

**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, 2025

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)

**3611 Valley Centre Drive, Suite 150**  
**San Diego, CA**  
(Address of Principal Executive Offices)

**95-4523882**  
(I.R.S. Employer Identification No.)

**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**  
Common stock, par value \$0.0001 per share

**Trading Symbol(s)**  
AIRG

**Name of each exchange on which registered**  
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   
Non-accelerated filer   
Emerging growth company

Accelerated filer   
Smaller reporting 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 April 30, 2025, the registrant had 11,794,084 shares of common stock (par value \$0.0001) outstanding.

**AIRGAIN, INC.**  
**Form 10-Q**  
**For the Quarter Ended March 31, 2025**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	<u>March 31, 2025</u>	<u>December 31,</u> <u>2024</u>
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,401	\$ 8,510
Trade accounts receivable, net	11,371	11,671
Inventories	3,755	3,952
Prepaid expenses and other current assets	1,499	1,698
Total current assets	<u>24,026</u>	<u>25,831</u>
Property and equipment, net	1,914	1,993
Leased right-of-use assets	4,249	3,901
Goodwill	10,845	10,845
Intangible assets, net	5,008	5,799
Other assets	74	74
Total assets	<u>\$ 46,116</u>	<u>\$ 48,443</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 7,870	\$ 9,499
Accrued compensation	1,858	2,041
Accrued liabilities and other	1,470	1,872
Short-term lease liabilities	197	89
Total current liabilities	<u>11,395</u>	<u>13,501</u>
Deferred tax liability	167	163
Long-term lease liabilities	4,228	3,810
Total liabilities	<u>15,790</u>	<u>17,474</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock and additional paid-in capital, par value \$0.0001, 200,000 shares authorized; 12,335 shares issued and 11,794 shares outstanding at March 31, 2025; and 12,070 shares issued and 11,529 shares outstanding at December 31, 2024.	124,448	123,546
Treasury stock, at cost: 541 shares at March 31, 2025 and December 31, 2024.	(5,364)	(5,364)
Accumulated deficit	(88,755)	(87,209)
Accumulated other comprehensive income	(3)	(4)
Total stockholders' equity	<u>30,326</u>	<u>30,969</u>
Total liabilities and stockholders' equity	<u>\$ 46,116</u>	<u>\$ 48,443</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)

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Sales	\$ 12,013	\$ 14,231
Cost of goods sold	6,853	8,655
Gross profit	5,160	5,576
Operating expenses:		
Research and development	2,498	3,120
Sales and marketing	2,464	2,158
General and administrative	3,294	2,927
Total operating expenses	8,256	8,205
Loss from operations	(3,096)	(2,629)
Other income (expense):		
Employee retention credit refund	1,494	—
Interest income, net	221	26
Other (expense) income, net	(141)	8
Total other income, net	1,574	34
Loss before income taxes	(1,522)	(2,595)
Income tax expense (benefit)	24	(140)
Net loss	\$ (1,546)	\$ (2,455)
Net loss per share:		
Basic	\$ (0.13)	\$ (0.23)
Diluted	\$ (0.13)	\$ (0.23)
Weighted average shares used in calculating loss per share:		
Basic	11,579	10,532
Diluted	11,579	10,532

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

**Airgain, Inc.**  
**Condensed Consolidated Statements of Comprehensive Loss**  
(In thousands)  
(Unaudited)

	<b>Three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net loss	\$ (1,546)	\$ (2,455)
Other comprehensive loss:		
Foreign currency translation adjustment	1	(2)
Comprehensive loss	<u>\$ (1,545)</u>	<u>\$ (2,457)</u>

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 Quarter Ended March 31, 2025						
	Common Stock And Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Accumulate d Deficit	Total Stockholder s' Equity
	Shares	Amount	Shares	Amount			
		123,54					
<b>Balance at December 31, 2024</b>	12,070	\$ 6	(541)	\$ (5,364)	\$ (4)	\$ (87,209)	\$ 30,969
Net loss	—	—	—	—	—	(1,546)	(1,546)
Stock-based compensation	—	945	—	—	—	—	945
Common stock issued through restricted stock awards	272	—	—	—	—	—	—
Common stock withheld related to net share settlement of equity awards	(44)	(190)	—	—	—	—	(190)
Common stock issued under ESPP	25	123	—	—	—	—	123
Common stock issued through stock options	12	24	—	—	—	—	24
Foreign currency translation adjustments	—	—	—	—	1	—	1
		124,44					
<b>Balance at March 31, 2025</b>	<u>12,335</u>	<u>\$ 8</u>	<u>(541)</u>	<u>\$ (5,364)</u>	<u>\$ (3)</u>	<u>\$ (88,755)</u>	<u>\$ 30,326</u>

	Fiscal Quarter Ended March 31, 2024						
	Common Stock And Additional Paid-In Capital		Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Accumulate d Deficit	Total Stockholder s' Equity
	Shares	Amount	Shares	Amount			
		115,29					
<b>Balance at December 31, 2023</b>	11,010	\$ 5	(541)	\$ (5,364)	\$ 3	\$ (78,521)	\$ 31,413
Net loss	—	—	—	—	—	(2,455)	(2,455)
Stock-based compensation	—	1,087	—	—	—	—	1,087
Common stock issued through restricted stock awards	169	—	—	—	—	—	—
Common stock withheld related to net share settlement of equity awards	(24)	(94)	—	—	—	—	(94)
Common stock issued under ESPP	23	76	—	—	—	—	76
Foreign currency translation adjustments	—	—	—	—	(2)	—	(2)
Common stock issued in connection with at-the-market offerings, net	124	488	—	—	—	—	488
		116,85					
<b>Balance at March 31, 2024</b>	<u>11,302</u>	<u>\$ 2</u>	<u>(541)</u>	<u>\$ (5,364)</u>	<u>\$ 1</u>	<u>\$ (80,976)</u>	<u>\$ 30,513</u>

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

**Airgain, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	Three months ended March 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,546)	\$ (2,455)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	123	145
Amortization of intangible assets	796	742
Stock-based compensation	907	1,046
Deferred tax liability	5	7
Amortization of prepaid assets	—	132
Accrual of property and equipment	—	(15)
Changes in operating assets and liabilities:		
Trade accounts receivable	301	(2,269)
Inventories	197	(185)
Prepaid expenses and other current assets	198	3
Other assets	—	15
Accounts payable	(1,637)	684
Accrued compensation	(183)	72
Accrued liabilities and other	(364)	963
Lease liabilities	178	(4)
Net cash used in operating activities	(1,025)	(1,119)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(42)	(60)
Net cash used in investing activities	(42)	(60)
<b>Cash flows from financing activities:</b>		
Proceeds from at-the-market common stock offering, net of offering costs	—	488
Payments for withholding taxes related to net share settlement of equity awards	(191)	(95)
Proceeds from employee stock purchase and option exercises	148	76
Net cash (used in) provided by financing activities	(43)	469
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1	(2)
Net decrease in cash, cash equivalents and restricted cash	(1,109)	(712)
Cash, cash equivalents, and restricted cash; beginning of period	8,565	7,976
Cash, cash equivalents, and restricted cash; end of period	<u>\$ 7,456</u>	<u>\$ 7,264</u>
<b>Supplemental disclosure of cash flow information:</b>		
Income taxes paid	\$ —	\$ 7
Income taxes refunded	\$ —	\$ 50
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Operating lease liabilities resulting from right-of-use assets	\$ 519	\$ —
Accrual of property and equipment	\$ 8	\$ —
Accrued offering costs charged against proceeds from sale of common stock	\$ —	\$ 164
<b>Cash, cash equivalents, and restricted cash:</b>		
Cash and cash equivalents	\$ 7,401	\$ 7,169
Restricted cash included in prepaid expenses and other current assets and other assets long term	55	95
Total cash, cash equivalents, and restricted cash	<u>\$ 7,456</u>	<u>\$ 7,264</u>

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

**Airgain, Inc.**  
**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." Headquartered in San Diego, California, Airgain, Inc. (NASDAQ: AIRG) is a leading provider of advanced wireless connectivity solutions that drive cutting-edge innovation in 5G technology. We are committed to delivering high-performance, cost-effective, and energy-efficient wireless solutions that enable rapid market deployment. Our mission is to connect the world through integrated, innovative, and optimized wireless solutions. Our diverse product portfolio serves three primary markets: enterprise, automotive, and consumer.

***Basis of Presentation and Principles of Consolidation***

The accompanying unaudited condensed consolidated 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, 2024, 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 subsidiaries. All intercompany transactions and investments have been eliminated in consolidation.

***Segment Information***

The Company is engaged in research and development, production, commercialization and sale of wireless connectivity solutions, offering integrated systems, embedded components, and external antennas worldwide. All of the Company's products are manufactured by third-party contract manufacturers (CM). Product sales for the year ended December 31, 2024 accounted for approximately 93% of the Company's total revenue, as compared to 7% coming from service revenue. Due to similarities in its products, and methods of production, the Company has a single company-wide management team that administers operations on a consolidated basis. We concluded that we have only one operating and reportable segment to provide wireless connectivity solutions.

The determination of a single business segment is consistent with the consolidated financial information regularly reviewed by the Chief Operating Decision Maker (CODM), the Chief Executive Officer Jacob Suen, for the purposes of assessing performance, allocating resources and planning. The CODM regularly reviews consolidated revenue, gross margin, significant expenses, operating margin, and profit and loss. The CODM compares and analyzes the underlying determinants of the current metrics with the prior performance data and forecasts.

***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 months ended March 31, 2025, 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, 2024.

### ***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.

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

### ***Inventories***

All of the Company's products are manufactured by third parties that retain ownership of the inventories until title is transferred to the customer at the shipping point. In some situations, the Company retains ownership of consigned inventories at third-party CM locations due to actual or pending customers' orders. The Company recognized the consigned inventories 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 inventories in transit to the customer as inventories on the accompanying consolidated balance sheets.

inventories are 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 are not limited to (1) a decline in 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.

### **Intangibles**

The Company's identifiable finite-lived intangible assets are comprised of acquired intangibles, developed technologies, customer relationships, noncompete agreements and licensed technology. The cost of the finite-lived intangible assets are 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; and (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, general sales return, and/or pricing credits under certain circumstances. We estimate product returns based on historical sales and return trends to record a refund liability allowance, and amounts against revenue and cost of goods sold.

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 revenue 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.

For a limited number of customers, the Company elected the practical expedient provided in ASC 606-10-25-18B, whereby the Company accounts for shipping and handling as activities to fulfill the promise to transfer the goods. To the extent that the Company charges its customers shipping fees, such amounts are included as a component of revenue and the corresponding costs are included as a component of cost of sales.

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 not to 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.

To the extent the Company collects and remits taxes on product sales from customers, it has elected to exclude from the measurement of transaction price taxes that are assessed by governmental authorities.

#### ***Refundable Tax Credits- Employer Retention Credit***

In accordance with the Employer Retention Credit (ERC) program, authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Companies are eligible for an payroll tax refunds if, due to the COVID-19 pandemic, there was a 50 percent decline in 2020 quarterly gross receipt or a 20 percent decline in 2021 quarterly gross receipts when compared with the same calendar quarter in 2019, or a full or partial shutdown based on a governmental order. The ERC is computed based on a percentage of qualified wages (including qualified health insurance expenses) incurred from March 13, 2020 through September 30, 2021.

The Company's policy is to account for the ERC as a grant using guidance by analogy to International Accounting Standard (IAS) 20 Accounting for Government Grants and Disclosure of Government Assistance, International Accounting Standards. In accordance with IAS 20.7, for-profit entities recognize the ERC when the "reasonable assurance" threshold is met, regarding the ERC conditions and receiving the credit. ERCs are subject to IRS audit under the applicable statute of limitations. The Company recognizes ERC refunds upon receipt. Under IAS 20.29, the Company elected to record the gross ERC refund proceeds in other income of our Consolidated Statements of Operations.

### **Shipping and Transportation Costs**

Shipping and other transportation costs are expensed as incurred and were approximately \$0.1 million and \$20,000 for the three months ended March 31, 2025 and 2024, respectively. 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 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. 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 has 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, and accrued liabilities 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-derived valuations 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**

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 the significant segment expenses, and other measures of profit or loss that are regularly used by an entity's chief operating decision maker (CODM) to assess segment performance and 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. The Company adopted ASU 2023-07 in fourth quarter of the fiscal year 2024 and applied the disclosure requirements retrospectively to all prior periods presented in the financial statements. The adoption did not have an impact on the Company's financial position, results of operations, and cash flows. For additional information, see Note 16 *Segment Information* in the accompanying notes to the consolidated financial statements.

#### **Recently Issued Accounting Pronouncements**

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 is evaluating the impact and will apply for 2025 financial statements. As the amendments apply to income 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 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.

In November 2024, the FASB issued ASU No. 2024-03, "Expense Disaggregation Disclosures (Subtopic 220-40)." The ASU requires public entities to disaggregate, in a tabular presentation, certain relevant income statement expenses into different categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization in commonly presented expense captions such as cost of sales, selling, general and administrative expense, and research and development. The guidance is effective for all public business entities in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted, and may be applied retrospectively. The Company intends to adopt the amendments in this update. The impact of the adoption of the amendments in this update is not expected to be material to the Company's consolidated financial position and results of operations, as the requirements only require more detailed disclosures in the footnotes to the Company's 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,	
	2025	2024
<b>Numerator:</b>		
Net loss	\$ (1,546)	\$ (2,455)
<b>Denominator:</b>		
Basic weighted average common shares outstanding	11,579	10,532
Plus dilutive effect of potential common shares	—	—
Diluted weighted average common shares outstanding	11,579	10,532
<b>Net loss per share:</b>		
Basic	\$ (0.13)	\$ (0.23)
Diluted	\$ (0.13)	\$ (0.23)

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,	
	2025	2024
Stock options, restricted stock and performance stock	2,065	2,327
Common stock equivalent shares	2,065	2,327

#### 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, 2025	December 31, 2024
Cash	\$ 7,233	\$ 8,477
Level 1:		
Money market funds	168	33
Total	\$ 7,401	\$ 8,510

#### Restricted Cash

As of March 31, 2025 and December 31, 2024, the Company had \$55,000 in cash on deposit to secure certain lease commitments, which is restricted for more than twelve months and recorded in other assets in the Company's consolidated balance sheet.

#### Note 5. Inventories

Inventories are comprised of the following (in thousands):

	March 31, 2025	December 31, 2024
Finished goods	\$ 3,205	\$ 3,521
Raw materials	550	431
Total Inventories	\$ 3,755	\$ 3,952

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

	March 31, 2025	December 31, 2024
Finished goods	\$ 1,207	\$ 1,124
Raw materials	26	166
Total Consigned Inventories	\$ 1,233	\$ 1,290

## 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, 2025	December 31, 2024
Manufacturing and testing equipment	\$ 5,548	\$ 5,507
Leasehold improvements	848	848
Computers and software	557	557
Furniture, fixtures, and equipment	427	427
Vehicles	56	55
Software Development – Internal Use	65	66
Construction in process	15	6
Property and equipment, gross	7,516	7,466
Less accumulated depreciation	(5,602)	(5,473)
Property and equipment, net	\$ 1,914	\$ 1,993

Depreciation expense was \$0.1 million for each of the three months ended March 31, 2025 and 2024.

## 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, 2025			
	Weighted average amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Market related intangibles	5	\$ 1,820	\$ 1,560	\$ 260
Customer relationships	7	13,780	11,834	1,946
Developed technologies	11	4,380	2,062	2,318
Covenants to non-compete	2	115	115	—
Licensed technology	3	581	97	484
Total intangible assets, net		\$ 20,676	\$ 15,668	\$ 5,008

  

	December 31, 2024			
	Weighted average amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Market related intangibles	5	\$ 1,820	\$ 1,475	\$ 345
Customer relationships	7	13,780	11,266	2,514
Developed technologies	11	4,380	1,973	2,407
Covenants to non-compete	2	115	115	—
Licensed technology	3	581	48	533
Total intangible assets, net		\$ 20,676	\$ 14,877	\$ 5,799

Amortization expense was \$0.8 million and \$0.7 million for the three months ended March 31, 2025 and 2024, respectively.

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

	<b>Estimated future amortization</b>	
2025 (remaining nine months)	\$	2,360
2026		751
2027		501
2028		275
2029		275
Thereafter		846
Total	\$	<u>5,008</u>

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.

No impairment losses were recorded against the other intangibles during each of the three months ended March 31, 2025 and 2024.

During the three months ended March 31, 2025, 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 March 31, 2025 and the useful lives remain appropriate.

#### **Goodwill**

No impairment losses were recorded against goodwill during the three months ended March 31, 2025 and 2024.

The Company evaluated the goodwill impairment considerations as of March 31, 2025 and determined that there were no events or circumstances that indicated that the fair value of a reporting unit is more likely than not, less than its carrying amount. The first and second quarter 2025 tariff increases by the United States and other countries have increased the uncertainty in our business environment. But the impact of the tariff increases on our Company have been mitigated by a few factors. Most of our products are under specific categories that are exempt from the increased tariffs. Many of our products are sold to the ODM customers who are not subject to the increased tariffs. We source our supplies in tariff favorable regions. During the three months ended March 31, 2025, the Company's current and forecasted sales, cash flows, and excess market capitalization over net assets are reasonable when compared to the quarters in the past two years. After assessing the totality of events and circumstances, the Company determined that there were no events or circumstances as of March 31, 2025 that indicate 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.

Certain future events and circumstances 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 are comprised of the following (in thousands):

	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Accrued expenses	\$ 468	\$ 1,351
Accrued income taxes	(9)	6
Advanced payments from contract manufacturers	—	73
Contract liabilities	80	—
Goods received not invoiced	454	31
Other current liabilities	477	411
Accrued liabilities and other	<u>\$ 1,470</u>	<u>\$ 1,872</u>

## Note 9. Leases

### Operating Leases

The Company has made certain assumptions and judgments when applying ASC 842, the Company 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 2031. The facility leases have original terms of approximately one to seven years and may contain options to extend up to five 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, 2025 and December 31, 2024, the weighted average discount rate for operating leases was 6.5%. As of March 31, 2025 and December 31, 2024, the weighted average remaining lease term for operating leases was 5.9 years and 6.3 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 \$39,800 and \$29,000, for the three months ended March 31, 2025 and 2024, respectively. Total operating lease cost was \$0.3 million for each of the three months ended March 31, 2025 and 2024.

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, 2025 (in thousands):

	<b>Estimated future lease obligation</b>	
2025 (remaining nine months)	\$	393
2026		965
2027		922
2028		866
2029		861
Thereafter		1,436
Total minimum payments	\$	5,443
Less imputed interest		(1,061)
Less unrealized translation loss		43
Total lease liabilities	\$	4,425
Less short-term lease liabilities		(197)
Long-term lease liability	\$	4,228

## Note 10. Income Taxes

The Company's effective income tax rate was -1.6% and 5.4% for the three months ended March 31, 2025 and 2024, respectively. The variance from the U.S. federal statutory rate of 21.0% for the three months ended March 31, 2025 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 valuation allowance for any portion of the asset that management concludes is more likely than not to be unrealizable. 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, 2024, the Company had a valuation allowance against net deferred tax assets of \$16.7 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<sup>(1)</sup> (in thousands):

	<u>March 31, 2025</u>	<u>December 31, 2024</u>
Stock options issued and outstanding	2,554	2,376
Stock awards issued and outstanding	810	945
Authorized for grants under the 2016 Plan <sup>(2)</sup>	267	164
Authorized for grants under the Inducement Plan <sup>(3)</sup>	240	210
Authorized for grants under the 2016 Employee Stock Purchase Plan <sup>(4)</sup>	569	494
	<u>4,440</u>	<u>4,189</u>

<sup>(1)</sup> The table above excludes 541,000 treasury stock shares as of March 31, 2025 and December 31, 2024.

<sup>(2)</sup> On January 1, 2025, the number of authorized shares in the 2016 Plan increased by 461,000 shares pursuant to the evergreen provisions of the 2016 Plan.

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

<sup>(4)</sup> On January 1, 2025, 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) offering program to sell up to \$5.0 million of the Company's common stock. As of March 31, 2025, we have \$0.5 million available under the offering program for future sales of our common stock.

During the three months ended March 31, 2025, the Company did not offer common stock for sale under the ATM offering program.

### Note 12. Stock Based Compensation

#### Stock-Based Compensation Expense

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

	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Cost of goods sold	\$ 73	\$ 58
Research and development	270	328
Sales and marketing	73	80
General and administrative	491	580
Total stock-based compensation expense	<u>\$ 907</u>	<u>\$ 1,046</u>

### Stock Options

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

	Number of stock options	Weighted average		Aggregate intrinsic value (in thousands)
		Exercise price	Remaining contractual term (in years)	
Balance at December 31, 2024	2,376	\$ 9.12	5.9	\$ 2,357
Granted	198	\$ 5.00		
Exercised	(12)	\$ 2.00		\$ —
Expired/Forfeited	(8)	\$ 7.14		
Balance at March 31, 2025	<u>2,554</u>	\$ 8.84	6.0	\$ 256
Vested and exercisable at March 31, 2025	1,869	\$ 10.10	4.9	\$ 226
Vested and expected to vest at March 31, 2025	2,554	\$ 8.84	6.0	\$ 256

The weighted average grant date fair value of options granted during the three months ended March 31, 2025 was \$2.73. The grant-date fair value of each option award is estimated on the date of grant, using the Black-Scholes-Merton option-pricing model.

As of March 31, 2025, there was \$1.9 million of unrecognized stock-based compensation costs related to unvested stock options granted under the Company's equity plans are expected to be recognized over the next 2.4 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
Balance at December 31, 2024	835	\$ 5.95
Grants	268	\$ 4.73
Vested and released	(272)	\$ 6.17
Forfeited	(21)	\$ 5.03
Balance at March 31, 2025	<u>810</u>	\$ 5.50

As of March 31, 2025, there was \$3.5 million of unrecognized stock-based compensation costs related to non-vested RSUs, which is expected to be recognized over a remaining weighted-average vesting period of 2.5 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
Balance at December 31, 2024	110	\$ 1.79
Grants	—	\$ —
Vested and released	—	\$ —
Forfeited	(110)	\$ 1.79
Balance at March 31, 2025	<u>—</u>	\$ —

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. We estimate the fair value of PSUs with a

market condition using a Monte Carlo simulation model as of the date of grant to forecast performance achievement of market price. Key inputs in the valuation include cost of equity, market price volatility and discount rate. As of March 31, 2025, there were no PSU grants outstanding.

#### **Share-Settled Obligations**

Share-settled compensation to non-employees were incurred and recognized as stock-based compensation expense and recorded in accrued expense. Within ninety days after the calendar year-end, the liabilities are settled in RSU grants and vest on the grant date. The share-settled obligations were \$33,000 and \$0.8 million as of March 31, 2025 and December 31, 2024, respectively.

#### **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, 2025, the Company received \$0.1 million from the issuance of 25,000 shares under the ESPP.

### **Note 13. Commitments and Contingencies**

#### **Potential Product Warranty Claims**

The Company had a general warranty accrual of approximately \$0.1 million as of March 31, 2025 and December 31, 2024.

#### **Restructure Costs**

The following table summarizes restructure cost activities:

	<b>Restructure Costs (In thousands)</b>	
Balance as of December 31, 2024	\$	—
Accrued to restructure severance expense		135
Payments		(41)
Balance as of March 31, 2025	\$	<u>94</u>

During the three months ended March 31, 2025, we incurred \$0.1 million of employee severance costs to restructure our global workforce, roles, and projects to our strategic priorities. These charges were recorded within the operating expense departments in the consolidated statements of operations. During the three months ended March 31, 2024, we did not incur restructure costs.

#### **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, we have not recorded any material liabilities 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,	
	2025	2024
Customer A	37%	15%
Customer B	13%	6%
Customer C	11%	18%

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

	March 31, 2025	December 31, 2024
Customer A	31%	29%
Customer B	24%	19%

The allowance for credit losses as of March 31, 2025 and December 31, 2024 were not material.

**Concentration of Purchases**

During the three months ended March 31, 2025, the Company's products were manufactured by nine CMs with locations in China, Taiwan, Vietnam, Mexico, and the United States.

**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 large institutional banks.

**Concentration of Property and Equipment**

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

	March 31, 2025	December 31, 2024
North America	\$ 1,777	\$ 1,841
Asia Pacific (APAC)	49	56
Europe, Middle East and Africa (EMEA)	88	96
Property and equipment, net	\$ 1,914	\$ 1,993

**Note 15. Revenue**

Disaggregated revenues are as follows (in thousands):

	Three months ended March 31,	
	2025	2024
<b>By Market Group:</b>		
Enterprise	\$ 4,341	\$ 8,879
Consumer	6,401	3,511
Automotive	1,271	1,841
Total sales	<u>\$ 12,013</u>	<u>\$ 14,231</u>
<b>By Geography:</b>		
North America	\$ 5,221	\$ 10,024
China (including Hong Kong and Taiwan)	6,512	3,303
Rest of the world	280	904
Total sales	<u>\$ 12,013</u>	<u>\$ 14,231</u>
<b>Timing of revenue recognition:</b>		
Products and services transferred at a point in time	\$ 11,188	\$ 13,525
Products and services transferred over time	825	706
Total sales	<u>\$ 12,013</u>	<u>\$ 14,231</u>

Contract liabilities are deferred revenues that were recorded when advance payments were received for remaining performance obligations that are recognized over time. The contract liabilities were \$79,700 and \$72,400 as of March 31, 2025 and December 31, 2024, respectively.

We have stock rotation return rights arrangements with certain customers to return a limited percentage of product. Estimated allowances for stock rotation were \$0.4 million and \$0.3 million as of March 31, 2025 and December 31, 2024, respectively and are included within accrued liabilities in the accompanying condensed consolidated balance sheets. The expected product returns under the stock rotation arrangement were \$0.2 million and \$0.1 million as of March 31, 2025 and December 31, 2024, respectively and are included in inventories in the accompanying consolidated balance sheets.

**Note 16. Segment Information**

Due to similarities of its products, methods of production and its management and administrative structure, the Company operates as a single operating and reportable segment.

The following table presents segment revenue, gross profit, net loss and certain operating financial results of the Company's single operating segment for the periods presented, as viewed by the CODM:

	Three months ended March 31,	
	2025	2024
Sales	\$ 12,013	\$ 14,231
Less cost of goods sold:		
Other cost of goods sold	6,642	8,445
Stock-based compensation	73	58
Amortization of intangible assets	89	89
Depreciation	49	63
Gross profit	5,160	5,576
Gross margin	43%	39%
Less research and development:		
Other research and development expenses	2,116	2,720
Stock-based compensation expense	270	328
Severance and exit costs	47	—
Depreciation	65	72
Total research and development	2,498	3,120
Less sales and marketing:		
Other sales and marketing expenses	2,310	2,075
Stock-based compensation expense	73	80
Severance and exit costs	77	—
Depreciation	4	3
Total sales and marketing	2,464	2,158
Less general and administrative:		
Other general and administrative expenses	2,134	1,687
Stock-based compensation expense	491	580
Amortization of intangible assets	653	653
Severance and exit costs	11	—
Depreciation	5	7
Total general and administrative	3,294	2,927
Loss from operations	(3,096)	(2,629)
Employee retention credit refund	1,494	—
Employee retention credit -process costs	(134)	—
Interest income, net	221	26
Other segment (expenses) income (1)	(7)	8
Loss before income taxes	(1,522)	(2,595)
Income tax expense (benefit)	24	(140)
Net loss	\$ (1,546)	\$ (2,455)

(1) Other segment expenses are primarily foreign currency transaction remeasurements and franchise taxes.

The CODM reviews the segment assets that are reported in the Consolidated Balance Sheets.

**Note 17. Subsequent Events**

In April 2025, we received an ERC payroll tax refund, under the CARES Act, for \$0.4 million, net of professional fees, plus an additional \$0.1 million for interest earnings.

## 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, 2024 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, 2024. References to "Airgain, Inc.," "Airgain," the "Company," "we," "our" and "us" include Airgain, Inc. and our wholly owned subsidiaries.*

### 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 annual 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. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

### Overview

Airgain is a leading provider of advanced wireless connectivity solutions that drive cutting-edge innovation in 5G technology. We are committed to delivering high-performance, cost-effective, and energy-efficient wireless solutions that enable rapid market deployment. Our mission is to connect the world through integrated, innovative, and optimized wireless solutions. Our diverse product portfolio serves three primary markets: enterprise, automotive, and consumer.

Our enterprise products include Smart Network Controlled Cellular Repeaters (Smart NCRs), fixed wireless access (FWA) devices, asset tracking solutions, embedded cellular modems, and antennas for access points and Internet of Things (IoT) applications. Our automotive products include our second generation AirgainConnect® Fleet system solution – a low profile, roof-mounted, all-in-one 5G vehicle gateway – and aftermarket antennas. Our consumer products include embedded antennas for consumer access points, wireless gateways, smart home devices and FWA devices.

We have a rich history of providing radio frequency (RF) expertise, services, and solutions to mobile operators and major original equipment manufacturers (OEMs). We expanded our current portfolio of embedded cellular modems, asset tracking solutions and custom IoT systems with advanced 5G connectivity solutions, including our AirgainConnect Fleet vehicle gateway, Smart Network Controlled Cellular Repeaters, and FWA system solutions. We are leveraging our RF and systems experience, and our Mobile Network Operator (MNO) and Multiple Service Operator (MSO) relationships to deliver complex and differentiated system solutions.

### Core Markets

The enterprise market requires reliable wireless access across various use cases, including smart cities, utilities, factories, buildings, campuses, transportation hubs, stadiums, and suburban developments. Our Lighthouse smart repeater platform consists of a high-power large area indoor and outdoor network repeater for MNOs and systems integrators. Our outdoor 5G Lantern™ FWA device is designed to address 5G connectivity challenges, reduce deployment costs and enhance customer experiences. Our asset tracking solutions are deployed across transportation, supply chain,

and other specialized applications. In addition to hardware, our asset tracking solution 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 application programming interfaces (API). Our NimbeLink embedded modems serve numerous enterprise IoT sectors requiring cellular connectivity such as packaging, logistics, EV charging, smart cities, smart buildings, agriculture, asset tracking, and self-service innovations. 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, products, and applications, including access points, gateways, FWA devices and utility meters.

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 5G, LTE, Wi-Fi, 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. In the third quarter of 2024, we expanded our product offering with our second generation AirgainConnect® Fleet (AC-Fleet) system solution – a low profile, roof-mounted, all-in-one 5G vehicle gateway – that provides 4G/5G cellular connectivity with built-in multi-profile eSIM, GPS, Wi-Fi, and gigabit ethernet router functionalities. We also offer a full line of external fleet antennas that are designed to be rugged, reliable, and flexible to meet almost any need. 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.

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 4G/LTE, 5G, Wi-Fi, Bluetooth, LPWAN and GNSS (Global Navigation Satellite System).

### **Macroeconomic Conditions**

Macroeconomic factors, such as elevated interest rates, market volatility, persistent inflation, ongoing trade policy shifts and recessionary concerns have caused uncertainty in end customer demand and supply chain constraints. We are closely monitoring the impact of these factors on our existing product lines and growth initiatives. Our consumer business is experiencing a market recovery, and the enterprise customer excess inventory concern has dissipated. We are, however, expecting the surplus inventory for our automotive customers to extend through the second half of the year. We remain focused on the execution of our strategic product initiatives and operational efficiencies, which lay the foundation of our revenue growth, and profitability, when market conditions improve.

### **Factors Affecting Our Operating Results**

We believe that our performance and future success depend upon several factors including macroeconomic and geopolitical uncertainties, import/export controls, and tariffs and trade policies of the United States and other countries, the 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 enterprise, automotive, and consumer, our ability to develop, market and sell advanced systems solutions that meet our customers' requirements, the average selling prices of our products and solutions, and manufacturing costs. 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. 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;
- timely development of our differentiated product offerings and technology solutions;
- our ability to target new end markets;
- the impact of global supply shortages on our business and that of our end customers;
- international expansion in light of continuing global tensions; and

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, tariffs and trade policies, pandemics and epidemics, 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 months ended March 31, 2025.

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.

## **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 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 design, development and testing of system solutions and components. 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 advanced system solutions, 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 increase in absolute dollars in future periods as we continue to market and sell our advanced system solutions globally, although our sales and marketing expense may 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 intangible amortization, 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 generally consists of interest from our cash and cash equivalents and interest income related to employee retention credit, offset by interest expense which consists of interest charges on credit card charges and certain vendor bills.

*Other Income and Expense.* Other income and expense includes employee retention credit refunds, realized foreign exchange gains or losses, state franchise tax expense, and other income.

### 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.

### 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,	
	2025	2024
<b>Statements of Operations Data (in thousands):</b>		
Sales	\$ 12,013	\$ 14,231
Cost of goods sold	6,853	8,655
Gross profit	5,160	5,576
Operating expenses:		
Research and development	2,498	3,120
Sales and marketing	2,464	2,158
General and administrative	3,294	2,927
Total operating expenses	8,256	8,205
Loss from operations	(3,096)	(2,629)
Other income (expense):		
Employee retention credit refund	1,494	—
Other income, net	80	34
Loss before income taxes	(1,522)	(2,595)
Income tax expense (benefit)	24	(140)
Net loss	\$ (1,546)	\$ (2,455)

	Three months ended March 31,	
	2025	2024
<b>Statements of Operations Data:</b>		
Sales	100.0%	100.0%
Cost of goods sold	57.0	60.8
Gross profit	43.0	39.2
Operating expenses:		
Research and development	20.8	21.9
Sales and marketing	20.5	15.2
General and administrative	27.5	20.6
Total operating expenses	68.8	57.7
Loss from operations	(25.8)	(18.5)
Other income (expense):		
Employee retention credit refund	12.4	—
Other income, net	0.7	0.3
Loss before income taxes	(12.7)	(18.2)
Income tax expense (benefit)	0.2	(0.9)
Net loss	(12.9)%	(17.3)%

**Comparison of the Three Months Ended March 31, 2025 (dollars in thousands)**

**Sales**

	Three months ended March 31,			
	2025	2024	\$ Change	% Change
Sales	\$ 12,013	\$ 14,231	\$ (2,218)	(15.6)%

Sales for the three months ended March 31, 2025 decreased \$2.2 million or 15.6% compared to the same period in the prior year. Enterprise market sales decreased \$4.6 million to \$4.3 million for the three months ended March 31, 2025 from \$8.9 million during the same period in the prior year, primarily due to lower embedded modems and custom IoT product sales. Automotive market sales decreased \$0.5 million to \$1.3 million for the three months ended March 31, 2025 from \$1.8 million during the same period in the prior year, driven by lower shipments of aftermarket antenna sales. Consumer market sales increased \$2.9 million to \$6.4 million for the three months ended March 31, 2025 from \$3.5 million during the same period in the prior year, primarily due to higher shipments to cable and mobile network operators.

**Cost of Goods Sold**

	Three months ended March 31,			
	2025	2024	\$ Change	% Change
Cost of goods sold	\$ 6,853	\$ 8,655	\$ (1,802)	(20.8)%

Cost of goods sold for the three months ended March 31, 2025 decreased \$1.8 million or 20.8% compared to the same period in the prior year, primarily due to lower sales, partially offset by gross margin improvements.

**Gross Profit**

	Three months ended March 31,			
	2025	2024	\$ Change	% Change
Gross profit	\$ 5,160	\$ 5,576	\$ (416)	(7.5)%
Gross profit (percentage of sales)	43.0%	39.2%		3.8%

Gross profit for the three months ended March 31, 2025 decreased \$0.4 million or 7.5%, compared to the same period in the prior year, driven by lower sales, partially offset by gross margin improvements. Gross profit as a percentage of sales for the three months ended March 31, 2025 increased by 380 basis points compared to the same period in the prior year. The increase was primarily driven by improved enterprise product margins, and a favorable market sales mix.

**Operating Expenses**

	Three months ended March 31,			
	2025	2024	\$ Change	% Change
Research and development	\$ 2,498	\$ 3,120	\$ (622)	(19.9)%
Sales and marketing	2,464	2,158	306	14.2%
General and administrative	3,294	2,927	367	12.5%
Total operating expenses	\$ 8,256	\$ 8,205	\$ 51	0.6%

Operating expenses for the three months ended March 31, 2025 increased \$0.1 million or 0.6% compared to the same period in the prior year. The increase was primarily due to higher personnel expenses, offset by lower project development expenses.

### Other Income (Expense)

	Three months ended March 31,			
	2025	2024	\$ Change	% Change
Employee retention credit refund	\$ 1,494	\$ —	\$ 1,494	100.0%
Interest income, net	221	26	195	750.0%
Other (expense) income, net	(141)	8	(149)	(1862.5)%
Total other income, net	<u>\$ 1,574</u>	<u>\$ 34</u>	<u>\$ 1,540</u>	4529.4%

In January 2025, the Company received \$1.5 million for employee retention credit refunds and \$0.2 million for interest earnings, under the CARES Act that was enacted on March 27, 2020. The Company paid \$0.1 million commission in January 2025 to a third-party consulting firm that assisted in processing the refund request.

For the three month end March 31, 2024, other expense consists primarily of foreign currency transaction remeasurement adjustments.

### Income Tax Expense

	Three months ended March 31,			
	2025	2024	\$ Change	% Change
Income tax expense (benefit)	\$ 24	\$ (140)	\$ 164	(117.1)%

Income tax expense for the three months ended March 31, 2025 increased \$0.2 million or 117.1% compared to the same period in the prior year primarily due to a reversal of in foreign income tax accrual in the prior year.

### Liquidity and Capital Resources

We had cash and cash equivalents of \$7.4 million at March 31, 2025. During the period from 2013 through 2024, we incurred several years of net losses. As a result, we have an accumulated deficit of (\$88.8) million as of March 31, 2025.

We plan to continue to invest for long-term growth, including expanding our 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,	
	2025	2024
Net cash used in operating activities	\$ (1,025)	\$ (1,119)
Net cash used in investing activities	(42)	(60)
Net cash (used in) provided by financing activities	(43)	469
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1	(2)
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (1,109)</u>	<u>\$ (712)</u>

**Net cash used in operating activities.** Net cash used by operating activities was \$1.0 million for the three months ended March 31, 2025. This was primarily driven by the net loss of \$1.5 million and a \$1.3 million net change in operating assets and liabilities, offset by \$1.8 million in non-cash expenses.

**Net cash used in investing activities.** Net cash used in investing activities of \$42,000 for the three months ended March 31, 2025 was for purchases of property and equipment.

**Net cash used in financing activities.** Net cash used in financing activities of \$43,000 for the three months ended March 31, 2025 was primarily for \$0.2 million tax payments for net share settlement of restricted stock units. These payments were partially offset from \$0.1 million received for proceeds from common stock issuances under the ESPP.

### Employee Retention Credit

On March 27, 2020, the CARES Act was signed into law providing an 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. We applied for ERC refunds in 2023, totaling \$2.8 million.

In January 2025, we received ERC refunds of \$1.5 million, which was recorded in other income section of our condensed consolidated statements of operations. In addition to the refunds, we received \$0.2 million for interest earned. We paid a \$0.1 million commission in January 2025 to a third party professional firm that assisted us with processing the ERC refund application. There is no assurance that we will ultimately receive the remaining refund balance, or the timeframe of any such receipt, based on IRS review or otherwise.

#### ***At-the-Market Sales Agreement***

On March 7, 2024, the Company entered into an At-the-Market Issuance Sales Agreement (as amended and restated as described below, the Sales Agreement) with Craig-Hallum Capital Group LLC (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 through Craig-Hallum, as sales agent. 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" (ATM) offering as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended. The Company has agreed to pay Craig-Hallum a sales commission of 3.0% of the gross proceeds for sales under 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. During the year ended December 31, 2024, 760,000 shares of common stock were issued pursuant to the Sales Agreement for net proceeds of \$4.1 million, after deducting commissions. During the first quarter of 2025, the Company did not offer any common stock for sale through the ATM program. As of March 31, 2025, \$0.5 million remained available under the Sales Agreement for future sales of the Company's common stock.

The Company amended and restated the Sales Agreement on May 7, 2025 in connection with the filing of a replacement registration statement on Form S-3 in advance of the expiration of the Company's existing registration statement on Form S-3. Under the amended Sales Agreement, the sales commission payable to Craig-Hallum is 2.5% of the gross proceeds for sales under the agreement, and the Company may sell shares of its common stock having an aggregate offering price of up to an amount registered under an effective registration statement and for which the Company has filed a prospectus

#### ***Lease Modification***

On December 31, 2024, the Company entered into a Third Amendment (Lease Amendment) to the Office Lease, relating to the Company's corporate headquarters in San Diego, California. The Lease Amendment extends the term for the Lease from the prior expiration on November 30, 2025 to its new expiration on September 30, 2031. There is no right to further extend the term of the Lease. The Lease Amendment provides that the annual base rent for the leased space shall be \$699,051, or \$58,254 on a monthly basis for the 12-month period beginning January 1, 2025, which amount shall increase 3% annually beginning on January 1, 2026. The Company is entitled to base rent abatement beginning on January 1, 2025 through October 31, 2025.

For more details of the headquarter lease modification, see exhibit 10.23 filed with the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2024.

#### ***Liquidity and Capital Resources Assessment***

As of December 31, 2024, 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 reasonably known as of December 31, 2024, 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 next twelve months.

The relevant conditions and events that are known and reasonably known as of March 31, 2025 related to the Company have not significantly changed since December 31, 2024. Therefore, the expected cash inflows along with the existing funds are expected to be sufficient for the Company's financial obligations as they become due in the next twelve months.

#### ***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, 2024.

#### ***Goodwill***

For the annual goodwill impairment assessment, as of December 31, 2024, 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, 2024.

The Company evaluated the goodwill impairment considerations as of March 31, 2025. The first and second quarter 2025 tariff increases by the United States and other countries have increased the uncertainty in our business environment. The impact of the tariff increases on our Company have been mitigated by a few factors. Most of our products are in specific categories that are exempt from the increased tariffs. Many of our products are sold to the ODM customers who are not subject to the increased tariffs. We source our supplies in tariff favorable regions. During the three months ended March 31, 2025, the Company's current and forecasted sales, cash flows, and excess market capitalization over net assets are reasonable when compared to quarters in the past two years. After assessing the totality of events and circumstances, the Company determined that there were no events or circumstances as of March 31, 2025 that 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, 2025. Based on the assessment performed, we concluded that an impairment charge to goodwill was not required.

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.

#### ***Contractual Obligations and Commitments***

There have been no material changes outside the ordinary course of our business during the three months ended March 31, 2025, 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, 2024.

#### ***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 Securities and Exchange Commission (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 months ended March 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## 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, 2024. There have been no material changes to such risk factors. In evaluating our business, you should carefully consider the risk factors discussed below and in our Annual Report on Form 10-K. The occurrence of any of such risks, 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).

On March 12, 2025, our Chief Executive Officer, Jacob Suen adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act. The plan provides for the potential sale of up to 91,000 shares of the Company's common stock from June 11, 2025 through June 26, 2026.

During the three months ended March 31, 2025, no other director or officer adopted, modified or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

##### *Amended and Restated Sales Agreement*

On May 7, 2025, in connection with the filing of a replacement registration statement on Form S-3 in advance of the expiration of our existing registration statement on Form S-3, we amended and restated our At-the-Market Issuance Sales Agreement (as amended, the Sales Agreement) with Craig-Hallum originally entered into on March 7, 2024. Pursuant to the Sales Agreement, we may sell at our option, through Craig-Hallum, as sales agent, shares of our common stock having an aggregate offering price of up to an amount registered under an effective registration statement and for which we have filed a prospectus. We have agreed to pay Craig-Hallum a sales commission of up to 2.5% of the gross proceeds for sales under the Sales Agreement. The foregoing description of the Sales Agreement is not complete and is qualified in

its entirety by reference to the Sales Agreement, a copy of which will be filed as an exhibit to our replacement registration statement on Form S-3 and is incorporated herein by reference.

## ITEM 6. EXHIBITS

Exhibit Number	Description
3.1 <sup>(1)</sup>	<a href="#">Amended and Restated Certificate of Incorporation</a>
3.2 <sup>(2)</sup>	<a href="#">Amended and Restated Bylaws, effective as of February 1, 2023</a>
4.1 <sup>(3)</sup>	<a href="#">Specimen stock certificate evidencing the shares of common stock</a>
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended</a>
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended</a>
32.1*	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
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.

\* 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.

## 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 7, 2025

/s/ Jacob Suen

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

Date: May 7, 2025

/s/ Michael Elbaz

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

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 7, 2025

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

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 7, 2025

/s/ Michael Elbaz  
Michael Elbaz  
Chief Financial Officer and Secretary  
(principal financial officer)

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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, 2025, 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 7, 2025

/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.

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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, 2025, 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 7, 2025

/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.

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