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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 and Zip Code)

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

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

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

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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On August 5, 2024, there were 4,836,476 shares of the registrant's common stock, par value $0.001, outstanding. The foregoing reflects the reverse stock split of the registrant's common stock that became effective on July 17, 2024, and began trading on a post-split adjusted basis on July 18, 2024.

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Cautionary Note about Forward-Looking Statements

This Quarterly Report 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. Forward-looking statements may appear throughout this Quarterly Report and other documents we file with the Securities and Exchange Commission (the "SEC"), including without limitation, the following sections:

(i) Note 9 "Commitments and Contingencies" to our Condensed 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 2, "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

(iii) Part I, Item 4. "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;
- 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;
- our entry into the data device sector could divert our management team's attention from existing products, cause delays in launching our new products, or otherwise have a significant adverse impact on our business, operating results, and financial condition;
- failure to meet the Nasdaq's continued listing requirements and other Nasdaq rules could adversely affect the price of our common stock and make it more difficult for us to sell securities in a future financing or for you to sell our common stock;
- 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 Quarterly Report, our most recent Annual Report on Form 10-K, and our other filings 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 Quarterly 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 Quarterly 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 Quarterly Report may differ materially from the anticipated results expressed or implied in that forward-looking statement. The forward-looking statements included in this Quarterly Report are made only as of the date of this Quarterly 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.

SONIM TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024 (UNAUDITED) AND DECEMBER 31, 2023
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 9,600	$ 9,397
Accounts receivable, net	10,781	25,304
Non-trade receivable	2,198	961
Inventory	7,020	6,517
Prepaid expenses and other current assets	2,986	1,608
Total current assets	32,585	43,787
Property and equipment, net	120	71
Right-of-use assets	—	55
Contract fulfillment assets	10,155	9,232
Other assets	3,011	2,898
Total assets	$ 45,871	$ 56,043
Liabilities and stockholders' equity		
Accounts payable	$ 9,164	$ 19,847
Accrued liabilities	17,714	12,233
Current portion of lease liability	—	55
Deferred revenue	12	12
Total current liabilities	26,890	32,147
Income tax payable	1,507	1,528
Total liabilities	28,397	33,675
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, $0.001 par value per share; 100,000,000 shares authorized: and 4,827,092 and 4,426,867 shares issued and outstanding at June 30, 2024, and December 31, 2023, respectively (*)	5	4
Preferred stock, $0.001 par value per share, 5,000,000 shares authorized, and no shares issued and outstanding at June 30, 2024, and December 31, 2023, respectively	—	—
Additional paid-in capital (*)	276,951	272,324
Accumulated deficit	(259,482)	(249,960)
Total stockholders' equity	17,474	22,368
Total liabilities and stockholders' equity	$ 45,871	$ 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 condensed consolidated financial statements.

SONIM TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net revenues	$ 11,516	$ 26,835	$ 28,292	$ 52,636
Cost of revenues	8,547	22,409	22,421	44,035
Gross profit	2,969	4,426	5,871	8,601
Operating expenses				
Research and development	557	—	1,013	105
Sales and marketing	3,219	1,827	5,711	3,584
General and administrative	2,446	1,852	5,089	3,832
Impairment of contract fulfillment assets	3,217	—	3,217	—
Total operating expenses	9,439	3,679	15,030	7,521
Income (loss) from operations	(6,470)	747	(9,159)	1,080
Interest expense, net	(17)	(5)	(17)	(5)
Other expense, net	(92)	(161)	(184)	(154)
Income (loss) before income taxes	(6,579)	581	(9,360)	921
Income tax expense	(37)	(72)	(162)	(185)
Net income (loss)	$ (6,616)	$ 509	$ (9,522)	$ 736
Net income (loss) per share:				
Basic (*)	$ (1.41)	$ 0.12	$ (2.09)	$ 0.17
Diluted (*)	$ (1.41)	$ 0.11	$ (2.09)	$ 0.17
Weighted-average shares used in computing net income (loss) per share:				
Basic (*)	4,685,352	4,222,699	4,561,741	4,216,118
Diluted (*)	4,685,352	4,458,577	4,561,741	4,309,121

(*)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 condensed consolidated financial statements.

SONIM TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (UNAUDITED)
(IN THOUSANDS EXCEPT SHARE AMOUNTS)

For the Three Months Ended June 30, 2023	Common stock Shares (*)	Common stock Amount	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
Balance at April 1, 2023	4,218,301	$ 4	$ 270,330	$ (249,643)	$ 20,691
Issuance of common stock to settle restricted stock units	1,985	—	—	—	—
Issuance of common stock for payment of services	9,500	—	91	—	91
Stock-based compensation	—	—	358	—	358
Net income	—	—	—	509	509
Balance at June 30, 2023	4,229,786	$ 4	$ 270,779	$ (249,134)	$ 21,649

For the Three Months Ended June 30, 2024	Common stock Shares (*)	Common stock Amount	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
Balance at April 1, 2024	4,439,367	$ 4	$ 272,701	$ (252,866)	$ 19,839
Issuance of common stock upon exercise of stock options and settlement of restricted stock units, net of taxes withheld	37,725	1	(1)	—	—
Taxes withheld on net settled vesting of restricted stock units	—	—	(5)	—	(5)
Issuance of common stock, net of issuance costs	350,000	4	3,780	—	3,784
Stock-based compensation	—	—	472	—	472
Impact of retroactively adjusted reverse stock split	—	(4)	4	—	—
Net loss	—	—	—	(6,616)	(6,616)
Balance at June 30, 2024	4,827,092	$ 5	$ 276,951	$ (259,482)	$ 17,474

For the Six Months Ended June 30, 2023	Common stock Shares (*)	Common stock Amount	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
Balance at January 1, 2023	4,077,469	$ 41	$ 269,874	$ (249,870)	$ 20,045
Issuance of common stock to settle restricted stock units	1,985	—	—	—	—
Issuance of common stock for payment of services	31,574	—	201	—	201
Stock-based compensation	—	—	667	—	667
Impact of retroactively adjusted reverse stock split	118,758	(37)	37	—	—
Net income	—	—	—	736	736
Balance at June 30, 2023	4,229,786	$ 4	$ 270,779	$ (249,134)	$ 21,649

For the Six Months Ended June 30, 2024	Common stock Shares (*)	Common stock Amount	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
Balance at January 1, 2024	4,426,867	$ 4	$ 272,324	$ (249,960)	$ 22,368
Issuance of common stock upon exercise of stock options and settlement of restricted stock units, net of taxes withheld	50,225	1	52	—	53
Taxes withheld on net settled restricted stock units	—	—	(5)	—	(5)
Issuance of common stock, net of issuance costs	350,000	4	3,780	—	3,784
Stock-based compensation	—	—	796	—	796
Impact of retroactively adjusted reverse stock split	—	(4)	4	—	—
Net loss	—	—	—	(9,522)	(9,522)
Balance at June 30, 2024	4,827,092	$ 5	$ 276,951	$ (259,482)	$ 17,474

(*)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 condensed consolidated financial statements.

SONIM TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (UNAUDITED)
(IN THOUSANDS)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities:		
Net income (loss)	$ (9,522)	$ 736
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	1,725	1,183
Stock-based compensation	796	667
Stock issued for services	—	201
Impairment of contract fulfillment assets	3,217	—
Other	132	(138)
Changes in operating assets and liabilities:		
Accounts receivable	3,215	(4,143)
Non-trade receivable	(1,237)	1,261
Inventory	1,695	(826)
Prepaid expenses and other current assets	(1,397)	437
Contract fulfillment assets	(3,673)	(1,117)
Other assets	(177)	(64)
Accounts payable	625	(213)
Accrued liabilities	1,062	(1,367)
Deferred revenue	—	(31)
Income tax payable	(21)	17
Net cash used in operating activities	(3,560)	(3,397)
Cash flows from investing activities:		
Purchase of property and equipment	(69)	(23)
Net cash used in investing activities	(69)	(23)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	3,784	—
Repayment of debt	—	(73)
Proceeds from stock option exercises, net of taxes paid on vested restricted stock units	48	—
Net cash provided by (used in) financing activities	3,832	(73)
Net increase (decrease) in cash and cash equivalents	203	(3,493)
Cash and cash equivalents at beginning of period	9,397	13,213
Cash and cash equivalents at end of period	$ 9,600	$ 9,720
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 17	$ 5
Cash paid for income taxes	$ 12	$ 69
Non-cash activities:		
Receivables transferred to satisfy payables (Note 4)	$ 11,308	$ —
Inventory financed through accrued expenses	$ 2,198	$ —
Contract fulfillment assets financed through accrued expenses	$ 2,166	$ —

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

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 specializes in rugged and durable mobile devices, catering to users who require extra resilience in their professional and personal lives. Initially focusing on handsets and accessories for the enterprise, first responder, and government sectors, Sonim has broadened its offerings to include connected devices for wireless internet access like mobile hotspots.

In 2023, the Company announced an expanded portfolio which includes next-generation ultra-rugged 5G feature phones, a next-generation rugged smartphone, and a connected solutions portfolio of wireless internet solutions, including wireless modems, mobile hotspots and fixed wireless access routers. As of the filing date of this report, Sonim has committed to fourteen carrier awards for the new portfolio of 4G and 5G products: six awards for three models of mobile hotspots and eight awards for two new phones—a next-generation rugged smartphone and a next-generation rugged feature phone. Sonim launched a mobile hotspot at the end of the second quarter of 2024, and the remaining products are expected to launch with tier-one carriers in the U.S., Canada, Europe, and Australia beginning in the second half of 2024.

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. Although the 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.

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. The Reverse Stock Split reduced the total number of issued and outstanding shares of common stock from 47,083,336 to 4,827,092 as of June 30, 2024. 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-Q have been retroactively restated to reflect the effect of the Reverse Stock Split.

Liquidity and Ability to Continue as a Going Concern

The Company's condensed 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's principal sources of liquidity as of June 30, 2024, consist of existing cash and cash equivalents totaling $9,600. The Company believes that it can meet its obligations with this cash over the next twelve months following the filing date of this report.

Basis of presentation and preparation

The condensed consolidated financial statements include the accounts of Sonim Technologies, Inc. and its wholly owned subsidiaries (collectively "Sonim" or the "Company"). Intercompany accounts and transactions have been eliminated. In the opinion of the Company's management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The preparation of these condensed consolidated financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially from those estimates. Certain prior period amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period's presentation. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2023.

As discussed above, all per share amounts and common shares amounts have been adjusted on a retroactive basis to reflect the effect of the Reverse Stock Split. Proportionate adjustments were made to the per share exercise price and number of shares of common stock issuable under all outstanding stock options, restricted stock units, and warrants. In addition, proportionate adjustments have been made to the number of shares of common stock reserved for the Company's equity incentive awards.

Prior period reclassifications

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

New accounting pronouncements

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's consolidated financial statements with another public company, which is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Pronouncements adopted in 2024

None.

Pronouncements not yet adopted

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. Early adoption is permitted and the guidance should be applied retrospectively. ASU 2023-07 will be effective for the Company for the annual period of its fiscal year ending December 31, 2024. The Company does not anticipate the adoption of this guidance will have a material impact on its condensed consolidated financial statements.

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 condensed consolidated financial statements.

NOTE 2 — Revenue Recognition

The Company recognizes revenue primarily from the sale of products, which are primarily mobile phones, mobile hotspots, and related 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 Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The Company also recognizes revenue from other contracts that may include a combination of products and non-recurring engineering ("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 identified 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 three and six months ended June 30, 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 products. 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 records reductions to net revenues related to future product returns based on the Company's expectations and historical experience. 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. 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, the Company's 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 revenue

The following table presents the Company's net revenue disaggregated by product category:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Smartphones	$ 6,372	$ 8,869	$ 11,953	$ 15,296
Feature Phones	4,711	3,012	8,059	6,853
White Label Phones and Tablets (ODM Model)	—	14,737	7,658	29,994
Accessories and Other	433	217	622	493
	$ 11,516	$ 26,835	$ 28,292	$ 52,636

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 June 30, 2024, and December 31, 2023, the net contract fulfillment assets were $10,155 and $9,232, 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 three months ended June 30, 2024, the Company recorded an impairment of contract fulfillment assets of $3,217 due to a decrease in projected profit of one of its hotspots and the cancellation of a consumer durable product.

Contract balances

The Company records accounts receivable when it has an unconditional right to consideration. Contract liabilities are recorded when cash payments are received or due in advance of performance. Contract liabilities consist of advance payments and deferred revenue, where the Company has unsatisfied performance obligations. Contract liabilities are presented as a component of deferred revenue on the condensed consolidated balance sheets. As of June 30, 2024, and December 31, 2023, the contract liabilities were $12 and $12, respectively.

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 assets 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 at June 30, 2024, and December 31, 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 at fair value:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds *	$ 102	$ —	$ —	$ 102

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

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

NOTE 4 — Significant Balance Sheet Components

The following table presents the components of the Company's receivables:

	June 30, 2024	December 31, 2023
Trade receivables	$ 11,053	$ 25,576
Allowance for credit losses	(272)	(272)
Accounts receivable, net	10,781	25,304
Non-trade receivables	2,198	961
Total accounts receivable	$ 12,979	$ 26,265

The Company has non-trade receivables from manufacturing vendors resulting from the sale of components to 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.

Trade receivables from the customer that purchased white label tablets from the Company accounts for 25% and 69%, respectively, of accounts receivable, net, at June 30, 2024, and December 31, 2023. One additional customer that purchased white label phones from the Company accounts for 25% of accounts receivable, net, at June 30, 2024, and another customer accounts for 17% of accounts receivable, net, at June 30, 2024. A separate customer accounts for 13% and 15% of accounts receivable, net, at June 30, 2024, and December 31, 2023, respectively. In October 2023, the Company stopped sales of the 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.

The following table presents the components of the Company's inventory:

	June 30, 2024	December 31, 2023
Devices – for resale	$ 4,275	$ 5,324
Raw materials	2,340	751
Accessories	405	442
	$ 7,020	$ 6,517

The Company purchases raw materials in bulk to obtain a lower price and to ensure availability. The raw materials are resold to third-party manufacturers.

Distributor returns allowance

The Company records reductions to Cost of Revenues related to future distributor product returns based on the Company's expectation.

The following table presents the components of the Company's other assets:

	June 30, 2024	December 31, 2023
Advances to third-party manufacturers	$ 2,000	$ 2,000
Other	1,011	898
	$ 3,011	$ 2,898

The following table presents the components of the Company's accrued liabilities:

	June 30, 2024	December 31, 2023
Customer allowances	$ 10,280	$ 8,148
Contract fulfillment liabilities	2,374	568
Inventory received, not billed	2,198	325
Employee-related liabilities	729	1,755
Warranties	550	518
Other	1,583	919
	$ 17,714	$ 12,233

NOTE 5 — Leases

All of the Company’s leases are for office space. As of June 30, 2024, all the Company’s leases were short-term leases.

The following table shows the activity of the ROU assets:

	June 30,	
	2024	2023
Beginning Balance, January 1	$ 55	$ 66
Additions	—	255
Amortization	(55)	(138)
Ending Balance, June 30	$ —	$ 183

The following table shows the activity of the lease liability:

	June 30,	
	2024	2023
Beginning Balance, January 1	$ 55	$ 66
Additions	—	255
Principal payments	(55)	(138)
Ending Balance, June 30	—	183
Less short-term portion	—	(183)
Long-term lease liability	$ —	$ —

For the three months ended June 30, 2024, and 2023, the Company recognized $73 and $75, respectively, of rent expense. For the six months ended June 30, 2024, and 2023, the Company recognized $158 and $138, respectively, of rent expense. The Company did not have any lease extension or termination options on any lease. There were no residual value guarantees in any lease. The weighted-average remaining lease term of the operating leases was approximately zero years as of June 30, 2024, and 0.2 years as of December 31, 2023. The weighted average of the discount rate for each lease as of December 31, 2023, was 8.5%.

NOTE 6 — Stockholders' Equity

On April 29, 2024, the Company closed on a capital investment of 350,000 shares, as adjusted for the Reverse Stock Split, of common stock and warrants 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).

NOTE 7 — Stock-Based Compensation

Stock-based compensation expense is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cost of revenues	$ 15	$ 50	$ 27	$ 202
Research and development	13	—	20	—
Sales and marketing	104	86	190	132
General and administrative	340	222	559	333
	$ 472	$ 358	$ 796	$ 667

Stock-based compensation in Cost of Revenues relates to employees who focus on supply chain management.

Stock Options

Stock option activity for the six months ended June 30, 2024, is set forth in the table below and has been adjusted retrospectively 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, 2024	514,674	$ 9.28		
Granted	222,800	6.16		
Exercised	—	—		
Forfeited and Expired	(6,825)	147.24		
Outstanding at June 30, 2024	730,649	$ 7.04	8.85	$ 3,447
Vested and Expected to Vest at June 30, 2024	730,649	$ 7.04	8.85	$ 3,447
Exercisable at June 30, 2024	238,439	$ 9.80	8.43	$ 1,213

* 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.

As of June 30, 2024, there was approximately $2,043 of unamortized stock-based compensation cost related to unvested stock options, which is expected to be recognized over a weighted average period of 2.10 years.

Restricted Stock Units

Restricted Stock Unit ("RSU") activity for the six months ended June 30, 2024, is set forth in the table below and has been adjusted retrospectively for the Reverse Stock Split:

	RSUs
Outstanding at January 1, 2024	68,185
Granted	38,248
Released	(38,545)
Forfeited	(6,780)
Outstanding at June 30, 2024	61,108

As of June 30, 2024, there was approximately $354 of unamortized stock-based compensation cost related to unvested RSUs, which is expected to be recognized over a weighted average period of 1.03 years.

NOTE 8 — Income Taxes

For the three months ended June 30, 2024, and 2023, the Company recorded provisions for income taxes of $37 and $72, respectively. For the six months ended June 30, 2024, and 2023, the Company recorded provisions for income taxes of $162 and $185, respectively. The Company's effective income tax rate is negative 1.7% for the six months ended June 30, 2024, compared to 19.9% for the six months ended June 30, 2023. The Company's effective tax rate differs from the U.S. federal statutory tax rate primarily as a result of projected permanent items in the U.S.

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 2012 and forward for federal and California purposes. The China and India tax years are open under the statute of limitations from 2013 and forward.

The Company is subject to ongoing tax examinations of its tax returns by the Internal Revenue Service and other tax authorities in various jurisdictions. In accordance with the guidance on the accounting for uncertainty in income taxes, the Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes. These assessments can require considerable estimates and judgments. As of June 30, 2024, the gross amount of unrecognized tax benefits was approximately $1.3 million. If the Company's estimates of income tax liabilities prove to be less than the ultimate assessment, then a further charge to expense would be required. If events occur and the payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which we determine the liabilities are no longer necessary. The Company does not anticipate any material changes to its uncertain tax positions during the next twelve months.

NOTE 9 — Commitments and Contingencies

Purchase Commitments — The aggregate amount of noncancelable purchase orders as of June 30, 2024, and December 31, 2023, was approximately $15,377 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 expense for the three months ended June 30, 2024, and 2023 was $252 and $176, respectively, and is included in Cost of Revenues. Royalty expense for the six months ended June 30, 2024, and 2023 was $482 and $406, respectively, and is included in Cost of Revenues. The Company may be required to pay additional royalties to additional patent holder and technology providers on future products.

General litigation — The Company is involved in various other legal proceedings arising in the normal course of business. The Company does not believe that the ultimate resolution of these other matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flows.

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 products 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 10 — Net Income (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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income (loss)	$ (6,616)	$ 509	$ (9,522)	$ 736
Denominator:				
Weighted-average shares used in computing net earnings (loss) per share, basic	4,685,352	4,222,699	4,561,741	4,216,118
Net earnings (loss) per share, basic	$ (1.41)	$ 0.12	$ (2.09)	$ 0.17
Weighted-average shares used in computing net earnings (loss) per share, diluted	4,685,352	4,458,577	4,561,741	4,309,121
Net earnings (loss) per share, diluted	$ (1.41)	$ 0.11	$ (2.09)	$ 0.17

The dilutive common shares that were used in the calculation of diluted earnings for 2023 are presented in the table below. The 2024 amounts were not used as they were antidilutive. All amounts have been adjusted retroactively for the Reverse Stock Split.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Shares subject to options to purchase common stock	730,649	584,174	730,649	584,174
Unvested restricted stock units	61,108	92,300	61,108	92,300
Shares subject to warrants to purchase common stock	350,001	1	350,001	1
Total	1,141,758	676,475	1,141,758	676,475

NOTE 11 — Entity Level 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 and the chief financial 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
United States	$ 9,066	$ 8,236	$ 16,332	$ 13,386
Asia Pacific	70	14,738	7,733	30,565
Canada	2,378	3,032	4,184	5,772
Europe and Middle East	2	829	43	2,913
	$ 11,516	$ 26,835	$ 28,292	$ 52,636

The following table summarizes the composition of net revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Product Sales	$ 11,512	$ 26,834	$ 28,285	$ 52,635
Services	4	1	7	1
	$ 11,516	$ 26,835	$ 28,292	$ 52,636

Revenue from customers with concentration greater than 10% accounted for approximately the following percentage of net revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Customer A	55%	35%	41%	25%
Customer B	*	*	27%	*
Customer C	13%	*	10%	*
Customer D	*	55%	*	57%

* Customer revenue did not exceed 10% in the respective period.

NOTE 12 — Subsequent Events

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.

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 the Company's common stock made pursuant to the Sales Agreement will be 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. No sales under the Sales Agreement were made as of the date of this Quarterly Report on Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations together with "Cautionary Note About Forward-Looking Statements" and our condensed consolidated financial statements and related notes included under Item 1 of this Quarterly Report as well as our most recent Annual Report on Form 10-K for the year ended December 31, 2023 as amended, including Part 1, Item 1A "Risk Factors."

Company Overview

Sonim Technologies is a leading U.S.-based provider of rugged mobile devices and accessories designed for workers physically engaged in their work environments, often in mission-critical roles. As part of our expansion efforts, the Company has introduced its Connected Solutions division which launched a mobile hotspot late in the second quarter of 2024. In the second half of 2024, the same mobile hotspot will launch with additional carriers and a second mobile hotspot will launch in the U.S., Canada and Asia/Pacific. Connected Solutions will primarily consist of devices that connect to the internet including mobile hotspots, fixed wireless devices and USB dongle devices. In addition to this, the Company has expanded its rugged phone portfolio by developing a next-generation rugged smartphone that is designed for enterprise, government, and small to medium businesses and is expected to be sold through tier-one carriers in North America, beginning in the second half of 2024.

The Company is executing its strategy of selling new products into much larger adjacent markets including the connected solutions market and the semi-rugged phone market. During the first half of 2024, the Company is 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 the second quarter of 2024 decreased compared to the second quarter of 2023 due to this transition away from white label products. However, with the launch of new products in the second half of 2024, we anticipate significant revenue growth and improved profitability.

During the three and six months ended June 30, 2024, net revenues were primarily generated from sales of our mobile phones and industrial-grade accessories, predominantly to wireless carriers in the United States and Canada. 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. These carriers then resell our products, along with network services, to end customers focusing on two primary end markets: industrial enterprise and public sector. During the three and six months ended June 30, 2023, white label tablets revenue comprised a significant portion of our revenue. During the three months ended June 30, 2024, no white label products were sold. The ODM products sold in 2023 and the first quarter of 2024 had lower margins compared to Sonim's other offerings.

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 six months ended June 30, 2024, wireless carriers contributed 69% of our net revenues, with our top three carrier customers accounting for 58% of our net revenues. Our rugged smartphones represented 42% of our net revenues, while feature phones were 29% of our net revenues and white label phones were 27% of our net revenues. For the three months ended June 30, 2024, wireless carriers contributed 96% of our net revenues, with our top three carrier customers accounting for 77% of our net revenues. Our rugged smartphones represented 55% of our net revenues, while feature phones were 41% of our net revenues.

While we continue to design ultra rugged phones and accessories, we have broadened our product range to appeal to a more diverse audience. Our core value proposition of the delivery of reliable quality devices, which has earned us a loyal following, remains the foundation of our expanded offerings, including rugged durable phones and wireless data devices. These new products will not only expand our portfolio of products but will also allow the Company to diversify our customer base into new markets. New product launches for mobile hotspots and a new next-generation rugged phone for a broader customer base will occur in the second half of 2024 and sales are expected to grow over the next few years.

Our key value proposition in the broader business and consumer market is to incorporate specific elements of our rugged roots into our new products with added durability without sacrificing attractive design and value pricing. We believe this is an underserved market opportunity in the small business and prosumer spaces. Our expertise in carrier mobility leads us to a natural extension into data devices, where we can leverage our technical expertise as well as our streamlined organization to bring better quality, better specs, and low cost to the marketplace.

Recent Developments

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-Q 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.

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 has committed to fourteen carrier awards for the new portfolio of 4G and 5G products: six awards for three models of mobile hotspots and eight awards for two new phones—a next-generation rugged smartphone and a next-generation rugged feature phone. One mobile hotspot launched at the end of the second quarter of 2024 and the other products are expected to launch with tier-one carriers in the U.S., Canada, Europe, and Australia in the second half of 2024. Prior to 2023, the Company received only one to two awards on average per year, in contrast to the fourteen awards it secured with the new portfolio beginning last year.

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 June 30, 2024, and December 31, 2023, the net contract fulfillment assets were $10,155 and $9,232, 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 three months ended June 30, 2024, the Company recorded an impairment of contract fulfillment assets of $3,217 due to a decrease in projected profit of one of its hotspots and the cancellation of a consumer durable product. This product was cancelled because higher than anticipated manufacturing costs eliminated the expected profit margin on the product.

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 will be 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.

We have no obligation to sell shares under the Sales Agreement, but we may do so from time to time. No sales under the Sales Agreement were made as of the date of this Quarterly Report on Form 10-Q.

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.

Results of Operations

The following tables present key components of our results of operations (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024	2023	Increase (Decrease)	%	2024	2023	Increase (Decrease)	%
Net revenues	$ 11,516	$ 26,835	$ (15,319)	(57)%	$ 28,292	$ 52,636	$ (24,344)	(46)%
Cost of revenues	8,547	22,409	(13,862)	(62)%	22,421	44,035	(21,614)	(49)%
Gross profit	2,969	4,426	(1,457)	(33)%	5,871	8,601	(2,730)	(32)%
Operating expenses								
Research and development	557	—	557	N/A	1,013	105	908	865%
Sales and marketing	3,219	1,827	1,392	76%	5,711	3,584	2,127	59%
General and administrative	2,446	1,852	594	32%	5,089	3,832	1,257	33%
Impairment of contract fulfillment assets	3,217	—	3,217	N/A	3,217	—	3,217	N/A
Total operating expenses	9,439	3,679	5,760	157%	15,030	7,521	7,509	100%
Income (loss) from operations	(6,470)	747	(7,217)	(966)%	(9,159)	1,080	(10,239)	(948)%
Interest expense, net	(17)	(5)	(12)	240%	(17)	(5)	(12)	240%
Other expense, net	(92)	(161)	69	(43)%	(184)	(154)	(30)	19%
Income (loss) before income taxes	(6,579)	581	(7,160)	(1,232)%	(9,360)	921	(10,281)	(1,116)%
Income tax expense	(37)	(72)	35	(49)%	(162)	(185)	23	(12)%
Net income (loss)	$ (6,616)	$ 509	$ (7,125)	(1,400)%	$ (9,522)	$ 736	$ (10,258)	(1,394)%

Net Revenues

Net revenues for the three months ended June 30, 2024, decreased by $15.3 million compared to 2023 primarily because 2023 included 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 first and second quarters of 2024 are transition periods, marked by the ending of our white label business and the start of the launches of our hotspots and semi-rugged smartphone. Revenue is expected to increase significantly in the second half of 2024 as we launch our two hotspot models with various carriers.

Net revenues for the six months ended June 30, 2024, decreased by $24.3 million compared to 2023 primarily because 2023 had $30.0 million in white label tablet revenue, which was partially offset by $7.7 million in white label phone revenue in the first quarter of 2024. The Company's 2024 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 is expected to increase in the second half of 2024 as new products are launched.

Cost of Revenues

Cost of revenues for the three months ended June 30, 2024, decreased by $13.9 million as compared to 2023 primarily due to the decrease in net revenues. Cost of Revenues as a percentage of net revenue increased because 2024 did not have any lower margin white label products.

Cost of revenues for the six months ended June 30, 2024, decreased by $21.6 million as compared to 2023 primarily due to the decrease in net revenues. Cost of Revenues as a percentage of net revenue increased because white label revenue decreased from $30.0 million in 2023 to $7.7 million in 2024, and white label products have much lower margins.

Gross Profit and Margin

Gross profit for the three months ended June 30, 2024, decreased by $1.5 million, while the gross margin percentage increased by 9%, compared to 2023. The increase in gross profit percentage was because there was no white label revenue with its lower margins in 2024.

Gross profit for the six months ended June 30, 2024, decreased by $2.7 million, while the gross margin percentage increased by 4%, compared to 2023. The increase in gross profit was because 2023 had more low margin white label revenue.

Research and Development

Research and development ("R&D") expenses for the three months ended June 30, 2024, increased by $0.6 million compared to 2023, primarily due to there being no R&D projects during the period ended June 30, 2023. In 2024 R&D expenses were primarily related to our new hotspots and rugged phones.

R&D expenses for the six months ended June 30, 2024, increased by $0.9 million compared to 2023, primarily due to there being limited R&D projects during the period ended June 30, 2023. In 2024 R&D expenses were primarily related to our new hotspots and rugged phones.

Sales and Marketing

Sales and marketing expenses for the three months ended June 30, 2024, increased by $1.4 million compared to 2023 primarily due to an increase in marketing spend to support new products in 2024, as well as an increase in headcount primarily to support sales in Europe.

Sales and marketing expenses for the six months ended June 30, 2024, increased by $2.1 million compared to 2023 primarily due to an increase in marketing spend to support new products in 2024 and to capture new business opportunities across Europe as a result of the ceased operations of a competitor, as well as an increase in headcount primarily to support sales in Europe.

General and Administrative

General and administrative expenses for the three months ended June 30, 2024, increased by $0.6 million compared to 2023 primarily due to an increase in personnel and consulting expenses, including stock-based compensation, as well an increase in public company filing activity that required additional legal costs and auditor fees.

General and administrative expenses for the six months ended June 30, 2024, increased by $1.3 million compared to 2023 primarily due to an increase in personnel and consulting expenses, including stock-based compensation, as well an increase in public company filing activity that required additional legal costs and auditor fees.

Impairment of Contract Fulfillment Assets

Impairment of contract fulfillment assets for both the three and six months ended June 30, 2024, was $3.2 million, 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 product.

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 June 30, 2024, we did not have any convertible loans or any other borrowing structures in place.

Currently, our principal source of liquidity consists of cash and cash equivalents totaling $9.6 million, as of June 30, 2024. On April 29, 2024, we received $3.8 million in cash, net of issuance costs, from an investor for the purchase of the Company's shares and the issuance of warrants. During the six months ended June 30, 2024, our net loss was $9.5 million and our use of cash in operations was $3.6 million. Additionally, we may elect to sell shares of common stock under our "at the market" offering program, as described in detail under the title "*ATM Offering*."

Our cash balance is expected to cover the negative cash flow from operating losses and from developing new products over the next year. Increased revenue from new products is expected to 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 unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Cash and cash equivalents as of June 30, 2024, were $9.6 million.

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

	Six Months Ended June 30,	
	2024	2023
Net cash used in operating activities	$ (3,560)	$ (3,397)
Net cash used in investing activities	(69)	(23)
Net cash provided by (used in) financing activities	3,832	(73)
Net increase (decrease) in cash and cash equivalents	$ 203	$ (3,493)

Cash flows from operating activities

For the six months ended June 30, 2024, cash used in operating activities was $3.6 million, primarily attributable to a net loss of $9.5 million, partially offset by non-cash charges of $5.9 million and net cash provided by a change in net operating assets and liabilities of $0.1 million. Non-cash charges primarily consist of $3.2 million in impairment charges related to contract fulfillment assets, $1.7 million in depreciation and amortization, and $0.8 million for stock-based compensation. The change in net operating assets and liabilities was primarily due to a decrease in trade accounts receivable (primarily due to a decrease in net revenue) and inventory (primarily due to financing through accrued expenses) and an increase in account payables and accrued expenses, partially offset by an increase in non-trade receivables (primarily purchasing raw materials for our ODMs), prepaids (primarily for inventory), and contract fulfillment assets (capitalized costs for phone certifications).

For the six months ended June 30, 2023, cash used in operating activities was $3.4 million, primarily attributable to net cash used by net operating assets and liabilities of $6.0 million, which was partially offset by net non-cash charges of $1.9 million and net income of $0.7 million. The change in our net operating assets and liabilities was primarily due to an increase in trade accounts receivable of $4.1 million (increased sales to our tablet customer), and an increase in contract fulfillment assets of $1.1 million (capitalized costs for phone certifications). Additionally, accrued severance and accrued bonuses decreased by $1.2 million due to payments in 2023. Non-cash charges primarily consist of $1.2 million in depreciation and amortization and $0.7 million for stock-based compensation.

Cash flows from investing activities

For the six months ended June 30, 2024, and 2023, there were no significant investing activities.

Cash flows from financing activities

For the six months ended June 30, 2024, the Company received $3.8 million in cash, net of issuance costs, from an investor for the purchase of its shares and the issuance of warrants. There were no significant financing activities in 2023.

Material Cash Requirements

There have been no material changes to our material cash requirements from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations is based upon our condensed 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, our 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.

A description of our critical accounting policies that represent the more significant judgments and estimates used in the preparation of our consolidated financial statements was provided in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no changes to our critical accounting policies and estimates described in the Annual Report on Form 10-K for the year ended December 31, 2023, that have had a material impact on our condensed consolidated financial statements and related notes.

Segment Information

We have one business activity and operate in one reportable segment.

JOBS Act

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. We expect to use the extended transition period for any other new or revised accounting standards during the period in which we remain an emerging growth company. As a result, our condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of (i) December 31, 2024 (the last day of the fiscal year following May 14, 2024, the fifth anniversary of the consummation of our initial public offering), (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our common stock held by non-affiliates exceeded $700 million as of the last business day of the second fiscal quarter of such year, or (iv) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. Even after we no longer qualify as an emerging growth company, we may still qualify as a smaller reporting company, which would allow us to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and reduced disclosure obligations regarding executive compensation in our prospectuses and in our periodic reports and proxy statements.

Item 3. Quantitative and Qualitative 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 4. 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) promulgated under the Exchange Act, prior to filing this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive and principal financial officer concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective.

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.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the three months ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

For information regarding our material legal proceedings, see "Note 9, Commitments and Contingencies" in the accompanying "Notes to Condensed Consolidated Financial Statements" in this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

Item 1A. Risk Factors.

There are no material changes to the risk factors set forth in Part I, Item 1A, *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2023, except as set forth below.

The risk factor titled "*Sales of our common stock under the currently effective registration statement 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*" is amended and restated as follows:

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 both the effective Form S-3 Registration Statement and Prospectus, dated December 1, 2023, (the "AJP Registration Statement") and the registration statement and prospectus we are obligated to file pursuant to the Subscription Agreement (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.

The shares we intend to register for resale through Liu Registration Statement (assuming the exercise of the entirety of the warrants) represent approximately 14% of the outstanding shares of our common stock as of July 30, 2024, and approximately 27% of our public float as of such date. The shares of common stock offered for resale pursuant to the AJP Registration Statement represent approximately 45% of the outstanding shares of our common stock as of July 30, 2024, and approximately 85% of our public float as of such date. Until such time that this registration statement is no longer effective, the registration statement will permit the resale of these shares. As such, sales of a substantial number of shares of our common stock in the public market could occur at any time.

The risk factor titled "*In prior years, we identified one material weakness in our internal control over financial reporting which, if not remediated, could have resulted in material misstatements in our financial statements*" is amended and restated as follows:

We have previously reported material weaknesses in our internal control over financial reporting, which have been remediated; however, we may identify additional or new material weaknesses in the future that may cause us to fail to meet our reporting obligations, result in material misstatements in our financial statements or fail to prevent fraud.

Our management is responsible for establishing and maintaining internal control over financial reporting, disclosure controls, and compliance with the other requirements of the Sarbanes-Oxley Act and the rules promulgated by the SEC thereunder. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.

In prior years, we identified a material weakness in our internal control over financial reporting. While the material weaknesses related to internal controls over financial reporting previously disclosed by Sonim have since been remediated, the process of designing and implementing an effective financial reporting system is a continuous effort that requires our team to anticipate and react to changes in Sonim's business, including its geographic expansion, to economic and regulatory environments and to expend significant resources to maintain a financial reporting system that satisfies its reporting obligations.

We cannot be certain that the measures we have taken, and expect to take, to improve our internal controls will be sufficient to ensure that our internal controls will remain effective and eliminate the possibility that other material weaknesses or deficiencies may develop or be identified in the future. If we identify future material weaknesses in our internal controls, even if quickly remediated once disclosed, investors may lose confidence in our financial statements and our stock price may decline. Implementing changes to our internal controls in connection with the remediation of any material weakness may distract our management and could require us to incur significant expenses. If we fail to remediate any material weakness, our financial statements may be inaccurate, we may be required to restate our financial statements, our ability to report our financial results in a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, our stock price may decline, and we may be subject to sanctions or investigation by regulatory authorities, which could materially and adversely affect our business and results of operations. In addition, even if we are successful in strengthening Sonim's internal controls and procedures, in the future those internal controls and procedures may not be adequate to prevent or sufficiently identify irregularities or errors or to facilitate the fair presentation of our financial statements.

The risk factor titled "*We have failed, and may continue to fail, to meet the listing standards of Nasdaq, and as a result, our common stock may become delisted, which could have a material adverse effect on the trading, liquidity, and market price of our common stock*" is amended and restated as follows:

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. Delisting from the Nasdaq would cause us to pursue eligibility for trading of these securities on other markets or exchanges, or on the "pink sheets." In such case, our stockholders' ability to trade, or obtain quotations of the market value of our common stock would be severely limited because of lower trading volumes and transaction delays. These factors could contribute to lower prices and larger spreads in the bid and ask prices of these securities. There can be no assurance that our securities, if delisted from the Nasdaq in the future, would be listed on a national securities exchange, a national quotation service, the over-the-counter markets or the pink sheets. Delisting from the Nasdaq, or even the issuance of a notice of potential delisting (which notices have previously been issued), would also result in negative publicity, make it more difficult for us to raise additional capital, cause us to lose eligibility to register the sale or resale of our shares on Form S-3 and the automatic exemption from registration under state securities laws for exchange-listed securities, adversely affect the market liquidity of our securities, decrease securities analysts' coverage of us or diminish investor, supplier and employee confidence.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. 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 quarterly period covered by this report.

Item 6. Exhibits.

Exhibit Number	Description	Form	File No.	Incorporated by Exhibit Reference	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 Purchase Warrant, dated as of April 29, 2024, issued by Sonim Technologies, Inc. to the purchaser named therein	8-K	001-38907	4.1	April 29, 2024
10.1	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
10.2	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
10.3	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
10.4	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
10.5	Sonim Technologies, Inc. 2019 Equity Incentive Plan, as amended and restated as of June 20, 2024	8-K	001-38907	10.1	June 21, 2024
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.				
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.				
101PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* The certifications furnished in Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		SONIM TECHNOLOGIES, INC.
Date: August 9, 2024	By:	*/s/ Hao Liu*
		Hao (Peter) Liu **Chief Executive Officer** **(Principal Executive Officer)**
Date: August 9, 2024	By:	*/s/ Clay Crolius*
		Clay Crolius **Chief Financial Officer** **(Principal Financial and Accounting Officer)**

Exhibit 31.1

CERTIFICATION 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

I, Hao Liu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sonim Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2024

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

Exhibit 31.2

CERTIFICATION 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

I, Clayton Crolius, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sonim Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2024

By: */s/ Clayton Crolius*
Clayton Crolius, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 Quarterly Report of Sonim Technologies, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I 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: August 9, 2024	By:	*/s/ Hao Liu*
		Hao (Peter) Liu
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

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 Quarterly Report of Sonim Technologies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I 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: August 9, 2024

By: *\/s/ Clayton Crolius*

Clayton Crolius
Chief Financial Officer
(Principal Financial Officer)