



Asana Announces Record Second Quarter Fiscal 2022 Revenues

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Second quarter revenue growth accelerated to 72% year over year

Revenues from customers spending \$5,000 or more on an annualized basis grew 97% year over year

Customers spending \$50,000 or more on an annualized basis increased to 598, up 111% year over year

Raised fiscal year 2022 revenue outlook

SAN FRANCISCO--(BUSINESS WIRE)-- Asana, Inc. (NYSE: ASAN)(LTSE: ASAN), a leading work management platform for teams, today reported financial results for its second quarter fiscal 2022 ended July 31, 2021.

"In the second quarter we accelerated total revenue growth, continued to report strong customer growth and increased dollar-based net retention rates across the board," said Dustin Moskovitz, co-founder and chief executive officer of Asana. "Customers are adopting Asana everywhere: across our major geographies and across all sizes of teams. We saw particular strength in the enterprise, with the number of customers spending over \$50,000 up 111 percent. Stay tuned for more enterprise announcements in October."

Second Quarter Fiscal 2022 Financial Highlights

- **Revenues:** Revenues were \$89.5 million, an increase of 72% year over year.
- **Operating Loss:** GAAP operating loss was \$60.1 million, or 67% of revenues, compared to GAAP operating loss of \$33.6 million, or 65% of revenues, in the second quarter of fiscal 2021. Non-GAAP operating loss was \$38.6 million, or 43% of revenues, compared to non-GAAP operating loss of \$27.2 million, or 52% of revenues, in the second quarter of fiscal 2021.
- **Net Loss:** GAAP net loss was \$68.4 million, compared to GAAP net loss of \$41.1 million in the second quarter of fiscal 2021. GAAP net loss per share was \$0.40, compared to GAAP net loss per share of \$0.54 in the second quarter of fiscal 2021. Non-GAAP net loss was \$39.8 million, compared to non-GAAP net loss of \$26.3 million in the second quarter of fiscal 2021. Non-GAAP net loss per share was \$0.23, compared to non-GAAP net loss per share of \$0.34 in the second quarter of fiscal 2021.
- **Cash Flow:** Cash flows from operating activities were negative \$8.5 million, compared to negative \$22.1 million in the second quarter of fiscal 2021. Free cash flow was negative \$9.3 million, compared to negative \$21.9 million in the second quarter of fiscal 2021.

Business Highlights

- Ended the second quarter with over 107,000 paying customers.
- The number of customers spending \$5,000 or more on an annualized basis grew to 12,806, an increase of 61% year over year. Revenues from these customers grew 97% year over year.
- The number of customers spending \$50,000 or more on an annualized basis grew to 598, an increase of 111% year over year.
- Overall dollar-based net retention rate was over 118%.
- Dollar-based net retention rate for customers with \$5,000 or more in annualized spend was over 125%.
- Dollar-based net retention rate for customers with \$50,000 or more in annualized spend was over 145%.
- Unveiled new productivity suite features including video messaging, intelligent prioritization and smart calendar assistant, and a new desktop app.
- Expanded to include three new languages - Korean, Swedish, and Italian. Asana is now available in 13 languages, empowering global teams in their native languages.
- Announced Asana app for Zoom, available in the Zoom App Marketplace, allowing distributed teams to drive meeting workflows and collaborate.
- Topped G2's Enterprise Grid [®] for the eighth consecutive quarter.

- Recognized by Fortune and Great Place to Work® as one of the Best Small & Medium Workplaces for 2021. Marking the fifth year for Asana in the list's top ten rankings.

Financial Outlook

For the third quarter of fiscal 2022, Asana expects:

- Revenues of \$93 million to \$94 million, representing year over year growth of 58% to 60%.
- Non-GAAP operating loss of \$49 million to \$47 million.
- Non-GAAP net loss per share of \$0.27 to \$0.26, assuming basic and diluted weighted average shares outstanding of approximately 184 million.

For fiscal year 2022, Asana expects revenues of \$357 million to \$359 million, representing year over year growth of 57% to 58%.

These statements are forward-looking and actual results may materially differ. Refer to the "Forward-Looking Statements" section below for information on the factors that could cause Asana's actual results to materially differ from these forward-looking statements.

A reconciliation of non-GAAP outlook measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, many of these costs and expenses that may be incurred in the future. Asana has provided a reconciliation of GAAP to non-GAAP financial measures in the financial statement tables for its second quarter fiscal 2022 non-GAAP results included in this press release.

Earnings Conference Call Information

Asana will hold a conference call and live webcast today to discuss these results at 1:30 p.m. Pacific Time. A live and replay webcast will be available on the Asana Investor Relations website at: <https://investors.asana.com>.

Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, statements about Asana's outlook for the third fiscal quarter and the full fiscal year ending January 31, 2022, Asana's market position, and potential market opportunities. Forward-looking statements generally relate to future events or Asana's future financial or operating performance. Forward-looking statements include all statements that are not historical facts and in some cases can be identified by terms such as "anticipate," "expect," "intend," "plan," "believe," "continue," "could," "potential," "remain," "may," "might," "will," "would," or similar expressions and the negatives of those terms. However, not all forward-looking statements contain these identifying words. Forward-looking statements involve known and unknown risks, uncertainties and other factors, including factors beyond Asana's control, that may cause Asana's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, risks and uncertainties related to: Asana's ability to achieve future growth and sustain its growth rate, Asana's ability to attract and retain customers and increase sales to its customers, Asana's ability to develop and release new products and services and to scale its platform, Asana's ability to increase adoption of its platform through Asana's self-service model, Asana's ability to maintain and grow its relationships with strategic partners, the highly competitive and rapidly evolving market in which Asana participates, Asana's international expansion strategies, and the impact of the COVID-19 pandemic. Further information on risks that could cause actual results to differ materially from forecasted results are included in Asana's filings with the SEC, including Asana's Quarterly Report on Form 10-Q for the quarter ended April 30, 2021. Any forward-looking statements contained in this press release are based on assumptions that Asana believes to be reasonable as of this date. Except as required by law, Asana assumes no obligation to update these forward-looking statements, or to update the reasons if actual results differ materially from those anticipated in the forward-looking statements.

Use of Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, Asana uses certain non-GAAP financial measures to understand and evaluate its core operating performance. In this release, Asana's non-GAAP gross profit, gross margin, operating expenses, operating expenses as a percentage of revenue, operating loss, operating margin, net loss, net loss per share, free cash flow are not presented in accordance with GAAP and are not intended to be used in lieu of GAAP presentations of results of operations. These non-GAAP financial measures, which may be different from similarly titled measures used by other companies, are presented to enhance investors' overall understanding of Asana's financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of the non-GAAP financial measures to such GAAP measures can be found in the accompanying financial statements included with this press release.

Asana believes that these non-GAAP financial measures provide useful information about its financial performance, enhance the overall understanding of Asana's past performance and future prospects, facilitate period-to-period comparisons of operations, and allow for greater transparency with respect to important metrics used by Asana's management for financial and operational decision-making. Asana is presenting these non-GAAP financial metrics to assist investors in seeing its financial performance through the eyes of management, and because Asana believes that these measures provide an additional tool for investors to use in comparing its core financial performance over multiple periods with other companies in Asana's industry.

Asana believes excluding the following items from the GAAP Condensed Consolidated Statements of Operations is useful to investors and others in assessing Asana's operating performance due to the following factors:

- *Share-based compensation expenses.* Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer

companies.

- *Employer payroll tax associated with RSUs.* The amount of employer payroll tax-related items on employee stock transactions is dependent on Asana's stock price and other factors that are beyond its control and that do not correlate to the operation of the business.
- *Non-cash and non-recurring expenses.* Non-cash expenses include the amortization of debt discount and non-cash interest related to the senior mandatory convertible promissory notes and non-recurring expenses include direct listing fees. Asana believes the exclusion of the non-cash and non-recurring items provides useful supplemental information to investors and facilitates the analysis of our operation results and comparison of operating results across reporting periods.

There are a number of limitations related to the use of non-GAAP measures as compared to GAAP measures of gross profit, operating expenses, operating loss and net loss, including that the non-GAAP measures exclude stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense in Asana's business and an important part of its compensation strategy.

Asana also uses the non-GAAP financial measure of free cash flow, which is defined as net cash used in operating activities less cash used for purchases of property and equipment and capitalized internal-use software costs, plus non-recurring expenditures such as capital expenditures from the purchases of property and equipment associated with the build-out of Asana's corporate headquarters in San Francisco and direct listing expenses. Asana believes free cash flow is an important liquidity measure of the cash that is available, after capital expenditures and operational expenses, for investment in its business and to make acquisitions. Free cash flow is useful to investors as a liquidity measure because it measures Asana's ability to generate or use cash. There are a number of limitations related to the use of free cash flow as compared to net cash from operating activities, including that free cash flow includes capital expenditures, the benefits of which are realized in periods subsequent to those when expenditures are made.

Definitions of Business Metrics

Customers spending over \$5,000 and \$50,000

We define customers spending over \$5,000 and \$50,000 as those organizations on a paid subscription plan that had \$5,000 or more or \$50,000 or more in annualized GAAP revenues in a given quarter, respectively, inclusive of discounts.

Dollar-based net retention rate

Asana's reported dollar-based net retention rate equals the simple arithmetic average of its quarterly dollar-based net retention rate for the four quarters ending with the most recent fiscal quarter. Asana calculates its dollar-based net retention rate by comparing its revenues from the same set of customers in a given quarter, relative to the comparable prior-year period. To calculate Asana's dollar-based net retention rate for a given quarter, Asana starts with the revenues in that quarter from customers that generated revenues in the same quarter of the prior year. Asana then divides that amount by the revenues attributable to that same group of customers in the prior-year quarter. Current period revenues include any upsells and are net of contraction or attrition over the trailing 12 months, but exclude revenues from new customers in the current period. Asana expects its dollar-based net retention rate to fluctuate in future periods due to a number of factors, including the expected growth of its revenue base, the level of penetration within its customer base, and its ability to retain its customers.

About Asana

Asana helps teams orchestrate their work, from small projects to strategic initiatives. Headquartered in San Francisco, CA, Asana has more than 107,000 paying customers and millions of free organizations across 190 countries. Global customers such as Amazon, Japan Airlines, Sky, and Under Armour rely on Asana to manage everything from company objectives to digital transformation to product launches and marketing campaigns. For more information, visit www.asana.com.

Disclosure of Material Information

Asana announces material information to its investors using SEC filings, press releases, public conference calls, and on its investor relations page of Asana's website at <https://investors.asana.com>. Asana uses these channels, as well as social media, including its Twitter account (@asana), its blog (blog.asana.com), its LinkedIn page (www.linkedin.com/company/asana), its Instagram account (@asana), and its Facebook page (www.facebook.com/asana/), to communicate with investors and the public about Asana, its products and services and other matters. Therefore, Asana encourages investors, the media and others interested in Asana to review the information it makes public in these locations, as such information could be deemed to be material information.

ASANA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Revenues	\$ 89,478	\$ 52,024	\$ 166,151	\$ 99,730
Cost of revenues ⁽¹⁾	9,869	7,021	17,783	13,227
Gross profit	79,609	45,003	148,368	86,503
Operating expenses:				
Research and development ⁽¹⁾	48,454	25,959	88,421	48,342
Sales and marketing ⁽¹⁾	63,930	38,822	120,714	74,913

General and administrative ⁽¹⁾	27,276	13,806	49,266	25,917
Total operating expenses	139,660	78,587	258,401	149,172
Loss from operations	(60,051)	(33,584)	(110,033)	(62,669)
Interest income and other income (expense), net	(328)	1,045	(320)	1,399
Interest expense	(7,351)	(8,364)	(17,725)	(15,355)
Loss before provision for income taxes	(67,730)	(40,903)	(128,078)	(76,625)
Provision for income taxes	625	163	935	286
Net loss	\$ (68,355)	\$ (41,066)	\$ (129,013)	\$ (76,911)
Net loss per share:				
Basic and diluted	\$ (0.40)	\$ (0.54)	\$ (0.78)	\$ (1.01)
Weighted-average shares used in calculating net loss per share:				
Basic and diluted	170,600	76,381	166,412	76,015

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Cost of revenues	\$ 150	\$ 54	\$ 270	\$ 100
Research and development	11,250	2,656	20,390	4,737
Sales and marketing	5,350	1,522	9,503	2,621
General and administrative	3,631	1,144	6,249	1,900
Total stock-based compensation expense	\$ 20,381	\$ 5,376	\$ 36,412	\$ 9,358

ASANA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(unaudited)

	July 31, 2021	January 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 270,315	\$ 259,878
Marketable securities	103,270	126,396
Accounts receivable, net	34,612	32,194
Prepaid expenses and other current assets	26,999	27,295
Total current assets	435,196	445,763
Property and equipment, net	101,337	74,436
Operating lease right-of-use assets	177,971	182,924
Investments, noncurrent	8,739	19,125
Other assets	12,265	8,871
Total assets	\$ 735,508	\$ 731,119
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities		
Accounts payable	\$ 6,013	\$ 9,599
Accrued expenses and other current liabilities	60,020	41,616
Deferred revenue, current ⁽¹⁾	135,970	103,875
Operating lease liabilities, current	5,577	8,386
Total current liabilities	207,580	163,476
Term loan, net	36,604	29,508
Convertible notes, net—related party	—	351,161
Operating lease liabilities, noncurrent	207,984	196,802
Other liabilities ⁽¹⁾	4,076	2,961
Total liabilities	456,244	743,908
Stockholders' (deficit) equity		
Common stock	2	2
Additional paid-in capital	949,784	528,616
Accumulated other comprehensive income	(63)	39
Accumulated deficit	(670,459)	(541,446)
Total stockholders' (deficit) equity	279,264	(12,789)
Total liabilities, redeemable convertible preferred stock, and stockholders' (deficit) equity	\$ 735,508	\$ 731,119

(1) Total deferred revenue was \$139.6 million and \$105.9 million as of July 31, 2021 and January 31, 2021, respectively, of which \$3.6 million and \$2.0 million, respectively, is presented within other liabilities, as a noncurrent liability, in the consolidated balance sheets.

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

	<u>Three Months Ended July 31,</u>		<u>Six Months Ended July 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Net loss	\$ (68,355)	\$ (41,066)	\$ (129,013)	\$ (76,911)
Adjustments to reconcile net loss to net cash used in operating activities:				
Allowance for doubtful accounts	570	737	766	1,120
Depreciation and amortization	1,399	773	2,372	1,516
Gain on sale of property and equipment	38	—	38	—
Amortization of deferred contract acquisition costs	1,993	874	3,622	1,585
Stock-based compensation expense	20,381	5,376	36,412	9,358
Net accretion of discount of marketable securities	250	(5)	586	(53)
Non-cash lease expense	4,254	3,623	8,780	6,585
Amortization of discount on convertible notes and term loan issuance costs	4,385	5,212	10,636	9,614
Non-cash interest expense	2,740	3,150	6,670	5,739
Changes in operating assets and liabilities:				
Accounts receivable	2,182	(1,875)	(1,000)	(4,752)
Prepaid expenses and other current assets	(3,188)	(3,296)	(5,571)	(4,377)
Other assets	(1,653)	(834)	(3,511)	(1,362)
Accounts payable	4,143	(1,594)	1,692	1,541
Accrued expenses and other current liabilities	10,523	3,202	13,350	3,498
Deferred revenue	13,645	4,903	33,670	10,939
Operating lease liabilities	(1,823)	(1,296)	4,541	(4,310)
Net cash used in operating activities	<u>(8,516)</u>	<u>(22,116)</u>	<u>(15,960)</u>	<u>(40,270)</u>
Cash flows from investing activities				
Purchases of marketable securities	(14,468)	—	(48,470)	—
Sales of marketable securities	—	—	351	—
Maturities of marketable securities	36,687	9,543	81,039	38,942
Purchases of property and equipment	(12,588)	(10,320)	(29,557)	(12,401)
Sales of property and equipment	20	—	20	—
Capitalized internal-use software	(113)	(357)	(296)	(818)
Net cash provided by (used in) investing activities	<u>9,538</u>	<u>(1,134)</u>	<u>3,087</u>	<u>25,723</u>
Cash flows from financing activities				
Proceeds from term loan, net of issuance costs	—	2,915	9,000	2,915
Repayment of term loan	(500)	—	(667)	—
Proceeds from issuance of convertible notes—related party	—	150,000	—	150,000
Taxes paid related to net share settlement of equity awards	—	(120)	—	(186)
Repurchases of common stock	(23)	—	(36)	—
Proceeds from exercise of stock options	5,994	782	8,968	1,751
Proceeds from employee stock purchase plan	—	—	6,127	—
Net cash provided by financing activities	<u>5,471</u>	<u>153,577</u>	<u>23,392</u>	<u>154,480</u>
Effect of foreign exchange rates on cash and cash equivalents and restricted cash	<u>(111)</u>	<u>95</u>	<u>(82)</u>	<u>64</u>
Net increase in cash, cash equivalents, and restricted cash	6,382	130,422	10,437	139,997
Cash, cash equivalents, and restricted cash				
Beginning of period	263,933	320,252	259,878	310,677
End of period	<u>\$ 270,315</u>	<u>\$ 450,674</u>	<u>\$ 270,315</u>	<u>\$ 450,674</u>

ASANA, INC.
Reconciliation of GAAP to Non-GAAP Data
(In thousands, except percentages)
(unaudited)

	<u>Three Months Ended July 31,</u>		<u>Six Months Ended July 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Reconciliation of gross profit and gross margin				
GAAP gross profit	\$ 79,609	\$ 45,003	\$ 148,368	\$ 86,503
Plus: stock-based compensation and related employer payroll tax associated with RSUs	165	54	288	100

Non-GAAP gross profit	\$ 79,774	\$ 45,057	\$ 148,656	\$ 86,603
GAAP gross margin	89.0%	86.5%	89.3%	86.7%
Non-GAAP adjustments	0.2%	0.1%	0.2%	0.1%
Non-GAAP gross margin	89.2%	86.6%	89.5%	86.8%
Reconciliation of operating expenses				
GAAP research and development	\$ 48,454	\$ 25,959	\$ 88,421	\$ 48,342
Less: stock-based compensation and related employer payroll tax associated with RSUs	(11,835)	(2,656)	(21,333)	(4,737)
Non-GAAP research and development	\$ 36,619	\$ 23,303	\$ 67,088	\$ 43,605
GAAP research and development as percentage of revenue	54.2%	49.9%	53.2%	48.5%
Non-GAAP research and development as percentage of revenue	40.9%	44.8%	40.4%	43.7%
GAAP sales and marketing	\$ 63,930	\$ 38,822	\$ 120,714	\$ 74,913
Less: stock-based compensation and related employer payroll tax associated with RSUs	(5,611)	(1,522)	(9,934)	(2,621)
Non-GAAP sales and marketing	\$ 58,319	\$ 37,300	\$ 110,780	\$ 72,292
GAAP sales and marketing as percentage of revenue	71.4%	74.6%	72.7%	75.1%
Non-GAAP sales and marketing as percentage of revenue	65.2%	71.7%	66.7%	72.5%
GAAP general and administrative	\$ 27,276	\$ 13,806	\$ 49,266	\$ 25,917
Less: stock-based compensation and related employer payroll tax associated with RSUs	(3,858)	(1,144)	(6,593)	(1,900)
Less: direct listing expenses	—	(1,051)	—	(2,237)
Non-GAAP general and administrative	\$ 23,418	\$ 11,611	\$ 42,673	\$ 21,780
GAAP general and administrative as percentage of revenue	30.5%	26.5%	29.7%	26.0%
Non-GAAP general and administrative as percentage of revenue	26.2%	22.3%	25.7%	21.8%
Reconciliation of operating loss and operating margin				
GAAP loss from operations	\$ (60,051)	\$ (33,584)	\$ (110,033)	\$ (62,669)
Plus: stock-based compensation and related employer payroll tax associated with RSUs	21,469	5,376	38,148	9,358
Plus: direct listing expenses	—	1,051	—	2,237
Non-GAAP loss from operations	\$ (38,582)	\$ (27,157)	\$ (71,885)	\$ (51,074)
GAAP operating margin	(67.1)%	(64.6)%	(66.2)%	(62.8)%
Non-GAAP adjustments	24.0%	12.4%	23.0%	11.6%
Non-GAAP operating margin	(43.1)%	(52.2)%	(43.2)%	(51.2)%

ASANA, INC.
Reconciliation of GAAP to Non-GAAP Data
(In thousands, except percentages and per share data)
(unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2021	2020	2021	2020
Reconciliation of net loss				
GAAP net loss	\$ (68,355)	\$ (41,066)	\$ (129,013)	\$ (76,911)
Plus: stock-based compensation and related employer payroll tax associated with RSUs	21,469	5,376	38,148	9,358
Plus: amortization of debt discount	4,382	5,207	10,628	9,609
Plus: non-cash interest	2,740	3,150	6,670	5,739
Plus: direct listing expenses	—	1,051	—	2,237
Non-GAAP net loss	\$ (39,764)	\$ (26,282)	\$ (73,567)	\$ (49,968)
Reconciliation of net loss per share				
GAAP net loss per share, basic	\$ (0.40)	\$ (0.54)	\$ (0.78)	\$ (1.01)
Non-GAAP adjustments to net loss	0.17	0.20	0.34	0.35
Non-GAAP net loss per share, basic	\$ (0.23)	\$ (0.34)	\$ (0.44)	\$ (0.66)
Weighted-average shares used in GAAP and non-GAAP per share calculation, basic and diluted	170,600	76,381	166,412	76,015
Computation of free cash flow				
Net cash provided by (used in) investing activities	\$ 9,538	\$ (1,134)	\$ 3,087	\$ 25,723
Net cash provided by financing activities	\$ 5,471	\$ 153,577	\$ 23,392	\$ 154,480
Net cash used in operating activities	\$ (8,516)	\$ (22,116)	\$ (15,960)	\$ (40,270)
Less: purchases of property and equipment	(12,588)	(10,320)	(29,557)	(12,401)

Less: capitalized internal-use software	(113)	(357)	(296)	(818)
Plus: purchases of property and equipment from build-out of corporate headquarters	11,950	9,650	28,612	11,308
Plus: direct listing expenses	—	1,234	270	3,209
Free cash flow	<u>\$ (9,267)</u>	<u>\$ (21,909)</u>	<u>\$ (16,931)</u>	<u>\$ (38,972)</u>

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Source: Asana, Inc.