loss Per Share	\$(0.08) - \$(0.07)	\$(0.37) - \$(0.35)
Weighted Average Shares Outstanding ⁽¹⁾	108.5 million	51.5 million

Weighted Average Shares Outstanding: The Weighted Average Shares Outstanding used in the calculation of loss per share takes into account (1) the preferred stock conversion to common stock and certain RSUs that vested upon our direct listing in September. This timing is the reason for the difference in weighted average number of shares in the fourth quarter 2021 relative to full year 2021.

An outlook for GAAP loss from operations and GAAP net loss per share and a reconciliation of expected non-GAAP loss from operations to GAAP loss from operations and expected non-GAAP net loss per share to GAAP net loss per share have not been provided as the quantification of certain items included in the calculation of GAAP loss from operations and GAAP net loss per share cannot be reasonably calculated or predicted at this time without unreasonable efforts. For example, the non-GAAP adjustment for stock-based compensation expense requires additional inputs such as the number and value of awards granted that are not currently ascertainable, and the non-GAAP adjustment for amortization of acquired intangible assets depends on the timing and value of intangible assets acquired that cannot be accurately forecasted.

Conference Call Information:

Amplitude will host a live video webcast to discuss its financial results for the third quarter ended September 30, 2021, as well as the financial outlook for its fourth quarter and full year 2021 today at 2:00 PM Pacific Time / 5:00 PM Eastern Time. A replay will be available a few hours after the conclusion of the live webcast. Interested parties can access these on the events section of Amplitude's investor relations page at investors.amplitude.com.

Forward-Looking Statements:

This press release contains express and implied "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's financial outlook for the fourth quarter of 2021 and full year 2021, the Company's growth strategy and business aspirations and its market position. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would," and "outlook," or the negative version of those words or phrases or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not statements of historical fact, and are based on current expectations, estimates, and projections about the Company's industry as well as certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond the Company's control. These statements are subject to numerous uncertainties and risks that could cause actual results, performance, or achievement to differ materially and adversely from those anticipated or implied in the statements, including risks related to: the Company's limited operating history and rapid growth over the last several years, which makes it difficult to forecast the Company's future results of operations; the Company's history of losses; any decline in the Company's customer retention or expansion of its commercial relationships with existing customers or an inability to attract new customers; expected fluctuations in the Company's financial results, making it difficult to project future results; the Company's focus on sales to larger organizations and potentially increased dependency on those relationships, which may increase the variability of the Company's sales cycles and results of operations; downturns or upturns in new sales, which may not be immediately reflected in the Company's results of operations and may be difficult to discern; unfavorable conditions in the Company's industry or the global economy, or reductions in information technology spending, which could limit the Company's ability to grow its business; the market for SaaS applications, which may develop more slowly than the Company expects or decline; the Company's intellectual property rights, which may not protect its business or provide the Company with a competitive advantage; and evolving privacy and other data-related laws. Additional risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are or will be included under the caption "Risk Factors" and elsewhere in the reports and other documents that the Company files with the Securities and Exchange Commission from time to time. The forward-looking statements made in this press release relate only to events as of the date on which the statements are made. The Company undertakes no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.

Non-GAAP Financial Measures:

This press release includes financial information that has not been prepared in accordance with GAAP. The Company uses non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating the Company's ongoing operational performance. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial results with other companies in the industry, many of which present similar non-GAAP financial measures to investors. There are a number of limitations related to the use of non-GAAP financial measures versus comparable financial measures determined under U.S. GAAP. For example, other companies in the Company's industry may calculate these non-GAAP financial measures differently or may use other measures to evaluate their performance. In addition, free cash flow does not reflect the Company's future contractual commitments and the total increase or decrease of its cash balance for a given period.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the Company's non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures below.

Non-GAAP Gross Profit, Non-GAAP Gross Margin, Non-GAAP Operating Expenses, Non-GAAP Loss from Operations, Non-GAAP Operating Margin, Non-GAAP Net Loss, and Non-GAAP Loss per Share.

The Company defines these non-GAAP financial measures as their respective GAAP measures, excluding expenses related to stock-based compensation expense and related employer payroll taxes, amortization of acquired intangible assets, and non-recurring costs, such as direct listing costs. The Company excludes stock-based compensation expense and related employer payroll taxes, which is a non-cash expense, from certain of its non-GAAP financial measures because it believes that excluding this item provides meaningful supplemental information regarding operational performance. The Company excludes amortization of intangible assets, which is a non-cash expense, related to business combinations from certain of its non-GAAP financial measures because such expenses are related to business combinations and have no direct correlation to the operation of the Company's business. Although the Company excludes these expenses from certain non-GAAP financial measures, the revenue from acquired companies subsequent to the date of acquisition is reflected in these measures and the acquired intangible assets contribute to the Company's revenue generation. The Company excludes non-recurring costs from certain of its non-GAAP financial measures because such expenses do not repeat period over period and are not reflective of the ongoing operation of the Company's business.

The Company uses non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP loss from operations, non-GAAP operating margin, non-GAAP net loss and non-GAAP loss per share in conjunction with its traditional U.S. GAAP measures to evaluate the Company's financial performance. The Company believes that these measures provide its management and investors consistency and comparability with its past financial performance and facilitates period-to-period comparisons of operations.

Free Cash Flow and Margin. The Company defines free cash flow as net cash provided by (used in) operating activities, less cash used for purchases of property and equipment and capitalized internal-use software costs. The Company believes that free cash flow is a useful indicator of liquidity that provides its management, board of directors, and investors with information about its future ability to generate or use cash to enhance the strength of its balance sheet and further invest in its business and pursue potential strategic initiatives. Free cash flow margin is calculated as free cash flow divided by total revenue.

Definitions of Business Metrics

Dollar-based net retention rate

The Company calculates dollar-based net retention rate as of a period end by starting with the Annual Recurring Revenue ("ARR") from the cohort of all customers as of 12 months prior to such period-end (the "Prior Period ARR"). The Company then calculates the ARR from these same customers as of the current period-end (the "Current Period ARR"). Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months, but excludes ARR from new customers as well as any overage charges in the current period. The Company then divides the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. The Company then calculates the weighted-average of the trailing 12-month point-in-time dollar-based net retention rates, to arrive at the dollar-based net retention rate.

The Company defines ARR as the annual recurring revenue of subscription agreements at a point in time based on the terms of customers' contracts. ARR should be viewed independently of revenue, and does not represent the Company's U.S. GAAP revenue on an annualized basis, as it is an operating metric that can be impacted by contract start and end dates and renewal rates.

About Amplitude

Amplitude is the pioneer in digital optimization software. More than 1,400 customers, including Atlassian, Instacart, NBCUniversal, Shopify, and Under Armour, rely on Amplitude to help them innovate faster and smarter by answering the strategic question: "How do our digital products drive our business?" The Amplitude Digital Optimization System makes critical data accessible and actionable to every team — unifying product, marketing, developers, and executive teams around a new depth of customer understanding and common visibility into what drives business outcomes. Amplitude is the best-in-class product analytics solution, ranked #1 by G2. Learn how to optimize your digital products and business at amplitude.com.

**AMPLITUDE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)**

(unaudited)

September 30, December 31,
2021 2020

Assets		
Current assets:		
Cash and cash equivalents	\$ 317,763	\$ 117,783
Restricted cash, current	1,081	1,080
Accounts receivable, net	22,834	17,396
Prepaid expenses and other current assets	18,826	6,857
Deferred commissions, current	7,427	5,563
Total current assets	367,931	148,679
Property and equipment, net	3,886	2,673
Intangible assets, net	4,054	1,955
Goodwill	4,073	1,000
Restricted cash, noncurrent	850	-
Deferred commissions, noncurrent	18,683	13,877
Other noncurrent assets	10,424	6,898
Total assets	\$ 409,901	\$ 175,082
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 3,218	\$ 4,417
Accrued expenses	24,836	8,110
Deferred revenue	71,457	40,797
Total current liabilities	99,511	53,324
Noncurrent liabilities	2,142	1,067
Total liabilities	101,653	54,391
Redeemable convertible preferred stock	-	187,811
Stockholders' equity (deficit):		
Common stock	1	-
Additional paid-in capital	466,152	37,704
Accumulated deficit	(157,905)	(104,824)
Total stockholders' equity (deficit)	308,248	(67,120)
Total liabilities, redeemable convertible preferred stock, and stockholders' equity (deficit)	\$ 409,901	\$ 175,082

AMPLITUDE, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share amounts)****(unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 45,473	\$ 26,366	\$ 117,837	\$ 72,388
Cost of revenue (1)	13,982	7,765	36,372	21,281
Gross profit	31,491	18,601	81,465	51,107
Operating expenses:				
Research and development (1)	18,493	5,586	34,022	19,727
Sales and marketing (1)	22,199	11,482	59,009	36,851
General and administrative (1)	27,567	3,918	41,098	13,416
Total operating expenses	68,259	20,986	134,129	69,994
Loss from operations	(36,768)	(2,385)	(52,664)	(18,887)
Other income (expense), net	123	18	143	245
Loss before provision for (benefit from) income taxes	(36,645)	(2,367)	(52,521)	(18,642)
Provision for (benefit from) income taxes	(86)	207	560	555
Net loss	\$ (36,559)	\$ (2,574)	\$ (53,081)	\$ (19,197)
Net loss per share				
Basic and diluted	\$ (0.93)	\$ (0.10)	\$ (1.64)	\$ (0.78)
Weighted-average shares used in calculating net loss per share:				
Basic and diluted	39,301	25,147	32,362	24,750

(1) Amounts include stock-based compensation expense as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of revenue	\$ 425	\$ 167	\$ 909	\$ 411

Research and development	7,390	513	9,454	4,498
Sales and marketing	2,312	495	4,001	4,199
General and administrative	4,412	263	5,773	2,815
Total stock-based compensation expense	\$ 14,539	\$ 1,438	\$ 20,137	\$ 11,923

AMPLITUDE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cash flows from operating activities:				
Net loss	\$ (36,559)	\$ (2,574)	\$ (53,081)	\$ (19,197)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Depreciation and amortization	873	452	2,210	1,141
Stock-based compensation expense	14,541	1,437	20,137	11,923
Allowance for doubtful accounts, net of recoveries	(9)	12	(34)	126
Other	(377)	-	(377)	-
Changes in operating assets and liabilities:				
Accounts receivable	2,416	(3,511)	(5,389)	(3,886)
Prepaid expenses and other current assets	(6,843)	603	(11,931)	1,634
Deferred commissions	(1,154)	(1,902)	(6,671)	(3,788)
Other noncurrent assets	(835)	(364)	(3,526)	(2,227)
Accounts payable	(501)	360	(1,200)	357
Accrued expenses	2,319	1,079	7,546	(140)
Deferred revenue	10,407	6,857	30,633	6,531
Noncurrent liabilities	636	92	1,074	125
Net cash provided by (used in) operating activities	(15,086)	2,541	(20,609)	(7,401)
Cash flows from investing activities:				
Purchase of property and equipment	(302)	(216)	(957)	(478)
Cash paid for acquisitions, net of cash acquired	(1)	-	1,724	(3,700)

Capitalization of internal-use software costs	(394	)	(457	)	(1,125	)	(924)
Net cash used in investing activities	(697	)	(673	)	(358	)	(5,102)
Cash flows from financing activities:								
Proceeds from issuance of redeemable convertible preferred stock, net	26,500		(1	)	199,802		49,820	
Proceeds from the exercise of stock options	10,623		308		16,634		1,374	
Cash received for tax withholding obligations on equity award settlements	105,499		274		106,919		401	
Cash paid for tax withholding obligations on equity award settlements	(100,136	)	(274	)	(101,556	)	(401)
Repurchase of unvested stock options	(1	)	-		(1	)	(2)
Net cash provided by financing activities	42,485		307		221,798		51,192	
Net increase in cash, cash equivalents, and restricted cash	26,702		2,175		200,831		38,689	
Cash, cash equivalents, and restricted cash at beginning of the period	292,992		117,432		118,863		80,918	
Cash, cash equivalents, and restricted cash at end of the period	\$ 319,694		\$ 119,607		\$ 319,694		\$ 119,607	

AMPLITUDE, INC.

Reconciliation of GAAP to Non-GAAP Data

(In thousands, except percentages)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Reconciliation of gross profit and gross margin				
GAAP gross profit	\$ 31,491	\$ 18,601	\$ 81,465	\$ 51,107
Plus: stock-based compensation expense and related employer payroll taxes	426	167	909	410
Plus: amortization of acquired intangible assets	500	-	1,151	-
Non-GAAP gross profit	\$ 32,417	\$ 18,768	\$ 83,525	\$ 51,517
GAAP gross margin	69.3	% 70.5	% 69.1	% 70.6
Non-GAAP adjustments	2.0	% 0.6	% 1.7	% 0.6
Non-GAAP gross margin	71.3	% 71.2	% 70.9	% 71.2
Reconciliation of operating expenses				
GAAP research and development	\$ 18,493	\$ 5,586	\$ 34,022	\$ 19,727

Less: stock-based compensation expense and related employer payroll taxes	(9,894)	(522)	(12,023)	(4,508)
Less: amortization of acquired intangible assets	-	(227)	-	(518)
Non-GAAP research and development	\$ 8,599	\$ 4,837	\$ 21,999	\$ 14,701
GAAP research and development as percentage of revenue	40.7 %	21.2 %	28.9 %	27.3 %
Non-GAAP research and development as percentage of revenue	18.9 %	18.3 %	18.7 %	20.3 %
GAAP sales and marketing	\$ 22,199	\$ 11,482	\$ 59,009	\$ 36,851
Less: stock-based compensation expense and related employer payroll taxes	(2,835)	(509)	(4,544)	(4,221)
Less: direct listing expenses	-	-	(13)	-
Non-GAAP sales and marketing	\$ 19,364	\$ 10,973	\$ 54,452	\$ 32,630
GAAP sales and marketing as percentage of revenue	48.8 %	43.5 %	50.1 %	50.9 %
Non-GAAP sales and marketing as percentage of revenue	42.6 %	41.6 %	46.2 %	45.1 %
GAAP general and administrative	\$ 27,567	\$ 3,918	\$ 41,098	\$ 13,416
Less: stock-based compensation expense and related employer payroll taxes	(4,776)	(265)	(6,169)	(2,831)
Less: direct listing expenses	(16,052)	-	(18,178)	-
Non-GAAP general and administrative	\$ 6,739	\$ 3,653	\$ 16,751	\$ 10,585
GAAP general and administrative as percentage of revenue	60.6 %	14.9 %	34.9 %	18.5 %
Non-GAAP general and administrative as percentage of revenue	14.8 %	13.9 %	14.2 %	14.6 %
Reconciliation of operating loss and operating margin				
GAAP loss from operations	\$ (36,768)	\$ (2,385)	\$ (52,664)	\$ (18,887)
Plus: stock-based compensation expense and related employer payroll taxes	17,931	1,463	23,645	11,970
Plus: amortization of acquired intangible assets	500	227	1,151	518
Plus: direct listing expenses	16,052	-	18,191	-
Non-GAAP loss from operations	\$ (2,285)	\$ (695)	\$ (9,677)	\$ (6,399)
GAAP operating margin	(80.8 %)	(9.0 %)	(44.7 %)	(26.1 %)
Non-GAAP adjustments	75.8 %	6.4 %	36.5 %	17.3 %
Non-GAAP operating margin	(5.0 %)	(2.6 %)	(8.2 %)	(8.8 %)
Reconciliation of net loss				
GAAP net loss	\$ (36,559)	\$ (2,574)	\$ (53,081)	\$ (19,197)

Plus: stock-based compensation expense and related employer payroll taxes	17,931	1,463	23,645	11,970
Plus: amortization of acquired intangible assets	500	227	1,151	518
Plus: direct listing expenses	16,052	-	18,191	-
Non-GAAP net loss	\$ (2,076)	\$ (884)	\$ (10,094)	\$ (6,709)
Reconciliation of net loss per share				
GAAP net loss per share, basic and diluted	\$ (0.93)	\$ (0.10)	\$ (1.64)	\$ (0.78)
Non-GAAP adjustments to net loss	0.88	0.07	1.33	0.50
Non-GAAP net loss per share, basic and diluted	\$ (0.05)	\$ (0.03)	\$ (0.31)	\$ (0.28)
Weighted-average shares used in GAAP and non-GAAP per share calculation, basic and diluted	39,301	25,147	32,362	24,750

Note: Certain figures may not sum due to rounding

AMPLITUDE, INC.

Reconciliation of GAAP Cash Flows from Operations to Free Cash Flows

(In thousands, except for percentages)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net cash provided by (used in) operating activities	\$ (15,086)	\$ 2,541	\$ (20,609)	\$ (7,401)
Less:				
Purchases of property and equipment	(302)	(216)	(957)	(478)
Capitalization of internal-use software costs	(394)	(457)	(1,125)	(924)
Free cash flow	\$ (15,782)	\$ 1,868	\$ (22,691)	\$ (8,803)
Net cash provided by (used in) operating activities margin	(33.2 %)	9.6 %	(17.5 %)	(10.2 %)
Non-GAAP adjustments	(1.5 %)	(2.6 %)	(1.8 %)	(1.9 %)
Free cash flow margin	(34.7 %)	7.1 %	(19.3 %)	(12.2 %)

Note: Certain figures may not sum due to rounding

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