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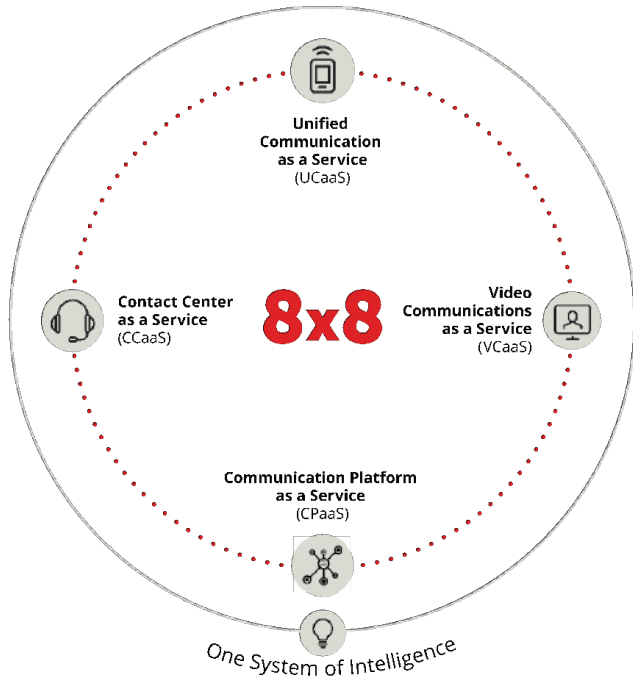
# EARNINGS RESULTS

## Third Quarter Fiscal 2020

*(Ended December 31, 2019)*

February 4, 2020

# Voice x Video x Chat x Contact Center x APIs In the Cloud.



- ✓ NYSE: **EGHT**
- ✓ Headquarters: Campbell, CA
- ✓ **~1,800 employees** in 8 countries
- ✓ **1m+** business users in **150+ countries**
- ✓ **8-year Leader** UCaaS Gartner Magic Quadrant
- ✓ **200+ patents** awarded
- ✓ **\$60B+ TAM** on-premise market migrating to cloud

# Financial Results vs. Guidance | Q3 Fiscal 2020

	Q3 F2020	
	GUIDANCE (October 30, 2019)	RESULTS (February 4, 2020)
<b>TOTAL REVENUE</b>	<b>\$113.5 - 114.5m</b>	<b>\$118.6m</b>
<i>% Growth Y/Y</i>	<b>26-27%</b>	<b>31.9%</b>
<b>SERVICE REVENUE</b>	<b>\$109 - 110m</b>	<b>\$113.6m</b>
<i>% Growth Y/Y</i>	<b>27-28%</b>	<b>32.2%</b>
<b>PRE-TAX LOSS (Non-GAAP)</b>	<b>(~\$16.5m)</b>	<b>(\$16.3m)</b>

# Q3 Fiscal 2020 | Business Highlights

## **Strong and Growing Large Deals With Annual Recurring Revenue (ARR) Greater than \$100,000:**

- 592 customers with Annual Recurring Revenue (ARR) greater than \$100,000, 57% year-over-year growth
- Closed record 40 new customer deals with ARR > \$100,000. These deals represented 33% of new bookings for the quarter, compared with 29% of total bookings in same period last year

## **Annual Recurring Revenue (ARR):**

- Total ending ARR was \$411.3m and grew 33% year-over-year
- Small business customers with revenue <\$50m comprised 56% of ending (ARR) and grew 18% year-over-year
- Mid-market customers with revenue between \$50m - \$1b comprised 26% of ending (ARR) and grew 44% year-over-year
- Enterprise customers with revenue >\$1b comprised 18% of ending (ARR) and grew 85% year-over-year

## **Average Annual Service Revenue Per Customer:**

- Small business customers with revenue <\$50m grew 9% year-over-year to \$5,034
- Mid-market customers with revenue between \$50m - \$1b grew 27% year-over-year to \$43,621
- Enterprise customers with revenue >\$1b grew 28% year-over-year to \$181,815

# Q3 Fiscal 2020 | Business Highlights (continued ...)

## Continued Contact Center Traction with Customers:

- All top 10 deals were bundled deals
- Contact center bookings represented 33% of total new bookings and grew 90% year-over-year

## Channel Momentum:

- Channel Bookings grew 62% year-over-year and represented 54% of new bookings
- 9 of top 10 deals from channel partners
- 888 active channel partners including 19 Master Agents

**Announced strategic partnership with UK-based value-added resellers (VAR) Charterhouse, Computacenter, Softcat and NSL** – 8x8 award-winning unified communications and contact center solutions will be offered to their extensive network of resellers

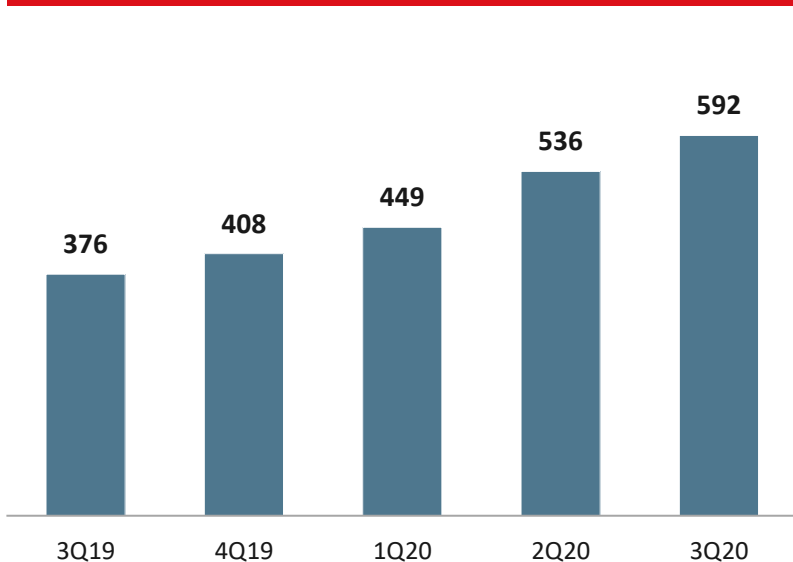
## Industry Recognitions:

- 8x8 receives 2019 CRN Tech Innovator Award
- 8x8 receives 2019 Customer Experience Innovation Award from CUSTOMER Magazine

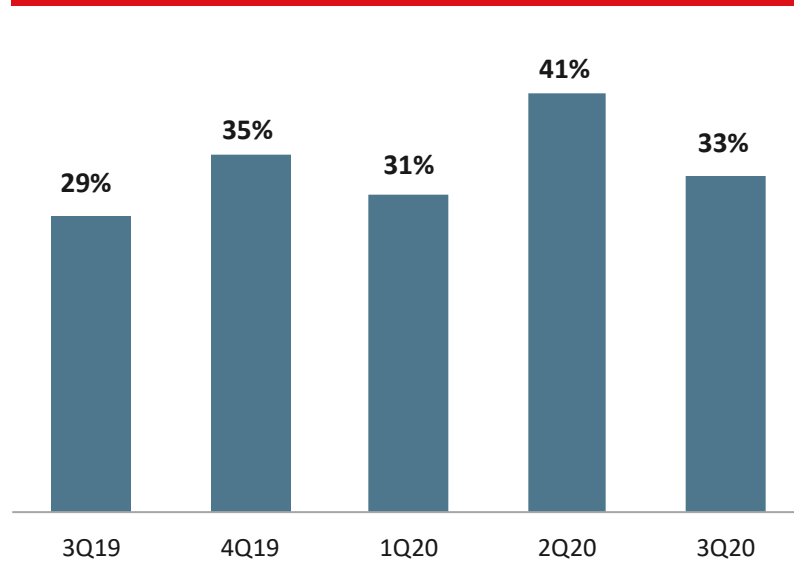
**In January 2020, 8x8 purchased webRTC quality monitoring and analytics technology from Callstats.io**

# New Bookings | Customers >\$100K ARR (Annual Recurring Revenue\*)

# of Customers (cumulative)



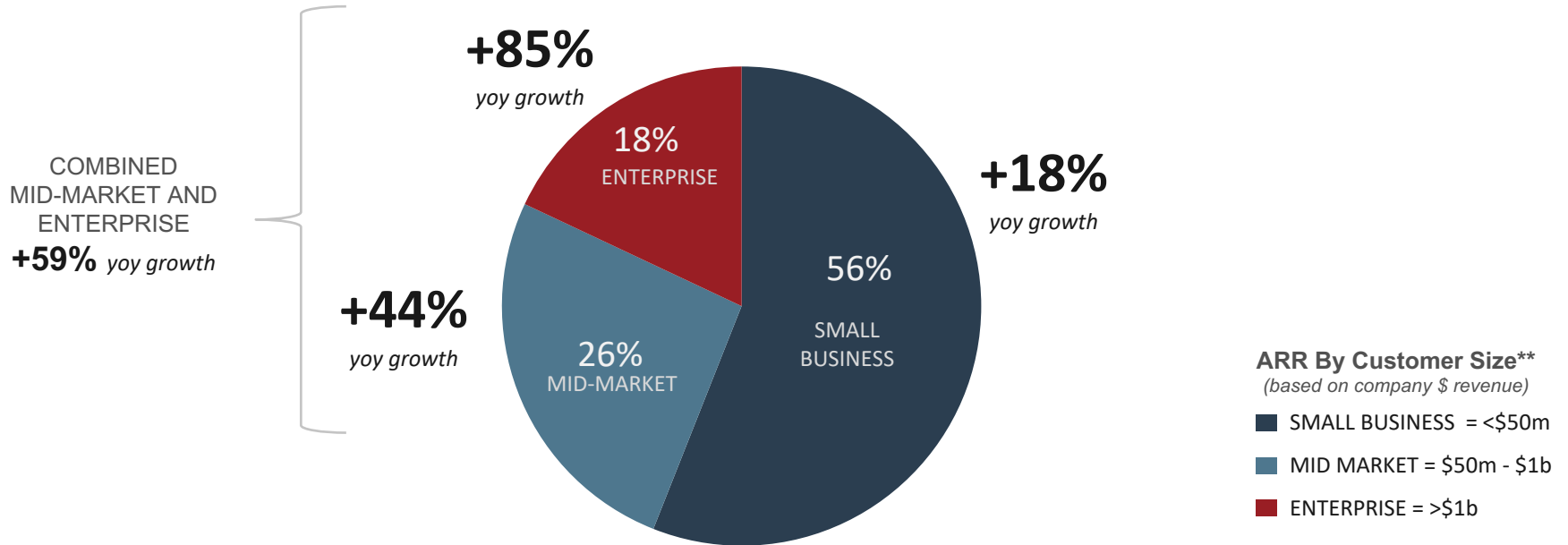
% of New Bookings



\*Annual Recurring Revenue (ARR) = annualized subscription revenue and the annualized platform usage revenue for CPaaS customers who meet a minimum revenue threshold for a period of at least 6 consecutive months

# Annual Recurring Revenue (ARR\*) | By Customer Size

Total ARR Growth of +34% YOY with Strong Growth & Contribution From Mid-Market & Enterprise Customers



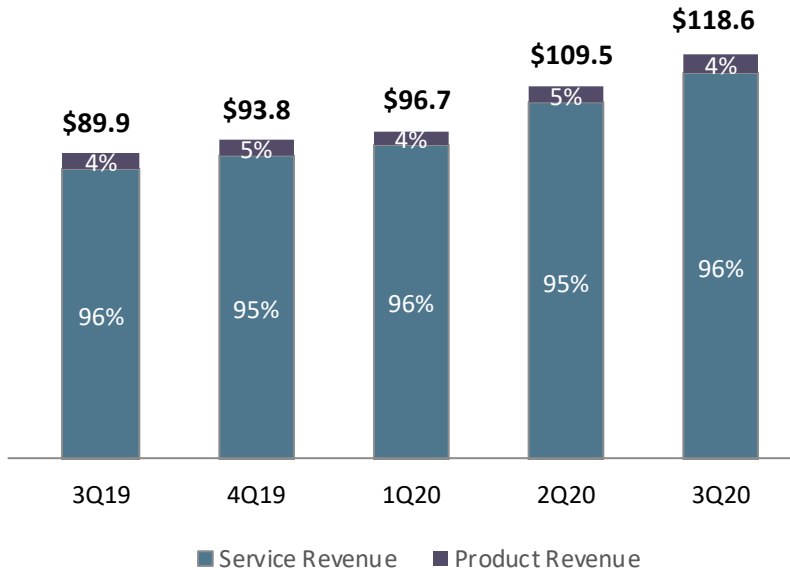
\* Annual Recurring Revenue (ARR) = annualized subscription revenue and the annualized platform usage revenue for CPaaS customers who meet a minimum revenue threshold for a period of at least 6 consecutive months

\*\* Customer revenue size based on 3<sup>rd</sup> party sources

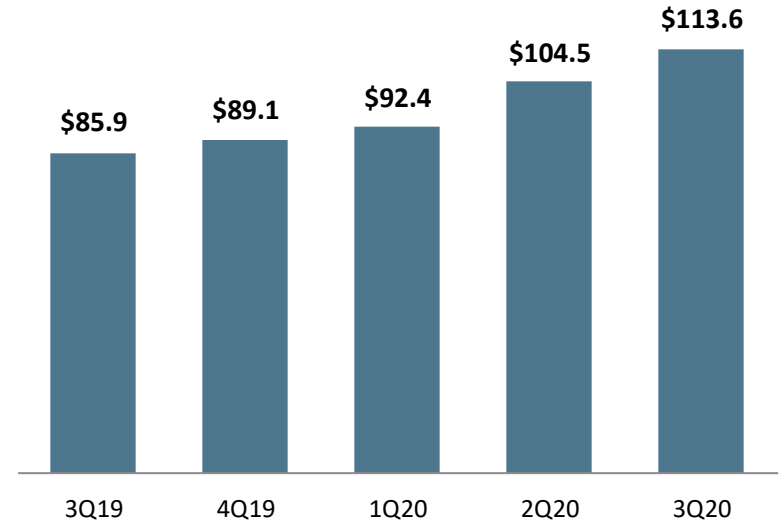
# Revenue | Strong Continued Increases

(\$ in millions)

## Total Revenue



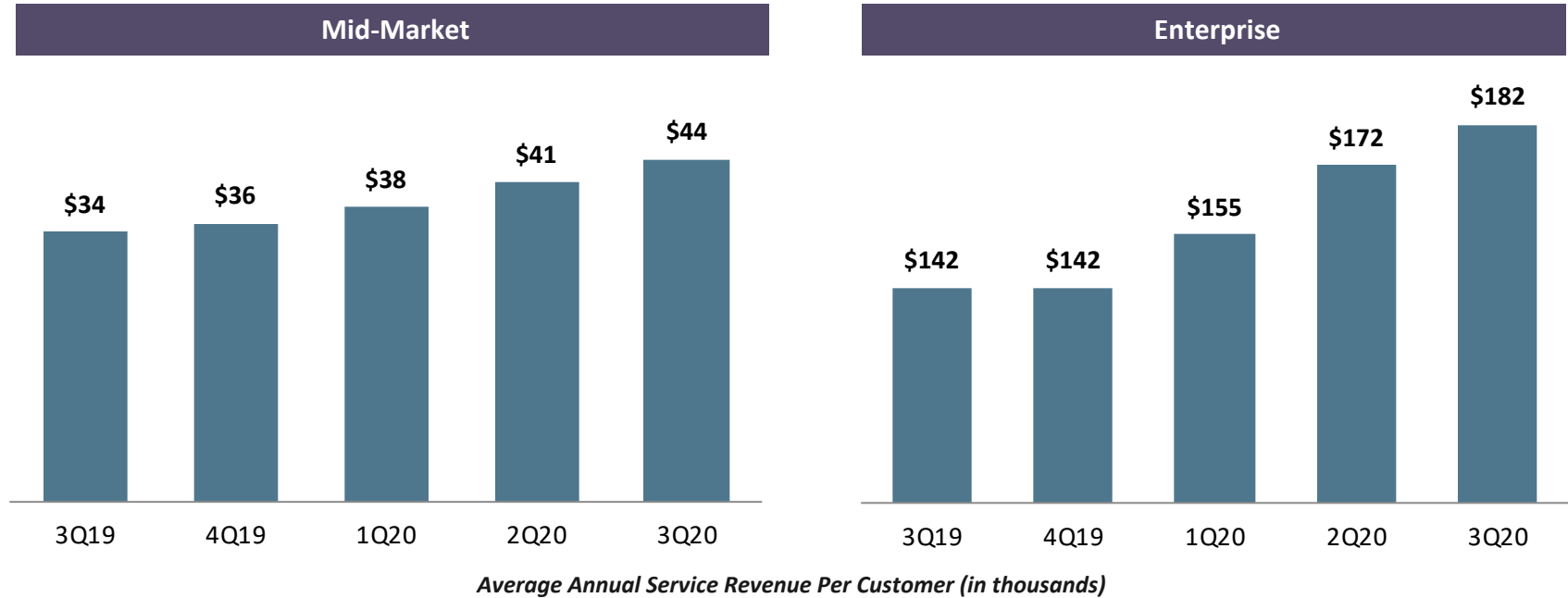
## Service Revenue





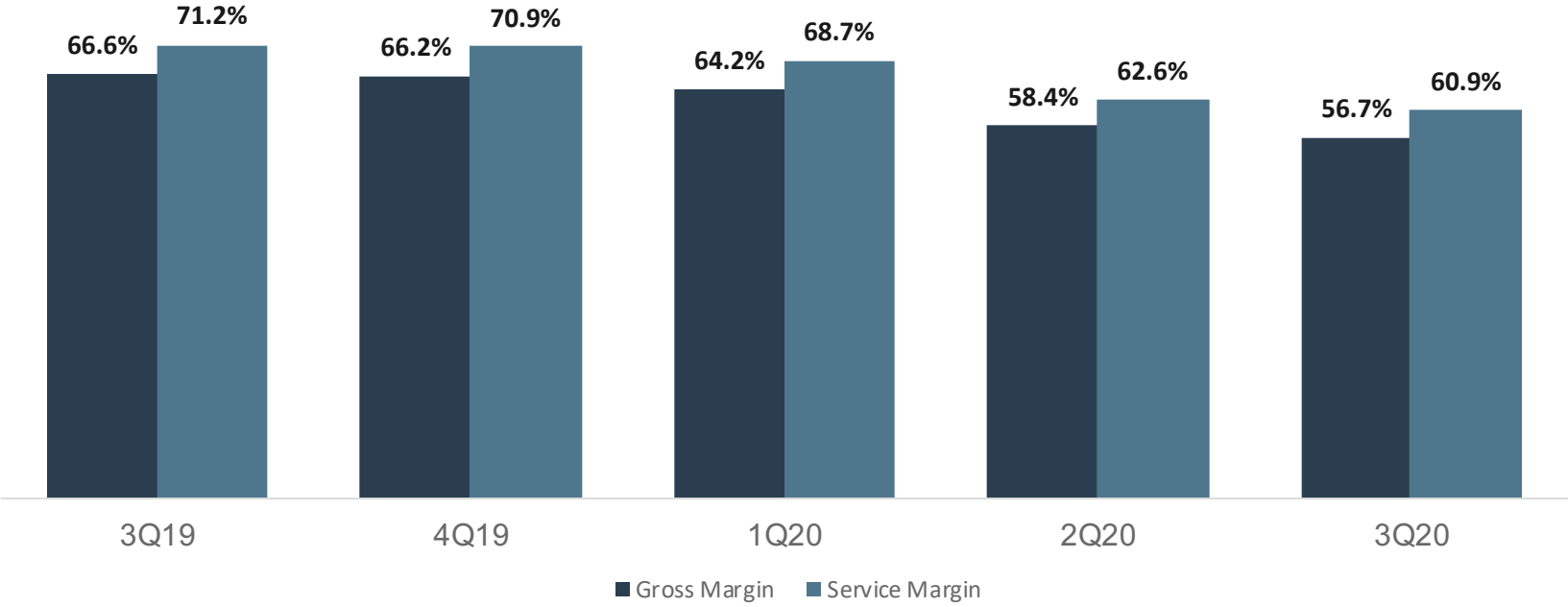
# Revenue Per Customer | Increasingly Attractive Economics

Consistent Increases in Unit Level Customer Economics ... With Particular Strength in Larger Customers



Note: Mid-Market defined as customers with annual revenues between \$50m and \$1b and Enterprise defined as customers with annual revenue over \$1b as defined by company size.

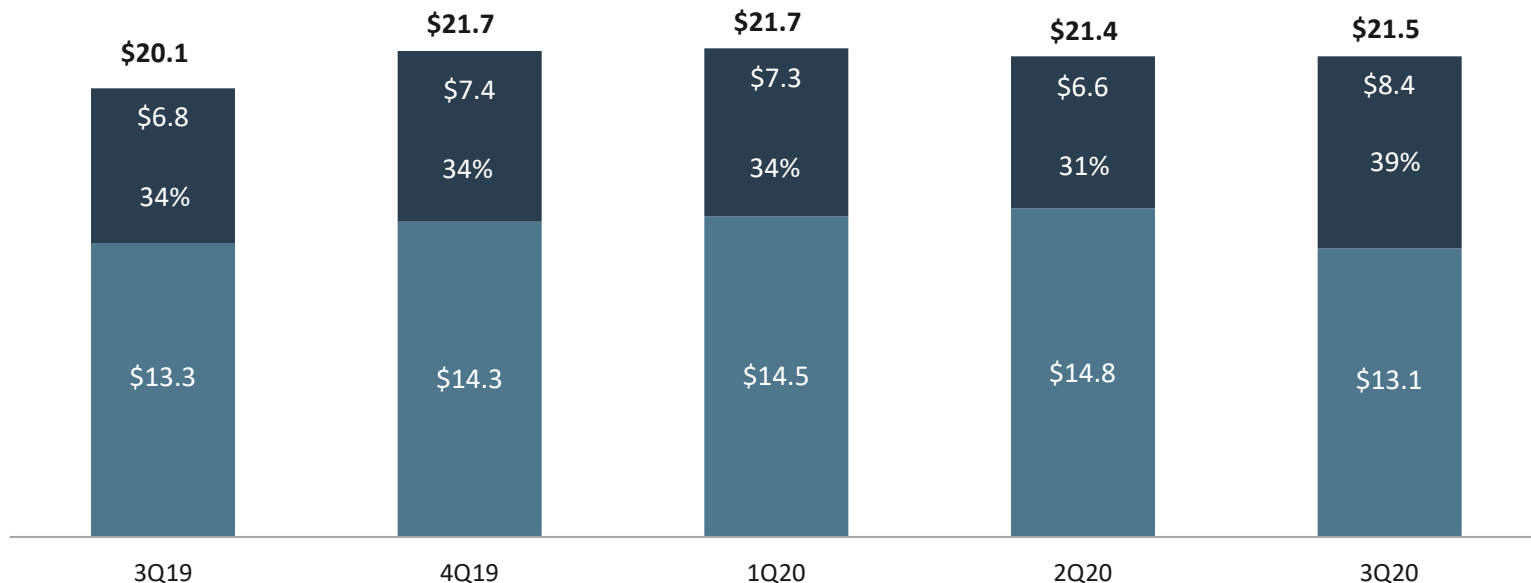
# Gross Margin | Recurring Non-GAAP Margins



# R&D | 8x8 Single Technology Platform Innovation

Strong Continued Innovation With Large Total R&D Investment

(\$ in millions)



**18.2%**  
TOTAL R&D  
INVESTMENT  
E:R RATIO

**7.1%**  
CAPITALIZED  
COSTS  
(% Revenue)

**11.0%**  
NON-GAAP R&D  
E:R RATIO

*% in bar charts represents the portion of total R&D spend that is capitalized in the period*

■ non-GAAP R&D Expense on P&L \*   ■ Capitalized Development Costs

\* For a reconciliation of GAAP to Non-GAAP metrics, refer to the Appendix

# Guidance | Q4 and Full-Year F2020

	Q4 F2020	FULL-YEAR F2020	
	GUIDANCE (February 4, 2020)	PRIOR GUIDANCE (October 30, 2019)	UPDATED GUIDANCE (February 4, 2020)
<b>TOTAL REVENUE</b>	<b>\$118.9 - 119.4m</b>	<b>~\$440m</b>	<b>~\$444m</b>
<i>% Growth Y/Y</i>	<b>27%</b>	<b>~25%</b>	<b>~26%</b>
<b>SERVICE REVENUE</b>	<b>\$114.4 - 114.9m</b>	<b>~\$422m</b>	<b>~\$425m</b>
<i>% Growth Y/Y</i>	<b>28-29%</b>	<b>~26%</b>	<b>~27%</b>
<b>PRE-TAX LOSS</b> <i>(Non-GAAP)</i>	<b>(~\$14.1m)</b>	<b>(~\$60m)</b>	<b>(~\$60m)</b>

# Investment Highlights

## Compelling TAM

\$60+ billion market in early innings of cloud migration

## Unique Tech Platform

single cloud technology platform

## Complete Cloud Offering

integrated unified communications, contact center, video solutions & APIs

## Attractive Economics

solid customer land and expand

## Strong SaaS Model

subscription revenue and visibility

## Multiple Growth Drivers

channel & global expansion, cross-selling of platform, analytics

**8x8**

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**APPENDIX**

# Reconciliation of GAAP to Non-GAAP | COR

(\$ in thousands, Unaudited)

Cost of Service Revenue:	Three Months Ended December 31,	
	2019	2018
GAAP cost of service revenue	\$49,326	\$27,632
Amortization of acquired intangible assets	(\$1,803)	(\$1,342)
Stock-based compensation expense and related employer payroll taxes	(\$2,551)	(\$1,562)
Acquisition and integration costs	(\$6)	\$—
Legal and regulatory costs	(\$573)	\$—
Non-GAAP cost of service revenue	<b>\$44,393</b>	<b>\$24,728</b>
<i>Non-GAAP cost of service revenue as a percentage of service revenue</i>	39.1%	28.8%

# Reconciliation of GAAP to Non-GAAP | R&D

(\$ in thousands, Unaudited)

Research & Development Expense:	Three Months Ended December 31,	
	2019	2018
GAAP research and development	\$19,870	\$16,886
Stock-based compensation expense and related employer payroll taxes	(\$6,236)	(\$3,570)
Acquisition and integration costs	(\$98)	\$—
Legal and regulatory costs	(\$452)	\$—
Non-GAAP research and development	<b>\$13,084</b>	<b>\$13,316</b>
<i>Non-GAAP research and development as a percentage of revenue</i>	<i>11.0%</i>	<i>14.8%</i>



# Reconciliation of GAAP to Non-GAAP | S&M

(\$ in thousands, Unaudited)

Selling and Marketing Expense:	Three Months Ended December 31,	
	2019	2018
GAAP selling and marketing	\$63,099	\$46,276
Amortization of acquired intangible assets	(\$519)	(\$352)
Stock-based compensation expense and related employer payroll taxes	(\$5,585)	(\$3,798)
Acquisition and integration costs	(\$2)	\$—
Legal and regulatory costs	(\$870)	\$—
Severance and contract termination costs	(\$350)	(\$313)
Non-GAAP selling and marketing	<b>\$55,773</b>	<b>\$41,813</b>
<i>Non-GAAP selling and marketing as a percentage of revenue</i>	47.0%	46.5%

# Reconciliation of GAAP to Non-GAAP | G&A

(\$ in thousands, Unaudited)

General and Administrative Expenses:	Three Months Ended December 31,	
	2019	2018
GAAP general and administrative	\$22,547	\$18,038
Stock-based compensation expense and related employer payroll taxes	(\$7,010)	(\$3,605)
Acquisition and integration costs	(\$530)	\$—
Legal and regulatory costs	(\$217)	(\$3,499)
Severance and contract termination costs	(\$147)	(\$191)
Non-GAAP general and administrative	<b>\$14,643</b>	<b>\$10,743</b>
<i>Non-GAAP general and administrative as a percentage of revenue</i>	12.3%	11.9%

# Reconciliation of GAAP to Non-GAAP | Net Loss / Per Share

(\$ in thousands, Unaudited)

	2019	2018
GAAP net loss	(\$47,071)	(\$23,771)
Adjustments:		
Amortization of acquired intangible assets	\$2,322	\$1,694
Stock-based compensation expense and related employer payroll taxes <sup>(1)(2)</sup>	\$21,382	\$12,535
Acquisition and integration costs	\$636	\$—
Legal and regulatory costs	\$2,112	\$3,499
Severance and contract termination costs	\$497	\$504
Debt amortization expense	\$3,590	\$—
Provision for income taxes	\$280	\$112
Non-GAAP net loss	(\$16,252)	(\$5,427)
Non-GAAP tax expense <sup>(3)</sup>	\$280	\$112
Non-GAAP net loss after taxes	<b>(\$16,532)</b>	<b>(\$5,539)</b>

(1) Beginning for the three months ended December 31, 2019, employer payroll taxes were included as a non- GAAP reconciling item.

(2) For the three months ended December 31, 2019, stock-based compensation expense and related employer payroll taxes includes stock in lieu of cash of \$1.2 million, of which \$0.2 million is included in cost of revenues, \$0.4 million in research and development expenses, \$0.2 million in sales and marketing expenses, and \$0.4 million in general and administrative expenses.

(3) The non- GAAP tax provision in fiscal years 2020 and 2019 do not have deferred income tax impact due to the full valuation allowance applied against deferred tax assets. The non- GAAP effective tax is based on current taxes for certain US states and foreign jurisdictions.

Net Loss Per Share:	Three Months Ended December 31,	
GAAP diluted net loss per share	\$ (0.47)	\$ (0.25)
Non-GAAP diluted net loss per share	\$ (0.17)	\$ (0.06)

# 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 the release of new products, market demand for products, changing industry trends, business strategies, our strategic cloud migration program with Poly and ScanSource, future operating performance and outlook, including future profitability. 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 X-Series product line may be lower than we anticipate.
- Competitive dynamics of the UCaaS, CCaaS, CPaaS, video and other markets in which we compete may change in ways we are not anticipating.
- Third parties may assert ownership rights in our IP, which may limit or prevent our continued use of the core technologies behind our solutions.
- We may not achieve our target service revenue growth rate, or the revenue, earnings, bookings or other amounts we forecast in our guidance, for a particular quarter or for the full fiscal year of F2020, including revenue contributions from our recent acquisition of Wavecell Pte. Ltd.
- Our churn rate may be higher than we anticipate.
- The investments we make in increasing headcount, marketing X Series, e-commerce solutions, development of new products and features, in new strategic initiatives such as our cloud migration program with value-added resellers (VARs), and other areas of our business may not result in accelerated 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.

## 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.



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