

Second Quarter FY 2023

Ended September 30, 2022

October 27, 2022

8x8

The eXperience
Communications
Platform



Forward looking statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. These statements relate to our future operating performance and outlook, financial outlook, revenue growth, and profitability, including whether we will achieve sustainable growth and profitability, cash and investments, our debt including a secured senior term loan facility and senior convertible notes due in 2024 and 2028, interest rates, foreign currency exchange rates and inflationary pressures, the release of new products, market demand for products, impact of the Fuze, Inc. acquisition, changing industry trends and competition and business strategies. These forward-looking statements are predictions only, and actual events or results may differ materially from such statements depending on a variety of factors. These factors include, but are not limited to:

- Customer adoption and demand for our products may be lower than we anticipate.
- A reduction in our total costs as a percentage of revenue may negatively impact our revenues and our business.
- Impact of economic downturns and political instability on us and our customers, including from the COVID-19 pandemic, the war in Ukraine, rising interest rates and other inflationary pressures.
- Risks related to our new secured term loan due 2027 and new convertible senior notes due 2028, including the impact of increased interest expense and timing of any future repayments or refinancing on our stock price;
- Risks related to our remaining convertible senior notes due 2024 and the related capped call transactions, including the timing of any future repayment;
- We may not achieve our target service revenue or total revenue growth rates, or the revenue and other amounts we forecast in our guidance, for a particular quarter or for the full fiscal year of 2023.
- Competitive dynamics of the UCaaS, CCaaS, CPaaS, video and other markets in which we compete may change in ways we are not anticipating.
- Our customer churn rate may be higher than we anticipate.
- Impact of supply chain disruptions.
- Third parties may assert ownership rights in our IP, which may limit or prevent our continued use of the core technologies behind our solutions.
- Impact of Fuze, Inc. acquisition on future financial performance.
- Investments we make in marketing, channel and value-added resellers (VARs), e-commerce, and new products may not result in revenue growth.

For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Forms 10-K and 10-Q filed by 8x8, Inc. with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement, and 8x8, Inc. undertakes no obligation to update publicly any forward-looking statement for any reason, except as required by law, even as new information becomes available or other events occur in the future.

See Appendix for Non-GAAP reconciliation and disclaimers.

Strategic priorities



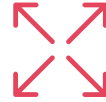
Expanding Platform Advantage

Integrated UCaaS & CCaaS



Winning Together With Partners

Channel Partner Engagement



Expanding the Base

Upsell, Cross-sell, Retention



Driving Operational Excellence

Tailored GTM to Drive Scale and Efficiency

Q2 FY 2023 Financial Highlights

- Continued strong performance in enterprise and XCaaS ARR¹
 - XCaaS ARR growth >35% YoY
 - Enterprise ARR growth >42% YoY
- Service revenue grew 25% YoY; total revenue increased 24% YoY
- Non-GAAP operating margin exceeded guidance range
- Generated operating cash flow of \$13.8 million
- Ended the quarter with \$132.3M cash, equivalents, restricted cash and investments
- Refinanced and extended the maturity of \$404M of convertible notes due in 2024 through an exchange for \$202M of new convertible notes due in 2028 and \$182M cash from the partial proceeds of a new \$250M term loan due in 2027
- Subsequently repurchased an additional \$6M in aggregate principal of the 2024 Notes (~\$90M in aggregate principal amount of 2024 Notes remained outstanding on 9/30/22)
- Repurchased 10.6M shares of common stock for approximately \$60 million

1. Annualized Recurring Subscriptions and Usage ("ARR") equals the sum of the most recent month of (i) recurring subscription amounts and (ii) platform usage charges for all CPaaS customers (subject to a minimum billings threshold for a period of at least six consecutive months), multiplied by 12.
2. See Appendix for a reconciliation of Non-GAAP metrics to the nearest GAAP metric.

Q2 FY 2023 Product Innovation Highlights

- Released an update to the 8x8 XCaaS™ (eXperience Communications as a Service™) platform. Highlights included:
 - A new 8x8 phone app for Microsoft Teams, providing customers with additional options for enabling cost-effective PSTN calling in the Teams apps.
 - Full cloud PSTN support extended to 56 countries and territories, now including Estonia and Lithuania.
 - Expanded customer experience analytics with new visual interaction flow diagrams, enhanced reporting into digital interactions and new advanced search and filter capabilities.
- 8x8 Work is Chrome Enterprise recommended for the Communications solution track, ensuring that 8x8 Work is optimized for ChromeOS environments. With this, organizations that standardize on ChromeOS have the peace of mind to deploy the 8x8 XCaaS platform across all users, from the contact center to the front desk.

Q2 FY 2023 Industry Recognition

- Recognized in the 2022 Gartner® Magic Quadrant™ for Contact Center as a Service for the eighth year in a row.
- Awarded a Gold Stevie® Award in the Customer Service Executive of the Year category and a Silver Stevie® Award in the Customer Service Department of the Year category in the 19th Annual International Business Awards®.
- Received the Comms Council UK Awards 2022 for Best ITSP Large Enterprise and Best Innovation for 8x8 Agent Workspace.
- Awarded the 2022 Best Overall Supplier for Canada by Telarus.
- Recognized as the Top International Vendor and Fifth Top Overall Vendor by Avant Special Forces.

Q2 FY 2023 Results vs. Guidance

	Q2 F2023	
	Guidance (as of July 27, 2022)	Results September 30, 2022
Service Revenue	\$177 – 180m	\$178.6m^{1,3}
% Growth Y/Y	24 – 26%	25%
Total Revenue	\$185 – 188m	\$187.4m^{2,3}
% Growth Y/Y	22 – 24%	24%
Non-GAAP Operating Margin^{3,4}	2.5 – 3.0 %	4.8%

1. Includes \$27.9 million of revenue from Fuze customers.

2. Includes \$28.4 million of revenue from Fuze customers..

3. Appreciation of the U.S. dollar relative to foreign currencies, primarily the British pound and the Euro, reduced service and total revenue by approximately \$1 million, compared to what service and total revenue would have been using exchange rates of 6/30/22.

4. See Appendix for a reconciliation of Non-GAAP metrics to the nearest GAAP metric.

8x8 By the Numbers - Q2 2023

\$692M

Total ARR⁽¹⁾⁽³⁾

>35%

YoY XCaaS ARR growth⁽¹⁾

**One
platform**

**Global
coverage**

**8x8 Voice for
MS Teams**

2.5M+

Paid business users

>40%

YoY Enterprise ARR
growth⁽¹⁾⁽²⁾



200K+

60K+

Customers

>65%

YoY Channel-driven ARR
growth⁽¹⁾

Single, all-in-one
platform for
UCaaS, CCaaS,
and CPaaS

Full PSTN
replacement in
56 countries/
territories

Industry-leading
integration for
Microsoft Teams:
>200K+ licenses sold

1. Annualized Recurring Subscriptions and Usage ("ARR") equals the sum of the most recent month of (i) recurring subscription amounts and (ii) platform usage charges for all CPaaS customers (subject to a minimum billings threshold for a period of at least six consecutive months), multiplied by 12.
2. Enterprise ARR is defined as ARR from customers that generate >\$100,000 ARR.
3. Q1'23 ending ARR in was reduced by an estimated \$10 million due to appreciation of the US dollar versus other currencies, primarily the British pound and the Euro, compared to exchange rates on 6/30/22.

Q2 FY 2023 Financial Metrics*

Q2 F2023 Revenue	Service Revenue ^{1,7,8}	\$178.6 million, 25% Y/Y growth
	Other Revenue ^{2,7}	\$8.8 million, (4)% Y/Y growth
	Total Revenue ^{7,8}	\$187.3 million, 24% Y/Y growth
ARR³	Total ARR ³	\$692 million, 25% Y/Y growth
	Enterprise ARR ⁴	\$401 million, 42% Y/Y growth
	Mid-Market ⁵	\$124 million, 23% Y/Y growth
	Small Business ⁶	\$164 million, (2)% Y/Y growth
Cash and CFFO	Cash, restricted cash, & investments	\$132.3 million ⁹ , vs. \$148.2 at 3/31/22
	Cash flow from operations	\$13.8 million, vs. \$5.1 in Q1'22

* Amounts may not sum to total due to rounding.

1. Service revenue consists of subscriptions and platform usage revenue from our UCaaS, CCaaS and CPaaS offerings.

2. Other Revenue is primarily comprised of product revenue from the sale of pre-configured phones and equipment, phone rentals, and professional services.

3. Annualized Recurring Subscriptions and Usage Revenue ("ARR") equals the sum of the most recent month of (i) recurring subscription amounts and (ii) platform usage charges for all CPaaS customers (subject to a minimum billings threshold for a period of at least six consecutive months), multiplied by 12.

4. Enterprise ARR is defined as ARR from customers that generate > \$100K ARR.

5. Mid-market ARR is defined as ARR from customers that generate \$25K to \$100K ARR.

6. Small business ARR is defined as ARR from customers that generate < \$25K ARR.

7. Includes \$27.9 million, \$0.5 million, and \$28.4 million in Service, Other and Total Revenue, respectively from Fuze customers.

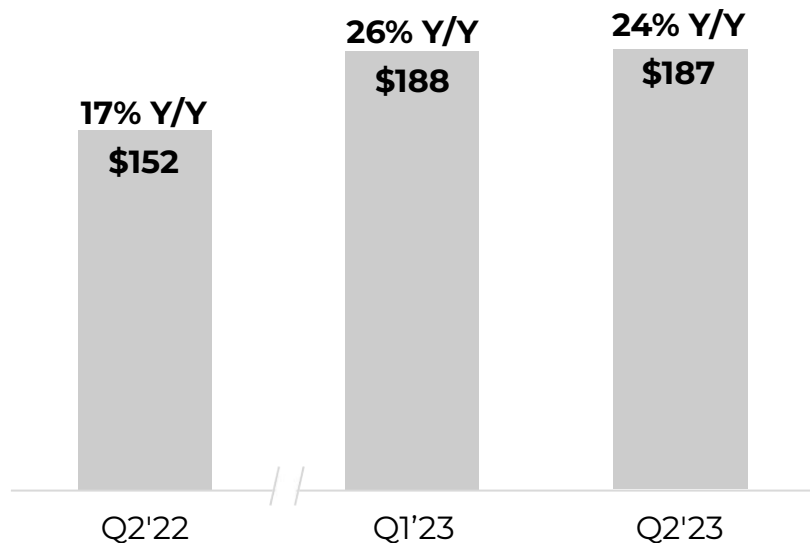
8. Appreciation of the U.S. dollar against foreign currencies, primarily the British pound and the Euro, reduced Service and Total revenue by approximately \$1 million versus exchange rates on 6/30/22 and Total ARR by approximately \$10 million..

9. Includes cash outlay of approximately \$5.3 million to repurchase of \$6 million aggregate principal amount of 0.5% Senior Convertible Notes due 2024.

Revenue Growth

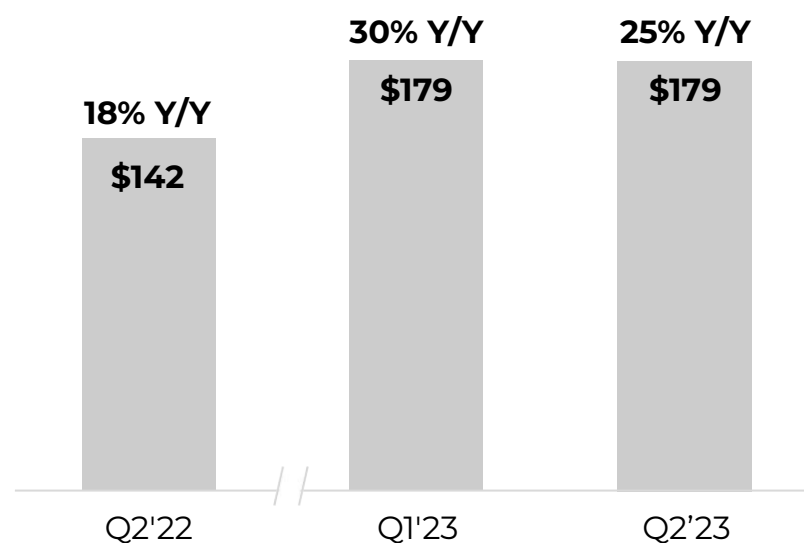
Fiscal Q2 Total Revenue^{1,3}

(\$ in millions)



Fiscal Q2 Service Revenue^{2,3}

(\$ in millions)



1. Q2'23 and Q1'23 Total revenue includes revenue from Fuze customers of \$28.4 million and \$29.5 million, respectively.

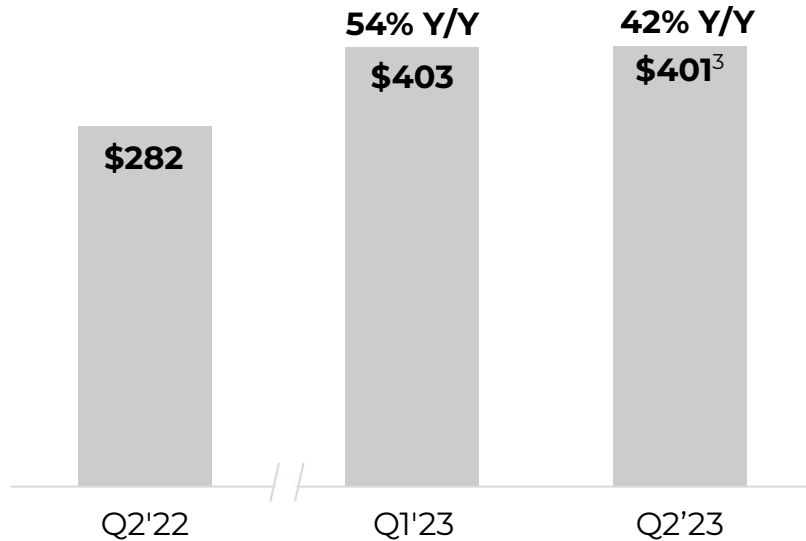
2. Q2'23 and Q1'23 Service revenue includes service revenue from Fuze customers of \$27.9 million and \$29.3 million, respectively.

3. Total and Service revenue in Q1'23 were reduced by ~\$1M due to appreciation of the US dollar versus other currencies, primarily the British pound and the Euro, compared to exchange rates on 6/30/22..

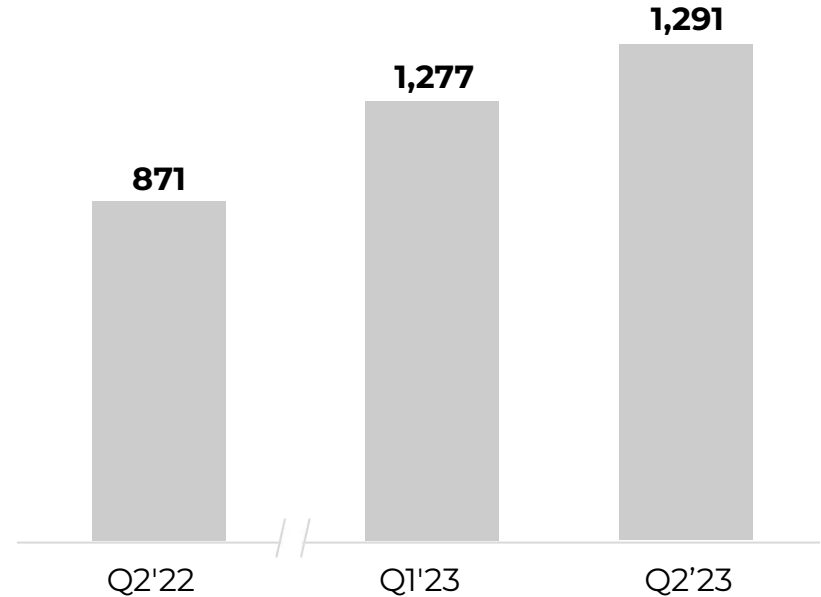
Enterprise Customers >\$100K ARR

Fiscal Q2 Enterprise ARR^{1,2}

(\$ in millions)



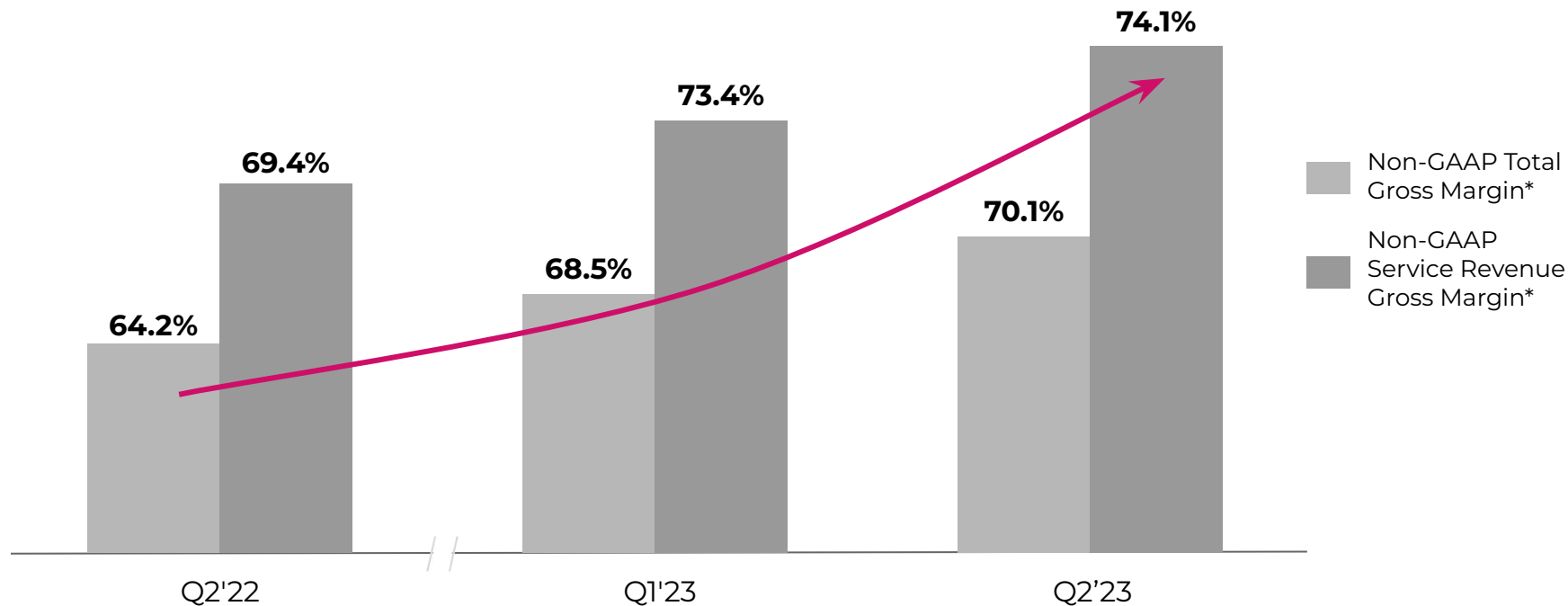
Fiscal Q2 Enterprise Customers²



1. Enterprise ARR is defined as ARR from customers that generate > \$100K ARR.
2. Includes Fuze enterprise customers and ARR beginning Q4'22.

Increasing Non-GAAP Gross Margins*

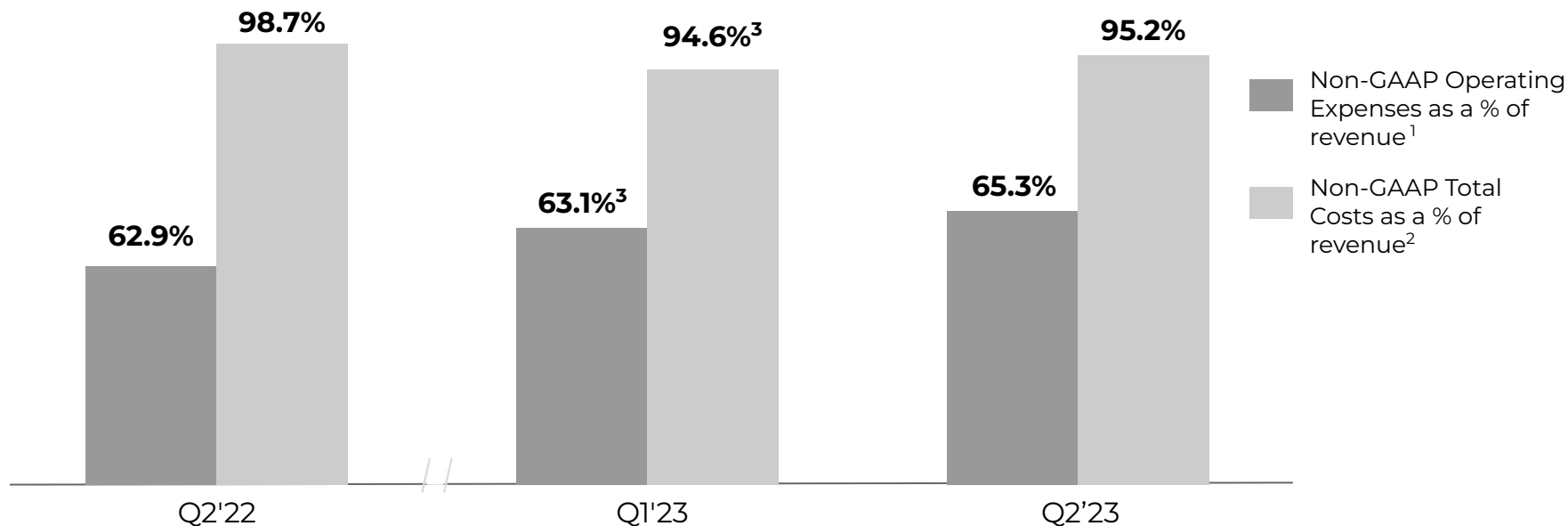
Non-GAAP Total and Service Gross Margins as a % of Revenue



* See Appendix for a reconciliation of Non-GAAP metrics to the nearest GAAP metric.

Non-GAAP Operating Expenses and Total Costs*

As a % of Total Revenue



* See Appendix for a reconciliation of GAAP to Non-GAAP metrics.

1. Non-GAAP Operating Expenses include R&D, Sales and Marketing, and G&A expenses, but do not include Cost of Revenue ("COGS").

2. Non-GAAP Total Costs is defined as Non-GAAP Operating Expenses plus Non-GAAP Cost of Revenue ("COGS").

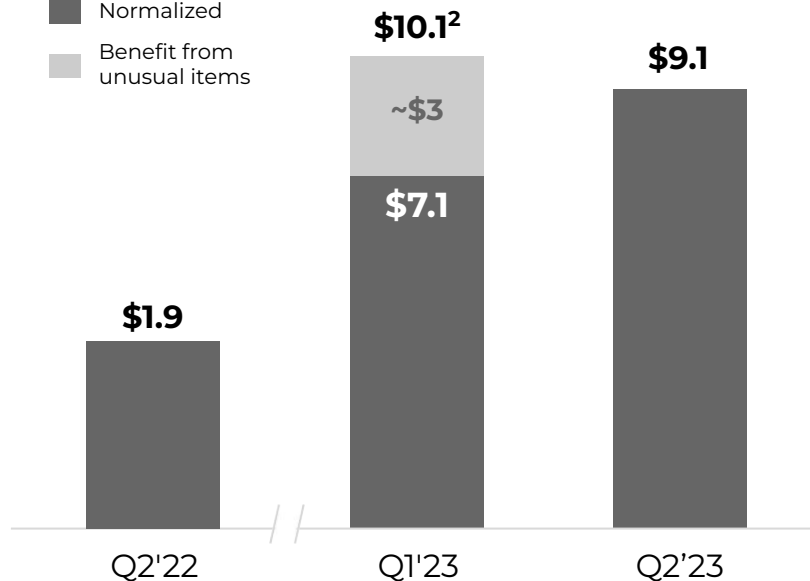
3. Fiscal Q2 Operating Expenses and Total Costs as a % of revenue reflect the benefit of unusual items totalling approximately \$3M. Normalizing for this benefit, operating expenses would have been approximately 64% of revenue and total costs would have been approximately 96% of revenue.

Non-GAAP Operating Income and Margin

Fiscal Q2 Operating Income¹

(\$ in millions)

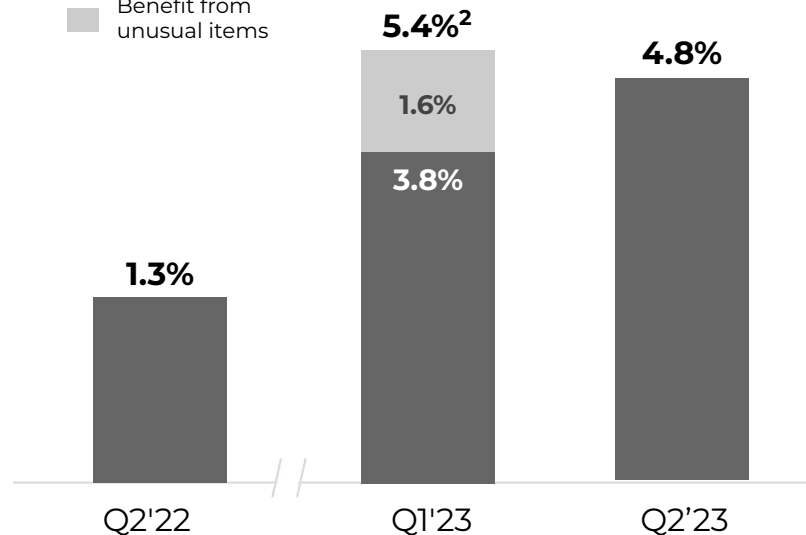
■ Normalized
■ Benefit from unusual items



Fiscal Q2 Operating Margin¹

(% of revenue)

■ Normalized
■ Benefit from unusual items



1. See Appendix for reconciliation of Non-GAAP metrics to nearest GAAP metric.

2. Q1'23 Non-GAAP operating income was increased by approximately \$3 million due to the benefit of unusual items. Normalizing for the benefit of these items, operating income would have been approximately \$7.1M (an increase of 268% YoY) and operating margin would have been approximately 3.8%.

Q3 2023 Guidance¹

	Q3 FY 2023 (as of 10/27/22) ¹
Service Revenue	\$178 – 180m^{2,3}
% Growth Y/Y	19 – 21%
Total Revenue	\$185 – 188m^{2,3}
% Growth Y/Y	18 – 20%
Non-GAAP Operating Margin	5.0 – 5.8%

1. Guidance as of October 27, 2022. Refer to Forward Looking Statement for a discussion of factors that could cause actual results to differ from guidance and refer to 8x8's Second Quarter Fiscal Year 2023 earnings release for a discussion of reasons why 8x8 does not reconcile non-GAAP operating margin guidance.
2. Includes expected revenue from Fuze customers of approximately \$26 - 27 million.
3. Guidance ranges for Service and Total Revenue effect a \$3M negative impact due to appreciation of the US dollar, primarily relative to the British pound and the Euro, compared with exchange rates on 6/30/22. The revenue impact is offset by the opposite impact of exchange rate fluctuations on expenses, and operating margin is not materially affected.

Updated FY 2023 Outlook

	FY 2023		
	Prior as of 5/10/22	Prior as of 7/27/22	Updated ¹ as of 10/27/22
Service Revenue	\$740 – 755m	\$720 – 730m	\$712 – 720m²
% Growth Y/Y	23 – 25%	20 – 21%	20 – 21%
Total Revenue	\$775 – 790m	\$747.5 – 762.5m	\$745 – 755m²
% Growth Y/Y	21 – 24%	17 – 19%	17 – 18%
Non-GAAP Operating Margin	2 – 3%	~4%	~5.5%

1. Guidance as of October 27, 2022. Refer to the Forward Looking Statement for a discussion of factors that could cause actual results to differ from guidance. Refer to 8x8's Second Quarter Fiscal Year 2023 earnings release for a discussion of reasons why 8x8 does not reconcile non-GAAP operating margin guidance.

2. Updated FY 23 Service and Total revenue guidance ranges reflect a \$7M reduction due to appreciation of the US dollar relative to other currencies, primarily the British pound and the Euro, compared to exchange rates on 6/30/22. Due to the offsetting effect of currency fluctuations on revenue and expenses, operating margin is not expected to be materially affected by the change in exchange rates since 6/30/22.

Channel and industry recognition



Customer Service
Executive of the Year,
Gold Stevie, 2022
Customer Service
Department of the Year,
Silver Stevie, 2022



UK Vendor of the Year, 2022
International Vendor
of the Year, 2021-2022
Top Overall Supplier, 2021
Special Forces Summit: Top
Vendor Sales Performance, 2019



UC Vendor, 2021



Best UC Collaboration
Platform, 2021



Channel Partners and
Channel Futures
Influencer of the Year,
2020



Best ITSP Large
Enterprise, 2022
Best Innovation, 8x8
Agent Workspace, 2022



5-Star Partner Program,
2021-2022
Tech Innovator Award for
8x8 XCaaS, 2021
UK Cloud Services Vendor
of the Year, 2020
Tech Innovator Award for
8x8 Contact Center, 2019



Best of Enterprise
Connect, Winner, Best
Innovation in CX, 2022
Best of Enterprise
Connect, Overall Finalist,
2021



Top Overall
Supplier Award,
2019-2020



Top New Provider, 2021



Archer Awards North
America, Best Channel
Enablement Program,
2020



Best Overall Supplier:
Canada, 2022

Analyst recognition



Gartner UCaaS Magic Quadrant Leader, 2012–2021

Gartner CCaaS Magic Quadrant, 2015–2022



Strong Performer in the Forrester Wave: UCaaS, 2019



IDC Worldwide Unified Communication and Collaboration MarketScape Leader, 2021

IDC Worldwide UCaaS MarketScape Leader for Enterprise and SMB, 2021

IDC Worldwide CPaaS MarketSpace Major Player, 2021



Metrigy MetriStar Top Provider: Cloud Phone Systems, 2022



Global Competitive Strategy Leadership Award, 2021

Frost Radar: Communications Platforms as a Service Industry Innovation Leader, 2021



Ventana Research 13th Annual Digital Innovation Awards, 2020



Aragon Research Globe for Unified Communications and Collaboration Leader, 2021

Aragon Research Globe for Intelligent Contact Center Leader, 2021

Appendix



ARR

8x8, Inc.
SELECTED OPERATING METRICS
(Unaudited, in millions, except number of enterprise customers)

	Fiscal 2022				Fiscal 2023	
	Q1	Q2	Q3	Q4 ⁽⁵⁾	Q1	Q2
TOTAL ARR ⁽¹⁾	\$536	\$553	\$572	\$687	\$688	\$692
Growth % (YoY)	24 %	18 %	16 %	33 %	28 %	25 %
ARR BY CUSTOMER SIZE						
ENTERPRISE ⁽²⁾	\$262	\$282	\$307	\$393	\$403	\$401
% of Total ARR	49 %	51 %	54 %	57 %	59 %	58 %
Growth % (YoY)	40 %	33 %	30 %	56 %	54 %	42 %
Total number of Enterprise Customers	824	871	907	1,258 ⁽⁶⁾	1,277	1,291
MID-MARKET ⁽³⁾	\$103	\$103	\$102	\$128	\$125	\$127
% of Total ARR	19 %	19 %	18 %	19 %	18 %	18 %
Growth % (YoY)	22 %	14 %	9 %	31 %	22 %	23 %
SMALL BUSINESS ⁽⁴⁾	\$172	\$167	\$162	\$166	\$159	\$164
% of Total ARR	32 %	30 %	28 %	24 %	23 %	24 %
Growth % (YoY)	7 %	2 %	(1)%	(1)%	(7)%	(2)%

(1) Annualized Recurring Subscriptions and Usage (ARR) equals the sum of the most recent month of (i) recurring subscription amounts and (ii) platform usage charges for all CPaaS customers (subject to a minimum billings threshold for a period of at least six consecutive months), multiplied by 12.

(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.

(5) Includes Fuze.

(6) Previously reported enterprise customer count of 1,320 for Q4'22 was adjusted to eliminate double counting of subsidiaries.

GAAP to Non-GAAP Reconciliations



Non-GAAP Measures and Guidance

Non-GAAP Measures

This presentation contains certain financial information that has not been prepared in accordance with Generally Accepted Accounting Principles (GAAP). Management uses these non-GAAP financial measures internally in analyzing the Company's financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating the Company's ongoing operational performance. This information should not be considered a substitute for any measures derived in accordance with GAAP.

Non-GAAP Guidance

The Company does not reconcile its forward-looking estimates of non-GAAP Pre-Tax Profit (Loss) to the corresponding GAAP measures of GAAP Net Income (Loss) due to the significant variability of, and difficulty in making accurate forecasts and projections with regards to, the various expenses it excludes. For example, future hiring and employee turnover may not be reasonably predictable, stock-based compensation expense depends on variables that are largely not within the control of nor predictable by management, such as the market price of 8x8 common stock, and may also be significantly impacted by events like acquisitions, the timing and nature of which are difficult to predict with accuracy. Foreign currency exchange fluctuations may negatively impact our guidance. The actual amounts of these excluded items could have a significant impact on the Company's GAAP operating margin. Accordingly, management believes that reconciliations of this forward-looking non-GAAP financial measure to the corresponding GAAP measure are not available without unreasonable effort. All projections are on a non-GAAP basis. Additionally, our increased emphasis on profitability and cash flow generation may not be successful. The reduction in our total costs as a percentage of revenue may negatively impact our revenue and our business in ways we don't anticipate and may not achieve the desired outcome.

Reconciliation of GAAP to Non-GAAP

Cost of Service Revenue

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'22	Q2'23
Cost of Service Revenue:			
GAAP cost of service revenue	\$47,198	\$53,547	\$51,038
Amortization of acquired intangible assets	(1,044)	(2,369)	(2,140)
Stock-based compensation expense and related employer payroll taxes	(2,526)	(2,696)	(2,457)
Severance, transition, and contract termination costs	(57)	(897)	(281)
Non-GAAP Cost of Service Revenue	\$43,571	\$47,585	\$46,160
<i>Non-GAAP service revenue margin (% of revenue)</i>	<i>69.4%</i>	<i>73.4%</i>	<i>74.1%</i>

Reconciliation of GAAP to Non-GAAP

Cost of Other Revenue

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Cost of Other Revenue:			
GAAP cost of Other Revenue	\$12,269	\$13,126	\$11,000
Stock-based compensation expense and related employer payroll taxes	(1,372)	(1,147)	(937)
Severance, transition, and contract termination costs	(188)	(533)	(244)
Non-GAAP Cost of Other Revenue	\$10,709	\$11,446	\$9,819
<i>Non-GAAP Other Revenue margin (% of revenue)</i>	<i>(16.6)%</i>	<i>(35.3)%</i>	<i>(11.2)%</i>

Reconciliation of GAAP to Non-GAAP

Gross Profit and Gross Margin

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Gross Profit:			
Non-GAAP Cost of Service Revenue	\$43,571	\$47,585	\$46,160
Non-GAAP Cost of Other Revenue	10,709	11,446	9,819
Non-GAAP Cost of Revenue	\$54,280	\$59,030	\$55,979
Non-GAAP Gross Margin (% of revenue)	64.2%	68.5%	70.1%

Reconciliation of GAAP to Non-GAAP

Sales and Marketing Expense

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Sales and Marketing Expense:			
GAAP sales and marketing	\$76,726	\$83,527	\$80,487
Amortization of acquired intangible assets	(221)	(3,106)	(3,107)
Stock-based compensation expense and related employer payroll taxes	(13,588)	(8,280)	(6,883)
Severance, transition, and contract termination costs	(531)	(391)	(331)
Non-GAAP Sales and Marketing Expense	\$62,386	\$71,750	\$70,167
<i>Non-GAAP Sales and Marketing Expense (% of revenue)</i>	<i>41.2%</i>	<i>38.2%</i>	<i>37.4%</i>

Reconciliation of GAAP to Non-GAAP

Research and Development Expense

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Research and Development Expense:			
GAAP research and development	\$28,498	\$34,955	\$36,019
Stock-based compensation expense and related employer payroll taxes	(10,086)	(8,193)	(7,773)
Severance, transition, and contract termination costs	(42)	(37)	(107)
Non-GAAP Research and Development	\$18,370	\$26,725	\$28,139
<i>Non-GAAP Research and Development (% of revenue)</i>	<i>12.1%</i>	<i>14.2%</i>	<i>15.0%</i>

Reconciliation of GAAP to Non-GAAP

General and Administrative Expense

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
General and Administrative Expenses:			
GAAP general and administrative	\$24,023	\$29,219	\$33,835
Stock-based compensation expense and related employer payroll taxes	(10,423)	(7,923)	(6,763)
Acquisition and integration costs	(19)	(624)	(1,554)
Legal and regulatory costs	1,317	62	207
Severance, transition, and contract termination costs	(314)	(755)	(1,694)
Non-GAAP General and Administrative	\$14,584	\$19,979	\$24,031
<i>Non-GAAP General and Administrative (% of revenue)</i>	9.6%	10.6%	12.8%

Reconciliation of GAAP to Non-GAAP

Operating Expenses

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Operating Expenses:			
Non-GAAP Sales and Marketing	\$62,386	\$71,750	\$70,167
Non-GAAP Research and Development	18,370	26,725	28,139
Non-GAAP General and Administrative	14,584	19,979	24,031
Non-GAAP Operating Expenses	\$95,340	\$118,454	\$122,337
<i>Non-GAAP Operating Expenses (% of revenue)</i>	62.9%	63.1% ¹	65.3%

1. Fiscal Q1'23 Non-GAAP Operating Expenses as a % of revenue reflect the benefit of unusual items totalling approximately \$3M. Normalizing for this benefit, non-GAAP operating expenses would have been approximately 64.2% of revenue.

Reconciliation of GAAP to Non-GAAP

Total Costs

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Total Expense:			
Non-GAAP Cost of Revenue	\$54,280	\$59,030	\$55,979
Non-GAAP Operating Expenses	95,340	118,454	122,337
Non-GAAP Total Costs	\$149,620	\$177,484	\$178,316
<i>Non-GAAP Total Costs (% of revenue)</i>	98.7%	94.6% ¹	95.2%

1. Fiscal Q1'23 non-GAAP Total Costs as a % of revenue reflect the benefit of unusual items totaling approximately \$3M. Normalizing for this benefit, non-GAAP Total Costs would have been approximately 96.1% of revenue.

Reconciliation of GAAP to Non-GAAP

Income (loss) from Operations and Operating Margin

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
Operating Income (loss):			
GAAP loss from operations	(\$37,157)	(\$26,754)	(\$24,990)
Amortization of acquired intangible assets	1,265	5,475	5,246
Stock-based compensation expense and related employer payroll taxes	37,995	28,239	24,813
Acquisition and integration costs	19	624	1,554
Legal and regulatory costs	(1,317)	(62)	(207)
Severance, transition, and contract termination costs	1,132	2,613	2,656
Non-GAAP Operating Profit	\$1,937	\$10,135¹	\$9,073
<i>Non-GAAP Operating Margin (% of revenue)</i>	<i>1.3%</i>	<i>5.4%¹</i>	<i>4.8%</i>

1. Fiscal Q1'23 non-GAAP Operating Profit and Operating Margin as a % of revenue reflect the benefit of unusual items totalling approximately \$3M (1.6% of revenue). Normalizing for this benefit, non-GAAP operating profit would have been approximately \$7.1 million and 3.8% of revenue.

Reconciliation of GAAP to Non-GAAP

Other income (expense), net

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
GAAP Other Income (expense), net			
GAAP Other Income (expense), net	(\$4,934)	\$1,116	\$13,950
Amortization of debt discount and Issuance costs ¹	4,462	\$831	1,169
Gain on debt extinguishment			(16,106)
Gain on warrant remeasurement			(1,293)
Sub-lease Income	(116)	(116)	(116)
Non-GAAP Other Income (expense), net	(\$588)	\$1,831	(\$2,396)

1. Represents amortization of debt discount and issuance costs associated with the company's \$500 million aggregate principal amount of 0.50% convertible senior notes due 2024. Prior to April 1, 2022, the Company accounted for the Notes as separate liability and equity components. On issuance, the carrying amount of the equity components was recorded as a debt discount and subsequently amortized to interest expense. Effective April 1, 2022, we adopted ASU 2020-06 using the modified retrospective approach. As a result, the Notes are accounted for as a single liability measured at its amortized cost, as no other embedded features require bifurcation and recognition as derivatives. Adoption of the new standard resulted in a decrease to accumulated deficit of \$46.7 million, a decrease to additional paid-in capital of \$92.8 million, and an increase to convertible senior notes, net of \$46.2 million. The Notes have no original issuance discounts. Unamortized debt discount and issuance costs will be amortized over the remaining life of the Notes, which is approximately 19 months.

Reconciliation of GAAP to Non-GAAP

(\$ in thousands, Unaudited)


Net Income (Loss)

Net Income (Loss):	Fiscal Quarter		
	Q2'22	Q1'23	Q2'23
GAAP Net loss	(\$42,324)	(\$26,043)	(\$11,639)
Amortization of acquired intangible assets	1,265	5,475	5,247
Stock-based compensation expense and related employer payroll taxes	37,995	28,239	24,813
Acquisition and integration costs	19	624	1,554
Legal and regulatory costs	(1,317)	(62)	(207)
Severance, transition, and contract termination costs	1,132	2,613	3,367
Amortization of debt discount	4,462	831	1,169
Gain on debt extinguishment	-	-	(16,106)
Gain on warrant remeasurement	-	-	(1,293)
Sublease income	(116)	(116)	(116)
Non-GAAP Net Income	\$1,116	\$11,561¹	\$6,078
<i>Non-GAAP Net Income (% of revenue)</i>	<i>0.7%</i>	<i>6.2%</i>	<i>3.2%</i>

1. Q1'23 Non-GAAP net income was increased by approximately \$3 million in unusual item (1.6% of revenue).



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