

minim

Q2 2021 Results

August 16, 2021 | 8:30 am ET



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In Q2 21, Minim grew top line revenue by 45%

This is a 73% acceleration over our Q1 growth

Competitors grew in single digits or saw significant declines in the same segment for the same period

Our Vision

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Making routers go the way of the mobile phone

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



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
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now part of intrado



Sean Doherty

CFO

- Former financial management positions at Pulpit Rock Consulting, Bottom Line Technologies, Oracle
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NASDAQ: MINM

Overview of Financial Results



Accelerated revenue growth

Accelerated revenue growth to 45% on a YoY basis, up from 26% YoY growth in Q1 21.

Tripled deferred revenue mix

Increased our deferred-revenue-to-recognized revenue ratio from 2% in Q1 21 to 7% in Q2 21.

Maintained ~30% gross margin (+940 BPS YoY)

Maintained gross margin at about 30%, which is up 940 basis points YoY.

Adjusted EBITDA (\$0.3M); \$0.5M project expense

Adjusted EBITDA of (\$0.3M) in Q2 21, down \$0.3M in Q1 21.
Contributors: one-time scrap expense in warehouse cleaning project; air freight for Amazon Prime Day; component costs.

Gross capital raise of \$25M

Announced 8/2/21: Closed a public offering of 10M shares of common stock for \$25M (\$22.7M net). Proceeds to be used for general corporate and working capital purposes, supporting growth plans.

Asset sale of \$4M

Announced 8/16/21: Completed an asset sale of the ZOOM trademark for cash consideration in the amount of \$4 million.

Early innings of ISP / SMB opportunity

Expanding product features for businesses and ISPs; supporting ISPs' Connect America Fund compliance and securing hybrid work environments

Operational Momentum

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Corporate Development	<ul style="list-style-type: none">• Changed our name to Minim, Inc.• Uplisted to the NASDAQ Capital Market 7/7/21 (Ticker: MINM)• Elevated Nicole Zheng to President
Sales and Marketing	<ul style="list-style-type: none">• More sales in Amazon Prime Day in 2021 than past 4 years' Prime Day combined• Expanded retail footprint to new US and India retailers
Product & Innovation	<ul style="list-style-type: none">• Awarded patent that protects our differentiated innovation in mesh networking• Scaled platform in Europe and completed new app
Supply Chain	<ul style="list-style-type: none">• Navigated chipset challenges with a 5-prong strategy to mitigate risk



Corporate Developments



Dec 20	Minim and Zoom Telephonics merged
Jan 21	New board convened for first organizing meeting
Mar 21	Established new, significantly expanded credit facility with SVB
Apr 21	Elected RSM as new auditor
Jun 21	Completed name change to Minim, Inc.
Jul 21	Began trading on NASDAQ (Ticker: MINM)
Aug 21	Closed \$25M public offering round; completed \$4M disposition of trademark asset; research coverage from B Riley and Northland begins



Sales & Marketing Highlights

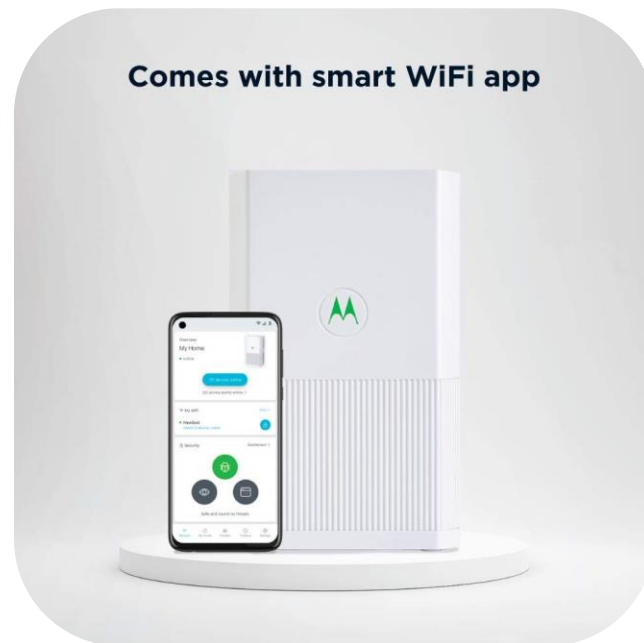
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Retail & ecommerce performance

- Prime Day 2021 performance reached highest sales days to date, totaling \$0.87M over 2 days
- Took #1 spot in June 2021 in Best Buy for modem and modem/router sales
- Added HSN, Home Depot, Lowe's, Sam's Club, BJ's to retailer footprint
- Launched Motorola MH7020 Mesh System in Amazon.in & Flipkart.in

B2B channel highlight

- Minim has been selected by South African ISP Vox as the WiFi as a Service platform to underpin its next-generation WiFi offerings on MikroTik routers
- Vox is targeting 400K subscribers in the next few years



Product Highlights

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Highest ASP products by category driving top line

- **Modem/Router:** Motorola MG8702 – 13% total sales in Q2 21, up 14% QoQ
- **Modem:** Motorola MB8611 – 26% sales in Q2 21, up 104% QoQ
- **Mesh WiFi:** Motorola MH7020 System – 11% sales in Q2 21, up 881% QoQ

Technology innovation and scale

- Awarded PAT US20200403875A1 in Q2 21 for a standard and intuitive mesh network setup
- Commenced production use of European Data center
- Completed development and testing of **motosync**, powered by Minim — app to launch with WiFi 6 product family this fall



Supply Chain Management

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Extended forecast

- Extending component order forecasts to 52 weeks, longer planning lead time

Direct relationships

- Building direct relationships with chipset vendors for purchasing

Multi-channel sourcing

- Sourcing and purchasing our own supply chain from brokers and channels

Inventory optimization

- Aligning Marketing & Operations to manage product inventory

Chip substitution

- Sourcing chip substitutes and re-engineering products to take advantage of the availability of alternative components



Forward Outlook

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- Back-to-school season, followed by holiday season typically good seasonal sales drivers.
- Upcoming launch of WiFi 6 product family with motosync for highly connected gamers, streamers, remote workers, remote learners who have a need for speed, security, and control.
- Upcoming launch of performance test suite for ISPs to benchmark broadband speed delivery to subscribers, to be used in Connect America Fund eligibility/compliance and marketing materials.
- Continued risk mitigation efforts in supply chain and talent recruitment and retention.
- Continued top line growth and operational efficiency to be reflected in EBITDA profitability as we exit FY 21.



Finance Overview



Strong top line results

Accelerating revenue growth (+45% YoY) and expanded gross margins by 940 basis points YoY

Validation of software strategy

Deferred revenue grew 279% in Q2 21 over Q1 21, hitting \$1.0M

Cash flow from operational improvement

Material improvement QoQ with (\$0.4M) in Q2 21 versus (\$5.0M) in Q1 21

Cash infusion

Subsequent to quarter-end, successfully raised \$25M (gross) in a public offering of common stock, and completed trademark asset sale to Zoom Video Communication, Inc. for \$4M

Growth-focused

Uplisted to the Nasdaq Capital Market. Building investor engagement for sustainable growth of software-driven products. Continued investment in optimizing inventory to meet demand, marketing and sales performance, and new product development



Sidoti Summer Virtual Microcap Investor Conference

Aug 18, 2021, 10:00 am ET

Revenue Focus

Strong revenue growth

The 26% YoY growth recorded in Q1 21 accelerated to 45% in Q2 21, recording \$14.9M of revenue

Overcome historical retail sales seasonality

Seasonality in Q2 21 largely overcome with targeted sales & marketing focus; Q2 21 revenues in-line with Q1 21

Driving these results:

- Optimized inventories in Amazon ahead of Prime Day – recorded nearly \$0.9M in sales which was more than previous four Prime Days combined
- Higher ASP products such as the Motorola MG8702 which sells at a 69% premium over its predecessor



Profitability Metrics

Adjusted EBITDA (\$0.3M); \$0.5M project expense

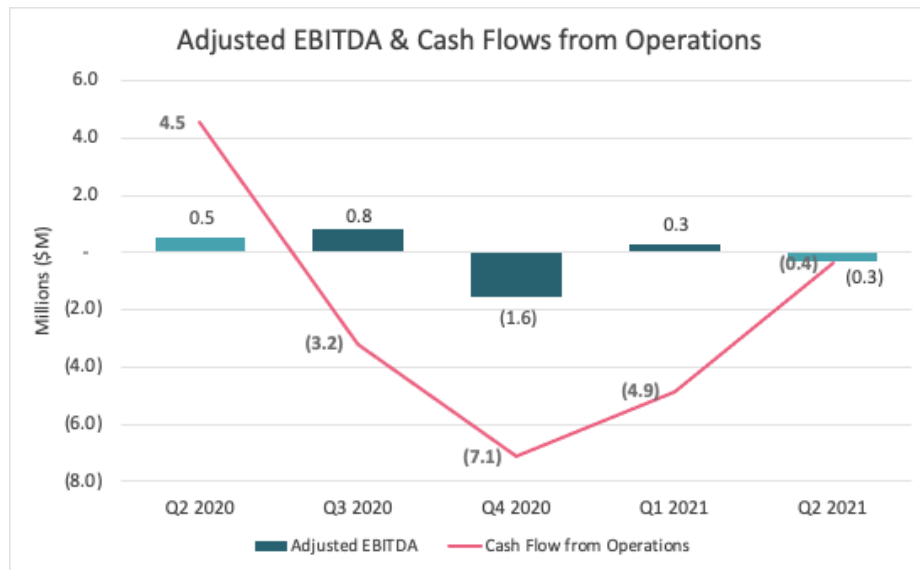
Adjusted EBITDA of (\$0.3M) in Q2 21, down \$0.3M in Q1 21.

Contributors: one-time scrap expense in warehouse organization & optimization project; air freight for Amazon Prime Day; component costs.

Improvement in Cash Flows from Operations

Steady improvement can be seen since the Q4 20 merger, primarily driven by:

- Increasing operational efficiency yielding effective management of expenses and accruals
- Inventory levels being optimized for customer demand and to hedge against chipset shortages



Balance Sheet Focus

Q2 21 Ending cash balance of \$1.6M

Cash balance is \$0.4M higher than Q1 21

Inventory levels continue to ramp

Getting ahead of strong customer demand and as hedge to continuing supply chain risks

Deferred revenue of \$1.0M

Increased by nearly 300% to \$1.0M in Q2 21 from 0.3M in Q1 21

Line of Credit balance ended Q2 at \$7.2M

Company had an additional \$2.8M available on the line

Subsequent Net Cash Inflows

Proceeds from \$22.7M (net) public offering and \$4.0M from trademark asset sale

	Mar 31, 2021	Jun 30, 2021
ASSETS		
<i>Current Assets</i>		
Total cash and cash equivalents	\$ 1,197,713	\$ 1,562,373
Accounts receivable, net	8,646,020	9,254,845
Inventories, net	17,984,073	19,579,030
Prepaid expenses and other current assets	402,743	304,455
Total current assets	<u>28,230,549</u>	<u>30,700,703</u>
Total other assets	2,108,153	1,962,531
Total assets	<u>\$ 30,338,702</u>	<u>\$ 32,663,234</u>
<i>Current Liabilities</i>		
Accounts payable	\$ 10,049,107	\$ 12,204,708
Current maturities of long-term debt	6,979,253	7,289,142
Current maturities of operating lease liabilities	60,368	92,654
Accrued other expenses	4,947,257	5,045,579
Deferred revenue	110,218	349,961
Total current liabilities	<u>22,146,203</u>	<u>24,982,044</u>
Long-term debt, less current maturities	-	-
Operating lease liabilities, less current maturities	9,005	-
Deferred revenue noncurrent	154,679	652,899
Total liabilities	<u>\$ 22,309,887</u>	<u>\$ 25,634,943</u>
<i>Stockholders' equity</i>		
Total stockholders' equity	<u>8,028,815</u>	<u>7,028,291</u>
Total liabilities and stockholders' equity	<u>\$ 30,338,702</u>	<u>\$ 32,663,234</u>

Closing: Our Strategy

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New management team installed in 2020

Implemented new strategies that delivered record performance for 4 consecutive quarters



Rapidly growing e-commerce business with long runway for additional expansion

Rapidly adding new retail partners to broaden distribution both in the US and globally. Outperforming product category by 17% (6/30/21). #2 modem brand in Amazon



Motorola partnership creates significant smart home product potential beyond networking

Long-term extension of global exclusive license added product category connected security



Margin expansion story

940 basis points margin expansion YoY, driven by a differentiated offering, improved marketing, and a seller central model



Industry-wide inflection points

WiFi 6E, 5G, satellite ISP services are accelerants to network expansions and upgrades. We're positioned to ride that wave



Early innings of ISP / SMB opportunity

Expanding product features for businesses and ISPs; supporting ISPs' Connect America Fund compliance and securing hybrid work environments

Open for Q&A



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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
GAAP Revenue	11,956	10,273	12,027	13,733	47,989	15,018	14,893
Net Loss	(752)	(1,528)	(341)	(1,237)	(3,858)	(546)	(1,554)
Other Income & Taxes	12	8	9	(991)	(962)	10	110
Depreciation & Amortization	59	37	43	96	236	167	170
EBITDA	(680)	(1,483)	(289)	(2,132)	(4,584)	(368)	(1,274)
EBITDA Adjustments							
Revenue Books to GAAP	-	-	-	-	-	265	738
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
Total Adjustments	1,620	1,988	1,090	577	6,332	670	949
EBITDA, Adjusted	939	505	801	(1,555)	1,748	301	(325)