Zoom Telephonics & Motorola

Q2 Earnings Call
Safe Harbor
Forward Looking Thoughts

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Zoom Telephonics – Q2

- Transformation underway
- Manufacturing diversification
- New product launches
- Software
Mission

Leading the way in home connectivity through the innovative and customer-focused design.
Key Highlights Q2

- Manufacturing Diversification and Migration Completed to VN
- Motorola License Expanded and Extended Through 2025
- Value Added Service through MotoManage
- Complete Development of Mesh Whole Home WiFi
- MotoManage App approved by Apple Store and Google Play Store
- Hit revenue plan on Q2 forecast (demand is strong)
- Q3/Q4 product pipeline, software revenue
Key Highlights

- Continued Robust Top Line Growth Supported by Macro Trends
- Migration of Manufacturing from China to Vietnam Completed
- Tariffs Continue to Impact Results
- Supplemental Air Freight Used in Q2 to counter COVID Supply disruptions
- Margins Strong Excluding Tariffs & Supplemental Air Freight
Annual Revenue Growth Trend

Revenue in $ millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>2016</td>
<td>$17.8</td>
</tr>
<tr>
<td>2017</td>
<td>$29.4</td>
</tr>
<tr>
<td>2018</td>
<td>$32.3</td>
</tr>
<tr>
<td>2019</td>
<td>$37.6</td>
</tr>
<tr>
<td>TTM</td>
<td>$43.7</td>
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CAGR = 25%
Tariffs and Non-GAAP Net Income

Zoom Net Income without impact of Chinese Import Tariffs and Supplemental Air Freight

- Net Income without Tariffs
- Supplemental Airfreight
- Tariffs

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Income without Tariffs</th>
<th>Supplemental Airfreight</th>
<th>Tariffs</th>
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</thead>
<tbody>
<tr>
<td>1Q19</td>
<td>$(800)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2Q19</td>
<td>$(600)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q19</td>
<td>$(400)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4Q19</td>
<td>$(200)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1Q20</td>
<td>$-</td>
<td>$200</td>
<td>$400</td>
</tr>
<tr>
<td>2Q20</td>
<td>$-</td>
<td>$600</td>
<td>$800</td>
</tr>
</tbody>
</table>
Air Freight in 2Q20

Impact of Supplemental Air Freight in 2Q20

1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20

Total Freight in COS | Supplemental Airfreight | % of Sales

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Gross profit $ and %

- **1Q19**: $2.4
- **2Q19**: $2.8
- **3Q19**: $3.1
- **4Q19**: $2.6
- **1Q20**: $3.1
- **2Q20**: $2.1

**Bar Chart Details**:
- **Axes**:
  - X-axis: Time periods (1Q19 to 2Q20)
  - Y-axis: Gross profit in millions

**Key Events**:
- **25% Tariffs on import from China**
- **Start transition of manufacturing to Vietnam**
- **100% Air Freight to meet increased market Demand**
Balance Sheet Highlights

- Working capital of $6.5M at June 30, 2020
- Strong cash position with closing of $3.4M PIPE investment in May
- Favorable payment terms with key vendors negotiated in 2Q20, at height of COVID-19 uncertainty

<table>
<thead>
<tr>
<th></th>
<th>in $000</th>
<th>6/30/2020</th>
<th>12/31/2019</th>
<th>6/30/2019</th>
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<tr>
<td>Cash</td>
<td>$ 8,352</td>
<td>$ 1,367</td>
<td>$ 1,791</td>
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<tr>
<td>Total Current Assets</td>
<td>$ 18,200</td>
<td>$ 13,148</td>
<td>$ 13,727</td>
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<tr>
<td>Total Assets</td>
<td>$ 19,280</td>
<td>$ 13,903</td>
<td>$ 14,402</td>
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<tr>
<td>Short Term Debt</td>
<td>$ 258</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$ 11,307</td>
<td>$ 7,794</td>
<td>$ 7,130</td>
<td></td>
</tr>
<tr>
<td>Non Current Liabilities</td>
<td>$ 373</td>
<td>-</td>
<td>$ 52</td>
<td></td>
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<tr>
<td>Total Liabilities</td>
<td>$ 11,681</td>
<td>$ 7,794</td>
<td>$ 7,182</td>
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<tr>
<td>Current Ratio</td>
<td>1.61</td>
<td>1.69</td>
<td>1.93</td>
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<tr>
<td>Working Capital</td>
<td>$ 6,893</td>
<td>$ 5,354</td>
<td>$ 6,545</td>
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<tr>
<td>Stockholders' Equity</td>
<td>$ 7,599</td>
<td>$ 6,109</td>
<td>$ 7,220</td>
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</table>
Upcoming in Q3

• Launch Whole Home WiFi System (routers)
• Expand/refresh/launch product families (D3.1, cell modems)
• Retail SKU expansion (more shelf space)
• Migrating to sea-based logistics
• CEO search – stalled, still planning on a 1-2 quarter process
• LD Micro 500 conference (virtual)
Refreshingly Simple All-In-One Mesh WiFi System*

A main router, satellite(s) placed strategically around your home and the MotoManage App for ultimate network performance and control.

Router
Connects your wireless devices to the internet

Satellite
Expands your wireless reach throughout your home

MotoManage App
Basic Included to control your network**
Easily manage your home network from anywhere.

Always know who is on your network.

Test your internet speeds and signal strength.

Receive instant security alerts for malware threats to all your home devices.

Schedule or pause internet access for any device or user.

MotoManage
Motorola is seeing a 135% YOY Growth
Team

Jeremy Hitchcock
Executive Board Chair

Jackie Barry Hamilton
CFO

Phil Stanhope
CTO

John Lauten
COO

Marlana Trombley
Interim CMO

Board of Directors

Jeremy Hitchcock
Chairman of the Board of Directors
Founder/Chairman of Minim

Frank B. Manning
Director
Retired Chief Executive Officer of Zoom Telephonics, Inc.

Joseph J. Donovan
Director
Adjunct Professor Suffolk University’s Sawyer School of Management

Philip Frank
Director
President, CEO, and Director of VUI

Peter R. Kramer
Director
Artist

Jonathan Seelig
Director
Chief Executive Officer of Tectonic

Peter Sykes
Director
Personal Investor

Dave Allen
Director
Vice President, Operations & Strategy at Oracle

Josh Horowitz
Director
Portfolio Manager at Palm Management

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