

Q3 2022 Investor Presentation

Five9 (NASDAQ: FIVN)



The Intelligent Cloud Contact Center

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 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 adverse economic conditions, including macroeconomic deterioration, including increased 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, the impact of the Russia-Ukraine conflict, the impact of the COVID-19 pandemic, and other factors. Past performance is not necessarily indicative of future results. We undertake no obligation to update any such forward-looking information.

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.

Q3'22 Highlights

Strong Financial Results

- Record new logo bookings for any third quarter
- Q3'22 revenue was a record \$198.3M, representing 29% YoY growth
- LTM DBBR of 118%
- Q3'22 adjusted EBITDA margin of 18.5%, delivering disciplined and profitable growth

Upmarket Execution

- Q3'22 marked an all-time record for the number of \$1M+ ARR new logos added
- Expansive set of several hundred modern, feature-rich APIs that ISV partners and developers can use to integrate with the Five9 platform
- LTM Enterprise subscription revenue growth of 37% YoY
- Significant Enterprise wins
 - Global BPO: ~\$4.7M in ARR
 - Fortune 200 HVAC company: ~\$4.7M in ARR
 - Northeastern U.S. medical practice: ~\$4.7M in ARR
- Strong expansions
 - \$5M ARR expansion of parcel delivery service company, adding the APAC division, and increasing total anticipated ARR to nearly \$55M
 - \$1M ARR expansion of a regional bank

Q3'22 Highlights (cont'd)

Product Leadership and Innovation

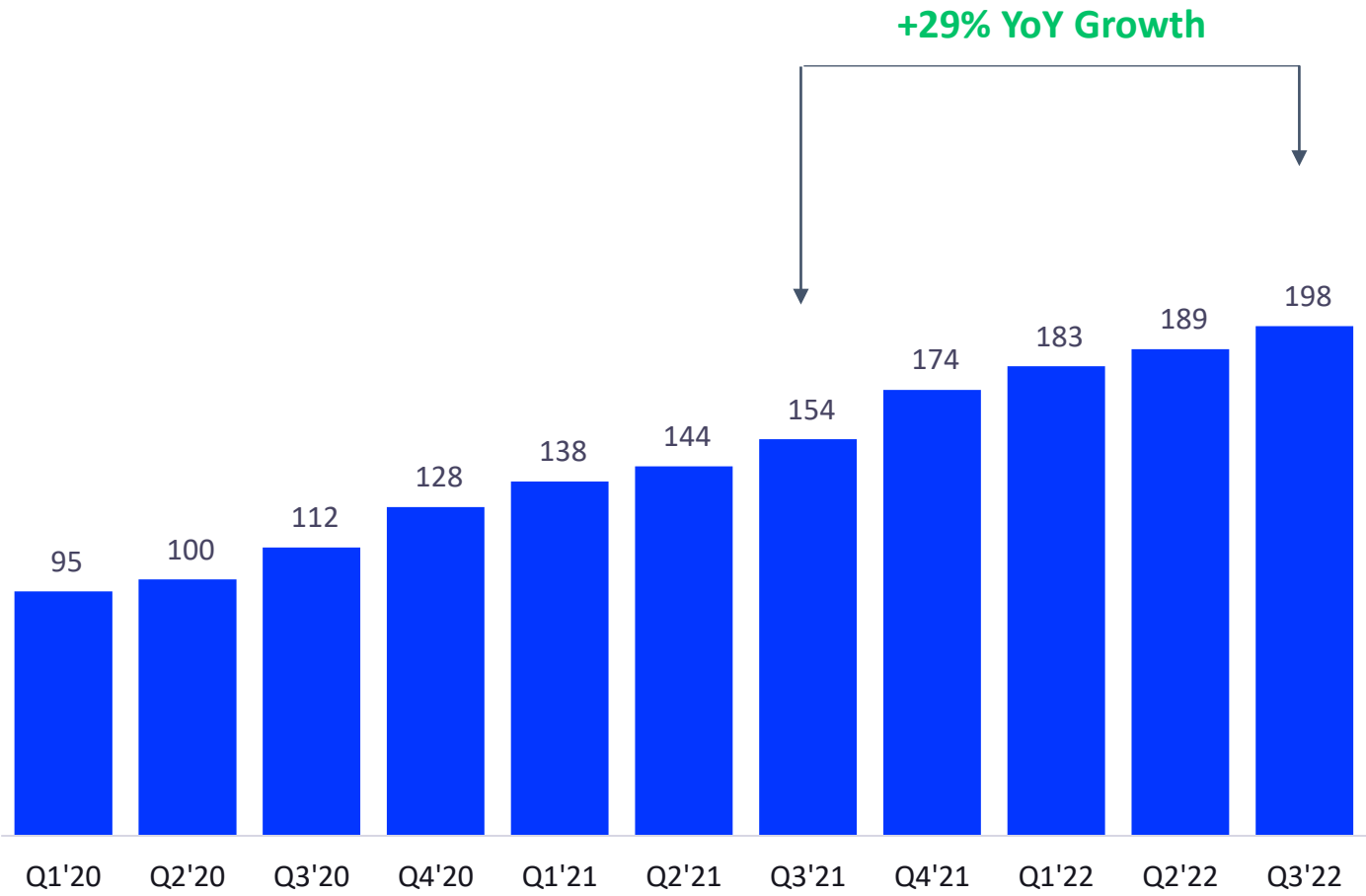
- Introduced major new product capabilities at the CX Summit
 - Web-based Administration provides ability to manage contact center more effectively
 - AI Insights offering gives access to data once considered inaccessible for insights and emerging trends
 - Advanced Five9 Analytics allows customers to design and customize reports in a true self-service manner
- IVA usage minutes in the third quarter nearly doubled YoY, demonstrating market acceptance and traction
- Achieved LTM uptime of 99.999% as a result of the re-architecture, improved processes and team execution

International and Channel Expansion

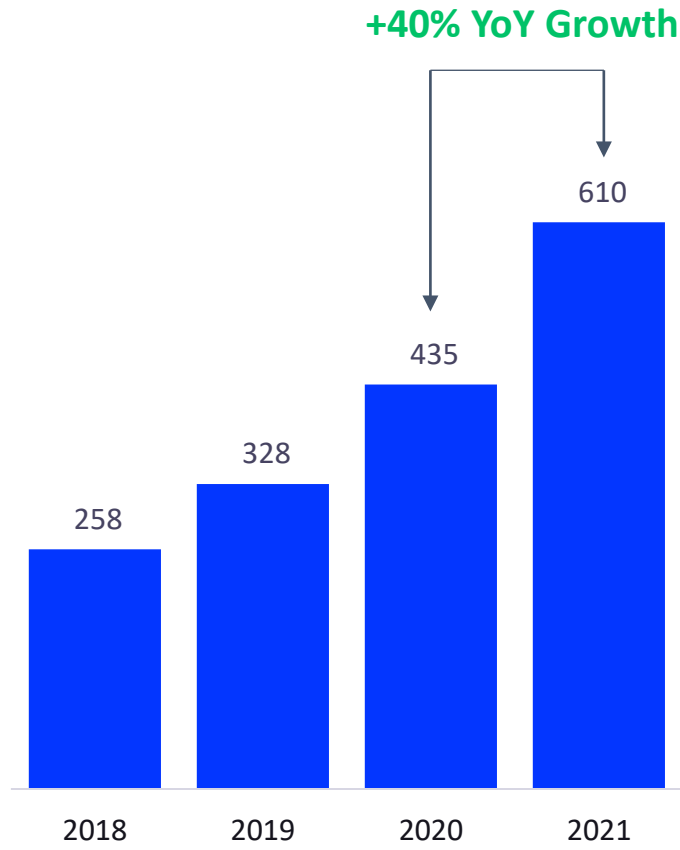
- International go-to-market headcount has tripled since the end of 2020
- Established a new research and development center in Portugal
- Q3'22 International bookings grew 78% YoY and international revenue grew 40% YoY, marking 7 out of last 9 quarters that YoY international revenue has grown at 40% or more
- Continued to grow pipeline to record levels, gain greater leverage from partners and strengthen our international presence

Strong, Consistent Revenue Growth

Quarterly Revenue (\$M)

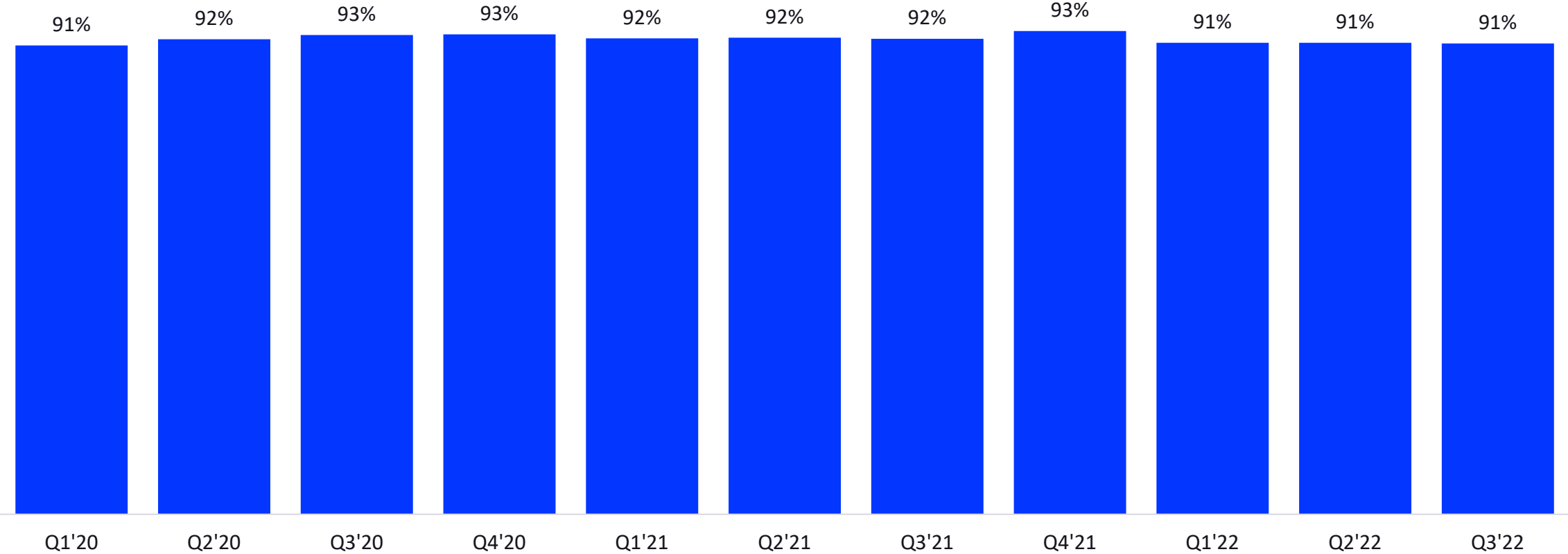


Annual Revenue (\$M)



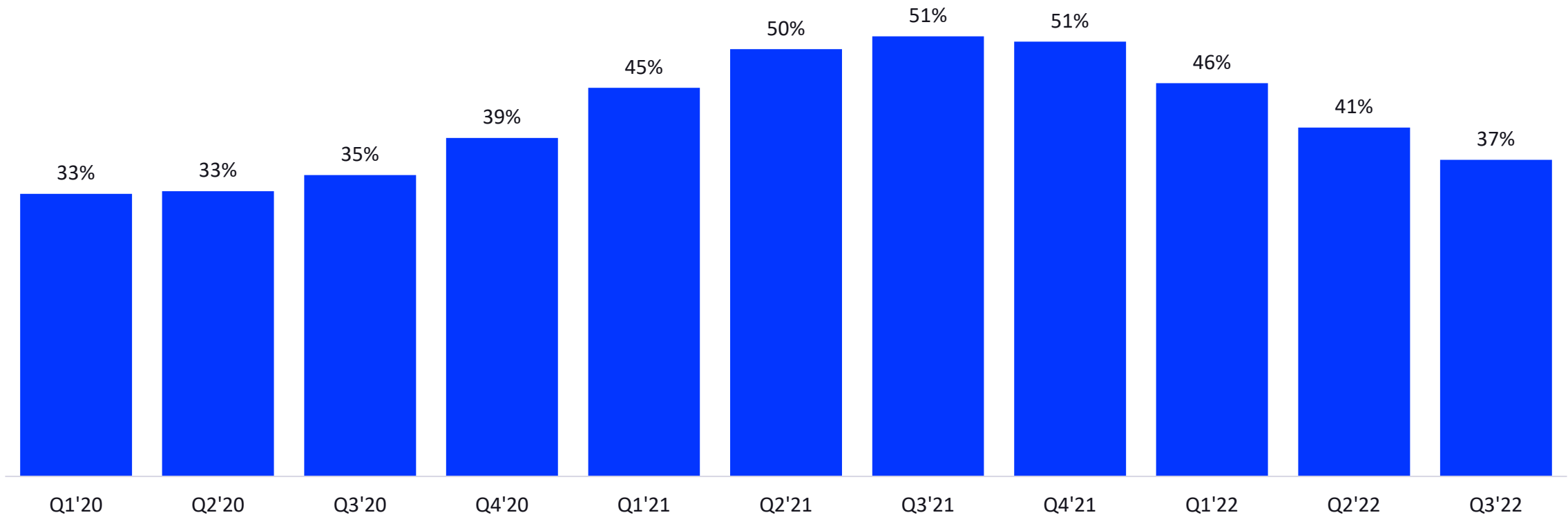
Attractive Revenue Visibility

Recurring as a % of Total Revenue



Executing on Enterprise Opportunity

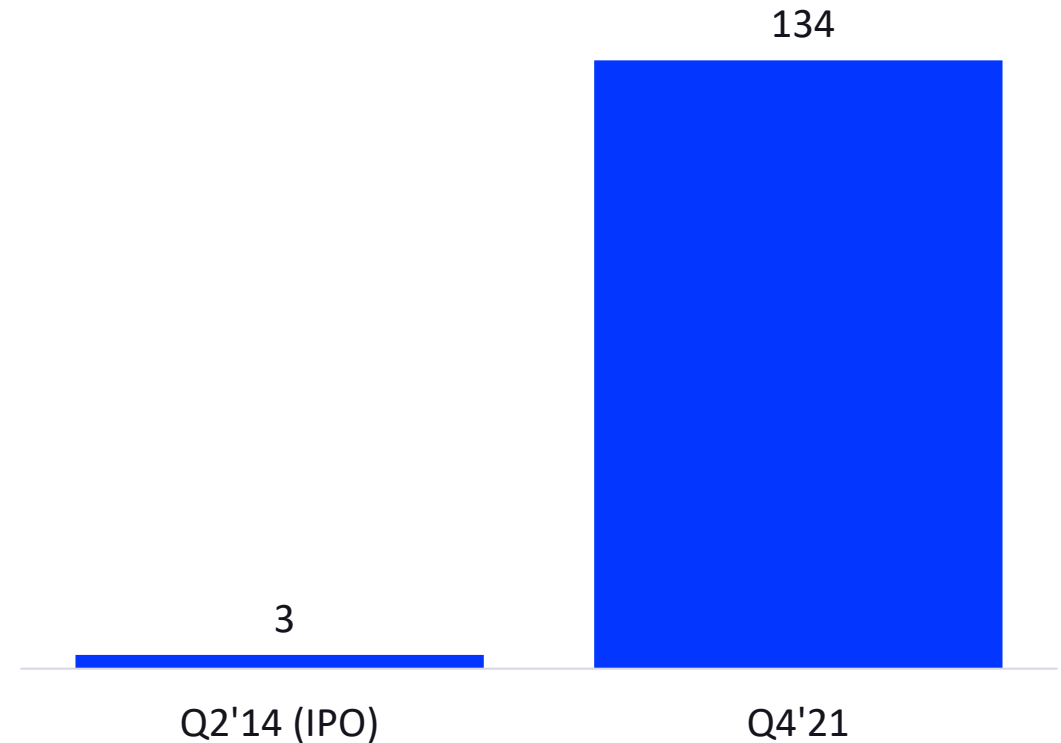
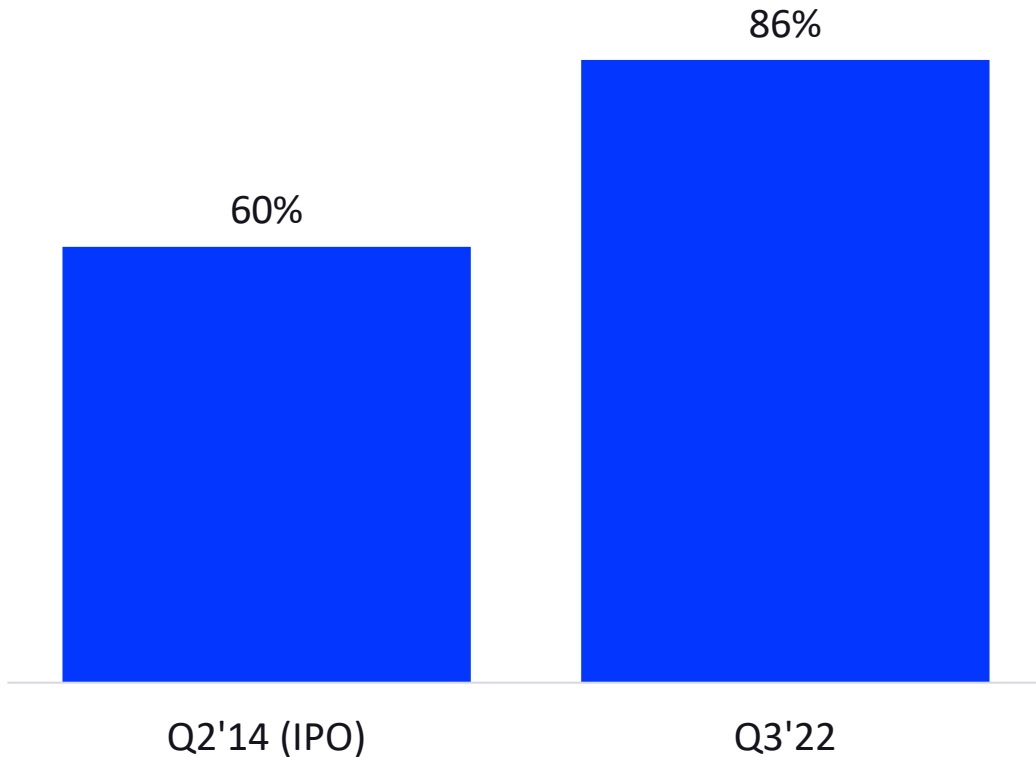
% YoY Enterprise Subscription Revenue Growth (LTM)



Executing on Enterprise Opportunity (cont'd)

Enterprise as a % of Total Revenue (LTM)

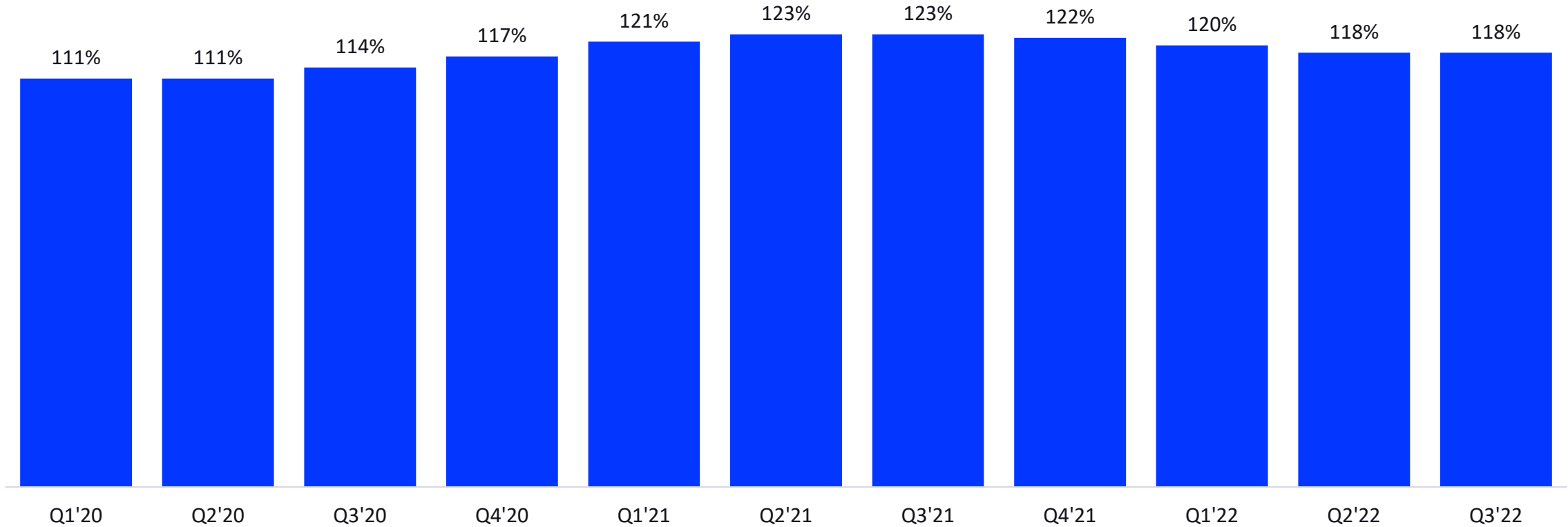
Enterprise Customers \$1M+ ARR (Q4'21 Ann.)



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

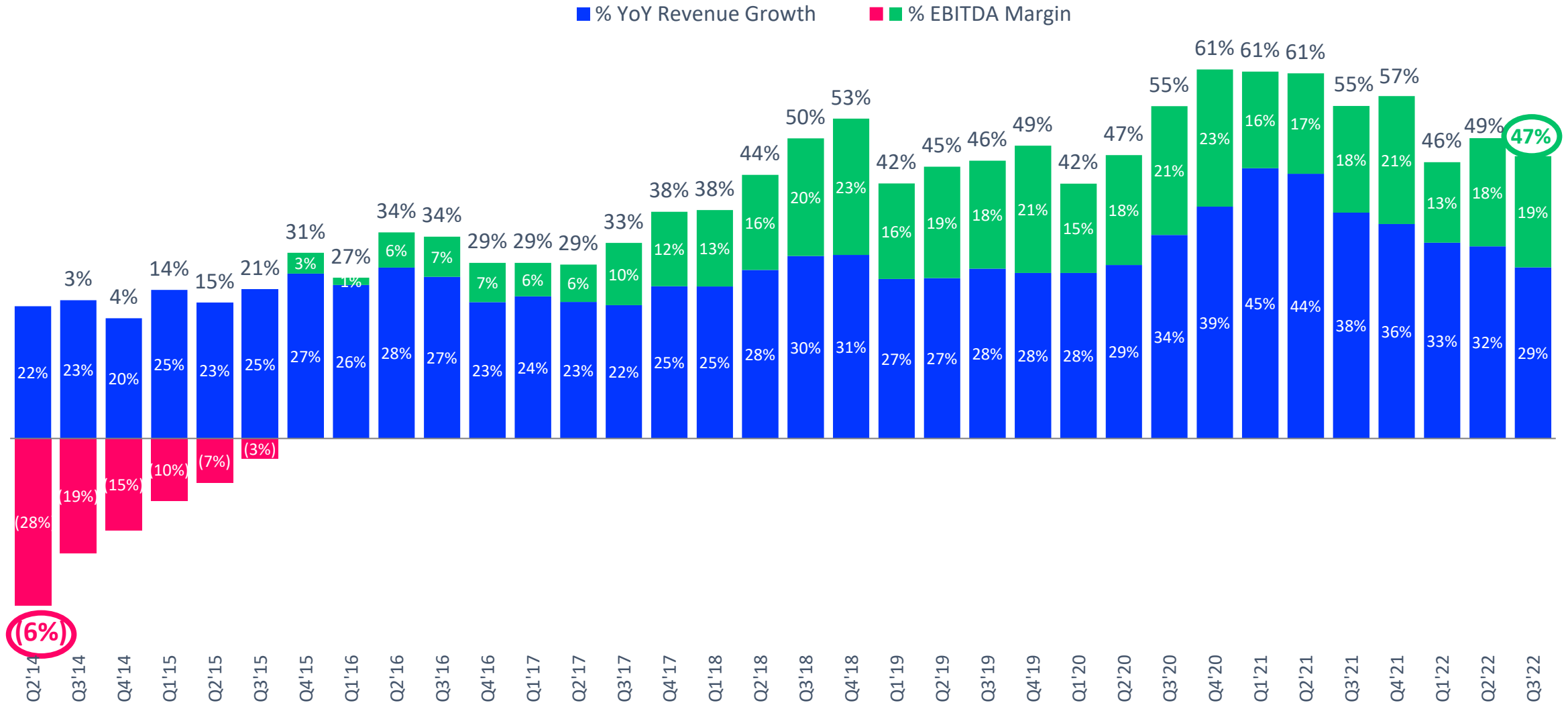
High Customer Retention

% Annual Dollar Based Retention Rate (DBRR)



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

Exceeding “Rule of 40”



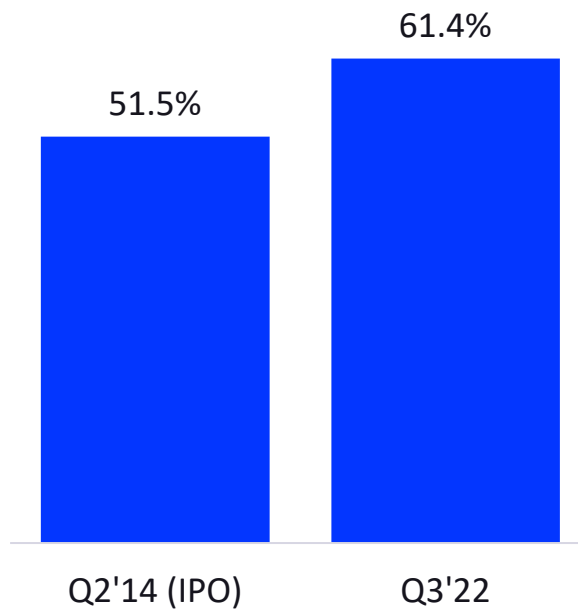
Note: ASC 605 for periods prior to 2018

Robust Margin Expansion and Operating Leverage

Non-GAAP

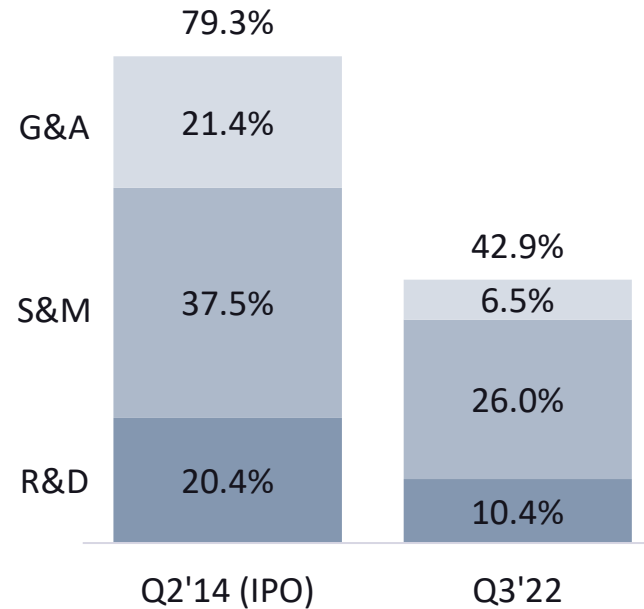
Adj. Gross Margin

9.9% expansion



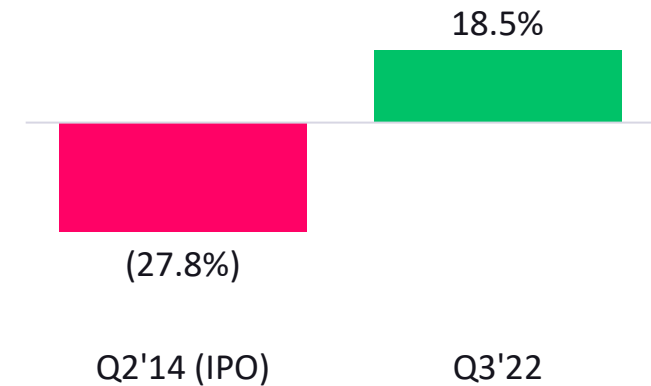
Non-GAAP Opex (% of revenue)

36.4% improvement



Adj. EBITDA Margin

46.3% 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

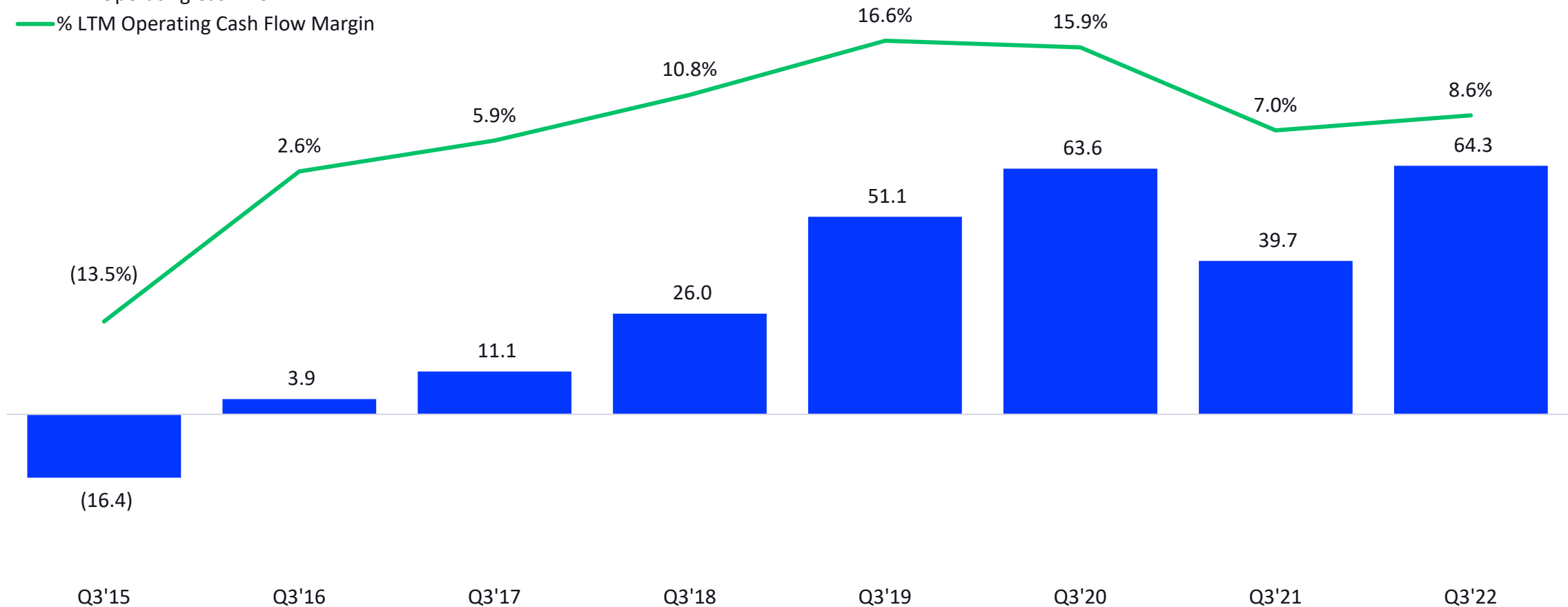
Operating Cash Flow and Margin

LTM Operating Cash Flow (\$M)

DSO of 34 days in Q3'22

■ LTM Operating Cash Flow

— % LTM Operating Cash Flow Margin



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

Q4'22 and 2022 Guidance

	Q4'22	2022
Revenue	\$204.0M - \$205.0M	\$774.5M - \$775.5M
Non-GAAP Net Income Per Diluted Share	\$0.40 - \$0.42	\$1.35 - \$1.37
Diluted Shares	72.0M	71.3M
Non-GAAP Taxes	\$650K	\$2.0M
Capital Expenditures	\$12M - \$13M	\$60M - \$61M

Note: 2022 non-GAAP tax guidance excludes \$1.8M tax provision associated with acquired companies.

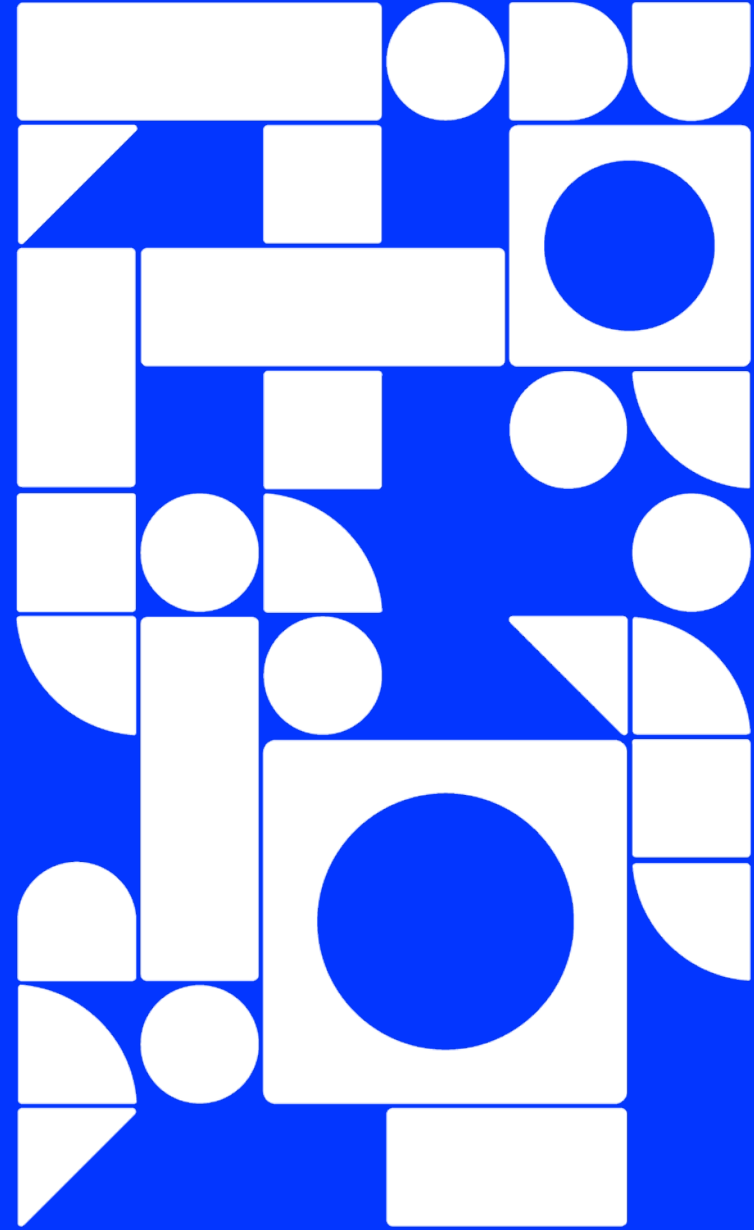
Long-Term Operating Model

Non-GAAP

% of Revenue	Today Q3'22		Long-Term Model 2027	
Revenue	\$198M		Continued growth in Enterprise subscriptions	\$2.4B
Adj. Gross Margin	61%		Subscription margin expansion and increasing subscription mix	70%+
S&M	26%		Continued investments in GTM in line with revenue growth	26% - 30%
R&D	10%		Continued investments in innovation	12% - 14%
G&A	7%		Economies of scale	5% - 7%
Adj. EBITDA	19%			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	
	September 30, 2022	December 31, 2021
Cash, cash equivalents and marketable investments	\$579.1	\$617.2
Working capital	590.1	459.7
Total assets	1,206.8	1,192.9
Total debt	737.6	768.6
Total stockholders' equity	269.4	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 – Q3'22

	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
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
<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 %
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
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
One-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	30	2	37	43	48	80	187
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
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
<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 %

GAAP to Adjusted Gross Profit Reconciliation

2014 – 2021

	Year Ended							
	2014	2015	2016	2017	2018	2019	2020	2021
GAAP gross profit	\$ 48,441	\$ 69,373	\$ 95,156	\$ 117,121	\$ 153,630	\$ 193,495	\$ 254,624	\$ 338,492
% GAAP gross margin	47.0 %	53.8 %	58.7 %	58.5 %	59.6 %	59.0 %	58.5 %	55.5 %
Depreciation & amortization	5,138	5,950	6,573	6,300	7,808	10,856	20,179	30,870
Stock-based compensation	542	866	1,375	2,202	3,333	6,334	9,422	17,734
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
Adjusted gross profit	\$ 54,356	\$ 76,189	\$ 99,990	\$ 125,623	\$ 164,771	\$ 210,685	\$ 284,843	\$ 387,208
% adjusted gross margin	52.7 %	59.1 %	61.7 %	62.7 %	63.9 %	64.2 %	65.5 %	63.5 %

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 – Q3'22

	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
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)
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
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
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
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)
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
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
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,227	214	774
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
% 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 %

GAAP Net Loss to Adjusted EBITDA Reconciliation

2014 – 2021

	Year Ended									
	2014	2015	2016	2017	2018	2019	2020	2021		
GAAP net income (loss)	\$ (37,786)	\$ (25,838)	\$ (11,860)	\$ (8,969)	\$ (221)	\$ (4,552)	\$ (42,130)	\$ (53,000)		
Non-GAAP adjustments:										
Depreciation and amortization	6,463	7,388	8,390	8,314	10,274	14,374	25,087	38,732		
Stock-based compensation	6,753	7,730	9,643	15,343	28,484	42,065	64,747	108,805		
Interest expense	4,161	4,727	4,226	3,471	10,245	13,794	28,348	8,027		
Interest income and other	(245)	(100)	13	(490)	(3,315)	(6,079)	(3,034)	8		
Provision for (benefit from) income taxes	85	61	54	268	300	104	(2,453)	(11,285)		
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		
COVID-19 relief bonus for employees	—	—	—	—	—	—	1,817	—		
Loss on early extinguishment of debt	—	—	—	—	—	—	6,964	—		
Contingent consideration expense	—	—	—	—	—	—	—	5,640		
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	\$ 110,503		
% adjusted EBITDA margin	(22.0)%	(4.1)%	5.2 %	8.8 %	18.0 %	18.5 %	19.7 %	18.1 %		

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 – Q3'22

	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
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
% 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 %
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)
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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	—	—	—	(30)	(2)	(37)	(43)	(48)	(80)	(187)
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)
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
% 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 %
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
% 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 %
Depreciation & amortization	(194)	(233)	(278)	(331)	(440)	(450)	(450)	(461)	(465)	(497)	(512)	(488)	(596)	(729)	(1,004)	(948)	(825)	(804)	(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)
Acquisition-related transaction costs and one-time integration costs	—	—	—	—	—	—	—	—	—	(248)	(439)	(332)	(337)	(666)	(660)	(462)	(656)	(1,307)	(1,654)
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,629)	(59)	(557)
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
% 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 %

GAAP to Non-GAAP OpEx Reconciliation

Q1'18 – Q3'22

	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
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
% 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 %
Depreciation & amortization	(29)	(30)	(30)	(6)	(1)	(1)	(2)	(2)	(2)	(2)	(1)	(2)	(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)
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
% 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 %

GAAP to Non-GAAP OpEx Reconciliation

Q1'18 – Q3'22

	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
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
% 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 %
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)
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)
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)
Exit costs related to closure and relocation of Russian operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(218)	(152)	(121)
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
% 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 %

GAAP to Non-GAAP COR and OpEx Reconciliation

2014 – 2021

	Year Ended															
	2014	2015	2016	2017	2018	2019	2020	2021								
GAAP COR	\$	54,661	\$	59,495	\$	66,934	\$	83,104	\$	104,034	\$	134,511	\$	180,284	\$	271,099
% of revenue		53.0 %		46.2 %		41.3 %		41.5 %		40.4 %		41.0 %		41.5 %		44.5 %
Depreciation & amortization		(5,138)		(5,950)		(6,573)		(6,300)		(7,808)		(10,856)		(20,179)		(30,870)
Stock-based compensation		(542)		(866)		(1,375)		(2,202)		(3,333)		(6,334)		(9,422)		(17,734)
Acquisition-related transaction costs and one-time integration costs		—		—		—		—		—		—		—		(112)
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
% of revenue		47.3 %		40.9 %		38.3 %		37.3 %		36.1 %		35.8 %		34.5 %		36.5 %
GAAP R&D	\$	22,110	\$	22,659	\$	23,878	\$	27,120	\$	34,172	\$	45,190	\$	68,747	\$	106,897
% of revenue		21.4 %		17.6 %		14.7 %		13.5 %		13.3 %		13.8 %		15.8 %		17.5 %
Depreciation & amortization		(229)		(455)		(737)		(795)		(1,036)		(1,801)		(1,962)		(3,277)
Stock-based compensation		(1,931)		(1,790)		(2,059)		(3,042)		(5,303)		(7,658)		(14,041)		(29,179)
Acquisition-related transaction costs and COVID-19 relief bonus for employees		—		—		—		—		—		—		(1,019)		(2,125)
Non-GAAP R&D	\$	19,950	\$	20,414	\$	21,082	\$	23,283	\$	27,833	\$	35,731	\$	51,360	\$	72,316
% of revenue		19.3 %		15.8 %		13.0 %		11.6 %		10.8 %		10.9 %		11.8 %		11.9 %
GAAP S&M	\$	37,445	\$	42,042	\$	52,748	\$	66,570	\$	72,001	\$	95,592	\$	132,413	\$	193,929
% of revenue		36.3 %		32.6 %		32.5 %		33.2 %		27.9 %		29.1 %		30.4 %		31.8 %
Depreciation & amortization		(196)		(206)		(221)		(120)		(95)		(6)		(7)		(4)
Stock-based compensation		(1,510)		(1,800)		(2,363)		(4,364)		(6,307)		(11,368)		(20,164)		(35,270)
Acquisition-related transaction costs and COVID-19 relief bonus for employees		—		—		—		—		—		—		(240)		(1,003)
Non-GAAP S&M	\$	35,739	\$	40,036	\$	50,164	\$	62,086	\$	65,599	\$	84,218	\$	111,406	\$	157,652
% of revenue		34.7 %		31.1 %		30.9 %		31.0 %		25.5 %		25.7 %		25.6 %		25.9 %

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP OpEx Reconciliation

2014 – 2021

	Year Ended															
	2014	2015	2016	2017	2018	2019	2020	2021								
GAAP G&A	\$	24,416	\$	25,822	\$	25,072	\$	29,151	\$	40,448	\$	49,446	\$	65,769	\$	93,916
% of revenue		23.7 %		20.0 %		15.5 %		14.6 %		15.7 %		15.1 %		15.1 %		15.4 %
Depreciation & amortization		(900)		(777)		(859)		(1,099)		(1,335)		(1,711)		(2,939)		(4,581)
Stock-based compensation		(2,770)		(3,274)		(3,846)		(5,735)		(13,541)		(16,705)		(21,120)		(26,622)
Legal settlement		—		—		—		(1,700)		—		(420)		—		—
Legal and indemnification fees related to Acquisition-related transaction costs and one-time integration costs		—		—		—		(135)		(592)		(356)		—		—
COVID-19 relief bonus for employees		—		—		—		—		—		(338)		(5,076)		(10,336)
Contingent consideration expense		—		—		—		—		—		—		(238)		—
Reversal of contingent sales tax liability		2,766		—		—		—		—		—		—		(5,640)
Reversal of interest & penalties on accrued		—		—		—		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
% of revenue		20.7 %		16.3 %		12.6 %		11.3 %		9.7 %		9.1 %		8.4 %		7.7 %

Note: Historical results prior to 2018 based on ASC 605

GAAP to Non-GAAP Net Income (Loss) Reconciliation

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
GAAP net loss	\$ (23,207)	\$ (20,537)	\$ (80,997)	\$ (49,399)
Non-GAAP adjustments:				
Stock-based compensation	44,503	27,395	128,682	73,204
Intangibles amortization	2,934	2,947	8,816	8,841
Amortization of discount and issuance costs on convertible senior notes	944	1,001	2,796	2,960
Acquisition-related transaction costs and one-time integration costs	1,944	9,158	5,296	11,225
Exit costs related to closure and relocation of Russian operations	714	—	4,588	—
Contingent consideration expense	—	60	260	5,260
Refund for prior year overpayment of USF fees	—	—	(3,511)	—
Tax provision associated with acquired companies	—	—	1,830	—
Non-GAAP net income	<u>\$ 27,832</u>	<u>\$ 20,024</u>	<u>\$ 67,760</u>	<u>\$ 52,091</u>
GAAP net loss per share:				
Basic	<u>\$ (0.33)</u>	<u>\$ (0.30)</u>	<u>\$ (1.16)</u>	<u>\$ (0.73)</u>
Diluted	<u>\$ (0.33)</u>	<u>\$ (0.30)</u>	<u>\$ (1.16)</u>	<u>\$ (0.73)</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.40</u>	<u>\$ 0.30</u>	<u>\$ 0.97</u>	<u>\$ 0.77</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.28</u>	<u>\$ 0.95</u>	<u>\$ 0.74</u>
Shares used in computing GAAP net loss per share:				
Basic	<u>70,232</u>	<u>67,800</u>	<u>69,656</u>	<u>67,278</u>
Diluted	<u>70,232</u>	<u>67,800</u>	<u>69,656</u>	<u>67,278</u>
Shares used in computing non-GAAP net income per share:				
Basic	<u>70,232</u>	<u>67,800</u>	<u>69,656</u>	<u>67,278</u>
Diluted	<u>71,441</u>	<u>71,102</u>	<u>71,054</u>	<u>70,781</u>

Capital Expenditure and Free Cash Flow

\$ in Thousands	Q1'20	Q2'20	Q3'20	Q4'20	12 mo	Q1'21	Q2'21	Q3'21	Q4'21	12 mo	Q1'22	Q2'22	Q3'22
					ended					ended			
					12/31/2020					12/31/2021			
Net cash provided by operating activities	\$ 10,394	\$ 14,765	\$ 22,831	\$ 19,312	\$ 67,302	\$ 13,765	\$ 11,392	\$ (4,808)	\$ 8,136	\$ 28,485	\$ 28,724	\$ (3,103)	\$ 30,504
(Refer to cash flows from operating activities in cash flow stmt)													
Capital expenditure													
Purchases of property and equipment	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
(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
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
Ending balance	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
(Refer to non-cash investing and financing activities in cash flow stmt)													
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)
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
Free cash flow													
(operating cash flow less capex paid in cash)	\$ 4,349	\$ 5,919	\$ 17,310	\$ 9,302	\$ 36,880	\$ 5,536	\$ 144	\$ (13,809)	\$ (5,602)	\$ (13,731)	\$ 15,757	\$ (26,002)	\$ 17,922

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

Thank You

