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): October 29, 2020

FIVE9, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**001-36383**	**94-3394123**
(State or other jurisdiction of incorporation)	**(Commission File No.)**	**(I.R.S. Employer Identification No.)**

Bishop Ranch 8
4000 Executive Parkway, Suite 400
San Ramon, CA 94583
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (925) 201-2000

Not Applicable
(Former name or former address if changed since last report)

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol(s)**	**Name of Each Exchange on Which Registered**
Common stock, par value $0.001 per share	FIVN	The NASDAQ Global Market

Indicated by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On October 29, 2020, Five9, Inc. (the “Company”) announced its financial results for the fiscal quarter ended September 30, 2020. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1 furnished herewith) 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

Exhibit No.	Description
99.1	Press Release issued by the Company on October 29, 2020.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURES

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

FIVE9, INC.

Date: October 29, 2020	By:	/s/ Barry Zwarenstein
		Barry Zwarenstein
		Chief Financial Officer

Exhibit 99.1

Five9 Reports Third Quarter Revenue Growth of 34% to a Record $112.1 Million

35% Growth in LTM Enterprise Subscription Revenue
Nineteenth Consecutive Quarter of Positive Operating Cash Flow at $22.8 Million
Raised 2020 Guidance for both Revenue and Bottom Line

SAN RAMON, Calif. - October 29, 2020 - Five9, Inc. (NASDAQ:FIVN), a leading provider of cloud contact center software, today reported results for the third quarter ended September 30, 2020.

Third Quarter 2020 Financial Results

- Revenue for the third quarter of 2020 increased 34% to a record $112.1 million, compared to $83.8 million for the third quarter of 2019.
- GAAP gross margin was 58.5% for the third quarter of 2020, compared to 58.8% for the third quarter of 2019.
- Adjusted gross margin was 65.4% for the third quarter of 2020, compared to 64.0% for the third quarter of 2019.
- GAAP net loss for the third quarter of 2020 was $(11.4) million, or $(0.17) per basic share, compared to GAAP net loss of $(1.6) million, or $(0.03) per basic share, for the third quarter of 2019.
- Non-GAAP net income for the third quarter of 2020 was $18.5 million, or $0.27 per diluted share, compared to non-GAAP net income of $12.8 million, or $0.20 per diluted share, for the third quarter of 2019.
- Adjusted EBITDA for the third quarter of 2020 was $24.1 million, or 21.5% of revenue, compared to $15.0 million, or 18.0% of revenue, for the third quarter of 2019.
- GAAP operating cash flow for the third quarter of 2020 was $22.8 million, compared to GAAP operating cash flow of $17.7 million for the third quarter of 2019.

"We delivered outstanding third quarter results with revenue of $112.1 million, growing 34% year-over-year and 12% sequentially, both all-time highs for us as a public company, and Adjusted EBITDA margin was 21.5%, also a third quarter record. Positive industry trends continue to accelerate and help drive our performance. The contact center is the new front door for many businesses. We believe the premise to cloud transition and digital transformation trends will accelerate, and demand for AI driven automation will increase, placing Five9 at the forefront of a massive opportunity. We continue to execute on our go-to-market initiatives, which balance the strength of our direct salesforce with a diverse group of channel partners. Additionally, we are receiving very positive feedback on the enhanced product capabilities we have delivered over the last quarter. Finally, today we announced the execution of a definitive agreement to acquire Inference Solutions Inc. ("Inference"), a leader in the emerging Intelligent Virtual Agent market. Leveraging virtual agents to meet increasing customer interactions is rapidly becoming a requirement of the modern contact center. We are excited to build upon this acquisition and believe we are well positioned for continued growth."

- Rowan Trollope, CEO, Five9

Business Outlook

Five9 provides guidance based on current market conditions and expectations. The Company emphasizes that the guidance is subject to various important cautionary factors referenced in the section entitled "Forward-Looking Statements" below, including risks and uncertainties associated with the COVID-19 pandemic.

- **For the full year 2020, Five9 expects to report:**
  - Revenue in the range of $421.5 to $422.5 million, higher than the guidance range of $399.0 to $401.0 million that was previously provided on August 3, 2020.
  - GAAP net loss in the range of $(49.4) to $(48.4) million, or $(0.76) to $(0.75) per basic share, improved from the guidance range of $(56.4) to $(54.4) million, or $(0.88) to $(0.85) per basic share, that was previously provided on August 3, 2020.
  - Non-GAAP net income in the range of $59.7 to $60.7 million, or $0.87 to $0.88 per diluted share, higher than the guidance range of $52.7 to $54.7 million, or $0.77 to $0.80 per diluted share, that was previously provided on August 3, 2020.
- **For the fourth quarter of 2020, Five9 expects to report:**
  - Revenue in the range of $114.5 to $115.5 million.
  - GAAP net loss in the range of $(14.5) to $(13.5) million, or $(0.21) to $(0.20) per basic share.
  - Non-GAAP net income in the range of $16.0 to $17.0 million, or $0.22 to $0.24 per diluted share.

Conference Call Details

Five9 will discuss its third quarter 2020 results today, October 29, 2020, via teleconference at 4:30 p.m. Eastern Time. To access the call (ID 1480240), please dial: 800-437-2398 or 720-452-9102. An audio replay of the call will be available through November 12, 2020 by dialing 888-203-1112 or 719-457-0820 and entering access code 1480240. A copy of this press release will be furnished to the Securities and Exchange Commission on a Current Report on Form 8-K and will be posted to our website, prior to the conference call.

A webcast of the call will be available on the Investor Relations section of the Company's web-site at http://investors.five9.com/.

Non-GAAP Financial Measures

In addition to disclosing financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), this press release and the accompanying tables contain certain non-GAAP financial measures. We calculate adjusted gross profit and adjusted gross margin by adding back the following items to gross profit: depreciation, intangibles amortization, stock-based compensation and COVID-19 relief bonus for employees. We calculate adjusted EBITDA by adding back or removing the following items to or from GAAP net loss: depreciation and amortization, stock-based compensation, interest expense, interest (income) and other, acquisition-related transaction costs and one-time integration costs, non-recurring litigation settlement costs and related indemnification fees, COVID-19 relief bonus for employees and provision for (benefit from) income taxes. We calculate non-GAAP operating income as GAAP operating income (loss) excluding stock-based compensation, intangibles amortization, acquisition-related transaction costs and one-time integration costs, non-recurring litigation settlement costs and related indemnification fees, and COVID-19 relief bonus for employees. We calculate non-GAAP net income as GAAP net loss excluding stock-based compensation, intangibles amortization, amortization of discount and issuance costs on convertible senior notes, acquisition-related transaction costs and one-time integration costs, non-recurring litigation settlement costs and related indemnification fees, gain on sale of convertible note held for investment, COVID-19 relief bonus for employees, loss on early extinguishment of debt, and tax benefit of valuation allowance associated with an acquisition. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. Five9 considers these non-GAAP financial measures to be important because they provide useful measures of the operating performance of the Company, exclusive of factors that do not directly affect what we consider to be our core operating performance, as well as unusual events. The Company’s management uses these measures to (i) illustrate underlying trends in the Company’s business that could otherwise be masked by the effect of income or expenses that are excluded from non-GAAP measures, and (ii) establish budgets and operational goals for managing the Company’s business and evaluating its performance. In addition, investors often use similar measures to evaluate the operating performance of a company. Non-GAAP financial measures are presented only as supplemental information for purposes of understanding the Company’s operating results. The non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP. Please see the reconciliation of non-GAAP financial measures set forth herein and attached to this release.

Forward-Looking Statements

This news release contains certain forward-looking statements, including the statements in the quote from our Chief Executive Officer, including statements regarding Five9’s expectations for market acceleration from on premise contact centers to the cloud, and digital transformation, and drivers thereof, Five9’s expectations regarding the acceleration of growth in demand for AI-driven automation, benefits of its go-to-market strategy, the benefits being delivered by Five9's new product capabilities, Five9’s growth expectations, the potential closing of the Inference acquisition, and the fourth quarter and full year 2020 financial projections set forth under the caption “Business Outlook,” that are based on our current expectations and involve numerous risks and uncertainties that may cause these forward-looking statements to be inaccurate. Risks that may cause these forward-looking statements to be inaccurate include, among others: (i) the effects of the COVID-19 pandemic have materially affected how we, our clients and business partners are operating, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain; (ii) adverse economic conditions may harm our business; (iii) our quarterly and annual results may fluctuate significantly, including as a result of the timing and success of new product and feature introductions by us, may not fully reflect the underlying performance of our business and may result in decreases in the price of our common stock; (iv) if we are unable to attract new clients or sell additional services and functionality to our existing clients, our revenue and revenue growth will be harmed; (v) our recent rapid growth may not be indicative of our future growth, and even if we continue to grow rapidly, we may fail to manage our growth effectively; (vi) failure to adequately retain and expand our sales force will impede our growth; (vii) if we fail to manage our technical operations infrastructure, our existing clients may experience service outages, our new clients may experience delays in the deployment of our solution and we could be subject to, among other things, claims for credits or damages; (viii) our growth depends in part on the success of our strategic relationships with third parties and our failure to successfully maintain, grow and manage these relationships could harm our business; (ix) we have established, and are continuing to increase, our network of master agents and resellers to sell our solution; our failure to effectively develop, manage, and maintain this network could materially harm our revenues; (x) security breaches and improper access to or disclosure of our data or our clients' data, their customers' data, or other cyber attacks on our systems, could result in litigation and regulatory risk, harm our reputation and our business; (xi) the markets in which we participate involve numerous competitors and are highly competitive, and if we do not compete effectively, our operating results could be harmed; (xii) if our existing clients terminate their subscriptions or reduce their subscriptions and related usage, our revenues and gross margins will be harmed and we will be required to spend more money to grow our client base; (xiii) we sell our solution to larger organizations that require longer sales and implementation cycles and often demand more configuration and integration services or customized features and functions that we may not offer, any of which could delay or prevent these sales and harm our growth rates, business and operating results; (xiv) because a significant percentage of our revenue is derived from existing clients, downturns or upturns in new sales will not be immediately reflected in our operating results and may be difficult to discern; (xv) we rely on third-party telecommunications and internet service providers to provide our clients and their customers with telecommunication services and connectivity to our cloud contact center software and any failure by these service providers to provide reliable services could cause us to lose clients and subject us to claims for credits or damages, among other things; (xvi) we have a history of losses and we may be unable to achieve or sustain profitability; (xvii) the contact center software solutions market is subject to rapid technological change, and we must develop and sell incremental and new products in order to maintain and grow our business; (xviii) we may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs; (xix) we may acquire other companies or technologies, such as Inference, or be the target of strategic transactions, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results; (xx) failure to comply with laws and regulations could harm our business and our reputation; (xxi) we may not have sufficient cash to service our convertible senior notes and repay such notes, if required, and other risks attendant to our convertible senior notes and increased debt levels; (xxii) our acquisition of Inference is subject to various conditions to closing that may not be satisfied, and the amount of consideration to be paid for Inference is dependent on various purchase price adjustments, as well as whether or not certain earn-out metrics are satisfied; and (xxiii) the other risks detailed from time-to-time under the caption "Risk Factors" and elsewhere in our Securities and Exchange Commission filings and reports, including, but not limited to, our most recent annual report on Form 10-K and quarterly reports on Form 10-Q. Such forward-looking statements speak only as of the date hereof and readers should not unduly rely on such statements. We undertake no obligation to update the information contained in this press release, including in any forward-looking statements.

About Five9

Five9 is a leading provider of cloud contact center software for the intelligent contact center space, bringing the power of cloud innovation to customers and facilitating more than six billion call minutes annually. Five9 provides end-to-end solutions with omnichannel routing, analytics, WFO and AI to increase agent productivity and deliver tangible business results. The Five9 Genius platform is reliable, secure, compliant and scalable; designed to create exceptional personalized customer experiences. For more information, visit www.five9.com.

FIVE9, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 301,767	$ 77,976
Marketable investments	479,141	241,973
Accounts receivable, net	42,542	37,655
Prepaid expenses and other current assets	15,908	10,656
Deferred contract acquisition costs	17,932	13,014
Total current assets	857,290	381,274
Property and equipment, net	41,676	33,190
Operating lease right-of-use assets	8,669	8,746
Intangible assets, net	23,867	15,533
Goodwill	34,444	11,798
Other assets	3,258	1,184
Deferred contract acquisition costs — less current portion	44,083	30,655
Total assets	$ 1,013,287	$ 482,380
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,829	$ 10,156
Accrued and other current liabilities	40,814	18,385
Operating lease liabilities	4,307	5,064
Accrued federal fees	2,562	2,303
Sales tax liabilities	1,629	1,885
Finance lease liabilities	1,299	3,518
Deferred revenue	28,527	24,681
Total current liabilities	91,967	65,992
Convertible senior notes	646,592	209,604
Sales tax liabilities — less current portion	851	838
Operating lease liabilities — less current portion	4,679	4,329
Finance lease liabilities — less current portion	—	809
Other long-term liabilities	6,809	4,350
Total liabilities	750,898	285,922
Stockholders' equity:		
Common stock	66	61
Additional paid-in capital	452,531	351,870
Accumulated other comprehensive income	761	576
Accumulated deficit	(190,969)	(156,049)
Total stockholders' equity	262,389	196,458
Total liabilities and stockholders' equity	$ 1,013,287	$ 482,380

FIVE9, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue	$ 112,143	$ 83,769	$ 307,023	$ 235,743
Cost of revenue	46,561	34,472	129,051	96,571
Gross profit	65,582	49,297	177,972	139,172
Operating expenses:				
Research and development	17,674	11,665	50,071	33,022
Sales and marketing	32,969	25,014	95,360	69,965
General and administrative	16,724	12,146	47,511	35,950
Total operating expenses	67,367	48,825	192,942	138,937
Income (loss) from operations	(1,785)	472	(14,970)	235
Other income (expense), net:				
Interest expense	(9,649)	(3,486)	(18,867)	(10,288)
Interest income and other	349	1,460	(3,544)	4,695
Total other income (expense), net	(9,300)	(2,026)	(22,411)	(5,593)
Loss before income taxes	(11,085)	(1,554)	(37,381)	(5,358)
Provision for (benefit from) income taxes	346	50	(2,461)	30
Net loss	$ (11,431)	$ (1,604)	$ (34,920)	$ (5,388)
Net loss per share:				
Basic and diluted	$ (0.17)	$ (0.03)	$ (0.55)	$ (0.09)
Shares used in computing net loss per share:				
Basic and diluted	65,460	60,781	63,490	60,074

FIVE9, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	September 30, 2020	September 30, 2019
Cash flows from operating activities:		
Net loss	$ (34,920)	$ (5,388)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	17,750	10,050
Amortization of operating lease right-of-use assets	4,227	3,420
Amortization of premium on marketable investments	1,819	(1,036)
Provision for doubtful accounts	578	78
Stock-based compensation	47,871	30,197
Loss on early extinguishment of debt	6,077	—
Gain on sale of convertible note held for investment	—	(217)
Amortization of discount and issuance costs on convertible senior notes	17,204	9,484
Tax benefit of valuation allowance associated with an acquisition	(2,910)	—
Others	73	2
Changes in operating assets and liabilities:		
Accounts receivable	(5,306)	(6,677)
Prepaid expenses and other current assets	(5,445)	(3,172)
Deferred contract acquisition costs	(18,345)	(9,035)
Other assets	(2,074)	(264)
Accounts payable	2,667	100
Accrued and other current liabilities	13,528	3,522
Accrued federal fees and sales tax liability	16	233
Deferred revenue	5,246	4,391
Other liabilities	(66)	(33)
Net cash provided by operating activities	47,990	35,655
Cash flows from investing activities:		
Purchases of marketable investments	(507,046)	(274,401)
Proceeds from maturities of marketable investments	268,207	285,281
Purchases of property and equipment	(20,412)	(12,776)
Cash paid to acquire Virtual Observer	(28,313)	—
Cash paid to acquire substantially all of the assets of Whendu LLC	(100)	—
Proceeds from sale of convertible note held for investment	—	217
Net cash used in investing activities	(287,664)	(1,679)
Cash flows from financing activities:		
Proceeds from issuance of 2025 convertible senior notes, net of issuance costs	728,812	—
Payments for capped call transactions related to the 2025 convertible senior notes	(90,448)	—
Repurchase of a portion of 2023 convertible senior notes, net of costs	(186,465)	—
Proceeds from exercise of common stock options	8,928	6,097
Proceeds from sale of common stock under ESPP	5,666	3,996
Payments of finance leases	(3,028)	(5,408)
Net cash provided by financing activities	463,465	4,685
Net increase in cash and cash equivalents	223,791	38,661
Cash and cash equivalents:		
Beginning of period	77,976	81,912
End of period	$ 301,767	$ 120,573

FIVE9, INC.

RECONCILIATION OF GAAP GROSS PROFIT TO ADJUSTED GROSS PROFIT

(In thousands, except percentages)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
GAAP gross profit	$ 65,582	$ 49,297	$ 177,972	$ 139,172
GAAP gross margin	58.5 %	58.8 %	58.0 %	59.0 %
Non-GAAP adjustments:				
Depreciation	3,433	2,514	9,665	7,208
Intangibles amortization	1,738	88	4,566	264
Stock-based compensation	2,603	1,702	7,091	4,589
COVID-19 relief bonus for employees	—	—	618	—
Adjusted gross profit	$ 73,356	$ 53,601	$ 199,912	$ 151,233
Adjusted gross margin	65.4 %	64.0 %	65.1 %	64.2 %

FIVE9, INC.

RECONCILIATION OF GAAP NET LOSS TO ADJUSTED EBITDA

(In thousands, except percentages)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
GAAP net loss	$ (11,431)	$ (1,604)	$ (34,920)	$ (5,388)
Non-GAAP adjustments:				
Depreciation and amortization	6,537	3,497	17,750	10,050
Stock-based compensation	17,286	11,075	47,871	30,197
Interest expense	9,649	3,486	18,867	10,288
Interest income and other	(349)	(1,460)	3,544	(4,695)
Legal settlement	—	—	—	420
Legal and indemnification fees related to settlement	—	—	—	356
Acquisition-related transaction costs and one-time integration costs	2,030	—	3,996	—
COVID-19 relief bonus for employees	—	—	1,817	—
Provision for (benefit from) income taxes	346	50	(2,461)	30
Adjusted EBITDA	$ 24,068	$ 15,044	$ 56,464	$ 41,258
Adjusted EBITDA as % of revenue	21.5 %	18.0 %	18.4 %	17.5 %

FIVE9, INC.

RECONCILIATION OF GAAP OPERATING INCOME (LOSS) TO NON-GAAP OPERATING INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Income (loss) from operations	$ (1,785)	$ 472	$ (14,970)	$ 235
Non-GAAP adjustments:				
Stock-based compensation	17,286	11,075	47,871	30,197
Intangibles amortization	1,738	88	4,566	264
Legal settlement	—	—	—	420
Legal and indemnification fees related to settlement	—	—	—	356
Acquisition-related transaction costs and one-time integration costs	2,030	—	3,996	—
COVID-19 relief bonus for employees	—	—	1,817	—
Non-GAAP operating income	$ 19,269	$ 11,635	$ 43,280	$ 31,472

FIVE9, INC.

RECONCILIATION OF GAAP NET LOSS TO NON-GAAP NET INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
GAAP net loss	$ (11,431)	$ (1,604)	$ (34,920)	$ (5,388)
Non-GAAP adjustments:				
Stock-based compensation	17,286	11,075	47,871	30,197
Intangibles amortization	1,738	88	4,566	264
Amortization of discount and issuance costs on convertible senior notes	8,633	3,250	17,204	9,484
Legal settlement	—	—	—	420
Legal and indemnification fees related to settlement	—	—	—	356
Acquisition-related transaction costs and one-time integration costs	2,030	—	3,996	—
COVID-19 relief bonus for employees	—	—	1,817	—
Loss on early extinguishment of debt	283	—	6,077	—
Gain on sale of convertible note held for investment	—	—	—	(217)
Tax benefit of valuation allowance associated with an acquisition	—	—	(2,910)	—
Non-GAAP net income	$ 18,539	$ 12,809	$ 43,701	$ 35,116
GAAP net loss per share:				
Basic and diluted	$ (0.17)	$ (0.03)	$ (0.55)	$ (0.09)
Non-GAAP net income per share:				
Basic	$ 0.28	$ 0.21	$ 0.69	$ 0.58
Diluted	$ 0.27	$ 0.20	$ 0.65	$ 0.56
Shares used in computing GAAP net loss per share:				
Basic and diluted	65,460	60,781	63,490	60,074
Shares used in computing non-GAAP net income per share:				
Basic	65,460	60,781	63,490	60,074
Diluted	69,605	63,438	67,214	63,042

FIVE9, INC.

SUMMARY OF STOCK-BASED COMPENSATION, DEPRECIATION AND INTANGIBLES AMORTIZATION
(In thousands)

(Unaudited)

	Three Months Ended					
	September 30, 2020			September 30, 2019		
	Stock-Based Compensation	Depreciation	Intangibles Amortization	Stock-Based Compensation	Depreciation	Intangibles Amortization
Cost of revenue	$ 2,603	$ 3,433	$ 1,738	$ 1,702	$ 2,514	$ 88
Research and development	3,876	512	—	2,022	450	—
Sales and marketing	5,427	1	—	3,017	2	—
General and administrative	5,380	853	—	4,334	443	—
Total	$ 17,286	$ 4,799	$ 1,738	$ 11,075	$ 3,409	$ 88

	Nine Months Ended					
	September 30, 2020			September 30, 2019		
	Stock-Based Compensation	Depreciation	Intangibles Amortization	Stock-Based Compensation	Depreciation	Intangibles Amortization
Cost of revenue	$ 7,091	$ 9,665	$ 4,566	$ 4,589	$ 7,208	$ 264
Research and development	10,368	1,476	—	5,399	1,340	—
Sales and marketing	14,798	3	—	8,015	4	—
General and administrative	15,614	2,040	—	12,194	1,234	—
Total	$ 47,871	$ 13,184	$ 4,566	$ 30,197	$ 9,786	$ 264

FIVE9, INC.

RECONCILIATION OF GAAP NET LOSS TO NON-GAAP NET INCOME – GUIDANCE

(In thousands, except per share data)

(Unaudited)

	Three Months Ending December 31, 2020		Year Ending December 31, 2020	
	Low	High	Low	High
GAAP net loss	$ (14,484)	$ (13,484)	$ (49,404)	$ (48,404)
Non-GAAP adjustments:				
Stock-based compensation	17,988	17,988	65,859	65,859
Intangibles amortization	1,666	1,666	6,232	6,232
Amortization of discount and issuance costs on convertible senior notes	8,570	8,570	25,774	25,774
Loss on early extinguishment of debt	—	—	6,077	6,077
Acquisition-related transaction costs and one-time integration costs	2,260	2,260	6,256	6,256
COVID-19 relief bonus for employees	—	—	1,817	1,817
Tax benefit of valuation allowance associated with an acquisition	—	—	(2,910)	(2,910)
Income tax expense effects (1)	—	—	—	—
Non-GAAP net income	$ 16,000	$ 17,000	$ 59,701	$ 60,701
GAAP net loss per share, basic and diluted	$ (0.21)	$ (0.20)	$ (0.76)	$ (0.75)
Non-GAAP net income per share:				
Basic	$ 0.24	$ 0.25	$ 0.92	$ 0.94
Diluted	$ 0.22	$ 0.24	$ 0.87	$ 0.88
Shares used in computing GAAP net loss per share and non-GAAP net income per share:				
Basic	67,800	67,800	64,600	64,600
Diluted	72,200	72,200	68,600	68,600

(1) Non-GAAP adjustments do not have an impact on our income tax provision due to past non-GAAP losses.

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