

**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, 2020

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 shares, par value \$0.0001 per share

Trading Symbol(s)
AIRG

Name of each exchange on which registered
Nasdaq

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 May 04, 2020, the registrant had 9,696,556 shares of Common Stock (par value \$0.0001) outstanding.

AIRGAIN, INC.
Form 10-Q
For the Quarter Ended March 31, 2020

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Airgain, Inc.
Condensed Balance Sheets
(In thousands, except per share data)
(Unaudited)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,533	\$ 13,197
Short term investments	11,016	21,686
Trade accounts receivable	7,016	7,656
Inventory	996	1,193
Prepaid expenses and other current assets	1,090	1,361
Total current assets	42,651	45,093
Property and equipment, net	2,140	2,126
Goodwill	3,700	3,700
Customer relationships, net	2,989	3,110
Intangible assets, net	644	687
Other assets	218	10
Total assets	\$ 52,342	\$ 54,726
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,568	\$ 3,838
Accrued bonus	411	1,385
Accrued liabilities	1,025	1,451
Current portion of deferred rent obligation under operating lease	42	85
Total current liabilities	5,046	6,759
Deferred tax liability	52	52
Deferred rent obligation under operating lease	9	11
Total liabilities	5,107	6,822
Stockholders' equity:		
Common shares, par value \$0.0001, 200,000 shares authorized; 10,185 shares issued and 9,697 shares outstanding at March 31, 2020; and 10,146 shares issued and 9,681 shares outstanding at December 31, 2019	1	1
Additional paid in capital	97,360	96,622
Treasury stock, at cost: 489 shares and 465 shares at March 31, 2020, and December 31, 2019, respectively	(4,849)	(4,659)
Accumulated other comprehensive income (loss)	(7)	8
Accumulated deficit	(45,270)	(44,068)
Total stockholders' equity	47,235	47,904
Commitments and contingencies (note 12)		
Total liabilities and stockholders' equity	\$ 52,342	\$ 54,726

See accompanying notes.

Airgain, Inc.
Condensed Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended March 31,	
	2020	2019
Sales	\$ 11,216	\$ 15,108
Cost of goods sold	5,891	8,322
Gross profit	5,325	6,786
Operating expenses:		
Research and development	2,418	2,338
Sales and marketing	1,539	2,274
General and administrative	2,678	1,995
Total operating expenses	6,635	6,607
Income (loss) from operations	(1,310)	179
Other expense (income):		
Interest income	(124)	(188)
Interest expense	—	1
Total other income	(124)	(187)
Income (loss) before income taxes	(1,186)	366
Provision for income taxes	16	29
Net income (loss)	\$ (1,202)	\$ 337
Net income (loss) per share:		
Basic	\$ (0.12)	\$ 0.03
Diluted	\$ (0.12)	\$ 0.03
Weighted average shares used in calculating income (loss) per share:		
Basic	9,690	9,626
Diluted	9,690	9,961

See accompanying notes.

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

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Net income (loss)	\$ (1,202)	\$ 337
Unrealized gain (loss) on available-for-sale securities, net of deferred taxes	(15)	10
Total comprehensive income (loss)	<u>\$ (1,217)</u>	<u>\$ 347</u>

See accompanying notes.

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

	Three months ended March 31,	
	2020	2019
Total stockholders' equity, beginning balance	\$ 47,904	\$ 45,147
Common stock:		
Balance at beginning of period	1	1
Stock-based compensation	—	—
Issuance of shares for stock purchase plans	—	—
Balance at end of period	1	1
Additional paid-in capital:		
Balance at beginning of period	96,622	93,583
Stock-based compensation	668	514
Issuance of shares for stock purchase plans	70	231
Balance at end of period	97,360	94,328
Treasury stock:		
Balance at beginning of period	(4,659)	(3,432)
Repurchases of common stock	(190)	(193)
Balance at end of period	(4,849)	(3,625)
Accumulated other comprehensive income (loss):		
Balance at beginning of period	8	(11)
Unrealized gain (loss) on available-for-sale securities, net of deferred taxes	(15)	10
Balance at end of period	(7)	(1)
Accumulated deficit:		
Balance at beginning of period	(44,068)	(44,994)
Net income (loss)	(1,202)	337
Balance at end of period	(45,270)	(44,657)
Total stockholders' equity, ending balance	\$ 47,235	\$ 46,046

See accompanying notes.

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

	Three months ended March 31.	
	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ (1,202)	\$ 337
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	122	177
Amortization	164	164
Amortization of premium (discounts) on investments, net	7	(82)
Stock-based compensation	668	514
Deferred tax liability	—	5
Changes in operating assets and liabilities:		
Trade accounts receivable	640	(967)
Inventory	197	68
Prepaid expenses and other assets	238	77
Accounts payable	(291)	504
Accrued bonus	(974)	(1,612)
Accrued liabilities	(426)	(19)
Deferred obligation under operating lease	(45)	(41)
Net cash used in operating activities	(902)	(875)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(752)	(10,462)
Maturities of available-for-sale securities	11,400	9,585
Purchases of property and equipment	(115)	(159)
Net cash provided by (used in) investing activities	10,533	(1,036)
Cash flows from financing activities:		
Repurchases of common stock	(190)	(193)
Proceeds from issuance of common stock, net	70	231
Net cash provided by (used in) financing activities	(120)	38
Net increase (decrease) in cash, cash equivalents and restricted cash	9,511	(1,873)
Cash, cash equivalents, and restricted cash; beginning of period	13,197	13,621
Cash, cash equivalents, and restricted cash; end of period	\$ 22,708	\$ 11,748
Supplemental disclosure of cash flow information:		
Interest paid	\$ —	\$ 1
Taxes paid	\$ 22	\$ 21
Supplemental disclosure of non-cash investing and financing activities:		
Accrual of property and equipment	\$ 21	\$ —
Cash and cash equivalents	\$ 22,533	\$ 11,748
Restricted cash included in other assets	175	—
Total cash, cash equivalents, and restricted cash	\$ 22,708	\$ 11,748

See accompanying notes.

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 1. Basis of Presentation

Business Description

Airgain, Inc. (the Company) was incorporated in the State of California on March 20, 1995; and reincorporated in the State of Delaware on August 15, 2016. The Company is a leading provider of advanced antenna technologies used to enable high performance wireless networking across a broad range of markets, including consumer, enterprise and automotive. The Company designs, develops, and engineers its antenna products for original equipment and design manufacturers worldwide. The Company's headquarters is in San Diego, California with office space and research, design and test facilities in the United States, United Kingdom, China, and Taiwan.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) and applicable rules and regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting. Certain information and note disclosures normally included in the 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, 2019, from which the balance sheet information herein was derived.

The unaudited condensed balance sheet as of December 31, 2019, included herein was derived from the audited financial statements as of that date but does not include all disclosures including notes required by GAAP.

The unaudited condensed statements of operations for the three months ended March 31, 2020 and 2019, and the balance sheet data as of March 31, 2020, have been prepared on the same basis as the audited financial statements.

In the opinion of management, the accompanying unaudited condensed financial statements reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of results of the Company's operations and financial position for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year ending December 31, 2020, or for any future period.

Segment Information

The Company's operations are located primarily in the United States and most of its assets are located in San Diego, California and Scottsdale, Arizona. The Company operates in one segment related to the sale of antenna products. The Company's chief operating decision-maker is its chief executive officer, who reviews operating results on an aggregate basis and manages the Company's operations as a single operating segment.

Use of Estimates

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

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements.

Fair Value Measurements

The carrying values of the Company's financial instruments, including cash and cash equivalents, restricted 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

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

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.

Cash Equivalents and Short-Term Investments

Cash equivalents are comprised of short-term, highly liquid investments with maturities of 90 days or less at the date of purchase. Short-term investments consist predominantly of commercial paper, corporate debt securities, U.S. Treasury securities and asset backed securities. The Company classifies short-term investments based on the facts and circumstances surrounding the investments at the time of purchase and evaluates such classification as of each balance sheet date. All short-term investments are classified as available-for-sale securities as of March 31, 2020, and are recorded at estimated fair value. Unrealized gains and losses for available-for-sale securities are included in accumulated other comprehensive income (loss), a component of stockholders' equity. Realized gains and losses are included in other income, in the unaudited condensed statements of operations. The Company evaluates its investments to determine whether those with unrealized loss positions are other than temporarily impaired. Impairments are considered to be other than temporary if they are related to deterioration in credit risk or if it is likely that the Company will sell the securities before recovery of their cost basis.

Inventory

The majority of the Company's products are manufactured by third parties that retain ownership of the inventory until title is transferred to the customer at the shipping point. In 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. The Company bears all risk involved in bringing the goods to the named place and records the related inventory in transit to the customer as inventory on the accompanying balance sheet. The Company also manufactures certain of its products at its facility located in Scottsdale, Arizona.

Inventory is stated at the lower of cost or net realizable value. For items manufactured by the Company, cost is determined using the weighted average cost method. For items manufactured by third parties, cost is determined using the first-in, first-out (FIFO) method. Any adjustments to reduce the cost of inventories to their net realizable value are recognized in earnings in the current period. As of March 31, 2020, the Company's inventories consist primarily of raw materials. Provisions for excess and obsolete inventories are estimated based on product life cycles, quality issues, and historical experience. As of March 31, 2020, there is no provision for excess and obsolete inventories.

Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Accumulated other comprehensive income (loss) on the unaudited condensed balance sheet at March 31, 2020, includes unrealized gains and losses on the Company's available-for-sale securities.

Note 2. Summary of Significant Accounting Policies

During the three months ended March 31, 2020, there have been no material changes to the Company's significant accounting policies as described in the Annual Report on Form 10-K for the fiscal year ended December 31, 2019, except as follows. For interim financial reporting purposes, income taxes are recorded based upon estimated annual effective income tax rates; however, for the current period the provision for income taxes has been determined on the basis of year to date results, as COVID-19 related closures impacted our ability to reasonably forecast full year results by jurisdiction.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures. The Company has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

are recorded. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020, and interim periods within the fiscal year beginning after December 15, 2021, using a modified retrospective adoption method. The Company continues to evaluate the impact of the standard on its financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, which simplifies the test for goodwill impairment by removing Step 2 which requires a hypothetical purchase price allocation and may require the services of valuation experts. An entity will, therefore, perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, recognizing an impairment charge for the amount by which the carrying amount exceeds the fair value, not to exceed the total amount of goodwill allocated to the reporting unit. An entity still has the option to perform a qualitative assessment to determine if the quantitative impairment test is necessary. ASU 2017-04 will be effective for the Company in annual periods beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company has not yet determined whether it will early adopt ASU 2017-04 and is evaluating the impact the standard will have on its ongoing financial reporting.

In May 2019, the FASB issued ASU 2019-05, *Financial Instruments-Credit Losses (Topic 326), Targeted Transition Relief*, which provides entities that have certain instruments within the scope of ASC 326-20, Financial Instruments-Credit Losses-Measured at Amortized Cost, with an option to irrevocably elect the fair value option for eligible instruments. The effective date and transition methodology for this standard are the same as in ASU 2016-13. The Company continues to evaluate the impact of the standard on its financial statements.

Note 3. Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average shares of common stock outstanding for the period. Diluted net income (loss) per share is calculated by dividing net income (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 income (loss) per common share using the treasury stock method and the as-if-converted method, as applicable.

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

	Three months ended March 31,	
	2020	2019
Numerator:		
Net income (loss)	\$ (1,202)	\$ 337
Denominator:		
Weighted average common shares outstanding - basic	9,690	9,626
Plus dilutive effect of potential common shares	—	335
Weighted average common shares outstanding - diluted	9,690	9,961
Net income (loss) per share:		
Basic	\$ (0.12)	\$ 0.03
Diluted	\$ (0.12)	\$ 0.03

Diluted weighted average common shares outstanding for the three months ended March 31, 2019, includes 335,000 options outstanding.

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

	Three months ended March 31,	
	2020	2019
Stock options and restricted stock	1,211	468
Warrants outstanding	51	51
Total	1,262	519

Note 4. Cash, Cash Equivalents and Short-Term Investments

The following tables show the Company's cash and cash equivalents and short-term investments by significant investment category as of March 31, 2020, and December 31, 2019 (in thousands):

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

	March 31, 2020					
	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Estimated fair value</u>	<u>Cash and cash equivalents</u>	<u>Short term investments</u>
Cash	\$ 2,048	\$ —	\$ —	\$ 2,048	\$ 2,048	\$ —
Level 1(1):						
Money market funds	20,485	—	—	20,485	20,485	—
U.S. treasury securities	2,058	14	—	2,072	—	2,072
Subtotal	<u>22,543</u>	<u>14</u>	<u>—</u>	<u>22,557</u>	<u>20,485</u>	<u>2,072</u>
Level 2(2):						
Commercial paper	1,498	—	—	1,498	—	1,498
Corporate debt obligations	4,456	—	(8)	4,448	—	4,448
Repurchase agreements	—	—	—	—	—	—
Asset-backed securities	3,011	—	(13)	2,998	—	2,998
Subtotal	<u>8,965</u>	<u>—</u>	<u>(21)</u>	<u>8,944</u>	<u>—</u>	<u>8,944</u>
Total	<u>\$ 33,556</u>	<u>\$ 14</u>	<u>\$ (21)</u>	<u>\$ 33,549</u>	<u>\$ 22,533</u>	<u>\$ 11,016</u>

	December 31, 2019					
	<u>Amortized cost</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Estimated fair value</u>	<u>Cash and cash equivalents</u>	<u>Short term investments</u>
Cash	\$ 3,950	\$ —	\$ —	\$ 3,950	\$ 3,950	\$ —
Level 1(1):						
Money market funds	5,500	—	—	5,500	5,500	—
U.S. treasury securities	3,078	2	(1)	3,079	—	3,079
Subtotal	<u>8,578</u>	<u>2</u>	<u>(1)</u>	<u>8,579</u>	<u>5,500</u>	<u>3,079</u>
Level 2(2):						
Commercial paper	8,920	—	—	8,920	747	8,173
Corporate debt obligations	5,922	5	(1)	5,926	—	5,926
Repurchase agreements	3,000	—	—	3,000	3,000	—
Asset-backed securities	4,505	3	—	4,508	—	4,508
Subtotal	<u>22,347</u>	<u>8</u>	<u>(1)</u>	<u>22,354</u>	<u>3,747</u>	<u>18,607</u>
Total	<u>\$ 34,875</u>	<u>\$ 10</u>	<u>\$ (2)</u>	<u>\$ 34,883</u>	<u>\$ 13,197</u>	<u>\$ 21,686</u>

(1) Level 1 fair value estimates are based on quoted prices in active markets for identical assets or liabilities.

(2) Level 2 fair value estimates are based on observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The Company's investments were primarily valued based upon one or more valuations reported by its investment accounting and reporting service provider. The investment service provider values the securities using a hierarchical security pricing model that relies primarily on valuations provided by a third-party pricing vendor. Such valuations may be based on trade prices in active markets for identical assets or liabilities (Level 1 inputs) or valuation models using inputs that are observable either directly or indirectly (Level 2 inputs), such as quoted prices for similar assets or liabilities, yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures. The Company performs certain procedures to corroborate the fair value of its holdings, including comparing valuations obtained from its investment service provider with other pricing sources to validate the reasonableness of the valuations.

The Company typically invests in highly rated securities, and its investment policy limits the amount of credit exposure to any one issuer. The policy requires investments in fixed income instruments denominated and payable in U.S. dollars only and requires investments to be investment grade, with a primary objective of minimizing the potential risk of principal loss.

The following table presents the Company's short-term investments with unrealized losses by investment category and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2020 (in thousands):

<u>Description of securities</u>	<u>Less than 12 months</u>	
	<u>Amortized cost</u>	<u>Unrealized losses</u>
Corporate debt obligations	\$ 3,699	\$ (8)
Asset-backed securities	3,011	(13)
Total	<u>\$ 6,710</u>	<u>\$ (21)</u>

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

The Company considers the declines in market value of its short-term investments to be temporary in nature. Fair values were determined for each individual security in the investment portfolio. When evaluating an investment for other-than-temporary impairment, the Company reviews factors such as length of time and extent to which fair value has been below its cost basis, the financial condition of the issuer and any changes thereto, changes in market interest rates and the Company's intent to sell, or whether it is more likely than not it will be required to sell the investment before recovery of the investment's cost basis. As of March 31, 2020, the Company does not consider any of its investments to be other-than temporarily impaired.

The estimated fair value of contractual maturities of short-term investments as of March 31, 2020, is \$11.0 million.

Note 5. Property and Equipment

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

	March 31, 2020	December 31, 2019
Computers, software, and equipment	\$ 572	\$ 572
Furniture, fixtures, and equipment	299	299
Manufacturing and testing equipment	3,462	3,444
Equipment construction in process	136	18
Leasehold improvements	911	911
	<u>5,380</u>	<u>5,244</u>
Less accumulated depreciation	<u>(3,240)</u>	<u>(3,118)</u>
	<u>\$ 2,140</u>	<u>\$ 2,126</u>

Depreciation expense was \$122,000 and \$177,000 for the three months ended March 31, 2020 and 2019, respectively.

Note 6. Intangible Assets

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

	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Intangibles, net
March 31, 2020				
Customer relationships	10	\$ 4,830	\$ 1,841	\$ 2,989
Developed technologies	9	1,080	439	641
Tradename	3	120	117	3
Total intangible assets, net		<u>\$ 6,030</u>	<u>\$ 2,397</u>	<u>\$ 3,633</u>
December 31, 2019				
Customer relationships	10	\$ 4,830	\$ 1,720	\$ 3,110
Developed technologies	9	1,080	406	674
Tradename	3	120	107	13
Total intangible assets, net		<u>\$ 6,030</u>	<u>\$ 2,233</u>	<u>\$ 3,797</u>

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

	Estimated future amortization
2020 (remaining nine months)	\$ 465
2021	598
2022	563
2023	563
2024	563
Thereafter	881
Total	<u>\$ 3,633</u>

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Actual amortization expense to be reported in future periods could differ from these estimates as a result of acquisitions, divestitures, and asset impairments, among other factors. Amortization expense was \$164,000 for both the three months ended March 31, 2020 and 2019.

Note 7. Notes Payable and Line of Credit

In January 2018 the Company entered into a second amended and restated loan and security agreement (the Loan Agreement) with Silicon Valley Bank. Under this Loan Agreement the aggregate principal amount available under the revolving line of credit is \$10.0 million and requires the Company maintain a ratio of cash and cash equivalents plus accounts receivable to outstanding debt under the Loan Agreement minus deferred revenue of 1.25 to 1.00. The Loan Agreement also set a borrowing base limit of 80% of the aggregate face amount of all eligible receivables. No balance was owed on the line of credit as of December 31, 2019. The revolving line of credit matured on January 31, 2020.

Note 8. Treasury Stock

In August 2017, the Company's Board of Directors (the Board) approved a share repurchase program (the 2017 Program) pursuant to which the Company could purchase up to \$7.0 million of shares of its common stock over the twelve-month period following the establishment of the program. The repurchases under the 2017 Program were made from time to time in the open market or in privately negotiated transactions and were funded from the Company's working capital. Repurchases were made in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended, subject to market conditions, available liquidity, cash flow, applicable legal requirements and other factors. All shares of common stock repurchased under the Company's 2017 Program were returned to the status of authorized but unissued shares of common stock. On August 7, 2018, the Board approved an extension to the 2017 Program for an additional twelve-month period ending on August 14, 2019.

On September 9, 2019, the Board approved a new share repurchase program (the 2019 Program) pursuant to which the Company may purchase up to \$7.0 million of shares of its common stock over the following twelve-months. The 2019 Program mirrors all aspects and terms of the 2017 Program as described above.

During the three months ended March 31, 2020, the Company repurchased approximately 24,000 shares of common stock under the share repurchase program at an average price per share of \$8.03 per share for a total cost of \$0.2 million. Since inception of the 2019 Program through March 31, 2020, the Company repurchased a total of approximately 117,000 shares of the Company's stock for a total cost of \$1.2 million.

Note 9. Income Taxes

The Company's effective income tax rate was (1.4)% and 8.0% for the three months ended March 31, 2020 and 2019, respectively. The variance from the U.S. federal statutory tax rate of 21% for each of the three months ended March 31, 2020 and 2019, 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. At March 31, 2020, and December 31, 2019, the Company has a valuation allowance against net deferred tax assets but for the exclusion of a deferred tax liability generated by goodwill (an indefinite lived intangible) that may not be considered a future source of taxable income in evaluating the need for a valuation allowance.

Note 10. Stockholders' Equity

Shares Reserved for Future Issuance

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

	March 31, 2020	December 31, 2019
Warrants issued and outstanding	51	51
Stock option awards issued and outstanding	1,924	1,600
Authorized for grants under the 2016 Equity Incentive Plan ⁽²⁾	313	401
Authorized for grants under the 2016 Employee Stock Purchase Plan ⁽³⁾	268	186
	2,556	2,238

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

(1) Treasury stock in the amount of 489,000 and 465,000 as of March 31, 2020, and December 31, 2019, respectively, are excluded from the table above.

(2) On January 1, 2020, the number of authorized shares in the 2016 Equity Incentive Plan increased by 387,000 shares pursuant to the evergreen provisions of the 2016 Equity Incentive Plan.

(3) On January 1, 2020, the number of authorized shares in the 2016 Employee Stock Purchase Plan increased by 97,000 shares pursuant to the evergreen provisions of the 2016 Employee Stock Purchase Plan.

Note 11. Stock Based Compensation

Stock Options

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

	Number of shares	Weighted average	
		Exercise price	Remaining contractual term (years)
Balance at December 31, 2019	1,600	\$ 9.98	
Granted	341	10.14	
Exercised	—	1.90	
Expired/Forfeited	(17)	9.70	
Balance at March 31, 2020	<u>1,924</u>	<u>10.01</u>	<u>8.1</u>
Vested and exercisable at March 31, 2020	892	8.74	7.0
Vested and expected to vest at March 31, 2020	1,924	10.01	8.1

The weighted average grant date fair value of options granted during the three months ended March 31, 2020, and for the year ended December 31, 2019, was \$4.30 and \$4.93, respectively. For fully vested stock options, the aggregate intrinsic value as of March 31, 2020, and December 31, 2019, was \$1.1 million and \$2.3 million, respectively. For stock options expected to vest, the aggregate intrinsic value as of March 31, 2020 and December 31, 2019 was \$15,000 and \$300,000, respectively.

At March 31, 2020, and December 31, 2019, there was \$4.2 million and \$3.2 million, respectively, of total unrecognized compensation cost related to unvested stock options granted under the Company's equity plans. That cost is expected to be recognized over the next four years and is based on the date the options were granted.

Restricted Stock

The following table summarizes the Company's Restricted Stock Unit (RSU) activity for the three months ended March 31, 2020 (shares in thousands):

	Restricted stock units	Weighted average grant date fair value
Non-vested balance at December 31, 2019	80	\$ 11.43
Grants	151	10.17
Vested and released	(28)	11.17
Forfeitures	—	—
Non-vested balance at March 31, 2020	<u>203</u>	<u>10.53</u>

As of March 31, 2020, there was \$2.0 million of total unrecognized compensation cost related to unvested RSUs having a weighted average remaining contractual term of 2.1 years.

Employee Stock Purchase Plan (ESPP)

The Company maintains the 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 first offering period under the ESPP commenced on March 1, 2019. 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, and 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 for such plans such as the ESPP. The ESPP is intended to qualify as an employee stock purchase plan for purposes of Section 423 of the Internal Revenue Code.

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

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.

The Company received proceeds of \$99,000 from the issuance of 15,000 shares under the ESPP in February 2020.

Note 12. Commitments and Contingencies

(a) Operating Leases

The Company has entered into lease agreements for office space and research facilities in San Diego County, California; Melbourne, Florida; Scottsdale, Arizona; Taipei, Taiwan; Shenzhen and Jiangsu, China; and Cambridgeshire, United Kingdom. Rent expense was \$247,000 and \$235,000 for the three months ended March 31, 2020 and 2019, respectively. With the Company's recent five year renewal of its San Diego location, the longest lease now expires in November 2025.

The Company moved into its facility in San Diego, California during the year ended December 31, 2014. The San Diego facility lease agreement included a tenant improvement allowance which provided for the landlord to pay for tenant improvements on behalf of the Company up to \$515,000. Based on the terms of this landlord incentive and involvement of the Company in the construction process, the leasehold improvements purchased under the landlord incentive were determined to be property of the Company.

The future minimum lease payments required under operating leases in effect at March 31, 2020, were as follows (in thousands):

Year ending:	
2020 (remaining nine months)	\$ 653
2021	992
2022	719
2023	705
2024	686
2025	615
	<u>\$ 4,370</u>

(b) Indemnification

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

Note 13. Concentration of Credit Risk

(a) Concentration of Sales and Accounts Receivable

The following represents customers that accounted for 10% or more of total revenue during the three months ended March 31, 2020 and 2019, and customers that accounted for 10% or more of total trade accounts receivable at March 31, 2020 and 2019.

	Three months ended March 31,	
	2020	2019
Percentage of net revenue		
Customer A	36%	42%
Customer B	8	10
	As of March 31,	
	2020	2019
Percentage of gross trade accounts receivable		
Customer A	37%	43%
Customer B	8	11

(b) Concentration of Purchases

During the three months ended March 31, 2020, the Company's products were primarily manufactured by two vendors in China and by the Company's Arizona facility.

Airgain, Inc.
Notes to Condensed Financial Statements
(Unaudited)

Note 14. Disaggregated Revenue

Disaggregated revenue are as follows (in thousands):

By Sales Channel

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Fulfillment distributors	\$ 6,082	\$ 8,607
OEM/ODM/Contract manufacturer	4,113	4,826
Other	1,021	1,675
Total	<u>\$ 11,216</u>	<u>\$ 15,108</u>

By Geography

	<u>2020</u>	<u>2019</u>
China	\$ 8,347	\$ 10,811
North America	2,456	2,797
Rest of the world	413	1,500
Total	<u>\$ 11,216</u>	<u>\$ 15,108</u>

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

The following discussion and analysis and the interim unaudited condensed 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, 2019 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, 2019.

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, or the Exchange Act. All statements other than statements of historical fact contained in this quarterly report, including statements regarding our future operating results, financial position and cash flows, the impact of COVID-19, our business strategy and plans, and our objectives for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "would," "could," "should," "expect," "plan," "anticipate," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this quarterly report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, operating results, business strategy, short-term and long-term business operations and objectives. These forward-looking statements speak only as of the date of this quarterly report and are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A, "Risk Factors." The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

Overview

We are a leading provider of advanced antenna technologies used to enable high performance wireless networking across a broad and increasing range of devices and markets, including consumer, enterprise and automotive. Our innovative antenna systems are designed to address key challenges with wireless system performance faced by our customers. We provide solutions to complex Radio Frequency, or RF, engineering challenges to help improve wireless services that require higher throughput, broad coverage footprint, and carrier grade quality.

The consumer market encompasses a large and growing market of consumers using wireless-enabled devices and our antennas are deployed in consumer access points, wireless gateways, Wi-Fi Mesh systems and extenders, smart TVs, smart home devices, and set-top boxes. Our antennas support an array of technologies including wireless local area networking, or WLAN, Wi-Fi, LTE, 5G and low power wide area networking, or LPWAN.

The enterprise market is characterized by devices that provide reliable wireless access for high-density environments such as buildings, campuses, transportation terminals and stadiums. Within this market our antennas are deployed across a wide range of systems, devices, and applications that include access points and gateways, fixed wireless access infrastructure, small cells, and remote radio heads. In addition we support an array of technologies, including Wi-Fi, LTE, 5G and LPWAN.

In the automotive market our antennas are deployed in a wide range of vehicles to support a variety of wireless connectivity solutions in the fleet and aftermarket segment and support a variety of technologies that include Wi-Fi, 3G, LTE, Satellite and LPWAN. The fleet and aftermarket segment consists of applications whereby rugged vehicular wireless routers are paired with external antenna systems via long coax cables to provide connectivity to fixed and mobile assets. The majority of our revenues are currently derived from fleet and aftermarket sales and going forward, our strategy is to innovate in the area of integrated active wireless technology and to augment our current sales in the automotive aftermarket with design wins and sales into the automotive original equipment manufacturers, or OEM. In May 2020 we announced a new antenna-modem platform called AirgainConnect. The AirgainConnect platform integrates the modem previously co-located within the vehicular router with the antenna elements into a single low-profile roof-mounted enclosure for Public Safety and Fleet Vehicles. By integrating a modem within an antenna assembly, AirgainConnect helps ensure transmission of the maximum allowable radiated power directly to the antenna elements. AirgainConnect's patented technology eliminates the signal loss over coax cables that run from mobile routers mounted to roof-mounted antennas, providing significant increase in the coverage area and higher data rates.

Our design teams partner with customers from the early stages of antenna prototyping to device throughput testing to facilitate optimal performance and quick time to market. Our capabilities include design, custom engineering support, integration, and over-the-air, or OTA, testing. These capabilities have resulted in a strong reputation across the OEM, original design manufacturers, or ODM, and chipset manufacturer ecosystem. Our competencies and strengths have helped us secure design wins used in multiple reference designs from leading Wi-Fi chipset vendors, OEMs, ODMs, and chipset manufacturers and service providers rely on these reference designs and our engineering

skills to deliver superior throughput performance. We view our relationship with OEM, ODM, chipset manufacturers and service providers as an important attribute to our long-term strategy and success.

We believe demand is growing for our advanced antenna solutions and there is a significant market opportunity. The recent evolution of the 802.11 standard to 802.11ax introduces Wi-Fi 6 and Wi-Fi 6E capabilities and this is driving a product cycle refresh within this market. Wi-Fi 6 and Wi-Fi 6E systems are typically more demanding in terms of RF performance leading to greater reliance on the antenna system. As a passive component, embedded antennas can be viewed as a commodity. However, our design, engineering, and research show that antenna selection, placement, and testing can have significant improvements in device performance. We believe that we are chosen when performance is a more significant factor than price, and our distinctive focus on superior designs that provide increased range and throughput has allowed us to build a leadership position in the in-home WLAN device market.

COVID-19 Pandemic

The United States and other countries around the world are experiencing a major health pandemic related to COVID-19, which has created considerable instability and disruption in the U.S. and world economies. Governmental authorities in impacted regions are taking actions in an effort to slow COVID-19's spread, resulting in business closures and limits on consumer and employee travel. We have worked, and continue working, to comply within the framework of local, county, state and federal laws. In that regard, we have implemented a wide range of practices to protect and support our employees and to modify and monitor the engagement with our customers, suppliers, and contract manufacturers. Specifically, in late January 2020, in response to intensifying efforts to contain the spread of COVID 19, we began to monitor or modify our hours of operation and the hours of our employees based in China, as did our contract manufacturers. In the United States, most of our employees are working from home and our offices are reserved for only those who cannot perform certain functions remotely, such as periodic prototyping and testing in our San Diego office, production operations in our Scottsdale office, and testing operations in our remote facilities. Protocols in light of government guidance have been put in place to minimize the risk to those employees whose presence in the office is necessary. Our sales people continue to engage with customers in order to secure sales of, and opportunities for, our products and services remotely rather than in-person.

The continued spread of COVID-19 and its related effects on our business have had a material and adverse effect on our business operations. Through the date of this filing, these disruptions or restrictions include restrictions on our ability to travel, temporary closures of our office buildings or the facilities of our customers or suppliers, and disruptions with our contract manufacturers located in Asia. Related to sales, through the date of this filing, we have seen, and may continue to see, disruptions or delays in shipments and product launches. Such disruptions of our customers, suppliers or contract manufacturers has had a negative impact on our sales and operating results, and may continue to have a negative effect in future quarters.

The impact of the COVID-19 pandemic on the U.S. and world economies generally, and our future results in particular, could be significant and will largely depend on future developments, which are highly uncertain and cannot be predicted. This includes new information that may emerge concerning the severity of COVID-19, the success of actions taken to contain or treat COVID-19 and additional reactions by consumers, companies, governmental entities and capital markets.

Factors Affecting Our Operating Results

We believe that our performance and future success depend upon several factors including manufacturing costs, investments in our growth, our ability to expand into growing addressable markets, including consumer, enterprise, and automotive, the average sales price of our products per device, the number of antennas per device, and our ability to diversify the number of devices that incorporate our antenna products. Our customers are extremely price conscious and our operating results are affected by pricing pressure which may force us to lower prices below our established list prices. In addition, a few end-customer devices which incorporate our antenna products comprise a significant amount of our sales and the discontinuation or modification of such devices may materially and adversely affect our sales and results of operations. Our ability to maintain or increase our sales depends on among other things, new and existing end-customers selecting our antenna solutions for their wireless devices and networks, the impact of the COVID-19 pandemic, as discussed above, the proliferation of Wi-Fi connected home devices and data intensive applications, investments in our growth to address customer needs, our ability to target new end markets, development of our product offerings and technology solutions and international expansion, as well as our ability to successfully integrate past and any future acquisitions. While each of these areas presents significant opportunities for us, they also pose significant risks and challenges we must successfully address. We discuss many of these risks, uncertainties and other factors in greater detail in the section entitled "Risk Factors" included in this quarterly report on Form 10-Q and in Item 1A of our Annual Report on Form 10-K.

Seasonality

Our operating results historically have not been subject to significant seasonal variations. However, our operating results are affected by how customers make purchasing decisions around local holidays in China. For example, a national holiday the first week of October in China may cause customers to purchase product in the third quarter ahead of their holiday season to account for higher volume requirements in the fourth quarter. In addition, although it is difficult to make broad generalizations, our sales tend to be lower in the first quarter of each year compared to other quarters due to the Chinese New Year. Results for any quarter may not be indicative of the results that may be achieved for the full fiscal year and these patterns may change as a result of general customer demand or product cycles.

Key Components of Our Results of Operations and Financial Condition

Sales

We primarily generate revenue from the sales of our antenna products. We recognize revenue to depict the transfer of 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 sales at the time of shipment to our customers, provided that all other revenue recognition criteria have been met. Although currently insignificant, we also generate service revenue derived from agreements to provide design, engineering, and testing for a customer.

Cost of Goods Sold

The cost of goods sold reflects the cost of producing antenna products that are shipped for our customers' devices. This primarily includes manufacturing costs of our products payable to our third-party contract manufacturers, as well as manufacturing costs incurred at our facility in Arizona. The cost of goods sold that we generate from services provided to customers primarily includes personnel costs.

Operating Expenses

Our operating expenses are classified into three categories: research and development, sales and marketing, and general and administrative. For each category, the largest component 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 leasehold improvements and rent. Operating expenses are generally recognized as incurred.

Research and development. Research and development expenses primarily consist of personnel and facility-related costs attributable to our engineering research and development personnel. These expenses include work related to the design, engineering and testing of antenna designs, and antenna integration, validation and testing of customer devices. These expenses include salaries, including stock-based compensation, benefits, bonuses, travel, communications, and similar costs, and depreciation and allocated operating expenses such as office supplies, premises expenses, and insurance. We may also incur expenses from consultants and for prototyping new antenna solutions. We expect research and development expenses to increase in absolute dollars in future periods as we continue to invest in the development of new solutions and markets and as we invest in improving efficiencies within our supply chain, 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, marketing programs, promotional materials, demonstration equipment, travel, recruiting, and allocated costs for certain facilities. Over the next several quarters we expect sales and marketing expenses to fluctuate as a percentage of sales.

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

Other Income

Interest Income. Interest income consists of interest from our cash and cash equivalents and short-term investments.

Interest Expense. Interest expense consists of interest charges on debt.

Provision for Income Taxes

Provision for income taxes consists of federal, state, and foreign 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 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.

Statements of Operations Data:	Three months ended March 31,	
	2020	2019
Sales	100.0%	100.0%
Cost of goods sold	52.5	55.1
Gross profit	47.5	44.9
Operating expenses:		
Research and development	21.6	15.5
Sales and marketing	13.7	15.1
General and administrative	23.9	13.2
Total operating expenses	59.2	43.8
Income (loss) from operations	(11.7)	1.1
Other income	(1.1)	(1.2)
Income (loss) before income taxes	(10.6)	2.3
Provision for income taxes	0.1	0.2
Net income (loss)	(10.7)%	2.1%

Comparison of the Three Months Ended March 31, 2020 (dollars in thousands)

Sales

	Three months ended March 31,		Decrease	% Change
	2020	2019		
Sales	\$ 11,216	\$ 15,108	\$ (3,892)	(25.8)%

Sales decreased \$3.9 million for the three months ended March 31, 2020, compared to the three months ended March 31, 2019, and was primarily driven by the impacts from COVID-19 and a product cycle transition for several large volume embedded antenna products.

Cost of Goods Sold

	Three months ended March 31,		Decrease	% Change
	2020	2019		
Cost of goods sold	\$ 5,891	\$ 8,322	\$ (2,431)	(29.2)%

Cost of goods sold decreased \$2.4 million for the three months ended March 31, 2020, compared to the three months ended March 31, 2019, and is primarily due to the decreased sales in the current quarter.

Gross Profit

	Three months ended March 31,		Decrease	% Change
	2020	2019		
Gross profit	\$ 5,325	\$ 6,786	\$ (1,461)	(21.5)%
Gross profit (percentage of sales)	47.5%	44.9%		2.6%

Gross profit as a percentage of sales increased 2.6% for the three months ended March 31, 2020, compared to the three months ended March 31, 2019. The increase in gross profit as a percentage of sales is due to a favorable change in the product sales mix.

Operating Expenses

	Three months ended March 31,		Increase / (Decrease)	% Change
	2020	2019		
Operating Expenses				
Research and development	\$ 2,418	\$ 2,338	\$ 80	3.4%
Sales and marketing	1,539	2,274	(735)	(32.3)
General and administrative	2,678	1,995	683	34.2
Total	<u>\$ 6,635</u>	<u>\$ 6,607</u>	<u>\$ 28</u>	<u>0.4%</u>

Research and Development

Research and development expense increased \$0.1 million for the three months ended March 31, 2020, compared to the three months ended March 31, 2019. The increase is primarily driven by an increase in product development expenses associated with new product launches offset by lower travel expenses.

Sales and Marketing

Sales and marketing expense decreased \$0.7 million for the three months ended March 31, 2020, compared to the three months ended March 31, 2019. The decrease was primarily due to a decrease in personnel-related expenses, lower travel expenses and tradeshow cancellations.

General and Administrative

General and administrative expense increased \$0.7 million for the three months ended March 31, 2020, compared to the three months ended March 31, 2019. The increase was primarily due to an increase in personnel-related expenses.

Other Income

	Three months ended March 31,		Increase / (Decrease)	% Change
	2020	2019		
Other expense (income):				
Interest income	\$ (124)	\$ (188)	\$ 64	(34.0)%
Interest expense	—	1	(1)	(100.0)
Total	<u>\$ (124)</u>	<u>\$ (187)</u>	<u>\$ 63</u>	<u>(33.7)%</u>

Other income decreased \$0.1 for the three months ended March 31, 2020, compared to the three months ended March 31, 2019. The decrease was primarily due to lower interest income on our short term investments.

Liquidity and Capital Resources

We had cash and cash equivalents of \$22.5 million and \$11.0 million in short term investments at March 31, 2020.

Before 2013, we had incurred net losses in each year since our inception. As a result, we had an accumulated deficit of \$45.3 million at March 31, 2020.

Since inception, we have primarily financed our operations and capital expenditures through private sales of preferred stock, public offerings of our common stock and cash flows from our operations. We have raised an aggregate of \$29.5 million in net proceeds from the issuance of our preferred stock and convertible promissory notes and \$37.0 million from the sale of common stock in our public offerings.

On January 31, 2018, we entered into a second amended and restated loan and security agreement with Silicon Valley Bank, or the Loan Agreement. Under this Loan Agreement the aggregate principal amount available under the revolving line of credit is \$10.0 million and requires the Company maintain a ratio of cash and cash equivalents plus accounts receivable to outstanding debt under the Loan Agreement minus deferred revenue of 1.25 to 1.00. The Loan Agreement also set a borrowing base limit of 80% of the aggregate face amount of all eligible receivables. The revolving line of credit matured on January 31, 2020 and was not renewed.

In August 2017, our board of directors approved a share repurchase program, or the 2017 Program, pursuant to which we could purchase up to \$7.0 million of shares of our common stock over the twelve-month period following the establishment of the program. The repurchases under the 2017 Program were made from time to time in the open market or in privately negotiated transactions and are funded from our working capital. Repurchases were made in compliance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended,

subject to market conditions, available liquidity, cash flow, applicable legal requirements and other factors. All shares of common stock repurchased under our 2017 Program were returned to the status of authorized and issued shares of common stock. On August 7, 2018, our board of directors approved an extension to the 2017 Program for an additional twelve-month period ending August 14, 2019.

On September 9, 2019, our board of directors approved a new share repurchase program, or the 2019 Program, pursuant to which we may purchase up to \$7.0 million of shares of our common stock over the following twelve-months. The 2019 Program mirrors all aspects and terms of our 2017 Program as described above.

During the three months ended March 31, 2020, we repurchased approximately 24,000 shares of common stock under the 2019 Program at an average price per share of \$8.03, for a total cost of \$0.2 million. Since inception of the 2019 Program through March 31, 2020, we have purchased a total of approximately 117,000 shares of common stock for a total cost of \$1.2 million.

We plan to continue to invest for long-term growth, including expanding our sales force and engineering organizations and making additional capital expenditures to further penetrate markets both in the United States and internationally, as well as expanding our research and development for new product offerings and technology solutions. We anticipate that these investments will continue to increase in absolute dollars. We believe that our existing cash and cash equivalents balance together with cash proceeds from operations will be sufficient to meet our working capital requirements for at least the next twelve 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,	
	2020	2019
Net cash used in operating activities	\$ (902)	\$ (875)
Net cash provided by (used in) investing activities	10,533	(1,036)
Net cash provided by (used in) financing activities	(120)	38
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 9,511	\$ (1,873)

Net cash used in operating activities. Net cash used in operating activities was \$0.9 million for the three months ended March 31, 2020. This was primarily driven by a net loss of \$1.2 million and further adjusted by \$0.7 million of changes in operating assets and liabilities offset by net non-cash expenses of \$1.0 million.

Net cash provided by (used in) investing activities. Net cash provided by investing activities was \$10.5 million for the three months ended March 31, 2020. This was primarily driven by \$11.4 million in maturities of available-for-sale securities offset by \$0.8 million in purchases of available-for-sale securities and \$0.1 in purchases of property and equipment.

Net cash provided by (used in) financing activities. Net cash used in financing activities was \$0.1 for the three months ended March 31, 2020. This was primarily driven by \$0.2 million in common stock repurchases offset by \$0.1 million in proceeds from the exercise of stock options.

Contractual Obligations and Commitments

Other than disclosed below, there were no material changes outside the ordinary course of our business during the three months ended March 31, 2020 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, 2019.

On February 13, 2020 we entered into an amendment, or the Lease Amendment, to our office lease with Kilroy Realty, L.P. relating to our corporate headquarters, which, among other things, extended the term of the office lease from June 30, 2020 until its new expiration on November 30, 2025. The Lease Amendment provides that the annual base rent for the leased space shall be \$588,000, or \$49,000 on a monthly basis, for the 12-month period beginning July 1, 2020, which amount shall increase 3% annually beginning on July 1, 2021. We are entitled to base rent abatement for a specified period beginning on July 1, 2020. In addition the Lease Amendment removed the ability for the Company to further extend the lease term by a period of three years upon expiration in 2025.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements (as defined by applicable regulations of the Securities and Exchange Commission) that are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of financial condition and operating results is based on our unaudited condensed financial statements, which have been prepared in accordance with GAAP. The preparation of these 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 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 have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, other than as set forth in Note 2 to the unaudited condensed financial statements included in this quarterly report.

Recent Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Sensitivity

Our investment portfolio is exposed to market risk from changes in interest rates. The fair market value of fixed rate securities may be adversely impacted by fluctuations in interest rates while income earned on floating rate securities may decline as a result of decreases in interest rates. Under our current investment policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes. We attempt to ensure the safety and preservation of our invested principal funds by limiting default risk, market risk, and reinvestment risk. We mitigate default risk by investing in investment grade securities. We maintain a relatively short average maturity for our investment portfolio, and we believe a hypothetical 100 basis point adverse move in interest rates along the entire interest rate yield curve would not materially affect the fair value of our interest sensitive financial instruments.

Foreign Currency Risk

All of our sales are denominated in U.S. dollars, and therefore, our sales are not currently subject to significant foreign currency risk. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic and current reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable and not absolute assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, the design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control 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 Securities Exchange Act of 1934, as amended, or 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

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended March 31, 2020, 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

We are not currently party to any material legal proceedings.

ITEM 1A. RISK FACTORS

A description of the risk factors associated with our business is included in the Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019, as updated by our subsequent filings under the Exchange Act. There have been no material changes to such risk factors, other than changes to the risk factors set forth below. In evaluating our business, you should carefully consider the risk factors discussed in our Annual Report on Form 10-K, as updated by our subsequent filings under the Exchange Act. The occurrence of any of the risks discussed in such filings, or other events that we do not currently anticipate or that we currently deem immaterial, could harm our business, prospects, financial condition and results of operations. In that case the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

Our financial condition and results of operations could be adversely affected by outbreak of contagious disease such as the recent COVID 19 pandemic

Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, including the recent outbreak of COVID-19 first identified in Wuhan, Hubei Province, China, which has created considerable instability and disruption in the U.S. and world economies. Governmental authorities in impacted regions are taking actions in an effort to slow COVID-19's spread, resulting in business closures and a limit on consumer and employee travel. Any outbreak of contagious diseases, and other adverse public health developments, could have a material and adverse effect on our business operations. In late January 2020, in response to intensifying efforts to contain the spread of COVID-19, we began to monitor or modify our hours of operation and the hours of our employees based in China, as did our contract manufacturers. In the United States, most of our employees are working from home and our offices are reserved for only those who cannot perform certain functions remotely, such as periodic prototyping and testing in our San Diego office, production operations in our Scottsdale office, and testing operations in our remote facilities. Our sales people continue to engage with customers in order to secure sales of, and opportunities for, our products and services remotely rather than in-person. Specifically, the COVID-19 pandemic has caused, and may continue to cause, a disruption and restriction on our ability to travel, temporary closures of our office buildings and the facilities of our customers or suppliers, and disruptions with our contract manufacturers and suppliers located in Asia. Related to sales, we have seen disruptions and delays in shipments and product launches. Such disruptions of our customers, suppliers and contract manufacturers has had a negative impact on our sales and operating results, and may continue to have a negative effect in future quarters.

The impact of the COVID-19 pandemic on the U.S. and world economies generally, and our future results in particular, could be significant and will largely depend on future developments, which are highly uncertain and cannot be predicted at this time. This includes new information that may emerge concerning the severity of COVID-19, the success of actions taken to contain or treat COVID-19 and additional reactions by consumers, companies, governmental entities and capital markets. To the extent the COVID-19 pandemic continues to adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described in this section and in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2019.

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

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the period covered by this report.

Issuer Purchases of Equity Securities

The following table contains information relating to the repurchase of our common stock made by us in the three months ended March 31, 2020:

Period	Total number of shares repurchased	Average price paid per share	Total number of shares purchased as part of a publicly announced program	Approximate dollar amount of shares that may yet be purchased under the program (1)
January 1, 2020 to January 31, 2020	—	\$ —	93,214	\$ 5,966,178
February 1, 2020 to February 29, 2020	9,693	8.10	102,907	5,887,636
March 1, 2020 to March 31, 2020	14,000	7.97	116,907	5,776,004

(1) On September 9, 2019, our board of directors authorized the repurchase over the following twelve months of issued and outstanding shares of our common stock having an aggregate value of up to \$7.0 million pursuant to a repurchase program. As of March 31, 2020, we have repurchased shares of common stock having an aggregate value of approximately \$1.2 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1(1)	Amended and Restated Certificate of Incorporation
3.2(1)	Amended and Restated Bylaws
4.1(2)	Specimen stock certificate evidencing the shares of common stock
4.2(2)	Form of Warrant issued to Northland Securities, Inc. in connection with the initial public offering of our common stock
4.3(3)	Description of Registered Securities
10.1#	Employment Agreement, dated January 13, 2020, by and between David Lyle and the Registrant filed herewith
10.2†	First Amendment to Office Lease, dated February 13, 2020, by and between Kilroy Realty, L.P. and the Registrant filed herewith
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended
32.1*	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document

- (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 Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (Registration No. 333- 212542), filed with the SEC on July 29, 2016.
 - (3) Incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the SEC on February 28, 2020.
- † Confidential portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.
- # Indicates management contract or compensatory plan.
- * 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, 2020

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

Date: May 7, 2020

/s/ David B. Lyle
David B. Lyle
Chief Financial Officer and Secretary
(principal financial and accounting officer)

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement"), effective as of January 13, 2020 (the "Effective Date"), is made by and between AIRGAIN, INC. (the "Company"), and DAVID LYLE ("Employee").

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to employ Employee under the following terms and conditions; and

WHEREAS, Employee desires to be employed by the Company and to accept such terms and conditions of employment as are contained in this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, the Company and Employee (individually a "Party" and together the "Parties") agree as follows:

AGREEMENT

1. Effective Date.

Employee's employment under the terms of this Agreement shall commence on the Effective Date.

2. At-will Employment.

Employee's employment relationship with the Company under this Agreement ("Employment") is at-will, terminable at any time and for any reason by either the Company or Employee. While certain sections of this Agreement describe events that could occur at a particular time in the future, nothing in this Agreement shall be construed as a guarantee of employment of any length.

3. Employment Duties.

- a. Title/Responsibilities. Effective from and after the Effective Date, Employee shall be the Chief Financial Officer and Secretary of the Company, reporting to the Chief Executive Officer and President (the "Supervising Officer") of the Company. Employee shall perform all of the duties and responsibilities of such offices set forth in the Bylaws of the Company and those commonly associated with such offices and such further duties and responsibilities as may from time to time be assigned to him by the Board or the Supervising Officer.
- b. Full-Time Attention. Employee shall devote his full time, attention, energy and skills to the Company during the period he is employed under this Agreement.
- c. Policy Compliance. Employee shall comply with all of the Company's policies, practices and procedures, as well as, all applicable laws. As a condition to his commencement of employment, Employee will execute and deliver to the Company the Employee Proprietary Information and Inventions Assignment Agreement (the "Employee Proprietary Information and Inventions Assignment Agreement") attached hereto as Exhibit 1.

4. Compensation.

- a. Base Salary. The Company shall pay Employee a base salary of \$325,000 per year, or such higher amount as the Board may determine from time to time, less applicable federal and state withholding taxes, in accordance with the Company's regular payroll practices (the "Base Salary").
- b. Annual Bonus Compensation. In addition to the Base Salary, Employee will be eligible to receive an incentive bonus (the "Bonus") at an initial target for 2020 of 60% of his Base Salary (the "Target Bonus").
- c. Effective Date Awards.

i. On the Effective Date, the Company shall grant to Employee stock options to purchase an aggregate of 100,000 shares of the Company's common stock (the "Stock Option"). The Stock Option shall vest as follows: 25% of the original number of shares subject to the Stock Option shall vest on the first anniversary of the Effective Date, and 1/48th of the original number of shares subject to the Stock Option shall vest following each one-month period thereafter, subject to Employee's continued service to the Company through each such vesting date, so that all of the shares subject to the Stock Option shall be vested on the fourth (4th) anniversary of the Effective Date. The Stock Option will be granted pursuant to the Company's 2016 Incentive Award Plan (the "Plan"). The Stock Option will have an exercise price per share equal to the then-current fair market value per share of the common stock of the Company (as determined pursuant to the Plan) on the date of grant. The Stock Option shall be an incentive stock option to the extent permitted under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). The Stock Option shall have a ten-year term and shall be subject to the terms and conditions of the Plan and the stock option agreement pursuant to which the Stock Option is granted.

ii. On the Effective Date, the Company shall grant to Employee 35,000 restricted stock units (the "RSUs"). The RSUs will be granted pursuant to the Plan. The RSUs shall vest in four equal annual installments on each of March 1, 2021, 2022, 2023, and 2024, subject to Employee's continued service to the Company through each such vesting date. The RSUs shall be subject to the terms and conditions of the Plan and the stock option agreement pursuant to which the RSUs are granted.

iii. Notwithstanding the foregoing, the Stock Option and the RSUs (and all Equity Awards held by Employee (as defined below)) shall become fully vested in the event of Employee's termination of employment by the Company without Cause (as defined below), or Employee's Resignation for Good Reason (as defined below), in each case within sixty (60) days prior to a Change in Control or at any time following a Change in Control (as defined below). For the avoidance of doubt, any acceleration in the event

of Employee's termination of employment by the Company without Cause or Employee's Resignation for Good Reason within sixty (60) days prior to a Change in Control will be effective on the date of the Change in Control occurring within such sixty (60) day period following such termination.

iv. For purposes of this Agreement, "Equity Awards" means all stock options, restricted stock, restricted stock units and such other awards granted pursuant to the Company's stock option and equity incentive award plans or agreements and any shares of stock issued upon exercise thereof, including the Stock Option and the RSUs.

- d. Additional Equity Awards. Employee shall be entitled to participate in any equity or other employee benefit plan that is generally available to senior executive officers, as distinguished from general management, of the Company. Except as otherwise provided in this Agreement, Employee's participation in and benefits under any such plan shall be on the terms and subject to the conditions specified in the governing document of the particular plan.
- e. Employee Benefits. Employee shall be entitled to participate in all employee benefit plans, programs and arrangements maintained by the Company and made available to employees generally, including, without limitation, bonus, retirement, profit sharing and savings plans and medical, disability, dental, life and accidental death and dismemberment insurance plans.
- f. Reimbursement of Expenses. During his Employment with the Company, Employee shall be entitled to reimbursement for all reasonable and necessary business expenses incurred on behalf of the Company, including without limitation, travel and entertainment expenses, business supplies and communication expenses, in accordance with the Company's policies and procedures.

5. Voluntary Resignation or Termination for "Cause."

- a. Payment upon Voluntary Resignation other than for Good Reason or Termination for Cause. If Employee voluntarily resigns his Employment other than for Good Reason or if Employee is terminated for Cause, the Company shall pay Employee the following: (i) all accrued and unpaid Base Salary, if any is due, through the date of termination and any vacation which is accrued but unused as of such date; (ii) Employee's business expenses that are reimbursable pursuant to this Agreement and Company policies, but which have not been reimbursed by the Company as of the date of termination; and (iii) the Employee's Bonus compensation for the calendar year immediately preceding the year in which the date of termination occurs if such Bonus has been determined but not paid as of the date of termination (payable at the time such Bonus would otherwise have been paid to Employee, but in no event later than March 15 of the year in which the date of termination occurs) (collectively, the "Accrued Obligations"). Employee shall not be eligible for severance payments under Sections 6, 7 or 8 below, or any continuation of benefits (other than as required by law), or any other compensation pursuant to this Agreement or otherwise.
- b. Definition of "Cause". As set forth above, the employment relationship between the Parties is at-will, terminable at any time by either Party for any reason or no reason. The termination may nonetheless be for "Cause". For purposes of this Agreement, "Cause" is defined as the Company's good faith determination of: (i) Employee's material breach of this

Agreement or the Employee Proprietary Information and Inventions Assignment Agreement or the definitive agreements relating to the Equity Awards referenced in Section 4(c) above; (ii) Employee's continued substantial and material failure or refusal to perform according to, or to comply with, the policies, procedures or practices established by the Company; (iii) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (iv) the misappropriation (or attempted appropriation) of any of the Company's funds or property of any kind; (v) willful gross misconduct; or (vi) Employee's conviction of a felony involving moral turpitude that is likely to inflict or has inflicted material injury on the business of the Company; provided, however, that except for Cause being the result of item (vi) above, the Company shall provide written notice to Employee, which notice specifically identifies the nature of the alleged Cause claimed by the Company with enough specificity for Employee to be able to cure, and Employee shall thereafter have fifteen (15) days to cure the purported ground(s) for Cause.

c. Definition of "Good Reason". For purposes of this Agreement, "Good Reason" and "Resignation for Good Reason" are defined as:

- i. a material reduction in Employee's authority, duties or responsibilities relative to Employee's authority, duties or responsibilities in effect immediately prior to such reduction;
- ii. a material reduction by the Company in Employee's Base Salary relative to Employee's Base Salary in effect immediately prior to such reduction (and the Parties agree that a reduction of ten percent (10%) or more will be considered material for purposes of this clause (ii)), other than a general reduction in the base salaries of similarly-situated employees of the Company;
- iii. a material change in the geographic location at which Employee must perform his duties (and the Company and Employee agree that any requirement that Employee be based at any place outside a 25-mile radius of his or her place of employment as of the Effective Date, except for reasonably required travel on the Company's or any successor's or affiliate's business that is not materially greater than such travel requirements prior to the Effective Date, shall be considered a material change); or
- iv. the Company's material breach of this Agreement;

provided, however, that Employee must provide written notice to the Board of the condition that could constitute a "Good Reason" event within ninety (90) days of the initial existence of such condition and such condition must not have been remedied by the Company within thirty (30) days (the "Cure Period") of such written notice. Employee's Resignation for Good Reason must occur within six (6) months following the initial existence of such condition.

6. Termination Without "Cause" or "Resignation for Good Reason". In the event Employee is terminated without Cause or resigns for Good Reason, Employee shall be entitled

to:

a. the Accrued Obligations; plus

b. subject to Employee's execution and non-revocation of a full and final Release (as defined in Section 9 below) and Employee's continued compliance with the Employee Proprietary Information and Inventions Assignment Agreement, severance pay in an amount equal to the sum of (i) twelve (12) months' Base Salary as in effect immediately prior to the date of termination, plus (ii) an amount equal to Employee's Target Bonus for the calendar year during which the date of termination occurs, prorated for such portion of the calendar year during which such termination occurs that has elapsed through the date of termination, payable in a lump sum on the date that is thirty (30) days following the date of termination; plus

c. subject to Employee's execution and non-revocation of a full and final Release and Employee's continued compliance with the Employee Proprietary Information and Inventions Assignment Agreement, for the period beginning on the date of Employee's termination of employment and ending on the date which is twelve (12) full months following the date of Employee's termination of employment (or, if earlier, the date on which the applicable continuation period under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") expires) (the "COBRA Coverage Period"), the Company shall arrange to provide Employee and his eligible dependents who were covered under the Company's health insurance plans as of the date of Employee's termination of employment with health (including medical and dental) insurance benefits substantially similar to those provided to Employee and his dependents immediately prior to the date of such termination. If the Company is not reasonably able to continue health insurance benefits coverage under the Company's insurance plans, the Company shall provide substantially equivalent coverage under other third-party insurance sources. If any of the Company's health benefits are self-funded as of the date of Employee's termination of employment, or if the Company cannot provide the foregoing benefits in a manner that is exempt from or otherwise compliant with applicable law (including, without limitation, Section 409A of the Code and Section 2716 of the Public Health Service Act), instead of providing continued health insurance benefits as set forth above, the Company shall instead pay to Employee an amount equal to the monthly premium payment for Employee and his eligible dependents who were covered under the Company's health plans as of the date of Employee's termination of employment (calculated by reference to the premium as of the date of termination) as currently taxable compensation in substantially equal monthly installments over the COBRA Coverage Period (or the remaining portion thereof).

7. Employee's Disability or Death. Employee's employment shall terminate automatically in the event of Employee's death or termination of employment by reason of his "Disability." In the event of Employee's death or termination of employment as a result of Employee's Disability, Employee or his heirs shall be entitled to (a) the Accrued Obligations, plus (b) payment of an amount equal to Employee's "earned" Bonus for the calendar year during which Employee's date of termination occurs calculated as of the date of termination (wherein "earned" means that Employee has met the applicable bonus metrics as of date of such termination, as determined by the Board), prorated for such portion of the calendar year during which such termination occurs that has elapsed through the date of termination, payable in a lump sum on the date that is thirty (30) days following the date of termination. For purposes of this Agreement, "Disability" shall mean the Employee's failure to perform his duties hereunder, for a period of not less than one hundred twenty (120) consecutive days

because of Employee's incapacitation due to physical or mental injury, disability, or illness.

8. Change in Control Termination.

- a. Payment Upon Change in Control Termination. In the event of a "Change in Control Termination", as defined below, Employee shall be entitled to:
- i. the Accrued Obligations; plus
 - ii. subject to Employee's execution and non-revocation of a full and final Release and Employee's continued compliance with the Employee Proprietary Information and Inventions Assignment Agreement, severance pay in an amount equal to the sum of (a) twelve (12) months' Base Salary as in effect immediately prior to the date of termination, plus (b) Employee's Target Bonus for the calendar year during which such date of termination occurs, payable in a lump sum on the date that is thirty (30) days following the date of termination; plus
 - iii. subject to Employee's execution and non-revocation of a full and final Release and Employee's continued compliance with the Employee Proprietary Information and Inventions Assignment Agreement, for the period beginning on the date of Employee's termination of employment and ending on the date which is eighteen (18) full months following the date of Employee's termination of employment (or, if earlier, the date on which the applicable continuation period under COBRA expires) (the "CIC COBRA Coverage Period"), the Company shall arrange to provide Employee and his eligible dependents who were covered under the Company's health insurance plans as of the date of Employee's termination of employment with health (including medical and dental) insurance benefits substantially similar to those provided to Employee and his dependents immediately prior to the date of such termination. If the Company is not reasonably able to continue health insurance benefits coverage under the Company's insurance plans, the Company shall provide substantially equivalent coverage under other third-party insurance sources. If any of the Company's health benefits are self-funded as of the date of Employee's termination of employment, or if the Company cannot provide the foregoing benefits in a manner that is exempt from or otherwise compliant with applicable law (including, without limitation, Section 409A of the Code and Section 2716 of the Public Health Service Act), instead of providing continued health insurance benefits as set forth above, the Company shall instead pay to Employee an amount equal to the monthly premium payment for Employee and his eligible dependents who were covered under the Company's health plans as of the date of Employee's termination of employment (calculated by reference to the premium as of the date of termination) as currently taxable compensation in substantially equal monthly installments over the CIC COBRA Coverage Period (or the remaining portion thereof).

b. Definition of "Change in Control Termination". A "Change in Control Termination" occurs if Employee (i) is terminated without Cause, or (ii) terminates his employment pursuant to a Resignation for Good Reason, in each case within twelve (12) months following a "Change in Control" (as defined below). For purposes of this Agreement, a "Change in Control" means and includes each of the following:

i. A transaction or series of transactions (other than an offering of the Company's common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (x) and (y) of subsection (iii) below) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities outstanding immediately after such acquisition; or

ii. During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (i) or (iii)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the two (2)-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

iii. The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (A) a merger, consolidation, reorganization, or business combination or (B) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (C) the acquisition of assets or stock of another entity, in each case other than a transaction:

x. which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity.)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

y. after which no person or group beneficially owns voting securities representing fifty percent (50%) or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for

purposes of this clause (y) as beneficially owning fifty percent (50%) or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

In addition, if a Change in Control constitutes a payment event with respect to any payment under this Agreement which provides for the deferral of compensation and is subject to Section 409A of the Code, the transaction or event described in clause (i), (ii), or (iii) with respect to such payment must also constitute a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A of the Code.

9. Release. Notwithstanding any provision to the contrary in this Agreement, no amount shall be paid or benefit provided pursuant to Section 6 or Section 8 (other than the Accrued Obligations) and no accelerated vesting of the Equity Awards shall occur as a result of Employee's termination of employment pursuant to Section 4(c) unless, on or prior to the thirtieth (30th) day following the date of Employee's termination of employment, an effective general release of claims agreement (the "Release") in substantially the form attached hereto as Exhibit 2 has been executed by Employee and remains effective on such date and any applicable revocation period thereunder has expired.

10. Notices. Any reports, notices or other communications required or permitted to be given by either Party hereto, shall be given in writing by personal delivery, overnight courier service, or by registered or certified mail, postage prepaid, return receipt requested, addressed to the Company at its principal executive offices and to Employee at his most recent address on the Company's payroll records.

11. Notice of Termination. Any purported termination of Employment by the Company or the Employee shall be communicated by written Notice of Termination to the other Party. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates, if applicable, the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated. For purposes of this Agreement, no such purported termination of employment shall be effective without delivery of such a Notice of Termination.

12. General Provisions.

- a. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to the conflicts of laws principles thereof. Employee and the Company agree that any litigation regarding this Agreement shall be conducted in San Diego, California. Employee and the Company hereby consent to the jurisdiction of the courts of the State of California and the United States District Court for the Southern District of California.
- b. Assignment; Assumption by Successor. The rights of the Company under this Agreement may, without the consent of Employee, be assigned by the Company, in its sole and unfettered discretion, to any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires all or substantially all of the assets or business of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger or otherwise) to all or substantially

all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided, however, that no such assumption shall relieve the Company of its obligations hereunder. As used in this Agreement, the "Company," shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

- c. No Waiver of Breach. The failure to enforce any provision of this Agreement shall not be construed as a waiver of any such provision, nor prevent a Party thereafter from enforcing the provision or any other provision of this Agreement. The rights granted the Parties are cumulative, and the election of one shall not constitute a waiver of such Party's right to assert all other legal and equitable remedies available under the circumstances.
- d. Severability. The provisions of this Agreement are severable, and if any provision shall be held to be invalid or otherwise unenforceable, in whole or in part, the remainder of the provisions, or enforceable parts of this Agreement, shall not be affected.
- e. Entire Agreement. This Agreement and the Employee Proprietary Information and Inventions Assignment Agreement constitute the entire agreement of the Parties with respect to the subject matter of this Agreement and supersede all prior and contemporaneous negotiations, agreements and understandings between the Parties, whether oral or written, including, without limitation any offer letter between the parties.
- f. Modifications and Waivers. No modification or waiver of this Agreement shall be valid unless in writing, signed by the Party against whom such modification or waiver is sought to be enforced.
- g. Amendment. This Agreement may be amended or supplemented only by a writing signed by both of the Parties hereto.
- h. Duplicate Counterparts: Facsimile. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original; provided, however, such counterparts shall together constitute only one agreement. Facsimile signatures or signatures sent via electronic mail shall be as effective as original signatures.
- i. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
- j. Non-transferability of Interest. None of the rights of Employee to receive any form of compensation payable pursuant to this Agreement shall be assignable or transferable except through a testamentary disposition or by the laws of descent and distribution upon the death of Employee. Any attempted assignment, transfer, conveyance, or other disposition (other than as aforesaid) of any interest in the rights of Employee to receive any form of compensation to be made by the Company pursuant to this Agreement shall be void.

k. Construction. The language in all parts of this Agreement shall in all cases be construed simply, according to its fair meaning, and not strictly for or against any of the parties hereto. Without limitation, there shall be no presumption against any party on the ground that such party was responsible for drafting this Agreement or any part thereof.

1.

Section 409A

i. Notwithstanding anything to the contrary in this Agreement, no payment or benefit to be paid or provided to Employee upon his termination of employment, if any, pursuant to this Agreement that, when considered together with any other payments or benefits, are considered deferred compensation under Section 409A (together, the "Deferred Payments") will be paid or otherwise provided until Employee has a "separation from service" within the meaning of Section 409A. Similarly, no amounts payable to Employee, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until Employee has a "separation from service" within the meaning of Section 409A.

ii. Notwithstanding anything to the contrary in this Agreement, if Employee is a "specified employee" within the meaning of Section 409A at the time of Employee's termination of employment (other than due to death), then the Deferred Payments that are payable within the first six (6) months following Employee's separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of Employee's separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Employee dies following Employee's separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Employee's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

iii. Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute a Deferred Payment for purposes of clauses (i) and (ii) above.

iv. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the limits set forth therein will not constitute a Deferred Payment for purposes of clauses (i) and (ii) above.

v. This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Agreement become subject to (A) the gross income inclusion set forth within Code Section 409A(a)(1)(A) or (B) the interest and additional tax set forth within Code Section 409A(a)(1)(B) (together, referred to herein as the "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. In no event shall the Company be required to provide a tax gross-up payment to Employee or otherwise reimburse Employee with respect to Section 409A Penalties. The Company and Employee agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any Section 409A Penalties on Employee.

vi. Any reimbursement of expenses or in-kind benefits payable under this Agreement shall be made in accordance with Treasury Regulation Section 1.409A-3(i)(1)(iv) and shall be paid on or before the last day of Employee's taxable year following the taxable year in which Employee incurred the expenses. The amount of expenses reimbursed or

in-kind benefits payable in one year shall not affect the amount eligible for reimbursement or in-kind benefits payable in any other taxable year of Employee's, and Employee's right to reimbursement for such amounts shall not be subject to liquidation or exchange for any other benefit.

- m. Whistleblower Provision. Nothing herein shall be construed to prohibit Employee from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Employee acknowledges that the Company has provided Employee with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Employee files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date(s) set forth below.

AIRGAIN, INC.

Dated: January 10, 2020

By: /s/ Jacob Suen _____

Name: Jacob Suen _____

Title: CEO & President _____

EMPLOYEE

Dated: January 10, 2020

/s/ D Lyle _____
DAVID LYLE

EXHIBIT 1

Employee Proprietary Information and Inventions Assignment Agreement

[Attached]

EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS ASSIGNMENT AGREEMENT

on and as a condition of my employment or continued employment by Airgain, Inc., a Delaware corporation (together with any of its subsidiaries or parent companies, and any of their successors or assigns collectively, the "Company"), and my receipt of the compensation paid to me by the Company in the context of that employment, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the date of my signature below (the "Effective Date"), I, the undersigned, agree as follows:

Proprietary Information. During the term of my employment, I may have or may in the future receive and otherwise be exposed, directly or indirectly, to confidential and proprietary information of the Company whether in graphic, written, electronic or oral form, including without limitation information relating to the Company's business, strategies, designs, products, services and technologies and any derivatives, improvements and enhancements relating to any of the foregoing, or to the Company's suppliers, customers or business partners (collectively "Proprietary Information"). Proprietary Information may be identified at the time of disclosure as confidential or proprietary or information which by its context would reasonably be deemed to be confidential or proprietary. "Proprietary Information" may also include without limitation (a)(i) unpublished patent disclosures and patent applications and other filings, know-how, trade secrets, works of authorship and other intellectual property, as well as any information regarding ideas, Inventions (as defined in Section 5), technology, and processes, including without limitation assays, sketches, schematics, techniques, drawings, designs, descriptions, specifications and technical documentation, (ii) specifications, protocols, models, designs, equipment, engineering, algorithms, software programs, software source documents, formulae, (iii) information concerning or resulting from any research and development or other project, including without limitation, experimental work, product development plans, regulatory compliance information, and research, development and regulatory strategies, and (iv) business and financial information, including without limitation purchasing, procurement, manufacturing, customer lists, information relating to investors, employees, business and contractual relationships, business forecasts, sales and merchandising, business and marketing plans, product plans, and business strategies, including without limitation information the Company provides regarding third parties, such as, but not limited to, suppliers, customers, employees, investors, or vendors; and (b) any other information, to the extent such information contains, reflects or is based upon any of the foregoing Proprietary Information. The Proprietary Information may also include information of a third party that is disclosed to you by the Company or such third party at the Company's direction.

2. Obligations of Non-Use and Nondisclosure. I acknowledge the confidential and secret character of the Proprietary Information, and agree that the Proprietary Information is the sole, exclusive and valuable property of the Company. Accordingly, I agree not to use the Proprietary Information except in the performance of my authorized duties as an employee of the Company, and not to disclose all or any part of the Proprietary Information in any form to any

third party, either during or after the term of my employment, without the prior written consent of the Company on a case-by-case basis. Upon termination of my employment, I agree to cease using and to return to the Company all whole and partial copies and derivatives of the Proprietary Information, whether in my possession or under my direct or indirect control, provided that I am entitled to retain my personal copies of (a) my compensation records, (b) materials distributed to stockholders generally, and (c) this Employee Proprietary Information and Inventions Assignment Agreement (this "Agreement"). I understand that my obligations of nondisclosure with respect to Proprietary Information shall not apply to information that I can establish by competent proof (x) was actually in the public domain at the time of disclosure or enters the public domain following disclosure other than as a result of a breach of this Agreement, (y) is already in my possession without breach of any obligations of confidentiality at the time of disclosure by the Company as shown by my files and records immediately prior to the time of disclosure, or (z) is obtained by me from a third party not under confidentiality obligations and without a breach of any obligations of confidentiality. If I become compelled by law, regulation (including without limitation the rules of any applicable securities exchange), court order, or other governmental authority to disclose the Proprietary Information, I shall, to the extent possible and permissible under applicable law, first give the Company prompt notice. I agree to cooperate reasonably with the Company in any proceeding to obtain a protective order or other remedy. If such protective order or other remedy is not obtained, I shall only disclose that portion of such Proprietary Information required to be disclosed, in the opinion of my legal counsel. I shall request that confidential treatment be accorded such Proprietary Information, where available. Compulsory disclosures made pursuant to this section shall not relieve me of my obligations of confidentiality and non-use with respect to non-compulsory disclosures. I understand that nothing herein is intended to or shall prevent me from communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. I shall promptly notify my supervisor or any officer of the Company if I learn of any possible unauthorized use or disclosure of Proprietary Information and shall cooperate fully with the Company to enforce its rights in such information.

Defend Trade Secrets Act Notice of Immunity Rights. I acknowledge that the Company has provided me with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (a) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (b) I shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Proprietary Information that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (c) if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the Proprietary Information to my attorney and use the Proprietary Information in the court proceeding, if I file any document containing the Proprietary Information under seal, and do not disclose the Proprietary Information, except pursuant to court order.

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Property of the Company. I acknowledge and agree that all notes, memoranda, reports, drawings, blueprints, manuals, materials, data, emails and other papers and records of every kind, or other tangible or intangible materials which shall have or shall come into my possession in the course of my employment with the Company, relating to any Proprietary Information, shall be the sole and exclusive property of the Company and I hereby assign any rights or interests I may have obtained or may in the future obtain in any of the foregoing. I agree to surrender this property to the Company immediately upon termination of my employment with the Company, or at any time upon request by the Company. I further agree that any property situated on the Company's data systems or on the Company's premises and owned by the Company, including without limitation electronic storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice.

Inventions.

Disclosure and Assignment of Inventions. For purposes of this Agreement, an "Invention" shall mean any idea, invention or work of authorship, including, without limitation, any documentation, formula, design, device, code, method, software, technique, process, discovery, concept, improvement, enhancement, development, machine or contribution, in each case whether or not patentable or copyrightable. I will disclose all Inventions promptly in writing to an officer of the Company or to attorneys of the Company in accordance with the Company's policies and procedures. I will, and hereby do, assign to the Company, without requirement of further writing, without royalty or any other further consideration, my entire right, title and interest throughout the world in and to all Inventions created, conceived, made, developed, and/or reduced to practice by me at any time during the course of my employment by the Company and all intellectual property rights therein. I hereby waive, and agree to waive, any moral rights I may have in any copyrightable work I create or have created on behalf of the Company. I also hereby agree, that for a period of one year after my employment with the Company, I shall disclose to the Company any Inventions that I create, conceive, make, develop, reduce to practice or work on that relate to the work I performed for the Company. The Company agrees that it will use commercially reasonable measures to keep Inventions disclosed to it pursuant to this Section 5.1 that do not constitute Inventions to be owned by the Company in confidence and shall not use any Inventions for its own advantage, unless in either case those Inventions are assigned or assignable to the Company pursuant to this Section 5.1 or otherwise.

Certain Exemptions. The obligations to assign Inventions set forth in Section 5.1 apply with respect to all Inventions (a) whether or not such Inventions are conceived, made, developed or worked on by me during my regular hours of employment with the Company; (b) whether or not the Invention was made at the suggestion of the Company; (c) whether or not the Invention was reduced to drawings, written description, documentation, models or other tangible form; and (d) whether or not the Invention is related to the general line of business engaged in by the Company, but do not apply to Inventions that (x) I develop entirely on my own time or after the date of this Agreement without using the Company's equipment, supplies, facilities or Proprietary Information; (y) do not relate to the Company's business, or actual or demonstrably anticipated research or development of the Company at the time of conception or reduction to practice of the Invention; and (z) do not result from and are not related to any work performed by me for the Company. I hereby acknowledge and agree that the

Company has notified me that, if I reside in the state of California, assignments provided for in Section 5.1 do not apply to any Invention which qualifies fully for exemption from assignment under the provisions of Section 2870 of the California Labor Code ("Section 2870"), a copy of which is attached as Exhibit A. If applicable, at the time of disclosure of an Invention that I believe qualifies under Section 2870, I shall provide to the Company, in writing, evidence to substantiate the belief that such Invention qualifies under Section 2870. I further understand that, to the extent this Agreement shall be construed in accordance with the laws of any state which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, Section 5.1 shall be interpreted not to apply to any Invention which a court rules and/or the Company agrees falls within such classes.

Records. I will make and maintain adequate and current written records of all Inventions covered by Section 5.1. These records may be in the form of notes, sketches, drawings, flow charts, electronic data or recordings, notebooks and any other format. These records shall be and remain the property of the Company at all times and shall be made available to the Company at all times.

Patents and Other Rights. I agree to assist the Company in obtaining, maintaining and enforcing patents, invention assignments and copyright assignments, and other proprietary rights in connection with any Invention covered by Section 5.1, and will otherwise assist the Company as reasonably required by the Company to perfect in the Company the rights, title and other interests in my work product granted to the Company under this Agreement (both in the United States and foreign countries). I further agree that my obligations under this Section 5.4 shall continue beyond the termination of my employment with the Company, but if I am requested by the Company to render such assistance after the termination of such employment, I shall be entitled to a fair and reasonable rate of compensation for such assistance, and to reimbursement of any expenses incurred at the request of the Company relating to such assistance. If the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified above, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 5.4 with the same legal force and effect as if executed by me.

Other Contracts and Inventions; Information Belonging to Third Parties. I represent and warrant that, except as set forth on Exhibit B, I am not required, and I have not been required during the course of work for the Company or its predecessors, to assign Inventions under any other contracts that are now or were previously in existence between me and any other person or entity. I further represent that (a) I am not obligated under any consulting, employment or other agreement that would affect the Company's rights or my duties under this Agreement, and I shall not enter into any such agreement or obligation during the period of my employment by the Company, (b) there is no action, investigation, or proceeding pending or threatened, or any basis therefor known to me involving my prior employment or any consultancy or the use of any information or techniques alleged to be proprietary to any former employer, and (c) the performance of my duties as an employee of the Company do not and will

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not breach, or constitute a default under any agreement to which I am bound, including any agreement limiting the use or disclosure of proprietary information acquired in confidence prior to engagement by the Company or if applicable, any agreement to refrain from competing, directly or indirectly, with the business of such previous employer or any other party or to refrain from soliciting employees, customers or suppliers of such previous employer or other party. I have not and will not, in connection with my employment by the Company, use or disclose to the Company any confidential, trade secret or other proprietary information of any previous employer or other person to which I am not lawfully entitled. As a matter of record, I attach as Exhibit B a brief description of all Inventions made or conceived by me prior to my employment with the Company which I desire to be excluded from this Agreement ("Background Technology"). If full disclosure of any Background Technology would breach or constitute a default under any agreement to which I am bound, including any agreement limiting the use or disclosure of proprietary information acquired in confidence prior to engagement by the Company, I understand that I am to describe such Background Technology in Exhibit B at the most specific level possible without violating any such prior agreement. Without limiting my obligations or representations under this Section 5.5, if I use any Background Technology in the course of my employment or incorporate any Background Technology in any product, service or other offering of the Company, I hereby grant the Company a non-exclusive, royalty-free, perpetual and irrevocable, worldwide right to use and sublicense the use of Background Technology for the purpose of developing, marketing, selling and supporting Company technology, products and services, either directly or through multiple tiers of distribution, but not for the purpose of marketing Background Technology separately from Company products or services.

Works Made for Hire. I acknowledge that all original works of authorship which were or are made by me (solely or jointly with others) within the scope of my employment with the Company and which are eligible for copyright protection are "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101).

Restrictive Covenants. I agree to fully comply with the covenants set forth in this Section 6 (the "Restrictive Covenants"). I further acknowledge and agree that the Restrictive Covenants are reasonable and necessary to protect the Company's legitimate business interests, including its Proprietary Information and goodwill.

NonCompetition. During the term of my employment with the Company, as well as any subsequent engagement by the Company as a service provider, and, to the extent I am not a resident of the State of California, for a period of one year immediately following the termination of such employment or engagement, I will not, directly or indirectly, for my own benefit or for the benefit of any other individual or entity other than the Company: (i) operate, conduct, or engage in, or prepare to operate, conduct, or engage in the Business; (ii) own, finance, or invest in (except as the holder of not more than one percent of the outstanding stock of a publicly-held company) any Business, or (iii) participate in, render services to, or assist any person or entity that engages in or is preparing to engage in the Business in any capacity (whether as an employee, consultant, contractor, partner, officer, director, or otherwise) (x) which involves the same or similar types of services I performed for the Company at any time during the last two years of my employment with the Company or (y) in which I could

reasonably be expected to use or disclose Proprietary Information, in each case (i), (ii), or (iii) in the Restricted Territory.

NonSolicitation of Company Personnel. During the term of my employment with the Company, as well as any subsequent engagement by the Company as a service provider, and for a period of one year immediately following the termination of such employment or engagement for any reason, I will not, directly or indirectly, for my own benefit or for the benefit of any other individual or entity: (a) employ or hire any Company Personnel in any capacity (whether as an employee, contractor, consultant or otherwise); (b) solicit or attempt to solicit for employment or hire any Company Personnel in any capacity; (c) entice or induce any Company Personnel to leave his or her or their employment with the Company; or (d) otherwise negatively interfere with the Company's relationship with any Company Personnel. Notwithstanding the foregoing, a general solicitation or advertisement for job opportunities that I may publish without targeting any Company Personnel shall not be considered a violation of Section 6.2(b).

NonSolicitation of Company Customer. During the term of my employment with the Company, as well as any subsequent engagement by the Company as a service provider, I will not, directly or indirectly, for my own benefit or for the benefit of any other individual or entity: (a) solicit business from, or offer to provide products or services that are similar to any product or service provided or that could be provided by the Company or that are otherwise competitive with the Business to, any Company Customer; (b) cause or encourage any Company Customer to reduce or cease doing business with the Company, or (c) otherwise negatively interfere with the Company's relationships with any Company Customer.

Interpretation. If any restriction set forth in the Restrictive Covenants is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

Waiver. At any time, the Company may in its sole discretion elect to waive any or part of the Restrictive Covenants, provided any such waiver is expressly agreed to in writing by an executive officer of the Company, or, if I am an executive officer of the Company, by the Board of Directors of the Company.

Definitions. As used in the Restrictive Covenants:

(a) The term "Business" means any business or part thereof that develops, manufactures, markets, licenses, sells or provides any product or service that competes with any product or service developed, manufactured, marketed, licensed, sold or provided, or planned to be developed, manufactured, marketed, licensed, sold or provided, by the Company, in each case at any time during my employment or engagement with the Company.

(b) The term "Company Customer" means any individual or entity who (i) is, or was at any time during the one year period prior to my employment or engagement with the Company, a customer, supplier, or vendor of the Company of whom I learned, with whom I had

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business contact or about whom I obtained Proprietary Information at any time during my employment or engagement with the Company, or (ii) is a prospective customer, supplier, or vendor of the Company of whom I learned, with whom I had business contact, or about whom I obtained Proprietary Information as part of a solicitation of business on behalf of the Company at any time during the one year period prior to my termination of employment or engagement with the Company.

(c) The term "Company Personnel" means any individual or entity who is or was at any time during the six months period prior to my solicitation or other activity prohibited by Section 6.2, employed or engaged (whether as an employee, consultant, independent contractor or in any other capacity) by the Company.

(d) The term "Restricted Territory" means each city, county, state, territory and country in which (i) I provided services or had a material presence or influence at any time during the last two years of my employment or engagement with the Company or (ii) the Company is engaged in or has plans to engage in the Business as of the termination of my employment or engagement with the Company.

Notification to Other Parties. In the event of termination of my employment with the Company for any reason, I hereby consent to notification by the Company to my new employer or other party for whom I work about my rights and obligations under this Agreement.

Employment at Will. I understand and agree that my employment with the Company is at will. Accordingly, my employment can be terminated at any time, without cause or notice, at my option or the Company's option. The at-will nature of my employment also means that I can be transferred or demoted, and my job title, compensation, benefits and other terms and conditions of employment can be reduced, at any time with or without cause. I acknowledge that such changes shall not affect the enforceability of the Restrictive Covenants or other terms of this Agreement. This at-will status of my employment relationship with the Company shall remain in full force and effect throughout my employment with the Company, and the Restrictive Covenants shall remain in full force and effect pursuant to their terms. The at-will status of my employment can be modified only in a written agreement that expressly alters such status and which is signed by both an authorized officer of the Company and me.

Miscellaneous.

The parties' rights and obligations under this Agreement will bind and inure to the benefit of their respective successors, heirs, executors, and administrators and permitted assigns. I will not assign this Agreement or my obligations hereunder without the prior written consent of the Company, which consent may be withheld in the Company's sole discretion, and any such purported assignment without consent shall be null and void from the beginning. I agree that the Company may freely assign or otherwise transfer this Agreement to any affiliate or successor in interest (whether by way of merger, sale, acquisition or corporate re-organization or any substantially similar process) of the Company.

This Agreement constitutes the parties' final, exclusive and complete understanding and agreement with respect to the subject matter hereof, and supersedes all prior

and contemporaneous understandings and agreements, whether oral or written, relating to its subject matter. Notwithstanding the foregoing, this Agreement shall not supersede, limit or replace any restrictions or obligations contained in any prior proprietary information and inventions agreement by and between me and the Company or any of its affiliates to the extent such prior restrictions are more favorable to the Company than those set forth in this Agreement, and the Company shall be entitled to the full benefits of this Agreement and any such other restrictions and obligations.

Any subsequent change or changes in my duties, obligations, rights or compensation will not affect the validity or scope of this Agreement. This Agreement may not be waived, modified or amended unless mutually agreed upon in writing by both parties. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

If any provision of this Agreement is found by a proper authority to be unenforceable or invalid such unenforceability or invalidity shall not render this Agreement unenforceable or invalid as a whole and in such event, such provision shall be changed and interpreted so as to best accomplish the objectives of such unenforceable or invalid provision within the limits of applicable law or applicable court decisions and the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

I acknowledge that the Company will suffer substantial damages not readily ascertainable or compensable in terms of money in the event of the breach of any of my obligations under this Agreement. I therefore agree that the Company shall be entitled (without limitation of any other rights or remedies otherwise available to the Company) to obtain an injunction from any court of competent jurisdiction prohibiting the continuance or recurrence of any breach of this Agreement.

The rights and obligations of the parties under this Agreement shall be governed in all respects by the laws of the state in which I reside as of the date of this Agreement exclusively, without reference to any conflict of laws rule that would result in the application of the laws of any other jurisdiction. The parties agree that all disputes arising under this Agreement shall be adjudicated in the state and federal courts having jurisdiction over disputes arising in San Diego County, California, and I hereby agree to consent to the personal jurisdiction of such court. The Company and I each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.

Any notices required or permitted hereunder shall be given to the appropriate party at the address specified on the signature page to this Agreement or at such other address as the party shall specify in writing. Such notice shall be deemed given upon personal delivery, or sent by certified or registered mail, postage prepaid, three days after the date of mailing.

Except as otherwise provided herein, the provisions of this Agreement shall survive the termination of my employment with the Company for any reason.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. A facsimile, PDF (or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or any other type of copy of an executed version of this Agreement signed by a party is binding upon the signing party to the same extent as the original of the signed agreement.

I ACKNOWLEDGE THAT I HAVE THE RIGHT TO CONSULT WITH INDEPENDENT LEGAL COUNSEL PRIOR TO SIGNING THIS AGREEMENT AND HAVE HAD A REASONABLE OPPORTUNITY TO DO SO, AND THAT I EITHER HAVE CONSULTED, OR ON MY OWN VOLITION CHOSEN NOT TO CONSULT, WITH SUCH COUNSEL. I FURTHER ACKNOWLEDGE THAT I HAVE READ THIS AGREEMENT CAREFULLY AND I UNDERSTAND AND ACCEPT THE OBLIGATIONS WHICH IT IMPOSES UPON ME WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO ME TO INDUCE ME TO SIGN THIS AGREEMENT. I SIGN THIS AGREEMENT VOLUNTARILY AND FREELY, IN DUPLICATE, WITH THE UNDERSTANDING THAT THE COMPANY WILL RETAIN ONE COUNTERPART AND THE OTHER COUNTERPART WILL BE RETAINED BY ME.

(Signature Page Follows)

US-DOCS106149117.2

IN WITNESS WHEREOF, I have executed this document as of January 13

2020

/s /D Lyle

Employee: D Lyle

Address: 12805 Three Canyons Point, San Diego, CA 92130

AGREED AND ACKNOWLEDGED:

AIRGAIN, INC.

By: /s/ Jacob Suen

Name: Jacob Suen

Title: CEO & President

Address: 3611 Valley Centre Drive Suite 150

EXHIBIT A

CALIFORNIA LABOR CODE

California Labor Code § 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

- (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
 - (1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
 - (2) Result from any work performed by the employee for the employer.

- (b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

EXHIBIT B

BACKGROUND TECHNOLOGY

List here prior contracts to assign Inventions that are now in existence between any other person or entity and you.

Check here if NONE

List here previous Inventions which you desire to have specifically excluded from the operation of this Agreement. Continue on reverse side if necessary.

Check here if NONE

EXHIBIT 2

GENERAL RELEASE OF CLAIMS

[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]

This General Release of Claims ("Release") is entered into as of this 13th day of January, 2020, between DAVID LYLE ("Employee"), and AIRGAIN, INC., a Delaware corporation (the "Company") (collectively referred to herein as the "Parties").

WHEREAS, Employee and the Company are parties to that certain Employment Agreement effective as of January 13, 2020 (the "Agreement");

WHEREAS, the Parties agree that Employee is entitled to certain severance benefits under the Agreement, subject to Employee's execution of this Release; and

WHEREAS, the Company and Employee now wish to fully and finally to resolve all matters between them.

NOW, THEREFORE, in consideration of, and subject to, the severance benefits payable to Employee pursuant to the Agreement, the adequacy of which is hereby acknowledged by Employee, and which Employee acknowledges that he would not otherwise be entitled to receive, Employee and the Company hereby agree as follows:

1. General Release of Claims by Employee.

(a) Employee, on behalf of himself and his executors, heirs, administrators, representatives and assigns, hereby agrees to release and forever discharge the Company and all predecessors, successors and their respective parent corporations, affiliates, related, and/or subsidiary entities, and all of their past and present investors, directors, shareholders, officers, general or limited partners, employees, attorneys, agents and representatives, and the employee benefit plans in which Employee is or has been a participant by virtue of his employment with or service to the Company (collectively, the "Company Releasees"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected (collectively, "Claims"), which Employee has or may have had against such entities based on any events or circumstances arising or occurring on or prior to the date hereof or on or prior to the date hereof, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever Employee's employment by or service to the Company or the termination thereof, including any and all claims arising under federal, state, or local laws relating to employment, including without limitation claims of wrongful discharge, breach of express or implied contract, fraud, misrepresentation, defamation, or liability in tort, and claims of any kind that may be brought in any court or administrative agency including, without

limitation, claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000, et seq.; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; the Civil Rights Act of 1866, and the Civil Rights Act of 1991; 42 U.S.C. Section 1981, et seq.; the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq. (the “ADEA”); the Equal Pay Act, as amended, 29 U.S.C. Section 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; the Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; and the California Fair Employment and Housing Act, California Government Code Section 12940, et seq.

Notwithstanding the generality of the foregoing, Employee does not release the following claims:

- (i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;
- (ii) Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;
- (iii) Claims pursuant to the terms and conditions of the federal law known as COBRA;
- (iv) Claims for indemnity under the bylaws of the Company, as provided for by California or Delaware law or under any applicable indemnification agreement or insurance policy with respect to Employee's liability as an employee, director or officer of the Company;
- (v) Employee's right to bring to the attention of the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing or any other federal, state or local government agency claims of discrimination, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission or any other federal, state or local government agency; provided, however, that Employee does release his right to secure any damages for alleged discriminatory treatment;
- (vi) Claims based on any right Employee may have to enforce the Company's executory obligations under the Agreement;
- (vii) Claims Employee may have to vested or earned compensation and benefits; and
- (viii) Employee's right to communicate or cooperate with any government agency.

(b) EMPLOYEE ACKNOWLEDGES THAT HE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

BEING AWARE OF SAID CODE SECTION, EMPLOYEE HEREBY EXPRESSLY WAIVES ANY RIGHTS HE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

[Note: Clauses (c), (d) and (e) apply only if Employee is age 40 or older at time of termination]

(c) Employee acknowledges that this Release was presented to him on the date indicated above and that Employee is entitled to have twenty-one (21) days' time in which to consider it. Employee further acknowledges that the Company has advised him that he is waiving his rights under the ADEA, and that Employee should consult with an attorney of his choice before signing this Release, and Employee has had sufficient time to consider the terms of this Release. Employee represents and acknowledges that if Employee executes this Release before twenty-one (21) days have elapsed, Employee does so knowingly, voluntarily, and upon the advice and with the approval of Employee's legal counsel (if any), and that Employee voluntarily waives any remaining consideration period.

(d) Employee understands that after executing this Release, Employee has the right to revoke it within seven (7) days after his execution of it. Employee understands that this Release will not become effective and enforceable unless the seven (7) day revocation period passes and Employee does not revoke the Release in writing. Employee understands that this Release may not be revoked after the seven (7) day revocation period has passed. Employee also understands that any revocation of this Release must be made in writing and delivered to the Company at its principal place of business within the seven (7) day period.

(e) Employee understands that this Release shall become effective, irrevocable, and binding upon Employee on the eighth (8th) day after his execution of it, so long as Employee has not revoked it within the time period and in the manner specified in clause (d) above.

(f) Employee further understands that Employee will not be given any severance benefits under the Agreement unless this Release is effective on or before the date that is thirty (30) days following the date of Employee's termination of employment.

2. No Assignment. Employee represents and warrants to the Company Releasees that there has been no assignment or other transfer of any interest in any Claim that Employee

may have against the Company Releasees. Employee agrees to indemnify and hold harmless the Company Releasees from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of any such assignment or transfer from Employee.

3. Whistleblower Provision. Nothing herein shall be construed to prohibit Employee from communicating directly with, cooperating with, or providing information to, any government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice. Employee acknowledges that the Company has provided Employee with the following notice of immunity rights in compliance with the requirements of the Defend Trade Secrets Act: (i) Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, (ii) Employee shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of proprietary information of the Company that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (iii) if Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the proprietary information to my attorney and use the proprietary information in the court proceeding, if Employee files any document containing the proprietary information under seal, and does not disclose the proprietary information, except pursuant to court order.

4. Severability. In the event any provision of this Release is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

5. Interpretation; Construction. The headings set forth in this Release are for convenience only and shall not be used in interpreting this Agreement. This Release has been drafted by legal counsel representing the Company, but Employee has participated in the negotiation of its terms. Furthermore, Employee acknowledges that Employee has had an opportunity to review and revise the Release and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Release. Either party's failure to enforce any provision of this Release shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Release.

6. Governing Law; Venue. This Release shall be governed by and construed in accordance with the laws of the State of California without regard to the conflicts of laws principles thereof. Employee and the Company agree that any litigation regarding this Release shall be conducted in San Diego, California. Employee and the Company hereby consent to the jurisdiction of the courts of the State of California and the United States District Court for the Southern District of California.

7. Entire Agreement. This Release and the Agreement constitute the entire agreement of the Parties in respect of the subject matter contained herein and therein and supersede all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral. This Release may be amended or modified only with the written consent of Employee and an authorized representative of the Company. No oral waiver, amendment or modification will be effective under any circumstances whatsoever.
8. Counterparts. This Release may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(Signature Page Follows)

CERTAIN INFORMATION IDENTIFIED BY "[XXXXX]" HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED

FIRST AMENDMENT TO OFFICE LEASE

This FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of February 13, 2020, by and between KILROY REALTY, L.P., a Delaware limited partnership ("**Landlord**"), and AIRGAIN, INC., a California corporation ("**Tenant**").

RECITALS:

- A. Landlord and Tenant are parties to the Office Lease dated June 13, 2013 (the "**Lease**"), pursuant to which Tenant leases [XXXXX] rentable square feet of space (subject to the remeasurement provisions of **Section 2** below), commonly known as Suite 150 (the "**Premises**") on the first (1st) floor of the building (the "**Building**") located at 3611 Valley Center Drive, San Diego California 92130.
- B. The parties desire to amend the Lease on the terms and conditions set forth in this First Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

- 1. **Terms.** All capitalized terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this First Amendment.
- 2. **Remeasurement of Premises.** Landlord and Tenant hereby acknowledge and agree that the Premises have been remeasured and that, notwithstanding any contrary provision contained in the Lease, effective as of July 1, 2020, the Premises shall be deemed to contain [XXX] rentable square feet of space. The rentable square footage of the Premises shall not otherwise be subject to remeasurement or modification during the "Extended Term" (as defined in **Section 4** below).
- 3. **As-Is Condition of the Premises.** Landlord and Tenant acknowledge that Tenant has been occupying the Premises pursuant to the Lease, and therefore Tenant continues to accept the Premises in its presently existing, "as is" condition. Except as set forth in **Section 7** below, Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant further acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building, or the Project or with respect to the suitability of the same for the conduct of Tenant's business.

KILROY REALTY

Kilroy Centre Del.Film: [First Amendment] [Airgain, Inc.]

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** The amounts identified in the column entitled "Monthly Rental Rate per Rentable Square Foot" are estimates and are provided for informational purposes only.

5.2 **Abated Base Rent.** Provided that no event of default is occurring during the period commencing during the first [XXXXX] full calendar months of the Extended Term (i.e., [XXXXXXXXXXXXXXXXXXXXX]) (the "**Base Rent Abatement Period**"), Tenant shall not be obligated to pay any Base Rent otherwise attributable to the Premises during such Base Rent Abatement Period (the "**Base Rent Abatement**"). Landlord and Tenant acknowledge that the aggregate amount of the Base Rent Abatement equals [XXX XXXXXXX XXXXXXX XXXXXXX XXXX XXX XX XXXXXXX XXXX XXXX XXXX XXXXXXXXXXX XXX XXX XXXX XXXXX XXXXX XXX XX] Tenant acknowledges and agrees that during such Base Rent Abatement Period such abatement of Base Rent for the Premises shall have no effect on the calculation of any future increases in Base Rent or Direct Expenses payable by Tenant pursuant to the terms of this Lease, which increases shall be calculated without regard to such Base Rent Abatement. Additionally, Tenant shall be obligated to pay all Additional Rent during the Base Rent Abatement Period. Tenant acknowledges and agrees that the foregoing Base Rent Abatement has been granted to Tenant as additional consideration for entering into this First Amendment, and for agreeing to pay the Base Rent and perform the terms and conditions otherwise required under the Lease, as amended. If Tenant shall be in default under the Lease, as amended, and shall fail to cure such default within the notice and cure period, if any, permitted for cure pursuant to the Lease, as amended, or if the Lease, as amended, is terminated for any reason other than Landlord's breach of the Lease, as amended, then the dollar amount of the unapplied portion of the Base Rent Abatement as of the date of such default or termination, as the case may be, shall be converted to a credit to be applied to the Base Rent applicable at the end of the Extended Term and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full. The foregoing Base Rent Abatement rights set forth in this Section 5.2 shall only apply to the extent that the Original Tenant or a Permitted Transferee Assignee (and not any other assignee, or any sublessee or other transferee of the Original Tenant's interest in the Lease) is the Tenant under the Lease, as amended, during such Base Rent Abatement Period.

6. **Direct Expenses.** During the Extended Term, Tenant shall continue to pay Tenant's Share of Direct Expenses in accordance with the terms of the Lease; provided, however, effective as of [XXXX XXXX XXXXX XXXX XXXX XXXXXXX XXXX] and (ii) Tenant's Share shall be deemed to equal [XXXX] provided further, that electricity to the Premises is separately metered and directly paid by Tenant to the applicable utility provider or, at Landlord's option, to Landlord. Notwithstanding the foregoing or anything to the contrary in the Lease, [XXXXX XXXXX XXXXXXX XX XXXXXXX XXXXXXXXXXX XXXXXXX XXXXXXX XXX XXXX X XXXXXXX X X XX XXX XXX XXXX XXXX XXXX XXXXX XXX XXX].

7. **First Amendment Allowance.** Notwithstanding any provision to the contrary contained herein, Tenant shall be entitled to a one-time tenant improvement allowance (the "**First Amendment Allowance**") in an aggregate amount equal to [XXXXXXXX XXXXX XXXX XXXX XXXXXXXXXXXXXXXXXXXX XX X XXXXXXXXXXXXXXXXXXXX X XX XXXXXXX XX XXXX XXX] foot of the Premises), for the costs relating to the initial design and construction of Tenant's Improvements that are permanently affixed to the Premises (the "**First Amendment Improvements**"). Notwithstanding the foregoing, Tenant may use up to [XXXXXX] of the First

Amendment Allowance [XXXXXXXX XXXX XX XXXXXXX], for the soft costs of the First Amendment Improvements, and for the purchase and installation of furniture, fixtures and equipment. In no event shall Landlord be obligated to make disbursements from the First Amendment Allowance prior to July 1, 2020, nor for costs which are unrelated to the First Amendment Improvements or in a total amount which exceeds the First Amendment Allowance. Except as otherwise provided in this Section 7, Tenant shall perform the First Amendment Improvements at its sole cost and expense and in accordance with the terms and conditions of Articles 8 and 2. of the Lease. Subject to the provisions of this Section 7 above, following the completion of, and payment for, the First Amendment Improvements in accordance with Articles 12 and 2. of the Lease, Landlord shall deliver a check made payable to Tenant in payment for the applicable portion of the First Amendment Allowance, provided that (i) if applicable, Tenant's architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the First Amendment Improvements has been completed, (ii) Tenant delivers to Landlord properly executed unconditional mechanic's lien releases in compliance with both California Civil Code Section 8134 and Section 8138, (iii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building, or any other tenant's use of such other tenant's leased premises in the Building, and (iv) Tenant delivers to Landlord all invoices, marked as having been paid, from all general contractors, subcontractors, laborers, materialmen, and suppliers used by Tenant for labor rendered and materials delivered to the Premises in connection with the First Amendment Improvements. Additionally, upon July 1, 2021, any portion of the First Amendment Allowance which has not been previously disbursed or requested to be disbursed shall be retained by Landlord, and Tenant shall have no right to use such amount for any remaining improvements or alterations, nor as a rent credit or a cash allowance or for any other purpose.

8. **Letter of Credit.** Landlord and Tenant hereby acknowledge and agree that notwithstanding the obligations of Article 21 of the Lease, Tenant never actually delivered to Landlord the L-C required thereunder, and accordingly Landlord is currently not in possession of the L-C otherwise required by the terms and conditions of Article 21 of the Lease. Landlord and Tenant further acknowledge and agree that the L-C related obligations as set forth in such Article 21 of the Lease remain in full force and effect and, accordingly, concurrently with Tenant's execution of this First Amendment, and as a condition to the full effectiveness of this First Amendment (the "**L-C Delivery Condition**"), Tenant shall deliver to Landlord the required L-C in the initial amount of [XXXXXXXX] (the "**L-C Amount**") in substantially the form of Exhibit G attached to the Lease, pursuant to the terms and conditions of Article 21 of the Lease; provided, however, (i) all references to the "Lease Term" in such Article 21 shall be deemed to include the Extended Term, (ii) the initial L-C Amount shall be [XXXXXXXX], and (iii) Section 21.3.2 of the Lease shall be amended and restated in its entirety as follows:

KILROY REALTY

Kilroy Centre Del Mar (First Amendment) [Airgain, Inc.]

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21.3.2 **Reduction of L-C Amount.** To the extent that Tenant is not in default under this Lease (beyond the applicable notice and cure period set forth in this Lease), the L-C Amount shall be reduced as follows:

Date of Reduction	L-C Amount
[XXXXXXXXXXXXXX]	[XXXXXXXXXXXXXX]
[XXXXXXXXXXXXXX]	[XXXXXXXXXXXXXX]
[XXXXXXXXXXXXXX]	[XXXXXXXXXXXXXX]

Notwithstanding anything to the contrary set forth in this Section 21.3.1.2, in no event shall the L-C Amount as set forth above decrease during any period in which Tenant is in default under this Lease, but such decrease shall take place retroactively after such default is cured, provided that no such decrease shall thereafter take effect in the event this Lease is terminated early due to such default by Tenant.

9. [XXXXXXXXXXXXXX] Notwithstanding anything to the contrary in the Lease, Section 2.2 of the Lease is hereby deleted in its entirety and shall be of no further force or effect.

10. **Brokers.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this First Amendment other than [XXXXXXXXXXXXXX], representing Tenant, and [XXXXXX], representing Landlord (collectively, the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this First Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. Landlord shall pay a commission to the Brokers in connection with this First Amendment pursuant to a separate agreement between Landlord and each of the Brokers. The terms of this Section 10 shall survive the expiration or earlier termination of the term of the Lease, as hereby amended.

11. **California Accessibility Disclosure.** For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the

time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp designated by Landlord, subject to Landlord's reasonable rules and requirements; (b) Tenant, at its sole cost and expense, shall be responsible for making any improvements or repairs within the Premises to correct violations of construction-related accessibility standards; and (c) if anything done by or for Tenant in its use or occupancy of the Premises shall require any improvements or repairs to the Building or Project (outside the Premises) to correct violations of construction-related accessibility standards, then Tenant shall reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such improvements or repairs.

12. **Prohibited Persons: Foreign Corrupt Practices Act and Anti-Money Laundering.** Neither Tenant nor its members, partners or other equity holders, and none of its officers, directors or managers is, nor prior to or during the Lease Term, will they become a person or entity with whom U.S. persons or entities are restricted from doing business under (a) the Patriot Act (as defined below), (b) any other requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury ("OFAC") (including any "blocked" person or entity listed in the Annex to Executive Order Nos. 12947, 13099 and 13224 and any modifications thereto or thereof or any other person or entity named on OFAC's Specially Designated Blocked Persons List) or (c) any other U.S. statute, Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or other governmental action (collectively, "Prohibited Persons"). Prior to and during the Lease Term, Tenant, and to Tenant's knowledge, its employees and any person acting on its behalf have at all times fully complied with, and are currently in full compliance with, the Foreign Corrupt Practices Act of 1977 and any other applicable anti-bribery or anti-corruption laws. Tenant is not entering into this First Amendment, directly or indirectly, in violation of any laws relating to drug trafficking, money laundering or predicate crimes to money laundering. As used herein, "Patriot Act" shall mean the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) and all other statutes, orders, rules and regulations of the U.S. government and its various executive departments, agencies and offices interpreting and implementing the Patriot Act.

13. **Signatures.** The parties hereto consent and agree that this First Amendment may be signed and/or transmitted by facsimile, e-mail of a .pdf document or using electronic signature technology (e.g., via DocuSign or similar electronic signature technology), and that such signed electronic record shall be valid and as effective to bind the party so signing as a paper copy bearing such party's handwritten signature. The parties further consent and agree that (1) to the extent a party signs this First Amendment using electronic signature technology, by clicking "SIGN", such party is signing this First Amendment electronically, and (2) the electronic signatures appearing on this First Amendment shall be treated, for purposes of validity, enforceability and admissibility, the same as handwritten signatures.

14. **No Further Modification.** Except as specifically set forth in this First Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect. In the event of any conflict between the terms and conditions of the Lease and the

KILROY REALTY

Kilroy Centre Del 1/1a1 [First Amendment] [Airgain, Inc.]

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terms and conditions of this First Amendment, the terms and conditions of this First Amendment shall prevail.

[SIGNATURES FOLLOW ON NEXT PAGE]

KILROY REALTY

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Kilroy Centre Del Vista [First Amendment] [Airegain, Inc.]

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IN WITNESS WHEREOF, this First Amendment has been executed as of the day and year first above written.

"LANDLORD"

KILROY REALTY, L.P.,

a Delaware limited partnership

By: Kilroy Realty Corporation, a Maryland corporation

Its: General Partner

By: /s/ Nelson Ackerly 2/13/2020

Name: Nelson
Ackerly

Its: Senior Vice President, San Diego

By: /s/ Michael Nelson 2/13/2020

Name: Michael Nelson

Its: VP, Asset Management San Diego

"TENANT"

AIRGAIN, INC.,

a California corporation

By: /s/ Jacob Suen

2/13/2020

Name:

Jacob Suen

Its:

CEO & President

KILROY REALTY

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Kilroy Centre Del P/la1 [First Amendment][Airgain, Inc.]

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 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 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, 2020

/s/ Jacob Suen

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, David B. Lyle, 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 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)) (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 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, 2020

/s/ David B. Lyle

David B. Lyle

Chief Financial Officer and Secretary

(principal financial and accounting officer)

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, 2020, 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, 2020

/s/ Jacob Suen

Jacob Suen

President and Chief 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.

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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David B. Lyle, 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, 2020

/s/ David B. Lyle

David B. Lyle

Chief Financial Officer and Secretary

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.