

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-36089

RingCentral, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

94-3322844
(I.R.S. Employer
Identification No.)

20 Davis Drive
Belmont, California 94002
(Address of principal executive offices) (Zip Code)
(650) 472-4100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock par value \$0.0001	RNG	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 28, 2026, there were 74,079,066 shares of Class A Common Stock issued and outstanding and 9,779,538 shares of Class B Common Stock issued and outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The forward-looking statements are contained principally in, but not limited to, the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates", "believes", "could", "seeks", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should", "will", "would" or similar expressions and the negatives of those terms. Forward-looking statements include, but are not limited to, statements about:

- our progress against short-term and long-term goals;
- our future financial performance;
- our anticipated growth, growth strategies and our ability to effectively manage that growth and effect these strategies;
- our success in our target markets and key verticals;
- anticipated trends, developments and challenges in our business and in the markets in which we operate, as well as general macroeconomic conditions and geopolitical conflicts;
- our ability to scale to our desired goals, particularly the implementation of new processes and systems and onboarding new workers;
- the impact of competition in our industry and innovation by our competitors;
- our ability to anticipate and adapt to future changes in our industry;
- our ability to predict subscriptions revenues, formulate accurate financial projections, manage debt expense, and make strategic business decisions based on our analysis of market trends;
- our ability to anticipate market needs and develop new and enhanced products and solutions and subscriptions to meet those needs, and our ability to successfully monetize them;
- our ability to successfully incorporate artificial intelligence (AI) and machine learning powered features into our solutions;
- our ability to successfully develop and commercialize our new products, particularly our AI portfolio;
- maintaining and expanding our customer base;
- maintaining, expanding and responding to changes in our relationships with other companies;
- maintaining and expanding our distribution channels, including our network of sales agents and resellers, our partners, and global service providers;
- our ability to sell, market, and support our solutions and services, domestically and internationally, and continue to sell and expand our business with enterprise customers and within our key vertical markets;
- our ability to realize increased purchasing leverage and economies of scale as we expand;
- the impact of seasonality on our business;
- the impact of any failure of our solutions or solution innovations, including our innovations relating to AI;
- our dependency on third-party vendors of hardware, software and services that we offer and sell to our customers and our ability to effectively offer customers an alternate solution;
- the potential effect on our business of litigation to which we may become a party;
- our liquidity and working capital requirements;
- the impact of changes in the regulatory environment including with respect to AI;
- our ability to protect our intellectual property and rely on open source licenses;
- our expectations regarding the growth and reliability of public cloud and internet infrastructure;

- the timing of acquisitions of, or making and exiting investments in, other entities, businesses or technologies;
- our ability to successfully and timely execute on, integrate, and realize the benefits of any acquisition, investment, strategic partnership, or other strategic transaction we may make or undertake;
- our capital expenditure projections;
- our capital allocation plans, including expected allocations of cash and timing for any share repurchases, dividend payments, debt repayments, and other investments;
- our Credit Agreement, including both the Term Loan and the Revolving Credit Facility (each as defined below);
- our ability to comply with the operational and financial covenants in our debt agreements;
- the estimates and estimate methodologies used in preparing our consolidated financial statements;
- the political environment and stability in the regions in which we or our subcontractors operate;
- the impact of economic downturns on us and our customers;
- our ability to protect our systems and our customer information from fraud, social engineering breaches, and cyber-attack;
- our ability to prevent the use of fraudulent payment methods for our solutions;
- our ability to retain key employees and to attract qualified personnel;
- our ability to successfully implement or otherwise achieve our anticipated cost reductions; and
- the impact of foreign currencies on our non-U.S. business as we expand our business internationally.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be significantly different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss these risks in greater detail in the section entitled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management’s beliefs and assumptions only as of the date of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be significantly different from what we expect.

Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ significantly from those anticipated in these forward-looking statements, even if new information becomes available in the future.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

RINGCENTRAL, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited, in thousands)

	March 31, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 116,578	\$ 132,564
Accounts receivable, net	362,536	384,100
Deferred and prepaid sales commission costs	162,174	167,304
Prepaid expenses and other current assets	86,545	81,190
Total current assets	727,833	765,158
Property and equipment, net	189,061	186,570
Operating lease right-of-use assets	43,815	30,855
Deferred and prepaid sales commission costs, non-current	237,764	252,504
Goodwill	102,984	97,792
Acquired intangibles, net	111,502	135,410
Other assets	8,670	13,166
Total assets	\$ 1,421,629	\$ 1,481,455
Liabilities, Temporary Equity, and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$ 29,675	\$ 27,677
Accrued liabilities	302,083	297,633
Current portion of long-term debt, net	46,269	624,216
Deferred revenue	257,367	269,122
Total current liabilities	635,394	1,218,648
Long-term debt, net	1,159,378	629,580
Operating lease liabilities	26,602	14,372
Other long-term liabilities	10,128	7,525
Total liabilities	1,831,502	1,870,125
Commitments and contingencies (Note 9)		
Series A convertible preferred stock	199,449	199,449
Stockholders' deficit		
Common stock	8	9
Additional paid-in capital	1,078,877	1,123,447
Accumulated other comprehensive income	1,621	2,458
Accumulated deficit	(1,689,828)	(1,714,033)
Total stockholders' deficit	(609,322)	(588,119)
Total liabilities, temporary equity and stockholders' deficit	\$ 1,421,629	\$ 1,481,455

See accompanying notes to condensed consolidated financial statements

RINGCENTRAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	Three Months Ended March 31,	
	2026	2025
Revenues		
Subscriptions	\$ 623,166	\$ 590,112
Other	21,033	21,944
Total revenues	644,199	612,056
Cost of revenues		
Subscriptions	154,408	153,095
Other	25,022	27,355
Total cost of revenues	179,430	180,450
Gross profit	464,769	431,606
Operating expenses		
Research and development	81,713	81,983
Sales and marketing	272,843	274,898
General and administrative	60,185	64,385
Total operating expenses	414,741	421,266
Income from operations	50,028	10,340
Other income (expense), net		
Interest expense	(14,805)	(16,115)
Other (expense) income	(1,114)	1,402
Other expense, net	(15,919)	(14,713)
Income (loss) before income taxes	34,109	(4,373)
Provision for income taxes	3,491	5,955
Net income (loss)	\$ 30,618	\$ (10,328)
Net income (loss) per common share		
Basic	\$ 0.36	\$ (0.11)
Diluted	\$ 0.35	\$ (0.11)
Weighted-average number of shares used in computing net income (loss) per share		
Basic	84,662	91,015
Diluted	86,991	91,015

See accompanying notes to condensed consolidated financial statements

RINGCENTRAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2026	2025
Net income (loss)	\$ 30,618	\$ (10,328)
Other comprehensive income (loss)		
Foreign currency translation adjustments	(2,817)	5,005
Unrealized gain (loss) on derivative instruments	1,980	(3,686)
Total other comprehensive (loss) income	(837)	1,319
Comprehensive income (loss)	\$ 29,781	\$ (9,009)

See accompanying notes to condensed consolidated financial statements

RINGCENTRAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited, in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance as of December 31, 2025	85,199	\$ 9	\$ 1,123,447	\$ 2,458	\$ (1,714,033)	\$ (588,119)
Issuance of common stock in connection with Equity Incentive and Employee Stock Purchase plans, net of tax withholdings	1,686	—	(10,760)	—	—	(10,760)
Repurchases of common stock	(2,545)	(1)	(82,364)	—	—	(82,365)
Share-based compensation	—	—	48,554	—	—	48,554
Other comprehensive loss	—	—	—	(837)	—	(837)
Dividends declared (\$0.075 per share)	—	—	—	—	(6,413)	(6,413)
Net income	—	—	—	—	30,618	30,618
Balance as of March 31, 2026	<u>84,340</u>	<u>\$ 8</u>	<u>\$ 1,078,877</u>	<u>\$ 1,621</u>	<u>\$ (1,689,828)</u>	<u>\$ (609,322)</u>

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance as of December 31, 2024	90,718	\$ 9	\$ 1,215,377	\$ (8,881)	\$ (1,757,424)	\$ (550,919)
Issuance of common stock in connection with Equity Incentive and Employee Stock Purchase plans, net of tax withholdings	1,556	—	(1,904)	—	—	(1,904)
Repurchases of common stock	(1,822)	—	(50,036)	—	—	(50,036)
Share-based compensation	—	—	70,671	—	—	70,671
Other comprehensive income	—	—	—	1,319	—	1,319
Net loss	—	—	—	—	(10,328)	(10,328)
Balance as of March 31, 2025	<u>90,452</u>	<u>\$ 9</u>	<u>\$ 1,234,108</u>	<u>\$ (7,562)</u>	<u>\$ (1,767,752)</u>	<u>\$ (541,197)</u>

See accompanying notes to condensed consolidated financial statements

RINGCENTRAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Net income (loss)	\$ 30,618	\$ (10,328)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	56,911	55,061
Share-based compensation	54,665	77,881
Amortization of deferred and prepaid sales commission costs	39,436	40,789
Amortization of debt discount and issuance costs	976	1,131
Loss on early extinguishment of debt	1,606	—
Reduction of operating lease right-of-use assets	6,419	6,985
Provision for bad debt	3,739	4,437
Other	4,235	(234)
Changes in assets and liabilities:		
Accounts receivable	20,741	698
Deferred and prepaid sales commission costs	(27,574)	(25,236)
Prepaid expenses and other assets	(5,272)	(5,399)
Accounts payable	(425)	38,461
Accrued and other liabilities	(3,693)	(15,997)
Deferred revenue	(11,862)	(13,189)
Operating lease liabilities	(6,474)	(5,398)
Net cash provided by operating activities	164,046	149,662
Cash flows from investing activities		
Purchases of property and equipment	(6,544)	(5,587)
Capitalized internal-use software	(16,855)	(13,899)
Cash paid for business combination, net of cash acquired	(7,929)	—
Net cash used in investing activities	(31,328)	(19,486)
Cash flows from financing activities		
Payments for taxes related to net share settlement of equity awards	(10,760)	(1,904)
Payments for repurchases of common stock	(81,334)	(50,000)
Payment of dividends	(6,413)	—
Proceeds from issuance of long-term debt	600,000	—
Payments for the settlement of convertible notes	(609,065)	(161,326)
Repurchases of principal on senior notes	(26,250)	—
Repayments of principal on term loan	(11,567)	(5,000)
Payments for fees on long-term debt	(620)	(1,018)
Repayments of financing obligations	(633)	(633)
Payments for contingent consideration	(889)	—
Net cash used in financing activities	(147,531)	(219,881)
Effect of exchange rate changes	(1,173)	1,330
Net decrease in cash, cash equivalents, and restricted cash	(15,986)	(88,375)
Cash, cash equivalents, and restricted cash		
Beginning of period	132,564	242,811
End of period	\$ 116,578	\$ 154,436
Supplemental disclosure of cash flow data:		
Cash paid for interest, net of interest rate swap	\$ 21,302	\$ 22,931
Cash paid for income taxes, net of refunds	\$ 1,753	\$ 2,304
Non-cash investing and financing activities		
Equipment and capitalized internal-use software purchased and unpaid at period end	\$ 5,783	\$ 5,061
Indemnity holdback consideration	\$ 4,094	\$ —
Contingent consideration	\$ 1,900	\$ —

See accompanying notes to condensed consolidated financial statements

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of Business

RingCentral, Inc. (the “Company”) is a global leader in AI-powered customer engagement, delivering an integrated platform for business phone, SMS, contact center, workforce engagement management, video collaboration, and messaging. The Company was incorporated in California in 1999 and was reincorporated in Delaware on September 26, 2013.

Basis of Presentation and Consolidation

The Company’s unaudited condensed consolidated financial statements and accompanying notes reflect all adjustments (all of which are normal, recurring in nature and those discussed in these notes) that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for any subsequent quarter or for the entire year ending December 31, 2026. Certain information and note disclosures normally included in annual consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) have been condensed or omitted under the rules and regulations of the Securities and Exchange Commission (“SEC”).

The unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 27, 2026.

The Company’s significant accounting policies are described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025. There have been no significant changes to these policies that have had a material impact on the condensed consolidated financial statements and related notes for the three months ended March 31, 2026.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimates made by management affect revenues, the allowance for doubtful accounts, deferred and prepaid sales commission costs, goodwill, useful lives of intangible assets, share-based compensation, capitalization of internally developed software, return reserves, derivative instruments, provision for income taxes, uncertain tax positions, change in the fair value of contingent consideration, loss contingencies, sales tax liabilities and accrued liabilities. Management periodically evaluates these estimates and will make adjustments prospectively based upon the results of such periodic evaluations. Actual results may differ from these estimates.

Related Party Transactions

In the ordinary course of business, the Company purchased health insurance services from UnitedHealthcare, a subsidiary of UnitedHealth Group, a provider of health insurance services to the Company. One of the Company’s directors serves as Senior Vice President and Chief Technology Officer of UnitedHealth Group. There were no material amounts payable to or receivable from UnitedHealthcare as of March 31, 2026 and December 31, 2025. During the three months ended March 31, 2026, the Company incurred total expenses of \$5.5 million with UnitedHealthcare.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued Accounting Standards Update No. 2024-03: *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (ASU 2024-03)*, which requires disaggregation of certain costs in a separate note to the financial statements, such as the amounts of employee compensation, depreciation and intangible asset amortization, included in each relevant expense caption in annual and interim financial statements. This ASU also requires disclosure of the total amount of selling expenses and our definition of selling expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 and for interim periods beginning after December 15, 2027 on a retrospective or prospective basis, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03 on its financial statement disclosures.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

In September 2025, the FASB issued Accounting Standards Update No. 2025-06: *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which simplifies the capitalization guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with early adoption permitted. The amendments in this update permit an entity to apply the new guidance using a prospective, retrospective or modified transition approach. The Company is currently evaluating the impact of adopting ASU 2025-06 on its financial statements.

Recently Adopted Accounting Pronouncements

In July 2025, the FASB issued Accounting Standards Update No. 2025-05: *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05)*, providing a practical expedient to calculating current expected credit losses for current accounts receivable and contract assets by assuming that the current conditions as of the balance sheet date will not change for the remaining life of the asset. This update is effective for annual reporting periods beginning after December 15, 2025 and for interim periods within those annual periods, and is applied prospectively. The Company adopted ASU 2025-05 effective January 1, 2026 and applied the guidance prospectively. In connection with this adoption, the Company elected to apply the practical expedient permitted by the standard, which assumes that current conditions as of the balance sheet date do not change for the remaining life of the assets. The adoption of ASU 2025-05 did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

Note 2. Revenue

The Company derives its revenues primarily from subscriptions, sale of products, and professional services. Revenues are recognized when control is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services or products.

Disaggregation of revenue

Revenue by geographic location is based on the billing address of the customer. The following table provides information about disaggregated revenue by primary geographical markets:

	Three Months Ended March 31,	
	2026	2025
Primary geographical markets		
North America	87 %	90 %
Others	13	10
Total revenues	100 %	100 %

The Company derived over 90% of subscription revenues from RingEX and RingCentral contact center solutions for the three months ended March 31, 2026 and 2025. For the three months ended March 31, 2026 and 2025, RingCentral contact center solutions represented over 10% of total revenues.

Deferred revenue

During the three months ended March 31, 2026, the Company recognized revenue of \$156.7 million that was included in the corresponding deferred revenue balance at the beginning of the year.

Remaining performance obligations

The typical subscription term ranges from one month to five years. Contract revenue as of March 31, 2026 that has not yet been recognized was approximately \$2.7 billion. This excludes contracts with an original expected length of less than one year. Of these remaining performance obligations, the Company expects to recognize revenue of 55% of this balance over the next 12 months and 45% thereafter.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Other revenues

Other revenues are primarily comprised of product revenue from the sale of pre-configured phones, and professional services. Product revenues from the sale of pre-configured phones were \$12.2 million and \$10.9 million for the three months ended March 31, 2026 and 2025, respectively.

Note 3. Financial Statement Components

Cash and cash equivalents consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Cash	\$ 111,106	\$ 127,140
Money market funds	5,472	5,424
Total cash and cash equivalents	<u>\$ 116,578</u>	<u>\$ 132,564</u>

As of March 31, 2026 and December 31, 2025, \$8.4 million included in the cash balance above represents restricted cash held in the form of a bank deposit for the issuance of a foreign bank guarantee.

Accounts receivable, net consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Accounts receivable	\$ 283,420	\$ 303,256
Unbilled accounts receivable	96,205	98,935
Allowance for doubtful accounts	(17,089)	(18,091)
Accounts receivable, net	<u>\$ 362,536</u>	<u>\$ 384,100</u>

Prepaid expenses and other current assets consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Prepaid expenses	\$ 48,849	\$ 43,142
Inventory	1,001	929
Other current assets	36,695	37,119
Total prepaid expenses and other current assets	<u>\$ 86,545</u>	<u>\$ 81,190</u>

Property and equipment, net consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Computer hardware and software	\$ 279,775	\$ 274,700
Internal-use software development costs	394,254	377,785
Furniture and fixtures	9,301	8,990
Leasehold improvements	10,976	10,041
Total property and equipment, gross	694,306	671,516
Less: accumulated depreciation and amortization	(505,245)	(484,946)
Property and equipment, net	<u>\$ 189,061</u>	<u>\$ 186,570</u>

Total depreciation and amortization expense related to property and equipment was \$22.4 million and \$21.7 million for the three months ended March 31, 2026 and 2025, respectively.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

A summary of activity of the Company's carrying value of goodwill during the three months ended March 31, 2026 is presented in the following table (in thousands):

Balance as of December 31, 2025	\$ 97,792
Acquisitions (Note 7)	5,710
Foreign currency translation adjustments	(518)
Balance as of March 31, 2026	<u>\$ 102,984</u>

The carrying values of intangible assets are as follows (in thousands):

	Weighted-Average Remaining Useful Life	March 31, 2026			December 31, 2025		
		Cost	Accumulated Amortization	Acquired Intangibles, Net	Cost	Accumulated Amortization	Acquired Intangibles, Net
Customer relationships	3.2 years	\$ 65,986	\$ 37,105	\$ 28,881	\$ 60,660	\$ 34,745	\$ 25,915
Developed technology	0.9 years	789,102	706,481	82,621	784,130	674,635	109,495
Total acquired intangible assets		<u>\$ 855,088</u>	<u>\$ 743,586</u>	<u>\$ 111,502</u>	<u>\$ 844,790</u>	<u>\$ 709,380</u>	<u>\$ 135,410</u>

Amortization expense from acquired intangible assets for the three months ended March 31, 2026 and 2025 was \$34.5 million and \$33.4 million, respectively. Amortization of developed technology is included in cost of revenues and amortization of customer relationships is included in sales and marketing expenses in the Condensed Consolidated Statements of Operations.

Estimated amortization expense for acquired intangible assets for the following fiscal years is as follows (in thousands):

2026 (remaining)	\$ 82,644
2027	12,327
2028	10,827
2029	3,974
2030 onwards	1,730
Total estimated amortization expense	<u>\$ 111,502</u>

Accrued liabilities consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Accrued compensation and benefits	\$ 58,190	\$ 54,715
Accrued sales, use, and telecom related taxes	49,612	54,182
Accrued marketing and sales commissions	37,062	37,102
Operating lease liabilities, short-term	21,903	21,293
Other accrued expenses	135,316	130,341
Total accrued liabilities	<u>\$ 302,083</u>	<u>\$ 297,633</u>

Deferred and Prepaid Sales Commission Costs

Amortization expense for the deferred and prepaid sales commission costs was \$39.4 million and \$40.8 million for the three months ended March 31, 2026 and 2025, respectively. There was no impairment loss in relation to the deferred commissions costs capitalized for the periods presented.

The Company evaluates the recoverability of its deferred and prepaid sales commission balance whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 4. Fair Value of Financial Instruments

The Company measures and reports certain cash equivalents, including money market funds, derivative interest rate swap agreement, and contingent consideration at fair value in accordance with the provisions of the authoritative accounting guidance that addresses fair value measurements. This guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1: Observable inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Other inputs, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that are supported by little or no market activity and that are based on management's assumptions, including fair value measurements determined by using pricing models, discounted cash flow methodologies or similar techniques.

The financial instruments carried at fair value were determined using the following inputs (in thousands):

	Fair Value at March 31, 2026	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 5,472	\$ 5,472	\$ —	\$ —
Accrued liabilities:				
Interest rate swap derivatives	\$ 387	\$ —	\$ 387	\$ —
Contingent consideration	222	—	—	222
Other long-term liabilities:				
Interest rate swap derivatives	\$ 698	\$ —	\$ 698	\$ —
Contingent consideration	2,789	—	—	2,789
	Fair Value at December 31, 2025	Level 1	Level 2	Level 3
Cash equivalents:				
Money market funds	\$ 5,424	\$ 5,424	\$ —	\$ —
Accrued liabilities:				
Interest rate swap derivatives	\$ 1,285	\$ —	\$ 1,285	\$ —
Contingent consideration	911	—	—	911
Other long-term liabilities:				
Interest rate swap derivatives	\$ 2,133	\$ —	\$ 2,133	\$ —
Contingent consideration	1,136	—	—	1,136

The Company's other financial instruments, including accounts receivable, other current assets, accounts payable, accrued liabilities and other liabilities, are carried at cost, which approximates fair value due to the relatively short maturity of those instruments.

Fair Value of Long-Term Debt

As of March 31, 2026, the carrying amount of the term loan (the "Term Loan") was \$890.7 million. As there are no embedded features or other variable features, the fair value of the Term Loan approximated its carrying value.

As of March 31, 2026, the fair value of the 8.50% senior notes due 2030 (the "2030 Senior Notes") was approximately \$340.1 million. The fair value for the 2030 Senior Notes was determined based on the quoted price for such notes in an inactive market on the last trading day of the reporting period and is considered as Level 2 in the fair value hierarchy.

RINGCENTRAL, INC.
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Fair Value of Derivative Instruments

The Company's interest rate swap derivative, which is considered as Level 2 in the fair value hierarchy, is valued using a discounted cash flow model that utilizes observable inputs including forward interest rate data at the measurement date.

Fair Value of Contingent Consideration

The contingent consideration as presented in the fair value table above is related to the Company's acquisitions in the third quarter of 2025 and first quarter of 2026, and represents the future potential earn-out payments based on the achievement of specified performance targets. The fair value of the contingent consideration liability was determined using significant unobservable inputs including the discount rate and projected revenues. This liability is also classified as Level 3 within the fair value hierarchy.

Note 5. Long-Term Debt

The following table sets forth the net carrying amount of the Company's long-term debt (in thousands):

Debt Instrument	Maturity Date	March 31, 2026	December 31, 2025
2030 Senior Notes	Aug 15, 2030	\$ 325,000	\$ 350,000
Term Loan under Credit Agreement ⁽¹⁾	Sep 11, 2030	890,683	302,250
Revolving Credit Facility under Credit Agreement ⁽²⁾	Sep 11, 2030	—	—
2026 Convertible Notes ⁽³⁾	Mar 15, 2026	—	609,065
Total principal amount		1,215,683	1,261,315
Less: unamortized debt discount and issuance costs on long-term debt		(10,036)	(7,519)
Less: current portion of long-term debt, net ⁽⁴⁾		(46,269)	(624,216)
Net carrying amount of long-term debt		<u>\$ 1,159,378</u>	<u>\$ 629,580</u>

(1) The Company has \$50.0 million available for drawdown under the Term Loan as of March 31, 2026.

(2) The Company has \$305.0 million available for borrowing under the Revolving Credit Facility as of March 31, 2026.

(3) The Company settled the remaining \$609.1 million principal of the 2026 Convertible Notes in cash on the original maturity date in March 2026.

(4) As of March 31, 2026, the current portion of long-term debt, net, consists of the \$46.3 million in expected principal payments due on the Term Loan. The Term Loan requires quarterly principal payments of approximately 1.27% of the refinanced \$910.0 million principal amount drawn, with balance due at maturity.

The following table sets forth the future minimum principal payments for long-term debt as of March 31, 2026 (in thousands):

	Term Loan	2030 Senior Notes	Total
2026 remaining	\$ 34,703	\$ —	\$ 34,703
2027	46,269	—	46,269
2028	46,269	—	46,269
2029	46,269	—	46,269
2030 onwards	717,173	325,000	1,042,173
Total principal amount	<u>\$ 890,683</u>	<u>\$ 325,000</u>	<u>\$ 1,215,683</u>

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

2030 Senior Notes

In August 2023, the Company issued \$400.0 million aggregate principal amount of the 2030 Senior Notes in a private offering. The 2030 Senior Notes are senior unsecured obligations of the Company and bear interest at a fixed rate of 8.5% per annum payable semi-annually in arrears on February 15th and August 15th of each year. The 2030 Senior Notes are guaranteed by the Company's domestic subsidiaries and are subject to certain covenants and redemption provisions outlined in the indenture governing the 2030 Senior Notes (the "Senior Notes Indenture").

In June 2025, the Company repurchased \$50.0 million of principal on its 2030 Senior Notes for an aggregate repurchase price of \$53.9 million. This repurchase resulted in the recognition of a \$4.7 million loss on debt extinguishment. In March 2026, the Company repurchased \$25.0 million of principal on its 2030 Senior Notes for an aggregate repurchase price of \$26.3 million. This repurchase resulted in the recognition of a \$1.6 million loss on debt extinguishment. These losses, primarily due to call premiums, are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

As of March 31, 2026, the carrying value of the outstanding 2030 Senior Notes, net of unamortized debt discount and issuance costs, was \$320.4 million, and the Company was in compliance with all covenants under the Senior Notes Indenture. The effective interest rate on the 2030 Senior Notes was 8.9% as of March 31, 2026.

In April 2026, the Company repurchased additional \$75.0 million of principal on its 2030 Senior Notes, using our cash on hand. Following this repurchase, \$250.0 million of aggregate principal of the 2030 Senior Notes remains outstanding.

Credit Agreement

The Company maintains a credit agreement with certain lenders, as amended through September 2025 (the "Credit Agreement"), providing for delayed draw term loan commitments and a revolving credit facility (the "Revolving Credit Facility").

On March 12, 2026, the Company borrowed \$600.0 million under the Term Loan and used the proceeds, together with \$9.1 million of cash on hand, to repay in full the \$609.1 million outstanding principal amount of the 2026 Convertible Notes. As a result, as of March 31, 2026, the total outstanding Term Loan balance was \$890.7 million. As of March 31, 2026, \$50.0 million of the Term Loan remains available for draw until September 30, 2026. Additionally, the \$305.0 million Revolving Credit Facility commitments remain available for draw until September 11, 2030, at which time it will terminate, and all outstanding revolving loans under the facility will be due and payable. The Company will continue to pay a quarterly ticking fee of 0.30% per annum on the daily unused amount of the Term Loan and up to 0.35% per annum on the daily unused amount of the Revolving Credit Facility commitments until the earlier of the funding or the end of the availability period. Any drawdown under the Credit Agreement would be subject to compliance with the restrictive covenants in the Senior Notes Indenture.

The credit facilities are guaranteed by certain material domestic subsidiaries of the Company, and secured by substantially all of the personal property of the Company and such subsidiary guarantors.

Borrowings under the Credit Agreement bear interest, at the Company's option, at either: (a) the fluctuating rate per annum equal to the greatest of (i) the prime rate then in effect, (ii) the federal funds rate then in effect, plus 0.5% per annum, (iii) an adjusted term Secured Overnight Financing Rate ("SOFR") determined on the basis of a one-month interest period plus 1.0% and (iv) 1.0%, in each case, plus a margin of between 0.375% and 1.375%; and (b) an adjusted term SOFR rate (based on one, three or six month interest periods), plus a margin of between 1.375% and 2.375%. The applicable margin in each case is determined based on the Company's total net leverage ratio and varies between tranches of Term Loans. Interest is payable quarterly in arrears with respect to borrowings bearing interest at the alternate base rate or on the last day of an interest period, but at least every three months, with respect to borrowings bearing interest at the term SOFR rate.

As of March 31, 2026, the carrying value of the Term Loan, net of unamortized debt discount and issuance costs, was \$885.2 million. In connection with the Credit Agreement, the Company incurred \$18.0 million of total debt issuance costs, since inception, of which \$12.1 million was capitalized in the Condensed Consolidated Balance Sheets and amortized primarily using the effective interest rate over the term of the Credit Agreement, while the remaining amount was expensed in the period incurred. As of March 31, 2026, the effective interest rate on the Term Loan was 5.7%. As of March 31, 2026, the Company was in compliance with all covenants under the Credit Agreement.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The following table sets forth the interest expense recognized related to long-term debt (in thousands):

	Three Months Ended March 31,	
	2026	2025
Contractual interest expense	\$ 13,124	\$ 14,338
Amortization of debt discount and issuance costs	976	1,131
Total interest expense related to long-term debt	<u>\$ 14,100</u>	<u>\$ 15,469</u>

Convertible Notes

In March 2026, the Company repaid the remaining \$609.1 million of principal of the 2026 Convertible Notes using \$600.0 million drawn under the Term Loan, and \$9.1 million of cash on hand. Following this repayment, no convertible notes remain outstanding.

Note 6. Derivative Instruments

In May 2023, the Company entered into a five-year floating-to-fixed interest rate swap agreement with the objective of reducing exposure to the fluctuating interest rates associated with the Company's variable rate borrowing program by paying quarterly a fixed interest rate of 3.79%, plus a margin of 2% to 3%. The interest rate swap agreement became effective on June 30, 2023, and terminates on February 14, 2028.

The Company's interest rate swap agreement is designated as a cash flow hedge under ASC 815, Derivatives and Hedging ("ASC 815"). These hedges are highly effective in offsetting changes in the Company's future expected cash flows due to the fluctuation of the Company's variable rate debt. The Company monitors the effectiveness of its hedges on a quarterly basis. The Company does not hold its interest rate swap agreement for trading or speculative purposes. The Company recognizes its interest rate derivative designated as a cash flow hedge on a gross basis as an asset and a liability at fair value in the Condensed Consolidated Balance Sheets. The unrealized gains and losses on the interest rate swap agreement are included in other comprehensive income (loss) and are subsequently recognized in earnings within or against interest expense when the hedged interest payments are accrued.

As of March 31, 2026, the interest rate swap agreement had a notional amount of \$345.0 million, of which \$295.0 million remained designated as a cash flow hedge of the Company's floating-rate debt. During the quarter ended June 30, 2025, \$50 million of the swap was dedesignated from hedge accounting following the early repayment of \$50.0 million of the Term Loan under the Credit Agreement.

During the three months ended March 31, 2026, the Company reclassified \$0.3 million from accumulated other comprehensive income to earnings as an offset and reduction to interest expense. As of March 31, 2026, the Company estimates the net amount related to the interest rate swaps under the interest rate swap agreement expected to be reclassified into earnings over the next 12 months is approximately \$0.3 million.

Note 7. Business Combinations

On February 6, 2026, we acquired a messaging platform company adding to our global messaging and communications capabilities.

Total consideration of \$15.2 million comprised of \$8.0 million cash paid at closing, net of \$1.3 million cash acquired, a \$4.0 million indemnity holdback payable in August 2026, and \$1.9 million representing the acquisition-date fair value of contingent consideration. The maximum amount payable under contingent consideration is \$6.0 million. The transaction was accounted for as a business combination. The preliminary purchase price allocation, based on estimated fair values, included \$11.0 million of identified intangible assets, comprising customer relationships and developed technology, \$5.8 million of goodwill, and \$1.6 million of net liabilities assumed. The acquired intangible assets have a weighted-average useful life of four years.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 8. Leases

The Company primarily leases facilities for office and data center space under non-cancelable operating leases for its U.S. and international locations. As of March 31, 2026, non-cancelable leases expire on various dates between 2026 and 2029.

Generally, the non-cancelable leases include one or more options to renew, with renewal terms that can extend the lease term from one to six years. The Company has the right to exercise or forego the lease renewal options. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We recognized incremental right of use assets and liabilities of \$15.8 million, based on the estimated fair market rent for our corporate headquarters located at 20 Davis Drive, Belmont, California, comprising approximately 84,148 rentable square feet, extending the lease till July 31, 2031.

As of March 31, 2026 and December 31, 2025, the balance sheet components of leases were as follows (in thousands):

	March 31, 2026	December 31, 2025
Operating lease right-of-use assets	\$ 43,815	\$ 30,855
Accrued liabilities	21,903	21,293
Operating lease liabilities	26,602	14,372
Total operating lease liabilities	\$ 48,505	\$ 35,665

As of March 31, 2026, maturities of operating lease liabilities were as follows (in thousands):

2026 (remaining)	\$ 19,216
2027	14,748
2028	8,407
2029	4,502
2030	3,671
2031 onwards	2,141
Total future minimum lease payments	52,685
Less: Imputed interest	(4,180)
Present value of lease liabilities	\$ 48,505

The supplemental cash flow information related to operating leases for the three months ended March 31, 2026 and 2025 were as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Operating cash flows resulting from operating leases:		
Cash paid for amounts included in the measurement of lease liabilities	\$ 6,976	\$ 6,170
New ROU assets obtained in exchange of lease liabilities:		
Operating leases	\$ 19,684	\$ 61

Other information related to operating leases were as follows:

	March 31, 2026	December 31, 2025
Weighted-average remaining operating lease term (years)	3.1	2.0
Weighted-average operating lease discount rate	5.9 %	6.3 %

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 9. Commitments and Contingencies

Legal Matters

The Company is subject to certain legal proceedings described below, and from time to time may be involved in a variety of claims, lawsuits, investigations, and proceedings relating to contractual disputes, intellectual property rights, employment matters, regulatory compliance matters, and other litigation matters relating to various claims that arise in the normal course of business.

The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing specific litigation and regulatory matters using reasonably available information. The Company develops its views on estimated losses in consultation with inside and outside counsel, which involves a subjective analysis of potential results and outcomes, assuming various combinations of appropriate litigation and settlement strategies. Actual claims could settle or be adjudicated against the Company in the future for materially different amounts than the Company has accrued due to the inherently unpredictable nature of litigation. Legal fees are expensed in the period in which they are incurred.

Note 10. Stockholders' Deficit

Share Repurchase Programs

Under the Company's share repurchase programs, share repurchases may be made at the Company's discretion from time to time in open market transactions, privately negotiated transactions, or other means, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934. The programs do not obligate the Company to repurchase any specific dollar amount or to acquire any specific number of shares of its Class A Common Stock. The timing and number of any shares repurchased under the programs will depend on a variety of factors, including stock price, trading volume, and general business and market conditions.

The following table summarizes the share repurchase activity of the Company's Class A Common Stock for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,			
	2026		2025	
	Shares	Amount	Shares	Amount
Repurchases under share repurchase programs	2,572	\$ 82,104	1,822	\$ 49,964
Amounts for excise tax withholdings and broker's commissions ⁽¹⁾	—	260	—	72
Total repurchases of common stock	2,572	\$ 82,364	1,822	\$ 50,036

(1) The amounts are included in additional paid-in capital as part of the repurchased stock's cost basis.

During the three months ended March 31, 2026, the Company's Board of Directors increased the remaining share repurchase authorization to \$500.0 million, subject to certain limitations and inclusive of repurchases since December 31, 2025. The share repurchase authorization does not expire.

As of March 31, 2026, approximately \$417.9 million remained authorized and available under the Company's share repurchase programs for future share repurchases.

RINGCENTRAL, INC.
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The following table summarizes the number of shares of the Company's Class A Common Stock repurchased and settled under share repurchase programs (in thousands):

	Three Months Ended March 31,	
	2026	2025
Repurchases under share repurchase programs	2,572	1,822
Repurchases unsettled during period	(27)	—
Prior-period share repurchases settled during period	—	—
Total repurchases of common stock settled	2,545	1,822

Dividends

On February 19, 2026, the Company announced the initiation of its first quarterly cash dividend program. The following table summarizes our dividends activities for the periods presented (in thousands, except per share data):

Record Date	Payment Date	Dividend Per Share	Total Amount
3/9/2026	3/16/2026	\$ 0.0750	\$ 6,413

In May 2026, the Company declared a cash dividend of \$0.075 per share to be paid on June 11, 2026, to stockholders of record as of the close of business on June 2, 2026, on each of the Company's Class A common stock, Class B common stock, and Series A Convertible Preferred Stock (on an as-converted basis).

The declaration, payment, and amount of any future dividends will be at the discretion of our Board of Directors and will depend on, among other factors, our results of operations, financial condition, liquidity, capital requirements, and other factors deemed relevant by our Board.

Note 11. Share-Based Compensation

A summary of share-based compensation expense recognized in the Condensed Consolidated Statements of Operations is as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenues	\$ 3,129	\$ 6,160
Research and development	14,191	17,572
Sales and marketing	23,568	35,184
General and administrative	13,777	18,965
Total share-based compensation expense	\$ 54,665	\$ 77,881

A summary of share-based compensation expense by award type is as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Employee stock purchase plan rights ("ESPP")	\$ 1,695	\$ 1,404
Performance stock units ("PSUs")	5,452	10,106
Restricted stock units ("RSUs")	47,518	66,371
Total share-based compensation expense	\$ 54,665	\$ 77,881

Equity Incentive Plans

As of March 31, 2026, a total of 17,703,282 shares remained available for grant under the Company's Amended and Restated 2013 Equity Incentive Plan (the "2013 Plan").

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Employee Stock Purchase Plan

The Company's ESPP allows eligible employees to purchase shares of the Company's Class A Common Stock at a discounted price through payroll deductions.

As of March 31, 2026, there was a total of \$1.0 million of unrecognized share-based compensation expense, net of estimated forfeitures, related to the ESPP, which will be recognized on a straight-line basis over the remaining weighted-average vesting periods of approximately 0.1 years. As of March 31, 2026, a total of 7,706,776 shares were available for issuance under the ESPP.

Restricted and Performance Stock Units

A summary of activity of restricted and performance-based stock units as of March 31, 2026, and changes during the period then ended is presented in the following table:

	Number of RSUs/PSUs Outstanding (in thousands)	Weighted- Average Grant Date Fair Value Per Share	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2025	6,275	\$ 34.30	\$ 181,227
Granted	901	32.64	
Released	(1,967)	31.59	
Canceled/Forfeited	(115)	33.16	
Outstanding as of March 31, 2026	5,094	\$ 35.07	\$ 189,432

Restricted Stock Units

The 2013 Plan provides for the issuance of RSUs to employees, directors, and consultants. RSUs issued under the 2013 Plan generally vest over two or three years.

As of March 31, 2026, there was a total of \$129.0 million of unrecognized share-based compensation expense, net of estimated forfeitures, related to RSUs, which will be recognized on a straight-line basis over the remaining weighted-average vesting periods of approximately 1.3 years.

Performance Stock Units

The 2013 Plan provides for the issuance of PSUs. The PSUs granted under the 2013 Plan are contingent upon the achievement of predetermined market, performance, and service conditions which are independently measured. The Company uses a Monte Carlo simulation model to determine the fair value of its market condition PSUs. The grant date fair value of performance-based PSUs are valued based on the Company's stock price at the grant date. PSU expense is recognized using the graded vesting method over the requisite service period. For performance-based metrics, the compensation expense is based on a probability of achievement of the performance conditions. For market-based conditions, if the market conditions are not met but the service conditions are met, the PSUs will not vest; however, any stock-based compensation expense recognized will not be reversed.

For the majority of the PSUs granted, the number of shares of common stock to be issued at vesting will range from 0% to 200% of the target number based on the achievement of the different performance and market conditions over the respective measurement period. The PSUs generally vest over a two to three-year period.

As of March 31, 2026, there was a total of \$17.3 million unrecognized share-based compensation expense, net of estimated forfeitures, related to these PSUs, which will be recognized over the remaining service period of approximately 1.1 years.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Employee Equity Compensation Plans

The Company's board of directors adopted employee equity bonus plans ("Plans"), which allow the recipients to earn fully vested shares of the Company's Class A Common Stock upon the achievement of quarterly service and/or performance conditions. During the three months ended March 31, 2026, the Company issued 338,617 shares of Class A Common Stock under the employee equity bonus plans. The shares under these Plans are issued from the reserve of shares available for issuance under the 2013 Plan. The total requisite service period for these Plans is approximately 0.4 years.

The unrecognized share-based compensation expense as of March 31, 2026 was approximately \$2.6 million, which will be recognized over the remaining service period of 0.1 years.

Note 12. Income Taxes

The provision for income taxes was \$3.5 million and \$6.0 million for the three months ended March 31, 2026 and 2025, respectively.

Beginning in 2022, the U.S. Tax Cuts and Jobs Act ("Tax Act") enacted on December 22, 2017 eliminated the option to deduct research and development expenditures for tax purposes in the period the expenses were incurred and instead required all U.S. and foreign research and development expenditures to be amortized over five and fifteen tax years, respectively. The One Big Beautiful Bill Act (or "OBBA Act"), enacted on July 4, 2025, revised these rules, permitting the deduction of certain U.S. research and development expenditures incurred in tax years beginning on or after January 1, 2025 but expenditures attributable to research and development conducted outside the U.S. must continue to be capitalized and amortized over fifteen years. The OBBA Act also provides the option to accelerate the amortization of any remaining unamortized U.S. research and development expenditures incurred in tax years beginning on or after January 1, 2022, and before January 1, 2025, over a one or two year period beginning with the first taxable year beginning after December 31, 2024. Based on the initial review of the OBBA Act, the Company expects 2025 US cash taxes will decrease without any material impact on its effective tax rate. The Company is continuing to evaluate the provisions of the OBBA Act and its impact on its financial position, results of operations and cash flows, including the expected tax benefits that may arise from the implementation of this new law.

The Company has recorded current U.S. income tax expense of \$3.0 million for the three months ended March 31, 2026.

The realization of tax benefits of net deferred tax assets is dependent upon future levels of taxable income, of an appropriate character, in the periods the items are expected to be deductible or taxable. We maintain a full valuation allowance against the entire domestic net deferred tax assets, including net operating loss carryforwards and certain domestic credits as of March 31, 2026 and December 31, 2025. We regularly evaluate the need for a valuation allowance. Due to recent profitability, a reversal of our valuation allowance in certain jurisdictions in the foreseeable future is reasonably possible.

During the three months ended March 31, 2026, there were no material changes to the total amount of unrecognized tax benefits.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 13. Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by giving effect to all potential shares of common stock, stock options, restricted stock units, performance stock units, ESPP, convertible notes, and convertible preferred stock, to the extent dilutive. For the three months ended March 31, 2025, all such common stock equivalents have been excluded from diluted net loss per share as the effect to net loss per share would be anti-dilutive.

The following table sets forth the computation of the Company's basic and diluted net income (loss) per share of common stock (in thousands, except per share data):

	Three Months Ended March 31,	
	2026	2025
Numerator		
Net income (loss)	\$ 30,618	\$ (10,328)
Denominator		
Weighted-average common shares outstanding for basic net income (loss) per share	84,662	91,015
Effect of dilutive securities:		
Shares of common stock issuable under equity incentive awards outstanding	1,586	—
Shares of common stock related to convertible preferred stock	743	—
Weighted-average common shares outstanding for diluted net income (loss) per share	86,991	91,015
Basic net income (loss) per share	\$ 0.36	\$ (0.11)
Diluted net income (loss) per share	\$ 0.35	\$ (0.11)

The following table summarizes the potentially dilutive common shares that were excluded from diluted weighted-average common shares outstanding because including them would have had an anti-dilutive effect (in thousands):

	Three Months Ended March 31,	
	2026	2025
Shares of common stock issuable under equity incentive plans outstanding	4,915	8,085
Shares of common stock related to convertible preferred stock	—	743
Potential common shares excluded from diluted net loss per share	4,915	8,828

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 14. Restructuring Activities

During the three months ended March 31, 2026, the Company incurred restructuring costs of \$2.8 million as part of the broader efforts to optimize the Company's cost structure. The restructuring costs primarily consisted of severance payments, employee benefits, exit charges associated with the closure of facilities and related costs. The Company expects to substantially complete these actions in 2026, subject to local law and consultation requirements in certain countries. The Company may incur other charges or cash expenditures not currently contemplated due to unanticipated events that may occur as a result of or in connection with the implementation of these actions.

The following table summarizes the Company's restructuring costs that were recorded as an operating expense in the accompanying Condensed Consolidated Statements of Operations during the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenues	\$ 528	\$ 1,535
Research and development	557	1,694
Sales and marketing	642	2,988
General and administrative	1,116	873
Total restructuring costs	<u>\$ 2,843</u>	<u>\$ 7,090</u>

The following table summarizes the Company's restructuring liability that is included in accrued liabilities in the accompanying Condensed Consolidated Balance Sheets (in thousands):

Balance as of December 31, 2025	\$ 2,834
Restructuring costs	2,843
Cash payments	(4,066)
Non-cash and other adjustments	(752)
Balance as of March 31, 2026	<u>\$ 859</u>

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 15. Segment Information

The Chief Executive Officer, who functions as the chief operating decision maker (“CODM”), oversees the Company’s business activities at the consolidated level as a single operating and reportable segment. The factors used to identify the Company’s single operating segment include the organizational structure of the Company and the financial information available for evaluation by the CODM. The CODM uses consolidated net income (or loss) and operating margin to evaluate financial performance and make decisions regarding resource allocation, including setting target revenue growth and distributing the budget across cost of revenues, research and development, sales and marketing, and general and administrative expenses.

The following table presents selected financial information for the Company’s single operating segment for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 644,199	\$ 612,056
Less:		
Share-based compensation expense	54,665	77,881
Depreciation and amortization	56,911	55,061
Other segment items ⁽¹⁾	482,595	468,774
Income (loss) from operations	50,028	10,340
Operating margin as % of revenue	7.8 %	1.7 %
Other income (expense), net		
Interest expense	(14,805)	(16,115)
Other income (expense) ⁽²⁾	(1,114)	1,402
Other income (expense), net	(15,919)	(14,713)
Income (loss) before income taxes	34,109	(4,373)
Provision for income taxes	3,491	5,955
Net income (loss)	\$ 30,618	\$ (10,328)

(1) Other segment items mainly consist of personnel costs, third-party commissions, and advertising and marketing costs.

(2) Includes interest income of \$0.6 million and \$1.2 million for the three months ended March 31, 2026 and 2025, respectively.

See the condensed consolidated financial statements for other financial information regarding the Company’s operating segment.

Refer to Note 2 - *Revenue* in the Notes to Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information about revenue by geographic location.

Concentrations

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Although the Company deposits its cash with multiple financial institutions, its deposits, at times, may exceed federally insured limits. The Company’s accounts receivable are primarily derived from sales by resellers and to direct customers. The Company maintains an allowance for doubtful accounts for estimated potential credit losses. As of March 31, 2026 and December 31, 2025, none of the Company’s customers accounted for more than 10% of the Company’s total accounts receivable. For the three months ended March 31, 2026 and 2025, none of the Company’s customers accounted for more than 10% of the Company’s total revenues or subscriptions revenues.

RINGCENTRAL, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Long-lived assets by geographic location are based on the location of the legal entity that owns the asset. As of March 31, 2026 and December 31, 2025, approximately 85% and 87% of the Company's consolidated long-lived assets were located in the U.S. No other single country outside of the U.S. represented more than 10% of the Company's consolidated long-lived assets as of March 31, 2026 and December 31, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 27, 2026, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As discussed in the section entitled "Special Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ significantly from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this report, particularly in the section entitled "Risk Factors" included under Part II, Item 1A below.

Overview

Over the past 26 years, RingCentral, Inc., a global leader in AI-powered customer engagement, has transformed business communications, leading the shift from on-premises legacy communications to the cloud. Today, the company has an AI-powered, multi-product portfolio including Unified Communications as a Service ("UCaaS"), Contact Center as a Service ("CCaaS"), RingCentral AI solutions, Video and Events. RingCentral's core tenets include: a) Trust: We provide a carrier-grade, cloud based communications platform that businesses can trust with reliability, security, and privacy; b) Innovation: We plan to invest over \$250 million in research and development in 2026 to execute through focused and strategic innovation, setting the bar in the industry for many market firsts; c) Partnerships: We have a diverse set of strategic partners, global service providers, channel partners, and third-party developers. RingCentral is designed for intelligent, connected, and effortless businesses communications, making employee and customer experiences more productive and efficient.

Our cloud-based offerings, including RingEX, RingCentral Contact Center and RingCX are primarily subscription based and made available at different rates varying by the specific functionalities, services, and number of users. Our AI-led products are also being offered on a usage-based pricing model. During the three months ended March 31, 2026, we announced RingCentral AIR Pro™ (AI Representative), a voice-first, omnichannel AI agent platform. As part of the launch, AIR Pro™ includes a no-code environment, called AIR Pro Studio, enabling anyone to design, build, and deploy voice and digital AI agents in minutes using natural language.

Our subscription plans have monthly, annual, or multi-year contractual terms. We believe that this flexibility in contract duration is important to meet the different needs of our customers. For the three months ended March 31, 2026, and 2025, subscriptions revenues accounted for over 90% of our total revenues. Other revenues are comprised of product revenues from the sale of pre-configured phones and professional services. We do not develop or manufacture physical phones and only offer them as a convenience to our customers. We rely on third-party providers to develop and manufacture these devices and fulfillment partners to successfully serve our customers.

As of March 31, 2026, we had customers from a range of industries, including healthcare, financial and professional services, retail, state and local government, education, legal services, real estate, technology, insurance, construction and hospitality, among others. For the three months ended March 31, 2026, and 2025, the vast majority of our total revenues were generated in the U.S. and Canada.

The growth of our business and our future success depend on many factors, including our ability to add new customers, retain and expand within our existing customer base, continue to innovate and successfully monetize our AI-led product portfolio, increase sales and revenues from our existing and new products, and execute efficiently on our go-to-market strategy.

We have been actively implementing various measures to enhance operational efficiencies, expand margins and free cash flows while optimizing our working capital requirements. These measures include disciplined hiring, expanded use of offshore service providers, vendor consolidation, optimization of our go-to-market motions, and increased internal deployment of AI tools to drive productivity. A key component of our margin expansion strategy is the reduction of stock-based compensation (SBC) as a percentage of revenue. SBC decreased from approximately 13.1% of total revenue in prior year to approximately 8.9% of total revenue during the three months ended March 31, 2026.

Macroeconomic Conditions and Other Factors

Our business is subject to risks and exposures caused by the macroeconomic environment. Macroeconomic factors include persistent inflation, elevated interest rates, change in government administrations, supply chain disruptions, the imposition of tariffs and other non-tariff trade barriers, decreased economic output, geopolitical conflict and fluctuations in currency exchange rates, all of which can cause uncertainty. The overall macroeconomic environment may affect buying behavior from our customers, potentially reducing demand for our products and adversely impacting our results. We have in the past and may in the future experience lower upsell and increased downsell within our existing base as customers may slow hiring and rationalize their employee counts or lower average revenue per user. We continuously monitor the impact of these circumstances on our business and financial results, as well as the overall global economy and geopolitical landscape. The implications of macroeconomic conditions on our business, results of operations, and overall financial position remains uncertain.

Key Business Metrics

In addition to United States generally accepted accounting principles (“U.S. GAAP”) and financial measures such as total revenues, gross margin, and cash flows from operations, we review a number of key business metrics to evaluate growth trends, measure our performance, and make strategic decisions. We discuss revenues and gross margin under “Results of Operations”, and cash flow from operations and free cash flow under “Liquidity and Capital Resources.” Other key business metrics are discussed below.

Annualized Exit Monthly Recurring Subscriptions

We believe that our Annualized Exit Monthly Recurring Subscriptions (“ARR”) is a leading indicator of our anticipated subscriptions revenues. We believe that trends in revenue are important to understanding the overall health of our business, and we use these trends in order to formulate financial projections and make strategic business decisions. Our ARR equals our Monthly Recurring Subscriptions multiplied by 12. Our Monthly Recurring Subscriptions equals the monthly value of all customer recurring charges at the end of a given month. For example, our Monthly Recurring Subscriptions at March 31, 2026 was \$225.6 million. As such, our ARR at March 31, 2026 was \$2.71 billion compared to \$2.53 billion at March 31, 2025.

Net Monthly Subscription Dollar Retention Rate

We believe that our Net Monthly Subscription Dollar Retention Rate provides insight into our ability to retain and grow subscriptions revenues, as well as our customers’ potential long-term value to us. We believe that our ability to retain our customers and expand their use of our solutions over time is a leading indicator of the stability of our revenue base and we use these trends in order to formulate financial projections and make strategic business decisions. We define our Net Monthly Subscription Dollar Retention Rate as (i) one plus (ii) the quotient of Dollar Net Change divided by Average Monthly Recurring Subscriptions.

We define Dollar Net Change as the quotient of (i) the difference of our Monthly Recurring Subscriptions at the end of a period minus our Monthly Recurring Subscriptions at the beginning of a period minus our Monthly Recurring Subscriptions at the end of the period from new customers we added during the period, all divided by (ii) the number of months in the period. We define our Average Monthly Recurring Subscriptions as the average of the Monthly Recurring Subscriptions at the beginning and end of the measurement period.

For example, if our Monthly Recurring Subscriptions were \$118 at the end of a quarterly period and \$100 at the beginning of the period, and \$20 at the end of the period from new customers we added during the period, then the Dollar Net Change would be equal to (\$0.67), or the amount equal to the difference of \$118 minus \$100 minus \$20, all divided by three months. Our Average Monthly Recurring Subscriptions would equal \$109, or the sum of \$100 plus \$118, divided by two. Our Net Monthly Subscription Dollar Retention Rate would then equal 99.4%, or approximately 99%, or one plus the quotient of the Dollar Net Change divided by the Average Monthly Recurring Subscriptions.

Our key business metrics for the five quarterly periods ended March 31, 2026 were as follows (dollars in billions, except percentages):

	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Net Monthly Subscription Dollar Retention Rate	>99%	>99%	>99%	>99%	>99%
Annualized Exit Monthly Recurring Subscriptions	\$ 2.71	\$ 2.67	\$ 2.63	\$ 2.59	\$ 2.53

Results of Operations

The following tables set forth selected condensed consolidated statements of operations data and such data as a percentage of total revenues. The historical results presented below are not necessarily indicative of the results that may be expected for any future period (in thousands):

	Three Months Ended March 31,	
	2026	2025
Revenues		
Subscriptions	\$ 623,166	\$ 590,112
Other	21,033	21,944
Total revenues	644,199	612,056
Cost of revenues		
Subscriptions	154,408	153,095
Other	25,022	27,355
Total cost of revenues	179,430	180,450
Gross profit	464,769	431,606
Operating expenses		
Research and development	81,713	81,983
Sales and marketing	272,843	274,898
General and administrative	60,185	64,385
Total operating expenses	414,741	421,266
Income from operations	50,028	10,340
Other income (expense), net		
Interest expense	(14,805)	(16,115)
Other (expense) income	(1,114)	1,402
Other expense, net	(15,919)	(14,713)
Income (loss) before income taxes	34,109	(4,373)
Provision for income taxes	3,491	5,955
Net income (loss)	<u>\$ 30,618</u>	<u>\$ (10,328)</u>

Percentage of Total Revenues*

	Three Months Ended March 31,	
	2026	2025
Revenues		
Subscriptions	97 %	96 %
Other	3	4
Total revenues	100	100
Cost of revenues		
Subscriptions	24	25
Other	4	4
Total cost of revenues	28	29
Gross profit	72	71
Operating expenses		
Research and development	13	13
Sales and marketing	42	45
General and administrative	9	11
Total operating expenses	64	69
Income from operations	8	2
Other income (expense), net		
Interest expense	(2)	(3)
Other (expense) income	—	—
Other expense, net	(2)	(2)
Income (loss) before income taxes	5	(1)
Provision for income taxes	1	1
Net income (loss)	5 %	(2)%

* Percentages may not add up due to rounding.

Comparison of the Three Months Ended March 31, 2026 and 2025
Revenues

(in thousands, except percentages)	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Revenues				
Subscriptions	\$ 623,166	\$ 590,112	\$ 33,054	6 %
Other	21,033	21,944	(911)	(4)
Total revenues	\$ 644,199	\$ 612,056	\$ 32,143	5 %
Percentage of revenues				
Subscriptions	97 %	96 %		
Other	3	4		
Total	100 %	100 %		

Subscriptions revenues. Subscriptions revenues increased by \$33.1 million, or 6%, for the three months ended March 31, 2026, as compared to the respective prior year period. Subscriptions revenues increased primarily due to acquisition of new customers and upsell of our products, including new AI-led products.

Other revenues. Other revenues decreased by \$0.9 million, or (4)%, for the three months ended March 31, 2026, as compared to the respective prior year period. The decrease in other revenues is primarily driven by lower professional services due to the timing of performance and lower pricing for professional services.

Although we expect to continue to add new customers for our products, including new product sales, and increase the usage of our products for existing customers, we will monitor the macroeconomic factors that could impact customer buying behavior and demand, including contract duration, timing of customer purchases, pricing changes, churn, upsell and down-sell, renewals, payment terms, and credit card declines, all of which could cause variability in our revenue.

Cost of Revenues and Gross Margin

(in thousands, except percentages)	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Cost of revenues				
Subscriptions	\$ 154,408	\$ 153,095	\$ 1,313	1 %
Other	25,022	27,355	(2,333)	(9)
Total cost of revenues	<u>\$ 179,430</u>	<u>\$ 180,450</u>	<u>\$ (1,020)</u>	<u>(1)%</u>
Gross margins				
Subscriptions	75 %	74 %		
Other	(19)%	(25)%		
Total gross margin %	72 %	71 %		

Subscriptions cost of revenues and gross margin. Cost of subscriptions revenues increased by \$1.3 million, or 1%, for the three months ended March 31, 2026, as compared to the respective prior year period. The increase was primarily driven by a \$5.1 million increase in infrastructure support costs, partially offset by a \$2.0 million reduction in share-based compensation expense due to lower new grant activity, and \$2.0 million decrease in third-party costs to support our solution offering.

Our subscription gross margin remained relatively consistent for the three months ended March 31, 2026, as compared to the respective prior year period.

Other cost of revenues and gross margin. Cost of other revenues decreased by \$2.3 million, or (9)%, for the three months ended March 31, 2026 as compared to the respective prior year period, primarily due to reduction in personnel costs. Other revenues gross margin improved primarily due to a reduction in personnel costs.

Research and Development

(in thousands, except percentages)	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Research and development	\$ 81,713	\$ 81,983	\$ (270)	— %
Percentage of total revenues	13 %	13 %		

Research and development expenses remained relatively flat for the three months ended March 31, 2026, as compared to the respective prior year period. The decrease was primarily driven by reduction in share-based compensation expense due to lower new grant activity of \$3.4 million, partially offset by a \$2.1 million increase in headcount-related costs.

We believe that investment in our products, including new AI-led products, is important for our future growth, and our research and development expenses may fluctuate as a percentage of our total revenues from period to period depending on the timing of these expenses.

Sales and Marketing

(in thousands, except percentages)	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Sales and marketing	\$ 272,843	\$ 274,898	\$ (2,055)	(1)%
Percentage of total revenues	42 %	45 %		

Sales and marketing expenses decreased by \$2.1 million, or (1)%, for the three months ended March 31, 2026, as compared to the respective prior year period, primarily driven by an \$11.6 million reduction in share-based compensation due to lower new grant activity, partially offset by an \$9.7 million increase from third-party commissions.

We expect to incur incremental sales and marketing expenses to support our growth while driving operational efficiencies.

General and Administrative

(in thousands, except percentages)	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
General and administrative	\$ 60,185	\$ 64,385	\$ (4,200)	(7)%
Percentage of total revenues	9 %	11 %		

General and administrative expenses decreased by \$4.2 million, or (7)%, for the three months ended March 31, 2026, as compared to the respective prior year period. This decrease was primarily driven by a \$5.2 million reduction in share-based compensation resulting from lower new grant activity, partially offset by a \$2.1 million increase in professional fees.

We expect the general and administrative expenses to reflect the impact of our operational efficiency measures as we continue to realign our hiring strategies and rationalize our discretionary spending.

Other Expense, Net

(in thousands, except percentages)	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Interest expense	\$ (14,805)	\$ (16,115)	\$ 1,310	(8)%
Other (expense) income	(1,114)	1,402	(2,516)	nm
Other expense, net	<u>\$ (15,919)</u>	<u>\$ (14,713)</u>	<u>\$ (1,206)</u>	8

*nm – not meaningful

Interest expense. Interest expense decreased by \$1.3 million, or (8)%, for the three months ended March 31, 2026, as compared to the respective prior year period, primarily driven by reduction in our outstanding 2030 Senior Notes due to the repurchase of \$50.0 million and \$25.0 million of principal in June 2025 and March 2026, respectively.

Other (expense) income. Other (expense) income decreased by \$2.5 million for the three months ended March 31, 2026, as compared to the respective prior year, primarily due to a \$1.6 million loss on debt extinguishment recognized in connection with the repurchase of \$25.0 million of principal on our 2030 Senior Notes for an aggregate repurchase price of \$26.3 million.

Other (expense) income, net, can fluctuate in the future due to changes in interest rates on our money market funds, interest expense on our Credit Agreement, and fluctuations in currency exchange rates in the current macroeconomic environment.

Liquidity and Capital Resources

Liquidity is a measure of our ability to generate sufficient cash flows to meet the short-term and long-term cash requirements of our business operations, and debt obligations as they become due.

We finance our operations primarily through sales to our customers, which could be billed either monthly or annually one year in advance. For customers with annual or multi-year contracts and those who opt for annual invoicing, we generally invoice only one annual period in advance and revenue is deferred for such advanced billings. As of March 31, 2026, and December 31, 2025, we had cash and cash equivalents of \$116.6 million and \$132.6 million, respectively. These amounts include restricted cash of \$8.4 million and \$8.4 million, respectively, held as a bank deposit for issuance of a foreign bank guarantee. As of March 31, 2026, we have access to additional liquidity of \$50.0 million available under our delayed draw-down Term Loan and \$305.0 million available under our Revolving Credit Facility.

For the three months ended March 31, 2026, net cash provided by operating activities was \$164.0 million. During the three months ended March 31, 2026, we generated \$140.6 million of free cash flow, a non-GAAP financial measure defined as net cash provided by operating activities less capital expenditures (see below for a reconciliation to GAAP). Our capital allocation strategy includes reducing debt, returning capital to shareholders through share repurchases and dividend. For the three months ended March 31, 2026, we repurchased 2.6 million common shares for \$81.3 million, repaid \$45.6 million of long-term debt, used \$7.9 million of cash for business combinations and used \$6.4 million to pay first-ever quarterly cash dividend of \$0.075 per share of our outstanding capital stock.

During the three months ended March 31, 2026, we reduced our outstanding debt by \$45.6 million by repaying in full the remaining \$609.1 million outstanding principal of our 2026 Convertible Notes using \$600.0 million of proceeds from borrowings under our Term Loan, and cash on hand equal to \$9.1 million. Further, we made payments aggregating to \$11.6 million as part of our regular scheduled quarterly principal repayment obligations under the Credit Agreement. As a result, as of March 31, 2026, the total outstanding Term Loan balance was \$890.7 million and the Revolving Credit Facility balance was zero. We also repurchased \$25.0 million of principal of 2030 Senior Notes. As a result, as of March 31, 2026, the total outstanding principal of the 2030 Senior Notes was \$325.0 million. Subsequent to March 31, 2026, we repurchased an additional \$75.0 million of principal on our 2030 Senior Notes, using our cash on hand. Refer to Note 5, *Long-Term Debt*, in the accompanying notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information regarding our Credit Agreement, and the 2030 Senior Notes.

Under our share repurchase programs, share repurchases may be made at our discretion from time to time in open market transactions, privately negotiated transactions, or other means. The programs do not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our Class A Common Stock. The timing and number of any shares repurchased under the programs will depend on a variety of factors, including stock price, trading volume, and general business and market conditions. During the three months ended March 31, 2026, we repurchased and settled approximately 2.6 million shares of our Class A Common Stock, by paying an aggregate amount of approximately \$81.3 million under the plans previously authorized by our board of directors. The authorization under these programs do not expire. As of March 31, 2026, approximately \$417.9 million remained authorized and available under our share repurchase programs for future share repurchases. Refer to Note 10, *Stockholders' Deficit* in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

The following table sets forth the current outstanding debt principal and the future contractual payments as of March 31, 2026 (in thousands):

	Term Loan	2030 Senior Notes	Total
2026 remaining	\$ 34,703	\$ —	\$ 34,703
2027	46,269	—	46,269
2028	46,269	—	46,269
2029	46,269	—	46,269
2030 onwards	717,173	325,000	1,042,173
Total principal amount	<u>\$ 890,683</u>	<u>\$ 325,000</u>	<u>\$ 1,215,683</u>

In February 2026, our Board of Directors initiated our first-ever quarterly cash dividend of \$0.075 per share of our outstanding capital stock, which was paid on March 16, 2026 to stockholders of record as of the close of business on March 9, 2026. In May 2026, the Company declared a cash dividend of \$0.075 per share of our outstanding capital stock to be paid on June 11, 2026, to stockholders of record as of the close of business on June 2, 2026.

We believe that cash flows from our operations, existing liquidity sources including capital resources and ability to raise cash through additional financing will satisfy our future cash requirements and obligations for at least the next 12 months. Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support customer growth, acquisitions and expansions, operating expenses, and capital equipment required to support our headcount and in support of our co-location data center facilities, and our interest payments for both our Term Loan and 2030 Senior Notes. Our capital expenditures in future periods are expected to grow in line with our business. We continually evaluate our capital needs and may decide to raise additional capital to fund the growth of our business for general corporate purposes through public or private equity offerings or through additional debt financing. The timing and amount of any such financing requirements will depend on a number of factors, including the maturity dates of our existing debt. We may from time to time seek to refinance certain of our outstanding debt through issuances of new notes or convertible debt, term loans, exchange transactions or debt repurchases. Such issuances, exchanges or repurchases, if any, will depend on prevailing market conditions, our ability to negotiate acceptable terms, our liquidity position and other factors. We may also from time to time seek to early repay or repurchase our debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such early repayments or repurchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. Refer to risk factors in Part II, Item 1A of this Quarterly Report on Form 10-Q for discussion of risks relating to our liquidity and capital resources.

Cash Flows

The table below provides selected cash flow information for the periods indicated (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net cash provided by operating activities	\$ 164,046	\$ 149,662
Net cash used in investing activities	(31,328)	(19,486)
Net cash used in financing activities	(147,531)	(219,881)
Effect of exchange rate changes	(1,173)	1,330
Net decrease in cash and cash equivalents	<u>\$ (15,986)</u>	<u>\$ (88,375)</u>

Net Cash Provided By Operating Activities

Cash provided by operating activities is driven by the timing of customer collections, as well as the amount and timing of disbursements to our vendors, the amount of cash we invest in personnel, sales, marketing, innovation and infrastructure costs to support the anticipated growth of our business, payments under strategic arrangements, and interest costs.

Net cash provided by operating activities was \$164.0 million for the three months ended March 31, 2026. The cash flow from operating activities was driven by timing of cash receipts from customers and global service providers, offset by cash payments for personnel-related costs and payments to vendors along with interest payments on our debt obligations.

Net cash provided by operating activities for the three months ended March 31, 2026 increased by \$14.4 million, as compared to the respective prior year period, driven by a \$39.7 million improvement in income from operations reflecting higher subscription revenues and lower operating expenses, partially offset by unfavorable working capital movements from the timing of payments and collections.

Net Cash Used In Investing Activities

Our primary investing activities consist of our capital expenditures and expenditures for internal-use software, business acquisitions, and cash paid for intellectual property assets.

Net cash used in investing activities was \$31.3 million for the three months ended March 31, 2026, driven by \$23.4 million in capital expenditures, including personnel-related costs associated with the development of internal-use software, and \$7.9 million in cash paid for business combination.

Net cash used in investing activities for the three months ended March 31, 2026 increased by \$11.8 million, as compared to the respective prior year period. The change was attributed to \$7.9 million of cash used for business combinations, and a \$3.9 million increase in capital expenditures.

Net Cash Used In Financing Activities

Our primary financing activities include utilizing cash to repurchase Class A Common Stock under our share repurchase programs, paying dividends, servicing and repaying debt, paying contingent consideration, proceeds from issuance under our stock plans, paying taxes related to these plans, and meeting our existing financing commitments.

Net cash used in financing activities was \$147.5 million for the three months ended March 31, 2026. This was primarily driven by the cash settlement of \$609.1 million upon the maturity of our 2026 Convertible Notes, partially offset by \$600.0 million of Term Loans drawn under our Credit Agreement. Additional outflows included \$81.3 million used to repurchase approximately 2.6 million shares of our Class A Common Stock, \$26.3 million to repurchase \$25.0 million of principal on our 2030 Senior Notes, \$11.6 million of principal repayments in respect of our Term Loan, \$10.8 million for taxes related to net share settlement of equity awards, and \$6.4 million paid for dividends.

Net cash used in financing activities decreased by \$72.4 million year-over-year. The decrease was primarily driven by lower net debt paydown of \$120.7 million compared to the prior year (\$45.6 million net principal paydown during the three months ended March 31, 2026 versus \$166.3 million paydown in the comparable prior year period), partially offset by \$31.3 million higher common stock repurchases, \$8.9 million higher payments for taxes on net share settlement of equity awards, and our inaugural \$6.4 million quarterly cash dividend.

Non-GAAP Free Cash Flow

To supplement our statements of cash flows presented on a U.S. GAAP basis, we use a non-GAAP measure of cash flows to analyze cash flow generated from our operations. We define free cash flow, a non-GAAP financial measure, as U.S. GAAP net cash provided by (used in) operating activities adjusted for capitalized expenditures that include purchases of property and equipment and capitalized internal-use software. We believe information regarding free cash flow provides useful information to management and investors in understanding the strength of liquidity and available cash. A limitation of the use of free cash flow is that it does not represent the total increase or decrease in our cash balance for the period. Free cash flow should not be considered in isolation or as an alternative to cash flows from operations, and should be considered alongside our other U.S. GAAP-based financial liquidity performance measures, such as net cash provided by operating activities and our other U.S. GAAP financial results.

The following table presents a reconciliation of free cash flow to net cash provided by operating activities, the most directly comparable U.S. GAAP measure, for each of the periods presented (in thousands):

	Three Months Ended March 31,	
	2026	2025
Net cash provided by operating activities	\$ 164,046	\$ 149,662
Capitalized expenditures	(23,399)	(19,486)
Non-GAAP free cash flow	\$ 140,647	\$ 130,176

Remaining Performance Obligations

We have generally signed new customer contracts with typical subscription terms ranging from one month to five years. At any point in the contract term, there can be amounts allocated to services that we have not yet contractually performed, which constitute our remaining performance obligations. Until we meet our performance obligations, we do not recognize them as revenues in our condensed consolidated financial statements. Our remaining performance obligations exclude contracts with an original expected length of less than one year. Contract revenue as of March 31, 2026 that has not yet been recognized was approximately \$2.7 billion.

Deferred Revenue

Deferred revenue primarily consists of the unearned portion of monthly or annual invoiced fees for our subscriptions, which we recognize as revenue in accordance with our revenue recognition policy. For customers with multi-year contracts, we generally invoice for monthly or only one annual subscription period in advance. As a result, our deferred revenue balance does not capture the full value of multi-year contracts and may not be a complete indicator of future subscription revenues on a standalone basis, therefore, we do not utilize deferred revenue as a key management metric internally.

Contractual Obligations and Commitments

Except as set forth below, and in Notes 3, 5, 8 and 9 in the accompanying notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, there were no significant changes in our commitments under contractual obligations, as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Contingencies

We are and may be in the future subject to certain legal proceedings and from time to time may be involved in a variety of claims, lawsuits, investigations, and proceedings relating to contractual disputes, intellectual property rights, employment matters, regulatory compliance matters, and other matters relating to various claims that arise in the normal course of business. We record a provision for a liability when we believe that it is both probable that a liability has been incurred, and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount of loss. Such legal proceedings are inherently unpredictable and subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to be incorrect, it could have a significant impact on our results of operations, financial position, and cash flows.

Off-Balance Sheet Arrangements

During the three months ended March 31, 2026 and 2025, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimates made by management affect revenues, the allowance for doubtful accounts, deferred and prepaid sales commission costs, goodwill, useful lives of intangible assets, share-based compensation, capitalization of internally developed software, return reserves, derivative instruments, provision for income taxes, uncertain tax positions, change in the fair value of contingent consideration, loss contingencies, sales tax liabilities and accrued liabilities. Management periodically evaluates these estimates and will make adjustments prospectively based upon the results of such periodic evaluations. Actual results may differ from these estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

Foreign Currency Risk

The majority of our sales and contracts are denominated in U.S. dollars, and therefore our net revenue is not currently subject to significant foreign currency risk. As part of our international operations, we charge customers in British Pounds, European Union (“EU”) Euro, Canadian Dollars and Australian Dollars, among others. Fluctuations in foreign currency exchange rates and volatility in the market due to global economic conditions could cause variability in our subscriptions revenues, total revenues, annualized exit monthly recurring subscriptions revenues and operating results. Our operating expenses are generally denominated in the currencies of the countries in which our operations are located, which are primarily in the U.S., and to a lesser extent in Canada, Europe, and Asia-Pacific. The functional currency of our foreign subsidiaries is generally the local currency. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk. During the three months ended March 31, 2026, a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our condensed consolidated financial statements. As our international operations continue to expand, risks associated with fluctuating foreign currency rates may increase. We will continue to reassess our approach to managing these risks.

Interest Rate Risk

As of March 31, 2026, we had cash and cash equivalents of \$116.6 million. We invest our cash and cash equivalents in short-term money market funds. The carrying amount of our cash equivalents reasonably approximates fair values. Due to the short-term nature of our money-market funds, we believe that exposure to changes in interest rates will not have a material impact on the fair value of our cash equivalents. Interest income may further fluctuate in the future due to interest rate volatility in the current macroeconomic environment. For the three months ended March 31, 2026, a hypothetical 10% increase or decrease in overall interest rates would not have had a material impact on our interest income.

As of March 31, 2026, we had no amounts outstanding under our Revolving Credit Facility and \$890.7 million principal outstanding under our Term Loan under our Credit Agreement. Borrowings under our Credit Agreement bears interest under a floating rate mechanism, which exposes us to interest-rate risk. To address this risk, we entered into a five-year floating-to-fixed interest rate swap agreement with the objective of reducing exposure to the fluctuating interest rates associated with our variable rate borrowing program by paying a fixed interest rate of 3.79%, plus a margin of 2% to 3%. The interest rate swap agreement became effective on June 30, 2023, and terminates on February 14, 2028. From time to time, we may elect to dedesignate certain cash flow hedging relationships as a result of changes in the repricing terms or partial repayments of our outstanding long-term debt. As of March 31, 2026, our interest rate swap agreement is designated as cash flow hedge and highly effective in offsetting changes in our future expected cash flows due to the fluctuation of our variable rate debt.

As of March 31, 2026, we had \$325.0 million outstanding under our 2030 Senior Notes. The 2030 Senior Notes have fixed annual interest rates, and therefore we do not have economic interest rate exposure on these debt obligations. However, the fair values of our 2030 Senior Notes are exposed to interest rate risk. Generally, the fair value of the 2030 Senior Notes will increase as interest rates fall and decrease as interest rates rise.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations, or financial condition. Nonetheless, if our costs in connection with the operation of our business were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2026. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of March 31, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this item may be found in Note 9, *Commitments and Contingencies*, in the accompanying notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q under “Legal Matters”, which is incorporated herein by reference.

Item 1A. Risk Factors

This Quarterly Report on Form 10-Q contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, the risk factors set forth below. The risks and uncertainties described in this Quarterly Report on Form 10-Q are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also affect our business. See the section entitled “Special Note Regarding Forward-Looking Statements” of this Quarterly Report on Form 10-Q for a discussion of the forward-looking statements that are qualified by these risk factors. If any of these known or unknown risks or uncertainties actually occurs, our business, financial condition and results of operations could be materially and adversely affected.

Summary Risk Factors

An investment in our Class A Common Stock involves a high degree of risk, and the following is a summary of key risk factors when considering an investment. This is only a summary. You should read this summary together with the more detailed description of each risk factor contained in the subheadings further below and other risks.

- We have in the past incurred significant losses and negative cash flows prior to achieving profitability, and we may not be able to maintain profitability in the future.
- Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future. As a result, we may fail to meet or to exceed the expectations of research analysts or investors, which could cause our stock price to fluctuate.
- If we are unable to develop, license, or acquire new services or applications on a timely and cost-effective basis, our business, financial condition, and results of operations may be materially and adversely affected.
- If we are unable to attract new customers to our subscriptions or upsell to those customers on a cost-effective basis, our business will be materially and adversely affected.
- We rely and may in the future rely significantly on our channel partners and global service providers to market and sell our subscriptions; our failure to effectively develop, manage, and maintain our indirect sales channels could materially and adversely affect our revenues.
- Increased customer turnover, or costs we incur to retain, grow, and upsell our customers, could materially and adversely affect our financial performance.
- Economic and political conditions may harm our industry, business and results of operations.
- We face intense competition in our markets and may lack sufficient financial or other resources to compete successfully.
- We face significant risks in our efforts to sell and market to medium-sized and larger businesses for sales of our subscriptions and, if we do not manage these efforts effectively, our business and results of operations could be materially and adversely affected.
- If we fail to continue to develop our brand or our reputation is harmed, our business may suffer.
- We depend largely on the continued services of our senior management and other highly-skilled employees, and if we are unable to hire, retain, manage and motivate our employees, we may not be able to grow effectively and our business, results of operations and financial condition could be adversely affected.
- We may expand through acquisitions of and investments in other companies, each of which may divert our management’s attention, result in additional dilution to our stockholders, increase expenses, disrupt our operations, and harm our results of operations.

- Interruptions or delays in service whether caused by our third-party data center hosting facilities, other third-party providers, internal process failures, human errors, internal bugs or otherwise could impair the delivery of our subscriptions, require us to issue credits or pay penalties and harm our business.
- A security incident, such as a cyber-attack, information security breach, or denial of service event could delay or interrupt service to our customers, harm our reputation or business, impact our subscriptions, and subject us to significant liability.
- The AI technology and features we develop and/or incorporate into our solutions include new and evolving technologies that may present both legal and business risks.
- We rely on third-party vendors and competitors to deliver contact center, SMS, and other services to customers, and changes in these relationships could have a material adverse effect on our business, results of operations and financial condition.
- Our subscriptions are subject to regulation, and future legislative or regulatory actions could adversely affect our business and expose us to liability in the U.S. and internationally.
- We may require additional capital or need to restructure our existing debt to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances. If capital is not available to us, our business, results of operations, and financial condition may be adversely affected.
- Servicing our debt, including the 2030 Senior Notes and Credit Agreement, may require a significant amount of cash, and we may not have sufficient cash flow from our business or the ability to raise the funds necessary to settle repurchases of the 2030 Senior Notes as required following a fundamental change or change of control, as applicable, or to repay all of our indebtedness at maturity.
- Our Credit Agreement imposes operating and financial restrictions on us.
- For as long as the dual class structure of our common stock as contained in our charter documents is in effect, voting control will be concentrated with a limited number of stockholders that held our stock prior to our initial public offering, including primarily our founders and their affiliates, and will limit other stockholders' ability to influence corporate matters.
- Our Series A Convertible Preferred Stock has certain rights that are preferential to the rights of our common stock, which could adversely affect our liquidity and financial condition.

Risks Related to Our Business and Our Industry

We have in the past incurred significant losses and negative cash flows prior to achieving profitability, and we may not be able to maintain profitability in the future.

We have incurred substantial net losses since our inception prior to achieving profitability in accordance with U.S. GAAP. We may not maintain profitability in future periods or, if we are profitable, we may not fully achieve our profitability targets. We have historically spent and expect to continue to spend considerable amounts of time and money to develop new business communications solutions and enhanced versions of our existing business communications solutions to position us for future growth. Additionally, we have incurred substantial losses and expended significant resources upfront to market, promote and sell our solutions and expect to continue to do so in the future. We also expect to continue to invest for future growth, including for advertising, customer acquisition, technology infrastructure, storage capacity, services development, regulatory compliance, and international expansion. In addition, as a public company, we incur significant accounting, legal, and other expenses.

In order to achieve and maintain net income in the future, we will need to do one or more of the following: increase our revenues, manage our cost structure, and/or avoid significant liabilities. Revenue growth has slowed and in the future, revenues may decline, or we may incur significant losses for a number of possible reasons, including general macroeconomic conditions, increasing competition (including competitive pricing pressures), a decrease in customer demand or the growth of the markets in which we compete, in particular the UCaaS, CCaaS and software-as-a-service ("SaaS") markets, shifts in our product mix, or if we fail for any reason to continue to capitalize on growth opportunities, including those related to our AI-based initiatives. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays, service delivery, and quality problems and other unknown factors that may result in losses in future periods or prevent us from maintaining profitability in the future. If these losses exceed our expectations or our revenue growth expectations are not met in future periods, our financial performance will be harmed and our stock price could be volatile or decline.

Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future. As a result, we may fail to meet or to exceed the expectations of research analysts or investors, which could cause our stock price to fluctuate.

Our quarterly and annual results of operations have varied historically from period to period, and we expect that they will continue to fluctuate due to a variety of factors, many of which are outside of our control, including:

- our ability to expand and retain existing customers, resellers, partners, and global service providers (“GSPs”), and expand our existing customers’ user base, and attract new customers;
- our ability to realize the benefits of our existing strategic partnerships, GSP relationships, and other strategic and GSP relationships that we may enter into in the future;
- our ability to introduce and effectively market and sell new solutions, including AI-based products, solutions that we develop or license, and solutions we purchase for resale from third parties;
- the actions of our competitors, including pricing changes or the introduction of new solutions;
- the impact of developments or speculation about the future of AI on the software and SaaS industries and market conditions generally;
- our ability to effectively manage our growth, maintain net income profitability, and generate and grow our U.S. GAAP operating cash flow and non-GAAP free cash flow;
- our ability to successfully penetrate the market for larger businesses and key verticals;
- our ability to upsell our customers to our existing and new products and services;
- our ability to limit and manage down sell and churn;
- our dependency on third-party vendors and competitors of AI, hardware, software and services that we resell to our customers, in particular, NICE Ltd. (“NICE”), and our ability to effectively offer customers an alternate solution;
- the mix of monthly, annual and multi-year subscriptions at any given time;
- the timing, cost, and effectiveness of our advertising and marketing efforts;
- the timing, operating cost, and capital expenditures related to the operation, maintenance and expansion of our business;
- our ability to execute our operating plans successfully while reducing costs and optimizing operating margin;
- our ability to accurately forecast revenues and appropriately plan our expenses;
- our ability to successfully and timely execute on, integrate, and realize the benefits of any acquisition, investment, strategic partnership, or other strategic transaction we may make or undertake;
- service outages or actual or perceived information security breaches or incidents caused by us or the third parties upon which we rely and any related impact on our reputation;
- our ability to realize our deferred tax assets;
- costs associated with defending and resolving intellectual property infringement and other claims;
- changes in tax laws, regulations, or accounting rules;
- our ability to effectively manage and repay our existing and any future debt;
- our ability to repurchase shares of Class A Common Stock and otherwise manage dilution;
- the retention of our senior management and other key employees, their ability to execute on our business plan and the loss of services of senior management or other key employees, whether in the past or in the future;
- the impact of foreign currencies on our business as we continue to expand our business internationally; and
- the impact of worldwide economic, political, industry, and market conditions, including any potential worsening or expansion of any existing or future conflicts and wars, the imposition of tariffs and other non-tariff trade barriers, and U.S.-China relations.

Any one of the factors above, or the cumulative effect of some or all of the factors referred to above, may result in significant fluctuations in our quarterly and annual results of operations. This variability and unpredictability could result in our failure to meet our publicly announced guidance or the expectations of securities analysts or investors for any period, which could cause our stock price to decline. In addition, a significant percentage of our operating expenses is fixed in nature and is based on forecasted revenues trends. Accordingly, in the event of revenue shortfalls, we may not be able to mitigate the negative impact on net income (loss) and margins in the short term. If we fail to meet or exceed the expectations of research analysts or investors, the market price of our shares could fall substantially, and we could face costly lawsuits, including securities class-action suits.

If we are unable to develop, license, or acquire new services or applications on a timely and cost-effective basis, our business, financial condition, and results of operations may be materially and adversely affected.

The cloud-based business communications industry is characterized by rapid development of and changes in customer requirements, frequent introductions of new and enhanced services, and continuing and rapid technological advancement. We cannot predict the effect of technological changes or the introduction of new, disruptive technologies on our business, and the market for cloud-based business communications may develop in a manner different than we expect, and our solutions could fail to achieve market acceptance. Our continued growth depends on continued use of voice, video communications, messaging and contact center solutions by businesses, as compared to email and other data-based methods. In addition, to compete successfully, we must anticipate and adapt to technological changes and evolving industry standards, and continue to design, develop, manufacture, and sell new and enhanced services that provide increasingly higher levels of performance and reliability. Currently, we derive a majority of our revenues from subscriptions to RingEX, and we expect this will continue for the foreseeable future. However, our future success may also depend on our ability to introduce and sell new services, features, and functionality, such as RingCX, AI Receptionist, AI Virtual Assistant, AI Conversation Expert, RingWEM, and RingCentral Events that enhance or are in addition to the subscriptions we currently offer, as well as to improve usability and support and increase customer satisfaction. For example, we and our peers and competitors continue to invest significantly in AI (including machine learning, large language models, and agentic AI). There are significant risks involved in deploying AI, including agentic AI, and there can be no assurance that using AI in our platforms and products will enhance or be beneficial to our business. We have and will continue to develop and incorporate AI solutions and features into our platforms and products, and these solutions and features may become increasingly more important to our operations, future growth or competitiveness over time. We may rely on AI solutions and features to help drive future growth and efficiency in our business, but there can be no assurance that we will realize the desired or anticipated benefits from AI in a timely or cost-effective manner. We cannot guarantee that our investments or assumptions will be accurate around AI or any other customer demand. Our failure to develop solutions that satisfy customer preferences in a timely and cost-effective manner may harm our ability to compete effectively, renew our subscriptions with existing customers, increase our subscriptions revenues from our existing customers, and create or increase demand for our subscriptions and may materially and adversely impact our results of operations.

The introduction of new services by competitors, including those that incorporate AI, agentic AI, and machine learning, or the development of entirely new technologies to replace existing offerings could make our solutions outdated, obsolete or adversely affect our business and results of operations. This is particularly acute as AI and agentic AI continue to transform our industry and we face the increasing risk that certain of our products and services may become redundant, obsolete, or less relevant, particularly to the extent that customers are more easily able to develop their own solutions with AI and agentic AI technologies. Announcements of future releases and new services and technologies by our competitors or us could cause customers to defer purchases of our existing subscriptions, which also could have a material adverse effect on our business, financial condition or results of operations. We may experience difficulties with software development, operations, design, or marketing that could delay or prevent our development, introduction, or implementation of new or enhanced services and applications. We have in the past experienced delays in the planned release dates of new features and upgrades and have discovered defects in new services and applications after their introduction. We cannot assure you that new features or upgrades will be released according to schedule, or that, when released, they will not contain defects or bugs. Either of these situations could result in adverse publicity, loss of revenues, delay in market acceptance, or claims by customers brought against us, all of which could harm our reputation, business, results of operations, and financial condition. Moreover, the development of new or enhanced services and applications will require substantial investment, and we must continue to invest a significant amount of resources in our research and development efforts to develop these services and applications to remain competitive. The rapid evolution of AI, including agentic AI, may also require us to allocate additional resources to help implement AI to minimize unintended or harmful impacts, and may also require us to make additional investments in the development of models or other systems, which may be costly. We are also increasingly developing and deploying agentic AI solutions and features designed to perform tasks and make decisions with limited human intervention. The deployment of agentic AI introduces risks that are distinct from generative AI or other AI tools, including the potential for AI agents to operate unpredictably, exceed their prescribed authorizations, or fail to align with internal policies or legal obligations. Errors or unintended actions taken by these AI agents could have a material adverse impact on the company, its regulatory compliance, and financial condition. We do not

know whether these investments will be successful. If customers do not widely adopt any new or enhanced services and applications, we may not be able to realize a return on our investment. If we are unable to develop, license, or acquire new or enhanced services and applications on a timely and cost-effective basis, or if such new or enhanced services and applications do not achieve market acceptance, our business, financial condition, and results of operations may be materially and adversely affected.

If we are unable to attract new customers to our subscriptions or upsell to those customers on a cost-effective basis, our business will be materially and adversely affected.

In order to grow our business, we must continue to attract new customers, retain existing customers, and expand the number of users in, and services provided to, our existing customer base on a cost-effective basis. Significant increases in the pricing of one or more of our advertising channels would increase our advertising costs or may cause us to choose less expensive and perhaps less effective channels to promote our services. As we add to or change the mix of our advertising and marketing strategies, we may need to expand into channels with significantly higher costs than our current programs, which could materially and adversely affect our results of operations. In addition, a global slowdown of economic activity may disrupt our sales channels and our ability to attract new customers, which may require us to adjust our advertising and marketing programs or make further investments in these programs. We will incur advertising and marketing expenses in advance of when we anticipate recognizing any revenues generated by such expenses, and we may fail to otherwise experience an increase in revenues or brand awareness as a result of such expenditures. We have made in the past, and may make in the future, significant expenditures and investments in new advertising campaigns, and we cannot assure you that any such investments will lead to the cost-effective acquisition of additional customers or retention of existing customers. If we are unable to maintain effective advertising programs, our ability to attract new customers could be materially and adversely affected, our advertising and marketing expenses could increase substantially, and our results of operations may suffer.

Some of our potential customers learn about us through leading search engines. While we employ search engine optimization and search engine marketing strategies, our ability to maintain and increase the number of visitors directed to our website is not entirely within our control. If search engine companies modify their search algorithms in a manner that reduces the prominence of our listing, or if our competitors' search engine optimization efforts are more successful than ours, or if search engine companies restrict or prohibit us from using their services, fewer potential customers may click through to our website. In addition, the cost of purchased listings has increased in the past and may increase in the future. A decrease in website traffic or an increase in search costs could materially and adversely affect our customer acquisition efforts and our results of operations.

We rely and may in the future rely significantly on our channel partners and global service providers to market and sell our subscriptions; our failure to effectively develop, manage, and maintain our indirect sales channels could materially and adversely affect our revenues.

Our future success depends, in part, on our continued ability to establish and maintain a network of channel relationships and strategic partnerships, including GSPs. A substantial portion of our revenues is derived from our network of sales agents, brokers, and resellers, which we refer to collectively as channel partners. Governmental regulations and contractual restrictions with telecom carriers may also restrict the ability of our channel partners to resell our products and services in some countries. We generally do not have long-term contracts with these channel partners, and the loss of or reduction in sales through these third parties could materially reduce our revenues. Our competitors may in some cases be effective in causing our current or potential channel partners to favor their services or prevent or reduce sales of our subscriptions.

We have also entered into certain agreements with our strategic partners and GSPs to sell and market certain of our solutions. However, there can be no guarantee that our strategic partners, GSPs and/or any of their respective channel partners will be successful in marketing or selling our solutions or that they will not cease marketing or selling our solutions in the future. Further, certain strategic partners have failed in the past, and may fail in the future, to meet their minimum contractual seat and/or revenue commitments, including recoupment of advance payments. We have in the past, and may in the future, renegotiate the terms of our GSP relationships and strategic partnership agreements, including converting strategic partners from exclusive to non-exclusive partners.

In addition, we are in the process of adjusting our channel partner go-to-market strategy, to better enable a resale/wholesale model, which requires significant changes to our systems and processes. These system and process changes could result in a longer time to implement our strategy which could have an impact on our revenue.

If we fail to maintain relationships with our channel partners, GSPs and strategic partners or fail to develop new and expanded relationships in existing or new markets, or if our networks of indirect channel relationships are not successful in their sales efforts, sales of our subscriptions may decrease and our operating results would suffer. In addition, we may not be successful in managing, training, and providing appropriate incentives to our existing resellers and other channel partners, GSPs and strategic partners, and they may not be able to commit adequate resources in order to successfully sell our solutions.

Increased customer turnover, or costs we incur to retain, grow, and upsell our customers, could materially and adversely affect our financial performance.

Although we have entered into long-term subscription contracts with larger customers, those customers with month-to-month contracts with us may terminate their subscriptions at any time without penalty or early termination charges and customers under contract may not renew. We cannot accurately predict the rate of customer terminations or average monthly subscription cancellations or failures to renew, which we refer to as turnover. Our customers with non-month-to-month subscription agreements have no obligation to renew their subscriptions for our service after the expiration of their initial subscription period, which is typically between one and three years, and a substantial portion of our large contracts are up for renewal every year. In the event that these customers do renew their subscriptions, they may choose to renew for fewer users, shorter contract lengths, or for a less expensive subscription plan or edition. We cannot predict the renewal rates or types for customers that have entered into subscription contracts with us.

Customer turnover, as well as reductions in the number of users or pricing tier(s) for which a customer subscribes, each could have a significant impact on our results of operations, as does the cost we incur in our efforts to retain our customers and encourage them to renew and upgrade their subscriptions and increase their number of users. Our turnover rate could increase in the future if customers are not satisfied with our services, including third-party services and products that we integrate or sell as separate items to our customers, the value proposition of our services, the pricing of our services relative to similar services of our competitors, the customer support we provide, or our ability to otherwise meet their needs and expectations. Turnover and reductions in the number of users for whom a customer subscribes may also increase due to factors beyond our control, including the failure or unwillingness of customers to pay their monthly subscription fees due to financial constraints. In addition, the impact of global economic conditions, including concerns about heightened inflation, fluctuating interest rates, increased energy and commodity price volatility, the imposition of tariffs and other non-tariff trade barriers, and any economic downturn, could cause financial hardship for our customers, decrease technology spending, materially and negatively impact our customers' willingness to enter into or renew subscriptions with us, cause our customers to seek a decrease in the number of users or solutions for which they subscribe, or impact our ability to collect, in a timely manner, monies due from the customer. For example, to address customer hardships, we may work with customers to provide greater flexibility to manage challenges they are facing in their own businesses, but we cannot be assured that they will not reduce their number of users or terminate their subscriptions altogether. Due to turnover and reductions in the number of users for whom a customer subscribes, we must acquire new customers, or acquire new users within our existing customer base, on an ongoing basis simply to maintain our existing level of customers and revenues. If a significant number of customers terminate, reduce, or fail to renew their subscriptions, or do not pay their subscription fees, we may be required to incur significantly higher marketing and/or sales expenditures than we currently anticipate in order to compensate for this higher turnover by increasing the number of new customers or upselling existing customers, and such additional marketing and/or sales expenditures could harm our business and results of operations.

Our future success also depends in part on our ability to execute upon our multi-product strategy to sell additional subscriptions for additional and/or new functionalities to our current customers. Any increase in the costs necessary to upgrade, expand and retain existing customers could materially and adversely affect our financial performance. If our efforts to convince customers to add users and, in the future, to purchase additional functionalities are not successful, our business may suffer. In addition, such increased costs could cause us to increase our subscription rates, which could increase our turnover rate.

Economic and political conditions may harm our industry, business and results of operations.

The success of our activities is affected by general economic and political conditions, including, among others, inflation rate fluctuations, interest rates, supply chain constraints, consumer confidence, volatile equity capital markets, tax rates, economic uncertainty, political instability, changes in laws, foreign currency exchange rates, and trade barriers and sanctions. Such economic volatility could adversely affect our business, financial condition, results of operations and cash flows, and future market disruptions could negatively impact us. A significant portion of our revenues comes from small and medium-sized businesses, which have been, and may continue to be, adversely affected by the macroeconomic conditions and uncertainties to a greater extent than larger enterprises with greater financial resources. Unfavorable economic conditions could increase our operating costs and, because our typical contracts with customers lock in our price for a few years and/or may have elasticity clauses, our profitability could be negatively affected. For example, the current U.S. administration has imposed

significant new tariffs on imports from numerous trading partners; such tariffs and retaliatory measures by those trading partners have adversely impacted trade relations, increased pressure on supply chains and created general market instability, and such effects may continue. Geopolitical destabilization could impact global currency exchange rates, supply chains, trade and movement of resources, the price of commodities such as energy, as well as demand for our products and services, which may adversely affect the technology spending of our customers and potential customers. Geopolitical conflicts, including the effects of the ongoing conflicts and escalation of hostilities in the Middle East, any potential worsening or expansion of these conflicts and wars, and U.S.-China relations, are heightening these risks.

The policies pursued by the current U.S. administration could lead to changes in economic conditions or economic uncertainties in the United States and globally. Any such changes or uncertainties, including in international trade relations, legislation and regulations (including those related to taxation and importation), or economic and monetary policies, could result in heightened diplomatic tensions or political and civil unrest, among other potential impacts, and have a material adverse effect on the global economy as a whole and/or our business, or may require us to significantly modify one or more of our current business practices.

Some of our international agreements provide for payment denominated in local currencies, and the majority of our local costs are denominated in local currencies. Fluctuations in the value of the U.S. dollar versus foreign currencies have in the past, and may in the future, impact our operating results when translated into U.S. dollars. Thus, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Euro, British Pound Sterling, Bulgarian Lev, Chinese Yuan, Indian Rupee, Canadian Dollar, Australian Dollar, and Singapore Dollar, and may be adversely affected in the future due to changes in foreign currency exchange rates. Certain changes in exchange rates have and may in the future negatively affect our revenues, expenses, and other operating results as expressed in U.S. dollars.

We face intense competition in our markets and may lack sufficient financial or other resources to compete successfully.

The cloud-based business communications and collaboration solutions industry is highly competitive. We face intense competition from other providers of UCaaS, CCaaS, Communications Platform as a Service (“CPaaS”), messaging, video, fax, virtual events, AI (including quality management, sales assistant and other AI driven functionalities), agentic AI, virtual assistant, work-force management/optimization and other communication products and services. Our competitors include traditional on-premises, hardware business communications providers, cloud, hybrid and hosted communications providers, GSPs and each of their channel partners, resellers, distributors and agents who offer proprietary or other third-party cloud business communications products and services. As a result, several of the companies with whom we have commercial relationships, such as our GSPs, OEM resellers, and channel partners, also offer, market and sell competing products and services.

Our competitors include but are not limited to: 8x8, Inc., Dialpad, Inc., LogMeIn, Inc., Microsoft Corporation, Nextiva, Inc., Twilio Inc., Ericsson, Zoom, Amazon.com, Inc., AT&T Inc., BT Group plc, TELUS Corporation, Vodafone Group Plc, Deutsche Telekom, Avaya LLC, Mitel Networks Corporation, Cisco Systems, Inc., Alphabet Inc., Meta Platforms, Inc., Oracle Corporation, Salesforce Inc., Five9, Inc., NICE (including LiveVox Holdings, Inc.), Genesys Telecommunications Laboratories, Inc., Talkdesk, Inc., Verint Systems Inc., Calabrio, Inc., yellow.ai, ON24, Inc., Cvent Holding Corp., Gong.io Inc., Alianza, Inc., and Outreach Corporation.

Many of our current and potential competitors have longer operating histories, significantly greater resources and/or name recognition, more diversified offerings, greater international presence, and larger customer bases than we have. As a result, these competitors may have greater credibility with our existing and potential customers. In addition, certain of our competitors have partnered with, or been acquired by, and may in the future partner with or acquire, other competitors to offer services, leveraging their collective competitive positions, which makes it more difficult to compete with them and could significantly and adversely affect our results of operations. Demand for our platform is also sensitive to price. Many factors, including our marketing, user acquisition and technology costs, and our current and future competitors’ pricing and marketing strategies, can significantly affect our pricing strategies. Our competitors may be able to adopt more aggressive pricing policies and promotions and devote greater resources to the development, promotion and sale of their services than we can to ours. Some of our competitors have in the past and may choose in the future to sacrifice revenues and/or profitability to gain market share by offering their services at lower prices or for free, or offering alternative pricing models, such as “freemium” pricing or free “service credits.” Our competitors may also offer bundled service arrangements that provide more complete service offerings with other functionality that we do not offer (such as broadband), thereby making them more attractive to potential customers despite the technical merits or advantages of our platform. In addition, the introduction of new products and services by competitors or the development of entirely new technologies to replace existing offerings, such as AI-powered communication and collaboration tools, could make our platform obsolete or adversely affect our business, results of

operations, and financial condition. Competition could result in a decrease to our prices, increase customer acquisition costs, slow our growth, increase our customer turnover, reduce our sales, or decrease our market share, any or all of which could materially and adversely affect our revenues and growth.

We face significant risks in our efforts to sell and market to medium-sized and larger businesses for sales of our subscriptions and, if we do not manage these efforts effectively, our business and results of operations could be materially and adversely affected.

As we continue to sell and market to medium-sized and larger businesses, we expect to incur higher costs and longer sales cycles and we may be less effective at predicting if and when we will complete these sales. In these markets, the decision to purchase our subscriptions generally requires the approval of more technical personnel and management levels within a potential customer's organization, and therefore, these types of sales require us to invest more time educating these potential customers about the benefits of our subscriptions. In addition, larger customers may demand more features, integration services, customization, more complex contract negotiations, and may require highly skilled sales and support personnel. Our investment in marketing our subscriptions to these potential customers may not be successful, which could significantly and adversely affect our results of operations and our overall ability to grow our customer base. Furthermore, many medium-sized and larger businesses that we sell and market to may already purchase business communications solutions from our larger competitors or, due to economic conditions or otherwise, reduce their technology spending or reduce the number of new employees for whom they purchase our solutions or reduce the number of existing employees using our solution (i.e., down-sell). As a result of these factors, these medium and large sales opportunities may require us to devote greater research and development resources and sales support to individual customers, and invest in hiring and retaining highly skilled personnel, resulting in increased costs and could likely lengthen our typical sales cycle, which could strain our sales and support resources. Moreover, these larger transactions may require us to delay recognizing the associated revenues we derive from these customers until any technical or implementation requirements have been met.

If we fail to continue to develop our brand or our reputation is harmed, our business may suffer.

We believe that continuing to strengthen our current brand will be critical to achieving widespread acceptance of our subscriptions and will require continued focus on active marketing efforts. The demand for and cost of online and traditional advertising has been increasing and may continue to increase. Accordingly, we may need to increase our investment in, and devote greater resources to, advertising, marketing, and other efforts to create and maintain brand loyalty among users. Brand promotion activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses incurred in building our brand. In addition, if we do not handle customer complaints effectively, our brand and reputation may suffer, we may lose our customers' confidence, and they may choose to terminate, reduce or not to renew their subscriptions. Many of our customers also participate in social media and online blogs about Internet-based software solutions, including our subscriptions, and our success depends in part on our ability to minimize negative and generate positive customer feedback through such online channels where existing and potential customers seek and share information. Any unfavorable publicity or perception of our platform, including from our AI products and features, could also adversely affect our reputation and our ability to attract and retain customers. Our reputation and business may be harmed by news or social media coverage, including but not limited to coverage that presents, or relies on, inaccurate, misleading, incomplete, or otherwise damaging information. If we fail to sufficiently invest in, promote and maintain our brand, our business could be materially and adversely affected.

We depend largely on the continued services of our senior management and other highly-skilled employees, and if we are unable to hire, retain, manage and motivate our employees, we may not be able to grow effectively and our business, results of operations and financial condition could be adversely affected.

Our future performance depends on the continued services and contributions of our senior management and other key employees to execute on our business plan, and to identify and pursue opportunities and services innovations. The loss of services of senior management or other key employees, whether in the past or in the future, could significantly delay or prevent the achievement of our business, financial, developmental and strategic objectives. In particular, we depend to a considerable degree on the vision, skills, experience, and effort of our co-founder, Chairman and Chief Executive Officer, Vladimir Shmunis, who has provided our strategic direction for over 25 years and has built and maintained what we believe is an attractive workplace culture. Any future changes resulting from the hiring or departure of executives could disrupt our business and could impact our ability to preserve our culture, which could negatively affect our ability to recruit and retain personnel. Our executive officers and other senior management personnel work for us on an "at-will" basis and any of them may therefore terminate employment with us at any time with limited or no advance notice. The replacement of any current or future senior management personnel could involve significant time and costs, and any such loss could significantly delay or prevent the achievement of our business objectives.

Our future success also depends on our ability to continue to attract and retain highly skilled personnel. Despite many recent layoffs in the technology industry and at the company, we believe that there is, and will continue to be, intense competition for highly skilled technical and other personnel with experience in our industry in the San Francisco Bay Area, where our headquarters is located, in Denver, Colorado, where we have an office and where a significant portion of our U.S. sales, customer support and our network operations are located, and in other locations where we have employees. In addition, recent and any future changes to U.S. immigration policies, particularly to H-1B and other visa programs, and restrictions on travel could restrain the flow of technical and professional talent into the U.S. and may inhibit our ability to hire qualified personnel. Similar risks exist with respect to immigration regulations in other countries where we operate, may operate in the future or have employees or contractors. We must provide competitive compensation packages and a high-quality work environment to hire, retain, and motivate employees. If we are unable to retain and motivate our existing employees and attract qualified personnel to fill key positions, we may be unable to manage our business effectively, including the development, marketing, and sale of existing and new subscriptions, which could have a material adverse effect on our business, financial condition, and results of operations. To the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information. Volatility in, or lack of performance of, our stock price may also affect our ability to attract and retain key personnel.

We may expand through acquisitions of and investments in other companies, each of which may divert our management's attention, result in additional dilution to our stockholders, increase expenses, disrupt our operations, and harm our results of operations.

Our business strategy has and may, from time to time, include acquiring or investing in new or complementary services, technologies or businesses, strategic investments and partnerships, or other strategic transactions. We cannot assure you that we will successfully identify suitable acquisition candidates or transaction counterparties, securely or effectively integrate or manage disparate technologies, lines of business, personnel and corporate cultures, realize our business strategy or the expected return on our investment, including recoupment or write-down of our investments in the partnership, or manage a geographically dispersed company. Any such acquisition, investment, strategic partnership, or other strategic transaction could materially and adversely affect our results of operations. The process of negotiating, effecting, and realizing the benefits from acquisitions, investments, strategic partnerships, and strategic transactions is complex, expensive and time-consuming, and may cause an interruption of, or loss of momentum in, development and sales activities and operations of both companies, and we may incur substantial cost and expense, as well as divert the attention of management. Our inability to successfully acquire and, thereafter, operate and integrate newly acquired businesses or newly formed strategic partnerships appropriately, effectively, and in a timely manner could impair our ability to take advantage of future growth opportunities and other advances in technology, as well as our revenues and gross margins.

Acquisitions, investments, strategic partnerships, and other strategic transactions involve additional significant risks and uncertainties, including:

- unanticipated costs;
- difficulties in maintaining and effectively servicing the customers acquired in the transaction;
- the potential loss of key employees of any acquired businesses;
- the potential adverse effect on our cash position to the extent that we use cash for some or all of the transaction consideration;
- the potential significant increase of our interest expense, leverage, and debt service requirements if we incur additional debt to pay for an acquisition, investment, strategic partnership, or other strategic transaction;
- the potential issuance of securities that would dilute our stockholders' percentage ownership;
- the potential to incur large and immediate write-offs and restructuring and other related expenses;
- the assumption of contingent or other liabilities;
- the potential liability or expenses associated with new types of data stored, existing security obligations or liabilities, unknown weaknesses in our solutions, insufficient security measures in place, and compromise of our networks via access to our systems from assets not previously under our control;
- the inability to maintain uniform standards, controls, policies, and procedures;
- the inability to set up the necessary processes and systems to efficiently operate our partnerships and GSP relationships; and
- general technology, people and go-to-market integration risks.

Our inability to manage any of these risks successfully could harm our operations and our overall business.

Interruptions or delays in service whether caused by our third-party data center hosting facilities, other third-party providers, internal process failures, human errors, internal bugs or otherwise could impair the delivery of our subscriptions, require us to issue credits or pay penalties and harm our business.

We currently serve our North American customers from geographically disparate data center hosting facilities in North America, where we lease space from Equinix, Inc., and other providers, and we serve our European customers from third-party data center hosting facilities in Europe. We also use third-party co-location facilities located in various international regions to serve our customers in these regions. Certain of our solutions are hosted by third-party data center facilities including Amazon Web Services, Inc. and Google Cloud Platform. Damage to, or failure of, these facilities, the communications network providers with whom we or they contract, or with the systems by which our communications providers allocate capacity among their customers, including us, or software errors, have in the past and could in the future result in interruptions in our services. Additionally, in connection with the addition of new data centers or expansion or consolidation of our existing data center facilities, we may move or transfer our data and our customers' data to other data centers. Despite precautions that we take during this process, any unsuccessful data transfers may impair or cause disruptions in the delivery of our subscriptions. We also resell third-party products and services, in particular, solutions from NICE and any interruptions of their service may impact our customers. In addition, our services may have or be prone to errors, defects, or bugs that could result in unanticipated interruptions of service. For example, in January 2025, we experienced an interruption in service due to an internal system error that impacted our customers for a limited number of hours, and we may in the future experience interruptions that impact our customers. Interruptions in our subscriptions have in the past and may in the future reduce our revenues, require us to issue credits or pay penalties, subject us to claims and litigation, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new and retain existing customers. Our ability to attract and retain customers depends on our ability to provide customers with a highly reliable subscription and even minor interruptions in our subscriptions could harm our brand and reputation and have a material adverse effect on our business.

As part of our current disaster recovery arrangements, our North American, European, and Asia Pacific infrastructure and our North American, European, and Asia Pacific customers' data is currently replicated in near real-time at data center facilities in the U.S., Europe, and Asia Pacific, respectively. We do not control the operation of these facilities or of our other data center facilities, and they are vulnerable to damage or interruption from natural disasters, floods, fires, public health crises, power loss, telecommunications failures, and similar events. They may also be subject to human error, break-ins, sabotage, acts of vandalism, cybersecurity incidents, including ransomware or denial-of-service attacks, an act of terrorism and similar misconduct. Even with the disaster recovery arrangements in place, our subscriptions could be interrupted.

We may also be required to transfer our servers to new data center facilities in the event that we are unable to renew our leases on acceptable terms, if at all, or the owners of the facilities decide to close their facilities, and we may incur significant costs and possible subscription interruption in connection with doing so. In addition, any financial difficulties, such as bankruptcy or foreclosure, faced by our third-party data center operators, or any of the service providers with which we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict. Additionally, if our data centers are unable to keep up with our increasing needs for capacity, our ability to grow our business could be materially and adversely impacted.

A security incident, such as a cyber-attack, information security breach, or denial of service event, could delay or interrupt service to our customers, harm our reputation or business, impact our subscriptions, and subject us to significant liability.

Our operations depend on our ability to protect our production and corporate information technology services from interruption or damage from various threats, including cyber-attacks, denial-of-service events and other system and network disruptions, social engineering, unauthorized entry, insider threats, rogue employees or contractors, computer malware, human error, or other means of causing security breaches or incidents. Although we require our employees to undertake privacy and cybersecurity training, we have from time to time been subject to communications fraud, social engineering tactics, cyber-attacks by malicious actors, and denial of service and other disruptive events, and we may be subject to similar attacks in the future, particularly as the frequency and sophistication of cyber-attacks increases. We cannot assure you that our backup systems, regular data backups, security controls, personnel training, and other procedures currently in place, or that may be in place in the future, will prevent significant damage, system failure, service outages, data incidents, data loss, unauthorized access, loss of use, interruption, or increased charges from our technology vendors.

The amount of data we store for our customers and users increases as our business grows. We host services, which includes hosting customer data, in co-located data centers and in multiple public cloud services. Our solutions allow users to store files, tasks, calendar events, messages and other data on our services indefinitely or as may be directed by our customers, at least until termination of the agreement. We also maintain sensitive data related to our technology and business, and that of

our employees, strategic partners, GSPs, channel partners, and customers, including intellectual property, proprietary business information and personal information (also called personal data) on our own systems and in multiple vendors' cloud services. As a result of maintaining larger volumes of data and user files and/or as a result of our continued movement up market, or movement into new customer markets and acquisition of larger and more recognized customers, we may become more of a target for hackers, nation states, and other malicious actors.

In addition, we use third-party vendors who, in some cases, have access to our data and our employees', partners', and customers' data. We employ layered security measures and have a means of working with third parties who report vulnerabilities to us. Despite the implementation of security measures by us or our vendors, our computing devices, infrastructure, or networks, or our vendors' computing devices, infrastructure, or networks have in the past, and may in the future, be vulnerable to hackers, computer viruses, worms, ransomware, other malware, human error, theft, or misuse, phishing, denial-of-service attacks, or similar disruptive problems that are caused by or through a security weakness or vulnerability in our or our vendors' infrastructure, network, or business practices or our or our vendors' customers, employees, business partners, consultants, or other Internet users who attempt to obtain unauthorized access to our or our vendors' corporate or personal systems, networks, or devices. Security weaknesses or vulnerabilities in our, our vendors', or our customers' infrastructure, networks, or business practices could lead to increased costs, liability claims, including contractual liability claims relating to security obligations in agreements with our partners and our customers, fines, claims, investigations and other proceedings, reduced revenue, or harm to our reputation or competitive position. In addition, even if vulnerabilities are not exploited or targeted, we could incur increased costs and capital expenditures in any efforts we undertake to strengthen our security controls or remediate security vulnerabilities.

We have implemented remote working protocols and offer work-issued devices to substantially all employees, whether working in an office or remotely. Actions of employees while working remotely may have significant effects on the security of our infrastructure, networks, and the information we process, such as by increasing the risk of compromise to systems or data arising from employees' combined personal and private use of devices, accessing our networks or information using wireless networks that we do not control, or the ability to transmit or store information outside of our network. Our employees' or third parties' intentional, unintentional, or inadvertent actions may increase our vulnerability to or expose us to security threats, such as ransomware or other malware and phishing attacks, and we may remain responsible for or otherwise face liability in connection with unauthorized access to, loss, unavailability, alteration, destruction, acquisition, disclosure or other processing of information we or our vendors, business partners, or consultants process or otherwise maintain. Additionally, political and geopolitical uncertainty and actions, such as the ongoing conflicts and escalation of hostilities in the Middle East, may create heightened risks to us and our vendors, business partners, and consultants of cyber-attacks from nation-state actors or their affiliated entities, including attacks that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services. Also, cyber-attacks, including on the supply chain (including our software supply chain), continue to increase in frequency and magnitude, and we cannot provide assurances that our preventative efforts, or those of our suppliers, have been or will be successful.

We rely on encryption and authentication technology to provide secure transmission of and access to confidential information, including customer credit card numbers, debit card numbers, direct debit information, customer communications, and files uploaded by our customers. Advances in computer capabilities, new cryptographic discoveries, software or hardware bugs or vulnerabilities, social engineering activities, the introduction of ransomware or other malicious code, or other developments may result in a compromise or breach of the technology we use to protect our data and our customer data, or of the data itself. We also have incorporated AI-powered features into our solutions and may continue to incorporate additional AI features and technologies into our solutions in the future. Our use of AI features and technologies may create additional cybersecurity risks or increase cybersecurity risks, including risks of security breaches and incidents. Further, AI technologies may be used in connection with certain cybersecurity attacks, resulting in heightened risks of security breaches and incidents.

Additionally, third parties have in the past successfully induced, and may attempt in the future to induce using social engineering or other methods, employees, consultants, or customers into disclosing sensitive information, such as usernames, provisioning data, customer proprietary network information ("CPNI") or other information in order to gain access to our customers' user accounts or data, or to our systems or data. CPNI includes information such as the phone numbers called by a customer, the frequency, duration, and timing of such calls, and any services purchased by the consumer, such as call waiting, call forwarding, and caller ID, in addition to other information that may appear on a customer's bill. Third parties may also attempt to induce employees, consultants, or customers into disclosing information regarding our and our customers' intellectual property, personal data and other confidential information. The techniques used to obtain unauthorized access, to perform hacking, phishing and social engineering, or to sabotage systems change and evolve frequently and may not be recognized until launched against a target, may be new and previously unknown or little-known, or may not be detected or understood until well after such actions are conducted. We may be unable to anticipate these techniques and may be unsuccessful in implementing appropriate preventative measures, and any security breach or other incident may be difficult to

detect and may take longer than expected to remediate or otherwise address. Any system failure or disruption or security breach or incident that causes interruptions or data loss in our operations or in the computer systems of our customers or leads to the misappropriation, loss, unavailability, or unauthorized use, disclosure, or other processing of our or our customers' confidential or personal information could result in significant liability to us, loss of our intellectual property, cause our subscriptions to be perceived as not being secure, cause considerable harm to us and our reputation (including requiring notification to customers, regulators, or the media), and deter current and potential customers from using our subscriptions. Any of these events could have a material adverse effect on our business, results of operations, and financial condition.

It is critical to our business that our sensitive information and that of our employees, strategic partners, GSPs, channel partners and customers remains secure and that our customers perceive that this information is secure. Information security incidents have in the past, and may in the future, result in unauthorized access to, loss or unavailability of, or unauthorized disclosure or other processing of such information. Any actual or perceived cybersecurity breach or incident could expose us to litigation, indemnity obligations, government notification and investigations or other proceedings, contractual liability, and other possible liabilities, and could result in negative publicity, which could harm our reputation and reduce our customers' confidence in the effectiveness of our solutions, which could materially and adversely affect our business and operating results. A security breach or incident could also expose us to increased costs, including remediation costs, disruption of operations, or increased cybersecurity protection costs, that may have a material adverse effect on our business. In addition, an actual or perceived security breach or incident, whether by us, or a third-party vendor or agent, of or impacting our customers' systems can also result in exposure of credentials, unauthorized access to accounts, exposure of their information and data (including CPNI), and fraudulent calls on their accounts, which can have impacts to us similar to those described above. Any actual or perceived security breach or incident of or impacting our partners' or vendors' systems can result in similar impacts.

Additionally, due to the nature of our solutions, we are unable to maintain complete control over data security or the implementation of measures that reduce the risk of a data security incident. For example, our customers may accidentally disclose their passwords or store them on a mobile device that is lost or stolen, creating the perception that our systems are not secure against third-party access. Additionally, our third-party contractors in the Philippines, U.S., Georgia, and elsewhere may have access to customer data. While our agreements with our third-party contractors restrict their use or disclosure of any customer data, if these or other third-party vendors violate applicable laws or our policies, this may put our customers' information at risk and could have a material and adverse effect on our business.

Laws, regulations, and enforcement activities relating to security and privacy continue to evolve. For example, in 2023, the SEC adopted cybersecurity risk management and disclosure rules, which require the disclosure of information pertaining to cybersecurity incidents and cybersecurity risk management, strategy, and governance. Additionally, the EU has implemented new and revised laws and regulations relating to cybersecurity. For example, the Digital Operational Resiliency Act went into effect on January 17, 2025. It aims to establish a universal framework for managing and mitigating information and communication technology risk that will apply to financial-sector entities and their third-party cloud service providers.

We have incurred and expect to continue to incur significant expenses in our efforts to prevent and address security incidents. Determining whether a security breach or incident is notifiable or reportable may not be straightforward and may be costly and could lead to negative publicity, loss of customer or partner confidence in the effectiveness of our security measures, diversion of management's attention, governmental investigations, and the expenditure of significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach or incident. We may find it necessary for various reasons, such as a need to support changes to applicable laws or to support our expansion of sales into new geographic areas or into new industry markets, to change or enhance our cybersecurity measures, which may make it more expensive to operate in certain jurisdictions and may increase the risk of our non-compliance with evolving laws and regulations.

While we maintain cybersecurity insurance, our insurance may be insufficient to cover all liabilities incurred by privacy or security incidents. We also cannot be certain that our insurance coverage will be sufficient for data handling or data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that an insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

The AI technology and features we develop and/or incorporate into our solutions include new and evolving technologies that may present both legal and business risks.

We have incorporated a number of AI-powered features into our solutions. We use internally developed and third-party developed machine learning and AI technologies and we are making further investments in expanding our AI capabilities.

AI technologies are complex and rapidly evolving, and we face significant competition from other companies as well as an evolving legal and regulatory landscape. The successful integration of new and emerging AI technologies, such as generative AI, automated speech recognition, text-to-speech and natural language processing into our platforms and solutions will require additional investment, and the development of new approaches and processes, which will be costly and increase our expenses.

Further, the incorporation of AI-powered features into our solutions will subject us to new or enhanced governmental or regulatory scrutiny, data privacy and information security laws, litigation, including class-action suits, confidentiality or security risks, ethical concerns, or other complications that could harm our business, reputation, financial condition or results of operations. Certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making, which may add compliance requirements or challenges to our use of AI technologies. These obligations have in the past and may in the future make it harder for us to conduct our business using AI, lead to regulatory fines or penalties, subject us to litigation, require us to change our business practices, or prevent or limit our use of AI technologies. For example, the FTC has required some companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI technologies where they allege the company has violated privacy and consumer protection laws. If we cannot use AI technologies or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage. Additionally, intellectual property ownership and license rights, including copyright, surrounding AI technologies are new, evolving, and have not been fully addressed by federal or state laws or by U.S. courts, and the manner in which we and our third-party developers configure and use AI technologies may expose us to claims of copyright infringement or other intellectual property misappropriation. In addition, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could harm our business, reputation, financial condition and results of operations.

Relatedly, large language models, or LLMs, can generate written content that contains bias, factual errors, misrepresentations, offensive language, or inappropriate statements. While we attempt to use LLMs in a way that mitigates these risks, there is no guarantee that we will be successful and these risks could harm our business, reputation, financial condition and results of operations.

In addition, the use of AI involves significant technical complexity and requires specialized expertise, and competition for specialized personnel in the AI industry is intense. Any disruption or failure in our or our third-party developers' AI systems or infrastructure could result in delays or errors in our operations, which could harm our business, reputation, financial condition and results of operations.

The use of AI technologies in our business may not produce the desired benefits, and may result in increased liability, reputational harm, or other adverse consequences.

We have deployed, and continue to develop and incorporate, AI solutions and features into our business, and these solutions and features may become more important to our operations or to our future growth over time. We expect to rely on AI solutions and features to help drive future growth and efficiency in our business, but there can be no assurance that we will realize some or all of the desired or anticipated benefits from AI in a timely or cost-effective manner. In addition, our workforce is exposed to and uses AI technologies for certain tasks related to our business. We have guidelines and policies specifically directed at the use of AI tools in the workplace. Nevertheless, the use of these AI tools, whether authorized or unauthorized, by our workforce, poses potential risks relating to the protection of data, including cybersecurity risk, exposure of our proprietary confidential information to unauthorized recipients, and the misuse of our or third-party intellectual property. Use of AI technology by our workforce, even if consistent with our guidelines, may result in allegations or claims against us related to violation of third-party intellectual property or other rights, unauthorized access to or use of proprietary information, and failure to comply with open source software requirements. In addition, our employees use AI tools for various design and engineering tasks such as writing code and building content, and these tools may produce inaccurate responses that could lead to errors in our decision-making, solution development or other business activities, which could have a negative impact on our business, operating results and financial condition. Our ability to mitigate these risks will depend on our provision of effective training, monitoring and enforcement of appropriate policies, guidelines and procedures, and compliance by our workforce.

We rely on third-party competitors to deliver contact center, SMS, and other services to customers, and changes in these relationships could have a material adverse effect on our business, results of operations and financial condition.

We currently use and/or provide third-party technology and integrations from NICE, Bandwidth.com, Inc., Microsoft Corporation and other companies to provide some of our solutions to our customers, including contact center and SMS solutions. We use, or in the future, may use and rely on technologies of other third-parties to deliver features and functionalities. We cannot assure you that we will be able to renew our agreements with any of these third-party providers and any of these service providers could elect or attempt to stop providing us with access to their services. In addition, these third-party providers may terminate or breach their contracts with us, or allow these contracts to expire. If any of these service providers

cease to provide us with their services, fail to provide these services to us on a cost-effective basis or at reasonable levels of quality and security, ceases operations, or otherwise terminates or discontinues these services, it could have a material adverse effect on our business and results of operations. Our inability to continue to offer these third-party solutions to our customers and/or our inability to effectively offer or migrate these customers to our own alternative or other third-party alternative solutions may have a material adverse effect on our business, results of operations and financial condition.

Our international operations and customer base may expose us to significant risks.

We have significant operations directly or through third parties in many countries outside of the U.S. and Canada, including, the U.K., China, the Philippines, Germany, Georgia, Bulgaria, Spain, Australia, India, and France. We also sell our solutions to customers in several countries in Europe, as well as in the Asia Pacific region, and we may continue to grow our international presence in the future. The future success of our business will depend, in part, on our ability to expand our operations and customer base worldwide, as well as our ability to acquire and maintain international customers in a cost effective manner. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic, and political risks that are different from those in the U.S. Due to our relatively limited experience with international operations and developing and managing sales and distribution channels in international markets, our international expansion efforts may not be successful. In addition, we will face risks in doing business internationally that could materially and adversely affect our business, including:

- our ability to comply with differing and evolving technical and environmental standards, telecommunications regulations, and certification requirements outside the U.S.;
- difficulties and costs associated with staffing and managing foreign operations, including managing compliance with foreign labor laws and regulations;
- new and different sources of competition;
- our ability to effectively price our subscriptions in competitive international markets;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the need to adapt and localize our subscriptions and product offerings for specific countries and local regulators;
- the need to offer customer care, product information, websites, and other marketing collateral in various native languages;
- the need to contract and bill in various native languages, currencies, and under a variety of different legal systems;
- reliance on third parties over which we have limited control, including those that market and resell our subscriptions in international markets;
- availability of reliable broadband connectivity and wide area networks in targeted areas for expansion;
- lower levels of adoption of credit or debit card usage for Internet related purchases by foreign customers and compliance with various foreign regulations related to credit or debit card processing and data protection requirements;
- export controls and economic sanctions, foreign trade restrictions, travel restrictions, and changes in diplomatic and trade relationships, including tariffs and other non-tariff barriers, such as quotas and local content rules;
- our ability to comply with different and evolving laws, rules, and regulations, including the European General Data Protection Regulation, and other data privacy and data protection laws, and regulations;
- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act and U.K. Bribery Act of 2010;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates;
- exchange control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;

- deterioration of political relations between the U.S. and other countries where we have personnel who support our business, particularly the European Union, China, India, Bulgaria, Spain, and the Philippines; and
- political or social unrest, economic instability, conflict or war in such countries.

Our failure to manage any of these risks successfully could harm our future international operations and our overall business.

If we are unable to effectively process local number and toll-free number portability provisioning, and/or our customers are unable to register with TCR in a timely manner, our growth may be negatively affected.

We support local number and toll-free number portability, which allows our customers to transfer to us and thereby retain their existing phone numbers when subscribing to our services. Transferring numbers is a manual process that can take up to 15 business days or longer to complete. A new customer of our subscriptions must maintain both our subscription and the customer's existing phone service during the number transferring process. Any delay that we experience in transferring these numbers typically results from the fact that we depend on third-party GSPs to transfer these numbers, a process that we do not control, and these third-party GSPs may refuse or substantially delay the transfer of these numbers to us. Local number portability is considered an important feature by many potential customers, and if we fail to reduce any related delays, we may experience increased difficulty in acquiring new customers. Moreover, the FCC requires Internet voice communications providers to comply with specified number porting timeframes when customers leave our subscription for the services of another provider. Several international jurisdictions have imposed similar number portability requirements on subscription providers like us. If we or our third-party GSPs are unable to process number portability requests within the requisite timeframes, we could be subject to fines and penalties. Additionally, in the U.S., both customers and GSPs may seek relief from the relevant state public utility commission, the FCC, or in state or federal court for violation of local number portability requirements.

U.S. mobile carriers are now requiring businesses using SMS on over-the-top providers, including all CPaaS and UCaaS providers, such as us, to register with The Campaign Registry ("TCR"), to ensure text messages are compliant with wireless carrier guidelines, as well as to reduce spam. These new rules affect our customers, and we have built integrations with TCR to facilitate registrations for our customers. TCR registration and related vetting can be cumbersome and costly and may cause customer churn, especially for SMB customers that have more limited person-to-person SMS needs. Additionally, SMS aggregators and wireless carriers sometimes block legitimate SMS traffic without prior notice, which may negatively impact our customers. Bandwidth.com, Inc., our SMS aggregator, currently blocks any and all SMS sent by phone numbers that have not been registered with TCR and associated with an approved messaging campaign. Despite our ongoing efforts to minimize the impact on our customers, our potential inability to provide SMS to affected customers may have a material adverse effect on our business, results of operations and financial condition.

Our business could suffer if we cannot obtain or retain direct inward dialing numbers or are prohibited from obtaining local or toll-free numbers or if we are limited to distributing local or toll-free numbers to only certain customers.

Our future success depends on our ability to procure large quantities of local and toll-free direct inward dialing numbers ("DIDs") in the U.S. and foreign countries in desirable locations at a reasonable cost and without restrictions. Our ability to procure and distribute DIDs depends on factors outside of our control, such as applicable regulations, the practices of the communications GSPs that provide DIDs, the cost of these DIDs, and the level of demand for new DIDs. For instance, France implemented new rules requiring service providers to obtain DIDs directly from regulatory authorities. Further, due to their limited availability, there are certain popular area code prefixes that we generally cannot obtain. Our inability to acquire DIDs for our operations would make our subscriptions less attractive to potential customers in the affected local geographic areas. In addition, growth in our customer base, together with growth in the customer bases of other providers of cloud-based business communications, increases our dependence on needing sufficiently large quantities of DIDs.

If we experience excessive fraudulent activity or cannot meet evolving credit card association merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer base, new sales, and revenues to decline significantly.

Most of our customers authorize us to bill their credit card accounts directly for service fees that we charge. If customers pay for our subscriptions with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. Further, our customers provide us with credit card billing information online or over the phone, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur charges, which are referred to in the industry as chargebacks, from the credit card companies from claims that a

customer did not authorize the specific credit card transaction to purchase our subscription. If the number of chargebacks becomes excessive, we could be assessed substantial fines or be charged higher transaction fees, and we could lose the right to accept credit cards for payment. In addition, credit card issuers may change merchant and/or service provider standards, including data protection standards, required to utilize their services from time to time. We have established and implemented measures intended to comply with the Payment Card Industry Data Security Standard (“PCI DSS”). If we fail to maintain compliance with such standards or fail to meet new standards, the credit card associations could fine us or terminate their agreements with us, and we would be unable to accept credit cards as payment for our subscriptions. If we fail to maintain compliance with current service provider standards, such as the PCI DSS, or fail to meet new standards, customers may choose not to use our services. If such a failure to comply with relevant standards occurs, we may also face legal liability if we are found to not comply with applicable laws that incorporate, by reference or by adoption of substantially similar provisions, merchant or service provider standards, including the PCI DSS. Our subscriptions may also be subject to fraudulent usage, including but not limited to revenue share fraud, domestic traffic pumping, subscription fraud, premium text message scams, and other fraudulent schemes. This usage can result in, among other things, substantial bills from our vendors, for which we would be responsible, for terminating fraudulent call traffic, or carriers opting to stop carrying some or all of our traffic. In addition, third parties may have attempted in the past, and may attempt in the future, to induce employees, sub-contractors, or consultants into disclosing customer credentials and other account information using social engineering and other methods, which can result in unauthorized access to customer accounts and customer data, unauthorized use of customers’ services, charges to customers for fraudulent usage and costs that we must pay to GSPs. Although we have implemented multiple fraud prevention, detection controls and personnel trainings, we cannot assure you that these controls will be adequate to protect against fraud. Substantial losses due to fraud, service disruption due to fraud, or our inability to accept credit card payments could cause our paid customer base to significantly decrease, which would have a material adverse effect on our results of operations, financial condition, and ability to grow our business.

Failures in Internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable, possibly leading our customers to switch to our competitors or to avoid using our subscriptions.

Unlike traditional communications services, our subscriptions depend on our customers’ high-speed broadband access to the Internet. Increasing numbers of users and increasing bandwidth requirements may degrade the performance of our services and applications due to capacity constraints and other Internet infrastructure limitations. As our customer base grows and their usage of our services increases, we will likely be required to make additional investments in network capacity to maintain adequate data transmission speeds, the availability of which may be limited, or the cost of which may be on terms unacceptable to us. If adequate capacity is not available to us as our customers’ usage increases, our network may be unable to achieve or maintain sufficiently high reliability or performance. In addition, if Internet access service providers have outages or deteriorations in their quality of service, our customers will not have access to our subscriptions or may experience a decrease in the quality of our services. Frequent or persistent interruptions could cause current or potential users to believe that our systems or services are unreliable, leading them to switch to our competitors or to avoid our subscriptions, and could permanently harm our reputation and brands.

In addition, users who access our subscriptions and applications through mobile devices, such as smartphones and tablets, must have a high-speed connection, such as Wi-Fi®, 4G, 5G, or LTE, to use our services and applications. Currently, this access is provided by companies that have significant and increasing market power in the broadband and Internet access marketplace, including incumbent phone companies, cable companies, and wireless companies. Some of these providers offer solutions and subscriptions that directly compete with our own offerings, which can potentially give them a competitive advantage. Also, these providers could take measures that degrade, disrupt or increase the cost of user access to third-party services, including our offerings, by restricting or prohibiting the use of their infrastructure to support or facilitate third-party services or by charging increased fees to third parties or the users of third-party services, any of which would make our subscriptions less attractive to users, and reduce our revenues.

Interruptions in our services caused by undetected errors, failures, or bugs in our services and/or human error could harm our reputation, result in significant costs to us, and impair our ability to sell our subscriptions.

Our services may have errors or defects that customers identify after they begin using them that could result in unanticipated interruptions of service. Internet-based services frequently contain undetected errors and bugs when first introduced or when new versions or enhancements are released. While the substantial majority of our customers are small and medium-sized businesses, the use of our services in complicated, large-scale network environments may increase our exposure to undetected errors, failures, or bugs in our services. Further, human error in maintaining our system could also lead to unanticipated service interruptions. Although we test our services to detect and correct errors and defects before their general release, we have, from time to time, experienced significant interruptions in our services as a result of such technical and/or

human errors or defects and may experience future interruptions of service if we fail to detect and correct these errors and defects. For example, in January 2025, we experienced an interruption in service due to an internal system error that impacted our customers for a limited number of hours, and we may in the future experience interruptions that impact our customers. The costs incurred in correcting such defects or errors may be substantial and could harm our results of operations. In addition, we rely on hardware purchased or leased and software licensed from third parties to offer our services.

Any defects in, or unavailability of, our or third-party software or hardware that cause interruptions of our services could, among other things:

- cause a reduction in revenues or a delay in market acceptance of our services;
- require us to pay penalties or issue credits or refunds to our customers, channel partners, strategic partners, or GSPs, or expose us to claims for damages;
- cause us to lose existing customers and make it more difficult to attract new customers;
- divert our development resources or require us to make extensive changes to our software, which would increase our expenses and slow innovation;
- increase our technical support costs;
- harm our reputation and brand; and
- result in litigation and regulatory action against the company.

Potential problems with our information systems could interfere with our business and operations.

We rely on our information systems and those of third parties for processing customer orders, distribution of our subscriptions, billing our customers, processing credit card transactions, customer relationship management, supporting financial planning and analysis, accounting functions and financial statement preparation, and otherwise running our business. Information systems may experience interruptions, including interruptions of related services from third-party providers, which may be beyond our control. Such business interruptions could cause us to fail to meet customer requirements. All information systems, both internal and external, are potentially vulnerable to damage or interruption from a variety of sources, including without limitation, computer viruses, security breaches and incidents, energy blackouts, natural disasters, terrorism, war, telecommunication failures, employee or other theft, and third-party provider failures. In addition, since telecommunications billing is inherently complex and requires highly sophisticated information systems to administer, our internally developed billing system may experience errors or we may improperly operate the system, which could result in the system incorrectly calculating the fees owed by our customers for our subscriptions or related taxes and administrative fees. Any such errors in our customer billing could harm our reputation and cause us to violate truth in billing laws and regulations. Our current internally developed billing system requires us to process an increasing number of invoices manually, which could result in billing errors. Any errors or disruption in our information systems and those of the third parties upon which we rely could have a significant impact on our business. In addition, we may implement further and enhanced information systems in the future to meet the demands resulting from our growth and to provide additional capabilities and functionality. The implementation of new systems and enhancements is frequently disruptive to the underlying business of an enterprise, and can be time-consuming and expensive, increase management responsibilities, and divert management attention.

Growth may place significant demands on our management and our infrastructure.

We continue to experience growth in our business. This growth has placed and may continue to place significant demands on our management, organizational structure, and our operational and financial infrastructure, particularly as we try to become more profitable and financially and operationally efficient. As our operations continue to scale and become more complex, we may need to increase our sales and marketing efforts and may add additional sales and marketing personnel in various regions worldwide and improve and upgrade our systems and infrastructure to attract, service, and retain an increasing number of customers. For example, we expect the volume of simultaneous calls and video conferences to increase significantly as our customer base grows. Our network hardware and software may not be able to accommodate this additional simultaneous call volume. The expansion of our systems and infrastructure could require us to commit substantial financial, operational, and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Any such additional capital investments will increase our cost base.

Continued growth could also strain our ability to maintain reliable service levels for our customers, resellers, partners, and GSPs, develop and improve our operational, financial and management controls, enhance our billing and reporting systems and procedures, and recruit, train and retain highly skilled personnel. In addition, our existing systems, processes, and controls

may not prevent or detect all errors, omissions, or fraud. We may also experience difficulties in managing improvements to our systems, processes, and controls or in connection with third-party software licensed to help us with such improvements. Any future growth, particularly further international expansion and our transition to a multi-product company, could add complexity to our organization, require effective communication and coordination throughout our organization, and result in additional costs. To manage any future growth effectively, we must continue to improve and expand our information technology and financial, operating, security and administrative systems and controls, and our business continuity and disaster recovery plans and processes. Additionally, our productivity and the quality of our solutions and services may be adversely affected if we do not integrate and train our new employees quickly and effectively. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, results of operations and financial condition could be materially and adversely affected.

Support for smartphones and tablets is an integral part of our solutions. If we are unable to develop robust mobile applications that operate on the mobile platforms that our customers use, our business and results of operations could be materially and adversely affected.

Our solutions allow our customers to use and manage our cloud-based business communications solution on smart devices. As new smart devices and operating systems are released, we may encounter difficulties supporting these devices and services. We also need to devote significant resources to the creation, support, and maintenance of our mobile applications. In addition, if we experience difficulties in the future integrating our mobile applications into smart devices or if problems arise with our relationships with providers of mobile operating systems, such as those of Apple Inc. or Alphabet Inc., our future growth and our results of operations could suffer.

Third-party application stores may also impose new requirements, including, for example, updates to their terms of access or policies on how we or our channel partners must collect, use and share data. Compliance with any such requirements could be costly or burdensome, and could prevent us from timely updating our current solutions or uploading new solutions. If we fail to comply with these requirements, we could lose access to, or be required to remove our mobile applications from, third-party application stores.

The occurrence of a catastrophic disaster could damage our facilities or the facilities of our contractors, which could cause us to curtail our operations.

Our corporate headquarters and other offices and many of our data centers, co-location and research and development facilities, and third-party customer service call centers are located in the U.S. (including in the state of California), Spain, Georgia, Bulgaria, and several countries in Asia, including China, the Philippines, India, and Australia. Many of these locations are near known earthquake fault zones, which are vulnerable to damage from earthquakes and tsunamis, or are in areas subject to hurricanes and typhoons. We and our contractors are also vulnerable to other types of disasters, such as power loss, fire, floods, pandemics, cyber-attack, war (including ongoing geopolitical tensions related to the ongoing conflicts and escalation of hostilities in the Middle East), political unrest, and terrorist attacks and similar events that are beyond our control. If any disasters or geopolitical conflicts were to occur or worsen, our ability to operate our business could be seriously impaired, and we may endure system interruptions, reputational harm, loss of intellectual property, delays in our subscriptions development, lengthy interruptions in our services, breaches of data security, and loss of critical data, all of which could harm our future results of operations. In addition, we do not carry earthquake insurance and we may not have adequate insurance to cover our losses resulting from other disasters or other similar significant business interruptions. Any significant losses that are not recoverable under our insurance policies could seriously impair our business and financial condition.

Risks Related to Our Reliance on Third Parties

We rely on third parties, including third parties in countries outside the U.S., for a significant portion of our software development and design, quality assurance, operations, and customer support.

We currently depend on various third parties for some of our software development efforts, quality assurance, operations, and customer support services, including third parties in countries outside the U.S. Specifically, we have outsourced a significant portion of our software development and design, quality assurance, and operations activities to third-party contractors that have employees and consultants principally in Tbilisi, Georgia.

In addition, we outsource a significant portion of our customer support, inside sales, network operation control functions, and general and administrative activities to third-party contractors located in Manila, the Philippines. For example, we offer customer support from third-party contractors located in the Philippines through both our online account management

website and our toll-free customer support number in multiple languages. The ability to support our customers may be disrupted by natural disasters, inclement weather conditions, civil and political unrest, strikes, and other adverse events in the Philippines.

Furthermore, as we continue to expand our operations internationally, we may need to make further significant expenditures and investments in our customer service and support to adequately address the complex needs of international customers, such as support in additional foreign languages. We also use third parties to deliver onsite professional services to our customers in deploying our solutions. If these vendors do not deliver timely and high-quality services to our customers, our reputation could be damaged, and we could lose customers. In addition, third-party professional services vendors may not be available when needed, which would adversely impact our ability to deliver on our customer commitments. Our dependence on third-party contractors, including those in countries outside the U.S., creates a number of risks, in particular, the risk that we may not maintain service quality, control, or effective management with respect to these business operations.

We also rely on purchased or leased hardware and software licensed from third parties, in particular, NICE, in order to offer our subscriptions, and in some cases, we integrate third-party licensed software components into our platform. Any errors or defects in third-party hardware or software could result in errors or a failure of our subscriptions which could harm our business.

We anticipate that we will continue to depend on our third-party relationships in order to grow our business for the foreseeable future. If we are unsuccessful in maintaining existing and, if needed, establishing new relationships with third parties, our ability to efficiently operate existing services or develop new services and provide adequate customer support could be impaired, and, as a result, our competitive position or our results of operations could suffer.

To deliver our subscriptions, we rely on third parties for our network connectivity and for certain of the features in our subscriptions.

We currently use the infrastructure of third-party network service providers, including Sinch AB, Lumen Technologies, Inc. and Bandwidth.com, Inc. in North America and several others internationally, to deliver our subscriptions over their networks. Our third-party network service providers provide access to their Internet protocol networks and public switched telephone networks, and provide call termination and origination services, including 911 emergency calling in the U.S. and equivalent services internationally, and local number portability for our customers. We expect that we will continue to rely heavily on third-party network service providers to provide these subscriptions for the foreseeable future.

If any of these network service providers stop providing us with access to their infrastructure, fail to provide these services to us on a cost-effective basis or at reasonable levels of quality and security, cease operations, or otherwise terminate these services, the delay caused by qualifying and switching to another third-party network service provider, if one is available, could have a material adverse effect on our business and results of operations.

Finally, if problems occur with any of these third-party network service providers, it may cause outages, errors or poor call quality in our subscriptions, and we could encounter difficulty identifying the source of the problem. The occurrence of outages, errors or poor call quality in our subscriptions, whether caused by our systems or a third-party network or service provider, may result in the loss of our existing customers, delay or loss of market acceptance of our subscriptions, termination of our relationships and agreements with our channel partners, strategic partners, or GSPs, or liability for failure to meet service level agreements which may require us to issue service credits or pay damages, and may seriously harm our business and results of operations.

We rely on third-party software that may be difficult to replace or which could cause errors or failures of our subscriptions.

We rely on software licensed from certain third parties in order to offer our solutions. In some cases, we integrate third-party licensed software components into our platform. This software may not continue to be available at reasonable prices or on commercially reasonable terms, or at all. Any loss of the right to use any of this software could significantly increase our expenses and otherwise result in delays in the provisioning of our solutions until equivalent technology is either developed by us, or, if available, is identified, obtained, and integrated. Any errors or defects in third-party software could result in errors or a failure of our solutions, which could harm our business.

We rely on third parties to fulfill various aspects of our E-911 service. If these third parties do not provide our customers with reliable, high-quality service, our reputation will be harmed, and we may lose customers.

We contract with third parties to provide emergency services calls in the U.S., Canada, the U.K., and other jurisdictions in which we provide access to emergency services dialing, including assistance in routing emergency calls and

terminating emergency services calls. Our domestic providers operate a national call center that is available 24 hours a day, seven days a week, to receive certain emergency calls and maintain PSAP databases for the purpose of deploying and operating E-911 services. We rely on providers for similar functions in other jurisdictions in which we provide access to emergency services dialing. On mobile devices, we rely on the underlying cellular or wireless carrier to provide emergency services dialing. Interruptions in service from our vendors could cause failures in our customers' access to E-911/999/112 services and expose us to liability and damage our reputation.

If these third parties do not provide reliable, high-quality service, or the service is not provided in compliance with regulatory requirements, our reputation and our business will be harmed. In addition, industry consolidation among providers of services to us may impact our ability to obtain these services or increase our costs for these services.

We currently depend on a limited number of phone device suppliers and fulfillment agents to configure and deliver the phones that we sell.

We rely on a limited number of suppliers to provide phones that we offer for sale to our customers that use our services, and we rely on a limited number of fulfillment agents to configure and deliver the phones that we sell to our customers. Accordingly, we could be adversely affected if such third parties fail to maintain competitive phones or configuration services or fail to continue to make them available on attractive terms, or at all. Further, our vendor-supplied phones have lead times of up to several months for delivery to our fulfillment agents and are built to forecasts that may be imprecise. We may, from time to time, have either excess or insufficient product inventory.

If our fulfillment agents are unable to deliver phones of acceptable quality, or if there is a reduction or interruption in their ability to deliver the phones in a timely manner including due to the end of life of any particular unit, our ability to bring services to market, the reliability of our services and our relationships with customers or our overall reputation in the marketplace could suffer, which could cause us to lose revenue. We expect that it could take several months to effectively transition to new third-party manufacturers or fulfillment agents.

In addition, hard phones must interoperate with our back-end servers and systems, which contain complex specifications and utilize multiple protocol standards and software applications. If any of our suppliers changes the operation of their phones or implements new or updated firmware releases for their phones, we will be required to undertake development and testing efforts to ensure that the new phones interoperate with our system. If our vendor-supplied phones do not interoperate effectively with our system, our customers' ability to use our subscriptions could be delayed or orders for our subscriptions could be canceled, which would harm our business, financial condition, and results of operations.

Risks Related to Regulatory Matters

Our subscriptions are subject to regulation, and future legislative or regulatory actions could adversely affect our business and expose us to liability in the U.S. and internationally.

Federal Regulation

Our voice products are regulated by the Federal Communications Commission ("FCC") as interconnected VoIP services, and we provide other communications services, such as videoconferencing and fax, that may also be subject to federal regulation. As a communications service provider, we are subject to existing or potential federal regulations including, but not limited to privacy and data protection, national security, disability access, porting of numbers, cooperation with law enforcement, emergency dialing, wiretapping, robocalling and other anti-fraud measures, Federal Universal Service Fund ("USF") contributions, and national security-related requirements. The potential reclassification of our interconnected VoIP services as Telecommunications Services could result in additional federal and state regulatory obligations. If we do not comply with federal rules and regulations, we could be subject to enforcement actions, fines, loss of authorizations, and possibly restrictions on our ability to provide our services. Any enforcement action, which may be a public process, could result in significant fines, hurt our reputation in the industry, and/or have a material adverse impact on our revenues. In some cases, actions by our customers, vendors or agents could result in liability for us under federal and/or state laws or regulations, either through enforcement by regulatory agencies, state attorneys general, or through private actions. Some of our practices have been and may in the future be challenged under electronic communications privacy laws, such as when we process customer information in connection with providing our services, including AI-powered services, and subject us to litigation (including class-action suits).

State Regulation

State regulation of our interconnected VoIP services is generally preempted by the FCC. Our interconnected VoIP services are considered to be nomadic, because they can be used from any broadband connection. However, a number of states, including California, require us to register as a VoIP provider, contribute to state USF, assess and remit state and local telecom fees, and pay other surcharges and annual fees that fund various state programs. Where permitted, we may pass these fees and surcharges onto our customers, which may result in our subscriptions becoming more expensive or require us to absorb these costs. Additionally, we may be subject to state laws and regulations relating to privacy and data protection, disability access, emergency dialing, wiretapping, outage reporting, AI, and other requirements and regulations. Failure to comply with any current or future state regulations that apply to our business could result in substantial fines and penalties and could harm our business.

International Regulation

We provide communications services in over forty countries. We are subject to foreign laws and regulations relating to communications, digital services, call authentication, wiretapping, metering and billing, consumer protection, data protection, security, AI, emergency calling, anti-fraud measures, and other requirements. Any foreign regulations could impose substantial compliance costs on us, restrict our ability to compete, and impact our ability to provide service in certain markets. Some jurisdictions restrict the resale of certain communications services, which may impact our go-to-market strategy and affect our revenues. Failure to comply with any current or future foreign laws or regulations that apply to our business, could result in substantial fines and penalties, cause us to have to restructure our product offerings, exit certain markets, or raise the price of our products, and could harm our business.

We process, store, and use personal information and other data, which subjects us and our customers to a variety of evolving international statutes, governmental regulation, industry standards and self-regulatory schemes, contractual obligations, and other legal obligations related to privacy and data protection, which may increase our costs, decrease adoption and use of our solutions and subscriptions, and expose us to liability.

In the course of providing our services, we collect, store, transmit, and disclose (collectively, “process”) many types of personal data, including sensitive personal data. Our processing of personal data is subject to a myriad of obligations and restrictions flowing from laws, regulations, industry standards, and contracts.

Data protection laws in the U.S. and abroad give consumers and businesses rights to control the processing of personal data, including the right to opt-out of the sale, sharing, or certain uses of their data and to which countries their data may be transferred. In the U.S., we could be subject to enforcement actions if the FTC or state attorneys general have reason to believe we have engaged in unfair or deceptive privacy or data security practices. Sector specific laws applicable to personal health data, including HIPAA, personal data processed on behalf of financial institutions, data about minors, and personal data processed in the course of providing communications services impose compliance costs and create regulatory risks. Omnibus privacy laws abroad and in an increasing number of U.S. states may apply to our processing in those jurisdictions. In addition, many data protection laws outside the United States prohibit or impose burdens on the transfer of personal data to countries, including the U.S., that have been deemed not to provide adequate privacy protections. Our obligations under these laws and regulations may be unclear, compliance can be costly, and penalties for non-compliance can be substantial. Furthermore, if third parties we work with, such as vendors or developers, make misrepresentations, violate applicable laws and regulations or our policies, such misrepresentations and violations have in the past and may in the future also put our users’ data at risk and could in turn have an adverse effect on our business. Increasingly, jurisdictions in which we do business are regulating digital services and emerging technologies such as AI in ways that go beyond traditional privacy and data protection legislation. The impact of this regulatory activity on the overall industry, business models and our operations are uncertain and could result in changed or new operational and administrative costs that could have an adverse effect on our business, financial condition, and results of operations.

If we experience or suspect a data security incident, we may incur significant costs associated with investigation, mitigation, remediation, and customer notifications. We may be unable to maintain complete control over data security, e.g., our customers may accidentally disclose their passwords. Additionally, if our third-party contractors experience a data security incident, or violate applicable laws or our policies, such incidents or violations may also put our customers’ information at risk, create the perception that our systems are not secure, and in turn have a material and adverse effect on our business.

Regulation of personal information is evolving, and new laws could further impact how we handle personal information and/or could require us to incur additional compliance costs, either or both of which could have an adverse impact

on our operations. For example, the Department of Justice issued a final rule which took effect in April 2025 that places limitations, and in some cases prohibitions, on certain transfers of sensitive personal data to business partners located in China and other designated countries, or with other specified links to China and other designated countries; these rules also may broadly require us to extract promises from other third-party service providers that they will not transfer data we share with them onward to parties linked to countries of concern. The scope and status of these obligations and restrictions is uncertain, changing, subject to differing interpretations, and may be inconsistent from jurisdiction to jurisdiction. As implementation and enforcement of these existing and new laws and regulations progress, we could experience additional costs associated with increased compliance burdens and contractual obligations, be required to localize certain personal data, and/or be at risk for increased regulatory fines or damages. There are a number of legislative proposals in the United States, at both the federal and state level, and in the European Union and more globally, that could impose new obligations in areas such as data processing and other related legislation. We cannot yet determine the impact that such future laws, regulations, and standards may have on our business but may require us to adjust contract terms and technical measures to comply. These changes may impact the duration of customer relationships and result in additional compliance and operational costs, which may affect our business. Failure by us, our vendors, or our agents to comply with obligations and restrictions related to data privacy, data protection, and security in any jurisdiction in which we operate has in the past and may in the future subject us to lawsuits, including class-action suits, and could subject us to regulatory investigations, substantial fines, sanctions, civil and criminal penalties, damages (including statutory damages), consent decrees, injunctions, adverse publicity, reputational damage, and other losses. For example, plaintiffs have become increasingly active in bringing privacy-related and AI claims and class-action suits against companies, including us. Some of these claims or actions allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for very large statutory damages, depending on the volume of data and the number of violations. Further, our actual compliance, our customers' perception of our compliance, costs of compliance with such regulations, and obligations and customer concerns regarding their own compliance obligations (whether factual or in error) may limit the use and adoption of our subscriptions and reduce overall demand. Even the perception of privacy-related concerns, whether or not valid, may inhibit market adoption of our subscriptions in certain industries.

Risks Related to Intellectual Property

Accusations of infringement of third-party intellectual property rights could materially and adversely affect our business.

There has been substantial litigation in the areas in which we operate regarding intellectual property rights. We have in the past received, and may in the future receive, notices of claims of infringement, misappropriation or misuse of other parties' proprietary rights. Accusations and lawsuits like these, whether against us or our customers, resellers, GSPs, strategic partners, or others, may require significant time and expense to defend, may negatively affect customer relationships, may divert management's attention away from other aspects of our operations and, upon resolution, may have a material adverse effect on our business, results of operations, financial condition, and cash flows. We have agreed and will continue to agree to indemnify others for expenses and liability resulting from claimed intellectual property infringement by our solutions. In the past, we have settled infringement and misappropriation litigation brought against us; however, we cannot assure you that we will be able to settle any future claims or, if we are able to settle any such claims, that the settlement will be on terms favorable to us. Our broad range of technology may increase the likelihood that third parties will claim that we or those we indemnify, infringe third-party intellectual property rights. If we, or any of our solutions, were found to be infringing on the intellectual property rights of any third-party, we could be subject to liability for such infringement, which could be material. We could also be prohibited from using or selling certain subscriptions, prohibited from using certain processes, required to pay license fees for the technology, or required to redesign certain subscriptions, each of which could have a material adverse effect on our business and results of operations.

Certain technology necessary for us to provide our subscriptions may be protected by the intellectual property rights of others either now or in the future and we would have to negotiate a license for the use of that technology. We may not be able to negotiate such a license at a price that is acceptable to us or at all.

Our inability to obtain licenses to third-party technology may:

- result in the loss of a substantial number of existing customers or prohibit the acquisition of new customers;
- cause us to pay license fees for intellectual property we are deemed to have infringed;
- cause us to incur costs and devote valuable technical resources to redesigning our subscriptions;
- cause our cost of revenues to increase;
- cause us to manage or defend legal disputes, including litigation which may result in incremental cost, liabilities, reputational damage and distraction to our management team;

- cause us to accelerate expenditures to preserve existing revenues;
- cause existing or new vendors to require pre-payments or letters of credit;
- materially and adversely affect our brand in the marketplace and cause a substantial loss of goodwill;
- cause us to change our business methods or subscriptions;
- cause us to remove, cease to offer, and/or modify certain features and functions from our products;
- require us to cease certain business operations or offering certain subscriptions or features; and
- lead to our bankruptcy or liquidation.

Our limited ability to protect our intellectual property rights could materially and adversely affect our business.

We rely, in part, on patent, trademark, copyright, and trade secret law to protect our intellectual property in the U.S. and abroad. We typically enter into confidentiality agreements with our employees, consultants, third-party contractors, customers, and vendors in an effort to control access to, use of, and distribution of our technology, software, documentation, and other information. These agreements may not effectively prevent unauthorized use or disclosure of confidential information and may not provide an adequate remedy in the event of such unauthorized use or disclosure, and it may be possible for a third-party to legally reverse engineer, copy, or otherwise obtain and use our technology without authorization. In addition, improper disclosure of trade secret information by our current or former employees, consultants, third-party contractors, customers, or vendors to the public or others who could make use of the trade secret information would likely preclude that information from being protected as a trade secret.

We also rely, in part, on patent law to protect our intellectual property in the U.S. and internationally. As of March 31, 2026, our intellectual property portfolio included 535 issued patents, including patents acquired from strategic partnership transactions, which expire between 2026 and 2044. As of March 31, 2026, we also had 99 patent applications pending examination in the U.S. and 27 patent applications pending examination in foreign jurisdictions, all of which are related to U.S. applications. We cannot predict whether such pending patent applications will result in issued patents or whether any issued patents will effectively protect our intellectual property. Even if a pending patent application results in an issued patent, the patent may be invalidated or may be circumvented by others. Further, we have in the past and may in the future license some of our patents to third parties and/or “prune” our patent portfolio by not continuing to renew some of our patents in some jurisdictions or may decide to divest some of our patents.

The unlicensed use of our brand, including through the registration of domain names, by third parties could harm our reputation, cause confusion among our customers and impair our ability to market our solutions and subscriptions. We have registered numerous trademarks and service marks and have applied for registration of additional trademarks and service marks and have acquired a large number of domain names in and outside the U.S. to establish and protect our brand names as part of our intellectual property strategy. If our applications receive objections or are successfully opposed by third parties, it will be difficult for us to prevent third parties from using our brand without our permission. Moreover, successful opposition to our applications might encourage third parties to make additional oppositions or commence trademark infringement proceedings against us, which could be costly and time consuming to defend against. If we are not successful in protecting our trademarks, our trademark rights may be diluted and subject to challenge or invalidation, which could materially and adversely affect our brand.

Despite our efforts to implement our intellectual property strategy, we may not be able to protect or enforce our proprietary rights in the U.S. or internationally (where effective intellectual property protection may be unavailable or limited). Also, our competitors may independently develop technologies that are similar or superior to our technology, duplicate our technology in a manner that does not infringe our intellectual property rights or design around any of our patents. Furthermore, detecting and policing unauthorized use of our intellectual property is difficult and resource-intensive. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity. Such litigation, whether successful or not, could result in substantial costs and diversion of management time and resources and could have a material adverse effect on our business, financial condition, and results of operations.

Our use of open source technology could impose limitations on our ability to commercialize our subscriptions.

We use open source software in our platform on which we deliver our services. While we use tools designed to help us monitor and comply with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software. There is a risk that the owners of the copyrights in such software may

claim that such licenses impose unanticipated conditions or restrictions on our ability to provide our services. If such owners prevail in such claim, we could be required to make the source code for our proprietary software (which contains our valuable trade secrets) generally available to third parties, including competitors, at no cost, to seek licenses from third parties in order to continue offering our subscriptions, to re-engineer our technology, or to discontinue offering our subscriptions in the event re-engineering cannot be accomplished on a timely basis or at all, any of which could cause us to discontinue offering our products, harm our reputation, result in customer losses or claims, increase our costs, or otherwise materially and adversely affect our business and results of operations.

Risks Related to Our Indebtedness

We may require additional capital or need to restructure our existing debt to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances. If capital is not available to us, our business, results of operations, and financial condition may be adversely affected.

We intend to continue to make expenditures and investments to support the growth of our business and may require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances. Accordingly, we may need to engage in equity or debt financing activities to secure additional funds or restructure our existing debt. However, additional funds may not be available or we may not be able to restructure our existing debt when we need to on terms that are acceptable to us, or at all. Volatility in equity capital markets may materially and adversely affect our ability to fund our business through public or private sales of equity securities or debt restructuring. Fluctuating interest rates and/or instability in the banking and finance industries may reduce our access to debt capital. Our current debt agreements do contain and any debt financing that we secure in the future may include restrictive covenants, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, the restrictive covenants in the Credit Agreement, Senior Notes Indenture and any additional credit facilities or debt agreements we may secure in the future may restrict us from being able to conduct our operations in a manner appropriate for our business and may restrict our growth, which could have an adverse effect on our business, financial condition, or results of operations.

We cannot assure you that we will be able to comply with any such restrictive covenants. In the event that we are unable to comply with these covenants in the future, we would seek an amendment or waiver of the covenants. We cannot assure you that any such waiver or amendment would be granted. In such event, we may be required to repay any or all of our existing borrowings, and we cannot assure you that we will be able to borrow under our existing credit agreements, or obtain alternative funding arrangements on commercially reasonable terms, or at all.

In addition, volatility in the credit markets may have an adverse effect on our ability to obtain debt financing. Any future issuances of equity or convertible debt securities could result in significant dilution to our existing stockholders, and any new equity or convertible debt securities we issue could have rights, preferences, and privileges superior to those of holders of our Class A Common Stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, results of operations, financial condition and prospects could be materially and adversely affected.

Servicing our debt, including the 2030 Senior Notes and the Credit Agreement, may require a significant amount of cash, and we may not have sufficient cash flow from our business or the ability to raise the funds necessary to settle repurchases of the 2030 Senior Notes as required following a fundamental change or change of control, as applicable, or to repay all of our indebtedness at maturity.

As of March 31, 2026, we had \$325.0 million principal amount of our 8.500% senior notes due 2030 (the “2030 Senior Notes”) outstanding. As of March 31, 2026, we had no amounts outstanding under our Revolving Credit Facility and \$890.7 million principal outstanding under our Term Loan. Subject to certain conditions, we may borrow additional amounts under the Credit Agreement, as amended, including up to \$305.0 million under our existing Revolving Credit Facility, and up to \$50.0 million of Term Loan commitments (the “Term Loan Commitments”). The Term Loan Commitments remain available for draw through September 30, 2026. The \$305.0 million Revolving Credit Facility commitments remain available for draw until September 11, 2030, at which time it will terminate, and all outstanding revolving loans under the facility will be due and payable.

Holders of the 2030 Senior Notes will have the right to require us to repurchase all or a portion of such Notes upon the occurrence of a fundamental change or change of control, as applicable, before the maturity date at a repurchase price as set forth in the indenture governing the 2030 Senior Notes (the “Senior Notes Indenture”), plus any accrued and unpaid interest, if

any, as set forth in the Senior Notes Indenture. We will be required to repay the 2030 Senior Notes in cash at their maturity unless earlier redeemed or repurchased, as applicable. However, even though we entered into the Credit Agreement, we cannot assure you that we will have enough available cash on hand or be able to obtain financing at the time we are required to make repurchases of such 2030 Senior Notes surrendered therefor or pay cash with respect to the 2030 Senior Notes at their maturity.

Our ability to make repurchases of the 2030 Senior Notes as required following a fundamental change or change of control, as applicable, to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2030 Senior Notes and any amounts borrowed under the Credit Agreement, depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional debt financing or equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. Additionally, if expectations around our ability to effectively manage and repay our debt obligations are not met in future periods, our financial performance will be harmed and our stock price could be volatile or decline. The Credit Agreement and the Senior Notes Indenture also contain, and any of our future debt agreements may also contain, restrictive covenants that may prohibit us from adopting some or any of these alternatives. For example, the Senior Notes Indenture contains restrictive covenants that may limit our ability, and the ability of our subsidiary guarantors, to, among other things, create liens on certain assets to secure debt, grant a subsidiary guarantee of certain debt without also providing a guarantee of the 2030 Senior Notes, and consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of our assets to, another person, and the Credit Agreement contains negative covenants that restrict our and our subsidiaries' ability to incur indebtedness, create liens, make investments, dispose of assets and make certain restricted payments. Our failure to comply with these covenants could result in an event of default under our indebtedness which, if not cured or waived, could result in the acceleration of our debt and termination of the commitments under the Credit Agreement.

In addition, our indebtedness, combined with our other financial obligations and contractual commitments, could have other important consequences. For example, it could:

- require a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available to fund acquisitions, for working capital and capital expenditures, and for other general corporate purposes;
- make us more vulnerable to adverse changes in general U.S. and worldwide economic, industry, and competitive conditions and adverse changes in government regulations;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a disadvantage compared to our competitors who have less debt;
- limit our ability to obtain additional financing to fund acquisitions, for working capital and capital expenditures, and for other general corporate purposes;
- make an acquisition of our company less attractive or more difficult; and
- limit our ability to repurchase capital stock or manage shareholder dilution.

Any of these factors could harm our business, results of operations, and financial condition. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase.

Our Credit Agreement imposes operating and financial restrictions on us.

On September 11, 2025, we entered into an Amended and Restated Credit Agreement among us, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and as collateral agent (as amended, amended and restated or otherwise modified from time to time, the "Credit Agreement"). The amendment to the Credit Agreement increased the delayed draw Term Loan commitment to \$650.0 million and increased the Revolving Credit Facility to \$305.0 million. As of March 31, 2026, we had \$890.7 million principal outstanding under our Term Loan and no amounts outstanding under our Revolving Credit Facility.

The unused delayed draw Term Loan Commitments in the amount of \$50.0 million remain available for draw through September 30, 2026. Additionally, the \$305.0 million Revolving Credit Facility commitments remain available for draw until September 11, 2030, at which time it will terminate, and all outstanding revolving loans under the facility will be due and

payable. Any drawdown under the Credit Agreement is subject to compliance with the restrictive covenants contained in the Senior Notes Indenture.

Our Credit Agreement contains covenants that limit our ability and the ability of certain of our subsidiaries to:

- incur and guarantee additional debt;
- incur liens;
- make acquisitions and other investments;
- dispose of assets;
- pay dividends and make other distributions in respect of, or redeem or repurchase, capital stock;
- prepay, redeem or repurchase certain subordinated debt;
- enter into transactions with affiliates;
- with respect to such subsidiaries, enter into agreements restricting their ability to pay dividends or make other distributions; and
- consolidate, merge or sell all or substantially all of our or such subsidiaries' assets.

Further, the Credit Agreement contains financial covenants that require compliance with a maximum total net leverage ratio and minimum interest coverage ratio, in each case tested at the end of each fiscal quarter. These covenants may adversely affect our ability to finance our operations, meet or otherwise address our capital needs, pursue business opportunities or react to market conditions, or otherwise restrict our activities or business plans. In addition, our obligations to repay principal and interest on our indebtedness could make us vulnerable to economic or market downturns.

A breach of any of these covenants could result in an event of default under the Credit Agreement. As of March 31, 2026, we were in compliance with all covenants under the Credit Agreement; however, if an event of default occurs, the lenders may elect to terminate their commitments and accelerate our obligations under the Credit Agreement. Any such acceleration could result in an event of default under the 2030 Senior Notes. We might not be able to repay our debt or borrow sufficient funds to refinance it on terms that are acceptable to us or at all. Refer to Note 5 – *Long-Term Debt* in the accompanying notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Risks Related to Our Class A Common Stock and Our Charter Provisions

The market price of our Class A Common Stock is likely to be volatile and could decline.

The stock market in general, and the market for SaaS and other technology-related stocks in particular, has been highly volatile. As a result, the market price and trading volume for our Class A Common Stock has been and may continue to be highly volatile, and investors in our Class A Common Stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. Factors that could cause the market price of our Class A Common Stock to fluctuate significantly include:

- our operating and financial performance and prospects and the performance of other similar companies including our strategic partners and GSPs;
- our quarterly or annual earnings or those of other companies in our industry;
- general investor sentiment, negative or positive, of the software/communications and cloud sectors;
- developments or speculation about the future of AI and/or its impacts on the software and SaaS industries;
- conditions that impact demand for our subscriptions;
- the public's reaction to our press releases, financial guidance, and other public announcements, and filings with the SEC;
- changes in earnings estimates or recommendations by securities or research analysts who track our Class A Common Stock;
- actual or perceived security breaches, or other privacy or cybersecurity incidents;

- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and other regulations;
- arrival and departure of key personnel;
- sales of common stock by us, our investors, or members of our management team;
- repurchases of Class A Common Stock by the Company; and
- changes in general market, economic, and political conditions in the U.S. and global economies or financial markets.

Any of these factors may result in large and sudden changes in the trading volume and market price of our Class A Common Stock and may prevent investors from being able to sell their shares at or above the price they paid for their shares of our Class A Common Stock. Following periods of volatility in the market price of a company's securities, stockholders often file securities class-action lawsuits against such company. Our involvement in a class-action lawsuit could divert our senior management's attention and, if adversely determined, could have a material and adverse effect on our business, reputation, financial condition, and results of operations.

For as long as the dual class structure of our common stock as contained in our charter documents is in effect, voting control will be concentrated with a limited number of stockholders that held our stock prior to our initial public offering, including primarily our founders and their affiliates, and will limit other stockholders' ability to influence corporate matters.

Our Class B Common Stock, par value \$0.0001 per share ("Class B Common Stock"), has 10 votes per share, and our Class A Common Stock has one vote per share (Class B Common Stock together with our Class A Common Stock, our "common stock"). Additionally, our Series A Convertible Preferred Stock has voting power measured on an as-converted to Class A Common Stock basis. As of March 31, 2026, stockholders who hold shares of Class B Common Stock, including our founders and certain executive officers, and their affiliates, together hold approximately 56% of the voting power of our outstanding capital stock, and our founders, including our Chairman and Chief Executive Officer, together hold a majority of such voting power. As a result, for as long as the dual class structure remains in place, a small number of stockholders who acquired their shares prior to the completion of our initial public offering will continue to have significant influence over the management and affairs of our company and over the outcome of many matters submitted to our stockholders for approval, including the election of directors and significant corporate transactions, such as a merger, consolidation or sale of substantially all of our assets.

In addition, because of the ten-to-one voting ratio between our Class B Common Stock and Class A Common Stock, the holders of Class B Common Stock collectively will continue to control many matters submitted to our stockholders for approval even if their stock holdings represent less than 50% of the outstanding shares of our capital stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A Common Stock could be adversely affected.

Future transfers by holders of Class B Common Stock will generally result in those shares converting to Class A Common Stock, which may have the effect, over time, of increasing the relative voting power of those holders of Class B Common Stock who retain their shares in the long term. If, for example, Mr. Shmunis retains a significant portion of his holdings of Class B Common Stock for an extended period of time, he could, in the future, control a majority of the combined voting power of our capital stock. As a board member, Mr. Shmunis owes fiduciary duties to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, Mr. Shmunis is generally entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

The holders of Series A Convertible Preferred Stock are generally entitled to vote with the holders of our Class A Common Stock, which reduces the relative voting power of holders of our Class A Common Stock, and the holders of Series A Convertible Preferred Stock have certain separate consent rights.

The holders of our Series A Convertible Preferred Stock are generally entitled to vote with the holders of our Class A Common Stock on an as-converted basis, which reduces the relative voting power of the holders of our Class A Common Stock. However, the approval of the holders of at least a majority of the outstanding shares of Series A Convertible Preferred Stock (voting together as a separate class) is required in order for us to take certain actions, including certain actions that, among other things, would have an adverse effect, in any material respect, on the rights, preferences, privileges or voting power

of the Series A Convertible Preferred Stock or the holders thereof. As a result, the holders of Series A Convertible Preferred Stock may in the future have the ability to influence the outcome of certain matters affecting our governance and capitalization.

Our Series A Convertible Preferred Stock has certain rights that are preferential to the rights of our common stock, which could adversely affect our liquidity and financial condition.

The holders of our Series A Convertible Preferred Stock have the right to receive dividends and distributions of assets on any liquidation, dissolution or winding up of our business before any payment may be made to holders of our common stock. In addition, upon the occurrence of certain change of control events, all shares of Series A Convertible Preferred Stock will automatically be redeemed by us for a price equal to \$1,000 per share. These dividend and redemption obligations could impact our liquidity and reduce the amount of cash flows available for working capital, capital expenditures, growth opportunities, acquisitions, and other general corporate purposes. Our obligations to the holders of our Series A Convertible Preferred Stock could also limit our ability to obtain additional financing, which could have an adverse effect on our financial condition. The preferential rights could also result in divergent interests between the holders of our Series A Convertible Preferred Stock and holders of our common stock.

We cannot guarantee that share repurchases or dividend payments will enhance long-term stockholder value. Share repurchases and dividend payments could also increase volatility of the trading price of our stock and will diminish our cash reserves.

Our board of directors has authorized share repurchase and dividend programs. We plan to fund share repurchases and dividends from our future cash flow generation, as well as from additional potential sources of cash. Under our share repurchase program, share repurchases may be made at our discretion from time to time in open market transactions, privately negotiated transactions, or other means. This program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares of our Class A Common Stock. During the three months ended March 31, 2026, we repurchased approximately \$82.1 million of our Class A Common Stock under this program. In addition, in February 2026, our board of directors initiated a quarterly cash dividend program. The timing and number of any future share repurchases under the share repurchase program, and the specific timing and amount of any dividend payments, if any, under the dividend program will be determined by our management and will depend on a variety of factors, including our results of operations, financial condition, liquidity, capital requirements, stock price, trading volume, and general business and market conditions. Our board of directors will review these programs periodically and may authorize adjustments of their terms, if appropriate. As a result, there can be no guarantee around the timing or volume of any share repurchases or dividend payments. The share repurchase program and dividend payments could affect the price of our Class A Common Stock, increase volatility and diminish our cash reserves. The share repurchase program or dividend payments may be suspended or terminated at any time and, even if fully implemented, may not enhance long-term stockholder value. Refer to Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

There can be no assurance that we will continue to declare cash dividends.

In February 2026, we announced the initiation of our first cash dividend program. The payment of any cash dividend in the future will depend on, among other factors, our results of operations, financial condition, liquidity, capital requirements, market conditions, applicable laws and agreements, and our board of directors continuing to determine that the declaration of dividends is in the best interests of our stockholders. The declaration and payment of any dividend may be discontinued or reduced at any time, and there can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all.

Anti-takeover provisions in our certificate of incorporation and bylaws and under Delaware corporate law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A Common Stock.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders (subject to certain consent rights of the holders of Series A Convertible Preferred Stock), up to 100,000,000 shares of undesignated preferred stock, 200,000 shares of which are currently designated as Series A Convertible Preferred Stock;
- require that, once our outstanding shares of Class B Common Stock represent less than a majority of the combined voting power of our common stock, any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;

- specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of our board of directors, or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before any meeting of stockholders, including proposed nominations of persons for election to our board of directors;
- prohibit cumulative voting in the election of directors;
- provide that vacancies or other unfilled seats on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- state that the approval of the holders of a supermajority of the voting power of our outstanding shares of capital stock is required to amend certain provisions of our bylaws and our certificate of incorporation; and
- reflect two classes of common stock, as discussed above.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder without obtaining specified approvals.

If research analysts do not publish research or reports about our business, or if they issue unfavorable commentary or downgrade our Class A Common Stock, our stock price and trading volume may decline.

The trading market for our Class A Common Stock will depend in part on the research and reports that research analysts publish about us and our business. If we do not maintain adequate research coverage or if one or more analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, the price of our Class A Common Stock may decline. If one or more of the research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our Class A Common Stock may decrease, which could cause our stock price or trading volume to decline.

Risks Related to Taxation and Accounting Matters

Changes in our effective tax rates, or adverse outcomes resulting from examination of our income or other tax returns, could adversely affect our results of operations and financial condition.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expiration of, or lapses in, the research and development tax credit laws;
- expiration or non-utilization of net operating loss carryforwards;
- tax effects of share-based compensation;
- expansion into new jurisdictions;
- potential challenges to and costs related to implementation and ongoing operation of our intercompany arrangements;
- changes in tax laws and regulations and accounting principles, or interpretations or applications thereof; and
- certain non-deductible expenses as a result of acquisitions.

Any changes in our effective tax rate could adversely affect our results of operations.

Changes in U.S. and foreign tax laws could have a material adverse effect on our business, cash flow, results of operations or financial conditions.

We are subject to tax laws, regulations, and policies of the U.S. federal, state, and local governments and of comparable taxing authorities in foreign jurisdictions. Changes in tax laws, including recently enacted U.S. federal tax legislation commonly referred to as the One Big Beautiful Bill Act, as well as other factors, could cause us to experience

fluctuations in our tax obligations and effective tax rates and otherwise adversely affect our tax positions and/or our tax liabilities. In addition, certain jurisdictions, such as the United Kingdom and France, have enacted a digital services tax on revenues derived from digital activities in those jurisdictions, and other jurisdictions have enacted or are considering enacting similar laws in the future.

The Organisation for Economic Cooperation and Development has proposed a two-pillar solution to address tax challenges arising from the digitalization of the economy, including a global minimum tax rate of 15% for certain large multinational companies (“Pillar Two”). Pillar Two has been implemented into the domestic laws of certain jurisdictions, including the European Union (the “EU”) Member States, and is being considered for implementation by other countries. On January 5, 2026, the OECD announced a side-by-side elective safe harbor that exempts U.S. multinational enterprises from certain provisions of Pillar Two for fiscal years beginning on or after January 1, 2026, but does not provide an exemption from “qualified domestic minimum top-up taxes”, which have been implemented into the domestic law in a number of jurisdictions in which we operate. These or any further developments or changes in U.S. federal or state, or international tax laws or tax rulings could adversely affect our effective tax rate and our operating results.

We may be subject to liabilities on past sales for taxes, surcharges, and fees and our operating results may be harmed if we are required to collect such amounts in jurisdictions where we have not historically done so.

We believe we collect state and local sales taxes and use, excise, utility user, and ad valorem taxes, fees, or surcharges in all relevant jurisdictions in which we generate sales, based on our understanding of the applicable laws in those jurisdictions. Such taxes, fees and surcharge laws and rates vary greatly by jurisdiction, and the application of such taxes to e-commerce businesses, such as ours, is complex and continuing to develop. There is uncertainty as to what constitutes sufficient “in state presence” for a state to levy taxes, fees, and surcharges for sales made over the Internet, and after the U.S. Supreme Court’s ruling in *South Dakota v. Wayfair*, U.S. states may require an online retailer with no in-state property or personnel to collect and remit sales tax on sales to the state’s residents, which may permit wider enforcement of sales tax collection requirements. Therefore, the application of existing or future laws relating to indirect taxes to our business, or the audit of our business and operations with respect to such taxes or challenges of our positions by taxing authorities, could result in increased tax liabilities for us or our customers, which could materially and adversely affect our results of operations and our relationships with our customers. Further, we have in the past and may in the future be audited by federal, state, and local tax authorities, which could lead to liabilities for past unpaid taxes, fines, and penalties.

We may be unable to use some or all of our net operating loss and research credit carryforwards, which could materially and adversely affect our reported financial condition and results of operations.

As of December 31, 2025, we had federal net operating loss carryforwards (“NOLs”) of \$1.3 billion and state NOLs of \$1.0 billion. We also have federal research tax credit carryforwards that will begin to expire in 2028. Realization of these NOLs and research tax credit carryforwards depends on future income, and there is a risk that our existing carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could materially and adversely affect our reported financial condition and results of operations.

In addition to the potential carryforward limitations described above, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, our ability to utilize NOLs or other tax attributes, such as research tax credits, in any taxable year may be limited if we experience an “ownership change.” An “ownership change” generally occurs if one or more stockholders or groups of stockholders, who each own at least 5% of our stock, increase their collective ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. In addition, California legislation limits the use of NOLs and tax credits for taxable years beginning on or after January 1, 2024, and before January 1, 2027, which may adversely affect our company if we earn taxable income in the impacted tax years.

No material deferred tax assets have been recognized on our Consolidated Balance Sheets related to these NOLs, as they are fully offset by a valuation allowance. If we have previously had, or have in the future, one or more Section 382 “ownership changes,” or if we do not generate sufficient taxable income, we may not be able to utilize a material portion of our NOLs. If we are limited in our ability to use our NOLs in future years in which we have taxable income, we will pay more taxes than if we were able to fully utilize our NOLs. This could materially and adversely affect our reported financial condition and results of operations.

If our internal control over financial reporting is not effective, it may adversely affect investor confidence in our company.

Pursuant to Section 404 of the Sarbanes-Oxley Act, our independent registered public accounting firm, KPMG LLP, is required to and has issued an attestation report as of December 31, 2025. While management concluded internal control over financial reporting was at a reasonable assurance level as of December 31, 2025, there can be no assurance that material weaknesses will not be identified in the future. A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. As a result, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. Our remediation efforts may not enable us to avoid a material weakness in the future.

If our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our Class A Common Stock to decline, and we may be subject to investigation or sanctions by the SEC.

The nature of our business requires the application of complex revenue and expense recognition rules and the current legislative and regulatory environment affecting generally accepted accounting principles is uncertain. Significant changes in current principles could affect our financial statements going forward and changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and harm our operating results.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (the “FASB”), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the FASB and the SEC have focused on the integrity of financial reporting and internal controls. In addition, many companies’ accounting policies are being subject to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements.

We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward, which could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of the change. While we are not aware of any specific event or circumstance that would require a material update to our estimates, judgments or assumptions, this may change in the future. In addition, if we were to change our critical accounting estimates, including those related to the recognition of subscriptions revenues and other revenue sources, our operating results could be significantly affected.

Our estimates or judgments relating to our critical accounting policies may be based on assumptions that change or prove to be incorrect, which could cause our results of operations to fall below expectations of securities analysts and investors, resulting in a decline in the market price of our Class A Common Stock.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The significant estimates made by management affect revenues, the allowance for doubtful accounts, valuation of long-term investments, deferred and prepaid sales commission costs, goodwill, useful lives of intangible assets, share-based compensation, capitalization of internally developed software, return reserves, provision for income taxes, uncertain tax positions, loss contingencies, sales tax liabilities, and accrued liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the recognition and measurement of certain assets and liabilities and revenue and expenses that is not readily apparent from other sources. Our accounting policies that involve judgment include those related to revenues, the allowance for doubtful accounts, valuation of long-term investments, deferred and prepaid sales commission costs, goodwill, useful lives of intangible assets, share-based compensation, capitalization of internally developed software, return reserves, provision for income taxes, uncertain tax positions, change in the fair value of contingent consideration, loss contingencies, sales tax liabilities, and accrued liabilities. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations could be adversely affected, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A Common Stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the share repurchase activity of our Class A Common Stock for the three months ended March 31, 2026 (in thousands, except per-share amounts):

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the program ⁽¹⁾
Balance as of December 31, 2025				\$ 248,762
Authorization of additional share repurchase program ⁽¹⁾				251,238
January 1, 2026 to January 31, 2026	726,369	\$ 27.52	726,369	480,012
February 1, 2026 to February 28, 2026	1,121,801	\$ 31.12	1,121,801	445,098
March 1, 2026 to March 31, 2026	723,651	\$ 37.59	723,651	417,896
Balance as of March 31, 2026	<u>2,571,821</u>		<u>2,571,821</u>	<u>\$ 417,896</u>

(1) In the first quarter of 2026, our Board of Directors further increased the remaining share repurchase authorization to \$500.0 million, subject to certain limitations and inclusive of repurchases since December 31, 2025. The share repurchase authorization does not expire. Refer to Note 10, *Stockholders' Deficit* in the accompanying notes to the Condensed Consolidated Financial Statements included in Part I, Item 1, of this Quarterly Report on Form 10-Q for additional information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, the following officer adopted a “Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408, as follows:

On March 13, 2026, Vladimir Shmunis, our Chairman and Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement providing for the sale from time to time of up to 253,369 shares of Class A common stock expected to be received upon vesting and settlement of outstanding RSUs and PSUs (the “March 2026 Trading Plan”) during the term of the March 2026 Trading Plan. The shares of Class A common stock to be sold pursuant to the March 2026 Trading Plan will be issued pursuant to Mr. Shmunis' compensation arrangements and do not include any Class A or Class B common stock held by Mr. Shmunis prior to the adoption of the March 2026 Trading Plan. The number of shares that may be sold under the March 2026 Trading Plan may also be increased by the number of shares of Class A common stock, if any (not yet determinable), that are awarded to Mr. Shmunis under the Company's employee equity bonus and executive equity compensation plans. The number of shares that may be sold under the March 2026 Trading Plan will be reduced by the number of shares (not yet determinable) withheld to satisfy tax obligations upon the vesting of certain outstanding equity awards. The March 2026 Trading Plan is intended to satisfy the affirmative defense in Rule 10b5-1(c). The March 2026 Trading Plan goes into effect, with respect to any potential trading activity, following the expiration of Mr. Shmunis' current 10b5-1 trading arrangement, which was entered into on March 13, 2025 (the “March 2025 Trading Plan”), and the duration of the March 2026 Trading Plan is until March 31, 2027 or earlier if all transactions under the March 2026 Trading Plan are completed. The March 2026 Trading Plan does not modify or terminate the March 2025 Trading Plan in any respect and the timing of any trading activity under the two plans does not overlap.

No other directors or officers, as defined in Rule 16a-1(f), have adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Regulation S-K Item 408, during the last fiscal quarter.

Item 6. Exhibits.

The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference From Form	Incorporated by Reference From Exhibit Number	Date Filed
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	Filed herewith		
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.	Filed herewith		
32.1*	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	Furnished herewith		
32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act.	Furnished herewith		
101	The following financial information from RingCentral Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2026 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) the Condensed Consolidated Statements of Stockholders' Deficit, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.	Filed herewith		
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).	Filed herewith		

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RingCentral, Inc.

Date: May 8, 2026

By: /s/ Vaibhav Agarwal
Vaibhav Agarwal
Chief Financial Officer
(Principal Financial Officer)

Date: May 8, 2026

By: /s/ Tarun Arora
Tarun Arora
Chief Accounting Officer
(Principal Accounting Officer)

**Certification of Principal Executive Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Vladimir Shmunis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RingCentral, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Vladimir Shmunis

Vladimir Shmunis
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: May 8, 2026

**Certification of Principal Financial Officer
pursuant to
Exchange Act Rules 13a-14(a) and 15d-14(a),
as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Vaibhav Agarwal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RingCentral, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

/s/ Vaibhav Agarwal

Vaibhav Agarwal
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of RingCentral, Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Vladimir Shmunis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2026

/s/ Vladimir Shmunis

Vladimir Shmunis
Chief Executive Officer and Chairman
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of RingCentral, Inc. (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Vaibhav Agarwal, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2026

/s/ Vaibhav Agarwal

Vaibhav Agarwal
Chief Financial Officer
(Principal Financial Officer)