



# Investor Presentation

GAAP to Non-GAAP Reconciliation





# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q2'20 and Q2'19

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
GAAP net loss	\$ (3,468)	\$ (4,857)	\$ (13,938)	\$ (16,592)
Add back:				
Stock compensation expense	6,366	6,109	12,207	11,653
Interest income	(904)	(1,320)	(2,017)	(2,586)
Interest expense	2,308	2,170	4,582	4,291
Depreciation and amortization expense	1,468	1,907	2,801	3,797
Provision for (benefit from) income taxes	(44)	(80)	81	(116)
Non-GAAP adjusted EBITDA	<u>\$ 5,726</u>	<u>\$ 3,929</u>	<u>\$ 3,716</u>	<u>\$ 447</u>



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q1 '20 and Q1 '19

	<b>Three months ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
GAAP net loss	\$ (10,470)	\$ (11,735)
Add back:		
Stock compensation expense	5,841	5,544
Interest income	(1,113)	(1,266)
Interest expense	2,274	2,121
Depreciation and amortization expense	1,333	1,890
Provision for (benefit from) income taxes	125	(36)
Non-GAAP adjusted EBITDA	<u>\$ (2,010)</u>	<u>\$ (3,482)</u>



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q4'19 and Q4'18

	<u>Three months ended December 31,</u>		<u>Year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
GAAP net loss	\$ (1,686)	\$ (1,101)	\$ (17,980)	\$ (9,674)
Add back:				
Stock compensation expense	6,043	5,487	23,865	20,964
Acquisition related expenses	—	40	—	310
Interest income	(1,191)	(1,174)	(5,065)	(2,971)
Interest expense	2,265	2,138	8,789	5,241
Depreciation and amortization expense	1,581	1,994	7,289	7,662
Provision for (benefit from) income taxes	(86)	144	20	(351)
Non-GAAP adjusted EBITDA	<u>\$ 6,926</u>	<u>\$ 7,528</u>	<u>\$ 16,918</u>	<u>\$ 21,181</u>



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q3'19 and Q3'18

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
GAAP net income (loss)	\$ 298	\$ (249)	\$ (16,294)	\$ (8,573)
Add back:				
Stock compensation expense	6,169	5,494	17,822	15,477
Acquisition related expenses	—	120	—	270
Interest income	(1,288)	(1,094)	(3,874)	(1,797)
Interest expense	2,233	2,106	6,524	3,103
Depreciation and amortization expense	1,911	1,892	5,708	5,668
Provision for (benefit from) income taxes	222	148	106	(495)
Non-GAAP adjusted EBITDA	<u>\$ 9,545</u>	<u>\$ 8,417</u>	<u>\$ 9,992</u>	<u>\$ 13,653</u>



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q2'19 and Q2'18

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
GAAP net loss	\$ (4,857)	\$ (3,554)	\$ (16,592)	\$ (8,324)
Add back:				
Stock compensation expense	6,109	5,396	11,653	9,983
Acquisition related expenses	—	(106)	—	150
Interest income	(1,320)	(514)	(2,586)	(703)
Interest expense	2,170	997	4,291	997
Depreciation and amortization expense	1,907	1,809	3,797	3,776
Benefit from income taxes	(80)	(555)	(116)	(643)
Non-GAAP adjusted EBITDA	<u>\$ 3,929</u>	<u>\$ 3,473</u>	<u>\$ 447</u>	<u>\$ 5,236</u>



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q1'19 and Q1'18

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
GAAP net income (loss)	\$ (11,735)	\$ (4,770)
Add back:		
Stock compensation expense	5,544	4,587
Acquisition related expenses	—	256
Interest income	(1,266)	(189)
Interest expense	2,121	—
Depreciation and amortization expense	1,890	1,967
Provision for (benefit from) income taxes	(36)	(88)
Non-GAAP adjusted EBITDA	\$ (3,482)	\$ 1,763



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q4'18 and Q4'17

	<b>Three months ended December 31,</b>		<b>Year ended December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
GAAP net income (loss)	\$ (1,101)	\$ 374	\$ (9,674)	\$ (10,897)
Add back:				
Stock compensation expense	5,487	4,992	20,964	18,196
Acquisition related expenses	40	260	310	1,269
Interest income	(1,174)	(178)	(2,971)	(549)
Interest expense	2,138	—	5,241	—
Depreciation and amortization expense	1,994	1,888	7,662	7,643
Provision for (benefit from) income taxes	144	(291)	(351)	759
Non-GAAP adjusted EBITDA	<u>\$ 7,528</u>	<u>\$ 7,045</u>	<u>\$ 21,181</u>	<u>\$ 16,421</u>





# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q3'18 and Q3'17

**Vocera Communications, Inc.**  
**Non-GAAP Net income and net income per share and Adjusted EBITDA**  
**(In thousands, except per share amounts)**  
**(Unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
GAAP net income (loss)	\$ (249)	\$ 1,391	\$ (8,573)	\$ (11,271)
Add back:				
Stock compensation expense	5,494	4,718	15,477	13,204
Acquisition related expenses	120	287	270	1,009
Interest income	(1,094)	(162)	(1,797)	(371)
Interest expense	2,106	—	3,103	—
Depreciation and amortization expense	1,892	1,964	5,668	5,755
Provision for (benefit from) income taxes	148	309	(495)	1,050
Non-GAAP adjusted EBITDA	\$ 8,417	\$ 8,507	\$ 13,653	\$ 9,376



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q2'18 and Q2'17

**Vocera Communications, Inc.**  
**Non-GAAP Net income and net income per share and Adjusted EBITDA**  
(In thousands, except per share amounts)  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
GAAP net income (loss)	\$ (249)	\$ 1,391	\$ (8,573)	\$ (11,271)
Add back:				
Stock compensation expense	5,494	4,718	15,477	13,204
Acquisition related expenses	120	287	270	1,009
Interest income	(1,094)	(162)	(1,797)	(371)
Interest expense	2,106	—	3,103	—
Depreciation and amortization expense	1,892	1,964	5,668	5,755
Provision for (benefit from) income taxes	148	309	(495)	1,050
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 8,417</b>	<b>\$ 8,507</b>	<b>\$ 13,653</b>	<b>\$ 9,376</b>



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA Q1 '18 and Q1 '17

**Non-GAAP Net income and net income per share and Adjusted EBITDA**  
**(In thousands, except per share amounts)**  
**(Unaudited)**

	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
GAAP net income (loss)	\$ (4,770)	\$ (6,650)
Add back:		
Stock compensation expense	4,587	3,583
Acquisition related expenses	256	410
Interest income	(189)	(92)
Depreciation and amortization expense	1,967	1,804
Benefit from (provision for) income taxes	(88)	380
Non-GAAP adjusted EBITDA	\$ 1,763	\$ (565)



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA 2014-2017

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	As Adjusted	As Reported	Change	As Adjusted	As Reported	Change
GAAP net income (loss)	(10,897)	(14,217)	3,320	(11,400)	(17,267)	5,867
Add back:						
Stock compensation expense	18,196	18,196	-	12,035	12,035	-
Acquisition related expenses	1,269	1,269	-	5,822	5,822	-
Interest income	(549)	(549)	-	(627)	(627)	-
Depreciation and amortization expense	7,643	7,643	-	3,770	3,770	-
Provision for income taxes	759	759	-	529	529	-
Non-GAAP adjusted EBITDA	16,421	13,101	3,320	10,129	4,262	5,867
As Adjusted: financials recast in accordance with the Company's adoption of ASC 606.						
As Reported: financials as initially reported and does not include adjustments related to the adoption of ASC 606.						

	Twelve months ended December 31,	
	2015	2014
GAAP net loss	\$ (17,106)	\$ (28,297)
Add back:		
Stock compensation expense	11,005	11,084
Acquisition expense	-	899
Litigation expense	9	630
Restructuring expense	-	654
Interest income	(446)	(267)
Depreciation and amortization expense	3,271	3,000
Provision for income taxes	473	324
Non-GAAP adjusted EBITDA	\$ (2,794)	\$ (11,973)



# GAAP to Non-GAAP Reconciliations of Net Income to Adjusted EBITDA 2014-2017

(In thousands)	Year ended December 31, 2017					
	GAAP 2017	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2017
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 91,585	\$ —	\$ —	\$ —	\$ —	\$ 91,585
Service	74,404	—	—	—	—	74,404
Total revenue	165,989	—	—	—	—	165,989
Cost of revenue						
Product	27,244	413	2,873	—	3,286	23,958
Service	37,683	2,458	—	289	2,747	34,936
Total cost of revenue	64,927	2,871	2,873	289	6,033	58,894
Gross profit	\$ 101,062	\$ 2,871	\$ 2,873	\$ 289	\$ 6,033	\$ 107,095

(In thousands)	Year ended December 31, 2017					
	GAAP 2017	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2017
<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development	\$ 27,685	\$ 2,122	\$ —	\$ 47	\$ 2,169	\$ 25,516
Sales and marketing	60,107	6,563	1,539	15	8,117	51,990
General and administrative	23,970	6,640	221	918	7,779	16,191
Total operating expenses	\$ 111,762	\$ 15,325	\$ 1,760	\$ 980	\$ 18,065	\$ 93,697

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010, 2014 and 2016 in non-cash expense.  
 (c) This adjustment reflects the costs associated with the acquisition in 2016.

(In thousands)	Year ended December 31, 2016					
	GAAP 2016	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2016
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 74,235	\$ —	\$ —	\$ —	\$ —	\$ 74,235
Service	57,791	—	—	—	—	57,791
Total revenue	132,026	—	—	—	—	132,026
Cost of revenue						
Product	22,788	235	672	—	907	21,881
Service	26,287	1,153	—	274	1,427	24,860
Total cost of revenue	49,075	1,388	672	274	2,334	46,741
Gross profit	\$ 82,951	\$ 1,388	\$ 672	\$ 274	\$ 2,334	\$ 85,285

<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development	\$ 18,266	\$ 1,158	\$ —	\$ 23	\$ 1,181	\$ 17,085
Sales and marketing	51,274	4,625	415	399	5,439	45,835
General and administrative	24,499	4,864	288	5,126	10,278	14,221
Total operating expenses	\$ 94,039	\$ 10,647	\$ 703	\$ 5,548	\$ 16,898	\$ 77,141

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010, 2014 and 2016 in non-cash expense.  
 (c) This adjustment reflects the costs associated with the acquisition in 2016.



# GAAP to Non-GAAP GM & Opex Reconciliation 2017 & 2016 under ASC 606

Year ended December 31, 2017						
(In thousands)	GAAP 2017	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2017
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 88,865	\$ —	\$ —	\$ —	\$ —	\$ 88,865
Service	73,683	—	—	—	—	73,683
Total revenue	162,548	—	—	—	—	162,548
Cost of revenue						
Product	27,244	413	2,873	—	3,286	23,958
Service	37,683	2,458	—	289	2,747	34,936
Total cost of revenue	64,927	2,871	2,873	289	6,033	58,894
Gross profit	\$ 97,621	\$ 2,871	\$ 2,873	\$ 289	\$ 6,033	\$ 103,654

(In thousands)	GAAP 2017	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2017
<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development	\$ 27,685	\$ 2,122	\$ —	\$ 47	\$ 2,169	\$ 25,516
Sales and marketing	59,986	6,563	1,539	15	8,117	51,869
General and administrative	23,970	6,640	221	918	7,779	16,191
Total operating expenses	\$ 111,641	\$ 15,325	\$ 1,760	\$ 980	\$ 18,065	\$ 93,576

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010, 2014 and 2016 in non-cash expense.  
 (c) This adjustment reflects the costs associated with the acquisition in 2016.

Year ended December 31, 2016						
(In thousands)	GAAP 2016	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2016
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 70,667	\$ —	\$ —	\$ —	\$ —	\$ 70,667
Service	57,029	—	—	—	—	57,029
Total revenue	127,696	—	—	—	—	127,696
Cost of revenue						
Product	22,788	235	672	—	907	21,881
Service	26,287	1,153	—	274	1,427	24,860
Total cost of revenue	49,075	1,388	672	274	2,334	46,741
Gross profit	\$ 78,621	\$ 1,388	\$ 672	\$ 274	\$ 2,334	\$ 80,955

<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development	\$ 18,266	\$ 1,158	\$ —	\$ 23	\$ 1,181	\$ 17,085
Sales and marketing	52,811	4,625	415	399	5,439	47,372
General and administrative	24,499	4,864	288	5,126	10,278	14,221
Total operating expenses	\$ 95,576	\$ 10,647	\$ 703	\$ 5,548	\$ 16,898	\$ 78,678

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010, 2014 and 2016 in non-cash expense.  
 (c) This adjustment reflects the costs associated with the acquisition in 2016.



# GAAP to Non-GAAP GM & Opex Reconciliation 2017 & 2016 under ASC 605

(In thousands)	Year ended December 31, 2017					
	GAAP 2017	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2017
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 88,865	\$ —	\$ —	\$ —	\$ —	\$ 88,865
Service	73,683	—	—	—	—	73,683
Total revenue	162,548	—	—	—	—	162,548
Cost of revenue						
Product	27,244	413	2,873	—	3,286	23,958
Service	37,683	2,458	—	289	2,747	34,936
Total cost of revenue	64,927	2,871	2,873	289	6,033	58,894
Gross profit	\$ 97,621	\$ 2,871	\$ 2,873	\$ 289	\$ 6,033	\$ 103,654
<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development						
Research and development	\$ 27,685	\$ 2,122	\$ —	\$ 47	\$ 2,169	\$ 25,516
Sales and marketing						
Sales and marketing	59,986	6,563	1,539	15	8,117	51,869
General and administrative						
General and administrative	23,970	6,640	221	918	7,779	16,191
Total operating expenses	\$ 111,641	\$ 15,325	\$ 1,760	\$ 980	\$ 18,065	\$ 93,576

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010, 2014 and 2016 in non-cash expense.  
 (c) This adjustment reflects the costs associated with the acquisition in 2016.

(In thousands)	Year ended December 31, 2016					
	GAAP 2016	Stock compensation expense (a)	Intangible amortization (b)	Acquisition related expense (c)	Total adjustments	Non-GAAP 2016
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 70,667	\$ —	\$ —	\$ —	\$ —	\$ 70,667
Service	57,029	—	—	—	—	57,029
Total revenue	127,696	—	—	—	—	127,696
Cost of revenue						
Product	22,788	235	672	—	907	21,881
Service	26,287	1,153	—	274	1,427	24,860
Total cost of revenue	49,075	1,388	672	274	2,334	46,741
Gross profit	\$ 78,621	\$ 1,388	\$ 672	\$ 274	\$ 2,334	\$ 80,955
<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development						
Research and development	\$ 18,266	\$ 1,158	\$ —	\$ 23	\$ 1,181	\$ 17,085
Sales and marketing						
Sales and marketing	52,811	4,625	415	399	5,439	47,372
General and administrative						
General and administrative	24,499	4,864	288	5,126	10,278	14,221
Total operating expenses	\$ 95,576	\$ 10,647	\$ 703	\$ 5,548	\$ 16,898	\$ 78,678

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010, 2014 and 2016 in non-cash expense.  
 (c) This adjustment reflects the costs associated with the acquisition in 2016.



# GAAP to Non-GAAP Reconciliation 2015

Year ended December 31, 2015						
(In thousands)	GAAP 2015	Stock compensation expense (a)	Intangible amortization (b)	Litigation expense (c)	Total adjustments	Non-GAAP 2015
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>						
Revenue						
Product	\$ 55,716				\$ —	\$ 55,716
Service	48,370				—	48,370
Total revenue	104,086	—	—	—	—	104,086
Cost of revenue						
Product	19,666	232	323		555	19,111
Service	19,844	1,036	—		1,036	18,808
Total cost of revenue	39,510	1,268	323	—	1,591	37,919
Gross profit	64,576	(1,268)	(323)	—	(1,591)	66,167
<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>						
Research and development	16,990	1,072	—		1,072	15,918
Sales and marketing	47,647	4,486	229		4,715	42,932
General and administrative	16,734	4,179	243	9	4,431	12,303
Total operating expenses	81,371	9,737	472	9	10,218	71,153

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.  
 (b) This adjustment reflects the accounting impact of acquisitions in 2010 and 2014 in non-cash expense.  
 (c) This operating expense adjustment reflects class action litigation expenses from the August 2013 lawsuit.





# GAAP to Non-GAAP GM & Opex Reconciliation 2014

(In thousands)	Year ended December 31, 2014							Non-GAAP 2014
	GAAP 2014	Stock compensation expense (a)	Intangible amortization (b)	Acquisition expense (c)	Litigation expense (d)	Restructuring expense (e)	Total Adjustments	
<b>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (Unaudited)</b>								
Revenue								
Product	\$ 51,095						\$ -	\$ 51,095
Services	44,326						-	44,326
<b>Total Revenue</b>	<b>95,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,421</b>
Cost of Revenue								
Product	18,766	254	429			72	755	18,011
Services	18,470	924				26	950	17,520
<b>Total cost of revenue</b>	<b>37,236</b>	<b>1,178</b>	<b>429</b>	<b>-</b>	<b>-</b>	<b>98</b>	<b>1,705</b>	<b>35,531</b>
<b>Gross profit</b>	<b>58,185</b>	<b>(1,178)</b>	<b>(429)</b>	<b>-</b>	<b>-</b>	<b>(98)</b>	<b>(1,705)</b>	<b>59,890</b>
<b>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (Unaudited)</b>								
Research and development	18,089	1,056		11		54	1,121	16,968
Sales and marketing	49,694	4,111	291			83	4,485	45,209
General and administrative	18,481	4,739	93	888	630	419	6,769	11,712
<b>Total operating expenses</b>	<b>86,264</b>	<b>9,906</b>	<b>384</b>	<b>899</b>	<b>630</b>	<b>556</b>	<b>12,375</b>	<b>73,889</b>

(a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.

(b) This adjustment reflects the accounting impact of acquisitions in 2010 and 2014 in non-cash expense.

(c) This operating expense adjustment reflects the accounting impact of acquisitions, including for Q4 2014 \$800K of consideration deemed to be compensation.

(d) This operating expense adjustment reflects class action litigation expenses from the August 2013 lawsuit. (e) This adjustment reflects the accounting impact of acquisitions in 2010, 2014, and 2016 in non-cash expense. (f) This adjustment reflects the costs associated with the acquisition in 2016.

(e) This operating expense adjustment reflects impact of restructuring expense.