cogent

Smart People Buy Dumb Pipes

NASDAQ

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INVESTOR PRESENTATION

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 June 30, 2023, March 31, 2023 and September 30, 2022 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. Amounts billed and amounts paid under the IP Transit Services Agreement were $58.3 million and $29.2 million in the three months ended June 30, 2023, respectively. 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 two customer bases:
  - Corporate: 46% of revenues
  - Netcentric: 37% of revenues
  - Enterprise: 17% 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

- 1,840+ Class A MTOBs in city core
- 100+ cities in North America

Customers

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

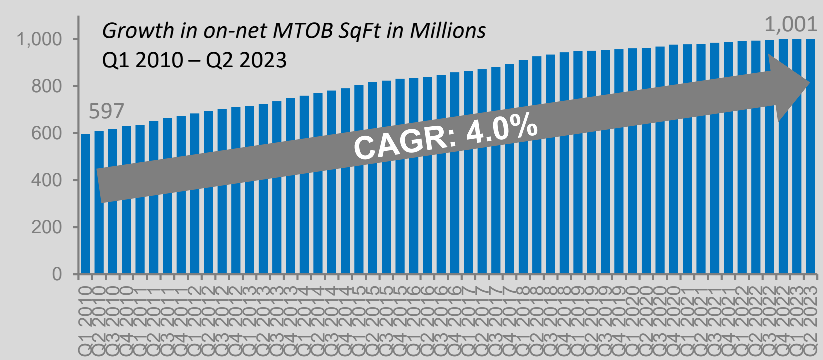
Cogent Advantages

- 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

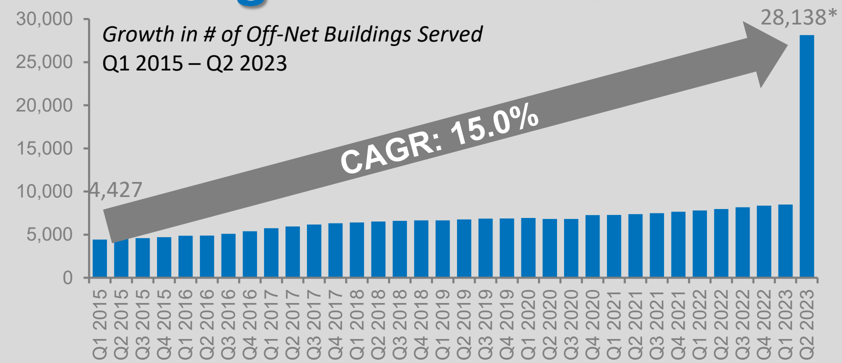
Cogent Advantages

- 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 also On-Net Customers

Growing Addressable Market



** Acquisition of Sprint Wireline business*

the netcentric IP opportunity

Market Players

Competitors

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

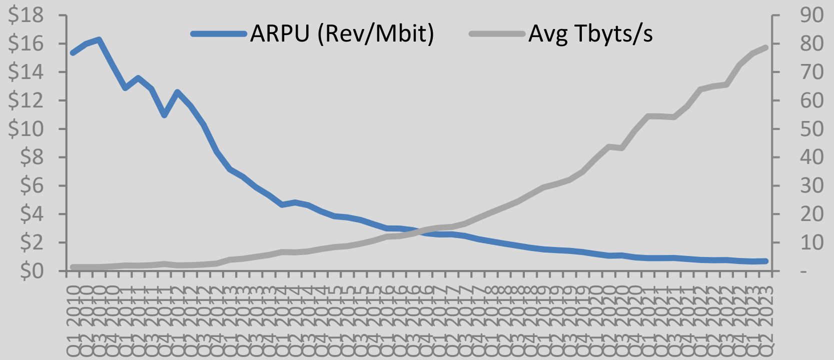
Regional
- AT&T
- DT
- Verizon
- Tata

Customers Connect in Data Centers
- CDNs
- Access Networks/ISPs
- Streaming / OTT
- ASPs

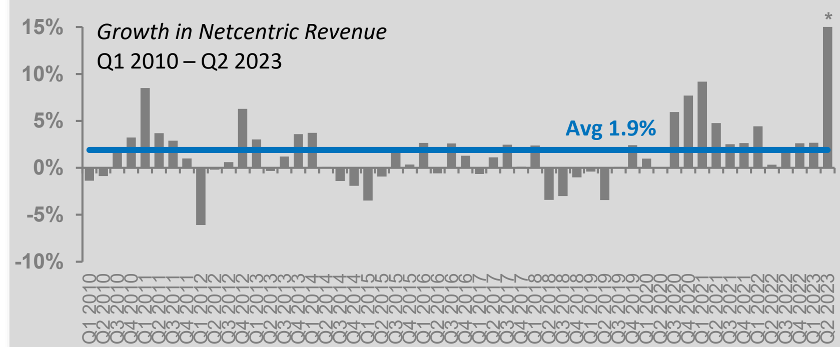
Market Dynamics

- 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



* Acquisition of Sprint Wireline business

the netcentric WAVE opportunity

Market Players

Competitors

<u>Global</u>
- Lumen Technologies
- Zayo

<u>Regional</u>
- 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 580 off-net carrier relationships
- Over 1,582 CNDCs Globally on-net

Growth Opportunity

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

Existing Activity

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

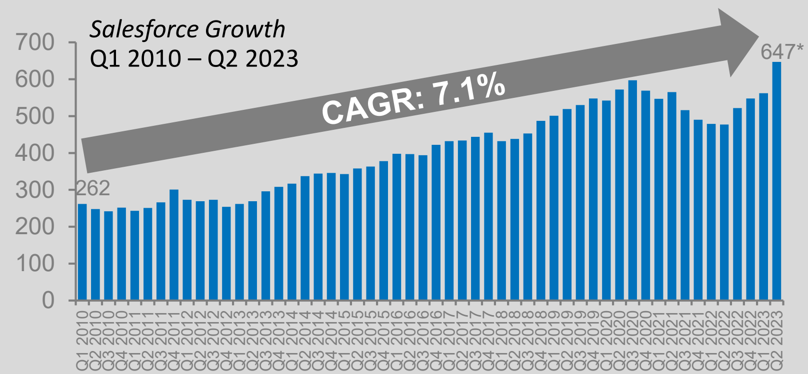
customer segmentation

	corporate	netcentric	enterprise
Connections:	*61,284**	*66,711**	*23,435**
Revenue Share:	*46%*	*37%*	*17%*
Traffic Share:	*4%*	*96%*	*0.01%*
Geography:	*North America*	*Global*	*Global*
Clients:	*Professional Services (Law Firms, Accounting, Insurance)* *Financial Services* *Universities, Schools*	*Access Networks - ILECs, Cable, ISPs* *CDNs* *Streaming / OTT* *Online Gamers*	*Fortune 500 Corporations,* *Corporations w/$5B rev* *Financial Institutions* *Healthcare Companies*
Service Locations:	*MTOBs*	*Data Centers*	*MTOBs & Data Centers*
Longevity:	*4+ Years: 68%* *1+ Years: 92%*	*4+ Years: 49%* *1+ Years: 85%*	*4+ Years: 78%* *1+ Years: 94%*
Monthly Churn:	*1.3%*	*1.8%*	*0.8%*

** As of June 30, 2023, Corporate customer connections from the Sprint acquisition were 17,571, Netcentric customer connections were 5,607 and Enterprise customer connections were 23,034.*

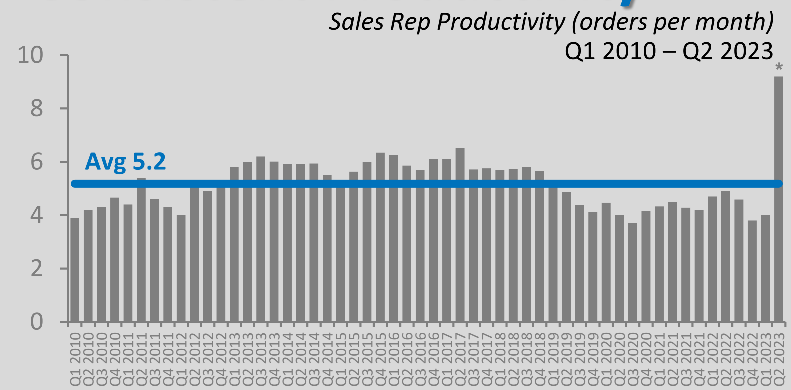
highly focused sales organization

Large Salesforce



* Acquisition of Sprint Wireline business

Consistent Productivity



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

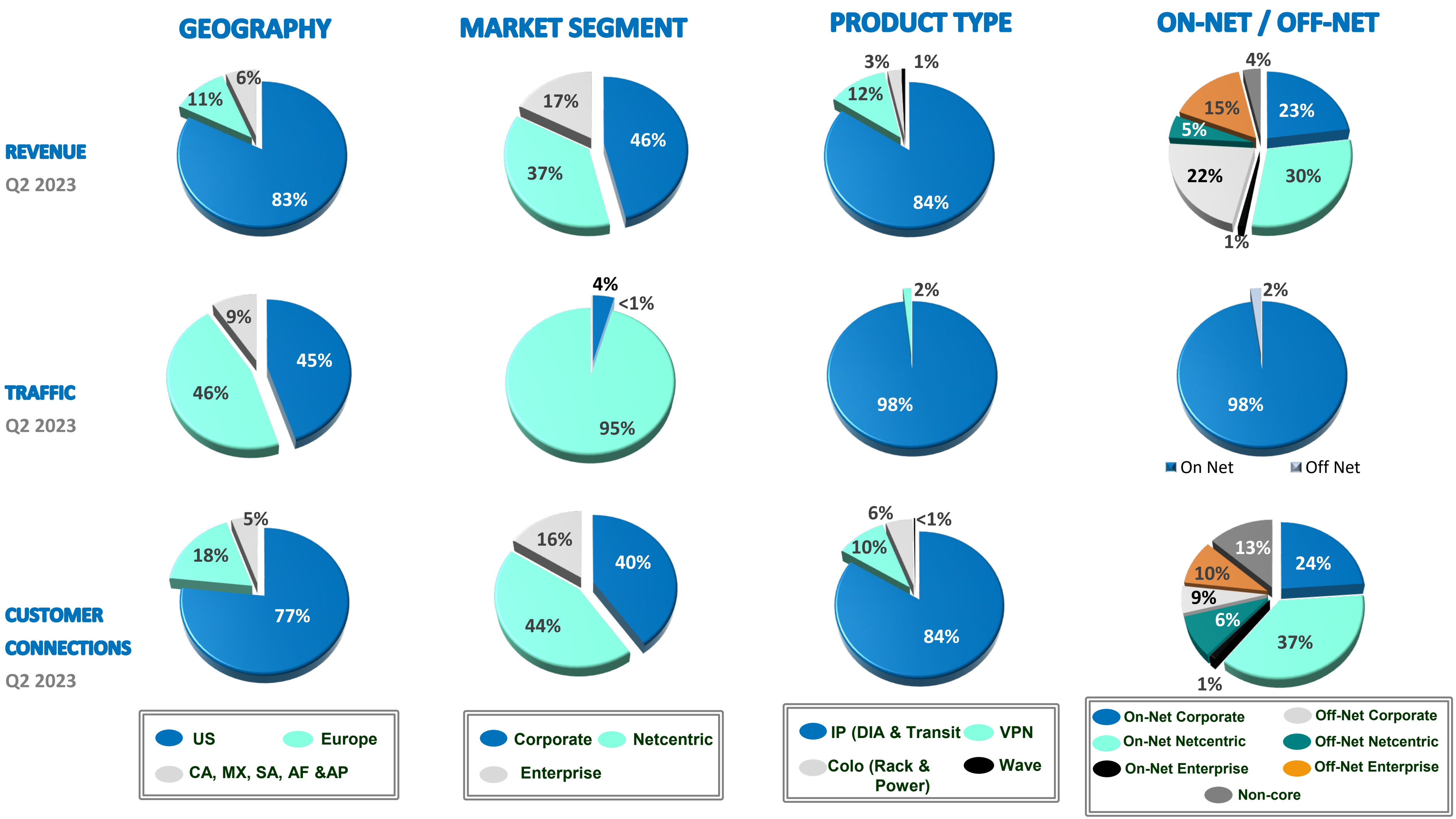
Systematic Process

Salespeople typically win over 40% of
On-Net Proposals

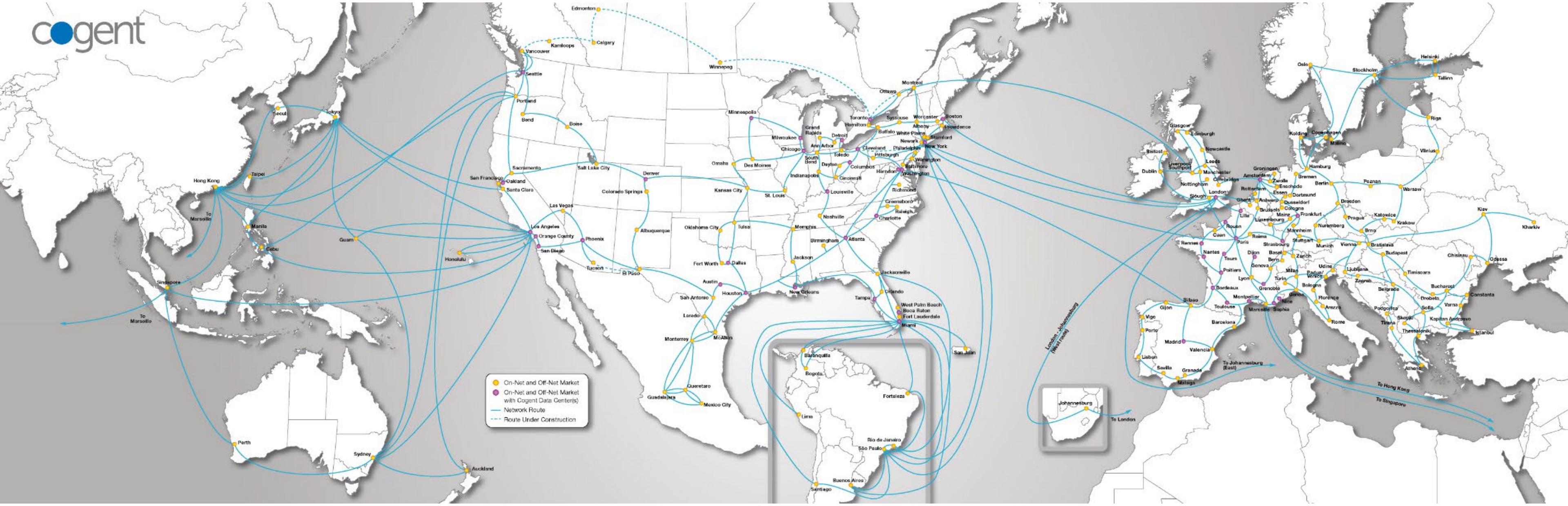
Salesforce Performance

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

business breakout



broad, deep, scaleable network

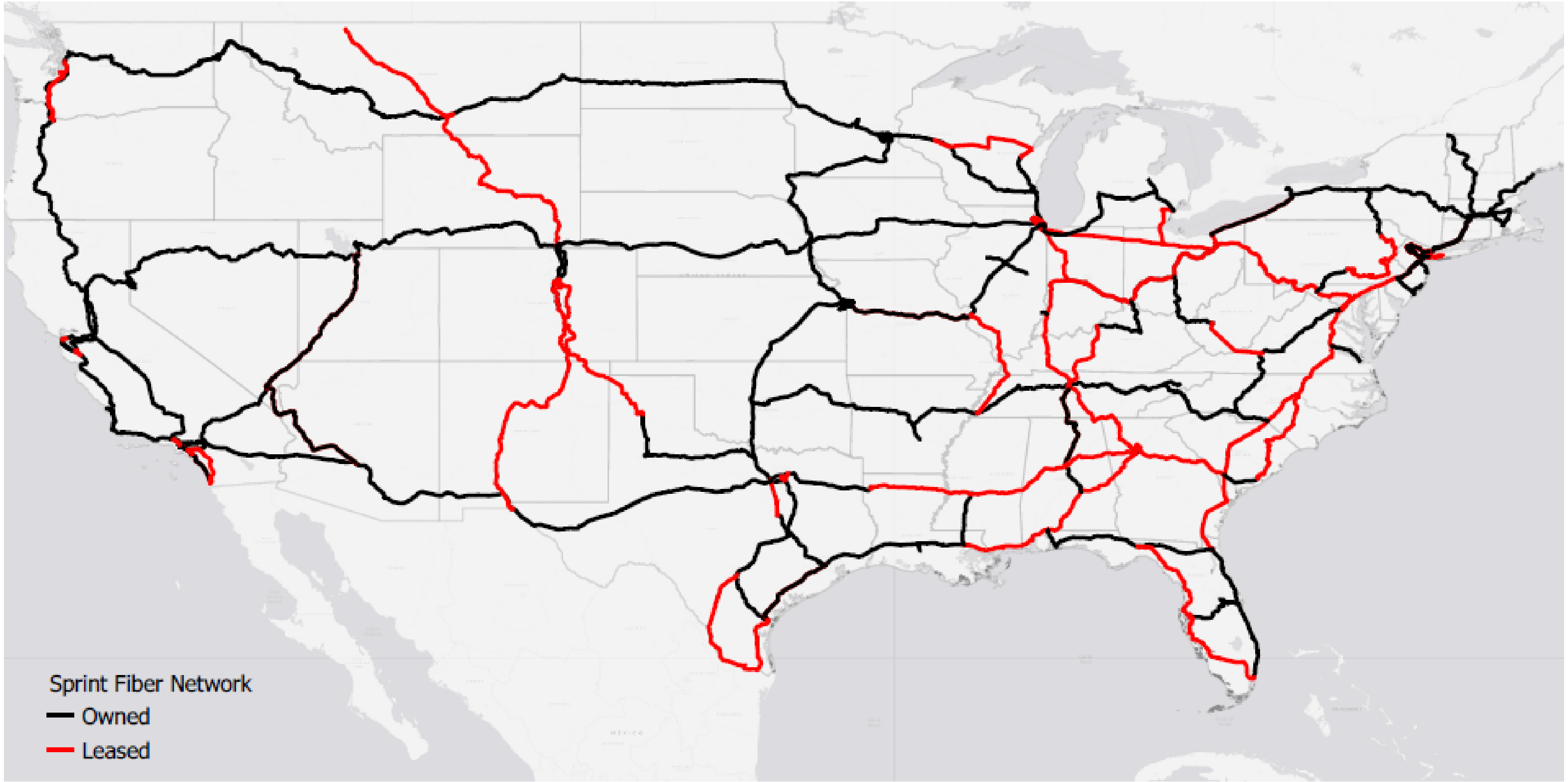


- Interconnected with 7,891 access networks
- 3,227 On-Net buildings
  - 57% multi-tenant office buildings (1,844)
  - 43% carrier neutral and Cogent data center buildings (1,383)
  - Agreements with 250+ building owners (REITs)
- 56 Cogent data centers with ~683,000 square feet
- Low cost network which is approximately 33% utilized

- 1,153 metro networks; 18,000+ metro route miles; 43,200+ metro fiber miles
- 61,300+ intercity fiber route miles

• North America	Up to 4,400 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



<u>Longhaul Fiber</u>

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

<u>Metro Fiber</u>

- 1,259 Owned Metro Fiber Route Miles
- 4,527 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 320 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 56 data centers and 210 hubs that house core network equipment
- 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	• Simple, predictable performance • Lowest cost network
Simple Vendor / Configuration	• 'Southwest Airlines' cost and operating advantages
LT Lease of Fiber Pairs	• Reduced capital intensity and operating costs
Ownership of lateral and riser facilities	• Sole fiber access to most corp. customers
Ring architecture to all on-net customers	• Industry leading SLAs for installation and performance
Narrow, simple product line	• Low cost support • Reduced sales training and costs
Waves & Colo	• Unique Routes • Ubiquitous locations • Fast provisioning • Low cost

big, diverse & balanced global IP network

Access to Business/Residential Customers Worldwide

- 61,284 corporate connections primarily in North America
- In 1,844 On-Net MTOBs
- 28,138 Off-Net Buildings
- 1,582 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

- 1,582 On-Net Data Centers*
- 227 Markets
- 54 Countries
- 7,891 Access Networks
- Settlement Free Peers with 21 networks
- Tier 1 peering status

Footprint / Network

*These data centers are located in 1,383 buildings

proven integration execution

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

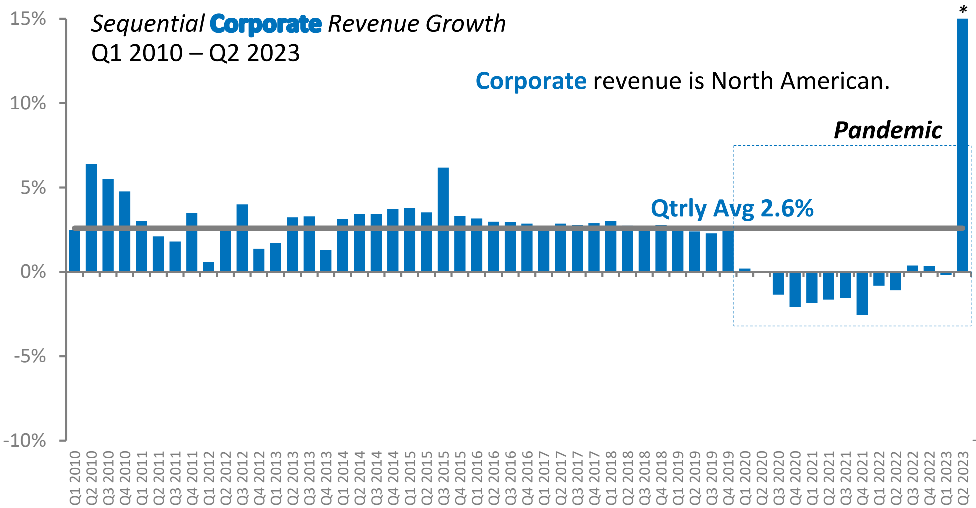
Cogent has acquired ***$815 MILLION*** of cash

	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**				

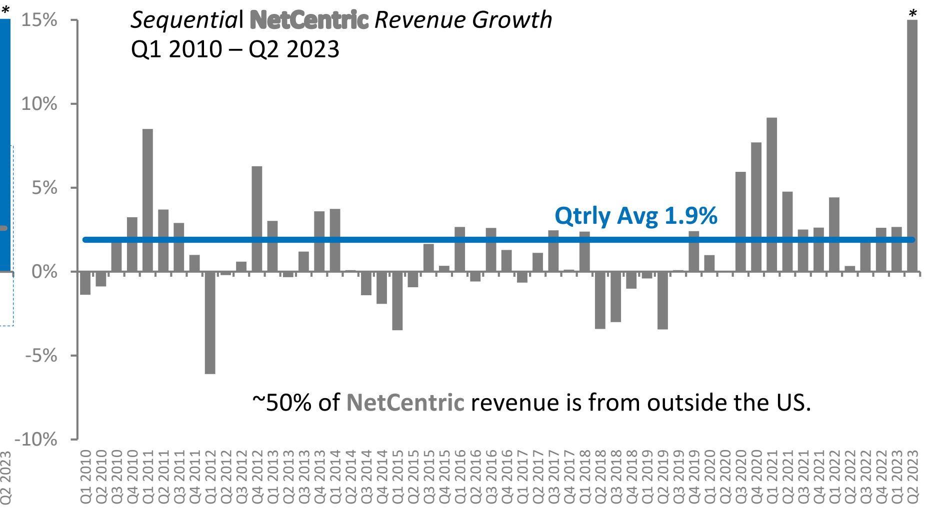
**Purchased the majority of assets of these companies.*

This list does not include Applied Theory, FiberCity Networks, OnSite Access, Last Mile Connections, PacWest, and ANet.

revenue growth



* Acquisition of Sprint Wireline business



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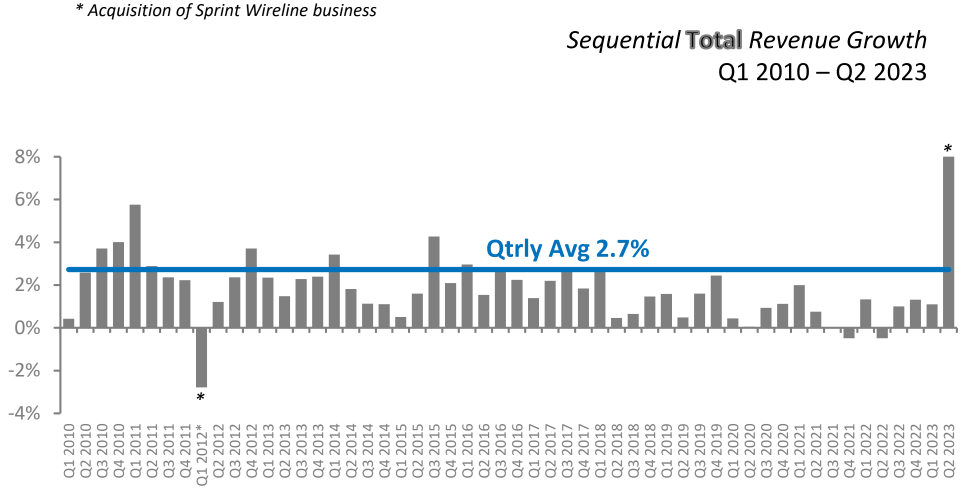
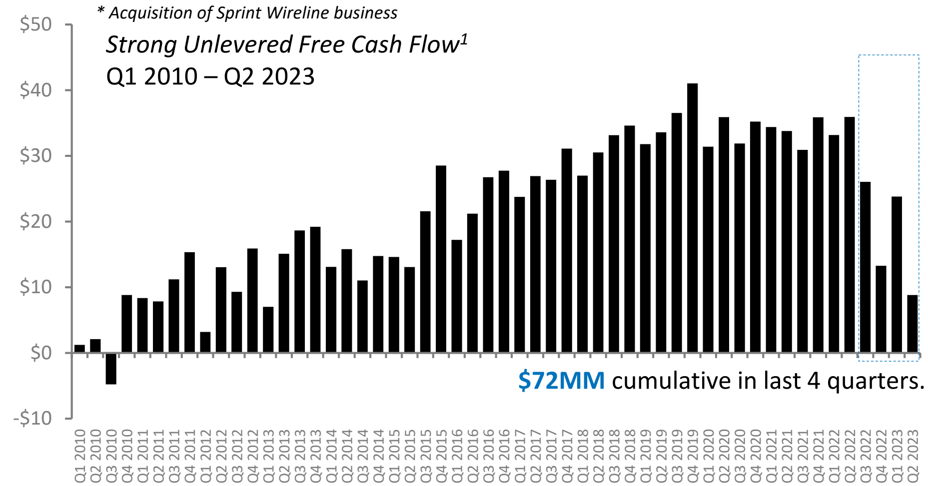


* Loss of Megaupload in Q1 of 2012 and acquisition of Sprint in Q2 of 2023.



[1] 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.

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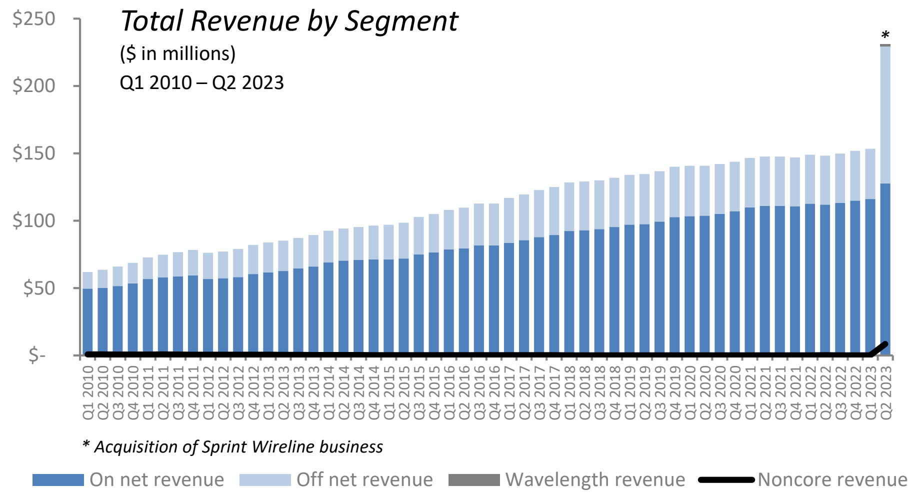
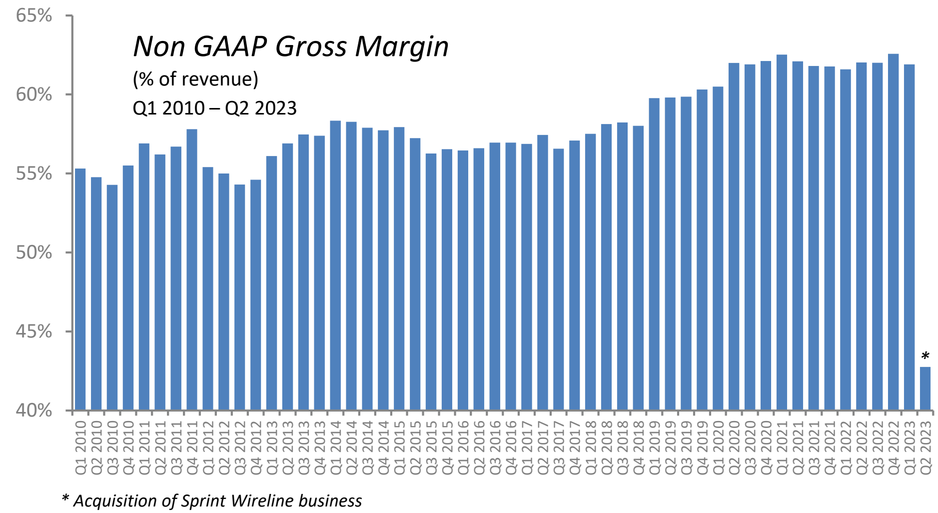
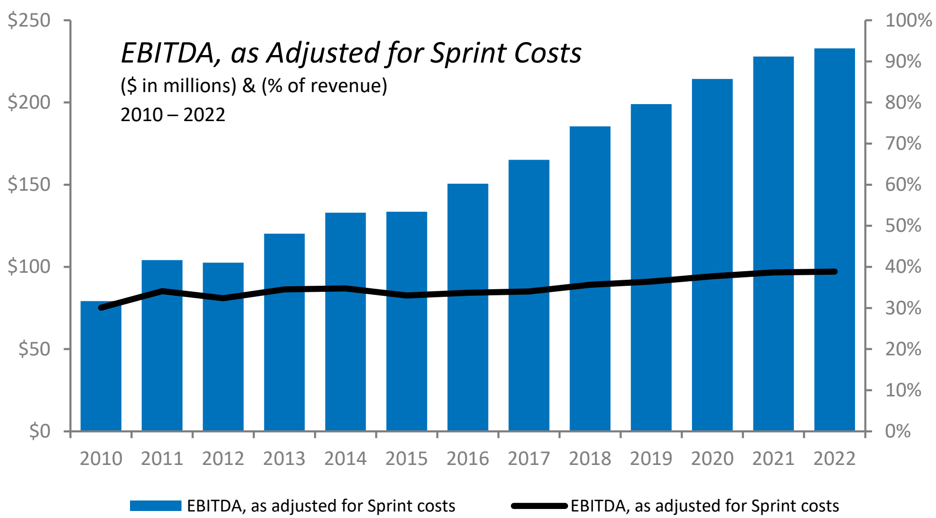
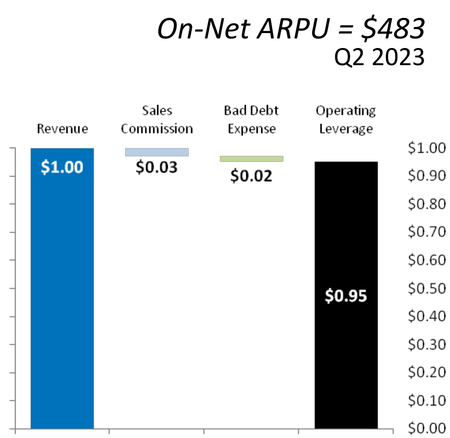
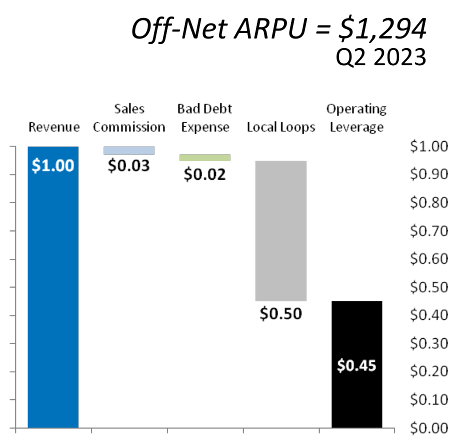
historical & continuing margin expansion



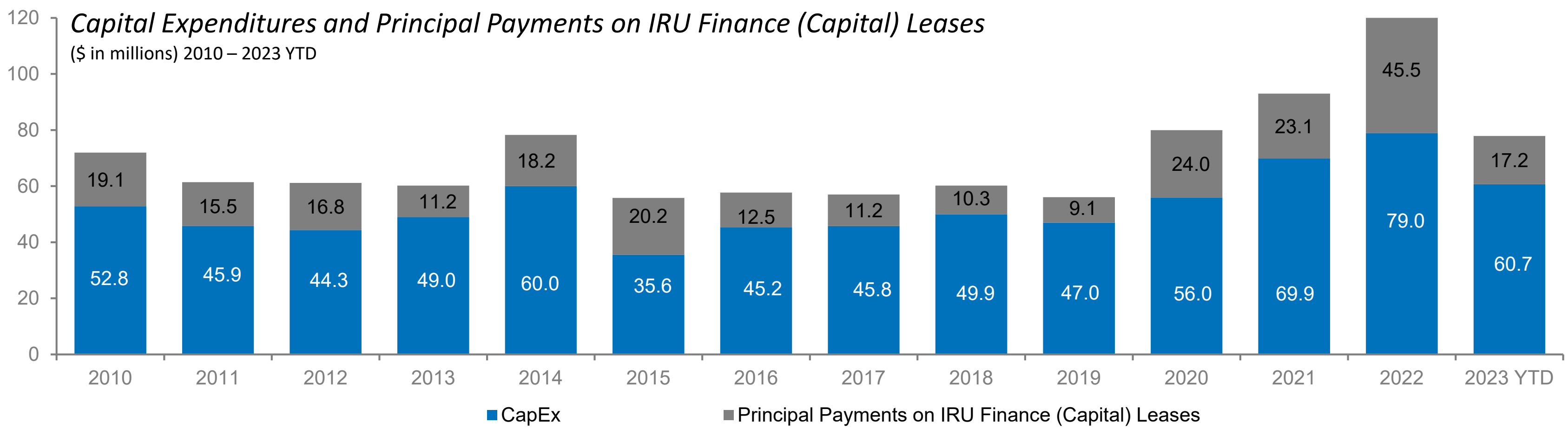


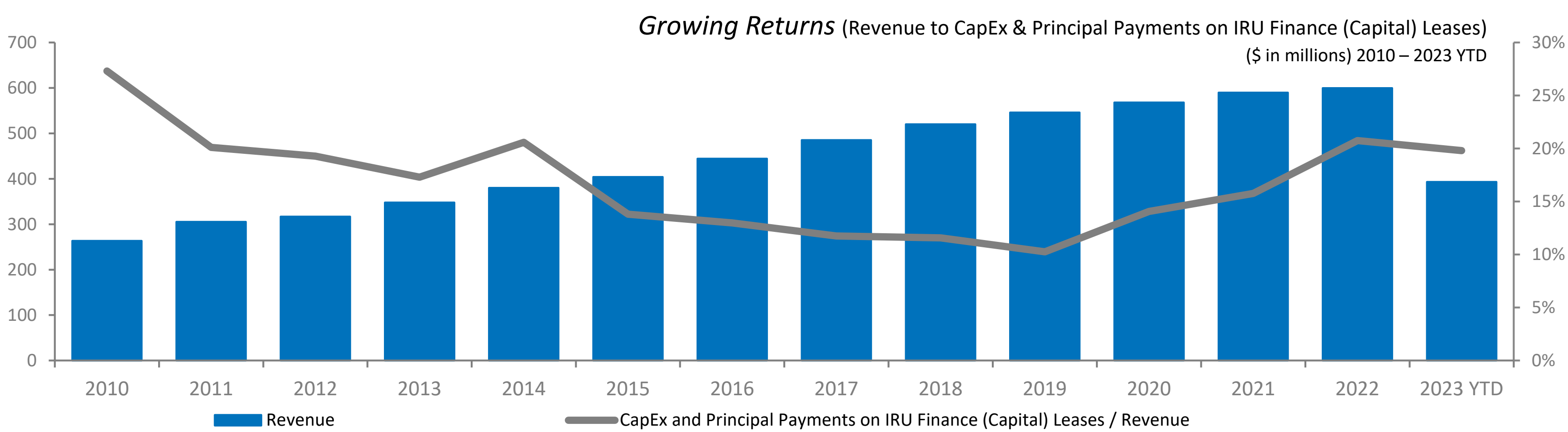






investing: increasing returns, demand driven, all funded internally





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highlights

Q2 2023 RESULTS ($ in millions)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023*	Q/Q % Change	Y/Y % Change
On-Net Revenue	$112.6	$112.0	$113.2	$114.9	$116.1	$127.7	10.0%	14.0%
Wavelength Revenue	-	-	-	-	-	$1.6	-	-
Off-Net Revenue	$36.4	$36.3	$36.6	$36.9	$37.3	$102.0	173.5%	181.0%
Non-Core Revenue	$0.2	$0.2	$0.2	$0.2	$0.2	$8.6	4200.0%	4200.0%
Total Revenue	**$149.2**	**$148.5**	**$150.0**	**$152.0**	**$153.6**	**$239.9**	**56.2%**	**61.5%**
Gross Profit (Non-GAAP)	$91.9	$92.1	$93.0	$95.1	$95.1	$102.5	7.8%	11.3%
Gross Margin (Non-GAAP)	*61.6%*	*62.0%*	*62.0%*	*62.6%*	*61.9%*	*42.8%*	(19.1)%	(19.2)%
EBITDA	**$57.2**	**$58.5**	**$57.9**	**$57.1**	**$56.1**	**$24.2**	**(56.9)%**	**(58.6)%**
EBITDA Margin	*38.3%*	*39.4%*	*38.6%*	*37.6%*	*36.5%*	*10.1%*	(26.4)%	(29.3)%
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**	**(4.2)%**	**(7.5)%**
EBITDA, as adjusted for Sprint acquisition costs and cash payments under IP Transit Services Agreement Margin	*38.3%*	*39.4%*	*39.9%*	*37.8%*	*36.8%*	*22.5%*	*(14.3)%*	*(16.9)%*

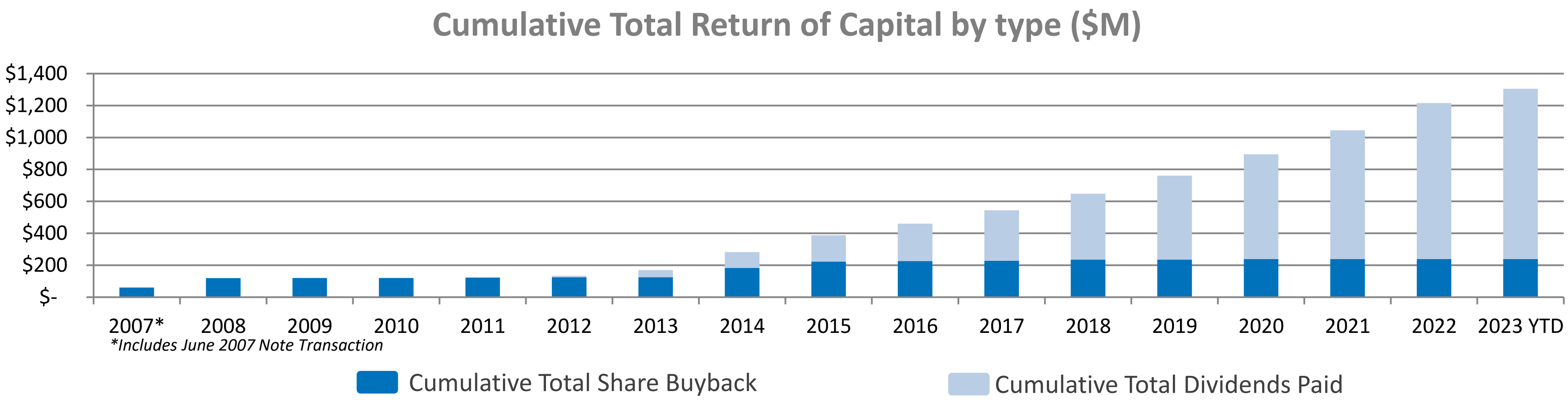
** Acquisition of Sprint Wireline business*

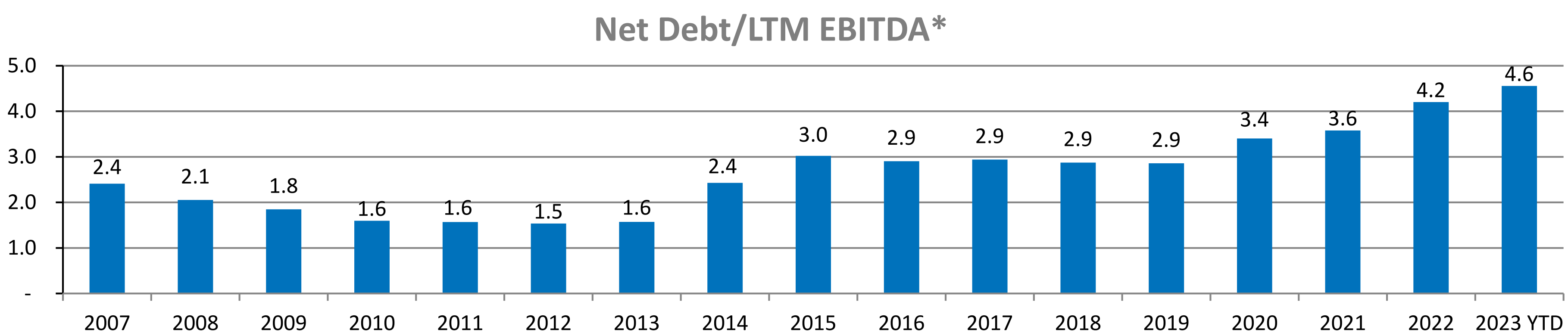
highly disciplined allocator of capital

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.
- *Dividend Record:* Cogent has increased its dividend for 44 straight quarters sequentially.
- Bought back over 10MM shares.
- *Management Ownership:* Senior Management owns approximately 11% of Cogent and gets compensated primarily in stock.

consistent return of capital; modest leverage





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

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investment highlights

Cogent is a *leading global* Internet Service Provider.

- Fundamentals provide for continued, consistent growth and profitability
- 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

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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

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
($ in 000's) – unaudited						
Net cash flows provided by operating activities	$49,411	$34,403	$53,570	$36,323	$35,821	$82,654
Changes in operating assets and liabilities	(6,294)	5,108	(13,017)	4,152	1,435	$(90,373)
Cash interest expense and income tax expense	14,038	18,946	17,320	16,663	18,797	31,875
EBITDA (1)	**$57,155**	**$58,457**	**$57,873**	**$57,138**	**$56,053**	**$24,156**
PLUS: Sprint (T-Mobile Wireline) acquisition costs	-	-	2,004	244	400	$739
PLUS: Cash payments made to the Company under IP Transit Services Agreement	-	-	-	-	-	29,167
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**
EBITDA margin (1)	**38.3%**	**39.4%**	**38.6%**	**37.6%**	**36.5%**	**10.1%**
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%**

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

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

(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