



NASDAQ
CCOI

INVESTOR PRESENTATION

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Cautionary Note Regarding Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future, not past, events and are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as: "will", "expect", "believe", "continue", "optimistic", "should", "ongoing" and other words and terms of similar meaning.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as revenue, subscriber and traffic growth, margins, capital expenditures, sales force headcount and productivity, pricing, financings and return of capital shareholders. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made.

Our acquisition of Sprint (T-Mobile Wireline) and difficulties integrating our business with the acquired Sprint Communications business; the COVID-19 pandemic and accompanying government policies worldwide; vaccination and in-office requirements, delays in the delivery of network equipment and optical fiber; future economic instability in the global economy, including the risk of economic recession, which could affect spending on Internet services; the impact of changing foreign exchange rates (in particular the Euro to US dollar and Canadian dollar to US dollar exchange rates) on the translation of our non-US dollar denominated revenues, expenses, assets and liabilities into US dollars; legal and operational difficulties in new markets; the imposition of a requirement that we contribute to the US Universal Service Fund on the basis of our Internet revenue; changes in government policy and/or regulation, including rules regarding data protection, cyber security and net neutrality; increasing competition leading to lower prices for our services; our ability to attract new customers and to increase and maintain the volume of traffic on our network; the ability to maintain our Internet peering arrangements and right-of-way agreements on favorable terms; our ability to renew our long-term leases of optical fiber and right-of-way agreements that comprise our network; our reliance on a few equipment vendors, Cisco Systems Inc., and the potential for hardware or software problems associated with such equipment; the dependence of our network on the quality and dependability of third-party fiber and right-of-way providers; our ability to retain certain customers that comprise a significant portion of our revenue base; the management of network failures and/or disruptions; our ability to make payments on our indebtedness as they become due and outcomes in litigation, risks associated with variable interest rates under our Swap Agreement, as well as other risks discussed from time to time in our filings with the Securities and Exchange Commission.

A further description of these uncertainties and other risks can be found in the Company's Annual Report on Form 10-K for the year ending December 31, 2022, Quarterly Reports on Form 10-Q for the quarters ending September 30, 2023, June 30, 2023 and March 31, 2023 and the Company's other reports filed with the Securities and Exchange Commission. Copies of these filings may be obtained by contacting the Company or by visiting EDGAR on the SEC's website. These or other uncertainties may cause the Company's actual future results to be materially different than those expressed in any forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements.

Non-GAAP Measures

This presentation includes and discusses EBITDA, EBITDA as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement, Gross Margin, and EBITDA, as Adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement Margin which are non-GAAP measures. The IP Transit Services Agreement involves cash payments of \$29.2 million for the three months ended June 30, 2023. On the Closing Date, Cogent and TMUSA, Inc. entered into an IP Transit Services Agreement, pursuant to which TMUSA will pay Cogent an aggregate of \$700 million, consisting of (i) \$350 million in equal monthly installments during the first year after the Closing Date and (ii) \$350 million in equal monthly installments over the subsequent 42 months. Management uses these non-GAAP measures to evaluate its business because they believes these measures assist investors and analysts in comparing the Company's performance across reporting periods on a consistent basis by excluding items that management believes are not indicative of the Company's core operating performance. Management believes these metrics are used in the financial community, and these metrics are presented here to enhance understanding of the Company's operating performance. You should not consider these non-GAAP measures as alternatives to Net income, determined in accordance with GAAP, as an indicator of operating performance. Furthermore, these non-GAAP measures are not measurements of financial performance under GAAP, and thus may not be comparable to similarly titled measures of other companies.

EBITDA represents net cash flows provided by operating activities plus changes in operating assets and liabilities, cash interest expense and cash income tax expense. Management believes the most directly comparable measure to EBITDA calculated in accordance with generally accepted accounting principles in the United States, or GAAP, is net cash provided by operating activities. EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement, represents EBITDA plus costs related to the Company's acquisition of Sprint's (T-Mobile Wireline) Business. EBITDA margin is defined as EBITDA divided by total service revenue. EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement margin is defined as EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement, divided by total service revenue. See the Appendix to this presentation for a reconciliation of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

company overview

Cogent is a leading, global provider of ***Internet Access & Transport Services.***

- We operate a global network carrying approximately 25% of all internet traffic
- We offer high speed internet access to three customer bases:
 - Corporate: 44% of revenues
 - Netcentric: 34% of revenues
 - Enterprise: 22% of revenues
- We differentiate and gain share in a commodity business by focusing on price and value
- We have very high operating leverage with substantial network capacity
- We operate in 54 countries in 227 markets

the on-net corporate IP & VPN opportunity

Market Players

Competitors

- Lumen Technologies
- Verizon
- AT&T
- Bell Canada
- Comcast
- Spectrum

Location

- 1,860 Class A MTOBs in city core
- 100+ cities in North America

Customers

- Located in City Core
- Professional/Financial Services
- Strong Credit

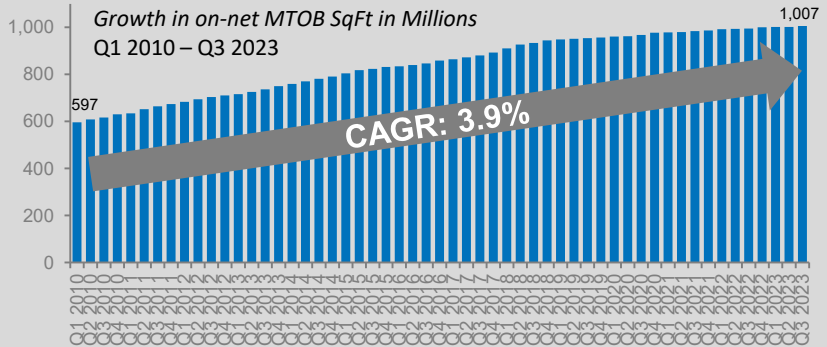
Cogent Advantages

- Price per connection is relatively equivalent
- Superior reliability: ring architecture; fiber; electronics
- 3x more reliable, on-net, than competitors
- Significant speed advantage: 2.5x to 65.0x
- Faster installation: Avg. installs 13 - 15 days vs 90 days
- Real time monitoring
- Industry leading SLAs

Growth Opportunity

- Potential market: over 93,000 MTOB tenants
- Favorable trends: Cloud, SaaS, WFH, Virtual Business (Zoom), IoT
- Superior speed, service, uptime, install SLAs
- Cogent wins over 40% of all On-Net proposals

Growing Addressable Market



the off-net corporate IP & VPN opportunity

Market Players

Competitors

- Lumen Technologies
- Verizon
- AT&T
- Bell Canada
- Comcast
- Spectrum

Location

- 40+ Million Addresses in North America

Customers

- Located in suburbs of major metropolitan cities
- Includes industrial, retail and office customers
- Additional locations for existing customers in MTOBs

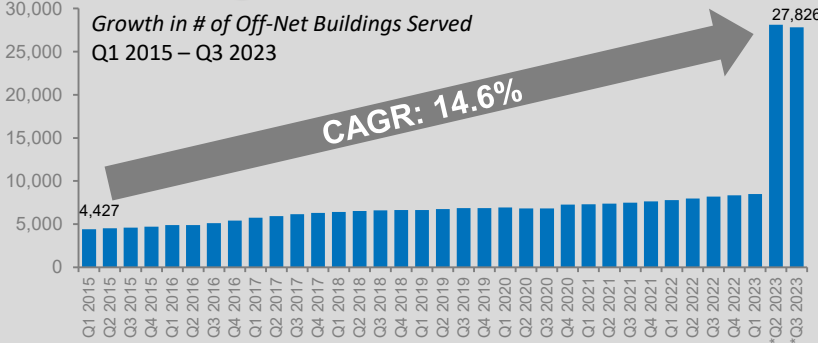
Cogent Advantages

- Price per connection is relatively equivalent
- Truly dedicated, non-oversubscribed bandwidth
- Connected right to the heart of the internet
- Faster installation: Avg. installs 63 days vs 90 days
- Real time monitoring
- Industry leading SLAs

Growth Opportunity

- Potential market: over 5 million unique business locations
- Favorable trends: Cloud, SaaS, WFH, Virtual Business (Zoom), IoT
- Superior service and install SLAs
- 90% of Cogent's Off-Net customers are purchasing On-Net services

Growing Addressable Market



* Acquisition of Sprint Wireline business

the netcentric IP opportunity

Market Players

Competitors

National

- Lumen Technologies
- NTT
- Arelion (prev. Telia)

Regional

- AT&T
- Verizon
- DT
- Tata

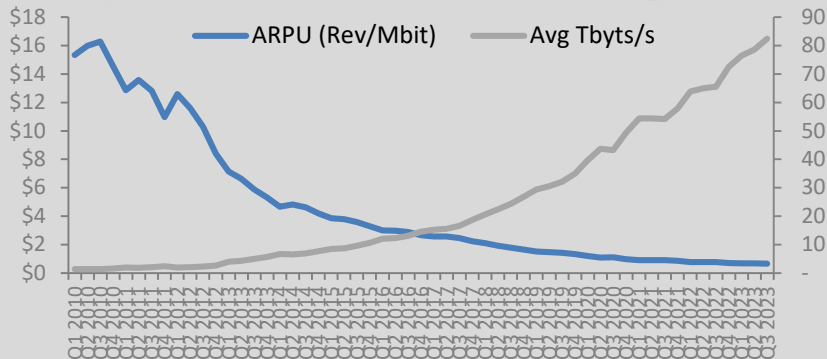
Customers Connect in Data Centers

- CDNs
- Access Networks/ISPs
- Streaming / OTT
- ASPs

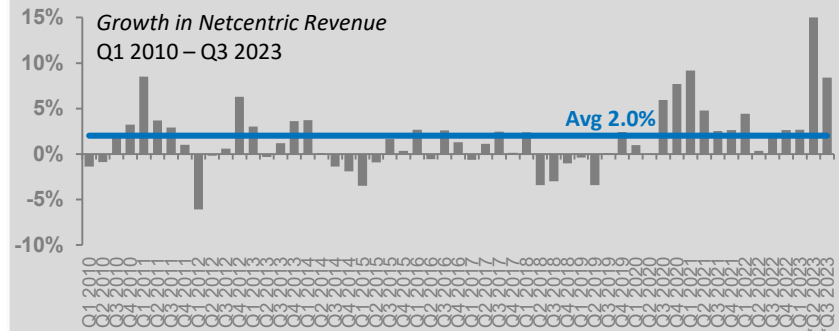
Market Dynamics

- New applications drive bandwidth
 - File Sharing/Gaming/Video/Streaming
- Product sold on a per Mbps basis from 1 Gbps to 400 Gbps
- Internet connectivity is a pure commodity
 - Speed, connection equivalent
- Cogent prices new services at 50% of market
 - We win on price

Rapid Growth/Declining \$/bit



Sequential Revenue Growth



* Includes revenue growth from acquisition of Sprint Wireline business in May

the netcentric WAVE opportunity

Market Players

Competitors

Global

- Lumen Technologies
- Zayo

Regional

- Windstream
- Uniti

Customers

Industries such as finance, healthcare, media and telecommunications carriers, ISPs, where very large amounts of data need to be transferred securely and quickly

Cogent Advantages

- Unique and physical diverse network along railways
- Cogent owns the fiber
- Rapid provisioning
- Ubiquities locations
- Simplicity of doing business
- Cogent's US-owned and carrier neutral data center footprint provides the largest reach to sell wavelengths

Growth Opportunity

- North American market for wavelength sales currently estimated at \$2 billion annually.
- The wavelength market is expected to grow at 7% per year for next six years.

Wavelength Applications

- Data center interconnection
- Regional Network connectivity
- Data replication
- Research and educational networks (RENS)
- Transfer of highly secure military and financial data

the enterprise opportunity

Market Players

Competitors

- AT&T
- Verizon
- Lumen Technologies
- Verizon
- BT Global Services
- Orange Business Services
- T Systems
- Telephonica

Cogent Advantages

- Global IP Network in 54 countries
- Large global salesforce
- Low cost connectivity
- Over 587 off-net carrier relationships
- Over 1,588 CNDCs Globally on-net

Growth Opportunity

- Most existing providers are now only focusing on their domestic markets while Cogent is global
- Supporting multiple VPN protocols
- Easy to provision VPLS available globally

Existing Activity

- Over 250 existing Enterprise Accounts
- Cogent will support both new VPLS and legacy MPLS services

customer segmentation

corporate

Connections: 55,045

Revenue Share: 44%

Traffic Share: 5%

Geography: North America

Clients: Professional Services
(Law Firms, Accounting, Insurance)
Financial Services
Universities, Schools

Service Locations: MTOBs

Longevity: 4+ Years: 67%
1+ Years: 92%

Monthly Churn: 1.4%*

netcentric

Connections: 62,291

Revenue Share: 34%

Traffic Share: 95%

Geography: Global

Clients: Access Networks - ILECs,
Cable, ISPs
CDNs
Streaming / OTT
Online Gamers

Service Locations: Data Centers

Longevity: 4+ Years: 49%
1+ Years: 84%

Monthly Churn: 2.3%*

enterprise

Connections: 20,689

Revenue Share: 22%

Traffic Share: 0.01%

Geography: Global

Clients: Fortune 500 Corporations,
Corporations w/\$5B rev
Financial Institutions
Healthcare Companies

Service Locations: MTOBs & Data Centers

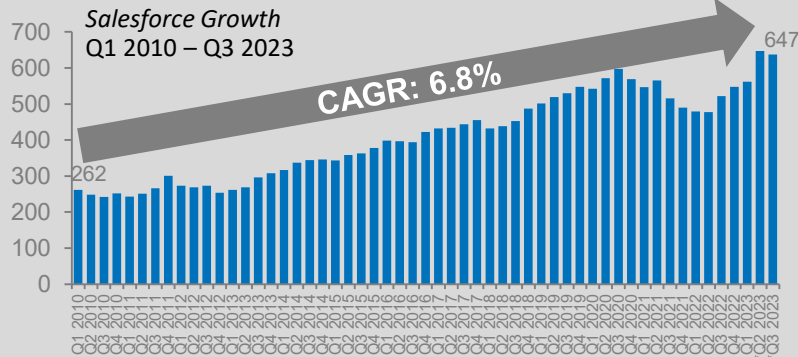
Longevity: 4+ Years: 79%
1+ Years: 94%

Monthly Churn: 0.9%*

* As of June 30, 2023 total non-core customer connections included 8,486 Session Initiation Protocol ("SIP") customer connections. This non-core product has been discontinued. There were no SIP non-core customer connections as of September 30, 2023. These monthly churn numbers exclude SIP churn, but include other non-core product churn.

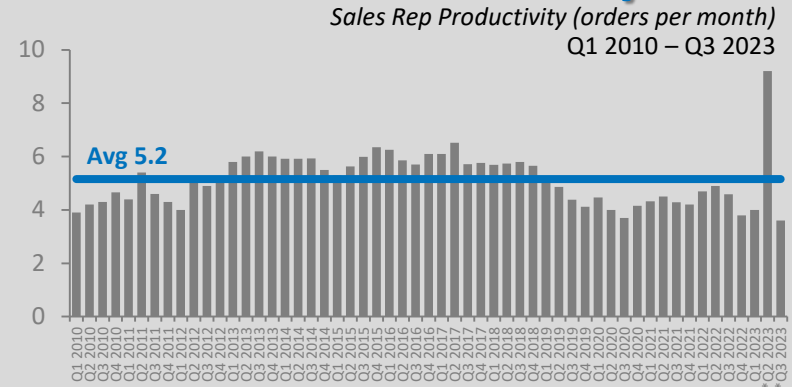
highly focused sales organization

Large Salesforce



* Acquisition of Sprint Wireline business

Consistent Productivity



* Includes TMUSA "Commercial Agreement" for services consisting of 9,084 orders installed in May.

Systematic Process



Salespeople typically win over 40% of On-Net Proposals

* Rep productivity was exceptionally high in Q2 2023 at 9.2 units per month because it included 9,084 customer connections sold to T-Mobile under a "commercial services agreement". Also contributing to the lower than usual rep productivity is the impact of the former Sprint sales reps that joined Cogent from the Sprint Business who are not yet fully productive.

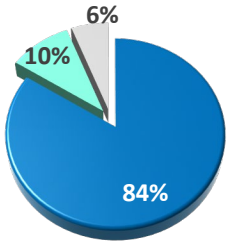
Salesforce Performance

- Simple products; robust training investment
- Success at building the global sales team
- Highly leveraged compensation

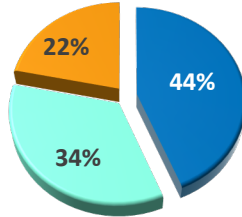
business breakout

REVENUE
Q3 2023

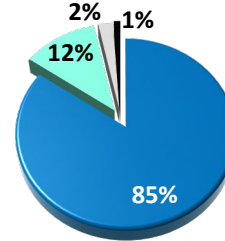
GEOGRAPHY



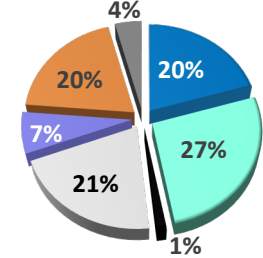
MARKET SEGMENT



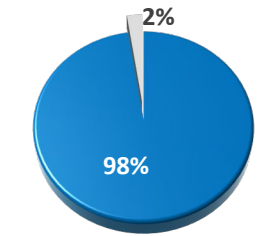
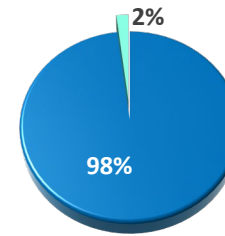
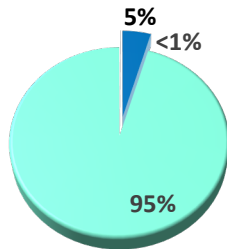
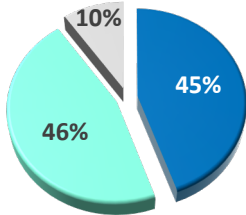
PRODUCT TYPE



ON-NET / OFF-NET

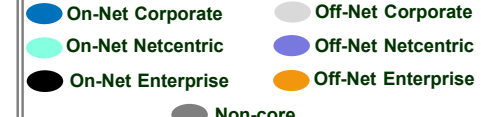
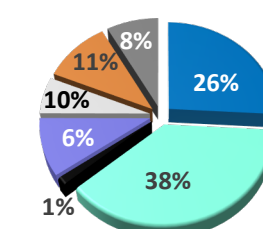
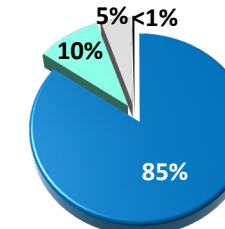
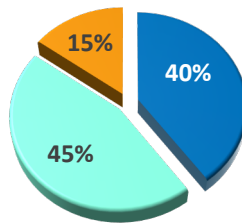
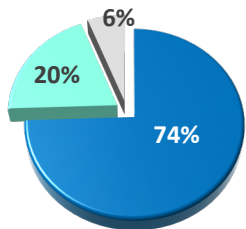


TRAFFIC
Q3 2023



■ On Net ■ Off Net

CUSTOMER
CONNECTIONS
Q3 2023

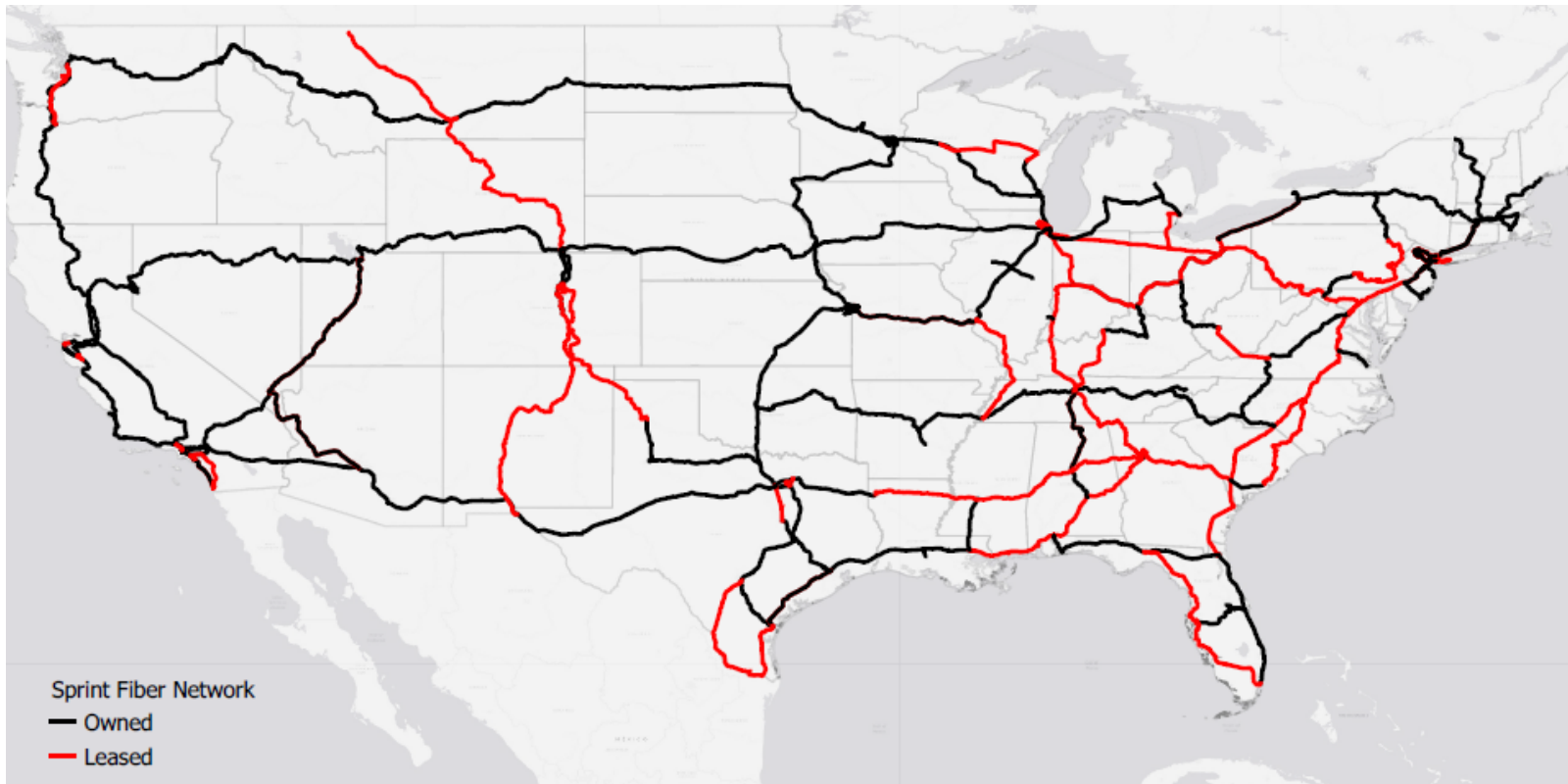


broad, deep, scalable network



- Interconnected with 7,971 access networks
 - 3,257 On-Net buildings
 - 57% multi-tenant office buildings (1,860)
 - 43% carrier neutral and Cogent data center buildings (1,397)
 - Agreements with 250+ building owners (REITs)
 - 60 Cogent data centers with ~808,800 square feet and 109 megawatts
 - Low cost network which is approximately 34% utilized
- 1,154 metro networks; 18,000+ metro route miles; 43,300+ metro fiber miles
 - 61,300+ intercity fiber route miles
 - North America Up to 4,800 Gbps per city pair
 - Europe Up to 6,000 Gbps per city pair
 - Transatlantic (Leased) 4,120 Gbps (8 Providers, 10 Cables)
 - Transpacific (Leased) 1,240 Gbps (5 Providers, 9 Cables)
 - Transindian (Leased) 900 Gbps (5 Providers, 3 Cables)
 - Transcaribbean (Leased) 2,200 Gbps (4 Providers, 7 Cables)
 - Inter-Region 8,460 Gbps (19 Providers, 29 Cables)

acquired Sprint network



Longhaul Fiber

- 19,135 Owned Fiber Route Miles
- 11,376 Leased Fiber Route Miles*

Metro Fiber

- 1,259 Owned Metro Fiber Route Miles
- 4,047 Leased Metro Fiber Route Miles*

* Cogent intends to exit these uneconomical fiber leases and utilize Cogent IRU fiber

network architecture IRU/owned fiber

Our network is *facilities based*—
IRUs on fiber &
ownership of all
optronics and
routing
equipment.

- Longhaul and metro backbone is built from a diverse set of 321 IRU suppliers
- Owned fiber allows unique rights of way
- IRUs from 10 to 44 years; many are pre-paid and have diverse end dates
- O+M expenses are calculated by share of fiber pairs thereby reducing the cost to Cogent of maintaining a network
- Cogent's IP network is ring protected at Layer 3 (IP convergence)
- All transport is IP directly over DWDM and CWDM
- Cogent generally owns lateral connections from the metro rings to the building
- Cogent owns riser facilities in multi-tenant buildings
- Cogent owns 60 data centers and 210 hubs that house core network equipment
- 4 of the 60 Cogent Data Centers were buildings acquired through the Sprint acquisition and converted into data centers. There are 41 more buildings totaling over 1 million square feet and approximately 100 megawatts of power
- Cogent has acquired 482 technical buildings to be used to further expand the network
- Wave network will be directly connected to 777 US CNDCs

cogent's network advantage

Cogent's network offers **substantial cost and operating advantages**

Choice	Implication
IP over DWDM	<ul style="list-style-type: none">• Simple, predictable performance• Lowest cost network
Simple Vendor / Configuration	<ul style="list-style-type: none">• 'Southwest Airlines' cost and operating advantages
LT Lease of Fiber Pairs	<ul style="list-style-type: none">• Reduced capital intensity and operating costs
Ownership of lateral and riser facilities	<ul style="list-style-type: none">• Sole fiber access to most corp. customers
Ring architecture to all on-net customers	<ul style="list-style-type: none">• Industry leading SLAs for installation and performance
Narrow, simple product line	<ul style="list-style-type: none">• Low cost support• Reduced sales training and costs
Waves & Colo	<ul style="list-style-type: none">• Unique Routes• Ubiquitous locations• Fast provisioning• Low cost

big, diverse & balanced global IP network

Access to Business/Residential Customers Worldwide

- 55,045 corporate connections primarily in North America
- In 1,860 On-Net MTOBs
- 27,826 Off-Net Buildings
- 1,588 On-Net Data Centers*

Eyeballs

Leading Share of Content Providers

- OTT Media Services
- Gaming Providers
- CDN Networks
- ASP

Content

'Network Effect'

A growing portion of Cogent's traffic, currently 71%, originates and terminates on-net

Dense Global Footprint

- 1,588 On-Net Data Centers*
- 227 Markets
- 54 Countries
- 7,971 Access Networks
- Settlement Free Peers with 21 networks
- Tier 1 peering status

Footprint / Network

*These data centers are located in 1,397 buildings

proven integration execution

Cogent purchased
\$34 BILLION of
 original
 investment for
\$60 MILLION.

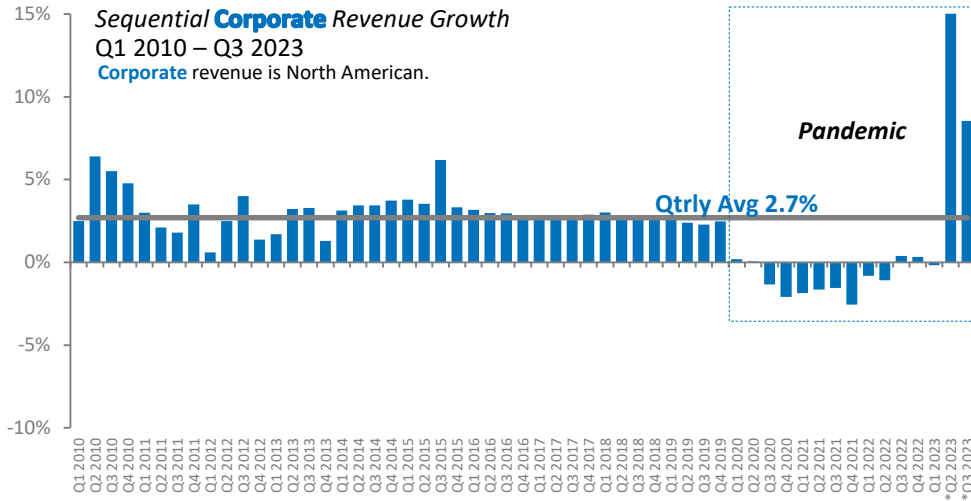
Cogent has
 acquired **\$815**
MILLION of cash

	Date	Original Investment	PP&E	Network	Peering	Customers	Building Access
NetRail	Sep 2001	\$180	\$35	✓	✓	✓	
Allied Riser	Feb 2002	\$590	\$335	✓		✓	✓
PSINet*	Apr 2002	\$5,180	\$2,175	✓	✓	✓	
(Fiber Network Solutions, Inc) FNSI	Feb 2003	\$30	\$5			✓	
Firstmark	Jan 2004	\$1,100	\$560	✓		✓	✓
Carrier 1*	Mar 2004	\$1,035	\$535	✓			
UFO Group	Aug 2004	\$25	\$5			✓	
Global Access	Sep 2004	\$10	\$5			✓	
Aleron Broadband	Oct 2004	\$200	\$5			✓	
Verio*	Dec 2004	\$5,700	\$390			✓	
Sprint (T-Mobile Wireline)	May 2023	~\$20,000	\$14,500	✓		✓	✓
TOTAL (\$ in millions)		\$34,050	\$18,550				

**Purchased the majority of assets of these companies.
 This list does not include Applied Theory, FiberCity Networks, OnSite Access, Last Mile Connections, PacWest, and ANet.*

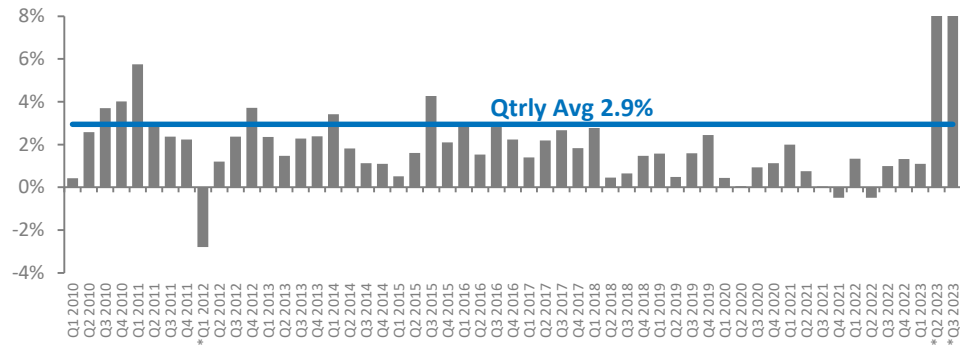
revenue growth

Sequential Corporate Revenue Growth
Q1 2010 – Q3 2023
Corporate revenue is North American.



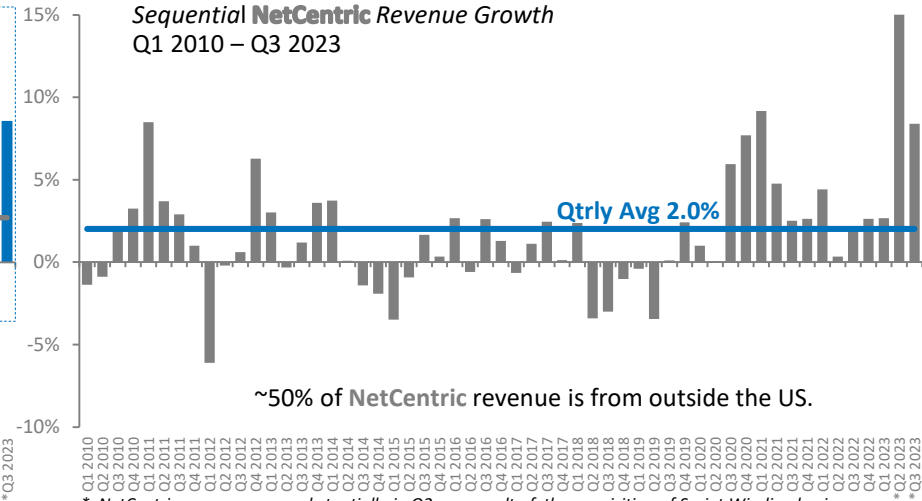
* Corporate revenue grew substantially in Q2 as a result of the acquisition of Sprint Wireline business.

Sequential Total Revenue Growth
Q1 2010 – Q3 2023



* Loss of Megaupload in Q1 of 2012 and acquisition of Sprint in Q2 of 2023.

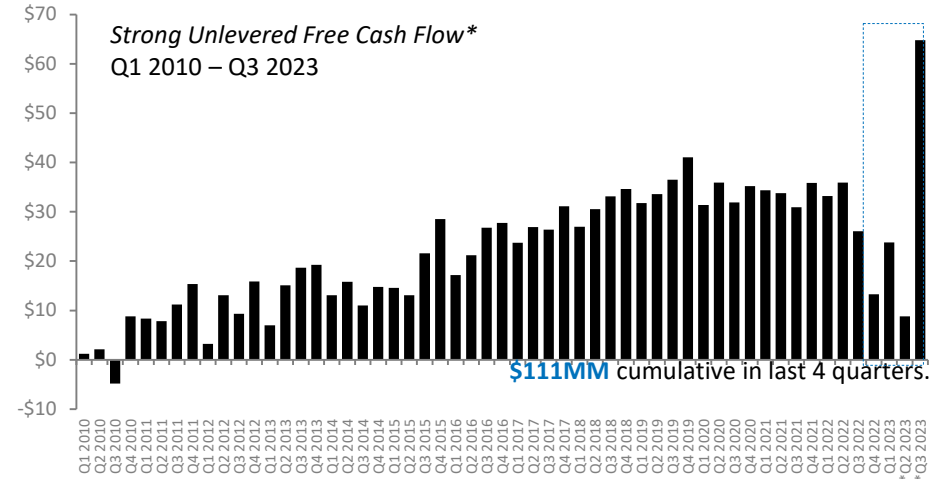
Sequential NetCentric Revenue Growth
Q1 2010 – Q3 2023



~50% of NetCentric revenue is from outside the US.

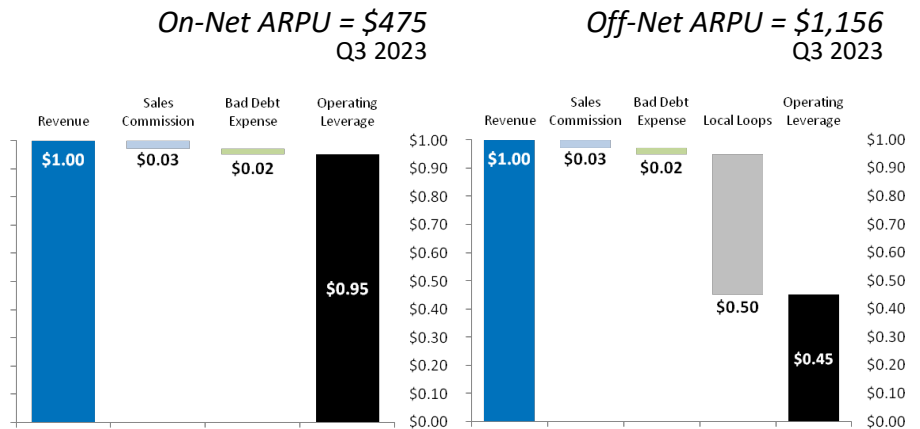
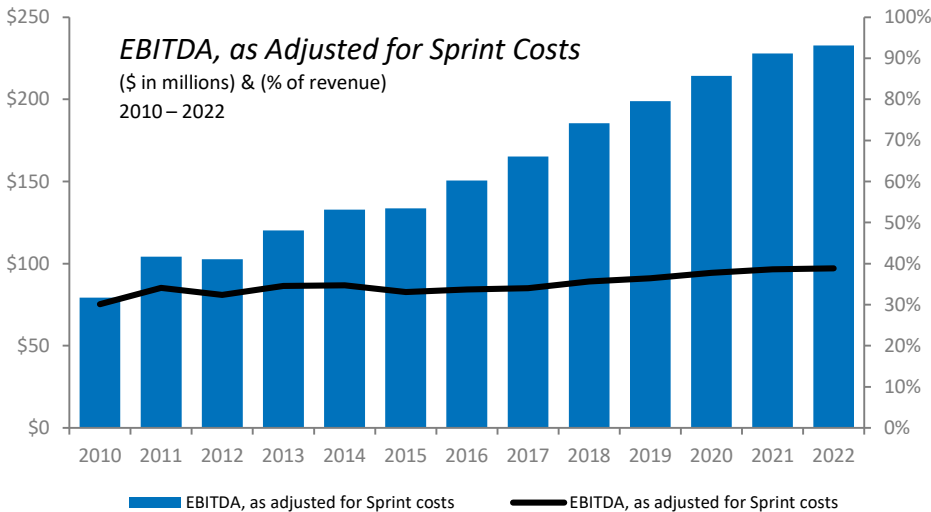
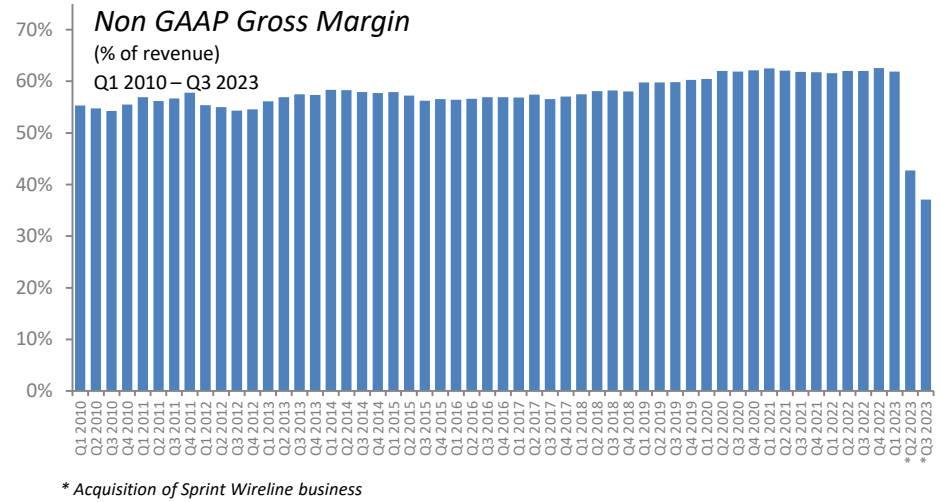
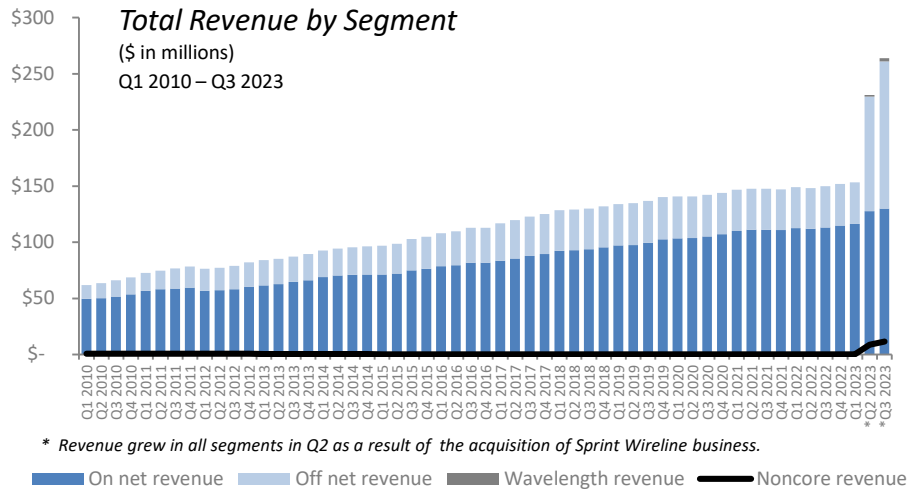
* NetCentric revenue grew substantially in Q2 as a result of the acquisition of Sprint Wireline business.

Strong Unlevered Free Cash Flow*
Q1 2010 – Q3 2023

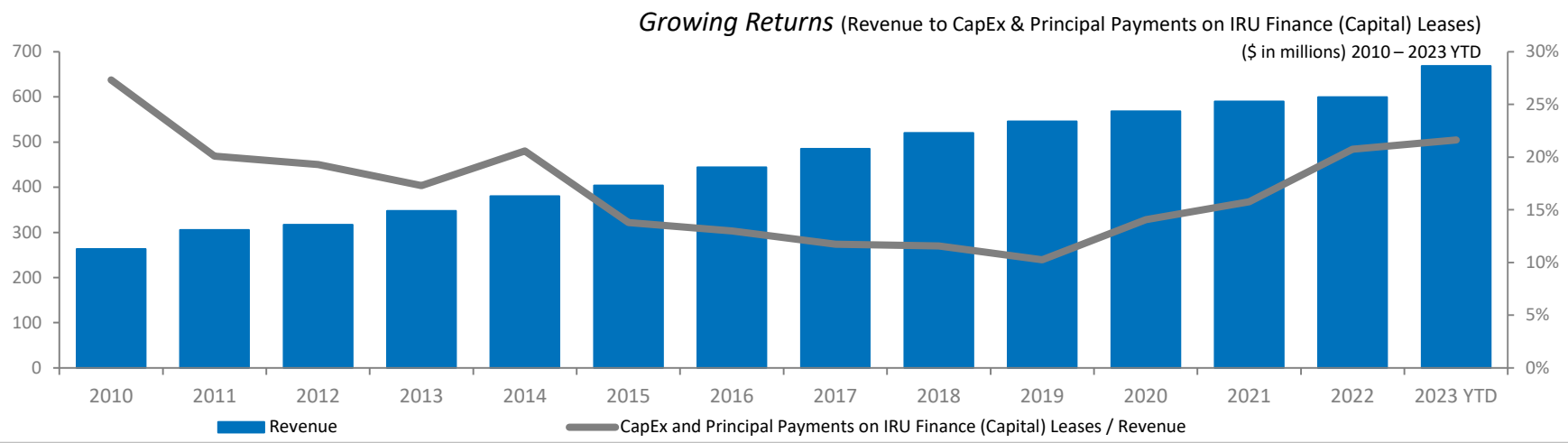
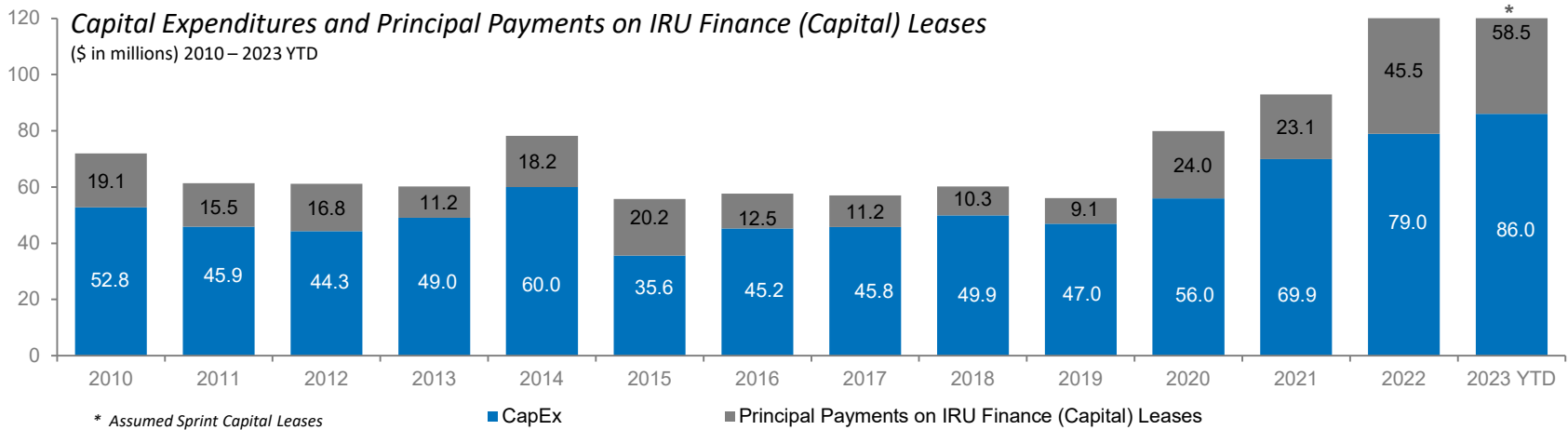


* Calculated as EBITDA (as adjusted for Sprint (T-Mobile Wireline) acquisition costs and cash payments made under IP Transit Services Agreement) less CAPEX, which includes principal payments on IRU finance (capital) leases.

historical & continuing margin expansion



investing: increasing returns, demand driven, all funded internally



highlights

Q3 2023 RESULTS (\$ in millions)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023*	Q3 2023	Q/Q % Change	Y/Y % Change
On-Net Revenue	\$112.6	\$112.0	\$113.2	\$114.9	\$116.1	\$127.7	\$130.0	1.9%	14.9%
Wavelength Revenue	-	-	-	-	-	\$1.6	\$3.0	88.8%	-
Off-Net Revenue	\$36.4	\$36.3	\$36.6	\$36.9	\$37.3	\$102.0	\$130.1	28.4%	257.7%
Non-Core Revenue	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$8.6	\$11.4	33.2%	6616.1%
Total Revenue	\$149.2	\$148.5	\$150.0	\$152.0	\$153.6	\$239.9	\$275.4	14.9%	83.6%
Gross Profit (Non-GAAP)	\$91.9	\$92.1	\$93.0	\$95.1	\$95.1	\$102.5	\$102.2	(0.3)%	9.9%
<i>Gross Margin (Non-GAAP)</i>	<i>61.6%</i>	<i>62.0%</i>	<i>62.0%</i>	<i>62.6%</i>	<i>61.9%</i>	<i>42.8%</i>	<i>37.1%</i>	<i>(5.7)%</i>	<i>(24.9)%</i>
EBITDA	\$57.2	\$58.5	\$57.9	\$57.1	\$56.1	\$24.2	\$43.6	80.4%	(24.7)%
<i>EBITDA Margin</i>	<i>38.3%</i>	<i>39.4%</i>	<i>38.6%</i>	<i>37.6%</i>	<i>36.5%</i>	<i>10.1%</i>	<i>15.8%</i>	<i>5.7%</i>	<i>(22.8)%</i>
EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement	\$57.2	\$58.5	\$59.9	\$57.4	\$56.5	\$54.1	\$131.4	143.1%	119.5%
<i>EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement Margin</i>	<i>38.3%</i>	<i>39.4%</i>	<i>39.9%</i>	<i>37.8%</i>	<i>36.8%</i>	<i>22.5%</i>	<i>47.7%</i>	<i>25.2%</i>	<i>7.8%</i>

* Acquisition of Sprint Wireline business

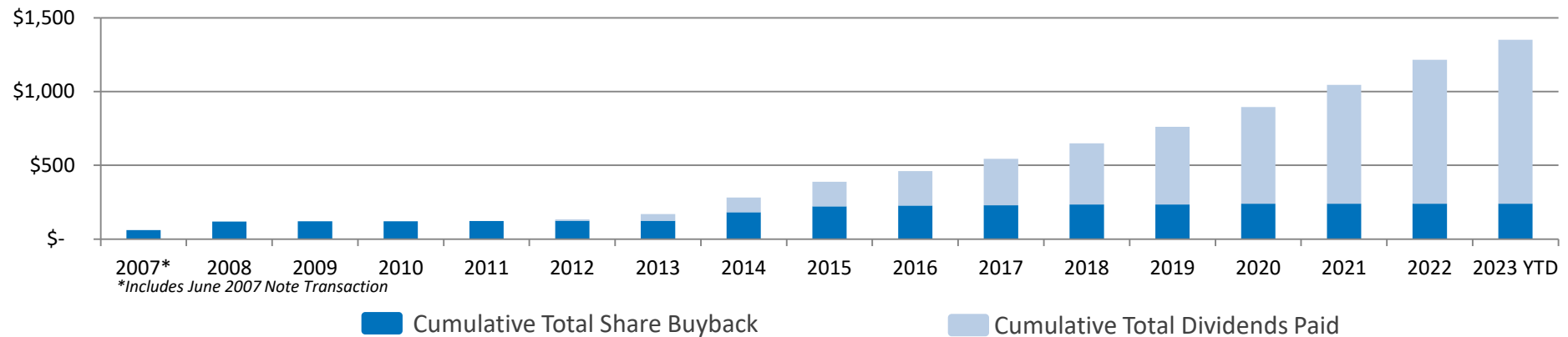
highly disciplined allocator of capital

Cogent is
focused on
driving
profitability
and efficiently
allocating
capital.

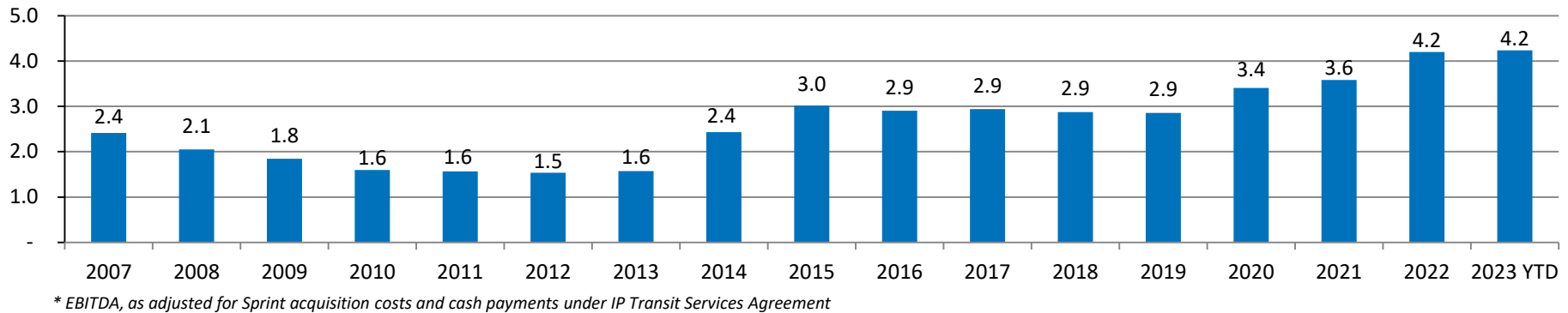
- *M&A Discipline:* Cogent has evaluated and passed on 825 acquisitions since 2005.
- *Sprint (T-Mobile Wireline) Acquisition:* Cogent paid \$1 for the Purchased Interests
 - Less a commitment from T-Mobile to purchase \$700 Million in IP Transit services from Cogent in the 54 months post-closing
 - Cogent receives payments for working capital deficit which includes acquired cash and cash equivalents in months 55 to 58 after the Closing Date
 - **Acquisition bargain purchase gain \$1.2 Billion, or \$23.97 per share**
- *Cost Discipline:* Cogent has improved its EBITDA and Adjusted Gross Margin consistently over 20 years.
- *Returning Capital:* Cogent has returned over \$1.3 Billion to shareholders since our 2005 public offering.
- Bought back over 10MM shares.
- *Management Ownership:* Senior Management owns approximately 11% of Cogent and gets compensated primarily in stock.
- *Dividend Record:* Cogent has increased its dividend for 45 straight quarters sequentially.

consistent return of capital; modest leverage

Cumulative Total Return of Capital by type (\$M)



Net Debt/LTM EBITDA*



* EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement

investment highlights

Cogent is a
leading global
Internet
Service
Provider.

- Fundamentals provide for continued, consistent growth and profitability
- Focused on fastest growth products in Telecommunications
- Independent, low-cost international network
- Network footprint targeted at high traffic locations
- Substantial network capacity; very high operating leverage with low capital intensity
- Entry into North American market for wavelength sales currently estimated at \$2 billion annually
- Extensive Cogent owned data center footprint
- Entry into the sale of dark fiber nationally and regionally along unique routes and rights-of-way
- Proven ability to grow top line and drive margin exposure and cash flow growth
- Management committed to returning increasing amounts of capital to shareholders

cogent
Smart People Buy Dumb Pipes

Appendix

Reconciliation of non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP

Non-GAAP EBITDA and non-GAAP EBITDA, as adjusted, reconciled to GAAP cash flows provided by operating activities

	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Q3 2023</u>
(\$ in 000's) – unaudited							
Net cash flows provided by operating activities	\$49,411	\$34,403	\$53,570	\$36,323	\$35,821	\$82,654	\$(52,433)
Changes in operating assets and liabilities	(6,294)	5,108	(13,017)	4,152	1,435	\$(90,373)	\$51,064
Cash interest expense and income tax expense	<u>14,038</u>	<u>18,946</u>	<u>17,320</u>	<u>16,663</u>	<u>18,797</u>	<u>31,875</u>	<u>44,956</u>
EBITDA (1)	\$57,155	\$58,457	\$57,873	\$57,138	\$56,053	\$24,156	\$43,587
PLUS: Sprint (T-Mobile Wireline) acquisition costs	-	-	2,004	244	400	\$739	\$351
PLUS: Cash payments made to the Company under IP Transit Services Agreement	=	=	=	=	=	<u>29,167</u>	<u>87,500</u>
EBITDA, as adjusted for Sprint (T-Mobile Wireline) acquisition costs and IP Transit Services Agreement (1)	\$57,155	\$58,457	\$59,877	\$57,382	\$56,453	\$54,062	\$131,438
EBITDA margin (1)	38.3%	39.4%	38.6%	37.6%	36.5%	10.1%	15.8%
EBITDA, as adjusted for Sprint (T-Mobile Wireline) acquisition costs and IP Transit Services Agreement, margin (1)	38.3%	39.4%	39.9%	37.8%	36.8%	22.5%	47.7%

Non-GAAP gross profit and non-GAAP gross margin reconciled to GAAP gross profit and GAAP gross margin

	<u>Q1 2022</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q4 2022</u>	<u>Q1 2023</u>	<u>Q2 2023</u>	<u>Q3 2023</u>
(\$ in 000's) – unaudited							
Service revenue total	\$149,175	\$148,450	\$150,000	\$151,979	\$153,588	\$239,806	\$275,429
Minus - Network operations expense including equity-based compensation and including depreciation and amortization expense	<u>80,137</u>	<u>79,585</u>	<u>80,117</u>	<u>80,535</u>	<u>83,798</u>	<u>190,013</u>	<u>260,328</u>
GAAP Gross Profit (2)	\$69,038	\$68,865	\$69,883	\$71,444	\$69,790	\$49,793	\$15,101
Plus - Equity-based compensation – network operations expense	144	145	176	88	149	231	370
Plus – Depreciation and amortization expense	22,688	23,071	22,897	23,563	25,160	\$52,511	\$86,734
Non-GAAP Gross Profit (3)	\$91,870	\$92,081	\$92,956	\$95,095	\$95,099	\$102,535	\$102,205
GAAP Gross Margin (2)	46.3%	46.4%	46.6%	47.0%	45.4%	20.8%	5.5%
Non-GAAP Gross Margin (3)	61.6%	62.0%	62.0%	62.6%	61.9%	42.8%	37.1%

- (1) EBITDA represents net cash flows provided by operating activities plus changes in operating assets and liabilities, cash interest expense and cash income tax expense. Management believes the most directly comparable measure to EBITDA calculated in accordance with generally accepted accounting principles in the United States, or GAAP, is net cash provided by operating activities. The Company also believes that EBITDA is a measure frequently used by securities analysts, investors, and other interested parties in their evaluation of issuers. EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement, represents EBITDA plus costs related to the Company's acquisition of Sprint's Wireline Business. EBITDA margin is defined as EBITDA divided by total service revenue. EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement margin is defined as EBITDA, as adjusted for Sprint (T-Mobile Wireline) acquisition costs and IP Transit Agreement, divided by total service revenue.
- (2) GAAP gross profit is defined as total service revenue less network operations expense, depreciation and amortization and equity based compensation included in network operations expense. GAAP gross margin is defined as GAAP gross profit divided by total service revenue.
- (3) Non-GAAP gross profit represents service revenue less network operations expense, excluding equity-based compensation and amounts shown separately (depreciation and amortization expense). Non-GAAP gross margin is defined as non-GAAP gross profit divided by total service revenue. Management believes that non-GAAP gross profit and non-GAAP gross margin are relevant metrics to provide to investors, as they are metrics that management uses to measure the margin and amount available to the Company after network service costs, in essence these are measures of the efficiency of the Company's network.

ESG efforts

Cogent is focused on *Environmental, Social, and Governance (ESG)*

Cogent is focusing on its ESG performance and improving and broadening its disclosure:

Environmental

- Provided detailed performance characteristics and carbon footprint related to its Network Backbone.
- Carbon emissions from Network Backbone declined in 2022.
- 75% reduction in power used per Bit mile over the past 5 years.
- Constructed a 1 megawatt solar facility in Pasadena, California in 2022.

Social

- Provided detailed strategies and disclosures about our capabilities and our engagement activities.

Governance

- Appointed a minority director to the Board of Directors in December 2021.
- Stockholders approved an increase to the size of the Board of Directors in May 2022, creating two new vacancies.
- The Board appointed a minority woman to fill one of the vacancies in May 2022, and a woman to fill the second vacancy in June 2022.
- As of January 2023, our Board was 33% women and 22% minority.

Cogent ESG activity can be tracked on our website at www.cogentco.com