

Third Quarter FY 2023

Ended December 31, 2022

February 1, 2023

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.

8x8 By the Numbers - Q3 2023

\$698M

Total ARR⁽¹⁾

>25%

YoY XCaaS ARR growth⁽¹⁾

**One
platform**

**Global
coverage**

**8x8 Voice for
MS Teams**

2.5M+

Paid business users

>30%

YoY Enterprise ARR
growth⁽¹⁾⁽²⁾



300K+

60K+

Customers

>60%

YoY Channel-driven ARR
growth⁽¹⁾

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

Full PSTN
replacement in
58 countries/
territories

Industry-leading
integration for
Microsoft Teams:
>300K+ 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.

Q3 FY 2023 Financial Highlights

- Continued strong performance in enterprise and mid-market ARR¹
 - Enterprise ARR growth 30% YoY; mid-market ARR growth 27% YoY
 - XCaaS ARR growth >25% YoY
- RPO up \$35M sequentially to \$750M, largest sequential organic increase in 8 quarters²
- High customer retention and renewal performance
- Service Revenue and Total revenue up 18% YoY
- GAAP and non-GAAP gross and operating margins³ at multi-year highs:
 - Non-GAAP service revenue margin 76%; total revenue margin 72%³
 - Non-GAAP operating margin ~10%³
- Operating cash flow of \$15.5 million (\$35.2M YTD)
- \$131.7M cash, equivalents, restricted cash and investments at quarter end
- Repurchased and extinguished additional \$21.8M in aggregate principal amount of the 2024 Notes (~\$68M in aggregate principal amount of 2024 Notes remained outstanding on 12/31/22)

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. XCaaS ARR represents ARR from customers with UCaaS and CCaaS.

2. Normalized for Fuze.

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

Q3 FY 2023 Product Innovation Highlights

8x8 continued to drive innovation and improve customers' experiences on the company's modern microservices-based XCaaS platform. In the third quarter of fiscal 2023, the company

- Launched new Mobile Admin composed experience allowing system administrators to simplify access to common operational tasks and facilitate immediate visibility into incidents and updates using an Android or iOS device.
- Extended industry leadership to full cloud PSTN support to 58 countries, including Ecuador and Slovakia, and achieved a new record of users in more than 180 countries.
- Released more than 1,000 updates utilizing Continuous Integration/Continuous Deployment (CI/CD) methods.
- Achieved near perfect XCaaS uptime in the third quarter, and reduced the number of customer-identified defects to fewer than 10.

Q3 FY 2023 Product Innovation Highlights (continued)

- Launched the 8x8 Customer Labs open beta program, an innovative new early-access program that engages customers to guide 8x8 XCaaS product direction, deliver feedback, and measure usability of new products and features before release.
- Added access to all digital channel details and attachments in 8x8 Quality Management and Speech Analytics, providing contact center quality evaluators all of the information they need for complete and comprehensive interaction evaluations.
- Migrated CPaaS voice-masking services to 8x8 platform, enabling a richer feature set and increased reliability.

Q3 FY 2023 Industry Recognition

8x8 continues to be recognized for its leadership and innovation worldwide. Awards and recognition in the third fiscal quarter of 2023 included:

- Named a Leader in the 2022 Gartner® Magic Quadrant™ for Unified Communications as a Service, Worldwide. This is the eleventh consecutive year 8x8 has been recognized as a Leader in this report.
- Recognized as a Winner in the 2022 CRN Tech Innovator Awards in the Unified Communications & Collaboration Software category for 8x8 Conversation IQ.
- Awarded Best Channel Ecosystem by the 2022 UC Today Partner Awards.

Q3 FY 2023 Leadership Updates

- Appointed Samuel C. Wilson, most recently the Company's Chief Financial Officer, as interim Chief Executive Officer.
- Appointed Kevin Kraus, most recently the Senior Vice President of Finance at the Company, as interim Chief Financial Officer.
- Appointed Laurence Denny, formerly Chief Compliance Officer, Deputy General Counsel, and Assistant Corporate Secretary, as Chief Legal Officer and Corporate Secretary.

Q3 FY 2023 Results vs. Guidance

	Q3 F2023	
	Guidance as of October 27, 2022	Results December 31, 2022
Service Revenue	\$178 – 180m	\$175.8m¹
% Growth Y/Y	19 – 20%	18%
Total Revenue	\$185 – 188m	\$184.4m²
% Growth Y/Y	18 – 20%	18%
Non-GAAP Operating Margin²	5.0 – 5.8%	9.9%

1. Includes \$26.5 million of revenue from Fuze customers.

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

Q3 FY 2023 Financial Metrics*

Q3 F2023 Revenue	Service Revenue ^{1,7}	\$175.8 million, 18% Y/Y growth
	Other Revenue ^{2,7}	\$8.6 million, 15% Y/Y growth
	Total Revenue ⁷	\$184.4 million, 18% Y/Y growth
ARR ³	Total ARR ³	\$698 million, 22% Y/Y growth
	Enterprise ARR ^{3,4}	\$400 million, 30% Y/Y growth
	Mid-Market ^{3,5}	\$130 million, 19% Y/Y growth
	Small Business ^{3,6}	\$168 million, 4% Y/Y growth
Cash and CFFO	Cash, restricted cash, & investments	\$131.7 million ⁸ , vs. \$148.2 at 3/31/22
	Cash flow from operations	\$15.5 million, vs. \$9.0 in Q3'22

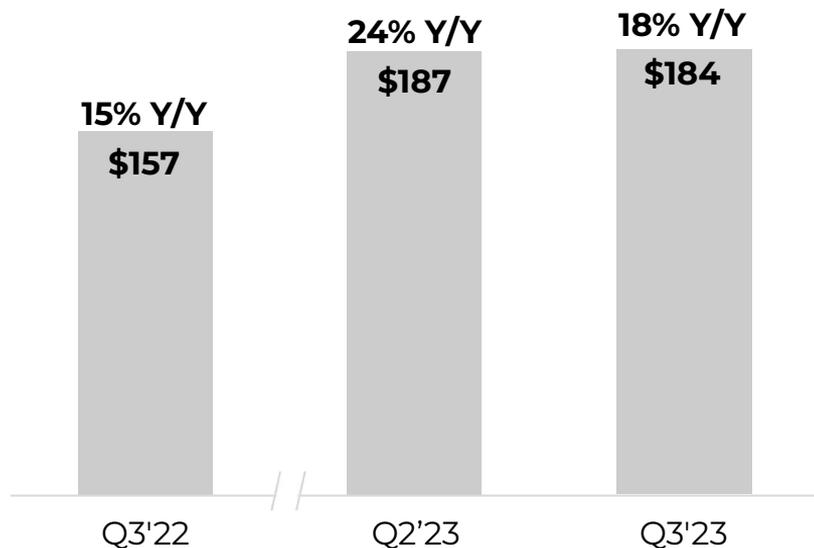
* Amounts may not sum to total due to rounding.

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. Service Revenue and Total Revenue included \$26.5 million of revenue from Fuze customers.
8. Reflected repurchase and extinguishment of \$21.8 million aggregate principal amount of the 2024 convertible senior notes in Q3 (\$27.8M of aggregate principal amount repurchased YTD).

Revenue Growth

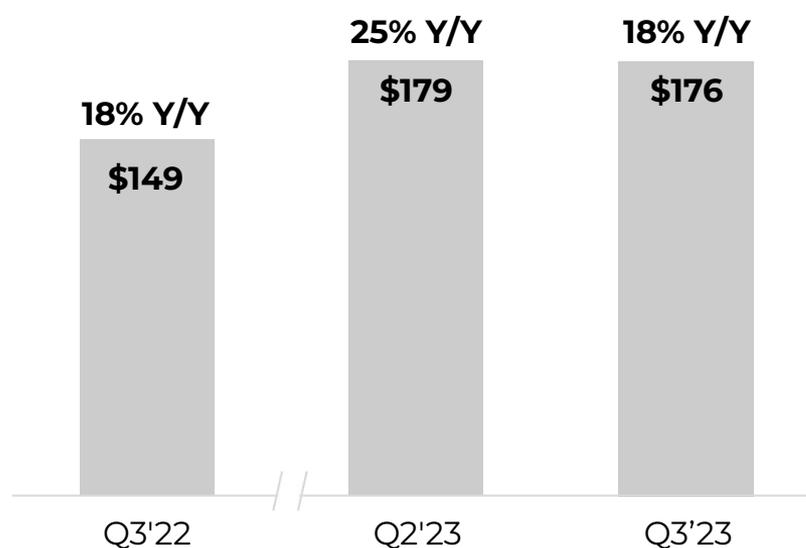
Fiscal Q3 Total Revenue¹

(\$ in millions)



Fiscal Q3 Service Revenue²

(\$ in millions)



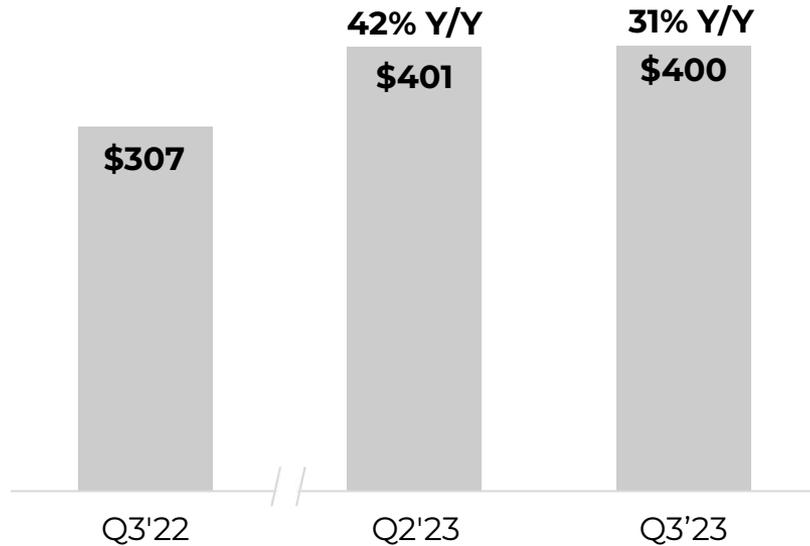
1. Q3'23 and Q2'23 Total Revenue includes revenue from Fuze customers of \$26.5 million and \$28.4 million, respectively.

2. Q3'23 and Q2'23 Service Revenue includes service revenue from Fuze customers of \$26.5 million and \$27.9 million, respectively.

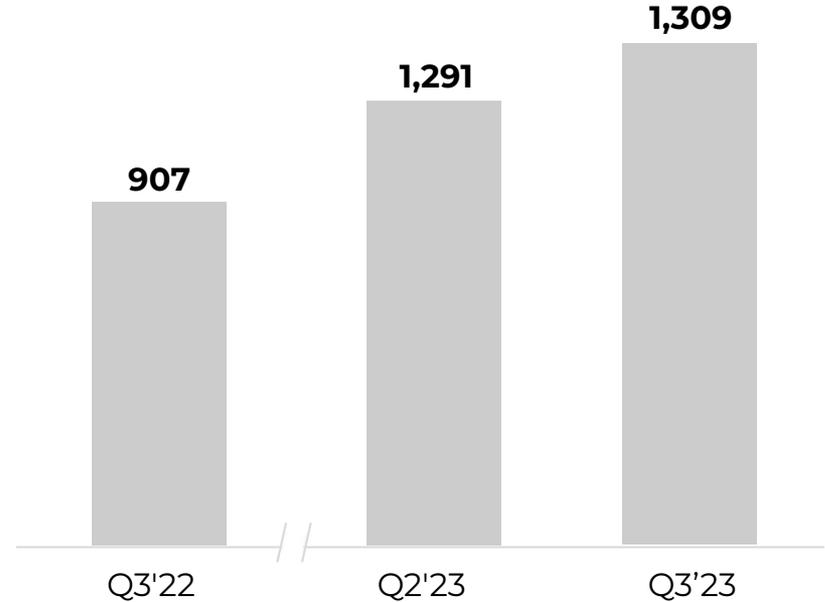
Enterprise Customers >\$100K ARR

Fiscal Q3 Enterprise ARR^{1,2}

(\$ in millions)



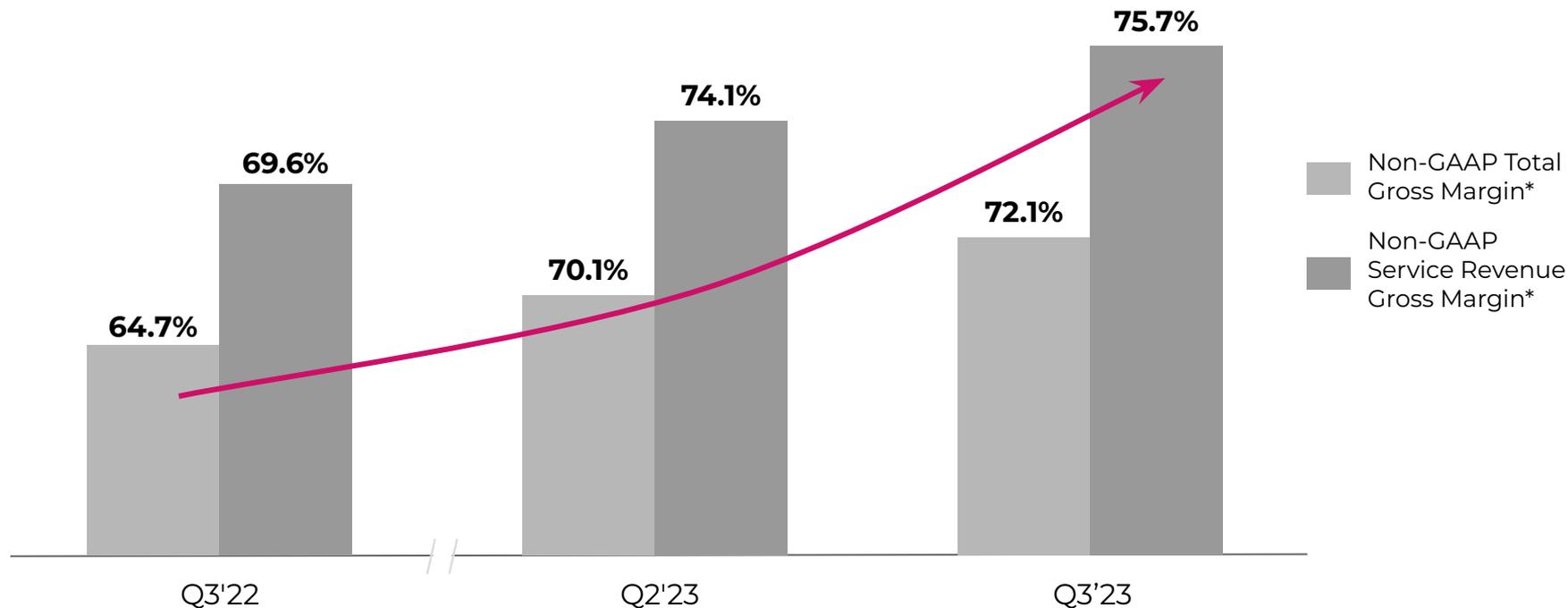
Fiscal Q3 Enterprise Customers²



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*

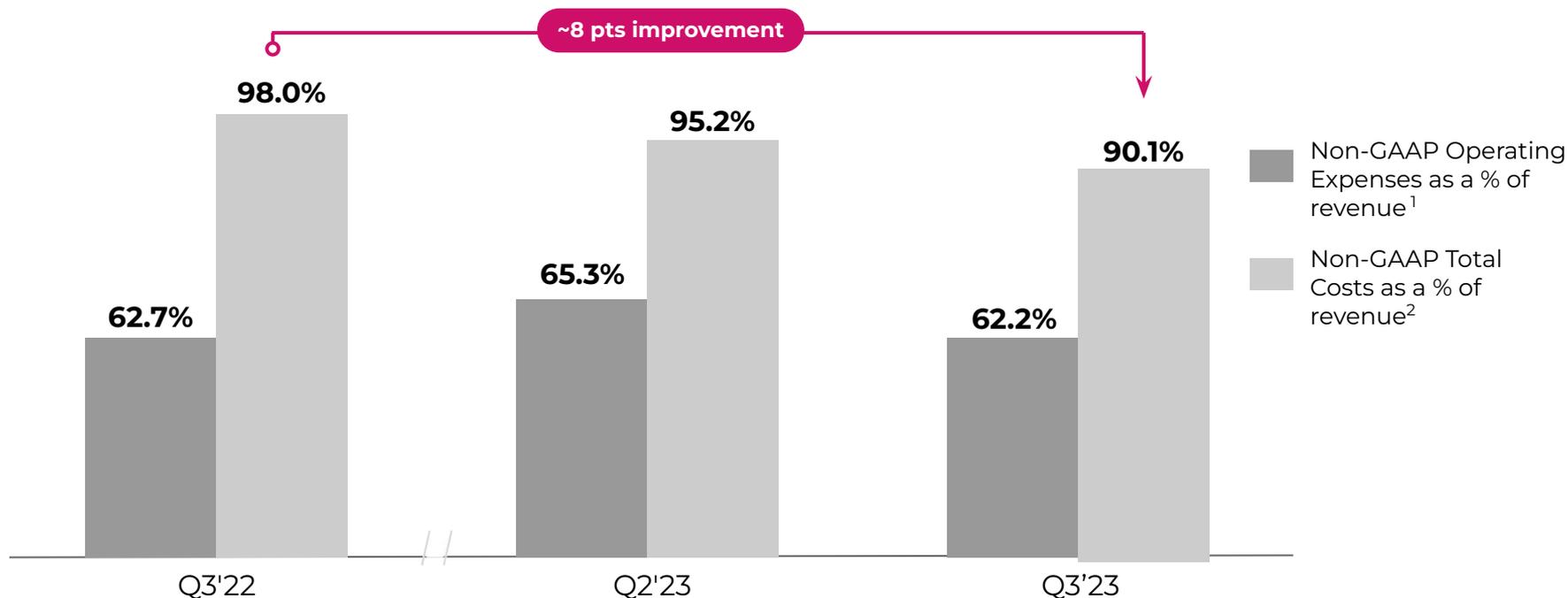
Non-GAAP Total and Service Gross Margins as a % of Revenue



* 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



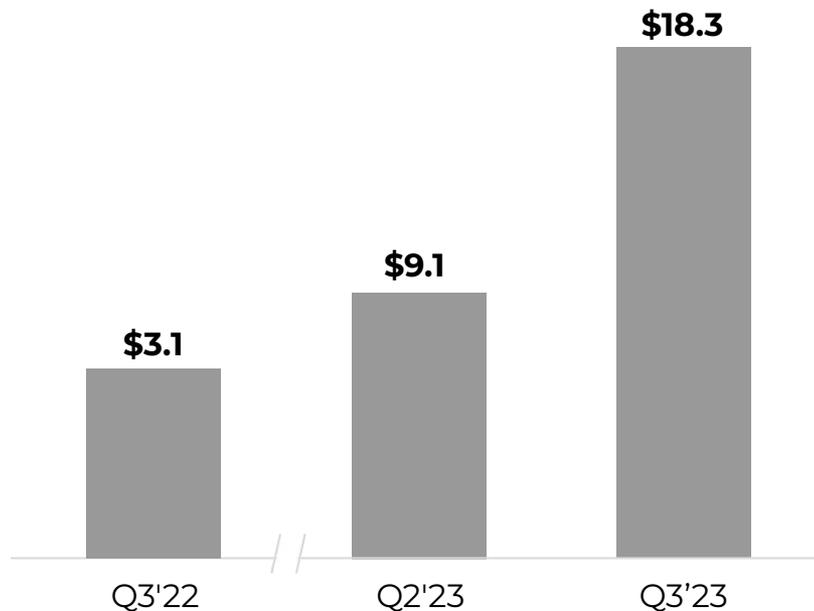
* See Appendix for a reconciliation of GAAP to Non-GAAP metrics.

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").

Non-GAAP Operating Income and Margin*

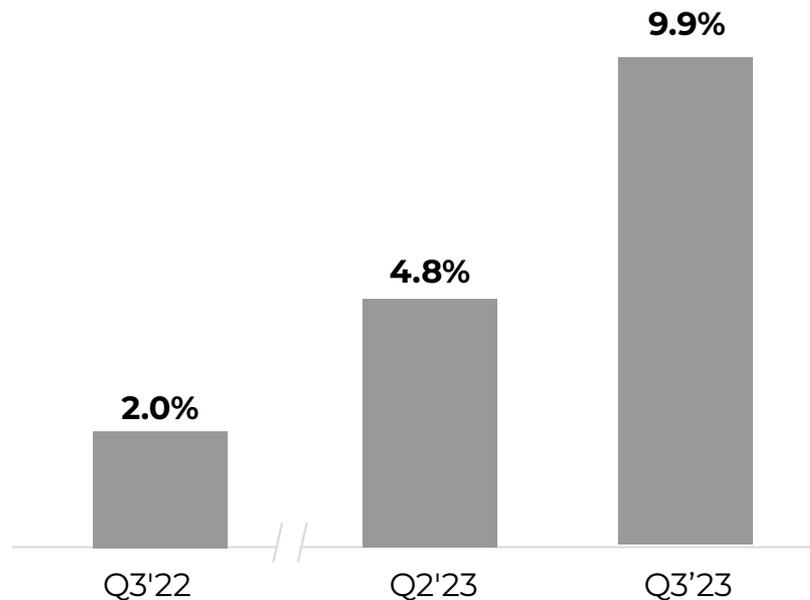
Fiscal Q3 Operating Income¹

(\$ in millions)



Fiscal Q3 Operating Margin¹

(% of revenue)

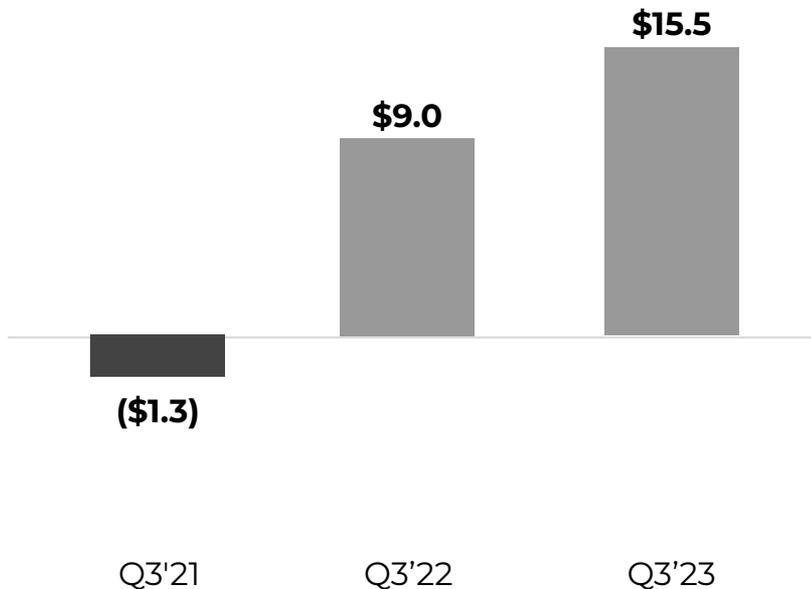


* See Appendix for reconciliation of Non-GAAP metrics to nearest GAAP metric.

Cash Flow from Operations

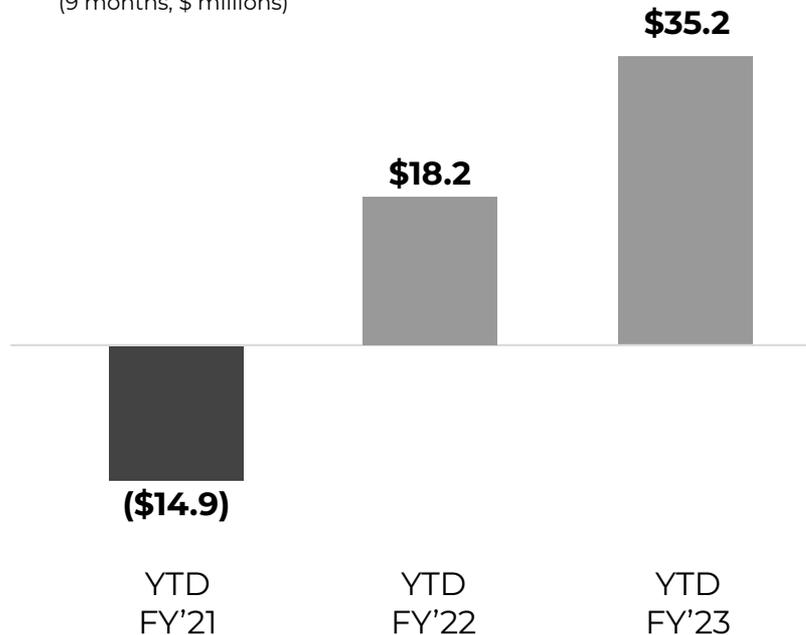
Fiscal Q3 Cash Flow from Operations

(3 months, \$ millions)



Fiscal Q3 YTD Cash Flow from Operations

(9 months, \$ millions)



Q4 2023 Guidance¹

	Q4 FY 2023 as of February 1, 2024 ¹
Service Revenue	\$175 – 178m²
% Growth Y/Y	1 - 3%
Total Revenue	\$184 – 187m²
% Growth Y/Y	1 – 3%
Non-GAAP Operating Margin	~10%

1. Guidance as of February 1, 2023. Refer to Forward Looking Statements for a discussion of factors that could cause actual results to differ from guidance and refer to 8x8's Third 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 million.

Updated FY 2023 Outlook

	FY 2023			
	Prior as of 5/10/22	Prior as of 7/27/22	Prior as of 10/27/22	Updated ¹ as of 2/1/23
Service Revenue	\$740 – 755m	\$720 – 730m	\$712 – 720m ²	\$708.5 - 711.5M
% Growth Y/Y	23 – 25%	20 – 21%	20 – 21%	18%
Total Revenue	\$775–790m	\$747.5–762.5m	\$745–755m	\$743.4 - 746.4M
% Growth Y/Y	21 – 24%	17 – 19%	17 – 18%	17%
Non-GAAP Operating Margin	2 – 3%	~4%	~5.5%	~7.5%

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

Appendix



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 Conversation IQ, 2022
Tech Innovator Award for 8x8 XCaaS, 2021
UK Cloud Services Vendor of the Year, 2020



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



UC Partner Awards for Best Channel Ecosystem, 2022

Analyst recognition



Gartner UCaaS Magic Quadrant Leader, 2012–2022

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

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	Q3
TOTAL ARR ⁽¹⁾	\$536	\$553	\$572	\$687	\$688	\$692	\$698
Growth % (YoY)	24 %	18 %	16 %	33 %	28 %	25 %	22 %
ARR BY CUSTOMER SIZE							
ENTERPRISE ⁽²⁾	\$262	\$282	\$307	\$393	\$403	\$401	\$400
% of Total ARR	49 %	51 %	54 %	57 %	59 %	58 %	57 %
Growth % (YoY)	40 %	33 %	30 %	55 %	54 %	42 %	30 %
Total number of Enterprise Customers	824	871	907	1,258 ⁽⁶⁾	1,277	1,291	1,309
MID-MARKET ⁽³⁾	\$103	\$103	\$102	\$128	\$125	\$127	\$130
% of Total ARR	19 %	19 %	18 %	19 %	18 %	18 %	19 %
Growth % (YoY)	22 %	14 %	9 %	31 %	22 %	23 %	27 %
SMALL BUSINESS⁽⁴⁾	\$172	\$167	\$162	\$166	\$159	\$164	\$168
% of Total ARR	32 %	30 %	28 %	24 %	23 %	24 %	24 %
Growth % (YoY)	7 %	2 %	(1)%	(1)%	(7)%	(2)%	4 %

Selected operating metrics presented in this table have not been derived from financial measures that have been prepared in accordance with US Generally Accepted Accounting Principles. 8x8 provides these selected operating metrics to assist investors in evaluating the Company's operations and assessing its prospects. 8x8's management periodically reviews the selected operating metrics to evaluate 8x8's operations, allocate resources, and drive financial performance in the business. Management monitors these metrics together, and not individually, as it does not make business decisions based upon any single metric. 8x8 is not aware of any uniform standards for defining these selected operating metrics and caution that its 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.

1. Annualized recurring subscriptions and Usage (ARR) equals the sum of the most recent month of (i) recurring subscription amounts and (ii) platform usage changes for all CPaaS customers (subject to minimum billings thresholds for a period of at least six consecutive months).
2. Enterprise ARR is defined as ARR from customers that generate >\$100K of ARR.
3. Mid-market ARR is defined as ARR from customers that generate \$25K-\$100K of ARR.
4. Small Business ARR is defined as ARR from customers that generate less than \$25K of ARR.
5. Includes Fuze.
6. Previously reported enterprise customer count of 1,320 for Q4'22 was adjusted to eliminate double counting.

Outstanding Convertible Notes and Term Loan

The following table summarizes the net carrying value of outstanding convertible senior notes and term loan outstanding at the end of the period.

	As of December 31, 2022				As of March 31, 2022			
	2024 Notes	2028 Notes	Term Loan	Total	2024 Notes	2028 Notes	Term Loan	Total
Principal	\$ 68,339	\$ 201,914	\$ 250,000	\$ 520,253	\$ 500,000	\$ -	\$ -	\$ 500,000
Unamortized debt discount and issuance costs	(519)	(5,291)	(18,798)	\$ (24,608)	(52,548)	-	-	\$ (52,548)
Net carrying amount	\$ 67,820	\$ 196,623	\$ 231,202	\$ 495,645	\$ 447,452	\$ -	\$ -	\$ 447,452
Contractual interest rate	0.50%	4.00%	SOFR + 6.6%					
Effective interest rate (including amortization)	1.20%	6.10%						

On August 11, 2022, the Company issued approximately \$201.9 million aggregate principal amount of its 4.00% convertible senior notes due 2028 (the "2028 Notes"). The Company used the proceeds from the issuance of the 2028 Notes, together with approximately \$181.8 million in cash consideration from borrowing of the Term Loan, in exchange for approximately \$403.8 million aggregate principal amount of the Company's outstanding 0.5% convertible senior notes due 2024 Notes (the "2024 Notes") pursuant to privately negotiated agreements (the "Exchange Agreements") with a limited number of existing holders of the 2024 Notes (such exchange transactions, the "Exchange Transaction"). In connection with the Exchange Transaction, the Company purchased an aggregate of approximately \$60 million of the Company's common stock in privately negotiated transactions from existing holders of the 2024 Notes who participated in the Exchange Transaction.

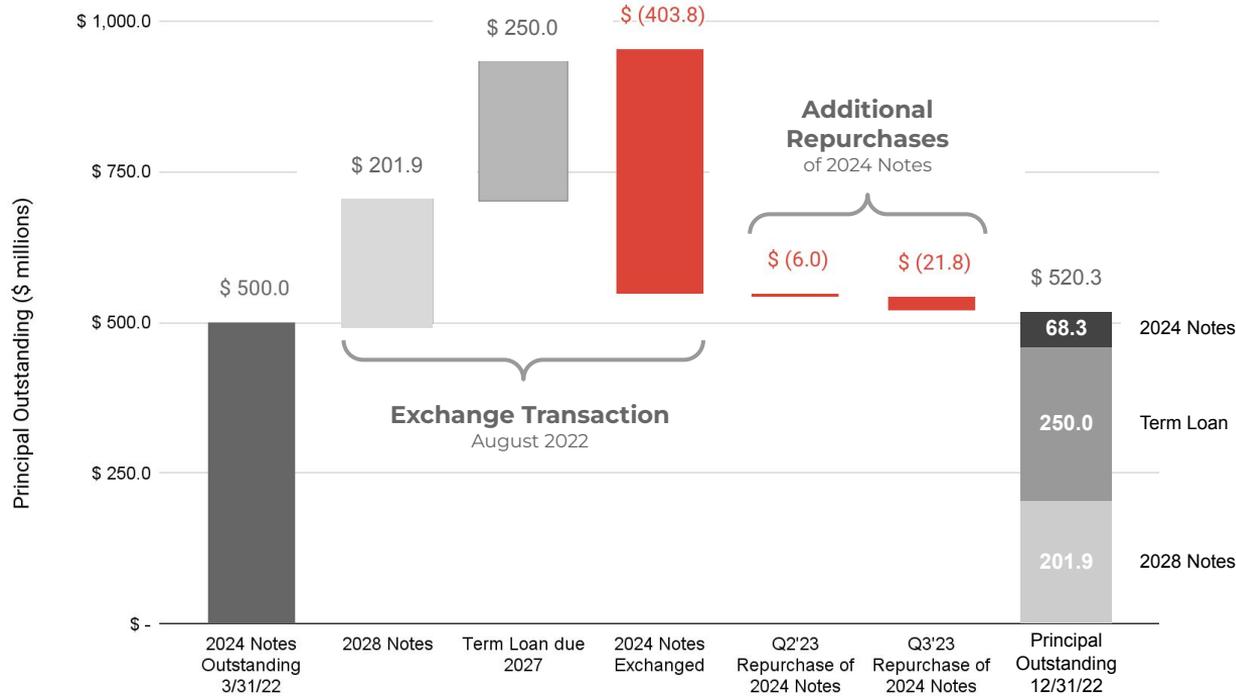
The Exchange Transaction was treated as a debt extinguishment. The difference between the consideration used to extinguish the 2024 Notes and the carrying value of the 2024 Notes (including unamortized debt discount and issuance cost) subject to the Exchange Transaction resulted in an extinguishment gain of \$16.1 million recorded through Other income (expense), net on the Company's condensed consolidated statement of operations.

In addition to the Exchange Transaction, the Company completed two repurchases of the 2024 Notes in the second and third quarters of fiscal 2023 for a total of approximately \$27.8 million in aggregate principal amount. In the second quarter, on September 28, 2022, the Company repurchased an aggregate principal amount of \$6.0 million of the 2024 Notes through a privately negotiated transaction with one of the remaining 2024 Notes holders for an aggregate purchase price of \$5.3 million. The aggregate purchase price was paid in cash and only partially settled the outstanding 2024 Notes with the holder; accordingly, the repurchase consideration was accounted for as a debt modification with no extinguishment gain or loss. In the third fiscal quarter, on December 9, 2022, the Company repurchased an aggregate principal amount of \$21.8 million of the 2024 Notes through privately negotiated transactions with two of the remaining 2024 Notes holders for an aggregate purchase price of \$20.1 million in cash. The repurchase consideration was accounted for as a debt extinguishment, resulting in a \$2.1 million gain.

For more detailed disclosures on the terms of the Company's convertible senior notes and term loan, see the Company's most recent 10Q filing.

Reconciliation of Debt Outstanding

As profitability and cash flow increase, more cash is available to further reduce debt



- In August 2022, the company extended the weighted average maturity of outstanding debt by extinguishing the majority of 2024 Notes through an Exchange Transaction for \$201.9M of 2028 Notes and \$181.8M in cash.
- Concurrent repurchase of 10.7M shares for \$60M with Exchange Transaction partially offsets dilution from new convertible notes
- Cash and investments of \$138M (as of 12/31/22) currently expected to be sufficient to repay remaining 2024 Notes for cash when due in February 2024
- Term loan due August 2027 with Francisco Partners increases interest expense near term, but increases pre-payment flexibility

For more detailed disclosures on the terms of the Company's convertible senior notes and term loan, see the Company's most recent 10Q filing.

Interest Expense Detail - Convertible Senior Notes & Term Loan

The following table summarizes the interest expense and amortization of net discount and issuance costs recorded to Other income (expense):

	Three Months Ended December 31							
	2022				2021			
	2024 Notes	2028 Notes	Term Loan	Total	2024 Notes	2028 Notes	Term Loan	Total
Contractual interest expense	\$ 139	\$ 2,037	\$ 5,432	\$ 7,607	\$ 486	\$ -	\$ -	\$ 486
Amortization of debt discount & issuance costs	101	247	788	\$ 1,136	4,925	-	-	\$ 4,925
Total interest expense recorded to Other income (expense), net	\$ 240	\$ 2,284	\$ 6,220	\$ 8,743	\$ 5,411	\$ -	\$ -	\$ 5,411

	Nine Months Ended December 31							
	2022				2021			
	2024 Notes	2028 Notes	Term Loan	Total	2024 Notes	2028 Notes	Term Loan	Total
Contractual interest expense	\$ 1,099	\$ 3,181	\$ 8,835	\$ 13,115	\$ 1,359	\$ -	\$ -	\$ 1,359
Amortization of debt discount & issuance costs	1,565	350	1,221	\$ 3,136	13,389	-	-	\$ 13,389
Total interest expense recorded to Other income (expense), net	\$ 2,664	\$ 3,531	\$ 10,056	\$ 16,251	\$ 14,748	\$ -	\$ -	\$ 14,748

For more detailed disclosures on the terms of the Company's convertible senior notes, term loan and detachable warrants, see the Company's most recent 10Q filing.

Other income (expense), net

SUPPLEMENTAL DETAILS - OTHER INCOME (EXPENSE), NET

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	2022	2021
Interest expense	\$ (7,607)	\$ (486)	\$ (13,115)	\$ (1,359)
Amortization of debt discount and issuance cost	(1,136)	(4,925)	(3,136)	(13,389)
Gain (loss) on warrants remeasurement	(771)	—	522	—
Gain on debt extinguishment	2,144	—	18,250	—
Gain (loss) on sale of assets	1,757	(5)	1,826	(5)
Gain (loss) on foreign exchange	(2,616)	(493)	1,984	(747)
Other income (expense)	317	43	823	(123)
Other income (expense), net	\$ (7,912)	\$ (5,866)	\$ 7,154	\$ (15,623)

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		
	Q3'22	Q2'23	Q3'23
Cost of Service Revenue:			
GAAP cost of service revenue	\$48,763	\$51,038	\$47,335
Amortization of acquired intangible assets	(858)	(2,140)	(2,125)
Stock-based compensation expense and related employer payroll taxes	(2,345)	(2,457)	(2,148)
Legal and regulatory costs	–	–	(85)
Severance, transition, and contract termination costs	(100)	(281)	(348)
Non-GAAP Cost of Service Revenue	\$45,460	\$46,160	\$42,629
<i>Non-GAAP service revenue margin (% of revenue)</i>	<i>69.6%</i>	<i>74.1%</i>	<i>75.7%</i>

Reconciliation of GAAP to Non-GAAP

Cost of Other Revenue

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
Cost of Other Revenue:			
GAAP cost of Other Revenue	\$11,071	\$11,000	\$10,176
Stock-based compensation expense and related employer payroll taxes	(1,286)	(937)	(902)
Severance, transition, and contract termination costs	102	(244)	(517)
Non-GAAP Cost of Other Revenue	\$9,887	\$9,819	\$8,757
<i>Non-GAAP Other Revenue margin (% of revenue)</i>	<i>(32.2)%</i>	<i>(11.2)%</i>	<i>(1.4)%</i>

Reconciliation of GAAP to Non-GAAP

Gross Profit and Gross Margin

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
Gross Profit:			
Non-GAAP Cost of Service Revenue	\$45,460	\$46,160	\$42,629
Non-GAAP Cost of Other Revenue	9,887	9,819	8,757
Non-GAAP Cost of Revenue	\$55,347	\$55,979	\$51,386
Non-GAAP Gross Margin (% of revenue)	64.7%	70.1%	72.1%

Reconciliation of GAAP to Non-GAAP

Sales and Marketing Expense

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
Sales and Marketing Expense:			
GAAP sales and marketing	\$76,797	\$80,487	\$79,021
Amortization of acquired intangible assets	(221)	(3,107)	(3,106)
Stock-based compensation expense and related employer payroll taxes	(11,855)	(6,883)	(6,653)
Severance, transition, and contract termination costs	(81)	(331)	(2,351)
Non-GAAP Sales and Marketing Expense	\$64,640	\$70,167	\$66,911
<i>Non-GAAP Sales and Marketing Expense (% of revenue)</i>	<i>41.2%</i>	<i>37.4%</i>	<i>36.3%</i>

Reconciliation of GAAP to Non-GAAP

Research and Development Expense

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
Research and Development Expense:			
GAAP research and development	\$27,911	\$36,019	\$38,791
Stock-based compensation expense and related employer payroll taxes	(8,711)	(7,773)	(7,183)
Severance, transition, and contract termination costs	(124)	(107)	(4,896)
Non-GAAP Research and Development	\$19,076	\$28,139	\$26,712
<i>Non-GAAP Research and Development (% of revenue)</i>	12.2%	15.0%	14.5%

Reconciliation of GAAP to Non-GAAP

General and Administrative Expense

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
General and Administrative Expenses:			
GAAP general and administrative	\$29,950	\$33,835	\$27,158
Stock-based compensation expense and related employer payroll taxes	(10,193)	(6,763)	(4,354)
Acquisition and integration costs	(5,504)	(1,554)	(555)
Legal and regulatory costs	696	207	(57)
Severance, transition, and contract termination costs	(271)	(1,694)	(1,130)
Non-GAAP General and Administrative	\$14,678	\$24,031	\$21,062
<i>Non-GAAP General and Administrative (% of revenue)</i>	9.4%	12.8%	11.4%

Reconciliation of GAAP to Non-GAAP

Operating Expenses

(\$ in thousands, Unaudited)

	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
Operating Expenses:			
Non-GAAP Sales and Marketing	\$64,640	\$70,167	\$66,911
Non-GAAP Research and Development	19,076	28,139	26,712
Non-GAAP General and Administrative	14,678	24,031	21,062
Non-GAAP Operating Expenses	\$98,394	\$122,337	\$114,685
<i>Non-GAAP Operating Expenses (% of revenue)</i>	62.7%	65.3%	62.2%

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		
	Q3'22	Q2'23	Q3'23
Total Expense:			
Non-GAAP Cost of Revenue	\$55,347	\$55,979	\$51,386
Non-GAAP Operating Expenses	98,394	122,337	114,685
Non-GAAP Total Costs	\$153,741	\$178,316	\$166,071
<i>Non-GAAP Total Costs (% of revenue)</i>	98.0%	95.2%	90.1%

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		
	Q3'22	Q2'23	Q3'23
Operating Income (loss):			
GAAP loss from operations	(\$37,618)	(\$24,990)	(\$18,081)
Amortization of acquired intangible assets	1,079	5,247	5,231
Stock-based compensation expense and related employer payroll taxes	34,390	24,813	21,240
Acquisition and integration costs	5,504	1,554	555
Legal and regulatory costs	(696)	(207)	142
Severance, transition, and contract termination costs	4,74	2,656	9,242
Non-GAAP Operating Profit	\$3,133	\$9,073	\$18,329
<i>Non-GAAP Operating Margin (% of revenue)</i>	2.0%	4.8%	9.9%

Reconciliation of GAAP to Non-GAAP

Other income (expense), net

(\$ in thousands, Unaudited)

GAAP Other Income (expense), net	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
GAAP Other Income (expense), net	(\$5,866)	\$13,950	(\$7,912)
Amortization of debt discount and Issuance costs	4,924 ¹	1,169	1,136
Gain on debt extinguishment		(16,106)	(2,144)
Loss (gain) on warrant remeasurement		(1,293)	771
Loss (gain) on sale of assets			(1,757)
Sub-lease Income	(116)	(116)	(116)
Non-GAAP Other Income (expense), net	(\$1,058)	(\$2,396)	(\$10,022)

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 (the "Notes"). 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 13 months.

Reconciliation of GAAP to Non-GAAP

Net Income (Loss)

(\$ in thousands, Unaudited)

Net Income (Loss):	Fiscal Quarter		
	Q3'22	Q2'23	Q3'23
GAAP Net loss	(\$43,571)	(\$11,639)	(\$26,030)
Amortization of acquired intangible assets	1,079	5,247	5,231
Stock-based compensation expense and related employer payroll taxes	34,390	24,813	21,240
Acquisition and integration costs	5,504	1,554	555
Legal and regulatory costs	(696)	(207)	142
Severance, transition, and contract termination costs	474	3,367	9,242
Amortization of debt discount	4,924	1,169	1,136
Loss (gain) on debt extinguishment	-	(16,106)	(2,144)
Loss (gain) on warrant remeasurement	-	(1,293)	771
Loss (gain) on sale of assets	-	-	(1,757)
Sublease income	(116)	(116)	(116)
Non-GAAP Net Income	\$1,988	\$6,078	\$8,270
<i>Non-GAAP Net Income (% of revenue)</i>	1.3%	3.2%	4.5%



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