



Borqs Technologies 2021 Revenue Improved 10.5% Achieved Positive Non-GAAP Adjusted EBITDA

SANTA CLARA, CA, USA, May 6, 2022 /EINPresswire.com/ -- Borqs Technologies, Inc. (Nasdaq: BRQS, "Borqs", or the "Company"), a global provider of 5G wireless solutions, Internet of Things (IoT) solutions and innovative clean energy with global operations in the U.S., India and China, filed its annual report on Form 20-F for the year ended December 31, 2021 with the SEC on May 2, 2022. Despite stringent supply chain interruptions and Covid challenges worldwide, revenues for the year 2021 was \$29.56 million which was 10.5% improvement over \$26.75 million in 2020.

As reported in the annual report under US GAAP basis, continuing operations resulted in a net loss of \$56.60 million. Significant amounts of the expenses were non-cash charges of convertible note discounts from the Company's financing transactions and debt settlement charges involved in the complete paid-off of loans from Partners For Growth. Other than such extraordinary non-operating and non-cash expenses, the Company's operations achieved positive adjusted EBITDA during 2021.

The following table presents a reconciliation of the non-GAAP financial measures of EBITDA and Adjusted EBITDA for the results of our continuing operations in the year 2021.

Year ended Dec 31, 2021
(US\$ in thousands)

Net revenue\$ 29,561
Net income (loss) from continuous operations(56,602)

Interest expense11,952
Tax (benefit)(445)
Depreciation & amortization2,664
Other income (non-operational)(70)
Foreign exchange loss2,661

EBITDA\$(39,840)

Write-off of historical inventory (non-cash)1,268

Write-off and provision of doubtful assets (non-cash)1,757
Stock-based compensation (non-cash)17,533
Defaulted debt settlement charges (non-cash)17,199
One-off consulting expenses for financing activities2,100
Contingency loss on disposal of subsidiary (non-cash)303
Change in fair value for acquisition (non-cash)111

Adjusted EBITDA\$431

* From 20-F: Interest Expense: During the year ended December 31, 2021, interest expense of 12 million mainly consisted of interest expense related to our convertible notes discount of \$9.9 million. The debt discount, together with the related issuance cost are amortized as interest expense, using the effective interest method, from the issuance date to the earliest maturity date. The interest expense was settled using company stock.

Non-US-GAAP Reconciliation

EBITDA and Adjusted EBITDA are supplemental non-GAAP financial measures exclusive of certain items to facilitate management's review of the comparability of our core operating results on a period to period basis because such items are not related to our ongoing core operating results as viewed by management. EBITDA and Adjusted EBITDA are not measures of net income or cash flows as determined by GAAP. We define EBITDA as net income plus income taxes, net interest expense, depreciation and amortization, and Adjusted EBITDA as EBITDA minus other non-operation expense.

We believe EBITDA and Adjusted EBITDA are useful because they allow us to more effectively evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above in arriving at EBITDA and Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. EBITDA and Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP, or as an indicator of our operating performance or liquidity. Certain items excluded from EBITDA and Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of EBITDA and Adjusted EBITDA. In prior periods, the Company has excluded other items that it no longer excludes for purposes of its non-GAAP financial measures. Our computations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

About Borqs Technologies, Inc.

Borqs Technologies is a global leader in software and products for the IoT, providing customizable, differentiated and scalable Android-based smart connected devices and cloud

service solutions. Borqs has achieved leadership and customer recognition as an innovative end-to-end IoT solutions provider leveraging its strategic chipset partner relationships as well as its broad software and IP portfolio. Borqs' unique strengths include its Android and Android Wear Licenses which enabled the Company to develop a software IP library covering chipset software, Android enhancements, domain specific usage and system performance optimization, suitable for large and low volume customized products. The Company is also currently in development of 5G products for phones and hotspots.

Borqs recently acquired controlling interests in a solar energy storage systems company in the U.S.

Forward-Looking Statements, Non-GAAP Presentation and Additional Information

This press release may include "forward-looking statements" that involve risks and uncertainties that could cause actual results to differ materially from what is expected. Words such as "forecasts", "expects", "believes", "anticipates", "intends", "estimates", "predicts", "seeks", "may", "might", "plan", "possible", "should", "estimates" and variations and similar words and expressions are intended to identify such forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. This press release also contains non-GAAP financial presentations which are not the official method of describing financial data as required by the rules and regulations of the SEC. Such forward-looking statements and non-GAAP presentations are based on currently available information and reflect our management's current beliefs. Many factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking statements and the non-GAAP presentation may not truly describe the financial conditions, including the possibility that the positive financial results from business activities as described herein may not be reached or at all, and the negative impact of the COVID-19 pandemic on the Company's supply chain, revenues and overall results of operations, so the reader is advised to refer to the Risk Factors sections of the Company's filings with the Securities and Exchange Commission for additional information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements. Except as expressly required by applicable securities law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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