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 September 30, 2020

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 November 3, 2020 was 98,880,267.

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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)

	September 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 41,994	$ 12,074
Accounts receivable, net of allowance for doubtful accounts of $1,701 and $2,133, respectively	38,042	19,656
Inventories, net	24,241	25,290
Prepaid expenses and other	10,962	7,117
Total current assets	115,239	64,137
Property, plant and equipment, net of accumulated depreciation of $18,606 and $16,017, respectively	13,052	10,756
Rental assets, net of accumulated depreciation of $13,934 and $12,791, respectively	5,069	5,385
Intangible assets, net of accumulated amortization of $40,772 and $33,011, respectively	51,974	44,392
Goodwill	28,742	33,659
Right-of-use assets, net	9,279	2,657
Other assets	384	387
Total assets	$ 223,739	$ 161,373
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 51,098	$ 26,482
Accrued expenses and other current liabilities	23,263	17,861
DigiCore bank facilities	130	187
Total current liabilities	74,491	44,530
Long-term liabilities:		
2025 Notes, net	162,839	—
2022 Notes, net	—	101,334
Term loan, net	—	46,538
Deferred tax liabilities, net	3,278	3,949
Other long-term liabilities	10,353	2,380
Total liabilities	250,961	198,731
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, par value $0.001; 2,000,000 shares authorized:		
Series E Preferred stock, par value $0.001; 39,500 and 10,000 shares designated, respectively, 35,000 and 10,000 shares issued and outstanding, respectively, liquidation preference of $1,000 per share (plus any accrued but unpaid dividends)	—	—
Common stock, par value $0.001; 150,000,000 shares authorized, 98,788,531 and 81,974,051 shares issued and outstanding, respectively	99	82
Additional paid-in capital	706,212	584,862
Accumulated other comprehensive loss	(14,613)	(3,879)
Accumulated deficit	(718,829)	(618,303)
Total stockholders' deficit attributable to Inseego Corp.	(27,131)	(37,238)
Noncontrolling interests	(91)	(120)
Total stockholders' deficit	(27,222)	(37,358)
Total liabilities and stockholders' deficit	$ 223,739	$ 161,373

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net revenues:				
IoT & Mobile Solutions	$ 77,342	$ 47,733	$ 189,071	$ 123,548
Enterprise SaaS Solutions	12,898	14,983	38,698	43,615
Total net revenues	90,240	62,716	227,769	167,163
Cost of net revenues:				
IoT & Mobile Solutions	60,135	38,482	148,414	101,607
Enterprise SaaS Solutions	4,935	5,609	14,958	16,616
Total cost of net revenues	65,070	44,091	163,372	118,223
Gross profit	25,170	18,625	64,397	48,940
Operating costs and expenses:				
Research and development	10,684	6,655	29,448	15,328
Sales and marketing	8,446	7,149	25,849	20,769
General and administrative	8,699	7,148	23,257	21,086
Amortization of purchased intangible assets	779	847	2,358	2,575
Total operating costs and expenses	28,608	21,799	80,912	59,758
Operating loss	(3,438)	(3,174)	(16,515)	(10,818)
Other income (expense):				
Loss on debt conversion and extinguishment, net	(1,180)	—	(76,354)	—
Interest expense, net	(1,657)	(5,119)	(8,197)	(15,336)
Other income (expense), net	1,053	(307)	2,818	(66)
Loss before income taxes	(5,222)	(8,600)	(98,248)	(26,220)
Income tax provision	217	223	193	793
Net loss	(5,439)	(8,823)	(98,441)	(27,013)
Less: Net loss (income) attributable to noncontrolling interests	(3)	17	(29)	(57)
Net loss attributable to Inseego Corp.	(5,442)	(8,806)	(98,470)	(27,070)
Series E preferred stock dividends	(829)	(131)	(2,056)	(131)
Net loss attributable to common shareholders	$ (6,271)	$ (8,937)	$ (100,526)	$ (27,201)
Per share data:				
Net loss per common share:				
Basic and diluted	$ (0.06)	$ (0.11)	$ (1.06)	$ (0.35)
Weighted-average shares used in computation of net loss per common share:				
Basic and diluted	98,016,798	79,550,445	95,136,713	77,606,317

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (5,439)	$ (8,823)	$ (98,441)	$ (27,013)
Foreign currency translation adjustment	1,170	(4,119)	(10,734)	(2,912)
Total comprehensive loss	$ (4,269)	$ (12,942)	$ (109,175)	$ (29,925)

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Balance, June 30, 2019	—	$ —	78,985	$ 79	$ 562,405	$ (3,670)	$ (596,081)	$ (61)	$ (37,328)
Net loss	—	—	—	—	—	—	(8,806)	(17)	(8,823)
Foreign currency translation adjustment	—	—	—	—	—	(4,119)	—	—	(4,119)
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	645	—	601	—	—	—	601
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(942)	—	—	—	(942)
Issuance of Series E preferred shares	10	—	—	—	10,000	—	—	—	10,000
Issuance of common shares	—	—	196	1	1,037	—	—	—	1,038
Share-based compensation	—	—	—	—	1,253	—	—	—	1,253
Series E preferred stock dividends	—	—	—	—	131	—	(131)	—	—
Balance, September 30, 2019	10	$ —	79,826	$ 80	$ 574,485	$ (7,789)	$ (605,018)	$ (78)	$ (38,320)
Balance, June 30, 2020	35	$ —	97,018	$ 97	$ 686,410	$ (15,783)	$ (712,558)	$ (94)	$ (41,928)
Net (loss) income	—	—	—	—	—	—	(5,442)	3	(5,439)
Foreign currency translation adjustment	—	—	—	—	—	1,170	—	—	1,170
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	504	1	1,485	—	—	—	1,486
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(45)	—	—	—	(45)
Issuance of common shares under settlement agreement			90	—	972	—		—	972
Issuance of common stock in connection with the Notes Exchange	—	—	—	—	1	—	—	—	1
Issuance of common shares in connection with conversion of 2025 Notes	—	—	1,177	1	14,353	—	—	—	14,354
Share-based compensation	—	—	—	—	2,207	—	—	—	2,207
Series E preferred stock dividends	—	—	—	—	829	—	(829)	—	—
Balance, September 30, 2020	35	$ —	98,789	$ 99	$ 706,212	$ (14,613)	$ (718,829)	$ (91)	$ (27,222)

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

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount					
Balance, December 31, 2018	—	$ —	73,980	$ 74	$ 546,230	$ (4,877)	$ (577,817)	$ (135)	$ (36,525)
Net (loss) income	—	—	—	—	—	—	(27,070)	57	(27,013)
Foreign currency translation adjustment	—	—	—	—	—	(2,912)	—	—	(2,912)
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	1,382	1	1,516	—	—	—	1,517
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(1,260)	—	—	—	(1,260)
Exercise of warrants	—		4,222	4	10,635	—	—	—	10,639
Issuance of Series E preferred shares	10	—	—	—	10,000	—	—	—	10,000
Issuance of common shares	—	—	242	1	1,278	—	—	—	1,279
Share-based compensation	—	—	—	—	5,955	—	—	—	5,955
Series E preferred stock dividends	—	—	—	—	131	—	(131)	—	—
Balance, September 30, 2019	10	$ —	79,826	$ 80	$ 574,485	$ (7,789)	$ (605,018)	$ (78)	$ (38,320)
Balance, December 31, 2019	10	$ —	81,974	$ 82	$ 584,862	$ (3,879)	$ (618,303)	$ (120)	$ (37,358)
Net (loss) income	—	—	—	—	—	—	(98,470)	29	(98,441)
Foreign currency translation adjustment	—	—	—	—	—	(10,734)	—	—	(10,734)
Exercise of stock options, vesting of restricted stock units and stock issued under employee stock purchase plan	—	—	1,471	2	3,196	—	—	—	3,198
Taxes withheld on net settled vesting of restricted stock units	—	—	—	—	(326)	—	—	—	(326)
Issuance of Series E preferred stock	25	—	—	—	25,000	—	—	—	25,000
Issuance of Series E preferred stock in lieu of interest	2	—	—	—	2,330	—	—	—	2,330
Repurchase of Series E preferred stock	(2)	—	—	—	(2,354)	—	—	—	(2,354)
Issuance of common shares in connection with private exchanges of 2022 Notes	—	—	13,739	14	66,074	—	—	—	66,088
Issuance of common shares in connection with conversion of 2025 Notes	—	—	1,177	1	14,353	—	—	—	14,354
Exercise of warrants	—	—	338	—	1,861	—	—	—	1,861
Share-based compensation	—	—	—	—	8,188	—	—	—	8,188
Series E preferred stock dividends	—	—	—	—	2,056	—	(2,056)	—	—
Issuance of common shares under settlement agreement			90	—	972	—	—	—	972
Balance, September 30, 2020	35	$ —	98,789	$ 99	$ 706,212	$ (14,613)	$ (718,829)	$ (91)	$ (27,222)

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2020	**2019**
Cash flows from operating activities:		
Net loss	$ (98,441)	$ (27,013)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,948	12,770
Provision for bad debts, net of recoveries	240	691
Provision for excess and obsolete inventory, net of recoveries	430	389
Share-based compensation expense	8,188	5,955
Amortization of debt discount and debt issuance costs	3,632	7,329
Fair value adjustment on derivative instrument	(1,372)	—
Loss on debt conversion and extinguishment, net	76,354	—
Deferred income taxes	110	(13)
Other	50	1,349
Changes in assets and liabilities:		
Accounts receivable	(19,065)	(1,912)
Inventories	(2,078)	(2,525)
Prepaid expenses and other assets	(3,918)	(4,535)
Accounts payable	25,170	(8,887)
Accrued expenses, income taxes, and other	11,464	1,404
Net cash provided by (used in) operating activities	16,712	(14,998)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,084)	(4,169)
Proceeds from the sale of property, plant and equipment	327	454
Additions to capitalized software development costs and purchases of intangible assets	(20,216)	(16,800)
Net cash used in investing activities	(24,973)	(20,515)
Cash flows from financing activities:		
Gross proceeds from the issuance of 2025 Notes	100,000	—
Payment of issuance costs related to 2025 Notes	(3,600)	—
Cash paid to investors in private exchange transactions	(32,062)	—
Payoff of term loan and related extinguishment costs	(48,830)	—
Gross proceeds received from issuance of Series E preferred stock	25,000	10,000
Repurchase of Series E preferred stock	(2,354)	—
Proceeds from the exercise of warrants to purchase common stock	1,861	10,639
Net borrowing (repayment) of DigiCore bank and overdraft facilities	110	(1,159)
Principal payments under finance lease obligations	(2,243)	(795)
Proceeds from stock option exercises and employee stock purchase plan, net of taxes paid on vested restricted stock units	2,872	257
Net cash provided by financing activities	40,754	18,942
Effect of exchange rates on cash	(2,573)	(560)
Net increase (decrease) in cash, cash equivalents and restricted cash	29,920	(17,131)
Cash, cash equivalents and restricted cash, beginning of period	12,074	31,076
Cash, cash equivalents and restricted cash, end of period	$ 41,994	$ 13,945
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 640	$ 6,231
Income taxes	$ 286	$ 583
Supplemental disclosures of non-cash activities:		
Transfer of inventories to rental assets	$ 2,650	$ 2,712
Capital expenditures financed through accounts payable	$ 3,786	$ 799
Right-of-use assets obtained in exchange for operating leases liabilities	$ 7,704	$ 3,554
Issuance of common stock under Settlement Agreement	$ 972	$ 1,279
Preferred stock issued in extinguishment of term loan accrued interest	$ 2,330	$ —
Debt discount and issuance costs extinguished in notes conversion	$ 1,728	$ —
2022 Notes conversion to equity	$ 59,907	$ —
Novatel Wireless Notes conversion to equity	$ 250	$ —
2025 Notes issued to extinguish the 2022 Notes	$ 80,375	$ —
2025 Notes conversion, including shares issued in satisfaction of interest make-whole payment	$ 14,353	$ —

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 September 30, 2020 and the results of the Company's operations for the three and nine months ended September 30, 2020 and 2019 are unaudited. The condensed consolidated financial statements reflect all adjustments, consisting of only normal recurring accruals, except otherwise disclosed herein, 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, 2019. The year-end condensed consolidated balance sheet data as of December 31, 2019 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, 2019. 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.

Risks and Uncertainties

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China, resulting in shutdowns of manufacturing and commerce globally in the months that followed. Since then, the COVID-19 pandemic has spread to multiple countries worldwide, including the United States and has resulted in authorities implementing numerous measures to try to contain the disease or slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related actions taken by the U.S. government, state and local government officials, and international governments to prevent the spread of the disease, all of which are uncertain and cannot be predicted.

Liquidity

As of September 30, 2020, the Company had available cash and cash equivalents totaling $42.0 million and working capital of $40.7 million.

In order to make continued growth investments, on March 6, 2020, the Company issued and sold 25,000 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 $25.0 million.

In the first quarter of 2020, $59.9 million of the Company's 5.5% convertible senior notes due 2022 (the "2022 Notes" formerly referred to as the "Inseego Notes") were exchanged for common stock in private exchange transactions. Additionally, in the second quarter of 2020, the Company restructured its outstanding debt by completing a $100.0 million registered public offering (the "Offering") of 3.25% convertible senior notes due 2025 (the "2025 Notes") and also entered in privately-negotiated Exchange Agreements, pursuant to which an aggregate of $45.0 million in principal amount of the 2022 Notes were exchanged for an aggregate of $32 million in cash and $80.4 million in principal amount of the 2025 Notes (the "Private Exchange Transactions"). In the third quarter of 2020, the Company redeemed the remaining $2,000 principal amount of the 2022 Notes.

During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted approximately $13.5 million in principal amount of the 2025 Notes into 1,177,156 shares of the Company's common stock in accordance with the terms of such notes. As of September 30, 2020, the Company's outstanding debt primarily consisted of $166.9 million in principal amount of 2025 Notes.

The Company has a history of operating and net losses and overall usage of cash from operating and investing activities. The Company's management believes that its cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet its cash flow needs for the next twelve months from the filing date of this report. The Company's ability to attain more profitable operations and continue to generate positive cash flow is dependent upon achieving a level and mix of revenues adequate to support its evolving cost structure. If events or circumstances occur such that the Company does not meet its operating plan as expected, or if the Company becomes obligated to pay unforeseen expenditures as a result of ongoing litigation, the Company may be required to raise capital, reduce planned research and development activities, incur additional restructuring charges or reduce other operating expenses which could have an adverse impact on its ability to achieve its intended business objectives.

The Company's liquidity could be impaired if there is any interruption in its business operations, a material failure to satisfy its contractual commitments or a failure to generate revenue from new or existing products. 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. Additionally, the Company is uncertain of the full extent to which the COVID-19 pandemic will impact the Company's business, operations and financial results.

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 revenue recognition, capitalized software costs, allowance for doubtful accounts receivable, provision for excess and obsolete inventory, valuation of intangible and long-lived assets, valuation of goodwill, valuation of debt obligations, valuation of derivatives, royalty costs, accruals relating to litigation, income taxes and share-based compensation expense. The inputs related to certain estimates include consideration of the economic impact of the COVID-19 pandemic. As the impact of the COVID-19 pandemic continues to develop, these estimates could carry a higher degree of variability and volatility, and may change materially in future periods.

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, and various Software as a Service ("SaaS") products. The Company's products principally include intelligent mobile hotspots, wireless routers for IoT applications, USB modems, integrated telematics and mobile tracking hardware devices, which are supported by applications software and cloud software 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 portfolio of 5G products. The solutions are offered under the MiFi™ brand for consumer and enterprise markets, and under the Skyus brand for industrial IoT markets. Effective in the third quarter ended on September 30, 2020, IoT & Mobile Solutions now also includes the Company's Device Management System ("DMS"), rebranded as Inseego Subscribe™, a hosted SaaS platform that helps organizations manage the selection, deployment and spend of their customer's wireless assets, helping them save money on personnel and telecom expenses. The Company reclassified its Inseego Subscribe revenue stream from Enterprise SaaS solutions to better reflect the Company's end user delineation. This reclassification had no impact on previously reported total net revenue, gross profit, or net loss.

Enterprise SaaS Solutions. The Enterprise SaaS Solutions portfolio consists 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.

Reclassification

Certain reclassifications have been made to the prior period condensed consolidated statement of operations to conform to the current period presentation.

Derivative Financial Instruments

The Company evaluates stock options, stock warrants, debt instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for under the relevant sections of the Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification. The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative financial instrument and is marked-to-market at each balance sheet date and recorded as an asset or liability. In the event that the fair value is recorded as an asset or liability, the change in fair value is recorded in the consolidated statements of operations as other income or other expense. Upon conversion, exercise or expiration of a derivative financial instrument, the instrument is marked to fair value.

Convertible Debt Instruments

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

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

The Company evaluates embedded features within convertible debt that will be settled in shares upon conversion under Accounting Standards Codification (“ASC”) 815, *Derivatives and Hedging* (“ASC 815”), to determine whether the embedded feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings.

If an embedded derivative is bifurcated from share-settled convertible debt, the Company records the debt component at cost less a debt discount equal to the bifurcated derivative’s fair value. The Company amortizes the debt discount over the life of the debt instrument as additional non-cash interest expense utilizing the effective interest method. The convertible debt and the derivative liability are presented in total on the unaudited condensed consolidated balance sheet. The derivative liability will be remeasured at each reporting period with changes in fair value recorded in the consolidated statements of operations in other income (expense), net.

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 August 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40)-Accounting For Convertible Instruments and Contracts in an Entity's Own Equity.* The ASU simplifies accounting for convertible instruments by removing major separation models required under current GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted net income per share calculation in certain areas. The new guidance is effective for annual and interim periods beginning after December 15, 2021, and early adoption is permitted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the impact that this new guidance will have on its consolidated financial statements.

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

In June 2016, the FASB issued 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. There was no impact from the adoption of this pronouncement to the Company's condensed consolidated financial statements.

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):

	September 30, 2020	December 31, 2019
Finished goods	$ 20,299	$ 21,229
Raw materials and components	3,942	4,061
Total inventories, net	$ 24,241	$ 25,290

Accrued Expenses and Other Current Liabilities

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

	September 30, 2020	December 31, 2019
Royalties	$ 2,672	$ 1,415
Payroll and related expenses	5,426	2,716
Professional fees	1,522	483
Accrued interest	2,078	1,543
Deferred revenue	4,295	2,235
Operating lease liabilities	1,327	1,101
Acquisition-related liabilities	—	1,000
Other	5,943	7,368
Total accrued expenses and other current liabilities	$ 23,263	$ 17,861

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):

	September 30, 2020	December 31, 2019	September 30, 2019	December 31, 2018
Cash and cash equivalents	$ 41,994	$ 12,074	$ 13,945	$ 31,015
Restricted cash	—	—	—	61
Total cash, cash equivalents and restricted cash	$ 41,994	$ 12,074	$ 13,945	$ 31,076

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 fair market value for level 3 securities may be highly sensitive to the use of unobservable inputs and subjective assumptions. Generally, changes in significant unobservable inputs may result in significantly lower or higher fair value measurements.

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 nine months ended September 30, 2020.

The following tables summarize 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 September 30, 2020 (in thousands):

	Balance as of September 30, 2020	Level 1
Assets:		
Cash equivalents		
Money market funds	$ 126	$ 126
Total cash equivalents	$ 126	$ 126

	Balance as of September 30, 2020	Level 3
Liabilities:		
2025 Notes		
Interest make-whole payment	$ 2,929	$ 2,929
Total embedded derivatives	$ 2,929	$ 2,929

The fair value of the interest make-whole payment derivative liability was determined using a Monte Carlo model with the following key assumptions:

	May 12, 2020	September 30, 2020
Volatility	60 %	50 %
Stock price	$10.62 per share	$10.32 per share
Credit spread	14.97 %	21.50 %
Term	4.97 years	4.59 years
Dividend yield	— %	— %
Risk-free rate	0.34 %	0.26 %

The following table sets forth a summary of changes in the fair value of Level 3 liabilities for the nine months ended September 30, 2020 (in thousands):

	Balance as of December 31, 2019	Additions	Conversions	Change in fair value	Balance as of September 30, 2020
Liabilities:					
Interest make-whole payment	$ —	$ 4,582	$ (281)	$ (1,372)	$ 2,929

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

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

As of December 31, 2019 the Company had no Level 3 financial instruments.

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 the 2025 Notes.

On May 12, 2020, the Company issued $180.4 million in aggregate principal amount of 2025 Notes, and restructured its outstanding debt as described further in Note 4, *Debt.* The Company carries its 2025 Notes at amortized cost adjusted for changes in fair value of the embedded derivative. It is not practicable to determine the fair value of the 2025 Notes due to the lack of information available to calculate the fair value of such notes.

The Company evaluated the 2025 Notes under ASC 815 and identified an embedded derivative that required bifurcation. The embedded derivative is an interest make-whole payment that was valued at $4.6 million on May 12, 2020.

Changes in the fair value of the interest make-whole payment are included in the Company’s condensed consolidated statement of operations for the current quarter within other income (expense), net. During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted an aggregate of approximately $13.5 million in principal amount of the 2025 Notes into shares of the Company’s common stock in accordance with the terms of such notes and a portion of the embedded derivative was settled in shares of the Company’s common stock resulting in $0.3 million of the derivative liability being extinguished upon conversion. As of September 30, 2020, the embedded derivative had a fair value of $2.9 million and a $1.4 million gain on the change in fair value was recorded to other income (expense), net, on the consolidated statement of operations.

4. Debt

Term Loan

On August 23, 2017, the Company and certain of its direct and indirect subsidiaries, as 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.

On March 31, 2020, the Company issued 2,330 shares of Series E Preferred Stock to South Ocean Funding L.L.C (“South Ocean”), the Lender holding all of the aggregate principal amount then outstanding under the Credit Agreement in satisfaction of all then accrued interest under the Credit Agreement.

On May 12, 2020, the Company used a portion of the proceeds from the Offering to repay in full the Term Loan and terminate the Credit Agreement. The amounts paid included $47.5 million in outstanding principal, approximately $0.5 million in interest accrued thereon, and a prepayment fee of $1.4 million. The Company also used a portion of the proceeds of the Offering to repurchase the 2,330 shares of Series E Preferred Stock that had been issued to South Ocean for $2.4 million.

The Term Loan bore interest at a rate per annum equal to the three-month LIBOR, but in no event less than 1.00%, plus 7.625%.

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

	December 31, 2019
Principal	$ 47,500
Less: unamortized debt discount and issuance costs	(962)
Net carrying amount	$ 46,538

The effective interest rate on the Term Loan was 15.19% for the nine months ended September 30, 2020. The following table sets forth total interest expense recognized related to the Term Loan (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Contractual interest expense	$ —	$ 1,225	$ 1,667	$ 3,615
Amortization of debt discount	—	333	859	999
Amortization of debt issuance costs	—	40	103	120
Total interest expense	$ —	$ 1,598	$ 2,629	$ 4,734

Convertible Notes

2025 Notes

On May 12, 2020, the Company completed its registered public Offering of $100.0 million aggregate principal amount of 2025 Notes.

On May 12, 2020, the Company also entered into separate privately-negotiated Exchange Agreements with certain holders of the 2022 Notes. Pursuant to the Exchange Agreements, these noteholders agreed to exchange the 2022 Notes that they held (representing an aggregate of $45.0 million principal amount of 2022 Notes with an estimated fair value of approximately $112.4 million as of the date of exchange) for an aggregate of $32.0 million in cash and $80.4 million principal amount of 2025 Notes in private placement transactions that closed concurrently with the registered Offering. In connection therewith, the Company recorded a loss of $67.2 million on debt conversion and extinguishment, net in the condensed consolidated statement of operations. The 2025 Notes issued in the Private Exchange Transactions are part of the same series as the 2025 Notes issued in the registered Offering.

During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted an aggregate of approximately $13.5 million in principal amount of the 2025 Notes into 1,177,156 shares of the Company’s common stock, including 108,572 shares of common stock issued in satisfaction of the interest make-whole payment. In connection therewith, the Company recorded a loss of $1.2 million on debt conversion, net in the condensed consolidated statement of operations.

The 2025 Notes are issued under an indenture, dated May 12, 2020 (the “Base Indenture”), between the Company and Wilmington Trust, National Association, as trustee (the “Trustee”), as supplemented by the first supplemental indenture, dated May 12, 2020 (the “Supplemental Indenture” and, together with the Base Indenture, the “Indenture”), between the Company and the Trustee.

The 2025 Notes will mature on May 1, 2025, unless earlier repurchased, redeemed or converted. The 2025 Notes are senior unsecured obligations of the Company and bear interest at an annual rate of 3.25%, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2020.

Holders of the 2025 Notes may convert the 2025 Notes into shares of the Company’s common stock (together with cash in lieu of any fractional share), at their option, at any time until the close of business on the scheduled trading day immediately before the maturity date. Upon conversion of the 2025 Notes, the Company will deliver for each $1,000 principal amount of 2025 Notes converted a number of shares of common stock (together with cash in lieu of any fractional share), equal to the conversion rate.

The initial conversion rate for the 2025 Notes is 79.2896 shares of common stock per $1,000 principal amount of 2025 Notes, which represents an initial conversion price of approximately $12.61 per share, and is subject to adjustment upon the occurrence of certain events, including, but not limited to, certain stock dividends, splits and combinations, the issuance of certain rights, options or warrants to holders of the common stock, certain distributions of assets, debt securities, capital stock or other property to holders of the common stock, cash dividends on the common stock and certain Company tender or exchange offers.

If a fundamental change (as defined in the Indenture) occurs at any time prior to the maturity date, then the noteholders may require the Company to repurchase their 2025 Notes at a cash repurchase price equal to the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. If a make-whole fundamental change (as defined in the Indenture) occurs, then the Company will in certain circumstances increase the conversion rate for a specified period of time.

The 2025 Notes will be redeemable, in whole or in part, at the Company's option at any time, and from time to time, on or after May 6, 2023 and on or before the scheduled trading day before the maturity date, at a cash redemption price equal to the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, as long as the last reported sale price per share of the common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related redemption notice; and (ii) the trading day immediately before the date the Company sends such notice.

The Indenture contains customary events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee, by notice to the Company, or the holders of the 2025 Notes representing at least 25% in aggregate principal amount of the outstanding 2025 Notes, by notice to the Company and the Trustee, may declare 100% of the principal of, and all accrued and unpaid interest on, all of the then outstanding 2025 Notes to be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal of, and all accrued and unpaid interest on, all of the then outstanding 2025 Notes will automatically become immediately due and payable. Notwithstanding the foregoing, the Indenture provides that, to the extent the Company elects, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture will, for the first 360 days after such event of default, consist exclusively of the right to receive additional interest on the 2025 Notes.

Interest make-whole payment

The 2025 Notes also include an interest make-whole payment feature whereby if the last reported sale price of the Company's common stock for each of the five trading days immediately preceding a conversion date is greater than or equal to $10.51, the Company will, in addition to the other consideration payable or deliverable in connection with such conversion, make an interest make-whole payment to the converting holder equal to the sum of the present values of the scheduled payments of interest that would have been made on the 2025 Notes to be converted had such notes remained outstanding from the conversion date through the earlier of (i) the date that is three years after the conversion date and (ii) the maturity date. The present values will be computed using a discount rate equal to 1%. The Company will satisfy its obligation to pay the interest make-whole payment, at its election, in cash or shares of common stock (together with cash in lieu of fractional shares). The Company has determined that this feature is an embedded derivative and has recognized the fair value of this derivative as a liability in the condensed consolidated balance sheets, with subsequent changes to fair value to be recorded at each reporting period on the consolidated statement of operations in other income (expense), net.

The estimated fair value of the liability component at the date of issuance was determined using significant assumptions which include an implied credit spread rate for notes with a similar term, the expected volatility and dividend yield of the Company's common stock and the risk-free interest rate.

As of September 30, 2020, $166.9 million in principal amount of the 2025 Notes were outstanding, $80.4 million of which were held by related parties.

The 2025 Notes consist of the following (in thousands):

	September 30, 2020
Liability component	
Principal	$ 166,898
Add: fair value of embedded derivative	2,929
Less: unamortized debt discount	(3,915)
Less: unamortized issuance costs	(3,073)
Net carrying amount	$ 162,839

The effective interest rate on the liability component of the 2025 Notes was 4.03% for the nine months ended September 30, 2020. The following table sets forth total interest expense recognized related to the 2025 Notes (in thousands):

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Contractual interest expense	$ 1,278	$ 2,078
Amortization of debt discount	217	341
Amortization of debt issuance costs	172	268
Total interest expense	$ 1,667	$ 2,687

As the offering of the 2025 Notes took place during the nine months ended September 30, 2020, there was no interest expense in the comparable three and nine month periods of 2019.

2022 Notes

On January 9, 2017, in connection with the Note Exchange (as defined below), the Company issued approximately $119.8 million aggregate principal amount of 2022 Notes.

During the three months ended March 31, 2020, the Company entered into privately-negotiated exchange agreements with certain investors holding the 2022 Notes. Pursuant to those exchange agreements, the investors exchanged $59.9 million in aggregate principal amount of outstanding 2022 Notes for 13,688,876 shares of common stock. The investors that participated in such exchange agreements agreed to waive any accrued but unpaid interest on the exchanged 2022 Notes. Included in the 13,688,876 shares of common stock issued in the exchange transactions that took place during the three months ended March 31, 2020 were 942,706 shares valued at $7.9 million on the date of issuance at fair value, which were issued pursuant to the terms of the privately-negotiated exchange agreements and were in excess of the consideration issuable under the original conversion terms of the exchanged 2022 Notes. ASC 470, *Debt*, requires the recognition through earnings of an inducement charge equal to the fair value of the consideration delivered in excess of the consideration issuable under the original conversion terms. This resulted in a non-cash charge of $7.9 million for the three months ended March 31, 2020, which was recorded as inducement expense in the condensed consolidated statement of operations.

Pursuant to the Private Exchange Transactions described above, on May 12, 2020, the holders of an aggregate of $45.0 million principal amount of 2022 Notes exchanged their 2022 Notes for a combination of 2025 Notes and cash. As a result of the Private Exchange Transactions, $2,000 in principal amount of the 2022 Notes were outstanding as of June 30, 2020. On July 22, 2020, pursuant to a redemption notice issued on May 15, 2020, the Company redeemed the remaining $2,000 principal amount of the 2022 Notes.

The 2022 Notes consist of the following (in thousands):

	September 30, 2020	December 31, 2019
Liability component		
Principal	$ —	$ 105,125
Less: unamortized debt discount and issuance costs	—	(3,791)
Net carrying amount	$ —	$ 101,334

The effective interest rate on the liability component of the 2022 Notes was 12.89% for the nine months ended September 30, 2020. The following table sets forth total interest expense recognized related to the 2022 Notes (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Contractual interest expense	$ —	$ 1,446	$ 768	$ 4,337
Amortization of debt discount	—	1,955	1,952	5,866
Amortization of debt issuance costs	—	115	111	344
Total interest expense	$ —	$ 3,516	$ 2,831	$ 10,547

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"), which were 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 Indenture"). On January 9, 2017, in connection with the settlement of an exchange offer and consent solicitation with respect to the Novatel Wireless Notes (the "Note Exchange"), approximately $119.8 million aggregate principal amount of outstanding Novatel Wireless Notes were validly tendered and accepted for exchange and subsequently canceled. In February 2020, the holders of the remaining $250,000 of the aggregate principal amount of Novatel Wireless Notes that remained outstanding following the Note Exchange, converted their Novatel Wireless Notes into 50,000 shares of Inseego Corp. common stock, at the conversion price of $5.00 per share, in accordance with the terms of the Novatel Indenture. Accordingly, no Novatel Wireless Notes were outstanding as of September 30, 2020.

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenues	$ 308	$ 202	$ 1,296	$ 899
Research and development	491	183	2,292	1,315
Sales and marketing	531	307	1,810	1,339
General and administrative	877	561	2,790	2,402
Total	$ 2,207	$ 1,253	$ 8,188	$ 5,955

Stock Options

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

Outstanding — December 31, 2019	9,044,304
Granted	1,526,000
Exercised	(910,490)
Canceled	(450,777)
Outstanding — September 30, 2020	9,209,037
Exercisable — September 30, 2020	4,034,796

At September 30, 2020, total unrecognized compensation expense related to stock options was $13.6 million, which is expected to be recognized over a weighted-average period of 2.66 years.

Restricted Stock Units

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

Non-vested — December 31, 2019	400,315
Granted	437,413
Vested	(486,092)
Forfeited	(4,584)
Non-vested — September 30, 2020	347,052

At September 30, 2020, total unrecognized compensation expense related to RSUs was $1.4 million, which is expected to be recognized over a weighted-average period of 1.82 years.

6. Earnings Per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income (loss) attributable to Inseego Corp. by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock using the treasury stock method. Potentially dilutive securities (consisting primarily of the convertible notes calculated using the if-converted 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 September 30, 2020, the computation of diluted EPS excluded 26,839,771 shares related to the convertible notes, stock options and RSUs as their effect would have been anti-dilutive. For the nine months ended September 30, 2020, the computation of diluted EPS excluded 26,839,771 shares primarily related to the convertible notes, warrants, stock options and RSUs as their effect would have been anti-dilutive.

7. Private Placements

Common Stock

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. 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, became exercisable on September 28, 2019, and will expire on June 30, 2022.

During the first quarter of 2020, the Company received $1.9 million in net cash proceeds from the exercise of 338,454 of the Company's common stock purchase warrants issued in 2015.

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

Preferred Stock

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.

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

On March 31, 2020, Inseego Corp. issued 2,330 shares of Series E Preferred Stock to South Ocean, in satisfaction of certain deferred interest obligations pursuant to the terms and conditions of the Credit Agreement.

On May 12, 2020, the Company used a portion of the proceeds from the Offering to repurchase the 2,330 shares of Series E Preferred Stock, which had been issued to satisfy accrued interest under the Credit Agreement, for $2.4 million.

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
United States and Canada	$ 77,208	$ 47,378	$ 188,638	$ 122,331
South Africa	6,836	9,237	20,930	26,164
Other	6,196	6,101	18,201	18,668
Total	$ 90,240	$ 62,716	$ 227,769	$ 167,163

Concentrations of Risk

For the three months ended September 30, 2020 and 2019, one customer accounted for 58.4% and 57.7% of net revenues, respectively.

For the nine months ended September 30, 2020 and 2019, one customer accounted for 56.4% and 55.8% of net revenues, respectively.

As of September 30, 2020, one customer accounted for 53.0% of accounts receivable, net. As of December 31, 2019, two customers accounted for 25.0% and 11.2% 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 several 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. On July 24, 2020, the Company issued 89,928 shares of common stock to the former stockholders of RER in satisfaction of all remaining liabilities under the Settlement Agreement.

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 the new guidance, 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 the legacy guidance, 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 September 30, 2020, the Company had right-of-use assets of $9.3 million and lease liabilities related to its operating leases of $10.0 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 September 30, 2020, the Company's weighted-average remaining lease term and weighted-average discount rate related to its operating leases were 6.0 years and 9.1%, respectively.

During the nine months ended September 30, 2020 and 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 $1.6 million, respectively, which is included as an operating cash outflow within the consolidated statements of cash flows. During the nine months ended September 30, 2020 and 2019, the operating lease costs related to the Company's operating leases were approximately $0.7 million and $1.4 million, respectively, which is included in operating costs and expenses in the condensed consolidated statements of operations. During the nine months ended September 30, 2020, the Company entered into a lease agreement for its new corporate offices and renewed the lease on an R&D facility for which right-of-use assets were recorded in exchange for new lease liabilities.

The future minimum payments under operating leases were as follows at September 30, 2020 (in thousands):

2020 (remainder)	$	495
2021		2,330
2022		2,190
2023		1,887
2024		1,769
Thereafter		4,437
Total minimum operating lease payments		13,108
Less: amounts representing interest		(3,126)
Present value of net minimum operating lease payments		9,982
Less: current portion		(1,327)
Long-term portion of operating lease obligations	$	8,655

The current and long term portion of operating lease obligations are classified within accrued expenses and other current liabilities and other long-term liabilities, respectively, on the condensed consolidated balance sheets.

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 accounts 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 $0.2 million for each of the three months ended September 30, 2020 and 2019, and $0.2 million and $0.8 million for the nine months ended September 30, 2020 and 2019, respectively, consisted 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's income tax expense is different than the expected expense (or benefit) based on statutory rates primarily due to full valuation allowances at all of its U.S.-based entities and many of its foreign subsidiaries.

On May 12, 2020, the Company issued $180.4 million of 2025 Notes in a financing which allowed it to redeem the remaining outstanding 2022 Notes and pay off the Term Loan. The loss on the extinguishment of the 2022 Notes did not impact the Company's tax expense or net deferred tax liabilities given the full valuation allowance against the Company's significant net operating losses.

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 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 emergence of global public health emergencies, such as the recent outbreak of the 2019 novel coronavirus (2019-nCoV), now known as "COVID-19", which could extend lead times in our supply chain and lengthen sales cycles with our customers;
- direct and indirect effects of COVID-19 on our employees, customers and supply chain and the economy and financial markets;
- 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, 2019 (“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, “DigiCore”, “Novatel Wireless”, the Novatel Wireless logo, “MiFi”, “MiFi Intelligent Mobile Hotspot”, “Ctrack”, the Ctrack logo, “Inseego North America”, “Inseego Subscribe”, and “Skyus” are trademarks or registered trademarks of Inseego and its subsidiaries. Other trademarks, trade names or service marks used in this report are the property of their respective owners.

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 and majority-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, 2019, contained in our Form 10-K.

Business Overview

Inseego Corp. is a leader in the design and development of fixed and mobile wireless solutions (advanced 4G and 5G NR), industrial IoT ("IoT") and cloud solutions for large enterprise verticals, service providers and small and medium-sized businesses around the globe. Our customers include wireless service providers, Fortune 500 enterprises, consumers, governments and first responders. 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, designed and developed in the U.S., power mission critical applications with a "zero unscheduled downtime" mandate, such as our 5G fixed wireless access ("FWA") gateway solutions, 4G and 5G mobile broadband, IoT applications such as SD WAN failover management, asset tracking and fleet management services. Our solutions are powered by our key wireless innovations in mobile and FWA technologies, including a suite of products employing the 5G NR standards, and purpose-built SaaS cloud platforms.

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

Our Sources of Revenue

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

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

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

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

We classify our revenues from the sale of our 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. Effective in the third quarter ended on September 30, 2020, our IoT & Mobile Solutions now also includes our Device Management System ("DMS"), rebranded as Inseego Subscribe™, a hosted SaaS platform that helps organizations manage the selection, deployment and spend of their customer's wireless assets, helping them save money on personnel and telecom expenses. We reclassified our Inseego Subscribe revenue stream, from Enterprise SaaS solutions, to better reflect our end user delineation.

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

Factors Which May Influence Future Results of Operations

Net Revenues. We believe that our future net revenues may 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;
- trade protection measures (such as tariffs and duties) and import or export licensing requirements;
- our contract manufacturer's ability to secure necessary supply to build our devices;
- product pricing;
- the impact of the COVID-19 pandemic on our business; 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, 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.

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China, resulting in shutdowns of manufacturing and commerce globally in the months that followed. Since then, the COVID-19 pandemic has spread to multiple countries worldwide, including the United States, and has resulted in authorities implementing numerous measures to try to contain the disease or slow its spread, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns.

The demand environment for our 5G products during the three months ended September 30, 2020 was consistent with our expectations, with continued demand for our products due to a dramatic increase around the world in remote or tele-work and learning due to the COVID-19 pandemic. While demand for our products continues to be robust, the macroeconomic environment remains uncertain and the demand for our products may not be sustainable for the long term. We continue to monitor the implications of the COVID-19 pandemic on our business, as well as our customers' and suppliers' businesses.

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

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

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

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

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

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

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

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. There have been no material changes to those policies that we consider to be significant since the filing of our Form 10-K, other than our policy on derivative financial instruments as disclosed below. 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.

Derivative Financial Instruments

The Company evaluates stock options, stock warrants, debt instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for under the relevant sections of the Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification. The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative financial instrument and is marked-to-market at each balance sheet date and recorded as an asset or liability. In the event that the fair value is recorded as an asset or liability, the change in fair value is recorded in the consolidated statement of operations as other income or other expense. Upon conversion, exercise or expiration of a derivative financial instrument, the instrument is marked to fair value.

Convertible Debt Instruments

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

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

We evaluate embedded features within convertible debt that will be settled in shares upon conversion under Accounting Standards Codification (“ASC”) 815, *Derivatives and Hedging* (“ASC 815”), to determine whether the embedded feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings.

If an embedded derivative is bifurcated from share-settled convertible debt, we record the debt component at cost less a debt discount equal to the bifurcated derivative's fair value. We amortize the debt discount over the life of the debt instrument as additional non-cash interest expense utilizing the effective interest method. The convertible debt and the derivative liability are presented in total on the unaudited condensed consolidated balance sheet. The derivative liability will be remeasured at each reporting period with changes in fair value recorded in the consolidated statements of operations in other income (expense), net.

Results of Operations

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

Net revenues. Net revenues for the three months ended September 30, 2020 were $90.2 million, compared to $62.7 million for the same period in 2019.

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

Product Category	Three Months Ended September 30, 2020	2019	Change $	%
IoT & Mobile Solutions	$ 77,342	$ 47,733	$ 29,609	62.0 %
Enterprise SaaS Solutions	12,898	14,983	(2,085)	(13.9)%
Total	$ 90,240	$ 62,716	$ 27,524	43.9 %

IoT & Mobile Solutions. The increase in IoT & Mobile Solutions net revenues is primarily a result of increased sales in our LTE gigabit hotspots, the introduction of our second-generation 5G hotspot related to our MiFi business, and increased revenues in our DMS business due to subscriber growth. As a result of the COVID-19 pandemic, there has been an increase in demand for our products due to a dramatic increase around the world in remote or tele-work and learning.

Enterprise SaaS Solutions. The decrease in Enterprise SaaS Solutions net revenues is primarily a result of lower Ctrack system revenues due to the effects of COVID-19 and the effect of strengthening U.S. Dollar foreign exchange rates on international sales.

Cost of net revenues. Cost of net revenues for the three months ended September 30, 2020 was $65.1 million, or 72.1% of net revenues, compared to $44.1 million, or 70.3% of net revenues, for the same period in 2019.

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

Product Category	Three Months Ended September 30, 2020	2019	Change $	%
IoT & Mobile Solutions	$ 60,135	$ 38,482	$ 21,653	56.3 %
Enterprise SaaS Solutions	4,935	5,609	(674)	(12.0)%
Total	$ 65,070	$ 44,091	$ 20,979	47.6 %

IoT & Mobile Solutions. The increase in IoT & Mobile Solutions cost of net revenues is primarily a result of the increased sales of our LTE gigabit hotspots, and 5G hotspots, as well as associated expenses such as freight and royalties. As a result of the COVID-19 pandemic, there has been an increase in demand for our products due to a dramatic increase around the world in remote or tele-work and learning.

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

Gross profit. Gross profit for the three months ended September 30, 2020 was $25.2 million, or a gross margin of 27.9%, compared to $18.6 million, or a gross margin of 29.7%, for the same period in 2019. The increase in gross profit was primarily attributable to the increase in IoT & Mobile Solutions revenues.

Research and development expenses. Research and development expenses for the three months ended September 30, 2020 were $10.7 million, or 11.8% of net revenues, compared to $6.7 million, or 10.6% of net revenues, for the same period in 2019. The increase was primarily a result of increased staffing, test units, and other development spending related to our 5G product programs.

Sales and marketing expenses. Sales and marketing expenses for the three months ended September 30, 2020 were $8.4 million, or 9.4% of net revenues, compared to $7.1 million, or 11.4% of net revenues, for the same period in 2019. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount.

General and administrative expenses. General and administrative expenses for the three months ended September 30, 2020 were $8.7 million, or 9.6% of net revenues, compared to $7.1 million, or 11.4% of net revenues, for the same period in 2019. The increase was primarily a result of increased employment costs attributable to an increase in headcount and non-recurring legal expenses, offset by the effect of strengthening U.S. Dollar foreign exchange rates on international costs.

Amortization of purchased intangible assets. Amortization of purchased intangible assets for each of the three months ended September 30, 2020 and 2019 was $0.8 million.

Loss on debt conversion and extinguishment, net. The loss on debt conversion of $1.2 million for the three months ended September 30, 2020 primarily represents the loss on debt conversion of 2025 Notes. There was no such expense for the same period in 2019.

Interest expense, net. Interest expense, net, for the three months ended September 30, 2020 and 2019 was $1.7 million and $5.1 million, respectively. The decrease in interest expense was due to the reduction in debt associated with the conversion of debt into equity during the three months ended June 30, 2020, payment in full of the Term Loan during the three months ended June 30, 2020, as well as a lower interest rate on the 2025 Notes, as compared to the 2022 Notes.

Other income (expense), net. Other income, net, for the three months ended September 30, 2020 was $1.1 million, which primarily includes the fair value adjustment related to our interest make-whole payment. For the same period in 2019, other expense, net, was $0.3 million which primarily included foreign currency transaction gains and losses.

Income tax provision. The income tax provision of $0.2 million for the three months ended September 30, 2020 and 2019, primarily related to certain of our entities in foreign jurisdictions.

Net loss (income) attributable to noncontrolling interests. Net income attributable to noncontrolling interests for the three months ended September 30, 2020 was $3,000, compared to a net loss attributable to noncontrolling interests of $17,000 for the same period in 2019.

Series E preferred stock dividends. During the three months ended September 30, 2020 and 2019, we recorded dividends of $0.8 million and $0.1 million, respectively, on our Fixed-Rate Cumulative Perpetual Preferred Stock, Series E, par value $0.001 per share (the “Series E Preferred Stock”).

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Net revenues. Net revenues for the nine months ended September 30, 2020 were $227.8 million, an increase of $60.6 million, or 36.3%, compared to the same period in 2019.

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

	Nine Months Ended September 30,		Change	
Product Category	**2020**	**2019**	**$**	**%**
IoT & Mobile Solutions	$ 189,071	$ 123,548	$ 65,523	53.0 %
Enterprise SaaS Solutions	38,698	43,615	(4,917)	(11.3)%
Total	$ 227,769	$ 167,163	$ 60,606	36.3 %

IoT & Mobile Solutions. The increase in IoT & Mobile Solutions net revenues is primarily a result of increased sales in our LTE gigabit hotspots, 5G hotspots and USB modems, related to our MiFi business, and increased revenues in our DMS business due to subscriber growth. As a result of the COVID-19 pandemic, there has been an increase in demand for our products due to a dramatic increase around the world in remote or tele-work and learning.

Enterprise SaaS Solutions. The decrease in Enterprise SaaS Solutions net revenues is primarily a result of lower Ctrack system revenues due to the effects of COVID-19 in fiscal 2020.

Cost of net revenues. Cost of net revenues for the nine months ended September 30, 2020 was $163.4 million or 71.7% of net revenues, compared to $118.2 million or 70.7% of net revenues, for same period in 2019.

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

	Nine Months Ended September 30,		Change	
Product Category	**2020**	**2019**	**$**	**%**
IoT & Mobile Solutions	$ 148,414	$ 101,607	$ 46,807	46.1 %
Enterprise SaaS Solutions	14,958	16,616	(1,658)	(10.0)%
Total	$ 163,372	$ 118,223	$ 45,149	38.2 %

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 hotspots, 5G hotspots, and USB modems related to our MiFi business, as well as associated expenses such as freight and royalties. As a result of the COVID-19 pandemic, there has been an increase in demand for our products due to a dramatic increase around the world in remote or tele-work and learning.

Enterprise SaaS Solutions. Enterprise SaaS Solutions cost of net revenues decreased slightly as a result of lower Ctrack system revenues, partially offset by the effect of strengthening U.S. Dollar foreign exchange rates on international costs.

Gross profit. Gross profit for the nine months ended September 30, 2020 was $64.4 million, or a gross margin of 28.3%, compared to $48.9 million, or a gross margin of 29.3%, for the same period in 2019. The increase in gross profit was primarily attributable to the increase in IoT & Mobile Solutions revenues.

Research and development expenses. Research and development expenses for the nine months ended September 30, 2020 were $29.4 million, or 12.9% of net revenues, compared to $15.3 million, or 9.2% of net revenues, for the same period in 2019. The increase was primarily a result of increased staffing, test units, and other development spending related to our 5G product programs.

Sales and marketing expenses. Sales and marketing expenses for the nine months ended September 30, 2020 were $25.8 million, or 11.3% of net revenues, compared to $20.8 million, or 12.4% of net revenues, for the same period in 2019. The increase was primarily a result of an increase in employment costs attributable to an increase in headcount.

General and administrative expenses. General and administrative expenses for the nine months ended September 30, 2020 were $23.3 million, or 10.2% of net revenues, compared to $21.1 million, or 12.6% of net revenues, for the same period in 2019. The increase was primarily a result of an increase in employment costs and non-recurring legal expenses.

Amortization of purchased intangible assets. The amortization of purchased intangible assets for the nine months ended September 30, 2020 and 2019 was $2.4 million and $2.6 million, respectively, the decrease was primarily the result of changes in foreign exchange rates.

Loss on debt conversion and extinguishment. The loss on debt conversion and extinguishment expense of $76.4 million for the nine months ended September 30, 2020 primarily represents the loss on debt conversion and extinguishment of the 2022 Notes, including a $7.9 inducement expense incurred in connection with certain conversions of the 2022 Notes, and loss recorded on debt conversion of 2025 Notes. There was no such expense for the same period in 2019.

Interest expense, net. Interest expense, net for each of the nine months ended September 30, 2020 and 2019 was $8.2 million and $15.3 million, respectively. Interest expense is primarily a result of the interest expense and amortization of the debt discount and debt issuance costs related to our Term Loan, 2022 Notes and 2025 Notes. The decrease in interest expense was due to the conversion of debt into equity in the current fiscal year, payment in full of the Term Loan during the nine months ended September 30, 2020, as well as a lower interest rate on the 2025 Notes, as compared to the 2022 Notes.

Other income (expense), net. Other income, net, for the nine months ended September 30, 2020 was $2.8 million, which primarily includes the fair value adjustment related to our interest make-whole payment as well as foreign currency transaction gains and losses, and gains on the sale of certain fixed assets. Other expense, net for the same period in 2019 was $0.1 million, which primarily consisted of foreign currency transaction gains and losses.

Income tax provision. The income tax provision of $0.2 million for the nine months ended September 30, 2020 and the income tax provision of $0.8 million for the same period in 2019, respectively, primarily relate to certain of our entities in foreign jurisdictions.

Net income attributable to noncontrolling interests. Net income attributable to noncontrolling interests for the nine months ended September 30, 2020 was $29,000, compared to a net income attributable to noncontrolling interests of $57,000 for the same period in 2019.

Series E preferred stock dividends. During the nine months ended September 30, 2020 and 2019, we recorded accrued dividends of $2.1 million and $0.1 million, respectively, on our Series E Preferred Stock.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents and cash generated from operations and financing sources. As of September 30, 2020, we had cash and cash equivalents of $42.0 million and working capital of $40.7 million.

On August 6, 2018, we completed a private placement of 12,062,000 shares of common stock and warrants to purchase an additional 4,221,700 shares of common stock (the “2018 Warrants”).

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 new warrants have 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.

On August 9, 2019, we completed a private placement of 10,000 shares of Series E Preferred Stock, for an aggregate purchase price of $10.0 million in accordance with the terms and provisions of a Securities Purchase Agreement, dated August 9, 2019, by and among the Company and certain accredited investors.

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

In the first quarter of 2020, $59.9 million of our 5.5% convertible senior notes due 2022 (the “2022 Notes” formerly referred to as the “Inseego Notes”) were exchanged for common stock in private exchange transactions. Additionally, in the second quarter of 2020, we restructured our outstanding debt by completing a $100.0 million registered public offering (the “Offering”) of 3.25% convertible senior notes due 2025 (the “2025 Notes”) and also entered into privately-negotiated Exchange Agreements, pursuant to which an aggregate of $45 million in principal amount of 2022 Notes were exchanged for an aggregate of $32.0 million in cash paid to the lender and $80.4 million in principal amount of the 2025 Notes. (“the Private Exchange Transactions”). In the third quarter of 2020, we redeemed the remaining $2,000 principal amount of the 2022 Notes.

During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted an aggregate of approximately $13.5 million principal amount of the 2025 Notes into shares of the Company’s common stock in accordance with the terms of such notes.

As of September 30, 2020, our outstanding debt primarily consisted of $166.9 million in principal amount of 2025 Notes.

Term Loan

On August 23, 2017, the Company and certain of its direct and indirect subsidiaries, as 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.

On March 31, 2020, we issued 2,330 shares of Series E Preferred Stock to South Ocean Funding, LLC (“South Ocean”), the Lender holding all of the aggregate principal amount then outstanding under the Credit Agreement in satisfaction of all then accrued interest under the Credit Agreement. South Ocean is an affiliate of Golden Harbor Ltd.

On May 12, 2020, we used a portion of the proceeds from the Offering to repay in full the Term Loan and terminate the Credit Agreement. The amounts paid included $47.5 million in outstanding principal, approximately $0.5 million in interest accrued thereon, and prepayment fees of $1.4 million. We also used a portion of the proceeds from the Offering to repurchase the 2,330 shares of Series E Preferred Stock which had been issued to satisfy accrued interest under the Credit Agreement, for $2.4 million.

The Term Loan bore interest at a rate per annum equal to the three-month LIBOR, but in no event less than 1.00%, plus 7.625%.

Convertible Notes

2025 Notes

On May 12, 2020, we completed a registered public Offering of $100.0 million aggregate principal amount of 2025 Notes.

On May 12, 2020, we also entered into separate privately-negotiated Exchange Agreements certain holders of the 2022 Notes. Pursuant to the Exchange Agreements, each of these noteholders agreed to exchange the 2022 Notes that they held (representing an aggregate of $45.0 million principal amount of 2022 Notes with an estimated fair value of approximately $112.4 million as of the date of exchange) for an aggregate of $32.0 million in cash and $80.4 million principal amount of 2025 Notes in concurrent Private Exchange Transactions. The 2025 Notes issued in the Private Exchange Transactions are part of the same series as the 2025 Notes issued in the Offering.

We issued the 2025 Notes under an indenture, dated May 12, 2020 (the "Base Indenture"), between the Company and Wilmington Trust, National Association, as trustee (the "Trustee"), as supplemented by the first supplemental indenture, dated May 12, 2020 (the "Supplemental Indenture" and, together with the Base Indenture, the "Indenture"), between us and the Trustee.

The 2025 Notes will mature on May 1, 2025, unless earlier repurchased, redeemed or converted. The 2025 Notes are senior unsecured obligations of the Company and bear interest at an annual rate of 3.25%, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2020.

Holders of the 2025 Notes may convert the 2025 Notes into shares of our common stock (together with cash in lieu of any fractional share), at their option, at any time until the close of business on the scheduled trading day immediately before the maturity date. Upon conversion of the 2025 Notes, we will deliver for each $1,000 principal amount of 2025 Notes converted a number of shares of common stock (together with cash in lieu of any fractional share), equal to the conversion rate.

The initial conversion rate for the 2025 Notes is 79.2896 shares of common stock per $1,000 principal amount of 2025 Notes, which represents an initial conversion price of approximately $12.61 per share, and is subject to adjustment upon the occurrence of certain events, including, but not limited to, certain stock dividends, splits and combinations, the issuance of certain rights, options or warrants to holders of the common stock, certain distributions of assets, debt securities, capital stock or other property to holders of the common stock, cash dividends on the common stock and certain Company tender or exchange offers.

Holders of the 2025 Notes who convert their 2025 Notes may also be entitled to receive, under certain circumstances, an interest make-whole payment payable in, at the Company's election, either cash or shares of the Common Stock (together with cash in lieu of any fractional share).

If a fundamental change (as defined in the Indenture) occurs at any time prior to the maturity date, then the noteholders may require us to repurchase their 2025 Notes at a cash repurchase price equal to the principal amount of the 2025 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. If a make-whole fundamental change (as defined in the Indenture) occurs, then we will in certain circumstances increase the conversion rate for a specified period of time.

The 2025 Notes will be redeemable, in whole or in part, at our option at any time, and from time to time, on or after May 6, 2023 and on or before the scheduled trading day before the maturity date, at a cash redemption price equal to the principal amount of the 2025 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, as long as the last reported sale price per share of the common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related redemption notice; and (ii) the trading day immediately before the date we send such notice.

The Indenture contains customary events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee, by notice to the Company, or the holders of the 2025 Notes representing at least 25% in aggregate principal amount of the outstanding 2025 Notes, by notice to the Company and the Trustee, may declare 100% of the principal of, and all accrued and unpaid interest on, all of the then outstanding 2025 Notes to be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal of, and all accrued and unpaid interest on, all of the then outstanding 2025 Notes will automatically become immediately due and payable. Notwithstanding the foregoing, the Indenture provides that, to the extent the Company elects, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture will, for the first 360 days after such event of default, consist exclusively of the right to receive additional interest on the 2025 Notes.

During the quarter ended September 30, 2020, certain holders of the 2025 Notes converted an aggregate of approximately $13.5 million in principal amount of the 2025 Notes into 1,177,156 shares of the Company's common stock, including 108,572 shares of common stock issued in satisfaction of the interest make-whole payment. As of September 30, 2020, $166.9 million in principal amount of the 2025 Notes were outstanding, $80.4 million of which were held by related parties.

2022 Notes

On January 9, 2017, we issued approximately $119.8 million aggregate principal amount of 2022 Notes.

During the three months ended March 31, 2020, we entered into privately-negotiated exchange agreements with certain investors holding the 2022 Notes. Pursuant to those exchange agreements, the investors exchanged $59.9 million in aggregate principal amount of outstanding 2022 Notes for 13,688,876 shares of common stock. The investors that participated in such exchange agreements agreed to waive any accrued but unpaid interest on the exchanged 2022 Notes. Included in the 13,688,876 shares of common stock issued in the exchange transactions that took place during the three months ended March 31, 2020 were 942,706 shares valued at $7.9 million on the date of issuance at fair value, which were issued pursuant to the terms of the privately-negotiated exchange agreements and were in excess of the consideration issuable under the original conversion terms of the exchanged 2022 Notes. ASC 470, *Debt* requires the recognition through earnings of an inducement charge equal to the fair value of the consideration delivered in excess of the consideration issuable under the original conversion terms. This resulted in a non-cash charge of $7.9 million for the three months ended March 31, 2020, which was recorded as inducement expense in the condensed consolidated statement of operations.

Pursuant to the Private Exchange Transactions described above, on May 12, 2020, the holders of an aggregate of $45.0 million principal amount of 2022 Notes exchanged their 2022 Notes for a combination of 2025 Notes and cash. As a result of the Private Exchange Transactions, $2,000 in principal amount of the 2022 Notes were outstanding as of June 30, 2020. On July 22, 2020, pursuant to a redemption notice issued on May 15, 2020, we redeemed the remaining $2,000 principal amount of the 2022 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, 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. On July 24, 2020, the Company issued 89,928 shares in satisfaction of all remaining liabilities under the Settlement Agreement.

Historical Cash Flows

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

	Nine Months Ended September 30,	
	2020	**2019**
Net cash provided by (used in) operating activities	$ 16,712	$ (14,998)
Net cash used in investing activities	(24,973)	(20,515)
Net cash provided by financing activities	40,754	18,942
Effect of exchange rates on cash	(2,573)	(560)
Net increase (decrease) in cash, cash equivalents and restricted cash	29,920	(17,131)
Cash, cash equivalents and restricted cash, beginning of period	12,074	31,076
Cash, cash equivalents and restricted cash, end of period	$ 41,994	$ 13,945

Operating activities. Net cash provided by operating activities was $16.7 million for the nine months ended September 30, 2020, compared to net cash used in operating activities of $15.0 million for the same period in 2019. Net cash provided by operating activities for the nine months ended September 30, 2020 was primarily attributable to net cash provided by working capital, offset by a non-cash loss on debt conversion and extinguishment, a non-cash fair value adjustment on derivative instrument, charges for the fair value of inducement shares issued in the privately-negotiated exchange transactions with certain holders of the 2022 Notes, charge for the exchange of 2022 Notes for 2025 Notes in a Private Exchange Transaction, debt exchange, depreciation and amortization, including the amortization of debt discount and debt issuance costs, and share-based compensation expense. Net cash used in operating activities for the nine months ended September 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, provisions for bad debts and excess and obsolete inventory and share-based compensation expense.

Investing activities. Net cash used in investing activities during the nine months ended September 30, 2020 was $25.0 million, compared to net cash used in investing activities of $20.5 million for the same period in 2019. Cash used in investing activities during the nine months ended September 30, 2020 was primarily related to the purchases of property, plant and equipment and capitalization of certain costs related to the research and development of software to be sold in our products, in large part due to the increase in development in support of 5G products and services. Cash used in investing activities during the same period in 2019 was primarily related to the purchases of property, plant and equipment and capitalization of certain costs related to the research and development of software to be sold in our products.

Financing activities. Net cash provided by financing activities during the nine months ended September 30, 2020 was $40.8 million, compared to net cash provided by financing activities of $18.9 million for the same period in 2019. Net cash provided by financing activities during the nine months ended September 30, 2020 was primarily related to net proceeds received from the Offering, Private Exchange Transactions, the issuance of Series E Preferred Stock, the exercise of warrants to purchase common stock and stock option exercises and purchases through our employee stock purchase plan, partially offset by the repurchase of Series E preferred stock, principal payments under finance lease obligations and taxes paid on vested restricted stock units, payoff of the Term Loan of $48.8 million and payment of $32 million in cash for the Private Exchange Transactions. Net cash provided by financing activities for the same period in 2019 was primarily related to proceeds received from the issuance of Series E preferred stock, the exercise of warrants to purchase common stock and stock option exercises and purchases through our employee stock purchase plan, partially offset by principal payments under finance lease obligations and taxes paid on vested restricted stock units, and debt repayments related to our previous acquisition of Digicore Holdings Limited.

Other Liquidity Needs

Based on the above, the Company's management believes that its current cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet its working capital needs over the next twelve months without additional sources of cash.

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

The global outbreak of COVID-19 was declared a pandemic by the World Health Organization and a national emergency by the U.S. Government in March 2020 and has negatively impacted the U.S. and global economy, disrupted global supply chains, resulted in significant travel and transport restrictions, including mandated closures and orders to “shelter-in-place,” and created significant disruption of the financial markets. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related actions taken by the U.S. government, state and local government officials, and international governments to prevent disease spread, all of which are uncertain and cannot be predicted.

On March 27, 2020, the President of the United States signed and enacted into law the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), a $2 trillion economic relief bill. Pursuant to the CARES Act's relief related to federal employment taxes, we have elected to defer payment of such taxes beginning in April 2020, with $0.9 million in deferred taxes as of September 30, 2020, which will be due in two equal installments in 2021 and 2022.

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) and 15d-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 September 30, 2020, 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 September 30, 2020.

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) and 15d-15(f) promulgated under the Exchange Act, during the three months ended September 30, 2020, 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 and the Company’s Quarterly Reports on Form 10-Q for the three months ended March 31, 2020 and June 30, 2020.

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

None, except as previously disclosed in the Company’s Current Reports on Form 8-K, and except for the issuance described below.

On July 24, 2020, the Company issued 89,928 shares of its common stock to the former stockholders of RER in connection with the Settlement Agreement. The shares were issued in reliance upon an exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

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
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).
3.4	Certificate of Designation of Series E Fixed-Rate Cumulative Perpetual Preferred Stock filed with the Secretary of State of the State of Delaware on August 8, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed August 13, 2019).
3.5	Certificate of Amendment to Certificate of Designation of Series E Fixed-Rate Cumulative Perpetual Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed March 10, 2020).
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 July 24, 2020).
10.2*	Transition Agreement dated August 11, 2020 between Inseego Corp. and Stephen M. Smith.
10.3*	Offer Letter dated July 26, 2020 between Inseego Corp. and Craig L. Foster.
10.4*	Change in Control Agreement dated August 17, 2020 between Inseego Corp. and Craig L. Foster.
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.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).
*	Filed herewith.

SIGNATURES

Pursuant to the requirements 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: November 6, 2020	Inseego Corp.	
	By:	/s/ DAN MONDOR **Dan Mondor** **Chief Executive Officer**
	By:	/s/ CRAIG L. FOSTER **Craig L. Foster** **Chief Financial Officer**

TRANSITION AGREEMENT AND RELEASE

This Transition and Separation Agreement ("Agreement"), dated as of August 11, 2020 is made and entered into by and between Inseego Corp., and its subsidiaries ("Inseego" or the "Company"), and Stephen M. Smith ("Executive").

Recitals

A. Executive and Inseego have mutually agreed that Executive's employment with the Company shall end effective as of August 14, 2020 (the "Employment Termination Date").

B. Executive desires to provide transition services as a consultant to Inseego and remain eligible for certain compensation in connection with such services and Inseego would like to receive transition services in Executive's areas of expertise to assist the Company in transitioning Executive's duties and responsibilities.

C. In order to facilitate such services, Executive and Inseego have agreed that, Executive shall serve as a consultant to Inseego from the Employment Termination Date through December 31, 2020 (the "Transition Completion Date"); and

D. Inseego and Executive do not anticipate that there will be any disputes between them or legal claims arising out of Executive's separation from employment, but nevertheless, desire to ensure a completely amicable parting and to settle fully and finally any and all differences or claims that might arise out of Executive the employment relationship and termination thereof.

Agreement

1. Transition Services. Inseego and Executive agree that Executive's employment with the Company shall end on the Employment Termination Date, and that Executive shall provide transition services to Inseego, as reasonably requested by Inseego, from the Employment Termination Date through the Transition Completion Date.

2. Resignation as Officer. Effective as of the end of the business day on the Employment Termination Date, Executive shall cease to constitute an officer of Inseego and all its subsidiaries. Executive hereby agrees to execute such additional documents determined necessary or appropriate by Inseego to effect Executive's resignation as an officer of Inseego and any of its subsidiaries, provided, that any such documents shall be consistent with the terms of this Agreement.

3. Effective Date. This Agreement shall not become effective until the eighth (8th) day after Executive and Inseego execute this Agreement. Such date shall be the "Effective Date" of this Agreement.

4. Benefits During Transition.

(A) In exchange for the transition services provided during the Transition Period (as defined below), the general release of claims and other good and valuable consideration, Inseego agrees to pay the Executive a total of $175,000 (the "Payments"). The Payments shall be paid to you in the form of salary continuation, given that your annual salary is of $350,000, you will be paid semi-monthly the amount of $14,583.33 less authorized deductions and applicable withholding taxes commencing on the first normally-scheduled Company payroll date following the Employment Termination Date until you have received aggregate severance payments under this paragraph totaling $175,000; provided, however, that Executive acknowledges that Executive is not entitled to receive the Payments unless Executive executes and does not revoke this Agreement, and that no payments due to Executive hereunder shall be made or begin before the Effective Date. The Payments shall be subject to all standard payroll deductions and will cover withholdings for taxes including federal and state income taxes.

(B) Executive will be paid out for all accrued PTO as of the Employment Termination Date, and PTO days shall not accrue during the Transition Period. Executive shall also be paid any unpaid expenses incurred in connection with his Employment through the Employment Termination Date as well as any pre-approved expenses incurred during the Transition Period.

(C) From the end of the working day on the Employment Termination Date through the Transition Completion Date (the "Transition Period"), Executive shall be available as a consultant to provide transition services in Executive's areas of expertise and work experience and responsibility, as reasonably requested by Inseego (the "Transition Services"). During the Transition Period, Executive will not be required to regularly report to the Company's offices but agrees to make himself available, including to come into the Company's offices, upon reasonable notice by the Company. If Executive provides more than 40 hours of Transition Services in a calendar month, Inseego will pay Executive an hourly rate of $200 per hour for each hour in excess of 40 hours, subject to any applicable withholdings. Executive shall continue to be a "Service Provider" of the Company as defined in the 2018 Omnibus Incentive Compensation Plan, as amended (the "2018 Incentive Plan"). Accordingly, in accordance with the terms of the 2018 Incentive Plan, all of Executive's awards under the 2018 Incentive Plan shall continue to vest during the Transition Period. In addition, the post-termination exercise period for the all Executive's awards under the 2018 Incentive Plan shall be extended through 90 days after the end of the Transition Period (i.e., through March 31, 2021).

(D) If Executive elects to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay the premium for Executive and Executive's covered dependents, if any, through the earliest of (i) the nine (9) month anniversary of the Termination Date, (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer of Executive's plan(s) and (iii) the date that Executive and/or Executive's covered dependents, if any, become no longer eligible for COBRA. Any such payment or reimbursement shall be subject to any required withholding taxes. After the Company ceases to pay premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA. The Company shall have no obligation to make any payment under this subsection (c) if it reasonably determines that doing so would cause adverse consequences under Section 105(h) of the Internal Revenue Code or the Patient Protection and Affordable Care Act or other similar law.

(E) Except with respect to COBRA as set forth in the preceding paragraph, Executive will not be eligible to receive any benefits including after the Employment Termination Date.

(F) Executive shall receive a pro rata bonus for fiscal 2020 based on achievement of the applicable performance goals for the fiscal year of termination based on the number of days in the fiscal year during which Executive was employed as compared to 365, which shall be based on actual achievement of corporate performance goals and criteria as determined by the Board, shall be based on assumed full achievement of any individual performance goal and criteria, and shall be paid to Executive at the time such bonuses normally are paid, but not later than the March 15 of the calendar year following the Covered Termination. Any such pro rata bonus shall be paid in a single cash lump sum, less authorized deductions and applicable withholding taxes.

(G) Except as set forth herein, Executive will not be eligible for any other payments from Inseego, and all payments hereunder constitute any and all payments due to Executive in connection with his employment and the separation form the Company.

3. General Release of Claims.

(A) In exchange for the consideration provided in this Agreement, Executive and Executive's heirs, executors, representatives, agents, insurers, administrators, successors and assigns (collectively the "Releasors") irrevocably and unconditionally fully and forever waive, release and discharge Inseego, its subsidiaries and other corporate affiliates and each of their respective Executives, officers, directors, owners, shareholders and agents (collectively referred to herein as, the "Released Parties") from any and all claims, demands, actions, causes of actions, obligations, judgments, rights, fees, damages, obligations, liabilities and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown, (collectively "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that Releasors may have, have ever had or may in the future have arising out of, or in any way related to (i) Executive's hire, benefits, employment, termination or separation from employment with Inseego and (ii) any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter that existed or arose on or before, and including, the date of Executive’s execution of this Agreement, including, but not limited to (A) any claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Equal Pay Act, as amended, the Executive Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of U.S.C. Title 42, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the Age Discrimination in Employment Act, as amended, the California Fair Employment and Housing Act, as amended, and/or any other Federal, state or local law (statutory, regulatory or otherwise) that may be legally waived and released and (B) any tort and/or contract claims, including, but not limited to, any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. However, this general release of claims excludes, and Executive does not waive, release or discharge any (i) right to file an administrative charge or complaint with the Equal Employment Opportunity Commission or other administrative agency; (ii) claims under state workers' compensation or unemployment laws; (iii) indemnification rights Executive has against Inseego, and/or (iv) any other claims that cannot be waived by law.

(B) In further consideration of the payments and benefits provided to Executive by this Agreement, the Releasors hereby unconditionally release and forever discharge the Released Parties from any and all Claims that the Releasors may have as of the date Executive signs this Agreement arising under the Age Discrimination in Employment Act (ADEA), as amended. By signing this Agreement, Executive hereby acknowledges and confirms that: (i) in connection with Executive's termination of employment, Executive has been advised by Inseego to consult with an attorney of Executive’s choice before signing this Agreement to have the attorney explain the terms and effect of signing this Agreement, including Executive's release of claims under the ADEA, and that Executive has in fact consulted with an attorney; (ii) Executive was given no less than 21 days to consider the terms of the Agreement and consult with an attorney of Executive’s choice; (iii) Executive is providing this release in exchange for consideration in addition to that which Executive is already entitled; (iv) Executive understands that Executive has seven (7) days from the date of signing this Agreement to revoke the release in this paragraph by providing Inseego with a written notice of Executive's revocation of the release and waiver contained in this paragraph; (vii) Executive understands that the release contained in this paragraph does not apply to rights and claims that may arise after the date on which Executive signs this Agreement and (viii) Executive knowingly and voluntarily accepts the terms of this Agreement.

(C) Executive hereby covenants and agrees not to file, commence or initiate any suits, grievances, demands or causes of action against the Released Parties based upon or relating to any of the claims released pursuant to this Agreement. If Executive breaches this covenant not to sue, Executive hereby agrees to pay all of the reasonable costs and attorneys’ fees actually incurred by the Released Parties in defending against such claims, demands or causes of action, together with such and further damages as may result, directly or indirectly, from that breach. Moreover, Executive agrees that Executive will not persuade or instruct any person to file a suit, claim or complaint with any state or federal court or administrative agency against the Released Parties. In accordance with 29 C.F.R. § 1625.23(b), nothing in this covenant not to sue is intended to preclude Executive from challenging the validity of this Agreement under the OWBPA, 29 U.S.C. § 626(f), with respect to claims under the ADEA, and Inseego shall not be entitled to recover any consideration paid under this Agreement, damages or its attorneys’ fees and costs resulting from such challenge.

(D) Nothing in this Agreement shall interfere with Executive’s right to file a charge, cooperate or participate in an investigation or proceeding conducted by, or provide information to, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or other federal or state regulatory or law enforcement agency.

(E) This Release shall be a release of all claims, whether known or unknown, and Executive hereby expressly waives and release all rights reserved to Executive by Section 1542 of Civil Code of the State of California, which states as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

(F) Executive understands and acknowledges that the significance and consequence of the foregoing waiver of Section 1542 of the Civil Code is that even if Executive should eventually suffer damages from Inseego (including, but not limited to, as arising out of Executive’s employment with Inseego), Executive will not be permitted to make any claim whatsoever for those damages. Furthermore, Executive acknowledges and understands that Executive intends such consequences even as to claims for injury or damages that may exist as of the date for this Agreement but which Executive does not know exists, and which, if known, would materially affect Executive's decision to execute this Agreement. Executive further acknowledges and understands that the foregoing release is operative regardless of the reasons for Executive’s lack of knowledge of such claims (whether the lack of knowledge is a result of ignorance, oversight, error, negligence, or any other cause, and regardless of whether such cause is through no fault of Executive or through the fault of Inseego).

4. Executive Representations. Executive specifically represents, warrants and confirms that: (a) throughout Executive’s employment, Executive was fully paid all amounts due from Inseego and appropriately compensated for all hours worked in accordance with the Fair Labor Standards Act and other applicable law, if any; (b) throughout Executive’s employment, Executive has been provided with all leave to which Executive was entitled under Inseego’s policies and applicable law; (c) Executive has no claims, complaints or actions of any kind filed against the Released Parties with any court of law, or local, state or federal government or agency; (d) Executive has not engaged in, is not aware of, or has fully disclosed to Inseego, any matters for which Executive was responsible or which came to Executive’s attention as an Executive of Inseego that might give rise to, evidence, or support any claim of illegal conduct, regulatory violation, unlawful discrimination, or other cause of action against Inseego.

5. No Admission of Wrongdoing or Liability. Nothing contained in this Agreement shall constitute, or be construed as or is intended to be an admission or an acknowledgment by Inseego or the Released Parties of any wrongdoing or liability, all such wrongdoing and liability being expressly denied.

6. Confidentiality. Executive agrees to maintain absolute confidentiality and secrecy concerning the terms of this Agreement and will not reveal, or disseminate by publication in any manner whatsoever this document or any matters pertaining to it to any other person except Executive’s immediate family members, legal advisors, financial planners, or tax preparers who are also bound by this confidentiality provision, or as required by legal process.

7. Continuing Obligations. Executive acknowledges and agrees to comply with Executive’s continuing obligations under the Confidential Information and Invention Assignment Agreement between Executive and Inseego (the “Confidentiality Agreement”), including but not limited to Executive's obligations not to use or disclose, at any time, any trade secret, confidential or proprietary information of the Company.

8. Non-Disparagement. Executive and Inseego each agree not to make any statements, written or verbal, or cause or encourage others to make any statements, written or verbal, including but not limited to any statements made via social media, on websites or blogs, that defame, disparage or in any way criticize the personal or business reputation, practices, or conduct of the other party or any of the Released Parties. This Section does not, in any way, restrict or impede either party from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation or order. The Executive shall promptly provide written notice of any such order to Inseego’s Senior Vice President & General Counsel.

9. Inseego Property. On or before the Transition Completion Date, Executive must return all company property, including identification cards or badges, access codes or devices, keys, credit cards, electronically stored documents or files, physical files and any other company property in Executive's possession. Executive further represents that Executive has not copied, printed or caused to be copied or printed out any documents or other material originating

with or belonging to Inseego. Notwithstanding the foregoing Executive shall keep his laptop computer and mobile phone (currently in his name) provided that all Company Data shall be removed by Executive prior to the Transition Completion Date

10. Cooperation. The parties agree that certain matters in which Executive has been involved during Executive's employment may necessitate Executive's cooperation with Inseego in the future. Accordingly, for a period of six months following the Transition Completion Date, to the extent reasonably requested by Inseego, Executive shall cooperate with Inseego in connection with matters arising out of Executive's service to Inseego; provided that, Inseego shall make reasonable efforts to minimize disruption of Executive's other activities. Inseego shall reimburse Executive for reasonable expenses incurred in connection with such cooperation subsequent to the Transition Completion Date.

11. Knowing and Voluntary Acknowledgement. Executive specifically agrees and acknowledges that: (a) Executive has read this Agreement in its entirety and understands all of its terms; (b) Executive has been advised of and Executive's right to, and provided an opportunity to, consult with Executive's attorney prior to executing this Agreement; (c) Executive knowingly, freely and voluntarily assents to all of its terms and conditions including, without limitation, the waiver, release and covenants contained herein; (d) Executive is executing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which Executive is otherwise entitled; (e) Executive is not waiving or releasing rights or claims that may arise after Executive's execution of this Agreement; and that (f) Executive understands that the waiver and release in this Agreement is being requested in connection with the cessation of Executive's employment with Inseego.

12. Breach of Agreement. If Executive breaches any provision of this Agreement, to the maximum extent permitted by applicable law, Inseego shall be relieved of all liability and obligations to make any further payments under this Agreement. If either party brings a claim for breach of the terms of this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and expenses incurred in prosecuting or defending such an action.

13. Mutual Arbitration Agreement. Inseego and Executive agree that any dispute or controversy arising out of, relating to, or in connection with this Agreement shall be exclusively settled by final and binding arbitration in San Diego County, California before a single arbitrator appointed by the Judicial Arbitration Mediation Service ("JAMS") and shall be conducted in accordance with JAMS Streamlined Arbitration Rules & Procedures. The arbitrator may grant any and all injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction thereof. The prevailing party in any arbitration or action to enforce or interpret this Agreement shall be entitled to an award to recover any and all attorneys' fees, costs and expenses. Neither party shall disclose the existence of any dispute or the terms of any arbitration decision to any third party, other than legal counsel, accountants, and financial advisors or as required by applicable law.

EXECUTIVE UNDERSTANDS AND ACKNOWLEDGES THAT THIS PARAGRAPH 13 CONSTITUTES AN EXPRESS WAIVER OF ANY RIGHT TO A TRIAL IN COURT (INCLUDING, WITHOUT LIMITATION, A JURY TRIAL).

14. Miscellaneous Provisions.

(A) This Agreement contains the complete, entire understanding of the parties. This Agreement supersedes all prior and contemporaneous oral and written agreements and discussions with respect to the subject matter hereof; provided, however, that (i) Executive's surviving obligations under the Confidentiality Agreement and this Agreement; (ii) Executive's rights with respect to outstanding awards pursuant to the 2018 Incentive Plan; and (iii) Executive's surviving rights under the Indemnification Agreement between Executive and the Company dated August 21, 2017, remain in full force and effect in accordance with their terms and shall remain unaffected by virtue of this Agreement. This Agreement may be amended or modified only by an agreement in writing. If any provision of this Agreement is determined to be invalid or otherwise unenforceable, then that invalidity or unenforceability shall not affect any other provision of this Agreement, which shall continue and remain in full force and effect.

(B) All of the terms and provisions of this Agreement shall be binding upon each of the parties hereto and shall inure to the benefit of the parties hereto, their heirs, executors, administrators, personal representatives, successors and permitted assigns. Executive may not assign this Agreement or any right or obligation hereunder without the express and prior written consent of Inseego.

(C) The parties agree that this Agreement shall be construed, enforced and governed by the laws of the State of California, excluding its conflict of laws rules.

(D) Each of the parties hereto shall execute any and all other documents or instruments necessary or mutually desirable in order to carry out the provisions of this Agreement in good faith.

(E) No provision of this Agreement shall be interpreted for or against any party hereto because any such party or any such party's legal counsel drafted such provision. This Agreement shall be deemed to have been duly drafted and reviewed and review by each of the parties hereof.

(F) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by delivery of original signature via facsimile or electronic transmission.

(G) Each of the parties hereof has been adequately represented by legal counsel or has had adequate opportunity to consult with legal counsel and has affirmatively chosen to waive the right to do so. Neither party may raise any claim or defense in any interpretation of this Agreement or otherwise that asserts that: (i) such party was not adequately involved in the drafting and review of this Agreement; (ii) such party was not adequately represented by legal counsel; (iii) such party did not fully understand each of the terms and conditions of this Agreement; or (iv) such party did not intend to be legally bound by each and every provision hereof.

15. Acknowledgment of Full Understanding. EXECUTIVE ACKNOWLEDGES AND AGREES THAT EXECUTIVE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. EXECUTIVE ACKNOWLEDGES AND AGREES THAT EXECUTIVE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF EXECUTIVE'S CHOICE BEFORE SIGNING THIS AGREEMENT. EXECUTIVE FURTHER ACKNOWLEDGES THAT BY SIGNING THIS AGREEMENT EXECUTIVE IS GIVING UP AND WAIVING IMPORTANT LEGAL RIGHTS.

IN WITNESS WHEREOF the parties have hereby executed this Agreement as of the date written below.

EXECUTIVE

By: /s/ STEPHEN M. SMITH Date: 8/7/2020
Stephen M. Smith

INSEEGO CORP.

By: /S/ DAN MONDOR Date: 8/11/2020
Dan Mondor
Chairman & CEO

inseego

July 26, 2020

Craig Foster
945 Taraval Street
Suite 307
San Francisco, CA 94116
craig@fostercomplex.com
(415) 867-4402

RE: Offer of Employment at Inseego Corp.

Dear Craig,

It is my pleasure to make you the following offer of employment with Inseego Corp., ("Company"), as Chief Financial Officer. This is an exempt, full time position. In this role, you will report to Dan Mondor, Chairman of the Board and CEO, with a tentative start date on August 17, 2020. ***This offer of employment expires on Tuesday, July 28, 2020.***

Compensation: You will receive a semi-monthly salary in the amount of USD $15,625 paid in accordance with our normal payroll procedures. This is equivalent to $375,000 on an annualized basis.

Company Bonus: You are eligible to participate in the Inseego Corp. Company Bonus Plan with a target bonus opportunity of 50% of your base salary for the relevant period, based on criteria established by the Compensation Committee of the Board of Directors of the Company ("Board").

Benefits: You will be eligible to participate in the Company's benefit plans consisting of medical, dental, vision, short-term and long-term disability, term life insurance and accidental death and dismemberment insurance. You also will be eligible to participate in the Company's 401(k) plan and, if available, the Inseego Employee Stock Purchase Plan, subject to its terms and conditions. You also may be eligible for Paid Time Off (PTO) on an accrual basis (according to the schedule outlined in the Employee Handbook) and Company paid holidays.

You will receive more information about these programs, including eligibility, at New Hire Orientation.

Equity Awards: We will recommend to the Board of Directors of Inseego (or a committee thereof), that you be granted non-qualified stock options to purchase two hundred thousand (200,000) shares of Inseego Common Stock (the "Options"). The Options will vest over 4 years, as follows: (i) one-fourth (1/4) of the Options shall vest on the first anniversary of your start date, and (ii) the remaining three-fourths (3/4) shall vest in equal monthly installments over the following thirty-six (36) months thereafter.

We will also recommend to the Board of Directors of Inseego (or a committee thereof), that you be awarded a number of Restricted Stock Units ("RSUs") determined by dividing $400,000 by the market price of the Company's stock on the date of grant. The RSUs will vest over 4 years, as follows: (i) one-fourth (1/4) of the Options shall vest on the first anniversary of your start date, and (ii) the remaining three-fourths (3/4) shall vest in equal monthly installments over the following thirty-six (36) months thereafter.

The Options and RSUs will be subject to the Company's standard terms and conditions for employee RSUs and stock options. In addition, disposing of the underlying shares issuable upon exercise of stock options and vesting of RSUs shall be subject to the Company's Insider Trading Policy which will be made available to you shortly following the commencement of your employment. All equity award recommendations are subject to the final approval of the Board of Directors of Inseego (or a committee thereof).

Relocation Assistance: Your office will be located in our corporate offices at 9710 Scranton Road, San Diego, California (the "Designated Location"). You will relocate from your current residence to the San Diego County at a date agreed upon between you and the Company's Chief Executive Officer. Because the Designated Location is more than 50 miles from your current residence, you will be eligible for reimbursement of (A) reasonable temporary housing expenses as needed for a period of up to 60 days, (B) additional verified relocation expenses of up to $25,000 for shipment of household items, less any applicable payroll deductions and all required taxes and withholdings. You will be responsible for any taxes associated with payment to you for such reimbursements that are deemed taxable according to the IRS regulations. In the event that you either (x) fail to relocate to San Diego County or (y) voluntarily terminate your employment with the Company within one year of your relocation to San Diego County, you will be responsible for immediate repayment in full to the Company for any relocation assistance amounts previously reimbursed to you by the Company. You may be required to travel periodically as may otherwise be required by the nature of your work assignments, for which you will be reimbursed for reasonable travel expenses in accordance with the Company's current Employee Travel and Expense Policy.

General Requirements: You will be required to sign an Inventions, Disclosure, Confidentiality & Proprietary Rights Agreement with the Company on the commencement date of your employment. We also will ask you certify to us that accepting employment at the Company or performing your duties at the Company as outlined will not be a violation of any agreement or understanding you may have with a prior employer or party. In addition, you will be required during your employment to abide by the Company's Code of Business Conduct and Ethics and customary employment policies and procedures that apply to all Company employees. The Code and related business and employment practices, which will be presented to you during the first few weeks of your employment with the Company, address numerous topics, including but not limited to, prohibitions on (i) sexual harassment, (ii) trading in the Company's securities at certain times and (iii) working for, or consulting to, other employers or parties while you are employed by the Company.

This offer of employment is contingent upon satisfactory completion of a pre-employment background check, confirmation of any conferred degrees, satisfactory references, verification of your employment history as stated on your resume and verification you may legally work in the U.S., consistent with the requirements of the Immigration Reform and Control Act ("IRAC"). In this regard, on your first day of employment, you will be asked to provide the Company with the required form(s) of work authorization and identification required by the U.S. Citizenship and Immigration Services (USCIS).

Please note your employment at the Company is employment at will, which means that either you or the Company can terminate your employment at any time with or without cause or advance notice. By signing below, you agree that no other promises or material terms of employment have been offered to you other than as set forth herein and that this offer letter may be modified or supplemented only in writing, manually signed by both you and either the Chief Human Resources Officer or the Chief Executive Officer

If you have any questions about the above information, please feel free to contact Natacha Pavan (858) 812-3488. I look forward to working with you as a member of the Inseego team.

Sincerely, I accept the offer, as stated.

/s/ DAN MONDOR /s/ CRAIG FOSTER 7/23/2020

Dan Mondor Craig Foster Date
Chairman of the Board & CEO

<u>CHANGE IN CONTROL AND SEVERANCE AGREEMENT</u>

This Change in Control and Severance Agreement (the "<u>Agreement</u>") is made and entered into by and between Craig Lynn Foster (***"Executive"***) and Inseego Corp., a Delaware corporation (the ***"Company"***), this 17th day of August, 2020 (the ***"Effective Date"***).

WHEREAS, The Board of Directors of the Company (the ***"Board"***) recognizes the importance of Executive's role at the Company and that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of such an event.

WHEREAS, the Board believes that it is in the best interests of the Company and its shareholders to provide Executive with an incentive to continue Executive's employment and to motivate Executive to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of its stockholders.

WHEREAS, the Board believes that it is imperative to provide Executive with severance benefits upon certain terminations of Executive's service to the Company that enhance Executive's financial security and provide incentive and encouragement to Executive to remain with the Company notwithstanding the possibility of such an event.

WHEREAS, unless otherwise defined herein, capitalized terms used in this Agreement are defined in Section 9 below.

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

1. <u>Term of Agreement.</u>

This Agreement shall become effective as of the Effective Date and terminate upon the date that all obligations of the parties hereto with respect to this Agreement have been satisfied.

2. <u>At-Will Employment.</u>

The Company and Executive acknowledge that Executive's employment shall be "at-will," as defined under applicable law. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, the Indemnification Agreement between the Company and Executive entered into on or about the date hereof (the ***"Indemnification Agreement"***), the Company's bylaws (as may be amended from time to time), the Company's Amended and Restated Certificate of Incorporation (as may be amended from time to time), and/or any other agreement evidencing the grant to Executive of equity compensation that is concurrently or hereafter entered into by the parties.

3. <u>Covered Termination Other Than During a Change in Control Period.</u>

If Executive experiences a Covered Termination other than during a Change in Control Period, and if Executive delivers to the Company a general release of all claims against the Company and its affiliates, in the form provided by the Company which shall be substantially in the form attached as Exhibit A (which form may be modified by the Company to comply with the facts and applicable law) (a ***"Release of Claims"***) that becomes effective within 55 days following the Covered Termination and irrevocable within 62 days following the Covered Termination (the ***"Release Requirements"***), then in addition to any accrued but unpaid salary, accrued but unused vacation, incurred but unreimbursed business expenses payable in accordance with applicable law, or vested benefits (other than severance) under any Company benefit plan (the ***"Accrued Amounts"***) the Company shall provide Executive with the following:

(a) <u>Severance</u>. Executive shall be entitled to receive an amount equal to six (6) months of his or her base salary, payable in cash in the form of salary continuation, commencing on the first normally-scheduled Company payroll date that is at least 75 days following the Termination Date (with any such amounts that normally would have been payable during the period between the Termination Date and such first payment being included in such first payment), less authorized deductions and applicable withholding taxes.

(b) Equity Awards. Each outstanding and unvested stock option and restricted stock unit award, held by Executive that vests solely based upon Executive's continued employment, shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse, as of immediately prior to the Termination Date with respect to that number of shares of Company Common Stock that would have next vested had Executive continued employment with the Company through that next vesting date. All such equity awards or the proceeds therefrom shall be held by the Company until such time as the Executive has timely satisfied the Release Requirements.

(c) Continued Healthcare. If Executive elects to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (***"COBRA"***), the Company shall directly pay the premium for Executive and Executive's covered dependents, if any, through the earliest of (i) the nine (9) month anniversary of the Termination Date, (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer of Executive's plan(s) and (iii) the date that Executive and/or Executive's covered dependents, if any, become no longer eligible for COBRA. Any such payment or reimbursement shall be subject to any required withholding taxes. After the Company ceases to pay premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA. The Company shall have no obligation to make any payment under this subsection (c) if it reasonably determines that doing so would cause adverse consequences under Section 105(h) of the Internal Revenue Code or the Patient Protection and Affordable Care Act or other similar law.

(d) Pro Rata Bonus. Executive shall receive a pro rata bonus for the fiscal year of termination based on achievement of the applicable performance goals for the fiscal year of termination based on the number of days in the fiscal year during which Executive was employed as compared to 365, which shall be based on actual achievement of corporate performance goals and criteria as determined by the Board, shall be based on assumed full achievement of any individual performance goal and criteria, and shall be paid to Executive at the time such bonuses normally are paid, but not later than the March 15 of the calendar year following the Covered Termination. Any such pro rata bonus shall be paid in a single cash lump sum, less authorized deductions and applicable withholding taxes.

4. Covered Termination During a Change in Control Period.

If Executive experiences a Covered Termination during a Change in Control Period, and if Executive satisfies the Release Requirements, then in addition to any Accrued Amounts, but in lieu of any amounts the Executive otherwise could have received under Section 3 of this Agreement, the Company shall provide Executive with the following:

(a) Severance. Executive shall be entitled to receive an amount equal to the sum of eighteen (18) months of Executive's base salary, plus an amount equal to 12 months of the Executive's annual target bonus opportunity, in each case, at the rate in effect immediately prior to the Termination Date. The base salary component shall be payable in cash in the form of salary continuation, commencing on the first normally-scheduled Company payroll date that is at least 75 days following the Termination Date (with any such amounts that normally would have been payable during the period between the Termination Date and such first payment being included in such first payment), less authorized deductions and applicable withholding taxes. The target annual bonus component shall be payable in cash in a lump sum within 10 days of the date the Executive timely satisfied the Release Requirements.

(b) Equity Awards. Each outstanding and unvested stock option and restricted stock unit award, held by Executive, shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse, as of immediately prior to the Termination Date with respect to one hundred percent (100%) of the unvested shares underlying Executive's equity awards. In all other respects Executive's equity awards shall continue to be bound by and subject to the terms of their respective agreements and equity plans. All such equity awards or the proceeds therefrom shall be held by the Company until such time as the Executive timely satisfied the Release Requirements, if at all.

(c) Continued Healthcare. If Executive elects to receive continued healthcare coverage pursuant to the provisions of COBRA, the Company shall directly pay the premium for Executive and Executive's covered dependents, if any, through the earliest of (i) the eighteen (18) month anniversary of the Termination Date, (ii) the date Executive and Executive's covered dependents, if any, become eligible for healthcare coverage under another employer of Executive's plan(s) and (iii) the date that Executive and/or Executive's covered dependents, if any, become no longer eligible for COBRA. Any such payment or reimbursement shall be subject to any required withholding taxes. After the Company ceases to pay premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive's expense in accordance the provisions of COBRA. The Company shall have no obligation to make any payment under this subsection (c) if it reasonably determines that doing so would cause adverse consequences under Section 105(h) of the Internal Revenue Code or the Patient Protection and Affordable Care Act or other similar law.

5. <u>In Contemplation.</u>

In the event Executive is terminated in Contemplation of a Change in Control, Executive initially shall receive the amounts under Section 3 hereof, provided that, if the Change of Control actually occurs, that Change in Control satisfies the requirements of Treasury Regulation 1.409A-3(i)(5), and the Executive timely satisfied the Release Requirements, then (1) the reference to "six (6) months" in Section 3(a) shall be extended to eighteen (18) months, (2) the Executive shall receive the target annual bonus amount described in Section 4(a), less any amount paid or payable under Section 3(d), within 10 days of the Change in Control, (3) Section 4(b) shall apply to any outstanding and unvested stock option and restricted stock unit award held by Executive, and (4) the reference to "nine (9) months" in Section 3(c) shall be extended to eighteen months.

6. <u>Other Terminations.</u>

If Executive's service with the Company is terminated by the Company or by Executive for any or no reason other than a Covered Termination, then Executive shall only be entitled to Accrued Amounts.

7. <u>Deemed Resignation.</u>

Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

8. <u>Limitation on Payments.</u>

Notwithstanding anything in this Agreement to the contrary, if any payment or distribution Executive would receive pursuant to this Agreement or otherwise (***"Payment"***) would (a) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the ***"Code"***), and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the ***"Excise Tax"***), then such Payment shall either be (i) delivered in full or (ii) delivered as to such lesser extent which would result in no portion of such Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and payroll taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the largest payment, notwithstanding that all or some portion the Payment may be taxable under Section 4999 of the Code. The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control or, in the event such accounting firm is precluded from performing calculations hereunder, such other accounting firm of national reputation as may be determined by the Company, and reasonably acceptable to Executive, shall perform the foregoing calculations. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm shall provide its calculations to the Company and Executive within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Company or Executive) or such other time as requested by the Company or Executive. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive. Any reduction in payments and/or benefits pursuant to this Section 8 will occur in the following order: (1) reduction of cash payments; (2) cancellation of accelerated vesting of equity awards other than stock options (with the later vesting reduced first) (3) cancellation of accelerated vesting of stock options (with the later vesting reduced first) and (4) reduction of other benefits payable to Executive or any such other order determined by the Company that will not result in adverse tax consequences under Section 409A of the Code.

9. <u>Definition of Terms.</u>

The following terms referred to in this Agreement shall have the following meanings:

(a) ***"Cause"*** means (i) any act of material misconduct or material dishonesty by Executive in the performance of his or her duties; (ii) any willful failure, gross neglect or refusal by Executive to attempt in good faith to perform his or her duties to the Company or to follow the lawful instructions of the Board (except as a result of physical or mental incapacity or illness) which is not promptly cured after written notice; (iii) Executive's commission of any fraud or embezzlement against the Company (whether or not a misdemeanor); (iv) any material breach of any written agreement with the Company, which breach has not been cured by Executive (if curable) within thirty (30) days after written notice thereof to Executive by the Company; (v) Executive's being convicted of (or pleading guilty or nolo contendere to) any felony or misdemeanor involving theft, embezzlement, dishonesty or moral turpitude; and/or (vi) Executive's failure to materially comply with the material policies of the Company in effect from time to time relating to conflicts of interest, ethics, codes of conduct, insider trading, or discrimination and harassment, or other breach of Executive's fiduciary duties to the Company, which failure or breach is or could reasonably be expected to be materially injurious to the business or reputation of the Company.

(b) ***"Change in Control"*** means either:

(i) any "person" (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the ***"Exchange Act"***), and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes, after the Effective Date, a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the ***"Company Voting Securities"***) or of substantially all of the Company's assets; provided, however, that an event described in this clause (i) shall not be deemed to be a Change in Control if any of following becomes such a beneficial owner: (A) the Company or any majority-owned subsidiary (provided, that this exclusion applies solely to the ownership levels of the Company or the majority-owned subsidiary), (B) any tax-qualified, broad-based employee benefit plan sponsored or maintained by the Company or any majority-owned subsidiary, (C) any underwriter temporarily holding securities pursuant to an offering of such securities, or (D) any person pursuant to a Non-Qualifying Transaction (as defined in clause (ii)); or

(ii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its subsidiaries that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a ***"Business Combination"***), unless immediately following such Business Combination: (A) more than fifty percent (50%) of the total voting power of (x) the corporation resulting from such Business Combination (the ***"Surviving Corporation"***), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of one hundred (100%) of the voting securities eligible to elect directors of the Surviving Corporation (the ***"Parent Corporation"***), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of more than fifty percent (50%) of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were members of the Board as of the date hereof or at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a ***"Non-Qualifying Transaction"***).

(c) ***"Change in Control Period"*** means the period commencing 30 days prior to a Change in Control and ending on the 12-month anniversary of such Change in Control.

(d) ***"Contemplation of a Change in Control"*** means a Covered Termination that occurs as a result of an action directed or requested by a person that directly or indirectly undertakes a transaction that constitutes a Change in Control of the Company.

(e) ***“Covered Termination”*** means Executive’s resignation for Good Reason or the termination of Executive’s employment by the Company other than a Disability Termination or a termination for Cause that, in each case and to the extent necessary, constitutes a Separation from Service (as defined below).

(f) ***“Disability Termination”*** means a termination of employment by the Company of the Executive after the Executive has been unable for 90 days in any 365 day period to perform his or her material duties because of physical or mental incapacity or illness.

(g) ***“Good Reason”*** means the occurrence, without Executive’s written consent, of any of the following: (i) a material diminution in Executive’s base compensation, (ii) a material diminution in Executive’s job responsibilities, duties or authorities, or (iii) a material change of at least fifty (50) miles in the geographic location at which Executive must regularly perform Executive’s service. Notwithstanding the foregoing, Executive shall not be deemed to have “Good Reason” unless: (x) the condition giving rise to such resignation continues more than thirty (30) days following Executive’s providing to the Company a written notice of detailing such condition, (y) such written notice is provided to the Company within ninety (90) days of the initial occurrence of such condition and (z) Executive’s resignation is effective within thirty (30) days following the expiration of the Company cure period pursuant to subclause (x).

(h) ***“Termination Date”*** means the date Executive experiences a Covered Termination.

10. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, permitted assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive’s rights or obligations may be assigned or transferred by Executive, other than Executive’s rights to payments hereunder, which may be transferred only by will or operation of law.

11. Notices.

Any notice, request, claim, demand, document and other communication hereunder to any party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid (or if it is sent through any other method agreed upon by the parties), as follows:

(i) if to the Company:

Inseego Corp.
Attn: Board of Directors
9710 Scranton Road, Suite 300
San Diego, CA 92121

(ii) if to Executive, at the address set forth in Executive’s personnel file with the Company; or

(iii) at any other address as any party shall have specified by notice in writing to the other party.

12. Non-Disparagement.

Executive agrees that he or she shall not disparage, criticize or defame the Company, its affiliates and their respective affiliates, directors, officers, agents, partners, shareholders or employees, either publicly or privately, except in the reasonable good faith performance of his duties to the Company. Nothing in this Section 12 shall have application to any evidence, testimony or disclosure required by any court, arbitrator or government agency.

13. Dispute Resolution.

The parties agree that if any disputes should arise between Executive and the Company (including claims against its employees, officers, directors, shareholders, agents, successors and assigns) relating or pertaining to or arising out of Executive’s employment with the Company, the dispute will be submitted exclusively to binding arbitration before a neutral arbitrator in accordance with the rules of the American Arbitration

Association in San Diego, California. **This means that disputes will be decided by an arbitrator rather than a court or jury, and that both Executive and the Company waive their respective rights to a court or jury trial, except to enforce the decision of the arbitrator.** The parties understand that the arbitrator's decision will be final and exclusive, and cannot be appealed. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. The Company and the Executive shall share in the arbitrator's fees and expenses equally. The arbitrator shall have the power to award the prevailing party its attorneys' fees and costs of arbitration (including the arbitrator's fees paid by the arbitrator) except to the extent prohibited by applicable law. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute over intellectual property rights by Court action instead of arbitration.

14. Miscellaneous Provisions.

(a) Section 409A.

(i) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, no amount deemed deferred compensation subject to Section 409A of the Code shall be payable pursuant to Sections 3, 4 or 5 above unless Executive's termination of employment constitutes a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury regulations and other guidance promulgated thereunder (***"Separation from Service"***).

(ii) Specified Employee. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of his or her separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 14(a)(ii) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

(iii) Expense Reimbursements. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(iv) Reserved.

(v) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Executive's termination of employment are subject to Executive's execution and delivery of a Release of Claims, (A) the Company shall deliver the Release of Claims to Executive within ten (10) business days following the Termination Date, (B) if Executive fails to execute the Release of Claims on or prior to the Release Expiration Date (as defined below) or timely revokes his or her acceptance of the Release of Claims thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release of Claims, and (C) in any case where the Termination Date and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release of Claims and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 14(a)(v), ***"Release Expiration Date"*** shall mean the date that is forty-five (45) days following the date upon which the Company timely delivers the Release of Claims to Executive.

(b) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(c) Amendment; Waiver. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a member of the Board or a Company officer designated by the Board. No waiver shall operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(d) Entire Agreement. The terms of this Agreement, collectively with the Inventions, Disclosure, Confidentiality & Proprietary Rights Agreement between the Company and Executive entered into on or about the date herewith (the ***"Confidentiality Agreement"***), and the Indemnification Agreement, is intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and supersede all prior understandings and agreements (but not the Confidentiality Agreement or the Indemnification Agreement), whether written or oral. The parties further intend that this Agreement, collectively with the Confidentiality Agreement, and the Indemnification Agreement, shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California.

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

INSEEGO CORP.

By: /s/ DAN MONDOR

Title: Chairman and CEO

Date: August 17, 2020

EXECUTIVE

/s/ CRAIG LYNN FOSTER
Craig Lynn Foster
Craig Lynn Foster

Date: August 19, 2020

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: November 6, 2020

/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, Craig L. Foster, 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: November 6, 2020

/s/ Craig L. Foster

Craig L. Foster

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 September 30, 2020 (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.

Date: November 6, 2020

/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, Craig L. Foster, 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 September 30, 2020 (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.

Date: November 6, 2020

/s/ Craig L. Foster

Craig L. Foster
Chief Financial Officer
(principal financial officer)