

# Airgain, Inc. NasdaqCM:AIRG

## FQ4 2020 Earnings Call Transcripts

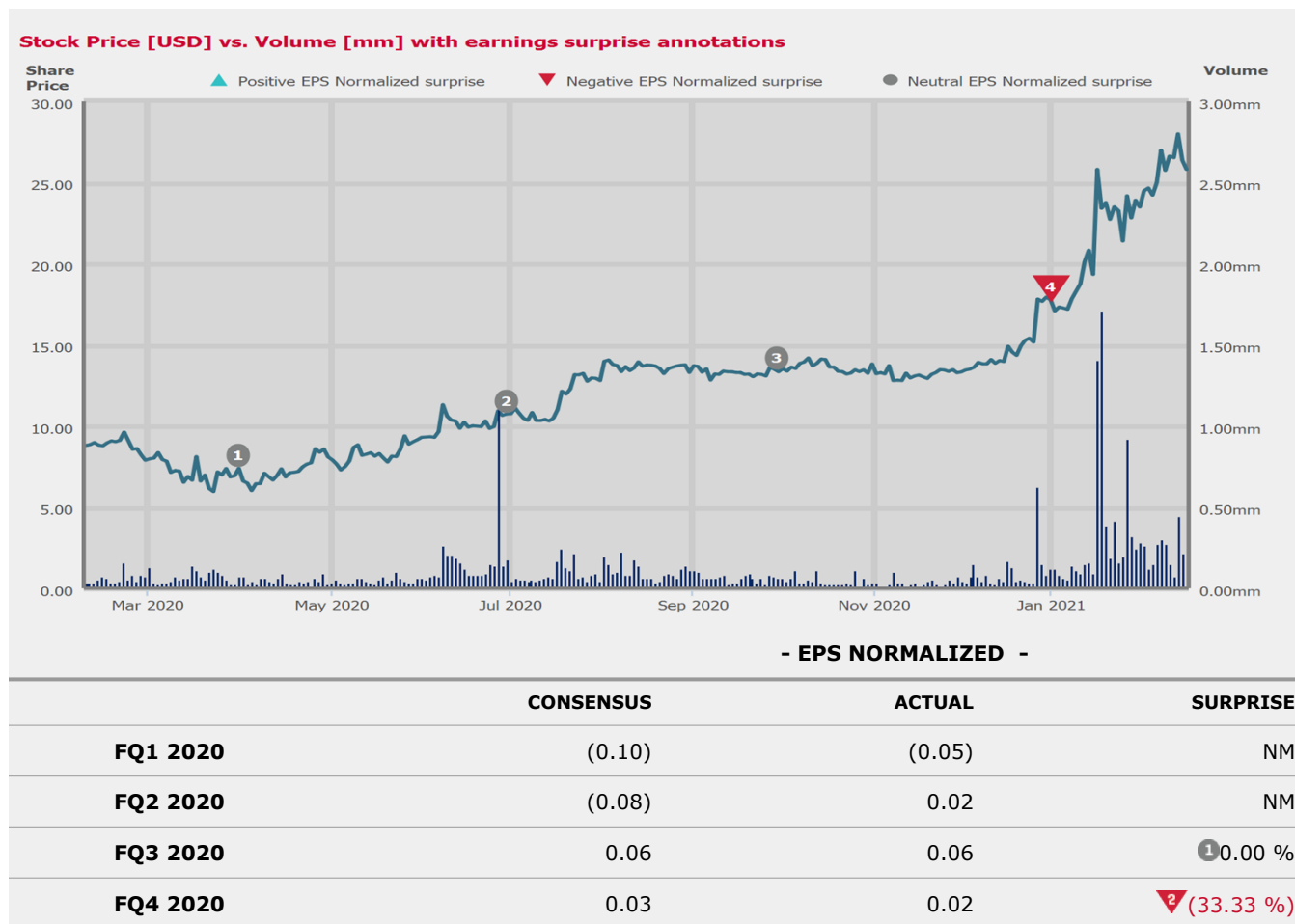
Thursday, February 18, 2021 10:00 PM GMT

S&P Global Market Intelligence Estimates

|                       | -FQ4 2020- |        |             | -FQ1 2021- |          | -FY 2020- |        |             | -FY 2021- |
|-----------------------|------------|--------|-------------|------------|----------|-----------|--------|-------------|-----------|
|                       | CONSENSUS  | ACTUAL | SURPRISE    | CONSENSUS  | GUIDANCE | CONSENSUS | ACTUAL | SURPRISE    | CONSENSUS |
| <b>EPS Normalized</b> | 0.03       | 0.02   | ▼ (33.33 %) | 0.00       | 0.03     | 0.06      | 0.05   | ▼ (16.67 %) | 0.25      |
| <b>Revenue (mm)</b>   | 12.84      | 12.83  | ▼ (0.08 %)  | 15.72      | -        | 48.35     | 48.50  | ▲ 0.31      | 71.61     |

Currency: USD

Consensus as of Feb-10-2021 7:36 AM GMT



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# Call Participants

## EXECUTIVES

**David B. Lyle**

*CFO & Secretary*

**Jacob Suen**

*President, CEO & Director*

**Morad Sbahi**

*Senior Vice President of Global  
Product & Marketing*

## ANALYSTS

**Carlin Joseph Lynch**

*B. Riley Securities, Inc., Research  
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**Karl Ackerman**

*Cowen and Company, LLC,  
Research Division*

**Scott Wallace Searle**

*ROTH Capital Partners, LLC,  
Research Division*

**Unknown Analyst**

# Presentation

## Operator

Good afternoon. Welcome to Airgain's Fourth Quarter and Full Year 2020 Earnings Conference Call. My name is Ryan, and I will be your coordinator for today's call. Joining us today -- joining us for today's call are Airgain's CEO, Jacob Suen; CFO David Lyle; and Airgain's new Senior Vice President of Product and Marketing, Morad Sbahi.

As a reminder, this call will be recorded and made available for replay via a link available in the Investor Relations section of Airgain's website at [www.airgain.com](http://www.airgain.com). [Operator Instructions]

I would now like to turn the call over to Mr. Lyle.

**David B. Lyle**  
*CFO & Secretary*

Thank you, and good afternoon to everyone. I caution listeners that during this call, Airgain management will be making forward-looking statements about future events and Airgain's business strategy and future financial and operating performance. Actual results could differ materially from those stated or implied by these forward-looking statements due to risks and uncertainties associated with the company's business. These forward-looking statements are qualified with the cautionary statements contained in today's earnings release and Airgain's SEC filings.

This conference call contains time-sensitive information that is accurate only as of the date of this broadcast, February 18, 2021. Airgain undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this conference call.

In addition, this conference call may include a discussion of non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP diluted earnings per share and adjusted EBITDA. Please see today's earnings release for further details, including a reconciliation of the GAAP to non-GAAP results.

Now I'd like to turn the call over to our CEO, Jacob Suen. Jacob?

**Jacob Suen**  
*President, CEO & Director*

Thank you, Dave. Welcome, everyone, and thank you for joining us on the call today. I'll start with an update on the fourth quarter and a review of our strategy, and then discuss progress we've made on key programs. Dave will then provide financial details as well as our Q1 2021 outlook and color around how we expect the year to play out.

Let's begin with our 2 big announcements, the acquisition of NimbeLink and the release of the first AirgainConnect product into general availability. The acquisition of NimbeLink, which closed on January 7, makes for a very exciting addition to the Airgain family. We're at a critical inflection point in our transition towards becoming a more system-level company by providing even higher levels of innovative solutions. Their position is an excellent fit with our business and will play an important role in our overall growth strategy to broaden market diversification, especially within the industrial IoT space. NimbeLink significantly advances our strategic mission to deliver higher levels of integrated wireless systems solutions globally.

The strategic rationale for this acquisition really revolves around 6 key points. First, NimbeLink's expertise in industrial IoT puts them squarely in one of our targeted submarkets within the bigger enterprise market.

Second, NimbeLink extends the breadth and opportunity for our game-changing AirgainConnect platform. With the addition of critical expertise gained through NimbeLink for future AirgainConnect products, such

as with modem-integrated design, cloud management software as well as operator certification, we expect that NimbeLink will enable critical future features, expand cellular module designs, increase supply chain flexibility and improve product time to market.

Third, because NimbeLink's historical revenue has been almost all based in the U.S., we have a real opportunity to leverage our international sales force to extend NimbeLink's sales reach. Historically, NimbeLink, being a smaller-product company, focused almost entirely on the U.S. market. However, its products can be adapted to international markets with minimal investment and can be ready, in most cases, to deploy into a new market in a matter of weeks, not month or years. This rapid time to market is because NimbeLink's modems are certified in 26 different bands, and operator-specific adaptations can be completed very quickly. Given Airgain's existing global sales coverage through our product sales force and channel partners across different regions in Asia, Europe and the Middle East, we expect to quickly expand international sales force of NimbeLink products.

Fourth, by joining a larger company, NimbeLink can gain access to design opportunities they were not previously able to win as they can leverage Airgain's broader channel, well-known brand and larger scale.

Fifth, all NimbeLink products require antennas, all of which provide the opportunity to leverage Airgain's antenna experience to enhance performance of those products.

And finally, the combined business will provide our customers a more scaled company with a more diverse offering and set of expertise. We have made very good progress on all 6 of these fronts and believe we will see positive results on all of these this year.

In terms of the integration effort, we are right on schedule and our employees are excited about the prospects of the combined companies.

Now let's move on to AirgainConnect. AT&T turned on and formally launched the HPUE portion of the FirstNet network on January 26. AT&T rebranded the HPUE network MegaRange, so we'll be using these terms interchangeably. In turn, they again released our first AirgainConnect product into general availability. Since then, we have been providing products to prospective customers for demo purposes and have generated an extensive opportunity funnel. We've garnered significant interest and gained traction from police, fire and EMS target market segments and expect to have some converted into purchase orders for delivery this quarter.

Now let's move on to our strategy. This quarter, I will keep my remarks brief regarding our strategy, as I laid out our strategy in detail in last quarter's earnings call and on the conference call we held to discuss the NimbeLink acquisition on January 7. Over the past few years, we've been transitioning the company from primarily a consumer-market-focused company towards the enterprise and automotive markets. In parallel, we have also been broadening our capabilities beyond antennas into integrated wireless systems. We believe we have successfully executed on that plan and are now ready to resume our growth this year. We expect we'll see growth from our enterprise and automotive markets, especially with the introduction of the new game-changing platform AirgainConnect as well as the additions of NimbeLink.

If you look beyond those 2 major growth drivers, we believe we will see growth from our enterprise market as we begin to ramp products from design wins with our 2 traditional WiFi enterprise global customers. Additionally, following a refresh of our automotive aftermarket product portfolio to 5G and with a renewed focus on selling our products into those markets, we believe we will see growth out of our historical automotive revenue this year as well.

Now let's shift in gears to our key design wins in the quarter and discussion about our ongoing programs in our 3 end markets. Starting first with our consumer products. We continue to see momentum for our WiFi 6 embedded antenna solutions. Airgain's WiFi 6 and WiFi 6E antenna designs provide numerous enhancements over preceding WiFi technologies, including greater throughput, improved spectrum utilization and enhanced multiuser experiences. During Q4, we received volume orders on both SKUs from different OEMs for a WiFi 6 gateway program from a North American Tier 1 operator, which we mentioned in our Q3 call last November. We expect volume shipments to continue through 2021. In Q4, we received initial orders to support first production shipments for a WiFi 6 Tri-Band router extender program, which

we first mentioned in our Q1 2020 earnings call. We expect volume shipments to ramp in the first half of 2021. We were also selected to provide a new WiFi 6 router design shipping to an OEM in Japan. Production shipments were placed in Q1 and we expect to begin shipping this year.

In our enterprise market, we secured a new 5-year LPWAN design for an industrial IoT smart utility application. We expect volume shipments to ramp in Q2 and continue through 2025. Our design success on this project has led to engagement in 2 other programs with this same customer.

In automotive, we continue to see solid momentum for our fleet products. This is best demonstrated by the multiple design wins we secured with a Tier 1 in-car video system provider, which we mentioned in our Q3 call. We expect these programs to go into production in Q2.

As it relates to our game-changing AirgainConnect platform, during Q4, we received a meaningful purchase order from our strategic distribution partner GetWireless, one of the largest distributors of cellular connectivity devices that support HPUE communications for first responders, offering an extensive product portfolio of public safety solutions.

In summary, with the addition of NimbeLink and the production launch of AirgainConnect, together with growth opportunities across our addressable markets, Airgain is positioned for accelerated growth in 2021 in the years ahead.

Now I would like to turn the call back to Dave, who will walk us through the financial highlights for the quarter and outlook for 2021. Dave?

**David B. Lyle**  
*CFO & Secretary*

Thank you, Jacob. Fourth quarter 2020 revenue of \$12.8 million was consistent with the preliminary results we issued on January 7 and just above the midpoint of our previous guidance range issued on November 5. Consumer revenue was \$9.6 million, down from \$10.4 million in Q3, primarily due to initial inventory build in Q3 as a result of product cycle transitions at our North American service provider end customers. Enterprise revenue was about \$1.3 million in Q4, up from \$800,000 in Q3 as we began ramping 2 new design wins into traditional enterprise WiFi customers as well as some recovery in M2M antennas, as COVID-related pressure began to resolve. Automotive revenue was \$1.9 million, up slightly from \$1.8 million in Q3 due to incremental revenue from AirgainConnect product sales in Q4.

Q4 gross margin of 45.5% was at the low end of our previous guidance range, primarily due to product mix.

Non-GAAP operating expense in Q4 of \$5.7 million was at the top end of our previous guidance range, primarily because of the final quarter 2020 management bonus accrual and sales commission true-up moving slightly upward as well as higher travel expense as our sales team in Asia has begun to travel again following the COVID shutdown. Excluded from non-GAAP operating expense was \$606,000 in stock-based compensation expense and \$121,000 in amortization of intangible assets. We also excluded from our non-GAAP operating expense \$484,000 in NimbeLink transaction-related expenses. Adjusted EBITDA was \$277,000 in Q4. Non-GAAP net income in Q4 was \$162,000, and Q4 GAAP net loss was \$1.1 million.

Moving to earnings per share. Our Q4 non-GAAP earnings per share was \$0.02, and GAAP loss per share was \$0.11. Finally, our Q4 cash, cash equivalents and short-term investments totaled \$38 million, about unchanged from the prior quarter. Note that the NimbeLink transaction closed after Q4. On that date, January 7, 2021, we had about \$23 million in cash, cash equivalents and short-term investments. We did not repurchase any shares during the quarter.

Now I'd like to provide a preliminary outlook for the first quarter of 2021. In Q1, we expect revenue to be in the range of \$16.5 million and \$17.5 million, or \$17 million at the midpoint of the range, higher sequentially by about \$4.2 million from last quarter at a sequential growth rate of about 33%. We expect NimbeLink product revenue to contribute about \$2.7 million to our first quarter top line revenue. Today, NimbeLink demand exceeds \$3 million in Q1. However, supply constraints at the module supplier level caused by shortages from chip suppliers will add some risk to timely shipments during the quarter.

Regarding AirgainConnect, since the launch of HPUE on the AT&T network just over 3 weeks ago, we have seen a significant number of requests for demo units and expect AirgainConnect to contribute about \$1 million in revenue for the first quarter.

Overall, we expect all of our 3 targeted markets -- consumer, enterprise and automotive -- to grow sequentially in Q1. We expect non-GAAP gross margin in the first quarter to be in the range of 42.5% to 43.5%, lower sequentially versus Q4, primarily due to the addition of lower gross margin NimbeLink product revenue. NimbeLink has already executed a plan to improve those gross margins beginning Q2 2021, following a product transition by NimbeLink's current contract manufacturers to Vietnam. Excluded from non-GAAP gross margin is approximately \$260,000 of purchased intangible asset amortization, including inventory step-up charges based on our preliminary valuation analysis.

We expect Q1 non-GAAP operating expense will be about \$7 million, plus or minus \$150,000. The expected sequential increase in operating expense is primarily due to the addition of just under \$1 million of NimbeLink operating expense. We also expect to see some operating expense increases in the remainder of the business, mostly related to an accrual reset associated with the annual management bonus and sales commissions for 2021. Excluded from our non-GAAP operating expense estimate was \$880,000 in stock-based compensation expense and \$700,000 in amortization of intangible assets based on our preliminary valuation analysis. We also excluded from our expected Q1 non-GAAP operating expense approximately \$180,000 in NimbeLink transaction-related expenses.

At the midpoint of guidance, adjusted EBITDA in Q1 would be about \$500,000. At the midpoint of guidance, we expect Q1 non-GAAP earnings per share to be about \$0.03, and on a GAAP basis, we expect a loss per share of \$0.18.

Although we are not providing specific annual financial guidance, I would like to provide some color around how we expect revenue to play out in 2021. We expect consumer market revenue to remain a core foundational revenue base for Airgain with some small possible growth year-over-year, as this is heavily dependent on the success of our top service provider end customers to deliver next-generation gateway and client devices. We expect our enterprise market revenue to grow materially year-over-year with the addition of NimbeLink revenue and additional growth from penetration into new submarkets with 5G sub-6-gigahertz and WiFi products, primarily in the traditional enterprise WiFi market. We expect the most significant growth year-over-year to come from our automotive market revenue, primarily from our newly launched AirgainConnect platform's first product, but also, to a lesser extent, growth from our existing aftermarket fleet market.

In terms of risks to our growth this year, until we are through the peak of the COVID pandemic, we expect to continue to see some pressure on revenue on automotive fleet as well as on enterprise products that are designed for large venues like stadiums and arenas. Additionally, in our consumer market, although we are seeing solid demand for service-provider-based gateway and access point routers, we expect cord-cutting to continue, which will continue to put pressure on our set-top box and client product revenue. However, with multiple new consumer products ramping over the past few quarters, we expect that will alleviate at least some of that potential revenue pressure. Lastly, supply shortages out of chip suppliers in the first half of this year will put some minor pressure on growth expected out of our enterprise IoT revenue.

Before moving on, I'd like to provide some color around NimbeLink's financials, primarily around historical revenue. The Skywire modem product revenue stream has historically provided the vast majority of revenue as it was NimbeLink's first major product introduced. Custom products revenue has historically been the second largest contributor to NimbeLink's top line revenue. NimbeLink's asset tracker product revenue has been the third largest revenue stream. It didn't begin generating revenue in earnest until Q1 of last year, 2020, and didn't begin to contribute materially until the second half of last year.

Note that with each asset tracker sold, NimbeLink creates recurring revenue from its proprietary end-linked device-enablement software and has the opportunity to sell cellular data plan connectivity with it. That is a recurring revenue stream that averages 2 years and is likely to be extended additional years. The recurring revenue stream ramped with the sales of asset tracking last year.

In summary, we expect to see growth in 2021 from all of these revenue streams as they are mostly in the early stages of growth with exposure to an abundance of opportunity.

With regards to gross margins, NimbeLink has been historically focused on revenue growth, as most earlier-stage companies do. That leaves opportunities for gross margin improvement. NimbeLink finished 2020 at about 33% gross margins. Prior to the close of our acquisition, NimbeLink had already executed on a plan to improve margins by transitioning products made in the U.S. and China to a contract manufacturer in Vietnam. That will be completed this quarter, with the benefit expected to be seen in Q2 of this year. It won't get the NimbeLink products to our long-term corporate gross margin range, but it will improve them materially. We have already begun to put together a strategy to further improve gross margins through opportunities associated with Airgain's scale.

All in all, we are very excited about the long-term prospects for the NimbeLink assets and capabilities and its potential to help Airgain achieve its long-term goals.

In terms of additional inorganic growth and technology expansion potential, although our primary focus is to successfully integrate NimbeLink into Airgain, we will continue to evaluate opportunities that either expedite our time to market for new innovative products or that help us gain the benefits of scale in our markets, especially in our growth markets, enterprise and automotive.

Summing up where we are today, we expect 2021 to be an exciting year for Airgain as we have multiple catalysts for growth across all 3 of our primary target markets. Our strong balance sheet, with more than \$23 million in cash following the purchase of NimbeLink on January 7 and no debt, provide a durable and sustainable foundation to execute our growth plan and capitalize on the abundant opportunities in front of us.

Now I'll turn it back over to Jacob. Jacob?

**Jacob Suen**

*President, CEO & Director*

Thanks, Dave. We continue to experience robust demand for our products, and we are very excited about the prospects for us to grow in 2021, even in this very challenging environment. With the formal release into general availability of our first AirgainConnect product, the expected revenue contribution and growth from our NimbeLink products, the ramp of products into our traditional global WiFi enterprise customers and the refresh of our auto aftermarket products to 5G, we believe we have positioned Airgain for a year of growth in 2021. With new and innovative products being developed for our targeted enterprise submarkets, multiple new products out of our AirgainConnect platform, we believe we are positioned for long-term profitable growth.

Additionally, we are very appreciative of all the hard work our employees have put into our company during an unprecedented and difficult environment. We are also very appreciative of our supportive customers, suppliers and shareholders.

As we announced in our earnings call release today, our Senior Vice President of Engineering, Kevin Thill, will be retiring from Airgain effective May 7, 2021. Kevin made many valuable contributions to our organization since he joined the company in 2017 through Airgain's acquisition of Antenna Plus, where he was founder and CEO. Under Kevin's leadership, our engineering organization is well structured with strong management at each of our R&D centers across the globe to continue the engineering development and research efforts. Over the next 2.5 months, Kevin will assist in the search process to identify a successor to execute our technology road map and further extend Airgain's technological leadership. On behalf of the entire organization, I wish Kevin the utmost happiness and health as he enjoys retirement with his wife, 4 adult children and 3 grandchildren, 2 of which were just born in the last 8 months.

In addition, earlier today, we announced the promotion of Morad Sbahi to the position of Senior Vice President, Global Product and Marketing. Since joining Airgain in 2013, Morad has held a number of senior management positions, including General Manager of EMEA and, most recently, as Vice President of Corporate Strategy, where he spearheaded our recent acquisition of NimbeLink. Prior to joining Airgain, Morad held various executive management roles at leading semiconductor companies like Texas



Instruments, Applied Micro and Broadcom. While at Broadcom, Morad was an integral part of a senior marketing team responsible for a \$250-million business within the company. With Morad's strong mix of semiconductor, service provider sales and marketing experience, we look forward to leveraging his skill set to accelerate adoption of our product portfolio, including AirgainConnect, the NimbeLink portfolio and 5G mmWave.

And with that, we are ready to open the call for your questions.

# Question and Answer

## Operator

[Operator Instructions] Our first question comes from the line of Karl Ackerman from Cowen.

### **Karl Ackerman**

*Cowen and Company, LLC, Research Division*

Two questions, if I may. Jacob, to me, your first quarter outlook implies the core business is growing above seasonality after backing out the NimbeLink and FirstNet acquisitions. And I think many of us are aware that there are supply shortages and customers are seeking continuity of supply. But as we think about several of the product launches you spoke about in your prepared remarks, how does channel inventory play into your outlook for the first quarter? Do you believe that you are shipping in line with demand? And I have a follow-up.

### **Jacob Suen**

*President, CEO & Director*

Okay. Good afternoon, Karl. Thanks for joining the call today. Good questions, by the way. So we have channel partners and they do have some stacking inventory. And I think that some of the supply chain constraint on our traditional consumer business looks like it's minimal. There are some supply constraints around the NimbeLink products, which we feel it's really short term, and we're already making the proper adjustment to make sure that it's just going to be really short term and will be to have it under control in second quarter of this year.

### **Karl Ackerman**

*Cowen and Company, LLC, Research Division*

Got it. I guess for Dave, then, we've heard several suppliers across the supply chain have raised prices given shortages across the semiconductor supply chain. Now that you have pivoted toward an integrated device company, what's your strategy regarding the trade-off between pricing and volume commitments from your customers?

### **David B. Lyle**

*CFO & Secretary*

Yes, that's a complex question because it depends on the market that we're addressing and the type of product that we're addressing, and that's pretty diverse as it stands today. That being said, I think we have pretty good control about where those ASPs are going to go, what kind of margins we're getting on those. I will say, though, that historically, on the enterprise side as well as the automotive side, gross margins have been tighter in those -- or we've seen more pressure relative to our historical gross margins, and those are our growth markets. But I think we're being pretty picky about how we look at projects from an ROI perspective to make sure that we maximize value in the [indiscernible] field.

## Operator

[Operator Instructions] The next one comes from the line of Carlin Lynch from B. Riley.

### **Carlin Joseph Lynch**

*B. Riley Securities, Inc., Research Division*

Quick question on some of the supply constraints. Is -- I'm curious, do you guys feel confident that NimbeLink can still hit that \$13 million in targeted revenue in calendar '21, given everything that's going on in the supply chain? And I have 2 follow-ups.

### **David B. Lyle**

*CFO & Secretary*

Yes. First of all, we haven't guided revenue for 2021 on the NimbeLink side of the business. That being said, they did over \$12 million last year. So we expect growth to be pretty good on the NimbeLink business, especially since a lot of those revenue streams that I talked about in my comments are kind of in their nascent stages. So we expect some decent growth out of the entire NimbeLink business across all of its revenue streams.

**Carlin Joseph Lynch**

*B. Riley Securities, Inc., Research Division*

Got it. Okay. And then with regards to gross margin in Q2, assuming that the business continues to grow, particularly in the auto, do we expect -- could you provide some more color around what the corporate gross margins will look like in Q2, assuming that we do get the material step-up in NimbeLink gross margins? Does that mean that NimbeLink gross margins can go towards closer to 40%? Or is that more of a -- do we need some more volume before we get to a 40% gross margin?

**David B. Lyle**

*CFO & Secretary*

Yes. The NimbeLink gross margin, I talked about last year, was 33% for the year. And in my commentary, I said that we can't reach our -- where we are with our existing historical Airgain business, but we can come close, which implies we can get to -- essentially to something closer to 40%, like you're talking about. We -- that's going to take a couple of quarters until we have that opportunity.

I think the other thing that it's important to note here is that the gross margins vary by revenue stream; that is, the revenue streams that I mentioned earlier. And so for instance, if the business really takes off, of course, that would put more pressure even on our corporate gross margins, even if we have improvements to the overall NimbeLink gross margin. So I just want to be clear about that because it's important. The abundance of opportunities for the industrial IoT market and especially NimbeLink are pretty good. So we're pretty excited about that. That -- so if they go really well, you're going to see gross margins, more gross margin pressure. But I think that's a good thing. We'll see how it plays out.

In terms of moving into Q2, we do expect to see improvement on the NimbeLink side that's not immaterial from a gross margin perspective -- again, it's going to be dependent on mix -- and assuming the chip supply issue starts to resolve itself a little bit, which we do expect at some point in Q2, that to happen, then the higher revenue at NimbeLink would obviously put a little more pressure on corporate gross margin. That being said, again, from an overall viewpoint, we haven't guided Q2, and we won't guide. I don't think you're going to see our corporate gross margins vary dramatically from what we guided to in Q1.

**Carlin Joseph Lynch**

*B. Riley Securities, Inc., Research Division*

Got it. Okay. And then just one more for me and then a really quick clarification. With regards to the -- actually, within -- just want to make sure that the AirgainConnect, you guys had said that you guys expected roughly \$500,000 in AirgainConnect revenue in calendar fourth quarter. Is that -- did that materialize as expected?

**David B. Lyle**

*CFO & Secretary*

Yes.

**Operator**

[Operator Instructions] The next question comes from the line of Alex Vecchi from William Blair.

**Unknown Analyst**

It's actually [ Jake ] on for Alex. I know it's still early days, but would just love to get some color on how NimbeLink has been factoring into some of your enterprise discussions and how quickly we can expect it to be fully adjusted in the new design wins.

**David B. Lyle**  
*CFO & Secretary*

Why don't I start, and then Jacob, maybe you can follow up. The -- in terms of the second part of your question, I think, was how we integrate the Airgain capability into the NimbeLink products from an antenna perspective or vice versa. And that's going to take some time. That being said, in terms of integration on synergy revenue, selling NimbeLink's products, not only within North America where we already have an established sales force, but more importantly, where NimbeLink really didn't sell before, in APAC and Europe, we're seeing lots of opportunities pop up there and a pretty excited Airgain sales force also because those products are great products.

**Jacob Suen**  
*President, CEO & Director*

Yes, I think I will also add -- yes, I will also add the fact that not only are we able to sell the existing NimbeLink product, we will now also be able to bundle some of the, let's say, their Skywire product with the Airgain antenna solution and not -- offer customers a more complete solution instead of before, they were just selling just the module, and the customers go and pick off-the-shelf antenna. Now with the merger, now we're able to offer customers a complete solution that's proven and that's fully tested with highly -- with high performance.

**Operator**

Our next question comes from the line of Scott Searle from ROTH Capital.

**Scott Wallace Searle**  
*ROTH Capital Partners, LLC, Research Division*

I do apologize, I got on the call very late, so I did want to hit real quickly -- any of the high-level commentary related to AirgainConnect in terms of the early go-to-market or MegaRange product in terms of demand that you're seeing? And if you put any numbers around it, both for the first quarter and/or for 2021?

**Jacob Suen**  
*President, CEO & Director*

Okay. Hey, good to have you here, Scott. So I just want to make sure I answer your questions correctly. You're looking for how do we roll out the AirgainConnect in the first quarter and the latter part of the year. Am I correct?

**Scott Wallace Searle**  
*ROTH Capital Partners, LLC, Research Division*

Yes, and kind of the visibility demand. I don't know if you put any numbers or color around that as well.

**Jacob Suen**  
*President, CEO & Director*

Yes. Certainly, I think that Dave already shared some color around the perspective of AirgainConnect. What I would like to say is that as of January 26, FirstNet, AT&T formally launched it, and we're already seeing a lot of excitement around the launch, as you can see in some of the news out there. FirstNet actually has offered a \$300 promo, among other things, so really incentivizing people to sign up for the service. And we already have not tens but hundreds of leads in our pipeline already with customers eager get ahold of our units, with demos, with trials. So we do feel really strongly about the growth potential of the AirgainConnect product for this year.

**Scott Wallace Searle**

*ROTH Capital Partners, LLC, Research Division*

Okay. Very good. And Jacob, if I could, on the 5G front, I think in the last call you were talking about some opportunities later in 2021 and 2022 as it related to 5G fixed wireless access and some other opportunities on that front. I was wondering if you could give any updates on that front in terms of design activity, level of engagement and interest that you're seeing for those types of products?

**Jacob Suen**

*President, CEO & Director*

Yes. Really good questions. I'll talk first and then maybe also have Morad to chime in as well and give some color around 5G mmWave. So 5G in general, I think that this year, we are going to be able to have products. It's already finished on the 5G sub-6-gigahertz side, especially with the Antenna Plus products. And then we expect that those turn into revenue for the second half of the year. And certainly, we are also working on 5G mmWave development. As a matter of fact, we do anticipate to incorporate that as our next-generation AirgainConnect product. And Morad can...

**Morad Sbahi**

*Senior Vice President of Global Product & Marketing*

So yes, so just to add a little bit of color on that, Scott, so the first foray that we will have in that particular product category and the mmWave will see us do something in the enterprise space. And as the market starts to mature and becomes more and more pronounced, then you'll see us to start to roll out those products into the -- our traditional consumer space. So something that we're really excited about. It's a trajectory that we expect to give us a lot of growth, so.

**Scott Wallace Searle**

*ROTH Capital Partners, LLC, Research Division*

Very good. And I apologize for being redundant again, but as it relates to NimbeLink and component availability, it certainly diversifies the product portfolio, really complements what you guys are doing; are you seeing any near-term issues on that front related to component availability or pricing? I'm sure you've already answered this, but thanks for indulging me.

**David B. Lyle**

*CFO & Secretary*

No problem, Scott. Yes, we said in our written our comments earlier in the call that we expected NimbeLink revenue in Q1 to be about \$2.7 million. That's actually lower than the actual demand that we're seeing. We're seeing over \$3 million in revenue in terms of demand, but chip supply is constrained on -- and therefore, the module guys that we buy from can't get us enough supply for the quarter. So the good news is that the demand is there, and actually, demand is really solid. The bad news, obviously, is it's going to put some pressure on the overall revenue. I think \$2.7 million is a conservative number that we've got in our target.

**Jacob Suen**

*President, CEO & Director*

And I'll just add, Scott, just in the short term. Chip -- sorry. It's really short term, and we've really got a solution for it.

**Operator**

[Operator Instructions] We do have a follow-up question from Carlin Lynch from B. Riley.

**Carlin Joseph Lynch**

*B. Riley Securities, Inc., Research Division*

Really quick, just wanted to follow up on that supply point. Obviously, the \$300,000 delta in Q1. As you work with your suppliers, how confident are you that -- assuming that that does kind of materialize in Q1,

that that could come back in Q2? And what steps are you guys taking to ensure supply through the year as industry tightness kind of continues?

**David B. Lyle**  
*CFO & Secretary*

Yes. We're really addressing that -- we started addressing that very early on. It's really about getting in line and getting in the right order in line from a supply perspective. But in terms of the demand that we're seeing versus the supply that we've been told that we can get, we feel pretty good going into Q2, even. If we see a little pressure in Q2, we have much more confidence that we're going to see Q3 availability. But again, that's going to depend on the demand, and demand has been pretty robust on the NimbeLink side of the business.

And just to comment on the rest of the business, that's the non-NimbeLink, the Airgain portion of the business, we've actually checked with end customers, our direct customers across our supply chain also, to make sure that we've got the right supply to meet demand, and we think in that part of the business that we're doing pretty well.

**Operator**

And there are no other questions in the queue, so at this time, this concludes our question-and-answer session. If your question was not taken, you may contact Airgain's Investor Relations at [airg@gatewayir.com](mailto:airg@gatewayir.com). I would now like to turn the call over back to Mr. Suen for his closing remarks.

**Jacob Suen**  
*President, CEO & Director*

Thank you for joining us on today's call. We look forward to updating you on our next call.

**Operator**

Thank you for joining us today for Airgain's Fourth Quarter 2020 Earnings Call. You may now disconnect.

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