

Q1 2023 Earnings Presentation

May 9, 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 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, and non-GAAP EPS. 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 also provide other measures such as software subscriptions annualized exit monthly recurring subscriptions (ARR), mid-market and enterprise ARR, enterprise ARR, and bookings.

Vlad Shmunis

Chief Executive Officer, Founder,
and Chairman of the Board



Q1 2023 Highlights

Total Revenue



\$534M

Up 14% Y/Y

ARR



\$2.2B

Up 14% Y/Y

Record Operating Margin¹



17.2%

Up 680 bps Y/Y

1) Non-GAAP Operating Margin

Near Term Focus



Innovation



Healthy
Growth



Increasing
Profitability

Commitment to Trust

100x Better Reliability vs Three Nines

RingCentral

Annual downtime
allowed:

99.9%

8.8 hours

99.99%

52.6 minutes

99.999%

5.3 minutes

Reliability is
Mission Critical

19

straight quarters
of 99.999%
performance

New Product Innovations



RingCentral for Teams 2.0

Current Availability

Open beta
end of May 2023



RingSense AI Platform

Current Availability

Open beta
RingSense for Sales



RingCentral for Frontline Workers

Current Availability

Open beta



RingCentral Overlay

Current Availability

Generally available

RINGCENTRAL FOR TEAMS 2.0

Next generation integrated calling for Microsoft Teams

- New design and faster performance
- No Teams Phone license required
- Brings RingCentral's 99.999% reliability, superior mobile experience, SMS, fax, and integrations to Teams
- Pricing and packaging to meet the needs of Teams users



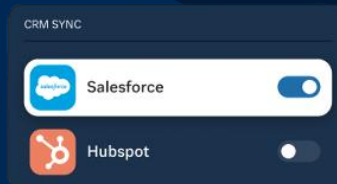
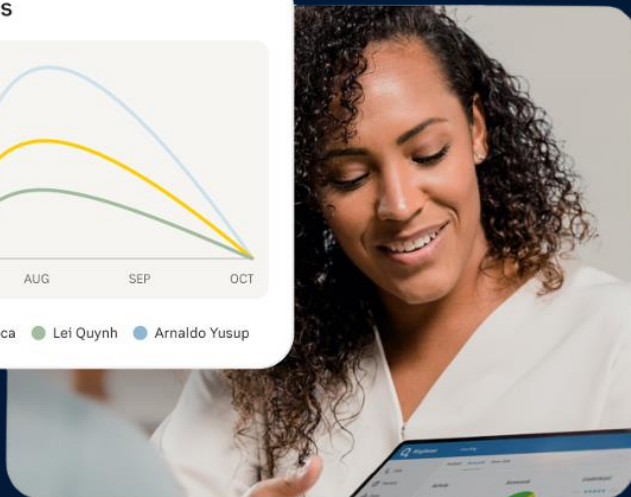
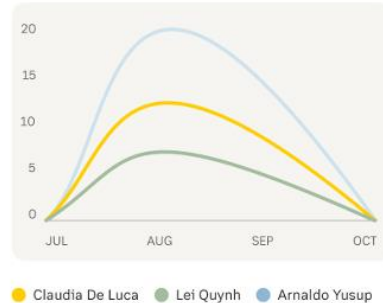
NEW RINGSENSE AI PLATFORM

A new type of conversation intelligence platform

RingSense for Sales: first commercial application of RingSense

- AI-generated engagement scoring
- Automated summaries and customer follow-ups to improve productivity
- Big picture views for decision makers
- Easier to use, faster, and less expensive than competing solutions

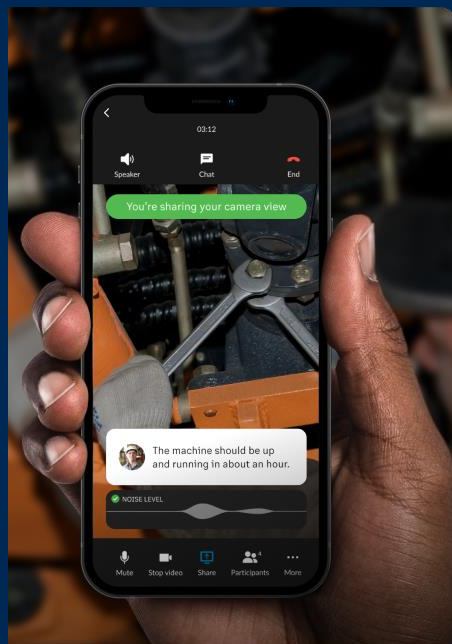
Objections



NEW RINGCENTRAL FOR FRONTLINE WORKERS

Digital transformation for the frontline workforce

- Push-to-talk functionality, combined with mobile camera sharing, AI, and more.
- Elevate 'see what I see' video
- Live transcriptions in busy, loud environments
- Fewer devices, saving enterprises money



NEW RINGCENTRAL OVERLAY

Bringing RingCentral messaging and video to Vodafone Business

- Unified experience across desktop and mobile
- Capabilities such as call queueing, holding, call transfer, time frame setting, and customized voicemail work seamlessly with existing Vodafone One Net
- Gives businesses of all sizes an agile, affordable, cloud-based offering



Mo Katibeh

President & Chief Operating Officer



Fortune 500 Customer Win – Why We Win



Ability to integrate seamlessly with key workflows, including Teams, ServiceNow and Salesforce



Leading, integrated UCaaS + CCaaS provides ease of management



Saves customers money by standardizing on single platform

RingCentral UC + CC – Better Together



Conducted by Forrester for RingCentral, the **Total Economic Impact** study examines the ROI enterprises may realize by deploying RingCentral Contact Center and MVP together

Economic Benefits

211%

Return on investment

≤6 Months

Payback

Productivity Benefits

45%

Reduction in call handling time, versus 20% for standalone contact center offering

30%

Reduction in support tickets

60%

Reduction in time to close tickets

Unmatched Partner Ecosystem



**15,000+ Channel
Partners**



Q1'23 Go-to-Market Update

Sales cycles
remain elevated

Upsell slower
given macro

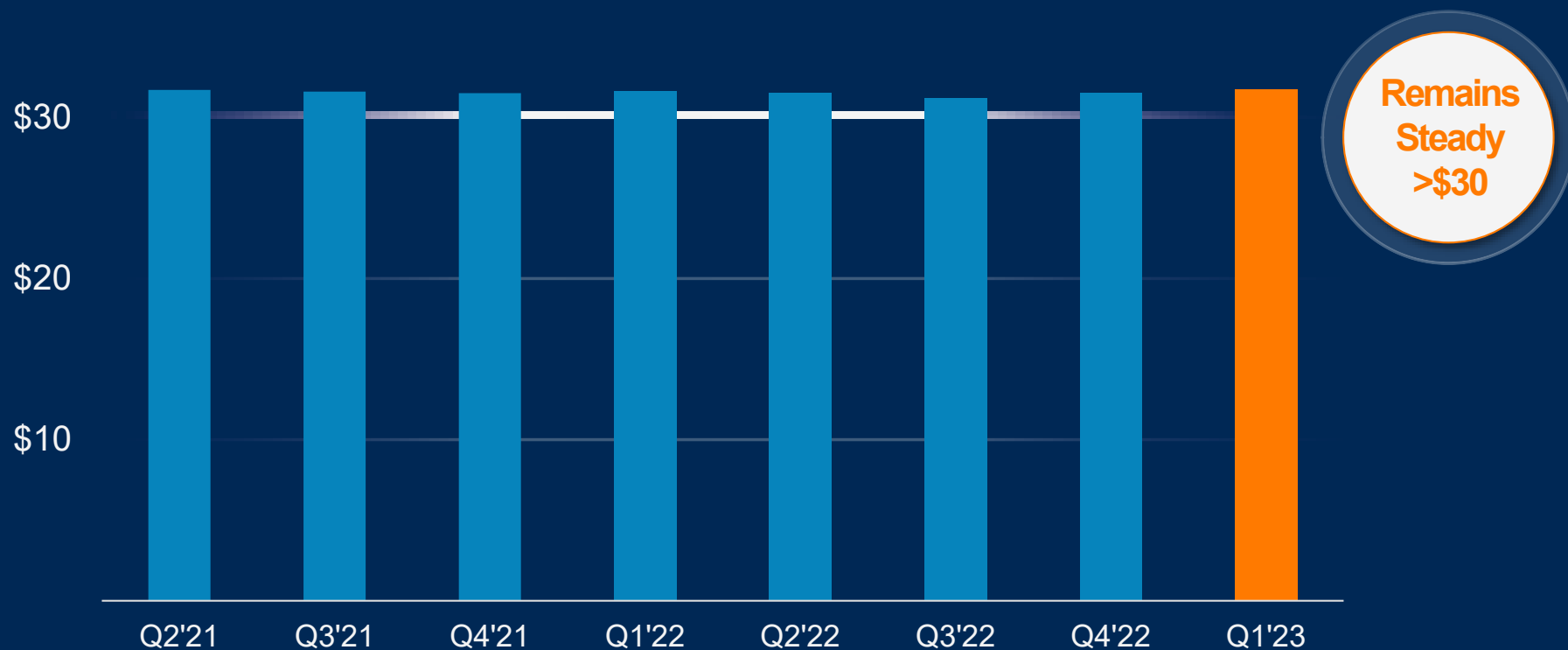
Lead flow strong;
win rates stable

Sonalee Parekh

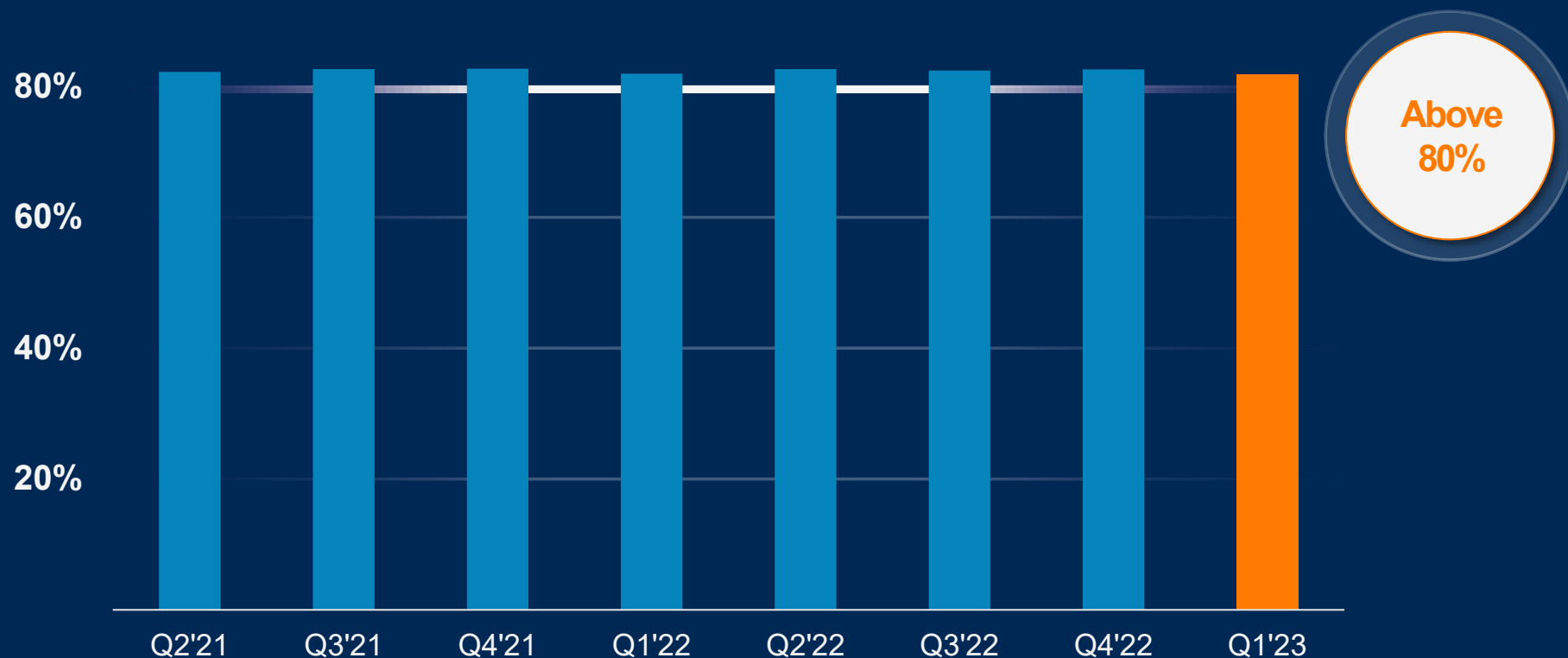
Chief Financial Officer



Overall Average Revenue per User (ARPU)



Non-GAAP Subscriptions Gross Margin

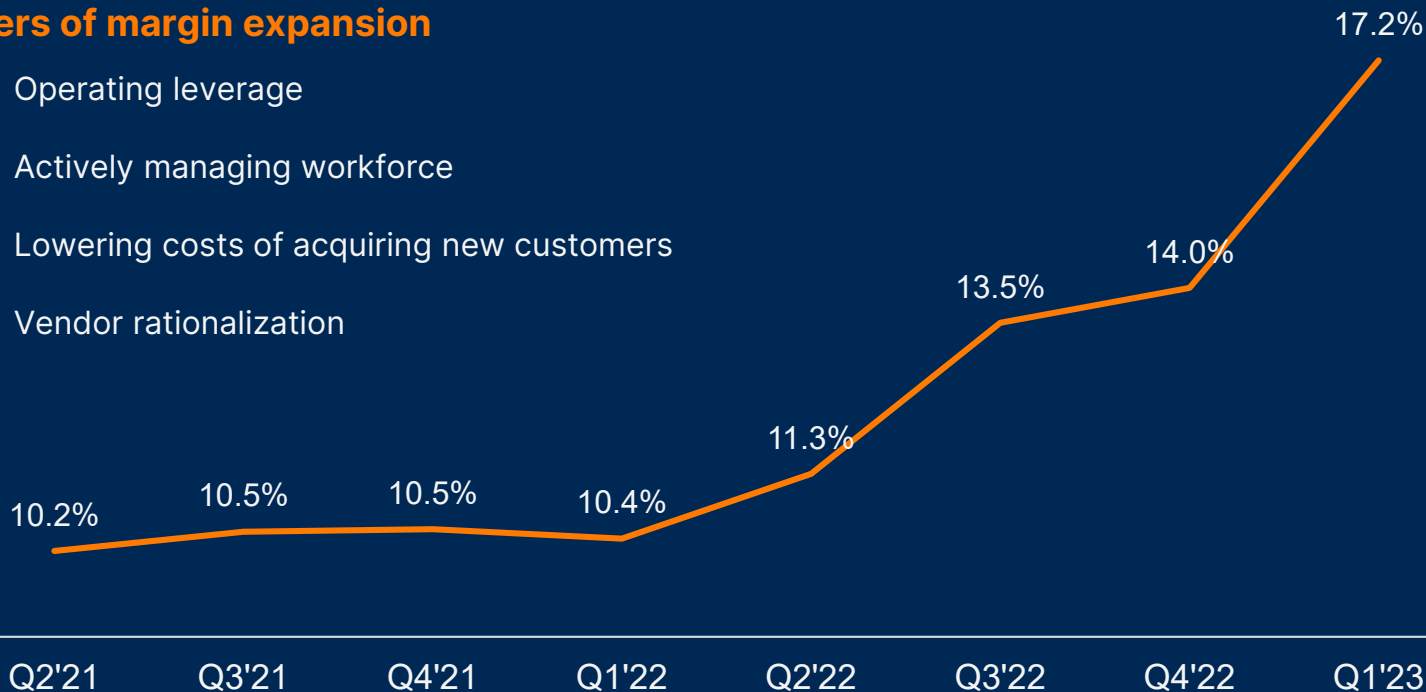


Expanding Operating Margin

Quarterly
Record

Drivers of margin expansion

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



Q2 2023 Guidance

	Q2 2023
➤ Subscriptions Revenue Growth Y/Y	10% – 11%
➤ Total Revenue Growth Y/Y	10%
➤ Non-GAAP Operating Margin	17.5%
➤ Non-GAAP EPS	\$0.74 – \$0.76

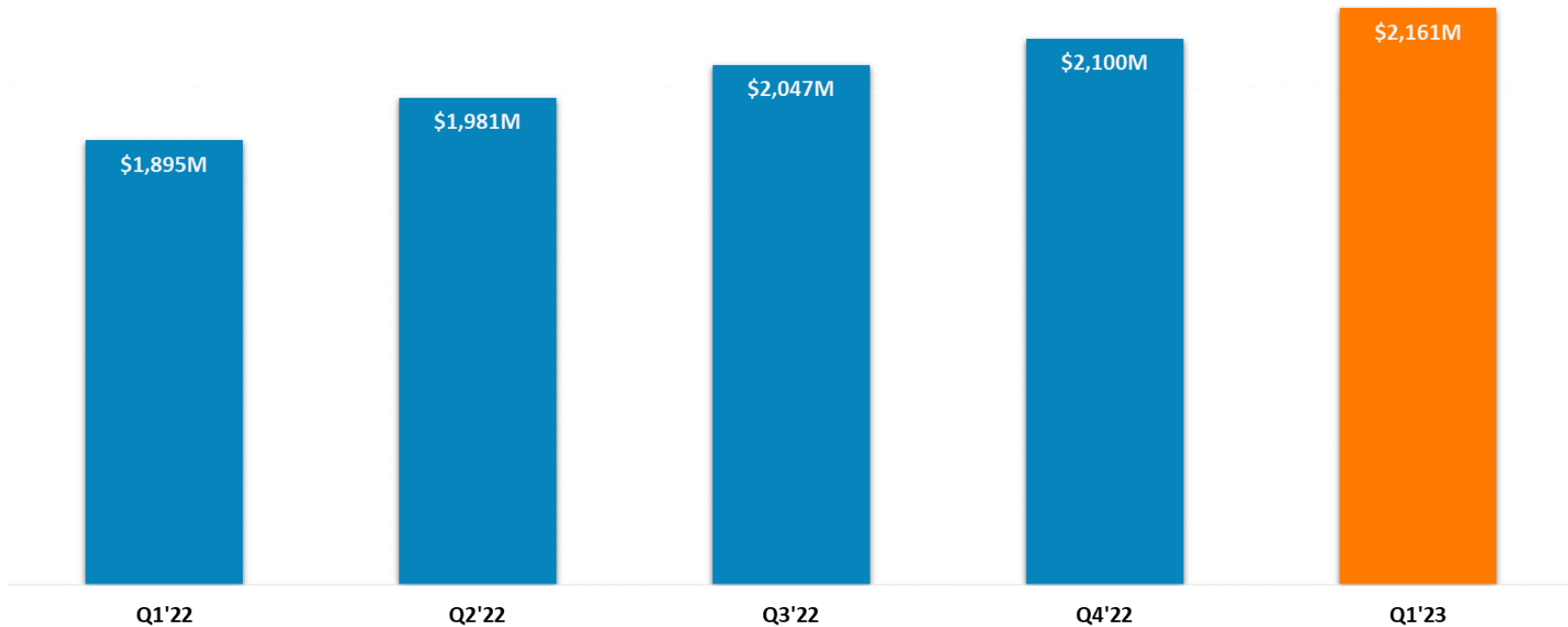
FY 2023 Guidance

	Prior	Current
➤ Subscriptions Revenue Growth Y/Y	10% – 11%	11%
➤ Total Revenue Growth Y/Y	10% - 11%	10% – 11%
➤ Non-GAAP Operating Margin	At least 18.0%	At least 18.5%
➤ Non-GAAP EPS	\$3.04- \$3.10	\$3.19 - \$3.25

Appendix



Total ARR



Q1 2023 Financial Highlights

		\$ Metric	Y/Y Growth
Revenue	Subscriptions Revenue	\$508 million	16%
	Other Revenue	\$25 million	(8%)
	Total Revenue	\$534 million	14%
ARR	Total	\$2,161 million	14%
	Customer ARR by Size		
	<i>Mid-Market and Enterprise¹</i>	\$1,332 million	15%
	<i>Enterprise²</i>	\$905 million	15%

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

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

3) May not sum due to rounding.

Q1 2023 Results vs Guidance

	Q1 Guidance	Q1 Results
Subscriptions Revenue	\$503M - \$505M	\$508M
Subscriptions Revenue Growth Y/Y	14% - 15%	16%
Total Revenue	\$526M - \$530M	\$534M
Total Revenue Growth Y/Y	12% - 13%	14%
GAAP Operating Margin	(11.5%) - (9.4%)	(10.2%)
Non-GAAP Operating Margin	16.5%	17.2%
Non-GAAP EPS	\$0.69 - \$0.70	\$0.76

Q2 2023 Guidance

	Q2 2023
Subscriptions Revenue	\$511M - \$513M
Subscriptions Revenue Growth Y/Y	10% – 11%
Total Revenue	\$535M – \$537M
Total Revenue Growth Y/Y	10%
GAAP Operating Margin	(10.0%) - (8.9%)
Non-GAAP Operating Margin	17.5%
Non-GAAP Tax Rate	22.5%
Non-GAAP EPS	\$0.74 - \$0.76 ⁽¹⁾

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

FY 2023 Guidance

	Prior	Current
Subscriptions Revenue	\$2,080M - \$2,100M	\$2,086M - \$2,104M
Subscriptions Revenue Growth Y/Y	10% - 11%	11%
Total Revenue	\$2,180M - \$2,200M	\$2,187M - \$2,205M
Total Revenue Growth Y/Y	10% - 11%	10% - 11%
GAAP Operating Margin	(8.3%) - (6.9%)	(7.9%) - (6.6%)
Non-GAAP Operating Margin	18.0%	18.5%
Non-GAAP Tax Rate	22.5%	22.5%
Non-GAAP EPS	\$3.04 - \$3.10	\$3.19 - \$3.25 ⁽¹⁾

(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 March 31,	
	2023	2022
Revenues		
Subscriptions	\$ 508,294	\$ 439,927
Other	25,395	27,729
Total revenues	533,689	467,656
Cost of revenues reconciliation		
GAAP Subscriptions cost of revenues	136,425	129,689
Share-based compensation	(6,951)	(7,196)
Amortization of acquired intangibles	(36,640)	(43,101)
Restructuring costs	(405)	—
Non-GAAP Subscriptions cost of revenues	92,429	79,392
GAAP Other cost of revenues	24,251	25,785
Share-based compensation	(2,119)	(2,408)
Amortization of acquired intangibles	(22)	(12)
Restructuring costs	(13)	—
Non-GAAP Other cost of revenues	22,097	23,365
Gross profit and gross margin reconciliation		
Non-GAAP Subscriptions	81.8 %	82.0 %
Non-GAAP Other	13.0 %	15.7 %
Non-GAAP Gross profit	78.5 %	78.0 %
Operating expenses reconciliation		
GAAP Research and development	85,241	90,274
Share-based compensation	(23,930)	(24,398)
Third-party relocation and other costs, net	(59)	(3,551)
Restructuring costs	(1,434)	(250)
Non-GAAP Research and development	59,818	62,075
As a % of total revenues non-GAAP	11.2 %	13.3 %
GAAP Sales and marketing	260,212	254,455
Share-based compensation	(38,042)	(41,913)
Amortization of acquired intangibles	(561)	(937)
Restructuring costs	(2,599)	(200)
Non-GAAP Sales and marketing	219,010	211,405
As a % of total revenues non-GAAP	41.0 %	45.2 %
GAAP General and administrative	82,091	70,995
Share-based compensation	(30,253)	(26,431)
Third-party relocation and other costs, net	(3,087)	(1,310)
Restructuring costs	(424)	(489)
Non-GAAP General and administrative	48,327	42,765
As a % of total revenues non-GAAP	9.1 %	9.1 %

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

	Three Months Ended March 31,	
	2023	2022
Income (loss) from operations reconciliation		
GAAP loss from operations	(54,531)	(103,542)
Share-based compensation	101,295	102,346
Amortization of acquired intangibles	37,223	44,050
Third-party relocation and other costs, net	3,146	4,861
Restructuring costs	4,875	939
Non-GAAP Income from operations	92,008	48,654
Non-GAAP Operating margin	17.2 %	10.4 %
Depreciation and amortization	20,294	16,880
Non-GAAP Adjusted EBITDA	112,302	65,534
As a % of total revenues non-GAAP	21.0 %	14.0 %

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

	Three Months Ended March 31,	
	2023	2022
Net income (loss) reconciliation		
GAAP net loss	\$ (54,399)	\$ (150,972)
Share-based compensation	101,295	102,346
Amortization of acquired intangibles	37,223	44,050
Third-party relocation and other costs, net	(348)	4,889
Restructuring costs	4,875	939
Amortization of debt issuance costs	1,119	1,116
Loss associated with investments	1,646	45,476
Income tax expense effects	(18,177)	(10,300)
Non-GAAP net income	<u>\$ 73,234</u>	<u>\$ 37,544</u>
Reconciliation between GAAP and non-GAAP weighted average shares used in computing basic and diluted net income (loss) per common share:		
Weighted average number of shares used in computing basic net loss per share	95,720	94,574
Effect of dilutive securities	<u>1,163</u>	<u>1,071</u>
Non-GAAP weighted average shares used in computing non-GAAP diluted net (loss) income per share	<u>96,883</u>	<u>95,645</u>
Diluted net income (loss) per share		
GAAP net loss per share	<u>\$ (0.57)</u>	<u>\$ (1.60)</u>
Non-GAAP net (loss) income per share	<u>\$ 0.76</u>	<u>\$ 0.39</u>

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

	Three Months Ended March 31,	
	2023	2022
Net cash provided by operating activities	\$ 108,533	\$ 58,995
Strategic partnerships	(33,250)	—
Non-GAAP net cash provided by operating activities	75,283	58,995
Purchases of property and equipment	(8,723)	(6,852)
Capitalized internal-use software	(12,596)	(13,591)
Non-GAAP free cash flow	\$ 53,964	\$ 38,552

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

	Q2 2023		FY 2023	
	Low Range	High Range	Low Range	High Range
GAAP revenues	535.0	537.0	2,187.0	2,205.0
GAAP loss from operations	(53.4)	(48.0)	(172.1)	(146.2)
GAAP operating margin	(10.0%)	(8.9%)	(7.9%)	(6.6%)
Share-based compensation	107.0	102.0	415.0	395.0
Amortization of acquired intangibles	37.5	37.5	148.5	148.5
Third-party relocation and other costs, net	—	—	3.1	3.1
Restructuring costs	2.5	2.5	10.0	7.5
Non-GAAP income from operations	93.6	94.0	404.6	407.9
Non-GAAP operating margin	17.5 %	17.5 %	18.5 %	18.5 %