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# Q3 2021 Results

November 2, 2021 | 8:30 am EST



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# 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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## Gray Chynoweth

CEO, BOARD DIRECTOR

- 16+ years experience in executive roles in Technology at Minim, Dyn, DEKA I ARMI and SilverTech
- Former COO Dyn, grew to 500 employees and nearly \$100M ARR prior to being acquired by Oracle for \$600M+
- Held several Board appointments for nonprofits, specializing in Governance
- Received JD, Duke University School of Law; MA, Public Policy, Duke University; BA, Political Science, UC Berkley



## Nicole Zheng

PRESIDENT & CMO

- 11+ year SaaS CMO at Minim, Antidote Technologies, and OnSIP (ACQ: Intrado) and cofounder, Minim (pre-merger)
- Former Management Associate at L'OREAL USA, consumer goods manufacturing experience
- Received BS, Materials Science & Engineering and BS, Engineering & Public Policy, Carnegie Mellon University; Finance & Accounting & Management Certifications, Wharton Online



## Sean Doherty

CFO

- Former financial management positions at Pulpit Rock Consulting, Bottom Line Technologies, Oracle
- Received MBA, Financial & International Management, Northeastern University, BA, Economics & Finance, SNHU; BS, University of Melbourne. Certified Corporate FP&A Professional

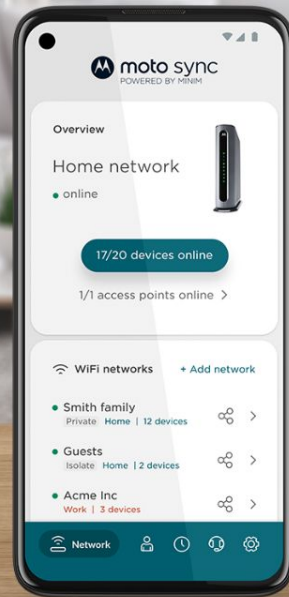


NASDAQ: MINM

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## Q3 2021 Results

### Performance Drivers



# Q3 2021 Results Overview



## Outpacing the industry

Q3 generated revenue of \$15.0M, a 25% YoY increase that outpaces CE sales (-3%) and estimated modem/router sales (-20%) in what was predicted the most challenging quarter of 2021.

## Growth in software revenue mix

Increased our deferred-revenue-to-recognized revenue ratio from 7% in Q2 21 to 8% in Q3 21. In under 1 year, we have brought 4 new intelligent networking products to market.

## Component price increase pressures

Gross margin 29.9%, down from 32.2% YoY due to component pricing pressure. Mitigation tactics underway, including price increases and shifts in sales channels for optimized profits.

## Improved capital position for operations

Netted \$22.7M from public offering, ~\$4.0M from sale of Zoom trademark, and (subsequent to the end of the quarter) increased credit line from \$12.0M to \$25.0M.

## Increased Amazon market share

Improved balance sheet allowed us to invest in inventory optimization and increased Amazon sales activity. Grew cable modem/gateway market share by an estimated 11% from the same quarter in the prior year, strengthening our #2 brand position. Also a strong quarter for Best Buy and Target.

## Increased revenue per customer

Q3 Average Selling Price increased 22% from the same quarter last year, driven by intelligent connectivity and next-generation products.

# Future Performance Drivers

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## Product profitability

Now addressing component pricing pressures felt across the industry with strategies including price changes. We will be monitoring sell-through rates and utilize return reserves to manage through negative effects on top line

## International expansion

Established a Vietnam office and launched Motorola networking products in India. Leading African ISP MultiChoice Group is now trialing Minim

## Building a resilient, self sustaining business

Targeting adjusted EBITDA profitability this year. Continued efforts to minimize the impact of supply chain and inflationary pressures amidst the backdrop of the COVID-19 pandemic

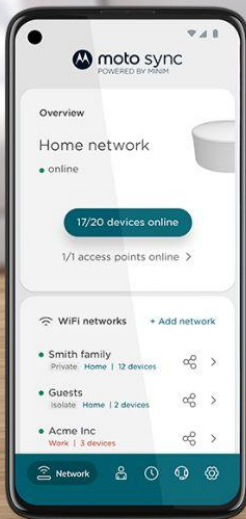


Rajiv Makhni, "the Tech Guru of India", reviews Motorola MH7020 with **motosync** app powered by Minim on YouTube

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## Product & Marketing

## Top Sellers & Strategy





# Top Seller: Motorola MG8702

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- Delivered 20% of the quarter revenue
- Powerful DOCSIS 3.1 device with our new **motosync** app
- Saves consumers up to \$168 per year on modem rentals
- Offers a powerful all-in-one intelligent WiFi package for smaller homes



# ASP Increases

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- Without pricing increases in effect, we saw a 22% year-over-year uplift on ASP in Q3 2021
- ASP uplift due to higher-ASP product performance of DOCSIS 3.1 cable products
- Top 3 sellers: Motorola MG8702, Motorola MB8600, Motorola MB8611



Delivers true  
Gigabit-plus speeds

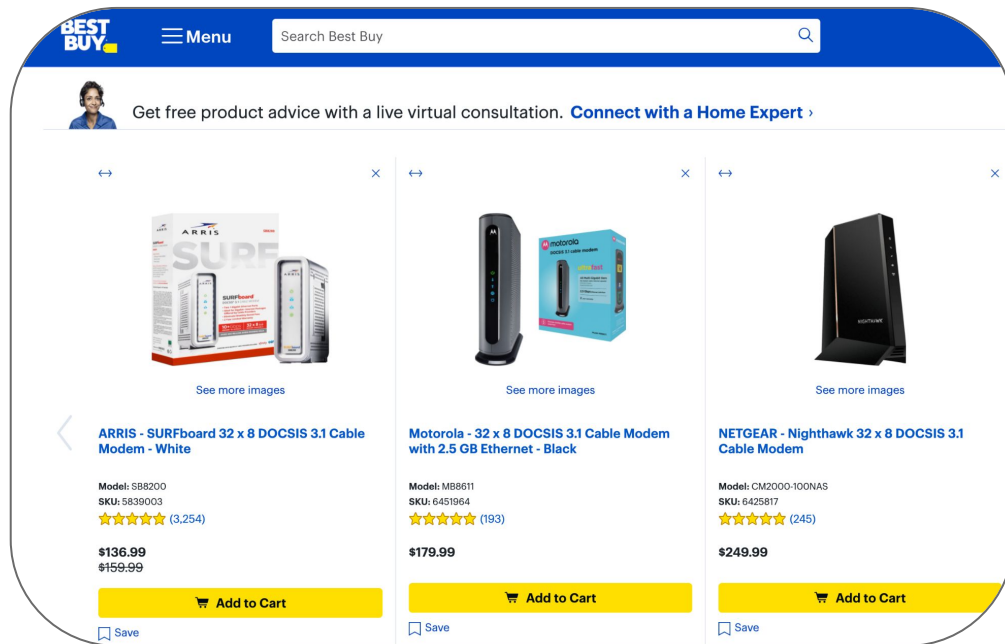
**MB8611 DOCSIS 3.1 cable modem**

<b>2.5</b>	<b>8</b>
Gb Ethernet Port	WiFi Streams
<b>5x</b>	<b>\$168+</b>
Faster Speed	Yearly Savings

# Pricing Strategy

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- Saw an increase in pricing across consumer electronics and home networking ~7%
- Instituted ~6% price increases across 60% of our existing product portfolio subsequent to the end of the quarter
- New pricing maintains (late October rollout) maintains middle-position pricing vs. competitors and gives higher flexibility to run promotions
- Portfolio profitability outlook: Now also in the process of optimizing channel distribution by product, revisiting product life cycles, and developing higher-margin products.

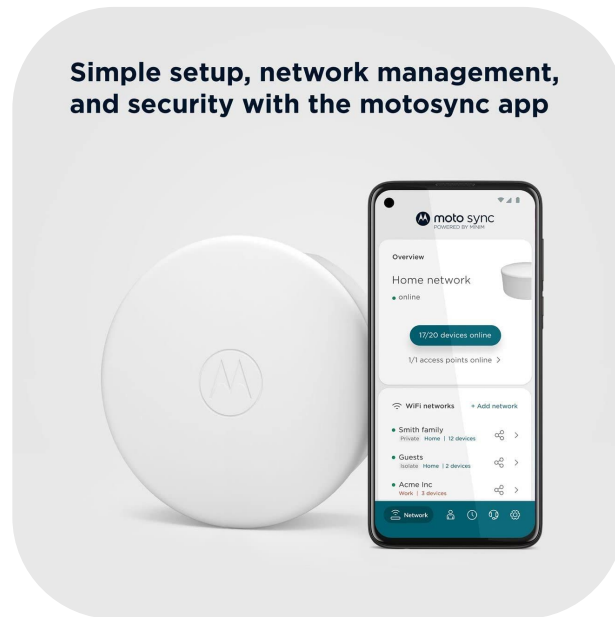


Price as of October 29, 2021, BestBuy.com

# New Products

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- Unveiled Motorola MH7603 in Amazon.com— A WiFi 6 mesh system offering 1.8 Gbps maximum theoretical speed, up to 5,000 sqft. coverage and **motosync**
- Launched upgraded **motosync** app, powered by Minim, the latest generation app with competitive features
- This month will launch *Issue Tracer* in **motosync**; feature will proactively identify and guide customers to troubleshoot issues and optimize their network.
- Joined Telecom Infra Project (TIP) in support of OpenWiFi. Minim is now being evaluated as a standard element of OpenWiFi firmware, which opens doors for potential software distribution

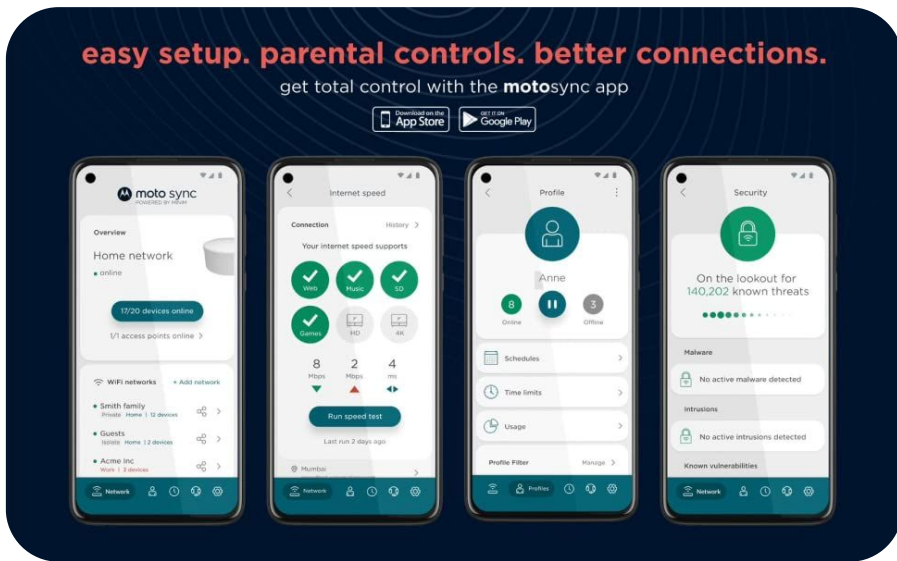


Motorola AX MH7600 with intelligent **motosync** app,  
powered by Minim

# A Look Ahead

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- NPD Group predicts a strong holiday season for consumer electronics, +2% year-over-year after an impressive 2020 holiday season
- Diligently working on wider distribution of the Motorola MH7603 and bringing to market low-latency, WiFi 6 gateways
- WiFi 6 Motorola MT8733 gateway launch just around the corner, in time for holidays. Just fulfilled pre-orders on this product
- As we enter 2022, we have a product roadmap that includes: paid motosync app features, premium mesh systems, cable modem/gateway products with upgraded specs and design





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## Financial Outlook

### Third Quarter 2021



# Net Revenue by Quarter

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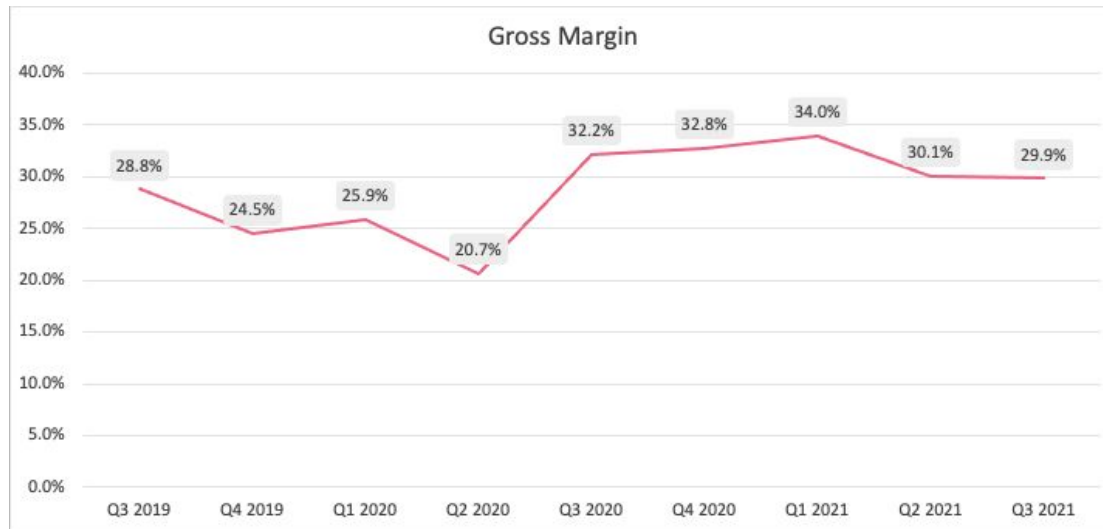
- Q3 2021 Revenue of \$15.0M, representing 25% Y/Y growth, primarily driven by:
- ASP increase to \$118 in Q3 compared to just under \$97 Q3 2020.
- YTD net sales total \$44.9M, an increase of ~31% over the prior year period.



# Gross Margin by Quarter

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- Gross margin in Q3 was 29.9%, representing a 22 basis point reduction Q/Q and a 232 basis point reduction Y/Y
- Gross margin contracted on both a Q/Q and Y/Y basis primarily driven by component price increases
- Partially offset by higher ASP sales of intelligent product sales and a focus on selling higher margin products through higher margin channels

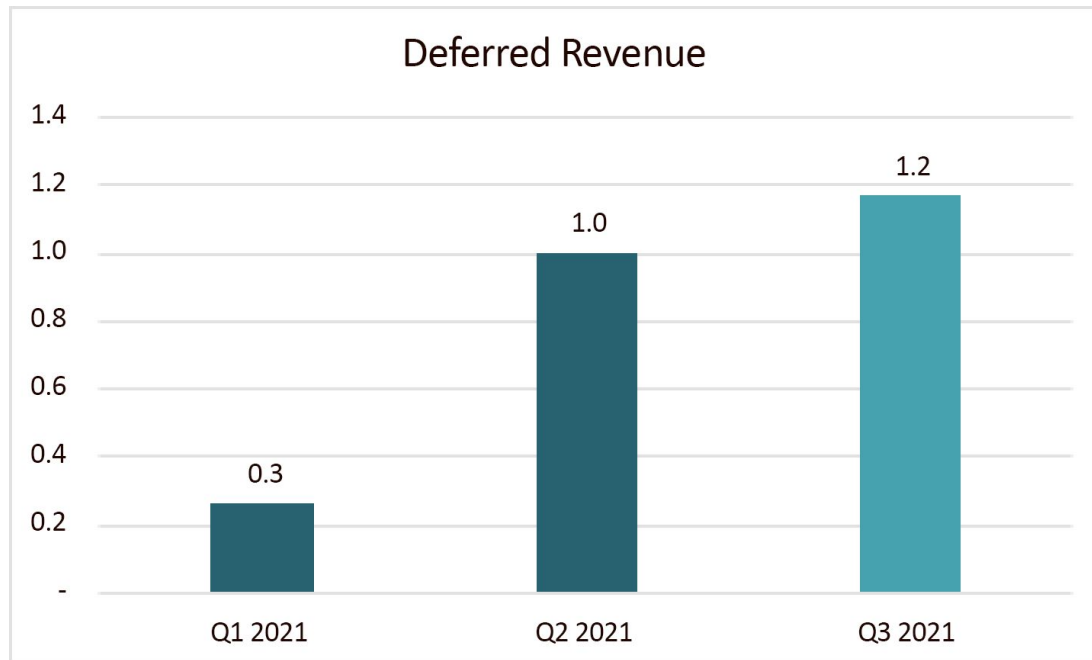




# Deferred Revenue by Quarter

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- Revenue bookings totaled \$15.2M, including a net increase in deferred revenue of \$174,000
- Deferred Revenue ended Q3 at \$1.2M, up 17% Q/Q



# Operating Income by Quarter

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- Q3 operating income of \$1.8M
- Marks Y/Y improvement from \$(0.3M) operating loss in Q3 2020
- Marks Q/Q improvement from \$(1.4M) operating loss in Q2 2021
- Positively impacted by one-time Zoom trademark sale in the amount of approximately \$4M, which was offset by marketing and R&D investments, as expenses on two nuisance value lawsuits and a writedown of certification costs on end-of-life products

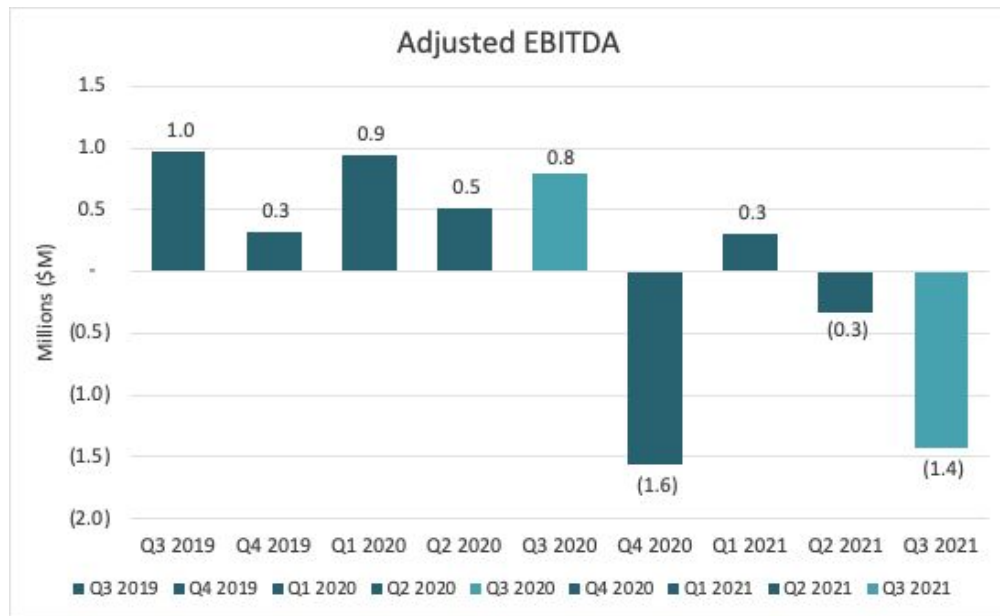


# Adjusted EBITDA by Quarter

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Adjusted EBITDA of (\$1.4M) in Q3, a decrease of (\$1.1M) from the prior quarter. Primarily driven by:

- Component price increases exerting downward pressure on gross margin
- Recording one-time certification writedown expense within R&D related to EOL products
- One-time expense in G&A related to the settling of two nuisance value lawsuits

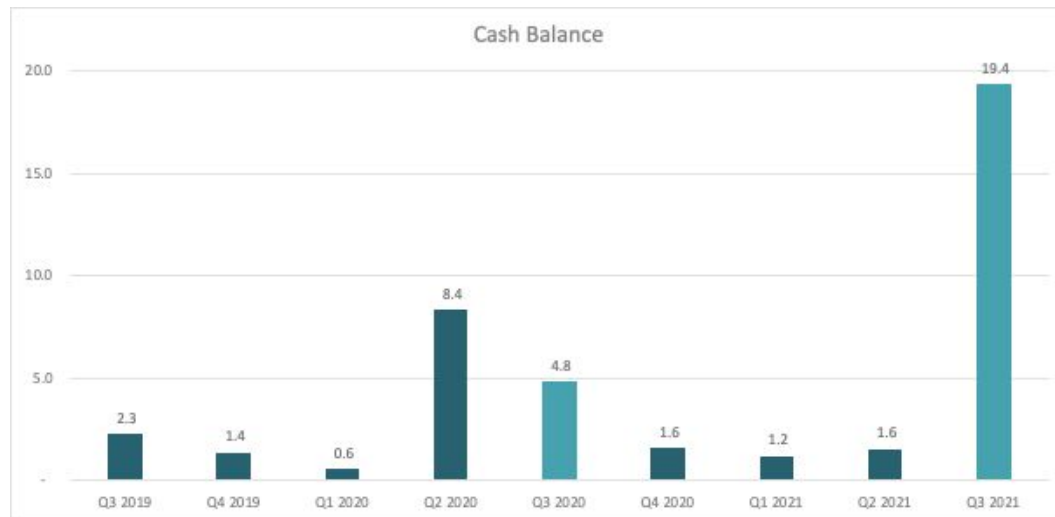


# Cash Balance by Quarter

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Q3 ending cash balance of \$19.4M, an increase compared with prior periods due to:

- Closing a fully marketed secondary public offering in the amount of \$25.0M gross, \$22.7M net
- The Zoom trademark sale in the amount of approximately \$4.0M



# Q3 2021 Balance Sheet

- Strengthened balance sheet after the capital raise and asset disposition; quick ratio of 1.3
- Cash balance of \$19.4M
- Account Receivable at \$11.6M
- Continued growth in inventory ahead of expected strong sales quarter in Q4 and as a hedge against component shortages. Ending balance of \$23.2M

MINIM, INC.  
Consolidated Balance Sheet  
(Unaudited)  
(in thousands, except share data)

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	September 30, 2021 (Unaudited)
<b>ASSETS</b>	
<i>Current assets</i>	
Cash and cash equivalents	\$ 18,864
Restricted cash	500
Accounts receivable, net	11,579
Inventories, net	23,242
Prepaid expenses and other current assets	452
Total current assets	54,637
Equipment, net	819
Operating lease right-of-use assets, net	75
Goodwill	59
Intangible assets, net	305
Other assets	644
Total assets	\$ 56,539
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<i>Current liabilities</i>	
Bank credit line	\$ 7,025
Accounts payable	11,042
Current maturities of long-term debt	60
Current maturities of operating lease liabilities	77
Accrued expenses	5,111
Deferred revenue, current	429
Total current liabilities	\$ 23,744
Long-term debt, less current maturities	—
Operating lease liabilities, less current maturities	—
Deferred revenue noncurrent	747
Total liabilities	\$ 24,491
<i>Stockholders' equity</i>	
Common stock: Authorized: 60,000,000 shares at \$0.01 par	459
Additional paid in capital	89,075
Accumulated deficit	(57,486)
Total stockholders' equity	32,048
Total liabilities and stockholders' equity	\$ 56,539

# Appendix

# GAAP to Non-GAAP Reconciliation

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(in thousands)

	FY 2020					FY 2021		
	Q1 2020 Amount	Q2 2020 Amount	Q3 2020 Amount	Q4 2020 Amount	Total Yr Amount	Q1 2021 Amount	Q2 2021 Amount	Q3 2021 Amount
GAAP Revenue	11,956	10,273	12,027	13,733	47,989	15,018	14,893	15,036
Net Loss	(752)	(1,528)	(341)	(1,237)	(3,858)	(546)	(1,554)	1,700
Other Income & Taxes	12	8	9	(991)	(962)	10	110	89
Depreciation & Amortization	59	37	43	96	236	167	170	412
<b>EBITDA</b>	<b>(680)</b>	<b>(1,483)</b>	<b>(289)</b>	<b>(2,132)</b>	<b>(4,584)</b>	<b>(368)</b>	<b>(1,274)</b>	<b>2,201</b>
EBITDA Adjustments								
Revenue Books to GAAP	-	-	-	-	-	265	738	174
Sale of Trademark	-	-	-	-	-	-	-	(3,956)
Air freight	-	881	563	96	1,540	-	-	-
Tariffs	1,493	1,040	116	109	2,757	-	-	-
Merger Deal Costs	-	-	324	1,270	1,594	-	-	-
PPP Loan	-	-	-	(1,057)	-	-	-	-
Stock Compensation	127	68	87	159	441	405	211	158
Total Adjustments	1,620	1,988	1,090	577	6,332	670	949	(3,624)
<b>EBITDA, Adjusted</b>	<b>939</b>	<b>505</b>	<b>801</b>	<b>(1,555)</b>	<b>1,748</b>	<b>301</b>	<b>(325)</b>	<b>(1,423)</b>