UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

INSEEGO CORP.
(Exact name of registrant as specified in its charter)

Delaware	**81-3377646**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
9605 Scranton Road, Suite 300 San Diego, California	**92121**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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 x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). x Yes ☐ No

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

Large accelerated filer	☐	Accelerated filer	x
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 Exchange Act). Yes☐ No x

The number of shares of the registrant's common stock outstanding as of August 6, 2018 was 72,412,170.

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PART I—FINANCIAL INFORMATION

Item 1. ***Financial Statements.***

INSEEGO CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value and share data)

	June 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,836	$ 21,198
Restricted cash	61	61
Accounts receivable, net of allowance for doubtful accounts of $2,510 and $2,683, respectively	23,418	15,674
Inventories, net	12,937	20,403
Prepaid expenses and other	6,165	9,101
Total current assets	61,417	66,437
Property, plant and equipment, net of accumulated depreciation of $28,991 and $28,138, respectively	6,031	6,991
Rental assets, net of accumulated depreciation of $10,439 and $9,039, respectively	6,300	7,563
Intangible assets, net of accumulated amortization of $27,922 and $25,473, respectively	33,510	38,671
Goodwill	34,358	37,681
Other assets	870	864
Total assets	$ 142,486	$ 158,207
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 29,270	$ 29,332
Accrued expenses and other current liabilities	35,397	27,558
DigiCore bank facilities	2,505	3,075
Total current liabilities	67,172	59,965
Long-term liabilities:		
Convertible senior notes, net	88,913	84,773
Term loan, net	44,801	44,055
Deferred tax liabilities, net	4,673	5,261
Other long-term liabilities	1,570	9,768
Total liabilities	207,129	203,822
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, par value $0.001; 2,000,000 shares authorized and none outstanding	—	—
Common stock, par value $0.001; 150,000,000 shares authorized, 59,742,747 and 58,644,559 shares issued and outstanding, respectively	60	59
Additional paid-in capital	522,033	519,531
Accumulated other comprehensive income (loss)	(2,188)	4,604
Accumulated deficit	(584,469)	(569,759)
Total stockholders' deficit attributable to Inseego Corp.	(64,564)	(45,565)
Noncontrolling interests	(79)	(50)
Total stockholders' deficit	(64,643)	(45,615)
Total liabilities and stockholders' deficit	$ 142,486	$ 158,207

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net revenues:				
IoT & Mobile Solutions	$ 31,741	$ 43,265	$ 60,621	$ 82,027
Enterprise SaaS Solutions	17,316	16,648	35,169	33,275
Total net revenues	49,057	59,913	95,790	115,302
Cost of net revenues:				
IoT & Mobile Solutions	24,623	35,615	48,375	67,638
Enterprise SaaS Solutions	6,998	5,662	13,860	12,842
Impairment of abandoned product line, net of recoveries	(221)	1,407	355	1,407
Total cost of net revenues	31,400	42,684	62,590	81,887
Gross profit	17,657	17,229	33,200	33,415
Operating costs and expenses:				
Research and development	4,968	5,400	9,944	11,689
Sales and marketing	5,635	7,002	11,050	14,159
General and administrative	6,302	8,094	12,797	20,131
Amortization of purchased intangible assets	931	905	1,895	1,809
Restructuring charges, net of recoveries	643	1,443	920	2,252
Total operating costs and expenses	18,479	22,844	36,606	50,040
Operating loss	(822)	(5,615)	(3,406)	(16,625)
Other income (expense):				
Interest expense, net	(5,147)	(4,881)	(10,247)	(9,037)
Other expense, net	(438)	(985)	(374)	(1,628)
Loss before income taxes	(6,407)	(11,481)	(14,027)	(27,290)
Income tax provision	272	556	712	861
Net loss	(6,679)	(12,037)	(14,739)	(28,151)
Less: Net loss attributable to noncontrolling interests	19	13	29	27
Net loss attributable to Inseego Corp.	$ (6,660)	$ (12,024)	$ (14,710)	$ (28,124)
Per share data:				
Net loss per share:				
Basic and diluted	$ (0.11)	$ (0.21)	$ (0.24)	$ (0.49)
Weighted-average shares used in computation of net loss per share:				
Basic and diluted	61,468,129	57,970,033	61,096,886	57,726,475

See accompanying notes to unaudited condensed consolidated financial statements.

INSEEGO CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Net loss	$ (6,679)	$ (12,037)	$ (14,739)	$ (28,151)
Foreign currency translation adjustment	(9,969)	2,225	(6,792)	3,272
Total comprehensive loss	$ (16,648)	$ (9,812)	$ (21,531)	$ (24,879)

See accompanying notes to unaudited condensed consolidated financial statements.

INSEEGO CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities:		
Net loss	$ (14,739)	$ (28,151)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,319	7,662
Provision for bad debts, net of recoveries	314	732
Loss on impairment of abandoned product line, net of recoveries	355	1,407
Provision for excess and obsolete inventory, net of recoveries	1,076	172
Share-based compensation expense	1,944	1,979
Amortization of debt discount and debt issuance costs	4,886	5,082
Loss on disposal of assets	501	171
Deferred income taxes	(6)	(15)
Unrealized foreign currency transaction loss, net	49	57
Other	60	494
Changes in assets and liabilities:		
Accounts receivable	(8,676)	(4,972)
Inventories	3,503	2,844
Prepaid expenses and other assets	2,881	(2,205)
Accounts payable	904	7,194
Accrued expenses, income taxes, and other	532	(5,391)
Net cash provided by (used in) operating activities	903	(12,940)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(653)	(1,444)
Proceeds from the sale of property, plant and equipment	30	182
Purchases of intangible assets and additions to capitalized software development costs	(1,099)	(1,500)
Net cash used in investing activities	(1,722)	(2,762)
Cash flows from financing activities:		
Proceeds from term loans	—	18,000
Payment of issuance costs related to term loans	—	(424)
Net borrowings under (repayment of) DigiCore bank and overdraft facilities	(208)	581
Principal payments under capital lease obligations	(359)	(462)
Principal payments on mortgage bond	(166)	(142)
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	558	(731)
Net cash provided by (used in) financing activities	(175)	16,822
Effect of exchange rates on cash, cash equivalents and restricted cash	(1,368)	352
Net increase (decrease) in cash, cash equivalents and restricted cash	(2,362)	1,472
Cash, cash equivalents and restricted cash, beginning of period	21,259	9,894
Cash, cash equivalents and restricted cash, end of period	$ 18,897	$ 11,366
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 5,362	$ 3,757
Income taxes	$ 545	$ 88
Supplemental disclosures of non-cash activities:		
Transfer of inventories to rental assets	$ 2,176	$ 2,750
Issuance of common stock under amended earn-out agreement	$ —	$ 2,638
Additional debt discount on exchange of convertible senior notes	$ —	$ 3,600

See accompanying notes to unaudited condensed consolidated financial statements.

1. Basis of Presentation

The information contained herein has been prepared by Inseego Corp. (the "Company") in accordance with the rules of the Securities and Exchange Commission (the "SEC"). The information at June 30, 2018 and the results of the Company's operations for the three and six months ended June 30, 2018 and 2017 are unaudited. The condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring accruals, which are, in the opinion of management, necessary for a fair statement of the results of the interim periods presented. These condensed consolidated financial statements and notes hereto should be read in conjunction with the audited financial statements from which they were derived and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. Certain prior period amounts were reclassified to conform to the current period presentation. These reclassifications did not affect total revenues, costs and expenses, net loss, assets, liabilities or stockholders' equity. Except as set forth below, the accounting policies used in preparing these unaudited condensed consolidated financial statements are the same as those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. The results of operations for the interim periods presented are not necessarily indicative of results to be expected for any other interim period or for the year as a whole.

For the three months ended June 30, 2018 and 2017, the Company incurred a net loss of $6.7 million and $12.0 million, respectively. The Company has a history of operating and net losses and overall usage of cash from operating and investing activities.

During the three months ended June 30, 2018, the Company continued certain restructuring initiatives that were commenced during the first quarter of 2018. These restructuring initiatives are aimed at reducing the Company's operating expenses in an effort to increase operating cash flows to eventually be sufficient to offset debt service costs and cash flows from investing activities. On August 6, 2018, subsequent to the balance sheet date, 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, 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 (see Note 12**,** *Subsequent Events*). 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 attaining profitable operations is dependent upon achieving a level and mix of revenues adequate to support its evolving cost structure. If events or circumstances occur such that the Company does not meet its operating plan as expected, or if the Company becomes obligated to pay unforeseen expenditures as a result of ongoing litigation, the Company may be required to raise 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.

The Company may decide to raise additional funds to accelerate development of new and existing services and products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. There can be no assurance that any required or desired additional 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 (each as defined below). If additional funds are raised by the issuance of equity securities, the Company's 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 condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

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.

Use of Estimates

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

Revenue Recognition

Significant changes to the Company's accounting policies, as a result of the adoption of the new revenue recognition guidance on January 1, 2018, are discussed below.

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 industrial Internet of Things ("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.

For the three and six months ended June 30, 2018 and 2017, net revenues by product grouping were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
IoT & Mobile Solutions	$ 31,741	$ 43,265	$ 60,621	$ 82,027
Enterprise SaaS Solutions	17,316	16,648	35,169	33,275
Total	$ 49,057	$ 59,913	$ 95,790	$ 115,302

See geographic disaggregation information in Note 8, *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, VoLTE based wireless home phones and cloud management software. The solutions are offered under the MiFi brand for consumer and business markets, and under the Skyus brand for industrial IoT markets.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions is comprised of the 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 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. These standards provide 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. Revenues for 2018 are reported under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*.

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 a 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 are not 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, except in rare credit-related circumstances.

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. If the customer chooses to lease the monitoring device, the Company recognizes the revenue for the monitoring device over the term of the contract. The Company records such revenue in accordance with the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 840, *Leases* ("ASC 840"), as it has determined that they qualify as operating leases (ownership of the device does not transfer to the other party). For the three and six months ended June 30, 2018, the Company recognized revenues of approximately $2.2 million and $4.4 million, respectively, under ASC 840.

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 specifically 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 June 30, 2018.

Applying the practical expedient in paragraph ASC 340-40-25-4, 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.

Revenue 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 or hosted data centers. 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. 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.

Effective Date and Transition Disclosures

Adoption of the new standards related to revenue recognition did not have a material impact on the Company's consolidated financial statements and is not expected to have a material impact in future periods.

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. Unless otherwise discussed, management believes the impact of recently issued standards, some of which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that restricted cash and restricted cash equivalents be included as components of total cash and cash equivalents in the statement of cash flows. The Company implemented this guidance in the first quarter of 2018 using a retrospective transition method for each period presented. The following line items in the Company's unaudited condensed consolidated statement of cash flows for the six months ended June 30, 2017 have been adjusted to reflect the adoption of this new guidance:

	As Previously Reported	Adjustment	As Adjusted
Restricted cash	$ (2,511)	$ 2,511	$ —
Net cash used in operating activities	(15,451)	2,511	(12,940)
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,039)	2,511	1,472
Cash, cash equivalents and restricted cash, end of period	8,855	2,511	11,366

In June 2016, the FASB issued 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.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. This guidance results in the Company providing a more faithful representation of the rights and obligations arising from operating and capital leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. This guidance is effective prospectively for interim and annual periods beginning after December 15, 2018. Early adoption is permitted. Originally, entities were required to adopt ASU 2016-02 using a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application. However, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which now allows entities the option of recognizing the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption while continuing to present all prior periods under previous lease accounting guidance. In July 2018, the FASB also issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which clarifies how to apply certain aspects of ASU 2016-02. The Company has compiled its lease inventory and is currently evaluating the contracts and assessing the impact of this guidance.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which became effective for the Company on January 1, 2018. ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes ASC 605, *Revenue Recognition*, including industry-specific guidance. The new guidance requires entities to apportion consideration from contracts to performance obligations on a relative SSP basis, based on a five-step model. Under ASC 606, revenue is recognized when a customer obtains control of a promised good or service and is recognized in an amount that reflects the consideration that the entity expects to receive in exchange for the good or service. In addition, ASC 606 also includes subtopic ASC 340-40, *Other Assets and Deferred Costs—Contracts* *with Customers* (“ASC 340-40”), which provides guidance on accounting for certain revenue related costs including costs associated with obtaining and fulfilling a contract.

On January 1, 2018, the Company adopted ASC 606 using the modified retrospective transition method. Adoption of the new guidance did not have a material impact on the Company’s condensed consolidated financial statements but did significantly impact its disclosures for revenue. Refer to the revenue recognition accounting policy above for updated revenue disclosures which are required by the new guidance.

2. Financial Statement Details

Inventories, net

Inventories, net, consist of the following (in thousands):

	June 30, 2018	December 31, 2017
Finished goods	$ 9,244	$ 14,331
Raw materials and components	3,693	6,072
Total inventories, net	$ 12,937	$ 20,403

Accrued Expenses and Other Current Liabilities

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

	June 30, 2018	December 31, 2017
Royalties	$ 1,456	$ 1,558
Payroll and related expenses	2,469	2,870
Professional fees	1,369	1,789
Accrued interest	239	239
Deferred revenue	2,298	1,823
Restructuring	965	964
Acquisition-related liabilities(1)	21,099	13,186
Other	5,502	5,129
Total accrued expenses and other current liabilities	$ 35,397	$ 27,558

(1) The Company and the former stockholders of R.E.R. Enterprises, Inc. (“RER”) entered into a mutual general release and settlement agreement resolving this matter on July 26, 2018, subsequent to the balance sheet date (see Note 9, *Commitments and Contingencies*).

Cash, Cash Equivalents and Restricted Cash

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

	June 30, 2018	December 31, 2017	June 30, 2017	December 31, 2016
Cash and cash equivalents	$ 18,836	$ 21,198	$ 8,855	$ 9,894
Restricted cash	61	61	2,511	—
Total cash, cash equivalents and restricted cash	$ 18,897	$ 21,259	$ 11,366	$ 9,894

As of June 30, 2018, restricted cash included collateral requirements related to the Company’s corporate credit card program.

3. Goodwill and Other Intangible Assets

The balances in goodwill and other intangible assets were primarily a result of the Company’s acquisitions of DigiCore Holdings Limited and RER and its wholly-owned subsidiary and principal operating asset, Feeney Wireless, LLC (which has been renamed Inseego North America, LLC) (“FW”). See Note 4, *Goodwill and Other Intangible Assets*, in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of the components of goodwill and additional information regarding other intangible assets.

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 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 six months ended June 30, 2018.

The Company had no financial instruments measured at fair value on a recurring basis as of June 30, 2018 and December 31, 2017.

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 measured using Level 3 inputs and are not measured on a recurring basis. The fair value of the liability component of the Convertible Notes, which approximates the carrying value of such notes, was $88.9 million and $84.8 million as of June 30, 2018 and December 31, 2017, respectively.

5. Debt

Previous Credit Agreements

On October 31, 2014, the Company entered into a five-year senior secured revolving credit facility in the amount of $25.0 million (the “Revolver”) with Wells Fargo Bank, National Association, as lender. Concurrently with the acquisition of FW, the Company amended the Revolver to include FW as a borrower and Loan Party, as defined by the agreement. On November 17, 2015, the Revolver was amended to increase the maximum borrowing capacity to $48.0 million. On March 20, 2017, at the Company’s request, the financial covenants with respect to liquidity requirements and EBITDA targets, among other things, were amended in order to enable draw-downs by the Company from time to time. In exchange for such accommodations, the aggregate amount available under the Revolver was decreased from $48.0 million to $10.0 million.

The Company terminated the Revolver on May 8, 2017, in connection with the execution of a credit agreement between the Company and Lakestar Semi Inc., a private investment fund managed by Soros Fund Management LLC, dated as of May 8, 2017 (the “Prior Credit Agreement”). The Prior Credit Agreement provided for a $20.0 million secured term loan with a maturity date of May 8, 2018. In conjunction with the closing of the Prior Credit Agreement, the Company received proceeds of $18.0 million, net of a $2.0 million debt discount, and paid issuance costs of approximately $0.4 million.

On August 23, 2017, upon entering into the Credit Agreement described below, the Company used a portion of the proceeds of the new Term Loan (as defined below) to repay all outstanding amounts under and terminate the Prior Credit Agreement. There was no early termination fee paid in connection with the termination of the Prior Credit Agreement.

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 funds managed by Highbridge Capital Management, LLC, as 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.

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%. 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.

The Term Loan consisted of the following at June 30, 2018 and December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Principal	$ 48,000	$ 48,000
Less: unamortized debt discount and debt issuance costs	(3,199)	(3,945)
Net carrying amount	$ 44,801	$ 44,055

The effective interest rate on the Term Loan was 13.45% for the six months ended June 30, 2018. The following table sets forth total interest expense recognized related to the Term Loan during the three and six months ended June 30, 2018 (in thousands):

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Contractual interest expense	$ 1,173	$ 2,267
Amortization of debt discount	333	666
Amortization of debt issuance costs	40	80
Total interest expense	$ 1,546	$ 3,013

Convertible Senior Notes

Novatel Wireless Notes

On June 10, 2015, Novatel Wireless, Inc., a wholly owned subsidiary of Inseego Corp. ("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 (as amended, the "Novatel Wireless Indenture"), between Novatel Wireless, as issuer, Inseego Corp. and Wilmington Trust, National Association, as trustee. 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.

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 aggregate principal amount of 5.50% convertible senior notes due 2022 (the "Inseego Notes" and collectively with the Novatel Wireless Notes, the "Convertible Notes"). The Inseego Notes were issued in exchange for the 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 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. Under certain limited circumstances which are described in the Inseego Indenture, holders may convert their Inseego Notes prior to the close of business on the business day immediately preceding December 15, 2021. 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.

Under certain limited circumstances which are described in the Inseego Indenture, the Company may redeem all or a portion of the Inseego Notes at its option on or after June 15, 2018, 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. The Inseego Notes are subject to repurchase by the Company at the option of the holders on June 15, 2020 (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. 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 record date to receive the related interest.

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 Inseego Indenture also provides for customary events of default. 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.

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.

Note Purchase Agreement

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

The Convertible Notes consisted of the following at June 30, 2018 and December 31, 2017 (in thousands):

	June 30, 2018	December 31, 2017
Liability component:		
Principal	$ 105,125	$ 105,125
Less: unamortized debt discount and debt issuance costs	(16,212)	(20,352)
Net carrying amount	$ 88,913	$ 84,773
Equity component	$ 41,905	$ 41,905

The effective interest rate on the liability component of the Convertible Notes was 15.82% for the six months ended June 30, 2018. The following table sets forth total interest expense recognized related to the Convertible Notes during the three and six months ended June 30, 2018 and 2017 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Contractual interest expense	$ 1,445	$ 1,650	$ 2,891	$ 3,300
Amortization of debt discount	1,955	2,243	3,911	4,460
Amortization of debt issuance costs	115	132	229	263
Total interest expense	$ 3,515	$ 4,025	$ 7,031	$ 8,023

6. Share-based Compensation

The Company included the following amounts for share-based compensation awards in the unaudited condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cost of revenues	$ 20	$ 41	$ 74	$ 95
Research and development	193	117	408	316
Sales and marketing	139	87	448	216
General and administrative	450	643	1,014	1,352
Total	$ 802	$ 888	$ 1,944	$ 1,979

Stock Options

The following table summarizes the Company’s stock option activity:

Outstanding — December 31, 2016	6,356,203
Granted	3,877,000
Exercised	(146,039)
Canceled	(3,520,681)
Outstanding — December 31, 2017	6,566,483
Granted	1,795,642
Exercised	(620,350)
Canceled	(920,564)
Outstanding — June 30, 2018	6,821,211
Exercisable — June 30, 2018	2,524,208

At June 30, 2018, total unrecognized compensation expense related to stock options was $2.9 million, which is expected to be recognized over a weighted-average period of 2.03 years.

Restricted Stock Units

The following table summarizes the Company’s restricted stock unit (“RSU”) activity:

Non-vested — December 31, 2016	2,975,800
Granted	1,480,301
Vested	(1,193,721)
Forfeited	(2,206,403)
Non-vested — December 31, 2017	1,055,977
Granted	384,912
Vested	(546,308)
Forfeited	(399,293)
Non-vested — June 30, 2018	495,288

At June 30, 2018, total unrecognized compensation expense related to RSUs was $0.8 million, which is expected to be recognized over a weighted-average period of 1.88 years.

7. Earnings Per Share

Basic earnings per share (“EPS”) excludes dilution and is computed by dividing net income (loss) attributable to Inseego Corp. 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 of 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 EPS was as follows (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Net loss attributable to Inseego Corp.	$ (6,660)	$ (12,024)	$ (14,710)	$ (28,124)
Weighted-average common shares outstanding	61,468,129	57,970,033	61,096,886	57,726,475
Basic and diluted net loss per share	$ (0.11)	$ (0.21)	$ (0.24)	$ (0.49)

For the three and six months ended June 30, 2018, the computation of diluted EPS excluded 9,203,129 shares related to warrants, stock options and RSUs as their effect would have been anti-dilutive. For the three and six months ended June 30, 2017, the computation of diluted EPS excluded 9,174,585 shares related to warrants, stock options and RSUs as their effect would have been anti-dilutive.

8. Geographic Information and Concentrations of Risk

Geographic Information

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
United States and Canada	$ 32,562	$ 44,565	$ 62,668	$ 83,913
South Africa	10,208	10,111	20,893	19,940
Other	6,287	5,237	12,229	11,449
Total	$ 49,057	$ 59,913	$ 95,790	$ 115,302

Concentrations of Risk

For the three months ended June 30, 2018, one customer accounted for 45.1% of net revenues. For the three months ended June 30, 2017, two customers accounted for 47.1% and 12.1% of net revenues, respectively. For the six months ended June 30, 2018 and 2017, one customer accounted for 46.9% and 50.4% of net revenues, respectively.

As of June 30, 2018, one customer accounted for 30.8% of accounts receivable, net. As of December 31, 2017, one customer accounted for 23.9% of accounts receivable, net.

9. Commitments and Contingencies

Legal

The Company is, from time to time, party to various legal proceedings arising in the ordinary course of business. For example, the Company is currently named as a defendant or co-defendant in some patent infringement lawsuits in the U.S. and is indirectly participating 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 27, 2015, a patent infringement action was brought against Novatel Wireless by Carucel Investments, L.P. ("Carucel"), a non-practicing entity (*Carucel Investments, L.P. v. Novatel Wireless, Inc., et al., U.S.D.C. S.D. Florida, Civil Action No. 0:15-cv-61116-BB*). The complaint alleged that certain MiFi mobile hotspots manufactured by Novatel Wireless infringed claims of patents owned by Carucel. On April 10, 2017, judgment was entered in favor of Novatel Wireless. Carucel filed to appeal certain orders in the litigation and on July 13, 2018, the U.S. Federal Circuit Court of Appeals affirmed the judgment.

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 July 26, 2018, subsequent to the balance sheet date, 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 issue 500,000 shares of the Company's common stock to the former stockholders of RER, (iii) 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, (iv) 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 (v) 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. On July 26, 2018, as a result of the Settlement Agreement, the Company's acquisition-related liabilities of $21.1 million were reduced to approximately $4.0 million.

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.

10. Income Taxes

The Company's income tax provision of $0.3 million and $0.6 million for the three months ended June 30, 2018 and 2017, respectively, and $0.7 million and $0.9 million for the six months ended June 30, 2018 and 2017, respectively, consists primarily of foreign income taxes at certain of the Company's international entities and minimum state taxes for its U.S.-based entities. The Company has income tax expense rather than an expected benefit based on statutory rates due primarily to losses at U.S. and international subsidiaries whose net operating losses are fully reserved.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") significantly revised the U.S. corporate income tax law, by among other things, reducing the corporate income tax rate to 21% for tax years beginning in 2018, limiting the deduction for interest expense, implementing a modified territorial system that includes a one-time transition tax on deemed repatriated earnings of foreign subsidiaries, and creating new taxes on certain foreign sourced earnings.

In 2017, in accordance with the SEC issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), the Company recorded provisional estimates related to the Tax Act. The Company continues to analyze the Tax Act, and in certain areas, has made reasonable estimates of the effects on its condensed consolidated financial statements and tax disclosures. The ultimate impact may differ from these provisional amounts due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional Internal Revenue Service guidance that may be issued and actions it may take as a result of the Tax Act. The accounting is expected to be complete when the Company's 2017 U.S. corporate income tax return is filed in the fourth quarter of 2018.

Further, the Tax Act includes U.S. taxation on foreign intangible income, effective January 1, 2018. The FASB allows an entity to make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as foreign intangible income in future years or provide for the tax expense related to the foreign intangible income as a period cost in the year it is incurred. The Company has not recorded any provisional amount for deferred taxes on the foreign intangible income because it is still collecting and analyzing the data needed to make the accounting policy election.

11. 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 $6.2 million and be completed when the Richardson, TX lease expires in June 2020.

In the first and second quarters of 2017, the Company commenced certain restructuring initiatives intended to continue to improve its strategic focus on its most profitable business lines and consolidate operations of its subsidiaries with those of the Company, including reductions-in-force, further reorganization of executive level management and the consolidation of certain of its facilities (the "2017 Initiatives"). The 2017 Initiatives cost a total of approximately $4.4 million and were completed in May 2018.

In the first quarter of 2018, the Company commenced certain restructuring initiatives intended to continue to consolidate operations of its subsidiaries with those of the Company, including reductions-in-force and the consolidation of certain of its facilities (the "2018 Initiatives"). The 2018 Initiatives are expected to cost a total of approximately $1.0 million and to be completed in December 2018.

The following table sets forth activity in the restructuring liability for the six months ended June 30, 2018 (in thousands):

	Balance at December 31, 2017	Costs Incurred	Payments	Translation Adjustment	Balance at June 30, 2018	Cumulative Costs Incurred to Date
2015 Initiatives						
Employee Severance Costs	$ —	$ —	$ —	$ —	$ —	$ 4,131
Facility Exit Related Costs	981	63	(230)	—	814	1,791
2017 Initiatives						
Employee Severance Costs	287	61	(359)	11	—	3,412
Facility Exit Related Costs	106	2	(108)	—	—	285
Other Related Costs	160	20	(180)	—	—	675
2018 Initiatives						
Employee Severance Costs	—	774	(219)	(9)	546	774
Total	$ 1,534	$ 920	$ (1,096)	$ 2	$ 1,360	$ 11,068

The balance of the restructuring liability at June 30, 2018 consists of approximately $1.0 million in current liabilities and $0.4 million in long-term liabilities.

During the six months ended June 30, 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 adjustment in accordance with the ASC 330, *Inventory*, and included the adjustment in impairment of abandoned product line, net of recoveries, within cost of net revenues in the unaudited condensed consolidated statements of operations.

12. Subsequent Events

On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement resolving litigation that had been pending in the Court of Chancery of the State of Delaware (see Note 9, *Commitments and Contingencies*).

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, 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, will be exercisable at any time on or after February 6, 2019, 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 July 2018, the Company granted 466,500 RSUs and 2,368,750 stock options to employees of the Company.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Forward Looking Statements

This report 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"). You should not place undue reliance on these statements. These forward-looking statements include statements that reflect the views of our senior management with respect to our current expectations, assumptions, estimates and projections about 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. Forward-looking statements address matters that involve risks and uncertainties that could cause actual results to 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 timely introduce new products and services successfully;
- our dependence on a small number of customers for a substantial portion of our revenues;
- our ability to realize the benefits of our recent reorganization transactions;
- our ability to realize the benefits of recent restructuring activities and cost-reduction initiatives including reductions-in-force, reorganization of executive level management and the consolidation of certain of our facilities;
- 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 accurately forecast customer demand and order the manufacture and timely delivery of sufficient product quantities;
- our reliance on sole source suppliers for some products used in our solutions;
- the continuing impact of uncertain global economic conditions on the demand for our products;
- 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 Internet of Things ("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 products;
- our continued ability to license necessary third-party technology for the development and sale of our products;
- the introduction of new products that could contain errors or defects;
- doing business abroad, including foreign currency risks;
- 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.

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 or furnish to the Securities and Exchange Commission (“SEC”), including the information in “Item 1A. Risk Factors” included in Part I of our Annual Report on Form 10-K for the year ended December 31, 2017. 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.

Trademarks

“Inseego” and the Inseego logo are trademarks or registered trademarks of Inseego. “Novatel Wireless”, the Novatel Wireless logo, “MiFi”, “MiFi Intelligent Mobile Hotspot” and “MiFi Freedom. My Way.” are trademarks or registered trademarks of Novatel Wireless, Inc. (“Novatel Wireless”). “DigiCore”, “Ctrack” and the Ctrack logo are trademarks or registered trademarks of DigiCore Holdings Limited (“DigiCore” or “Ctrack”). “Inseego North America”, “Skyus” and “Crossroads” are trademarks or registered trademarks of Inseego North America, LLC. Other trademarks, trade names or service marks used in this report are the property of their respective owners.

As used in this report on Form 10-Q, unless the context otherwise requires, the terms “we,” “us,” “our,” the “Company” and “Inseego” refer to Inseego Corp., a Delaware corporation, and its wholly owned subsidiaries.

The following information should be read in conjunction with the condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this report, as well as the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2017, contained in our Annual Report on Form 10-K for the year ended December 31, 2017.

Business Overview

Inseego is a leader in the design and development of products and solutions that enable high performance mobile applications for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Our product portfolio consists of enterprise SaaS solutions and IoT and mobile solutions, which together form the backbone of compelling, intelligent, reliable and secure IoT services with deep business intelligence. Inseego's products and solutions power mission critical applications with a "zero unscheduled downtime" mandate, such as asset tracking, fleet management, industrial IoT, SD WAN failover management and mobile broadband services. Our solutions are powered by our key innovations in purpose built SaaS cloud platforms, IoT and mobile technologies, including the newly emerging 5G technology.

We have invented and reinvented ways in which the world stays connected, accesses information and derives intelligence from that information. With multiple first-to-market innovations and a strong and growing portfolio of hardware and software innovations for IoT, Inseego has been advancing technology and driving industry transformation for over 30 years. It is this proven expertise and commitment to quality and innovation that makes us a preferred global partner of service providers, distributors, value-added resellers, system integrators, enterprises, small and medium-sized businesses and consumers.

Our Sources of Revenue

Inseego sells SaaS, software and services solutions across multiple mobile and industrial IoT vertical markets, including fleet management, vehicle telematics, aviation (ground service) telematics, usage-based insurance, 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 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 ("DMS"), 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.

We provide intelligent wireless hardware products for the worldwide mobile communications and industrial IoT markets. Our hardware products address multiple vertical markets including fleet and commercial telematics, after-market telematics, smart city infrastructure management, remote monitoring and control, security and connected home and wireless surveillance systems. Our broad range of products principally includes 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 remotely. Our products currently operate on every major cellular wireless technology platform. Our mobile hotspots, sold under the MiFi brand, are actively used by millions of customers to provide subscribers with secure and convenient high-speed access to corporate, public and personal information through the Internet and enterprise networks. Our wireless routers and USB modems serve as gateways to 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.

We sell our intelligent mobile hotspots primarily to wireless operators either directly or through strategic relationships. Our mobile-hotspot customer base is comprised of wireless operators, including Verizon Wireless in the U.S., as well as 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 and through distributors. The customer base for our wireless router 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, energy and industrial automation, security and safety, medical monitoring and government. Integrated telematics devices are also sold by Ctrack and provided as part of the integrated Ctrack SaaS solution.

In the first quarter of 2018, the Company restructured its net revenues into two distinct product groupings, specifically IoT & Mobile Solutions and Enterprise SaaS Solutions. IoT & Mobile Solutions is comprised of intelligent hotspot and industrial IoT products including the MiFi and Skyus branded products and solutions. Enterprise SaaS Solutions is comprised of the Ctrack telematics platforms, which provide fleet, vehicle, aviation, asset and other telematics applications and DMS. Both IoT & Mobile Solutions and Enterprise SaaS Solutions include hardware and software required for their respective solution.

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 features;
- 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 tier-one 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 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.

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 and/or borrowing additional funds 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.

Critical Accounting Policies and Estimates

In the notes to our consolidated financial statements and in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2017, we have disclosed those accounting policies that we consider to be significant in determining our results of operations and financial condition. Except as disclosed below, there have been no material changes to those policies that we consider to be significant since the filing of our Annual Report on Form 10-K for the year ended December 31, 2017. The accounting principles used in preparing our unaudited condensed consolidated financial statements conform in all material respects to accounting principles generally accepted in the U.S.

Revenue Recognition

Significant changes to our accounting policies, as a result of adopting the new revenue recognition guidance on January 1, 2018, are discussed below.

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 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.

For the three and six months ended June 30, 2018 and 2017, net revenues by product grouping were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
IoT & Mobile Solutions	$ 31,741	$ 43,265	$ 60,621	$ 82,027
Enterprise SaaS Solutions	17,316	16,648	35,169	33,275
Total	$ 49,057	$ 59,913	$ 95,790	$ 115,302

For the three and six months ended June 30, 2018 and 2017, net revenues by geographic region based on shipping destination were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
United States and Canada	$ 32,562	$ 44,565	$ 62,668	$ 83,913
South Africa	10,208	10,111	20,893	19,940
Other	6,287	5,237	12,229	11,449
Total	$ 49,057	$ 59,913	$ 95,790	$ 115,302

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, VoLTE based wireless home phones and cloud management software. The solutions are offered under the MiFi brand for consumer and business markets, and under the Skyus brand for industrial IoT markets.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions is comprised of the Ctrack telematics platforms, which provide fleet vehicle, aviation ground vehicle and asset tracking and performance information, and other telematics applications, and DMS.

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. These standards provide 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. Revenues for 2018 are reported under ASC 606, while prior period amounts are not adjusted and continue to be reported under ASC 605, *Revenue Recognition*.

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 are not 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, except in rare credit-related circumstances.

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. If the customer chooses to lease the monitoring device, the Company recognizes the revenue for the monitoring device over the term of the contract. The Company records such revenue in accordance with the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification ("ASC") 840, *Leases* ("ASC 840"), as it has determined that they qualify as operating leases (ownership of the device does not transfer to the other party). For the three and six months ended June 30, 2018, the Company recognized revenues of approximately $2.2 million and $4.4 million, respectively, under ASC 840.

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 specifically 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 June 30, 2018.

Applying the practical expedient in paragraph ASC 340-40-25-4, 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.

Revenue 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 or hosted data centers. 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. 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.

Effective Date and Transition Disclosures

Adoption of the new standards related to revenue recognition did not have a material impact on the Company's consolidated financial statements and is not expected to have a material impact in future periods.

Results of Operations

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017

Net revenues. Net revenues for the three months ended June 30, 2018 were $49.1 million, compared to $59.9 million for the same period in 2017.

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

	Three Months Ended June 30,		Change	
Product Category	**2018**	**2017**	**$**	**%**
IoT & Mobile Solutions	$ 31,741	$ 43,265	$ (11,524)	(26.6)%
Enterprise SaaS Solutions	17,316	16,648	668	4.0 %
Total	$ 49,057	$ 59,913	$ (10,856)	(18.1)%

IoT & Mobile Solutions. The decrease in IoT & Mobile Solutions net revenues is primarily a result of reduced sales from mobile hotspots and home devices as key customers focus on our upcoming 5G products.

Enterprise SaaS Solutions. The increase in Enterprise SaaS Solutions net revenues is primarily a result of increased revenues from Ctrack, partially offset by a slight decline in DMS revenues due to price concessions related to signing multi-year deals with key customers.

Cost of net revenues. Cost of net revenues for the three months ended June 30, 2018 was $31.4 million, or 64.0% of net revenues, compared to $42.7 million, or 71.2% of net revenues, for the same period in 2017.

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

Product Category	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change $	Change %
IoT & Mobile Solutions	$ 24,623	$ 35,615	$ (10,992)	(30.9)%
Enterprise SaaS Solutions	6,998	5,662	1,336	23.6 %
Impairment of abandoned product line, net of recoveries	(221)	1,407	(1,628)	(115.7)%
Total	$ 31,400	$ 42,684	$ (11,284)	(26.4)%

IoT & Mobile Solutions. The decrease in IoT & Mobile Solutions cost of net revenues is primarily a result of decreased sales along with a lower cost per unit as a result of changing contract manufacturers.

Enterprise SaaS Solutions. The increase in Enterprise SaaS Solutions cost of net revenues is primarily a result of product mix and price concessions related to signing multi-year deals with key customers.

Impairment of abandoned product line, net of recoveries. The impairment of abandoned product line, net of recoveries, reflects additional write downs of the value of certain inventory related to product lines that 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 three months ended June 30, 2018 was $17.7 million, or a gross margin of 36.0%, compared to $17.2 million, or a gross margin of 28.8% for the same period in 2017. The increase in gross profit was primarily attributable to the improved gross margins that resulted from changing contract manufacturers, which has offset the decline in revenues as discussed above.

Research and development expenses. Research and development expenses for the three months ended June 30, 2018 were $5.0 million, or 10.1% of net revenues, compared to $5.4 million, or 9.0% of net revenues, for the same period in 2017. The decrease in research and development expenses was primarily a result of our cost containment initiatives, including reductions in our workforce over the past 27 months.

Sales and marketing expenses. Sales and marketing expenses for the three months ended June 30, 2018 were $5.6 million, or 11.5% of net revenues, compared to $7.0 million, or 11.7% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives, including reductions in our workforce over the past 27 months.

General and administrative expenses. General and administrative expenses for the three months ended June 30, 2018 were $6.3 million, or 12.8% of net revenues, compared to $8.1 million, or 13.5% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives, including reductions in our workforce over the past 27 months.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the three months ended June 30, 2018 and 2017 was $0.9 million and $0.9 million, respectively.

Restructuring charges, net of recoveries. Restructuring charges, net of recoveries, for the three months ended June 30, 2018 and 2017 were $0.6 million and $1.4 million, respectively, and primarily consisted of severance costs incurred in connection with the reduction of our workforce, as well as facility exit related costs.

Interest expense, net. Interest expense, net, for the three months ended June 30, 2018 was $5.1 million, compared to interest expense, net, of $4.9 million for the same period in 2017. The increase in 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, as discussed below.

Other expense, net. Other expense, net, for the three months ended June 30, 2018 was $0.4 million, which primarily consisted of foreign currency transaction gains and losses. Other expense, net, for the three months ended June 30, 2017 was $1.0 million, which primarily related to the termination of the Revolver, as defined below.

Income tax provision. Income tax provision for the three months ended June 30, 2018 and 2017 was $0.3 million and $0.6 million, respectively, which primarily related to certain of our profitable entities in foreign jurisdictions.

Net loss attributable to noncontrolling interests. For the three months ended June 30, 2018, net loss attributable to noncontrolling interests was $19,000, compared to net loss attributable to noncontrolling interest of $13,000 for the same period in 2017.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

Net revenues. Net revenues for the six months ended June 30, 2018 were $95.8 million, compared to $115.3 million for the same period in 2017.

The following table details net revenues by product grouping (in thousands):

	Six Months Ended June 30,		Change	
	2018	2017	$	%
IoT & Mobile Solutions	$ 60,621	$ 82,027	$ (21,406)	(26.1)%
Enterprise SaaS Solutions	35,169	33,275	1,894	5.7 %
Total	$ 95,790	$ 115,302	$ (19,512)	(16.9)%

IoT & Mobile Solutions. The decrease in IoT & Mobile Solutions net revenues is primarily a result of reduced sales from mobile hotspots and home devices as key customers focus on our upcoming 5G products, partially offset by improved IoT sales.

Enterprise SaaS Solutions. The increase in Enterprise SaaS Solutions net revenues is primarily a result of increased revenues from Ctrack, partially offset by a slight decline in DMS revenues due to price concessions related to signing multi-year deals with key customers.

Cost of net revenues. Cost of net revenues for the six months ended June 30, 2018 was $62.6 million, or 65.3% of net revenues, compared to $81.9 million, or 71.0% of net revenues, for the same period in 2017.

The following table details cost of net revenues by product grouping (in thousands):

	Six Months Ended June 30,		Change	
	2018	2017	$	%
IoT & Mobile Solutions	$ 48,375	$ 67,638	$ (19,263)	(28.5)%
Enterprise SaaS Solutions	13,860	12,842	1,018	7.9 %
Impairment of abandoned product line, net of recoveries	355	1,407	(1,052)	(74.8)%
Total	$ 62,590	$ 81,887	$ (19,297)	(23.6)%

IoT & Mobile Solutions. The decrease in IoT & Mobile Solutions cost of net revenues is primarily a result of decreased sales along with a lower cost per unit as a result of changing contract manufacturers.

Enterprise SaaS Solutions. The increase in Enterprise SaaS Solutions cost of net revenues is primarily a result of increased sales and product mix.

Impairment of abandoned product line, net of recoveries. The impairment of abandoned product line 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 six months ended June 30, 2018 was $33.2 million, or a gross margin of 34.7%, compared to $33.4 million, or a gross margin of 29.0%, for the same period in 2017. The decrease in gross profit was primarily attributable to the decline in revenues, partially offset by the improvement in gross margins as a result of changing contract manufacturers.

Research and development expenses. Research and development expenses for the six months ended June 30, 2018 were $9.9 million, or 10.4% of net revenues, compared to $11.7 million, or 10.1% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives, including reductions in our workforce over the past 27 months.

Sales and marketing expenses. Sales and marketing expenses for the six months ended June 30, 2018 were $11.1 million, or 11.5% of net revenues, compared to $14.2 million, or 12.3% of net revenues, for the same period in 2017. The decrease was primarily a result of our cost containment initiatives, including reductions in our workforce over the past 27 months.

General and administrative expenses. General and administrative expenses for the six months ended June 30, 2018 were $12.8 million, or 13.4% of net revenues, compared to $20.1 million, or 17.5% of net revenues, for the same period in 2017. General and administrative expenses decreased for the six months ended June 30, 2018 primarily as a result of non-recurring legal costs incurred during 2017 and our cost containment initiatives, including reductions in our workforce over the past 27 months.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the six months ended June 30, 2018 and 2017 was $1.9 million and $1.8 million, respectively.

Restructuring charges, net of recoveries. Restructuring charges, net of recoveries, for the six months ended June 30, 2018 and 2017 were $0.9 million and $2.3 million, respectively, and predominantly consisted of severance costs incurred in connection with the reduction of our workforce, as well as facility exit related costs.

Interest expense, net. Interest expense, net, for the six months ended June 30, 2018 and 2017 was $10.2 million and $9.0 million, respectively. The increase in 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, as discussed below.

Other expense, net. Other expense, net, for the six months ended June 30, 2018 was $0.4 million, which primarily related to foreign currency transaction gains and losses, compared to other expense, net, of $1.6 million for the same period in 2017, which primarily related to the termination of the Revolver, as defined below.

Income tax provision. Income tax provision for the six months ended June 30, 2018 and 2017 was $0.7 million and $0.9 million, respectively, which primarily related to certain of our profitable entities in foreign jurisdictions.

Net loss attributable to noncontrolling interests. Net loss attributable to noncontrolling interests was $29,000 and $27,000 for the six months ended June 30, 2018 and 2017, respectively.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents and cash generated from operations. As of June 30, 2018, we had cash and cash equivalents of $18.8 million compared with cash and cash equivalents of $21.2 million as of December 31, 2017.

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.

Previous Credit Agreements

On October 31, 2014, we entered into a five-year senior secured revolving credit facility in the amount of $25.0 million (the “Revolver”) with Wells Fargo Bank, National Association, as lender. On November 17, 2015, the Revolver was amended to increase the maximum borrowing capacity to $48.0 million. On March 20, 2017, at our request, the financial covenants with respect to liquidity requirements and EBITDA targets, among other things, were amended in order to enable draw-downs by the Company from time to time. In exchange for such accommodations, the aggregate amount available under the Revolver was decreased from $48.0 million to $10.0 million.

We terminated the Revolver on May 8, 2017, in connection with the execution of a Credit Agreement with Lakestar Semi Inc., a private investment fund managed by Soros Fund Management LLC, dated as of May 8, 2017 (the “Prior Credit Agreement”). The Prior Credit Agreement provided for a $20.0 million secured term loan with a maturity date of May 8, 2018.

On August 23, 2017, upon entering into the Credit Agreement described below, we used a portion of the proceeds of the new Term Loan (as defined below) to repay all outstanding amounts under and terminate the Prior Credit Agreement. There was no early termination fee paid in connection with the termination of the Prior Credit Agreement.

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 funds managed by Highbridge Capital Management, LLC, as 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 (as defined below) 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.

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%. 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.

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 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” and collectively with the Novatel Wireless Notes, the “Convertible Notes”). The Inseego Notes were issued in exchange for the 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 Inseego Notes permit the Company to have a senior credit facility up to a maximum amount of $48.0 million.

The exchange of the Novatel Wireless Notes for the Inseego Notes was treated as a debt modification in accordance with applicable 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.

Note Purchase Agreement

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.

As of the filing date of this report, the following aggregate principal amounts remain outstanding (in thousands):

Inseego Notes	$	104,875
Novatel Wireless Notes		250
Total	$	105,125

Amended Merger 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) (“FW”), the Company 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 pay a total of approximately $6.1 million in cash over a four-year period, beginning in March 2016.

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 July 26, 2018, subsequent to the balance sheet date, 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 issue 500,000 shares of the Company’s common stock to the former stockholders of RER, (iii) 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, (iv) 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 (v) 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.

Historical Cash Flows

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

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net cash provided by (used in) operating activities	$ 903	$ (12,940)
Net cash used in investing activities	(1,722)	(2,762)
Net cash provided by (used in) financing activities	(175)	16,822
Effect of exchange rates on cash, cash equivalents and restricted cash	(1,368)	352
Net increase (decrease) in cash, cash equivalents and restricted cash	(2,362)	1,472
Cash, cash equivalents and restricted cash, beginning of period	21,259	9,894
Cash, cash equivalents and restricted cash, end of period	$ 18,897	$ 11,366

Operating activities. Net cash provided by operating activities was $0.9 million for the six months ended June 30, 2018, compared to net cash used in operating activities of $12.9 million for the same period in 2017. Net cash provided by operating activities for the six months ended June 30, 2018 was primarily attributable to non-cash charges for depreciation and amortization, including the amortization of debt discount and debt issuance costs, provision for excess and obsolete inventory and share-based compensation expense, partially offset by the net loss in the period and net cash used in working capital. Net cash used in operating activities for the six months ended June 30, 2017 was primarily attributable to the net loss in the period and net cash used in working capital, partially offset by and non-cash charges for depreciation and amortization, including the amortization of debt discount and debt issuance costs, loss on impairment of abandoned product line and share-based compensation expense.

Investing activities. Net cash used in investing activities during the six months ended June 30, 2018 was $1.7 million, compared to net cash used in investing activities of $2.8 million for the same period in 2017. Cash used in investing activities during the six months ended June 30, 2018 and 2017 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 solutions.

Financing activities. Net cash used in financing activities during the six months ended June 30, 2018 was $0.2 million, compared to net cash provided by financing activities of $16.8 million for the same period in 2017. Net cash used in financing activities during the six months ended June 30, 2018 was primarily related to net repayments of DigiCore bank and overdraft facilities, principal payments under capital lease obligations and taxes paid on vested restricted stock units, partially offset by proceeds received from stock option exercises and the employee stock purchase plan. Net cash provided by financing activities for the same period in 2017 was primarily related to net proceeds from the Prior Credit Agreement and net borrowing under DigiCore bank and overdraft facilities, partially offset by taxes paid on vested restricted stock units and principal payments under capital lease obligations.

Other Liquidity Needs

As of June 30, 2018, we had available cash and cash equivalents totaling $18.8 million and a working capital deficit of $5.8 million.

The restructuring initiatives commenced in the second quarter of 2017 and the first quarter of 2018 are aimed at significantly reducing our cost of revenues and operating expenses in an effort to increase operating cash flows to eventually be sufficient to offset debt service costs and cash flows from investing activities. Our ability to transition to attaining more profitable operations and generating positive cash flow is dependent upon achieving a level of revenues adequate to support our evolving cost structure. If events or circumstances occur such that we do not meet our operating plan as expected, we may be required to raise capital, reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which could have an adverse impact on our ability to achieve our intended business objectives. We believe that our cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet our working capital needs for the next twelve months following the filing date of this report.

Our liquidity could be impaired if there is any interruption in our business operations, a material failure to satisfy our contractual commitments or a failure to generate revenue from new or existing products.

We may decide to raise additional funds to accelerate development of new and existing services and products, to respond to competitive pressures or to acquire complementary products, businesses or technologies. There can be no assurance that any required or desired additional financing will be available on terms favorable to us, or at all. In addition, in order to obtain additional borrowings, we must comply with certain requirements under the Credit Agreement. If additional funds are raised by the issuance of equity securities, our stockholders could experience dilution of their ownership interests and securities issued may have rights senior to those of the holders of our common stock. If additional funds are raised by the issuance of debt securities, we may be subject to additional limitations on our operations.

Contractual Obligations and Commercial Commitments

During the six months ended June 30, 2018, there were no material changes to our contractual obligations and commercial commitments from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

The Settlement Agreement described above, which was executed subsequent to the balance sheet date, provides for full settlement of all claims against the former stockholders of RER, including all counterclaims related thereto, in exchange for the Company's payment of approximately $4 million in cash and common stock. This Settlement Agreement reduces the Company's acquisition-related liabilities by approximately $17 million from approximately $21.1 million previously accrued (consisting of $15.8 million in cash and $5.3 million in common stock).

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet arrangements.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk.*

Market risk is the risk of potential economic loss principally arising from adverse changes in the fair value of financial instruments. The major components of market risk affecting us are interest rate risk, global credit risk and foreign currency exchange rate risk.

During the six months ended June 30, 2018, there were no material changes in the quantitative or qualitative aspects of our market risk profile. For additional information regarding the Company's exposure to certain market risks, see "Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*" included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act, that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act 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 the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2018, the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2018.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the three months ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. ***Legal Proceedings.***

The disclosure in Note 9, *Commitments and Contingencies*, in the accompanying unaudited condensed consolidated financial statements includes a discussion of our legal proceedings and is incorporated herein by reference.

The Company is also engaged in various other legal actions arising in the ordinary course of our business and, while there can be no assurance, the Company currently believes that the ultimate outcome of these other legal actions will not have a material adverse effect on its business, results of operations, financial condition or cash flows.

Item 1A. ***Risk Factors.***

There have been no material changes in our risk factors from those disclosed in "Item 1A. *Risk Factors*" of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds.***

There were no unregistered sales of the Company's equity securities during the three-month period ended June 30, 2018.

Item 3. ***Defaults Upon Senior Securities.***

None.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

Item 5. ***Other Information.***

None.

Item 6. ***Exhibits.***

Exhibit No.	Description
2.1*	Agreement and Plan of Merger, dated March 27, 2015, by and among Novatel Wireless, Inc., Duck Acquisition, Inc., R.E.R. Enterprises, Inc., the stockholders of R.E.R. Enterprises, Inc. and Ethan Ralston, as the representative of the stockholders of R.E.R. Enterprises, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed April 1, 2015).
2.2	Amendment No. 1 to Agreement and Plan of Merger, dated January 5, 2016, by and among Novatel Wireless, Inc., Duck Acquisition, Inc., R.E.R. Enterprises, Inc., certain stockholders of R.E.R. Enterprises, Inc. and Ethan Ralston, as the representative of the R.E.R. stockholders (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed January 11, 2016).
2.3*	Transaction Implementation Agreement, dated June 18, 2015, by and between Novatel Wireless, Inc. and DigiCore Holdings Limited (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed June 24, 2015).
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 (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).
10.1	Change in Control and Severance Agreement, dated June 6, 2018, by and between the Company and Dan Mondor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 6, 2018).
10.2	Amendment to Inseego Corp. 2009 Omnibus Incentive Compensation Plan, effective June 6, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed June 8, 2018).
10.3	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 13, 2018).
10.4	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 13, 2018).
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**	The following financial statements and footnotes from the Inseego Corp. Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 formatted in eXtensible Business Reporting Language (XBRL): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Loss; (iv) Condensed Consolidated Statements of Cash Flows; and (v) the Notes to Condensed Consolidated Financial Statements.
*	Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.
**	Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 8, 2018	Inseego Corp.	
	By:	/s/ DAN MONDOR
		Dan Mondor
		Chief Executive Officer
	By:	/s/ STEPHEN SMITH
		Stephen Smith
		Chief Financial Officer

Exhibit 31.1

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 quarterly report on Form 10-Q 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: August 8, 2018

/s/ Dan Mondor

Dan Mondor

Chief Executive Officer
(principal executive officer)

Exhibit 31.2

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 quarterly report on Form 10-Q 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: August 8, 2018

/s/ Stephen Smith

Stephen Smith

Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

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 Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2018 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: August 8, 2018

/s/ Dan Mondor

Dan Mondor

Chief Executive Officer
(principal executive officer)

Exhibit 32.2

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

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 Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2018 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: August 8, 2018

/s/ Stephen Smith

Stephen Smith
Chief Financial Officer
(principal financial officer)