



Ooma Reports Third Quarter Fiscal Year 2021 Financial Results

November 19, 2020

SUNNYVALE, Calif.--(BUSINESS WIRE)-- Ooma, Inc. (NYSE: OOMA), a smart communications platform for businesses and consumers, today released financial results for the third fiscal quarter ended October 31, 2020.

Third Quarter Fiscal 2021 Financial Highlights:

- **Revenue:** Total revenue was \$43.0 million, up 9% year-over-year. Subscription and services revenue increased to \$39.6 million from \$36.5 million in the third quarter of fiscal 2020, and was 92% of total revenue, driven by growth in combined Ooma Business and Ooma Residential services.
- **Net Income/Loss:** GAAP net loss was \$0.4 million, or \$0.02 per basic and diluted share, compared to GAAP net loss of \$6.8 million, or \$0.32 per basic and diluted share, in the third quarter of fiscal 2020. Non-GAAP net income was \$3.1 million, or \$0.13 per diluted share, compared to non-GAAP net income of \$0.1 million, or \$0.01 per diluted share in the prior year period.
- **Adjusted EBITDA:** Adjusted EBITDA was \$3.6 million, compared to \$0.6 million in the third quarter of fiscal 2020.

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

"Ooma demonstrated continued strong performance for the third quarter of fiscal 2021, with revenue increasing to \$43 million and solid non-GAAP profitability," said Eric Stang, chief executive officer. "It was a strong quarter across the business, with significant growth in sales through channel partners and increased adoption of our higher tier of service Ooma Office Pro. The strategy adjustments we made this year in light of the pandemic and our strong core value propositions for small businesses and larger businesses with special needs position us well for Q4."

Business Outlook:

Ooma provides guidance based on current market conditions and expectations. The Company emphasizes that the guidance is subject to cautionary factors referenced in the section discussing forward-looking statements below, including risks and uncertainties associated with the COVID-19 pandemic.

For the fourth quarter of fiscal 2021, Ooma expects to report:

- Total revenue in the range of \$43.0 million to \$43.8 million.
- GAAP net loss in the range of \$0.8 million to \$1.4 million and GAAP net loss per share in the range of \$0.04 to \$0.07.
- Non-GAAP net income in the range of \$2.0 million to \$2.6 million and non-GAAP earnings per share in the range of \$0.08 to \$0.11.

For the full fiscal year 2021, Ooma expects to report:

- Total revenue in the range of \$167.7 million to \$168.5 million.
- GAAP net loss in the range of \$2.7 million to \$3.3 million, and GAAP net loss per share in the range of \$0.13 to \$0.15.
- Non-GAAP net income in the range of \$10.6 million to \$11.2 million, and non-GAAP earnings per share in the range of \$0.45 to \$0.47.

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 basic and diluted net earnings per share guidance for the fourth fiscal quarter and fiscal year ending January 31, 2021 (in millions, except per share data):

| <u>Projected range</u> | |
|----------------------------|---------------------------|
| <u>Three Months Ending</u> | <u>Fiscal Year Ending</u> |
| <u>January 31, 2021</u> | <u>January 31, 2021</u> |
| (unaudited) | |

| | | |
|---|----------------------|----------------------|
| GAAP net loss | (\$0.8)-(\$1.4) | (\$2.7)-(\$3.3) |
| Stock-based compensation and related taxes | 3.1 | 12.6 |
| Amortization of intangible assets | 0.3 | 1.3 |
| Non-GAAP net income | \$2.0-\$2.6 | \$10.6-\$11.2 |
| GAAP net loss per share | (\$0.04)-(\$0.07) | (\$0.13)-(\$0.15) |
| Stock-based compensation and related taxes | 0.14 | 0.55 |
| Amortization of intangible assets | 0.01 | 0.05 |
| Non-GAAP net income per share | \$0.08-\$0.11 | \$0.45-\$0.47 |
| Weighted-average number of shares used in per share amounts: | | |
| Basic | 22.8 | 22.4 |
| Diluted | 24.0 | 23.6 |

Conference Call Information:

Ooma will host a conference call and live webcast for analysts and investors at 5:00 p.m. Eastern time today, November 19, 2020. 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 4896477. International parties can access the call by dialing +1 (647) 689-4135, using conference ID 4896477.

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 November 19, 2020 until 11:59 p.m. Eastern time Thursday, November 26, 2020. To access the replay, parties in the United States and Canada should call +1 (800) 585-8367 and use conference ID 4896477. International parties should call +1 (416) 621-4642 and use conference ID 4896477.

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 (loss), non-GAAP net income (loss) per share, non-GAAP gross profit and gross margin, non-GAAP operating income (loss), and Adjusted EBITDA. Adjusted EBITDA represents the net income (loss) before interest and other income, income tax benefit, depreciation and amortization of capital expenditures, amortization of intangible assets, acquisition-related costs, stock-based compensation and related taxes, restructuring charges and certain litigation costs outside the ordinary course of our business.

Other non-GAAP financial measures exclude stock-based compensation expense and related taxes, amortization of intangible assets, acquisition-related costs, restructuring charges and certain litigation costs outside the ordinary course of our business.

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, statements 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. This press release includes forward-looking statements regarding the company's business outlook, changes in the company's strategy and its execution of other initiatives to drive long-term shareholder value. 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: 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; 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; 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 press release are also subject to other risks and uncertainties, including those more fully described in our filings with the SEC, including the risk factors contained in our quarterly report on Form 10-Q for the quarter ended July 31, 2020, filed with the SEC on September 4, 2020. 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 that are flexible and scalable. For consumers, Ooma's residential phone service provides PureVoice HD voice quality, advanced functionality and integration with mobile devices. Ooma's innovative smart security solution delivers a range of wireless security sensors that make it easy for anyone to protect their home. Learn more at www.ooma.com or www.ooma.ca in Canada.

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

| | October 31, 2020 | January 31, 2020 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 15,511 | \$ 11,680 |
| Short-term investments | 12,105 | 14,384 |
| Accounts receivable, net | 4,990 | 4,591 |
| Inventories | 10,233 | 8,369 |
| Other current assets | 10,582 | 8,992 |
| Total current assets | 53,421 | 48,016 |
| Property and equipment, net | 5,037 | 5,270 |
| Operating lease right-of-use assets | 6,209 | 8,057 |
| Intangible assets, net | 5,839 | 6,818 |
| Goodwill | 4,264 | 4,264 |
| Other assets | 10,975 | 8,186 |
| Total assets | \$ 85,745 | \$ 80,611 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 7,409 | \$ 8,499 |
| Accrued expenses and other current liabilities | 21,431 | 22,576 |
| Deferred revenue | 16,313 | 15,797 |
| Total current liabilities | 45,153 | 46,872 |
| Long-term operating lease liabilities | 3,029 | 5,150 |
| Other liabilities | 89 | 174 |
| Total liabilities | 48,271 | 52,196 |
| Stockholders' equity: | | |
| Common stock | 4 | 4 |
| Additional paid-in capital | 163,898 | 152,993 |
| Accumulated other comprehensive gain | 14 | 14 |
| Accumulated deficit | (126,442) | (124,596) |
| Total stockholders' equity | 37,474 | 28,415 |
| Total liabilities and stockholders' equity | \$ 85,745 | \$ 80,611 |

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, 2020 | October 31, 2019 | October 31, 2020 | October 31, 2019 |
| Revenue: | | | | |
| Subscription and services | \$ 39,633 | \$ 36,489 | \$ 115,749 | \$ 102,070 |
| Product and other | 3,334 | 3,106 | 8,936 | 8,875 |
| Total revenue | 42,967 | 39,595 | 124,685 | 110,945 |
| Cost of revenue: | | | | |
| Subscription and services | 11,366 | 11,093 | 34,322 | 32,117 |
| Product and other | 4,914 | 6,462 | 12,999 | 14,035 |
| Total cost of revenue | 16,280 | 17,555 | 47,321 | 46,152 |

| | | | | |
|--|-----------------|-------------------|-------------------|--------------------|
| Gross profit | 26,687 | 22,040 | 77,364 | 64,793 |
| Operating expenses: | | | | |
| Sales and marketing | 13,158 | 13,205 | 37,383 | 37,498 |
| Research and development | 8,955 | 10,639 | 26,851 | 29,118 |
| General and administrative | 5,096 | 5,136 | 15,346 | 15,416 |
| Total operating expenses | 27,209 | 28,980 | 79,580 | 82,032 |
| Loss from operations | (522) | (6,940) | (2,216) | (17,239) |
| Interest and other income, net | 109 | 128 | 370 | 666 |
| Loss before income taxes | (413) | (6,812) | (1,846) | (16,573) |
| Income tax benefit | — | 28 | — | 66 |
| Net loss | \$ (413) | \$ (6,784) | \$ (1,846) | \$ (16,507) |
| Net loss per share of common stock: | | | | |
| Basic and diluted | \$ (0.02) | \$ (0.32) | \$ (0.08) | \$ (0.79) |
| Weighted-average shares of common stock outstanding: | | | | |
| Basic and diluted | 22,531,047 | 21,274,285 | 22,222,659 | 20,872,253 |

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

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | October 31, 2020 | October 31, 2019 | October 31, 2020 | October 31, 2019 |
| Cash flows from operating activities: | | | | |
| Net loss | \$ (413) | \$ (6,784) | \$ (1,846) | \$ (16,507) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | | |
| Stock-based compensation expense | 3,121 | 3,254 | 9,219 | 9,647 |
| Depreciation and amortization of capital expenditures | 662 | 629 | 2,131 | 1,976 |
| Amortization of intangible assets | 326 | 384 | 978 | 900 |
| Non-cash operating lease expense | 799 | 466 | 2,391 | 1,365 |
| Non-cash restructuring charges | — | 1,603 | — | 1,603 |
| Other | 17 | 145 | 41 | (79) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable, net | (726) | (332) | (399) | (289) |
| Inventories | (844) | 745 | (1,368) | (644) |
| Other assets | (3,055) | (1,342) | (4,873) | (3,645) |
| Accounts payable and other liabilities | 2,599 | 701 | (4,541) | (1,438) |
| Deferred revenue | 13 | (96) | 431 | 329 |
| Net cash provided by (used in) operating activities | 2,499 | (627) | 2,164 | (6,782) |
| Cash flows from investing activities: | | | | |
| Purchases of short-term investments | (3,791) | (12,040) | (15,804) | (31,236) |
| Proceeds from maturities and sales of short-term investments | 6,125 | 10,950 | 18,111 | 42,996 |
| Capital expenditures | (773) | (752) | (2,281) | (2,384) |
| Business acquisition, net of cash assumed | — | — | — | (7,073) |
| Net cash provided by (used in) investing activities | 1,561 | (1,842) | 26 | 2,303 |
| Cash flows from financing activities: | | | | |
| Proceeds from issuance of common stock | 919 | 932 | 2,820 | 2,740 |
| Shares repurchased for tax withholdings on vesting of restricted stock units | (357) | (793) | (1,179) | (1,523) |
| Payment of acquisition-related holdback | — | — | — | (420) |
| Net cash provided by financing activities | 562 | 139 | 1,641 | 797 |
| Net increase (decrease) in cash and cash equivalents | 4,622 | (2,330) | 3,831 | (3,682) |
| Cash and cash equivalents at beginning of period | 10,889 | 14,018 | 11,680 | 15,370 |
| Cash and cash equivalents at end of period | \$ 15,511 | \$ 11,688 | \$ 15,511 | \$ 11,688 |

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, 2020 | October 31, 2019 | October 31, 2020 | October 31, 2019 |

| | | | | | | | | |
|---|----|------------|----|------------|----|------------|----|------------|
| Revenue | \$ | 42,967 | \$ | 39,595 | \$ | 124,685 | \$ | 110,945 |
| GAAP gross profit | \$ | 26,687 | \$ | 22,040 | \$ | 77,364 | \$ | 64,793 |
| Stock-based compensation and related taxes | | 258 | | 348 | | 797 | | 1,006 |
| Amortization of intangible assets | | 73 | | 128 | | 219 | | 407 |
| Restructuring charges | | — | | 2,289 | | — | | 2,289 |
| Non-GAAP gross profit | \$ | 27,018 | \$ | 24,805 | \$ | 78,380 | \$ | 68,495 |
| Gross margin on a GAAP basis | | 62% | | 56% | | 62% | | 58% |
| Gross margin on a Non-GAAP basis | | 63% | | 63% | | 63% | | 62% |
| GAAP operating loss | \$ | (522) | \$ | (6,940) | \$ | (2,216) | \$ | (17,239) |
| Stock-based compensation and related taxes | | 3,183 | | 3,383 | | 9,492 | | 10,004 |
| Amortization of intangible assets and acquisition-related costs | | 326 | | 433 | | 978 | | 1,162 |
| Restructuring charges | | — | | 3,085 | | — | | 3,085 |
| Litigation costs | | — | | — | | — | | 606 |
| Non-GAAP operating income (loss) | \$ | 2,987 | \$ | (39) | \$ | 8,254 | \$ | (2,382) |
| GAAP net loss | \$ | (413) | \$ | (6,784) | \$ | (1,846) | \$ | (16,507) |
| Stock-based compensation and related taxes | | 3,183 | | 3,383 | | 9,492 | | 10,004 |
| Amortization of intangible assets and acquisition-related costs | | 326 | | 433 | | 978 | | 1,162 |
| Restructuring charges | | — | | 3,085 | | — | | 3,085 |
| Litigation costs | | — | | — | | — | | 606 |
| Non-GAAP net income (loss) | \$ | 3,096 | \$ | 117 | \$ | 8,624 | \$ | (1,650) |
| GAAP basic and diluted net loss per share | \$ | (0.02) | \$ | (0.32) | \$ | (0.08) | \$ | (0.79) |
| Stock-based compensation and related taxes | | 0.14 | | 0.16 | | 0.43 | | 0.48 |
| Amortization of intangible assets and acquisition-related costs | | 0.02 | | 0.02 | | 0.04 | | 0.06 |
| Restructuring charges | | — | | 0.15 | | — | | 0.15 |
| Litigation costs | | — | | — | | — | | 0.02 |
| Non-GAAP net income (loss) per basic share | \$ | 0.14 | \$ | 0.01 | \$ | 0.39 | \$ | (0.08) |
| Non-GAAP net income (loss) per diluted share | \$ | 0.13 | \$ | 0.01 | \$ | 0.37 | \$ | (0.08) |
| GAAP weighted-average basic and diluted shares | | 22,531,047 | | 21,274,285 | | 22,222,659 | | 20,872,253 |
| Non-GAAP weighted-average diluted shares | | 23,632,203 | | 22,148,123 | | 23,334,980 | | 20,872,253 |
| GAAP net loss | \$ | (413) | \$ | (6,784) | \$ | (1,846) | \$ | (16,507) |
| Reconciling items: | | | | | | | | |
| Interest and other income, net | | (109) | | (128) | | (370) | | (666) |
| Income tax benefit | | — | | (28) | | — | | (66) |
| Depreciation and amortization of capital expenditures | | 662 | | 628 | | 2,131 | | 1,976 |
| Amortization of intangible assets and acquisition-related costs | | 326 | | 433 | | 978 | | 1,162 |
| Stock-based compensation and related taxes | | 3,183 | | 3,383 | | 9,492 | | 10,004 |
| Restructuring charges | | — | | 3,085 | | — | | 3,085 |
| Litigation costs | | — | | — | | — | | 606 |
| Adjusted EBITDA | \$ | 3,649 | \$ | 589 | \$ | 10,385 | \$ | (406) |

View source version on [businesswire.com](https://www.businesswire.com/news/home/20201119006168/en/): <https://www.businesswire.com/news/home/20201119006168/en/>

INVESTOR CONTACT:

Matthew S. Robison
Director of IR and Corporate Development
Ooma, Inc.
ir@ooma.com
(650) 300-1480

MEDIA CONTACT:

Mike Langberg
Director of Corporate Communications
Ooma, Inc.
press@ooma.com
(650) 566-6693

Source: Ooma, Inc.