

August 9, 2023



Airspan Networks Holdings Inc. Reports Second Quarter 2023 Results

BOCA RATON, Fla.--(BUSINESS WIRE)-- Airspan Networks Holdings Inc. (NYSE American: MIMO), which provides ground-breaking, disruptive software and hardware for 5G networks, and a pioneer in end-to-end Open RAN solutions, today announced results for the second quarter ended June 30, 2023.

Second Quarter Financial Highlights

- Revenue of \$32.1 million, compared to \$24.8 million sequentially from first quarter 2023, and from \$46.9 million year-over-year from second quarter 2022.
- Gross margin of 21.0% compared to 41.8% in the first quarter 2023 and 40.1% in second quarter 2022. In the second quarter 2023, the Company recorded an inventory impairment charge of \$7.2 million related to product initiatives that were either reduced or eliminated as a result of a headcount reduction. Excluding this impairment, the adjusted gross margin was 43.4% (non-GAAP measure).
- Total operating expenses of \$27.5 million compared to \$28.0 million in first quarter 2023, and \$37.1 million for second quarter 2022. Total operating expenses for the second quarter 2023, include a \$3.0 million restructuring provision, primarily related to headcount reductions.
- Net loss of \$33.6 million, compared to a net loss of \$20.9 million in first quarter 2023, and a net loss of \$21.0 million for second quarter 2022. For the second quarter 2023, excluding the inventory impairment charge of \$7.2 million and the restructuring provision of \$3.0 million, the adjusted net loss would have been \$23.4 million (non-GAAP measure).
- Adjusted EBITDA (non-GAAP measure) was a loss of \$15.2 million compared to a loss of \$13.8 million in first quarter 2023 and a loss of \$12.3 million in second quarter 2022. For the second quarter 2023, excluding the inventory impairment of \$7.2 million, the adjusted EBITDA would have been a loss of \$8.0 million.
- Loss per share was 45 cents, compared to loss per share of 28 cents in first quarter 2023 and a loss per share of 29 cents in second quarter 2022.

About Airspan

Airspan Networks Holdings Inc. (NYSE American: MIMO) is a U.S.-based provider of groundbreaking, disruptive software and hardware for 5G networks, and a pioneer in end-to-end Open RAN solutions that provide interoperability with other vendors. As a result of innovative technology and significant R&D investments to build and expand 5G solutions, Airspan believes it is well-positioned with 5G indoor and outdoor, Open RAN, private networks for enterprise customers and industrial use applications, Air To Ground, and CBRS solutions to help mobile network operators of all sizes deploy their networks of the future, today. With over one million cells shipped to 1,000 customers in more than 100 countries, Airspan has global scale. For more information, visit www.airspan.com.

Non-GAAP Measures

This news release references non-GAAP measures. Non-GAAP measures do not have a standardized meaning and are, therefore, unlikely to be comparable to similar measures presented by other companies. We reference these non-GAAP financial measures in our decision making because they provide supplemental information that facilitates consistent internal comparisons to the historical operating performance of prior periods and we believe they provide investors with greater transparency to evaluate operational activities and financial results. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with US generally accepted accounting principles. Non-GAAP financial measures referred to in this report are labeled as “non-GAAP measure.”

AIRSPAN NETWORKS HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,102	\$ 7,253
Restricted cash	35	34
Accounts receivable, net of allowance of \$478 and \$647 at June 30, 2023 and December 31, 2022, respectively	22,790	46,565
Inventory	10,592	18,556
Prepaid expenses and other current assets	16,159	17,289
Assets held for sale -- current	15,352	-
Total current assets	75,030	89,697
Property, plant and equipment, net	5,686	7,351
Goodwill	-	13,641
Intangible assets, net	-	5,302
Right-of-use assets, net	3,711	5,697
Other non-current assets	3,059	3,407
Assets held for sale -- non-current	20,913	-
Total assets	<u>\$ 108,399</u>	<u>\$ 125,095</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 17,393	\$ 26,173
Accrued expenses and other current liabilities	31,247	32,243
Deferred revenue	1,547	2,892
Senior term loan, current portion	4,179	40,529
Subordinated debt	11,396	11,119
Subordinated term loan -- related party	-	41,528
Convertible debt	-	43,928
Current portion of long-term debt	265	259
Liabilities held for sale -- current	12,015	-
Total current liabilities	78,042	198,671
Subordinated term loan - related party	43,402	-
Senior term loan	59,045	-
Convertible debt	47,749	-
Other long-term liabilities	9,561	7,223
Liabilities held for sale -- non-current	375	-
Total liabilities	<u>238,174</u>	<u>205,894</u>

Commitments and contingencies (Note 13)

Stockholders' deficit:

Common stock, \$0.0001 par value; 250,000,000 shares authorized; 74,582,992 and 74,283,026 shares issued and outstanding at both June 30, 2023 and December 31, 2022

	7	7
Additional paid-in capital	775,947	770,427
Accumulated deficit	(905,729)	(851,233)
Total stockholders' deficit	(129,775)	(80,799)
Total liabilities and stockholders' deficit	\$ 108,399	\$ 125,095

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIRSPAN NETWORKS HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues:				
Products and software licenses	\$ 28,855	\$ 44,028	\$ 49,788	\$ 77,604
Maintenance, warranty and services	3,268	2,917	7,108	6,905
Total revenues	32,123	46,945	56,896	84,509
Cost of revenues:				
Products and software licenses	23,998	26,864	37,292	51,337
Maintenance, warranty and services	1,392	1,253	2,524	2,275
Total cost of revenues	25,390	28,117	39,816	53,612
Gross profit	6,733	18,828	17,080	30,897
Operating expenses:				
Research and development	13,416	16,720	27,607	33,241
Sales and marketing	5,310	9,010	10,992	18,340
General and administrative	5,746	11,089	13,411	22,247
Amortization of intangibles	-	284	189	568
Restructuring costs	3,023	-	3,283	-
Total operating expenses	27,495	37,103	55,482	74,396
Loss from operations	(20,762)	(18,275)	(38,402)	(43,499)
Interest expense, net	(5,153)	(4,207)	(9,687)	(8,775)
Loss on extinguishment of debt	(8,281)	-	(8,281)	-
Change in fair value of warrant liability and derivatives, net	588	3,479	1,230	3,936
Other income (expense), net	(153)	(2,126)	408	(2,632)
Loss before income taxes	(33,761)	(21,129)	(54,732)	(50,970)
Income tax benefit (expense), net	154	112	236	215
Net loss	\$ (33,607)	\$ (21,017)	\$ (54,496)	\$ (50,755)
Loss per share - basic and diluted	\$ (0.45)	\$ (0.29)	\$ (0.73)	\$ (0.70)
Weighted average shares outstanding - basic and diluted	74,582,992	72,335,952	74,528,668	72,335,952

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIRSPAN NETWORKS HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended June 30,	
2023	2022

Cash flows from operating activities:		
Net loss	\$ (54,496)	\$ (50,755)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,772	2,275
Foreign exchange loss (gain) on long-term debt	6	(16)
Bad debt expense	172	7
Change in fair value of warrants and derivatives, net	(1,230)	(3,936)
Loss on extinguishment of debt	8,281	-
Non-cash debt amendment fee	-	463
Inventory impairment charge	7,215	-
Share-based compensation	3,937	13,536
Total adjustments	20,153	12,329
Changes in operating assets and liabilities:		
Decrease in accounts receivable	12,539	9,706
Increase in inventory	(1,496)	(302)
Decrease in prepaid expenses and other current assets	975	2,221
Decrease in other non-current assets	238	181
Increase (decrease) in accounts payable	1,611	(3,040)
(Decrease) increase in deferred revenue	(1,118)	1,686
Decrease in accrued expenses and other current liabilities	(623)	(65)
Increase in other long-term liabilities	4,220	151
Increase in accrued interest on long-term debt	5,825	5,394
Net cash used in operating activities	(12,172)	(22,494)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,122)	(1,632)
Net cash used in investing activities	(1,122)	(1,632)
Cash flows from financing activities:		
Borrowings from senior term loan	19,981	-
Repayment of senior term loan	(1,760)	(2,640)
Payment of debt issuance costs	(1,916)	-
Payment of taxes withheld on stock awards	(161)	-
Net cash provided by (used in) financing activities	16,144	(2,640)
Net increase (decrease) in cash, cash equivalents and restricted cash	2,850	(26,766)
Cash, cash equivalents and restricted cash, beginning of year	7,287	63,122
Cash, cash equivalents and restricted cash, end of period	\$ 10,137	\$ 36,356

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

The following tables present the reconciliation of net loss, the most directly comparable GAAP measure, to Adjusted EBITDA:

(\$ in thousands)	Three Months Ended	
	June 30, 2023	March 31, 2023
Net loss	\$ (33,607)	\$ (20,889)
Adjusted for:		
Interest expense, net	5,153	4,534
Income tax benefit, net	(154)	(82)
Depreciation and amortization	720	1,052
EBITDA	(27,888)	(15,385)
Share-based compensation expense	1,998	1,939
Change in fair value of warrant liability and derivatives	(588)	(642)
Loss on extinguishment of debt	8,281	-
Restructuring costs	3,023	260
Adjusted EBITDA	\$ (15,174)	\$ (13,828)
Inventory impairment charge	7,215	-

Adjusted EBITDA excluding inventory impairment charge	<u>\$ (7,959)</u>	<u>\$ (13,828)</u>
	Three Months Ended June 30,	
	2023	2022
(\$ in thousands)		
Net loss	<u>\$ (33,607)</u>	<u>\$ (21,017)</u>
Adjusted for:		
Interest expense, net	5,153	4,207
Income tax (benefit) expense, net	(154)	(112)
Depreciation and amortization	720	1,154
EBITDA	<u>(27,888)</u>	<u>(15,768)</u>
Share-based compensation expense	1,998	6,972
Change in fair value of warrant liability and derivatives	(588)	(3,479)
Loss on extinguishment of debt	8,281	-
Restructuring costs	3,023	-
Adjusted EBITDA	<u>\$ (15,174)</u>	<u>\$ (12,275)</u>
Inventory impairment charge	7,215	-
Adjusted EBITDA excluding inventory impairment charge	<u>\$ (7,959)</u>	<u>\$ (12,275)</u>

The following tables present the reconciliation of gross profit to Adjusted gross profit:

	Three Months Ended June 30,		Three Months Ended March 31,	
	2023	%	2023	%
(\$ in thousands)				
Revenue	\$ 32,123	100.0	\$ 24,773	100.0
Cost of revenue	25,390	79.0	14,426	58.2
Gross profit	6,733	21.0	10,347	41.8
Inventory provision	7,215	22.4	-	-
Adjusted gross profit	<u>\$ 13,948</u>	<u>43.4</u>	<u>\$ 10,347</u>	<u>41.8</u>

	Three Months Ended June 30,		Three Months Ended June 30,	
	2023	%	2022	%
(\$ in thousands)				
Revenue	\$ 32,123	100.0	\$ 46,945	100.0
Cost of revenue	25,390	79.0	28,117	59.9
Gross profit	6,733	21.0	18,828	40.1
Inventory provision	7,215	22.4	274	0.6
Adjusted gross profit	<u>\$ 13,948</u>	<u>43.4</u>	<u>\$ 19,102</u>	<u>40.7</u>

The following tables present the reconciliation of net loss, the most directly comparable GAAP measure, to Adjusted net loss:

	Three Months Ended	
	June 30, 2023	March 31, 2023
(\$ in thousands)		
Net loss	<u>\$ (33,607)</u>	<u>\$ (20,889)</u>
Adjusted for:		
Restructuring costs	3,023	260
Inventory impairment charge	7,215	-
Adjusted net loss	<u>\$ (23,369)</u>	<u>\$ (20,629)</u>
	Three Months Ended June 30,	
	2023	2022
(\$ in thousands)		
Net loss	<u>\$ (33,607)</u>	<u>\$ (21,017)</u>

Adjusted for:		
Restructuring costs	3,023	-
Inventory impairment charge	7,215	-

Adjusted net loss

\$ (23,369) \$ (21,017)

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