

# Ooma<sup>®</sup>

## Smart Connected Services

Investor Presentation

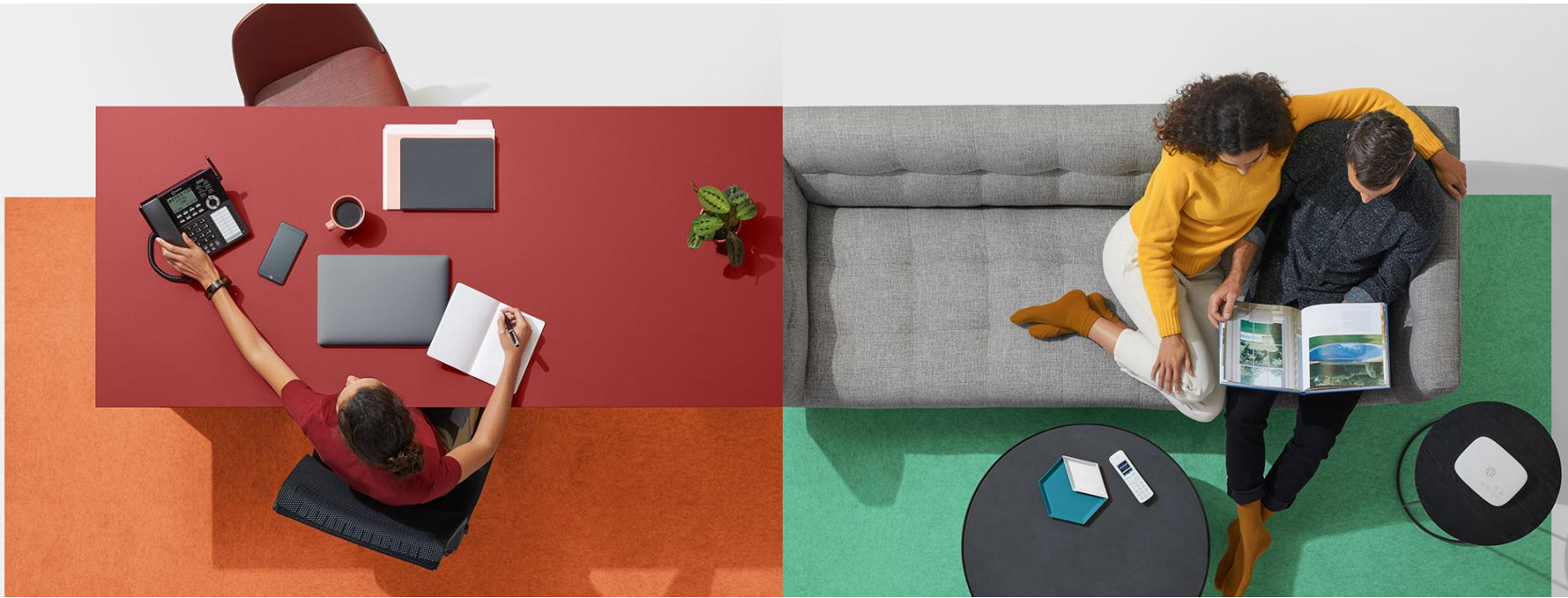
SEPTEMBER 2019

# 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: inability to achieve the intended results from our acquisition of Broadsmart; 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; our limited operating history; 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 quarterly filing on form 10-Q for the quarter ended July 31, 2019, filed with the SEC on September 9, 2019. 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

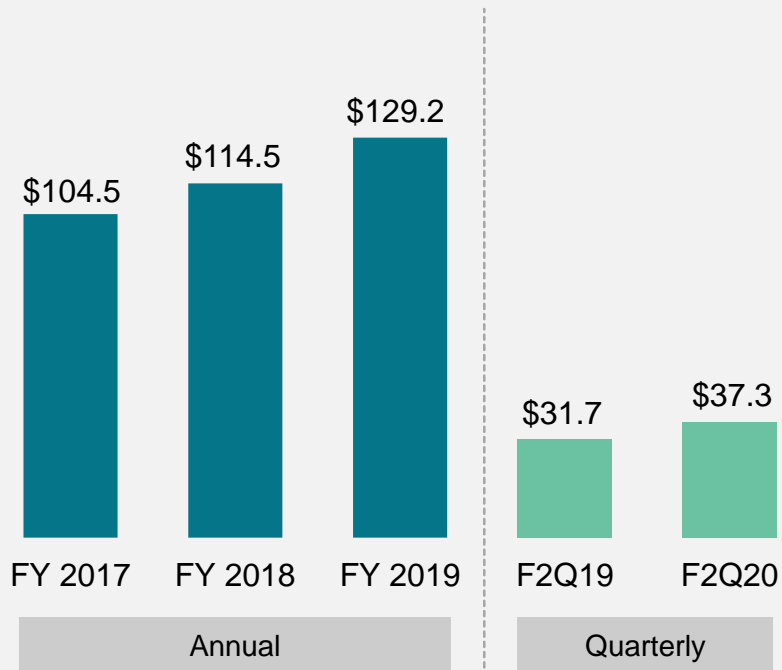


We transform sophisticated technology  
into elegant, simple communications solutions  
accessible to everyone.

# 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 (103% retention\*)

750+ employees and contractors

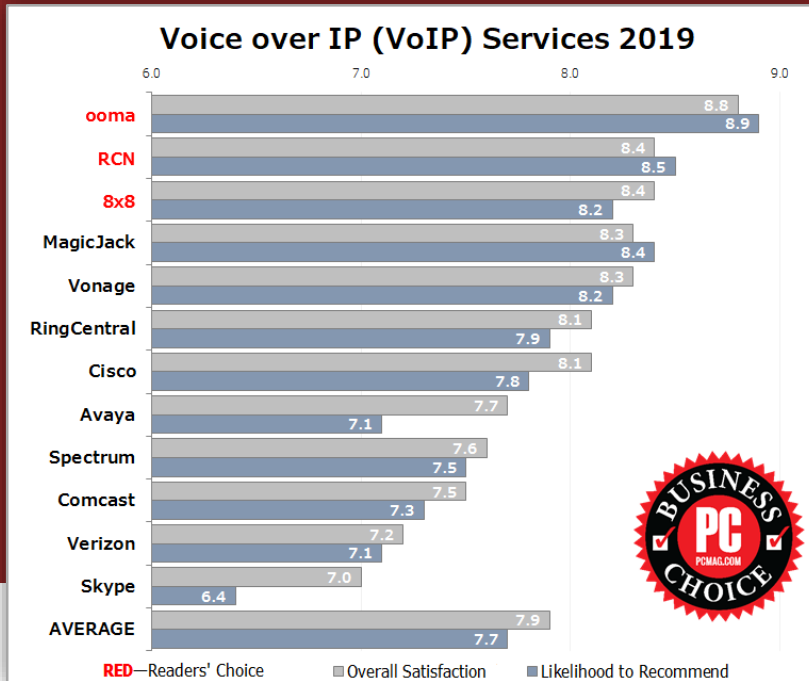
HQ: Sunnyvale, CA

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

# Customers Rate Ooma #1

## Business

#1 Ranked by Readers  
6 Years in a Row



## 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

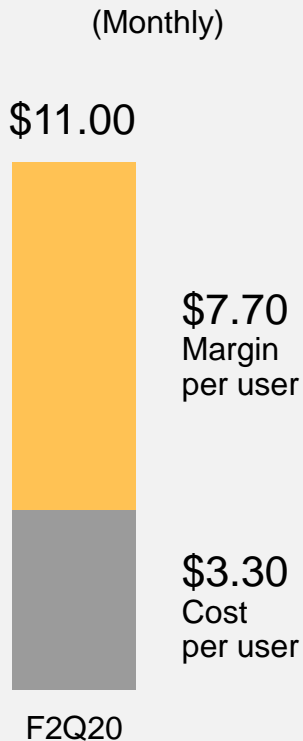
### Ensures Real-Time Fail Over

- Fully redundant architecture
- Remote diagnostics



# Our Disruptive Cost Structure Enables Superior Value

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



## 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



# 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 new customer survey

# Our Reach Extends to New Opportunities

## PARTNER-FRIENDLY SOLUTIONS



## RESELLER-FRIENDLY SOLUTIONS



## WIRELESS INTERNET



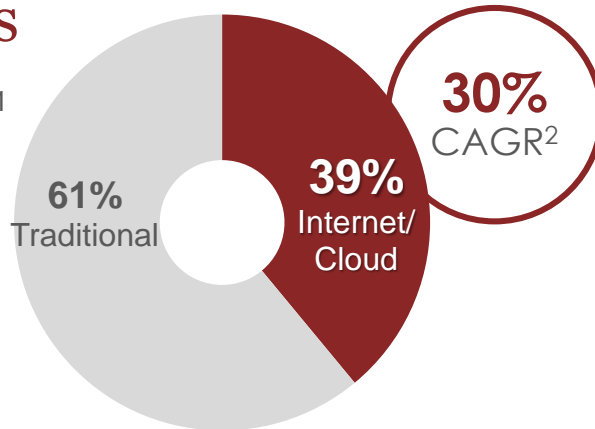
## SECURITY



# Massive Market Transformation Underway

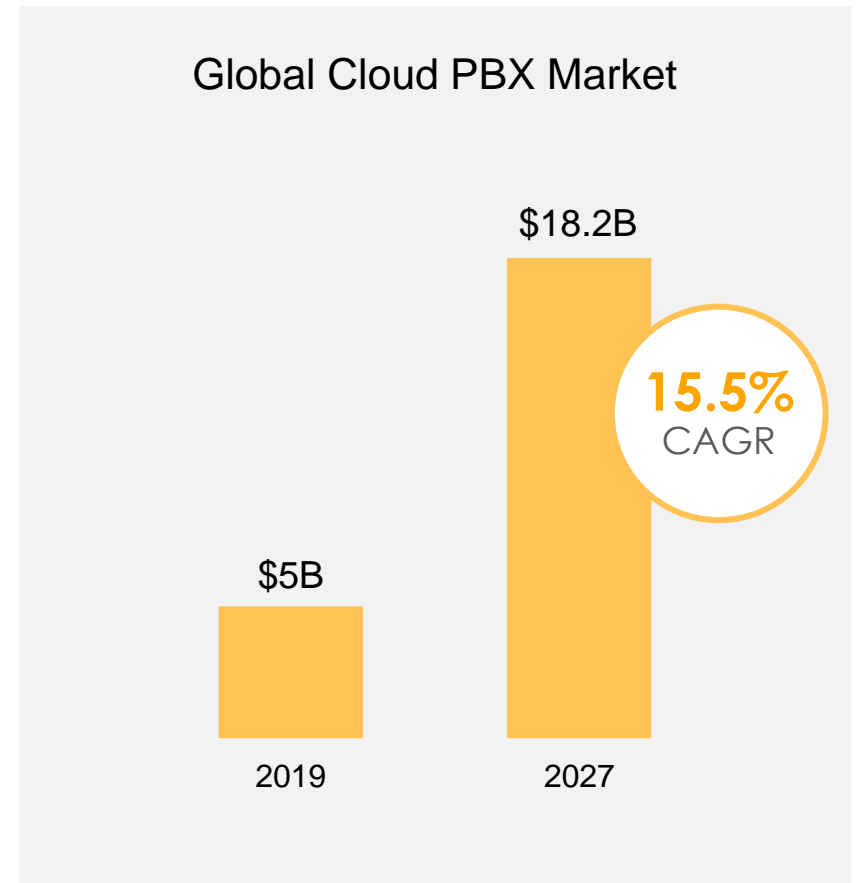
## Business

62M Lines<sup>1</sup>



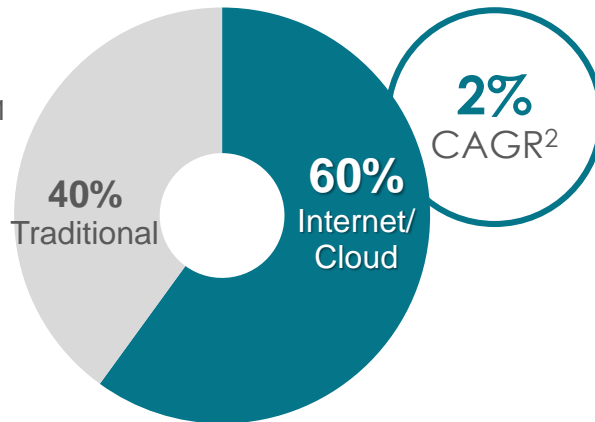
## Growth Opportunity

### Global Cloud PBX Market



## Home

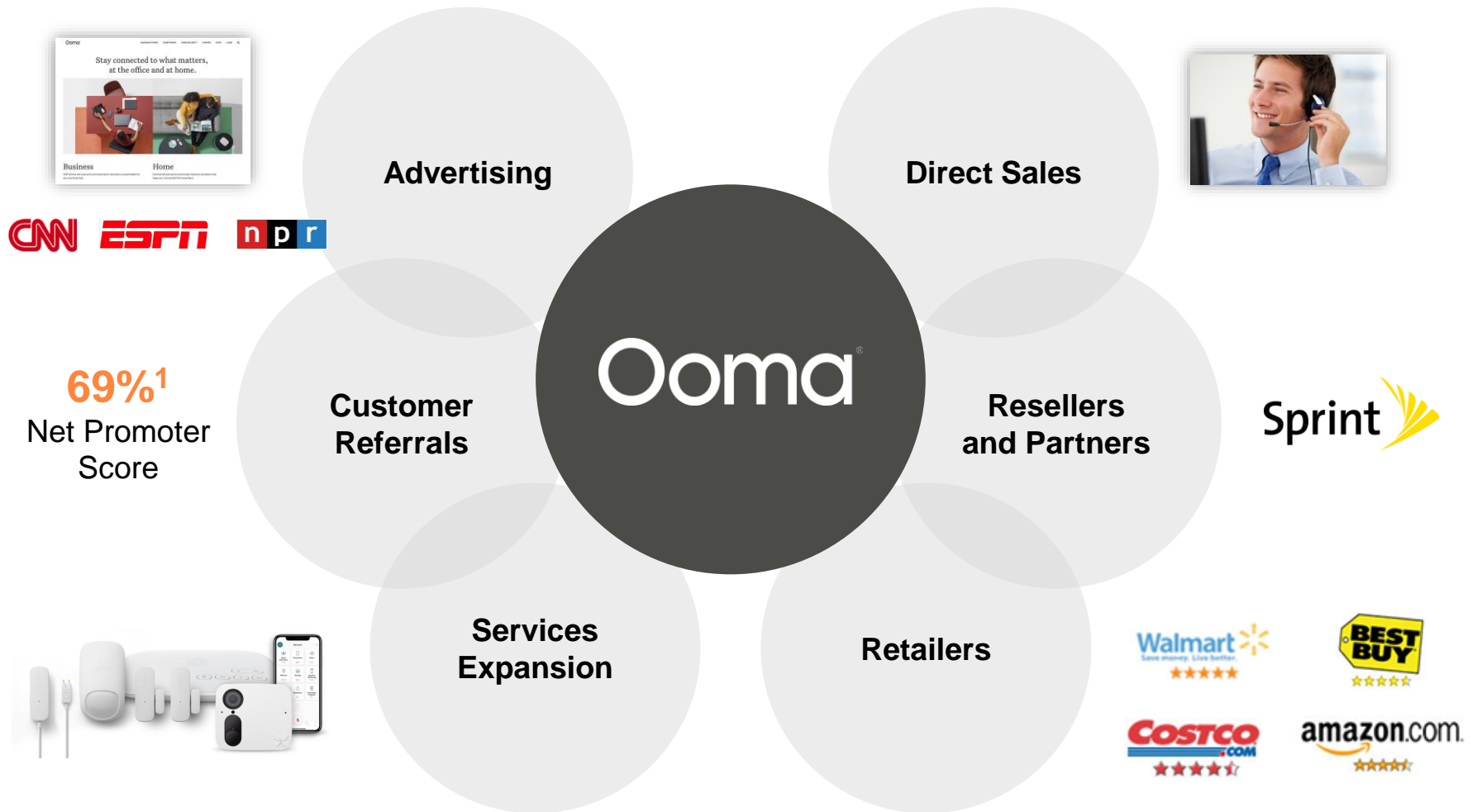
74M Lines<sup>1</sup>



<sup>1</sup>North America. <sup>2</sup>2013 - 2016

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

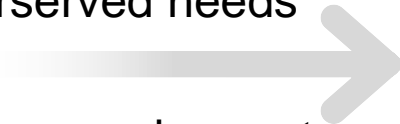
# Integrated Growth Strategy



<sup>1</sup>PC Mag 2019, for Ooma's Small Business Solution

# Significant Growth Drivers

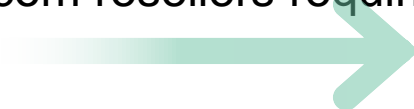
Small businesses with underserved needs



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

# Investment Highlights

**Massive** connected services opportunity

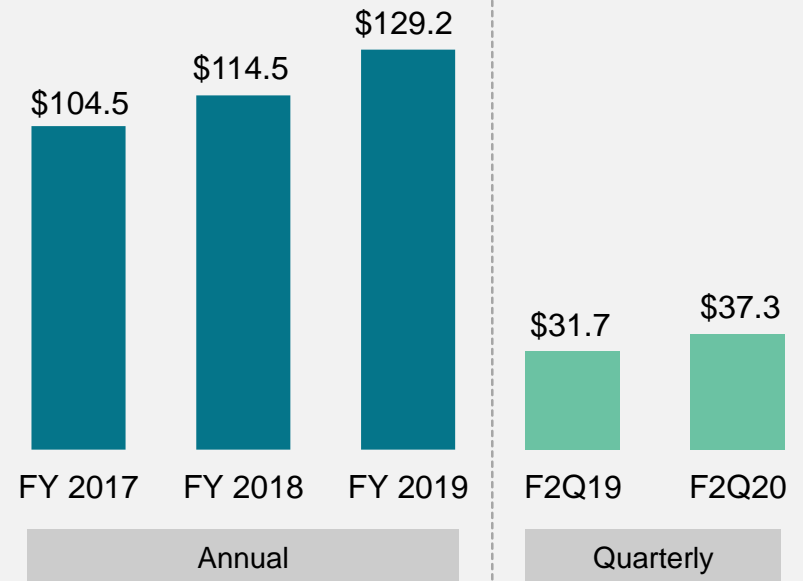
**Unique** SaaS platform solution

**Disruptive** cloud communications and other connected services

**Efficient** integrated go-to-market strategy

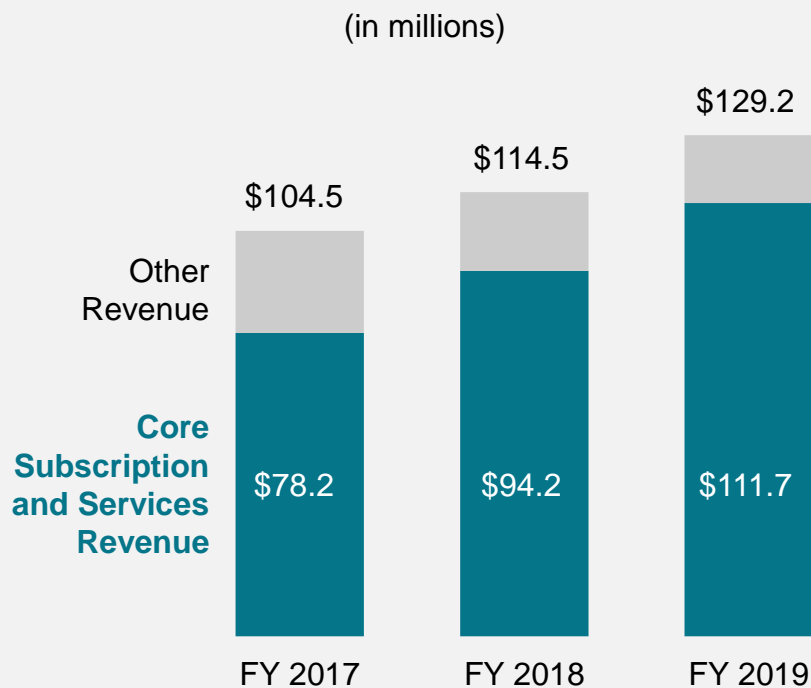
**Predictable** SaaS / subscription economics

**TOTAL REVENUE**  
(in millions)

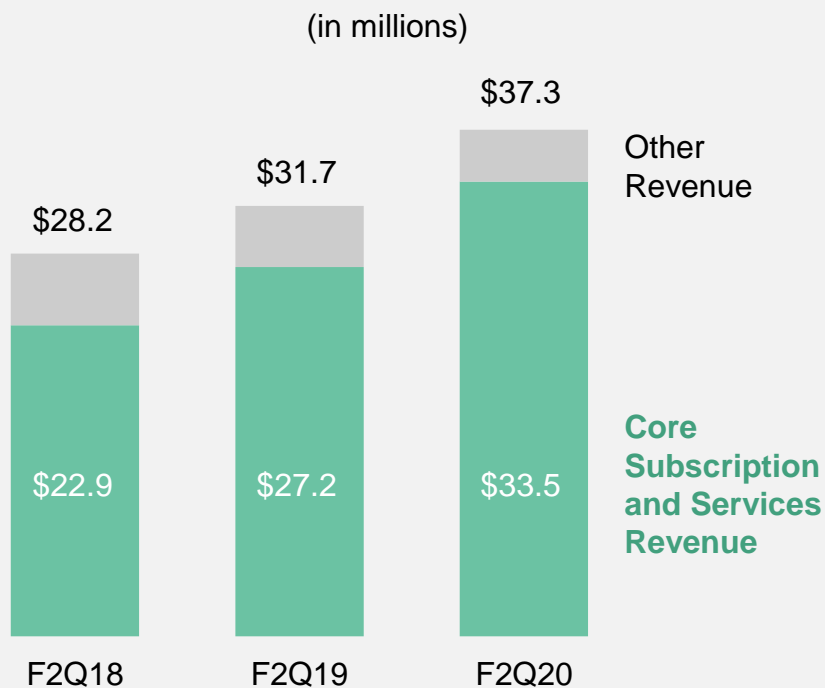


# Compounding Subscriptions Drive Revenue

## ANNUAL REVENUE



## QUARTERLY REVENUE

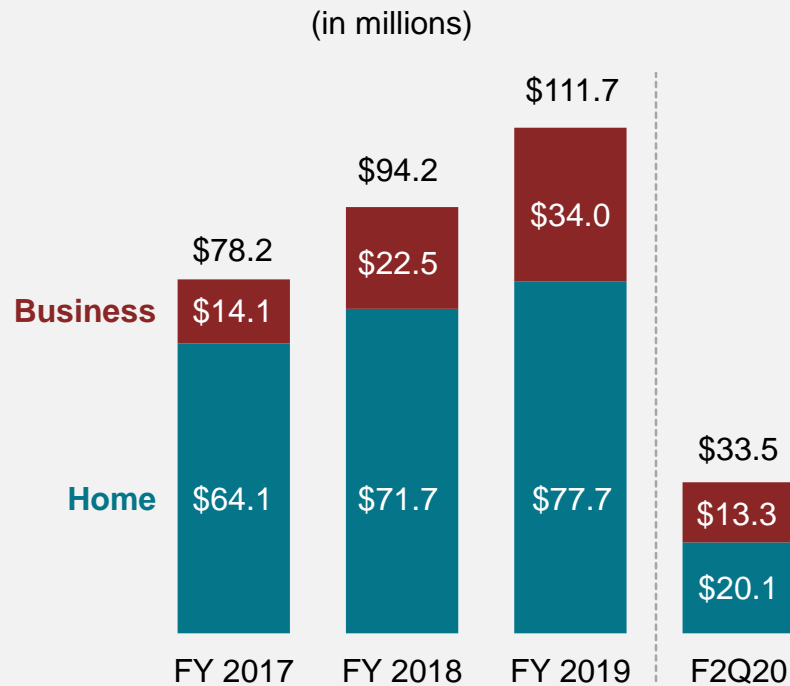


Core Subscription & Services Revenue includes Ooma Business, which is the combined revenue of Office and Enterprise, and Residential. Other Revenue includes Product sales and Talkatone.

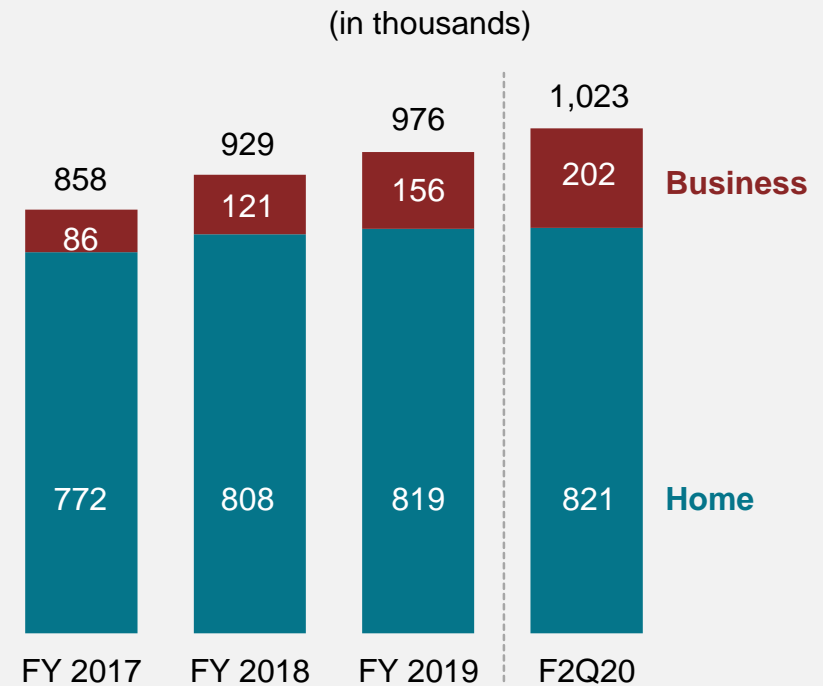


# Ooma Business Drives Core User and Subscription Revenue Growth

## SUBSCRIPTION AND SERVICES REVENUE



## CORE USERS



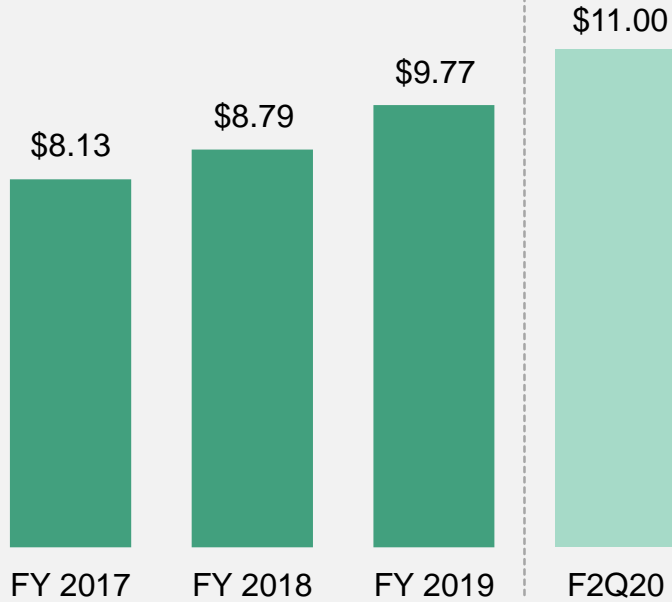
2Q20 Ooma Business Subscription Revenue Growth of 68% YoY  
(46% excluding Broadsmart Acquisition)

2Q20 values include Broadsmart, which was acquired during the quarter

# Key Metrics

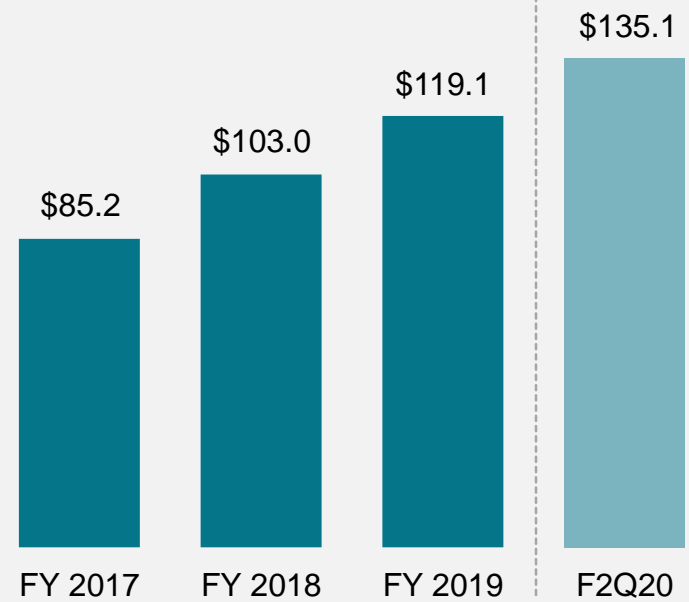
## ARPU

(\$ per month)



## AERR

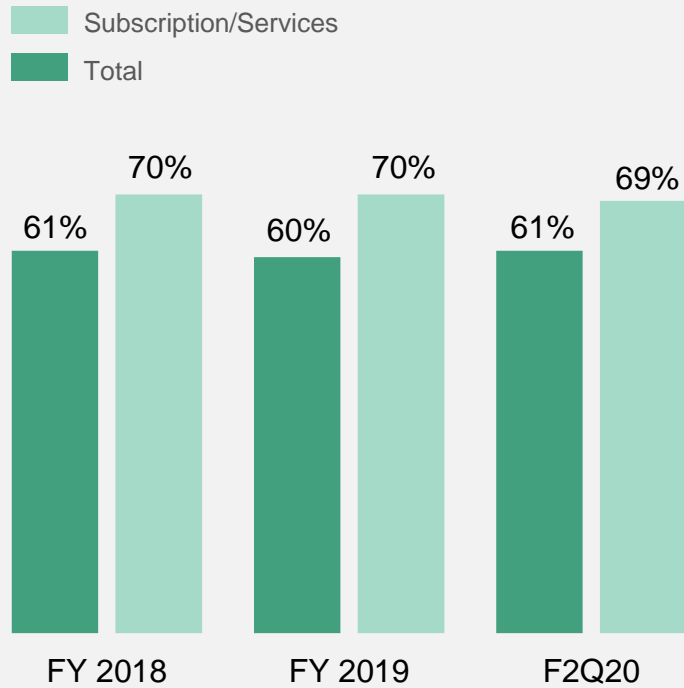
(\$ millions)



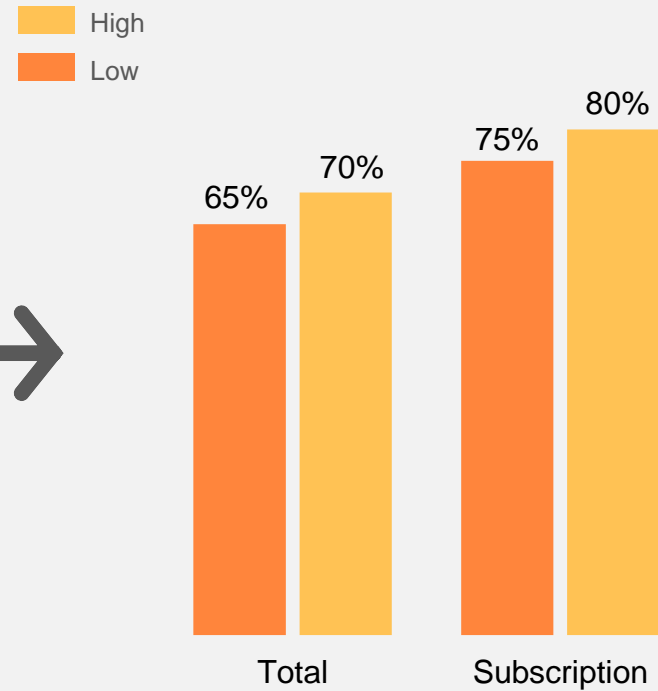
Monthly Business ARPU ~\$20, Monthly Home ARPU ~\$8

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

# Robust Gross Margin



## LONG TERM GROSS MARGIN RANGES



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

# Strong Financial Position

(\$ millions)	FY 2018	FY 2019	F2Q20
<b>Cash and Investments</b>	\$51.8	\$42.6	\$28.7
<b>Cash from (used in) Operations</b>	\$3.2	(\$3.9)	(\$0.4)
<b>Capital Spending</b>	(\$2.5)	(\$1.9)	(\$1.0)
<b>Adjusted EBITDA</b>	(\$0.2)	(\$1.9)	(\$0.5)

# Long-Term Target Model (Non-GAAP)

(% revenue)	FY 2018	FY 2019	F2Q20	3 Year Targets	Long-Term Ranges
<b>Subscription &amp; Services Gross Margin</b>	70%	70%	69%	70%-75%	75% - 80%
<b>Overall Gross Margin</b>	61%	60%	61%	62%-65%	65% - 70%
<b>Sales &amp; Marketing</b>	31%	30%	32%	32%-35%	20% - 25%
<b>Research &amp; Development</b>	22%	23%	22%	17%-19%	12% - 15%
<b>General &amp; Administrative</b>	9%	10%	10%	7%-9%	6% - 8%
<b>Adjusted EBITDA</b>	<b>(0%)</b>	<b>(1%)</b>	<b>(1%)</b>	<b>5%</b>	<b>20% - 25%</b>

Ooma<sup>®</sup>

Thank You.

# GAAP to Non-GAAP Reconciliation

\$ Thousands	FY 2017	FY 2018	FY 2019	F2Q19	F2Q20
GAAP Gross Profit	\$59,329	\$68,092	\$76,491	\$18,773	\$22,320
Add: Stock-based compensation expense and related taxes	1,038	1,129	957	249	354
Amortization of Intangibles	162	183	549	139	124
<b>Non-GAAP Gross Profit</b>	<b>\$60,529</b>	<b>\$69,404</b>	<b>\$77,997</b>	<b>\$19,161</b>	<b>\$22,798</b>
GAAP Sales and Marketing	\$33,768	\$37,302	\$40,761	\$10,499	\$12,834
Add: Stock-based compensation expense and related taxes	(1,455)	(\$1,857)	(1,501)	(397)	(542)
Amortization of Intangibles	-	-	(159)	(45)	(184)
<b>Non-GAAP Sales and Marketing</b>	<b>\$32,313</b>	<b>\$35,445</b>	<b>\$39,101</b>	<b>\$10,057</b>	<b>\$12,108</b>
GAAP Research and Development	\$24,239	\$29,328	\$33,903	\$8,443	\$9,597
Add: Stock-based compensation expense and related taxes	(3,619)	(4,046)	(3,906)	(994)	(1,276)
Amortization of Intangibles	(7)	(6)	(5)	(1)	(1)
<b>Non-GAAP Research and Development</b>	<b>\$20,613</b>	<b>\$25,276</b>	<b>\$29,992</b>	<b>\$7,448</b>	<b>\$8,320</b>
GAAP General and Administrative	\$14,598	\$15,186	\$17,613	\$3,995	\$5,168
Add: Stock-based compensation expense and related taxes	(3,754)	(4,086)	(4,331)	(1,179)	(1,326)
Amortization of Intangibles	(179)	(124)	(27)	(12)	-
Acquisition related costs	-	(118)	(423)	(73)	(177)
Litigation costs	-	-	(142)	-	(72)
Change in fair value of acquisition-related contingent consideration	-	-	342	128	-
<b>Non-GAAP General and Administrative</b>	<b>\$10,665</b>	<b>\$10,858</b>	<b>\$13,032</b>	<b>\$2,859</b>	<b>\$3,593</b>
GAAP Operating Loss	(\$13,276)	(\$13,724)	(\$15,786)	(\$4,164)	(\$5,279)
Add: Stock-based compensation expense and related taxes	9,866	11,118	10,695	2,819	3,498
Amortization of Intangibles	348	313	740	197	309
Acquisition related costs	-	118	423	73	177
Litigation costs	-	-	142	-	72
Change in fair value of acquisition-related contingent consideration	-	-	(342)	(128)	-
<b>Non-GAAP Operating Loss</b>	<b>(\$3,062)</b>	<b>(\$2,175)</b>	<b>(\$4,128)</b>	<b>(\$1,203)</b>	<b>(\$1,223)</b>