

minim

Q4 & Full-Year 2021 Results

March 31, 2022 | 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 | 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 Berkeley



DEKA



Mehul Patel

CFO

- 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



Nicole Zheng

PRESIDENT & CMO

- 12+ 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



Dustin Tacker, MPA, CPA

Interim Chief Accounting Officer

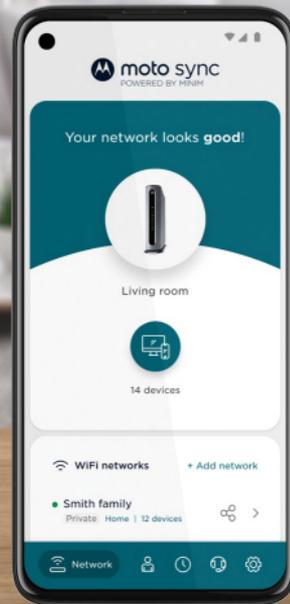
- 17+ years experience in executive roles in Accounting at Minim, Access Management, Smart Bear Software, and GE
- Former Senior Director of Accounting at Access Information Management, responsible for all company filings
- Received BS and MPA, Accounting, University of Texas at Austin



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2021 Results

Beating the Market



FY21 Results Overview



Beating the market

- Minim: GAAP Revenue up 15.5% in FY21 to \$55.4M
- Minim: 3-year CAGR of 21%
- Market comparison: GAAP revenue down by 7% in FY21
- Market comparison: 3-year CAGR of 3%

How we beat the market

- Increased ASP: ASP up 7% in FY21; to \$104.78 from \$97.93
- Amazon performance: Grew sales 57% & market share by ~10% to 32% in cable modems and modem/routers

Our headwinds

- Supply chain disruptions: delayed new products and increased component costs
- Consumer demand: settled to a level above pre-pandemic levels, but below the pandemic peak

Cash and inventory

- Exited FY21 with \$13M in cash and \$33M in inventory
- Exited FY20 with \$1.6M in available cash and \$17M in inventory

Transformation

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

Team additions

- Bill Wallace, VP Hardware (prev. Commscope)
- Lakshmi Kadiyala, VP Software (prev. Charles Schwab)
- Jeff Rodning, Director, National Retail Sales (prev. Philips)
- Mehul Patel, CFO (prev. Motorola / Commscope)

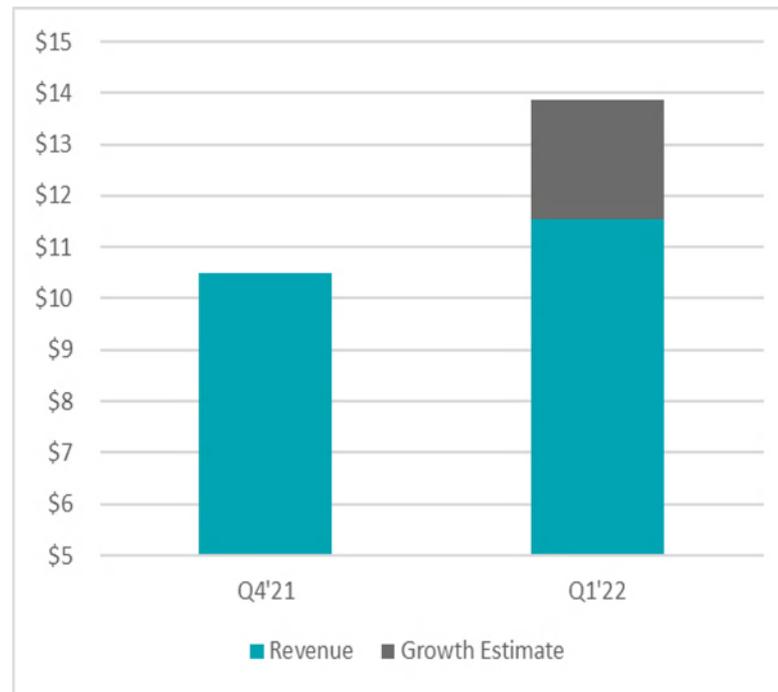
A Look Ahead

Continue outperforming the market

- Expect to continue to outperform the market on revenue growth, which in Q1 means a return to QoQ growth
- Expect a material bounce back of QoQ revenue growth between 20% and 30% from Q4 of 2021 to Q1 of 2022

Continue to manage supply chain disruptions

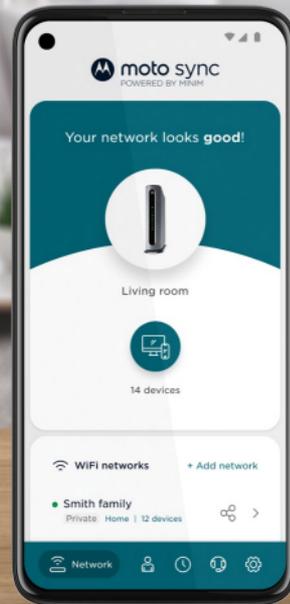
- Tapered production levels in Q1
 - We experienced COVID-related supply chain disruptions in Asia
 - We worked to balance hedging supply chain risk with liquidity management
- Expect to see our cash position drop exiting Q4 to exiting Q1 and increase between exiting Q1 and exiting Q2
- No plans to raise additional capital to hedge supply chain risks or more aggressively pursue transformation efforts



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2021 Results

Product & Marketing



2021: Increased Market Share

Increased cable modem & modem/router market share from ~15% to 19% amidst a market decrease of -10% in gross sales

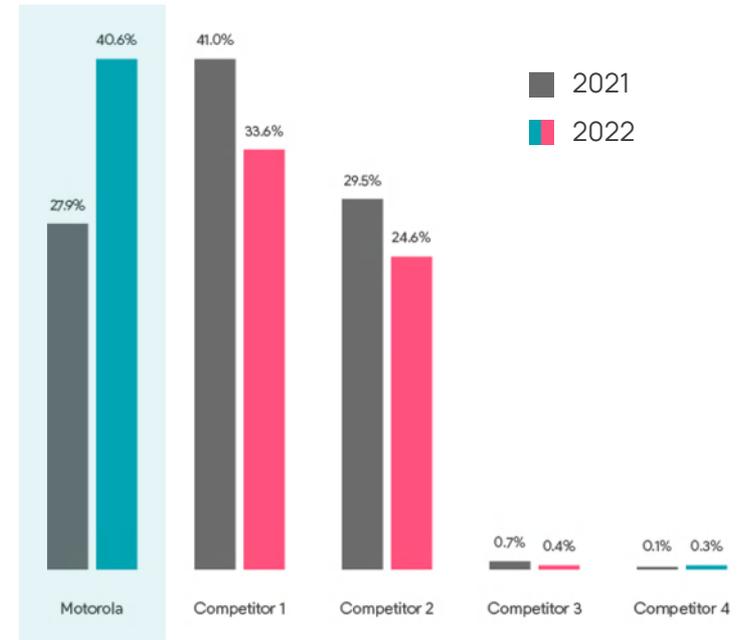
Amazon:

- We now hold #1 position (~40% market share) in Amazon for the category, up from #3 last year at this time
- Amazon is the dominant e-commerce channel for CE & represents over one third of the total category sales

Retail:

- +13% net sales in Best Buy (~17% market share)
- Best Buy is also a leader in category sales, also representing over one third of total category sales
- However, as a whole, retail sales for the category decreased (-19%), affecting Minim's retail performance

Cable Modem & Modem/Router Market Share by Brand: December Through February YoY



Amazon Market Share: Nov 29 - March 6, 2021 vs. Nov 28 - Mar 5, 2022.
Data from leading Amazon analytics platform.

2021: Higher Average Selling Price

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Our top 3 Selling SKUs made up for 54% of net sales & assisted in a 7% increase in Average Selling Price

- MB8611 DOCSIS 3.1 Modem with 2.5 Gig Ethernet
- MG8702 DOCSIS 3.1 Modem & AC3200 Router & **motosync** app
- MB8600 DOCSIS 3.1 Modem with 1 Gig Ethernet

Higher ASP aligned with market & assisted in increased promotional activity

- Minim: +6% avg. price increase, across 60% of our portfolio
- Home Networking: +8% increase in ASP in 2021
- Minim had a historic Amazon Black Friday of \$1.2M in sales (vs. \$465k in 2021) thanks to promotional & marketing programming



A Look Ahead in Software

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The Vision: “Connectivity Untethered”

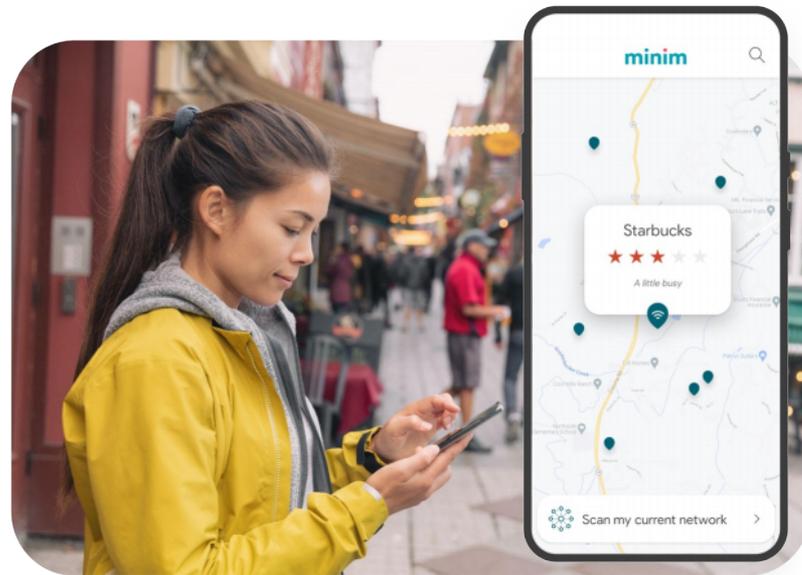
- WiFi becomes a measurable, shareable & monetizable utility to support hybrid working, Metaverse & gaming as a digital nomad
- Minim recently announced its latest invention for registering and encrypting a user’s WiFi data & credentials to the Blockchain

Roadmap: Next 18 Months

- Continued MinimOS development with OpenWiFi
- **motosync** app delivered with all products
- Minim app becomes an all-network WiFi companion with standalone value & upgrade features

Roadmap: Next 5 Years

- Minim helps make WiFi safe and supportive, for everyone, everywhere— search, find, test, rate, and sell WiFi connectivity are potential features



A Look Ahead in Intelligent Networking

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2022 Mesh Portfolio Growth & Market Penetration

- Spring/Summer 2022: Motorola Q11 High-Speed AX3000 Mesh WiFi System (WiFi 6)
- Spring/Summer 2022: Motorola Q14 Wideband AXE Mesh WiFi System (WiFi 6E)
- Price/Performance challengers with the latest Motorola design, mobile app, and naming
- Building Motorola mesh awareness on e-tail with campaigns and media relations

2022 Cable Modem and Modem/Router

- Targeting 2 new products with upgraded specifications and lifestyle design
- Focus on increasing WiFi 6 gateway distribution with in-store opportunities
- Cutting-edge packaging redesigns underway with **motosync** app for all customers



 **motorola**
Q14

Net Revenue by Quarter



FY21 Net Revenue

was \$55.4 million, up 15.5% year-over-year

Deferred Revenue

increased to \$736 thousand exiting the year

Q421 Net Sales

decreased 23.7% year-over-year to \$10.5 million



Gross Margin by Quarter

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FY21 Gross Margin (+328 BPS YoY)

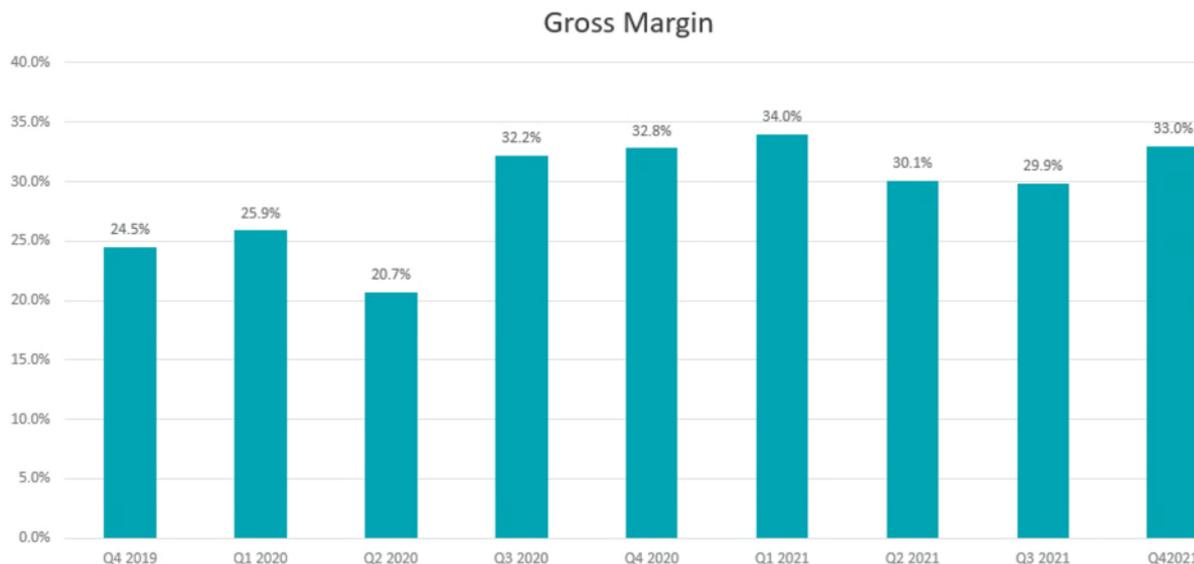
up to 31.6% from 28.4% in FY20

Q421 Gross Margin of 33%

compared to 29.9% in the prior quarter and 33.0% in the year ago quarter

Higher ASP Sales (+7% YoY)

from intelligent product sales, with focus on higher margin sales channels



Operating Income by Quarter

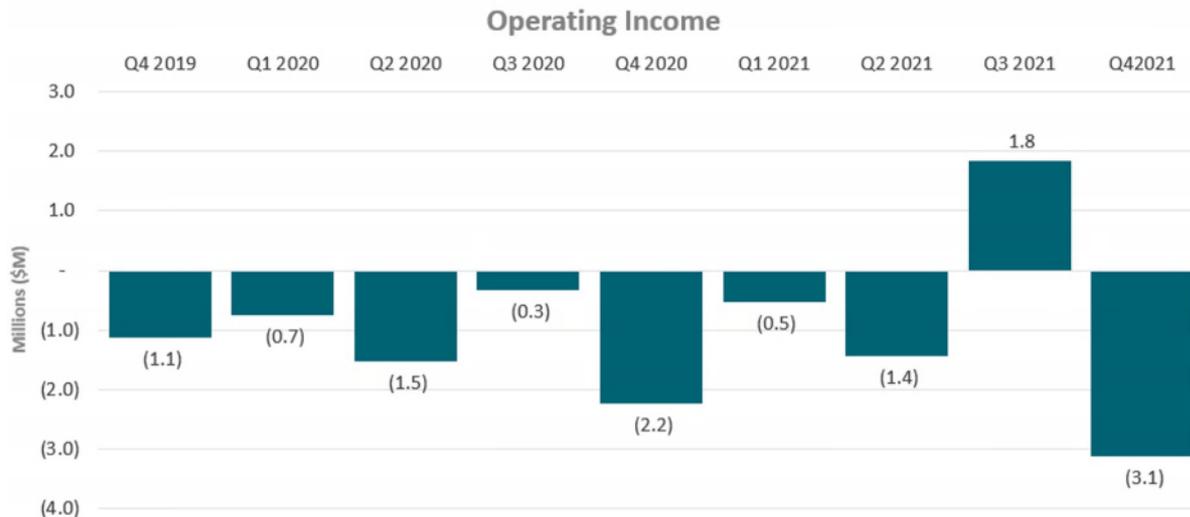
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Q4 Operating Income of \$(3.1)M

negatively impacted by sales performance in retail and supply chain effects on new product introduction

FY21 Operating Income of \$(3.6)M

including one-time Zoom trademark sale of \$4.0 million in Q321



Adjusted EBITDA by Quarter

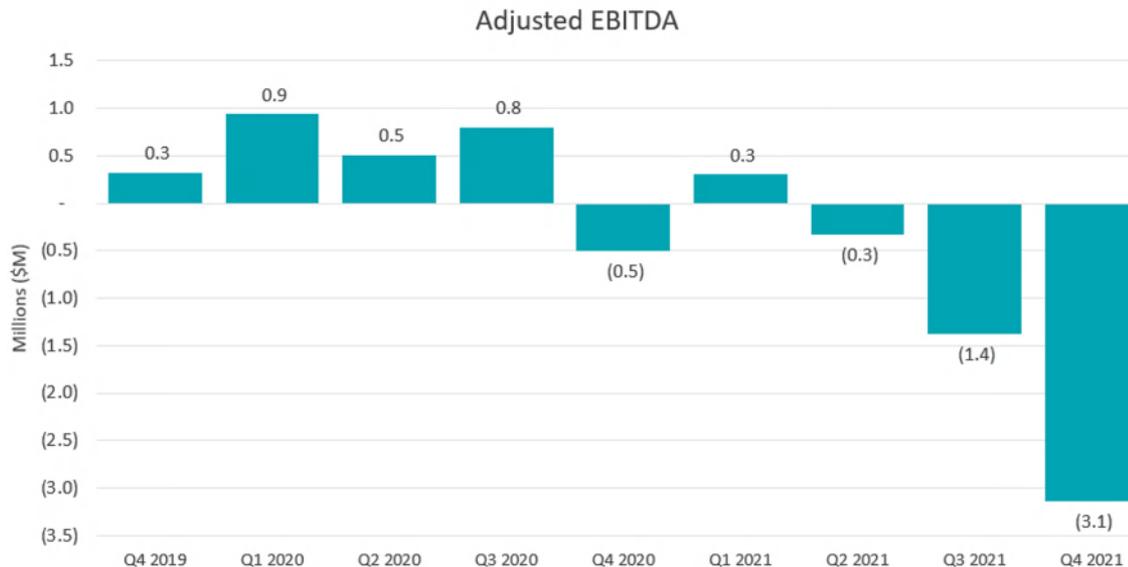
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Adjusted EBITDA of (\$4.5M) for the year

compared to \$1.7M in 2020, driven by investments in R&D and increasing advertising programs

Adjusted EBITDA of (\$3.1M) for Q4'21

compared to (\$0.5M) in Q4 2020, driven by 1)Q4 2021 sales performance and adjusted margin reduction of \$1.7M and 2) \$0.8M operating expense increase, largely in marketing programs



Cash Balance by Quarter

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Q4 ending cash balance of \$13.1M

an increase of \$11.5M compared to prior year end and a decrease of \$6.4M compared to the end of Q3.

Capital Activity

Increase in cash on a YoY basis was primarily due to capital that we raised via our secondary offering and the disposition of Zoom trademark - both of which occurred in August.

Investment Decisions

Decrease in cash on a QoQ basis was driven by investment decisions, largely our strategic inventory purchasing to hedge against component shortages.



Q4 2021 Balance Sheet

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Cash Balance at \$13.1M

Per slide 18, an increase of \$11.5M compared to prior year end and a decrease of \$6.4M compared to the end of Q3.

Accounts Receivable at \$4.9M

Reflects quarter performance, wherein retailer orders for the holiday season were made in Q321. In line with pre-pandemic 2019 A/R.

Inventory position at \$32.5M

This is ~2.1x our position on December 31, 2020 to hedge against risk of supply chain disruption. This is a dynamic environment, and maintaining ample stock has directly contributed to our success in the Amazon channel.

Deferred Revenue at \$736K

Built new revenue stream in 2021, which we expect to grow the rest of the 2022.

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

	December 31, 2021
ASSETS	
<i>Current assets</i>	
Cash and cash equivalents	\$ 12,570
Restricted cash	500
Accounts receivable, net	4,881
Inventories, net	32,503
Prepaid expenses and other current assets	588
Total current assets	51,042
Equipment, net	763
Operating lease right-of-use assets	242
Goodwill	59
Intangible assets, net	262
Other assets	545
Total assets	\$ 52,913
LIABILITIES AND STOCKHOLDERS' EQUITY	
<i>Current liabilities</i>	
Bank credit line	\$ 5,065
Accounts payable	12,458
Current maturities of long-term debt	34
Current maturities of operating lease liabilities	143
Accrued expenses	5,280
Deferred revenue, current	292
Total current liabilities	\$ 23,272
Long-term debt, less current maturities	—
Operating lease liabilities, less current maturities	99
Deferred revenue, noncurrent	444
Total liabilities	\$ 23,815
<i>Stockholders' equity</i>	
Common stock	459
Additional paid in capital	89,313
Accumulated deficit	(60,674)
Total stockholders' equity	29,098
Total liabilities and stockholders' equity	\$ 52,913

Appendix

GAAP to Non-GAAP Reconciliation (Unaudited) **minim**

(in thousands)

	FY2019				FY 2020					FY 2021				
	Q1 2019 Amount	Q2 2019 Amount	Q3 2019 Amount	Q4 2019 Amount	Q1 2020 Amount	Q2 2020 Amount	Q3 2020 Amount	Q4 2020 Amount	Total Yr Amount	Q1 2021 Amount	Q2 2021 Amount	Q3 2021 Amount	Q4 2021 Amount	Total Yr Amount
GAAP Revenue	8,010	8,159	10,874	10,571	11,956	10,273	12,027	13,733	47,989	15,018	14,893	15,036	10,476	55,423
Net Loss	(1,121)	(805)	(200)	(1,150)	(752)	(1,528)	(341)	(1,237)	(3,858)	(546)	(1,554)	1,700	(3,187)	(3,587)
Other Income & Taxes	42	14	(38)	26	12	8	9	(991)	(962)	10	110	134	61	314
Depreciation & Amortization	78	108	7	63	59	37	43	96	236	167	170	412	208	957
EBITDA	(1,001)	(684)	(231)	(1,061)	(680)	(1,483)	(289)	(2,132)	(4,584)	(368)	(1,274)	2,246	(2,918)	(2,315)
EBITDA Adjustments														
Revenue Books to GAAP	-	-	-	-	-	-	-	-	-	265	738	174	(442)	735
Sale of Trademark	-	-	-	-	-	-	-	-	-	-	-	(3,956)	-	(3,956)
Air freight	-	-	-	-	-	881	563	96	1,540	-	-	-	-	-
Tariffs	445	416	1,029	1,307	1,493	1,040	116	109	2,757	-	-	-	-	-
Merger Deal Costs	-	-	-	-	-	-	324	1,270	1,594	-	-	-	-	-
Stock Compensation	175	139	118	73	127	68	87	159	441	405	211	158	223	997
Total Adjustments	620	555	1,147	1,380	1,620	1,988	1,090	1,634	6,332	670	949	(3,624)	(219)	(2,224)
EBITDA, Adjusted	(381)	(129)	916	319	939	505	801	(498)	1,748	301	(325)	(1,378)	(3,137)	(4,539)