
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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 9, 2021

PCTEL, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-27115
(Commission
File Number)

77-0364943
(IRS Employer
Identification No.)

471 Brighton Drive
Bloomington, Illinois
(Address of Principal Executive Offices)

60108
(Zip Code)

Registrant's telephone number, including area code: (630) 372-6800

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 (see General Instructions A.2. below):

- ☐ 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 communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	PCTI	Nasdaq Global Select Market

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. ☐

Item 2.02 Results of Operations and Financial Condition

The following information is intended to be furnished under Item 2.02 of Form 8-K, “Results of Operations and Financial Condition.” This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On August 9, 2021, PCTEL, Inc. issued a press release regarding its financial results for the second quarter ended June 30, 2021. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 [Press release dated August 9, 2021, of PCTEL, Inc. announcing its financial results for the second quarter ended June 30, 2021.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

Date: August 10, 2021

PCTEL, INC.

By: /s/ Kevin J. McGowan
Kevin J. McGowan, Chief Financial Officer



PCTEL Reports Second Quarter Financial Results

BLOOMINGDALE, Illinois – August 9, 2021 – PCTEL, Inc. (Nasdaq: PCTI) announced its results for the second quarter ended June 30, 2021.

Highlights

- **Revenue of \$21.7 million in the second quarter**, 9.3% higher compared to the second quarter 2020 and \$4.0 million higher compared to the first quarter 2021.
- **Gross profit margin of 45.9% in the second quarter**, down 2.1% compared to the gross profit margin in the second quarter 2020. The gross profit percentage decline in the second quarter is primarily due to a higher mix of antennas and Industrial IoT devices.
- **GAAP net income per diluted share of (\$0.01) in the second quarter** compared to \$0.07 in the second quarter 2020.
- **Non-GAAP net income and adjusted EBITDA are metrics the Company uses to measure its core earnings.** A reconciliation of those non-GAAP measures to our GAAP financial statements is provided later in the press release.
 - **Non-GAAP net income per diluted share of \$0.07 in the second quarter** compared to Non-GAAP net income per diluted share of \$0.11 in the second quarter 2020.
 - **Adjusted EBITDA as a percent of revenue of 10.2% in the second quarter compared to 14.4%** in the second quarter 2020.
- **\$33.4 million of cash and investments and \$0.1 million of debt at June 30, 2021 compared to \$41.0 million and no debt at December 31, 2020.**

“Our antenna business was stable and the test and measurement products continue to perform very well as we address 5G deployments and emerging public safety opportunities,” said David Neumann, PCTEL’s CEO. “We’re excited about our recent acquisition of Smarteq Wireless AB, a leading European supplier of antennas for vehicular, energy and Industrial IoT applications (“Smarteq”). Smarteq’s design wins for Industrial IoT, EV charging stations and vehicles complement our recent antenna design wins in utilities, 5G and metering. We

expect market conditions and the demand for our antenna, IoT device and scanner products to improve through the year as global economies recover.”

CONFERENCE CALL / WEBCAST

PCTEL's management team will discuss the Company's results today at 4:30 p.m. ET. The call can be accessed by dialing (888) 506-0062 (United States/Canada) or (973) 528-0011 (International), PIN number: **592274**. The call will also be webcast at <https://investor.pctel.com/news-events/webcasts-events>.

REPLAY: A replay will be available for two weeks after the call on either the website listed above or by calling (877) 481-4010 (United States/Canada), or (919) 882-2331 (International), PIN number: **42253**.

About PCTEL

PCTEL is a leading global provider of wireless technology, including purpose-built [Industrial IoT devices](#), [antenna systems](#), and [test and measurement solutions](#). Trusted by our customers for over 25 years, we solve complex wireless challenges to help organizations stay connected, transform, and grow.

For more information, please visit our website at <https://www.pctel.com/>.

PCTEL Safe Harbor Statement

This press release and our related comments in our earnings conference call contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Specifically, the statements about the Company's expectations regarding the impact of the COVID-19 pandemic; our future financial performance; growth of our antenna solutions and Industrial IoT and test and measurement businesses; the impact of the acquisition of Smarteq on the Company's ability to offer additional products, expand in the European market, and generate revenue; the impact of our transition plan for manufacturing inside and outside China; the anticipated demand for certain products including those related to public safety, Industrial IoT, 5G and intelligent transportation; and the anticipated growth of public and private wireless systems are forward-looking statements.

These statements are based on management's current expectations and actual results may differ materially from those projected as a result of certain risks and uncertainties, including the disruptions to the Company's workforce, operations, supply chain and customer demand caused by the COVID-19 pandemic and impact of the pandemic on the Company's results of operations, financial condition and stock price; the impact of data densification and IoT on capacity and coverage demand; the impact of 5G; customer demand and growth generally in the Company's defined market segments; the Company's ability to integrate Smarteq, expand its European presence and benefit from additional antenna and Industrial IoT product offerings; the impact of the uncertainty regarding renewal of our lease of our Tianjin, China manufacturing premises; the impact of tariffs on certain imports from China; and the Company's ability to grow its business and create, protect and implement new technologies and solutions. These and other risks and uncertainties are detailed in PCTEL's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and PCTEL disclaims any obligation to update or revise the information contained in any forward-looking statement, whether as a result of new information, future events or otherwise.

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For further information contact:

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PCTEL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(in thousands, except share data)

	June 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	\$ 8,425	\$ 5,761
Short-term investment securities	25,002	30,582
Accounts receivable, net of allowances of \$80 and \$113 at June 30, 2021 and December 31, 2020, respectively	16,786	16,601
Inventories, net	12,391	9,984
Prepaid expenses and other assets	1,583	1,685
Total current assets	64,187	64,613
Property and equipment, net	12,390	12,505
Long-term investment securities	0	4,640
Goodwill	6,522	3,332
Intangible assets, net	1,873	0
Other noncurrent assets	2,573	2,441
TOTAL ASSETS	\$ 87,545	\$ 87,531
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 4,723	\$ 4,430
Accrued liabilities	9,454	7,316
Total current liabilities	14,177	11,746
Long-term liabilities	4,345	4,387
Total liabilities	18,522	16,133
Stockholders' equity:		
Common stock, \$0.001 par value, 50,000,000 shares authorized at June 30, 2021 and December 31, 2020, respectively, and 18,518,515 and 18,429,350 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	19	18
Additional paid-in capital	126,791	128,250
Accumulated deficit	(57,719)	(56,888)
Accumulated other comprehensive (loss) income	(68)	18
Total stockholders' equity	69,023	71,398
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 87,545	\$ 87,531

PCTEL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
REVENUES	\$ 21,681	\$ 19,842	\$ 39,388	\$ 37,348
COST OF REVENUES	<u>11,739</u>	<u>10,321</u>	<u>21,108</u>	<u>19,612</u>
GROSS PROFIT	<u>9,942</u>	<u>9,521</u>	<u>18,280</u>	<u>17,736</u>
OPERATING EXPENSES:				
Research and development	3,221	3,070	6,416	6,099
Sales and marketing	3,388	2,397	6,151	5,539
General and administrative	3,335	2,945	6,411	5,747
Amortization of intangible assets	55	0	55	33
Restructuring expenses	60	11	60	98
Total operating expenses	<u>10,059</u>	<u>8,423</u>	<u>19,093</u>	<u>17,516</u>
OPERATING (LOSS) INCOME	<u>(117)</u>	<u>1,098</u>	<u>(813)</u>	<u>220</u>
Other (expense) income, net	(45)	102	(6)	300
(LOSS) INCOME BEFORE INCOME TAXES	<u>(162)</u>	<u>1,200</u>	<u>(819)</u>	<u>520</u>
Expense for income taxes	7	8	12	16
NET (LOSS) INCOME	<u>\$ (169)</u>	<u>\$ 1,192</u>	<u>\$ (831)</u>	<u>\$ 504</u>
Net (Loss) Income per Share:				
Basic	\$ (0.01)	\$ 0.07	\$ (0.05)	\$ 0.03
Diluted	\$ (0.01)	\$ 0.07	\$ (0.05)	\$ 0.03
Weighted Average Shares:				
Basic	18,241	18,159	18,158	18,180
Diluted	18,241	18,214	18,158	18,352
Cash dividend per share	\$ 0.055	\$ 0.055	\$ 0.110	\$ 0.110

PCTEL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Six Months Ended June 30,	
	2021	2020
Operating Activities:		
Net (loss) income	\$ (831)	\$ 504
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	1,493	1,502
Intangible asset amortization	70	144
Stock-based compensation	1,657	1,563
Loss on disposal of property and equipment	3	7
Restructuring costs	45	(28)
Bad debt provision	(34)	(110)
Changes in operating assets and liabilities:		
Accounts receivable	1,260	2,065
Inventories	(1,121)	882
Prepaid expenses and other assets	532	871
Accounts payable	(630)	810
Income taxes payable	(18)	16
Other accrued liabilities	624	(1,167)
Deferred revenue	63	19
Net cash provided by operating activities	<u>3,113</u>	<u>7,078</u>
Investing Activities:		
Capital expenditures	(1,266)	(2,418)
Purchase of investments	(16,058)	(26,323)
Redemptions/maturities of short-term investments	26,278	25,781
Cash paid for acquisition, net of cash acquired	(6,277)	0
Net cash provided by (used in) investing activities	<u>2,677</u>	<u>(2,960)</u>
Financing Activities:		
Proceeds from issuance of common stock	418	496
Proceeds from Paycheck Protection Program Loan	0	3,500
Repayment of Paycheck Protection Program Loan	0	(3,500)
Payment of withholding tax on stock-based compensation	(782)	(1,106)
Principle payments on finance leases	(35)	(41)
Purchase of common stock from repurchase program	(733)	(2,000)
Cash dividends	(2,018)	(2,054)
Net cash used in financing activities	<u>(3,150)</u>	<u>(4,705)</u>
Net increase (decrease) in cash and cash equivalents	2,640	(587)
Effect of exchange rate changes on cash	24	(49)
Cash and cash equivalents, beginning of period	5,761	7,094
Cash and Cash Equivalents, End of Period	<u>\$ 8,425</u>	<u>\$ 6,458</u>

PCTEL, INC.
REVENUE AND GROSS PROFIT BY PRODUCT LINE (unaudited)
Reconciliation of GAAP Gross Margin percentage to Non-GAAP Gross Margin Percentage
(\$'s in thousands)

	Three Months Ended June 30, 2021				Six Months Ended June 30, 2021			
	Antennas and Industrial IoT Devices	Test & Measurement Products	Corporate	Total	Antennas and Industrial IoT Devices	Test & Measurement Products	Corporate	Total
REVENUES	\$15,562	\$6,414	(\$295)	\$21,681	\$27,285	\$12,619	(\$516)	\$39,388
GROSS PROFIT	\$5,175	\$4,834	(\$67)	\$9,942	\$8,922	\$9,422	(\$64)	\$18,280
GAAP GROSS PROFIT %	33.3%	75.4%		45.9%	32.7%	74.7%		46.4%
Non-GAAP adjustments:								
Amortization of inventory step-up	1.8%	0.0%		1.3%	0.0%	0.0%		0.7%
Amortization of intangible assets	0.1%	0.0%		0.1%	0.0%	0.0%		0.0%
Stock compensation expenses	0.2%	0.5%		0.3%	0.2%	0.5%		0.3%
Non-GAAP GROSS PROFIT %	35.4%	75.9%		47.5%	32.9%	75.2%		47.5%

	Three Months Ended June 30, 2020				Six Months Ended June 30, 2020			
	Antennas and Industrial IoT Devices	Test & Measurement Products	Corporate	Total	Antennas and Industrial IoT Devices	Test & Measurement Products	Corporate	Total
REVENUES	\$13,910	\$6,118	(\$186)	\$19,842	\$25,370	\$12,201	(\$223)	\$37,348
GROSS PROFIT	\$4,973	\$4,609	(\$61)	\$9,521	\$8,892	\$8,905	(\$61)	\$17,736
GROSS PROFIT %	35.8%	75.3%		48.0%	35.0%	73.0%		47.5%
Non-GAAP adjustments:								
Amortization of intangible assets	0.0%	0.0%		0.0%	0.0%	0.9%		0.3%
Stock compensation expenses	0.3%	0.6%		0.4%	0.3%	0.6%		0.4%
Non-GAAP GROSS PROFIT %	36.0%	76.0%		48.4%	35.3%	74.5%		48.2%

The Corporate column includes the elimination of intercompany revenues between Antennas and Industrial IoT Devices and Test & Measurement Products and other licensing revenues.

This schedule reconciles the Company's GAAP gross margin percentage to its Non-GAAP gross margin percentage. The Company believes that this schedule provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods.

The adjustments on this schedule consist of amortization of intangible assets, stock compensation expenses, and the amortization of the inventory step-up to fair value related to the acquisition of Smarteq.

Reconciliation of GAAP to non-GAAP Results (unaudited)
(in thousands except per share information)

Reconciliation of GAAP operating income (loss) to non-GAAP operating loss

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating Income (Loss)	(\$117)	\$1,098	(\$813)	\$220
(a) Add:				
Amortization of inventory step-up to fair value	283	0	283	0
Amortization of intangible assets:				
-Cost of revenues	15	0	15	111
-Operating expenses	55	0	55	33
Restructuring	60	11	60	98
Stock compensation expenses:				
-Cost of revenues	65	74	134	146
-Research and development	140	145	282	282
-Sales & marketing	226	164	386	314
-General & administrative	608	618	855	821
Acquisition related expenses	121	0	304	0
	<u>1,573</u>	<u>1,012</u>	<u>2,374</u>	<u>1,805</u>
Non-GAAP Operating Income	<u>\$1,456</u>	<u>\$2,110</u>	<u>\$1,561</u>	<u>\$2,025</u>
% of revenue	6.7%	10.6%	4.0%	5.4%

Reconciliation of GAAP net loss to non-GAAP net (loss) income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Income (Loss)	(\$169)	\$1,192	(\$831)	\$504
Adjustments:				
(a) Non-GAAP adjustments to operating income (loss)	1,573	1,012	2,374	1,805
(b) Income Taxes	(106)	(169)	(112)	(170)
	<u>1,467</u>	<u>843</u>	<u>2,262</u>	<u>1,635</u>
Non-GAAP Net Income	<u>\$1,298</u>	<u>\$2,035</u>	<u>\$1,431</u>	<u>\$2,139</u>
Non-GAAP Income per Share:				
Basic	\$0.07	\$0.11	\$0.08	\$0.12
Diluted	\$0.07	\$0.11	\$0.08	\$0.12
Weighed Average Shares:				
Basic	18,241	18,159	18,158	18,180
Diluted	18,241	18,214	18,158	18,352

This schedule reconciles the Company's GAAP operating income (loss) to its non-GAAP operating income. The Company believes that presentation of this schedule provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses these non-GAAP measures when evaluating its financial results as well as for internal planning and forecasting purposes. These non-GAAP measures should not be viewed as a substitute for the Company's GAAP results.

The adjustments to GAAP operating Income (Loss) (a) consist of stock compensation expense, amortization of intangible assets, amortization of the step-up to fair value of the inventory for Smarteq, and acquisition related expenses. The adjustments to GAAP Net Income (Loss) include the non-GAAP adjustments to operating income (loss) well as adjustments for (b) non-cash income tax expense.

PCTEL, INC.
Reconciliation of GAAP Operating Expenses to Non-GAAP Operating expenses (unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
GAAP Operating expenses	10,059	8,423	19,093	17,516
Stock compensation expenses	(974)	(927)	(1,523)	(1,417)
Amortization of intangible assets	(55)	0	(55)	(33)
Restructuring expenses	(60)	(11)	(60)	(98)
Acquisition related expenses	(121)	0	(304)	0
Non-GAAP Operating expenses	8,849	7,485	17,151	15,968

This schedule reconciles the Company's GAAP operating expenses to its Non-GAAP operating expenses. The Company believes that this schedule provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods.

The adjustments on this schedule consist of amortization of intangible assets, stock compensation expenses, restructuring expenses, and acquisition related expenses.

PCTEL, Inc.
Reconciliation of GAAP operating (loss) income to Adjusted EBITDA
(unaudited, in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating (Loss) Income	(\$117)	\$1,098	(\$813)	\$220
Add:				
Amortization of inventory step-up to fair value	283	0	283	0
Depreciation and amortization	751	754	1,493	1,502
Intangible amortization	70	0	70	144
Restructuring expenses	60	11	60	98
Stock compensation expenses	1,039	1,001	1,657	1,563
Acquisition related expenses	121	0	304	0
Adjusted EBITDA	\$2,207	\$2,864	\$3,054	\$3,527
% of revenue	10.2%	14.4%	7.8%	9.4%

This schedule reconciles the Company's GAAP operating income (loss) to Adjusted EBITDA. The Company believes that this schedule provides meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company uses Adjusted EBITDA when evaluating its financial results as well as for internal planning and forecasting purposes. Adjusted EBITDA should not be viewed as a substitute for the Company's GAAP results.

Adjusted EBITDA is defined as net income before interest, income taxes, depreciation and amortization and extraordinary expenses. The adjustments on this schedule consist of depreciation, amortization of intangible assets, stock compensation expenses, the amortization of inventory step up to fair value, restructuring and acquisition related expenses.