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 SEPTEMBER 30, 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	**95-4523882**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
3611 Valley Centre Drive, Suite 150 San Diego, CA	**92130**
(Address of Principal Executive Offices)	**(Zip Code)**

(760) 579-0200
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, par value $0.0001 per share	AIRG	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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of November 2, 2020, the registrant had 9,767,957 shares of Common Stock (par value $0.0001) outstanding.

AIRGAIN, INC.
Form 10-Q
For the Quarter Ended September 30, 2020

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 35,795	$ 13,197
Short-term investments	2,184	21,686
Trade accounts receivable	4,182	7,656
Inventory	1,077	1,193
Prepaid expenses and other current assets	1,469	1,361
Total current assets	44,707	45,093
Property and equipment, net	2,323	2,126
Goodwill	3,700	3,700
Customer relationships, net	2,748	3,110
Intangible assets, net	574	687
Other assets	197	10
Total assets	$ 54,249	$ 54,726
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 3,078	$ 3,838
Accrued bonus	1,220	1,385
Accrued liabilities and other	1,653	1,536
Total current liabilities	5,951	6,759
Deferred tax liability	44	52
Deferred rent obligation under operating lease	190	11
Total liabilities	6,185	6,822
Stockholders' equity:		
Common stock and additional paid-in capital, par value $0.0001, 200,000 shares authorized; 10,302 shares issued and 9,768 shares outstanding at September 30, 2020; and 10,146 shares issued and 9,681 shares outstanding at December 31, 2019	99,597	96,623
Treasury stock, at cost: 534 shares and 465 shares at September 30, 2020, and December 31, 2019, respectively	(5,267)	(4,659)
Accumulated other comprehensive income	1	8
Accumulated deficit	(46,267)	(44,068)
Total stockholders' equity	48,064	47,904
Commitments and contingencies (note 12)		
Total liabilities and stockholders' equity	$ 54,249	$ 54,726

See accompanying notes.

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

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Sales	$ 13,010	$ 13,142	$ 35,672	$ 42,713
Cost of goods sold	6,981	7,067	18,924	23,167
Gross profit	6,029	6,075	16,748	19,546
Operating expenses:				
Research and development	2,231	2,403	6,873	6,944
Sales and marketing	1,559	1,461	4,477	5,964
General and administrative	2,439	2,416	7,506	6,168
Total operating expenses	6,229	6,280	18,856	19,076
Income (loss) from operations	(200)	(205)	(2,108)	470
Other expense (income):				
Interest income, net	(23)	(183)	(194)	(558)
Other expense	—	—	11	—
Total other income	(23)	(183)	(183)	(558)
Income (loss) before income taxes	(177)	(22)	(1,925)	1,028
Provision for income taxes	84	113	274	165
Net income (loss)	$ (261)	$ (135)	$ (2,199)	$ 863
Net income (loss) per share:				
Basic	$ (0.03)	$ (0.01)	$ (0.23)	$ 0.09
Diluted	$ (0.03)	$ (0.01)	$ (0.23)	$ 0.09
Weighted average shares used in calculating income (loss) per share:				
Basic	9,710	9,711	9,694	9,678
Diluted	9,710	9,711	9,694	10,083

See accompanying notes.

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ (261)	$ (135)	$ (2,199)	$ 863
Unrealized gain (loss) on available-for-sale securities, net of deferred taxes	(15)	1	(7)	24
Comprehensive income (loss)	$ (276)	$ (134)	$ (2,206)	$ 887

See accompanying notes.

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Total stockholders' equity, beginning balance	$ 46,779	$ 47,620	$ 47,904	$ 45,147
Common stock and additional paid-in capital:				
Balance at beginning of period	98,036	95,229	96,623	93,584
Stock-based compensation	633	549	1,956	1,605
Issuance of shares for stock purchase plan	928	190	1,018	779
Balance at end of period	99,597	95,968	99,597	95,968
Treasury stock:				
Balance at beginning of period	(5,267)	(3,625)	(4,659)	(3,432)
Repurchases of common stock	—	(606)	(608)	(799)
Balance at end of period	(5,267)	(4,231)	(5,267)	(4,231)
Accumulated other comprehensive income (loss):				
Balance at beginning of period	16	12	8	(11)
Other comprehensive income (loss)	(15)	1	(7)	24
Balance at end of period	1	13	1	13
Accumulated deficit:				
Balance at beginning of period	(46,006)	(43,996)	(44,068)	(44,994)
Net income (loss)	(261)	(135)	(2,199)	863
Balance at end of period	(46,267)	(44,131)	(46,267)	(44,131)
Total stockholders' equity, ending balance	$ 48,064	$ 47,619	$ 48,064	$ 47,619

See accompanying notes.

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

	Nine months ended September 30, 2020	2019
Cash flows from operating activities:		
Net income (loss)	$ (2,199)	$ 863
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	348	373
Loss on disposal of property and equipment	11	—
Amortization	475	491
Amortization of premium (discounts) on investments, net	49	(248)
Stock-based compensation	1,956	1,605
Deferred tax liability	(8)	—
Changes in operating assets and liabilities:		
Trade accounts receivable	3,474	(1,551)
Inventory	116	86
Prepaid expenses and other assets	(120)	(500)
Accounts payable	(756)	305
Accrued bonus	(165)	(674)
Accrued liabilities and other	296	125
Net cash provided by operating activities	3,477	875
Cash flows from investing activities:		
Purchases of available-for-sale securities	(753)	(30,080)
Maturities of available-for-sale securities	20,199	29,520
Purchases of property and equipment	(560)	(1,045)
Net cash provided by (used in) investing activities	18,886	(1,605)
Cash flows from financing activities:		
Repurchases of common stock	(608)	(799)
Proceeds from issuance of common stock, net	1,018	779
Net cash provided by (used in) financing activities	410	(20)
Net increase (decrease) in cash, cash equivalents and restricted cash	22,773	(750)
Cash, cash equivalents, and restricted cash; beginning of period	13,197	13,621
Cash, cash equivalents, and restricted cash; end of period	$ 35,970	$ 12,871
Supplemental disclosure of cash flow information:		
Taxes paid	$ 137	$ 54
Supplemental disclosure of non-cash investing and financing activities:		
Accrual of property and equipment	$ —	$ 4
Cash and cash equivalents	$ 35,795	$ 12,871
Restricted cash included in other assets	175	—
Total cash, cash equivalents, and restricted cash	$ 35,970	$ 12,871

See accompanying notes.

Note 1. Description of Business and 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 and nine months ended September 30, 2020 and 2019, and the balance sheet data as of September 30, 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.

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 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 September 30, 2020, and are recorded at estimated fair value. Unrealized gains and losses for available-for-sale securities are included in accumulated other comprehensive income, 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. In those instances the Company bears all risk involved in bringing the goods to the named place and records the related inventory in transit to the customer as inventory on the accompanying 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 September 30, 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 September 30, 2020, and December 31, 2019, there is no provision for excess and obsolete inventories.

Note 2. Summary of Significant Accounting Policies

During the three and nine months ended September 30, 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.

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. Because of the Company's emerging growth status, 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 will adopt the new accounting standard using the modified retrospective transition option as of the effective date on January 1, 2021. The Company's initial evaluation of its current leases does not indicate that the adoption of this standard will have an impact on its statements of operations. The Company expects that the adoption of the standard will have an impact on its balance sheets for the recognition of certain operating leases as right-of-use assets and lease liabilities.

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 are recorded. In December 2019, the FASB issued ASU 2019-10, *Effective Dates* which updated the effective dates of adoption of ASU 2016-13. ASU 2016-13 is effective, for Smaller Reporting Companies, for annual and interim periods in fiscal years beginning after December 15, 2022. Companies are required to adopt the standard 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, 2022, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company intends to early adopt ASU 2017-04 and believes the standard will have no impact 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 Accounting Standards Codification (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.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU include removing exceptions to incremental intraperiod tax allocation of losses and gains from different financial statement components, exceptions to the method of recognizing income taxes on interim period losses, and exceptions to deferred tax liability recognition related to foreign subsidiary investments. In addition, the ASU requires that entities recognize franchise tax based on an incremental method and requires an entity to evaluate the accounting for step-ups in the tax basis of goodwill as inside or outside of a business combination. Based on the Company's emerging growth company status the amendments in the ASU are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. We have not early adopted this ASU as of September 30, 2020. The ASU is currently not expected to have a material impact on the Company's 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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net income (loss)	$ (261)	$ (135)	$ (2,199)	$ 863
Denominator:				
Weighted average common shares outstanding - basic	9,710	9,711	9,694	9,678
Plus dilutive effect of potential common shares	—	—	—	405
Weighted average common shares outstanding - diluted	9,710	9,711	9,694	10,083
Net income (loss) per share:				
Basic	$ (0.03)	$ (0.01)	$ (0.23)	$ 0.09
Diluted	$ (0.03)	$ (0.01)	$ (0.23)	$ 0.09

Diluted weighted average common shares outstanding for the nine months ended September 30, 2019 includes 3,000 warrants and 402,000 options.

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 September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Stock options and restricted stock	1,451	721	1,622	457
Warrants outstanding	3	51	51	—
Total	1,454	772	1,673	457

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 September 30, 2020, and December 31, 2019 (in thousands):

	September 30, 2020					
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Cash and cash equivalents	Short-term investments
Cash	$ 2,577	$ —	$ —	$ 2,577	$ 2,577	$ —
Level 1:						
Money market funds	33,218	—	—	33,218	33,218	—
U.S. treasury securities	—	—	—	—	—	—
Subtotal	33,218	—	—	33,218	33,218	—
Level 2:						
Commercial paper	—	—	—	—	—	—
Corporate debt obligations	1,432	1	—	1,433	—	1,433
Repurchase agreements	—	—	—	—	—	—
Asset-backed securities	751	—	—	751	—	751
Subtotal	2,183	1	—	2,184	—	2,184
Total	$ 37,978	$ 1	$ -	$ 37,979	$ 35,795	$ 2,184

	December 31, 2019					
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Cash and cash equivalents	Short-term investments
Cash	$ 3,950	$ —	$ —	$ 3,950	$ 3,950	$ —
Level 1:						
Money market funds	5,500	—	—	5,500	5,500	—
U.S. treasury securities	3,078	2	(1)	3,079	—	3,079
Subtotal	8,578	2	(1)	8,579	5,500	3,079
Level 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	22,347	8	(1)	22,354	3,747	18,607
Total	$ 34,875	$ 10	$ (2)	$ 34,883	$ 13,197	$ 21,686

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 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 September 30, 2020, and December 31, 2019, the Company does not consider any of its investments to be other-than temporarily impaired.

Note 5. Property and Equipment

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

	September 30, 2020	December 31, 2019
Computers and software	$ 575	$ 572
Furniture, fixtures, and equipment	355	299
Manufacturing and testing equipment	3,864	3,444
Construction in process	26	18
Leasehold improvements	932	911
	5,752	5,244
Less accumulated depreciation	(3,429)	(3,118)
	$ 2,323	$ 2,126

Depreciation expense was $106,000 and $105,000 for the three months ended September 30, 2020 and 2019, respectively, and $348,000 and $373,000 for the nine months ended September 30, 2020 and 2019, respectively.

Note 6. Intangible Assets

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

September 30, 2020	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Intangibles, net
Customer relationships	10	$ 4,830	$ 2,082	$ 2,748
Developed technologies	9	1,080	506	574
Tradename	3	120	120	—
Total intangible assets, net		$ 6,030	$ 2,708	$ 3,322

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		$ 6,030	$ 2,233	$ 3,797

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 three months)	$ 154
2021	598
2022	563
2023	563
2024	563
Thereafter	881
Total	$ 3,322

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 $153,000 and $163,000 for the three months ended September 30, 2020 and 2019, respectively, and $475,000 and $491,000 for the nine months ended September 30, 2020 and 2019, respectively.

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. 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 could 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. On September 9, 2020, the Board approved an extension to the 2019 Program for an additional twelve-month period ending September 9, 2021.

During the three and nine months ended September 30, 2020, the Company repurchased approximately 0 and 69,000 shares of common stock, respectively, under the share repurchase program. For the nine months ended September 30, 2020, the shares were repurchased at an average price of $8.78 per share for a total cost of $0.6 million. Since inception of the 2019 Program through September 30, 2020, the Company repurchased a total of approximately 162,000 shares of the Company's stock for a total cost of $1.6 million.

Note 9. Income Taxes

The Company's effective income tax rate was (14.2)% and 16.1% for the nine months ended September 30, 2020 and 2019, respectively. The primary driver of the effective tax rate is the valuation allowance offsetting the Company's net deferred tax assets.

Management assesses its deferred tax assets quarterly to determine whether all or any portion of the asset is more likely than not unrealizable under ASC Topic 740 *Income Taxes*. 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 September 30, 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

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

	September 30, 2020	December 31, 2019
Warrants issued and outstanding	51	51
Stock option awards issued and outstanding	1,792	1,600
Authorized for grants under the 2016 Equity Incentive Plan(2)	340	401
Authorized for grants under the 2016 Employee Stock Purchase Plan(3)	256	186
	2,439	2,238

(1) Treasury stock in the amount of 534,000 and 465,000 as of September 30, 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 period 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	402	10.05	
Exercised	(105)	8.24	
Expired/Forfeited	(105)	10.42	
Balance at September 30, 2020	1,792	10.07	7.8
Vested and exercisable at September 30, 2020	947	9.27	6.9
Vested and expected to vest at September 30, 2020	1,792	10.07	7.8

The weighted average grant date fair value of options granted during the nine months ended September 30, 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 September 30, 2020 and December 31, 2019, was $4.1 million and $2.3 million, respectively. For stock options expected to vest, the aggregate intrinsic value as of September 30, 2020, and December 31, 2019, was $2.0 million and $0.3 million, respectively.

At September 30, 2020, and December 31, 2019, there was $3.5 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 during the period indicated (shares in thousands):

	Restricted stock units	Weighted average grant date fair value
Non-vested balance at December 31, 2019	80	$ 11.43
Grants	151	
Vested and released	(28)	
Non-vested balance at September 30, 2020	203	10.53

As of September 30, 2020, there was $1.7 million of total unrecognized compensation cost related to unvested RSUs having a weighted average remaining contractual term of 1.6 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. Annual contributions are limited to the lower of 20% of an employee's eligible compensation or such other limits as apply under Section 423 of the Internal Revenue Code. The ESPP is intended to qualify as an employee stock purchase plan for purposes of Section 423 of the Internal Revenue Code.

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

Under the ESPP the Company received proceeds of $182,000 from the issuances of approximately 27,000 shares in February and August 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 $284,000 and $239,000 for the three months ended September 30, 2020 and 2019, respectively, and $832,000 and $729,000 for the nine months ended September 30, 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 future minimum lease payments required under operating leases in effect at September 30, 2020, were as follows (in thousands):

Year ending:		
2020 (remaining three months)	$	202
2021		992
2022		719
2023		705
2024		686
2025		615
	$	3,919

(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.

(c) ***Supply Agreement***

In September 2020 the Company entered into a supply agreement with a vendor to purchase up to $2.0 million of inventory during the initial term of the agreement through December 31, 2022. As of September 30, 2020, no amounts had been paid under this supply agreement.

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 and nine months ended September 30, 2020 and 2019, and customers that accounted for 10% or more of total trade accounts receivable at September 30, 2020 and 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Percentage of net revenue				
Customer A	32%	34%	33%	38%
Customer B	15	18	10	14
Customer C	10	6	7	6
Customer D	4	10	1	3

	As of September 30,	
	2020	2019
Percentage of gross trade accounts receivable		
Customer A	17%	13%
Customer B	15	38
Customer C	13	15
Customer D	13	5

(b) Concentration of Purchases

During the three and nine months ended September 30, 2020, the Company's products were primarily manufactured by two vendors in China and by the Company's Arizona facility.

Note 14. Disaggregated Revenue

Disaggregated revenue are as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
By Sales Channel:				
Fulfillment distributors	$ 8,086	$ 7,658	$ 19,502	$ 24,417
OEM/ODM/Contract manufacturer	3,851	4,251	12,863	13,539
Other	1,073	1,233	3,307	4,757
Total	$ 13,010	$ 13,142	$ 35,672	$ 42,713
By Geography:				
China	$ 10,067	$ 9,267	$ 26,994	$ 30,853
North America	2,469	3,332	7,362	9,043
Rest of the world	474	543	1,316	2,817
Total	$ 13,010	$ 13,142	$ 35,672	$ 42,713

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. Within this market we support an array of technologies, including WiFi, LTE, 5G and LPWAN.

In the automotive market our antennas are deployed in a variety of wireless connectivity solutions, primarily in the fleet and aftermarket segment, and support a variety of technologies that include WiFi, 3G, LTE, 5G, and Satellite. 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 automotive 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. In May 2020 we announced a new antenna-modem platform called AirgainConnect, as well as the AirgainConnect AC-HPUE, the first antenna-modem from the platform. 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, Fleet, and Enterprise 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, typically trunk-mounted, to roof-mounted antennas providing significant increase in the coverage area and higher data rates. AirgainConnect AC-HPUE includes an integrated FirstNet Ready high-power LTE modem supporting the 3GPP Band 14 High Power UE output power functionality. We have partnered with Assured Wireless Corporation to utilize the industry's first FirstNet Ready certified Band 14 HPUE modem module for AirgainConnect AC-HPUE. FirstNet, built with AT&T in a public-private partnership with the First Responder Network Authority (FirstNet Authority), is the only nationwide, high-speed broadband communications platform dedicated to and purpose-built for America's first responders and the extended public safety community. In August 2020 AT&T certified AirgainConnect for operating on the carrier's LTE network. We expect shipments of AirgainConnect AC-HPUE to commence in the fourth quarter of 2020.

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. Similarly, the evolution of the 3GPP cellular standards to include 5GNR is driving a product refresh cycle and demand for new devices with support for 5G across all three of our target markets. 5GNR, 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, as well as a growing footprint in 4G and 5G.

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 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. As the situation progressed and the outbreak was stabilized in China, our workers and facilities, as well as those of our contract manufacturers, returned to full function with precautions in place to help prevent outbreak or spread of the virus. 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 salespeople 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 during the first quarter disruptions with our contract manufacturers located in Asia. Such disruptions of our customers have had a negative impact on our sales and operating results, particularly in the first quarter. Related to sales, we saw orders begin to rebound in the second and third quarters. However, the continued spread of COVID-19 may adversely affect such rebound and have a negative effect on our operating results 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 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 launch timing and deployment level of AirgainConnect AC-HPUE, the proliferation of Wi-Fi connected home devices and data intensive applications, trends related to in-house design in our traditional set top market, 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 revenue derived from customer agreements to provide design, engineering, and testing services.

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 outside product design vendors and 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.

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.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Statements of Operations Data:				
Sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	53.7	53.8	53.1	54.2
Gross profit	46.3	46.2	46.9	45.8
Operating expenses:				
Research and development	17.1	18.3	19.3	16.3
Sales and marketing	12.0	11.1	12.6	14.0
General and administrative	18.8	18.4	21.0	14.4
Total operating expenses	47.9	47.8	52.9	44.7
Income (loss) from operations	(1.6)	(1.6)	(6.0)	1.1
Other income	(0.2)	(1.4)	(0.5)	(1.3)
Income (loss) before income taxes	(1.4)	(0.2)	(5.5)	2.4
Provision for income taxes	0.6	0.9	0.8	0.4
Net income (loss)	(2.0)%	(1.1)%	(6.3)%	2.0%

Comparison of the Three and Nine Months Ended September 30, 2020 and 2019 **(dollars in thousands)**

Sales

	Three months ended September 30,			
	2020	2019	Decrease	% Change
Sales	$ 13,010	$ 13,142	$ (132)	(1.0)%

	Nine months ended September 30,			
	2020	2019	Decrease	% Change
Sales	$ 35,672	$ 42,713	$ (7,041)	(16.5)%

Sales decreased $0.1 million for the three months ended September 30, 2020, compared to the three months ended September 30, 2019, and was primarily driven by a significantly larger order of an automotive product for the three months ended September 30, 2019, as offset by an increase in revenue from several large volume embedded antenna products for the three months ended September 30, 2020.

Sales decreased $7.0 million for the nine months ended September 30, 2020, compared to the nine months ended September 30, 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 September 30,			
	2020	2019	Decrease	% Change
Cost of goods sold	$ 6,981	$ 7,067	$ (86)	(1.2)%

	Nine months ended September 30,			
	2020	2019	Decrease	% Change
Cost of goods sold	$ 18,924	$ 23,167	$ (4,243)	(18.3)%

Cost of goods sold decreased $0.1 million or 1.2%, for the three months ended September 30, 2020, compared to the three months ended September 30, 2019, and was primarily due to the decreased sales in the current quarter.

Cost of goods sold decreased $4.2 million or 18.3% for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019, and was primarily due to the decreased sales in the current year.

Gross Profit

	Three months ended September 30, 2020	2019	Decrease	% Change
Gross profit	$ 6,029	$ 6,075	$ (46)	(0.8)%
Gross profit (percentage of sales)	46.3%	46.2%		0.1%

	Nine months ended September 30, 2020	2019	Decrease	% Change
Gross profit	$ 16,748	$ 19,546	$ (2,798)	(14.3)%
Gross profit (percentage of sales)	46.9%	45.8%		1.1%

Gross profit as a percentage of sales was relatively flat for the three months ended September 30, 2020, compared to the three months ended September 30, 2019.

Gross profit as a percentage of sales increased 1.1% for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. The increase in gross profit as a percentage of sales was primarily due to product cost reductions.

Operating Expenses

	Three months ended September 30, 2020	2019	Increase / (Decrease)	% Change
Operating Expenses				
Research and development	$ 2,231	$ 2,403	$ (172)	(7.2)%
Sales and marketing	1,559	1,461	98	6.7
General and administrative	2,439	2,416	23	1.0
Total	$ 6,229	$ 6,280	$ (51)	(0.8)%

	Nine months ended September 30, 2020	2019	Increase / (Decrease)	% Change
Operating Expenses				
Research and development	$ 6,873	$ 6,944	$ (71)	(1.0)%
Sales and marketing	4,477	5,964	(1,487)	(24.9)
General and administrative	7,506	6,168	1,338	21.7
Total	$ 18,856	$ 19,076	$ (220)	(1.2)%

Research and Development

Research and development expense decreased $0.2 million or 7.2% for the three months ended September 30, 2020, compared to the three months ended September 30, 2019. The decrease was primarily due to decreased personnel-related expenses and lower travel expenses.

Research and development expense decreased $0.1 million or 1.0% for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. The decrease was primarily due to decreased personnel-related expenses and lower travel expenses but partially offset by increased product development expenses.

Sales and Marketing

Sales and marketing expense increased $0.1 million or 6.7%, for the three months ended September 30, 2020, compared to the three months ended September 30, 2019. The increase was primarily due to increased personnel-related expenses but partially offset by lower travel expenses.

Sales and marketing expense decreased $1.5 million or 24.9%, for the nine months ended September 30, 2020, compared to the nine months ended September 30, 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 was relatively flat for the three months ended September 30, 2020, compared to the three months ended September 30, 2019.

General and administrative expense increased $1.3 million or 21.7%, for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. The increase was primarily due to an increase in personnel-related expenses and other operating expenses but partially offset by lower travel expenses.

Other Income

	Three months ended September 30, 2020	2019	Decrease	% Change
Other expense (income):				
Interest income, net	$ (23)	$ (183)	$ 160	(87.4)%
Other expense	—	—	—	—
Total	$ (23)	$ (183)	$ 160	(87.4)%

	Nine months ended September 30, 2020	2019	(Increase) / Decrease	% Change
Other expense (income):				
Interest income, net	(194)	$ (558)	$ 364	(65.2)%
Other expense	11	—	(11)	—
Total	$ (183)	$ (558)	$ 353	(63.3)%

Other income decreased $0.2 million for the three months ended September 30, 2020, compared to the three months ended September 30, 2019.The decrease was primarily due to lower interest income on cash and short-term investment balances.

Other income decreased $0.4 million for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. The decrease was primarily due to lower interest income on cash and short-term investment balances along with the loss on disposal of fixed assets.

Liquidity and Capital Resources

We had cash and cash equivalents of $35.8 million and $2.2 million in short-term investments at September 30, 2020.

Before 2013 we had incurred net losses in each year since our inception. As a result, we had an accumulated deficit of $46.3 million at September 30, 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 was $10.0 million and required us to 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 were 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. 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 could 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. On September 9, 2020, our board of directors approved an extension to the 2019 Program for an additional twelve-month period ending September 9, 2021.

During the nine months ended September 30, 2020, we repurchased approximately 69,000 shares of common stock under the 2019 Program at an average price per share of $8.78, for a total cost of $608,000. Since inception of the 2019 Program through September 30, 2020, we have purchased a total of approximately 162,000 shares of common stock for a total cost of $1.6 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):

	Nine months ended September 30, 2020	2019
Net cash provided by operating activities	$ 3,477	$ 875
Net cash provided by (used in) investing activities	18,886	(1,605)
Net cash provided by (used in) financing activities	410	(20)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 22,773	$ (750)

Net cash provided by operating activities. Net cash provided by operating activities was $3.5 million for the nine months ended September 30, 2020. This was primarily driven by $2.9 million non-cash expenses and $2.8 million net changes in operating assets and liabilities offset by a net loss of $2.2 million.

Net cash provided by (used in) investing activities. Net cash provided by investing activities was $18.9 million for the nine months ended September 30, 2020. This was primarily driven by $20.2 million in maturities of available-for-sale securities offset by $0.7 million in purchases of available-for-sale securities and $0.6 million in purchases of property and equipment.

Net cash provided by (used in) financing activities. Net cash provided by financing activities was $0.4 million for the nine months ended September 30, 2020. This was primarily driven by $1.0 million in net proceeds from common stock issuances pursuant to stock awards, offset by $0.6 million in common stock repurchases.

Contractual Obligations and Commitments

Other than disclosed below, there were no material changes outside the ordinary course of our business during the nine months ended September 30, 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.

In September 2020 we entered into a supply agreement with a vendor to purchase up to $2.0 million of inventory during the initial term of the agreement through December 31, 2022. As of September 30, 2020, no amounts had been paid under this supply agreement.

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, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the 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 September 30, 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 as previously reported in our Quarterly Report on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020. 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.

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.

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
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	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

(1) Incorporated by reference to the Registrant's Current Report on Form 8-K, filed with the SEC on August 17, 2016.

(2) Incorporated by reference to 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.

* 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: November 5, 2020	/s/ Jacob Suen
	Jacob Suen President and Chief Executive Officer (principal executive officer)
Date: November 5, 2020	/s/ David B. Lyle
	David B. Lyle Chief Financial Officer and Secretary (principal financial and accounting officer)

Exhibit 31.1

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

I, Jacob Suen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Airgain, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer 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: November 5, 2020

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

Exhibit 31.2

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

I, 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: November 5, 2020

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

Exhibit 32.1

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

In connection with the quarterly report of Airgain, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 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: November 5, 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.

Exhibit 32.2

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

In connection with the quarterly report of Airgain, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 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: November 5, 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.