UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2019

OR

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

For the transition period from ___________ to __________ .

Commission File Number: 001-38358

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.)**
12600 Deerfield Parkway, Suite 100	
Alpharetta Georgia	**30004**
(Address of Principal Executive Offices)	**(Zip Code)**

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

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

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

The number of shares of the registrant's common stock outstanding as of August 2, 2019 was 79,531,512.

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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, 2019	December 31, 2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,268	$ 31,015
Restricted cash	61	61
Accounts receivable, net of allowance for doubtful accounts of $1,859 and $1,841, respectively	19,607	20,633
Inventories, net	29,392	26,431
Prepaid expenses and other	7,308	6,212
Total current assets	76,636	84,352
Property, plant and equipment, net of accumulated depreciation of $13,943 and $18,436, respectively	9,224	6,698
Rental assets, net of accumulated depreciation of $12,140 and $10,879, respectively	5,232	5,769
Intangible assets, net of accumulated amortization of $26,764 and $22,101, respectively	36,760	31,985
Goodwill	33,584	32,942
Right-of-use assets, net	2,709	—
Other assets	509	510
Total assets	$ 164,654	$ 162,256
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 35,856	$ 39,245
Accrued expenses and other current liabilities	14,088	13,024
Convertible senior notes, net	97,194	—
Term loan, net	45,792	—
DigiCore bank facilities	1,046	1,412
Total current liabilities	193,976	53,681
Long-term liabilities:		
Convertible senior notes, net	—	93,054
Term loan, net	—	45,046
Deferred tax liabilities, net	4,559	4,457
Other long-term liabilities	3,447	2,543
Total liabilities	201,982	198,781
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, 78,985,095 and 73,979,882 shares issued and outstanding, respectively	79	74
Additional paid-in capital	562,405	546,230
Accumulated other comprehensive loss	(3,670)	(4,877)
Accumulated deficit	(596,081)	(577,817)
Total stockholders' deficit attributable to Inseego Corp.	(37,267)	(36,390)
Noncontrolling interests	(61)	(135)
Total stockholders' deficit	(37,328)	(36,525)
Total liabilities and stockholders' deficit	$ 164,654	$ 162,256

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

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,	
	2019	**2018**	**2019**	**2018**
Net loss	$ (10,719)	$ (6,679)	$ (18,190)	$ (14,739)
Foreign currency translation adjustment	1,790	(9,969)	1,207	(6,792)
Total comprehensive loss	$ (8,929)	$ (16,648)	$ (16,983)	$ (21,531)

See accompanying notes to unaudited condensed consolidated financial statements.

INSEEGO CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Deficit
	Shares	Amount					
Balance, March 31, 2018	59,222	$ 59	$ 520,793	$ 7,781	$ (577,809)	$ (60)	$ (49,236)
Net loss	—	—	—	—	(6,660)	(19)	(6,679)
Foreign currency translation adjustment	—	—	—	(9,969)	—	—	(9,969)
Exercise of stock options and vesting of restricted stock units	521	1	350	—	—	—	351
Taxes withheld on net settled vesting of restricted stock units	—	—	(174)	—	—	—	(174)
Share-based compensation	—	—	1,064	—	—	—	1,064
Balance, June 30, 2018	59,743	$ 60	$ 522,033	$ (2,188)	$ (584,469)	$ (79)	$ (64,643)
Balance, March 31, 2019	78,699	$ 79	$ 558,208	$ (5,460)	$ (585,302)	$ (121)	$ (32,596)
Net income (loss)	—	—	—	—	(10,779)	60	(10,719)
Foreign currency translation adjustment	—	—	—	1,790	—	—	1,790
Exercise of stock options and vesting of restricted stock units	240	—	517	—	—	—	517
Taxes withheld on net settled vesting of restricted stock units	—	—	(206)	—	—	—	(206)
Issuance of common shares	46	—	241	—	—	—	241
Share-based compensation	—	—	3,645	—	—	—	3,645
Balance, June 30, 2019	78,985	$ 79	$ 562,405	$ (3,670)	$ (596,081)	$ (61)	$ (37,328)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Deficit
	Shares	Amount					
Balance, December 31, 2017	58,645	$ 59	$ 519,531	$ 4,604	$ (569,759)	$ (50)	$ (45,615)
Net loss	—	—	—	—	(14,710)	(29)	(14,739)
Foreign currency translation adjustment	—	—	—	(6,792)	—	—	(6,792)
Exercise of stock options and vesting of restricted stock units	1,098	1	871	—	—	—	872
Taxes withheld on net settled vesting of restricted stock units	—	—	(313)	—	—	—	(313)
Share-based compensation	—	—	1,944	—	—	—	1,944
Balance, June 30, 2018	59,743	$ 60	$ 522,033	$ (2,188)	$ (584,469)	$ (79)	$ (64,643)
Balance, December 31, 2018	73,980	$ 74	$ 546,230	$ (4,877)	$ (577,817)	$ (135)	$ (36,525)
Net income (loss)	—	—	—	—	(18,264)	74	(18,190)
Foreign currency translation adjustment	—	—	—	1,207	—	—	1,207
Exercise of stock options and vesting of restricted stock units	737	1	915	—	—	—	916
Taxes withheld on net settled vesting of restricted stock units	—	—	(318)	—	—	—	(318)
Issuance of common shares	46	—	241	—	—	—	241
Exercise of warrants	4,222	4	10,635	—	—	—	10,639
Share-based compensation	—	—	4,702	—	—	—	4,702
Balance, June 30, 2019	78,985	$ 79	$ 562,405	$ (3,670)	$ (596,081)	$ (61)	$ (37,328)

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,	
	2019	2018
Cash flows from operating activities:		
Net loss	$ (18,190)	$ (14,739)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,208	7,319
Provision for bad debts, net of recoveries	385	314
Provision for excess and obsolete inventory, net of recoveries	336	1,076
Share-based compensation expense	4,702	1,944
Amortization of debt discount and debt issuance costs	4,886	4,886
Deferred income taxes	(17)	(6)
Other	680	965
Changes in assets and liabilities:		
Accounts receivable	688	(8,676)
Inventories	(4,608)	3,503
Prepaid expenses and other assets	(1,208)	2,881
Accounts payable	(3,861)	904
Accrued expenses, income taxes, and other	(1,056)	532
Net cash provided by (used in) operating activities	(10,055)	903
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,973)	(653)
Proceeds from the sale of property, plant and equipment	454	30
Additions to capitalized software development costs and purchases of intangible assets	(8,801)	(1,099)
Net cash used in investing activities	(11,320)	(1,722)
Cash flows from financing activities:		
Proceeds from the exercise of warrant to purchase common stock	10,639	—
Net repayment of DigiCore bank and overdraft facilities	(394)	(208)
Principal payments under finance lease obligations	(532)	(360)
Principal payments on mortgage bond	—	(166)
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	598	559
Net cash provided by (used in) financing activities	10,311	(175)
Effect of exchange rates on cash	317	(1,368)
Net decrease in cash, cash equivalents and restricted cash	(10,747)	(2,362)
Cash, cash equivalents and restricted cash, beginning of period	31,076	21,259
Cash, cash equivalents and restricted cash, end of period	$ 20,329	$ 18,897
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 5,327	$ 5,362
Income taxes	$ 642	$ 545
Supplemental disclosures of non-cash activities:		
Transfer of inventories to rental assets	$ 1,636	$ 2,176
Capital expenditures financed through accounts payable	$ 2,026	$ 25
Right-of-use assets obtained in exchange for operating leases liabilities	$ 3,554	$ —

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, 2019 and the results of the Company's operations for the six months ended June 30, 2019 and 2018 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 unaudited condensed consolidated financial statements and notes hereto should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. The year-end condensed consolidated balance sheet data as of December 31, 2018 was derived from the Company's audited consolidated financial statements and may not include all disclosures required by accounting principles generally accepted in the United States. 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' deficit. 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, 2018. 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.

As of June 30, 2019, the Company had available cash and cash equivalents totaling $20.3 million and a working capital deficit of $117.3 million

In order to make continued investments in its growth plan, on August 9, 2019, the Company issued and sold 10,000 shares of Fixed-Rate Cumulative Perpetual Preferred Stock, Series E, par value $0.001 per share (the "Series E Preferred Stock"), for an aggregate purchase price of $10.0 million. For additional information see Note 13, *Subsequent Events*.

Under the terms of the indenture governing the Inseego Notes (as defined below), each holder of the notes has the right to require the Company to repurchase its notes for cash on June 15, 2020 (the "Optional Repurchase Date"). Should noteholders exercise this right, in addition to the Company's obligation to repurchase the notes, such repurchase would constitute a default under the Company's Credit Agreement (as defined below). In addition, the Novatel Wireless Notes (as defined below) are scheduled to mature on June 15, 2020.

Based on the above, the Company's management does not believe that its current cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet its working capital needs, including any required repurchase of the Inseego Notes and repayment of the Credit Agreement and Novatel Wireless Notes, without additional sources of cash. These circumstances, unless mitigated, raise substantial doubt about the Company's ability to continue as a going concern. The Company's plan to mitigate the substantial doubt as to its ability to continue as a going concern is through the restructuring of its existing debt or issuance of additional debt or equity securities.

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

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly- and majority-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 United States 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

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 4G and 5G mobile hotspots, wireless gateways and routers for IoT applications, 1 Gigabit speed 4G LTE hotspots and USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and configure and manage their hardware.

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

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

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

Contracts with Customers

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

The Company determines revenue recognition through the following five steps:

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

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

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

Revenue Recognition

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

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

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

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

Professional services revenue. From time to time, the Company enters into special engineering design service agreements. Revenues from engineering design services are 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, 2019.

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.

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

Shipping and Handling Charges

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

Taxes Collected from Customers

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

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

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

2. Financial Statement Details

Inventories, net

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

	June 30, 2019	December 31, 2018
Finished goods	$ 24,751	$ 14,797
Raw materials and components	4,641	11,634
Total inventories, net	$ 29,392	$ 26,431

Accrued Expenses and Other Current Liabilities

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

	June 30, 2019	December 31, 2018
Royalties	$ 1,835	$ 1,727
Payroll and related expenses	2,248	2,415
Professional fees	522	514
Accrued interest	239	239
Deferred revenue	2,318	2,048
Operating lease liabilities	1,507	—
Acquisition-related liabilities	1,000	1,000
Other	4,419	5,081
Total accrued expenses and other current liabilities	$ 14,088	$ 13,024

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, 2019	December 31, 2018	June 30, 2018	December 31, 2017
Cash and cash equivalents	$ 20,268	$ 31,015	$ 18,836	$ 21,198
Restricted cash	61	61	61	61
Total cash, cash equivalents and restricted cash	$ 20,329	$ 31,076	$ 18,897	$ 21,259

As of June 30, 2019, restricted cash included collateral requirements related to the Company’s corporate credit card program.

3. 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, 2019.

The following table summarizes the Company's financial instruments measured at fair value on a recurring basis in accordance with the authoritative guidance for fair value measurements as of June 30, 2019 (in thousands):

	Balance as of June 30, 2019	Level 1
Assets:		
Cash equivalents		
Money market funds	$ 125	$ 125
Total cash equivalents	$ 125	$ 125

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

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

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 4, *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. It is not practicable to determine the fair value of the Convertible Notes due to the lack of information available to calculate the fair value of such notes. The carrying value of the liability component of the Convertible Notes was $97.2 million and $93.1 million as of June 30, 2019 and December 31, 2018, respectively.

4. Debt

Term Loan

On August 23, 2017, the Company and certain of its direct and indirect subsidiaries (the "Guarantors") entered into a credit agreement (the "Credit Agreement") with Cantor Fitzgerald Securities, as administrative agent and collateral agent, and certain 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 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.

As required by the terms of the Credit Agreement, during the year ended December 31, 2018, the Company repaid $0.5 million of principal on the Term Loan in connection with the Settlement Agreement, as defined below (see Note 9, *Commitments and Contingencies*).

At June 30, 2019, approximately $10.3 million of the Term Loan was held by related parties. On July 10, 2019, subsequent to the balance sheet date, such related parties acquired an additional $29.2 million of the Term Loan.

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

	June 30, 2019	December 31, 2018
Principal	$ 47,500	$ 47,500
Less: unamortized debt discount and debt issuance costs	(1,708)	(2,454)
Net carrying amount	$ 45,792	$ 45,046

The Term Loan is reflected as a current liability on the Company's balance sheet because the payment obligations described below with respect to the Convertible Notes will trigger acceleration of the amounts due pursuant to the Credit Agreement.

The effective interest rate on the Term Loan was 13.70% for the six months ended June 30, 2019. The following table sets forth total interest expense recognized related to the Term Loan (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Contractual interest expense	$ 1,210	$ 1,173	$ 2,390	$ 2,267
Amortization of debt discount	333	333	666	666
Amortization of debt issuance costs	40	40	80	80
Total interest expense	$ 1,583	$ 1,546	$ 3,136	$ 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.

Because the Novatel Wireless Notes will mature within the next twelve months, the Company has included such indebtedness as a current liability on its balance sheet.

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 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. 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, 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 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.

At June 30, 2019, approximately $19.4 million of the Inseego Notes were held by related parties. On July 23, 2019, subsequent to the balance sheet date, such related parties acquired an additional $25.4 million of the Inseego Notes.

Because the Optional Repurchase Date will occur within the next twelve months, the Company has included such indebtedness as a current liability on its balance sheet.

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 consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Liability component:		
Principal	$ 105,125	$ 105,125
Less: unamortized debt discount and debt issuance costs	(7,931)	(12,071)
Net carrying amount	$ 97,194	$ 93,054
Equity component	$ 41,905	$ 41,905

The effective interest rate on the liability component of the Convertible Notes was 14.47% for the six months ended June 30, 2019. The following table sets forth total interest expense recognized related to the Convertible Notes (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Contractual interest expense	$ 1,445	$ 1,445	$ 2,891	$ 2,891
Amortization of debt discount	1,955	1,955	3,911	3,911
Amortization of debt issuance costs	115	115	229	229
Total interest expense	$ 3,515	$ 3,515	$ 7,031	$ 7,031

5. 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,	
	2019	2018	2019	2018
Cost of revenues	$ 574	$ 20	$ 697	$ 74
Research and development	957	193	1,132	408
Sales and marketing	818	235	1,032	448
General and administrative	1,296	616	1,841	1,014
Total	$ 3,645	$ 1,064	$ 4,702	$ 1,944

Stock Options

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

Outstanding — December 31, 2018	8,796,212
Granted	825,757
Exercised	(414,792)
Canceled	(666,318)
Outstanding — June 30, 2019	8,540,859
Exercisable — June 30, 2019	2,868,281

At June 30, 2019, total unrecognized compensation expense related to stock options was $5.8 million, which is expected to be recognized over a weighted-average period of 2.59 years.

Restricted Stock Units

The following table summarizes the Company's restricted stock unit ("RSU") activity:

Non-vested — December 31, 2018	454,382
Granted	273,867
Vested	(275,534)
Forfeited	(48,750)
Non-vested — June 30, 2019	403,965

At June 30, 2019, total unrecognized compensation expense related to RSUs was $0.8 million, which is expected to be recognized over a weighted-average period of 1.41 years.

6. Earnings Per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net 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 primarily of the Convertible Notes calculated using the if-converted and treasury stock method and warrants, stock options and RSUs calculated using the treasury stock method) are excluded from the diluted EPS computation in loss periods and when the applicable exercise price is greater than the market price on the period end date as their effect would be anti-dilutive.

For the three months ended June 30, 2019, the computation of diluted EPS excluded 35,777,398 shares related to the Convertible Notes, warrants, stock options and RSUs as their effect would have been anti-dilutive. For the six months ended June 30, 2019, the computation of diluted EPS excluded 35,760,242 shares primarily related to the Convertible Notes, warrants, stock options and RSUs as their effect would have been anti-dilutive.

7. Private Placement

On August 6, 2018, the Company completed a private placement of 12,062,000 shares of common stock, par value $0.001 per share, and warrants to purchase an additional 4,221,700 shares of common stock (the "2018 Warrants"), 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. In connection with the private placement, the Company incurred issuance costs of approximately $0.5 million.

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

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

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,	
	2019	2018	2019	2018
United States and Canada	$ 41,459	$ 32,562	$ 74,953	$ 62,668
South Africa	8,558	10,208	16,927	20,893
Other	5,874	6,287	12,567	12,229
Total	$ 55,891	$ 49,057	$ 104,447	$ 95,790

Concentrations of Risk

For the three months ended June 30, 2019 and 2018, one customer accounted for 56.0% and 45.1% of net revenues, respectively. For the six months ended June 30, 2019 and 2018, one customer accounted for 54.7% and 46.9% of net revenues, respectively.

As of June 30, 2019, two customers accounted for 27.3% and 11.0% of accounts receivable, net, respectively. As of December 31, 2018, two customers accounted for 30.5% and 12.8% of accounts receivable, net, respectively.

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

On May 11, 2017, the Company initiated a lawsuit against the former stockholders of RER in the Court of Chancery of the State of Delaware seeking recovery of damages for civil conspiracy, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On January 16, 2018, the former stockholders of RER filed an answer and counterclaim in the matter seeking recovery of certain deferred and earn-out payments allegedly owed to them by the Company in connection with the Company's acquisition of RER. On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement (the "Settlement Agreement") pursuant to which the parties agreed to release all claims against each other and the Company agreed to (i) pay the former stockholders of RER $1.0 million in cash by August 17, 2018, (ii) immediately instruct its transfer agent to permit the transfer or sale of 973,333 shares of the Company's common stock that the Company had issued to the former stockholders of RER in March 2017, (iii) immediately issue 500,000 shares of the Company's common stock to the former stockholders of RER, (iv) within 12 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company's option, (v) within 24 months following the execution of the Settlement Agreement deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company's option, and (vi) file one or more registration statements with respect to the resale of the shares of the Company's common stock issued to the former stockholders of RER pursuant to the Settlement Agreement. The Company's remaining liability under the Settlement Agreement at June 30, 2019 consists of approximately $1.0 million in current liabilities and $1.0 million in long-term liabilities.

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. Leases

Lessee

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

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

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments as specified in the lease. Right-of-use assets and lease liabilities related to the Company's operating leases are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term. When the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available surrounding the Company's borrowing rates at the lease commencement date in determining the present value of lease payments. The right-of-use asset also includes any lease payments made at or before lease commencement less any lease incentives. As of June 30, 2019, the Company had right-of-use assets of $2.7 million and lease liabilities related to its operating leases of $2.8 million. Right-of-use assets are included in right-of-use assets, net, on the condensed consolidated balance sheet and lease liabilities related to the Company's operating leases are included in accrued expenses and other liabilities and other long-term liabilities on the condensed consolidated balance sheet. As of June 30, 2019, the Company's weighted-average remaining lease term and weighted-average discount rate related to its operating leases were 2.3 years and 9.1%, respectively.

During the three and six months ended June 30, 2019, the cash paid for amounts included in the measurement of lease liabilities related to the Company's operating leases was approximately $0.5 million and $1.0 million, respectively, which is included as an operating cash outflow within the consolidated statements of cash flows. During the three and six months ended June 30, 2019, the operating lease costs related to the Company's operating leases were approximately $0.4 million and $0.9 million, respectively, which is included in operating costs and expenses in the condensed consolidated statements of operations. During the three months ended June 30, 2019, the Company did not enter into any lease agreements set to commence in the future and there were no newly leased assets for which a right-of-use asset was recorded in exchange for a new lease liability, other than those lease assets recorded upon implementation.

The future minimum payments under operating leases were as follows at June 30, 2019 (in thousands):

2019 (remainder)	$	1,038
2020		1,038
2021		627
2022		348
2023		61
Total minimum operating lease payments		3,112
Less: amounts representing interest		(299)
Present value of net minimum operating lease payments		2,813
Less: current portion		(1,507)
Long-term portion of operating lease obligations	$	1,306

Lessor

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

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

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

11. Income Taxes

The Company's income tax provision of $0.3 million and $0.3 million for the three months ended June 30, 2019 and 2018, respectively, and $0.6 million and $0.7 million for the six months ended June 30, 2019 and 2018, respectively, consisting 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 primarily due to full valuation allowances at most of its entities.

12. 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 $6.1 million and be completed when the Richardson, TX lease expires in June 2020.

The following table sets forth activity in the restructuring liability for the six months ended June 30, 2019 (in thousands):

	Balance at December 31, 2018	Costs Incurred	Payments	Balance at June 30, 2019	Cumulative Costs Incurred to Date
2015 Initiatives					
Employee Severance Costs	$ —	$ —	$ —	$ —	$ 4,131
Facility Exit Related Costs	634	37	(235)	436	1,879
Total	$ 634	$ 37	$ (235)	$ 436	$ 6,010

The balance of the restructuring liability at June 30, 2019 consists of approximately $0.4 million in current liabilities.

13. Subsequent Events

On July 26, 2019, the Company issued 196,463 shares of its common stock, par value $0.001 per share, to the former stockholders of RER as partial consideration pursuant to the terms of the Settlement Agreement. The shares were issued in reliance upon exemption from registration pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended. See Note 9, *Commitments and Contingencies*, for additional information regarding the Settlement Agreement.

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

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 introduce new products and services successfully;
- our ability to meet the price and performance standards of the evolving 5G New Radio ("5G NR") products and technologies;
- our ability to expand our customer reach/reduce customer concentration;
- our ability to grow the Internet of Things ("IoT") and mobile portfolio outside of North America;
- our ability to grow our Ctrack/asset tracking solutions within North America;
- our dependence on a small number of customers for a substantial portion of our revenues;
- our ability to 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 contract manufacturer's ability to secure necessary supply to build our devices;
- our ability to mitigate the impact of tariffs or other government-imposed sanctions;
- our ability to accurately forecast customer demand and order the manufacture and timely delivery of sufficient product quantities;
- our reliance on sole source suppliers for some products and devices used in our solutions;
- the continuing impact of uncertain global economic conditions on the demand for our products;
- the impact of geopolitical instability on our business;
- the impact that new or adjusted tariffs may have on the costs of components or our products, and our ability to sell products internationally;
- our ability to be cost competitive while meeting time-to-market requirements for our customers;
- our ability to meet the product performance needs of our customers in wireless broadband data access in industrial IoT markets;

- demand for fleet, vehicle and asset management software-as-a-service (“SaaS”) telematics solutions;
- our dependence on wireless telecommunication operators delivering acceptable wireless services;
- the outcome of any pending or future litigation, including intellectual property litigation;
- infringement claims with respect to intellectual property contained in our solutions;
- our continued ability to license necessary third-party technology for the development and sale of our solutions;
- the introduction of new products that could contain errors or defects;
- conducting business abroad, including foreign currency risks;
- the pace of 5G wireless network rollouts globally and their adoption by customers;
- our ability to make focused investments in research and development; and
- our ability to hire, retain and manage additional qualified personnel to maintain and expand our business.

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, 2018 (“Form 10-K”). 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”, the Inseego logo, “Novatel Wireless”, the Novatel Wireless logo, “MiFi”, “MiFi^{iQ}”, “MiFi Intelligent Mobile Hotspot”, “MiFi Freedom. My Way.”, “Ctrack”, the Ctrack logo, “Inseego North America”, “Skyus” and “Crossroads” are trademarks or registered trademarks of Inseego and its subsidiaries. Other trademarks, trade names or service marks used in this report are the property of their respective owners.

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 annual 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, 2018, contained in our Form 10-K.

Business Overview

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

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, commitment to quality and obsession with innovation and relentless execution that makes us a preferred global partner of service providers, distributors, value-added resellers, system integrators, enterprises and small and medium-sized businesses.

Our Sources of Revenue

We provide intelligent wireless 3G, 4G and 5G hardware products for the worldwide mobile communications and industrial IoT markets. Our hardware products address multiple vertical markets including fleet and commercial telematics, aftermarket telematics, smart city infrastructure management, remote monitoring and control, wireless surveillance systems, security and connected home and fixed wireless access and mobile broadband devices. Our broad range of products principally includes intelligent 4G and 5G mobile hotspots, wireless gateways and routers for IoT applications, 1Gigabit ("Gb") speed 4G LTE hotspots and USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud services designed to enable customers to easily analyze data insights and configure/manage their hardware remotely. Our products currently operate on most major cellular wireless technology platforms. Our mobile hotspots, sold under the MiFi and MiFi^{iQ} brands, have been sold to 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 standalone and USB modems and gateways allow us to address the rapidly growing and underpenetrated IoT market segments. Our telematics and mobile asset tracking hardware devices collect and control critical vehicle data and driver behaviors, and can reliably deliver that information to the cloud, all managed by our services enablement platforms.

We provide intelligent mobile 4G and 5G devices primarily to wireless operators either directly or through strategic relationships. Our MiFi customer base is comprised of wireless operators, including Verizon Wireless in the United States, Rogers in Canada and Telstra in Australia, 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, value-added resellers and through distributors. The customer base for our wireless products is comprised of transportation companies, industrial enterprises, manufacturers, application service providers, system integrators and distributors in various industries, including fleet and vehicle transportation, ground aviation, energy and industrial automation, security and safety, medical monitoring and government. Integrated telematics and asset tracking devices are also sold under our Ctrack brand and provided as part of our integrated SaaS solutions.

We sell 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 to improve business operations. The platforms are flexible and support both on-premise server or cloud-based deployments and are the basis for the delivery of a wide range of IoT services in multiple industries.

Our SaaS delivery platforms include our Ctrack platforms, which provide fleet, vehicle, aviation, asset and other telematics applications, and our Device Management System, 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.

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;
- application of any tariffs;
- product pricing; and
- changes in technologies.

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

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

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

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

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

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

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

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

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

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 Form 10-K, 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 Form 10-K. 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.

Leases

Lessee

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

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

Right-of-use assets represent our right to use an underlying asset during the lease term and lease liabilities represent our obligation to make lease payments as specified in the lease. Right-of-use assets and lease liabilities related to our operating leases are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term. When our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available surrounding our borrowing rates at the lease commencement date in determining the present value of lease payments. The right-of-use asset also includes any lease payments made at or before lease commencement less any lease incentives.

Lessor

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

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

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

Results of Operations

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2018

Net revenues. Net revenues for the three months ended June 30, 2019 were $55.9 million, compared to $49.1 million for the same period in 2018.

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

	Three Months Ended June 30,		Change	
Product Category	**2019**	**2018**	**$**	**%**
IoT & Mobile Solutions	$ 39,983	$ 31,741	$ 8,242	26.0 %
Enterprise SaaS Solutions	15,908	17,316	(1,408)	(8.1)%
Total	$ 55,891	$ 49,057	$ 6,834	13.9 %

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

Enterprise SaaS Solutions. The decrease in Enterprise SaaS Solutions net revenues is primarily a result of the movement in the South African Rand to U.S. Dollar foreign exchange rate, partially offset by increased Device Management System revenues.

Cost of net revenues. Cost of net revenues for the three months ended June 30, 2019 was $40.3 million, or 72.2% of net revenues, compared to $31.4 million, or 64.0% of net revenues, for the same period in 2018.

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

	Three Months Ended June 30,		Change	
Product Category	**2019**	**2018**	**$**	**%**
IoT & Mobile Solutions	$ 33,986	$ 24,623	$ 9,363	38.0 %
Enterprise SaaS Solutions	6,350	6,998	(648)	(9.3)%
Impairment of abandoned product line, net of recoveries	—	(221)	221	(100.0)%
Total	$ 40,336	$ 31,400	$ 8,936	28.5 %

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

Enterprise SaaS Solutions. Enterprise SaaS Solutions cost of net revenues decreased as a result of the movement in the South African Rand to U.S. Dollar foreign exchange rate, partially offset by an increase resulting from the increase in related Device Management System revenues.

Impairment of abandoned product line, net of recoveries. The impairment of abandoned product line, net of recoveries, in 2018 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, 2019 was $15.6 million, or a gross margin of 27.8%, compared to $17.7 million, or a gross margin of 36.0% for the same period in 2018. The decrease in gross profit was primarily attributable to the decline in MiFi gross margins, the decline in IoT volumes, and the movement in the South African Rand to U.S. Dollar foreign exchange rate.

Research and development expenses. Research and development expenses for the three months ended June 30, 2019 were $5.2 million, or 9.3% of net revenues, compared to $5.0 million, or 10.1% of net revenues, for the same period in 2018. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount and an increase in share-based compensation related to an equity bonus, partially offset by the Company starting to capitalize certain additional research and development costs beginning in 2019.

Sales and marketing expenses. Sales and marketing expenses for the three months ended June 30, 2019 were $7.2 million, or 12.9% of net revenues, compared to $5.6 million, or 11.5% of net revenues, for the same period in 2018. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount, as well as an increase in share-based compensation related to an equity bonus.

General and administrative expenses. General and administrative expenses for the three months ended June 30, 2019 were $7.4 million, or 13.3% of net revenues, compared to $6.3 million, or 12.8% of net revenues, for the same period in 2018. The increase was primarily a result of an increase in share-based compensation related to an equity bonus.

Amortization of purchased intangible assets. Amortization of purchased intangible assets for the three months ended June 30, 2019 and 2018 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, 2019 and 2018 were $15,000 and $0.6 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, 2019 and 2018 was $5.1 million and $5.1 million, respectively.

Other income (expense), net. Other expense, net, for the three months ended June 30, 2019 was $0.1 million, which primarily consisted of gains on the sale of certain fixed assets, partially offset by foreign currency transaction gains and losses. 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.

Income tax provision. Income tax provision for the three months ended June 30, 2019 and 2018 was $0.3 million and $0.3 million, respectively, which primarily related to certain of our profitable entities in foreign jurisdictions.

Net loss (income) attributable to noncontrolling interests. Net income attributable to noncontrolling interests for the three months ended June 30, 2019 was $0.1 million, compared to a net loss attributable to noncontrolling interests of $19,000 for the same period in 2018.

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Net revenues. Net revenues for the six months ended June 30, 2019 were $104.4 million, compared to $95.8 million for the same period in 2018.

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

	Six Months Ended June 30,		Change	
	2019	**2018**	**$**	**%**
IoT & Mobile Solutions	$ 72,764	$ 60,621	$ 12,143	20.0 %
Enterprise SaaS Solutions	31,683	35,169	(3,486)	(9.9)%
Total	$ 104,447	$ 95,790	$ 8,657	9.0 %

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

Enterprise SaaS Solutions. The decrease in Enterprise SaaS Solutions net revenues is primarily a result of the movement in the South African Rand to U.S. Dollar foreign exchange rate, partially offset by increased Device Management System revenues.

Cost of net revenues. Cost of net revenues for the six months ended June 30, 2019 was $74.1 million, or 71.0% of net revenues, compared to $62.6 million, or 65.3% of net revenues, for the same period in 2018.

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

	Six Months Ended June 30,		Change	
	2019	**2018**	**$**	**%**
IoT & Mobile Solutions	$ 61,586	$ 48,375	$ 13,211	27.3 %
Enterprise SaaS Solutions	12,546	13,860	(1,314)	(9.5)%
Impairment of abandoned product line, net of recoveries	—	355	(355)	(100.0)%
Total	$ 74,132	$ 62,590	$ 11,542	18.4 %

IoT & Mobile Solutions. The increase in IoT & Mobile Solutions cost of net revenues is primarily a result of the increase in related net revenues.

Enterprise SaaS Solutions. The decrease in Enterprise SaaS Solutions cost of net revenues is primarily a result of the movement in the South African Rand to U.S. Dollar foreign exchange rate, partially offset by an increase resulting from the increase in related Device Management System revenues.

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

Gross profit. Gross profit for the six months ended June 30, 2019 was $30.3 million, or a gross margin of 29.0%, compared to $33.2 million, or a gross margin of 34.7%, for the same period in 2018. The decrease in gross profit was primarily attributable to an increase in sales of lower-margin products.

Research and development expenses. Research and development expenses for the six months ended June 30, 2019 were $8.7 million, or 8.3% of net revenues, compared to $9.9 million, or 10.4% of net revenues, for the same period in 2018. The decrease was primarily a result of the Company starting to capitalize certain additional research and development costs beginning in 2019, partially offset by an increase in employment costs attributable to an increase in headcount and an increase in share-based compensation related to an equity bonus.

Sales and marketing expenses. Sales and marketing expenses for the six months ended June 30, 2019 were $13.6 million, or 13.0% of net revenues, compared to $11.1 million, or 11.5% of net revenues, for the same period in 2018. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount and an increase in share-based compensation related to an equity bonus.

General and administrative expenses. General and administrative expenses for the six months ended June 30, 2019 were $13.9 million, or 13.3% of net revenues, compared to $12.8 million, or 13.4% of net revenues, for the same period in 2018. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount and an increase in share-based compensation related to an equity bonus.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the six months ended June 30, 2019 and 2018 was $1.7 million and $1.9 million, respectively.

Restructuring charges, net of recoveries. Restructuring charges, net of recoveries, for the six months ended June 30, 2019 and 2018 were $37,000 and $0.9 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, 2019 and 2018 was $10.2 million and $10.2 million, respectively.

Other income (expense), net. Other income, net, for the six months ended June 30, 2019 was $0.2 million, which primarily consisted of gains on the sale of certain fixed assets, partially offset by foreign currency transaction gains and losses. Other expense, net, for the six months ended June 30, 2018 was $0.4 million, which primarily consisted of foreign currency transaction gains and losses.

Income tax provision. Income tax provision for the six months ended June 30, 2019 and 2018 was $0.6 million and $0.7 million, respectively, which primarily related to certain of our profitable entities in foreign jurisdictions.

Net loss (income) attributable to noncontrolling interests. Net income attributable to noncontrolling interests was $0.1 million for the six months ended June 30, 2019, compared to net loss attributable to noncontrolling interests of $29,000 for the same period in 2018.

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, 2019, we had cash and cash equivalents of $20.3 million compared with cash and cash equivalents of $31.0 million as of December 31, 2018.

On August 9, 2019, we completed a private placement of 10,000 shares of Fixed-Rate Cumulative Perpetual Preferred Stock, Series E, par value $0.001 per share (the "Series E Preferred Stock"), for an aggregate purchase price of $10.0 million in accordance with the terms and provisions of a Securities Purchase Agreement, dated August 9, 2019, by and among the Company and certain accredited investors. Each share of Series E Preferred Stock entitles the holder thereof to receive, when, as and if declared by the Company out of assets legally available therefor, cumulative cash dividends at an annual rate of 9.00% payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on October 1, 2019. If dividends are not declared and paid in any quarter, or if such dividends are declared but holders of the Series E Preferred Stock elect not to receive them in cash, the quarterly dividend will be deemed to accrue and will be added to the Series E Base Amount. The Series E Preferred Stock has no voting rights unless otherwise required by law. The Series E Preferred Stock is perpetual and has no maturity date. However, we may, at our option, redeem shares of the Series E Preferred Stock, in whole or in part, on or after July 1, 2022, at a price equal to 110% of the Series E Base Amount plus (without duplication) any accrued and unpaid dividends. The "Series E Base Amount" means $1,000 per share, plus any accrued but unpaid dividends, whether or not declared by our board of directors, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series E Preferred Stock. In the event of a liquidation, dissolution or winding up of the Company, the holders of the Series E Preferred Stock will be entitled to receive, after satisfaction of liabilities to creditors and subject to the rights of holders of any senior securities, but before any distribution of assets is made to holder of common stock or any other junior securities, the Series E Base Amount plus (without duplication) any accrued and unpaid dividends.

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).

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.

As required by the terms of the Credit Agreement, during the year ended December 31, 2018, the Company repaid $0.5 million of principal on the Term Loan in connection with the Settlement Agreement, as defined below.

At June 30, 2019, approximately $10.3 million of the Term Loan was held by related parties. On July 10, 2019, subsequent to the balance sheet date, such related parties acquired an additional $29.2 million of the Term Loan.

The Term Loan is reflected as a current liability on the Company's balance sheet because the payment obligations described below with respect to the Convertible Notes will trigger acceleration of the amounts due pursuant to the Credit Agreement.

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 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.

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 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.

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.

As previously discussed, the Novatel Wireless Notes mature on June 15, 2020 and the Inseego Notes mature on June 15, 2022. The Inseego Notes are subject to repurchase by the Company at the option of the holders on the Optional Repurchase Date. Because management intends to restructure the Company’s debt prior to the Optional Repurchase Date, management does not believe that the repurchase option will ultimately be exercised.

At June 30, 2019, approximately $19.4 million of the Inseego Notes were held by related parties. On July 23, 2019, subsequent to the balance sheet date, such related parties acquired an additional $25.4 million of the Inseego Notes.

Because the Novatel Wireless Notes will mature within the next twelve months and the Optional Repurchase Date will occur within the next twelve months, the Company has included the Convertible Notes indebtedness as a current liability on its balance sheet.

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.

Settlement Agreement

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

On May 11, 2017, the Company initiated a lawsuit against the former stockholders of RER in the Court of Chancery of the State of Delaware seeking recovery of damages for civil conspiracy, fraud in the inducement, unjust enrichment and breach of fiduciary duty. On January 16, 2018, the former stockholders of RER filed an answer and counterclaim in the matter seeking recovery of certain deferred and earn-out payments allegedly owed to them by the Company in connection with the Company’s acquisition of RER. On July 26, 2018, the Company and the former stockholders of RER entered into a mutual general release and settlement agreement (the “Settlement Agreement”) pursuant to which the parties agreed to release all claims against each other and the Company agreed to (i) pay the former stockholders of RER $1.0 million in cash by August 17, 2018,

(ii) immediately instruct its transfer agent to permit the transfer or sale of 973,333 shares of the Company's common stock that the Company had issued to the former stockholders of RER in March 2017, (iii) immediately issue 500,000 shares of the Company's common stock to the former stockholders of RER, (iv) within 12 months following the execution of the Settlement Agreement, deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company's option, (v) within 24 months following the execution of the Settlement Agreement deliver to the former stockholders of RER an additional $1.0 million in cash, common stock, or a combination thereof, at the Company's option, and (vi) file one or more registration statements with respect to the resale of the shares of the Company's common stock issued to the former stockholders of RER pursuant to the Settlement Agreement. The Company's remaining liability under the Settlement Agreement at June 30, 2019 consists of approximately $1.0 million in current liabilities and $1.0 million in long-term liabilities.

Historical Cash Flows

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

	Six Months Ended June 30,	
	2019	**2018**
Net cash provided by (used in) operating activities	$ (10,055)	$ 903
Net cash used in investing activities	(11,320)	(1,722)
Net cash provided by (used in) financing activities	10,311	(175)
Effect of exchange rates on cash	317	(1,368)
Net decrease in cash, cash equivalents and restricted cash	(10,747)	(2,362)
Cash, cash equivalents and restricted cash, beginning of period	31,076	21,259
Cash, cash equivalents and restricted cash, end of period	$ 20,329	$ 18,897

Operating activities. Net cash used in operating activities was $10.1 million for the six months ended June 30, 2019, compared to net cash provided by operating activities of $0.9 million for the same period in 2018. Net cash used in operating activities for the six months ended June 30, 2019 was primarily attributable to the net loss in the period and net cash used in working capital, partially offset by non-cash charges for depreciation and amortization, including the amortization of debt discount and debt issuance costs, and share-based compensation expense. Net cash 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.

Investing activities. Net cash used in investing activities during the six months ended June 30, 2019 was $11.3 million, compared to net cash used in investing activities of $1.7 million for the same period in 2018. Cash used in investing activities during the six months ended June 30, 2019 and 2018 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 provided by financing activities during the six months ended June 30, 2019 was $10.3 million, compared to net cash used in financing activities of $0.2 million for the same period in 2018. Net cash provided by financing activities during the six months ended June 30, 2019 was primarily related to proceeds received from the exercise of warrants to purchase common stock and proceeds received from stock option exercises and the employee stock purchase plan, partially offset by net repayments of DigiCore bank and overdraft facilities, principal payments under finance lease obligations and taxes paid on vested restricted stock units. Net cash used in financing activities for the same period in 2018 was primarily related to repayments of DigiCore bank and overdraft facilities, principal payments under finance lease obligations, principal payments on a mortgage bond and taxes paid on vested restricted stock units, partially offset by proceeds received from stock option exercises and the employee stock purchase plan.

Other Liquidity Needs

As of June 30, 2019, we had available cash and cash equivalents totaling $20.3 million and a working capital deficit of $117.3 million. On August 9, 2019, the Company issued and sold 10,000 shares of Series E Preferred Stock for an aggregate purchase price of $10.0 million.

Under the terms of the indenture governing the Inseego Notes, each holder of the notes has the right to require the Company to repurchase its notes for cash on the Optional Repurchase Date. Should noteholders exercise this right, in addition to the Company's obligation to repurchase the notes, such repurchase would constitute a default under the Company's Credit Agreement. In addition, the Novatel Wireless Notes (as defined below) are scheduled to mature on June 15, 2020. While the Company's management acknowledges that its current cash and cash equivalents, together with anticipated cash flows from operations, will not be sufficient to meet its working capital needs, including any required repurchase of the Inseego Notes and repayment of the Credit Agreement and Novatel Wireless Notes, without additional sources of cash, management does not believe that the repurchase option will ultimately be exercised. The Company plans to address its liquidity concerns through a recapitalization or restructuring transaction prior to the Optional Repurchase Date, whereby the Company's debt obligations are reduced and/or the repurchase and maturity dates are extended, and/or a capital raising transaction involving the issuance of additional debt or equity securities.

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

Off-Balance Sheet Arrangements

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

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

Not applicable.

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 principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) promulgated under the Exchange Act, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2019, the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2019.

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, 2019, 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 Form 10-K.

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

On May 24, 2019, the Company issued 45,871 shares of its common stock, par value $0.001 per share, to a third party in connection with the resolution of an intellectual property dispute pursuant to the terms of a confidential settlement agreement. The shares were issued in reliance upon exemption from registration pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended.

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	Amended 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 June 26, 2019).
31.1**	Certification of our Principal Executive Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of our Principal Financial Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
*	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 9, 2019	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 9, 2019

/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 9, 2019

/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, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 9, 2019

/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, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: August 9, 2019

/s/ Stephen Smith

Stephen Smith
Chief Financial Officer
(principal financial officer)