

# Q1 2021 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.

# Q1'21 Highlights

## Strong Financial Results

- Q1'21 new logo bookings set an all-time record for any quarter
- Q1'21 installed base bookings set an all-time record for any Q1
- Q1'21 revenue was a record \$137.9M, representing 45% YoY and 8% QoQ growth
- LTM DBRR increased to 121%, up from 117% last quarter and 111% a year ago
- Q1'21 adjusted EBITDA margin was 16.1%, up from 14.9% in Q1'20
- Q1'21 operating cash flow was \$13.8M, maintaining LTM margins in the teens for 12 consecutive quarters

## Upmarket Execution

- Enterprise accounted for 83% of LTM revenue
- LTM Enterprise subscription revenue accelerated to 45% YoY growth
- Closed two exceptionally large, multi-year global deals, which are anticipated to generate over \$14M and \$6M in ARR, on the heels of last quarter's \$12M ARR win

## Product Leadership and Innovation

- Taking the lead in providing digital-first experiences, with digital interactions growing 80% YoY in Q1'21
- Building a leadership position in AI-powered automation through IVA and Agent Assist offerings and Workflow Automation platform

# Q1'21 Highlights (cont'd)

## Go-to-Market Traction

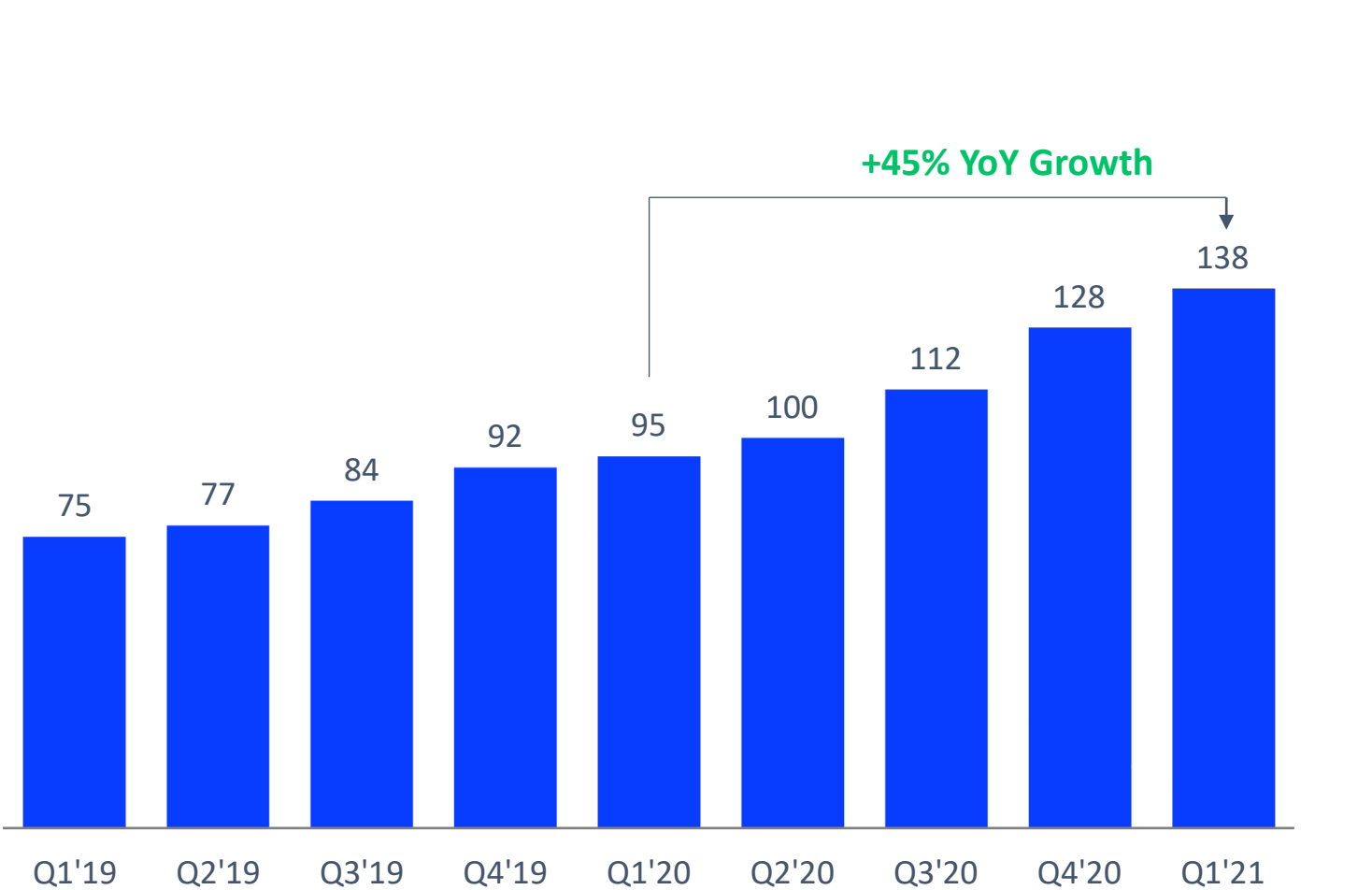
- Strategic sales teams winning landmark deals in partnership with channels
- Ecosystem of partners influenced over two-thirds of Q1'21 deals

## International Expansion

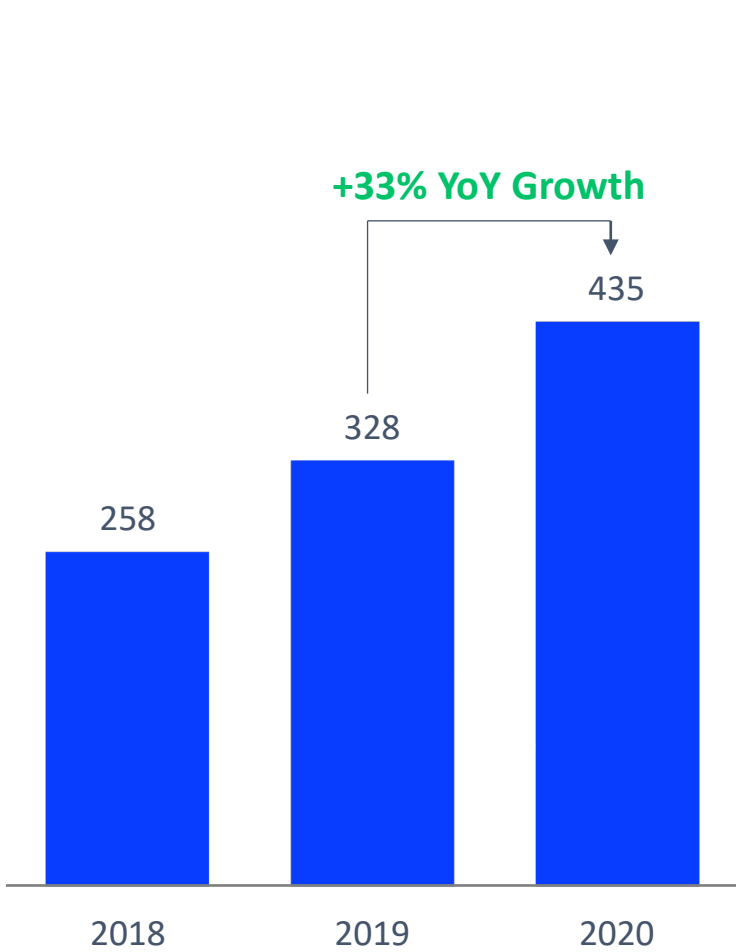
- Q1'21 EMEA bookings increased ~3x YoY
- Q1'21 Latin America bookings increased ~2.5x YoY
- International headcount doubled compared to a year ago
- Stepping up international marketing initiatives by building thought leadership and driving localized campaigns in-region
- Doubled partner resources internationally and added key partners in EMEA, including Cancom and Conn3ct

# Strong, Consistent Revenue Growth

Quarterly Revenue (\$M)

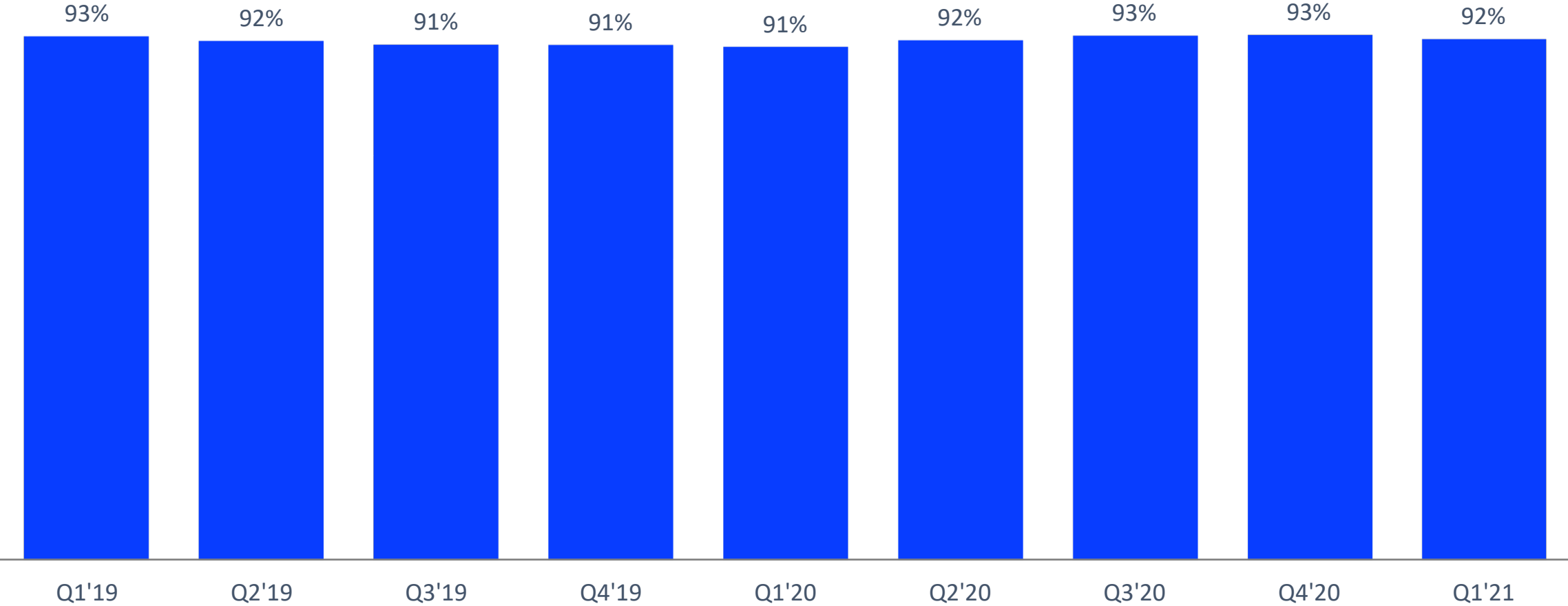


Annual Revenue (\$M)



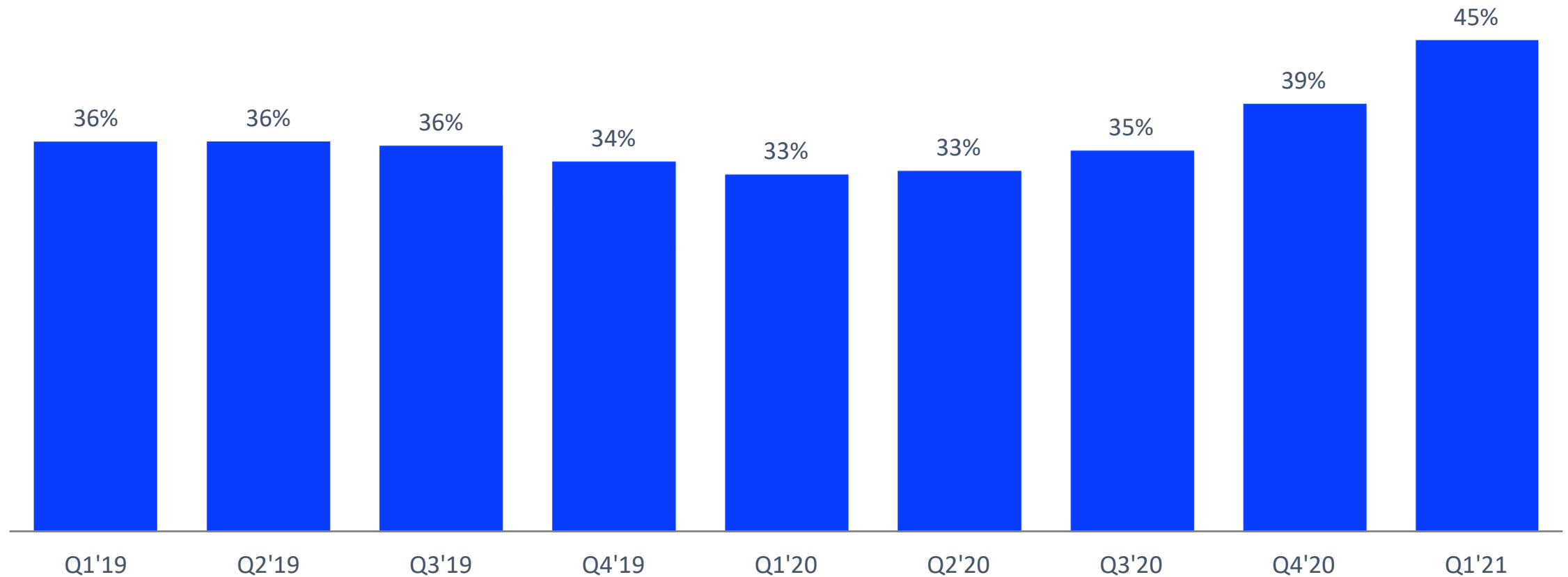
# Attractive Revenue Visibility

Recurring as a % of Total Revenue



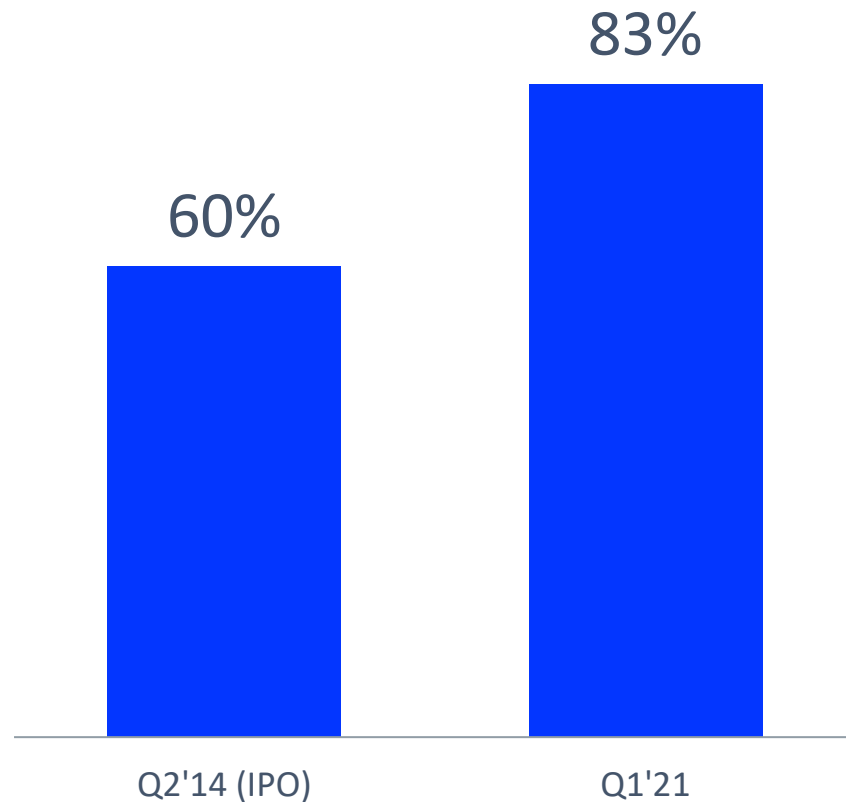
# Executing on Enterprise Opportunity

% YoY Enterprise Subscription Revenue Growth (LTM)

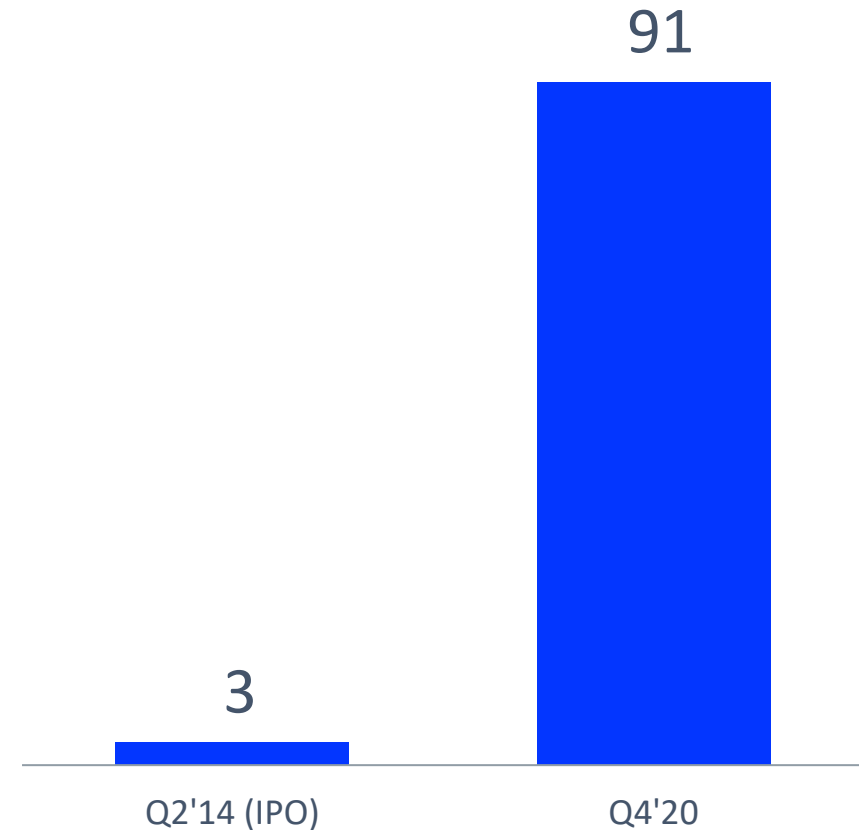


# Executing on Enterprise Opportunity (cont'd)

Enterprise as a % of Total Revenue (LTM)



Enterprise Customers \$1M+ ARR (Q4'20 Ann.)



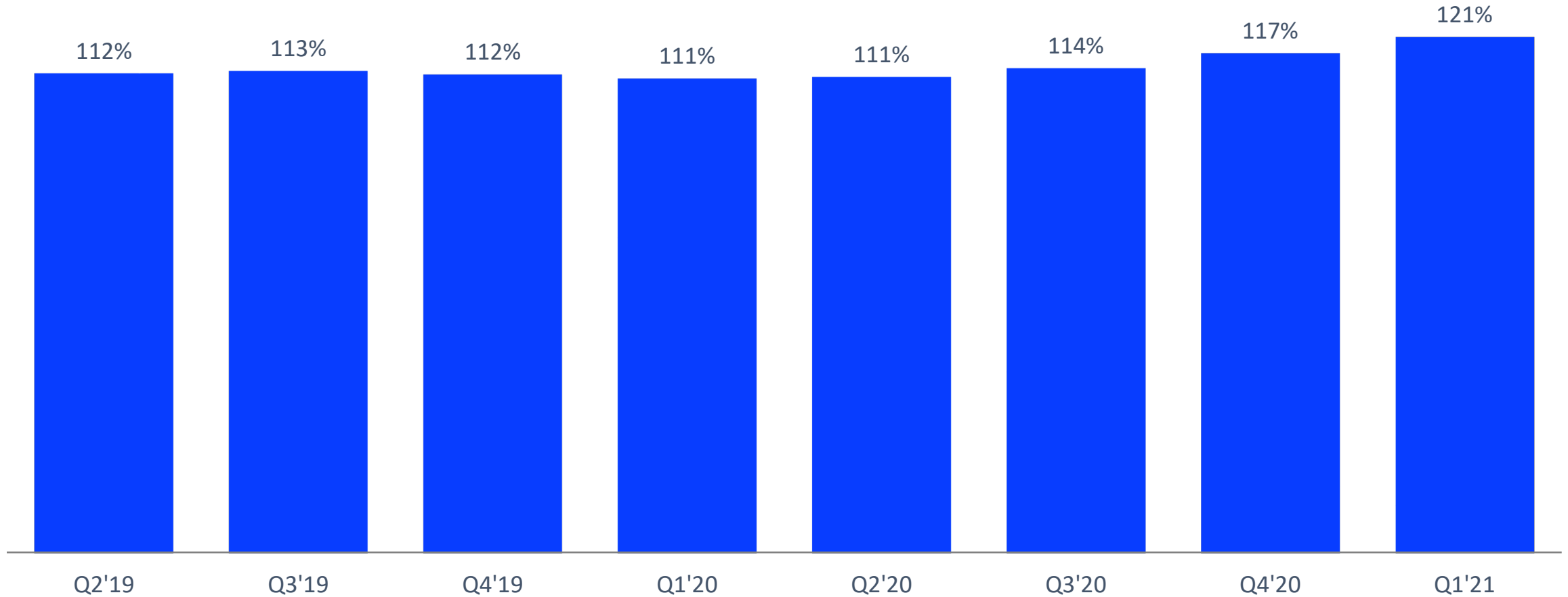
Note: Historical results prior to 2018 based on ASC 605; \$1M+ ARR based on Q4'20 annualized



# High Customer Retention

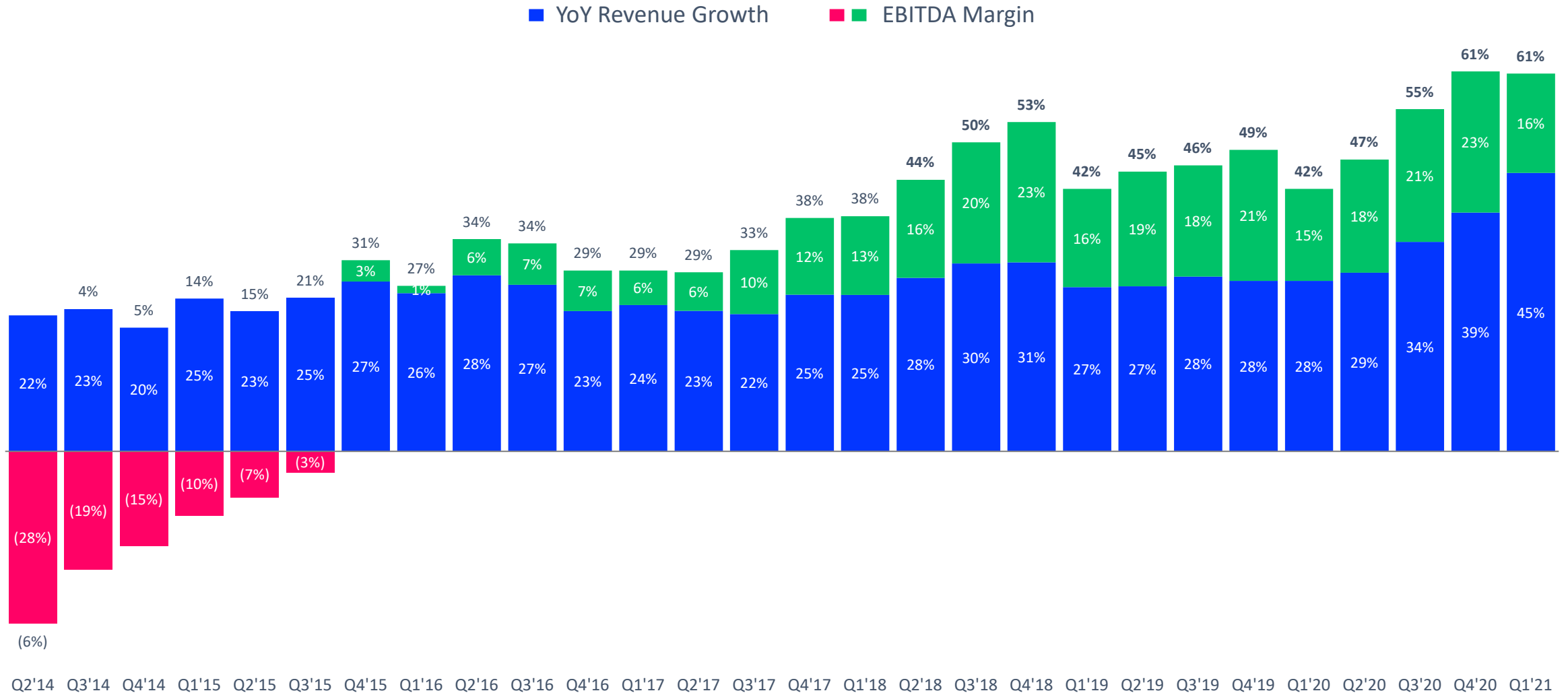
## % Annual Dollar Based Retention Rate (DBRR)

*New Methodology Based on Net Revenue*



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

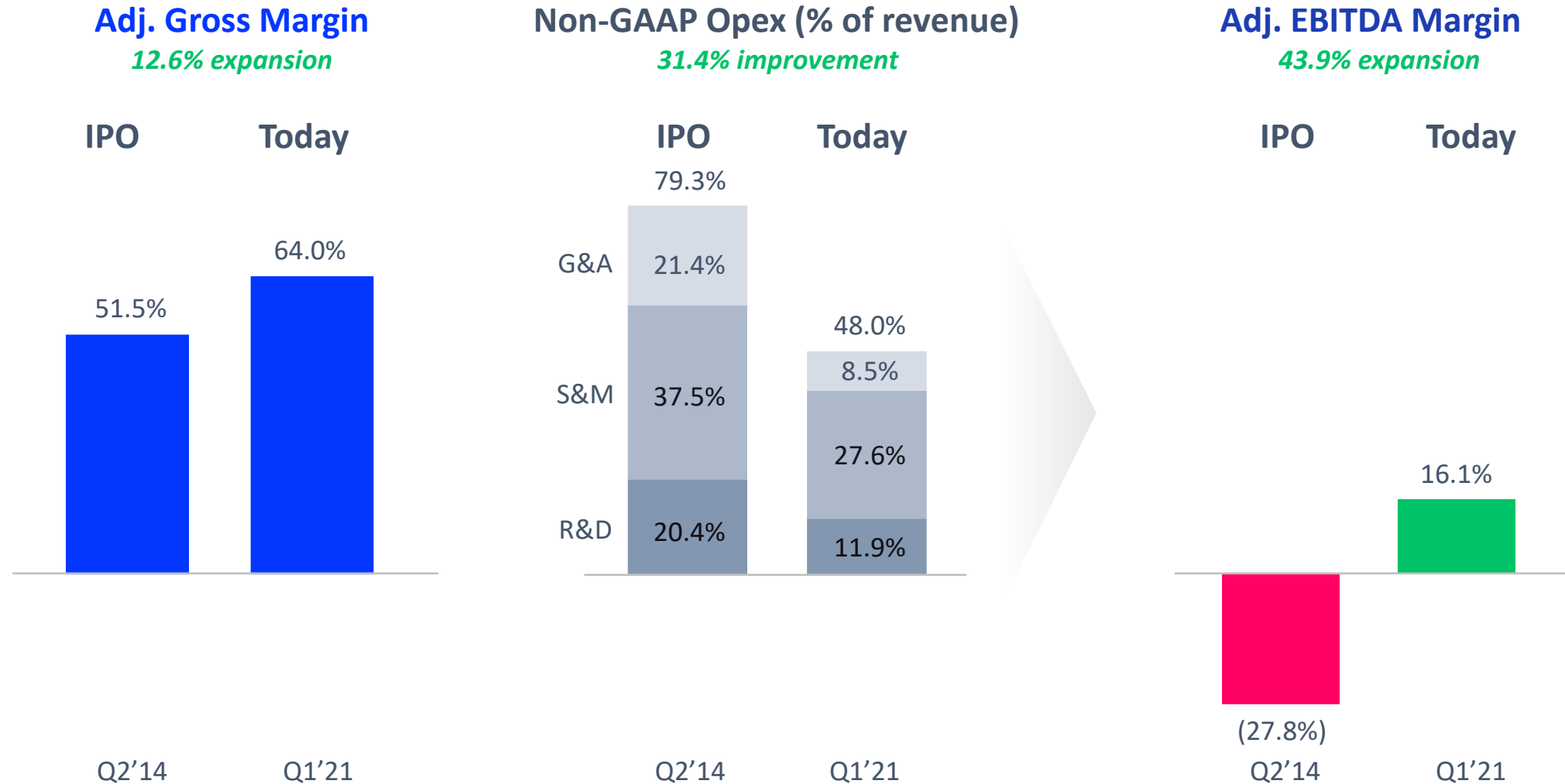
# Exceeding “Rule of 40” Despite Increased Investments



Note: Historical results prior to 2018 based on ASC 605

# Robust Margin Expansion and Operating Leverage

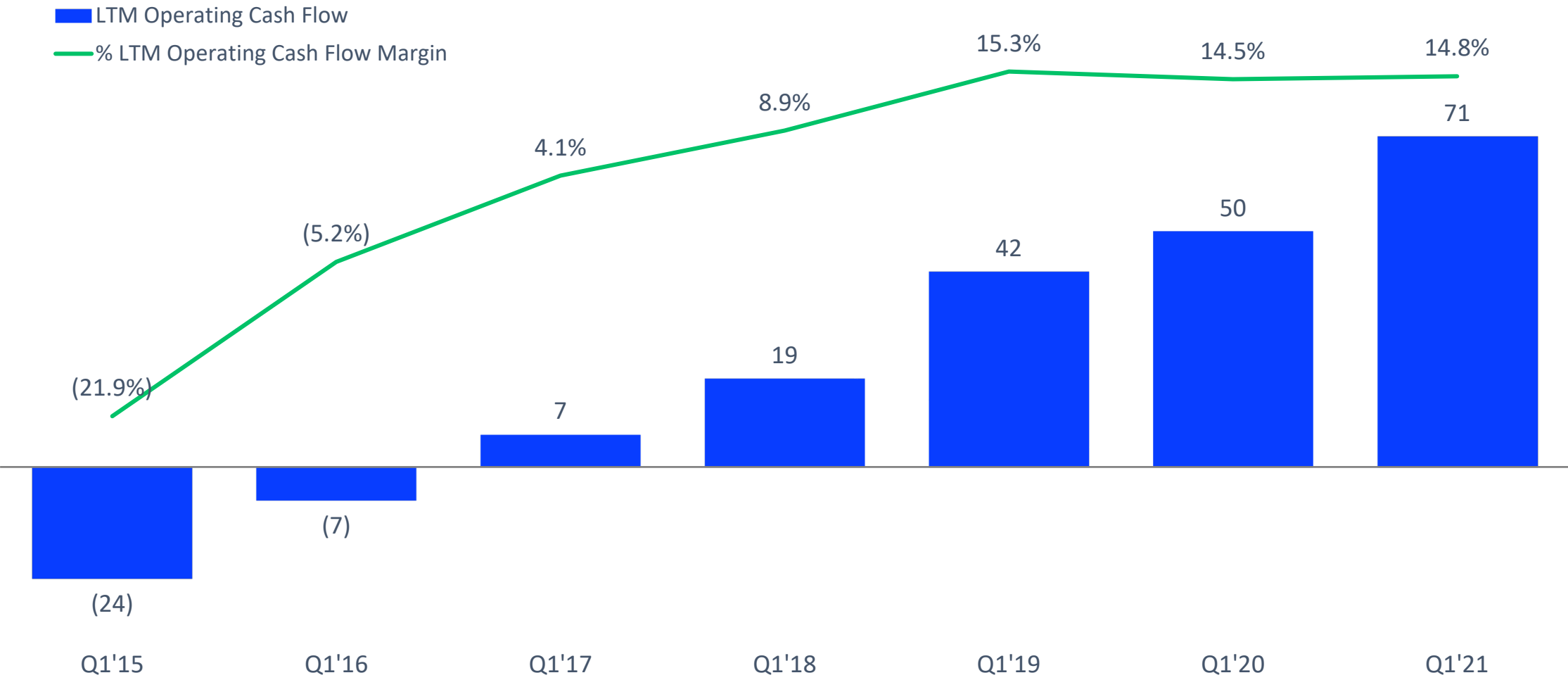
Non-GAAP



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

# Strong Operating Cash Flow

LTM Operating Cash Flow (\$M)



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



# Q2'21 and 2021 Guidance

<b>\$ in Millions</b>	<b>Q2'21</b>	<b>2021</b>
Revenue	\$131.5M - \$132.5M	\$548.5M - \$551.5M
Taxes	\$325K	\$450K
GAAP Net Income (Loss)	\$(25.9)M - \$(24.9)M	\$(63.4)M - \$(60.4)M
Non-GAAP Net Income	\$9.1M - \$10.1M	\$65.2M - \$68.2M
Basic Shares	68.5M	69.4M
Diluted Shares	72.5M	73.4M
GAAP Basic & Diluted EPS	\$(0.38) - \$(0.36)	\$(0.91) - \$(0.87)
Non-GAAP Diluted EPS	\$0.13 - \$0.14	\$0.89 - \$0.93
Capital Expenditures	\$14.5M - \$15.5M	\$46.0M - \$49.0M

# Long-Term Operating Model

Non-GAAP

% of Revenue	IPO Year	Today		Long-Term Model
	2014	2020	Q1'21	
Adj. Gross Margin	53%	65%	64%	Subscription / PS margin expansion and increasing subscription mix 70%+
S&M	35%	26%	28%	Continue to invest in GTM in line with revenue growth 26% - 30%
R&D	19%	12%	12%	Current acceleration offset by long-term leverage 8% - 10%
G&A	21%	8%	8%	Economies of scale 5% - 7%
Adj. EBITDA	(22%)	20%	16%	27%+

Note: Non-GAAP metrics exclude depreciation, intangibles amortization, stock-based compensation and unusual transactions. 2014-2017 metrics based on ASC 605. See appendix for reconciliation of non-GAAP measures to most comparable GAAP measure

# Appendix



# Balance Sheet Summary

\$ in Millions	Quarter Ended	
	March 31, 2021	December 31, 2020
Cash, cash equivalents and marketable investments	\$643.5	\$645.7
Working capital	624.7	585.6
Total assets	1,118.7	1,063.7
Total finance leases	0.2	0.6
Total debt	782.2	643.3
Total stockholders' equity	\$144.2	\$279.2



# GAAP to Adjusted Gross Profit Reconciliation

## Q2'14 – Q1'21

	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	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
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	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
% GAAP gross margin	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%	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%
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	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
Stock-based compensation	121	158	176	188	218	233	227	265	329	357	424	434	575	599	594	678	853	860	942	1,229	1,658	1,702	1,745	1,989	2,499	2,603	2,331	3,105
One-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	30
Reversal of accrued federal fees	—	—	—	—	—	—	—	—	—	—	(3,114)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Out of period adj. for accrued federal fees	—	—	235	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	618	—	—	—
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	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
% adjusted gross margin	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%	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%

Note: Historical results prior to 2018 based on ASC 605

# GAAP to Adjusted Gross Profit Reconciliation

## 2014 – 2020

	Year Ended						
	2014	2015	2016	2017	2018	2019	2020
GAAP gross profit	48,441	69,373	95,156	117,121	153,630	193,495	254,624
<i>% GAAP gross margin</i>	<i>47.0%</i>	<i>53.8%</i>	<i>58.7%</i>	<i>58.5%</i>	<i>59.6%</i>	<i>59.0%</i>	<i>58.5%</i>
Depreciation & amortization	5,138	5,950	6,573	6,300	7,808	10,856	20,179
Stock-based compensation	542	866	1,375	2,202	3,333	6,334	9,422
Reversal of accrued federal fees	—	—	(3,114)	—	—	—	—
Out of period adj. for accrued federal fees	235	—	—	—	—	—	—
COVID-19 relief bonus for employees	—	—	—	—	—	—	618
Adjusted gross profit	54,356	76,189	99,990	125,623	164,771	210,685	284,843
<i>% adjusted gross margin</i>	<i>52.7%</i>	<i>59.1%</i>	<i>61.7%</i>	<i>62.7%</i>	<i>63.9%</i>	<i>64.2%</i>	<i>65.5%</i>

Note: Historical results prior to 2018 based on ASC 605

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

## Q2'14 – Q1'21

	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	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
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)	(607)	(2,042)	(1,305)	3,733	(1,924)	(1,860)	(1,604)	836	(7,437)	(16,052)	(11,431)	(7,210)	(12,332)
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	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
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	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
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	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
Interest income and other	28	(95)	(146)	(2)	49	(119)	(28)	45	33	(12)	(54)	(118)	(90)	(118)	(164)	(398)	(206)	(1,352)	(1,359)	(1,745)	(1,490)	(1,460)	(1,384)	(1,072)	(830)	(631)	(501)	(175)
Provision for (benefit from) income taxes	12	13	33	18	(20)	50	13	28	42	(2)	(14)	49	50	43	126	45	64	41	150	(49)	29	50	74	69	(2,876)	346	8	(517)
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	—	—	—	—	241	258	93	292	64	—	—	—	—	—	—	—
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	338	329	1,637	2,030	2,339	1,094
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,817	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5,795	282	887
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,500
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	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
% 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%	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%

Note: Historical results prior to 2018 based on ASC 605

# GAAP Net Loss to Adjusted EBITDA Reconciliation

2014 – 2020

	Year Ended						
	2014	2015	2016	2017	2018	2019	2020
GAAP net income (loss)	(\$37,786)	(\$25,838)	(\$11,860)	(\$8,969)	(\$221)	(\$4,552)	(\$42,130)
Non-GAAP adjustments:							
Depreciation and amortization	6,463	7,388	8,390	8,314	10,274	14,374	25,087
Stock-based compensation	6,753	7,730	9,643	15,343	28,484	42,065	64,747
Interest expense	4,161	4,727	4,226	3,471	10,245	13,794	28,348
Interest income and other	(245)	(100)	13	(490)	(3,315)	(6,079)	(3,034)
Provision for (benefit from) income taxes	85	61	54	268	300	104	(2,453)
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
COVID-19 relief bonus for employees	—	—	—	—	—	—	1,817
Loss on early extinguishment of debt	—	—	—	—	—	—	6,964
Change in fair value of convertible preferred and common stock warrant liabilities	(1,745)	—	—	—	—	—	—
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
<i>% adjusted EBITDA margin</i>	<i>(22.0%)</i>	<i>(4.1%)</i>	<i>5.2%</i>	<i>8.8%</i>	<i>18.0%</i>	<i>18.5%</i>	<i>19.7%</i>

Note: Historical results prior to 2018 based on ASC 605

# GAAP to Non-GAAP COR and OpEx Reconciliation

Q2'14 – Q1'21

	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	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
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	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
<i>% of revenue</i>	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%	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%
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)	(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)
Stock-based compensation	(121)	(158)	(176)	(188)	(218)	(233)	(227)	(265)	(329)	(357)	(424)	(434)	(575)	(599)	(594)	(678)	(853)	(860)	(942)	(1,229)	(1,658)	(1,702)	(1,745)	(1,989)	(2,499)	(2,603)	(2,331)	(3,105)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(30)
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	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	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
<i>% of revenue</i>	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%	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%
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	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
<i>% of revenue</i>	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%	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%
Depreciation & amortization	(50)	(58)	(75)	(87)	(102)	(126)	(140)	(148)	(161)	(204)	(224)	(206)	(237)	(182)	(170)	(194)	(233)	(278)	(331)	(440)	(450)	(450)	(461)	(465)	(497)	(512)	(488)	(596)
Stock-based compensation	(471)	(583)	(527)	(574)	(340)	(475)	(401)	(435)	(528)	(547)	(549)	(637)	(801)	(797)	(807)	(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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(248)	(439)	(332)	(337)
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(365)	—	—	—
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	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
<i>% of revenue</i>	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%	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%
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	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
<i>% of revenue</i>	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%	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%
Depreciation & amortization	(48)	(50)	(50)	(49)	(51)	(52)	(54)	(53)	(54)	(56)	(58)	(30)	(30)	(30)	(30)	(29)	(30)	(30)	(6)	(1)	(1)	(2)	(2)	(2)	(2)	(1)	(2)	(1)
Stock-based compensation	(368)	(361)	(455)	(524)	(458)	(448)	(370)	(434)	(544)	(626)	(759)	(928)	(1,224)	(1,084)	(1,128)	(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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(169)	(28)	(43)	(11)
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(596)	—	—	—
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	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
<i>% of revenue</i>	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%	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%

Note: Historical results prior to 2018 based on ASC 605

# GAAP to Non-GAAP COR and OpEx Reconciliation (cont'd)

## Q2'14 – Q1'21

	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	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
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	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
% 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%	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%
Depreciation & amortization	(228)	(187)	(189)	(200)	(199)	(192)	(186)	(222)	(229)	(212)	(196)	(283)	(287)	(272)	(257)	(303)	(322)	(338)	(372)	(385)	(406)	(443)	(477)	(563)	(624)	(853)	(899)	(1,079)
Stock-based compensation	(763)	(775)	(799)	(949)	(814)	(789)	(722)	(860)	(1,013)	(989)	(984)	(1,130)	(1,254)	(1,240)	(2,111)	(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)
Legal settlement	—	—	—	—	—	—	—	—	—	—	—	(1,700)	—	—	—	—	—	—	—	—	(420)	—	—	—	—	—	—	—
Legal and indemnification fees related to settlement	—	—	—	—	—	—	—	—	—	—	—	(135)	—	—	—	—	(241)	(258)	(93)	(292)	(64)	—	—	—	—	—	—	—
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(338)	(329)	(1,220)	(1,563)	(1,964)	(716)
COVID-19 relief bonus for employees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(238)	—	—	—
Contingent consideration expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,500)
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	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
% 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%	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%

Note: Historical results prior to 2018 based on ASC 605

# GAAP to Non-GAAP COR and OpEx Reconciliation

2014 – 2020

	Year Ended						
	2014	2015	2016	2017	2018	2019	2020
GAAP COR	\$54,661	\$59,495	\$66,934	\$83,104	\$104,034	\$134,511	\$180,284
<i>% of revenue</i>	53.0%	46.2%	41.3%	41.5%	40.4%	41.0%	41.5%
Depreciation & amortization	(5,138)	(5,950)	(6,573)	(6,300)	(7,808)	(10,856)	(20,179)
Stock-based compensation	(542)	(866)	(1,375)	(2,202)	(3,333)	(6,334)	(9,422)
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
<i>% of revenue</i>	47.3%	40.9%	38.3%	37.3%	36.1%	35.8%	34.5%
GAAP R&D	\$22,110	\$22,659	\$23,878	\$27,120	\$34,172	\$45,190	\$68,747
<i>% of revenue</i>	21.4%	17.6%	14.7%	13.5%	13.3%	13.8%	15.8%
Depreciation & amortization	(229)	(455)	(737)	(795)	(1,036)	(1,801)	(1,962)
Stock-based compensation	(1,931)	(1,790)	(2,059)	(3,042)	(5,303)	(7,658)	(14,041)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	(1,019)
COVID-19 relief bonus for employees	—	—	—	—	—	—	(365)
Non-GAAP R&D	\$19,950	\$20,414	\$21,082	\$23,283	\$27,833	\$35,731	\$51,360
<i>% of revenue</i>	19.3%	15.8%	13.0%	11.6%	10.8%	10.9%	11.8%
GAAP S&M	\$37,445	\$42,042	\$52,748	\$66,570	\$72,001	\$95,592	\$132,413
<i>% of revenue</i>	36.3%	32.6%	32.5%	33.2%	27.9%	29.1%	30.4%
Depreciation & amortization	(196)	(206)	(221)	(120)	(95)	(6)	(7)
Stock-based compensation	(1,510)	(1,800)	(2,363)	(4,364)	(6,307)	(11,368)	(20,164)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	(240)
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
<i>% of revenue</i>	34.7%	31.1%	30.9%	31.0%	25.5%	25.7%	25.6%
GAAP G&A	\$24,416	\$25,822	\$25,072	\$29,151	\$40,448	\$49,446	\$65,769
<i>% of revenue</i>	23.7%	20.0%	15.5%	14.6%	15.7%	15.1%	15.1%
Depreciation & amortization	(900)	(777)	(859)	(1,099)	(1,335)	(1,711)	(2,939)
Stock-based compensation	(2,770)	(3,274)	(3,846)	(5,735)	(13,541)	(16,705)	(21,120)
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)	(5,076)
COVID-19 relief bonus for employees	—	—	—	—	—	—	(238)
Reversal of contingent sales tax liability	2,766	—	—	—	—	—	—
Reversal of interest & penalties on accrued federal fees	—	—	—	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
<i>% of revenue</i>	20.7%	16.3%	12.6%	11.3%	9.7%	9.1%	8.4%

Note: Historical results prior to 2018 based on ASC 605

# GAAP to Non-GAAP Net Income (Loss) Reconciliation

	Three Months Ended	
	March 31, 2021	March 31, 2020
GAAP net income (loss)	\$ (12,332)	\$ (7,437)
Non-GAAP adjustments:		
Stock-based compensation	20,908	13,794
Intangibles amortization	2,947	1,090
Amortization of discount and issuance costs on convertible senior notes	974	3,320
Acquisition-related transaction costs and one-time integration costs	1,094	329
Contingent consideration expense	2,500	—
Non-GAAP net income	<u>\$ 16,091</u>	<u>\$ 11,096</u>
GAAP net income (loss) per share:		
Basic	<u>\$ (0.18)</u>	<u>\$ (0.12)</u>
Diluted	<u>\$ (0.18)</u>	<u>\$ (0.12)</u>
Non-GAAP net income per share:		
Basic	<u>\$ 0.24</u>	<u>\$ 0.18</u>
Diluted	<u>\$ 0.23</u>	<u>\$ 0.17</u>
Shares used in computing GAAP net income (loss) per share:		
Basic	<u>66,721</u>	<u>61,705</u>
Diluted	<u>66,721</u>	<u>61,705</u>
Shares used in computing non-GAAP net income per share:		
Basic	<u>66,721</u>	<u>61,705</u>
Diluted	<u>70,659</u>	<u>65,151</u>



# GAAP to Non-GAAP Net Income (Loss) Reconciliation

## Guidance

	Three Months Ending June 30, 2021		Year Ending December 31, 2021	
	Low	High	Low	High
GAAP net loss	\$ (25,862)	\$ (24,862)	\$ (63,388)	\$ (60,388)
Non-GAAP adjustments:				
Stock-based compensation	25,011	25,011	96,196	96,196
Intangibles amortization	2,947	2,947	11,787	11,787
Amortization of issuance costs on convertible senior notes	986	986	3,931	3,931
Acquisition-related transaction costs and one-time integration costs	6,018	6,018	14,174	14,174
Contingent consideration expense	—	—	2,500	2,500
Income tax expense effects <sup>(1)</sup>	—	—	—	—
Non-GAAP net income	\$ 9,100	\$ 10,100	\$ 65,200	\$ 68,200
GAAP net loss per share, basic and diluted	\$ (0.38)	\$ (0.36)	\$ (0.91)	\$ (0.87)
Non-GAAP net income per share:				
Basic	\$ 0.13	\$ 0.15	\$ 0.94	\$ 0.98
Diluted	\$ 0.13	\$ 0.14	\$ 0.89	\$ 0.93
Shares used in computing GAAP net loss per share and non-GAAP net income per share:				
Basic	68,500	68,500	69,400	69,400
Diluted	72,500	72,500	73,400	73,400

Note: Represents guidance disclosed on 4/29/21. Reader shall not construe presentation of this information after 4/29/21 as an update or reaffirmation of such guidance

<sup>(1)</sup> 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

\$ in Thousands	Q1'20	Q2'20	Q3'20	Q4'20	12 mo ended 12/31/20	Q1'21
<b>Net cash provided by operating activities</b> <i>(Refer to cash flows from operating activities in cash flow statement)</i>	\$10,394	\$14,765	\$22,831	\$19,312	\$67,302	\$13,765
<b>Capital expenditure</b>						
Purchases of property and equipment <i>(Refer to cash flows from investing activities in cash flow statement)</i>	6,045	8,846	5,521	10,010	30,422	8,229
Equipment obtained under capital lease <i>(Refer to non-cash investing and financing activities in cash flow statement)</i>	0	0	0	0	0	0
Equipment purchased and unpaid at period-end						
Beginning balance	2,890	2,280	2,838	3,721		7,491
Ending balance <i>(Refer to non-cash investing and financing activities in cash flow statement)</i>	2,280	2,838	3,721	7,491	7,491	7,515
Change in equipment purchased and unpaid during period	(610)	558	883	3,770	4,601	24
<b>Total capital expenditure</b>	<b>\$5,435</b>	<b>\$9,404</b>	<b>\$6,404</b>	<b>\$13,780</b>	<b>\$35,023</b>	<b>\$8,253</b>
<b>Free cash flow</b> (operating cash flow less capex paid in cash)	<b>\$4,349</b>	<b>\$5,919</b>	<b>\$17,310</b>	<b>\$9,302</b>	<b>\$36,880</b>	<b>\$5,536</b>

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



