

# Q2 2023 Earnings Presentation

August 7, 2023

# Safe Harbor and Non-GAAP Measures

This presentation includes forward-looking statements within the meaning of the federal securities laws. These statements relate to, among other things, our business strategy and goals, growth of the market for our services, our future financial and operating results, including our GAAP and non-GAAP guidance, the assumptions underlying our guidance, as well as macroeconomic factors, including Russia's ongoing invasion of Ukraine.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct.

Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors including those that are described in greater detail in our Form 10-K for the year ended December 31, 2022, our Form 10-Q for the three months ended March 31, 2023 and in our other filings with the Securities and Exchange Commission from time to time. All future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. We undertake no obligation to update any forward-looking statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of this presentation.

In this presentation, we provide certain historical non-GAAP financial measures, which are reconciled to their directly comparable GAAP financial measures. These reconciliations are presented in the Appendix at the end of this presentation.

We provide guidance on forecasted non-GAAP operating margin, non-GAAP tax rates, non-GAAP EPS and adjusted, unlevered free cash flow. Reconciliations of our forecasted non-GAAP operating margin to the most directly comparable GAAP financial measure is presented in the Reconciliation slides at the end of this presentation. We have not reconciled our forecasted non-GAAP EPS to its respective forecasted GAAP measure because we do not provide guidance on it.

We do not provide guidance on forecasted GAAP EPS because of the inherent uncertainty and complexity involved in forecasting the intercompany remeasurement gain (loss), gain (loss) associated with investments, gain (loss) on early debt conversions, and provision (benefit) from income taxes, which could be significant reconciling items between the non-GAAP and respective GAAP measures. The intercompany remeasurement gain (loss) is affected by the movement in various exchange rates relative to the U.S. Dollar, which is difficult to predict and subject to constant change. We do not provide guidance on gain (loss) associated with investments as it is based on future share prices, which are difficult to predict and subject to inherent uncertainties. We do not provide guidance on gain (loss) on debt early conversions as it is based on future conversion requests, future share prices, and interest rates, which are difficult to predict and are subject to inherent uncertainties. We do not provide guidance on forecasted GAAP tax rates as we do not forecast discrete tax items as they are difficult to predict. The provision (benefit) from income taxes, excluding discrete items, is expected to have an immaterial impact to our GAAP EPS. We utilized a projected long-term tax rate in our computation of the non-GAAP income tax provision. For fiscal 2023, we have determined the projected non-GAAP tax rate to be 22.5%. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort. We have not reconciled adjusted, unlevered free cash flow guidance to net cash provided by (used in) operating activities because we do not provide guidance on the reconciling items between net cash provided by (used in) operating activities and adjusted, unlevered free cash flow due to the uncertainty regarding, and the potential variability of, these items. Accordingly, a reconciliation of net cash provided by (used in) operating activities to adjusted, unlevered free cash flow guidance is not available without unreasonable effort.

We also provide other measures such as software subscriptions annualized exit monthly recurring subscriptions (ARR), mid-market and enterprise ARR, enterprise ARR, and bookings.

# Q2 2023 Highlights

Total Revenue

**\$539M**

Up 11% Y/Y

ARR

**\$2.22B**

Up 12% Y/Y

Operating Margin<sup>(1)</sup>

**19.4%**

Quarterly Record

Adj. unlevered FCF

**\$81M**

Quarterly Record

1) Non-GAAP Operating Margin

# Near Term Focus



Innovation



Healthy  
Growth



Increasing  
Profitability

# Why We Win

## Trust

Built on World-class Security and Reliability

## Innovation

Leading Innovation in Integrated  
UCaaS + CCaaS Platform

## Partnerships

Unmatched Partner Ecosystem

# Commitment to Trust

100x Better Reliability vs Three Nines

**RingCentral**<sup>®</sup>

Annual  
downtime  
allowed

99.9%

8.8 hours

99.99%

52.6 minutes

99.999%

5.3 minutes

20

straight quarters  
of 99.999%  
performance



“RingCentral is fully redundant geographically in every location where the company operates. This is a **key differentiator** between RingCentral and its competitors as many are not geographically redundant internationally.”

# Product Innovations

UPDATE

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*RingSense*  
for Sales

NEW

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*RingSense*  
for Phone

NEW

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*RingCX*  
Native Intelligent  
Contact Center

# RingSense

for Sales

Intelligent scoring

PARTICIPANTS	SCORE
 Product demo	2 
 Holiday promo	7
 Annual license	9

## WHAT'S NEW

- **Integrations:** Salesforce, Hubspot, Microsoft Dynamics, Zoho, Gmail, Outreach, Connect & Sell, Outlook Calendar
- **Deal Scoring:** See how deals are progressing and pipeline health
- **AI Coaching:** Help agents improve interactions
- **AI Win/Loss Analysis:** Automate reporting of deal progression



# RingSense for Phone

*Enables organizations to apply AI to their voice conversations and leverage deep insights to boost productivity and collaborate more efficiently.*

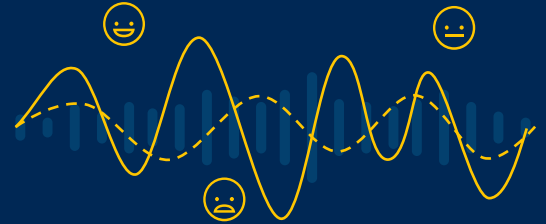
## Highlights



Live transcription &  
closed captioning



Actionable  
insights



Sentiment  
analysis

# Ring CX

*Native, intelligent contact center*

## Highlights



Native Integrated  
Omnichannel



Easy to use  
and deploy



AI powered

# Expanding Video Offerings With Acquisition of Events and Session Product Lines From Hopin

**RingCentral**<sup>®</sup>

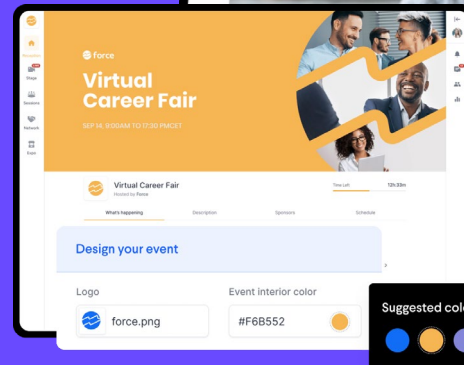
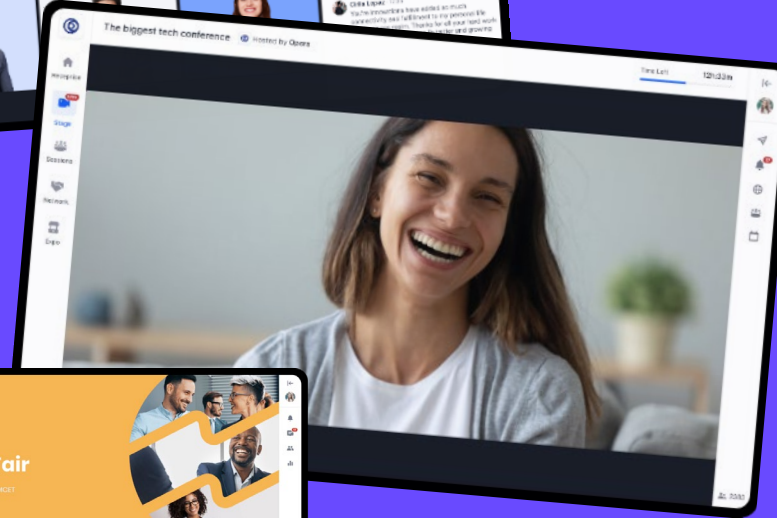
 **hopin**events



# Hopin Events

The world's leading virtual event platform.

- Best-in-class user experience including full event marketing, ticketing, and registration capabilities
- The most event branding customization on the market
- Largest event technology App Store
- Multi-track conferencing venue with Lobby, Stages, Sessions, Networking, and Expo Booths
- In-Platform collaborative Video capabilities with speaker management & production
- Library of data integrations and robust attendee analytics reports



# Unmatched Partner Ecosystem



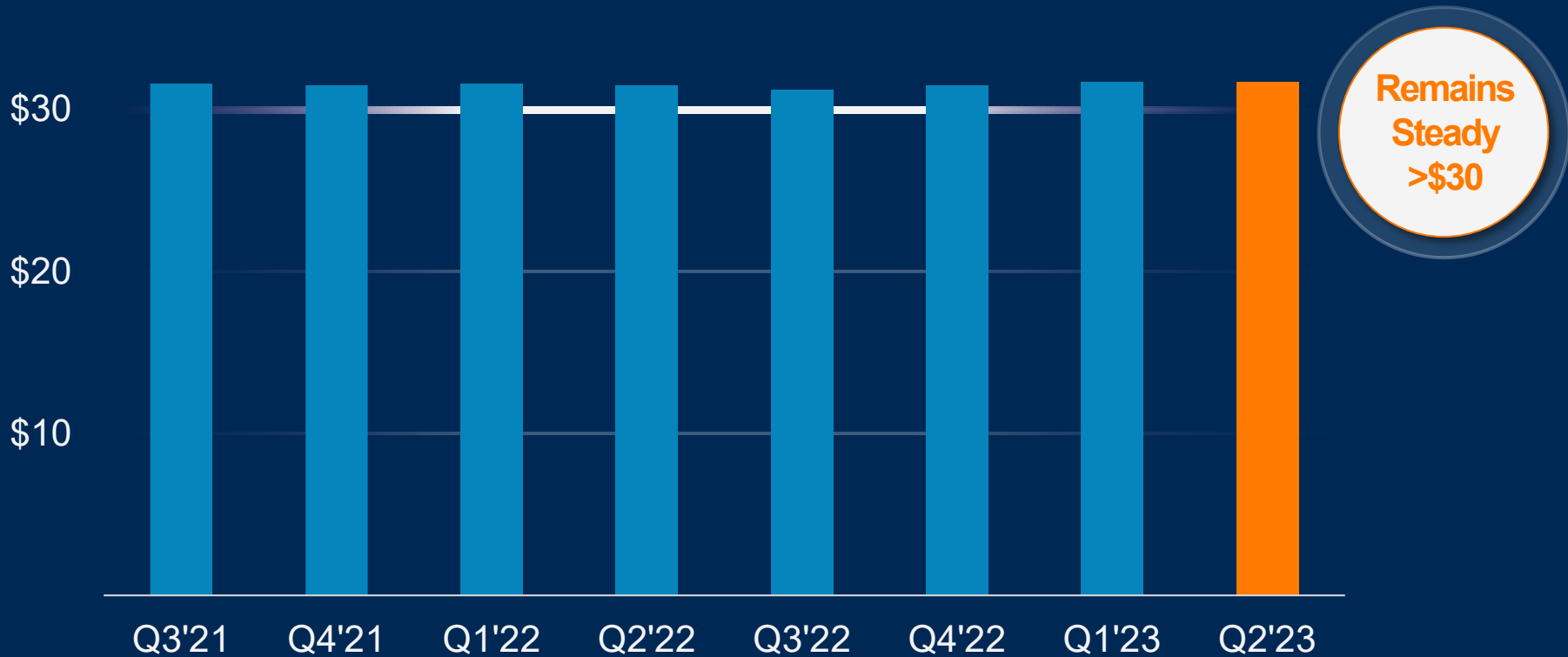
15,000+ Channel Partners



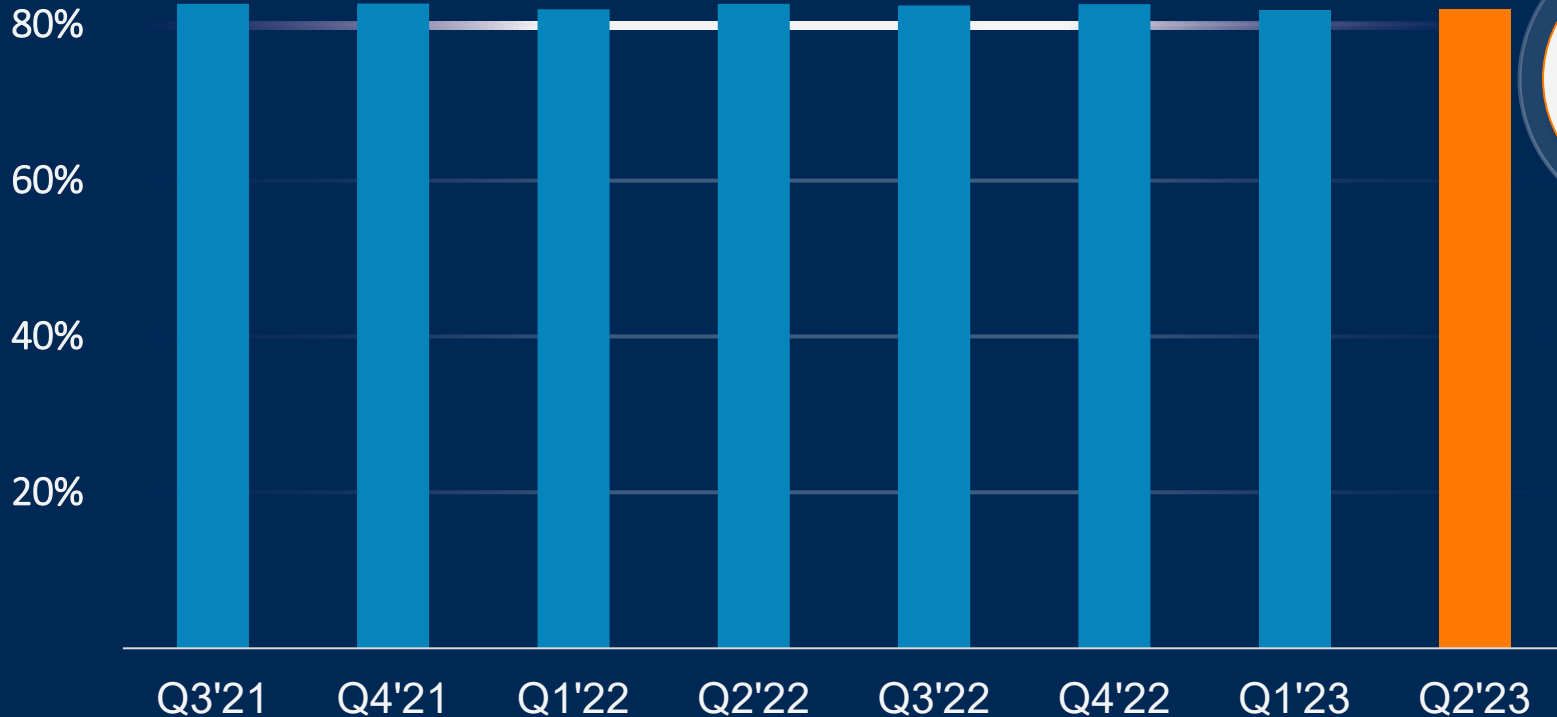
# Financial Update



# Overall Average Revenue per User (ARPU)



# Non-GAAP Subscriptions Gross Margin



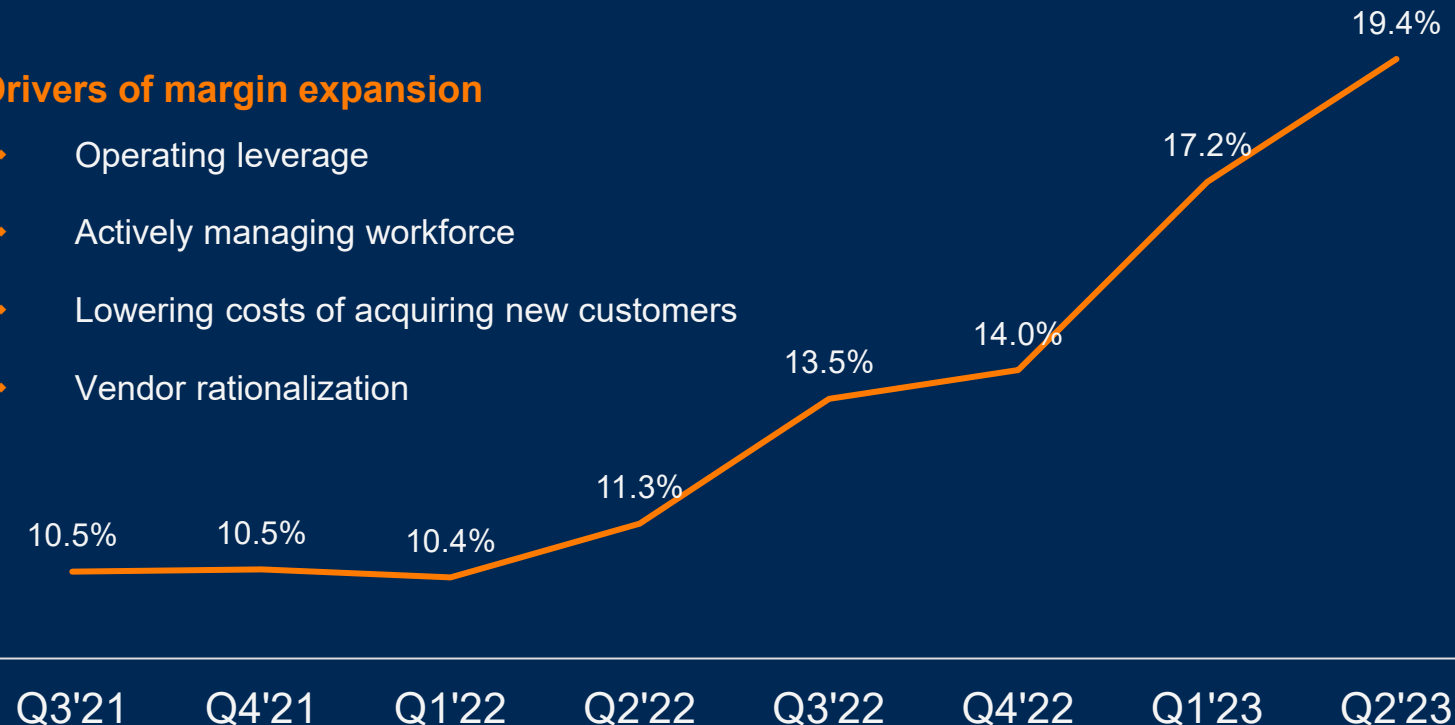


# Expanding Operating Margin<sup>(1)</sup>

Quarterly  
Record

## Drivers of margin expansion

- ❖ Operating leverage
- ❖ Actively managing workforce
- ❖ Lowering costs of acquiring new customers
- ❖ Vendor rationalization



(1) Non-GAAP Operating Margin

# Q3 2023 Guidance

	Q3 2023
➤ Subscriptions Revenue Growth Y/Y	9% to 10%
➤ Total Revenue Growth Y/Y	8% to 9%
➤ Non-GAAP Operating Margin	18.0% to 18.5%
➤ Non-GAAP EPS	\$0.75 - \$0.78

# FY 2023 Guidance

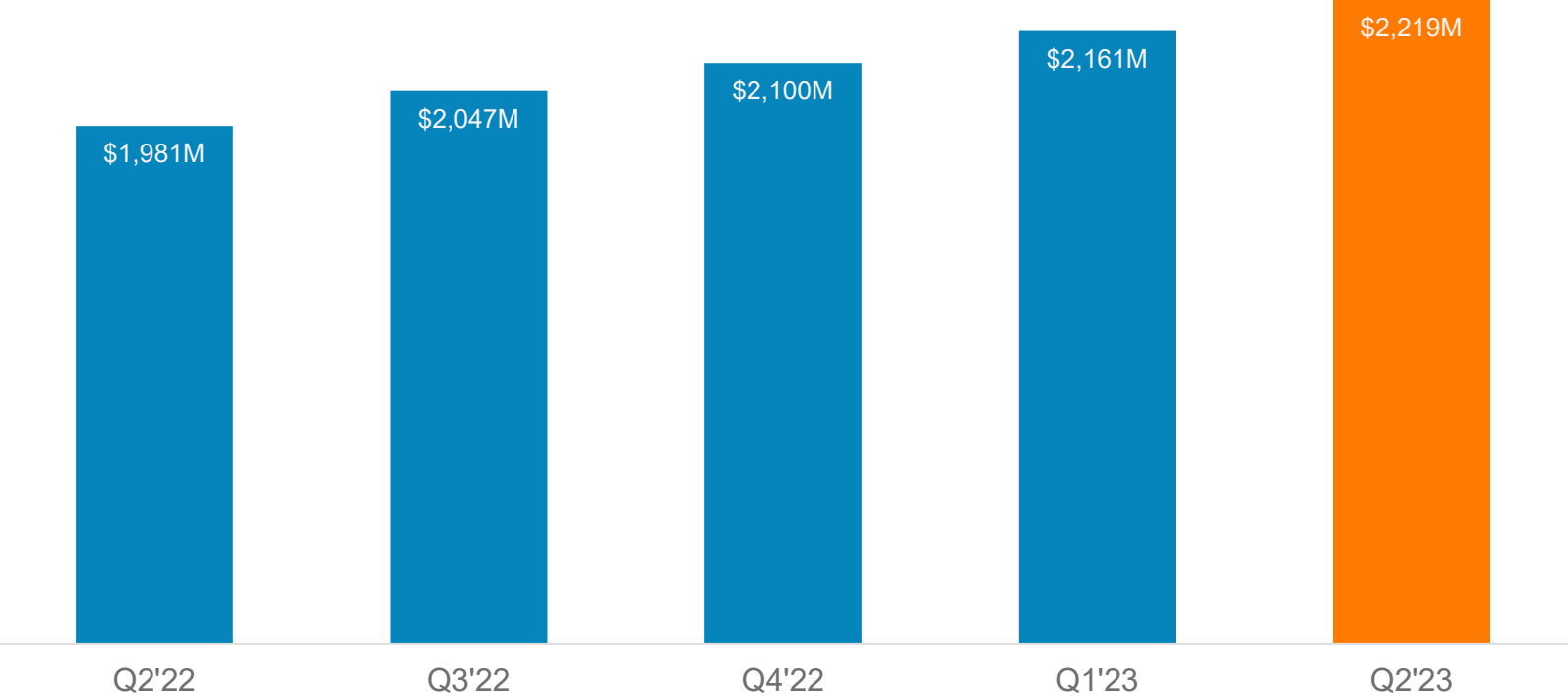
	Prior	Current
➤ Subscriptions Revenue Growth Y/Y	11%	11%
➤ Total Revenue Growth Y/Y	10% – 11%	10% – 11%
➤ Non-GAAP Operating Margin	At least 18.5%	18.5% to 19.0%
➤ Non-GAAP EPS	\$3.19 - \$3.25 <sup>(1)</sup>	\$3.11 - \$3.25
➤ Adj. Unlevered Free Cash Flow	N/A	\$270 - \$290 mil.

(1) Outlook does not include expected interest income (expense)

# Appendix



# Total ARR



# Q2 2023 Financial Highlights

		\$ Metric	Y/Y Growth
<b>Revenue</b>	Subscriptions Revenue	\$514M	11%
	Other Revenue	\$26M	7%
	Total Revenue <sup>1</sup>	\$539M	11%
<b>ARR</b>	Total	\$2,219M	12%
	Customer ARR by Size		
	<i>Mid-Market and Enterprise<sup>2</sup></i>	\$1,371M	13%
	<i>Enterprise<sup>3</sup></i>	\$935M	13%

1) May not sum due to rounding.

2) Mid-market and Enterprise ARR is defined as customers that generate \$25,000 or greater annualized recurring revenue (ARR)

3) Enterprise ARR is defined as customers that generate \$100,000 or greater ARR

# Q2 2023 Results vs Guidance

	Q2 Guidance	Q2 Results
Subscriptions Revenue	\$511M - \$513M	\$514M
Subscriptions Revenue Growth Y/Y	10% – 11%	11%
Total Revenue	\$535M – \$537M	\$539M
Total Revenue Growth Y/Y	10%	11%
GAAP Operating Margin	(10.0%) - (8.9%)	(8.4%)
Non-GAAP Operating Margin	17.5%	19.4%
Non-GAAP EPS	\$0.74 - \$0.76 <sup>(1)</sup>	\$0.83

(1) Outlook does not include expected interest income (expense)

# Q3 2023 Guidance

	Q3 2023
Subscriptions Revenue	\$526M – \$530M
Subscriptions Revenue Growth Y/Y	9% - 10%
Total Revenue	\$552M – \$556M
Total Revenue Growth Y/Y	8% - 9%
GAAP Operating Margin	(9.1%) - (7.3%)
Non-GAAP Operating Margin	18.0% - 18.5%
Non-GAAP Tax Rate	22.5%
Non-GAAP EPS	\$0.75 - \$0.78



# FY 2023 Guidance

	Prior	Current
Subscriptions Revenue	\$2,086M - \$2,104M	\$2,086M - \$2,104M
Subscriptions Revenue Growth Y/Y	11%	11%
Total Revenue	\$2,187M - \$2,205M	\$2,187M - \$2,205M
Total Revenue Growth Y/Y	10% - 11%	10% - 11%
GAAP Operating Margin	(7.9%) - (6.6%)	(8.0%) - (6.3%)
Non-GAAP Operating Margin	18.5%	18.5% - 19.0%
Non-GAAP Tax Rate	22.5%	22.5%
Non-GAAP EPS	\$3.19 - \$3.25 <sup>(1)</sup>	\$3.11 - \$3.25

(1) Outlook does not include expected interest income (expense)

**RINGCENTRAL, INC.**  
**RECONCILIATION OF OPERATING INCOME (LOSS)**  
**GAAP MEASURES TO NON-GAAP MEASURES**  
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Revenues</b>				
Subscriptions	\$ 513,632	\$ 462,984	\$1,021,926	\$ 902,911
Other	25,673	23,912	51,068	51,641
Total revenues	<u>539,305</u>	<u>486,896</u>	<u>1,072,994</u>	<u>954,552</u>
<b>Cost of revenues reconciliation</b>				
GAAP Subscriptions cost of revenues	136,067	131,022	272,492	260,711
Share-based compensation	(6,753)	(6,648)	(13,704)	(13,844)
Amortization of acquired intangibles	(36,639)	(42,758)	(73,279)	(85,859)
Third-party relocation and other costs	(12)	(1,155)	(12)	(1,155)
Restructuring costs	(232)	(156)	(637)	(156)
Non-GAAP Subscriptions cost of revenues	<u>92,431</u>	<u>80,305</u>	<u>184,860</u>	<u>159,697</u>
GAAP Other cost of revenues	28,350	27,168	52,601	52,953
Share-based compensation	(2,393)	(2,231)	(4,512)	(4,639)
Amortization of acquired intangibles	(22)	(19)	(44)	(31)
Restructuring costs	(39)	—	(52)	—
Non-GAAP Other cost of revenues	<u>25,896</u>	<u>24,918</u>	<u>47,993</u>	<u>48,283</u>
<b>Gross profit and gross margin reconciliation</b>				
Non-GAAP Subscriptions	82.0 %	82.7 %	81.9 %	82.3 %
Non-GAAP Other	(0.9)%	(4.2)%	6.0 %	6.5 %
Non-GAAP Gross profit	78.1 %	78.4 %	78.3 %	78.2 %
<b>Operating expenses reconciliation</b>				
GAAP Research and development	80,280	96,518	165,521	186,792
Share-based compensation	(23,298)	(23,761)	(47,228)	(48,159)
Third-party relocation and other costs	(1,504)	(12,541)	(1,563)	(16,092)
Restructuring costs	(1,053)	(89)	(2,487)	(339)
Non-GAAP Research and development	<u>54,425</u>	<u>60,127</u>	<u>114,243</u>	<u>122,202</u>
As a % of total revenues non-GAAP	10.1 %	12.3 %	10.6 %	12.8 %
GAAP Sales and marketing	264,443	265,398	524,655	519,853
Share-based compensation	(40,734)	(39,697)	(78,776)	(81,610)
Amortization of acquired intangibles	(834)	(915)	(1,395)	(1,852)
Third-party relocation and other costs	(15)	(14)	(15)	(14)
Restructuring costs	(1,370)	(737)	(3,969)	(937)
Non-GAAP Sales and marketing	<u>221,490</u>	<u>224,035</u>	<u>440,500</u>	<u>435,440</u>
As a % of total revenues non-GAAP	41.1 %	46.0 %	41.1 %	45.6 %
GAAP General and administrative	75,227	74,554	157,318	145,549
Share-based compensation	(33,149)	(29,982)	(63,402)	(56,413)
Third-party relocation and other costs	(541)	(1,634)	(3,628)	(2,944)
Restructuring costs	(912)	(594)	(1,336)	(1,083)
Non-GAAP General and administrative	<u>40,625</u>	<u>42,344</u>	<u>88,952</u>	<u>85,109</u>
As a % of total revenues non-GAAP	7.5 %	8.7 %	8.3 %	8.9 %

**RINGCENTRAL, INC.**  
**RECONCILIATION OF OPERATING INCOME (LOSS)**  
**GAAP MEASURES TO NON-GAAP MEASURES**  
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Income (loss) from operations reconciliation</b>				
GAAP loss from operations	(45,062)	(107,764)	(99,593)	(211,306)
Share-based compensation	106,327	102,319	207,622	204,665
Amortization of acquired intangibles	37,495	43,692	74,718	87,742
Third-party relocation and other costs	2,072	15,344	5,218	20,205
Restructuring costs	3,606	1,576	8,481	2,515
Non-GAAP Income from operations	<u>104,438</u>	<u>55,167</u>	<u>196,446</u>	<u>103,821</u>
Non-GAAP Operating margin	19.4 %	11.3 %	18.3 %	10.9 %
Depreciation and amortization	20,544	17,579	40,838	34,459
Non-GAAP Adjusted EBITDA	<u>124,982</u>	<u>72,746</u>	<u>237,284</u>	<u>138,280</u>
As a % of total revenues non-GAAP	23.2 %	14.9 %	22.1 %	14.5 %

**RINGCENTRAL, INC.**  
**RECONCILIATION OF NET INCOME (LOSS)**  
**GAAP MEASURES TO NON-GAAP MEASURES**  
(In thousands, except per share data) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>Net income (loss) reconciliation</b>				
GAAP net loss	\$ (21,482)	\$ (159,515)	\$ (75,881)	\$ (310,487)
Share-based compensation	106,327	102,319	207,622	204,665
Amortization of acquired intangibles	37,495	43,692	74,718	87,742
Third-party relocation and other costs, net	2,072	15,330	1,709	20,191
Restructuring costs	3,606	1,576	8,481	2,515
Amortization of debt discount and issuance costs	1,279	1,116	2,398	2,232
Loss associated with investments	—	48,769	1,646	94,245
Gain on early extinguishment of debt	(31,107)	—	(31,107)	—
Intercompany remeasurement (gain) loss	(1,901)	456	(1,886)	484
Income tax expense effects	(16,276)	(10,986)	(34,453)	(21,286)
Non-GAAP net income	<u>\$ 80,013</u>	<u>\$ 42,757</u>	<u>\$ 153,247</u>	<u>\$ 80,301</u>
<b>Reconciliation between GAAP and non-GAAP weighted average shares used in computing basic and diluted net income (loss) per common share:</b>				
Weighted average number of shares used in computing basic net loss per share	95,339	95,130	95,528	94,854
Effect of dilutive securities	1,340	932	1,252	1,002
Non-GAAP weighted average shares used in computing non-GAAP diluted net income per share	<u>96,679</u>	<u>96,062</u>	<u>96,780</u>	<u>95,856</u>
<b>Diluted net income (loss) per share</b>				
GAAP net loss per share	<u>\$ (0.23)</u>	<u>\$ (1.68)</u>	<u>\$ (0.79)</u>	<u>\$ (3.27)</u>
Non-GAAP net income per share	<u>\$ 0.83</u>	<u>\$ 0.45</u>	<u>\$ 1.58</u>	<u>\$ 0.84</u>

**RINGCENTRAL, INC.**  
**RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**  
**GAAP MEASURES TO NON-GAAP ADJUSTED, UNLEVERED FREE CASH FLOW MEASURES**  
(Unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 90,691	\$ 50,678	\$ 199,224	\$ 109,673
Less:				
Capitalized expenditures	(17,805)	(21,278)	(39,124)	(41,721)
Strategic partnerships	—	—	(33,250)	—
Add:				
Restructuring and other payments	4,322	1,394	11,422	1,394
Cash paid for interest	3,366	89	3,429	220
Non-GAAP adjusted, unlevered free cash flow	\$ 80,574	\$ 30,883	\$ 141,701	\$ 69,566

**RINGCENTRAL, INC.**  
**RECONCILIATION OF FORECASTED OPERATING MARGIN**  
**GAAP MEASURES TO NON-GAAP MEASURES**  
(Unaudited, in millions)

	Q3 2023		FY 2023	
	Low Range	High Range	Low Range	High Range
GAAP revenues	552.0	556.0	2,187.0	2,205.0
GAAP loss from operations	(50.1)	(40.6)	(174.1)	(138.8)
GAAP operating margin	(9.1%)	(7.3%)	(8.0%)	(6.3%)
Share-based compensation	110.0	105.0	415.0	395.0
Amortization of acquired intangibles	37.5	37.5	148.5	148.5
Third-party relocation and other costs, net	—	—	5.2	5.2
Restructuring costs	2.0	1.0	10.0	9.0
Non-GAAP income from operations	99.4	102.9	404.6	419.0
Non-GAAP operating margin	18.0 %	18.5 %	18.5 %	19.0 %