

**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) November 5, 2020

**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<br>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.

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**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 November 5, 2020, PCTEL, Inc. issued a press release regarding its financial results for the third quarter ended September 30, 2020. 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 November 5, 2020, of PCTEL, Inc. announcing its financial results for the third quarter ended September 30, 2020.](#)

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

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**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: November 6, 2020

PCTEL, INC.

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



## PCTEL Reports Third Quarter Financial Results

BLOOMINGDALE, Illinois – November 5, 2020 – PCTEL, Inc. (Nasdaq: PCTI) announced its results for the third quarter ended September 30, 2020.

### Highlights

- **Revenue of \$18.9 million in the quarter**, 20% lower compared to the third quarter 2019. Revenue was lower by 6% for the test and measurement product line, and lower by 25% for the antenna product line compared to the third quarter 2019.
- **Gross profit margin of 50.6% in the third quarter**, up 5.5% compared to the gross profit margin in the third quarter 2019. The percentage increase in the third quarter is a result of higher mix of higher margin test and measurement products, and higher gross margin percentages for both test & measurement products and antenna products.
- **GAAP net income per share of \$0.06 in the third quarter** compared to GAAP net income per share of \$0.07 in the third quarter 2019.
- **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 \$0.08 in the third quarter** compared to Non-GAAP net income per diluted share of \$0.14 in the third quarter 2019.
  - **Adjusted EBITDA as a percent of revenue of 12.4% in the third quarter** compared to 13.1% in the third quarter 2019.
- **\$41.3 million of cash and investments (including long-term investments) and no debt at September 30, 2020 compared to \$39.6 million and no debt at June 30, 2020.**

"We're pleased with another strong quarter and incremental revenue growth for our test and measurement products driven by 5G global deployments. Our antenna product lines have been significantly impacted by the pandemic induced recession, but we are encouraged to see an increase in total incoming orders for the quarter," said David Neumann, PCTEL's CEO. "We continue to invest in our scanner and antenna product lines focusing on 5G, industrial IoT and intelligent transportation markets. We are confident that our long-term growth strategies will be successful as market conditions improve."

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## 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) 669-0687 (United States/Canada) or (862) 298-0702 (International). 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: **38214**.

### 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 test and measurement businesses; the impact of our transition plan for manufacturing inside and outside China; the impact of the uncertainty regarding renewal of our lease of our Tianjin, China manufacturing premises; the anticipated demand for certain products including those related to public safety, Industrial IoT, 5G and intelligent transportation; the impact of tariffs on certain imports from China; and the anticipated growth of public and private wireless systems are forward-looking statements within the meaning of the safe harbor. 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, including demand from customers in 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)

|  | (unaudited)<br>September 30,<br>2020 | December 31,<br>2019 |
|--|--------------------------------------|----------------------|
| <b>ASSETS</b>  |                                      |                      |
| Cash and cash equivalents  | \$ 4,429                             | \$ 7,094             |
| Short-term investment securities   | 33,103                               | 32,556               |
| Accounts receivable, net of allowances of \$111 and \$104 at September 30, 2020 and December 31, 2019, respectively  | 13,955                               | 17,380               |
| Inventories, net   | 10,290                               | 11,935               |
| Prepaid expenses and other assets  | 1,207                                | 1,842                |
| <b>Total current assets</b>  | <b>62,984</b>                        | <b>70,807</b>        |
| Property and equipment, net  | 12,728                               | 11,985               |
| Long-term investment securities  | 3,735                                | 0                    |
| Goodwill   | 3,332                                | 3,332                |
| Intangible assets, net   | 0                                    | 144                  |
| Other noncurrent assets  | 2,492                                | 2,969                |
| <b>TOTAL ASSETS</b>  | <b>\$ 85,271</b>                     | <b>\$ 89,237</b>     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                      |                      |
| Accounts payable   | \$ 2,279                             | \$ 3,190             |
| Accrued liabilities  | 7,094                                | 9,382                |
| <b>Total current liabilities</b>   | <b>9,373</b>                         | <b>12,572</b>        |
| Long-term liabilities  | 4,557                                | 3,315                |
| <b>Total liabilities</b>   | <b>13,930</b>                        | <b>15,887</b>        |
| Stockholders' equity:  |                                      |                      |
| Common stock, \$0.001 par value, 50,000,000 and 100,000,000 shares authorized at September 30, 2020 and December 31, 2019, respectively, and 18,639,364 and 18,611,289 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively | 19                                   | 19                   |
| Additional paid-in capital   | 130,267                              | 133,954              |
| Accumulated deficit  | (58,759)                             | (60,305)             |
| Accumulated other comprehensive loss   | (186)                                | (318)                |
| <b>Total stockholders' equity</b>  | <b>71,341</b>                        | <b>73,350</b>        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>  | <b>\$ 85,271</b>                     | <b>\$ 89,237</b>     |

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

|                                   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|-----------------------------------|-------------------------------------|-----------|------------------------------------|-----------|
|                                   | 2020                                | 2019      | 2020                               | 2019      |
| <b>REVENUES</b>                   | \$ 18,923                           | \$ 23,630 | \$ 56,271                          | \$ 67,720 |
| <b>COST OF REVENUES</b>           | 9,348                               | 12,983    | 28,960                             | 37,720    |
| <b>GROSS PROFIT</b>               | 9,575                               | 10,647    | 27,311                             | 30,000    |
| <b>OPERATING EXPENSES:</b>        |                                     |           |                                    |           |
| Research and development          | 3,216                               | 3,214     | 9,315                              | 9,223     |
| Sales and marketing               | 2,640                               | 2,935     | 8,179                              | 8,830     |
| General and administrative        | 2,559                               | 3,214     | 8,306                              | 10,381    |
| Amortization of intangible assets | 0                                   | 48        | 32                                 | 170       |
| Restructuring expenses            | 25                                  | 295       | 124                                | 295       |
| Total operating expenses          | 8,440                               | 9,706     | 25,956                             | 28,899    |
| <b>OPERATING INCOME</b>           | 1,135                               | 941       | 1,355                              | 1,101     |
| Other (expense) income, net       | (84)                                | 393       | 216                                | 874       |
| <b>INCOME BEFORE INCOME TAXES</b> | 1,051                               | 1,334     | 1,571                              | 1,975     |
| Expense for income taxes          | 9                                   | 6         | 25                                 | 23        |
| <b>NET INCOME</b>                 | \$ 1,042                            | \$ 1,328  | \$ 1,546                           | \$ 1,952  |
| <b>Net Income per Share:</b>      |                                     |           |                                    |           |
| Basic                             | \$ 0.06                             | \$ 0.07   | \$ 0.09                            | \$ 0.11   |
| Diluted                           | \$ 0.06                             | \$ 0.07   | \$ 0.08                            | \$ 0.11   |
| <b>Weighted Average Shares:</b>   |                                     |           |                                    |           |
| Basic                             | 18,199                              | 17,922    | 18,184                             | 17,792    |
| Diluted                           | 18,311                              | 18,181    | 18,382                             | 18,105    |
| Cash dividend per share           | \$ 0.055                            | \$ 0.055  | \$ 0.165                           | \$ 0.165  |

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

|   | Nine Months Ended September 30, |                 |
|---|---------------------------------|-----------------|
|   | 2020                            | 2019            |
| <b>Operating Activities:</b>  |                                 |                 |
| Net income  | \$ 1,546                        | \$ 1,952        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |                 |
| Depreciation and amortization   | 2,260                           | 2,152           |
| Intangible asset amortization   | 144                             | 670             |
| Stock-based compensation  | 1,996                           | 3,246           |
| Loss on disposal of property and equipment  | 7                               | 91              |
| Restructuring costs   | (40)                            | 268             |
| Bad debt (recoveries) provision   | (164)                           | (3)             |
| Changes in operating assets and liabilities, net of acquisitions:                 |                                 |                 |
| Accounts receivable   | 3,599                           | (1,276)         |
| Inventories   | 1,691                           | (838)           |
| Prepaid expenses and other assets   | 1,058                           | 902             |
| Accounts payable  | (1,210)                         | (1,019)         |
| Income taxes payable  | (12)                            | (40)            |
| Other accrued liabilities   | (269)                           | 1,485           |
| Deferred revenue  | 13                              | 5               |
| Net cash provided by operating activities   | <u>10,619</u>                   | <u>7,595</u>    |
| <b>Investing Activities:</b>  |                                 |                 |
| Capital expenditures  | (3,373)                         | (1,366)         |
| Purchase of investments   | (40,038)                        | (38,393)        |
| Redemptions/maturities of short-term investments                                  | 35,756                          | 36,844          |
| Net cash used in investing activities   | <u>(7,655)</u>                  | <u>(2,915)</u>  |
| <b>Financing Activities:</b>  |                                 |                 |
| Proceeds from issuance of common stock  | 504                             | 730             |
| Proceeds from Paycheck Protection Program Loan                                    | 3,500                           | 0               |
| Repayment of Paycheck Protection Program Loan                                     | (3,500)                         | 0               |
| Payment of withholding tax on stock-based compensation                            | (1,108)                         | (754)           |
| Principle payments on finance leases  | (59)                            | (79)            |
| Purchase of common stock from repurchase program                                  | (2,000)                         | 0               |
| Cash dividends  | (3,079)                         | (3,046)         |
| Net cash used in financing activities   | <u>(5,742)</u>                  | <u>(3,149)</u>  |
| Net (decrease) increase in cash and cash equivalents                              | (2,778)                         | 1,531           |
| Effect of exchange rate changes on cash   | 113                             | (213)           |
| Cash and cash equivalents, beginning of period                                    | 7,094                           | 4,329           |
| <b>Cash and Cash Equivalents, End of Period</b>                                   | <u>\$ 4,429</u>                 | <u>\$ 5,647</u> |



PCTEL, INC.  
P&L INFORMATION BY PRODUCT LINE - Continuing Operations (unaudited)  
(in thousands)

|                | Three Months Ended September 30, 2020 |                                   |           |           | Nine Months Ended September 30, 2020 |                                   |           |           |
|----------------|---------------------------------------|-----------------------------------|-----------|-----------|--------------------------------------|-----------------------------------|-----------|-----------|
|                | Antenna<br>Products                   | Test &<br>Measurement<br>Products | Corporate | Total     | Antenna<br>Products                  | Test &<br>Measurement<br>Products | Corporate | Total     |
| REVENUES       | \$ 12,326                             | \$ 6,810                          | \$ (213)  | \$ 18,923 | \$ 37,696                            | \$ 19,011                         | \$ (436)  | \$ 56,271 |
| GROSS PROFIT   | \$ 4,336                              | \$ 5,203                          | \$ 36     | \$ 9,575  | \$ 13,228                            | \$ 14,109                         | \$ (26)   | \$ 27,311 |
| GROSS PROFIT % | 35.2%                                 | 76.4%                             |           | 50.6%     | 35.1%                                | 74.2%                             |           | 48.5%     |

  

|                | Three Months Ended September 30, 2019 |                                   |           |           | Nine Months Ended September 30, 2019 |                                   |           |           |
|----------------|---------------------------------------|-----------------------------------|-----------|-----------|--------------------------------------|-----------------------------------|-----------|-----------|
|                | Antenna<br>Products                   | Test &<br>Measurement<br>Products | Corporate | Total     | Antenna<br>Products                  | Test &<br>Measurement<br>Products | Corporate | Total     |
| REVENUES       | \$ 16,463                             | \$ 7,240                          | \$ (73)   | \$ 23,630 | \$ 47,565                            | \$ 20,301                         | \$ (146)  | \$ 67,720 |
| GROSS PROFIT   | \$ 5,712                              | \$ 4,937                          | \$ (2)    | \$ 10,647 | \$ 16,142                            | \$ 13,834                         | \$ 24     | \$ 30,000 |
| GROSS PROFIT % | 34.7%                                 | 68.2%                             |           | 45.1%     | 33.9%                                | 68.1%                             |           | 44.3%     |

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

**Reconciliation of GAAP operating income to non-GAAP operating income**

|                                   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|-----------------------------------|----------------------------------|----------|---------------------------------|----------|
|                                   | 2020                             | 2019     | 2020                            | 2019     |
| <b>Operating Income</b>           | \$ 1,135                         | \$ 941   | \$ 1,355                        | \$ 1,101 |
| <b>(a) Add:</b>                   |                                  |          |                                 |          |
| Amortization of intangible assets |                                  |          |                                 |          |
| -Cost of revenues                 | 0                                | 167      | 111                             | 500      |
| -Operating expenses               | 0                                | 48       | 33                              | 170      |
| Restructuring                     | 25                               | 295      | 124                             | 295      |
| Stock Compensation:               |                                  |          |                                 |          |
| -Cost of revenues                 | 61                               | 87       | 207                             | 292      |
| -Engineering                      | 121                              | 158      | 403                             | 507      |
| -Sales & marketing                | 115                              | 158      | 429                             | 521      |
| -General & administrative         | 136                              | 515      | 957                             | 1,926    |
|                                   | 458                              | 1,428    | 2,264                           | 4,211    |
| <b>Non-GAAP Operating Income</b>  | \$ 1,593                         | \$ 2,369 | \$ 3,619                        | \$ 5,312 |
| % of revenue                      | 8.4%                             | 10.0%    | 6.4%                            | 7.8%     |

**Reconciliation of GAAP net income to non-GAAP net income**

|   | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2020                             | 2019     | 2020                            | 2019     |
| <b>Net Income</b>                                   | \$ 1,042                         | \$ 1,328 | \$ 1,546                        | \$ 1,952 |
| <b>Adjustments:</b>                                 |                                  |          |                                 |          |
| <b>(a)</b> Non-GAAP adjustments to operating income | 458                              | 1,428    | 2,264                           | 4,211    |
| Income Taxes  | (112)                            | (215)    | (282)                           | (472)    |
|   | 346                              | 1,213    | 1,982                           | 3,739    |
| <b>Non-GAAP Net Income</b>                          | \$ 1,388                         | \$ 2,541 | \$ 3,528                        | \$ 5,691 |
| <b>Non-GAAP Income per Share:</b>                   |                                  |          |                                 |          |
| Basic   | \$ 0.08                          | \$ 0.14  | \$ 0.19                         | \$ 0.32  |
| Diluted   | \$ 0.08                          | \$ 0.14  | \$ 0.19                         | \$ 0.31  |
| <b>Weighted Average Shares:</b>                     |                                  |          |                                 |          |
| Basic   | 18,199                           | 17,922   | 18,184                          | 17,792   |
| Diluted   | 18,311                           | 18,181   | 18,382                          | 18,105   |

schedule reconciles the Company's GAAP operating income to its non-GAAP operating income. The Company believes that presentation of this schedule provides meaningful supplemental information to both management and investors. adjustments to GAAP operating income (a) consist of stock compensation expense and amortization of intangible assets. The adjustments to GAAP net income include the non-GAAP adjustments to operating income as well as adjustment

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

|                               | <u>Three Months Ended September 30,</u> |                 | <u>Nine Months Ended September 30,</u> |                 |
|-------------------------------|---|-----------------|--|-----------------|
|                               | <u>2020</u>                             | <u>2019</u>     | <u>2020</u>                            | <u>2019</u>     |
| <b>Operating Income</b>       | \$ 1,135                                | \$ 941          | \$ 1,355                               | \$ 1,101        |
| <b>Add:</b>                   |   |                 |  |                 |
| Depreciation and amortization | 759                                     | 726             | 2,260                                  | 2,152           |
| Intangible amortization       | 0                                       | 215             | 144                                    | 670             |
| Restructuring expenses        | 25                                      | 295             | 124                                    | 295             |
| Stock compensation expenses   | 433                                     | 918             | 1,996                                  | 3,246           |
| <b>Adjusted EBITDA</b>        | <u>\$ 2,352</u>                         | <u>\$ 3,095</u> | <u>\$ 5,879</u>                        | <u>\$ 7,464</u> |
| <b>% of revenue</b>           | 12.4%                                   | 13.1%           | 10.4%                                  | 11.0%           |

This schedule reconciles the Company's GAAP operating income 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. The adjustments on this schedule consist of depreciation, amortization of intangible assets, and stock compensation expenses.