

August 11, 2022



Airgain® Reports Second Quarter 2022 Financial Results

SAN DIEGO--(BUSINESS WIRE)-- [Airgain, Inc. \(Nasdaq: AIRG\)](#) is a leading provider of wireless connectivity solutions, creating and delivering products that include embedded components, external antennas, and integrated systems across the globe, today reported financial results for the second quarter ended June 30, 2022.

“We are very pleased to report a record second quarter that built upon the strong momentum we established in Q1,” said Airgain’s President and Chief Executive Officer, Jacob Suen. “We delivered record quarterly sales of \$19.3 million, which were up 10% sequentially and 11% year-over-year, and our first quarter of adjusted EBITDA profitability in over a year. These results demonstrate our ability to execute on our strategies and position the company for profitable growth.”

Second Quarter 2022 Financial Highlights

GAAP

- Sales of \$19.3 million
- GAAP gross margin of 38.9%
- GAAP operating expenses of \$9.1 million
- GAAP net loss of \$1.6 million or \$(0.16) per share

Non-GAAP

- Non-GAAP gross margin of 39.4%
- Non-GAAP operating expenses of \$7.2 million
- Non-GAAP net income of \$0.4 million or \$0.03 per diluted share
- Adjusted EBITDA of \$0.5 million

Second Quarter 2022 Financial Results

Sales for the second quarter of 2022 were \$19.3 million, of which \$9.1 million were from the Enterprise market, \$6.0 million were generated from the Consumer market and \$4.2 million were from the Automotive market. Sales increased by 10.3%, or \$1.8 million in the second quarter of 2022 compared to \$17.5 million in the first quarter of 2022. Enterprise sales increased from the first quarter of 2022 by \$0.5 million primarily due to higher sales generated from industrial IoT and enterprise Wi-Fi access point products. Automotive sales increased \$1.4 million from the first quarter of 2022 primarily due to higher sales from AirgainConnect and Antenna Plus products. Consumer sales slightly decreased from the first quarter of 2022 by \$0.1 million. Sales for the second quarter of 2022 increased by 11.6%, or \$2.0 million compared to \$17.3 million for the second quarter of 2021. The increase in sales from the second quarter of 2021 was primarily due to \$2.9 million higher sales generated

from Enterprise market, and \$2.0 million higher sales in the Automotive market, offset by \$2.9 million lower sales in the Consumer market caused by global supply shortages.

GAAP gross profit for the second quarter of 2022 was \$7.5 million compared to \$7.2 million for the first quarter of 2022 and \$7.3 million for the second quarter of 2021. Non-GAAP gross profit for the second quarter of 2022 was \$7.6 million, compared to \$7.3 million for the first quarter of 2022 and \$7.4 million for the second quarter of 2021 (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

GAAP gross margin for the second quarter of 2022 was 38.9%, compared to 40.8% for the first quarter of 2022 and 42.2% for the second quarter of 2021. The decrease in gross margin compared to the first quarter of 2022 and to the second quarter of 2021 was primarily due to unfavorable sales mix including increased sales of Enterprise and Automotive market products which yield a lower gross margin.

Non-GAAP gross margin for the second quarter of 2022 was 39.4% compared to 41.4% for the first quarter of 2022 and 42.8% for the second quarter of 2021. The decrease in non-GAAP gross margin from the first quarter of 2022 and from the second quarter of 2021 were primarily due to unfavorable sales mix including increased sales of Enterprise and Automotive market products which yield a lower gross margin (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

GAAP operating expenses for the second quarter of 2022 were \$9.1 million, compared to \$9.6 million for the first quarter of 2022 and \$10.0 million for the second quarter of 2021. Operating expenses were lower for the second quarter of 2022 compared to the first quarter of 2022 due to lower professional fees and personnel-related costs, offset partially by higher product development expenses. The lower operating expenses for the second quarter of 2022 compared to the second quarter of 2021 were primarily due to the \$1.6 million fair value charge for contingent consideration related to the NimbeLink acquisition in the second quarter of 2021. This decrease was partially offset by higher personnel-related costs, professional fees, and product shipping expenses. Non-GAAP operating expenses for the second quarter of 2022 were \$7.2 million compared to \$7.7 million in the first quarter of 2022 and \$6.8 million in the second quarter of 2021 (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

GAAP net loss for the second quarter of 2022 was \$1.6 million or \$(0.16) per share (based on 10.2 million shares), compared to a net loss of \$2.5 million or \$(0.25) per share (based on 10.1 million shares) for the first quarter of 2022 and net loss of \$2.6 million or \$(0.26) per share (based on 10.0 million shares) for the second quarter of 2021. The decrease in net loss compared to the first quarter of 2022 and the second quarter of 2021 was mainly due to higher sales and lower operating expense, offset partially by lower gross margin. Non-GAAP net income for the second quarter of 2022 was \$0.4 million or \$0.03 per diluted share (based on 10.4 million shares), compared to a non-GAAP net loss of \$0.4 million or \$(0.04) per share (based on 10.1 million shares) for the first quarter of 2022 and a non-GAAP net income of \$0.6 million or \$0.05 per share (based on 10.8 million diluted shares) for the second quarter of 2021 (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

Adjusted EBITDA for the second quarter of 2022 was \$0.5 million, compared to (\$0.3) million for the first quarter of 2022 and \$0.7 million for the second quarter of 2021 (see note

regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

First Six Months 2022 Financial Highlights

GAAP

- Sales of \$36.8 million
- GAAP gross margin of 39.8%
- GAAP operating expenses of \$18.7 million
- GAAP net loss of \$4.1 million or \$(0.41) per share

Non-GAAP

- Non-GAAP gross margin of 40.4%
- Non-GAAP operating expenses of \$14.9 million
- Non-GAAP net loss of \$0.1 million or \$(0.01) per share
- Adjusted EBITDA of \$0.3 million

First Six Months 2022 Financial Results

Sales for the first six months of 2022 were \$36.8 million, of which \$17.7 million were from the Enterprise market, \$12.0 million were from the Consumer market and \$7.0 million were from the Automotive market. Sales increased by 6.1%, or \$2.1 million compared to \$34.7 million in the same year-ago period. The increase in sales was primarily due to \$7.2 million higher sales from Enterprise market and \$2.1 million higher sales from Automotive markets, partially offset by \$7.2 million lower Consumer market sales caused by global supply shortages.

GAAP gross profit for the first six months of 2022 was \$14.6 million compared to \$14.2 million in the same year-ago period. Non-GAAP gross profit for the first six months of 2022 was \$14.9 million, compared to \$14.7 million in the same year-ago period (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

GAAP gross margin for the first six months of 2022 was 39.8%, compared to 40.9% in the same year-ago period. Non-GAAP gross margin for first six months of 2022 was 40.4%, compared to 42.5% in the same year-ago period. The decrease in gross margins were primarily due to unfavorable sales mix including increased sales of Enterprise and Automotive market products which yield a lower gross margin. The decrease of GAAP gross margin was partially offset by the recognition of an inventory step-up charge related to the Nimbelink acquisition in the same year-ago period (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

GAAP operating expenses for the first six months of 2022 were \$18.7 million, compared to \$18.8 million in the same year-ago period. The slightly lower operating expenses were primarily due to the \$1.6 million fair value charge for contingent consideration related to the NimbeLink acquisition in the same year-ago period, partially offset by higher personnel-related costs, professional fees, travel, marketing and product shipping expenses. Non-GAAP operating expenses for the first six months 2022 was \$14.9 million, compared to

\$13.8 million in the same year-ago period (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

GAAP net loss for the first six months of 2022 was \$4.1 million or \$(0.41) per share (based on 10.2 million shares), compared to a GAAP net loss of \$2.4 million or \$(0.24) per share (based on 9.9 million shares) in the same year-ago period. The increase in net loss was due primarily to a \$2.2 million tax benefit recorded in the same year-ago period, offset by lower operating expenses, and higher sales. Non-GAAP net loss for the first six months 2022 was \$0.1 million or \$(0.01) per share (based on 10.2 million shares), compared to non-GAAP net income of \$0.9 million or \$0.08 per share (based on 10.8 million diluted shares) in the same year-ago period (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

Adjusted EBITDA for the first six months of 2022 was \$0.3 million, compared to \$1.1 million in the same year-ago period (see note regarding "Use of Non-GAAP Financial Measures" below for further discussion of this non-GAAP measure).

Third Quarter 2022 Financial Outlook

GAAP

- Sales are expected to be in the range of \$18.0 million to \$19.5 million, or \$18.8 million at the midpoint
- GAAP gross margin is expected to be in the range of 35.9% to 38.9%
- GAAP operating expense is expected to be \$9.2 million, plus or minus \$0.2 million
- GAAP net loss per share is expected to be \$0.21 at midpoint

Non-GAAP

- Non-GAAP gross margin is expected to be in the range of 36.5% to 39.5%
- Non-GAAP operating expense is expected to be \$7.1 million, plus or minus \$0.2 million
- Non-GAAP net income per share is expected to be break-even at midpoint
- Adjusted EBITDA is expected to be \$0.2 million at midpoint

Our financial outlook for the three months ending September 30, 2022, including reconciliations of GAAP to non-GAAP measures can be found at the end of this press release.

Conference Call

Airgain, Inc. management will hold a conference call today Thursday, August 11, 2022, at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) to discuss financial results for the second quarter ended June 30, 2022.

Airgain management will host the presentation, followed by a question and answer period.

Date: August 11, 2022

Time: 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time)

Participant Dial-In: (888) 437-3179 or (404) 267-0369

The conference call will be broadcast simultaneously and available here and for replay via

the investor relations section of the company's website at investors.airgain.com.

A replay of the webcast will be available via the registration link after 8:00 p.m. Eastern Time on the same day until September 11, 2022.

About Airgain, Inc.

Airgain is a leading provider of wireless connectivity solutions, creating and delivering products that include embedded components, external antennas, and integrated systems, across the globe. Our mission is to connect the world through optimized integrated wireless solutions. Airgain's expertise in custom cellular and antenna system design pairs with our focus on high-growth technologies and our dedication to simplify the growing complexity of wireless. With a broad portfolio of products across the value chain, from embedded components to fully integrated products, we are equipped to solve critical connectivity needs in both the design process and the operating environment across the enterprise, automotive, and consumer markets. Airgain is headquartered in San Diego, California, and maintains design and test centers in the U.S., U.K., and China. For more information, visit airgain.com, or follow Airgain on [LinkedIn](#) and [Twitter](#).

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Forward-Looking Statements

Airgain cautions you that statements in this press release that are not a description of historical facts are forward-looking statements. These statements are based on the company's current beliefs and expectations. These forward-looking statements include statements regarding our third quarter 2022 financial outlook and demand for our products and prospects for future growth across our markets. The inclusion of forward-looking statements should not be regarded as a representation by Airgain that any of our plans will be achieved. Actual results may differ from those set forth in this press release due to the risk and uncertainties inherent in our business, including, without limitation: the market for our antenna products is developing and may not develop as we expect; our operating results may fluctuate significantly, including based on seasonal factors, which makes future operating results difficult to predict and could cause our operating results to fall below expectations or guidance; supply constraints on our and our customer's ability to obtain necessary components in our respective supply chains may negatively affect our sales and operating results; the COVID-19 pandemic may continue to disrupt and otherwise adversely affect our operations and those of our suppliers, partners, distributors and ultimate end customers, and the overall global supply shortage and logistics delays within the supply chain that our products are used in, as well as adversely affecting the general U.S. and global economic conditions and financial markets, and, ultimately, our sales and operating results; rising interest rates and inflation may adversely impact our margins, the supply chain and our customers' sales, which may negatively affect our sales and operating results; our products are subject to intense competition, including competition from the customers to whom we sell and competitive pressures from existing and new companies may harm our business, sales, growth rates, and market share; risks associated with the performance of our products; risks and uncertainties related to management and key personnel changes; our future success depends on our ability to develop and successfully introduce new and enhanced products for the wireless market that meet the needs of our customers, including

our ability to transition to provide a more diverse solutions capability; we sell to customers who are price conscious, and a few customers represent a significant portion of our sales, and if we lose any of these customers, our sales could decrease significantly; we rely on a small number of contract manufacturers to produce and ship all of our products, a single or limited number of suppliers for some components of our products and channel partners to sell and support our products, and the failure to manage our relationships with these parties successfully could adversely affect our ability to market and sell our products; if we cannot protect our intellectual property rights, our competitive position could be harmed or we could incur significant expenses to enforce our rights; and other risks described in our prior press releases and in our filings with the Securities and Exchange Commission (SEC), including under the heading "Risk Factors" in our Annual Report on Form 10-K and any subsequent filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and we undertake no obligation to revise or update this press release to reflect events or circumstances after the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Note Regarding Use of Non-GAAP Financial Measures

To supplement our condensed financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), this earnings release and the accompanying tables and the related earnings conference call contain certain non-GAAP financial measures, including adjusted earnings before interest, taxes, depreciation, amortization (Adjusted EBITDA), non-GAAP net income (loss) attributable to common stockholders (non-GAAP net income (loss)), non-GAAP net income (loss) per (basic or diluted) share (non-GAAP EPS), non-GAAP operating expense, non-GAAP gross profit and non-GAAP gross margin. We believe these financial measures provide useful information to investors with which to analyze our operating trends and performance.

In computing Adjusted EBITDA, non-GAAP net income (loss), and non-GAAP EPS, we exclude stock-based compensation expense, which represents non-cash charges for the fair value of stock awards; interest income, net of interest expense offset by other expense; depreciation and/or amortization; change in the fair value of contingent consideration, acquisition-related expenses, amortization of inventory step-up and provision (benefit) for income taxes. In computing non-GAAP operating expense, we exclude stock-based compensation expense, amortization of intangibles, change in the fair value of contingent consideration and acquisition-related expenses. In computing non-GAAP gross profit and non-GAAP gross margin, we exclude stock-based compensation expense, amortization of inventory step-up and amortization of intangible assets. Because of varying available valuation methodologies, subjective assumptions, and the variety of equity instruments that can impact a company's non-cash operating expenses; we believe that providing non-GAAP financial measures that exclude non-cash expense allows for meaningful comparisons between our core business operating results and those of other companies, as well as providing us with an important tool for financial and operational decision making and for evaluating our own core business operating results over different periods of time. Management considers these types of expenses and adjustments, to a great extent, to be unpredictable and dependent on a significant number of factors that are outside of our control and are not necessarily reflective of operational performance during a period.

Our non-GAAP measures may not provide information that is directly comparable to that provided by other companies in our industry, as other companies in our industry may calculate non-GAAP financial results differently, particularly related to non-recurring, unusual items. Our Adjusted EBITDA, non-GAAP net income (loss), non-GAAP EPS, non-GAAP operating expense, non-GAAP gross profit and non-GAAP gross margin are not measurements of financial performance under GAAP and should not be considered as an alternative to operating or net income or as an indication of operating performance or any other measure of performance derived in accordance with GAAP. We do not consider these non-GAAP measures to be a substitute for, or superior to, the information provided by GAAP financial results. Reconciliations with specific adjustments to GAAP results and outlooks are provided at the end of this release.

Airgain, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except par value)
(unaudited)

	June 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,448	\$ 14,511
Trade accounts receivable, net	9,822	10,757
Inventory	8,621	8,949
Prepaid expenses and other current assets	1,825	1,272
Total current assets	29,716	35,489
Property and equipment, net	2,951	2,698
Leased right-of-use assets	2,540	2,777
Goodwill	10,845	10,845
Intangible assets, net	12,716	14,229
Other assets	277	352
Total assets	<u>\$ 59,045</u>	<u>\$ 66,390</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 7,062	\$ 5,474
Accrued compensation	2,197	2,013
Accrued liabilities and other	4,484	2,833
Short-term lease liabilities	837	841
Deferred purchase price liabilities	153	8,726
Total current liabilities	14,733	19,887
Deferred tax liability	127	109
Long-term lease liabilities	1,937	2,221
Total liabilities	<u>16,797</u>	<u>22,217</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional paid-in capital, par value \$0.0001, 200,000 shares authorized; 10,742 shares issued and 10,200 shares outstanding at June 30, 2022; and 10,638 shares issued and 10,097 shares outstanding at December 31, 2021.	109,186	106,971
Treasury stock, at cost; 541 shares at June 30, 2022 and December 31, 2021	(5,364)	(5,364)
Accumulated deficit	(61,574)	(57,434)
Total stockholders' equity	42,248	44,173
Total liabilities and stockholders' equity	<u>\$ 59,045</u>	<u>\$ 66,390</u>

Airgain, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three months ended			Six months ended	
	June 30, 2022	March 31, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Sales	\$ 19,286	\$ 17,522	\$ 17,297	\$ 36,808	\$ 34,674
Cost of goods sold	11,793	10,366	9,998	22,159	20,478
Gross profit	7,493	7,156	7,299	14,649	14,196
Operating expenses:					
Research and development	2,962	3,242	2,726	6,204	5,432
Sales and marketing	2,889	2,855	2,489	5,744	4,928
General and administrative	3,255	3,485	3,261	6,740	6,894
Change in fair value of contingent consideration	—	—	1,557	—	1,557
Total operating expenses	9,106	9,582	10,033	18,688	18,811
Loss from operations	(1,613)	(2,426)	(2,734)	(4,039)	(4,615)
Other (income) expense:					
Interest income, net	(6)	(5)	(7)	(11)	(15)
Other expense	15	15	9	30	16
Total other expense	9	10	2	19	1
Loss before income taxes	(1,622)	(2,436)	(2,736)	(4,058)	(4,616)
Income tax (benefit) expense	(3)	85	(127)	82	(2,244)
Net loss	\$ (1,619)	\$ (2,521)	\$ (2,609)	\$ (4,140)	\$ (2,372)
Net loss per share:					
Basic	\$ (0.16)	\$ (0.25)	\$ (0.26)	\$ (0.41)	\$ (0.24)
Diluted	\$ (0.16)	\$ (0.25)	\$ (0.26)	\$ (0.41)	\$ (0.24)
Weighted average shares used in calculating loss per share:					
Basic	10,219	10,130	10,026	10,188	9,948
Diluted	10,219	10,130	10,026	10,188	9,948

Airgain, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six months ended June 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (4,140)	\$ (2,372)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	337	258
Loss on disposal of property and equipment	3	—
Amortization of intangible assets	1,513	1,483
Stock-based compensation	2,455	1,936
Change in fair value of contingent consideration	—	1,557
Deferred tax liability	18	(2,291)
Changes in operating assets and liabilities:		
Trade accounts receivable	935	(5,735)
Inventory	328	(1,861)
Prepaid expenses and other current assets	(554)	(265)
Other assets	75	48
Accounts payable	1,159	2,356
Accrued compensation	(193)	(871)
Accrued liabilities and other	94	217
Lease liabilities	(50)	(39)
Net cash provided by (used in) operating activities	<u>1,980</u>	<u>(5,579)</u>
Cash flows from investing activities:		
Cash paid for acquisition, net of cash acquired	—	(14,185)
Purchases of property and equipment	(174)	(409)
Proceeds from sale of equipment	10	—
Net cash used in investing activities	<u>(164)</u>	<u>(14,594)</u>
Cash flows from financing activities:		
Cash paid for business acquisition	(7,015)	—
Proceeds from issuance of common stock, net	136	2,240
Net cash (used in) provided by financing activities	<u>(6,879)</u>	<u>2,240</u>
Net decrease in cash, cash equivalents and restricted cash	<u>(5,063)</u>	<u>(17,933)</u>
Cash, cash equivalents, and restricted cash; beginning of period	14,686	38,348
Cash, cash equivalents, and restricted cash; end of period	<u>\$ 9,623</u>	<u>\$ 20,415</u>
Supplemental disclosure of cash flow information:		
Taxes paid	\$ 110	\$ 58
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets recorded upon adoption of ASC 842	\$ —	\$ 3,199
Leased liabilities recorded upon adoption of ASC 842	\$ —	\$ 3,519
Operating lease liabilities resulting from right-of-use assets	\$ 254	\$ —
Accrual of property and equipment	\$ 429	\$ 94
Cash and cash equivalents	\$ 9,448	\$ 20,240
Restricted cash included in prepaid expenses and other current assets and other assets long term	\$ 175	175
Total cash, cash equivalents, and restricted cash	<u>\$ 9,623</u>	<u>\$ 20,415</u>

Airgain, Inc.
Sales by Target Market
(in thousands)
(unaudited)

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Consumer	\$ 5,981	\$ 6,062	\$ 8,905	\$ 12,043	\$ 19,201
Enterprise	9,120	8,629	6,152	17,749	10,534
Automotive	4,185	2,831	2,240	7,016	4,939
Total sales	<u>\$ 19,286</u>	<u>\$ 17,522</u>	<u>\$ 17,297</u>	<u>\$ 36,808</u>	<u>\$ 34,674</u>

Airgain, Inc.
Stock-Based Compensation Expense by Department
(in thousands)
(unaudited)

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Cost of goods sold	\$ 22	\$ 13	\$ 1	\$ 26	\$ 2
Research and development	278	267	176	554	380
Sales and marketing	296	287	213	583	428
General and administrative	618	674	618	1,292	1,126
Total stock-based compensation expense	<u>\$ 1,214</u>	<u>\$ 1,241</u>	<u>\$ 1,008</u>	<u>\$ 2,455</u>	<u>\$ 1,936</u>

Airgain, Inc.
(in thousands)
(unaudited)

Reconciliation of GAAP to non-GAAP Gross Profit

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Gross profit	\$ 7,493	\$ 7,156	\$ 7,299	\$ 14,649	\$ 14,196
Stock-based compensation	22	13	1	26	2
Amortization of intangible assets	89	89	101	178	183
Amortization of inventory step-up	—	—	—	—	352
Non-GAAP gross profit	<u>\$ 7,604</u>	<u>\$ 7,258</u>	<u>\$ 7,401</u>	<u>\$ 14,853</u>	<u>\$ 14,733</u>

Reconciliation of GAAP to non-GAAP Gross Margin

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Gross margin	38.9%	40.8%	42.2%	39.8%	40.9%
Stock-based compensation	0.0%	0.1%	0.0%	0.1%	0.0%
Amortization of intangible assets	0.5%	0.5%	0.6%	0.5%	0.6%
Amortization of inventory step-up	—	—	—	—	1.0%
Non-GAAP gross margin	<u>39.4%</u>	<u>41.4%</u>	<u>42.8%</u>	<u>40.4%</u>	<u>42.5%</u>

Reconciliation of GAAP to non-GAAP Operating Expenses

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Operating expenses	\$ 9,106	\$ 9,582	\$ 10,033	\$ 18,688	\$ 18,811
Stock-based compensation expense	(1,192)	(1,228)	(1,007)	(2,429)	(1,934)
Amortization of intangible assets	(667)	(668)	(666)	(1,335)	(1,300)
Change in fair value of contingent consideration	—	—	(1,557)	—	(1,557)
Acquisition-related expenses	—	—	—	—	(189)
Non-GAAP operating expenses	<u>\$ 7,247</u>	<u>\$ 7,686</u>	<u>\$ 6,803</u>	<u>\$ 14,924</u>	<u>\$ 13,831</u>

Airgain, Inc.
(in thousands, except per share data)
(unaudited)
Reconciliation of GAAP to non-GAAP Net Income (Loss)

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Net loss	\$ (1,619)	\$ (2,521)	\$ (2,609)	\$ (4,140)	\$ (2,372)
Stock-based compensation expense	1,214	1,241	1,008	2,455	1,936
Amortization of intangible assets	757	757	767	1,513	1,483
Change in fair value of contingent consideration	—	—	1,557	—	1,557
Acquisition-related expenses	—	—	—	—	189
Amortization of inventory step-up	—	—	—	—	352
Other (income) expense	9	8	(7)	17	(15)
Provision (benefit) for income taxes	(3)	85	(127)	82	(2,244)
Non-GAAP net income (loss) attributable to common stockholders	<u>\$ 358</u>	<u>\$ (430)</u>	<u>\$ 589</u>	<u>\$ (73)</u>	<u>\$ 886</u>
Non-GAAP net income (loss) per share:					
Basic	\$ 0.04	\$ (0.04)	\$ 0.06	\$ (0.01)	\$ 0.09
Diluted	<u>\$ 0.03</u>	<u>\$ (0.04)</u>	<u>\$ 0.05</u>	<u>\$ (0.01)</u>	<u>\$ 0.08</u>
Weighted average shares used in calculating non-GAAP net income (loss) per share:					
Basic	10,219	10,130	10,026	10,188	9,948
Diluted	<u>10,385</u>	<u>10,130</u>	<u>10,786</u>	<u>10,188</u>	<u>10,830</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Three months ended			Six months ended June 30,	
	June 30, 2022	March 31, 2022	June 30, 2021	2022	2021
Net loss	\$ (1,619)	\$ (2,521)	\$ (2,609)	\$ (4,140)	\$ (2,372)
Stock-based compensation expense	1,214	1,241	1,008	2,455	1,936
Depreciation and amortization	925	925	894	1,850	1,741
Change in fair value of contingent consideration	—	—	1,557	—	1,557
Amortization of inventory step-up	—	—	—	—	352
Acquisition-related expenses	—	—	—	—	189
Other (income) expense	9	8	(7)	17	(15)
Income tax (benefit) expense	(3)	85	(127)	82	(2,244)
Adjusted EBITDA	<u>\$ 526</u>	<u>\$ (262)</u>	<u>\$ 716</u>	<u>\$ 264</u>	<u>\$ 1,144</u>

Q3-2022 Financial Outlook

**Reconciliations of GAAP to Non-GAAP Gross Margin, Operating Expense,
Net (Loss) Income, EPS and to Adjusted EBITDA
For the Three Months Ended September 30, 2022
(dollars in millions, except per share data)**

Gross Margin Reconciliation:		Operating Expense Reconciliation:	
GAAP gross margin	37.4%	GAAP operating expenses	\$ 9.17
Stock-based compensation	0.1%	Stock-based compensation	(1.40)
Amortization	0.5%	Amortization	(0.67)
Non-GAAP gross margin	<u>38.0%</u>	Non-GAAP operating expenses	<u>\$ 7.10</u>
Net (Loss) Income Reconciliation		Net (Loss) Income per Share Reconciliation⁽¹⁾:	
GAAP net loss	\$ (2.20)	GAAP net loss per share	\$ (0.21)
Stock-based compensation	1.43	Stock-based compensation	0.14
Amortization	0.76	Amortization	0.07
Interest income, net	(0.01)	Interest income, net	—
Income tax expense	0.05	Income tax expense	—
Non-GAAP net income	<u>\$ 0.03</u>	Non-GAAP net income per share	<u>\$ 0.00</u>
Adjusted EBITDA Reconciliation			
GAAP net loss	\$ (2.20)		
Stock-based compensation	1.43		
Depreciation and amortization	0.96		
Interest income, net	(0.01)		
Income tax expense	0.05		
Adjusted EBITDA	<u>\$ 0.23</u>		

(1) Amounts are based on 10.2 million basic and 11.0 million diluted weighted average shares outstanding.

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