

August 12, 2022



# Sonim Reports Second Quarter Financial Results

*Wins New Carrier Orders for Next Generation Sonim Rugged Devices  
New Growth Capital Supports Entry Into New Semi-Rugged and Industrial Markets*

Austin, Texas--(Newsfile Corp. - August 12, 2022) -[Sonim Technologies, Inc. \(NASDAQ: SONM\)](#), a leading U.S. provider of ultra-rugged mobile devices, accessories and solutions designed specifically for task workers physically engaged in their work environments, reported financial results for the second quarter ended June 30, 2022.

## Second Quarter 2022 and Recent Highlights

- Net revenues in the second quarter of 2022 were \$12.0 million, level compared with \$12.0 million in the second quarter 2021
- Net loss in the second quarter of 2022 declined to \$4.2 million, compared with a net loss of \$6.7 million in the second quarter of 2021
- Ended the quarter with cash and cash equivalents of \$18.2 million, increased from \$10.6 million at the end of the first quarter
- Secured \$15.9 million in carrier orders for Sonim's next generation devices to be shipped in the second half of 2022
- Stockholders authorized a \$17.5 million strategic equity transaction with AJP Holding Company, LLC to purchase 20.8 million shares at \$0.84 per share
- Announced plans to deploy the capital from AJP to enter larger growth markets, leverage Sonim's expanded ODM partnerships, and offer a wider range of 5G smartphones, feature phones, mobile hot spots and other industrial communications equipment
- Launched Sonim's new XP5plus next generation rugged feature phone, available initially at AT&T stores
- Appointed Peter Liu as Chief Executive Officer and Clay Crolius as Chief Financial Officer

Said Peter Liu, Sonim's Chief Executive Officer: "The second quarter was transformative for Sonim as we launched new rugged mobile devices, secured large carrier stocking orders, strengthened our balance sheet to fund new growth initiatives and initiated a move into new, larger addressable market opportunities where we can leverage our rugged heritage to drive additional revenue opportunities. Additionally, we have maintained steady revenue while reducing net loss as we work to become breakeven through these business efforts.

"With our new feature phones now available and a new 5G rugged smartphone launching this fall, we will soon have a completely refreshed Sonim product line to provide increased sales opportunities to our current rugged user base. We are also deploying the strategic investment from AJP to leverage our deep relationships with Tier One carriers and rugged

engineering heritage to become the top middle market provider of rugged and industrial communication devices in North America. We intend to accelerate the development of a wider range of complementary 5G smartphones, feature phones, mobile hot spots and other industrial communications equipment at lower development and manufacturing cost through our ODM relationships. In doing so, we believe we can expand our addressable market and meet underserved needs at both existing and prospective Sonim customers."

## **Second Quarter 2022 Financial Results**

Revenue for the second quarter 2022 was \$12.0 million, compared with \$12.0 million in the second quarter 2021. Revenue reflected the launch of Sonim's new XP3plus device, partially offset by the decline of certain legacy products in Sonim's product refresh cycle as they approach end of life.

Gross profit for the quarter ended June 30, 2022, was \$2.8 million, or 23.8% of revenues, versus 22.2% of revenues for prior year quarter. The increase in gross profit margin was primarily attributable to product sales mix as Sonim transitions to its next generation devices, offset by higher product costs due to supply chain issues and higher shipping costs. The launch of an updated rugged Sonim smartphone in the third quarter of 2022 is expected to increase unit sales of our higher margin smartphones in the second half of 2022.

Operating expenses for the second quarter 2022 were \$7.1 million, a 22.7% decline from \$9.1 million in 2021. Net loss for the quarter ended June 30, 2022 was \$4.2 million, compared with \$6.7 million in the prior year quarter.

"Sonim is focused on driving increased sales through our new device launches while at the same time leveraging our ODM relationships to improve gross margins and lower operating costs," said Clay Crolius, Chief Financial Officer. "We made good progress on these efforts during the second quarter and hope to see further benefit as our next generation devices come to market. We believe our expanded lineup of new devices tailored to industrial and commercial user needs will further this effort by tapping into large new addressable markets where our rugged heritage adds value."

## **Balance Sheet and Cash Flow**

Sonim ended the second quarter with \$18.2 million in cash and equivalents and remained essentially debt free. Accounts receivable were \$5.3 million, and inventory was \$3.4 million.

Sonim announced on April 14, 2022, that it entered into a subscription agreement with U.S.-based AJP Holding Company, LLC ("AJP") whereby, subject to the terms thereof, AJP will purchase a total of 20.8 million shares of Sonim common stock at a price of \$0.84 per share for an aggregate purchase price of \$17.5 million. Upon completion of the second closing of the transaction in August 2022, AJP owns approximately 52% of Sonim's post-transaction outstanding common stock based on an estimated 19.3 million shares outstanding prior to the transaction.

## **Important Cautions Regarding Forward-Looking Statements**

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to, among

other things, the expected timing of the availability of Sonim's XP5 Plus and XP10 5G smartphones, the expected market demand for these products and the expected benefits from the proposed equity investment by AJP. These forward-looking statements are based on Sonim's current expectations, estimates and projections about its business and industry, management's beliefs and certain assumptions made by Sonim, all of which are subject to change. Forward-looking statements generally can be identified by the use of forward-looking terminology such as, "future", "believe," "expect," "may," "will," "intend," "estimate," "continue," or similar expressions or the negative of those terms or expressions. Such statements involve risks and uncertainties, which could cause actual results to vary materially from those expressed in or indicated by the forward-looking statements. Factors that may cause actual results to differ materially include, but are not limited to, the following: Sonim's ability to continue as a going concern and improve its liquidity and financial position; the risk that the proposed equity investment in Sonim by AJP as disclosed in April 2022 may be consummated on a timely basis, if at all; Sonim's exploration of strategic or financial alternatives may not result in any transaction or alternative that enhances value; risks related to Sonim's ability to comply with the continued listing standards of the Nasdaq Stock Market and the potential delisting of Sonim's common stock; Sonim's ability to continue to develop solutions to address user needs effectively, including its next generation products; anticipated sales levels of both new and legacy products; Sonim's reliance on its channel partners to generate a substantial majority of its revenues; the limited operating history in Sonim's markets; Sonim's ongoing restructuring and transformation of its business; the variation of Sonim's quarterly results; the lengthy customization and certification processes for Sonim's wireless carries customers; the impact of the COVID-19 pandemic; and the ongoing Securities and Exchange Commission investigation on Sonim's business, as well as the other risk factors described under "Risk Factors" included in Sonim's Annual Report on Form 10-K for the year ended December 31, 2021, and any risk factors contained in subsequent quarterly and annual reports it files with the Securities and Exchange Commission (available at [www.sec.gov](http://www.sec.gov)). Sonim cautions you not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Sonim assumes no obligation to update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release, except as required by law.

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### **SONIM TECHNOLOGIES, INC.**

#### **CONDENSED CONSOLIDATED BALANCE SHEETS**

**JUNE 30, 2022 AND DECEMBER 31, 2021 (UNAUDITED)**

**(IN THOUSANDS OF U.S. DOLLARS EXCEPT SHARE AND PER SHARE AMOUNTS)**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Assets		
Cash and cash equivalents	\$ 18,155	\$ 11,233

Accounts receivable, net	5,316	10,803
Non-trade receivable	1,258	2,255
Inventory	3,422	5,544
Prepaid expenses and other current assets	3,027	5,852
Total current assets	31,178	35,687
Property and equipment, net	454	534
Right-of-use assets	553	-
Other assets	5,106	4,869
Total assets	<u>\$ 37,291</u>	<u>\$ 41,090</u>
Liabilities and stockholders' equity		
Current portion of long-term debt	\$ 141	\$ 148
Accounts payable	8,130	9,473
Accrued expenses	12,045	11,353
Other liability for proceeds received for equity not yet issued	6,800	-
Current portion of lease liability	662	-
Deferred revenue	155	11
Total current liabilities	27,933	20,985
Income tax payable	1,435	1,409
Long-term debt, less current portion	-	66
Lease liability	911	-
Total liabilities	<u>30,279</u>	<u>22,460</u>
Commitments and contingencies		
Stockholders' equity		
Common stock, \$0.001 par value per share; 100,000,000 shares authorized: and 19,340,560 and 18,808,855 shares issued and outstanding at June 30, 2022, and December 31, 2021, respectively.	19	19
Preferred stock, \$0.001 par value per share, 5,000,000 shares authorized, and no shares issued and outstanding at June 30, 2022, and December 31, 2021, respectively.	-	-
Additional paid-in capital	254,213	253,416
Accumulated deficit	(247,220)	(234,805)
Total stockholders' equity	<u>7,012</u>	<u>18,630</u>
Total liabilities and stockholders' equity	<u>\$ 37,291</u>	<u>\$ 41,090</u>

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
**(IN THOUSANDS OF U.S. DOLLARS EXCEPT SHARE AND PER SHARE AMOUNTS)**

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Net revenues	\$ 11,955	\$ 11,954	\$ 25,213	\$ 24,194
Cost of revenues	9,108	9,300	20,838	19,077
Gross profit	2,847	2,654	4,375	5,117
Operating expenses:				
Research and development	2,721	3,670	6,889	8,334
Sales and marketing	2,073	2,188	4,243	4,369
General and administrative	1,779	2,379	3,990	4,641
Legal expenses	494	903	555	3,309
Total operating expenses	7,067	9,140	15,677	20,653
Loss from operations	(4,220)	(6,486)	(11,302)	(15,536)
Interest expense	(35)	-	(74)	-
Other income (expense), net	91	(124)	68	(293)
Loss before income taxes	(4,164)	(6,610)	(11,308)	(15,829)
Income tax expense	(61)	(76)	(129)	(137)
Net loss	<u>\$ (4,225)</u>	<u>\$ (6,686)</u>	<u>\$ (11,437)</u>	<u>\$ (15,966)</u>
Net loss per share, basic and diluted*	<u>\$ (0.22)</u>	<u>\$ (1.01)</u>	<u>\$ (0.60)</u>	<u>\$ (2.40)</u>
Weighted-average shares used in computing net loss per Share, basic and diluted*	<u>19,283,496</u>	<u>6,650,696</u>	<u>19,197,859</u>	<u>6,641,236</u>

\* Reflects the 1-for-10 reverse stock split that became effective on September 15, 2021.



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