



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 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 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, 2024, Quarterly Reports on Form 10-Q for the quarters ending March 31, 2025, September 30, 2024 and June 30, 2024 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. 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 and cash payments under the IP Transit Services Agreement. 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: 45% of revenues (47% On-Net; 53% Off-Net)
 - Netcentric: 37% of revenues (88% On-Net; 12% Off-Net)
 - Enterprise: 18% of revenues (7% On-Net; 93% Off-Net)
- We sell four different product categories:
 - 88% of revenue from IP Services (DIA, VPN and Transit)
 - 6% of revenue from IP Address Leasing (On-Net)
 - 3% of revenue from Optical Transport (Waves; On-Net)
 - 2% of revenue from Colocation Services (On-Net)
 - 1% of revenue from non-core legacy services which Cogent acquired and continues to support but does not actively sell
- We operate in 292 markets in 57 countries
- 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

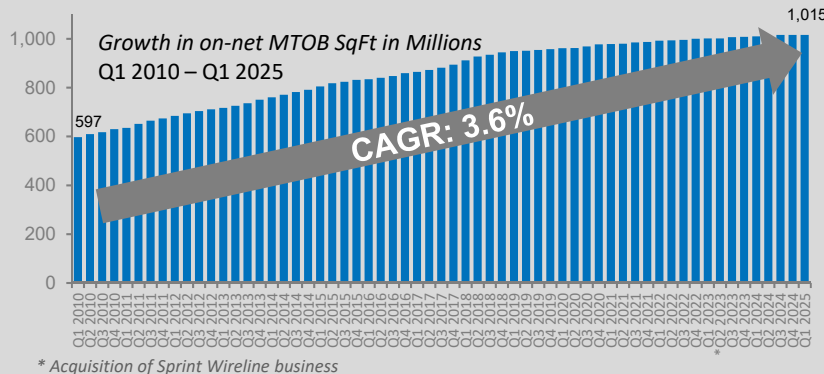
competitive advantage

The On-net Corporate IP & VPN Opportunity	The Off-net Corporate IP & VPN Opportunity	The Netcentric IP Opportunity	The Netcentric WAVE Opportunity	The IP Address Leasing Opportunity	The Enterprise Opportunity	The Colocation Opportunity
<p>Market Players</p> <ul style="list-style-type: none"> – Lumen Technologies – Verizon – AT&T – Bell Canada – Comcast – Spectrum <p>Cogent Advantage</p> <ul style="list-style-type: none"> • Price per connection is relatively equivalent • Superior reliability (3x more than competitors): ring architecture; fiber; electronics • Significant speed advantage: 2.5x to 65.0x • Faster installation: Avg. installs 13 to 15 days vs 90 days • Real-time monitoring • Industry leading SLAs 	<p>Market Players</p> <ul style="list-style-type: none"> – Lumen Technologies – Verizon – AT&T – Bell Canada – Comcast – Spectrum <p>Cogent Advantage</p> <ul style="list-style-type: none"> • 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 	<p>Market Players</p> <p>National:</p> <ul style="list-style-type: none"> – Lumen Technologies – Arelion (fka Telia) <p>Regional:</p> <ul style="list-style-type: none"> – AT&T – Verizon – DT – Tata – NTT <p>Cogent Advantage</p> <ul style="list-style-type: none"> • New applications drive bandwidth (File sharing, Gaming, Video, and 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 <ul style="list-style-type: none"> - We win on price 	<p>Market Players</p> <p>Global:</p> <ul style="list-style-type: none"> – Lumen Technologies – Zayo <p>Regional:</p> <ul style="list-style-type: none"> – Windstream – Uniti – Crown Castle <p>Cogent Advantage</p> <ul style="list-style-type: none"> • Unique and physical diverse network along railways • Cogent owns the fiber • Rapid Provisioning with 30 business day SLAs • Simplicity of doing business • Cogent's US-owned and carrier neutral data center footprint provides the largest reach to sell wavelengths in North America 	<p>Market Players</p> <ul style="list-style-type: none"> – Microsoft – AWS <p>Cogent Advantage</p> <ul style="list-style-type: none"> • Price per address is lower than market • Cogent owns the addresses • Rapid Provisioning • Large inventory provides availability of rarely available larger contiguous blocks • Cogent owns 37.8 million IPv4 addresses of which ~34% are being utilized. 	<p>Market Players</p> <ul style="list-style-type: none"> – Lumen Technologies – AT&T – Verizon – NTT – BT Global Services – Orange Business Services – T Systems – Telephonica <p>Cogent Advantage</p> <ul style="list-style-type: none"> • Global IP Network in 57 countries • Low cost connectivity • Over 500 Off-net carrier relationships • Large global salesforce 	<p>Market Players</p> <ul style="list-style-type: none"> – Equinix – Digital Realty <p>Cogent Advantage</p> <ul style="list-style-type: none"> • 101 On-Net Cogent Data Centers • 79 Edge Data Centers • 8,240 Access Networks • Settlement Free Peers with 22 networks • Tier 1 peering status

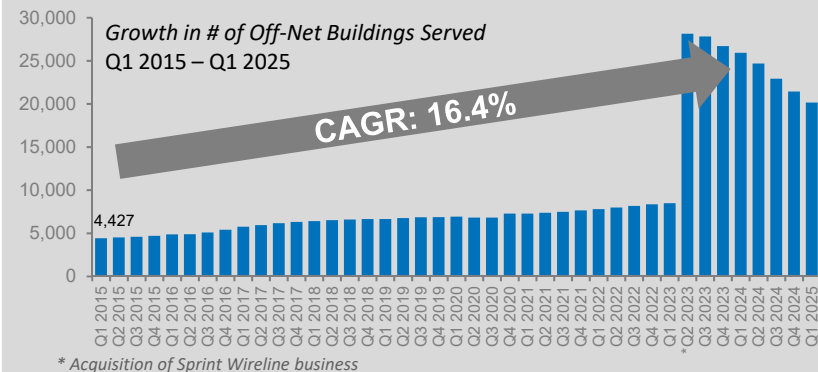
growth opportunity

Corporate and Enterprise

Growing Addressable Market

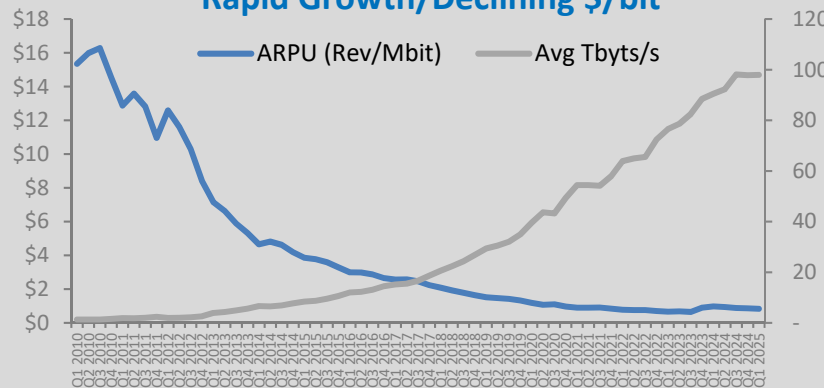


Growing Addressable Market



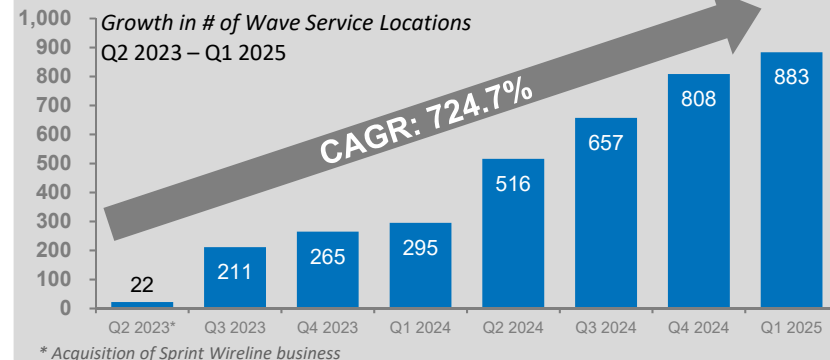
Netcentric

Rapid Growth/Declining \$/bit



Optical Transport

Growing Wave Network



customer segmentation

corporate

Connections: 45,295

Revenue Share: 45%

Traffic Share: 4.5%

Geography: North America

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

Service Locations: MTOBs

Longevity: 4+ Years: 71%
1+ Years: 93%

Monthly Churn: 1.7%

netcentric

Connections: 61,795

Revenue Share: 37%

Traffic Share: 95.4%

Geography: Global

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

Service Locations: Data Centers

Longevity: 4+ Years: 52%
1+ Years: 83%

Monthly Churn: 1.5%

enterprise

Connections: 13,641

Revenue Share: 18%

Traffic Share: 0.1%

Geography: Global

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

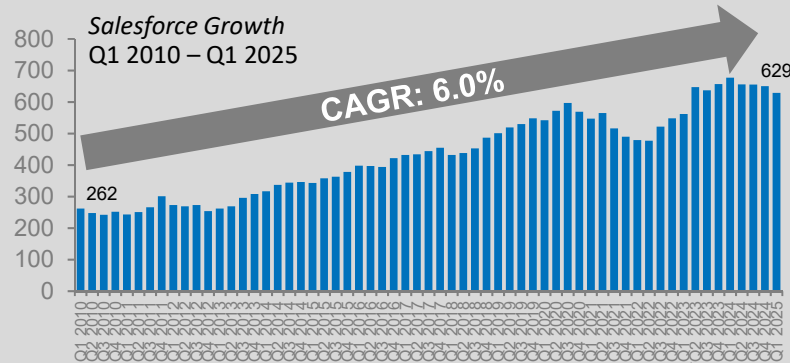
Service Locations: MTOBs & Data Centers

Longevity: 4+ Years: 88%
1+ Years: 97%

Monthly Churn: 3.1%

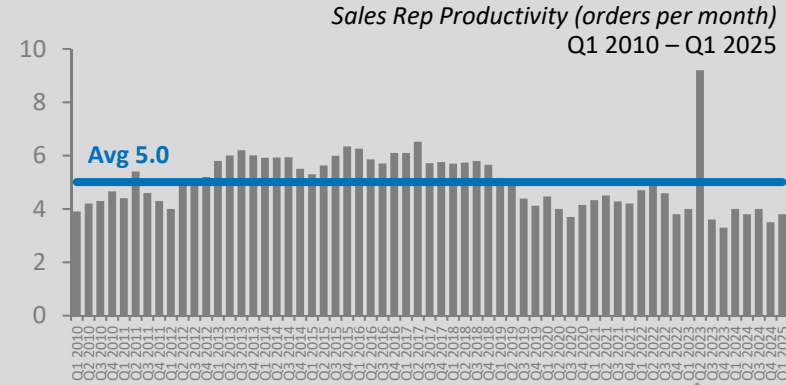
highly focused sales organization

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



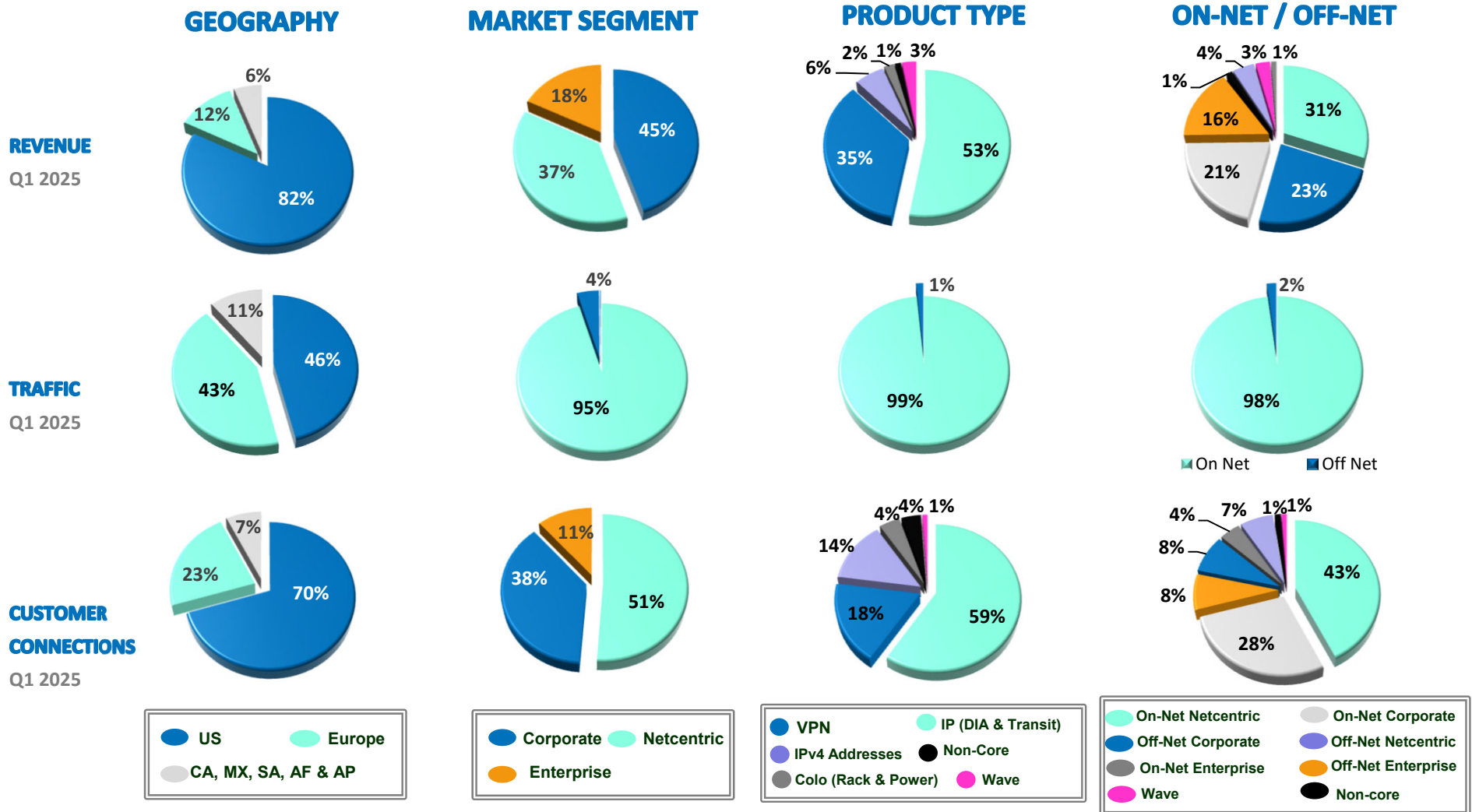
Salespeople typically win over 40% of On-Net Proposals and 20% of Off-Net Proposals.*

*Not enough historical data to report Wave win rate

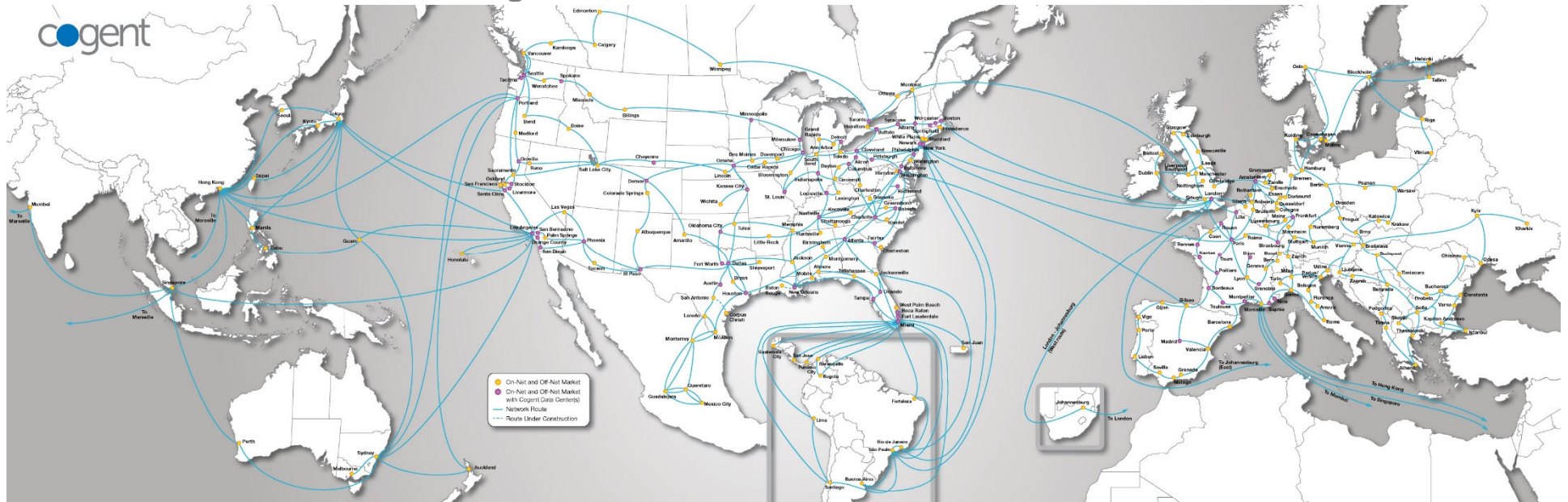
Salesforce Performance

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

business breakout



broad, deep, scalable IP network



- Interconnected with 8,240 access networks
- 3,500 On-Net buildings
 - 54% multi-tenant office buildings (1,867)
 - 44% carrier neutral & Cogent data center buildings (1,554)
 - 2% Edge data centers (79)
 - Agreements with 250+ building owners (REITs)
- 101 Cogent data centers with 1.9+ million square feet, 23,150 server cabinets and 183 megawatts owned fee simple
- 79 Edge data centers with 158,500+ square feet, 2,850 server cabinets and 28 megawatts owned
- Low cost network and data centers which are approximately 24% and 14% utilized respectively
- 99,000+ intercity fiber route miles
- 32,000+ metro fiber route miles
- 1,167 metro IP networks
 - North America
 - Europe
 - Transatlantic (Leased)
 - Transpacific (Leased)
 - Transindian (Leased)
 - Transcaribbean (Leased)
 - Inter-Region

Up to 5,400 Gbps per city pair

Up to 7,200 Gbps per city pair

6,220 Gbps (7 Providers, 11 Cables)

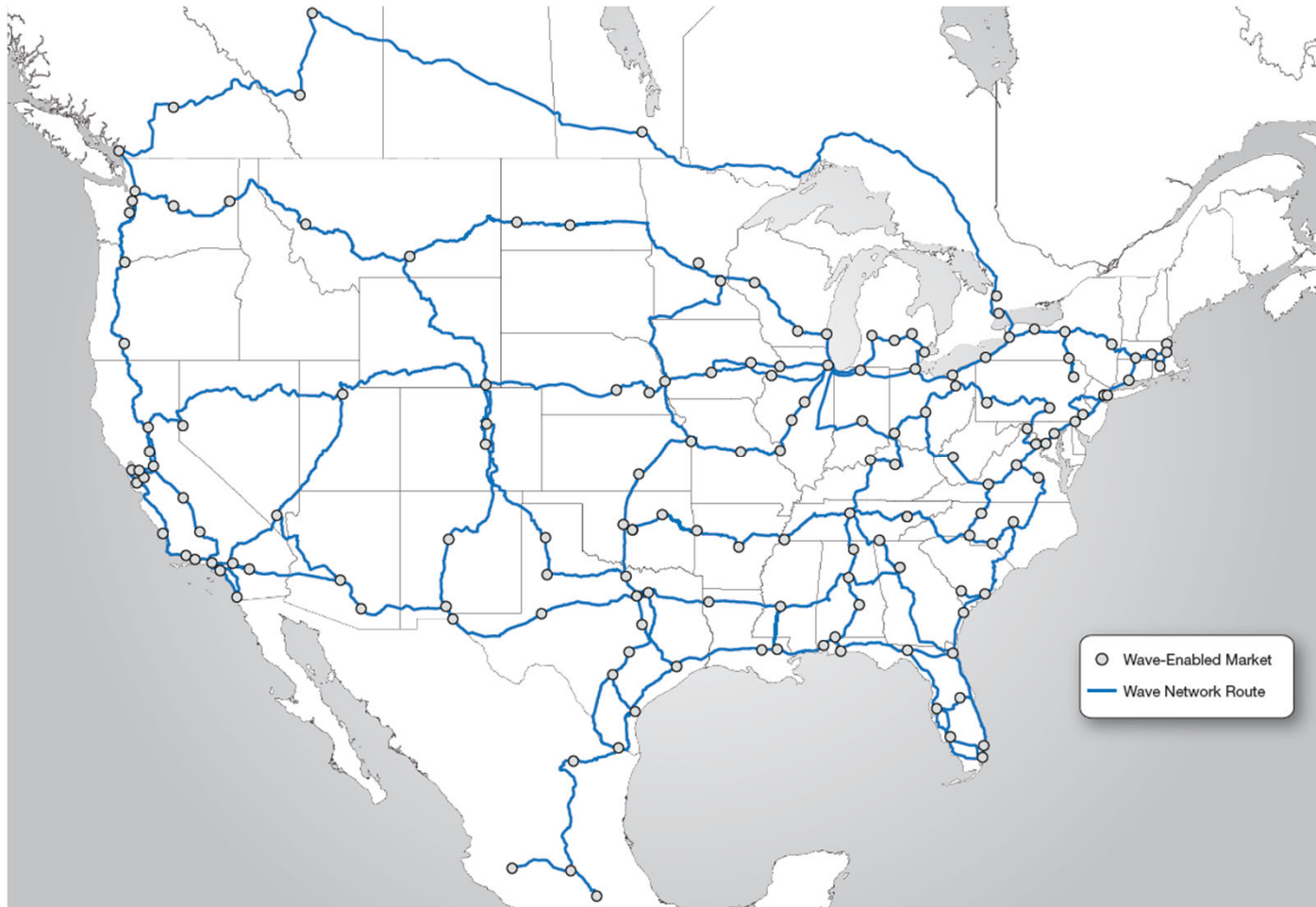
3,429 Gbps (10 Providers, 26 Cables)

1,902 Gbps (7 Providers, 6 Cables)

3,700 Gbps (5 Providers, 11 Cables)

15,251 Gbps (24 Providers, 53 Cables)

wavelength services network



Cogent provides wavelength services to customers in over 329 locations with the capability in 883 locations and 230 metro wave networks.

network architecture IRU/owned fiber

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

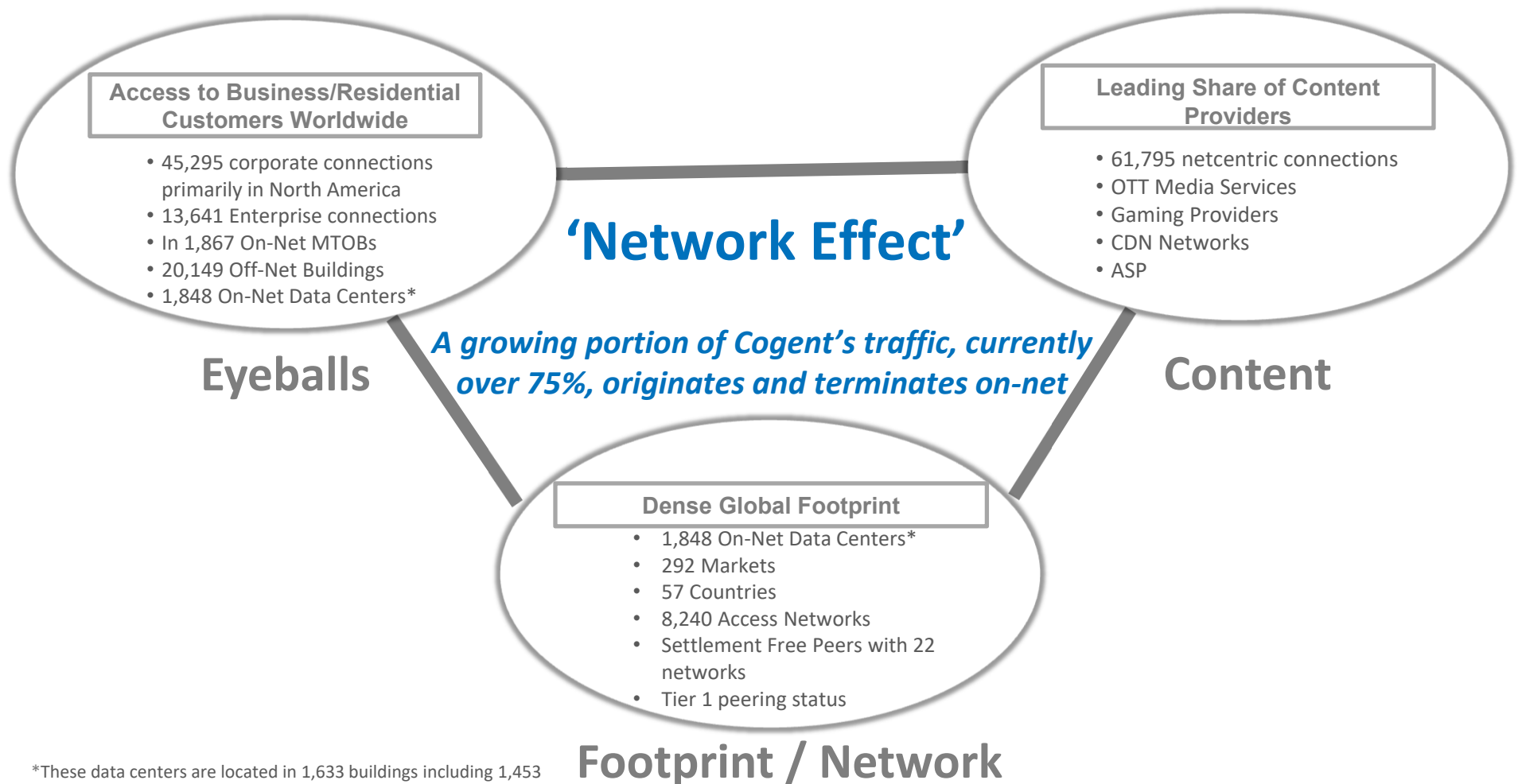
- Longhaul and metro backbone is built from a diverse set of 377 IRU suppliers
- Owned fiber is on unique rights of way
- IRUs from 10 to 44 years; many are pre-paid and have diverse end dates
- O+M expenses on IRU fiber are calculated by share of fiber pairs in the sheath thereby reducing the cost to 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 222 IP hubs and 90 wave hubs that house core network equipment.
- Cogent owns 180 data centers with 26,000 server racks in 2.1 MM square feet of floor space offering 211 MW of power.
- Wave network is directly connected to 883 CNDs in the US, Mexico and Canada

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 / Sprint acquired owned fiber	<ul style="list-style-type: none">• Unique access to high volume customer locations
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



*These data centers are located in 1,633 buildings including 1,453 carrier neutral, 101 Cogent, and 79 Cogent Edge Data Centers.

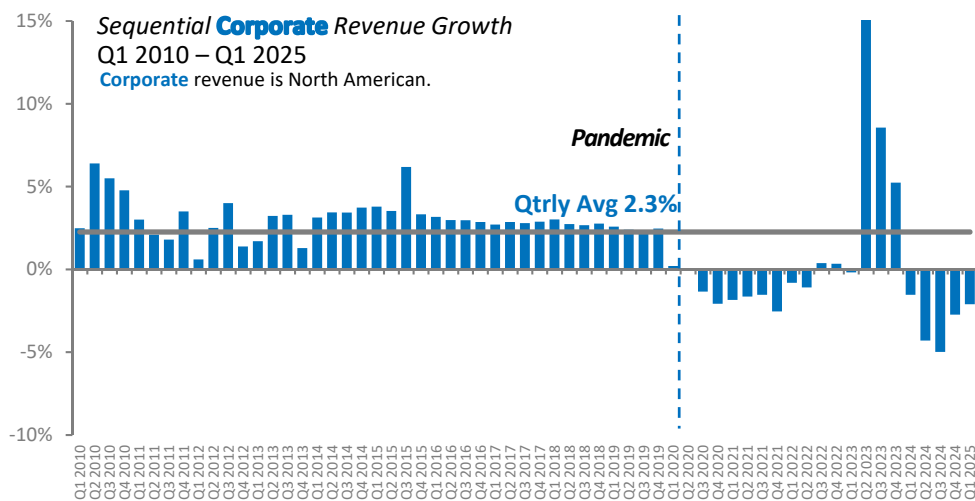
proven integration execution

Cogent purchased
over **\$34 BILLION**
of original
investment and
\$700 MILLION in
cash in exchange
for **\$60 MILLION**

	Date	Original Investment	PP&E	Network	Peering	Customers	Building Access	IPv4 Addresses
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	~\$20,500	\$14,500	✓		✓	✓	✓
TOTAL (\$ in millions)		\$34,550	\$18,550					

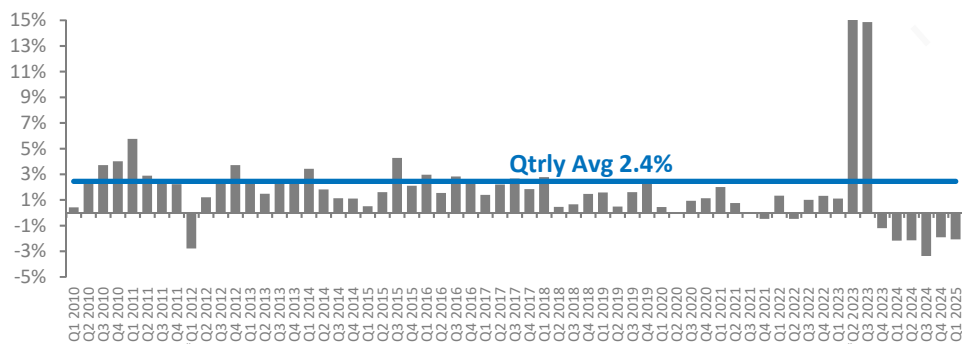
*Purchased the majority of assets of these companies. This list does not include Applied Theory, FiberCity Networks, OnSite Access, Last Mile Connections, PacWest, and Anet

revenue growth

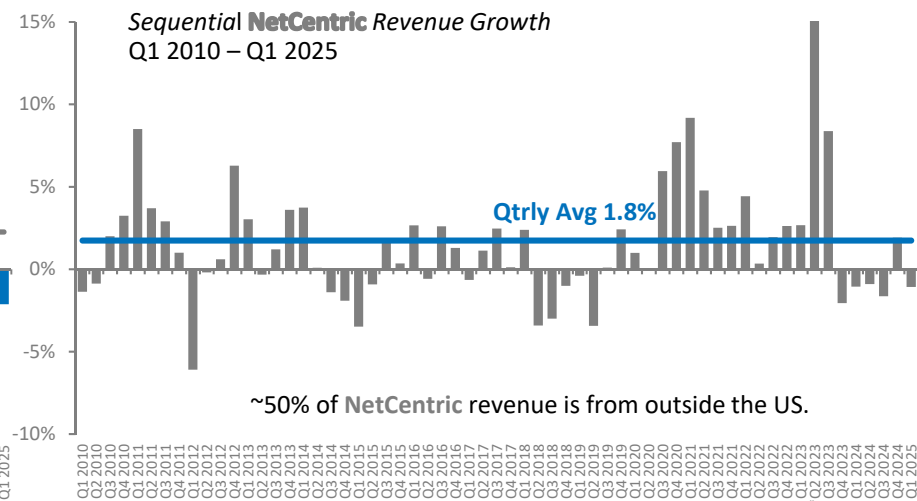


* Corporate revenue grew substantially in Q2 as a result of the acquisition of Sprint Wireline business.

Sequential Total Revenue Growth
Q1 2010 – Q1 2025

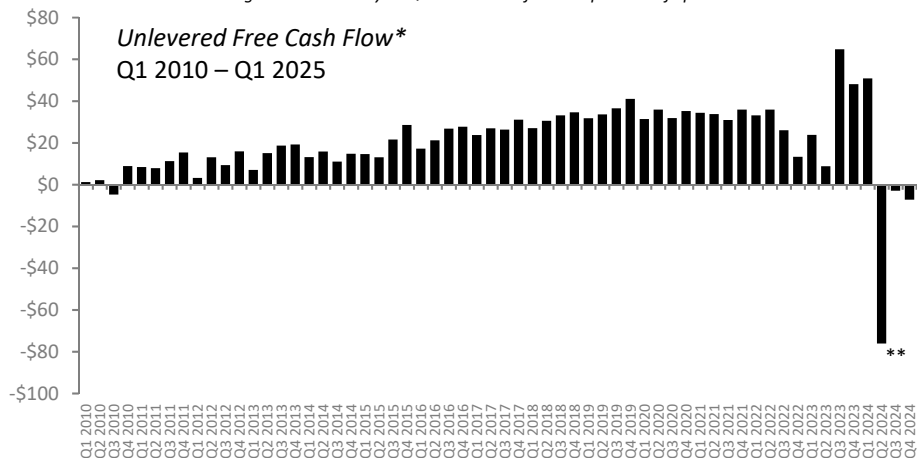


* Loss of Megaupload in Q1 of 2012 and acquisition of Sprint in Q2 of 2023.



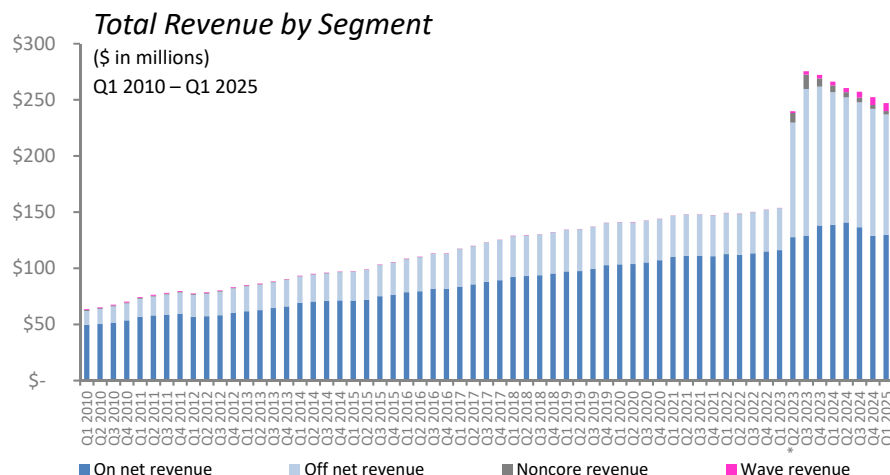
~50% of NetCentric revenue is from outside the US.

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

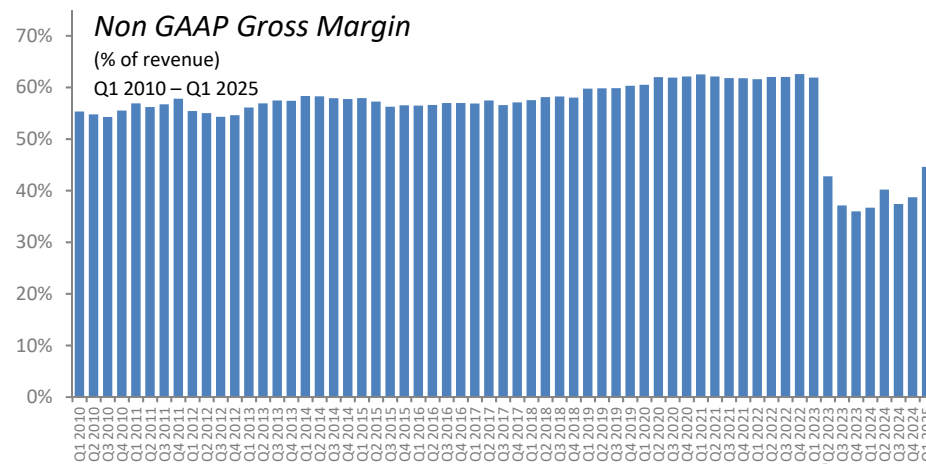


* Calculated as EBITDA (as adjusted for Sprint (T-Mobile Wireline) acquisition costs and cash payments made under IP Transit Services Agreement) less CAPEX, which includes principal payments on IRU finance (capital) leases
** Verizon lease prepayment at discount of 12% with cost of \$114.6 Million and savings of \$15.6 Million.

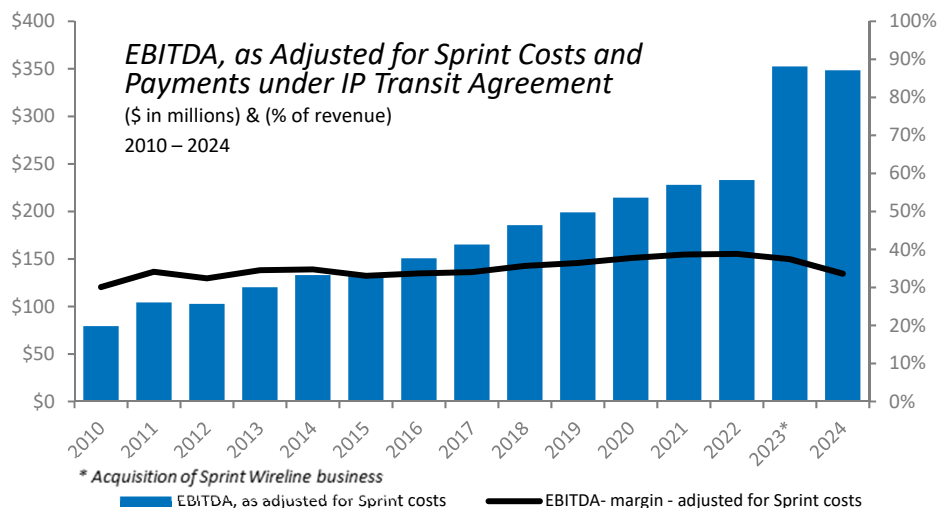
historical & continuing margin expansion



* Revenue grew in all segments in Q2 2023 as a result of the acquisition of Sprint Wireline business.

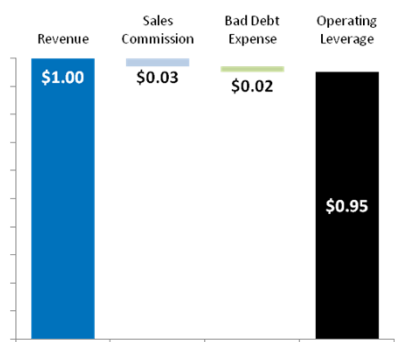


* Acquisition of Sprint Wireline business

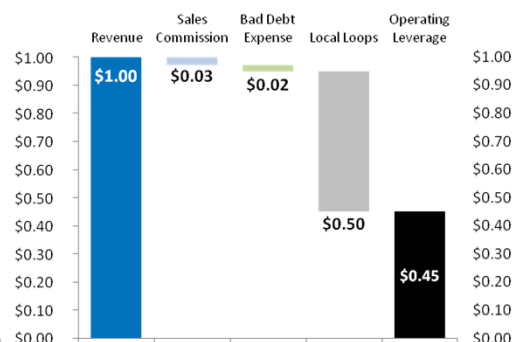


* Acquisition of Sprint Wireline business

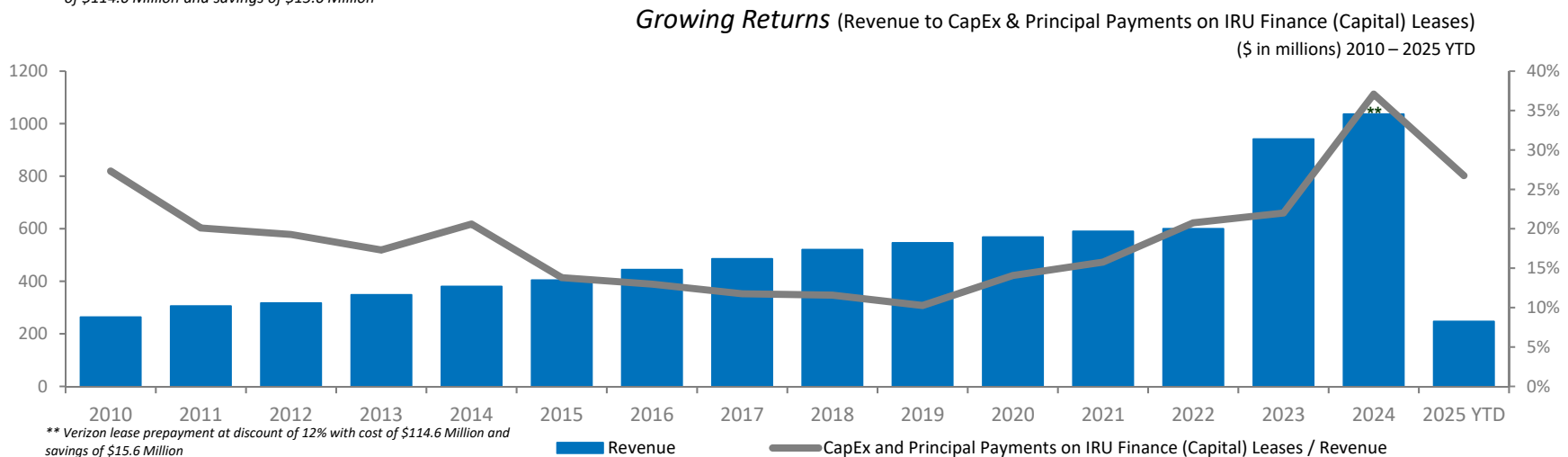
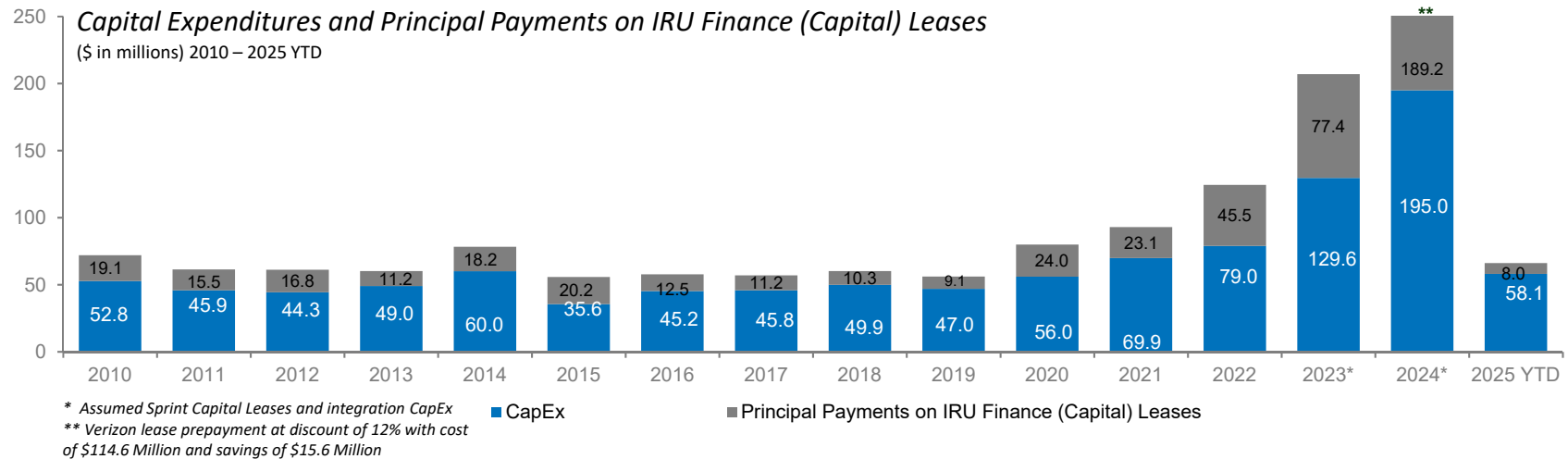
On-Net IP ARPU = \$496
Q1 2025



Off-Net IP ARPU = \$1,266
Q1 2025



investing: increasing returns, demand driven, all funded internally



highlights

Q1 2025 RESULTS (\$ in millions)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q/Q % Change	Y/Y % Full Year Change
On-Net Revenue	\$138.6	\$140.8	\$136.5	\$128.8	\$129.6	0.7%	(6.5)%
Off-Net Revenue	\$118.2	\$111.4	\$111.3	\$113.2	\$107.3	(5.2)%	(9.2)%
Wavelength Revenue	\$3.3	\$3.6	\$5.3	\$7.0	\$7.1	2.2%	114.0%
Non-Core Revenue	\$6.0	\$4.6	\$4.1	\$3.3	\$3.0	(10.3)%	(49.9)%
Total Revenue	\$266.2	\$260.4	\$257.2	\$252.3	\$247.0	(2.1)%	(7.2)%
Gross Profit (Non-GAAP)	\$97.6	\$104.6	\$96.1	\$97.6	\$110.1	12.8%	12.8%
<i>Gross Margin (Non-GAAP)</i>	<i>36.7%</i>	<i>40.2%</i>	<i>37.4%</i>	<i>38.7%</i>	<i>44.6%</i>	<i>5.9%</i>	<i>7.9%</i>
EBITDA	\$18.5	\$27.1	\$35.9	\$41.9	\$43.8	4.6%	137.2%
<i>EBITDA Margin</i>	<i>6.9%</i>	<i>10.4%</i>	<i>13.9%</i>	<i>16.6%</i>	<i>17.7%</i>	<i>1.1%</i>	<i>10.8%</i>
Sprint Acquisition Cost	\$9.0	\$12.4	\$-	\$-	\$-	0%	(100.0)%
Cash Payments under IP Transit Services Agreement	\$87.5	\$66.7	\$25.0	\$25.0	\$25.0	0%	(100.0)%
EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement	\$115.0	\$106.2	\$60.9	\$66.9	\$68.8	2.9%	(40.2)%
<i>EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement Margin</i>	<i>43.2%</i>	<i>40.8%</i>	<i>23.7%</i>	<i>26.5%</i>	<i>27.8%</i>	<i>1.3%</i>	<i>(15.4)%</i>

* Acquisition of Sprint Wireline business

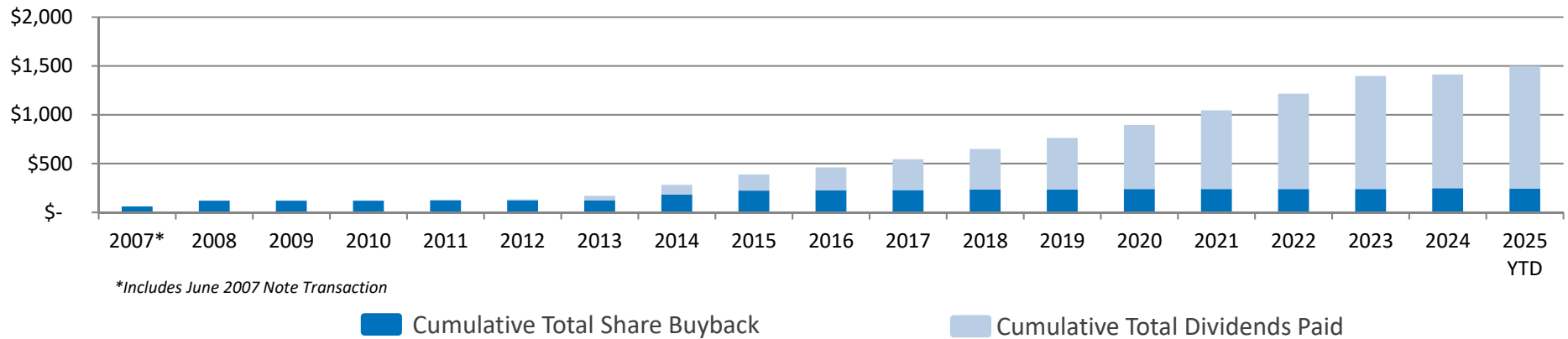
highly disciplined allocator of capital

Cogent is
focused on
driving
profitability
and efficiently
allocating
capital.

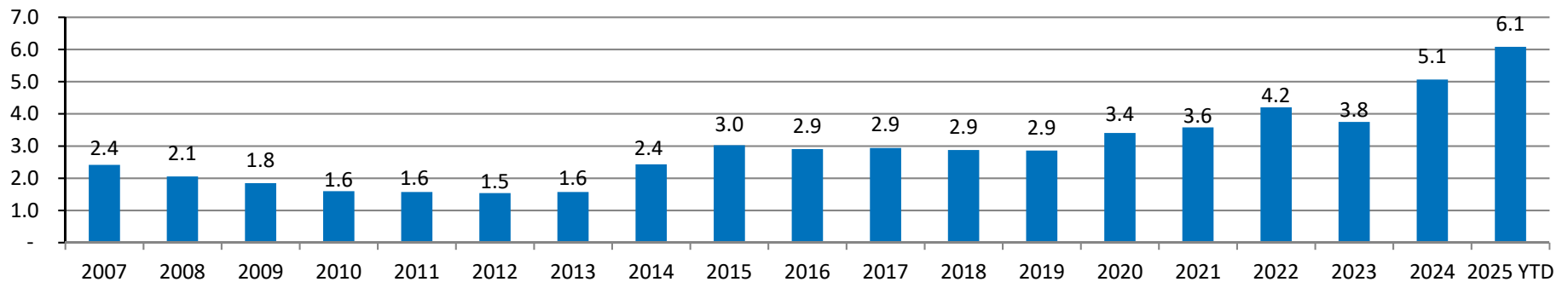
- *M&A Discipline:* Cogent has evaluated and passed on 850 acquisitions since 2005.
- *Sprint (T-Mobile Wireline) Acquisition:* Cogent paid \$1 for the Purchased Interests
 - Less a commitment from T-Mobile to purchase \$700 Million in IP Transit services from Cogent in the 54 months post-closing
 - Cogent receives payments for short-term leases in months 55 to 58 after the Closing Date
 - Cogent received 1.9 million square feet of technical space, 482 buildings, ~9.9 million IPv4 addresses, and over 20,000 owned route miles of fiber
 - Acquisition bargain purchase gain of \$1.4 Billion, or \$29.69 per share
- *Cost Discipline:* Cogent has improved its EBITDA and Adjusted Gross Margin consistently over 20 years.
- *Returning Capital:* Cogent has returned \$1.6 Billion to shareholders since our 2005 public offering.
- *Share Buybacks:* Bought back 10.7 MM shares since inception (including April 2025 share buyback of 94,856 shares for an average price of \$23.69/share).
- *Management Ownership:* Senior Management owns approximately 10% of Cogent and gets compensated primarily in stock.
- *Dividend Record:* Cogent has increased its dividend for 51 straight quarters sequentially.

consistent return of capital

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 global IP network
- IP & Transport network footprint targeted at high traffic locations
- Three attractive customer bases; Corporate, Netcentric & Enterprise
- Rapid expansion in North American market for wavelength sales currently estimated at \$2 billion annually
- Extensive Cogent owned and leased data center footprint of 180 locations and 211 megawatts available
- Expanded inventory of 37.9 million IPv4 addresses owned
- Proven ability to grow revenue and drive margin expansion and cash flow growth
- Management committed to returning increasing amounts of capital to shareholders



Cogent Communications Holdings, Inc.

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 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>
(\$ in 000's) – unaudited					
Net cash flows provided by (used in) operating activities	\$19,219	\$(22,171)	\$(20,226)	\$14,532	\$36,351
Changes in operating assets and liabilities	\$(34,640)	\$11,077	\$22,868	\$27,892	\$(26,614)
Cash interest expense and income tax expense	\$33,873	\$38,220	\$33,219	\$(571)	\$34,022
EBITDA (1)	\$18,452	\$27,126	\$35,861	\$41,853	\$43,759
PLUS: Sprint (T-Mobile Wireline) acquisition costs	\$9,037	\$12,370	\$-	\$-	\$-
PLUS: Cash payments made to the Company under IP Transit Services Agreement	\$87,500	\$66,667	25,000	25,000	25,000
EBITDA, as adjusted for Sprint (T-Mobile Wireline) acquisition costs and IP Transit Services Agreement (1)	\$114,989	\$106,163	\$60,861	\$66,853	\$68,759
EBITDA margin (1)	6.9%	10.4%	13.9%	16.6%	17.7%
EBITDA, as adjusted for Sprint (T-Mobile Wireline) acquisition costs and IP Transit Services Agreement, margin (1)	43.2%	40.8%	23.7%	26.5%	27.8%

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

	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Q3 2024</u>	<u>Q4 2024</u>	<u>Q1 2025</u>
(\$ in 000's) – unaudited					
Service revenue total	\$266,168	\$260,443	\$257,202	\$252,291	\$247,048
Minus - Network operations expense including equity-based compensation and including depreciation and amortization expense	\$239,824	\$230,203	\$247,367	\$222,455	\$213,477
GAAP Gross Profit (2)	\$26,344	\$30,240	\$9,835	\$29,836	\$33,571
Plus - Equity-based compensation – network operations expense	385	350	469	477	490
Plus – Depreciation and amortization expense	\$70,891	\$74,036	\$85,815	\$67,272	\$76,038
Non-GAAP Gross Profit (3)	\$97,620	\$104,626	\$96,119	\$97,585	\$110,099
GAAP Gross Margin (2)	9.9%	11.6%	3.8%	11.8%	13.6%
Non-GAAP Gross Margin (3)	36.7%	40.2%	37.4%	38.7%	44.6%

- (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 through 2022
- 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