

REFINITIV

DELTA REPORT

10-Q

AIRG - AIRGAIN INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 447

■ CHANGES 147

■ DELETIONS 147

■ ADDITIONS 153

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED **March 31, June 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission file number: 001-37851

AIRGAIN, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

95-4523882

(I.R.S. Employer Identification No.)

3611 Valley Centre Drive, Suite 150

San Diego, CA

(Address of Principal Executive Offices)

92130

(Zip Code)

(760) 579-0200

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common stock, par value \$0.0001 per share

AIRG

Nasdaq Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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.

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **May 1, 2024** **July 31, 2024**, the registrant had **10,777,426** **11,301,507** shares of common stock (par value \$0.0001) outstanding.

AIRGAIN, INC.
Form 10-Q
For the Quarter Ended March 31, 2024 June 30, 2024

	Page
PART I. FINANCIAL INFORMATION	
<u>Item 1. Condensed Consolidated Financial Statements (Unaudited).</u>	
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss</u>	5
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	78
<u>Notes to Condensed Consolidated Financial Statements</u>	89
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	2224
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	3033
<u>Item 4. Controls and Procedures</u>	3033
 PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	3134
<u>Item 1A. Risk Factors</u>	3134
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	3134
<u>Item 3. Defaults Upon Senior Securities</u>	3134
<u>Item 4. Mine Safety Disclosures</u>	3134
<u>Item 5. Other Information</u>	3134
<u>Item 6. Exhibits</u>	3134
 <u>SIGNATURES</u>	 3336

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Airgain, Inc.
Condensed Consolidated Balance Sheets
 (In thousands, except par value)
 (Unaudited)

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	\$ 7,169	\$ 7,881	\$ 8,416	\$ 7,881
Trade accounts receivable, net	9,644	7,375	8,642	7,375
Inventories	2,588	2,403	3,144	2,403
Prepaid expenses and other current assets	1,419	1,422	1,109	1,422
Total current assets	20,820	19,081	21,311	19,081
Property and equipment, net	2,305	2,507	2,220	2,507
Leased right-of-use assets	1,180	1,392	1,146	1,392
Goodwill	10,845	10,845	10,845	10,845
Intangible assets, net	7,493	8,234	6,751	8,234
Other assets	155	170	164	170
Total assets	<u>\$ 42,798</u>	<u>\$ 42,229</u>	<u>\$ 42,437</u>	<u>\$ 42,229</u>
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 7,156	\$ 6,472	\$ 5,844	\$ 6,472
Accrued compensation	799	728	1,295	728
Accrued liabilities and other	2,848	1,926	2,287	1,926
Short-term lease liabilities	848	865	881	865
Total current liabilities	11,651	9,991	10,307	9,991
Deferred tax liability	158	151	170	151
Long-term lease liabilities	476	674	370	674
Total liabilities	<u>12,285</u>	<u>10,816</u>	<u>10,847</u>	<u>10,816</u>
Commitments and contingencies (Note 13)				
Stockholders' equity:				
Common stock and additional paid-in capital, par value \$0.0001, 200,000 shares authorized; 11,302 shares issued and 10,761 shares outstanding at March 31, 2024; and 11,010 shares issued and 10,469 shares outstanding at December 31, 2023.	116,852	115,295		
Treasury stock, at cost: 541 shares at March 31, 2024 and December 31, 2023.	(5,364)	(5,364)		
Common stock and additional paid-in capital, par value \$0.0001, 200,000 shares authorized; 11,842 shares issued and 11,301 shares outstanding at June 30, 2024; and 11,010 shares issued and 10,469 shares outstanding at December 31, 2023.	120,444	115,295		
Treasury stock, at cost: 541 shares at June 30, 2024 and December 31, 2023.	(5,364)	(5,364)		
Accumulated deficit	(80,976)	(78,521)	(83,489)	(78,521)
Accumulated other comprehensive income	1	3		
Accumulated other comprehensive (loss) income	(1)	3		
Total stockholders' equity	<u>30,513</u>	<u>31,413</u>	<u>31,590</u>	<u>31,413</u>
Total liabilities and stockholders' equity	<u>\$ 42,798</u>	<u>\$ 42,229</u>	<u>\$ 42,437</u>	<u>\$ 42,229</u>

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

Airgain, Inc.

Condensed Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024		2023		2024	
	\$ 14,231	\$ 16,444	\$ 15,184	\$ 15,830	\$ 29,415	\$ 32,274
Sales						
Cost of goods sold	8,655	10,126	9,036	9,551	17,691	19,677
Gross profit	5,576	6,318	6,148	6,279	11,724	12,597
Operating expenses:						
Research and development	3,120	2,449	3,116	2,590	6,236	5,039
Sales and marketing	2,158	2,866	2,349	2,305	4,507	5,171
General and administrative	2,927	3,793	3,188	3,596	6,115	7,389
Total operating expenses	8,205	9,108	8,653	8,491	16,858	17,599
Loss from operations	(2,629)	(2,790)	(2,505)	(2,212)	(5,134)	(5,002)
Other (income) expense:						
Interest income, net	(26)	(18)	(27)	(16)	(53)	(34)
Other (income) expense	(8)	4				
Other expense (income)	1	11	(7)	15		
Total other income	(34)	(14)	(26)	(5)	(60)	(19)
Loss before income taxes	(2,595)	(2,776)	(2,479)	(2,207)	(5,074)	(4,983)
Income tax (benefit) expense	(140)	82				
Income tax expense (benefit)	34	(2)	(106)	80		
Net loss	\$ (2,455)	\$ (2,858)	\$ (2,513)	\$ (2,205)	\$ (4,968)	\$ (5,063)
Net loss per share:						
Basic	\$ (0.23)	\$ (0.28)	\$ (0.23)	\$ (0.21)	\$ (0.46)	\$ (0.49)
Diluted	\$ (0.23)	\$ (0.28)	\$ (0.23)	\$ (0.21)	\$ (0.46)	\$ (0.49)
Weighted average shares used in calculating loss per share:						
Basic	10,532	10,266	10,938	10,413	10,736	10,340
Diluted	10,532	10,266	10,938	10,413	10,736	10,340

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

Airgain, Inc.

Condensed Consolidated Statements of Comprehensive Loss

(In thousands)

(Unaudited)

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023	2024	2023
Net loss	\$ (2,455)	\$ (2,858)	\$ (2,513)	\$ (2,205)	\$ (4,968)	\$ (5,063)
Other comprehensive income:						
Other comprehensive loss:						
Foreign currency translation adjustment	(2)	—	(2)	—	(4)	—
Comprehensive loss	\$ (2,457)	\$ (2,858)	\$ (2,515)	\$ (2,205)	\$ (4,972)	\$ (5,063)

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

Airgain, Inc.									
Condensed Consolidated Statements of Stockholders' Equity									
(In thousands)									
(Unaudited)									

	Fiscal Quarters Ended June 30, 2024										
	Common Stock And Additional Paid-In Capital					Treasury Stock					
	Shares		Amount		Shares		Amount		Shares		
	Shares	Amount	Shares	Amount	Other Comprehensive (Loss)	Accumulated Deficit	Stockholders' Equity	Shares	Amount	Shares	
Balance at December 31, 2023	11,010	\$ 115,295	(541)	\$ (5,364)	3	\$ (78,521)	\$ 31,413	11,010	\$ 115,295	(541)	\$ (5,364)
Net loss	—	—	—	—	—	(2,455)	(2,455)	—	—	—	—
Stock-based compensation	—	1,087	—	—	—	—	1,087	—	1,087	—	—
Common stock issued through restricted stock awards	169	—	—	—	—	—	—	169	—	—	—
Common stock withheld related to net share settlement of equity awards	(24)	(94)	—	—	—	—	(94)	(24)	(94)	—	—
Common stock issued under ESPP	23	76	—	—	—	—	76	23	76	—	—

Foreign currency translation adjustments	—	—	—	—	(2)	—	(2)	—	—	—	(2)	—		
Common stock Issued in connection with at-the-market offerings, net	124	488	—	—	—	—	488	124	488	—	—	488		
Balance at March 31, 2024	11,302	\$ 116,852	(541)	\$ (5,364)	1	\$ (80,976)	\$ 30,513	11,302	\$ 116,852	(541)	\$ (5,364)	1	\$ (80,976)	\$ 30,513
Net loss	—	—	—	—	—	(2,513)	(2,513)	—	—	—	—	—		
Stock-based compensation	—	1,049	—	—	—	—	—	1,049	—	—	—	—		
Common stock Issued through restricted stock awards	27	—	—	—	—	—	—	—	—	—	—	—		
Common stock Issued through stock options	8	25	—	—	—	—	—	25	—	—	—	—		
Foreign currency translation adjustments	—	—	—	—	(2)	—	(2)	—	—	—	—	—		
Balance at June 30, 2024	11,842	\$ 120,444	(541)	\$ (5,364)	(1)	\$ (83,489)	\$ 31,590	—	—	—	—	—		

	Common Stock And Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive (Loss)				Accumulated Deficit		Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Other	Comprehensive (Loss)	Accumulated	Deficit			
Balance at December 31, 2022	10,767	\$ 111,282	(541)	\$ (5,364)	—	—	—	\$ (66,093)	\$ 39,825	(2,858)	(2,858)
Net loss	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	1,874	—	—	—	—	—	—	—	—	1,874
Common stock Issued through restricted stock awards	278	—	—	—	—	—	—	—	—	—	—
Common stock withheld related to net share settlement of equity awards	(118)	(678)	—	—	—	—	—	—	—	—	(678)
Common stock issued under ESPP	22	137	—	—	—	—	—	—	—	—	137
Balance at March 31, 2023	\$ 10,949	\$ 112,615	(541)	\$ (5,364)	—	—	—	\$ (68,951)	\$ 38,300	—	—

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

Fiscal Quarters Ended June 30, 2023								
	Common Stock And Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive (Loss)			
	Shares	Amount	Shares	Amount	Income	—	Accumulated Deficit	Total
	10,767	\$ 111,282	(541)	\$ (5,364)	—	—	\$ (66,093)	\$ 39,825
Balance at December 31, 2022								
Net loss							\$ (2,858)	\$ (2,858)
Stock-based compensation	—	1,874	—	—	—	—	—	1,874
Common stock Issued through restricted stock awards	278	—	—	—	—	—	—	—
Common stock withheld related to net share settlement of equity awards	(118)	(678)	—	—	—	—	—	(678)
Common stock issued under ESPP	22	137	—	—	—	—	—	137
Balance at March 31, 2023	10,949	\$ 112,615	(541)	\$ (5,364)	—	\$ (68,951)	\$ 38,300	
Net loss							\$ (2,205)	\$ (2,205)
Stock-based compensation	—	968	—	—	—	—	—	968
Common stock Issued through restricted stock awards	5	—	—	—	—	—	—	—
Common stock withheld related to net share settlement of equity awards	(2)	(12)	—	—	—	—	—	(12)
Common stock Issued through stock options	12	28	—	—	—	—	—	28
Balance at June 30, 2023	10,964	\$ 113,599	(541)	\$ (5,364)	—	\$ (71,156)	\$ 37,079	

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

	Airgain, Inc.					
	Condensed Consolidated Statements of Cash Flows					
	(In thousands)		Three months ended March 31,		Six months ended June 30,	
	(Unaudited)		2024	2023	2024	2023
Cash flows from operating activities:						
Net loss	\$ (2,455)		\$ (2,858)	\$ (2,858)	\$ (4,968)	\$ (5,063)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:						
Depreciation	145		157	157	284	342
Loss on disposal of property and equipment	—		11	11	—	—
Amortization of intangible assets	742		743	743	1,484	1,485
Stock-based compensation	1,046		981	981	2,253	1,949
Deferred tax liability	7		3	3	19	7
Amortization of prepaid assets	132		—	—	132	—
Accrual of property and equipment	(15)		—	—	22	—
Changes in operating assets and liabilities:						

Trade accounts receivable	(2,269)	593	(1,267)	115
Inventories	(185)	(255)	(740)	(571)
Prepaid expenses and other current assets	3	555	312	596
Other assets	15	—	6	6
Accounts payable	684	250	(628)	(877)
Accrued compensation	72	(1,109)	379	(880)
Accrued liabilities and other	963	(459)	432	912
Lease liabilities	(4)	(35)	(42)	(36)
Net cash used in operating activities	(1,119)	(1,434)	(2,322)	(2,004)
Cash flows from investing activities:				
Purchases of property and equipment	(60)	(89)	(150)	(104)
Net cash used in investing activities	(60)	(89)	(150)	(104)
Cash flows from financing activities:				
Proceeds from at-the-market common stock offering, net of offering costs	488	—	3,006	—
Payments for withholding taxes related to net share settlement of equity awards	(95)	(678)	(95)	(690)
Proceeds from employee stock purchase and option exercises	76	137	101	165
Net cash provided by (used in) financing activities	469	(541)	3,012	(525)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	—	(5)	—
Net decrease in cash, cash equivalents and restricted cash	(712)	(2,064)		
Net increase (decrease) in cash, cash equivalents and restricted cash	535	(2,633)		
Cash, cash equivalents, and restricted cash; beginning of period	7,976	12,078	7,976	12,078
Cash, cash equivalents, and restricted cash; end of period	\$ 7,264	\$ 10,014	\$ 8,511	\$ 9,445
Supplemental disclosure of cash flow information:				
Income taxes paid	\$ 7	\$ —	\$ 38	\$ 64
Income taxes refunded	\$ 50	\$ —	\$ 50	\$ —
Supplemental disclosure of non-cash investing and financing activities:				
Operating lease liabilities resulting from right-of-use assets	\$ —	\$ 11	\$ 179	\$ 11
Accrual of property and equipment	\$ —	\$ 13	\$ —	\$ 29
Offering costs charged against proceeds from sale of common stock	\$ 164	\$ —		
Accrued offering costs charged against proceeds from sale of common stock	\$ 10	\$ —		
Cash, cash equivalents, and restricted cash:				
Cash and cash equivalents	\$ 7,169	\$ 9,839	\$ 8,416	\$ 9,270
Restricted cash included in prepaid expenses and other current assets and other assets long term	95	175	95	175
Total cash, cash equivalents, and restricted cash	\$ 7,264	\$ 10,014	\$ 8,511	\$ 9,445

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

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 1. Description of Business and Basis of Presentation

Description of Business

Airgain, Inc. was incorporated in the State of California on March 20, 1995; and reincorporated in the State of Delaware on August 17, 2016. Airgain, Inc. together with its subsidiaries are herein referred to as the "Company," "we," or "our." The Company is a leading provider of connectivity solutions including embedded components, external antennas, and integrated systems that enable wireless networking in the consumer, enterprise, and automotive markets. The Company's headquarters is in San Diego, California.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and applicable rules and regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting. Certain information and note disclosures normally included in the consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Interim financial results are not necessarily indicative of results anticipated for the full year. As such, the information included in this quarterly report on Form 10-Q should be read in conjunction with the financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, from which the balance sheet information herein was derived. The unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiary. All intercompany transactions and investments have been eliminated in consolidation.

Segment Information

The Company's operations are located primarily in the United States and most of its assets are located in San Diego, California and Plymouth, Minnesota.

The Company operates in one segment related to providing connectivity solutions – embedded components, external antennas, and integrated systems. The Company's chief operating decision-maker is our chief executive officer, who reviews operating results on an aggregate consolidated basis for purposes of regularly making operating decisions, allocation of resources and assessing performance as a single operating segment.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Summary of Significant Accounting Policies

During the ~~three~~ six months ended ~~March 31, 2024~~ June 30, 2024, there have been no material changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Trade Accounts Receivable

We perform ongoing credit evaluations of our customers and assess each customer's credit worthiness. The policy for determining when receivables are past due or delinquent is based on the contractual terms agreed upon. We monitor collections and payments from our customers and analyze for an allowance for credit losses. The allowance for credit losses is based upon applying an expected credit loss rate to receivables based on the historical loss rate and is adjusted for current conditions, including any specific customer collection issues identified, and economic conditions forecast. Delinquent account balances are written off after management has determined that the likelihood of collection is remote.

89

An allowance for doubtful accounts is established when, in the opinion of management, collection of the account is doubtful.

Inventories

As of April 2022, all of the Company's products are manufactured by third parties that retain ownership of the inventory until title is transferred to the customer at the shipping point. In some situations, the Company retains ownership of consigned inventories at third-party contract manufacturer (CM) locations due to actual or pending customers' orders. The Company recognized the consigned inventory as an asset in its financial statements. In certain instances, shipping terms are delivery-at-place and the Company is responsible for arranging transportation and delivery of goods ready for unloading at the named place. In those instances, the Company bears all risk involved in bringing the goods to the named place and records the related inventory in transit to the customer as inventory on the accompanying consolidated balance sheets. In the second quarter of 2022, we closed our facility located in Scottsdale, Arizona where certain of our products were previously manufactured.

Inventory is stated at the lower of cost or net realizable value. For items manufactured by our CMs, cost is determined using the weighted average cost method. For items manufactured by third parties, cost is determined using the first-in, first-out method (FIFO). Any adjustments to reduce the cost of inventories to their net realizable value are recognized in earnings in the current period. Write downs for excess and obsolete inventories are estimated based on product life cycles, quality issues, and historical experience.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, generally three to ten years. The estimated useful lives for leasehold improvements are determined as either the estimated useful life of the asset or the lease term, whichever is shorter. Repairs and maintenance are expensed as incurred. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. When assets are disposed of (or otherwise sold), the cost and related accumulated depreciation are removed from the accounts and any gain or loss on the disposal of property and equipment is classified as other expense (income) in the Company's consolidated statement of operations.

Goodwill

We account for our goodwill under the authoritative guidance ASC 250 for goodwill and other intangible assets and the provisions of ASU 2017-04, Simplifying the Test for Goodwill Impairment, which we early adopted in fiscal year 2020. Goodwill is not amortized but is tested for impairment annually as of December 31 or more frequently if events or changes in circumstances indicate that our goodwill might be impaired. Such circumstances may include, but not limited to (1) a decline in **microeconomic** **macro-economic** conditions, (2) a significant decline in our financial performance or (3) a significant decline in the price of our common stock for a sustained period of time. We consider the aggregation of the relevant qualitative factors, and conclude whether it is more likely than not that the fair value of our reporting unit is less than the carrying value.

If we conclude that it is more likely than not that the fair value of our reporting unit is less than the carrying value, we perform a quantitative impairment test. The quantitative impairment test compares the fair value of the reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not considered impaired. However, if the fair value of the reporting unit is lower than the carrying amount of the net assets assigned to the reporting unit, an impairment charge is recognized equal to the excess of the carrying amount over the fair value. The impairment charge is limited to the goodwill amount of the reporting unit.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. For the market approach of valuation, we may use the guideline public company method. Under this method we utilize information from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit to derive an indication of value. For the income approach of valuation, we use a discounted cash flow methodology to derive an indication of value, which required management to make estimates and assumptions related to forecasted revenues, gross profit margins, operating income margins, working capital cash flow, income tax rates, EBITDA, perpetual growth rates, and long-term discount rates, among others. In addition, we make certain judgments and assumptions in determining our reporting unit. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

10

Intangibles

The Company's identifiable finite-lived intangible assets are comprised of acquired intangibles, developed technologies, customer relationships and non-compete agreements. The cost of the market-related intangible assets with finite lives is amortized on a straight-line basis over the assets' respective estimated useful lives.

We assess potential impairments to our intangible assets in accordance with the authoritative guidance for impairment or disposal of long-lived assets (ASC 360) when events or changes in circumstances indicate that the carrying value may not be recoverable. We assess the impairment of long-lived and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. As a first step, we consider factors, which may include the following, but are not limited to: (1) significant underperformance relative to historical or projected future operating results; (2) significant negative industry or economic trends; or (3) a significant decline in our stock price for a sustained period.

If this assessment indicates that the carrying value of the assets may not be recoverable, the Company is required to perform the second step to test the asset group for recoverability. This recoverability test compares the future undiscounted cash flows expected from the use of the asset group to its carrying value. If the carrying value is more than the undiscounted future cash flows, the Company is required to perform a third step to determine the fair value of the asset group and compare fair value against the carrying value. Any excess carrying value over the fair value needs to be recognized as an impairment loss.

Determining the recoverability of long-lived or intangible assets is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows and the future market value of our asset group. In addition, we make certain judgments and assumptions in determining our asset group. We base our recoverability estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

Revenue Recognition

Under ASC Topic 606 "Revenue from Contracts with Customers", the Company recognize revenue when, or as the control of the promised goods or services is transferred to the customers in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services. In applying this core principle, the Company performs the following five-steps only when it is probable that substantially all of the consideration that it will be entitled in exchange for the goods or services that will be transferred to the customer:

- (i) identify the contract(s) with the customer,
- (ii) identify the performance obligations in the contract,
- (iii) determine the transaction price,
- (iv) allocate the transaction price to the performance obligation(s) in the contract and
- (v) recognize revenue when or as the entity satisfies performance obligations. A performance obligation is at a point in time, except if it meets any of the three criteria, which will require recognition of revenue over time:
 - the customer simultaneously receives and consumes the benefit provided by the entity's performance as the entity performs,
 - the entity's performance creates or enhances an asset (for example, work in process) that the customer controls as the asset is created or enhanced, and
 - the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Most of the Company's revenue is generated from product sales and the revenue is recognized at a point-in-time when control is transferred to the customer. Each purchase order, along with existing customer agreements, when applicable, represents a contract from a customer and each product sold represents a distinct performance obligation. Revenue is recognized when control is transferred to the customer at a point in time either when the product is shipped to or received by the customer, based on the terms of the specific agreement with the customer, and the Company has an enforceable right to payment for the product. The Company allocates the transaction price, which is generally the quoted price per terms of the contract and the consideration the Company expects to receive, to each performance obligation. The Company offers return rights and/or pricing credits under certain circumstances. We estimate product returns based on historical sales and return trends and record against revenue and corresponding refund liability.

1011

A portion of the Company's revenue is recognized over time, including: data subscription, test services or custom design services. Revenue from data subscription plans relate to purchased asset trackers with activated data lines, through a third-party service provider. Data subscription plan revenues are recognized monthly based on the fee stated in the contract, as the customer is simultaneously receiving and consuming the benefits provided throughout the Company's monthly performance obligation. Test service revenues are recognized monthly based on the fee stated in the contract for obligations over time on assets that the customer controls. Design service fees are paid in advance; the prepayments are deferred revenues and are recorded as contract liabilities. Most of the design service fees are recognized based on the Company's achievement of milestones. The Company's performance for the design services does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. We recognize from the contract liabilities as milestones are achieved over service periods ranging from three (3) to eighteen (18) months.

The Company's contracts with customers do not typically include extended payment terms. Payment terms may vary by contract and type of customer and generally range from 30 to 90 days from delivery.

The Company provides assurance-type warranties on all product sales ranging from one to two years. The estimated warranty costs are accrued for at the time of sale based on historical warranty experience plus any known or expected changes in warranty exposure.

The Company has opted to not disclose the portion of revenues allocated to partially unsatisfied performance obligations, which represent products to be shipped within 12 months under open customer purchase orders, at the end of the current reporting period as allowed under ASC 606. The Company has also elected to record sales commissions when incurred, pursuant to the practical expedient under ASC 340, Other Assets and Deferred Costs, as the period over which the sales commission asset that would have been recognized is less than one year.

Shipping and Transportation Costs

Shipping and other transportation costs expensed as incurred were \$20,000 and \$0.1 million for each of the three months ended **March 31, 2024** **June 30, 2024** and **2023**, respectively. **2023**. These costs are included in sales and marketing expenses in the accompanying consolidated statements of operations.

Research and Development Costs

Research and development costs are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred. These costs are included in sales and marketing expenses in the accompanying consolidated statements of operations.

Income Taxes

The Company records income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. When applicable a valuation allowance is established to reduce any deferred tax asset when we determine that it is more likely than not that some portion of the deferred tax asset will not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses.

Stock-Based Compensation

We recognize compensation costs related to stock options and restricted stock units granted to employees and directors based on the estimated fair value of the awards on the date of grant. We estimate the option grant fair values, and the resulting stock-based compensation expense, using the Black-Scholes option-pricing model. The grant date fair value of

1112

stock-based awards are expensed on a straight-line basis over the requisite service period of the entire reward. The Company recognizes forfeitures when incurred.

The assumptions used in the Black-Scholes option-pricing model are as follows:

- Fair value of our common stock. The Company's common stock is valued by reference to the publicly traded price of our common stock.
- Expected term. The expected term represents the period of time stock-based awards are expected to be outstanding.
- Expected weighted average volatility. **From 2018 through 2021, the Company estimated expected volatility using our historical share prices along with volatilities of the selected comparable companies.** Beginning 2022, we estimated expected volatility using solely our historical share price volatilities.
- Risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term.
- Expected dividend. The expected dividend is assumed to be zero as the Company has never paid dividends and have no current plans to pay any dividends.

Fair Value Measurements

The carrying values of the Company's financial instruments, including cash, trade accounts receivable, accounts payable, accrued liabilities and deferred purchase price obligations approximate their fair values due to the short maturity of these instruments.

Fair value measurements are market-based measurements, not entity-specific measurements. Therefore, fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. The Company follows a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derivations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable in active markets.

Recently Adopted Accounting Pronouncements

None.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." ASU No. 2023-07 require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to an entity's chief operating decision maker (CODM), amounts and descriptions of other reportable segments, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The ASU is applicable to entities with a single reportable segment. This ASU is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The ASU should be applied retrospectively to all prior periods presented in the financial statements. The Company will evaluate the ASU to determine its impact on the Company's disclosures. The Company does not expect adoption to have a material impact on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures.". ASU No. 2023-09 requires expanded disaggregated information about a reporting entity's effective tax rate reconciliation as well as disclosure of income taxes paid by jurisdiction. The amendments in ASU are effective for fiscal years beginning after December 15, 2024 with early adoption permitted. Retrospective application of the amendments are permitted. The Company will evaluate the ASU to determine its impact on the Company's disclosures. As the amendments apply to income

12

tax disclosures only, the Company does not expect adoption to have a material impact on its consolidated financial statements.

In March 2024, the FASB issued ASU 2024-02, "Codification Improvements—Amendments to Remove References to the Concepts Statements." ASU No. 2024-02 removes various references to concepts statements from the FASB Accounting

13

Standards Codification. The ASU indicates that the goal of the amendments is to simplify the Codification and distinguish between non-authoritative and authoritative guidance since, unlike the Codification, the concepts statements are non-authoritative. The amendments in ASU are effective for fiscal years beginning after December 15, 2024 with early adoption permitted. Retrospective application of the amendments are permitted. The Company will evaluate the ASU to determine its impact on the Company's disclosures. The Company does not expect adoption to have a material impact on its consolidated financial statements.

We have assessed all other ASUs issued but not yet adopted and concluded that those not disclosed are not relevant to the Company or are not expected to have a material impact.

Note 3. Net Loss Per Share

Basic net loss per share is calculated by dividing net loss available to common stockholders by the weighted average shares of common stock outstanding for the period. Diluted net loss per share is calculated by dividing net loss by the weighted average shares of common stock outstanding for the period plus amounts representing the dilutive effect of securities that are convertible into common stock. The Company calculates diluted loss per common share using the treasury stock method.

The following table presents the computation of net loss per share (in thousands except per share data):

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023	2024	2023
Numerator:						
Net loss	\$ (2,455)	\$ (2,858)	\$ (2,513)	\$ (2,205)	\$ (4,968)	\$ (5,063)
Denominator:						
Basic weighted average common shares outstanding	10,532	10,266	10,938	10,413	10,736	10,340
Plus dilutive effect of potential common shares	—	—	—	—	—	—
Diluted weighted average common shares outstanding	10,532	10,266	10,938	10,413	10,736	10,340
Net loss per share:						
Basic	\$ (0.23)	\$ (0.28)	\$ (0.23)	\$ (0.21)	\$ (0.46)	\$ (0.49)
Diluted	\$ (0.23)	\$ (0.28)	\$ (0.23)	\$ (0.21)	\$ (0.46)	\$ (0.49)

Potentially dilutive securities (in common stock equivalent shares) not included in the calculation of diluted net loss per share because to do so would be anti-dilutive are as follows (in thousands):

	Three months ended March 31,			
	2024		2023	
	2,327	2,224	2,369	2,224
Common stock equivalent shares				
Stock options, restricted stock and performance stock	2,387	2,413	2,443	2,369
Common stock equivalent shares	2,387	2,413	2,443	2,369

Note 4. Cash and Cash Equivalents

The following tables show the Company's cash and cash equivalents by significant investment category (in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	\$ 6,846	\$ 7,581	\$ 8,316	\$ 7,581
Level 1:				
Money market funds	323	300	100	300
Total	\$ 7,169	\$ 7,881	\$ 8,416	\$ 7,881

14

Restricted Cash

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had \$95,000 in cash on deposit to secure certain lease commitments; \$40,000 of which is short-term in nature and recorded in prepaid expenses and other current assets and

13

\$55,000 of which is restricted for more than twelve months and recorded in other assets in the Company's consolidated balance sheet.

Note 5. Inventory

Inventories are comprised of the following (in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	\$ 819	\$ 661	\$ 487	\$ 661
Raw materials	\$ 819	\$ 661	\$ 487	\$ 661
Finished goods	1,769	1,742	2,657	1,742
Total Inventory	\$ 2,588	\$ 2,403	\$ 3,144	\$ 2,403

Consigned inventories, which are included in total inventories, are comprised of the following (in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	\$ 485	\$ 558	\$ 459	\$ 558
Raw materials	\$ 485	\$ 558	\$ 459	\$ 558

Finished goods	701	598	1,508	598
Total Consigned Inventory	\$ 1,186	\$ 1,156	\$ 1,967	\$ 1,156

Note 6. Property and Equipment

Depreciation and amortization of property and equipment is calculated on the straight-line method based on the shorter of the estimated useful life or the term of the lease for tenant improvements and three to ten years for all other property and equipment. Property and equipment consist of the following (in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Manufacturing and testing equipment	\$ 5,485	\$ 5,371	\$ 5,507	\$ 5,371
Leasehold improvements	848	848	848	848
Computers and software	542	811	550	811
Furniture, fixtures, and equipment	427	427	427	427
Vehicles	56	55	55	55
Construction in process	6	45	30	45
Property and equipment, gross	7,364	7,557	7,417	7,557
Less accumulated depreciation	(5,059)	(5,050)	(5,197)	(5,050)
Property and equipment, net	\$ 2,305	\$ 2,507	\$ 2,220	\$ 2,507

Depreciation expense was \$0.1 million and \$0.2 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

Note 7. Intangible Assets and Goodwill

Other Intangible Assets

The following is a summary of the Company's acquired other intangible assets (dollars in thousands):

	March 31, 2024				June 30, 2024			
	Weighted average amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount	Weighted average amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Market related intangibles	5	\$ 1,820	\$ 1,219	\$ 601	5	\$ 1,820	\$ 1,304	\$ 516
Customer relationships	7	13,780	9,561	4,219	7	13,780	10,130	3,650
Developed technologies	11	4,380	1,707	2,673	11	4,380	1,795	2,585
Covenants to non-compete	2	115	115	—	2	115	115	—
Total intangible assets, net		\$ 20,095	\$ 12,602	\$ 7,493		\$ 20,095	\$ 13,344	\$ 6,751

1415

December 31, 2023

	Weighted average amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Market related intangibles	5	\$ 1,820	\$ 1,135	\$ 685
Customer relationships	7	13,780	8,993	4,787
Developed technologies	11	4,380	1,618	2,762
Covenants to non-compete	2	115	115	—
Total intangible assets, net		\$ 20,095	\$ 11,861	\$ 8,234

Amortization expense was \$0.7 million for each of the three months ended June 30, 2024 and 2023.

Estimated annual amortization of intangible assets for the next five years and thereafter is shown in the following table (in thousands):

	Estimated future amortization	Estimated future amortization
2024 (remaining nine months)	\$ 2,226	
2024 (remaining six months)	1,484	
2025	2,958	2,958
2026	557	557
2027	356	356
Thereafter	1,396	1,396
Total	\$ 7,493	\$ 6,751

Actual amortization expense to be reported in future periods could differ from these estimates as a result of acquisitions, divestitures, and asset impairments, among other factors.

Amortization expense was \$0.7 million for each of the three months ended March 31, 2024 and 2023.

No impairment losses were recorded against the other intangibles during each of the three months ended March 31, 2024 June 30, 2024 and 2023.

For the annual finite-lived intangible assets impairment assessment, as of December 31, 2023, the Company evaluated the impairment considerations, starting with the interim assessment as of September 30, 2023. For the interim impairment assessment, as of March 31, 2024, the Company evaluated the impairment considerations, starting with the interim assessment as of December 31, 2023.

During the fourth quarter of 2023 and first second quarter of 2024, the Company determined that there were no triggering events or circumstances to indicate that the carrying value of the finite-lived asset group may not be recoverable. Based on the assessment performed, we concluded that an impairment charge to finite-lived intangible assets was not required as of December 31, 2023 and March 31, 2024 June 30, 2024 and the useful lives remain appropriate.

Goodwill

No impairment losses were recorded against the goodwill during the three months ended March 31, 2024 June 30, 2024 and 2023.

For the annual goodwill impairment assessment as of December 31, 2023, the Company evaluated the impairment considerations, starting with the interim assessment as of September 30, 2023. For the interim goodwill impairment assessment as of March 31, 2024, the Company evaluated the impairment considerations, starting with the interim assessment as of December 31, 2023.

During the fourth quarter of 2023 and first second quarter of 2024, the Company's market capitalization, working capital, current and expected future cash flows, and the macroeconomic macro-economic and industry and market conditions have remained relatively stable, not significantly changed, while the Company's market capitalization materially increased since December 31, 2023. After assessing the totality of events or circumstances, the Company determined that there were no events or circumstances in the fourth quarter of 2023 and first second quarter of 2024 that indicated that the fair value of a reporting unit is more likely than not less than its carrying amount. Since there was no indication that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, the Company determined that a quantitative goodwill impairment test was not necessary as of December 31, 2023 and March 31, 2024. Based on the assessment performed, we concluded that Therefore, an impairment charge to goodwill was not required as of December 31, 2023 and March 31, 2024 June 30, 2024.

Certain future events and circumstances including adverse changes in the business and economic conditions and changes in customer behavior could result in changes to our assumptions and judgments used in the impairment tests. A downward revision of these assumptions could cause the total fair value of our goodwill and intangible assets to fall below carrying values and a non-cash impairment charge would be required. Such a charge may have a material effect on the consolidated financial statements.

Note 8. Accrued Liabilities and Other

Accrued liabilities and other is comprised of the following (in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Accrued expenses	\$ 1,116	\$ 1,031	\$ 1,150	\$ 1,031
VAT payable	—	339	—	339
Accrued income taxes	47	145	38	145
Advanced payments from contract manufacturers	11	—	30	—
Contract liabilities	—	17	—	17
Goods received not invoiced	1,404	185	883	185
Other current liabilities	270	209	186	209
Accrued liabilities and other	\$ 2,848	\$ 1,926	\$ 2,287	\$ 1,926

Note 9. Leases

Operating leases Leases

The Company has made certain assumptions and judgments when applying ASC 842 the Company and it elected not to recognize right-of-use assets and lease liabilities for short-term leases (lease terms of twelve months or less).

Operating lease arrangements primarily consist of office, warehouse and test house leases expiring during different years through 2025. The facility leases have original lease terms of approximately one to five years and may contain options to extend up to 5 years and/or terminate early. Options to extend are included in leased right-of-use assets and lease liabilities in the consolidated balance sheet when we are reasonably certain to renew a lease. Since the implicit rate of such leases is unknown and we may not be reasonably certain to renew leases, the Company has elected to apply a collateralized incremental borrowing rate to facility leases on the original lease term in calculating the present value of future lease payments. As of March 31, 2024 June 30, 2024 and December 31, 2023, the weighted average discount rate for operating leases was 4.4% and 3.8%, respectively. As of March 31, 2024 June 30, 2024 and December 31, 2023, the weighted average remaining lease term for operating leases was 1.6 years and 1.8 years, respectively.

The Company has entered into various short-term operating leases, primarily for test houses and office equipment with initial terms of 12 months or less. These short-term leases are not recorded on the Company's consolidated balance sheet, and the related short-term lease expense was \$29,000 13,000 and \$22,000 27,000, for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. Total operating lease cost was \$0.3 0.2 million for each of the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

The table below presents aggregate future minimum payments due under leases, reconciled to lease liabilities included in the consolidated balance sheet as of March 31, 2024 June 30, 2024 (in thousands):

	Estimated future lease obligation	Estimated future lease obligation
2024 (remaining nine months)	\$ 674	
2024 (remaining six months)	\$ 471	
2025	687	785
2026	36	
Total minimum payments	1,361	1,292
Less imputed interest	(40)	(39)
Less unrealized translation gain	3	(2)
Total lease liabilities	1,324	1,251
Less short-term lease liabilities	(848)	(881)
Long-term lease liability	\$ 476	\$ 370

Note 10. Income Taxes

The Company's effective income tax rate was 5.4 2.1% and -2.9 1.6% for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. The variance from the U.S. federal statutory rate of 21.0% for the three six months ended March 31, 2024 was primarily attributable to the utilization of deferred tax attributes that had a full valuation.

allowance. The variance from the U.S. federal statutory rate of 21.0% for the three months ended March 31, 2023 June 30, 2024 was primarily attributable to the utilization of deferred tax attributes that had a full valuation allowance.

Management assesses its deferred tax assets quarterly to determine whether all or any portion of the asset is more likely than not unrealizable under Accounting Standards Codification (ASC) Topic 740. The Company is required to establish a

16

valuation allowance for any portion of the asset that management concludes is more likely than not to be unrealizable.

17

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company's assessment considers all evidence, both positive and negative, including the nature, frequency and severity of any current and cumulative losses, taxable income in carryback years, the scheduled reversal of deferred tax liabilities, tax planning strategies, and projected future taxable income in making this assessment.

As of December 31, 2023, the Company had a valuation allowance against net deferred tax assets of \$14.6 million, however, the exclusion of a deferred tax liability generated by goodwill (an indefinite lived intangible) may not be considered a future source of taxable income in evaluating the need for a valuation allowance.

Note 11. Stockholders' Equity

In August 2016, the Company's Board adopted the 2016 Equity Incentive Plan (the 2016 Plan) for employees, directors and consultants. In February 2021, the Board adopted the 2021 Employment Inducement Incentive Award Plan (Inducement Plan), which provides for grants of equity-based awards.

The following table presents common stock reserved for future issuance⁽¹⁾ (in thousands):

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Stock options issued and outstanding	2,494	2,104	2,482	2,104
Stock awards issued and outstanding	1,080	817	1,041	817
Authorized for grants under the 2016 Equity Incentive Plan ⁽²⁾	55	448		
Authorized for grants under the 2016 Plan ⁽²⁾	69	448		
Authorized for grants under the Inducement Plan ⁽³⁾	180	174	183	174
Authorized for grants under the 2016 Employee Stock Purchase Plan ⁽⁴⁾	517	540	517	540
	4,326	4,083	4,292	4,083

⁽¹⁾ The table above excludes 541,000 treasury stock shares as of March 31, 2024 June 30, 2024 and December 31, 2023.

⁽²⁾ On January 1, 2024, the number of authorized shares in the 2016 Plan increased by 440,000 shares pursuant to the evergreen provisions of the 2016 Plan.

⁽³⁾ On February 5, 2021, 300,000 shares were authorized pursuant to the terms of the Inducement Plan.

⁽⁴⁾ On January 1, 2024, the number of authorized shares in the 2016 Employee Stock Purchase Plan increased by 100,000 shares pursuant to the evergreen provisions of the 2016 Employee Stock Purchase Plan.

Issuance of Common Stock

In March 2024, we established an at-the-market ("ATM") offerings (ATM) offering program to sell up to \$5.0 million of the Company's common stock. During the three months ended March 31, 2024 As of June 30, 2024, we issued 124,600 shares of common stock for have \$0.71.7 million gross proceeds. available under the offering program for future sales of our common stock.

The Company incurred \$0.2 million of recorded the ATM gross sales proceeds and offering costs which are recorded in additional paid-in capital in of the consolidated balance sheet. The following table summarizes the Company's ATM sales activity during the period indicated (in thousands):

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Shares issued	505	629

Gross proceeds	\$ 2,630	\$ 3,309
Net proceeds after offering costs	\$ 2,518	\$ 3,006

Note 12. Stock Based Compensation

Stock-based compensation expense **Stock-Based Compensation Expense**

Stock-based compensation is recorded in the consolidated statements of operations as follows (in thousands):

	Three months ended March 31,	
	2024	2023
Cost of goods sold	\$ 58	\$ 15
Research and development	328	237
Sales and marketing	80	161
General and administrative	580	568
Total stock-based compensation expense	\$ 1,046	\$ 981

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cost of goods sold	\$ 65	\$ 29	\$ 123	\$ 44
Research and development	400	280	728	517
Sales and marketing	75	115	155	276
General and administrative	667	544	1,247	1,112
Total stock-based compensation expense	\$ 1,207	\$ 968	\$ 2,253	\$ 1,949

Stock Options

The following table summarizes the outstanding stock option activity during the period indicated (shares in thousands):

	Weighted average				Weighted average			
	Number of stock options	Exercise price	Remaining contractual term (in years)	Aggregate intrinsic value (in thousands)	Number of stock options	Exercise price	Remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Balance at December 31, 2023	2,104	\$ 10.20	6.2	\$ 329	2,104	\$ 10.20	6.2	\$ 329
Granted	403	\$ 5.07			408	\$ 5.07		
Exercised	—	\$ —		\$ —	(8)	\$ 3.10		\$ 18
Expired/Forfeited	(13)	\$ 6.80			(22)	\$ 8.28		
Balance at March 31, 2024	2,494	\$ 9.39	6.6	\$ 1,051				
Balance at June 30, 2024	2,482	\$ 9.40	6.4	\$ 1,552				

Vested and exercisable at March 31, 2024	1,609	\$ 11.05	5.2	\$ 552
Vested and expected to vest at March 31, 2024	2,494	\$ 9.39	6.6	\$ 1,051
Vested and exercisable at June 30, 2024	1,639	\$ 11.12	5.0	\$ 657
Vested and expected to vest at June 30, 2024	2,482	\$ 9.40	6.4	\$ 1,552

The weighted average grant date fair value of options granted during the **three** six months ended **March 31, 2024** June 30, 2024 was **\$2.81** **2.82**. The grant-date fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. For stock options vested and expected to vest, the aggregate intrinsic value as of **March 31, 2024** June 30, 2024 was **\$1.11** **1.6** million.

At **March 31, 2024** June 30, 2024, there was **\$2.8** **2.4** million of unrecognized compensation cost related to unvested stock options granted under the Company's equity plans that is expected to be recognized over the next **2.7** **2.5** years.

Restricted Stock

The following table summarizes the Company's restricted stock unit (RSU) activity during the period indicated (shares in thousands):

	Restricted stock units	Weighted average grant date fair value	Restricted stock units	Weighted average grant date fair value
Balance at December 31, 2023	706	\$ 6.97	706	\$ 6.97
Grants	467	\$ 5.14	484	\$ 5.14
Vested and released	(169)	\$ 7.79	(196)	\$ 7.83
Forfeited	(34)	\$ 5.65	(64)	\$ 5.77
Balance at March 31, 2024	970	\$ 6.00		
Balance at June 30, 2024	930	\$ 5.92		

As of **March 31, 2024** June 30, 2024, there was **\$4.9** **4.2** million of total unrecognized compensation cost related to unvested RSUs having a weighted average remaining contractual term of **3.0** **2.8** years.

Performance Stock Units

The following table summarizes the Company's performance stock unit (PSU) activity during the period indicated (shares in thousands):

	Performance stock units	Weighted average grant date fair value	Performance stock units	Weighted average grant date fair value
Balance at December 31, 2023	110	\$ 1.79	110	\$ 1.79
Grants	—	\$ —	—	\$ —
Vested and released	—	\$ —	—	\$ —
Forfeited	—	\$ —	—	\$ —
Balance at March 31, 2024	110	\$ 1.79		
Balance at June 30, 2024	110	\$ 1.79		

Service as well as market and performance conditions determine the number of PSUs that the holder will earn from 0% to 150% of the target number of shares. The percentage received is based on the Company common stock price targets

over a three-year service period. Additionally, the Company must achieve or exceed 75% of the year to date revenue target measured at the end of the quarter in which the price target is achieved. As of **March 31, 2024** **June 30, 2024**, there was **\$26,445** **10,693** of total unrecognized compensation cost related to unvested PSUs, having a weighted average remaining contractual term of **1.10.8** years.

We estimate the fair value of PSUs with a market condition using a Monte Carlo simulation model as of the date of grant using historical volatility.

Share-Settled Obligation Obligations

When incurred, share-settled **obligation obligations to non-employees** that will be paid in restricted stock units are recorded as accrued expense liability and stock-based compensation expense.

The following table summarizes the Company's share-settled obligation RSU grants, which immediately vested during the period indicated:

RSU Grants that settled Obligations (in thousands)	Three months ended March 31,			
	2024		2023	
Amount		\$ 124	\$ 949	
Shares		31	187	
RSU grants that settled obligations (in thousands)				
	Three months ended June 30,		Six months ended June 30,	
	2024		2023	
Grant date fair value	\$ 70.9	\$ —	\$ 195.4	\$ 949.2
RSU shares granted and vested	14	—	45	187

Employee Stock Purchase Plan (ESPP)

The Company maintains the 2016 Employee Stock Purchase Plan (ESPP) that provides employees an opportunity to purchase common stock through payroll deductions. The ESPP is implemented through consecutive 6-month offering periods commencing on March 1 and September 1 of each year. The purchase price is set at 85% of the fair market value of the Company's common stock on either the first or last trading day of the offering period, whichever is lower. Annual contributions are limited to the lower of 20% of an employee's eligible compensation or such other limits as apply under Section 423 of the Internal Revenue Code. The ESPP is intended to qualify as an employee stock purchase plan for purposes of Section 423 of the Internal Revenue Code.

Based on the 15% discount and the fair value of the option feature of the ESPP, it is considered compensatory. Compensation expense is calculated using the fair value of the employees' purchase rights under the Black-Scholes model. The Company currently uses authorized and unissued shares to satisfy share award exercises.

During the three months ended **March 31, 2024** **June 30, 2024**, the Company did not issue shares under the ESPP. During the six months ended **June 30, 2024**, the Company received \$0.1 million from the issuance of 22,852 shares under the ESPP.

Note 13. Commitments and Contingencies

Non-Recurring Severance and Exit Costs

The following table presents details of the liability we recorded related to severance and exit costs:

	Severance and Exit Costs	
	(in thousands)	
Balance at December 31, 2023	\$ 50	
Accrued to expense	—	
Payments	(50)	
Balance at March 31, 2024	\$ —	

The non-recurring workforce reduction severance liability is recorded in accrued compensation on the accompanying unaudited condensed consolidated balance sheet. The severance and exit cost were recorded in the relevant operating expense departments in the accompanying unaudited condensed consolidated statement of operations.

The following table presents activity that we recorded related to severance and exit costs:

	Severance and Exit Costs
	(In thousands)
Balance at December 31, 2023	\$ 50
Accrued to expense	—
Payments	(50)
Balance at March 31, 2024	\$ —
Accrued to expense	—
Payments	—
Balance at June 30, 2024	\$ —

Potential product warranty claims Product Warranty Claims

The Company had a general warranty accrual of approximately \$0.1 million as of each of **March 31, 2024** June 30, 2024 and December 31, 2023.

19

Indemnification

In some agreements to which the Company is a party, the Company has agreed to indemnify the other party for certain matters, including, but not limited to, product liability and intellectual property. To date, **there we** have been no known events or circumstances that have resulted in **not recorded** any material costs related to these indemnification provisions **and no liabilities have been recorded** in the accompanying consolidated financial statements.

Note 14. Concentrations

Concentration of Sales and Accounts Receivable

The following represents customers that accounted for 10% or more of total revenue:

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024		2023		2024	
	2024	2023	2024	2023	2024	2023
Customer A	23%	13%	24%	9%	20%	12%
Customer B	18%	9%	16%	6%	17%	7%
Customer C	15%	16%				

The following represents customers that accounted for 10% or more of total trade accounts receivable:

	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023	
	2024		2023		2024		2023	
	2024	2023	2024	2023	2024	2023	2024	2023
Customer A	25%	14%	27%	17%	27%	17%	27%	17%
Customer B	17%	17%	14%	14%	14%	14%	14%	14%
Customer C	15%	0%						

The allowance for credit losses as of **March 31, 2024** June 30, 2024 and December 31, 2023 was not material.

Concentration of Purchases

During the **three** six months ended **March 31, 2024** June 30, 2024, the Company's products were **primarily** manufactured by six CMs with locations in China, **Vietnam**, Mexico, **Minnesota**, and **Vietnam**, **the United States**.

21

Concentration of Cash

The Company's cash deposits exceeded the Federal Deposit Insurance Corporation's insured limits. The Company has not experienced losses on these accounts. Most of the Company's deposits are in several accounts at a large institutional bank.

Concentration of Property and Equipment

The Company's property and equipment, net by geographic region, are as follows (in thousands):

	March 31, 2024	December 31, 2023
North America	\$ 2,108	\$ 2,295
Asia Pacific (APAC)	78	86
Europe, Middle East and Africa (EMEA)	119	126
Property and equipment, net	\$ 2,305	\$ 2,507

20

	June 30, 2024	December 31, 2023
North America	\$ 2,038	\$ 2,295
Asia Pacific (APAC)	71	86
Europe, Middle East and Africa (EMEA)	111	126
Property and equipment, net	\$ 2,220	\$ 2,507

Note 15. Revenue

Disaggregated revenues are as follows (in thousands):

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023	2024	2023
By Market Group:						
Enterprise	\$ 8,879	\$ 8,437	\$ 8,615	\$ 7,366	\$ 17,494	\$ 15,803
Consumer	3,511	5,132	4,827	6,189	8,338	11,321
Automotive	1,841	2,875	1,742	2,275	3,583	5,150
Total sales	\$ 14,231	\$ 16,444	\$ 15,184	\$ 15,830	\$ 29,415	\$ 32,274
By Geography:						
North America	\$ 10,024	\$ 10,168	\$ 9,337	\$ 9,438	\$ 19,361	\$ 19,606
China (including Hong Kong and Taiwan)	3,303	5,969	5,397	6,059	8,700	12,028
Rest of the world	904	307	450	333	1,354	640
Total sales	\$ 14,231	\$ 16,444	\$ 15,184	\$ 15,830	\$ 29,415	\$ 32,274
Timing of revenue recognition:						
Products and services transferred at a point in time	\$ 13,525	\$ 15,844	\$ 14,507	\$ 14,795	\$ 28,032	\$ 30,639
Products and services transferred over time	706	600	677	1,035	1,383	1,635
Total sales	\$ 14,231	\$ 16,444	\$ 15,184	\$ 15,830	\$ 29,415	\$ 32,274

Revenue generated from the United States was \$10.0 million and \$6.5 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$19.3 million and \$19.5 million for the six months ended June 30, 2024 and 2023, respectively.

Liability for potential rights of return was approximately \$0.1 million as of March 31, 2024 June 30, 2024 and December 31, 2023 and is included within accrued liabilities in the accompanying unaudited condensed consolidated balance sheets.

Contract liabilities are deferred revenues that were recorded when advance payment were received for remaining performance obligations that are recognized over time. The contract liabilities were \$10,600 million and \$17,000 as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The remaining non-cancellable revenue, that will be recognized over time on a series of distinct performance obligations, amounts to \$0.4 million as of March 31, 2024 June 30, 2024.

Note 16. Subsequent Events

None.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis and the interim unaudited condensed consolidated financial statements included in this quarterly report on Form 10-Q should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2023 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical fact contained in this quarterly report, including statements regarding our future operating results, financial position and cash flows, our business strategy and plans, and our objectives for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "would," "could," "should," "expect," "plan," "anticipate," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this quarterly report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy, short-term and long-term business operations and objectives. These forward-looking statements speak only as of the date of this quarterly report and are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A, "Risk Factors." The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Overview

Airgain is a premier provider of wireless connectivity solutions, offering a range of embedded components, external antennas, and integrated systems worldwide. We streamline wireless connectivity across devices and markets, with a focus on solving providing solutions for complex connectivity challenges, expediting time to market, and optimizing wireless

signals. Our mission is to connect the world through optimized, integrated wireless solutions. Our product portfolio focuses on three key markets: enterprise, consumer, and automotive.

Our current enterprise products include embedded cellular modems, antennas for access points and Internet of Things (IoT) applications, asset trackers, and asset trackers. fixed wireless access (FWA) devices. We expect to expand our product offering with fixed wireless access solutions and Smart Network Controlled Cellular Repeaters (Smart NCRs). Our consumer products include embedded antennas for consumer access points, wireless gateways, smart home devices and fixed wireless access FWA devices. Our current automotive products include aftermarket antennas that are typically connected to third-party cellular and Wi-Fi-enabled routers, digital video evidence devices, and telematics gateways. We also recently launched expect to expand our product offering with a second generation AirgainConnect® Fleet system solution – a low profile, roof-mounted 5G vehicle gateway, combining a cellular modem, antennas, and additional features into a single device.

We have a rich history of providing radio frequency (RF) expertise, services, and solutions to mobile operators and major original equipment manufacturers (OEMs). With the addition of NimbeLink products in 2021, we We expanded our capabilities to include embedded cellular modems, asset trackers and custom IoT systems. systems with our NimbeLink products. We are leveraging our RF and systems experience, and our Mobile Network Operator (MNO) and Multiple Service Operator (MSO) relationships to deliver new and differentiated products.

We use an outsource manufacturing model for our products while maintaining oversight for quality, test, and delivery timeline. We also maintain an intellectual property strategy that includes patent and trademark filings in multiple jurisdictions.

2224

Core Markets

Airgain's core business primarily focuses on the following three key markets:

- The enterprise market requires reliable wireless access across various settings, including smart cities, utilities, factories, buildings, campuses, transportation hubs, stadiums, and suburban developments. Our NimbeLink embedded modems serve numerous enterprise sectors requiring cellular connectivity such as packaging, logistics, EV charging, smart cities, smart buildings, agriculture, asset tracking, and self-service innovations. These NimbeLink cellular modems, which are both patented and easily device certified, minimize the need for additional carrier certifications. Our asset trackers are deployed globally across transportation, supply chain, and other specialized applications. In addition to hardware, our asset tracking offering includes a recurring revenue component, our subscription-based NLink cloud-based device enablement platform, which allows for deployment and integration with enterprise systems via open APIs. application programming interfaces. Our custom products feature joint engineering collaboration with strategic customers to develop industrial IoT products (IIoT) for specific applications while helping them reduce their time to market. Our enterprise IoT and machine-to-machine (M2M) antennas are extensively deployed in diverse systems, devices, and applications, including access points, gateways, fixed wireless access FWA devices and utility meters. In 2023, we unveiled a new line of Fixed Wireless Access FWA products designed to address 5G connectivity challenges, reduce deployment costs and enhance customer experiences. We started shipping our FWA devices in the second quarter of 2024. In 2023, we also announced our Lighthouse™ smart repeaters platform designed to reduce an operator's capital expenses for extending range, while enhancing 5G coverage.
- The consumer market represents a vast audience utilizing wireless-enabled devices. Our embedded antennas are deployed in various consumer applications including access points, wireless gateways, FWA devices, Wi-Fi routers and extenders, smart TVs, smart home devices, and set-top boxes. These consumer products support a variety of technologies, products and services, including LTE, 5G, Wi-Fi, Bluetooth, LPWAN and GNSS (Global Navigation Satellite System). We announced in November 2023 that Airgain was selected by a major Tier 1 MNO in North America to supply its next generation antennas for its indoor FWA. This selection comes amid ongoing consumer shifts away from traditional wired broadband to wireless as more major telecom providers offer broadband internet access as part of their bundled offerings. Continue to grow our relationships with MSOs and MNOs as the market evolves with both wired and wireless broadband internet offerings.
- In the automotive market, our products are deployed in a wide range of vehicles in the fleet and aftermarket applications, supporting a variety of technologies that include Wi-Fi, LTE, 5G, LPWAN, GNSS, and Bluetooth. Fleet and aftermarket products in the automotive market typically consist of applications where vehicular wireless routers are paired with external antenna systems to provide connectivity to mobile assets. We offer a full line of external fleet antennas that are designed to be rugged, reliable, and flexible to meet almost any need. We design our products for performance, quality, and long product life and our antennas connect to almost any vehicular router or module. These antennas include high-performance and low-profile versions that mount on the roof, trunk, windshield, or dashboard and are optimized for 5G, 4G, Wi-Fi, and GNSS. In January 2024 we announced our next-generation product named AirgainConnect Fleet (AC-Fleet). The AC-Fleet solution is 5G and carrier agnostic allowing for a larger target market compared to our first generation AC-HPUE solution.

Macroeconomic conditions Macro-economic Conditions

Macroeconomic conditions continued to create demand softness industrywide, including downward pressures relating to the anticipated service provider shift from Wi-Fi 6E to Wi-Fi 7. This demand softness combined with excess inventories in our channels and those of our direct customers, drove quarter-over-quarter declines in our Enterprise, Automotive and Consumer markets. We believe that the fourth quarter of 2023 was the trough for our business. As we turn to The first half of 2024 we anticipate a year of gradual growth driven by saw market recoveries in our end markets, investments in Enterprise and Consumer markets. As we move into the second half of 2024, the industry wide headwinds we have faced continue to dissipate, and our indicators suggest that previously broad demand softness has become more product innovations, and launches of our 5G connectivity initiatives. customer specific, as the industry re-calibrates to optimal inventory levels. We remain focused on the execution of our strategic product initiatives and operational efficiencies, as they lay out the foundation of our revenue and profitability growth when market conditions improve.

25

Factors Affecting Our Operating Results

We believe that our performance and future success depend upon several factors including macroeconomic and geopolitical uncertainties, epidemic diseases, impact of inflation on consumer spending, and our ability to transition from a component provider to a wireless systems provider and to develop technology leadership and expand our markets.

Our performance and future success also depend on factors such as continued investments in our growth, our ability to expand into growing addressable markets, including consumer, enterprise, and automotive, the average selling prices of

23

our products per device, manufacturing costs and our ability to diversify the number of devices that incorporate our antenna products. Our customers are price conscious, and our operating results are affected by pricing pressure which may force us to lower prices below our established list prices. In addition, a few end-customer devices which incorporate our antenna products comprise a significant amount of our sales, and the discontinuation or modification of such devices may materially and adversely affect our sales and results of operations. Our ability to maintain or increase our sales depends on, among other things:

- new and existing end customers selecting our solutions for their wireless devices and networks;
- investments in our growth to address customer needs;
- development of our product offerings and technology solutions;
- our ability to target new end markets;
- the proliferation of Wi-Fi connected home devices and data intensive applications;
- the impact of global supply shortages on our business and that of our end customers;
- international expansion in light of continuing global tensions; and
- the ability to successfully integrate past and any future acquisitions.

In addition, inflation generally affects us by increasing our raw material and employee-related costs and other expenses. Our financial condition and results of operations may also be impacted by other factors we may not be able to control, such as uncertain global economic conditions, pandemics and epidemics, global trade disputes or political instability, as well as conflicts around the world. We do not believe that such factors had a material adverse impact on our results of operations during the ~~three~~ six months ended ~~March 31,~~
~~2024~~ June 30, 2024.

While each of these areas presents significant opportunities for us, they also pose significant risks and challenges we must successfully address. We discuss many of these risks, uncertainties and other factors in greater detail in the section entitled "Risk Factors" included in this quarterly report on Form 10-Q and in Item 1A of our Annual Report on Form 10-K.

Seasonality

Our operating results historically have not been subject to significant seasonal variations. Although it is difficult to make broad generalizations, our sales tend to be lower in the first quarter of each year compared to other quarters due to the Lunar New Year. Results for any quarter may not be indicative of the results that may be achieved for the full fiscal year and these patterns may change because of general customer demand or product cycles.

26

Key Components of Our Results of Operations and Financial Condition

Sales

We primarily generate revenue from the sales of our products. We recognize revenue to depict the transfer of control over promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services. We generally recognize product sales at the time of shipment to our customers, provided that all other revenue recognition criteria have been met. We also generate service revenue from agreements to provide design, engineering, and testing services as well as subscription revenue from the sale of data plans.

Cost of Goods Sold

The cost of goods sold reflects the cost of producing antenna, embedded modem and system solutions products that are shipped to our customers as well as costs incurred for service agreements. This primarily includes manufacturing costs of our products payable to our third-party CMs. The cost of goods sold that we generate from services and subscription revenues primarily includes personnel costs and the cost to maintain data lines.

Operating Expenses

Our operating expenses are classified into three categories: research and development, sales and marketing, general and administrative. The largest component of expense is personnel costs, which includes salaries, employee benefit costs, bonuses, and stock-based compensation. Operating expenses also include allocated overhead costs for depreciation of

24

equipment, facilities and information technology. Allocated costs for facilities consist of amortization of leasehold improvements as well as rent and utility expenses and taxes. Operating expenses are generally recognized as incurred.

Research and Development. Research and development expenses primarily consist of personnel and project development costs. These expenses include work related to the design, development and testing of antennas, modems and system solutions. These expenses include salaries, stock-based compensation, benefits, bonuses, project development and testing, prototype material, consulting, travel, and similar costs, and depreciation and allocated costs for certain facilities. We expect research and development expenses to increase in absolute dollars in future periods as we continue to invest in the development of new solutions and markets, although our research and development expense may fluctuate as a percentage of total sales.

Sales and Marketing. Sales and marketing expenses primarily consist of personnel and facility-related costs for our sales, marketing, and business development personnel, stock-based compensation and bonuses earned by our sales personnel, and commissions earned by our third-party sales representative firms. Sales and marketing expenses also include the costs of trade shows, advertising, marketing programs, promotional materials, demonstration equipment, travel, and allocated costs for certain facilities. We expect sales and marketing expenses to fluctuate as a percentage of total sales.

General and Administrative. General and administrative expenses primarily consist of personnel and facility related costs for our executive, legal, human resource finance, and administrative personnel, including stock-based compensation, as well as legal, accounting, other professional services fees, depreciation, and other corporate expenses. We expect general and administrative expenses to fluctuate as we grow our operations.

Other (Income) Expense

Interest Income, net. Interest income consists of interest from our cash and cash equivalents offset by interest expense which consists of interest charges on credit card charges and certain vendor bills.

Other Expense. Other expense consists of the loss from disposal of property and equipment, realized foreign exchange gains or losses, and other income and expenses.

Provision for Income Taxes

Provision for income taxes consists of federal and state income taxes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. It is difficult for us to project future taxable income as the timing and size of sales of our products are variable and difficult to predict. We concluded that it is not more likely than not that we will utilize our deferred tax assets other than those that are offset by reversing temporary differences.

2527

Results of Operations

The following tables set forth our operating results for the periods presented and as a percentage of our total sales for those periods. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023	2024	2023
Statement of Operations Data (in thousands):						
Sales	\$ 14,231	\$ 16,444	\$ 15,184	\$ 15,830	\$ 29,415	\$ 32,274
Cost of goods sold	8,655	10,126	9,036	9,551	17,691	19,677
Gross profit	5,576	6,318	6,148	6,279	11,724	12,597
Operating expenses:						
Research and development	3,120	2,449	3,116	2,590	6,236	5,039
Sales and marketing	2,158	2,866	2,349	2,305	4,507	5,171
General and administrative	2,927	3,793	3,188	3,596	6,115	7,389
Total operating expenses	8,205	9,108	8,653	8,491	16,858	17,599
Loss from operations	(2,629)	(2,790)	(2,505)	(2,212)	(5,134)	(5,002)
Other (income) expense	(34)	(14)	(26)	(5)	(60)	(19)
Loss before income taxes	(2,595)	(2,776)	(2,479)	(2,207)	(5,074)	(4,983)
Income tax (benefit) expense	(140)	82				
Income tax expense (benefit)	34	(2)	(106)	80		
Net loss	\$ (2,455)	\$ (2,858)	\$ (2,513)	\$ (2,205)	\$ (4,968)	\$ (5,063)

	Three months ended March 31,		Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023	2024	2023
Statements of Operations Data:						
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	60.8	61.6	59.5	60.3	60.1	61.0
Gross profit	39.2	38.4	40.5	39.7	39.9	39.0
Operating expenses:						
Research and development	21.9	14.9	20.5	16.4	21.2	15.6
Sales and marketing	15.2	17.4	15.5	14.6	15.3	16.0
General and administrative	20.6	23.1	21.0	22.7	20.8	22.9
Total operating expenses	57.7	55.4	57.0	53.7	57.3	54.5
Loss from operations	(18.5)	(17.0)	(16.5)	(14.0)	(17.5)	(15.5)
Other (income) expense	(0.3)	(0.1)	(0.2)	(0.1)	(0.3)	(0.1)
Loss before income taxes	(18.2)	(16.9)	(16.3)	(13.9)	(17.2)	(15.4)
Income tax (benefit) expense	(0.9)	0.5				
Income tax expense (benefit)	0.3	(0.0)	(0.3)	0.3		
Net loss	(17.3)%	(17.4)%	(16.6)%	(13.9)%	(16.9)%	(15.7)%

Comparison of the Three and Six Months Ended March 31, 2024 June 30, 2024 and 2023 (dollars in thousands)

Sales

	Three months ended March 31,

	2024	2023	\$ Change	% Change
Sales	\$ 14,231	\$ 16,444	\$ (2,213)	(13.5)%

	Three months ended June 30,		
	2024	2023	\$ Change
Sales	\$ 15,184	\$ 15,830	\$ (646)

	Six months ended June 30,		
	2024	2023	\$ Change
Sales	\$ 29,415	\$ 32,274	\$ (2,859)

28

Sales for the three months ended **March 31, 2024** June 30, 2024 decreased **\$2.2 million** **\$0.6 million** or **13.5%** **4.1%** compared to the same period in the prior year. Consumer market sales decreased **\$1.6 million** **\$1.4 million** to **\$3.5 million** **\$4.8 million** for the three months ended **March 31, 2024** June 30, 2024 from **\$5.1 million** **\$6.2 million** during the same period in the prior year, primarily due to lower sales to demand softness with our cable and broadband operators. Automotive market sales decreased **\$1.1 million**, **\$0.6 million** to **\$1.8 million** **\$1.7 million** for the three months ended **March 31, 2024**, June 30, 2024 from **\$2.9 million** **\$2.3 million** during the same period in the prior year, driven by excess inventory correction impacting our **Aftermarket** sales to aftermarket antenna sales direct customers. Enterprise market sales increased **\$0.5 million** **\$1.3 million** to **\$8.9 million** **\$8.6 million** for the three months ended **March 31, 2024** June 30, 2024 from **\$8.4 million** **\$7.3 million** during the same period in the prior year, primarily due to channel correction of excess inventory in 2023 and the launch of new product lines.

Sales for the six months ended June 30, 2024 decreased **\$2.9 million** or **8.9%** compared to the same period in the prior year. Consumer market sales decreased **\$3.0 million** to **\$8.3 million** for the six months ended June 30, 2024 from **\$11.3 million** during the same period in the prior year, primarily due to demand softness with our cable and broadband operators. Automotive market sales decreased **\$1.6 million** to **\$3.6 million** for the six months ended June 30, 2024 from **\$5.2 million** during the same period in the prior year driven by excess inventory correction impacting our **IoT** products sales, sales to aftermarket antenna customers. Enterprise market sales increased **\$1.7 million** to **\$17.5 million** for the six months ended June 30, 2024 from **\$15.8 million** during the same period in the prior year primarily due to channel correction of excess inventory in 2023 and the launch of new product lines.

26

Cost of Goods Sold

	Three months ended March 31,		
	2024	2023	\$ Change
Cost of goods sold	\$ 8,655	\$ 10,126	\$ (1,471)

	Three months ended June 30,		
	2024	2023	\$ Change
Cost of goods sold	\$ 9,036	\$ 9,551	\$ (515)

	Six months ended June 30,		
	2024	2023	\$ Change
Cost of goods sold	\$ 17,691	\$ 19,677	\$ (1,986)

Cost of goods sold for the three months ended **March 31, 2024** June 30, 2024 decreased **\$1.5 million** **\$0.5 million** or **14.5%** **5.4%** compared to the same period in the prior year. Cost of goods sold for the six months ended June 30, 2024 decreased **\$2.0 million** or **10.1%** compared to the same period in the prior year. The **decline was** **declines** for both periods were primarily due to sales decline.

Gross Profit

	Three months ended March 31,				Three months ended June 30,							
	2024		2023		\$ Change	% Change	2024		2023		\$ Change	% Change
	\$ 5,576	\$ 6,318	\$ (742)	(11.7)%	\$ 6,148	\$ 6,279	\$ (131)	(2.1)%				
Gross profit												
Gross profit (percentage of sales)	39.2%	38.4%		0.8%	40.5%	39.7%		0.8%				
	Six months ended June 30,											
	2024		2023		\$ Change		% Change					
Gross profit	\$ 11,724		\$ 12,597		\$ (873)				(6.9)%			
Gross profit (percentage of sales)	39.9%		39.0%						0.9%			

Gross profit for the three months ended **March 31, 2024** June 30, 2024 decreased **\$0.7 million** \$0.1 million or **11.7% 2.1%**, compared to the same period in the prior year, driven by lower sales. Gross profit as a percentage of sales for the three months ended **March 31, 2024** June 30, 2024 increased by 80 basis points compared to the same period in the prior year. The increase was primarily driven by higher automotive and enterprise margins.

Operating Expenses

	Three months ended March 31,			
	2024	2023	\$ Change	% Change
Research and development	\$ 3,120	\$ 2,449	\$ 671	27.4%
Sales and marketing	2,158	2,866	(708)	(24.7)%
General and administrative	2,927	3,793	(866)	(22.8)%
Total operating expenses	\$ 8,205	\$ 9,108	\$ (903)	(9.9)%

Research and development expense Gross profit for the **three six months ended March 31, 2024** June 30, 2024 decreased **\$0.9 million** 6.9% compared to the same period in the prior year, driven by lower sales. Gross profit as a percentage of sales for the six months ended June 30, 2024 increased **\$0.7 million** or **27.4%** by 90 basis points compared to the same period in the prior year. The increase was primarily due to driven by higher employee expenses automotive and project development expenses, enterprise margins.

29

Operating Expenses

Sales and marketing expense

	Three months ended June 30,											
	2024	2023	\$ Change	% Change								
Research and development	\$ 3,116	\$ 2,590	\$ 526	20.3%								
Sales and marketing	2,349	2,305	44	1.9%								
General and administrative	3,188	3,596	(408)	(11.3)%								
Total operating expenses	\$ 8,653	\$ 8,491	\$ 162	1.9%								
	Six months ended June 30,											
	2024	2023	\$ Change	% Change								
Research and development	\$ 6,236	\$ 5,039	\$ 1,197	23.8%								
Sales and marketing	4,507	5,171	(664)	(12.8)%								
General and administrative	6,115	7,389	(1,274)	(17.2)%								
Total operating expenses	\$ 16,858	\$ 17,599	\$ (741)	(4.2)%								

Operating expenses for the three months ended **March 31, 2024** decreased **\$0.7 million** June 30, 2024 increased **\$0.2 million** or **24.7% 1.9%** compared to the same period in the prior year. The decrease increase was primarily due to driven by higher research and development expense offset by lower employee general and administration expenses.

General and administrative expense Operating expenses for the **three six months ended March 31, 2024** June 30, 2024 decreased **\$0.9 million** \$0.7 million or **22.8% 4.2%** compared to the same period in the prior year. The decrease was driven by lower employee, general administration and sales and marketing expenses, partially offset by higher research and professional service development expenses.

Other (Income) Expense

	Three months ended March 31,				Three months ended June 30,			
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Interest income, net	\$ (26)	\$ (18)	\$ (8)	44.4%	\$ (27)	\$ (16)	\$ (11)	68.8%
Other expense	(8)	4	(12)	(300.0)%				
Other expense (income)	1	11	(10)	(90.9)%				
Total other income	\$ (34)	\$ (14)	\$ (20)	142.9%	\$ (26)	\$ (5)	\$ (21)	420.0%
Six months ended June 30,								
	2024	2023	\$ Change	% Change	2024	2023	\$ Change	% Change
Interest income, net	\$ (53)	\$ (34)	\$ (19)	55.9%				
Other (income) expense	(7)	15	(22)	(146.7)%				
Total other income	\$ (60)	\$ (19)	\$ (41)	215.8%				

Other expense consists primarily of foreign currency transaction remeasurement adjustments.

Income Tax Expense

	Three months ended March 31,			
	2024	2023	\$ Change	% Change
Income tax (benefit) expense	\$ (140)	\$ 82	\$ (222)	(270.7)%
Six months ended June 30,				
	2024	2023	\$ Change	% Change
Income tax (benefit) expense	\$ 34	\$ (2)	\$ 36	(1800.0)%
Six months ended June 30,				
	2024	2023	\$ Change	% Change
Income tax (benefit) expense	\$ (106)	\$ 80	\$ (186)	(232.5)%

2730

Income tax expense for the three months ended **March 31, 2024** June 30, 2024 increased \$36,000 compared to the same period in the prior year. Income tax expense for the six months ended June 30, 2024 decreased \$0.2 million or **270.7%** 232.5% compared to the same period in the prior year, primarily due to **receiving** a decrease in the estimated income tax refund accrual.

Liquidity and Capital Resources

We had cash and cash equivalents of **\$7.2 million** \$8.4 million at **March 31, 2024** June 30, 2024.

Prior to 2013 and for the years ended 2018, 2020, 2021 2022, and 2023, we have incurred net losses. As a result, we have an accumulated deficit of **\$81.0 million** \$83.5 million at **March 31, 2024** June 30, 2024.

We plan to continue to invest for long-term growth, including expanding our **sales** engineering and sales teams to execute on our product roadmap and further penetrate domestic and international markets. We anticipate that these investments will continue to increase in absolute dollars. We believe that our existing cash and cash equivalents balance will be sufficient to meet our working capital requirements for at least the next 12 months.

The following table presents a summary of our cash flow activity for the periods set forth below (in thousands):

	Three months ended March 31,		Six months ended June 30,	
	2024	2023	2024	2023

Net cash used in operating activities	\$ (1,119)	\$ (1,434)	\$ (2,322)	\$ (2,004)
Net cash used in investing activities	(60)	(89)	(150)	(104)
Net cash provided by (used in) financing activities	469	(541)	3,012	(525)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	—	(5)	—
Net decrease in cash, cash equivalents and restricted cash	\$ (712)	\$ (2,064)		
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 535	\$ (2,633)		

Net cash used in operating activities. Net cash used by operating activities was **\$1.1 million** **\$2.3 million** for the **three** **six** months ended **March 31, 2024** **June 30, 2024**. This was primarily driven by the net loss of **\$2.5 million** offset by **\$1.9 million** in non-cash expenses **\$5.0 million** and a **\$0.7 million** **\$1.4 million** net change in operating assets and **liabilities**, offset by **\$4.1 million** in non-cash expenses.

Net cash used in investing activities. Net cash used in investing activities of **\$0.1 million** **\$0.2 million** for the **three** **six** months ended **March 31, 2024** **June 30, 2024** was for purchases of property and equipment.

Net cash provided by financing activities. Net cash provided by financing activities of **\$0.5 million** **\$3.0 million** for the **three** **six** months ended **March 31, 2024** **June 30, 2024** was primarily from **\$0.5 million** **\$3.0 million** of net proceeds after fees and expenses from **issuing the issuance of approximately 124,600 629,000 shares of common stock via an "at-the-market" (ATM) offering**, **our ATM offering program**. Additionally, we received **\$0.1 million** from the proceeds **from** **of** common stock issuances under the ESPP. These proceeds were partially offset by **\$0.1 million** tax payments for net share settlement of restricted stock units.

Employee Retention Credit

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law providing an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes on qualified wages. The Taxpayer Certainty and Disaster Tax Relief Act of 2020, the American Rescue Plan Act of 2021 and the Infrastructure Investment and Jobs Act amended the qualifications for eligible employers who could apply and extended the availability of the ERC employment taxes on qualified wages paid after December 31, 2020 through September 30, 2021. We believe that we qualify for application of the ERC on qualified wages from the second quarter of 2020 through the third quarter of 2021.

In August 2023, we applied for ERC refunds, totaling **\$2.5 million**, net of professional fees. Pending the Internal Revenue Service's (IRS) review and determination of our eligibility, we **anticipate receiving** **are uncertain as to the** **ERC refunds within the next nine months**. However, there can be **timeframe of credit receipts**. There is no assurance we will ultimately receive the amounts **that** we currently expect, if any, or the **timeframe of any such receipt**, based on IRS review or otherwise. As of June 30, 2024, we have not recognized the ERC in our financial statements.

Liquidity and Capital Resources Assessment

As of December 31, 2023, management performed the annual assessment of the Company's ability to meet its obligations as they become due within one year based on relevant conditions and events that are known and reasonably knowable. Following ASC 205-40 guidance, management considered quantitative and qualitative information to evaluate the Company's ability to meet obligations. Based on the analysis of the relevant conditions and events that are known and

2831

reasonably known as of December 31, 2023, the Company concluded that it is probable that it will be able to meet all of its financial obligations as they become due in the year 2024.

The relevant conditions and events that are known and reasonably known as of **March 31, 2024** **June 30, 2024** related to the Company have not significantly changed since December 31, 2023. Therefore, the resulting cash inflows along with the existing funds and the capital that is anticipated to be raised from the ATM offering are expected to be sufficient for the Company's financial obligations as they become due in 2024.

Contractual Obligations and Commitments

There have been no material changes outside the ordinary course of our business during the **three** **six** months ended **March 31, 2024** **June 30, 2024**, to the information regarding our contractual obligations that was disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023.

At the Market At-the-Market Sales Agreement

On March 7, 2024, the Company entered into an At-the-Market Issuance Sales Agreement (the "Sales Agreement") Sales Agreement with Craig-Hallum Capital Group LLC ("Craig-Hallum") (Craig-Hallum). Pursuant to the Sales Agreement, the Company may sell, at its option, up to an aggregate of \$5.0 million in shares of its Common Stock common stock through Craig-Hallum, as sales agent. Sales of the Common Stock made pursuant to the Sales Agreement have been or will be made under the Company's Registration Statement on Form S-3 filed on March 15, 2022 (File No. 333-263568) (the "Registration Statement"), which was declared effective by the Securities and Exchange Commission on May 9, 2022. Subject to the terms and conditions of the Sales Agreement, Craig-Hallum may sell the shares, if any, only by methods deemed to be an "at the market" offering as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended (the Securities Act). The Company has agreed to pay Craig-Hallum a sales commission of 3.0% of the gross proceeds for sales under the Sales Agreement and to provide Craig-Hallum with customary indemnification and contribution rights, including for liabilities under the Securities Act. In addition, the Company is required to reimburse Craig-Hallum for certain specified expenses in connection with entering into the Sales Agreement.

The Company is not obligated to sell, and Craig-Hallum is not obligated to buy or sell, any shares of common stock under the Sales Agreement. No assurance can be given that the Company will sell any additional shares of common stock under the Sales Agreement, or, if it does, as to the price or amount of shares of common stock that the Company may sell or the dates when such sales will take place. As of June 30, 2024, \$1.7 million remains available under the Sales Agreement for future sales of the Company's common stock.

Critical Accounting Estimates

Our management's discussion and analysis of financial condition and operating results is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported sales and expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ materially from these estimates under different assumptions or conditions.

There were no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Significant Judgments and Estimates," in our Annual Report on Form 10-K for the year ended December 31, 2023.

Goodwill Impairment Assessment

For the annual goodwill impairment assessment, as of December 31, 2023, the Company determined that there were no events or circumstances that indicated that it is more likely than not that the fair value of a reporting unit may be less than its carrying amount. Based on the assessment performed, we concluded that an impairment charge to goodwill was not required as of December 31, 2023.

29 32

The Company evaluated the goodwill impairment considerations as of March 31, 2024 June 30, 2024. The Company's macroeconomic conditions, stock share, market capitalization, working capital, industry current and market conditions, operating cash flow and forecasted expected cash flows, and the macro-economic and industry conditions have not significantly changed since the annual goodwill impairment assessment that was performed as of December 31, 2023, while the Company's market capitalization materially increased since December 31, 2023. After assessing the totality of events or circumstances, the Company determined that there were no events or circumstances as of March 31, 2024 June 30, 2024 that indicates indicate that it is more likely than not that the fair value of a reporting unit may be less than its carrying amount. Since there was no indication that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company determined that a quantitative goodwill impairment test was not necessary as of March 31, 2024 June 30, 2024. Based on the assessment performed, we concluded that an impairment charge to goodwill was not required as of March 31, 2024 June 30, 2024.

Certain future events and circumstances, including adverse changes in the business and economic conditions and changes in customer behavior could result in changes to our assumptions and judgments used in the impairment tests. A downward revision of these assumptions could cause the total fair value of our goodwill and intangible assets to fall below carrying values and a non-cash impairment charge would be required. Such a charge may have a material effect on the consolidated financial statements.

Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies" within the unaudited condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this quarterly report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the **three** **six** months ended **March 31, 2024** **June 30, 2024**, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

30 33

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be a party to legal proceedings and subject to claims incident in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we believe that the final outcome of these matters will not have a material adverse effect on our financial condition or business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 1A. RISK FACTORS

A description of the risk factors associated with our business is included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to such risk factors. In evaluating our business, you should carefully consider the risk factors discussed in our Annual Report on Form 10-K. The occurrence of any of the risks discussed in such filings, or other events that we do not currently anticipate or that we currently deem immaterial, could harm our business, prospects, financial condition and results of operations. In that case the trading price of our common stock could decline, and you may lose all or part of your investment.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

Director and Officer Trading Arrangements:**Rule 10b5-1 Trading Plans**

From time to time, our officers (as defined in Rule 16a-1(f) of the Exchange Act) and directors may enter into Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as each such term is defined in Item 408 of Regulation S-K). During the three months ended **March 31, 2024** **June 30, 2024**, none of our officers or directors adopted, modified or terminated any such trading arrangements.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1(1)	Amended and Restated Certificate of Incorporation
3.2(2)	Amended and Restated Bylaws
4.1(3)	Specimen stock certificate evidencing the shares of common stock
10.1(4)	At-The-Market Issuance Sales Agreement by and between the Registrant and Craig-Hallum Capital Group LLC, dated March 6, 2024
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended
	31
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended
	34
32.1*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
101.SCH	Inline XBRL Taxonomy Extension Schema Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)
(1)	Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the SEC on August 17, 2016.
(2)	Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the SEC on February 6, 2023.
(3)	Incorporated by reference to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (Registration No. 333- 212542), filed with the SEC on July 29, 2016.
(4)	Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the SEC on March 7, 2024.

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

3235

SIGNATURE 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 thereunto duly authorized.

AIRGAIN, INC.

Date: **May 8, 2024** August 6, 2024

/s/ Jacob Suen

Jacob Suen
President and Chief Executive Officer
(principal executive officer)

Date: **May 8, 2024** August 6, 2024

/s/ Michael Elbaz

Michael Elbaz
Chief Financial Officer
(principal financial and accounting officer)

3336

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jacob Suen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Airgain, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 8, 2024** **August 6, 2024**

/s/ Jacob Suen

Jacob Suen

President and Chief Executive Officer

(principal executive officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Elbaz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Airgain, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 8, 2024** **August 6, 2024**

/s/ Michael Elbaz

Michael Elbaz

Chief Financial Officer and Secretary

(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Airgain, Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jacob Suen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 8, 2024** **August 6, 2024**

/s/ Jacob Suen

Jacob Suen

President and Chief Executive Officer

(principal executive officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Airgain, Inc. (the "Company") on Form 10-Q for the quarter ended **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Elbaz, Chief Financial Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **May 8, 2024** August 6, 2024

/s/ Michael Elbaz

Michael Elbaz

Chief Financial Officer and Secretary
(principal financial officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.