



Crexendo Investor Presentation

November 2024





Safe Harbor Statement



This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to, among other things, our history, business lines, business strategy, goals, plans and expectations concerning our business, market position and the growth of our business, business lines and future business plans in which we compete and the benefits that our customers will realize from our services. We use the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases to identify forward-looking statements in this presentation.

Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate or plans could change based upon circumstances and the forward-looking statements based on these assumptions could be incorrect. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors, including risks to the business. These risks are explained in detail in our filings with the Securities and Exchange Commission (the "SEC") including Form 10-K for fiscal year ended December 31, 2023 and 2024 Form 10-Qs as filed with the SEC, and Definitive Proxy filed on June 24, 2024. These forward-looking statements speak only as of the date on which such statements are made, and the company undertakes no obligation to update such forward-looking statements, except as required by law. In addition, information related to our risks is contained and supplemented under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and the Definitive Proxy. All future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the previous statements. We undertake no obligation to update any forward-looking statements that may be made to reflect events or circumstances that occur, or that we become aware of, after the date of this presentation.

This presentation contains certain information that has not been derived in accordance with generally accepted accounting principles ("GAAP"). Reconciliations of such information to the most directly comparable information derived in accordance with GAAP are contained in this presentation. This information should not be considered a substitute for any measures derived in accordance with GAAP.



What We Do

Nearly Every Business in the World Has a Phone System

Only a Few Companies Provide the Software Infrastructure on the Cloud That Power These Systems

Tens of Thousands Provide the Sales and Support of These Systems

WE DO BOTH!



Microsoft



crexendo®

And a Handful of Others



RingCentral

8x8

VONAGE

AVAYA

Mitel

Charter Spectrum

LUMEN

nextiva

Ooma

verizon

skyswitch
A BCM One Company

And Thousands of Others



Direct and Indirect Sales Channels



**5 Million+
End Users
Total**



Ranked
#1 in 18
Categories
on G2.com

Ranked the #1 VoIP Provider on G2.com*



G2 Ratings	crexendo®	RingCentral	8x8	VONAGE	nextiva	dialpad	Ooma	GoTo
Overall Star Rating (out of 5 stars)	4.9	4.0	4.1	4.3	4.5	4.4	4.6	4.4
Quality of Support	98%	80%	83%	88%	92%	87%	93%	91%
Ease of Doing Business With	98%	80%	85%	89%	90%	88%	94%	94%
Meets Requirements	98%	89%	88%	91%	92%	90%	92%	92%
Ease of Use	96%	86%	87%	89%	88%	91%	91%	91%
Ease of Admin	96%	81%	84%	89%	88%	88%	91%	91%
Ease of Set Up	94%	78%	82%	86%	85%	88%	91%	88%



Financial Snapshot



224% Revenue Increase Over 3 Years!

14% YOY ↑	2024 YTD Revenue \$44.6M	42% YOY ↑	2023 Revenue \$53.2M
376% YOY ↑	2024 YTD GAAP Income \$1.2M	99% YOY ↑	2023 GAAP Net Loss (\$0.4M)
13% YOY ↑	2024 YTD Non-GAAP Net Income \$5.7M	63% YOY ↑	2023 Non-GAAP Net Income \$6.7M
282% YOY ↑	2024 YTD EBITDA \$3.7M	195% YOY ↑	2023 EBITDA \$1.9M
46% YOY ↑	2024 YTD Adj. EBITDA \$6.0M	128% YOY ↑	2023 Adj. EBITDA \$5.7M



Segment Key Performance Indicators



2024 YTD Combined Backlog
22% YOY
\$77.4M

Software Solutions Segment

- \$10.23 / Session**
Average MRR Per Session
- \$5,794 / Month**
Average Revenue Per Account (ARPA)
- 235+**
Software Subscribers
- 72%**
YTD Gross Margin
- 73%**
YTD Monthly Recurring Revenue Percentage
- 0.06%**
YTD Avg. Monthly Churn Rate

Telecom Services Segment

- \$20 / Month**
Average Revenue Per User (ARPU)
- \$352 / Month**
Average Revenue Per Account (ARPA)
- 200+**
Active Agent Partners
- 57%**
YTD Gross Margin
- 78%**
YTD Monthly Recurring Revenue Percentage
- 1.03%**
YTD Avg. Monthly Churn Rate



Future Growth Drivers



New Software
Subscribers &
Add-On Orders



Agents/Partners



Global Key
Market Expansion



Enterprise and
Major Accounts



Potential
Acquisition
Roll-Up Strategy



Future
Applications and
Partnerships



Organic
Growth*

28% SS Segment
8% TS Segment

Inorganic
Growth

~1 Acquisition per year

Global**
Markets

74%
Growth YOY

New
Software
Subscribers

18
in 2023

New
Agent
Partners

28
in 2023

* YTD Q3 2024
** UK/EU/AUS 2023



Growth Through Acquisition : Allegiant Networks

- Acquired in November 2022
- Existing Crexendo Software Subscriber
- 650+ active customers with average customer size of 64 stations
- Prior to acquisition \$10.5M in annual revenue in 2022, increased to \$12.8M in 2023
- Located in Kansas City, Missouri
- Accretive acquisition with benefit of Managed Services, Network Services and White Label offerings





Growth Through Adoption and Market Penetration



Majority of Revenue and Customers Currently in USA

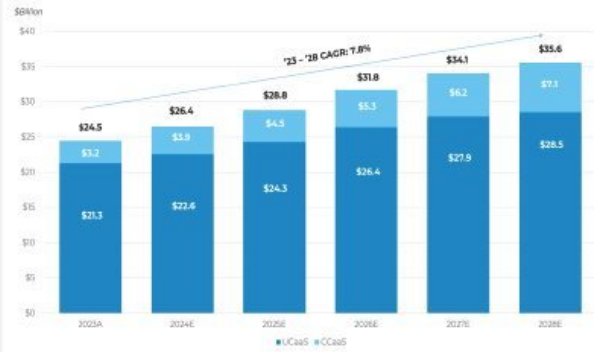
- Crexendo Agents: 200+
- Software Solutions Resellers: 190+

Emerging International Markets

- Canada: 12
- United Kingdom/Europe: 14
- Australia: 9
- New Zealand: 1
- Philippines: 1



Cloud Communications TAM Forecast: USA/W. Europe 2024



Source: Cavell Group Cloud Comms Report 2024



What's Driving UCaaS Growth



Communications Investment Drivers, Global, 2024-2026*



*Source: Frost & Sullivan



Growth From AI Features & Integrations



1. AI Assistant to Build Applications

The screenshot displays the Netsapiens web interface. At the top left, the 'netsapiens' logo is visible. Below it, a sidebar menu lists options: 'Account Activated', 'let's get to know you...', 'Recommended voice', 'Messages', 'Onefold Marketing', 'Onefold Music', and 'Finish'. The main content area features a 'Welcome to Netsapiens Interop Test' message. A modal window is open, containing an illustration of two people interacting with a screen and a robot. The modal text reads: 'We're excited to include our new AI Assistant in your plan to help you create great audio even more easily.' Below this, an 'IMPORTANT' notice states: 'You have used all of the completions in your plan, so any new completion created using this AI assistant will replace the first completion you created. Why not consider upgrading to a plan that offer more completions and features.' A 'Use AI Assistant' button is located at the bottom of the modal. At the bottom of the interface, a 'Language' dropdown is set to 'English'.



AI Enhancements & Integrations



2. System uses AI to research company and suggests proper messaging

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Account Activated

Let's get to know you...

Recommended voice

Messages

OnHold Marketing

OnHold Music

Finish

Welcome to Netsapiens Interop Test

OK, let's start by getting to know your business

Is this your Company website?

Don't have a website? Click Here

Your company name, as in Welcome to [??]

Sector (e.g. Hotel, or Engineering and Construction)

Two adjectives that describe your company's Tone of Voice (e.g. Professional and Approachable)

Three key products or services you offer (e.g. Hotel accommodation; venue hire; spa)

Language



AI Technology Drivers



3. System builds customized Auto Attendant scripts based on company description

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- Account Activated
- Let's get to know you...
- Recommended voice
- Messages
- OnHold Marketing
- OnHold Music
- Finish

Here are some suggested messages. Please preview, edit and select the ones you want. If you need them, here are some [hints](#) on improving pronunciations.

Welcome (Suggestion 1)	Hi! You're through to Fidelity Investments. We're eager to assist you with your financial needs. Let's make your money work harder for you.	Preview		<input type="checkbox"/>
Welcome (Suggestion 2)	Welcome to Fidelity Investments. We're here to help you secure your financial future.	Preview		<input type="checkbox"/>
Menu Options (Suggestion 1)	Welcome to Fidelity Investments. Please choose from the following options: press 1 for Investment Services, dial 2 for Retirement Planning, select 3 for Wealth Management.	Preview		<input type="checkbox"/>
Menu Options (Suggestion 2)	Thanks for calling Fidelity Investments. For sales, please press 1. Accounts are on 2. And for anything else, it's 3.	Preview		<input type="checkbox"/>
Closed - (Suggestion 1)	Thanks for calling Fidelity Investments. I'm afraid we're currently closed. Our regular business hours are Monday through Friday, from 8:30 am to 6:00 pm Eastern Time. Please visit our website at fidelity.com for more information or to access your account online. We look forward to serving you during our normal business hours. Thank you and have a great day!	Preview		<input type="checkbox"/>
Closed - (Suggestion 2)	Thank you for calling Fidelity Investments. I'm sorry, we're closed and can't answer your call just now. For immediate assistance, please visit fidelity.com where you can manage your account, make transactions, or find investment advice. We'll be available to take your calls again from 8am tomorrow.	Preview		<input type="checkbox"/>
Emergency (Suggestion 1)	Thanks for calling Fidelity Investments. Due to unforeseen circumstances, we can't answer your call at the moment. We appreciate your understanding. Please try again later when our services should be back to normal. For more information, visit fidelity.com .	Preview		<input type="checkbox"/>
Emergency (Suggestion 2)	Thank you for calling Fidelity Investments. I'm afraid we can't answer you just now. We're sorry for any inconvenience and hope to be able to assist you soon. We're doing everything we can to get back up and running as quickly as possible. Please try again later.	Preview		<input type="checkbox"/>

Create Custom Messages



AI Technology Drivers



4. Systems builds custom Marketing on Hold Messaging based on company details

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- Account Activated
- Let's get to know you...
- Recommended voice
- Messages
- OnHold Marketing
- OnHold Music
- Finish

Here are some suggested messages. Please preview, edit and select the ones you want. If you need them, here are some [hints](#) on improving pronunciations.

1	Discover Fidelity's Investment Services. We're committed to helping you grow your wealth with expert guidance and innovative tools. Experience the benefits of personalized strategies tailored to your financial goals. Visit fidelity.com for more information. Your future, our priority.	Preview	<input type="checkbox"/>
2	Have you heard about our new Investment tools? They're designed to help you make informed decisions, manage your portfolio more effectively and track market trends. Visit fidelity.com today to explore these innovative features. Your financial future is in your hands!	Preview	<input type="checkbox"/>
3	Looking to secure your financial future? At Fidelity, we're dedicated to helping you make informed investment decisions. With our wide range of services and expert advice, we'll guide you towards achieving your financial goals. Visit fidelity.com for more information. Your prosperity is our priority.	Preview	<input checked="" type="checkbox"/>
4	Did you know Fidelity.com offers top-notch Investment Services, Retirement Planning, and Wealth Management? Ask for more details when you're connected.	Preview	<input type="checkbox"/>
5	Discover the power of smart wealth management at Fidelity. Our expert team is dedicated to growing your wealth with personalized strategies. Visit Fidelity.com for more information.	Preview	<input type="checkbox"/>
6	Our Wealth Management service offers personalized strategies to grow and protect your assets. Visit fidelity.com for expert guidance tailored to your financial goals.	Preview	<input type="checkbox"/>
7	We'll be with you as soon as possible. Sorry to keep you waiting.	Preview	<input type="checkbox"/>
8	As the summer sun shines bright, it's a great time to think about your financial future. At Fidelity.com, our Wealth Management services can help you grow and protect your assets. Let's make this summer the start of your journey towards financial freedom. Secure your tomorrow, today with Fidelity.	Preview	<input type="checkbox"/>
9	As the winter chill sets in, it's a great time to think about your financial future. At Fidelity.com, our wealth management services can help you navigate through the frosty financial landscape. Let us guide you towards a prosperous new year with personalized strategies tailored to your unique needs. Warm up to a brighter financial future with Fidelity.	Preview	<input type="checkbox"/>
10	As the festive season approaches, why not consider a financial gift that keeps on giving? At Fidelity, we offer a range of investment options perfect for your loved ones. Give the gift of financial security this Christmas. Ask us for more information or see our website at fidelity.com .	Preview	<input type="checkbox"/>

Create Custom Message



AI Technology Drivers

5. AI Generated Recordings in Minutes



Apps | Doug Taylor (100)



Music On Hold / domain

Back domain

Enable Music on Hold Yes

Music

Randomize music [Add Music](#)

Song Name	Duration	Filesize
1 AI Completion 1	14:21	6.57 MB

Music repeats after last song

Messages

No messages added for this domain.
Introduction will not be inherited from the organization.
Messages will be inherited from the organization.

[Add Introduction](#) [Add Message](#)



Long Term Financial Targets



Organic Net Sales Growth

- Software Solutions segment (SS) seeing strong growth from licensees – 28% YTD
- Two largest platform providers Cisco and Microsoft not embracing their partners = New logo growth
- Telecom Services (TS) adding new agents/partners and seeing good traction with new Master Agents

Gross Margins

- SS Margins continue to improve through synergies and cost adjustments
- Subscription Model for SS segment will improve margins
- TS Margins continue to improve with acquisition synergies
- Single platform support will allow for improved margins in both segments

Cash Flow

- Focused on increasing positive cash flow through cost management and increased margins
- Selling more subscription services as opposed to one time revenue to make cash flow and revenue more consistent

Acquisitions

- Our 235+ Licensees selling our product is the ideal hunting ground for roll-up opportunities. Target 1 accretive roll-up per year at a discount to our valuation
- Goal is to always have multiple acquisition prospects in the pipeline



Summary – Why Crexendo®



\$53.2M 2023 FY Revenue
\$44.6M 2024 YTD Revenue

\$5.7M 2023 Adj EBITDA
\$6.0 M 2024 YTD Adj EBITDA

\$77.4M
Contracted Backlog

~\$15.4M
Cash on Hand

~\$800K
Current Debt

~\$145M
Current Market Cap*

Non-GAAP Profitability – 24 Consec Qtrs
GAAP Profitability – 5 Consec Qtrs

Software Solutions Organic Growth- 28%
Telecom Services Organic Growth- 8%

5 Million+ End Users
(Adding ~ 100K Users Each Month)

Contact Us



Thank You!

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