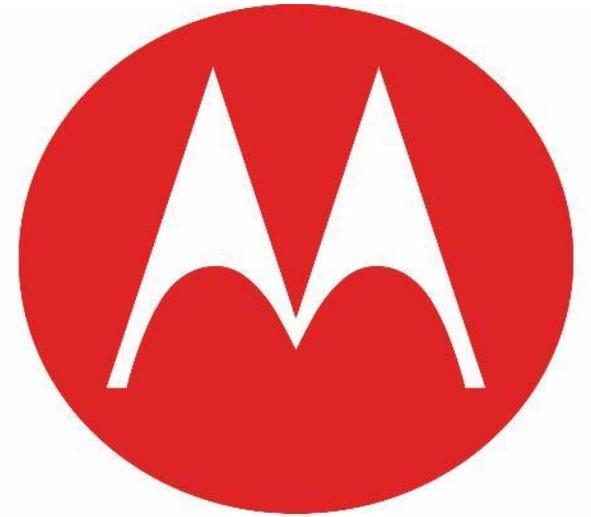


ZOOM TELEPHONICS, INC.

Q1 2020 Earnings Presentation

May 2020



motorola
official licensee

Safe Harbor Forward-Looking Statements

This presentation contains forward-looking information relating to Zoom's plans, expectations, and intentions. Actual results may be materially different from expectations as a result of known and unknown risks, including: the increase in tariffs on the Company's imports from China; potential changes in NAFTA; the potential need for additional funding which Zoom may be unable to obtain; declining demand for certain of Zoom's products; delays, unanticipated costs, interruptions or other uncertainties associated with Zoom's production and shipping; Zoom's reliance on several key outsourcing partners; uncertainty of key customers' plans and orders; risks relating to product certifications; Zoom's dependence on key employees; uncertainty of new product development, including certification and overall project delays, budget overruns, and the risk that newly introduced products may contain undetected errors or defects or otherwise not perform as anticipated; costs and senior management distractions due to patent-related matters; and other risks set forth in Zoom's filings with the Securities and Exchange Commission. Zoom cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Zoom expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in Zoom's expectations or any change in events, conditions or circumstance on which any such statement is based.

Key Highlights

- ✓ Robust Top Line Growth Supported by Macro Trends
- ✓ Online Orders Remain Strong Despite COVID-19 Supply Shock
 - ✓ Manufacturing Migration Nearing Completion
- ✓ Tariffs Continue to Impact Results; Margins Strong ex-Tariffs
- ✓ Motorola License Expanded and Extended Through 2025 Following Quarter End
 - ✓ Improvement in profitability with 1Q20 Net loss of (\$0.8M) or (\$0.04) per share vs (\$1.2M) or (\$0.07) per share in 4Q19

SALES

Q1 2020
REVENUES
+49.3% to \$12M

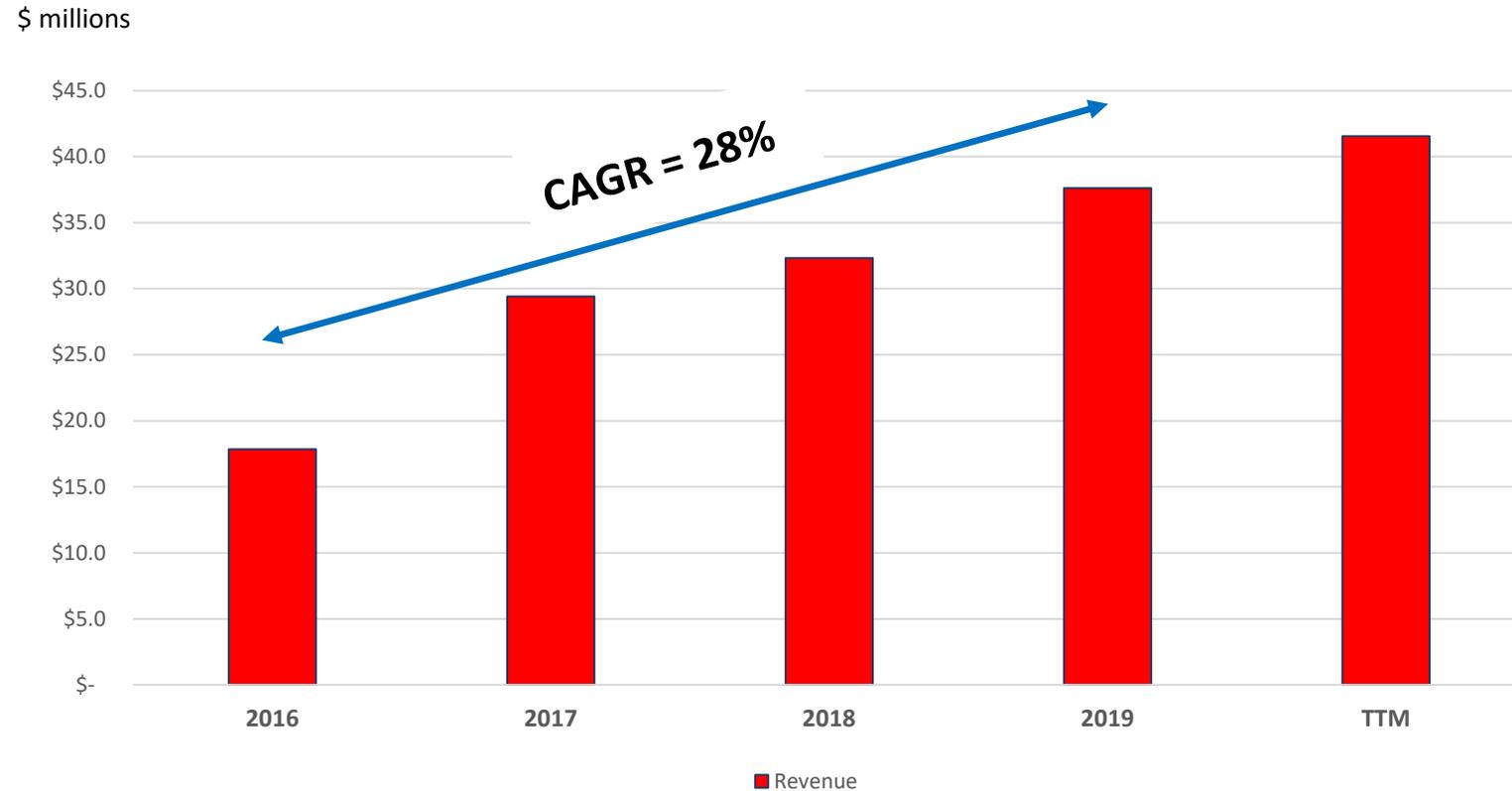
MARGINS

Q1 2020
GROSS MARGIN
38.4% before
tariffs; 25.9%
after tariffs

PROFITABILITY

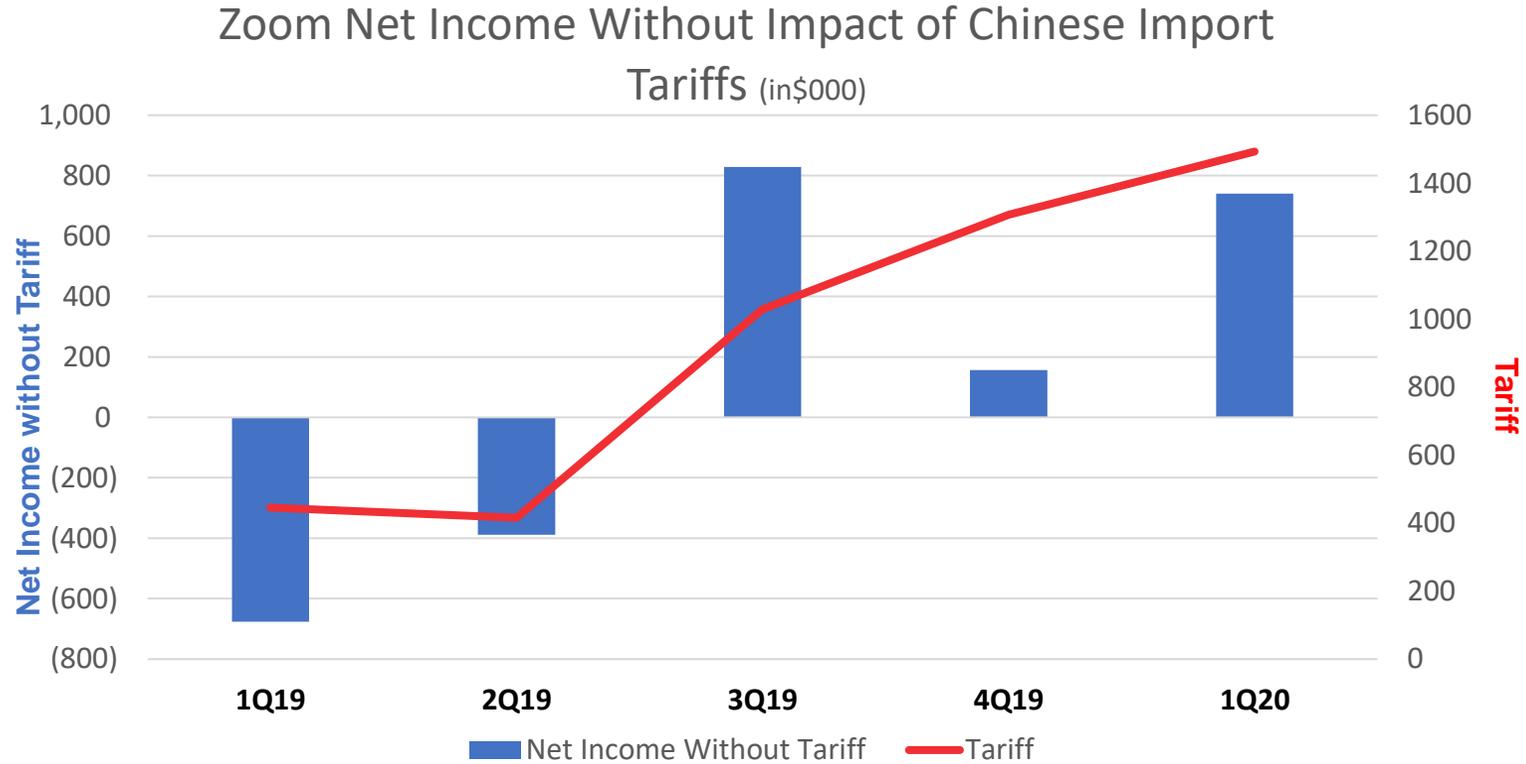
Q1 2020
NET LOSS \$752K;
Includes \$1.5M
of tariffs

Annual Revenue Growth Trend



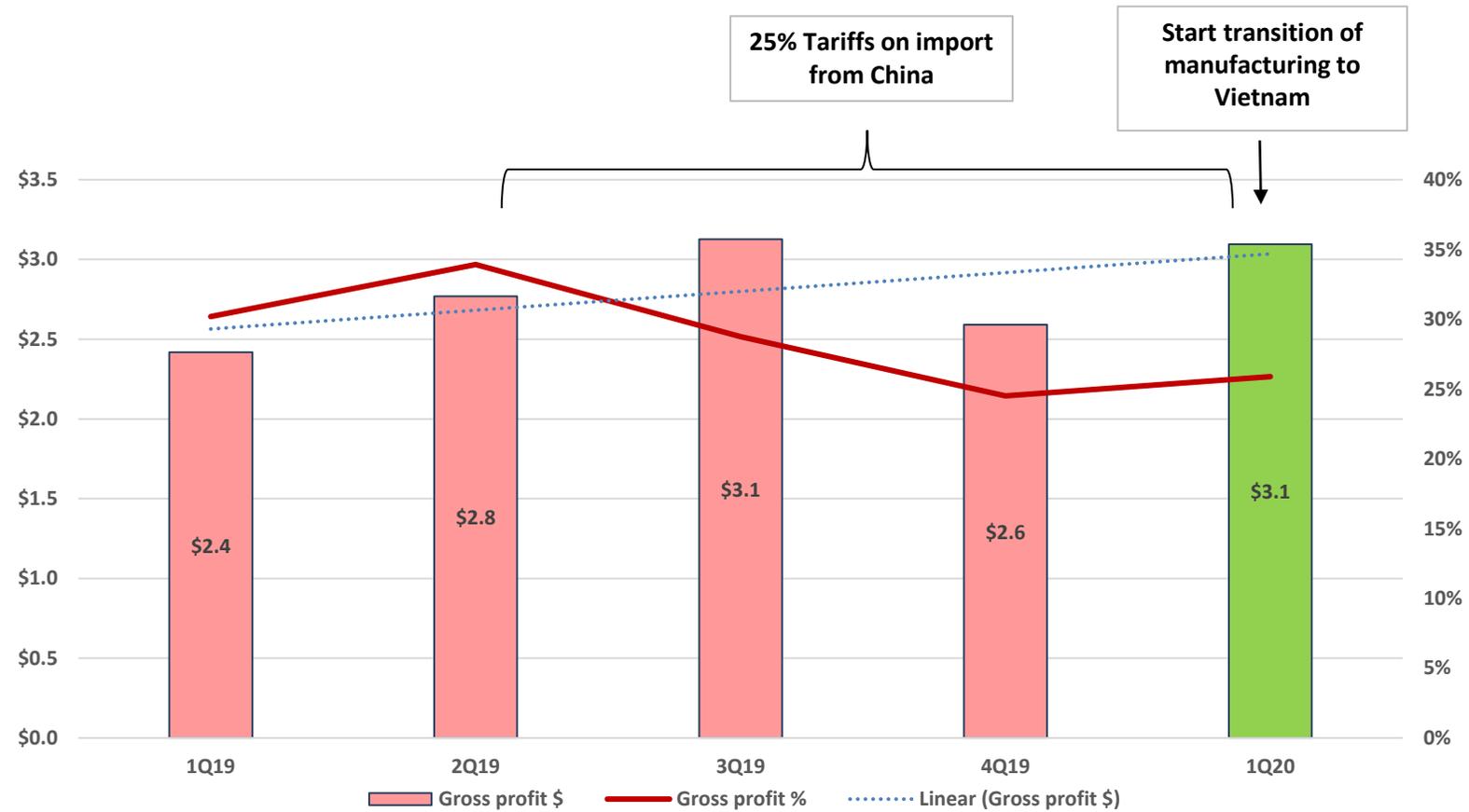
in \$ millions	2016	2017	2018	2019	TTM	CAGR
Revenue	\$ 17.8	\$ 29.4	\$ 32.3	\$ 37.6	\$ 41.6	28%

Tariff Impact History



In 000's	1Q19	2Q19	3Q19	4Q19	FY 2019	1Q20
Net Income Reported	(\$1,121)	(\$805)	(\$200)	(\$1,150)	(\$3,276)	(\$752)
Tariffs	\$445	\$416	\$1,029	\$1,307	\$3,197	\$1,493
Net Income without Tariffs	(\$676)	(\$389)	\$829	\$157	(\$79)	\$741

Quarterly Gross Profit / Margin



in \$ millions	1Q19	2Q19	3Q19	4Q19	1Q20
Gross profit \$	\$ 2.4	\$ 2.8	\$ 3.1	\$ 2.6	\$ 3.1
Gross profit margin	30.2%	33.9%	28.8%	24.5%	25.9%

Balance Sheet Highlights

- Working capital of \$5 million at March 31, 2020
- Current ratio solid at 1.83x
- Tariff expense has been a drain although strong sales are helping offset that
- Net loss of (\$0.8M) or (\$0.04) per share in 1Q20 vs. (\$1.2M) or (\$0.07) per share in 4Q19

	<u>3/31/2020</u>	<u>12/31/2019</u>	<u>3/31/ 2019</u>
Total Current Assets	\$10,941	\$13,148	\$10,393
Total Assets	\$11,644	\$13,903	\$11,208
Bank Debt	\$387	\$0	\$0
Total Current Liabilities	\$5,962	\$7,794	\$8,187
Total Liabilities	\$5,962	\$7,794	\$8,273
Current ratio	1.83	1.69	1.27
Working Capital	\$4,978	\$5,354	\$2,206
Stockholders' Equity	\$5,682	\$6,109	\$2,935

2020 Key Company Objectives

- **Continue to work through COVID-19 related supply chain disruptions by engaging with distribution partners to maintain product availability to meet increased demand for our products**
- **Complete manufacturing diversity to expand gross margin**
- **Launch new products in gateways, bridges, and WiFi, expand product families through software subscriptions (MotoManage™)**
- **Hire/recruit CEO**

