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# Q2 2022 Results

August 18, 2022 | 8:30 am EST



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# Note Regarding Use of Non-GAAP Financial Measures



In addition to financial measures prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), this presentation contains the non-GAAP financial measures Adjusted EBITDA, which we define as GAAP net income (loss) plus depreciation of fixed assets and amortization of intangible assets, other (expense) income, net, income tax provision, material one-time expenses and income, and stock-based compensation expenses, and Revenue Bookings, which we define as GAAP Revenue, which was \$12.9 million for Q2 2022, plus the change in deferred revenue recorded within the financial reporting period being disclosed, which amounted to \$0.3 million for Q2 2022. We use these non-GAAP financial measures in internal forecasts and models when establishing internal operating budgets, supplementing the financial results and forecasts reported to our Board of Directors, and evaluating short-term and long-term operating trends in our operations. We believe that these measures provide an enhanced understanding of our underlying operational measures to manage the business, to evaluate performance compared to prior periods and the marketplace, and to establish operational goals. Minim believes that these non-GAAP financial measures are also useful to investors and analysts in comparing its performance across reporting periods on a consistent basis. These supplemental financial measures exclude costs incurred and related to the merger with Cadence Connectivity, Inc. as the company deems these costs as one-time in nature. These non-GAAP financial measures should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. These financial measures may not be computed in the same manner as similarly titled measures used by other companies. We expect to continue to incur expenses similar to the financial adjustments described above and investors should not infer from our presentation of these non-GAAP financial measures that these costs are unusual, infrequent or non-recurring.

For reconciliation of Non-GAAP financial measures, please see our 8-K filed on August 18, 2022.

# Our vision

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## Making routers go the way of mobile phones

Today's routers are simple, single-purpose devices that rarely receive firmware updates and have underdeveloped management applications, making them the #1 target in residential cybersecurity attacks.

We believe the router must offer frequent security updates, helpful apps, extensive personalization options and a delightful interface. That is what Minim delivers— not just the router or just an app, but an intelligent router managed with an integrated smart operating system that leverages cloud computing and AI to analyze and optimize the smart home, combined with intuitive applications to engage with it.



# On the call today

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## Jeremy Hitchcock

CHAIRPERSON OF THE BOARD

- 20+ years experience in founder roles in tech industry at Dyn, Orbit Group, Cadence Connectivity, and Minim
- As Founder and CEO of Dyn, oversaw the acquisition of the company by Oracle for \$600M+
- Served as the Chairperson of Minim's Board of Directors & Management since February 2020.
- Received a BS in Management Information Systems from Worcester Polytechnic Institute.



## Mehul Patel

CEO

- 12+ years experience in executive roles in Finance at Minim, Verifone, CommScope, ARRIS, and Motorola Mobility
- Former Director of Global Supply Chain Finance at CommScope, responsible for \$7B ARRIS business.
- Received BS, Accounting, Penn State University



## Dustin Tacker, MPA, CPA

CFO

- 17+ years experience in executive roles in Accounting at Minim, Access Management, Smart Bear Software, and GE
- Former Senior Director of Accounting at Access Information Management, responsible for all company filings
- Received BS and MPA, Accounting, University of Texas at Austin

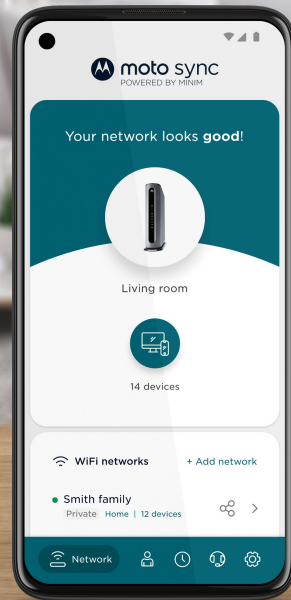


NASDAQ: MINM

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## Q2 Results

## Financial Summary



# Q222 Results Overview



## Revenue

- GAAP revenue down 3% Q/Q to \$12.9M but within \$100k of analyst projections
- Declining consumer demand has continued across the industry since the pandemic peak

## Strengths in performance

- WiFi 6 product Q11 released in Q2 2022 as promised. Q14 release expected on time in Q3 2022.
- Deferred revenue exceeded \$1.1M
- Additional space secured in Target and potential in-store placing in Walmart

## Cash and inventory

- Exited Q2 2022 with \$4.7M in cash (paid down debt, higher AR due to timing of receivables)
- Exited Q2 2022 with \$34.3M in inventory with a significant amount in transit to accommodate Q3 sales, including NPIs

## Headwinds

- Continued component price increases and supply chain challenges stemming from the COVID-19 pandemic

# A Look Ahead



## Sustainable growth

- Diversifying suppliers at all levels of the supply chain
- Increasing U.S. retail and distribution partnerships
- Growing awareness of Motorola mesh with new marketing programs and retailer partnerships
- Paid trials, including the sale of Motorola branded mesh hardware, to an 800k subscriber ISP in Indonesia and a 300K subscriber ISP in India

## Supply chain management

- Scaled production of an intelligent product with second material ODM partner
- Will bring a new intelligent product to market with third ODM partner this summer

## Transformation

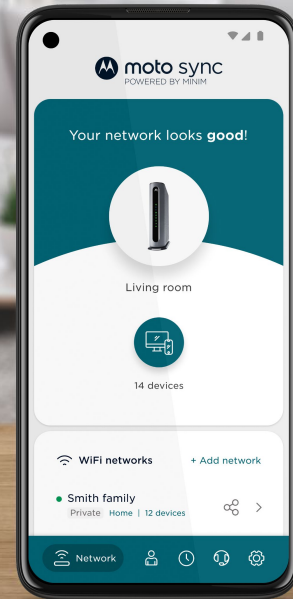
- Deliver more intelligent products
- Deliver stand alone software value
- Deliver software upgrades and upsells



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## Transformation

## Product & Marketing



# Software Transformation

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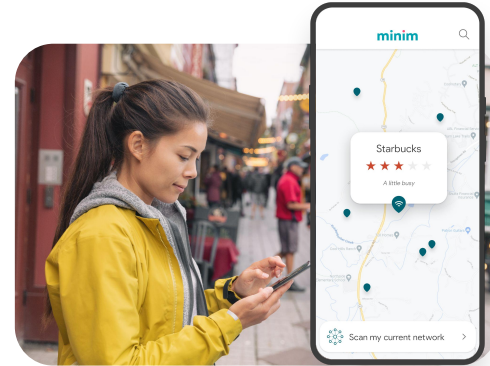
## 2021: Increased Intelligent Products

- Products with mobile app increased from 1 to 5
- Increased ASP
- Brought WiFi firmware in-house
- Became 1st to offer in-app support
- Filed Blockchain invention



## 2022: All Products Become Intelligent

- Mobile app distributed on all Minim hardware
- App gets "Shop" on MotorolaNetwork.com
- 100k Minim Intelligent Networks & increased user acquisition



## 2023: Standalone App with Upgrades (\$)

- Helps everyday WiFi users test, rate, and improve their WiFi
- Grows user acquisition with app-first users
- Grows CLTV with upsell software & hardware

## 2024+: WiFi Guide / Marketplace

- With all-network capabilities, Minim is positioned to offer a platform to search, test, rate, and pay for WiFi access
- Blockchain patent supports this vision

# Product & Marketing Performance

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## Net sales in line with analyst estimates

- Amazon.com: #1 market share position for cable modem and gateway category sales
- Target: gross sales were up 138% Q/Q and now make up over 5% of overall gross sales
- Walmart.com: gross sales increased by 16% Q/Q

## Top selling products across all channels

- Motorola MB8611, MG8702, MG7700
- Average selling price decreased on a Q/Q basis from \$121 in Q1 2022 to \$107 in Q2 2022



# A Look Ahead in Intelligent Networking

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## 2022 Mesh Portfolio Growth & Market Penetration

- Motorola Q11 High-Speed AX3000 Mesh WiFi System (WiFi 6) released on time in Q3 2022
- Motorola Q14 Wideband AXE Mesh WiFi System (WiFi 6E) released on time in Q3 2022
- Building Motorola mesh awareness with e-tail campaigns, loyalty programs, and media relations

## Achieved goal of 100K+ Minim Intelligent Networks by EOY in Q3

- Distributing the mobile app with all our products and eventually on App stores allows us to increase CLTV through cross-sells and upsells
- Now at 101k Minim Intelligent Networks (MINs), exceeding our EOY goal of 100k



 **motorola**  
Q14

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Q2 2022 Results

Financials

HISTORY AS YOU  
KNOW IT

NASDAQ WELCOMES  
MINIM INC'S  
LISTING ON NASDAQ

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# Net Revenue by Quarter



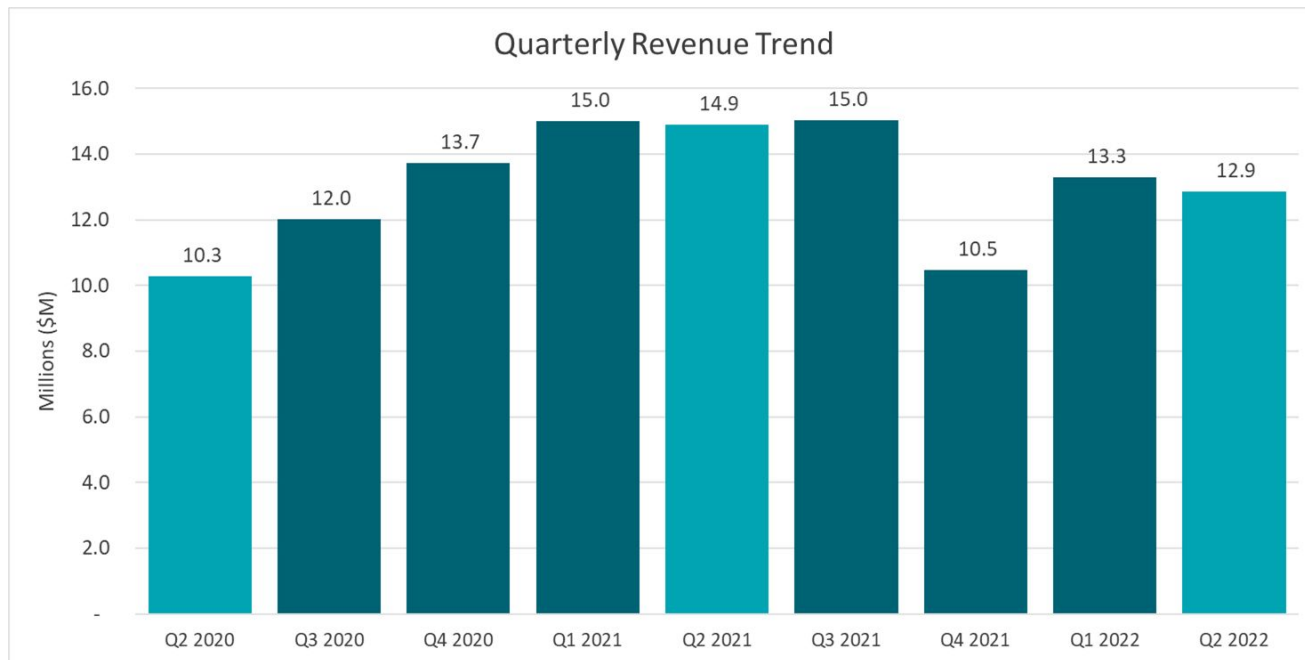
## Q222 Net Revenue

was \$12.9M, down 3% Quarter over Quarter but within \$0.1M of analyst projections.

Note that Amazon Prime Day was moved to Q3 2022 this year compared to Q2 in 2021. Record sales on Prime Day in Q3 2022, a 53% increase over our Q2 2021 Prime Day.

## Deferred Revenue

increased to \$1.1M exiting the quarter



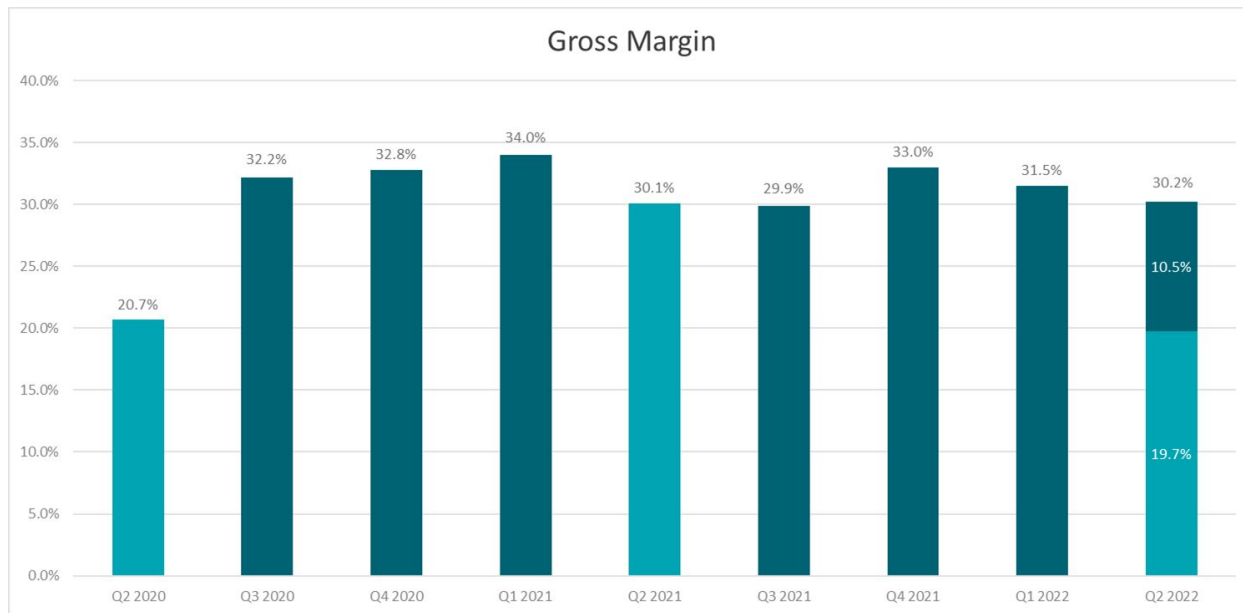
# Gross Margin by Quarter



## Q222 Gross Margin of 19.7%

after -10.5% restatement, compared to 31.5% in the prior quarter and 30.1% in the year ago quarter

Q/Q decrease is due to lower sales and a higher percentage of sales of lower ASP products

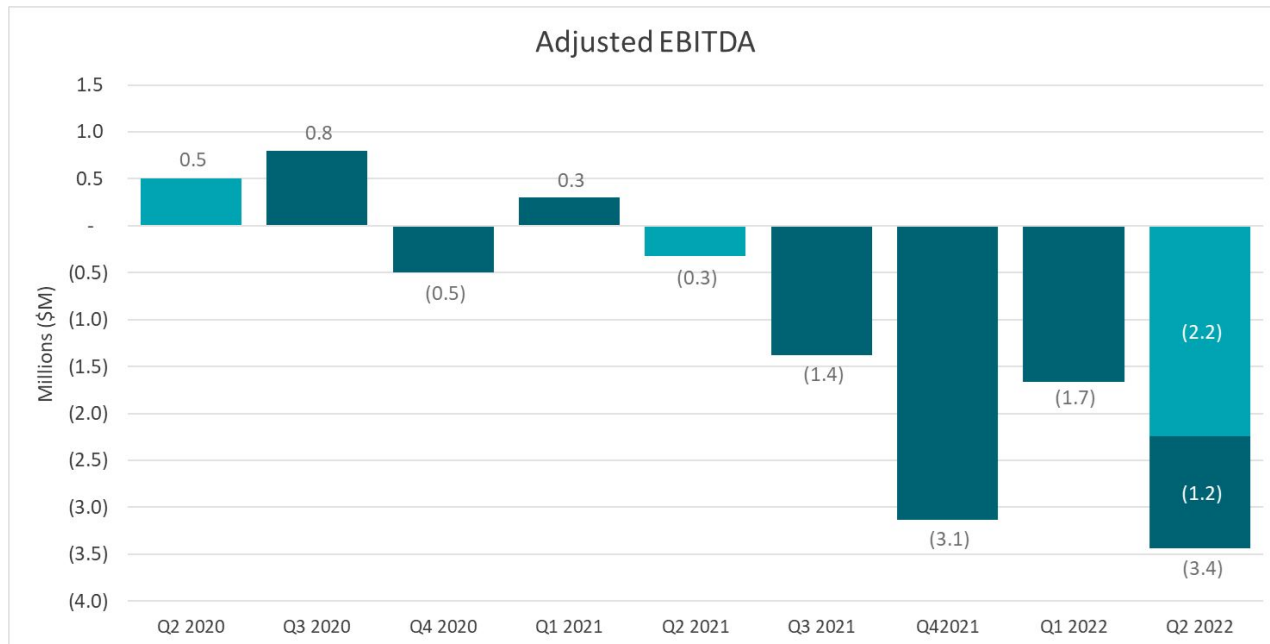


# Adjusted EBITDA by Quarter

## Adjusted EBITDA of (\$3.4M) for Q2'22

after (\$1.2M) restatement, compared to (\$0.3M) in Q2 2021 \$0.5M impact from sales and product mix, including Amazon Prime Day moved to Q3 2022; \$1M impact on investing in R&D and Sales efforts necessary to support our transformation

Compared to (\$1.7M) for Q1'22 0.2M down due to revenue and product mix, 0.2M due to spending on Sales/G&A





# Cash Balance by Quarter

## Q2 ending cash balance of \$4.7M

Decrease of \$5.8M compared to prior quarter end.

## Investment Decisions

Decrease in cash on a QoQ basis was driven by AR up \$1.1M due to timing of AR collection and lower debt of \$1.5M.

