

8x8, INC.
CONSOLIDATED STATEMENT OF OPERATIONS

	FY2022	FY2023				FY2024				FY2022	FY2023	FY2024
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4 YTD	Q4 YTD	Q4 YTD
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2022	March 31, 2023	March 31, 2024
Service revenue	\$ 172,789	\$ 179,161	\$ 178,556	\$ 175,765	\$ 176,562	\$ 175,238	\$ 177,782	\$ 175,069	\$ 172,490	\$ 602,357	\$ 710,044	\$ 700,579
Other revenue	8,583	8,459	8,833	8,635	7,967	8,049	7,217	5,937	6,923	35,773	33,894	28,126
Total revenue	181,372	187,620	187,389	184,400	184,529	183,287	184,999	181,006	179,413	638,130	743,938	728,705
Cost of service revenue	53,938	53,547	51,038	47,335	46,951	46,276	49,144	48,983	48,557	195,909	198,871	192,960
Cost of other revenue	14,563	13,126	11,000	10,176	8,302	8,398	7,958	7,177	8,412	51,649	42,604	31,945
Total cost of revenue	68,501	66,673	62,038	57,511	55,253	54,674	57,102	56,160	56,969	247,558	241,475	224,905
Gross profit	112,871	120,947	125,351	126,889	129,276	128,613	127,897	124,846	122,444	390,572	502,463	503,800
Operating expenses:												
Research and development	30,586	34,955	36,019	35,062	36,455	35,292	34,207	32,787	33,930	112,387	142,491	136,216
Sales and marketing	84,785	83,527	80,487	79,021	68,848	68,505	68,687	66,997	67,755	314,223	311,883	271,944
General and administrative	38,039	29,219	31,411	27,158	20,213	26,226	27,586	23,419	34,978	118,103	108,001	112,209
Impairment of long-lived assets	—	—	2,424	3,729	227	—	—	11,034	—	—	6,380	11,034
Total operating expenses	153,410	147,701	150,341	144,970	125,743	130,023	130,480	134,237	136,663	544,713	568,755	531,403
Loss from operations	(40,539)	(26,754)	(24,990)	(18,081)	3,533	(1,410)	(2,583)	(9,391)	(14,219)	(154,141)	(66,292)	(27,603)
Other expense, net	(6,006)	1,116	13,950	(7,912)	(11,198)	(12,473)	(5,258)	(11,310)	(7,306)	(21,629)	(4,044)	(36,347)
Loss before provision (benefit) for income taxes	(46,545)	(25,638)	(11,040)	(25,993)	(7,665)	(13,883)	(7,841)	(20,701)	(21,525)	(175,770)	(70,336)	(63,950)
Provision (benefit) for income taxes	(962)	405	599	37	1,766	1,444	(389)	521	2,066	(387)	2,807	3,642
Net loss	\$ (45,583)	\$ (26,043)	\$ (11,639)	\$ (26,030)	\$ (9,431)	\$ (15,327)	\$ (7,452)	\$ (21,222)	\$ (23,591)	\$ (175,383)	\$ (73,143)	\$ (67,592)
Net loss per share:												
Basic and diluted	\$ (0.39)	\$ (0.22)	\$ (0.10)	\$ (0.23)	\$ (0.08)	\$ (0.13)	\$ (0.06)	\$ (0.17)	\$ (0.19)	\$ (1.55)	\$ (0.63)	\$ (0.56)
Weighted average number of shares:												
Basic and diluted	117,613	119,721	116,013	113,201	114,924	116,777	120,757	122,556	124,324	113,354	115,959	121,106
Interest expense	\$ (879)	\$ (625)	\$ (4,883)	\$ (7,607)	\$ (9,906)	\$ (8,970)	\$ (8,929)	\$ (8,878)	\$ (8,575)	\$ (2,271)	\$ (23,020)	\$ (35,352)
Amortization of debt discount and issuance costs	(6,623)	(831)	(1,169)	(1,136)	(1,118)	(1,108)	(1,132)	(1,157)	(1,075)	(20,404)	(4,254)	(4,472)
Gain (loss) on warrants remeasurement	—	—	1,293	(771)	(104)	(250)	2,781	(1,297)	942	—	417	2,176
Gain (loss) on debt extinguishment	—	—	16,106	2,144	296	(1,766)	—	—	—	—	18,545	(1,766)
Gain (loss) on sale of assets	(63)	—	—	1,757	(5)	—	—	—	(179)	(68)	1,821	(179)
Gain (loss) on foreign exchange	1,655	2,475	2,124	(2,616)	(991)	(804)	1,565	(1,841)	48	908	993	(1,032)
Other income	(96)	97	479	317	630	425	457	1,863	1,533	206	1,454	4,278
Other expense, net	\$ (6,006)	\$ 1,116	\$ 13,950	\$ (7,912)	\$ (11,198)	\$ (12,473)	\$ (5,258)	\$ (11,310)	\$ (7,306)	\$ (21,629)	\$ (4,044)	\$ (36,347)
Net loss	\$ (45,583)	\$ (26,043)	\$ (11,639)	\$ (26,030)	\$ (9,431)	\$ (15,327)	\$ (7,452)	\$ (21,222)	\$ (23,591)	\$ (175,383)	\$ (73,143)	\$ (67,592)
Other comprehensive income (loss), net of tax												
Unrealized gain (loss) on investments in securities	(460)	(94)	(5)	(31)	(54)	290	7	(16)	(1)	(571)	(184)	280
Foreign currency translation adjustment	(2,178)	(8,384)	(8,548)	10,244	1,858	1,441	(4,320)	5,987	(2,015)	(3,149)	(4,830)	1,094
Comprehensive loss	\$ (48,221)	\$ (34,521)	\$ (20,192)	\$ (15,817)	\$ (7,627)	\$ (13,596)	\$ (11,765)	\$ (15,251)	\$ (25,607)	\$ (179,103)	\$ (78,157)	\$ (66,218)

8x8 Inc.
Consolidated Balance Sheets

	FY2022		FY2023				FY2024			
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	March 31, 2022		June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 91,205	\$	\$ 92,686	\$ 100,512	\$ 92,960	\$ 111,400	\$ 122,229	\$ 144,030	\$ 168,513	\$ 116,262
Restricted cash, current	8,691		590	511	511	511	165	521	356	356
Short-term investments	44,845		48,945	30,411	37,445	26,228	15,946	4,744	1,035	1,048
Accounts receivable, net	57,400		55,441	58,345	53,811	62,307	64,951	61,063	63,042	58,979
Deferred sales commission costs, current	35,482		36,510	36,350	37,401	38,048	38,247	37,610	36,996	35,933
Other current assets	37,999		38,545	37,537	32,449	34,630	32,930	33,967	32,528	35,258
Total current assets	275,622		272,717	263,666	254,577	273,124	274,468	281,935	302,470	247,836
Property and equipment, net	79,016		73,876	68,717	60,915	57,871	54,538	53,508	55,661	53,181
Operating lease, right-of-use assets	63,415		59,859	54,201	55,269	52,444	50,438	50,396	38,546	35,924
Intangible assets, net	128,213		122,737	117,490	112,236	107,112	102,013	96,914	91,816	86,717
Goodwill	266,867		265,029	262,393	265,578	266,863	266,386	265,732	267,453	266,574
Restricted cash, non-current	818		818	818	818	818	818	462	462	105
Long-term investments	2,671		—	—	—	—	—	—	—	—
Deferred sales commission costs, non-current	75,668		76,083	71,647	70,530	67,644	64,699	60,440	56,317	52,859
Other assets, non-current	17,978		18,028	17,009	16,184	15,934	15,103	14,336	13,993	12,783
Total assets	\$ 910,268	\$	\$ 889,147	\$ 855,941	\$ 836,107	\$ 841,810	\$ 828,463	\$ 823,723	\$ 826,718	\$ 755,979
LIABILITIES AND STOCKHOLDERS' EQUITY										
Current liabilities:										
Accounts payable	\$ 49,721	\$	\$ 42,584	\$ 43,844	\$ 40,632	\$ 46,802	\$ 42,537	\$ 49,391	\$ 49,493	\$ 48,862
Accrued and other liabilities	92,059		84,344	81,633	77,393	73,740	78,862	71,700	73,232	78,102
Operating lease liabilities, current	15,485		14,424	12,648	12,537	11,504	11,469	11,623	11,763	11,295
Deferred revenue, current	34,262		34,064	30,860	34,207	34,909	40,410	33,223	32,778	34,325
Convertible senior notes, current	—		—	—	—	62,932	63,039	63,153	63,260	—
Total current liabilities	191,527		175,416	168,985	164,769	229,887	236,317	229,090	230,526	172,584
Operating lease liabilities, non-current	74,518		71,806	68,437	68,358	65,623	62,850	61,926	59,417	56,647
Deferred revenue, non-current	11,430		11,023	10,465	10,480	10,615	10,618	10,231	10,128	7,810
Convertible senior notes, non-current	447,452		494,444	286,682	264,443	196,821	197,048	197,303	197,561	197,796
Term loan	—		—	230,049	231,202	231,993	209,534	210,303	211,092	211,894
Other liabilities, non-current	2,975		2,936	6,541	6,828	6,965	7,227	4,460	8,322	7,290
Total liabilities	727,902		755,625	771,159	746,080	741,904	723,594	713,313	717,046	654,021
Commitments and contingencies (Note 6)										
Stockholders' equity:										
Preferred stock: \$0.001 par value, 5,000,000 shares authorized, none issued and outstanding at both March 31, 2024 and 2023	—		—	—	—	—	—	—	—	—
Common stock: \$0.001 par value, 300,000,000 shares authorized, and 114,659,255 shares issued and outstanding at March 31, 2024 and 2023, respectively	118		120	111	113	115	119	122	123	125
Additional paid-in capital	956,599		895,602	867,063	888,123	905,635	924,190	941,493	956,005	973,895
Accumulated other comprehensive loss	(7,913)		(16,391)	(24,944)	(14,731)	(12,927)	(11,196)	(15,509)	(9,538)	(11,553)
Accumulated deficit	(766,438)		(745,809)	(757,448)	(783,478)	(792,917)	(808,244)	(815,696)	(836,918)	(860,509)
Total stockholders' equity	182,366		133,522	84,782	90,027	99,906	104,869	110,410	109,672	101,958
Total liabilities and stockholders' equity	\$ 910,268	\$	\$ 889,147	\$ 855,941	\$ 836,107	\$ 841,810	\$ 828,463	\$ 823,723	\$ 826,718	\$ 755,979

8X8 INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	Fiscal Year	Fiscal Year	Fiscal Year 2024				
	2022	2023	Three Months		Three Months	Three Months	Year Ended
	Year Ended	Year Ended	Ended	Ended	Ended	Ended	March 31,
	March 31,	March 31,	June 30,	September 30,	December 31,	March 31,	March 31,
	Q4 YTD FY22	Q4 YTD FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q4 YTD FY24
	2022	2023	2023	2023	2023	2024	2024
Cash flows from operating activities:							
Net loss	\$ (175,383)	\$ (73,143)	\$ (15,327)	\$ (7,452)	\$ (21,222)	\$ (23,591)	\$ (67,592)
Adjustments to reconcile net loss to net cash provided by operating activities:							
Depreciation	11,374	10,464	2,126	1,964	2,043	2,168	8,301
Amortization of intangible assets	8,317	21,078	5,099	5,099	5,098	5,099	20,395
Amortization of capitalized internal-use software costs	28,863	20,739	5,282	4,779	4,357	4,068	18,486
Impairment of capitalized software	—	3,729	—	—	—	—	—
Amortization of debt discount and issuance costs	20,404	4,254	1,109	1,131	1,157	1,075	4,472
Amortization of deferred sales commission costs	34,701	38,195	10,019	10,080	10,051	10,031	40,181
Allowance for credit losses	1,974	1,892	490	503	670	573	2,236
Operating lease expense, net of accretion	13,482	12,030	2,507	2,602	2,948	2,877	10,934
Impairment of right-of-use assets	—	2,651	—	—	11,034	—	11,034
Stock-based compensation expense	133,331	89,536	18,195	14,522	14,118	15,075	61,910
Loss (gain) on debt extinguishment	—	(18,545)	1,766	—	—	—	1,766
Loss (gain) on remeasurement of warrants	—	(417)	250	(2,781)	1,297	(942)	(2,176)
Gain on sale of assets	—	(1,821)	—	—	—	179	179
Other	3,726	101	(184)	236	(622)	1,250	680
Changes in assets and liabilities:							
Accounts receivable, net	6,867	(8,450)	(3,397)	3,696	(2,487)	2,941	753
Deferred sales commission costs	(44,224)	(31,086)	(7,209)	(4,859)	(5,027)	(5,784)	(22,879)
Other current and non-current assets	(4,022)	2,150	2,327	(3,633)	720	(1,762)	(2,348)
Accounts payable and accruals	(8,740)	(24,403)	(2,084)	(850)	(1,537)	289	(4,182)
Deferred revenue	4,010	(168)	5,504	(7,574)	(202)	(893)	(3,165)
Net cash provided by operating activities	34,680	48,786	26,473	17,463	22,396	12,653	78,985
Cash flows from investing activities:							
Purchases of property and equipment	(4,137)	(2,991)	(186)	(1,372)	(783)	(309)	(2,650)
Proceeds from sale of intangible assets	—	1,000	—	—	—	—	—
Capitalized internal-use software costs	(20,370)	(11,896)	(3,488)	(3,954)	(3,471)	(3,376)	(14,289)
Purchases of investments	(83,383)	(53,308)	(3,093)	(3,081)	—	—	(6,174)
Sales of investments	13,299	8,296	—	—	—	—	—
Maturities of investments	60,023	66,199	13,559	14,350	3,750	—	31,659
Acquisition of businesses, net of cash acquired	(125,410)	(1,250)	—	—	—	—	—
Net cash provided by (used in) investing activities	(159,978)	6,050	6,792	5,943	(504)	(3,685)	8,546
Cash flows from financing activities:							
Finance lease payments	(15)	—	—	—	—	—	—
Tax-related withholding of common stock	(310)	—	—	—	—	—	—
Proceeds from issuance of common stock under employee stock plans	16,107	4,679	—	2,365	—	2,519	4,884
Repurchase of capped calls	—	244	—	—	—	—	—
Repayment of principal on term loan	—	—	(25,000)	—	—	—	(25,000)
Net proceeds from term loan	—	234,806	—	—	—	—	—
Repayment and exchange of convertible senior notes	—	(217,299)	—	—	—	(63,295)	(63,295)
Proceeds from issuance of convertible notes	134,619	—	—	—	—	—	—
Repurchase of common stock	(44,976)	(60,214)	—	—	—	—	—
Net cash provided by (used in) financing activities	105,425	(37,784)	(25,000)	2,365	—	(60,776)	(83,411)
Effect of exchange rate changes on cash	(585)	(5,037)	2,218	(3,970)	2,426	(800)	(126)
Net increase (decrease) in cash and cash equivalents	(20,458)	12,015	10,483	21,801	24,318	(52,608)	3,994
Cash, cash equivalents and restricted cash, beginning of year	121,172	100,714	112,729	123,212	145,013	169,331	112,729
Cash, cash equivalents and restricted cash, end of year	100,714	112,729	123,212	145,013	169,331	116,723	116,723
Supplemental and non-cash disclosures:							
Interest paid	2,156	22,162	4,919	12,880	6,864	10,911	35,574
Income taxes paid	1,320	1,530	336	2,782	2,326	530	5,974
Payables for property and equipment	88	38	37	—	3,861	3,868	3,868
Warrants issued in connection with term loan	—	5,915	—	—	—	—	—
Shares issued in connection with term loan and convertible senior notes	—	5,084	—	—	—	—	—
Issuance of 2028 convertible senior notes in exchange of 2024 convertible senior notes	—	201,914	—	—	—	—	—
Right-of-use assets acquired in connection with Fuse acquisition	7,261	—	—	—	—	—	—
Shares consideration in connection with Fuze acquisition	80,856	—	—	—	—	—	—

8x8 INC

Non-GAAP Reconciliations and Income Statement

	FY22					FY23				FY24				FY22	FY23	FY24
	Q4	FY23			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YTD	YTD	YTD
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2022	March 31, 2023	March 31, 2024
Reconciliation of GAAP to Non-GAAP Financial Measures:																
Cost of Revenue:																
GAAP cost of service revenue (as a percentage of service revenue)	\$ 53,938	\$ 53,547	\$ 51,038	\$ 47,335	\$ 46,951	\$ 46,276	\$ 49,144	\$ 48,983	\$ 48,557	\$ 195,909	\$ 198,871	\$ 192,960				
Amortization of acquired intangible assets	(2,159)	(2,369)	(2,140)	(2,125)	(2,118)	(2,118)	(2,118)	(2,118)	(2,115)	(5,127)	(8,752)	(8,469)				
Stock-based compensation expense and related employer payroll taxes	(2,252)	(2,696)	(2,457)	(2,148)	(2,031)	(2,224)	(1,743)	(1,694)	(1,767)	(9,163)	(9,332)	(7,428)				
Acquisition and integration costs	—	—	—	—	—	—	—	—	—	—	—	—				
Legal and regulatory costs	—	—	—	(85)	—	—	—	—	—	—	(85)	—				
Severance, transition and contract exit costs	(1,459)	(897)	(281)	(348)	736	(206)	(82)	(444)	(180)	(1,611)	(790)	(912)				
Non-GAAP cost of service revenue (as a percentage of service revenue)	\$ 48,068	\$ 47,585	\$ 46,160	\$ 42,629	\$ 43,538	\$ 41,728	\$ 45,201	\$ 44,727	\$ 44,495	\$ 180,008	\$ 179,912	\$ 176,151				
GAAP service revenue margin (as a percentage of service revenue)	\$ 118,851	\$ 125,614	\$ 127,518	\$ 128,430	\$ 129,611	\$ 126,094	\$ 128,799	\$ 126,086	\$ 123,933	\$ 406,448	\$ 511,173	\$ 507,619				
Non-GAAP service revenue margin (as a percentage of service revenue)	\$ 124,721	\$ 131,576	\$ 132,396	\$ 133,136	\$ 133,024	\$ 133,510	\$ 132,581	\$ 130,342	\$ 127,995	\$ 422,349	\$ 530,132	\$ 524,428				
Cost of Other Revenue:																
GAAP cost of other revenue (as a percentage of other revenue)	\$ 14,563	\$ 13,126	\$ 11,000	\$ 10,176	\$ 8,302	\$ 8,398	\$ 7,958	\$ 7,177	\$ 8,412	\$ 51,649	\$ 42,604	\$ 31,945				
Stock-based compensation expense and related employer payroll taxes	(1,253)	(1,147)	(937)	(902)	(634)	(651)	(468)	(459)	(442)	(5,046)	(3,620)	(2,020)				
Acquisition and integration costs	—	—	—	—	—	—	—	—	—	—	—	—				
Legal and regulatory costs	—	—	—	—	—	—	—	—	—	—	—	—				
Severance, transition and contract exit costs	(896)	(533)	(244)	(517)	(389)	(22)	(28)	(74)	(31)	(998)	(1,683)	(155)				
Non-GAAP cost of other revenue (as a percentage of other revenue)	\$ 12,414	\$ 11,446	\$ 9,819	\$ 8,757	\$ 7,279	\$ 7,725	\$ 7,462	\$ 6,644	\$ 7,939	\$ 45,605	\$ 37,301	\$ 29,770				
GAAP other revenue margin (as a percentage of other revenue)	\$ (6,980)	\$ (4,667)	\$ (2,167)	\$ (1,541)	\$ (335)	\$ (349)	\$ (741)	\$ (1,240)	\$ (1,489)	\$ (15,876)	\$ (8,710)	\$ (3,819)				
Non-GAAP other revenue margin (as a percentage of other revenue)	\$ (3,831)	\$ (2,987)	\$ (986)	\$ (122)	\$ 688	\$ 324	\$ (245)	\$ (707)	\$ (1,016)	\$ (9,832)	\$ (3,407)	\$ (1,644)				
Gross Margin:																
GAAP gross margin (as a percentage of total revenue)	\$ 112,871	\$ 120,947	\$ 125,351	\$ 126,889	\$ 129,276	\$ 125,745	\$ 128,058	\$ 124,846	\$ 122,444	\$ 390,572	\$ 502,463	\$ 503,800				
Non-GAAP gross margin (as a percentage of total revenue)	\$ 120,890	\$ 128,589	\$ 131,410	\$ 133,014	\$ 133,712	\$ 133,834	\$ 132,336	\$ 129,635	\$ 126,979	\$ 412,517	\$ 526,725	\$ 522,784				
Operating Expenses:																
GAAP research and development (as a percentage of total revenue)	\$ 30,586	\$ 34,955	\$ 36,019	\$ 35,062	\$ 36,455	\$ 35,292	\$ 34,207	\$ 32,787	\$ 33,930	\$ 112,387	\$ 142,491	\$ 136,216				
Stock-based compensation expense and related employer payroll taxes	(6,243)	(8,193)	(7,773)	(7,183)	(6,789)	(7,438)	(5,345)	(5,190)	(5,469)	(34,113)	(29,938)	(23,442)				
Acquisition and integration costs	—	—	—	—	—	(213)	115	—	—	—	—	(98)				
Legal and regulatory costs	—	—	—	—	—	—	—	—	—	—	—	—				
Severance, transition and contract exit costs	(827)	(37)	(107)	(1,167)	(1,310)	(311)	(902)	(585)	(313)	(1,054)	(2,621)	(2,111)				
Non-GAAP research and development (as a percentage of total revenue)	\$ 23,516	\$ 26,725	\$ 28,139	\$ 26,712	\$ 28,356	\$ 27,330	\$ 28,075	\$ 27,012	\$ 28,148	\$ 77,220	\$ 109,932	\$ 110,565				
Sales and marketing (as a percentage of revenue)	\$ 84,785	\$ 83,527	\$ 80,487	\$ 79,021	\$ 68,848	\$ 68,505	\$ 68,687	\$ 66,997	\$ 67,755	\$ 314,223	\$ 311,883	\$ 271,944				
Amortization of acquired intangible assets	(2,529)	(3,106)	(3,107)	(3,106)	(3,007)	(2,982)	(2,982)	(2,982)	(2,980)	(3,190)	(12,326)	(11,926)				
Stock-based compensation expense and related employer payroll taxes	(8,917)	(8,280)	(6,883)	(6,653)	(3,536)	(5,254)	(4,176)	(3,894)	(3,400)	(49,060)	(25,352)	(16,724)				
Acquisition and integration costs	—	—	—	—	1,105	—	—	—	—	—	1,105	—				
Legal and regulatory cost	—	—	—	—	—	—	—	—	—	—	—	—				
Severance, transition and contract exit costs	(2,081)	(391)	(330)	(2,351)	(3,974)	(169)	(234)	(342)	(1,720)	(3,315)	(7,046)	(2,465)				
Non-GAAP sales and marketing (as a percentage of total revenue)	\$ 71,258	\$ 71,750	\$ 70,167	\$ 66,911	\$ 59,436	\$ 60,100	\$ 61,295	\$ 59,779	\$ 59,655	\$ 258,658	\$ 268,264	\$ 240,829				
GAAP general and administrative (as a percentage of total revenue)	\$ 38,039	\$ 29,219	\$ 31,411	\$ 27,158	\$ 20,213	\$ 26,226	\$ 27,586	\$ 23,419	\$ 34,978	\$ 118,103	\$ 108,001	\$ 112,209				
Stock-based compensation expense and related employer payroll taxes	(9,324)	(7,923)	(6,763)	(4,354)	(3,352)	(4,108)	(3,695)	(3,653)	(4,787)	(40,844)	(22,392)	(16,243)				
Acquisition and integration costs	(4,194)	(624)	(1,554)	(555)	6,181	(130)	(422)	(102)	(145)	(9,717)	3,448	(799)				
Legal and regulatory cost	177	62	207	(57)	(898)	(1,468)	(3,879)	(98)	(10,072)	2,722	(686)	(15,517)				
Severance, transition and related exit costs	(2,757)	(755)	730	(1,130)	(1,044)	(546)	(388)	(978)	(1,074)	(4,213)	(2,199)	(2,986)				
Non-GAAP general and administrative (as a percentage of total revenue)	\$ 21,941	\$ 19,979	\$ 24,031	\$ 21,062	\$ 21,100	\$ 19,974	\$ 19,202	\$ 18,588	\$ 18,900	\$ 66,051	\$ 86,172	\$ 76,664				
GAAP Operating Expenses (as a percentage of total revenue)	\$ 153,410	\$ 147,701	\$ 147,917	\$ 141,241	\$ 125,516	\$ 130,023	\$ 130,480	\$ 123,203	\$ 136,663	\$ 544,713	\$ 562,375	\$ 520,369				
Non-GAAP Operating Expenses (as a percentage of total revenue)	\$ 116,715	\$ 118,454	\$ 122,337	\$ 114,685	\$ 108,892	\$ 107,404	\$ 108,572	\$ 105,379	\$ 106,703	\$ 401,929	\$ 464,368	\$ 428,058				
Operating Expenses (as a percentage of total revenue):																
GAAP Operating Expenses (as a percentage of total revenue)	\$ 153,410	\$ 147,701	\$ 147,917	\$ 141,241	\$ 125,516	\$ 130,023	\$ 130,480	\$ 123,203	\$ 136,663	\$ 544,713	\$ 562,375	\$ 520,369				
Amortization of acquired intangible assets	(2,529)	(3,106)	(3,107)	(3,106)	(3,007)	(2,982)	(2,982)	(2,982)	(2,980)	(3,190)	(12,326)	(11,926)				
Stock-based compensation expense and related employer payroll taxes	(24,484)	(24,396)	(21,419)	(18,190)	(13,677)	(16,800)	(13,216)	(12,737)	(13,656)	(124,017)	(77,682)	(56,409)				
Acquisition and integration costs	(4,194)	(624)	(1,554)	(555)	7,286	(343)	(307)	(102)	(145)	(9,717)	4,553	(897)				
Legal and regulatory cost	177	62	207	(57)	(898)	(1,468)	(3,879)	(98)	(10,072)	2,722	(686)	(15,517)				
Severance, transition and contract exit costs	(5,665)	(1,183)	293	(4,648)	(6,328)	(1,026)	(1,524)	(1,905)	(3,107)	(8,582)	(11,866)	(7,562)				
Non-GAAP Operating Expenses (as a percentage of total revenue)	\$ 116,715	\$ 118,454	\$ 122,337	\$ 114,685	\$ 108,892	\$ 107,404	\$ 108,572	\$ 105,379	\$ 106,703	\$ 401,929	\$ 464,368	\$ 428,058				

8x8 INC
Non-GAAP Reconciliations and Income Statement

	FY22	FY23				FY24				FY22	FY23	FY24
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YTD	YTD	YTD
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2022	March 31, 2023	March 31, 2024
Operating Profit (Loss):												
GAAP loss from operations (as a percentage of total revenue)	\$ (40,539)	\$ (26,754)	\$ (24,990)	\$ (18,081)	\$ 3,533	\$ (1,410)	\$ (2,583)	\$ (9,391)	\$ (14,219)	\$ (154,141)	\$ (66,292)	\$ (27,603)
Amortization of acquired intangible assets	4,688	5,475	5,247	5,231	5,125	5,100	5,100	5,100	5,095	8,317	21,078	20,395
Stock-based compensation expense and related employer payroll taxes	27,989	28,239	24,813	21,240	16,342	19,675	15,427	14,890	15,865	138,226	90,634	65,857
Acquisition and integration costs	4,194	624	1,554	555	(7,286)	343	307	102	145	9,717	(4,553)	897
Legal and regulatory costs	(177)	(62)	(207)	142	898	1,468	3,879	98	10,072	(2,722)	771	15,517
Severance, transition and contract exit costs	8,020	2,613	232	5,513	5,981	1,254	1,634	2,423	3,318	11,191	14,339	8,629
Impairment of long-lived assets	—	—	2,424	3,729	227	—	—	11,034	—	—	6,380	11,034
Non-GAAP operating profit (as a percentage of total revenue)	\$ 4,175	\$ 10,135	\$ 9,073	\$ 18,329	\$ 24,820	\$ 26,430	\$ 23,764	\$ 24,256	\$ 20,276	\$ 10,588	\$ 62,357	\$ 94,726
Reconciliation of GAAP to Non-GAAP Financial Measures (continued):												
Other Income (Expenses):												
GAAP other income (expense), net (as a percentage of total revenue)	\$ (6,006)	\$ 1,116	\$ 13,950	\$ (7,912)	\$ (11,198)	\$ (12,473)	\$ (5,258)	\$ (11,310)	\$ (7,306)	\$ (21,629)	\$ (4,044)	\$ (36,347)
Legal and regulatory costs	—	—	—	—	—	—	—	—	(550)	—	—	(550)
Amortization of debt discount and issuance cost	6,628	831	1,169	1,136	1,118	1,108	1,132	1,157	1,075	20,404	4,254	4,472
(Gain) loss on debt extinguishment	—	—	(16,106)	(2,144)	(295)	1,766	—	—	—	—	(18,545)	1,766
(Gain) loss on warrants remeasurement	—	—	(1,293)	771	105	250	(2,781)	1,297	(942)	—	(417)	(2,176)
(Loss) gain on sale of assets	—	—	—	(1,757)	5	—	—	—	179	—	(1,821)	179
Other income	(116)	(116)	(116)	(116)	(116)	(117)	(117)	(120)	(110)	(387)	(464)	(464)
Non-GAAP other income and expense (as a percentage of total revenue)	\$ 506	\$ 1,831	\$ (2,396)	\$ (10,022)	\$ (10,381)	\$ (9,466)	\$ (7,024)	\$ (8,976)	\$ (7,654)	\$ (1,612)	\$ (21,037)	\$ (33,120)
Net Income (Loss):												
GAAP net loss (as a percentage of total revenue)	\$ (45,583)	\$ (26,043)	\$ (11,639)	\$ (26,030)	\$ (9,431)	\$ (15,327)	\$ (7,452)	\$ (21,222)	\$ (23,591)	\$ (175,383)	\$ (73,143)	\$ (67,592)
Amortization of acquired intangible assets	4,688	5,475	5,247	5,231	5,125	5,100	5,100	5,100	5,095	8,317	21,078	20,395
Stock-based compensation expense and related employer payroll taxes	27,989	28,239	24,813	21,240	16,342	19,675	15,427	14,890	15,865	138,226	90,634	65,857
Acquisition and integration costs	4,194	624	1,554	555	(7,286)	343	307	102	145	9,717	(4,553)	897
Legal and regulatory costs	(177)	(62)	(207)	142	898	1,468	3,879	98	9,522	(2,722)	771	14,967
Severance, transition and contract exit costs	8,020	2,613	232	5,513	5,981	1,254	1,634	2,423	3,318	11,191	14,339	8,629
Impairment of long-lived assets	—	—	2,424	3,729	227	—	—	11,034	—	—	6,380	11,034
Amortization of debt discount and issuance cost	6,628	831	1,169	1,136	1,118	1,108	1,132	1,157	1,075	20,404	4,254	4,472
(Gain) loss on debt extinguishment	—	—	(16,106)	(2,144)	(295)	1,766	—	—	—	—	(18,545)	1,766
(Gain) loss on warrants remeasurement	—	—	(1,293)	771	105	250	(2,781)	1,297	(942)	—	(417)	(2,176)
(Loss) gain on sale of assets	—	—	—	(1,757)	5	—	—	—	179	—	(1,821)	179
Other income	(116)	(116)	(116)	(116)	(116)	(117)	(117)	(120)	(110)	(387)	(464)	(464)
Income tax expense effects, net	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP net income (as a percentage of total revenue)	\$ 5,643	\$ 11,561	\$ 6,078	\$ 8,270	\$ 12,673	\$ 15,520	\$ 17,129	\$ 14,759	\$ 10,556	\$ 9,363	\$ 38,513	\$ 57,964
Interest expense	879	625	4,883	7,607	9,906	8,970	8,929	8,878	8,575	2,271	23,020	35,352
Provision for income taxes	(962)	405	599	37	1,766	1,444	(389)	521	2,066	(387)	2,807	3,642
Depreciation	2,886	2,789	2,834	2,432	2,409	2,126	1,964	2,043	2,168	11,374	10,464	8,301
Amortization of capitalized internal-use software costs	6,895	5,964	5,529	4,904	4,341	5,282	4,779	4,358	4,067	28,863	20,739	18,486
Other expense (income), net	(1,443)	(2,456)	(2,487)	2,415	477	496	(1,905)	98	(1,471)	(727)	(1,983)	(2,782)
Adjusted EBITDA (as a percentage of total revenue)	\$ 13,898	\$ 18,888	\$ 17,436	\$ 25,665	\$ 31,572	\$ 33,838	\$ 30,507	\$ 30,657	\$ 25,961	\$ 50,757	\$ 93,560	\$ 120,963
Shares used in computing net loss per share amounts:												
Basic	117,613	119,721	116,013	113,201	114,924	116,777	120,757	122,556	124,324	113,354	115,959	121,106
Diluted	118,556	121,756	116,186	113,711	117,442	118,445	122,624	124,253	125,962	116,982	117,443	122,560
GAAP net loss per share - Basic and Diluted	(0.39)	(0.22)	(0.10)	(0.23)	(0.08)	(0.13)	(0.06)	(0.17)	(0.19)	(1.55)	(0.63)	(0.56)
Non-GAAP net income per share - Basic	0.05	0.10	0.05	0.07	0.11	0.13	0.14	0.12	0.08	0.08	0.33	0.48
Non-GAAP net income per share - Diluted	0.05	0.09	0.05	0.07	0.11	0.13	0.14	0.12	0.08	0.08	0.33	0.47

8x8 INC
Non-GAAP Reconciliations and Income Statement

	FY22	FY23				FY24				FY22	FY23	FY24
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YTD	YTD	YTD
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2022	March 31, 2023	March 31, 2024
Non-GAAP Income Statement												
Service revenue	\$ 172,789	\$ 179,161	\$ 178,556	\$ 175,765	\$ 176,562	\$ 175,238	\$ 177,782	\$ 175,069	\$ 172,490	\$ 602,357	\$ 710,044	\$ 700,579
Other revenue	8,583	8,459	8,833	8,635	7,967	8,049	7,217	5,937	6,923	35,773	33,894	28,126
Total revenue	181,372	187,620	187,389	184,400	184,529	183,287	184,999	181,006	179,413	638,130	743,938	728,705
Cost of service revenue	48,068	47,585	46,160	42,629	43,538	41,728	45,201	44,727	44,495	180,008	179,912	176,151
Cost of other revenue	12,414	11,446	9,819	8,757	7,279	7,725	7,462	6,644	7,939	45,605	37,301	29,770
Total cost of revenue	60,482	59,031	55,979	51,386	50,817	49,453	52,663	51,371	52,434	225,613	217,213	205,921
Gross profit	120,890	128,589	131,410	133,014	133,712	133,834	132,336	129,635	126,979	412,517	526,725	522,784
Operating expenses:												
Research and development	23,516	26,725	28,139	26,712	28,356	27,330	28,075	27,012	28,148	77,220	109,932	110,565
Sales and marketing	71,258	71,750	70,167	66,911	59,436	60,100	61,295	59,779	59,655	258,658	268,264	240,829
General and administrative	21,941	19,979	24,031	21,062	21,100	19,974	19,202	18,588	18,900	66,051	86,172	76,664
Impairment of long-lived assets	—	—	—	—	—	—	—	—	—	—	—	—
Total operating expenses	116,715	118,454	122,337	114,685	108,892	107,404	108,572	105,379	106,703	401,929	464,368	428,058
Loss from operations	4,175	10,135	9,073	18,329	24,820	26,430	23,764	24,256	20,276	10,588	62,357	94,726
Other expense, net	506	1,831	(2,396)	(10,022)	(10,381)	(9,466)	(7,024)	(8,976)	(7,654)	(1,612)	(21,037)	(33,120)
Loss before provision (benefit) for income taxes	4,681	11,966	6,677	8,307	14,439	16,964	16,740	15,280	12,622	8,976	41,320	61,606
Provision (benefit) for income taxes	(962)	405	599	37	1,766	1,444	(389)	521	2,066	(387)	2,807	3,642
Net loss	\$ 5,643	\$ 11,561	\$ 6,078	\$ 8,270	\$ 12,673	\$ 15,520	\$ 17,129	\$ 14,759	\$ 10,556	\$ 9,363	\$ 38,513	\$ 57,964
Net income (loss) per share:												
Basic	0.05	0.10	0.05	0.07	0.11	0.13	0.14	0.12	0.08	0.08	0.33	0.48
Diluted	0.05	0.09	0.05	0.07	0.11	0.13	0.14	0.12	0.08	0.08	0.33	0.47
Shares used in computing net loss per share amounts:												
Basic	117,613	119,721	116,013	113,201	114,924	116,777	120,757	122,556	124,324	113,354	115,959	121,106
Diluted	118,556	121,756	116,186	113,711	117,442	118,445	122,624	124,253	125,962	116,982	117,443	122,560

8x8 INC.
SELECTED OPERATING METRICS

	Fiscal 2022	Fiscal 2023				Fiscal 2024			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL ARR ⁽¹⁾	\$687	\$688	\$692	\$698	\$703	\$703	\$707	\$707	\$697
Growth % (YoY)	33 %	28 %	25 %	22 %	2 %	2 %	2 %	1 %	(1)%
ARR BY CUSTOMER SIZE									
ENTERPRISE ⁽²⁾	\$393	\$403	\$401	\$400	\$405	\$404	\$407	\$409	\$402
% of Total ARR	57 %	59 %	58 %	57 %	58 %	58 %	58 %	58 %	58 %
Growth % (YoY)	55 %	54 %	42 %	30 %	3 %	0 %	1 %	2 %	(1)%
MID-MARKET ⁽³⁾	\$128	\$125	\$127	\$130	\$130	\$132	\$131	\$129	\$127
% of Total ARR	19 %	18 %	18 %	19 %	19 %	19 %	19 %	18 %	18 %
Growth % (YoY)	31 %	22 %	23 %	27 %	2 %	5 %	3 %	(1)%	(2)%
SMALL BUSINESS ⁽⁴⁾	\$166	\$159	\$164	\$168	\$168	\$167	\$170	\$168	\$167
% of Total ARR	24 %	23 %	24 %	24 %	24 %	24 %	24 %	24 %	24 %
Growth % (YoY)	(1)%	(7)%	(2)%	4 %	1 %	5 %	4 %	— %	(1)%

(1) Annualized Recurring Subscriptions and Usage Revenue (ARR) (A) equals the sum of the most recent month of (i) recurring subscription amounts and (ii) platform usage charges for all CPaaS customers that demonstrate consistent monthly usage above a minimum threshold over the prior six-month period, multiplied by 12, and (B) excluding any non-bundled or overage usage fees associated with UCaaS subscriptions.

(2) Enterprise ARR is defined as ARR from customers that generate >\$100,000 ARR.

(3) Mid-market ARR is defined as ARR from customers that generate \$25,000 to \$100,000 ARR.

(4) Small business ARR is defined as ARR from customers that generate <\$25,000 ARR.

Selected operating metrics presented in this table have not been derived from financial measures that have been prepared in accordance with U.S. Generally Accepted Accounting Principles. 8x8 measures the success of our strategy to attract and retain customers, in part, by analyzing trends in ARR and believes ARR may be useful to investors in evaluating our performance. 8x8 believes ARR is a useful indicator for measuring the overall performance of the business because it includes new customer additions, add-on sales, renewals and customer churn within a single metric. 8x8 uses trends in ARR to assess our ongoing operations, allocate resources, and drive the performance of the business. Management monitors these metrics together, and not individually, as it does not make business decisions based upon any single metric. ARR is a performance metric and should be viewed independently of revenue and deferred revenue, and ARR is not intended to be a substitute for, or combined with, any of these items. We caution that our presentation may not be consistent with that of other companies. Prior period metrics and customer classifications have not been adjusted for current period changes unless noted.