

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-38907

Sonim Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

94-3336783
(I.R.S. Employer
Identification No.)

4445 Eastgate Mall, Suite 200
San Diego, CA 92121
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (650) 378-8100

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	SONM	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes
No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, based on the closing price of the shares of common stock reported on The Nasdaq Stock Market on June 28, 2024 was approximately \$25.7 million.

On March 24, 2025, there were 6,324,057 shares of the registrant’s common stock, par value \$0.001, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III, Items 10-14 of this Form 10-K will either be (i) included in an amendment to this Annual Report on Form 10-K, or (ii) incorporated by reference to the Registrant’s definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Form 10-K.

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CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements provided by that act as well as protections afforded by other federal securities laws. Generally, words such as “achieve,” “aim,” “ambitions,” “anticipate,” “believe,” “committed,” “continue,” “could,” “designed,” “estimate,” “expect,” “forecast,” “future,” “goals,” “grow,” “guidance,” “intend,” “likely,” “may,” “milestone,” “objective,” “on track,” “opportunity,” “outlook,” “pending,” “plan,” “position,” “possible,” “potential,” “predict,” “progress,” “roadmap,” “seek,” “should,” “strive,” “targets,” “to be,” “upcoming,” “will,” “would,” and variations of such words and similar expressions identify forward-looking statements, which are not historical in nature. The forward-looking statements may appear throughout this report and other documents we file with the Securities and Exchange Commission (the “SEC”), including without limitation, the following sections:

- (i) Note 10 - Commitments and Contingencies to those Consolidated Financial Statements regarding the possible outcome of, and future effect on our financial condition and results of operations of, certain litigations and other proceedings to which we are a party;
- (ii) Part I, Item 1. “Business,” including the statements about our business plans and strategy and anticipated benefits therefrom;
- (iii) Part I, Item 1A. “Risk Factors,” including the statements about ongoing risks and uncertainties and our assumptions in connection therewith;
- (iv) Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” including the statements with regard to the future changes to our business and our expectations regarding our strategy and new lines of products, future cash requirements, assessment of our liquidity, the availability, uses, sufficiency, and cost of capital resources, and sources of funding, and future products, services, and technologies; and
- (v) Part II, Item 9A. “Controls and Procedures,” including the description of limitations on effectiveness of controls and procedures.

Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. These risks and uncertainties include, but are not limited to, the following:

- the availability of cash on hand and other sources of liquidity to fund our operations and grow our business;
- our ability to compete effectively depends on multiple factors and we may not be able to continue to develop solutions to address user needs effectively;
- the current interest of third parties and the potential attempt of a hostile takeover or hostile stockholder activism may divert the management’s attention from Sonim’s business and may require significant expenses to address;
- we may not be able to continue to develop solutions to address user needs effectively, including our next-generation products, which could materially adversely affect our liquidity and our ability to continue operations;
- a small number of customers account for a significant portion of our revenue;
- the financial and operational projections that we may provide from time to time are subject to inherent risks;
- our ability to incorporate emerging technologies into our new consumer products given the lengthy development cycle;
- our ability to adapt to shortened customer lead times and tightened inventory controls from our key customers;
- we are materially dependent on some customer relationships that are characterized by product award letters and the loss of such relationships could harm our business and operating results;
- our quarterly results may vary significantly from period to period;
- we rely primarily on third-party contract manufacturers and partners;
- if our products contain defects or errors, we could incur significant unexpected expenses, experience product returns and lost sales, experience product recalls, suffer damage to our brand and reputation, and be subject to product liability or other claims;
- we are required to undergo a lengthy customization and certification process for each wireless carrier customer;
- we are dependent on the continued services and performance of a concentrated and limited group of senior management and other key personnel;

- we face risks related to the impact of various economic, political, environmental, social, and market events beyond our control that can impact our business and results of operations; and
- other risks and uncertainties described in this annual report in the “Risk Factors” section, as such descriptions may be updated or amended in any future reports we file with the SEC.

We urge investors to consider all of the risks, uncertainties, and other factors disclosed in these filings carefully in evaluating the forward-looking statements contained in this report. We cannot assure you that the results or developments anticipated by us and reflected or implied by any forward-looking statement contained in this report will be realized or, even if substantially realized, that those results or developments will result in the forecasted or expected consequences for us or affect us, our operations or financial performance as we forecasted or expected. As a result of the matters discussed above and other matters, including changes in facts, assumptions not being realized, or other factors, the actual results relating to the subject matter of any forward-looking statement in this report may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this report are made only as of the date of this report, and we undertake no obligation to update any such statements to reflect subsequent events or circumstances.

As used herein, “Sonim,” the “Company,” “we,” “us,” “our,” and similar terms include Sonim Technologies, Inc. and its subsidiaries, unless the context indicates otherwise.

PART I

Item 1. Business.

Overview

Sonim Technologies, based in the United States, is a leading provider of enterprise 5G solutions, offering a robust portfolio that includes rugged handsets, smartphones, wireless internet devices, software, services, and accessories. Our products are engineered to deliver reliable communication in challenging and unpredictable environments, serving sectors such as critical communications, first responders, government, industrial, construction, hospitality, and logistics. We distribute our products primarily through major wireless carriers. We currently have products available at all three U.S. Tier-one carriers – AT&T, T-Mobile and Verizon as well as the three primary carriers in Canada – Bell, Telus and Rogers, Telstra in Australia, and multiple carriers throughout Europe. These carriers resell our products, along with network services, to end customers focusing on two primary-end markets: industrial enterprise and the public sector.

Sonim is executing a strategic expansion initiative, focusing on broadening its market reach with new products, geographical footprint, and customer segments including enterprise, small and medium business, and prosumers. This strategy is underpinned by a strong emphasis on execution. We have introduced new product categories: Connected Solutions featuring wireless internet products, a next-generation rugged smartphone, and a new range of mid and low-tier professional rugged phones, all boasting IP ratings, MIL-STD-810H standards, and elements of Sonim's Rugged Performance Standards ("RPS"), highlighting our value proposition to target markets.

During the second half of 2024 and through the filing date of this report, Sonim launched the following products:

- Sonim H500-series of 5G mobile hotspots available through Verizon, UScellular, and Bell in North America;
- Sonim H700, the world's first 5G Release 17 and Wi-Fi 7 rugged mobile hotspot, available through Telstra in Australia;
- Sonim H100 4G mobile hotspot available through Telia Finland and distribution partners in Europe;
- XP100 4G and XP400 5G professional rugged phones available through Deutsche Telekom in Germany and distribution partners in Europe and South Africa;
- XP Pro 5G rugged smartphone available through Verizon in the United States; and
- XP3plus 5G rugged flip phone available through T-Mobile and certified for T-Priority.

Additionally, the XP10 is now available through our distribution partners in EMEA and Australia. Most of these products are supported by the SonimWare platform and enterprise services. In the first quarter of 2025, the XP Pro 5G and H500 5G each received Verizon Frontline certification. In the first quarter of 2025 we also announced the upcoming launch and availability of the XP Pro Thermal 5G smartphone for Europe which includes an SDK-enabled Sonim IRIS software for custom application development and an integrated thermal camera by FLIR® that benefits a number of vertical trades such as electricians, plumbers, public safety, construction, agriculture, amongst others.

Geographic market expansion continues with agreements and product availability through new distribution partners in Europe and South Africa, catering to carrier, reseller, and enterprise sales channels. New partners include TCCM, Brodos, Modino, Ingram Micro, and Cernotech, which bolster our presence in these regions. This strategic alignment supports our commitment to offering reliable solutions and expanding our customer base.

During the first half of 2024, Sonim undertook a strategic shift away from low-margin white label products, a transition that was expedited due to manufacturing challenges faced by our partners. This shift resulted in a decline in revenue for the year, with 2024 revenue totaling \$58.3 million, compared to \$93.6 million in 2023. Our net loss for 2024 was \$33.6 million, compared to \$0.1 million in 2023. However, with the introduction of new product lines in the fourth quarter of 2024 and in the first half of 2025, we anticipate a return to revenue growth and improved profitability in 2025.

With the primary sales channels in the U.S. and Canada consisting of large wireless carriers, the Company's customer base is highly concentrated. For the year ended December 31, 2024, wireless carriers contributed 75% of our total net revenues, with our top three carrier customers accounting for 62% of our total net revenues. Our rugged smartphones represented 45% of our total net revenues, while feature phones were 35%, white label products (related party revenue) were 13%, and connected solutions, including our mobile hotspots, were 6% of our total net revenues.

Sonim is committed to maintaining the highest standards of quality, reliability, and regulatory compliance, with a particular focus on the Trade Agreements Act (“TAA”) initiatives. TAA compliance is crucial in enhancing our market strategy, particularly in expanding opportunities within government and enterprise markets, which demand stringent adherence to regulatory standards. By ensuring our products meet TAA requirements, we reinforce our position as a trusted provider of enterprise 5G solutions.

This initiative underscores our dedication to delivering products that not only meet industry-leading standards but also comply with U.S. federal procurement regulations, thereby enhancing our competitiveness in securing government contracts.

Looking ahead to 2025, Sonim is focused on executing its growth strategy by bringing its expanded portfolio of rugged devices, connected solutions, and enterprise services to its constantly increasing global customer base.

Our Products

Ruggedized Cell Phones

Communication, data collection, productivity and safety among task workers have always been central requirements in business-critical and mission-critical environments. Organizations with remote and disparate workers—from police and firefighters to construction, oil rig, logistics and manufacturing workers—need an extremely durable solution that provides reliable and secure voice, data and workflow applications. The global market for rugged devices continues to grow, and we believe that the use of consumer phones in line-of-business applications provides an attractive market opportunity. Ruggedized mobile phones are well suited for industrial enterprise and other critical infrastructure applications due to their durability and functionality in a range of environments. Equipping workers with smarter mobile phones also helps enable more efficient communication with and between field employees and enhances the information that decision-makers use to deploy resources within their organizations. The timing of our growth into Europe and other areas outside of North America has accelerated due to the shutdown of a former competitor, Bullitt Group Ltd. (“Bullitt”), in January 2024. We have expanded our sales force and increased our service infrastructure to serve customers that were previously served by Bullitt.

Connected Solutions Market

Our Connected Solutions product portfolio includes mobile hotspots and fixed wireless access (“FWA”) devices that connect to the internet through the 4G and 5G cellular networks. Mobile operators receive data subscription revenue by providing these devices to their customers to access the internet. These devices replace cable internet access and provide new access to rural areas. The market for these solutions continues to grow in North America and in Europe. We created a division to design, develop and sell connected solutions devices. With competition exiting the carrier space as well as non-competitively priced products in the market, Sonim believes that this space is a great opportunity for expansion. Sonim has developed feature-rich devices that are competitively priced.

Key Features of Our Ruggedized Solutions

- ***Durability and reliability.*** Our mobile phones and connected solutions can withstand a variety of harsh environments and are supported by our industry-leading three-year comprehensive manufacturer’s warranty, which includes damage from glass breakage, water, dust, and punctures. Key features of our rugged devices include the following, some of which apply only to phones, such as audio:
- ***Puncture, shock, pressure and drop and impact resistance.*** Durable rubber and Gorilla Glass construction to protect against damage from sharp objects, falls, vigorous movements and compression by heavy weights.
- ***Waterproof and dustproof construction.*** Reinforced seals and waterproof mesh membranes to prevent potential damage caused by moisture and debris.
- ***Multi-shift battery life.*** Replaceable battery designed to provide sufficient power to last through a dual eight-hour shift in most real-world conditions.
- ***Extra-loud audio.*** Produces high sound quality at high volumes and uses noise cancellation technology for loud background noise environments.
- ***Glove-friendly design.*** Screens and buttons responsive to touch through gloves and water.
- ***Operational in and resistant to extreme temperatures.*** Protective exterior prevents damage to our devices’ hardware from very cold and hot temperatures.
- ***Chemical resistance.*** Ability to effectively sterilize and sanitize, regardless of potential contaminants.

- ***Increased communication and visibility through an enterprise.*** Our solutions are used to track locations, update and manage various tasks and enable communication with and between task workers. For example, location tracking and data analytics enable fleet optimization, help enterprises make asset allocation and deployment decisions and ensure that fleets are at the right place at the right time. In addition, our solutions are specifically designed to capture, store and analyze multiple data types for enterprise needs, enabling them to make decisions. For example, by leveraging this data, task workers such as first responders can more strategically plan their logistics resulting in decreased response times. Finally, by providing a reliable mode of communication between employees, supervisors and command centers, those not in the field have crucial insight into the status and performance of task workers in the field. This can also result in improved safety for employees that work in high-risk environments.
- ***Enhanced functionality through software and hardware configurations.*** Our solutions allow end customers and task workers to customize our mobile phones using Android-based applications and vertical-specific accessories to address their varying needs. Enterprises and agencies can leverage the millions of applications available on the Google Play Store, our dozens of device-specific Application Programming Interfaces (“APIs”), and our industrial accessories to create a purpose-built solution to meet the specific use cases of their task workers. For example, school bus operators can combine our ruggedized phones, an industrial mounting kit, a Push-To-Talk (“PPT”) application that leverages our APIs and a location-tracking application to ensure that they have a solution that enables constant communication with dispatchers that is compliant with the U.S. Department of Transportation’s hands-free driving regulations and that can also automatically alert parents of route delays. The ability for enterprises and agencies to customize their solutions allows their task workers to use a single device for tasks that would previously require multiple and often more costly devices.
- ***Ease of use.*** Our devices are designed to look and function similarly to the latest generation of consumer-focused mobile phones with additional features for various enterprise-specific purposes, and also run on the Android operating system which has a familiar and intuitive interface. They provide familiar characteristics to many single-purpose devices, such as dedicated physical buttons for PTT and barcode scanning and offer a simplified user interface, which helps minimize the learning curve for task workers who are transitioning from LMR or data capture devices. Furthermore, all of our mobile phones come equipped with our SonimWare software, which helps IT administrators more quickly provision and deploy our devices to task workers, reducing the cost and effort associated with converting to our solutions.
- ***Consolidation of devices.*** A large number of devices can lead to excess bulk carried by task workers and can inhibit their mobility in the field. These specialized devices can also be expensive and typically require full replacement after end-of-life, which can be a cumbersome and costly process. By combining commonly used applications and functionality into one ruggedized device with the option for add-ons, enterprises can reduce the need for multiple, single-purpose devices. We believe that replacing outdated single-purpose devices with a Sonim device can enhance fleets’ mobility and economically streamline equipment updates or replacements.

As a result of these key attributes, we believe that our ruggedized, purpose-built mobile solutions can increase the productivity of task workers and significantly reduce the total cost of ownership for entities deploying our solutions.

Our Strategy

The three pillars of our go-forward strategy are as follows:

- Enhance and expand our leadership position in rugged enterprise and public sector markets. Develop innovative products such as a smartphone with a built-in thermal camera that we expect to launch in the second half of 2025.
- Approach the data device and connected solutions market with feature-rich devices that are affordably priced and leverage the Company’s high-quality approach to product design and procurement.
- Expand into Australia, Europe and other international markets. Introduce products designed for the European and Australian market to distributors and carriers throughout Australia, Europe, the Middle East, and Africa.

Our strategy includes the following:

- ***Strategically grow the Company.*** Continue to increase the competencies of the Company to develop new connected solutions and rugged products. Develop innovative products such as a new smartphone with a thermal camera. Continue our expansion into Europe and other markets.
- ***Invest in sales channel partnerships and build the Sonim brand to drive sales.*** Our channel partners are leading global wireless carriers, distributors of data devices, communications system integrators and electronics resellers. These channel partners have large sales forces who sell our solutions to end customers in our target markets. They enable us to cost-effectively scale our business without employing a large direct sales force of our own. Our expansion into the connected solutions markets opens up opportunities with additional carrier partners globally.

Our Target Markets

We believe that our solutions can improve communication reliability, operational efficiency and safety for end customers and task workers in commercial sectors, public sectors, and for individual retail customers. Our ruggedized mobility solutions target three end markets: industrial enterprise, public sector, and consumers that demand a more durable product.

Industrial Enterprise

Transportation and Logistics. Enterprises and fleet workers across supply chain, delivery services, airport workers, and field management rely on mobile devices to operate safely and efficiently in environments that are often susceptible to inclement weather. For enterprises looking to improve supply chain functionality, our mobile resource management applications such as location tracking, mileage tracking, and job dispatch can help businesses monitor operations more efficiently. We believe that a weather-resistant and long-battery ruggedized device, combined with productivity applications and services with the native camera on our smartphones, provides reliable communication options for transportation and logistics workers. In addition, our solutions reduce the number of devices and tools that these task workers would need to carry in the field by consolidating the functionality of multiple single-purpose devices into one purpose-built mobile device.

Construction. We offer workers in the construction industry crush-, puncture-, scratch- and impact-resistant devices, which we believe to be crucial in environments where there is a high risk of such occurrences. Job sites also value the PTT capabilities that are tightly integrated into Sonim devices. Additionally, we believe our phones and related accessories help promote worker safety and productivity, with support for lone-worker safety applications and with features such as extended battery life and extra-loud speakers. For business decision-makers, we offer devices with consolidated functionality, which enables a total cost of ownership that we believe is significantly lower versus comparable offerings that enable real-time reporting. This can help eliminate costly delays by capturing verbal, visual, and location data from job sites more efficiently.

Manufacturing. As market demand and competition in the manufacturing sector require more nimble production lines, equipment for reliable communication and safety standard compliance are necessary to improve efficiency and keep workers safe. Our devices' PTT functionality and extra-loud speakerphones are designed to keep lines of communication open and functional in fast-changing and loud environments, while our glove-friendly touchscreen displays allow workers to have access to real-time data, thus reducing production downtime. Additionally, our devices are designed to survive blunt force and can be sanitized and sterilized for safe use in food or medical processing facilities. We believe that these features can enhance the productivity of workers in the manufacturing industry.

Facilities Management. Service-based operations in large indoor and outdoor facilities, including recreation parks, require management of mobile teams. Our mobile phones consolidate radio, guard tour verification, panic button systems and scanners, which otherwise would require separate and single-purpose equipment. Our devices can improve business operations through functionalities such as automated work order dispatch and job completion verification tools delivered via proprietary third-party applications integrated with our devices.

Energy, Mining, and Utilities. The safety standards for mobile phones used in the energy and utility industry are more stringent due to the reactive characteristics of the natural resources being procured and serviced, as well as the potentially high-voltage or explosive environments. We believe we are uniquely positioned to serve these workers because a number of our devices are designed for use in potentially explosive or hazardous environments (rated Non-Incendive or Intrinsically Safe by either the CSA Group, ATEX or IECEx notified bodies), and their resistance to various chemicals and extreme temperatures. Reliable communication devices are often mission-critical for workers to stay safe while performing energy- and utility-related operations.

Public Sector

Public Safety. In the United States, AT&T's FirstNet, T-Mobile's T-Priority, and Verizon's Frontline public safety prioritization provide optimized networks for this sector. Through our partnerships with the major wireless carriers, we believe we are in a strong position to provide mission-critical solutions to the public safety market as public safety networks mature. Through enhanced communication capabilities, our devices can decrease the response time of first responders and help public safety workers stay safe and connected in hazardous, isolated or emergency conditions. The durability of our phones, combined with their purpose-built functionality, provides a lower total cost of ownership compared to similar products, which is highly attractive to city and state decision-makers.

Federal Government. Whether during natural disasters or day-to-day operations, our devices help provide functionality and reliability that is crucial for federal workers to protect and serve their nation. Our mobile solutions support purpose-built voice communications and data capture applications that allow federal workers to stay connected and quickly make more informed decisions while in the field.

Small Business Users

As small businesses grow more reliant upon mobile devices to support all of their daily activities, mobile devices are now more than ever being placed into situations and environments that are more prone to physical damage including screen breakage and water damage. We believe that this market is currently underserved with only higher cost devices offering the features that are needed. Sonim's value proposition will be to offer an overall lower total cost of ownership as a small business will not need to lose valuable downtime and money repairing or replacing their device as often as other devices in the market. In the fourth quarter of 2024, we launched a new semi-rugged smartphone that is sleeker and lighter than our ultra-rugged phones. These phones will be targeted at small business users.

Home and Small Business Internet Users

Mobile hotspots are used by businesses, government employees and consumers. Having the ability to access the internet (and at times share the connection) in a secure way wherever the customers go is essential to many users. Whether it is a salesperson visiting their customers, a police officer using their computer in their patrol car, a small business in need of failover for business continuity in the event of an internet outage, a student working on a paper or a family going on vacation, the need for reliable internet has become a necessity in today's world. Mobile hotspots provide the perfect vehicle for enabling these use cases. We will be launching additional mobile hotspots in 2025.

Fixed wireless access provides an economical way for operators to quickly deploy internet to new customers without having to lay costly new cable or fiber. This service is used by businesses and consumers alike. Historically internet connectivity was effectively a monopoly business with major fixed wireline operators dividing up the country. Consumers had little choice when it came to options for internet service. With 5G, wireless operators are using fixed wireless access as a way to add new revenue streams to their businesses. Additionally, fixed wireline operators are using fixed wireless access as a way to quickly deploy to rural areas that were not served by cable companies.

Products and Technology

Features of Our Ruggedized Mobile Phones

Our mobile phones can withstand a variety of harsh environments and are supported by our industry-leading three-year comprehensive manufacturer's warranty for our ultra-rugged devices. We developed our devices to meet industry standards for protection from the ingress of water and/or micro-particles (IEC standard 60529). Our devices are rated a minimum of IP-68, allowing them to be submersed in up to six and a half feet of water for up to 30 minutes, and our XP10 smartphone has been further tested and certified to withstand sprays of high-pressure streams (up to 1,450 PSI) of hot (80°C) water (IPx9K). We have additionally designed and manufactured our devices to withstand repeated drops to concrete across all angles and faces, attaining MIL-STD-810G ratings and, in 2011, earning the Sonim XP3300 the title of World's Toughest Phone by the Guinness Book of World Records after surviving a fall from 82 feet 11.7 inches to concrete. Engineered with a protective glass lens that is up to three times thicker than that of other cellular devices in the market and a unique blend of plastic and rubber used in the housings, our ultra-rugged mobile phones are designed to be resistant to punctures caused by impacts from external objects up to 2J on the display lens and 4J on the housing. Furthermore, we understand that the jobs of our end users often take them into extreme environments. As a result, we have designed our devices to operate from -4°F to +131°F, be usable while wearing work gloves (glove-friendly touch display, large physical buttons), be audible in noisy environments with loud 100+ dB loudspeakers and multiple microphone noise-cancellation technology, and, for our XP5plus and XP10 phones to last throughout an average day based on ordinary use without needing to be recharged with large, extended-life batteries. We have also designed, manufactured and certified our devices to be safe for use in potentially hazardous or explosive environments.

In addition, our devices provide a wide range of connectivity options for our end customers (including LTE, 3G, 4G, 5G, GSM, WiFi, NFC, location tracking and Bluetooth for certain of our devices), and our phones support a wide range of global frequencies allowing them to be used almost anywhere in the world where there is cellular coverage. Our phones are certified to work on multiple mobile network operators and come equipped with LTE Band 14 to support FirstNet (built with AT&T). We support the latest technologies, including 5G, and we have incorporated 5G into our product roadmap.

Our Devices

Mobile Phone Products

- Sonim XP10. The Sonim XP10 is an Android-based 5G smartphone.
- Sonim XP5plus. The Sonim XP5plus is a purpose-built 4G feature phone designed for task workers with Push-to-Talk capabilities and seamless LMR interoperability to enhance communication for first responders.
- Sonim XP3plus. The Sonim XP3plus is a 4G feature phone in a clamshell form factor that offers our customers a cost-effective voice and/or PTT solution without distracting end users from doing their jobs with things like an application store or email.
- Sonim XP Pro. The Sonim XP Pro was launched in the fourth quarter of 2024 with Verizon. The XP Pro is an Android-based 5G smartphone that is sleeker and lighter than our XP10 and will be marketed to small businesses, enterprise, and mission critical users that need a phone that is significantly more durable than a consumer phone and can be used as their primary or sole phone .

Connected Solutions Products

- Sonim H100 Low-range Mobile Hotspot. The H100 is a 4G mobile hotspot that is available through select distributors in Europe and Telia in Finland. This model launched in the first quarter of 2025.
- Sonim H500 Mid-Range Mobile Hotspot. The H500 series 5G mobile hotspot was launched beginning in the second quarter of 2024 with multiple carriers in North America.
- Sonim H700 Premium Mobile Hotspot. The Sonim H700 mobile hotspot t was launched in the second half of 2024 with Telstra in Australia. It is the world's first rugged mobile hotspot with 5G release 17 and Wi-Fi 7.

Accessories

Our portfolio of industrial-grade accessories extends beyond the traditional consumer cellular ecosystem of wall chargers and cases. We work with a number of accessory manufacturers and design partners to deliver innovative purpose-built accessories that enhance the functionality and usability of our devices.

SonimWare Software

In addition to the ecosystem of Android developers and their applications, which are supported on our devices, we provide a suite of applications and tools that help customers manage, deploy and support their Sonim devices. The capabilities of these software applications differentiate us from many rugged vendors that only focus on hardware. Current capabilities include:

- Sonim Setup Wizard allows provisioning teams to rapidly customize and deploy large number of devices with less manual work and fewer errors.
- Sonim SafeGuard lets user administrators block usage of selected apps and features, ensuring only those critical to job-related functions and cost requirements are used. We are looking to expand the functionality of SafeGuard to extend to the consumer market for key features such as parental controls.
- Sonim Kiosk Mode lets user administrators configure devices with the minimum required functionality, a critical customer need in hazardous environments or anywhere where user safety is paramount.
- Scout App Updater lets administrators control when and where updates are sent to users' phones.
- Sonim SOS provides emergency alert capabilities for users of Sonim devices to help ensure worker and job-site safety. Additionally, given recent events that highlight school safety concerns, we are working on implementing this solution in our consumer handset line as well as our data solutions products.

Sales and Marketing

As of December 31, 2024, our sales and marketing team consisted of 19 professionals located in the United States, Canada and Europe. We sell our products directly to wireless carriers, through distributors and resellers and directly to end customers. Our marketing efforts consist of product marketing, channel partner/carrier marketing and corporate marketing. Product marketing focuses on ensuring that carrier requirements related to product specifications are in-line with our brand requirements. Channel partner marketing focuses on go-to-market strategy as well as developing supplemental sales tools, carrier and non-carrier marketing campaigns, and industry trade show material. Corporate marketing consists of public relations, brand awareness, social and digital marketing, and lead generation operations.

Customers

While we are actively committed to expanding our customer base on various levels, our sales model mainly focuses on sales through our carrier customers in North America and our distribution partners in Europe, the Middle East, South Africa, and Australia. As a result, a small number of customers account for a large percentage of our net revenue. For the year ended December 31, 2024, the purchaser of our white label products (related party customer) and the three largest U.S. wireless carriers (our channel partners) collectively accounted for approximately 74% of our net revenue. Although the net revenue from our white label products customer ended in the first quarter of 2024 as the product reached its end of life, as we generate more net revenue from other customers, we expect that net revenue from a relatively small group of customers will continue to account for a significant portion of our net revenue in the near term. For further discussion of our revenue trends and risks related to our customers and contractual relationships, please refer to “Part II. Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Part I. Item 1A. Risk Factors” of this Form 10-K.

Manufacturing

We have outsourced the manufacturing and the final assembly to third-party ODM partners for our phones and data devices. We have moved the manufacturing of our newest products outside of China and expect to phase out all manufacturing in China during 2025.

Competition

We operate in a highly competitive environment serving end customers in the industrial enterprise and public sector markets. These markets are highly fragmented, evolving and increasingly competitive. Competition in our industry is intense and has been characterized by rapidly changing technologies, evolving industry standards, significant barriers to entry in the form of carrier certification requirements, frequent new product introductions, annual operating system changes and rapid changes in end user requirements.

Non-rugged mobile device manufacturers have not historically created devices specifically to compete in the industrial enterprise and public sector markets. These manufacturers typically focus on a different consumer audience and the requirements to manufacture ruggedized phones differ significantly from their core products. Nevertheless, we face competition from manufacturers of non-rugged mobile phones such as Apple Inc. and Samsung Electronics Co. Ltd, or Samsung, to the extent that end users decide to purchase traditional devices and add a rugged case for use in environments that we believe are better suited for purpose built ruggedized mobile phones. We also face competition from manufacturers of rugged mobile phones such as Samsung and Kyocera Corporation as well as from large system integrators and manufacturers of private and public wireless network equipment and devices. A large competitor in the rugged phone space, Bullitt Group Ltd., ceased operations in January 2024, which has created an opportunity for us, particularly in Europe.

We believe the principal competitive factors affecting the market for our products are the products’ performance, features (including security features), quality, design innovation, reliability, price, customer service, reputation in the industry, brand loyalty and a strong third-party software and accessories ecosystem. We believe that our strongest competitive advantages are our products’ durability and reputation in the industry, as well as the push to talk capabilities not available in all competitive devices. Additionally, we believe our XP10 rugged smartphone is one of the most rugged smartphones made anywhere in the world and it is consequently able to be fully sterilized and cleaned. In order to compete, we will be required to continue to respond promptly and effectively to the challenges of technological changes and our competitors’ innovations.

Intellectual Property

We hold numerous utility and design patents both inside and outside the United States and have filed additional utility and design patent applications in the United States. We have registered, and applied for the registration of, U.S. and international trademarks, service marks, domain names, and copyrights. We also have contractual rights to standard essential patents for 2G, 3G, 4G, and 5G wireless technologies, some of which require significant royalty payments. We opportunistically negotiate licenses with other patent holders where appropriate for our technology.

Our products are built to conform to wireless standards which are covered by numerous essential patents held by third parties. Our wireless carriers require us to provide patent indemnification for the products we sell to them, and in turn, we secure intellectual property indemnification from our suppliers.

We do not believe that our products infringe on the proprietary rights of any third parties. There can be no assurance, however, that third parties will not claim such infringement by us or our channel partners and end customers with respect to current or future products.

Our smartphone devices use the standard Android operating system and our feature phones use an operating system based on the Android Open Source Project. We additionally integrate third-party licensed software on commercially reasonable terms. Several Android-based apps and extension enablers of Android are developed internally by our employees.

For further discussion of the risks in connection with each of the foregoing matters, see “*Item 1A. Risk Factors—Risks Related to Information Technology and Intellectual Property*” of this Annual Report on Form 10-K.

Legislation and Regulation

Wireless communication devices use radio spectrum, which is regulated by government agencies throughout the world. In the United States, use of spectrum is regulated by the Federal Communications Commission, or FCC, and the National Telecommunications and Information Administration, or NTIA, for non-federal government entities and federal government entities, respectively. The FCC and NTIA allocate spectrum for various uses, including commercial wireless services and public safety services, and regulate the use of that spectrum and the devices, such as our products, that operate on that spectrum. The FCC and NTIA also adopt requirements that affect wireless equipment, such as limits on radio emissions and rules requiring that handsets have specified capabilities, such as providing location information to 911 operators. The FCC also regulates the testing and certification for the import and/or sale of certain wireless devices.

Other countries also have regulatory bodies that define and implement the rules for using radio spectrum, pursuant to their respective national laws and international coordination under the International Telecommunications Union. Our ability to manufacture and sell products in other countries could be affected by such rules. In addition, any significant variations between the rules in the United States and rules in other countries, including differences in available spectrum bands for wireless communication, could increase the costs of designing and manufacturing our products.

Research and Development

We allocate significant resources and funds to developing robust and innovative solutions for the end users of our products and ensuring that these solutions meet their exacting requirements for functionality and reliability. Our research and development initiatives are led by our internal teams and are supported by third-party original design manufacturers as needed. Our product management team and our sales and marketing team spend time interacting with a combination of end users and IT administrators in our target markets, wireless carriers and application and accessory ecosystem partners to better understand the market requirements for our solutions. Once defined, our engineering organization develops and tests the solution against these requirements and works to achieve technical certification and approval from the wireless carriers which allows the solutions to be sold to our end users.

Employees

We had 131 full-time employees and 29 contractors as of December 31, 2024.

None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Corporate Information

Sonim Technologies, Inc. was incorporated in the state of Delaware on August 5, 1999, and is headquartered in San Diego, California.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are filed with the Securities Exchange Commission, or the SEC. The SEC’s website is www.sec.gov. Our website provides a link to our SEC filings, which are available free of charge on the same day such filings are made. The specific location on the website where these reports can be found is ir.sonimtech.com. The information contained on the websites referenced in this Form 10-K is not incorporated by reference into this filing. Further, the Company’s references to website URLs are intended to be inactive textual references only.

Item 1A. Risk Factors.

Investing in our securities involves a great deal of risk. Careful consideration should be made of the following factors as well as other information included in this Annual Report on Form 10-K before deciding to purchase our securities. There are many risks that affect our business and results of operations, some of which are beyond our control. If any of the following risks actually occur, our business, financial condition or operating results could be significantly harmed. This could cause the trading price of our common stock to decline, and you may lose all or part of your investment. Additional risks that we do not yet know of or that we currently think are immaterial may also affect our business and results of operations.

SUMMARY OF RISK FACTORS

The following is a summary of some of the risks and uncertainties as of the date of the filing of this Annual Report on Form 10-K that could materially adversely affect our business, financial condition, and results of operations. You should read this summary together with the more detailed description of each risk factor contained below in the section titled “Risk Factors.”

Risks Related to Our Business and Industry

- Our ability to compete effectively depends on being able to develop solutions that address users’ needs effectively;
- We face strong competitors with greater resources and more extensive experience in the industry;
- A small number of customers account for a significant portion of our revenue;
- We are materially dependent on some customer relationships that are characterized by non-binding product award letters and the loss of relationship with these customers could harm our business and operating results;
- We rely primarily on third-party contract manufacturers and partners;
- We rely on related-party transactions for certain business operations;
- We continue to restructure and transform our business;
- Lengthy customization and certification process for each wireless carrier customer;
- We are dependent on the continued services and performance of our management and key personnel;
- Our products may contain defects or errors;

Risks Related to Our Financial Condition

- We may not generate sufficient liquidity to operate our business and maintain its growth;
- Our liquidity has been adversely impacted by our ongoing net losses;
- We have not been profitable in recent years and may not achieve or maintain profitability;

Risks Related to Information Technology and Intellectual Property

- Without successful protection of our intellectual property, our competitive position may be harmed;
- The occurrence of security breaches, improper access to or disclosure of our data or customer data, and other cyber incidents can inflict monetary and reputational damages;
- Others may claim that we infringe on their intellectual property rights;

Risks Related to Legal and Regulatory Matters

- Changes in laws and regulations concerning the use of telecommunication bandwidth could increase our costs and adversely impact our business;
- Changes in U.S. trade policy including tariffs can adversely impact our business;

Risks Related to Ownership of Our Common Stock

- We face risks related to potential hostile bids and stockholder activists;
- Sales of our common stock under resale registration statements or the perception of such sales can result in a decline in the price of our common stock;
- Our quarterly results may vary significantly from period to period;

- Financial projections we communicate to the markets from time to time may be inaccurate; and

General Risk Factors

- We face risks related to the impact of various economic, political, environmental, social, and market events beyond our control can impact our business and results of operations.

Risks Related to Our Business and Industry

To remain competitive and stimulate consumer and business demand, we must successfully manage the introduction of new products and product lines and the transition and enhancement of existing products.

We operate in a highly competitive, quickly changing environment characterized by evolving industry standards, frequent new product and service introductions, evolving distribution channels, increasing demand for customized product and software solutions, rapid competitive developments; and changing customer demands. Technological advancements could render our products obsolete, which typically erodes prices and causes products to become unmarketable.

Our success will depend on our ability to respond to changing technologies and customer requirements, effectively stimulate customer and business demands for new and upgraded products, and our ability to develop and introduce new and enhanced products in a cost-effective and timely manner. For example, our XP3plus and XP5plus products are compatible with fourth-generation, or 4G, technology, but fifth-generation wireless, or 5G, technology has required us to upgrade our XP3plus and XP5plus to support 5G.

As a result, we are currently prioritizing spending on research and development of our upgrades to 5G and the development of new mobile phones and other data devices. However, the research and development necessary to launch our new products will require us to incur additional costs and our liquidity continues to be adversely impacted by our ongoing net losses. There can be no assurance that we will have sufficient resources to complete the development of our new products and bring them to market. Even if we are able to introduce our new ruggedized mobile phones and data devices to the market, there can be no assurance that these new product introductions will lead to any sales or increase in revenue. If we fail to develop new products on a timely and cost-effective basis, or if our new products fail to achieve market acceptance, our business, operations, financial condition, and liquidity would be further materially adversely affected and we may be required to delay, reduce or cease our operations and we may be required to seek bankruptcy protection.

The development of new or enhanced products is a complex and uncertain process requiring the accurate anticipation of technological and market trends. We may experience design, manufacturing, marketing, and other difficulties that could delay or prevent the development, introduction, or marketing of our new products and enhancements. If we experience delays with new products, if our expectations regarding market demand and direction are incorrect, if sales of our existing products begin to decline more rapidly, or if the rate of decline continues to exceed the rate of growth of our next-generation products, it will materially and adversely affect our business, results of operations and financial condition, and may require us to significantly reduce or even eliminate certain research and development programs.

We participate in a competitive industry, which may become more competitive. Competitors with greater resources and significant experience in high-volume product manufacturing may be able to respond more quickly and cost-effectively than we can to new or emerging technologies and changes in customer requirements.

We face significant competition in developing and selling our solutions. Our primary competitors in the non-rugged mobile device market include Apple Inc. and Samsung Electronics Co. Ltd. Our primary competitor in the rugged mobile device market is Kyocera Corporation. We also face competition from large system integrators and manufacturers of private and public wireless network equipment and devices. Competitors in this space include Harris Corporation, JVC KENWOOD Corporation, Motorola Solutions, Inc., MSI, and Tait International Limited.

We cannot assure we will be able to compete successfully against current or future competitors. Increased competition in mobile computing platforms, or related accessories and software developments may result in price reductions, lower gross profit margins, and loss of market share, and could require increased spending on research and development, sales and marketing, and customer support. Some competitors may make strategic acquisitions or establish cooperative relationships with suppliers or companies that produce complementary products, which may create additional pressures on our competitive position in the marketplace.

Most of our competitors have longer operating histories, greater name recognition, larger customer bases, and significantly greater financial, technical, sales, marketing, and other resources and experience than we do. In addition, because of the higher volume of components that many of our competitors purchase from their suppliers, they are able to keep their supply costs relatively low and, as a result, may be able to recognize higher margins on their product sales than we do. Many of our competitors may also have existing relationships with the channel partners who we use to sell our products, or with our potential customers. This competition may result in reduced prices, reduced margins, and longer sales cycles for our products. Our competitors may also be able to quickly and cost-effectively respond to new or emerging technologies and changes in customer requirements. The combination of brand strength, extensive distribution channels, and financial resources of the larger vendors could cause us to lose market share and could reduce our margins on our products, especially if any of our larger competitors moved into the market for ultra-rugged mobile phones and accessories, as those competitors would enjoy relatively low barriers. If any of our larger competitors were to commit greater technical, sales, marketing, and other resources to our markets, our ability to compete would be adversely impacted. If we are unable to successfully compete with our competitors, our sales will suffer and as a result, our financial condition will be adversely impacted.

We are dependent on the continued services and performance of a concentrated and limited group of senior management and other key personnel, the loss of any of whom could adversely impact our business.

Our future success depends in large part on the continued contributions of a concentrated and limited group of senior management and other key personnel. Beginning in 2021, we outsourced substantially all of our manufacturing work to third parties. As of December 31, 2024, our worldwide employee headcount was 131 employees.

Due to the small size of our Company and our limited number of employees, each member of our executives, managers and other key personnel serves a critical role to our success. If we are unable to retain sufficiently experienced and capable employees, including those who can help us increase revenues generated from our end market segments, our business and financial results may suffer. The loss of the services of any additional executives, managers or other key personnel could impede the achievement of our strategic objectives, seriously harm our ability to successfully implement our business strategy and adversely impact our operating results. In addition, if additional executives, managers or other key personnel resign, retire or are terminated, or their service is otherwise interrupted, including due to global pandemics, we may not be able to replace them in a timely manner and we could experience significant declines in productivity and/or errors due to insufficient staffing or managerial oversight. Moreover, experienced and capable employees in the technology industry remain in high demand, and there is continual competition for their talents. Given our size, we may be at a disadvantage, relative to our larger competitors, in the competition for these personnel.

We rely on our channel partners to generate a substantial amount of our revenue. If we are unable to maintain successful relationships with channel partners, our business, operating results, and financial condition could be adversely affected.

In the years ended December 31, 2024 and 2023, approximately 62% and 35% of our revenues, respectively, were derived from the three largest U.S. wireless carriers, our channel partners. Our channel partners are primarily wireless carriers who sell our products through their sales channels. To the extent our channel partners are unsuccessful in selling or do not promote our products, or we are unable to obtain and retain a sufficient number of high-quality channel partners, our business and operating results could be significantly harmed.

We enter into master sales arrangements with the majority of our channel partners. Under the master sales arrangements, our partners purchase our products for distribution on a purchase order basis. While these arrangements are typically long-term, they generally do not contain any firm purchase volume commitments. As a result, our channel partners are not contractually obligated to purchase from us any minimum quantity of products. We are generally required to satisfy any and all purchase orders delivered to us within specified delivery windows, with limited exceptions (such as orders significantly in excess of forecasts). If we are unable to efficiently manage our supply and satisfy purchase orders on a timely basis to our channel partners, we may be in breach of our sales arrangements and lose potential sales. Our sales arrangements also generally include technical performance standards for our mobile phones, mobile hotspots, and accessories sold, which vary by channel partner. If a technical issue with any of our covered products exceeds certain preset failure thresholds for the relevant performance standard or standards, the channel partner typically has the right to cease selling the product, cancel open purchase orders, and levy certain monetary penalties. If our products suffer technical issues or failures following sales to our channel partners, we may be subject to significant monetary impact and our channel partners may cease making purchase orders, which would significantly harm our business and results of operations. In addition, our channel partners retain sole discretion in which of their stocked products to offer their customers. While we may offer limited customer incentives, we generally have limited to no control over which products our channel partners decide to offer or promote, which directly impacts the number of products that our partners will purchase from us.

Our channel partners may be unsuccessful in marketing, selling and supporting our solutions. They may also market, sell and support solutions that are competitive with ours, and may devote more resources to the marketing, sales, and support of such products. They may have incentives to promote our competitors' products in lieu of our products, particularly for competitors who do a large volume of business with the channel partner. In the event there is not sufficient demand for our products, our channel partners may stop selling our products completely. While we employ a small direct sales force, our channel partners have significantly larger sales teams who are not contractually obligated to promote any of our devices and often have multiple competing devices in stock to offer their customers. In addition, downstream sales by our channel partners often succeed due to attractive device prices and monthly rate plans, which we do not control. In certain cases, we may promote our own devices through customer incentives, typically in exchange for retail price reductions or contributions of funds for marketing purposes; however, there can be no assurance that any such incentives would contribute to increased purchases of our products. Further, given the impact of attractive pricing on ultimate sales, we generally must offer increased promotional funding or price reductions for our more expensive products. This promotional funding or price reductions operate to reduce our margins and significantly impact our profitability.

New sales channel partners, as well as sales of new products being sold by existing channel partners, may take several months or more to achieve significant sales. Our channel partner sales structure could subject us to lawsuits, potential liability, and reputational harm if, for example, any of our channel partners misrepresents the functionality of our products or services to their customers or violates laws or our corporate policies. Additionally, some of our master agreements with our wireless carrier customers contain "most favored nation" clauses. These clauses typically provide that if we enter into an agreement with another wireless carrier or customer on more favorable terms, we must offer some of those terms to our existing wireless carrier customers. These provisions may obligate us to provide different, more favorable, terms to our existing wireless carrier customers, which could, if applied, result in lower revenues or otherwise adversely impact our business, financial condition, and results of operations.

If we fail to effectively manage our existing or future sales channel partners, our channel partners fail to promote our products effectively, we are unable to meet our obligations under our sales arrangements or enter into future agreements with wireless carrier customers that have terms that are more favorable to the customer, our business and results of operations would be harmed.

We continue to transform our business. The assumptions underlying these efforts may prove to be inaccurate, or we may fail to achieve the expected benefits from these efforts, and we may have to restructure or transform our business again in the future.

In order to be successful, we must have a competitive business model that brings innovative products and services to market in a timely way. We continue to restructure and transform our business in response to changes in industry and market conditions and to focus on business simplification, quality improvement, reduced direct and indirect costs, and new revenue growth. We must manage the potentially higher growth areas of our business, which entail higher operational and financial risks, as well as the non-core areas, in order for us to achieve improved results. Our assumptions underlying these actions may not be correct, we may be unable to successfully execute these plans, and even if successfully executed, our actions may not be effective or may not lead to the anticipated benefits. As a result, we may determine that further restructuring or business transformation will be needed, which could result in the need to record further special charges such as costs associated with workforce reductions, and we may be unable to maintain or improve our market competitiveness or profitability.

In connection with the transformation of our business, we have made and will continue to make, judgments as to whether we should outsource the development and manufacturing of our products. If any of these providers experience (i) difficulties in obtaining sufficient supplies of components, (ii) component prices significantly exceeding anticipated costs, (iii) an interruption in their operations, or (iv) otherwise suffers capacity constraints, we experience a delay in production and shipping of these products, which would have a negative impact on our revenue. Should there be any disruption in services due to natural disasters, economic or political difficulties, transportation restrictions, acts of terror, quarantines, or other restrictions associated with infectious diseases, or other similar events, or any other reason, such disruption could have a material adverse effect on our business. Operating in the international outsourcing environment exposes us to certain inherent risks, including unexpected changes in regulatory requirements and tariffs, and potentially adverse tax consequences, which could materially affect our results of operations. If these providers are unable to achieve greater operational efficiencies, delivery schedules for new product development and current product delivery could be negatively impacted. Currently, we have no second source of manufacturing for a portion of our products. In addition, switching from one provider to another is an expensive, difficult, and time-consuming process, with serious risks to our ability to successfully transfer our development and/or manufacturing operations. If overall demand for our devices increases in the future, we will need to expand our manufacturing capacity in a cost-efficient manner. Our operations, and consequently our revenues and profitability, could be materially adversely affected

if we are forced to switch from any of our providers to another provider due to any of a number of factors, including financial difficulties faced by the manufacturer, disagreements in pricing negotiations between us and the manufacturer or organizational changes in the manufacturer.

Further, we have made and will continue to make judgments as to whether we should further reduce, relocate, or otherwise change our workforce. We have outsourced substantially all of our manufacturing functions, software development, and quality control functions to third parties, transferring the employees who previously performed this work. These reductions may have resulted in the loss of institutional knowledge and expertise and the reallocation and combination of certain roles and responsibilities across the organization, all of which could adversely affect our operations. These restructuring and additional measures we might take to reduce costs could divert management attention, yield attrition beyond our intended reduction in force, reduce employee morale, or cause us to delay, limit, reduce, or eliminate certain product development plans, each of which could have an adverse impact on our business, operating results and financial condition. Furthermore, our workforce efforts may impair our ability to achieve our current or future business objectives.

We are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets, and if end customers in those markets do not purchase our solutions, our revenues will be adversely impacted, and we may not be able to expand into other markets.

Our revenues have historically been in the industrial enterprise market, and we are materially dependent on the adoption of our solutions by both the industrial enterprise and public sector markets. End customers in the public sector market may remain, for reasons outside our control, tied to solutions or other competitive alternatives to our phones. Sales of our products to these buyers may also be delayed or limited by these competitive conditions. If our products are not widely accepted by buyers in those markets, we may not be able to expand sales of our products into new markets, and our business, results of operations, and financial condition may be adversely impacted.

We rely primarily on third-party contract manufacturers and partners. If these relationships are disrupted and we are unable to obtain substitute manufacturers or partners, on favorable terms or at all, our business, operating results, and financial condition may be harmed.

We have outsourced contract manufacturing, product assembly, and some of our software development operations to third parties located in Asia.

Our contract manufacturers now produce all of our products in facilities located in Asia. All manufacturing of our products is performed in accordance with detailed specifications and product designs furnished or approved by us and is subject to rigorous quality control standards. We periodically review our product manufacturing operations and consider changes we believe may be necessary or appropriate. Although we intend to closely manage the transition process when manufacturing changes, we could experience disruption to our operations during any such transition. Other significant risks include limited control over assembly and testing capacity, delivery schedules, quality assurance, manufacturing yields, production costs, tariffs, and uncertainty over political unrest. Any such disruption could negatively affect our reputation and our operating results. Additionally, our reliance on third parties could, in certain instances, result in reputational damage or even disqualify us from sales opportunities with certain customers.

In addition, we rely on third parties to provide certain services to us, or to our customers, including hosting services, and providers of other cloud-based services. If these third-party providers do not perform as expected, our customers may be adversely affected, resulting in potential liability and negative exposure for us. If it is necessary to migrate these services to other providers due to poor performance, cyber breaches or other security considerations, or other financial or operational factors, it could result in service disruptions to our customers and significant time and expense to us, any of which could adversely affect our business, operating results, and financial condition.

Migrating our design methodology to third-party contract manufacturers or partners could involve increased costs, resources, and development time, and could expose us to further risk of losing control over our intellectual property and the quality of our products.

We have engaged in related-party transactions and may continue to rely on related parties for key business activities, which could create conflicts of interest and adversely affect our business.

We have entered into, and may continue to enter into, transactions with affiliates of Jeffrey Wang, a director who beneficially owns approximately 31% of our common stock. These transactions have included, among other things, engineering services related to the development of new products, and we anticipate continued reliance on related parties for these and potentially other key services.

Related-party transactions present potential conflicts of interest that could result in decisions that prioritize the economic interests of certain individuals over those of our company and its stockholders. In the event of a dispute under any related-party agreement, the interests of affiliated parties may not align with ours, and the resolution of such disputes may be less favorable than what we might achieve in an arms-length transaction with an unaffiliated third party. Additionally, our ability to enforce contractual rights against related parties may be constrained by these relationships.

In the past, affiliates of Mr. Wang have attempted to influence our contractual relationships with third parties by exerting pressure on strategic decisions. While such efforts did not alter the views of a majority of our independent directors, similar actions by related parties in the future could disrupt our operations, create uncertainty, or lead to strategic decisions that are not in the best interests of the company or its stockholders.

Furthermore, there is no assurance that we will be able to replace these related-party services on comparable terms if needed. If we are required to seek alternative service providers, we may incur higher costs, delays, or operational inefficiencies, which could materially impact our business, financial condition, and results of operations.

If our products contain defects or errors, we could incur significant unexpected expenses, experience product returns and lost sales, experience product recalls, suffer damage to our brand and reputation, and be subject to product liability or other claims.

We produce highly complex products that incorporate leading-edge technology, including both hardware and software. The industry standards upon which many of our products are based are also complex, experience changes over time, and may be interpreted in different manners. Software often contains defects or programming flaws that can unexpectedly interfere with expected operations. In addition, our products are complex and are designed to be deployed in large quantities across complex and varying networks. Because of the nature of these products, they can only be fully tested when completely deployed in large networks with high amounts of traffic, and there is no assurance that our pre-shipment testing programs will be adequate to detect all defects. As a result, our customers may discover errors or defects in our hardware or software, or our products may not operate as expected. If we are unable to cure a product defect, we could experience damage to our reputation, reduced customer satisfaction, loss of existing customers and failure to attract new customers, failure to achieve market acceptance, reduced sales opportunities, loss of revenue and market share, increased service and warranty costs, diversion of development resources, legal actions by our customers, and increased insurance costs. Defects, integration issues, or other performance problems in our products could also result in damages to our customers, financial or otherwise. Our customers could seek damages for related losses from us, which could seriously harm our business, operations, financial condition, and liquidity. A product liability claim brought against us, even if unsuccessful, would likely be time-consuming and costly. The occurrence of any of these problems would seriously harm our business, operations, financial condition, and liquidity.

Further, errors, defects, or bugs in our solutions could be exploited by hackers or could otherwise result in an actual or perceived breach of our information systems. Alleviating any of these problems could require significant expense and could cause interruptions, delays, or cessation of our product licensing, which would reduce demand for our products and result in a loss of sales, delay in market acceptance, and injure our reputation and could adversely impact our business, results of operations and financial condition.

If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business will suffer.

Our ability to successfully grow our business depends on a number of factors including our ability to:

- accelerate the adoption of our solutions by new end customers;
- expand into new geographical areas and into new vertical markets;
- develop and deliver new products and services;
- increase awareness of the benefits that our solutions offer; and
- become more cost-effective and scalable by utilizing contract manufacturing.

As usage of our solutions grows, we will need to continue to make investments to develop and implement new or updated solutions, technologies, security features, and cloud-based infrastructure operations. In addition, we will need to appropriately scale our internal business systems and our services organization, including the suppliers of our detection equipment and customer support services, to serve our growing customer base. Any failure of, or delay in, these efforts could impair the performance of our solutions and reduce customer satisfaction. Further, our growth could increase quickly and place a strain

on our managerial, operational, financial, and other resources, and our future operating results depend to a large extent on our ability to successfully manage our anticipated expansion and growth. To manage our growth successfully, we will need to continue to invest in sales and marketing, research and development, general and administrative functions, and other areas. We are likely to recognize the costs associated with these investments earlier than receiving some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely impact our operating results.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new solutions or upgrades to our existing solutions, satisfy customer requirements, maintain the quality and security of our solutions, or execute our business plan, any of which could harm our business, operating results and financial condition.

We are required to undergo a lengthy customization and certification process for each wireless carrier customer, which increases our operating expenses and cost of revenue, and failure to obtain such certification would adversely impact our results of operations and financial condition.

Each wireless carrier requires each of our devices to complete a thorough technical acceptance process before it can be stocked and sold. Such acceptance processes impose rigorous and complex requirements on our devices, which result in a lengthy testing and certification process, during which we incur substantial operating expenses related to the wireless carrier's technical acceptance of our devices. The acceptance processes and related costs to us vary across carrier customers depending on carrier size and level of customization required. Generally, the certification process commences within one to three months of product concept development. During this development stage, certain carriers provide a technology roadmap and target demographics, allowing us to define product specifications to meet carrier goals, while other carriers provide defined specifications and preferred price points. Once we receive approval of a product concept by the carrier, we and the carrier advance the product to the development stage. When the product is close to becoming a functioning model, we commence internal quality assurance processes and field testing, which may include third-party lab testing, in-market field testing, and interoperability testing. Finally, as the last step in the testing phase, the wireless carrier typically conducts testing itself, following which the product may be certified and stocked. The entire process can last from 6 to 18 months depending on the particular wireless carrier and type of device. Any delay in the acceptance process or failure to satisfy the device certification requirements affects our ability to bring products to market and adversely impacts our results of operations and financial condition.

We experience lengthy sales cycles for our products and the delay of an expected large order could result in a significant unexpected revenue shortfall.

The purchase of our products is often an enterprise-wide decision for prospective customers, which requires us to engage in sales efforts over an extended period of time and provide a significant level of education to prospective customers regarding the uses and benefits of such devices. Prospective customers, especially the wireless carriers that sell our products, often undertake a prolonged evaluation process that may take from several months to several years in certain cases. Consequently, if our forecasted sales from a specific customer are not realized, we may not be able to generate revenues from alternative sources in time to compensate for the shortfall. The loss or delay of an expected large order could also result in a significant unexpected revenue shortfall. Moreover, to the extent we enter into and deliver our products pursuant to significant contracts earlier than we expected, our operating results for subsequent periods may fall below expectations. We may spend substantial time, effort, and money on our sales and marketing efforts without any assurance that our efforts will produce any sales. If we are unable to succeed in closing sales with new and existing customers, our business, operating results, and financial condition will be harmed.

If we fail to adequately forecast demand for our inventory and supply needs, we could incur additional costs or experience manufacturing delays, which could reduce our gross margin or cause us to delay or even lose sales.

Because our production volumes are based on a forecast of channel partner demand rather than firm purchase commitments from our major customers, our forecasts have been, and there is a risk that our forecasts could be inaccurate in the future. There is a risk that we will be unable to sell our products at the volumes and prices we expect, which may result in excess inventory. We provide, and will continue to provide, forecasts of our demand to our third-party suppliers prior to the scheduled delivery of products to our channel partners. If we overestimate our requirements, our contract manufacturers may have excess component inventory, which could increase our costs. If we underestimate our requirements, our contract manufacturers may have inadequate component inventory, which could interrupt the manufacturing of our products and result in delays in shipments and revenues, lost sales, or we could incur unplanned overtime costs to meet our requirements, resulting in significant cost increases. For example, certain materials and components used to manufacture our products may reach end of life during any of our product's life cycles, following which suppliers no longer provide such expired materials and components. This

would require us to either source and qualify an alternative component, which could require a re-certification of the device by the wireless carriers and/or regulatory agencies or forecast product demand for a final purchase of such materials and components that may reach end of life to ensure that we have sufficient product inventory through a product's life cycle. If we overestimate forecasted demand, we will hold excess end-of-life materials and components resulting in increased costs. If we underestimate forecasted demand, we could experience delays in shipments and loss of revenues.

In addition, if we underestimate our requirements and the applicable supplier becomes insolvent or is no longer able to timely supply our needs in a cost-efficient manner or at all, we may be required to acquire components, which may need to be customized for our products, from alternative suppliers, including at significantly higher costs. For example, in 2018, one of our suppliers became insolvent and ceased all production, requiring us to seek alternative supply of complex components in a very short time frame. If we cannot source alternative suppliers and/or alternative components, we may suffer delays in shipments or lost sales. Similarly, credit constraints at our suppliers could require us to accelerate payment of our accounts payable, impacting our cash flow. Further, lead times for materials and components that we order vary significantly and depend on factors such as the specific supplier, contract terms, customization needed for any particular component and demand for each component at a given time. Any such failure to accurately forecast demand and manufacturing and supply requirements, and any need to obtain alternative supply sources, could materially harm our business, results of operations, and financial condition.

The markets for our mobile devices and related accessories may not develop as quickly as we expect or may not develop at all.

Our future success is substantially dependent upon continued adoption of devices and related accessories in the industrial enterprise and public sector markets, including the transition from LMR and PTT to smartphone and cellular networks. These market developments and transitions may take longer than we expect or may not occur at all and may not be as widespread as we expect. If the market does not develop as we expect, our business, operating results, and financial condition will be significantly harmed.

Our dependence on third-party suppliers for key components of our products could delay shipment of our products and reduce our sales.

We depend on certain suppliers for the delivery of components used in the assembly of our products, including machined parts, injection molded plastic parts, printed circuit boards, and other miscellaneous custom parts for our products. Our reliance on third-party suppliers creates risks related to our potential inability to obtain an adequate supply of components and reduced control over pricing and timing of delivery of components. In particular, we have little to no control over the prices at which our suppliers sell materials and components to us. The components business has, from time to time, experienced periods of extreme shortages in product supply, generally as the result of demand exceeding available supply. Many companies use the same raw materials and supplies that we do in the production of their products. Companies with more resources than our own may have a competitive advantage in obtaining raw materials and supplies due to greater buying power. When these shortages occur, suppliers also tend to either increase prices or reduce the number of units sold to customers. In addition, certain supplies of our components are available only from a single source or limited sources and we may not be able to diversify suppliers in a timely manner. We have experienced shortages in the past that have negatively impacted our results of operations and may experience such shortages in the future. These factors can result in reduced supply, higher prices of components used in the assembly of our products, and delays in the receipt of certain of our key components, which in turn may generate increased costs, lower margins, and delays in product delivery, with a corresponding adverse effect on revenues and customer relationships. For example, we phased out low margin white label products in the first half of 2024 because our manufacturing partners had difficulty maintaining production of our white label products.

We also do not have long-term supply agreements with any of our suppliers. Our current contracts with certain suppliers may be canceled or not extended by such suppliers and, therefore, do not afford us sufficient protection against a reduction or interruption in supplies. Moreover, if any of these suppliers breach their contracts with us, our legal remedies associated with such a breach may be insufficient to compensate us for any damages we may suffer.

Any interruption of supply for any material components of our products for any reason, including but not limited to global or local health crises, or inability to obtain required components from our third-party suppliers, could significantly delay the production and shipment of our products and harm our revenues, profitability and financial condition.

Our future success is dependent on our ability to create independent brand awareness for our company and products with end customers, and our inability to achieve such brand awareness could limit our prospects.

We depend on a small number of wireless carriers to distribute our products. While we intend to accelerate direct marketing and end-customer brand awareness initiatives in the future, our sales and marketing efforts have historically been predominantly focused on channel partners. As such, historically, our operating expenses related to end-customer marketing efforts have historically been very small, representing less than 1.0% of our total sales and marketing expenses (including during the years ended December 31, 2024 and 2023). Increasing end-customer brand awareness requires investment in our sales and marketing efforts. As a result, we expect our sales and marketing expenses to increase in the future, primarily from increased use of third-party service providers, which will require us to cost-efficiently ramp up our sales and marketing capabilities and effectively target end customers. However, there can be no assurance that we will successfully increase our brand awareness or do so in a cost-efficient manner while maintaining market share within our existing sales channels. Our failure to establish stand-alone brand awareness with end customers of our products would leave us vulnerable to competitors and have an adverse impact on our prospects. If we are unable to significantly increase the awareness of our brand and solutions with end customers in a cost-efficient manner, we will remain significantly dependent on our channel partners for sales of our products and would adversely impact our ability to grow our business.

If we are unable to sell our solutions into new markets, our revenues may not grow.

Any new market into which we attempt to sell our solutions may not be receptive. Our ability to penetrate new markets depends on the quality of our solutions, the continued adoption of our public safety solution by first responders, the perceived value of our solutions as a risk management tool and our ability to design our solutions to meet the demands of our customers. If the markets for our solutions do not develop as we expect, our revenues may not grow.

Our ability to successfully face these challenges depends on several factors, including increasing the awareness of our solutions and their benefits, the effectiveness of our marketing programs, the costs of our solutions, our ability to attract, retain and effectively train sales and marketing personnel, and our ability to develop relationships with wireless carriers and other partners. If we are unsuccessful in developing and marketing our solutions into new markets, new markets for our solutions might not develop or might develop more slowly than we expect, either of which would harm our revenues and growth prospects.

Changes in the availability of federal funding to support local public safety or other public sector efforts could impact our opportunities with public sector end customers.

Many of our public sector end customers rely to some extent on funds from the U.S. federal government to purchase and pay for our solutions. Any reduction in federal funding for local public safety or other public sector efforts could result in our end customers having less access to funds required to continue, renew, expand, or pay for our solutions. If federal funding is reduced or eliminated and our end customers cannot find alternative sources of funding to purchase our solutions, our business will be harmed.

Failure of our suppliers, subcontractors, distributors, resellers, and representatives to use acceptable legal or ethical business practices, or to fail for any other reason, could negatively impact our business.

We do not control the labor and other business practices of our suppliers, subcontractors, distributors, resellers, and third-party sales representatives (the “TPSRs”), and cannot provide assurance that they will operate in compliance with applicable rules, and regulations regarding working conditions, employment practices, environmental compliance, anti-corruption, and trademark a copyright and patent licensing. If one of our suppliers, subcontractors, distributors, resellers, or TPSRs violates labor or other laws or implements labor or other business practices that are regarded as unethical, the shipment of finished products to us could be interrupted, orders could be canceled, relationships could be terminated, and our reputation could be damaged. If one of our suppliers or subcontractors fails to procure the necessary license rights to trademarks, copyrights, or patents, legal action could be taken against us that could impact the salability of our products and expose us to financial obligations to a third party. Any of these events could have a negative impact on our sales and results of operations.

Moreover, any failure of our suppliers, subcontractors, distributors, resellers, and TPSRs, for any reason, including bankruptcy or other business disruption, could disrupt our supply or distribution efforts and could have a negative impact on our sales and results of operations.

We are exposed to risks associated with strategic transactions.

We may pursue mergers, acquisitions, or dispositions of businesses or assets or other strategic transactions that we believe will strengthen, streamline, or expand our business. Each such transaction would be dependent upon several factors, including identifying suitable companies, businesses, or assets that align with our business strategies, reaching an agreement with the potential counterparties on acceptable terms, receipt of any applicable regulatory and other approvals, and other conditions. These transactions involve various risks, including among others:

- difficulties related to integrating or managing applicable parts of an acquired business or joint venture and unanticipated changes in customer and other third-party relationships subsequent to closing;
- diversion of management's attention from day-to-day operations;
- applicable antitrust laws and other regulations that may limit our ability to acquire targets or require us to divest an acquired business or assets;
- failure to realize anticipated benefits, such as cost savings, revenue enhancements, or strengthening or broadening our business;
- potentially substantial transaction costs associated with acquisitions, joint ventures, or investments if we or a transaction counterparty seek to exit or terminate an interest in the joint venture or investment; and
- potential accounting impairment or actual diminution or loss of value of our investment if future market, business, or other conditions ultimately differ from our assumptions at the time such transaction is consummated.

Risks Related to Our Financial Condition

We may not generate sufficient liquidity to operate our business and maintain its growth.

We will require significant funds to implement our business strategy, upgrade and expand our product portfolio, and meet our other liquidity needs. Our historical revenue is not indicative of our future performance. There can be no assurance that we will generate sufficient revenue to offset the cost of maintaining our operations, including significant accounting, legal, administrative, and other costs associated with being a public company, and successfully expand our business in accordance with our growth strategy. Additionally, our cash needs may increase in the near future as we focus on growing and developing our data devices businesses and expanding our operations internationally, and our liquidity may not be sufficient to achieve these objectives.

We may need to seek to raise additional capital from the sale of securities or the incurrence of indebtedness to allow us to maintain our operations and invest in growth opportunities. There can be no assurance that any debt or equity financing will be available to us on acceptable terms, or at all. Additionally, if we issue additional equity securities to raise funds, whether to existing investors or others, the ownership percentage of our existing stockholders would be reduced. New investors may demand rights, preferences, or privileges senior to those of existing holders of common stock. We may also be limited as to the amount of funds we can raise pursuant to SEC rules and the continued listing requirements of Nasdaq.

An inability to maintain adequate cash on hand, generate sufficient cash flow from our operations, or access capital financing on acceptable terms will reduce our chances to compete successfully and expand our business in the manner currently contemplated and adversely affect our business and results of operations.

We have not been profitable in recent years and may not achieve or maintain profitability in the future.

We have incurred significant net losses since 2013 and have an accumulated deficit of \$284 million as of December 31, 2024. We are not certain whether or when we will obtain a high enough volume of sales of our products to sustain or increase our growth or achieve or maintain profitability in the future. We also expect our costs to increase in future periods, which would negatively impact our future operating results if our revenues do not increase. In particular, we expect to continue to expend substantial financial and other resources on:

- research and development related to our solutions, including investments in our engineering and technical teams;
- expansion of our sales and marketing efforts;
- general and administrative expenses, including legal and accounting expenses related to being a public company; and
- continued expansion of our business.

These investments may not result in increased revenues or growth in our business. Additionally, we have recently and may continue to encounter unforeseen operating expenses, difficulties, complications, delays, and other unknown factors that may result in losses in future periods. If we are unable to increase our revenues at a rate sufficient to offset the expected increase in our costs, our business, operating results, and financial position may be harmed, and we may not be able to achieve or maintain profitability over the long term. We are subject to the risks and uncertainties associated with the development and release of new products. Our principal sources of liquidity as of December 31, 2024, consist of existing cash and cash equivalents totaling \$5.3 million. The cost structure of the company has been significantly reduced and many aspects of product development and operational support have been outsourced to add additional spending flexibility if needed. We have subsequently raised approximately \$3.8 million through our ATM stock sale program and \$3.0 million from a debt facility. Our existing capital is expected to allow the company to continue operations for at least the next twelve months. If necessary, we will seek to raise additional capital. There can be no assurance that additional financing will be available to us on acceptable terms, or at all. Additionally, if we issue additional equity securities to raise funds, whether to existing investors or others, the ownership percentage of our existing stockholders would be reduced. New investors may demand rights, preferences, or privileges senior to those of existing holders of common stock. Additionally, we may be limited as to the amount of funds we can raise pursuant to SEC rules and the continued listing requirements of the Nasdaq Stock Market or Nasdaq. If we cannot grow our revenue run-rate or raise needed funds, we might be forced to make additional reductions in our operating expenses, which could adversely affect our ability to implement our business plan and ultimately our viability as a Company.

Our ability to use our net operating losses to offset future taxable income will be subject to certain limitations.

As of December 31, 2024 and 2023, we had U.S. federal and state net operating loss carryforwards, or NOLs, of \$120.1 million and \$95.2 million, respectively, due to prior period losses, a portion of which expire in various years beginning in 2037 and 2035, respectively, if not utilized. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Due to the investment by AJP Holding Company, LLC (“AJP”) in 2022 and the resulting ownership change, the future use of the NOLs to reduce future taxable income of the Company is severely limited.

Risks Related to Information Technology and Intellectual Property

A security breach or other significant disruption of our IT systems or those of our partners, suppliers, or manufacturers, caused by cyberattacks or other means, could have a negative impact on our operations, sales, and operating results.

We rely extensively on our information systems to manage our business operations. We have experienced and expect to continue to experience attempts to compromise our information technology systems and those of our third-party service providers. All IT systems are potentially vulnerable to damage, unauthorized access, or interruption from a variety of sources, including but not limited to, cyberattacks, cyber intrusions, computer viruses, security breaches, denial-of-service attacks, ransomware or other malware, energy blackouts, natural disasters and severe weather conditions, terrorism, sabotage, war, insider trading, human error, and computer and telecommunication failures. Attacks against the Company can escalate during periods of geopolitical tensions or conflict. Additionally, like other mobile device manufacturers, we use open-source software from time to time, which may be more susceptible to cybersecurity vulnerabilities that may not be identified timely. We are also dependent upon third-party manufacturers and service providers to adequately protect our IT systems. We do not have direct oversight or influence over how third parties manage the security, quality, or resiliency of their networks. Cyber attacks continue to evolve in sophistication and volume, and inherently may be difficult to detect for long periods of time. For example, the development and implementation of AI technologies may further increase our exposure to or exacerbate the risks of cyber attacks or other security incidents, particularly where such technologies are exploited by third parties to breach our IT systems or those of our third-party service providers.

A cyberattack or other significant disruption involving our IT systems or those of our outsource partners, suppliers, or manufacturers could result in the unauthorized release of proprietary, confidential, or sensitive information of ours or result in virus and malware installation on our devices. Such unauthorized access to, or release of, this information or other security breaches could: (i) allow others to unfairly compete with us, (ii) compromise safety or security, (iii) subject us to claims for breach of contract, tort, and other civil claims, and (iv) damage our reputation. We could face regulatory penalties, enforcement actions, remediation obligations, or private litigation by parties whose data is improperly disclosed or misused. Any or all of the foregoing could negatively impact our business, financial condition, and results of operations.

If we are unable to successfully protect our intellectual property, our competitive position may be harmed.

Our ability to compete is heavily affected by our ability to protect our intellectual property. We rely on a combination of patents, patent applications, copyright and trademark laws, trade secrets, confidentiality procedures, and contractual provisions to protect our proprietary rights. We also enter, and plan to continue to enter, into confidentiality, invention assignment, or license agreements with our employees, consultants, and other parties with whom we contract, and control access to and distribution of our software, documentation, and other proprietary information. The steps we take to protect our intellectual property may be inadequate, and it is possible that some or all of our confidentiality agreements will not be honored, and certain contractual provisions may not be enforceable. Existing trade secret, trademark, and copyright laws offer only limited protection. Unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. Policing unauthorized use of our products is difficult, time-consuming, and costly, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. We cannot assure you that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar technology, the effect of either of which would harm our competitive position in the market. Furthermore, disputes can arise with our strategic partners, customers, or others concerning the ownership of intellectual property.

Others may claim that we infringe on their intellectual property rights, which may result in costly and time-consuming litigation and could delay or otherwise impair the development and commercialization of our products.

In recent years, there has been a significant increase in litigation in the United States involving patents and other intellectual property rights, and because our products are comprised of complex technology, we are often involved in or impacted by assertions, including both requests to take licenses and litigation, regarding infringement of patent and other intellectual property rights of third parties. Third parties have asserted, and in the future may assert, intellectual property infringement claims against us and against our channel partners, end customers, and suppliers. Many of these assertions are brought by non-practicing entities whose principal business model is to secure patent licensing revenues from product manufacturing companies. Claims for alleged infringement and any resulting lawsuit, if successful, could subject us to significant liability for damages and invalidation of our intellectual property rights. Defending any such claims, with or without merit, including pursuant to indemnity obligations, could be time-consuming, and expensive, cause product shipment delays, or require us to enter into a royalty or licensing agreement, any of which could delay the development and commercialization of our products or reduce our margins. If we are unable to obtain a required license, our ability to sell or use certain products may be impaired. In addition, if we fail to obtain a license, or if the terms of the license are burdensome to us, our operations could be significantly harmed.

Our use of open-source software could subject us to possible litigation or otherwise impair the development of our products.

A portion of our technologies incorporates open-source software, including open-source operating systems such as Android, and we expect to continue to incorporate open-source software into our platform in the future. Few of the licenses applicable to open-source software have been interpreted by courts, and their application to the open-source software integrated into our proprietary technology platform may be uncertain. If we fail to comply with these licenses, then pursuant to the terms of these licenses, we may be subject to certain requirements, including requirements that we make available the source code for our software that incorporates the open-source software. We cannot assure you that we have not incorporated open-source software in our software in a manner that is inconsistent with the terms of the applicable licenses or our current policies and procedures. If an author or other third party that distributes such open-source software were to allege that we had not complied with the conditions of one or more of these licenses, we could incur significant legal expenses defending against such allegations. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition, or require us to devote additional research and development resources to change our technology platform.

With respect to open-source operating systems, if third parties cease continued development of such operating systems or restrict our access to such operating systems, our business and financial results could be adversely impacted. We are dependent on third parties' continued development of operating systems, software application ecosystem infrastructures, and such third parties' approval of our implementations of their operating and system and associated applications. If such parties cease to continue development or support of such operating systems or restrict our access to such operating systems, we would be required to change our strategy for our devices. As a result, our financial results could be negatively impacted because a resulting shift away from the operating systems we currently use, and the associated applications ecosystem could be costly and difficult.

Our inability to obtain and maintain any third-party license required to develop new products and product enhancements could seriously harm our business, financial condition, and results of operations.

From time to time, we are required to license technology from third parties to develop new products or product enhancements. For example, we have entered into worldwide intellectual property cross-license agreements or other technology license agreements with a number of global technology companies in the mobile telecommunications market. Third-party licenses may not be available to us on commercially reasonable terms, or at all. If we fail to renew any intellectual property license agreements on commercially reasonable terms, or any such license agreements otherwise expire or terminate, we may not be able to use the patents and technologies of these third parties in our products, which are critical to our success. We cannot assure you that we will be able to effectively control the level of licensing and royalty fees paid to third parties, and a significant increase in such fees could have a significant and adverse impact on our future profitability. Seeking alternative patents and technologies may be difficult and time-consuming, and we may not be successful in finding alternative technologies or incorporating them into our products. Our inability to obtain any third-party license necessary to develop new products or product enhancements could require us to obtain substitute technology of lower quality or performance standards, or at greater cost, which could seriously harm our business, financial condition, and results of operations.

Increasing regulatory focus on privacy and cybersecurity issues and expanding laws could expose us to liability, subject us to lawsuits, investigations, and other liabilities and restrictions on our operations that could significantly and adversely affect our business.

Personal privacy and information security are significant issues in the United States, Europe and the other jurisdictions in which we operate or make our products and applications available. The legislative and regulatory framework for privacy and security issues worldwide is rapidly evolving and may be inconsistent from jurisdiction to jurisdiction. Examples of these laws include but are not limited to:

- various U.S. federal, U.S. state, and foreign privacy laws related to the processing and security of personal data, including:
 - (1) comprehensive privacy laws that provide data privacy rights (including, in California, a private right of action in the event of a data breach resulting from our failure to implement and maintain reasonable security procedures and practices) and impose significant obligations on controllers and processors of consumer data;
 - (2) laws imposing obligations on businesses that collect or disclose biometric information (including, in Illinois, Texas, and Washington); and
 - (3) laws regulating internet-connected devices (such as, in California, the Internet of Things Security Law).
- the EU General Data Protection Regulation and the United Kingdom General Data Protection Regulations, which apply to all of our activities conducted from an establishment in the EU or the United Kingdom, respectively, or related to products and services that we offer to the EU or the United Kingdom users or customers, respectively, or the monitoring of their behavior in the EU or the UK, respectively.

We may incur substantial expense in complying with the obligations imposed by various jurisdictions in which we do business or seek to do business and we may be required to make significant changes in our business operations, all of which may adversely impact our revenues and our business overall. Additionally, our failure or perceived failure to comply with privacy and information security laws and regulations would result in negative publicity fines and orders requiring that we change our practices, which will adversely affect our business, reputation, financial condition, and operating results.

Risks Related to Legal and Regulatory Matters

Changes in laws and regulations concerning the use of telecommunication bandwidth could increase our costs and adversely impact our business.

Our business depends on our ability to sell devices that use telecommunication bandwidth allocated to licensed and unlicensed wireless services, and that use of that bandwidth is subject to laws and regulations that are subject to change over time. Changes in the permitted uses of telecommunication bandwidth, reallocation of such bandwidth to different uses, and new or increased regulation of the capabilities, manufacture, importation, and use of devices that depend on such bandwidth could increase our costs, require costly modifications to our products before they are sold, or limit our ability to sell those products into our target markets. In addition, we are subject to regulatory requirements for certification and testing of our products before they can be marketed or sold. Those requirements may be onerous and expensive. Changes to those requirements could result in significant additional costs and could adversely impact our ability to bring new products to market in a timely fashion.

The interpretation and implementation of the various provisions of the Communications Act of 1934, as amended, and the FCC rules implementing said act continue to be heavily debated and may have a material adverse effect on our business. FCC regulatory activity has increased in 2023 and 2024, particularly in connection with broadband the origin of hardware (including chipsets) and software used in telecommunication and data devices. We cannot predict how increased regulatory activity at the FCC will impact our businesses but expect increased legal and compliance costs. If we do not comply with FCC rules, regulations, orders, policies, or procedures we could be subject to FCC enforcement actions, fines, and possibly restrictions on our ability to operate or offer certain or all of our products in the United States. Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry, could erode customer trust, possibly impair our ability to sell our products to customers, and could adversely affect our business, results of operations, and financial condition.

Changes in U.S. trade policy, including the imposition of tariffs and restrictions and the resulting consequences, may have a material adverse impact on our business, operating results, and financial condition.

We cannot predict what changes to trade policy will be made, or the economic impact that changes to trade policy will have, including significant increases in tariffs on goods imported into the United States, particularly tariffs on products manufactured abroad, including China and other countries, and the length of time such tariffs may remain in place, or whether the entry into new bilateral or multilateral trade agreements will occur. As of the date of this filing, the U.S. has imposed tariffs on foreign imports into the United States, including, most relevant to us, an additional 20% tariff on all imports from China. These tariffs may increase the cost of our products and could negatively impact our results of operations. At this time, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of additional tariffs on goods imported into the U.S., tax policy related to international commerce, increased export control, sanctions and investment restrictions, or other trade matters. Although the ultimate scope and timing of any such actions is currently indeterminable, if implemented, they could have a material impact on our financial condition and results of operations. If further tariffs are imposed on a broader range of imports, further retaliatory trade measures are taken by various countries in response to tariffs, or efforts are made to withdraw from or substantially modify such agreements, then we may be required to raise our prices or incur additional expenses.

In addition, the FCC rules prohibit communications equipment deemed to pose an unacceptable risk to national security from obtaining the equipment authorization that allows the products to be imported, marketed, or sold in the U.S. If any of our product components were to be classified under these restrictions, we could face regulatory hurdles, supply chain disruptions, and lost revenue opportunities, which could have a material impact on our operations and financial results. Additionally, evolving national security policies and heightened scrutiny of foreign-manufactured telecommunications equipment may further increase compliance costs and restrict our market access.

The adoption or expansion of trade restrictions, the escalation of a trade war, or other governmental actions related to tariffs, trade agreements, or prohibition of components of communication equipment, could negatively impact demand for our products, increase costs, disrupt our supply chain, and adversely affect our customers and suppliers. Any of these developments could have a material adverse effect on our business, operating results, and financial condition.

The unfavorable outcome of any future litigation, arbitration, or administrative action could have a significant adverse impact on our financial condition or results of operations.

From time to time, we are a party to litigation, arbitration, or administrative actions. Our business may bring us into conflict with third parties with whom we have contractual or other business relationships, or with our competitors or others whose interests differ from ours. If we are unable to resolve those conflicts on terms that are satisfactory to all parties, we may become involved in litigation brought by or against us. Our financial results and reputation could be negatively impacted by unfavorable outcomes to any future litigation or administrative actions, including those related to the Foreign Corrupt Practices Act, the U.K. Bribery Act, or other anti-corruption laws. Monitoring, initiating, and defending against legal actions is time-consuming for our management, likely to be expensive, and may detract from our ability to fully focus our internal resources on our business activities. In addition, despite the availability of insurance, we may incur substantial legal fees and costs in connection with litigation. Lawsuits are subject to inherent uncertainties, and defense and disposition costs depend upon many unknown factors. Lawsuits could result in judgments against us that require us to pay damages, enjoin us from certain activities, or otherwise negatively affect our legal or contractual rights, which could have a significant adverse effect on our business. In addition, the inherent uncertainty of such litigation could lead to increased volatility in our stock price and a decrease in the value of our stockholders' investment in our common stock. There can be no assurances as to the favorable outcome of any litigation or administrative proceedings. In addition, it can be very costly to defend litigation or administrative proceedings and these costs could negatively impact our financial results.

We may incur substantial costs and receive adverse outcomes in litigation, regulatory investigations, and other legal matters in connection with alleged violations of securities laws and regulations.

Our business, financial condition, and results of operations could be materially adversely affected by unfavorable results in pending or future litigations, regulatory investigations, and other legal matters related to violations or perceived violations of applicable securities laws and regulations by the Company or its affiliates.

We have been subject to the SEC investigation and stockholders' class actions in the past and may become subject to securities-related investigations or legal proceedings in the future. The ultimate resolution of such investigations and lawsuits cannot be predicted, and the claims raised in these lawsuits may result in further legal matters or actions against us, including, but not limited to, government enforcement actions or additional private litigation. We were subject to an SEC investigation that had started in March 2020. Although there were no penalties imposed against the Company as a result of that SEC investigation, we cannot predict the outcome of any particular proceeding, or whether any new SEC investigation will be resolved favorably or ultimately result in charges or material damages, fines, or other penalties, enforcement actions, or civil or criminal proceedings against us or members of our senior management.

Litigation matters and regulatory investigations, regardless of their merits or their ultimate outcomes, are costly, divert management's attention, and may materially adversely affect our reputation and demand for our products. We cannot predict with certainty the eventual outcome of pending or future legal matters. An adverse outcome of litigation or legal matters could result in us being responsible for significant damages. Any of these negative effects resulting from litigation, regulatory investigations, and other legal matters could materially adversely affect our business, financial condition, and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering, economic sanctions, export control, and similar laws. Non-compliance with such laws can subject us to criminal or civil liability and harm our business, revenues, financial condition, and results of operations.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and other anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international presence, we may engage with distributors and third-party intermediaries to market our solutions and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities.

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. In particular, the United States prohibits U.S. persons from engaging with individuals and entities identified as "Specially Designated Nationals," such as terrorists and narcotics traffickers. These prohibitions are administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC. OFAC rules prohibit U.S. persons from engaging in, or facilitating a foreign person's engagement in, transactions with or relating to the prohibited individual, entity or country, and require the blocking of assets in which the individual, entity or country has an interest. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Other countries in which we operate, including Canada and the United Kingdom, also maintain economic and financial sanctions regimes.

Some of our solutions, including software updates and third-party accessories, may be subject to U.S. export control laws, including the Export Administration Regulations; however, the vast majority of our products are non-U.S.-origin items, developed and manufactured outside of the United States, and therefore not subject to these laws. For third-party accessories, we rely on manufacturers to supply the appropriate export control classification numbers that determine our obligations under these laws.

We cannot assure you that our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international presence, our risks under these laws, rules, and regulations may increase. Further, any change in the applicability or enforcement of these laws, rules, and regulations could adversely impact our business operations and financial results.

Detecting, investigating and resolving actual or alleged violations can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, anti-money laundering, or economic sanctions laws, rules, and regulations could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, revenues, financial condition, and results of operations would be significantly harmed. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and significant defense costs and other professional fees. Enforcement actions and sanctions could further harm our business, financial condition and results of operations.

We are subject to a wide range of product-, consumer-, worker- safety and environmental laws and regulations.

Our operations and the products we manufacture or sell are subject to a wide range of product regulatory and safety, consumer, worker safety and environmental laws and regulations. Compliance with such existing or future laws and regulations could subject us to future costs or liabilities, impact our production capabilities, constrict our ability to sell, expand or acquire facilities, restrict what solutions we can offer and generally impact our financial performance. Our products are designed for use in potentially explosive or hazardous environments. If our product design fails for any reason in such environments, we may be subject to product liabilities and future costs. In addition, some of these laws are environmental and relate to the use, disposal, remediation, emission, discharge of and exposure to hazardous substances. These laws often impose liability and can require parties to fund remedial studies or actions regardless of fault. Environmental laws have tended to become more stringent over time and any new obligations under these laws could have a negative impact on our operations or financial performance.

Laws focused on the energy efficiency of electronic products and accessories, recycling of both electronic products and packaging, reducing or eliminating certain hazardous substances in electronic products, and the transportation of batteries continue to expand significantly. Laws pertaining to accessibility features of electronic products, standardization of connectors and power supplies, the transportation of lithium-ion batteries, and other aspects are also proliferating. There are also demanding and rapidly changing laws around the globe related to issues such as product safety, radio interference, radio frequency radiation exposure, medical related functionality, and consumer and social mandates pertaining to use of wireless or electronic equipment. These laws, and changes to these laws, could have a substantial impact on whether we can offer certain products, solutions, and services, and on what capabilities and characteristics our products or services can or must include.

These laws and regulations impact our products and could negatively impact our ability to manufacture and sell products competitively. In addition, we anticipate that we will see increased demand to meet voluntary criteria related to reduction or elimination of certain constituents from products, increasing energy efficiency and providing additional accessibility.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business.

We are required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements will be time-consuming and will result in increased costs to us and could have a negative effect on our results of operations, financial condition or business.

As a public company, we are subject to the reporting requirements of the Exchange Act and requirements of the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we attest to having internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a significant adverse impact on our results of operations, financial condition or business.

Being a public company requires significant resources and management oversight. As a result, management's attention may be diverted from other business concerns, which could harm our business, operating results, and financial condition.

Risks Related to Ownership of Our Common Stock

Our business and operations could be negatively affected if we become subject to stockholder activism or hostile bids, which could cause us to incur significant expense, hinder execution of our business strategy and impact our stock price.

Stockholder activism—ranging from proxy contests and hostile bids to public campaigns and litigation—has become increasingly prevalent. Declines in our stock price may heighten our vulnerability to unsolicited approaches, potentially disrupting our business strategy and operations.

In January 2025, Orbic North America, LLC (“Orbic”), an affiliate of our competitor currently engaged in intellectual property litigation against Sonim, announced an “agreement in principle” with AJP, our largest stockholder, which is controlled by our director Jeffrey Wang, who beneficially owns approximately 31% of our common stock, to purchase a portion of AJP’s stock. Following this development, our board formed a Special Committee to evaluate strategic alternatives. Orbic also entered into an irrevocable proxy agreement granting it control over all of AJP’s voting power. On March 21, 2025, AJP and Orbic, acting as a group, delivered a notice to nominate an alternative slate of director candidates for election to our board at our 2025 annual meeting. Responding to such actions by activist stockholders can be costly and time-consuming, disrupt our operations, and divert the attention of management and our board of directors. If AJP and Orbic are successful in the proxy contest, they could gain control of our board of directors, potentially pursuing actions advanced by our competitor that conflict with our long-term strategic objectives. Actions of AJP and Orbic may also discourage or deter a potential acquirer of Sonim from considering Sonim as a desirable acquisition target.

The presence of an activist stockholder or the perception of a potential hostile takeover may create uncertainty regarding our future direction, strain relationships with business partners, and impact our ability to attract and retain key personnel. In fact, Sonim has already had to dispel market rumors regarding potential hostile actions by Orbic, which has required management’s time and effort.

Our evaluation of strategic alternatives may not lead to a favorable outcome and could create business disruption and stock price volatility.

In January 2025, we formed a Special Committee composed solely of independent directors to evaluate potential strategic alternatives aimed at enhancing stockholder value. These alternatives could include acquisitions, divestitures, mergers, partnerships, financings, or a sale of the company. The Special Committee was formed in response to the Schedule 13D/A filing by AJP on January 17, 2025, and it subsequently received an unsolicited, non-binding proposal from Orbic.

There can be no assurance that our strategic review process will result in any transaction or other strategic outcome. We do not intend to disclose further developments on this strategic review process unless and until we determine that such disclosure is appropriate or necessary. If we determine to engage in a transaction as a result of our exploration and evaluation of strategic alternatives, our future business, prospects, financial position and operating results could be significantly different than those in historical periods or projected by our management. Moreover, the review of strategic alternatives may disrupt our business by causing uncertainty among current and potential employees, suppliers, customers and investors. The selection and execution of a strategic alternative may lead to similar disruptions, and parties advocating for alternatives not selected may solicit support for such other alternatives, causing further disruption.

The occurrence of any one or more of the above risks could have a material adverse impact on our business, financial condition, results of operations and cash flows.

We are required to meet the Nasdaq continued listing requirements and other Nasdaq rules, or we may risk delisting. Delisting could negatively affect the price of our common stock, which could make it more difficult for us to sell securities in a future financing or for you to sell our common stock.

We are required to meet the continued listing requirements of the Nasdaq and other Nasdaq rules, including those regarding director independence and independent committee requirements, minimum stockholders’ equity, minimum share price and certain other corporate governance requirements. In particular, we are required to maintain a minimum bid price for our listed common stock of \$1.00 per share, which we previously failed to meet resulting in two reverse stock splits in a five-year period in order to regain compliance. If we do not meet these continued listing requirements, our common stock could be delisted.

If Nasdaq delists our common stock from trading on its exchange and we are not able to list our common stock on another national securities exchange, we expect our common stock could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our common stock;
- reduced liquidity for our common stock;
- a determination that our common stock is a “penny stock” which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- negative publicity;
- a limited amount of news and analyst coverage;
- loss of eligibility to register the sale or resale of our securities on Form S-3; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We may become a “controlled company” within the meaning of the applicable rules of Nasdaq and, as a result, may qualify for exemptions from certain corporate governance requirements. If we rely on these exemptions, our stockholders will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Jefferey Wang, a member of our board of directors and the sole manager of AJP, beneficially owns approximately 31% of the issued and outstanding shares of our common stock as of the filing date of this report. Although the sale of shares of our common stock may decrease the beneficial ownership of Mr. Wang, in the event of purchasing more shares of our common stock, Mr. Wang may control a majority of the voting power, and we may then be a “controlled company” within the meaning of applicable rules of the Nasdaq at the time of conversion. Under these rules, a company is a “controlled company” if more than 50% of the voting power for the election of directors is held by an individual, group, or another company, and such company may elect not to comply with certain corporate governance requirements, including the requirements that the company have: (i) a majority of its board of directors comprised of independent directors; (ii) a nominating and corporate governance committee comprised solely of independent directors; (iii) a compensation committee comprised solely of independent directors; and (iv) an annual performance evaluation of the nominating and corporate governance and compensation committees.

Though we currently neither anticipate becoming a “controlled company,” nor taking advantage of any “controlled company” exemptions even if deemed to be a “controlled company,” if we were to be deemed to be a “controlled company” and were to elect to be exempt from some or all of these corporate governance requirements, you may not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Sales of our common stock under resale registration statements or the perception of such sales in the public market or otherwise could cause the market price for our common stock to decline, even if our business is doing well.

Resales of our common stock may cause the market price of our securities to drop significantly. The sale of shares of our common stock in the public market or otherwise, including sales pursuant to two effective Form S-3 Registration Statements and prospectuses, dated, respectively, December 1, 2023, (the “AJP Registration Statement”) and September 16, 2024 (the “Liu Registration Statement”) or the perception that such sales could occur, could reduce the prevailing market price of shares of our common stock and increase the volatility of our share price. These sales, or the possibility that these sales may occur, also might make it more difficult for us:

- to sell equity securities in the future at a time and at a price that we deem appropriate; and
- to comply with the Nasdaq listing standards with regard to the minimum bid price of our common stock.

Resales of our common stock may cause the market price of our securities to drop significantly.

As of the filing date of this report:

- shares registered by the AJP Registration Statement represent approximately 33% of the outstanding shares of our common stock and approximately 51% of our public float; and
- shares registered by the Liu Registration Statement (assuming the exercise of the entirety of the Warrants) represent approximately 10% of the outstanding shares of our common stock and approximately 16% of our public float.

Until such time that these registration statements are no longer effective, they will permit the resale of the registered shares. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time.

Our quarterly results may vary significantly from period to period, which could make our future results difficult to predict and could cause our operating results to fall below investor, analyst, or our expectations.

Our quarterly results and, in particular, our revenue, gross margins, operating expenses, operating margins and net income (loss), have historically varied significantly from period to period and may continue to do so in the future. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Our budgeted expense levels are based, in large part, on our expectations of future revenue and the development efforts associated with that future revenue. Due to our smaller scale compared to many of our customers, we are particularly vulnerable to the impacts of changes in these customers' order forecasts. Consequently, if our revenue does not meet projected levels in the short term, our inventory levels, cost of revenues and operating expenses would be high relative to revenue, resulting in potential operating losses. If our revenue or operating results do not meet the expectations of investors, the price of our common stock may decline substantially.

Factors that may contribute to fluctuations in our quarterly results, many of which are outside our control and may be difficult to predict, include:

- fluctuations in demand, sales cycles and prices for products and services, including discounts given in response to competitive pricing pressures or to secure long-term customer relationships, as well as the timing of purchases by our key customers;
- fluctuations in our customer, product or geographic mix, including the impact of new customer deployments, which typically carry lower gross margins, customer consolidation, which may affect our ability to grow revenue, and products powered by our next-generation technologies, which initially tend to be lower margin due to higher per unit production costs and greater variability in production yields;
- the timing, market acceptance and rate of adoption of our new product releases and our competitors' new product releases;
- our ability to manage manufacturing costs, maintain or improve quality, and increase volumes and yields on products;
- our ability to successfully restructure or transform our operations within our anticipated time frame and realize our anticipated savings;
- the price, quality and timing of delivery of key components from suppliers, including any shipping cost increases or delays in the supply of components, as well as impacts due to consolidations amongst our suppliers;
- order cancellations, reductions or delays in delivery schedules by our customers;
- any delay in collecting or failure to collect accounts receivable;
- our ability to control costs, including our operating expenses and the costs and availability of components we purchase for our products;
- any significant changes in the competitive dynamics of the markets we serve, including any new entrants, new technologies, or customer or competitor consolidation, as well as aggressive pricing tactics by our competitors;
- our ability to manage inventory while timely meeting customer demand and avoiding charges for excess or obsolete inventory;
- the availability of third-party service partners to provide contract development and manufacturing services for us;
- the timing of revenue recognition and revenue deferrals;
- any future changes in U.S. GAAP or new interpretations of existing accounting rules;
- the impact of a significant natural disaster, as well as interruptions or shortages in the supply of utilities such as water and electricity;
- general economic and political conditions in domestic and international markets, and other factors beyond our control; and
- additional developments regarding our intellectual property portfolio and regulatory exclusivity protections, if any.

The financial and operational projections that we may provide from time to time are subject to inherent risks.

The projections and timelines that our management may provide from time to time (including with respect to financial or operational matters and the expansion of our product portfolio and business lines) reflect numerous assumptions made by our management with respect to our specific, as well as general business, economic, market and financial conditions, including our ability to correctly assess the demand to such products from different consumers and other matters, all of which may be difficult to predict and many of which are beyond our control.

Accordingly, there is a risk that the assumptions made in preparing the projections, or the projections themselves, will prove inaccurate or that our organic growth and expansion may be curtailed. You should be prepared for differences between actual and projected results from time to time. Our future actual results may be materially different from those contained in our projections, both as to amounts and as to timing. The inclusion of projections or timelines in our Annual Report on Form 10-K or any other filings we make with the SEC or otherwise communicated to investors by us should not be regarded as an indication that we or our management or representatives considered or consider such projections and timelines to be a reliable prediction of future events, and the projections and timelines should not be relied upon as such.

Some provisions of Delaware law and our certificate of incorporation and bylaws may delay or prevent a change in control and may discourage bids for our common stock at a premium over its market price.

Our certificate of incorporation and bylaws provide for, among other things:

- the authorization of undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- advance notice requirements for stockholder proposals; and
- certain limitations on convening special stockholder meetings.

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions than you desire.

Additionally, we are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware (“DGCL”), which prohibit a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. These provisions of DGCL may have the effect of delaying, deferring or preventing a change in control, and may discourage bids for our common stock at a premium over its market price.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain stockholder litigation matters and the U.S. federal district courts as the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, agents or trustees to us or our stockholders, (iii) any action asserting a claim against us or any director or officer or other employee of ours arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our bylaws or (iv) any action asserting a claim against us or any director or officer or other employee of ours that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our certificate of incorporation also provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder; accordingly, we cannot be certain that a court would enforce such provision. Our certificate of incorporation further

provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the provisions of our certificate of incorporation described above; however, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. The forum selection provisions in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provision were to be challenged, we may incur additional costs associated with resolving such a challenge. While we currently have no basis to expect any such challenge would be successful, if a court were to find our forum selection provision to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate in other jurisdictions, which could have an adverse effect on our business, financial condition and results of operations and result in a diversion of the time and resources of our employees, management and the board of directors.

The market price of our common stock is likely to be volatile and could fluctuate or decline, resulting in substantial loss of your investment.

The market price of our common stock could be subject to wide fluctuations in response to, among other things, the factors described in this "Risk Factors" section or otherwise, and other factors beyond our control, such as fluctuations in the valuations of companies perceived by investors to be comparable to us.

Furthermore, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market fluctuations, as well as general economic, systemic, political, and market conditions, such as recessions, interest rate changes, or international currency fluctuations, may negatively affect the market price of our common stock.

The trading price of our common stock is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;
- sales, or anticipated sales, of large blocks of our stock;
- issuance of new or changed securities analysts' reports or recommendations;
- failure of industry or securities analysts to maintain coverage of our company, changes in financial estimates by any industry or securities analysts that follow our company, or our failure to meet such estimates;
- additions or departures of key personnel;
- regulatory or political developments;
- changes in accounting principles or methodologies;
- acquisitions by us or by our competitors;
- litigation and governmental investigations; and
- economic, political, and geopolitical conditions or events.

These and other factors may cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have often instituted securities class action litigation against the company that issued the stock.

General Risk Factors

Natural or man-made disasters and other similar events may significantly disrupt our business, and negatively impact our operating results and financial condition.

Any of our facilities may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, acts of terrorism or other criminal activities, infectious disease outbreaks, and power outages, which may render it difficult or impossible for us to operate our business for some period of time. Any disruptions in our operations could negatively impact our business and operating results and harm our reputation. In addition,

we may not carry business insurance or may not carry sufficient business insurance to compensate for losses that may occur. Any such losses or damages could have a significant adverse impact on our business, operating results and financial condition. In addition, the facilities of significant vendors may be harmed or rendered inoperable by such natural or man-made disasters, which may cause disruptions, difficulties or significant adverse impact on our business.

Our operations and performance depend significantly on global and regional economic conditions and adverse economic conditions can materially adversely affect our business, results of operations, and financial condition.

We are highly susceptible to the global supply chain and any disruptions. The majority of our suppliers and manufacturing facilities are located outside the U.S. As a result, the Company's operations and performance depend significantly on global and regional economic conditions.

Adverse macroeconomic conditions, including inflation or recession, new or increased tariffs and other barriers to trade, changes to the U.S. fiscal and monetary policy, tighter credit, higher interest rates, high unemployment, currency fluctuations, changes in the volume and relative mix of U.S. government spending, international disputes, geopolitical tensions, and conflict can adversely impact consumer confidence and spending and materially adversely affect demand for our products and services. In addition, consumer confidence and spending can be materially adversely affected in response to financial market volatility, negative financial news, declines in income or asset values, energy shortages and cost increases, labor and healthcare costs, and other economic factors. Besides an adverse impact on demand for our products, uncertainty about, or a decline in, global or regional economic conditions can have a significant impact on our counteragents including customers, suppliers, contract manufacturers, logistics providers, cellular network carriers, and channel partners.

These and other economic factors can materially adversely affect the Company's business, results of operations, financial condition, and stock price.

Economic uncertainties or downturns, or political changes, could limit the availability of funds to our customers and potential customers, which could significantly adversely impact our business.

Current or future economic uncertainties or downturns could adversely impact our business and operating results. Negative conditions in the general economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth, financial and credit market fluctuations, political deadlock, natural catastrophes, infectious disease outbreaks, geopolitical tensions and warfare and terrorist attacks in North America, Europe, the Asia Pacific region or elsewhere, could cause a decrease in funds available to our customers and potential customers and negatively affect the growth rate of our business.

These economic conditions may make it extremely difficult for our customers and us to forecast and plan future budgetary decisions or business activities accurately, and they could cause our customers to reevaluate their decisions to purchase our solutions, which could delay and lengthen our sales cycles or result in cancellations of planned purchases. Furthermore, during challenging economic times or as a result of political changes, our customers may tighten their budgets and face constraints in gaining timely access to sufficient funding or other credit, which could result in an impairment of their ability to make timely payments to us. In turn, we may be required to increase our allowance for doubtful accounts, which would adversely impact our financial results.

We cannot predict the timing, magnitude or duration of any economic slowdown, instability or recovery, generally or within any particular industry, or the impact of political changes. If the economic conditions of the general economy or industries in which we operate worsen from present levels, or if recent political changes result in less funding being available to purchase our solutions, our business, operating results and financial condition could be adversely impacted.

Foreign currency fluctuations may reduce our competitiveness and sales in foreign markets.

The relative change in currency values creates fluctuations in product pricing for international customers. These changes in foreign end-customer costs may result in lost orders and reduce the competitiveness of our products in certain foreign markets. These changes may also negatively impact the financial condition of some foreign customers and reduce or eliminate their future orders of our products. In addition, a significant portion of our research and development expenditure takes place in China and India. Fluctuations in the currency values of those countries could negatively impact our operating expenses.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

We are committed to protecting information and the underlying information systems involved in the functionality of our products and the operation of our business. We assess, identify, and manage material risks from cybersecurity threats through various processes and procedures, including:

- (i) assessing risks, *ad hoc*, to identify the potential impact and likelihood of various risks and scenarios and to determine appropriate mitigation strategies and controls;
- (ii) third-party manufacturer, partner, and supplier selection processes;
- (iii) utilizing procedures for responding to cybersecurity incidents;
- (iv) training our employees, incident response personnel, and senior management on cybersecurity awareness;
- (v) monitoring the responsibilities of our information technology team and evaluating our cybersecurity posture and performance on an ongoing basis;
- (vi) conducting regular vulnerability scans and tests utilizing threat intelligence feeds in the assessment of hardware and software; and
- (vii) using external service providers and other third parties, where appropriate, to assess, test, or otherwise assist with aspects of our systems addressing cybersecurity threats.

Although we are still in the process of developing a formal incident response plan, our team is trained and had practical experience to cover all phases of the incident management process, including identification, containment, eradication, recovery, and post-incident analysis. Significant cybersecurity incidents are elevated within the hierarchy of management and assessed by a cross-functional, executive management-level team, which is responsible for making the necessary strategic decisions, prioritizing actions that can minimize the impact of the cybersecurity incidents on us and our customers, and determining the materiality of such incidents.

In the past we were subject to attempts to compromise our information technology systems, and, like all information technology systems, our systems are potentially vulnerable to damage, unauthorized access, or interruption from a variety of sources. As of the date of this annual report on Form 10-K, we are not aware of any such attacks that have materially affected, or are reasonably likely to materially affect, us, including our business strategy, results of operations, or financial condition, but we cannot provide assurance that they will not be materially affected in the future by such risks or any future material incidents. In addition, our third-party service providers and other partners face similar cybersecurity threats, and although we assess these third parties' cybersecurity controls through a cybersecurity assessment, which may include a cybersecurity questionnaire depending on our risk evaluation, and include security and privacy addendums to our contracts where applicable, a cybersecurity incident any of these entities could materially adversely affect our business and results of operations. For more information on our cybersecurity-related risks, please see "Risks Related to Information Technology and Intellectual Property" in "Part I. Item 1A. Risk Factors" of this annual report on Form 10-K.

Corporate Governance

Cybersecurity Risks Oversight by the Members of our Board

The Audit Committee has oversight responsibility for risks and incidents relating to cybersecurity threats as a part of its overall risk oversight responsibilities. Such responsibility includes compliance with disclosure requirements, cooperation with law enforcement, and analyzing the related effects on financial and other risks, and it reports any findings and recommendations, as appropriate, to the full board for consideration. The Audit Committee receives annual reports on our cybersecurity risks from management. In addition, management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

Cybersecurity Risks Oversight by our Management

Our management team, including our Chief Information Security Officer (“CISO”), is responsible for addressing, assessing, and managing our material risks from cybersecurity threats. Our CISO supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants (when applicable). Our management team’s experience includes demonstrated expertise in cybersecurity, mobile and data devices, and smartphone software. Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence, and other information obtained from governmental, public, or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the information technology environment.

Item 2. Properties.

We maintain our corporate headquarters in a leased facility in San Diego, California. In addition, we lease facilities in Shenzhen, China, in Beijing, China and in Bangalore, India for employees that perform engineering, logistics services, software development. We believe that our facilities are suitable to meet our current needs.

Item 3. Legal Proceedings.

For information regarding our material legal proceedings, see “Note 10—Commitments and Contingencies” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report, which information is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is traded on The Nasdaq Stock Market LLC under the symbol “SONM.”

Holders of Record

As of March 24, 2025, there were 81 holders of record of our common stock based on information furnished by Equiniti Trust Company, LLC, formerly American Stock Transfer and Trust Company, LLC, the transfer agent for our securities.

Dividends

We have not declared or paid any cash dividends on our capital stock and do not intend to pay cash dividends in the foreseeable future. Any future determinations relating to our dividends and earning retention policies will be made at the discretion of our board of directors, who will review such policies from time to time in light of our earnings, cash flow generation, financial position, results of operations, the terms of our indebtedness and other contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Recent Sales of Unregistered Securities

None

Purchase of Equity Securities

None

Item 6. Reserved

Item 7. Management’s Discussion and Analysis of Financial Condition, Results of Operations.

The following commentary should be read in conjunction with the Consolidated Financial Statements and related notes thereto contained in Part IV of this Annual Report on Form 10-K. As discussed in the section titled “Cautionary Note About Forward-Looking Statements,” this discussion contains forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Item 1A., “Risk Factors,” included in Part I of this Annual Report on Form 10-K.

Company Overview

Sonim Technologies, based in the United States, is a leading provider of enterprise 5G solutions, offering a robust portfolio that includes rugged handsets, smartphones, wireless internet devices, software, services, and accessories. These products are engineered for reliable communication in challenging and unpredictable environments, serving sectors such as critical communications, first responders, government, industrial, construction, hospitality, and logistics. We currently have products available at all three U.S. Tier-one carriers – AT&T, T-Mobile and Verizon as well as the three primary carriers in Canada – Bell, Telus and Rogers, and Telstra in Australia. These carriers then resell our products, along with network services, to end customers focusing on two primary end markets: industrial enterprise and public sector. We also sell our products through distributors and resellers in various markets, including Europe and South Africa.

In 2023, Sonim announced a strategic expansion initiative, focusing on broadening its market reach with new products, geographical markets, and customer segments including enterprise, small and medium business, and prosumers. This strategy is underpinned by a strong emphasis on execution. We have introduced new product categories: Connected Solutions featuring wireless internet products, a next-generation rugged smartphone, and a new range of mid and low-tier professional rugged phones, all boasting IP ratings, MIL-STD-810H standards, and elements of Sonim’s RPS, highlighting our value proposition to target markets.

During the second half of 2024 and through the filing date of this report, Sonim launched the following products:

- Sonim H500-series of 5G mobile hotspots available through Verizon, UScellular, and Bell in North America;
- Sonim H700, the world's first 5G Release 17 and Wi-Fi 7 rugged mobile hotspot, available through Telstra in Australia;
- Sonim H100 4G mobile hotspot available through Telia Finland and distribution partners in Europe;
- XP100 4G and XP400 5G professional rugged phones available through Deutsche Telekom in Germany and distribution partners in Europe and South Africa;
- XP Pro 5G rugged smartphone available through Verizon in the United States; and
- XP3plus 5G rugged flip phone available through T-Mobile and certified for T-Priority.

Additionally, the XP10 is now available through our distribution partners in EMEA and Australia. Most of these products are supported by the SonimWare platform and enterprise services. In the first quarter of 2025, the XP Pro 5G and H500 5G each received Verizon Frontline certification. In the first quarter of 2025 we also announced the upcoming launch and availability of the XP Pro Thermal 5G smartphone for Europe which includes an SDK-enabled Sonim IRIS software for custom application development and an integrated thermal camera by FLIR® that benefits a number of vertical trades such as electricians, plumbers, public safety, construction, agriculture, amongst others.

Geographic market expansion continues with agreements and product availability through new distribution partners in Europe and South Africa, catering to carrier, reseller, and enterprise sales channels. New partners include TCCM, Brodos, Modino, Ingram Micro, and Cernotech, which bolster our presence in these regions. This strategic alignment supports our commitment to offering reliable solutions and expanding our customer base.

During the first half of 2024, the Company was in a transition period, phasing out low margin white label products and commencing selling new products through our carrier channels. Our strategy of moving away from the white label business was accelerated when our manufacturing partners had difficulty maintaining production of our white label products. Revenue in 2024 decreased compared to 2023 due to this transition away from white label products. However, with the launch of new products in the fourth quarter of 2024 and in the first half of 2025, we anticipate significant revenue growth and improved profitability in 2025.

With the primary sales channels in the U.S. and Canada consisting of large wireless carriers, the Company's customer base is highly concentrated. For the year ended December 31, 2024, wireless carriers contributed 75% of our total net revenues, with our top three carrier customers accounting for 62% of our total net revenues. Our rugged smartphones represented 45% of our total net revenues, while feature phones were 35% of our total net revenues, white label products (related party revenue) were 13% of our total net revenues, and connected solutions were 6% of our total net revenues.

In alignment with Sonim Technologies' commitment to quality, reliability, and regulatory compliance, we have prioritized our Trade Agreements Act ("TAA") initiatives. TAA compliance is crucial in enhancing our market strategy, particularly in expanding opportunities within government and enterprise markets, which demand stringent adherence to regulatory standards. By ensuring our products meet TAA requirements, we reinforce our position as a trusted provider of enterprise 5G solutions.

This initiative underscores our dedication to delivering products that not only meet industry-leading standards but also comply with U.S. federal procurement regulations, thereby enhancing our competitiveness in securing government contracts.

Looking ahead, Sonim is focused on bringing our new products and solutions offering to our expanded portfolio throughout 2025.

Recent Developments

Recent Product Awards

The first step in selling our products through wireless telecommunications carriers is to receive a product award from the carrier. The award documents the intent of the carrier to carry the proposed product and offer it to customers through their stores or online. The carrier and Sonim agree to a launch date that is generally nine months or longer from the date of the product award. After the product award, the Company and its partners complete the design that includes the unique specifications from the carrier, test the device, obtain certification from the carrier to sell the device, and begin full scale manufacturing of the product based on purchase orders issued by the carrier.

As of the filing date of this report, Sonim is completing the development, testing and certification of new products that it expects to launch with various carriers in 2025.

Reverse Stock Split

On July 17, 2024, the Company effected a 1-for-10 reverse stock split of its issued and outstanding common stock (the “Reverse Stock Split”). Our common stock began trading on the Nasdaq Capital Market on a post-split basis on July 18, 2024. As a result of the Reverse Stock Split, each share of common stock issued and outstanding immediately prior to July 18, 2024, was automatically converted into one-tenth (1/10) of a share of common stock. The Reverse Stock Split affected all common stockholders uniformly and did not alter any stockholder’s percentage interest in the Company’s equity, except to the extent that the Reverse Stock Split would result in a stockholder owning a fractional share. No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive a fractional share instead were entitled to receive one whole share in lieu of such fractional share.

The Reverse Stock Split did not change the par value of the common stock or the authorized number of shares of common stock. All outstanding stock options, restricted stock units, and warrants entitling their holders to purchase or obtain or convert into shares of our common stock were adjusted, as required by the terms of these securities.

All common share and per-share amounts in this Form 10-K have been retroactively restated to reflect the effect of the Reverse Stock Split.

Equity Financing

On April 29, 2024, we consummated a private placement with a single investor and sold 350,000 shares of our common stock (as adjusted for the Reverse Stock Split) and warrants to purchase up to 350,000 shares of our common stock for an exercise price of \$11.00 per share (as adjusted for the Reverse Stock Split) for an aggregate purchase price of \$3.85 million. We used the net proceeds from the private placement for working capital and general corporate purposes. The shares of our common stock sold in the private placement (including those underlying the warrants) are subject to registration rights and may not be transferred or sold until 180 days after the closing, or October 29, 2024, subject to customary limited exceptions.

ATM Offering

On August 6, 2024, the Company entered into a sales agreement (the “Sales Agreement”) with Roth Capital Partners, LLC (“Roth”). Pursuant to the Sales Agreement, the Company may sell, at its option, up to an aggregate of \$8.9 million in shares of common stock through Roth, as sales agent. Sales of shares of our common stock made pursuant to the Sales Agreement are being made under the effective Registration Statement on Form S-3. Roth is entitled to compensation at a commission rate of 3% of the gross sales price per share. For additional information, refer to Note 7—Stockholders’ Equity to the consolidated financial statements contained within this report under the title “ATM Offering.”

We have no obligation to sell shares under the Sales Agreement, but we may do so from time to time. During the year ended December 31, 2024, a total of 138,988 shares of common stock were sold under the Sales Agreement for net proceeds of \$0.4 million after payment of commission fees and other related expenses of \$18,000. As of December 31, 2024, the Company had approximately \$8.4 million of common stock remaining available for sale under the ATM Sales Agreement.

Receivables Financing Agreement

To improve its liquidity during seasonally high working capital periods, on September 23, 2024, the Company entered into an invoice purchase agreement (the “Receivables Financing Agreement”) with LS DE LLC (“LS”), pursuant to which LS will provide receivables factoring to the Company, pursuant to which LS will advance 80% of the face value of the receivables being sold by the Company, up to a maximum of \$2.5 million of eligible customer invoices from the Company. As of December 31, 2024, there was \$0.6 million outstanding under the Receivables Financing Agreement, which is included in Accrued Liabilities in the Consolidated Balance Sheets. For additional information, refer to Note 1—The Company and Its Significant Accounting Policies to the consolidated financial statements contained within this report under the title “Receivables Financing Agreement.”

Impairment of Contract Fulfillment Assets

The non-recurring costs associated with design and development of new products for technical approval represent costs to fulfill a contract pursuant to ASC 340-40, *Other Assets and Deferred Costs*. Accordingly, the Company capitalizes these contract fulfillment costs and amortizes such costs over the estimated period of time that the product will be sold, which is typically three to four years. As of December 31, 2024 and 2023, the net contract fulfillment assets were \$6.4 million and \$9.2 million, respectively.

If the Company determines that such contract fulfillment costs are not expected to be recovered, it records an impairment in the period such determination is made. During the year ended December 31, 2024, the Company recorded an impairment of contract fulfillment assets of \$6.5 million, \$3.0 million of which is included in cost of revenues in the Consolidated Statements of Operations, due to a decrease in projected profit of certain hotspots products, the cancellation of a consumer durable product, and the projected end of life of legacy products as newer products are scheduled to launch. The consumer durable product was cancelled because higher than anticipated manufacturing costs eliminated the expected profit margin on the product.

Compliance with Nasdaq Listing Rules

On September 14, 2023, the Company received a letter from the Listing Qualifications Department (the “Staff”) of The Nasdaq Stock Market, LLC (“Nasdaq”) notifying it that, because the bid price for its common stock had fallen below \$1.00 per share for 30 consecutive business days, the Company no longer complied with the \$1.00 minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) (the “Bid Price Rule”) for continued listing. On August 2, 2024, the Company received a letter from the Staff notifying the Company that it had regained compliance with the Bid Price Rule.

Macroeconomic Events

Worldwide economic and political uncertainties and negative trends, including tariffs and increasing trade protectionism, inflation, tensions between the U.S. and China, financial and credit market fluctuations, recession risks, labor shortages, supply chain disruptions, political election cycles, changes in laws and interpretations of laws, changes in the volume and relative mix of U.S. government spending, cost-cutting and efficiency initiatives and potential disruptions from international conflicts and acts of terrorism, have impacted and may continue to impact our business and the business of our customers, while also disrupting sales channels and advertising and marketing activities. See “Part I. Item 1A. Risk Factors” in this Form 10-K for further discussion of the possible impact of these factors and other risks on our business.

We have implemented and continue to implement measures to address those challenges. We also continue to actively manage our inventory and establish a relationship with third-party manufacturers in an effort to minimize supply chain disruptions. Nevertheless, the above-described events had and will continue to impact the global macroeconomic and geopolitical environments, capital and commodity markets, and global supply chains, which may have an adverse impact on our operations and hinder our ability to access capital, if needed. Our cost of revenue may increase if the component prices increase.

Key Metrics

We review a variety of key financial metrics to help us evaluate growth trends, establish budgets, measure the effectiveness of our business strategies and assess operational efficiencies.

Units Sold

Our smartphones include the XP10 model sold in 2024 and 2023, and our XP Pro and XP400 models sold in the fourth quarter of 2024. The number of smartphone units sold during the year ended December 31, 2024 compared to the same period in 2023 decreased by 17%, primarily because 2023 had higher sales of the XP10 after it was launched in November 2022. The number of white label products sold during the year ended December 31, 2024 compared to the same period in 2023 decreased by 72% because white label products were sold throughout 2023 and sales ended in the first quarter of 2024. Our feature phones include the XP3plus, and the XP5plus models sold in 2024 and 2023, and our XP100 model sold in the second half of 2024. The number of feature phone units sold during the year ended December 31, 2024 compared to the same period in 2023 increased by 41%, primarily because 2024 had higher sales of the XP3plus and XP5plus.

Set forth below is units sold by product category (in thousands):

	Year Ended December 31,	
	2024	2023
Smartphones.....	58	70
Feature phones	97	69
Connected solutions	17	–
White label products (including related party) and other	142	508
Total Units Sold	<u>314</u>	<u>647</u>

Adjusted EBITDA

In addition to our financial results determined in accordance with U.S. GAAP, we believe the following non-GAAP and operational measures are useful in evaluating our performance-related metrics.

Set forth below is a reconciliation from net loss to Adjusted EBITDA (in thousands):

	Year Ended December 31,	
	2024	2023
Net loss	\$ (33,648)	\$ (90)
Depreciation and amortization	3,557	2,206
Stock-based compensation.....	1,525	1,496
Restructuring charges	514	—
Impairment of contract fulfillment assets	6,484	—
Interest expense	29	15
Income taxes.....	226	374
Adjusted EBITDA.....	<u>\$ (21,313)</u>	<u>\$ 4,001</u>

We define Adjusted EBITDA as net loss adjusted to exclude the impact of stock-based compensation expense, depreciation and amortization, interest expense, income taxes, restructuring charges, and asset impairment charges. Adjusted EBITDA is a useful financial metric in assessing our operating performance from period to period by excluding certain items that we believe are not representative of our core business, such as certain material non-cash items and other adjustments, such as stock-based compensation.

We believe that Adjusted EBITDA, viewed in addition to, and not in lieu of, our reported GAAP results, provides useful information to investors regarding our performance and overall results of operations for various reasons, including:

- non-cash equity grants made to employees at a certain price do not necessarily reflect the performance of our business at such time, and as such, stock-based compensation expense is not a key measure of our operating performance; and
- non-cash depreciation and amortization, restructuring charges, and impairment of contract fulfillment assets are not considered a key measure of our operating performance.

We use Adjusted EBITDA:

- as a measure of operating performance;
- for planning purposes, including the preparation of budgets and forecasts;
- to allocate resources to enhance the financial performance of our business;
- to evaluate the effectiveness of our business strategies;
- in communications with our board of directors concerning our financial performance; and
- as a consideration in determining compensation for certain key employees.

Adjusted EBITDA has limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- it does not reflect all cash expenditures, future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, working capital needs;
- it does not reflect interest expense on our debt or the cash requirements necessary to service interest or principal payments; and
- other companies in our industry may define and/or calculate this metric differently than we do, limiting its usefulness as a comparative measure.

Factors Affecting Our Results of Operations

We believe that the growth and future success of our business depend on many factors. While these factors present significant opportunities for our business, they also pose important challenges that we must successfully address to improve our results of operations.

Research and Development

We believe that our performance is significantly dependent on the investments we make in research and development and that we must continue to develop and introduce innovative new products on a two- to three-year cycle. Our partnerships with ODMs are expected to enable us to shift between different types and numbers of devices under development while increasing the size of our internal team at a slower pace than our growth in revenue. We incur research and development costs internally, primarily from the salary costs of our employees, and externally through the use of ODMs for specific research and development projects.

While the hardware design of our phones and connected devices is generally the same for all wireless carriers, each device must be configured to conform to the requirements of each U.S. wireless carrier's network, resulting in higher development expenses as the number of wireless carriers we sell through increases. In addition to the design and configuration costs, each device must undergo a multi-month technical approval process at each carrier before it can be certified to be stocked at each carrier. The approval process for each device for each carrier has historically cost between \$0.5 million and \$3 million. For certifications outside the U.S., there may be one certification requirement for an entire country or region. Certification requirements for distributors vary by product and by region. We capitalize these certification costs as contract fulfillment assets and amortize them over the estimated life of the product. Prior to the commencement of development of a product for certification, we generally do not receive any purchase orders or commitments. Following a carrier's review of product concepts, we may receive a product award letter from that carrier to move forward with the development and certification process, at which time we may begin receiving advance purchase orders or commitments. Since the timing of when we seek technical approval with our wireless carriers tends to be cyclical in nature, quarter-over-quarter expenditures may vary significantly depending on the number of approvals in process during the quarter. If we fail to innovate and enhance our product offerings, our brand, market position and revenues may be adversely affected. If our research and development efforts are not successful, then we will not recover these investments that we make.

New Customer Acquisitions

We are focused on continuing to acquire new customers, in North America, Europe, the Middle East, and Australia, to support our long-term growth. Historically, we have been dependent on a small number of North American wireless carriers to purchase our products. We have invested, and expect to continue to invest, in our sales and marketing efforts to drive new customer acquisitions. We are currently pursuing new customers in Europe and the Middle East to introduce our products. A key part of our strategy is to further expand our connected solutions products. As a result, we expect our sales and marketing costs to increase as we seek to acquire new customers. Sales and marketing investments will often occur in advance of any sales benefits from these activities, and it may be difficult for us to determine if we are efficiently allocating our sales and marketing resources.

Seasonality and New Product Introduction

We have historically experienced lower net revenue in our first quarter compared to other quarters in our fiscal year due to seasonal demand associated with the introduction of new products to our lead customers. New product introductions can significantly impact net revenue, gross profit and operating expenses. The timing of product introductions can also impact our net revenue as our wireless carrier customers prepare for a new product launch, and channel inventory of an older product often declines as the launch of a newer product approaches. Net revenue can also be affected when consumers and distributors anticipate a new product introduction. However, neither historical seasonal patterns nor historical patterns of product or service introductions should be considered reliable indicators of our future pattern of product or service introductions, future net sales or financial performance.

Components of Our Results of Operations

The following describes the line items set forth in our consolidated statements of operations.

Revenues

Revenues are recognized on the date that the customer receives the products sold or when title is passed to the customer upon shipment. For products shipped on consignment, revenue is not recognized until the products are sold to the end customer. Any discounts, marketing development funds, product returns or other revenue reductions are treated as offsets to revenues, which is presented on a net basis. A return reserve reduces revenue for products that are sold to distributors with a right of return. We have also historically entered into customer agreements with channel partners that include a combination of products and non-recurring engineering services, or NRE services. When a customer agreement includes NRE services which involve significant design modification and customization of the product software that is essential to the functionality of the hardware, revenues

are recognized as control transfers to the customer under Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. All of our revenues are derived from a single segment. NRE services in 2024 and 2023 were less than 1% of our revenues.

The Company recognizes revenue primarily from the sale of products, including our mobile phones, connected devices, and accessories, and most of the Company’s contracts include only one performance obligation, namely the delivery of the product. A performance obligation is a commitment in a contract to transfer a distinct good or service to the customer and is defined as the unit of account for revenue recognition under ASC 606. The Company also recognizes revenue from other contracts that may include a combination of products and NRE services or from the provision of solely NRE services. Where there is a combination of products and NRE services, the Company accounts for the commitments as individual performance obligations if they are both capable of being distinct and are distinct within the context of the contract.

Our customer agreements with channel partners set forth the terms pursuant to which our channel partners purchase our products for distribution on a purchase order basis. While these arrangements are typically long term, they generally do not contain any firm purchase volume commitments. As a result, our channel partners are not contractually obligated to purchase from us any minimum number of products. However, while our channel partners provide us with demand forecasts under these sales arrangements, we are generally required to satisfy any and all purchase orders delivered to us within specified delivery windows, with limited exceptions (such as orders significantly in excess of forecasts). Our sales arrangements also generally include technical performance standards for our mobile phones and accessories sold, which vary by channel partner. If a technical issue with any of our covered products exceeds certain preset failure thresholds for the relevant performance standard or standards, the channel partner typically has the right to cease selling the product, cancel open purchase orders and levy certain monetary penalties. In addition, our channel partners retain sole discretion in which of their stocked products to offer their customers.

We also offer our channel partners channel marketing and other limited promotional incentives, such as sales volume incentives, in exchange for retail price reductions. Under certain of our customer agreements, we may also offer NRE services in the form of third-party design services relating to the design of materials and software licenses used in the manufacturing of our products.

During the first half of 2024, the Company was in a transition period, phasing out low margin white label products and commencing selling new products through our carrier channels. Our strategy of moving away from the white label business was accelerated when our manufacturing partners had difficulty maintaining production of our white label products. Revenue in 2024 decreased compared to 2023 due to this transition away from white label products. However, with the launch of new products in the fourth quarter of 2024 and in the first half of 2025, we anticipate significant revenue growth and improved profitability.

Cost of Revenues and Gross Profit/Gross Margin

Cost of revenues for products manufactured by third parties is the negotiated price that the Company pays for the products. Cost of revenues includes other direct costs related to the final product to the customer, including such items as shipping costs, royalties on third-party technology included in the product, warranty cost accruals, supply chain costs, logistics costs, and packaging and handling costs.

Amortization of NRE expenses and contract fulfillment costs are part of cost of revenues. Gross profit is defined as revenues less cost of revenues. Gross margin is gross profit expressed as a percentage of revenues. We expect that our gross margin may fluctuate from period to period, primarily because of changes in average selling price, changes in the price that we pay for inventory, revenue mix among our devices, and shipping costs. In addition, we may reserve against the value at which we carry our inventory based upon the device’s lifecycle and conditions in the markets in which we sell.

Operating Expenses

Our operating expenses consist of the following categories:

Research and development. Research and development expenses consist primarily of personnel-related expenses, including salaries, bonuses, stock-based compensation and employee benefits, as well as outsourced costs incurred through our ODM partnerships and other third parties. Research and development expenses include the costs of developing new products and upgrading existing products. Research and development activities include the design of new products, the refinement of existing products, and the design of test methodologies to ensure compliance with required specifications. We consider costs associated with achieving technical acceptance with each product for each carrier to be a contract fulfillment cost that we capitalize. We expect our research and development expenses to fluctuate over time as we experience the various product cycles of our devices.

Sales and marketing. Sales expenses consist primarily of personnel-related expenses, including salaries, bonuses, stock-based compensation, commissions to sales representatives, travel costs and employee benefits, as well as field support and customer training costs. Marketing expenses include all social media and collateral print media, brand development expenses, and trade shows.

General and administrative. General and administrative expenses consist primarily of personnel-related expenses, including salaries, bonuses, stock-based compensation, travel costs and employee benefits, as well as professional and consulting fees, legal fees, external audit fees, IT costs, and insurance costs.

Impairment of contract fulfillment assets. The non-recurring costs associated with design and development of new products for technical approval represent costs to fulfill a contract pursuant to ASC 340-40, *Other Assets and Deferred Costs*. Accordingly, the Company capitalizes these contract fulfillment costs and amortizes such costs to costs of revenues over the estimated period of time that the product will be sold, which is typically three to four years. If the Company determines that such contract fulfillment costs are not expected to be recovered prior to the launch of the product, it records an impairment to operating expenses in the period such determination is made. If the Company determines that such contract fulfillment costs are not expected to be recovered after the launch of the product, it records an impairment to cost of revenues in the period such determination is made.

Restructuring. We have undertaken certain restructuring activities and cost reduction initiatives in an effort to better align our organizational structure and costs with our strategy. Restructuring charges consist of severance costs incurred in connection with the reduction of our workforce.

Income taxes. As part of the process of preparing our consolidated financial statements we are required to estimate our taxes in each of the jurisdictions in which we operate. We account for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities and the tax effects of net operating loss and credit carryforwards using the enacted tax rates expected to apply in the periods of expected settlement. In addition, this method requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Results of Operations

Years Ended December 31, 2024 and 2023:

The following tables present key components of our results of operations for the respective periods (in thousands):

	Year Ended December 31,		2024 vs 2023	
	2024	2023	Increase (Decrease)	%
Net revenues	\$ 50,919	\$ 93,632	\$ (42,713)	-46%
Related party net revenues	7,379	—	7,379	N/A
Total net revenues	58,298	93,632	(35,334)	-38%
Cost of revenues	48,378	74,308	(25,930)	-35%
Gross profit	9,920	19,324	(9,404)	-49%
Operating expenses:				
Research and development	14,235	1,772	12,463	703%
Sales and marketing	12,962	8,768	4,194	48%
General and administrative	12,384	8,271	4,113	50%
Impairment of contract fulfillment costs	3,464	—	3,464	N/A
Restructuring charges	514	—	514	N/A
Total operating expenses	43,559	18,811	24,748	132%
Net income (loss) from operations	(33,639)	513	(34,152)	-6,657%
Interest expense	(29)	(15)	(14)	93%
Other income (expense), net	246	(214)	460	-215%
Net income (loss) before income taxes	(33,422)	284	(33,706)	-11,868%
Income tax expense	(226)	(374)	148	-40%
Net loss	\$ (33,648)	\$ (90)	\$ (33,558)	37,287%

Total net revenues. Total net revenues for the year ended December 31, 2024, decreased by \$35.3 million compared to the same period in 2023 because 2023 included \$44.8 million in revenue from the white label tablets and the tablet sales ended in the fourth quarter of 2023. The Company had planned to exit the white label business in 2024 but our strategy of moving away

from the white label business was accelerated when our manufacturing partners had difficulty maintaining production of our white label products. The year ended December 31, 2024, has been a transition period, marked by the ending of our white label business and the start of the launches of our hotspots and new rugged smartphones. Revenue is expected to increase in 2025 as we launch new products.

Cost of revenues. Total cost of revenues for the year ended December 31, 2024, decreased \$25.9 million compared to the same period in 2023 primarily due to the decrease in net revenues, partially offset by a \$3.0 million impairment of contract fulfillment assets included in cost of revenues in 2024. Cost of revenues as a percentage of net revenue increased due to the \$3.0 million impairment charge.

Gross profit and margin. Gross profit for the year ended December 31, 2024, decreased \$9.4 million compared to the same period in 2023 primarily due to a decrease in net revenues and the \$3.0 million impairment of contract fulfillment assets included in cost of revenues in 2024. Gross profit margin was negatively impacted by this impairment charge.

Research and development. Research and development (“R&D”) expenses for the year ended December 31, 2024, increased by \$12.5 million compared to the same period in 2023 primarily due to increased spending on the new mobile hotspots and smartphones to prepare them for launch, as well as costs to upgrade the operating system of our products. In 2024 R&D expenses were for many products including the XP Pro phone, H500 mobile hotspot, H700 premium mobile hotspot, the X100 phone, the X400 phone, a 5G upgrade for the XP3plus, and a 5G upgrade for the XP5plus. In 2025 we expect to spend less on R&D since we have or will complete upgrades of our legacy phones, and new products for the European market.

Sales and marketing. Sales and marketing expenses for the year ended December 31, 2024, increased by \$4.2 million compared to the same period in 2023 primarily due to an increase in marketing spend to support new products in 2024 and the expansion of our sales team in Europe as we launch new products.

General and administrative. General and administrative expenses for the year ended December 31, 2024, increased by \$4.1 million compared to the same period in 2023 primarily due to a \$2.1 million increase in the reserve for credit losses related to the trade receivable from a customer we sold tablets to in 2023, a \$0.8 million increase in personnel and consulting expenses, and a \$0.8 million increase in legal, audit, and tax professional fees associated with an increase in public company filing activity.

Impairment of contract fulfillment assets. Impairment of contract fulfillment assets for the year ended December 31, 2024, was \$3.5 million, primarily resulting from the Company’s determination that it would not recover the contract fulfillment costs capitalized due to a decrease in projected profit for one of its hotspots and the cancellation of the consumer durable phone product.

Restructuring charges. Restructuring charges for the year ended December 31, 2024, was \$0.5 million, and consisted of severance costs incurred in connection with the reduction of our workforce.

Interest expense. Interest expense is less than \$0.1 million in both years because the Company had minimal debt.

Other income (expense), net. Other income (expense), net, increased by \$0.5 million primarily because the Company recorded \$0.7 million in other income related to an employee retention credit payment received in 2024.

Income tax expense. Income tax provision for the year ended December 31, 2024, decreased \$0.1 million compared to the same period in 2023 primarily due to the Company’s decrease in foreign tax expense for its foreign subsidiaries in 2024 as compared to 2023.

Adjusted EBITDA. Adjusted EBITDA was negative \$21.3 million for the year ended December 31, 2024, compared to \$4.0 million for the year ended December 31, 2023. This decrease was primarily due to the same factors mentioned in the categories above.

Liquidity and Capital Resources

Historically, we have funded operations from a combination of public and private equity financings, convertible loans from existing investors and borrowings under loan agreements. As of December 31, 2024, we did not have any equity financing or convertible loans in place.

Currently, our principal source of liquidity consists of cash and cash equivalents totaling \$5.3 million as of December 31, 2024. Subsequent to December 31, 2024, we have received \$3.7 million in proceeds from the sale of equity through our at-the-market (“ATM”) program, as well as \$3.0 million in proceeds from the sale of a new note (see below). We may elect to sell up to \$4.6 million in additional shares of common stock that are available for sale under our ATM offering program, as described in detail under the title “ATM Offering.” We also have access to up to \$2.5 million under our Receivables Financing Agreement. We plan to continue to leverage multiple sources of liquidity to maintain flexibility in regard to meeting our capital needs.

On February 21, 2025, the Company entered into a note purchase agreement (the “Purchase Agreement”) with Streeterville Capital, LLC (the “Lender”) pursuant to which the Company issued and sold to the Lender a promissory note in the original principal amount of \$3.3 million (the “Note”). The Company received \$3.0 million, net of the debt discount and transaction costs paid to the Lender.

For the year ended December 31, 2024, we reported a net loss of \$33.7 million and used \$8.5 million in operating cash flow. At December 31, 2024 our cash balance was \$5.3 million. Additionally, we have raised \$6.7 million in capital since year-end, which we expect to be sufficient to offset operating losses and to fund the development of new products over the next year. Increased revenue from new products is expected to further improve cash flow over the next year. We expect to meet all obligations with existing cash and operating cash flow for a period of at least one year from the date of release of the consolidated financial statements included in this Annual Report on Form 10-K.

Cash Flows

The following table summarizes our sources and uses of cash for the periods presented (in thousands):

	Year Ended December 31,	
	2024	2023
Net cash used in operating activities.....	\$ (8,486)	\$ (4,052)
Net cash used in investing activities	(214)	(36)
Net cash provided by financing activities	4,646	272
Net decrease in cash and cash equivalents.....	<u>\$ (4,054)</u>	<u>\$ (3,816)</u>

Cash flows from operating activities

For the year ended December 31, 2024, cash used in operating activities was \$8.5 million, primarily attributable to a net loss of \$33.6 million, partially offset by non-cash charges of \$14.9 million and net cash provided by a change in net operating assets and liabilities of \$10.3 million. Non-cash charges primarily consisted of \$3.6 million in depreciation and amortization, \$1.5 million in stock-based compensation, \$6.5 million in impairment of contract fulfillment assets, and \$2.3 million in the provision for credit loss. The change in net operating assets and liabilities was primarily due to an increase in accounts payable of \$14.3 million primarily due to an increase in unpaid R&D costs, and an increase in accrued liabilities of \$8.0 million primarily due to an increase in accrued customer allowances. These increases were partially offset by a \$7.1 million increase to contract fulfillment assets.

For the year ended December 31, 2023, cash used in operating activities was \$4.1 million, primarily attributable to non-cash charges of \$4.3 million and net cash used in a change in net operating assets and liabilities of \$8.3 million. Non-cash charges primarily consisted of \$2.2 million in depreciation and amortization, \$1.5 million in stock-based compensation, and \$0.4 million in payment for services with common stock. The change in net operating assets and liabilities was primarily due to an increase in contract fulfillment assets due to the capitalization of certification costs, an increase in accounts receivable due to the timing of sales at year-end, and an increase in inventory due to the timing of shipments at year-end, partially offset by a decrease in non-trade receivables due to the timing of parts deliveries to our manufacturers.

Cash flows from investing activities

For the years ended December 31, 2024 and 2023, there were no significant investing activities.

Cash flows from financing activities

For the year ended December 31, 2024, cash provided by financing activities was \$4.6 million, primarily due to \$4.0 million in proceeds from an investor for the purchase of shares, as well as ATM sales.

For the year ended December 31, 2023, cash provided by financing activities was \$0.3 million, primarily due to \$0.4 million in proceeds from the exercise of stock options, partially offset by \$0.1 million for the repayment of debt.

Material Cash Requirements

We had approximately \$15.8 million in noncancelable purchase orders for inventory and other operating expenses as of December 31, 2024. We anticipate the source of funds to meet these obligations to be existing cash and future product sales.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America. Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, the terms of existing contracts, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate.

Contract Fulfillment Assets, Amortization and Impairment

The Company determined that the NRE technical approval costs and the NRE field test costs are contract fulfillment costs and recognizes the associated NRE asset as these costs are incurred. The Company tracks the NRE assets by product and customer, then amortizes the NRE assets to cost of revenues over a period of three to four years, which is management's estimated average product life for each model phone or connected device, starting from the date of the first significant sales. The Company determined that all products launched in 2024 have a product life of three years. If the Company determines that such contract fulfillment costs are not expected to be recovered, it records an impairment in the period such determination is made.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU was issued to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance applies to all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this guidance in the fourth quarter of 2024 with additional disclosures included in the notes to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Item Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Item 8. Financial Statements and Supplementary Data

The following consolidated financial statements of Sonim Technologies, Inc., and the independent registered public accounting firm's report are incorporated by reference from Part IV, Item 15(1) and (2):

Report of Independent Registered Public Accounting Firm (Moss Adams LLP, Campbell, California, PCAOB ID: 659)

Consolidated Balance Sheets – At December 31, 2024 and 2023

Consolidated Statements of Operations – Years Ended December 31, 2024 and 2023

Consolidated Statements of Stockholders' Equity – Years Ended December 31, 2024 and 2023

Consolidated Statements of Cash Flows – Years Ended December 31, 2024 and 2023

Notes to the Consolidated Financial Statements

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, prior to filing this Annual Report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, our disclosure controls and procedures were effective at the reasonable assurance level.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating disclosure controls and procedures, our management recognizes that any system of controls, however well designed and operated, can provide only reasonable assurance, and not absolute assurance, that the desired control objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals in all future circumstances. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2024, using the criteria established in "Internal Control—Integrated Framework" (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on that assessment, our management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2024.

Attestation Report of Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm because we are deemed a "non-accelerated filer" and "smaller reporting company" within the definition of Rule 12b-2 of the Exchange Act, as our public float was below the specified thresholds as of June 28, 2024. Accordingly, this Annual Report on Form 10-K does not include an attestation report of our independent registered accounting firm.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None of our directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the three months ended December 31, 2024.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a Code of Business Conduct and Ethics, or the Code of Conduct, applicable to all of our employees, executive officers, and directors. The Code of Conduct is available on our website at www.sonimtech.com. The Nominating and Corporate Governance Committee of our Board of Directors will be responsible for overseeing the Code of Conduct and must approve any waivers of the Code of Conduct for employees, executive officers, and directors. We expect that any amendments to the Code of Conduct, or any waivers of its requirements, will be disclosed on our website.

We have adopted an Insider Trading Policy that governs the purchase, sale, and/or other transactions of our securities by our directors, officers, and employees, and the Company itself. We believe that the Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the listing standards of Nasdaq. The foregoing summary of the Company's Insider Trading Policy does not purport to be complete and is qualified in its entirety by reference to the full text thereof filed herewith as Exhibit 19.1.

The additional information required by this Item 10 will either be (i) included in an amendment to this Annual Report on Form 10-K, or (ii) incorporated by reference from our definitive proxy statement to be filed not later than 120 days after the end of our 2024 fiscal year.

Item 11. Executive Compensation.

The information required by this Item 11 will either be (i) included in an amendment to this Annual Report on Form 10-K, or (ii) incorporated by reference from our definitive proxy statement for the 2025 annual meeting of stockholders, in either case to be filed not later than 120 days after the end of our 2024 fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 will either be (i) included in an amendment to this Annual Report on Form 10-K, or (ii) incorporated by reference from our definitive proxy statement for the 2025 annual meeting of stockholders, in either case to be filed not later than 120 days after the end of our 2024 fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 will either be (i) included in an amendment to this Annual Report on Form 10-K, or (ii) incorporated by reference from our definitive proxy statement for the 2025 annual meeting of stockholders, in either case to be filed not later than 120 days after the end of our 2024 fiscal year.

Item 14. Principal Accountant Fees and Services.

The information required by this Item 14 will either be (i) included in an amendment to this Annual Report on Form 10-K, or (ii) incorporated by reference from our definitive proxy statement for the 2025 annual meeting of stockholders, in either case to be filed not later than 120 days after the end of our 2024 fiscal year.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

The following documents are filed as part of this report:

1. **Financial Statements.** The following - consolidated financial statements and related documents are filed as part of this report:

Financial Statements	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets – At December 31, 2024 and 2023	F-2
Consolidated Statements of Operations – Years Ended December 31, 2024 and 2023	F-3
Consolidated Statements of Stockholders’ Equity – Years Ended December 31, 2024 and 2023	F-4
Consolidated Statements of Cash Flows – Years Ended December 31, 2024 and 2023	F-5
Notes to the Consolidated Financial Statements	F-6 to F-26

2. **Financial Statement Schedules.** Schedules are omitted because they are not required or applicable, or the required information is included in the Financial Statements or related notes.
3. **Exhibits.** The Exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of, or furnished with, this report.

Exhibit Index

Exhibit Number	Exhibit Description	Incorporation by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-38907	3.1	May 17, 2019
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective September 15, 2021	8-K	001-38907	3.1	September 15, 2021
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, effective July 17, 2024	8-K	001-38907	3.1	July 18, 2024
3.4	Amended and Restated Bylaws of Sonim Technologies, Inc., as amended and restated as of June 14, 2024	8-K	001-38907	3.1	June 14, 2024
4.1	Form of Common Stock Certificate of the Registrant	S-1/A	333-230887	4.1	April 29, 2019
4.2	Form of Common Stock Purchase Warrant	8-K	001-38907	4.1	April 29, 2024
4.3	Promissory note dated as of February 21, 2025	8-K	001-38907	4.1	February 21, 2025
4.4*	Description of the Registrant’s Securities				
10.1†	2012 Equity Incentive Plan and forms of agreements thereunder	S-1	333-230887	10.1	April 15, 2019
10.2†	Sonim Technologies, Inc. 2019 Equity Incentive Plan, as amended and restated as of January 1, 2025, and forms of agreements thereunder	S-8	333-284211	99.1	January 10, 2025
10.3†	2019 Employee Stock Purchase Plan	S-1/A	333-230887	10.3	April 29, 2019
10.4†	Form of Indemnification Agreement, by and between the Registrant and each of its directors and executive officers	S-1	333-230887	10.4	April 15, 2019

Exhibit Number	Exhibit Description	Incorporation by Reference			
		Form	File No.	Exhibit	Filing Date
10.5+#	Asset Purchase & Employee Transfer Agreement dated as of December 22, 2020, by and among Sonim Technologies (India) Private Limited and Coforge Ltd.	8-K	001-38907	10.1	December 29, 2020
10.6+#	ODM Services Agreement dated as of February 26, 2021, by and among Sonim Technologies, Inc. and FIH (Hong Kong) Limited	8-K	001-38907	10.1	March 4, 2021
10.7†	Non-Employee Director Compensation Policy dated as of January 1, 2024	10-K	001-38907	10.8	March 27, 2024
10.8#	Subscription Agreement, dated as of April 13, 2022, by and between Sonim Technologies, Inc. and AJP Holding Company, LLC	8-K	001-38907	10.1	April 14, 2022
10.9†#	Amended and restated letter agreement, dated as of December 8, 2023, by and between Sonim Technologies, Inc. and Clay Crolius	8-K	001-38907	10.2	December 11, 2023
10.10	Registration Rights Agreement, dated as of July 13, 2022, by and between Sonim Technologies, Inc. and AJP Holding Company, LLC	8-K	001-38907	10.5	July 13, 2022
10.11†#	Amended and restated letter agreement, dated as of December 8, 2023, by and between Sonim Technologies, Inc. and Hao (Peter) Liu	8-K	001-38907	10.1	December 11, 2023
10.12†	Employment Agreement, dated as of August 23, 2022, by and between Sonim Technologies, Inc. and Charles Becher	10-K/A	001-38907	10.19	May 1, 2023
10.13#	Subscription Agreement, dated as of April 29, 2024, by and between Sonim Technologies, Inc. and the purchaser named therein	8-K	001-38907	10.1	April 29, 2024
10.14	Registration Rights Agreement, dated as of April 29, 2024, by and between Sonim Technologies, Inc. and the purchaser named therein	8-K	001-38907	10.2	April 29, 2024
10.15	First Amendment to Registration Rights Agreement, dated as of June 2, 2024, by and between Sonim Technologies, Inc. and the investor named therein	8-K	001-38907	10.1	June 4, 2024
10.16	Lock-Up Agreement, dated as of April 29, 2024, by and between Sonim Technologies, Inc. and the purchaser named therein	8-K	001-38907	10.3	April 29, 2024
10.17+	Invoice Purchase Agreement, dated as of September 23, 2024, by and between Sonim Technologies, Inc. and LS DE LLC	8-K	001-38907	10.1	September 27, 2024
10.18	Note Purchase Agreement, dated as of February 21, 2025, by and between Sonim Technologies, Inc. and Streeterville Capital, LLC	8-K	001-38907	10.1	February 21, 2025
19.1*	Insider Trading Policy				
21.1*	Subsidiaries of the Registrant				
23.1*	Consent of Independent Registered Public Accounting Firm				

Exhibit Number	Exhibit Description	Incorporation by Reference			
		Form	File No.	Exhibit	Filing Date
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
97.1	Sonim Technologies, Inc. Clawback Policy for Incentive-based Compensation effective as of October 2, 2023	10-K	001-38907	97.1	March 27, 2024
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104*	Cover Page Interactive Data File (formatted as inline XBRL and Contained in Exhibit 101)				

* Filed herewith

** Furnished herewith

† Indicates a management contract or compensatory plan or arrangement

+ Portions of this exhibit have been redacted in compliance with Item 601(b)(10)(iv) of Regulation S-K. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the SEC upon its request

Certain schedules and attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish a copy of such schedules and attachments to the SEC upon its request

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Sonim Technologies, Inc.

Date: March 31, 2025

By: /s/ Clay Crolius

Clay Crolius
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Hao Liu</u> Hao (Peter) Liu	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	March 31, 2025
<u>/s/ Clay Crolius</u> Clay Crolius	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	March 31, 2025
<u>/s/ Mike Mulica</u> Mike Mulica	Chairman of the Board and Director	March 31, 2025
<u>/s/ Jeffrey Wang</u> Jeffrey Wang	Director	March 31, 2025
<u>/s/ Jack Steenstra</u> Jack Steenstra	Director	March 31, 2025
<u>/s/ James Cassano</u> James Cassano	Director	March 31, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors

Sonim Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sonim Technologies, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Moss Adams LLP

Campbell, California

March 31, 2025

We have served as the Company's auditor since 2013

SONIM TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 and 2023
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	December 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 5,343	\$ 9,397
Accounts receivable, net	4,339	25,304
Non-trade receivable.....	7,119	961
Related party receivable	181	—
Inventory	10,621	6,517
Prepaid expenses and other current assets	4,562	1,608
Total current assets.....	32,165	43,787
Property and equipment, net	227	71
Contract fulfillment assets	6,399	9,232
Other assets.....	948	2,953
Total assets	\$ 39,739	\$ 56,043
Liabilities and stockholders' equity		
Accounts payable.....	\$ 22,848	\$ 19,847
Accrued liabilities	20,892	12,300
Total current liabilities	43,740	32,147
Income tax payable	1,699	1,528
Total liabilities	45,439	33,675
Commitments and contingencies (Note 10).....		
Stockholders' equity (deficit)		
Common stock, \$0.001 par value per share; 100,000,000 shares authorized: and 4,983,868 and 4,426,867 shares issued and outstanding at December 31, 2024 and 2023, respectively*	5	4
Preferred stock, \$0.001 par value per share, 5,000,000 shares authorized: and no shares issued and outstanding at December 31, 2024 and 2023, respectively	—	—
Additional paid-in capital*	277,903	272,324
Accumulated deficit.....	(283,608)	(249,960)
Total stockholders' equity (deficit)	(5,700)	22,368
Total liabilities and stockholders' equity (deficit)	\$ 39,739	\$ 56,043

* Adjusted retroactively to reflect the 1-for-10 reverse stock split that became effective on July 17, 2024, see Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

SONIM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2024 and 2023
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	<u>2024</u>	<u>2023</u>
Net revenues	\$ 50,919	\$ 93,632
Related party net revenues	7,379	—
Total net revenues	<u>58,298</u>	<u>93,632</u>
Cost of revenues	48,378	74,308
Gross profit	<u>9,920</u>	<u>19,324</u>
Operating expenses		
Research and development	14,235	1,772
Sales and marketing	12,962	8,768
General and administrative	12,384	8,271
Impairment of contract fulfillment assets	3,464	—
Restructuring charges	514	—
Total operating expenses	<u>43,559</u>	<u>18,811</u>
Net income (loss) from operations	(33,639)	513
Interest expense, net	(29)	(15)
Other income (expense), net	246	(214)
Net income (loss) before income taxes	(33,422)	284
Income tax expense	(226)	(374)
Net loss	<u>\$ (33,648)</u>	<u>\$ (90)</u>
Net loss per share:		
Basic and diluted*	<u>\$ (7.13)</u>	<u>\$ (0.02)</u>
Weighted-average shares used in computing net loss per share:		
Basic and diluted*	<u>4,718,141</u>	<u>4,287,694</u>

* Adjusted retroactively to reflect the 1-for-10 reverse stock split that became effective on July 17, 2024, see Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

SONIM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2023 and 2024
(IN THOUSANDS EXCEPT SHARE AMOUNTS)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Stockholders' Equity (Deficit)</u>
	<u>Shares*</u>	<u>Amount</u>			
Balance at January 1, 2023	4,077,469	\$ 41	\$ 269,874	\$ (249,870)	\$ 20,045
Issuance of common stock to settle restricted stock units.....	61,905	—	—	—	—
Issuance of common stock for payment of services	68,735	1	497	—	498
Issuance of common stock upon exercise of stock options.....	100,000	1	418	—	419
Stock-based compensation.....	—	—	1,496	—	1,496
Impact of retroactively adjusted reverse stock split.....	118,758	(39)	39	—	—
Net loss	—	—	—	(90)	(90)
Balance at December 31, 2023	<u>4,426,867</u>	<u>\$ 4</u>	<u>\$ 272,324</u>	<u>\$ (249,960)</u>	<u>\$ 22,368</u>
Issuance of common stock upon exercise of stock options and settlement of restricted stock units, net of taxes withheld	68,813	1	52	—	53
Taxes withheld on net settled restricted stock units	—	—	(5)	—	(5)
Issuance of common stock, net of issuance costs.....	488,188	4	4,003	—	4,007
Stock-based compensation.....	—	—	1,525	—	1,525
Impact of retroactively adjusted reverse stock split	—	(4)	4	—	—
Net loss	—	—	—	(33,648)	(33,648)
Balance at December 31, 2024	<u>4,983,868</u>	<u>\$ 5</u>	<u>\$ 277,903</u>	<u>\$ (283,608)</u>	<u>\$ (5,700)</u>

* Adjusted retroactively to reflect the 1-for-10 reverse stock split that became effective on July 17, 2024, see Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

SONIM TECHNOLOGIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 and 2023
(IN THOUSANDS)

	2024	2023
Cash flows from operating activities:		
Net loss.....	\$ (33,648)	\$ (90)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,557	2,206
Stock-based compensation	1,525	1,496
Stock issued for services	—	388
Provision for credit losses	2,295	159
Inventory write-downs	887	—
Impairment of contract fulfillment assets	6,484	—
Other	110	97
Changes in operating assets and liabilities:		
Accounts receivable.....	7,362	(3,030)
Non-trade receivable.....	(6,158)	1,308
Related party receivable.....	(181)	—
Inventory.....	(4,991)	(2,607)
Prepaid expenses and other current assets.....	(2,948)	426
Contract fulfillment assets	(7,137)	(4,543)
Other assets.....	1,876	(43)
Accounts payable.....	14,309	(1,279)
Accrued liabilities	8,001	1,361
Income tax payable	171	99
Net cash used in operating activities.....	(8,486)	(4,052)
Cash flows from investing activities:		
Purchase of property and equipment	(214)	(36)
Net cash used in investing activities	(214)	(36)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	4,007	—
Proceeds from stock option exercises, net of taxes paid on vested restricted stock units.....	48	419
Proceeds from short-term borrowings	591	—
Repayment of long-term debt.....	—	(147)
Net cash provided by financing activities.....	4,646	272
Net increase (decrease) in cash and cash equivalents	(4,054)	(3,816)
Cash and cash equivalents at beginning of the year	9,397	13,213
Cash and cash equivalents at end of the year.....	\$ 5,343	\$ 9,397
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 29	\$ 15
Cash paid for income taxes	\$ 134	\$ 42
Non-cash activities:		
Receivables transferred to satisfy payables (Note 5)	\$ 11,308	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

SONIM TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, except Share and Per Share Amounts)

NOTE 1—The Company and Its Significant Accounting Policies

Description of Business—Sonim Technologies, Inc. was incorporated in the state of Delaware on August 5, 1999, and is headquartered in San Diego, California. The Company offers a robust portfolio that includes rugged handsets, smartphones, wireless internet devices, software, services, and accessories. These products are engineered to deliver reliable communication in challenging and unpredictable environments, serving sectors such as critical communications, first responders, government, industrial, construction, hospitality, and logistics. The Company distributes its products primarily through major wireless carriers. The Company currently has products available at all three U.S. Tier-one carriers – AT&T, T-Mobile and Verizon as well as the three primary carriers in Canada – Bell, Telus and Rogers, Telstra in Australia, and multiple carriers throughout Europe. These carriers resell the Company’s products, along with network services, to end customers focusing on two primary end markets: industrial enterprise and the public sector.

The Company is executing a strategic expansion initiative, focusing on broadening its market reach with new products, geographical footprint, and customer segments including enterprise, small and medium business, and prosumers. This strategy is underpinned by a strong emphasis on execution. The Company has introduced new product categories: Connected Solutions featuring wireless internet products, a next-generation rugged smartphone, and a new range of mid and low-tier professional rugged phones, all boasting IP ratings, MIL-STD-810H standards, and elements of Sonim’s Rugged Performance Standards (“RPS”), highlighting the Company’s value proposition to target markets.

During the second half of 2024 and through the filing date of this report, the Company launched the following products:

- Sonim H500-series of 5G mobile hotspots available through Verizon, UScellular, and Bell in North America;
- Sonim H700, the world’s first 5G Release 17 and Wi-Fi 7 rugged mobile hotspot, available through Telstra in Australia;
- Sonim H100 4G mobile hotspot available through Telia Finland and distribution partners in Europe;
- XP100 4G and XP400 5G professional rugged phones available through Deutsche Telekom in Germany and distribution partners in Europe and South Africa;
- XP Pro 5G rugged smartphone available through Verizon in the United States; and
- XP3plus 5G rugged flip phone available through T-Mobile and certified for T-Priority.

Additionally, the XP10 is now available through the Company’s distribution partners in EMEA and Australia. Most of these products are supported by the SonimWare platform and enterprise services. In the first quarter of 2025, the XP Pro 5G and H500 5G each received Verizon Frontline certification. In the first quarter of 2025 we also announced the upcoming launch and availability of the XP Pro Thermal 5G smartphone for Europe which includes an SDK-enabled Sonim IRIS software for custom application development and an integrated thermal camera by FLIR® that benefits a number of vertical trades such as electricians, plumbers, public safety, construction, agriculture, amongst others.

A significant revenue driver in 2023 was a tablet developed under Sonim’s original design manufacturer (“ODM”) model, emphasizing high-volume and low-margin production tailored to a specific customer’s needs. Tablet sales concluded in the fourth quarter of 2023 due to its life cycle end. The ODM model was also applied late in the fourth quarter of 2023 for a range of low-priced smartphones with sales ending in the first quarter of 2024. The ODM model does not represent the Company’s core business strategy.

Liquidity and Ability to Continue as a Going Concern—The Company’s consolidated financial statements account for the continuation of its business as a going concern. The Company is subject to the risks and uncertainties associated with the development and release of new products. The Company had a working capital deficit of \$11,575 at December 31, 2024. Approximately \$5,000 of the accrued liabilities at December 31, 2024 are customer allowances that will be written off in 2025 without being paid in cash (see Note 14). The Company has existing cash and cash equivalents totaling \$5,343 and subsequent to December 31, 2024, the Company has received approximately \$3,715 in proceeds from stock sales through the At-The-Market (“ATM”) program and \$3,000 in proceeds from the issuance of new debt. With its cash, ATM stock sales, and proceeds from debt issuance, the Company believes that it can meet its obligations over the next twelve months following the filing date of this report.

The Company also has up to \$2,500 available from an accounts receivable financing program that can be used for future borrowings, which gives the Company additional flexibility to meet its obligations over the next year.

Reverse Stock Split—On July 17, 2024, the Company effected a 1-for-10 reverse stock split of its issued and outstanding common stock (the “Reverse Stock Split”). The Company’s common stock began trading on the Nasdaq Capital Market on a post-split basis on July 18, 2024. As a result of the Reverse Stock Split, each share of common stock issued and outstanding immediately prior to July 17, 2024, was automatically converted into one-tenth (1/10) of a share of common stock. The Reverse Stock Split affected all common stockholders uniformly and did not alter any stockholder’s percentage interest in the Company’s equity, except to the extent that the Reverse Stock Split would result in a stockholder owning a fractional share. No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive a fractional share instead were entitled to receive one whole share in lieu of such fractional share.

The Reverse Stock Split did not change the par value of the common stock or the authorized number of shares of common stock. All outstanding stock options, restricted stock units, and warrants entitling their holders to purchase or obtain or convert into shares of our common stock were adjusted, as required by the terms of these securities.

The Company’s stockholders’ equity, in the aggregate, remained unchanged following the Reverse Stock Split. Net income (loss) per share increased because there were fewer shares of common stock outstanding. There were no other accounting consequences, including changes to the amount of stock-based compensation expense to be recognized in any period, that arose as a result of the Reverse Stock Split.

All common share and per-share amounts in this Form 10-K have been retroactively restated to reflect the effect of the Reverse Stock Split.

Financial Statement Presentation—The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for annual financial information.

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of Sonim Technologies, Inc. and its wholly owned foreign subsidiaries, Sonim Technologies (India) Private Limited, Sonim Technologies (Shenzhen) Limited, Sonim Technologies Shenzhen Limited Beijing Branch, Sonim Technologies (Hong Kong) Limited, Sonim Technologies Germany GmbH and Sonim Communications India Private Limited (collectively, the “Company”). All significant intercompany transactions and balances have been eliminated in consolidation.

Reclassifications—Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

Related Party Transactions—Effective December 15, 2023, in the ordinary course of business, the Company entered into an agreement pursuant to which the Company would execute various statements of work and sell white label products under the ODM model arrangement with a related party, in which a family member of the Company’s director, Jeffrey Wang, holds an indirect interest of approximately 40% (the “ODM Arrangement”). Pursuant to the ODM Arrangement, the Company consummated various transactions during the year ended December 31, 2024.

On October 1, 2024, the Company signed an agreement with a related party, in which a family member of the Company’s director, Jeffrey Wang, holds an indirect interest of approximately 40%, to perform non-recurring engineering services in the amount of \$1,000, which were capitalized as contract fulfillment assets. The agreement was executed in the ordinary course of business.

Estimates—The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include, but are not limited to, estimates related to revenue recognition; valuation assumptions regarding the determination of the fair value of common stock, as well as stock options; the useful lives of the Company’s long-lived assets; product warranties; loss contingencies; the recognition and measurement of income tax assets and liabilities, including uncertain tax positions; the net realizable value of inventory; and allowances for credit losses. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates. As of the date of issuance of these financial statements, the Company is not aware of any specific event or circumstance that would require it to update its estimates, judgments or revise the carrying value of its assets or liabilities.

Concentrations of Credit Risk—The Company’s product revenues are concentrated in the technology industry, which is highly competitive and rapidly changing. Significant technological changes in the industry or customer requirements, or the emergence of competitive products with new capabilities or technologies, could adversely affect the Company’s consolidated operating results.

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with high-quality, federally insured commercial banks in the United States and cash balances are in excess of federal insurance limits as of December 31, 2024 and 2023.

The Company generally does not require collateral or other security in support of accounts receivable. To reduce credit risk, management performs ongoing credit evaluations of its customers’ financial condition.

Segment Information—The Company operates in one reporting segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is the chief executive officer, in deciding how to allocate resources and assessing performance. The Company’s chief operating decision maker allocates resources and assesses performance based upon discrete financial information at the consolidated level. See Note 12.

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity from the date of purchase of 90 days or less to be cash equivalents. As of December 31, 2024 and 2023, cash and cash equivalents consist of cash deposited with banks and money market funds. Included in the Company’s cash and cash equivalents are amounts held by foreign subsidiaries. The Company had \$1,695 and \$1,131 of foreign cash and cash equivalents included in the Company’s cash positions on December 31, 2024, and 2023, respectively.

Accounts Receivable and Allowance for Credit Losses—Accounts receivable consist primarily of amounts due from customers in the course of normal business activities. Collateral on trade accounts receivable is generally not required. In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held. This guidance is effective for interim and annual periods beginning after December 15, 2022. The Company adopted this guidance effective January 1, 2023. The adoption of this pronouncement did not have a material impact on the Company’s consolidated financial statements and primarily resulted in new disclosures. Under this guidance, the Company maintains an allowance for credit losses for estimated uncollectible accounts receivable. The allowance is based on the Company’s assessment of the economic health of its customers and its history of credit losses. Accounts are written off against the allowance account when they are determined to be no longer collectible.

Receivables Financing Agreement—On September 23, 2024, the Company entered into an invoice purchase agreement (the “Receivables Financing Agreement”) with LS DE LLC (“LS”), pursuant to which LS will provide receivables factoring to the Company. Pursuant to the terms of the Receivables Financing Agreement, LS will advance 80% of the face value of the receivables being sold by the Company, up to a maximum of \$2,500 of eligible customer invoices from the Company. In consideration of the advances, LS is entitled to receive (i) an invoice purchase fee equal to 0.20% of the face amount of each purchased invoice payable at the time of the purchase and (ii) a daily funds usage fee equal to 0.0388%, payable monthly in arrears on the last day of each month. Under the agreement, the Company must repurchase any invoices that LS deems to be uncollectible or no longer qualify as an Eligible Account, as defined in the Receivables Financing Agreement. The Company is accounting for this transaction as a secured borrowing and recognizes a factoring liability for any advances until the accounts receivables are collected. As of December 31, 2024, there was \$591 outstanding under the Receivables Financing Agreement, which is included in Accrued Liabilities in the Consolidated Balance Sheets.

The Receivables Financing Agreement has an initial term of twelve months, subject to automatic annual extension unless terminated. Additionally, under certain circumstances and unless waived by LS, the Company will be obligated to pay a missing notation fee of 15% in the event of its failure to affix a certain legend regarding assignment or a misdirected payment fee in the amount of 15%. In the event of the Company’s default, the Company’s payment obligations will be accelerated, and, in addition to the aforementioned fees payable to LS, the Company will be required to pay the default interest rate of the lesser of 24% per annum or the maximum rate permitted by law until the default is cured or until all Company’s obligations are paid in full.

The Company’s obligations under the Receivables Financing Agreement are secured by a lien on all of the Company’s accounts receivable, inventory, and related property, excluding accounts receivable from certain specified counterparties.

The Receivables Financing Agreement contains representations and warranties by the Company and LS, certain indemnification provisions in favor of LS and customary covenants (including limitations on other debt, liens, acquisitions, investments and dividends), and events of default (including payment defaults, breaches of covenants, a material impairment in LS's security interest or in the collateral, and events relating to bankruptcy or insolvency). The Receivables Financing Agreement can be terminated by either party upon written notice or by LS upon the occurrence of certain events including the Company's default.

Inventory—The Company reports inventories at the lower of cost or net realizable value. Cost is determined using a first-in, first-out method ("FIFO") and includes the cost of inventory, materials, labor, and manufacturing overhead related to the purchase and production of inventories. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation.

The Company periodically reviews its inventory for potential slow-moving or obsolete items and writes down specific items to net realizable value, as appropriate. The Company writes down inventory based on forecasted demand and technological obsolescence. These factors are impacted by market and economic conditions, technology changes, new product introductions, and changes in strategic direction, and require estimates that may include uncertain elements. Actual demand may differ from forecasted demand and such differences may have a material effect on recorded inventory values. Any write-down of inventory to the lower of cost or net realizable value creates a new cost basis that subsequently would not be marked up based on changes in underlying facts and circumstances.

Property and Equipment—Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, generally 24 to 36 months. Leasehold improvements are amortized over the shorter of estimated useful lives of the assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. Upon disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss is reflected in the consolidated statements of operations.

Leases—The Company accounts for its leases under ASC 842, Leases. Under this guidance, arrangements meeting the definition of a lease are classified as operating or finance leases and, if significant, are recorded on the Consolidated Balance Sheets as both a right of use asset and a lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset results in straight-line rent expense over the lease term. Variable lease expenses are recorded when incurred. In calculating the right of use assets and lease liabilities, the Company elects to combine lease and non-lease components. The Company excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term.

In connection with leases, for the year ended December 31, 2024 and 2023, the Company recognized \$330 and \$266, respectively, of rent expense. The Company does not have any lease extension or termination options on any lease. There are no residual value guarantees in any lease. The weighted average remaining lease term of the operating leases is approximately 1.2 years and 0.2 years for the years ended December 31, 2024 and 2023. The weighted average of the discount rate for each lease as of December 31, 2023 was 8.5%, respectively.

Non-recurring Engineering ("NRE") Tooling and Purchased Software Licenses—Third-party design services relating to the design of tooling materials and purchased software licenses used in the manufacturing process are capitalized and included in Other Assets within the Consolidated Balance Sheets. During the years ended December 31, 2024 and 2023, amortization of NRE tooling and NRE software costs approximating \$13 and \$12 were charged to cost of revenues. The related net book value is \$500 and \$110, respectively, as of December 31, 2024 and 2023.

Long-lived Assets—The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Aside from the impairment of contract fulfillment assets (see Note 2), no other impairments have been identified to date.

Revenue Recognition—The Company accounts for revenue in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*.

The Company recognizes revenue primarily from the sale of products, including its mobile phones, tablets, hotspots, and accessories. The Company also recognizes revenue from other contractual arrangements that may include a combination of products and NRE services or from the provision of solely NRE services.

Revenue recognition incorporates discounts, price protection and customer incentives. In addition to cooperative marketing and other incentive programs, the Company has arrangements with some distributors, which allow for price protection and limited rights of return, generally through stock rotation programs. Under the price protection programs, the Company gives distributors credits for the difference between the original price paid and the Company's then current price. Under the stock rotation programs, certain distributors are able to exchange certain products based on the number of qualified purchases made during the period.

The Company's handsets typically require a technical approval process. This process entails design and configuration activities required to conform the Company's devices to a wireless carrier customer's specific network requirements. Each wireless carrier defines its own specific functional requirements and certification process in order for the product to be ready for manufacture. While the technical approval process does involve some level of customization, in addition to design and configuration, the Company does not charge separately and is not reimbursed for these activities to the extent that they do not involve significant customization and does not incur these costs in advance of entering into binding agreements with its wireless carrier customers. Such technical approval is obtained prior to shipment. Revenue is recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To determine revenue recognition for its arrangements, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Cost of Revenues—Cost of revenues includes direct and indirect costs associated with the manufacture of the Company's products as well as with the performance of NRE services in connection with significant design modification and customization. Direct costs include the cost of inventory, shipping, royalties, warranty accruals, depreciation and amortization, supply chain costs, and logistic costs.

Advertising—The Company expenses the costs of advertising, including promotional expenses, as incurred. For the years ended December 31, 2024 and 2023 the Company had no advertising expenses.

Shipping and Handling Costs—When the Company bills customers for shipping and handling it includes such amounts as part of Total Net Revenues. Costs incurred for shipping and handling are recorded in cost of revenues.

Deferred Revenues—Deferred revenues represent the amount that is allocated to undelivered elements in multiple element arrangements. The Company limits the revenue recognized to the amount that is not contingent on the future delivery of products or services or meeting other specified performance conditions.

Research and Development—Research and development expenses consist of compensation costs, employee benefits, development fees paid to ODM partners, research supplies, allocated facility related expenses and allocated depreciation and amortization. Research and development expenses include costs incurred for the design and configuration activities of new products to conform to the specific functional requirements of the Company's wireless carrier customers necessary to prepare the product for manufacture. The Company determined that the NRE technical approval costs and the NRE field test costs are contract fulfillment costs and recognizes the associated NRE asset as these costs are incurred. The Company tracks the NRE assets by product and customer, then amortizes the NRE assets to cost of revenues over a period of three or four years, which is management's estimated product life for each model phone or connected device, starting from the date of the first significant sales.

Stock-Based Compensation—The Company measures equity classified stock-based awards granted to employees, nonemployee directors, and consultants based on the estimated fair value on the date of grant and recognizes compensation expense of those awards, net of actual forfeitures, on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. For awards subject to performance conditions, the Company evaluates the probability of achieving each performance condition at each reporting date and begins to recognize expense over the requisite service period when it is deemed probable that a performance condition will be met using the accelerated attribution method. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model, which is described more fully in Note 8. The fair value of each restricted stock award is measured as the fair value per share of the Company's common stock on the date of grant.

Warranty—The Company provides standard warranty coverage on its accessories, connected devices, and handsets for one, two or three years, providing labor and parts necessary to repair the item during the warranty period. The warranty coverage is an assurance type warranty and thus is not a separate performance obligation. The Company accounts for the estimated warranty cost as a charge to cost of revenues when revenue is recognized. The estimated warranty cost is based on historical product performance and field expenses.

Utilizing actual service records, the Company calculates the average service hours and parts expense per device to determine the estimated warranty charge. The Company updates these estimated charges periodically. The actual product performance and/or field expense profiles may differ, and in those cases the Company adjusts warranty accruals accordingly.

From time to time, the Company ships mobile devices to its customers as seed stock. The seed stock represents extra units of mobile devices beyond the original mobile devices ordered by the customer and are primarily used to facilitate warranty coverage of mobile devices received by the Company's customers from their direct customers.

The warranty liability account balance is based on management's estimates of the lifetime return rate for each model and the cost to repair each returned model. These assumptions are based on historical rates for similar products and on actual return rates. If the estimated cost to repair each unit increased by 10%, then the warranty liability balance would be \$69 higher at December 31, 2024. If the lifetime return rate was increased by 10%, then the warranty liability balance would be \$69 higher at December 31, 2024. The cost of revenues for the year ended December 31, 2024 would increase by the same amount as an increase in the warranty liability. Decreases to these rates of 10% will reduce the warranty liability by the same amount.

Comprehensive Income or Loss—The Company had no items of comprehensive income or loss other than net loss for the years ended December 31, 2024 and 2023. Therefore, a separate statement of comprehensive loss has not been included in the accompanying consolidated financial statements.

Foreign currency translation—The Company uses the U.S. dollar as its functional currency for its significant subsidiaries. Foreign currency assets and liabilities are translated into U.S. dollars at the end-of-period exchange rates except for property and equipment, and related depreciation and amortization, which are translated at the historical exchange rates. Expenses are translated at average exchange rates in effect during each period. Foreign assets held directly by the Company include certain accounts receivable balances and bank accounts which are translated in the U.S. dollar at the end-of-period exchange rates. During the years ended December 31, 2024 and 2023, the Company had approximately \$434 and \$235, respectively, in net foreign currency transactions losses, which are included in Other Expense, Net, on the Consolidated Statements of Operations.

Sales taxes—Sales and value added taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and not included in revenue.

Income taxes—The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Compliance with income tax regulations requires the Company to make decisions relating to the transfer pricing of revenue and expenses between each of its legal entities that are located in several countries. The Company's determinations include many decisions based on management's knowledge of the underlying assets of the business, the legal ownership of these assets, and the ultimate transactions conducted with customers and other third parties. The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in multiple tax jurisdictions. The Company may be periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews may include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, the Company records estimated reserves when it is more likely than not that an uncertain tax position will not be sustained upon examination by a taxing authority. Such estimates are subject to change. See Note 9.

Net Loss per Share—Net loss per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. For the years ended December 31, 2024 and 2023, for purposes of the calculation of diluted net loss per share, warrants to purchase stock, unvested restricted stock units and stock options to purchase common stock are considered potentially dilutive securities but have been excluded from the calculation of diluted net loss per share as their effect is antidilutive. As a result, diluted net loss per share is the same as the basic net loss per share for the periods presented.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

Pronouncements adopted in 2024

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This ASU was issued to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance applies to all public entities that are required to report segment information in accordance with Topic 280, Segment Reporting. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this guidance in the fourth quarter of 2024 with additional disclosures included in the subsequent notes.

Pronouncements not yet adopted:

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This ASU was issued to address investor requests for more transparency about income tax information through improvements to income tax disclosure primarily related to the rate reconciliation and income taxes paid information, and to improve the effectiveness of income tax disclosures. This guidance is effective for public entities for annual periods beginning after December 15, 2024. Early adoption is permitted. ASU 2023-09 will be effective for the Company in the first quarter of its fiscal year ending December 31, 2025. The Company is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses*. This guidance requires additional disclosure of certain amounts included in the expense captions presented on the Statement of Operations as well as disclosures about selling expenses. The ASU is effective on a prospective basis, with the option for retrospective application, for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements and related disclosures.

NOTE 2—Revenue recognition

The Company recognizes revenue primarily from the sale of products, including mobile phones, connected devices, and accessories, and the majority of the Company's contracts include only one performance obligation, namely the delivery of product. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is defined as the unit of account for revenue recognition under ASC 606. The Company also recognizes revenue from other contracts that may include a combination of products and NRE services or from the provision of solely NRE services. Where there is a combination of products and NRE services, the Company accounts for the promises as individual performance obligations if they are concluded as distinct. Performance obligations are considered distinct if they are both capable of being distinct and distinct within the context of the contract. In determining whether performance obligations meet the criteria for being distinct, the Company considers a number of factors, such as the degree of interrelation and interdependence between obligations, and whether or not the good or service significantly modifies or transforms another good or service in the contract. During the years ended December 31, 2024 and 2023, the Company did not have any contracts in which the products and NRE services were concluded to be a single performance obligation. In certain cases, the Company may offer tiered pricing based on volumes purchased for specific model phones. To date, all tiered pricing provisions have fallen into observable ranges of pricing to existing customers, thus, not resulting in any material right which could be concluded as its own performance obligation. In addition, the Company does not offer material post-contract support services to its customers.

Net revenue for an individual contract is recognized at the related transaction price, which is the amount the Company expects to be entitled to in exchange for transferring the goods and/or services. The transaction price for product sales is calculated as the product selling price net of variable consideration which may include estimates for marketing development funds, sales incentives, and price protection and stock rotation rights. The Company generally does not offer a right of return to its customers, except for certain distributors where the company estimates future returns and reduces revenue on sales subject to return and maintains a reserve for returns allowance. Typically, variable consideration does not need to be constrained as

estimates are based on specific contract terms. However, the Company continues to assess variable consideration estimates such that it is probable that a significant reversal of revenue will not occur. The transaction price for a contract with multiple performance obligations is allocated to the separate performance obligations on a relative standalone selling price basis. Standalone selling prices for products are determined based on the prices charged to customers, which are directly observable. The standalone selling price of the professional services are mostly based on time and materials. The Company determines its estimates of variable consideration based on historical collection experience with similar payor classes, aged accounts receivable by payor class, terms of payment agreements, correspondence from payors related to revenue audits or reviews, its historical settlement activity of audited and reviewed claims and current economic conditions using the portfolio approach. Revenue is recognized only to the extent that it is probable that a significant reversal of the cumulative amount recognized will not occur in future periods.

Revenue is then recognized for each distinct performance obligation as control is transferred to the customer. Revenue attributable to hardware is recognized at the time control of the product transfers to the customer. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products or services are transferred to its customers. For most of the Company's revenue attributable to hardware, control transfers when products are shipped. Revenue attributable to professional services is recognized as the Company performs the professional services for the customer.

Disaggregation of net revenues

The following table presents total net revenues disaggregate by product category:

	Year Ended December 31,	
	2024	2023
Smartphones.....	\$ 26,299	\$ 31,410
Feature Phones.....	20,464	15,765
White Label Products (ODM Model) (Related Party).....	7,379	—
White Label Tablets (ODM Model).....	—	44,818
Connected Solutions.....	3,427	—
Accessories and Other.....	729	1,639
	<u>\$ 58,298</u>	<u>\$ 93,632</u>

Shipping and handling costs

The Company has elected to account for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products.

Contract costs

Applying the practical expedient, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred when the amortization period of the assets that otherwise would have been recognized is one year or less. These costs are included in sales and marketing expenses.

The non-recurring costs associated with design and development of new products for technical approval represent costs to fulfill a contract pursuant to ASC 340-40, *Other Assets and Deferred Costs*. Accordingly, the Company capitalizes these contract fulfillment costs and amortizes such costs over the estimated period of time they are expected to be recovered, which is typically three to four years, the estimated life of a particular product model. As of December 31, 2024 and 2023, the net contract fulfillment assets were \$6,399 and \$9,232, respectively. Amortization of contract fulfillment assets for the years ended December 31, 2024 and 2023 was \$3,486 and \$2,159, respectively.

If the Company determines that such contract fulfillment costs are not expected to be recovered, it records an impairment in the period such determination is made. During the year ended December 31, 2024, the Company recorded an impairment of contract fulfillment assets of \$6,484, of which \$3,020 is included in cost of revenues, due to a decrease in projected profit of certain hotspots products, the cancellation of a consumer durable product, and the projected end of life of legacy products as newer products are scheduled to launch. The consumer durable product was cancelled because higher than anticipated manufacturing costs eliminated the expected profit margin on the product.

NOTE 3—Fair value measurement

The fair value measurements standard establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2—Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2024 and 2023.

Money market funds are classified within level 1 of the fair value hierarchy because they are valued using quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Company’s assets and liabilities at fair value:

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds *.....	\$ 103	\$ —	\$ —	\$ 103
December 31, 2023				
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds *.....	\$ 102	\$ —	\$ —	\$ 102

* Included in cash and cash equivalents on the consolidated balance sheets.

NOTE 4—Significant Balance Sheet Components

Inventory consisted of the following:

December 31,		
	2024	2023
Devices—for resale	\$ 4,633	\$ 5,324
Raw materials	5,598	751
Accessories.....	390	442
	\$ 10,621	\$ 6,517

For certain new products, the Company began purchasing raw materials in 2024 that will be used by the third-party manufacturers to build the products. These purchased parts represent most of the raw materials in inventory at December 31, 2024.

Prepaid expenses and other current assets consisted of the following:

	December 31,	
	2024	2023
Deposits for inventory	\$ 2,697	\$ 197
Other	1,865	1,411
	<u>\$ 4,562</u>	<u>\$ 1,608</u>

Property and equipment consisted of the following:

	December 31,	
	2024	2023
Computer equipment	\$ 223	\$ 156
Software	162	27
Furniture, fixtures, and office equipment	354	353
	739	536
Less: accumulated depreciation and amortization	(512)	(465)
	<u>\$ 227</u>	<u>\$ 71</u>

Depreciation and amortization expense of property and equipment for the years ended December 31, 2024, and 2023, was \$58 and \$47, respectively.

Accrued liabilities consisted of the following:

	December 31,	
	2024	2023
Customer allowances	\$ 11,421	\$ 8,148
Contract fulfillment liabilities	2,939	568
Employee-related liabilities	2,247	1,755
Other	4,285	1,762
	<u>\$ 20,892</u>	<u>\$ 12,233</u>

NOTE 5—Accounts Receivable

The following table presents the components of the Company's accounts receivable, net:

	December 31,	
	2024	2023
Trade receivables	6,906	25,576
Allowance for credit losses	(2,567)	(272)
	<u>\$ 4,339</u>	<u>\$ 25,304</u>

As of January 1, 2023, accounts receivable, net, was \$22,433 and non-trade receivables was \$2,269.

The Company has non-trade receivables from manufacturing vendors resulting from the sale of components to the vendors who manufacture and assemble final products for the Company.

The Company determines the probability of default for each pool of receivables with similar risk characteristics. The probability of loss is applied to the value of the receivables and an allowance for potential credit losses is recorded with the offset to credit loss expense.

The following table displays the roll forward of the allowance for credit losses on the Company’s trade receivables during the year ended December 31, 2024:

Beginning Balance, January 1, 2024	\$	272
Provision for credit losses.....		<u>2,295</u>
Ending Balance, December 31, 2024.....	\$	<u><u>2,567</u></u>

As of December 31, 2024, three customers account for 33%, 24%, and 12% of accounts receivable, net, respectively.

Trade receivables from the customer that purchased white label tablets from the Company accounts for 69% of accounts receivable, net, at December 31, 2023. In October 2023, the Company stopped sales of white label tablets to its tablet customer as the product reached the end of its life cycle. The tablet customer had a receivable due to the Company of \$17,443 at December 31, 2023. In February 2024, an agreement was executed that transferred \$11,308 of the receivables to the manufacturer of the tablets in exchange for relieving the Company of a \$11,308 accounts payable liability. During the year ended December 31, 2024, the Company recorded an allowance for credit losses for this customer of approximately \$2,564, which resulted in an insignificant remaining trade receivables balance from this customer as of December 31, 2024. One additional customer accounts for 15% of accounts receivable, net, at December 31, 2023.

NOTE 6—Convertible Preferred Stock and Stockholders’ Equity

On November 2, 2018, the Company amended and restated its previous certificate of incorporation and adjusted its authorized capital stock (par value of \$0.001) to consist of 100,000,000 shares of common stock and 5,000,000 shares of preferred stock. Each outstanding share of common stock entitles the holder to one vote on each matter properly submitted to the stockholders of the Company for vote. As of December 31, 2024, no shares of preferred stock have been issued.

The following table, as adjusted for the Reverse Stock Split, shows shares of common stock reserved as of:

	<u>December 31,</u>	
	<u>2024</u>	<u>2023</u>
Shares subject to options to purchase common stock.....	755,494	514,674
Unvested restricted stock units.....	67,962	68,185
Shares subject to warrants to purchase common stock.....	<u>350,000</u>	<u>1</u>
	<u><u>1,173,456</u></u>	<u><u>582,860</u></u>

NOTE 7—Stockholders’ Equity

Equity Financing

On April 29, 2024, the Company closed on a capital investment of 350,000 shares of common stock and warrants, as adjusted for the Reverse Stock Split, with a single investor for an aggregate purchase price of \$3,850. In connection with the closing, the Company incurred approximately \$66 in issuance costs, which was offset against the proceeds.

Each warrant has an exercise price of \$11.00 per share, as adjusted for the Reverse Stock Split, is immediately exercisable, will expire in five years from the date of issuance, and is subject to customary adjustments for certain transactions affecting the Company’s capitalization. The warrants may not be exercised if the aggregate number of shares of common stock beneficially owned by the investor subsequent to the exercise exceeds the specified beneficial ownership limitation provided therein (which is currently 9.99% and may be adjusted upon advance notice).

ATM Offering

On August 6, 2024, the Company entered into a sales agreement (the “Sales Agreement”) with Roth Capital Partners, LLC (“Roth”). Pursuant to the Sales Agreement, the Company may sell, at its option, shares of common stock through Roth, as sales agent. Sales of shares of the Company’s common stock made pursuant to the Sales Agreement are being made under the Registration Statement on Form S-3 filed on April 9, 2024 (File No. 333-278577) (the “Registration Statement”), which was declared effective by the SEC on May 3, 2024. Subject to the terms and conditions of the Sales Agreement, Roth may sell the shares, if any, only by methods deemed to be an “at the market” offering as defined in Rule 415(a)(4) promulgated under the Securities Act. Roth will be entitled to compensation at a commission rate of 3% of the gross sales price per share sold through it under the Sales Agreement. The Company agreed to provide Roth with customary indemnification and contribution rights, including for liabilities under the Securities Act. In addition, the Company is required to reimburse Roth for certain specified expenses in connection with entering into the Sales Agreement.

The Company has no obligation to sell shares under the Sales Agreement, but it may do so from time to time. During the year ended December 31, 2024, a total of 138,988 shares of common stock were sold under the Sales Agreement for net proceeds of \$438 after payment of commission fees and other related expenses of \$18.

NOTE 8—Stock-based Compensation

As of December 31, 2024, the Company had the 2012 Equity Incentive Plan (the “2012 Option Plan”), 2019 Equity Incentive Plan (the “2019 Option Plan”) and the 2019 Employee Stock Purchase Plan (“ESPP”) in place.

The 2019 Option Plan provides for the grant of incentive and non-statutory stock options (“Options”), stock appreciation rights (“SAR”), restricted stock awards (“RSA”), and restricted stock units (“RSU”) to employees, nonemployee directors, and consultants of the Company. Option awards granted under the 2019 Option Plan generally become exercisable ratably over a two-year or four-year period following the date of grant and expire ten years from the date of grant. At the discretion of the Board of Directors, certain awards may be exercisable immediately at the date of grant but are subject to a repurchase right, under which the Company may buy back any unvested shares at their original exercise price in the event of an employee’s termination prior to full vesting. All other awards are exercisable only to the extent vested. At December 31, 2024 and 2023, there were no shares that had been early exercised that were subject to the Company’s repurchase right at that date. The exercise price or strike price for Options and SARs granted under the 2019 Option Plan must generally be at least equal to 100% of the fair value of the Company’s common stock at the date of grant, as determined by the Board of Directors. The exercise price of incentive stock options granted under the 2019 Option Plan to ten percent or greater stockholders must be at least equal to 110% of the fair value of the Company’s common stock at the date of grant, as determined by the Board of Directors, and are not exercisable after five years from the date of grant.

The Board of Directors adopted, and its stockholders approved, the ESPP and the 2019 Option Plan in March 2019 and April 2019, respectively, each of which became effective in connection with the IPO. As of December 31, 2024, there were 20,824 shares, as adjusted for the Reverse Stock Split, of common stock available to be issued under the ESPP. The number of shares of common stock reserved for issuance under the ESPP automatically increases on January 1 of each calendar year for 10 years, starting January 1, 2020, and ending on, and including, January 1, 2029, in an amount equal to the lesser of 1% of the total number of shares of capital stock outstanding on December 31st of the prior calendar year, and (ii) 50,000 shares, unless the Board of Directors or the compensation committee of the Board of Directors determines prior to such date that there will be a lesser increase, or no increase. The increase under the ESPP for both 2024 and 2023 was 5,000 shares, as adjusted for the Reverse Stock Split. During 2024 and 2023, there were no purchases under the ESPP.

As of December 31, 2024, there were 404,047 shares of common stock available to be issued under the 2019 Option Plan, plus the number of shares subject to outstanding stock options or other stock awards that were granted under the 2012 Option Plan that are forfeited, terminated, expired or are otherwise not issued. Additionally, the number of shares of common stock reserved for issuance under the 2019 Option Plan automatically increases on January 1 of each calendar year for 10 years, starting January 1, 2020 and ending on and including January 1, 2029, in an amount equal to 5% of the total number of shares of capital stock outstanding on December 31st of the prior calendar year, unless the Board of Directors or compensation committee determines prior to the date of increase that there will be a lesser increase, or no increase. The automatic increase under the 2019 Option Plan for the years ended December 31, 2024 and 2023 was 215,405 shares and 203,873 shares, as adjusted for the Reverse Stock Split, respectively. In August 2023, the Board of Directors approved an increase in the number of shares of common stock reserved for future issuance under the 2019 Option Plan by 200,000 shares, as adjusted for the Reverse Stock Split, which was approved by the Company’s stockholders on September 28, 2023. In June 2024, the Board of Directors approved an increase in the number of shares of common stock reserved for future issuance under the 2019 Option Plan by 300,000 shares, as adjusted for the Reverse Stock Split, which was approved by the Company’s stockholders on June 20, 2024.

Stock-based compensation expense is as follows:

	For the Year Ended December 31,	
	2024	2023
Cost of revenues	\$ 59	\$ 84
Research and development	51	101
Sales and marketing.....	372	377
General and administrative	1,043	934
	<u>\$ 1,525</u>	<u>\$ 1,496</u>

During the year ended December 31, 2023, 45,736 shares of common stock, as adjusted for the Reverse Stock Split, were issued under the 2019 Option Plan as payment to consultants for consulting fees and 23,000 shares of common stock, as adjusted for the Reverse Stock Split, were issued outside of the Company's stock plans as payment to consultants for consulting fees. The aggregate value of shares issued to consultants for consulting fees during the year ended December 31, 2023 was \$498 at the time of issuance, \$388 of which is included in General and Administrative expenses in the Consolidated Statements of Operations for the year ended December 31, 2023, and \$110 of which is included in Prepaid Expenses and Other Current Assets in the Consolidated Balance Sheets as of December 31, 2023.

Stock Options:

Stock option activity for the years ended December 31, 2024 and 2023 is as follows, as adjusted for the Reverse Stock Split:

	Options	Weighted average exercise price per share	Weighted average remaining contractual life (in years)	Aggregate Intrinsic Value*
Outstanding at January 1, 2023.....	447,664	\$ 9.49		
Granted.....	180,300	\$ 5.74		
Exercised.....	(112,500)	\$ 4.19		
Forfeited and expired.....	(790)	\$ 45.00		
Outstanding at December 31, 2023.....	<u>514,674</u>	\$ 9.28		
Granted.....	259,000	\$ 5.76		
Exercised.....	—	\$ —		
Forfeited and expired.....	(18,180)	\$ 75.47		
Outstanding at December 31, 2024.....	<u>755,494</u>	\$ 6.48	8.41	\$ —
Vested and expected to vest at December 31, 2024.....	755,494	\$ 6.48	8.41	\$ —
Exercisable at December 31, 2024.....	333,554	\$ 8.13	8.02	\$ —

* The intrinsic value is calculated as the difference between the exercise price and the fair value of the common stock on the balance sheet date.

The total intrinsic value of stock options exercised to purchase common stock during the year ended December 31, 2023 was approximately \$196.

On December 26, 2023, an employee exercised 12,500 stock options, as adjusted for the Reverse Stock Split. The Company issued common stock related to the exercised stock options in January 2024.

As of December 31, 2024, there was approximately \$1,583 of unamortized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 1.86 years.

The weighted average grant date fair value of options granted during the years ended December 31, 2024 and 2023 was \$5.76 and \$5.74, respectively, as adjusted for the Reverse Stock Split.

The fair value of stock options is determined using the Black-Scholes option-pricing model using various inputs, including the Company's estimates of the fair value of common stock on the date of grant, expected term, expected volatility, risk-free interest rate, and expectations regarding future dividends. Stock-based compensation also reflects the Company's estimate regarding the portion of awards that may be forfeited.

The following describes the key inputs used by the Company:

Fair Value of Common Stock—The Company measures equity classified stock-based awards granted to employees, consultants, and directors based on the estimated fair value on the date of grant, and the expense is recognized on a straight-line basis over the vesting period.

Expected Term—The expected term represents the period that the Company's stock options are expected to be outstanding. The majority of stock option grants are considered to be "plain vanilla" and thus the Company determines the expected term using the simplified method. The simplified method deems the term to be the average of the time-to-vesting and the contractual life of the options.

Expected Volatility—The expected volatility was derived from the historical stock volatility of the Company’s common stock since its IPO in May 2019.

Risk-Free Interest Rate—The risk-free interest rate is based on the interest yield in effect at the date of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the option’s expected term.

Dividend Rate—The expected dividend rate was assumed to be zero, as the Company has not previously paid dividends on common stock and has no current plans to do so.

Forfeiture Rate—Forfeitures are recognized when they occur. Historically, the Company estimated the forfeiture rate based on an analysis of actual forfeiture experience, analysis of employee turnover behavior, and other factors.

The following represents the weighted-average assumptions used in the Black-Scholes valuation model by the Company in calculating the fair value of each stock option granted during the year ended December 31, 2024:

Expected dividend yield	0%
Risk-free interest rate	4.37%
Expected volatility.....	108%
Expected life (in years).....	6.5

Restricted Stock Awards:

During 2023, 45,736 restricted stock awards, as adjusted for the Reverse Stock Split, with a grant date value of \$305 were awarded and released in exchange for consulting services. The expense was recorded in the Consolidated Statements of Operations as General and Administrative expenses.

Restricted Stock Units:

The Company accounts for restricted stock units (“RSUs”) issued to employees and non-employees at fair value, based on the market price of the Company’s common stock on the date of grant. The RSUs are expensed over the vesting period, and the Company accounts for forfeitures as they occur. RSUs, primarily issued as incentives, generally vest annually over one to four years.

The following table summarizes the RSU activity for the year ended December 31, 2024 and has been adjusted retrospectively for the Reverse Stock Split:

	RSUs	Weighted average grant date fair value per share
Outstanding at January 1, 2024	68,185	\$ 7.76
Granted	64,178	5.93
Released	(57,621)	7.96
Forfeited	(6,780)	5.90
Outstanding at December 31, 2024.....	67,962	\$ 6.05

As of December 31, 2024, there was approximately \$248 of unamortized stock-based compensation cost related to unvested RSUs, which is expected to be recognized over a weighted average period of 0.69 years.

NOTE 9—Income Taxes

The following table presents the income (loss) before income taxes for domestic and foreign operations, and the components of the provision (benefit) for income taxes for the years ended December 31:

	2024	2023
Domestic loss	\$ (34,058)	\$ (425)
Foreign subsidiaries income	636	709
Income (loss) before income taxes	\$ (33,422)	\$ 284

	<u>2024</u>	<u>2023</u>
Current income tax expense:		
Federal	\$ 1	\$ 2
State	12	56
Foreign	223	250
Total Current	<u>236</u>	<u>308</u>
Deferred income tax expense (benefit):		
Federal	—	—
State	—	—
Foreign	(10)	66
Total Deferred	<u>(10)</u>	<u>66</u>
Total provision for income taxes	<u>\$ 226</u>	<u>\$ 374</u>

The Company's effective tax rate differs from the federal statutory rate due to the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Statutory federal income tax rate	21.00%	21.00%
State income taxes, net of federal tax benefits	0.41%	23.20%
Stock compensation	-0.66%	84.92%
Foreign rate differential	-0.26%	58.55%
GILTI Inclusion	-0.37%	26.15%
Non-deductible expenses	-0.06%	1.02%
Valuation allowance	-20.74%	-83.07%
Effective tax rate	<u>-0.68%</u>	<u>131.77%</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table presents the significant components of the Company's deferred tax assets and liabilities at December 31:

	<u>2024</u>	<u>2023</u>
Gross deferred tax assets:		
Net operating loss carryforward	\$ 25,379	\$ 18,887
Section 174 capitalized costs	3,443	1,873
Tax credits	102	100
Accruals and reserves	2,928	1,927
Property and equipment	—	21
ASC 842 operating lease liability	—	12
Alternative minimum tax credits	21	21
Total gross deferred tax assets	<u>31,873</u>	<u>22,841</u>
Less: valuation allowance	<u>(30,271)</u>	<u>(22,774)</u>
Total deferred tax assets net of valuation allowance	1,602	67
Deferred tax liabilities:		
Accruals and reserves	(1,440)	—
Property and equipment	(97)	—
ASC 842 right of use asset	—	(12)
Net deferred tax assets	<u>\$ 65</u>	<u>\$ 55</u>

A valuation allowance is provided for deferred tax assets where the recoverability of the assets is uncertain. The determination to provide a valuation allowance is dependent upon the assessment of whether it is more likely than not that sufficient future taxable income will be generated to utilize the deferred tax assets. Based on the weight of the available evidence, which includes the Company's historical operating losses, lack of taxable income, and the accumulated deficit, the Company provided a full valuation allowance against the U.S. deferred tax assets resulting from the accruals and reserves along with the net operating loss and credits carried forward.

As of December 31, 2024 and 2023 the Company had net deferred income tax assets related primarily to net operating loss carry forwards, accruals and reserves and tax credit carryforward that are not currently being recognized of \$30,271 and \$22,841, respectively, which have been offset by a valuation allowance.

The Company has not provided U.S. Federal and State income taxes, nor foreign withholding taxes on approximately \$12,003 of undistributed earnings for certain non-US subsidiaries, because such earnings are intended to be indefinitely reinvested. If these earnings were distributed to the U.S. in the form of dividends or otherwise, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, the Company would not be subject to U.S. income tax due to the transition tax of IRC Section 965 or via newly enacted Global Intangible Low-Taxed Income (“GILTI”) provision, enacted as part of the 2017 U.S. Tax Act. The Company would be subject to U.S. state tax and potential foreign withholding taxes on a repatriation of the foreign earnings. The amount of unrecognized deferred income tax liability related to these earnings is not material.

Estimate of cumulative foreign earnings is as follows as of December 31:

	<u>2024</u>	<u>2023</u>
China	\$ 6,694	\$ 5,471
India.....	5,309	5,102
Total	<u>\$ 12,003</u>	<u>\$ 10,573</u>

The Company had net operating loss carryovers as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Federal NOL.....	\$ 118,497	\$ 88,066
State NOL.....	\$ 7,875	\$ 7,086

Net operating loss carryforwards are available to offset future federal and state taxable income. Federal and state net operating loss carryforwards begin to expire in 2037 and 2035, respectively. The net operating losses have annual Section 382 limitations.

The Company had research and development (“R&D”) credit carryforwards as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Federal R&D credits.....	\$ —	\$ —
California R&D credits.....	\$ 129	\$ 127

Federal and state laws impose restrictions on the utilization of net operating loss carryforwards and R&D credit carryforwards in the event of a change in ownership of the Company, which constitutes an ‘ownership change’ as defined by Internal Revenue Code Section 382 and 383. The Company experienced an ownership change in the past that materially impacts the availability of its net operating losses and tax credits. The amounts indicated in the above tables reflect the reduction of net operating losses and credit carryforwards as a result of previous ownership changes that the Company experienced. Should there be additional ownership changes in the future, the Company’s ability to utilize existing carryforwards could be substantially restricted.

The Company had excess interest expense carryforwards of \$1,352 as of December 31, 2024. Federal laws impose restrictions on the utilization of Section 163(j) excess interest expense carryforwards in the event of a change in ownership of the Company, which constitutes an ‘ownership change’ as defined by Internal Revenue Code Section 382 and 383. The Company experienced an ownership change in July 2022 that materially impacts the availability of its excess interest expense. However, since the Section 163(j) excess interest expense carryover does not expire, there will be no limitation under Section 382 against the excess interest expense carryover in 2024. Should the Company utilize the excess interest expense in the future, the availability of its carryforwards would be substantially restricted.

The Company has long-term income taxes payable primarily related to transfer pricing agreements with its foreign subsidiaries.

Uncertain Tax Positions

The Company accounts for uncertainty in income taxes in accordance with ASC 740, *Income Taxes*. Under ASC 740, uncertain tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination by the tax authority, including resolutions of any related appeals or litigation processes, based on technical merit. If a tax position meets the more-likely-than-not recognition threshold it is then measured to determine the amount of benefit to recognize, in the consolidated financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

The following table summarizes the activity related to unrecognized tax benefits as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Unrecognized benefit-beginning of period	\$ 1,274	\$ 1,273
Gross increases-prior period tax positions	153	1
Gross (decreases)-current period tax positions	46	—
Unrecognized benefit-end of period	<u>\$ 1,473</u>	<u>\$ 1,274</u>

As of December 31, 2024, \$1 of the unrecognized tax benefits are accounted for as a reduction in the Company's deferred tax assets. Due to the Company's valuation allowance, only \$1,472 of the \$1,473 of unrecognized tax benefits would affect the Company's effective tax rate, if recognized. The Company does not believe it is reasonably possible that its unrecognized tax benefits will significantly change in the next twelve months.

The Company recognizes interest and penalties related to unrecognized tax benefits as income tax expense. The Company reported a tax expense of \$39 of interest and penalties in 2024 and the Company has accrued a liability of \$259 for accrued interest and penalties related to unrecognized tax benefit as of December 31, 2024.

The Company's material income tax jurisdictions are the United States (federal and California), China and India. As a result of net operating loss and credit carryforwards, the Company is subject to audit for tax years 2014 and forward for California purposes and for 2017 and forward for federal tax purposes. The China and India tax years are open under the statute of limitations from 2017 and forward.

Accounting for GILTI requires companies to adopt tax accounting policies related to:

Treating the book-tax differences as either period costs or to recognize GILTI related deferred tax assets/liabilities in accounting for the GILTI book-tax differences. The Company has elected to treat this difference as a period cost.

In the Company's valuation allowance analysis, the Company will elect the Increment Cash Tax Savings Approach in determining its U.S. valuation allowance.

NOTE 10 —Commitments and Contingencies

The terms and conditions of applicable bylaws, certificates or articles of incorporation, agreements or applicable law may obligate Sonim under certain circumstances to indemnify its current and former directors, officers or employees, and underwriters, with respect to certain of the matters described below and Sonim has been advancing legal fees and costs to certain current and former directors, officers, employees and underwriters in connection with certain matters described below.

Purchase Commitments—The aggregate amount of noncancelable purchase orders as of December 31, 2024 and 2023, was approximately \$15,753 and \$13,478, respectively, and were related to the purchase of inventory and components for the Company's devices, and certification services.

Royalty payments—The Company is required to pay per unit royalties to wireless essential patent holders and other providers of integrated technologies on mobile devices delivered, which, in aggregate, amount to less than 5% of net revenues associated with each unit and expire between 2024 and 2033. Royalty expenses for the years ended December 31, 2024 and 2023, were \$1,084 and \$1,102, respectively, which are included in cost of revenues on the Consolidated Statements of Operations. The Company may be required to pay additional royalties to additional patent holders and technology providers on future products.

General litigation—The Company is occasionally involved in various legal proceedings arising in the normal course of business. The Company is not involved in any material litigation as of the date of the filing of this Annual Report on Form 10-K.

The results of any future litigation cannot be predicted with certainty and, regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management time and resources and other factors.

Indemnification—Under the terms of its agreements with wireless carriers and other partners, the Company has agreed to provide indemnification for intellectual property infringement claims related to the Company's product sold by them to their end customers. From time to time, the Company receives notices from these wireless carriers and other partners of a claim for infringement of intellectual property rights potentially related to their products. These infringement claims have been settled, dismissed, have not been further pursued by the customers, or are pending for further action by the Company.

NOTE 11 —Net Loss Per Share

The following table sets forth the computation of the Company’s basic and diluted net loss per share and has been adjusted retrospectively for the Reverse Stock Split:

	For the Years Ended	
	December 31,	
	2024	2023
Numerator:		
Net loss	\$ (33,648)	\$ (90)
Denominator:		
Weighted-average shares used in computing net loss per share, basic and diluted	4,718,141	4,287,694
Net loss per share, basic and diluted	\$ (7.13)	\$ (0.02)

The potentially dilutive common shares that were excluded from the calculation of diluted net loss per share because their effect would have been antidilutive are as follows and have been adjusted retrospectively for the Reverse Stock Split:

	For the Years Ended	
	December 31,	
	2024	2023
Shares subject to options to purchase common stock	755,494	514,674
Unvested restricted stock units	67,962	68,185
Shares subject to warrants to purchase common stock	350,000	1
Total	1,173,456	582,860

NOTE 12 —Entity Level Information

Segment Information—The Company operates in one reporting segment.

The Company’s Chief Executive Officer is the Company’s chief operating decision maker (“CODM”). The Company’s CODM primarily uses consolidated net income (loss) to allocate resources and assess Company performance, primarily through periodic budgeting and Company performance reviews. The CODM utilizes discrete financial information at the consolidated level, including profit and loss statements, cash flow and revenue forecasts, inventory reports, and vendor payment plans.

The following table details the revenues, significant expenses and other segment items regularly provided to and reviewed by the CODM for the years ended December, 31:

	2024	2023
Revenues	\$ 58,298	\$ 93,632
Less:		
Cost of sales	38,364	69,121
Amortization of contract fulfillment assets	3,486	2,159
Other cost of sales	6,528	3,028
Research and development	14,235	1,772
Sales and marketing	12,962	8,768
General and administrative, excluding legal fees	10,916	7,271
Legal fees	1,468	1,000
Impairment of contract fulfillment assets	3,464	—
Restructuring charges	514	—
Interest expense, net	29	15
Other (income) expense, net	(246)	214
Income tax expense	226	374
Consolidated segment net loss	\$ (33,648)	\$ (90)
Reconciliation of profit or loss		
Adjustments and reconciling items	—	—
Consolidated net loss	\$ (33,648)	\$ (90)

The following table summarizes total net revenues by region based on ship-to destinations:

	For the Years Ended December 31,	
	2024	2023
United States.....	\$ 39,726	\$ 33,180
Canada.....	9,101	10,572
Europe and Middle East	642	4,299
Asia Pacific.....	8,829	45,581
	<u>\$ 58,298</u>	<u>\$ 93,632</u>

Long-lived assets, substantially comprised of contract fulfillment assets, located in the United States and Asia Pacific region were \$7,384 and \$187 as of December 31, 2024, respectively, and \$9,365 and \$48 as of December 31, 2023, respectively.

Inventory located in the United States and Asia Pacific region was \$3,383 and \$7,238 as of December 31, 2024, respectively, and \$4,167 and \$2,350 as of December 31, 2023, respectively.

The following table summarizes the composition of total net revenues:

	For the Years Ended December 31,	
	2024	2023
Product Sales	\$ 58,290	\$ 93,628
Services	8	4
	<u>\$ 58,298</u>	<u>\$ 93,632</u>

Concentrations of Revenue Risk—The Company’s white label tablet customer accounted for 42% of net revenues for 2023. In the fourth quarter of 2023, tablet sales to this customer stopped as the product reached the end of its life cycle. After 2023, there is no longer a significant risk due to the concentration of revenue with this customer. One customer accounted for 41% and 29% of total net revenues for 2024 and 2023, respectively. Two additional customers accounted for 15% and 13% of total net revenues for 2024, respectively.

NOTE 13—Restructuring

During the fourth quarter of 2024, the Company commenced a restructuring initiative intended to continue to consolidate operations of its subsidiaries with those of the Company, including reductions-in-force (the “2024 Initiative”). The 2024 Initiative is expected to cost a total of approximately \$514 and be completed in March 2025.

The following table sets forth activity in the restructuring liability, which is included in Accrued Liabilities on the Consolidated Balance Sheets:

	Employee Costs
Beginning Balance, January 1, 2024	\$ —
Costs Incurred	514
Payments	(114)
Ending Balance, December 31, 2024	<u>\$ 400</u>

NOTE 14—Subsequent Events

Purchase Agreement

On February 21, 2025, the Company entered into a note purchase agreement (the “Purchase Agreement”) with Streeterville Capital, LLC (the “Lender”) pursuant to which the Company issued and sold to the Lender a promissory note in the original principal amount of \$3,300 (the “Note”).

The Purchase Agreement

Pursuant to the terms of the Purchase Agreement, until all of the Company's obligations under the Note and all other transaction documents are paid and performed in full, the Company agreed to comply with certain covenants, including but not limited to the following: (i) compliance with its filing requirements under the Securities Exchange Act of 1934, as amended, (ii) maintaining the Company's listing on a national securities exchange, and (iii) refraining from making any Restricted Issuances (as defined in the Purchase Agreement and described below) without the Lender's prior written consent, which consent may be granted or withheld in the Lender's sole discretion.

Subject to certain customary exceptions set forth in the Purchase Agreement, Restricted Issuances include the incurrence or guaranty of any debt obligations other than trade payables in the ordinary course of business, the issuance of any convertible securities in which the number of shares that may be issued pursuant to a conversion right, or the conversion price, varies with the market price of the Company's common stock, the issuance of any securities with reset provisions and the issuance of any securities in connection with Section 3(a)(9) exchange, a Section 3(a)(10) settlement, or any other similar settlement or exchange. Restricted Issuances do not include ATM facilities, commercial bank loans or lines of credit, leases, grants pursuant to the Company's incentive plans, and change-in-control transactions that result in full repayment of the Note upon consummation.

The Purchase Agreement also contains a "most favored nation" clause. Under this provision, for as long as the Note remains outstanding, if the Company issues any debt security with more favorable economic terms or conditions not similarly provided to the Lender, the Company must notify the Lender. At the Lender's option, such favorable terms will become part of the Note and related transaction documents.

The Note

The Note carries an original issue discount of \$270, and the Company agreed to pay \$30 to the Lender to cover its legal fees, accounting costs, due diligence, monitoring, and other transaction costs, each of which was deducted from the proceeds of the Note received by the Company resulting in a purchase price of \$3,000 received by the Company. Additionally, if the Note remains outstanding on the 90-day anniversary of the issuance, the Company will incur a one-time monitoring fee equal to the difference between (i) the outstanding balance of the Note divided by 0.85 (as minuend), and (ii) the outstanding balance of the Note (as subtrahend).

Interest under the Note accrues at a rate of 9% per annum. The unpaid amount of the Note, any interest, fees, charges, and late fees are due 18 months following the date of issuance. The Company may prepay all or any portion of the outstanding balance of the Note. If the Company elects to prepay the Note in part, it will be required to pay to the Lender an amount in cash equal to 110% of the portion of the outstanding balance the Company elects to prepay.

Commencing 6 months after the date of issuance of the Note and at any time thereafter until the Note is paid in full, the Lender will have the right to redeem up to \$330 under the Note per calendar month. The Company must pay the redeemed amount in cash within three trading days of receiving a redemption notice. On three separate occasions and not more than once every 90 calendar days, the Company may defer any redemptions the Lender could otherwise make during a calendar month, provided, however, that each deferral increases the outstanding balance of the Note by 1%.

At any time following the occurrence of a Major Trigger Event or Minor Trigger Event (each as defined in the Note), the Lender may increase the outstanding balance of the Note by 15% for each occurrence of any Major Trigger Event and 5% for each occurrence of any Minor Trigger Event (the "Trigger Effect"), provided that the Trigger Effect may only be applied three times with respect to Major Trigger Events and three times with respect to Minor Trigger Events.

Subject to certain exceptions described below, if the Company fails to cure a Trigger Event within five trading days following the date of transmission of written demand notice by the Lender, the Trigger Event will automatically become an Event of Default (as defined in the Note). Following the occurrence of any Event of Default, the Lender may, upon written notice to the Company, (i) accelerate the Note, with the outstanding balance of the Note following application of the Trigger Effect (the "Mandatory Default Amount") becoming immediately due and payable in cash, and (ii) cause interest on the outstanding balance of the Note beginning on the date the applicable Event of Default occurred to accrue at an interest rate equal to the lesser of 22% per annum or the maximum rate permitted under applicable law. However, certain Trigger Events, such as bankruptcy or insolvency, automatically result in an Event of Default, making the outstanding balance immediately payable at the Mandatory Default Amount without notice.

Placement Agent Fees

The Company paid \$180 in placement agent fees on the transaction.

Contingent Gain

The Company recognizes a customer allowance liability in accordance with agreements with certain customers, which is included in Accrued Liabilities on the Consolidated Balance Sheets. In the first quarter of 2025, the Company settled a portion of these liabilities, leading to a reduction in the customer allowance liability and a contingent gain of approximately \$5,000.

ATM Sales

In the first quarter of 2025, the Company has received approximately \$3,715 in proceeds from stock sales through the ATM program.

DESCRIPTION OF REGISTRANT'S SECURITIES

The following is a description of the common stock, \$0.001 par value per share, ("Common Stock") of Sonim Technologies, Inc. (the "Company," "we," "our," or "us"), which is the only security of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The following summary description is based on the provisions of our Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), our Amended and Restated Bylaws, (the "Bylaws"), and the applicable provisions of the Delaware General Corporation Law (the "DGCL"). This information may not be complete in all respects and is qualified entirely by reference to the provisions of our Certificate of Incorporation, our Bylaws and the DGCL. Our Certificate of Incorporation and our Bylaws are filed as exhibits to the Annual Report on Form 10-K to which this exhibit is a part.

General

Our authorized capital stock consists of 100,000,000 shares of Common Stock and 5,000,000 shares of undesignated preferred stock, \$0.001 par value per share ("Preferred Stock").

Common Stock

Voting Rights

Each holder of our Common Stock is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our certificate of incorporation, which means that the holders of a majority of our shares of Common Stock voted can elect all of the directors then standing for election. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, is required to amend certain provisions of Certificate of Incorporation, including provisions relating to amending our amended and restated bylaws, removal of directors, vacancies on our board, director liability, actions by written consent and exclusive jurisdiction.

Dividend Rights

Subject to preferences that may apply to shares of Preferred Stock outstanding at the time, the holders of outstanding shares of our Common Stock are entitled to receive dividends out of funds legally available at the times and in the amounts that our board of directors may determine.

Liquidation Rights

Upon our liquidation, dissolution, or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Common Stock and any participating Preferred Stock outstanding at that time after payment of liquidation preferences, if any, on any outstanding shares of Preferred Stock and payment of other claims of creditors.

Preemptive or Similar Rights

Our Common Stock is not entitled to preemptive rights and is not subject to conversion or redemption. The rights of the holders of our Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our Preferred Stock that our board of directors may designate and issue in the future.

Preferred Stock

Our board of directors is authorized, without stockholders' approval (unless such stockholder approval is required by applicable law or stock exchange listing rules), to issue up to 5,000,000 shares of our Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each series, to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions. Our board of directors can also increase or decrease the number of shares of any series of Preferred Stock, but not below the number of shares of that series then outstanding, unless approved by the affirmative vote of the holders of a majority of our capital stock entitled to vote, or such other vote as may be required by the certificate of designation establishing the series.

Our board of directors may authorize the issuance of Preferred Stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the Common Stock. The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control, the removal of existing management, and might adversely affect the market price of our Common Stock and the voting and other rights of the holders of our Common Stock. We have no Preferred Stock currently outstanding.

Anti-Takeover Effects of the Certificate of Incorporation and Bylaws and Delaware Law

Our Certificate of Incorporation and Bylaws contain certain provisions that could have the effect of delaying, deterring, or preventing another party from acquiring control of our company. These provisions and certain provisions of the DGCL, which are summarized below, may discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of our company to negotiate first with our board of directors.

Undesignated Preferred Stock

As discussed above, our board of directors has the ability to issue Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to acquire control of our company. These and other provisions may have the effect of deterring hostile takeovers or delaying changes in control or management of our company.

Limits on Ability of Stockholders to Act by Written Consent or Call a Special Meeting

Our Certificate of Incorporation provides that our stockholders may not act by written consent, which may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our Bylaws or remove directors without holding a meeting of our stockholders called in accordance with our Bylaws.

In addition, our Bylaws provide that special meetings of the stockholders may be called only by the chairperson of our board, our Chief Executive Officer, or our board of directors. Stockholders may not call a special meeting, which may delay the ability of our stockholders to force consideration of a proposal or for holders controlling a majority of our capital stock to take any action, including the removal of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our Bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting

Our Certificate of Incorporation and Bylaws do not permit cumulative voting in the election of directors. Cumulative voting allows a stockholder to vote a portion or all of the stockholder's shares for one or more candidates for seats on the board of directors. Without cumulative voting, a minority stockholder may not be able to gain as many seats on our board of directors as the stockholder would be able to gain if cumulative voting were permitted. The absence of cumulative voting makes it more difficult for a minority stockholder to gain a seat on our board of directors to influence our board's decision regarding a takeover or otherwise.

Amendment of Certificate of Incorporation and Bylaws Provisions

The amendment of the above provisions of our Certificate of Incorporation and Bylaws requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

Delaware Anti-Takeover Statute

We are subject to the provisions of Section 203 of the DGCL (“Section 203”) regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, calculated as provided under Section 203; or
- at or subsequent to the date of the transaction, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person that, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation’s outstanding voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of Common Stock held by stockholders.

The provisions of the DGCL and the provisions of our Certificate of Incorporation and Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, might also inhibit temporary fluctuations in the market price of our Common Stock that often result from actual or rumored hostile takeover attempts. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests.

Choice of Forum

Our Certificate of Incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) shall be the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a breach of fiduciary duty owed by any director, officer or other employee to us or our stockholders; (iii) any action asserting a claim against us or any director or officer or other employee arising pursuant to the DGCL, our Certificate of Incorporation or Bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws; (v) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; or (vi) any action asserting a claim against us or any director or officer or other employee that is governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants. This provision would not apply to claims brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our Certificate of Incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (“Securities Act”). Pursuant to our Certificate of Incorporation, any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and to have consented to the exclusive forum provisions of our Certificate of Incorporation. Although the Company believes these provisions benefit the Company by providing increased consistency in the application of law in the types of lawsuits to which they apply, these provisions may have the effect of discouraging lawsuits against the Company and the Company’s directors and officers.

Registration Rights

Certain holders of our Common Stock are entitled to rights with respect to the registration of their shares under the Securities Act pursuant to certain registration rights agreements filed as exhibits to the Annual Report on Form 10-K to which this exhibit is a part:

Registration Rights Agreement	Registration Statement Information	Expiration of Registration Rights
Registration Rights Agreement, dated as of July 13, 2022, by and between Sonim Technologies, Inc. and AJP Holding Company, LLC	Registration Statement on Form S-3 No. 333-275847 filed with the SEC on December 1, 2023 and declared effective on December 15, 2023	<p>The Company’s obligations to register registrable securities for sale under the Securities Act with respect to any holder shall terminate on the first to occur:</p> <ul style="list-style-type: none"> (i) period of five (5) years from the date the shelf registration statement is declared effective by the Commission, (ii) the date on which all holders can sell the shares of Common Stock under Rule 144 without volume restrictions, and (iii) the date on which no registrable securities are held by any holder.
Registration Rights Agreement, dated as of April 29, 2024, by and between Sonim Technologies, Inc. and the purchaser named therein, as amended by the first amendment dated as of June 2, 2024	Registration Statement on Form S-3 No. 333-282156 filed with the SEC on <u>September 16, 2024</u> and declared effective on September 27, 2024	<p>The Company’s obligations to register registrable securities for sale under the Securities Act with respect to any holder shall terminate on the first to occur:</p> <ul style="list-style-type: none"> (i) registrable securities have been disposed of by the holder in accordance with the effective registration statement or Rule 144; (ii) registrable securities became eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter to such effect; and (iii) April 29, 2026.

Trading Symbol and Market

Our Common Stock is traded on The Nasdaq Stock Market LLC under the symbol “SONM.”

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Equinity Trust Company, LLC (formerly, American Stock Transfer & Trust Company, LLC).

SONIM TECHNOLOGIES, INC.
INSIDER TRADING POLICY
APPROVED BY THE BOARD OF DIRECTORS
AMENDED AND RESTATED AS OF JANUARY 2, 2025

INTRODUCTION

You may, during the course of your employment, directorship, or consultancy with Sonim Technologies, Inc. or its subsidiaries (collectively, the “*Company*” or “*Sonim*”), receive important information that is not yet publicly available (“*inside information*”) about the Company or about other publicly-traded companies with which the Company has business dealings. Because of your access to this inside information, you may be in a position to profit financially by buying or selling, or in some other way dealing, in the Company’s stock, or stock of another publicly-traded company, or to disclose such information to a third party who does so profit (a “*tippee*”). This policy determines acceptable transactions in the securities of Sonim by our employees, directors, and consultants. This policy also applies to Family Members (as defined in this policy), other members of a person’s household, and entities controlled by a person covered by this policy.

INSIDER TRADING POLICY

Securities Transactions

Use of inside information by someone for personal gain, or to pass on, or “tip,” the inside information to someone who uses it for personal gain, is illegal, regardless of the number of shares, and is therefore prohibited. You can be held liable both for your own transactions and for transactions effected by a tippee, or even a tippee of a tippee. Furthermore, it is important that the appearance of insider trading in securities be avoided. The only exception is that transactions directly with the Company, *e.g.*, option exercises for cash or purchases under the Company’s employee stock purchase plan, are permitted. However, the subsequent sale (including the sale of shares in a cashless exercise program) or other disposition of such stock is fully subject to these restrictions.

It is also the policy of the Company that the Company will not engage in transactions in Company securities while aware of material nonpublic information relating to the Company or Company securities.

Inside Information

As a practical matter, it is sometimes difficult to determine whether you possess inside information. The key to determining whether nonpublic information you possess about a public company is inside information is whether dissemination of the information would likely affect the market price of that company’s stock or would likely be considered important or “material” by investors who are considering trading in that company’s stock. Certainly, if the information makes you want to trade, it would probably have the same effect on others. Remember, both positive and negative information can be material. If you possess inside information, you may not trade in a company’s stock, advise anyone else to do so, or communicate the information to anyone else until you know that the information has been publicly disseminated. You may never recommend to another person that he or she buy, hold, or sell our stock. This means that in some circumstances, you may have to forego a proposed transaction in a company’s securities even if you planned to execute the transaction prior to learning of the inside information, even though you believe you may suffer an economic loss or sacrifice an anticipated profit by waiting. “*Trading*” includes engaging in short sales, transactions in put or call options, hedging transactions, and other inherently speculative transactions.

You may not participate in “chat rooms” or other electronic discussion groups or contribute to blogs, bulletin boards, or social media forums on the Internet concerning the activities of Sonim or other companies with which Sonim does business, even if you do so anonymously, unless doing so is part of your job responsibilities and you have explicit authorization from our legal department.

Although by no means is this an all-inclusive list, information about the following items may be considered to be inside information until it is publicly disseminated:

- (a) financial results or forecasts;
- (b) major new products, customers, or processes;
- (c) acquisitions or dispositions of assets, divisions, companies, *etc.*;
- (d) pending public or private sales of debt or equity securities;
- (e) declaration of stock splits, dividends, or changes in dividend policy;
- (f) major contract awards or cancellations;
- (g) top management or control changes;
- (h) possible tender offers or proxy fights;
- (i) significant write-offs;
- (j) significant litigation;
- (k) impending bankruptcy;
- (l) gain or loss of a significant license agreement or other contracts with customers or suppliers;
- (m) pricing changes or discount policies;
- (n) corporate partner relationships; and
- (o) notice of issuance of patents.

For information to be considered publicly disseminated, it must be widely disclosed through a press release or SEC filing, and a sufficient amount of time must have passed to allow the information to be fully disclosed. Generally speaking, information will be considered publicly disseminated after two full trading days have elapsed since the date of public disclosure of the information. For example, if an announcement of inside information of which you were aware was made prior to trading on Wednesday, then you may execute a transaction in the Company's securities on Friday.

In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Sonim, its board of directors ("**Board of Directors**"), the Clearing Officer (as defined in this policy), or any other employee or director pursuant to this policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

STOCK TRADING BY SONIM EMPLOYEES, DIRECTORS, FAMILY MEMBERS, AND CONTROLLED ENTITIES

We require all Sonim employees and directors to do more than refrain from insider trading. We require that they limit their transactions in Sonim's stock to defined time periods following public dissemination of quarterly and annual financial results.

Covered Insiders

The provisions outlined in this stock trading policy apply to all officers, directors, and employees of Sonim and its subsidiaries, as well as select consultants and contractors who have access to material nonpublic information.

This policy also applies to Family Members (as defined in this policy), other members of a person's household, and entities controlled by a person covered by this policy, as described below.

Transactions by Family Members and Others

This policy applies to your family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings, and in-laws), anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company securities (collectively referred to as “***Family Members***”). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in Company securities, and you should treat all such transactions for the purposes of this policy and applicable securities laws as if the transactions were for your own account. This policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to you or your Family Members.

Transactions by Entities that You Influence or Control

This policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as “***Controlled Entities***”), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

Open Window and Additional Blackout Periods

Generally, except as set forth in this policy, all Sonim employees and directors, as well as their Family Members or Controlled Entities, may buy or sell securities of Sonim only during an open window (“***Open Window***”) that opens at the start of the third full trading day after the public dissemination of Sonim’s annual or quarterly financial results and closes at the end of the fifteenth day of the last month of the next quarter.

This Open Window may be closed early or may not open if, in the judgment of Sonim’s Chief Executive Officer and Chief Financial Officer, there exists undisclosed information that would make trades by Sonim’s employees, directors, Family Members, or Controlled Entities inappropriate. It is important to note that the fact that the Open Window has closed early or has not opened should be considered inside information.

In the event if, after the release of the fourth quarter and fiscal year financial results of the Company, the Open Window is effectively eliminated, the Board of Directors may waive the requirements of the Open Window and designate an additional Open Window period following at least two trading days after the filing of Sonim’s Annual Report on Form 10-K (“***Window Waiver***”). In the resolutions approving the Window Waiver, the Board of Directors shall state the dates of the additional trading Open Window.

An employee or director who believes that special circumstances require him or her (or his or her Controlled Entity) to trade outside the Open Window should consult with Sonim’s Chief Financial Officer, Controller, or General Counsel. Permission to trade outside the Open Window will be granted only where the circumstances are extenuating and there appears to be no significant risk that the trade may subsequently be questioned.

Exceptions to Open Window Period

1. Employee Stock Purchase Plan. Employees who are eligible to do so may purchase stock under Sonim’s Employee Stock Purchase Plan (“***ESPP***”) on periodic designated dates in accordance with the ESPP without restriction to any particular period.

2. Option Exercises. Employees and directors may exercise options for cash granted under Sonim’s stock option, equity incentive, or other plans without restriction to any particular period. Employees and directors may also exercise a tax withholding right pursuant to the aforementioned stock options to satisfy tax withholding requirements, if applicable. However, the subsequent sale of the stock (including sales of stock in a cashless exercise) acquired upon the exercise of options or pursuant to the ESPP is subject to all provisions of this policy.

3. Restricted Stock/Restricted Stock Unit Awards. This policy does not apply to the vesting of restricted stock or restricted stock units or the withholding by the Company of shares to satisfy tax withholding requirements upon the vesting of restricted stock or restricted stock units.

4. *Approved 10b5-1 Plans.* The trading restrictions of this policy do not apply to the transactions under Approved 10b5-1 Plans, as defined in this policy.

Pre-Clearance and Advance Notice of Transactions

In addition to the requirements above, officers, directors, and other members of management who have been notified that they are subject to pre-clearance requirements (as well as the Family Members and Controlled Entities of such persons) may not engage in any transaction in Sonim’s securities, including any purchase or sale in the open market, loan, pledge, hedge, or other transfer of beneficial ownership without first obtaining pre-clearance of the transaction from the Chief Financial Officer (the “*Clearing Officer*”) at least two business days in advance of the proposed transaction. The Clearing Officer will then determine whether the transaction may proceed, and if so, will direct the Compliance Coordinator (as identified in Sonim’s Section 16 Compliance Program) to assist in complying with the reporting requirements under Section 16(a) of the Exchange Act of 1934, as amended (the “*Exchange Act*”), if any. Pre-cleared transactions not completed within five business days shall require new pre-clearance under the provisions of this paragraph. Sonim may, at its discretion, shorten such a period of time.

Advance notice of gifts or an intent to exercise an outstanding stock option shall be given to the Clearing Officer. Upon completion of any transaction, the officer, director, or other member of management (or the Family Members or Controlled Entities of such persons) must immediately notify the Compliance Coordinator and any other individuals identified in Section 3 of the Company’s Section 16 Compliance Program so that the Company may assist in any Section 16 reporting obligations.

Prohibition of Speculative or Short-term Trading

No officer, director, employee, or consultant to Sonim (or the Family Members or Controlled Entities of such persons) may engage in short sales, transactions in put or call options, hedging transactions, margin accounts, pledges, or other inherently speculative transactions with respect to the Company’s stock at any time.

Short-Swing Trading/Control Stock/Section 16 Reports

Officers, directors, Family Members, or Controlled Entities subject to the reporting obligations under Section 16 of the Exchange Act should take care not to violate the prohibition on short-swing trading (Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act of 1933, as amended), and should file all appropriate Section 16(a) reports (Forms 3, 4, and 5), which are enumerated and described in the Company’s Section 16 Compliance Program, and any notices of sale required by Rule 144.

DURATION OF POLICY’S APPLICABILITY

This policy continues to apply to your transactions in the Company’s stock or the stock of other public companies engaged in business transactions with the Company even after your employment, directorship, or consultancy with the Company has terminated. If you are in possession of inside information when your relationship with the Company concludes, you may not trade in the Company’s stock or the stock of such other company until the information has been publicly disseminated or is no longer material.

PENALTIES

Anyone who effects transactions in the Company’s stock or the stock of other public companies engaged in business transactions with the Company (or provides information to enable others to do so) on the basis of inside information is subject to both civil liability and criminal penalties, as well as disciplinary action by the Company, up to and including termination. An employee, director, consultant, a Family Member or an officer of Controlled Entity who has questions about this policy should contact his or her own attorney or Sonim’s Chief Financial Officer, Controller, or General Counsel. Please also see Frequently Asked Questions attached hereto as **EXHIBIT A**.

APPROVED 10b5-1 PLANS

The trading restrictions of this policy shall not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934 (an “*Approved 10b5-1 Plan*”), compliant with all applicable rules and regulations. An Approved 10b5-1 Plan must meet the following requirements:

- (i) it has been reviewed and approved by the Clearing Officer, provided that such plan should be submitted for review and approval at least fourteen days in advance of being entered into;
- (ii) if an Approved 10b5-1 Plan is to be revised or amended, such proposed revisions or amendments must be reviewed and approved by the Clearing Officer in the manner of review and approval of a new plan;
- (iii) it provides that no trades may occur thereunder until the expiration of the applicable cooling-off period specified in Rule 10b5-1(c)(ii)(B), and no trades occur until after that time. The appropriate cooling-off period will vary based on the status of the person subject to this policy.

For directors and officers, the cooling-off period ends **on the later of:**

- (a) ninety days after adoption or certain modifications of the Approved 10b5-1 Plan;
- (b) two business days following the disclosure of the Company’s financial results in a Form 10-Q or Form 10-K for the quarter in which the Approved 10b5-1 Plan was adopted.

For all other persons, the cooling-off period ends 30 days after the adoption or modification of the Approved 10b5-1 Plan. This required cooling-off period will apply to the entry into a new 10b5-1 plan and any revision or modification of an Approved 10b5-1 Plan.

- (iv) it is entered into in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, at a time when the person subject to this policy is not in possession of material nonpublic information about the Company; and, if the person subject to this policy is a director or officer, the 10b5-1 plan must include representations by such person certifying to that effect;
- (v) it gives a third party the discretionary authority to execute such purchases and sales outside the control of the person subject to this policy, so long as such third party does not possess any material nonpublic information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions; and
- (vi) it is the only outstanding Approved 10b5-1 Plan entered into by the covered person (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D) or otherwise set out in applicable laws and regulations).

No Approved 10b5-1 Plan may be adopted during a blackout period.

If you are considering entering into, modifying, or terminating an Approved 10b5-1 Plan or have any questions regarding Approved Rule 10b5-1 Plans, please contact the Clearing Officer.

You should consult your own legal and tax advisors before entering into, modifying, or terminating an Approved 10b5-1 Plan. A trading plan, contract, instruction, or arrangement will not qualify as an Approved 10b5-1 Plan without the prior review and approval of the Clearing Officer as described above.

EXHIBIT A

FREQUENTLY ASKED QUESTIONS

1. *What is insider trading?*

A: Insider trading is the buying or selling of stocks, bonds, futures, or other securities by someone in possession of material nonpublic information. Insider trading also includes trading in options (puts and calls) – the price of which is linked to the underlying price of a company’s stock. It does not matter how many shares you buy or sell, or whether it has an effect on the stock price – if you have material nonpublic information and you trade, you have broken the law.

2. *Why is insider trading illegal?*

A: If company insiders are able to use their confidential knowledge to their financial advantage, other investors would not have confidence in the fairness and integrity of the marketplace. Requiring those who have such information to disclose (the information to the public) or abstain (from trading) ensures an even playing field.

3. *What is material nonpublic information?*

A: Information is material if it would influence a reasonable investor to buy or sell a stock, bond future, or other security. This could mean many things – financial results, potential mergers, major contracts, etc. Information is nonpublic if it has not yet been released and disseminated to the public.

4. *Who can be guilty of insider trading?*

A: Anyone who buys or sells a security while in possession of material nonpublic information. It does not matter if you are not an executive officer or director, or even if you do not work at Sonim – if you know something material about the value of a security that not everyone else does, regardless of who you are, you can be found guilty of insider trading.

5. *Does Sonim have an insider trading policy?*

A: Yes.

6. *What if I work in a foreign office?*

A: There is no difference. The policy and law apply to you. Because our common stock trades on a U.S. securities exchange, the insider trading laws of the United States apply. The U.S. Securities and Exchange Commission (the SEC) (a U.S. government agency in charge of investor protection) and the Financial Industry Regulatory Authority (FINRA) (a private regulator that oversees U.S. securities exchanges) routinely investigate trading in a company’s securities conducted by internationally-based individuals and firms. In addition, as a Sonim employee, our policies apply to you no matter where in the world you work.

7. *What if I don’t buy or sell anything, but I tell someone else the information and they buy or sell?*

A: That is called “tipping.” You are the “tipper” and the other person is called the “tippee.” If the tippee buys or sells based on that material nonpublic information, you might still be guilty of insider trading. In fact, if you tell Family Members who tell others and those people then trade on the information, those Family Members might be guilty of insider trading too. As a result, you may not discuss material nonpublic information about Sonim with anyone outside Sonim, including spouses, Family Members, friends, or business associates. This includes anonymous discussions on the Internet about Sonim or companies with which Sonim does business.

8. *What if I don’t tell them the information itself, I just tell them whether they should buy or sell?*

A: That is still tipping, and you can still be found guilty of insider trading. According to our policies, you should not recommend to another person that they buy, hold, or sell our common stock or any derivative security related to our common stock, as that could be a form of tipping.

9. *What are the penalties if I trade on inside information, or tip off someone else?*

A: In addition to disciplinary action by Sonim, anyone found liable in a civil case for trading on inside information may need to pay the U.S. government an amount equal to any profit made or any loss avoided and may also face a penalty of up to three times this amount. Persons found liable for tipping inside information, even if they did not trade themselves, may face a penalty of up to three times the amount of any profit gained or loss avoided by everyone in the chain of tippees. In addition, anyone convicted of criminal insider trading can face prison terms and additional fines.

10. *What is “loss avoided”?*

A: If you sell common stock or a related derivative security before the negative news is publicly announced, and as a result of the announcement the stock price declines, you have avoided the loss caused by the negative news.

11. *Am I restricted from trading securities of any companies other than Sonim (for example, a customer or competitor of Sonim)?*

A: Yes. U.S. insider trading laws restrict everyone from trading in a company’s securities based on material nonpublic information about that company, regardless of whether the person is directly connected with that company. Therefore, if you obtain material nonpublic information about another company, you should not trade in that company’s securities. You should be particularly conscious of this restriction if, through your position at Sonim, you sometimes obtain sensitive, material information about other companies and their business dealings with Sonim.

12. *So if I do not trade Sonim securities when I have material nonpublic information, and I don’t “tip” other people, I am in the clear, right?*

A: Not necessarily. Even if you do not violate U.S. law, you may still violate our policies. For example, employees may violate our policies by breaching their confidentiality obligations or by recommending Sonim stock as an investment, even if these actions do not violate securities laws. Our policies are stricter than the law requires so that we and our employees can avoid even the appearance of wrongdoing. Therefore, please review the entire policy carefully.

13. *If I am aware of new product or service developments that have not been announced to the public, do I possess material non-public information?*

A: In most circumstances, Sonim does not consider new product and service developments to be material information that would require the closing of the trading window with respect to those individuals that are aware of these developments. However, there are circumstances where a new product or service in development or issues with respect to current or past products or services could be so significant that it constitutes material nonpublic information. In these circumstances, you will be notified by e-mail if the trading window is closed for you.

14. *So when can I buy or sell my Sonim securities?*

A: According to our policies, if you have material nonpublic information, you may not buy or sell our common stock until the third trading day after that information is released or announced to the public. At that point, the information is considered public. **Even if you do not have material, nonpublic information, you may not trade in our common stock during any trading “blackout” period.** (Our insider trading policy describes the quarterly blackout period, and additional trading blackout periods may be announced by e-mail.)

15. *If I have an open order to buy or sell Sonim securities on the date the trading window closes, my broker will cancel the open order and won’t execute the trade, right?*

A: No. If you have any open orders at the time the trading window closes, it is your responsibility to cancel these orders with your broker. If you have an open order and it executes after the trading window closes, it is a violation of our insider trading policy and may also be a violation of the insider trading laws.

16. *Am I allowed to trade derivative securities of Sonim? Or short Sonim common stock?*

A: No. Under our policies, you may not trade in derivative securities related to our common stock, which includes, but is not limited to, publicly-traded call and put options. In addition, under our policies, you may not engage in short selling of our common stock at any time.

“*Derivative securities*” are securities other than common stock that are speculative in nature because they permit a person to leverage his or her investment using a relatively small amount of money. Examples of derivative securities include, but are not limited to, “put options” and “call options.” These are different from employee stock options, which are not derivative securities.

“*Short selling*” is profiting when you expect the price of the stock to decline, and includes transactions in which you borrow stock from a broker, sell it, and eventually buy it back on the market to return the borrowed shares to the broker. Profit is made through the expectation that the stock price will decrease during the period of borrowing.

17. *Why does Sonim prohibit trading in derivative securities and short selling?*

A: Many companies with volatile stock prices have adopted such policies because of the temptation it represents to try to benefit from a relatively low cost method of trading on short-term swings in stock prices (without actually holding the underlying common stock) and encourages speculative trading. For this reason, we have decided to prohibit employees from such trading. As we are dedicated to building stockholder value, short selling our common stock is adverse to our stated values and would not be received well by our stockholders.

18. *Can I purchase Sonim securities on margin or hold them in a margin account?*

A: Under our policies, you may not purchase our common stock on margin or hold it in a margin account at any time.

“*Purchasing on margin*” is the use of borrowed money from a brokerage firm to purchase our securities. Holding our securities in a margin account includes holding the securities in an account in which the shares can be sold to pay a loan to the brokerage firm.

19. *Why does Sonim prohibit me from purchasing Sonim securities on margin or holding them in a margin account?*

A: Margin loans are subject to a margin call whether or not you possess insider information at the time of the call. If your margin call were called at a time when you had insider information and you could not or did not supply other collateral, you and Sonim could be subject to litigation based on your insider trading activities: the sale of the stock (through the margin call) when you possessed material nonpublic information. The sale would be attributed to you even though the lender made the ultimate determination to sell. The U.S. Securities and Exchange Commission takes the view that you made the determination to not supply the additional collateral and you are therefore responsible for the sale.

20. *Can I exercise stock options during a trading blackout period or when I possess material nonpublic information?*

A: Yes. You may exercise the option and receive shares, but you may not sell the shares (even to pay the exercise price or any taxes due) or otherwise settle the option during a trading blackout period or any time that you have material nonpublic information. Also note that if you choose to exercise and hold the shares, you will be responsible at that time for any taxes due.

21. *Am I subject to the trading blackout period if I am no longer an employee of Sonim?*

A: It depends. If your employment with Sonim ends on a day that the trading window is closed, you will be subject to the trading blackout period then in effect. If your employment with Sonim ends on a day that the trading window is open, you will not be subject to the next trading blackout period. However, even if you are not subject to our trading blackout period after you leave Sonim, you should not trade in Sonim securities if you possess material nonpublic information. That restriction stays with you as long as the information you possess is material and not released by Sonim.

22. *Can I gift stock while I possess material nonpublic information or during a trading blackout period?*

A: Because of the potential for the appearance of impropriety, you may not make gifts, whether to charities, to a trust, or otherwise, of our common stock when you possess material nonpublic information or during a trading blackout period.

23. *What if I purchased publicly-traded options or other derivative securities before I became a Sonim employee (or contractor or consultant)?*

A: The same rules apply to employee stock options. You may exercise the publicly-traded options at any time, but you may not sell such securities during a trading blackout period or at any time that you have material nonpublic information. When you become a Sonim employee, you must report to our Legal Department that you hold such publicly traded options or other derivative securities.

24. *May I own shares of a mutual fund that invests in Sonim?*

A: Yes.

25. *Are mutual fund shares holding Sonim subject to the trading blackout periods?*

A: No. You may trade in mutual funds holding our common stock at any time.

26. *May I use a “10b5-1 plan” or other trading arrangement permitted by Rule 10b5-1?*

A: Yes. Trades executed in accordance with a Rule 10b5-1 trading plan are not subject to the prohibition on trading on the basis of material nonpublic information or the trading restrictions imposed by blackout periods. In order to be eligible to rely on this exemption and the defense provided by Rule 10b5-1, a person subject to this policy must enter into a Rule 10b5-1 plan that satisfies the requirements of all applicable laws and regulations and the requirements of this policy, including the approval procedure. If the plan is not modified in the future, no further pre-approval of transactions conducted pursuant to the Approved Rule 10b5-1 Plan will be required.

27. *What happens if I violate our insider trading policy?*

A: Violation of our policies may result in severe personnel action, including a memo to your personnel file and up to and including termination of your employment or other relationship with Sonim. In addition, you may be subject to criminal and civil enforcement actions by the government.

28. *Who should I contact if I have questions about our insider trading policy?*

A: You should contact Chief Financial Officer, Controller, or General Counsel, or e-mail insidertrading@sonimtech.com.

Sonim Technologies, Inc.
List of Subsidiaries

Subsidiary	Jurisdiction
Sonim Technologies (INDIA) Private Limited	India
Sonim Technologies (Shenzhen) Limited	China
Sonim Technologies Shenzhen Limited Beijing Branch	China
Sonim Technologies Spain SL	Spain
Sonim Communications (India) Private Limited	India
Sonim Technologies (Hong Kong) Limited	Hong Kong
Sonim Technologies Germany GmbH	Germany

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-239664, No. 333-275847, No. 333-278577, and No. 333-282156) and Form S-8 (No. 333-231457, No. 333-239033, No. 333-264161, No. 333-268320, No. 333-271972, No. 333-274794, No. 333-276754, and No. 333-284211) of Sonim Technologies, Inc. (the “Company”), of our report dated March 31, 2025, relating to the consolidated financial statements of the Company, appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Moss Adams LLP

Campbell, California
March 31, 2025

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Sonim Technologies, Inc. (the “Company”) on Form 10-K for the period ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I Hao Liu, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2025

By: _____
/s/ Hao Liu
Hao (Peter) Liu
Chief Executive Officer
(Principal Executive Officer)

