

# Bandwidth 1Q 2022 Earnings Results

May 4, 2022

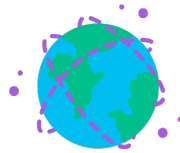
# Legal Disclaimer

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including, without limitation, future financial and business performance for the second quarter 2022 and full year 2022, attractiveness of our product offerings and platform and the value proposition of our products, and our assessment of the impact of the distributed denial of service (“DDoS”) attacks are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “guide,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to our rapid growth and ability to sustain our revenue growth rate, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to expand effectively into new markets, legal, reputational, and financial risks which may result from the DDoS attacks or other cyber security incidents, risks that the anticipated benefits of the acquisition of Voxbone may not be fully realized or may take longer to realize than expected, our ability to operate in compliance with applicable laws, as well as other risks and uncertainties set forth in the “Risk Factors” section of our latest Form 10-K filed with the Securities and Exchange Commission and any subsequent reports that we file with the Securities and Exchange Commission. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no obligation to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

This presentation also includes certain guidance on non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company’s non-GAAP financial measures as tools for comparison. The Company provides a reconciliation of certain non-GAAP measures to the most directly comparable GAAP measures, which are available in the earnings press release for the relevant period and in the appendix of this presentation.

Powering  
enterprise digital  
transformation  
through software  
APIs and  
our global  
network

## Bandwidth Scale and Reach



**60+**

Countries



**3,372**

Active Customers



**\$554M**

Revenue<sup>(1)</sup>

(1) Represents midpoint of revenue guidance provided in the Financial Outlook section of May 4, 2022 earnings press release.

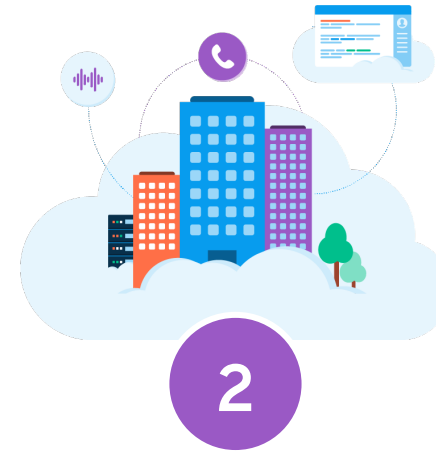
# Growth strategy capitalizes on the global move to the cloud



1

## Grow existing customers

Cross-selling and up-selling our global footprint and powerful APIs



2

## Win direct enterprise customers

Become the platform of choice for seamless migration for cloud communications



3

## Be the best CPaaS platform

to scale global digital customer engagement

Demand for global  
cloud  
communications  
drives new  
customer  
relationships

# 1Q 2022 Customer Highlights



## Global Investment Bank Contact Center

Top 5 global investment bank chose Bandwidth Duet for Genesys to build cloud contact center for flexibility, integration of third-party authentication solution, simplified onboarding and control over numbers.



## European Cruise Line

Premium cruise line based in Europe chose Bandwidth to serve as the foundation of their global cloud stack, leveraging the Duet for Microsoft Teams and Genesys solutions.



## Global Hospitality Company

Bandwidth's BYOC implementation with Five9 is serving as the foundation of a global hospitality company's next-generation approach to customer service.



## Healthcare Software Leader

A healthcare technology leader turned to Bandwidth for HIPAA-compliant messaging because of reliability, delivery insights, and scalability.

UCaaS - Unified Communications as a Service  
CCaaS - Contact Center as a Service  
BYOC - Bring-your-own-carrier

**Achieved strong  
financial results**

**Broad customer  
demand across  
our portfolio**

## 1Q 2022 Financial Highlights

- Total revenue of **\$131M**, up 16% y/y
- Dollar-based net retention rate of **114%**
- Messaging **12%** of total revenue, growing **35%** y/y
- Non-GAAP net income of **\$3M** and EPS of \$0.09
- Raising FY22 guidance on strength in 1Q 2022

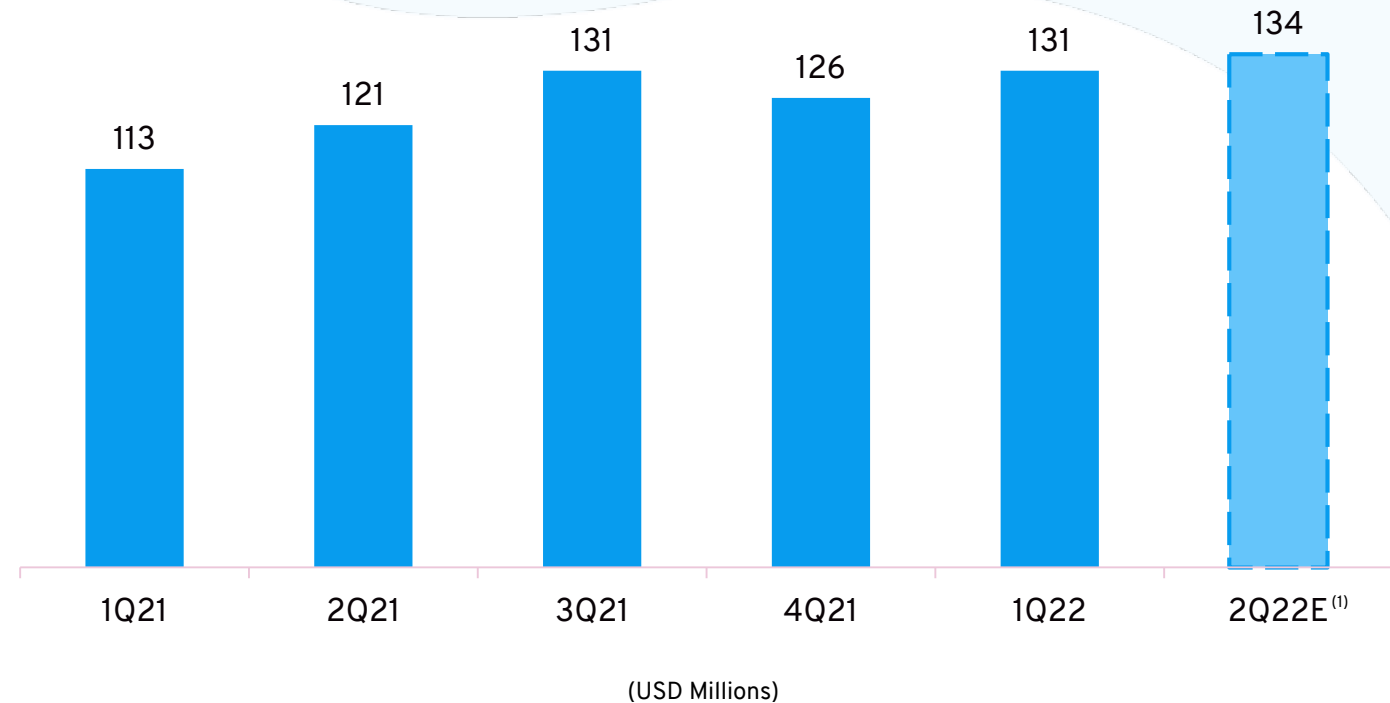
Note: Messaging as a percent of total revenue does not include pass through carrier surcharges.

16%

1Q 2022 Revenue growth y/y

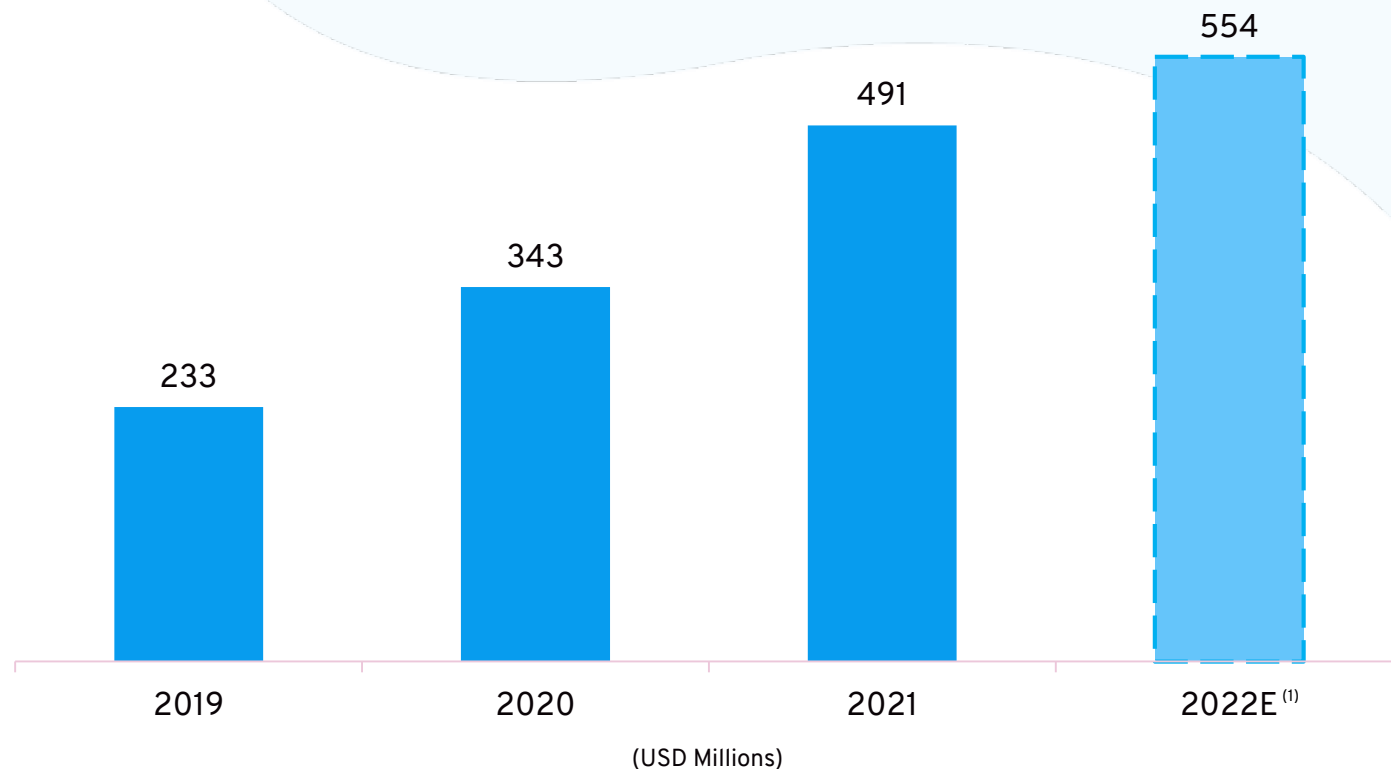
Messaging 12% of revenue in 1Q 2022, growing 35% y/y

## Quarterly Revenue Performance



(1) Represents midpoint of revenue guidance provided in the Financial Outlook section of May 4, 2022 earnings press release.

# Annual Revenue Performance



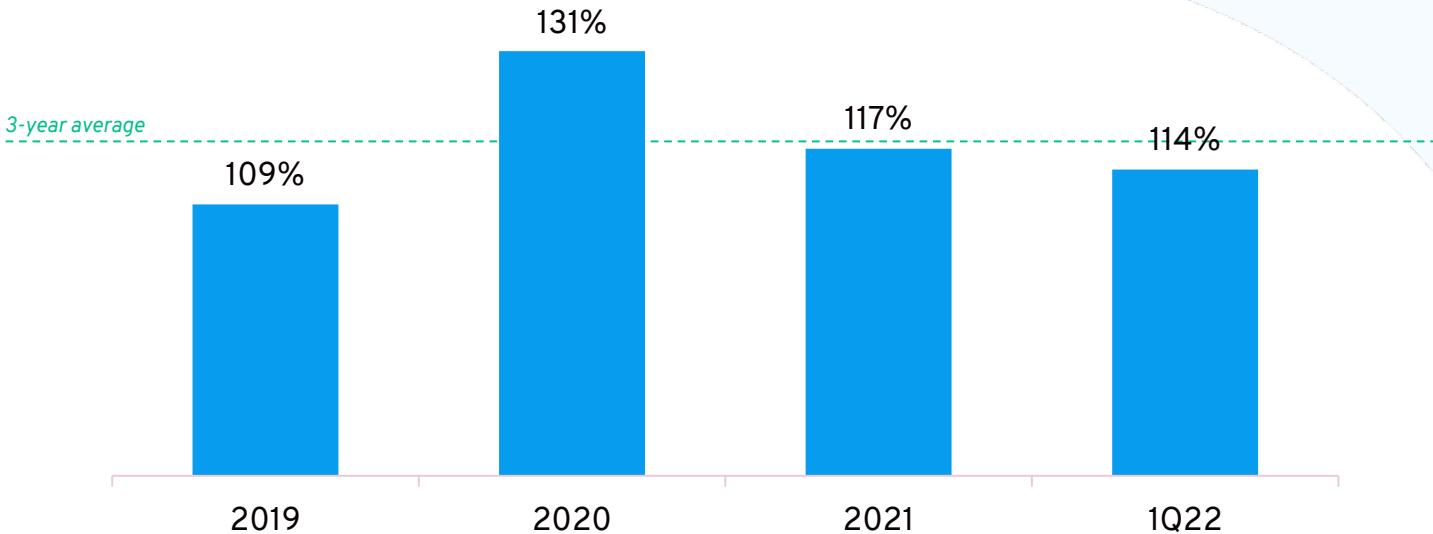
(1) Represents midpoint of revenue guidance provided in the Financial Outlook section of May 4, 2022 earnings press release.

Raising FY22  
guidance on  
strength in 1Q  
2022



# Dollar Based Net Retention Rate Performance

Growing usage and upsell within existing customers drives revenue growth



Note: As a result of the change in revenue segment reporting, our dollar-based net retention rates disclosed in previous SEC filings, press releases and presentations prior to reporting periods ended March 31, 2022, will not be directly comparable to our dollar-based net retention rates reported going forward. To facilitate comparison between the periods presented in the chart above, dollar-based net retention rates have been conformed to the current period methodology. Prior periods have been conformed to the current period presentation. Additional information regarding dollar-based net retention rate and how it is calculated is included in the Appendix.

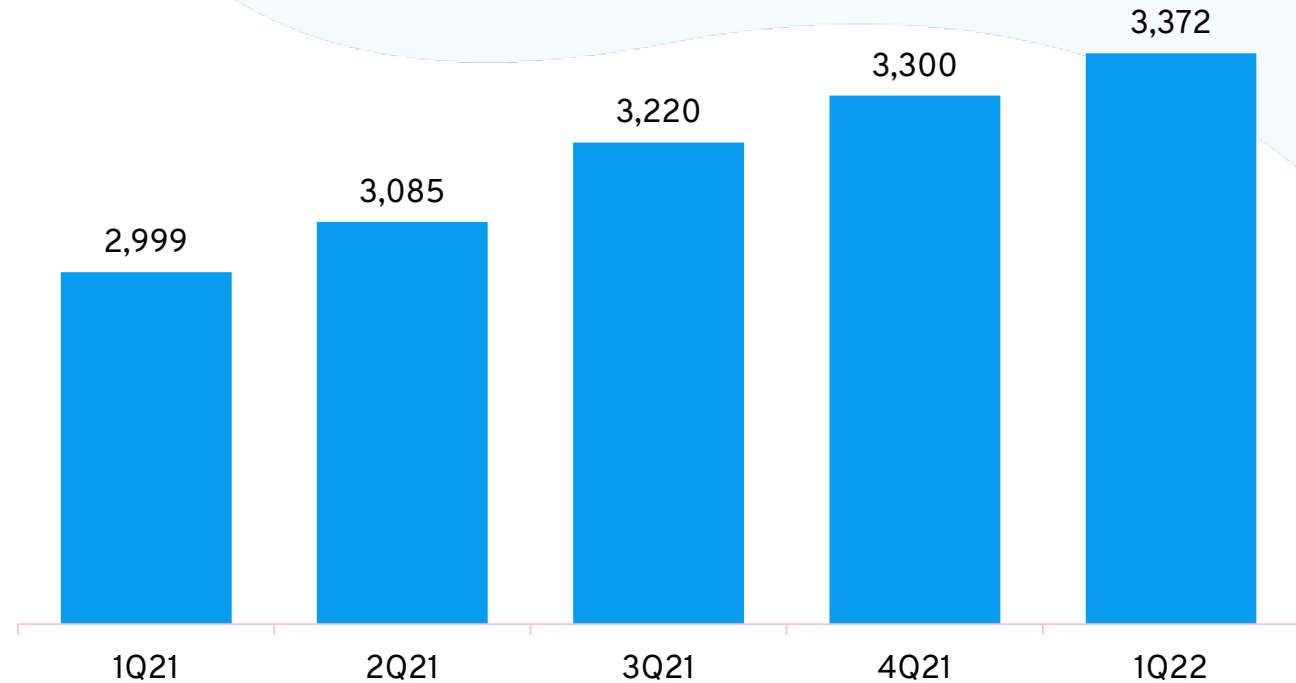
# \$158K

Average Annual  
Customer Revenue

# Diverse

No 10% of revenue  
customers

## Active Customers



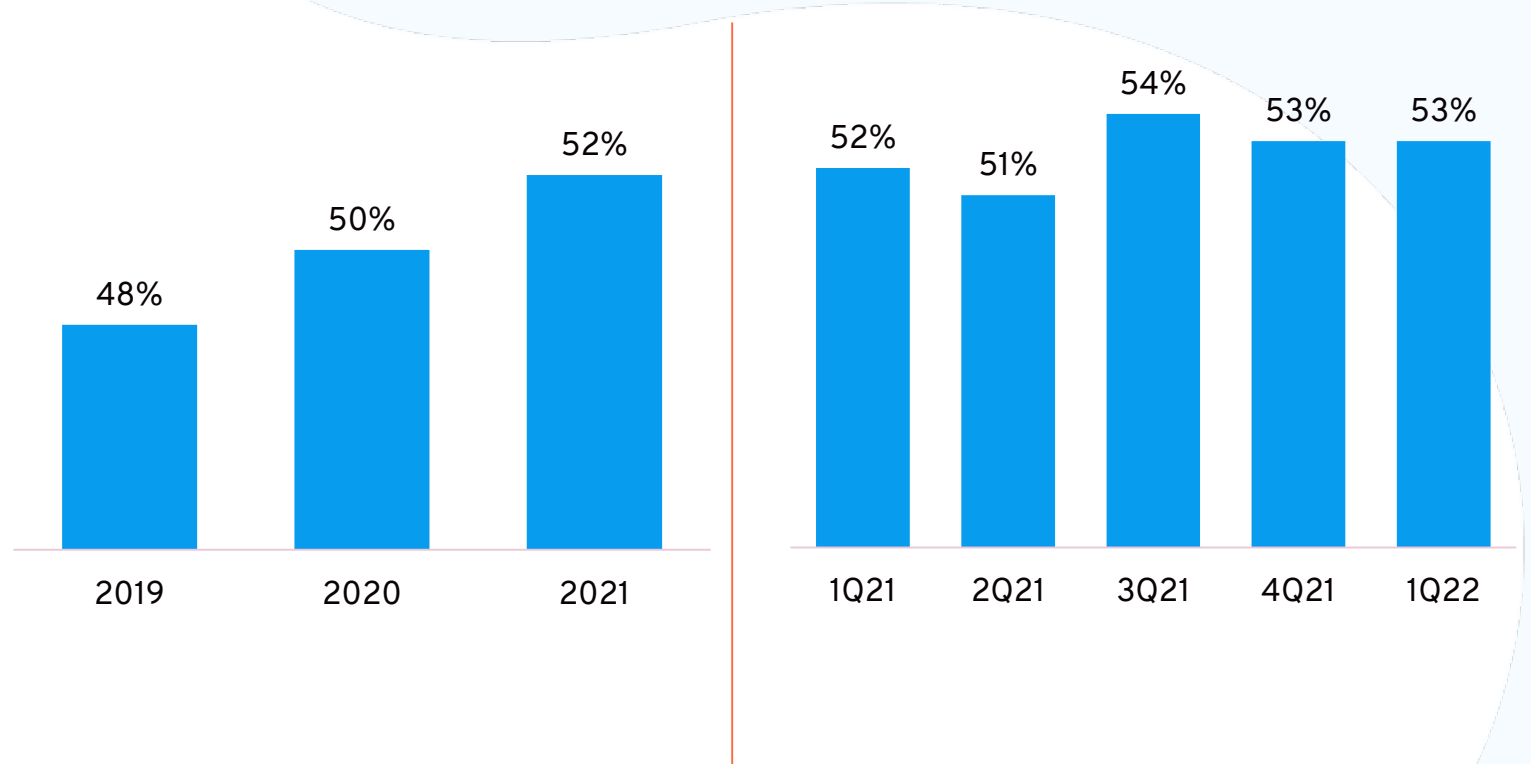
Note: As a result of the change in revenue segment reporting, our active customers disclosed in previous SEC filings, press releases and presentations prior to reporting periods ended March 31, 2022, will not be directly comparable to our active customers reported going forward. To facilitate comparison between the periods presented in the chart above, active customers have been conformed to the current period methodology. Prior periods have been conformed to the current period presentation. Additional information regarding active customers and how it is calculated is included in the Appendix.

# Non-GAAP Gross Margin Performance

Consistent margin expansion y/y

+100 bps

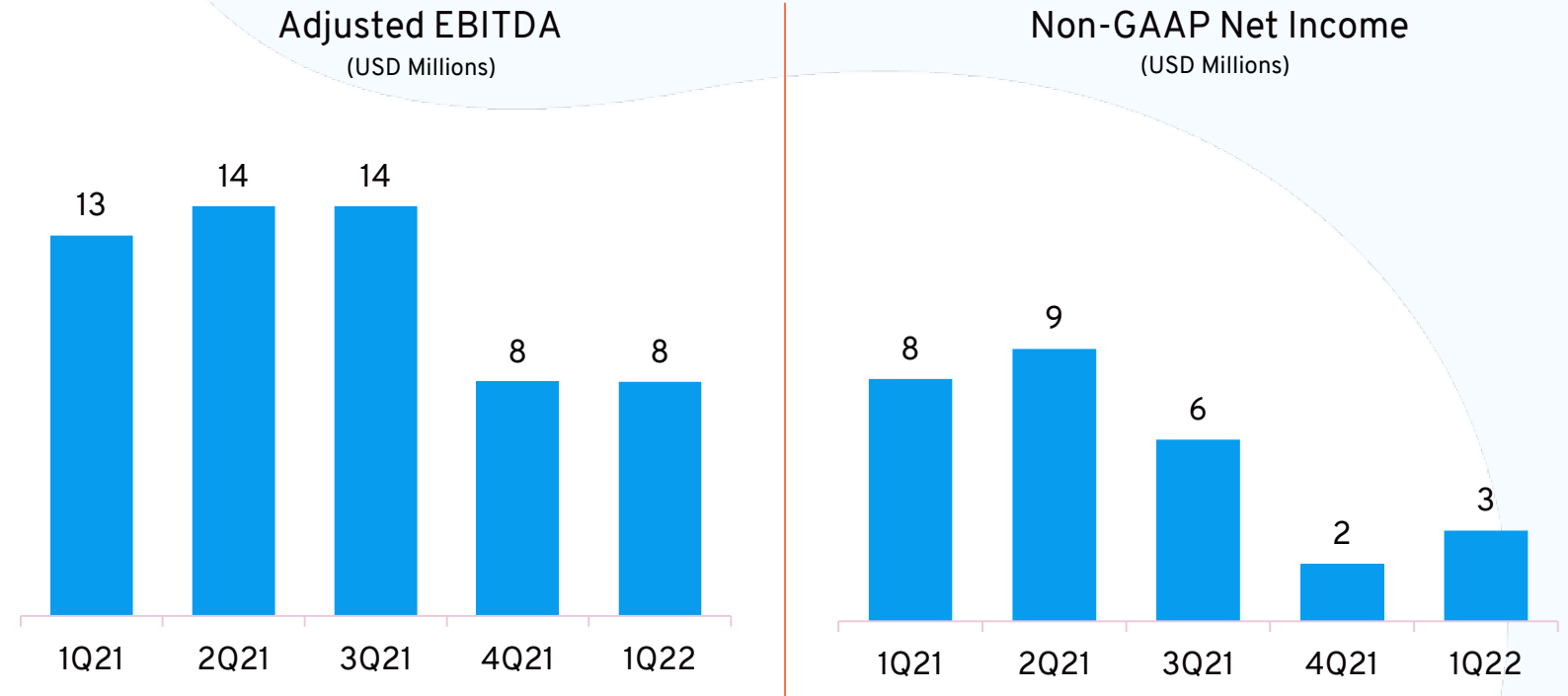
1Q22 Non-GAAP Gross Margin<sup>(1)</sup> increase y/y



(1) We calculate Non-GAAP gross margin by dividing non-GAAP gross profit by revenue less pass through messaging surcharges. See Appendix for GAAP to Non-GAAP reconciliation.

Committed  
to investing  
in our future  
with  
profitable  
discipline

# Profitability Performance



Note: See Appendix for definitions and GAAP to Non-GAAP reconciliation.

# 2Q and Full Year 2022 Outlook

	2Q 2022	FY 2022
Total Revenue <sup>(1)</sup>	132.5M – 134.5M	551M – 557M
Non-GAAP EPS <sup>(2)</sup>	(0.09) – (0.05)	0.10 – 0.14

(1) 2Q22 and full year 2022 revenue estimates are inclusive of the respective impact of previously disclosed \$16M-\$24M estimated annual impact of DDoS attack

(2) Assumes weighted average share count of approximately 25.3 million in 2Q 2022 and weighted average diluted share count of 31.2 million in FY 2022

**Thank you!**

# Appendix

# Cost and Expense Alignment

Aligning cost and expense categories for enhanced comparability

## Primary changes:

- Facilities and shared IT from G&A allocated by headcount to Cost of Revenue, R&D, S&M and G&A
- Product management aligned with R&D, formerly included in G&A
- Customer support and amortization of customer relationships aligned with S&M, formerly included in G&A

USD Millions	2021 as previously reported	2021 as reported	Change		
Cost of revenue	\$272	\$277	\$5		Facilities and shared IT costs allocated by headcount
Research and Development	\$55	\$70	\$14	+ Product management	
Sales and Marketing	\$52	\$82	\$31	+ Customer support and amortization of customer relationships	
General and Administrative	\$114	\$64	\$(50)		

Note: Totals may not sum due to rounding.



# Updated Cost, Expense, and Metric Reporting

(USD thousands)	1Q 2020		2Q 2020		3Q 2020		4Q 2020		2020		1Q 2021		2Q 2021		3Q 2021		4Q 2021		2021	
	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported	As reported	As previously reported
<b>Cost and Operating Expenses</b>																				
GAAP Cost of revenue	37,330	36,359	42,986	42,009	46,482	45,527	62,405	61,357	189,203	185,252	62,321	61,328	67,177	66,059	73,573	72,395	74,023	72,602	277,094	272,384
<b>Operating Expenses</b>																				
GAAP Research and development	12,552	9,530	12,595	9,554	13,293	10,232	16,115	12,743	54,555	42,059	16,789	13,333	16,390	12,817	16,857	13,359	19,469	15,664	69,505	55,173
GAAP Sales and marketing	14,105	9,417	13,094	8,655	13,815	9,001	20,202	13,479	61,216	40,552	19,110	11,992	20,205	12,584	21,143	13,592	21,875	13,649	82,333	51,817
GAAP General and administrative	7,415	16,096	8,383	16,840	9,304	18,134	26,542	37,685	51,644	88,755	15,296	26,863	15,952	28,264	18,127	30,354	14,837	28,289	64,212	113,770
<b>Total Operating Expenses</b>	<b>34,072</b>	<b>35,043</b>	<b>34,072</b>	<b>35,049</b>	<b>36,412</b>	<b>37,367</b>	<b>62,859</b>	<b>63,907</b>	<b>167,415</b>	<b>171,366</b>	<b>51,195</b>	<b>52,188</b>	<b>52,547</b>	<b>53,665</b>	<b>56,127</b>	<b>57,305</b>	<b>56,181</b>	<b>57,602</b>	<b>216,050</b>	<b>220,760</b>
<b>Stock-based Compensation Expenses</b>																				
Cost of revenue	198	175	(32)	(60)	69	46	71	47	306	208	101	72	94	66	80	52	89	62	364	252
Research and development	681	453	855	620	735	508	759	537	3,030	2,118	1,080	768	935	666	877	621	789	593	3,681	2,648
Sales and marketing	473	395	460	376	444	369	457	385	1,834	1,525	710	614	534	458	603	519	378	299	2,225	1,890
General and administrative	1,147	1,476	1,142	1,489	1,134	1,459	1,288	1,606	4,711	6,030	2,499	2,936	1,814	2,187	2,265	2,633	1,689	1,991	8,267	9,747
<b>Total</b>	<b>2,499</b>	<b>2,499</b>	<b>2,425</b>	<b>2,425</b>	<b>2,382</b>	<b>2,382</b>	<b>2,575</b>	<b>2,575</b>	<b>9,881</b>	<b>9,881</b>	<b>4,390</b>	<b>4,390</b>	<b>3,377</b>	<b>3,377</b>	<b>3,825</b>	<b>3,825</b>	<b>2,945</b>	<b>2,945</b>	<b>14,537</b>	<b>14,537</b>
<b>KPIs</b>																				
Dollar-based net retention rate	117%	126%	122%	133%	126%	131%	131%	133%	131%	131%	131%	125%	128%	114%	125%	108%	117%	92%	117%	110%
Active customers	1,832	1,808	1,918	1,900	2,050	2,015	2,879	2,848	2,879	2,848	2,999	2,959	3,085	3,051	3,220	3,173	3,300	3,228	3,300	3,228

Note: See Appendix for definitions of dollar-based net retention rate and active customers.

# Cost and Expense Category Definitions

- **Cost of revenue** consists of
  - Fees paid to other network service providers, network operations costs, personnel costs, allocated costs of facilities and information technology, amortization of acquired technology intangibles and depreciation.
  - Fees paid to other network service providers arise when the Company purchases services such as minutes of use, phone numbers, messages, porting of customer numbers and network circuits.
  - Network operations costs are incurred for web services and cloud infrastructure, capacity planning and management, software licenses, hardware and software maintenance fees, customer support and network related facility rents.
  - Personnel costs (including non-cash stock-based compensation expenses) arise for employees who are responsible for the delivery of services, and operations and maintenance of the communications network.
- **Research and Development** expenses consist of salaries and related personnel costs for the design, development, testing and enhancement of our cloud network and software products. Research and development expenses include depreciation and allocated costs for facilities and information technology utilized by our research and development staff.
- **Sales and Marketing** expenses consist of salaries and related personnel costs, commissions, and costs related to advertising, marketing, brand awareness activities, sales support and professional services fees, and customer billing and collections functions. Sales and marketing expenses include depreciation, amortization of acquired customer relationship intangible assets, and allocated costs of facilities and information technology utilized by our sales and marketing staff.
- **General and Administrative** expenses consist of salaries and related personnel costs for accounting, legal, human resources, corporate, and other administrative and compliance functions. General and administrative expenses include depreciation, expenditures for third party professional services, and allocated costs of facilities and information technology utilized by our corporate and administrative staff.
  - Prior to presentation changes in 2022, General and Administrative expenses included product management, customer billing and collections, and amortization of acquired customer relationship intangible assets.

Note: As part of the benchmarked definitions, the Company has included allocations of facilities and shared IT costs based on employee headcount within the cost of revenue, research and development, sales and marketing and general and administrative expense categories.

# Historical Metrics

USD millions

	FY19	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22
<b>Total Revenue</b>	232.6	68.5	76.8	84.8	113.0	343.1	113.5	120.7	130.6	126.1	490.9	131.4
<b>Total Gross Profit</b>	104.2	31.2	33.8	38.3	50.6	153.9	51.2	53.5	57.1	52.1	213.8	55.4
<b>Non-GAAP Gross Profit</b>	111.3	33.8	36.2	40.7	54.8	165.7	56.6	58.8	62.4	57.5	235.3	60.9
<b>Non-GAAP Gross Margin<sup>(1)</sup></b>	48%	50%	48%	50%	51%	50%	52%	51%	54%	53%	52%	53%
<b>Net Income (Loss)</b>	2.5	(1.1)	(20.6)	(2.4)	(19.9)	(44.0)	(5.3)	(6.9)	(6.9)	(8.2)	(27.4)	(6.8)
<b>Non-GAAP Net Income (Loss)</b>	(5.3)	1.1	3.1	6.5	3.5	14.2	8.3	8.6	6.5	2.3	25.7	2.5
<b>Adjusted EBITDA</b>	(1.1)	3.1	5.5	9.3	8.3	26.2	13.4	13.8	14.2	8.3	49.6	8.4
<b>Adjusted EBITDA Margin</b>	0%	5%	7%	11%	7%	8%	12%	11%	11%	7%	10%	6%
<b>Cash and Investments</b>	185.0	517.9	522.7	532.1	121.4	121.4	339.3	319.0	331.1	332.3	332.3	317.0
<b>Operating Cash Flow</b>	(1.3)	(7.6)	7.3	11.6	(6.8)	4.5	10.0	(1.2)	14.8	17.1	40.8	(6.7)
<b>Capital Expenditures<sup>(2)</sup></b>	(25.8)	(4.4)	(4.6)	(2.3)	(3.2)	(14.6)	(7.9)	(17.8)	(2.7)	(8.8)	(37.2)	(5.9)
<b>Free Cash Flow</b>	(27.0)	(12.0)	2.7	9.3	(10.0)	(10.1)	2.1	(18.9)	12.2	8.3	3.6	(12.6)
<b>Active Customers</b>	1,736	1,832	1,918	2,050	2,879	2,879	2,999	3,085	3,220	3,300	3,300	3,372
<b>DBNRR</b>	109%	117%	122%	126%	131%	131%	131%	128%	125%	117%	117%	114%

(1) Calculated by dividing Non-GAAP gross profit by revenue less pass-through surcharges of \$1.3M in FY19, \$1.3M in 1Q20, \$1.6M in 2Q20, \$2.6M in 3Q20, \$5.6M in 4Q20, \$4.0M in 1Q21, \$6.3M in 2Q21, \$14.3M in 3Q21, \$16.8M in 4Q21 and \$17.4M in 1Q22.

(2) Represents the acquisition cost of property, equipment and capitalized development costs for software for internal use.

Note: Totals may not sum due to rounding.

# GAAP to Non-GAAP Reconciliation – Net Income

USD millions, except per share amounts

	FY19	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22
<b>Net income (Loss)</b>	<b>2.5</b>	<b>(1.1)</b>	<b>(20.6)</b>	<b>(2.4)</b>	<b>(19.9)</b>	<b>(44.0)</b>	<b>(5.3)</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(8.2)</b>	<b>(27.4)</b>	<b>(6.8)</b>
Stock-based compensation	6.6	2.5	2.4	2.4	2.6	9.9	4.4	3.4	3.8	2.9	14.5	5.3
Amortization of acquired intangibles	0.5	0.1	0.1	0.1	3.3	3.7	4.9	4.9	4.8	4.6	19.1	4.6
Amortization of debt discount and issuance costs for convertible debt	-	1.7	4.5	4.6	4.7	15.6	5.2	7.1	7.2	7.3	26.7	0.8
Acquisition-related expenses	-	-	-	1.7	12.7	14.5	-	-	-	-	0.0	-
Loss on disposal of property and equipment	0.5	0.2	0.0	0.0	0.1	0.3	0.2	0.1	0.0	0.5	0.8	0.2
Gain on sale of business	-	-	-	-	-	-	-	-	-	-	-	(0.9)
Estimated tax effects of adjustments <sup>(1)</sup>	(15.4)	(2.5)	16.6	0.0	0.1	14.3	(1.0)	0.1	(2.3)	(4.8)	(8.1)	(0.6)
<b>Non-GAAP net income (Loss)</b>	<b>(5.3)</b>	<b>1.1</b>	<b>3.1</b>	<b>6.5</b>	<b>3.5</b>	<b>14.2</b>	<b>8.3</b>	<b>8.6</b>	<b>6.5</b>	<b>2.3</b>	<b>25.7</b>	<b>2.5</b>
Cash interest expense on convertible notes <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	0.4
<b>Non-GAAP net income diluted per Non-GAAP share</b>	<b>(5.3)</b>	<b>1.1</b>	<b>3.1</b>	<b>6.5</b>	<b>3.5</b>	<b>14.2</b>	<b>8.3</b>	<b>8.6</b>	<b>6.5</b>	<b>2.3</b>	<b>25.7</b>	<b>2.9</b>
<b>Net income (loss) per share</b>												
Basic	0.11	(0.04)	(0.86)	(0.10)	(0.81)	(1.83)	(0.21)	(0.28)	(0.28)	(0.33)	(1.09)	(0.27)
Diluted	0.10	(0.04)	(0.86)	(0.10)	(0.81)	(1.83)	(0.21)	(0.28)	(0.28)	(0.33)	(1.09)	(0.27)
<b>Non-GAAP net income (loss) per share</b>												
Basic	(0.23)	0.05	0.13	0.27	0.14	0.59	0.33	0.34	0.26	0.09	1.02	0.10
Diluted	(0.23)	0.04	0.13	0.24	0.13	0.55	0.30	0.32	0.25	0.09	0.97	0.09
<i>Non-GAAP weighted average number of shares outstanding</i>												
<b>Non-GAAP basic shares</b>	<b>22.6</b>	<b>23.6</b>	<b>24.0</b>	<b>24.2</b>	<b>24.7</b>	<b>24.1</b>	<b>25.0</b>	<b>25.1</b>	<b>25.1</b>	<b>25.1</b>	<b>25.1</b>	<b>25.2</b>
Convertible debt conversion	-	-	-	1.7	2.0	1.0	1.8	1.2	0.9	-	1.0	5.8
Stock options issued and outstanding	-	0.7	0.4	0.3	0.2	0.4	0.2	0.2	0.2	0.2	0.2	0.1
Nonvested RSUs outstanding	-	0.2	0.3	0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.2	-
<b>Non-GAAP diluted shares</b>	<b>22.6</b>	<b>24.5</b>	<b>24.7</b>	<b>26.5</b>	<b>27.2</b>	<b>25.9</b>	<b>27.3</b>	<b>26.7</b>	<b>26.4</b>	<b>25.4</b>	<b>26.5</b>	<b>31.1</b>

(1) The Non-GAAP tax-effect adjustments are calculated based on statutory tax rates, net of valuation allowance adjustments, in the jurisdictions where Bandwidth has tax filings.

(2) Upon the adoption of ASU 2020-06, net income is increased for cash interest expense as part of the calculation for diluted Non-GAAP earnings per share

Note: Totals may not sum due to rounding.

# GAAP to Non-GAAP Reconciliations – Gross Profit, Adjusted EBITDA, Free Cash Flow

USD millions

	FY19	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22
<b>Gross Profit</b>	<b>104.2</b>	<b>31.2</b>	<b>33.8</b>	<b>38.3</b>	<b>50.6</b>	<b>153.9</b>	<b>51.2</b>	<b>53.5</b>	<b>57.1</b>	<b>52.1</b>	<b>213.8</b>	<b>55.4</b>
<b>Gross Margin %</b>	<b>45%</b>	<b>46%</b>	<b>44%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>44%</b>	<b>44%</b>	<b>41%</b>	<b>44%</b>	<b>42%</b>
Depreciation	6.6	2.4	2.5	2.4	2.7	10.0	3.1	3.1	3.1	3.3	12.6	3.4
Stock-based compensation	0.2	0.2	0.0	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.4	0.1
Amortization of acquired intangible	-	-	-	-	1.4	1.4	2.2	2.2	2.1	2.1	8.5	2.0
<b>Non-GAAP Gross Profit</b>	<b>111.3</b>	<b>33.8</b>	<b>36.2</b>	<b>40.7</b>	<b>54.8</b>	<b>165.7</b>	<b>56.6</b>	<b>58.8</b>	<b>62.4</b>	<b>57.5</b>	<b>235.3</b>	<b>60.9</b>
<b>Non-GAAP Gross Margin %<sup>(1)</sup></b>	<b>48%</b>	<b>50%</b>	<b>48%</b>	<b>50%</b>	<b>51%</b>	<b>50%</b>	<b>52%</b>	<b>51%</b>	<b>54%</b>	<b>53%</b>	<b>52%</b>	<b>53%</b>

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22
<b>Net Income (Loss)</b>	<b>2.5</b>	<b>(1.1)</b>	<b>(20.6)</b>	<b>(2.4)</b>	<b>(19.9)</b>	<b>(44.0)</b>	<b>(5.3)</b>	<b>(6.9)</b>	<b>(6.9)</b>	<b>(8.2)</b>	<b>(27.4)</b>	<b>(6.8)</b>
Income tax (provision) benefit	(17.7)	(2.7)	16.5	0.0	1.2	15.0	(0.3)	0.3	0.3	(4.1)	(3.8)	0.2
Interest expense, net	(2.4)	0.9	3.9	4.2	4.7	13.7	5.4	7.7	7.7	8.0	28.8	1.3
Depreciation	9.018	3.168	3.212	3.157	3.600	13.137	4.176	4.338	4.469	4.540	17.523	4.604
Amortization	0.5	0.1	0.1	0.1	3.3	3.7	4.9	4.9	4.8	4.6	19.1	4.6
Acquisition-related expenses	-	-	-	1.7	12.7	14.5	-	-	-	-	-	-
Stock-based compensation	6.6	2.5	2.4	2.4	2.6	9.9	4.4	3.4	3.8	2.9	14.5	5.3
Loss on disposal of property and equipment	0.5	0.2	0.0	0.0	0.1	0.3	0.2	0.1	0.0	0.5	0.8	0.2
Gain on sale of business	-	-	-	-	-	-	-	-	-	-	-	(0.9)
<b>Adjusted EBITDA</b>	<b>(1.1)</b>	<b>3.1</b>	<b>5.5</b>	<b>9.3</b>	<b>8.3</b>	<b>26.2</b>	<b>13.4</b>	<b>13.8</b>	<b>14.2</b>	<b>8.3</b>	<b>49.6</b>	<b>8.4</b>

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22
Net cash provided by operating activities from continuing operations	(1.3)	(7.6)	7.3	11.6	(6.8)	4.5	10.0	(1.2)	14.8	17.1	40.8	(6.7)
Net cash used in investing in capital assets <sup>(2)</sup>	(25.8)	(4.4)	(4.6)	(2.3)	(3.2)	(14.6)	(7.9)	(17.8)	(2.7)	(8.8)	(37.2)	(5.9)
<b>Free cash flow</b>	<b>(27.0)</b>	<b>(12.0)</b>	<b>2.7</b>	<b>9.3</b>	<b>(10.0)</b>	<b>(10.1)</b>	<b>2.1</b>	<b>(18.9)</b>	<b>12.2</b>	<b>8.3</b>	<b>3.6</b>	<b>(12.6)</b>

(1) Calculated by dividing Non-GAAP gross profit by revenue less pass-through surcharges of \$1.3M in FY19, \$1.3M in 1Q20, \$1.6M in 2Q20, \$2.6M in 3Q20, \$5.6M in 4Q20, \$4.0M in 1Q21, \$6.3M in 2Q21, \$14.3M in 3Q21, \$16.8M in 4Q21 and \$17.4M in 1Q22.

(2) Represents the acquisition cost of property, equipment and capitalized development costs for software for internal use.

Note: Totals may not sum due to rounding.

# Definitions

**Non-GAAP Net Income:** net income adjusted for certain items affecting period to period comparability. Non-GAAP net income excludes stock-based compensation, amortization of acquired intangible assets, amortization of debt discount and issuance costs for convertible debt, acquisition related expenses, impairment charges of intangibles assets, loss (gain) on disposal of property and equipment, net cost associated with early lease terminations and leases without economic benefit, estimated tax impact of above adjustments, income tax (benefit) provision resulting from excess tax benefits associated with the exercise of stock options, vesting of restricted stock units and equity compensation, and expense resulting from recording the valuation allowance on our deferred tax assets (“DTA”). See Appendix for non-GAAP reconciliation.

**Adjusted EBITDA:** net (loss) income adjusted to reflect the addition or elimination of certain statement of operations items including, but not limited to: income tax (benefit) provision, interest (income) expense, net, depreciation and amortization expense, acquisition related expenses, stock-based compensation expense, impairment of intangible assets, loss (gain) from disposal of property and equipment and net cost associated with early lease terminations and leases without economic benefit.

**Active customers:** an active customer account at the end of any period as an individual account for which we have recognized at least \$100 of revenue in the last month of the period.

**Dollar-based Net Retention Rate (DBNRR):** to calculate the dollar-based net retention rate, we first identify the cohort of customers that generate revenue and that were customers in the same quarter of the prior year. The dollar-based net retention rate is obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. The dollar-based net retention rate reported in a quarter is then obtained by averaging the result from that quarter, by the corresponding results from each of the prior three quarters. Customers of acquired businesses are included in the subsequent year’s calendar quarter of acquisition.