

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-K

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

For fiscal year ended December 31, 2019

OR

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

For the transition period from _____ to _____
Commission file number: 001-38358

INSEGO CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

81-3377646
(I.R.S. Employer
Identification No.)

12600 Deerfield Parkway, Suite 100

Alpharetta, Georgia
(Address of Principal Executive Offices)

30004
(Zip Code)

Registrant's telephone number, including area code: (858) 812-3400

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value- Preferred Stock Purchase Rights	INSG	Nasdaq Global Select Market

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant, based on the closing price of the registrant's common stock on June 28, 2019, as reported by The Nasdaq Global Select Market, was approximately \$222.1 million. For the purposes of this calculation, shares owned by officers and directors (and their affiliates) have been excluded. This exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant. The registrant does not have any non-voting common stock outstanding.

The number of shares of the registrant's common stock outstanding as of March 10, 2020 was 96,121,497.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2020 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A are incorporated by reference into Part III of this Form 10-K to the extent stated herein.

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Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You should not place undue reliance on these statements. These forward-looking statements include, without limitation, statements that reflect the views of our senior management with respect to our current expectations, assumptions, estimates and projections about Inseego Corp. (the “Company” or “Inseego”) and our industry. These forward-looking statements speak only as of the date of this report. We disclaim any undertaking to publicly update or revise any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Statements that include the words “may,” “could,” “should,” “would,” “estimate,” “anticipate,” “believe,” “expect,” “preliminary,” “intend,” “plan,” “project,” “outlook,” “will” and similar words and phrases identify forward-looking statements (although not all forward-looking statements contain these words). Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified; therefore, our actual results may differ materially from those anticipated in these forward-looking statements as of the date of this report. We believe that these factors include those related to:

- our ability to compete in the market for wireless broadband data access products, wireless modem products, and asset management, monitoring, telematics, vehicle tracking and fleet management products;
- our ability to develop and introduce new products and services successfully;
- our ability to meet the price and performance standards of the evolving 5G New Radio (“5G NR”) products and technologies;
- our ability to expand our customer reach/reduce customer concentration;
- our ability to grow the Internet of Things (“IoT”) and mobile portfolio outside of North America;
- our ability to grow our Ctrack/asset tracking solutions within North America;
- our dependence on a small number of customers for a substantial portion of our revenues;
- our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including our term loan and convertible notes obligations;
- our ability to introduce and sell new products that comply with current and evolving industry standards and government regulations;
- our ability to develop and maintain strategic relationships to expand into new markets;
- our ability to properly manage the growth of our business to avoid significant strains on our management and operations and disruptions to our business;
- our reliance on third parties to manufacture our products;
- our ability to mitigate the impact of tariffs or other government-imposed sanctions;
- our ability to accurately forecast customer demand and order the manufacture and timely delivery of sufficient product quantities;
- our reliance on sole source suppliers for some products and devices used in our solutions;
- the continuing impact of uncertain global economic conditions on the demand for our products;
- the impact of geopolitical instability on our business;
- the emergence of global health emergencies;
- the impact that new or adjusted tariffs may have on the costs of components or our products, and our ability to sell products internationally;
- our ability to be cost competitive while meeting time-to-market requirements for our customers;
- our ability to meet the product performance needs of our customers in wireless broadband data access in industrial IoT markets;
- demand for fleet, vehicle and asset management software-as-a-service (“SaaS”) telematics solutions;
- our dependence on wireless telecommunication operators delivering acceptable wireless services;

- the outcome of any pending or future litigation, including intellectual property litigation;
- infringement claims with respect to intellectual property contained in our solutions;
- our continued ability to license necessary third-party technology for the development and sale of our solutions;
- the introduction of new products that could contain errors or defects;
- conducting business abroad, including foreign currency risks;
- the pace of 5G wireless network rollouts globally and their adoption by customers;
- our ability to make focused investments in research and development; and
- our ability to hire, retain and manage additional qualified personnel to maintain and expand our business.
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The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this and other reports we file with the Securities and Exchange Commission (the “SEC”), including the information in “Item 1A. Risk Factors” in Part I of this report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Unless the context requires otherwise, in this Annual Report on Form 10-K the terms “we,” “us,” “our,” the “Company” and “Inseego” refer to Inseego Corp., a Delaware corporation, and its wholly owned subsidiaries.

Trademarks

“Inseego”, the Inseego logo, “DigiCore”, “Novatel Wireless”, the Novatel Wireless logo, “MiFi”, “MiFi Intelligent Mobile Hotspot”, “Ctrack”, the Ctrack logo, “Inseego North America”, and “Skyus” are trademarks or registered trademarks of Inseego and its subsidiaries. Other trademarks, trade names or service marks used in this report are the property of their respective owners.

PART I

Item 1. Business

Inseego Corp. is a Delaware corporation formed in 2016 as the successor to Novatel Wireless, Inc., a Delaware corporation formed in 1996 (“Novatel Wireless”), resulting from an internal reorganization that was completed in November 2016. Our principal executive office is located at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004, our corporate offices are located at 9710 Scranton Road, Suite 200, San Diego, CA 92121 and our sales and engineering offices are located throughout the world. Inseego’s common stock trades on The NASDAQ Global Select Market under the trading symbol “INSG”.

Overview

Inseego Corp. is a leader in the design and development of fixed and mobile wireless solutions (advanced 4G and 5G NR), Industrial IoT (“IIoT”) and cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Our product portfolio consists of fixed and mobile device-to-cloud solutions that provide compelling, intelligent, reliable and secure end-to-end IoT services with deep business intelligence. Inseego’s products and solutions power mission critical applications with a “zero unscheduled downtime” mandate, such as our 5G fixed wireless access (“FWA”) gateway solutions, 4G and 5G mobile broadband, IIoT applications such as SD WAN failover management, asset tracking and fleet management services. Our solutions are powered by our key wireless innovations in mobile and FWA technologies, including a suite of products employing the 5G NR standards, and purpose-built SaaS cloud platforms.

We have been at the forefront of the ways in which the world stays connected and accesses information, and protects, and derives intelligence from that information. With multiple first-to-market innovations across a number of wireless technologies, including 5G, and a strong and growing portfolio of hardware and software innovations for IIoT solutions, Inseego has been advancing technology and driving industry transformations for over 30 years. It is this proven expertise, commitment to quality, obsession with innovation and a relentless focus on execution that makes us a preferred global partner of service providers, distributors, value-added resellers, system integrators, and enterprises worldwide.

Industry Trends

For over two decades the mobile industry has experienced tremendous advancements and growth. As the largest technology platform in the world, mobile connectivity has changed the way we work, the way we live and the way we connect with each other. The scale and pace of innovation in mobile technology, especially around connectivity and computing capabilities, is also impacting industries beyond traditional wireless.

Looking forward, Inseego is working with leading global service providers and enterprises in the mobile and FWA ecosystems to further develop, commercialize and accelerate the availability of 5G NR based solutions, which represents the next generation of mobile technology. 5G has been coined “the 4th industrial revolution” due to the richness of use cases targeted, and refers to 5G NR, which is the standard adopted by the 3rd Generation Partnership Project (“3GPP”), an international consortium responsible for the development of mobile standards. 5G has been designed to multi-gigabit data rates, sub-millisecond network latency and wider spectrum bandwidths. Incorporating many of the innovations developed for 4G LTE, 5G is also expected to be scalable and adaptable across a variety of use cases, which include, among others, empowering new industries and services, such as autonomous vehicles, telemedicine, live ultra-high definition video streaming, cloud gaming, edge computing, and countless industrial applications such as augmented reality and robotics for smart manufacturing.

The widespread adoption of IoT in enterprise applications, including manufacturing, agriculture, industrial automation, retail and healthcare industry sectors, among others, along with an increasing dependence on smartphone applications and always-connected computers, and the constraints of 4G LTE technology are prompting mobile network operators to embark on an accelerated rollout of 5G communications to keep pace with expected network demands. As the fifth-generation wireless broadband technology, 5G NR is based on the 3GPP Release 15 standard. The key operating ranges for 5G spectrum globally are in the sub-6 GHz (below 6 GHz), and millimeter wave (28 GHz and 39 GHz bands), with speed offerings greater than 1 Gigabit (“Gb”) per second and sub-millisecond latency, providing better coverage and signaling efficiency. Networks utilizing 5G technology are expected to deploy meaningfully in 2020 and beyond.

The growing demand for high speed data, increased demand for machine-to-machine communications and low latency requirements for new applications are key factors contributing to the growth of the 5G. 4G LTE is expected to continue to operate alongside 5G as a major part of the wireless ecosystem. Based on industry reports, such as GSMA’s Intelligence report on *The 5G era in the US*, we believe that 4G and 5G networks will coexist and remain complementary for many years. This means that operators will be able to service a significant share of the data traffic on 4G networks, leaving 5G with the dual remit of absorbing overflow capacity and underpinning consumer and enterprise services that require higher speeds and/or

lower latency. As such, most 5G devices are expected to include multimode support for 4G and Wi-Fi, enabling service continuity where 5G has yet to be deployed and simultaneous connectivity across 4G and Wi-Fi technologies, while also allowing mobile operators to utilize current network deployments. At the same time, 4G is expected to continue to evolve in parallel with the development of 5G and become fundamental to many of the key 5G technologies, such as support for unlicensed spectrum, gigabit LTE user data rates (currently available from Inseego) and cellular IoT with connectivity designed to meet the needs of ultra-low power and low cost applications.

Further, based on GSMA's November 2019 paper titled *Internet of Things in the 5G Era*, we expect that the number of IoT connections could grow to 25.2 billion by 2025. Based on reports such as those by GSMA Intelligence, we believe that 5G will bring a number of enhanced benefits not available using 4G networks including massive numbers of both fixed and mobile wireless devices with differing speed, bandwidth and quality of service demands, allowing the networks to provide support for "massive numbers of IoT devices and wireless edge technologies" for use cases including manufacturing, augmented and virtual reality, and autonomous vehicles.

We continue to work closely with wireless operators, chipset suppliers and infrastructure vendors around the world on 5G developments and trials in preparation for commercial network launches.

The adoption of IoT technology continues to grow as companies across a wide range of industries are leveraging cellular IoT technologies to increase efficiency, gain better customer insights, facilitate compliance and build new business models. IoT growth is expanding broadly, and adoption is particularly strong in the telematics and transportation industries and in industrial IoT markets such as smart city infrastructure, utilities and energy management. We are building IoT capabilities by leveraging business models that monetize usage on most major carrier networks. We have developed IoT solutions that address key market needs for asset tracking applications, telematics, SD WAN failover management, retail, remote monitoring and various other industrial automation applications. In addition, our cloud solutions can turn the data that our solutions provide into actionable insights for our customers so they can develop new services and create revenue growth.

Our Strategy

Our objective is to be a leader in high performance 5G fixed, mobile, and IIoT device-to-cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. We will meet this objective through innovations we are driving in IIoT, fixed, mobile and SaaS technologies. In furtherance of that objective, we will continue to focus on developing mission critical enterprise applications with a "zero unscheduled downtime" mandate, such as mobile and fixed broadband, industrial IoT, SD WAN failover management, asset tracking and fleet management services. Our solutions will be powered by our key innovations in IoT, purpose-built SaaS platforms and advanced mobile technologies, including emerging 5G NR.

The key elements of our strategy are to:

- *Capitalize on our direct relationships with wireless operators, original equipment manufacturers ("OEMs") and component suppliers.* We intend to continue to capitalize on our direct and long-standing relationships with wireless operators, OEMs and component suppliers in order to strengthen our worldwide market position, using these long standing relationships to springboard both the expansion of the 4G and 4G LTE platforms globally, and influence the adoption of our 5G NR products around the world.
- *Expand our IoT solutions portfolio by leveraging our core mobile technologies and platforms developed for our mobile portfolio.* We intend to expand our IoT solutions portfolio with end-to-end solutions that include edge devices based on the latest mobile technologies and cloud solutions.
- *Aggressively expand our go-to-market offerings through sales and marketing expansion, channel development and strategic partnerships.* We intend to expand our go-to-market IoT, mobile and cloud offerings in North America as well as in international markets.
- *Improve SaaS solution penetration.* Through our Ctrack telematics and asset tracking platform and subscription management solutions, we provide customers around the world with actionable insights and workflow efficiencies with high security from our cutting-edge cloud platforms.
- *Increase the value of our offerings.* As we seek to capitalize on potential growth opportunities, we continue to develop cutting edge IoT, mobile and cloud solutions, with specific focus on end-to-end solutions that enable the best IoT and mobile experience for our customers. In addition, our complete portfolio of advanced 4G solutions in conjunction with our new 5G solution portfolio opens us up to larger worldwide potential markets. Finally, continued investment within both edge devices and cloud platform solutions in predictive analytics, machine learning, and edge intelligence should expand our market opportunities.

Our Sources of Revenue

We provide intelligent wireless 3G, 4G and 5G hardware products for the worldwide mobile communications and industrial IoT markets. Our hardware products address multiple vertical markets including private LTE/5G networks, First responders network authority/Firstnet, SD-WAN, telematics, remote monitoring and surveillance, and fixed wireless access and mobile broadband devices. Our broad range of products principally includes intelligent 4G and 5G fixed wireless routers and gateways, and mobile hotspots, and wireless gateways and routers for IIoT applications, Gb speed 4G LTE hotspots and USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and configure/manage their hardware remotely. Our products currently operate on most major global cellular wireless networks. Our mobile hotspots sold under the MiFi brand have been sold to millions of end users, and provide subscribers with secure and convenient high-speed access to corporate, public and personal information through the Internet and enterprise networks. Our wireless standalone and USB modems and gateways allow us to address the rapidly growing and underpenetrated IoT market segments. Our telematics and mobile asset tracking hardware devices collect and control critical vehicle data and driver behaviors, and can reliably deliver that information to the cloud, all managed by our services enablement platforms.

Our MiFi customer base is comprised of wireless operators to whom we provide intelligent fixed and mobile wireless devices. These wireless operators include Verizon Wireless, AT&T, and Sprint in the United States, Rogers in Canada, Telstra in Australia, as well as other international wireless operators, distributors and various companies in other vertical markets and geographies.

We sell our wireless routers for industrial IoT, integrated telematics and mobile tracking hardware devices through our direct sales force, value-added resellers and through distributors. The customer base for our IIoT products is comprised of transportation companies, industrial enterprises, manufacturers, application service providers, system integrators and distributors in various industries, including fleet and vehicle transportation, aviation ground service management, energy and industrial automation, security and safety, medical monitoring and government. Integrated telematics and asset tracking devices are also sold under our Ctrack brand and provided as part of our integrated SaaS solutions.

Inseego sells SaaS, software and services solutions across multiple mobile and industrial IoT vertical markets, including fleet management, vehicle telematics, stolen vehicle recovery, asset tracking, monitoring, business connectivity and subscription management. Our SaaS platforms are device-agnostic and provide a standardized, scalable way to order, connect and manage remote assets and to improve business operations. The platforms are flexible and support both on-premise server or cloud-based deployments and are the basis for the delivery of a wide range of IoT services in multiple industries.

Our SaaS delivery platforms include our Ctrack platforms, which provide fleet, vehicle, aviation, asset and other telematics applications, and our Device Management Solutions, a hosted SaaS platform that helps organizations manage the selection, deployment and spend of their wireless assets by helping them to save money on personnel and telecom expenses.

For the years ended December 31, 2019 and 2018, the Company's total net revenues were \$219.5 million and \$202.5 million, respectively.

Our Business

IoT and Mobile Business

Our IoT business focuses on addressing applications for a variety of markets including large enterprise verticals and industrial IoT markets. These applications include, among others, smart city infrastructure management, remote monitoring and control, SD WAN failover and enterprise connectivity. Our Skyus branded wireless gateways, routers and modems serve as connectivity solutions for the rapidly growing and underpenetrated IoT market segments. Worldwide IoT spending is expected to increase at a 13% compound annual growth rate between 2019 and 2023, surpassing \$1.1 trillion (International Data Corporation, 2019). With many enterprise customers using our solutions, we believe that we already have a solid footing in this market. We are continuing to invest and grow this portfolio to realize the opportunities in the growing IoT market.

Our mobile business has been driving advanced mobile technologies for a multitude of consumer and enterprise applications for over 20 years. Our product portfolio consists of intelligent mobile broadband solutions, HD quality VoLTE products, residential 4G gateways and an advanced 5G portfolio of products (currently in various stages of development). Our mobile broadband solutions, sold under the MiFi brand, are actively used by millions of end users annually to provide secure and convenient high-speed access to corporate, public and personal information through the Internet and enterprise networks. The introduction of 5G technology is rapidly expanding new enterprise and consumer market use cases and opportunities, including residential broadband gateways, industrial automation, massive machine connectivity and autonomous vehicles. We

believe we are strategically well placed to realize the opportunity for 5G and we are focused on developing a comprehensive portfolio of 5G products for fixed and mobile wireless applications.

Telematics and Asset Tracking Business

Inseego entered the telematics software and services industry through the acquisition of Digicore Holdings Limited (which was renamed Ctrack Holdings (Pty) Ltd (“Ctrack”)) in October 2015. Ctrack was founded in South Africa in 1985, and today Ctrack operations span over 50 countries on six continents. Through a series of global acquisitions and mergers, the Ctrack group broadened its international reach by expanding into the United Kingdom, Europe, Australia/New Zealand and the United States, and using distributors in emerging markets such as Asia and the balance of the African continent.

With more than 30 years of experience, we are recognized as a leading global provider of advanced fleet management telematics and asset tracking solutions that add value to a global base of customers. We design, develop and sell a robust range of asset management and monitoring systems using GPS satellite positioning, advanced cellular communications and advanced sensory technologies. The result is innovative solutions ranging from basic track-and-trace, with stolen vehicle response services, to complete integrated enterprise-level solutions for large fleet owners across the globe.

We believe that our continued emphasis on development of next-generation products keeps Ctrack ahead of the market, meeting demands for value-added, flexible, feature-rich and cost-effective technology across multiple market verticals. Our solutions, coupled with a proven track record in the successful implementation and support of projects of all sizes worldwide, provide Ctrack with a competitive edge with respect to attracting and retaining customers.

Sales and Marketing

We engage in a wide variety of sales and marketing activities, driving market leadership and global demand through integrated marketing campaigns. This includes product marketing, corporate communications, brand marketing and demand generation.

Competition

The market for our mobile, IoT and asset tracking/telematics services and solutions is rapidly evolving and highly competitive. It is likely to continue to be affected by new product introductions and industry participants.

We believe the principal competitive factors impacting the market for our products are features and functionality, performance, quality and brand. To maintain and improve our competitive position, we must continue to expand our customer base, invest in research and development, grow our distribution network, and leverage our strategic relationships.

During 2018, the U.S. government imposed import restrictions on products made by certain mainland China-based companies. These restrictions caused an acceleration of global service providers to direct business from such companies to Inseego. We are actively designing devices for use within such providers’ networks.

Our products compete with a variety of telematics solutions providers and IoT solutions suppliers. Our current competitors include:

- Fleet management SaaS and services providers, such as Fleetmatics, Masternaut, TomTom, Telogis, MiX Telematics and Cartrack;
- Fixed wireless, Mobile hotspots and wireless data modems providers, such as Netgear, Franklin Wireless, WNC, Sierra Wireless, Nokia, TCL, ZTE and Huawei;
- IoT solution providers, such as Cradlepoint and Sierra Wireless; and
- Customer experience software solutions and services providers, such as Amdocs.

We believe that we have advantages over our primary competitors due in varying measure to the broad range of customized solutions that we offer, the ease-of-use of our products and our ability to adapt our products to specific customer needs. As the market for our solutions and services expands, other entrants may seek to compete with us either directly or indirectly.

Research and Development

Our research and development efforts are focused on developing innovative mobile devices, including IoT and advanced gateway solutions in both the 4G LTE and 5G markets, and telematics solutions and services, while improving the functionality, design and performance of our current products and solutions.

We intend to continue to identify and respond to our customers' needs by introducing new SaaS, IoT and mobile solutions and product designs that meet the needs of the market and our customers, with an emphasis on creating next generation wireless product platforms targeting mass market initiatives in high growth verticals and technologies such as 5G NR and easy-to-use products and services that enable customers to connect, track, and manage their business systems and assets.

We manage our research and development through a structured life-cycle process, from identifying initial customer requirements through development and commercial introduction to eventual phase-out. During product development, emphasis is placed on quality, reliability, performance, time-to-market, meeting industry standards and customer-product specifications, ease of integration, cost reduction, and manufacturability.

Intellectual Property

Our solutions rely on and benefit from our portfolio of intellectual property, including patents and trademarks. We currently own 79 patents and have 3 patent applications pending. The patents that we currently own expire at various times between 2020 and 2035.

We, along with our subsidiaries, also hold a number of trademarks or registered trademarks including "Inseego", "Inseego North America", the Inseego logo, "DigiCore", "Ctrack", the Ctrack logo, "Skyus", "Novatel Wireless", the Novatel Wireless logo, "MiFi", and "MiFi Intelligent Mobile Hotspot".

Key Partners and Customers

We have strategic technology, development and marketing relationships with several of our customers and partners. Our strong customer and partner relationships provide us with the opportunity to expand our market reach and sales. We partner with leading OEMs, wireless telecom service providers, wireless network infrastructure providers such as Ericsson and Nokia, value-added resellers and distributors which allows us to offer customers integrated and holistic solutions. Ctrack uses leading cellular providers such as AT&T, Sprint, T-Mobile, Vodafone, MTN, Telstra and Optus to ensure the optimal real-time visibility of tracked vehicles and systems, supported by accurate and sophisticated mapping services such as the HERE Open Location Platform.

Customers for our products include transportation companies, industrial companies, governmental agencies, manufacturers, application service providers, system integrators and distributors and enterprises in various industries, including fleet and vehicle transportation, finance, accounting, legal, insurance, energy and industrial automation, security and safety, medical monitoring and government.

Our telematics customer base is comprised of wireless operators, distributors, OEMs and various companies in other vertical markets. Fleet management customers include global enterprises such as BHP Billiton, Super Group, Mammoet and Australia Post. Our customers for our business connectivity products include EnerNOC, Thermo Fisher Scientific, US Army, Fastenal, T-Mobile, Sprint and Verizon Wireless, amongst others. Our customers for our device management solutions include T-Mobile and Sprint.

A significant portion of our revenue during the year ended December 31, 2019 came from one customer, Verizon Wireless, which represented approximately 53% of our total revenues for the year ended December 31, 2019. It is our intention to diversify our customer base.

Manufacturing and Operations

The hardware used in our solutions is produced by contract manufacturers. Our primary contract manufacturers include Hon Hai Precision Industry Co., Ltd. ("Foxconn") and Inventec Appliance Corporation (IAC), each of whom manufactures our product outside of mainland China. Under our manufacturing agreements, such contract manufacturers provide us with services including component procurement, product manufacturing, final assembly, testing, quality control and fulfillment. These contract manufacturers are located in Asia and are able to produce our products using modern state-of-the-art equipment and facilities with relatively low-cost labor.

We outsource our manufacturing in an effort to:

- focus on our core competencies of design, development and marketing;
- minimize our capital expenditures and lease obligations;
- realize manufacturing economies of scale;
- achieve production scalability by adjusting manufacturing volumes to meet changes in demand; and
- access best-in-class component procurement and manufacturing resources.

Our operations team manages our relationships with the contract manufacturers as well as other key suppliers. Our operations team focuses on supply chain management and logistics, product quality, inventory and cost optimization, customer fulfillment and new product introduction. We develop and control the software that goes on our devices.

Employees

At December 31, 2019, we had 938 employees. We also use the services of consultants and temporary workers from time to time. With the exception of a small number of our employees in South Africa, our employees are not represented by any collective bargaining unit and we consider our relationship with our employees to be good.

Website Access to SEC Filings

We maintain an Internet website at www.inseego.com. The information contained on our website or that can be accessed through our website does not constitute a part of this report. We make available, free of charge through our Internet website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file or furnish this information to the SEC.

Item 1A. Risk Factors

The risks and uncertainties described below are those that we currently deem to be material, and do not represent all of the risks that we face. Additional risks and uncertainties not presently known to us or that we currently do not consider material may in the future become material and impair our business operations. Some of the risks and uncertainties described herein have been grouped so that related risks can be viewed together. You should not draw conclusions regarding the relative magnitude or likelihood of any risk based on the order in which risks or uncertainties are presented herein. If any of the following risks actually occur, our business could be materially harmed, and our financial condition and results of operations could be materially and adversely affected. As a result, the trading price of our securities could decline. You should also refer to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes.

GENERAL RISK FACTORS RELATING TO OUR BUSINESS

Our quarterly operating results have fluctuated in the past and may fluctuate in the future, which could cause declines or volatility in the price of our common stock.

Our quarterly operating results have fluctuated in the past and may fluctuate in the future as a result of a variety of factors, many of which are outside of our control. If our quarterly operating results or guidance fall below the expectations of research analysts or investors, the price of our common stock could decline substantially. The following factors, among others, could cause fluctuations in our quarterly operating results:

- our ability to attract new customers and retain existing customers;
- our ability to accurately forecast revenue and appropriately plan our expenses;
- our ability to accurately predict changes in customer demand due to matters beyond our control;
- our ability to introduce new features, including integration of our existing solutions with third-party software and devices;
- the actions of our competitors, including consolidation within the industry, pricing changes or the introduction of new services;
- our ability to effectively manage our growth;
- our ability to attract and retain key employees;
- our ability to successfully manage and realize the anticipated benefits of any future acquisitions of businesses, solutions or technologies;
- our ability to successfully launch new services or solutions or sell existing services or solutions into additional geographies or vertical markets;
- the timing and cost of developing or acquiring technologies, services or businesses;
- the timing, operating costs, and capital expenditures related to the operation, maintenance and expansion of our business;
- service outages or security breaches and any related occurrences which could impact our reputation;
- the impact of worldwide economic, industry, and market conditions, including disruptions in financial markets and the deterioration of the underlying economic conditions in some countries, and those conditions

specific to Internet usage and online businesses;

- the emergence of global public health emergencies, such as the recent outbreak of the 2019 novel coronavirus (2019-nCoV), now known as “COVID-19”, which could extend lead times in our supply chain and lengthen sales cycles with our customers;
- fluctuations in currency exchange rates, particularly the South African Rand to U.S. Dollar exchange rate;
- trade protection measures (such as tariffs and duties) and import or export licensing requirements;
- costs associated with defending intellectual property infringement and other claims;
- changes in law and regulations affecting our business; and
- provision of fleet management solutions or asset management solutions from cellular carrier-controlled or OEM-controlled channels from which Inseego may be excluded.

We believe that our quarterly revenue and operating results may vary significantly in the future and that period-to-period comparisons of our operating results may not be meaningful. You should not rely on the results of any quarter as an indication of future performance.

We have an accumulated deficit and may not be able to achieve or sustain profitability, which may negatively impact our ability to achieve our business objectives.

We have reported net losses in each of the last four fiscal years, and we cannot predict when we will become profitable or if such profitability can be sustained. We expect to continue making significant expenditures to develop and expand our business. Any growth in our revenue or customer base may not be sustainable, and we may not generate sufficient revenue to become profitable. We may incur significant losses in the future for a number of reasons, including the other risks described in this section, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. Accordingly, we may not be able to achieve or sustain profitability, and the failure to fund our capital requirements may negatively impact our ability to achieve our business objectives.

A failure to successfully integrate our acquired companies could adversely affect our business and operations.

In connection with our acquisitions of Feeney Wireless, LLC (which was renamed Inseego North America, LLC (“INA”)) and Ctrack, we are continuing to integrate our information systems and infrastructure for the combined businesses. There are a number of risks associated with such a system integration effort, including the following:

- integrating systems from acquired businesses is a difficult, expensive and time-consuming process and the failure to successfully manage such integrations could adversely affect our financial condition and results of operations; and
- the acquisitions of INA and Ctrack changed the nature of the business in which we historically operated from primarily selling communications-related hardware to include a solutions and software business in the emerging IoT market, and the systems necessary to support these businesses are very different.

If we are not able to effectively integrate these businesses, or fail to address the changed nature of our business as part of our integration initiatives, our financial condition and results of operations may be adversely affected.

The 5G market may take longer to materialize than we expect or, if it does materialize rapidly, we may not be able to meet the development schedule and other customer demands.

Growth of the 5G market and its emerging standards, including the newly defined 5G NR standard, is accelerating and we believe that we are at the forefront of this newly emerging standard. However, this market may take longer to materialize than we expect which could delay important commercial network launches. Even if the market does materialize at the rapid pace that we are expecting, we may have difficulties meeting aggressive timing expectations of our current customers and getting our target products to market on time to meet the demands of our target customers. The 5G market requires us to design routers and antennas that meet certain technical specifications. We may have difficulties meeting the market and technical specifications and time lines. Additionally, our target customers have no guarantee that the configurations of their respective target products will be successful or that they can reach the appropriate target client base to provide a positive return on the research and development investments we are making in the 5G market. We are pursuing 5G opportunities in the United States and abroad. 5G markets outside of the United States will develop at different rates and we will encounter these challenges to varying degrees in different countries. Failure to manage challenges related to 5G markets and opportunities could have a material adverse effect on our financial condition and results of operations.

Our plan to position the Company as a leading provider of industrial IoT products and services to its customer base could subject us to increased costs and related risks and may not achieve the intended results.

Our strategic plan to position the Company as a leading provider of high value industrial IoT products and services could subject us to unexpected costs and risks. Such activities could subject us to increased operating costs, product liability, regulatory requirements and reputational risks. Our expansion into new and existing markets and implementation of our strategic plan may present competitive and distribution challenges that differ from those of our historical business model. We may be less familiar with the target customers and may face different or additional risks, as well as increased or unexpected costs, compared to existing operations. Growth into new markets may also bring us into direct competition with companies with whom we have little or no past experience as competitors. To the extent we are reliant upon expansion into new product markets and implementation of our strategic plan for growth and do not meet the new challenges posed by such expansion and implementation, our future sales growth could be negatively impacted, our operating costs could increase, and our business operations and financial results could be negatively affected. Implementing our plan to position the Company as a leading provider of industrial IoT products and solutions has required, and is expected to continue to require, additional investments by the Company in both product development and go-to-market resources and additional attention from management, and if not successful, we may not realize the return on our investments as anticipated or our operating results could be adversely affected by slower than expected sales growth or additional costs.

If we fail to develop and timely introduce new products and services or enter new markets for our products and services successfully, we may not achieve our revenue targets, or we may lose key customers or sales and our business could be harmed.

The development of new solutions for mobile broadband data, vehicle tracking, asset management, fleet management and telemetry applications can be difficult, time-consuming and costly. There are inherent risks and uncertainties associated with offering new products and services, especially when new markets are not fully developed, related technology standards are not mature, or when the laws and regulations regarding a new product or solution are not mature. Factors outside of our control, such as developing laws and regulations, regulatory orders, competitive product offerings and changes in commercial and consumer demand for products or services may also materially impact the successful implementation of new products or services. As we introduce new products or solutions, our current customers may not require or desire the features of these new offerings and may not purchase them or might purchase them in smaller quantities than we had expected. We may face similar risks that our products or solutions will not be accepted by customers as we enter new markets for our solutions, both in the United States and international markets.

Further, as part of our business, we may enter into contracts with some customers in which we would agree to develop products or solutions that we would sell to such customers. Our ability to generate future revenue and operating income under any such contracts would depend upon, among other factors, our ability to timely and profitably develop products or solutions that can be cost-effectively deployed and that meet required design, technical and performance specifications.

If we are unable to successfully manage these risks or meet required delivery specifications or deadlines in connection with one or more of our key contracts, we may lose key customers or orders and our business could be harmed.

An assertion by a third party that we are infringing its intellectual property could subject us to costly and time-consuming litigation or expensive licenses and our business could be harmed.

The technology industries involving mobile data communications, IoT devices, software and services are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. Much of this litigation involves patent holding companies or other adverse patent owners who have no relevant product revenues of their own, and against whom our own patent portfolio may provide little or no deterrence. One or more patent infringement lawsuits from non-practicing entities are brought against us or our subsidiaries each year in the ordinary course of business.

We cannot assure you that we or our subsidiaries will prevail in any current or future intellectual property infringement or other litigation given the complex technical issues and inherent uncertainties in such litigation. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays, or require us or our subsidiaries to enter into royalty or licensing agreements. In addition, we or our subsidiaries could be obligated to indemnify our customers against third parties' claims of intellectual property infringement based on our products or solutions. If our products or solutions violate any third-party intellectual property rights, we could be required to withdraw them from the market, re-develop them or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop our products or solutions, obtain licenses from third parties on favorable terms or license a substitute technology might not be successful and, in any case, might substantially increase our costs and harm our business, financial condition and operating results. Withdrawal of any of our products or solutions from the market could harm our business, financial condition and operating results.

In addition, we incorporate open source software into our products and solutions. Given the nature of open source software, third parties might assert copyright and other intellectual property infringement claims against us based on our use of certain open source software programs. The terms of many open source licenses to which we are subject have not been interpreted by U.S. courts or courts of other jurisdictions, and there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our products and solutions. In that event, we could be required to seek licenses from third parties in order to continue offering our products and solutions, to re-develop our solutions, to discontinue sales of our solutions, or to release our proprietary software source code under the terms of an open source license, any of which could adversely affect our business.

If we are unable to protect our intellectual property and proprietary rights, our competitive position and our business could be harmed.

We rely on a combination of patent laws, trademark laws, copyright laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property and proprietary rights. However, our issued patents and any future patents that may be issued may not survive a legal challenge to their scope, validity or enforceability, or provide significant protection for us. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer similar products or technologies. In addition, patents may not issue from any of our current or any future applications and significant portions of our intellectual property are held in the form of trade secrets which are not protected by patents.

Monitoring unauthorized use of our intellectual property is difficult and costly. The steps we have taken to protect our proprietary rights may not be adequate to prevent misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Our competitors may also independently develop similar technology. In addition, the laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Any failure by us to meaningfully protect our intellectual property could result in competitors offering products that incorporate our most technologically advanced features, which could seriously reduce demand for our products and solutions. In addition, we may in the future need to initiate infringement claims or litigation. Litigation, whether we are a plaintiff or a defendant, can be expensive, time consuming and may divert the efforts of our technical staff and managerial personnel, which could harm our business, whether or not such litigation results in a determination favorable to us.

We may not be able to maintain and expand our business if we are not able to hire, retain and manage additional qualified personnel.

Our success in the future depends in part on the continued contribution of our executive, technical, engineering, sales, marketing, operations and administrative personnel. Recruiting and retaining skilled personnel in the industries in which we operate, including engineers and other technical staff and skilled sales and marketing personnel, is highly competitive. In addition, in the event that we acquire another business or company, the success of any acquisition will depend in part on our retention and integration of key personnel from the acquired company or business.

Although we may enter into employment agreements with members of our senior management and other key personnel, these arrangements do not prevent any of our management or key personnel from leaving the Company. If we are not able to attract or retain qualified personnel in the future, or if we experience delays in hiring required personnel, particularly qualified technical and sales personnel, we may not be able to maintain and expand our business.

The mobile hotspot business is subject to a number of challenges that are difficult to overcome.

The mobile hotspot business has relatively low gross margins and operates in a very competitive market environment. While our mobile hotspot products tend to have advanced features which often enable them to be sold at premium prices when they are first introduced, we also have higher costs than most of our competitors due to our small scale and heavy use of U.S. based engineers in product development. Many of our competitors have substantially greater resources and scale, as would be expected in the relatively mature, consumer electronics product categories which comprise our mobile hotspot business. Our wireless data modem and mobile hotspots, for example, compete against similar products offered by Huawei, ZTE, Sierra Wireless, TCL, Franklin Wireless, WNC, Nokia and NetGear. More broadly, those products also compete against wireless handset manufacturers such as HTC, Apple, LG and Samsung, which all offer mobile hotspot capability as a feature of their cellular smartphones. Failure to manage these challenges, or failure of our hotspot product or service offerings to be successful and profitable, could have a material adverse effect on our financial condition and results of operations.

Our debt service requirements are significant, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness, including the term loan (the "Term Loan") under our Credit Agreement (as defined below), and the 5.50% convertible senior notes due

2022 (the “Inseego Notes”), depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and other fixed charges, fund working capital needs and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, refinancing or restructuring debt or obtaining additional equity capital on terms that may be onerous or dilutive. Our ability to refinance or restructure our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on favorable terms, which could result in a default on our debt obligations.

Interest rates on our Term Loan are tied to the LIBOR plus a fixed percentage. Increases in the LIBOR will increase our debt service costs/interest payments.

If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments, or if we fail to comply with the various requirements of our existing indebtedness or any other indebtedness which we may incur in the future, we would be in default, which could permit the holders of our indebtedness, including the Term Loan and the Inseego Notes, to accelerate the maturity of such indebtedness. Any default under such indebtedness could have a material adverse effect on our business, results of operations and financial condition.

Changes in the method for determining LIBOR and the potential replacement of LIBOR may affect interest rates on our credit facilities.

LIBOR, the London interbank offered rate, is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. Interest rates under our Credit Agreement are based on either LIBOR or a base rate, plus a spread over the applicable index. On July 27, 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. If the method for calculation of LIBOR changes, if LIBOR is no longer available or if lenders have increased costs due to changes in LIBOR, we may be adversely affected by potential increases in interest rates on any borrowings. Further, we may need to renegotiate our credit agreements that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established.

The Credit Agreement relating to our Term Loan contains customary operational covenants, our failure to comply with which could result in a default under the Credit Agreement as well as a cross-default under the Inseego Indenture.

The credit agreement, dated August 23, 2017 (the “Credit Agreement”), by and among the Company and certain of our direct and indirect subsidiaries (the “Guarantors”), Cantor Fitzgerald Securities, as administrative agent and collateral agent, and certain lenders (the “Lenders”) which governs our Term Loan contains usual and customary restrictive covenants relating to the management and operation of our business, and it is likely that any future debt arrangements we may enter into would contain similar covenants. Failure to comply with any of the covenants under the Credit Agreement or any other debt agreement could result in a default under such an agreement and a cross-default under the indenture dated January 9, 2017 (the “Inseego Indenture”), between the Company, as issuer, and Wilmington Trust National Association, as trustee, which could permit the holders of the Inseego Notes to accelerate the maturity of such indebtedness. Any default or cross-default under such indebtedness could have a material adverse effect on our business, results of operations and financial results.

The indebtedness under our Credit Agreement is secured by certain of our assets, including the equity interests of certain of our direct and indirect subsidiaries. As a result of this security interest, such assets would only be available to satisfy claims of our general creditors or to holders of our equity securities if we were to become insolvent to the extent that the value of such assets exceeded the amount of our indebtedness and other obligations under the Credit Agreement.

Indebtedness under our Credit Agreement is secured by a lien on most of our assets, including the equity interests of certain of our direct and indirect subsidiaries. Accordingly, if an event of default were to occur under the Credit Agreement, such as a bankruptcy, insolvency, liquidation or other reorganization, the Lenders would have a priority right to such assets, to the exclusion of our general creditors. In that event, such assets would first be used to repay in full all indebtedness and other obligations under the Credit Agreement, resulting in all or a portion of such assets being unavailable to satisfy the claims of our unsecured creditors. Only after satisfying the claims of our unsecured creditors and our subsidiaries’ unsecured creditors would any amount be available for distribution to holders of our equity securities.

Uncertainties relating to recent changes in our management team may adversely affect our operations.

Over the last three years, we have experienced significant turnover and additions to our senior management. While we expect to engage in an orderly transition process as we integrate newly appointed officers and managers, we face a variety of risks and uncertainties relating to the lack of management continuity, including diversion of management attention from business concerns, failure to retain other key personnel or inability to hire new key personnel. These risks and uncertainties

could result in operational and administrative inefficiencies and added costs, which could adversely impact our results of operations, stock price and customer relationships.

The Company has entered into a Rights Agreement, and if the holders exercise their share purchase rights under such agreement, it could materially adversely affect the price of our common stock and cause dilution to our existing stockholders.

We entered into a rights agreement on January 22, 2018, with Computershare Trust Company, N.A., a federally chartered trust company, as Rights Agent (as subsequently amended, the “Rights Agreement”), that was approved by our stockholders at our 2018 Annual Meeting of Stockholders. The Rights Agreement is intended to discourage acquisitions of our common stock which could result in a cumulative change in ownership of more than 50% within a rolling three-year period, thereby preserving our current ability to utilize net operating loss carryforwards to offset future income tax obligations, which would become subject to limitations if we were to experience an “ownership change,” as defined under Section 382 of the Internal Revenue Code of 1986, as amended. While this Rights Agreement is intended to preserve our current ability to utilize net operating loss carryforwards, it effectively deters current and future purchasers from accumulating more than 4.9% of our common stock, which could delay or discourage takeover attempts that stockholders may consider favorable. In addition, if the share purchase rights under the Rights Agreement are exercised, additional shares of our common stock will be issued, which could cause dilution to our current stockholders. Moreover, sales in the public market of any shares of our common stock issuable upon such exercise, or the perception that such sales may occur, could adversely affect the prevailing market price of our common stock. These issuances would also cause our per share net income, if any, to decrease in future periods.

RISKS RELATED TO CORPORATE DEVELOPMENT ACTIVITIES

If we do not properly manage the development of our business, we may experience significant strains on our management and operations and disruptions in our business.

Various risks arise if companies and industries quickly grow or evolve. If our business or industry develops more quickly than our ability to respond, our ability to meet customer demand in a timely and efficient manner could be challenged. We may also experience development, certification or production delays as we seek to meet demand for our products or unanticipated product requirements. Our failure to properly manage the developments that we or our industry might experience could negatively impact our ability to execute on our operating plan and, accordingly, could have an adverse impact on our business, our cash flow and results of operations and our reputation with our current or potential customers.

We may, as part of our growth strategy, acquire companies and businesses, and/or divest assets or businesses. The completion of acquisition or divestiture transactions could have an adverse effect on our financial condition.

As part of our business strategy, we may review acquisition and divestiture opportunities that we believe would be advantageous or complementary to the development of our business. Based on these opportunities, we may acquire additional businesses, assets or technologies in the future. Alternatively, we may divest businesses, assets or technologies. All of these activities are subject to risks and uncertainties and could disrupt or harm our business. For example, if we make an acquisition, we could take any or all of the following actions, any one of which could adversely affect our business, financial condition, results of operations or stock price:

- use a substantial portion of our available cash;
- incur substantial debt, which may not be available to us on favorable terms and may adversely affect our liquidity;
- issue equity or equity-based securities that would dilute the percentage ownership of existing stockholders;
- assume contingent liabilities; and
- take substantial charges in connection with acquired assets.

Acquired businesses may have liabilities or adverse operating issues that we fail to discover through due diligence prior to the acquisition, such as:

- failure by previous management to comply with applicable laws or regulations;
- inaccurate representations; and
- unfulfilled contractual obligations to customers or vendors.

Following acquisitions and/or divestitures, our reorganized business may not perform as we or the market expects, which could have an adverse effect on the price of our common stock.

The reorganized company resulting from any acquisitions and/or divestitures we pursue and consummate may not perform as we or the market expect. Risks associated with such acquisitions and divestitures include the following:

- integrating new business acquisitions and divesting existing lines of business is a difficult, expensive and time-consuming process and will divert management's attention from existing operations, and the failure to successfully manage such transitions could adversely affect our financial condition and results of operations;
- acquisitions and divestitures may change the nature of the business in which we have historically operated, including entering markets in which we have limited or no prior experience, and if we are not able to effectively adjust to such changes in the fundamental nature of our business, our financial condition and results of operations may be adversely affected;
- our assumptions with respect to future revenue, growth rates, expense rates and synergies resulting from acquisitions and/or divestitures may prove to be inaccurate, which may adversely affect the price of our common stock;
- it is possible that our key employees might decide not to remain with us as a result of these changes in our business or for other reasons, and the loss of such personnel could have a material adverse effect on our financial condition, results of operations and growth prospects;
- relationships with third parties, including key vendors and customers, may be affected by changes in our business resulting from these acquisitions and divestitures, and any adverse changes in these third party relationships could adversely affect our business, financial condition and results of operations; and
- the price of our common stock may be affected by factors different from those that affected the price of our common stock prior to such acquisitions and/or divestitures.

As a result, if we fail to properly evaluate or implement acquisitions or divestitures, we may not achieve the anticipated benefits of any such transactions, and we may incur unanticipated costs, either of which could harm our business and operating results.

RISKS RELATED TO COMPETITION

The market for the products and services that we offer is rapidly evolving and highly competitive. We may be unable to compete effectively.

The market for the products and services that we offer is rapidly evolving and highly competitive. We expect competition to continue to increase and intensify, especially in the 5G market. Many of our competitors or potential competitors have significantly greater financial, technical, operational and marketing resources than we do. These competitors, for example, may be able to respond more rapidly or more effectively than we can to new or emerging technologies, changes in customer requirements, supplier-related developments, or a shift in the business landscape. They also may devote greater or more effective resources than we do to the development, manufacture, promotion, sale, and post-sale support of their respective products and services.

Many of our current and potential competitors have more extensive customer bases and broader customer, supplier and other industry relationships that they can leverage to establish competitive dealings with many of our current and potential customers. Some of these companies also have more established and larger customer support organizations than we do. In addition, these companies may adopt more aggressive pricing policies or offer more attractive terms to customers than they currently do, or than we are able to do. They may bundle their competitive products with broader product offerings and may introduce new products, services and enhancements. Current and potential competitors might merge or otherwise establish cooperative relationships among themselves or with third parties to enhance their products, services or market position. In addition, at any time any given customer or supplier of ours could elect to enter our then existing line of business and thereafter compete with us, whether directly or indirectly. As a result, it is possible that new competitors or new or otherwise enhanced relationships among existing competitors may emerge and rapidly acquire significant market share to the detriment of our business.

Our products compete with a variety of solutions, including other wireless modems and mobile hotspots, wireless handsets, wireless handheld computing devices, IoT wireless solutions and enterprise software solutions. Our current competitors include:

- fleet management SaaS and services providers, such as Fleetmatics, Masternaut, TomTom, Telogis, MiX Telematics and Cartrack;

- mobile hotspots providers, such as Netgear, Franklin Wireless, WNC, Sierra Wireless, Nokia, TCL, ZTE and Huawei;
- IoT solution providers, such as Cradlepoint and Sierra Wireless; and
- customer experience software solutions and services providers, such as Amdocs.

We expect our competitors to continue to improve the features and performance of their current products and to introduce new products, services and technologies which, if successful, could reduce our sales and the market acceptance of our products, generate increased price competition and make our products obsolete. For our products to remain competitive, we must, among other things, continue to invest significant resources (financial, human and otherwise) in, among other things, research and development, sales and marketing, and customer support. We cannot be sure that we will have or will continue to have sufficient resources to make these investments or that we will be able to make the technological advances in the marketplace, meet changing customer requirements, achieve market acceptance and respond to our competitors' products.

The 5G fixed wireless access gateway business is subject to a number of challenges that will be difficult to overcome.

The developing market for 5G fixed wireless access devices is very competitive. In addition to other challenges, our fixed wireless access gateway products compete against similar products offered by mature companies, including Samsung, Ericsson, Nokia and Wistron NeWeb Corporation. Failure to manage these challenges, or failure of our fixed wireless access business to grow to become successful and profitable, could have a material adverse effect on our financial condition and results of operations.

The market for asset management and fleet management solutions and the markets for telemetry and tracking solutions are all highly fragmented and competitive, with low barriers to entry. If we do not compete effectively, our operating results may be harmed.

The market for asset management and fleet management solutions and the markets for telemetry and tracking solutions are all highly fragmented, consisting of a large number of vendors, competitive and rapidly changing product and service offerings, with relatively low barriers to entry. Competition in all these markets is based primarily on the level of difficulty in installing, using and maintaining solutions, total cost of ownership, product performance, functionality, interoperability, brand and reputation, distribution channels, industries and the financial resources of the vendor. We expect competition to intensify in the future with the introduction of new technologies and market entrants. For example, in the telematics market, mobile service and software providers, such as Google and makers of GPS navigation devices, such as Garmin, provide limited services at lower prices or at no charge, such as basic GPS-based mapping, tracking and turn-by-turn directions that could be expanded or further developed to more directly compete with our fleet management solutions. In addition, wireless carriers, such as Verizon Wireless, offer fleet management solutions that benefit from the carrier's scale and cost advantages which we are unable to match. Similarly, vehicle OEMs may provide factory-installed devices and effectively compete against us directly or indirectly by partnering with other fleet management suppliers. We can provide no assurances that we will be able to compete effectively in this ecosystem as the competitive landscape continues to develop. Competition could result in reduced operating margins, increased sales and marketing expenses and the loss of market share, any of which would likely cause serious harm to our operating results.

Industry consolidation may result in increased competition, which could result in a loss of customers or a reduction in revenue.

Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services than they individually had offered or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter our market through acquisitions, partnerships or strategic relationships. We expect these trends to continue as companies attempt to strengthen or maintain their market positions. Many of the potential entrants may have competitive advantages over us, such as greater name recognition, longer operating histories, more varied services and larger marketing budgets, as well as greater financial, technical and other resources. These pressures could result in a substantial loss of our customers, a reduction in our revenue or increased costs as we seek ways to become more competitive.

RISKS RELATED TO OUR CUSTOMERS AND DEMAND FOR OUR SOLUTIONS

Our inability to adapt to rapid technological change in our markets could impair our ability to remain competitive and adversely affect our results of operations.

All of the markets in which we operate are characterized by rapid technological change, frequent introductions of new products, services and solutions and evolving customer demands. In addition, we are affected by changes in the many industries related to the products or services we offer, including the aviation, automotive, telematics, wireless telemetry, GPS navigation

device and work flow software industries. As the technologies used in each of these industries evolves, we will face new integration and competition challenges. For example, as automobile manufacturers evolve in-vehicle technology, GPS tracking devices may become standard equipment in new vehicles and compete against some segments of our telematics or asset tracking service offerings. If we are unable to adapt to rapid technological change, it could adversely affect our results of operations and our ability to remain competitive.

If we fail to develop and maintain strategic relationships, we may not be able to penetrate new markets.

A key element of our business strategy is to penetrate new markets by developing new service offerings through strategic relationships with industry participants. We are currently investing, and plan to continue to invest, significant resources to develop these relationships. We believe that our success in penetrating new markets for our products will depend, in part, on our ability to develop and maintain these relationships and to cultivate additional or alternative relationships. There can be no assurance, however, that we will be able to develop additional strategic relationships, that existing relationships will survive and successfully achieve their purposes or that the companies with whom we have strategic relationships will not form competing arrangements with others or determine to compete with us.

We depend upon Verizon Wireless for a substantial portion of our revenues, and our business would be negatively affected by an adverse change in our dealings with this customer.

As a result of the significant revenues associated with our MiFi business, sales to Verizon Wireless accounted for 53% and 49% of our consolidated net revenues for the years ended December 31, 2019 and 2018, respectively. While we have accelerated our engagements with prospective new MiFi customers and continue to focus on growing revenue in other parts of our business, we expect that Verizon Wireless will continue to account for a substantial portion of our net revenues, and any impairment of our relationship with Verizon Wireless would adversely affect our business. Additionally, any change in the forecasted or actual product sell-through of Verizon Wireless could have a detrimental impact on our revenue, bottom line and cash position.

We may not be able to retain and increase sales to our existing customers, which could negatively impact our financial results.

We generally seek to license our software and enterprise solutions pursuant to customer agreements with multi-year terms and subscriptions. However, our customers have no obligation to renew these agreements after their initial terms expire. We also actively seek to sell additional solutions to our existing customers. If our efforts to satisfy our existing customers are not successful, we may not be able to retain them or sell additional functionality to them and, as a result, our revenue and ability to grow could be adversely affected. Customers may choose not to renew their subscriptions for many reasons, including the belief that our service is not required for their business needs or is otherwise not cost-effective, a desire to reduce discretionary spending, or a belief that our competitors' services provide better value. Additionally, our customers may not renew for reasons entirely out of our control, such as the dissolution of their business or an economic downturn in their industry. A significant increase in our churn rate would have an adverse effect on our business, financial condition, and operating results.

A part of our growth strategy is to sell additional new features and solutions to our existing customers. Our ability to sell new features to customers will depend in significant part on our ability to anticipate industry evolution, practices and standards and to continue to enhance existing solutions or introduce or acquire new solutions on a timely basis to keep pace with technological developments both within our industry and in related industries, and to remain compliant with any regulations mandated by federal agencies or state-mandated or foreign government regulations as they pertain to our customers. However, we may prove unsuccessful either in developing new features or in expanding the third-party software and products with which our solutions integrate. In addition, the success of any enhancement or new feature depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or feature. Any new solutions we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of our competitors implement new technologies before we are able to implement them or better anticipate the innovation and integration opportunities in related industries, those competitors may be able to provide more effective or cheaper solutions than ours.

Another part of our growth strategy is to sell additional subscriptions to existing customers as their fleet sizes or asset portfolios increase. We cannot be assured that our customers' fleet sizes or asset portfolios will continue to increase. A significant decrease in our ability to sell additional functionality or subscriptions to existing customers could have an adverse effect on our business, financial condition, and operating results.

Loss of, or a significant reduction in business from, one or more enterprise or government customers could adversely affect our revenue and profitability.

Loss of one or more of our large enterprise or government customers could result in a meaningful decrease in revenue and

profitability, as well as a material increase in our customer churn rate. Because of the variability of industries in which our enterprise and government customers operate and the unpredictability of economic conditions in any particular industry which comprises a significant number of our enterprise or government customers, the composition of, and the volume of business from, our enterprise and government customers is likely to change over time. If we lose one or more large enterprise or government customers, or if we experience a significant reduction in business from one or more large enterprise or government customers, there is no assurance that we would be able to replace those customers to generate comparable revenue over a short time period, which could harm our operating results and profitability.

Adverse economic conditions or reduced spending on information technology solutions may adversely impact our revenue and profitability.

Uncertainty about future economic conditions makes it difficult for us to forecast operating results and to make decisions about future investments. We are unable to predict the likely duration and severity of adverse economic conditions in the United States and other countries, but the longer the duration, the greater risks we face in operating our business. We cannot assure you that current economic conditions, worsening economic conditions or prolonged poor economic conditions will not have a significant adverse impact on the demand for our solutions, and consequently on our results of operations and prospects.

The marketability of our products may suffer if wireless telecommunications operators do not deliver acceptable wireless services.

The success of our business depends, in part, on the capacity, affordability, reliability and prevalence of wireless data networks provided by wireless telecommunications operators and on which our products and solutions operate. Currently, various wireless telecommunications operators, either individually or jointly with us, sell our products in connection with the sale of their wireless data services to their customers. Growth in demand for wireless data access may be limited if, for example, wireless telecommunications operators cease or materially curtail operations, fail to offer services that customers consider valuable at acceptable prices, fail to maintain sufficient capacity to meet demand for wireless data access, delay the expansion of their wireless networks and services, fail to offer and maintain reliable wireless network services or fail to market their services effectively.

Changes in practices of insurance companies in the markets in which we provide our solutions could materially and adversely affect demand for products and services.

We depend in part on the practices of insurance companies in some of our markets to support demand for certain of our products and services. For example, in South Africa, which is currently the largest market for our Ctrack products and services, insurance companies either mandate the installation of tracking devices as a prerequisite for providing insurance coverage to owners of certain vehicles, or provide insurance premium discounts to encourage vehicle owners to subscribe to vehicle tracking and mobile asset recovery solutions such as ours. We benefit from this continued practice in the South African and certain other markets of:

- accepting mobile asset location technologies such as ours as a preferred security product;
- providing premium discounts for using location and recovery products and services such as ours; and
- mandating the use of our products and services, or similar products and services, for certain vehicles.

If any of these policies or practices change, revenues from sale of our products and services could decline, which would materially and adversely affect our business, results of operations and financial condition.

Reduction in regulation in certain markets may adversely impact demand for certain of our solutions by reducing the necessity for, or desirability of, our solutions.

Regulatory compliance and reporting is driven by legislation and requirements, which are often subject to change, from regulatory authorities in nearly every jurisdiction globally. For example, in the United States, fleet operators can face numerous complex regulatory requirements, including mandatory Compliance, Safety and Accountability driver safety scoring, hours of service, compliance and fuel tax reporting. The reduction in regulation in certain markets may adversely impact demand for certain of our solutions, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATED TO DEVELOPING, MANUFACTURING AND DELIVERING OUR SOLUTIONS

We currently rely on third parties to manufacture and warehouse many of our products, which exposes us to a number of risks and uncertainties outside our control.

We currently outsource the manufacturing of many of our products to companies including Foxconn and AsiaTelco Technologies Co. In addition, in 2016 we sold portions of our IoT modules business to Telit Wireless Solutions, Inc. (“Telit”),

and we now rely on Telit to supply us with modules that are critical to the functionality of some of our telematics hardware devices, including devices sold or deployed by Ctrack. If one of these third-party manufacturers were to experience delays, disruptions, capacity constraints or quality control problems in its manufacturing operations, product shipments to our customers could be delayed or rejected or our customers could consequently elect to change product demand or cancel the underlying subscription or service. These disruptions would negatively impact our revenues, competitive position and reputation. Further, if we are unable to manage successfully our relationship with a manufacturer, the quality and availability of products used in our services and solutions may be harmed. None of our third-party manufacturers is obligated to supply us with a specific quantity of products, except as may be provided in a particular purchase order that we have submitted to, and that has been accepted by, such third-party manufacturer. Our third-party manufacturers could, under some circumstances, decline to accept new purchase orders from us or otherwise reduce their business with us. If a manufacturer stopped manufacturing our products for any reason or reduced manufacturing capacity, we may be unable to replace the lost manufacturing capacity on a timely and comparatively cost-effective basis, which would adversely impact our operations. In addition, we generally do not enter into long-term contracts with our manufacturers. As a result, we are subject to price increases due to availability, and subsequent price volatility, in the marketplace of the components and materials needed to manufacture our products. If a third-party manufacturer were to negatively change the product pricing and other terms under which it agrees to manufacture for us and we were unable to locate a suitable alternative manufacturer, our manufacturing costs could increase.

Because we outsource the manufacturing of our products, the cost, quality and availability of third-party manufacturing operations is essential to the successful production and sale of our products. Our reliance on third-party manufacturers exposes us to a number of risks which are outside our control, including:

- unexpected increases in manufacturing costs;
- interruptions in shipments if a third-party manufacturer is unable to complete production in a timely manner;
- inability to control quality of finished products;
- inability to control delivery schedules;
- inability to control production levels and to meet minimum volume commitments to our customers;
- inability to control manufacturing yield;
- inability to maintain adequate manufacturing capacity; and
- inability to secure adequate volumes of acceptable components at suitable prices or in a timely manner.

Although we promote ethical business practices and our operations personnel periodically visit and monitor the operations of our manufacturers, we do not control the manufacturers or their labor and other legal compliance practices. If our current manufacturers, or any other third-party manufacturer which we may use in the future, violate U.S. or foreign laws or regulations, we may be subjected to extra duties, significant monetary penalties, adverse publicity, the seizure and forfeiture of products that we are attempting to import or the loss of our import privileges. The effects of these factors could render the conduct of our business in a particular country undesirable or impractical and have a negative impact on our operating results.

We have been moving production to one or more new contract manufacturers, which exposes us to a number of risks and uncertainties outside our control.

We have been moving some production to new contract manufacturers, some of whom we have not contracted with in the past. If our new contract manufacturers are not able to produce our products in the quantities needed prior to the agreed upon delivery dates, or are not able to produce our products in conformity with our quality standards, product shipments to our customers could be delayed or rejected. As a result, our customers may elect to cancel orders or place fewer orders in the future. Such delays, rejections, cancellation or reductions in orders would negatively impact our revenues, competitive position and reputation. Further, if we are unable to successfully manage our relationship with a contract manufacturer, the quality and availability of our products may be harmed.

We depend on sole source suppliers for some products used in our services. The availability and sale of those services would be harmed if any of these suppliers is not able to meet our demand and alternative suitable products are not available on acceptable terms, or at all.

Our services use hardware and software from various third parties, some of which are procured from single suppliers. For example, some of our vehicle tracking and fleet management solutions rely on telecommunications modules procured from Telit and our MiFi mobile hotspots rely substantially on chipsets from Qualcomm. From time to time, certain components used in our products or solutions have been in short supply or their anticipated commercial introduction has been delayed or their availability has been interrupted for reasons outside our control. If there is a shortage or interruption in the availability to us of any such components or products and we cannot timely obtain a commercially and technologically suitable substitute or make

sufficient and timely design or other modifications to permit the use of such a substitute component or product, we may not be able to timely deliver sufficient quantities of our products or solutions to satisfy our contractual obligations and may not be able to meet particular revenue expectations. Moreover, even if we timely locate a substitute part or product, but its price materially exceeds the original cost of the component or product, then our results of operations could be adversely affected.

Natural disasters, public health crises, political crises and other catastrophic events or other events outside of our control could damage our facilities or the facilities of third parties on which we depend, and could impact consumer spending.

Our corporate offices are located in San Diego, California near major earthquake faults and fire zones. If any of our facilities or the facilities of our third-party service providers, dealers or partners is affected by natural disasters, such as earthquakes, tsunamis, wildfires, power shortages, floods, public health crises (such as pandemics and epidemics), political crises (such as terrorism, war, political instability or other conflict) or other events outside our control, including a cyberattack, our critical business or IT systems could be destroyed or disrupted and our ability to conduct normal business operations and our revenues and operating results could be adversely affected. Moreover, these types of events could negatively impact consumer spending in the impacted regions or, depending upon the severity, globally, which could adversely impact our operating results.

A pandemic, epidemic, or outbreak of an infectious disease, such as COVID-19, or coronavirus, may materially and adversely affect our business and our financial results.

The spread of COVID-19 has affected segments of the global economy and may affect our operations, including the potential interruption of our supply chain. The recent outbreak of COVID-19 originated in Wuhan, China, in December 2019 and has since spread globally. The continued spread of COVID-19 may result in a period of business disruption, including delays or disruptions in our supply chain.

The spread of COVID-19, or another infectious disease, could also negatively affect the operations at our third-party manufacturers, which could result in delays or disruptions in the supply of our products. In addition, we may take temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring all employees to work remotely, suspending all non-essential travel worldwide for our employees, and discouraging employee attendance at industry events and in-person work-related meetings, which could negatively affect our business.

The COVID-19 outbreak is a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our products and likely impact our operating results.

Product liability, product replacement, or recall costs could adversely affect our business and financial performance.

We are subject to product liability and product recall claims if any of our products and services are alleged to have resulted in injury to persons or damage to property. If any of our products proves to be defective, we may need to recall and/or redesign them. In addition, any claim or product recall that results in significant adverse publicity may negatively affect our business, financial condition, or results of operations. We maintain product liability insurance, but this insurance may not adequately cover losses related to product liability claims brought against us. We may also be a defendant in class action litigation, for which no insurance is available. Product liability insurance could become more expensive and difficult to maintain and may not be available on commercially reasonable terms, if at all. In addition, we do not maintain any product recall insurance, so any product recall we are required to initiate could have a significant impact on our financial position, results of operations or cash flows.

We rely on third-party software and other intellectual property to develop and provide our solutions and significant increases in licensing costs or defects in third-party software could harm our business.

We rely on software and other intellectual property licensed from third parties to develop and offer our solutions. In addition, we may need to obtain future licenses from third parties to use software or other intellectual property associated with our solutions. We cannot assure you that these licenses will be available to us on acceptable terms, without significant price increases or at all. Any loss of the right to use any such software or other intellectual property required for the development and maintenance of our solutions could result in delays in the provision of our solutions until equivalent technology is either developed by us, or, if available from others, is identified, obtained, and integrated, which could harm our business. Any errors or defects in third-party software could result in errors or a failure of our solutions, which could harm our business.

Our solutions integrate with third-party technologies and if our solutions become incompatible with these technologies, our solutions would lose functionality and our customer acquisition and retention could be adversely affected.

Our solutions integrate with third-party software and devices to allow our solutions to perform key functions. Errors, viruses or bugs may be present in third-party software that our customers use in conjunction with our solutions. Changes to

third-party software that our customers use in conjunction with our solutions could also render our solutions inoperable. Customers may conclude that our software is the cause of these errors, bugs or viruses and terminate their subscriptions. The inability to easily integrate with, or any defects in, any third-party software could result in increased costs, or in delays in software releases or updates to our products until such issues have been resolved, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and future prospects and could damage our reputation.

Our software may contain undetected errors, defects or other software problems, and if we fail to correct any defect or other software problems, we could lose customers or incur significant costs, which could result in damage to our reputation or harm to our operating results.

Although we warrant that our software will be free of defects for various periods of time, our software platform and its underlying infrastructure are inherently complex and may contain material defects or errors. We must update our solutions quickly to keep pace with the rapidly changing market and the third-party software and devices with which our solutions integrate. We have from time to time found defects in our software and may discover additional defects in the future, particularly as we continue to migrate our product offerings to new platforms or use new devices in connection with our services and solutions. We may not be able to detect and correct defects or errors before customers begin to use our platform or its applications. Consequently, our solutions could contain undetected errors or defects, especially when first introduced or when new versions are released or when new hardware or software is integrated into our solutions. We implement bug fixes and upgrades as part of our regular system maintenance, which may lead to system downtime. Even if we are able to implement the bug fixes and upgrades in a timely manner, any history of defects or inaccuracies in the performance of our software for our customers could result in damage to our reputation or harm to our operating results.

Our “over-the-air” transmission of firmware updates could permit a third party to disable our customers’ in-vehicle devices or introduce malware into our customers’ in-vehicle devices, which could expose us to widespread loss of service and customer claims.

“Over-the-air” transmission of our firmware updates may provide the opportunity for a third party, who has deep inside knowledge of our systems, to modify or disable our customers’ in-vehicle systems or introduce malware into our customers’ in-vehicle systems. No such incidents have occurred to date, but there can be no assurance that they will not occur in the future. Damage to our customers’ in-vehicle devices as a result of such incidents could only be remedied through direct servicing of their installed in-vehicle devices by trained personnel, which would impose a very significant cost on us, particularly if the incidents are widespread. Moreover, such incidents could expose us to widespread loss of service and claims by our customers under various theories of liability, the outcome of which would be uncertain. Third party interference with our over-the-air transmission of firmware, or with our customers’ in-vehicle devices during such process, could materially and adversely affect our business, financial condition and results of operations.

Our solutions rely on cellular and GPS networks and any disruption, failure or increase in costs could impede our profitability and harm our financial results.

Two critical links in our current solutions are between in-vehicle devices and GPS satellites and between in-vehicle devices or customer premise equipment and cellular networks, which allow us to obtain location data and transmit it to our system. Increases in the fees charged by cellular carriers for data transmission or changes in the cellular networks, such as a cellular carrier discontinuing support of the network currently used by our in-vehicle devices or customer premise equipment, requiring retrofitting of our devices could increase our costs and impact our profitability. In addition, technologies that rely on GPS depend on the use of radio frequency bands and any modification of the permitted uses of these bands may adversely affect the functionality of GPS and, in turn, our solutions.

The mobile carriers can and will discontinue radio frequency technologies as they become obsolete. If we are unable to design our solutions into new technologies such as 4G, 4G LTE and 5G or 5G NR, our future prospects and revenues could be limited.

Any significant disruption in service on our websites or in our computer systems could damage our reputation and result in a loss of customers, which would harm our business and operating results.

Our brand, reputation, and ability to attract, retain, and serve our customers are dependent upon the reliable performance of our services and our customers’ ability to access our solutions at all times. Our customers rely on our solutions to make operating decisions related to their businesses, as well as to measure, store and analyze valuable data regarding their businesses. Our solutions are vulnerable to interruption and our data centers are vulnerable to damage or interruption from human error, intentional bad acts, computer viruses or hackers, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could limit our customers’ ability to access our solutions. Prolonged delays or unforeseen difficulties in connection with adding capacity or upgrading our

network architecture may cause our service quality to suffer. Any event that significantly disrupts our service or exposes our data to misuse could damage our reputation and harm our business and operating results, including reducing our revenue, causing us to issue credits to customers, subjecting us to potential liability, harming our churn rates, or increasing our cost of acquiring new customers.

We host our solutions and serve our South African customers from our network servers, which are located at our data center facilities in South Africa. In other geographies, we host our solutions and serve our customers from network servers hosted by third parties, which are located at data center facilities in the United States, Europe and Australia. If these data centers are unable to keep up with our growing needs for capacity, this could have an adverse effect on our business. Our disaster recovery systems are located at third-party hosting facilities, except in South Africa where we manage our own disaster recovery system at an offsite facility. While we are increasing redundancy, our systems have not been tested under actual disaster conditions and may not have sufficient capacity to recover all data and services in the event of an outage. In the event of a disaster in which our disaster recovery systems are irreparably damaged or destroyed, we would experience interruptions in access to our products. Any changes in third-party service levels at our data centers or any errors, defects, disruptions, or other performance problems with our solutions could harm our reputation and may damage our data. Interruptions in our services might reduce our revenue, cause us to issue credits or refunds to customers, subject us to potential liability, or harm our churn rates.

We provide minimum service level commitments to certain of our customers, and our failure to meet them could require us to issue credits for future subscriptions or pay penalties, which could harm our results of operations.

Certain of our customer agreements currently, and may in the future, provide minimum service level commitments regarding items such as system availability, functionality or performance. If we are unable to meet the stated service level commitments for these customers or suffer extended periods of service unavailability, we are or may be contractually obligated to provide these customers with credits for future subscriptions, provide services at no cost, or pay other penalties which could adversely impact our revenue. We do not currently have any reserves on our balance sheet for these commitments.

Failure to maintain the security of our information and technology networks, including information relating to our customers and employees, could adversely affect us. Furthermore, if security breaches in connection with the delivery of our services allow unauthorized third parties to obtain control or access of our asset management, fleet management and telemetry solutions, our reputation, business, results of operations and financial condition could be harmed.

We are dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information and, in the normal course of our business, we collect and retain certain information pertaining to our customers and employees. The protection of customer and employee data is critical to us. We devote significant resources to addressing security vulnerabilities in our products and information technology systems, however, the security measures put in place by us cannot provide absolute security, and our information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents due to employee or customer error, malfeasance, or other vulnerabilities. Cybersecurity attacks are increasingly sophisticated, change frequently, and often go undetected until after an attack has been launched. We may fail to identify these new and complex methods of attack or fail to invest sufficient resources in security measures. We cannot be certain that advances in cyber-capabilities or other developments will not compromise or breach the technology protecting the networks that access our services.

As cyber-attacks become more sophisticated, the need to develop our infrastructure to secure our business and customer data can lead to increased cybersecurity protection costs. Such costs may include making organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants. These efforts come at the potential cost of revenues and human resources that could be utilized to continue to enhance our product offerings.

If a security breach occurs, our reputation, business, results of operations and financial condition could be harmed. We may also be subject to costly notification and remediation requirements if we, or a third party, determines that we have been the subject of a data breach involving personal information of individuals. Though it is difficult to determine what harm may directly result from any specific interruption or security breach, any failure or perceived failure to maintain performance, reliability, security and availability of systems or the actual or potential theft, loss, fraudulent use or misuse of our products or the personally identifiable data of a customer or employee, could result in harm to our reputation or brand, which could lead some customers to seek to stop using certain of our services, reduce or delay future purchases of our services, use competing services, or materially and adversely affect the overall market perception of the security and reliability of our services. A security breach also exposes us to litigation and legal risks, including regulatory actions by state and federal governmental authorities and non-U.S. authorities. We may not have adequate insurance coverages for a cybersecurity breach or may realize increased insurance premiums as a result of a security breach. Ultimately, a security breach exposes the Company to potential

reputational harm among its customers and investors, along with uncertain damages to our competitiveness, stock price, and long-term shareholder value.

RISKS RELATED TO INTERNATIONAL OPERATIONS

Due to the global nature of our operations, we are subject to political and economic risks of doing business internationally.

Our largest subsidiary, Ctrack, is headquartered in South Africa and conducts business in over 50 countries. Most of our employees are located outside the United States, and international revenue represents a significant percentage of our worldwide revenue. The risks inherent in global operations include:

- difficulty managing sales, product development and logistics and support across continents;
- limitations on ownership or participation in local enterprises;
- lack of familiarity with, and unexpected changes in, foreign laws, regulations and legal standards, including employment laws, product liability laws, privacy laws and environmental laws, which may vary widely across the countries in which we operate;
- increased expense to comply with U.S. laws that apply to foreign operations, including the U.S. Foreign Corrupt Practices Act (the “FCPA”) and Office of Foreign Assets Control regulations;
- compliance with, and potentially adverse tax consequences of, foreign tax regimes;
- fluctuations in currency exchange rates, currency exchange controls, price controls and limitations on repatriation of earnings;
- transportation delays and interruptions;
- local labor laws;
- local economic conditions;
- political, social and economic instability and disruptions;
- acts of terrorism and other security concerns;
- government embargoes or foreign trade restrictions such as tariffs, duties, taxes or other controls;
- import and export controls;
- increased product development costs due to differences among countries’ safety regulations and radio frequency allocation schemes and standards;
- longer warranty terms and broader product warranty requirements;
- increased expense related to localization of products and development of foreign language marketing and sales materials;
- longer sales cycles;
- longer accounts receivable payment cycles and difficulty in collecting accounts receivable in foreign countries;
- increased financial accounting and reporting burdens and complexities;
- workforce reorganizations in various locations;
- restrictive employment regulations;
- difficulties in staffing and managing multi-national operations;
- difficulties and increased expense in implementing corporate policies and controls;
- international intellectual property laws, which may be more restrictive or offer lower levels of protection than U.S. law;
- compliance with differing and changing local laws and regulations in multiple international locations, including regional data privacy laws, as well as compliance with U.S. laws and regulations where applicable in these international locations; and
- limitations on our ability to enforce legal rights and remedies.

If we are unable to successfully manage these and other risks associated with managing and expanding our international business, the risks could have a material adverse effect on our business, results of operations or financial condition.

Weakness or deterioration in global economic conditions or jurisdictions where we have significant foreign operations could have a material adverse effect on our results of operations and financial condition.

As a result of weak or deteriorating economic conditions globally, or in certain jurisdictions where we have significant foreign operations such as South Africa, we could experience lower demand for our products, which could adversely impact

our results of operations. Additionally, there could be a number of related effects on our business resulting from weak economic conditions, including the insolvency of one or more of our suppliers resulting in product launch or product delivery delays, customer insolvencies resulting in that customer's inability to order products from us or pay for already delivered products, and reduced demand by the ultimate end-users of our products. Although we continue to monitor market conditions, we cannot predict future market conditions or their impact on demand for our products.

Weakness or deterioration in global political conditions where we have significant business interests could have a material adverse effect on our business, results of operations and financial condition.

We sell to customers throughout the world and we currently have operations and activities in South Africa, Europe, China and other Asian countries. The political risks associated with the Company's global operations include:

- economic and commercial instability risks, corruption and changes in local government laws, regulations and policies, such as those related to tariffs and trade barriers, taxation, exchange controls, employment regulations and repatriation of earnings;
- political instability, civil unrest, expropriation, nationalization of properties by a government, imposition of sanctions and changes to import or export regulations and fees;
- conflicts, territorial disputes, war or terrorist activities;
- major public health issues, such as an outbreak of a pandemic or epidemic, which could cause disruptions in our operations or workforce, or the supply of products; and
- difficulties enforcing intellectual property and contractual rights in certain jurisdictions.

The impact of any of the foregoing factors is difficult to predict, and any one or more of them could adversely affect our business, operating results and financial condition. Existing insurance arrangements may not provide protection for the costs that may arise from such events.

Fluctuations in foreign currency exchange rates, especially the South African Rand against the U.S. Dollar, could adversely affect our results of operations.

A significant portion of our revenues are generated from sales agreements denominated in foreign currencies, and we expect to enter into additional such agreements as we expand our international customer base. In addition, we employ a significant number of employees outside the United States, and the associated employment and facilities costs are denominated in foreign currencies. As a result, we are exposed to changes in foreign currency exchange rates. We have particularly large exposure in South Africa where our Ctrack subsidiary is headquartered and the costs of operating in South Africa are subject to the effects of exchange fluctuations of the South African Rand against the U.S. Dollar. Fluctuations in the value of foreign currencies, particularly the South African Rand against the U.S. Dollar, will create greater uncertainty in our revenues and can significantly and adversely affect our operating results. The South African Rand exchange rate is affected by various international and South African economic and political factors.

We do not currently employ any vehicles as a hedge against currency fluctuations, however, we may decide to use hedging vehicles in the future. At times, we may attempt to manage the risk associated with currency changes, in part, by minimizing the effects of volatility on cash flows by identifying forecasted transactions exposed to these risks, or we may decide to use hedging vehicles such as foreign exchange forward contracts. Since there is a high correlation between the hedging instruments and the underlying exposures, the gains and losses on these underlying exposures are generally offset by reciprocal changes in the value of the hedging instruments. We may use derivative financial instruments as risk management tools and not for trading or speculative purposes. Nevertheless, there can be no assurance that we will not incur foreign currency losses or that foreign exchange forward contracts we may enter into to reduce the risk of such losses will be successful.

Unionization efforts in certain countries in which we operate could materially increase our costs or limit our flexibility.

Certain of our employees and contractors in South Africa are represented by labor unions or work under collective bargaining or similar agreements, which are subject to periodic renegotiation. Efforts may also be made from time to time to unionize other portions of our global workforce. In addition, we may be subject to strikes or work stoppages and other labor disruptions in the future. Additional unionization efforts, new or renegotiated collective bargaining agreements or work stoppages could materially increase our costs, reduce our net revenues or limit our operational flexibility.

Our substantial international operations may increase our exposure to potential liability under anti-corruption, trade protection, tax and other laws and regulations.

The FCPA and other anti-corruption laws and regulations (“Anti-Corruption Laws”) prohibit corrupt payments by our employees, vendors or agents. From time to time, we may receive inquiries from authorities in the United States and elsewhere about our business activities outside of the United States and our compliance with Anti-Corruption Laws. While we devote substantial resources to our global compliance programs and have implemented policies, training and internal controls designed to reduce the risk of corrupt payments, our employees, vendors or agents may violate our policies.

Our failure to comply with Anti-Corruption Laws could result in significant fines and penalties, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation. Operations outside of the United States may be affected by changes in trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment.

As a result of our international operations we are subject to foreign tax regulations. Such regulations may not be clear, not consistently applied and subject to sudden change, particularly with regard to international transfer pricing. Our earnings could be reduced by the uncertain and changing nature of such tax regulations.

Our software contains encryption technologies, certain types of which are subject to U.S. and foreign export control regulations and, in some foreign countries, restrictions on importation and/or use. Any failure on our part to comply with encryption or other applicable export control requirements could result in financial penalties or other sanctions under the U.S. or foreign export regulations, including restrictions on future export activities, which could harm our business and operating results. Regulatory restrictions could impair our access to technologies needed to improve our solutions and may also limit or reduce the demand for our solutions outside of the United States.

A governmental challenge to our transfer pricing policies or practices could impose significant costs on us.

Our company has intercompany transactions with its subsidiaries and consequently closely monitors the appropriateness of our transfer pricing policies and compliance therewith. The global transfer pricing environment, including with respect to operational and reporting requirements, is continuously evolving and subject to input from multiple sources and jurisdictions. These complexities require management to closely monitor new developments, which it does.

Many countries routinely examine transfer pricing policies of taxpayers subject to their jurisdiction, and authorities challenge transfer pricing policies aggressively where there is potential non-compliance and impose interest and penalties where non-compliance is determined. Although the documentation of and support for our transfer pricing policies has not been the subject of a governmental proceeding beyond examination to date, there can be no assurance that a governmental authority will not challenge these policies more aggressively in the future or, if challenged, that we will prevail. We could suffer costs related to one or more challenges to our transfer pricing policies.

If we do not achieve applicable black economic empowerment objectives in our South African businesses, we risk not being able to renew certain of our existing contracts which service South African government and quasi-governmental customers, as well as not being awarded future corporate and governmental contracts which would result in the loss of revenue.

The South African government, through the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, and the codes of good practice and industry charters published pursuant thereto (collectively “BBBEE”), has established a legislative framework for the promotion of broad-based black economic empowerment. Achievement of BBBEE objectives is measured by a scorecard which establishes a weighting for the various components of BBBEE. BBBEE objectives are pursued in significant part by requiring parties who contract with corporate, governmental or quasi-governmental entities in South Africa to achieve BBBEE compliance through satisfaction of an applicable scorecard. Parties improve their BBBEE score when contracting with businesses that have earned good BBBEE ratings in relation to their scorecards (this includes black-owned businesses).

Crack has material contracts with governmental entities that require it to maintain minimum BBBEE rating levels as measured under the BBBEE scorecard. Failure to achieve applicable BBBEE objectives could jeopardize our ability to maintain existing business or to secure future business from these and other corporate, governmental or quasi-governmental customers that could materially and adversely affect our business, financial condition and results of operations.

We are required to comply with South African labor laws with respect to certain of our employees and face the risk of disruption from labor disputes in South Africa, which could result in additional operating costs.

South African laws relating to labor that regulate work time, provide for mandatory compensation in the event of termination of employment for operational reasons, and impose monetary penalties for non-compliance with administrative and reporting requirements in respect of affirmative action policies, could result in additional operating costs. In addition, future changes to South African legislation and regulations relating to labor may increase our costs or alter our relationship with our employees and result in labor disruptions. Resulting disruptions could materially and adversely affect our business, results of operations and financial condition.

Socio-economic inequality in South Africa or regionally may subject us to political and economic risks which may affect the ownership or operation of our business.

We maintain significant operations in South Africa. As a result, we are subject to political and economic risks relating to South Africa. While South Africa features highly developed and sophisticated business sectors and financial and legal infrastructure at the core of its economy, large parts of the country's population, particularly in rural areas, do not have access to adequate education, health care, housing and other services, including water and electricity. In addition, South Africa also has higher levels of crime and unemployment than the United States.

It is difficult to predict the future political, social and economic direction of South Africa or the manner in which any future government will attempt to address the country's inequalities. It is also difficult to predict the impact that addressing these inequalities will have on our business. Furthermore, there has been regional, political and economic instability in countries neighboring South Africa, which could materially and adversely affect our business, results of operations and financial condition.

Although political conditions in South Africa are generally stable, changes may occur in the composition of its ruling party or in its political, fiscal and legal systems which might affect the ownership or operation of our business. These risks may include changes in legislation, arbitrary interference with private ownership of contract rights, and changes to exchange controls, taxation and other laws or policies affecting foreign trade or investment. Any such changes, including changes in investment ratings, regulations and policies or a shift in political attitudes both within and towards South Africa are beyond our control and could materially and adversely affect our business, financial condition and results of operations.

A lack of growth, high inflation or increased interest rates in the South Africa economy could reduce our anticipated revenue and increase our operating costs.

On June 4, 2019, Statistics South Africa announced that the South African economy shrunk by 3.2% during the first quarter of 2019, following a prior announcement on March 5, 2019, that the growth rate during 2018 was 0.8%. Additionally, the economy of South Africa has in the past and may in the future continue to be characterized by rates of inflation and interest rates that are substantially higher than those prevailing in the United States and other highly developed economies. Economic conditions in South Africa could reduce our anticipated revenue growth, increase our South African-based costs, decrease our operating margins and adversely affect our ability to obtain cost-effective debt financing in South Africa.

Evolving regulations and changes in applicable laws relating to data privacy may increase our expenditures related to compliance efforts or otherwise limit the solutions we can offer, which may harm our business and adversely affect our financial condition.

Our products and solutions enable us to collect, manage and store a wide range of data related to vehicle tracking and fleet management such as vehicle location and fuel usage, speed and mileage. Some of the data we collect or use in our business is subject to data privacy laws, which are complex and increase our cost of doing business. The U.S. federal government and various state governments have adopted or proposed limitations on the collection, distribution and use of personal information. Many foreign jurisdictions, including the European Union and the United Kingdom, have adopted legislation (including directives or regulations) that increase or change the requirements governing data collection and storage in these jurisdictions. In addition, the California Consumer Privacy Act ("CCPA"), which took effect on January 1, 2020, provides new data privacy rights for California consumers, including the right to know what personal information is being collected about them and how it is being used. We market our products in over 50 countries, and accordingly, we are subject to many different, and potentially conflicting, privacy laws. If our privacy or data security measures fail to comply, or are perceived to fail to comply, with current or future laws and regulations, we may be subject to litigation, regulatory investigations or other liabilities.

Furthermore, there can be no assurance that our employees, contractors and agents will comply with the policies and procedures we establish regarding data privacy and data security, particularly as we expand our operations through organic growth and acquisitions. While our employees may violate our policies and procedures, the Company remains responsible for, and obligated to implement, policies and procedures and enter into contracts with service providers that require appropriate

protection. Any violations could subject us to civil or criminal penalties, including substantial fines or prohibitions on our ability to offer our products in one or more countries, and could also materially damage our reputation, our brand, our international expansion efforts, our business, results of operations and financial condition.

The transmission of data over the Internet and cellular networks is a critical component of our SaaS business model. Additionally, as cloud computing continues to evolve, increased regulation by federal, state or foreign agencies becomes more likely, particularly in the areas of data privacy and data security. In addition, taxation of services provided over the Internet or other charges imposed by government agencies, or by private organizations for accessing the Internet, may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet, could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business.

Our solutions and products enable us to collect, manage and store a wide range of data related to fleet management such as mobile asset location and fuel usage, speed and mileage. We obtain our data from a variety of sources, including our customers and third-party providers. The United States and various state governments have adopted or proposed limitations on the collection, distribution and use of personal data, as well as requirements that must be followed if a breach of such personal data occurs. The European Union and the United Kingdom have adopted legislation (including directives, national laws and regulations) that increase or change the requirements governing data collection, use, storage and disclosure of personal data in these jurisdictions. The current European Union legislation related to data protection is the General Data Protection Regulation (“GDPR”), which came into effect on May 25, 2018. We have updated and will continue to evaluate our group data protection and security policies, charters, and procedures to assist in maintaining data privacy and data security in line with international practices.

The Protection of Personal Information Act, No. 4 of 2013 (the “POPI Act”) was promulgated into law in November 2013 in South Africa. Certain sections of the POPI Act, came into effect on April 11, 2014. The remaining sections of the POPI Act will commence on a date to be determined by the South African President, the general assumption being that the remaining sections will commence on April 1, 2020. The POPI Act allows for a one year transition period from its commencement for all persons to comply with its requirements. A failure to comply with the POPI Act may result in a fine not exceeding R10 million and/or imprisonment of up to 10 years, depending on the severity of the contravention.

We may also be subject to costly notification and remediation requirements if we, or a third party, determines that we have been the subject of a data breach involving personal data of individuals. Data breach notification regulations vary among the countries where we conduct business, and also vary among the states of the United States, and any breach of personal data could be subject to any number of these requirements.

As noted above, we have sought to implement internationally recognized practices regarding data privacy and data security. If our privacy or data security measures fail to comply, or are perceived to fail to comply, with current or future laws and regulations, we may be subject to litigation, regulatory investigations or other liabilities. Moreover, if future laws and regulations limit our customers’ ability to use and share this data or our ability to store, process and share data with our customers over the Internet, demand for our solutions could decrease and our costs could increase. We might also have to limit the manner in which we collect data, the types of personal data that we collect, or the solutions we offer. Any of these risks would materially and adversely affect our business, results of operations and financial condition.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to report our financial results timely and accurately, which could adversely affect investor confidence in the Company, and in turn, our results of operations and our stock price.

Effective internal controls are necessary for us to provide reliable financial reports and operate successfully as a public company. Section 404 of the Sarbanes-Oxley Act of 2002 requires that companies evaluate and report on their systems of internal control over financial reporting. In addition, our independent registered public accounting firm must report on its evaluation of those controls.

Any failure to maintain effective internal controls could cause a delay in compliance with our reporting obligations, SEC rules and regulations or Section 404 of the Sarbanes-Oxley Act of 2002, which could subject us to a variety of administrative sanctions, including, but not limited to, SEC enforcement action, ineligibility for short form registration, the suspension or delisting of our common stock from the stock exchange on which it is listed and the inability of registered broker-dealers to make a market in our common stock, which could adversely affect our business and the trading price of our common stock.

If the accounting estimates we make, and the assumptions on which we rely, in preparing our financial statements prove inaccurate, our actual results may be adversely affected.

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments about, among other things, allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of intangible and long-lived assets, valuation of goodwill, royalty costs, accruals relating to litigation and restructuring, income taxes, share-based compensation expense and the Company's ability to continue as a going concern. These estimates and judgments affect the reported amounts of our assets, liabilities, revenues and expenses, the amounts of charges accrued by us, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. If our estimates or the assumptions underlying them are not correct, actual results may differ materially from our estimates and we may need to, among other things, accrue additional charges that could adversely affect our results of operations, which in turn could adversely affect our stock price. In addition, new accounting pronouncements and interpretations of accounting pronouncements have occurred and may occur in the future that could adversely affect our reported financial results.

Any changes to the accounting systems or new accounting system implementations may be ineffective or cause delays in our ability to provide timely financial results

A change in the Company's accounting systems or new accounting system implementations could cause trial balances to drift out of balance or hinder the reconciliation of items which are time consuming to diagnose, impacting our ability to provide timely audited and unaudited financial results. Any such change could have a significant impact on the effectiveness of our system of internal controls and could cause a delay in compliance with our reporting obligations, which could adversely affect our business and the trading price of our common stock.

Any changes to existing accounting pronouncements or taxation rules or practices may cause adverse fluctuations in our reported results of operations or affect how we conduct our business.

A change in accounting pronouncements or taxation rules or practices can have a significant effect on our reported results and may affect our reporting of transactions completed before the change is effective. New accounting pronouncements, taxation rules and varying interpretations of accounting pronouncements or taxation rules have occurred in the past and may occur in the future. The change to existing rules, future changes, if any, or the need for us to modify a current tax position may adversely affect our reported financial results or the way we conduct our business.

Enhanced United States fiscal, tax and trade restrictions and executive and legislative actions could adversely affect our business, financial condition, and results of operations.

There is currently significant uncertainty about the future relationship between the United States and various other countries, most significantly China, with respect to trade policies, treaties, tariffs and taxes. The current U.S. administration has called for substantial changes to U.S. foreign trade policy with respect to China and other countries, including significant new and increased tariffs on goods imported into the United States. In 2018, the Office of the U.S. Trade Representative (the "USTR") enacted tariffs on imports into the U.S. from China, including communications equipment products and components manufactured and imported from China. The tariff became effective in September 2018, with an initial rate of 10% and was scheduled to increase from 10% to 25% on January 1, 2019. The scheduled increase was delayed until March 2, 2019, however trade negotiations between the U.S. and China continue and the scheduled increase has been further delayed indefinitely. Our business may also be affected by tariffs set by countries into which we sell our products, whether as a response to U.S. foreign trade policy or otherwise. In addition, changes in international trade agreements, regulations, restrictions and tariffs, including new tariffs, may increase our operating costs, reduce our margins and make it more difficult for us to compete in the U.S. and overseas markets, and our business, financial condition and results of operations could be adversely impacted.

We have taken actions to mitigate the impact of such tariffs, however, there is no assurance that all such efforts will be successful. These actions include moving our contract manufacturing out of mainland China and working directly with U.S. Customs and Border Protection ("CBP") to address the harmonized tariff codes used for our products. The majority of the move out of mainland China has been completed, and we expect the balance to be completed by the end of the first quarter 2020. The inability to mitigate the impact of the recently enacted tariffs, including the inability to obtain favorable results from our efforts with CBP, or any similar future increases in tariffs would increase our costs, and our business, financial condition and results of operations could be adversely affected.

In some cases, the U.S. government's imposition of trade restrictions involving products sold by certain Chinese manufacturers has caused U.S. wireless carriers to divert business from international providers to the Company, and accordingly, the Company has invested resources in satisfying the needs of such customers. If the U.S. government were to

remove or reduce such trade restrictions, it could cause such carriers to reduce their business with the Company and we may be unable to recoup or attain a return on such investments.

RISKS RELATED TO OWNING OUR SECURITIES

Our share price has been highly volatile in the past and could be highly volatile in the future.

The market price of our common stock can be highly volatile due to the risks and uncertainties described in this report, as well as other factors, including: comments by securities analysts; announcements by us or others regarding, among other things, operating results, additions or departures of key personnel, and acquisitions or divestitures; additional equity or debt financing; technological innovations; introductions of new products; litigation; price and volume fluctuations in the overall stock market, and particularly with respect to market prices and trading volumes of other high technology stocks; and our failure to meet market expectations.

In addition, the stock market has from time to time experienced extreme price and volume fluctuations that were unrelated to the operating performance of particular companies. In the past, some companies have experienced volatility that subsequently resulted in securities class action litigation. If litigation were instituted on this basis, it could result in substantial costs and a diversion of management's attention and resources.

Our future capital needs are uncertain and we may need to raise additional funds in the future. We may not be able to raise such additional funds on acceptable terms or at all.

We may need to raise substantial additional capital in the future to fund our operations, develop and commercialize new products and solutions or acquire companies. If we require additional funds in the future, we may not be able to obtain those funds on acceptable terms, or at all. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders. In addition, restrictions in our existing debt agreements may limit the amount and/or type of indebtedness that we are able to incur.

If we do not have, or are not able to obtain, sufficient funds, we may have to delay development or commercialization of our products and solutions, liquidate some or all of our assets, or delay, reduce the scope of or eliminate some or all of our sales and marketing expansion programs. Any of these actions could harm our operating results.

If financial or industry analysts do not publish research or reports about our business, or if they issue negative or misleading evaluations of our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts, or the content and opinions included in their reports. If one or more of the analysts who cover us were to adversely change their recommendation regarding our stock, or provide more favorable relative recommendations about our competitors, our stock price could decline. If one or more of the analysts who cover us cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Future issuances of our common stock to holders of warrants may materially and adversely affect the price of our common stock and cause dilution to our existing stockholders.

As of December 31, 2019, we had outstanding warrants to purchase 2,838,454 shares of our common stock. These warrants are generally only exercisable on a cash basis but may be exercised on a cashless basis if and only if a registration statement relating to the issuance of the shares underlying the warrants is not then effective or an exemption from registration is not available for the resale of such shares. Any such net exercise will dilute the ownership interests of existing stockholders without any corresponding benefit to the Company of a cash payment for the exercise price of such warrant.

Future settlements of any conversion obligations with respect to the Inseego Notes may result in dilution to existing stockholders, lower prevailing market prices for our common stock or require a significant cash outlay.

Prior to December 15, 2021, holders may convert their Inseego Notes only if certain conditions are met. Because the sale price condition included in the Inseego Indenture was satisfied during December 2019, the Inseego Notes are currently convertible and will remain convertible until March 31, 2020, at which time the convertibility will need to be reevaluated. On or after December 15, 2021, until close of business on the business day immediately preceding the maturity date, holders may convert their Inseego Notes at any time. The Inseego Notes are convertible into cash, shares of the Company's common stock, or a combination thereof, at the election of the Company, and are currently convertible at a conversion rate of 212.7660 shares of common stock per \$1,000 principal amount of Inseego Notes (which is equivalent to an initial conversion price of \$4.70 per

share of common stock). The conversion rate is subject to adjustment if certain events occur, but in no event will the conversion rate exceed 387.5968 shares of common stock per \$1,000 principal amount of Inseego Notes (which is equivalent to a conversion price of \$2.58 per share of common stock). If we elect to settle conversions of the Inseego Notes with common stock, this may cause significant dilution to our existing stockholders. Any sales in the public market of the common stock issued upon such conversion could adversely affect prevailing market prices of our common stock. If we do not elect to settle conversion of the Inseego Notes solely with common stock, we would be required to settle a portion, or all, of our conversion obligation through the payment of cash, which could adversely affect our liquidity.

Certain provisions in the Inseego Indenture could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the Inseego Indenture could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change (as defined in the Inseego Indenture), holders of the Inseego Notes will have the right to require us to repurchase their Inseego Notes in cash. In addition, if a takeover constitutes a make-whole fundamental change, we may be required to increase the conversion rate for holders who convert their Inseego Notes in connection with such takeover. In either case, and in other cases, our obligations under the Inseego Notes and the Inseego Indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us.

Ownership of our common stock is concentrated, and as a result, certain stockholders may exercise significant influence over us.

As of March 13, 2020, North Sound Trading, L.P. and Golden Harbor Ltd. (together the “Investors”) and their affiliates own an aggregate of approximately 32.1% of the outstanding shares of our common stock. The Investors and their affiliates also hold 100% of the total principal of the Term Loan and approximately \$44.8 million of the Inseego Notes (99.7% of the total principal amount). Assuming the conversion of the Inseego Notes and exercise of the warrants also owned by the Investors and their affiliates, the Investors and their affiliates would own approximately 39.7% of the outstanding shares of our common stock. As a result, the Investors have the ability to significantly influence the outcome of any matter submitted for the vote of the holders of our common stock.

The concentration of voting power could exert substantial influence over our business. For example, the concentration of voting power could delay, defer or prevent a change of control, entrench our management and the board of directors or delay or prevent a merger, consolidation, takeover or other business combination involving us on terms that other security holders may desire. In addition, conflicts of interest could arise in the future between us on the one hand, and either or both of the Investors on the other hand, concerning potential competitive business activities, business opportunities, capital financing, the issuance of additional securities and other matters.

In addition, pursuant to that certain Securities Purchase Agreement, dated August 6, 2018, by and among Inseego and the Investors (the “Purchase Agreement”), each of the Investors has the right to nominate a director so long as such Investor and its affiliates beneficially own at least 5% of the issued and outstanding shares of common stock of the Company, subject to satisfaction of reasonable qualification standards. The Purchase Agreement further provides that, at any time at which either Investor, together with its affiliates, beneficially owns more than 20% of the issued and outstanding common shares of stock of the Company, such Investor shall be entitled to appoint a second director, and the size of our Board of Directors shall not be increased to exceed seven directors. Notwithstanding the fact that all directors will be subject to fiduciary duties to the Company and to applicable law, the interests of the directors designated by the Investors may differ from the interests of our security holders as a whole or of our other directors.

In addition to their rights as stockholders and rights under the Purchase Agreement, the Investors also own a significant portion of our debt securities. Any restructuring or amendment of our Term Loan or of the Inseego Notes will require the consent and/or participation of one or both of the Investors. There can be no assurance that we will be able to obtain favorable terms in connection with the restructuring of our debt arrangements or any recapitalization that requires the approval of such Investors.

Our outstanding Series E Preferred Stock or future equity offerings could adversely affect the holders of our common stock in some circumstances.

There are currently 35,000 shares of Series E Fixed-Rate Cumulative Perpetual Preferred Stock, par value \$0.001 per share (the “Series E Preferred Stock”) outstanding with an aggregate liquidation preference of \$35 million. In addition, we may issue additional shares of Series E Preferred Stock to satisfy interest obligations under our Term Loan. The Series E Preferred Stock is senior to our shares of common stock in right of payment of dividends and other distributions. In the event of a liquidation, dissolution or winding up of the Company, the holders of the Series E Preferred Stock will be entitled to receive, after satisfaction of liabilities to creditors and subject to the rights of holders of any senior securities, but before any distribution of assets is made to holders of common stock or any other junior securities, the Series E Base Amount (as defined below) plus

(without duplication) any accrued and unpaid dividends. In the future, we may offer additional shares of Series E Preferred Stock or other equity, equity-linked or debt securities, which may have rights, preferences or privileges senior to our common stock. Because our decision to issue debt or equity securities or incur other borrowings in the future will depend on market conditions and other factors beyond our control, the amount, timing, nature or success of our future capital raising efforts is uncertain. Thus, holders of our common stock bear the risk that our future issuances of debt or equity securities or our incurrence of other borrowings may negatively affect the market price of our common stock.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our principal executive office is located in Alpharetta, Georgia. Our corporate offices are located in San Diego, California where we lease approximately 25,000 square feet under an arrangement that expires in July 2027 and approximately 12,000 square feet under an arrangement that expires in June 2020. We also currently lease approximately 14,000 square feet in Eugene, Oregon under a lease arrangement that expires in January 2023, and own property in Centurion, South Africa with approximately 28,000 square feet. We further lease space in various geographic locations abroad primarily for sales and support personnel, for research and development, or for temporary facilities. We believe that our existing facilities are adequate to meet our current needs and that we can renew our existing leases or obtain alternative space on terms that would not have a material impact on our financial condition.

Item 3. *Legal Proceedings*

We are engaged in legal actions that arise in the ordinary course of our business. In general, while there can be no assurance, we believe that the ultimate outcome of these legal actions will not have a material adverse effect on our business, results of operations, financial condition or cash flows.

The disclosure in Note 10, *Commitments and Contingencies*, in the accompanying consolidated financial statements includes a discussion of our legal proceedings and is incorporated herein by reference.

Item 4. *Mine Safety Disclosures*

None.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Common Stock Data

Shares of our common stock are currently quoted and traded on The Nasdaq Global Select Market under the symbol "INSG".

Number of Stockholders of Record

As of March 9, 2020, there were approximately 31 holders of record of our common stock. Because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Dividends

We have never declared or paid cash dividends on any shares of our capital stock. We currently intend to retain all available funds for use in the operation and development of our business and, therefore, do not anticipate paying any cash dividends in the foreseeable future. Any future determination relating to our dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects and other factors the Board of Directors may deem relevant. In addition, both the Credit Agreement and the Inseego Indenture contain covenants that limit the ability of the Company to pay cash dividends.

Unregistered Sales of Equity Securities

None, except as previously disclosed in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and except for the issuances of common stock upon the exercise of outstanding warrants described in the following table:

Date	Shares of Common Stock Issued upon Exercise of Outstanding Warrants	Consideration Received
December 9, 2019	190,100	\$1,045,550
December 10, 2019	102,000	\$561,000
December 11, 2019	351,483	\$1,880,434
December 12, 2019	478,300	\$2,558,905
December 13, 2019	25,000	\$133,750
December 18, 2019	11,700	\$62,595
December 19, 2019	8,200	\$43,870
December 20, 2019	7,500	\$40,125
December 23, 2019	80,846	\$432,526

The issuances of common stock described in the table above were exempt from the registration requirements of the Securities Act pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act.

Item 6. *Selected Financial Data*

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our consolidated financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. This report contains certain forward-looking statements relating to future events or our future financial performance. These statements are subject to risks and uncertainties which could cause actual results to differ materially from those discussed in this report. You are cautioned not to place undue reliance on this information which speaks only as of the date of this report. Except as required by law, we assume no responsibility for updating any forward-looking statements, whether as a result of new information, future events or otherwise. For a discussion of the important risks related to our business and future operating performance, see the discussion under the caption “Item 1A. Risk Factors” and under the caption “Factors Which May Influence Future Results of Operations” below.

Business Overview and Background

Inseego Corp. is a Delaware corporation formed in 2016 as the successor to Novatel Wireless, Inc., a Delaware corporation formed in 1996, resulting from an internal reorganization that was completed in November 2016. Our principal executive office is located at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004, our corporate offices are located at 9710 Scranton Road, Suite 200, San Diego, CA 92121 and our sales and engineering offices are located throughout the world. Inseego’s common stock trades on the NASDAQ Global Select Market under the trading symbol “INSG”.

Overview

Inseego Corp. is a leader in the design and development of fixed and mobile wireless solutions, advanced 4G and 5G NR, IIoT and cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Our product portfolio consists of fixed and mobile device-to-cloud solutions that provide compelling, intelligent, reliable and secure end-to-end IoT services with deep business intelligence. Inseego’s products and solutions power mission critical applications with a “zero unscheduled downtime” mandate, such as our 5G FWA gateway solutions, 4G and 5G mobile broadband, IIoT applications such as SD WAN failover management, asset tracking and fleet management services. Our solutions are powered by our key wireless innovations in mobile and FWA technologies, including a suite of products employing the 5G NR standards, and purpose-built SaaS cloud platforms.

We have been at the forefront of the ways in which the world stays connected and accesses information, and protects and derives intelligence from that information. With multiple first-to-market innovations across a number of wireless technologies, including 5G, and a strong and growing portfolio of hardware and software innovations for IIoT solutions, Inseego has been advancing technology and driving industry transformations for over 30 years. It is this proven expertise, commitment to quality, obsession with innovation and a relentless focus on execution that makes us a preferred global partner of service providers, distributors, value-added resellers, system integrators, and enterprises worldwide.

Business Segment Reporting

We do not provide separate segment reporting for our various lines of business. Our Chief Executive Officer, who is also our Chief Operating Decision Maker, evaluates the business as a single entity and reviews financial information and makes business decisions based on the overall results of the business. As such, the Company’s operations constitute a single operating segment and one reportable segment.

Factors Which May Influence Future Results of Operations

Net Revenues. We believe that our future net revenues will be influenced by a number of factors including:

- economic environment and related market conditions;
- increased competition from other fleet and vehicle telematics solutions, as well as suppliers of emerging devices that contain wireless data access or device management feature;
- acceptance of our products by new vertical markets;
- growth in the aviation ground vertical;
- rate of change to new products;
- phase-out of earlier generation wireless technologies (such as 3G);
- deployment of 5G infrastructure equipment;
- adoption of 5G end point products;
- competition in the area of 5G technology;
- product pricing; and

- changes in technologies.

Our revenues are also significantly dependent upon the availability of materials and components used in our hardware products.

We anticipate introducing additional products during the next twelve months, including SaaS telematics solutions and additional service offerings, industrial IoT hardware and services, and other mobile and fixed wireless devices targeting the emerging 5G market. We continue to develop and maintain strategic relationships with service providers and other wireless industry leaders such as Verizon Wireless, T-Mobile, Sprint, and Qualcomm. Through strategic relationships, we have been able to maintain market penetration by leveraging the resources of our channel partners, including their access to distribution resources, increased sales opportunities and market opportunities.

Cost of Net Revenues. Cost of net revenues includes all costs associated with our contract manufacturers, distribution, fulfillment and repair services, delivery of SaaS services, warranty costs, amortization of intangible assets, royalties, operations overhead, costs associated with cancellation of purchase orders and costs related to outside services. Also included in cost of net revenues are costs related to inventory adjustments, including acquisition-related amortization of the fair value of inventory, as well as any write downs for excess and obsolete inventory and abandoned product lines. Inventory adjustments are impacted primarily by demand for our products, which is influenced by the factors discussed above.

Operating Costs and Expenses. Our operating costs consist of three primary categories: research and development, sales and marketing and general and administrative costs.

Research and development is at the core of our ability to produce innovative, leading-edge products. These expenses consist primarily of engineers and technicians who design and test our highly complex products and the procurement of testing and certification services.

Sales and marketing expenses consist primarily of our sales force and product-marketing professionals. In order to maintain strong sales relationships, we provide co-marketing, trade show support and product training. We are also engaged in a wide variety of marketing activities, such as awareness and lead generation programs as well as product marketing. Other marketing initiatives include public relations, seminars and co-branding with partners.

General and administrative expenses include primarily corporate functions such as accounting, human resources, legal, administrative support and professional fees. This category also includes the expenses needed to operate as a publicly traded company, including compliance with the Sarbanes-Oxley Act of 2002, as amended, SEC filings, stock exchange fees and investor relations expense. Although general and administrative expenses are not directly related to revenue levels, certain expenses such as legal expenses and provisions for bad debts may cause significant volatility in future general and administrative expenses which may, in turn, impact net revenue levels.

We have undertaken certain restructuring activities and cost reduction initiatives in an effort to better align our organizational structure and costs with our strategy. Restructuring charges consist primarily of severance costs incurred in connection with the reduction of our workforce and facility exit-related costs, as well as discontinued operations, if any.

As part of our business strategy, we may review acquisition or divestiture opportunities that we believe would be advantageous or complementary to the development of our business. Given our current cash position and recent losses, any additional acquisitions we make would likely involve issuing stock in order to provide the purchase consideration for the acquisitions. If we make any additional acquisitions, we may incur substantial expenditures in conjunction with the acquisition process and the subsequent assimilation of any acquired business, products, technologies or personnel.

Results of Operations

The following table sets forth our consolidated statements of operations expressed as a percentage of net revenues for the periods indicated.

	Year Ended December 31,	
	2019	2018
(as a percent of net revenues)		
Net revenues:		
IoT & Mobile Solutions	70.2 %	66.9 %
Enterprise SaaS Solutions	29.8	33.1
Total net revenues	100.0	100.0
Cost of net revenues:		
IoT & Mobile Solutions	59.2	52.0
Enterprise SaaS Solutions	11.6	12.9
Impairment of abandoned product line, net of recoveries	—	0.2
Total cost of net revenues	70.8	65.1
Gross profit	29.2	34.9
Operating costs and expenses:		
Research and development	10.9	10.2
Sales and marketing	13.2	11.4
General and administrative	12.4	12.5
Amortization of purchased intangible assets	1.6	1.8
Extinguishment of acquisition-related liabilities	—	(8.5)
Restructuring charges, net of recoveries	—	0.6
Total operating costs and expenses	38.1	27.9
Operating income (loss)	(8.9)	6.9
Other income (expense):		
Interest expense, net	(9.3)	(10.1)
Other income (expense), net	0.2	(0.4)
Loss before income taxes	(18.0)	(3.6)
Income tax provision	0.2	0.4
Net loss	(18.2)	(4.0)
Less: Net loss (income) attributable to noncontrolling interests	—	—
Net loss attributable to Inseego Corp.	(18.2)%	(4.0)%
Preferred stock dividend	(0.2)%	—
Let loss attributable to common shareholders	(18.4)%	(4.0)%

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Net revenues. Net revenues for the year ended December 31, 2019 were \$219.5 million, an increase of \$17.0 million, or 8.4%, compared to the same period in 2018.

The following table summarizes net revenues by our two product categories (dollars in thousands):

Product Category	Year Ended December 31,		Change	
	2019	2018	\$	%
IoT & Mobile Solutions	\$ 154,167	\$ 135,349	\$ 18,818	13.9 %
Enterprise SaaS Solutions	65,329	67,114	(1,785)	(2.7)%
Total	\$ 219,496	\$ 202,463	\$ 17,033	8.4 %

IoT & Mobile Solutions. The increase in IoT & Mobile Solutions net revenues is primarily a result of increased sales in our LTE gigabit hotspots and the introduction of our 5G hotspot related to our MiFi business, partially offset by a reduction in IoT sales.

Enterprise SaaS Solutions. Enterprise SaaS Solutions net revenues were down slightly year-over-year due to the effect of strengthening U.S. Dollar foreign exchange rates on international sales, partially offset by increased subscription revenues.

Cost of net revenues. Cost of net revenues for the year ended December 31, 2019 was \$155.5 million, or 70.9% of net revenues, compared to \$131.9 million, or 65.1% of net revenues, for the same period in 2018.

The following table summarizes cost of net revenues by our two product categories (dollars in thousands):

Product Category	Year Ended December 31,		Change	
	2019	2018	\$	%
IoT & Mobile Solutions	\$ 129,957	\$ 105,344	\$ 24,613	23.4 %
Enterprise SaaS Solutions	25,568	26,167	(599)	(2.3)%
Impairment of abandoned product line, net of recoveries	—	355	(355)	(100.0)%
Total	\$ 155,525	\$ 131,866	\$ 23,659	17.9 %

IoT & Mobile Solutions. The increase in IoT & Mobile Solutions cost of net revenues is primarily a result of increased sales as well as associated expenses such as freight and royalties. In addition, the cost per unit is higher on the 5G hotspot as compared to the older generation of hotspot.

Enterprise SaaS Solutions. Enterprise SaaS Solutions cost of net revenues decreased as a result of the effect of strengthening U.S. Dollar foreign exchange rates on international costs, partially offset by costs to service the increase in revenues.

Impairment of abandoned product line, net of recoveries. The impairment of abandoned product line in 2018 reflects the additional write down of certain inventory related to product lines which were abandoned during the fourth quarter of 2016, net of recoveries related to the subsequent sale of such abandoned products.

Gross profit. Gross profit for the year ended December 31, 2019 was \$64.0 million, or a gross margin of 29.2%, compared to \$70.6 million, or a gross margin of 34.9%, for the same period in 2018. The decrease in gross profit was primarily attributable to a decline in MiFi gross margins.

Research and development expenses. Research and development expenses for the year ended December 31, 2019 were \$23.9 million, or 10.9% of net revenues, compared to \$20.6 million, or 10.2% of net revenues, for the same period in 2018. The increase was primarily a result of increased spending related to 5G product programs, including additional headcount, partially offset by the Company starting to capitalize certain additional research and development costs beginning in 2019.

Sales and marketing expenses. Sales and marketing expenses for the year ended December 31, 2019 were \$28.9 million, or 13.2% of net revenues, compared to \$23.0 million, or 11.4% of net revenues, for the same period in 2018. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount and an increase in share-based compensation related to an equity bonus.

General and administrative expenses. General and administrative expenses for the year ended December 31, 2019 were \$27.3 million, or 12.4% of net revenues, compared to \$25.3 million, or 12.5% of net revenues, for the same period in 2018. The

increase was primarily a result of an increase in employment costs attributable to an increase in headcount, non-recurring legal fees, and an increase in share-based compensation related to an equity bonus.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the years ended December 31, 2019 and 2018 was \$3.4 million and \$3.6 million, respectively.

Extinguishment of acquisition-related liabilities. During the twelve months ended December 31, 2018, we recorded a gain of \$17.2 million related to the extinguishment of certain acquisition-related liabilities resulting from the Settlement Agreement, as defined below. We did not have an extinguishment of acquisition-related liabilities during the same period in 2019.

Restructuring charges, net of recoveries. Restructuring charges, net of recoveries, for the years ended December 31, 2019 and 2018 were \$0.1 million and \$1.2 million, respectively, and primarily consisted of severance costs incurred in connection with the reduction of our workforce and facility exit related costs.

Interest expense, net. Interest expense, net for each of the years ended December 31, 2019 and 2018 was \$20.4 million. Interest expense is primarily a result of the interest expense and amortization of the debt discount and debt issuance costs related to our Term Loan and Convertible Senior Notes.

Other income (expense), net. Other income, net, for the year ended December 31, 2019 was \$0.4 million, which primarily related to foreign currency transaction gains and losses, and gains on the sale of certain fixed assets. Other expense, net for the same period in 2018 was \$0.9 million, which primarily consisted of foreign currency transaction gains and losses.

Income tax provision. Income tax provision for the years ended December 31, 2019 and 2018 was \$0.5 million and \$0.8 million, respectively, which primarily related to certain of our profitable entities in foreign jurisdictions.

The effective tax rate for the year ended December 31, 2019 is different than the U.S. statutory rate primarily due to a valuation allowance recorded against additional tax assets generated during the year and certain profitable foreign subsidiaries.

Series E preferred stock dividends. During the year ended December 31, 2019, we recorded \$0.4 million of accrued Series E preferred stock dividends. We did not have Series E preferred stock dividends for the year ended 2018.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents and cash generated from operations. As of December 31, 2019, we had cash and cash equivalents of \$12.1 million compared with cash and cash equivalents of \$31.0 million as of December 31, 2018.

On August 6, 2018, the Company completed a private placement of 12,062,000 shares of common stock and warrants to purchase an additional 4,221,700 shares of common stock, for gross proceeds of \$19.7 million in cash (the "2018 Private Placement"). In connection with the Private Placement, the Company incurred issuance costs of approximately \$0.5 million.

On August 9, 2019, we completed a private placement of 10,000 shares of Series E Preferred Stock, for an aggregate purchase price of \$10.0 million in accordance with the terms and provisions of a Securities Purchase Agreement, dated August 9, 2019, by and among the Company and certain accredited investors. Each share of Series E Preferred Stock entitles the holder thereof to receive, when, as and if declared by the Company out of assets legally available therefor, cumulative cash dividends at an annual rate of 9.00% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on October 1, 2019. If dividends are not declared and paid in any quarter, or if such dividends are declared but holders of the Series E Preferred Stock elect not to receive them in cash, the quarterly dividend will be deemed to accrue and will be added to the Series E Base Amount. The Series E Preferred Stock has no voting rights unless otherwise required by law. The Series E Preferred Stock is perpetual and has no maturity date. However, we may, at our option, redeem shares of the Series E Preferred Stock, in whole or in part, on or after July 1, 2022, at a price equal to 110% of the Series E Base Amount plus (without duplication) any accrued and unpaid dividends. The "Series E Base Amount" means \$1,000 per share, plus any accrued but unpaid dividends, whether or not declared by our board of directors, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. In the event of a liquidation, dissolution or winding up of the Company, the holders of the Series E Preferred Stock will be entitled to receive, after satisfaction of liabilities to creditors and subject to the rights of holders of any senior securities, but before any distribution of assets is made to holders of common stock or any other junior securities, the Series E Base Amount plus (without duplication) any accrued and unpaid dividends.

During the fourth quarter of 2019, the Company received \$6.9 million in net cash proceeds from the exercise of 1,255,129 of the Company's common stock purchase warrants issued 2015.

On March 6, 2020, the Company completed a private placement of 25,000 additional shares of Series E Preferred Stock, for an aggregate purchase price of \$25.0 million in accordance with the terms and provisions of a Securities Purchase Agreement, dated March 6, 2020, by and among the Company and an accredited investor.

Term Loan

On August 23, 2017, we, and certain of our direct and indirect subsidiaries (the “Guarantors”), entered into a credit agreement (the “Credit Agreement”) with Cantor Fitzgerald Securities, as administrative agent and collateral agent, and certain lenders (the “Lenders”). Pursuant to the Credit Agreement, the Lenders provided us with a term loan in the principal amount of \$48.0 million (the “Term Loan”) with a maturity date of August 23, 2020 (the “Maturity Date”). In conjunction with the closing of the Term Loan, we received proceeds of \$46.9 million, \$35.0 million of which was funded to us in cash on the closing date, net of approximately \$1.1 million related to an original issue discount and commitment fee, and the remaining \$11.9 million of which was funded through our repurchase and cancellation of approximately \$14.9 million of our outstanding Inseego Notes pursuant to the terms of the Note Purchase Agreement (as defined below). Additionally, in conjunction with the closing of the Term Loan, we issued 2,000,000 shares of our common stock to the Lenders with a market value of approximately \$2.3 million, accrued an exit fee of approximately \$0.6 million and paid issuance costs of approximately \$0.5 million.

The Term Loan is secured by a first priority lien on substantially all of the assets of the Company and the Guarantors, including equity interests in certain of our direct and indirect subsidiaries, in each case subject to certain customary exceptions and permitted liens. The Credit Agreement includes customary representations and warranties, a material adverse change clause, as well as customary reporting and financial covenants, including a restriction on the level of capital expenditures. The Company obtained waivers of the capital expenditure restriction from the lenders during the year ended December 31, 2019. As a result of the waivers, as of December 31, 2019, the Company was in compliance with all financial covenants under the Credit Agreement. On March 9, 2020, we entered into an amendment to the Credit Agreement, which among other things, amended certain financial covenants set forth therein and permits the use of our Series E Preferred Stock to make certain payments, including interest payments, due thereunder.

On March 10, 2020, the Company entered into a letter agreement (the “Letter Agreement”) with South Ocean Funding, LLC (“South Ocean”), the Lender, holder of the aggregate principal amount currently outstanding under the Credit Agreement, which provides: (i) that the Company and South Ocean will work together, in good faith, to reach an agreement to amend or refinance the Credit Agreement in order to extend the maturity of the Credit Agreement until a date after March 15, 2021; and (ii) should an agreement not be reached to amend or refinance the Credit Agreement prior to August 23, 2020, upon request of the Company, the maturity date of the Credit Agreement will be extended to no earlier than March 15, 2021.

The Term Loan bears interest at a rate per annum equal to the three-month LIBOR, but in no event less than 1.00%, plus 7.625% (9.535% at December 31, 2019). Interest on the Term Loan is payable on the last business day of each calendar month and on the Maturity Date. Principal on the Term Loan is payable on the Maturity Date. At December 31, 2019, four months of interest due to related parties, totaling \$1.3 million was deferred and is included in accrued expenses and other current liabilities on the condensed consolidated balance sheet.

As required by the terms of the Credit Agreement, during the year ended December 31, 2019, the Company repaid \$0.5 million of principal on the Term Loan in connection with the Settlement Agreement (as defined below).

Related parties currently hold 100% of the principal amount.

Convertible Senior Notes

On June 10, 2015, Novatel Wireless issued \$120.0 million of 5.50% convertible senior notes due 2020 (the “Novatel Wireless Notes”) which are governed by the terms of an indenture, dated June 10, 2015, between Novatel Wireless, as issuer, Inseego and Wilmington Trust, National Association, as trustee, as amended by certain supplemental indentures. The Novatel Wireless Notes are senior unsecured obligations of Novatel Wireless and bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2015. The Novatel Wireless Notes will mature on June 15, 2020, unless earlier repurchased or converted. The Novatel Wireless Notes will be convertible into cash, shares of our common stock, or a combination thereof, at our election, at an initial conversion price of \$5.00 per share of our common stock.

On January 9, 2017, in connection with the settlement of an exchange offer and consent solicitation with respect to the 5.50% convertible senior notes due 2020 (the “Novatel Wireless Notes”), the Company issued approximately \$119.8 million aggregate principal amount of the 5.50% convertible senior notes due 2022 (the “Inseego Notes”). The Inseego Notes were issued in exchange for approximately \$119.8 million aggregate principal amount of outstanding Novatel Wireless Notes that were validly tendered and accepted for exchange and subsequently canceled. The Inseego Notes are governed by the terms of

an indenture, dated January 9, 2017 (the “Inseego Indenture”), between the Company, as issuer, and Wilmington Trust, National Association, as trustee. The Inseego Notes are senior unsecured obligations of the Company and bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2017.

The exchange of the Novatel Wireless Notes for the Inseego Notes was treated as a debt modification in accordance with applicable Financial Accounting Standards Board (“FASB”) guidance and the Company recognized \$3.6 million as an additional component of debt discount and additional paid-in capital attributed to the increase in the fair value of the embedded conversion feature of the Inseego Notes before and after modification.

The Inseego Notes will mature on June 15, 2022, unless earlier converted, redeemed or repurchased. The Inseego Notes will be convertible into cash, shares of our common stock, or a combination thereof, at our election, at an initial conversion price of \$4.70 per share of our common stock. Because the sale price condition included in the Inseego Indenture was satisfied during December 2019, the Inseego Notes are currently convertible and will remain convertible until March 31, 2020 at which time the convertibility will need to be reevaluated.

On August 23, 2017, in connection with the Credit Agreement described above, we entered into a Note Purchase Agreement (the “Note Purchase Agreement”) with the Lenders pursuant to which we repurchased approximately \$14.9 million of outstanding Inseego Notes from such Lenders in exchange for \$11.9 million deemed to have been loaned to us pursuant to the Credit Agreement and the accrued and unpaid interest on such notes.

The Inseego Notes are subject to repurchase by the Company at the option of the holders on June 15, 2020 unless earlier converted. On March 6, 2020, the holders of substantially all of the outstanding indebtedness under the Inseego Notes agreed to waive their optional right to require the Company to repurchase the Notes on June 15, 2020.

On March 3, 2020 the Company and the Trustee entered into a First Supplemental Indenture which eliminated certain covenants prohibiting the incurrence of certain indebtedness and certain restricted payments.

During the first quarter of 2020, we exchanged \$59.9 million of outstanding Inseego Notes for 13,688,876 shares of common stock and \$250,000 of outstanding Novatel Wireless Notes for 50,000 shares of common stock. As of the filing date of this report, there were \$45.0 million of outstanding Inseego Notes and no outstanding Novatel Wireless Notes.

In connection with the exchanges of Inseego Notes described above, we issued 942,702 additional shares of our common stock. We will account for the debt conversion as an induced conversion under ASC 470, *Debt*, and as such, expect to record an expense on induced conversion of approximately \$7.9 million during the first quarter of 2020.

Settlement Agreement

Pursuant to the amended merger agreement with respect to our acquisition of R.E.R. Enterprises, Inc. (“RER”) and its wholly owned subsidiary and principal operating asset, Feeney Wireless, LLC (which has been renamed Inseego North America, LLC), the Company previously agreed to pay a total of \$15.0 million in deferred purchase price in five cash installments over a four-year period, beginning in March 2016. The Company also agreed to provide earn-out consideration to the former stockholders of RER in the form of \$6.1 million in cash over a four-year period, beginning in March 2016, and issuance of up to 2,920,000 shares of the Company’s common stock in three equal annual installments, beginning in March 2016, contingent upon retention of certain key personnel of RER.

On May 11, 2017, the Company initiated a lawsuit against the former stockholders of RER in the Court of Chancery of the State of Delaware seeking recovery of damages for civil conspiracy, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On January 16, 2018, the former stockholders of RER filed an answer and counterclaim in the matter seeking recovery of certain deferred and earn-out payments allegedly owed to them by the Company in connection with the Company’s acquisition of RER. On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement (the “Settlement Agreement”) pursuant to which the parties agreed to release all claims against each other and the Company agreed to (i) pay the former stockholders of RER \$1.0 million in cash by August 17, 2018, (ii) immediately instruct its transfer agent to permit the transfer or sale of 973,333 shares of the Company’s common stock that the Company had issued to the former stockholders of RER in March 2017, (iii) immediately issue 500,000 shares of the Company’s common stock to the former stockholders of RER, (iv) within 12 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional \$1.0 million in cash, common stock, or a combination thereof, at the Company’s option, (v) within 24 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional \$1.0 million in cash, common stock, or a combination thereof, at the Company’s option and (vi) file one or more registration statements with respect to the resale of the shares of the Company’s common stock issued to the former stockholders of RER pursuant to the Settlement Agreement. Our remaining liability under the Settlement Agreement at December 31, 2019 consists of approximately \$1.0 million in current liabilities.

Rights Agreement

On January 22, 2018, the Company entered into the Rights Agreement and issued a Right to each of the stockholders of record of each share of the Company's common stock outstanding on February 2, 2018. Each Right entitles the registered holder, under certain circumstances, to purchase from the Company one one-thousandth of a share of Series D Preferred Stock, par value \$0.001 per share (the "Preferred Shares"), of the Company, at a price of \$10.00 per one one-thousandth of a Preferred Share represented by a Right, subject to adjustment. The description and terms of the Rights are set forth in the Rights Agreement.

The Rights are not exercisable until the Distribution Date (as defined in the Rights Agreement). The Rights will expire on the earlier of (i) the close of business on January 22, 2021, (ii) the time at which the Rights are redeemed and (iii) the time at which the Rights are exchanged.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

In connection with an issuance of warrants, on March 28, 2019, we entered into Amendment No. 3 to the Rights Agreement, dated January 22, 2018, as amended from time to time, between us and Computershare Trust Company, N.A., as rights agent, for the purpose of modifying the definition of "Acquiring Person" under the Rights Agreement to permit each of the Investors to remain a Grandfathered Stockholder (as defined in the Rights Agreement) and not be deemed an "Acquiring Person" under the Rights Agreement.

The Investors will remain Grandfathered Stockholders as long as they do not acquire, after the date of the Third Amendment to Rights Agreement, beneficial ownership of our securities (other than as a result of any adjustment provision or the accrual of interest under any outstanding convertible notes) equal to more than 0.50% of the then-outstanding common stock.

DigiCore Secured Banking Facility

DigiCore has a secured banking facility with Absa, which had a maximum borrowing capacity of \$1.0 million at December 31, 2019. The facility bears interest at the South Africa prime interest rate less 0.10% (9.90% at December 31, 2019) and is subject to renewal annually. At December 31, 2019, \$0.2 million remained outstanding under this facility.

DigiCore Secured Overdraft Facility

DigiCore has a secured overdraft facility with Grindrod Bank in South Africa, which had a maximum borrowing capacity of \$0.3 million at December 31, 2019. The facility bears interest at the South Africa prime interest rate plus 1.00% (11.00% at December 31, 2019), requires monthly interest and, in certain instances, minimum principal payments. The facility is subject to renewal annually. At December 31, 2019, \$21 thousand remained outstanding under this facility.

Historical Cash Flows

The following table summarizes our consolidated statements of cash flows for the periods indicated (in thousands):

	Year Ended December 31,	
	2019	2018
Net cash used in operating activities	\$ (17,999)	\$ (1,765)
Net cash used in investing activities	(28,213)	(4,234)
Net cash provided by financing activities	27,469	17,667
Effect of exchange rates on cash	(259)	(1,851)
Net increase (decrease) in cash, cash equivalents and restricted cash	(19,002)	9,817
Cash, cash equivalents and restricted cash, beginning of period	31,076	21,259
Cash, cash equivalents and restricted cash, end of period	\$ 12,074	\$ 31,076

Operating activities. Net cash used in operating activities was \$18.0 million for the year ended December 31, 2019 compared to \$1.8 million for the same period in 2018. Net cash used in operating activities for the year ended December 31, 2019 was primarily attributable to the net loss in the period and net cash used for working capital, partially offset by non-cash charges for depreciation and amortization, including the amortization of debt discount and debt issuance costs, and share-based compensation expense. Net cash used in operating activities for the year ended December 31, 2018 was primarily attributable to the net losses incurred during the period, partially offset by non-cash charges for depreciation and amortization, including the amortization of debt discount and debt issuance costs, loss on extinguishment of debt and share-based compensation expense.

Investing activities. Net cash used in investing activities during the year ended December 31, 2019 was \$28.2 million compared to \$4.2 million used in investing activities for the same period in 2018. Cash used in investing activities during the year ended December 31, 2019 was primarily related to the purchases of property, plant and equipment and capitalization of certain costs related to the research and development of software to be sold in our products, in large part due to the increase in development in support of 5G products and services as well as certain internally developed software projects. Cash used in investing activities during the same period in 2018 was primarily attributable to the purchases of property, plant and equipment and the capitalization of certain costs related to the development of software to be sold in our solutions.

Financing activities. Net cash provided by financing activities during the year ended December 31, 2019 was \$27.5 million, compared to net cash provided by financing activities of \$17.7 million for the same period in 2018. Net cash provided by financing activities during the year ended December 31, 2019 was primarily related to proceeds received from the issuance and sale of Series E preferred stock and the exercise of warrants to purchase common stock, as well as proceeds received from stock option exercises and purchases made under the employee stock purchase plan, partially offset by net repayments of bank and overdraft facilities of DigiCore Holdings Limited, principal payments under finance lease obligations and taxes paid on vested restricted stock units. Net cash provided by financing activities during the year ended December 31, 2018 was primarily attributable to the net proceeds received from the 2018 Private Placement and proceeds received from stock option exercises and purchases made under the employee stock purchase plan, partially offset by net repayments of DigiCore bank and overdraft facilities, principal payments under capital lease obligations and the Term Loan and taxes paid on vested restricted stock units.

Other Liquidity Needs

As of December 31, 2019, we had available cash and cash equivalents totaling \$12.1 million and working capital of \$19.6 million.

Under the terms of the indenture governing the Inseego Notes, each holder of the notes has the right to require the Company to repurchase its notes for cash on June 15, 2020 (“the Optional Repurchase Date”). On March 6, 2020, the holders of the outstanding indebtedness under the Inseego Notes agreed to waive their optional right to require the Company to repurchase the Notes on the Optional Repurchase Date.

The Company’s liquidity could be compromised if there is any interruption in its business operations, a material failure to satisfy its contractual commitments or a failure to generate revenue from new or existing products. Ultimately, the Company’s ability to attain profitability and to generate positive cash flow is dependent upon achieving a level of revenues adequate to support its evolving cost structure and increasing working capital needs. If events or circumstances occur such that the Company does not meet its operating plan as expected, the Company may be required to raise additional capital, reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which could have an adverse impact on the Company’s ability to achieve its intended business objectives. There can be no assurance that any required or desired restructuring or financing will be available on terms favorable to the Company, or at all. In addition, in order to obtain additional borrowings, the Company must comply with certain requirements under the Credit Agreement and the Inseego Indenture. If additional funds are raised by the issuance of equity securities, Company stockholders could experience dilution of their ownership interests and securities issued may have rights senior to those of the holders of the Company’s common stock. If additional funds are raised by the issuance of debt securities, the Company may be subject to additional limitations on its operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses and disclosures of contingent assets and liabilities. Actual results could differ from these estimates.

Revenue Recognition

Sources of Revenue

The Company generates revenue from a broad range of product sales including intelligent wireless hardware products for the worldwide mobile communications and IoT markets. The Company’s products principally include intelligent 4G and 5G mobile hotspots, wireless gateways and routers for IoT applications, 1 Gigabit speed 4G LTE hotspots and USB modems,

integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and configure and manage their hardware.

The Company classifies its revenues from the sale of its products and services into two distinct groupings, specifically IoT & Mobile Solutions and Enterprise SaaS Solutions. Both IoT & Mobile Solutions and Enterprise SaaS Solutions revenues include any hardware and software required for the respective solution.

Net revenues by product grouping for the year ended December 31, 2019 and 2018 were as follows (in thousands):

	Year Ended December 31,	
	2019	2018
IoT & Mobile Solutions	\$ 154,167	\$ 135,349
Enterprise SaaS Solutions	65,329	67,114
Total	\$ 219,496	\$ 202,463

Net revenues by geographic region based on shipping destination for the year ended December 31, 2019 and 2018 were as follows (in thousands):

	Year Ended December 31,	
	2019	2018
United States and Canada	\$ 158,756	\$ 139,246
South Africa	35,001	38,608
Other	25,739	24,609
Total	\$ 219,496	\$ 202,463

IoT & Mobile Solutions. The IoT & Mobile Solutions portfolio is comprised of end-to-end edge to cloud solutions including 4G LTE mobile broadband gateways, routers, modems, hotspots, HD quality VoLTE based wireless home phones, cloud management software and an advanced 5G portfolio of products (currently in various stages of development). The solutions are offered under the MiFi brands for consumer and business markets, and under the Skyus brand for industrial IoT markets.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions consist of various subscription offerings to gain access to the Company's Ctrack telematics platforms, which provide fleet vehicle, aviation ground vehicle and asset tracking and performance information, and other telematics applications, and the Company's Device Management System ("DMS"), a hosted SaaS platform that helps organizations manage the selection, deployment and spend of their customers wireless assets, helping them save money on personnel and telecom expenses.

Contracts with Customers

The Company adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (as amended, "ASC 606"), effective January 1, 2018, using the modified retrospective method applied to those contracts which were not substantially completed as of January 1, 2018. ASC 606 provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company routinely enters into a variety of agreements with customers, including quality agreements, pricing agreements and master supply agreements which outline the general commercial terms and conditions under which the Company does business with a specific customer, including shipping terms and pricing for the products and services that the Company offers. The Company also sells to some customers solely based on purchase orders. The Company has concluded for the vast majority of its revenues, that its contracts with customers are either a purchase order or the combination of a purchase order with a master supply agreement.

The Company determines revenue recognition through the following five steps:

- 1) identification of the contract, or contracts, with a customer;
- 2) identification of the performance obligations in the contract;
- 3) determination of the transaction price;

- 4) allocation of the transaction price to the performance obligations in the contract; and
- 5) recognition of revenue when, or as, performance obligations are satisfied.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company's performance obligations are established when a customer submits a purchase order notification (in writing, electronically or verbally) for goods and services, and the Company accepts the order. The Company identifies performance obligations as the delivery of the requested product or service in appropriate quantities and to the location specified in the customer's contract and/or purchase order. The Company generally recognizes revenue upon the satisfaction of these criteria when control of the product or service has been transferred to the customer at which time it has an unconditional right to receive payment. The Company's prices are fixed and have no history of being affected by contingent events that could impact the transaction price. The Company does not offer price concessions and does not accept payment that is less than the price stated when it accepts the purchase order.

Revenue Recognition

Revenue is recognized upon transfer of control of products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that may include various combinations of products and services which are generally capable of being distinct and accounted for as separate performance obligations.

Hardware. Hardware revenue from the sale of the Company's IoT & Mobile Solutions devices is recognized when the Company transfers control to the customer, typically at the time when the product is delivered, shipped or installed at which time the title passes to the customer, and there are no further performance obligations with regards to the hardware device.

SaaS and Other Services. SaaS subscription revenue is recognized over time on a ratable basis over the contract term beginning on the date that its service is made available to the customer. Subscription periods range from monthly to multi-year, with the majority of contracts being one to three years. Telematics includes a device which collects and transmits the information from the vehicle or other asset. The Company's customers have an option to purchase the monitoring device or lease it over the term of the contract. If the customer purchases the hardware device, the Company recognizes the revenue at a point in time as discussed above in the hardware revenue recognition disclosure. Prior to adoption of the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 842, Leases ("ASC 842"), on January 1, 2019, if the customer chose to lease the monitoring device, the Company accounted for the monitoring device lease as an operating lease, recognized the revenue for the monitoring device lease over the term of the contract and recorded such revenue in accordance with the previous lease accounting guidance in ASC 840, Leases. Under the new standard, because the Company's rental asset lease contracts qualify as operating leases under ASC 842 and the contracts also include services to operate the underlying asset, and to maintain the asset, the Company has elected the practical expedient to combine the lease and the non-lease components because the service is the predominant element in the eyes of the customer and the pattern of service delivery is the same for both elements. The Company recognizes revenue over time on a ratable basis over the term of the contract.

Maintenance and support services revenue. Periodically, the Company sells separately priced warranty contracts that extend beyond the Company's base warranty period. The separately priced service contracts range from 12 months to 36 months. The Company typically receives payment at the inception of the contract and recognizes revenue as earned on a straight-line basis over the term of the contract.

Professional services revenue. From time to time, the Company enters into special engineering design service agreements. Revenues from engineering design services are designed to meet specifications of a particular product, and therefore do not create an asset with an alternative use. The Company recognizes revenue based on the achievement of certain applicable milestones and the amount of payment the Company believes it is entitled to at the time.

With respect to revenue related to third party product sales or other arrangements that involve the services of another party, for which the Company does not control the sale or service and acts as an agent to the transaction, the Company recognizes revenue on a net basis. The portion of the gross amount billed to customers that is remitted by the Company to another party is not reflected as revenue.

Multiple Performance Obligations

The Company's contracts with customers may include commitments to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted

for separately versus together may require significant judgment. When hardware, software and services are sold in various combinations, judgment is required to determine whether each performance obligation is considered distinct and accounted for separately, or not distinct and accounted for together with other performance obligations

In instances where the software elements included within hardware for various products are considered to be functioning together with non-software elements to provide the tangible product's essential functionality, these arrangements are accounted for as a single distinct performance obligation.

Judgment is required to determine the stand-alone selling price ("SSP") for each distinct performance obligation. When available, the Company uses observable inputs to determine SSP. In instances where SSP is not directly observable, such as when the Company does not sell the product or service separately, it determines the SSP based on a cost-plus model as market and other observable inputs are seldom present based on the proprietary nature of the Company's products.

Contract Liabilities

Timing of revenue recognition may differ from the timing of invoicing to customers. If customers are invoiced for subscription services in advance of the service period, deferred revenue liabilities, or contract liabilities, are recorded. Deferred revenue liabilities, or contract liabilities, are also recorded when the Company collects payments in advance of performing the services.

Contract Assets

The Company capitalizes sales commissions earned by its sales force when they are considered to be incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit. There were no significant amounts of assets recorded related to contract costs as of December 31, 2019.

Applying the practical expedient in paragraph 40-25-4 of ASC 340, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs are included in selling, general and administrative expenses.

Significant Judgments in the Application of the Guidance in ASC 606

Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. The Company considered the performance obligations in its customer master supply agreements and determined that, for the majority of its revenue, the Company generally satisfies performance obligations at a point in time upon delivery of the product to the customer.

Revenues from the Company's SaaS subscription services represent a single promise to provide continuous access to its software solutions and their processing capabilities in the form of a service through one of the Company's data centers or a hosted data center. As each day of providing access to the software is substantially the same, and the customer simultaneously receives and consumes the benefits as access is provided, the Company has determined that its subscription services arrangements include a single performance obligation comprised of a series of distinct services. The Company's SaaS subscriptions also include an unspecified volume of call center support and any remote system diagnostic and software upgrades as needed. These services are combined with the recurring monthly subscription service since they are highly interrelated and interdependent. Revenue from the Company's subscription services is recognized over time on a ratable basis over the contract term beginning on the date that the service is made available to the customer.

Allowance for Doubtful Accounts Receivable

We provide an allowance for our accounts receivable for estimated losses that may result from our customers' inability to pay. We determine the amount of the allowance by analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, and changes in customer payment cycles and our customers' creditworthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this allowance. To minimize the likelihood of uncollectible accounts, we review our customers' creditworthiness periodically based on credit scores generated by independent credit reporting services, our experience with our customers and the economic condition of our customers' industries. Material differences may result in the amount and timing of expense for any period if we were to make different judgments or utilize different estimates. If the financial condition of our customers deteriorates resulting in an impairment of their ability to make payments, additional allowances may be required.

Inventories and Provision for Excess and Obsolete Inventory

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. We review the components of our inventory and our inventory purchase commitments on a regular basis for excess and obsolete inventory based on estimated future usage and sales. Write-downs in inventory value or losses on inventory purchase commitments depend on various items, including factors related to customer demand, economic and competitive conditions, technological advances or new product introductions by us or our customers that vary from our current expectations. Whenever inventory is written down, a new cost basis is established, and the inventory is not subsequently written up if market conditions improve.

We believe that, when made, the estimates we use in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demand for our inventory is substantially less than our estimates, inventory write-downs may be required, which could have a material adverse effect on our consolidated financial statements.

Purchased Intangible Assets

In determining the fair value allocation for our acquisitions, we considered, among other factors, our intended uses of the acquired assets and the historical and estimated future demand for the acquired company's products and services. The estimated fair value of intangible assets is determined using the income approach. The income approach relies on an estimation of the present value of the future monetary benefits expected to flow to the owner of an asset during its remaining economic life. This approach requires a projection of the cash flow that the asset is expected to generate in the future. The projected cash flow is discounted to its present value using a rate of return, or discount rate that accounts for the time value of money and the degree of risks inherent in the asset. The expected future cash flow that is projected should include all of the economic benefits attributable to the asset, including the tax savings associated with the amortization of the intangible asset value over the tax life of the asset. The income approach may take the form of a "relief from royalty" methodology, a cost savings methodology, a "with and without" methodology or excess earnings methodology, depending on the specific asset under consideration.

Software Development Costs for External Use

Software development costs for external use are expensed as incurred until technological feasibility has been established, at which time those costs are capitalized as intangible assets until the software is implemented into products sold to customers. Capitalized software development costs are amortized on a straight-line basis over the estimated useful life. Costs incurred to enhance existing software or after the implementation of the software into a product are expensed in the period they are incurred and included in research and development expense in the consolidated statements of operations.

Software Development Costs for Internal Use

Costs incurred in the preliminary stages of development are expensed as incurred and included in research and development expense in the consolidated statements of operations. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing performed to ensure the product is ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements of internal-use software when it is probable that the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Capitalized internal-use software costs are recorded as part of intangible assets and are amortized on a straight-line basis over the estimated useful life of the software. The Company does not capitalize pilot projects and projects for which it believes that the future economic benefits are less than probable. The Company tests these assets for impairment whenever events or circumstances occur that could impact their recoverability.

Long-Lived Assets

We periodically evaluate the carrying value of the unamortized balances of our long-lived assets, including property, plant and equipment, rental assets and intangible assets, which requires us to make assumptions and judgments regarding the carrying value of these assets. We consider assets to be impaired if the carrying value may not be recoverable based upon our assessment of the following events or changes in circumstances: the asset's ability to continue to generate income from operations and positive cash flow in future periods; loss of legal ownership or title to the asset; significant changes in our strategic business objectives and utilization of the asset; or significant negative industry or economic trends.

Our assessment includes comparing the carrying amounts of long-lived assets to their associated undiscounted expected future cash flows, which are determined using an expected cash flow model. This model requires estimates of our future revenues, profits, capital expenditures, working capital and other relevant factors. We estimate these amounts by evaluating our historical trends, current budgets, operating plans and other industry data. If the assets are considered to be impaired, the impairment charge recognized is the amount by which the asset's carrying value exceeds its estimated fair value.

The timing and frequency of our impairment test is based on an ongoing assessment of triggering events that could reduce the fair value of our long-lived assets below their carrying value. We monitor our long-lived asset balances and conduct formal tests on at least an annual basis or earlier when impairment indicators are present. We believe that the assumptions and estimates we used to value long-lived assets were appropriate based on the information available to management. The majority of our long-lived assets are being amortized or depreciated over approximately two to ten years. As most of these assets are associated with technology or trade conditions that may change rapidly, such changes could have an immediate impact on our impairment analysis.

Valuation of Goodwill

Our goodwill resulted from our acquisitions of RER and DigiCore Holdings Limited during 2015. In accordance with the ASC 350, *Intangibles—Goodwill and Other*, we review goodwill for impairment at least annually, typically at the beginning of the fourth quarter of each year, and more frequently if events or changes in circumstances occur that indicate a potential reduction in the fair value of the reporting unit to which the goodwill has been assigned below its carrying value.

Convertible Debt

We account for convertible debt instruments that are settleable in cash upon conversion (including partial cash settlement) by separating the liability and equity components of the instruments in a manner that reflects our nonconvertible debt borrowing rate. We determine the carrying amount of the liability component by measuring the fair value of similar debt instruments that do not have the conversion feature. If a similar debt instrument does not exist, we estimate the fair value by using assumptions that market participants would use in pricing a debt instrument, including market interest rates, credit standing, yield curves and volatilities. Determining the fair value of the debt component requires the use of accounting estimates and assumptions. These estimates and assumptions are judgmental in nature and could have a significant impact on the determination of the debt component and the associated non-cash interest expense.

Upon issuance, we assign a value to the debt component equal to the estimated fair value of similar debt instruments without the conversion feature, which could result in our recording the debt instrument at a discount. If the debt instrument is recorded at a discount, we amortize the debt discount over the life of the debt instrument as additional non-cash interest expense utilizing the effective interest method.

Litigation

We are, from time to time, party to various legal proceedings arising in the ordinary course of business. We will record a loss when we determine information available prior to the issuance of the financial statements indicates the loss is both probable and estimable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, we record the minimum estimated liability related to the claim. As additional information becomes available, we assess the potential liability related to our pending litigation and revise our estimates, if necessary. Our policy is to expense litigation costs as incurred.

Share-based Compensation

We have stock incentive plans under which stock options and restricted stock units have been granted to employees, non-employee consultants and non-employee members of our Board of Directors. We also have an employee stock purchase plan for all eligible employees. Share-based payments, including grants of stock options, restricted stock units and stock purchase rights, are recognized in the financial statements based upon their respective grant date fair values.

We estimate the fair value of stock option awards and stock purchase rights on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is principally recognized as expense ratably over the requisite service periods. We have estimated the fair value of stock options and stock purchase rights as of the date of grant or assumption using the Black-Scholes option-pricing model, which was developed for use in estimating the value of traded options that have no vesting restrictions and that are freely transferable. The Black-Scholes model considers, among other factors, the expected life of the award and the expected volatility of our stock price. We evaluate the assumptions used to value stock options and stock purchase rights on a quarterly basis. Although the Black-Scholes model is an acceptable model, the fair values generated by the model may not be indicative of the actual fair values of our equity awards, as it does not consider other factors important to those awards to recipients, such as continued service, periodic vesting requirements and limited transferability.

Compensation cost associated with grants of restricted stock units are measured at fair value, which has historically been the closing price of our common stock on the date of the grant.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and the Reports of Independent Registered Public Accounting Firms appear in Part IV of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in our reports to the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by SEC rules, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial and accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2019, the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial and accounting officer concluded that our disclosure controls and procedures were effective as of December 31, 2019.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or because the degree of compliance with policies and procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013 framework) in *Internal Control—Integrated Framework*. Based on our evaluation under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

Marcum LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, has also audited our internal control over financial reporting as of December 31, 2019, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

An evaluation was also performed under the supervision and with the participation of our management, including our principal executive officer and our principal financial and accounting officer, of any change in our internal control over financial reporting that occurred during our last fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. The evaluation did not identify any change in our internal control over financial reporting that occurred during our latest fiscal quarter and that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders and Board of Directors of
Inseego Corp.

Opinion on Internal Control over Financial Reporting

We have audited Inseego Corp.'s (the "Company") internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets as of December 31, 2019 and 2018 and the related consolidated statements of operations, comprehensive loss, shareholders' deficit, and cash flows and the related notes for each of the two years in the period ended December 31, 2019 of the Company, and our report dated March 13, 2020 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

/s/ Marcum LLP

Philadelphia, Pennsylvania
March 13, 2020

PART III

Items 10, 11, 12, 13 and 14.

The information required by Items 10, 11, 12, 13 and 14 is incorporated by reference from the Company's definitive proxy statement for the 2020 Annual Meeting of Stockholders, which the Company intends to file with the SEC within 120 days of the end of the fiscal year end to which this report relates.

PART IV

Item 15. Exhibits, Financial Statement Schedules

- (a)(1) The Company's consolidated financial statements and report of the Marcum LLP, Independent Registered Public Accounting Firm, are included in Section IV of this report beginning on page F-1.
- (a)(2) Schedules have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the consolidated financial statements or related notes thereto.
- (b) Exhibits

The following Exhibits are filed as part of, or incorporated by reference into this report:

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed November 9, 2016).
3.2	Amended and Restated Bylaws of Inseego Corp. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed November 9, 2016).
3.3	Certificate of Designation of Series D Junior Participating Preferred Stock of Inseego Corp. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed January 22, 2018).
3.4	Certificate of Designation of Series E Fixed-Rate Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed August 13, 2019).
3.5	Certificate of Amendment to Certificate of Designation of Series E Fixed-Rate Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed March 10, 2020).
4.1	Form of Inseego Corp. Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 9, 2016).
4.2**	Description of Equity Securities Registered under Section 12 of the Exchange Act.
4.3	Indenture, dated January 9, 2017, between Inseego Corp. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed January 10, 2017).
4.4	Form of Inseego Corp.'s 5.50% Convertible Senior Note due 2022 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed January 10, 2017).
4.5	First Supplemental Indenture, dated March 3, 2020, among Inseego Corp. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed March 9, 2020).
4.6	Form of Waiver Agreement between Inseego Corp. and holders of Inseego Corp. 5.50% Convertible Senior Notes due 2022 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed March 9, 2020).
4.7	Rights Agreement, dated as of January 22, 2018, between Inseego Corp. and Computershare Trust Company, N.A., as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed January 22, 2018).
4.8	Amendment No. 1 to Rights Agreement, dated August 6, 2018, by and between Inseego Corp. and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K, filed August 7, 2018).

Exhibit No.	Description
4.9	<u>Amendment No. 2 to Rights Agreement, dated December 4, 2018, by and between Inseego Corp. and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed December 10, 2018).</u>
4.10	<u>Amendment No. 3 to Rights Agreement, dated March 28, 2019, by and between Inseego Corp. and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed March 29, 2019).</u>
4.11	<u>Common Stock Purchase Warrant issued to Golden Harbor Ltd., dated March 28, 2019, by Inseego Corp. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed March 29, 2019).</u>
4.12	<u>Common Stock Purchase Warrant issued to North Sound Trading, L.P., dated March 28, 2019, by Inseego Corp. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed March 29, 2019).</u>
4.13	<u>Registration Rights Agreement, dated August 6, 2018, by and among Inseego Corp. and the Investors identified on Exhibit A to the Securities Purchase Agreement (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K, filed August 7, 2018).</u>
10.1*	<u>Amended and Restated Inseego Corp. 2000 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed July 18, 2018).</u>
10.2*	<u>Offer Letter, dated August 11, 2017, by and between the Company and Stephen Smith with an employment start date of August 21, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.3*	<u>Change in Control and Severance Agreement, effective August 21, 2017, by and between the Company and Stephen Smith (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.4*	<u>Form of Indemnification (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed August 21, 2017).</u>
10.5*	<u>Employment Offer Letter, dated June 6, 2017, between Inseego Corp. and Dan Mondor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 9, 2017).</u>
10.6*	<u>Change in Control and Severance Agreement, dated June 6, 2018, between Inseego Corp. and Dan Mondor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 8, 2018).</u>
10.7*	<u>Indemnification Agreement, dated June 6, 2017, between Inseego Corp. and Dan Mondor (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed June 9, 2017).</u>
10.8*	<u>Amendment to Offer Letter, dated October 26, 2017, by and between the Company and Dan Mondor (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.9*	<u>Inseego Corp. 2015 Incentive Compensation Plan (incorporated by reference to Exhibit 10.26 to the Company's Annual Report on Form 10-K, filed on March 16, 2018).</u>
10.10*	<u>Form of Nonstatutory Stock Option Agreement under the Inseego Corp. 2015 Incentive Compensation Plan (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K, filed on March 16, 2018).</u>
10.11*	<u>Inseego Corp. 2018 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 18, 2018).</u>
10.12	<u>Security and Pledge Agreement, dated as of August 23, 2017, by and among Inseego Corp and certain of its direct and indirect subsidiaries, as Guarantors, and Cantor Fitzgerald Securities, as Agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).</u>
10.13	<u>First Amendment to Credit Agreement, dated as of August 9, 2019, by and among Inseego Corp. and certain of its direct and indirect subsidiaries, Cantor Fitzgerald Securities, as Agent, and certain funds managed by Highbridge Capital Management, LLC, as Lenders (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2019).</u>
10.14	<u>Second Amendment to Credit Agreement dated March 9, 2020, by and among Inseego Corp. and certain of its direct and indirect subsidiaries, Cantor Fitzgerald Securities, as Agent, and the lenders party thereto. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 11, 2020).</u>

Exhibit No.	Description
10.15	Letter Agreement dated March 10, 2020, by and between Inseego Corp. and South Ocean Funding, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on March 11, 2020).
10.16	Security and Pledge Agreement, dated as of August 23, 2017, by and among Inseego Corp and certain of its direct and indirect subsidiaries, as Guarantors, and Cantor Fitzgerald Securities, as Agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).
10.17	Mutual General Release and Settlement Agreement, dated July 26, 2018, between Inseego Corp., successor to Novatel Wireless, Inc., on the one hand, and Robert E. Ralston and Ethan B. Ralston, on the other hand (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 31, 2018).
10.18	Note Purchase Agreement, dated as of August 23, 2017, by and among Inseego Corp., 1992 MSF International LTD. and 1992 Tactical Credit Master Fund, L.P. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on November 7, 2017).
10.19	Securities Purchase Agreement, dated August 6, 2018, by and among Inseego Corp. and the Investors identified on Exhibit A thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed August 7, 2018).
10.20	Securities Purchase Agreement, dated August 9, 2019, by and among Inseego Corp. and the Investors identified on Exhibit A thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 13, 2019).
10.21	Securities Purchase Agreement, dated March 6, 2020, by and among Inseego Corp. and the Investor identified on Exhibit A thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on March 10, 2020).
10.22**	Form of Exchange Agreement, by and among Inseego Corp. and certain investors holding the Company's 5.50% Convertible Senior Notes due 2022.
10.23	Consulting Agreement between the Company and Robert Pons, effective as of September 30, 2019 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q, filed on November 12, 2019).
21**	Subsidiaries of Inseego Corp.
23.1**	Consent of Independent Registered Public Accounting Firm (Marcum LLP).
24**	Power of Attorney (See signature page).
31.1**	Certification of our Principal Executive Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of our Principal Financial Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
*	Management contract, compensatory plan or arrangement
**	Filed herewith

Item 16. Form 10-K Summary

None.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Inseego Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Inseego Corp. (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive loss, stockholders’ deficit and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and our report dated March 13, 2020, expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provides a reasonable basis for our opinion.

/s/ Marcum LLP

We have served as the Company’s auditor since 2018.
Philadelphia, Pennsylvania

March 13, 2020

INSEEGO CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,074	\$ 31,015
Restricted cash	—	61
Accounts receivable, net of allowance for doubtful accounts of \$2,133 and \$1,841, respectively	19,656	20,633
Inventories, net	25,290	26,431
Prepaid expenses and other	7,117	6,212
Total current assets	64,137	84,352
Property, plant and equipment, net	10,756	6,698
Rental assets, net	5,385	5,769
Intangible assets, net	44,392	31,985
Goodwill	33,659	32,942
Right-of-use assets, net	2,657	—
Other assets	387	510
Total assets	\$ 161,373	\$ 162,256
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	26,482	39,245
Accrued expenses and other current liabilities	17,861	13,024
DigiCore bank facilities	187	1,412
Total current liabilities	44,530	53,681
Long-term liabilities:		
Convertible senior notes, net	101,334	93,054
Term loan, net	46,538	45,046
Deferred tax liabilities, net	3,949	4,457
Other long-term liabilities	2,380	2,543
Total liabilities	198,731	198,781
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, par value \$0.001; 2,000,000 shares authorized:		
Series E Preferred stock, par value \$0.001; 10,000 shares designated, 10,000 and 0 shares issued and outstanding, respectively, liquidation preference of \$1,000 per share	—	—
Common stock, par value \$0.001; 150,000,000 shares authorized, 81,974,051 and 73,979,882 shares issued and outstanding, respectively	82	74
Additional paid-in capital	584,862	546,230
Accumulated other comprehensive loss	(3,879)	(4,877)
Accumulated deficit	(618,303)	(577,817)
Total stockholders' deficit attributable to Inseego Corp.	(37,238)	(36,390)
Noncontrolling interests	(120)	(135)
Total stockholders' deficit	(37,358)	(36,525)
Total liabilities and stockholders' deficit	\$ 161,373	\$ 162,256

See accompanying notes to consolidated financial statements.

INSEEGO CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)

	Year Ended December 31,	
	2019	2018
Net revenues:		
IoT & Mobile Solutions	\$ 154,167	\$ 135,349
Enterprise SaaS Solutions	65,329	67,114
Total net revenues	219,496	202,463
Cost of net revenues:		
IoT & Mobile Solutions	129,957	105,344
Enterprise SaaS Solutions	25,568	26,167
Impairment of abandoned product line, net of recoveries	—	355
Total cost of net revenues	155,525	131,866
Gross profit	63,971	70,597
Operating costs and expenses:		
Research and development	23,853	20,593
Sales and marketing	28,914	23,027
General and administrative	27,267	25,325
Amortization of purchased intangible assets	3,421	3,624
Extinguishment of acquisition-related liabilities	—	(17,174)
Restructuring charges, net of recoveries	60	1,191
Total operating costs and expenses	83,515	56,586
Operating income (loss)	(19,544)	14,011
Other income (expense):		
Interest expense, net	(20,381)	(20,444)
Other income (expense), net	351	(895)
Loss before income taxes	(39,574)	(7,328)
Income tax provision	536	815
Net loss	(40,110)	(8,143)
Less: Net loss (income) attributable to noncontrolling interests	(15)	85
Net loss attributable to Inseego Corp.	(40,125)	(8,058)
Series E preferred stock dividends	(361)	—
Net loss attributable to common stockholders	\$ (40,486)	\$ (8,058)
Per share data:		
Net loss per common share:		
Basic and diluted	\$ (0.52)	\$ (0.12)
Weighted-average common shares outstanding:		
Basic and diluted	78,322,496	66,104,376

See accompanying notes to consolidated financial statements.

INSEGO CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Net loss	\$ (40,110)	\$ (8,143)
Foreign currency translation adjustment	998	(9,481)
Total comprehensive loss	<u>\$ (39,112)</u>	<u>\$ (17,624)</u>

See accompanying notes to consolidated financial statements.

INSEEGO CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(in thousands)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Balance, December 31, 2017	—	\$ —	58,645	\$ 59	\$ 519,531	\$ (569,759)	\$ 4,604	\$ (50)	\$ (45,615)
Net loss	—	—	—	—	—	(8,058)	—	(85)	(8,143)
Foreign currency translation adjustment	—	—	—	—	—	—	(9,481)	—	(9,481)
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	2,645	\$ 3	2,405	—	—	—	2,408
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(656)	—	—	—	(656)
Issuance of common shares	—	—	12,690	\$ 12	20,074	—	—	—	20,086
Share-based compensation	—	—	—	—	4,876	—	—	—	4,876
Balance, December 31, 2018	—	—	73,980	74	546,230	(577,817)	(4,877)	(135)	(36,525)
Net loss	—	—	—	—	—	(40,125)	—	15	(40,110)
Foreign currency translation adjustment	—	—	—	—	—	—	998	—	998
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	2,254	2	3,263	—	—	—	3,265
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(1,269)	—	—	—	(1,269)
Issuance of Series E preferred shares	10	—	—	—	10,000	—	—	—	10,000
Issuance of common shares	—	—	263	—	1,439	—	—	—	1,439
Exercise of warrants	—	—	5,477	6	17,536	—	—	—	17,542
Share-based compensation	—	—	—	—	7,302	—	—	—	7,302
Series E preferred stock dividends	—	—	—	—	361	(361)	—	—	—
Balance, December 31, 2019	10	\$ —	81,974	\$ 82	\$ 584,862	\$ (618,303)	\$ (3,879)	\$ (120)	\$ (37,358)

See accompanying notes to consolidated financial statements.

INSEGO CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	<u>Year Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Net loss	\$ (40,110)	\$ (8,143)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	18,426	13,733
Provision for bad debts, net of recoveries	715	555
Provision for excess and obsolete inventory, net of recoveries	980	1,040
Share-based compensation expense	7,302	4,876
Amortization of debt discount and debt issuance costs	9,772	9,772
Deferred income taxes	(598)	14
Non-cash gain on extinguishment of acquisition-related liabilities	—	(17,174)
Other	840	2,022
Changes in assets and liabilities:		
Accounts receivable	377	(6,883)
Inventories	(3,077)	(11,437)
Prepaid expenses and other assets	(901)	3,251
Accounts payable	(12,996)	9,646
Accrued expenses, income taxes, and other	1,271	(3,037)
Net cash used in operating activities	<u>(17,999)</u>	<u>(1,765)</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(6,621)	(1,338)
Proceeds from the sale of property, plant and equipment	517	144
Additions to capitalized software development costs and purchases of intangible assets	(22,109)	(3,040)
Net cash used in investing activities	<u>(28,213)</u>	<u>(4,234)</u>
Cash flows from financing activities:		
Gross proceeds received from issuance of Series E preferred stock	10,000	—
Gross proceeds received from private placement	—	19,661
Payment of issuance costs related to private placement	—	(500)
Principal payments on term loans	—	(500)
Proceeds from the exercise of warrants to purchase common stock	17,542	—
Net repayment of DigiCore bank and overdraft facilities	(1,047)	(1,453)
Principal payments under finance lease obligations	(1,022)	(977)
Principal payments on mortgage bond	—	(316)
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	1,996	1,752
Net cash provided by financing activities	<u>27,469</u>	<u>17,667</u>
Effect of exchange rates on cash	(259)	(1,851)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(19,002)</u>	<u>9,817</u>
Cash, cash equivalents and restricted cash, beginning of period	31,076	21,259
Cash, cash equivalents and restricted cash, end of period	<u>\$ 12,074</u>	<u>\$ 31,076</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 9,296	\$ 10,642
Income taxes, net of tax refunds	\$ 939	\$ 672
Supplemental disclosures of non-cash activities:		
Transfer of inventories to rental assets	\$ 3,748	\$ 3,973
Purchases of property, plant and equipment under capital lease	\$ 1,341	\$ 1,563
Right-of-use assets obtained in exchange for operating leases liabilities	\$ 4,694	\$ —
Capital expenditures financed through accounts payable	\$ 2,926	\$ 1,680
Issuance of common stock under settlement agreement	\$ 1,439	\$ 925

See accompanying notes to consolidated financial statements.

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Significant Accounting Policies

Inseego Corp. (the “Company” or “Inseego”) is a leader in the design and development of mobile (advanced 4G and 5G New Radio (“5G NR”)), Internet of Things (“IoT”) and cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Inseego’s product portfolio consists of fixed and mobile device-to-cloud solutions that produce compelling, intelligent, reliable and secure end-to-end IoT services with deep business intelligence. Inseego’s products and solutions power mission critical applications with a “zero unscheduled downtime” mandate, such as 5G fixed wireless access gateway solutions, 4G and 5G mobile broadband, industrial IoT, SD WAN failover management, asset tracking and fleet management services. Inseego’s solutions are powered by its key innovations in mobile technologies, including a suite of products employing the 5G NR standards, and purpose-built SaaS cloud platforms.

Inseego is a Delaware corporation formed in 2016 and is the successor to Novatel Wireless, Inc., a Delaware corporation formed in 1996 (“Novatel Wireless”), as a result of an internal reorganization that was completed in November 2016. The Company’s principal executive office is located at 12600 Deerfield Parkway, Suite 100, Alpharetta, GA 30004, its corporate offices are located at 9710 Scranton Road, Suite 200, San Diego CA 92121 and its sales and engineering offices are located throughout the world. Inseego’s common stock trades on The NASDAQ Global Select Market under the trading symbol “INSG”.

Basis of Presentation

The Company had a net loss attributable to Inseego Corp. of \$40.5 million during the year ended December 31, 2019. As of December 31, 2019, the Company had available cash and cash equivalents totaling \$12.1 million and working capital of \$19.6 million. The Company has a history of operating and net losses and overall usage of cash from operating and investing activities.

In order to make continued investments in its growth plan, on August 9, 2019, the Company issued and sold 10,000 shares of Fixed-Rate Cumulative Perpetual Preferred Stock, Series E, par value \$0.001 per share (the “Series E Preferred Stock”), for an aggregate purchase price of \$10.0 million. For additional information see Note 7, *Stockholders Equity*.

On March 6, 2020, the Company issued and sold an additional 25,000 shares of Series E Preferred Stock, for an aggregate purchase price of \$25.0 million.

Under the terms of the indenture governing the Inseego Notes (as defined below), both the Company and the holders have rights with respect to conversion or redemption based on the value of the underlying stock. In the first quarter of 2020, \$59.9 million of the notes were exchanged for common stock.

Under the terms of the indenture governing the Inseego Notes (as defined below), each holder of the notes has the right to require the Company to repurchase its notes for cash on June 15, 2020 (the “Optional Repurchase Date”). In March 2020, all of the remaining Inseego Note holders have waived this right.

Under the terms of the Senior Credit Agreement, interest is paid based on the three-month LIBOR plus 7.65 percent, payable in cash. In the first quarter of 2020 the Credit Agreement was amended such that any interest payment due will be made in shares of Series E Preferred Stock. On March 10, 2020, the Company entered into a letter agreement (the “Letter Agreement”) with South Ocean Funding, LLC (“South Ocean”), the Lender, holder of the aggregate principal amount currently outstanding under the Credit Agreement, which provides: (i) that the Company and South Ocean will work together, in good faith, to reach an agreement to amend or refinance the Credit Agreement in order to extend the maturity of the Credit Agreement until a date after March 15, 2021; and (ii) should an agreement not be reached to amend or refinance the Credit Agreement prior to August 23, 2020, upon request of the Company, the maturity date of the Credit Agreement will be extended to no earlier than March 15, 2021.

The Company’s management believes that its cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet its working capital needs for the next twelve months following the filing date of this report. The Company’s ability to transition to more profitable operations is dependent upon achieving a level of revenue adequate to support its evolving cost structure.

The Company’s liquidity could be impaired if there is any interruption in its business operations, a material failure to satisfy its contractual commitments or a failure to generate revenue from new or existing products. Ultimately, the Company’s ability to attain profitability and to generate positive cash flow is dependent upon achieving a level of revenues adequate to support its evolving cost structure and increasing working capital needs. If events or circumstances occur such that the

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company does not meet its operating plan as expected, the Company may be required to raise additional capital, reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which could have an adverse impact on its ability to achieve its intended business objectives. There can be no assurance that any required or desired restructuring or financing will be available on terms favorable to the Company, or at all. In addition, in order to obtain additional borrowings, the Company must comply with certain requirements under the Credit Agreement and the Inseego Indenture (as defined below). If additional funds are raised by the issuance of equity securities, Company stockholders could experience dilution of their ownership interests and securities issued may have rights senior to those of the holders of the Company's common stock. If additional funds are raised by the issuance of debt securities, the Company may be subject to additional limitations on its operations.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent liabilities. Actual results could differ materially from these estimates. Significant estimates include revenue recognition, capitalized software costs, allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of intangible and long-lived assets, valuation of goodwill, royalty costs, accruals relating to litigation and restructuring, income taxes, share-based compensation expense and the Company's ability to continue as a going concern.

Segment Information

Management has determined that the Company has one reportable segment. The Chief Executive Officer, who is also the Chief Operating Decision Maker, does not manage any part of the Company separately, and the allocation of resources and assessment of performance is based solely on the Company's consolidated operations and operating results.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. Cash and cash equivalents are recorded at market value, which approximates cost. Gains and losses associated with the Company's foreign currency denominated demand deposits are recorded as a component of other income (expense), net, in the consolidated statements of operations.

Allowance for Doubtful Accounts Receivable

The Company provides an allowance for its accounts receivable for estimated losses that may result from its customers' inability to pay. The Company determines the amount of the allowance by analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, and changes in customer payment cycles and its customers' creditworthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this allowance. To minimize the likelihood of uncollectibility, the Company reviews its customers' creditworthiness periodically based on credit scores generated by independent credit reporting services, its experience with its customers and the economic condition of its customers' industries. Material differences may result in the amount and timing of expense for any period if the Company were to make different judgments or utilize different estimates.

Inventories and Provision for Excess and Obsolete Inventory

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. Shipping and handling costs are classified as a component of cost of net revenues in the consolidated statements of operations. The Company reviews the components of its inventory and its inventory purchase commitments on a regular basis for excess and obsolete inventory based on estimated future usage and sales. Write-downs in inventory value or losses on inventory purchase commitments depend on various items, including factors related to customer demand, economic and competitive conditions, technological advances or new product introductions by the Company or its customers that vary from its current expectations. Whenever inventory is written down, a new cost basis is established and the inventory is not subsequently written up if market conditions improve.

The Company believes that, when made, the estimates used in calculating the inventory provision are reasonable and properly reflect the risk of excess and obsolete inventory. If customer demand for the Company's inventory is substantially less

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

than its estimates, inventory write-downs may be required, which could have a material adverse effect on its consolidated financial statements.

Property, Plant and Equipment

Property, plant and equipment are initially stated at cost and depreciated using the straight-line method. Test equipment, computer equipment, purchased software, furniture and fixtures, product tooling and vehicles are depreciated over lives ranging from thirteen months to six years. Leasehold improvements are depreciated over the shorter of the related remaining lease period or useful life. Buildings are depreciated over 50 years. Land is not depreciated. Amortization of equipment under capital leases is included in depreciation expense.

Expenditures for repairs and maintenance are expensed as incurred. Expenditures for major renewals and betterments that extend the useful lives of existing property, plant and equipment are capitalized and depreciated. Upon retirement or disposition of property, plant and equipment, any resulting gain or loss is recognized in other income (expense), net, in the consolidated statements of operations.

Rental Assets

The cost of rental assets, which represents fleet management and vehicle tracking hardware installed in customers' vehicles where such hardware is provided as part of a fixed term contract with the customer, is capitalized and disclosed separately in the consolidated balance sheets. The Company depreciates rental assets to costs of net revenues on a straight-line basis over the term of the contract, generally three to four years, commencing on installation of the rental asset.

Software Development Costs for External Use

Software development costs for external use are expensed as incurred until technological feasibility has been established, at which time those costs are capitalized as intangible assets until the software is implemented into products sold to customers. Capitalized software development costs are amortized on a straight-line basis over the estimated useful life. Costs incurred to enhance existing software or after the implementation of the software into a product are expensed in the period they are incurred and included in research and development expense in the consolidated statements of operations.

Software Development Costs for Internal Use

Costs incurred in the preliminary stages of development are expensed as incurred and included in research and development expense in the consolidated statements of operations. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing performed to ensure the product is ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements of internal-use software when it is probable that the expenditures will result in additional functionality. Maintenance and training costs are expensed as incurred. Capitalized internal-use software costs are recorded as part of intangible assets and are amortized on a straight-line basis over the estimated useful life of the software. The Company does not capitalize pilot projects and projects for which it believes that the future economic benefits are less than probable. The Company tests these assets for impairment whenever events or circumstances occur that could impact their recoverability.

Intangible Assets

Intangible assets include purchased finite-lived and indefinite-lived intangible assets resulting from the acquisitions of DigiCore Holdings Limited ("DigiCore" or "Ctrack") and R.E.R. Enterprises, Inc. ("RER") and its wholly owned subsidiary and principal operating asset, Feeney Wireless, LLC (which was renamed Inseego North America, LLC) ("INA"), along with the costs of non-exclusive and perpetual worldwide software technology licenses and capitalized software developments costs for both internal and external use. Finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets (see Note 3, *Goodwill and Other Intangible Assets*).

Indefinite-lived assets, including goodwill and in-process capitalized software development costs, are not amortized; however, they are tested for impairment annually, and between annual tests, if certain events occur indicating that the carrying amounts may be impaired. The Company tests goodwill for impairment by comparing the fair value of each reporting unit with its carrying amount and an impairment charge is recorded for the amount, if any, by which the carrying value exceeds the reporting unit's fair value. For the years ended December 31, 2019 and 2018 the Company recorded no impairment loss related to indefinite-lived intangible assets.

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-Lived Assets

The Company periodically evaluates the carrying value of the unamortized balances of its long-lived assets, including property, plant and equipment, rental assets and intangible assets, to determine whether impairment of these assets has occurred or whether a revision to the related amortization periods should be made. When the carrying value of an asset exceeds the associated undiscounted expected future cash flows, it is considered to be impaired and is written down to fair value. Fair value is determined based on an evaluation of the assets associated undiscounted future cash flows or appraised value. This evaluation is based on management's projections of the undiscounted future cash flows associated with each class of asset. If management's evaluation indicates that the carrying values of these assets are impaired, such impairment is recognized by a reduction of the applicable asset carrying value to its estimated fair value and the impairment is expensed as a part of continuing operations. For the year ended December 31, 2018, the Company recorded an impairment loss related to long-lived assets of approximately \$0.7 million, which is included in other income (expense), net, in the consolidated statements of operations. For the year ended December 31, 2019, the Company had no impairment loss related to long-lived assets.

Restructuring

The Company accounts for facility exit costs in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 420, *Exit or Disposal Cost Obligations*, which requires that a liability for such costs be recognized and measured initially at fair value on the cease-use date based on remaining lease rentals, adjusted for the effects of any prepaid or deferred items recognized, reduced by the estimated sublease rentals that could be reasonably obtained even if the Company does not intend to sublease the facilities.

The Company is required to estimate future sublease income and future net operating expenses of the facilities, among other expenses. The most significant of these estimates relate to the timing and extent of future sublease income which reduce lease obligations, and the probability that such sublease income will be realized. The Company bases its estimates of sublease income, in part, on information from third party real estate experts, current market conditions and rental rates, an assessment of the time period over which reasonable estimates could be made, and the location of the respective facility, among other factors. Further adjustments to the facility exit liability accrual will be required in future periods if actual exit costs or sublease income differ from current estimates. Exit costs recorded by the Company under these provisions are neither associated with, nor do they benefit, continuing activities.

Convertible Debt

The Company accounts for its convertible debt instruments that are settleable in cash upon conversion (including partial cash settlement) by separating the liability and equity components of the instruments in a manner that reflects the Company's nonconvertible debt borrowing rate. The Company determines the carrying amount of the liability component by measuring the fair value of similar debt instruments that do not have the conversion feature. If a similar debt instrument does not exist, the Company estimates the fair value by using assumptions that market participants would use in pricing a debt instrument, including market interest rates, credit standing, yield curves and volatilities. Determining the fair value of the debt component requires the use of accounting estimates and assumptions. These estimates and assumptions are judgmental in nature and could have a significant impact on the determination of the debt component and the associated non-cash interest expense.

Upon issuance, the Company assigns a value to the debt component equal to the estimated fair value of similar debt instruments without the conversion feature, which could result in the Company recording the debt instrument at a discount. If the debt instrument is recorded at a discount, the Company amortizes the debt discount over the life of the debt instrument as additional non-cash interest expense utilizing the effective interest method.

Revenue Recognition

The Company generates revenue from a broad range of product sales including intelligent wireless hardware products for the worldwide mobile communications and industrial IoT markets. The Company's products principally include intelligent mobile hotspots, wireless routers for IoT applications, USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and configure and manage their hardware.

The Company classifies its revenues from the sale of its products and services into two distinct groupings, specifically IoT & Mobile Solutions and Enterprise SaaS Solutions. Both IoT & Mobile Solutions and Enterprise SaaS Solutions revenues include any hardware and software required for the respective solution.

INSEEGO CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net revenues by product grouping for the years ended December 31, 2019 and 2018 were as follows (in thousands):

	Year Ended December 31,	
	2019	2018
IoT & Mobile Solutions	\$ 154,167	\$ 135,349
Enterprise SaaS Solutions	65,329	67,114
Total	\$ 219,496	\$ 202,463

See geographic disaggregation information in Note 12, *Geographic Information and Concentrations of Risk*.

IoT & Mobile Solutions. The IoT & Mobile Solutions portfolio is comprised of end-to-end edge to cloud solutions including 4G LTE mobile broadband gateways, routers, modems, hotspots, HD quality VoLTE based wireless home phones, cloud management software and an advanced 5G portfolio of products (currently in various stages of development). The solutions are offered under the MiFi and MiFi^{IQ} brands for consumer and business markets, and under the Skyus brand for industrial IoT markets.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions consist of various subscription offerings to gain access to the Company's Ctrack telematics platforms, which provide fleet vehicle, aviation ground vehicle and asset tracking and performance information, and other telematics applications, and the Company's Device Management System ("DMS"), a hosted software-as-a-service ("SaaS") platform that helps organizations manage the selection, deployment and spend of their customer's wireless assets, helping them save money on personnel and telecom expenses.

Contracts with Customers

The Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* (as amended, "ASC 606"), effective January 1, 2018, using the modified retrospective method applied to those contracts which were not substantially completed as of January 1, 2018. ASC 606 provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The standard requires that an entity recognize revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company routinely enters into a variety of agreements with customers, including quality agreements, pricing agreements and master supply agreements which outline the general commercial terms and conditions under which the Company does business with a specific customer, including shipping terms and pricing for the products and services that the Company offers. The Company also sells to some customers solely based on purchase orders. The Company has concluded, for the vast majority of its revenues, that its contracts with customers are either a purchase order or the combination of a purchase order with a master supply agreement.

The Company determines revenue recognition through the following five steps:

- 1) identification of the contract, or contracts, with a customer;
- 2) identification of the performance obligations in the contract;
- 3) determination of the transaction price;
- 4) allocation of the transaction price to the performance obligations in the contract; and
- 5) recognition of revenue when, or as, performance obligations are satisfied.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The Company's performance obligations are established when a customer submits a purchase order notification (in writing, electronically or verbally) for goods and services, and the Company accepts the order. The Company identifies performance obligations as the delivery of the requested product or service in appropriate quantities and to the location specified in the customer's contract and/or purchase order. The Company generally recognizes revenue upon the satisfaction of these criteria when control of the product or service has been transferred to the customer at which time it has an unconditional right to receive payment. The Company's prices are fixed and have no history of being affected by contingent events that could impact the transaction price. The Company does not offer price concessions and does not accept payment that is less than the price stated when it accepts the purchase order.

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Revenue Recognition

Revenue is recognized upon transfer of control of products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that may include various combinations of products and services which are generally capable of being distinct and accounted for as separate performance obligations.

Hardware. Hardware revenue from the sale of the Company's IoT & Mobile Solutions devices is recognized when the Company transfers control to the customer, typically at the time when the product is delivered, shipped or installed at which time the title passes to the customer, and there are no further performance obligations with regards to the hardware device.

SaaS and Other Services. SaaS subscription revenue is recognized over time on a ratable basis over the contract term beginning on the date that its service is made available to the customer. Subscription periods range from monthly to multi-year, with the majority of contracts being one to three years. Telematics includes a device which collects and transmits the information from the vehicle or other asset. The Company's customers have an option to purchase the monitoring device or lease it over the term of the contract. If the customer purchases the hardware device, the Company recognizes the revenue at a point in time as discussed above in the hardware revenue recognition disclosure. Prior to adoption of FASB ASC, *Leases* ("ASC 842"), on January 1, 2019, if the customer chose to lease the monitoring device, the Company accounted for the monitoring device lease as an operating lease, recognized the revenue for the monitoring device lease over the term of the contract and recorded such revenue in accordance with the previous lease accounting guidance in ASC 840, *Leases*. Under the new standard, because the Company's rental asset lease contracts qualify as operating leases under ASC 842 and the contracts also include services to operate the underlying asset, and to maintain the asset, the Company has elected the practical expedient to combine the lease and the non-lease components because the service is the predominant element in the eyes of the customer and the pattern of service delivery is the same for both elements. The Company recognizes revenue over time on a ratable basis over the term of the contract.

Maintenance and support services revenue. Periodically, the Company sells separately-priced warranty contracts that extend beyond the Company's base warranty period. The separately priced service contracts range from 12 months to 36 months. The Company typically receives payment at the inception of the contract and recognizes revenue as earned on a straight-line basis over the term of the contract.

Professional services revenue. From time to time, the Company enters into special engineering design service agreements. Revenues from engineering design services are designed to meet specifications of a particular product, and therefore do not create an asset with an alternative use. The Company recognizes revenue based on the achievement of certain applicable milestones and the amount of payment the Company believes it is entitled to at the time.

With respect to revenue related to third party product sales or other arrangements that involve the services of another party, for which the Company does not control the sale or service and acts as an agent to the transaction, the Company recognizes revenue on a net basis. The portion of the gross amount billed to customers that is remitted by the Company to another party is not reflected as revenue.

Multiple Performance Obligations

The Company's contracts with customers may include commitments to transfer multiple products and services to a customer. When hardware, software and services are sold in various combinations, judgment is required to determine whether each performance obligation is considered distinct and accounted for separately, or not distinct and accounted for together with other performance obligations. The Company considered the performance obligations in its customer master supply agreements and determined that, for the majority of its revenue, the Company generally satisfies performance obligations at a point in time upon delivery of the product to the customer.

In instances where the software elements included within hardware for various products are considered to be functioning together with non-software elements to provide the tangible product's essential functionality, these arrangements are accounted for as a single distinct performance obligation.

Judgment is required to determine the stand-alone selling price ("SSP") for each distinct performance obligation. When available, the Company uses observable inputs to determine SSP. In instances where SSP is not directly observable, such as when the Company does not sell the product or service separately, it determines the SSP based on a cost-plus model as market and other observable inputs are seldom present based on the proprietary nature of the Company's products.

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Contract Liabilities

Timing of revenue recognition may differ from the timing of invoicing to customers. If customers are invoiced for subscription services in advance of the service period, deferred revenue liabilities, or contract liabilities, are recorded. Deferred revenue liabilities, or contract liabilities, are also recorded when the Company collects payments in advance of performing the services.

Contract Assets

The Company capitalizes sales commissions earned by its sales force when they are considered to be incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over a period of benefit. There were no significant amounts of assets recorded related to contract costs as of December 31, 2019.

Applying the practical expedient in paragraph 40-25-4 of ASC 340, the Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs are included in selling, general and administrative expenses.

Significant Judgments in the Application of the Guidance in ASC 606

Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. The Company considered the performance obligations in its customer master supply agreements and determined that, for the majority of its revenue, the Company generally satisfies performance obligations at a point in time upon delivery of the product to the customer.

Revenues from the Company's SaaS subscription services represent a single promise to provide continuous access to its software solutions and their processing capabilities in the form of a service through one of the Company's data centers or a hosted data center. As each day of providing access to the software is substantially the same, and the customer simultaneously receives and consumes the benefits as access is provided, the Company has determined that its subscription services arrangements include a single performance obligation comprised of a series of distinct services. The Company's SaaS subscriptions also include an unspecified volume of call center support and any remote system diagnostic and software upgrades as needed. These services are combined with the recurring monthly subscription service since they are highly interrelated and interdependent. Revenue from the Company's subscription services is recognized over time on a ratable basis over the contract term beginning on the date that the service is made available to the customer.

Shipping and Handling Charges

Fees charged to customers for shipping and handling of products are included in product revenues, and costs for shipping and handling of products are included as a component of cost of sales.

Taxes Collected from Customers

Taxes collected on the value of transaction revenue are excluded from product and services revenues and cost of sales and are accrued in current liabilities until remitted to governmental authorities.

Foreign Currency Transactions

Foreign currency transactions are transactions denominated in a currency other than a subsidiary's functional currency. A change in the exchange rates between a subsidiary's functional currency and the currency in which a transaction is denominated increases or decreases the expected amount of functional currency cash flows upon settlement of the transaction. That increase or decrease in expected functional currency cash flows is reported by the Company as a foreign currency transaction gain (loss). The primary component of the Company's foreign currency transaction gain (loss) is due to agreements in place with certain subsidiaries in foreign countries regarding intercompany transactions. Based upon historical experience, the Company anticipates repayment of these transactions in the foreseeable future, and recognizes the realized and unrealized gains (losses) on these transactions that result from foreign currency changes in the period in which they occur as foreign currency transaction gain (loss), which is recorded as other income (expense), net, in the consolidated statements of operations.

Foreign Currency Translation

Assets and liabilities of the Company's international subsidiaries in which the local currency is the functional currency are translated into U.S. Dollars at period-end exchange rates. Income and expenses are translated into U.S. Dollars at the average

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exchange rates during the period. The resulting translation adjustments are included in the Company's consolidated balance sheets as a component of accumulated other comprehensive loss.

Income Taxes

The Company recognizes federal, state and foreign current tax liabilities or assets based on its estimate of taxes payable to or refundable by tax authorities in the current fiscal year. The Company also recognizes federal, state and foreign deferred tax liabilities or assets based on the Company's estimate of future tax effects attributable to temporary differences and carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. The Company evaluates deferred income taxes on a quarterly basis to determine if valuation allowances are required by considering available evidence. If the Company is unable to generate sufficient future taxable income in certain tax jurisdictions, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, the Company could be required to increase its valuation allowance against its deferred tax assets which could result in an increase in the Company's effective tax rate and an adverse impact on operating results. The Company will continue to evaluate the necessity of the valuation allowance based on the remaining deferred tax assets.

The Company follows the accounting guidance related to financial statement recognition, measurement and disclosure of uncertain tax positions. The Company recognizes the impact of an uncertain income tax position on an income tax return at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Uncertain tax positions are recognized in the first subsequent financial reporting period in which that threshold is met or from changes in circumstances such as the expiration of applicable statutes of limitations.

Litigation

The Company is, from time to time, party to various legal proceedings arising in the ordinary course of business. The Company records a loss when information indicates that a loss is both probable and estimable. Where a liability is probable and there is a range of estimated loss with no best estimate in the range, the Company records the minimum estimated liability related to the claim. As additional information becomes available, the Company assesses the potential liability related to the Company's pending litigation and revises its estimates, if necessary. The Company expenses litigation costs as incurred.

Share-Based Compensation

The Company has granted stock options and restricted stock units ("RSUs") to employees, non-employee consultants and non-employee members of our Board of Directors. The Company also has an employee stock purchase plan ("ESPP") for eligible employees. The Company measures the compensation cost associated with all share-based payments based on grant date fair values. The fair value of each stock option and stock purchase right is estimated on the date of grant using an option pricing model that meets certain requirements. The Company generally uses the Black-Scholes option pricing model to estimate the fair value of its stock options and stock purchase rights. The Black-Scholes model is considered an acceptable model but the fair values generated by it may not be indicative of the actual fair values of the Company's equity awards as it does not consider certain factors important to those awards to recipients, such as continued service and periodic vesting requirements, as well as limited transferability. The determination of the fair value of share-based payment awards utilizing the Black-Scholes model is affected by the Company's stock price and a number of assumptions, including expected volatility, expected term, risk-free interest rate and expected dividends.

For grants of stock options, the Company uses a blend of historical and implied volatility for traded options on its stock in order to estimate the expected volatility assumption required in the Black-Scholes model. The Company's use of a blended volatility estimate in computing the expected volatility assumption for stock options is based on its belief that while the implied volatility is representative of expected future volatility, the historical volatility over the expected term of the award is also an indicator of expected future volatility. Due to the short duration of stock purchase rights under the Company's ESPP, the Company utilizes historical volatility in order to estimate the expected volatility assumption of the Black-Scholes model.

The expected term of stock options granted is estimated using historical experience. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected terms of the Company's stock options and stock purchase rights. The dividend yield assumption is based on the Company's history and expectation of no dividend payouts. The Company

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estimates forfeitures at the time of grant and revises these estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company estimates its forfeiture rate assumption for all types of share-based compensation awards based on historical forfeiture rates related to each category of award.

Compensation cost associated with grants of restricted stock units are measured at fair value, which has historically been the closing price of the Company's common stock on the date of grant.

The Company recognizes share-based compensation expense over the requisite service period of each individual award, which generally equals the vesting period, using the straight-line method for awards that contain only service conditions. For awards that contain performance conditions, the Company recognizes the share-based compensation expense on a straight-line basis for each vesting tranche.

The Company evaluates the assumptions used to value stock awards on a quarterly basis. If factors change and the Company employs different assumptions, share-based compensation expense may differ significantly from what it has recorded in the past. If there are any modifications or cancellations of the underlying unvested securities, the Company may be required to accelerate, increase or cancel any remaining unearned share-based compensation expense.

Net Loss Per Share Attributable to Inseego Corp.

The Company computes basic and diluted per share data for all periods for which a statement of operations is presented. Basic net loss per share excludes dilution and is computed by dividing the net loss by the weighted-average number of shares that were outstanding during the period. Diluted earnings per share ("EPS") reflects the potential dilution that could occur if securities or other contracts to acquire common stock were exercised or converted into common stock. Potential dilutive securities are excluded from the diluted EPS computation in loss periods as their effect would be anti-dilutive.

Fair Value of Financial Instruments

The Company's fair value measurements relate to its cash equivalents and money market funds, which are classified pursuant to authoritative guidance for fair value measurements. The Company places its cash equivalents in instruments that meet credit quality standards, as specified in its investment policy guidelines. These guidelines also limit the amount of credit exposure to any one issue, issuer or type of instrument.

The Company's financial instruments consist principally of long-term debt. From time to time, the Company may utilize foreign exchange forward contracts. These contracts are valued using pricing models that take into account the currency rates as of the balance sheet date.

Comprehensive Loss

Comprehensive loss consists of net earnings and foreign currency translation adjustments.

Prior Period Reclassifications

Certain amounts in prior periods have been reclassified to conform with current period presentation.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB, which are adopted by the Company as of the specified date.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is intended to simplify the accounting for income taxes. The amendment eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The amendment also clarifies existing guidance related to the recognition of franchise tax, the evaluation of a step up in the tax basis of goodwill, and the effects of enacted changes in tax laws or rates in the effective tax rate computation, among other clarifications. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company early adopted the pronouncement effective for the fourth quarter 2019, the impact of which was not material to the 2019 consolidated financial statements.

In June 2016, the FASB issued Accounting Standard Update ("ASU") 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires measurement and recognition of expected credit losses for financial assets held. This guidance is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the impact of this guidance.

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In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either financing or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less are accounted for similar to previous guidance for operating leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to previous guidance for sales-type leases, direct financing leases and operating leases. The Company adopted the standard on January 1, 2019, the date it became effective for public companies, using the modified retrospective approach whereby the cumulative effect of adoption was recognized on the adoption date and prior periods were not restated. There was no net cumulative effect adjustment to retained earnings as of January 1, 2019 as a result of this adoption. Upon adoption, the Company elected the package of practical expedients permitted within the standard, which among other things, allows for the carryforward of historical lease classification. The Company also elected the practical expedient provided in a subsequent amendment to the standard that removed the requirement to separate lease and non-lease components, provided certain conditions were met. Refer to Note 10, *Leases*, for the impact of the adoption of this guidance on the Company's condensed consolidated financial statements.

2. Financial Statement Details

Inventories

Inventories consist of the following (in thousands):

	December 31,	
	2019	2018
Finished goods	\$ 21,229	\$ 14,797
Raw materials and components	4,061	11,634
	<u>\$ 25,290</u>	<u>\$ 26,431</u>

Property, Plant and Equipment

Property, plant and equipment consists of the following (in thousands):

	December 31,	
	2019	2018
Land	\$ 253	\$ 247
Buildings	2,303	2,247
Test equipment	10,952	14,444
Computer equipment and purchased software	6,911	4,889
Product tooling	2,139	504
Furniture and fixtures	1,535	677
Vehicles	2,535	1,990
Leasehold improvements	145	136
	<u>26,773</u>	<u>25,134</u>
Less—accumulated depreciation and amortization	(16,017)	(18,436)
	<u>\$ 10,756</u>	<u>\$ 6,698</u>

At December 31, 2019, the Company had vehicles and equipment under capital leases with an aggregate carrying value of \$2.1 million, net of accumulated amortization of \$2.6 million. At December 31, 2018, the Company had vehicles and equipment under capital leases with an aggregate carrying value of \$1.9 million, net of accumulated amortization of \$2.0 million.

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Rental Assets

Rental assets consist of the following (in thousands):

	December 31,	
	2019	2018
Rental assets	\$ 18,176	\$ 16,648
Less—accumulated depreciation	(12,791)	(10,879)
	<u>\$ 5,385</u>	<u>\$ 5,769</u>

Depreciation and amortization expense related to property, plant and equipment, including equipment under capital leases, and rental assets was \$8.8 million and \$7.0 million for the years ended December 31, 2019 and 2018, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	December 31,	
	2019	2018
Royalties	\$ 1,415	\$ 1,727
Payroll and related expenses	2,716	2,415
Professional fees	483	514
Accrued interest	1,543	239
Deferred revenue	2,235	2,048
Operating lease liabilities	1,101	—
Acquisition-related liabilities	1,000	1,000
Other	7,368	5,081
	<u>\$ 17,861</u>	<u>\$ 13,024</u>

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows (in thousands):

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 12,074	\$ 31,015
Restricted cash	—	61
Total cash, cash equivalents and restricted cash	<u>\$ 12,074</u>	<u>\$ 31,076</u>

3. Goodwill and Other Intangible Assets

A summary of the activity in goodwill is presented below (in thousands):

Balance at December 31, 2017	\$ 37,681
Effect of change in foreign currency exchange rates	(4,739)
Balance at December 31, 2018	32,942
Effect of change in foreign currency exchange rates	717
Balance at December 31, 2019	<u>\$ 33,659</u>

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The Company's intangible assets are comprised of the following (in thousands):

	December 31, 2019			
	Weighted-Average Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:				
Developed technologies	6.0	\$ 13,076	\$ (9,198)	\$ 3,878
Trademarks and trade names	10.0	18,352	(8,040)	10,312
Customer relationships	8.4	12,460	(7,413)	5,047
Capitalized software development costs	3.6	19,375	(6,570)	12,805
Other	2.4	2,986	(1,790)	1,196
Total finite-lived intangible assets		\$ 66,249	\$ (33,011)	33,238
Indefinite-lived intangible assets:				
In-process capitalized software development costs				11,154
Total intangible assets				\$ 44,392

	December 31, 2018			
	Weighted-Average Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets:				
Developed technologies	6.0	\$ 12,846	\$ (7,034)	\$ 5,812
Trademarks and trade names	10.0	18,034	(6,103)	11,931
Customer relationships	8.4	12,368	(5,711)	6,657
Capitalized software development costs	5.0	7,221	(2,406)	4,815
Other	2.3	2,475	(847)	1,628
Total finite-lived intangible assets		\$ 52,944	\$ (22,101)	30,843
Indefinite-lived intangible assets:				
In-process capitalized software development costs				1,142
Total intangible assets				\$ 31,985

Amortization expense for the years ended December 31, 2019 and 2018 was approximately \$9.7 million and \$6.7 million, respectively, including approximately \$4.1 million and \$1.4 million related to capitalized software development costs for the years ended December 31, 2019 and 2018, respectively.

The Company recorded no impairment losses on intangible assets during the years ended December 31, 2019 and December 31, 2018.

The following table represents details of the amortization of finite-lived intangible assets that is estimated to be expensed in the future (in thousands): (In process)

2020	12,477
2021	7,119
2022	4,419
2023	4,309
2024	3,557
Thereafter	1,357
Total	\$ 33,238

4. Fair Value Measurement of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). A fair value measurement reflects the assumptions

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market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model.

The Company classifies inputs to measure fair value using a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The categorization of financial instruments within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) and is defined as follows:

Level 1: Pricing inputs are based on quoted market prices for identical assets or liabilities in active markets (e.g., NYSE or NASDAQ). Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Pricing inputs include benchmark yields, trade data, reported trades and broker dealer quotes, two-sided markets and industry and economic events, yield to maturity, Municipal Securities Rule Making Board reported trades and vendor trading platform data. Level 2 includes those financial instruments that are valued using various pricing services and broker pricing information including Electronic Communication Networks and broker feeds.

Level 3: Pricing inputs include significant inputs that are generally less observable from objective sources, including the Company's own assumptions.

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. There have been no transfers of assets or liabilities between fair value measurement classifications during the year ended December 31, 2019.

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis in accordance with the authoritative guidance for fair value measurements as of December 31, 2019 (in thousands):

	Balance as of December 31, 2019	Level 1
Assets:		
Cash equivalents		
Money market funds	\$ 126	\$ 126
Total cash equivalents	\$ 126	\$ 126

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis in accordance with the authoritative guidance for fair value measurements as of December 31, 2018 (in thousands):

	Balance as of December 31, 2018	Level 1
Assets:		
Cash equivalents		
Money market funds	\$ 10,085	\$ 10,085
Total cash equivalents	\$ 10,085	\$ 10,085

As of December 31, 2019 and 2018, the Company had no outstanding foreign currency exchange forward contracts.

During the years ended December 31, 2019 and 2018, the Company recorded net foreign currency transaction losses of approximately \$0.3 million and \$0.4 million, respectively, primarily related to outstanding intercompany loans that Ctrack has with certain of its subsidiaries, which are remeasured at each reporting period and payable upon demand.

All recorded gains and losses on foreign currency transactions are recorded in other income (expense), net, in the consolidated statements of operations.

Other Financial Instruments

The Company's financial assets and liabilities are carried at fair value or at amounts that, because of their short-term nature, approximate current fair value, with the exception of its \$105.1 million in Convertible Notes (as defined below) (see Note 5, *Debt*). The Company carries its Convertible Notes at amortized cost. The debt and equity components of the Convertible Notes were initially measured using Level 3 inputs and are not measured on a recurring basis. It is not practicable

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to determine the fair value of the Convertible Notes due to the lack of information available to calculate the fair value of such notes. The carrying value of the liability component of the Convertible Notes was \$101.3 million and \$93.1 million as of December 31, 2019 and 2018, respectively.

5. Debt

Short-Term Borrowings

DigiCore Secured Banking Facility

DigiCore has a secured banking facility with Absa Bank Limited in South Africa (“Absa”), which had a maximum borrowing capacity of \$1.0 million at December 31, 2019. The facility bears interest at the South Africa prime interest rate less 0.10% (9.90% at December 31, 2019) and is subject to renewal annually. At December 31, 2019 and 2018, \$0.2 million and \$1.0 million, respectively, was outstanding under this facility.

DigiCore Secured Overdraft Facility

DigiCore has a secured overdraft facility with Grindrod Bank Limited in South Africa, which had a maximum borrowing capacity of \$0.3 million at December 31, 2019. The facility bears interest at the South Africa prime interest rate plus 1.00% (11.00% at December 31, 2019), requires monthly interest and, in certain instances, minimum principal payments. The facility is subject to renewal annually. At December 31, 2019 and 2018, \$21.0 thousand and \$0.4 million, respectively, was outstanding under this facility.

Long-Term Debt

Term Loan

On August 23, 2017, the Company and certain of its direct and indirect subsidiaries (the “Guarantors”) entered into a credit agreement (the “Credit Agreement”) with Cantor Fitzgerald Securities, as administrative agent and collateral agent, and certain lenders (the “Lenders”). Pursuant to the Credit Agreement, the Lenders provided the Company with a term loan in the principal amount of \$48.0 million (the “Term Loan”) with a maturity date of August 23, 2020 (the “Maturity Date”). In conjunction with the closing of the Term Loan, the Company received proceeds of \$46.9 million, \$35.0 million of which was funded to the Company in cash on the closing date, net of an original issue discount and commitment fee, and the remaining \$11.9 million of which was funded through the Company’s repurchase and cancellation of approximately \$14.9 million of its outstanding Inseego Notes (as defined below) pursuant to the terms of the Note Purchase Agreement (as defined below). The Company paid issuance costs of approximately \$0.5 million. Additionally, the Company issued shares of its common stock and accrued an exit fee, which, when combined with the original debt discount and commitment fee, resulted in a total debt discount of approximately \$4.0 million.

The Term Loan is secured by a first priority lien on substantially all of the assets of the Company and the Guarantors, including equity interests in certain of the Company’s direct and indirect subsidiaries, in each case subject to certain customary exceptions and permitted liens. The Credit Agreement includes customary representations and warranties, a material adverse change clause, as well as customary reporting and financial covenants, including a restriction on the level of capital expenditures. The Company obtained waivers of the capital expenditure restriction from the lenders during the year ended December 31, 2019. As a result of the waivers, as of December 31, 2019, the Company was in compliance with all financial covenants under the Credit Agreement. On March 9, 2020, the Company entered into an amendment to the Credit Agreement, which among other things, amended certain financial covenants set forth therein and permits the use of the Company’s Series E Preferred Stock to make certain payments, including interest payments, due thereunder.

The Term Loan bears interest at a rate per annum equal to the three-month LIBOR, but in no event less than 1.00%, plus 7.625% (9.535% at December 31, 2019). Interest on the Term Loan is payable on the last business day of each calendar month and on the Maturity Date. Principal on the Term Loan is payable on the Maturity Date. At December 31, 2019, interest due to related parties, totaling \$1.3 million, was deferred and is included in accrued expenses and other current liabilities on the condensed consolidated balance sheet. This amount will convert to Series E Preferred Stock based on the amendment noted above. Principal on the Term Loan is payable on the Maturity Date.

As required by the terms of the Credit Agreement, during the year ended December 31, 2018, the Company repaid \$0.5 million of principal on the Term Loan in connection with the Settlement Agreement, as defined below (see Note 10, *Commitments and Contingencies*).

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Related parties currently hold 100% of the principal amount. On March 10, 2020, the Company entered into a letter agreement (the “Letter Agreement”) with South Ocean Funding, LLC (“South Ocean”), the Lender, holder of the aggregate principal amount currently outstanding under the Credit Agreement, which provides: (i) that the Company and South Ocean will work together, in good faith, to reach an agreement to amend or refinance the Credit Agreement in order to extend the maturity of the Credit Agreement until a date after March 15, 2021; and (ii) should an agreement not be reached to amend or refinance the Credit Agreement prior to August 23, 2020, upon request of the Company, the maturity date of the Credit Agreement will be extended to no earlier than March 15, 2021.

The Term Loan consisted of the following (in thousands):

	December 31,	
	2019	2018
Principal	\$ 47,500	\$ 47,500
Less: unamortized debt discount and debt issuance costs	(962)	(2,454)
Net carrying amount	<u>\$ 46,538</u>	<u>\$ 45,046</u>

The effective interest rate on the Term Loan was 13.50% for the year ended December 31, 2019. The following table sets forth total interest expense recognized related to the Term Loan during the years ended December 31, 2019 and 2018 (in thousands):

	Year Ended December 31,	
	2019	2018
Contractual interest expense	\$ 4,789	\$ 4,684
Amortization of debt discount	1,331	1,331
Amortization of debt issuance costs	161	160
Total interest expense	<u>\$ 6,281</u>	<u>\$ 6,175</u>

Convertible Senior Notes

Novatel Wireless Notes

On June 10, 2015, Novatel Wireless issued \$120.0 million of 5.50% convertible senior notes due 2020 (the “Novatel Wireless Notes”). The Company incurred issuance costs of approximately \$3.9 million. The Company used a portion of the proceeds from the offering to finance its acquisition of Ctrack, to pay fees and expenses related to the acquisition and for general corporate purposes.

The Novatel Wireless Notes are governed by the terms of an indenture, dated June 10, 2015, between Novatel Wireless, as issuer, Inseego and Wilmington Trust, National Association, as trustee, as amended by certain supplemental indentures. The Novatel Wireless Notes are senior unsecured obligations of Novatel Wireless and bear interest at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2015. The Novatel Wireless Notes will mature on June 15, 2020, unless earlier repurchased or converted. The Novatel Wireless Notes will be convertible into cash, shares of the Company’s common stock, or a combination thereof, at the election of the Company, at an initial conversion price of \$5.00 per share of the Company’s common stock.

Following the settlement of the exchange offer and consent solicitation described below, approximately \$0.2 million aggregate principal amount of Novatel Wireless Notes remain outstanding. In connection with the exchange offer and consent solicitation, the Novatel Wireless Notes and its related indenture were amended to, among other things, eliminate certain events of default and substantially all of the restrictive covenants in the Novatel Wireless Notes and its related indenture, including the merger covenant, which sets forth certain requirements that must be met for Novatel Wireless to consolidate, merge or sell all or substantially all of its assets, and the reporting covenant, which requires Novatel Wireless to provide certain periodic reports to noteholders. The Novatel Wireless Notes’ related indenture, as amended, also provides that the form of settlement of any conversions of the Novatel Wireless Notes will be elected by the Company.

Inseego Notes

On January 9, 2017, in connection with the settlement of an exchange offer and consent solicitation with respect to the Novatel Wireless Notes, the Company issued approximately \$119.8 million of 5.50% convertible senior notes due 2022 (the “Inseego Notes” and collectively with Novatel Wireless Notes, the “Convertible Notes”). The Inseego Notes were issued in

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exchange for approximately \$119.8 million aggregate principal amount of outstanding Novatel Wireless Notes that were validly tendered and accepted for exchange and subsequently canceled.

The Inseego Notes are governed by the terms of an indenture, dated January 9, 2017 (the “Inseego Indenture”), between the Company, as issuer, and Wilmington Trust, National Association, as trustee (the “Trustee”). The Inseego Notes are senior unsecured obligations of the Company and bear interest from, and including, December 15, 2016, at a rate of 5.50% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2017. The Inseego Notes will mature on June 15, 2022, unless earlier converted, redeemed or repurchased.

The Inseego Notes will be convertible into cash, shares of the Company’s common stock, or a combination thereof, at the election of the Company, at an initial conversion rate of 212.7660 shares of common stock per \$1,000 principal amount of the Inseego Notes, which corresponds to an initial conversion price of \$4.70 per share of the Company’s common stock. The conversion rate is subject to adjustment from time to time upon the occurrence of certain events, including, but not limited to, the issuance of stock dividends and payment of cash dividends. Because the sale price condition included in the Inseego Indenture was satisfied during December 2019, the Inseego Notes are currently convertible and will remain convertible until March 31, 2020, at which time the convertibility will be reevaluated.

At any time prior to the close of business on the business day immediately preceding December 15, 2021, holders may convert their Inseego Notes at their option only under the following circumstances:

- (i) during any calendar quarter (and only during such calendar quarter), if the last reported sale price of the Company’s common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter equals or exceeds 130% of the conversion price on such trading day;
- (ii) during the five consecutive business day period immediately after any five consecutive trading day period (the “Measurement Period”) in which the trading price per \$1,000 principal amount of the Inseego Notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price per share of the Company’s common stock and the conversion rate on each such trading day;
- (iii) upon the occurrence of certain corporate events specified in the Inseego Indenture; or
- (iv) if the Company has called the Inseego Notes for redemption.

On or after December 15, 2021, the holders may convert any of their Inseego Notes at any time prior to the close of business on the business day immediately preceding the maturity date.

The Company may redeem all or a portion of the Inseego Notes at its option if the last reported sale price per share of the Company’s common stock equals or exceeds 140% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately prior to the date on which the Company provides written notice of redemption, at a redemption price equal to 100% of the principal amount of the Inseego Notes to be redeemed, plus any accrued and unpaid interest on such Inseego Notes, subject to the right of holders as of the close of business on an interest record date to receive the related interest. In addition, if the Company calls the Inseego Notes for redemption, a “make-whole fundamental change” (as defined in the Inseego Indenture) will be deemed to occur. As a result, the Company will, in certain circumstances, increase the conversion rate for holders who convert their Inseego Notes in connection with such redemption.

The Inseego Notes are subject to repurchase by the Company at the Optional Repurchase Date at a repurchase price in cash equal to 100% of the principal amount of the Inseego Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the Optional Repurchase Date, subject to the right of holders of the Inseego Notes on a record date to receive interest through the corresponding interest payment date. On March 6, 2020, the holders of substantially all of the outstanding indebtedness under the notes agreed to waive their optional right to require the Company to repurchase the notes on June 15, 2020.

No “sinking fund” is provided for the Inseego Notes, which means that the Company is not required to periodically redeem or retire the Inseego Notes. If the Company undergoes a “fundamental change” (as defined in the Inseego Indenture), subject to certain conditions, holders may require the Company to repurchase for cash all or part of their Inseego Notes in principal amounts of \$1,000, or an integral multiple of \$1,000 in excess thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the Inseego Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date, subject to the right of holders as of the close of business on an interest

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record date to receive the related interest. In addition, every fundamental change is a make-whole fundamental change. As a result, the Company will, in certain circumstances, increase the conversion rate for holders who convert their Inseego Notes in connection with such fundamental change.

The Inseego Indenture contains certain covenants, effective until June 15, 2020, that limit the amount of debt, including secured debt, that may be incurred by the Company or its subsidiaries, and that limit the ability of the Company to pay dividends, repurchase its equity securities or make other restricted payments. The Company was in compliance with such covenants at December 31, 2019.

The Inseego Indenture also provides for customary events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee, by notice to the Company, or the holders of at least 25% in principal amount of the outstanding Inseego Notes, by notice to the Company and the Trustee, may declare the principal and accrued and unpaid interest on the outstanding Inseego Notes to be immediately due and payable. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal and accrued and unpaid interest of the Inseego Notes will automatically become immediately due and payable. Notwithstanding the foregoing, the Inseego Indenture provides that, to the extent the Company elects and for up to 60 days, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants consists exclusively of the right to receive special interest on the Inseego Notes at a rate equal to 0.50% per annum on the principal amount of the outstanding Inseego Notes.

Because the exchange of the Novatel Wireless Notes for the Inseego Notes described above was treated as a debt modification in accordance with applicable FASB guidance (it was between a parent and a subsidiary company and for substantially identical notes), the Company did not recognize a gain or loss with respect to the issuance of the Inseego Notes. In accordance with authoritative guidance, the Company recognized \$3.6 million as an additional component of debt discount and additional paid-in capital attributed to the increase in the fair value of the embedded conversion feature of the Inseego Notes before and after modification. The Company will amortize the debt discount on the Inseego Notes as a component of interest expense using the effective interest method through June 2020.

At December 31, 2019, approximately \$44.8 million of the Inseego Notes were held by related parties.

The Convertible Notes consisted of the following (in thousands):

	December 31,	
	2019	2018
Liability component:		
Principal	\$ 105,125	\$ 105,125
Less: unamortized debt discount and debt issuance costs	(3,791)	(12,071)
Net carrying amount	\$ 101,334	\$ 93,054
Equity component	\$ 41,905	\$ 41,905

In connection with the issuance of the Convertible Notes, the Company incurred approximately \$3.9 million of issuance costs, which primarily consisted of underwriting, legal and other professional fees, and allocated the costs to the liability and equity components based on the allocation of the proceeds. Of the approximately \$3.9 million of issuance costs, approximately \$1.3 million were allocated to the equity component and recorded as a reduction to additional paid-in capital and \$2.6 million were allocated to the liability component and recorded as a decrease to the carrying amount of the liability component on the consolidated balance sheet. The portion allocated to the liability component is being amortized to interest expense using the effective interest method through June 2020.

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The effective interest rate on the liability component of the Convertible Notes was 13.88% for the year ended December 31, 2019. The following table sets forth total interest expense recognized related to the Convertible Notes during the years ended December 31, 2019 and 2018 (in thousands):

	Year Ended December 31,	
	2019	2018
Contractual interest expense	\$ 5,782	\$ 5,782
Amortization of debt discount	7,821	7,822
Amortization of debt issuance costs	459	459
Total interest expense	<u>\$ 14,062</u>	<u>\$ 14,063</u>

At December 31, 2019, the minimum calendar year principal payments and maturities of long-term debt were as follows, assuming no repurchases or conversions of the Novatel Wireless Notes prior to June 15, 2020, the maturity date, or the Inseego Notes prior to June 15, 2022, the maturity date (in thousands):

2020	\$ 47,750
2021	—
2022	104,875
2023	—
2024	—
Thereafter	—
Total	<u>\$ 152,625</u>

Exchange Shares

In the first quarter of 2020, the Company entered into privately-negotiated exchange agreements with certain investors holding the Inseego Notes. Pursuant to the exchange agreements, the investors exchanged \$59.9 million in aggregate principal amount of outstanding Inseego Notes for 13,688,876 shares of the Company's common stock, par value \$0.001 per share. The investors agreed to waive any accrued but unpaid interest on the exchanged Inseego Notes.

In connection with the above Exchange Shares, the Company issued 942,702 additional shares of the Company's common stock. The Company will account for the debt conversion as an induced conversion under ASC 470 - "Debt", and as such, expects to record a loss on induced conversion of approximately \$7.9 million as other expense during the first quarter of 2020.

6. Income Taxes

The Company's loss before income taxes for the years ended December 31, 2019 and 2018 is comprised of the following (in thousands):

	Year Ended December 31,	
	2019	2018
Domestic	\$ (39,187)	\$ (7,335)
Foreign	(387)	7
Loss before income taxes	<u>\$ (39,574)</u>	<u>\$ (7,328)</u>

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The provision for income taxes for the years ended December 31, 2019 and 2018 is comprised of the following (in thousands):

	Year Ended December 31,	
	2019	2018
Current:		
Federal	\$ (49)	\$ —
State	35	35
Foreign	1,148	766
Total current	<u>1,134</u>	<u>801</u>
Deferred:		
Federal	12	12
State	—	—
Foreign	(610)	2
Total deferred	<u>(598)</u>	<u>14</u>
Provision for income taxes	<u>\$ 536</u>	<u>\$ 815</u>

The Company's net deferred tax liabilities consist of the following (in thousands):

	December 31,	
	2019	2018
Deferred tax assets:		
Provision for excess and obsolete inventory	\$ 2,003	\$ 2,710
Depreciation and amortization	—	1,426
Interest expense limitation	5,562	2,769
Net operating loss and tax credit carryforwards	95,258	86,385
Share-based compensation	1,226	1,218
Right-of-use-asset	650	—
Unrecognized tax benefits	1,288	1,163
Deferred tax assets	<u>105,987</u>	<u>95,671</u>
Deferred tax liabilities:		
Operating lease liability	(650)	—
Purchased intangible assets	(3,623)	(4,485)
Depreciation and amortization	(1,742)	—
Accrued expenses	(219)	(1,799)
Deferred tax liabilities	<u>(6,234)</u>	<u>(6,284)</u>
Valuation allowance	(103,702)	(93,844)
Net deferred tax liabilities	<u>\$ (3,949)</u>	<u>\$ (4,457)</u>

The Company recognizes federal, state and foreign current tax liabilities or assets based on its estimate of taxes payable to or refundable by tax authorities in the current fiscal year. The Company also recognizes federal, state and foreign deferred tax liabilities or assets based on the Company's estimate of future tax effects attributable to temporary differences and carryforwards. The Company records a valuation allowance to reduce any deferred tax assets by the amount of any tax benefits that, based on available evidence and judgment, are not expected to be realized.

The Company assesses whether a valuation allowance should be recorded against its deferred tax assets based on the consideration of all available evidence, using a "more likely than not" realization standard. The four sources of taxable income that must be considered in determining whether deferred tax assets will be realized are: (1) future reversals of existing taxable temporary differences (i.e., offset of gross deferred tax assets against gross deferred tax liabilities); (2) taxable income in prior carryback years, if carryback is permitted under the applicable tax law; (3) tax planning strategies; and (4) future taxable income exclusive of reversing temporary differences and carryforwards.

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At December 31, 2019 and 2018, the Company recognized valuation allowances of \$9.2 million and \$2.9 million, respectively, related to its deferred tax assets created in those respective years. As a result, no net income tax benefits resulted in the Company's statements of operations from the operating losses created during those years.

The provision for income taxes reconciles to the amount computed by applying the statutory federal income tax rate of 21% in 2019 and 2018 to loss before income taxes as follows (in thousands):

	Year Ended December 31,	
	2019	2018
Federal tax benefit, at statutory rate	\$ (8,311)	\$ (1,555)
State benefit, net of federal benefit	27	27
Foreign tax rate difference	476	24
Valuation allowance against future tax benefits	9,168	2,878
Research and development credits	(1,456)	(471)
Share-based compensation	341	121
Other	291	(209)
Provision for income taxes	<u>\$ 536</u>	<u>\$ 815</u>

At December 31, 2019, the Company had U.S. federal net operating loss carryforwards ("NOLs") related to tax years 2019 and prior of approximately \$389.1 million. Approximately \$41.3 million of these NOLs have no expiration date. The remainder begin to expire in 2021, unless previously utilized. Some of these NOLs may be limited by either past or future changes in control events. The Company has California net operating loss carryforwards at December 31, 2019 of approximately \$44.0 million, which begin to expire in 2028, unless previously utilized, and foreign net operating losses for its active foreign subsidiaries of approximately \$50.2 million, which generally have no expiration date. At December 31, 2019, the Company had federal research and development tax credit carryforwards of approximately \$10.2 million, which begin to expire in 2026, unless previously utilized, and California research and development tax credit carryforwards of approximately \$12.1 million, which have no expiration date.

Pursuant to Internal Revenue Code ("IRC") Sections 382 and 383, annual use of the Company's net operating loss and research and development credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a rolling three-year period. An analysis was performed for the period through December 31, 2019 and did not identify any events of cumulative change in ownership during the review period. The Company will continue monitoring any future changes in stock ownership.

The Company entered into a Rights Agreement on January 22, 2018 (the "Rights Agreement"), subsequent to the balance sheet date, with Computershare Trust Company, N.A., a federally chartered trust company, as rights agent. The Rights Agreement is intended to discourage acquisitions of the Company's common stock which could result in a cumulative change in ownership of more than 50% within a rolling three-year period, thereby preserving the Company's current ability to utilize net operating loss carryforwards to offset future income tax obligations; however, there is no assurance that the Rights Agreement will prevent a cumulative change in ownership.

It is the Company's intention to reinvest undistributed earnings of its foreign subsidiaries and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for foreign withholding taxes on U.S. income taxes which may become payable if undistributed earnings of the foreign subsidiary were paid as dividends to the Company.

The Company follows the accounting guidance related to financial statement recognition, measurement and disclosure of uncertain tax positions. The Company recognizes the impact of an uncertain income tax position on an income tax return at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. No income tax benefit was recognized during the years ended December 31, 2019 and 2018. At December 31, 2019 and 2018, the Company did not have interest expense related to uncertain tax positions or a liability for unrecognized tax benefits. The Company does not expect changes to its uncertain tax position in the next twelve months.

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A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows (in thousands):

Balance at December 31, 2017	\$	36,582
Increases related to current and prior year tax positions		324
Balance at December 31, 2018		36,906
Increases related to current and prior year tax positions		929
Balance at December 31, 2019	\$	37,835

There are no tax benefits that, if recognized, would affect the effective tax rate that are included in the balances of unrecognized tax benefits at December 31, 2019.

The Company and its subsidiaries file U.S., state and foreign income tax returns in jurisdictions with various statutes of limitations. The Company's tax returns are subject to examination by federal, state and foreign taxing authorities. The Company's federal and state tax returns are subject to examination for the years beginning in 2015 and 2014, respectively. Net operating loss carryforwards arising prior to these years are also open to examination, if and when utilized. The Company believes appropriate provisions for all outstanding issues have been made for all jurisdictions and all open years. However, because audit outcomes and the timing of audit settlements are subject to significant uncertainty, the Company's current estimate of the total amounts of unrecognized tax benefits could increase or decrease for all open years.

7. Stockholders' Equity

On August 6, 2018, the Company completed a private placement of 12,062,000 shares of its common stock and warrants (the "2018 Warrants") to purchase an additional 4,221,700 shares of its common stock, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, to certain accredited investors for gross proceeds of \$19.7 million in cash. Each warrant has an initial exercise price of \$2.52 per share, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, and will expire on August 6, 2023. The warrants may be exercisable on a cashless exercise basis if, and only if, the shares of common stock underlying such warrants cannot be immediately resold pursuant to an effective registration statement or Rule 144 of the Securities Act of 1933, as amended, without volume or manner of sale restrictions. In connection with the private placement, the Company incurred issuance costs of approximately \$0.5 million.

On March 28, 2019, the 2018 Warrants were exercised at an exercise price of \$2.52 per share, for aggregate cash proceeds to the Company of approximately \$10.6 million. In connection with the exercise of the 2018 Warrants, on March 28, 2019, the Company issued additional warrants to purchase 2,500,000 shares of common stock (the "2019 Warrants") to the accredited investors. Each 2019 Warrant has an initial exercise price of \$7.00 per share, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, will be exercisable at any time on or after September 28, 2019, and will expire on June 30, 2022. The 2019 Warrants may be exercisable on a cashless exercise basis if, and only if, the shares of common stock underlying such warrants cannot be immediately resold pursuant to an effective registration statement or Rule 144 of the Securities Act of 1933, as amended, without volume or manner of sale restrictions.

During the fourth quarter of 2019, the Company received \$6.9 million in net cash proceeds from the exercise of 1,255,129 of the Company's common stock purchase warrants issued in 2015.

The Company assessed the terms of the warrants under ASC 815, *Derivatives and Hedges*. Pursuant to this guidance, the Company has determined that the warrants do not require liability accounting and has classified the warrants as equity.

Preferred Stock

The Company has a total of 2,000,000 shares of preferred stock authorized for issuance at a par value of \$0.001 per share, 150,000 of which have been designated Series D Preferred Stock and 39,500 of which have been designated Series E Preferred Stock.

On August 9, 2019, the Company completed a private placement of 10,000 shares of Series E Preferred Stock for an aggregate purchase price of \$10.0 million in accordance with the terms and provisions of a Securities Purchase Agreement, dated August 9, 2019, by and among the Company and certain accredited investors. Each share of Series E Preferred Stock entitles the holder thereof to receive, when, as and if declared by the Company out of assets legally available therefor, cumulative cash dividends at an annual rate of 9.00% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on October 1, 2019. If dividends are not declared and paid in any quarter, or if such dividends are declared but holders of the Series E Preferred Stock elect not to receive them in cash, the quarterly dividend will be deemed to

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accrue and will be added to the Series E Base Amount. The Series E Preferred Stock has no voting rights unless otherwise required by law. The Series E Preferred Stock is perpetual and has no maturity date. However, the Company may, at its option, redeem shares of the Series E Preferred Stock, in whole or in part, on or after July 1, 2022, at a price equal to 110% of the Series E Base Amount plus (without duplication) any accrued and unpaid dividends. The “Series E Base Amount” means \$1,000 per share, plus any accrued but unpaid dividends, whether or not declared by the Company’s board of directors, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. In the event of a liquidation, dissolution or winding up of the Company, the holders of the Series E Preferred Stock will be entitled to receive, after satisfaction of liabilities to creditors and subject to the rights of holders of any senior securities, but before any distribution of assets is made to holders of common stock or any other junior securities, the Series E Base Amount plus (without duplication) any accrued and unpaid dividends.

There were no dividends declared and \$0.4 million of dividends were accrued as of December 31, 2019.

On March 6, 2020, the Company entered into a Securities Purchase Agreement with an accredited investor pursuant to which, among other things, the Company issued and sold to the investor, in a private placement transaction, an aggregate of 25,000 shares of the Company’s Series E Preferred Stock, for a purchase price of \$1,000 per share of Series E Preferred Stock, resulting in gross proceeds to the Company of \$25.0 million.

Rights Agreement

On January 22, 2018, the Company entered into the Rights Agreement and issued a dividend of one preferred share purchase right (a “Right”) to each of the stockholders of record of each share of common stock outstanding on February 2, 2018. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series D Preferred Stock, par value \$0.001 per share (the “Preferred Shares”), of the Company, at a price of \$10.00 per one one-thousandth of a Preferred Share represented by a Right (the “Purchase Price”), subject to adjustment. The description and terms of the Rights are set forth in the Rights Agreement.

The Rights are not exercisable until the Distribution Date (as defined in the Rights Agreement). The Rights will expire on the earlier of (i) the close of business on January 22, 2021, (ii) the time at which the Rights are redeemed, and (iii) the time at which the Rights are exchanged.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

In connection with the issuance of the 2019 Warrants, on March 28, 2019, the Company entered into an Amendment No. 3 to the Rights Agreement, dated January 22, 2018, as amended by that certain Amendment No. 1 to Rights Agreement, dated August 6, 2018, and as amended by that certain Amendment No. 2 to Rights Agreement, dated December 4, 2018, between the Company and Computershare Trust Company, N.A., as rights agent, for the purpose of modifying the definition of “Acquiring Person” under the Rights Agreement to permit each of the Investors to remain a Grandfathered Stockholder (as defined in the Rights Agreement) and not be deemed an “Acquiring Person” under the Rights Agreement in connection with the Investors’ purchase of the 2019 Warrants.

The Investors will remain Grandfathered Stockholders as long as they do not acquire, after the date of the Third Amendment to Rights Agreement, beneficial ownership of Company securities (other than as a result of any adjustment provision or the accrual of interest under any outstanding convertible notes) equal to more than 0.50% of the then-outstanding common stock.

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Common Shares Reserved for Future Issuance

The Company had reserved shares of common stock for possible future issuance as of December 31, 2019 and 2018 as follows:

	December 31,	
	2019	2018
Common stock warrants outstanding	2,838,454	5,815,283
Stock options outstanding	9,044,304	8,796,212
Restricted stock units outstanding	400,315	454,382
Shares available for issuance pursuant to Convertible Notes	40,649,225	40,649,225
Shares available for future grants of awards under the 2015 Incentive Compensation Plan	4,557	1,943,085
Shares available for future grants of awards under the 2018 Omnibus Incentive Compensation Plan	2,483,664	3,224,425
Shares available under the 2000 Employee Stock Purchase Plan	622,476	825,537
Total shares of common stock reserved for issuance	<u>56,042,995</u>	<u>61,708,149</u>

8. Share-based Compensation

During the year ended December 31, 2019, the Company granted awards under the 2018 Omnibus Incentive Compensation Plan, previously named the Amended and Restated 2009 Omnibus Incentive Compensation Plan (the “2018 Plan”), and the 2015 Incentive Compensation Plan (the “2015 Plan”). The Compensation Committee of the Board of Directors administers the plans.

Under the 2015 Plan and the 2018 Plan, a maximum of 1,946,915 shares and 20,576,085 shares, respectively, of common stock may be issued upon the exercise of stock options, in the form of restricted stock, or in settlement of RSUs or other awards, including awards with alternative vesting schedules such as performance-based criteria.

For the years ended December 31, 2019 and 2018, the following table presents total share-based compensation expense in each functional line item on the consolidated statements of operations (in thousands):

	Year Ended December 31,	
	2019	2018
Cost of revenues	\$ 1,133	\$ 390
Research and development	1,548	1,017
Sales and marketing	1,669	970
General and administrative	2,952	2,499
Total	<u>\$ 7,302</u>	<u>\$ 4,876</u>

Stock Options

The Compensation Committee of the Board of Directors determines eligibility, vesting schedules and exercise prices for stock options granted. Stock options generally have a term of ten years and vest over a three- to four-year period.

The following table presents the weighted-average assumptions used in the Black-Scholes valuation model by the Company in calculating the fair value of each stock option granted:

	Year Ended December 31,	
	2019	2018
Expected dividend yield	—%	—%
Risk-free interest rate	1.8%	2.8%
Volatility	81%	84%
Expected term (in years)	5.8	5.8

The weighted-average fair value of stock option awards granted during the years ended December 31, 2019 and 2018 was \$3.56 and \$1.56, respectively.

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The following table summarizes the Company's stock option activity for the years ended December 31, 2019 and 2018 (dollars in thousands, except per share data):

	Stock Options Outstanding	Weighted-Average Exercise Price Per Option	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding — December 31, 2018	8,796,212	\$ 2.10		
Granted	2,660,936	5.17		
Exercised	(1,489,067)	1.69		
Canceled	(923,777)	3.64		
Outstanding — December 31, 2019	<u>9,044,304</u>	\$ 2.91	8.30	\$ 39,997
Vested and Expected to Vest — December 31, 2019	<u>7,814,925</u>	\$ 2.75	8.17	\$ 35,753
Exercisable — December 31, 2019	<u>3,648,992</u>	\$ 1.93	7.28	\$ 19,735

During the year ended December 31, 2018, 1,611,731 shares were issued upon the exercise of stock options. The total intrinsic value of stock options exercised to purchase common stock during the years ended December 31, 2019 and 2018 was approximately \$5.6 million and \$2.4 million, respectively.

As of December 31, 2019, total unrecognized share-based compensation expense related to non-vested stock options was \$9.0 million, which is expected to be recognized over a weighted-average period of approximately 2.8 years. The Company recognized approximately \$3.5 million and \$2.5 million of share-based compensation expense related to the vesting of stock option awards during the years ended December 31, 2019 and 2018, respectively.

Restricted Stock Units

Pursuant to the 2018 Plan and the 2015 Plan, the Company may issue RSUs that, upon satisfaction of vesting conditions, allow for recipients to receive common stock. Issuances of such awards reduce common stock available under the 2018 Plan and 2015 Plan for stock incentive awards. The Company measures compensation cost associated with grants of RSUs at fair value, which is generally the closing price of the Company's stock on the date of grant. RSUs generally vest over a three- to four-year period.

A summary of restricted stock unit activity under all plans for the year ended December 31, 2019 is presented below:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Non-vested — December 31, 2018	454,382	\$ 2.17
Granted	870,150	5.07
Vested	(809,482)	4.20
Forfeited	(114,735)	3.66
Non-vested — December 31, 2019	<u>400,315</u>	\$ 3.95

During the year ended December 31, 2018, the weighted-average grant-date fair value of RSUs granted was \$2.01. During the years ended December 31, 2019 and 2018, the total fair value of shares vested was \$4.0 million and \$2.1 million, respectively.

As of December 31, 2019, there was \$0.6 million of unrecognized share-based compensation expense related to non-vested RSUs, which is expected to be recognized over a weighted-average period of 0.9 years. The Company recognized approximately \$3.5 million and \$2.2 million of share-based compensation expense related to the vesting of RSUs during the years ended December 31, 2019 and 2018, respectively.

2000 Employee Stock Purchase Plan

The ESPP permits eligible employees of the Company to purchase newly issued shares of common stock, at a price equal to 85% of the lower of the fair market value on (i) the first day of the offering period or (ii) the last day of each six-month

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purchase period, through payroll deductions of up to 10% of their annual cash compensation. Under the ESPP, a maximum of 5,324,000 shares of common stock may be purchased by eligible employees.

During the years ended December 31, 2019 and 2018, the Company issued 203,061 shares and 282,101 shares, respectively, under the ESPP. The Company recognized approximately \$0.3 million and \$0.2 million of share-based compensation expense related to the ESPP during the years ended December 31, 2019 and 2018, respectively.

9. Earnings per Share

Basic EPS excludes dilution and is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock using the treasury stock method. Potentially dilutive securities (consisting primarily of the Convertible Notes calculated using the if-converted and treasury stock method and warrants, stock options and RSUs calculated using the treasury stock method) are excluded from the diluted EPS computation in loss periods and when the applicable exercise price is greater than the market price on the period end date as their effect would be anti-dilutive.

The calculation of basic and diluted earnings per share was as follows (in thousands, except share and per share data):

	Year Ended December 31,	
	2019	2018
Net loss attributable to common stockholders	\$ (40,486)	\$ (8,058)
Weighted-average common shares outstanding	78,322,496	66,104,376
Basic and diluted net loss per share	\$ (0.52)	\$ (0.12)

For the year ended December 31, 2019, the computation of diluted EPS excluded 34,791,838 shares, primarily related to Convertible Notes, warrants, stock options and RSUs for which the effect would have been anti-dilutive.

10. Commitments and Contingencies

Legal

The Company is, from time to time, party to various legal proceedings arising in the ordinary course of business. The Company is regularly required to directly or indirectly participate in other U.S. patent infringement actions pursuant to its contractual indemnification obligations to certain customers. Based on an evaluation of these matters and discussions with the Company's intellectual property litigation counsel, the Company currently believes that liabilities arising from or sums paid in settlement of these existing matters, if any, would not have a material adverse effect on its consolidated results of operations or financial condition.

On May 11, 2017, the Company initiated a lawsuit against the former stockholders of RER in the Court of Chancery of the State of Delaware seeking recovery of damages for civil conspiracy, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On January 16, 2018, the former stockholders of RER filed an answer and counterclaim in the matter seeking recovery of certain deferred and earn-out payments allegedly owed to them by the Company in connection with the Company's acquisition of RER. On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement (the "Settlement Agreement") pursuant to which the parties agreed to release all claims against each other and the Company agreed to (i) pay the former stockholders of RER \$1.0 million in cash by August 17, 2018, (ii) immediately instruct its transfer agent to permit the transfer or sale of 973,333 shares of the Company's common stock that the Company had issued to the former stockholders of RER in March 2017, (iii) immediately issue 500,000 shares of the Company's common stock to the former stockholders of RER, (iv) within 12 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional \$1.0 million in cash, common stock, or a combination thereof, at the Company's option, (v) within 24 months following the execution of the Settlement Agreement deliver to the former stockholders of RER an additional \$1.0 million in cash, common stock, or a combination thereof, at the Company's option, and (vi) file one or more registration statements with respect to the resale of the shares of the Company's common stock issued to the former stockholders of RER pursuant to the Settlement Agreement. In connection with the settlement, the Company recognized a gain of \$17.2 million, which is included in extinguishment of acquisition-related liabilities in the consolidated statement of operations for the period ended December 31, 2019. The Company's remaining liability under the

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Settlement Agreement at December 31, 2019 consists of approximately \$1.0 million and is classified within accrued expenses and other current liabilities on the consolidated balance sheets.

Indemnification

In the normal course of business, the Company periodically enters into agreements that require the Company to indemnify and defend its customers for, among other things, claims alleging that the Company's products infringe third-party patents or other intellectual property rights. The Company's maximum exposure under these indemnification provisions cannot be estimated but the Company does not believe that there are any matters individually or collectively that would have a material adverse effect on its consolidated results of operations or financial condition.

11. Leases

Lessee

The Company is a lessee in lease agreements for office space, automobiles and certain equipment. Certain of the Company's leases contain provisions that provide for one or more options to renew at the Company's sole discretion. The majority of the Company's leases are comprised of fixed lease payments, with a small percentage of its real estate leases including lease payments subject to a rate or index which may be variable. Certain real estate leases also include executory costs such as common area maintenance (non-lease component). As a practical expedient permitted under ASC 842, the Company has elected to account for the lease and non-lease components as a single lease component. Lease payments, which may include lease components and non-lease components, are included in the measurement of the Company's lease liabilities to the extent that such payments are either fixed amounts or variable amounts based on a rate or index (fixed in substance) as stipulated in the lease contract.

None of the Company's lease agreements contain any material residual value guarantees or material restrictive covenants. As a result of the Company's election of the package of practical expedients permitted within ASC 842, which among other things, allows for the carryforward of historical lease classification, all of the Company's lease agreements in existence at the date of adoption that were classified as operating leases under ASC 840 have been classified as operating leases under ASC 842. Lease expense for payments related to the Company's operating leases is recognized on a straight-line basis over the related lease term, which includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments as specified in the lease. Right-of-use assets and lease liabilities related to the Company's operating leases are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term. When the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available surrounding the Company's borrowing rates at the lease commencement date in determining the present value of lease payments. The right-of-use asset also includes any lease payments made at or before lease commencement less any lease incentives. As of December 31, 2019, the Company had right-of-use assets of \$2.7 million and lease liabilities related to its operating leases of \$2.8 million. Right-of-use assets are included in right-of-use assets, net, on the consolidated balance sheet and lease liabilities related to the Company's operating leases are included in accrued expenses and other liabilities and other long-term liabilities on the consolidated balance sheet. As of December 31, 2019, the Company's weighted-average remaining lease term and weighted-average discount rate related to its operating leases were 2.9 years and 9.4%, respectively.

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The future minimum payments under operating leases were as follows at December 31, 2019 (in thousands):

2020	\$	1,315
2021		911
2022		615
2023		276
2024		93
Total minimum operating lease payments		3,210
Less: amounts representing interest		(401)
Present value of net minimum operating lease payments		2,809
Less: current portion		(1,101)
Long-term portion of operating lease obligations	\$	1,708

Lessor

Prior to January 1, 2019, and as previously disclosed in the Company's Form 10-K for the year ended December 31, 2018, the Company derived revenue from customers who lease the Company's monitoring devices. The Company recorded such revenue in accordance with the previous lease accounting guidance ASC 840, *Leases*, and determined that the leases qualify as operating leases.

Monitoring device leases in which the Company serves as lessor are classified as operating leases. Accordingly, rental devices are carried at historical cost less accumulated depreciation and impairment, if any, and are included in rental assets, net, on the condensed consolidated balance sheets.

Since the lease components meet the criteria for an operating lease under ASC 842, the Company has elected the practical expedient to combine the lease and the non-lease components because the service is the predominant element in the eyes of the customer and the pattern of service delivery is the same for both elements. The Company will account for the combined component as a single performance obligation under ASC 606, *Revenue from Contracts with Customers*.

12. Geographic Information and Concentrations of Risk

Geographic Information

The following table details the geographic concentration of the Company's assets (in thousands):

	December 31,	
	2019	2018
United States and Canada	\$ 81,769	\$ 79,809
South Africa	53,610	56,937
Other	25,994	25,510
	\$ 161,373	\$ 162,256

The following table details the Company's net revenues by geographic region based on shipping destination (in thousands):

	Year Ended December 31,	
	2019	2018
United States and Canada	\$ 158,756	\$ 139,246
South Africa	35,001	38,608
Other	25,739	24,609
Total	\$ 219,496	\$ 202,463

Concentrations of Risk

For the years ended December 31, 2019 and 2018, one customer accounted for 52.5% and 48.8% of net revenues, respectively. At December 31, 2019, two customers accounted for 25.0% and 11.2% of total accounts receivable. At December 31, 2018, two customers accounted for 30.5% and 12.8% of total accounts receivable.

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13. Retirement Savings Plan

The Company has a defined contribution 401(k) retirement savings plan (the “Plan”). Substantially all of the Company’s U.S. employees are eligible to participate in the Plan after meeting certain minimum age and service requirements. The Company matches 50% of the first 6% of an employee’s designated deferral of their eligible compensation. Employees may make discretionary contributions to the Plan subject to Internal Revenue Service limitations. Employer matching contributions under the Plan amounted to approximately \$0.5 million and \$0.4 million for the years ended December 31, 2019 and 2018, respectively. Employer matching contributions vest immediately.

14. Restructuring

In the third quarter of 2015, the Company approved a restructuring initiative to better position the Company to operate in current market conditions and more closely align operating expenses with revenues, which included employee severance costs and facility exit related costs. In the fourth quarter of 2015, the Company commenced certain initiatives relating to the reorganization of executive level management (collectively, the “2015 Initiatives”). The Company continued these initiatives in 2016 with a reduction-in-force and the completion of the closure of its facility in Richardson, TX. The 2015 Initiatives are expected to cost a total of approximately \$6.0 million and be completed when the Richardson, TX lease expires in June 2020.

The following table sets forth activity in the restructuring liability for the year ended December 31, 2019 (in thousands):

	<u>Balance at December 31, 2018</u>	<u>Costs Incurred</u>	<u>Payments</u>	<u>Balance at December 31, 2019</u>	<u>Cumulative Costs Incurred to Date</u>
2015 Initiatives					
Employee Severance Costs	\$ —	\$ —	\$ —	\$ —	\$ 4,131
Facility Exit Related Costs	634	60	(474)	220	1,914
Total	<u>\$ 634</u>	<u>\$ 60</u>	<u>\$ (474)</u>	<u>\$ 220</u>	<u>\$ 6,045</u>

The balance of the restructuring liability at December 31, 2019 consists of approximately \$0.2 million included in accrued expenses and other current liabilities in the consolidated balance sheet.

During the year ended December 31, 2018, the Company wrote down the value of certain inventory by approximately \$0.4 million related to the abandonment of certain product lines that management decided to exit. The Company accounted for the adjustments in accordance with the ASC 330, *Inventory*, and included the adjustments in impairment of abandoned product line, net of recoveries, within cost of net revenues in the consolidated statements of operations.

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15. Quarterly Financial Information (Unaudited)

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2019 and 2018:

	2019			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share amounts)			
Net revenues	\$ 48,556	\$ 55,891	\$ 62,716	\$ 52,333
Gross profit	14,760	15,555	18,625	15,031
Net income (loss) attributable to common stockholders	(7,485)	(10,779)	(8,937)	(13,285)
Basic and diluted net loss per share	(0.10)	(0.14)	(0.11)	(0.17)

	2018			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share amounts)			
Net revenues	\$ 46,733	\$ 49,057	\$ 50,630	\$ 56,043
Gross profit	15,543	17,657	17,604	19,793
Net loss attributable to stockholders	(8,050)	(6,660)	10,843	(4,191)
Basic net income (loss) per share	(0.13)	(0.11)	0.16	(0.06)
Diluted net income (loss) per share	(0.13)	(0.11)	0.15	(0.06)

16. Subsequent Events

On March 3, 2020 the Company and the Trustee entered into a First Supplemental Indenture which eliminated certain covenants in the Inseego Indenture prohibiting the incurrence of certain indebtedness and certain restricted payments.

On March 6, 2020, the holders of substantially all of the outstanding indebtedness under the Inseego Notes agreed to waive their optional right to require the Company to repurchase the Inseego Notes on June 15, 2020.

On March 6, 2020, the Company entered into a Securities Purchase Agreement with an accredited investor pursuant to which, among other things, the Company issued and sold to the investor, in a private placement transaction, an aggregate of 25,000 shares of the Company's Series E Preferred Stock, for a purchase price of \$1,000 per share of Series E Preferred Stock, resulting in gross proceeds to the Company of \$25.0 million.

On March 9, 2020, the Company entered into an amendment to the Credit Agreement, which among other things, amended certain financial covenants set forth therein and permits the use of the Company's Series E Preferred Stock to make certain payments, including interest payments, due thereunder.

On March 10, 2020, the Company entered into a letter agreement (the "Letter Agreement") with South Ocean Funding, LLC ("South Ocean"), the Lender holding all of the aggregate principal amount currently outstanding under the Credit Agreement, which provides: (i) that the Company and South Ocean will work together, in good faith, to reach an agreement to amend or refinance the Credit Agreement in order to extend the maturity of the Credit Agreement until a date after March 15, 2021; and (ii) should an agreement not be reached to amend or refinance the Credit Agreement prior to August 23, 2020, upon request of the Company, the maturity date of the Credit Agreement will be extended to no earlier than March 15, 2021.

**DESCRIPTION OF EQUITY SECURITIES
REGISTERED UNDER SECTION 12
OF THE EXCHANGE ACT**

The following information describes the common stock, par value \$0.001 per share (“Common Stock”) of Insego Corp. (the “Company”), as well as certain provisions of our amended and restated certificate of incorporation (as amended, our “Certificate of Incorporation”) and our amended and restated bylaws (“Bylaws”). This description is only a summary. You should also refer to our Certificate of Incorporation and Bylaws, which have been filed with the Securities and Exchange Commission as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part.

Authorized and Outstanding Capital Stock

Our authorized capital stock consists of 150,000,000 shares of Common Stock and 2,000,000 shares of preferred stock, par value \$0.001 per share (the “Preferred Stock”), issuable in one or more series designated by the board of directors of the Company (the “Board”), of which 150,000 shares have been designated as Series D Preferred Stock (as defined below) and of which 39,500 shares have been designated as Series E Fixed-Rate Cumulative Perpetual Preferred Stock, par value \$0.001 per share (the “Series E Preferred Stock”). As of March 10, 2020, there were 96,121,497 shares of Common Stock and 35,000 shares of Preferred Stock issued and outstanding.

Common Stock

Subject to the rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of Common Stock are entitled to receive such dividends, if any, as may from time to time be declared by the Board out of funds legally available for that purpose. Pursuant to our Certificate of Incorporation, holders of Common Stock are entitled to one vote per share, and are entitled to vote upon such matters and in such manner as may be provided by law. Holders of Common Stock have no preemptive, conversion, redemption or sinking fund rights. Subject to the rights of holders of all classes of stock at the time outstanding having prior rights as to liquidation, holders of Common Stock, upon the liquidation, dissolution or winding up of the Company, are entitled to share equally and ratably in the assets of the Company. The outstanding shares of Common Stock are validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of Common Stock are subject to the rights, preferences and privileges of any series of Preferred Stock that we may issue in the future.

Each share of Common Stock includes Series D Preferred Stock purchase rights (the “Rights”) pursuant to the rights agreement, dated as of January 22, 2018, between the Company and the rights agent named therein, as amended (the “Rights Agreement”). Prior to the occurrence of certain events, the Rights will not be exercisable or evidenced separately from the Common Stock. The Rights have no value except as reflected in the market price of the shares of the Common Stock to which they are attached, and can be transferred only with the shares of Common Stock to which they are attached.

Our Common Stock is traded on the NASDAQ Global Select Market under the symbol “INSG.”

The transfer agent and registrar for our Common Stock and related rights to purchase Series D Preferred Stock is Computershare Trust Company, N.A. Its address is 250 Royall Street, Canton, MA 02021, and its telephone number is (877) 290-2245.

Preferred Stock

Our Certificate of Incorporation provides that we may issue shares of Preferred Stock from time to time in one or more series. Our Board is authorized to fix the voting rights, if any, designations, powers, preferences, qualifications, limitations and restrictions thereof, applicable to the shares of each series of Preferred Stock. The Board may, without stockholder approval, issue Preferred Stock with voting and other rights that could adversely affect the voting power and other rights of the holders of our Common Stock and could have anti-takeover effects. The ability of the Board to issue Preferred Stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control or the removal of our existing management.

Series D Preferred Stock

The Series D Preferred Stock, par value \$0.001 per share (the “Series D Preferred Stock”), is reserved for issuance in connection with the Rights outstanding under our Rights Agreement. The Series D Preferred Stock will not be redeemable at the option of the holder thereof. Each share of Series D Preferred Stock will be entitled to receive quarterly dividends when, and if declared by the Board, out of funds legally available for such purpose, equal to 1,000 times the aggregate of all dividends declared per share of Common Stock since the immediately preceding quarterly dividend payment date. In the event of our liquidation, the holders of Series D Preferred Stock will be entitled to an aggregate payment equal to 1,000 times the payment made per share of Common Stock, plus any accrued and unpaid dividends. Each share of Series D Preferred Stock shall be entitled to 1,000 votes, voting together with the shares of Common Stock, on any matter submitted to a vote of our stockholders. In the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged, each share of Series D Preferred Stock will be exchanged for 1,000 times the amount of consideration into which each share of Common Stock is exchanged. Because of the nature of the Series D Preferred Stock dividend, liquidation and voting rights, the value of the one one-thousandth share of Series D Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of Common Stock. The Series D Preferred Stock would rank junior to any other series of Preferred Stock. There are currently no shares of Series D Preferred Stock issued and outstanding.

Series E Preferred Stock

The Series E Preferred Stock was issued pursuant to a Securities Purchase Agreement, between the Company and two accredited investors. Each share of Series E Preferred Stock entitles the holder thereof to receive, when, as and if declared by the Board out of assets legally available therefor, cumulative cash dividends at an annual rate of 9.00% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on October 1, 2019. The Series E Preferred Stock has no voting rights unless otherwise required by law. The Series E Preferred Stock is perpetual and has no maturity date.

Anti-Takeover Effects of Some Provisions of Delaware Law

Provisions of Delaware law and our Certificate of Incorporation and Bylaws could make the acquisition of the Company through a tender offer, a proxy contest or other means more difficult and could make the removal of incumbent officers and directors more difficult. We expect these provisions to discourage coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of the Company to first negotiate with our Board. We believe that the benefits provided by our ability to negotiate with the proponent of an unfriendly or unsolicited proposal outweigh the disadvantages of discouraging these proposals. We believe the negotiation of an unfriendly or unsolicited proposal could result in an improvement of its terms.

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the date the person became an interested stockholder, unless:

- the board of directors of the corporation approves either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, prior to the time the interested stockholder attained that status;
- upon the closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding, for purposes of determining the number of shares outstanding, those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock that is not owned by the interested stockholder.

With certain exceptions, an “interested stockholder” is a person or group who or which owns 15% or more of the corporation’s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of such voting stock at any time within the previous three years.

In general, Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

A Delaware corporation may “opt out” of this provision with an express provision in its original certificate of incorporation or an express provision in its amended and restated certificate of incorporation or bylaws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting shares. However, the Company has not “opted out” of this provision. Section 203 could prohibit or delay mergers or other takeover or change-in-control attempts and, accordingly, may discourage attempts to acquire the Company.

Anti-Takeover Effects of Our Charter Documents

Our Certificate of Incorporation provides for our Board to be divided into three classes serving staggered terms. Approximately one-third of the Board will be elected each year. The provision for a classified board could prevent a party who acquires control of a majority of the outstanding voting stock from obtaining control of the Board until the second annual stockholders meeting following the date the acquirer obtains the controlling stock interest. The classified board provision could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company and could increase the likelihood that incumbent directors will retain their positions.

Our Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual or special meeting of our stockholders, including proposed nominations of persons for election to the Board. Among other requirements, the advance notice provisions provide that (i) a stockholder must provide to the secretary of the Company timely notice (generally 90-120 days prior to the one-year anniversary of the previous year’s annual meeting of stockholders) of any business, including director nominations, proposed to be brought before the annual or special meeting, which notice must conform to the substantive requirements set forth in the Bylaws, (ii) a stockholder must deliver certain information regarding the person(s) making the proposal, and in the case of any nominee for election to the Board, information regarding such nominee, in each case as set forth in the Bylaws, and (iii) any nominee for election to the Board must provide both an executed questionnaire regarding his or her background, qualifications, stock ownership and independence, and an executed representation agreement regarding voting commitments, indemnification or similar arrangements and compliance with Company policies applicable to members of the Board. These provisions may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of the Company.

Our Bylaws provide that our Board, our chairperson of the Board or our chief executive officer may call a special meeting of stockholders. Because our stockholders do not have the right to call a special meeting, a stockholder could not force stockholder consideration of a proposal over the opposition of

the Board by calling a special meeting of stockholders prior to such time as a majority of the Board believed the matter should be considered or until the next annual meeting provided that the requestor met the notice and other requirements. The restriction on the ability of stockholders to call a special meeting means that a proposal to replace the Board also could be delayed until the next annual meeting.

Our Certificate of Incorporation provides that our Bylaws may be altered or amended or new bylaws adopted by the affirmative vote of at least 66 2/3% of the voting power of all of the then-outstanding shares of our voting stock entitled to vote.

Our Board is expressly authorized to adopt, amend or repeal our Bylaws. This provision may not be repealed, amended or altered in any respect without the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of our voting stock entitled to vote.

Our Certificate of Incorporation does not allow stockholders to act by written consent without a meeting. Without the availability of stockholder action by written consent, a holder of the requisite number of shares of our capital stock would not be able to amend our Bylaws or remove directors without holding a stockholders' meeting. The holder would have to obtain the consent of a majority of our Board, our chairperson of the Board or our chief executive officer to call a stockholders' meeting and satisfy the notice periods determined by our Board.

Anti-Takeover Effects of Our Rights Agreement

On January 22, 2018, the Company entered into a Rights Agreement with Computershare Trust Company, N.A., a federally chartered trust company, as rights agent. In connection with the Rights Agreement, the Board authorized and declared a dividend distribution of one Right for each share of Common Stock outstanding and has authorized the issuance of one Right with respect to each share of Common Stock that is issued and becomes outstanding until the earlier of the Distribution Date and the Expiration Date (each as defined in the Rights Agreement). Prior to exercise, the Rights do not give their holders any rights as stockholders of the Company, including any dividend, voting or liquidation rights. The Rights trade only with the shares of Common Stock to which they are attached. A complete description and terms of the Rights are set forth in the Rights Agreement.

The Rights are not exercisable until the Distribution Date. Until the Distribution Date, the Rights will be transferred with and only with the Common Stock. Upon the Distribution Date, the Rights may be transferred separately from the Common Stock, and each Right, other than Rights held by an Acquiring Person (as defined below), will entitle its holder to purchase from the Company one one-thousandth of a share of Series D Preferred Stock, at a purchase price of \$10.00 per one one-thousandth of a share of Series D Preferred Stock, subject to adjustment (the "Purchase Price"). An "Acquiring Person" is any person or group of affiliated or associated persons that has acquired or has the ability to acquire direct or indirect beneficial ownership of 4.9% or more of the Company's Common Stock then-outstanding, subject to certain exceptions.

If any person becomes an Acquiring Person, each holder of Rights (other than Rights owned by an Acquiring Person, which shall have become void), will thereafter have the right to receive, upon exercise thereof, that number shares of Common Stock of the Company having a market value equal to two times the Purchase Price.

If, at any time after a person becomes an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then-current Purchase Price of the Right, that number of shares of Common Stock of the acquiring company which at the time of such transaction will have a market value equal to two times the Purchase Price.

At any time after any person becomes an Acquiring Person and prior to the acquisition by any person or group of a majority of the Common Stock then-outstanding, the Board may exchange the Rights (other than Rights owned by an Acquiring Person, which shall have become void), at an exchange ratio of one share of Common Stock per Right, subject to adjustment.

The Rights will expire on the earliest of (i) the close of business on January 22, 2021, (ii) the time at which the Rights are redeemed, and (iii) the time at which the Rights are exchanged.

At any time before any person becomes an Acquiring Person, the Board may redeem the Rights in whole, but not in part. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate.

The terms of the Rights Agreement may be amended by the Board without the consent of the holders of the Rights. However, from and after such time as any person becomes an Acquiring Person, the Rights Agreement shall not be amended or supplemented in any manner which would adversely affect the interests of the holders of Rights (other than Rights which have become null and void).

The Rights have anti-takeover effects. If the Rights are exercised, shares of Series D Preferred Stock will be issued, which will cause significant dilution to an Acquiring Person that attempts to acquire us on terms not approved by our Board. The Rights should not interfere with any merger or other business combination approved by our Board since the Rights may be amended to permit such acquisition or redeemed by us at \$0.0001 per Right at any time prior to the time that a person or group becomes an Acquiring Person.

FORM OF EXCHANGE AGREEMENT

This Exchange Agreement (this “Agreement”) is made and entered into as of _____, 2020, by and between _____, a _____ company (the “Holder”), and Inseego Corp., a Delaware corporation (the “Company”).

RECITALS

WHEREAS, the Holder is the beneficial owner of certain of the Company’s 5.50% Convertible Senior Notes due 2022 (the “Notes”) issued pursuant to a note in global form registered in the name of Cede & Co. (the “Global Note”) in accordance with that certain Indenture, dated January 9, 2017, by and between the Company and Wilmington Trust, National Association (the “Indenture”);

WHEREAS, pursuant to the terms and conditions set forth in the Indenture, the Holder has the right to convert the Notes into shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”), at a rate of 212.7660 shares per \$1,000 principal amount of Notes, subject to adjustment, as provided therein (the “Conversion Rate”);

WHEREAS, subject to the terms and conditions set forth herein, the Company and the Holder desire to exchange the principal amount of the Notes set forth on Exhibit A hereto (the “Exchange Notes”), in advance of the maturity date, for _____ shares of Common Stock per \$1,000 principal amount of Notes, consisting of the Conversion Rate plus _____ inducement shares per \$1,000 principal amount of Notes (the “Conversion Premium Shares”);

WHEREAS, the Conversion Premium Shares are a condition and material inducement to Holder’s willingness to enter into this Agreement and to convert the Exchange Notes into shares of Common Stock in advance of the maturity date; and

WHEREAS, the Exchange Shares (as defined below) to be issued are intended to be exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended (the “Securities Act”).

NOW, THEREFORE, in consideration of the premises and the agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I Exchange

Section 1.01 Exchange. Upon the terms and subject to the conditions of this Agreement, the Holder and the Company shall, pursuant to Section 3(a)(9) of the Securities Act, exchange the Exchange Notes for _____ shares of the Company’s Common Stock (the “Exchange Shares”), without the payment of any additional consideration. At the Closing (as defined below), the following transactions shall occur (collectively, the “Exchange”):

(a) Pursuant to Section 2.13 of the Indenture, the Holder shall surrender the Exchange Notes for cancellation. Upon cancellation of the Exchange Notes and the issuance of the Exchange Shares as described below, the Holder hereby releases all claims arising out of or related to the Exchange Notes, including, but not limited to, any accrued and unpaid interest payable with respect to the Exchange Notes.

(b) The Company shall issue to the Holder the Exchange Shares in CUSIP No. 45782B104 (plus cash in lieu of fractional shares if applicable, to be paid in immediately available funds at the Closing). The issuance of the Exchange Shares to the Holder will be made without registration of the Exchange Shares under the Securities Act, in reliance upon the exemption therefrom provided by Section 3(a)(9) of the Securities Act and in reliance on similar exemptions under state securities or blue sky laws.

Section 1.02 Closing. The closing of the Exchange (the “Closing”) will take place at the offices of Paul Hastings LLP, 4747 Executive Drive, Twelfth Floor, San Diego, CA 92121, or such other location as may be agreed upon by the parties, on _____, 2020 (the “Closing Date”). The parties shall exchange closing deliverables as follows:

(a) At or prior to the Closing, the Holder shall instruct its custodian to post on the Closing Date a one-sided DWAC withdrawal request through the Deposit and Withdrawal at Custodian facilities of The Depository Trust Company for the aggregate amount of the Exchange Notes identified by CUSIP/ISIN #: 45782B AA2/US45782BAA26;

(a) At or prior to the Closing, the Company shall instruct Wilmington Trust, National Association to cancel the Exchange Notes upon receipt thereby reducing the outstanding principal amount of the Global Note; and

(b) At the Closing, the Company shall instruct Computershare Trust Company, N.A. to electronically issue the Exchange Shares, in book-entry form, to the Holder or, if the Holder so instructs in advance of the Closing Date, its designee. The Company agrees to issue the Exchange Shares at the Closing without any restrictions on transfer and without any restrictive legend.

The Company shall not issue fractional shares upon Exchange of the Exchange Notes. If any fractional share would be issuable upon the Exchange, the Company shall pay to the Holder an amount in cash equal to the current market value of the fractional share, which shall be determined based on the closing price of the Company's Common Stock on the business day immediately preceding the Closing Date and paid in immediately available funds at the Closing.

The obligations of the Holder to deliver (or cause to be delivered) the Exchange Notes is subject to the following conditions: (i) the Common Stock shall not have been suspended, as of the Closing Date, by the SEC or the NASDAQ from trading on the NASDAQ, and (ii) the representations and warranties of the Company as set forth in Article III shall be true and correct.

The obligations of the Company to deliver the Exchange Shares is subject to (i) the Holder properly submitting (or causing to be submitted) the Exchange Notes for withdrawal through the DWAC program and (ii) the representations and warranties of the Holder as set forth in Article II shall be true and correct.

ARTICLE II

Representations, Warranties and Covenants of the Holder

The Holder represents and warrants to, and agrees with, the Company as set forth below in this Article II, as of the date hereof and as of the Closing, each of which is being relied upon by the Company, as the case may be, as a material inducement to enter into and perform this Agreement:

Section 2.01 Existence and Power.

(a) The Holder is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and has all requisite entity power and authority to carry out the transactions contemplated hereby in accordance with the terms hereof.

(b) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby by the Holder (i) will contravene any formation documents of the Holder, (ii) will constitute a violation of or a default under, or conflict with or require a filing with, or consent, approval or authorization under, any contract, commitment, agreement, understanding, arrangement, restriction, law, statute, rule, regulation, judgment, order, injunction, suit, action or proceeding of any kind to which the Holder is a party or by which the Holder or any of its assets are bound, or (iii) will require the Holder to make any filing to any governmental or quasi-governmental authority.

Section 2.02 Valid and Enforceable Agreement; Authorization. The execution, delivery and performance by the Holder of this Agreement has been duly authorized by all requisite entity action. This Agreement constitutes the legal, valid and binding obligation of the Holder, enforceable against the Holder in accordance with its terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity.

Section 2.03 Title to Exchange Notes. The Holder is the sole beneficial owner of and, at the Closing, will be the sole legal and beneficial owner of the Exchange Notes. The Holder has good, valid and marketable title to the Exchange Notes, free and clear of any mortgage, lien, pledge, charge, security interest, encumbrance, title retention agreement, option, equity or other adverse claim thereto ("Liens") created by the Holder, other than pledges or security interests that the Holder may have created in favor of a prime broker under and in accordance with its prime brokerage agreement with such broker, which will be terminated in connection with Closing. The Holder has not, in whole or in part (except as described in the preceding sentence), (a) assigned, transferred, hypothecated, pledged or otherwise disposed of the Exchange Notes or its rights in the Exchange Notes, or (b) given any person or entity any transfer order, power of attorney or other authority of any nature whatsoever with respect to the Exchange Notes.

Section 2.04 Affiliate Status. The Holder is not, and has not been during the preceding three (3) months, an "affiliate" of the Company as such term is defined in Rule 144 under the Securities Act.

Section 2.05 Reliance on Exemptions. The Holder acknowledges that the Exchange Shares are being offered and exchanged in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Holder set forth herein in order to determine the availability of such exemptions and the eligibility of the Holder to acquire the Exchange Shares. The Holder acknowledges that the Exchange Shares shall be issued to the Holder solely in exchange for the Exchange Notes without the payment of any additional consideration. As of the date hereof and as of the Closing Date, the Holder has not and will not pay any commission or other remuneration, directly or indirectly, to any broker or other intermediary, in connection with the Exchange.

Section 2.06 Beneficial Ownership. The Holder owns _____ in principal amount of the Notes. The Holder does not beneficially own any Common Stock of the Company For so long as the Holder beneficially owns the Exchange Shares, without the Company's express prior written consent, and, to the extent required, an amendment to that certain

Rights Agreement, dated as of January 22, 2018, between the Company and Computershare Trust Company, N.A., as rights agent, as amended, the Holder and its affiliates will not beneficially own Common Stock in the Company in excess of 4.89% of the Company's outstanding Common Stock. As used in this Agreement, the term "beneficially own" (and its correlatives "beneficial owner" and "beneficial ownership") have the meanings given in Section 13(d) of the Exchange Act (defined below) and its implementing rules.

ARTICLE III

Representations, Warranties and Covenants of the Company

The Company represents and warrants to, and agrees with, the Holder as set forth below in this Article III, as of the date hereof and as of the Closing, each of which is being relied upon by the Holder, as the case may be, as a material inducement to enter into and perform this Agreement:

Section 3.01 Existence and Power.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the power, authority and capacity to execute and deliver this Agreement, to perform the Company's obligations hereunder, and to consummate the transactions contemplated hereby.

(b) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby by the Company (i) will contravene the certificate of incorporation or the bylaws of the Company, (ii) will constitute a violation of or a default under, or conflict with or require a consent, approval or authorization under, any contract, commitment, agreement, understanding, arrangement, restriction, law, statute, rule, regulation, judgment, order, injunction, suit, action or proceeding of any kind to which the Company is a party or by which the Company or any of its assets are bound, or (iii) will require the Company to make any filing to any governmental or quasi-governmental authority, except for the filing of a Form 8-K with the SEC (defined below) and any filing that may be required by the Nasdaq Stock Market ("NASDAQ") or pursuant to applicable blue sky laws, each of which has been filed or will be filed on a timely basis. For the avoidance of doubt, the Exchange Shares were included in a Listing of Additional Shares Notification Form submitted to the NASDAQ in connection with the issuance of the Notes.

Section 3.02 Valid and Enforceable Agreement; Authorization. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights and remedies of creditors generally and to the effect of general principles of equity.

Section 3.03 Capitalization. The entire authorized capital stock consists of 150,000,000 shares of Common Stock and 2,000,000 shares of preferred stock, par value \$0.001 per share (the "Preferred Stock"), issuable in one or more series designated by the board of directors of the Company, of which 150,000 shares have been designated as Series D Preferred Stock and of which 10,000 shares have been designated as Series E Fixed-Rate Cumulative Perpetual Preferred Stock, par value \$0.001 per share. As of _____, 2020, there were _____ shares of Common Stock and 10,000 shares of Preferred Stock issued and outstanding.

Section 3.04 Disclosure. The Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Securities and Exchange Commission (the "SEC") pursuant to the reporting requirements of the Securities Act and the Securities Exchange Act of 1934 (the "Exchange Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"), or has timely filed for a valid extension of such time of filing and has filed any such SEC Documents prior to the expiration of any such extension. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.01 Exchange Shares. The Exchange Shares (a) have been duly authorized and, upon their issuance pursuant to the Exchange against delivery of the Exchange Notes in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable and (b) will not, as of the date of issuance, be subject to any preemptive, participation, rights of first refusal or other similar rights. Upon delivery to the Holder, the Exchange Shares shall be free and clear of all Liens created by the Company.

Section 3.02 Listing. The Company is in compliance with all applicable rules of the NASDAQ, including all listing and corporate governance requirements. The Company has not received notice from NASDAQ that the Company is not in

compliance with the listing or maintenance requirements thereof. No shareholder approval is required pursuant to the rules of the Nasdaq Stock Market in connection with the issuance of the Exchange Shares.

Section 3.03 Registration. The Company has taken no action designed to, or which, to the knowledge of the Company, is likely to have the effect of, terminating the registration of its common shares under the Exchange Act. The Exchange is exempt from the registration and prospectus-delivery requirements of the Securities Act and, assuming the accuracy of the Holder's representations and warranties in Article II above, including with respect to each Holder's non-affiliate status, the Exchange Shares to be delivered to the Holder pursuant to this Agreement will not be subject to restrictions on transfer under the Securities Act (and will be issued (a) without any legends that restrict the transfer of such Exchange Shares under U.S. federal securities laws and (b) with an "unrestricted" CUSIP number).

Section 3.04 Section 3(a)(9) Compliance. The Company acknowledges that the Exchange Shares are being offered and exchanged in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act. As of the date hereof and as of the Closing Date, the Company has not and will not pay any commission or other remuneration, directly or indirectly, to any broker or other intermediary, in connection with the Exchange.

ARTICLE IV Miscellaneous Provisions

Section 4.01 Specific Performance. The parties acknowledge that money damages are not an adequate remedy for violations of this Agreement and that any party may, in its sole discretion, apply to a court of competent jurisdiction for specific performance or injunctive or such other relief as such court may deem just and proper in order to enforce this Agreement or prevent any violation hereof and, to the extent permitted by applicable law, each party waives any objection to the imposition of such relief, this being in addition to any other remedy to which such party is entitled at law or in equity.

Section 4.02 Disclosure of Transaction and Other Material Information. On or before 8:30 a.m., Eastern Time, on the first business day following the date of this Agreement (the "Disclosure Deadline"), the Company shall file a Current Report on Form 8-K describing all the material terms of the transactions contemplated by this Agreement in the form required by the Exchange Act. The Company hereby acknowledges and agrees that such Form 8-K will disclose all confidential information to the extent the Company believes such confidential information constitutes material non-public information, if any, with respect to the Exchange or otherwise communicated by the Company to Holder in connection with the Exchange; provided, however, that the Company shall not disclose the name or identity of Holder except as may be required by applicable law. After the Disclosure Deadline, the Holder shall be under no obligation to maintain the confidentiality of, nor to refrain from using, any information previously provided to it by the Company.

Section 4.03 Entire Agreement. This Agreement and the other documents and agreements executed in connection with the Exchange embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous oral or written agreements, representations, warranties, contracts, correspondence, conversations, memoranda and understandings between or among the parties or any of their agents, representatives or affiliates relative to such subject matter, including, without limitation, any term sheets, emails or draft documents.

Section 4.04 Assignment; Binding Agreement. This Agreement and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon the parties hereto and their successors and assigns. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Holder.

Section 4.05 Counterparts. This Agreement may be executed in multiple counterparts, and on separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Any counterpart or other signature hereupon delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery of this Agreement by such party.

Section 4.06 Remedies Cumulative. Except as otherwise provided herein, all rights and remedies of the parties under this Agreement are cumulative and without prejudice to any other rights or remedies available at law.

Section 4.07 Governing Law; Jurisdiction; Jury Trial. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to its conflicts of laws provisions. Each of the Parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York, City of New York, for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each Party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the Parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each Party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH**

RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER. The Parties hereto agree and acknowledge that each Party has retained counsel in connection with the negotiation and preparation of this Agreement, and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of the foregoing agreements or any amendment, schedule or exhibits thereto.

Section 4.08 Survival. The representations, warranties and covenants of the Company and Holder contained in Articles II, III and IV shall survive the survive cancellation of the Exchange Notes and issuance of the Exchange Shares, until the expiration of the applicable statute of limitations.

Section 4.09 No Third Party Beneficiaries or Other Rights. Nothing herein shall grant to or create in any person not a party hereto, or any such person's dependents or heirs, any right to any benefits hereunder, and no such party shall be entitled to sue any party to this Agreement with respect thereto.

Section 4.10 Waiver; Consent. This Agreement may not be changed, amended, terminated, augmented, rescinded or discharged (other than in accordance with its terms), in whole or in part, except by a writing executed by the parties hereto. No waiver of any of the provisions or conditions of this Agreement or any of the rights of a party hereto shall be effective or binding unless such waiver shall be in writing and signed by the party claimed to have given or consented thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

Section 4.11 Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (a) upon receipt, when delivered personally, (b) upon receipt, when sent by facsimile or other electronic transmission (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party), or (c) one (1) business day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses and telephone numbers for such communications shall be:

If to the Company:

Inseego Corp.
9710 Scranton Road, Suite 200
San Diego, California 92121
Attention:
Telephone:
Email:

with a copy (for informational purposes only) to:

Paul Hastings LLP
4747 Executive Drive, Twelfth Floor
San Diego, CA 92121
Attention:
Telephone:
Email:

If to Holder, to the address specified on the signature page hereto.

Any party hereto may change his or its address for notice by giving notice thereof in the manner herein above provided.

Section 4.12 Interpretations. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural, and vice versa, unless the context otherwise requires. The masculine shall include the feminine and neuter, and vice versa, unless the context otherwise requires.

Section 4.13 Further Assurances. The Holder and the Company each hereby agree to execute and deliver, or cause to be executed and delivered, such other documents, instruments and agreements, and take such other actions, as either party may reasonably request in connection with the transactions contemplated by this Agreement.

Section 4.14 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 4.15 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in

every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

THE COMPANY:

INSEEGO CORP.

By:

Name: Stephen M. Smith

Title: Executive Vice President and Chief Financial Officer

HOLDER:

[_____].

By:

Name:

Title: Authorized Signatory

Address:

Name of Subsidiary	Jurisdiction of Incorporation or Organization	Name Under Which the Subsidiary Does Business
Novatel Wireless, Inc.	Delaware	
Novatel Wireless Technologies, Ltd.	Alberta, Canada	
Novatel Wireless Solutions, Inc.	Delaware	
Novatel Wireless (Italy) S.r.l.	Italy	
Inseego (UK) Ltd	United Kingdom	
Novatel Wireless Australia Pty Ltd	Australia	
Novatel Wireless Asia Ltd	Hong Kong	
Novatel Wireless (Shanghai) Co. Ltd.	China	
Novatel Wireless Technologies, Ltd.	Canada	
Enfora, Inc.	Delaware	
R.E.R. Enterprises, Inc.	Oregon	Feeney Wireless
Inseego North America, LLC	Oregon	
Feeney Wireless IC-Disc, Inc.	Delaware	
Ctrack Holdings (Pty) Ltd	South Africa	
DigiCore Electronics (Pty) Ltd	South Africa	
DigiCore Properties (Pty) Ltd	South Africa	
Ctrack SA (Pty) Ltd	South Africa	
DigiCore Financial Services (Pty) Ltd	South Africa	
Ctrack Fleet Management Solutions (Pty) Ltd	South Africa	
Ctrack Insurance Telematics (Pty) Ltd	South Africa	
Dedical (Pty) Ltd	South Africa	
Fleet Connect (Pty) Ltd	South Africa	
Ctrack Mzansi (Pty) Ltd	South Africa	
DigiCore Brands (Pty) Ltd	South Africa	
DigiCore Cellular (Pty) Ltd	South Africa	
DigiCore International (Pty) Ltd	South Africa	
DigiCore Investments (Pty) Ltd	South Africa	
DigiCore Technology (Pty) Ltd	South Africa	
Ctrack International Holdings Ltd	United Kingdom	
Ctrack Europe Holdings Limited	United Kingdom	
Ctrack UK Ltd	United Kingdom	
Ctrack Ireland Ltd	Ireland	
Ctrack E. Eur. Holdings Limited	United Kingdom	
Ctrack Deutschland GmbH	Germany	
Ctrack Ltd	United Kingdom	
DigiCore Europe BV	Netherlands	
Ctrack Benelux BV	Netherlands	
Ctrack Polska Sp z o.o.	Poland	
DigiCore International Holdings BV	Netherlands	
Ctrack New Zealand Limited	New Zealand	
Ctrack Asia SDN BHD	Malaysia	
Ctrack (Pty) Ltd	Australia	
Ctrack Finance Ltd	United Kingdom	
Ctrack Belgium BVBA	Belgium	
Ctrack France SARL	France	

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the following Registration Statements:

- 1) Registration Statement (Form S-3 No. 333-207255) of Novatel Wireless, Inc. (predecessor issuer to Inseego Corp.);
- 2) Registration Statement (Form S-3 Nos. 333-233206, 333-231350, 333-228315, 333-226753, and 333-221404) of Inseego Corp.; and
- 3) Registration Statements (Form S-8 Nos. 333-226754, 333-221405, 333-214965, 333-207233, 333-202648, 333-190879, 333-190878, 333-176490, 333-176489, 333-163033, 333-163032, 333-159287, 333-145482, 333-139730, 333-53692) of Inseego Corp.,

of our report dated March 13, 2020, with respect to our audits of the consolidated financial statements of Inseego Corp. as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 and our report dated March 13, 2020 with respect to our audit of the effectiveness of internal control over financial reporting of Inseego Corp. as of December 31, 2019, which reports are included in this Annual Report on Form 10-K of Inseego Corp. for the year ended December 31, 2019.

/s/ Marcum LLP

Marcum LLP
Philadelphia, Pennsylvania
March 13, 2020

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Dan Mondor, certify that:

1. I have reviewed this annual report on Form 10-K of Inseego Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

/s/ Dan Mondor

Dan Mondor

Chief Executive Officer

(principal executive officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Rule 13a-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Stephen Smith, certify that:

1. I have reviewed this annual report on Form 10-K of Inseego Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2020

/s/ Stephen Smith

Stephen Smith

Chief Financial Officer
(principal financial officer)

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

I, Dan Mondor, Chief Executive Officer of Inseego Corp. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: March 13, 2020

/s/ Dan Mondor

Dan Mondor

*Chief Executive Officer
(principal executive officer)*

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

I, Stephen Smith, Chief Financial Officer of Inseego Corp. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: March 13, 2020

/s/ Stephen Smith

Stephen Smith

*Chief Financial Officer
(principal financial officer)*