



Ooma Reports Third Quarter Fiscal Year 2022 Financial Results

December 2, 2021

SUNNYVALE, Calif.--(BUSINESS WIRE)-- Ooma, Inc. (NYSE: OOMA), a smart communications platform for businesses and consumers, today released financial results for the fiscal third quarter ended October 31, 2021.

Third Quarter Fiscal 2022 Financial Highlights:

- **Revenue:** Total revenue was \$49.2 million, up 14% year-over-year. Subscription and services revenue increased to \$44.7 million from \$39.6 million in the third quarter of fiscal 2021, and was 91% of total revenue, primarily driven by the growth of Ooma Business.
- **Net Income/Loss:** GAAP net loss was \$0.3 million, or \$0.01 per basic and diluted share, compared to GAAP net loss of \$0.4 million, or \$0.02 per basic and diluted share, in the third quarter of fiscal 2021. Non-GAAP net income was \$3.3 million, or \$0.13 per diluted share, compared to non-GAAP net income of \$3.1 million, or \$0.13 per diluted share in the prior year period.
- **Adjusted EBITDA:** Adjusted EBITDA was \$4.0 million, compared to \$3.6 million in the third quarter of fiscal 2021.

For more information about non-GAAP net income and Adjusted EBITDA, see the section below titled "Non-GAAP Financial Measures" and the reconciliation provided in this release.

"Ooma delivered strong revenue growth and solid bottom line performance for the third quarter of fiscal 2022," said Eric Stang, chief executive officer of Ooma. "Revenue grew 14% year-over-year, with key subscription services revenues increasing 24% for business customers and 4% for residential customers. Subscription services revenues from business customers now represent 49% of total subscription services revenue and are on pace to exceed 50% in the near future. Ooma launched several new features for its Office and Office Pro service tiers and recently announced Ooma AirDial, an innovative wireless solution to replace aging and expensive copper lines used in safety and business-critical systems. We believe our growth momentum and investments in new features and products position us well for future business expansion and continued success."

Business Outlook:

For the fourth quarter of fiscal 2022, Ooma expects:

- Total revenue in the range of \$49.7 million to \$50.2 million.
- GAAP net loss in the range of \$0.5 million to \$1.0 million and GAAP net loss per share in the range of \$0.03 to \$0.05.
- Non-GAAP net income in the range of \$2.3 million to \$2.8 million and non-GAAP net income per share in the range of \$0.09 to \$0.11.

For the full fiscal year 2022, Ooma expects:

- Total revenue in the range of \$191.5 million to \$192.0 million.
- GAAP net loss in the range of \$2.2 million to \$2.7 million, and GAAP net loss per share in the range of \$0.11 to \$0.13.
- Non-GAAP net income in the range of \$11.7 million to \$12.2 million, and non-GAAP net income per share in the range of \$0.47 to \$0.49.

The following is a reconciliation of GAAP net loss to non-GAAP net income and GAAP basic and diluted net loss per share to non-GAAP diluted net income per share guidance for the fiscal fourth quarter and the fiscal year ending January 31, 2022 (in millions, except per share data):

	Projected range	
	Three Months Ending January 31, 2022	Fiscal Year Ending January 31, 2022
	(unaudited)	
GAAP net loss	(\$0.5)-(\$1.0)	(\$2.2)-(\$2.7)
Stock-based compensation and related taxes	3.0	13.1
Amortization of intangible assets	0.3	1.3

Non-GAAP net income	<u>\$2.3-\$2.8</u>	<u>\$11.7-\$12.2</u>
GAAP net loss per share	(\$0.03)-(\$0.05)	(\$0.11)-(\$0.13)
Stock-based compensation and related taxes	0.13	0.55
Amortization of intangible assets	<u>0.01</u>	<u>0.05</u>
Non-GAAP net income per share	<u>\$0.09-\$0.11</u>	<u>\$0.47-\$0.49</u>
Weighted-average number of shares used in per share amounts:		
Basic	23.8	23.5
Diluted	25.3	25.0

Conference Call Information:

Ooma will host a conference call and live webcast for analysts and investors at 5:00 p.m. Eastern time today, December 2, 2021. The news release with the financial results will be accessible from the company's website prior to the conference call.

Parties in the United States and Canada can access the call by dialing +1 (833) 233-4456, using conference ID 5349715. International parties can access the call by dialing +1 (647) 689-4135, using conference ID 5349715.

The webcast will be accessible on the Events and Presentations page of Ooma's investor relations website, <https://investors.ooma.com>, for a period of at least one year. A telephonic replay of the conference call will be available from 8:00 p.m. Eastern time on December 2, 2021 until 11:59 p.m. Eastern time on Thursday, December 9, 2021. To access the replay, parties in the United States and Canada should call +1 (800) 585-8367 and use conference code 5349715. International parties should call +1 (416) 621-4642 and use conference code 5349715.

Non-GAAP Financial Measures

In addition to disclosing financial measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release and the accompanying tables contain certain non-GAAP financial measures, including: non-GAAP net income, non-GAAP net income per share, non-GAAP gross profit and gross margin, non-GAAP operating income, and Adjusted EBITDA. Adjusted EBITDA represents the net income before interest and other income, income tax (if any), depreciation and amortization of capital expenditures, amortization of intangible assets, and stock-based compensation and related taxes.

Other non-GAAP financial measures exclude stock-based compensation expense and related taxes and amortization of intangible assets.

These non-GAAP financial measures are presented to provide investors with additional information regarding our financial results and core business operations. Ooma considers these non-GAAP financial measures to be useful measures of the operating performance of the company, because they contain adjustments for unusual events or factors that do not directly affect what management considers to be Ooma's core operating performance and are used by the company's management for that purpose. Management also believes that these non-GAAP financial measures allow for a better evaluation of the company's performance by facilitating a meaningful comparison of the company's core operating results in a given period to those in prior and future periods. In addition, investors often use similar measures to evaluate the operating performance of a company.

Non-GAAP financial measures are presented for supplemental informational purposes only to aid an understanding of the company's operating results. The non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP and may be different from non-GAAP financial measures presented by other companies. A limitation of the non-GAAP financial measures presented is that the adjustments relate to items that the company generally expects to continue to recognize. The adjustment of these items should not be construed as an inference that the adjusted gains or expenses are unusual, infrequent or non-recurring. Therefore, both GAAP financial measures of Ooma's financial performance and the respective non-GAAP measures should be considered together. Please see the reconciliation of non-GAAP financial measures to the most directly comparable GAAP measure in the tables below.

Disclosure Information

Ooma uses the investor relations section on its website as a means of complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor Ooma's investor relations website in addition to following Ooma's press releases, Securities and Exchange Commission ("SEC") filings, and public conference calls and webcasts.

Legal Notice Regarding Forward-Looking Statements

This press release contains forward-looking statements under the Private Securities Litigation Reform Act of 1995. In particular, the financial projections under "Business Outlook" and the statements contained in the quotations of our Chief Executive Officer regarding future economic performance and financial positions, expectations and objectives of management constitute forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate strictly to historical facts and generally contain words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", "anticipates", and other expressions that are predictions of or indicate future events. Although the forward-looking statements contained in this press release are based upon information available at the time the statements are made and reflect management's good faith beliefs, forward-looking statements inherently involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements to differ materially from anticipated future results. Important factors that could cause actual results to differ materially from expectations include, among others: our inability to attract new customers on a cost-effective basis; our inability to retain customers; our inability to realize expected returns from our investments made in connection with our international expansion efforts; intense competition; loss of key retailers and reseller partnerships; our reliance on vendors to manufacture the on-premise appliances and end-point devices we sell; our reliance on third parties for our network connectivity and co-location facilities; our reliance on third parties for some of our software development, quality assurance and operations; our reliance on third parties to provide the majority of our customer service and support representatives; interruptions to our service; and any continuing impact of the COVID-19 pandemic on our business. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in our filings which we make with the SEC from time to time, including the risk factors contained in our Quarterly Report on Form 10-Q for the quarter ended July 31, 2021, filed with the SEC on September 8, 2021. The forward-looking statements in this press release are based on information available to Ooma as of the date hereof, and Ooma disclaims any obligation to update any forward-looking statements, except as required by law.

About Ooma, Inc.

Ooma (NYSE: OOMA) creates powerful connected experiences for businesses and consumers, delivered from its smart cloud-based SaaS platform. For businesses of all sizes, Ooma provides advanced voice and collaboration features, including messaging, intelligent virtual attendants, and video conferencing to help them run more efficiently. For consumers, Ooma's residential phone service provides PureVoice HD voice quality, advanced functionality and integration with mobile devices. Learn more at www.ooma.com or www.ooma.ca in Canada.

OOMA, INC
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, amounts in thousands)

	October 31, 2021	January 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,440	\$ 17,298
Short-term investments	11,597	11,013
Accounts receivable, net	6,285	5,228
Inventories	14,196	12,233
Other current assets	13,595	10,222
Total current assets	65,113	55,994
Property and equipment, net	5,863	5,071
Operating lease right-of-use assets	14,371	6,045
Intangible assets, net	4,534	5,513
Goodwill	4,264	4,264
Other assets	13,953	12,210
Total assets	\$ 108,098	\$ 89,097
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,183	\$ 7,499
Accrued expenses and other current liabilities	22,331	22,731
Deferred revenue	16,741	16,426
Total current liabilities	48,255	46,656
Long-term operating lease liabilities	11,163	2,815
Other liabilities	87	75
Total liabilities	59,505	49,546
Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	177,281	166,577
Accumulated other comprehensive (loss) gain	(3)	7
Accumulated deficit	(128,689)	(127,037)
Total stockholders' equity	48,593	39,551
Total liabilities and stockholders' equity	\$ 108,098	\$ 89,097

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

	Three Months Ended		Nine Months Ended	
	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
Revenue:				
Subscription and services	\$ 44,659	\$ 39,633	\$ 130,161	\$ 115,749
Product and other	4,513	3,334	11,640	8,936
Total revenue	49,172	42,967	141,801	124,685
Cost of revenue:				
Subscription and services	12,274	11,366	36,939	34,322
Product and other	6,652	4,914	17,231	12,999
Total cost of revenue	18,926	16,280	54,170	47,321
Gross profit	30,246	26,687	87,631	77,364
Operating expenses:				
Sales and marketing	15,078	13,158	43,425	37,383
Research and development	9,467	8,955	28,190	26,851

General and administrative	6,080	5,096	17,819	15,346
Total operating expenses	30,625	27,209	89,434	79,580
Loss from operations	(379)	(522)	(1,803)	(2,216)
Interest and other income, net	53	109	151	370
Net loss	\$ (326)	\$ (413)	\$ (1,652)	\$ (1,846)
Net loss per share of common stock:				
Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.07)	\$ (0.08)
Weighted-average shares of common stock outstanding:				
Basic and diluted	23,619,406	22,531,047	23,348,529	22,222,659

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

	Three Months Ended		Nine Months Ended	
	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
Cash flows from operating activities:				
Net loss	\$ (326)	\$ (413)	\$ (1,652)	\$ (1,846)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Stock-based compensation expense	3,233	3,121	9,748	9,219
Depreciation and amortization of capital expenditures	780	662	2,328	2,131
Amortization of intangible assets	326	326	978	978
Non-cash operating lease expense	699	799	2,230	2,391
Other	15	17	39	41
Changes in operating assets and liabilities:				
Accounts receivable, net	(1,457)	(726)	(1,057)	(399)
Inventories	(369)	(844)	(1,969)	(1,368)
Other assets	(1,355)	(3,055)	(4,362)	(4,873)
Accounts payable and other liabilities	389	2,599	(1,738)	(4,541)
Deferred revenue	(57)	13	327	431
Net cash provided by operating activities	1,878	2,499	4,872	2,164
Cash flows from investing activities:				
Proceeds from maturities and sales of short-term investments	4,330	6,125	14,230	18,111
Purchases of short-term investments	(6,007)	(3,791)	(14,866)	(15,804)
Capital expenditures	(1,308)	(773)	(3,050)	(2,281)
Net cash (used in) provided by investing activities	(2,985)	1,561	(3,686)	26
Cash flows from financing activities:				
Proceeds from issuance of common stock	959	919	2,580	2,820
Shares repurchased for tax withholdings on vesting of restricted stock units	(479)	(357)	(1,624)	(1,179)
Net cash provided by financing activities	480	562	956	1,641
Net (decrease) increase in cash and cash equivalents	(627)	4,622	2,142	3,831
Cash and cash equivalents at beginning of period	20,067	10,889	17,298	11,680
Cash and cash equivalents at end of period	\$ 19,440	\$ 15,511	\$ 19,440	\$ 15,511

OOMA, INC.
Reconciliation of Non-GAAP Financial Measures
(Unaudited, amounts in thousands, except percentages, shares and per share data)

	Three Months Ended		Nine Months Ended	
	October 31, 2021	October 31, 2020	October 31, 2021	October 31, 2020
Revenue	\$ 49,172	\$ 42,967	\$ 141,801	\$ 124,685
GAAP gross profit	\$ 30,246	\$ 26,687	\$ 87,631	\$ 77,364
Stock-based compensation and related taxes	210	258	795	797
Amortization of intangible assets	73	73	219	219
Non-GAAP gross profit	\$ 30,529	\$ 27,018	\$ 88,645	\$ 78,380
Gross margin on a GAAP basis	62%	62%	62%	62%
Gross margin on a Non-GAAP basis	62%	63%	63%	63%

GAAP operating loss	\$ (379)	\$ (522)	\$ (1,803)	\$ (2,216)
Stock-based compensation and related taxes	3,306	3,183	10,073	9,492
Amortization of intangible assets	326	326	978	978
Non-GAAP operating income	\$ 3,253	\$ 2,987	\$ 9,248	\$ 8,254
GAAP net loss	\$ (326)	\$ (413)	\$ (1,652)	\$ (1,846)
Stock-based compensation and related taxes	3,306	3,183	10,073	9,492
Amortization of intangible assets	326	326	978	978
Non-GAAP net income	\$ 3,306	\$ 3,096	\$ 9,399	\$ 8,624
GAAP basic and diluted net loss per share	\$ (0.01)	\$ (0.02)	\$ (0.07)	\$ (0.08)
Stock-based compensation and related taxes	0.14	0.14	0.43	0.43
Amortization of intangible assets	0.01	0.02	0.04	0.04
Non-GAAP net income per basic share	\$ 0.14	\$ 0.14	\$ 0.40	\$ 0.39
Non-GAAP net income per diluted share	\$ 0.13	\$ 0.13	\$ 0.38	\$ 0.37
GAAP weighted-average basic and diluted shares	23,619,406	22,531,047	23,348,529	22,222,659
Non-GAAP weighted-average diluted shares	24,964,822	23,632,203	24,758,489	23,334,980
GAAP net loss	\$ (326)	\$ (413)	\$ (1,652)	\$ (1,846)
Reconciling items:				
Interest and other income, net	(53)	(109)	(151)	(370)
Depreciation and amortization of capital expenditures	780	662	2,328	2,131
Amortization of intangible assets	326	326	978	978
Stock-based compensation and related taxes	3,306	3,183	10,073	9,492
Adjusted EBITDA	\$ 4,033	\$ 3,649	\$ 11,576	\$ 10,385



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