# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): August 6, 2019

# INSEEGO CORP.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of incorporation)

001-38358

(Commission file number)

81-3377646

(I.R.S. Employer identification number)

12600 Deerfield Parkway, Suite 100 Alpharetta, Georgia 30004 (Address of principal executive offices) (Zip Code)

(858) 812-3400

(Registrant's telephone number, including area code)

#### Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company o

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. o

### Item 2.02. Results of Operations and Financial Condition.

The information in "Item 2.02 Results of Operations and Financial Condition" of this Current Report on Form 8-K and in Exhibit 99.1, attached hereto, is furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may be incorporated by reference in a filing under the Exchange Act or the Securities Act of 1933, as amended, only if such subsequent filing specifically references such disclosure in this Form 8-K.

On August 6, 2019, Inseego Corp. issued a press release containing preliminary financial results for the quarter ended June 30, 2019.

#### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release, dated August 6, 2019, containing Inseego Corp. preliminary financial results for the quarter ended June 30, 2019.

# **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Inseego Corp.

By: /s/ Stephen Smith

Stephen Smith

Executive Vice President and Chief Financial Officer

Date: August 6, 2019



## **Inseego Reports Second Quarter 2019 Financial Results**

Sequential revenue growth of 15%

Commercial launch of 5G mobile broadband hotspot with Verizon in July

Continued expansion of global 5G pipeline

SAN DIEGO—August 6, 2019—Inseego Corp. (Nasdaq: INSG) (the "Company"), a pioneer in 5G and intelligent IoT device-to-cloud solutions, today reported the following results for the second quarter ended June 30, 2019. The Company reports second quarter revenues of \$55.9 million, GAAP operating loss of \$5.2 million, GAAP net loss of \$10.8 million, or net loss of \$0.14 per share, adjusted EBITDA of \$3.0 million and non-GAAP net loss of \$0.03 per share. Cash and cash equivalents at the end of the period, including restricted cash, was \$20.3 million.

"We solidified our leadership position with another industry-first milestone, the launch of our new 5G NR mobile broadband hotspot with Verizon," said Chairman and CEO Dan Mondor. "The global 5G opportunity pipeline is expanding rapidly and we're increasing investments in product development and sales and marketing to capitalize on this extraordinary window of opportunity."

#### **Corporate Highlights**

- Revenue of \$55.9 million, at the high end of guidance, up 15.1% sequentially and 13.9% year-over-year
- Accelerating investments to drive growth of the global 5G business

#### **IoT & Mobile Solutions**

- Q2 2019 revenue of \$40.0 million, 26% year-over-year growth
- Launched 5G MiFi M1000 mobile broadband hotspot with Verizon nationwide in July
- 5G live network trials and testing progressing with service providers worldwide
- Launched MiFi 8000 gigabit LTE mobile broadband hotspot with Sprint
- On target to achieve FirstNet certification for the USB800 4G LTE modem in the third quarter
- Gaining traction in the SD-WAN market and partnering with another leading SD-WAN provider

#### **Enterprise SaaS Solutions**

- Q2 2019 revenue of \$15.9 million
- Leading indicators for Ctrack signal a return to growth in the second half of 2019
- 11% year-over-year subscription growth in Europe and United Kingdom fleet business in the first half of 2019
- Two aviation design wins in Europe and Asia and phase one deployment with a UK-based regional airline

"We had strong top-line performance this quarter with over 15% sequential growth," said Steve Smith, EVP and CFO of Inseego. "We expect further revenue growth and gross margin improvements in the second half of 2019."

## Third Quarter Outlook

The following statements are forward-looking and actual results may differ materially. Please see the section titled "Cautionary Note Regarding Forward-Looking Statements" at the end of this news release. A more detailed description of risks related to our business is included in the reports filed by the Company with the Securities and Exchange Commission (the "SEC"). Our guidance for the third quarter of 2019 reflects current business indicators and expectations as of the date of this news release, including current exchange rates for foreign currencies.

<u>Inseego Consolidated</u> <u>Third Quarter 2019 Outlook</u>

Revenue \$58.0 million - \$62.0 million Adjusted EBITDA \$3.0 million - \$4.5 million

**IoT & Mobile Solutions** 

Revenue \$43.0 million - \$45.0 million

**Enterprise SaaS Solutions** 

Revenue \$15.0 million - \$17.0 million

#### **Conference Call Information**

Inseego will host a conference call and live webcast for analysts and investors today at 5:00 p.m. ET. A Q&A session with analysts will be held live directly after the prepared remarks. To access the conference call:

- In the United States, call 1-844-881-0135
- International parties can access the call at 1-412-317-6727

An audio replay of the conference call will be available beginning one hour after the call, through August 21, 2019. To hear the replay, parties in the United States may call 1-877-344-7529 and enter access code 10129587 followed by the # key. International parties may call 1-412-317-0088. In addition, the Inseego Corp. press release will be accessible from the Company's website before the conference call begins.

### About Inseego Corp.

Inseego Corp. (Nasdaq: INSG) is an industry pioneer in 5G and intelligent IoT device-to-cloud solutions that enables high performance mobile applications for large enterprise verticals, service providers and small-medium businesses around the globe. Our product portfolio consists of Enterprise SaaS Solutions and IoT & Mobile Solutions, which together form the backbone of compelling, intelligent, reliable and secure IoT services with deep business intelligence. Inseego powers mission critical applications with a "zero unscheduled downtime" mandate, such as asset tracking, fleet management, industrial IoT, SD WAN failover management and mobile broadband services. Our solutions are powered by our key innovations in purpose-built SaaS cloud platforms, IoT and mobile technologies including the newly emerging 5G technology. <a href="https://www.inseego.com">www.inseego.com</a> #Making5GReal

#### **Cautionary Note Regarding Forward-Looking Statements**

Some of the information presented in this news release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and often contain words such as "may," "estimate," "anticipate," "believe," "expect," "intend," "plan," "project," "will" and similar words and phrases indicating future results. The information presented in this news release related to our outlook for the third quarter ending September 30, 2019 and our future business outlook, the future demand for our products, as well as other statements that are not purely statements of historical fact, are forward-looking in nature. These forward-looking statements are made on the basis of management's current expectations, assumptions, estimates and projections and are subject to significant risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. We therefore cannot guarantee future results, performance or achievements. Actual results could differ materially from our expectations.

Factors that could cause actual results to differ materially from the Company's expectations include: (1) the future demand for wireless broadband access to data and asset management software and services; (2) the growth of wireless wide-area networking and asset management software and services; (3) customer and end-user acceptance of the Company's current product and service offerings and market demand for the Company's anticipated new product and service offerings; (4) increased competition and pricing pressure from participants in the markets in which the Company is engaged; (5) dependence on third-party manufacturers and key component suppliers worldwide; (6) the impact that new or adjusted tariffs may have on the cost of components or our products, and our ability to sell products internationally; (7) the impact of fluctuations of foreign currency exchange rates; (8) the impact of geopolitical instability on our ability to source components and manufacture our products; (9) unexpected liabilities or expenses; (10) the Company's ability to introduce new products and services in a timely manner, including the ability to develop and launch 5G products at the speed and functionality required by our customers; (11) litigation, regulatory and IP developments related to our products or components of our products;

(12) dependence on a small number of customers for a significant portion of the Company's revenues; (13) the Company's ability to raise additional financing when the Company requires capital for operations or to satisfy corporate obligations; and (14) the Company's plans and expectations relating to acquisitions, divestitures, strategic relationships, international expansion, software and hardware developments, personnel matters and cost containment initiatives, including restructuring activities and the timing of their implementation.

These factors, as well as other factors set forth as risk factors or otherwise described in the reports filed by the Company with the SEC (available at <a href="https://www.sec.gov">www.sec.gov</a>), could cause actual results to differ materially from those expressed in the Company's forward-looking statements. The Company assumes no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, except as otherwise required pursuant to applicable law and our on-going reporting obligations under the Securities Exchange Act of 1934, as amended.

#### **Non-GAAP Financial Measures**

Inseego Corp. has provided financial information in this news release that has not been prepared in accordance with GAAP. Non-GAAP operating expenses, adjusted EBITDA, net loss and net loss per share exclude share-based compensation expense, amortization of intangible assets purchased through acquisitions, amortization of discount and issuance costs related to the Company's convertible senior notes and term loan, restructuring charges, net of recoveries, and non-recurring legal and other expenses. Adjusted EBITDA also excludes interest, taxes, depreciation and amortization (unrelated to acquisitions, the convertible senior notes and the term loans) and foreign currency transaction gains and losses.

Non-GAAP operating expenses, adjusted EBITDA, net loss and net loss per share are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. These non-GAAP financial measures have limitations as an analytical tool and are not intended to be used in isolation or as a substitute for operating expenses, net loss, net loss per share or any other performance measure determined in accordance with GAAP. We present non-GAAP operating expenses, adjusted EBITDA, net loss and net loss per share because we consider each to be an important supplemental measure of our performance.

Management uses these non-GAAP financial measures to make operational decisions, evaluate the Company's performance, prepare forecasts and determine compensation. Further, management believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing the Company's performance when planning, forecasting and analyzing future periods. Share-based compensation expenses are expected to vary depending on the number of new incentive award grants issued to both current and new employees, the number of such grants forfeited by former employees, and changes in the Company's stock price, stock market volatility, expected option term and risk-free interest rates, all of which are difficult to estimate. In calculating non-GAAP operating expenses, adjusted EBITDA, net loss and net loss per share, management excludes certain non-cash and one-time items in order to facilitate company's operating performance on a period-to-period basis because such expenses are not, in management's view, related to the Company's ongoing operating performance. Management uses this view of the Company's operating performance for purposes of comparison with its business plan and individual operating budgets and in the allocation of resources.

The Company further believes that these non-GAAP financial measures are useful to investors in providing greater transparency to the information used by management in its operational decision-making. The Company believes that the use of non-GAAP operating expenses, adjusted EBITDA, net loss and net loss per share also facilitates a comparison of our underlying operating performance with that of other companies in our industry, which use similar non-GAAP financial measures to supplement their GAAP results.

In the future, the Company expects to continue to incur expenses similar to the non-GAAP adjustments described above, and exclusion of these items in the presentation of our non-GAAP financial measures should not be construed as an inference that these costs are unusual, infrequent or non-recurring. Investors and potential investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures as an analytical tool. The limitations of relying on non-GAAP financial measures include, but are not limited to, the fact that other companies, including other companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting their usefulness as a comparative tool.

Investors and potential investors are encouraged to review the reconciliation of our non-GAAP financial measures contained within this news release with our GAAP financial results.

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or

**Investor Relations Contact:** 

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

Note revenues:			Three Mo Jur	Ended		nded			
In T & Mobile Solutions			2019		2018		2019		2018
Enterprise Saal Solutions	Net revenues:								
Total net revenues         55,891         49,057         104,447           Cost of net revenues:         833,986         24,623         61,586           Enterprise SaaS Solutions         6,350         6,998         12,546           Impairment of abandoned product line, net of recoveries         -         (221)         -           Total cost of net revenues         40,336         31,400         74,132           Gross profit         15,555         17,657         30,315           Operating costs and expenses:         ************************************	IoT & Mobile Solutions	\$	39,983	\$	31,741	\$	72,764	\$	60,621
Cost of net revenues:         Io T & Mobile Solutions         33,986         24,623         61,586           Enterprise Sao Solutions         6,350         6,998         12,546           Impairment of abandoned product line, net of recoveries         —         (221)         —           Total cost of net revenues         40,336         31,400         74,132           Gross profit         15,555         17,657         30,315           Operating costs and expenses:           Research and development         5,188         4,968         8,673           Sales and marketing         7,229         5,635         13,620           General and administrative         7,449         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Restructuring costs and expenses         (5,183)         (822)         (7,644)           Operating loss         (5,183)         (822)         (7,644)           Other income (expense), net         (5,142)         (5,147)         (10,217)         (0           Other income (expense), net         (72)         (438)         241         (1         (1 <td>Enterprise SaaS Solutions</td> <td></td> <td>15,908</td> <td></td> <td>17,316</td> <td></td> <td>31,683</td> <td></td> <td>35,169</td>	Enterprise SaaS Solutions		15,908		17,316		31,683		35,169
In T & Mobile Solutions	Total net revenues		55,891		49,057		104,447		95,790
Enterprise SaaS Solutions         6,350         6,998         12,546           Impairment of abandoned product line, net of recoveries         —         (221)         —           Total cost of net revenues         40,336         31,400         74,132           Gross profit         15,555         17,657         30,315           Operating costs and expenses:           Research and development         5,188         4,968         8,673           Sales and marketing         7,229         5,635         13,001           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         3,79           Total operating costs and expenses         (5,183)         822         7,644           Operating loss         (5,183)         822         7,644           Other income (expense)         (5,184)         (5,147)         (10,217)         (6           Other income (expense), net         (5,142)         (5,147)         (10,217)         (7           Other income (expense), net         (10,397)         (6,607)         (17,200)         (7           Loss before income taxes         (10,397)         (6,607)         (18,100)         (7	Cost of net revenues:								
Impairment of abandoned product line, net of recoveries	IoT & Mobile Solutions		33,986		24,623		61,586		48,375
Total cost of net revenues         40,336         31,400         74,132           Gross profit         15,555         17,657         30,315           Operating costs and expenses:         8         4,968         8,673           Seasarch and development         5,188         4,968         8,673           Selse and marketing         7,229         5,635         13,601           General and administrative         7,494         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Amortization of purchased intangible assets         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense):         (5,142)         (5,147)         (10,217)         (6           Other income (expense), net         (72)         (438)         241         (5         247         570         (5         16         48         241         (5         16         16         16         16         16         16         16         16         16         16         16         16         16         16 </td <td>Enterprise SaaS Solutions</td> <td></td> <td>6,350</td> <td></td> <td>6,998</td> <td></td> <td>12,546</td> <td></td> <td>13,860</td>	Enterprise SaaS Solutions		6,350		6,998		12,546		13,860
Gross profit         15,555         17,657         30,315           Operating costs and expenses:         8         4,968         8,673           Sales and marketing         7,229         5,635         13,620           General and administrative         7,449         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         (5,183)         (82)         7,644           Operating loss         (5,183)         (82)         7,644           Other income (expense):         (5,183)         (82)         7,644           Other income (expense).         (5,142)         (5,147)         (10,217)         (6           Other income (expense), net         (5,142)         (5,147)         (10,217)         (7           Other income taxes         (10,397)         (6,407)         (17,620)         (7           Income tax provision         322         272         570         (8           Net loss (income) attributable to Inseego Corp.         \$(10,719)         (6,679)         (18,109)         (8           Net loss attributable to Inseego Corp.	Impairment of abandoned product line, net of recoveries				(221)				355
Operating costs and expenses:         Research and development         5,188         4,968         8,673           Sales and marketing         7,229         5,635         13,620           General and administrative         7,449         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense).         (5,142)         (5,147)         (10,217)         (0,217)           Other income (expense), net         (5,142)         (5,147)         (10,217)         (0,217)           Other income (expense), net         (72)         (438)         241           Loss before income taxes         (10,397)         (6,407)         (17,620)         (0,407)           Income tax provision         322         272         570           Net loss         (10,719)         (6,679)         (18,190)         (0,609)           Less: Net loss (income) attributable to Inseego Corp.         \$ (10,779)         (0,600)         (18,264)         \$	Total cost of net revenues		40,336		31,400		74,132		62,590
Research and development         5,188         4,968         8,673           Sales and marketing         7,229         5,635         13,620           General and administrative         7,449         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense):         (5,142)         (5,147)         (10,217)         (0           Other income (expense), net         (72)         (438)         241         (10,217)         (0           Loss before income taxes         (10,397)         (6,407)         (17,620)         (0           Income tax provision         322         272         570           Net loss         (10,719)         (6,679)         (18,190)         (0           Les: Net loss (income) attributable to noncontrolling interests         (60)         19         (74)           Net loss attributable to Inseego Corp.         \$ (10,779)         (6,660)         \$ (18,264)         \$ (10,241)      <	Gross profit		15,555		17,657		30,315		33,200
Sales and marketing         7,229         5,635         13,620           General and administrative         7,449         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense):         (5,142)         (5,147)         (10,217)         (0,217)           Other income (expense), net         (72)         (438)         241           Loss before income taxes         (10,397)         (6,407)         (17,620)         (0,200)           Income tax provision         322         272         570           Net loss         (10,719)         (6,679)         (18,190)         (0,200)           Less: Net loss (income) attributable to noncontrolling interests         (60)         19         (74)           Net loss attributable to Inseego Corp.         \$ (10,779)         \$ (6,660)         \$ (18,264)         \$ (0,00)           Per share data:         Net loss per share:           Basic and diluted         \$ (0,11)	Operating costs and expenses:								
General and administrative         7,449         6,302         13,901           Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense):         (5,142)         (5,147)         (10,217)         (6,477)         (10,217)         (7,472)         (438)         241           Loss before income (expense), net         (72)         (438)         241         (4,472)         (4,473)         (4,472)         (4,473)         (4,472)         (4,474)         (10,217)         (7,472)         (4,473)         (4,472)         (4,474)         (10,217)         (7,472)         (4,473)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)         (4,472)         (4,474)	Research and development		5,188		4,968		8,673		9,944
Amortization of purchased intangible assets         857         931         1,728           Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense).         (5,142)         (5,147)         (10,217)         (0           Other income (expense), net         (72)         (438)         241         (10,397)         (6,407)         (17,620)         (0           Income tax provision         322         272         570         (10,397)         (6,679)         (18,190)         (0           Net loss         (10,719)         (6,679)         (18,190)         (0         1         (74)           Net loss attributable to Inseego Corp.         \$ (10,779)         (6,660)         \$ (18,264)         \$ (0           Per share data:         Net loss per share:           Basic and diluted         \$ (0.14)         \$ (0.11)         \$ (0.24)         \$           Weighted-average shares used in computation of net loss per share:         \$ (0.14)         \$ (0.11)         \$ (0.24)         \$	Sales and marketing		7,229		5,635		13,620		11,050
Restructuring charges, net of recoveries         15         643         37           Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense):           Interest expense, net         (5,142)         (5,147)         (10,217)         (6,217)           Other income (expense), net         (72)         (438)         241           Loss before income taxes         (10,397)         (6,407)         (17,620)         (6,207)           Income tax provision         322         272         570           Net loss         (10,719)         (6,679)         (18,190)         (6,600)           Less: Net loss (income) attributable to noncontrolling interests         (60)         19         (74)           Net loss attributable to Inseego Corp.         \$ (10,779)         \$ (6,660)         \$ (18,264)         \$ (6,600)           Per share data:           Net loss per share:         \$ (0,14)         \$ (0,11)         \$ (0,24)         \$ (0,24)           Weighted-average shares used in computation of net loss per share:         \$ (0,14)         \$ (0,11)         \$ (0,24)         \$ (0,24)	General and administrative		7,449		6,302		13,901		12,797
Total operating costs and expenses         20,738         18,479         37,959           Operating loss         (5,183)         (822)         (7,644)           Other income (expense):           Interest expense, net         (5,142)         (5,147)         (10,217)         (6,217)         (10,217)         (7,620)	Amortization of purchased intangible assets		857		931		1,728		1,895
Operating loss       (5,183)       (822)       (7,644)         Other income (expense):       Interest expense, net       (5,142)       (5,147)       (10,217)       (0         Other income (expense), net       (72)       (438)       241         Loss before income taxes       (10,397)       (6,407)       (17,620)       (0         Income tax provision       322       272       570         Net loss       (10,719)       (6,679)       (18,190)       (0         Less: Net loss (income) attributable to noncontrolling interests       (60)       19       (74)         Net loss attributable to Inseego Corp.       \$ (10,779)       \$ (6,660)       \$ (18,264)       \$ (0         Per share data:         Net loss per share:       Basic and diluted       \$ (0.14)       \$ (0.11)       \$ (0.24)       \$         Weighted-average shares used in computation of net loss per share:       ***********************************	Restructuring charges, net of recoveries		15		643		37		920
Other income (expense):       (5,142)       (5,147)       (10,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,217)       (0,408)       241         Loss before income taxes       (10,397)       (6,407)       (17,620)       (0,17)       (0,607)       (18,190)       (0,10,11)       (0,679)       (18,190)       (0,11)       <	Total operating costs and expenses		20,738		18,479		37,959		36,606
Interest expense, net       (5,142)       (5,147)       (10,217) <td>Operating loss</td> <td></td> <td>(5,183)</td> <td></td> <td>(822)</td> <td></td> <td>(7,644)</td> <td></td> <td>(3,406)</td>	Operating loss		(5,183)		(822)		(7,644)		(3,406)
Other income (expense), net       (72)       (438)       241         Loss before income taxes       (10,397)       (6,407)       (17,620)       (10,70	Other income (expense):								
Loss before income taxes       (10,397)       (6,407)       (17,620)       (18,190)       (17,620)       (18,190)       (18,190)       (18,190)       (18,190)       (18,190)       (17,620)       (18,190)       (17,620)       (18,190)       (18,190)       (19,100)       (18,190)       (19,100)	Interest expense, net		(5,142)		(5,147)		(10,217)		(10,247)
Income tax provision         322         272         570           Net loss         (10,719)         (6,679)         (18,190)         (6,679)         (18,190)         (74)           Less: Net loss (income) attributable to noncontrolling interests         (60)         19         (74)         (74)           Net loss attributable to Inseego Corp.         \$ (10,779)         (6,660)         (18,264)         \$ (0,24)	Other income (expense), net		(72)		(438)		241		(374)
Net loss         (10,719)         (6,679)         (18,190)         (10,100)         (10,719)	Loss before income taxes		(10,397)		(6,407)		(17,620)		(14,027)
Less: Net loss (income) attributable to noncontrolling interests  Net loss attributable to Inseego Corp.  Per share data:  Net loss per share:  Basic and diluted  \$ (0.14) \$ (0.11) \$ (0.24) \$  Weighted-average shares used in computation of net loss per share:	Income tax provision		322		272		570		712
Net loss attributable to Inseego Corp.  Per share data:  Net loss per share:  Basic and diluted  \$ (0.14) \$ (0.11) \$ (0.24) \$  Weighted-average shares used in computation of net loss per share:	Net loss		(10,719)		(6,679)		(18,190)		(14,739)
Per share data:  Net loss per share:  Basic and diluted \$ (0.14) \$ (0.24) \$  Weighted-average shares used in computation of net loss per share:	Less: Net loss (income) attributable to noncontrolling interests		(60)		19		(74)		29
Net loss per share:  Basic and diluted  \$ (0.14) \$ (0.11) \$ (0.24) \$  Weighted-average shares used in computation of net loss per share:	Net loss attributable to Inseego Corp.	\$	(10,779)	\$	(6,660)	\$	(18,264)	\$	(14,710)
Basic and diluted \$ (0.14) \$ (0.11) \$ (0.24) \$ Weighted-average shares used in computation of net loss per share:	Per share data:	<del></del>							
Weighted-average shares used in computation of net loss per share:	Net loss per share:								
	Basic and diluted	\$	(0.14)	\$	(0.11)	\$	(0.24)	\$	(0.24)
	Weighted-average shares used in computation of net loss per share:								
Basic and diluted 78,844,666 61,468,129 76,618,142 61,0	Basic and diluted		78,844,666		61,468,129		76,618,142		61,096,886

# CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

Renal asses, net         5,232         5,00           Intangible assets, net         30,00         31,085           Godwill         3,504         32,042           Right-of-us assets, net         2,00         5           Other assets         50         6.0           Total assets             5             16.0                     LIABILITIES AND STOCKHOLDER'S DEFICIT                     User Liabilities                     Accrued expenses and other current liabilities             41,008             13,024                     Accrued expenses and other current liabilities             41,008             13,024                     Current flag senior notes, net             97,194             -                     Term loan, net             45,792             -                     Digior constrain facilities                  19,104             1,412                     Total current liabilities                  45,09             3,80                    Total querili familities, net                  45             4,50               Deferred tabilities, net                  4,50             4,50                    Total liabilities                   4,50             4,50		June 3 2019		December 31, 2018
Current assers         \$ 20.08         \$ 10.05           Restricted ash         61         6.03           Accounts receivable, net         19.07         20.03           Inventiories, net         27.03         26.431           Prepriate expense and other         76.06         48.32           Poperly, plant and equipment, net         9.24         6.08           Rental assets, net         3.670         3.198           Goodwil         3.58         2.92           Right-of-bus assets, net         3.69         3.198           Goodwil         3.58         3.29           Right-of-bus assets, net         5.0         5.0           Clife asset         5.0         5.0           Robert State         3.58         3.29           Right-of-bus assets, net         5.0         5.0           Club asset         5.0         5.0           Total asset         5.0         5.0           Total asset         5.0         5.0           Accounts guyable         \$3.58         \$3.58         \$3.02           Accounts payable         \$3.58         \$3.0         \$3.0           Cowerfle senior notes, net         9.1         9.0         4.0		(Unaudi	ited)	
Cash and cash equivalents         \$ 20,268         \$ 3,1015           Restricted cash         61         6				
Restricted ash         61         6.00           Accounts receivable, net         19,607         20,633           Inventories, net         29,302         26,434           Prepaid expense and other         7,308         26,232           Total current assets         70,632         81,352           Property, plant and equipment, net         5,222         6,088           Renal assets, net         3,709         31,985           Goodwill         3,709         3,709           Right-of-us assets, net         2,709         5           Other assets         5,09         10           Right-of-us assets, net         2,009         5           Other assets         5,09         1,000           Total assets         5,09         5,00           LARRITIES AND STOCKHOLDERS' DETO:           TURBUILDING STOCKHOLDERS' DETO:           LARRITIES AND STOCKHOLDERS' DETO:				
Accounts recivable, net         29,30         26,431           Prepaid expenses and other         7,308         6,213           Total current assets         76,06         84,352           Proprity, plant and equipment, net         9,224         6,068           Remail assess, net         3,508         5,709           Intagable assets, net         3,508         3,508           Goodwill         3,508         5,202           Right         2,709         -1           Object assets, net         2,709         -1           Godwill         3,538         3,528           Right         5,608         5,608           Repair         2,709         -1           Other assets         2,709         -1           Total assets         3,508         5,602           Total assets         3,508         5,602           Accounts partitise         3,508         5,002           Accounts partitise         3,508         5,002           Accounts partitise siminations         31,008         3,002           Total accounts partitise siminations         3,000         3,000           Total accounts partitise siminations         3,000         3,000           Total a		\$ 2		
Inventories, net         29,302         26,131           Prepail expenses and other         7,308         6,212           Total current assets         76,636         8,4352           Property, plant and equipment, net         9,224         6,068           Rental assets, net         5,232         5,769           Goodwill         3,354         2,942           Right-of-use assets, net         2,09         5,10           Other assets         5         1,00           Total assets         5         1,00           Total assets         5         1,00           LIABILITIES AND STOCKHOLDER'S DETICUTED           LIABILITIES AND STOCKHOLDER'S DETICUTED           Convertible Senior notes, net         9,10         1,00           Accrued expenses and other current liabilities         1,00         1,00         1,00           Convertible senior notes, net         9,10         1,00         1,				
Prepaid expense and other         7,30s         6,21s           Total current assets         76,63s         84,35z           Property plant and expense         5,23s         6,00s           Rental assets, net         5,27s         1,00s           Goodwil         3,58s         32,94s           Right-of-use assets, net         20         6           Other asset         50         1,00s           Total assets         5         1,00s           LABILITIES AND STOCKHOLDER'S DETO           LARGUARD STANDER'S DETO				
Total current assets         76,636         84,325           Propert, plant and equipment, net         9,232         6,668           Rental assets, net         3,676         13,885           Growill         35,784         32,922           Right-of-use assets, net         2,000         5           Other assets         5         16,000           Total assets         5         16,000           LIABILITIES AND STOKEHOLDENS' USE           Current liabilities         1,000         3,385         9,304           Accounts payable         5         3,585         13,002           Account despress and other current liabilities         4,000         1,000         1,000           Convertible senior notes, net         9,104         1,000         1				
Property, plant and equipment, net         6.08           Rental assets, net         5.232         5.769           Intagible assets, net         36,760         31,885           Goodwill         33,584         32,942           Right-of-use assets, net         2,000            Other assets         50         51           Total assets         160         510           LIABILITIES AND STOCKHOLDERS' DEFICIT           Current liabilities         14,088         3,9245           Accounts payable         3,585         9,9245           Accounts payable         14,088         19,024           Convertible senior notes, net         97,194            Term loan, net         19,794            Total current liabilities         13,076         3,585           Total current liabilities         2,095         3,586           Convertible senior notes, net          9,036           Total current liabilities          9,036           Total current liabilities          9,036           Total current liabilities          9,036           Total current liabilities          9,036			7,308	6,212
Renal asses, net         5,232         5,00           Intangible assets, net         30,00         31,085           Godwill         3,504         32,042           Right-of-us assets, net         2,00         5           Other assets         50         6.0           Total assets             5             16.0                     LIABILITIES AND STOCKHOLDER'S DEFICIT                     User Liabilities                     Accrued expenses and other current liabilities             41,008             13,024                     Accrued expenses and other current liabilities             41,008             13,024                     Current flag senior notes, net             97,194             -                     Term loan, net             45,792             -                     Digior constrain facilities                  19,104             1,412                     Total current liabilities                  45,09             3,80                    Total querili familities, net                  45             4,50               Deferred tabilities, net                  4,50             4,50                    Total liabilities                   4,50             4,50	Total current assets		76,636	84,352
Integlible assets, net         36,060         31,085         32,082	Property, plant and equipment, net			6,698
Godwill         33,84         32,924           Right-of-use assets, net         2,70         -           Other assets         50         51           Total assets         6         16.0         5           LABILITIES AND STOCKHOLDER'S DEFICIT           Corrent labilities           Accounts payable         \$ 15,86         \$ 39,26           Accounts payable         \$ 14,08         \$ 13,02           Convertible senior notes, net         97,194         —           Term loan, net         45,792         —           Digion- bank facilities         1,04         1,04           Total current labilities         1,04         1,04           Total current labilities         2,04         3,04           Tomolous, net         4,50         4,50           Convertible senior notes, net         4,50         4,50           Convertible senior notes, net         4,50         4,50           Tomolous, net         4,50         4,50           Deferred tax labilities, net         4,50         4,50           Other long-term liabilities         2,50         4,50           Total labilities         5,50         4,50         4,50	Rental assets, net		5,232	5,769
Right-of-use assets, net         2,00         5.0           Other assets         5.0         5.0           LIABILITIES AND STOCKHOLDERS' DEFICIT           Current liabilities:           Accounts payable         \$ 35,856         \$ 39,245           Accrued expenses and other current liabilities         14,088         13,024           Convertible senior notes, net         97,194         —           Term loan, net         45,792         —           Togic ore bank facilities         1,046         1,412           Total current liabilities         1,394         3,584           Tomp-term liabilities         1,946         4,512           Tomp-term liabilities         3,945         4,504           Defered tax liabilities, net         4,595         4,457           Other long-term liabilities         3,447         2,457           Other long-term liabilities         3,47         2,548           Total solities         3,50         4,457           Other long-term liabilities         3,47         2,545           Total solities         3,50         4,457           Other long-term liabilities         3,50         4,50           Total solities         3,50         4,50 <td>Intangible assets, net</td> <td>3</td> <td>36,760</td> <td>31,985</td>	Intangible assets, net	3	36,760	31,985
Other assets         50 de Agot         51 de Agot           TAIRBITIES AND STOCKHOLDER'S DEFICIT           Conventibilities           Account a spanjable         \$ 35,556         \$ 30,505           Account de spenses and other current liabilities         97,14         \$ 4,000           Convertible senior notes, net         97,14         \$ 4,000           Tem loan, net         15,000         \$ 35,56         \$ 36,50           Total current liabilities         13,000         \$ 36,50         \$ 4,000           Tomp-term liabilities         13,000         \$ 36,50	Goodwill	3	33,584	32,942
Total assets	Right-of-use assets, net		2,709	_
LIABILITIES AND STOCKHOLDERS' DEFICIT           Current liabilities:           Accounts payable         \$ 35,856         \$ 39,245           Accrued expenses and other current liabilities         14,088         13,024           Convertible sense and other current liabilities         97,194         —           Term loan, net         45,792         —           Digicore bank facilities         193,976         53,681           Conjecternt liabilities           Convertible senior notes, net         —         93,054           Term loan, net         —         45,046           Deferred tax liabilities, net         —         45,046           Other long-term liabilities         3,447         2,543           Other long-term liabilities         3,447         2,543           Total liabilities         3,447         2,543           Stockholders' deficit         5,540         3,478           Common stock         9         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,60)         (4,877)           Accumulated other comprehensive loss         (3,60)         (57,817)           Total stockholders' deficit attributable to Ins	Other assets		509	510
Current liabilities:         Accounts payable         \$ 35,856         \$ 39,245           Acerued expenses and other current liabilities         14,088         13,024           Convertible senior notes, net         97,194         —           Term loan, net         45,792         —           DigCore bank facilities         193,976         53,81           Total current liabilities         193,976         53,81           Convertible senior notes, net         —         93,054           Term loan, net         —         93,054           Term loan, net         —         93,054           Term loan, net         —         45,094           Deferred tax liabilities, net         —         45,094           Other long-term liabilities         3,447         2,543           Total liabilities         3,447         2,543           Total liabilities         50,998         198,781           Stockholders' deficit         562,405         546,203           Accumulated other comprehensive loss         3,370         4,877           Accumulated deficit         (596,081         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (30,000)         (30,000)           Noncontrolling interests	Total assets	\$ 10	64,654	\$ 162,256
Accounts payable         \$ 35,856         \$ 39,245           Accrued expenses and other current liabilities         14,088         13,024           Convertible senior notes, net         97,194         —           Term loan, net         45,792         —           DigiCore bank facilities         1,046         1,412           Total current liabilities         193,976         53,681           Convertible senior notes, net         —         93,054           Term loan, net         —         45,046           Deferred tax liabilities, net         —         45,046           Other long-term liabilities         3,447         2,543           Total liabilities         3,447         2,543           Total liabilities         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         3,670         4,877           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (36,30)         (36,30)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (36,328)         (36,525)	LIABILITIES AND STOCKHOLDERS' DEFICIT			
Accrued expenses and other current liabilities         14,088         13,024           Convertible senior notes, net         97,194         —           Term loan, net         45,792         —           DigiCore bank facilities         1,046         1,412           Total current liabilities         193,976         53,681           Long-term liabilities         —         93,054           Term loan, net         —         45,046           Deferred tax liabilities, net         —         45,046           Other long-term liabilities         3,447         2,543           Total liabilities         3,447         2,543           Total liabilities         50,982         198,781           Stockholders' deficit         —         4           Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         36,390           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         36	Current liabilities:			
Convertible senior notes, net         97,194         —           Term loan, net         45,792         —           DigiCore bank facilities         1,046         1,412           Total current liabilities         193,976         53,681           Long-term liabilities         —         93,054           Term loan, net         —         45,046           Deferred tax liabilities, net         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit:         —         4           Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Accounts payable	\$	35,856	\$ 39,245
Term loan, net         45,792         —           DigiCore bank facilities         1,046         1,412           Total current liabilities         193,766         53,681           Long-term liabilities:         —         93,054           Convertible senior notes, net         —         45,046           Term loan, net         —         45,046           Deferred tax liabilities, net         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit         —         46,040           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Accrued expenses and other current liabilities		14,088	13,024
DigiCore bank facilities         1,046         1,412           Total current liabilities         193,976         53,681           Long-term liabilities:         -         93,054           Convertible senior notes, net         -         93,054           Term loan, net         -         45,046           Deferred tax liabilities, net         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         3,447         2,543           Stockholders' deficit:         -         198,781           Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Convertible senior notes, net	<u> </u>	97,194	_
Total current liabilities         193,976         53,681           Long-term liabilities:         —         93,054           Convertible senior notes, net         —         45,046           Term loan, net         —         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit:         —         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Term loan, net	4	45,792	_
Long-term liabilities:         Style         Septimization           Convertible senior notes, net         —         93,054           Term loan, net         —         45,046           Deferred tax liabilities, net         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit:         Total stockholders' deficit         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	DigiCore bank facilities		1,046	1,412
Convertible senior notes, net       —       93,054         Term loan, net       —       45,046         Deferred tax liabilities, net       4,559       4,457         Other long-term liabilities       3,447       2,543         Total liabilities       201,982       198,781         Stockholders' deficit:       —       79       74         Additional paid-in capital       562,405       546,230         Accumulated other comprehensive loss       3,670       (4,877)         Accumulated deficit       (596,081)       (577,817)         Total stockholders' deficit attributable to Inseego Corp.       (37,267)       (36,390)         Noncontrolling interests       (61)       (135)         Total stockholders' deficit       (37,328)       (36,525)	Total current liabilities	19	93,976	53,681
Term loan, net         —         45,046           Deferred tax liabilities, net         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit:         Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Long-term liabilities:			
Deferred tax liabilities, net         4,559         4,457           Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit:         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Convertible senior notes, net		_	93,054
Other long-term liabilities         3,447         2,543           Total liabilities         201,982         198,781           Stockholders' deficit:         Common stock         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Term loan, net		_	45,046
Total liabilities         201,982         198,781           Stockholders' deficit:         Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Deferred tax liabilities, net		4,559	4,457
Stockholders' deficit:           Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Other long-term liabilities		3,447	2,543
Common stock         79         74           Additional paid-in capital         562,405         546,230           Accumulated other comprehensive loss         (3,670)         (4,877)           Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Total liabilities	20	01,982	198,781
Additional paid-in capital       562,405       546,230         Accumulated other comprehensive loss       (3,670)       (4,877)         Accumulated deficit       (596,081)       (577,817)         Total stockholders' deficit attributable to Inseego Corp.       (37,267)       (36,390)         Noncontrolling interests       (61)       (135)         Total stockholders' deficit       (37,328)       (36,525)	Stockholders' deficit:			
Accumulated other comprehensive loss       (3,670)       (4,877)         Accumulated deficit       (596,081)       (577,817)         Total stockholders' deficit attributable to Inseego Corp.       (37,267)       (36,390)         Noncontrolling interests       (61)       (135)         Total stockholders' deficit       (37,328)       (36,525)	Common stock		79	74
Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Additional paid-in capital	50	62,405	546,230
Accumulated deficit         (596,081)         (577,817)           Total stockholders' deficit attributable to Inseego Corp.         (37,267)         (36,390)           Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Accumulated other comprehensive loss		(3,670)	(4,877)
Total stockholders' deficit attributable to Inseego Corp.(37,267)(36,390)Noncontrolling interests(61)(135)Total stockholders' deficit(37,328)(36,525)	Accumulated deficit			
Noncontrolling interests         (61)         (135)           Total stockholders' deficit         (37,328)         (36,525)	Total stockholders' deficit attributable to Inseego Corp.	(;	37,267)	
Total stockholders' deficit (37,328) (36,525)		,		
	Total stockholders' deficit	(3		
	Total liabilities and stockholders' deficit			

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

	 Three Mo	nths E e 30,	nded	 Six Mont Jun	ths En e 30,		
	2019		2018	 2019		2018	
Cash flows from operating activities:							
Net loss	\$ (10,719)	\$	(6,679)	\$ (18,190)	\$	(14,739)	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation and amortization	3,769		3,432	7,208		7,319	
Provision for bad debts, net of recoveries	155		82	385		314	
Provision for excess and obsolete inventory, net of recoveries	27		256	336		1,076	
Share-based compensation expense	3,645		1,064	4,702		1,944	
Amortization of debt discount and debt issuance costs	2,443		2,443	4,886		4,886	
Deferred income taxes	1		(2)	(17)		(6)	
Other	560		(49)	680		965	
Changes in assets and liabilities:							
Accounts receivable	3,978		(5,535)	688		(8,676)	
Inventories	3,242		705	(4,608)		3,503	
Prepaid expenses and other assets	(1,522)		(674)	(1,208)		2,881	
Accounts payable	(7,370)		9,997	(3,861)		904	
Accrued expenses, income taxes, and other	(3,231)		243	(1,056)		532	
Net cash provided by (used in) operating activities	(5,022)		5,283	(10,055)		903	
Cash flows from investing activities:							
Purchases of property, plant and equipment	(2,545)		(327)	(2,973)		(653)	
Proceeds from the sale of property, plant and equipment	404		5	454		30	
Additions to capitalized software development costs and purchases of intangible assets	(4,859)		(544)	(8,801)		(1,099)	
Net cash used in investing activities	(7,000)		(866)	(11,320)		(1,722)	
Cash flows from financing activities:							
Proceeds from the exercise of warrant to purchase common stock	_		_	10,639		_	
Net repayment of DigiCore bank and overdraft facilities	(359)		10	(394)		(208)	
Principal payments under finance lease obligations	(264)		(151)	(532)		(360)	
Principal payments on mortgage bond	_		(81)	_		(166)	
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	311		177	598		559	
Net cash provided by (used in) financing activities	(312)		(45)	10,311		(175)	
Effect of exchange rates on cash	724		(1,648)	317		(1,368)	
Net increase (decrease) in cash, cash equivalents and restricted cash	(11,610)		2,724	(10,747)		(2,362)	
Cash, cash equivalents and restricted cash, beginning of period	31,939		16,173	31,076		21,259	
Cash, cash equivalents and restricted cash, end of period	\$ 20,329	\$	18,897	\$ 20,329	\$	18,897	

Reconciliation of GAAP Net Loss to Non-GAAP Net Loss (In thousands, except per share data) (Unaudited)

		Three Mor June 3	nths En 0, 2019	ded	Six Months Ended June 30, 2019							
	Net Income (Loss)			Income (Loss) Per Share						Income (Loss)		e (Loss) Per Share
GAAP net loss	\$	(10,719)	\$	(0.14)	\$	(18,190)	\$	(0.24)				
Adjustments:												
Share-based compensation expense <sup>(a)</sup>		3,645		0.05		4,702		0.06				
Purchased intangibles amortization(b)		1,357		0.02		2,740		0.04				
Debt discount and issuance costs amortization		2,443		0.03		4,886		0.06				
Restructuring charges, net of recoveries		15		_		37		_				
Non-recurring legal and other expenses		770		0.01		770		0.01				
Non-GAAP net loss	\$	(2,489)	\$	(0.03)	\$	(5,055)	\$	(0.07)				

- (a) Includes share-based compensation expense recorded under ASC Topic 718.
- (b) Includes amortization of intangible assets purchased through acquisitions.

Reconciliation of GAAP Operating Costs and Expenses to Non-GAAP Operating Costs and Expenses

Three Months Ended June 30, 2019

(In thousands)

(Unaudited)

	GAAP	Share-based compensation expense (a)		Purchased intangibles amortization (b)		Restructuring charges, net of recoveries		n-recurring al and other expenses	No	on-GAAP
Cost of net revenues	\$ 40,336	\$	574	\$	500	\$ 	\$		\$	39,262
Operating costs and expenses:										
Research and development	5,188		957		_	_		_		4,231
Sales and marketing	7,229		818		_	_		_		6,411
General and administrative	7,449		1,296		_	_		770		5,383
Amortization of purchased intangible assets	857		_		857	_		_		_
Restructuring charges, net of recoveries	15		_		_	15		_		_
Total operating costs and expenses	\$ 20,738		3,071		857	15		770	\$	16,025
Total		\$	3,645	\$	1,357	\$ 15	\$	770		

- (a) Includes share-based compensation expense recorded under ASC Topic 718.
- (b) Includes amortization of intangible assets purchased through acquisitions.

Reconciliation of GAAP Operating Costs and Expenses to Non-GAAP Operating Costs and Expenses
Six Months Ended June 30, 2019
(In thousands)
(Unaudited)

	GAAP	Share-based compensation expense (a)	Purchased intangibles amortization (b)	Restructuring charges, net of recoveries	Non-recurring legal and other expenses	Non-GAAP
Cost of net revenues	\$ 74,132	\$ 697	\$ 1,012	<u> </u>	s —	\$ 72,423
Operating costs and expenses:						
Research and development	8,673	1,132	_	_	_	7,541
Sales and marketing	13,620	1,032	_	_	_	12,588
General and administrative	13,901	1,841	_	_	770	11,290
Amortization of purchased intangible assets	1,728	_	1,728	_	_	_
Restructuring charges, net of recoveries	37			37		
Total operating costs and expenses	\$ 37,959	4,005	1,728	37	770	\$ 31,419
Total		\$ 4,702	\$ 2,740	\$ 37	\$ 770	

- (a) Includes share-based compensation expense recorded under ASC Topic 718.
- (b) Includes amortization of intangible assets purchased through acquisitions.

Reconciliation of GAAP Loss before Income Taxes to Adjusted EBITDA (In thousands) (Unaudited)

	T	hree Months Ended June 30, 2019	Six Months Ended June 30, 2019
Loss before income taxes	\$	(10,397)	\$ (17,620)
Depreciation and amortization <sup>(a)</sup>		3,769	7,208
Share-based compensation expense <sup>(b)</sup>		3,645	4,702
Restructuring charges, net of recoveries		15	37
Non-recurring legal and other expenses		770	770
Interest expense, net(c)		5,142	10,217
Other income (expense), net <sup>(d)</sup>		72	(241)
Adjusted EBITDA	\$	3,016	\$ 5,073

- (a) Includes depreciation and amortization charges, including amortization of intangible assets purchased through acquisitions.
- (b) Includes share-based compensation expense recorded under ASC Topic 718.
- (c) Includes the amortization of debt discount and issuance costs related to the convertible senior notes and term loan.
- (d) Includes foreign currency transaction gains and losses, net of the gain on the sale of certain fixed assets.

Quarterly Net Revenues by Product Grouping
(In thousands)
(Unaudited)

	Three Months Ended												
	June 30, 2019		March 31, 2019		Decei	mber 31, 2018	S	eptember 30, 2018	June 30, 201				
IoT & Mobile Solutions	\$	39,983	\$	32,781	\$	40,092	\$	34,636	\$	31,741			
Enterprise SaaS Solutions		15,908		15,775		15,951		15,994		17,316			
Total net revenues	\$	55,891	\$	48,556	\$	56,043	\$	50,630	\$	49,057			