



Investor Presentation

October 2020

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, 2019. 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. 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.

We have filed a registration statement on Form S-1 (File No. 333-248767) with the SEC in connection with the offering to which this presentation relates. Before you invest in our securities, you should read the prospectus in that registration statement and the other documents we have incorporated by reference therein. You may get these documents for free by visiting EDGAR on the SEC website available at www.sec.gov.

Today's Presenters



Doug Gaylor
President & COO

11 years with Crexendo
Prior Experience:



Ron Vincent
CFO

8 years with Crexendo
Prior Experience:



The Best Kept Secret in VoIP and UCaaS

Crexendo® knows how to keep things connected in the Voice Over Internet Protocol (VoIP) and Unified Communications as a Services (UCaaS) industry. We design, develop and support every aspect of our award-winning system right here in the US.



Fast-Growing Tech Leader in the UCaaS and Cloud Communications Space



Proprietary Collaborative Offering Extraordinarily Timely Given Market Dynamics



Unparalleled Executive Telecom Experience with Over 150 Years Combined



World Class, Cloud-Hosted System Built for Small and Medium Businesses



2020 TMC Product of the Year Award Winner



Poised for Rapid Growth Organically and Inorganically



Investment Highlights:

It's Never Been a More Perfect Time

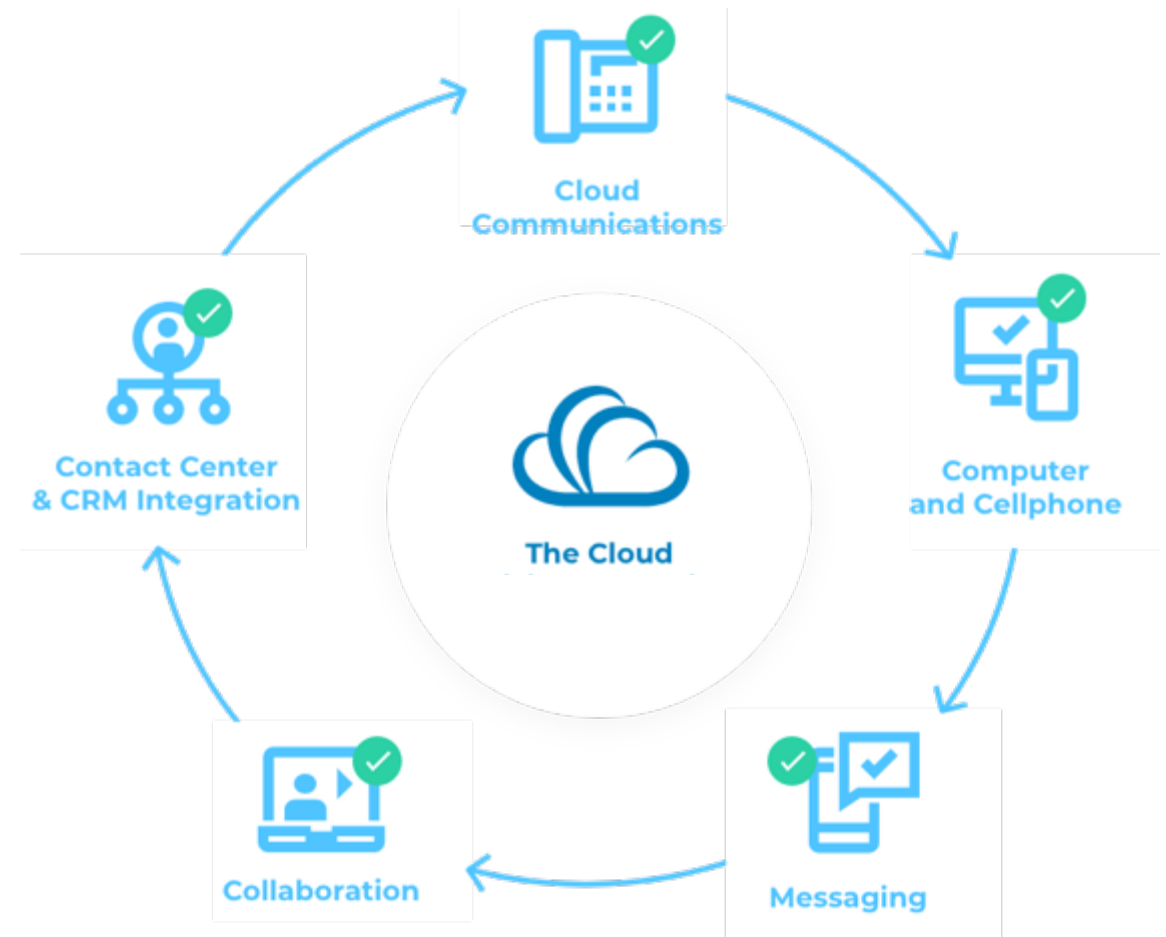
We call it “Ride the Cloud”, because our business and the UCaaS industry is forecasted to grow to new heights. Invest in a rapidly rising future.

- ✓ Large, underpenetrated industry with tremendous future growth opportunity
- ✓ Dependable recurring revenue model provides strong visibility
- ✓ Differentiated technology that we own and design driving top tier gross margins
- ✓ Software developed for (and with) our SMB customers
- ✓ Forward-thinking cost management strategy
- ✓ Company scale at inflection point for rapid revenue growth and positive EBITDA
- ✓ Experienced team with track record of industry success and valuable exit

Communicate from Anywhere, on Any Device

COVID-19 has revealed the demand for collaboration from anywhere and on any device, highlighting the benefits of our cloud-based solutions.

Our voice mobility combined with video and collaboration tools meet the needs of a globally expanding, seamlessly connected, “work-from-home” world.



Team Collaboration Features



Our product offering delivers a wider and stronger suite of collaboration tools at a competitive price relative to Zoom and other competitors

Our Collaboration APP Features

✓ Real-Time Video Conference

✓ Screen Share

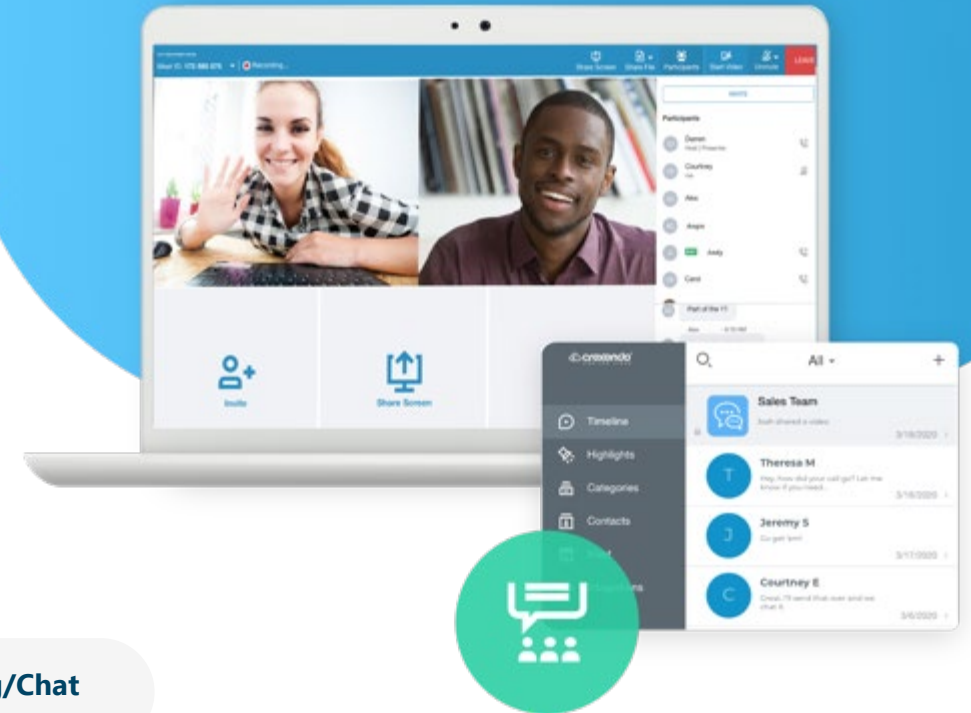
✓ Team Messaging/Chat

✓ E-Signature Capability

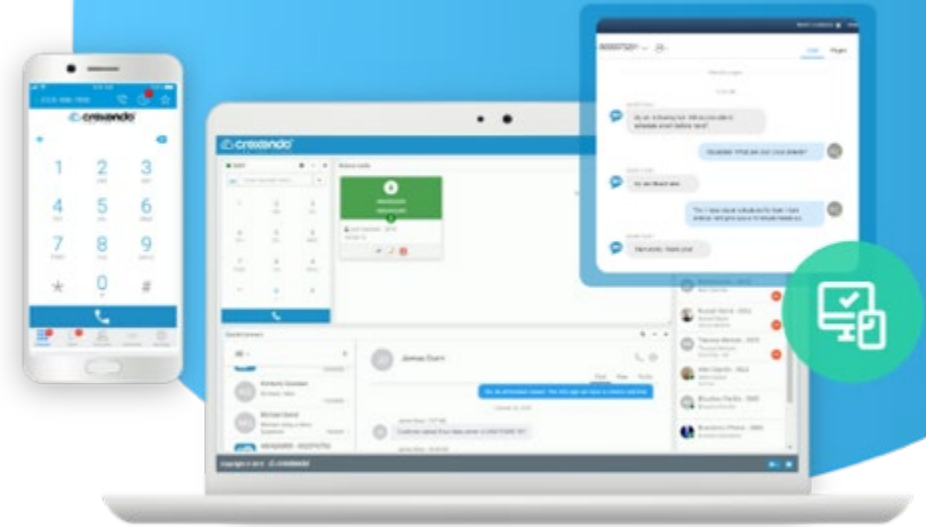
✓ Remote Meetings

✓ Document & File Storage

✓ Document Share & Annotation



Crexendo's Seamless Remote Tools



Our Mobile Application Features

- ✓ Transfer/Forward Calls
- ✓ Find Me/Follow Me
- ✓ Call Routing
- ✓ Free 4G/Wi-Fi/LTE Calls
- ✓ Softphone Support
- ✓ Directory
- ✓ SMS & Chat



Plus Desktop Communication Features

- ✓ Browser-Based
- ✓ Real-Time Call Status
- ✓ SMS & Chat
- ✓ Incoming Call Notification
- ✓ Conference Management
- ✓ Drag & Drop Call Transfer
- ✓ Park Orbit
- ✓ CRM Integration

The UCaaS Market is Growing Rapidly – “Ride the Cloud”

9.5%
CAGR

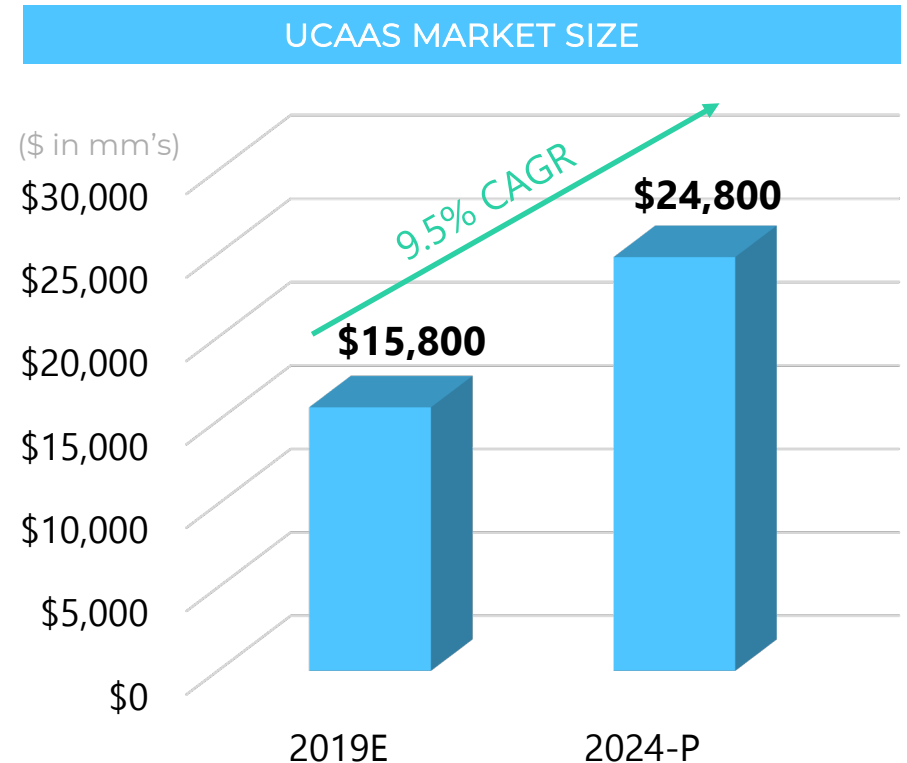
The global UCaaS market is expected to grow from \$15.8 billion to \$24.8 billion between 2019 and 2024⁽¹⁾

70%

Approximately 70% of businesses in U.S. still operating with antiquated, premise-based systems











SMB

Crexendo's target market, Small and Medium-Sized Businesses, are adopting UCaaS solutions and services at a faster rate than large enterprises



Source: MarketsandMarkets

Competitive Landscape

				 ⁽¹⁾						 <small>Global Cloud Communications</small>
Own and Develop Platform and Hardware	✓		✓	✓		✓				
Focus on Small and Medium-Sized Businesses	✓	✓		✓			✓			
Strong Suite of Collaboration Products	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gross Margins >65%	✓	✓			✓					
Positive 2019 Net Income	✓	✓	✓					✓		

What Makes Us Unique

Higher Margins with In-House Solutions

Our VoIP platform and phones are 100% designed and engineered in-house.

Maintenance and Upgrades Included

Our customers never pay a maintenance or software upgrade fee, for life.

Company Owned and Developed Platform

Owning our own platform keeps our SG&A significantly lower than the competition.

CLEC Vetted and Approved

Our services are rigorously vetted and available everywhere in the US.

High-End Features Come Standard

Call Center, Collaboration, Mobility and more are all included.

US-Based Service and Support

Dedicated team and data centers located in the US and available 24/7/365.

Easy to Switch Carriers but Keep Hardware

We help transition customers to our service but retain their current phones.

Custom Engineering Available

For above and beyond service in our designs and software.

Picture If You Will...



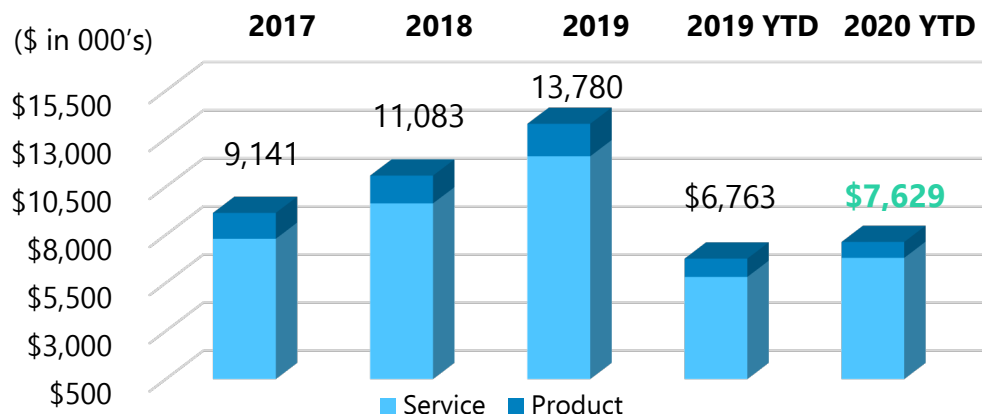
- A technology market that is still approximately 70% untapped
- A rapidly growing, profitable company laser focused on capturing those untapped opportunities
- A telecommunication sector with extremely high multiples for performing companies
- A management team steadfast on acquiring synergistic, accretive recurring revenue opportunities
- A “boot-strapped” management style committed to shareholder return
- A racehorse ready to run...

That picture is

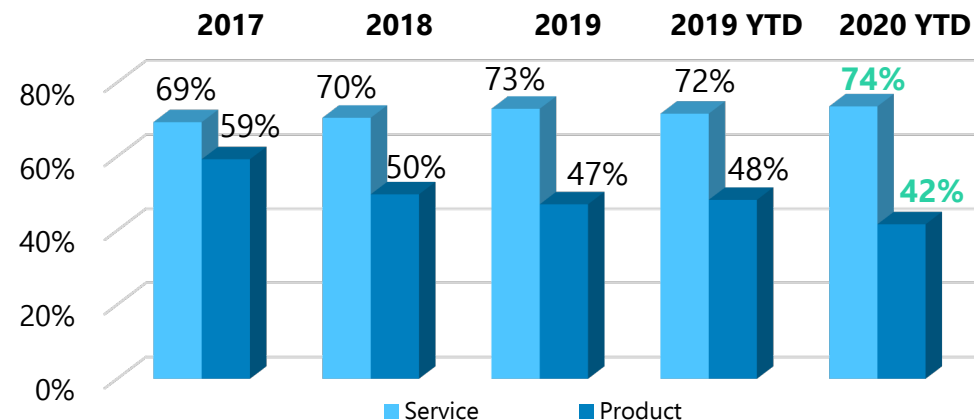


Growing Financial Profile

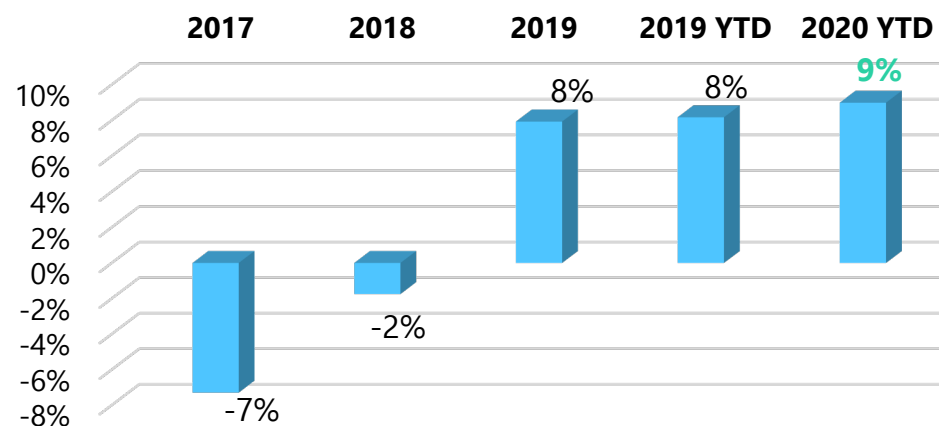
Telecommunications Segment Revenue ⁽¹⁾



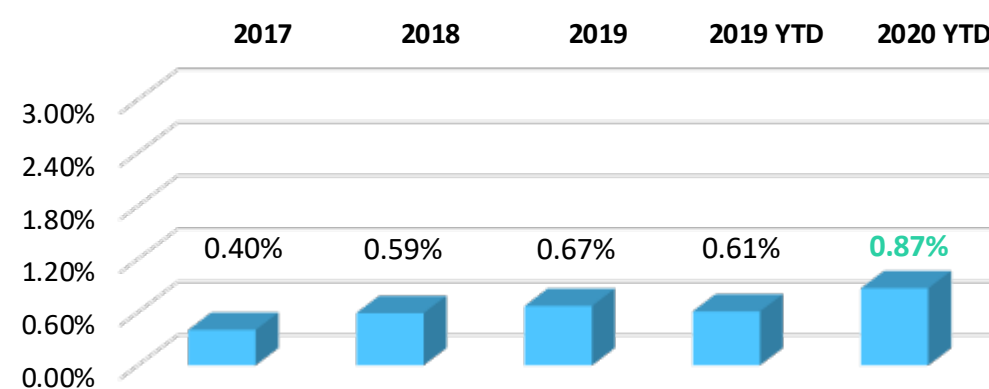
Combined Gross Margin % ^{(1) (2)}



Operating Margin ⁽¹⁾



Churn Rate ⁽¹⁾

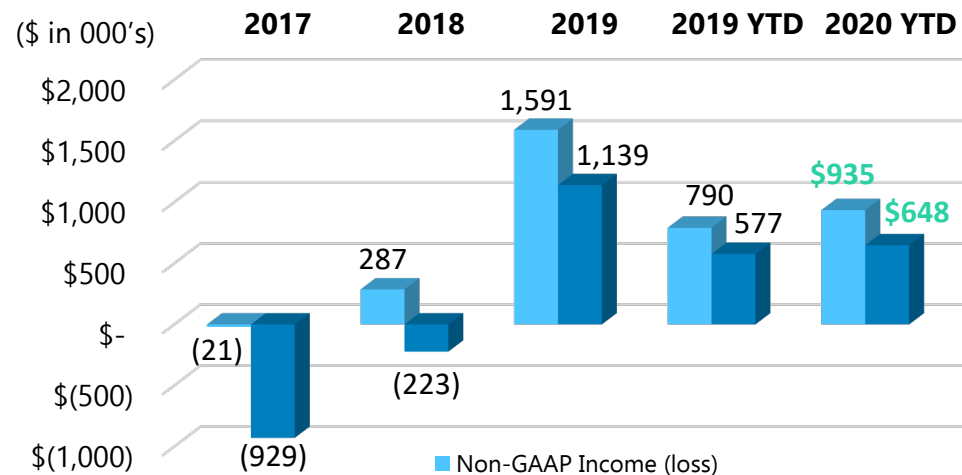


(1) YTD numbers as of Q2 2019 and Q2 2020

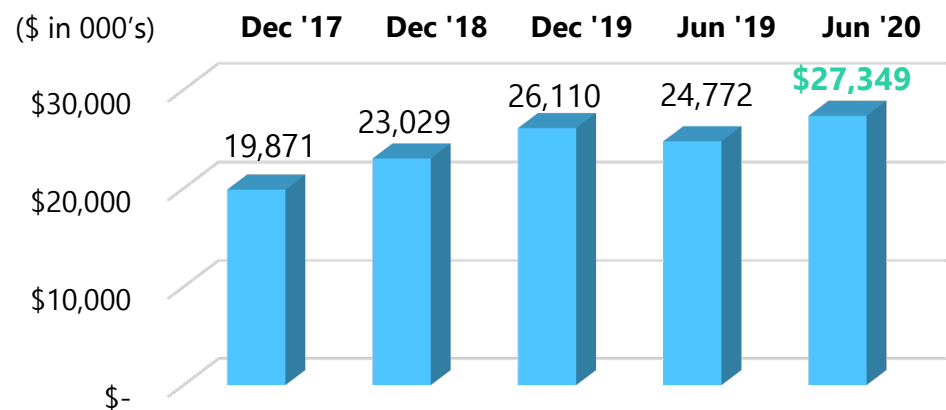
(2) Average monthly percentage for period.

Growing Financial Profile

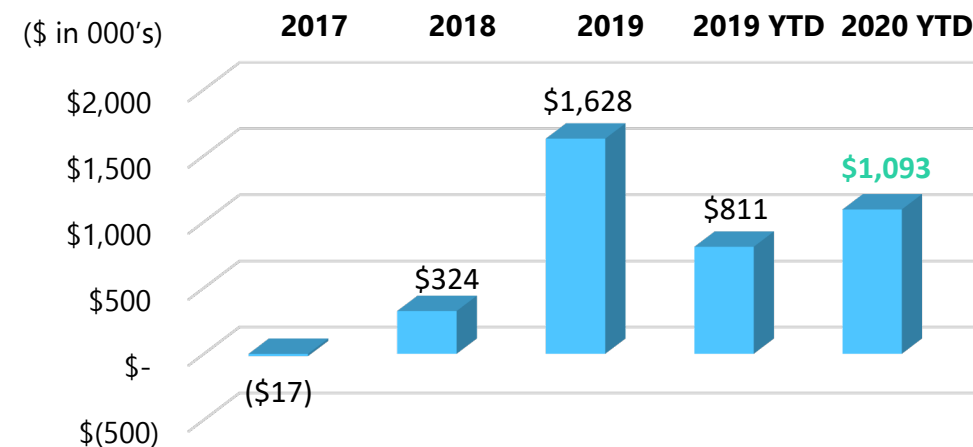
Non-GAAP Income (Loss) & Net Income (Loss) ⁽¹⁾



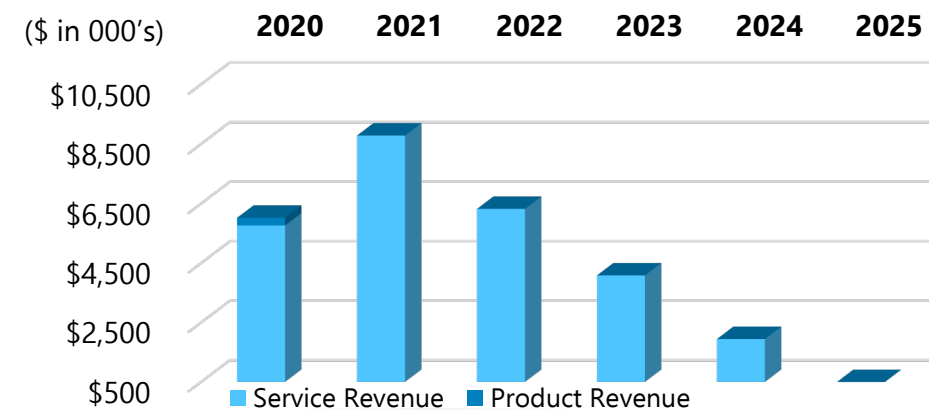
Backlog ⁽¹⁾



Adjusted EBITDA ⁽¹⁾



Expected Backlog Revenue Recognition



Well-Defined Organic Growth Strategy

Partner Sales

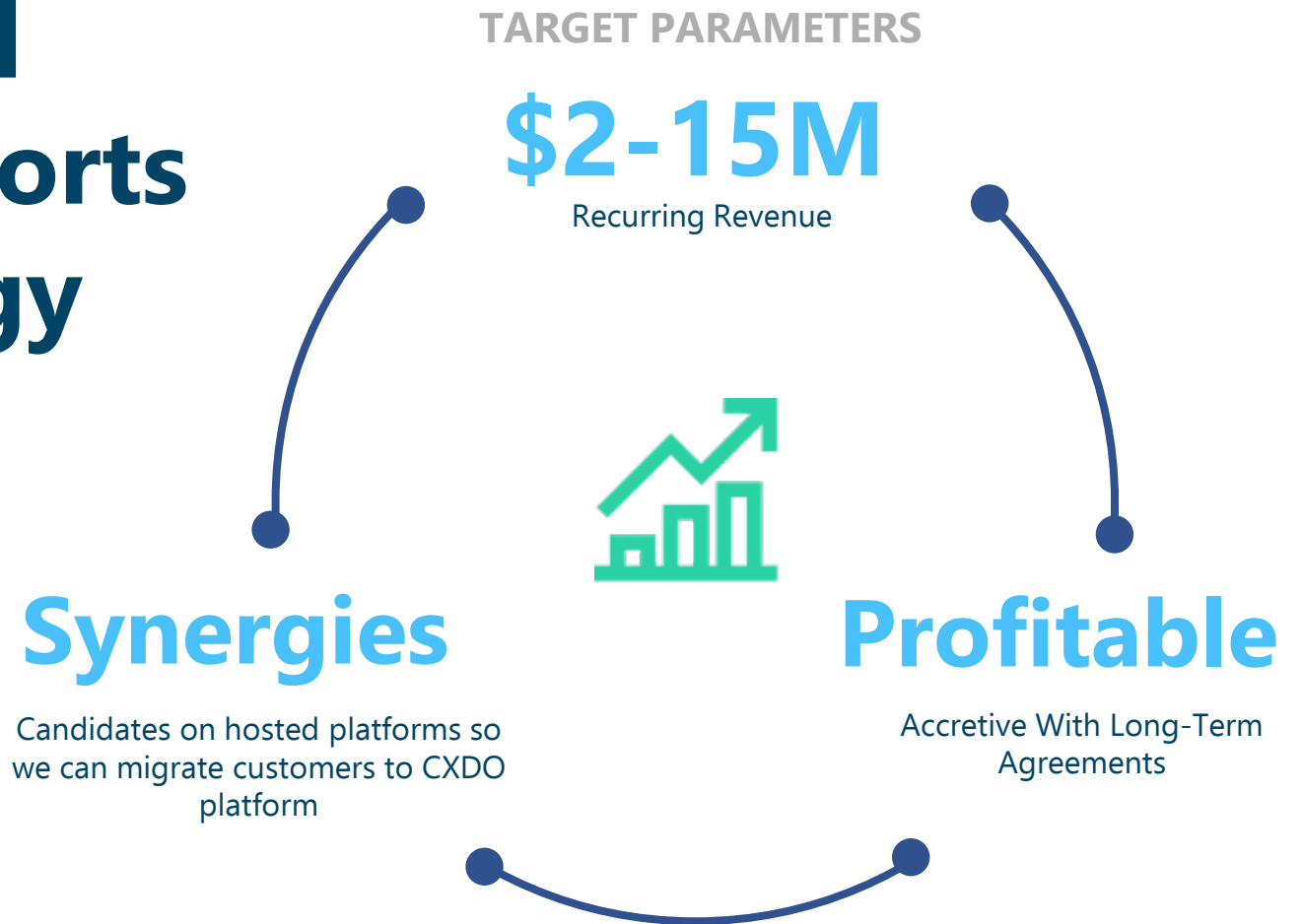
- ✓ Currently more than **200+ Partners** with plans to add 5-8% per quarter
- ✓ Tenured staff with wealth of experience in Channel Partnerships
- ✓ Focused on Partners in 4 Key areas:
 - **Traditional Telecom VAR's**
 - **Data and B2B VAR's**
 - **Managed Service Providers (MSPs)**
 - **Master Agents**

Direct Sales

- ✓ Sell directly to SMB customers and national accounts
- ✓ Tenured and experienced team with plans to hire more!



Nasdaq Listing and Fresh Capital Supports Acquisition Strategy



Experienced Leadership Team

With over 150 years combined experience in the telecom industry, we know how to progress and continue to innovate in the cloud-hosted communications space.



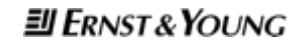
Steve Mihaylo
CEO



Doug Gaylor
President & COO



Ron Vincent
CFO



Nishith Chudasama
VP of Engineering



Theresa Weitzel
Director of Channel Sales

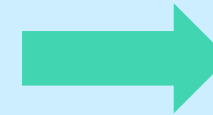


Brian Spitler
VP of Operations



Why Invest Today?

- + High Growth
- + Long-Term Contracts
- + Recurring Revenue
- + Strong Cash Flow
- + Industry Low Churn



**Attractive
Investment
Opportunity**

25%

INCREASE

25% increase in Telecom Service Revenue YoY in 2019

~100%

LT CONTRACTS

80% of customers are on 60-month contracts. The rest are either 36 months or somewhere in between.

73%

Gross Margin

73% total gross margin in 2019. Top tier gross margins across UCaaS Industry.

\$1.6M

CASH FLOW

Positive cash flow provided by operating activities in 2019

Questions?



Appendix



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

In accordance with the requirements of Regulation G issued by the SEC, we are presenting the most directly comparable U.S. GAAP financial measures and reconciling the unaudited Non-GAAP financial metrics to the comparable U.S. GAAP measures.

Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income (Unaudited)

	Year Ended December 31,			Six Months Ended June 30,	
	2017	2018	2019	2019	2020
	As Adjusted				
		(In thousands)			(In thousands)
U.S. GAAP net income	\$ (929)	\$ (223)	\$ 1,139	\$ 577	\$ 648
Share-based compensation	573	438	399	186	241
Amortization of rent expense paid in stock, net of deferred gain	38	-	-	-	-
Amortization of intangible assets	96	72	53	27	46
Non-cash interest expense	201	-	-	-	-
Non-GAAP net income	<u>\$ (21)</u>	<u>\$ 287</u>	<u>\$ 1,591</u>	<u>\$ 790</u>	<u>\$ 935</u>
Non-GAAP earnings per common share:					
Basic	\$ (0.00)	\$ 0.02	\$ 0.11	\$ 0.05	\$ 0.06
Diluted	\$ (0.00)	\$ 0.02	\$ 0.10	\$ 0.05	\$ 0.06
Weighted-average common shares outstanding:					
Basic	13,938,342	14,332,092	14,570,286	14,428,694	14,964,138
Diluted	13,938,342	15,095,262	15,559,863	15,339,404	16,485,754

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

In accordance with the requirements of Regulation G issued by the SEC, we are presenting the most directly comparable U.S. GAAP financial measures and reconciling the unaudited Non-GAAP financial metrics to the comparable U.S. GAAP measures.

Reconciliation of U.S. GAAP Net Income to EBITDA to Adjusted EBITDA (Unaudited)

	2017	Year Ended December 31,		Six Months Ended June	
		2018	2019	2019	2020
	As Adjusted				
		(In thousands)		(In thousands)	
U.S. GAAP net income	\$ (929)	\$ (223)	\$ 1,139	\$ 577	\$ 648
Depreciation and amortization	106	92	94	44	140
Interest expense	209	12	12	8	31
Interest and other expense/(income)	(21)	(10)	(22)	(11)	27
Income tax provision	7	15	6	7	6
EBITDA	(628)	(114)	1,229	625	852
Share-based compensation	573	438	399	186	241
Amortization of rent expense paid in stock, net of deferred gain	38	-			
Adjusted EBITDA	\$ (17)	\$ 324	\$ 1,628	\$ 811	\$ 1,093