

Q3 2024 Investor Presentation

Five9 (NASDAQ: FIVN)

Safe Harbor

This presentation is proprietary and is intended solely for the information of the persons to whom it is presented. Disclosure of this presentation, its contents, extracts or abstracts to third parties is not authorized without the express written permission of Five9, Inc. (the “Company”), and it may not be retained, reproduced or distributed, in whole or in part, by any means (including electronic) without the prior written consent of Five9, Inc. This presentation speaks only as the date of first publication, its availability after such date shall not constitute an express or implied confirmation of such information as of any later date, and the Company undertakes no obligation to update any of the information set forth herein.

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, concerning events, trends, expectations and beliefs that may affect our industry or the Company, including future financial performance of the company, customer growth, industry size and trends, our expectations regarding macroeconomic challenges, company market position, initiatives and expectations, technology and product initiatives, including AI and automation and its expected benefits to the Company, potential growth drivers, projections and guidance concerning our future results of operations including our long-term model, our market opportunity and our long-term growth prospects. The Company has based these forward-looking statements on its current expectations and projections about future events and financial and operating trends that it believes may affect its financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. Our actual results may be materially different from what we discuss here and you should not unduly rely on such forward looking statements. Please refer to our most recent Form 10-K and 10-Q under the caption "Risk Factors" and elsewhere in such reports, for detailed information about factors that could cause our results to differ from those set forth in such forward-looking statements, including risks related to the impact of adverse economic conditions, including macroeconomic challenges, continued inflation, increased interest rates, supply chain disruptions, decreased economic output and fluctuations in currency exchange rates, lower growth rates within our installed base of customers, and other factors. Past performance is not necessarily indicative of future results. 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.

Q3'24 Highlights

Strong Financial Results

- Total revenue growth accelerated to 15% YoY
- Subscription revenue growth accelerated to 20% YoY
- Q3'24 adjusted EBITDA margin of 20%
- Record quarterly operating cash flow of \$41M, or 16% of revenue
- Enterprise new logo turn-ups reached a Q3 record
- \$1M+ ARR customers in Q3 represented approximately 56% of subscription revenue and grew 29% YoY in Q3

Key Customer Wins and Expansions

- New logo wins
 - Global wireless carrier: \$4.0M in anticipated ARR
 - Global manufacturer of technology for automotive, trucking, and heavy equipment industries: \$1.6M in anticipated ARR
 - Premier online consumer lending platform: \$1.0M in anticipated ARR
- Primary-care health systems provider increased ARR to an anticipated \$1.0M

Q3'24 Highlights (cont'd)

AI Highlights

- AI products made up over 20% of Enterprise new logo ACV bookings in Q3
- Average ARR of new logo deals that included AI were over 5x larger than deals without AI over the last four quarters
- AI attached to 100% of \$1M+ ARR new logo deals over the last four quarters
- AI installed base bookings grew more than 50% YoY in Q3
- AI revenue grew 40% YoY in Q3, in part due to Agent Assist revenue growing 158% YoY
- Recently introduced “AI Blueprint Program” where Five9’s AI experts work with each of our customers to develop their own unique blueprint to transform their CX using AI
- Hosted our first-ever [Five9 AI Day](#)
- Launching Five9 AI Agents, our next-generation IVA, to deliver the New CX

Business Highlights

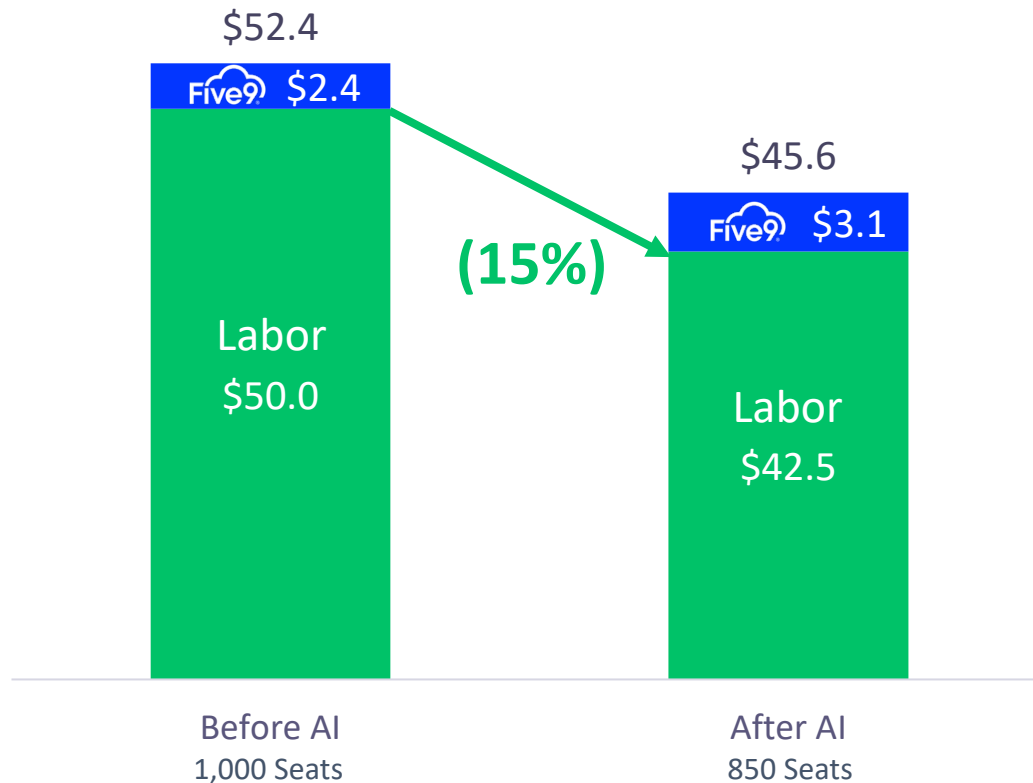
- Closed acquisition of Acqueon, a significant milestone to elevate customer experience through our Intelligent CX Platform
- Five9 was once again named a leader in the Gartner Magic Quadrant for CCaaS
- Ajay Awatramani joined Five9 as Chief Product Officer, with a proven track record of over 25 years of product experience

Illustrative TAM Expansion of 30% Driven by AI

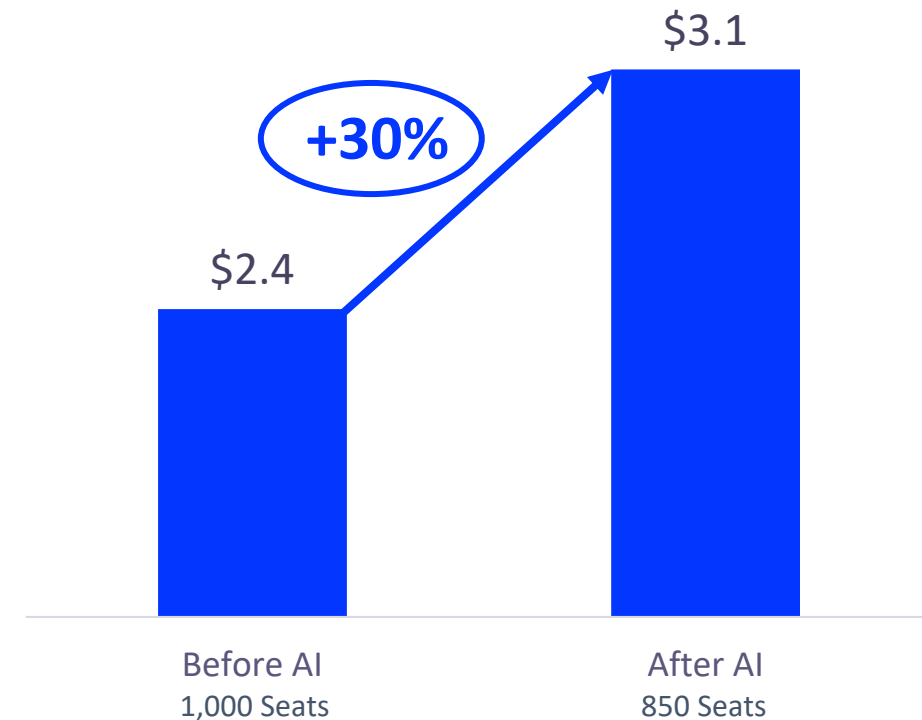
15% Automation Scenario

Annual Customer Costs

Labor Savings (\$M)



Five9[®] ARR Software Increase (\$M)

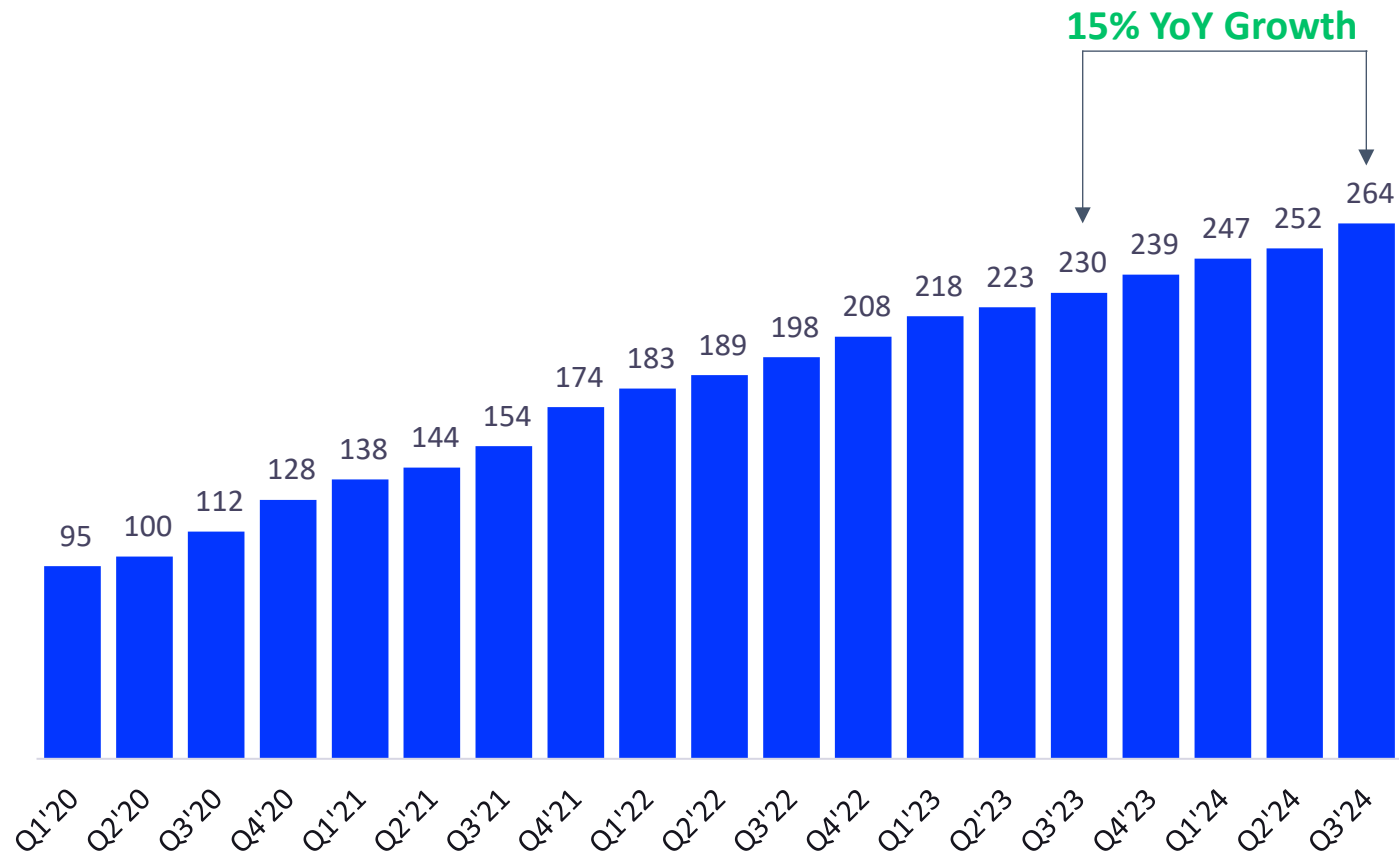


Note: 15% automation based on estimates provided by various publications including Piper Sandler (1H24 CC survey) and Gartner (Market Trend).

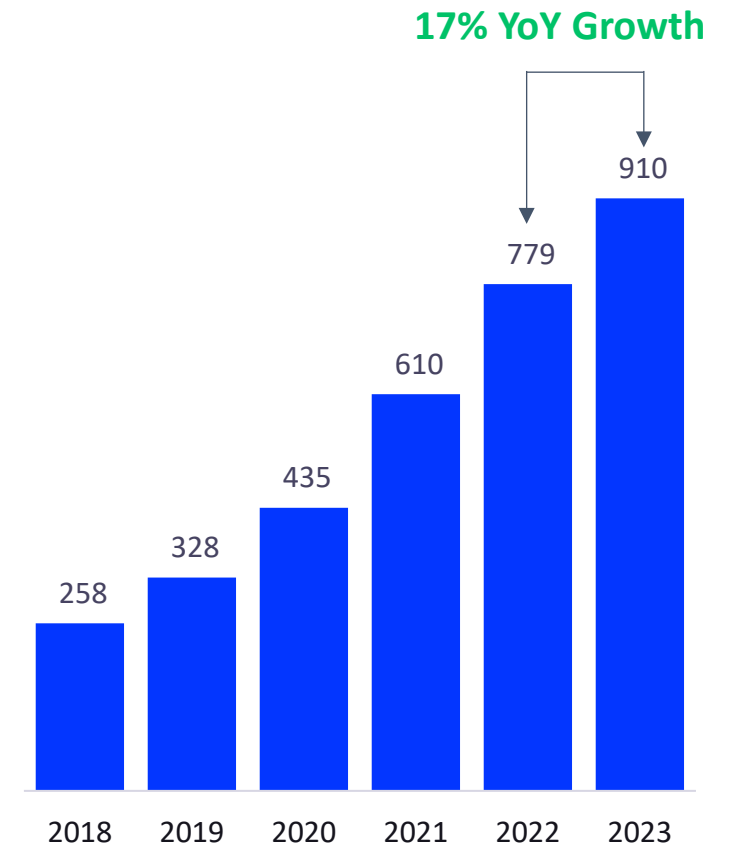
Key assumptions for annual customer cost reduction based on 15% automation using labor cost of \$50k/agent/year. Five9 ARR increase of 30% based on monthly agent software cost of \$200 on 850 seats, \$400 on 150 IVAs, and the remainder for other AI offerings, and net of decreased revenue associated with 15% reduction in agent seats. Five9 ARR increase based on illustrative market dynamics before and after AI deployment. The above data is illustrative only, is based on our own limited information and experience in this rapidly evolving industry landscape and may not be indicative of our short or long-term future results, which are subject to significant risk and uncertainty as the movement to AI by our customers continues to evolve.

Consistent Revenue Growth

Quarterly Revenue (\$M)

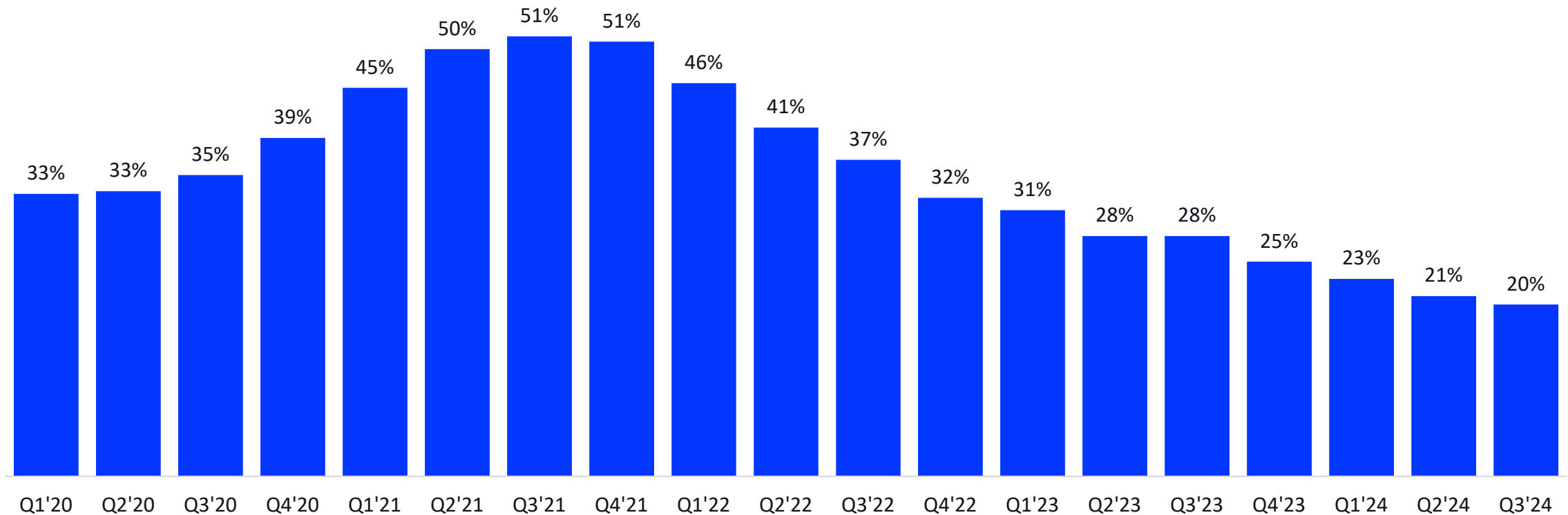


Annual Revenue (\$M)



Executing on Enterprise Opportunity

% YoY Enterprise Subscription Revenue Growth (LTM)

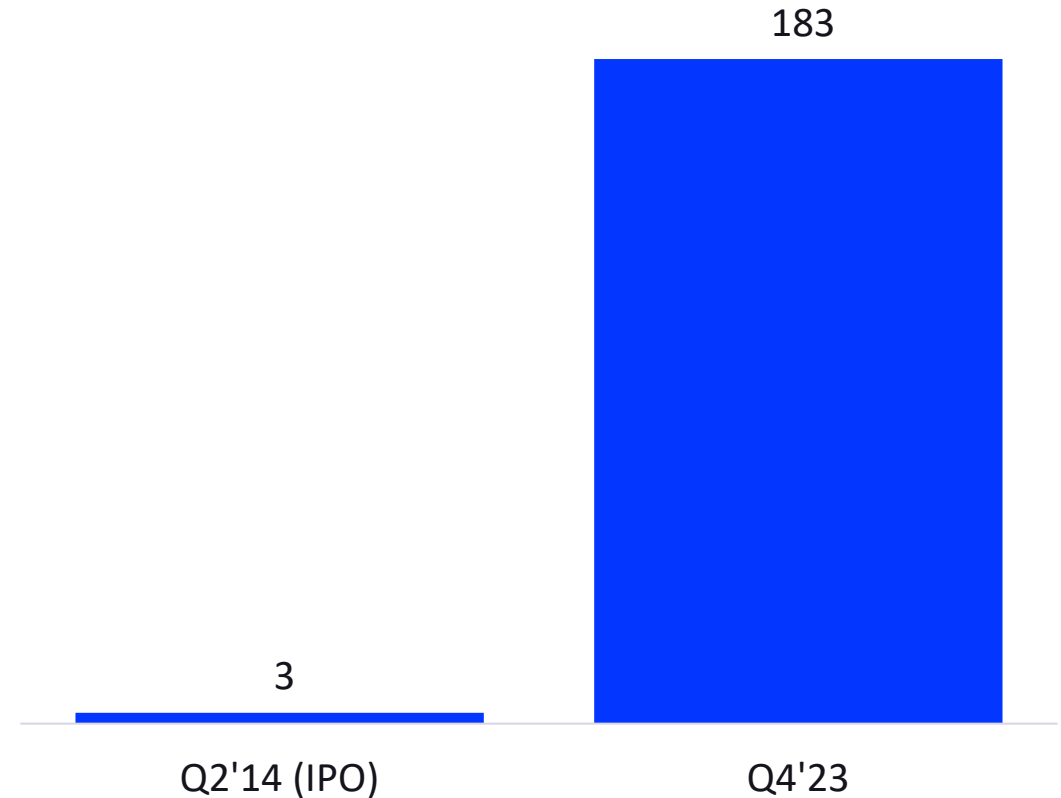
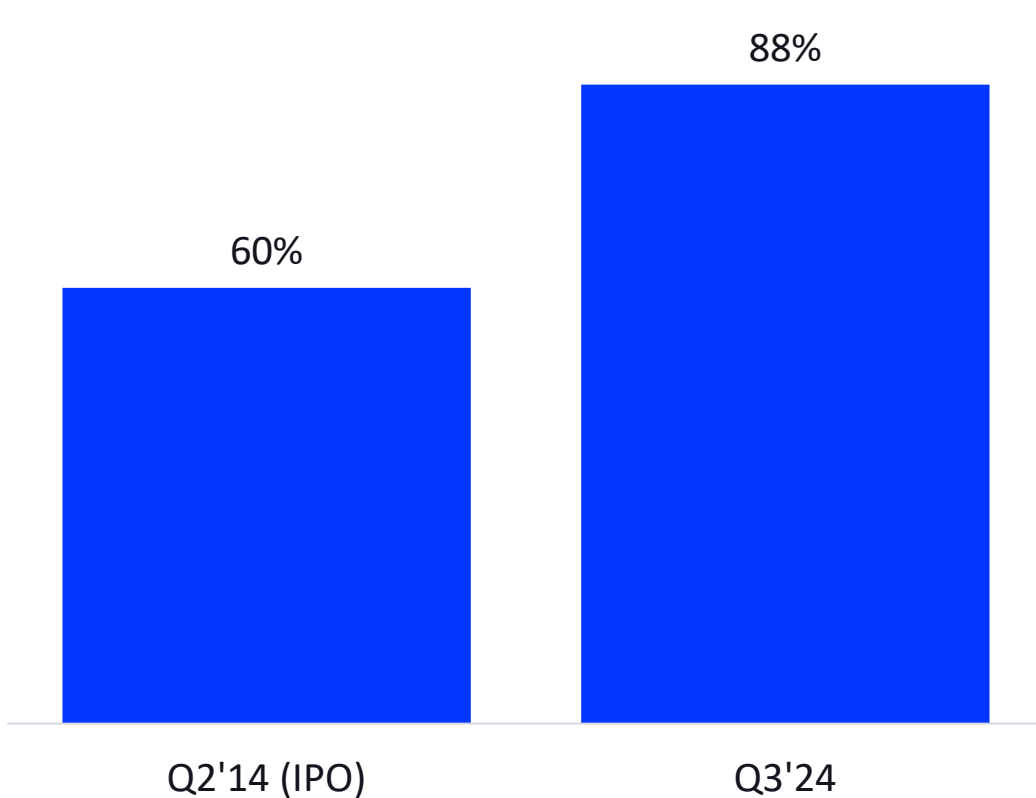


Note: LTM Enterprise subscription revenue growth rate will be provided through Q4'24. Starting in 2025, this metric will no longer be disclosed since quarterly total subscription revenue growth will be provided

Executing on Enterprise Opportunity (cont'd)

Enterprise as a % of Total Revenue (LTM)

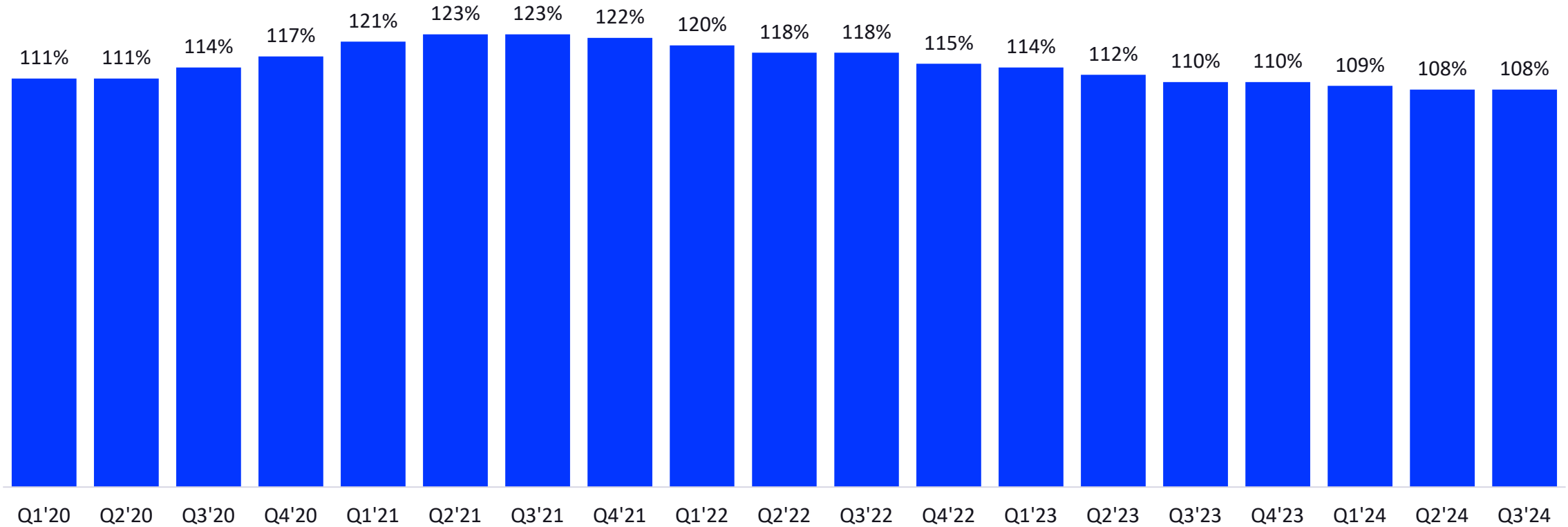
Enterprise Customers \$1M+ ARR (Q4'23 Ann.)



Note: Historical results prior to 2018 based on ASC 605; \$1M+ ARR based on Q4'23 annualized

High Customer Retention

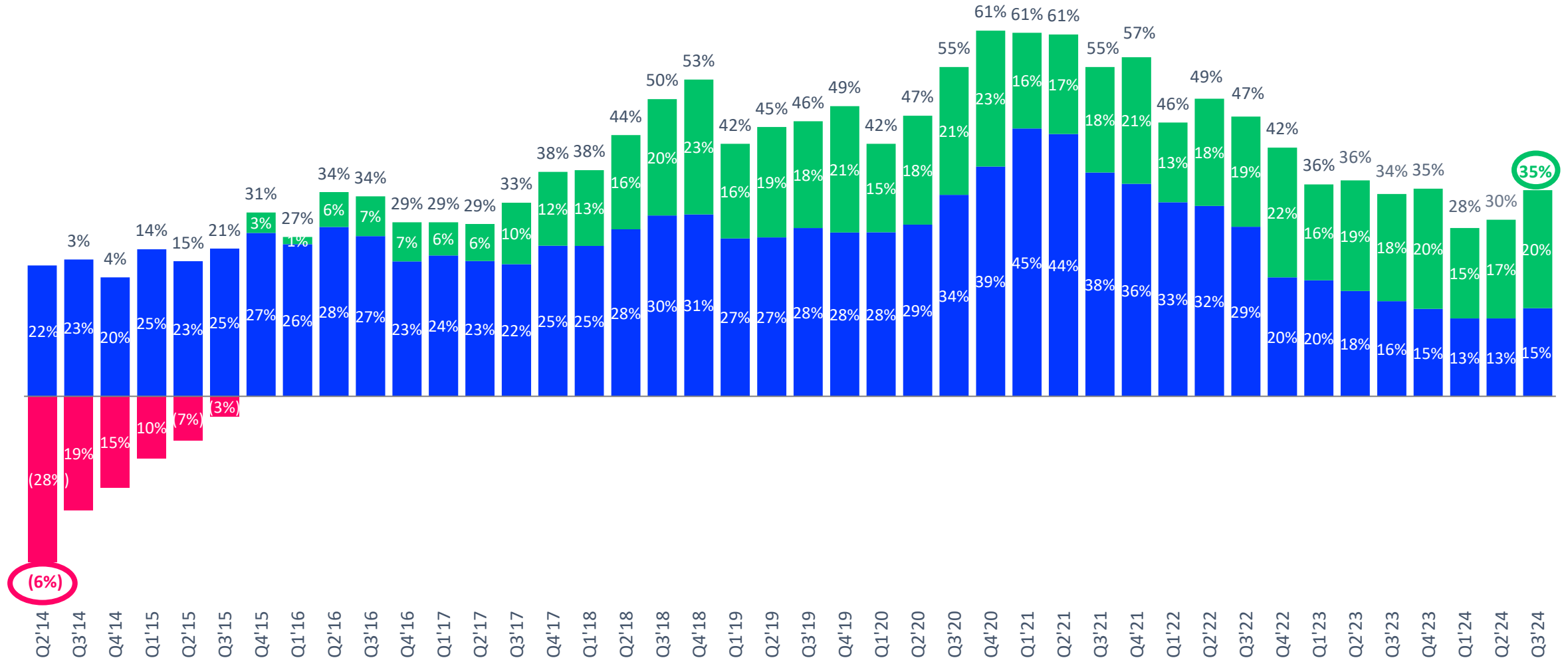
% Annual Dollar Based Retention Rate (DBRR)



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

Continuing to Drive Balanced Growth

■ % YoY Revenue Growth ■ % EBITDA Margin



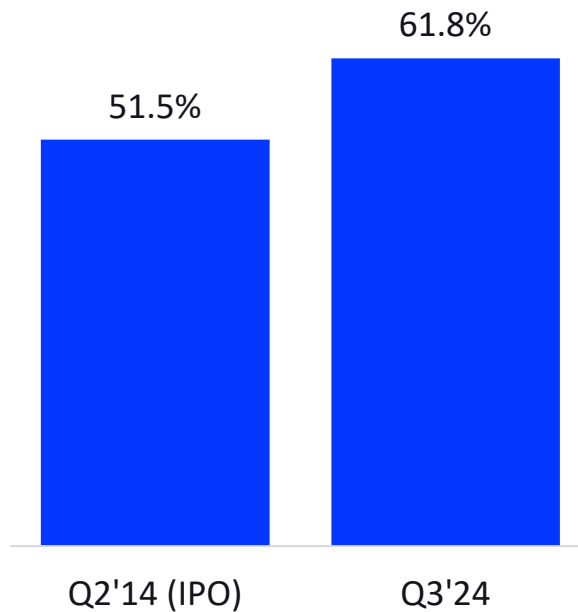
Note: ASC 605 for periods prior to 2018

Robust Margin Expansion and Operating Leverage

Non-GAAP

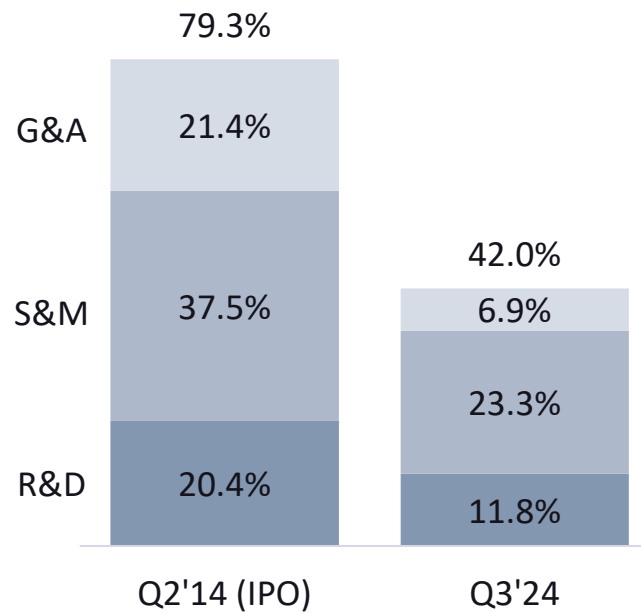
Adj. Gross Margin

10.3% point expansion



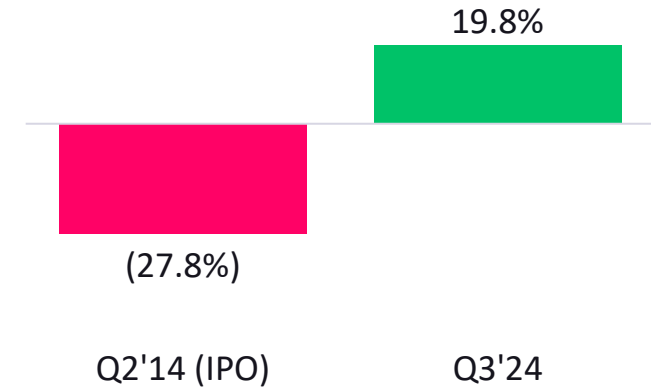
Non-GAAP Opex (% of revenue)

37.3% point improvement



Adj. EBITDA Margin

47.6% point 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

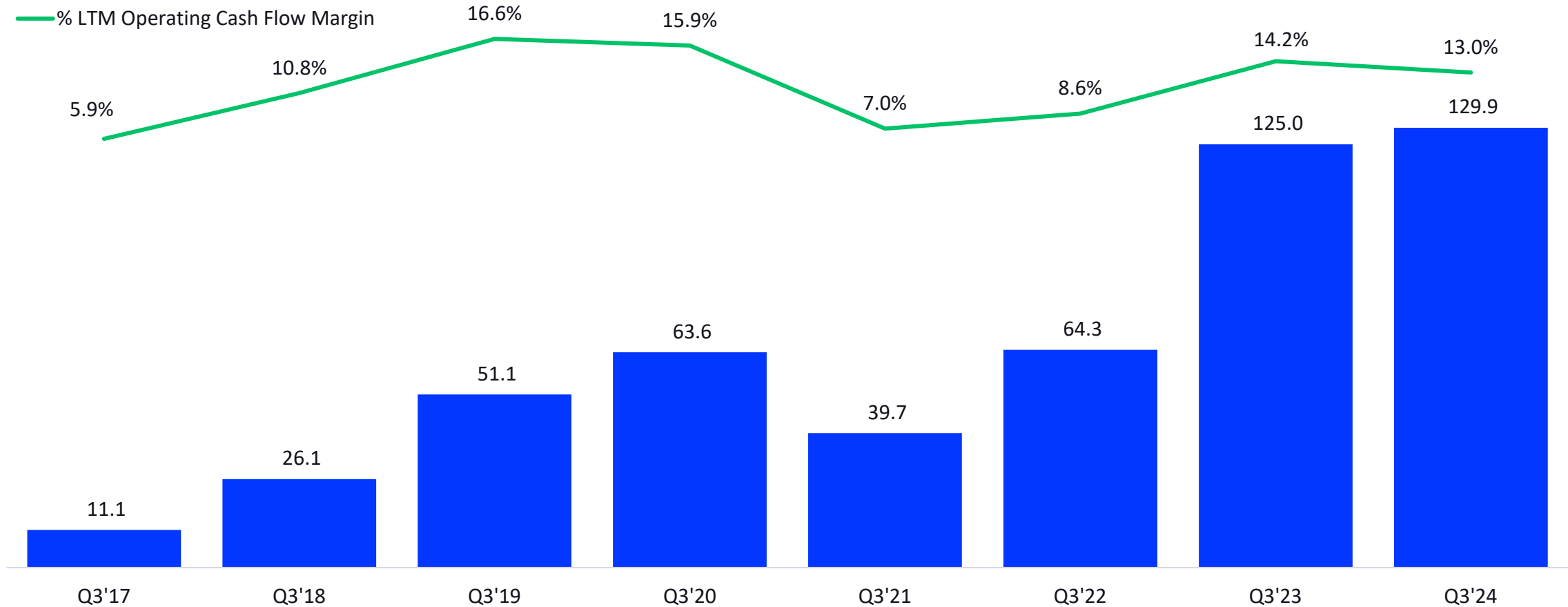
Operating Cash Flow and Margin

LTM Operating Cash Flow (\$M)

DSO of 33 days in Q3'24

■ LTM Operating Cash Flow

— % LTM Operating Cash Flow Margin



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

Balance Sheet Summary

\$ in Millions	Quarter Ended	
	September 30, 2024	December 31, 2023
Cash, cash equivalents and marketable investments	\$ 966.7	\$ 730.3
Working capital	554.0	756.8
Total assets	2,007.9	1,494.6
Total debt ¹	1,163.9	742.1
Total stockholders' equity	565.6	538.1

¹ Total principal amount of debt in the amounts of \$434.4M and \$747.5M will become due in June 2025 and March 2029, respectively.

Q4'24 and 2024 Guidance

	Q4'24	2024
Revenue	\$267.0M – \$268.0M	\$1.030B – \$1.031B
GAAP Net Loss Per Basic Share	n/a	(\$0.30) – (\$0.23)
GAAP Net Income Per Diluted Share	\$0.03 – \$0.08	n/a
Non-GAAP Net Income Per Diluted Share	\$0.69 – \$0.71	\$2.36 – \$2.38
Basic Shares	n/a	74.5M
Diluted Shares – GAAP	88.6M	n/a
Diluted Shares – Non-GAAP	76.0M	75.0M
Taxes – Non-GAAP	\$2.5M – \$2.7M	\$7.8M – \$8.0M
Purchase of PP&E	\$13M – \$14M	\$46M – \$47M

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.

Appendix



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 – Q4'21

	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
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
<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 %
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
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
One-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	30	2	37	43
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	618	—	—	—	—	—	—
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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
<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 %

GAAP to Adjusted Gross Profit Reconciliation

Q1'22 – Q3'24

	Quarter Ended											
	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	
GAAP gross profit	\$ 93,910	\$ 101,153	\$ 104,231	\$ 112,051	\$ 113,683	\$ 118,521	\$ 119,025	\$ 126,569	\$ 132,480	\$ 133,672	\$ 142,249	
<i>% GAAP gross margin</i>	51.4 %	53.4 %	52.6 %	53.8 %	52.0 %	53.2 %	51.7 %	52.9 %	53.6 %	53.0 %	53.8 %	
Depreciation & amortization	8,500	8,747	8,904	8,803	8,907	9,269	10,075	10,308	9,613	10,421	10,414	
Stock-based compensation	7,793	8,538	8,329	8,638	9,333	9,888	9,856	9,182	7,603	7,789	7,512	
One-time integration costs	48	80	187	86	34	—	—	—	53	72	94	
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	23	51	18	12	—	—	—	
Lease amortization for finance leases	—	—	—	—	—	—	492	449	457	455	895	
Costs related to reduction in force plan	—	—	—	—	—	—	—	—	—	—	2,115	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	
Refund for prior year overpayment of USF fees	—	(3,511)	—	—	—	—	—	—	—	—	—	
Adjusted gross profit	\$ 110,631	\$ 115,010	\$ 121,747	\$ 129,797	\$ 131,980	\$ 137,729	\$ 139,466	\$ 146,520	\$ 150,206	\$ 152,409	\$ 163,279	
<i>% adjusted gross margin</i>	60.5 %	60.7 %	61.4 %	62.3 %	60.4 %	61.8 %	60.6 %	61.3 %	60.8 %	60.5 %	61.8 %	

GAAP to Adjusted Gross Profit Reconciliation

2014 – 2023

	Year Ended										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GAAP gross profit	\$ 48,441	\$ 69,373	\$ 95,156	\$ 117,121	\$ 153,630	\$ 193,495	\$ 254,624	\$ 338,492	\$ 411,345	\$ 477,798	
% GAAP gross margin	47.0 %	53.8 %	58.7 %	58.5 %	59.6 %	59.0 %	58.5 %	55.5 %	52.8 %	52.5 %	
Depreciation & amortization	5,138	5,950	6,573	6,300	7,808	10,856	20,179	30,870	34,955	38,559	
Stock-based compensation	542	866	1,375	2,202	3,333	6,334	9,422	17,734	33,297	38,259	
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	34	
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	698	105	
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	(3,511)	—	
Lease amortization for finance leases	—	—	—	—	—	—	—	—	—	941	
Adjusted gross profit	\$ 54,356	\$ 76,189	\$ 99,990	\$ 125,623	\$ 164,771	\$ 210,685	\$ 284,843	\$ 387,208	\$ 477,185	\$ 555,696	
% adjusted gross margin	52.7 %	59.1 %	61.7 %	62.7 %	63.9 %	64.2 %	65.5 %	63.5 %	61.3 %	61.0 %	

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 – Q4'21

	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
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)
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
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
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
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
Provision for (benefit from) income taxes	45	64	41	150	(49)	29	50	74	69	(2,876)	346	8	(517)	(135)	(188)	(10,445)
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
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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
% 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 %

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

Q1'22 – Q3'24

	Quarter Ended											
	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	
GAAP net income (loss)	\$ (34,120)	\$ (23,670)	\$ (23,207)	\$ (13,653)	\$ (27,248)	\$ (21,739)	\$ (20,419)	\$ (12,358)	\$ (7,077)	\$ (12,816)	\$ (4,479)	
Non-GAAP adjustments:												
Depreciation and amortization	10,795	11,640	11,215	11,021	11,347	11,724	12,482	12,962	12,183	12,938	13,144	
Stock-based compensation	39,394	44,786	44,503	43,824	50,743	53,367	52,611	49,571	44,684	43,632	39,556	
Interest expense	1,870	1,857	1,879	1,887	1,845	1,866	1,972	1,963	2,567	3,906	4,068	
Interest income and other	(845)	(280)	(982)	(2,706)	(4,121)	(6,123)	(8,233)	(8,322)	(10,559)	(13,800)	(11,144)	
Provision for (benefit from) income taxes	2,256	332	579	1,221	527	753	942	119	989	3,345	(3,868)	
Extinguishment of debt	—	—	—	—	—	—	—	—	(6,615)	—	—	
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	
Acquisition-related transaction costs and one-time integration costs	1,638	1,714	1,944	1,605	1,455	877	778	3,670	932	4,089	4,486	
Exit costs related to closure and relocation of Russian operations	3,227	214	774	2,975	596	815	659	243	25	32	21	
Lease amortization for finance leases	—	—	—	—	—	—	492	449	457	455	951	
Costs related to reduction in force plan	—	—	—	—	—	—	—	—	—	—	9,625	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	
Contingent consideration expense	260	—	—	—	—	—	—	—	—	—	—	
Refund for prior year overpayment of USF fees	—	(3,511)	—	—	—	—	—	—	—	—	—	
Adjusted EBITDA	\$ 24,475	\$ 33,082	\$ 36,705	\$ 46,174	\$ 35,144	\$ 41,540	\$ 41,284	\$ 48,297	\$ 37,586	\$ 41,781	\$ 52,360	
% adjusted EBITDA margin	13.4 %	17.5 %	18.5 %	22.2 %	16.1 %	18.6 %	17.9 %	20.2 %	15.2 %	16.6 %	19.8 %	

GAAP Net Loss to Adjusted EBITDA Reconciliation

2014 – 2023

	Year Ended											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
GAAP net income (loss)	\$ (37,786)	\$ (25,838)	\$ (11,860)	\$ (8,969)	\$ (221)	\$ (4,552)	\$ (42,130)	\$ (53,000)	\$ (94,650)	\$ (81,764)		
Non-GAAP adjustments:												
Depreciation and amortization	6,463	7,388	8,390	8,314	10,274	14,374	25,087	38,732	44,671	48,515		
Stock-based compensation	6,753	7,730	9,643	15,343	28,484	42,065	64,747	108,805	172,507	206,292		
Interest expense	4,161	4,727	4,226	3,471	10,245	13,794	28,348	8,027	7,493	7,646		
Interest income and other	(245)	(100)	13	(490)	(3,315)	(6,079)	(3,034)	8	(4,813)	(26,799)		
Provision for (benefit from) income taxes	85	61	54	268	300	104	(2,453)	(11,285)	4,388	2,341		
Extinguishment of debt	—	—	1,026	—	—	—	—	—	—	—		
Reversal of accrued federal fees	—	—	(3,114)	—	—	—	—	—	—	—		
Legal settlement	—	—	—	1,700	—	420	—	—	—	—		
Legal and indemnification fees related to settlement	—	—	—	135	592	356	—	—	—	—		
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	338	6,335	13,576	6,901	6,780		
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	7,190	2,313		
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	—	—	—	—	—	—	—	—		
Lease amortization for finance leases	—	—	—	—	—	—	—	—	—	941		
Adjusted EBITDA	\$ (22,662)	\$ (5,267)	\$ 8,378	\$ 17,639	\$ 46,359	\$ 60,820	\$ 85,681	\$ 110,503	\$ 140,436	\$ 166,265		
% adjusted EBITDA margin	(22.0)%	(4.1)%	5.2%	8.8%	18.0%	18.5%	19.7%	18.1%	18.0%	18.3%		

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 and 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 – Q4'21

	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
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
% 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 %
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)
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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	(30)	(2)	(37)	(43)
Reversal of accrued federal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	(618)	—	—	—	—	—	—
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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
% 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 %
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
% 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 %
Depreciation & amortization	(194)	(233)	(278)	(331)	(440)	(450)	(450)	(461)	(465)	(497)	(512)	(488)	(596)	(729)	(1,004)	(948)
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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	(248)	(439)	(332)	(337)	(666)	(660)	(462)
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
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
% 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 %

GAAP to Non-GAAP COR and OpEx Reconciliation

Q1'22 – Q3'24

	Quarter Ended											
	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	
GAAP COR	\$ 88,867	\$ 88,229	\$ 94,111	\$ 96,294	\$ 104,756	\$ 104,361	\$ 111,080	\$ 112,493	\$ 114,530	\$ 118,414	\$ 121,933	
% of revenue	48.6 %	46.6 %	47.4 %	46.2 %	48.0 %	46.8 %	48.3 %	47.1 %	46.4 %	47.0 %	46.2 %	
Depreciation & amortization	(8,500)	(8,747)	(8,904)	(8,803)	(8,907)	(9,269)	(10,075)	(10,308)	(9,613)	(10,421)	(10,414)	
Stock-based compensation	(7,793)	(8,538)	(8,329)	(8,638)	(9,333)	(9,888)	(9,856)	(9,182)	(7,603)	(7,789)	(7,512)	
Acquisition-related transaction costs and one-time integration costs	(48)	(80)	(187)	(86)	(34)	—	—	(63)	(53)	(72)	(94)	
Exit costs related to closure and relocation of Russian operations	(380)	(3)	(96)	(219)	(23)	(51)	(18)	(12)	—	—	—	
Lease amortization for finance leases	—	—	—	—	—	—	(492)	(449)	(457)	(455)	(895)	
Costs related to reduction in force plan	—	—	—	—	—	—	—	—	—	—	(2,115)	
Refund for prior year overpayment of USF fees	—	3,511	—	—	—	—	—	—	—	—	—	
Non-GAAP COR	\$ 72,146	\$ 74,372	\$ 76,595	\$ 78,548	\$ 86,459	\$ 85,153	\$ 90,639	\$ 92,479	\$ 96,804	\$ 99,677	\$ 100,903	
% of revenue	39.5 %	39.3 %	38.6 %	37.7 %	39.6 %	38.2 %	39.4 %	38.7 %	39.2 %	39.5 %	38.2 %	
GAAP R&D	\$ 35,824	\$ 34,992	\$ 34,113	\$ 36,865	\$ 38,108	\$ 39,210	\$ 40,391	\$ 38,873	\$ 41,518	\$ 40,717	\$ 42,482	
% of revenue	19.6 %	18.5 %	17.2 %	17.7 %	17.4 %	17.6 %	17.6 %	16.3 %	16.8 %	16.2 %	16.1 %	
Depreciation & amortization	(825)	(804)	(768)	(768)	(872)	(868)	(831)	(1,012)	(890)	(741)	(721)	
Stock-based compensation	(10,145)	(11,818)	(10,603)	(11,799)	(12,382)	(13,013)	(12,980)	(12,055)	(10,930)	(9,827)	(8,244)	
Acquisition-related transaction costs and one-time integration costs	(656)	(1,307)	(1,654)	(1,449)	(1,423)	—	—	(12)	(323)	(488)	(412)	
Exit costs related to closure and relocation of Russian operations	(2,629)	(59)	(557)	(2,615)	(475)	(542)	(503)	(197)	(8)	(28)	(18)	
Costs related to reduction in force plan	—	—	—	—	—	—	—	—	—	—	(1,942)	
COVID-19 relief bonus for	—	—	—	—	—	—	—	—	—	—	—	
Non-GAAP R&D	\$ 21,569	\$ 21,004	\$ 20,531	\$ 20,234	\$ 22,956	\$ 24,787	\$ 26,077	\$ 25,597	\$ 29,367	\$ 29,633	\$ 31,145	
% of revenue	11.8 %	11.1 %	10.4 %	9.7 %	10.5 %	11.1 %	11.3 %	10.7 %	11.9 %	11.8 %	11.8 %	

GAAP to Non-GAAP OpEx Reconciliation

Q1'18 – Q4'21

	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
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
% 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 %
Depreciation & amortization	(29)	(30)	(30)	(6)	(1)	(1)	(2)	(2)	(2)	(2)	(1)	(2)	(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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	(169)	(28)	(43)	(11)	(28)	(322)	(642)
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
% 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 %

GAAP to Non-GAAP OpEx Reconciliation

Q1'22 – Q3'24

	Quarter Ended											
	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	
GAAP S&M	\$ 64,611	\$ 64,098	\$ 67,353	\$ 65,928	\$ 76,314	\$ 74,077	\$ 73,366	\$ 72,956	\$ 81,109	\$ 78,332	\$ 78,615	
% of revenue	35.3 %	33.8 %	34.0 %	31.6 %	34.9 %	33.2 %	31.9 %	30.5 %	32.8 %	31.1 %	29.8 %	
Depreciation & amortization	(1)	(1)	(1)	(1)	(1)	(1)	(36)	(27)	(27)	(26)	(32)	
Stock-based compensation	(13,424)	(14,963)	(15,761)	(15,152)	(17,045)	(17,391)	(16,404)	(15,389)	(14,020)	(13,824)	(12,490)	
Acquisition-related transaction costs and one-time integration costs	(46)	(23)	—	—	—	—	—	—	—	—	—	
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	
Costs related to reduction in force plan	—	—	—	—	—	—	—	—	—	—	(4,424)	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	
Non-GAAP S&M	\$ 51,140	\$ 49,111	\$ 51,591	\$ 50,775	\$ 59,268	\$ 56,685	\$ 56,926	\$ 57,540	\$ 67,062	\$ 64,482	\$ 61,669	
% of revenue	28.0 %	25.9 %	26.0 %	24.4 %	27.1 %	25.4 %	24.7 %	24.1 %	27.1 %	25.6 %	23.3 %	

GAAP to Non-GAAP OpEx Reconciliation

Q1'18 – Q4'21

	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
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
% 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 %
Depreciation & amortization	(303)	(322)	(338)	(372)	(385)	(406)	(443)	(477)	(563)	(624)	(853)	(899)	(1,079)	(1,096)	(1,117)	(1,288)
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)
Legal settlement	—	—	—	—	—	(420)	—	—	—	—	—	—	—	—	—	—
Legal and indemnification fees related to settlement	—	(241)	(258)	(93)	(292)	(64)	—	—	—	—	—	—	—	—	—	—
Acquisition and related transaction costs and one-time integration costs	—	—	—	—	—	—	—	(338)	(329)	(1,220)	(1,563)	(1,964)	(716)	(278)	(8,139)	(1,204)
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	(238)	—	—	—	—	—	—
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	(2,500)	(2,700)	(60)	(380)
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
% 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 %

GAAP to Non-GAAP OpEx Reconciliation

Q1'22 – Q3'24

	Quarter Ended											
	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	
GAAP G&A	\$ 24,314	\$ 23,824	\$ 24,496	\$ 22,509	\$ 28,258	\$ 30,477	\$ 31,006	\$ 33,338	\$ 30,548	\$ 33,988	\$ 36,575	
% of revenue	13.3 %	12.6 %	12.4 %	10.8 %	12.9 %	13.7 %	13.5 %	13.9 %	12.4 %	13.5 %	13.8 %	
Depreciation & amortization	(1,469)	(2,088)	(1,542)	(1,449)	(1,567)	(1,586)	(1,540)	(1,615)	(1,653)	(1,750)	(1,977)	
Stock-based compensation	(8,032)	(9,467)	(9,810)	(8,235)	(11,983)	(13,075)	(13,371)	(12,945)	(12,131)	(12,192)	(11,310)	
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	
Acquisition and related transaction costs and one-time integration costs	(888)	(304)	(103)	(70)	2	(877)	(778)	(3,595)	(556)	(3,529)	(3,980)	
Exit costs related to closure and relocation of Russian operations	(218)	(152)	(121)	(141)	(98)	(222)	(138)	(34)	(17)	(4)	(3)	
Lease amortization for finance leases	—	—	—	—	—	—	—	—	—	—	(56)	
Costs related to reduction in force plan	—	—	—	—	—	—	—	—	—	—	(1,144)	
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	
Contingent consideration expense	(260)	—	—	—	—	—	—	—	—	—	—	
Out of period adj. for sales tax liability	—	—	—	—	—	—	—	—	—	—	—	
Non-GAAP G&A	\$ 13,447	\$ 11,813	\$ 12,920	\$ 12,614	\$ 14,612	\$ 14,717	\$ 15,179	\$ 15,149	\$ 16,191	\$ 16,513	\$ 18,105	
% of revenue	7.4 %	6.2 %	6.5 %	6.1 %	6.7 %	6.6 %	6.6 %	6.3 %	6.6 %	6.6 %	6.9 %	

GAAP to Non-GAAP COR and OpEx Reconciliation

2014 – 2023

	Year Ended										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GAAP COR	\$ 54,661	\$ 59,495	\$ 66,934	\$ 83,104	\$ 104,034	\$ 134,511	\$ 180,284	\$ 271,099	\$ 367,501	\$ 432,690	
% of revenue	53.0 %	46.2 %	41.3 %	41.5 %	40.4 %	41.0 %	41.5 %	44.5 %	47.2 %	47.5 %	
Depreciation & amortization	(5,138)	(5,950)	(6,573)	(6,300)	(7,808)	(10,856)	(20,179)	(30,870)	(34,955)	(38,559)	
Stock-based compensation	(542)	(866)	(1,375)	(2,202)	(3,333)	(6,334)	(9,422)	(17,734)	(33,297)	(38,259)	
Acquisition and related transaction costs and one-time integration costs	—	—	—	—	—	—	—	(112)	(401)	(97)	
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	(698)	(104)	
Refund for prior year overpayment of USF fees	—	—	—	—	—	—	—	—	3,511	—	
Lease amortization for finance leases	—	—	—	—	—	—	—	—	—	(941)	
Reversal of accrued federal fees	—	—	3,114	—	—	—	—	—	—	—	
Out of period adj. for accrued federal fees	(235)	—	—	—	—	—	—	—	—	—	
COVID-19 relief bonus for	—	—	—	—	—	—	(618)	—	—	—	
Non-GAAP COR	\$ 48,746	\$ 52,679	\$ 62,100	\$ 74,602	\$ 92,893	\$ 117,321	\$ 150,065	\$ 222,383	\$ 301,661	\$ 354,730	
% of revenue	47.3 %	40.9 %	38.3 %	37.3 %	36.1 %	35.8 %	34.5 %	36.5 %	38.7 %	39.0 %	
GAAP R&D	\$ 22,110	\$ 22,659	\$ 23,878	\$ 27,120	\$ 34,172	\$ 45,190	\$ 68,747	\$ 106,897	\$ 141,794	\$ 156,582	
% of revenue	21.4 %	17.6 %	14.7 %	13.5 %	13.3 %	13.8 %	15.8 %	17.5 %	18.2 %	17.2 %	
Depreciation & amortization	(229)	(455)	(737)	(795)	(1,036)	(1,801)	(1,962)	(3,277)	(3,164)	(3,583)	
Stock-based compensation	(1,931)	(1,790)	(2,059)	(3,042)	(5,303)	(7,658)	(14,041)	(29,179)	(44,367)	(50,430)	
Acquisition and related	—	—	—	—	—	—	(1,019)	(2,125)	(5,066)	(1,435)	
Exit costs related to closure and COVID-19 relief bonus for	—	—	—	—	—	—	—	—	(5,860)	(1,717)	
Non-GAAP R&D	\$ 19,950	\$ 20,414	\$ 21,082	\$ 23,283	\$ 27,833	\$ 35,731	\$ 51,360	\$ 72,316	\$ 83,337	\$ 99,417	
% of revenue	19.3 %	15.8 %	13.0 %	11.6 %	10.8 %	10.9 %	11.8 %	11.9 %	10.7 %	10.9 %	
GAAP S&M	\$ 37,445	\$ 42,042	\$ 52,748	\$ 66,570	\$ 72,001	\$ 95,592	\$ 132,413	\$ 193,929	\$ 261,990	\$ 296,713	
% of revenue	36.3 %	32.6 %	32.5 %	33.2 %	27.9 %	29.1 %	30.4 %	31.8 %	33.6 %	32.6 %	
Depreciation & amortization	(196)	(206)	(221)	(120)	(95)	(6)	(7)	(4)	(4)	(65)	
Stock-based compensation	(1,510)	(1,800)	(2,363)	(4,364)	(6,307)	(11,368)	(20,164)	(35,270)	(59,300)	(66,229)	
Acquisition and related	—	—	—	—	—	—	(240)	(1,003)	(69)	—	
COVID-19 relief bonus for	—	—	—	—	—	—	(596)	—	—	—	
Non-GAAP S&M	\$ 35,739	\$ 40,036	\$ 50,164	\$ 62,086	\$ 65,599	\$ 84,218	\$ 111,406	\$ 157,652	\$ 202,617	\$ 230,419	
% of revenue	34.7 %	31.1 %	30.9 %	31.0 %	25.5 %	25.7 %	25.6 %	25.9 %	26.0 %	25.3 %	

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP OpEx Reconciliation

2014 – 2023

	Year Ended										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
GAAP G&A	\$ 24,416	\$ 25,822	\$ 25,072	\$ 29,151	\$ 40,448	\$ 49,446	\$ 65,769	\$ 93,916	\$ 95,143	\$ 123,079	
% of revenue	23.7 %	20.0 %	15.5 %	14.6 %	15.7 %	15.1 %	15.1 %	15.4 %	12.2 %	13.5 %	
Depreciation & amortization	(900)	(777)	(859)	(1,099)	(1,335)	(1,711)	(2,939)	(4,581)	(6,548)	(6,308)	
Stock-based compensation	(2,770)	(3,274)	(3,846)	(5,735)	(13,541)	(16,705)	(21,120)	(26,622)	(35,543)	(51,374)	
Legal settlement	—	—	—	(1,700)	—	(420)	—	—	—	—	
Legal and indemnification fees	—	—	—	(135)	(592)	(356)	—	—	—	—	
Acquisition and related transaction costs and one-time integration costs	—	—	—	—	—	(338)	(5,076)	(10,336)	(1,365)	(5,248)	
Exit costs related to closure and COVID-19 relief bonus for	—	—	—	—	—	—	—	—	(632)	(492)	
Contingent consideration expense	—	—	—	—	—	—	(238)	—	—	—	
Reversal of contingent sales tax	2,766	—	—	—	—	—	—	(5,640)	(260)	—	
Reversal of interest & penalties	—	—	—	2,133	—	—	—	—	—	—	
Accrued FCC charge	(2,000)	—	—	—	—	—	—	—	—	—	
Out of period adj. for sales tax	(183)	(765)	—	—	—	—	—	—	—	—	
Non-GAAP G&A	\$ 21,329	\$ 21,006	\$ 20,367	\$ 22,615	\$ 24,980	\$ 29,916	\$ 36,396	\$ 46,737	\$ 50,795	\$ 59,657	
% of revenue	20.7 %	16.3 %	12.6 %	11.3 %	9.7 %	9.1 %	8.4 %	7.7 %	6.5 %	6.6 %	

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP Net Income (Loss) Reconciliation

	Three Months Ended		Nine Months Ended	
	Sept 30, 2024	Sept 30, 2023	Sept 30, 2024	Sept 30, 2023
GAAP net loss	\$ (4,479)	\$ (20,419)	\$ (24,372)	\$ (69,406)
Non-GAAP adjustments:				
Stock-based compensation	39,556	52,611	127,872	156,721
Intangibles amortization	3,196	3,182	8,492	8,873
Amortization of discount and issuance costs on convertible senior notes	1,482	954	3,991	2,793
Gain on early extinguishment of debt	—	—	(6,615)	—
Acquisition and related transaction costs and one-time integration costs	4,486	778	9,506	3,110
Exit costs related to closure and relocation of Russian operations	176	854	156	2,705
Impairment charge of an equity investment	1,250	—	1,250	—
Costs related to reduction in force plan	9,625	—	9,625	—
Tax benefit associated with an acquired company	(4,831)	—	(4,831)	—
Non-GAAP net income	<u>\$ 50,461</u>	<u>\$ 37,960</u>	<u>\$ 125,074</u>	<u>\$ 104,796</u>
GAAP net loss per share:				
Basic	<u>\$ (0.06)</u>	<u>\$ (0.28)</u>	<u>\$ (0.33)</u>	<u>\$ (0.97)</u>
Diluted	<u>\$ (0.06)</u>	<u>\$ (0.28)</u>	<u>\$ (0.33)</u>	<u>\$ (0.97)</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.67</u>	<u>\$ 0.52</u>	<u>\$ 1.69</u>	<u>\$ 1.46</u>
Diluted	<u>\$ 0.67</u>	<u>\$ 0.52</u>	<u>\$ 1.68</u>	<u>\$ 1.44</u>
Shares used in computing GAAP net loss per share:				
Basic	<u>74,876</u>	<u>72,356</u>	<u>74,192</u>	<u>71,751</u>
Diluted	<u>74,876</u>	<u>72,356</u>	<u>74,192</u>	<u>71,751</u>
Shares used in computing non-GAAP net income per share:				
Basic	<u>74,876</u>	<u>72,356</u>	<u>74,192</u>	<u>71,751</u>
Diluted	<u>75,137</u>	<u>73,426</u>	<u>74,653</u>	<u>72,790</u>

Capital Expenditure and Free Cash Flow (Q1'22 - Q3'24)

\$ in Thousands	Q1'22	Q2'22	Q3'22	Q4'22	12 mo	Q1'23	Q2'23	Q3'23	Q4'23	12 mo	Q1'24	Q2'24	Q3'24
					ended					ended			
					12/31/20					12/31/20			
					22					23			
Net cash provided by operating activities	\$ 28,724	\$ (3,125)	\$ 30,526	\$ 32,740	\$ 88,865	\$ 33,412	\$ 21,852	\$ 37,030	\$ 36,544	\$128,838	\$ 32,353	\$ 19,878	\$ 41,122
(Refer to cash flows from operating activities in cash flow stmt)													
Capital expenditure													
Purchases of property and equipment	12,398	22,076	11,554	6,244	52,272	9,928	6,714	3,299	11,293	31,234	11,951	6,771	14,375
(Refer to cash flows from investing activities in cash flow stmt)													
Equipment obtained under capital lease	—	—	—	—	—	—	—	—	—	—	—	—	—
(Refer to non-cash investing and financing activities in cash flow stmt)													
Capitalization of software development costs	569	823	1,028	1,479	3,899	1,806	1,759	2,255	3,717	9,537	3,242	5,018	5,951
Equipment purchased and unpaid at period-end:													
Beginning balance	13,871	22,365	16,141	13,372	13,871	12,332	8,310	5,849	11,419	12,332	11,243	9,335	16,684
Ending balance	22,365	16,141	13,372	12,332	12,332	8,310	5,849	11,419	11,243	11,243	9,335	16,684	12,944
(Refer to non-cash investing and financing activities in cash flow stmt)													
Change in equipment purchased and unpaid during period	8,494	(6,224)	(2,769)	(1,040)	(1,539)	(4,022)	(2,461)	5,570	(176)	(1,089)	(1,908)	7,349	(3,740)
Total capital expenditure	\$ 21,461	\$ 16,675	\$ 9,813	\$ 6,683	\$ 54,632	\$ 7,712	\$ 6,012	\$ 11,124	\$ 14,834	\$ 39,682	\$ 13,285	\$ 19,138	\$ 16,586
Free cash flow	\$ 15,757	\$ (26,024)	\$ 17,944	\$ 25,017	\$ 32,694	\$ 21,678	\$ 13,379	\$ 31,476	\$ 21,534	\$ 88,067	\$ 17,160	\$ 8,089	\$ 20,796
(operating cash flow less capex paid in cash and capitalized software)													

Note 1: Revised original cash flow presentation to include restricted cash, which resulted in the following changes in net cash from operating activities from the originally reported disclosures: (1) FY22 changed from \$28,485k to \$28,998k; (2) Q2'22 changed from \$(3,103k) to \$(3,125k); and (3) Q3'22 changed from \$30,504k to \$30,526k.

GAAP to Non-GAAP Net Income (Loss) Reconciliation

Guidance⁽¹⁾

	Three Months Ended December 31, 2024		Twelve Months Ended December 31, 2024	
	Low	High	Low	High
GAAP net income (loss)	\$ 2,687	\$ 7,207	\$ (22,000)	\$ (17,500)
Non-GAAP adjustments:				
Stock-based compensation ⁽²⁾	43,479	41,479	171,351	169,351
Intangibles amortization	2,643	2,643	11,135	11,135
Amortization of discount and issuance costs on convertible senior notes	1,485	1,485	5,476	5,476
Acquisition and related transaction costs and one-time integration costs ⁽³⁾	2,146	1,146	11,652	10,652
Exit costs related to closure and relocation of Russian operations	—	—	156	156
Gain on early extinguishment of debt	—	—	(6,615)	(6,615)
Impairment charge of an equity investment	—	—	1,250	1,250
Costs related to a reduction in force plan	—	—	9,625	9,625
Tax benefit associated with an acquired company	—	—	(4,831)	(4,831)
Income tax expense effects ⁽⁴⁾	—	—	—	—
Non-GAAP net income	<u>\$ 52,440</u>	<u>\$ 53,960</u>	<u>\$ 177,199</u>	<u>\$ 178,699</u>
GAAP net income (loss) per share:				
Basic	<u>\$ 0.04</u>	<u>\$ 0.10</u>	<u>\$ (0.30)</u>	<u>\$ (0.23)</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ (0.30)</u>	<u>\$ (0.23)</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.69</u>	<u>\$ 0.71</u>	<u>\$ 2.38</u>	<u>\$ 2.40</u>
Diluted	<u>\$ 0.69</u>	<u>\$ 0.71</u>	<u>\$ 2.36</u>	<u>\$ 2.38</u>
Shares used in computing GAAP net income (loss) per share:				
Basic	<u>75,600</u>	<u>75,600</u>	<u>74,500</u>	<u>74,500</u>
Diluted	<u>88,600</u>	<u>88,600</u>	<u>74,500</u>	<u>74,500</u>
Shares used in computing non-GAAP net income per share:				
Basic	<u>75,600</u>	<u>75,600</u>	<u>74,500</u>	<u>74,500</u>
Diluted	<u>76,000</u>	<u>76,000</u>	<u>75,000</u>	<u>75,000</u>

(1) Represents guidance discussed on 11/07/2024. Reader shall not construe presentation of this information after 11/07/2024 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 and related costs and one-time integration costs are based on a range of probable significance for completed acquisitions, and no new acquisitions assumed.

(4) Non-GAAP adjustments do not have a material impact on our worldwide income tax provision due to available tax loss and credit attributes.

Thank You