

Q4 2022 Investor Presentation

Five9 (NASDAQ: FIVN)



The Intelligent Cloud Contact Center

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In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP and may differ from non-GAAP measures used by other companies in our industry. The Company considers these non-GAAP financial measures to be important because they provide useful measures of the operating performance of the Company, exclusive of unusual events, as well as factors that do not directly affect what we consider to be our core operating performance. 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 to the most directly comparable GAAP measure set forth in the Appendix to this presentation.

This presentation contains statistical data that we obtained from industry publications and reports generated by third parties. Although we believe that the publications and reports are reliable, we have not independently verified this statistical data and accordingly, we cannot guarantee their accuracy or completeness.

Q4'22 Highlights

Strong Financial Results

- Q4'22 revenue was a record \$208.3M, representing 20% YoY growth
- 2022 revenue was a record \$778.8M, representing 28% YoY growth
- LTM DBRR of 115%
- Q4'22 adjusted EBITDA margin of 22.2%, delivering disciplined and profitable growth
- 2022 adjusted EBITDA margin of 18.0%

Upmarket Execution

- 161 customers generating \$1M+ in ARR, up from 134 a year ago, representing slightly more than 50% of recurring revenue
- Significant Enterprise wins
 - Global BPO: ~\$4.3M in ARR
 - Fortune 500 Clinical Laboratory: ~\$3.8M in ARR
 - Global Radiology Facilities Company: ~\$2.3M in ARR
- Financial services company added \$1.8M in ARR with an IVA order, bringing annual spend to over \$6.7M ARR

Q4'22 Highlights (cont'd)

Product Leadership and Innovation

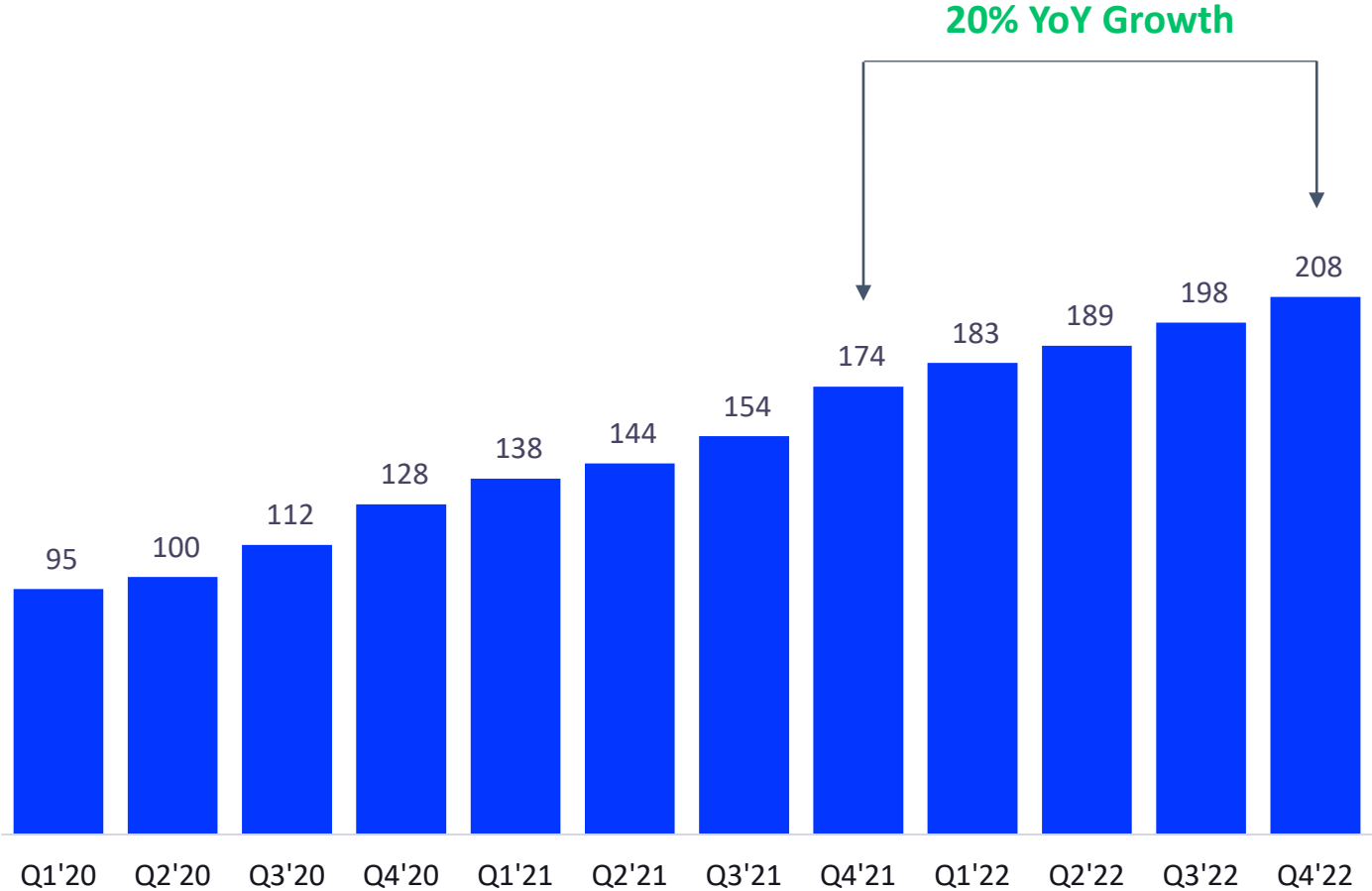
- Launched Five9 Analytics to enable customers to perform deep data discovery, explore trends, create dashboards, and fulfill custom reporting requirements
- Two new product offerings that leverage GPT-3 from Open AI
 - AI Insights: uses real-time transcription to automatically interpret interactions and cluster them into categories, which allows customers to identify opportunities for automation and process improvement
 - AI Summaries: allows customers to auto summarize call transcripts in seconds and publish them in real-time

International and Channel Expansion

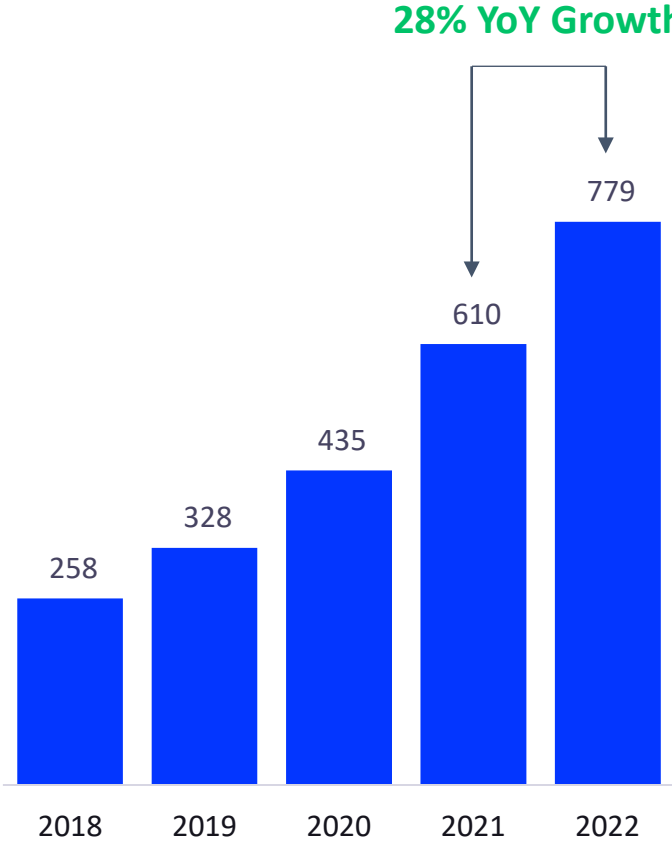
- Q4'22 International bookings grew 87% YoY
- 2022 International revenue grew 44% YoY
- Continue to enter new markets including Germany, Spain and several other countries
- Global momentum from partner certifications for sales and implementation services
- Total number of certified partners more than tripled in the last year

Strong, Consistent Revenue Growth

Quarterly Revenue (\$M)

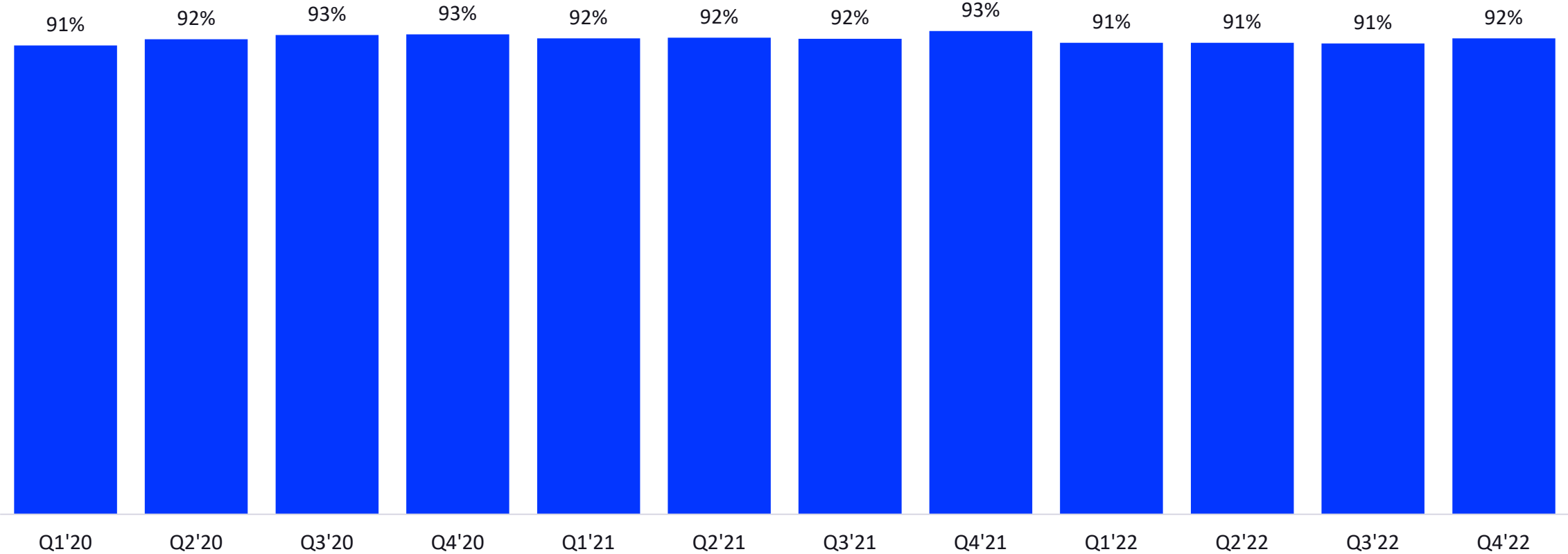


Annual Revenue (\$M)



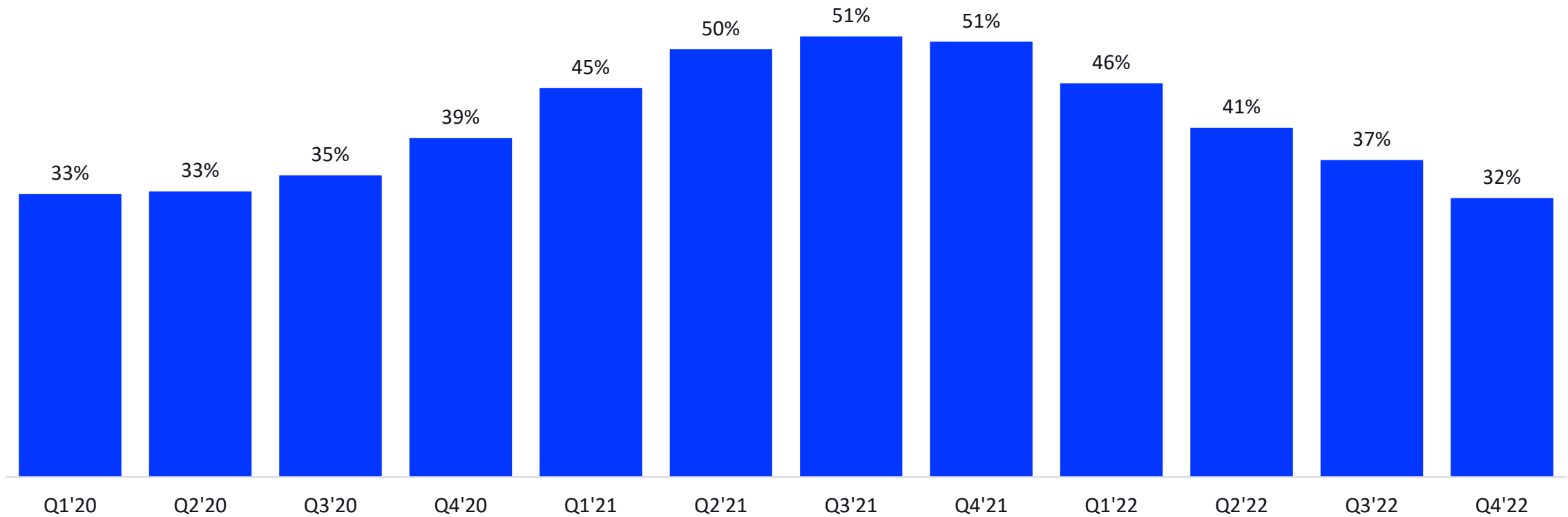
Attractive Revenue Visibility

Recurring as a % of Total Revenue



Executing on Enterprise Opportunity

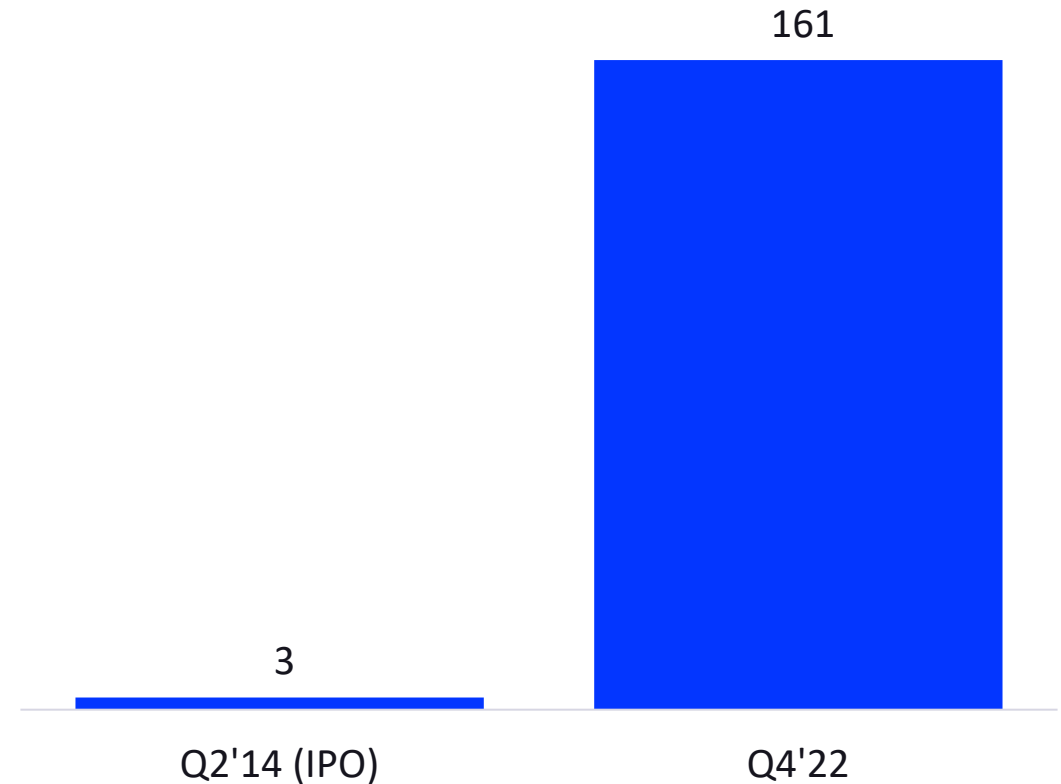
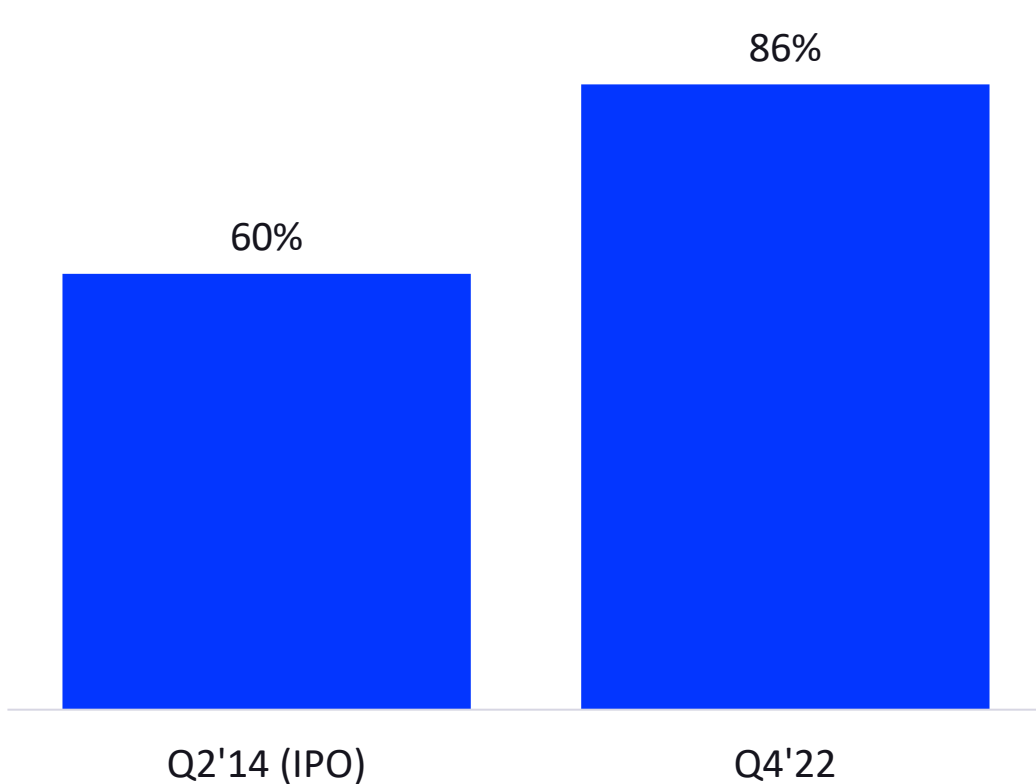
% YoY Enterprise Subscription Revenue Growth (LTM)



Executing on Enterprise Opportunity (cont'd)

Enterprise as a % of Total Revenue (LTM)

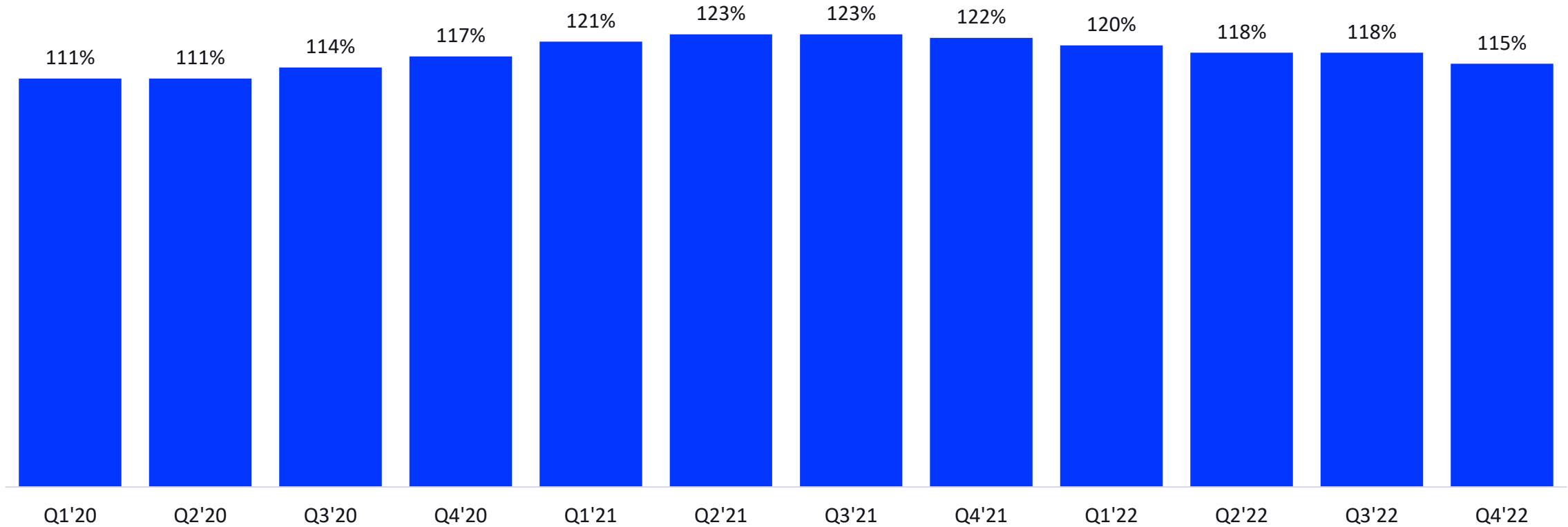
Enterprise Customers \$1M+ ARR (Q4'22 Ann.)



Note: Historical results prior to 2018 based on ASC 605; \$1M+ ARR based on Q4'21 annualized

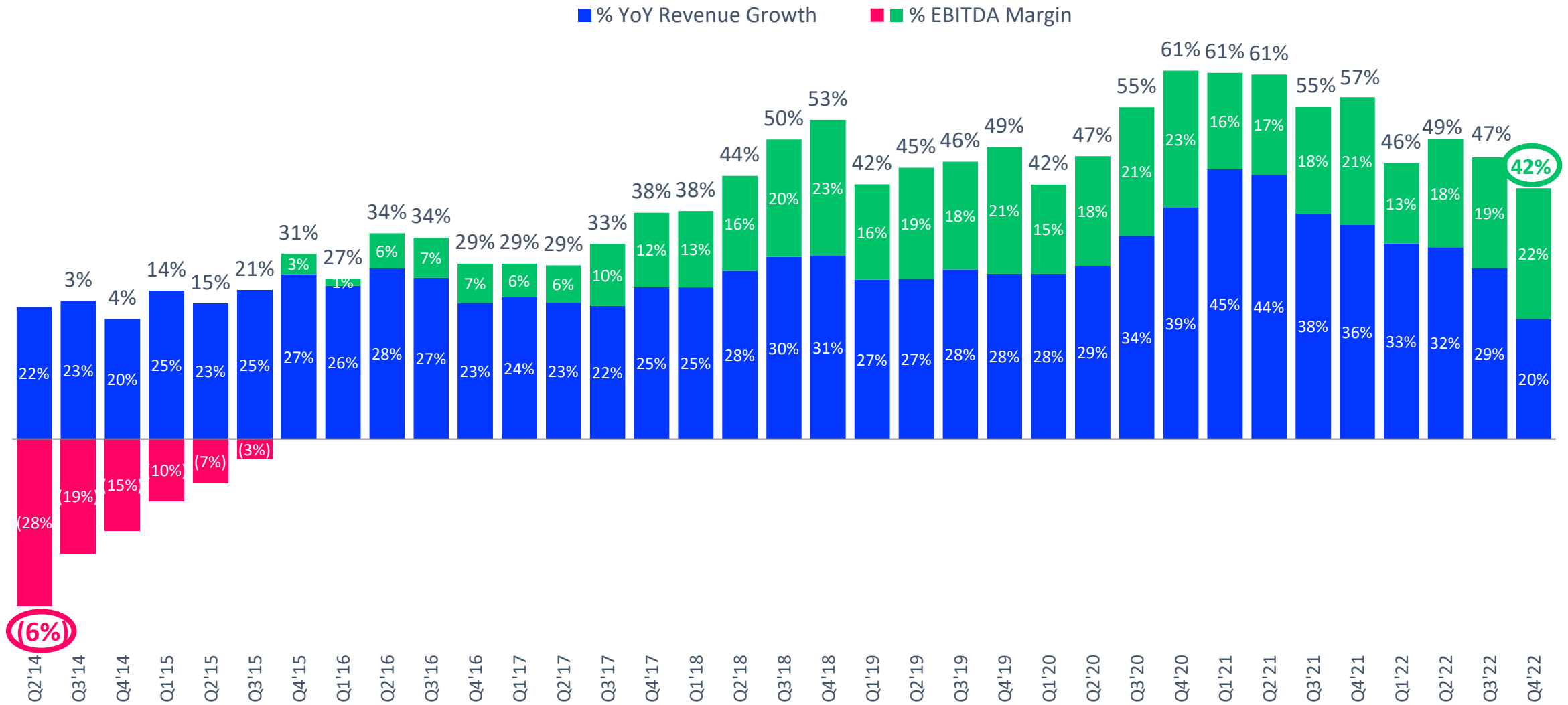
High Customer Retention

% Annual Dollar Based Retention Rate (DBRR)



Note: Annual DBRR based on last 12 months at the end of each respective quarter

Continuing to Drive Balanced Growth



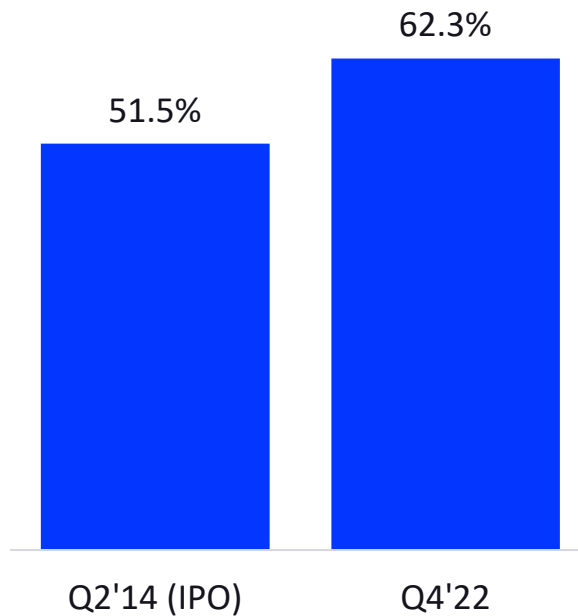
Note: ASC 605 for periods prior to 2018

Robust Margin Expansion and Operating Leverage

Non-GAAP

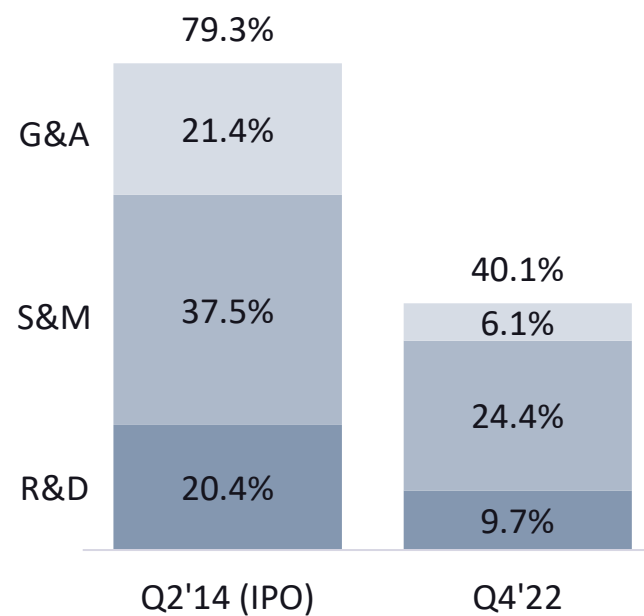
Adj. Gross Margin

10.8% expansion



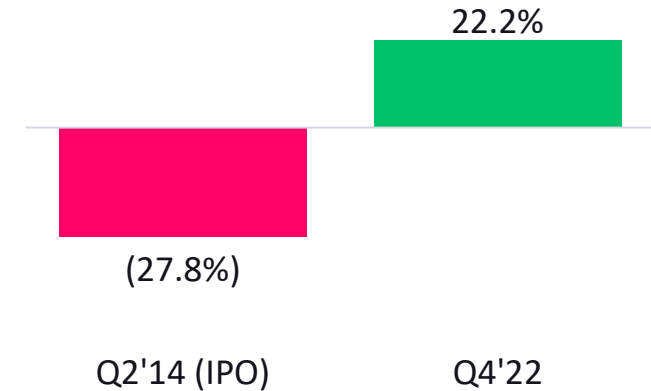
Non-GAAP Opex (% of revenue)

39.2% improvement



Adj. EBITDA Margin

50.0% expansion



Note: Non-GAAP metrics exclude depreciation, intangibles amortization, stock-based compensation and unusual transactions. Q2'14 metrics based on ASC 605. See appendix for reconciliation of non-GAAP measures to most comparable GAAP measure

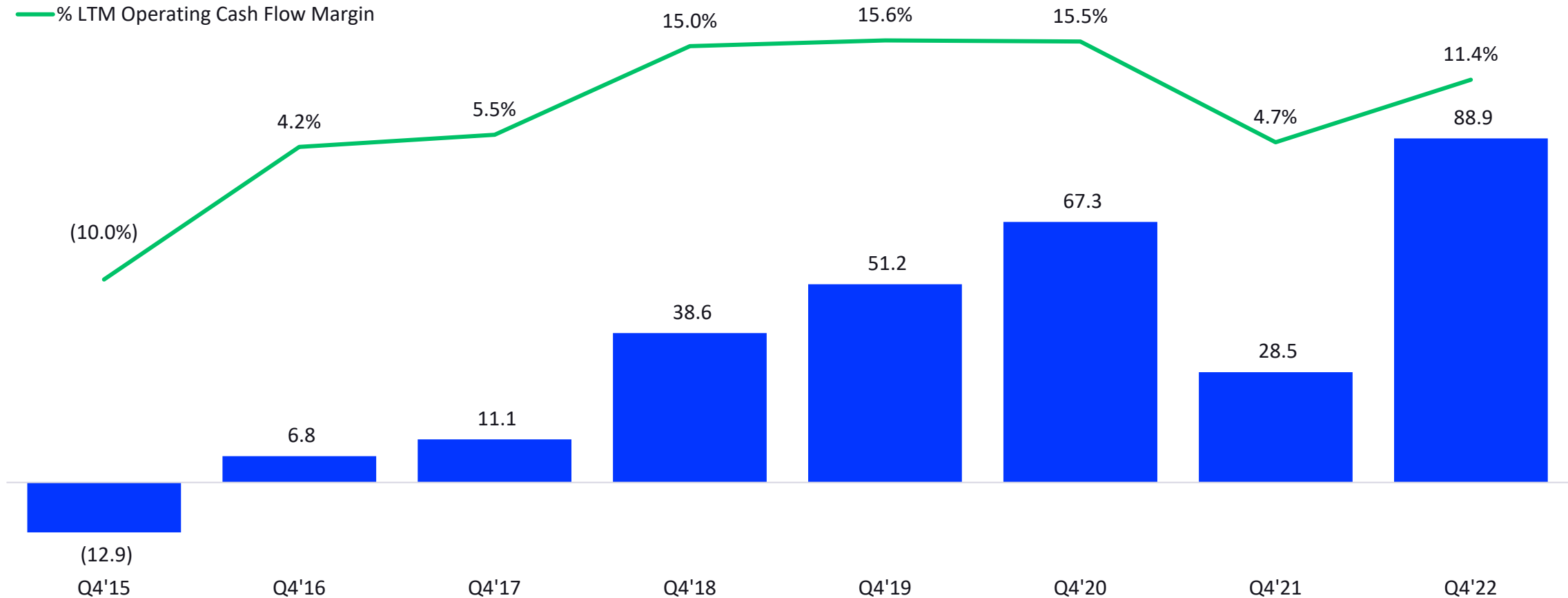
Operating Cash Flow and Margin

LTM Operating Cash Flow (\$M)

DSO of 35 days in Q4'22

■ LTM Operating Cash Flow

— % LTM Operating Cash Flow Margin



Note: Historical operating cash flow margin prior to 2018 based on ASC 605 revenue

Q1'23 and 2023 Guidance

	Q1'23	2023
Revenue	\$207.0M - \$208.0M	\$900M - \$903M
GAAP Net Loss Per Basic Share	\$(0.63) - \$(0.58)	\$(1.72) - \$(1.62)
Non-GAAP Net Income Per Diluted Share	\$0.23 - \$0.25	\$1.67 - \$1.71
Basic Shares	71.2M	72.1M
Diluted Shares	72.2M	73.4M
Non-GAAP Taxes	\$750K	\$3.5M
Capital Expenditures	\$12M - \$13M	\$53M - \$55M

Note: Refer to the "GAAP to Non-GAAP Net Income (Loss) Reconciliation – Guidance" table in the appendix for more details, including important assumptions upon which such guidance is based.

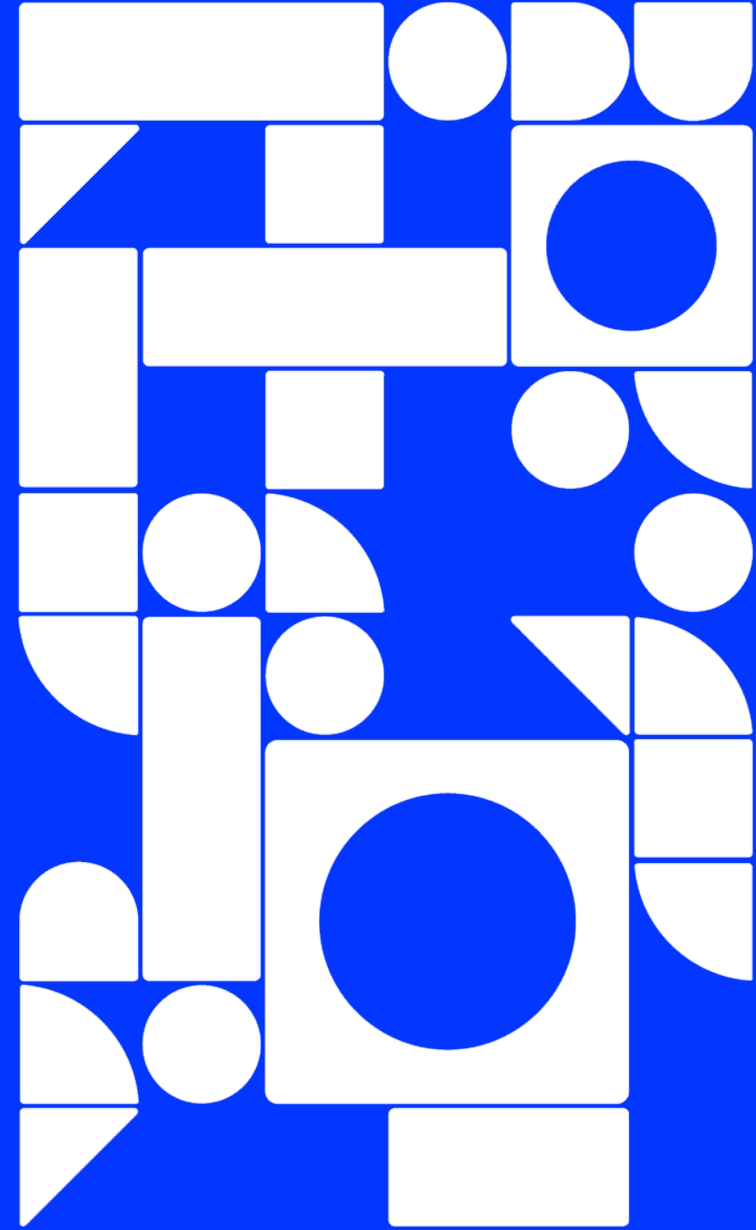
Long-Term Operating Model

Non-GAAP

% of Revenue	Today Q4'22		Long-Term Model 2027	
Revenue	\$208M		Continued growth in Enterprise subscriptions	\$2.4B
Adj. Gross Margin	62%		Subscription margin expansion and increasing subscription mix	70%+
S&M	24%		Continued investments in GTM in line with revenue growth	26% - 30%
R&D	10%		Continued investments in innovation	12% - 14%
G&A	6%		Economies of scale	5% - 7%
Adj. EBITDA	22%			23%+

Note: Non-GAAP metrics exclude depreciation, intangibles amortization, stock-based compensation and unusual transactions. See appendix for reconciliation of non-GAAP measures to most comparable GAAP measure. Long-Term model assumes more robust macroeconomic conditions in 2024 and beyond.

Appendix



Balance Sheet Summary

\$ in Millions	Quarter Ended	
	December 31, 2022	December 31, 2021
Cash, cash equivalents and marketable investments	\$615.1	\$617.2
Working capital	627.9	459.7
Total assets	1,244.5	1,192.9
Total debt	738.5	768.6
Total stockholders' equity	310.0	211.1

GAAP to Adjusted Gross Profit Reconciliation

Q2'14 – Q4'17

	Quarter Ended														
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
GAAP gross profit	\$ 11,216	\$ 12,365	\$ 13,734	\$ 15,496	\$ 16,004	\$ 17,475	\$ 20,398	\$ 21,405	\$ 22,122	\$ 23,192	\$ 28,437	\$ 27,043	\$ 27,454	\$ 29,584	\$ 33,040
<i>% GAAP gross margin</i>	45.4 %	47.8 %	48.6 %	51.2 %	52.9 %	54.1 %	56.6 %	56.3 %	56.9 %	56.6 %	64.3 %	57.5 %	57.5 %	59.1 %	59.6 %
Depreciation & amortization	1,373	1,272	1,291	1,439	1,558	1,470	1,483	1,680	1,616	1,668	1,608	1,576	1,716	1,397	1,611
Stock-based compensation	121	158	176	188	218	233	227	265	329	357	424	434	575	599	594
One-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	(3,114)	—	—	—	—
Out of period adj. for accrued federal fees	—	—	235	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted gross profit	\$ 12,710	\$ 13,795	\$ 15,436	\$ 17,123	\$ 17,780	\$ 19,178	\$ 22,108	\$ 23,350	\$ 24,067	\$ 25,217	\$ 27,355	\$ 29,053	\$ 29,745	\$ 31,580	\$ 35,245
<i>% adjusted gross margin</i>	51.5 %	53.3 %	54.6 %	56.6 %	58.7 %	59.4 %	61.4 %	61.4 %	61.9 %	61.5 %	61.9 %	61.8 %	62.3 %	63.1 %	63.6 %

Note: Historical results prior to 2018 based on ASC 605

GAAP to Adjusted Gross Profit Reconciliation

Q1'18 – Q4'22

	Quarter Ended																			
	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
GAAP gross profit	\$34,203	\$36,306	\$39,125	\$43,996	\$43,687	\$46,188	\$49,297	\$54,323	\$55,051	\$57,339	\$65,582	\$76,652	\$78,079	\$79,387	\$87,191	\$93,835	\$93,910	\$101,153	\$104,231	\$112,051
<i>% GAAP gross margin</i>	58.1 %	59.4 %	59.9 %	60.8 %	58.6 %	59.6 %	58.8 %	58.9 %	57.9 %	57.5 %	58.5 %	59.9 %	56.6 %	55.2 %	56.5 %	54.1 %	51.4 %	53.4 %	52.6 %	53.8 %
Depreciation & amortization	1,794	1,864	2,021	2,129	2,366	2,504	2,602	3,384	3,940	5,120	5,171	5,948	7,087	7,825	7,658	8,301	8,500	8,747	8,904	8,803
Stock-based compensation	678	853	860	942	1,229	1,658	1,702	1,745	1,989	2,499	2,603	2,331	3,105	3,781	3,994	6,854	7,793	8,538	8,329	8,638
One-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	30	2	37	43	48	80	187	86
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	380	3	96	219
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	618	—	—	—	—	—	—	—	—	—	—
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,511)	—	—
Adjusted gross profit	\$36,675	\$39,023	\$42,006	\$47,067	\$47,282	\$50,350	\$53,601	\$59,452	\$60,980	\$65,576	\$73,356	\$84,931	\$88,301	\$90,995	\$98,880	\$109,033	\$110,631	\$115,010	\$121,747	\$129,797
<i>% adjusted gross margin</i>	62.3 %	63.8 %	64.3 %	65.1 %	63.4 %	65.0 %	64.0 %	64.4 %	64.1 %	65.7 %	65.4 %	66.4 %	64.0 %	63.3 %	64.1 %	62.8 %	60.5 %	60.7 %	61.4 %	62.3 %

GAAP to Adjusted Gross Profit Reconciliation

2014 – 2022

	Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
GAAP gross profit	\$ 48,441	\$ 69,373	\$ 95,156	\$ 117,121	\$ 153,630	\$ 193,495	\$ 254,624	\$ 338,492	\$ 411,345	
% GAAP gross margin	47.0 %	53.8 %	58.7 %	58.5 %	59.6 %	59.0 %	58.5 %	55.5 %	52.8 %	
Depreciation & amortization	5,138	5,950	6,573	6,300	7,808	10,856	20,179	30,870	34,955	
Stock-based compensation	542	866	1,375	2,202	3,333	6,334	9,422	17,734	33,297	
Reversal of accrued federal fees	—	—	(3,114)	—	—	—	—	—	—	
Out of period adj. for accrued federal fees	235	—	—	—	—	—	—	—	—	
COVID-19 relief bonus for employees	—	—	—	—	—	—	618	—	—	
One-time integration costs	—	—	—	—	—	—	—	112	401	
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	698	
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	(3,511)	
Adjusted gross profit	\$ 54,356	\$ 76,189	\$ 99,990	\$ 125,623	\$ 164,771	\$ 210,685	\$ 284,843	\$ 387,208	\$ 477,185	
% adjusted gross margin	52.7 %	59.1 %	61.7 %	62.7 %	63.9 %	64.2 %	65.5 %	63.5 %	61.3 %	

Note: Historical results prior to 2018 based on ASC 605

GAAP Net Inc. (Loss) to Adj. EBITDA Reconciliation

Q2'14 – Q4'17

	Quarter Ended															
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	
GAAP net income (loss)	\$ (8,659)	\$ (11,435)	\$ (9,372)	\$ (8,903)	\$ (7,369)	\$ (6,048)	\$ (3,518)	\$ (4,911)	\$ (3,468)	\$ (3,890)	\$ 409	\$ (5,255)	\$ (4,007)	\$ 924	\$ (631)	
Non-GAAP adjustments:																
Depreciation and amortization	1,699	1,567	1,605	1,775	1,910	1,840	1,863	2,103	2,060	2,140	2,086	2,095	2,270	1,881	2,068	
Stock-based compensation	1,723	1,877	1,957	2,235	1,830	1,945	1,720	1,994	2,414	2,519	2,716	3,129	3,854	3,720	4,640	
Interest expense	1,092	1,116	1,175	1,139	1,155	1,235	1,198	1,199	1,197	961	869	882	888	865	836	
Interest income and other	28	(95)	(146)	(2)	49	(119)	(28)	45	33	(12)	(54)	(118)	(90)	(118)	(164)	
Provision for (benefit from) income taxes	12	13	33	18	(20)	50	13	28	42	(2)	(14)	49	50	43	126	
Extinguishment of debt	—	—	—	—	—	—	—	—	—	1,026	—	—	—	—	—	
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	(3,114)	—	—	—	—	
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	1,700	—	—	—	
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	135	—	—	—	
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Change in fair value of convertible preferred and common stock warrant liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of contingent sales tax liability (G&A)	(2,766)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of interest and penalties on accrued federal fees (G&A)	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,133)	—	
Accrued FCC charge (G&A)	—	2,000	—	—	—	—	—	—	—	—	—	—	—	—	—	
Out of period adj. for accrued federal fees (COR)	—	—	235	—	—	—	—	—	—	—	—	—	—	—	—	
Out of period adj. for sales tax liability (G&A)	—	—	183	575	190	—	—	—	—	—	—	—	—	—	—	
Adjusted EBITDA	\$ (6,871)	\$ (4,957)	\$ (4,330)	\$ (3,163)	\$ (2,255)	\$ (1,097)	\$ 1,248	\$ 458	\$ 2,278	\$ 2,742	\$ 2,898	\$ 2,617	\$ 2,965	\$ 5,182	\$ 6,875	
% adjusted EBITDA margin	(27.8) %	(19.2) %	(15.3) %	(10.4) %	(7.4) %	(3.4) %	3.5 %	1.2 %	5.9 %	6.7 %	6.6 %	5.6 %	6.2 %	10.3 %	12.4 %	

Note: Historical results prior to 2018 based on ASC 605

GAAP Net Inc. (Loss) to Adj. EBITDA Reconciliation

Q1'18 – Q4'22

	Quarter Ended																			
	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
GAAP net income (loss)	\$ (607)	\$ (2,042)	\$ (1,305)	\$ 3,733	\$ (1,924)	\$ (1,860)	\$ (1,604)	\$ 836	\$ (7,437)	\$ (16,052)	\$ (11,431)	\$ (7,210)	\$ (12,332)	\$ (16,530)	\$ (20,537)	\$ (3,601)	\$ (34,120)	\$ (23,670)	\$ (23,207)	\$ (13,653)
Non-GAAP adjustments:																				
Depreciation and amortization	2,320	2,449	2,667	2,838	3,192	3,361	3,497	4,324	4,970	6,243	6,537	7,337	8,763	9,651	9,780	10,538	10,795	11,640	11,215	11,021
Stock-based compensation	5,325	6,797	8,869	7,493	8,686	10,436	11,075	11,868	13,794	16,791	17,286	16,876	20,908	24,901	27,395	35,601	39,394	44,786	44,503	43,824
Interest expense	810	2,378	3,595	3,462	3,396	3,406	3,486	3,506	3,484	5,734	9,649	9,481	1,938	2,118	1,947	2,024	1,870	1,857	1,879	1,887
Interest income and other	(398)	(206)	(1,352)	(1,359)	(1,745)	(1,490)	(1,460)	(1,384)	(1,072)	(830)	(631)	(501)	(175)	353	(213)	43	(845)	(280)	(982)	(2,706)
Provision for (benefit from) income taxes	45	64	41	150	(49)	29	50	74	69	(2,876)	346	8	(517)	(135)	(188)	(10,445)	2,256	332	579	1,221
Extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Legal settlement	—	—	—	—	—	420	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Legal and indemnification fees related to settlement	—	241	258	93	292	64	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	338	329	1,637	2,030	2,339	1,094	973	9,158	2,351	1,638	1,714	1,944	1,605
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,227	214	774	2,975
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	1,817	—	—	—	—	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	5,795	282	887	—	—	—	—	—	—	—	—
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	2,500	2,700	60	380	260	—	—	—
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(3,511)	—	—
Change in fair value of convertible preferred and common stock warrant liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of contingent sales tax liability (G&A)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of interest and penalties on accrued federal fees (G&A)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued FCC charge (G&A)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees (COR)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for sales tax liability (G&A)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	\$ 7,495	\$ 9,681	\$ 12,773	\$ 16,410	\$ 11,848	\$ 14,366	\$ 15,044	\$ 19,562	\$ 14,137	\$ 18,259	\$ 24,068	\$ 29,217	\$ 22,179	\$ 24,031	\$ 27,402	\$ 36,891	\$ 24,475	\$ 33,082	\$ 36,705	\$ 46,174
% adjusted EBITDA margin	12.7 %	15.8 %	19.6 %	22.7 %	15.9 %	18.6 %	18.0 %	21.2 %	14.9 %	18.3 %	21.5 %	22.8 %	16.1 %	16.7 %	17.8 %	21.3 %	13.4 %	17.5 %	18.5 %	22.2 %

GAAP Net Loss to Adjusted EBITDA Reconciliation

2014 – 2022

	Year Ended										
	2014	2015	2016	2017	2018	2019	2020	2021	2022		
GAAP net income (loss)	\$ (37,786)	\$ (25,838)	\$ (11,860)	\$ (8,969)	\$ (221)	\$ (4,552)	\$ (42,130)	\$ (53,000)	\$ (94,650)		
Non-GAAP adjustments:											
Depreciation and amortization	6,463	7,388	8,390	8,314	10,274	14,374	25,087	38,732	44,671		
Stock-based compensation	6,753	7,730	9,643	15,343	28,484	42,065	64,747	108,805	172,507		
Interest expense	4,161	4,727	4,226	3,471	10,245	13,794	28,348	8,027	7,493		
Interest income and other	(245)	(100)	13	(490)	(3,315)	(6,079)	(3,034)	8	(4,813)		
Provision for (benefit from) income taxes	85	61	54	268	300	104	(2,453)	(11,285)	4,388		
Extinguishment of debt	—	—	1,026	—	—	—	—	—	—		
Reversal of accrued federal fees	—	—	(3,114)	—	—	—	—	—	—		
Legal settlement	—	—	—	1,700	—	420	—	—	—		
Legal and indemnification fees related to	—	—	—	135	592	356	—	—	—		
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	338	6,335	13,576	6,901		
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	7,190		
COVID-19 relief bonus for employees	—	—	—	—	—	—	1,817	—	—		
Loss on early extinguishment of debt	—	—	—	—	—	—	6,964	—	—		
Contingent consideration expense	—	—	—	—	—	—	—	5,640	260		
Change in fair value of convertible preferred and common stock warrant liabilities	(1,745)	—	—	—	—	—	—	—	—		
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	(3,511)		
Reversal of contingent sales tax liability (G&A)	(2,766)	—	—	—	—	—	—	—	—		
Reversal of interest and penalties on accrued federal fees (G&A)	—	—	—	(2,133)	—	—	—	—	—		
Accrued FCC charge (G&A)	2,000	—	—	—	—	—	—	—	—		
Out of period adj. for accrued federal fees (COR)	235	—	—	—	—	—	—	—	—		
Out of period adj. for sales tax liability (G&A)	183	765	—	—	—	—	—	—	—		
Adjusted EBITDA	\$ (22,662)	\$ (5,267)	\$ 8,378	\$ 17,639	\$ 46,359	\$ 60,820	\$ 85,681	\$ 110,503	\$ 140,436		
% adjusted EBITDA margin	(22.0)%	(4.1)%	5.2 %	8.8 %	18.0 %	18.5 %	19.7 %	18.1 %	18.0 %		

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP COR and OpEx Reconciliation

Q2'14 – Q4'17

	Quarter Ended															
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	
GAAP COR	\$ 13,469	\$ 13,504	\$ 14,540	\$ 14,778	\$ 14,270	\$ 14,812	\$ 15,635	\$ 16,610	\$ 16,764	\$ 17,790	\$ 15,770	\$ 19,971	\$ 20,273	\$ 20,497	\$ 22,363	
% of revenue	54.6 %	52.2 %	51.4 %	48.8 %	47.1 %	45.9 %	43.4 %	43.7 %	43.1 %	43.4 %	35.7 %	42.5 %	42.5 %	40.9 %	40.4 %	
Depreciation & amortization	(1,373)	(1,272)	(1,291)	(1,439)	(1,558)	(1,470)	(1,483)	(1,680)	(1,616)	(1,668)	(1,608)	(1,576)	(1,716)	(1,397)	(1,611)	
Stock-based compensation	(121)	(158)	(176)	(188)	(218)	(233)	(227)	(265)	(329)	(357)	(424)	(434)	(575)	(599)	(594)	
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	3,114	—	—	—	—	
Out of period adj. for accrued federal fees	—	—	(235)	—	—	—	—	—	—	—	—	—	—	—	—	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Non-GAAP COR	\$ 11,975	\$ 12,074	\$ 12,838	\$ 13,151	\$ 12,494	\$ 13,109	\$ 13,925	\$ 14,665	\$ 14,819	\$ 15,765	\$ 16,852	\$ 17,961	\$ 17,982	\$ 18,501	\$ 20,158	
% of revenue	48.5 %	46.7 %	45.4 %	43.4 %	41.3 %	40.6 %	38.6 %	38.6 %	38.1 %	38.5 %	38.1 %	38.2 %	37.7 %	36.9 %	36.4 %	
GAAP R&D	\$ 5,554	\$ 5,503	\$ 5,828	\$ 6,038	\$ 5,568	\$ 5,473	\$ 5,580	\$ 5,802	\$ 5,799	\$ 6,041	\$ 6,236	\$ 6,847	\$ 6,836	\$ 6,689	\$ 6,748	
% of revenue	22.5 %	21.3 %	20.6 %	19.9 %	18.4 %	17.0 %	15.5 %	15.3 %	14.9 %	14.7 %	14.1 %	14.6 %	14.3 %	13.4 %	12.2 %	
Depreciation & amortization	(50)	(58)	(75)	(87)	(102)	(126)	(140)	(148)	(161)	(204)	(224)	(206)	(237)	(182)	(170)	
Stock-based compensation	(471)	(583)	(527)	(574)	(340)	(475)	(401)	(435)	(528)	(547)	(549)	(637)	(801)	(797)	(807)	
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Non-GAAP R&D	\$ 5,033	\$ 4,862	\$ 5,226	\$ 5,377	\$ 5,126	\$ 4,872	\$ 5,039	\$ 5,219	\$ 5,110	\$ 5,290	\$ 5,463	\$ 6,004	\$ 5,798	\$ 5,710	\$ 5,771	
% of revenue	20.4 %	18.8 %	18.5 %	17.8 %	16.9 %	15.1 %	14.0 %	13.7 %	13.1 %	12.9 %	12.4 %	12.8 %	12.1 %	11.4 %	10.4 %	

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP OpEx Reconciliation

Q2'14 – Q4'17

	Quarter Ended														
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
GAAP S&M	\$ 9,674	\$ 9,296	\$ 9,453	\$ 9,931	\$ 10,594	\$ 10,797	\$ 10,720	\$ 12,706	\$ 12,637	\$ 12,925	\$ 14,480	\$ 15,778	\$ 16,932	\$ 16,502	\$ 17,358
% of revenue	39.2 %	35.9 %	33.4 %	32.8 %	35.0 %	33.4 %	29.8 %	33.4 %	32.5 %	31.5 %	32.8 %	33.6 %	35.5 %	33.0 %	31.3 %
Depreciation & amortization	(48)	(50)	(50)	(49)	(51)	(52)	(54)	(53)	(54)	(56)	(58)	(30)	(30)	(30)	(30)
Stock-based compensation	(368)	(361)	(455)	(524)	(458)	(448)	(370)	(434)	(544)	(626)	(759)	(928)	(1,224)	(1,084)	(1,128)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP S&M	9,258	8,885	8,948	9,358	10,085	10,297	10,296	12,219	12,039	12,243	13,663	14,820	15,678	15,388	16,200
% of revenue	37.5 %	34.3 %	31.6 %	30.9 %	33.3 %	31.9 %	28.6 %	32.1 %	31.0 %	29.9 %	30.9 %	31.5 %	32.8 %	30.7 %	29.2 %

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP OpEx Reconciliation

Q2'14 – Q4'17

	Quarter Ended															
	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	
GAAP G&A	\$ 3,515	\$ 7,967	\$ 6,763	\$ 7,275	\$ 6,027	\$ 6,087	\$ 6,433	\$ 6,536	\$ 5,882	\$ 6,143	\$ 6,511	\$ 8,860	\$ 6,845	\$ 4,679	\$ 8,767	
% of revenue	14.2 %	30.8 %	23.9 %	24.0 %	19.9 %	18.9 %	17.9 %	17.2 %	15.1 %	15.0 %	14.7 %	18.8 %	14.3 %	9.3 %	15.8 %	
Depreciation & amortization	(228)	(187)	(189)	(200)	(199)	(192)	(186)	(222)	(229)	(212)	(196)	(283)	(287)	(272)	(257)	
Stock-based compensation	(763)	(775)	(799)	(949)	(814)	(789)	(722)	(860)	(1,013)	(989)	(984)	(1,130)	(1,254)	(1,240)	(2,111)	
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	(1,700)	—	—	—	
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	(135)	—	—	—	
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of contingent sales tax liability	2,766	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Reversal of interest & penalties on accrued fed. fees	—	—	—	—	—	—	—	—	—	—	—	—	—	2,133	—	
Accrued FCC charge	—	(2,000)	—	—	—	—	—	—	—	—	—	—	—	—	—	
Out of period adj. for sales tax liability	—	—	(183)	(575)	(190)	—	—	—	—	—	—	—	—	—	—	
Non-GAAP G&A	5,290	5,005	5,592	5,551	4,824	5,106	5,525	5,454	4,640	4,942	5,331	5,612	5,304	5,300	6,399	
% of revenue	21.4 %	19.3 %	19.8 %	18.3 %	15.9 %	15.8 %	15.3 %	14.3 %	11.9 %	12.1 %	12.1 %	11.9 %	11.1 %	10.6 %	11.5 %	

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP COR and OpEx Reconciliation

Q1'18 – Q4'22

	Quarter Ended																			
	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
GAAP COR	\$24,702	\$24,814	\$26,179	\$28,339	\$30,851	\$31,248	\$34,472	\$37,940	\$40,037	\$42,453	\$46,561	\$51,233	\$59,803	\$64,395	\$67,137	\$79,764	\$88,867	\$88,229	\$94,111	\$96,294
% of revenue	41.9 %	40.6 %	40.1 %	39.2 %	41.4 %	40.4 %	41.2 %	41.1 %	42.1 %	42.5 %	41.5 %	40.1 %	43.4 %	44.8 %	43.5 %	45.9 %	48.6 %	46.6 %	47.4 %	46.2 %
Depreciation & amortization	(1,794)	(1,864)	(2,021)	(2,129)	(2,366)	(2,504)	(2,602)	(3,384)	(3,940)	(5,120)	(5,171)	(5,948)	(7,087)	(7,825)	(7,658)	(8,301)	(8,500)	(8,747)	(8,904)	(8,803)
Stock-based compensation	(678)	(853)	(860)	(942)	(1,229)	(1,658)	(1,702)	(1,745)	(1,989)	(2,499)	(2,603)	(2,331)	(3,105)	(3,781)	(3,994)	(6,854)	(7,793)	(8,538)	(8,329)	(8,638)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	(30)	(2)	(37)	(43)	(48)	(80)	(187)	(86)
Reversal of accrued federal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(380)	(3)	(96)	(219)
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	(618)	—	—	—	—	—	—	—	—	—	—
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,511	—	—
Non-GAAP COR	\$22,230	\$22,097	\$23,298	\$25,268	\$27,256	\$27,086	\$30,168	\$32,811	\$34,108	\$34,216	\$38,787	\$42,954	\$49,581	\$52,787	\$55,448	\$64,566	\$72,146	\$74,372	\$76,595	\$78,548
% of revenue	37.7 %	36.2 %	35.7 %	34.9 %	36.6 %	35.0 %	36.0 %	35.6 %	35.9 %	34.3 %	34.6 %	33.6 %	36.0 %	36.7 %	35.9 %	37.2 %	39.5 %	39.3 %	38.6 %	37.7 %
GAAP R&D	\$ 7,772	\$ 8,367	\$ 9,582	\$ 8,451	\$10,546	\$10,811	\$11,665	\$12,168	\$15,189	\$17,208	\$17,674	\$18,676	\$22,121	\$24,648	\$29,680	\$30,448	\$35,824	\$34,992	\$34,113	\$36,865
% of revenue	13.2 %	13.7 %	14.7 %	11.7 %	14.1 %	14.0 %	13.9 %	13.2 %	16.0 %	17.2 %	15.8 %	14.6 %	16.0 %	17.1 %	19.2 %	17.5 %	19.6 %	18.5 %	17.2 %	17.7 %
Depreciation & amortization	(194)	(233)	(278)	(331)	(440)	(450)	(450)	(461)	(465)	(497)	(512)	(488)	(596)	(729)	(1,004)	(948)	(825)	(804)	(768)	(768)
Stock-based compensation	(877)	(1,064)	(2,352)	(1,010)	(1,470)	(1,907)	(2,022)	(2,259)	(2,806)	(3,684)	(3,876)	(3,675)	(4,763)	(6,152)	(9,101)	(9,163)	(10,145)	(11,818)	(10,603)	(11,799)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	(248)	(439)	(332)	(337)	(666)	(660)	(462)	(656)	(1,307)	(1,654)	(1,449)
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,629)	(59)	(557)	(2,615)
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	(365)	—	—	—	—	—	—	—	—	—	—
Non-GAAP R&D	\$ 6,701	\$ 7,070	\$ 6,952	\$ 7,110	\$ 8,636	\$ 8,454	\$ 9,193	\$ 9,448	\$11,918	\$12,414	\$12,847	\$14,181	\$16,425	\$17,101	\$18,915	\$19,875	\$21,569	\$21,004	\$20,531	\$20,234
% of revenue	11.4 %	11.6 %	10.6 %	9.8 %	11.6 %	10.9 %	11.0 %	10.2 %	12.5 %	12.4 %	11.5 %	11.1 %	11.9 %	11.9 %	12.3 %	11.4 %	11.8 %	11.1 %	10.4 %	9.7 %

GAAP to Non-GAAP OpEx Reconciliation

Q1'18 – Q4'22

	Quarter Ended																			
	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
GAAP S&M	\$17,478	\$17,912	\$17,818	\$18,793	\$21,701	\$23,250	\$25,014	\$25,627	\$30,160	\$32,231	\$32,969	\$37,053	\$44,799	\$46,024	\$49,712	\$53,394	\$64,611	\$64,098	\$67,353	\$65,928
% of revenue	29.7 %	29.3 %	27.3 %	26.0 %	29.1 %	30.0 %	29.9 %	27.8 %	31.7 %	32.3 %	29.4 %	29.0 %	32.5 %	32.0 %	32.2 %	30.8 %	35.3 %	33.8 %	34.0 %	31.6 %
Depreciation & amortization	(29)	(30)	(30)	(6)	(1)	(1)	(2)	(2)	(2)	(2)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Stock-based compensation	(1,362)	(1,585)	(1,613)	(1,747)	(2,249)	(2,749)	(3,017)	(3,353)	(4,106)	(5,265)	(5,427)	(5,366)	(6,771)	(8,208)	(8,304)	(11,987)	(13,424)	(14,963)	(15,761)	(15,152)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	(169)	(28)	(43)	(11)	(28)	(322)	(642)	(46)	(23)	—	—
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for	—	—	—	—	—	—	—	—	—	(596)	—	—	—	—	—	—	—	—	—	—
Non-GAAP S&M	\$16,087	\$16,297	\$16,175	\$17,040	\$19,451	\$20,500	\$21,995	\$22,272	\$26,052	\$26,199	\$27,513	\$31,642	\$38,016	\$37,787	\$41,085	\$40,764	\$51,140	\$49,111	\$51,591	\$50,775
% of revenue	27.3 %	26.7 %	24.8 %	23.6 %	26.1 %	26.5 %	26.3 %	24.1 %	27.4 %	26.3 %	24.5 %	24.7 %	27.6 %	26.3 %	26.6 %	23.5 %	28.0 %	25.9 %	26.0 %	24.4 %

GAAP to Non-GAAP OpEx Reconciliation

Q1'18 – Q4'22

	Quarter Ended																			
	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
GAAP G&A	\$ 9,103	\$ 9,833	\$10,746	\$10,766	\$11,762	\$12,042	\$12,146	\$13,496	\$14,658	\$16,129	\$16,724	\$18,258	\$22,245	\$22,909	\$26,790	\$21,972	\$24,314	\$23,824	\$24,496	\$22,509
% of revenue	15.5 %	16.1 %	16.5 %	14.9 %	15.8 %	15.6 %	14.5 %	14.6 %	15.4 %	16.2 %	14.9 %	14.3 %	16.1 %	15.9 %	17.4 %	12.7 %	13.3 %	12.6 %	12.4 %	10.8 %
Depreciation & amortization	(303)	(322)	(338)	(372)	(385)	(406)	(443)	(477)	(563)	(624)	(853)	(899)	(1,079)	(1,096)	(1,117)	(1,288)	(1,469)	(2,088)	(1,542)	(1,449)
Stock-based compensation	(2,408)	(3,295)	(4,044)	(3,794)	(3,738)	(4,122)	(4,334)	(4,511)	(4,893)	(5,343)	(5,380)	(5,504)	(6,269)	(6,760)	(5,996)	(7,597)	(8,032)	(9,467)	(9,810)	(8,235)
Legal settlement	—	—	—	—	—	(420)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Legal and indemnification fees related to settlement	—	(241)	(258)	(93)	(292)	(64)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	(338)	(329)	(1,220)	(1,563)	(1,964)	(716)	(278)	(8,139)	(1,204)	(888)	(304)	(103)	(70)
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(218)	(152)	(121)	(141)
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	(238)	—	—	—	—	—	—	—	—	—	—
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	(2,500)	(2,700)	(60)	(380)	(260)	—	—	—
Reversal of contingent sales tax liability	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of interest & penalties on accrued fed. fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued FCC charge	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for sales tax liability	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP G&A	\$ 6,392	\$ 5,975	\$ 6,106	\$ 6,507	\$ 7,347	\$ 7,030	\$ 7,369	\$ 8,170	\$ 8,873	\$ 8,704	\$ 8,928	\$ 9,891	\$11,681	\$12,075	\$11,478	\$11,503	\$13,447	\$11,813	\$12,920	\$12,614
% of revenue	10.9 %	9.8 %	9.4 %	9.0 %	9.9 %	9.1 %	8.8 %	8.9 %	9.3 %	8.7 %	8.0 %	7.7 %	8.5 %	8.4 %	7.4 %	6.6 %	7.4 %	6.2 %	6.5 %	6.1 %

GAAP to Non-GAAP COR and OpEx Reconciliation

2014 – 2022

	Year Ended										
	2014	2015	2016	2017	2018	2019	2020	2021	2022		
GAAP COR	\$ 54,661	\$ 59,495	\$ 66,934	\$ 83,104	\$ 104,034	\$ 134,511	\$ 180,284	\$ 271,099	\$ 367,501		
% of revenue	53.0 %	46.2 %	41.3 %	41.5 %	40.4 %	41.0 %	41.5 %	44.5 %	47.2 %		
Depreciation & amortization	(5,138)	(5,950)	(6,573)	(6,300)	(7,808)	(10,856)	(20,179)	(30,870)	(34,955)		
Stock-based compensation	(542)	(866)	(1,375)	(2,202)	(3,333)	(6,334)	(9,422)	(17,734)	(33,297)		
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	(112)	(401)		
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	(698)		
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	3,511		
Reversal of accrued federal fees	—	—	3,114	—	—	—	—	—	—		
Out of period adj. for accrued federal fees	(235)	—	—	—	—	—	—	—	—		
COVID-19 relief bonus for employees	—	—	—	—	—	—	(618)	—	—		
Non-GAAP COR	\$ 48,746	\$ 52,679	\$ 62,100	\$ 74,602	\$ 92,893	\$ 117,321	\$ 150,065	\$ 222,383	\$ 301,661		
% of revenue	47.3 %	40.9 %	38.3 %	37.3 %	36.1 %	35.8 %	34.5 %	36.5 %	38.7 %		
GAAP R&D	\$ 22,110	\$ 22,659	\$ 23,878	\$ 27,120	\$ 34,172	\$ 45,190	\$ 68,747	\$ 106,897	\$ 141,794		
% of revenue	21.4 %	17.6 %	14.7 %	13.5 %	13.3 %	13.8 %	15.8 %	17.5 %	18.2 %		
Depreciation & amortization	(229)	(455)	(737)	(795)	(1,036)	(1,801)	(1,962)	(3,277)	(3,164)		
Stock-based compensation	(1,931)	(1,790)	(2,059)	(3,042)	(5,303)	(7,658)	(14,041)	(29,179)	(44,367)		
Acquisition-related transaction costs	—	—	—	—	—	—	(1,019)	(2,125)	(5,066)		
Exit costs related to closure and COVID-19 relief bonus for employees	—	—	—	—	—	—	(365)	—	(5,860)		
Non-GAAP R&D	\$ 19,950	\$ 20,414	\$ 21,082	\$ 23,283	\$ 27,833	\$ 35,731	\$ 51,360	\$ 72,316	\$ 83,337		
% of revenue	19.3 %	15.8 %	13.0 %	11.6 %	10.8 %	10.9 %	11.8 %	11.9 %	10.7 %		
GAAP S&M	\$ 37,445	\$ 42,042	\$ 52,748	\$ 66,570	\$ 72,001	\$ 95,592	\$ 132,413	\$ 193,929	\$ 261,990		
% of revenue	36.3 %	32.6 %	32.5 %	33.2 %	27.9 %	29.1 %	30.4 %	31.8 %	33.6 %		
Depreciation & amortization	(196)	(206)	(221)	(120)	(95)	(6)	(7)	(4)	(4)		
Stock-based compensation	(1,510)	(1,800)	(2,363)	(4,364)	(6,307)	(11,368)	(20,164)	(35,270)	(59,300)		
Acquisition-related transaction costs	—	—	—	—	—	—	(240)	(1,003)	(69)		
COVID-19 relief bonus for employees	—	—	—	—	—	—	(596)	—	—		
Non-GAAP S&M	\$ 35,739	\$ 40,036	\$ 50,164	\$ 62,086	\$ 65,599	\$ 84,218	\$ 111,406	\$ 157,652	\$ 202,617		
% of revenue	34.7 %	31.1 %	30.9 %	31.0 %	25.5 %	25.7 %	25.6 %	25.9 %	26.0 %		

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP OpEx Reconciliation

2014 – 2022

	Year Ended										
	2014	2015	2016	2017	2018	2019	2020	2021	2022		
GAAP G&A	\$ 24,416	\$ 25,822	\$ 25,072	\$ 29,151	\$ 40,448	\$ 49,446	\$ 65,769	\$ 93,916	\$ 95,143		
% of revenue	23.7 %	20.0 %	15.5 %	14.6 %	15.7 %	15.1 %	15.1 %	15.4 %	12.2 %		
Depreciation & amortization	(900)	(777)	(859)	(1,099)	(1,335)	(1,711)	(2,939)	(4,581)	(6,548)		
Stock-based compensation	(2,770)	(3,274)	(3,846)	(5,735)	(13,541)	(16,705)	(21,120)	(26,622)	(35,543)		
Legal settlement	—	—	—	(1,700)	—	(420)	—	—	—		
Legal and indemnification fees related	—	—	—	(135)	(592)	(356)	—	—	—		
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	(338)	(5,076)	(10,336)	(1,365)		
Exit costs related to closure and COVID-19 relief bonus for employees	—	—	—	—	—	—	(238)	—	(632)		
Contingent consideration expense	—	—	—	—	—	—	—	(5,640)	(260)		
Reversal of contingent sales tax	2,766	—	—	—	—	—	—	—	—		
Reversal of interest & penalties on	—	—	—	2,133	—	—	—	—	—		
Accrued FCC charge	(2,000)	—	—	—	—	—	—	—	—		
Out of period adj. for sales tax liability	(183)	(765)	—	—	—	—	—	—	—		
Non-GAAP G&A	\$ 21,329	\$ 21,006	\$ 20,367	\$ 22,615	\$ 24,980	\$ 29,916	\$ 36,396	\$ 46,737	\$ 50,795		
% of revenue	20.7 %	16.3 %	12.6 %	11.3 %	9.7 %	9.1 %	8.4 %	7.7 %	6.5 %		

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP Net Income (Loss) Reconciliation

	Three Months Ended		Twelve Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
GAAP net loss	\$ (13,653)	\$ (3,601)	\$ (94,650)	\$ (53,000)
Non-GAAP adjustments:				
Stock-based compensation	43,824	35,601	172,507	108,805
Intangibles amortization	2,890	2,947	11,705	11,787
Amortization of discount and issuance costs on convertible senior notes	947	997	3,743	3,957
Acquisition-related transaction costs and one-time integration costs	1,605	2,351	6,901	13,576
Exit costs related to closure and relocation of Russian operations	3,344	—	7,932	—
Contingent consideration expense	—	380	260	5,640
Refund for prior year overpayment of USF fees	—	—	(3,511)	—
Tax provision associated with acquired companies	—	(8,573)	1,830	(8,573)
Non-GAAP net income	<u>\$ 38,957</u>	<u>\$ 30,102</u>	<u>\$ 106,717</u>	<u>\$ 82,192</u>
GAAP net loss per share:				
Basic	<u>\$ (0.19)</u>	<u>\$ (0.05)</u>	<u>\$ (1.35)</u>	<u>\$ (0.79)</u>
Diluted	<u>\$ (0.19)</u>	<u>\$ (0.05)</u>	<u>\$ (1.35)</u>	<u>\$ (0.79)</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.55</u>	<u>\$ 0.44</u>	<u>\$ 1.53</u>	<u>\$ 1.22</u>
Diluted	<u>\$ 0.54</u>	<u>\$ 0.42</u>	<u>\$ 1.50</u>	<u>\$ 1.16</u>
Shares used in computing GAAP net loss per share:				
Basic	<u>70,704</u>	<u>68,207</u>	<u>69,920</u>	<u>67,512</u>
Diluted	<u>70,704</u>	<u>68,207</u>	<u>69,920</u>	<u>67,512</u>
Shares used in computing non-GAAP net income per share:				
Basic	<u>70,704</u>	<u>68,207</u>	<u>69,920</u>	<u>67,512</u>
Diluted	<u>71,537</u>	<u>70,878</u>	<u>71,229</u>	<u>70,735</u>

GAAP to Non-GAAP Net Income (Loss) Reconciliation

Guidance⁽¹⁾

	Three Months Ended March 31, 2023		Twelve Months Ended December 31, 2023	
	Low	High	Low	High
GAAP net loss	\$ (44,909)	\$ (40,965)	\$ (123,994)	\$ (116,558)
Non-GAAP adjustments:				
Stock-based compensation ⁽²⁾	54,742	52,742	225,427	221,427
Intangibles amortization	2,884	2,884	11,537	11,537
Amortization of discount and issuance costs on convertible senior notes	908	908	3,749	3,749
Acquisition-related transaction costs and one-time integration costs ⁽³⁾	1,936	1,436	1,936	1,436
Exit costs related to closure and relocation of Russian operations	1,045	1,045	3,975	3,975
Income tax expense effects ⁽⁴⁾	—	—	—	—
Non-GAAP net income	\$ 16,606	\$ 18,050	\$ 122,630	\$ 125,566
GAAP net loss per share, basic and diluted	\$ (0.63)	\$ (0.58)	\$ (1.72)	\$ (1.62)
Non-GAAP net income per share:				
Basic	\$ 0.23	\$ 0.25	\$ 1.70	\$ 1.74
Diluted	\$ 0.23	\$ 0.25	\$ 1.67	\$ 1.71
Shares used in computing GAAP net loss per share and non-GAAP net income per share:				
Basic	71,200	71,200	72,100	72,100
Diluted	72,200	72,200	73,400	73,400

(1) Represents guidance discussed on February 22, 2023. Reader shall not construe presentation of this information after February 22, 2023 as an update or reaffirmation of such guidance.

(2) Stock-based compensation expense are based on a range of probable significance, assuming market price for our common stock that is approximately consistent with current levels.

(3) Acquisition-related one-time integration costs are based on a range of probable significance for completed acquisitions, and no new acquisitions are assumed.

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

Capital Expenditure and Free Cash Flow Reconciliation

\$ in Thousands					12 mo ended					12 mo ended					12 mo ended
	Q1'20	Q2'20	Q3'20	Q4'20	12/31/2020	Q1'21	Q2'21	Q3'21	Q4'21	12/31/2021	Q1'22	Q2'22	Q3'22	Q4'22	12/31/2022
Net cash provided by operating activities <small>(Refer to cash flows from operating activities in cash flow stmt)</small>	\$10,394	\$14,765	\$22,831	\$19,312	\$ 67,302	\$ 13,765	\$ 11,392	\$ (4,808)	\$ 8,649	\$ 28,998	\$ 28,724	\$ (3,103)	\$ 30,504	\$ 32,740	\$ 88,865
Capital expenditure															
Purchases of property and equipment <small>(Refer to cash flows from investing activities in cash flow stmt)</small>	6,045	8,846	5,521	10,010	30,422	8,229	11,248	9,001	13,738	42,216	12,398	22,076	11,554	6,244	52,272
Equipment obtained under capital lease <small>(Refer to non-cash investing and financing activities in cash flow stmt)</small>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capitalization of software development	—	—	—	—	—	—	—	—	—	—	569	823	1,028	1,479	3,899
Equipment purchased and unpaid at period-end:															
Beginning balance	2,890	2,280	2,838	3,721	2,890	7,491	7,515	7,818	13,705	7,491	13,871	22,365	16,141	13,372	13,871
Ending balance <small>(Refer to non-cash investing and financing activities in cash flow stmt)</small>	2,280	2,838	3,721	7,491	7,491	7,515	7,818	13,705	13,871	13,871	22,365	16,141	13,372	12,332	12,332
Change in equipment purchased and unpaid during period	(610)	558	883	3,770	4,601	24	303	5,887	166	6,380	8,494	(6,224)	(2,769)	(1,040)	(1,539)
Total capital expenditure	\$ 5,435	\$ 9,404	\$ 6,404	\$13,780	\$ 35,023	\$ 8,253	\$ 11,551	\$ 14,888	\$ 13,904	\$ 48,596	\$ 21,461	\$ 16,675	\$ 9,813	\$ 6,683	\$ 54,632
Free cash flow <small>(operating cash flow less capex paid in cash)</small>	\$ 4,349	\$ 5,919	\$17,310	\$ 9,302	\$ 36,880	\$ 5,536	\$ 144	\$ (13,809)	\$ (5,089)	\$ (13,218)	\$ 15,757	\$ (26,002)	\$ 17,922	\$ 25,017	\$ 32,694

Note 1: Q4'20 ending balance of equipment purchased and unpaid at period-end was revised from \$8,114K to \$7,491K.

Note 2: Q4'21 net cash provided by operating activities changed from \$8,136K to \$8,649K due to separate disclosure of restricted cash.

Thank You



