SHAREHOLDER MEETING   May 15, 2014

Forward Looking Statements

During the course of this presentation, we may make forward-looking statements that involve risks and uncertainties, including without limitation risks and uncertainties relating to the company's financial prospects and projections, the company's ability to market its products and increase its business in the Mobile markets. These forward-looking statements speak only as of the date hereof and are based upon the information currently available to the company. Such information is subject to change, and the company will not necessarily inform you of such changes. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are new and changing technologies, customer acceptance of those technologies, fluctuations or cancellations in orders from distribution customers, new and continuing adverse economic conditions, availability of working capital and the company's ability to compete effectively with other products. These and other factors could cause actual results to differ materially from those presented in any forward-looking statement and are discussed in the company's filings with the Securities and Exchange Commission including its recent filings on Forms 10-K and10-Q.

Introduction

We deliver data capture tools for businesses in mobile environments
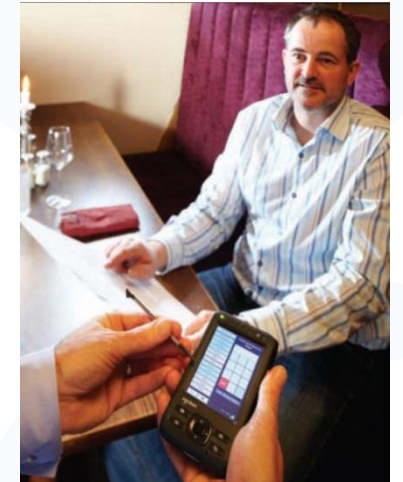
Enabling Customers to concentrate on applications of the data

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Introduction

Cordless Scanners

- 1st Apple certified scanner to market

- Software Development Kit (SDK) and community of 900+ developers

- 75% of our Revenue

- Emerging mPOS is our fastest growing segment and the primary focus of this presentation

SoMo Handheld Computers

- Windows Embedded Handheld

- New Focus on emerging RFID/NFC market

- 25% of our Revenue

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THE mPOS OPPORTUNITY

THE mPOS OPPORTUNITY

The mPOS Opportunity is being driven by:

- The inefficiency of the credit card system for small merchants

- Availability of low cost mobile devices

- The need to capture buyers in the store; online is the competition

- The opportunity to provide a great shopping experience including instant payment options (no cash)

- The willingness of happy shoppers to spend more

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THE CURRENT CREDIT CARD ECO SYSTEM

Works Well for Larger Retail Merchants

- Excellent terms, low infrastructure cost, big tickets items
- Total transaction costs typically in the 2.3% range

Does Not Work Well for Smaller Merchants

- Poor terms, high infrastructure, small tickets, items
- Total transaction costs typically 5.5% (incl. infrastructure costs)
  - Explains why small merchants dislike credit cards
  - Explains why they love Square like providers
  - Accepting Credit Cards is a requirement, cash is a hassle

New Opportunity Based mPOS Paradigm Shift

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THE CASH REGISTER EVOLUTION

Invented in 1880 by James Ritty
- Simple Adding Machine
- Prevents Employee's Pilfering
- Bell & Key Security

1900-1970 Small Improvements
- Electric motors to print or open drawer
- Sales tax calculation
- Addition of No Sale (NS) to open cash drawer with manager's approval

1980-2014 Additional Features
- Barcode Scanners
- Weighing Machines
- Credit Card & Debit options
- mPOS opportunity beginning in 2014

1880 — **1900** — **1970** **1980** **1990** — **2014**

National Cash Register (NCR) in 1900
- Created receipt
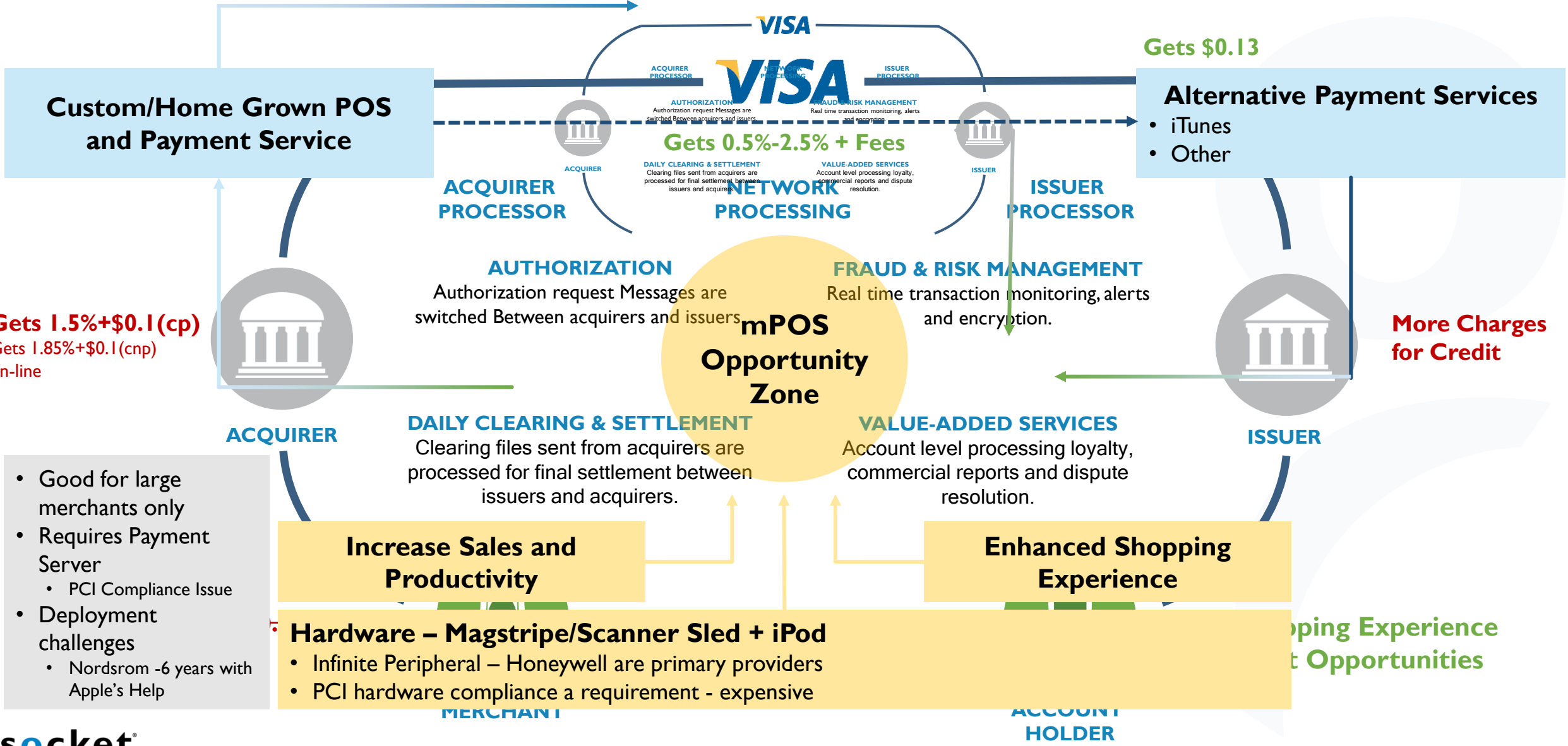- Receipt Prevented Fraud
- Receipts Ensured Accuracy

In 1990 the Cash Register functions changed
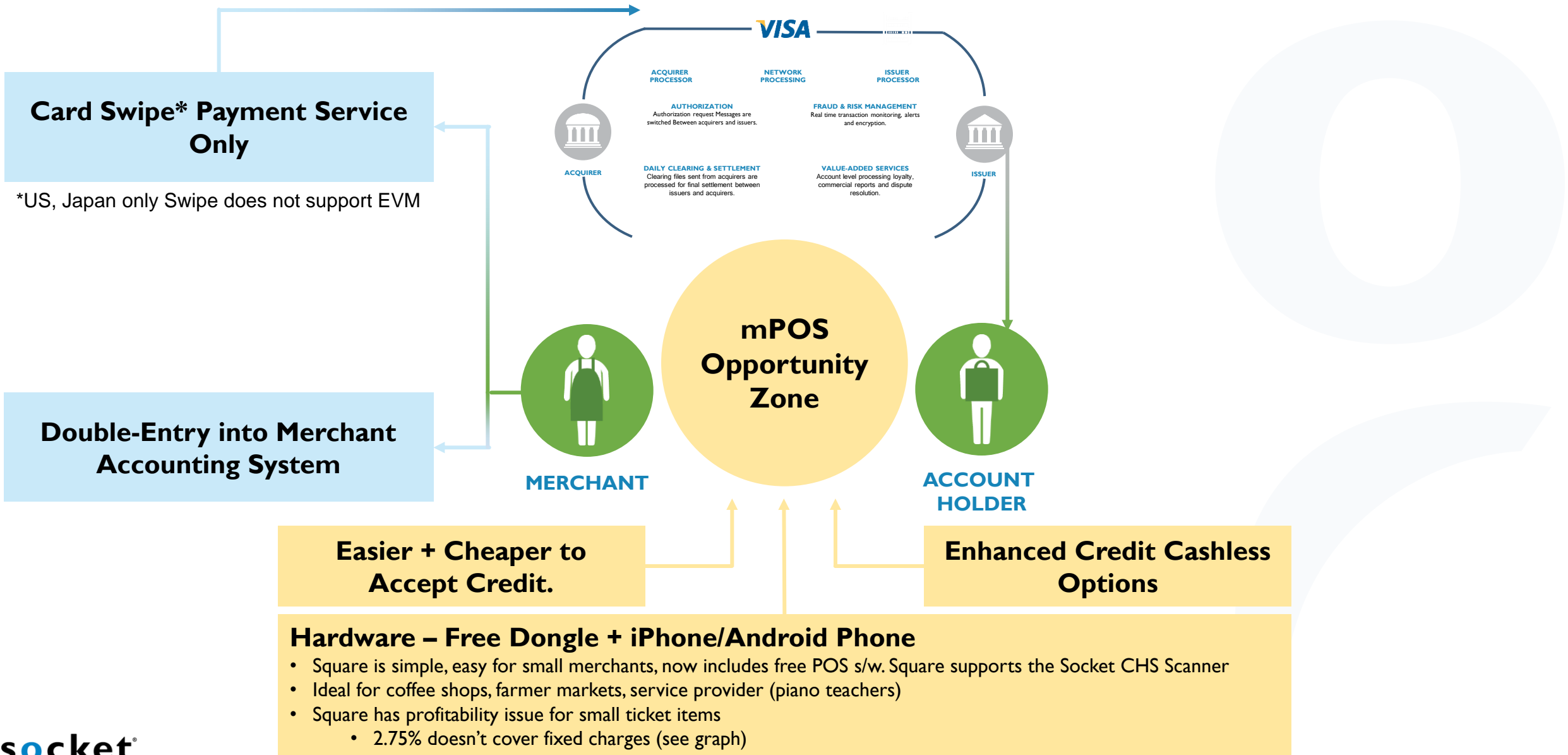**Cash registers part of a networked system**
- Inventory Control, both local and global
- Order Replenishment
- Pricing flexibility, coupons and incentives
- Customer preference and loyalty
- Merchants replace Brands as the new "King Makers"
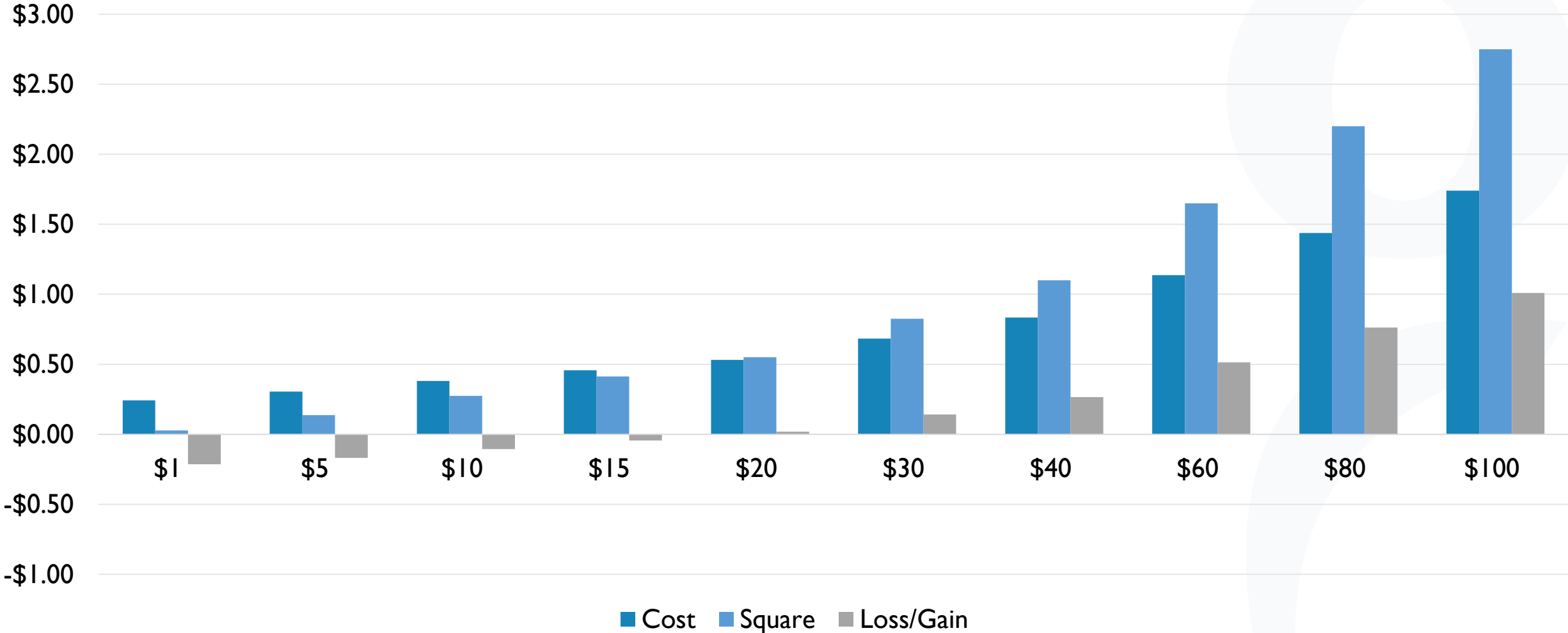
THE FIRST TO BENEFIT FROM mPOS WAS THE APPLE STORE

Custom/Home Grown POS and Payment Service

Alternative Payment Services
- iTunes
- Other

Gets $0.13

VISA

ACQUIRER PROCESSOR

ISSUER PROCESSOR

NETWORK PROCESSING

AUTHORIZATION
Authorization request Messages are switched Between acquirers and issuers

FRAUD & RISK MANAGEMENT
Real time transaction monitoring, alerts and encryption.

Gets 0.5%-2.5% + Fees

DAILY CLEARING & SETTLEMENT
Clearing files sent from acquirers are processed for final settlement between issuers and acquirers.

VALUE-ADDED SERVICES
Account level processing loyalty, commercial reports and dispute resolution.

ACQUIRER

ISSUER

ACQUIRER PROCESSOR

ISSUER PROCESSOR

AUTHORIZATION
Authorization request Messages are switched Between acquirers and issuers

mPOS Opportunity Zone

FRAUD & RISK MANAGEMENT
Real time transaction monitoring, alerts and encryption.

Gets 1.5%+$0.1(cp)
Gets 1.85%+$0.1(cnp) on-line

More Charges for Credit

ACQUIRER

DAILY CLEARING & SETTLEMENT
Clearing files sent from acquirers are processed for final settlement between issuers and acquirers.

VALUE-ADDED SERVICES
Account level processing loyalty, commercial reports and dispute resolution.

ISSUER

- Good for large merchants only
- Requires Payment Server
  - PCI Compliance Issue
- Deployment challenges
  - Nordsrom -6 years with Apple's Help

Increase Sales and Productivity

Enhanced Shopping Experience

opping Experience
t Opportunities

Hardware – Magstripe/Scanner Sled + iPod
- Infinite Peripheral – Honeywell are primary providers
- PCI hardware compliance a requirement - expensive

MERCHANT

ACCOUNT HOLDER

THE "CHEAP AND CHEERFUL" mPOS SOLUTION – SQUARE

VISA

ACQUIRER
PROCESSOR

NETWORK
PROCESSING

ISSUER
PROCESSOR

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ISSUER

Card Swipe* Payment Service Only

*US, Japan only Swipe does not support EVM

Double-Entry into Merchant Accounting System

mPOS Opportunity Zone

MERCHANT

ACCOUNT HOLDER

Easier + Cheaper to Accept Credit.

Enhanced Credit Cashless Options

Hardware – Free Dongle + iPhone/Android Phone
- Square is simple, easy for small merchants, now includes free POS s/w. Square supports the Socket CHS Scanner
- Ideal for coffee shops, farmer markets, service provider (piano teachers)
- Square has profitability issue for small ticket items
    - 2.75% doesn't cover fixed charges (see graph)

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The weakness of the "cheap and cheerful solution" – SQUARE

Square Loss/Gain based on various transaction amounts

THE IDEAL mPOS SOLUTION – Business Software with Payments

VISA

ACQUIRER PROCESSOR	NETWORK PROCESSING	ISSUER PROCESSOR
AUTHORIZATION Authorization request Messages are switched between acquirers and issuers.		**FRAUD & RISK MANAGEMENT** Real time transaction monitoring, alerts and encryption.
DAILY CLEARING & SETTLEMENT Clearing files sent from acquirers are processed for final settlement between issuers and acquirers.		**VALUE-ADDED SERVICES** Account level processing, loyalty, commercial reports and dispute resolution.

ACQUIRER

ISSUER

Payment Service Provider (PSP) with business software

Square (Payment Gateway)

PayPal Pay Gateway

mPOS Opportunity Zone

MERCHANT

ACCOUNT HOLDER

- Most flexible and scalable
- Key decision is POS software
- Hassle-free payments
- Ideal for SMB segment

Increase Sales and Productivity

Enhanced Shopping Experience

Consumer type hardware – iPad, Swipe, Printer, Cash Drawer, Scanner
- Socket Mobile's primary business in Retail is this segment
- Provides both mPOS and traditional POS solution
- Socket Mobile has 90+ different mPOS business software solutions including NCR, Micros, ShopKeep

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ENHANCED mPOS SOLUTION – Business Software + New Payment Options

Could Eliminate Credit Cards and Associated Fees

PayPal Mobile with business software (EPICOR)

PayPal Mobile

NETWORK PROCESSING

AUTHORIZATION
Authorization request Messages are switched between acquirers and issuers.

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ISSUER

PayPal™

Scans Code

202 4026 062

MERCHANT

ACCOUNT HOLDER

PayPal App

PayPal Account

Potential to Eliminate Credit Card Fees

Cashless Purchase Debit or Credit

Hardware –Barcode Scanner - Mobile Phone capable
- Socket Mobile's primary business in Retail is this segment
- New Service recently Launched in the UK – RBT Expo
- Socket Mobile's Scanner is built into solution and working very well

- Very clever solution
- Eliminates Merchant fees completely
- PayPal makes money

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WHY SOCKET MOBILE ?

We took the risk to focus on the Cordless Scanning Market in 2005
- **Products were designed for mobility**

We absorbed the expense and effort to get Apple Certified in 2011
- **All products fully compatible with Apple, Android, Windows**

We built and delivered excellent SDK to support the developers in 2012
- **Hardware must be delivered BEFORE Apps can be written**

We continue to set the bar higher everyday to maintain our position
- **Presentation Mode added to support mPOS**
- **All 7 Series and 8 Series Products supported with same SDK**
- **Multiple scanning engines and multi-colored antimicrobial housing**

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SOCKET MOBILE'S DEVELOPERS DRIVEN OPPORTUNITY

mPOS/mPAY and Sales Assistance Developers

90 **Socket Mobile has 90+ mPOS Application Providers**
- Including NCR, Micros, Shopkeep, Shopify…

12 **Socket Mobile has 12 mPAY Application Providers**
- Including Square, PayPal, Core Merchant, iZettle…

13 **Socket Mobile has 13 Sales Assistant Application Providers**
- Including Groupon, EchoDaily, Maxxing,…

All Application Providers
Comes With Their Own Sales Forces

- The Scanner is a Peripheral to Their Solution Sell
- Customer's Primary Purchase is the Application

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INTERESTING mPOS NUMBERS

Market Numbers

110%
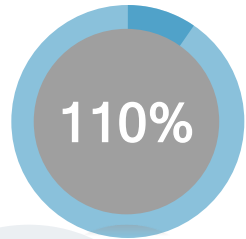
2011-2012 Growth Registered mPOS **grew from 4.5M to 9.5M**

In 2017

- mPOS expected to be **47%** of total POS market
- Registered mPOS terminals to reach **38M**

2011 ——— **2012** ——————————————————— **2017**

mPOS represented **12%** of total POS Market

19 Million US businesses do not accept Credit Cards, plus many small merchants accept Credit Cards reluctantly

- $1.1 Trillion is spent annually at merchants who don't accept Cards
- Lots of pressure to reduce costs to capture this business

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MARKETS WILL DEVELOP FROM SUCCESSFUL APPLICATIONS

Socket Mobile Has to Follow Its Developers

mPOS is a significant focus of our developers

mPOS is a very leverageable application

- Variations of the same problem
- Many companies can use the same software

mPOS drove about 50% of Scanner sales in 2013

- Has equal or greater potential in 2014

mPOS is just the first part of the story

Enterprise driven mobility could be larger in a few years – More complex and slower moving market

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SOCKETSCAN DEVELOPER COMMUNITY BY BUSINESS TYPE

Top 5 By Business Type
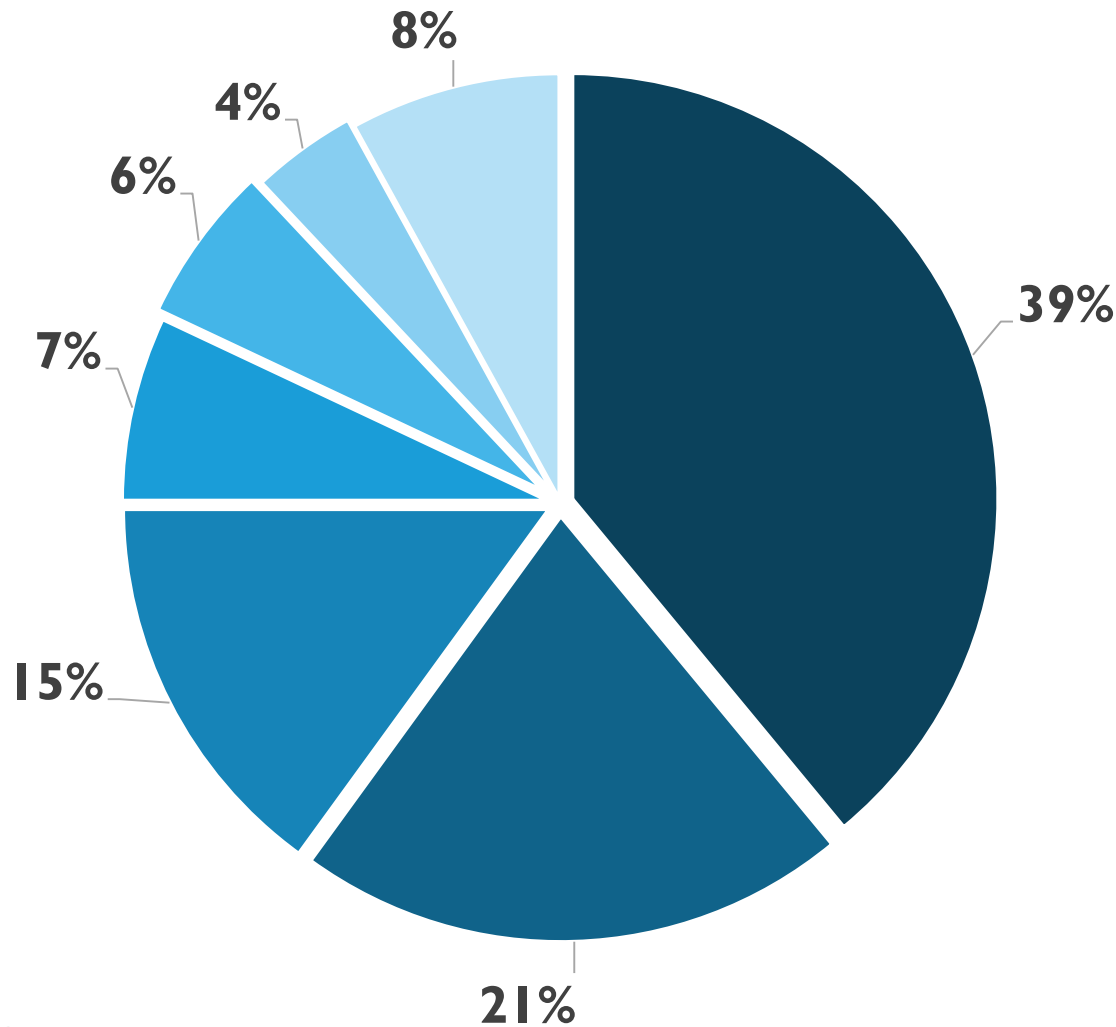
- ■ App Provider
- ■ Third Party Developers
- ■ Consulting Services
- ■ Service Providers
- ■ App Users
- ■ Solution/Resellers
- ■ Others
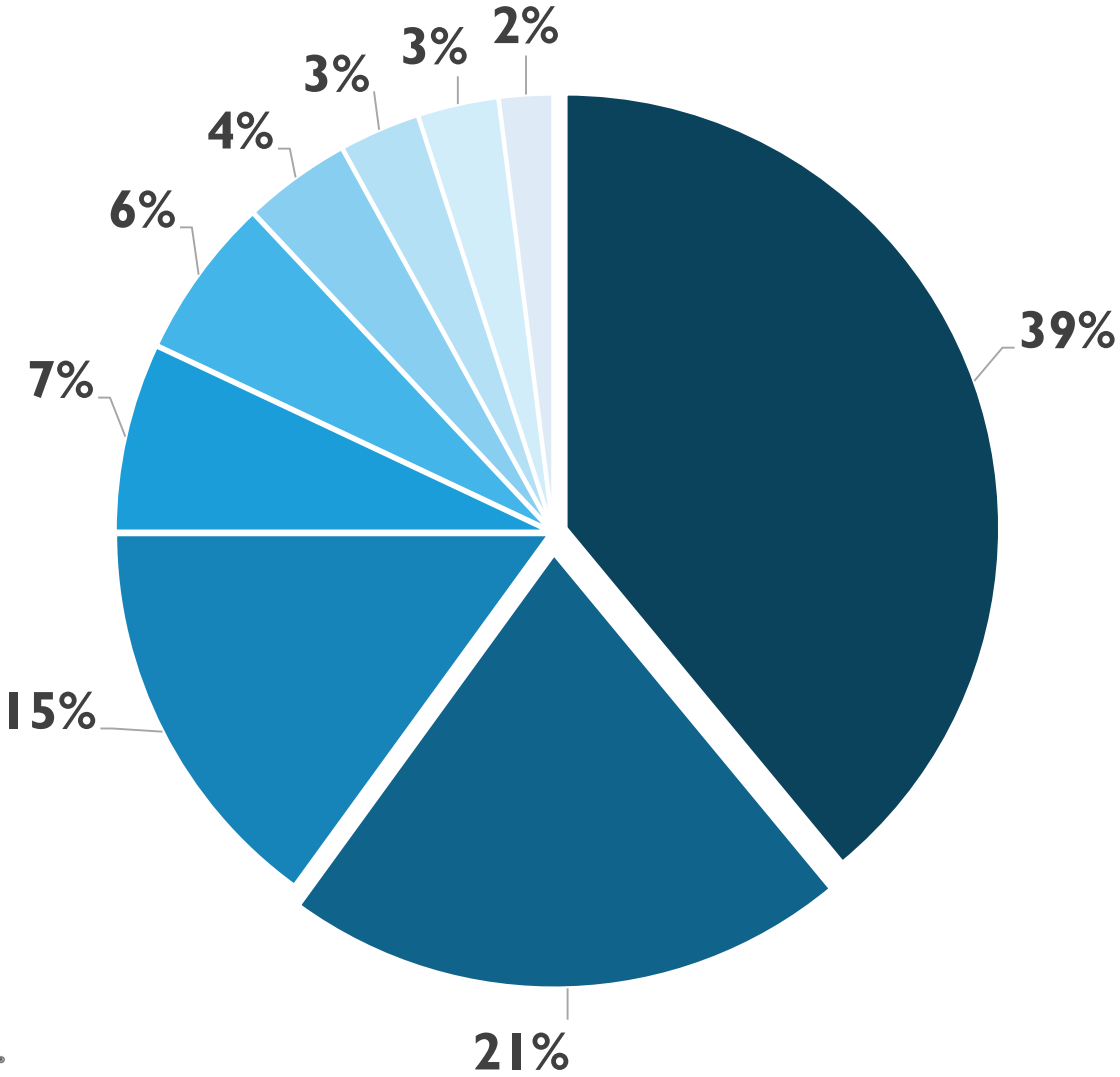
GO TO MARKET STRATEGY

Customers buy the Car

(The App in our case)

We need the "car manufacturer" to recommend us as their default, based on our brand promise…

Easiest to integrate, compatible (Apple Certified), reliable, value proposition, good looks….

300+ Apps recommend Socket Mobile

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Overview

Apple Certified and comes with full support for Android and Windows

Designed into 90+ different mPOS solutions and the number is rising in all categories not just mPOS

Expecting to benefit greatly as the mPOS market goes mainstream and Commercial Service continues to gain traction
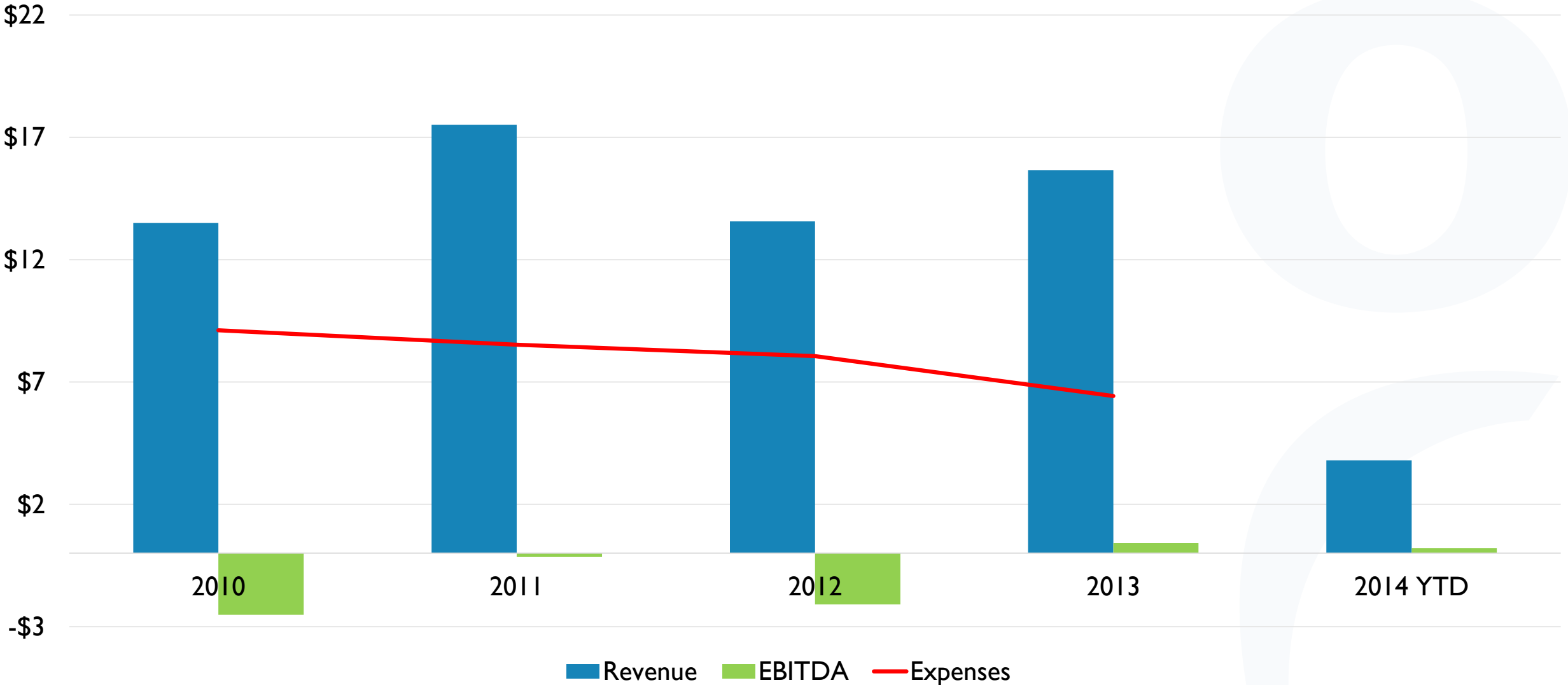
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Revenue (,000,000) Cordless Scanning and SoMo Only
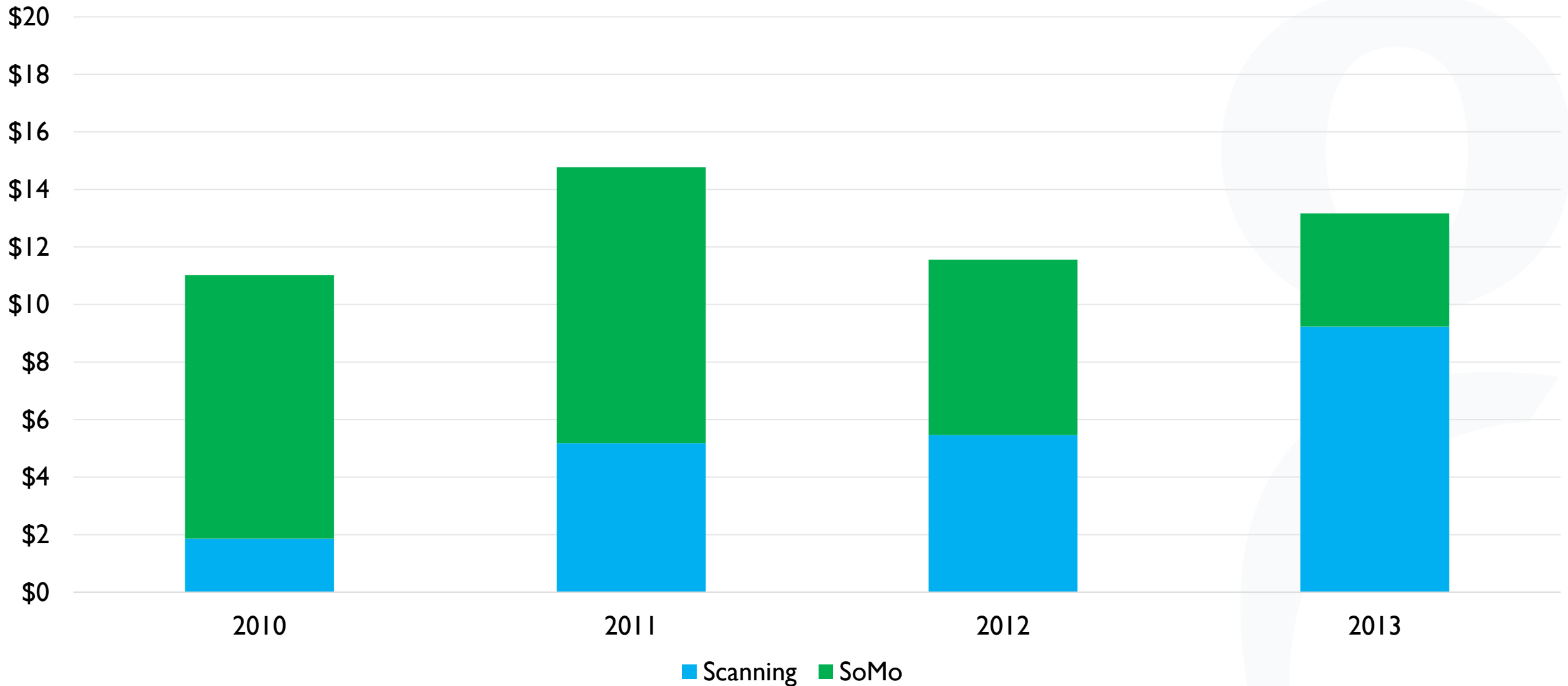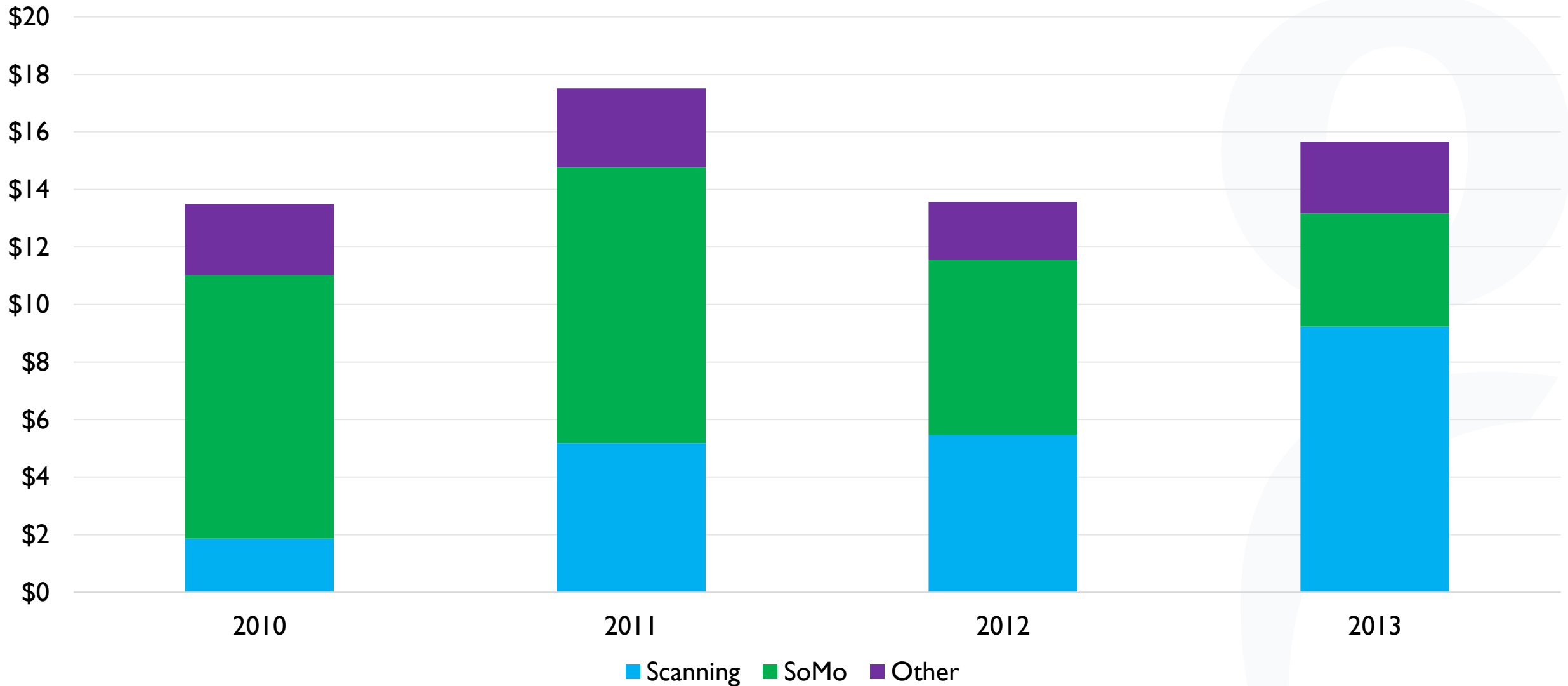
Summary

- Our CHS business grew by 69% in 2013

  - Our App driven story is starting with mPOS but will continue to grow driven by our 900+ developers.

- Socket Mobile is positioned to capture this opportunity

  - Excellent Software Tools couple with right products

  - Excellent and very efficient WW distribution

  - Low costs and highly leveraged business model

- Expect continued growth and profitability in 2014

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Thank You