
**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**

Date of Report (Date of earliest event reported) February 24, 2015

BENEFITFOCUS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36061
(Commission
File Number)

46-2346314
(IRS Employer
Identification No.)

100 Benefitfocus Way, Charleston, South Carolina 29492
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (843) 849-7476

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 24, 2015, Benefitfocus, Inc. (the “Company”) issued a press release announcing its operating results for the fourth quarter and full year ended December 31, 2014. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein in its entirety by reference.

The information in this Item 2.02 (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (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 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release dated February 24, 2015. |

SIGNATURE

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.

BENEFITFOCUS, INC.

Date: February 24, 2015

/s/ Milton A. Alpern

Milton A. Alpern, Chief Financial Officer

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Investor Relations:
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Benefitfocus Announces Fourth Quarter and Full Year 2014 Financial Results and Strategic Investment Transaction

- *Total revenue of \$40.2 million, up 33% year-over-year; Employer revenue up 47% year-over-year*
- *GAAP Gross margin of 41%, expands 900 basis points sequentially*
- *Closes on \$74.7 million strategic equity investment with Mercer*

Charleston, S.C. – February 24, 2015 – Benefitfocus, Inc. (NASDAQ: BNFT), a leading provider of cloud-based benefits software solutions, today announced financial results for the fourth quarter and full year 2014.

“Benefitfocus delivered a strong fourth quarter performance that capped a record year for the company. We exceeded expectations on both the top and bottom line during the quarter, with 33% total revenue growth driven by 47% growth in employer revenue, and a 900 basis point sequential improvement in gross margin,” said Shawn Jenkins, President and Chief Executive Officer of Benefitfocus. “We delivered a number of exciting achievements in 2014, such as supporting dozens of private exchanges, including the nation’s largest; adding 160 new large employer customers; and successfully graduating our first class of third-party systems integrators.”

Jenkins added, “Today’s announcement with Mercer, which includes a long-term commercial contract expansion and a strategic equity investment in Benefitfocus, is further validation of our leadership in the private exchange and cloud-based benefits administration market. As we look ahead to 2015 we are focused on strengthening our position even more, with a specific emphasis on enhancing our marketplace solutions and creating the first significant upsell opportunity in our employer market with the introduction of several new product offerings. We also expect to continue leveraging the investments we made in 2014 and deliver improvements in profitability. We believe our strong growth profile in a dynamic, multi-billion dollar market, coupled with improving profitability, is a powerful combination that will deliver value for our shareholders.”

Fourth Quarter 2014 Financial Highlights

Revenue

- Total revenue was \$40.2 million, an increase of 33% compared to the fourth quarter of 2013.
- Software revenue was \$36.1 million, an increase of 28% compared to the fourth quarter of 2013.
- Professional services revenue was \$4.1 million, an increase of 107% compared to the fourth quarter of 2013.
- Employer revenue was \$19.5 million, an increase of 47% compared to the fourth quarter of 2013.
- Insurance carrier revenue was \$20.7 million, an increase of 21% compared to the fourth quarter of 2013.

Non-GAAP Net Loss and Adjusted EBITDA

- Non-GAAP net loss was (\$10.0) million, compared to (\$7.4) million in the fourth quarter of 2013. Non-GAAP net loss per share was (\$0.39), based on 25.6 million basic and diluted weighted average common shares outstanding, compared to (\$0.30) in the fourth quarter of 2013 based on 24.5 million basic and diluted weighted average common shares outstanding.
- Adjusted EBITDA was (\$8.0) million, compared to (\$5.1) million in the fourth quarter of 2013
- See important disclosures about non-GAAP measures, and a reconciliation of them to GAAP, below.

Balance Sheet and Cash Flow

- Cash, cash equivalents and marketable securities at December 31, 2014 totaled \$56.2 million, compared with \$60.9 million at the end of the third quarter of 2014.

Full Year 2014 Financial Highlights

Revenue

- Total revenue was \$137.4 million, an increase of 31% compared to the full year 2013.
- Software revenue was \$125.1 million, an increase of 28% compared to the full year 2013.
- Professional services revenue was \$12.3 million, an increase of 75% compared to the full year 2013.
- Employer revenue was \$62.0 million, an increase of 53% compared to the full year 2013.
- Insurance carrier revenue was \$75.4 million, an increase of 18% compared to the full year 2013.

Non-GAAP Net Loss and Adjusted EBITDA

- Non-GAAP net loss was (\$53.0) million, compared to (\$27.1) million in 2013. Non-GAAP net loss per share was (\$2.10), based on 25.2 million basic and diluted weighted average common shares outstanding, compared to (\$1.22) in 2013, based on 22.2 million basic and diluted weighted average common shares outstanding.
- Adjusted EBITDA was (\$43.8) million, compared to (\$18.9) million in 2013.

Fourth Quarter and Recent Business Highlights

- In the first quarter of 2015, Mercer purchased newly issued common stock, representing 9.9% post issuance of the outstanding common equity in Benefitfocus, at a price per share of \$26.50, for approximately \$74.7 million in cash. In addition, Mercer expanded its strategic commercial relationship with Benefitfocus.
- Entered into an expanded credit facility, led by Silicon Valley Bank, for up to \$60 million with an additional \$40 million expansion feature over time.
- Ended the year with 553 large employer customers, up from 393 at the end of the year ago period, and 43 insurance carrier customers, compared to 40 at the end of the year ago period.
- New employer customer relationships added during the quarter included the State of Delaware, Capella Education Company, Lane Construction Company, Summerwood Corporation, Omnicell, Inc., and Schneider Electric, among others.
- The first class of third-party system integrators graduated from the Benefitfocus Implementation Program. Graduates of the program include: Deloitte Consulting LLP, ROC Americas, HRrchitect, Aasonn, and Providence Technology Solutions (an affiliate of The HCGiGroup).

Business Outlook

Based on information available as of February 24, 2015, Benefitfocus is issuing guidance for the first quarter and full year 2015 as indicated below.

First Quarter 2015:

- Total revenue is expected to be in the range of \$41.0 million to \$41.5 million.
- Non-GAAP net loss is expected to be in the range of (\$13.8) million to (\$14.3) million, or (\$0.51) to (\$0.53) per share, based on 26.8 million basic and diluted weighted average common shares outstanding.
- Adjusted EBITDA is expected to be in the range of (\$8.5) million to (\$9) million.

Full Year 2015:

- Total revenue is expected to be in the range of \$170.0 million to \$174.0 million.
- Non-GAAP net loss is expected to be in the range of (\$59.0) million to (\$63.0) million, or (\$2.10) to (\$2.24) per share, based on 28.1 million basic and diluted weighted average common shares outstanding.
- Adjusted EBITDA is expected to be in the range of (\$35.0) million to (\$39.0) million.

Conference Call Details:

In conjunction with this announcement, Benefitfocus will host a conference call today, February 24, 2015 at 5:00 p.m. Eastern Time to discuss the company's preliminary financial results. To access this call, dial (855) 233-6991 (domestic) or (317) 586-4497 (international) with conference ID 65780947. A live webcast, as well as the replay, of the conference call will be available on the Investor Relations page of the company's website at <http://investor.benefitfocus.com/>. A replay of this conference call can also be accessed by dialing (855) 859-2056 (domestic) or (404) 537-3406 (international) until March 24, 2015.

About Benefitfocus

Benefitfocus, Inc. (NASDAQ: BNFT) is a leading provider of cloud-based benefits software solutions for consumers, employers, insurance carriers and brokers. Benefitfocus has served more than 23 million consumers on its platform that consists of an integrated portfolio of products and services enabling clients to more efficiently shop, enroll, manage and exchange benefits information. With a user-friendly interface and consumer-centric design, the Benefitfocus Platform provides one place for consumers to access all their benefits. Benefitfocus solutions support the administration of all types of benefits including core medical, dental and other voluntary benefits plans as well as wellness programs. For more information, visit www.benefitfocus.com.

Non-GAAP Financial Measures

The company uses non-GAAP financial measures in this release and its conference call, including non-GAAP operating loss, net loss, net loss per share, adjusted gross profit, adjusted EBITDA and free cash flow. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flow, that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP.

Non-GAAP operating loss, net loss and net loss per share exclude stock-based compensation expenses, amortization of acquisition-related intangible assets, offering costs expensed and interest associated with building lease financing obligations. Adjusted gross profit excludes stock-based compensation, amortization of acquisition-related intangible assets, amortization of software development costs, and depreciation. We define adjusted EBITDA as net loss before net interest, taxes, and depreciation and amortization expense, adjusted to eliminate stock-based compensation expense and expense related to the impairment of goodwill and intangible assets. We define free cash flow as cash flow from operations less capital expenditures and capitalized software. Please note that other companies might define their non-GAAP financial measures differently than we do.

The guidance provided for 2015 reflects a change in the definition of the company's non-GAAP measures of non-GAAP net loss and net loss per share as compared to the definition above applied for 2014. For 2015, Non-GAAP net loss and net loss per share exclude stock-based compensation expenses, amortization of acquisition-related intangible assets and offering costs expensed. For comparability purposes with our peer group, we will no longer add back interest expense on building lease obligations to these items.

Management presents these non-GAAP financial measures in this release because it considers them to be important supplemental measures of performance. Management uses these non-GAAP financial measures for planning purposes, including analysis of the company's performance against prior periods, the preparation of operating budgets and determination of appropriate levels of operating and capital investments. Management believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the company's financial and operational performance. Management also intends to provide these non-GAAP financial measures as part of the company's future earnings discussions and, therefore, the inclusion of the non-GAAP financial measures should provide consistency in the company's financial reporting.

Non-GAAP financial measures have limitations as an analytical tool. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures provided in this release, including in the accompanying tables.

Forward-Looking Disclaimer

Except for historical information, all of the statements, expectations, and assumptions contained in this press release are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: fluctuations in our financial results; the immature and volatile market for our products and services; the need to innovate and provide useful products and services; risks related to changing healthcare and other applicable regulations; our ability to maintain our culture and recruit and retain qualified personnel; our ability to compete effectively; our increased reliance on Mercer as a result of the expanded relationship; privacy, security and other risks associated with our business; general economic risks; and the other risk factors set forth from time to time in our SEC filings, copies of which are available free of charge within the Investor Relations section of the Benefitfocus website at <http://investor.benefitfocus.com/sec.cfm> or upon request from our Investor Relations Department. Benefitfocus assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

Source: Benefitfocus, Inc.

Benefitfocus, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-------------------|----------------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Revenue | \$ 40,187 | \$ 30,256 | \$ 137,420 | \$ 104,752 |
| Cost of revenue (1)(2) | 23,852 | 19,473 | 87,470 | 62,411 |
| Gross profit | 16,335 | 10,783 | 49,950 | 42,341 |
| Operating expenses:(1)(2) | | | | |
| Sales and marketing | 11,308 | 8,976 | 48,467 | 36,072 |
| Research and development | 11,110 | 6,708 | 41,729 | 23,532 |
| General and administrative | 5,823 | 2,790 | 18,657 | 10,974 |
| Change in fair value of contingent consideration | — | — | — | (43) |
| Total operating expenses | 28,241 | 18,474 | 108,853 | 70,535 |
| Loss from operations | (11,906) | (7,691) | (58,903) | (28,194) |
| Other income (expense): | | | | |
| Interest income | 13 | 15 | 77 | 46 |
| Interest expense on building lease financing obligations | (1,574) | (443) | (3,624) | (1,768) |
| Interest expense on other borrowings | (206) | (109) | (682) | (381) |
| Other (expense) income | (11) | (66) | (22) | (95) |
| Total other expense, net | (1,778) | (603) | (4,251) | (2,198) |
| Loss before income taxes | (13,684) | (8,294) | (63,154) | (30,392) |
| Income tax expense (benefit) | 5 | (12) | 25 | (31) |
| Net loss | <u>\$ (13,689)</u> | <u>\$ (8,282)</u> | <u>\$ (63,179)</u> | <u>\$ (30,361)</u> |
| Comprehensive loss | <u>\$ (13,689)</u> | <u>\$ (8,282)</u> | <u>\$ (63,179)</u> | <u>\$ (30,361)</u> |
| Net loss per common share: | | | | |
| Basic and diluted | <u>\$ (0.54)</u> | <u>\$ (0.34)</u> | <u>\$ (2.51)</u> | <u>\$ (2.99)</u> |
| Weighted-average common shares outstanding: | | | | |
| Basic and diluted | <u>25,569,203</u> | <u>24,474,566</u> | <u>25,207,099</u> | <u>10,144,243</u> |
| (1) Stock-based compensation included in above line items: | | | | |
| Cost of revenue | 367 | 86 | 986 | 274 |
| Sales and marketing | 519 | 78 | 1,395 | 171 |
| Research and development | 425 | 66 | 1,376 | 255 |
| General and administrative | 733 | 151 | 1,831 | 502 |
| (2) Amortization of acquired intangible assets included in above line items: | | | | |
| Cost of revenue | 59 | 58 | 234 | 245 |
| Sales and marketing | 7 | 7 | 27 | 29 |
| Research and development | 9 | 9 | 37 | 40 |
| General and administrative | 1 | 2 | 7 | 9 |

Benefitfocus, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

| | <u>As of December 31,</u> | |
|--|---------------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 51,074 | \$ 65,645 |
| Marketable securities | 5,135 | 13,168 |
| Accounts receivable, net | 21,311 | 23,668 |
| Prepaid expenses and other current assets | 4,242 | 4,322 |
| Total current assets | <u>81,762</u> | <u>106,803</u> |
| Property and equipment, net | 54,021 | 27,444 |
| Intangible assets, net | 951 | 1,256 |
| Goodwill | 1,634 | 1,634 |
| Other non-current assets | 1,650 | 2,474 |
| Total assets | <u>\$ 140,018</u> | <u>\$ 139,611</u> |
| Liabilities and stockholders' (deficit) equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 5,589 | \$ 4,354 |
| Accrued expenses | 9,171 | 3,911 |
| Accrued compensation and benefits | 17,374 | 14,183 |
| Deferred revenue, current portion | 20,384 | 15,158 |
| Financing and capital lease obligations, current portion | 4,197 | 4,288 |
| Total current liabilities | <u>56,715</u> | <u>41,894</u> |
| Deferred revenue, net of current portion | 74,126 | 65,063 |
| Revolving line of credit | 17,657 | 5,757 |
| Financing and capital lease obligations, net of current portion | 32,240 | 14,263 |
| Other non-current liabilities | 2,103 | 1,202 |
| Total liabilities | <u>182,841</u> | <u>128,179</u> |
| Commitments and contingencies | | |
| Stockholders' (deficit) equity: | | |
| Preferred stock, par value \$0.001, 5,000,000 shares authorized, no shares issued and outstanding at December 31, 2014 and 2013 | — | — |
| Common stock, par value \$0.001, 50,000,000 shares authorized, 25,608,937 and 24,495,651 shares issued and outstanding at December 31, 2014 and 2013, respectively | 26 | 24 |
| Additional paid-in capital | 223,409 | 214,487 |
| Accumulated deficit | <u>(266,258)</u> | <u>(203,079)</u> |
| Total stockholders' (deficit) equity | <u>(42,823)</u> | <u>11,432</u> |
| Total liabilities and stockholders' (deficit) equity | <u>\$ 140,018</u> | <u>\$ 139,611</u> |

Benefitfocus, Inc.
Consolidated Statements of Cash Flows
(in thousands)

| | Year Ended December 31, | |
|--|--------------------------------|------------------|
| | 2014 | 2013 |
| Cash flows from operating activities | | |
| Net loss | \$ (63,179) | \$ (30,361) |
| Adjustments to reconcile net loss to net cash and cash equivalents (used in) provided by operating activities: | | |
| Depreciation and amortization | 9,493 | 8,172 |
| Stock-based compensation expense | 5,588 | 1,202 |
| Change in fair value and accretion of warrant | 744 | 892 |
| Interest accrual on financing obligation | 3,624 | 1,768 |
| Change in fair value of contingent consideration | — | (17) |
| Provision for doubtful accounts | — | (32) |
| Loss on disposal or impairment of property and equipment | 25 | 65 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 2,357 | (10,264) |
| Accrued interest on short-term investments | 162 | — |
| Prepaid expenses and other current assets | 833 | (1,440) |
| Other non-current assets | 824 | — |
| Accounts payable | (199) | 2,625 |
| Accrued expenses | 2,469 | 904 |
| Accrued compensation and benefits | 3,192 | 4,521 |
| Deferred revenue | 14,288 | 22,701 |
| Other non-current liabilities | 901 | 331 |
| Net cash and cash equivalents (used in) provided by operating activities | <u>(18,878)</u> | <u>1,067</u> |
| Cash flows from investing activities | | |
| Purchases of short-term investments held to maturity | (12,959) | (13,168) |
| Proceeds from maturity of short-term investments held to maturity | 20,830 | — |
| Purchases of property and equipment | (9,824) | (8,918) |
| Proceeds from sale of property and equipment | — | 9 |
| Net cash and cash equivalents used in investing activities | <u>(1,953)</u> | <u>(22,077)</u> |
| Cash flows from financing activities | | |
| Proceeds from initial public offering, net of issuance costs | — | 70,064 |
| Draws on revolving line of credit | 14,000 | 10,757 |
| Payments on revolving line of credit | (2,100) | (5,000) |
| Proceeds from notes payable borrowing | — | 1,465 |
| Repayment of notes payable | — | (7,447) |
| Proceeds from exercises of stock options | 2,817 | 699 |
| Proceeds from issuance of common stock (excluding IPO) | — | 68 |
| Remittance of taxes upon vesting of restricted stock units | (226) | — |
| Payments of contingent consideration | — | (311) |
| Payments on financing and capital lease obligations | (8,231) | (3,343) |
| Net cash and cash equivalents provided by financing activities | <u>6,260</u> | <u>66,952</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(14,571)</u> | <u>45,942</u> |
| Cash and cash equivalents, beginning of year | 65,645 | 19,703 |
| Cash and cash equivalents, end of year | <u>\$ 51,074</u> | <u>\$ 65,645</u> |
| Supplemental disclosure of non-cash investing and financing activities | | |
| Property and equipment acquisitions in accounts payable and accrued expenses | <u>\$ 4,226</u> | <u>\$ 524</u> |
| Property and equipment acquired with financing and capital lease obligations | <u>\$ 21,739</u> | <u>\$ 5,440</u> |
| Post contract support acquired with financing obligations | <u>\$ 754</u> | <u>\$ 3,872</u> |

Benefitfocus, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(unaudited, dollars in thousands except share and per share data)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|-------------------|----------------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Reconciliation from Gross Profit to Adjusted Gross Profit: | | | | |
| Gross profit | \$ 16,335 | \$ 10,783 | \$ 49,950 | \$ 42,341 |
| Depreciation | 1,408 | 1,186 | 5,459 | 4,257 |
| Amortization of software development costs | 43 | 714 | 2,257 | 2,618 |
| Amortization of acquired intangible assets | 59 | 58 | 234 | 245 |
| Stock-based compensation expense | 367 | 86 | 986 | 274 |
| Adjusted gross profit | <u>\$ 18,212</u> | <u>\$ 12,827</u> | <u>\$ 58,886</u> | <u>\$ 49,735</u> |
| Reconciliation from Operating Loss to Non-GAAP Operating Loss: | | | | |
| Operating loss | \$ (11,906) | \$ (7,691) | \$ (58,903) | \$ (28,194) |
| Amortization of acquired intangible assets | 76 | 76 | 305 | 323 |
| Stock-based compensation expense | 2,044 | 381 | 5,588 | 1,202 |
| Offering costs expensed | — | — | 708 | — |
| Total net adjustments | <u>2,120</u> | <u>457</u> | <u>\$ 6,601</u> | <u>\$ 1,525</u> |
| Non-GAAP operating loss | <u>\$ (9,786)</u> | <u>\$ (7,234)</u> | <u>\$ (52,302)</u> | <u>\$ (26,669)</u> |
| Reconciliation from Net Loss to Adjusted EBITDA: | | | | |
| Net loss | \$ (13,689) | \$ (8,282) | \$ (63,179) | \$ (30,361) |
| Depreciation | 1,774 | 1,456 | 6,931 | 5,231 |
| Amortization of software development costs | 43 | 714 | 2,257 | 2,618 |
| Amortization of acquired intangible assets | 76 | 76 | 305 | 323 |
| Interest income | (13) | (15) | (77) | (46) |
| Interest expense on building lease financing obligations | 1,574 | 443 | 3,624 | 1,768 |
| Interest expense on other borrowings | 206 | 109 | 682 | 381 |
| Income tax (benefit) expense | 5 | (12) | 25 | (31) |
| Stock-based compensation expense | 2,044 | 381 | 5,588 | 1,202 |
| Total net adjustments | <u>5,709</u> | <u>3,152</u> | <u>\$ 19,335</u> | <u>\$ 11,446</u> |
| Adjusted EBITDA | <u>\$ (7,980)</u> | <u>\$ (5,130)</u> | <u>\$ (43,844)</u> | <u>\$ (18,915)</u> |
| Reconciliation from Net Loss to Non-GAAP Net Loss: | | | | |
| Net loss | \$ (13,689) | \$ (8,282) | \$ (63,179) | \$ (30,361) |
| Amortization of acquired intangible assets | 76 | 76 | 305 | 323 |
| Stock-based compensation expense | 2,044 | 381 | 5,588 | 1,202 |
| Interest expense on building lease financing obligations | 1,574 | 443 | 3,624 | 1,768 |
| Offering costs expensed | — | — | 708 | — |
| Total net adjustments | <u>3,694</u> | <u>900</u> | <u>10,225</u> | <u>3,293</u> |
| Non-GAAP net loss | <u>\$ (9,995)</u> | <u>\$ (7,382)</u> | <u>(52,954)</u> | <u>(27,068)</u> |
| Calculation of Non-GAAP Earnings Per Share: | | | | |
| Non-GAAP net loss | \$ (9,995) | \$ (7,382) | \$ (52,954) | \$ (27,068) |
| Weighted average shares outstanding - basic and diluted | 25,569,203 | 24,474,566 | 25,207,099 | 10,144,243 |
| Additional weighted average shares giving effect to conversion of convertible preferred stock at the beginning of the period | — | — | — | 12,022,369 |
| Shares used in computing non-GAAP net loss per share - basic and diluted | <u>25,569,203</u> | <u>24,474,566</u> | <u>25,207,099</u> | <u>22,166,612</u> |
| Non-GAAP net loss per common share - basic and diluted | <u>\$ (0.39)</u> | <u>\$ (0.30)</u> | <u>\$ (2.10)</u> | <u>\$ (1.22)</u> |