

Ooma<sup>®</sup>

# Smart Connected Services

Investor Presentation

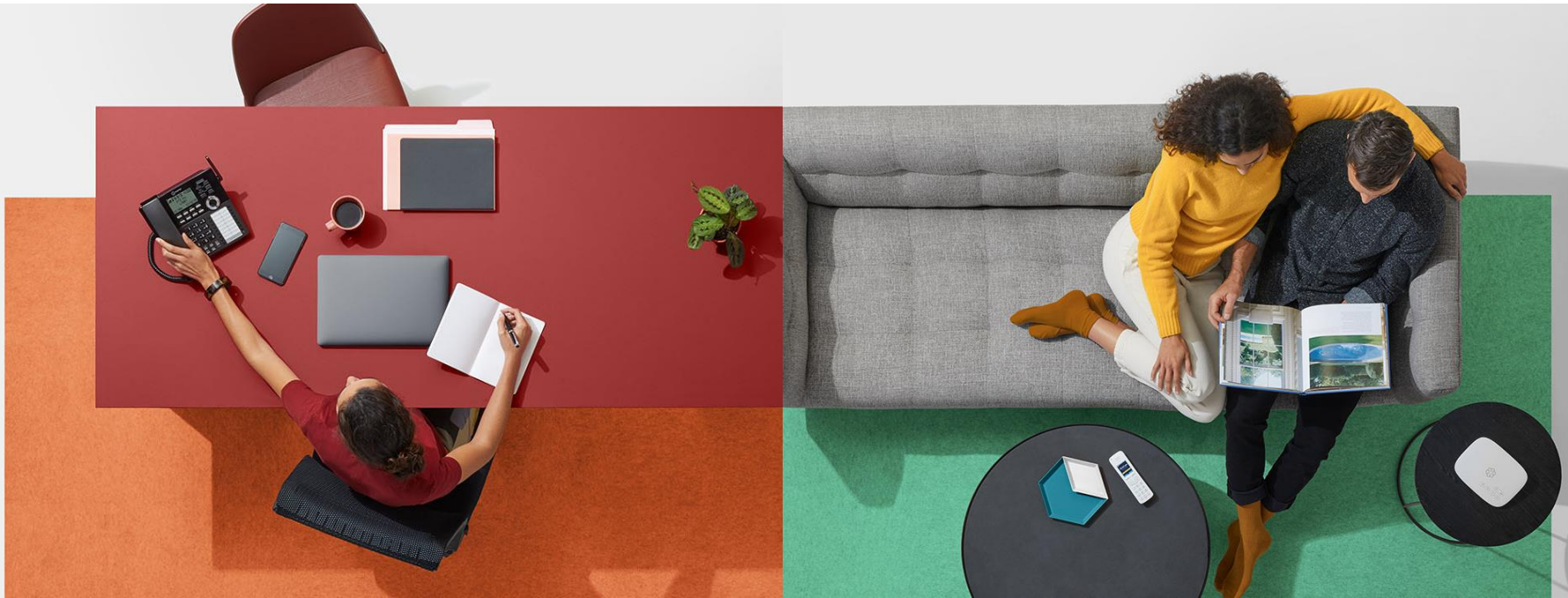
May 26, 2020

# Safe Harbor Statement

This presentation contains forward-looking statements. In particular, statements regarding future economic performance, finances, and 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 and trends and that do not relate to historical matters. Although the forward-looking statements contained in this presentation 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: the impact of the COVID-19 pandemic on our business and the measures we take in response to the pandemic; our inability to attract new customers on a cost-effective basis; our inability to retain customers; intense competition; our reliance on retailers and reseller partnerships to sell our products; 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; and interruptions to our service. 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 presentation are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission, including the risk factors contained in our annual report on form 10K for the year ended January 31, 2020, filed with the SEC on April 14, 2020. The forward-looking statements in this presentation 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.

# Ooma Provides Leading Communications Services

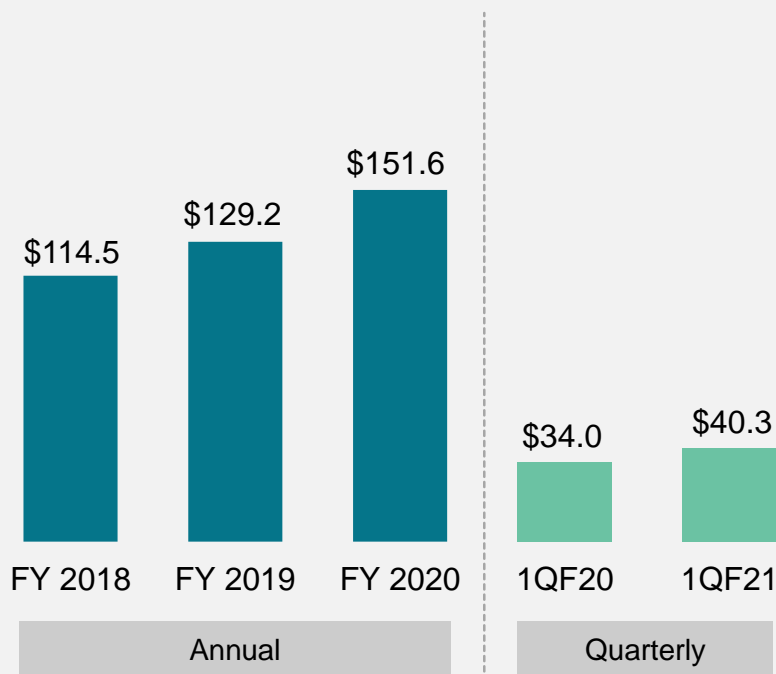


We transform sophisticated technology  
into elegant, simple communications solutions  
accessible to everyone.

# Ooma Today

## TOTAL REVENUE

(in millions)



Founded 2003; IPO 2015 NYSE: OOMA

Multi-tenant SaaS platform

1M+ core users

Customers of all sizes

90%+ recurring revenue (~100% retention\*)

~800 employees and contractors

HQ: Sunnyvale, CA

\* Net dollar subscription retention rate  
Note: Fiscal year end January 31.

# Customers Rate Ooma #1

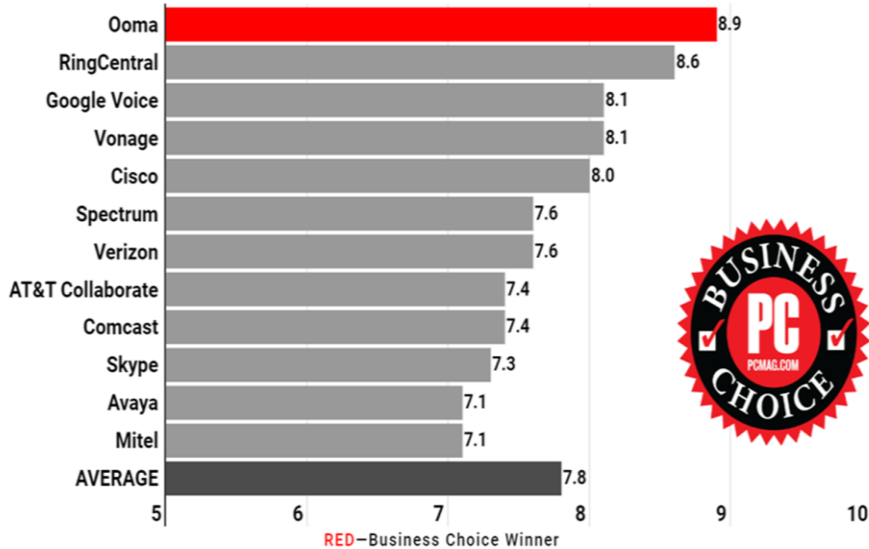
## Business

#1 Ranked by Readers  
7 Years in a Row



### Voice Over IP (VoIP) Services 2020

Overall Satisfaction



## Home

Top Ranked by Readers  
7 Times



Order	Type	Provider	Reader score	Survey results			
				Value	Reliability	Call quality	Support
1	VoIP	Ooma	88	●	●	●	●
2	VoIP	WOW	82	●	●	●	●
3	VoIP	Vonage	81	●	●	●	●
4	VoIP	SuddenLink	78	●	●	●	●
5	VoIP	MagicJack	78	●	●	●	●
6	VoIP	Bright House Networks	77	○	●	●	●
7	fiber	Verizon FIOS	76	○	●	●	●
8	VoIP	RCN	75	○	●	●	●
9	VoIP	Cablevision/Optimum	75	○	●	●	●
10	VoIP	Cox	74	○	●	●	●
11	land	Cincinnati Bell	73	○	●	●	●
12	land	Cox	73	○	●	●	●
13	land	TDS	73	○	●	●	●
14	VoIP	Charter	72	○	●	●	●
15	fiber	AT&T U-verse	72	○	●	●	●
16	fiber	CenturyLink	72	○	●	●	●
17	land	Windstream	70	○	●	●	●
18	land	Verizon	70	○	●	●	●
19	land	FairPoint	70	○	●	●	●
20	VoIP	Time Warner Cable	69	○	●	●	●
21	fiber	Frontier	69	○	●	●	●
22	land	CenturyLink	69	○	●	●	●
23	VoIP	Comcast/Xfinity	69	○	●	●	●
24	land	Frontier	68	○	●	●	●
25	land	AT&T	67	○	●	●	●

# Our Solutions Serve Customers Better

HOME

HOME OFFICE

SMALL / MEDIUM BUSINESS

LARGE BUSINESS

ENTERPRISE



Ooma Telo

Superior Value  
Innovative Features



*Free home phone service  
(just pay taxes and fees)*



Ooma Office

Created for SMB  
Simple to Install / Use



*Sound like a big business  
at a small business price*



Ooma Enterprise

Extensive Features  
Flexible, Customizable



*Business communications  
built exclusively for you*

# Our Platform Delivers Breakthrough Features

## DEPENDABLE VOICE QUALITY

### Overcomes Internet Congestion

- Advanced codec
- Adaptive redundancy
- Router / QoS

## TAILORED SOLUTIONS

### Enables Customization

- Modern flexible design
- Easy integrations

## EASE OF USE

### Provides End-to-End Solution

- Smart endpoints
- Simple deployments

## ENHANCED RELIABILITY

### Ensures Real-Time Fail Over

- Fully redundant architecture
- Remote diagnostics



# Our Disruptive Cost Structure Enables Superior Value

## RECURRING ARPU<sup>1</sup>

(Monthly)

\$11.50



70%  
Margin  
per user

30%  
Cost  
per user

## WHY CUSTOMERS BUY

### Ooma Telo

- Free calling / no more phone bills
- Uses existing home phones

“

*Ooma is a brand I recognize and trust*

### Ooma Office

- Value/unlimited nationwide calling
- Easy to install / configure

“

*I choose Ooma for its quality, ease of use and value*

### Ooma Enterprise

- Customizable to individual needs
- High reliability

“

*Ooma satisfies our unique requirements*

<sup>1</sup>Average revenue per user for core users (approximate)



# Our Business Scope Provides Sales Synergy



**45%** of Telo customers and **22%** of Office customers  
1<sup>st</sup> hear about Ooma word of mouth

Source: Ooma customer survey

# Our Reach Extends to New Opportunities

## PARTNER-FRIENDLY SOLUTIONS



## RESELLER-FRIENDLY SOLUTIONS



## WIRELESS INTERNET



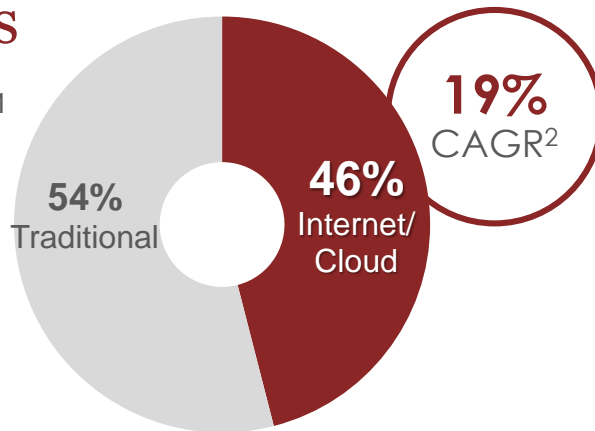
## SECURITY



# Massive Market Transformation Underway

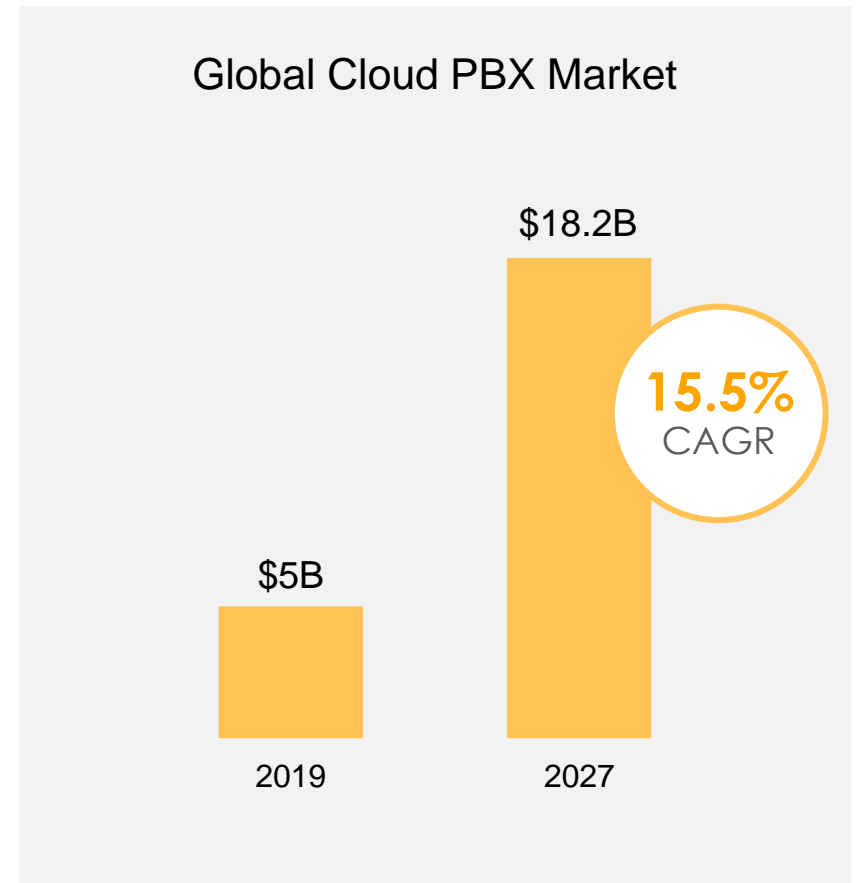
## Business

**61M** Lines<sup>1</sup>



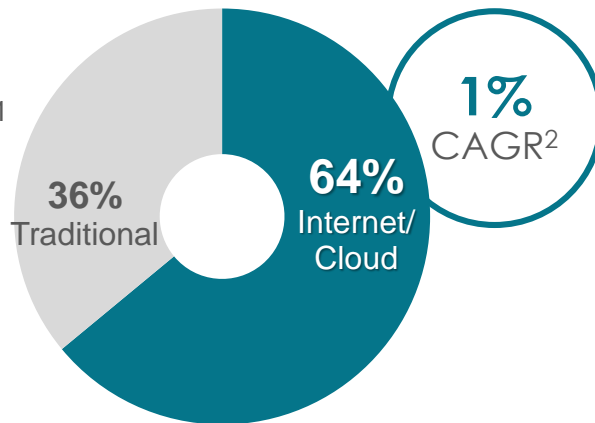
## Growth Opportunity

### Global Cloud PBX Market



## Home

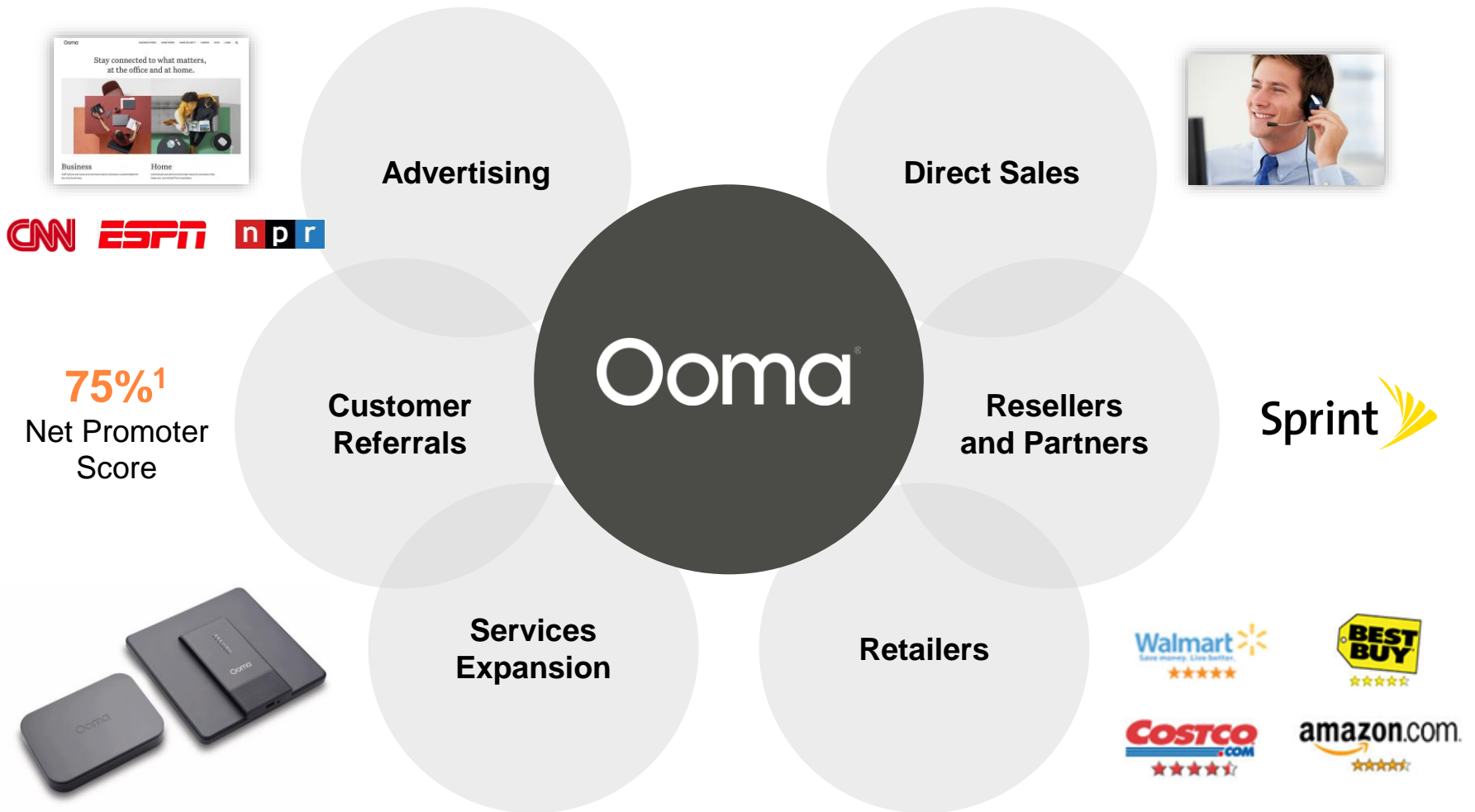
**70M** Lines<sup>1</sup>



<sup>1</sup>North America. <sup>2</sup>2014 - 2017

Source: FCC Voice Telephone Services: Status as of December 31, 2016; CRTC Communications Monitoring Report 2018; IDC: U.S. Consumer Landline Voice Services 2014-2018 Forecast; Research and Markets, June 2019

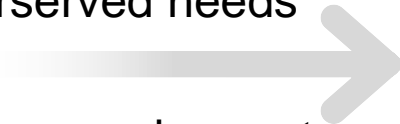
# Integrated Growth Strategy



<sup>1</sup>PC Mag 2020, for Ooma's Small Business Solution

# Significant Growth Drivers

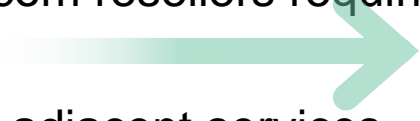
Small businesses with underserved needs



Large businesses with custom requirements



Telecom resellers requiring own-brand solutions



New adjacent services



Geographic expansion



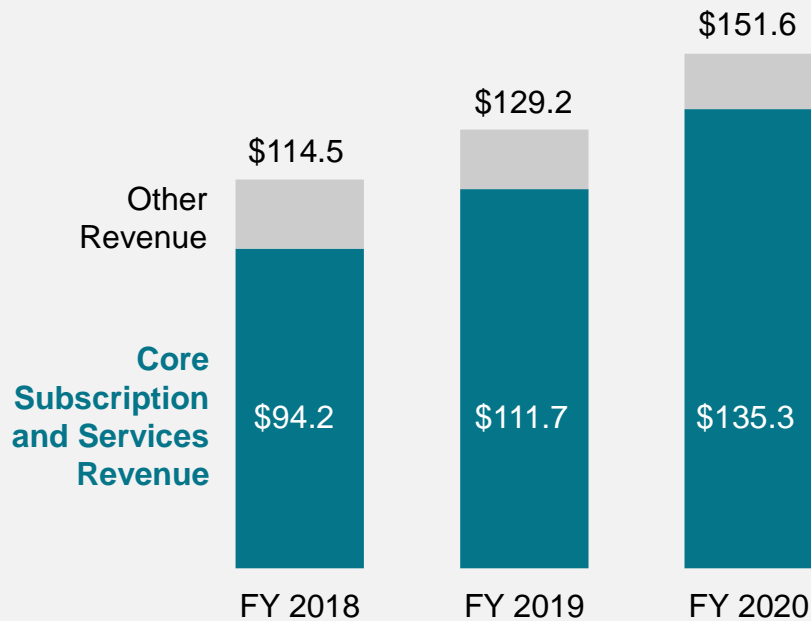
Our platform uniquely enables **solutions** to untapped opportunities

# Financial Overview

# Compounding Subscriptions Drive Revenue

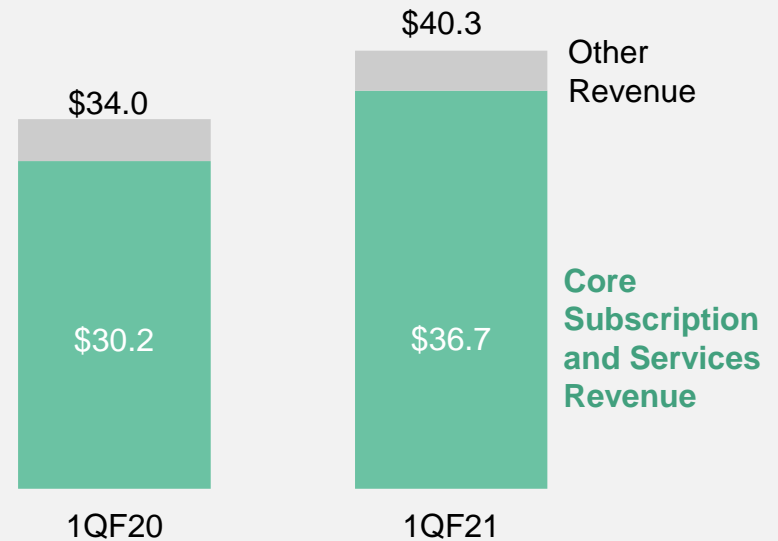
## ANNUAL REVENUE

(in millions)



## QUARTERLY REVENUE

(in millions)

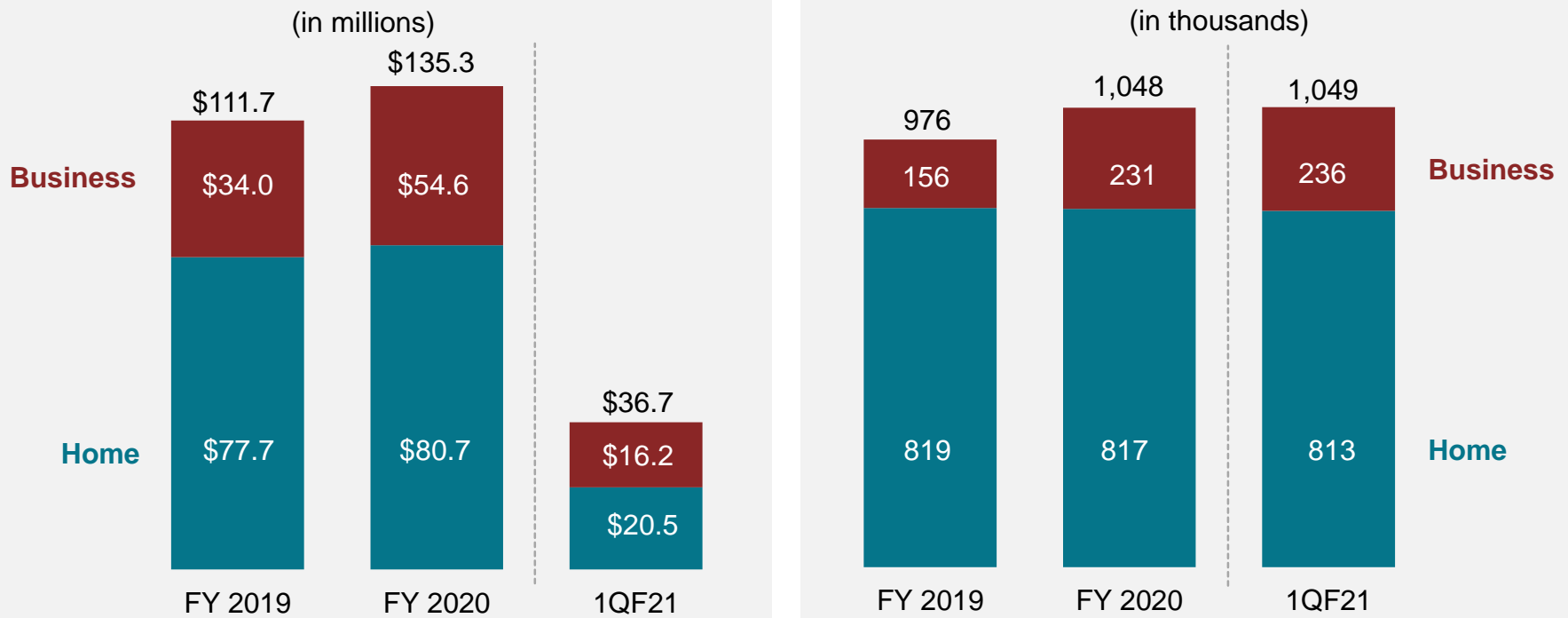


Core Subscription & Services Revenue includes Ooma Business, which is the combined revenue of Office and Enterprise, and Residential. Other Revenue includes Product sales and Talkatone.

# Ooma Business Drives User and Subscription Revenue Growth

## SUBSCRIPTION AND SERVICES REVENUE

## USERS



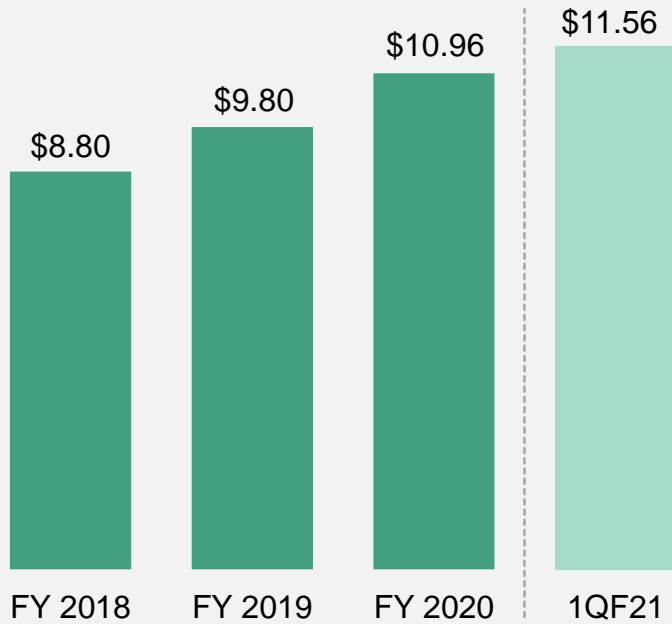
1QF21 Ooma Business Subscription Revenue Growth of 54% YoY



# Key Metrics

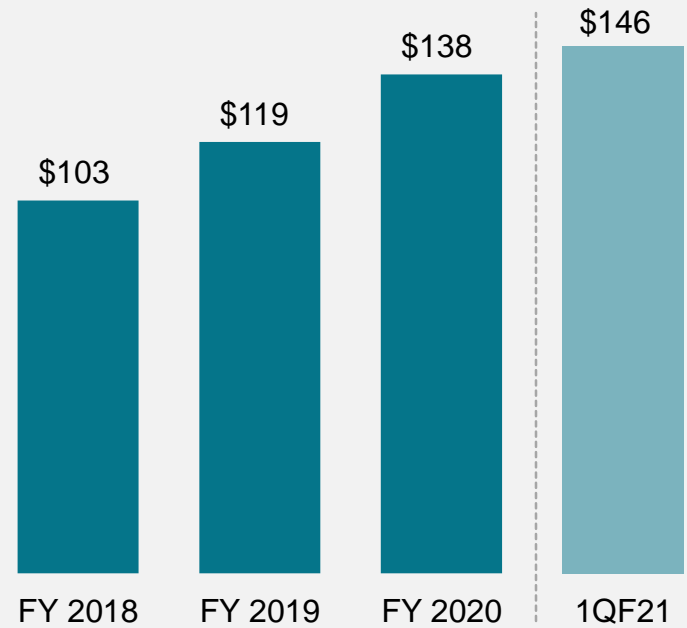
## ARPU

(\$ per month)



## AERR

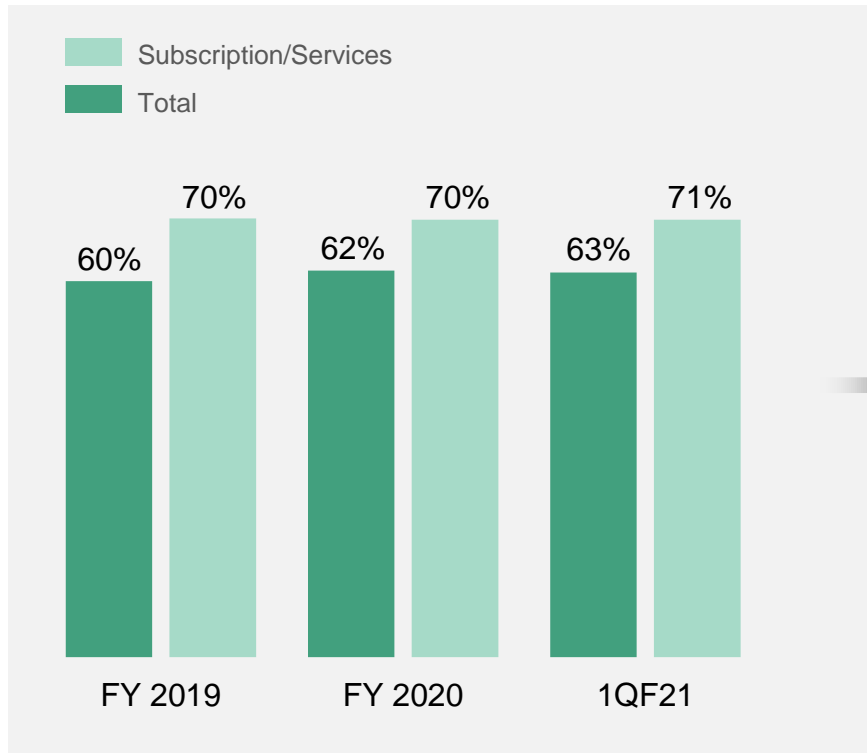
(\$ millions)



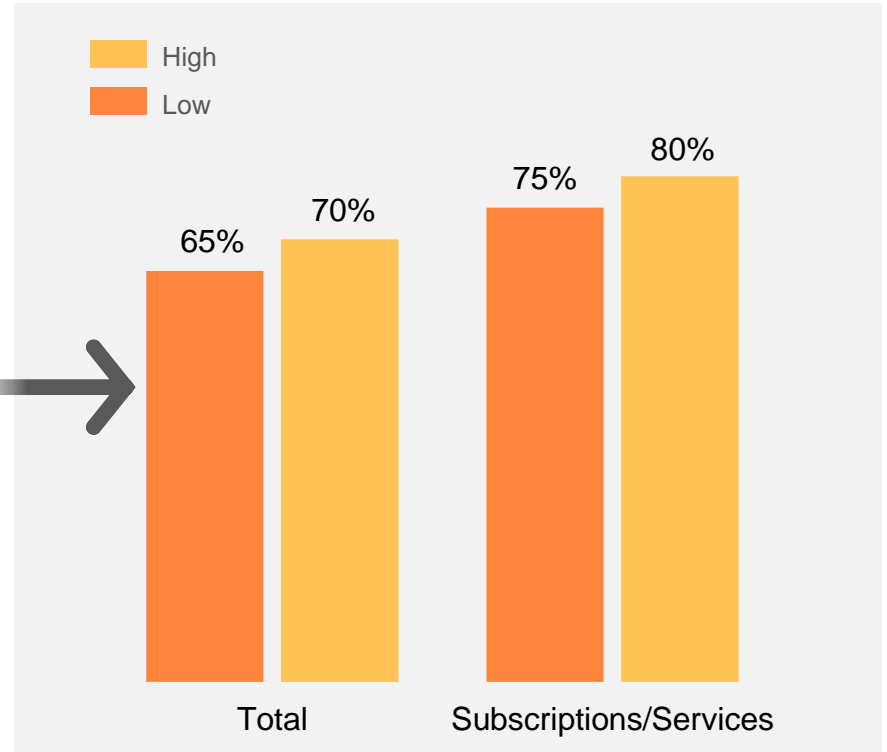
Monthly Business ARPU ~\$20, Monthly Home ARPU ~\$8

ARPU is blended monthly average subscription and services revenue per core user/seat. AERR is annualized exit recurring revenue.

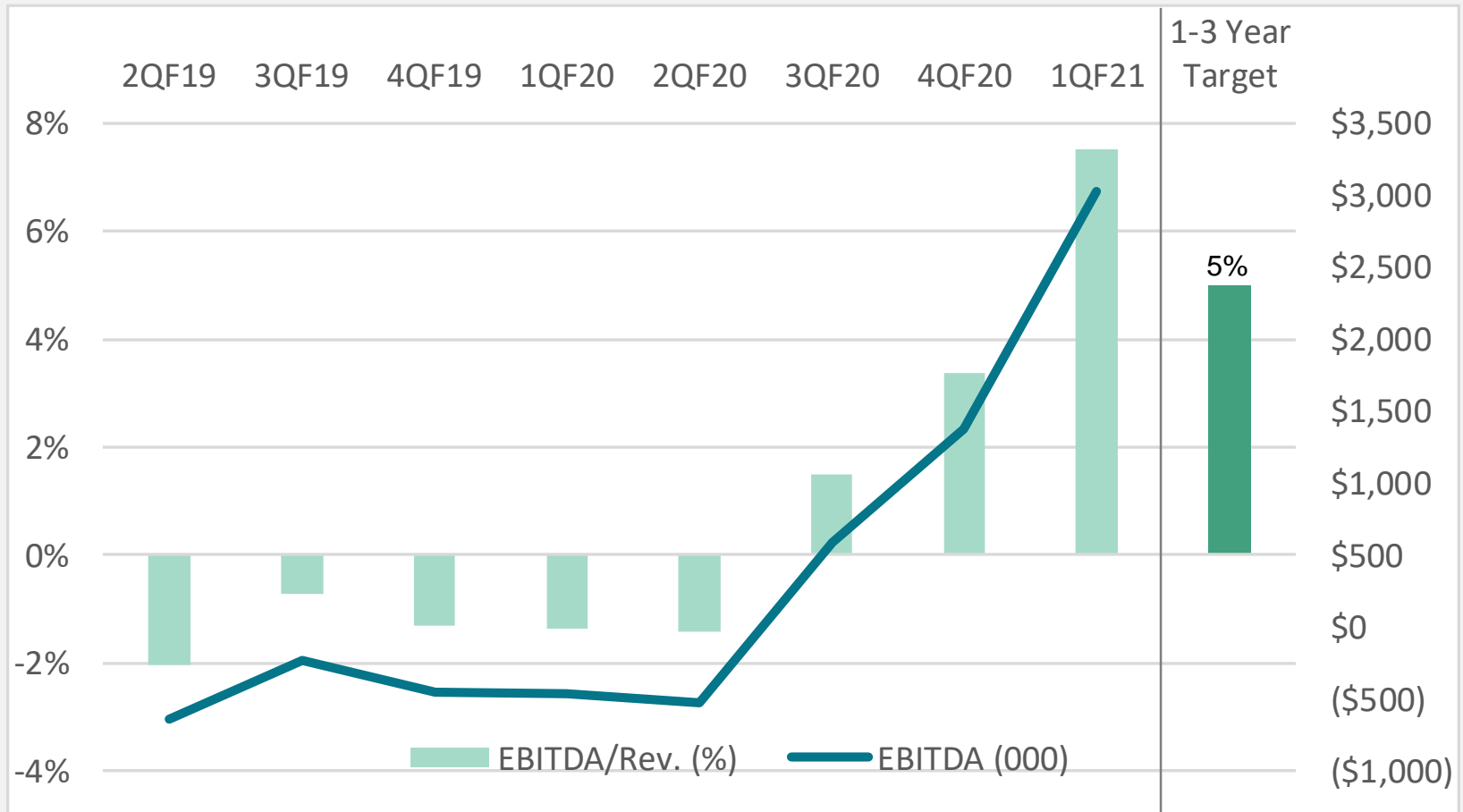
# Robust Gross Margin



## LONG TERM TARGET GROSS MARGIN RANGES



# Improving EBITDA



# Strong Financial Position

(\$ millions)	FY 2019	FY 2020	1QF21
<b>Cash and Investments</b>	\$42.6	\$26.1	\$23.3
<b>Cash used in Operations</b>	(\$3.9)	(\$7.6)	(\$2.8)
<b>Capital Spending</b>	(\$1.9)	(\$3.3)	(\$0.8)
<b>Adjusted EBITDA</b>	(\$1.9)	\$1.0	\$3.0

# Long-Term Target Model (Non-GAAP)

(% revenue)	FY 2019	FY 2020	1QF21	1-3 Year Targets	Long-Term Ranges
<b>Subscription &amp; Services Gross Margin</b>	70%	70%	71%	70%-75%	75% - 80%
<b>Overall Gross Margin</b>	60%	62%	63%	62%-65%	65% - 70%
<b>Sales &amp; Marketing</b>	30%	31%	29%	32%-35%	20% - 25%
<b>Research &amp; Development</b>	23%	21%	19%	17%-19%	12% - 15%
<b>General &amp; Administrative</b>	10%	10%	9%	7%-9%	6% - 8%
<b>Adjusted EBITDA</b>	<b>(1%)</b>	<b>1%</b>	<b>8%</b>	<b>5%</b>	<b>20% - 25%</b>

Ooma<sup>®</sup>

Thank You.

# Appendix GAAP to Non-GAAP Reconciliation

\$ Thousands	FY 2018	FY 2019	FY 2020	1QF20	1QF21
GAAP Gross Profit	\$68,092	\$76,491	\$89,381	\$20,433	\$25,175
Add: Stock-based compensation and related taxes	1,129	957	1,311	304	270
Amortization of Intangibles	183	549	480	155	73
Restructuring charges	-	-	2,289	-	-
<b>Non-GAAP Gross Profit</b>	<b>\$69,404</b>	<b>\$77,997</b>	<b>\$93,461</b>	<b>\$20,892</b>	<b>\$25,518</b>
GAAP Sales and Marketing	\$37,302	\$40,761	\$50,497	\$11,459	\$12,446
Add: Stock-based compensation and related taxes	(1,857)	(1,501)	(2,004)	(475)	(505)
Amortization of Intangibles	-	(159)	(736)	(45)	(253)
Restructuring charges	-	-	(162)	-	-
<b>Non-GAAP Sales and Marketing</b>	<b>\$35,445</b>	<b>\$39,101</b>	<b>\$47,595</b>	<b>\$10,939</b>	<b>\$11,688</b>
GAAP Research and Development	\$29,328	\$33,903	\$37,770	\$8,882	\$8,846
Add: Stock-based compensation and related taxes	(4,046)	(3,906)	(4,773)	(1,155)	(1,095)
Amortization of Intangibles	(6)	(5)	(6)	(2)	-
Restructuring charges	-	-	(634)	-	-
<b>Non-GAAP Research and Development</b>	<b>\$25,276</b>	<b>\$29,992</b>	<b>\$32,357</b>	<b>\$7,725</b>	<b>\$7,751</b>
GAAP General and Administrative	\$15,186	\$17,613	\$20,825	\$5,112	\$5,028
Add: Stock-based compensation and related taxes	(4,086)	(4,331)	(5,061)	(1,189)	(1,264)
Amortization of Intangibles	(124)	(27)	(5)	(5)	-
Acquisition related costs	(118)	(423)	(262)	(36)	-
Litigation costs	-	(142)	(606)	(534)	-
Change in fair value of acquisition-related contingent consideration	-	342	200	-	-
<b>Non-GAAP General and Administrative</b>	<b>\$10,858</b>	<b>\$13,032</b>	<b>\$15,091</b>	<b>\$3,348</b>	<b>\$3,764</b>
GAAP Operating Loss	(\$13,724)	(\$15,786)	(\$19,711)	(\$5,020)	(\$1,145)
Add: Stock-based compensation and related taxes	11,118	10,695	13,149	3,123	3,134
Amortization of Intangibles	313	740	1,227	207	326
Acquisition related costs	118	81	262	36	-
Litigation costs	-	142	606	142	-
Change in fair value of acquisition-related contingent consideration	-	-	(200)	-	-
Restructuring charges	-	-	3,085	-	-
<b>Non-GAAP Operating Income (Loss)</b>	<b>(\$2,175)</b>	<b>(\$4,128)</b>	<b>(\$1,582)</b>	<b>(\$1,512)</b>	<b>\$2,315</b>