
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 10, 2023

ClearOne, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-33660

(Commission File Number)

87-0398877

(I.R.S. Employer Identification No.)

5225 Wiley Post Way, Suite 500, Salt Lake City, Utah

(Address of principal executive offices)

84116

(Zip Code)

+1 (801) 975-7200

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4© under the Exchange Act (17 CFR 240.13e-4©)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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.

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$0.001

Trading Symbol(s)
CLRO

Name of each exchange on which registered
The NASDAQ Capital Market

Item 2.02. Results of Operations and Financial Condition

On August 10, 2023 ClearOne, Inc. (the “Company”) issued a press release announcing its financial results for the three and six months ended June 30, 2023. The full text of the press release is attached as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure

On August 10, 2023, the Company conducted a webinar and posted an updated investor presentation to its website at <https://investors.clearone.com/events-and-presentations>. A copy of the Company’s investor presentation is furnished herewith as Exhibit 99.2.

Limitation of Incorporation by Reference

In accordance with General Instruction B.2. of Form 8-K, this information, including Exhibits 99.1 and 99.2 furnished herewith, is furnished pursuant to Items 2.02 and 7.01 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act. The information in these Items 2.02 and 7.01 of this Current Report on Form 8-K (including the exhibits hereto) will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

Cautionary Statements

This Current Report on Form 8-K, including the exhibits furnished herewith, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such forward-looking statements relate to, without limitation, our future economic performance, plans and objectives for future operations and projections of revenue and other financial items. Forward-looking statements can be identified by the use of words such as “may,” “will,” “plan,” “potential,” “project,” “should,” “expect,” “anticipate,” “estimate,” “target,” “continue” or comparable terminology. Forward-looking statements are inherently subject to certain risks, trends and uncertainties, many of which we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions at the time made, we can give no assurance that such expectations will be achieved. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements as a result of various factors, including those listed in Exhibit 99.1 on pages 2 and 3 and incorporated by reference herein. Readers are cautioned not to place undue reliance on these forward-looking statements. Unless required by U.S. federal securities laws, we do not intend to update any of the forward-looking statements to reflect circumstances or events that occur after the statements are made or to conform the statements to actual results. The information contained in this Current Report on Form 8-K, including the exhibit filed herewith, should be viewed in conjunction with the consolidated financial statements and notes thereto appearing in the Company’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

In connection with the foregoing, the Company hereby furnishes the following documents:

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Exhibit Title
99.1	Press Release of ClearOne, Inc. dated August 10, 2023.
99.2	Investor Presentation.
104.1	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

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 hereunto duly authorized.

CLEARONE, INC.

Date: August 10, 2023

By: /s/ Narsi Narayanan
Narsi Narayanan
Chief Financial Officer (Principal Accounting and Principal Financial Officer)



ClearOne, Inc. Reports Second Quarter 2023 Financial Results

- Total Revenue Increased 31% Quarter-Over-Quarter, Supported by Continued Sequential and Year-Over-Year OpEx Reductions -

- Progress with Backlog Shipments and New Product Launches Improve Foundation for Growth in the Second Half of 2023 -

SALT LAKE CITY, UTAH – August 9, 2023 – ClearOne (NASDAQ: CLRO), a global provider of audio and visual communication solutions, reported financial results for the three-month period ended June 30, 2023.

“Our performance in the second quarter reflects our continued focus on evolving our innovative communication solutions, supported by our work to maintain an optimized cost structure,” said Derek Graham, CEO of ClearOne. “We delivered strong sequential growth in our revenue and gross profit margin, driven by increased shipments of orders from the backlog due to improved manufacturing output relative to the first quarter of this year. Though we remain underway with the transition of our outsourced manufacturing from China to Singapore—which continued to compress our revenue performance year-over-year—we made progress with shipping backlog orders for our core audio conferencing products. We continue to see strong demand and minimal cancellations within our backlog, and we believe we are on track to resolve our contract manufacturing interruptions during the third quarter.

“We also continued to streamline our cost and capital structure. During the second quarter, we reduced operating expenses both sequentially and year-over-year, and we completed the distribution of our special one-time cash dividend. Supported by our sequential improvements, right-sized operational framework, and \$22.1 million in cash and investments at the end of the second quarter, we believe we remain on track to drive improved top-line performance in the second half of this year.”

Operational Highlights

- Launched the [BMA 360D beamforming microphone array ceiling tile](#) that offers unrivaled audio performance and native compatibility with any Dante®-enabled digital signal processor (DSP) mixer.
- Debuted the [DIALOG® UVHF wireless microphone system](#), which provides businesses and institutions with professional-quality audio conferencing, video collaboration and sound reinforcement for rooms of all sizes.
- Exhibited a [comprehensive portfolio](#) of conferencing, collaboration and communication solutions at InfoComm 2023. Products on display included the recently launched CHAT® 150 BT Speakerphone, the Ceiling Microphone Array, CONVERGE® Huddle, LS5WT Wall and LS6CT Ceiling Speakers, Versa Mediabar™ Video Soundbar, COLLABORATE® Versa™ 60, and the UNITE® 60, 180 and 20 Pro cameras.



Graham continued: “We maintained our cadence of new product launches during the second quarter. Through unveiling our DIALOG® UVHF wireless microphone system and BMA 360D beamforming microphone array ceiling tile, we have expanded our selection of high-quality, innovative audio solutions for rooms and enterprises of all sizes. These solutions helped drive the strong reception our products received at the Orlando InfoComm show in June. We were proud to return to this significant industry trade show, and we look forward to further enhancing our products’ visibility in the market.

“As we move into the second half of the year, we will continue working to both increase our share and expand our addressable segments of the professional AV market. During the third quarter, we expect to begin shipping a Bluetooth group USB speakerphone and a Dante®-enabled beamforming microphone solution that can interoperate with most DSPs, and we expect these shipments to serve as near-term revenue growth drivers. We aim to continue delivering on our strategic initiatives as we expand our library of innovative collaboration products.”

Financial Summary

The Company uses certain non-GAAP financial measures and reconciles those to GAAP measures in the attached tables.

- Q2 2023 revenue was \$5.5 million, compared to \$7.4 million in Q2 2022 and \$4.2 million in Q1 2023. The 31% sequential increase was driven by increased shipments of orders from the backlog due to improved manufacturing output. The year-over-year decrease was mainly due to sustained inventory sourcing and order fulfillment challenges for the Company’s core audio conferencing and beamforming microphone arrays as a result of ongoing delays in the transition of outsourced manufacturing from China to Singapore.
- GAAP gross profit in Q2 2023 was \$1.8 million, compared to \$2.8 million in Q2 2022 and \$1.3 million in Q1 2023. GAAP gross profit margin was 34% in Q2 2023, compared to 31% Q1 2023 and 38% in Q2 2022. Gross profit margin improved by approximately 300 basis points sequentially due to the aforementioned quarter-over-quarter revenue growth. Gross profit margin decreased year-over-year due to increased administration and overhead costs as a percentage of revenue, as well as increased inventory obsolescence costs.
- Operating expenses in Q2 2023 improved to \$3.2 million, compared to \$4.5 million in Q2 2022 and \$3.5 million in Q1 2023. Non-GAAP operating expenses in Q2 2023 improved to \$3.1 million compared to \$3.4 million in Q1 2023 and \$4.0 million in Q2 2022. The sequential and year-over-year decrease in non-GAAP operating expenses was mainly due to the continued benefits of the cost-cutting measures initiated in 2022.
- GAAP net loss in Q2 2023 was \$(1.0) million, or \$(0.04) per share, compared to a net loss of \$(0.3) million, or \$(0.01) per share, in Q2 2022 and a net loss of \$(0.8) million, or \$(0.03) per share, in Q1 2023. The sequential increase in net loss was primarily due to the recognition of a \$1.35 million gain from a legal settlement in Q1 2023. The year-over-year increase in net loss was primarily due to the aforementioned year-over-year decrease in revenue and gross profit, along with the recognition of \$1.5 million in gain from the forgiveness of CARES Act Paycheck Protection Program Loan in the year-ago quarter, partially offset by a decrease in operating expenses and increase in interest income.
- Non-GAAP net loss in Q2 2023 improved to \$(0.9) million, or \$(0.04) per share, compared to a Non-GAAP net loss of \$(1.1) million, or \$(0.04) per share, in Q2 2022 and a Non-GAAP net loss of \$(2.0) million, or \$(0.09) per share, in Q1 2023. The sequential and year-over-year improvements were driven by the aforementioned operating expense reductions.



(\$ in 000, except per share)

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	Change in % Favorable/ (Adverse)	2023	2022	Change in % Favorable/ (Adverse)
GAAP						
Revenue	\$ 5,483	\$ 7,375	(26)	\$ 9,661	\$ 14,920	(35)
Gross profit	1,848	2,807	(34)	3,163	5,623	(44)
Operating expenses	3,203	4,456	28	6,707	9,125	26
Operating loss	(1,355)	(1,649)	18	(3,544)	(3,502)	(1)
Net loss	(1,019)	(257)	(296)	(1,851)	(2,224)	17
Diluted loss per share	(0.04)	(0.01)	(300)	(0.08)	(0.09)	11
Non-GAAP						
Non-GAAP operating expenses	\$ 3,051	\$ 3,746	19	\$ 6,416	\$ 7,712	(17)
Non-GAAP operating loss	(1,202)	(937)	(28)	(3,250)	(2,085)	(56)
Non-GAAP net loss	(865)	(1,073)	19	(2,907)	(2,335)	(24)
Non-GAAP Adjusted EBITDA	(710)	(892)	20	(2,389)	(1,961)	(22)
Non-GAAP diluted loss per share	(0.04)	(0.04)	-	(0.12)	(0.10)	(20)

Balance Sheet Highlights

As of June 30, 2023, cash, cash equivalents and investments were \$22.1 million, as compared with \$1.0 million as of December 31, 2022. As of June 30, 2023, the Company carried an aggregate debt of \$1.4 million on account of senior convertible notes issued in December 2019.

On May 31, 2023, the Company completed the distribution of a special one-time cash dividend of \$1.00 per share of its common stock or eligible warrants, as declared on May 8, 2023. The dividend distribution generated cash outflows of approximately \$29.0 million.

Nasdaq Minimum Bid Price Requirement

On August 1, 2023, ClearOne received a letter from the Listing Qualifications Department of the Nasdaq Stock Market informing the Company that because the closing bid price for its common stock was below \$1.00 for 30 consecutive trading days, the Company is not in compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Marketplace Rule 5550(a)(2) (the "Minimum Bid Price Requirement").

In accordance with Nasdaq Marketplace Rule 5810(c)(3)(A), the Company has a period of 180 calendar days from August 1, 2023, or until January 29, 2024, to regain compliance with the Minimum Bid Price Requirement. If at any time before January 29, 2024, the closing bid price of the Company's common stock closes at or above \$1.00 per share for a minimum of 10 consecutive trading days (which number days may be extended by Nasdaq), Nasdaq will provide written notification that the Company has achieved compliance with the Minimum Bid Price Requirement, and the matter would be resolved.



ClearOne intends to continue actively monitoring the closing bid price for its common stock between now and January 29, 2024, and the Company will consider available options to resolve the deficiency and regain compliance with the Minimum Bid Price Requirement. Further details can be found in ClearOne's related Form 8-K filed on August 3, 2023 and in the Company's Form 10-Q for the three and six months ended June 30, 2023.

About ClearOne

ClearOne is a global company that designs, develops, and sells conferencing, collaboration, and network streaming solutions for voice and visual communications. The performance and simplicity of its advanced comprehensive solutions offer unprecedented levels of functionality, reliability, and scalability. Visit ClearOne at www.clearone.com.

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented on a GAAP basis, ClearOne uses non-GAAP measures of gross profit, operating income (loss), net income (loss), adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and net income (loss) per share, which are adjusted to exclude certain costs, expenses, gains and losses we believe appropriate to enhance an overall understanding of our past financial performance from period to period and also our prospects for the future. These adjustments to our current period GAAP results are made with the intent of providing both management and investors a more complete understanding of ClearOne's underlying operational results and trends and our marketplace performance. The non-GAAP results are an indication of our baseline performance before certain gains, losses, or other charges that are considered by management to be outside of our core operating results. In addition, these adjusted non-GAAP results are among the primary indicators management uses as a basis for our planning and forecasting of future periods. The presentation of this additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for gross profit, operating income (loss), net income (loss), income (loss) per share or other financial measures prepared in accordance with GAAP. There are limitations to the use of non-GAAP financial measures. Other companies, including companies in ClearOne's industry, may calculate non-GAAP financial measures differently than ClearOne does, limiting the usefulness of those measures for comparative purposes. A detailed reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is included in this release below.

Forward Looking Statements

This release contains "forward-looking" statements that are based on present circumstances and on ClearOne's predictions with respect to events that have not occurred, that may not occur, or that may occur with different consequences and timing than those now assumed or anticipated. Such forward-looking statements and any statements of the plans and objectives of management for future operations and forecasts of future growth and value and the possible outcomes of litigation, are not guarantees of future performance or results and involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements. Such forward-looking statements are made only as of the date of this release and ClearOne assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements. The information in this press release should be read in conjunction with and is modified in its entirety by, the Annual Report on Form 10-K (the "10-K") filed by the Company for the same period with the Securities and Exchange Commission (the "SEC") and all of the Company's other public filings with the SEC (the "Public Filings").

In particular, the financial information contained herein is subject to and qualified by reference to the financial statements contained in the 10-Q, including the footnotes thereto, as well as the Company's annual report on Form 10-K for the year ended December 31, 2022 (the "10-K"), the footnotes thereto and the limitations set forth therein. Investors may not rely on the press release without reference to the 10-Q, the 10-K, and the Public Filings.



CLEARONE, INC
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except par value)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,086	\$ 984
Current marketable securities	6,408	—
Legal settlement receivable	—	55,000
Receivables, net of allowance of \$326	4,232	3,603
Inventories, net	7,547	8,961
Income tax receivable	6,381	1,071
Prepaid expenses and other assets	4,273	7,808
Total current assets	<u>43,927</u>	<u>77,427</u>
Long-term marketable securities	586	—
Long-term inventories, net	3,361	2,707
Property and equipment, net	614	383
Operating lease - right of use assets, net	1,171	1,047
Intangibles, net	1,903	2,071
Other assets	114	115
Total assets	<u>\$ 51,676</u>	<u>\$ 83,750</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,435	\$ 1,284
Accrued liabilities	2,587	3,041
Deferred product revenue	52	63
Short-term debt	1,380	3,732
Total current liabilities	<u>6,454</u>	<u>8,120</u>
Operating lease liability, net of current	848	492
Other long-term liabilities	1,008	1,008
Total liabilities	<u>8,310</u>	<u>9,620</u>
Shareholders' equity:		
Common stock, par value \$0.001, 50,000,000 shares authorized, 23,958,979 and 23,955,767 shares issued and outstanding, respectively	24	24
Additional paid-in capital	45,979	74,910
Accumulated other comprehensive loss	(270)	(288)
Accumulated deficit	(2,367)	(516)
Total shareholders' equity	<u>43,366</u>	<u>74,130</u>
Total liabilities and shareholders' equity	<u>\$ 51,676</u>	<u>\$ 83,750</u>



CLEARONE, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS

(Dollars in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue	\$ 5,483	\$ 7,375	\$ 9,661	\$ 14,920
Cost of goods sold	3,635	4,568	6,498	9,297
Gross profit	<u>1,848</u>	<u>2,807</u>	<u>3,163</u>	<u>5,623</u>
Operating expenses:				
Sales and marketing	1,323	1,562	2,515	3,122
Research and product development	873	1,177	1,916	2,530
General and administrative	1,007	1,717	2,276	3,473
Total operating expenses	<u>3,203</u>	<u>4,456</u>	<u>6,707</u>	<u>9,125</u>
Operating loss	(1,355)	(1,649)	(3,544)	(3,502)
Interest expense	(91)	(94)	(383)	(195)
Other income, net	437	1,505	2,103	1,508
Loss before income taxes	(1,009)	(238)	(1,824)	(2,189)
Provision for income taxes	10	19	27	35
Net loss	<u>\$ (1,019)</u>	<u>\$ (257)</u>	<u>\$ (1,851)</u>	<u>\$ (2,224)</u>
Basic weighted average shares outstanding	23,955,802	23,948,631	23,955,785	23,923,110
Diluted weighted average shares outstanding	23,955,802	23,948,631	23,955,785	23,923,110
Basic loss per share	\$ (0.04)	\$ (0.01)	\$ (0.08)	\$ (0.09)
Diluted loss per share	\$ (0.04)	\$ (0.01)	\$ (0.08)	\$ (0.09)
Comprehensive loss:				
Net loss	\$ (1,019)	\$ (257)	\$ (1,851)	\$ (2,224)
Unrealized loss on available-for-sale securities, net of tax	14	26	14	(2)
Change in foreign currency translation adjustment	(1)	(12)	4	(23)
Comprehensive loss	<u>\$ (1,006)</u>	<u>\$ (243)</u>	<u>\$ (1,833)</u>	<u>\$ (2,249)</u>



CLEARONE, INC.
UNAUDITED RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES
(Dollars in thousands, except per share values)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
GAAP operating loss	\$ (1,355)	\$ (1,649)	\$ (3,544)	\$ (3,502)
Stock-based compensation	25	30	47	65
Amortization of intangibles	129	682	247	1,352
Non-GAAP operating loss	\$ (1,201)	\$ (937)	\$ (3,250)	\$ (2,085)
GAAP net loss	\$ (1,019)	\$ (257)	\$ (1,851)	\$ (2,224)
Stock-based compensation	25	30	47	65
Amortization of intangibles	129	682	247	1,352
Other income adjustment	—	—	(1,350)	—
CARES Act PPP loan forgiveness	—	(1,528)	—	(1,528)
Non-GAAP net loss	\$ (865)	\$ (1,073)	\$ (2,907)	\$ (2,335)
GAAP net loss	\$ (1,019)	\$ (257)	\$ (1,851)	\$ (2,224)
Number of shares used in computing GAAP diluted loss per share	23,955,802	23,948,631	23,955,785	23,923,110
GAAP diluted loss per share	\$ (0.04)	\$ (0.01)	\$ (0.08)	\$ (0.09)
Non-GAAP net loss	\$ (865)	\$ (1,073)	\$ (2,907)	\$ (2,335)
Number of shares used in computing Non-GAAP diluted loss per share	23,955,802	23,948,631	23,955,785	23,923,110
Non-GAAP diluted loss per share	\$ (0.04)	\$ (0.04)	\$ (0.12)	\$ (0.10)
GAAP net loss	\$ (1,019)	\$ (257)	\$ (1,851)	\$ (2,224)
Stock-based compensation	25	30	47	65
Interest expense	91	94	383	195
Depreciation	54	68	108	144
Amortization of intangibles	129	682	247	1,352
Other income adjustment	—	—	(1,350)	—
CARES Act PPP loan forgiveness	—	(1,528)	—	(1,528)
Provision for (benefit from) income taxes	10	19	27	35
Non-GAAP Adjusted EBITDA	\$ (710)	\$ (892)	\$ (2,389)	\$ (1,961)

Contact:

Narsi Narayanan
385-426-0565

investor_relations@clearone.com

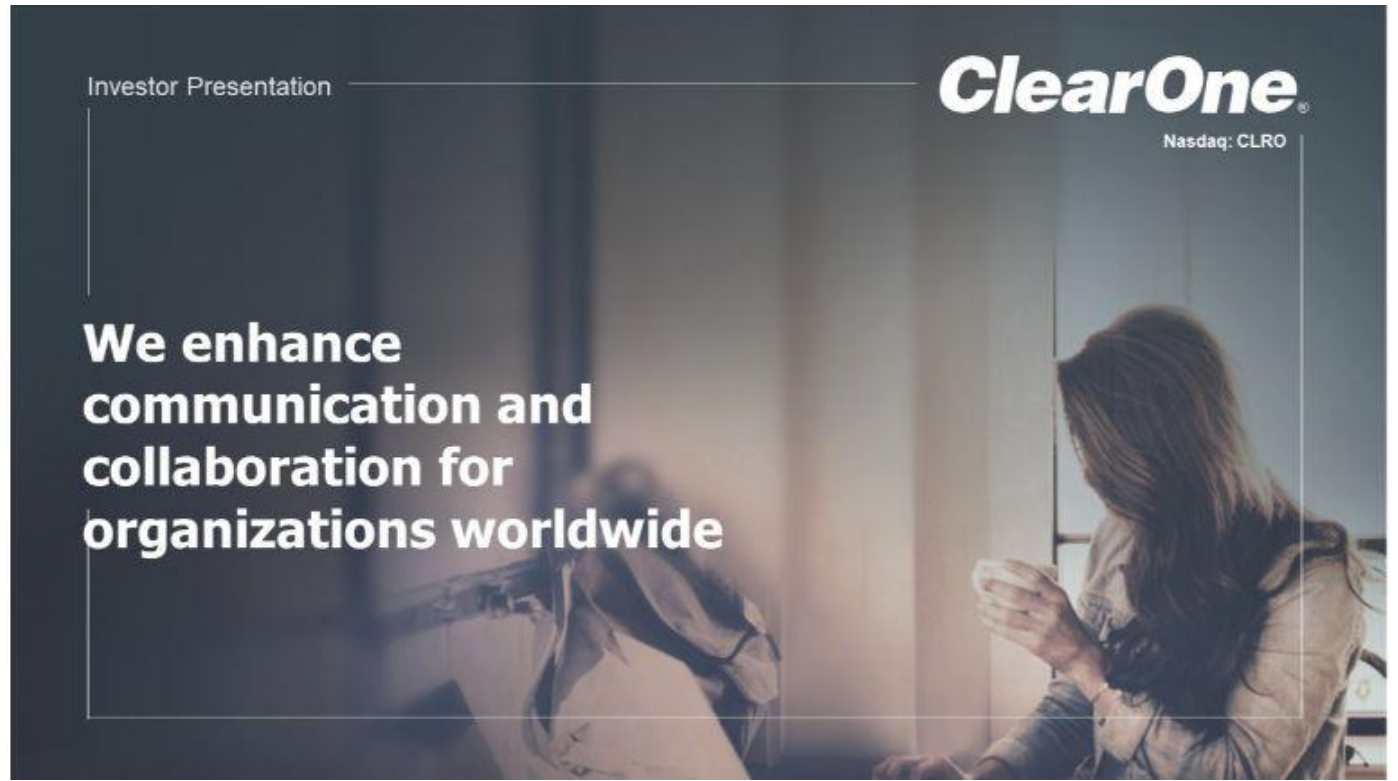
<http://investors.clearone.com>

Investor Presentation

ClearOne[®]

Nasdaq: CLRO

**We enhance
communication and
collaboration for
organizations worldwide**



Safe-Harbor Statement – 1 of 2

This presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements in this report, other than statements of historical fact, are forward-looking statements for purposes of these provisions, including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All forward-looking statements included in this report are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any forward-looking statement. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are based upon reasonable assumptions at the time made, there can be no assurance that any such expectations or any forward-looking statement will prove to be correct. Our actual results will vary, and may vary materially, from those projected or assumed in the forward-looking statements. Future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not anticipate, including, without limitation, product recalls and product liability claims; infringement of our technology or assertion that our technology infringes the rights of other parties; termination of supplier relationships, or failure of suppliers to perform; inability to successfully manage growth; delays in obtaining regulatory approvals or the failure to maintain such approvals; concentration of our revenue among a few customers, products or procedures; development of new products and technology that could render our products obsolete; market acceptance of new products; introduction of products in a timely fashion; price and product competition, availability of labor and materials, cost increases, and fluctuations in and obsolescence of inventory; volatility of the market price of our common stock; foreign currency fluctuations; changes in key personnel; work stoppage or transportation risks; integration of business acquisitions; and other factors referred to in our reports filed with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2022 and our Quarterly Reports on Form 10-Q for the three months ended June 30, 2023. All subsequent forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022.



Safe-Harbor Statement – 2 of 2

This communication is not an offer to sell or a solicitation of offers to purchase any securities. This communication has not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or the securities regulatory authority of any state, nor has the SEC or any security regulatory authority of any state passed upon the accuracy or adequacy of statements in this communication. Any representation to the contrary is a criminal offense.

Certain information concerning economic or market trends and performance may be based on or derived from publicly available information provided by third parties and other industry sources. While the Company believes this third-party information to be reliable, the Company cannot guarantee the accuracy of such information nor has the Company independently verified the assumptions upon which such information is based.



Progress Since 6/14 Investor Update

- Total revenue increased by 31% in Q2 2023 compared to Q1 2023 driven by increased shipments of orders from the backlog due to improved manufacturing output.
 - Achieved sequential and Year-Over-Year OpEx reductions in Q2 2023.
 - We maintain a strong balance sheet with approximately \$22.1 million in cash on hand and investments.
 - We are on track to ship the BMA 360D in Q3. BMA 360D is a microphone array ceiling tile that incorporates the world's most advanced technology and works with any Dante-enabled DSP mixer.
 - The CHAT 150 BT is scheduled to ship in Q3. CHAT 150 BT is a USB and Bluetooth speakerphone that enhances conferencing for the ultimate in business class performance.
 - The DIALOG UVHF wireless microphone system is scheduled to ship in Q4. DIALOG UVHF is a highly flexible wireless microphone system that delivers incredibly robust reception and more available spectrum on-demand than any other product in its class.
-

Financial Summary – Revenue

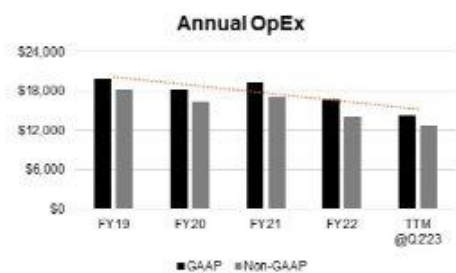
- Revenue performance expected to improve in 2H23 as the Company works to mitigate recent pressures from litigation impacts and manufacturing volume constraints



(\$ in 000s, except margin amounts)

Financial Summary – OpEx and Profitability

- Cost-cutting initiatives implemented in FY22 drive operating expense reductions and leaner foundation for growth



(\$ in 000s unless otherwise stated)

	FY19	FY20	FY21	FY22	TTM @ Q2'23
GAAP Net Income (Loss)	\$(8.4)M	\$0.5M ¹	\$(7.7)M	\$20.6M ²	\$20.9M ²
Non-GAAP Net Income (Loss)	\$(6.8)M	\$2.3M	\$(5.3)M	\$(5.2)M	\$(5.7)M
Adjusted EBITDA	\$(6.2)M	\$(3.7)M	\$(4.7)M	\$(4.4)M	\$(4.8)M

¹ Includes recognition of income tax refund receivable of approximately \$7.1 million arising out of the carryback of net operating losses that became possible due to the enactment of the CARES Act.
² Includes recognition of a gain of \$33.6 million related to the one-time legal settlement receivable of \$55 million, net of unamortized capitalized legal expenses of \$21.4 million. This gain was partially offset by operating loss and provision for income tax.

Balance Sheet

	Jun 30, 2023	Dec 31, 2022
Assets		
Cash on hand and investments	22,080	984
Accounts receivable	4,232	58,603
Inventories (Current and Long Term)	10,908	11,668
Prepaid exp & other assets	4,387	7,023
Income taxes receivable	6,381	1,071
Intangibles	1,908	2,071
PP&E, net	614	383
Total Assets	50,505	82,703
Liabilities		
Accounts payable	2,435	1,284
Accrued expenses and taxes	2,264	2,400
Debt	1,380	3,732
Other liabilities	1,060	1,157
Total Liabilities	7,139	8,573
Equity		
Common Stock and APIC	46,005	74,954
Accumulated Deficit including AOCI	(2,637)	(804)
Total Equity	43,366	74,130
Total Liabilities & Equity	50,505	82,703

(\$ in 000s, except margin amounts)

Corporate Focus

➤ Innovation

7 new products introduced in the last 12 months
84 issued patents with additional applications pending

➤ Cost Savings

GAAP OPEX reduced by ~29% YoY and 9% sequentially.

➤ Manufacturing Transition and Ramp

Revenue growth in Q2 2023 was driven by shipment of orders from the backlog due to improved manufacturing output.