

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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): July 30, 2003

NOVATEL WIRELESS, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction or
incorporation or organization)

COMMISSION FILE:
0-31659

86-0824673
(I.R.S. Employer
Identification No.)

9255 Towne Centre Drive, Suite 225
San Diego, CA 92121
(Address of principal executive offices)

Registrant's telephone number, including area code: (858) 320-8800

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99.1	Press Release, dated July 30, 2003.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Novatel Wireless, Inc. announced its financial results for the second quarter ended June 30, 2003 in a press release dated July 30, 2003. The press release is attached as Exhibit 99.1 to this filing.

SIGNATURES

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

Novatel Wireless, Inc.

Date: July 30, 2003

By: /s/ Melvin L. Flowers

Melvin L. Flowers
*Senior Vice President, Finance,
Chief Financial Officer and Secretary*

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99.1	Press Release, dated July 30, 2003.

For more information, contact:

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FOR IMMEDIATE RELEASE

NOVATEL WIRELESS ANNOUNCES SECOND QUARTER RESULTS

REVENUES INCREASE SEQUENTIALLY, COSTS DROP DRAMATICALLY

POSITIVE OUTLOOK FOR GROWTH IN SECOND HALF

SAN DIEGO, CA. -- July 30, 2003--Novatel Wireless, Inc. (Nasdaq: NVTL), a leading provider of wireless data communications access solutions, today reported financial results for the second quarter ended June 30, 2003.

Net revenues for the second quarter were approximately \$7.7 million, which compares to \$7.7 million in the same period last year. The net loss under GAAP, including a \$1.9 million inventory charge primarily related to products the Company no longer manufactures, was \$5.0 million as compared to \$8.4 million in the prior year period. Net loss applicable to common shareholders was \$8.0 million, or \$1.12 per basic and diluted share, which includes non-cash charges of \$3.0 million for the accretion of dividends and beneficial conversion feature on the December 2001 Series A Preferred Stock issuance and the May 2003 Series B equity and debt financing transaction.

During the quarter, non-GAAP gross margins were 20.1%, an improvement on a sequential and year-over-year basis, while the Company cut operating expenses by 36% from the prior year period. The non-GAAP net loss was \$1.6 million, an improvement over a non-GAAP net loss of \$6.9 million for the second quarter of 2002. Non-

GAAP results exclude \$3.4 million in charges related to inventory, restructuring expenses and amortization of deferred compensation.

"The second quarter demonstrates that we continue to advance the Company, with significant long term improvements to our business model and operations," commented Peter Leparulo, Chief Executive Officer of Novatel Wireless. "Sell-through appears to be improving and we have strengthened our relationships with key customers, resulting in steady revenues. Additionally, our R&D program is highly productive and we are planning on launching several major new products in the second half of the year. Our gross margins, excluding inventory charges, continued to improve over the last couple quarters and we have managed to significantly cut operating expenses since the end of last year. Additionally, we have strengthened our balance sheet primarily as a result of the recent financing, converting \$3 million in debt to future equity, paying down our revolving line of credit and increasing our cash position."

Recent highlights include:

- On May 28th, Lucent Technologies introduced the latest software release for its end-to-end high-speed data solution for 3G UMTS networks, also known as W-CMDA, supporting the Merlin U530(TM) Wireless PC Card Modem.
- During the quarter, the Company completed its \$6.7 million financing, which included \$3.5 million in convertible debt.
- On May 7th, Peter Leparulo, the CEO of Novatel Wireless, joined the Board of Directors.

"This quarter, we posted improved non-GAAP gross margins of 20.1% and were able to substantially reduce our operating expenses by over 8.6% sequentially," commented Melvin Flowers, Chief Financial Officer of Novatel Wireless. "We were also able to reduce outstanding borrowings under our line of credit by approximately \$800,000 and increase our cash position by \$1.4 million. With these improvements in place, we continue to focus on driving toward cash flow break even."

To supplement consolidated financial statements presented in accordance with GAAP, Novatel Wireless uses non-GAAP financial results, which are adjusted from results based on GAAP to exclude certain items. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with United States GAAP. These non-GAAP results are provided to enhance the user's overall understanding of the current financial performance of Novatel Wireless and its prospects in the future. Specifically, the Company believes the non-GAAP results provide useful information to both management and investors by excluding certain items that it believes are not indicative of its core operating results.

Novatel Wireless will host a conference call for analysts and investors to discuss its quarterly results at 5:00 p.m. ET on July 30th, 2003. Open to the public, a live Web cast of the conference call will be accessible from the "Investor Relations" section of Novatel Wireless' Web site (www.novatelwireless.com). Following the live Web cast, an archived version will be available on the Novatel Wireless Web site.

ABOUT NOVATEL WIRELESS, INC.

Novatel Wireless, Inc. is a leading developer of wireless PC cards, embedded modems, software and custom engineering for use in mobile computing devices. The company delivers innovative solutions to retail, wholesale and vertical markets worldwide enabling access to personal, corporate and public information over advanced wireless networks such as GSM, GPRS, CDMA and UMTS. Novatel Wireless Merlin(TM) PC Card and Expedite(TM) Embedded Modems are used in portable computers, handheld devices and vertical market applications. Headquartered in San Diego, California, Novatel Wireless is listed on Nasdaq: NVTL. For more information, visit www.novatelwireless.com

(Nasdaq:NVTL). For more information, please visit the Novatel Wireless Web site: www.novatelwireless.com or call 888/888-9231.

Note to Editors: The Novatel Wireless logo, Merlin, and Expedite are trademarks of Novatel Wireless, Inc.. All other brands, products and company names mentioned herein are trademarks of their respective holders. This release may contain forward-looking

statements, which are made pursuant to the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. These factors include risks relating to technological changes, continued acceptance of Novatel Wireless' products and dependence on intellectual property rights. These factors, as well as other factors that could cause actual results to differ materially, are discussed in more detail in Novatel Wireless' filings with the United States Securities and Exchange Commission and other regulatory agencies.

NOVATEL WIRELESS, INC.
CONSOLIDATED BALANCE SHEETS

	(UNAUDITED) JUNE 30, 2003	DECEMBER 31, 2002
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ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,408,000	\$ 1,571,000
Restricted cash	115,000	105,000
Accounts receivable, net	5,229,000	6,937,000
Accounts receivable - related party	276,000	276,000
Inventories	1,657,000	4,250,000
Prepaid expenses and other	616,000	1,561,000
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Total current assets	10,301,000	14,700,000
Property and equipment, net	2,674,000	4,101,000
Intangible assets, net	4,852,000	5,054,000
Other assets	188,000	192,000
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	\$ 18,015,000	\$ 24,047,000
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,976,000	\$ 6,919,000
Accrued expenses	1,150,000	1,266,000
Inventory purchase commitments		3,983,000
Borrowings under line of credit	178,000	2,234,000
Restructuring accrual	855,000	1,331,000
Deferred revenues	250,000	977,000
Current portion of capital lease obligations	85,000	133,000
Convertible notes payable	1,328,000	
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Total current liabilities	10,822,000	16,843,000
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Capital lease obligations, net of current portion	4,000	38,000
Convertible and redeemable Series A preferred stock	570,000	665,000
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STOCKHOLDERS' EQUITY:		
Preferred stock, Series B	2,834,000	
Common stock	8,000	7,000
Additional paid-in capital	245,668,000	238,640,000
Deferred stock compensation	(299,000)	(1,729,000)
Accumulated Deficit	(241,592,000)	(230,417,000)
	-----	-----
Total stockholders' equity	6,619,000	6,501,000
	-----	-----
	\$ 18,015,000	\$ 24,047,000
	=====	=====

NOVATEL WIRELESS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Revenue	\$ 7,659,000	\$ 7,731,000	\$ 15,148,000	\$ 15,004,000
Cost of Revenue	7,972,000	7,311,000	14,238,000	14,031,000
Gross margin	(313,000)	420,000	910,000	973,000
Operating costs and expenses:				
Research and development	1,446,000	3,860,000	3,181,000	8,008,000
Sales and marketing	612,000	1,277,000	1,289,000	2,696,000
General and administrative	1,040,000	2,106,000	2,019,000	3,416,000
Restructuring charges	(175,000)	360,000	238,000	609,000
Amortization of deferred stock compensation(*)	130,000	1,102,000	581,000	2,445,000
Total operating expenses	3,053,000	8,705,000	7,308,000	17,174,000
Operating loss	(3,366,000)	(8,285,000)	(6,398,000)	(16,201,000)
Other income (expense):				
Interest income		69,000	1,000	172,000
Interest expense	(1,654,000)	(146,000)	(1,724,000)	(287,000)
Gain on sale of property and equipment			85,000	
Net loss	\$(5,020,000)	\$ (8,362,000)	\$ (8,036,000)	\$(16,316,000)
Per share data				
Net loss applicable to common stockholders	\$(7,966,000)	\$(15,633,000)	\$(11,175,000)	\$(31,742,000)
Weighted average shares used in computation of basic and diluted net loss per common share	7,144,176	4,940,167	7,064,773	4,450,193
Basic and diluted net loss per common share	\$ (1.12)	\$ (3.16)	\$ (1.58)	\$ (7.13)
(*) Amortization of deferred stock compensation:				
Cost of revenue	13,000	36,000	32,000	317,000
Research and development	35,000	97,000	86,000	194,000
Sales and Marketing	34,000	94,000	84,000	188,000
General and Administrative	48,000	875,000	379,000	1,746,000

NOVATEL WIRELESS, INC.
NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS
(EXCLUDES AMORTIZATION OF DEFERRED COMPENSATION, BENEFICIAL CONVERSION CHARGES,
RESTRUCTURING ITEMS AND INVENTORY CHARGES)
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Revenue	\$ 7,659,000	\$ 7,731,000	\$ 15,148,000	\$ 15,004,000
Cost of Revenue	6,119,000	7,311,000	12,385,000	14,031,000
Gross margin	1,540,000	420,000	2,763,000	973,000
Operating costs and expenses:				
Research and development	1,446,000	3,860,000	3,181,000	8,008,000
Sales and marketing	612,000	1,277,000	1,289,000	2,696,000
General and administrative	1,040,000	2,106,000	2,019,000	3,416,000
Total operating expenses	3,098,000	7,243,000	6,489,000	14,120,000
Operating loss	(1,558,000)	(6,823,000)	(3,726,000)	(13,147,000)
Other income (expense):				
Interest income		69,000	1,000	172,000
Interest expense	(67,000)	(146,000)	(137,000)	(287,000)
Gain on sale of property and equipment			85,000	
Net loss	\$(1,625,000)	\$ (6,900,000)	\$ (3,777,000)	\$(13,262,000)
Per share data				
Shares used in computation of non-GAAP basic and diluted net loss per share	7,144,176	4,940,167	7,064,773	4,450,193
Non-GAAP basic and diluted net loss per share	\$ (0.23)	\$ (1.40)	\$ (0.53)	\$ (2.98)
Reconciliation of Non-GAAP net loss to GAAP net loss:				
Non-GAAP net loss	\$(1,625,000)	\$ (6,900,000)	\$ (3,777,000)	\$(13,262,000)
Inventory Write off	(1,854,000)		(1,854,000)	
Non-Cash Beneficial Conversion Charges	(1,586,000)		(1,586,000)	
Stock Based Deferred Compensation	(130,000)	(1,102,000)	(581,000)	(2,445,000)
Restructuring Charges	175,000	(360,000)	(239,000)	(609,000)
GAAP Net Loss	\$(5,020,000)	\$ (8,362,000)	\$ (8,036,000)	\$(16,316,000)
Net loss applicable to common stockholders	\$(7,966,000)	\$(15,633,000)	\$(11,175,000)	\$(31,742,000)